kakaku.com

Results Briefing for FY2016

May 10, 2017

Kakaku.com, Inc.

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1. Full Year Results

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FY2016 Full Year Results

- Continued growth of the Tabelog business resulted in an increase in sales by 9.2% compared to the previous year

(Unit: million yen)

	FY2015 4/2015-3/2016	FY2016 4/2016-3/2017	yoy	FY2016 Forecast	Achievement Ratio
Sales	41,275	**45,089**	+9.2%	**45,000**	100.2%
Operating income	19,534	**21,161**	+8.3%	**21,000**	100.8%
Ordinary income	19,580	**21,164**	+8.1%	**21,000**	100.8%
Net income attributable to shareholders of the parent company	13,100	**14,838**	+13.3%	**14,500**	102.3%
Operating margin	47.3%	**46.9%**	-0.4pts	**46.6%**	-

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2. FY2016 Q4 Results

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FY2016 Q4 Highlights

Kakaku.com

- The Service categories continue to perform very well but due to weak results in the Shopping categories and Advertising, sales were down by 3.9% yoy, with 5.7 billion yen.
- The four-country total of unique users for Priceprice.com in the month of March 2017 was over 10.51 million.

Tabelog

- The total number of fee-paying restaurants exceeded 53,100 as of end-March. With more than 3,500 restaurants subscribed to the new pricing plans, sales reached 4.7 billion yen, an increase of 12.1% yoy.
- In April, the cumulative number of persons seated through Tabelog's online reservation system exceeded 15 million.

New Media & Finance

- Real estate site and housing information site Sumaity and lifestyle media Kinarino, posted good results and sales in this category rose by 4.1% yoy, to 1.2 billion yen.

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FY2016 Q4 Results

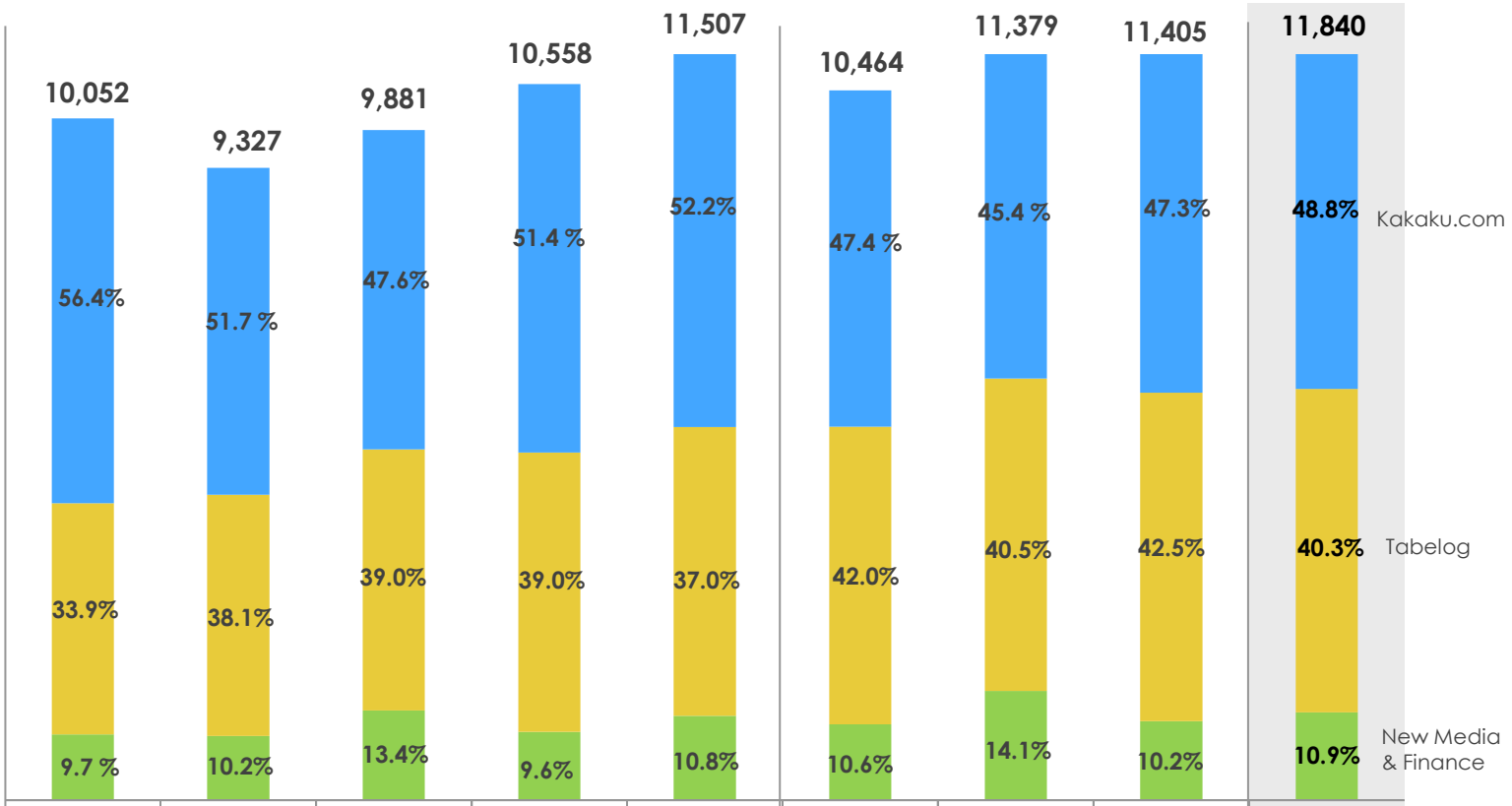
- Sales were up by 2.9% yoy.
- OP margin declined due to upfront investments in technology development and changes in sales composition.

(Unit: million yen)

	FY2015 Q4 1/2016 – 3/2016	FY2016 Q4 1/2017 – 3/2017	yoy
Sales	11,507	**11,840**	2.9%
Operating income	5,791	**5,654**	-2.4%
Ordinary income	5,770	**5,661**	-1.9%
Net income attributable to shareholders of the parent company	3,854	**4,027**	4.5%
Operating margin	50.3%	**47.8%**	-2.6pts

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Quarterly Sales by Business Segment(Consolidated)



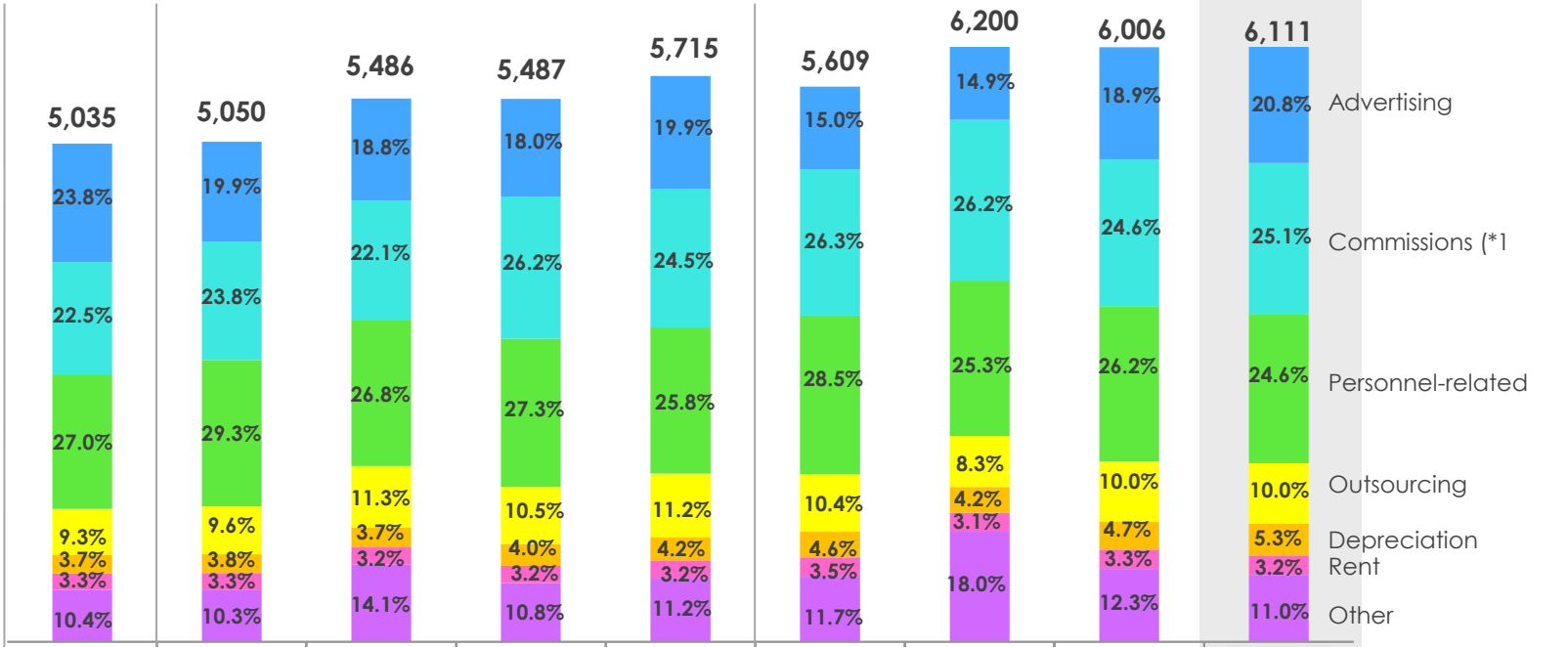
Unit: million yen

	Q4 FY2014	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		FY2015				FY2016			
Kakaku.com	5,671	4,821	4,708	5,428	6,006	4,958	5,161	5,396	5,774
Tabelog	3,408	3,556	3,851	4,119	4,255	4,389	4,606	4,843	4,768
New Media & Finance	972	947	1,322	1,009	1,246	1,117	1,612	1,165	1,297

Note: Amounts exclude inter-segment sales and transfers

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Quarterly Cost Breakdown (Consolidated)



Note:
*1 Commissions = various commissions paid + Advertising agency commissions
*2 The number of regular employees, with the average number of temporary employees for each quarter shown separately in parentheses

Unit: million yen

	Q4 FY2014	Q1 FY2015	Q2 FY2015	Q3 FY2015	Q4 FY2015	Q1 FY2016	Q2 FY2016	Q3 FY2016	Q4 FY2016
Advertising	1,196	1,005	1,029	987	1,137	838	926	1,135	1,273
Comissions (*1	1,134	1,199	1,213	1,435	1,401	1,475	1,623	1,479	1,531
Personnel-related	1,358	1,478	1,468	1,498	1,476	1,601	1,570	1,571	1,502
Outsourcing	466	483	619	575	640	582	514	603	610
Depreciation	187	189	200	220	241	257	261	284	322
Rent	166	167	176	174	180	197	192	195	196
Other	524	527	779	594	637	656	1,111	736	674
Number of employees (*2	660(97)	689(99)	695(106)	710(109)	708(111)	741(117)	748(125)	744(123)	727(121)

Jan-Mar 2017 Breakdown of "Other" Expenses

- Server Maintenance: 65m
- Time Design cost of sales: 293m
- Amortization of goodwill: 6m
- Recruiting: 30m

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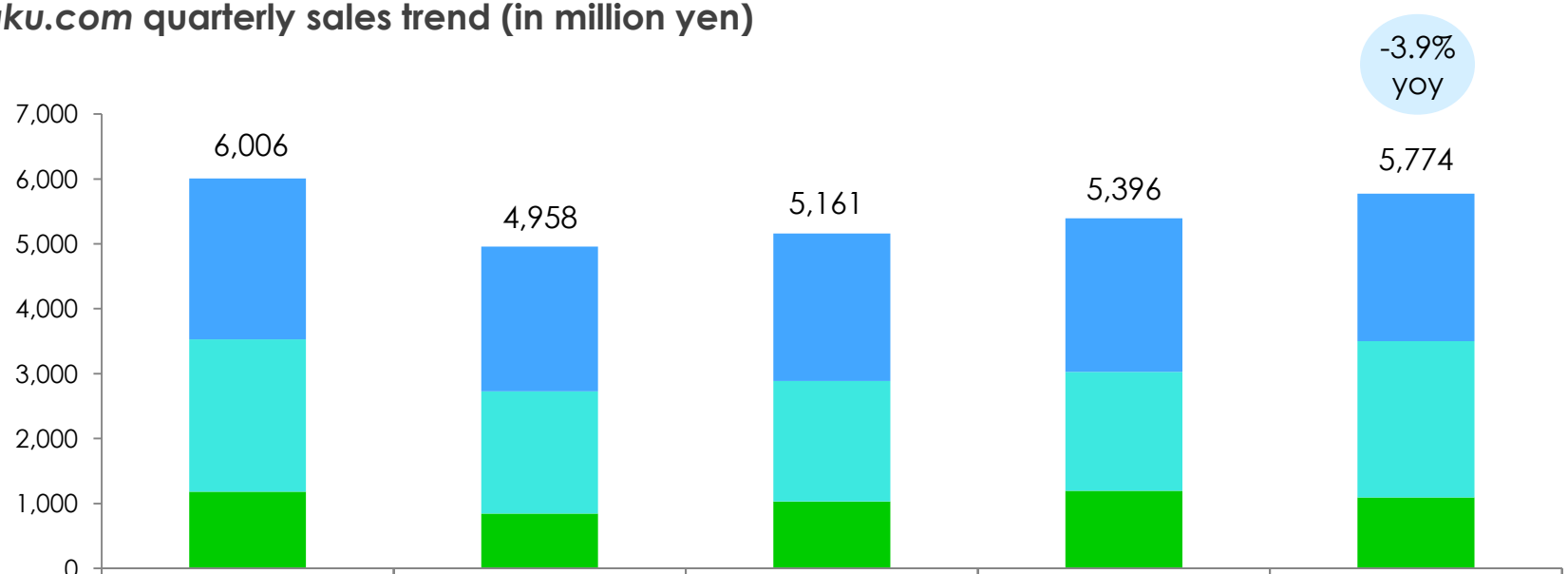
Kakaku.com

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Kakaku.com: Business Overview

- Even though the Service categories continued to perform well, sales dropped by 3.9% yoy, to 5.8 billion yen.
- The total number of monthly users (domestic) was 52.75 million as of end-March.

***Kakaku.com* quarterly sales trend (in million yen)**



	Q4 FY2015	Q1 FY2016	Q2 FY2016	Q3 FY2016	Q4 FY2016
Shopping	2,478	2,230	2,271	2,366	2,271
Service	2,346	1,882	1,859	1,835	2,409
Advertising	1,182	845	1,030	1,194	1,093

Note: The number of monthly users is the number of people who visited the site on a browser basis. A user who visited the site multiple times over a month is counted as one. As of November 2016, the Company changed the measurement logic in order to reflect the diversification of web pages on mobile devices.

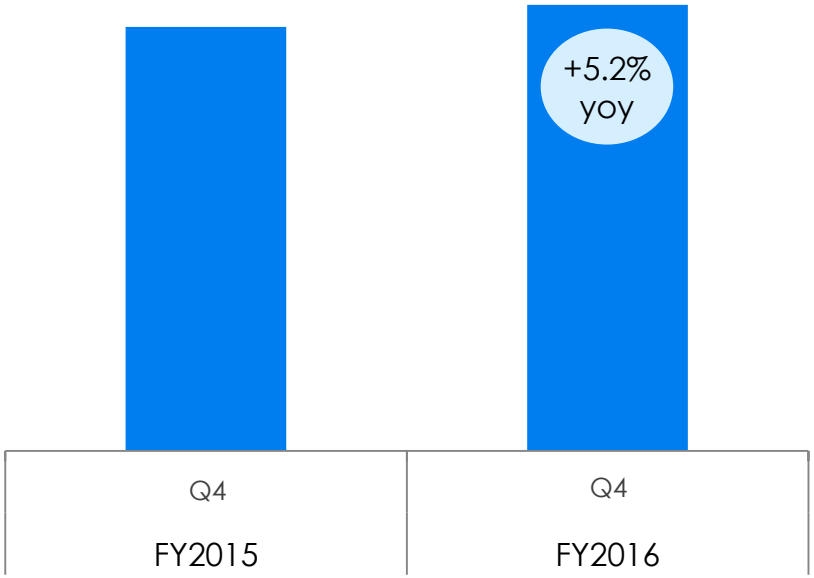
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Kakaku.com: Shopping and Advertising Business

- The market for consumer electronics remains sluggish, resulting in lower sales for Kakaku.com's shopping categories and advertising business
- Improved UI for better shopping experience, resulted in higher gross merchandise sales (GMS).

GMS growth for consumables (%)

✓ UI improvements for the consumables categories were completed in March 2017
✓ Gross merchandise sales grew by 5.2% yoy.



Introduction of header bidding

✓ System to provide all advertisers with equal ad inventory.
✓ Since more advertisers are able to bid real-time, the unit price of network ads are rising.

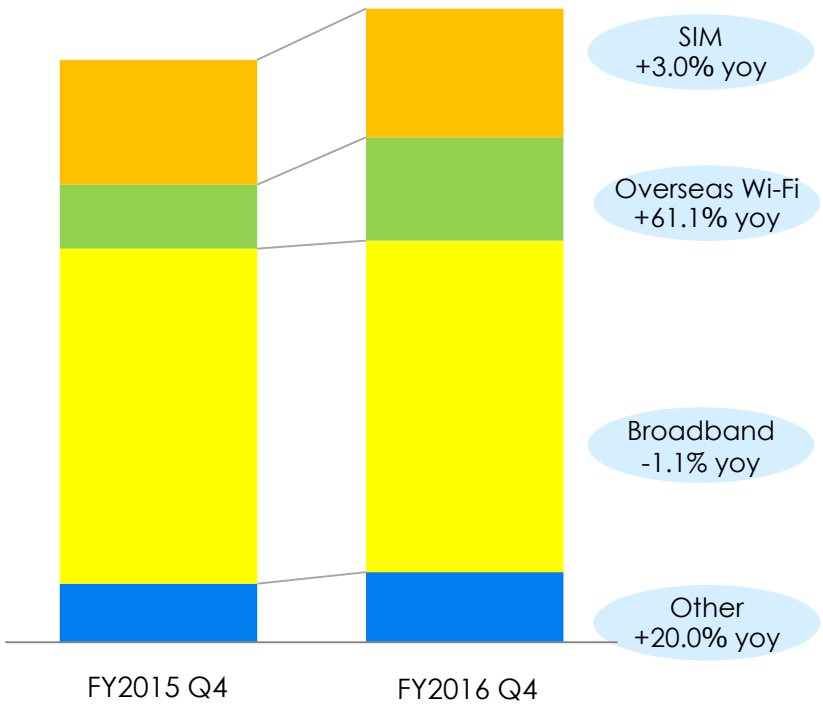


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Kakaku.com: Service Business

- Continued growth in commissions from overseas Wi-Fi and SIM card comparisons contribute to growing sales.
- Start of Wi-Fi rental comparison site for tourists, with content in English and Chinese.

Growth rates of telecommunication categories



Wi-Fi rental comparison site for tourists, in English and Chinese

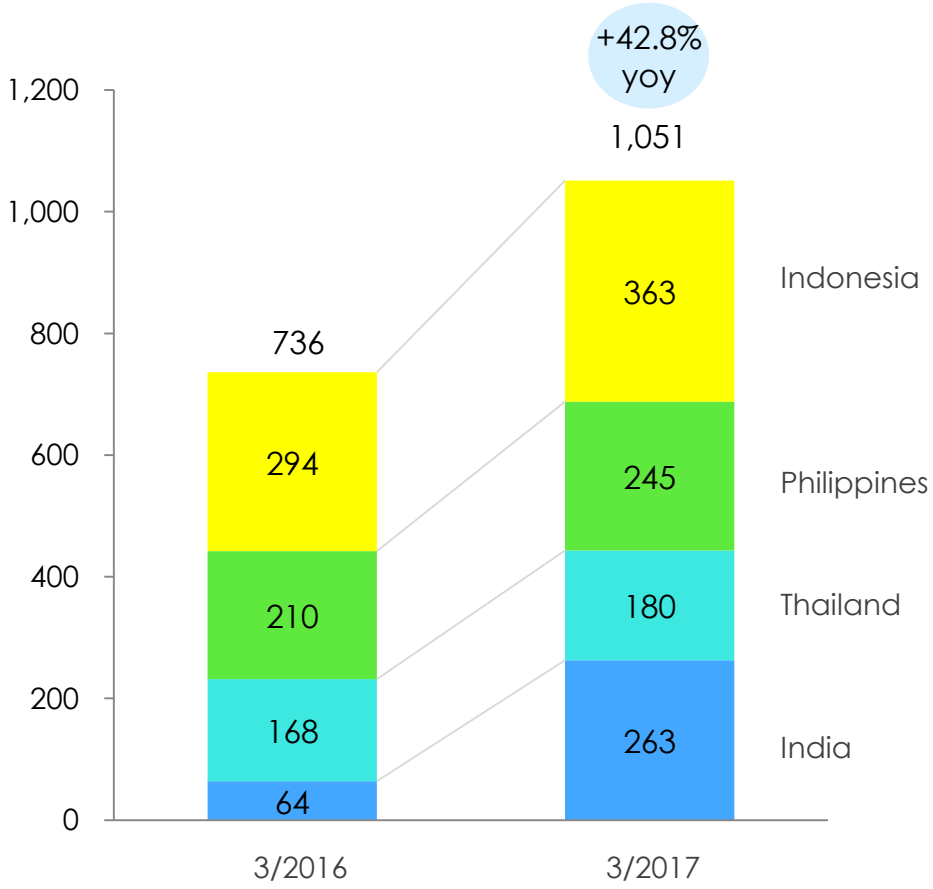


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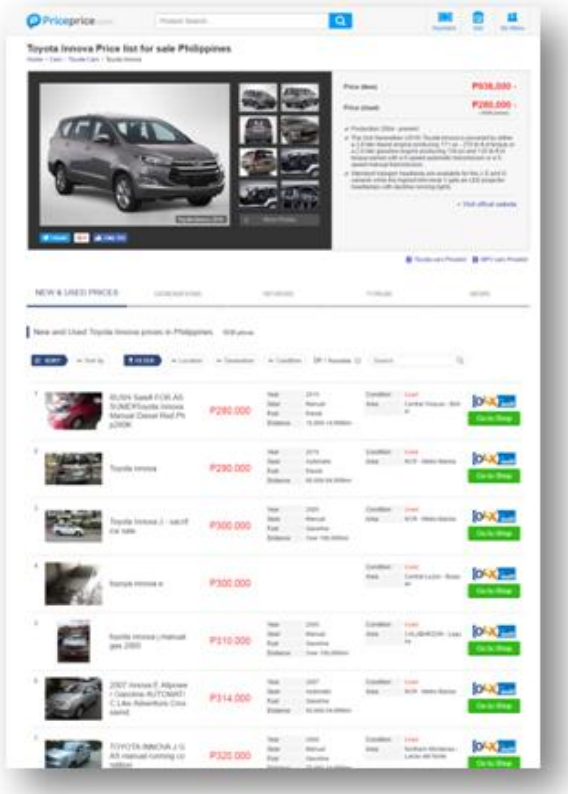
Kakaku.com: Overseas Business

- The four country total number of users was 10.51 million as of end-March, up 42.8% yoy.
- Improvement in the car categories with more detailed specifications on each model.

Monthly unique users by country (in million users)



Car category page



Note: The number of monthly users is the number of people who visited the site on a browser basis. A user who visited the site multiple times over a month is counted as one.

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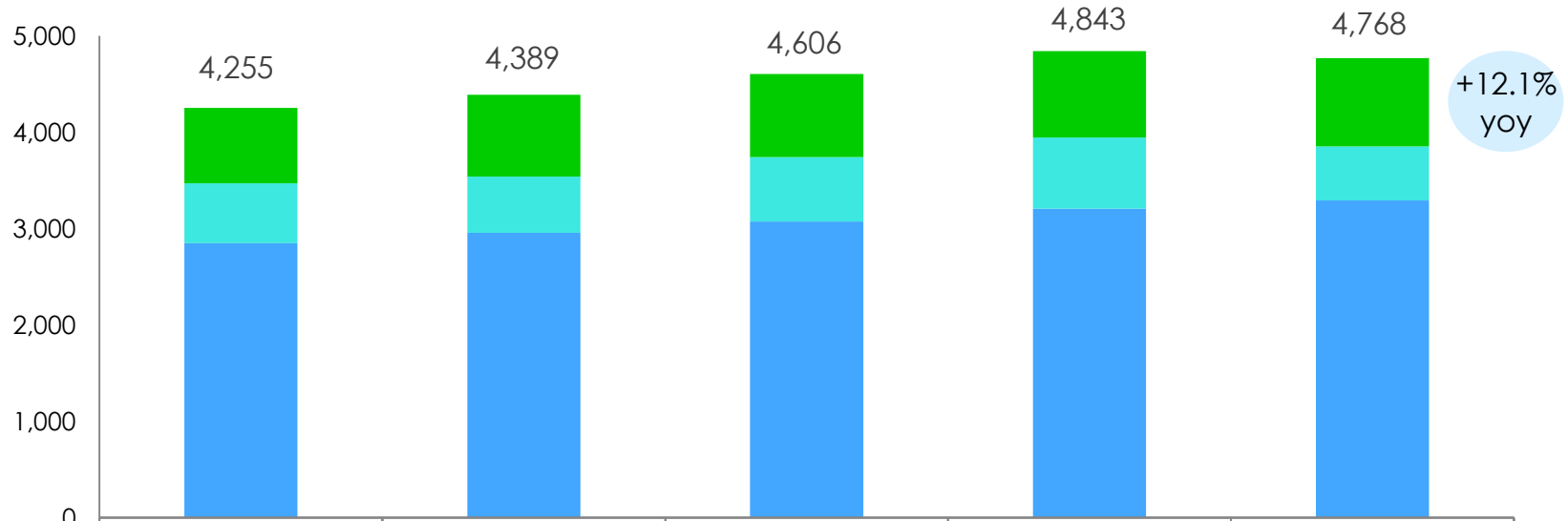
Tabelog

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Tabelog: Businesses Overview

- Due to lower ad revenue, sales were lower than last Quarter but were up by 12.1% from last year.
- The number of monthly users (domestic) surpassed 104.29 million as of end-March.
- In April, the cumulative number of seats reserved through Tabelog's online reservation service surpassed 15 million.

Tabelog quarterly sales trend (in million yen)



	Q4 FY2015	Q1 FY2016	Q2 FY2016	Q3 FY2016	Q4 FY2016
Paying Individuals	783	849	862	897	915
Advertising	622	583	668	738	561
Corporate Sales	2,848	2,956	3,075	3,207	3,292

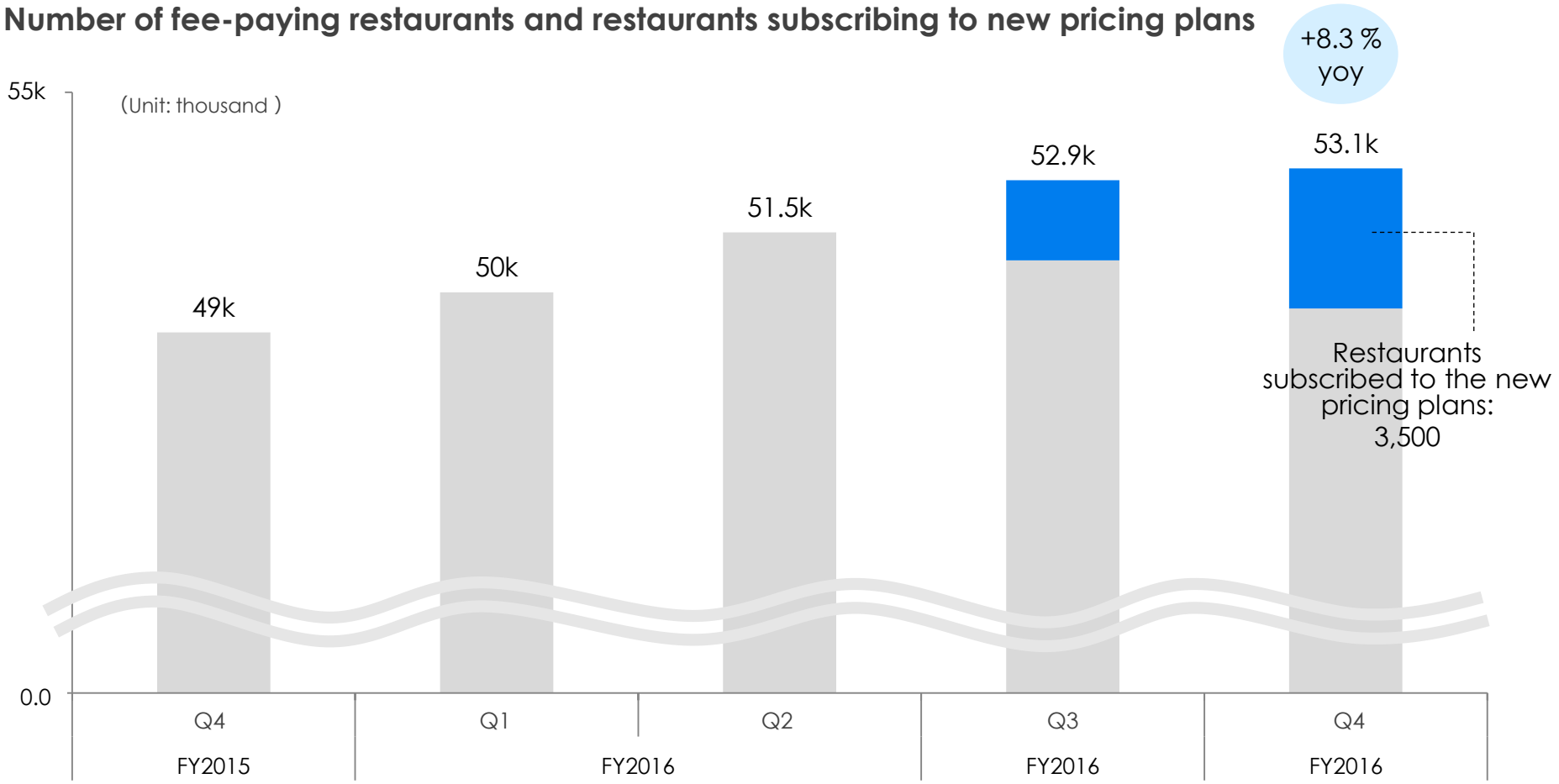
Note: The number of monthly users is the number of people who visited the site on a browser basis. A user who visited the site multiple times over a month is counted as one. As of November 2016, the Company changed the measurement logic in order to reflect the diversification of web pages on mobile devices.

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Tabelog: Number of fee-paying restaurants

- As of March 2017, the number of fee-paying restaurants reached 53,100, up 8.3% yoy and the number of restaurants subscribed to the new pricing plans reached 3,500 restaurants.

Number of fee-paying restaurants and restaurants subscribing to new pricing plans



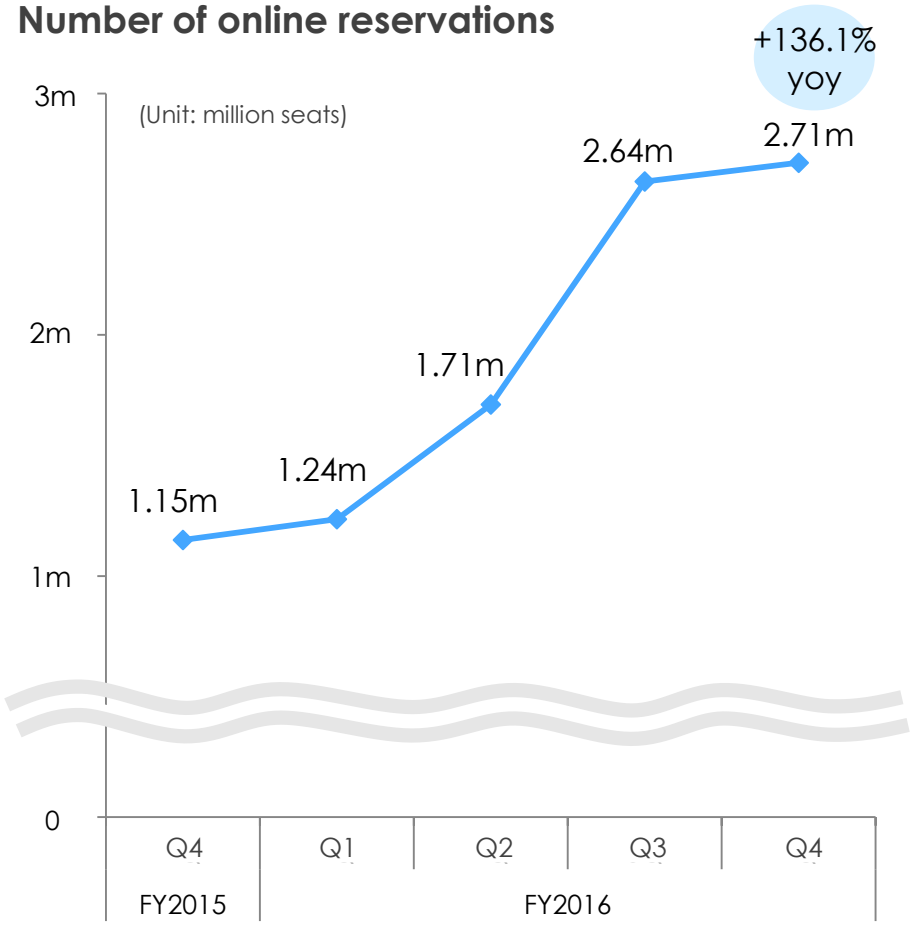
Note: New pricing plans, with enhanced promotion of online reservations are only being offered in Tokyo as of October 2016.

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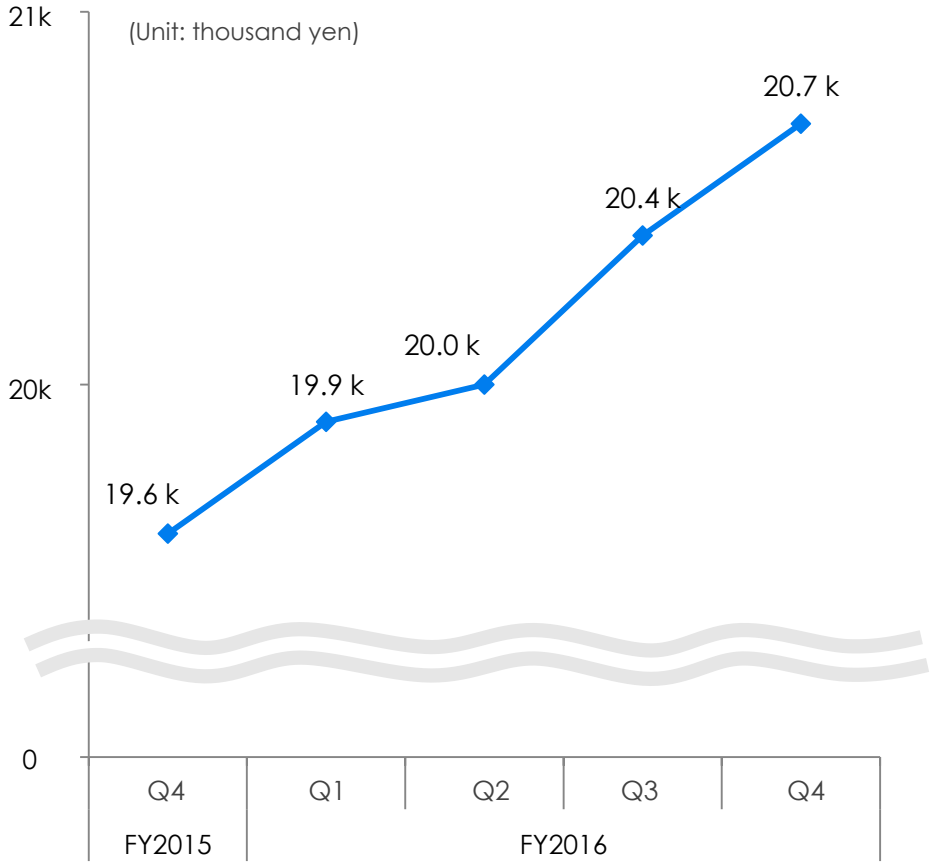
Tabelog: Online Reservation

- The number of online reservations (seats reserved through Tabelog) is showing strong growth, reaching 2.71 million, up by 136.1% yoy.
- ARPU is also growing with currently 20,700 yen.

Number of online reservations



Quarterly average ARPU



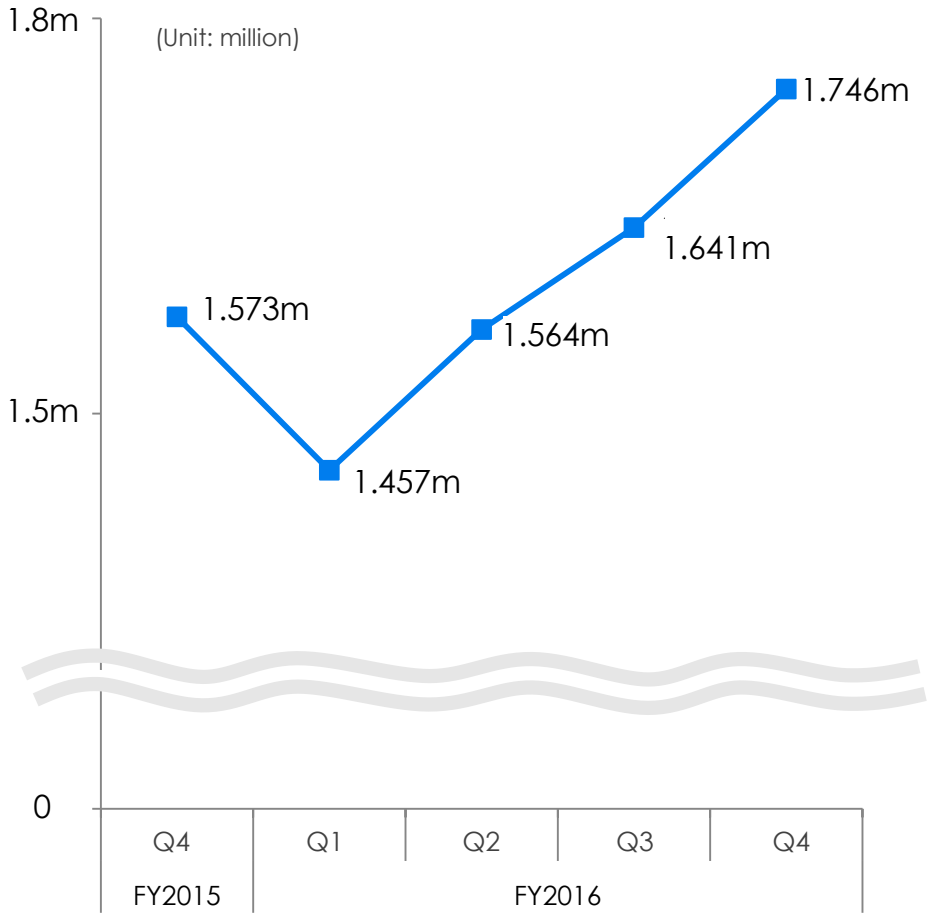
Note: In past Quarters, we have been disclosing the ARPU at end-month, but as of FY2016 Q4, we are disclosing the average ARPU for each Quarter.

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Tabelog: Other Initiatives

- The number of paying subscribers surpassed 1.746 million as of March 2017.
- Create advertising products, mixing online ads and in-store promotion, targeting a wide range of industries.

Number of individual paying subscribers



Offline advertising in restaurants



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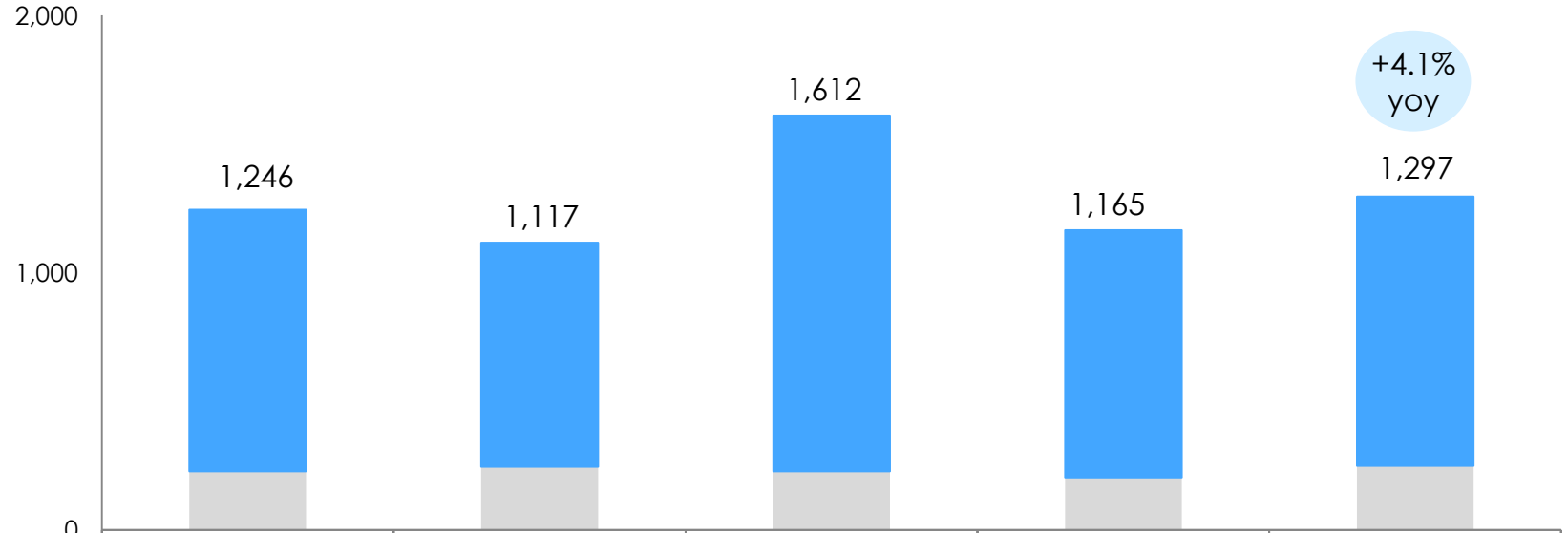
New Media & Finance

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New Media and Finance: Overview

- Sumaity and Kinarino continue to post strong results. With the finance business also achieving revenue growth, total sales for the New Media and Finance Segment, was up by 4.1% yoy, reaching 1.3 billion yen.

Quarterly sales (in million yen)



	Q4 FY2015	Q1 FY2016	Q2 FY2016	Q3 FY2016	Q4 FY2016
New Media	1,017	872	1,383	961	1,047
Finance	228	245	228	204	249

※Time Design's sales are seasonally highest in Q2. As a result, sales for the New Media business is also highest in Q2.

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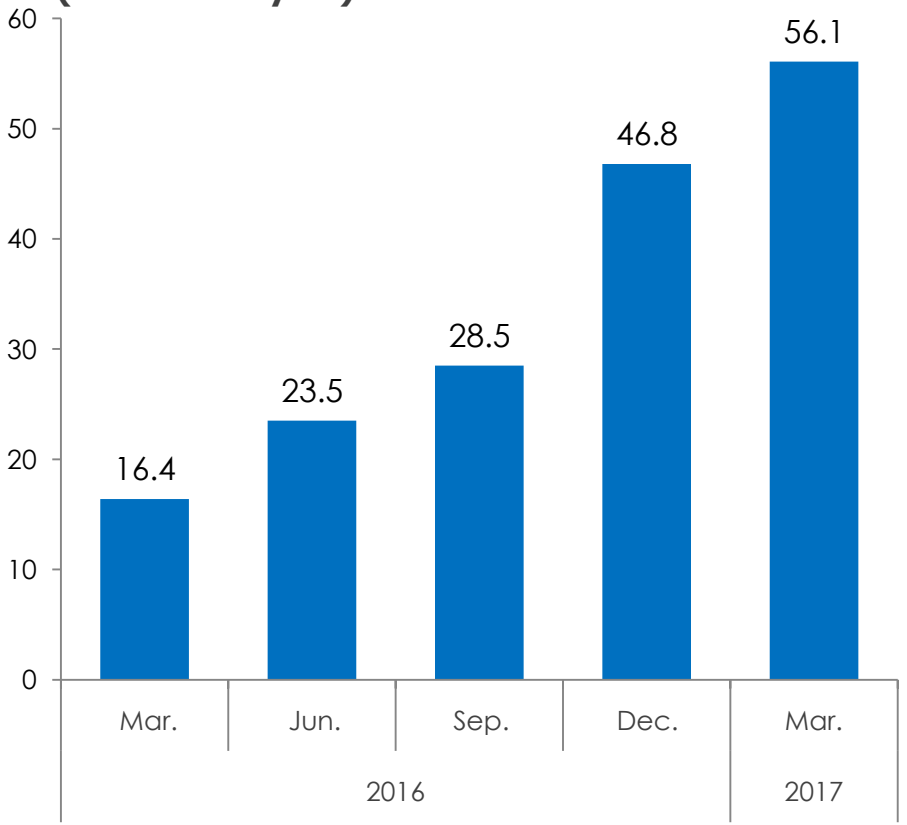
New Media: Kinarino

- Release of Kinarino App, which will include articles, recipe videos as well as Kinarino Mall.
- Kinarino Mall's Gross Merchandise Sales surpassed 56 million yen in March 2017.

Kinarino App Release



Kinarino Mall Gross Merchandise Sales (in million yen)



Note: Kinarino Mall was launched in February 2016

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New Media: Time Design and Finance

- Time Design expands partnerships.
- Kakaku.com Insurance begins offering group insurances for restaurants.

Time Design expands partnerships

Dynamic Packaging for credit card companies, allowing them to offer member exclusive airline tickets and dynamic packages on their platform.

■ Current partnerships

Domestic Hotels

■ New partnerships

June 2016
Company benefits services

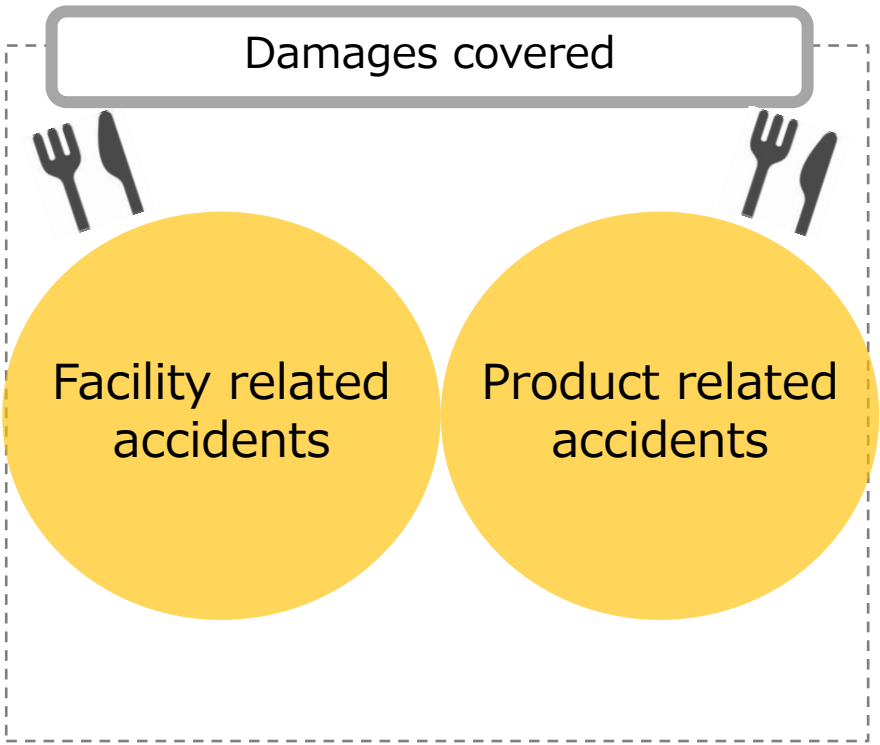
October 2016
Navigation and transit related sites

February 2017
Credit card companies

March 2017
Online travel sites

Group insurances for restaurants

Kakaku.com Insurance begins offering group insurances for Tabelog's partner restaurants, with discounted insurance fees.



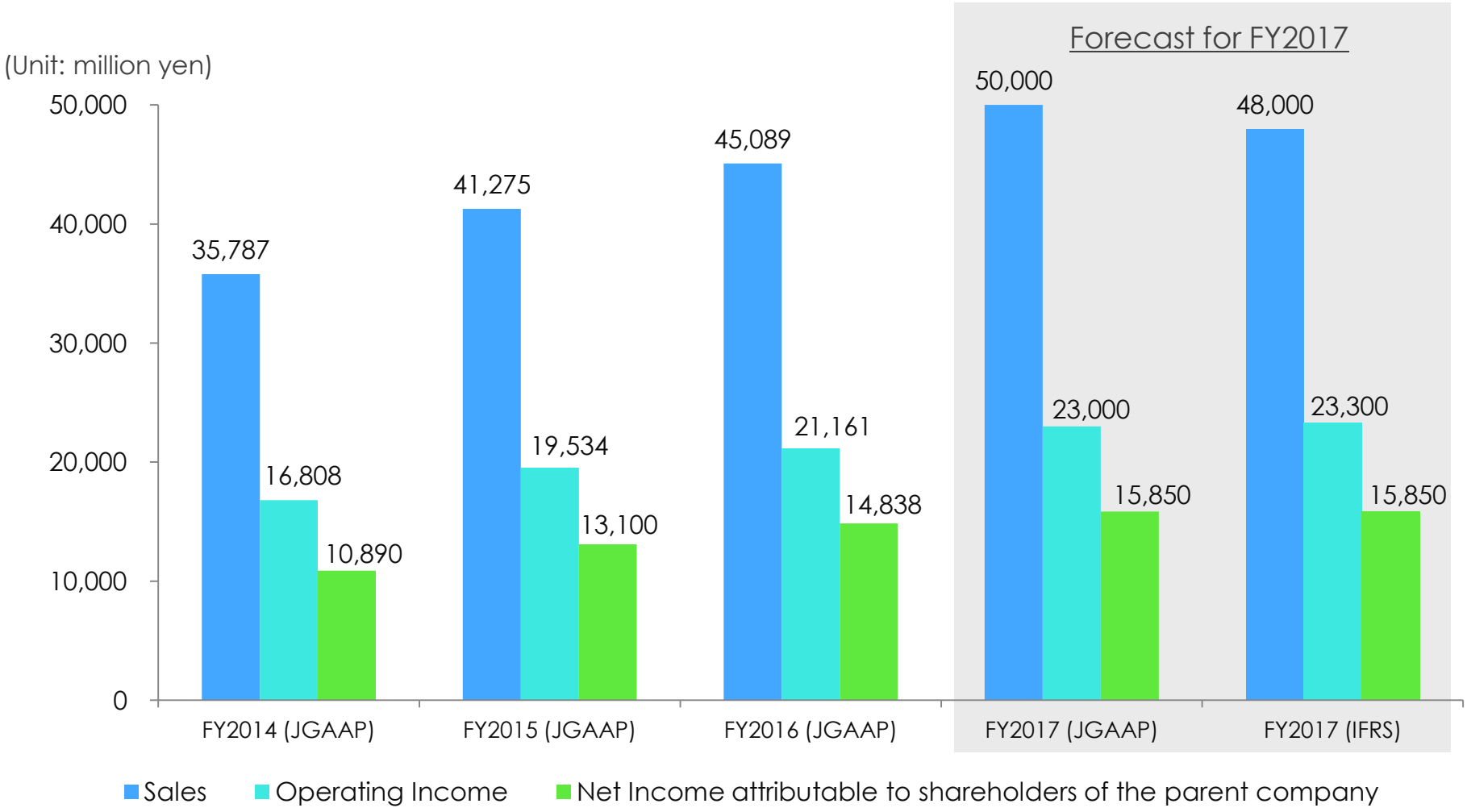
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3. FY2017 Earnings Forecast and Business Strategy

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FY2017 Earnings Forecast

- Voluntary adoption of IFRS, beginning with FY2017 Q1
- Target for Consolidated Dividend Payout Ratio: 42-43%



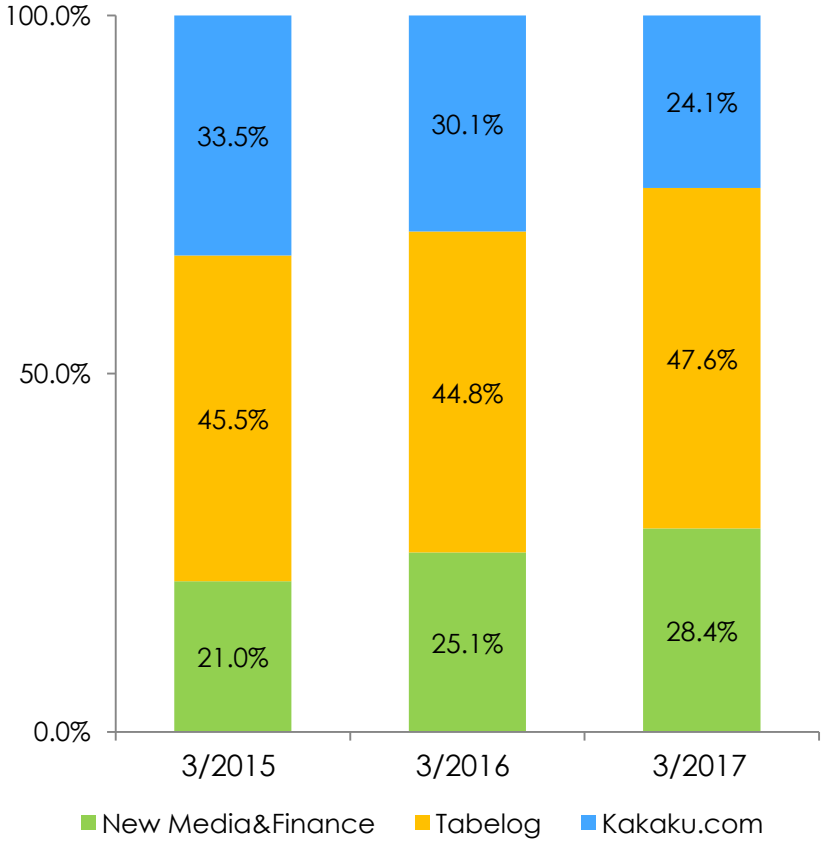
Note: JGAAP forecast for FY2017 disclosed for reference purposes. The main differences between JGAAP and IFRS forecasts are the net treatment of Time Design sales, reversal of amortization and goodwill, as well as changes in the implementation of corporate value-added tax.

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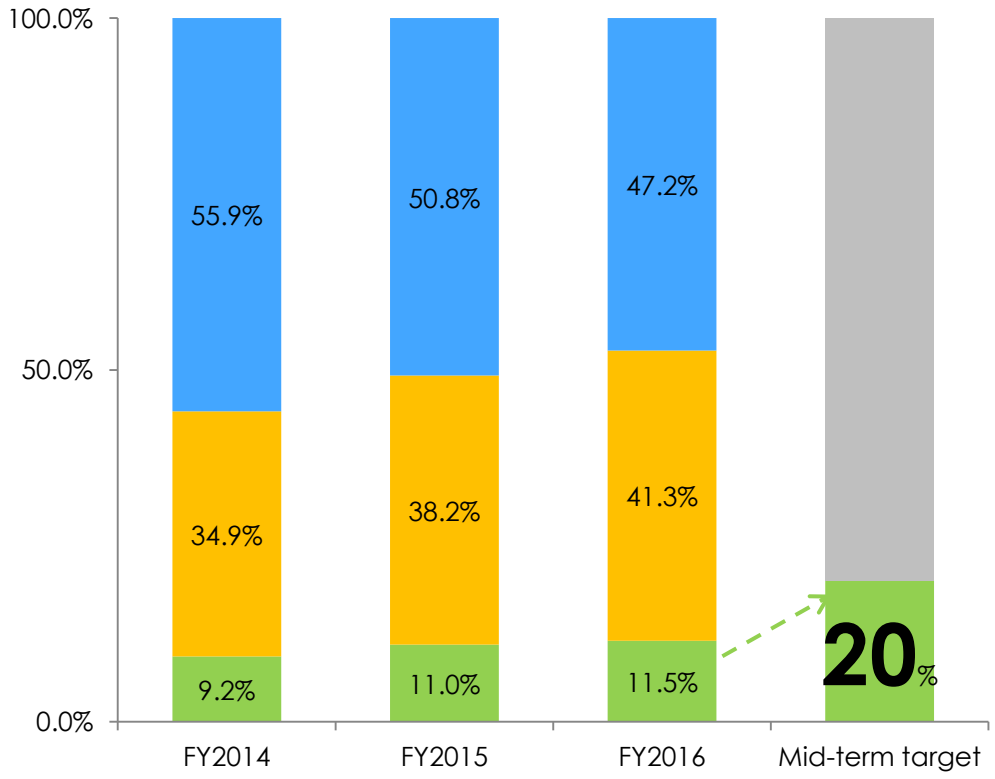
Kakaku.com Group Strategy

- Continued strong growth for Kakaku.com and Tabelog.
- Raise sales ratio of New Media and Finance Business Segment to 20% in the mid-term.

Monthly User Ratio by Business Segment（%）



Sales Ratio by Business Segment（%）



Note: The number of monthly users is the number of people who visited the site on a browser basis. A user who visited the site multiple times over a month is counted as one.

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Kakaku.com

- Enhance content rich media to facilitate users' interest and knowledge.
- Pursue greater usability for users after having compared products on Kakaku.com.

Interest, Knowledge



Comparison



Purchase



Application



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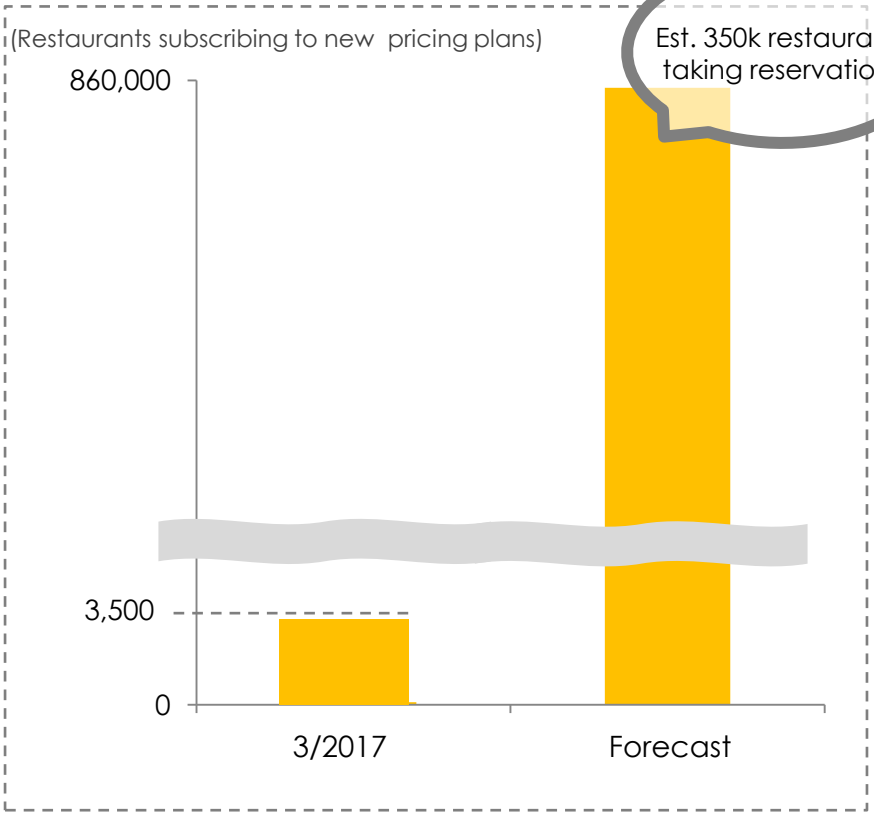
Tabelog

- In order to cater to users' different needs, *Tabelog* will continue to focus on content creation while at the same time intensifying its sales efforts.

Create content to make finding the right venue for different occasions easier



Nationwide expansion of sales to make it easier to book restaurants via smartphone



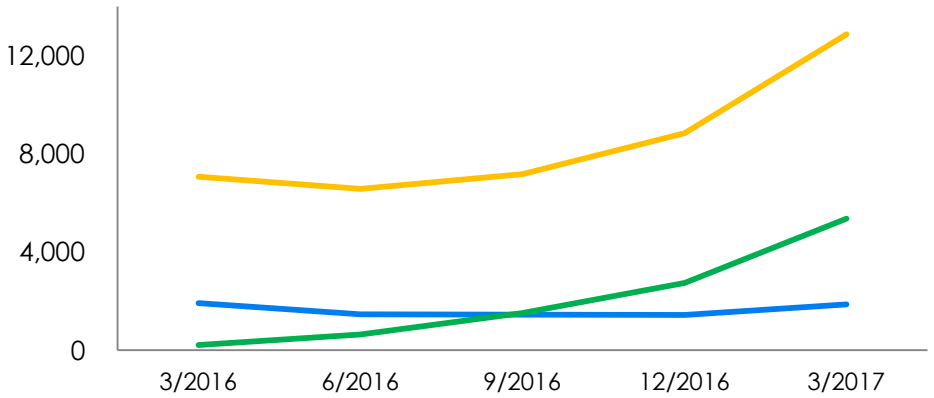
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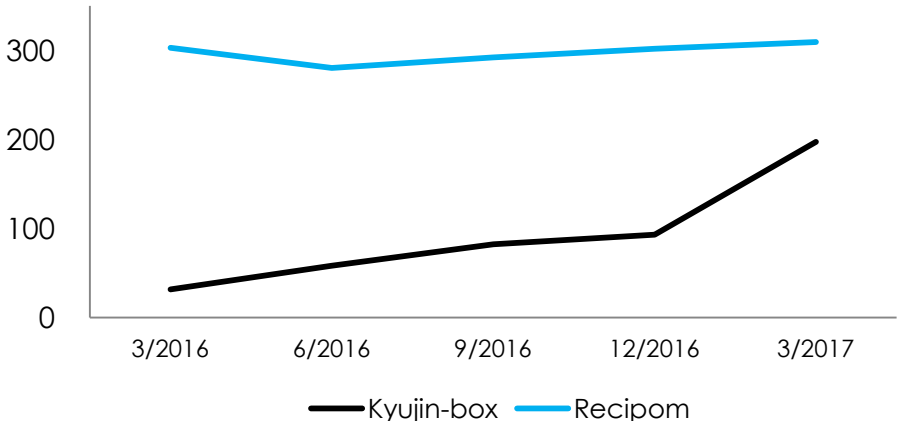
New Media & Finance

- Enhance content, expand product line-up, strengthen revenue model.

Number of monthly users by site

(Unit: thousand UUs)





Mid-term strategy

キナリノ Kinarino

Establish a mix of media and Ecommerce

スマイティ Sumaity

Create the most precise data base for real-estate

Time Design

Integrate outbound travelers' needs

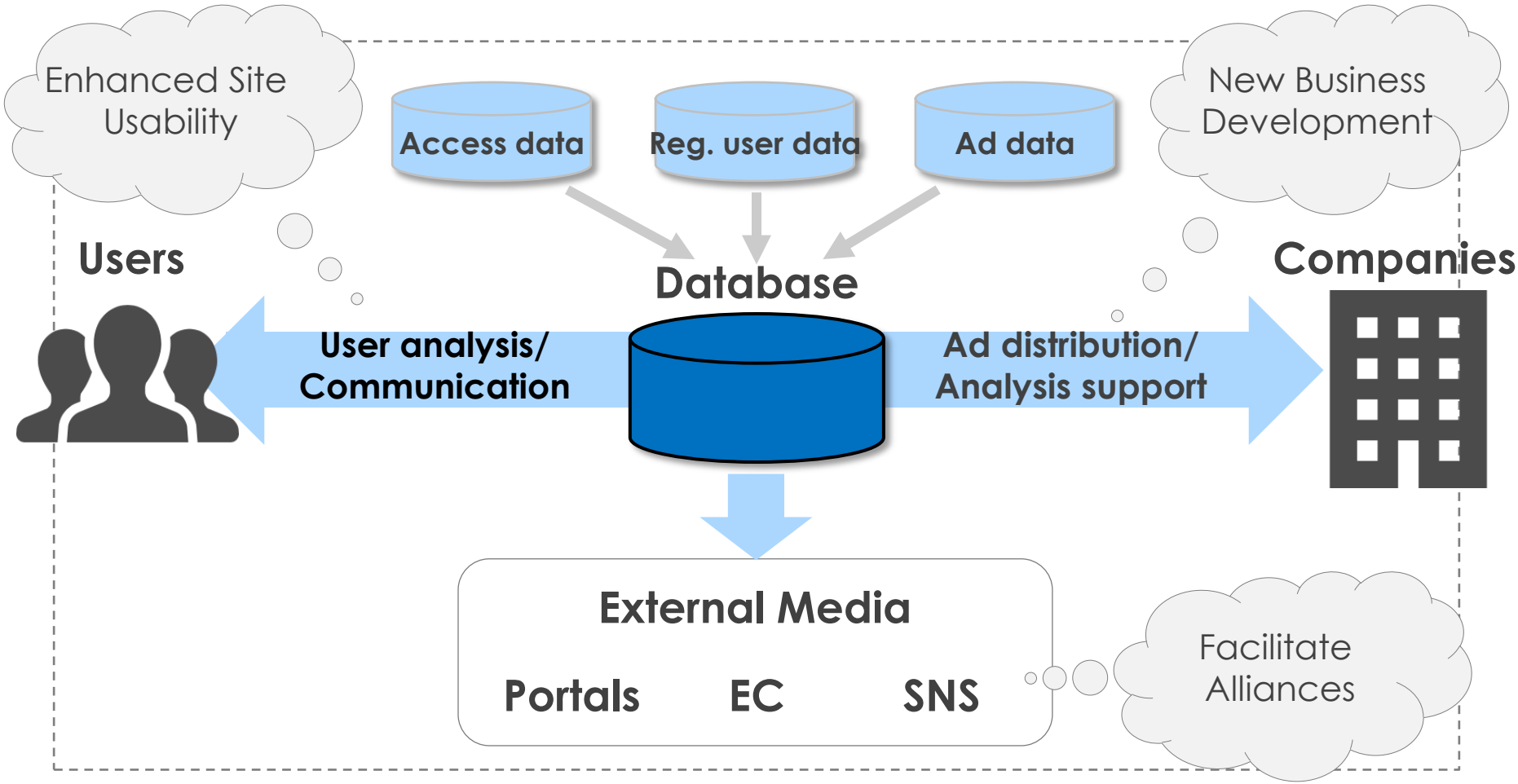
kakaku.com insurance

Acquisition of new uses, as well as data-driven up-sell to existing users.

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Utilize Audience Data

- Create a joint database with audience data from Kakaku.com Group's sites and utilize them to create new value for both users and client companies.



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Global Strategy

- Global expansion focusing on Southern Asia.
- Use Kakaku.com's know-how to create Asia's largest group of **localized vertical media**.



Target Area is **Asia**

Exchange of business know-how and personnel exchanges, including Piceprice.



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Finance strategy

- Maintain focus on shareholder value and high capital efficiency while aiming for solid growth in the mid- to long-term

Management Index

Target ROE of 40%

Profit growth

Raise profit contribution of growth categories and maintain operating profit of 40% - 49% on a consolidated basis.

Distribution of resources

Growth investment

- Continue investments in growth categories, with a focus on human capital.
- Implementation of advanced technologies, such as artificial intelligence through partnerships and investments in human capital.
- Maintain organic growth as a basis for growth, while also considering strategic M&As.

Shareholder return

- Secure half a year's worth of cash flow as necessary working capital. Excess internal reserves to be returned to shareholders.
- Dividend pay-out twice a year and acquisition treasury stock when appropriate.

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Appendix

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Business Segments

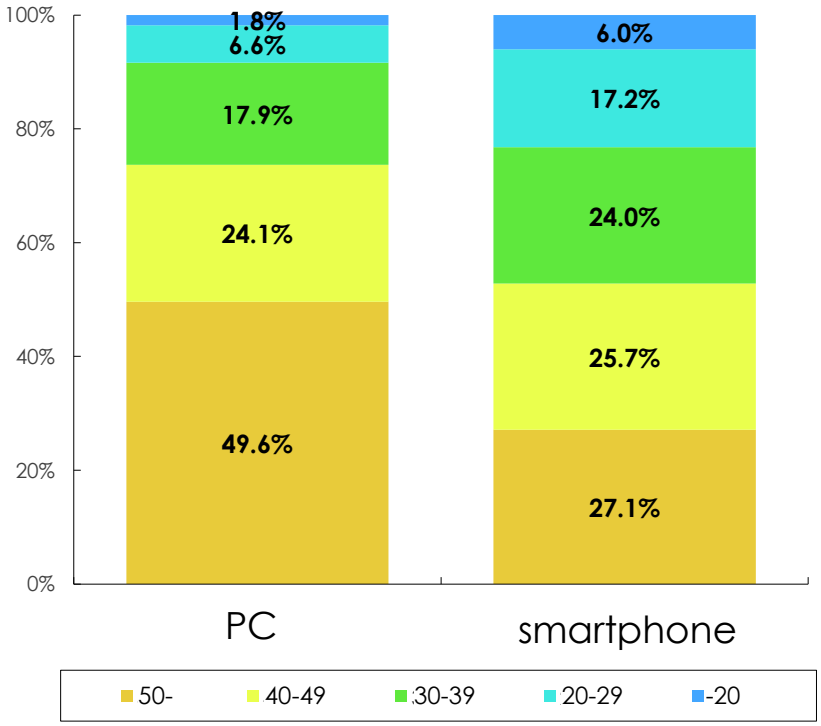
Segment	Business	Category	Description
Internet Media	*Kakaku. com*	Shopping	• Commission income from registered shops based on the number of clicks and sales performance
		Service	• Commission income based on factors including the number of broadband network contracts • Commission income based on requests for estimates and/or information materials for car insurance, finance, and used car searches
		Advertising	• Advertising income from banners, text advertisements, content and search based advertising on *Kakaku.com*
	Tabelog	*Tabelog*	• Income from *Tabelog* (income from advertisements for restaurants and other companies, income from a pay-per-use business targeting individuals, etc.)
	Other	New Media	• Income from operated sites such as *yoyaQ.com*, *4travel*, *Sumaity*, *Time Design*, *eiga.com*,and *webCG*
Finance		Finance	• Commission income from a general independent insurance agency business for life insurance, non-life insurance, etc. *Operated by Kakaku.com Insurance, Inc.

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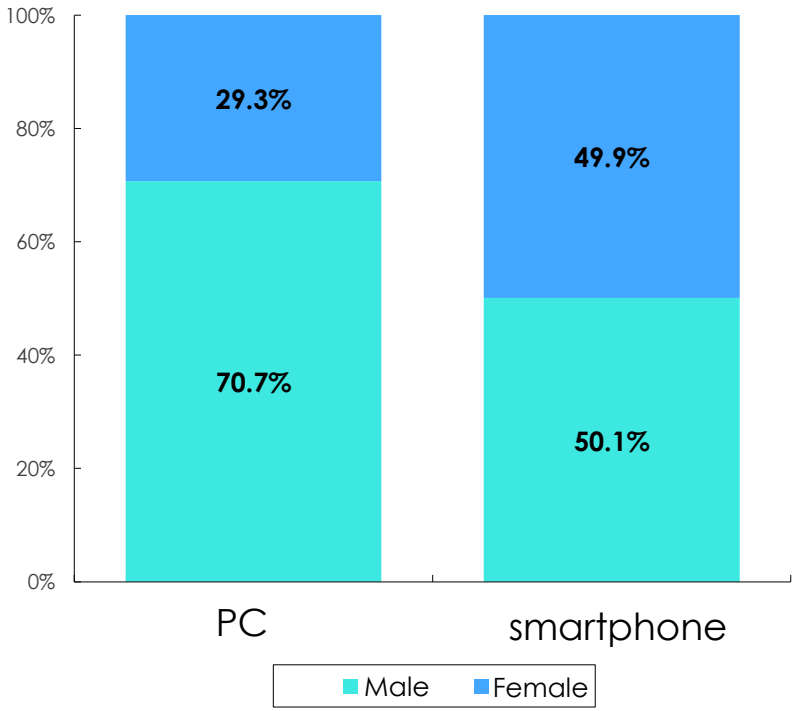
User profile

- Users over 30 account for 90% of total users on PCs, but only about 70% on smartphones.
- While male user ratio is higher for PCs, the male-female ratio on smartphones is almost 50/50.

Age Distribution



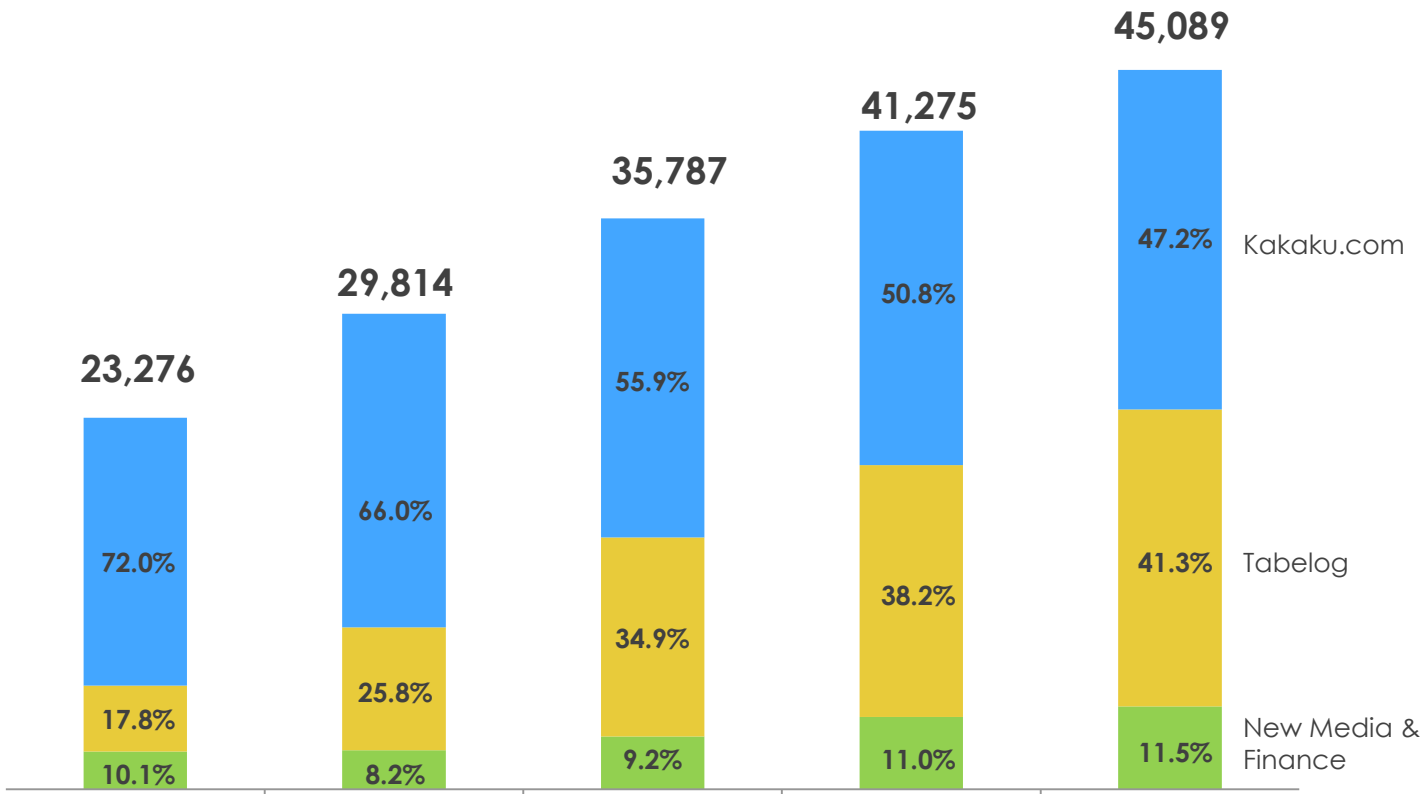
Male-Female Ratio



Note: Age distribution and male-female ratio: Excerpted from a Nielsen Online March 2017 study (Home & Work Data)

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Sales Contribution by Business Segment by Fiscal Year (Consolidated)



(Unit: million yen)

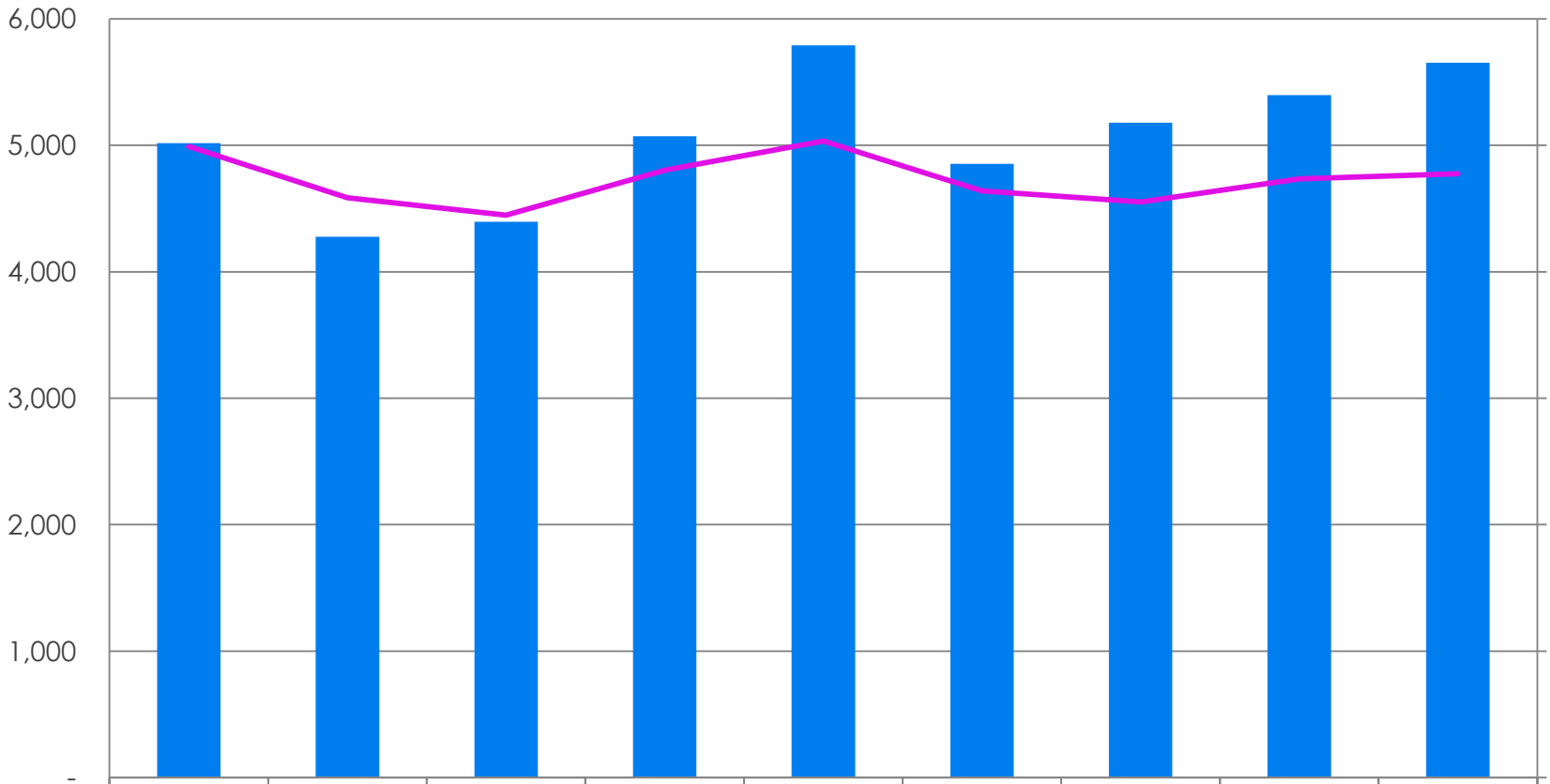
	FY2012	FY2013	FY2014	FY2015	FY2016
Kakaku.com	16,772	19,669	19,993	20,968	21,290
Tabelog	4,136	7,695	12,476	15,782	18,608
New Media & Finance	2,368	2,448	3,318	4,525	5,192

Note: Amounts exclude inter-segment sales and transfers.

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Operating Income by Quarter (Consolidated)

Units: million yen, %



	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015	1Q FY2016	2Q FY2016	3Q FY2016	4Q FY2016
OP	5,017	4,276	4,395	5,071	5,791	4,854	5,178	5,398	5,654
OP Margin	49.9%	45.9%	44.5%	48.0%	50.3%	46.4%	45.5%	47.3%	47.8%

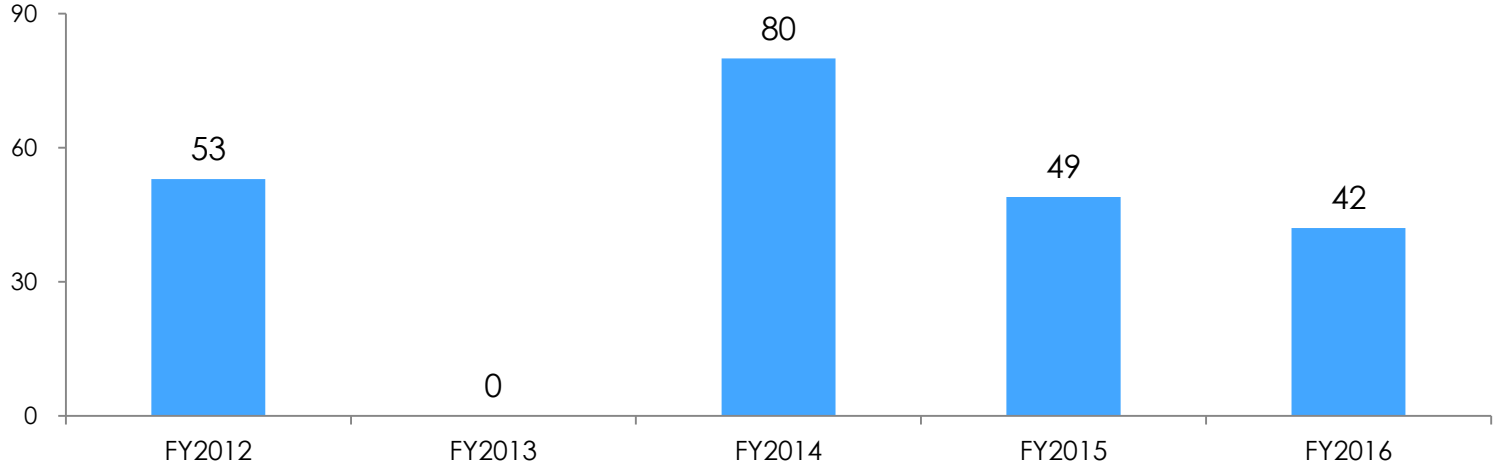
Note: Tabelog Inc. and Time Design Co, Ltd. are included in consolidated accounts from FY2014 1Q
webCG, Inc. is included in consolidated accounts from FY2015 1Q

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Shareholder returns

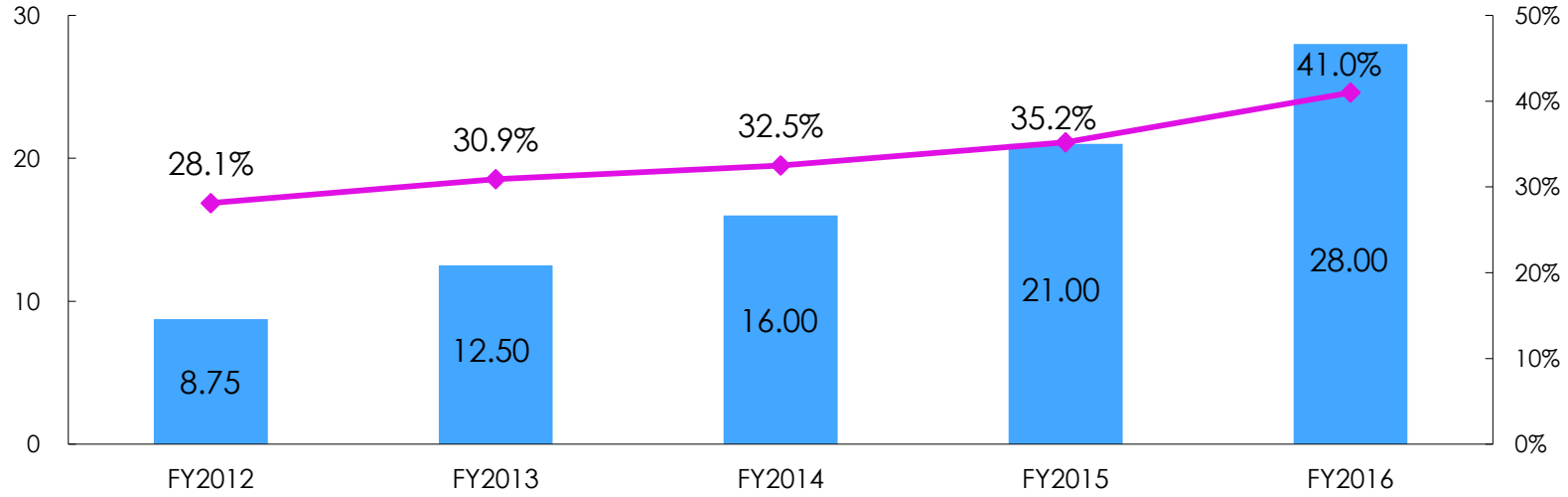
Acquisition of treasury stock

(Unit: billion yen)



Dividend per share and consolidated payout ratio

(Unit: yen)



Note: A common stock split at a rate of 2 shares for each share held, was made on April 1, 2013 and September 1, 2013, but dividend per share is calculated based on the assumption that the stock split was made at the beginning of FY 2013.

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Kakaku.com Group Service Overview

◆ [Kakaku.con] Purchasing support site 価格.com	◆ [tabelog] Restaurant ranking and user review site 食べログ	◆ [yoyaQ.com] last minute discounts on hotels and Japanese style inns yoyaQ.com
◆ [PHOTOHITO] Photo community site PHOTOHITO	◆ [4travel] Travel review and comparison site 4travel.jp	◆ [eiga.com] Movie information site 映画.com
◆ [Sumaity] Real estate and housing information site スマイティ	◆ [Kakaku.com Insurance] Insurance consulting service kakaku.com insurance	◆ [recipom] Recipe app レシぽん
◆ [Priceprice.com] Purchasing support site for Southeast Asian Priceprice.com	◆ Dynamic package reservation system (Time Design, inc.) Time Design	◆ [Kinarino] Lifestyle media for women キナリノ
◆ [web CG] Online media for car lovers webCG Car Graphic	◆ [Kyujin-box] Job classifieds 求人ボックス	◆ [icotto] Travel and gourmet online media icotto
◆ [FX Compass] FX related information, commentary and forecast on foreign exchange market FX羅針盤	◆ [Akiba-souken] Akiba style information and community site アキバ総研	◆ [＋CLAP Men] Online media for men's fashion ＋CLAP Men

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Company Profile

■ Company Name	Kakaku.com, Inc.
■ Address	DIGITAL GATE BUILDING, 3-5-7, Ebisu minami, Shibuya-ku, Tokyo 150-0022
■ Founded	December 1997
■ Website	http://corporate.kakaku.com/?lang=en
■ Share Listing	The First Section of Tokyo Stock Exchange
■ Stock Code	2371
■ Related Companies	Kakaku.com Insurance, Inc. (http://hoken.kakaku.com/insurance/company.html) 4travel, Inc. (http://4travel.jp/) eiga.com, Inc (http://eiga.com/) Time Design Co., Ltd. (http://www.timedesign.co.jp/) Tabélog, Inc. (http://www.tabelog.us/) webCG, Inc. (http://www.webcg.net/)

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