Results Briefing for FY2018/3

May 10, 2018

Kakaku.com, Inc.

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Change in Business Segment Names

- To reflect our current business field, as well as future expansions, the Company has made the following changes to the naming of business segments of Tabelog and New Media.

Before

- Internet Media
  - Kakaku.com
    - Shopping
    - Service
    - Advertising
  - Tabelog
    - Fee-Paying Restaurants
    - Premium Users
    - Advertising
  - New Media
- Finance
  - Kakaku.com Insurance



After

- Internet Media
  - Kakaku.com
    - Shopping
    - Service
    - Advertising
  - Tabelog
    - Restaurant Promotion
    - Premium Memberships
    - Advertising
  - New Media and Solutions
- Finance
  - Kakaku.com Insurance

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FY2018/3 Financial Highlights

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FY2018/3 Consolidated Results（IFRS）

(Unit : million yen)

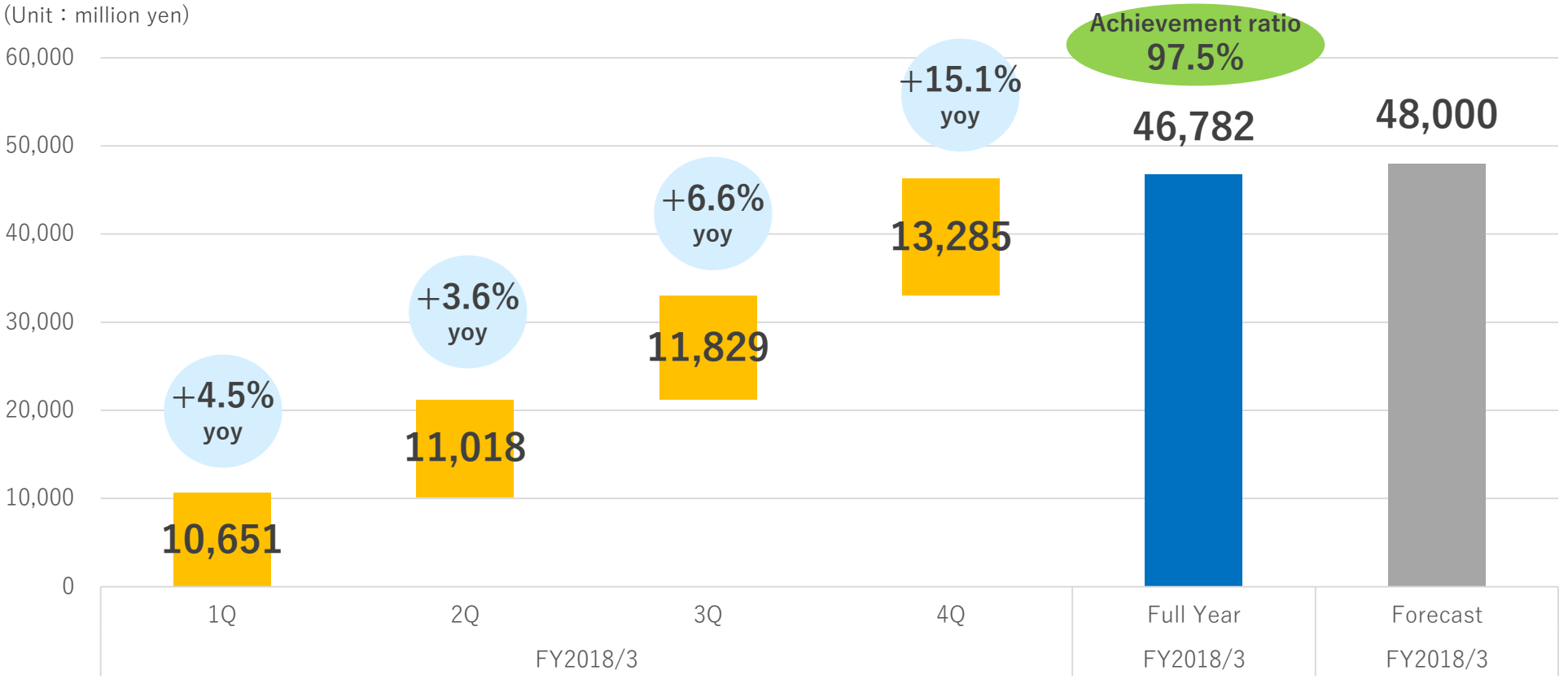
	4Q FY2017/3 1/2017-3/2017	4Q FY2018/3 1/2018-3/2018	yoy	FY2017/3 4/2016-3/2017	FY2018/3 4/2017-3/2018	yoy	Full Year Forecast	Achievement Ratio
Sales	11,547	**13,285**	+15.1%	43,464	**46,782**	+7.6%	48,000	97.5%
Operating income	5,808	**6,684**	+15.1%	21,447	**22,876**	+6.7%	23,300	98.2%
Ordinary income	5,812	**6,652**	+14.5%	21,457	**22,820**	+6.4%	23,250	98.2%
Net income attributable to shareholders of the parent Company	4,099	**4,670**	+13.9%	14,812	**15,699**	+6.0%	15,850	99.0%
Operating margin	50.3%	**50.3%**	±0.0pts	49.3%	**48.9%**	-0.4pts	48.5%	-

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FY2018/3 Full Year Highlight: Sales

- Both Tabelog's restaurant promotion and Kakaku.com's service segment exceeded annual targets. Results from Kakaku.com's shopping segment and advertising improved in the second half of the fiscal year. In addition, LCL and Gaie became subsidiaries.
- But due to weak results from Kakaku.com advertising segment in the first half of the fiscal year and lower-than-expected sales from Tabelog's advertising segment and premium memberships, full year results remained 2.5% below company targets.

Quarterly Distribution of Sales & Annual Targets vs Actuals

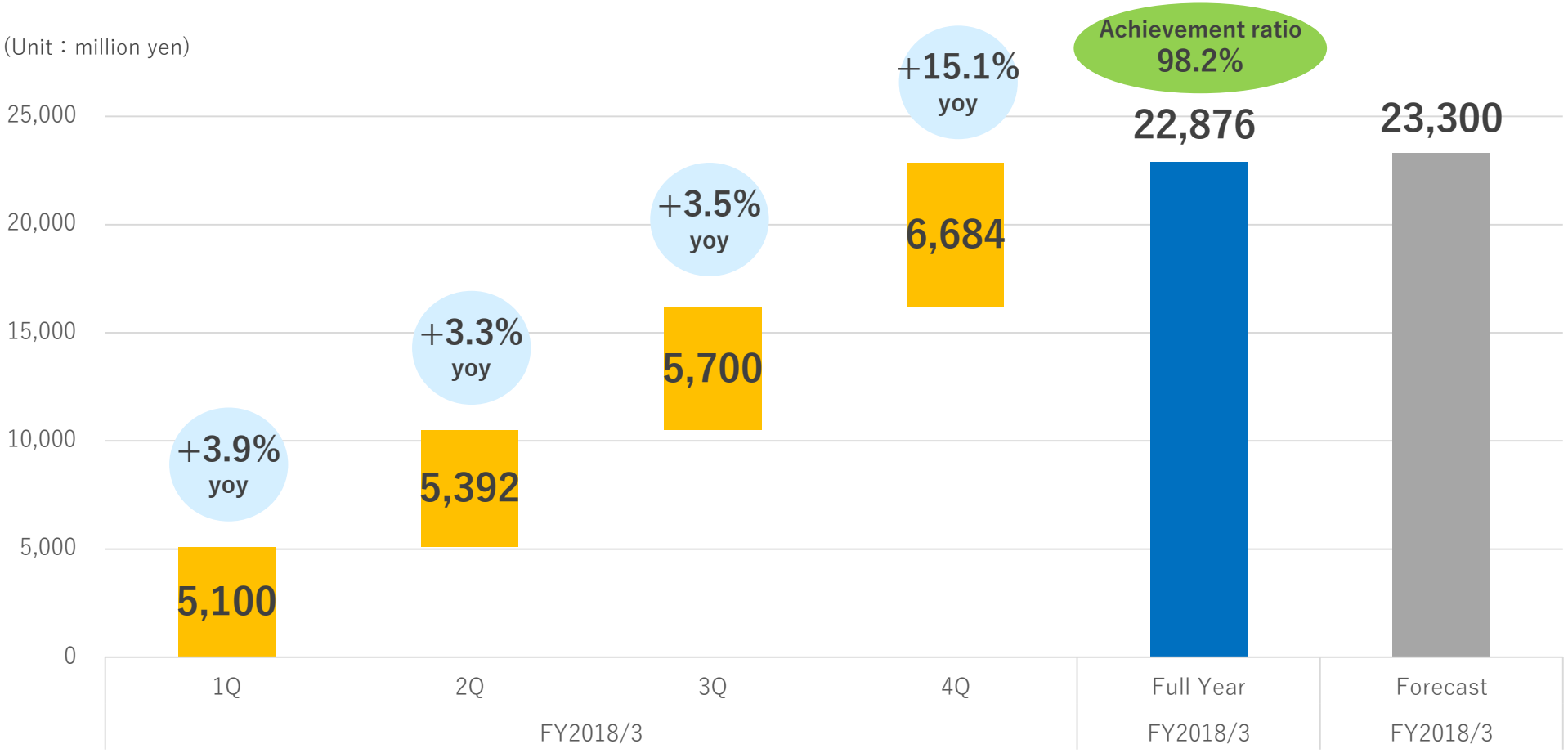


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FY2018/3 Full Year Highlight / Operating Income

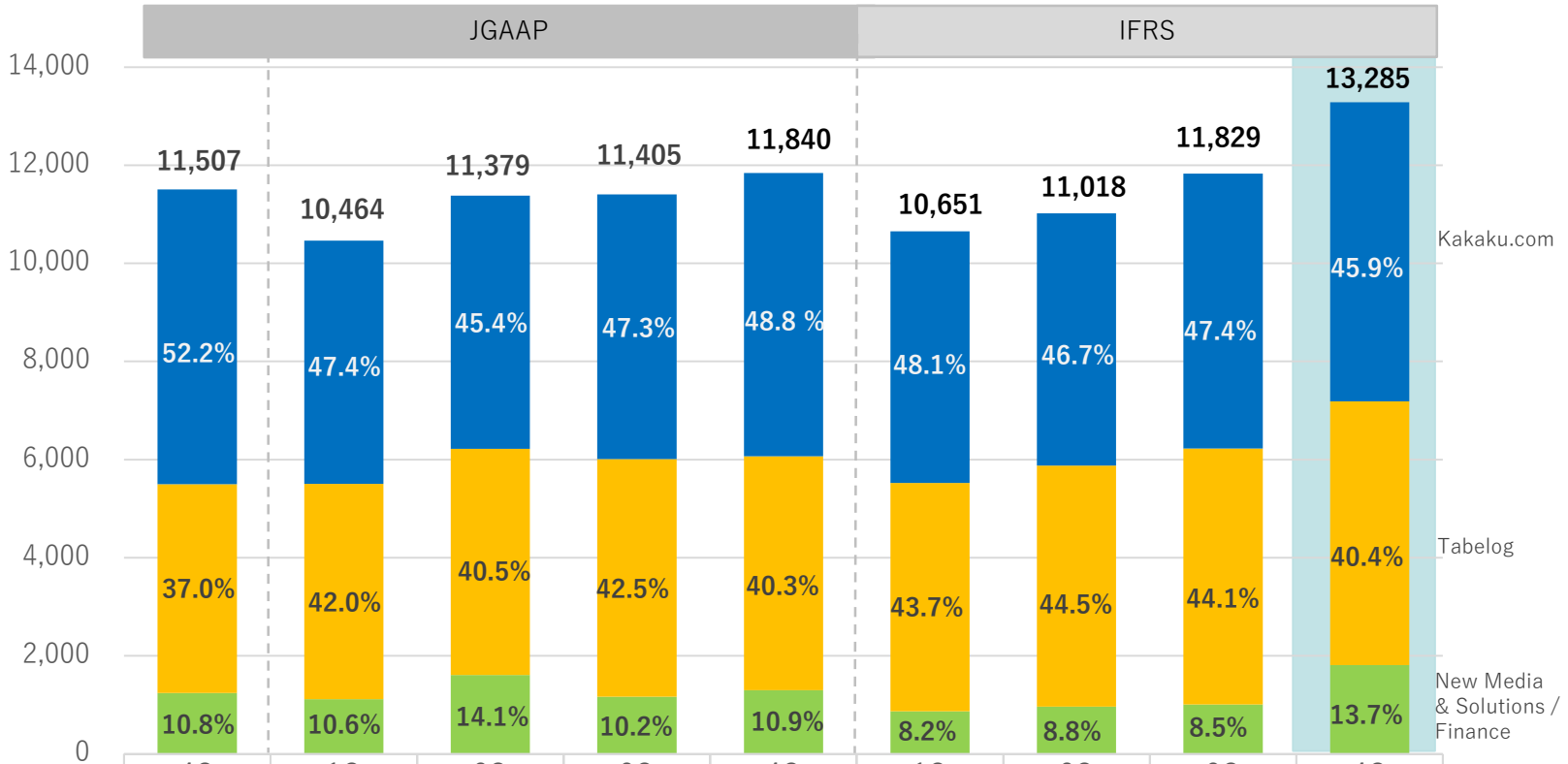
- Operating income remained at 98.2% of company targets.

Quarterly Distribution of Operating Income & Annual Targets vs Actuals



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Quarterly Sales by Business Segment (Consolidated)



(Unit：million yen)

	4Q FY2016/3	1Q FY2017/3	2Q FY2017/3	3Q FY2017/3	4Q FY2017/3	1Q FY2018/3	2Q FY2018/3	3Q FY2018/3	4Q FY2018/3
Kakaku.com	6,006	4,958	5,161	5,396	5,774	5,124	5,142	5,605	6,101
Tabelog	4,255	4,389	4,606	4,843	4,768	4,654	4,909	5,215	5,369
New Media & Solution / Finance (*1	1,246	1,117	1,612	1,165	1,297	872	967	1,008	1,815

Note: Amounts exclude inter-segment sales and transfers

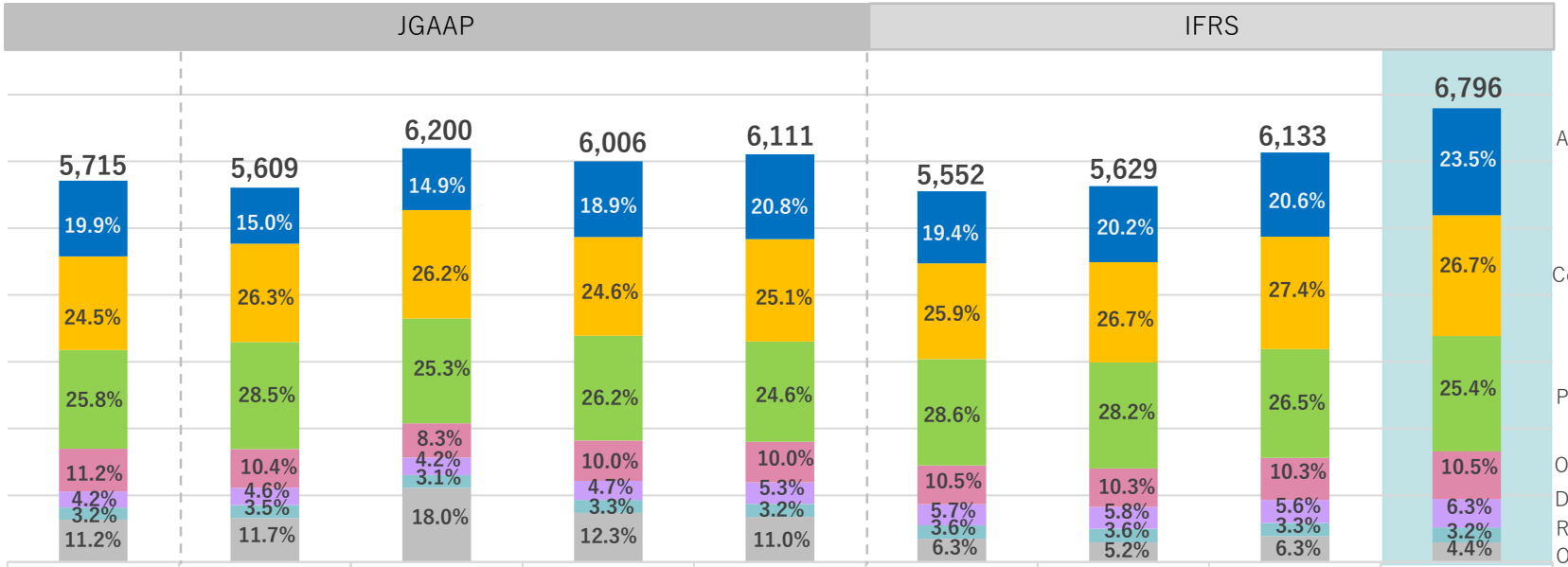
*1) As FY 2017/3 applied JGAAP, consolidated subsidiary Time Design's travel product sales included purchase costs.

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)



(Unit: million yen)

	4Q FY2016/3	1Q FY2017/3	2Q FY2017/3	3Q FY2017/3	4Q FY2017/3	1Q FY2018/3	2Q FY2018/3	3Q FY2018/3	4Q FY2018/3
Advertising	1,137	838	926	1,135	1,273	1,079	1,136	1,263	1,600
Comissions (*1	1,401	1,475	1,623	1,479	1,531	1,436	1,502	1,682	1,812
Personnel Cost	1,476	1,601	1,570	1,571	1,502	1,589	1,587	1,627	1,729
Outsourcing	640	582	514	603	610	583	578	632	711
Depreciation	241	257	261	284	322	315	328	342	427
Rent	180	197	192	195	196	202	203	203	219
Other (*2	637	656	1,111	736	674	348	295	384	297
Number of employees (*3	708 (111)	741 (117)	748 (125)	744 (123)	727 (121)	740 (114)	751 (116)	770 (119)	851 (130)

*2)
Breakdown of "Other" Expenses Jan-Mar 2018

Server Maintenance: 50m

Recruiting: 66m

Note:
*1) Commissions = various commissions paid + Advertising agency commissions *2) Due to a voluntary adoption of IFRS as of FY2018/3, consolidated subsidiary Time Design's sales are now recorded on a net basis. *3) The number of regular employees, with the average number of temporary employees for each quarter shown separately in parentheses.

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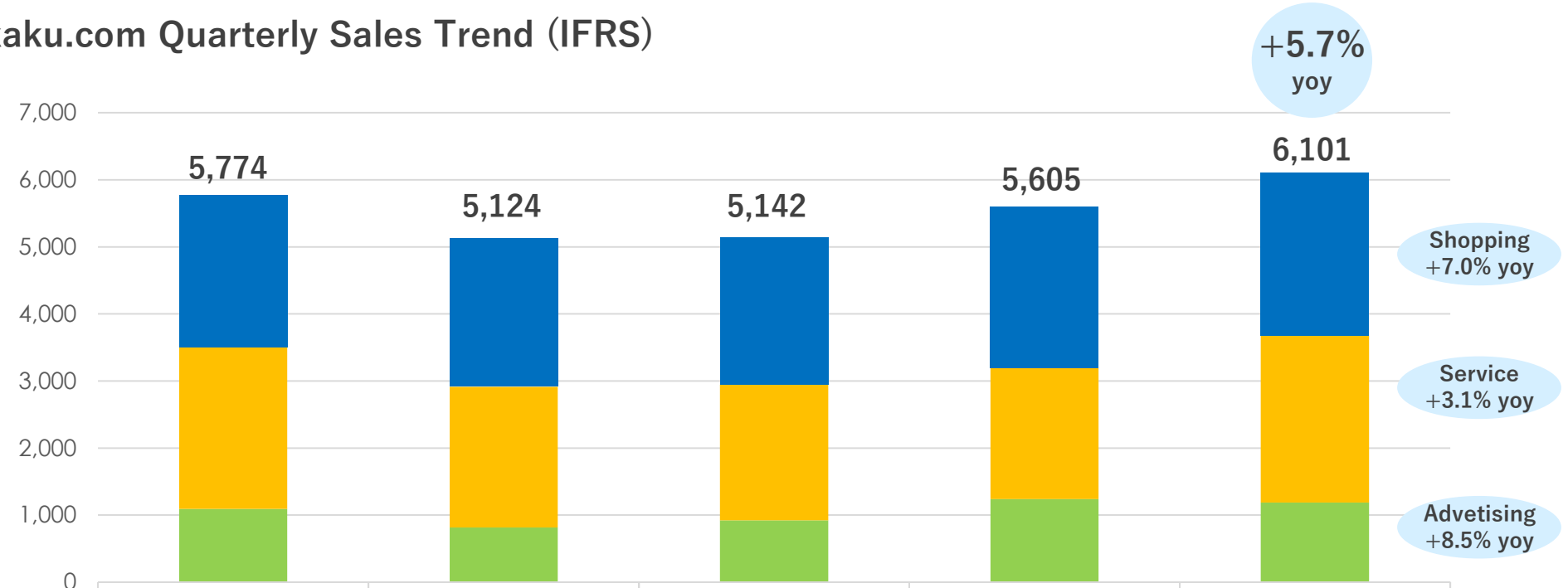
Kakaku.com

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Kakaku.com: Overview

- Positive trends in the shopping and advertising segment resulted in sales of 6,101 million yen, up 5.7% year-on-year.
- The number of Kakaku.com's monthly users was 61.88m (as of March 2018)

Kakaku.com Quarterly Sales Trend (IFRS)



(Unit：million yen)	4Q FY2017/3	1Q FY2018/3	2Q	3Q	4Q
Shopping	2,271	2,213	2,196	2,408	2,431
Service	2,409	2,095	2,023	1,957	2,484
Advertising	1,093	816	923	1,240	1,187

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.

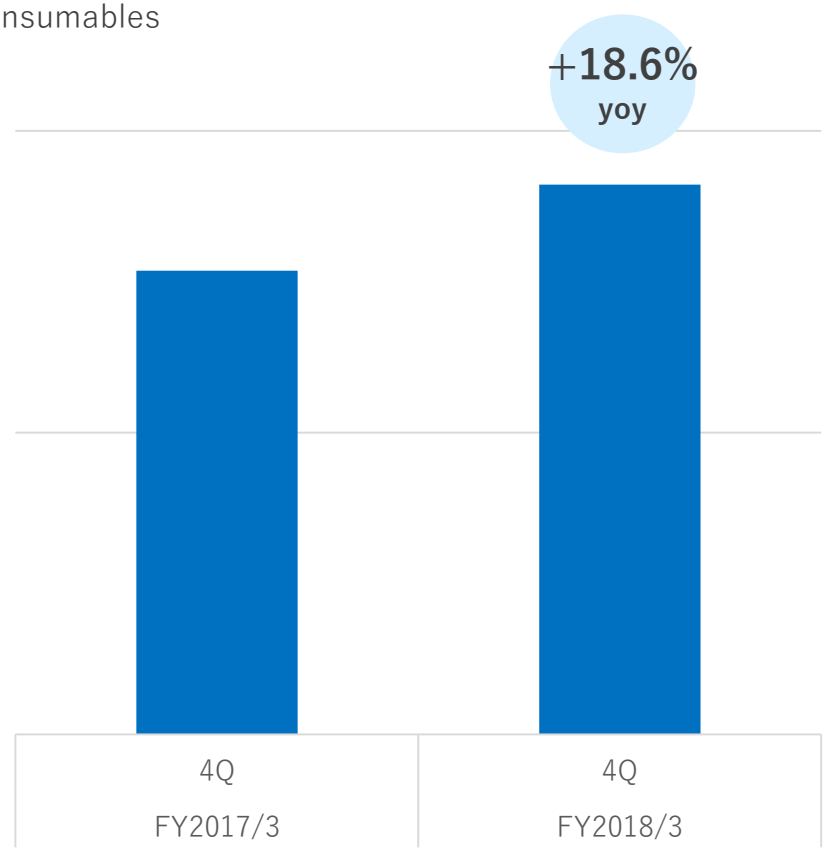
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Kakaku.com: Shopping Segment

- Sales for Kakaku.com's shopping segment were 2,431 million yen, +7.0% year-on-year.
- B2B shopping assistance site Kakaku.com Biz released in April 2018, 。

≪Consumables≫ GMV

Improvements in UI contribute to growing GMV for consumables



B2B Shopping Assistance Site Kakaku.com BIZ

Product search and price comparison for a wide variety of B2B products, from office supplies to farming goods



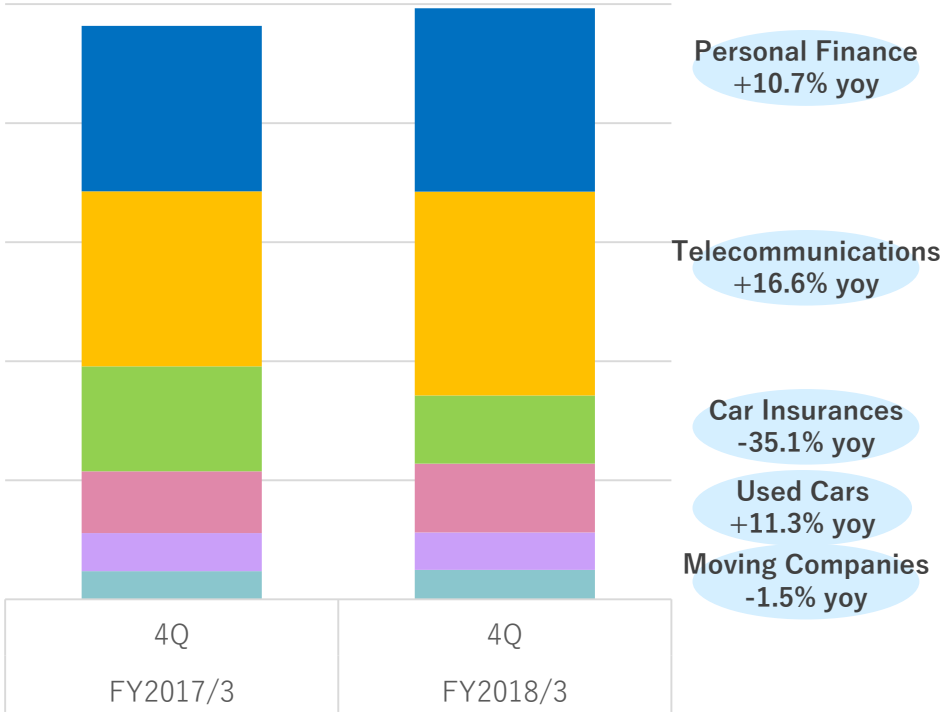
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Kakaku.com: Other Segments

- Personal finance and telecommunications were growth drivers in the service segment, which reported sales of 2,484 million yen, +3.1% year-on-year.
- Sales for Kakau.com's advertising segment rose by 8.5% yoy, to 1,187 million yen, due to growing external advertising sales.

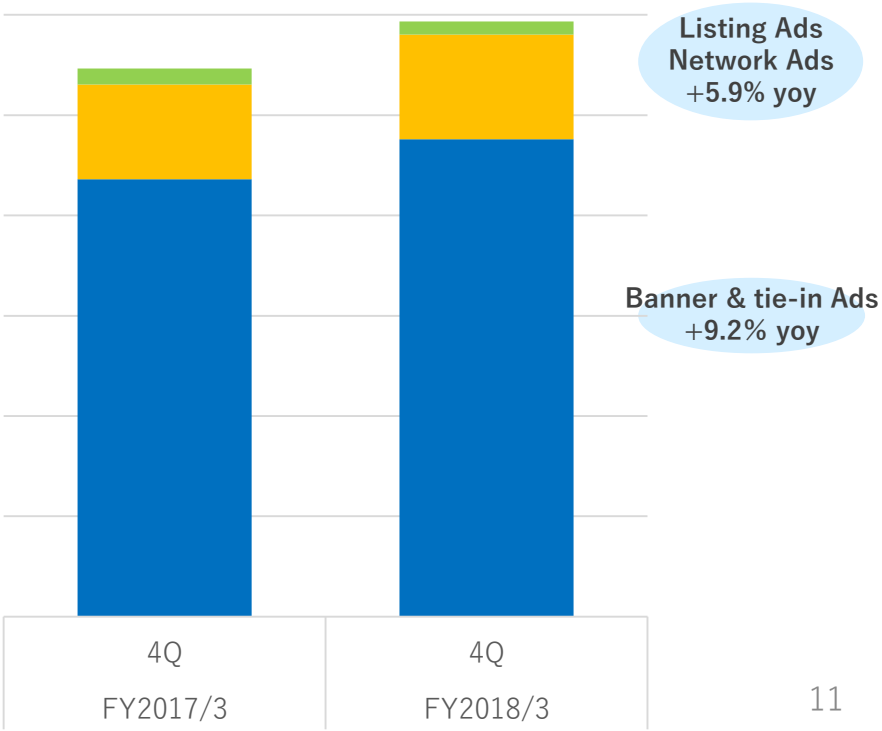
Service Segment: Sales by Category

SIM-Card and Wi-Fi comparison in the telecommunication categories as well as credit card comparison in the personal finance categories saw an increase in sales.



Advertising Segment: Sales by Category

Growing sales from external advertising and increased revenue from banner and tie-in advertising.
Sales from network ads grew due to higher distribution pricing.

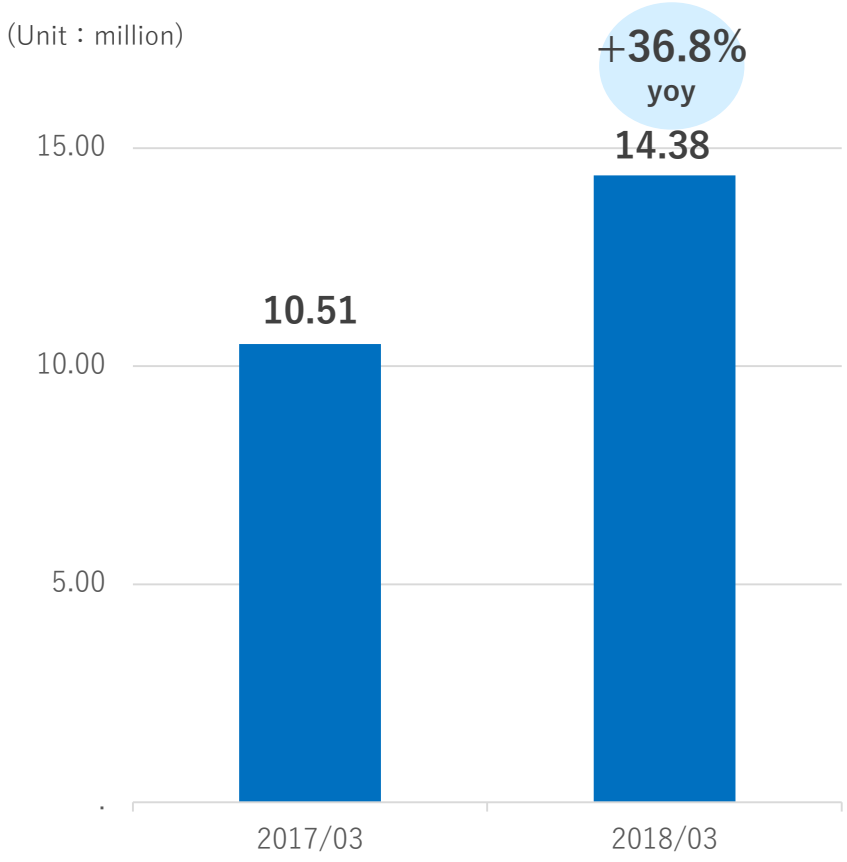


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Priceprice.com

- Four-country total number of users is 14.38 million, +36.8% yoy (as of March 2018)
- Design renewal for the fashion category.

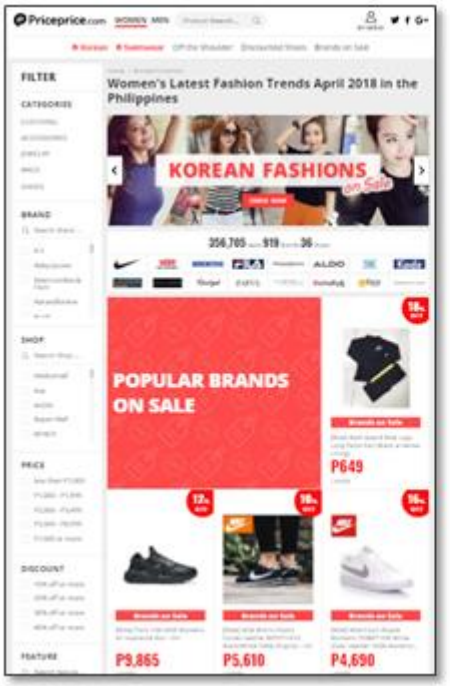
4 Country Total Number of Users



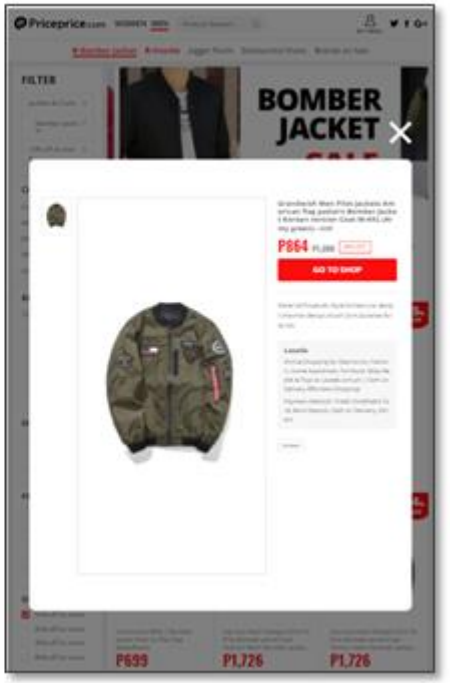
Renewal of Fashion Category

Changes were made to the design of the popular fashion category pages to improve usability.

■Top page of fashion category



■Fashion item page



Note: - 4 country total consists of Indonesia, Philippines, Thailand and India
- 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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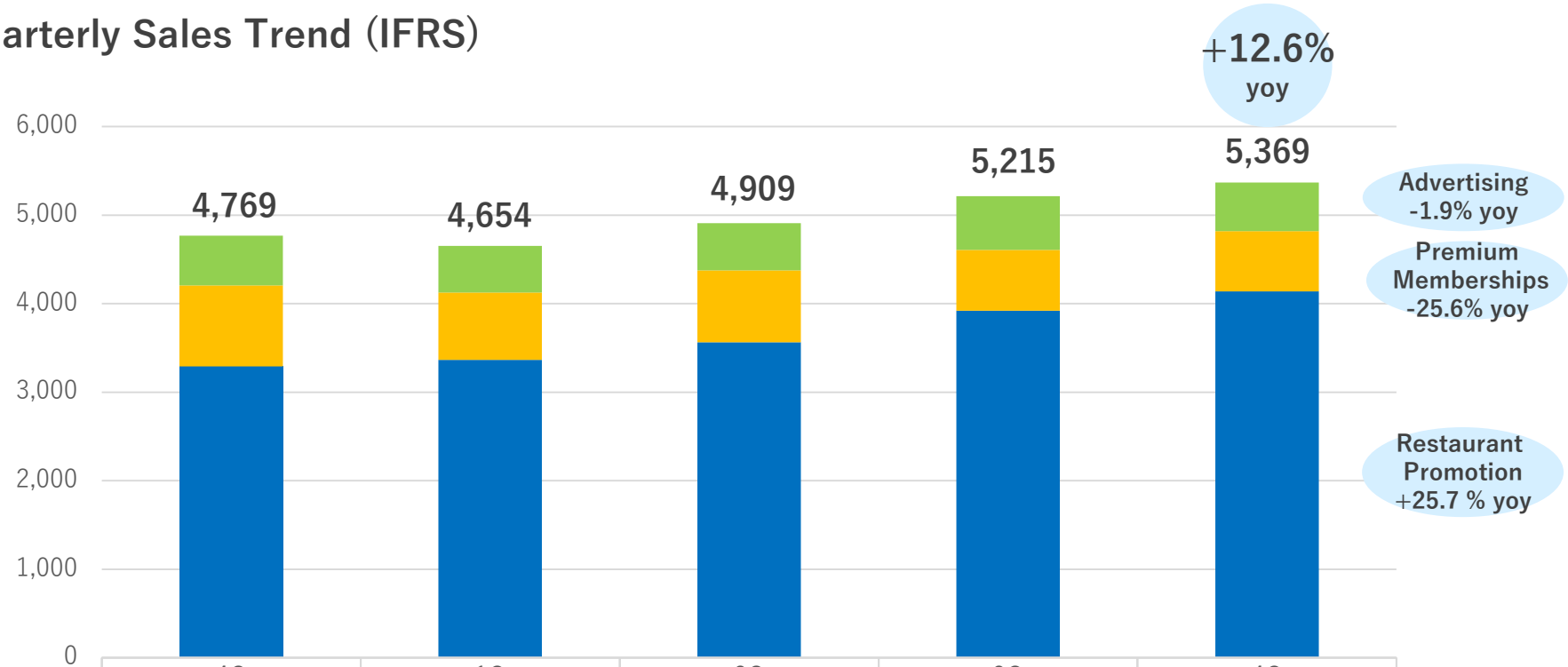
Tabelog

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Tabelog: Overview

- Due to positive results in the restaurant promotion segment, Tabelog's sales were up by 12.6%, with 5,369 million yen.
- The number of monthly users was 142.91 million, as of March 2018.
- The cumulative number of online seat reservations made through Tabelog surpassed 35 million, as of April 2018.

Tabelog Quarterly Sales Trend (IFRS)



(Unit：million yen)	4Q FY2017/3	1Q FY2018/3	2Q	3Q	4Q
Advertising	561	527	531	607	550
Premium Memberships	915	760	813	688	681
Restaurant Promotion	3,293	3,367	3,565	3,920	4,138

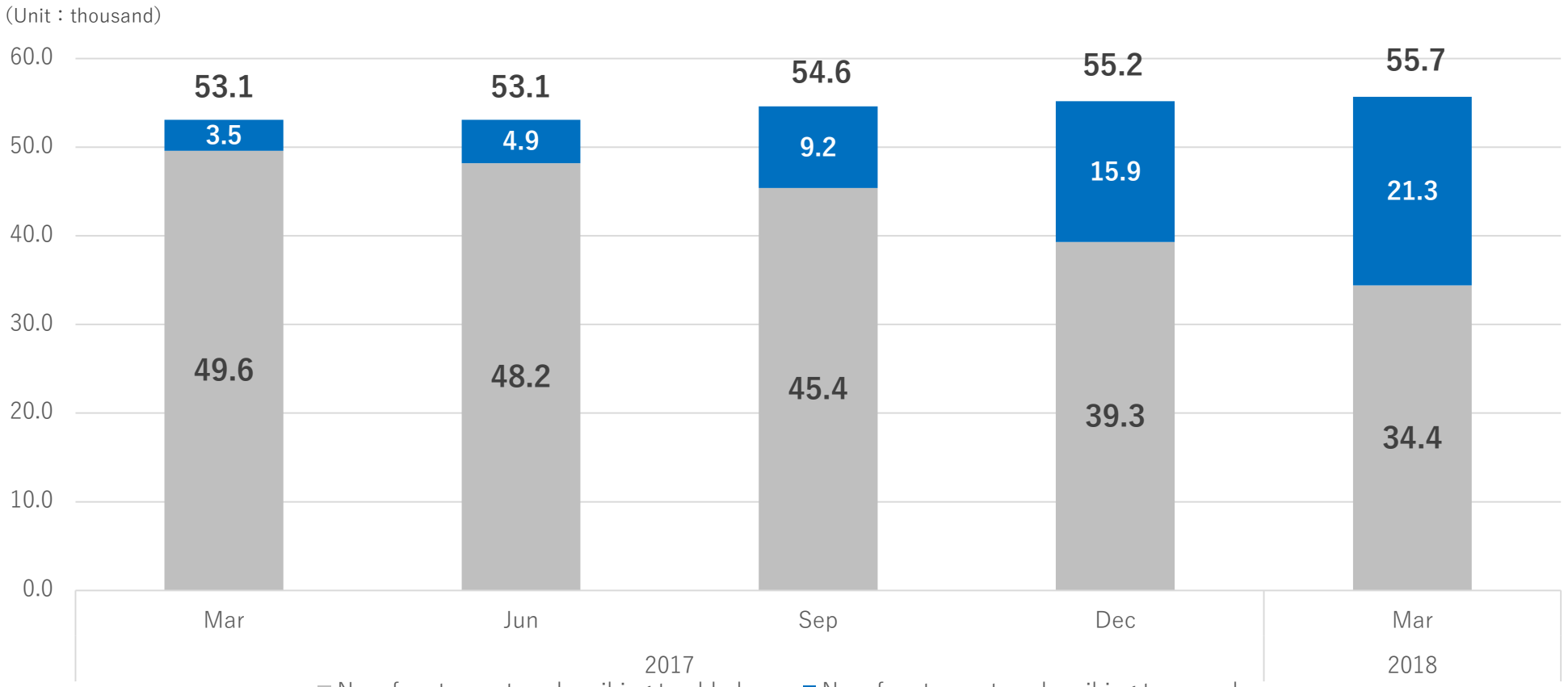
Note: The number of monthly users is the number of people who visited the site on a browser basis. A user who visited the site multiple times over a month is counted as one.

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Tabelog: Restaurant Promotion - No. of Fee-Paying Restaurants

- Due to the growing number of new subscriptions, coupled with a high number of restaurants switching from the old plans, the number of restaurants currently subscribing to the new plans has grown to 21,300, bringing the total to 55,700 fee-paying restaurants.

Breakdown of Fee-Paying Restaurants

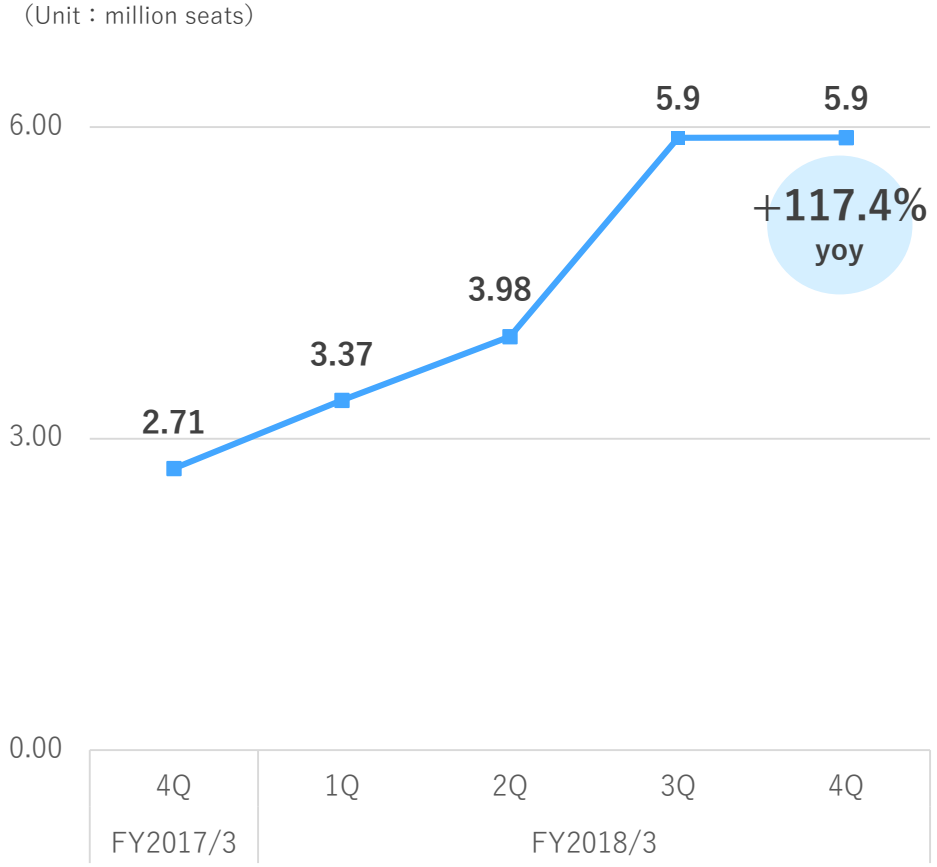


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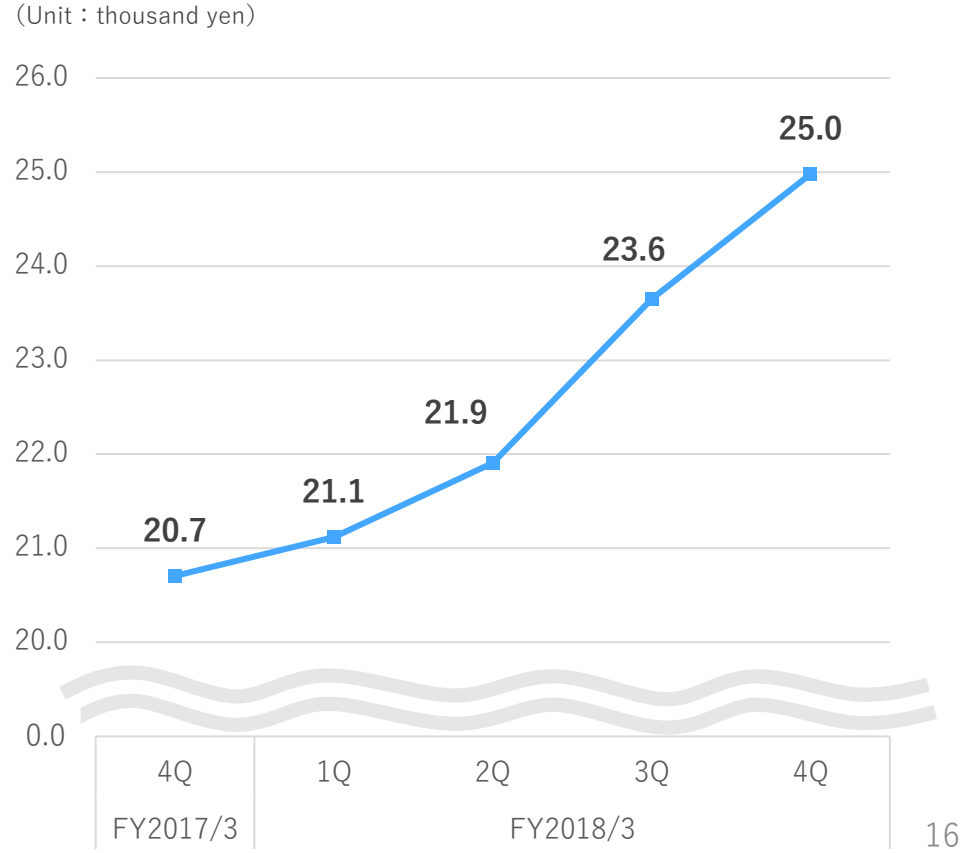
Tabelog: Restaurant Promotion - Online Reservation Growth

- As more restaurants are offering online reservations, the quarterly total of seat reservations increased to 5.90 million, +117.4% yoy.
- Quarterly average revenue per restaurant (ARPU) reached 25,000 yen, surpassing initial company targets.

Number of Online Reservations (Quarterly Total)



ARPU by Quarter



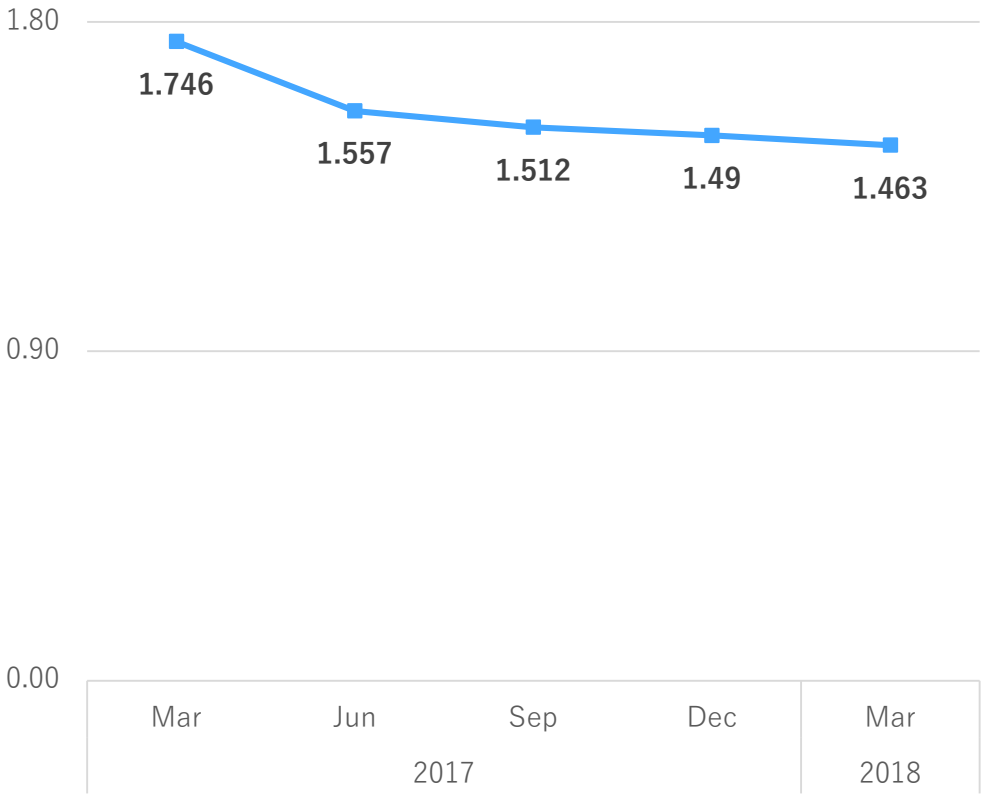
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Tabelog: Other Segments

- A decrease in sales from partner companies, resulted in lower revenue generated by premium memberships, with 681million yen, -25.6% year-on-year.
- While advertising in collaboration with restaurants showed positive results, less traffic being sent to client sites resulted in an overall decrease for the advertising segment, with 550 million yen, -1.9% yoy.

Number of Premium Users

(Unit：million)



New Initiatives in Advertising

Collaborations and tie-ins

ANA Wi-Fi Service

Search for gourmet content on ANA's in-flight Wi-Fi service

■ Image of ANA Wi-Fi Service Gourmet Search



Movie: Crayon Shin-chan

Tie-in content for Movie and Web

■Special content for Crayon Shin-chan: Burst Serving! Kung Fu Boys ~Ramen Rebellion~

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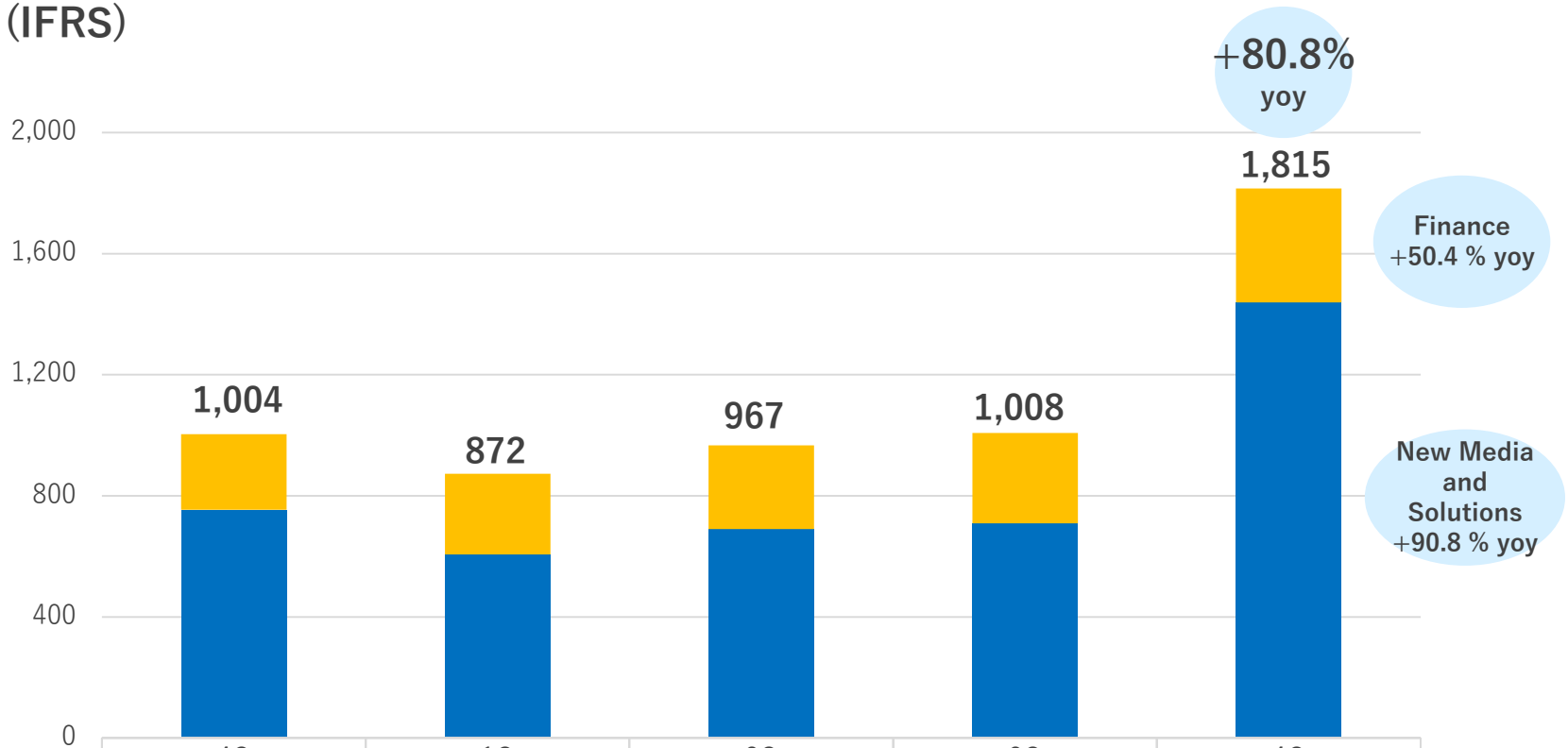
New Media and Solutions / Finance

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New Media and Solutions

- Sumaity, Kinarino, 4travel and Kyujin Box, all showed positive results. In addition, LCL and Gaie became Kakaku.com's subsidiaries in 4Q. Paired with growing revenues from the finance business, sales in new media and solutions/finance, reached 1,815 million yen, up by 80.8% year-on-year.

Quarterly Sales (IFRS)



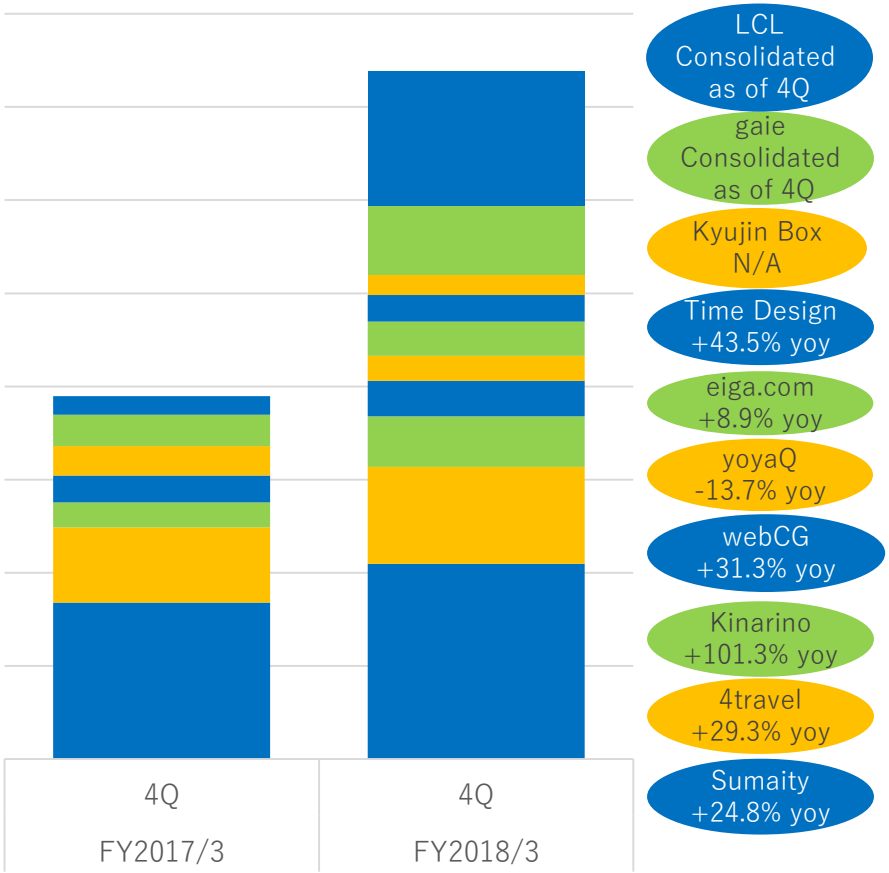
(Unit：million yen)	4Q FY2017/3	1Q FY2018/3	2Q	3Q	4Q
Finance	250	267	277	299	376
New Media & Solutions	754	606	690	709	1,439

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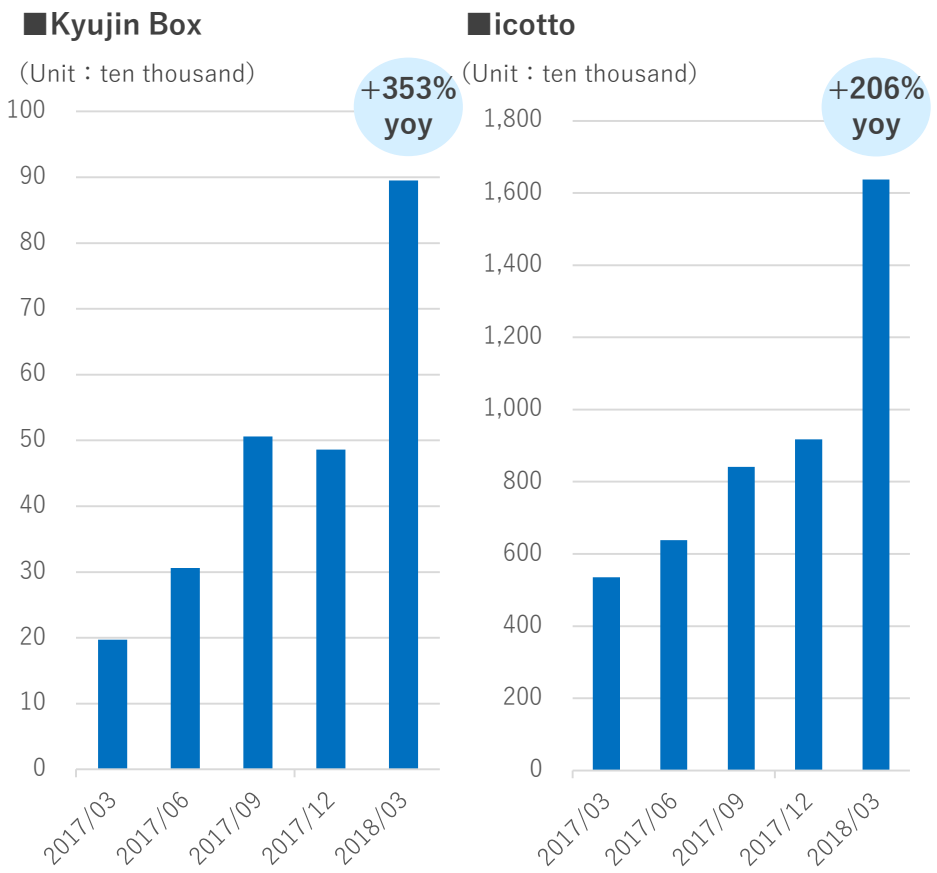
New Media and Solutions

- Advertising sales from Kinarino made good progress, while growing traffic on Kyujin Box resulted in increased revenue growth.
- Monthly user numbers for icotto grew exponentially with +206% year-on-year.

Sales by media (IFRS)



Monthly UU Trend of High Growth Media



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New Media and Solutions: Time Design / Kinarino

- Time Design begins offering its dynamic package solutions on the homepage of Singapore's Marina Bay Sands.
- Kinarino produces advertising products inspired by Kinarino's brand.

≪Time Design≫ Expansion of Overseas Business

In March, Time Design acquired Singapore's Marina Bay Sands as a client for its dynamic package solution and continues to expand its overseas business.

■Marina Bay Sand's online reservation page



≪Kinarino≫ Variety of Advertising Products

Kinarino produces fashion items, official websites and pamphlets inspired by the brand's image, for partner companies.

■ Collaboration dress with fashion brand Sunny Clouds



■Official Website for new apartments by Meitetsu Real Estate Development Co.Ltd



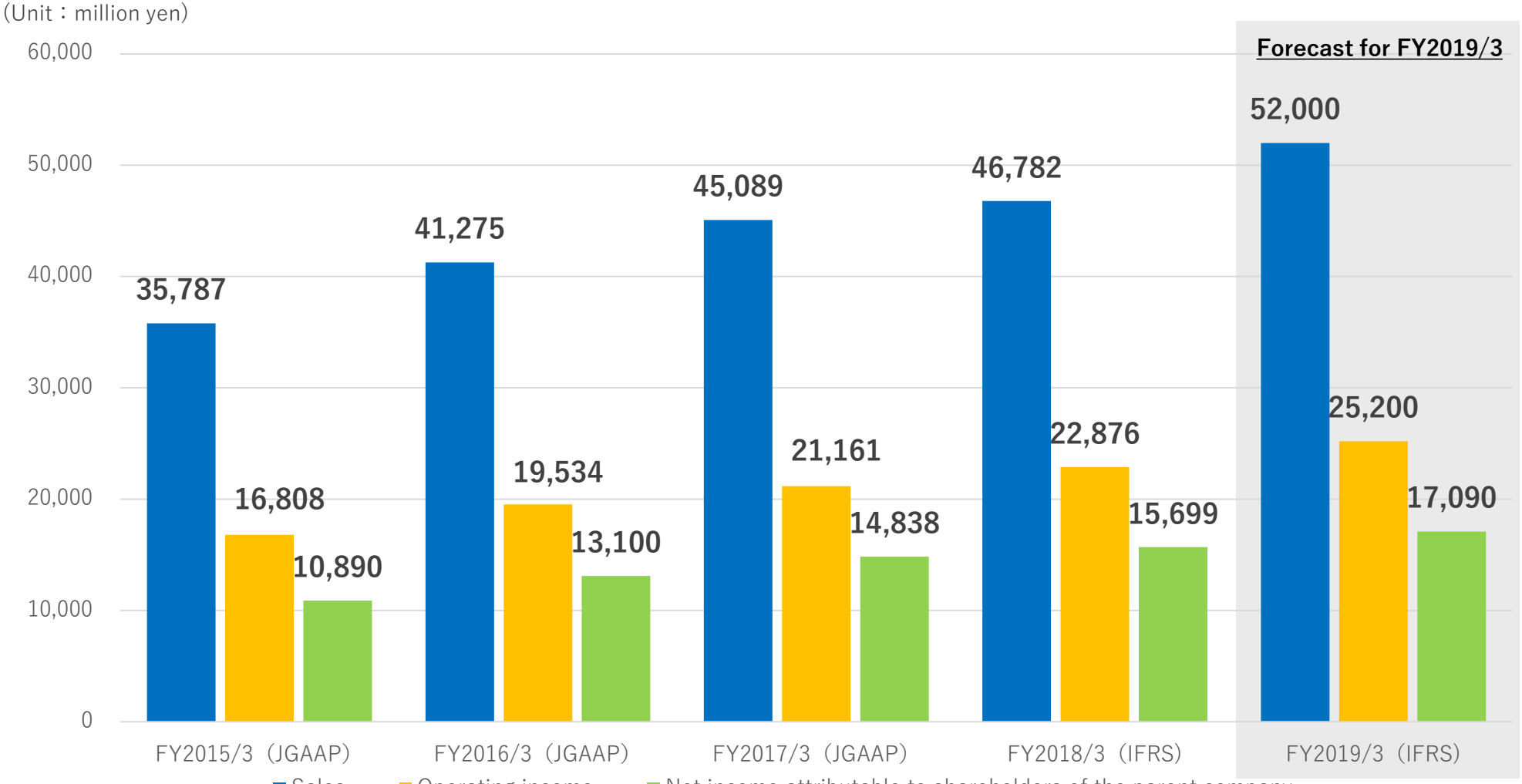
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FY2019/3 Earnings Forecast and Business Strategy

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FY2019/3 Earnings Forecast

- Target for Consolidated Dividend Payout Ratio: 44-45%

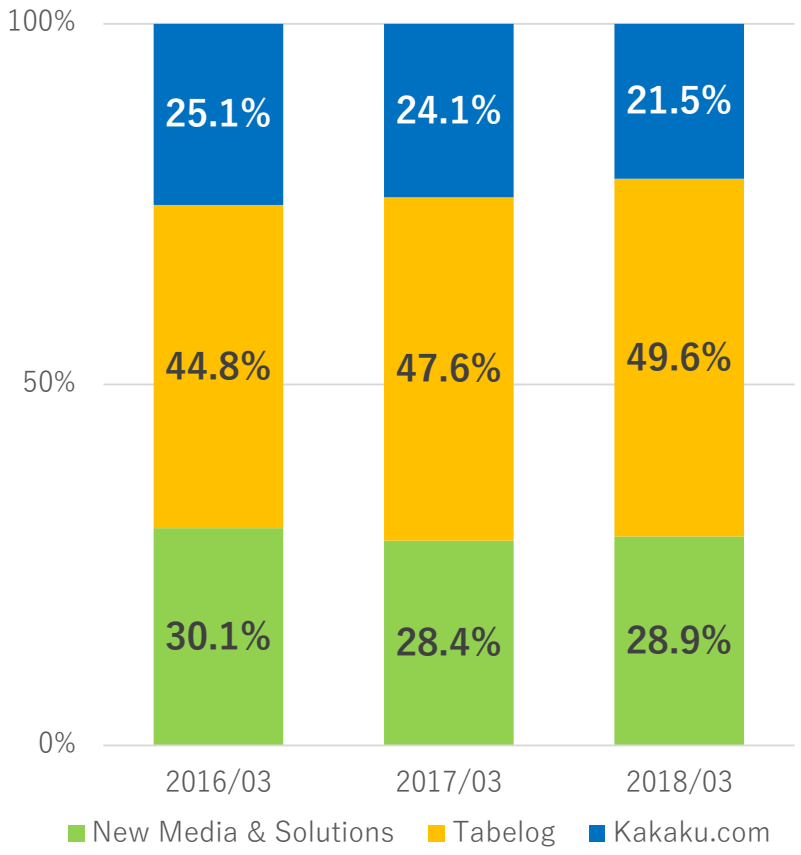


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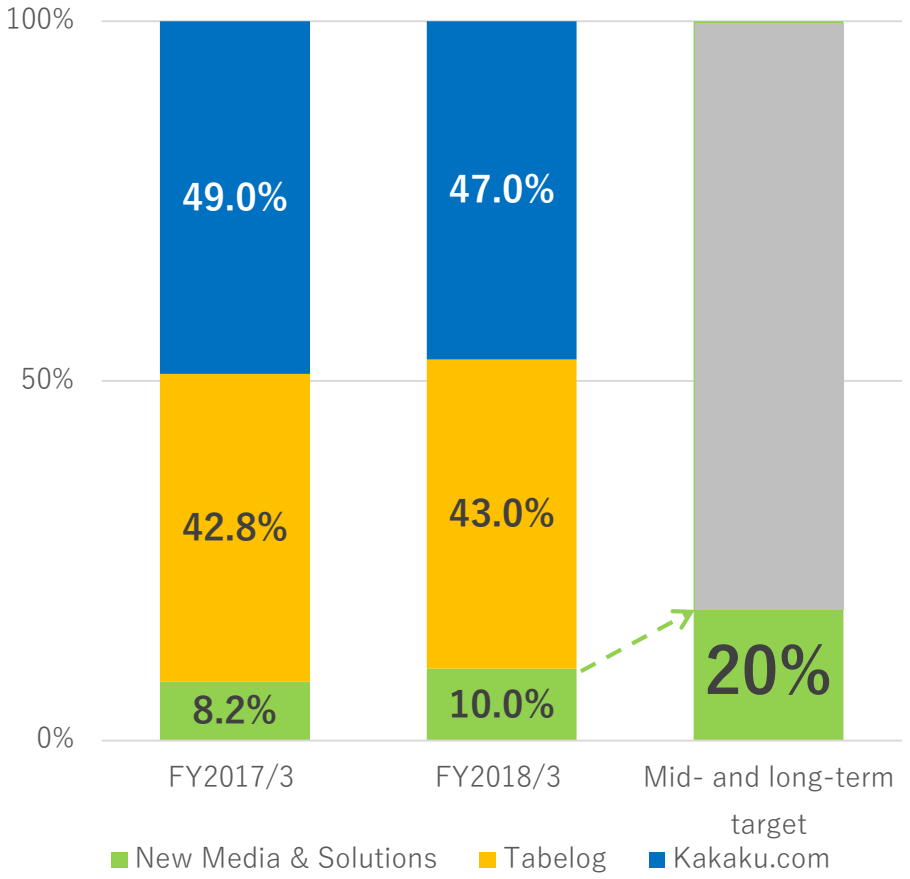
Kakaku.com Group Strategy

- Continued strong growth for Kakaku.com and Tabelog.
- Raise sales ratio of new media and finance business segment to 20% in the mid- to long-term.

Monthly User Ratio by Business Segment（%）



Sales Ratio by Business Segment (IFRS)



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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New Initiatives: Kakaku.com

Enhance value proposition as a shopping assistance site

Provide pricing and product information, as well as user reviews and comments

Start of online to offline promotions, as of October 2017

Release of purchasing history App

Coming initiatives

Increase written content by product experts as well as videos



Expand online to offline user acquisition support



Continue to create new shopping related support services

価格.com

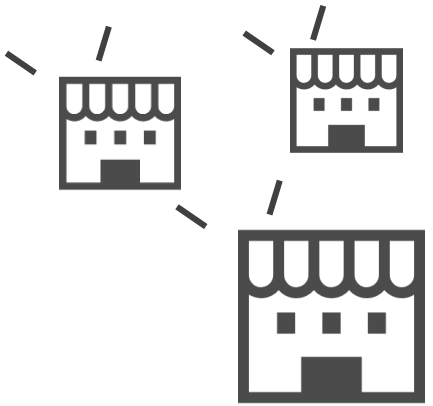
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New Initiatives: Tabelog

Become No.1 gourmet site for online reservations

Online reservation numbers growing steadily	Build sales force in Kansai-Area	Provide services for user acquisition

Coming initiatives

Richer restaurant information to boost online reservations	Building sales teams in each region	Create new services which solve restaurants' various pain points.
		

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New Initiatives: New Media and Solutions / Finance

Enhance content of current services based on their growth stage and expand into new business areas

User numbers continue to grow	Continued high revenue growth of existing services	M&A and investments, both in and outside of Japan

Coming initiatives

Continue growing user base

icotto

TASCLAP



Further monetization based on each business' strategy

キナリノ

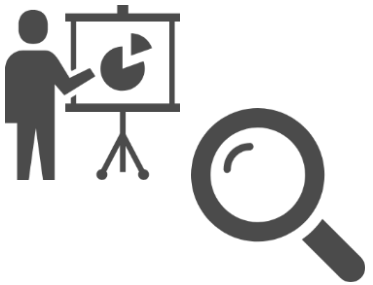
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求人ボックス

Time Design

https://www.bushikaku.net 夜行バス比較なび

Continue review of M&A and investment opportunities. Expanding into new business areas, incl. internal business development



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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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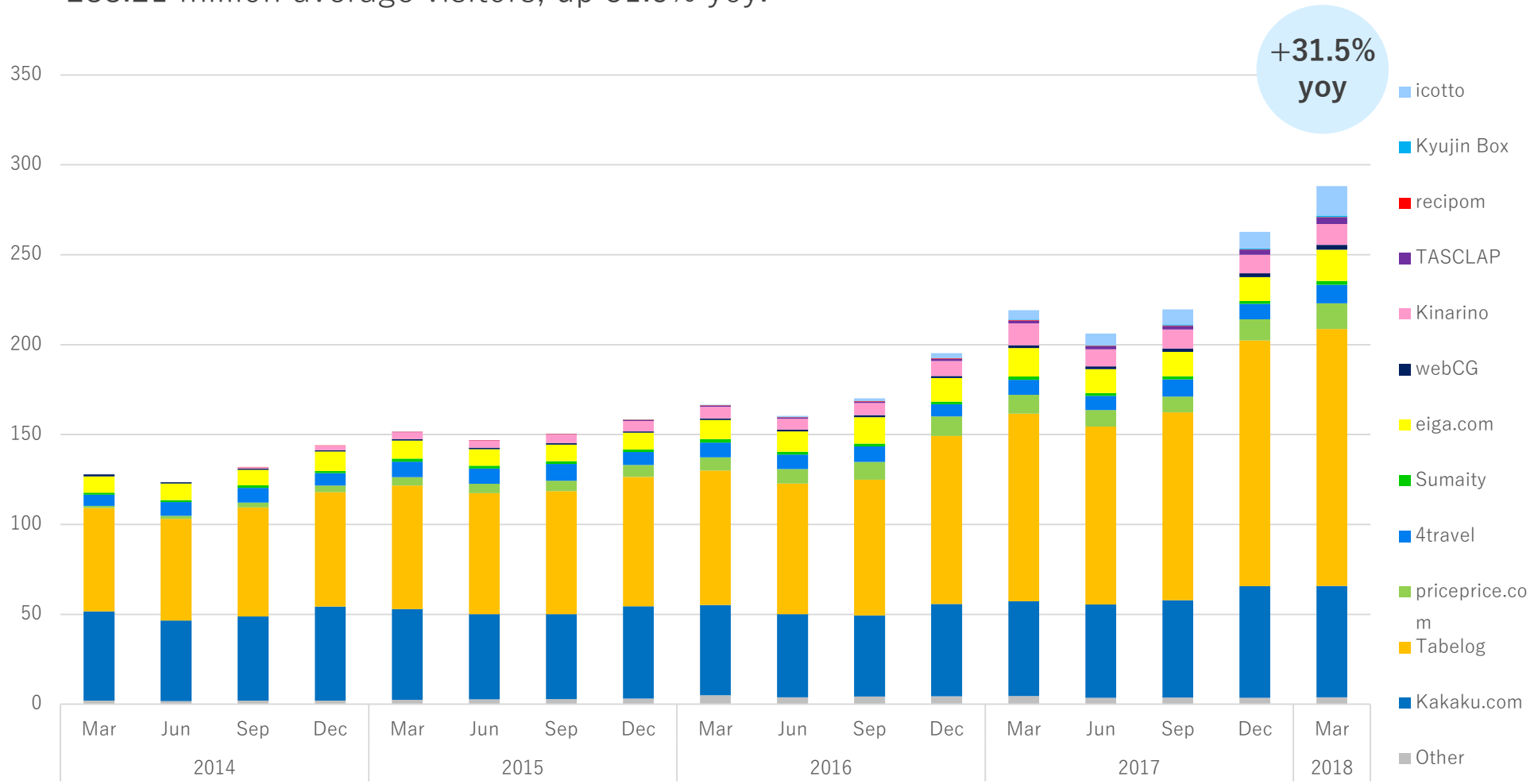
Business Divisions and Segments

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	Restaurant Promotion	Monthly fees for promotional services for restaurants as well as commissions based on online reservations.
		Premium Memberships	User fees for access to premium content.
		Advertising	Advertising income from banner and text ads, content and search based advertising on the Tabelog site/app
	Other	New Media Solution	Income from other sites and services, such as yoyaQ.com, 4travel, Sumaity, Time Design, Kinarino, and Kyujin Box
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 March 2018, was 288.21 million average visitors, up 31.5% yoy.



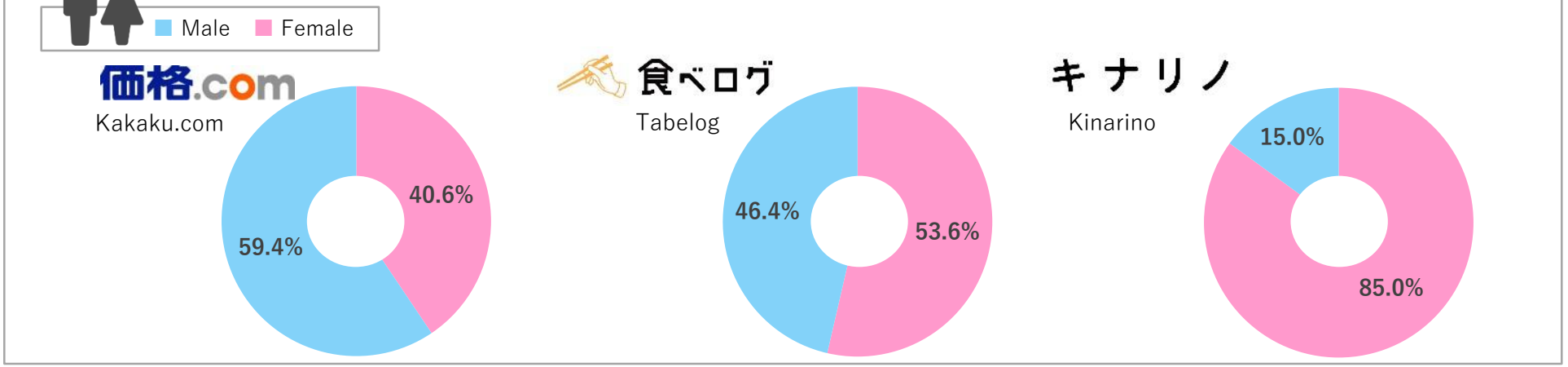
Note: As of November 2016, the Company changed the measurement logic in order to reflect the diversification of web pages on mobile devices.

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User Profile

Male- Female Ratio

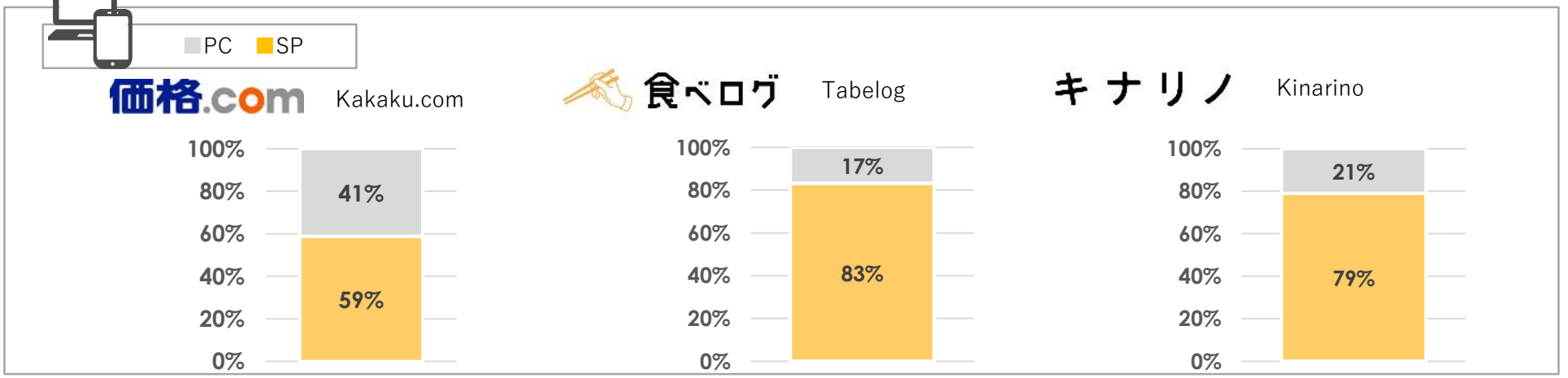
Kakaku.com has more male users, while Kinarino users are predominately women , Tabelog is used almost equally by men and women.



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

User distribution by device

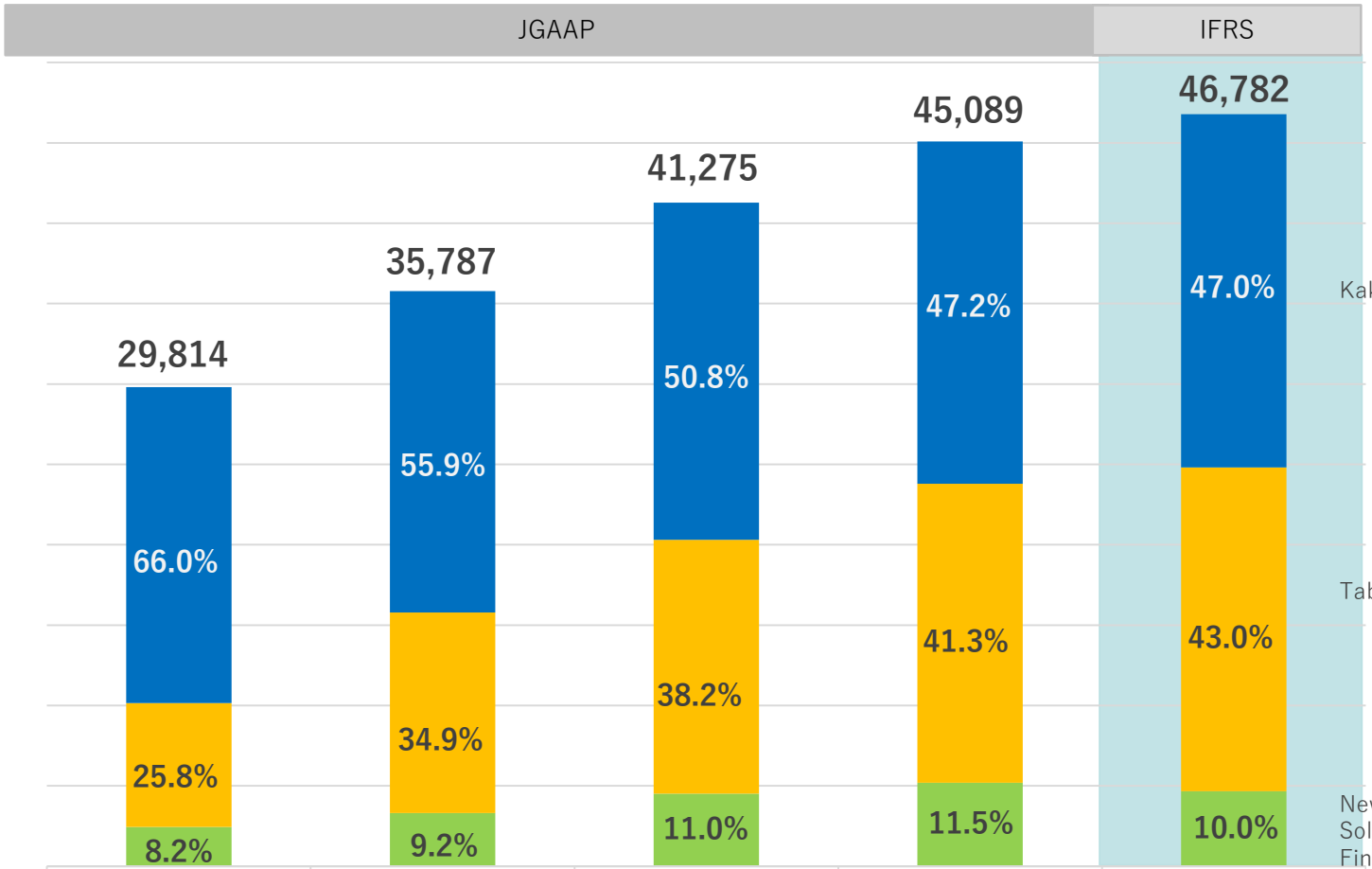
The majority of users accesses Kakaku.com, Tabelog and Kinarino from their smartphones.



Source: Adobe Marketing

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Sales Contribution by Business Segment by Fiscal Year (Consolidated)



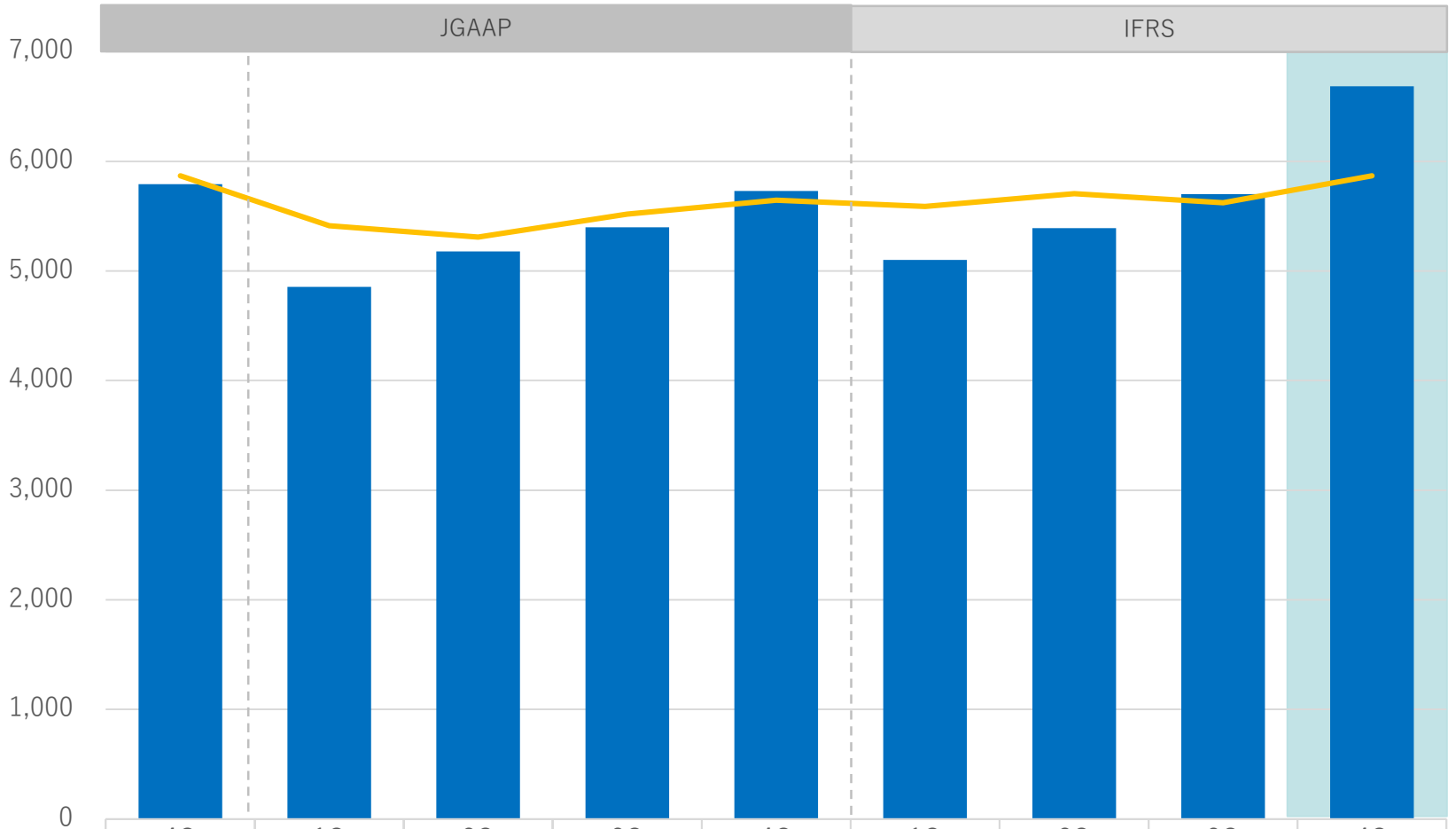
(Unit：million yen)

	FY2014/3 (JGAAP)	FY2015/3 (JGAAP)	FY2016/3 (JGAAP)	FY2017/3 (JGAAP)	FY2018/3 (IFRS)
Kakaku.com	19,669	19,993	20,967	21,287	21,973
Tabelog	7,695	12,476	15,782	18,608	20,148
New Media & Solutions / Finance	2,448	3,318	4,525	5,192	4,662

Note: Amounts exclude inter-segment sales and transfers.

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Operating Income by Quarter (Consolidated)



(Unit：million yen, %)	4Q FY2016/3	1Q FY2017/3	2Q FY2017/3	3Q FY2017/3	4Q FY2017/3	1Q FY2018/3	2Q FY2018/3	3Q FY2018/3	4Q FY2018/3
Operating Income	5,791	4,854	5,178	5,398	5,729	5,100	5,392	5,700	6,684
Margin	50.3%	46.4%	45.5%	47.3%	48.4%	47.9%	48.9%	48.2%	50.3%

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Kakaku.com Group Service Overview

◆[Kakaku.com] 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	◆[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 TASCLAP	◆ [Yako Bus Hikaku Navi] Highway and overnight bus price comparison https://www.bushikaku.net 夜行バス比較なび

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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/
	gaie, Inc.	URL: https://gaie.jp/
	Catapult Ventures Pte. Ltd.	URL: https://www.moneysmart.sg/
	LoveBonito Holdings Pte. Ltd.	URL: https://www.lovebonito.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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