kakaku.com

Results Briefing for 3Q FY2018/3

February 6, 2018

Kakaku.com, Inc.

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Summary

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3Q FY2018/3 Consolidated Results (IFRS)

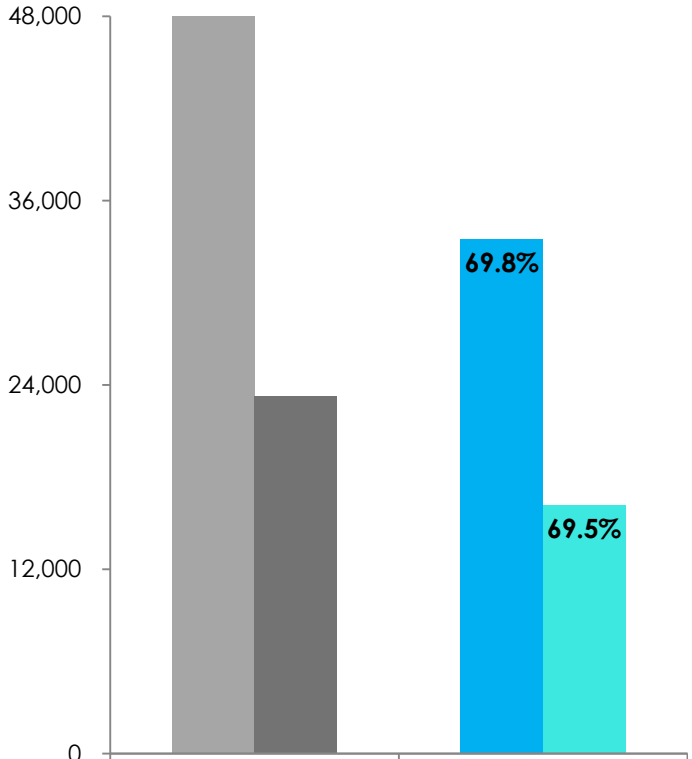
(Unit: million yen)

	3Q FY2018/3 10/2017- 12/2017	yoy	Nine months ended December 31, 2017	yoy	Full Year Forecast	Achievement Ratio
Sales	**11,829**	+6.6%	**33,497**	+5.0%	**48,000**	69.8%
Operating income	**5,700**	+3.5%	**16,193**	+3.5%	**23,300**	69.5%
Ordinary income	**5,690**	+3.2%	**16,168**	+3.3%	**23,250**	69.5%
Net income attributable to shareholders of the parent company	**3,890**	+4.3%	**11,029**	+2.9%	**15,850**	69.6%
Operating margin	**48.2%**	-1.5pts	**48.3%**	-0.7pts	**48.5%**	-

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Highlights for the 3rd Quarter of FY 2018/3

- Revenue and operating profit are currently at 70% of the annual target.
- Tabelog's earnings from fee-paying restaurants continue to be a strong revenue driver, while ad revenue from Kakaku.com and Tabelog fell short of projections. Meanwhile the Kakaku.com business performed as projected.



	Full-year Forecast	3Q Results
Sales	48,000	33,497
Operating income	23,300	16,193

■ Review of the 3rd Quarter

Tabelog: Fee-paying restaurants, strong revenue driver
The number of restaurants subscribing to the new pricing plans continued to grow steadily. As did the number of restaurants offering online reservations.
Coupled with seasonal demand for year-end party reservations, the number of online reservations increased substantially.
Meanwhile the Kakaku.com segment performed as projected.

Tabelog: Ads and fees from premium users fall short of targets
Revenue from Tabelog's advertising business fell short of targets, due to a lack of large ad campaigns and a decline in referrals to partner sites which resulted in decreased commissions.
Declining sales from premium users were a result of reduced commissions from partner companies.

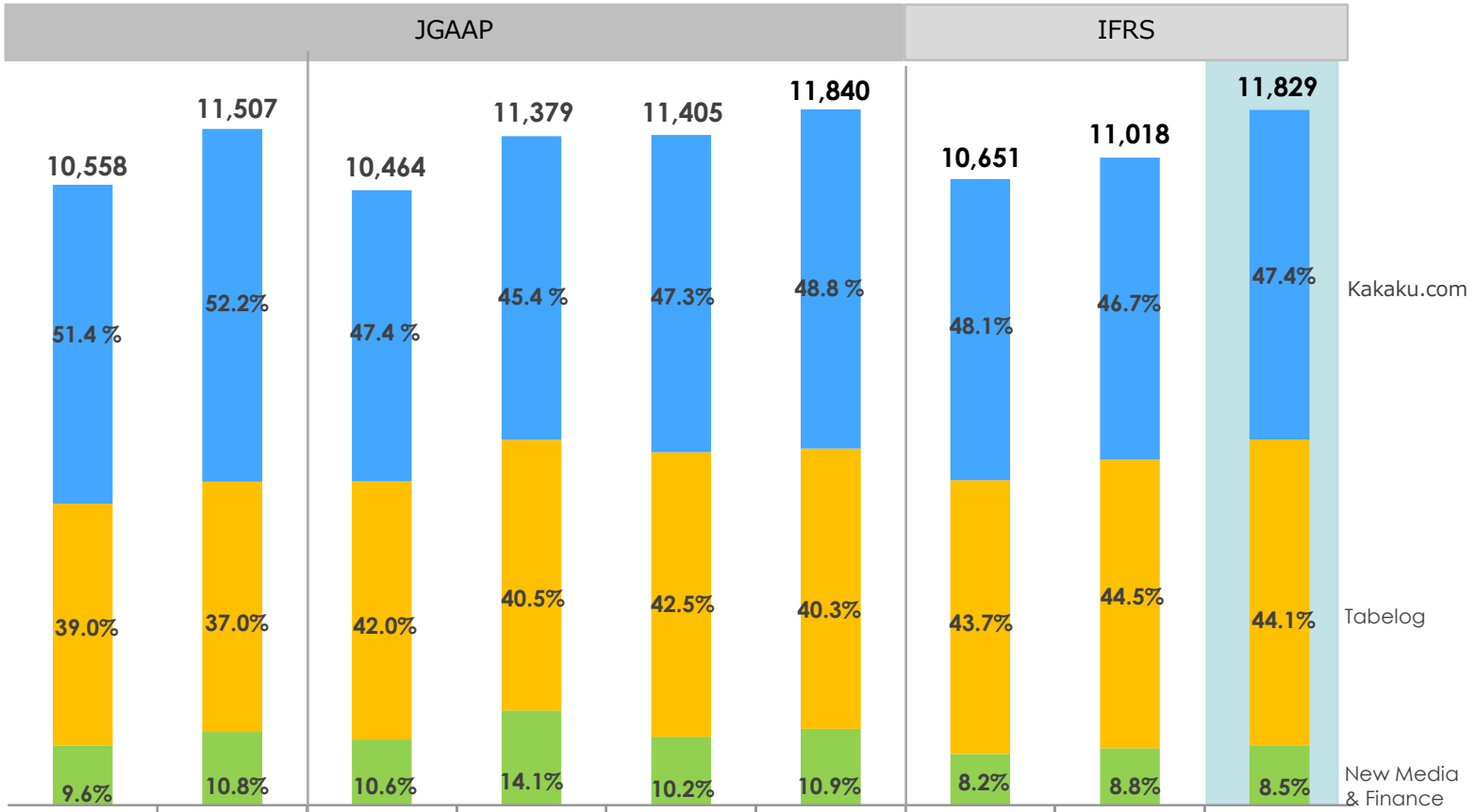
■ Actions for the 4th Quarter

Kakaku.com
Continue to focus on raising gross merchandise volume and reinforce sales efforts for the traditionally busy spring shopping season.

Tabelog
Focus on growing the number of restaurants subscribing to new pricing plans, by signing new restaurants as well as getting restaurants to switch plans.

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Quarterly Sales by Business Segment (Consolidated)



Unit: million yen

	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	FY2016/3		FY2017/3				FY2018/3		
Kakaku.com	5,428	6,006	4,958	5,161	5,396	5,774	5,124	5,142	5,605
Tabelog	4,119	4,255	4,389	4,606	4,843	4,768	4,654	4,909	5,215
New Media & Finance *1)	1,009	1,246	1,117	1,612	1,165	1,297	872	967	1,008

Note: Amounts exclude inter-segment sales and transfers

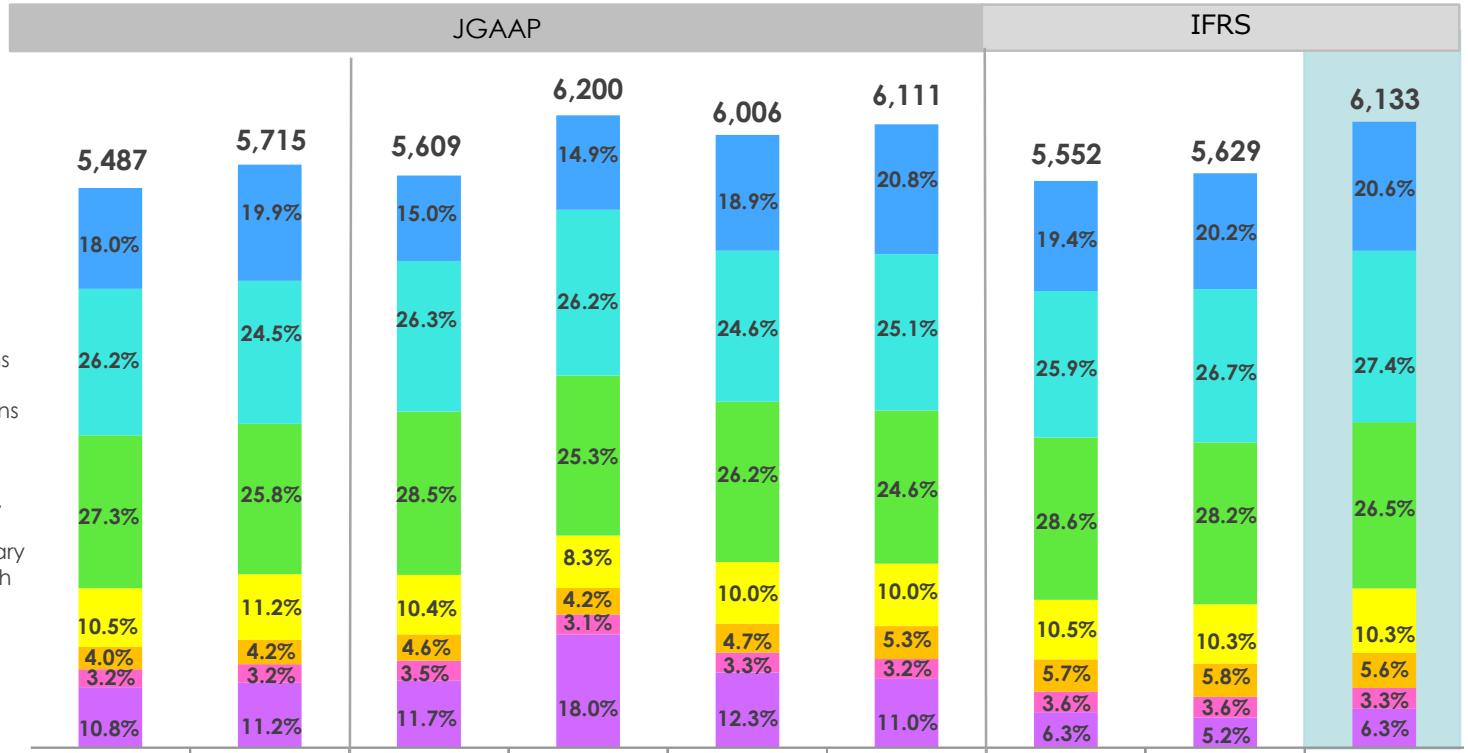
*1) As FY 2017/3 applied JGAAP, consolidated subsidiary Time Design's travel product sales included purchase costs.

Due to a voluntary adoption of IFRS as of FY2018/3, it's sales are now recorded on a net basis.

Consolidated sales, for FY2017/3 was as follows: 1Q: 10,189 million yen, 2Q: 10,633 million yen, 3Q: 11,096 million yen, 4Q: 11,547 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	3Q FY2016/3	4Q FY2016/3	1Q FY2017/3	2Q FY2017/3	3Q FY2017/3	4Q FY2017/3	1Q FY2018/3	2Q FY2018/3	3Q FY2018/3
Advertising	987	1,137	838	926	1,135	1,273	1,079	1,136	1,263
Comissions (* 1	1,435	1,401	1,475	1,623	1,479	1,531	1,436	1,502	1,682
Personnel Cost	1,498	1,476	1,601	1,570	1,571	1,502	1,589	1,587	1,627
Outsourcing	575	640	582	514	603	610	583	578	632
Depreciation	220	241	257	261	284	322	315	328	342
Rent	174	180	197	192	195	196	202	203	203
Other (*3	594	637	656	1,111	736	674	348	295	384
Number of employees (*2	710(109)	708(111)	741(117)	748(125)	744(123)	727(121)	740(114)	751(116)	770(119)

***3) Breakdown of "Other" Expenses Oct-Dec 2017**

Server Maintenance: 56m

Recruiting: 63m

*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

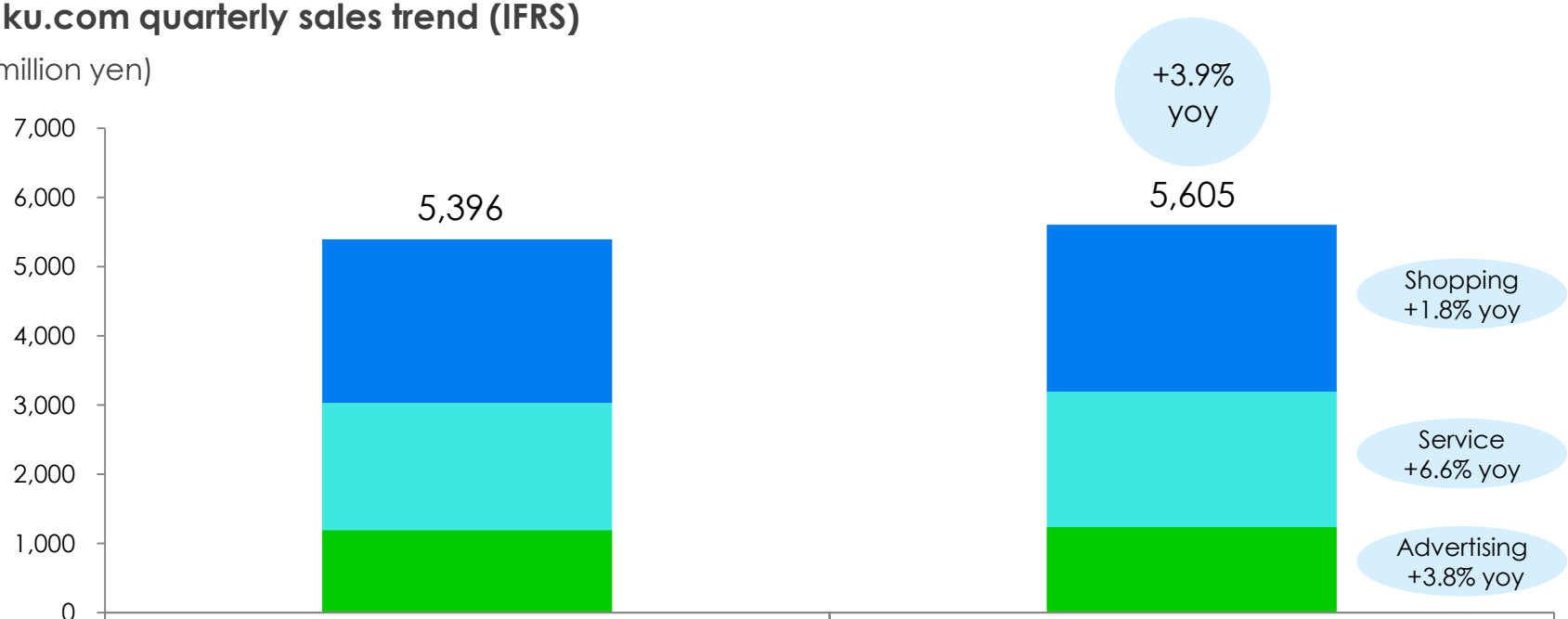
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Kakaku.com: Overview

- Sales for the Kakaku.com business reached 5,605 million yen, an increase of 3.9% yoy.
- The number of Kakaku.com's users was 62.00m users per month. (as of December 2017)

Kakaku.com quarterly sales trend (IFRS)

(Unit: million yen)



	3Q FY2017/3	3Q FY2018/3
Shopping	2,366	2,408
Service	1,836	1,957
Advertising	1,195	1,240

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.

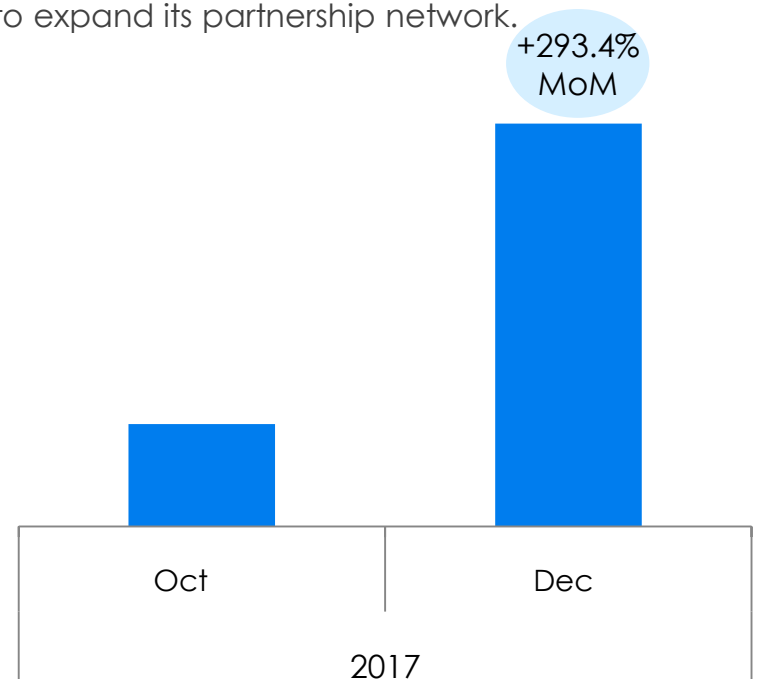
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Kakaku.com: Shopping Segment

- Commissions from durable goods categories remained flat year-on-year. coupled with growing gross merchandise volume for consumables sales for the shopping segment grew +1.8% yoy to 2,408 million yen.
- Increase in partnerships for offline referrals, which was started in October 2017.

≪Offline referrals≫ GMV

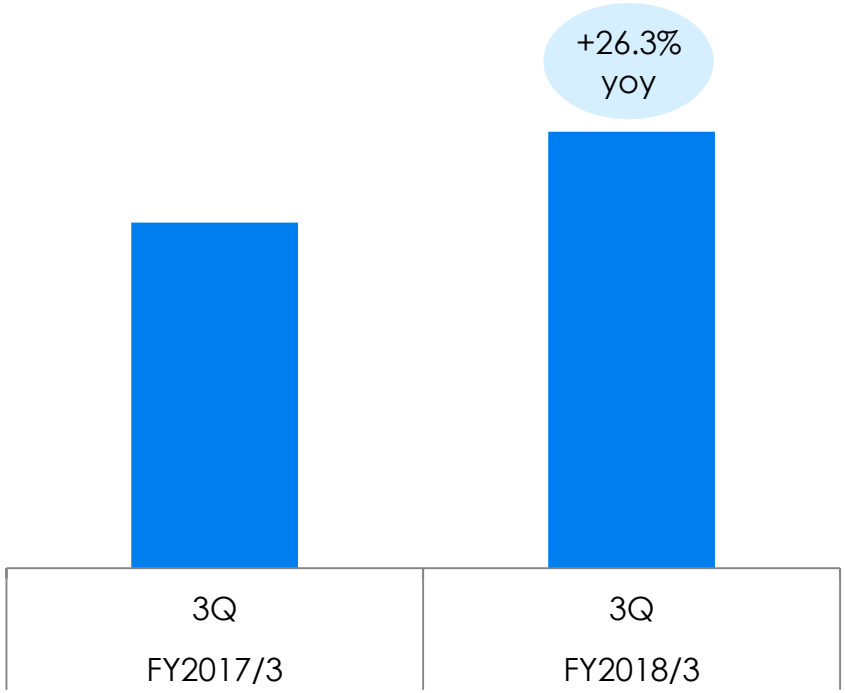
- Positive results in gross merchandise volume.
- New partnership with Joshin Denki.
- The Company will continue to enhance its sales efforts to expand its partnership network.



Note: Customer referrals were temporarily stopped in November, in order to verify the effectiveness.

≪Consumables≫ GMV

- Better site usability had a very positive impact on the gross merchandise volume of consumables.



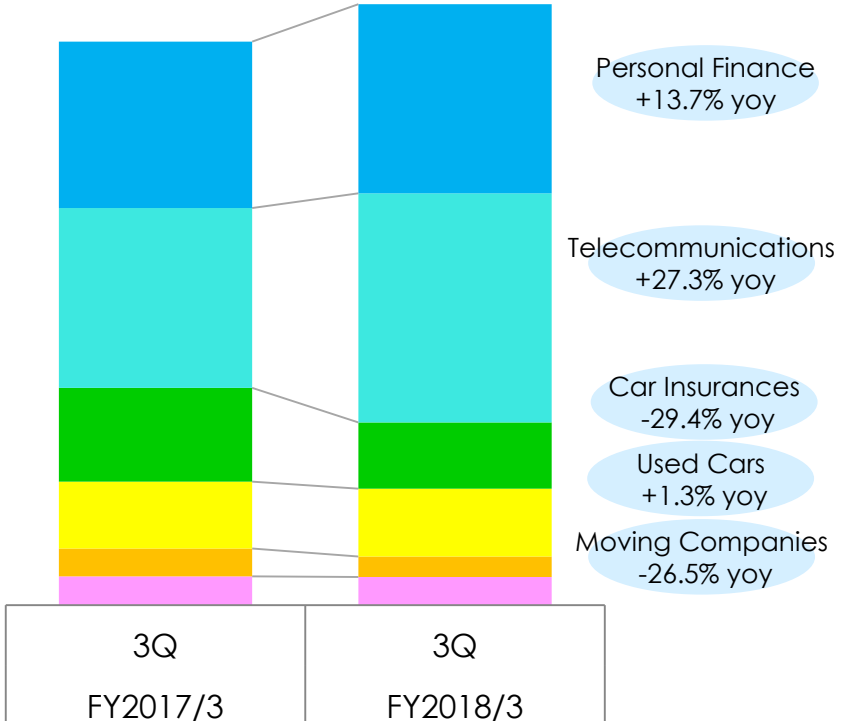
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Kakaku.com: Service Segment

- Sales for Kakaku.com's service segment were 1,957 million yen, +6.6% yoy, as the telecommunication categories continue to be the biggest growth drivers.
- Increased sales form external ad distribution resulted in an uplift of ad revenue by 3.8% to 1,240 million yen.

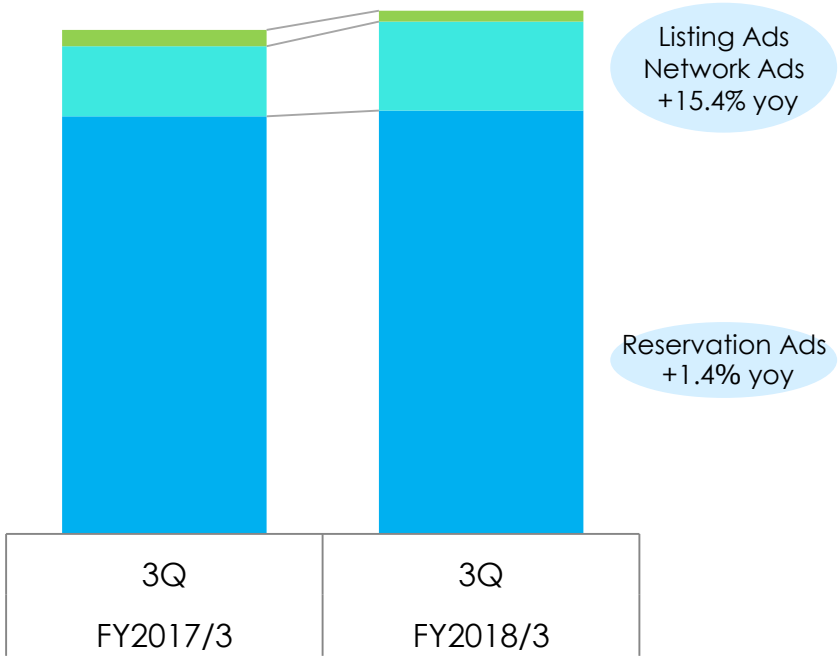
Service Segment: Sales by category

- Sim-card and Wi-Fi comparison, as well as Credit Card comparison in the personal finance categories, have shown positive results.



Advertising Segment: Sales by category

- An increase in sales from external ad distribution contributed to higher ad revenue year-on-year for reserved advertising.
- Sales from network ads rose due to higher pricing.

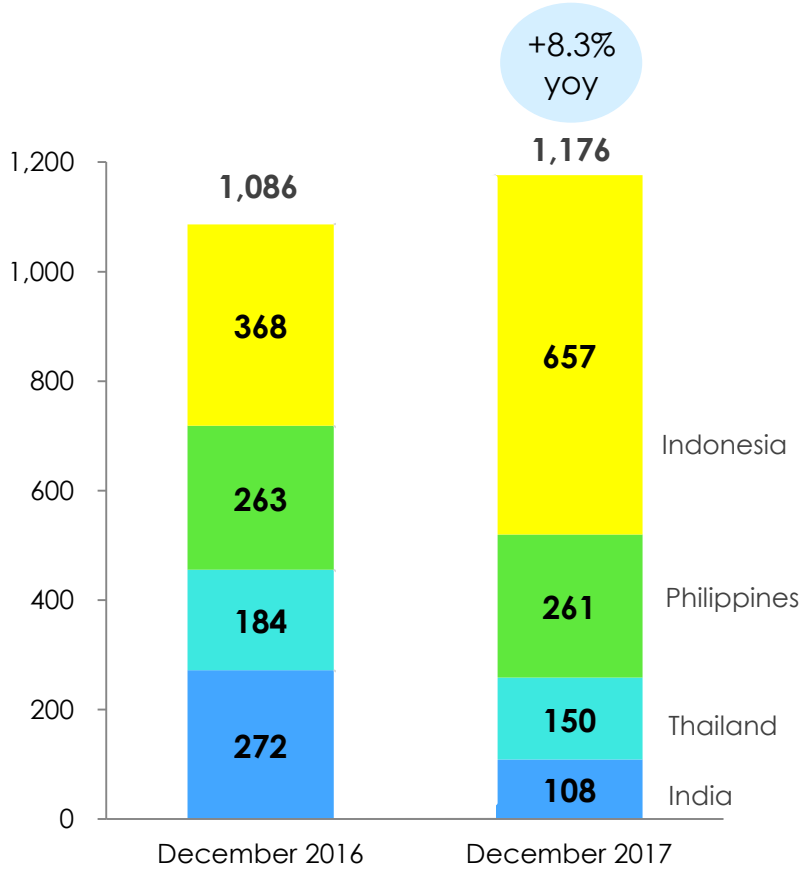


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Priceprice.com

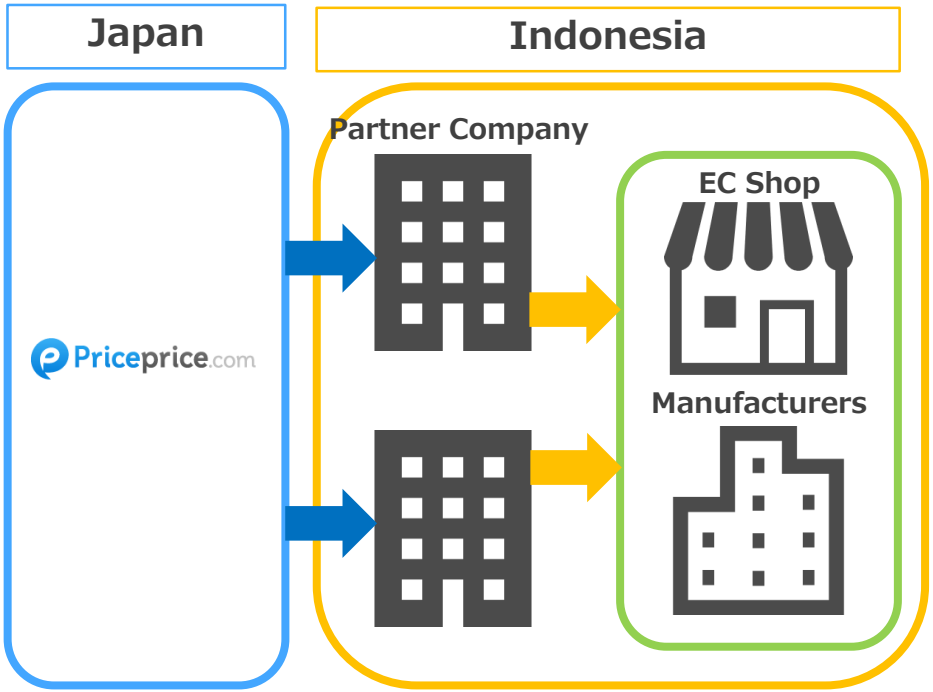
- Even though traffic in Indonesia continued to grow, the four country total dropped by 8.3% yoy to 11.76 million users. (as of December 2017)
- Developing partnerships to start monetization, with a focus on Indonesia.

4 country total number of users (in million)



Monetization focusing on Indonesia

- Sale of affiliate and tie-up advertising to online shops and product manufacturers and brands, through local partnerships



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Tabelog

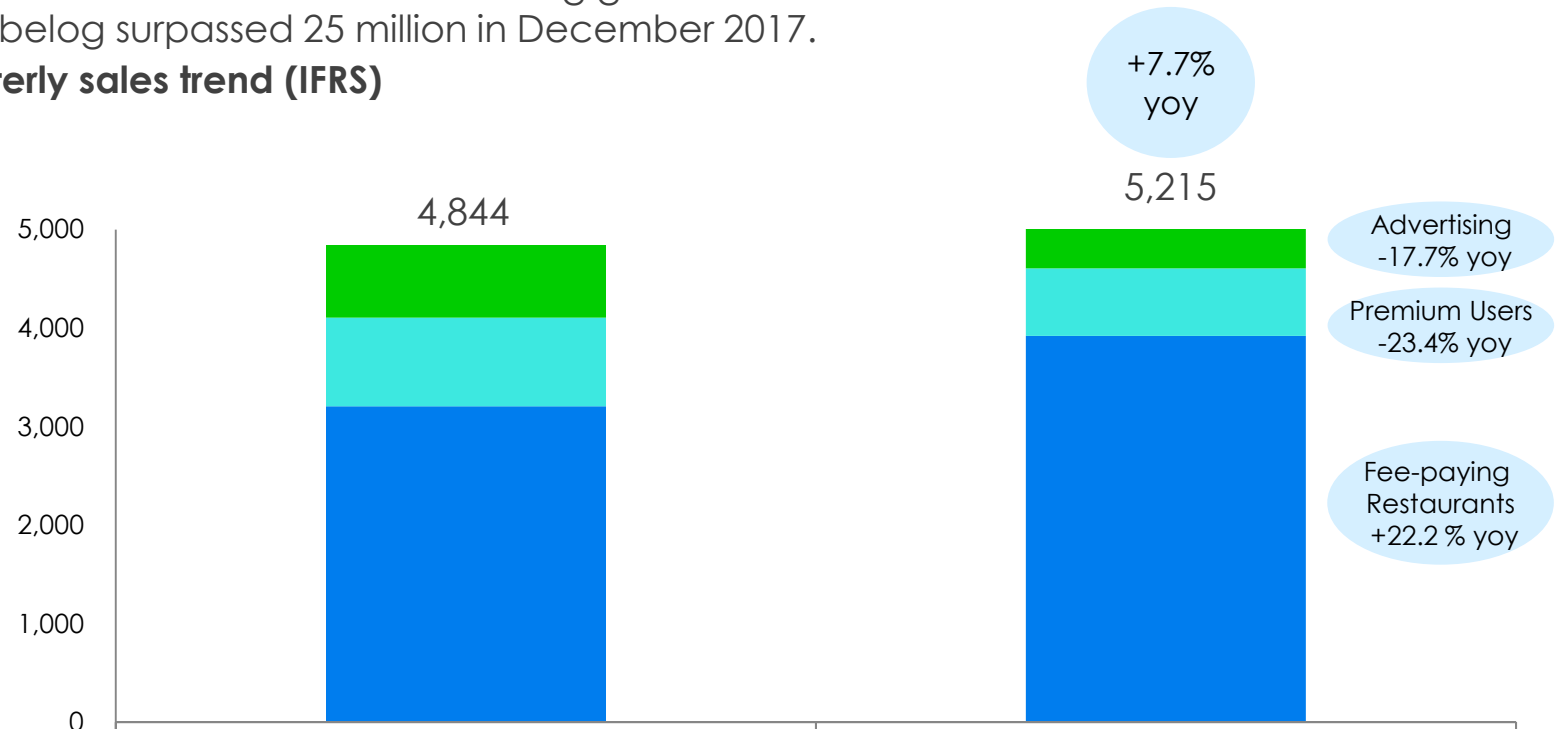
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Tabelog: Overview

- While sales from advertising and premium users decreased, sales from fee-paying restaurants continue to grow, resulting in overall sales of 5,215 million yen, up 7.7% from last year.
- The number of monthly users was 136.7 million as of December 2017.
- Online reservations continue to show strong growth. The cumulative number of seats reserved through Tabelog surpassed 25 million in December 2017.

Tabelog quarterly sales trend (IFRS)

(Unit: million yen)



	3Q FY2017/3	3Q FY2018/3
Advertising	738	607
Premium Users	898	688
Fee-paying Restaurants	3,208	3,920

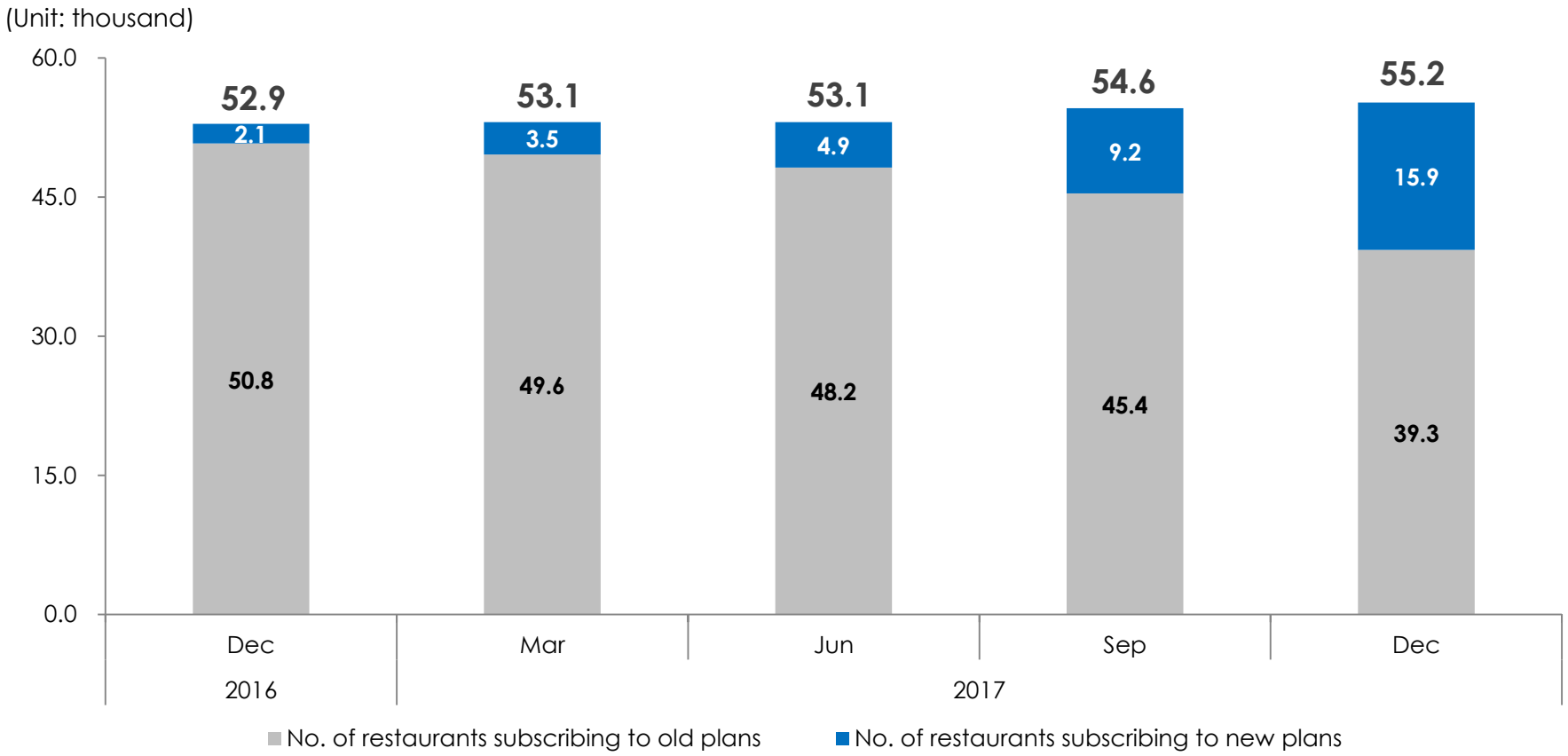
Note: The number of monthly users is the number of people who visited the site on a browser basis. A user who visited the site multiple times over a month is counted as one.

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Tabelog: Number of fee-paying restaurants

- Both the number of new acquisitions, as well as restaurants switching from the old pricing plans have shown strong growth, bringing the total number to 15,900 restaurants.
  The total number of fee-paying restaurants has also grown to reach 55,200.

Breakdown of fee-paying restaurants

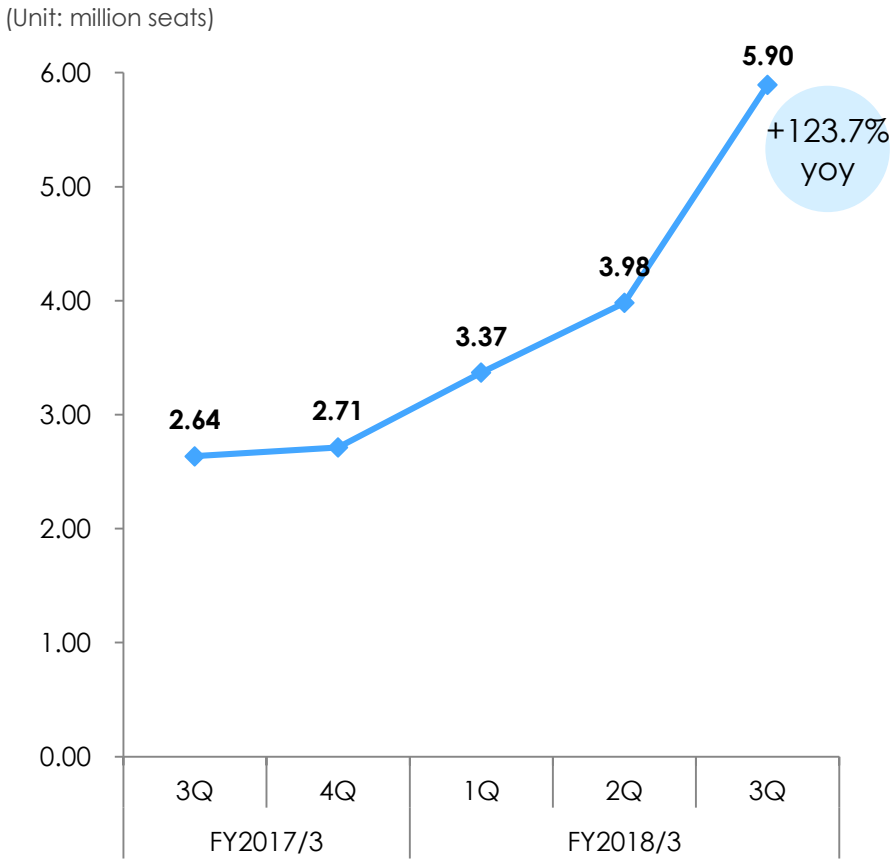


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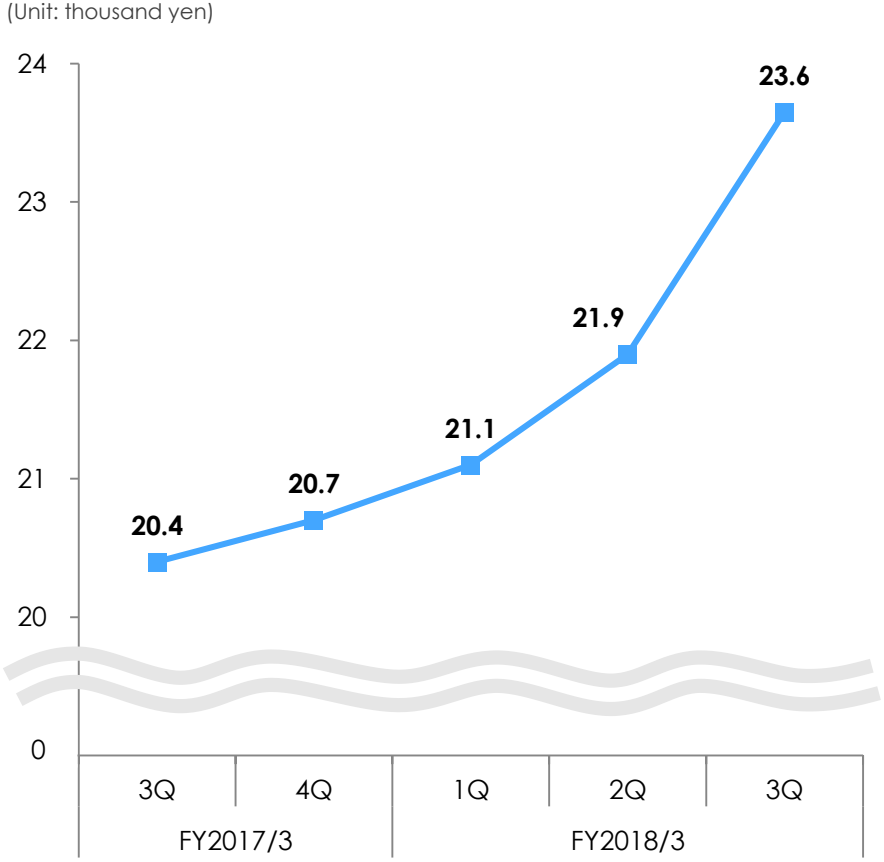
Tabelog: Online Reservation Growth

- The quarterly total of seats reserved online grew substantially and reached 5.9 million, +123.7% yoy, due to a growing number of restaurants offering online reservations, as well as seasonal demand for year-end parties,.
- Average revenue per restaurant (ARPU) is also showing strong growth, reaching 23,600 yen.

Number of online reservations (quarterly total)



ARPU by quarter

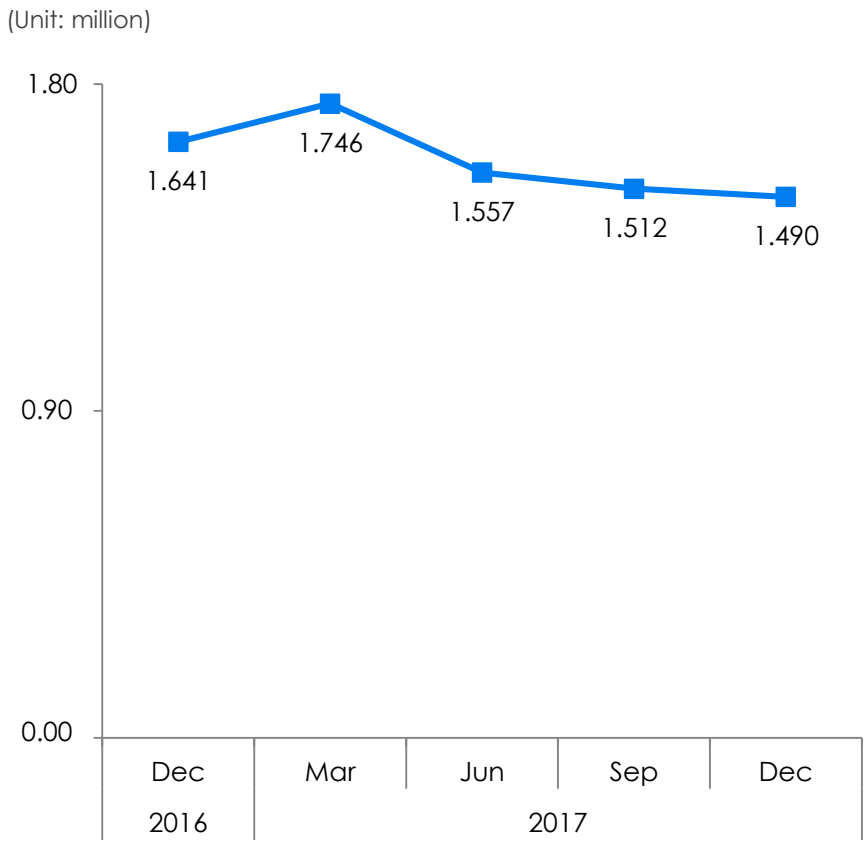


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Tabelog: Premium Users

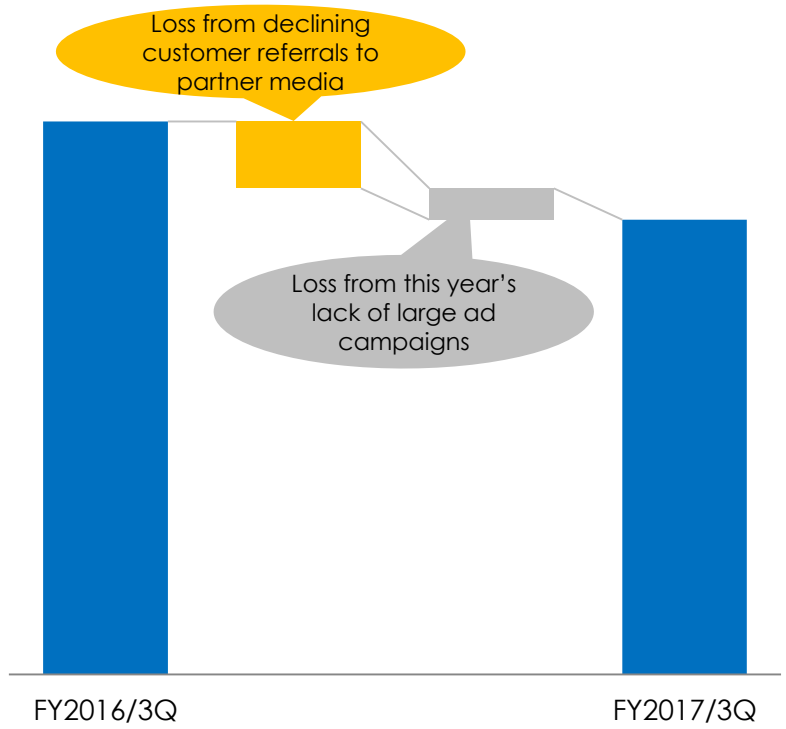
- As a result of declining sales generated by partner companies, sales from premium memberships fell by 23.4%, to 688 million yen.
- As the number of fee-paying restaurants increases, sales from user referrals to partner sites decreased, resulting in lower sales for Tabelog's advertising segment, with 607 million yen, -17.7% yoy.

Number of Premium Users



Sales trend for advertising segment

- The increase in fee-paying restaurants resulted in a decline in customer referrals to and commission fees from partner sites.
- A lack of large ad campaigns resulted in a drop in ad revenue year-on-year.



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New Media & Finance

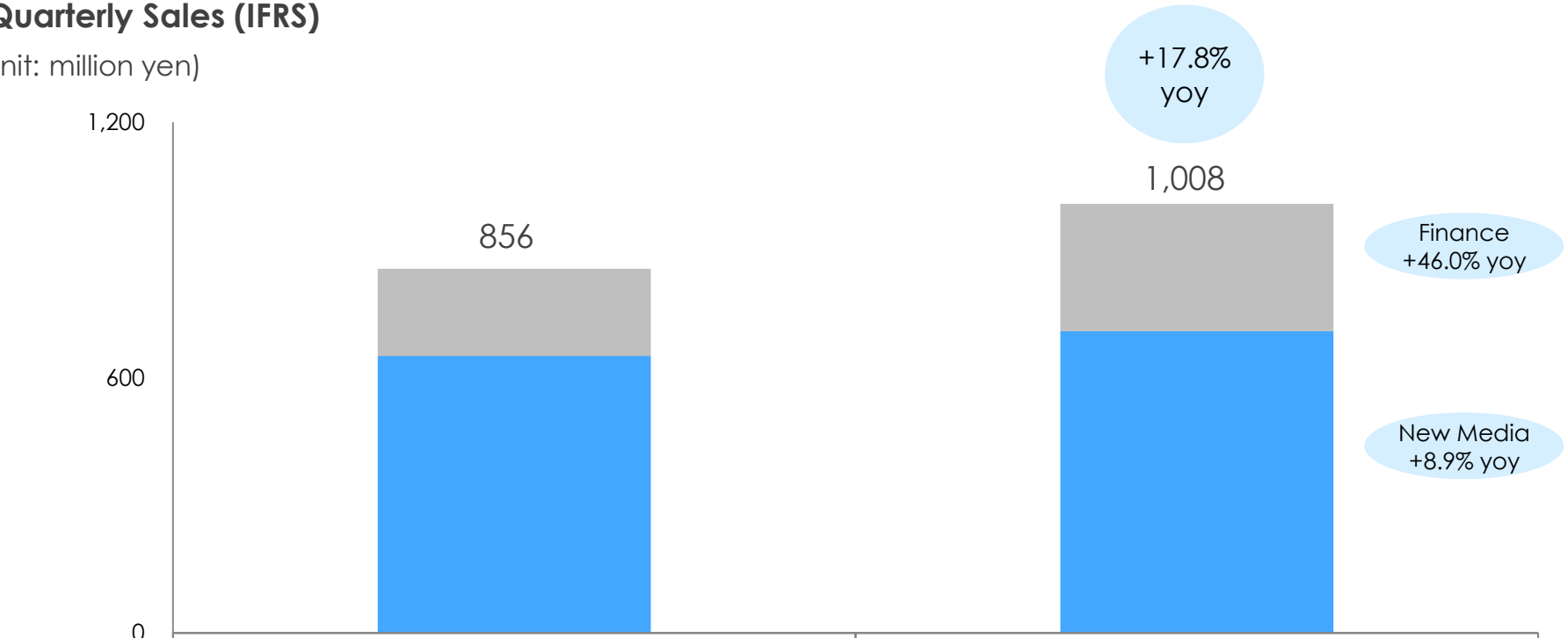
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New Media & Finance: Overview

- 4Travel and Kinarino continue to post strong results.
  Coupled with sales growth for the Finance Business, total sales in the New Media & Finance Segment were 1,008 million yen, an increase of 17.8% since last year.

Quarterly Sales (IFRS)

(Unit: million yen)



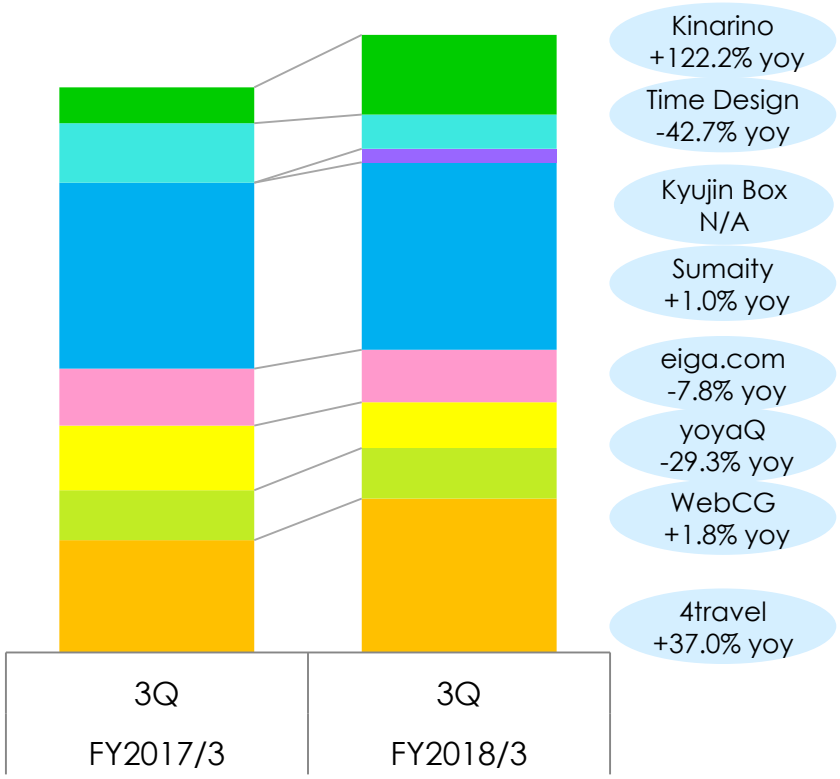
	3Q FY2017/3	3Q FY2018/3
Finance	205	299
New Media	651	709

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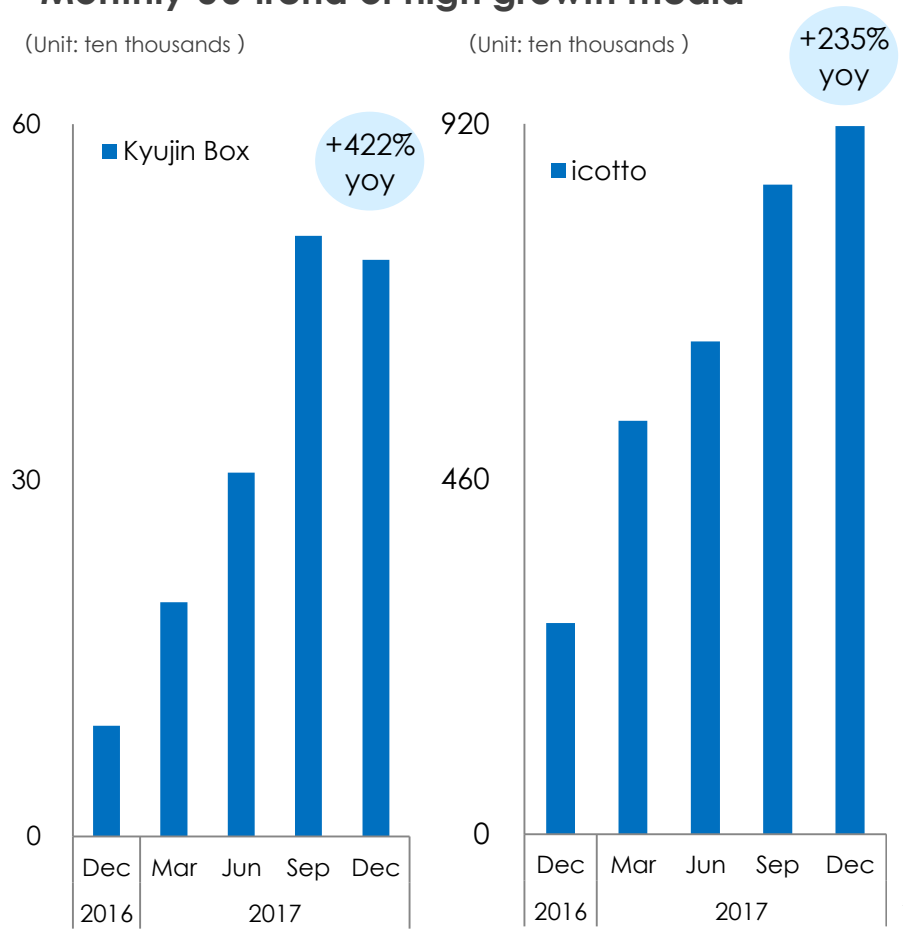
New Media

- Kinarino mall and tie up advertising were the main revenue drivers for Kinarino, while 4travel showed strong growth in the number of Wi-Fi rentals for overseas travelers.
- Meanwhile, Kyujin Box and icotto showed strong growth in traffic.

Sales by media (IFRS)



Monthly UU trend of high growth media



Note: Kyujin Box did not have any comparable sales last year

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New Media: Time Design

- Due to a decline in system related sales, Time Design's revenue has dropped temporarily.
- Meanwhile, the Company was able to secure a new partnership with Indonesian resort hotel Ayana Resorts and hopes to address global travel needs, by supporting more languages and currencies.

New partnership

■ **Ayana Resorts**



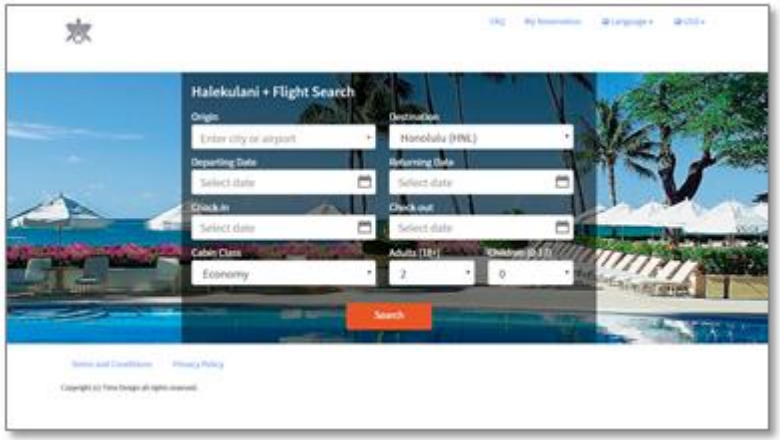
■ **Ayana Resorts reservation page for rooms and air tickets**



More languages and currencies supported

- Time Design currently supports Japanese and English, as well as 6 currencies but hopes to ad more in the near future.

■ **Halekulani reservation page for rooms and air tickets (English)**



■ **Supported currencies**



<u>Currently 6 currencies are supproted</u>
Japanese Yen, US Dollars, Australian Dollars, Hongkong Dollars, Singapore Dollars and Taiwanese Dollars

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New Media: Kyujin Box and Kinarino

- Release of Kyujin Box's new job posting feature *Kyujin Box Recruiting Board*.
- Android app released in December 2017.

≪Kyujin Box≫ Recruiting Board Release

- New feature allows employers to post job openings directly on Kyujin Box, allowing the service to list a greater number of job offerings and cover a wider variety of categories.

■ **Kyujin Box Hiring Board**

Post
Creating a listing is very easy

Apply
Each listing is screened before it is posted

Confirm
Application notification by Email



≪Kinarino≫Android App Release

- The Kinarino app has an over all positive effect on user behavior, as users of the app read 20 times as many articles and their basket size is twice as large, compared to users visiting the site via browser.





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New Initiatives

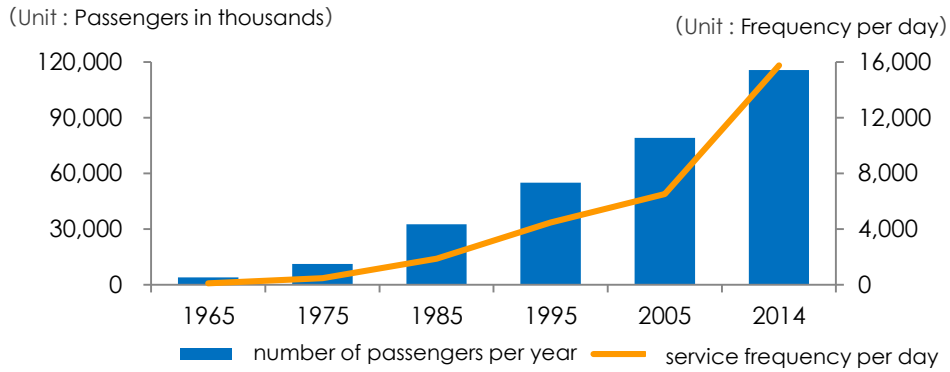
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Yako Bus Hikaku Navi (Overnight Bus Comparison Navigator)

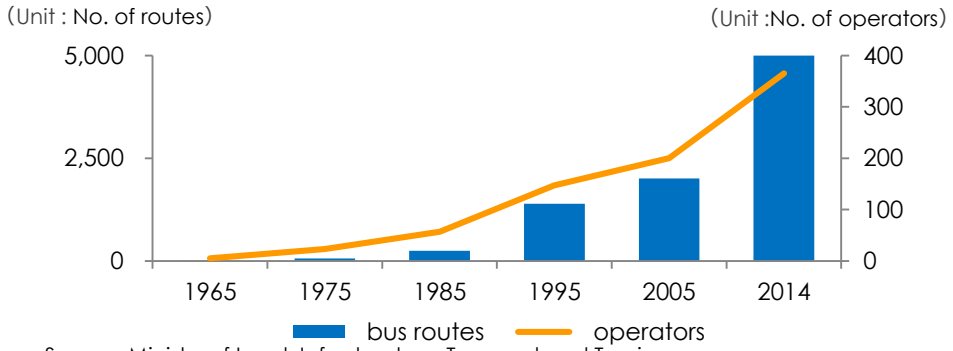
- Acquisition of 100% stake in LCL Inc., which operates comparison sites for routes and prices of overnight and highway busses, such as Yako Bus Hikaku Navi
- The Company hopes to use its know how to strengthen sales capabilities.

Highway Bus Market Overview

■ **Number of passengers per year and service frequency per day**



■ **Number of bus routes and operators**



Source: Ministry of Land, Infrastructure, Transport and Tourism, Statistical data on "The service status of highway busses"

About LCL Inc.

- Operating online sites with strong user focus, such as Yako Bus Hikaku Navi

■ **Financial results of past 3 years**

(Unit : thousand yen)	FY2014/12	FY2015/12	FY2016/12
Sales	251,677	486,474	668,136
Operating income or loss	-1,966	193,396	225,073

■ **Yako Bus Hikaku Navi**



■ **Mission**
"Increase the number of Travellers"

■ **Service Overview**
Search for shortest routes and cheapest prices for highway busses

■ **Main user segment**
Users in their 20's and women are the biggest user segment.

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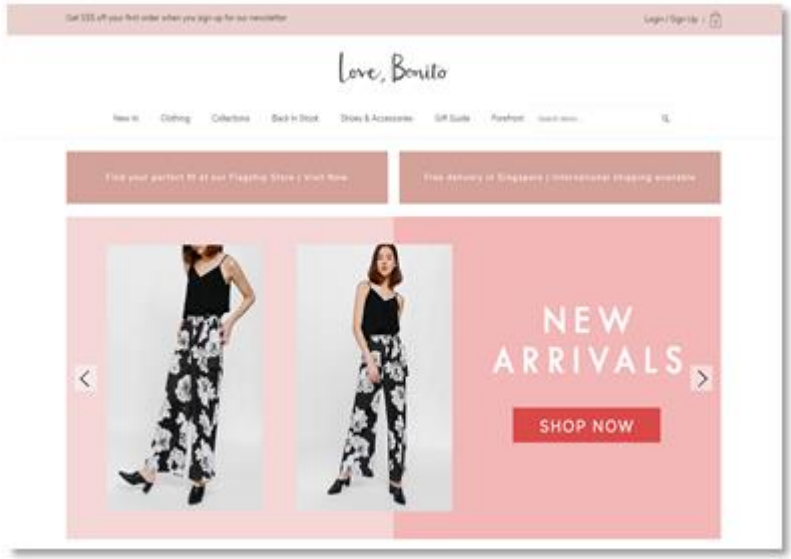
Love, Bonito: Second investment in Asia

- Strategic investment in LoveBonito Holdings Pte. Ltd. , a fashion brand for women based in Singapore
- Sharing of know-how on marketing and data analysis.

About Love, Bonito

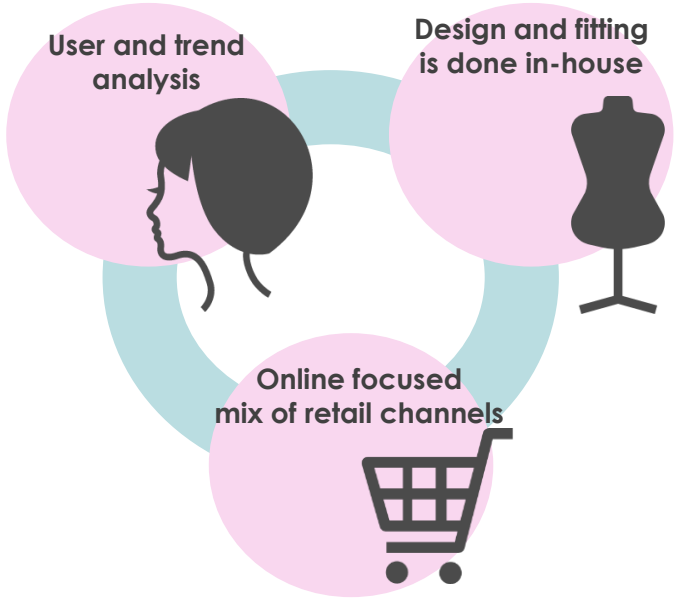
- Fashion brand for women in their 20-40s, focusing on the Southeast Asian market.
- Combination of online and offline stores, as well as social media to create an omni-channel shopping experience.

Love, Bonito's online store



Fashion brand by and for Asian women

- Social media and CRM data analysis to discover the latest fashion trends
- All designs are done in-house and fitted using "real" women to achieve the right sizing for Asian women
- Small production volumes reduce the risk of over-stocking



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Appendix

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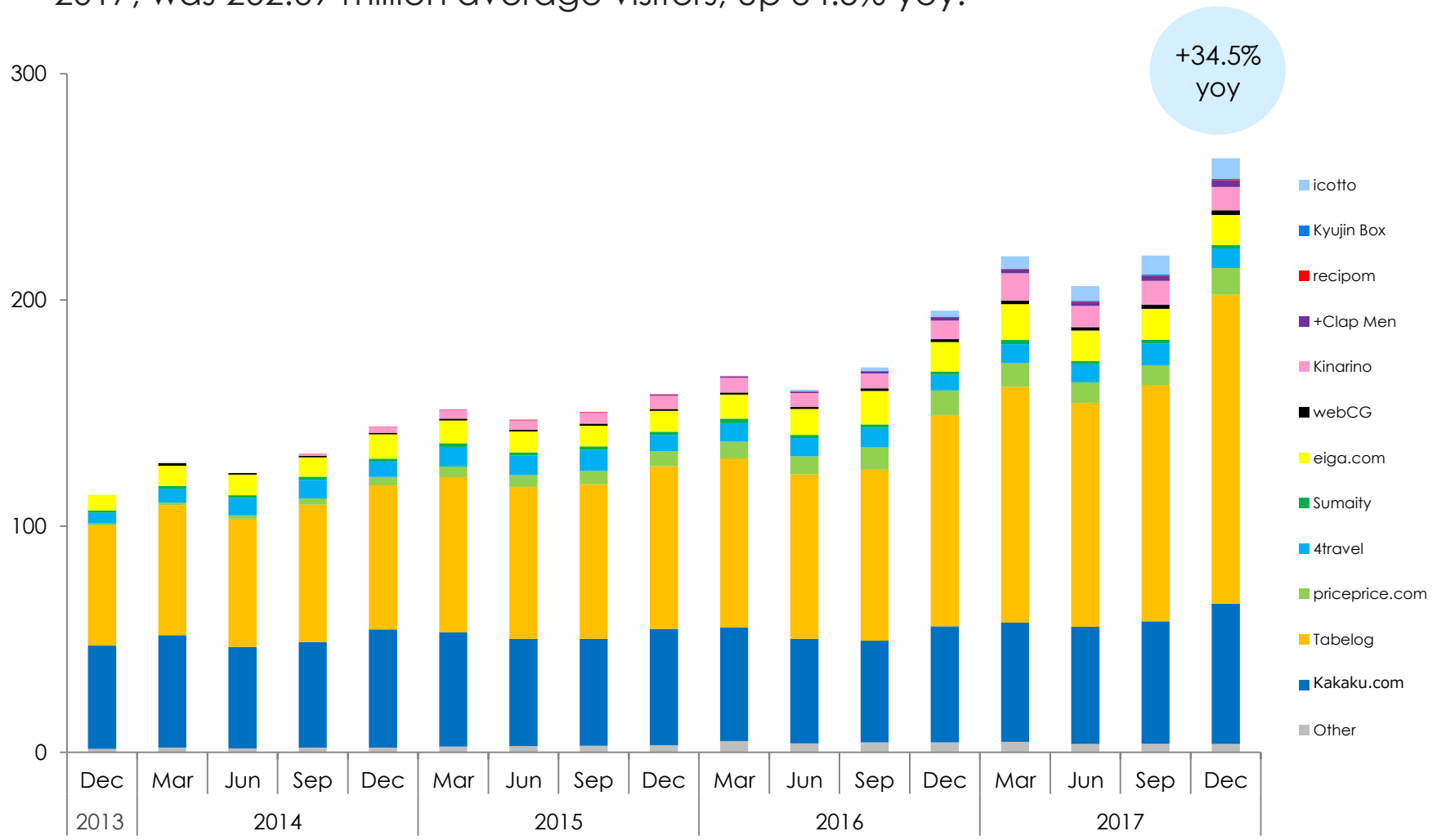
Business Divisions and Segments

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, webCG and Kinarino
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 December 2017, was 262.69 million average visitors, up 34.5% yoy.



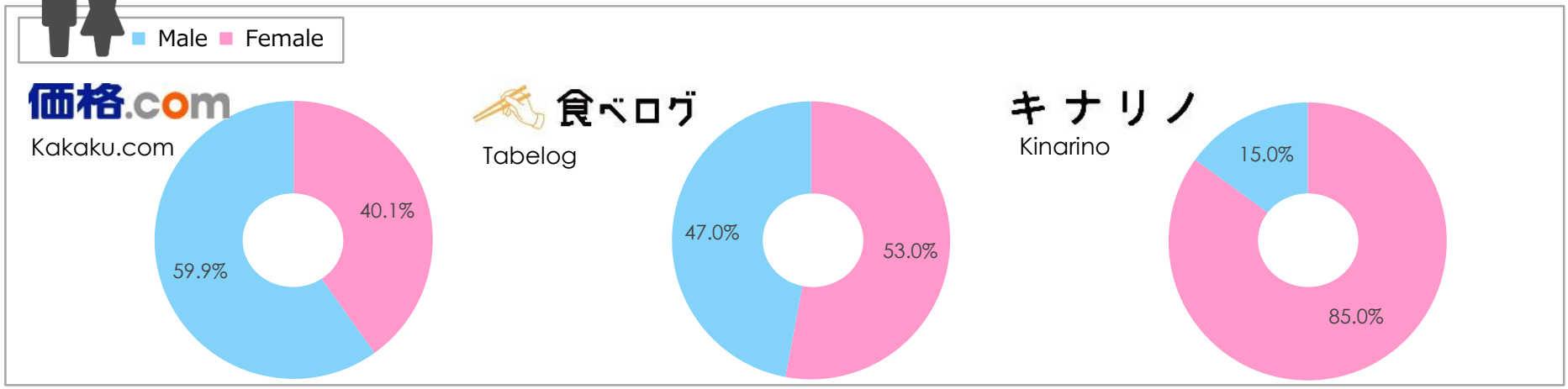
Note: As of November 2016, the Company changed the measurement logic in order to reflect the diversification of web pages on mobile devices.

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User Profile

Male- Female Ratio

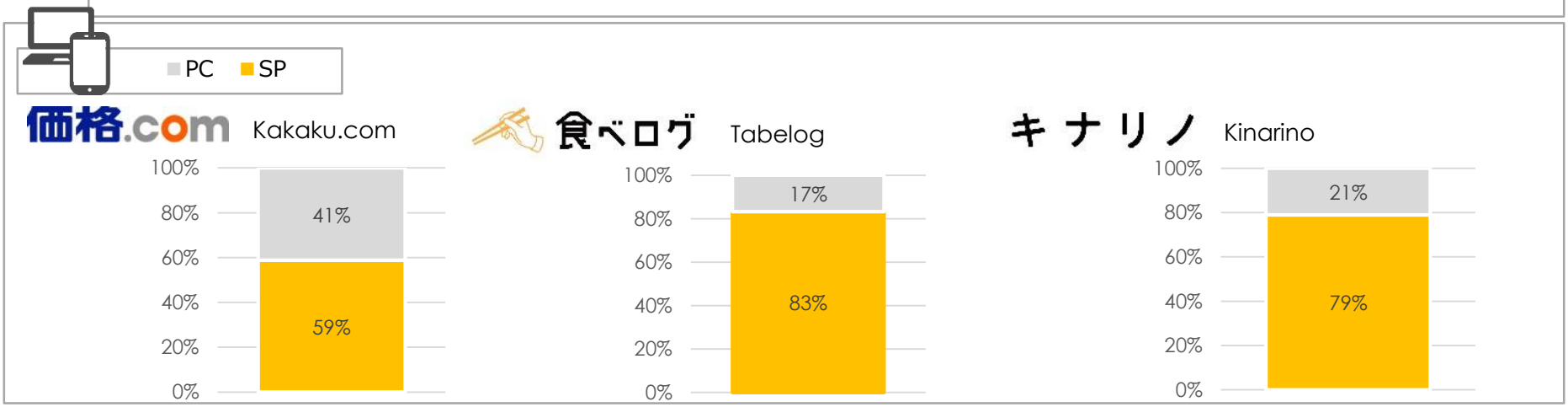
Kakaku.com has more male users, while Kinarino users are predominately women ,
Tabelog is used almost equally by men and women.



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

User distribution by device

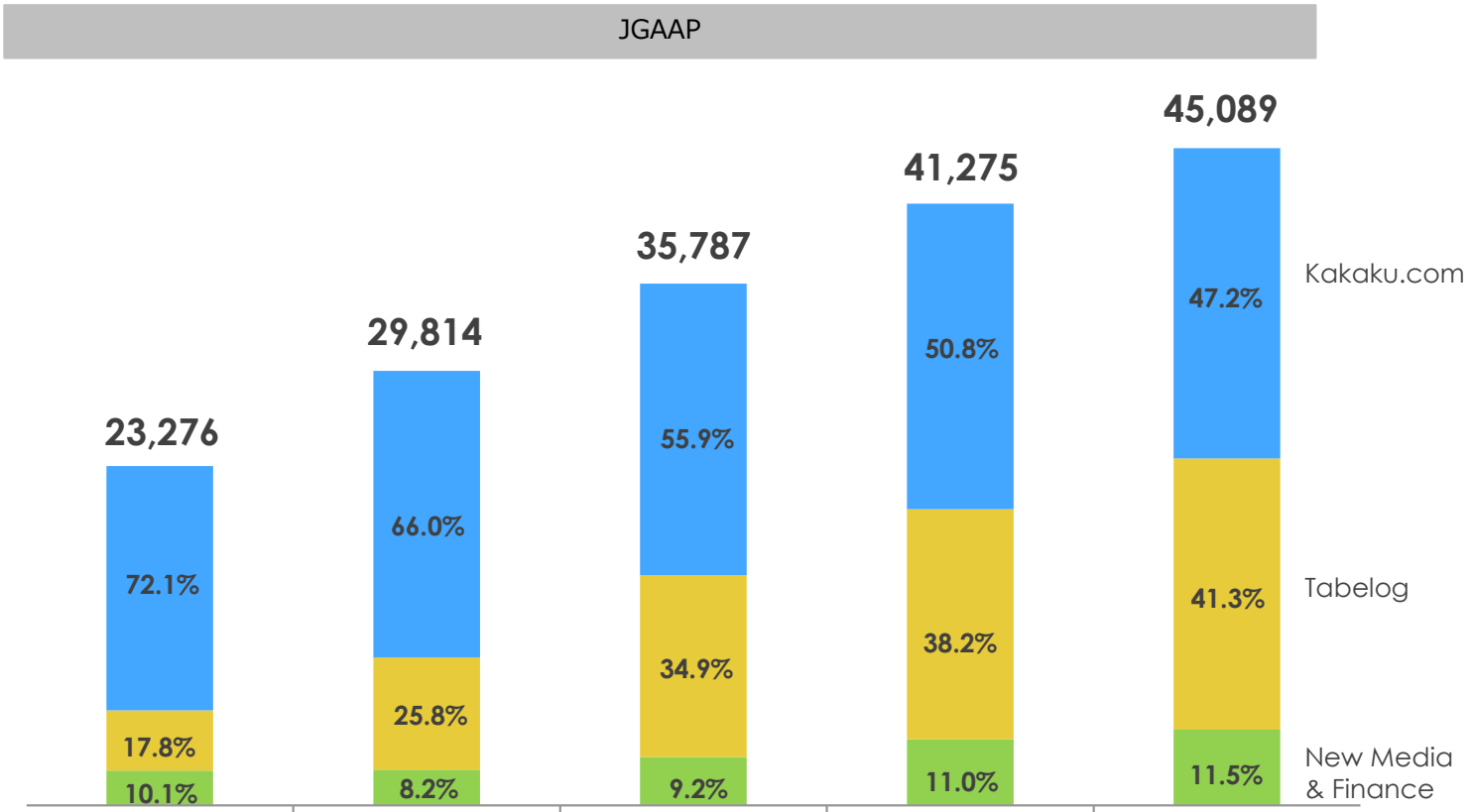
The majority of users accesses Kakaku.com, Tabelog and Kinarino from their smartphones.



Source: Adobe Marketing

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Sales Contribution by Business Segment by Fiscal Year (Consolidated)



(Units: million yen, %)

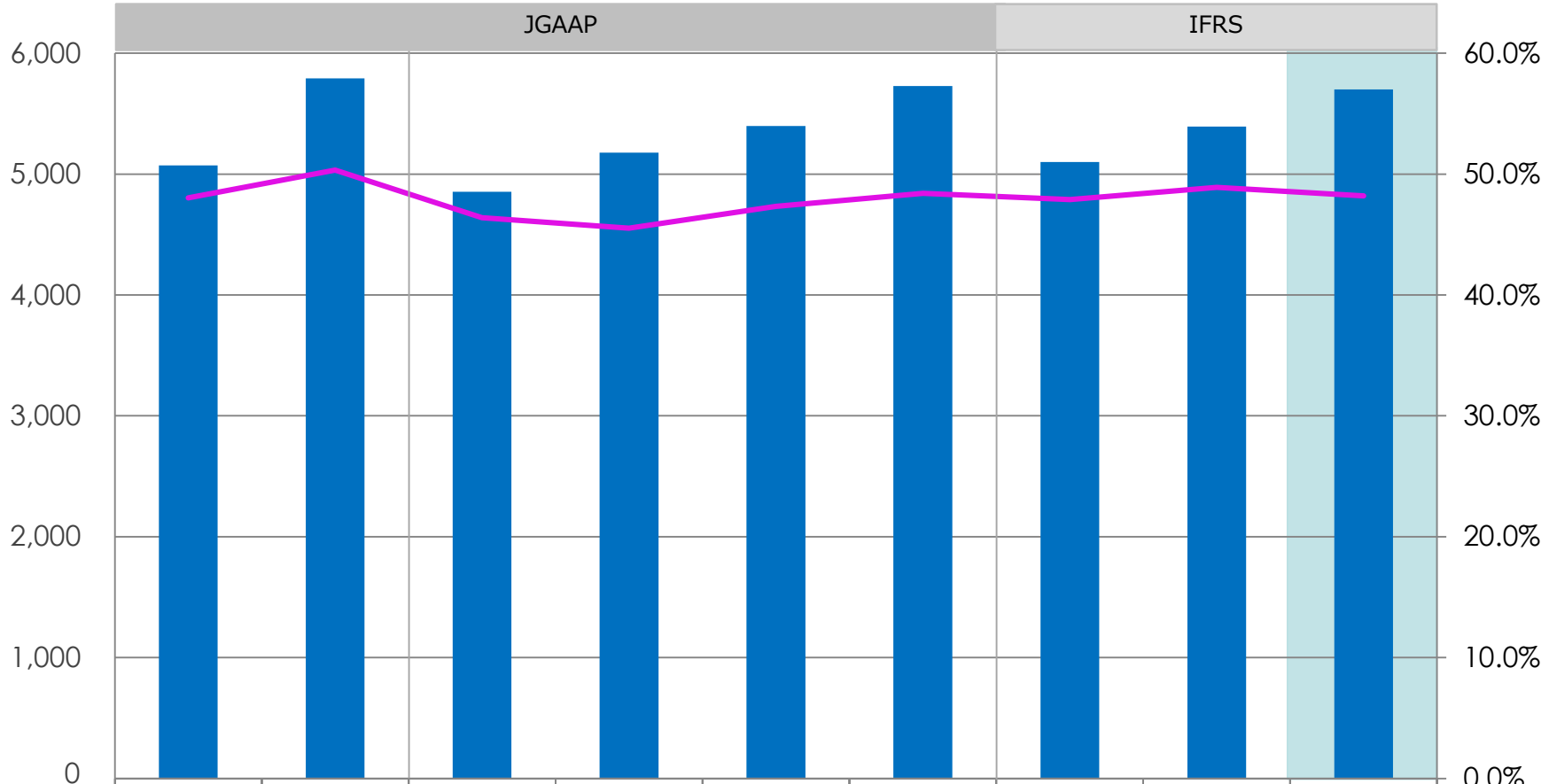
	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3
Kakaku.com	16,772	19,669	19,993	20,967	21,287
Tabelog	4,136	7,695	12,476	15,782	18,608
New Media& Finance	2,368	2,448	3,318	4,525	5,192

Note: Amounts exclude inter-segment sales and transfers.

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Operating Income by Quarter (Consolidated)

(Units: million yen, %)



	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	FY2016/3		FY2017/3				FY2018/3		
Operating Income	5,071	5,791	4,854	5,178	5,398	5,729	5,100	5,392	5,700
Margin	48.0%	50.3%	46.4%	45.5%	47.3%	48.4%	47.9%	48.9%	48.2%

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Kakaku.com Group Service Overview

◆ [Kakaku.con] Purchase support service 価格.com	◆ [tabelog] Restaurant discovery and reservation 食べログ	◆ [yoyaQ.com] Hotel deals and last minute discounts yoyaQ.com
◆ [PHOTOHITO] Photo sharing community PHOTOHITO	◆ [4travel] Travel review and comparison site 4travel.jp	◆ [eiga.com] Movie discovery platform 映画.com
◆ [Sumaity] Online residential real estate portal スマイティ	◆ [Kakaku.com Insurance] Insurance consulting kakaku.com insurance	◆ [recipom] Recipe support 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 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/	
Share Listing	The First Section of Tokyo Stock Exchange	
Stock Code	2371	
Related Companies	Kakaku.com Insurance, Inc.	URL: http://hoken.kakaku.com/insurance/company.html
	4travel, Inc.	URL: http://4travel.jp/
	eiga.com, Inc	URL: http://eiga.com/
	Time Design Co., Ltd.	URL: http://www.timedesign.co.jp/
	webCG, Inc.	URL: http://www.webcg.net/
	LCL, Inc.	URL: https://www.lclco.com/
	Catapult Ventures Pte. Ltd.	URL: https://www.moneysmart.sg/
	LoveBonito Holdings Pte. Ltd.	URL: https://www.lovebonito.com/
For further information please contact the IR department	E-mail：ir_info@kakaku.com	

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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