

Third Quarter Results Presentation, Fiscal Year 2010

Supplementary Materials

November 8, 2010
GMO Internet, Inc.
TSE 1st Section:9449





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

FY2010 3rd Quarter – Scope of Consolidation

Business Segment	2010 Fiscal Year 2 nd Quarter		2010 Fiscal Year 3 rd 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	GMO Hosting & Security, Inc.	51	
	GlobalSign K.K.	(90)	GlobalSign K.K.	(90)	
	GlobalSign Ltd. (England)	(100)	GlobalSign Ltd. (England)	(100)	
	GlobalSign NV (Belgium)	(100)	GlobalSign NV (Belgium)	(100)	
	GlobalSign, Inc. (US)	(100)	GlobalSign, Inc. (US)	(100)	
	Toriton, Inc.	(100)	Toriton, Inc.	(100)	
	Hosting & Security, INC. (US)	(51)	Hosting & Security, INC. (US)	(51)	
	@YMC Corporation	(100)	@YMC Corporation	(100)	
	GMO Fast Translation, Inc.	(70)	GMO Fast Translation, Inc.	(70)	
	GMO Payment Gateway, Inc.	52	GMO Payment Gateway, Inc.	52	
	Epsilon, Inc.	(100)	Epsilon, Inc.	(100)	
	Social Appli Payment Service, Inc.	(100)	Social Appli Payment Service, Inc.	(100)	
	Consumer Open Center Ltd.	(19)	Consumer Open Center Ltd.	(19)	
	paperboy & co. Inc.	63	paperboy & co. Inc.	63	
	GMO MAKESHOP Co., Ltd	59	GMO MAKESHOP Co., Ltd	59	
	GMO System Consulting, Inc.	93	GMO System Consulting, Inc.	93	
	GMO DIGITAL DISTRIBUTION, Inc.	(91)	GMO DIGITAL DISTRIBUTION, Inc.	(91)	
	GMO Solution Partner, Inc.	98	GMO Solution Partner, Inc.	98	
	INTERNET Number Corporation	(100)	INTERNET Number Corporation	(100)	
GMO Creators Network, Inc.	67	GMO Creators Network, Inc.	67		
Communication Telecom, Inc.	(100)	Communication Telecom, Inc.	(100)		
CMT, Inc.	(100)	CMT, Inc.	(100)		
GMO Registry, Inc.	100	GMO Registry, Inc.	100		
			Wadax, Inc. and 1 other company	(100)	New
Internet Media	GMO AD Holdings, Inc.	100	GMO AD Holdings, Inc.	100	
	GMO AD Partners Inc.	(50)	GMO AD Partners Inc.	(50)	
	GMO Mobile, Inc.	(100)	GMO Mobile, Inc.	(100)	
	Seed Technology, Inc.	(100)	Seed Technology, Inc.	(100)	
	Sanow, Inc.	(100)	Sanow, Inc.	(100)	
	NIKKO, Inc.	(100)	NIKKO, Inc.	(100)	
	GMO Research, Inc.	78	GMO Research, Inc.	78	
	GMO Media Holdings, Inc.	100	GMO Media Holdings, Inc.	100	
	GMO Media, Inc.	(77)	GMO Media, Inc.	(77)	
	JWord, Inc.	71	JWord, Inc.	71	
	BOM, Inc.	100	BOM, Inc.	100	
	GMO Marketing, Inc.	51	GMO Marketing, Inc.	51	
	GMO SEO Technology, Inc.	51	GMO SEO Technology, Inc.	51	
	GMO Japan Market Intelligence and 14 other companies	(100)	GMO Japan Market Intelligence and 14 other companies	(100)	
Other Businesses	GMO Venture Partners, Inc.	100	GMO Venture Partners, Inc.	100	
	GMO Venture Partners Investment Limited Partnership	(71)	GMO Venture Partners Investment Limited Partnership	(71)	
	Blog Business Fund Investment Limited Partnership	(20)	Blog Business Fund Investment Limited Partnership	(20)	

Listed Subsidiaries

(JPY millions)

				
Stock Code	TSE Mothers (3788)	TSE 1st Section (3769)	OSE New JASDAQ (4784)	JASDAQ (3633)
Fiscal Term	Q3 FYE 12/2010	Q4 FYE 9/2010	Q3 FYE 12/2010	Q3 FYE 12/2010
Sales	2,002	845	1,365	770
Operating Profit	238	308	33	155
Ordinary Profit	230	295	39	151
Net Profit	120	154	12	88

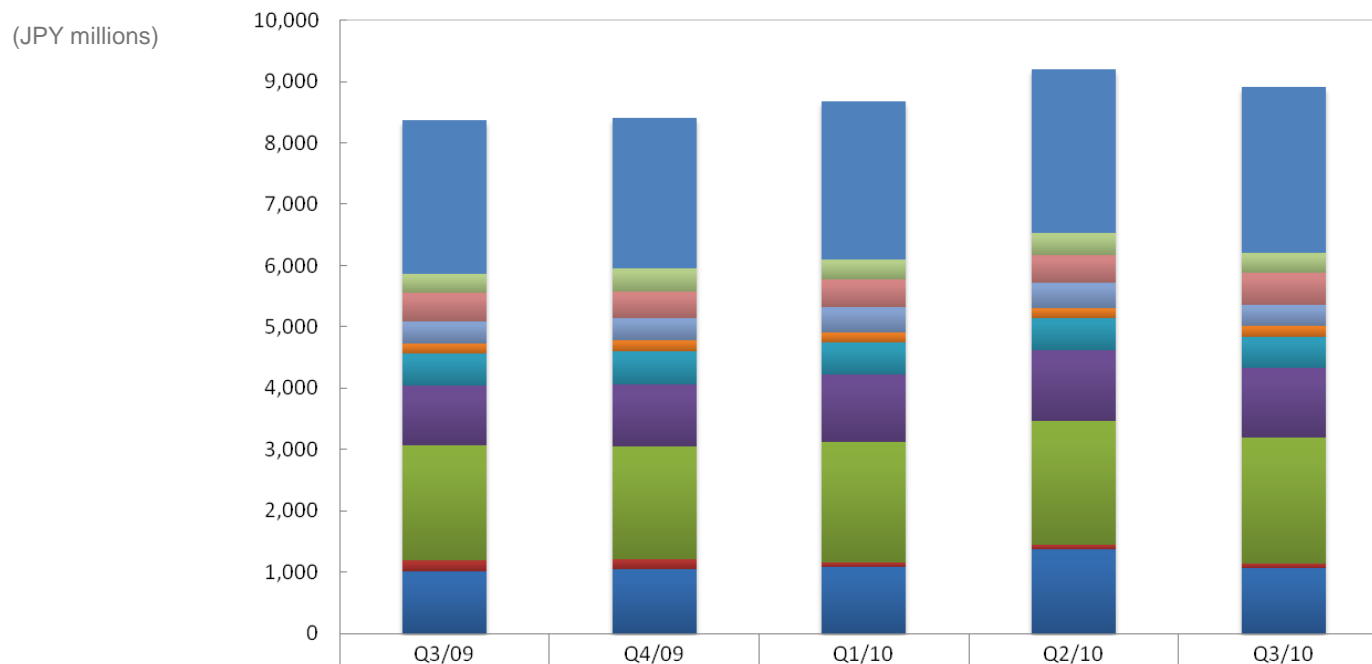
*Figures taken from each company's quarterly P/L statement

Revenue Breakdown by Business

(JPY millions)

Business	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010
◆ Web Infrastructure & Ecommerce ◆					
Internet Access Provider	295	285	280	274	272
Domain	520	502	571	567	541
Web Hosting	2,256	2,251	2,278	2,295	2,286
Ecommerce Solutions & Web Dev	418	420	468	443	477
Security	304	349	367	410	389
Payment Processing	662	710	753	777	824
Other	84	104	185	197	230
Segment Total	4,541	4,624	4,905	4,965	5,020
◆ Internet Media ◆					
Internet Media & Search Media	2,988	2,779	2,722	2,788	2,769
Internet Advertising Agencies	2,217	2,166	2,328	2,374	2,385
Other	274	269	314	287	299
Adjustment for internal transactions	-194	-175	-147	-186	-213
Segment Total	5,286	5,039	5,217	5,264	5,241
◆ Other Businesses ◆					
Other	1	1	1	406	35
Segment Total	1	1	1	406	35
Adjustment for internal transactions	-150	-126	-154	-146	-158
Consolidated Sales	9,679	9,538	9,969	10,490	10,138

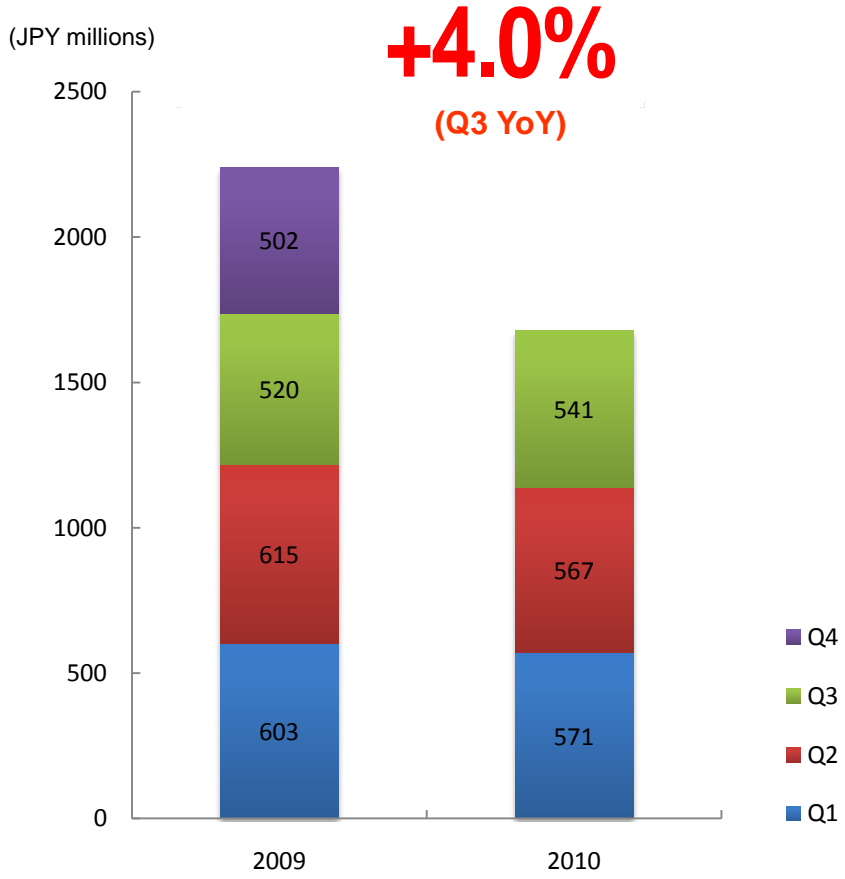
Cost Composition (Consolidated)



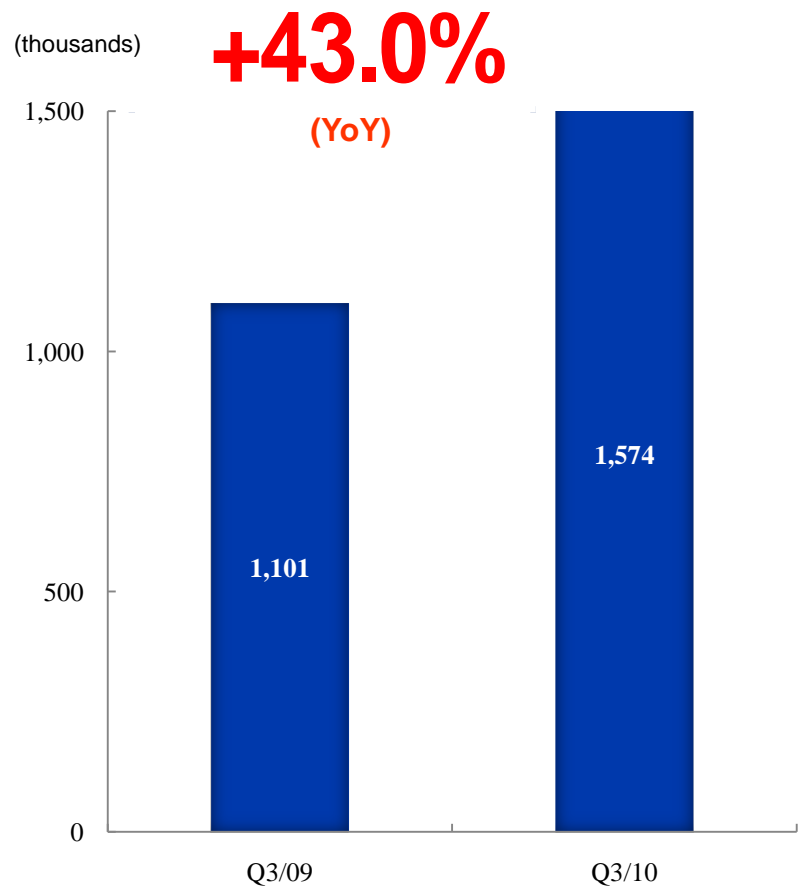
	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10
Cost of Sales and SGA Total	8,367	8,410	8,687	9,208	8,906
Human Resources	2,493	2,460	2,581	2,682	2,694
Advertising and Promotion Costs	316	376	338	347	338
Depreciation and Rental Costs	470	424	450	454	509
Outsourcing/Sub contracting expenses	352	373	407	413	351
Communication Costs	171	166	169	172	183
Rent	513	542	517	510	509
Commission Paid	977	1,014	1,106	1,164	1,134
Media Costs	1,883	1,838	1,958	2,014	2,050
Goodwill Amortization	173	169	73	80	72
Other	1,015	1,044	1,084	1,368	1,065

Domains Registration – Performance

Sales



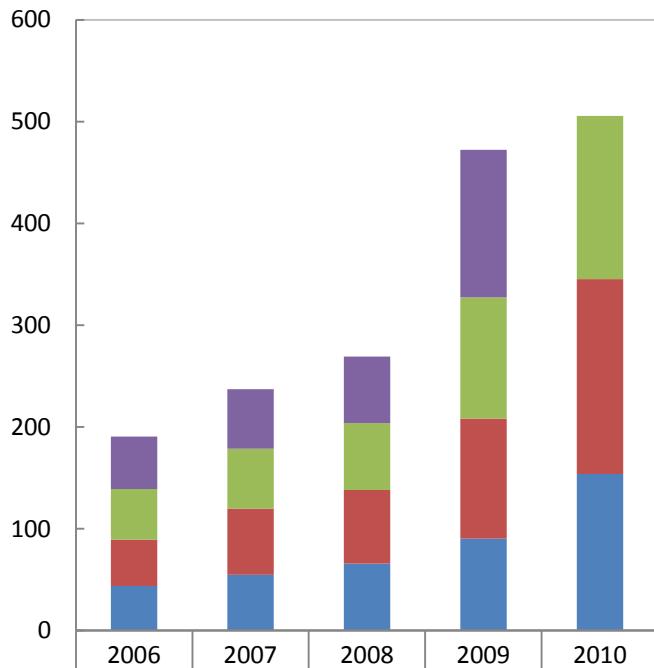
Registrations



New Domains and Domain Renewals

New Domain Registrations

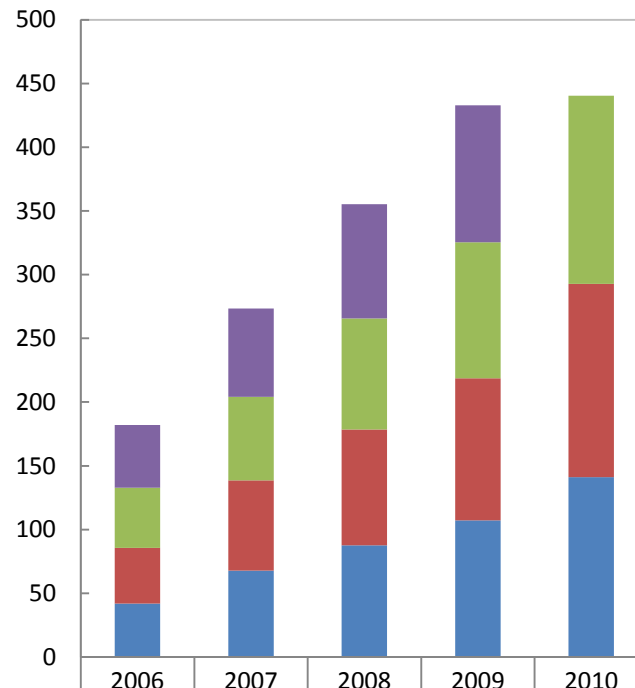
(thousands)



	2006	2007	2008	2009	2010
Q4	51,353	58,631	65,229	144,897	
Q3	49,714	58,615	65,723	119,141	160,374
Q2	45,631	65,066	72,211	118,096	191,536
Q1	43,833	54,837	65,933	90,201	153,679

Renewals

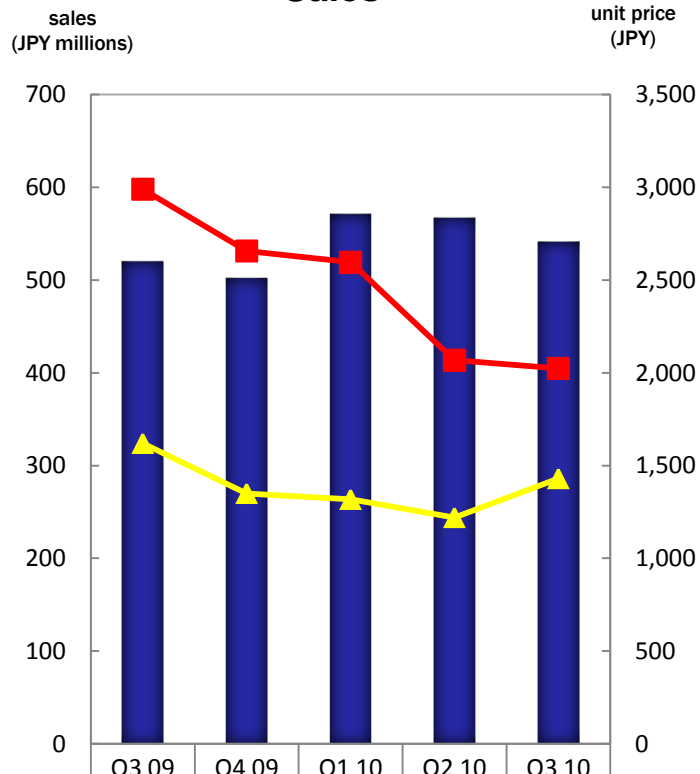
(thousands)



	2006	2007	2008	2009	2010
Q4	49,290	69,400	89,557	107,524	
Q3	47,028	65,603	87,161	106,543	147,549
Q2	43,693	70,630	90,925	111,495	151,682
Q1	42,000	67,826	87,632	107,273	141,096

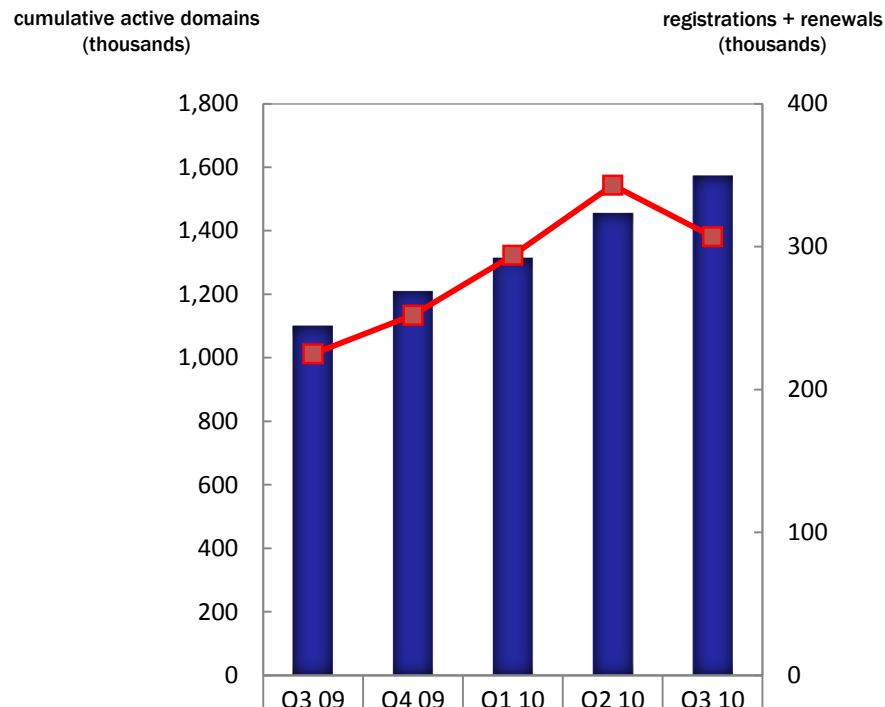
Domain Registration – Key Factors

Sales



■ Sales	520	502	571	567	541
■ Avg Unit Price	2,990	2,657	2,596	2,068	2,024
▲ Avg Unit Price for Individuals	1,620	1,350	1,318	1,220	1,430

Domain Registrations

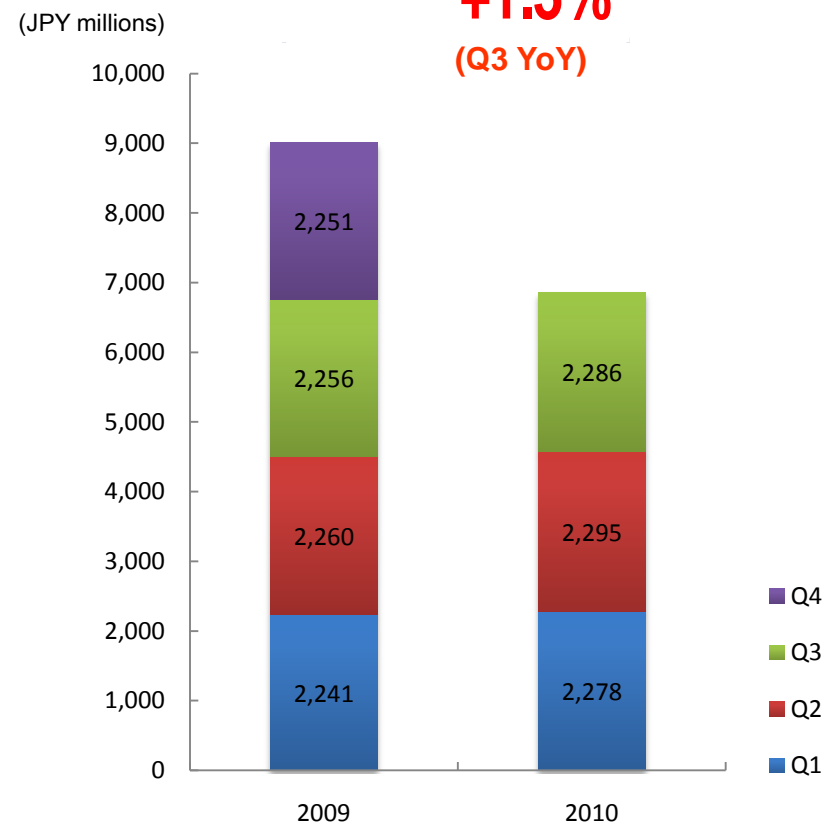


■ Cumulative Active Domains	1,101	1,210	1,315	1,456	1,574
■ Cumulative Registrations	1,733	1,878	2,031	2,223	2,383
■ Registrations + Renewals	225	252	294	343	307

Web Hosting – Performance

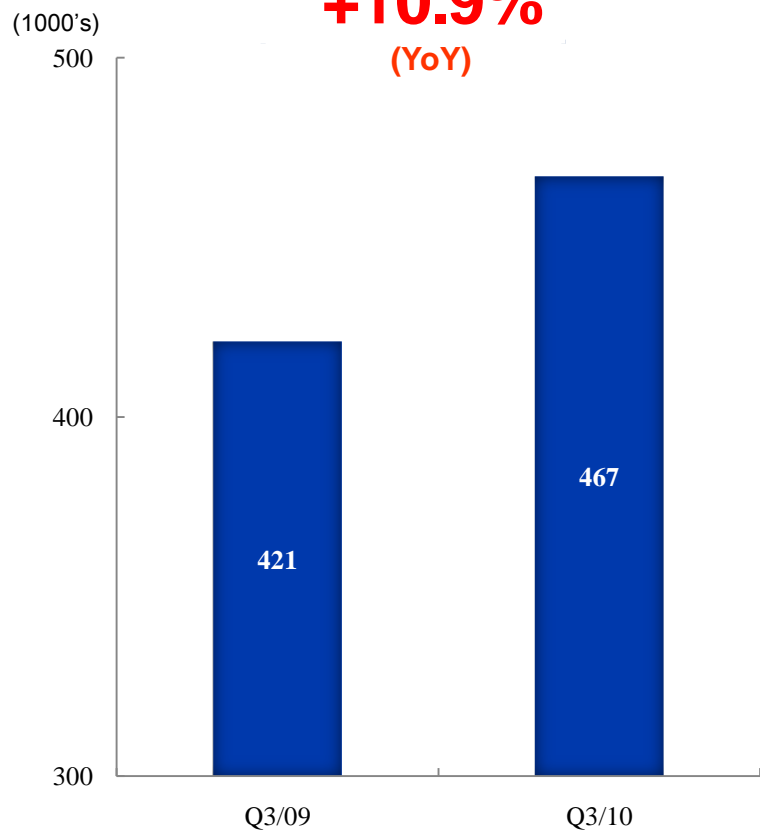
Sales

+1.3%
(Q3 YoY)



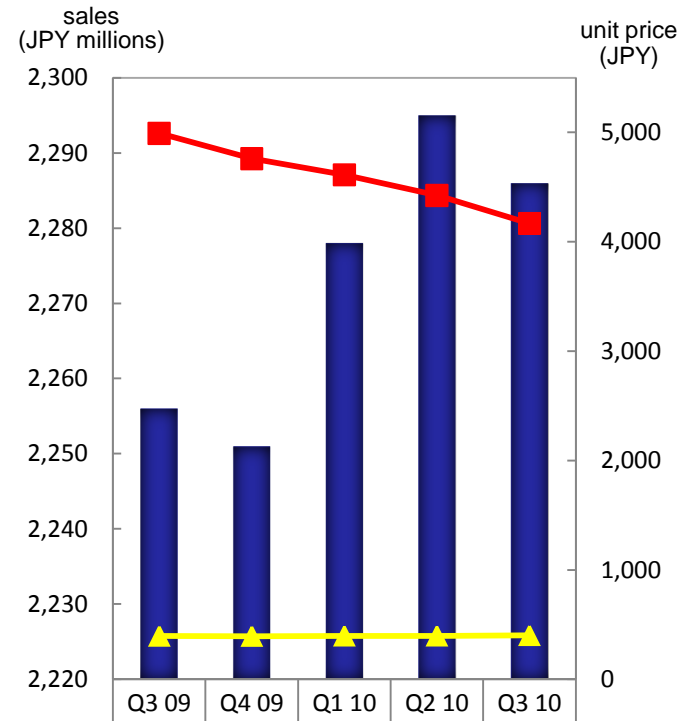
Contracts

+10.9%
(YoY)



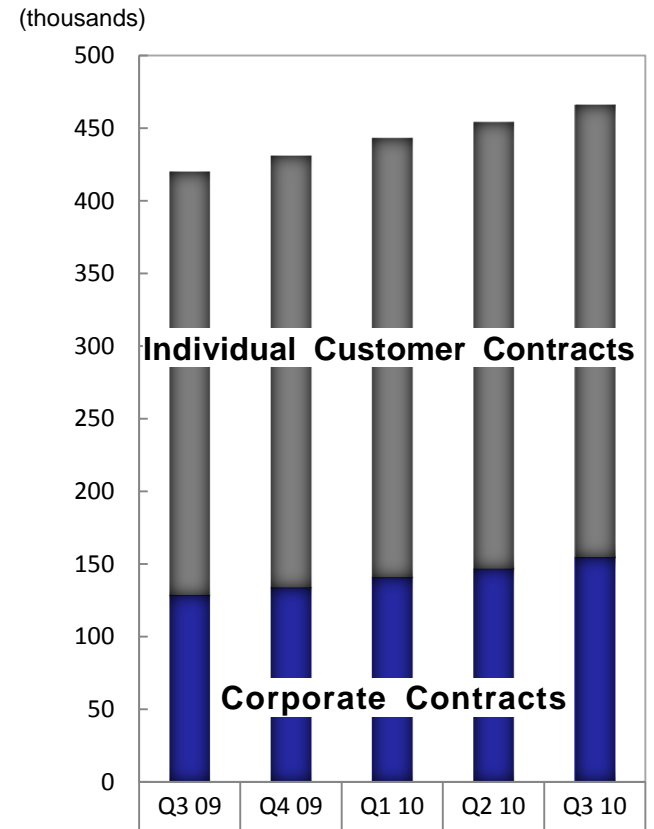
Web Hosting – Key Factors

Sales



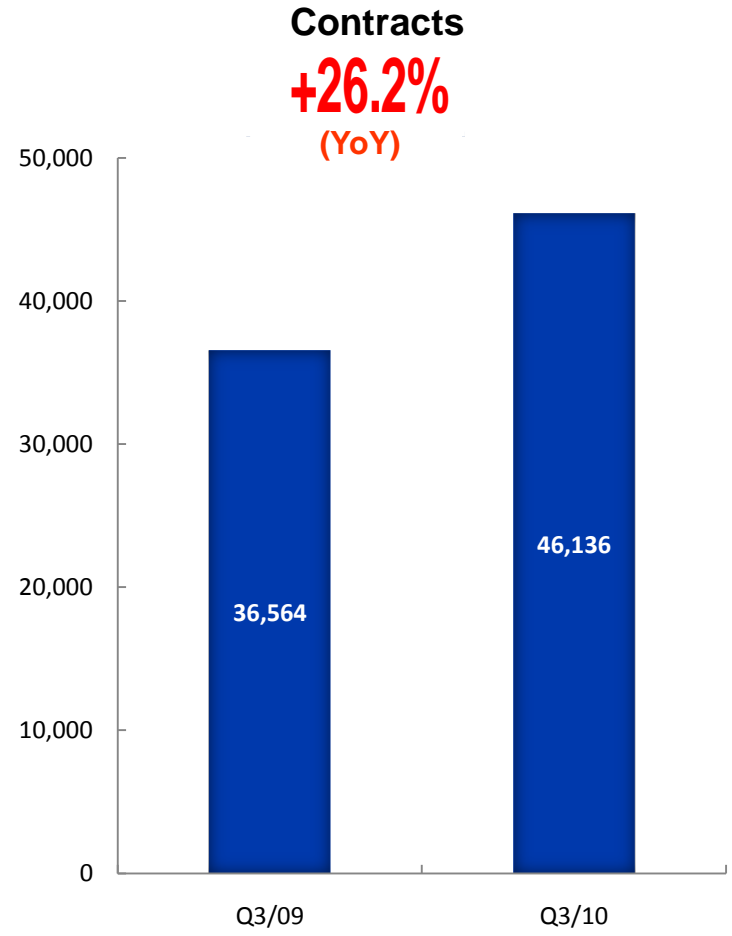
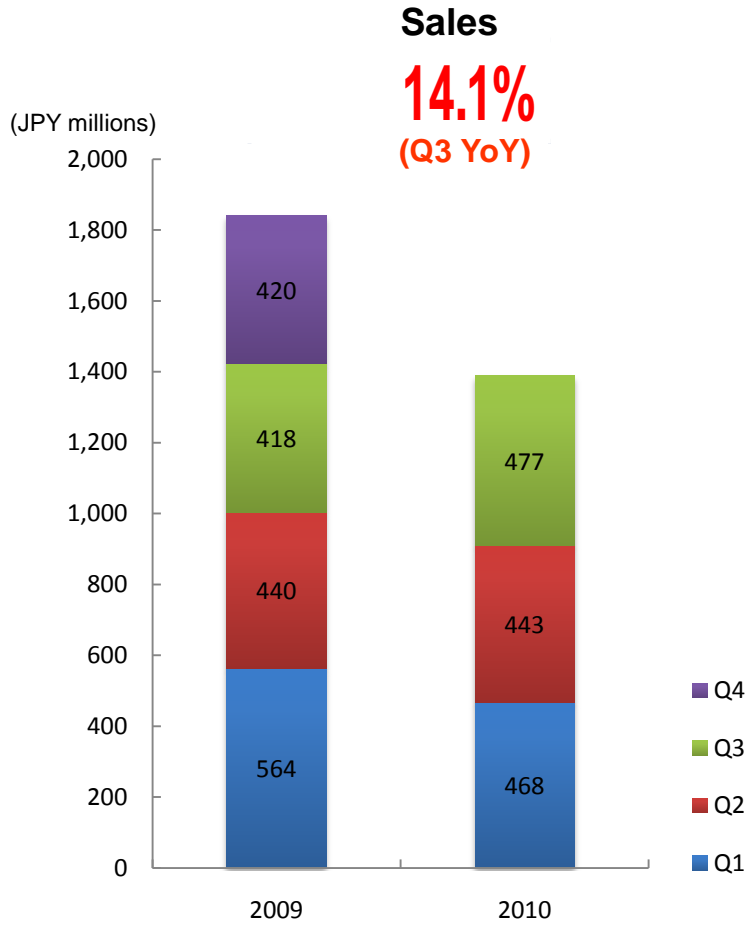
■ Sales	2,256	2,251	2,278	2,295	2,286
■ Avg Revenue per Company	4,992	4,760	4,612	4,424	4,167
▲ Avg Revenue per Individual	395	394	397	397	401

Contracts





■ Individual Contracts	291	297	302	307	311
■ Business Contracts	129	134	141	147	155

Ecommerce Solutions & Web Dev- Performance



Ecommerce Business Parameters

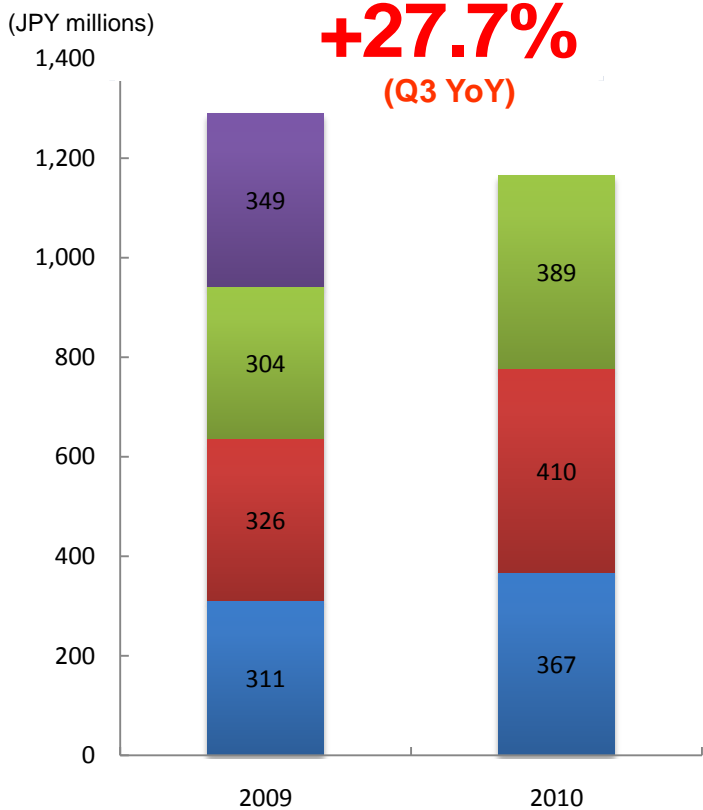
	 ColorMeShop	 MakeShop® <small>GMO INTERNET GROUP</small>	Total
Stores	30,000	15,000	46,000
Volume of Transactions (Quarterly)	JPY13.7B	JPY16.7B	JPY 30.5B
No. of Transactions (Quarterly)	1.36M	990,000	2.35M

(As of Q3 2010)

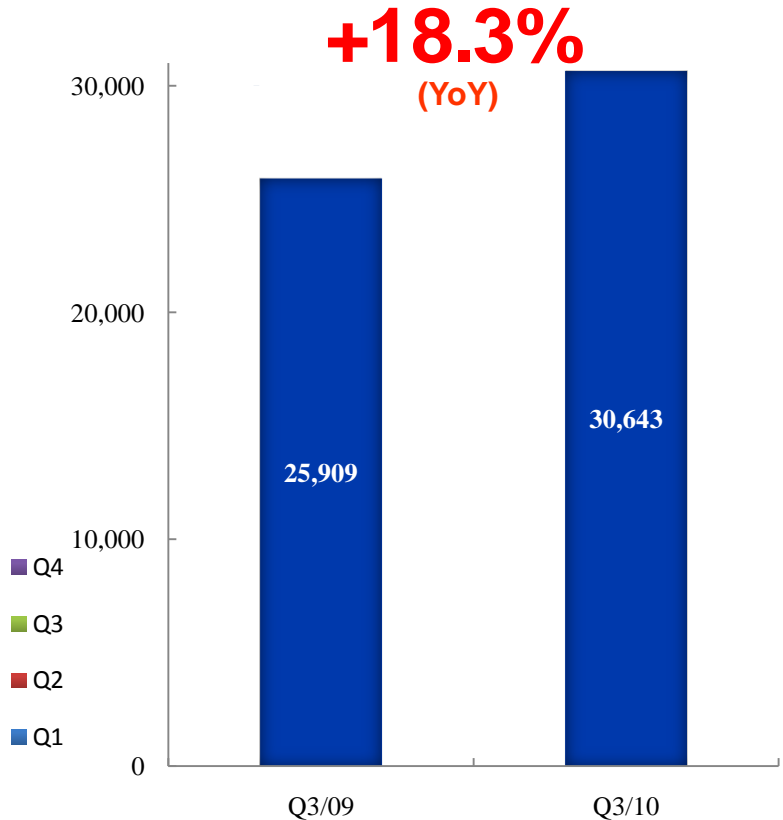
(All figures rounded down)

Security – Performance

Sales

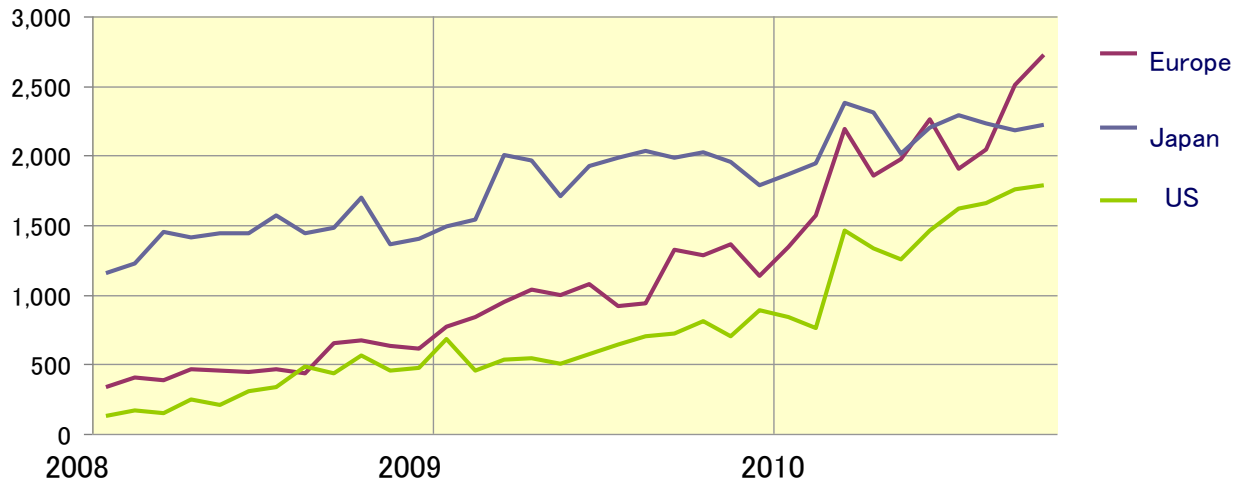


Certificates Issued (cumulative/domestic only)

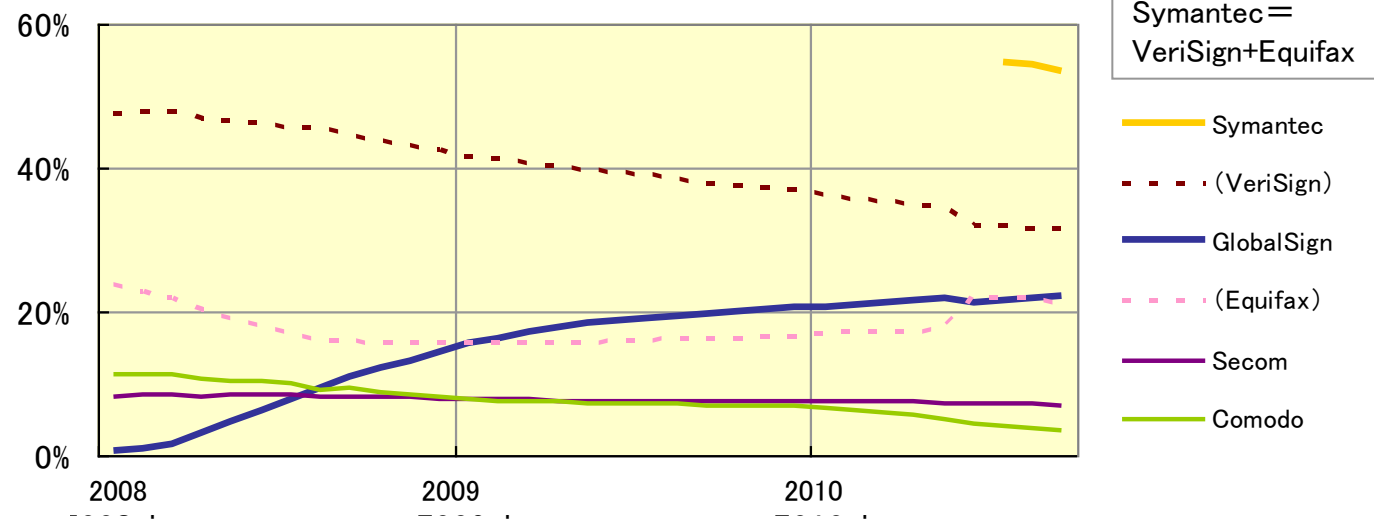


Security – Key Factors

Monthly Certificate Issues by Region (New and Renewed)

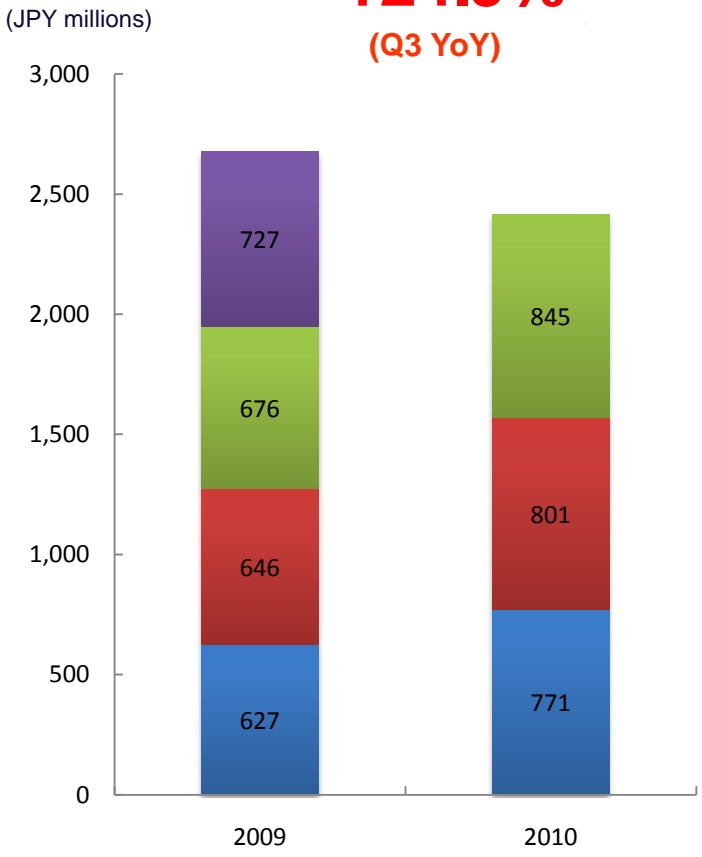


Domestic Market Share

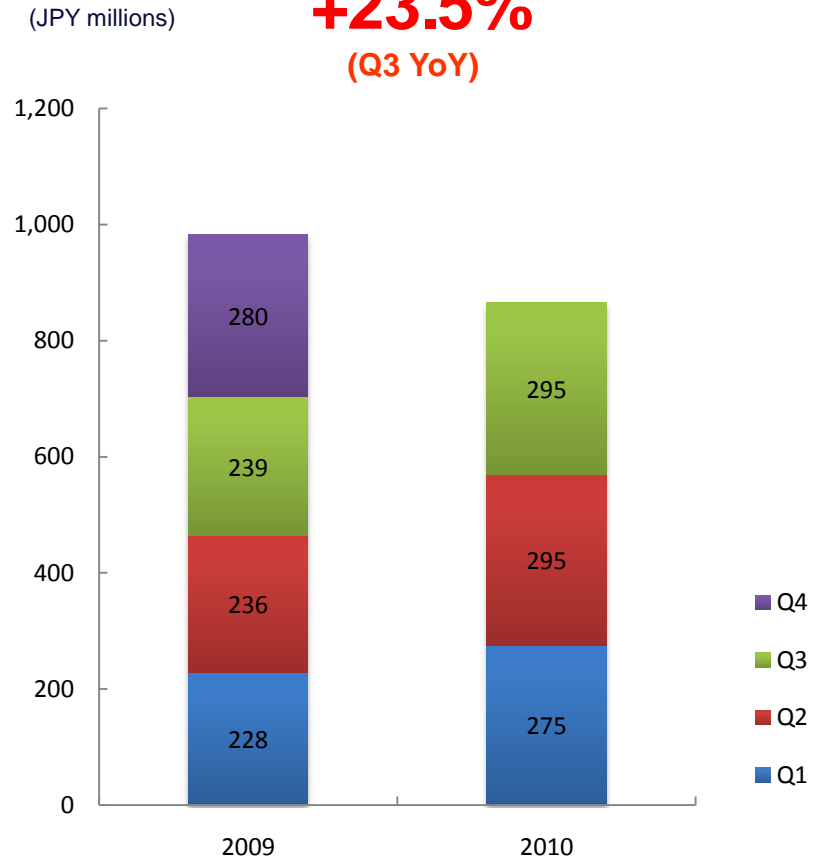


Credit Card Payment Processing- Key Factors

Sales
+24.9%
(Q3 YoY)



Ordinary Profit
+23.5%
(Q3 YoY)



*GMO Payment Gateway figures revised to the GMO Internet fiscal year

Japan's Leading All-In Internet Services Provider

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



Web Infrastructure & Ecommerce Services

Everything required to establish and maintain a web presence

Domain Registration
Addresses for the Internet

http://www

ドメイン取るなら **お名前.com**

Web Hosting
Website and email data storage



Security
Data encryption

SSLはグローバルサイン
GlobalSign
GMO Internet Group

Kumagai Style Shop

商品一覧

商品名	数量	小計	消費税
Kumagai Styleオリジナル システム手帳 (ワインダー)	1	26,250円	込
Kumagai Styleオリジナル システム手帳 (ワインダー) ボックス「ブラック」	1	15,750円	込
【2008年度版】 スターターパック	1	7,800円	込
商品合計 (税込)		49,800円	
合計		49,350円	

1. 注文者および送付先の情報入力

注文者情報

お名前(全角) フリガナ(全角)

電話番号(半角) 緊急時連絡先(半角)

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GlobalSign
GMO Internet Group

Ecommerce Solutions & Web Dev.
Ecommerce systems provider

MakeShop
GMO INTERNET GROUP

Payment Processing
Online payment processing

GMO PAYMENT GATEWAY

Internet Media Services

Online marketing support for estores and other web businesses



①JWord



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

②SEO



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

Internet Media Services

Provision of blog services and other web media, advertising distribution



Ad Networks

Ads distributed to blog pages and other long tail media through ad networks. Blog post content is analyzed and relevant advertising is displayed.

【関連キーワード】
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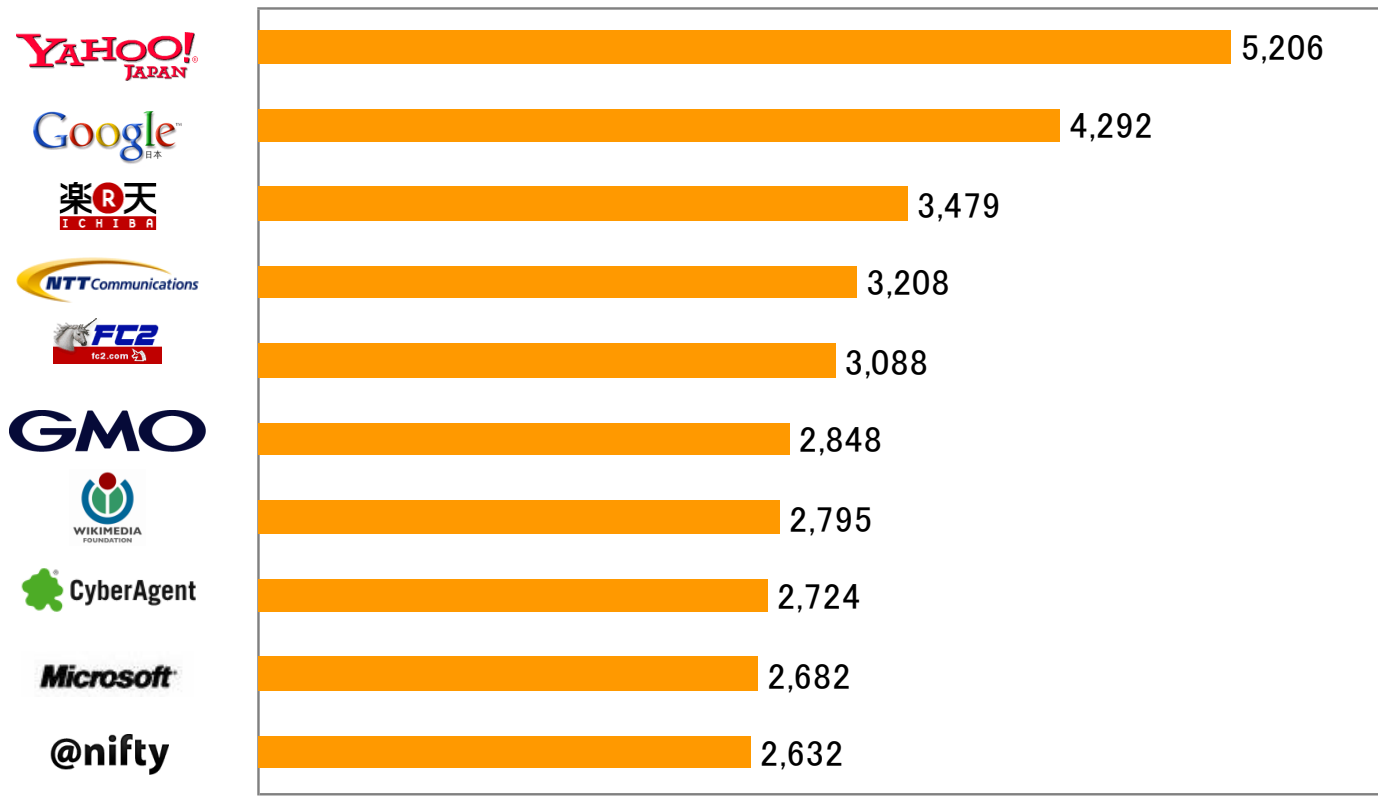
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スポンサー サイト

Internet Media Segment Users

Ranking: Visitors per Month

(10,000's)



Nielsen/NetRatings, (9/2010)

Major Internet Media Sites

Blogs and other web community services



approx.
4.66 million
users



approx.
6.96 million
users



approx.
11.03 million
users



approx.
4.78 million
users



approx.
1.98 million
users



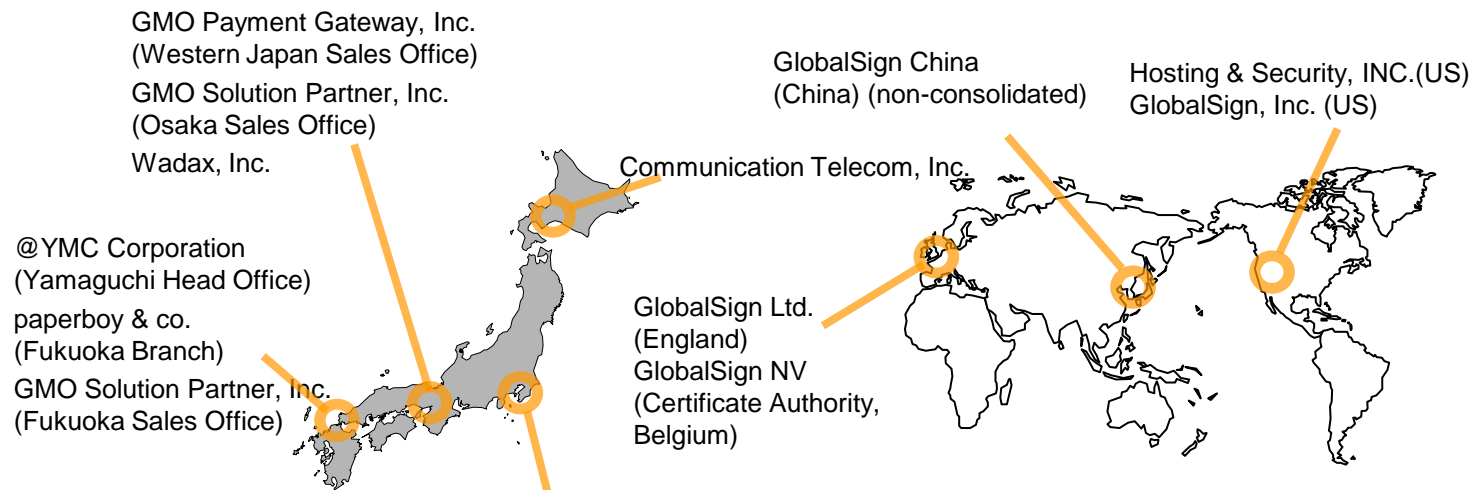
approx.
6.21 million
users



Nielsen/NetRatings, (9/2010)

Main Group Companies

66 Companies (consolidated: 56 non consolidated: 7 equity method: 3) 1,580 Employees



Web Infrastructure & Ecommerce Segment

- ★ GMO Internet, Inc. (TSE:9449)
- ★ GMO Hosting & Security, Inc. (TSE:3788)
- ★ paperboy & co. Inc. (JASDAQ: 3633)
- GMO Fast Translation, Inc.
- GMO MAKESHOP Co. Ltd.
- GlobalSign K.K.
- ★ GMO Payment Gateway, Inc. (TSE:3769)
- Epsilon, Inc.
- Social Appli Payment Service, Inc.
- Consumer Open Center Ltd.
- GMO System Consulting, Inc.
- GMO DIGITAL DISTRIBUTION, Inc.
- GMO Solution Partner, Inc.
- Toriton, Inc.
- GMO Creators Network, Inc.
- INTERNET Number Corporation

Internet Media Segment

- ★ GMO AD Partners, Inc. (OSE:4784)
- NIKKO, Inc.
- GMO Mobile, Inc.
- GMO Research, Inc.
- GMO Media Holdings, Inc.
- GMO Media, Inc.
- JWord, Inc.
- GMO Marketing, Inc.
- BOM, Inc.
- Seed Technology, Inc.
- GMO SEO Technology, Inc.
- GMO Japan Market Intelligence
- 16 other companies

★ Listed Company

Registry Business Terminology (I)

ccTLD	Country code Top Level Domain Eg. .jp (Japan), .us (US), .uk (UK) 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	Domain Name System 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. .com, .net, .org etc. 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.

Registry Business Terminology (II)

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.