kakaku.com

Results Briefing for 2Q FY2018/3

November 2, 2017

Kakaku.com, Inc.

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Summary

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2Q FY2018/3 Consolidated Results (IFRS)

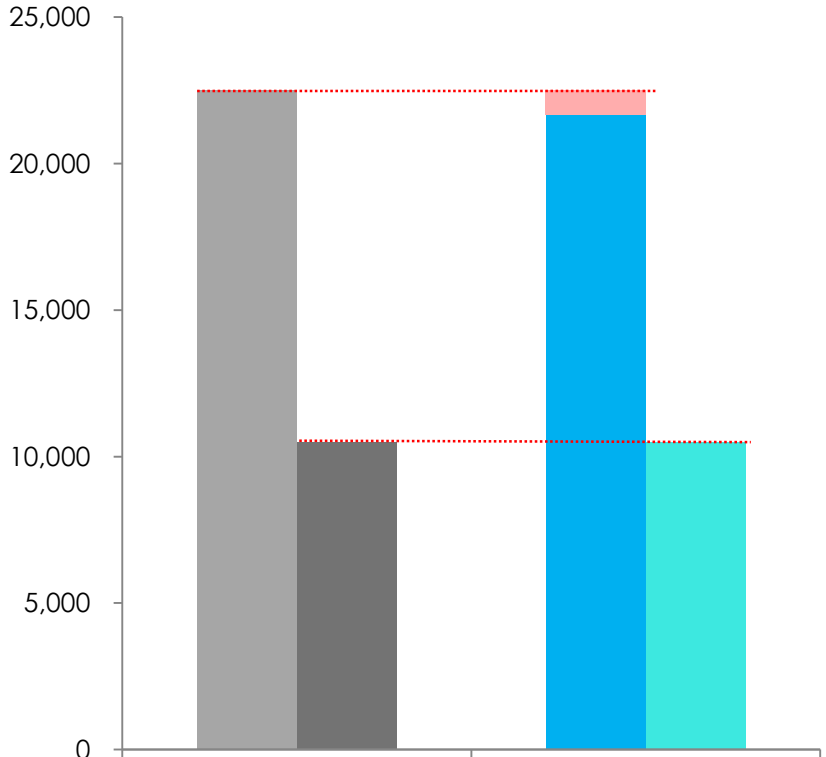
(Unit: million yen)

	2Q FY2018/3 7/2017- 9/2017	yoy	Half-year Results	yoy	Progress relative to forecast	Full Year Forecast	Achievement Ratio
Sales	**11,018**	+3.6%	**21,669**	+4.1%	96.3%	**48,000**	45.1%
Operating income	**5,392**	+3.3%	**10,492**	+3.6%	99.9%	**23,300**	45.0%
Ordinary income	**5,383**	+3.1%	**10,478**	+3.4%	100.0%	**23,250**	45.1%
Net income attributable to shareholders of the parent company	**3,659**	+3.6%	**7,139**	+2.2%	99.4%	**15,850**	45.0%
Operating margin	**48.9%**	-0.2pts	**48.4%**	-0.2pts	-	**48.5%**	-

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Highlights for the first half of FY2018/3

- Revenue for the first half of this fiscal year, fell slightly short of company targets but operating profits were in line with projections.
- While revenue generated by Tabelog through fee-paying restaurants surpassed company targets, advertising on Kakaku.com and Tabelog, as well as Tabelog's premium memberships fell short of projections.



	Half-year Forecast	Half-year Results
Sales	22,500	21,669
Operating income	10,500	10,492

■ Segments surpassing sales targets

Tabelog: Fees from restaurants

The number of restaurants subscribing to the new pricing plans grew at a higher pace than expected.

■ Segments not meeting sales targets

Kakaku.com and Tabelog: Advertising

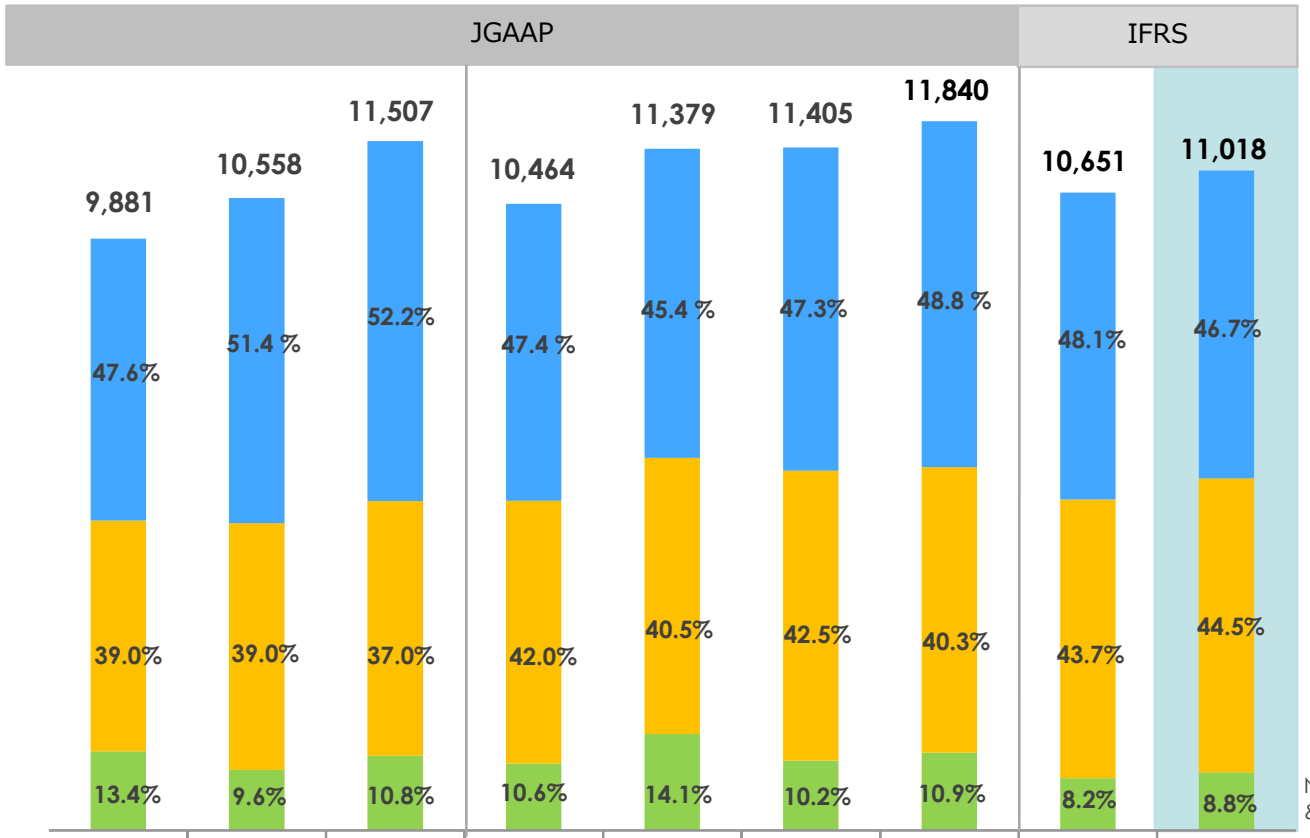
- Acquisition of new clients based on new external advertising products for the Kakaku.com site, did not reach projected sales
- Tabelog fell short of projections, due to delays in advertising proposals as well as contract closings

Tabelog: Premium memberships

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

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Quarterly Sales by Business Segment (Consolidated)



Unit: million yen

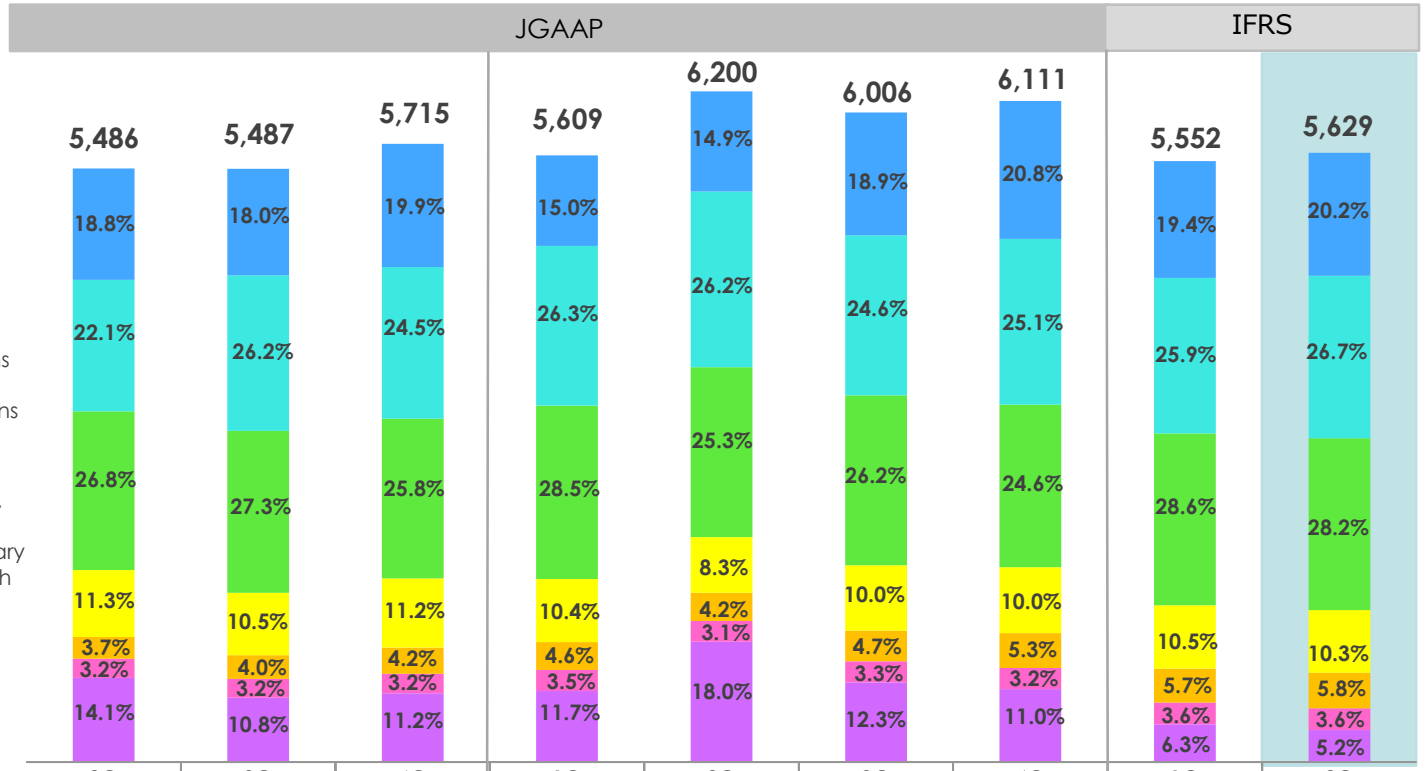
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2016/3			FY2017/3				FY2018/3	
Kakaku.com	4,708	5,428	6,006	4,958	5,161	5,396	5,774	5,124	5,142
Tabelog	3,851	4,119	4,255	4,389	4,606	4,843	4,768	4,654	4,909
New Media & Finance*1)	1,322	1,009	1,246	1,117	1,612	1,165	1,297	872	967

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.
Time Design's cost of sales, for FY2017/3 was as follows: 1Q : 273 million yen, 2Q : 747 million yen, 3Q : 310 million yen, 4Q : 293 million yen

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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	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2016/3			FY2017/3				FY2018/3	
Advertising	1,029	987	1,137	838	926	1,135	1,273	1,079	1,136
Comissions (* 1	1,213	1,435	1,401	1,475	1,623	1,479	1,531	1,436	1,502
Personnel Cost	1,468	1,498	1,476	1,601	1,570	1,571	1,502	1,589	1,587
Outsourcing	619	575	640	582	514	603	610	583	578
Depreciation	200	220	241	257	261	284	322	315	328
Rent	176	174	180	197	192	195	196	202	203
Other (*3	779	594	637	656	1,111	736	674	348	295
Number of employees (*2	695(106)	710(109)	708(111)	741(117)	748(125)	744(123)	727(121)	740(114)	751(116)

***3) Breakdown of "Other" Expenses Jul-Sep 2017**

Server Maintenance: 60m

Recruiting: 52m

*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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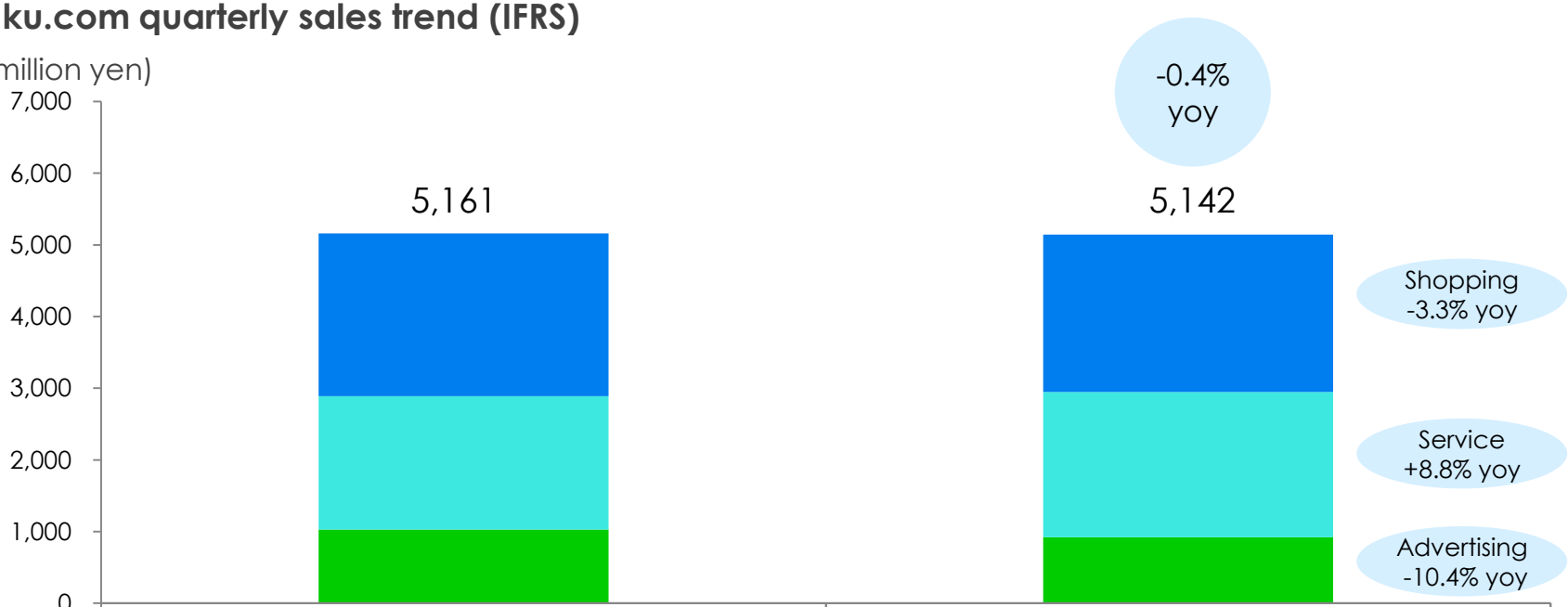
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Kakaku.com: Overview

- Even though the positive trend for Service categories continues, sales for the Kakaku.com business overall reached 5,142 million yen, a decrease of 0.4% yoy.
- The number of Kakaku.com's users was 54.12m users per month. (as of September 2017)

Kakaku.com quarterly sales trend (IFRS)

(Unit: million yen)



	2Q FY2017/3	2Q FY2018/3
Shopping	2,272	2,196
Service	1,859	2,023
Advertising	1,030	923

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: Shopping Segment

- Even though the Gross Merchandise Volume continued to grow, a drop in unit prices of products being searched on Kakaku.com, sales were lower yoy, with 2,196 million yen.
- Start of commissions for online-to-offline user referral

[Durable goods] Customer referral to offline stores

- Users can get special offers for products, by showing exclusive Kakaku.com coupons at designated stores

■ Product page

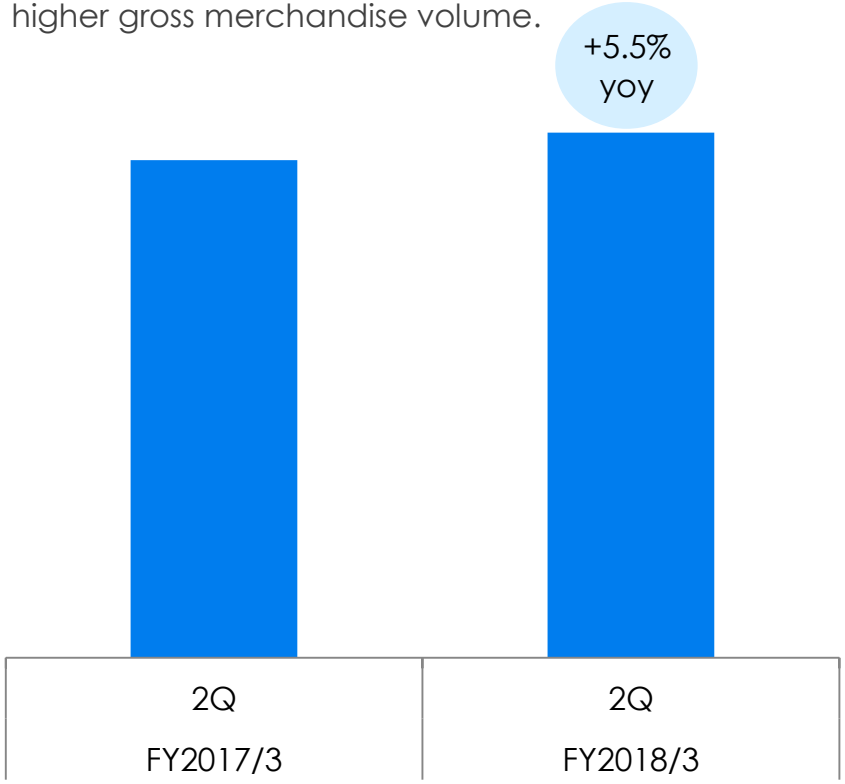


■ Coupon page



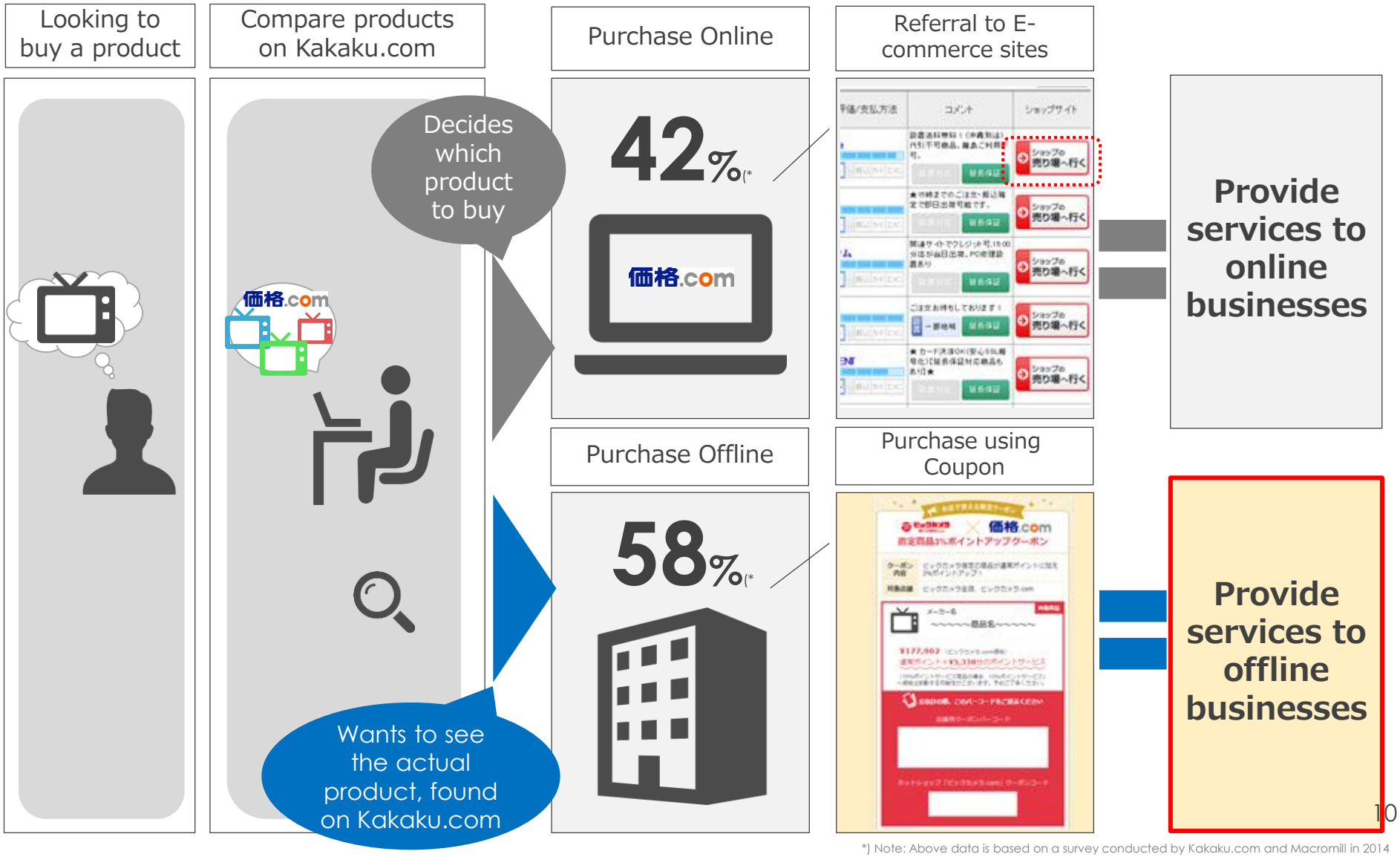
[Consumer products] Gross Merchandise Volume for consumables

- Improvements in UI led to more purchases, resulting in higher gross merchandise volume.



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Kakaku.com: Customer referral to offline stores



*) Note: Above data is based on a survey conducted by Kakaku.com and Macromill in 2014

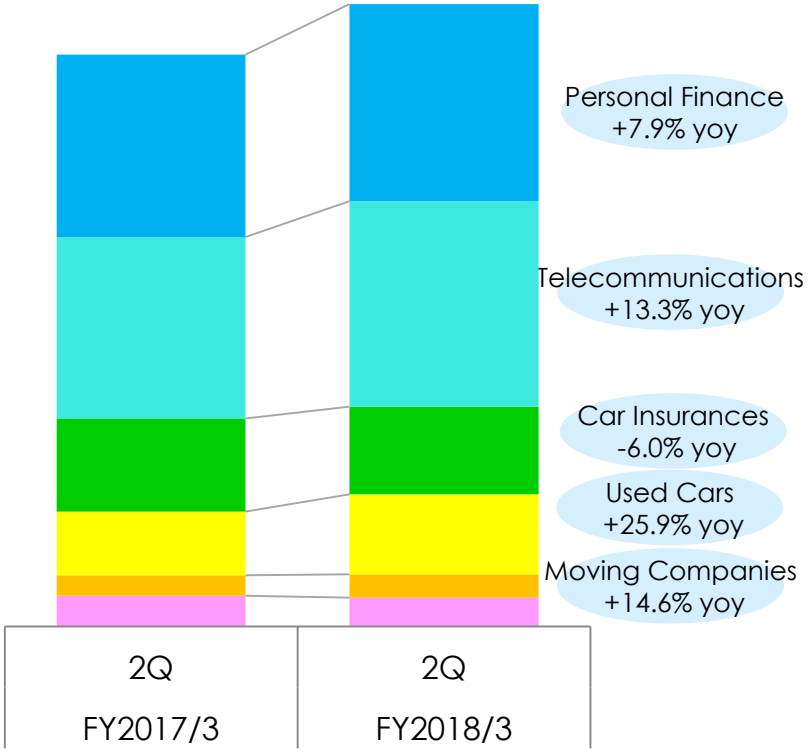
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Kakaku.com: Service Segment

- Total sales reported by the service segment were 2,023 million yen, up 8.8% yoy.
- Strong results in the financial and telecommunication categories continue to be growth drivers. Used car search and comparison of moving services have also shown strong growth in sales.

Sales by Category

- Comparison of Credit Card Loans, telecommunication providers, Wi-Fi and SIM Cards, showed strong results.



Major initiatives in the service segment



Addition of new categories
Comparison of English language schools for businesses was added as a new category



Addition of "Money" category to Kakaku.com Magazine
Started posting articles on loans, insurances and investing



Content renewal
Renewal of ranking page for Wi-Fi and simulation page for home loans
As a result, the number of applications went up

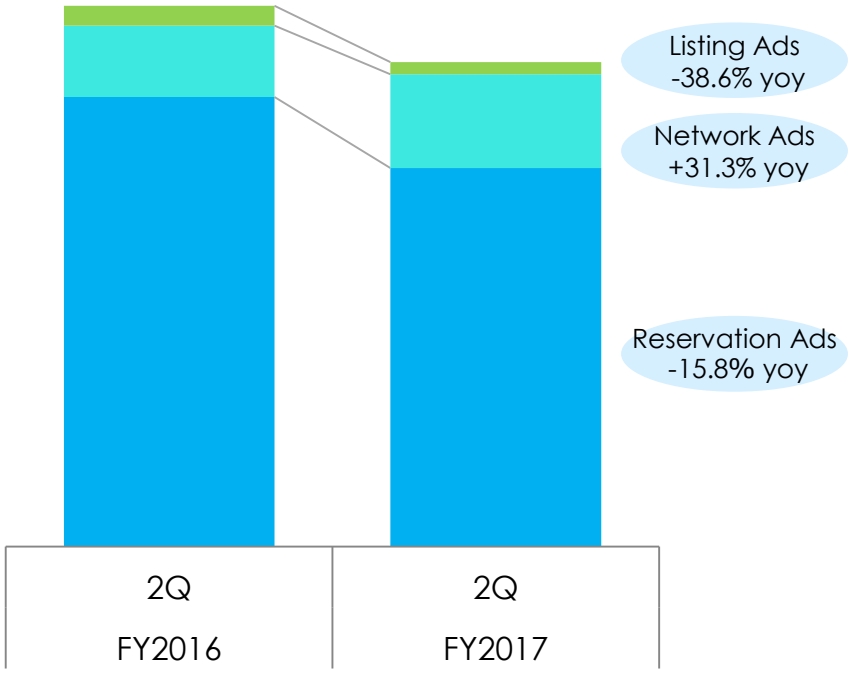
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Kakaku.com: Advertising

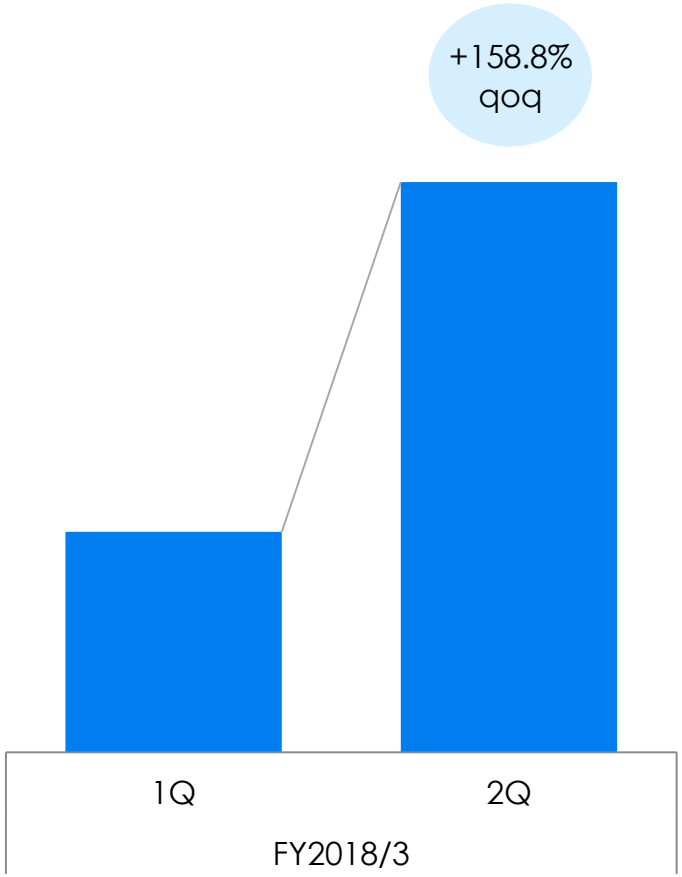
- Though sales from network ads showed strong growth, a drop in sales from reservation ads resulted in lower total ad revenue overall, with 923 million yen, down 10.4% yoy.
- Revenue generated from external advertising using audience data from Kakaku.com has gone up since the last quarter.

Sales by Category

- Sales from Network Ads are growing due to greater availability of ad space and higher unit prices.
- Attempts to acquire new clients through reservation ads were not able to raise sales yoy, as last years sales where elevated due to large one-time advertising orders.



Sales from external advertising



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Kakaku.com: Outlook

- Improving of search result accuracy, as a preparation for conversational search
- Greatly improved product search results, through introduction of A.I. based search functions. Next improvements to focus on providing better search results based on users' interests and needs



Type of query (example)			Top search results before improvement	Top search results after improvement
Category, Brand, Product	Hitachi refrigerator	Brand + Category	Other Hitachi appliances or refrigerator parts	Refrigerators from Hitachi
	PS4	Abbreviation	PS4 Games	PS4 console
Intended use, specifications	LAN cable 5m	Number + Unit	0.5m cables included	5m cables
	Casio digital dictionary for high school students	Intended use	Zero hits	Digital dictionaries from Casio
Interests, needs	Recommendations for digital cameras	Text	Zero hits	

Done

Next Step

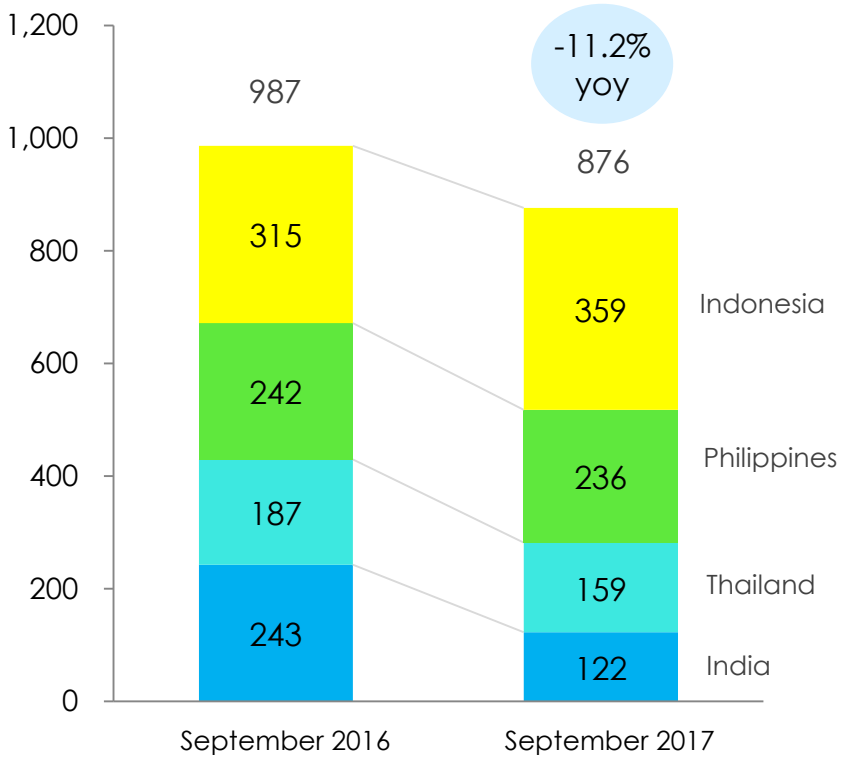
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Priceprice.com

- Traffic in Indonesia continued to grow, but the four country total dropped by 11.2% yoy to 8.76 million (as of September 2017)
- Start of monetization on the Indonesian site, through reservation ads

4 country total number of users (in million)

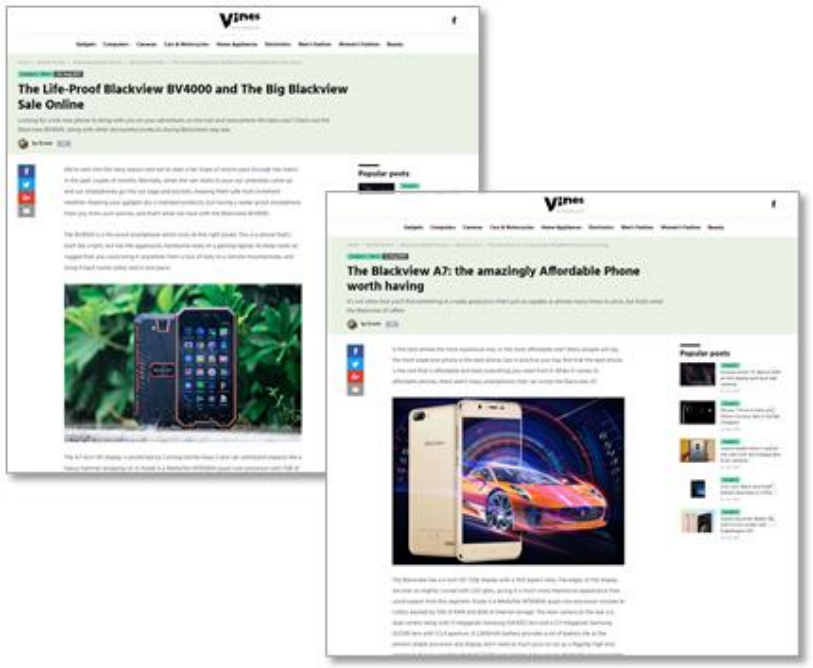
- A decrease in traffic from organic search, resulted in a drop in overall traffic by 11.2%, but results are expected to recover in October through improved content.



Monetization

- Start of monetizing Priceprice's Indonesian site, which has the most traffic of the four current markets, through reservation ads.

■ Advertorials



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Tabelog

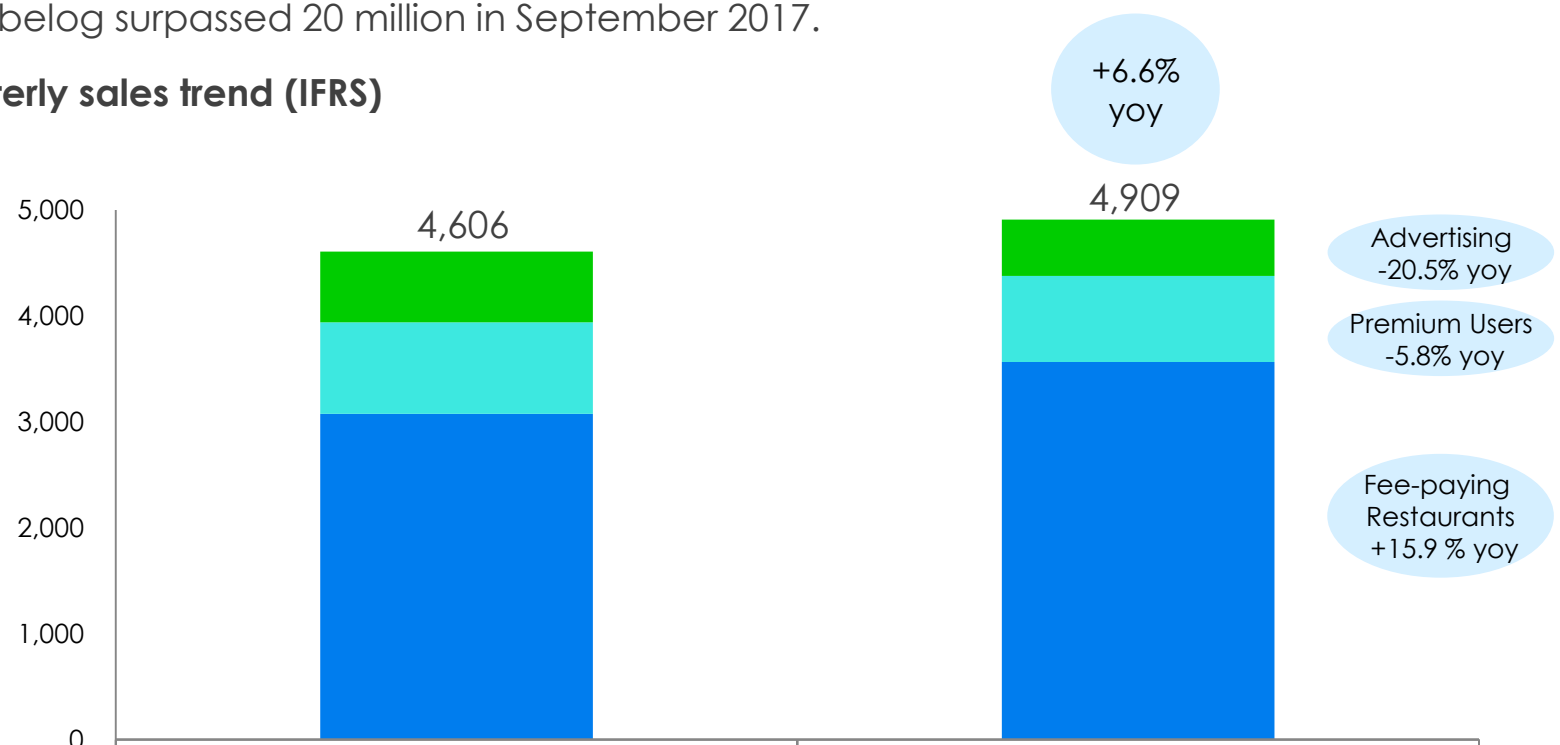
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Tabelog: Overview

- Sales from fee-paying restaurants continues to grow, with 4,909 million yen, +6.6%yoy
- The number of monthly users was 104.5 million as of September 2017
- Online reservations continue to show strong growth. The cumulative number of seats reserved through Tabelog surpassed 20 million in September 2017.

Tabelog quarterly sales trend (IFRS)

(Unit: million yen)



	2Q FY2017/3	2Q FY2018/3
Advertising	668	531
Premium Users	863	813
Fee-paying Restaurants	3,075	3,565

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.

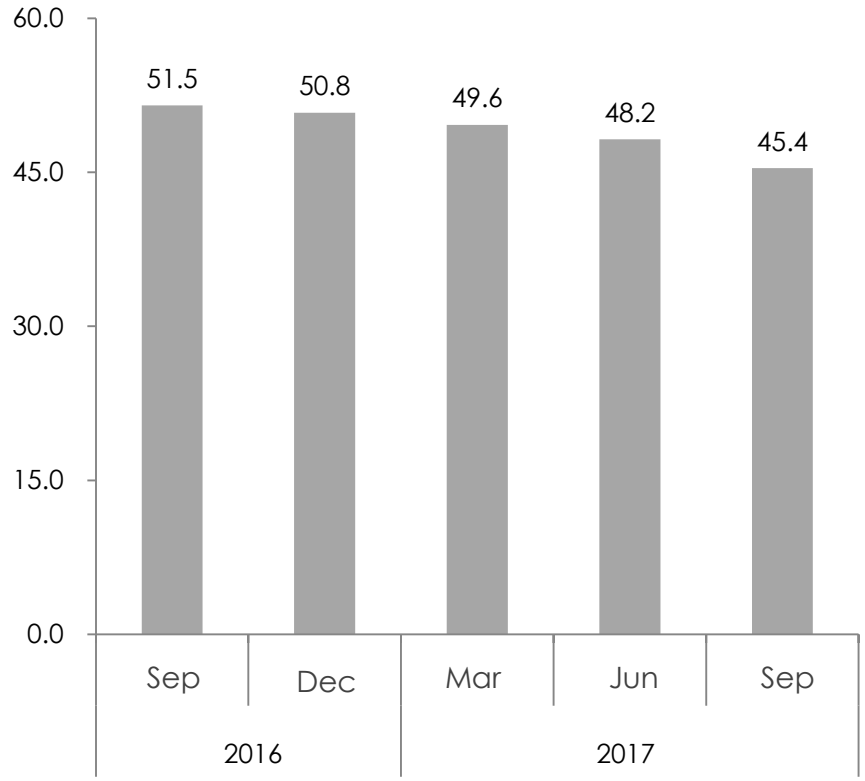
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Tabelog: Number of fee-paying restaurants

- Nationwide roll-out of sales for new pricing plans have started in June 2017 and new listings are being added as of August 2017.
- As a result, the number of restaurants subscribing to the new pricing plans have been growing consistently to 9,200 and the number of fee-paying restaurants overall has grown to 54,600.

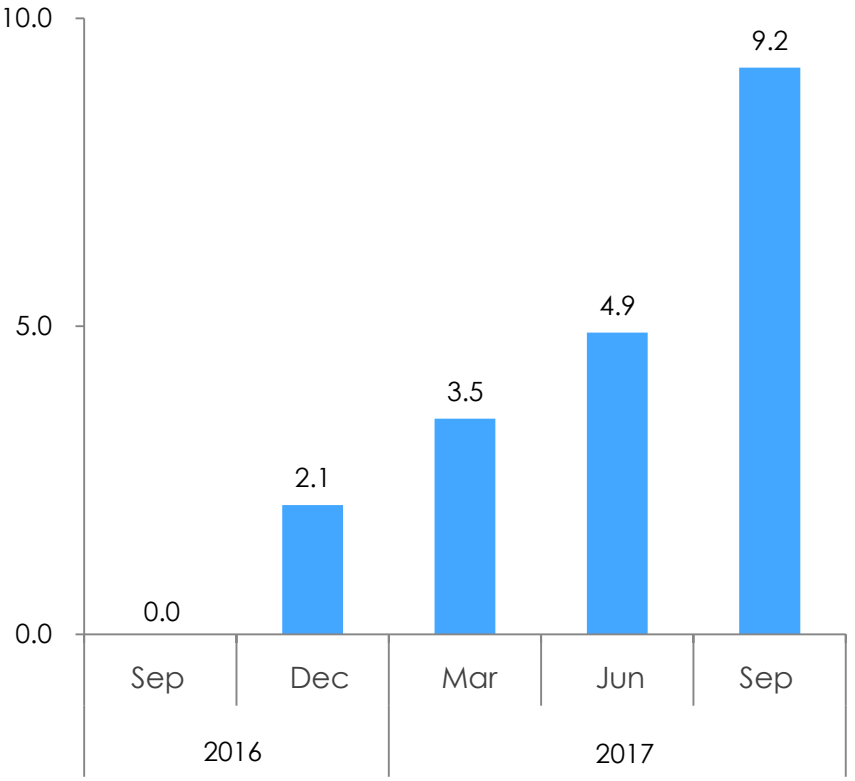
No. of restaurants subscribing to old plans

Unit: thousand



No. of restaurants subscribing to new plans

Unit: thousand

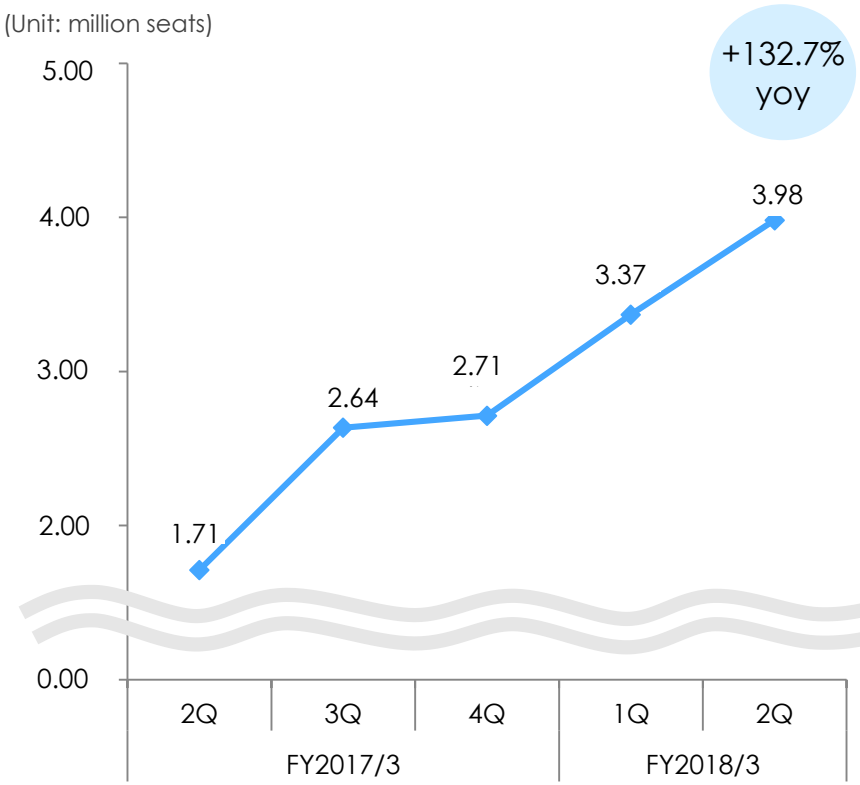


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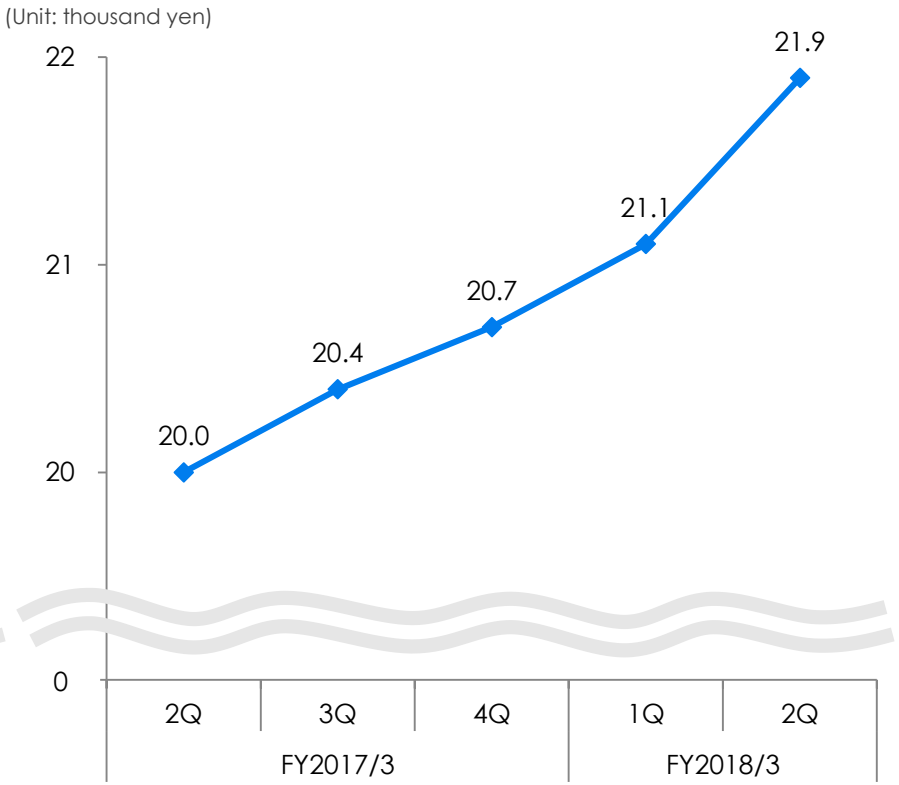
Tabelog: Online Reservation Growth

- The number of online reservations has reached 3.98 million, an increase by 132.7% yoy.
- Average revenue per restaurant (ARPU) is also showing strong growth, reaching 21,900 yen.

Number of online reservations (quarterly total)



ARPU by quarter

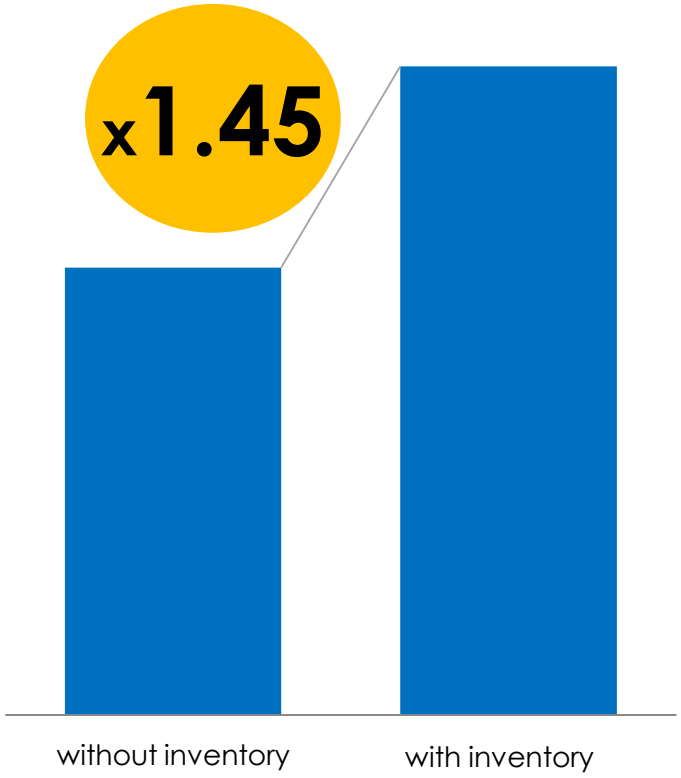


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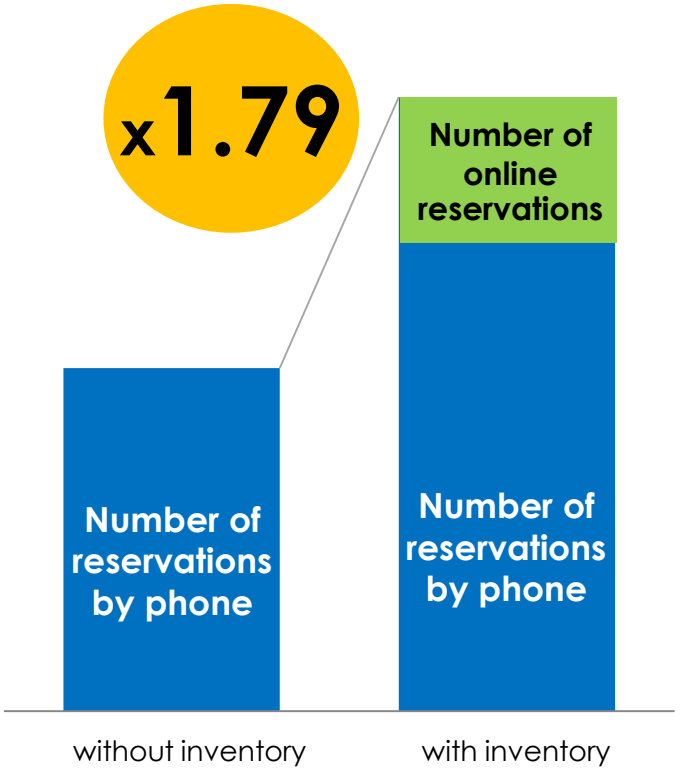
Tabelog: fee-paying restaurants
Positive effects of using online reservations service

- Tabelog is an important PR and customer acquisition tool for restaurants. Using the site's online reservation system, restaurants can not only generate more access to a restaurant's page on Tabelog but also achieve more reservations over all.

Access to restaurant page



Number of reservations



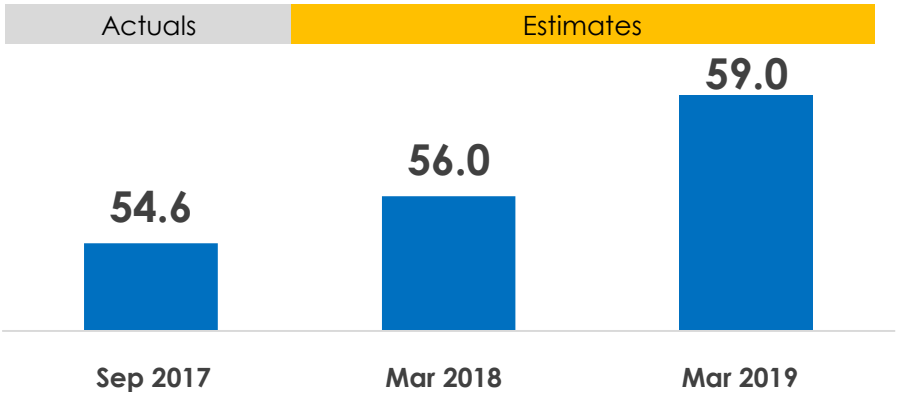
Note: above numbers are results for the month of May 2017
The number of reservations is based on the average of estimated reservations for restaurants without table inventory (est. 70% of calls made to reservation telephone number result in an actual reservation) and with table inventory on Tabelog (est. 70% of calls made to reservation telephone number result in an actual reservation + number of online reservations) as of May 2017 .
This is an average of corresponding restaurants and is not meant to be a guarantee for higher access or more reservations.

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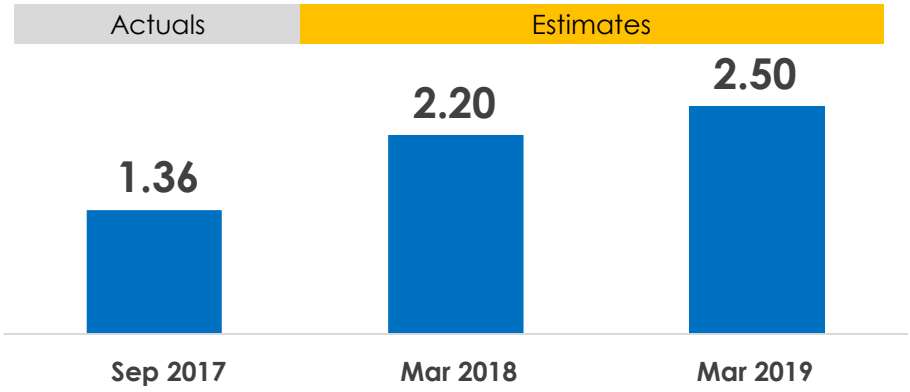
Tabelog: Fee-paying restaurants Outlook

- Rising number of online reservations continues to drive monthly ARPU
- The number of fee-paying restaurants is expected to continue growing

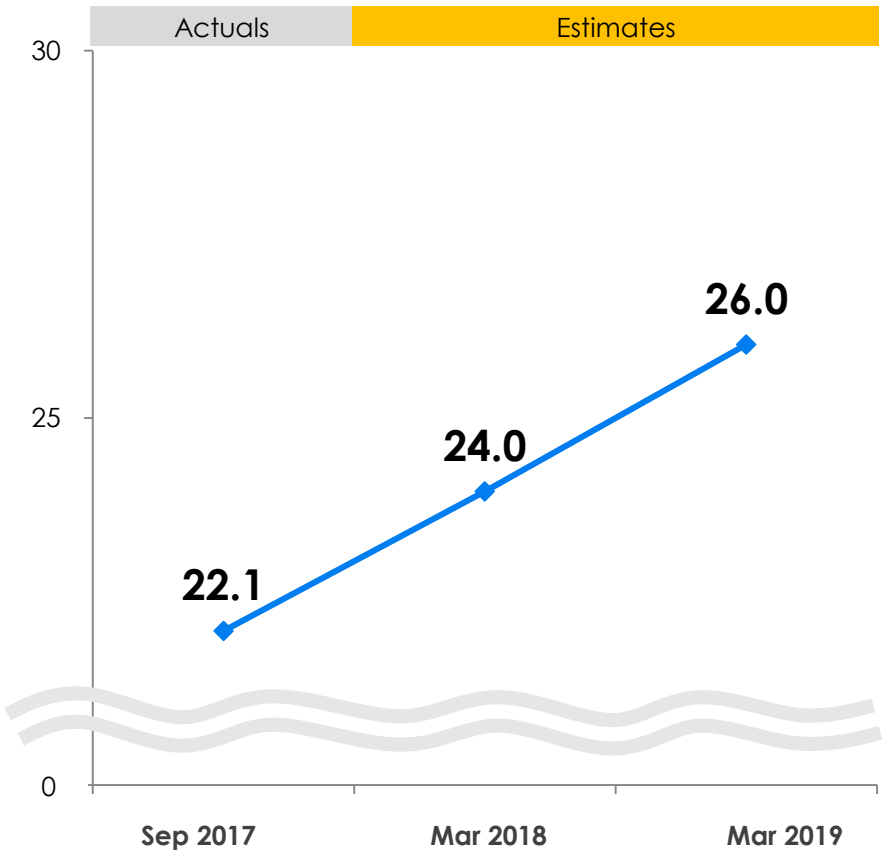
Number of fee-paying restaurants (Unit: thousand)



Monthly online reservation numbers (Unit: million)



Monthly ARPU (Unit: thousand yen)



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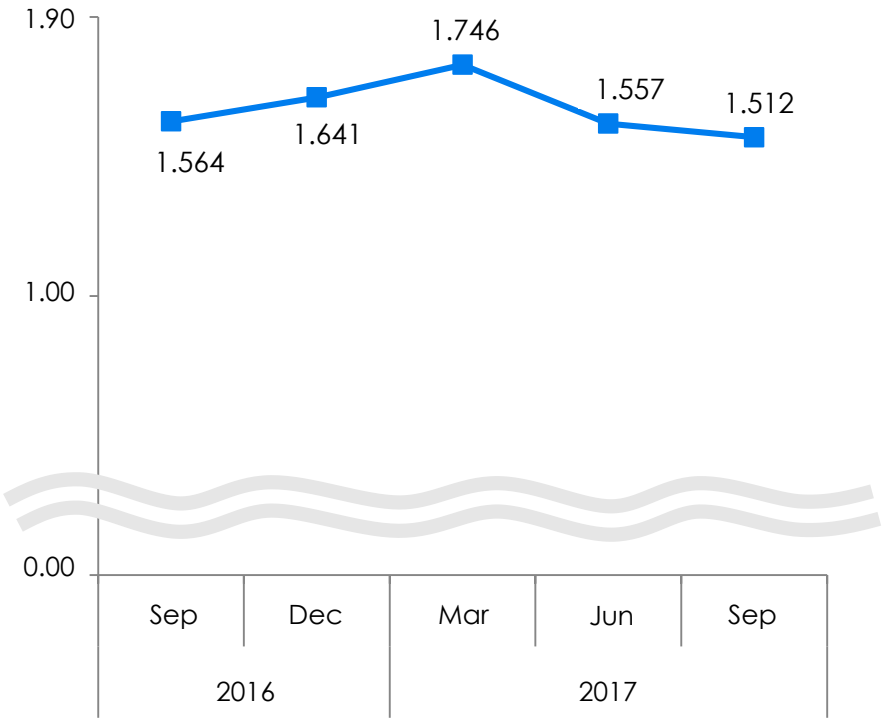
Tabelog: Premium Users

- The number of Premium Users was 1.51 million as of September, a drop from last year
- As of August 2017, Tabelog has begun providing content for KDDI's new service Gourmet Pass

Number of Premium Users

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

(Unit: million)



Providing selected content for KDDI's Gourmet Pass

- Gourmet Pass is a new food related service provided by KDDI, which includes restaurant and recipe discovery as well as coupons for a monthly fee of 390 yen.

■ Provided content

Lunch Coupons
Up to two lunches per month for 500 yen

Premium Coupons
Over 20% discount on the final check

Area based rankings
Search for the highest ranked restaurants by area. Bookmarking areas is also possible.

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Tabelog: New initiatives

食べログ

- Customer referral
- Rankings based on user reviews
- Joint product development with restaurants and in-store PR
- NEW Content collaboration
- Reservation management tool ヨヤクノート
- Coupons
- NEW Working with local governments
- NEW Digital Signage

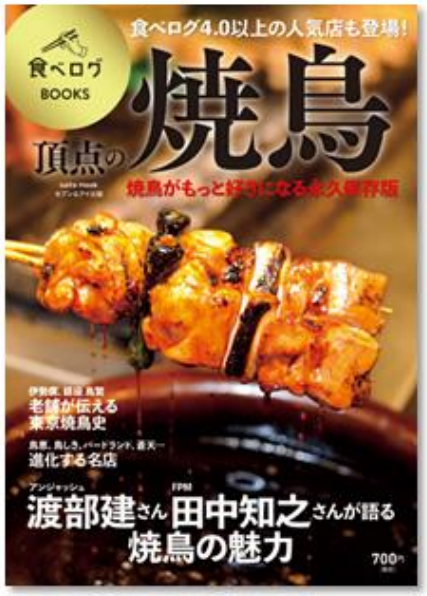
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Tabelog: New initiative <Collaboration>

- Release of a series of Tabelog gourmet guide books in collaboration with SEVEN & i Publishing, introducing top rated restaurants on Tabelog.
- The “Summit” series introduces some of the most excellent restaurants, while the “Grand Prix” series introduces casual restaurants for everyday dining.

食べログBOOKS









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Tabelog: New initiative <Collaboration with local governments>

- Collaborate with local governments to provide tourists with gourmet and sightseeing information
- First partnerships with the city of Naha and the Yokohama, followed by Sapporo and Beppu.



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Tabelog: New initiative <Digital Signage>

- In collaboration with Kirin, short videos introducing restaurants which serve Kirin Beer are shown on digital signage in trains of the Keio Line, as of October 2017



















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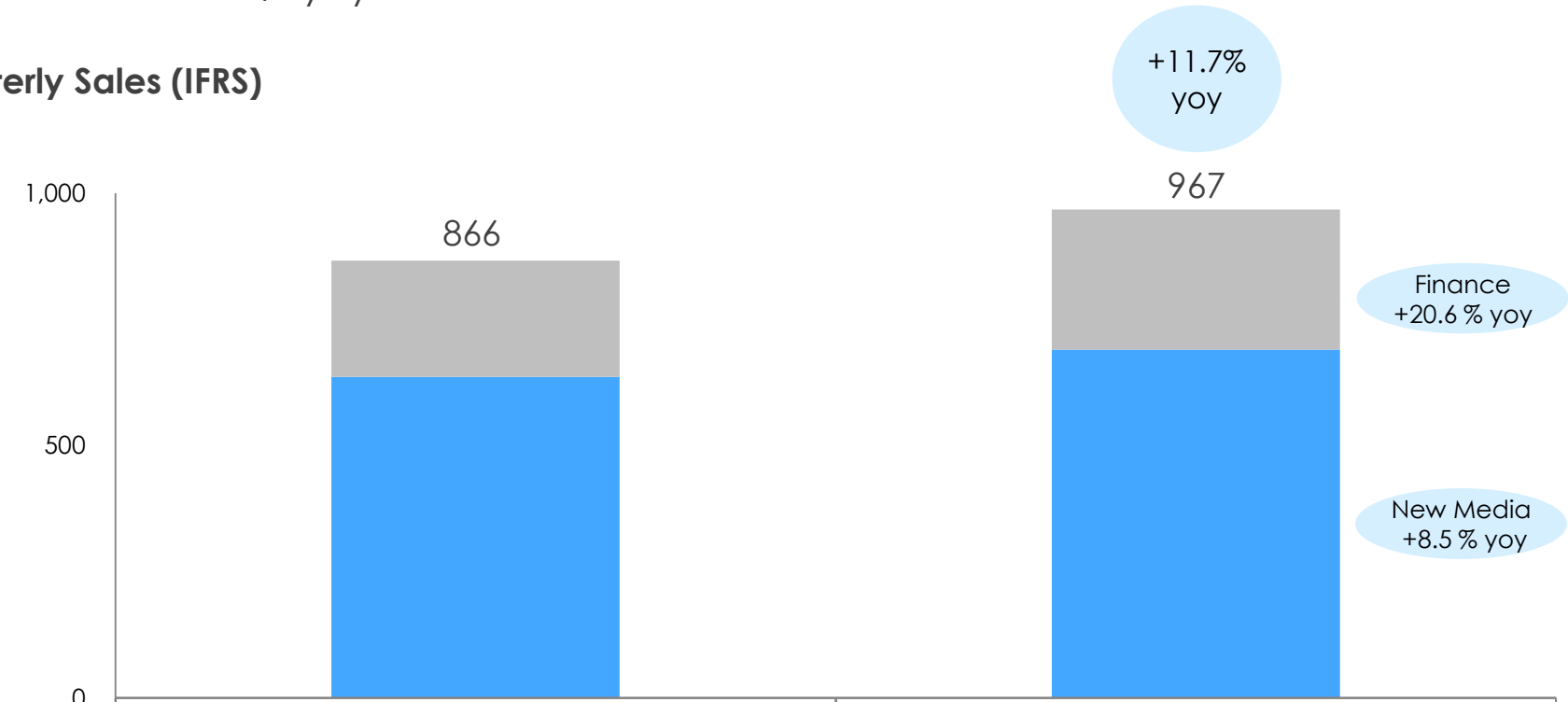
New Media & Finance

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New Media & Finance: Overview

- 4Travel and Kinarino post strong results. Coupled with sales growth for the Finance Business, total sales in the New Media & Finance Segment were 967 million yen, an increase of 11.7% yoy.

Quarterly Sales (IFRS)



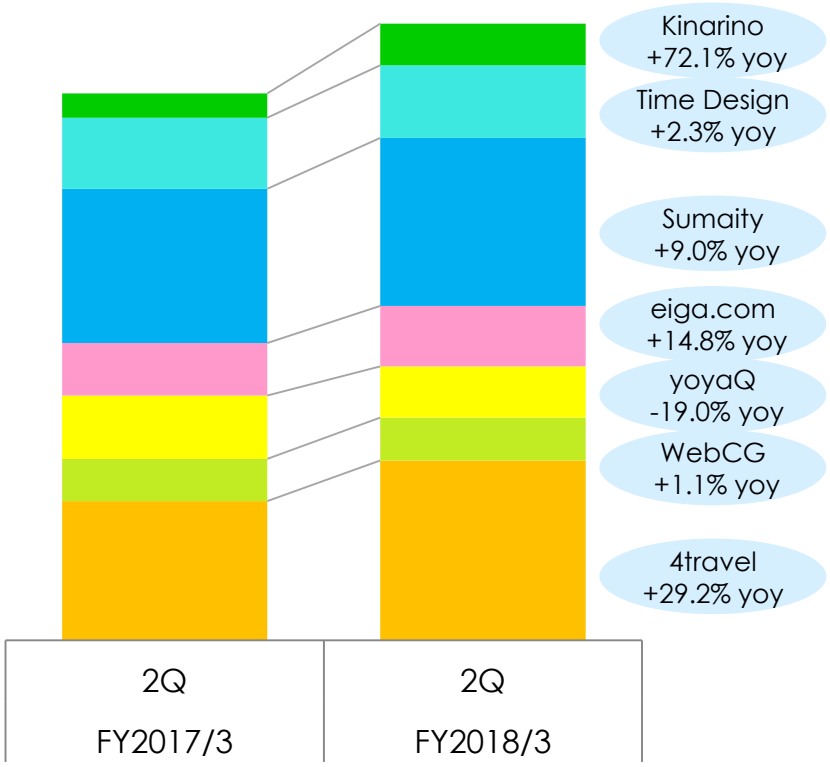
	2Q FY2017/3	2Q FY2018/3
Finance	230	277
New Media	636	690

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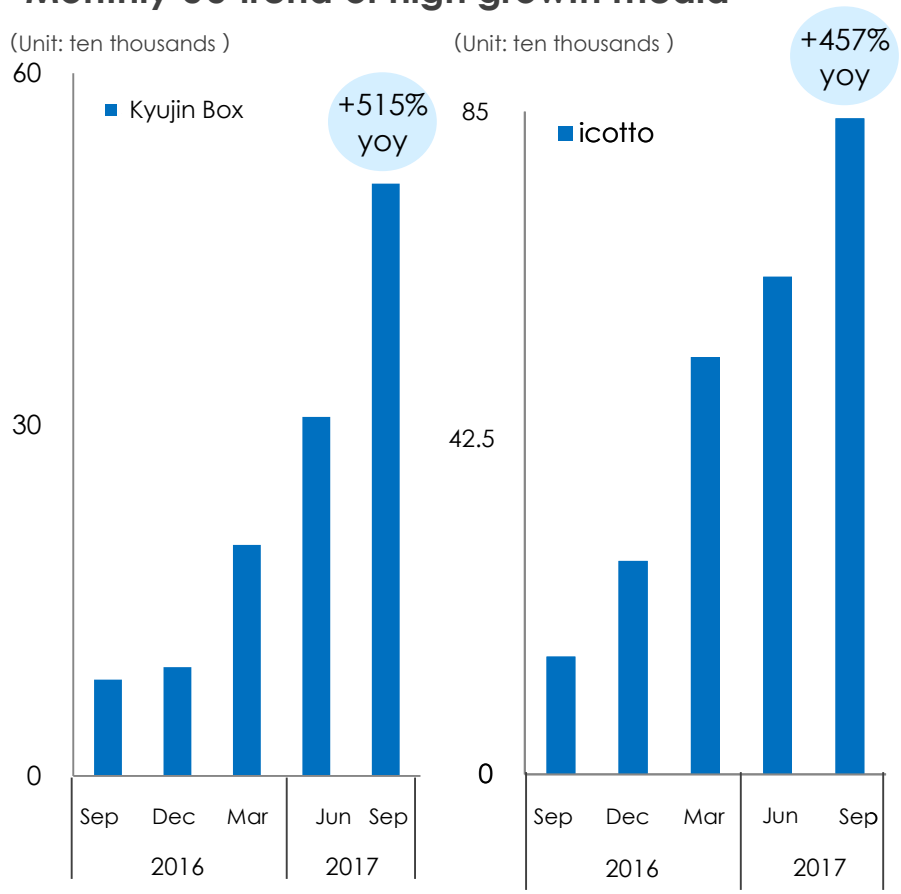
New Media

- Kinarino, eiga.com and 4Travel reached double-digit growth yoy.
- Meanshile, Kyujin Box and icotto showed strong growth in traffic.

Sales by media (IFRS)



Monthly UU trend of high growth media



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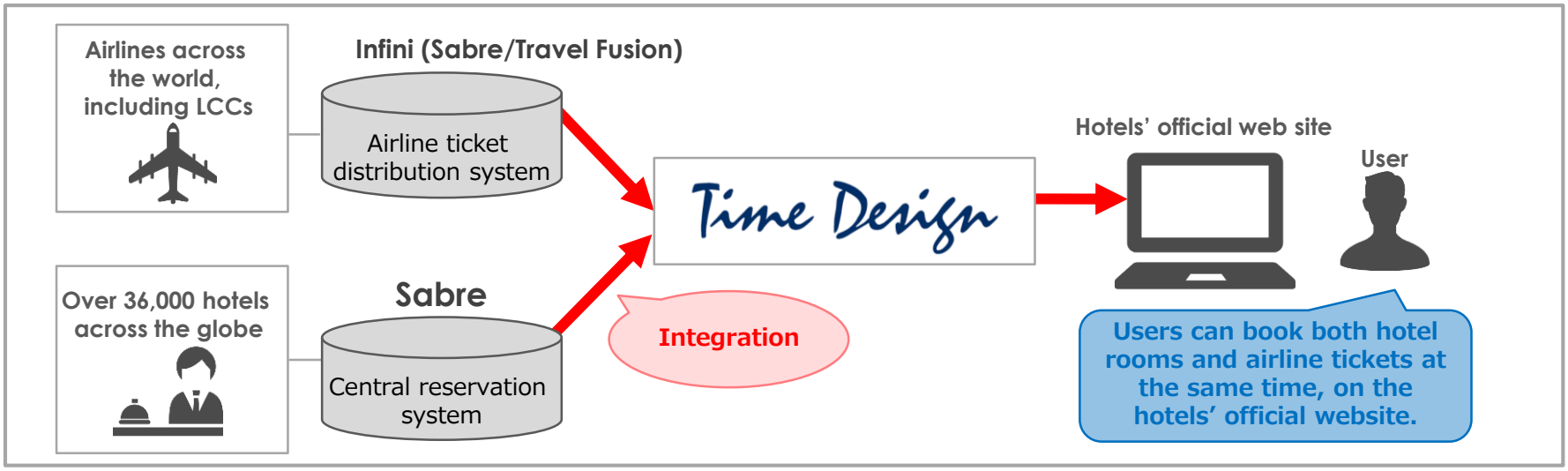
New Media: Time Design

- Integration with Sabre Hospitality Solution, a reservation system used by hotels across the globe.

Integration with Sabre Hospitality Solution

- With this integration, Time Design is now able to offer its Dynamic Package Solution to any hotel connected to Sabre's central reservation system.

■ System Integration



■ About Sabre Hospitality Solution

Sabre is the world's largest central reservations system provider for the hospitality industry, with over 36,000 hotels and resorts, using its technology.
The SynCisXis CR provides distribution of room rates and inventory through all online and offline distribution channels.

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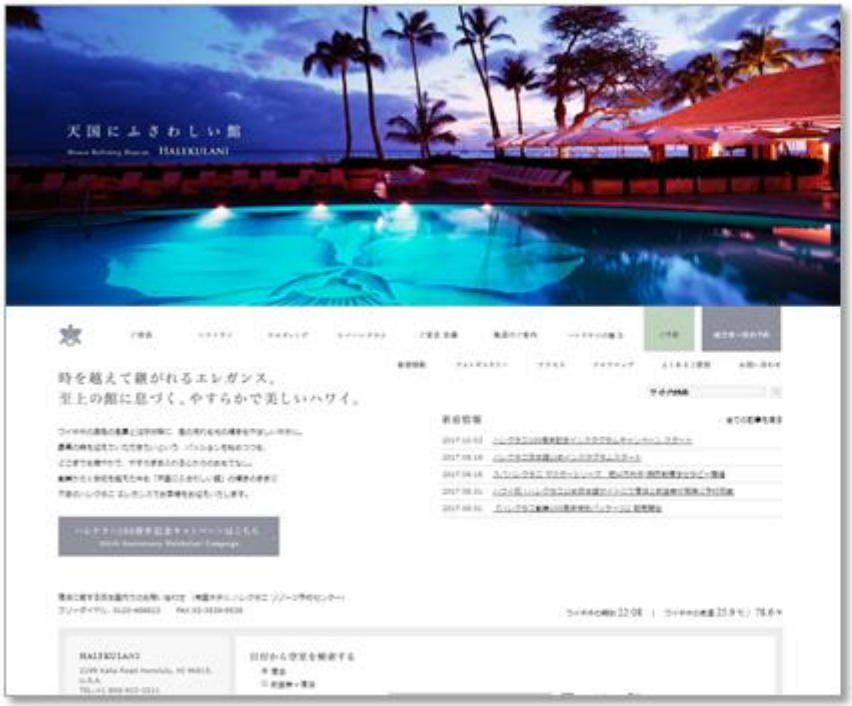
New Media: Time Design

- As a second step in offering its services to overseas hotels, Time Design has started to provide its Dynamic Package Solution to Hawaii's Halekulani Hotel.

Plan to provide Dynamic Package Solution to hotels across the world

- After Hoshinoya Bali, Halekulani is the second hotel to implement Time Design's service. Going forward, the Company hopes to continue to expand its services to other hotels as well.

■ Halekulani Hotel in Hawaii





■ Further target areas

Rollout across different countries, including Bali, Singapore, Dubai

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New Media: Kyujin Box and Kinarino

- Kyujin Box, a metasearch engine for recruiting information has shown strong growth in traffic and began taking commissions for its referrals as of October.
- Kinarino has released an advertising product with higher unit pricing, to capture more advertising clients.

<Kyujin Box> Metasearch engine for recruiting information

- Utilizing Kakaku Group's know-how on user acquisition to drive traffic growth



<Kinarino> Recipe videos as ad content



Note: the images above show regular recipe videos, not ad content

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Appendix

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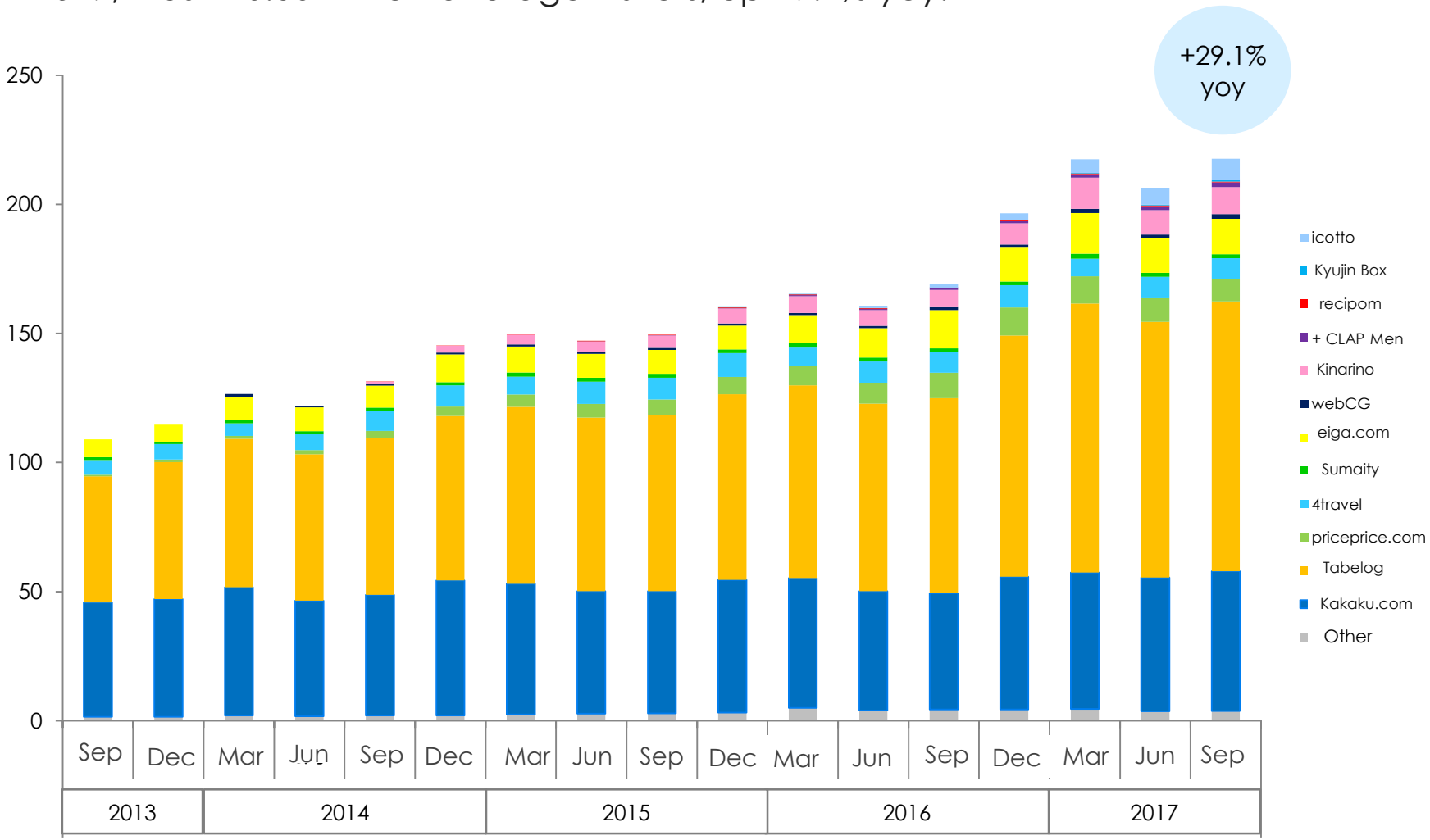
Business Divisions and Segments

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 September 2017, was 220.00 million average visitors, up 29.1% yoy.



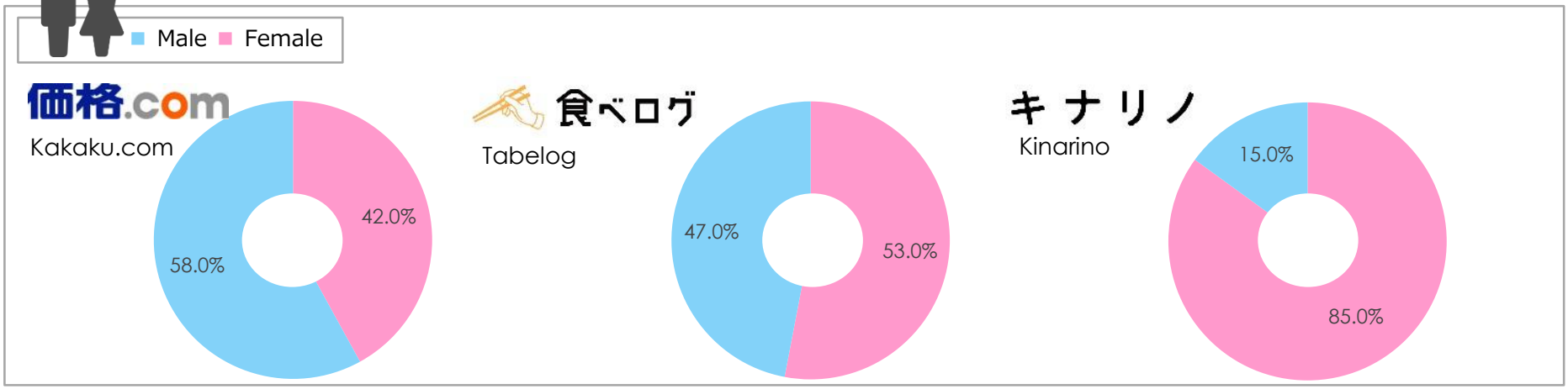
Note: As of November 2016, the Company changed the measurement logic in order to reflect the diversification of web pages on mobile devices.

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User Profile

Male- Female Ratio

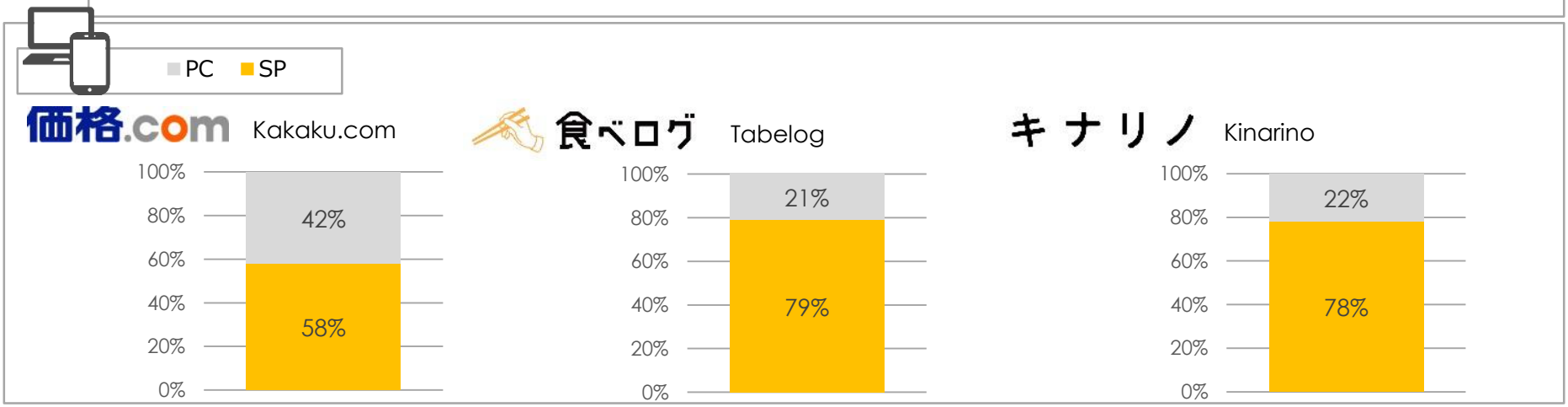
Kakaku.com has more male users, while Kinarino users are predominately women ,
Tabelog is used almost equally by men and women.



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

User distribution by device

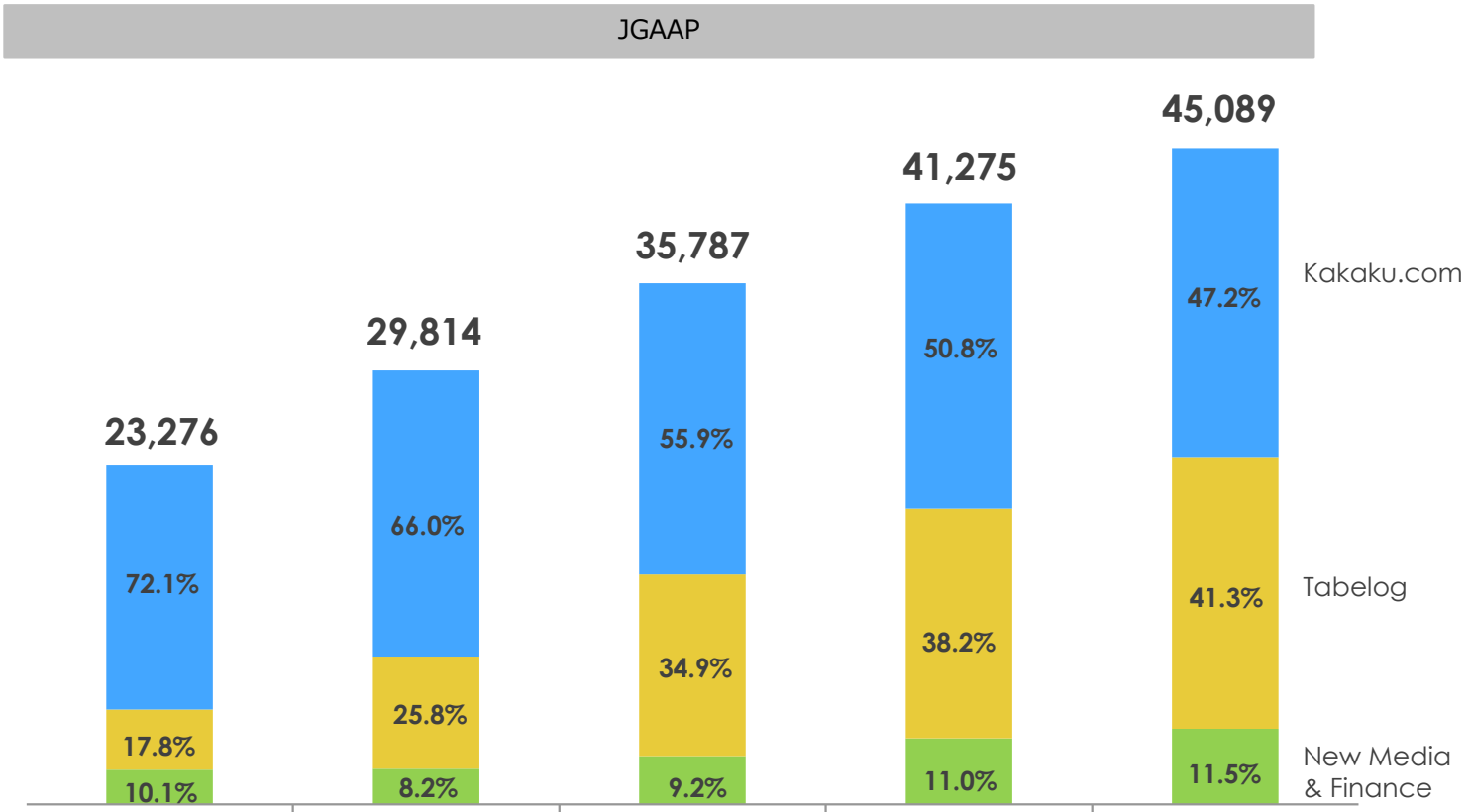
The majority of users accesses Kakaku.com, Tabelog and Kinarino from their smartphones.



Source: Adobe Marketing

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Sales Contribution by Business Segment by Fiscal Year (Consolidated)



(Units: million yen, %)

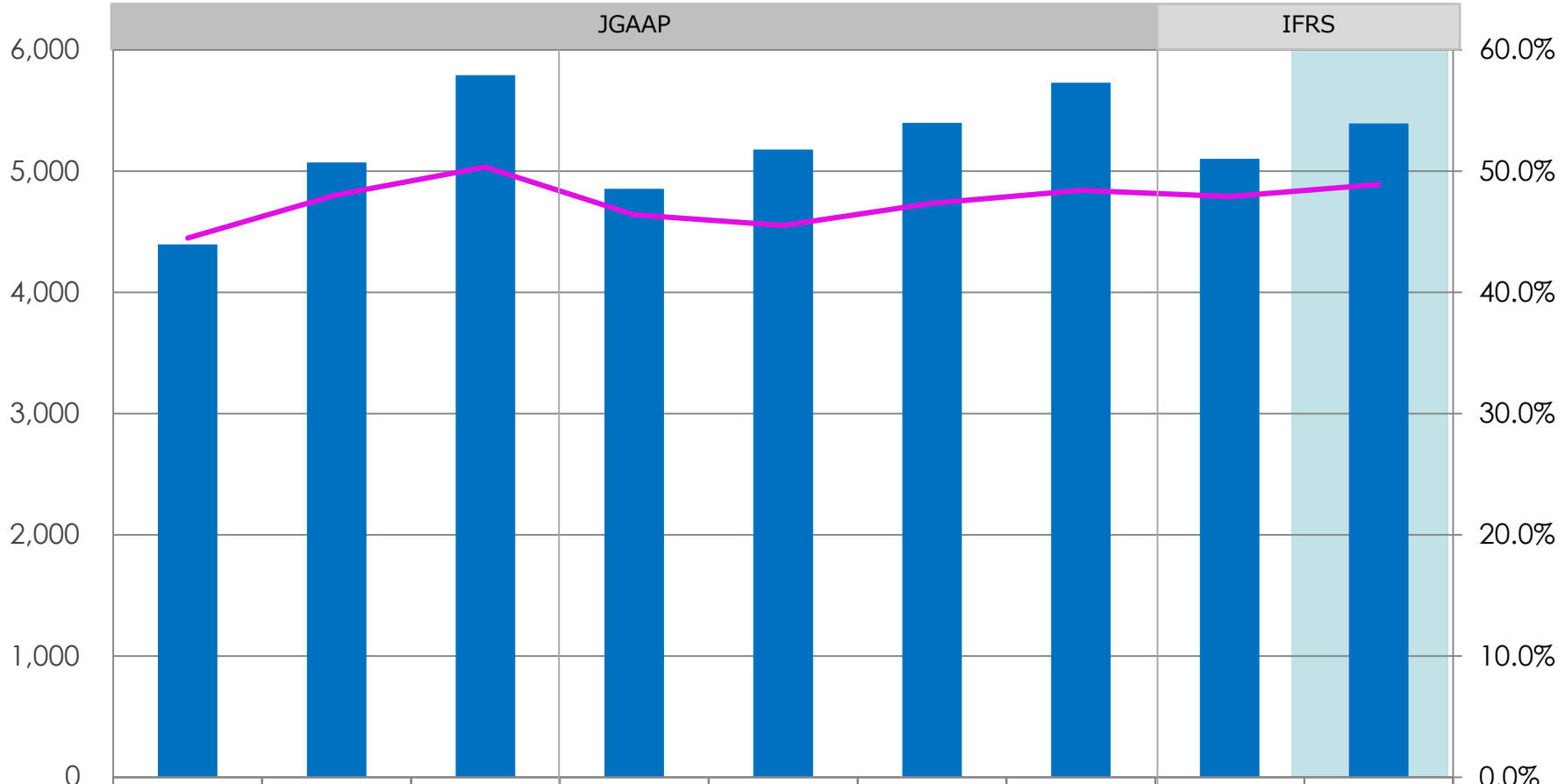
	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3
Kakaku.com	16,772	19,669	19,993	20,967	21,287
Tabelog	4,136	7,695	12,476	15,782	18,608
New Media& Finance	2,368	2,448	3,318	4,525	5,192

Note: Amounts exclude inter-segment sales and transfers.

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Operating Income by Quarter (Consolidated)

(Units: million yen, %)



Operating Income	4,395	5,071	5,791	4,854	5,178	5,398	5,729	5,100	5,392
Margin	44.5%	48.0%	50.3%	46.4%	45.5%	47.3%	48.4%	47.9%	48.9%

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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] last 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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