Fiscal Year 2014

Results Presentation

GMO INTERNET

STOCK CODE : 9449

February 5, 2015

Executive Summary

Business Performance

- Net Sales: JPY **109.3B** (up **16.7**%) OP: JPY **12.9B** (up **17.6**%)
- Forecasts achieved for a record five consecutive years

Segment Report

• Internet Infrastructure	FY14 Revenue up **21.0**% Payment and Security strong Strengthening brand with large-scale promotions
• Internet Securities	Q4 (3mths to Dec) profit up **108.5**% FY14 profit up **30.7**% New record ahead of GMO CLICK HD listing on 4/1
• Online Ad & Media	**12.0**% revenue increase in FY14, **16.8**% profit decrease Rep business weak, structural reforms underway.
• Mobile Entertainment	Profit in December on monthly basis.
• Incubation	IPO in investee yields JPY **1.01B** profit

Current Themes

Strengthening strengths and reinforcing weaker segments with strong products

Internet Infrastructure	Strengthening Strengths In Japan: Brand Reinforcement Globally: Expansion into global markets
Internet Securities	Strengthening Strengths Expanding market share with technology-edge and cost leadership strategy
Online Ad & Media	Introducing No. 1 Products Focus on technology, proprietary product development
Mobile Entertainment	Introducing No. 1 Products Generate profit, leverage operational expertise and aim to produce hit title.

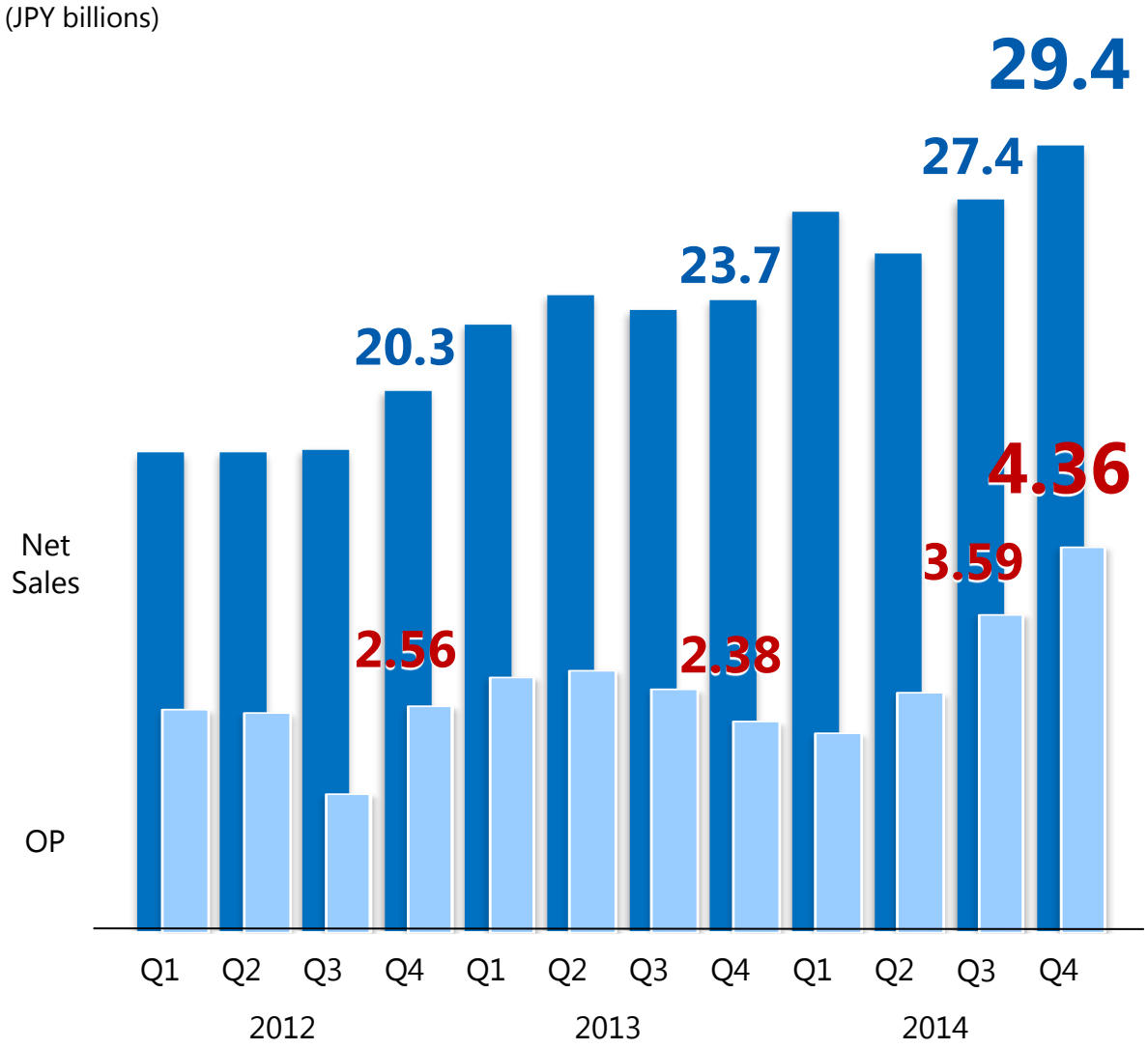
Financial Results

Double digit growth across all targets.

Forecasts achieved for fifth consecutive year.

(JPY billions)	2013	2014 Forecast	2014 **Actual**	YoY
Net Sales	93.70	105.0	109.36	+16.7%
Operating Profit	11.00	12.5	12.93	+17.6%
Ordinary Profit	10.94	12.5	12.73	+16.4%
Net Profit	5.24	5.5	5.84	+11.4%

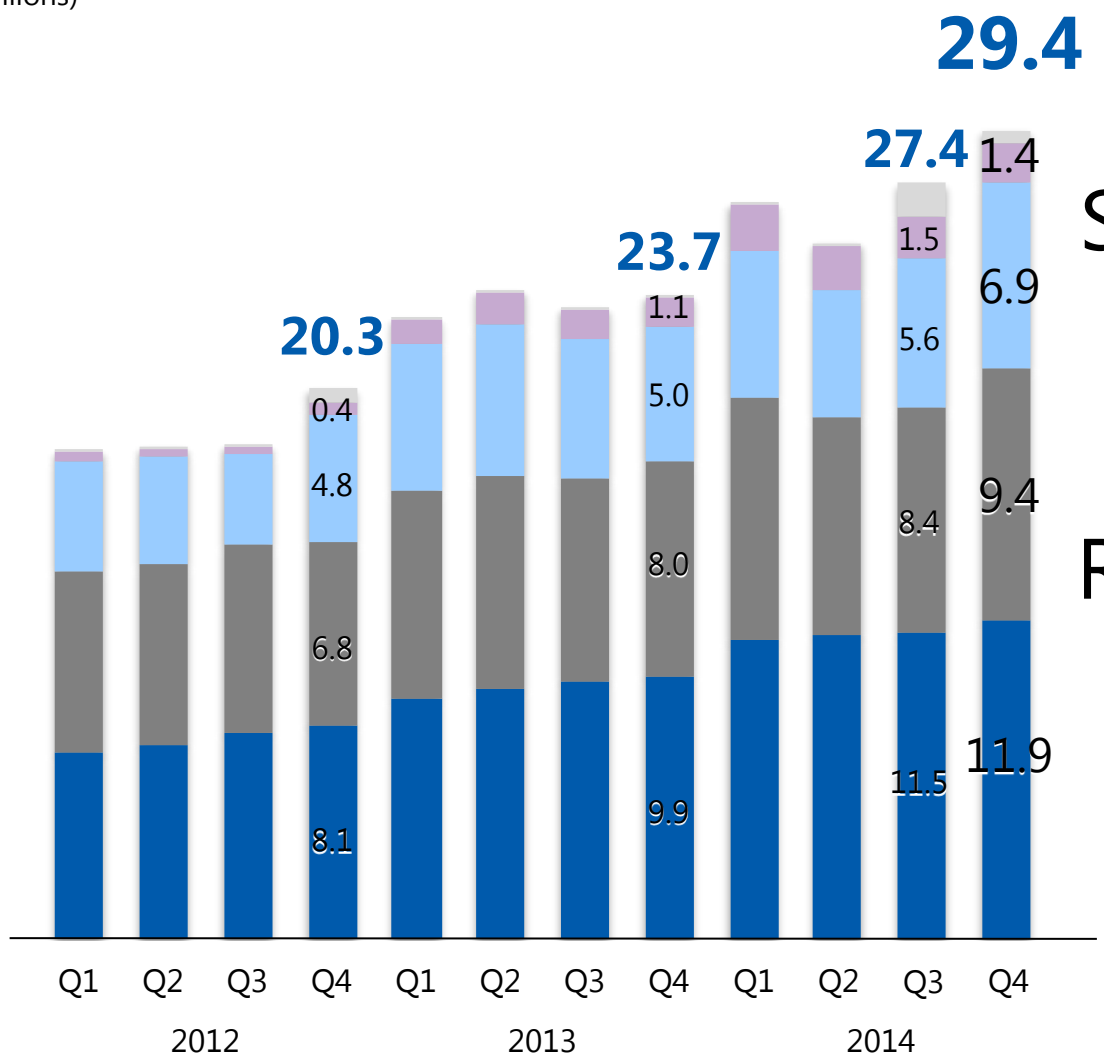
Quarterly Earnings



Record High Sales and Profit

Net Sales by Segment

(JPY billions)



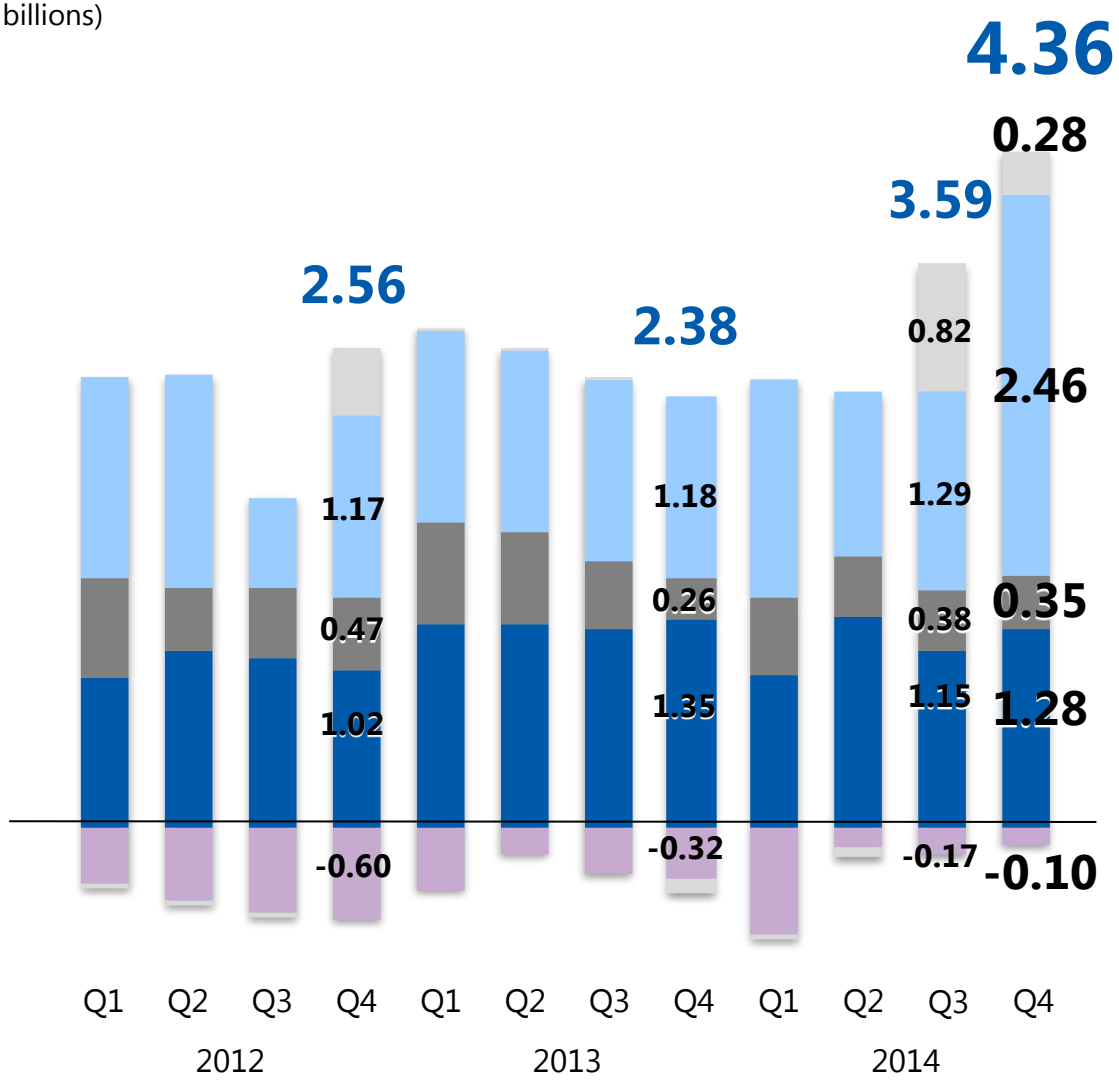
Sustained Growth Driven by Infrastructure

Revenue 24% up

(YoY)

Profit by Segment

(JPY billions)



Record Profits

IPO: GMO TECH, Inc.

GMO TECH

12/11/2014 - Listed on TSE Mothers Market (6026)

Marketing solutions provider with cutting-edge ad network technology

1 Smartphone affiliate

CPI-based Smartphone app advertising.

GMO SmaAD Adnetwork　GMO SmaAD Reward

2 PC/Mobile Marketing Solutions

SEO consulting and other online marketing tools.

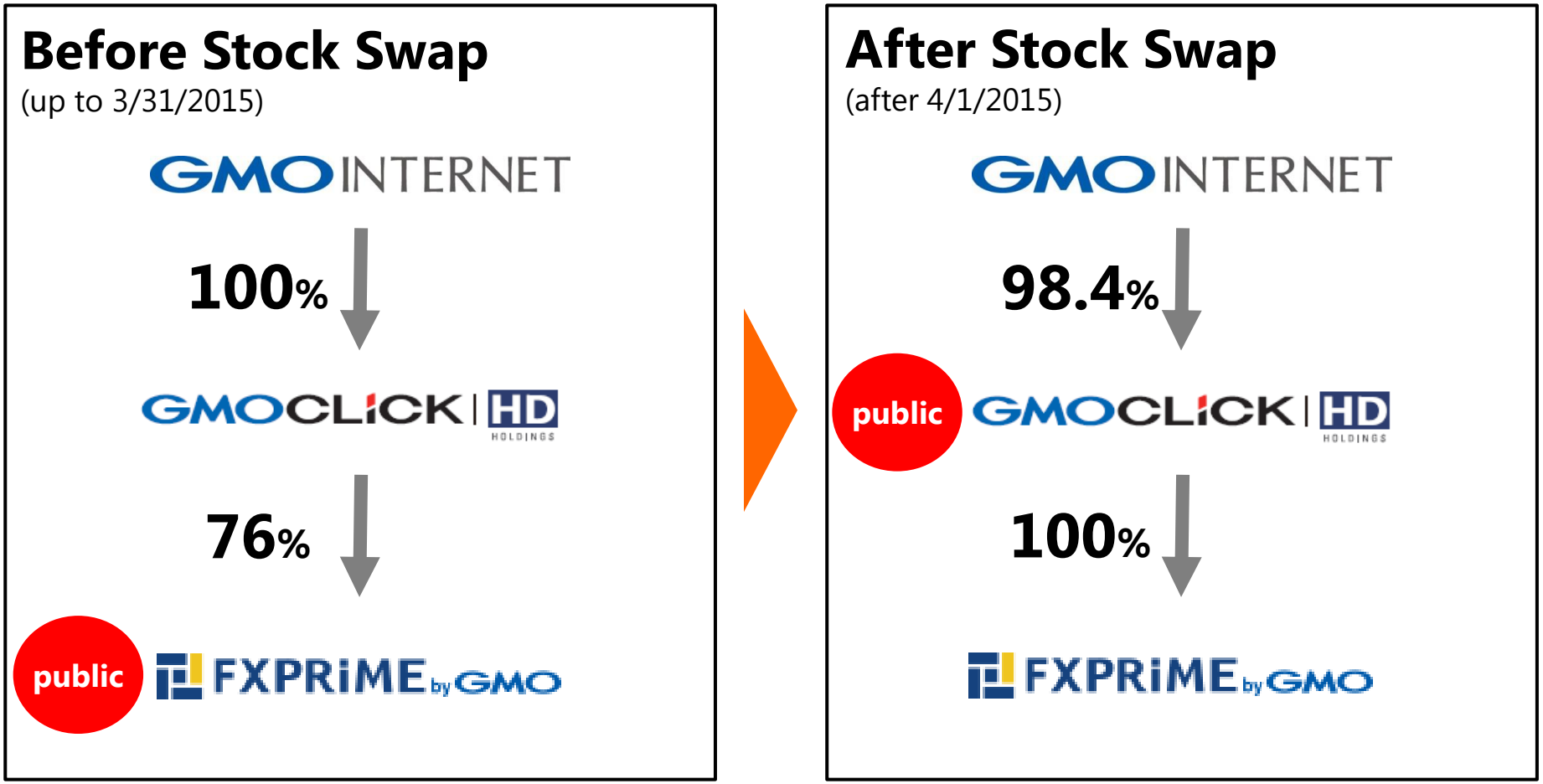
SEO Airlines by GMO　「Facebook広告」運用サービス by GMO　GMO Social Media Support

3 Smartphone App CMS/ASP

Provision of O2O oriented smartphone app builder

GMO AppCapsule

Technical IPO of GMO CLICK HD in stock swap with FX Prime byGMO



GMO CLICK HD to be listed in place of FX Prime by GMO on April 1, 2015

Technical listing in GMO CLICK HD – a solid performing company

■FYE3/2015 Q3 (nine months to December)

(JPY millions)	GMO CLICK HD	FX Prime byGMO
Operating Revenue	17,436	1,822
Operating Profit	5,282	142
Ordinary Profit	5,248	139
Net Profit	3,622	111

Market Cap / Equity Share in Listed Group Companies

Group Listed Companies – Equity Share

Stock Code	Stock Name	Listing Date	Stock Market	Market Cap (*1) (JPY millions)	Percentage Ownership (*2)	Corresponding Equity (JPY millions)
4784	GMO AD Partners	2000	JQS	8,345	55.3%	4,615
3769	GMO Payment Gateway	2005	TSE 1	72,669	52.2%	37,933
3788	GMO CLOUD	2005	TSE 1	11,623	51.3%	5,963
3633	GMO Pepabo	2008	JQS	5,584	63.3%	3,535
3695	GMO Research	2014	MOTHERS	3,726	54.7%	2,038
6026	GMO TECH	2014	MOTHERS	6,182	52.2%	3,227
(TBD)	GMO CLICK HD	2015 (*3)	JQS	101,660 (*4)	98.4%	100,034
						157,394

(*1) Market value as of 2/4/2015
(*2) Includes indirect holdings
(*3) GMO CLICK HD to be listed on April 1, 2015
(*4) GMO CLICK HD figures based on Stock Swap ratio

Consolidated Profit and Loss

(JPY 100 millions)	FY2013	FY2014	%Change
Net Sales	937.0	1,093.6	16.7%
Cost of Sales	411.9	508.3	23.4%
Gross Profit on Sales	525.0	585.3	11.5%
SGA	415.0	456.0	9.9%
Operating Profit	110.0	129.3	17.6%
(OP Margin)	11.7%	11.8%	+0.1pt
Ordinary Profit	109.4	127.3	16.4%
Extraordinary Profit	9.0	19.0	110.2%
Extraordinary Loss	14.8	20.6	38.8%
Profit before Tax	103.6	125.7	21.4%
Corporate Tax	33.9	46.6	37.3%
(Corporate Tax Rate)	32.8%	37.1%	+4.3pt
Minority Interests	17.1	20.6	20.4%
Net Profit	52.4	58.4	11.4%

Consolidated Balance Sheet

(JPY100 millions)	12/2013	**12/2014**	Change	GMO CLICK HD (12/2014)	Change
Current Assets	4,078	**4,612**	13.1%	3,995	12.8%
Cash & deposits	574	**695**	21.0%	264	29.5%
Fixed assets	219	**221**	0.8%	38	-4.6%
Goodwill	36	**39**	7.5%	0	-96.7%
Software	40	**42**	4.6%	12	-11.5%
Investment securities	18	**23**	25.4%	0	25.5%
Total Assets	4,297	**4,833**	12.5%	4,034	12.6%
Liabilities	3,928	**4,394**	11.9%	3,836	13.1%
Interest-bearing debt	243	**300**	23.2%	201	97.0%
Net Assets	368	**438**	19.0%	197	4.2%
Minority equity	118	**146**	23.1%	9	-2.5%
Shareholders equity	249	**292**	17.0%	188	4.5%
Earned surplus	157	**194**	23.4%	161	41.3%
(Shareholders' Equity Ratio)	5.8%	**6.1%**	+0.3pt	4.7%	▲0.4pt
Liabilities/Net Assets Total	4,297	**4,833**	12.5%	4,034	12.6%

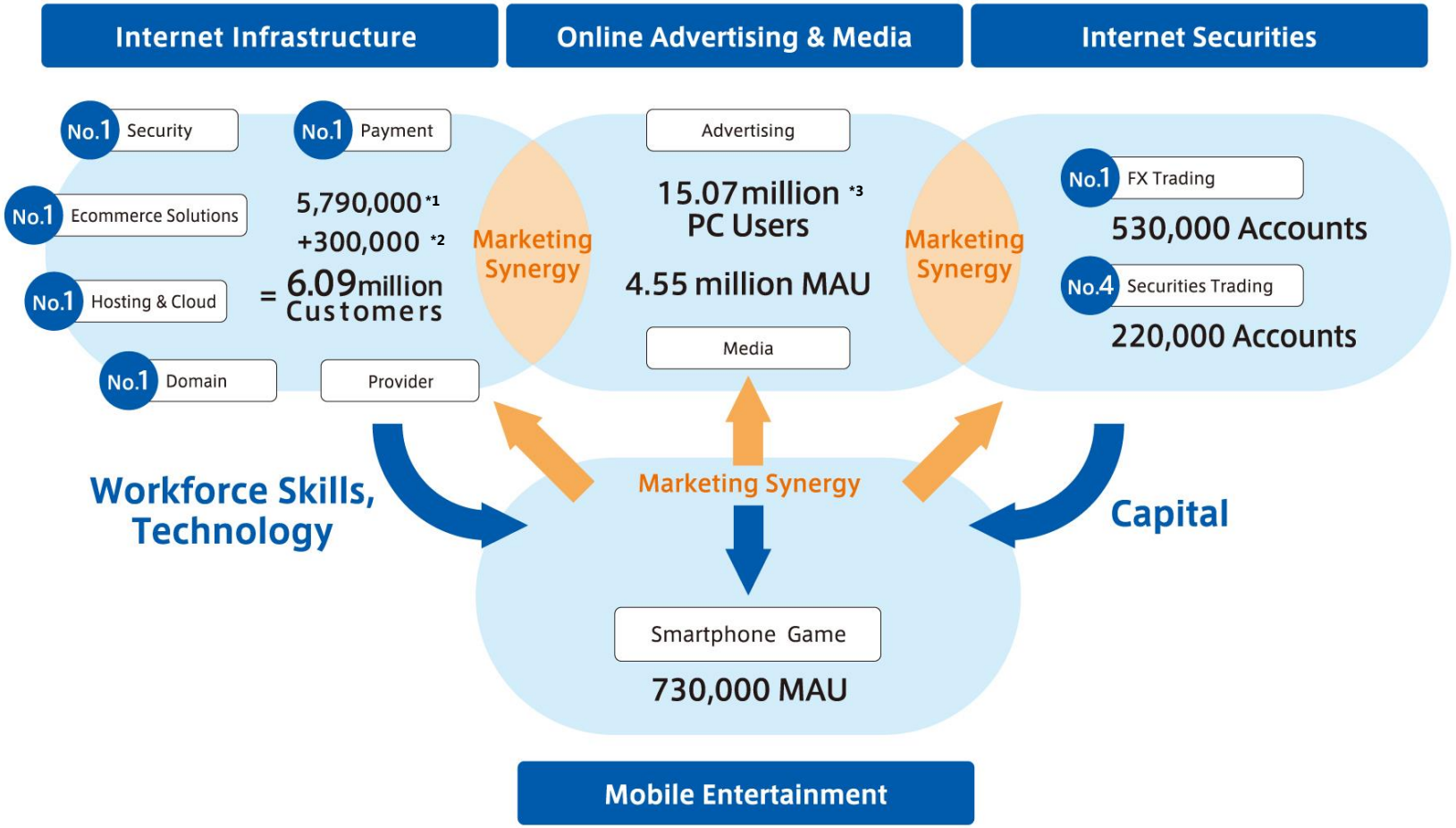
Consolidated Cash Flow

Aggressive investment mainly in infrastructure segment

(JPY 100 millions)	FY 2013	FY 2014	GMO CLICK HD
Operating Cash Flow	141.5	**145.0**	16.5
Investing Cash Flow	-38.5	-55.1	-13.9
Financing Cash Flow	1.0	**27.5**	57.1
Change in Cash and Equivalents	108.6	**120.9**	61.8
Balance of Cash and Equivalents	528.2	**650.3**	221.2

Business Segments (Composition)

Market share growth accelerating across all segments



*1 Customer contracts in Internet Infrastructure (excluding Provider)
*2 Customer contracts in Provider sub-segment
*3 nielsen-online (12/2014)

Strengths - Technology

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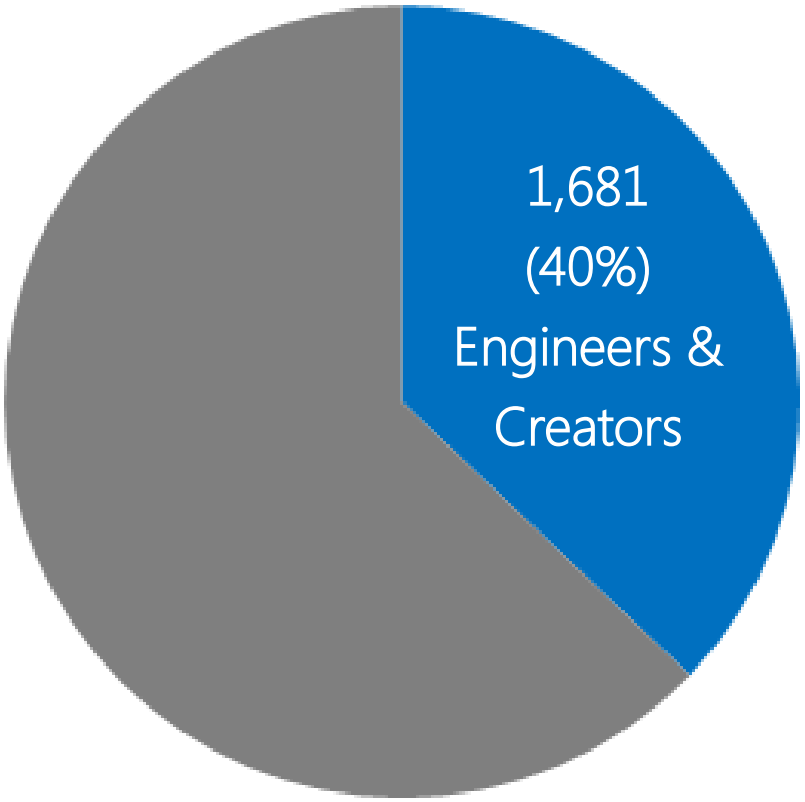
Highly skilled engineers supporting the Internet “platform”

4,198 Group Staff



All products developed, sold and supported in-house

Number 1 in Customer Satisfaction

GMO CLICK Securities
Oricon Customer Service Awards
No.1 in FX

GMO AppsCloud
Top Award for
4 consecutive years

GMO CLOUD
2014 Business Cloud
Triple A Rating

GMO GlobalSign
Online Trust Honour Roll Award

GMO Internet
Microsoft Partner of the Year 2013
Hosting Competency Award

(as of 12/2014)

Segment Composition

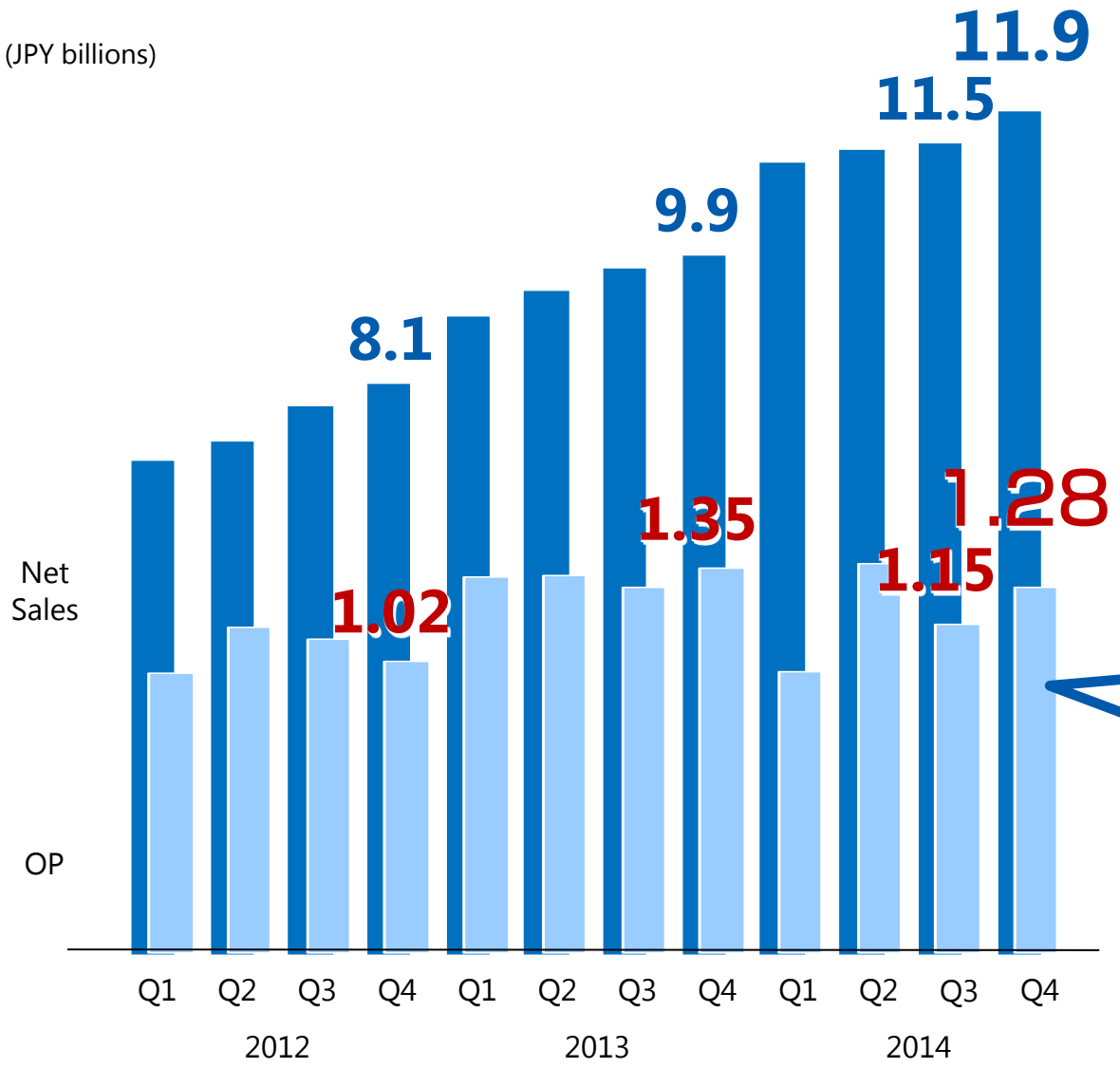
Number one across all infrastructure products

Strong No. 1	Domain	Domestic gTLD market share at 94.0%*1
Strong No. 1	Hosting & Cloud	Domestic market share at 56.6%*2
No. 1	Ecommerce	85,000 stores (71,000 paid stores)
No.1	Security	11.2% YoY increase in certificate issues
No. 1	Payment	54,000 merchants

1*based on our own data

2*Webhosting.info

Historical Performance by Quarter



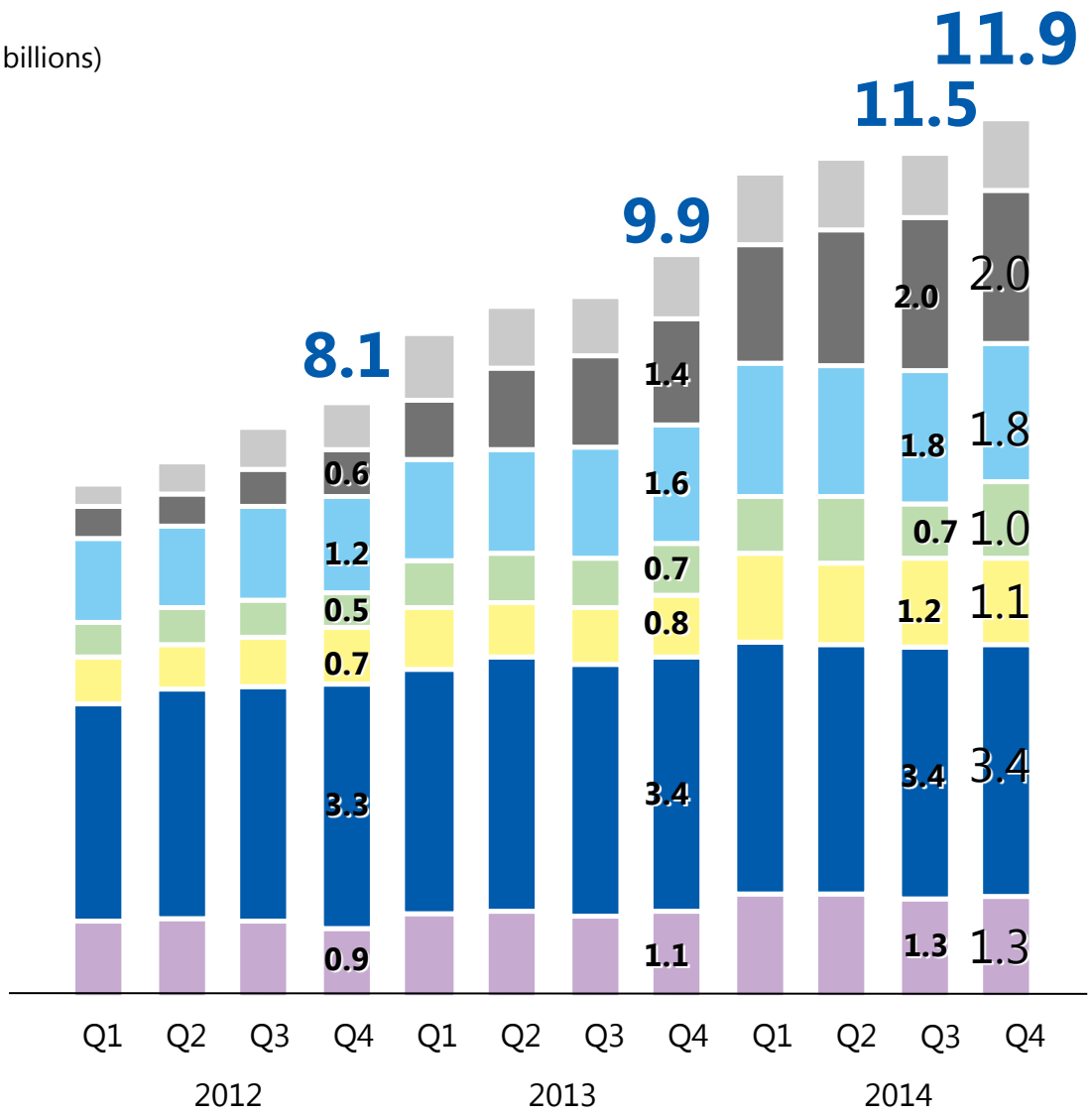
Revenue up YoY **20.5%**

Profit down **5.1%**

Goodwil (Ubisecure) JPY70M
New domain ads/one-time expenses: JPY130M

Net Sales by Sub Segment

(JPY billions)



Record High Revenue

JPY11.9 billion

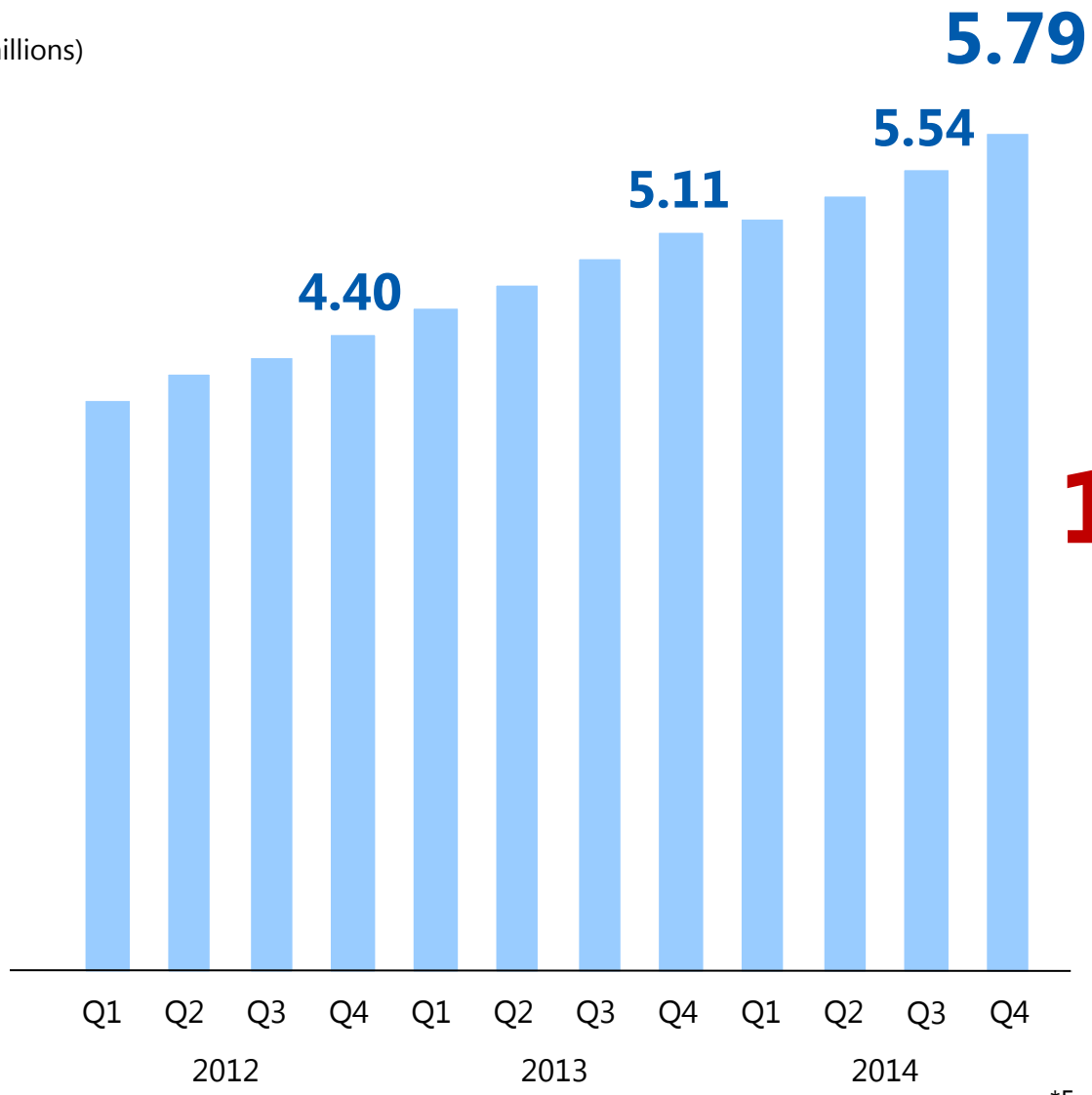
Strong Payment, Ecommerce, Security

Roundup of FY2014

Profit to rebound in 2015

	2014	2015
Investment	Domain ad/promotion (JPY600m)	Continue to expand minne
External Factors	Increased domain procurement costs due to weak yen	Adopt a more flexible pricing strategy
Extraordinary Costs	Promotion expense in Provider business (JPY400m)	none

Internet Infrastructure Contracts



5.79M contracts

13.3% YoY growth

*Excludes Provider contracts (approx. 300,000 contracts)
*Excludes non-Japan Security contracts (approx. 20,000)

Strategic Investment: C2C Handmade Online Market

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GMOペパボ

Japan's **No.1**
Handmade Market
(Participation/No. of Products)

Strategic Investment in
Handmade Online Market

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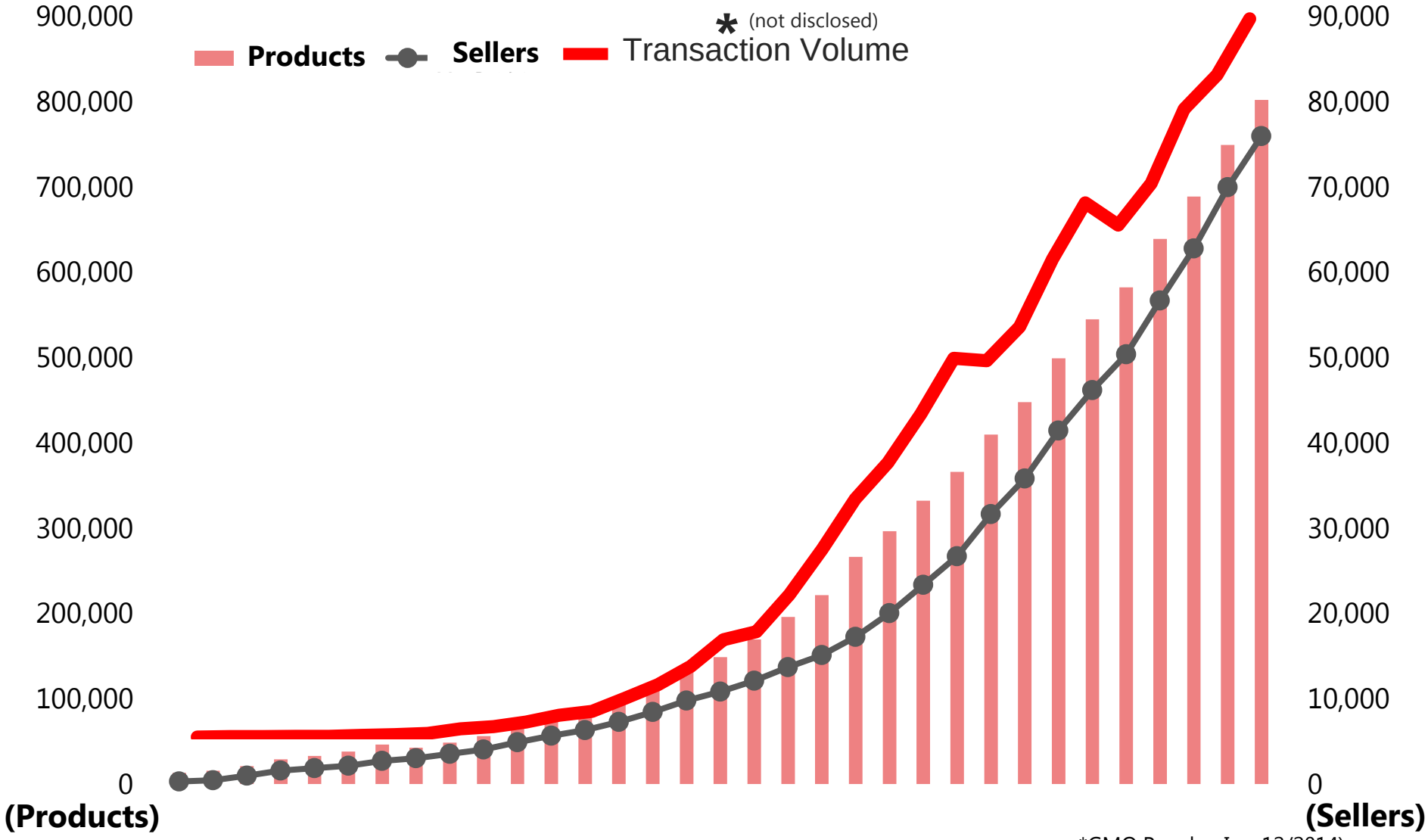
Strategic Investment: C2C Handmade Online Market

Growth trend in products, sellers and transaction volume



*GMO Pepabo, Inc. 12/2014)

Strategic Investment: C2C Handmade Online Market

Heavy promotion

TV ads

Offline events

LAWSON FamilyMart サンクス サークルK Daily MINI STOP 7-ELEVEN

Expand payment methods

Increase app ads

minne

Expand App

Upgrade Smartphone App

Handmade Award

Active Investment

Grow Staff

Infrastructure Base

Team of 50 by year-end

1. Overview

2. Group News

3. Financial Results

4. Segment Report

   i) Group Overview

   ii) Internet Infrastructure

   iii) Internet Securities

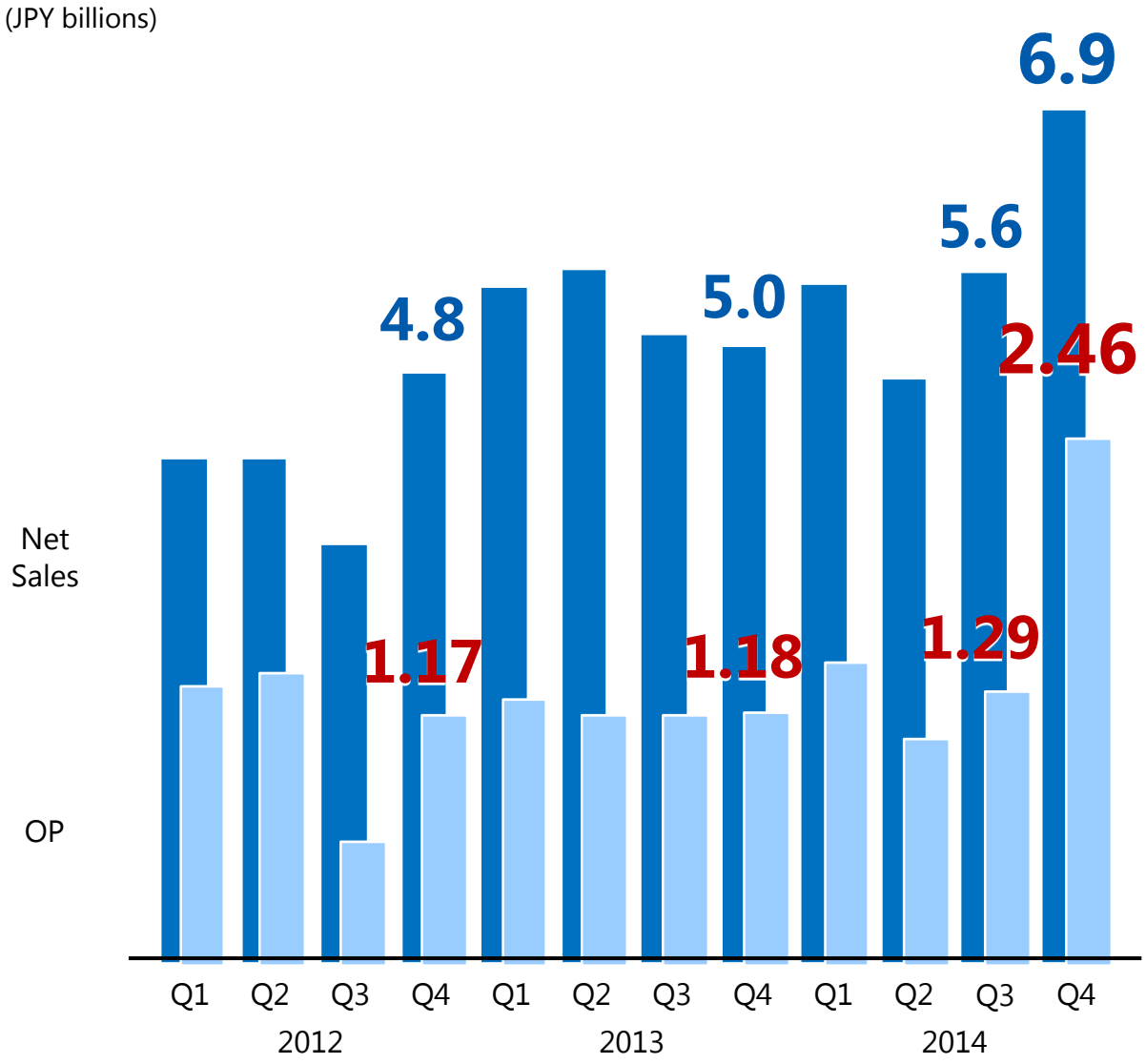
   iv) Online Advertising & Media

   v) Mobile Entertainment

5. Important Themes in 2015

6. Results Forecast

Historical Performance by Quarter

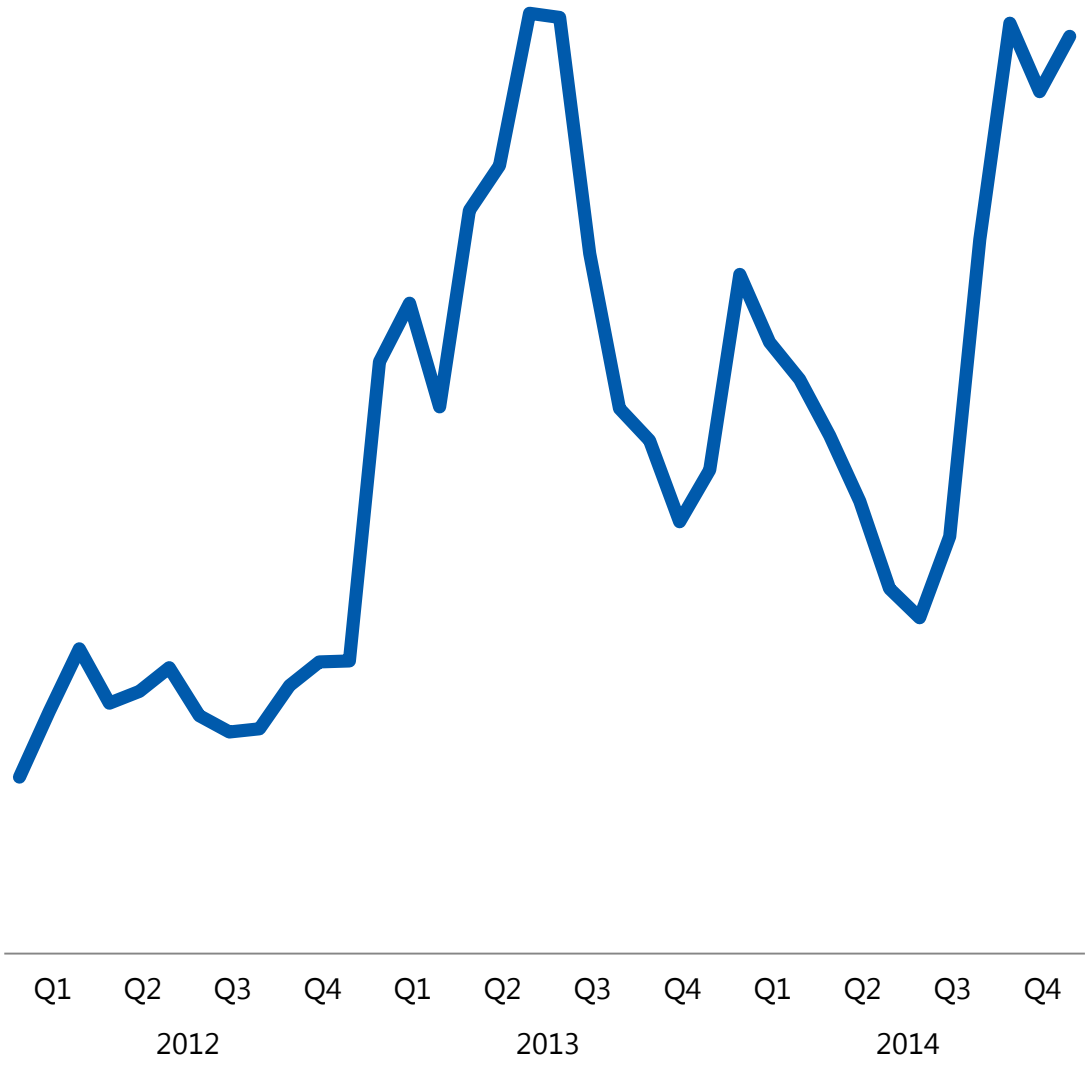


Revenue up 38.2%

Profit up 108.0%

New Record High

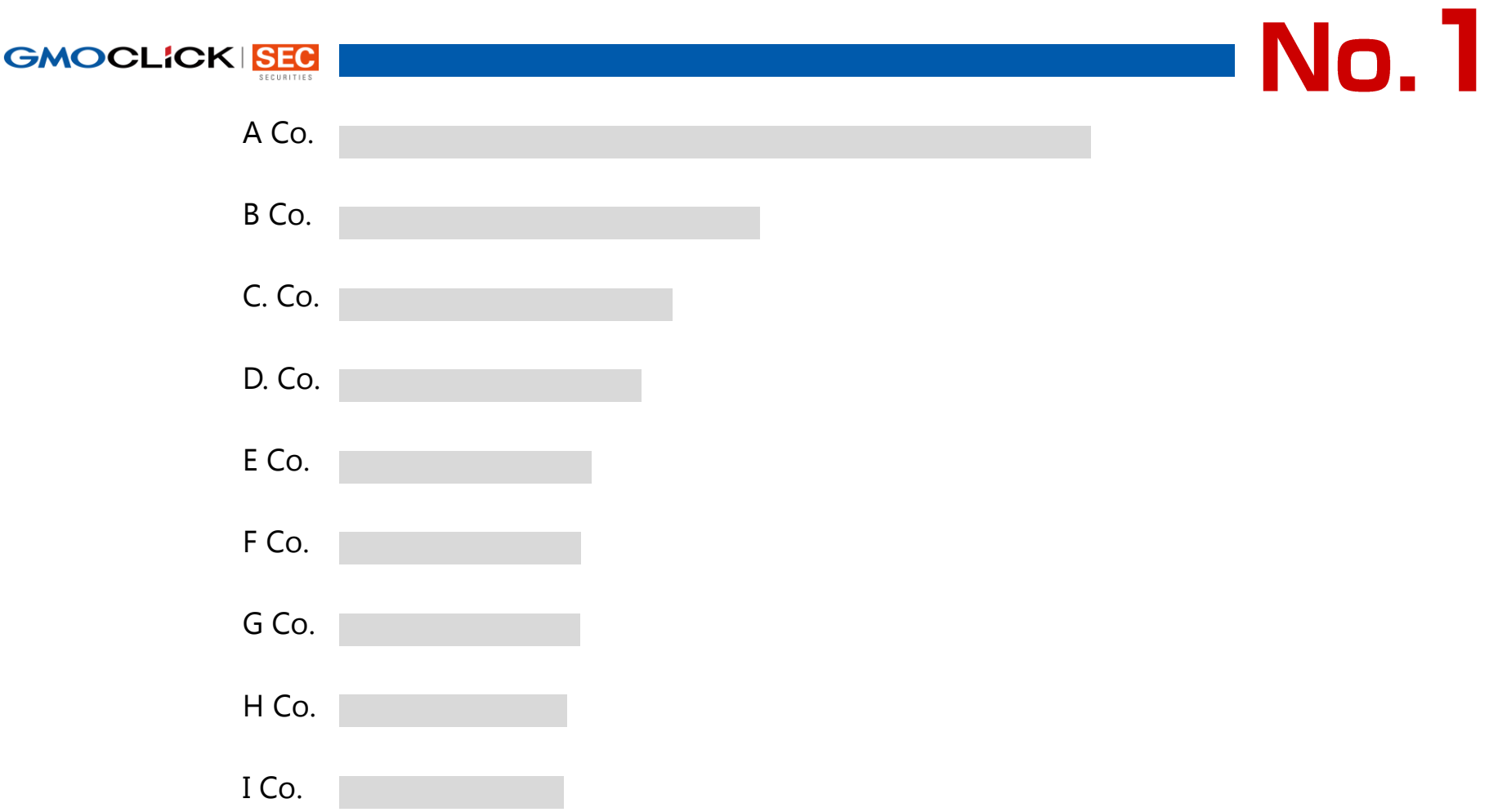
FX Trading Volume



Record High Quarterly Trading Volume (JPY352 trillion)

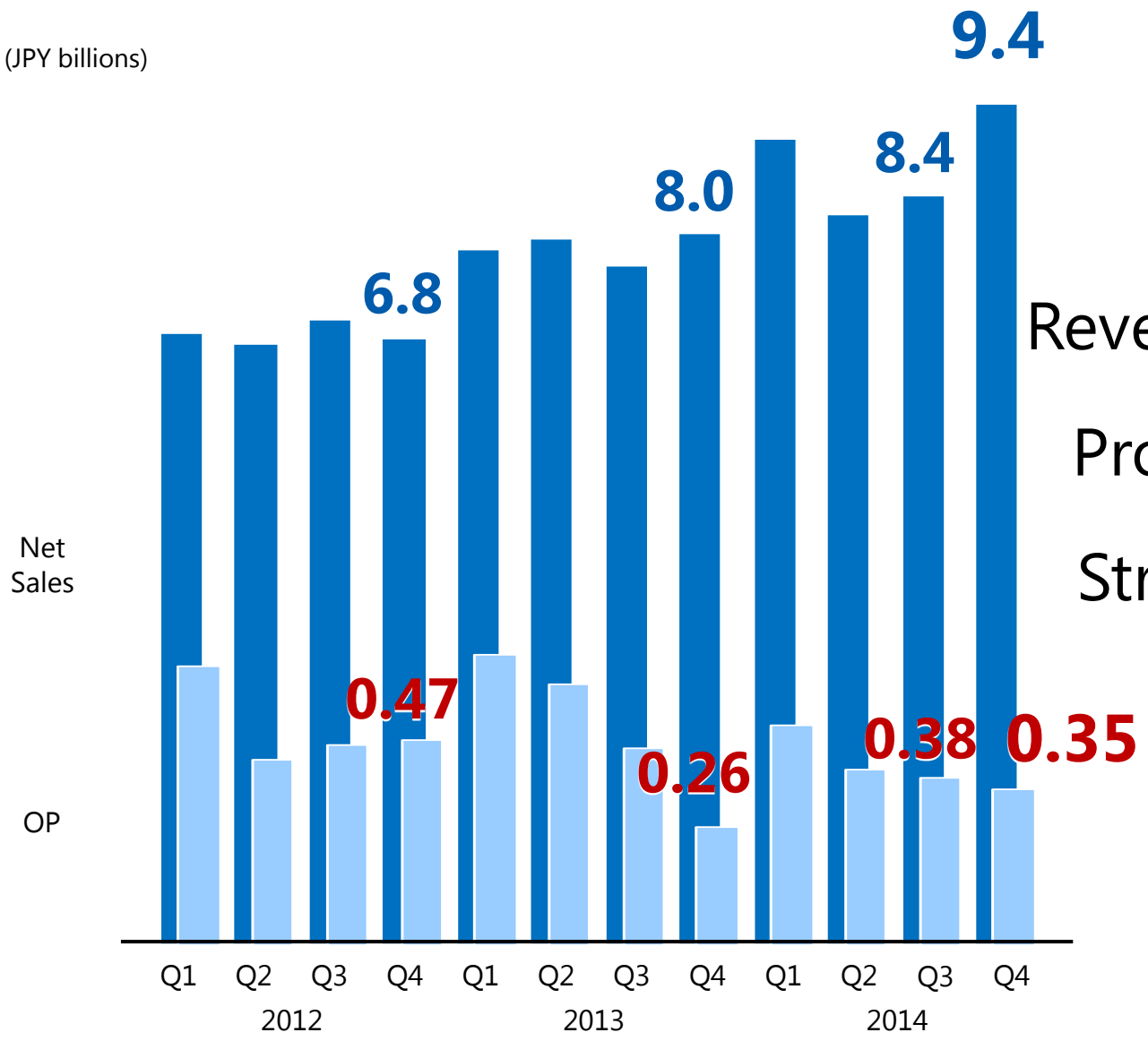
FX Annual Trading Volume

Global number one for third consecutive year



(Source: Forex Magnates, Transaction volume in 2014)

Historical Performance by Quarter



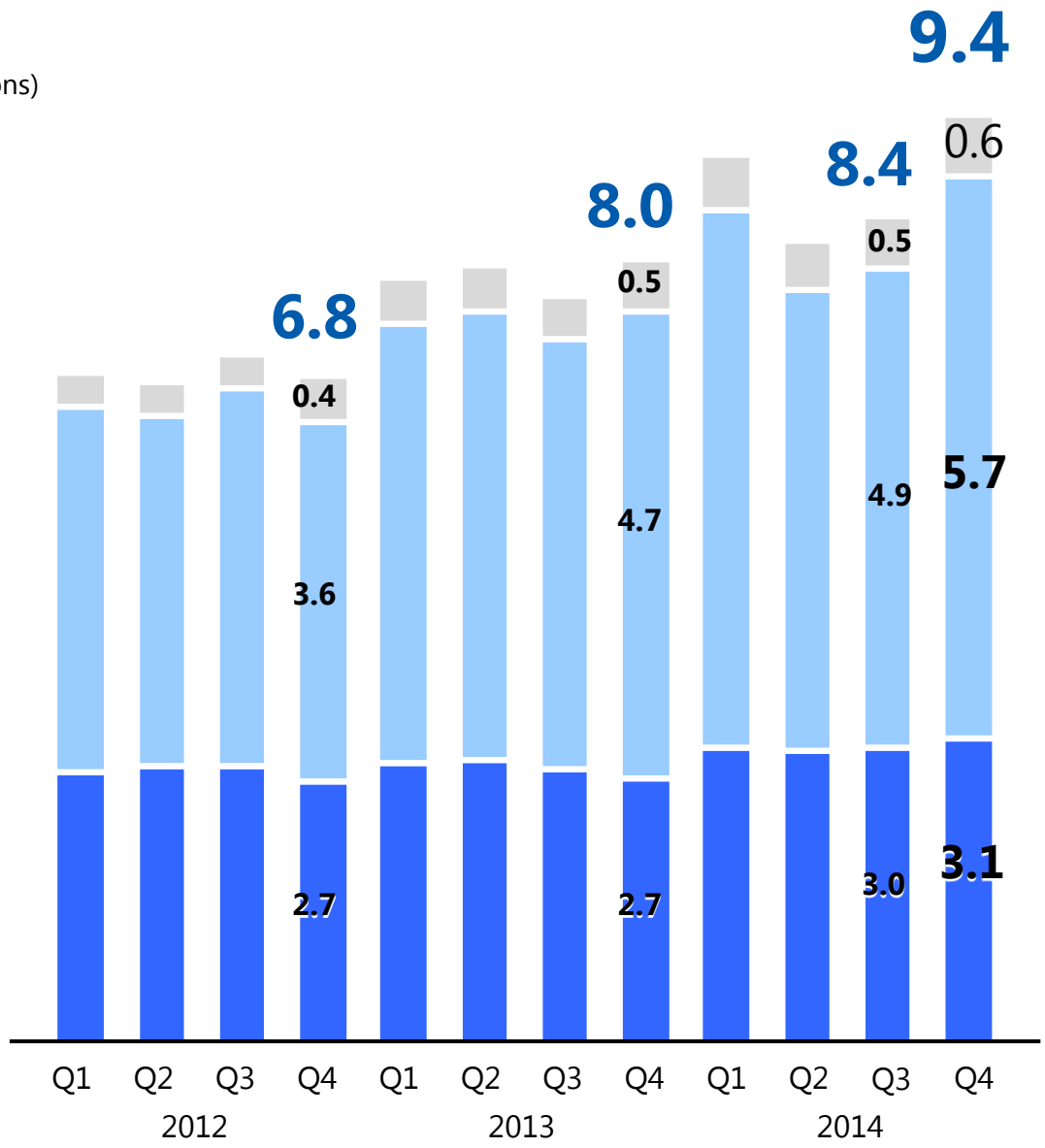
Revenue up **18.1%**

Profit up **32.8%**

Strong smartphone ad business

Net Sales

(JPY billions)



YoY
Growth in both
Ad and Media
Over **10%**

GMO Media: Smartphone App MAU

CoordiSnap by GMO

380,000 MAU

17 million DL

Social Fashion App

GIRLS CAMERA

122,000 MAU

29 million DL

Free Camera App aimed at Girls

Business Composition

Condition of sub-segments in Q4

GMO ADPARTNERS — Structural reforms in rep business

GMO TECH — Strong smartphone reward, affiliate ad performance

GMO RESEARCH — Steady expansion of online research platform

GMO AD Partners: Structural Reform

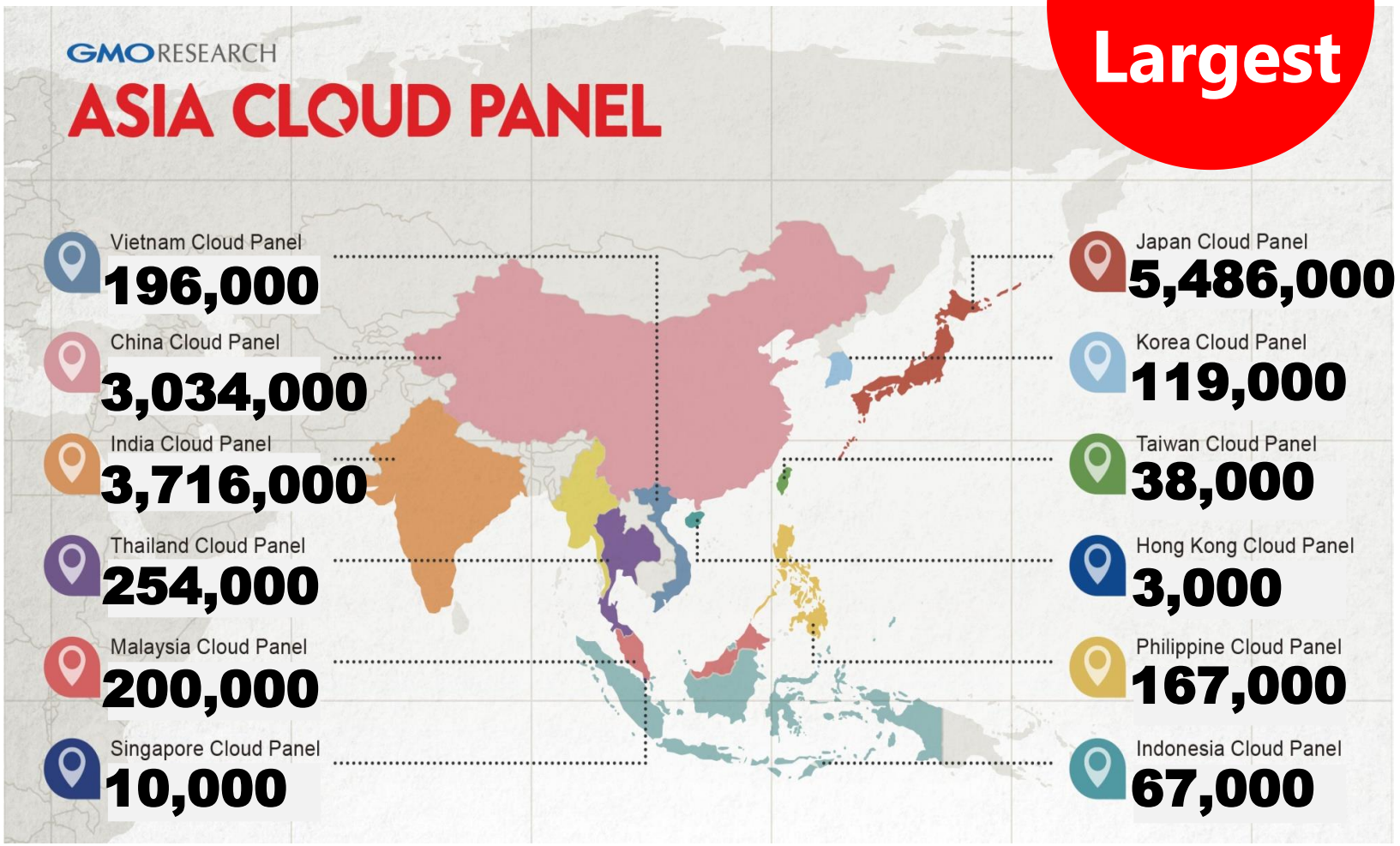
Enhancing team to accelerate transition to technology based business model

Media/Ad Tech	Agency
Enhance Smartphone Content Offering Engineers, Creators	**Strategic Reinforcement** Engineers, Consultants

JPY560 million over coming year

GMO Research: Asia's Largest Research Panel

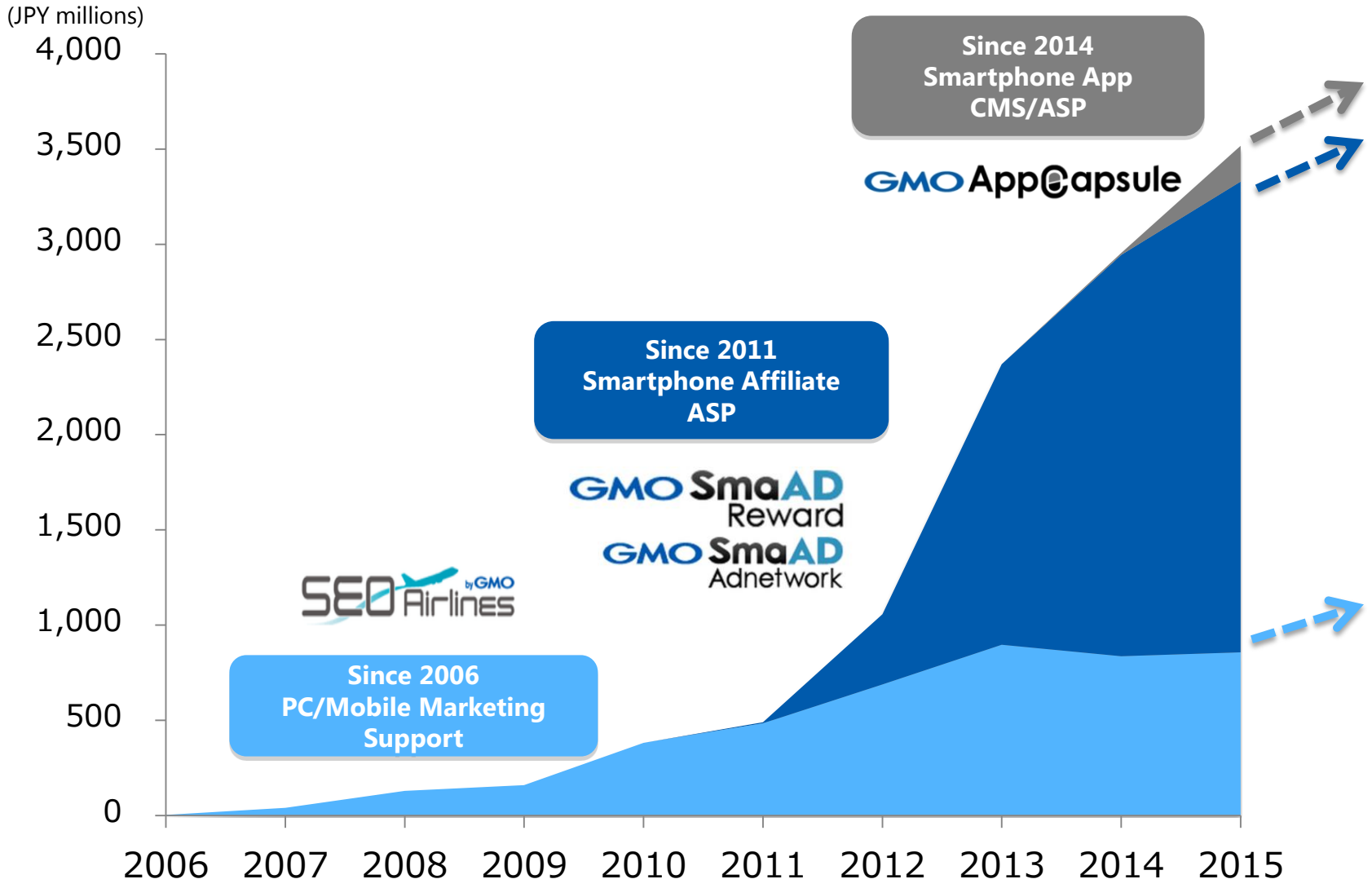
Over 13 million monitors



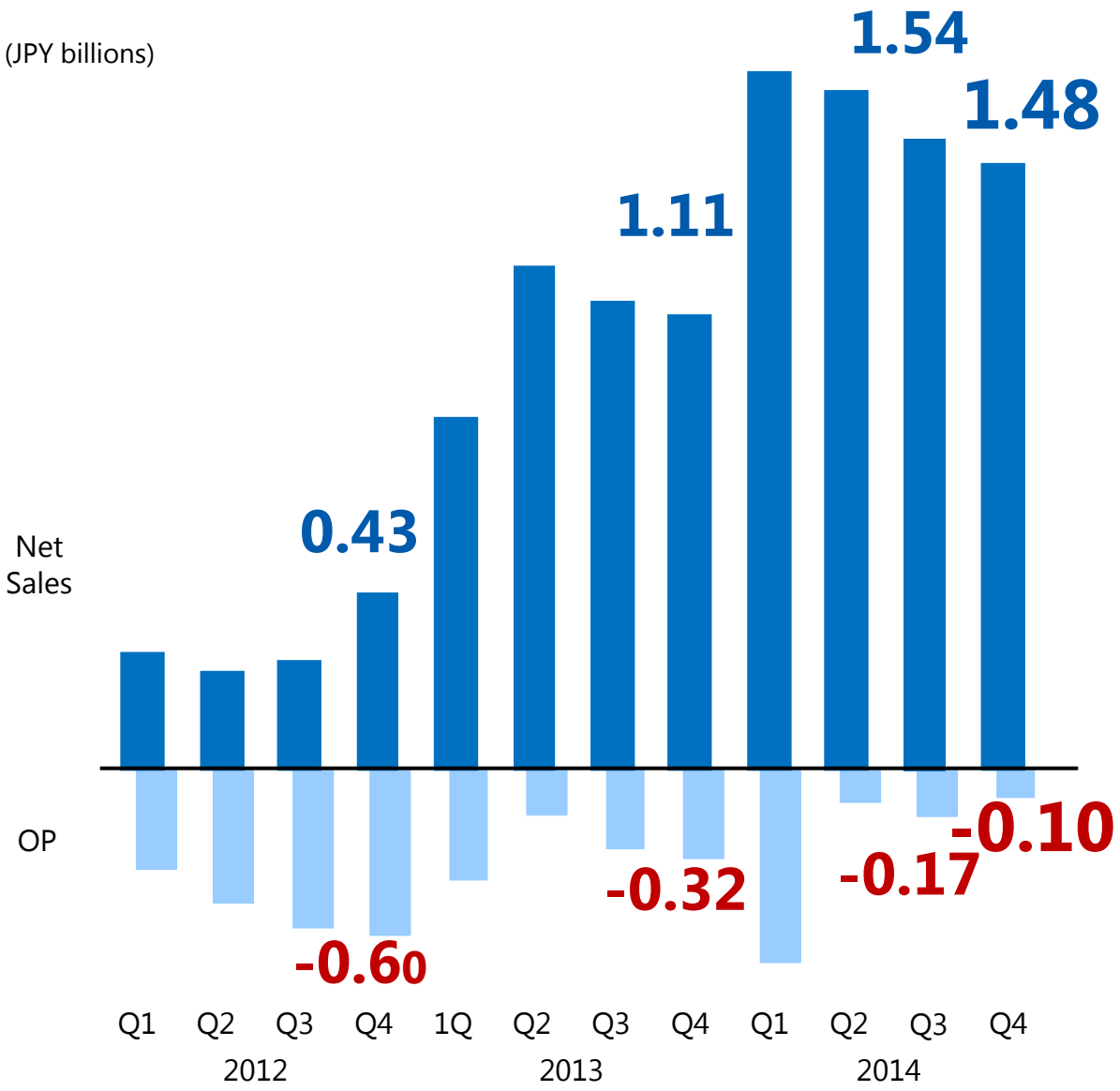
(12/31/2014)

GMO TECH: Ad Technology Company

GMO SmaAD growth is significant revenue contributor



Historical Performance by Quarter



Insourcing of all operations to control costs

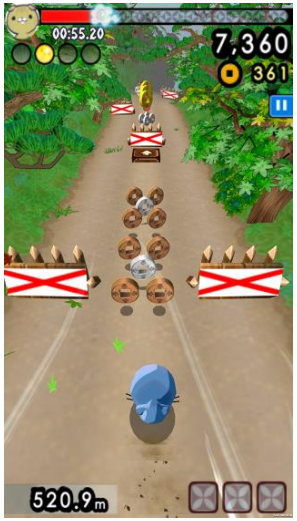
Monthly profit achieved

New titles to expand top line growth

Q1	Q2	Q3

Puzzle RPG

Simulation



Casual

3D Action

Shooting

Card Battle

Dragon Line

Launch: February 2015

Price: Free (in-game item purchase)

Available：App Store/ Google Play

Strengthening strengths and reinforcing weaker segments with strong products

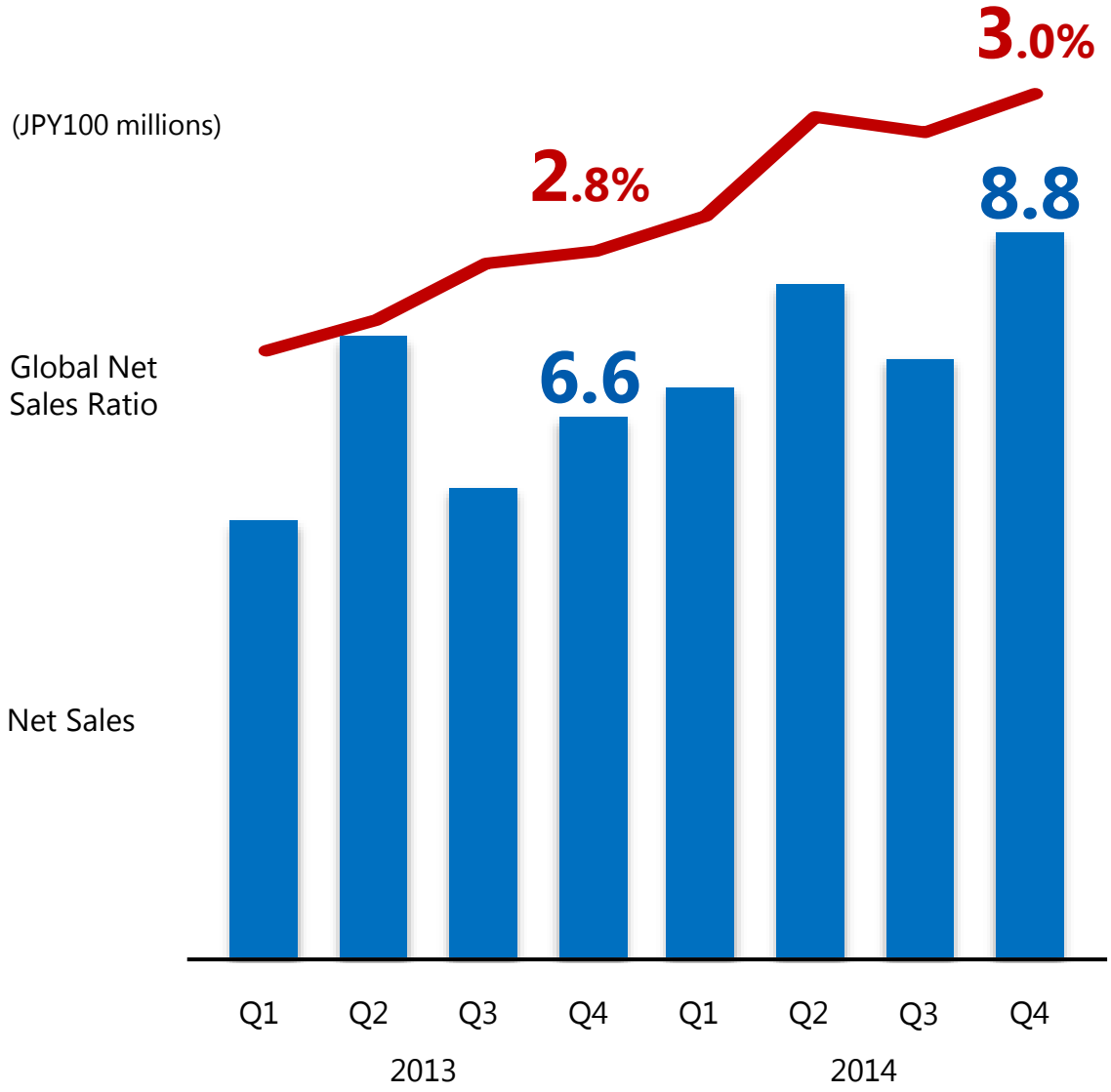
	Japan	Global
Internet Infrastructure	IoT to boost demand, Growth in ecommerce verticals	Z.com Expansion in UK,HK Asia
Internet Securities	Highly Skilled FinTech team + Group reorganization and technical listing	
Online Ad & Media	Accelerate Technology Shift	
Mobile Entertainment	Hit games to produce upside	

Global Growth

17 countries, 39 locations 680 global staff

*as of 12/2014

Global Growth: Global Net Sales



Global Net Sales

up 33.9%

Global Net Sales Ratio 3.0%

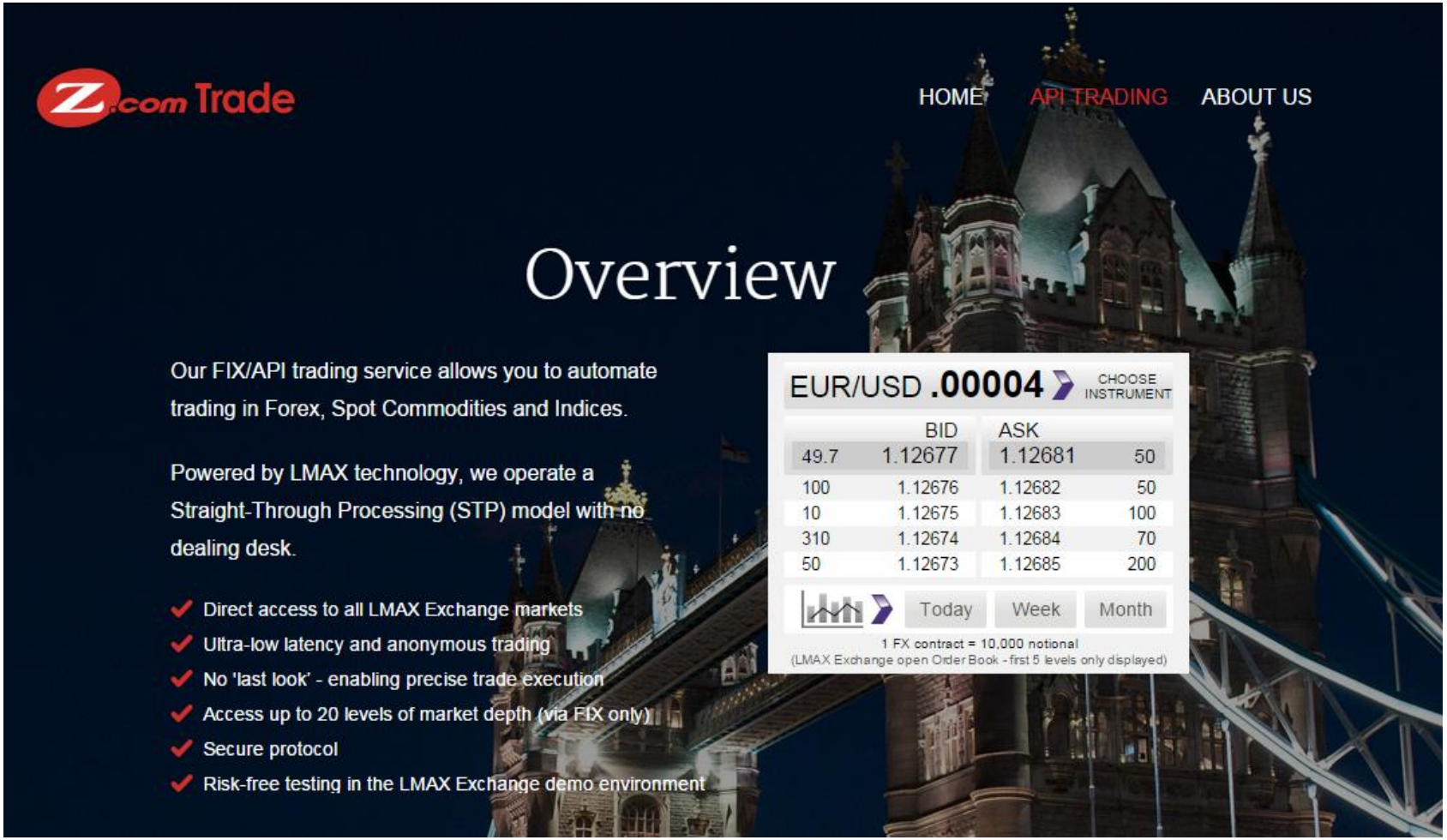
Global Growth: Z.com

Unified global brand

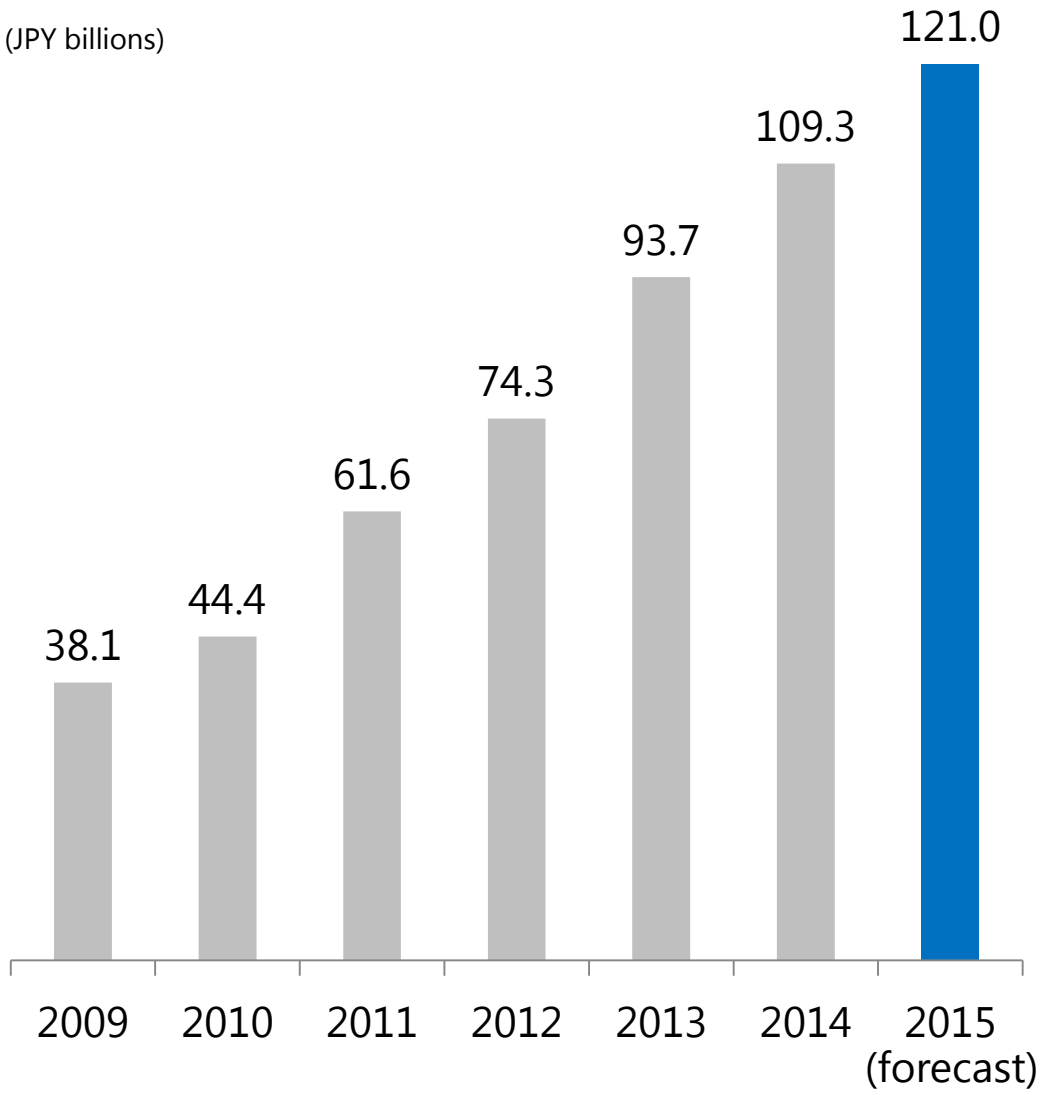
Leading services + A highly memorable brand (domain name)

Global Growth: Z.com

z.com Trade launches in UK



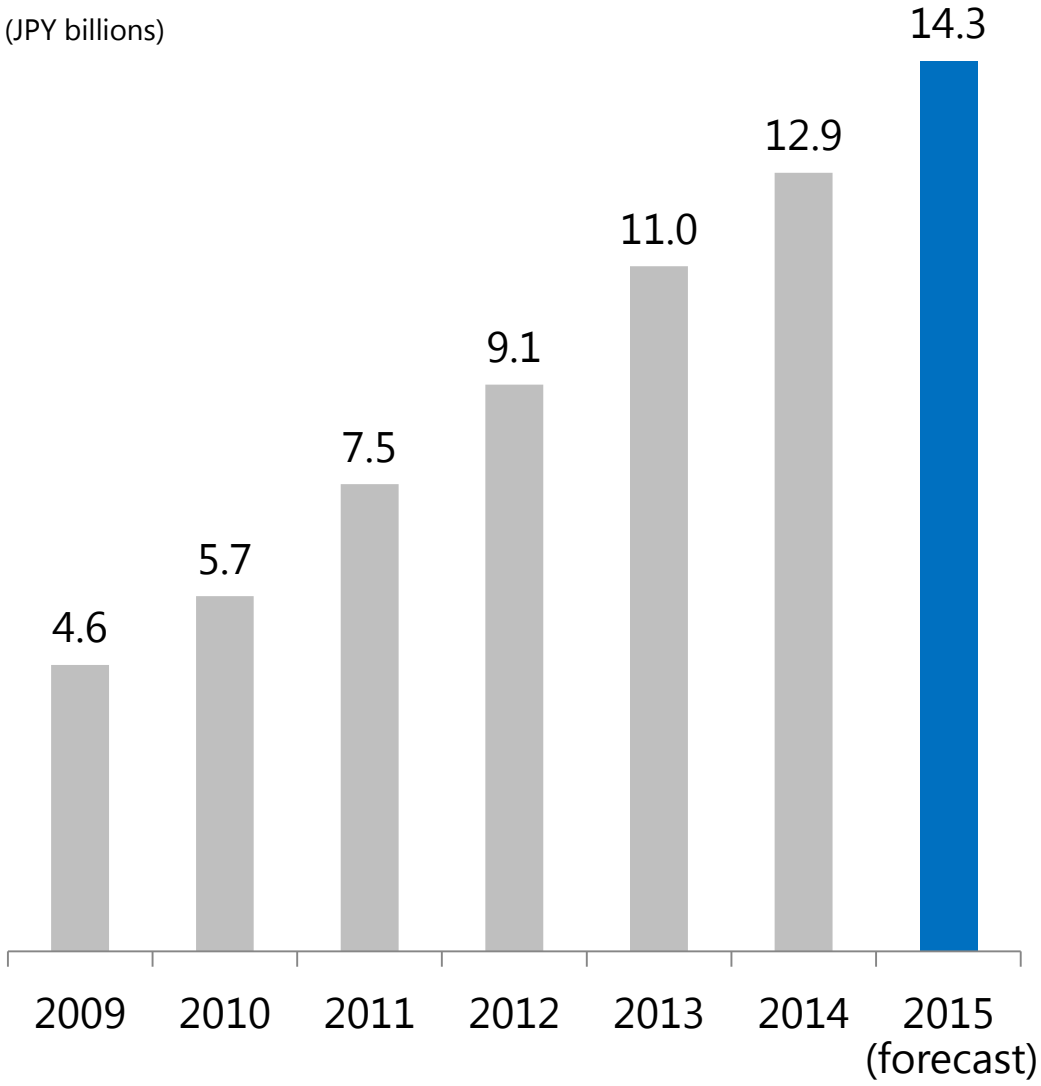
Historical Performance: Net Sales



Net Sales Forecast

JPY121.0 billion

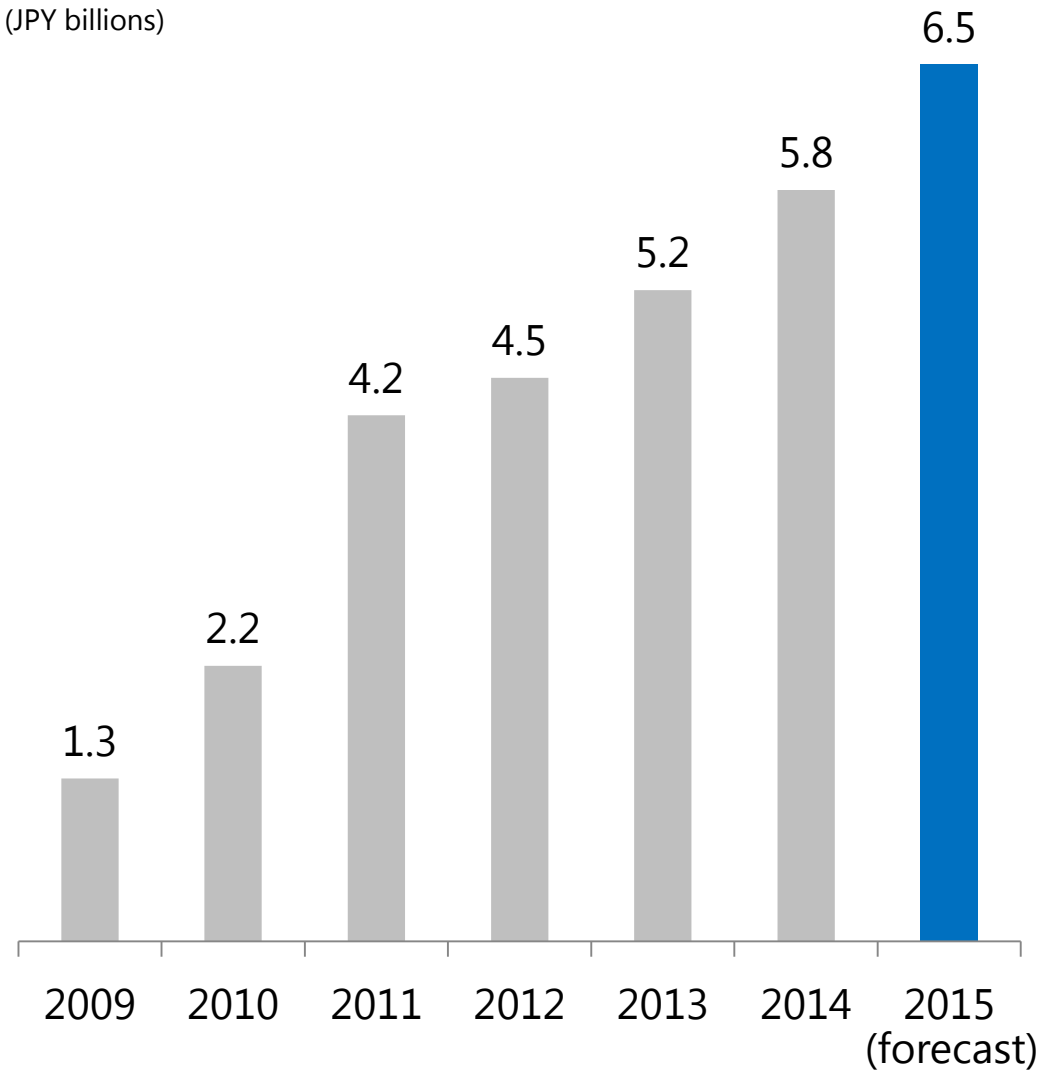
Historical Performance: Operating Profit



Operating Profit Forecast

JPY14.3 billion

Historical Performance: Net Profit



Net Profit Forecast

JPY6.5.0 billion

Results Forecast

Double-digit profit growth even after infrastructure and media investment

(JPY billions)	FY2014 (Actual)	FY2015 (Forecast)	Change
Net Sales	109.3	121.0	+10.6%
Operating Profit	12.9	14.3	+10.6%
Ordinary Profit	12.7	14.3	+12.3%
Net Profit	5.8	6.5	+11.3%

Dividend Forecast

Total FY2015 dividend per share: JPY21 (including commemorative "100 billion in net sales" dividend)

(Unit: JPY)	Q1	Q2	Q3	Q4	Total
2012	3	3	3	3+1 Up	13
2013	3	3	4	4+1 Up	15
2014	4	4	4	4 +1 Up	17
2015 (forecast)	4 +2 Up	5	5	5	21

Commemorative Dividend

Internet for Everyone

GMO INTERNET

This document includes projections based on expectations, premises and plans as of February 5, 2015. These projections may differ from actual results due to factors including changes in the global economy, competition, exchange rate fluctuations, natural disasters and other unforeseeable events. Some of the figures given, such as market share are based on our own calculations. These figures may differ from research agency figures.
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