

Fiscal Year 2009 First Quarter Results Presentation

May 11, 2009

GMO Internet, Inc.

(TSE First Section: 9449)

Internet for Everyone

<http://www.gmo.jp/en> 1

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Agenda

1. Summary

2. Overview of Q1 FY 2009 Financial Statement

3. Segment Report

1. Web Infrastructure & E-commerce
2. Internet Media

4. Progress on FY 2009 E-commerce Strategy

1. Summary

2. Q1 FY 2009
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①Web Infrastructure
& E-commerce

②Internet Media

4. FY 2009
E-commerce Strategy

1. Summary

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Notice

1. Summary

2. Q1 FY 2009
Financial Statement

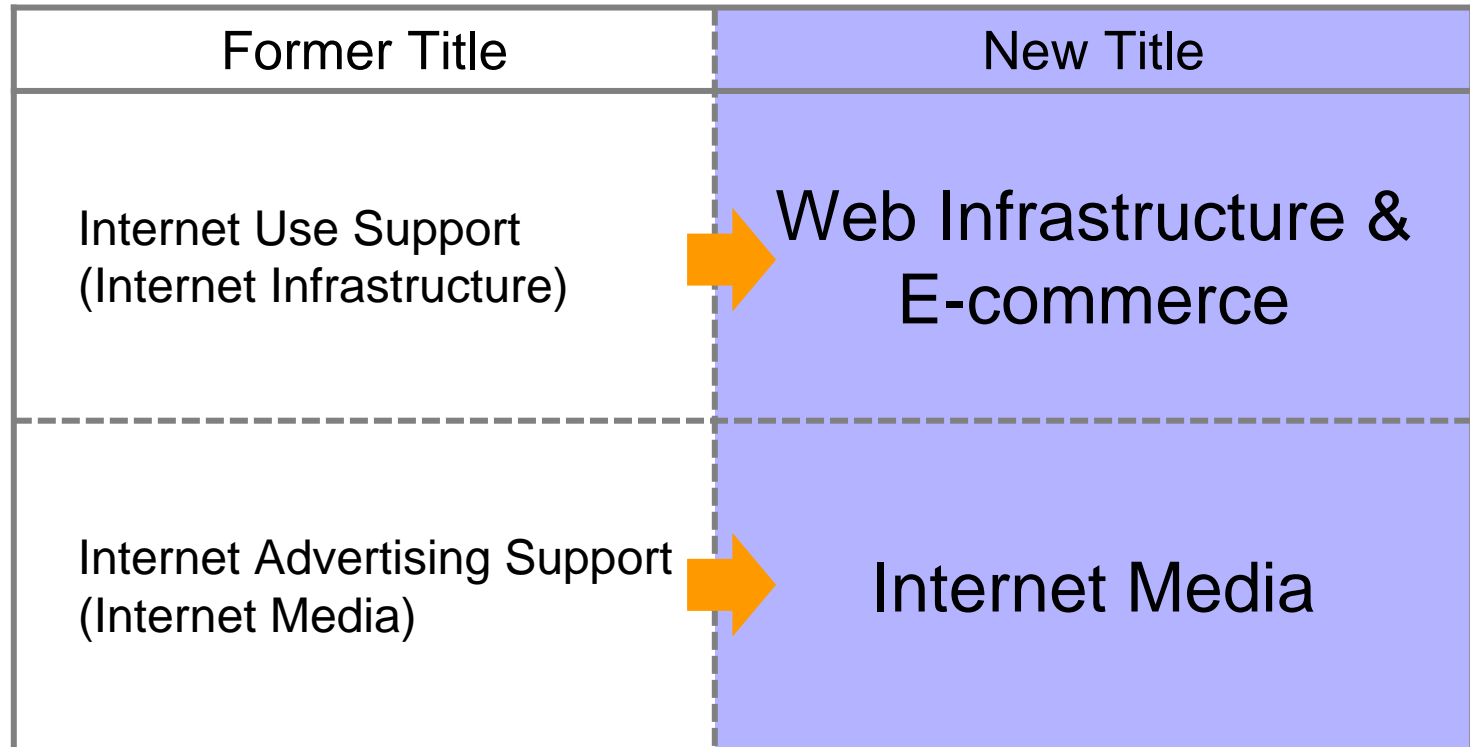
3. Segment Report

① Web Infrastructure & E-commerce

② Internet Media

4. FY 2009
E-commerce Strategy

Change of business segment titles



*This is a change in name only. There is no change to business operations in the respective segments)

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Summary (I)

1. Summary

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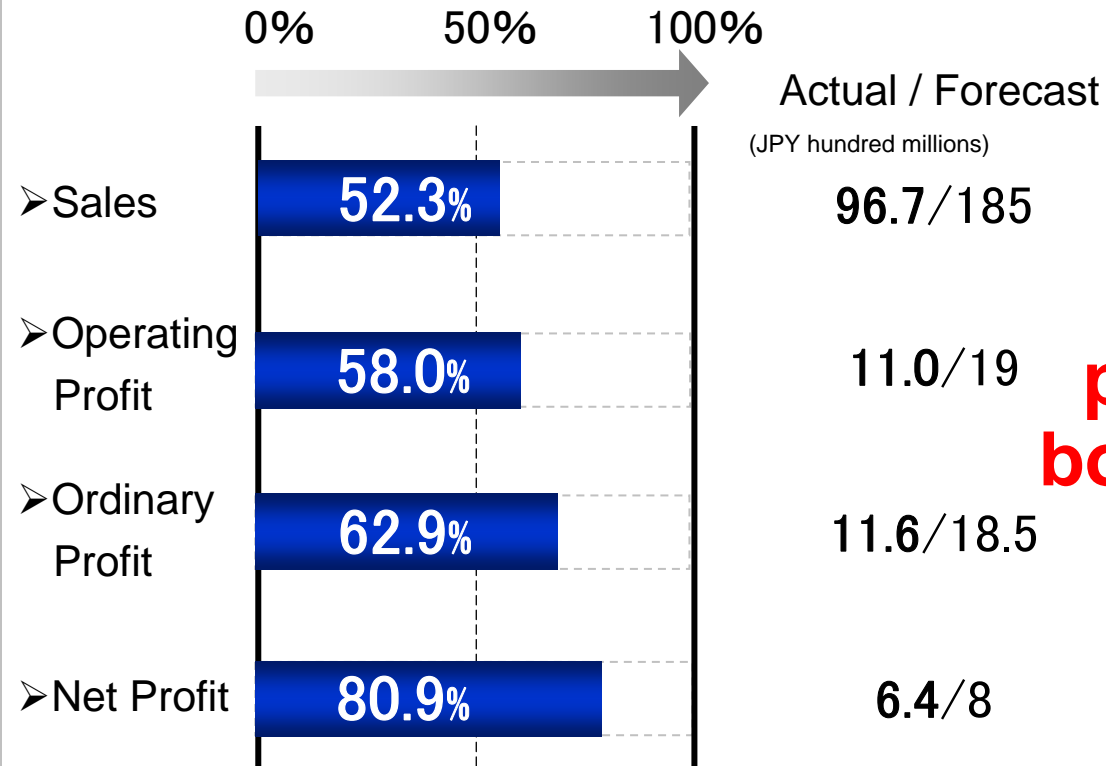
①Web Infrastructure
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②Internet Media

4. FY 2009
E-commerce Strategy

First quarter highlights in fiscal year 2009

1 Progress on Achieving Mid-Year Forecast (in Q1)



Positive progress in both earnings and profit

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Summary (II)

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4. FY 2009 E-commerce Strategy

First quarter highlights in fiscal year 2009

2 Year-on-Year Comparison (Q1)

	1-3/2008	1-3/2009	YoY Change
➤ Sales	JPY8.64B	JPY9.67B	+11.9%
➤ Operating Profit	JPY1.15B	JPY1.10B	-4.2%
➤ Ordinary Profit	JPY1.02B	JPY1.16B	+13.0%
➤ Net Profit	JPY0.48B	JPY0.64B	+32.2%

Record High

segment (Web Infrastructure/Media) base

2

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2. Overview of Q1 FY 2009 Financial Statement

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Consolidated P/L

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4. FY 2009
E-commerce StrategyTSE 1st Section: 9449

Reduced corporate tax burden boosts net profit by 32.2%

(JPY millions)

	1-3/2008	1-3/2009	1-6/2009 (Forecast)	YoY Change
Sales	8,644	9,671	18,500	+11.9%
Cost of Sales	3,357*	4,429*	—	+31.9%
SGA	4,135*	4,138*	—	+0.1%
Operating Profit	1,151	1,103	1,900	-4.2%
Non-Operating Revenue	119	165	—	+38.5%
Non-Operating Expenses	242	105	—	-56.6%
Ordinary Profit	1,028	1,163	1,850	+13.0%
Extraordinary Profit	202	31	—	-84.2%
Extraordinary Loss	69	30	—	-56.6%
Minority Equity	263	161	—	-38.8%
Corporate Taxes etc.	408	356	—	-12.7%
Net Profit	489	647	800	+32.2%

*Reclassification of items from the current quarter. Q1 2008 figures shown have been revised accordingly.

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Q1 Sales by Segment

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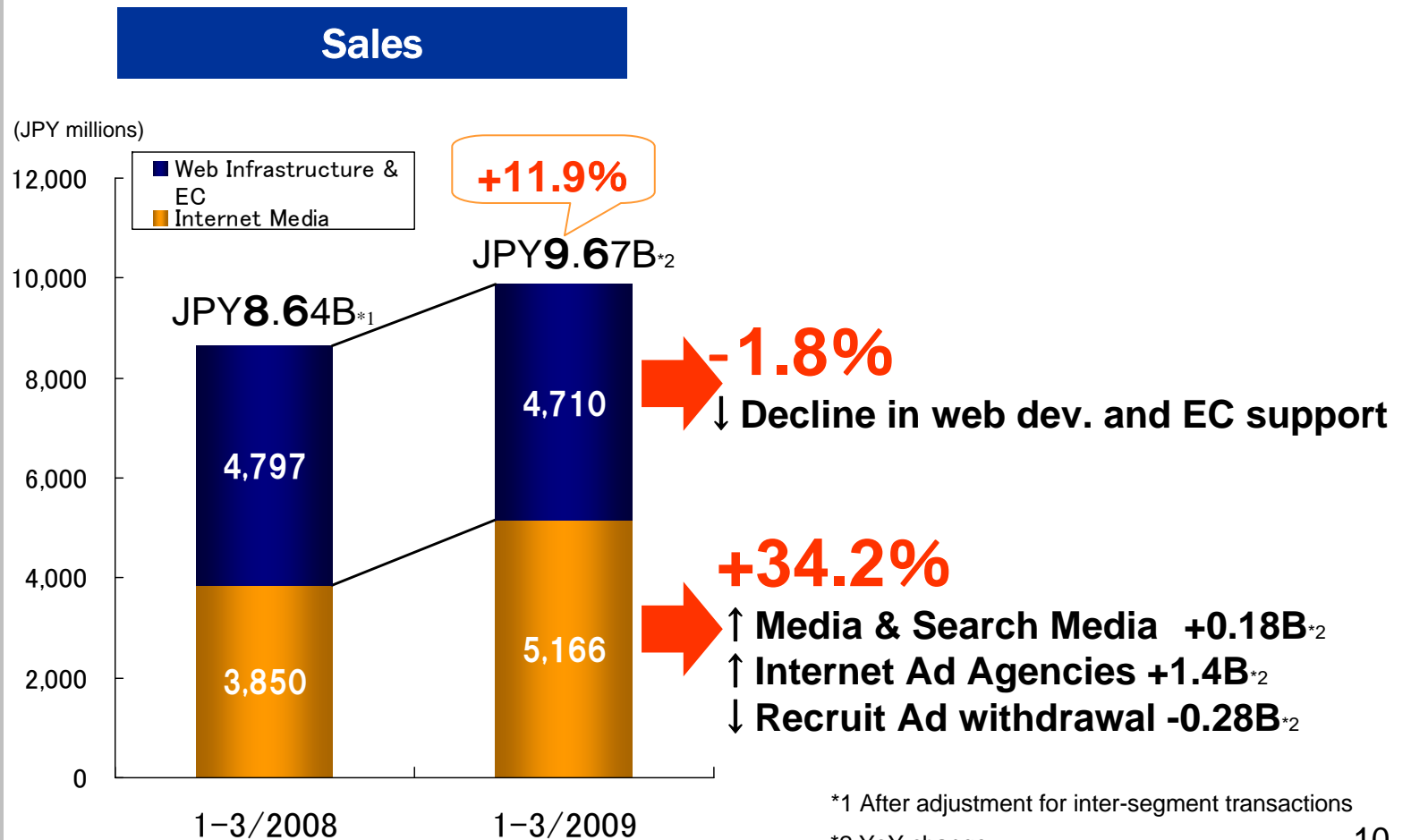
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E-commerce Strategy

Scope of consolidation effect and strong SEO performance offset Recruit Ad business withdrawal



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*1 After adjustment for inter-segment transactions

*2 YoY change

Q1 Operating Profit by Segment

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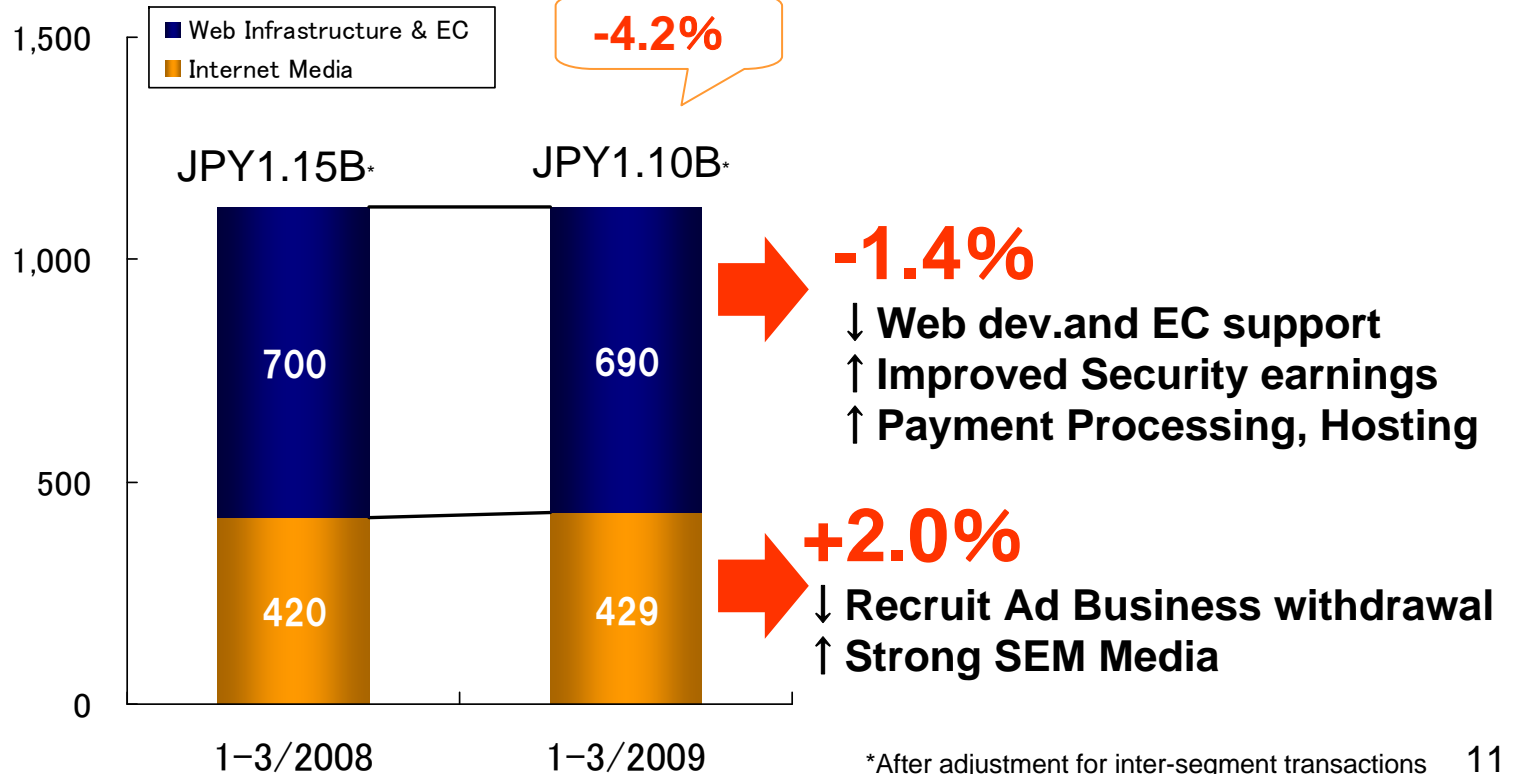
② Internet Media

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E-commerce Strategy

Change in structure of both segments to improve profit quality

Operating Profit

(JPY millions)



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*After adjustment for inter-segment transactions 11

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Consolidated Balance Sheet

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E-commerce Strategy

No significant movement in shareholders' equity following dividend payout

	End December FY 2008	End March FY 2009	Dec-Mar Change	(JPY millions)
Current Assets	25,644	25,614	-30	
(Cash & deposits)	18,510	18,255	-255	
Fixed Assets	14,108	13,905	-202	
(Goodwill)	2,048	1,853	-194	
(Software)	1,984	2,068	+84	
(Investment real estate)	4,437	4,436	-0	
(Investment securities)	817	664	-153	
Total Assets	39,752	39,519	-233	
Total Liabilities	26,385	26,272	-112	
(Interest bearing liabilities)	14,201	14,051	-149	
Net Assets (minority equity portion)	13,367 (6,609)	13,246 (6,516)	-120 (-92)	
Shareholders' Equity (earned surplus portion)	6,758 (5,636)	6,730 (5,585)	-28 (-51)	After JPY700M Dividend Payout
(Shareholders' equity ratio)	17.0%	17.0%	-	
Total Liabilities / Net Assets	39,752	39,519	-233	

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Consolidated Balance Sheet

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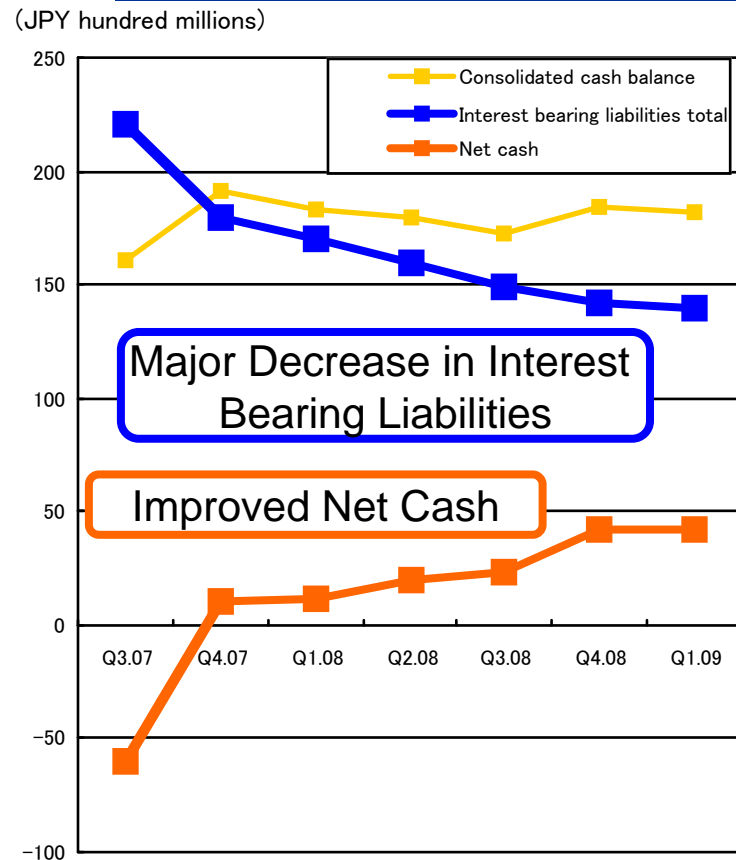
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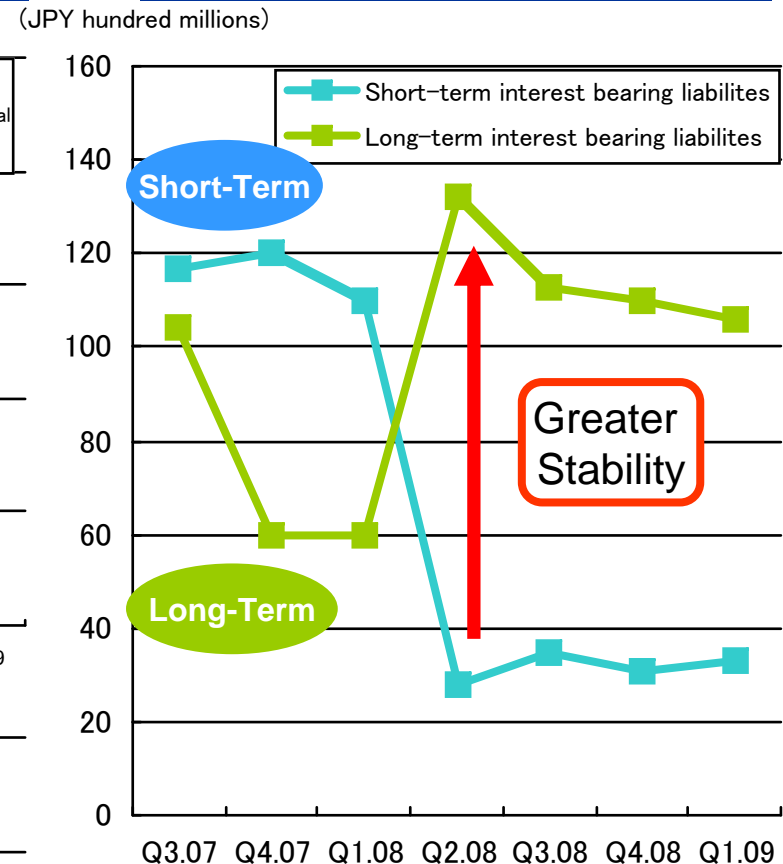
4. FY 2009
E-commerce Strategy

Continued focus on improved financial stability

Interest Bearing Liabilities and Net Cash



Short-Term and Long-Term Interest Bearing Liabilities



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Major increase in operating cash flow despite corporate tax payment

(JPY millions)

	1-3/2009
Cash Flow from Operating Activities	753
Cash Flow from Investing Activities	-120
Cash Flow from Financing Activities	-916
Change in Cash and Equivalents	-281
Balance of Cash and Equivalents	18,201

Corporate tax payment: 690M

Net decrease in interest bearing liabilities: approx. 150M
Dividend payout: 780MTSE 1st Section: 9449

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Business Segments

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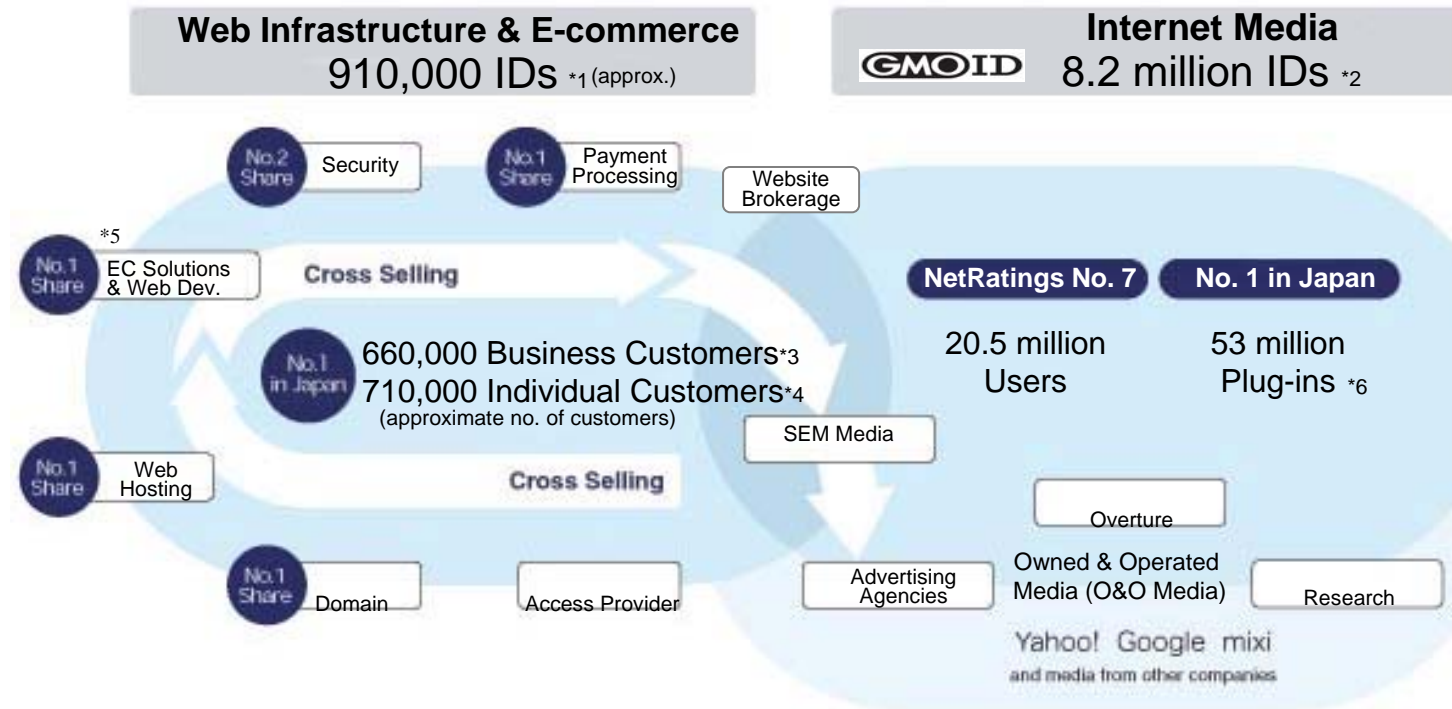
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E-commerce Strategy

Management resources concentrated in two business areas. Our operations support the information delivery and net businesses of 1.38 million customers (*8).



Notes:

- *1. Business and individual domain registrations = no. of integrated customer database IDs
- *2. GMO 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 75,000 Internet access provider business customers not included in the above figures
- *8. Paying members only

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Web Infrastructure & E-Commerce Segment Contracts

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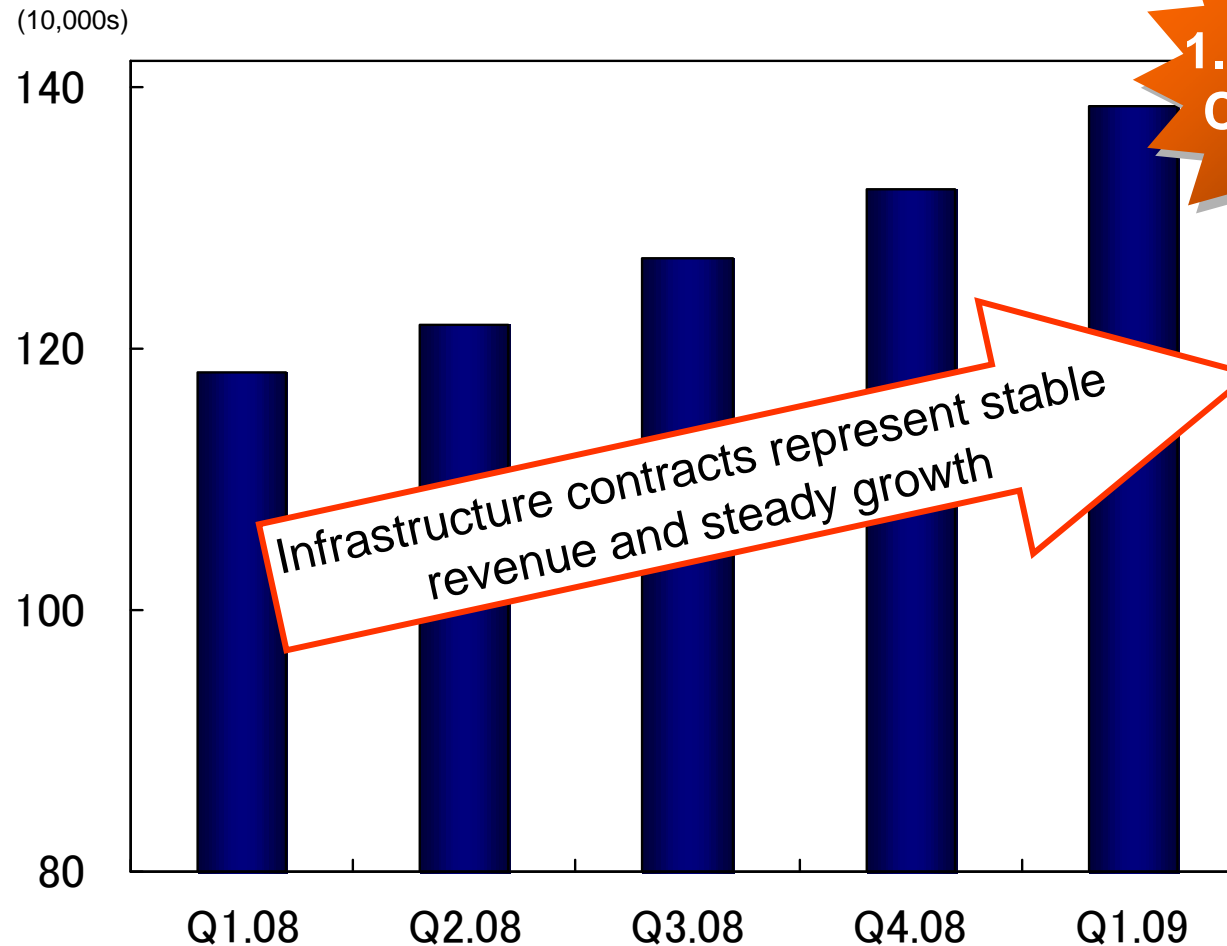
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E-commerce Strategy

1.38 million contracts: a leading Japanese Internet infrastructure services provider



1.38 million
Contracts

Infrastructure contracts represent stable revenue and steady growth

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*Approximately 75,000 Internet access provider business customers not included in the above figures

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Web Infrastructure & E-Commerce - Segment Composition

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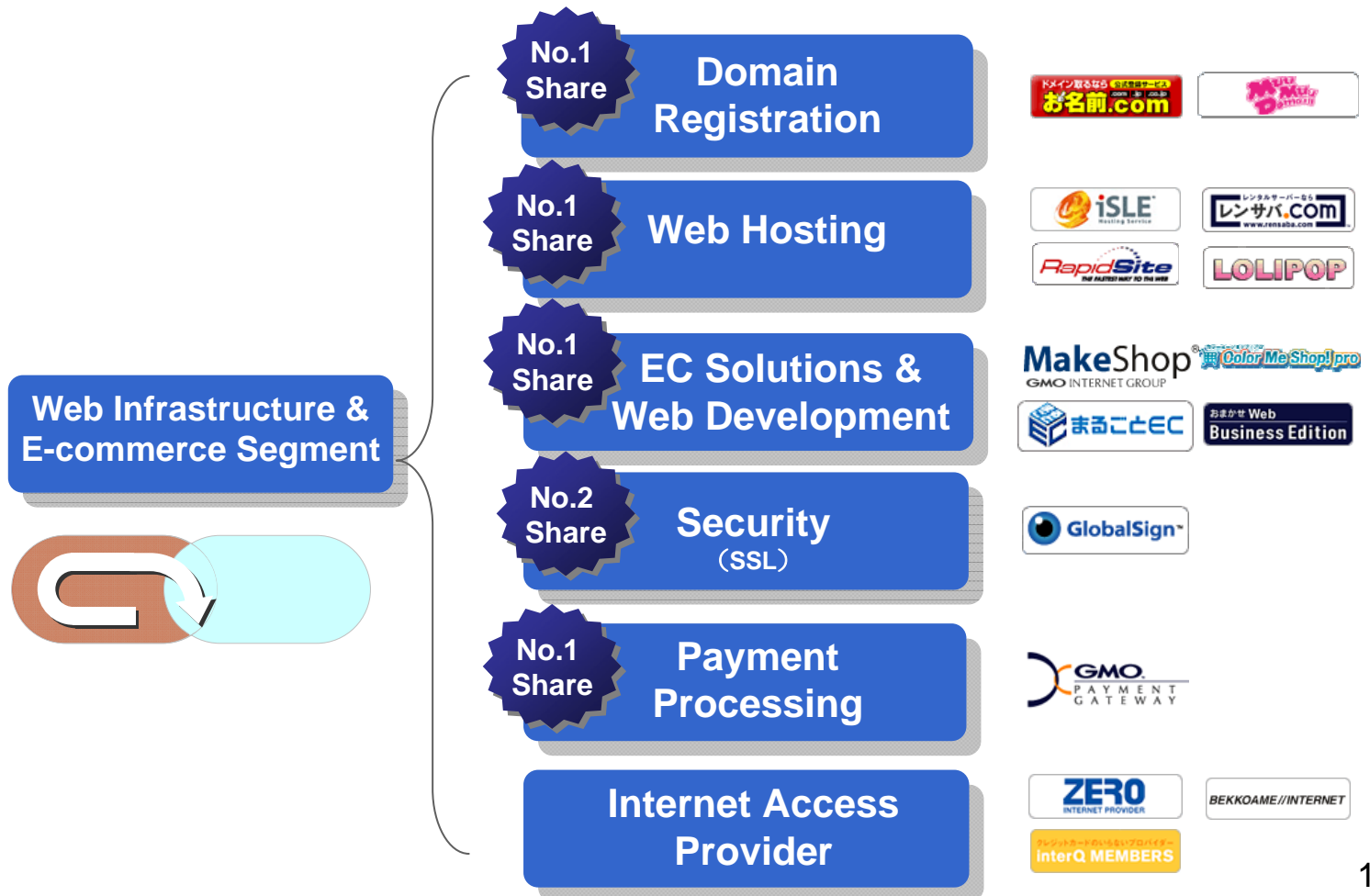
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4. FY 2009
E-commerce Strategy

Five major service* areas driving growth

*Domain registration, Web hosting, E-commerce solutions & Web development, Security, and Payment processing



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Business Performance – Q1 Web Infrastructure & EC Sales

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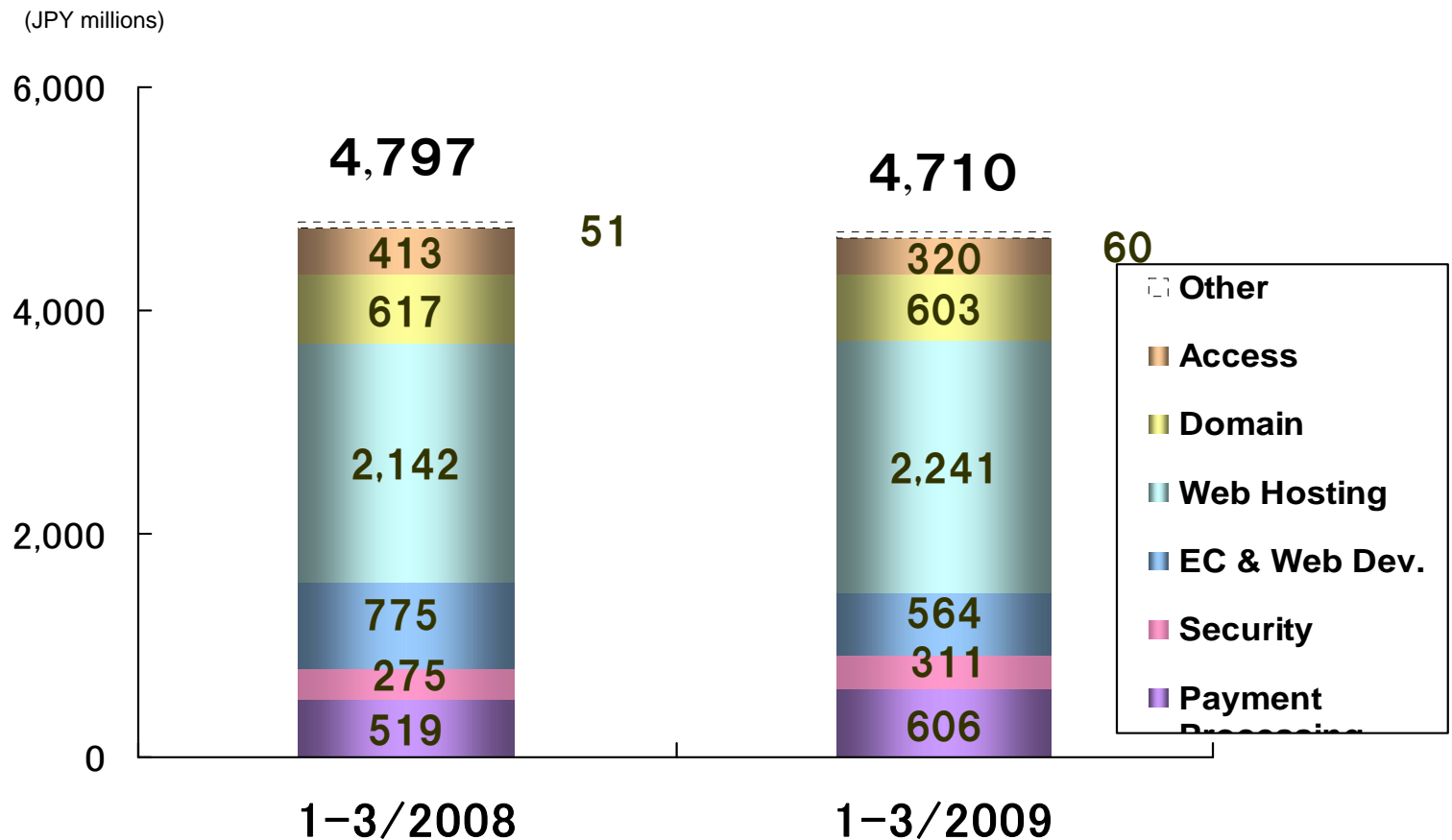
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4. FY 2009
E-commerce Strategy

Decrease in web development and e-commerce support sales offset by strong performance (high profits) in other service areas



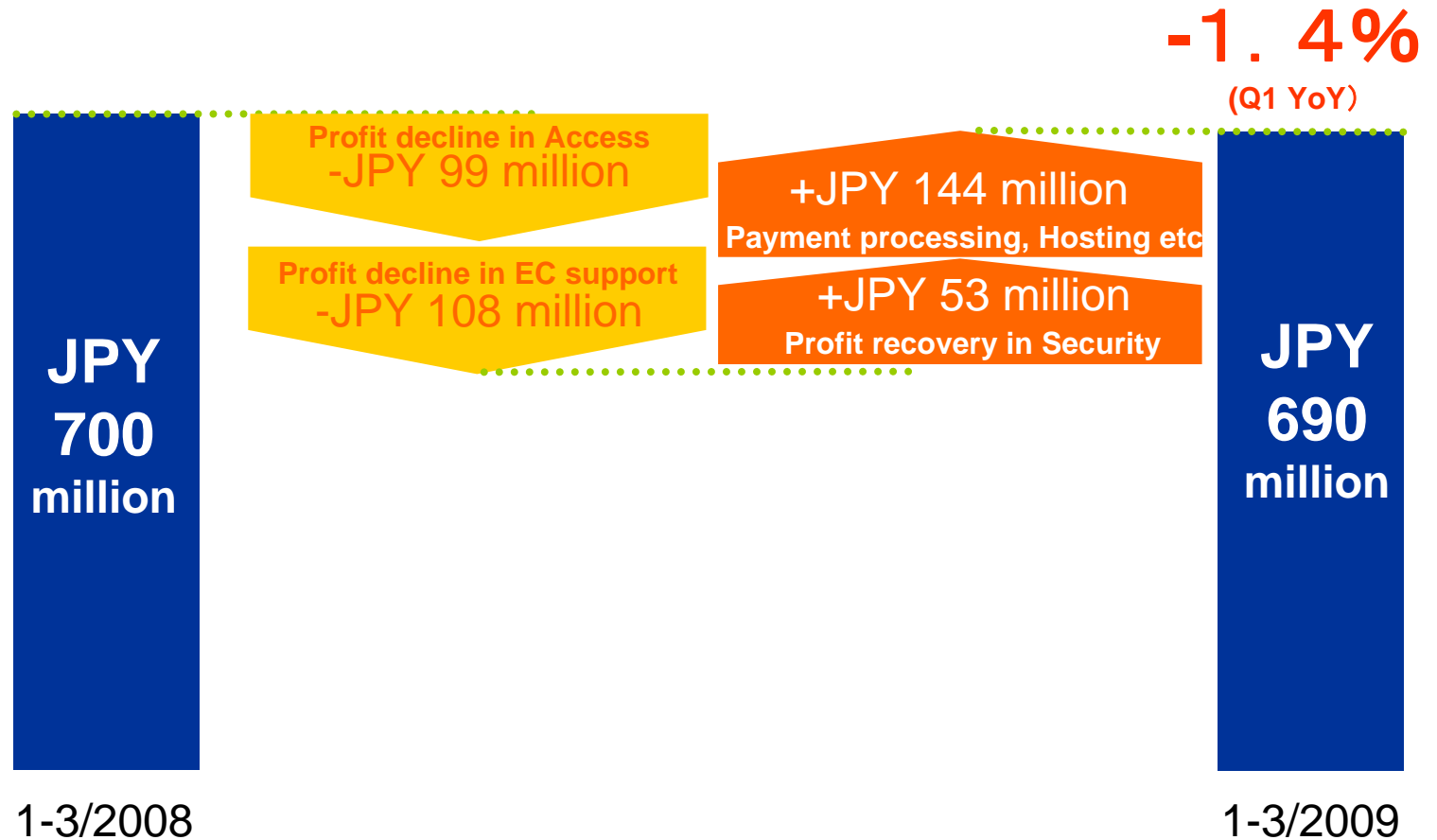
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Business Performance – Q1 Web Infrastructure & EC Operating Profit

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- 4. FY 2009 E-commerce Strategy

Q1 profit down 1.4% YoY



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1-3/2008

1-3/2009

Domain Business – Key Factors

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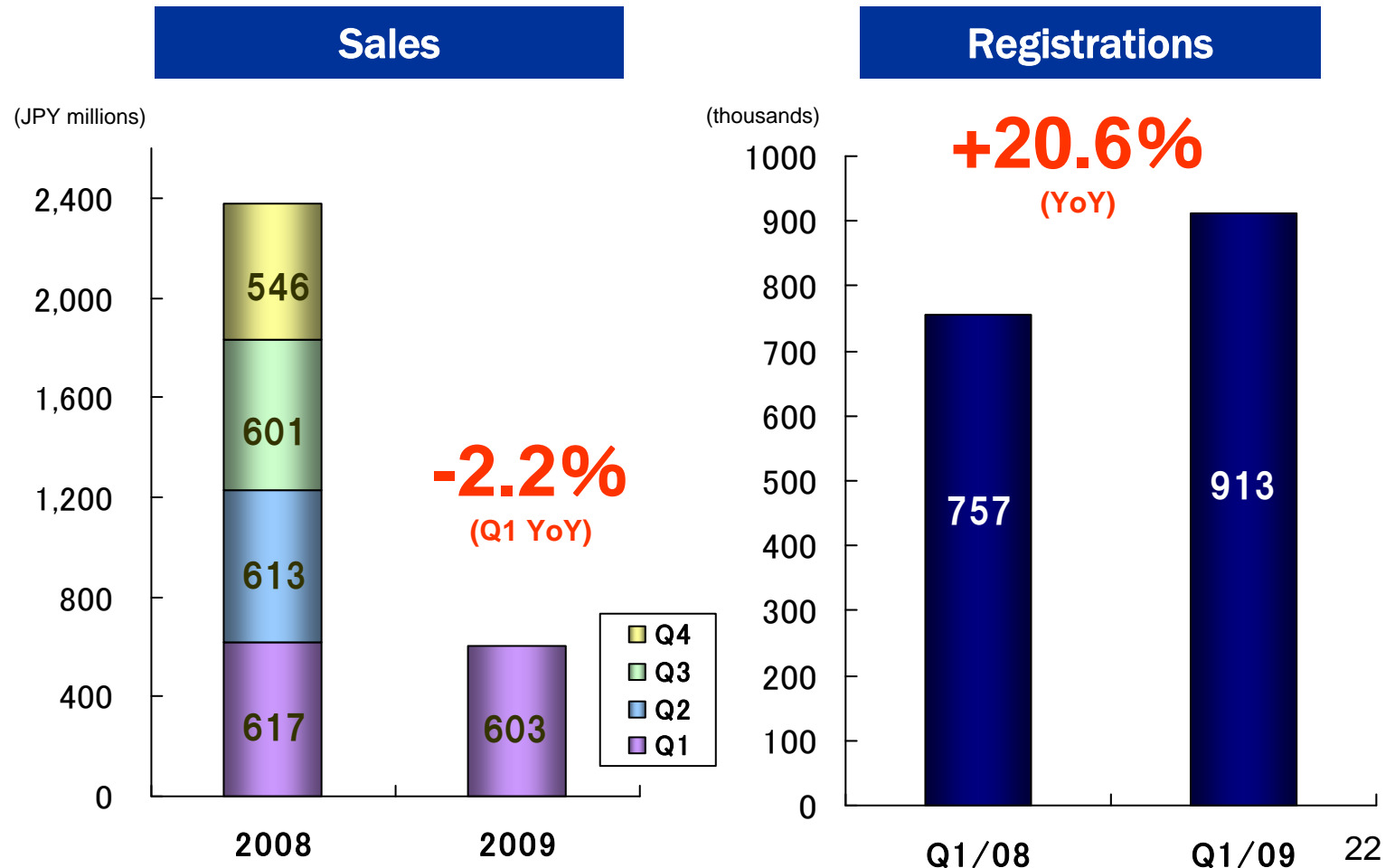
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Q1 2009 sales JPY 600 million, registrations 900 thousand



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Web Hosting Business – Key Factors

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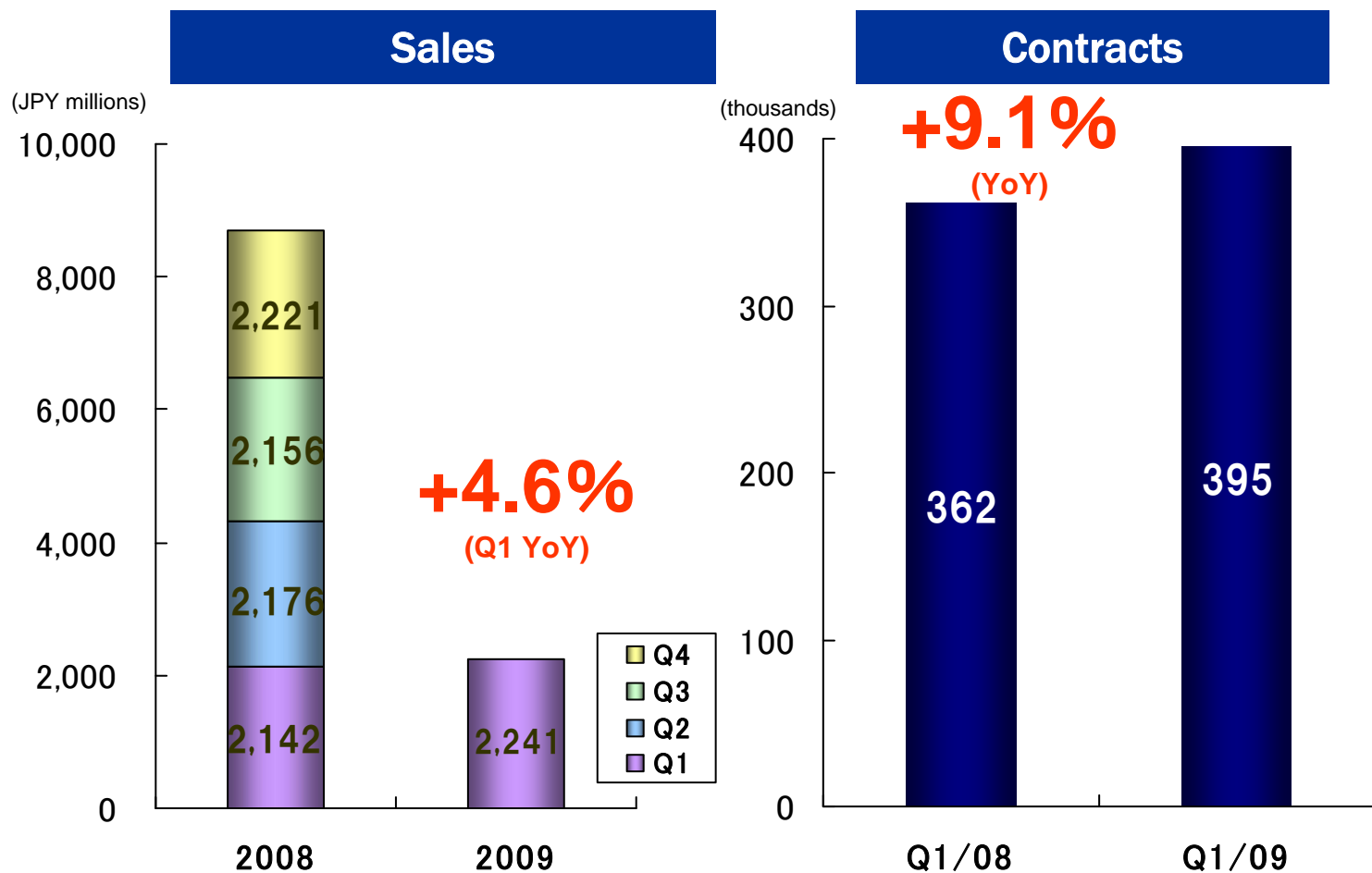
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Q1 2009 sales JPY 2.24 billion, contracts 400 thousand



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EC Solutions & Web Development Business – Key Factors

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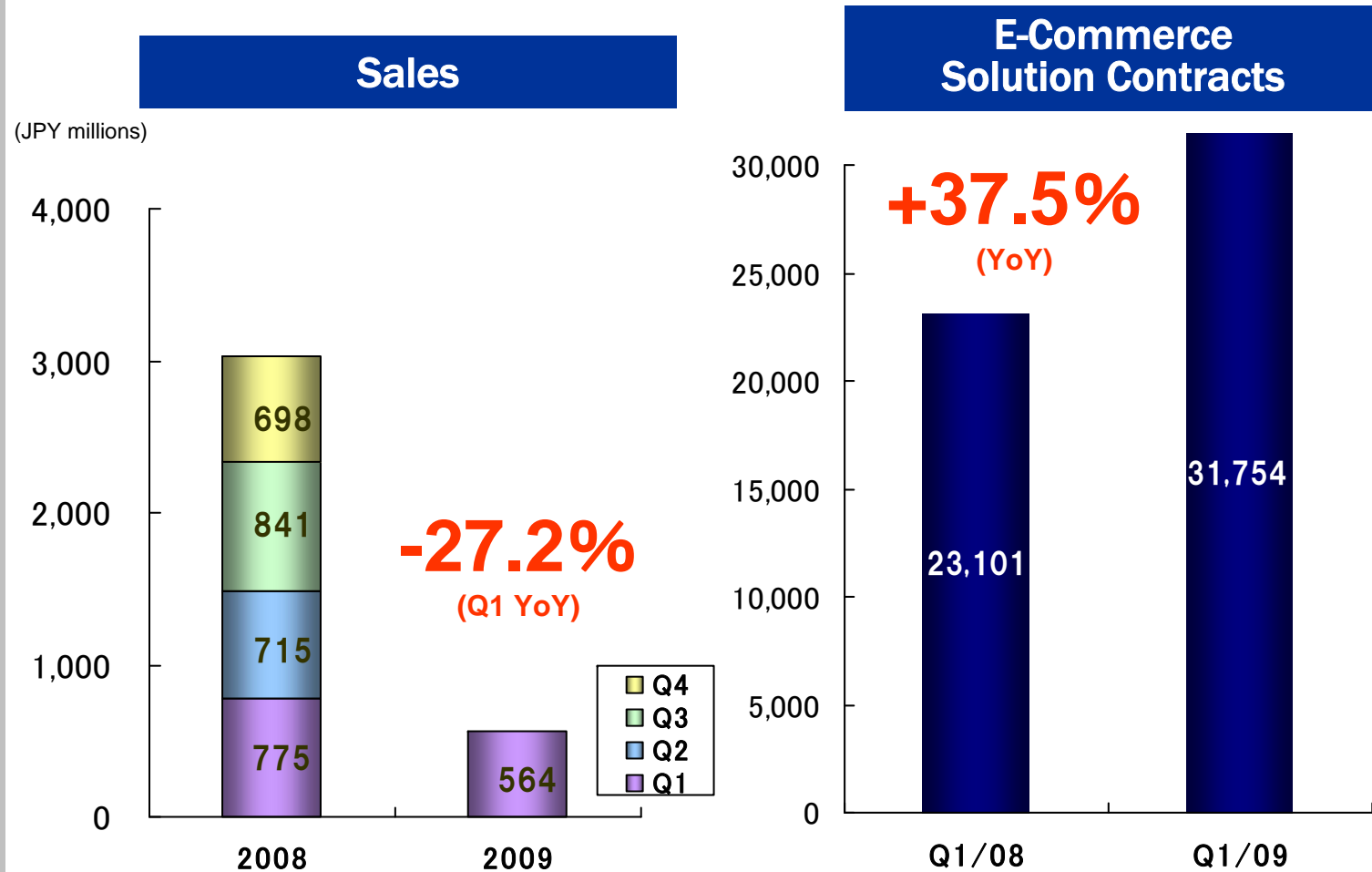
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Q1 2009 sales JPY 560 million, contracts 30 thousand



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EC Solutions & Web Development Business - Key Factors

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① Web Infrastructure & E-commerce

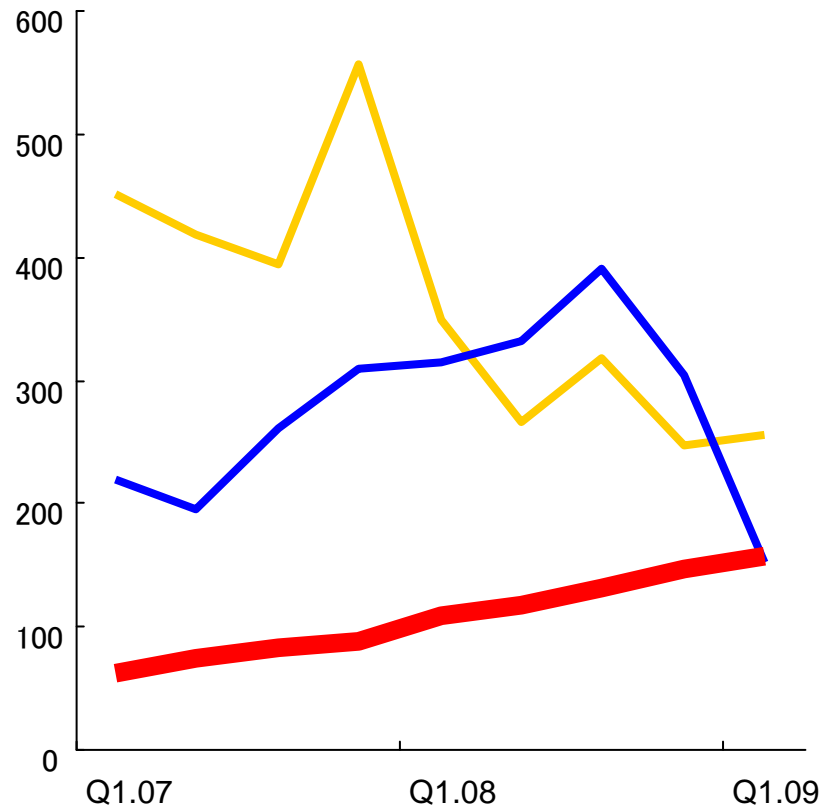
② Internet Media

4. FY 2009
E-commerce Strategy

Major changes to sales mix under transition strategy

E-commerce Solutions & Web Development Sales Breakdown

(JPY millions)



Successful e-commerce strategy and improved customer satisfaction



■ Web dev. ■ EC support

Shift from large contracts to SEO and services that deliver continued income

■ Shopping cart

Growth a result of e-commerce strategy

Prioritization of growth in contracts

Security Business – Key Factors

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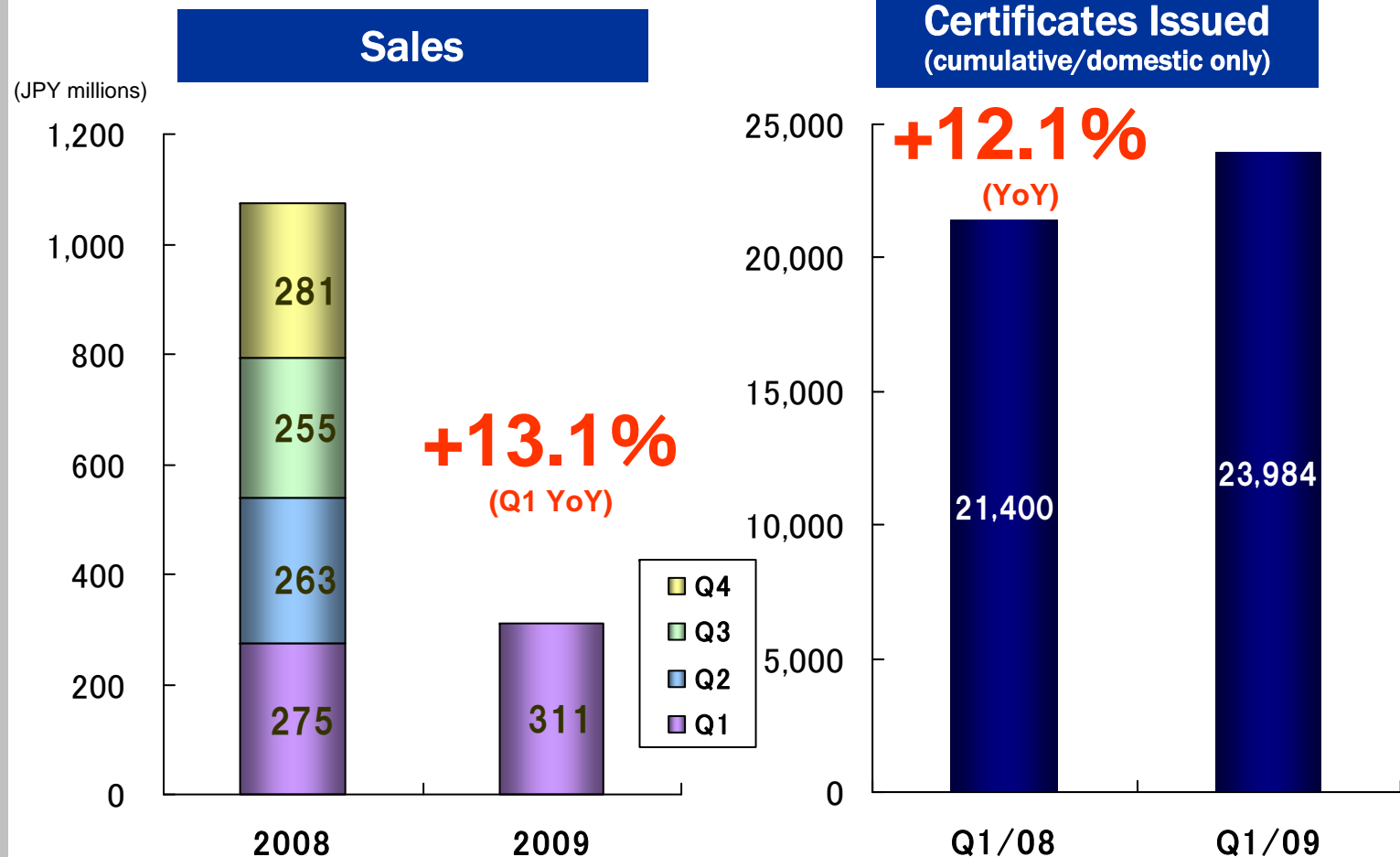
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E-commerce Strategy

Sales increase 13.1%, certificate issues increase 12.1%



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Security Business – Business Performance

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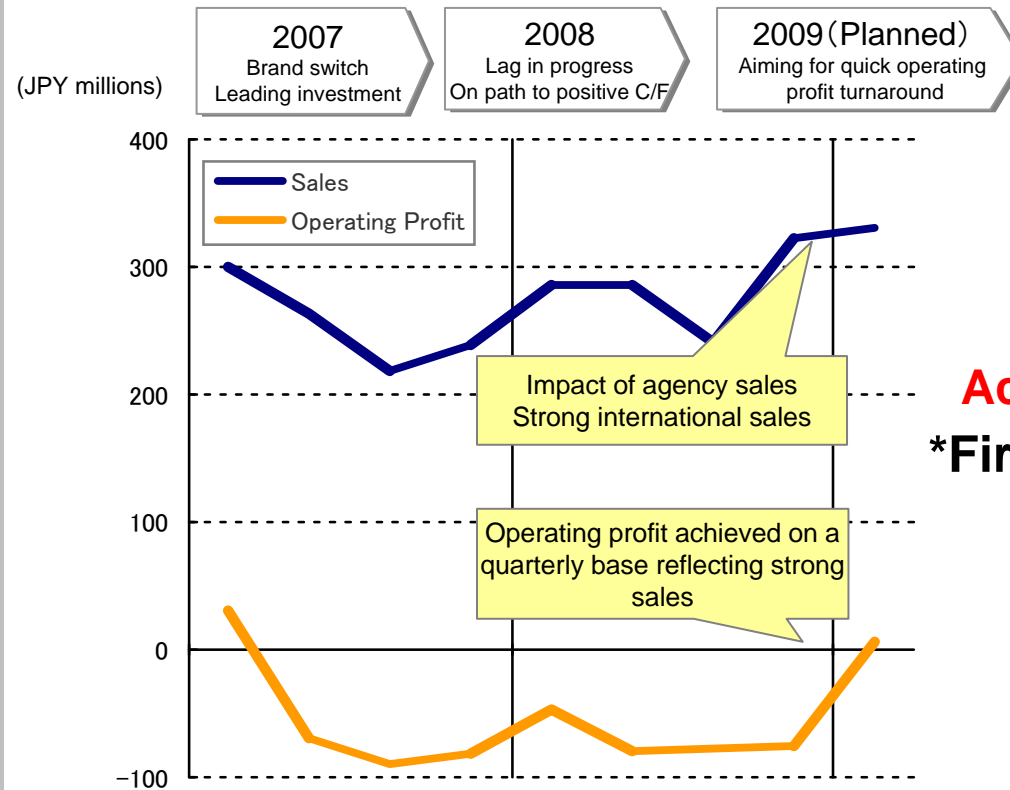
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& E-commerce

② Internet Media

4. FY 2009
E-commerce Strategy

Security moves into black in the first quarter

Sales and Operating Profit – Quarterly Change



**Operating Profit
Achieved in the Quarter**
***First since brand switch**

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*Calculated using the average exchange rate in the term from 08 Q4 (previously calculated using the exchange rate on the last day of the term)
*Now includes inter segment transactions
*Figures based on GMO Hosting & Security accounting standards

Security Business – Key Factors

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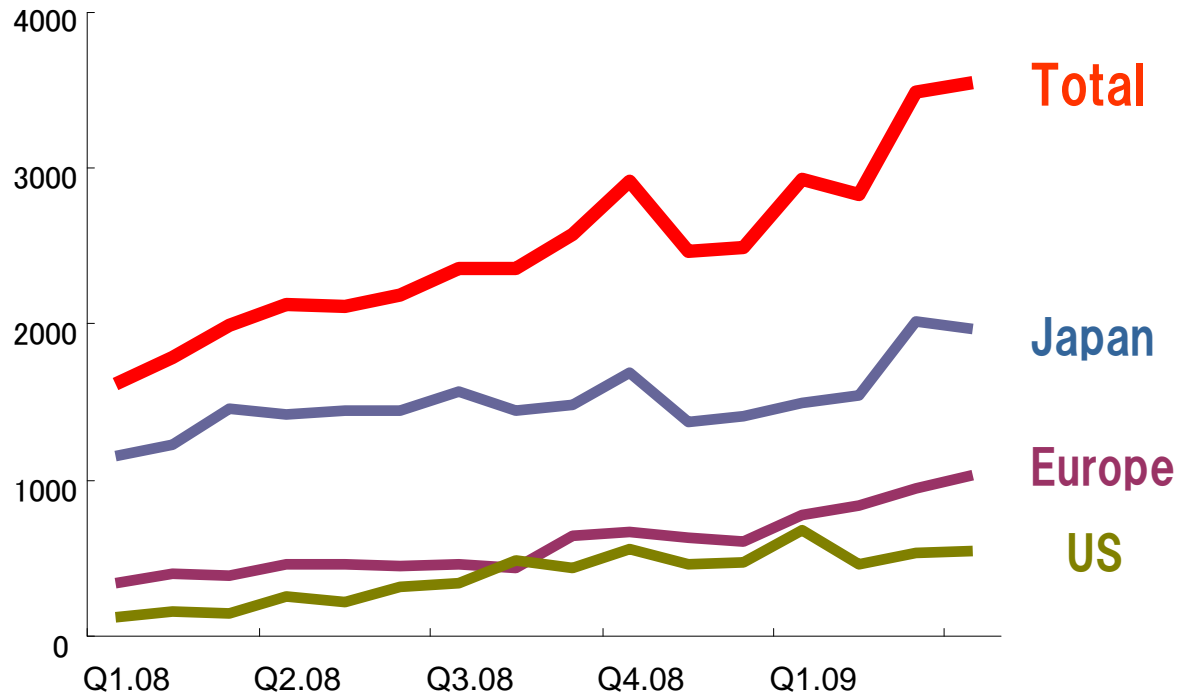
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4. FY 2009
E-commerce Strategy

Movement in certificate issues

Certificate Issues by Region



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Credit Card Payment Processing Business – Key Factors

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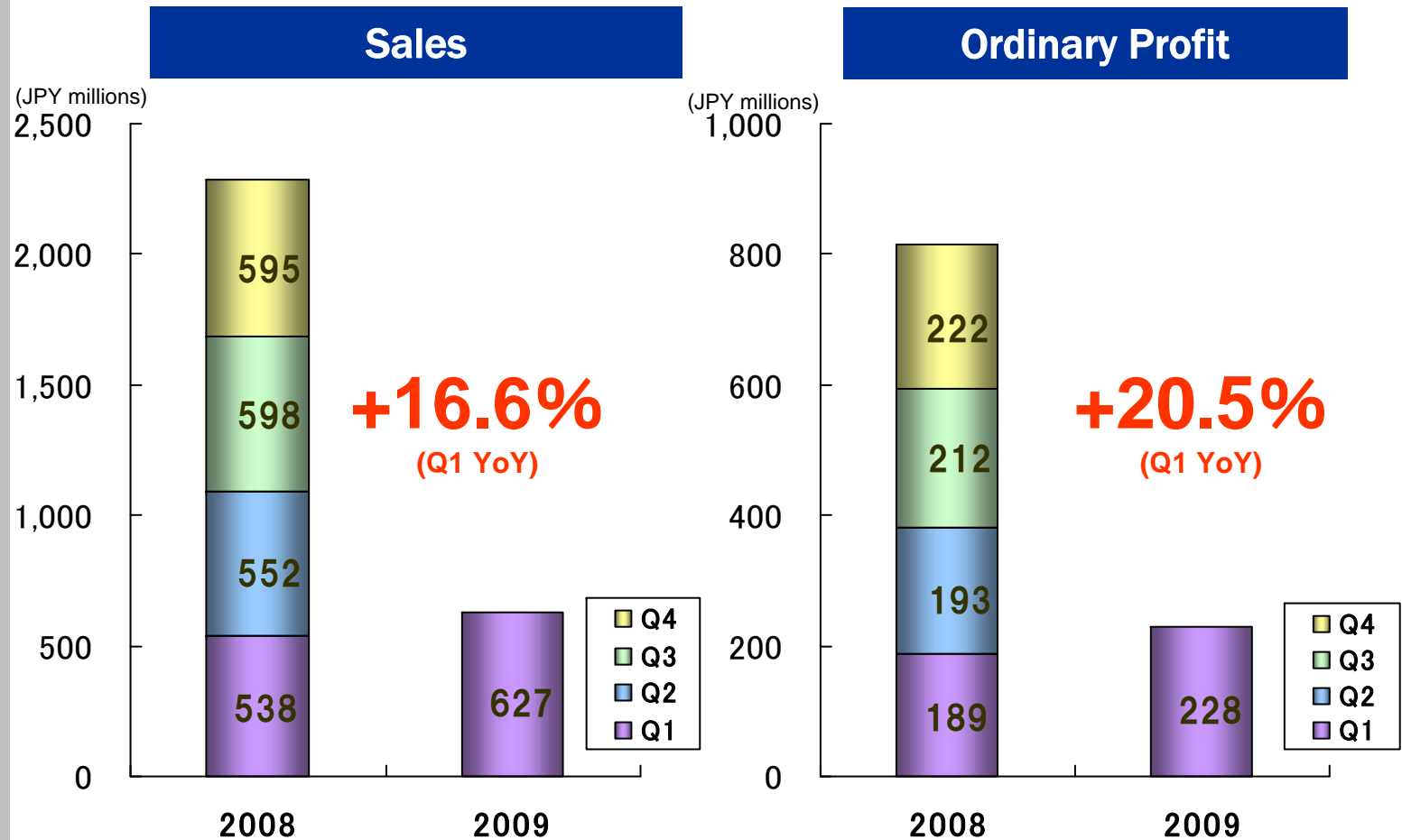
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4. FY 2009
E-commerce Strategy

Increase in merchant sales boosts revenue by 16.6%
Continued development of recurring payment business



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

Credit Card Payment Processing Business - News

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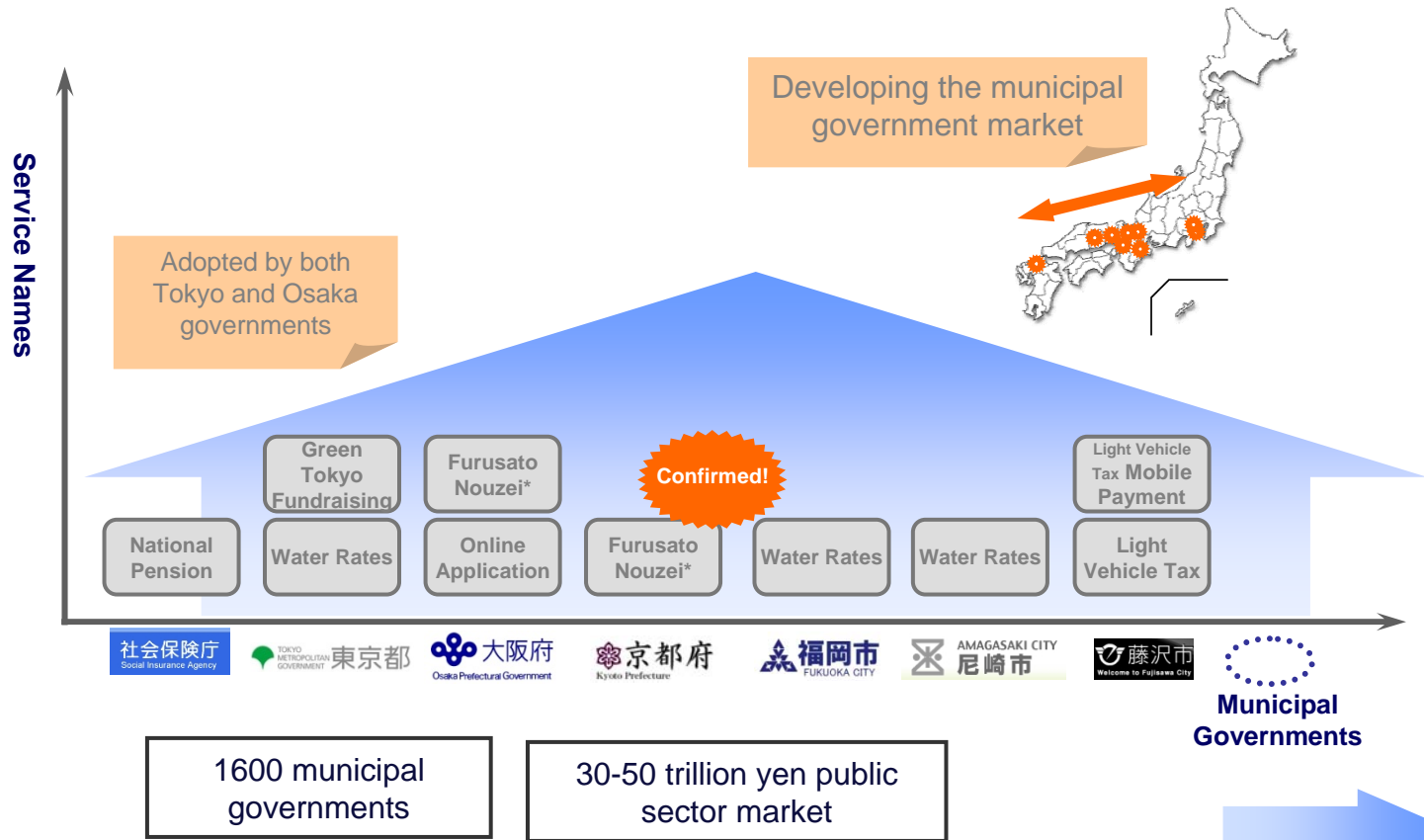
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New Kyoto Prefecture contract secured



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*Furusato Nouzei (Hometown Tax) : a system that allows residents to allocate part of their municipal taxes to their hometown or a municipality other than the one in which

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Internet Media Segment Composition

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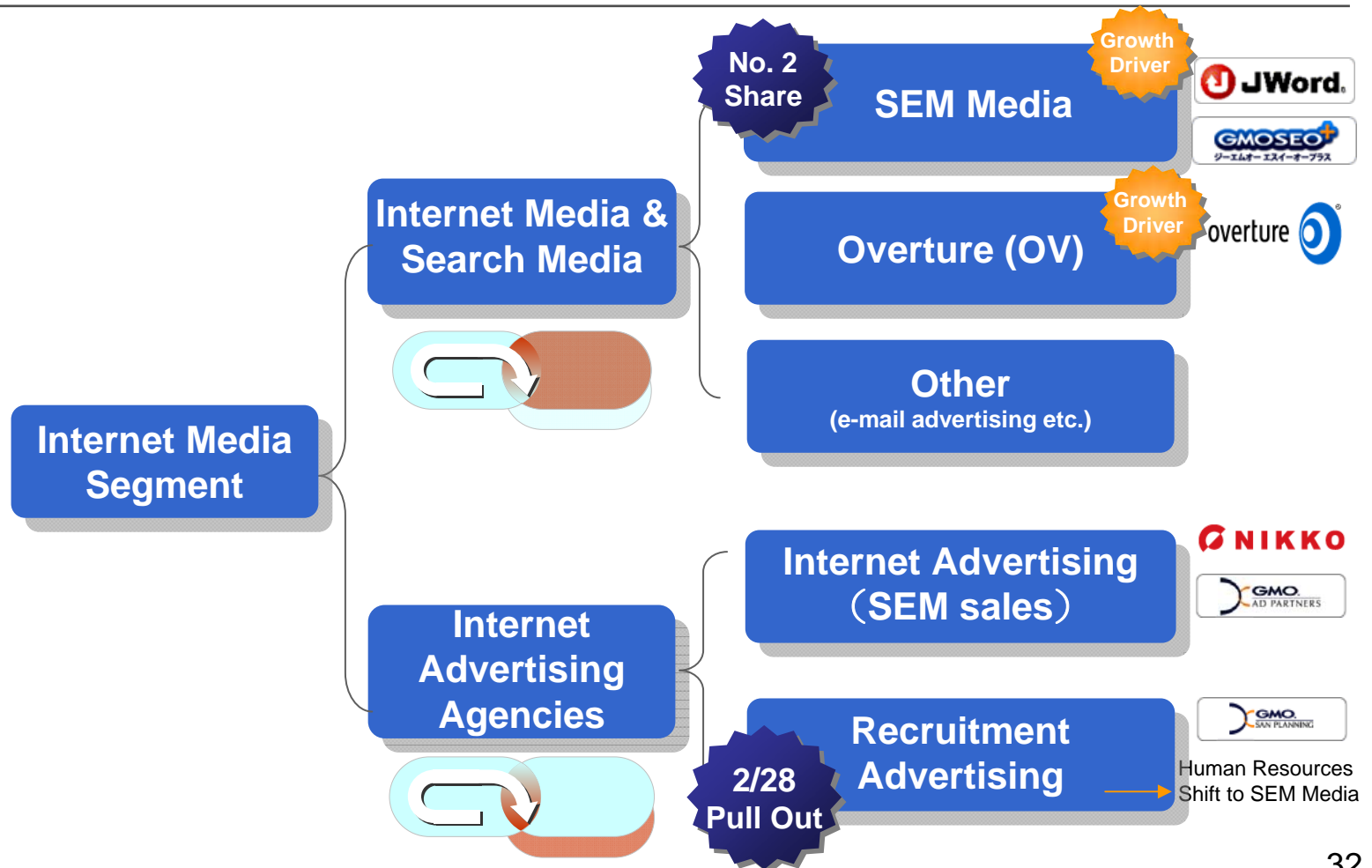
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Internet media & search media driving growth



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Internet Media Segment Composition

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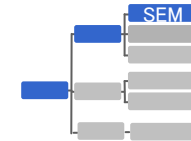
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E-commerce Strategy

Overview of Internet media & search media (SEM media)



① JWord



Displays affiliated sites at top of page.
Guides users directly to registered sites from keywords entered into the browser address bar.

② SEO



HTML, site construction and links optimized to improve ranking in search results listings.

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Internet Media Segment Composition

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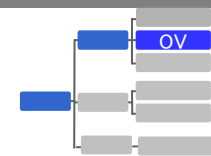
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E-commerce Strategy

Overview of Internet media & search media (OV)



Overture

Display of Overture supplied advertisements on long-tail media (e.g. blogs). Blog entry is analyzed and advertisements relevant to the content are displayed.

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Business Performance – Q1 Internet Media Sales

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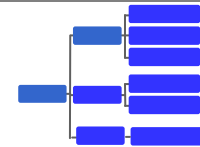
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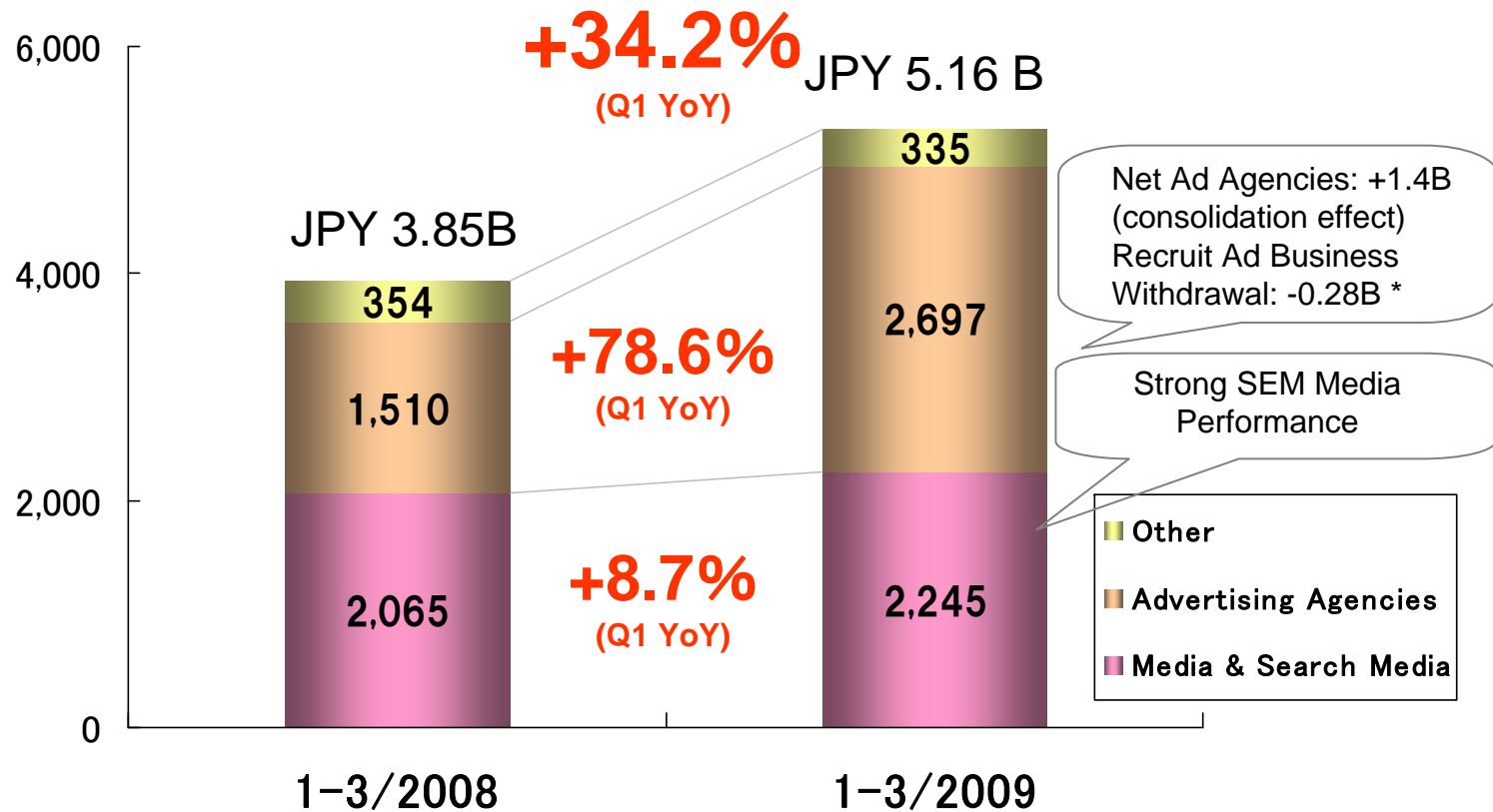
② Internet Media

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E-commerce Strategy

SEM Media driving growth



(JPY millions)



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*excluding internal transactions

Business Performance – Q1 Internet Media Operating Profit

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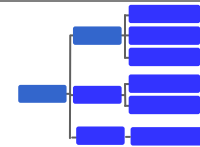
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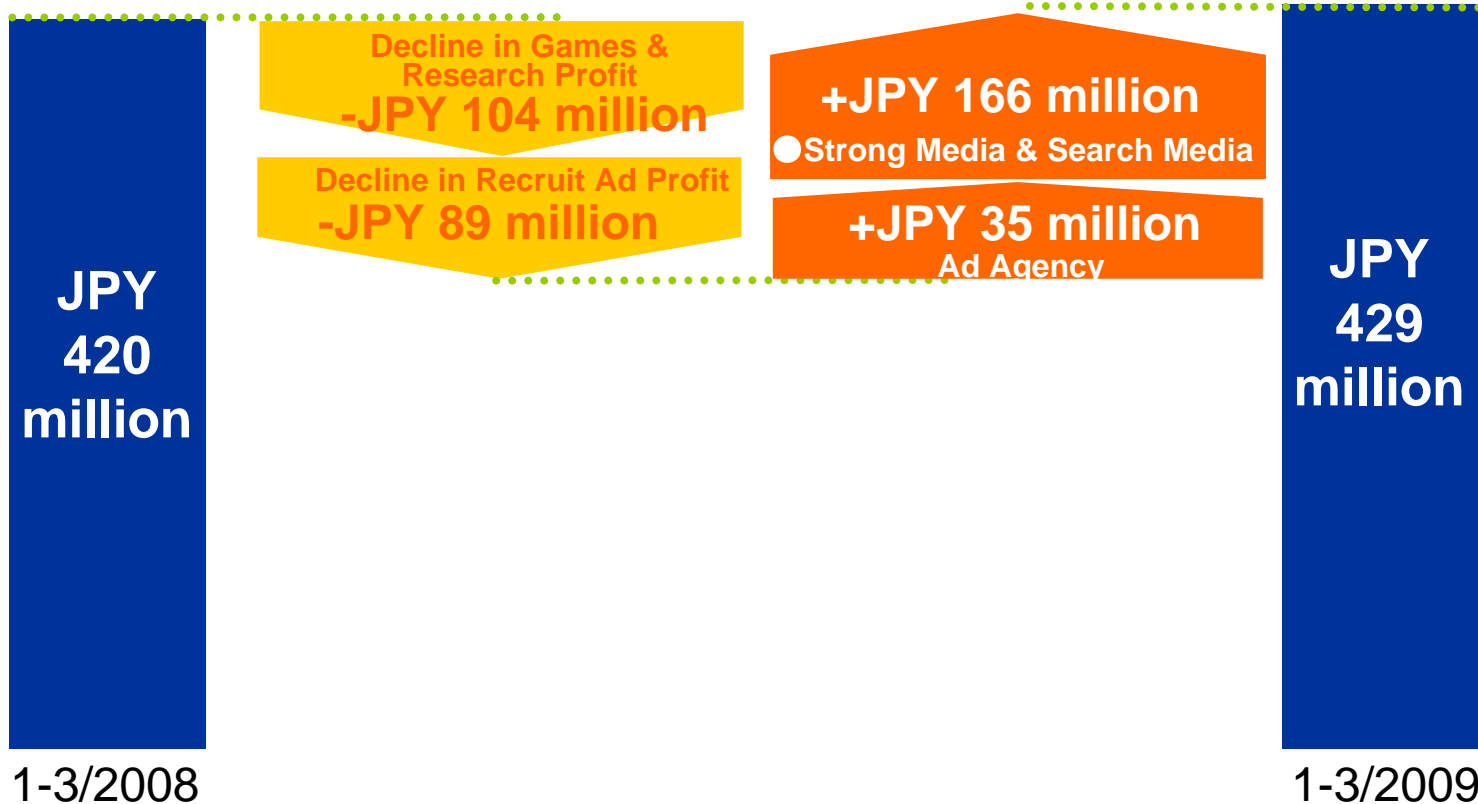
② Internet Media

4. FY 2009
E-commerce Strategy

Increase in profit absorbs Recruit Ad business withdrawal costs



+2.0%
(Q1 YoY)



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1-3/2008

1-3/2009

36

Business Performance – Internet Media Operating Profit by Product

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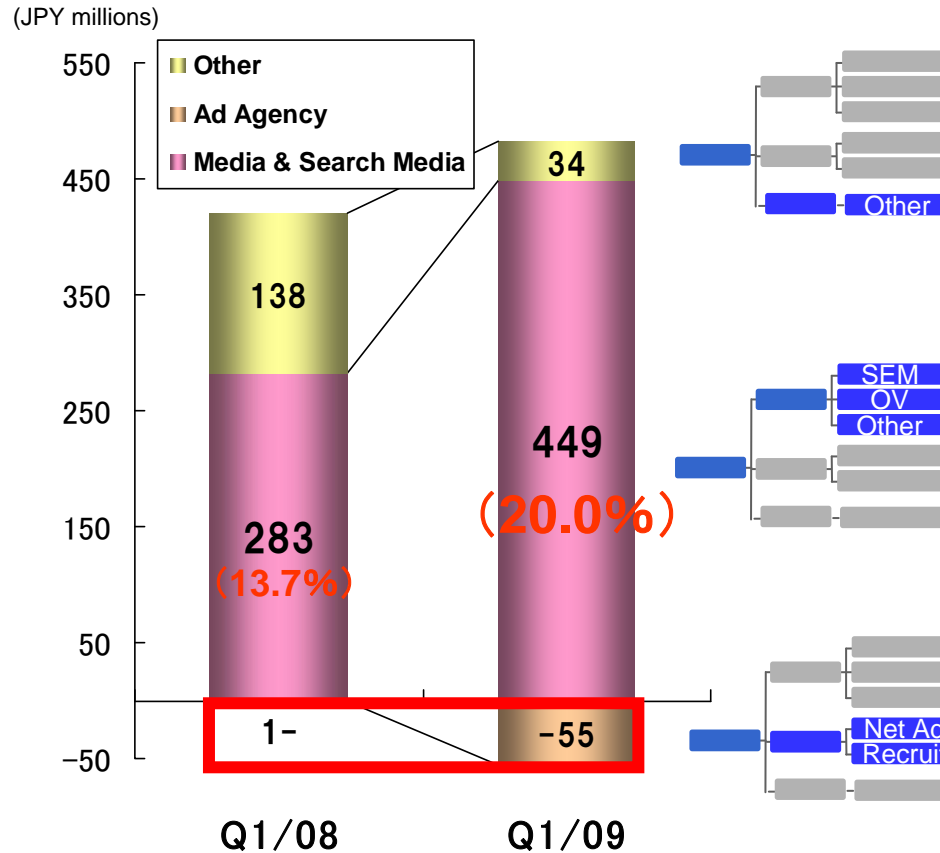
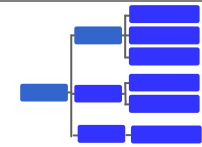
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E-commerce Strategy

Profit up 6.3% on strengthened O&O Media (SEM Media) sales



Recruit Ad pull-out reduces loss

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Media Segment Challenges & Initiatives

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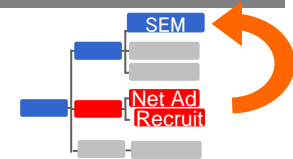
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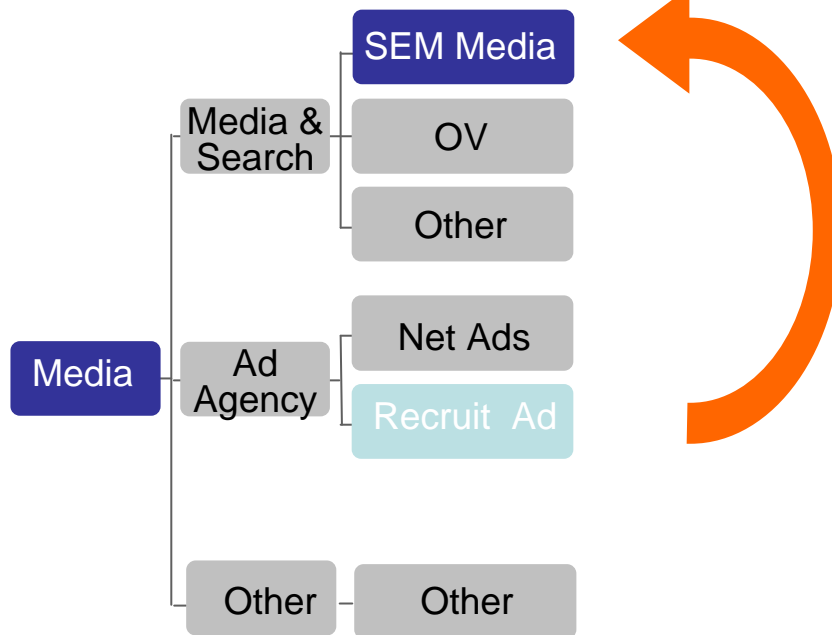
② Internet Media

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Resources shifted from recruitment advertising to SEM Media



Shift from Recruitment Advertising to SEM Media



SEM Media Sales Representatives



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Media & Search Media - Business Performance

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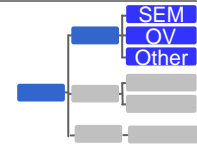
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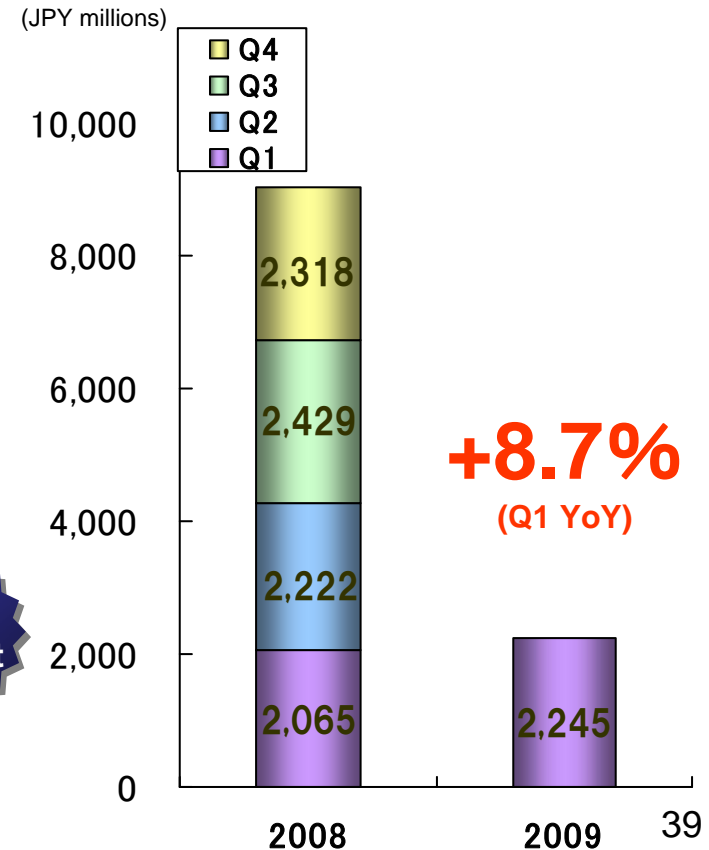
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E-commerce Strategy

Q1 sales up 8.7% YoY



Media Segment Composition

Sales



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Overture Business – Key Factors

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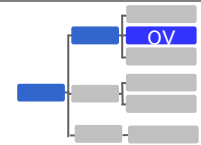
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& E-commerce

② Internet Media

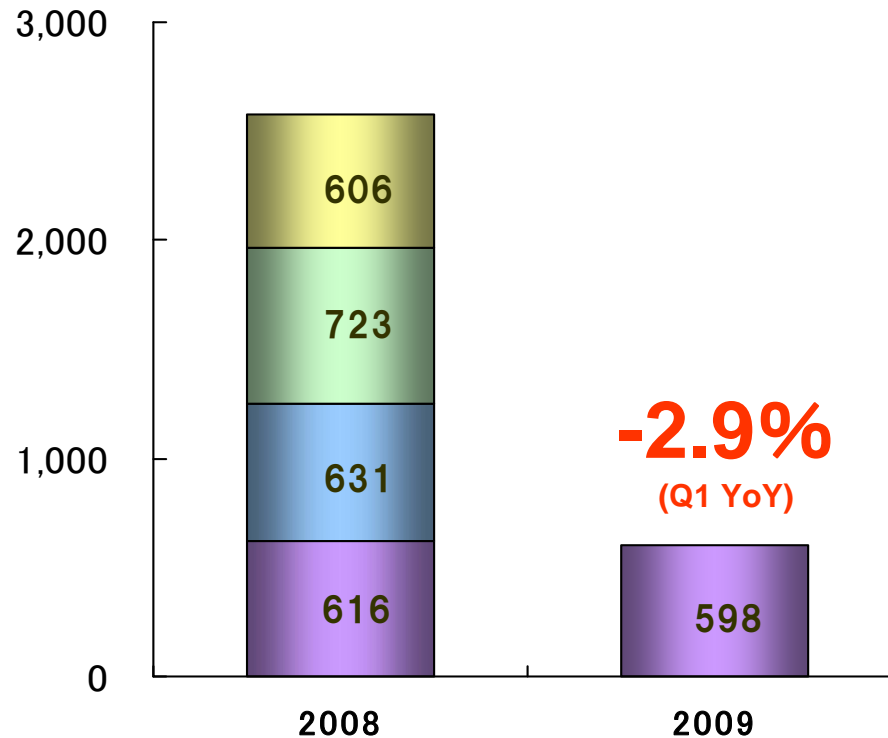
4. FY 2009
E-commerce Strategy

Advertising cutbacks negatively impact in sales



Overture Sales

(JPY millions)



Revenue declines as unit prices fall after economic downturn

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Overture Business – Key Factors

1. Summary

2. Q1 FY 2009
Financial Statement

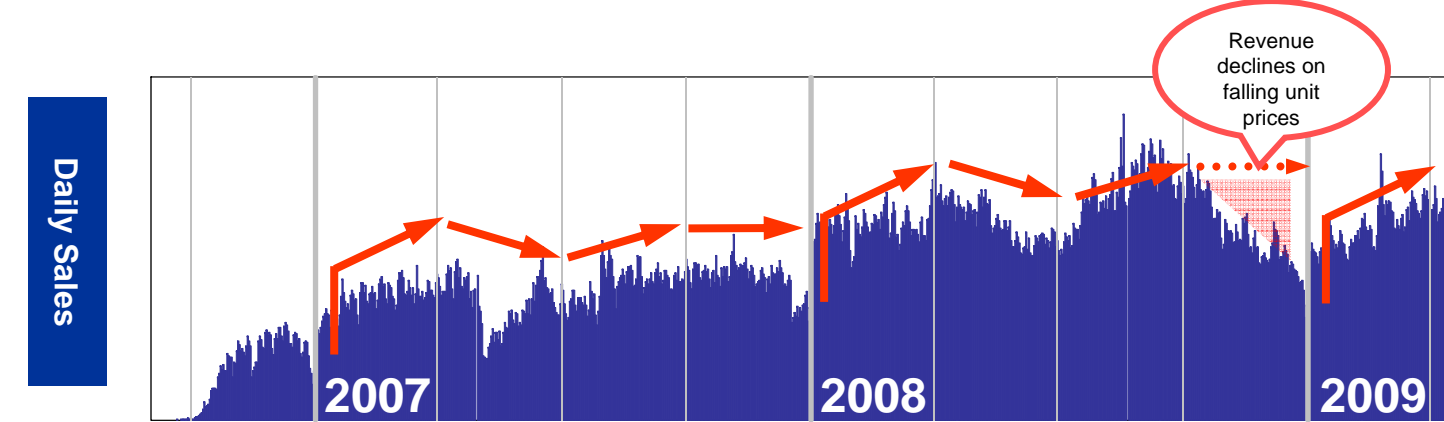
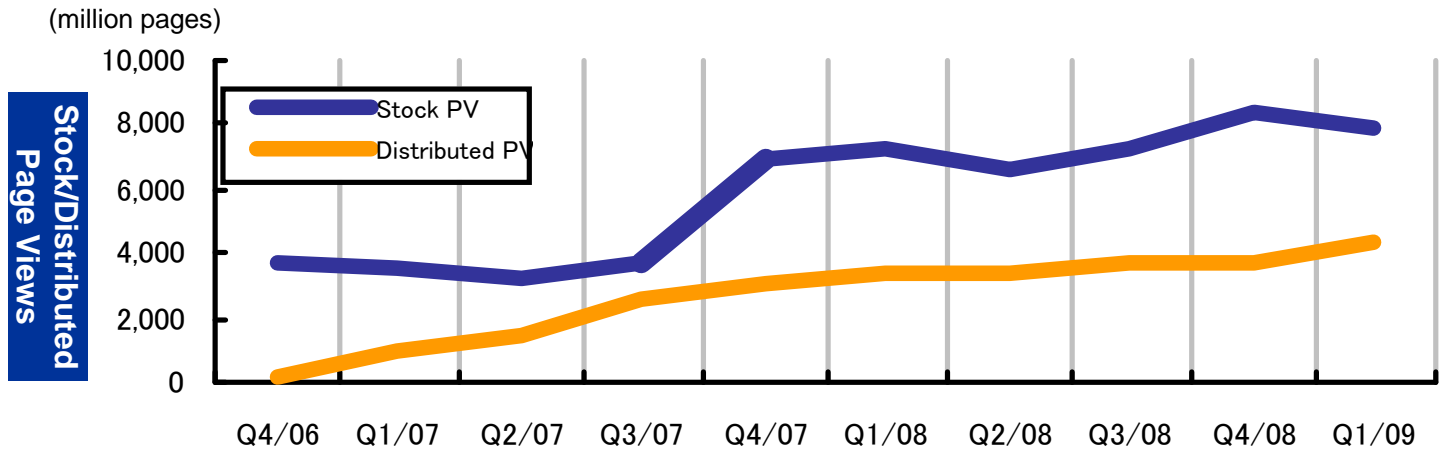
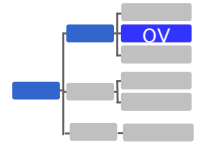
3. Segment Report

① Web Infrastructure
& E-commerce

② Internet Media

4. FY 2009
E-commerce Strategy

Signs of brake on falling unit prices



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SEM Media – Key Factors

1. Summary

2. Q1 FY 2009
Financial Statement

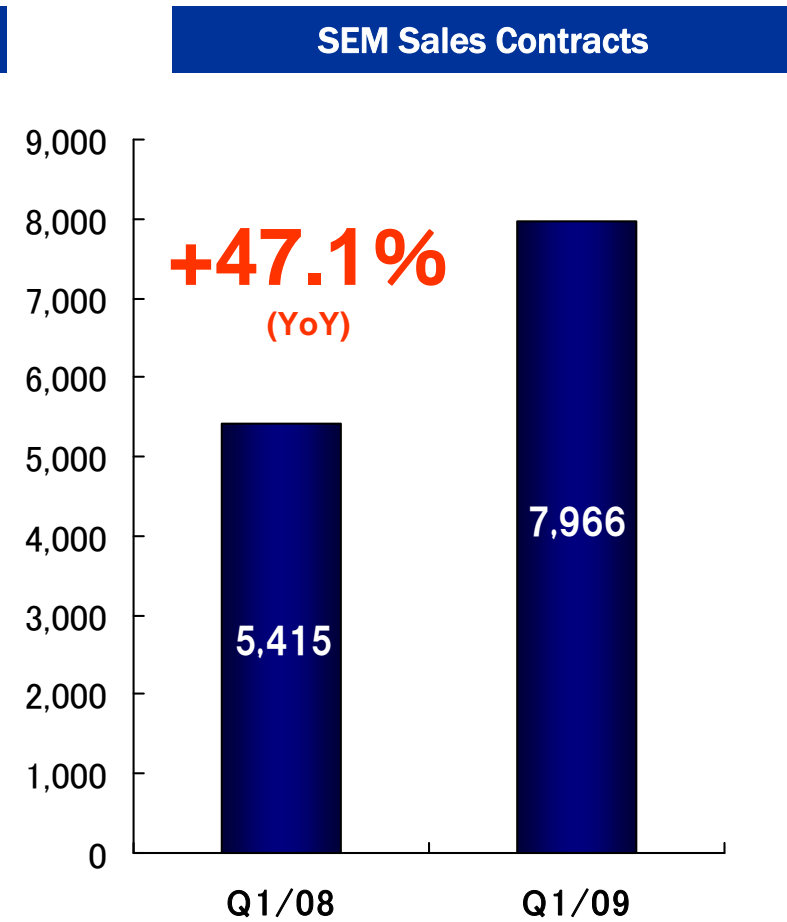
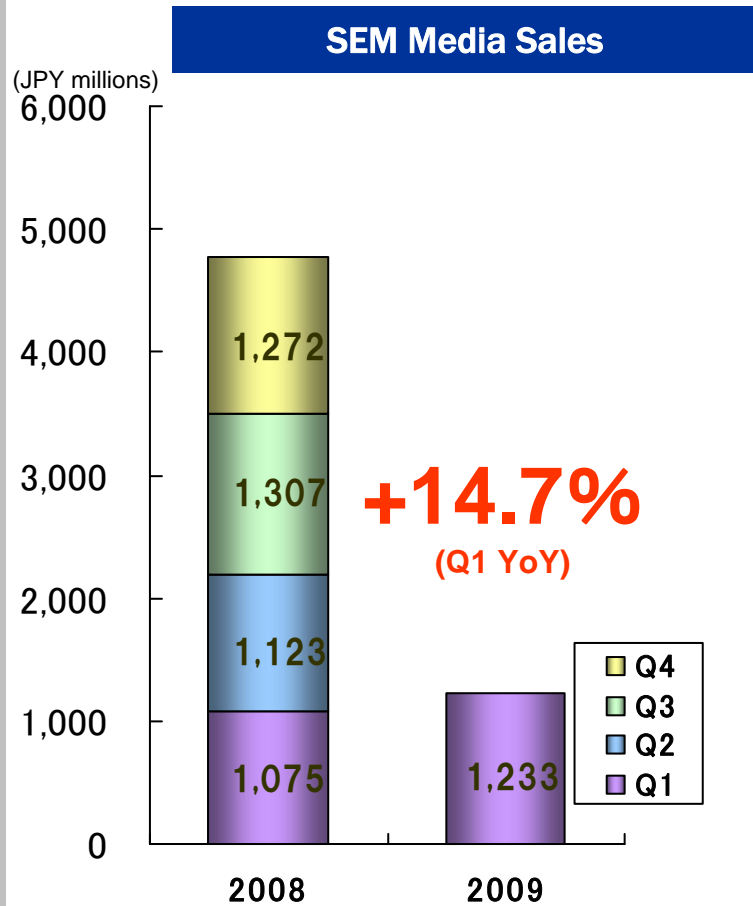
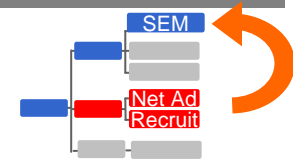
3. Segment Report

① Web Infrastructure
& E-commerce

② Internet Media

4. FY 2009
E-commerce Strategy

Continuing strong sales in SEO



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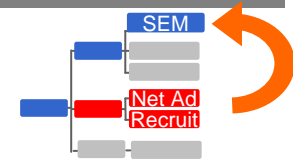


*Includes both new and existing contracts

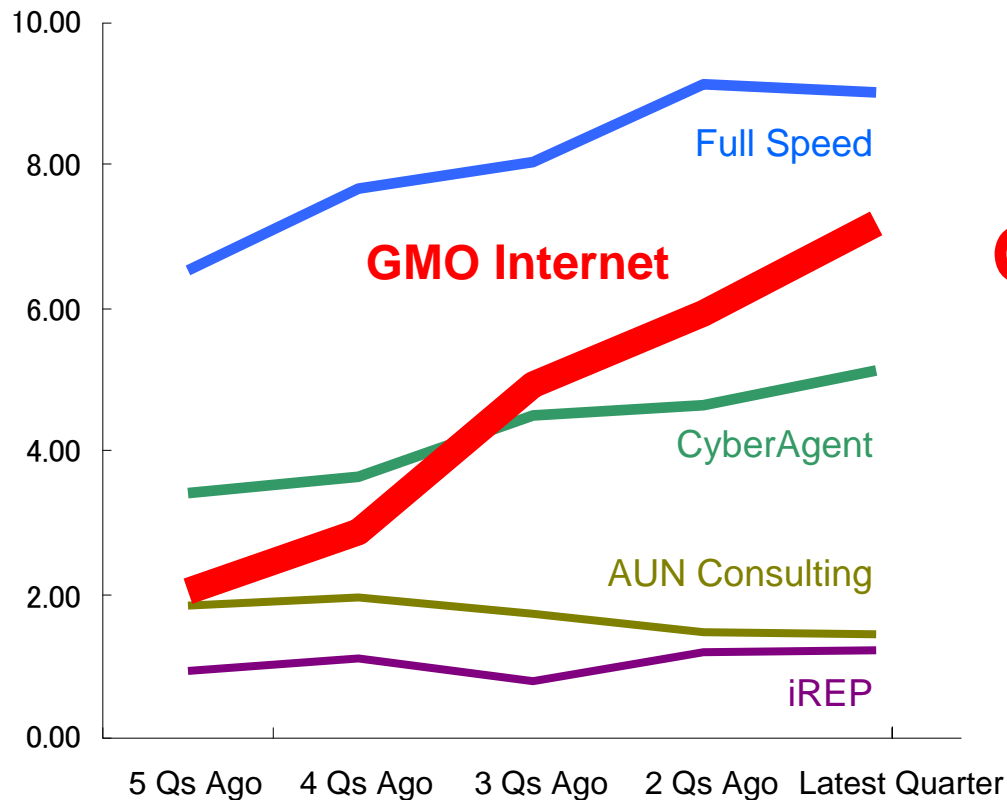
SEO – Key Factors

- 1. Summary
- 2. Q1 FY 2009 Financial Statement
- 3. Segment Report
- ① Web Infrastructure & E-commerce
- ② Internet Media**
- 4. FY 2009 E-commerce Strategy

Growth significantly outpacing competitors



SEO Sales Comparison



Growth Rate No.1

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SEO News

1. Summary

2. Q1 FY 2009
Financial Statement

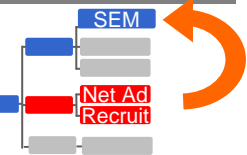
3. Segment Report

① Web Infrastructure
& E-commerce

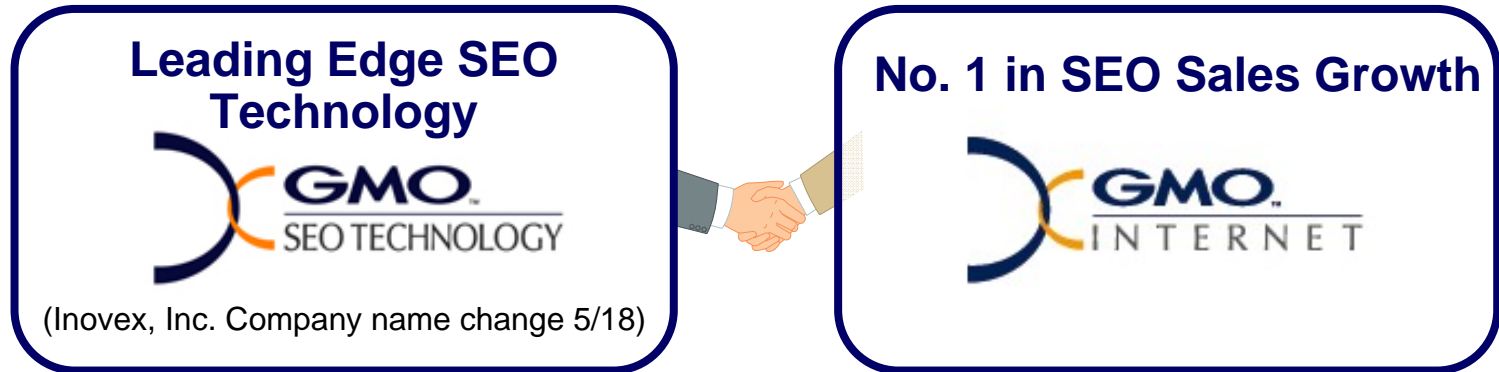
② Internet Media

4. FY 2009
E-commerce Strategy

Investment in SEO technology specialist, Inovex, Inc.



Extensive SEO Technology and Expertise



**Further advancing technology to
maintain competitive strength**

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1. Summary

2. Q1 FY 2009
Financial Statement

3. Segment Report

①Web Infrastructure
& E-commerce

②Internet Media

4. FY 2009
E-commerce Strategy

4. E-commerce Business Activities

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E-commerce Store Contracts - Competitor Comparison

1. Summary

2. Q1 FY 2009
Financial Statement

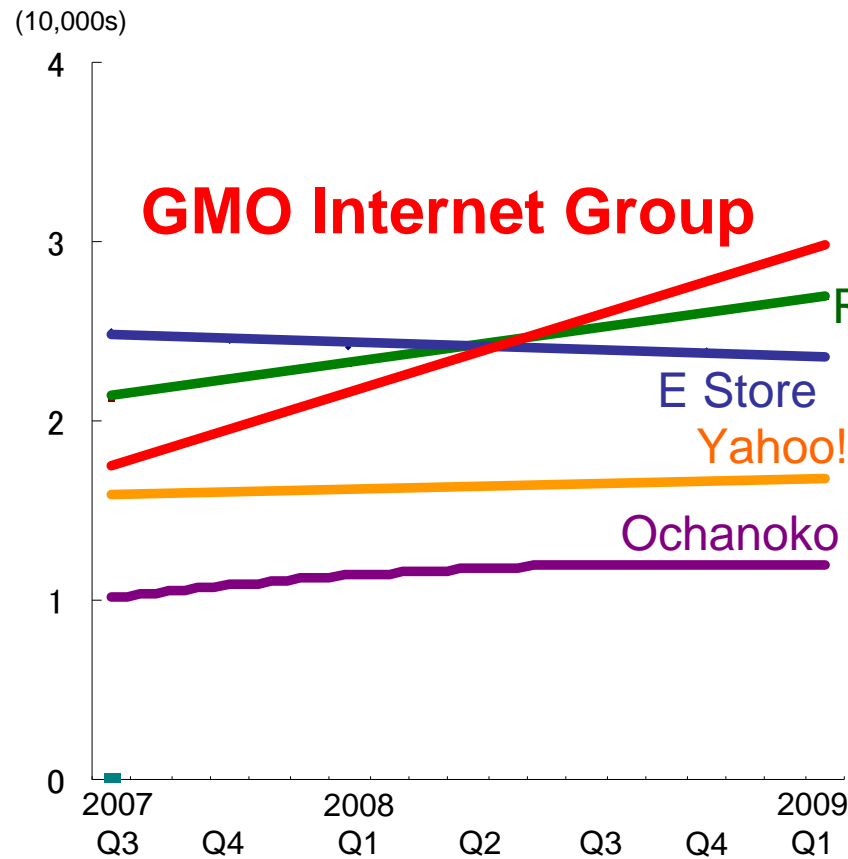
3. Segment Report

① Web Infrastructure
& E-commerce

② Internet Media

4. FY 2009
E-commerce Strategy

E-commerce Competitor Comparison



Approx. 30,000 shopping cart contracts.
An industry leader

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*No. of merchant contracts (ex. OEM)

*Chart compiled using documents obtained from the respective company website.

Internet for Everyone

- The "Internet Department" to Japan! -

