

# Fiscal Year 2009 Third Quarter Results Presentation

November 9, 2009

**GMO Internet, Inc.**

(TSE First Section: 9449)

◆ **Supplementary Materials** ◆

Internet for Everyone  
<http://www.gmo.jp/en>

1. GMO Internet Group

2. Web Infrastructure  
& Ecommerce

3. Business Model &  
Growth Strategy

# 1. GMO Internet Group

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# FY2009 3rd Quarter – Scope of Consolidation

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

Business Segment	2009 Fiscal Year 2 <sup>nd</sup> Quarter		2009 Fiscal Year 3 <sup>rd</sup> Quarter		Notes
	Company Name	Proportion of Voting Rights (%)	Company Name	Proportion of Voting Rights (%)	
Web Infrastructure & Ecommerce	GMO Internet, Inc.	Parent	GMO Internet, Inc.	Parent	
	GMO Hosting & Security, Inc	51.3	GMO Hosting & Security, Inc	51.3	
	GlobalSign K.K.	(89.8)	GlobalSign K.K.	(89.8)	
	GlobalSign Ltd. (England)	(100.0)	GlobalSign Ltd. (England)	(100.0)	
	GlobalSign NV (Belgium)	(100.0)	GlobalSign NV (Belgium)	(100.0)	
	GlobalSign, Inc. (US)	(100.0)	GlobalSign, Inc. (US)	(100.0)	
	Toriton, Inc.	(100.0)	Toriton, Inc.	(100.0)	
	Hosting & Security, INC. (US)	(51.2)	Hosting & Security, INC. (US)	(51.2)	
	@YMC Corporation	(100.0)	@YMC Corporation	(100.0)	
	Global Web Co. Ltd.	(70.0)	Global Web Co. Ltd.	(70.0)	
	GMO Managed Hosting, Inc.	(100.0)	GMO Managed Hosting, Inc.	(100.0)	
	GMO Payment Gateway, Inc.	52.3	GMO Payment Gateway, Inc.	52.3	
	Epsilon, Inc.	(100.0)	Epsilon, Inc.	(100.0)	
	paperboy & co. Inc.	57.4	paperboy & co. Inc.	57.4	
	GMO MAKESHOP Co., Ltd	58.7	GMO MAKESHOP Co., Ltd	58.7	
	GMO System Consulting, Inc.	92.5	GMO System Consulting, Inc.	92.5	
	GMO DIGITAL DISTRIBUTION, Inc.	(90.9)	GMO DIGITAL DISTRIBUTION, Inc.	(90.9)	
GMO Solution Partner, Inc.	76.0	GMO Solution Partner, Inc.	76.0		
INTERNET Number Corporation	(88.5)	INTERNET Number Corporation	(100.0)		
GSS Corporation.	(100.0)	GSS Corporation.	(100.0)		
GMO Creators Network, Inc.	66.7	GMO Creators Network, Inc.	66.7		
Internet Media	GMO AD Partners Inc.	49.1	GMO AD Holdings, Inc.	100.0	New
	GMO Mobile, Inc.	(100.0)	GMO AD Partners Inc.	(49.1)	
	Seed Technology, Inc.	(100.0)	GMO Mobile, Inc.	(100.0)	
	NIKKO, Inc.	100.0	Seed Technology, Inc.	(100.0)	
	GMO Research, Inc	78.2	NIKKO, Inc.	(100.0)	
	GMO Media Holdings, Inc.	100.0	GMO Research, Inc	78.2	
	GMO Media, Inc.	(77.2)	GMO Media Holdings, Inc.	100.0	
	GMO Ad Networks, Inc.	(100.0)	GMO Media, Inc.	(77.2)	
	JWord, Inc.	70.8	GMO Ad Networks, Inc.	(100.0)	
	BOM, Inc.	100.0	JWord, Inc.	70.8	
	GMO Marketing, Inc.	51.0	BOM, Inc.	100.0	
	GMO Games, Inc.	100.0	GMO Marketing, Inc.	51.0	
	GMO Games Korea, Inc.	(100.0)	GMO Games, Inc.	100.0	
	GMO SEO Technology, Inc.	51.0	GMO Games Korea, Inc.	(100.0)	
	and eight (8) other companies		GMO SEO Technology, Inc.	51.0	
		and eight (8) other companies			
Other Businesses	GMO Venture Partners, Inc.	100.0	GMO Venture Partners, Inc.	100.0	
	GMO Venture Partners Investment Limited Partnership	(71.4)	GMO Venture Partners Investment Limited Partnership	(71.4)	
	Blog Business Fund Investment Limited Partnership	(19.8)	Blog Business Fund Investment Limited Partnership	(19.8)	

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## Listed Subsidiaries

## 1. GMO Internet Group

2. Web Infrastructure  
& Ecommerce3. Business Model &  
Growth Strategy

(JPY millions)

				
Stock Code	TSE Mothers (3788)	TSE 1 <sup>st</sup> Section (3769)	OSE Hercules (4784)	JASDAQ (3633)
Fiscal Term	Q3 FYE 12/2009	Q4 FYE 9/2009	Q3 FYE 12/2009	Q3 FYE 12/2009
Sales	1,876	677	1,276	679
Operating Profit	269	240	39	147
Ordinary Profit	273	240	52	147
Net Profit	136	134	31	85

\*Figures taken from each company's quarterly P/L statement

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# Summary of Sales by Business

(JPY millions)

## 1. GMO Internet Group

## 2. Web Infrastructure &amp; Ecommerce

## 3. Business Model &amp; Growth Strategy

Business	Q3/2008	Q4/2008	Q1/2009	Q2/2009	Q3/2009
<b>◆ Web Infrastructure &amp; Ecommerce ◆</b>					
Internet Access Provider	349	331	320	307	295
Domain	601	546	603	615	520
Web Hosting	2,156	2,221	2,241	2,260	2,256
EC Solutions & Web Development	841	698	564	440	418
Security	255	281	311	326	304
Payment Processing	578	579	606	627	662
Other	30	39	60	59	84
<b>Segment Total</b>	<b>4,815</b>	<b>4,697</b>	<b>4,710</b>	<b>4,636</b>	<b>4,541</b>
<b>◆ Internet Media ◆</b>					
Internet Media & Search Media	2,429	2,318	2,245	2,460	2,988
Internet Advertising Agencies	2,745	3,028	2,697	2,280	2,217
Other	364	368	335	272	274
Adjustment for internal transactions	-174	-100	-112	-191	-194
<b>Segment Total</b>	<b>5,365</b>	<b>5,615</b>	<b>5,166</b>	<b>4,822</b>	<b>5,286</b>
<b>◆ Other Businesses ◆</b>					
Other	8	1	0	18	1
Adjustment for internal transactions	8	1	0	18	1
<b>Segment Total</b>	<b>-229</b>	<b>-231</b>	<b>-206</b>	<b>-172</b>	<b>-150</b>
<b>Consolidated Sales</b>	<b>9,959</b>	<b>10,083</b>	<b>9,671</b>	<b>9,304</b>	<b>9,679</b>

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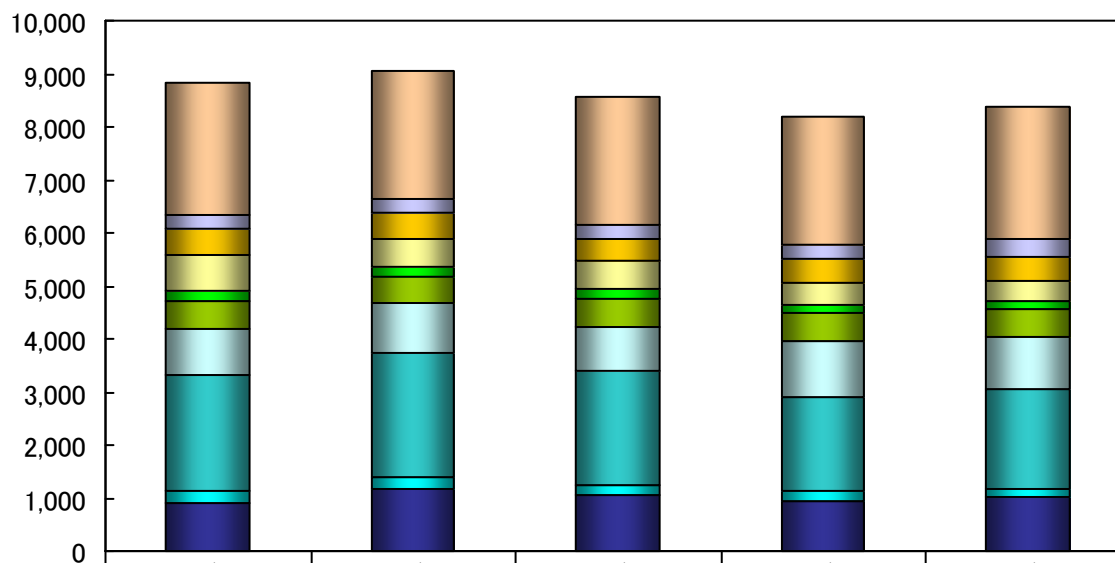
# Costs and Cost Composition (Consolidated)

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

(JPY millions)



	Q3/08	Q4/08	Q1/09	Q2/09	Q3/09
Cost of Sales and SGA Total	8,844	9,055	8,568	8,198	8,367
Human Resources	2,488	2,395	2,411	2,420	2,493
Advertising and Promotion Costs	278	265	254	263	316
Depreciation and Rental Costs	502	508	435	448	470
Outsourcing/Sub contracting expenses	681	538	523	413	352
Communication Costs	182	180	189	171	171
Rent	503	492	512	516	513
Comission Paid	890	930	858	1,050	977
Media Costs	2,200	2,346	2,141	1,795	1,883
Goodwill Amortization	222	225	181	184	173
Other	893	1,171	1,060	934	1,015

\* Revised to reflect the changes to cost of sales, SGA, and sales expenses

\* "Outsourcing/ sub contracting expenses" and "Other" revised in Q1/09

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Growth Strategy

## 2. Web Infrastructure & Ecommerce

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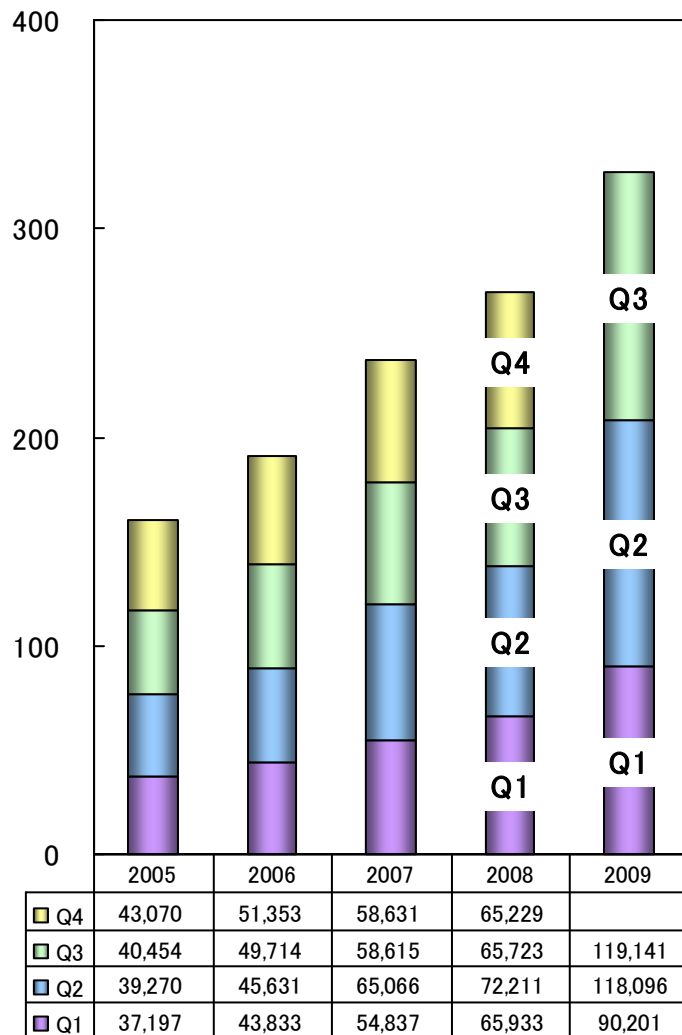
# New Domains and Domain Renewals

1. GMO Internet Group

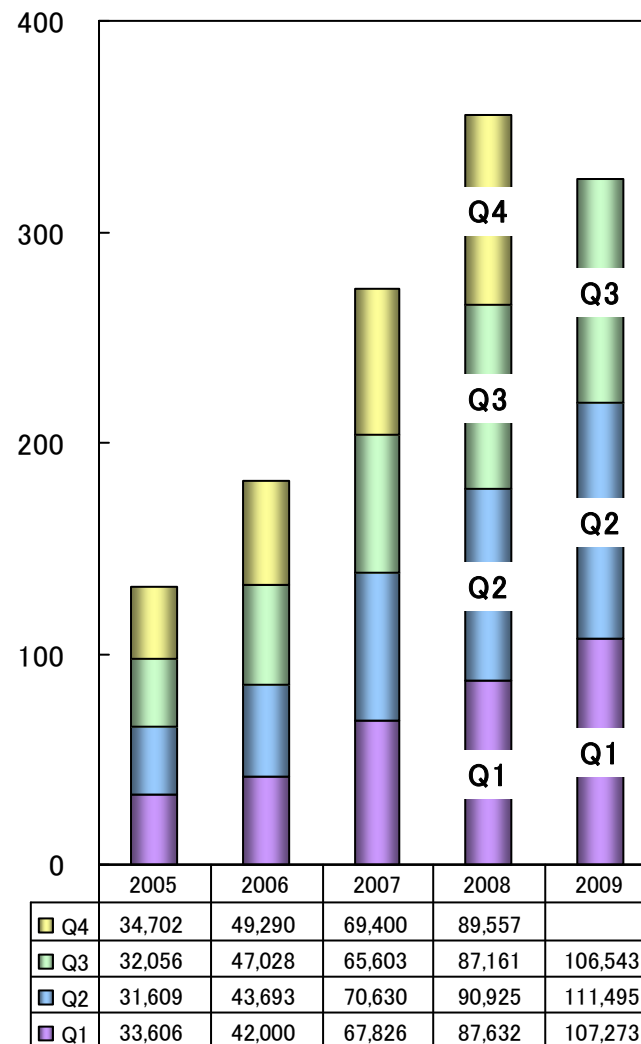
2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

### New Domain Registrations



### Renewals



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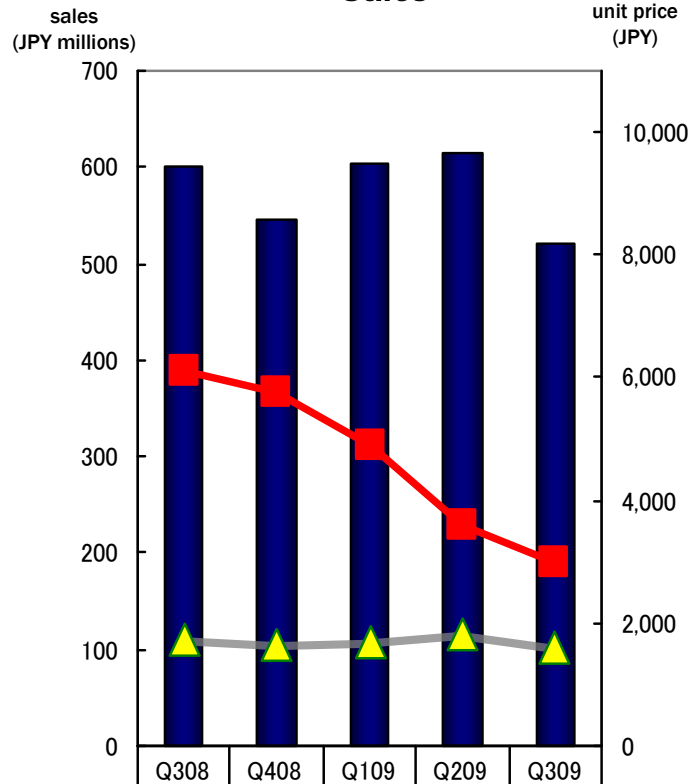
# Domain Registration

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

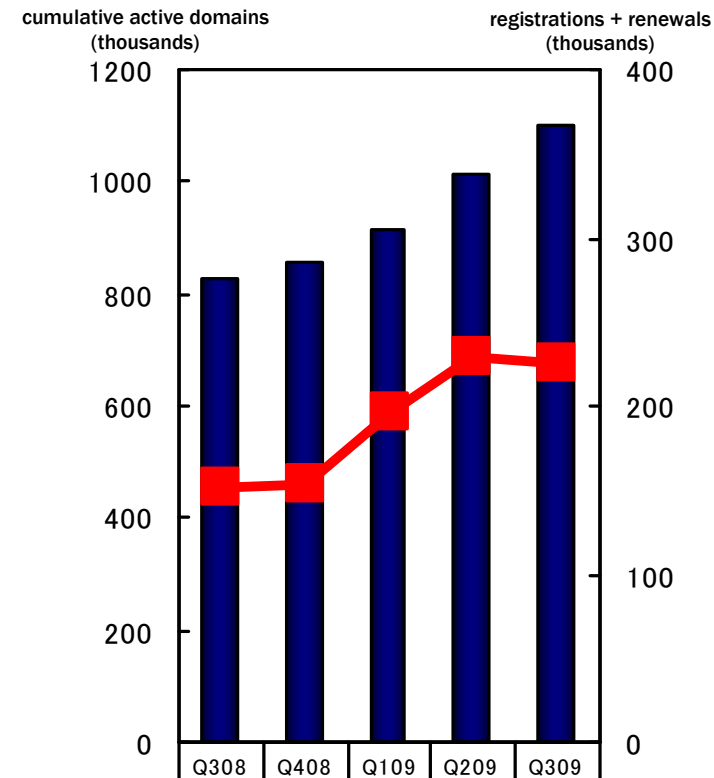
3. Business Model & Growth Strategy

### Sales



Sales	601	546	603	615	520
Avg Unit Price	6,086	5,749	4,880	3,575	2,990
Avg Unit Price for Individuals	1,716	1,631	1,688	1,815	1,620

### Domain Registrations



Cumulative active domains	829	855	913	1,012	1,101
Registrations + Renewals	152	154	197	229	225
Total Cumulative Domains	1,340	1,405	1,496	1,614	1,733

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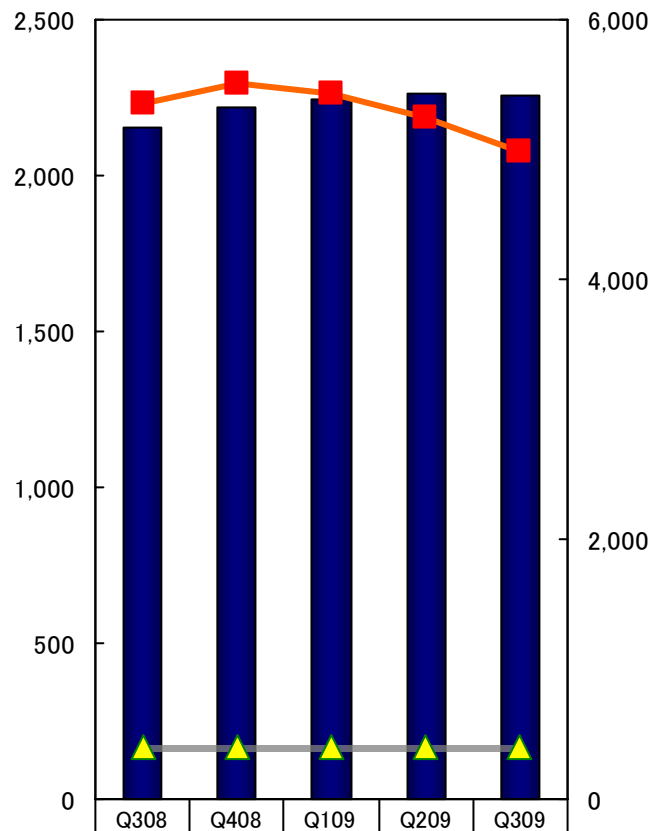
# Web Hosting

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

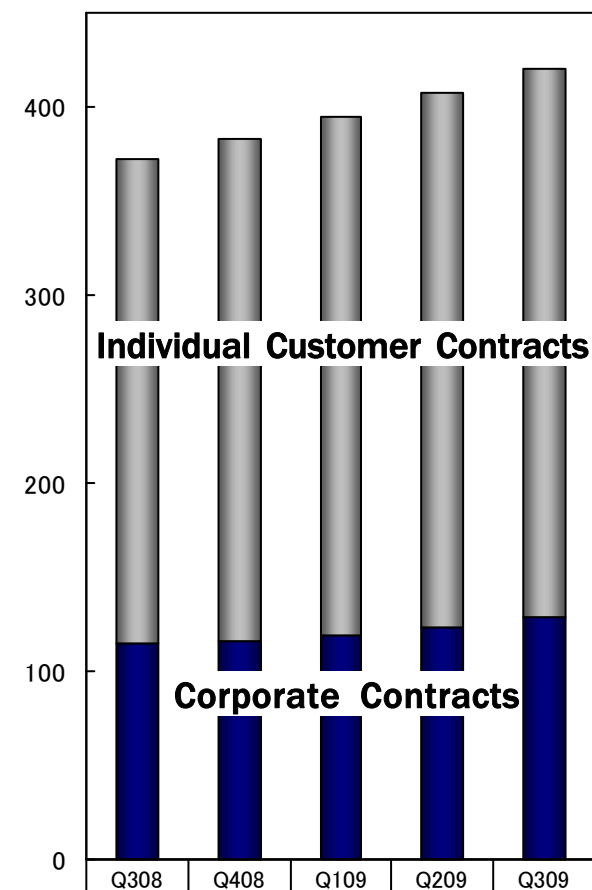
3. Business Model & Growth Strategy

**Sales**  
sales (JPY millions)      unit price (JPY) (thousands)



■ Sales	2,156	2,221	2,241	2,260	2,256
—■ Avg. Unit Price	5,357	5,507	5,434	5,253	4,992
—▲ Avg. Unit Price for Individuals	403	397	398	400	395

**Contracts**



■ Individual Contracts	257	267	276	284	291
■ Corporate Contracts	115	116	119	123	129

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1. GMO Internet Group

2. Web Infrastructure  
& Ecommerce

3. Business Model  
& Growth Strategy

# 3. Business Model & Growth Strategy

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# The GMO Internet Group

1. GMO Internet Group

2. Web Infrastructure  
& Ecommerce

3. Business Model  
& Growth Strategy

## Striving to be the “Internet Department” to Japan

The company that has most increased the number of websites (volume of information) on the Internet in Japan



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# Services

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

## Web Infrastructure & Ecommerce Segment

Everything required to publish information on the Internet

**Domain Registration**  
Addresses for the Internet


http://www

お名前.com

**Web Hosting**  
Website and email data storage

iSLE  
RapidSite

**Security**  
Data encryption



SSLはグローバルサイン  
GlobalSign



品名	数量	小計	商品税
2008年度版「専修」(単行本)	1	7,270円	0円
2008年度版「専修」(単行本)	1	7,270円	0円
2008年度版「専修」(単行本)	1	7,270円	0円
合計		21,810円	0円

合計 49,350円

**Ecommerce Solutions & Web Dev.**  
Ecommerce systems provider

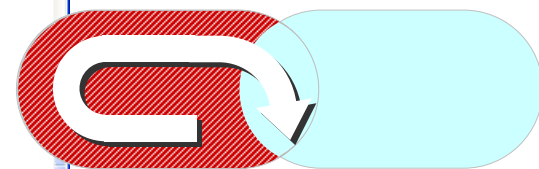


MakeShop  
GMO INTERNET GROUP

**Payment Processing**  
Online payment processing



GMO PAYMENT GATEWAY



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# Services

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2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

## Internet Media segment (1)

- Helping websites attract customers

Yahool JAPAN - ヘルプ

ウェブ検索結果 キヤノン で検索した結果 1~10件目 / 約25,300,000件 - 0.12秒

**① JWord** キヤノン

スポンサーサイト  
**①** キヤノン  
 キヤノンの日本国総代理店サイト  
 canon.jp

スポンサーサイト  
 みんなの就活活動日記  
 キヤノンの30歳賞金は？人事が教えてくれない企業クイズ32万社分  
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 www.canon.oa-sanka2.com

トリーを見る

スポンサーサイト  
 検索について

**Premium Word Area**

キヤノン

デジタル一眼レフカメラ「EOS」シリーズ、コンパクトデジタルカメラ「BY DIGITAL」シリーズ等紹介。

① JWord



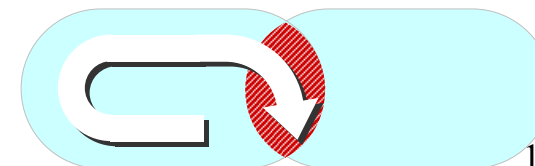
Displays ads at the top of affiliated websites. Directs users to registered sites according to keywords entered into the browser address bar.

② SEO



HTML, site structure and links optimized to improve rankings in search results listings.

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# Services

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2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

## Internet Media segment (2)

▪▪▪ Advertising revenue from owned & operated media



### Overture

Overture ads distributed to blog pages and other long tail media. Blog post content is analyzed and relevant advertising is displayed.

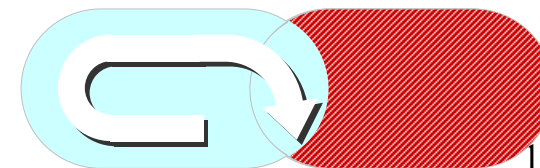
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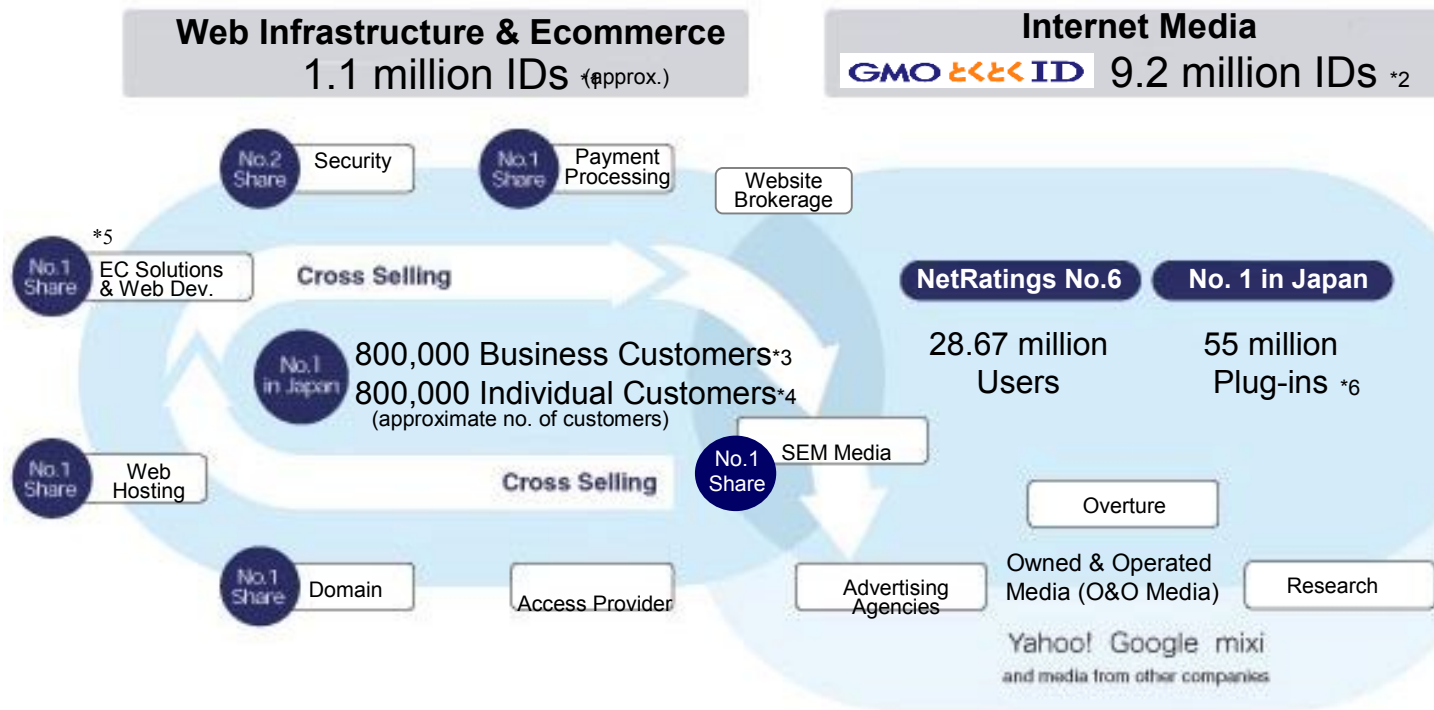
# Business Segments

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

Management resources concentrated in two business areas. Our operations support the information delivery and net businesses of 1.6 million customers (\*8).



Notes:

- \*1. Business and individual domain registrations = no. of integrated customer database IDs
- \*2. GMO TokuToku ID members
- \*3. Total business members of five major services
- \*4. Total individual members of domain and web hosting services
- \*5. Based on total number of e-commerce solutions (MakeShop + Color Me Shop!) contracts
- \*6. JWord cumulative plug-ins
- \*7. Approximately 73,000 Internet access provider business customers not included in the above figures
- \*8. Paying members only

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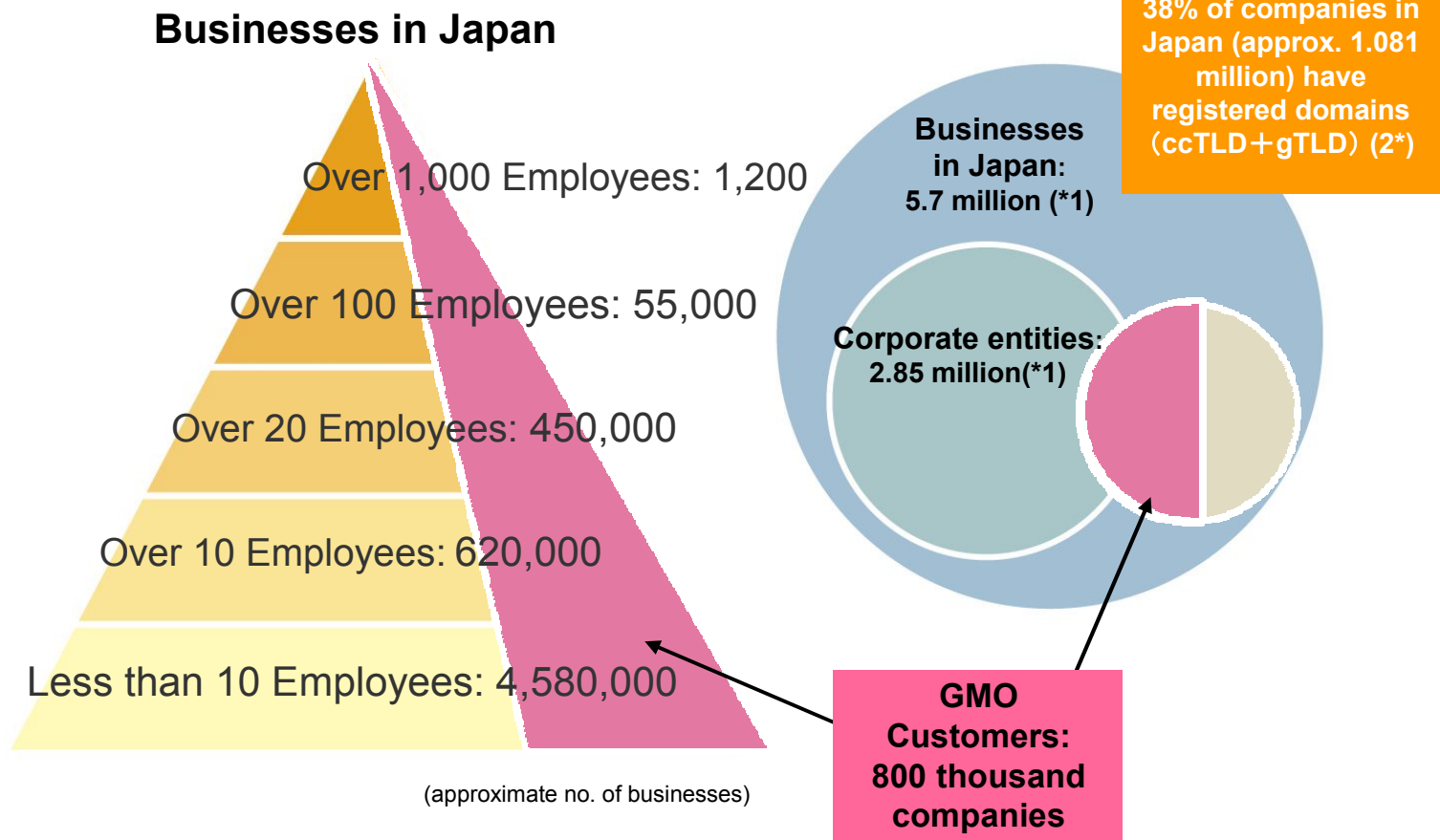
# Web Infrastructure & Ecommerce Segment Customers

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

800 thousand of the 5.7 million businesses in Japan use our Infrastructure segment services



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\*1. Ministry of Internal Affairs and Communications Statistics Bureau 2006 statistical report on business and industry (October 1, 2006)  
 \*2. Our own calculations, JPRS statistics (December, 2006) and the ICANN monthly registry report December 2006.

# Internet Media Segment Users

1. GMO Internet Group

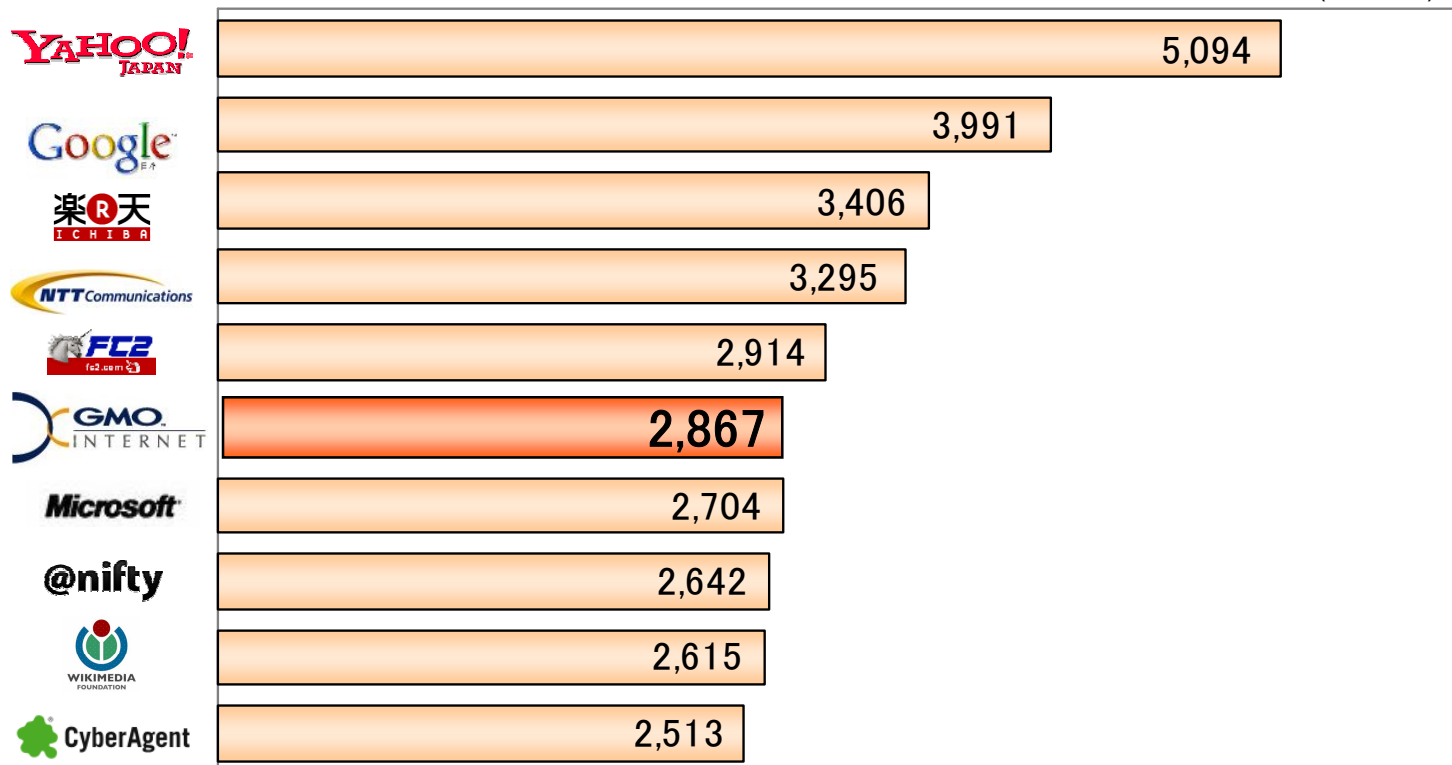
2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

28.67 million users

## Ranking: Visitors per Month

(10,000's)



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# Internet Media Segment - Major Internet Media Sites

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We are not a portal site or an online shopping mall; we operate a vast line-up of services (major services popular with many of our 28.67 million users)

**JWord** approx. 5.38 million users



**yaplog!** approx. 7.09 million users



**JUGEM** approx. 11.03 million users



**teacup.** approx. 5.20 million users



**ポイントタウン** approx. 1.49 million users



**freaml** approx. 5.52 million users



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Nielsen//NetRatings, (9/2009)

# GMO Internet Group Strengths

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

Sophisticated technology, organizational strength & a broad customer base

Stable Customer Base  
**800,000\*** businesses  
**800,000\*** individuals  
**1.1 million\*** IDs

**Customer Base**

NetRatings Japan Ranking: 6  
**28.67 million** individual users  
**9.2 million** IDs

\*approximate figures

**Up-Sell** **X** **Cross-Sell**

**We Develop Our Own Technology**

**Overwhelming** Domain & Server Market Shares

Advancing into the **Global** Security Market

Ecommerce Payment Processing  
 operating **46 thousand** stores

Search / CGM  
**55 million** Plugins

**Marketing & Selling Power**

Web Marketing  
**70 Sites**

Call Center  
**600 Reps**

Sales  
 Approx. **7,500** Partners

**No. 1 Customer Satisfaction Support**

Support Center Open  
**24** hours **365** days

Quick Response  
 Phone **9** secs  
 Mail **9** mins

**CTI**  
 Customer Management System

HDI Japan **2 Stars**

**Latest Industry Trends Research**

**Venture Capital**  
 Securing the latest business innovations

**Pay-per-Click Advertising**  
 On top of industry marketing trends

Net Professionals  
**1,768**

Research Panel  
**7.23 million** members

**All supported by a formidable organizational strength!**

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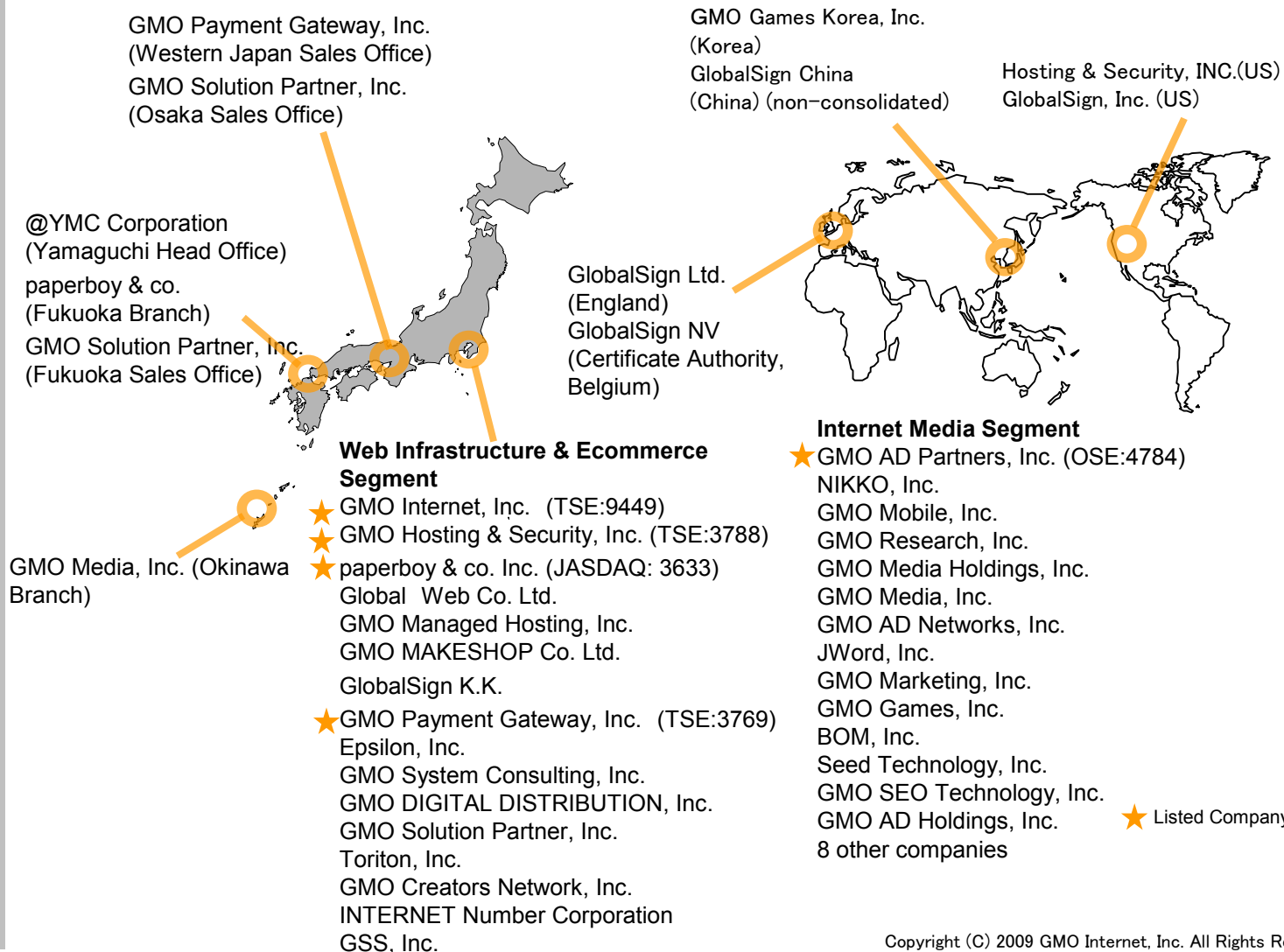
# Main Group Companies

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

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60 Companies (consolidated: 47 non consolidated:13) 1,768 Employees



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# Registry Business Terminology (I)

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

ccTLD	<b>Country code Top Level Domain</b> Eg. <b>.jp (Japan), .us (US), .uk (UK)</b> Top level domains based on two letter ISO 3166-1 country codes. There are approximately 250 ccTLDs used to identify countries including .jp (Japan), .us (US) .cn (China), .uk (UK) and .be (Belgium).
DNS	<b>Domain Name System</b> The network that handles domain names and IP addresses. When a user accesses a web site, their local name server queries DNS servers to determine the IP address of the domain name. DNS returns the IP address allowing the user to view the web server at that address.
DNS Server	A server that supports the operation of DNS, also known as a name server. DNS servers are used to translate a hostname or domain name to its corresponding IP address.
Domain/ Domain name	A domain name is a string of letters that identifies a computer on the Internet in accordance with a set of rules. Although it is often referred to as an Internet "address" , in fact only an IP address can enable access to a computer on the Internet. More accurately speaking a domain is a string of letters that enables addresses on the Internet to be easily located. Each domain name has an IP address and this relationship is managed on the name server (DNS server).
gTLD	generic Top Level Domain Eg. <b>.com, .net, .org etc.</b> Before the establishment of ICANN there were 8 gTLDs, ICANN introduced an additional 13 and there are now 21 gTLDs in use.
ICANN	Internet Corporation for Assigned Names and Numbers is a US based not for profit organization responsible for managing the assignment of domain names and IP addresses. ICANN also holds the authority to designate official domain registrars. ICANN holds international conferences three times a year, in between it also hosts workshops and other events. ICANN is the decision making body for the Internet.
IDN	Internationalized Domain Names. Refers to non-alphabet domain names. Includes any script that conforms to Unicode standards.

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# Registry Business Terminology (II)

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

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IP Address	An IP address is a numerical identification assigned to computers on the Internet in accordance with Internet Protocol. Eg. 123.456.12.3 All computers connected to the Internet have an IP address.
Japanese language (character) domain	An IDN that contains a Japanese language character string. Eg. ドメイン.com, 日本語.jp. Japanese language domain names have been available using .com, .net and .org since 2000 and with .jp since 2001.
new gTLD	The ICANN new gTLD program, will allow new top level domains to be introduced, it is expected to expand both the number of domains and usage of domains on the Internet. It will also allow applications for top-level domains (IDN gTLD) in other languages.
Registrar	ICANN accredited registrars can directly register domain data into registry databases under contract with the relevant registry. While there is only one registry for each top-level domain, multiple registrars exist to promote competitive pricing and service. Onamae.com is one of 10 ICANN accredited registrars in Japan.
Registry	An organization that maintains a central database of domain names data for a particular domain. Different domains are managed by different registries. Registries are required to maintain neutrality and guarantee equal access to the Shared Registry System (SRS) for all registrars. Under the new gTLD program, successful applicants will be able to operate registry services for new gTLDs.
Root server	The root server is a DNS server that operates the DNS root zone at the top level of the DNS hierarchy. When a new domain is registered or a domain name server is changed it is first recognized as valid by the root server. There are currently 13 root servers worldwide, including Japan, that balance server load and reduce risk.
Top level domain	Domain names have a hierarchical structure. For example in the domain www.gmo-registry.com “.com” on the far right is the top-level domain, to the left of top level domain separated by a dot is the second level domain (SLD) next to that is the third level domain (3LD) Top level domains are managed by a registry (as are some SLDs), second level domains are managed by a registrar under contract with the registry.

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