

# Fiscal Year 2009 Interim Results Presentation

August 6, 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 2nd Quarter – Scope of Consolidation

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

Business Segment	2009 Fiscal Year 1st Quarter		2009 Fiscal Year 2nd 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	71.4	INTERNET Number Corporation	88.5		
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 Partners Inc.	49.1	
	GMO San Planning, Inc.	(100.0)	GMO Mobile, Inc.	(100.0)	
	GMO Mobile, Inc.	(100.0)	Seed Technology, Inc.	(100.0)	
	Seed Technology, Inc.	(100.0)	NIKKO, Inc.	100.0	
	NIKKO, Inc.	66.7	GMO Research, Inc	78.2	
	GMO Research, Inc.	78.2	GMO Media Holdings, Inc.	100.0	
	GMO Tea Cup Communication, Inc.	51.0	GMO Media, Inc.	(77.2)	
	GMO Media Holdings, Inc.	100.0	GMO Ad Networks, Inc.	(100.0)	
	GMO Media, Inc.	100.0	JWord, Inc.	70.8	
	GMO Ad Networks, Inc.	(86.3)	BOM, Inc.	100.0	
	JWord, Inc.	(100.0)	GMO Marketing, Inc.	51.0	
	BOM, Inc.	70.7	GMO Games, Inc.	100.0	
	GMO Marketing, Inc.	100.0	GMO Games Korea, Inc.	(100.0)	
	GMO Games, Inc.	51.0	GMO SEO Technology, Inc.	51.0	New
GMO Games Korea, Inc.	100.0				
and eight (8) other companies	(100.0)	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	Q1 FYE 12/2009	Q2 FYE 9/2009	Q1 FYE 12/2009	Q1 FYE 12/2009
Sales	1,914	646	978	704
Operating Profit	324	236	-8	153
Ordinary Profit	319	236	12	154
Net Profit	173	133	73	90

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

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# Summary of Sales by Business

## 1. GMO Internet Group

## 2. Web Infrastructure &amp; Ecommerce

## 3. Business Model &amp; Growth Strategy

(JPY millions)

Business	Q2/2008	Q3/2008	Q4/2008	Q1/2009	Q2/2009
<b>◆ Web Infrastructure &amp; Ecommerce ◆</b>					
Internet Access Provider	374	349	331	320	307
Domain	613	601	546	603	615
Web Hosting	2,176	2,156	2,221	2,241	2,260
EC Solutions & Web Development	715	841	698	564	440
Security	263	255	281	311	326
Payment Processing	535	578	579	606	627
Other	41	30	39	60	59
<b>Segment Total</b>	<b>4,720</b>	<b>4,815</b>	<b>4,697</b>	<b>4,710</b>	<b>4,636</b>
<b>◆ Internet Media ◆</b>					
Internet Media & Search Media	2,222	2,429	2,318	2,245	2,460
Internet Advertising Agencies	1,514	2,745	3,028	2,697	2,280
Other	322	364	368	335	272
Adjustment for internal transactions	-164	-174	-100	-112	-191
<b>Segment Total</b>	<b>3,894</b>	<b>5,365</b>	<b>5,615</b>	<b>5,166</b>	<b>4,822</b>
<b>◆ Other Businesses ◆</b>					
Other	26	8	1	0	18
Adjustment for internal transactions	26	8	1	0	18
<b>Segment Total</b>	<b>-81</b>	<b>-229</b>	<b>-231</b>	<b>-206</b>	<b>-172</b>
<b>Consolidated Sales</b>	<b>8,560</b>	<b>9,959</b>	<b>10,083</b>	<b>9,671</b>	<b>9,304</b>

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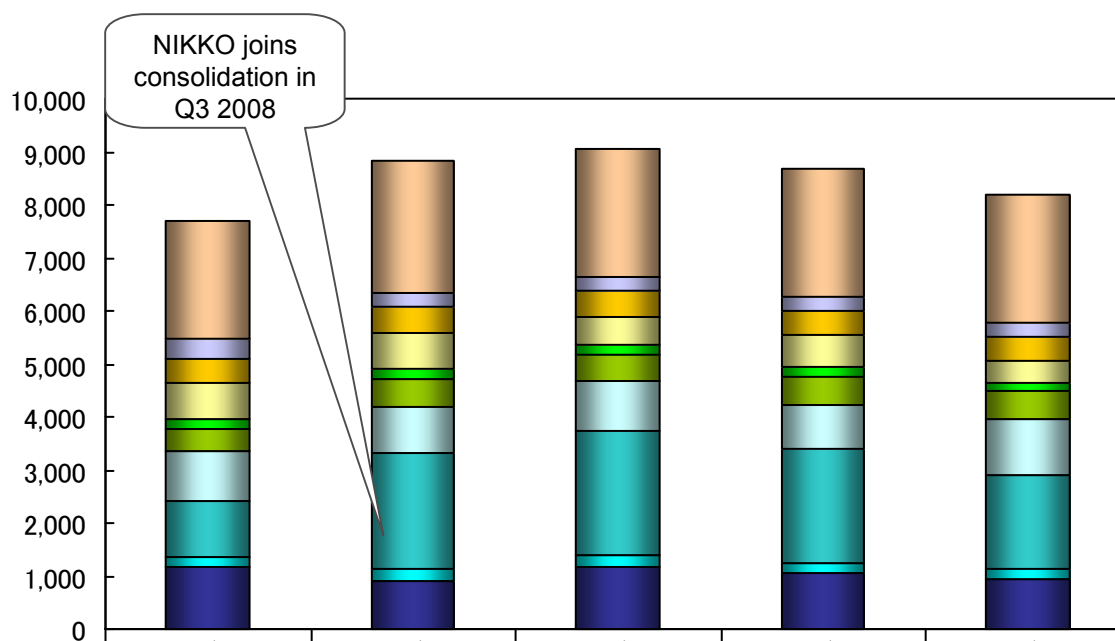
# Costs and Cost Composition (Consolidated)

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

(JPY millions)



	Q2/08	Q3/08	Q4/08	Q1/09	Q2/09
Cost of Sales and SGA Total	7,710	8,844	9,055	8,568	8,198
Human Resources	2,231	2,488	2,395	2,411	2,420
Advertising and Promotion Costs	389	278	265	254	263
Depreciation and Rental Costs	460	502	508	435	448
Outsourcing/Sub contracting expenses	666	681	538	623	413
Communication Costs	174	182	180	189	171
Rent	442	503	492	512	516
Comission Paid	910	890	930	858	1,050
Media Costs	1,072	2,200	2,346	2,141	1,795
Goodwill Amortization	202	222	225	181	184
Other	1,159	893	1,171	1,060	934

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

\* Outsourcing/ sub contracting expenses revised in Q1/09

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## 2. Web Infrastructure & Ecommerce

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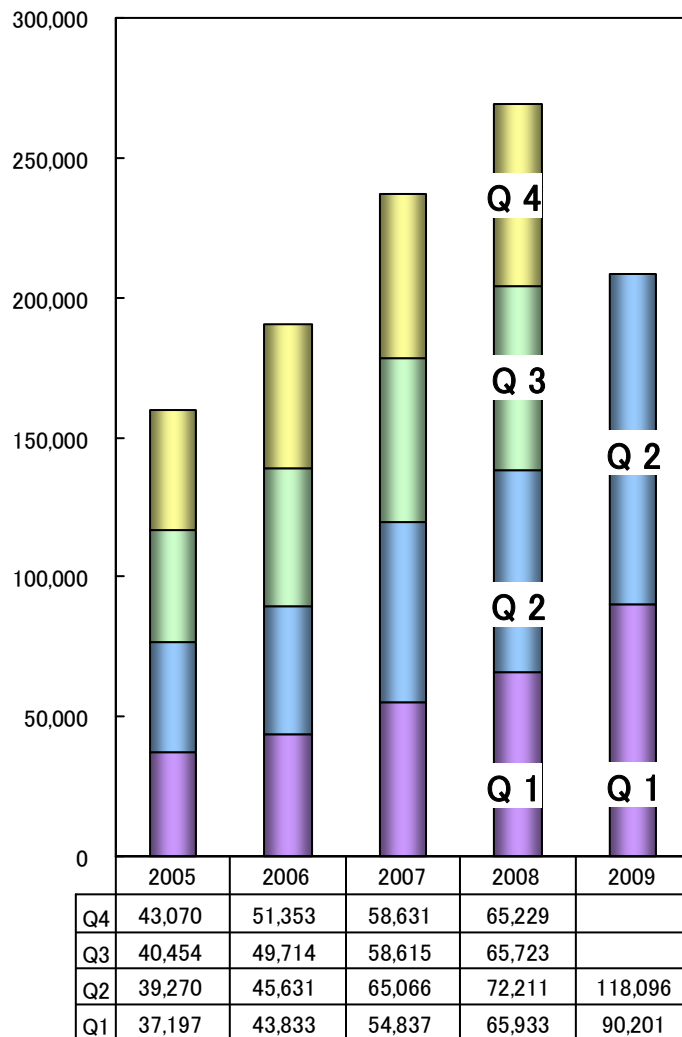
# New Domains and Domain Renewals

1. GMO Internet Group

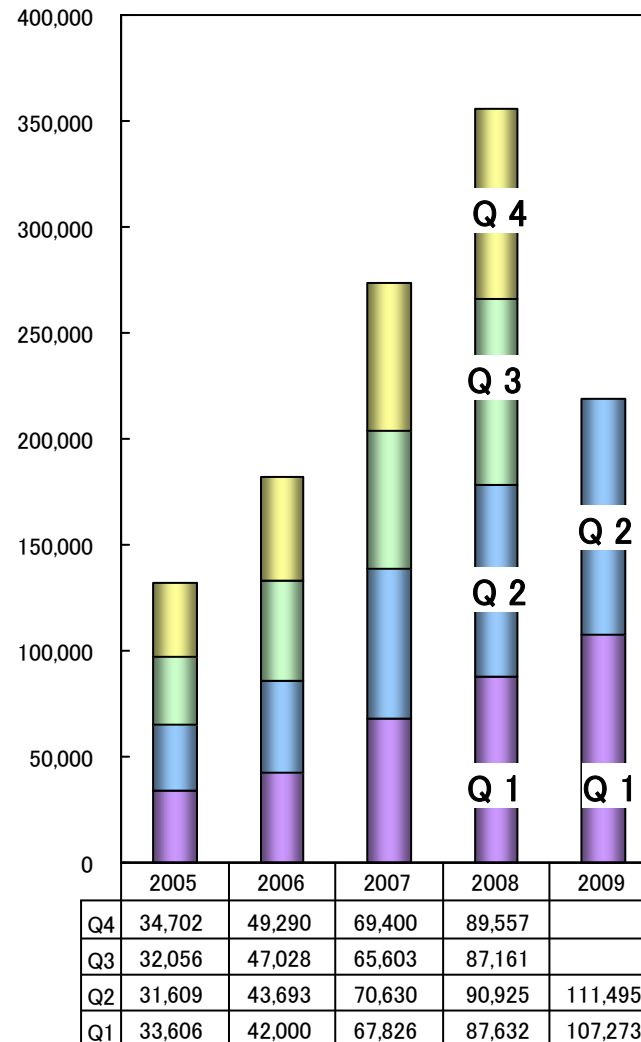
2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

### New Domain Registrations



### Renewals



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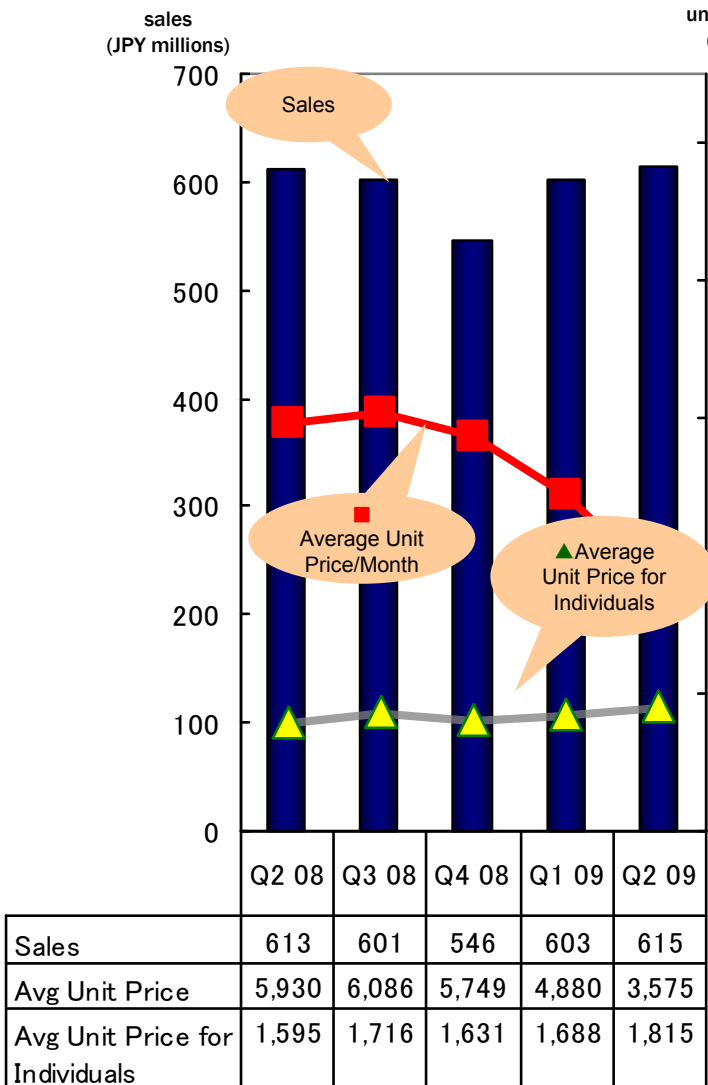
# Domain Registration

1. GMO Internet Group

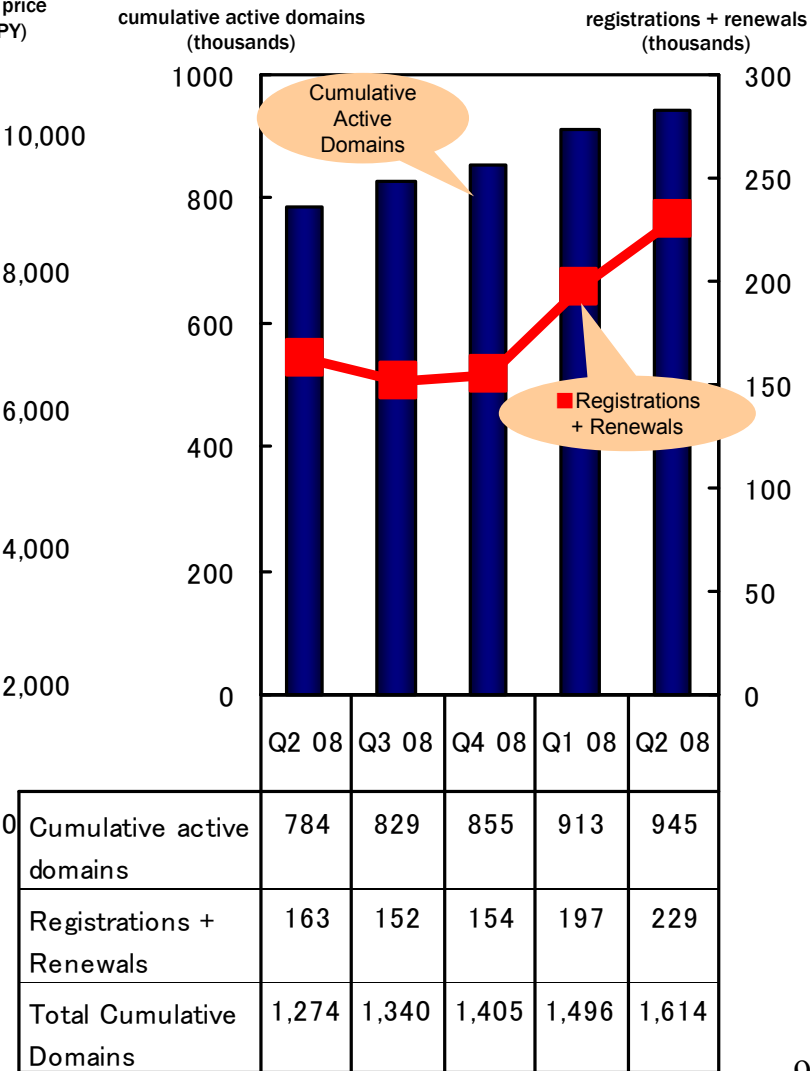
2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

### Sales



### Domain Registrations



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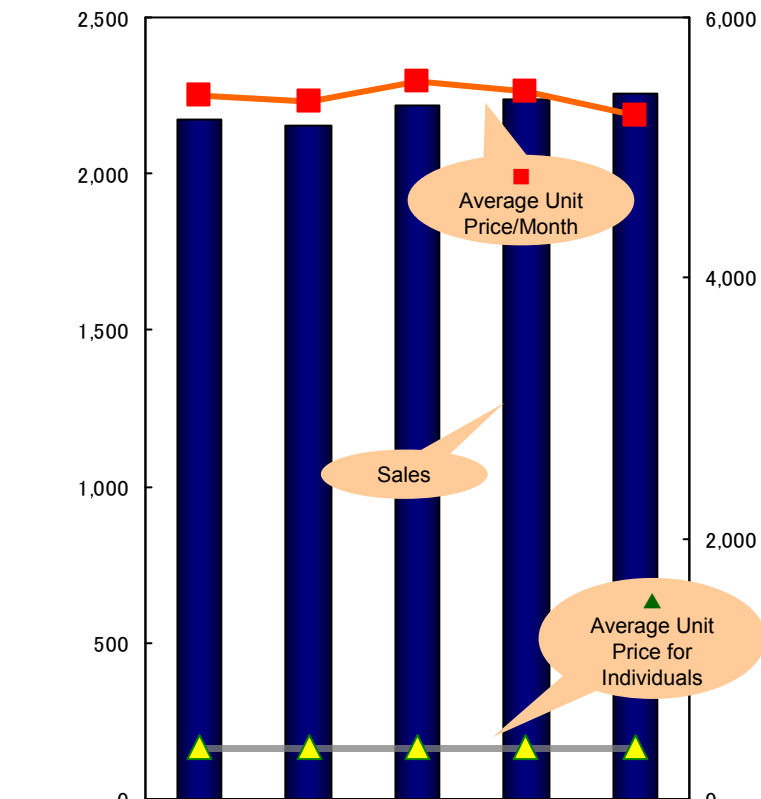
# Web Hosting

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

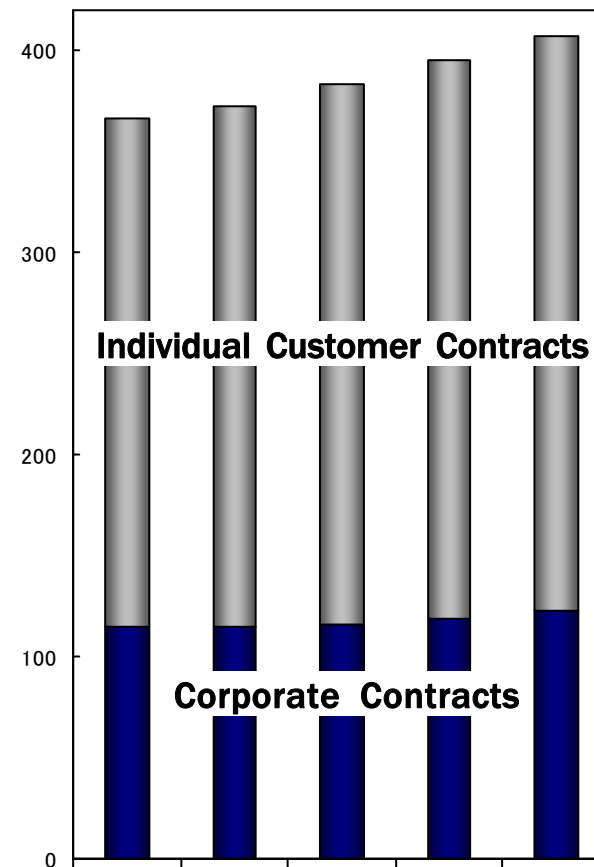
3. Business Model & Growth Strategy

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



	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09
Sales	2,176	2,156	2,221	2,241	2,260
Avg. Unit Price	5,396	5,357	5,507	5,434	5,253
Avg. Unit Price for Individuals	399	403	397	398	400

**Contracts**



	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09
Individual Contracts	252	257	267	276	284
Corporate Contracts	115	115	116	119	123

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& 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



**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」(会社名: 別冊雑誌) (1冊)	1	7,270円	15
2008年度版「専修」(会社名: 別冊雑誌) (1冊)	1	7,270円	15
2008年度版「専修」(会社名: 別冊雑誌) (1冊)	1	7,270円	15
合計		21,810円	45

合計 41,810円

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

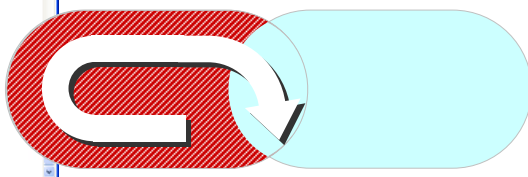


MakeShop  
GMO INTERNET GROUP

**Payment Processing**  
Online payment processing



GMO PAYMENT GATEWAY



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# Services

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## Internet Media segment (1)

- Helping websites attract customers

① JWord

② SEO

Premium Word Area

① JWord



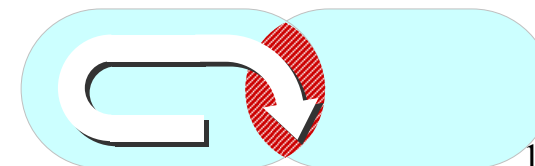
Displays ads at the top of affiliated websites. Directs users to registered sites according to keywords entered into the browser address bar.

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

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## 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.

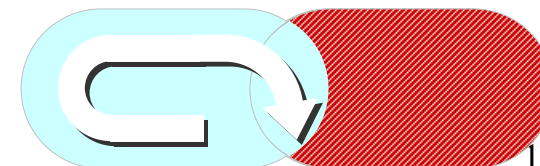
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スポンサー 紹介

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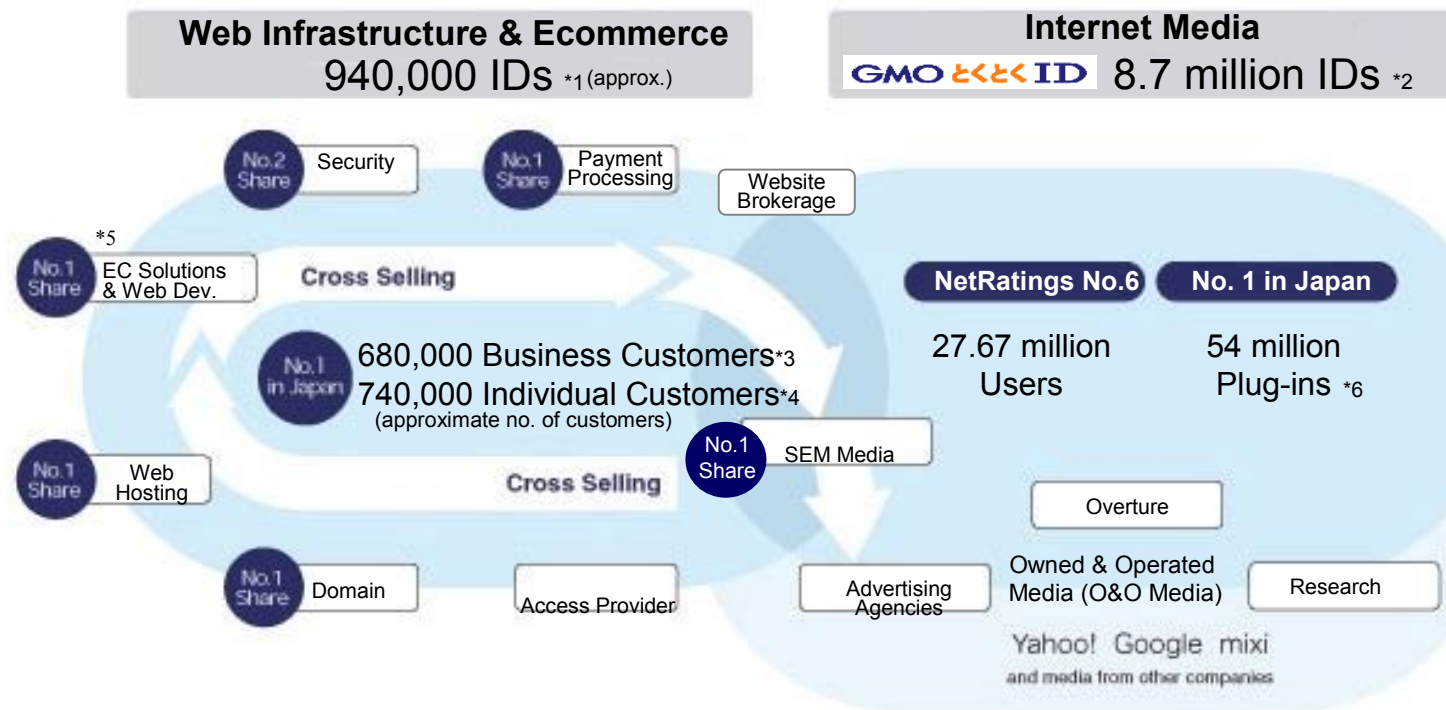
# Business Segments

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 1.43 million customers <sup>(\*)8</sup>.



Notes:

- \*1. Business and individual domain registrations = no. of integrated customer database IDs
- \*2. GMO Toku Toku 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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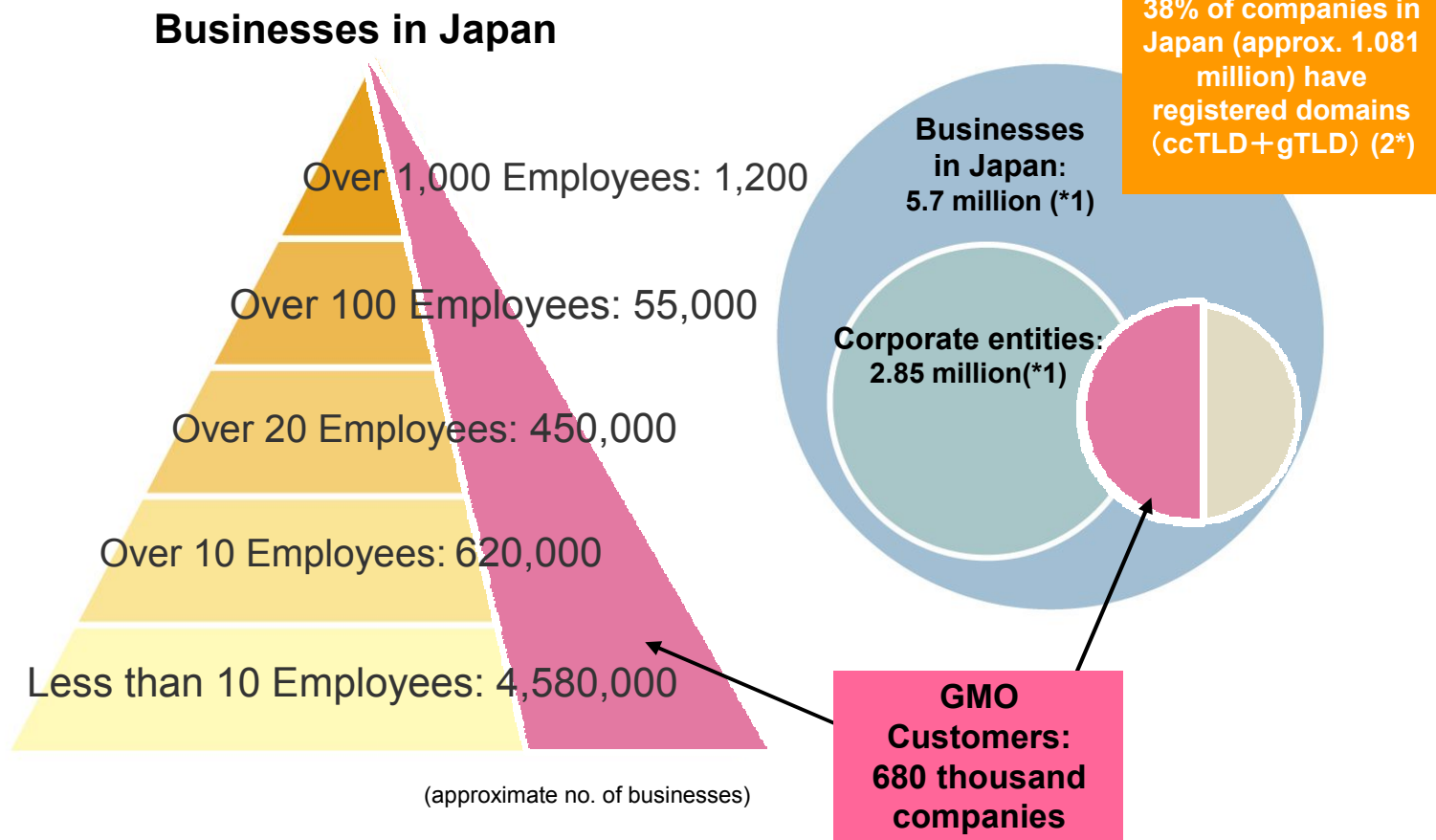
# Web Infrastructure & Ecommerce Segment Customers

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

680 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

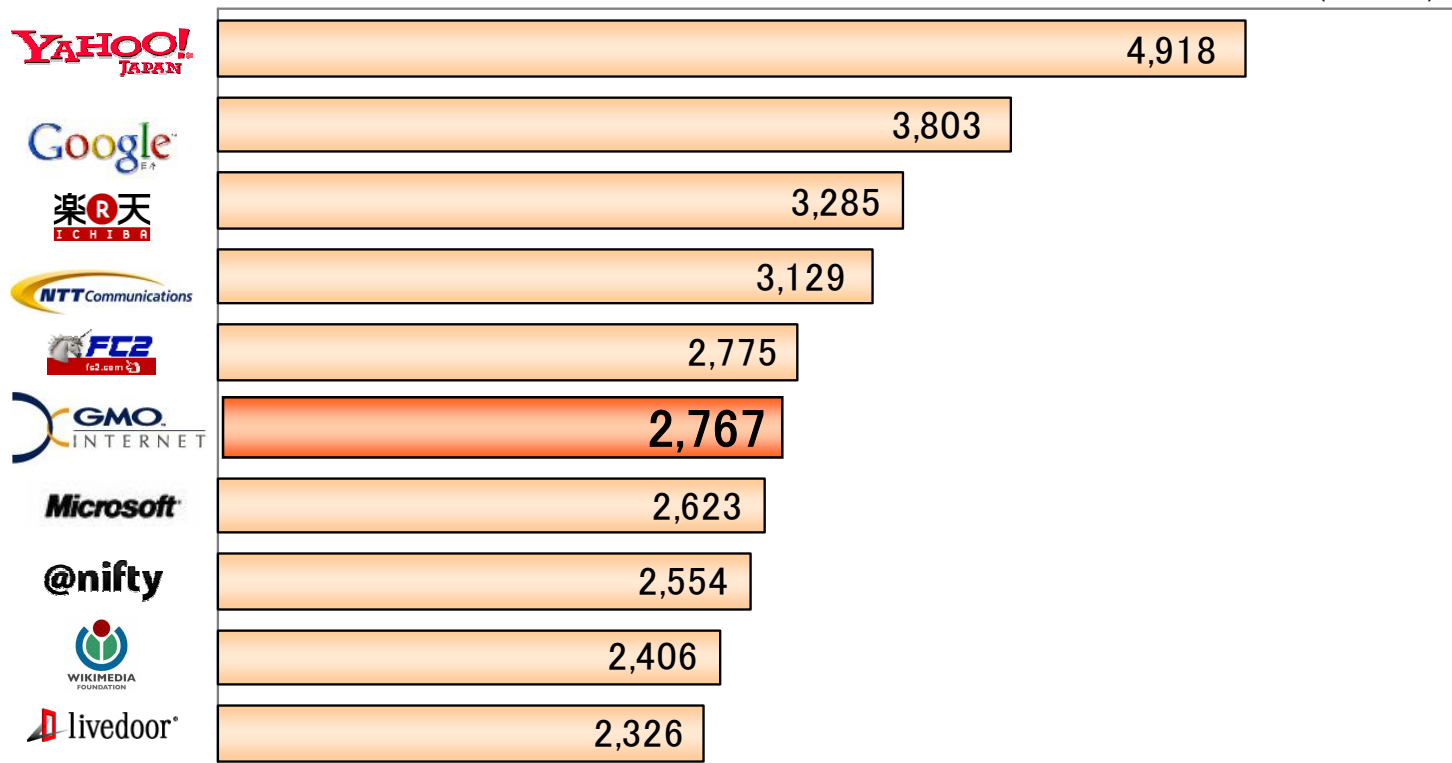
2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

27.67 million users

## Visitors per month: Ranking

(10,000's)



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# SEO – Key Factors

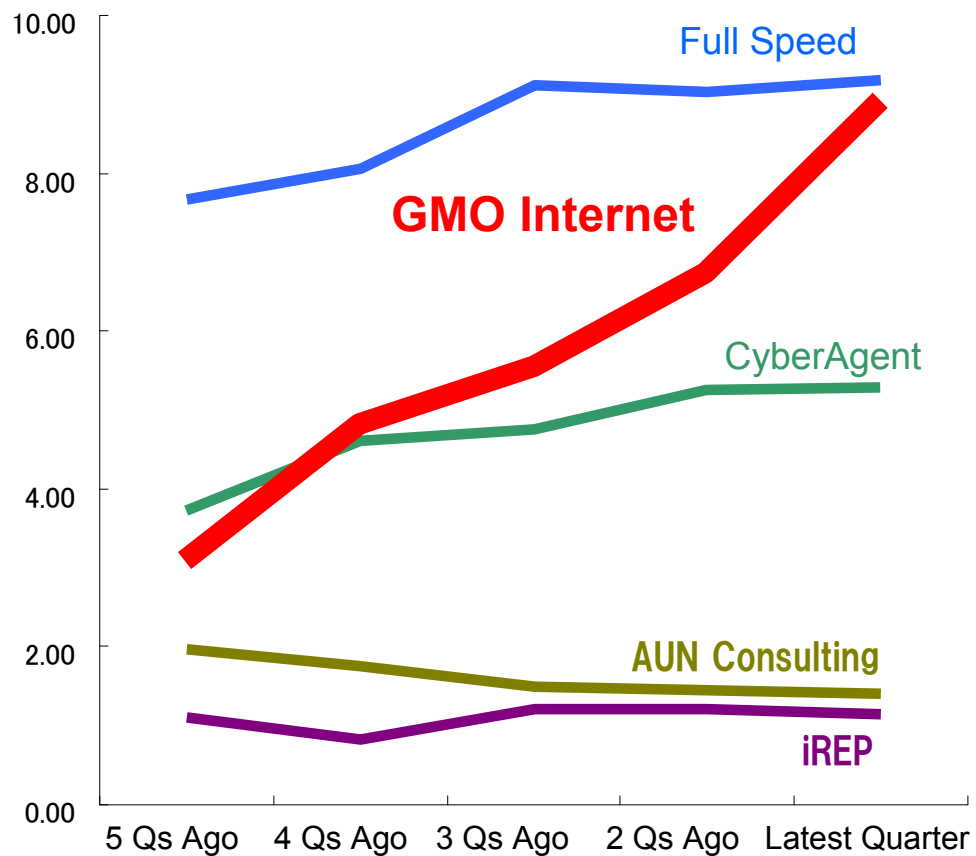
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## SEO Revenue: Competitor comparison (including affiliates)

### SEO Sales Comparison



**Growth Rate  
No.1**

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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 27.67 million users)

**JWord** approx. 5.69 million users



**yaplog!** approx. 7.23 million users



**JUGEM** approx. 10.4 million users



**teacup.** approx. 5.15 million users



**ポイントタウン** approx. 1.58 million users



**freaml** approx. 5.40 million users



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Nielsen//NetRatings, (6/2009)

# 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

<p><b>Stable Customer Base</b>                  680,000* businesses                  740,000* individuals                  940,000* IDs</p>	<p><b>Customer Base</b></p>	<p>NetRatings Japan Ranking: 6                  27.67 million individual users                  8.7 million IDs</p>
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\*approximate figures

Up-Sell **X** Cross-Sell

<p><b>We Develop Our Own Technology</b></p> <ul style="list-style-type: none"> <li>Overwhelming Domain &amp; Server Market Shares</li> <li>Advancing into the Global Security Market</li> <li>Ecommerce Payment Processing operating 45 thousand stores</li> <li>Search / CGM 54 million Plugins</li> </ul>	<p><b>Marketing &amp; Selling Power</b></p> <ul style="list-style-type: none"> <li>Web Marketing 70 Sites</li> <li>Call Center 600 Reps</li> <li>Sales Approx. 7,500 Partners</li> </ul>	<p><b>No. 1 Customer Satisfaction Support</b></p> <ul style="list-style-type: none"> <li>Support Center Open 24 hours 365 days</li> <li>Quick Response Phone 9 secs Mail 9 mins</li> <li>CTI Customer Management System</li> <li>HDI Japan 2 Stars</li> </ul>	<p><b>Latest Industry Trends Research</b></p> <ul style="list-style-type: none"> <li>Venture Capital Securing the latest business innovations</li> <li>Pay-per-Click Advertising On top of industry marketing trends</li> <li>Net Professionals 1,735</li> <li>Research Panel 7.23 million members</li> </ul>
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All supported by a formidable organizational strength!

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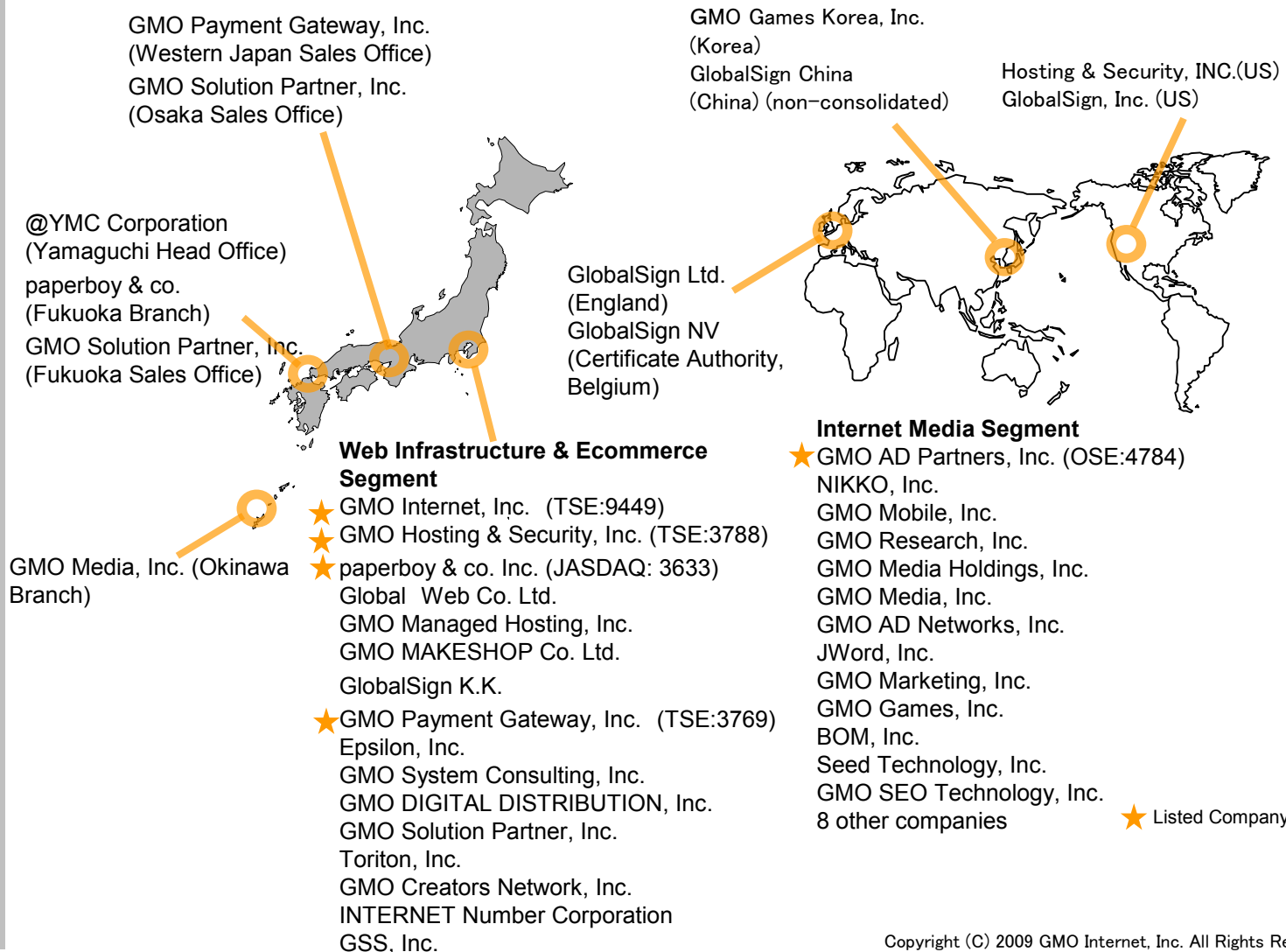
# Main Group Companies

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

57 Companies (consolidated: 46 non consolidated:11) 1,735 Employees



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# Registry Business Terminology (I)

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

3. Business Model & Growth Strategy

ccTLD	Country code Top Level Domain <b>Eg. .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 a country 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 that can enable access to a computer on the Internet so more accurately a domain is a string of letters that makes it easy to locate an address on the Internet. Each domain name has an IP address and this relationship is managed on the name server (DNS server).
gTLD	generic Top Level Domain <b>Eg. .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 every 3 years, in between it hosts workshops and other events and 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

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& Growth Strategy

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 each 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 it will become possible to apply for a new TLD and if approved operate as its registry.
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 to balance server load and reduce risk.
Top level domain	A domain is organized into multiple levels, 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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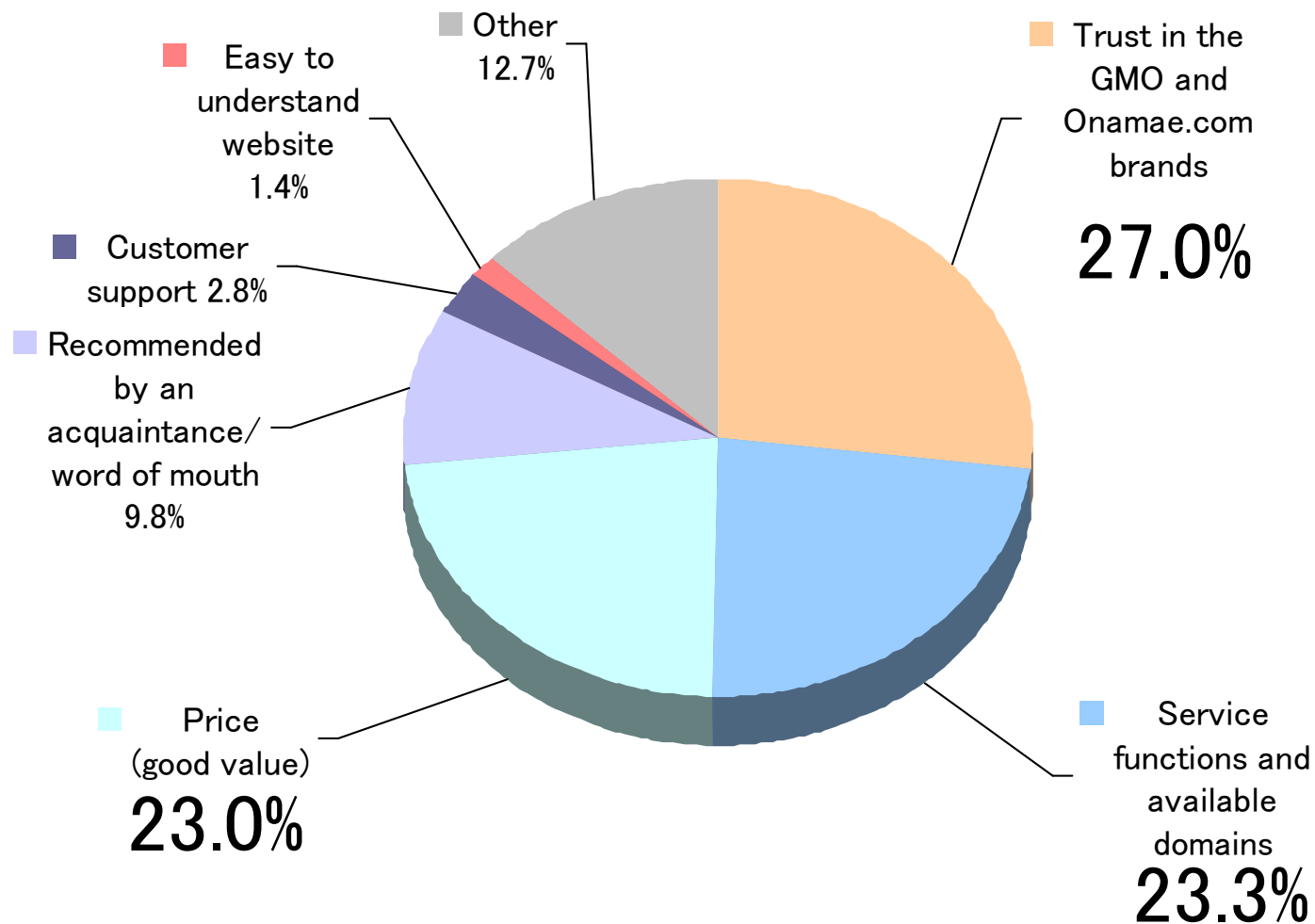
# Customer Survey

1. GMO Internet Group

2. Web Infrastructure & Ecommerce

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## Why do our customers choose Onamae.com?



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\*Results of a June 2009 Onamae.com email customer survey