kakaku.com

Results Briefing for 1Q FY2018/3

August 2, 2017

Kakaku.com, Inc.

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Summary

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Q1 FY2018/3 Highlights

Kakaku.com

- The Service categories continue to perform well, due to strong results in the comparison of telecommunication and financial services.
  Sales were 5.1 billion yen, up 3.4% yoy.
- The 4 country total of unique users for Priceprice.com, in the month of June 2017 was 9.14 million.

Tabelog

- The total number of restaurants subscribing to on of the new pricing plans, reached 4900 restaurants, as of end-June. As a result, ARPU rose to 21,100 yen.
  Sales were 4.6 billion yen, up 6.0% yoy.
- In July, the cumulative number of seats reserved through Tabelog's online reservation system exceeded 18 million.

New Media & Finance

- Real estate and housing information site Sumaity and lifestyle media for women Kinarino, continue to post food results in the new fiscal year.
- Sales in this category rose by 3.6% yoy, to 800 million yen.

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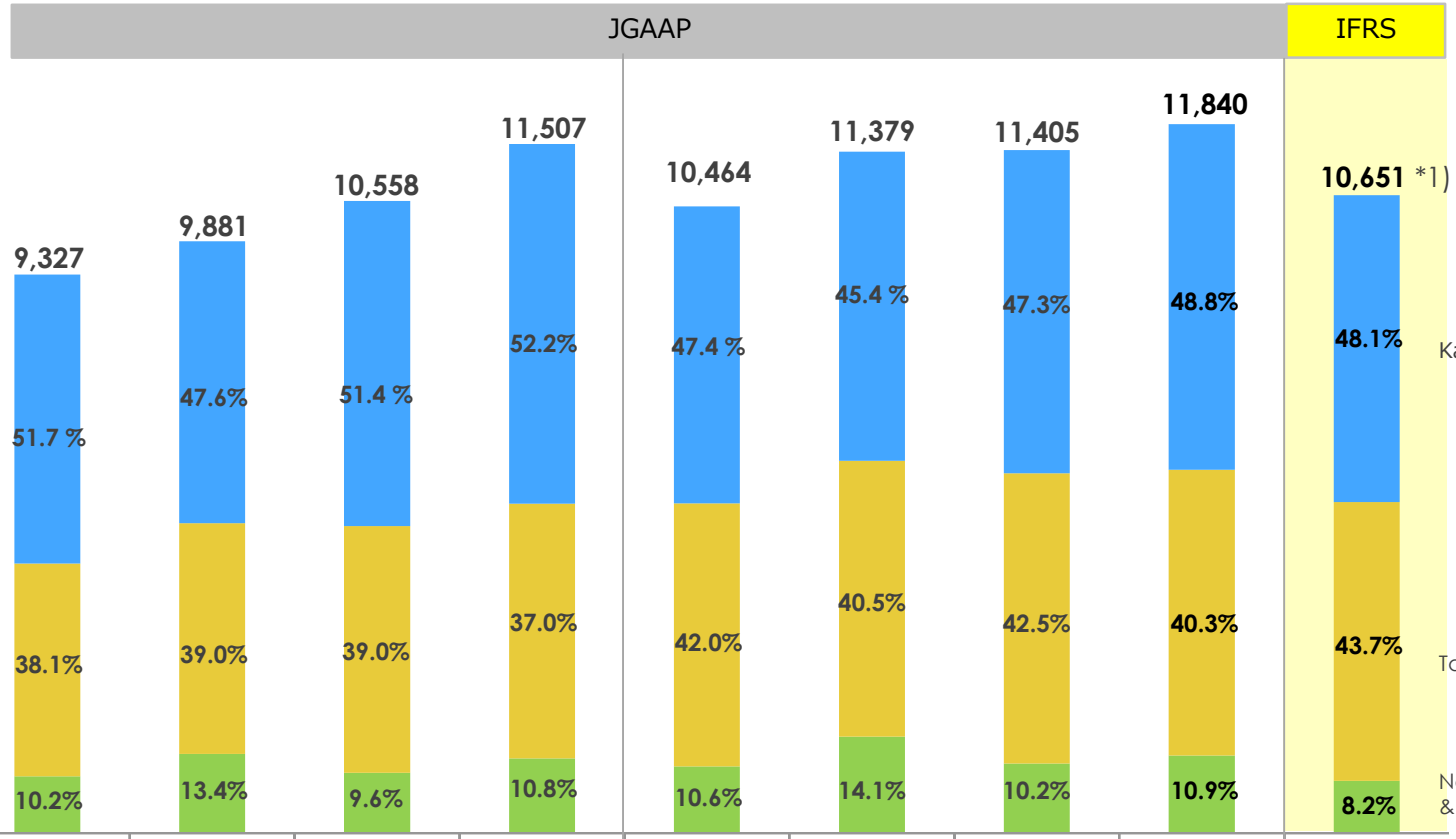
1Q FY2018/3 Consolidated Results (IFRS)

(Unit: million yen)

	1Q FY2017/3 4/2016 – 6/2016	1Q FY2018/3 4/2017- 6/2017	yoy	2Q FY2018/3 Forecast (6 month total)	Achievement Ratio	Full Year Forecast	Achievement Ratio
Sales	10,189	**10,651**	+4.5%	**22,500**	47.3%	**48,000**	22.2%
Operating income	4,910	**5,100**	+3.9%	**10,500**	48.6%	**23,300**	21.9%
Ordinary income	4,908	**5,096**	+3.8%	**10,480**	48.6%	**23,250**	21.9%
Net income attributable to shareholders of the parent company	3,449	**3,479**	+0.9%	**7,180**	48.5%	**15,850**	22.0%
Operating margin	48.2%	**47.9%**	-0.3pts	**46.7%**	-	**48.5%**	-

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Quarterly Sales by Business Segment (Consolidated)



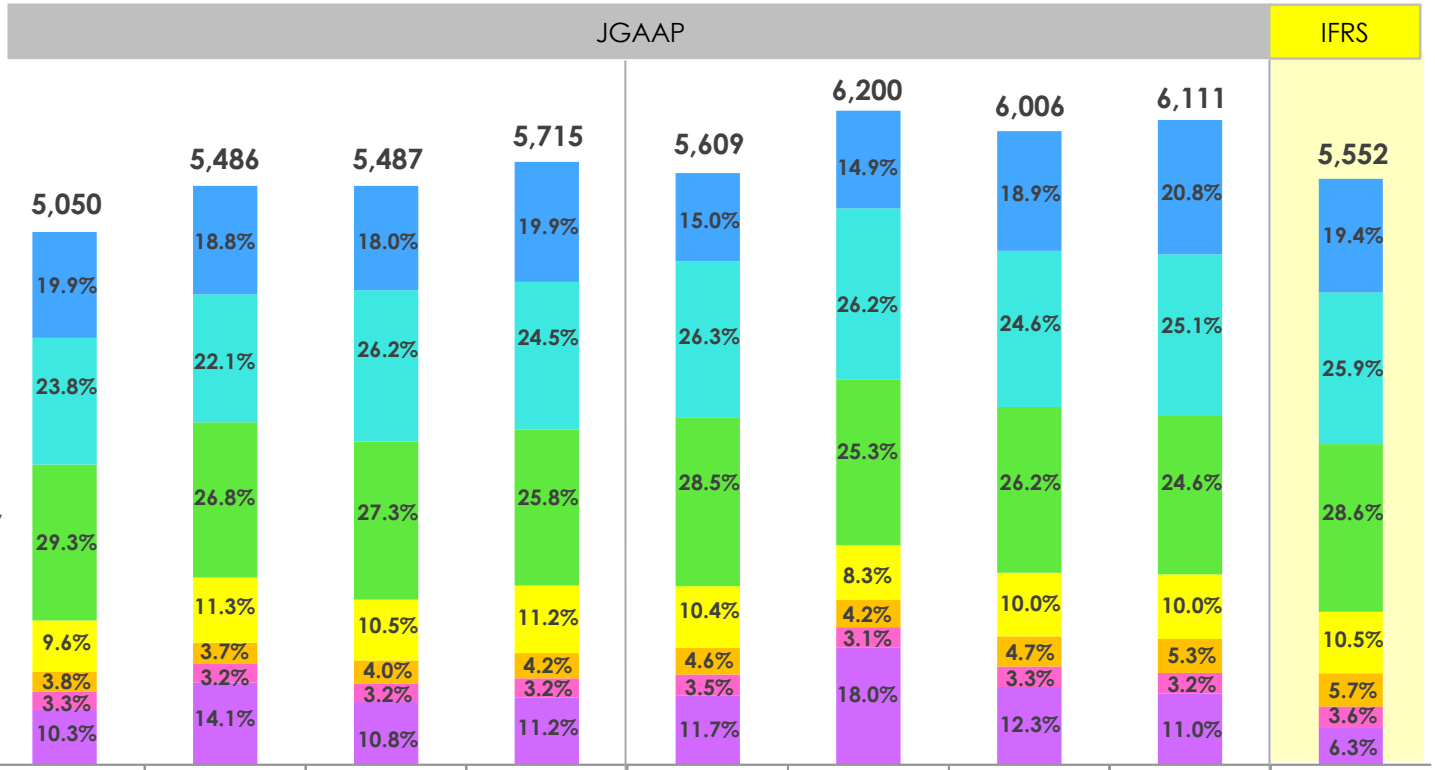
Unit: million yen	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
	FY2016/3				FY2017/3				FY2018/3
Kakaku.com	4,821	4,708	5,428	6,006	4,958	5,161	5,396	5,774	5,124
Tabelog	3,556	3,851	4,119	4,255	4,389	4,606	4,843	4,768	4,654
New Media & Finance	947	1,322	1,009	1,246	1,117	1,612	1,165	1,297	872 *1)

Note: Amounts exclude inter-segment sales and transfers

*1) Due to a voluntary adoption of IFRS as of FY2018/3, consolidated subsidiary Time Design's sales are now recorded on a net basis.

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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

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
	FY2016/3				FY2017/3				FY2018/3
Advertising	1,005	1,029	987	1,137	838	926	1,135	1,273	1,079
Comissions (*1	1,199	1,213	1,435	1,401	1,475	1,623	1,479	1,531	1,436
Personell Cost	1,478	1,468	1,498	1,476	1,601	1,570	1,571	1,502	1,589
Outsourcing	483	619	575	640	582	514	603	610	583
Depreciation	189	200	220	241	257	261	284	322	315
Rent	167	176	174	180	197	192	195	196	202
Other	527	779	594	637	656	1,111	736	674	348 (*3
Number of employees (*2	689(99)	695(106)	710(109)	708(111)	741(117)	748(125)	744(123)	727(121)	740(114)

***3) Breakdown of "Other" Expenses Apr-Jun 2017**

Server Maintenance: 64m

Recruiting: 55m

*3) Due to a voluntary adoption of IFRS as of FY2018/3, consolidated subsidiary Time Design's sales are now recorded on a net basis.

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Kakaku.com

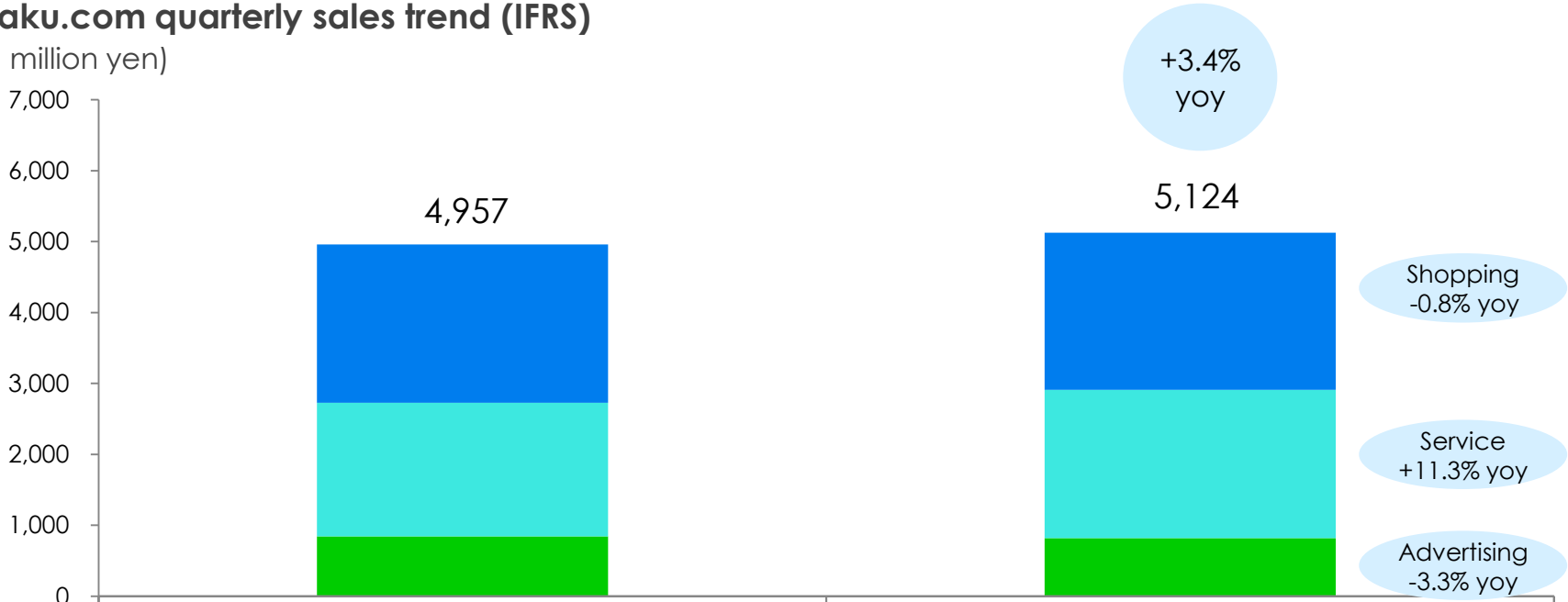
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Kakaku.com: Overview

- As the positive trend for Service categories continues, sales for the Kakaku.com business reached 5,124 million yen, up 3.4% yoy.
- The number of Kakaku.com's domestic users was 51.81m users per month. (as of June 2017)

Kakaku.com quarterly sales trend (IFRS)

(Unit: million yen)



	1Q FY2017/3	1Q FY2018/3
Shopping	2,230	2,213
Service	1,883	2,095
Advertising	844	816

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.

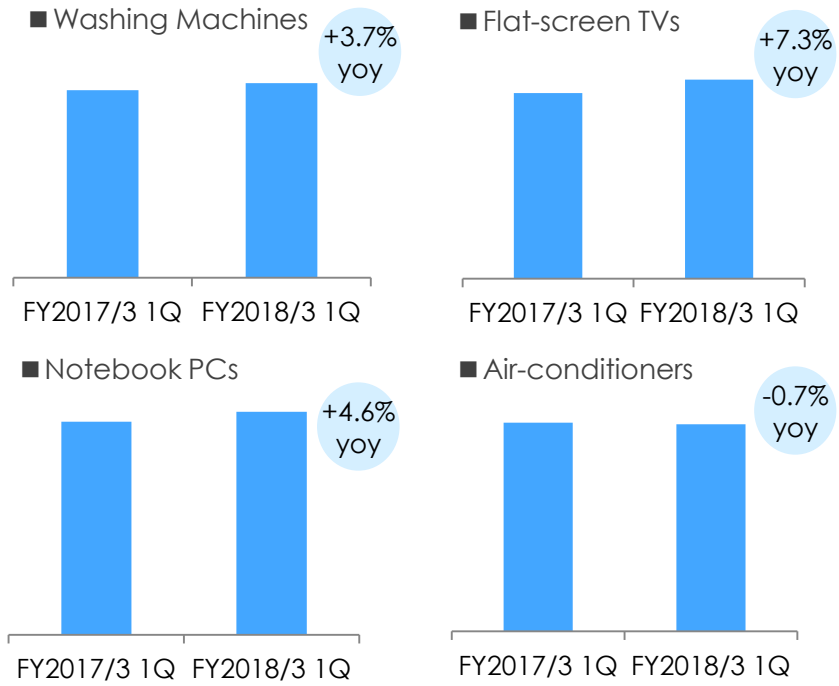
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Kakaku.com: Shopping Segment

- Even though the Gross Merchandise Volume for consumables improved due to enhanced UI, a slight drop in sales unit prices resulted in slightly lower sales yoy, with 2,213 million yen.
- Traffic for durables grew overall and we believe Kakaku.com continues to play a big role in the purchasing behavior of Japanese consumers.

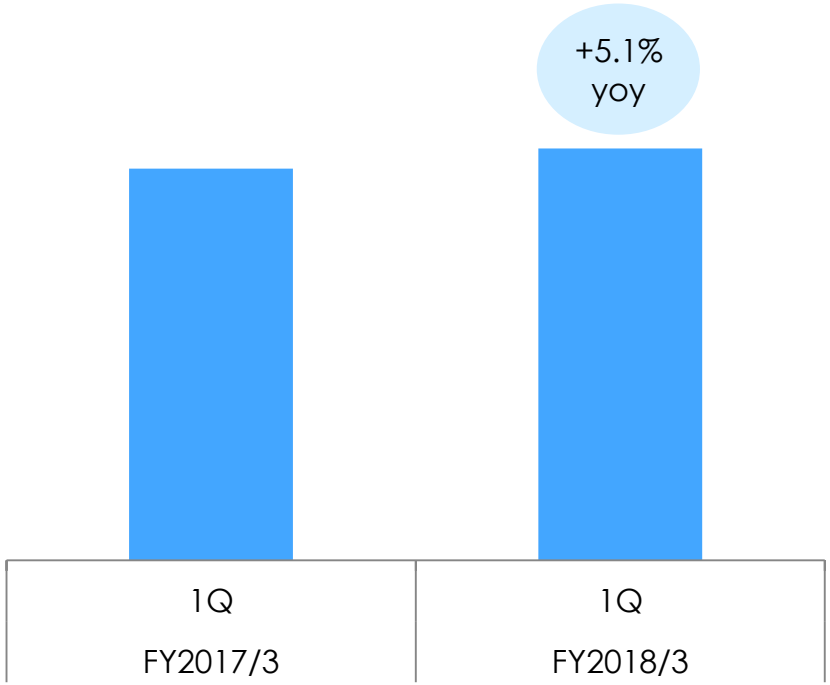
Average visitor number per quarter for select durables categories

- While overall traffic has been impacted by a downtrend in the market, visitor numbers of major categories saw a slight upturn.



Gross Merchandise Volume for consumables

- Improved CVR through enhanced UI were instrumental in GMV growth
- Continued price negotiations with E-commerce players



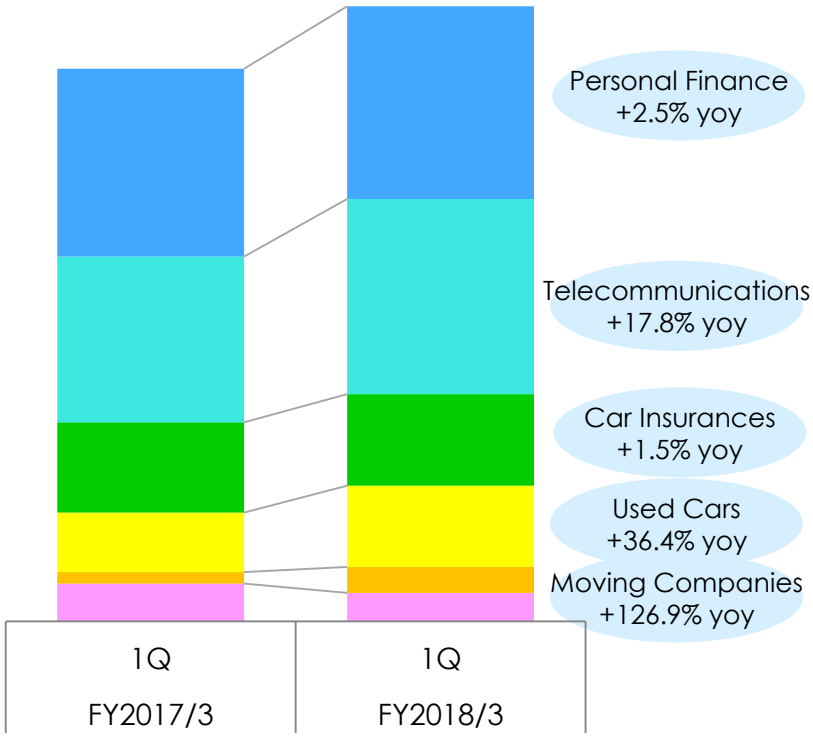
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Kakaku.com: Service Segment

- Total sales reported by the service categories were 2,095 million yen, up 11.3% yoy.
- The Service Segment performed well over all, including the telecommunications category with high growth in domestic and overseas Wi-Fi.

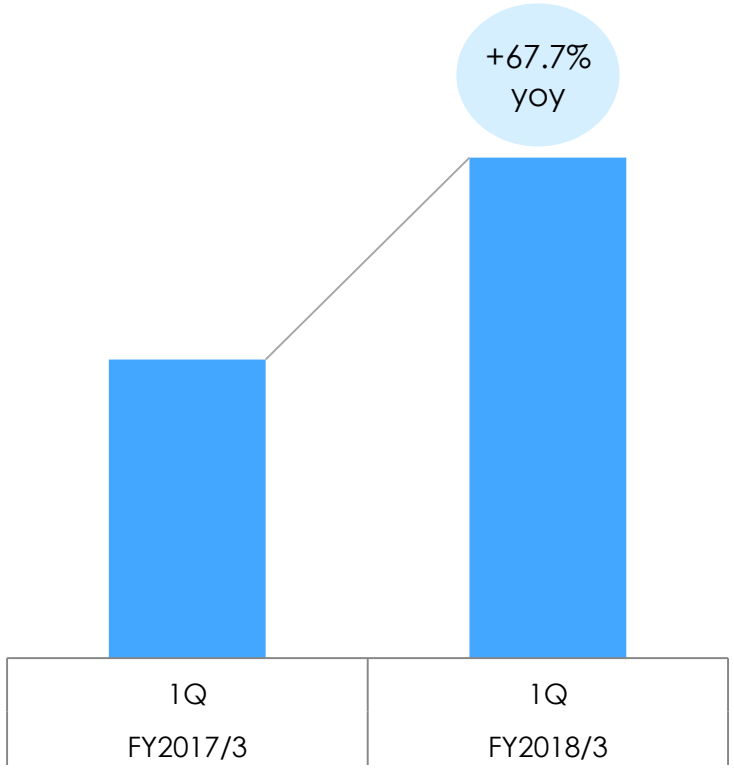
Sales by Category

- Good performances in comparison of credit card loans in the personal finance category, and domestic and overseas Wi-Fi were strong growth drivers.
- Comparison and quote for moving companies is showing strong results with growth of +126.9% yoy.



Domestic and Overseas Wi-Fi applications

- The number of applications is showing positive growth with +67.7% yoy.



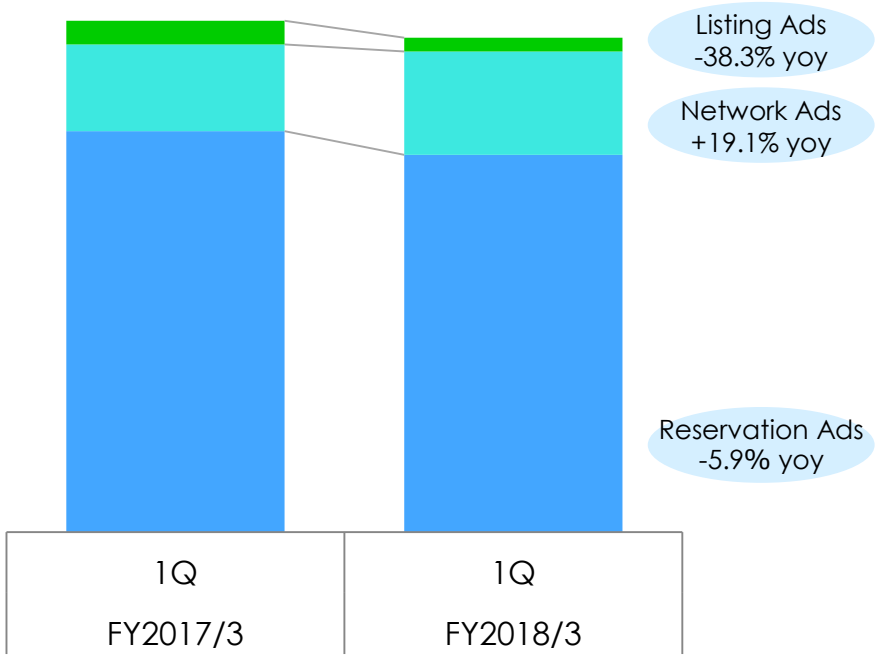
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Kakaku.com: Advertising

- While sales from Network Ads showed strong growth, due to a drop in sales from reservation ads, Kakaku.com's total ad revenue dropped 3.3% yoy, to 816 million yen.
- Start of External Advertising to strengthen transaction with a variety of advertisers.

Sales by Category

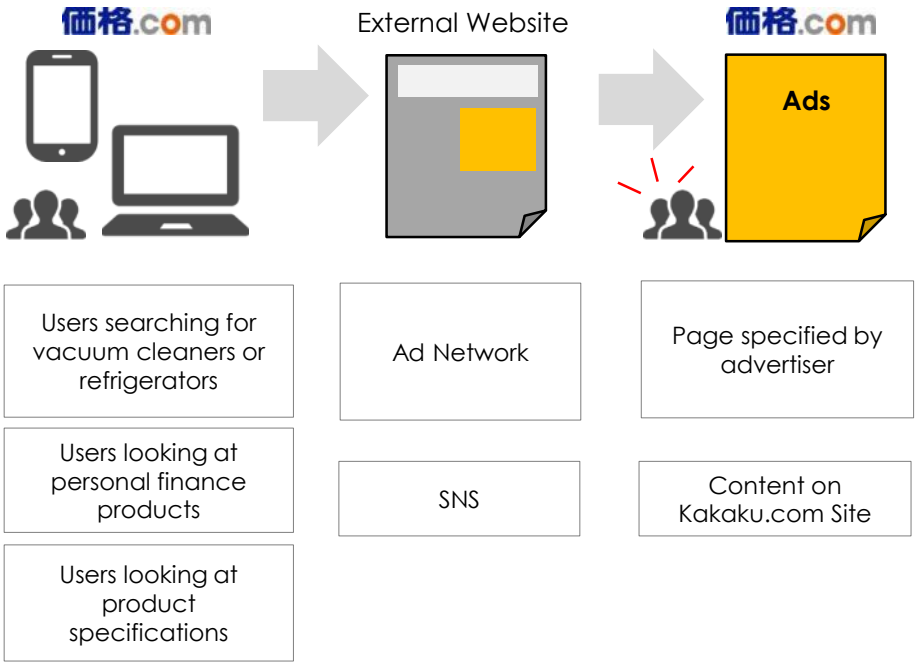
- Sales from Network Ads are growing due to greater availability of ad space and higher unit prices.
- Sales from reservation ads decreased due to falling traffic



Start of external advertising

- External advertising, using audience data from Kakaku.com as well as behavioral data.

Example:



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Kakaku.com: Outlook

- Adapting to market trends. New initiatives in business development and monetization of new verticals.

Shopping



- Device optimization with the aim to raise GMV.
- Offer new solutions to E-commerce companies.
- Online to Offline user acquisition

Service



Expand the types of services that can be compared

Recently added services (January 2016 – April 2017)
Electricity price comparison, package estimates for propane gas, IPO content, Gas price comparison, Wi-Fi rental for inbound tourists, renovation price comparison

Advertising



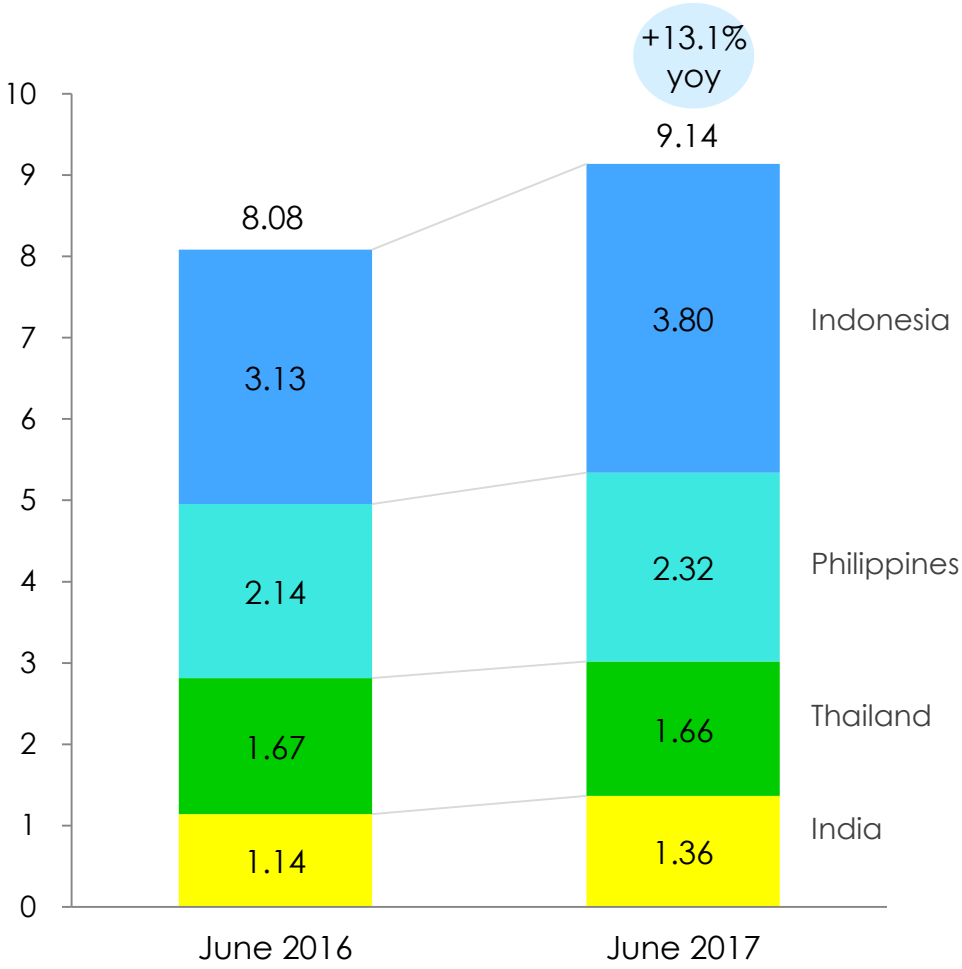
Aim for revenue growth, through the introduction of ad-tech, such as external advertising and header bidding and the introduction of a private market place (PMP)

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Priceprice.com

- The 4 country total number of users as of June 2017 was 9.14 million users, up 13.1% yoy.
- Priceprice.com is currently the biggest shopping support site in Indonesia and the Philippines

4 country total number of users (in million)



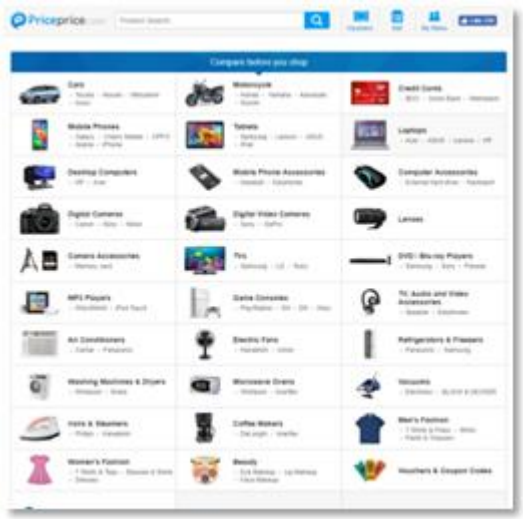
Priceprice.com is the shopping support site with the most users in Indonesia and the Philippines

- Continue to acquire more users, while enhancing information on products and services
- Initiatives to advance monetization in each markets

Indonesia



Philippines



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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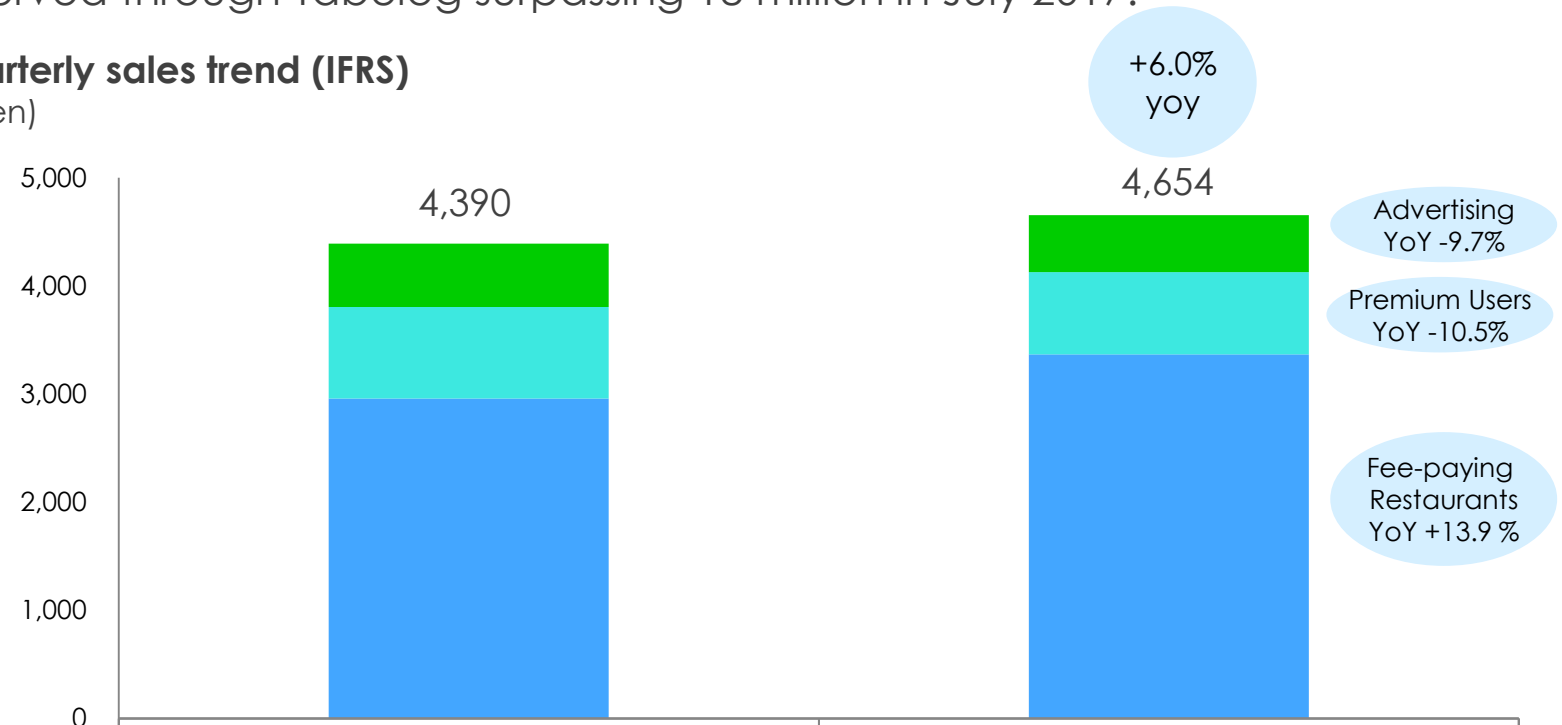
Tabelog

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Tabelog: Overview

- Sales from fee-paying restaurants continues to grow, with 4,654 million yen, +6.0% yoy.
- The number of monthly users was 98.97 million as of June 2017.
- Online reservations continue to show strong growth with the cumulative number of seats reserved through Tabelog surpassing 18 million in July 2017.

Tabelog quarterly sales trend (IFRS)
(Unit: million yen)



	1Q FY2017/3	1Q FY2018/3
Advertising	584	527
Premium Users	849	760
Fee-paying Restaurants	2,957	3,367

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.

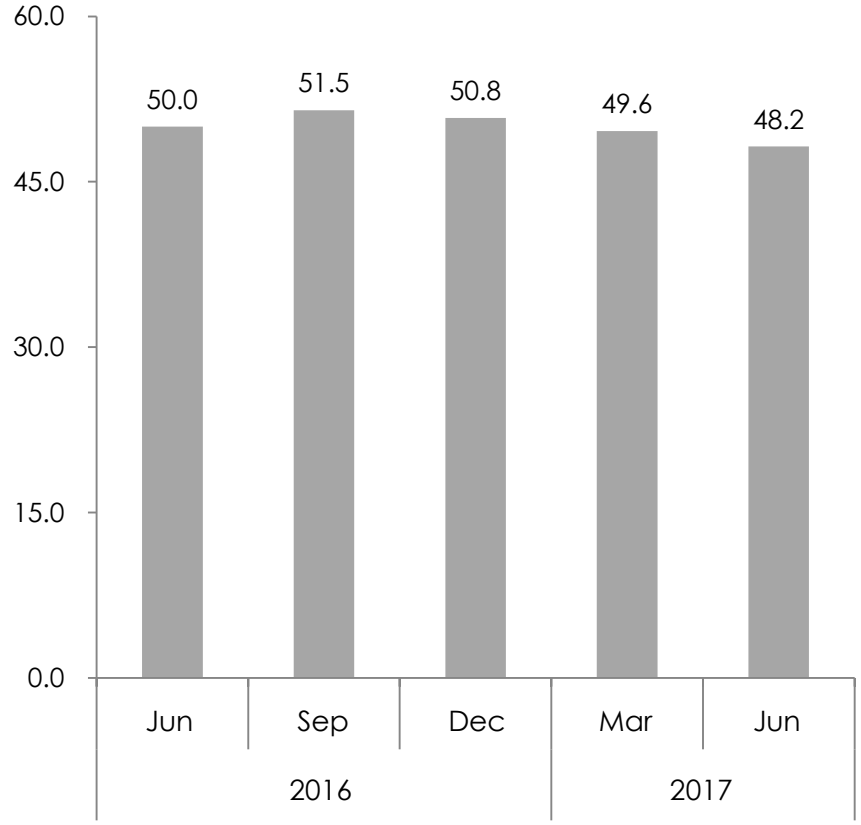
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Tabelog: Number of fee-paying restaurants

- Start of nation wide roll out of sales for new pricing plans as of June 2017.
- Restaurants subscribing to one of the new pricing plans has grown to a total of 4,900 restaurants.

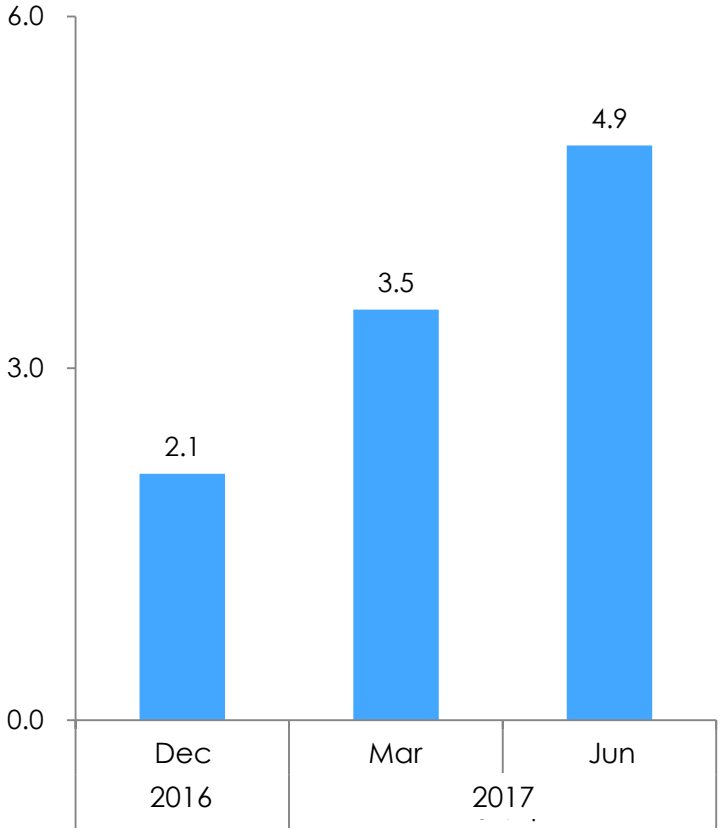
No. of restaurants subscribing to old plans

Unit: thousand



No. of restaurants subscribing to new plans

Unit: thousand



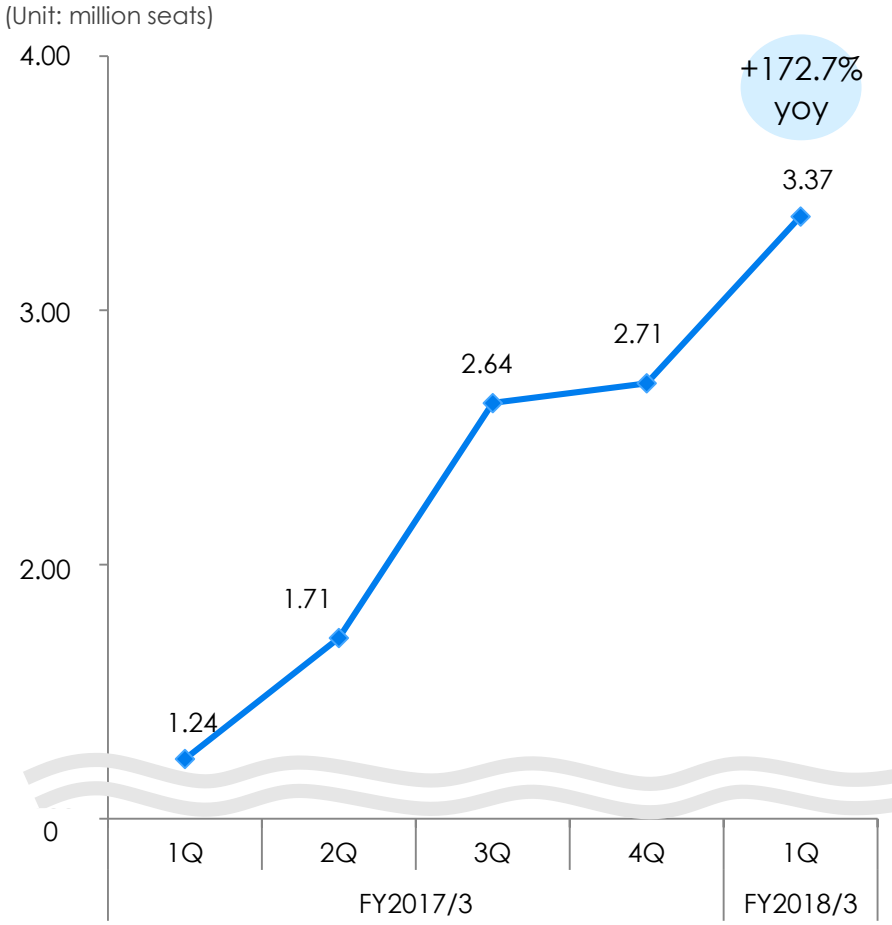
Note: New pricing plans, with enhanced promotion of online reservations are only being offered in Tokyo as of October 2016.

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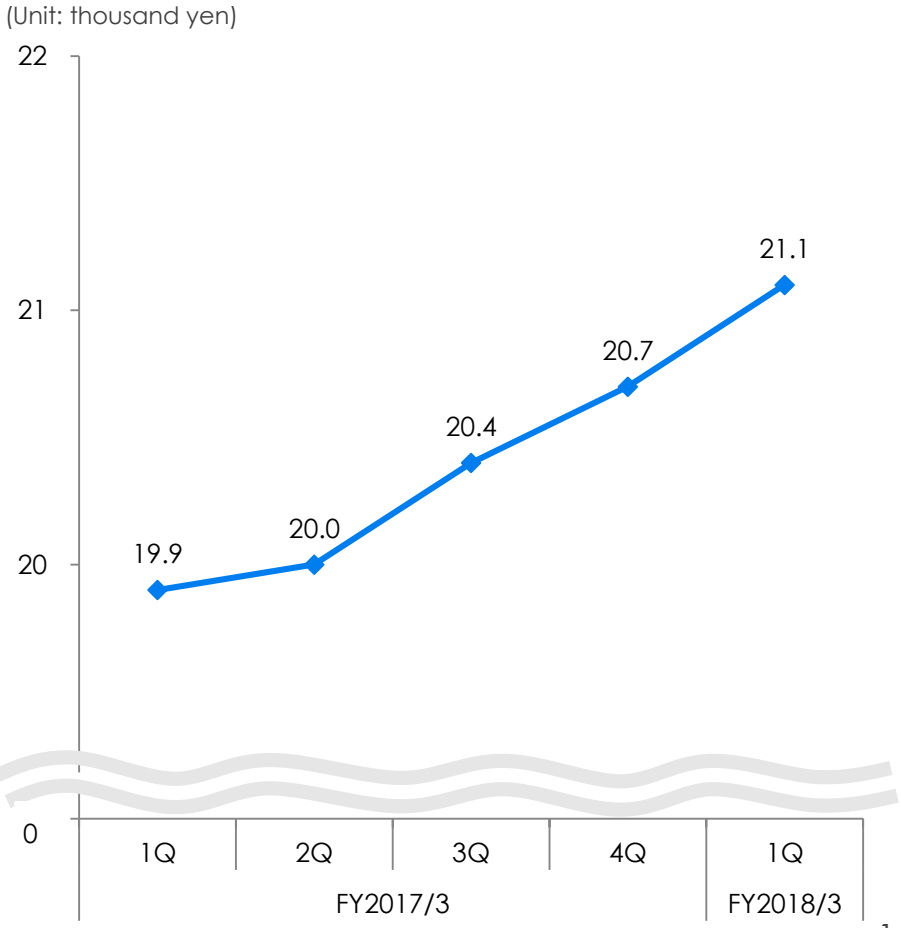
Tabelog: Online Reservation Growth

- The number of online reservations increased in this qoq, with 3.37 million seats, up172.7% yoy.
- Average revenue per restaurant (ARPU) also showed strong growth with 21,100 yen.

Number of online reservations (quarterly total)



ARPU by quarter



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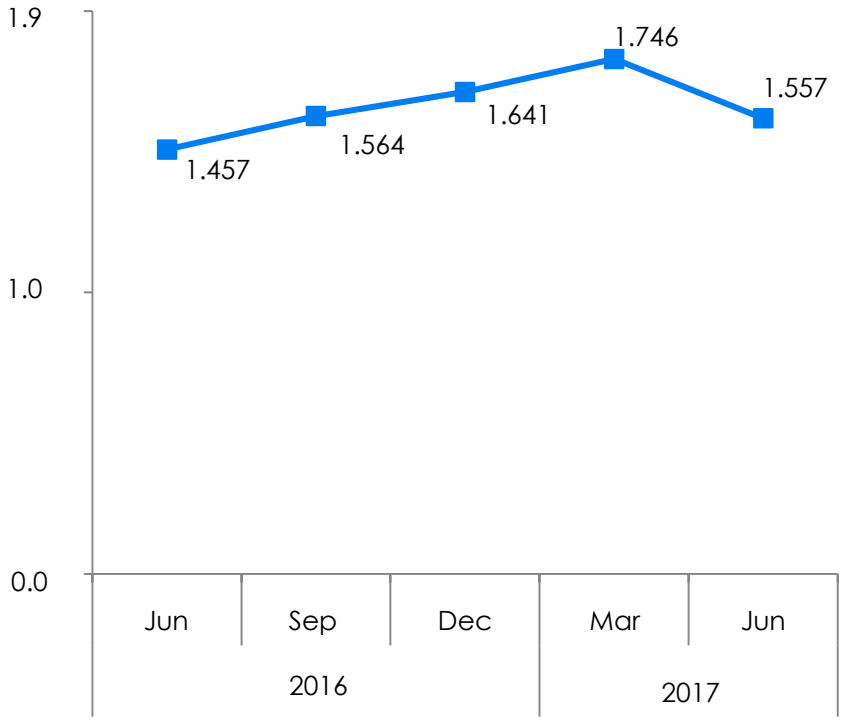
Tabelog: Other

- The number of premium users has dropped since the end of last quarter, to 1.56 million users as of June 2017.
- Release of "Tabelog's Top 100", Tabelog's Gourmet Award for casual restaurants.

Number of Premium Users

- A decline in users subscribing to our alliance partner's services, led to a drop in Premium user numbers.

(Unit: million users)



Tabelog's Top 100 list of restaurants in casual dining categories

- "This is the place to go, if you want to eat something good right now" is the concept of Tabelog's new lists of recommended restaurants
- The first three categories being introduced are Ramen, Sweets and Bread



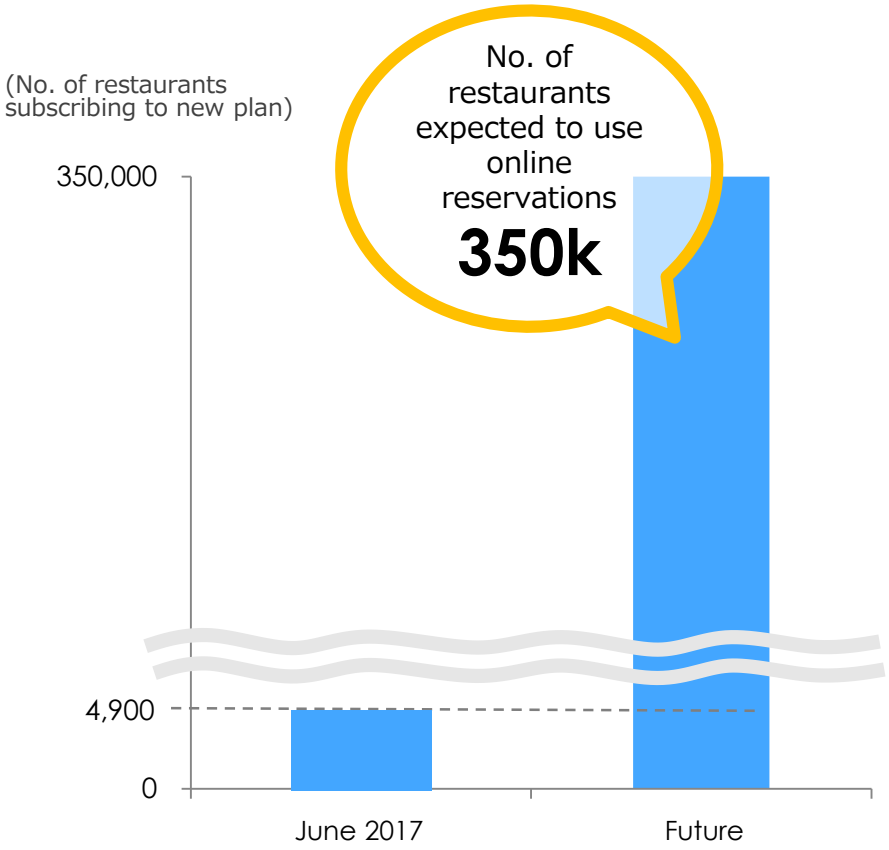


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Tabelog: Outlook

- Strengthen efforts to meet the target of 350,000 restaurants signed up for one of the new pricing plans.
- Create a service plat form providing everything from restaurant search to reservations and offer restaurant a solution for their customer acquisition needs.

Total addressable market



Sales efforts to meet target of 350,000



Nation wide roll-put of new pricing plans

As of June of this year, all sales channels have started to offer the new pricing plans.

Continue to grow the number of restaurants offering online reservations.



Thorough follow-ups

Develop close relations with restaurants and carry out regular follow-ups to secure seating inventory.

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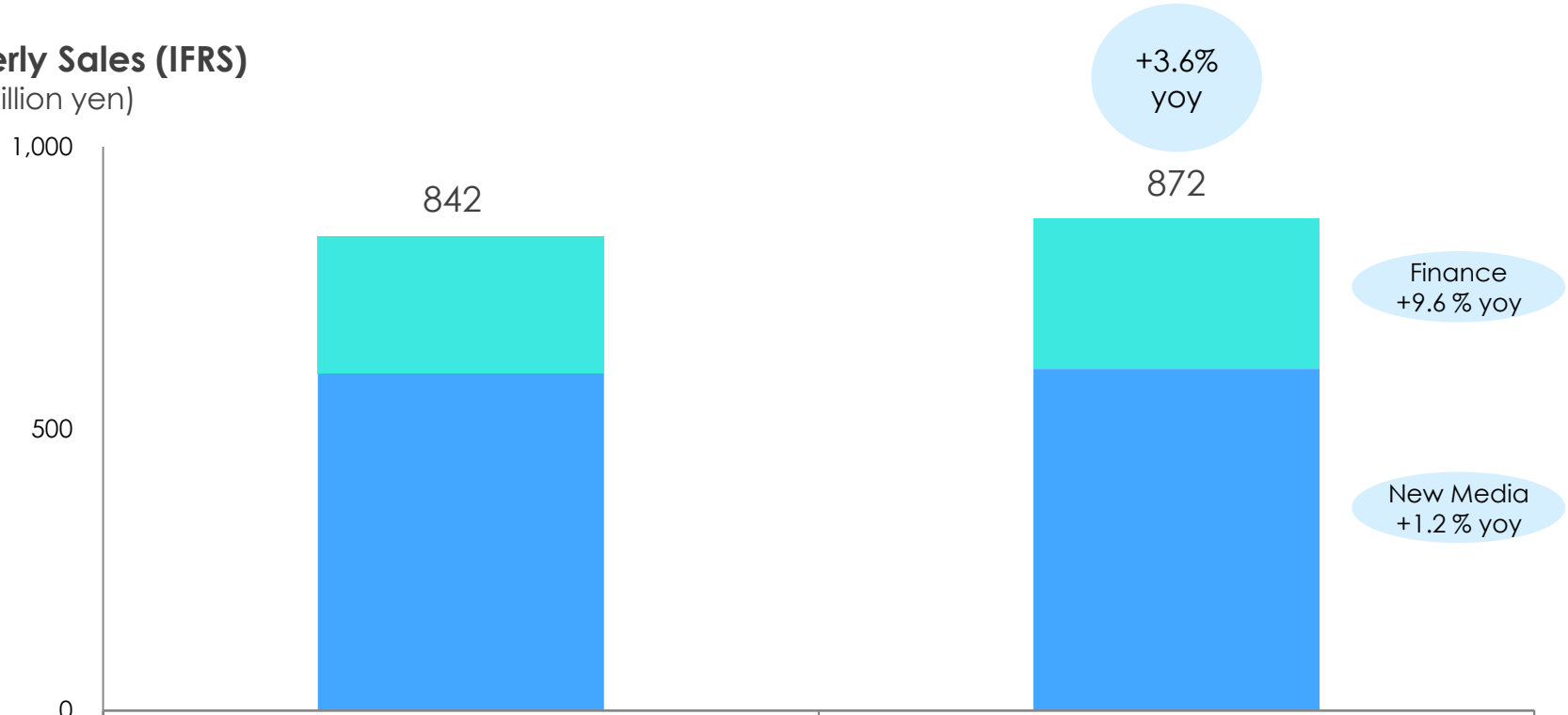
New Media & Finance

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New Media & Finance: Overview

- Sumaity and Kinarino continue to post strong results. Coupled with sales growth in the Finance Business, total sales in the New Media & Finance Business were 872 million yen, up 3.6% yoy.

Quarterly Sales (IFRS)
(Unit: million yen)



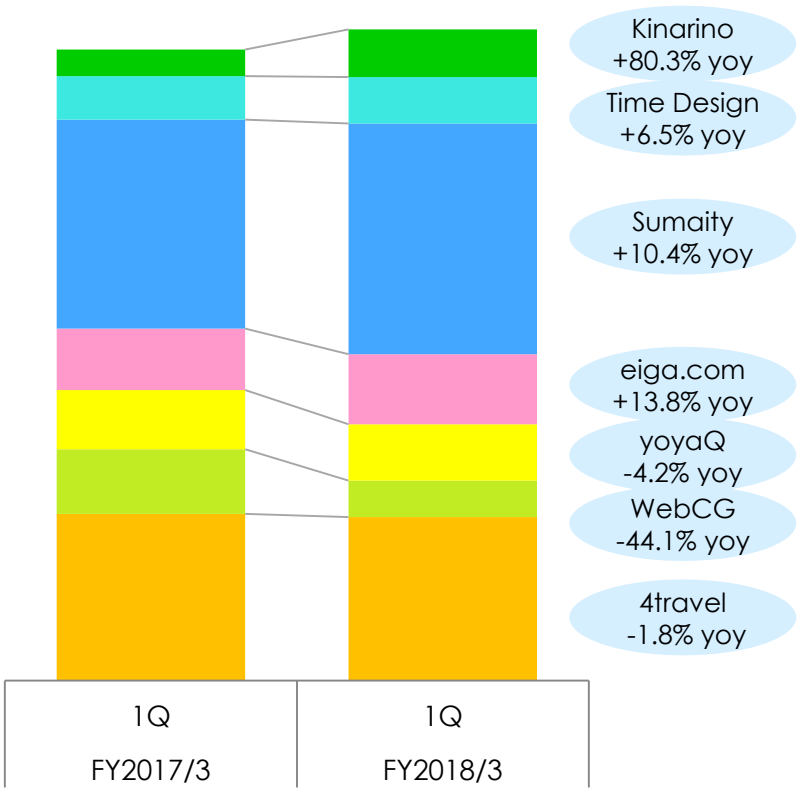
	1Q FY2017/3	1Q FY2018/3
Finance	243	267
New Media	598	606

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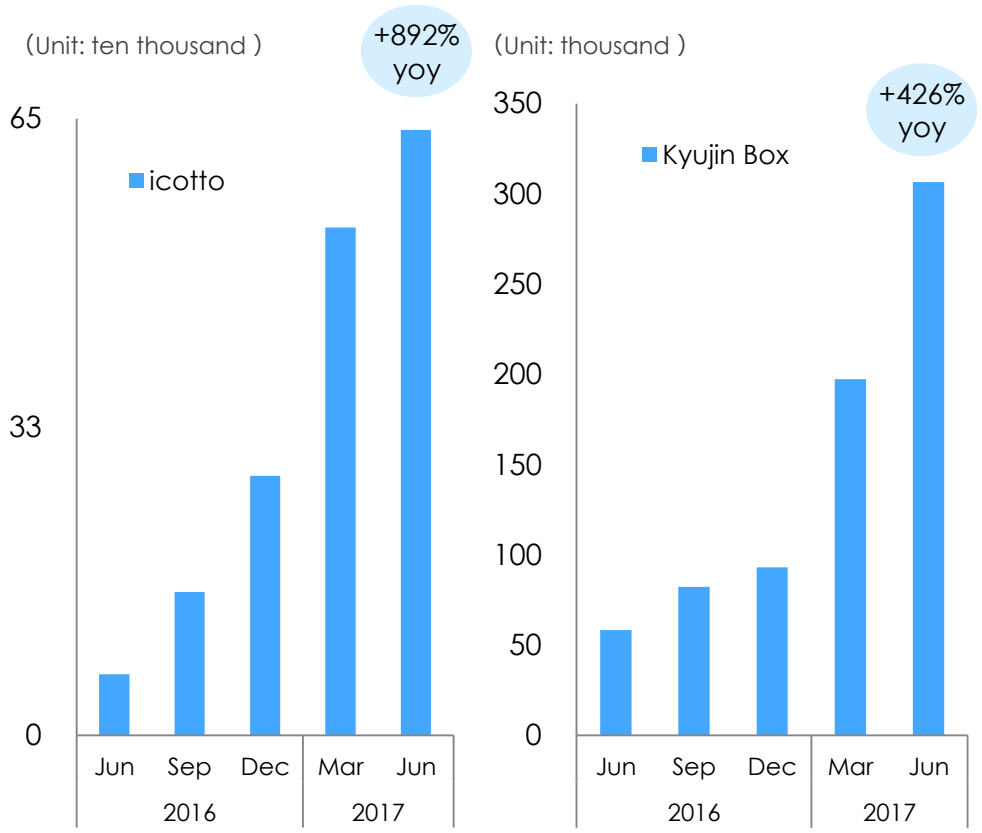
New Media

- Kinarino, Sumaity and eiga.com reached double-digit growth yoy.
- Time Design's revenue also grew by 6.5% yoy.
- High growth media, like icotto or Kyujin Box show strong growth in traffic.

Sales by media (IFRS)



High growth media monthly UU trend



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New Media: Kinarino

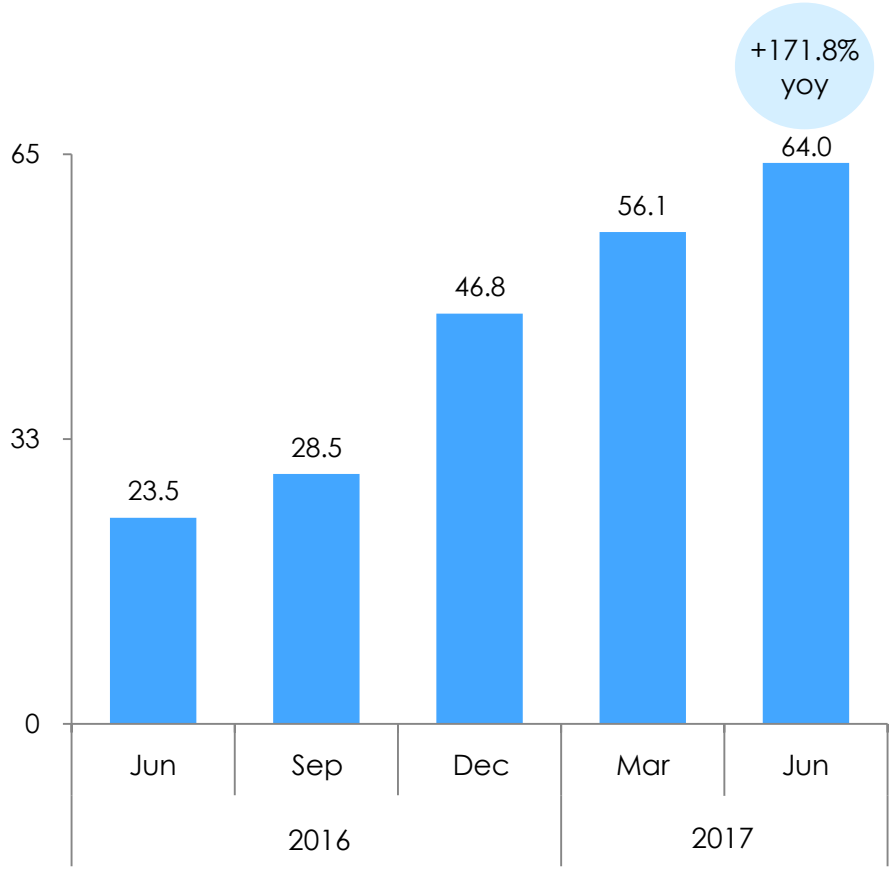
- Release of In-App media Kinarino Magazine. An in-house team reports and edits high quality content.
- Gross Merchandise Volume for Kinarno Mall, exceeded 64 million yen, as of June 2017.

New App content released

Kinarino Magazine released on July 10 2017, provides content on fashion, places to go, beauty, as well as recipe videos



Kinarino Mall monthly GMV (in million yen)



Note: Kinarino Mall was released in February 2016

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New Media: Time Design

■ As a first step in capturing the steadily growing inbound tourism market, Time Design has started to offer its Dynamic Package Solution for Inbound Travelers to Hoshino Resorts.

Start of Dynamic Package Solutions for Inbound Travelers

- First hotels to offer Time Design's Dynamic Package Solution for inbound travelers will be two hotels operated by Hoshino resorts (HOSHINOYA Tokyo and RISONARE Tomamu).
- At the moment, the service is only available in English, but more languages will become available soon.
- Hotels are able to offer travel packages including flight and accommodation on their official websites.
- Flight reservation can be made from a wide choice of airlines, including LCCs

■ Hoshino Resorts



■ Dynamic package solution



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Global Business Development

- Strategic investment in Moenysmart.sg (operated by Catapult Ventures), Singapore's leading personal finance comparison site
- Aim for synergies, such as sharing of business know-how and market information

Kakaku.com acquires 20% stake in MoneySmart.sg

- In June of this year, Kakaku.com made a strategic investment in MoneySmart.sg



MoneySmart.sg

- MoneySmart.sg provides users with everything they need to make better financial decisions, with information that is easy to understand and products easy to apply for.

■ Main Contents

Comparison of personal finance products, tips, tricks, news, reviews and commentary on all things money related that's written in a style to amuse, entertain and enlighten



Loans
e.g. Home Loans, Education Loans, Car Loans



Credit Cards
e.g. Shopping, Grocery, Student



Insurances
e.g. Home Insurance, Car Insurance, Travel Insurance

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Appendix

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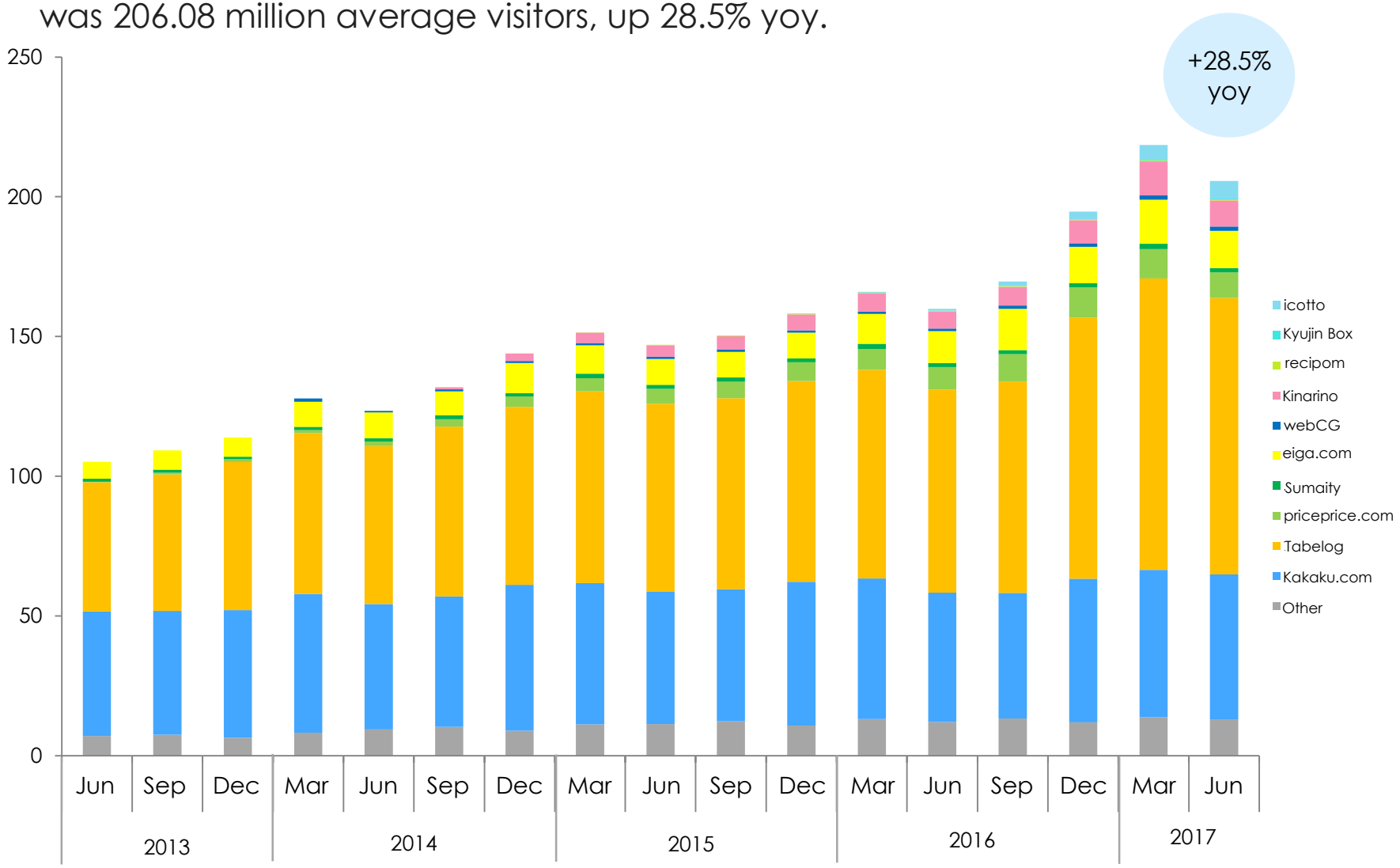
Business Divisions and Segments

Type	Business	Segment	Description
Internet Media	Kakaku.com	Shopping	Commission from registered shops based on the number of clicks and sales performance
		Service	Commission based on the number of contracts for broadband networks et al. Commission based on request for estimates and/or information materials for car insurances, personal finance services or used cars.
		Advertising	Advertising income from banner and text ads, content and search based advertising on the Kakaku.com site/app
	Tabelog	Fee paying Restaurants	Income from fees received from restaurants
		Premium Users	Income from premium user memberships
		Advertising	Advertising income from banner and text ads, content and search based advertising on the Tabelog site/app
	Other	New Media	Income from other sites and services, such as yoyaQ.com, 4travel, Sumaity, Time Design, eiga.com and webCG
Finance		Finance	Commission from general insurance business for life insurances, non-life insurance, etc.

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Total Accumulated Traffic for Kakaku.com Group

- Total accumulated monthly traffic for all sites of Kakaku.com sites as of June 2017, was 206.08 million average visitors, up 28.5% yoy.

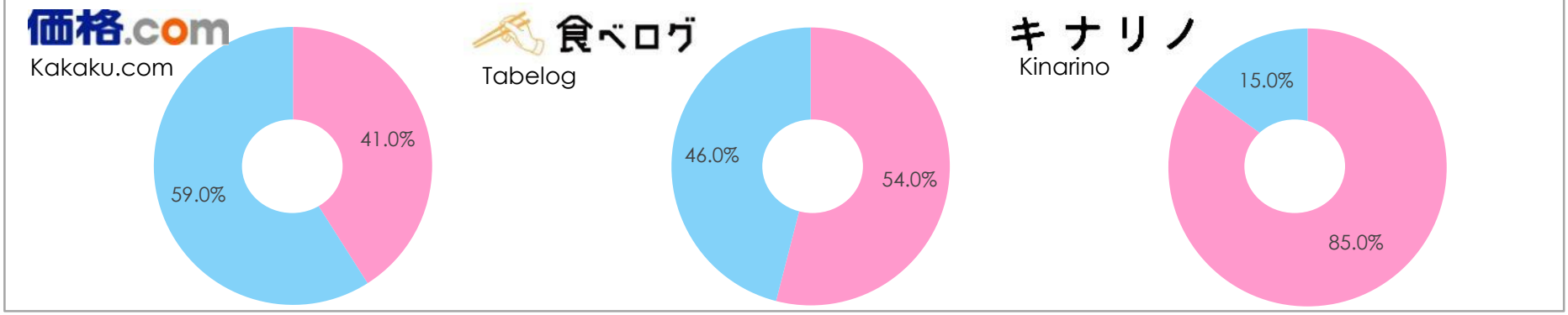


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User Profile

Male- Female Ratio

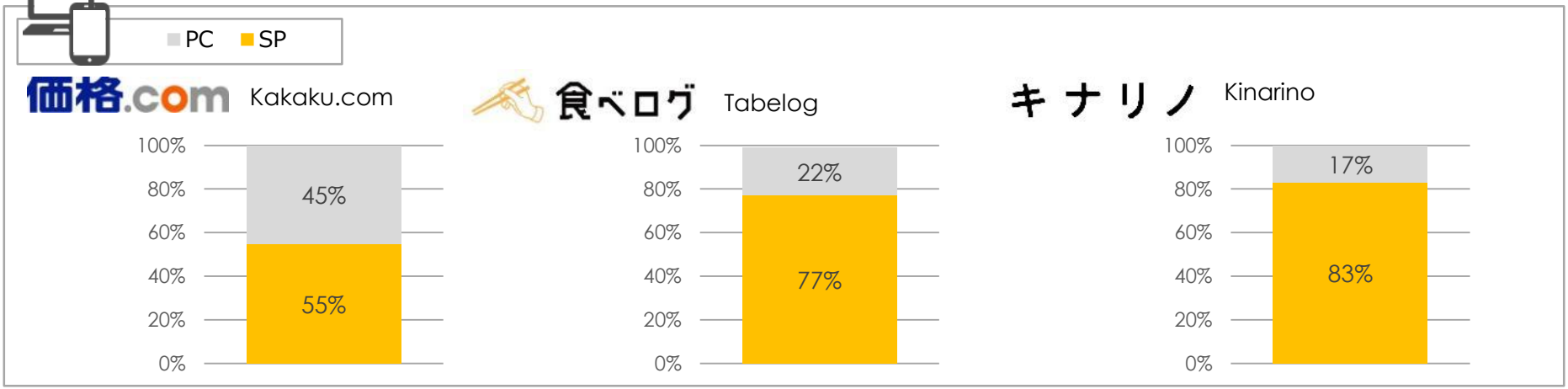
Kakaku.com has more male users, while Kinarino users are predominately women , Tabelog is used almost equally by men and women.



Source: Nielsen NetRatings (Home&Work Data),, Macromill Survey

User distribution by device

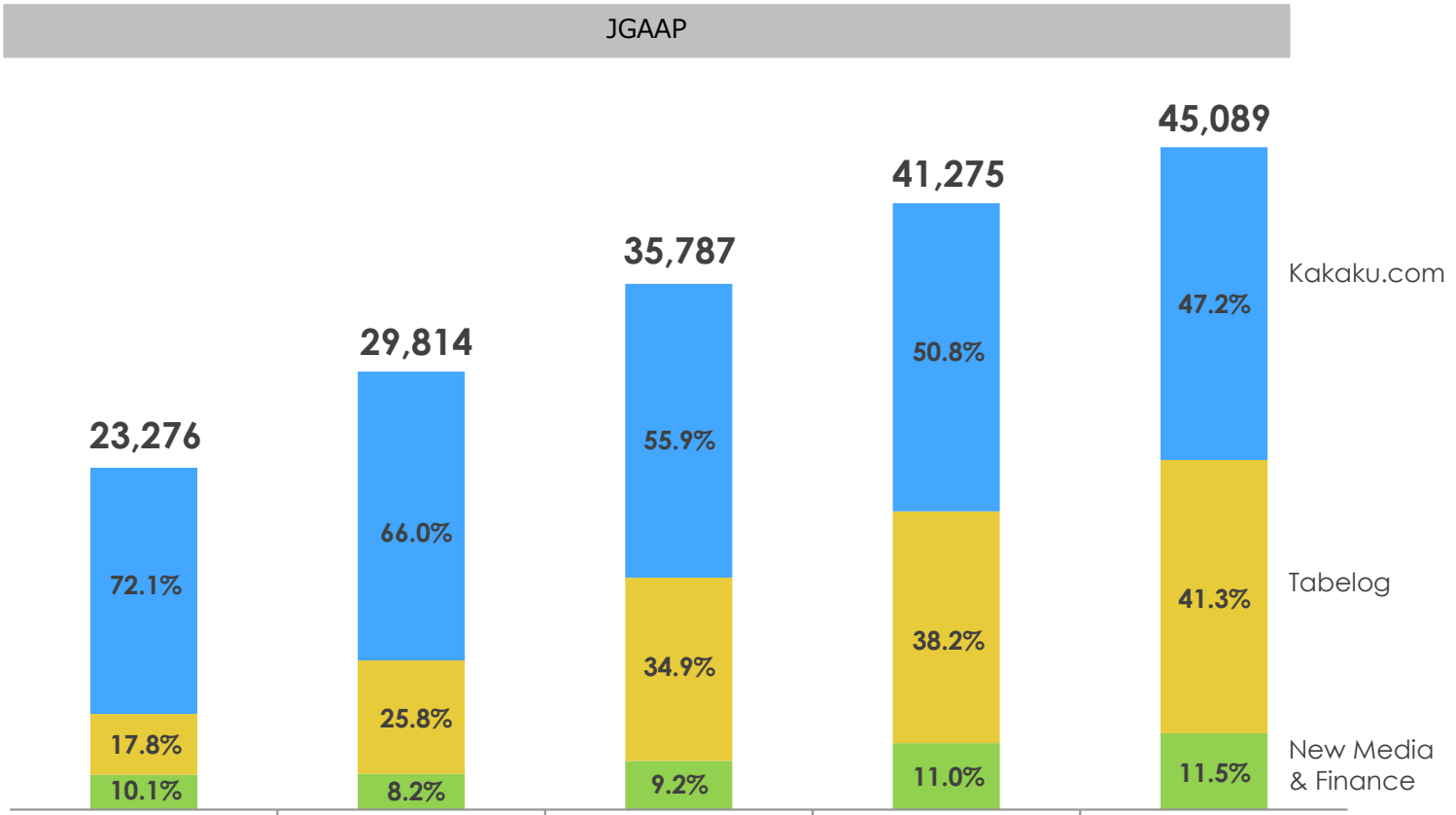
The majority of users accesses Kakaku.com, Tabelog and Kinarino from their smartphones.



Source: Adobe Marketing, Google Analytics

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Sales Contribution by Business Segment by Fiscal Year (Consolidated)



(Units: million yen, %)

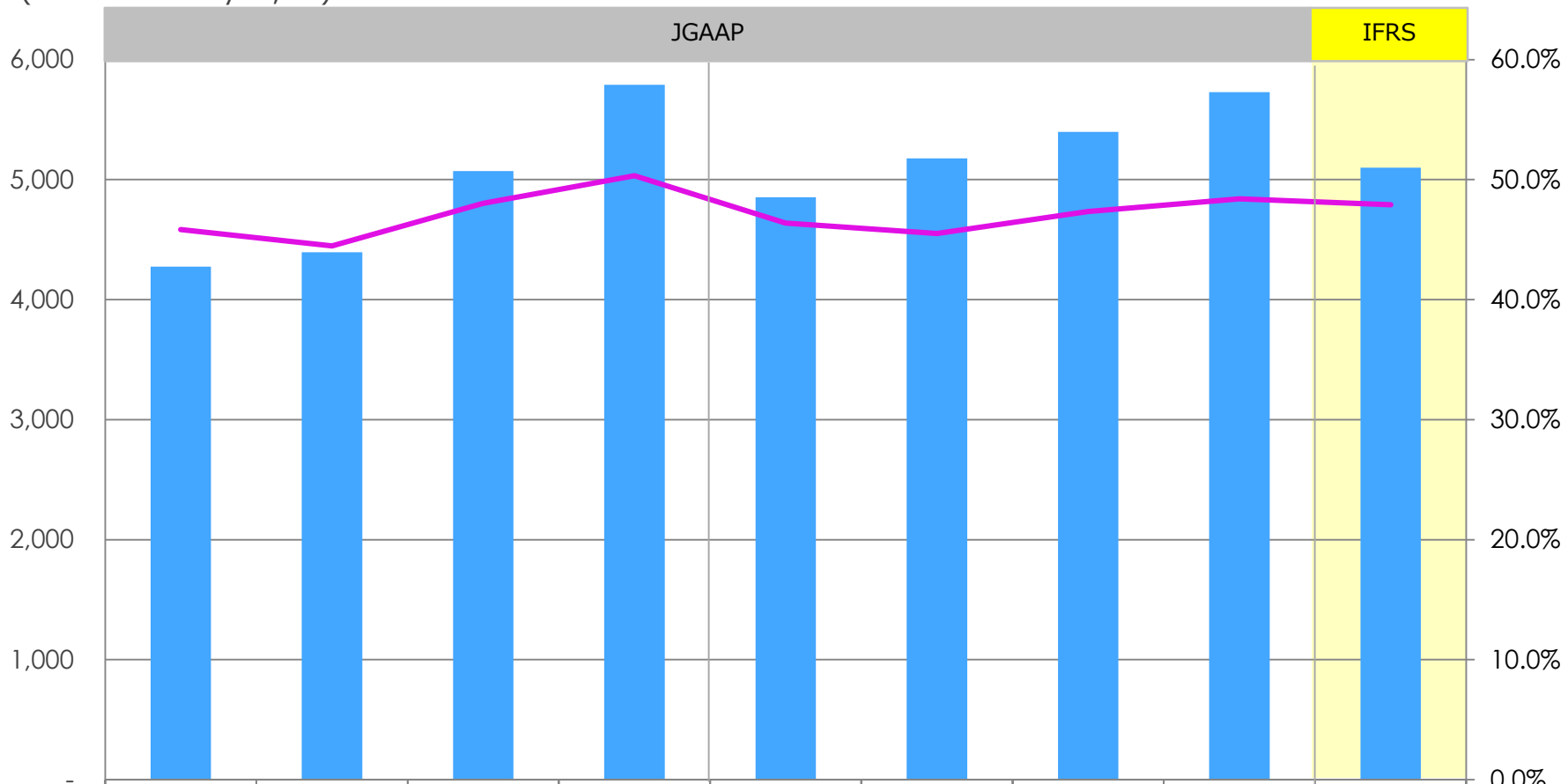
	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3
Kakaku.com	16,772	19,669	19,993	20,967	21,287
Tabelog	4,136	7,695	12,476	15,782	18,608
New Media& Finance	2,368	2,448	3,318	4,525	5,192

Note: Amounts exclude inter-segment sales and transfers.

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Operating Income by Quarter (Consolidated)

(Units: million yen, %)



	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
	FY2016/3				FY2017/3				FY2018/3
Operating Income	4,276	4,395	5,071	5,791	4,854	5,178	5,398	5,729	5,100
Margin	45.9%	44.5%	48.0%	50.3%	46.4%	45.5%	47.3%	48.4%	47.9%

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Kakaku.com Group Service Overview

◆ [Kakaku.con] Shopping support site 価格.com	◆ [tabelog] Restaurant discovery and reservation 食べログ	◆ [yoyaQ.com] l ast minute discounts on hotels and Japanese style inns yoyaQ.com
◆ [PHOTOHITO] Photo community site PHOTOHITO	◆ [4travel] Travel review and comparison 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 kakaku.com insurance	◆ [recipom] Recipe app レシぽん
◆ [Priceprice.com] Shopping support site for Southeast Asia Priceprice.com	◆ Time Design inc. Dynamic package solutions 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	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/
	webCG, Inc.	http://www.webcg.net/

Note: Information and projections of future performance contained in this document include the Company's judgments premised on information available at the time of preparation and assumptions concerning uncertainties. They may differ from actual business performance and results due to a variety of factors.

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