Japan's Leading All-in Provider of Internet Services

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Second Quarter Results Presentation
Fiscal Year 2012

Masatoshi Kumagai, CEO
Masashi Yasuda, CFO

August 6, 2012

GMO Internet, Inc.
(TSE1:9449)

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GMO INTERNET

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2. Q2 2012 Financial Results
3. Segment Report
    i. Group Overview
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    iii. Internet Media
    iv. Internet Securities
    v. Social Media & Smartphone Platform
4. Growth Strategy
    i. G-Gee
    ii. New Domain Business

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Q2 Earnings Results

GMO INTERNET

Operating profit exceeds JPY5 billion at the end of Q2

(JPY 100 millions)	1-6/2011	1-6/2012	Y/Y Change
Net Sales	295.1	359.6	+21.9%
Operating Profit	40.0	50.1	+25.2%
Ordinary Profit	37.5	49.8	+32.8%
Net Profit	19.8	18.9	-4.5%

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Revised Earnings Forecast

GMO INTERNET

Year-end forecast revised upward in light of performance to date

(JPY 100 millions)	Initial Forecast (Feb 8)	Revised Forecast (Aug 1)	% Change
Net Sales	640	680	+6.3%
Operating Profit	84	90	+7.1%
Ordinary Profit	82	89	+8.5%
Net Profit	43	44	+2.3%

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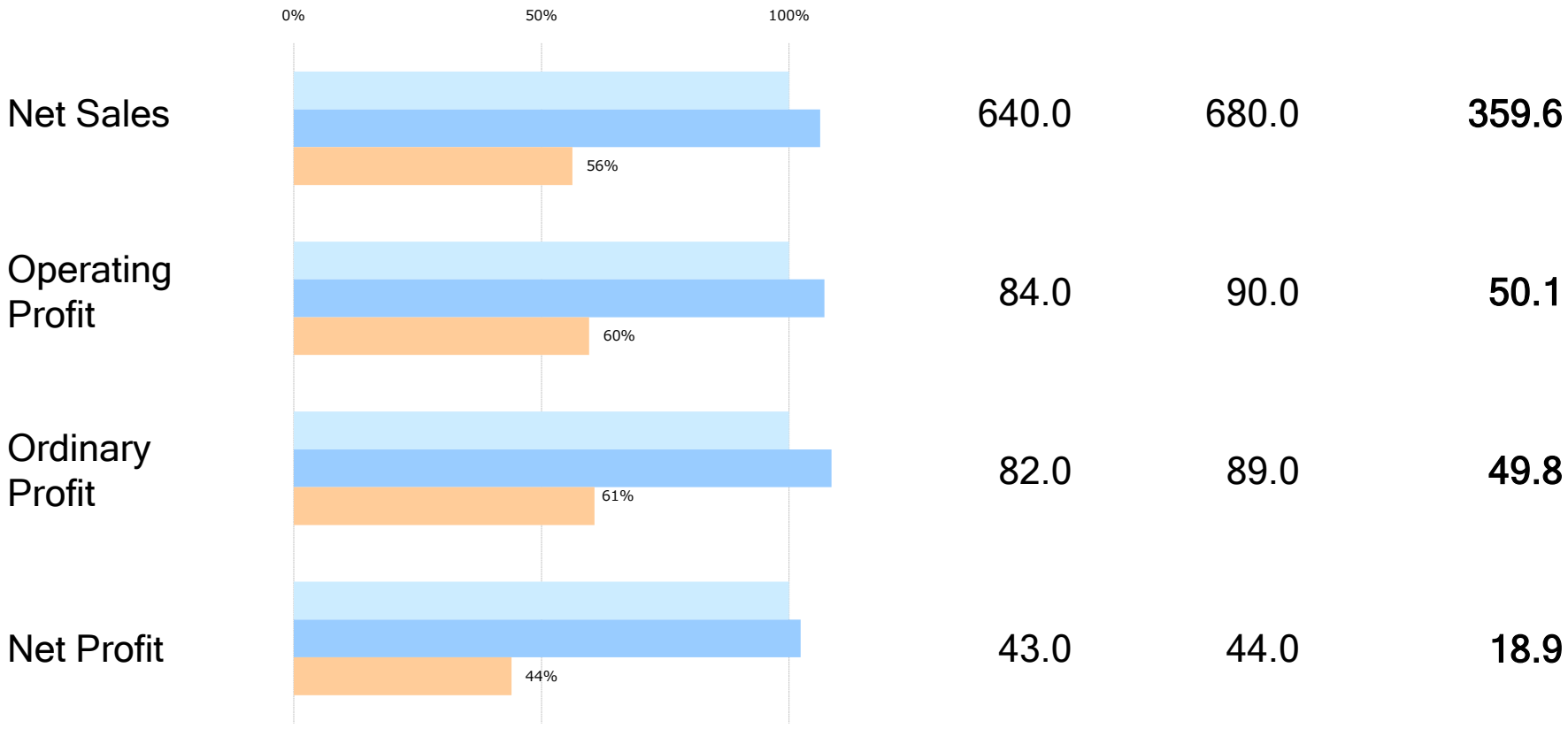
Q2 Results as % of Y/E Forecasts

GMO INTERNET

Operating profit at 61% of initial forecast

(JPY 100 millions)



	Initial Forecast	8/1 Revision	Actual Results
Net Sales	640.0	680.0	**359.6**
Operating Profit	84.0	90.0	**50.1**
Ordinary Profit	82.0	89.0	**49.8**
Net Profit	43.0	44.0	**18.9**

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Highlights

2nd Quarter Performance

- After JPY1 billion investment in new businesses, operating profit exceeds JPY5 billion
- Record sales and profit in Web Infrastructure drive Q2 performance

Segment Breakdown

- Web Infrastructure: All major services now hold number 1 market share
- Net Media: Profit up 30% year-on-year
- Net Securities: Highest FX transaction volume worldwide (3-5/2012, Forex Magnates)

Growth Strategy

- G-Gee: Over 11.7 million members, monetization underway
- New domain: Applications submitted for 24 gTLDs, evaluation process has begun

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Consolidated P/L

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(Unit: JPY 100 millions)	1-6/2011	1-6/2012	FY2012 (Forecast)	YoY % Change
Net Sales	295.1	359.6	680.0	21.9%
Cost of Sales	112.3	147.2	—	—
SGA	142.7	162.3	—	—
Operating Profit	40.0	50.1	90.0	25.2%
Operating Profit Ratio	13.6%	13.9%	13.2%	—
Non-Operating Revenue	0.7	1.7	—	—
Non-Operating Expenses	3.2	2.0	—	—
Ordinary Profit	37.5	49.8	89.0	32.8%
Extraordinary Profit	0.9	1.5	—	—
Extraordinary Loss	5.0	3.2	—	—
Corporate Tax etc.	5.9	21.6	—	—
Minority Equity	7.6	7.5	—	—
Net Profit	19.8	18.9	44.0	-4.5%
(Corporate Tax Burden)	17.7%	45.0%	—	

Operating Profit up 25.2%

Ordinary Profit up 32.8%

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Consolidated Balance Sheet

GMO INTERNET

(JPY 100 millions)	End of Mar. 2012	End of Jun. 2012	Y/Y Change	End of Jun. 2012 (GMO CLICK Securities)
Current Assets	2,119	2,047	-72	1,647
(Cash & deposits)	399	388	-11	91
Fixed Assets	191	193	1	31
(Goodwill)	44	41	-2	0
(Software)	27	29	1	11
(Investment real estate)	15	14	-1	0
Total Assets	2,311	2,241	-70	1,678
Total Liabilities	2,044	1,967	-77	1,528
(Interest bearing liabilities)	289	170	-118	0
Net Assets	267(78)	274(81)	6(2)	150
(minority equity portion)	188(99)	192(105)	4(4)	150(74)
Shareholders' Equity (earned surplus portion)	8.1%	8.6%	0.5%	9.0%
(Shareholders' equity ratio)	2,311	2,241	-70	1,678

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Consolidated C/F

(JPY100 millions)	1-6/2011	1-6/2012	1-6/2012 (GMO Click Securities)
Cash Flow from Operating Activities	62.3	84.6	51.9
Cash Flow from Investment Activities	-10.9	-20.6	-11.8
Cash Flow from Financing Activities	12.4	-40.1	-22.5
Change in Cash and Equivalents	64.2	23.8	17.6
Balance of Cash and Equivalents	342.3	351.6	58.5

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Business Segments (Service Composition)

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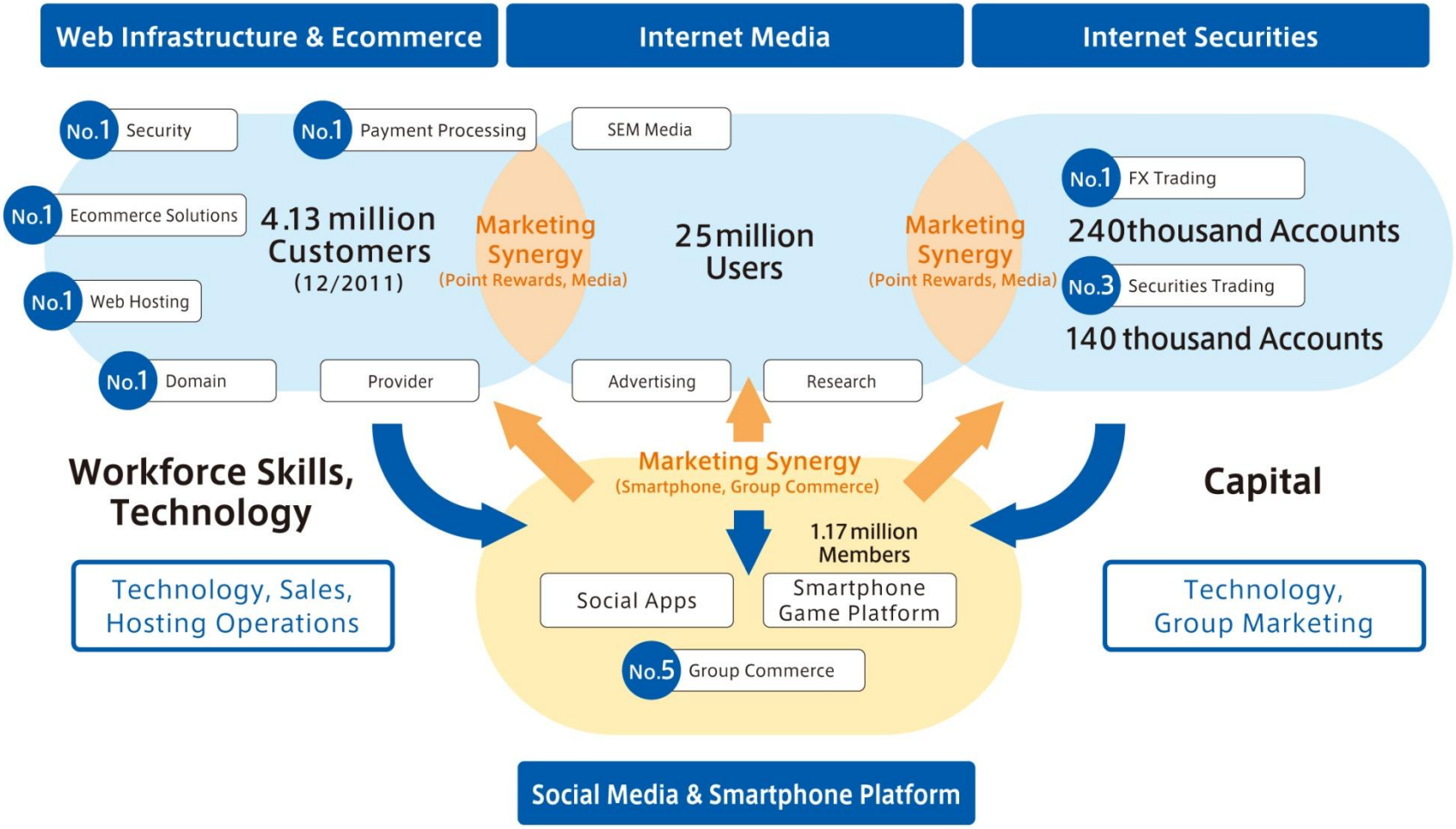
Web Infrastructure is not a “commodity” business but a “consumer monopoly”



*3/2012 Based on GMO Media documents

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Strengths - Technology

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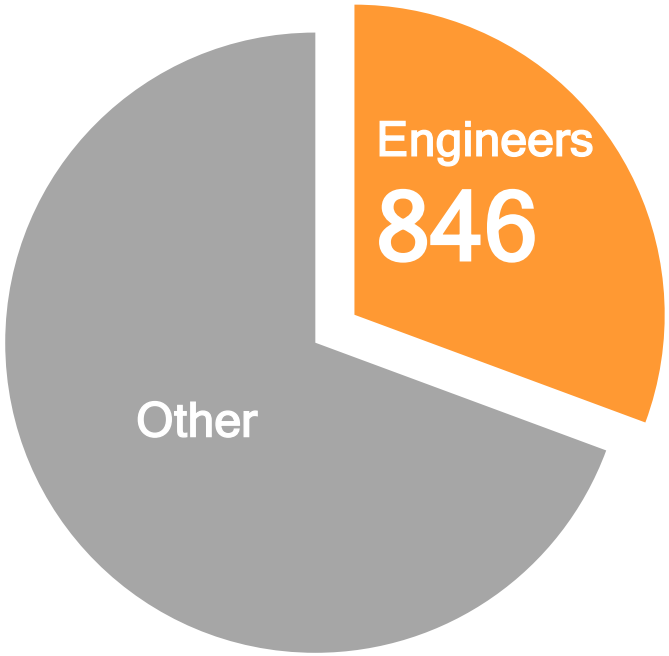
An organization built with our own hands

2,470 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 Cost and Trading Tools

GMO CLICK Securities
Stock Research Awards
No.1 in Cost Category

GMO AppsCloud

GameBusiness.jp
App Cloud Awards

Top Award, Cost and Support Category Awards

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Net Sales by Segment

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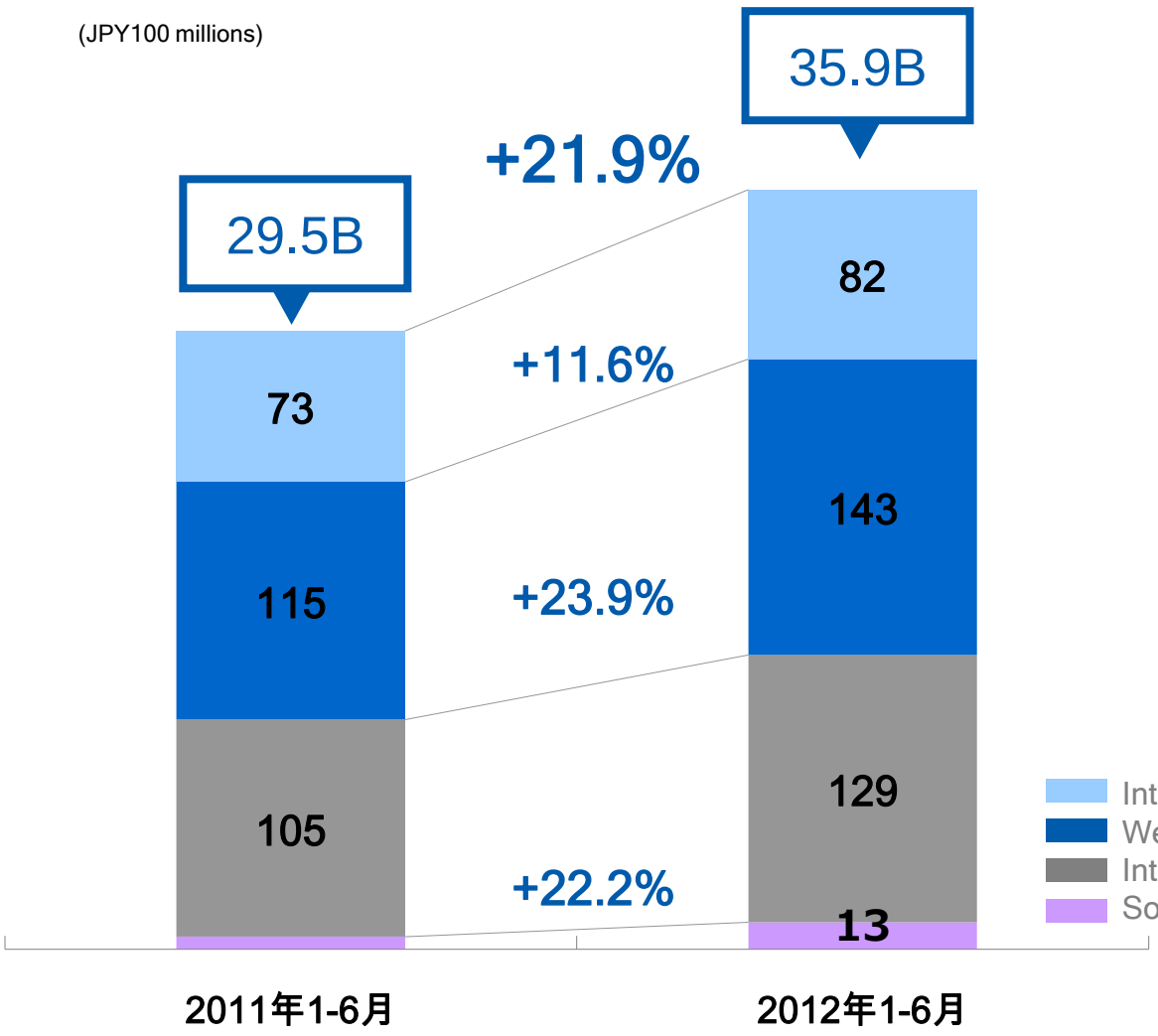

Web Infrastructure up 23.9%

Internet Media up JPY22.2%

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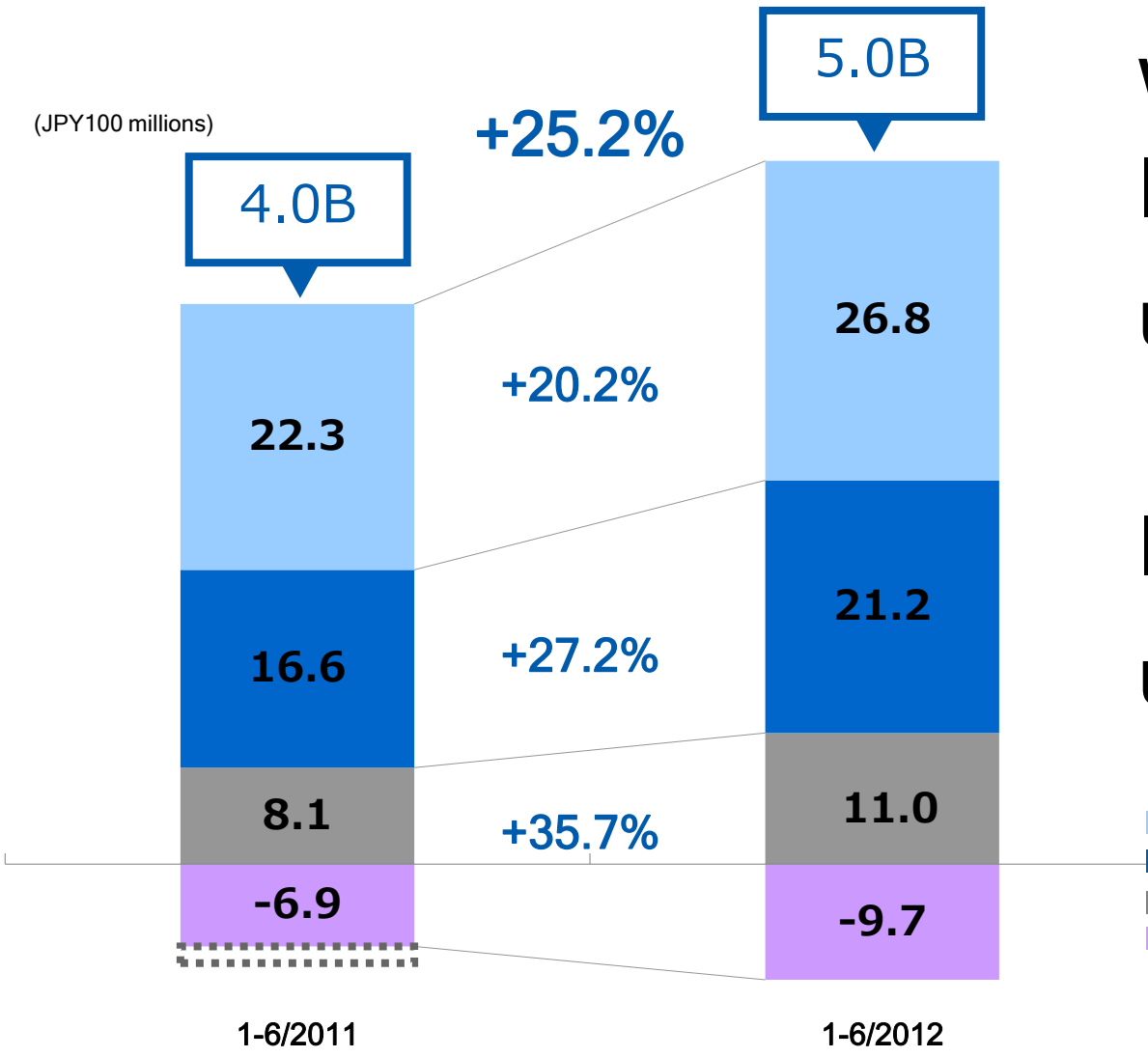
Operating Profit by Segment



Web Infrastructure up 27.2%

Internet Media up JPY35.7%

- Internet Securities
- Web Infrastructure & Ecommerce
- Internet Media
- Social Media & Smartphone Platform

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Segment Composition & Highlights

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Overwhelmingly No. 1 **Domain**

Domestic gTLD market share at 81.1%
*based on our own data
Share of new .com/.net registrations 95%
*based on VeriSign data

Overwhelmingly No. 1 **Web Hosting**

Domestic market share at 52.0%
*Webhosting.info

No. 1 **EC Solutions & Web Dev**

Heading toward market leading transaction volume

NEW No.1 **Security**

No. 1 market share / No. 1 net growth

No. 1 **Payment Processing**

Ecommerce strong, smartphone market growing

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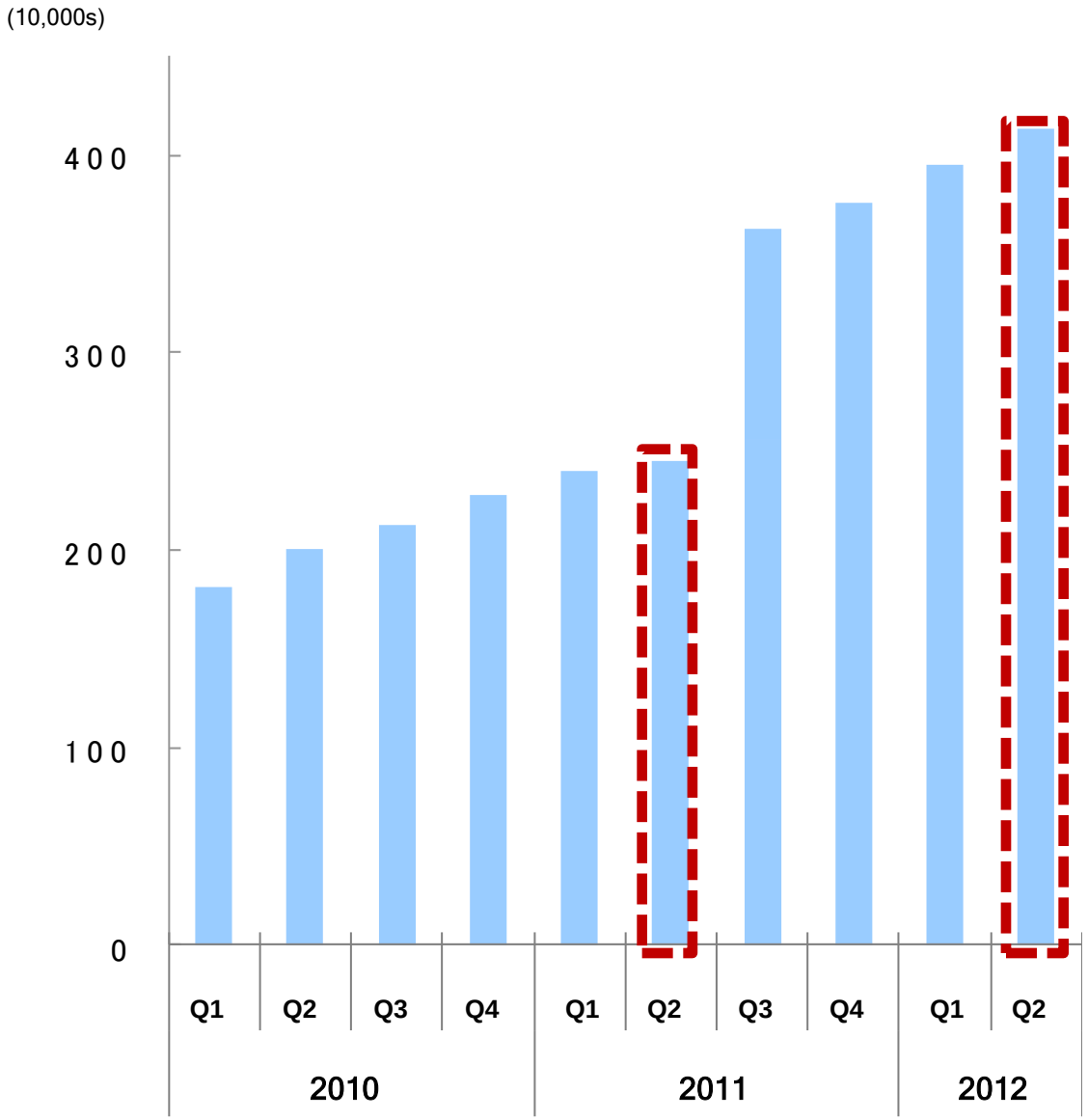
Web Infrastructure Contracts



4.13 million contracts

68% YoY growth

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Security: Certificate Issues

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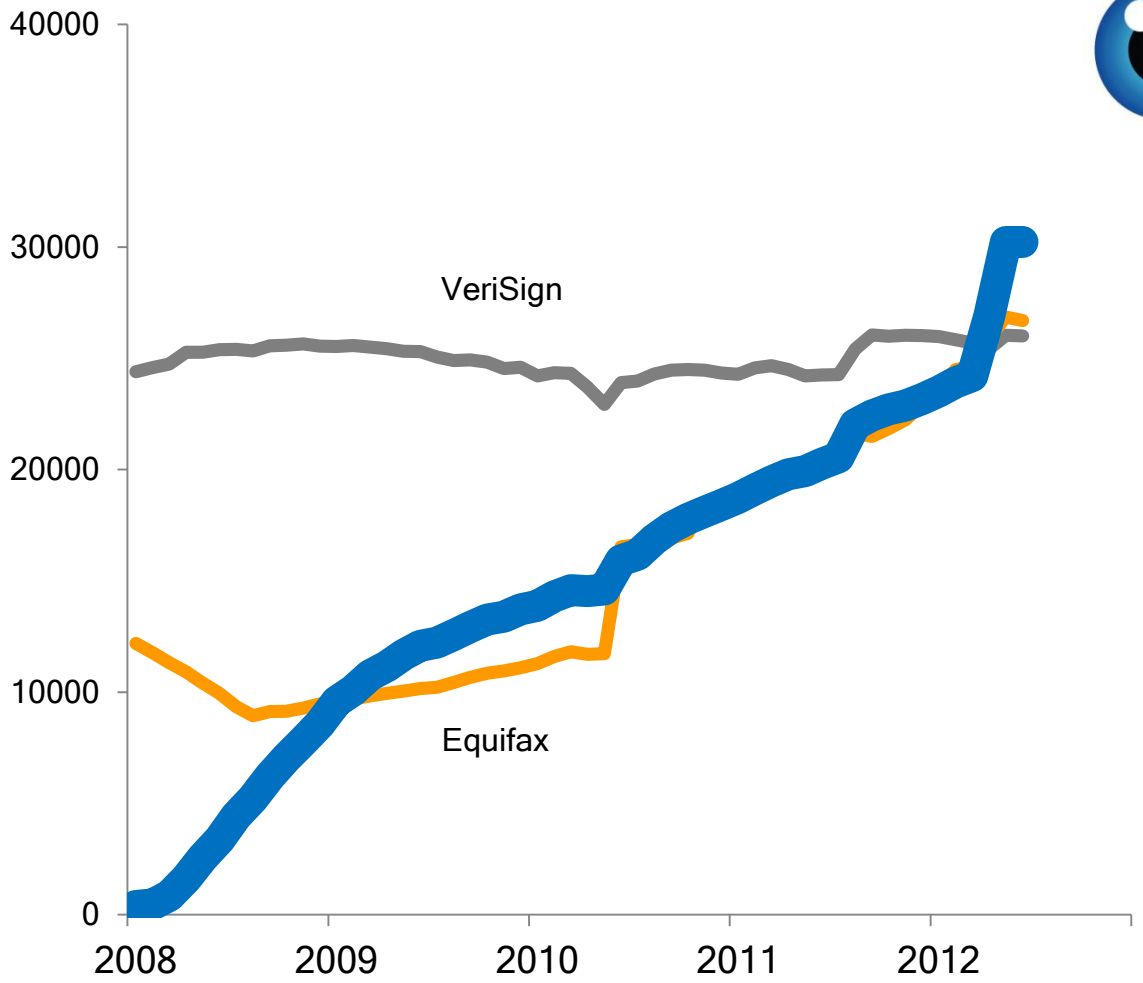

GlobalSign
GMO Internet Group

No.1

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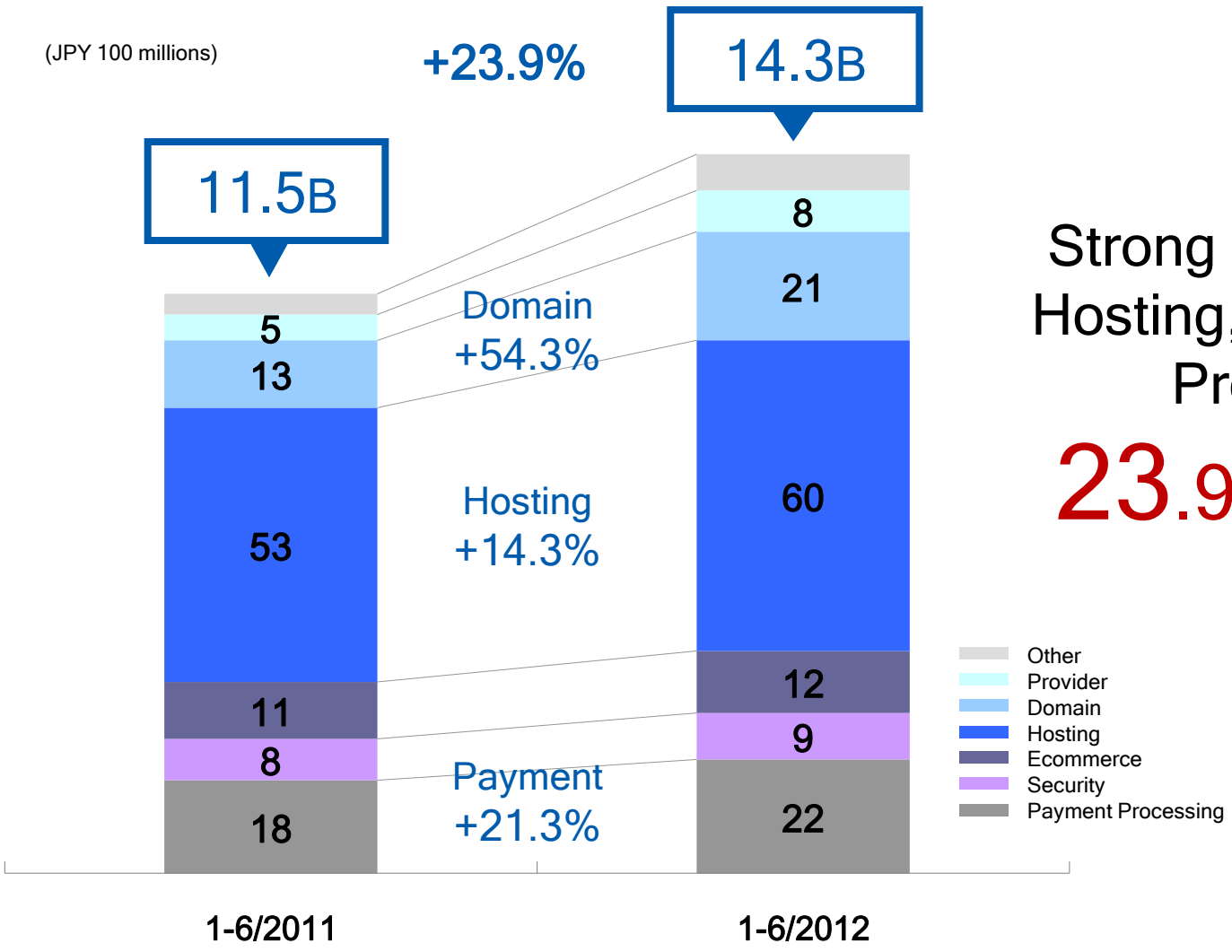
Net Sales



Strong Domain, Web Hosting, and Payment Processing

23.9% Growth

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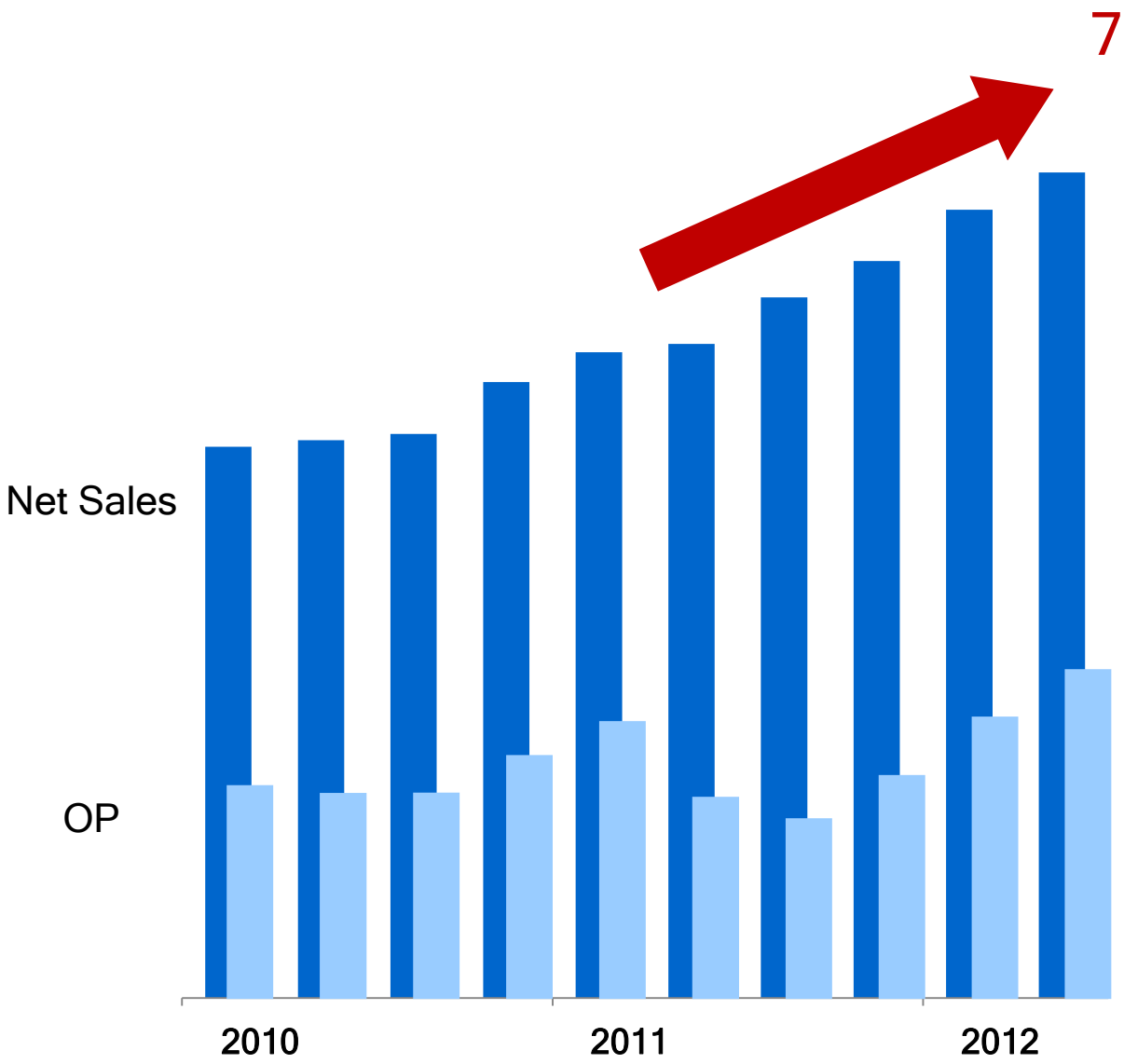
Historical Performance by Quarter

GMO INTERNET



Record High Sales and Profit

Growth Driven by Stable of No. 1 Products

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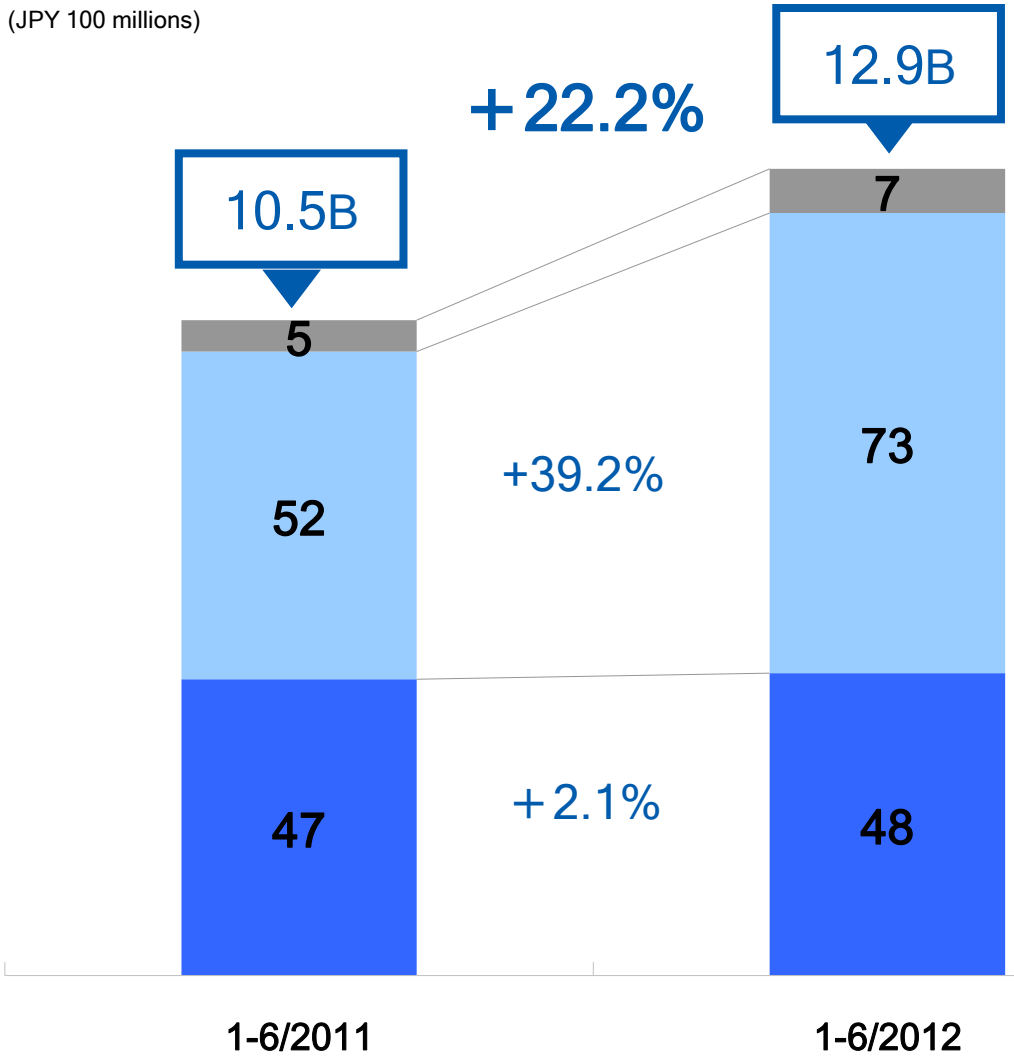
Net Sales

(JPY 100 millions)



Strong Performance in Advertising

39.2% growth

Internet Advertising
GMO ADPARTNERS
GMO NIKKO

Media & Search Media
JWord
GMO TECH

*Internal segment transactions no longer included in accordance with new accounting standards applied from 2011.

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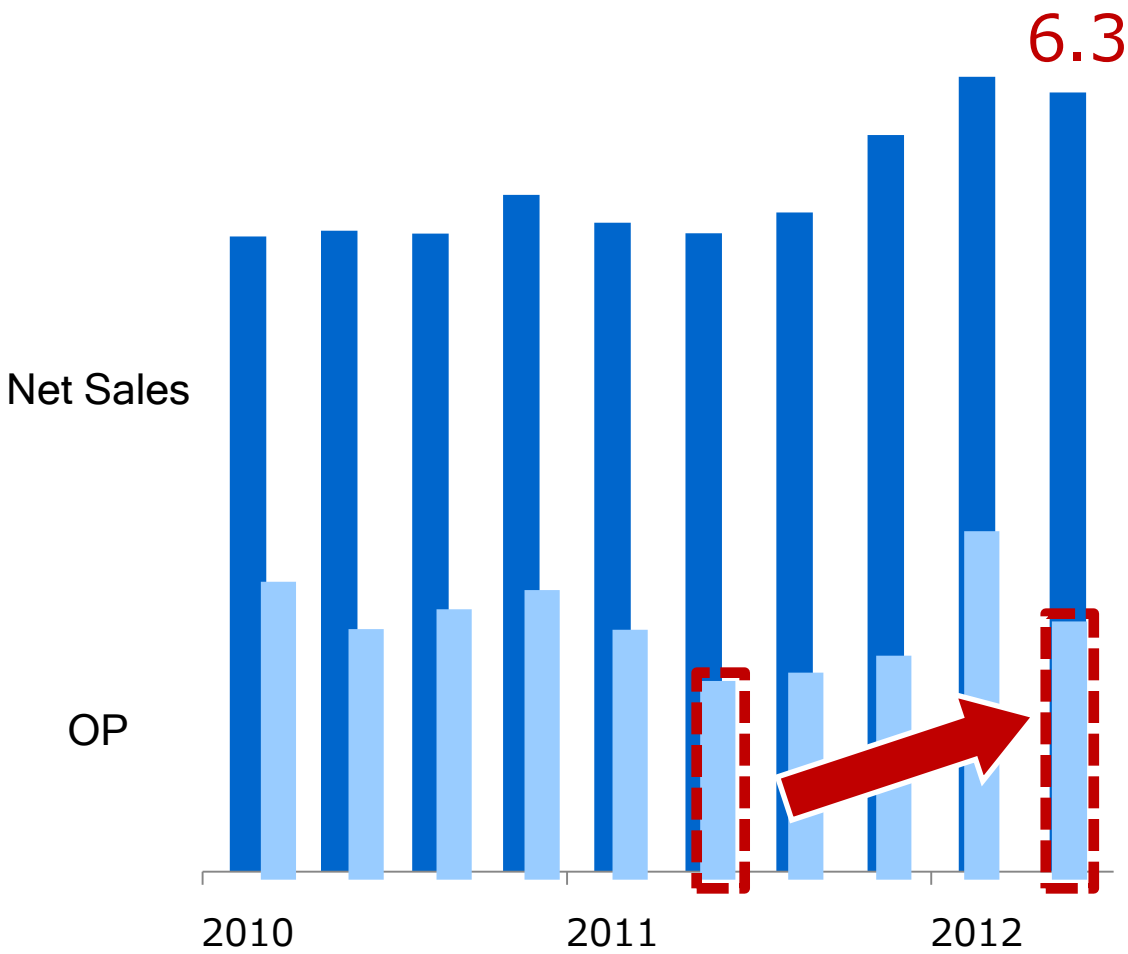
Historical Performance by Quarter

GMO INTERNET



Ad Networks, Smartphone Business Strong

GMO DSP
GMO SSP
GMO SmaAD

31%
YoY Growth

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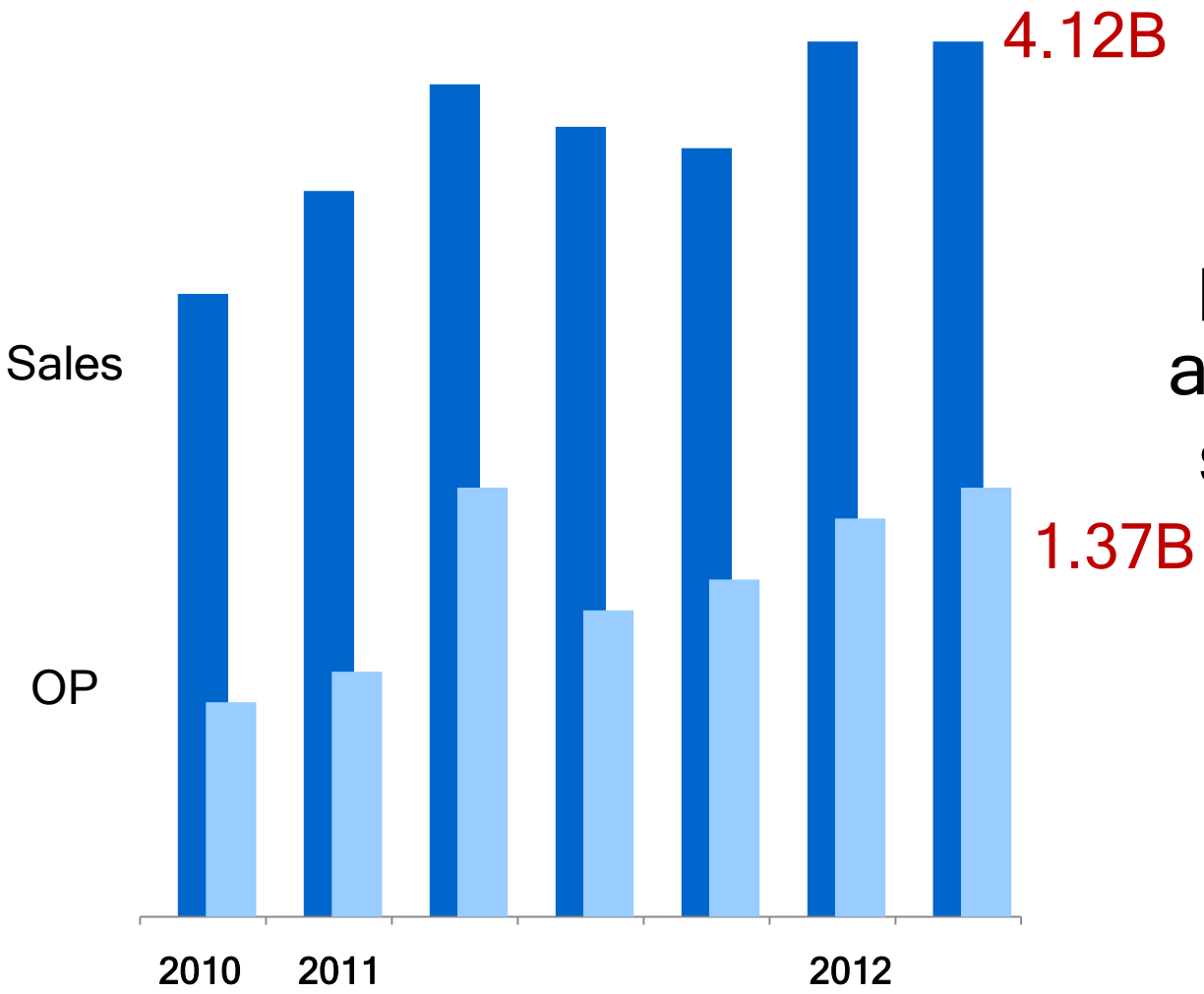
Business Performance

GMO INTERNET

GMOクリック証券

(GMO CLICK Securities)



Continued high profits a result of aggressive market share expansion

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FX Market Share (Domestic)

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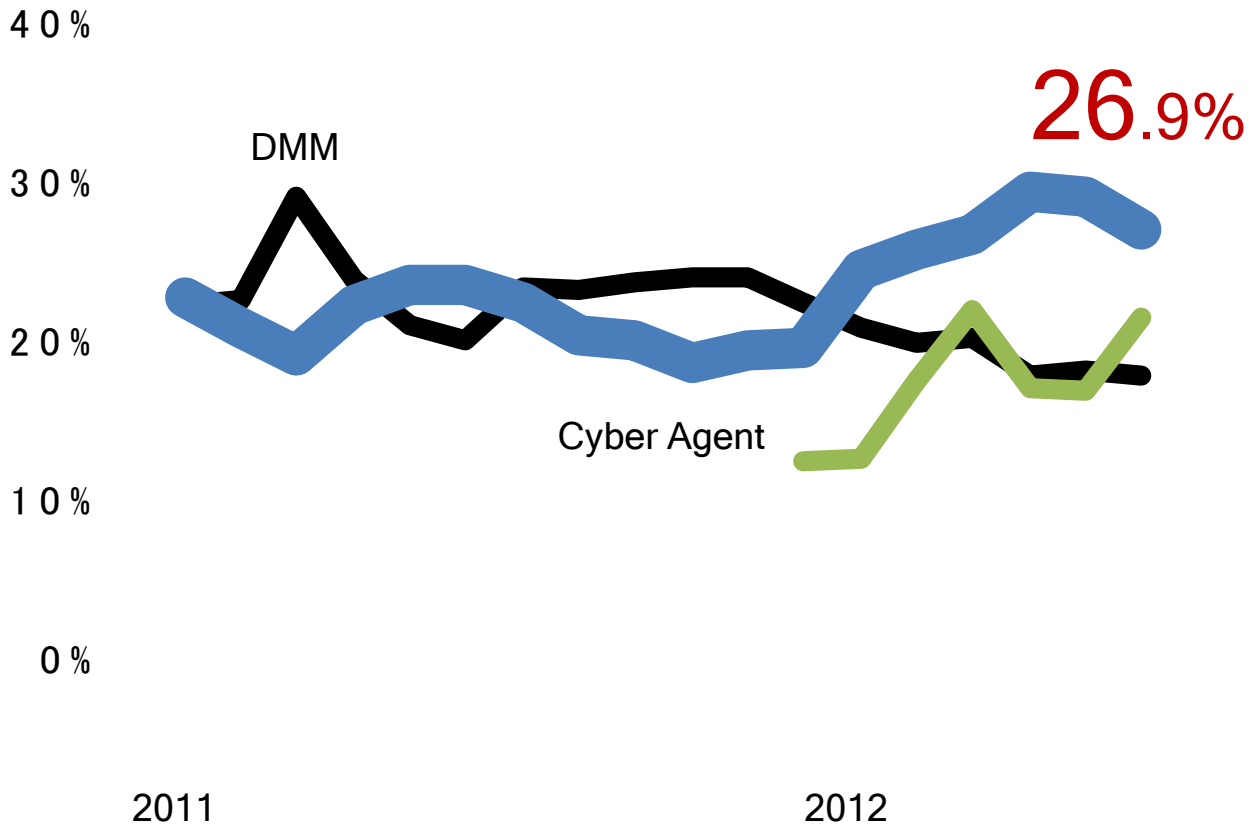
Monthly transaction volume share

GMOクリック証券
(GMO CLICK Securities)



No.1 Share

Source: Compiled based on data from Yano Research

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FX Market Share (Global)

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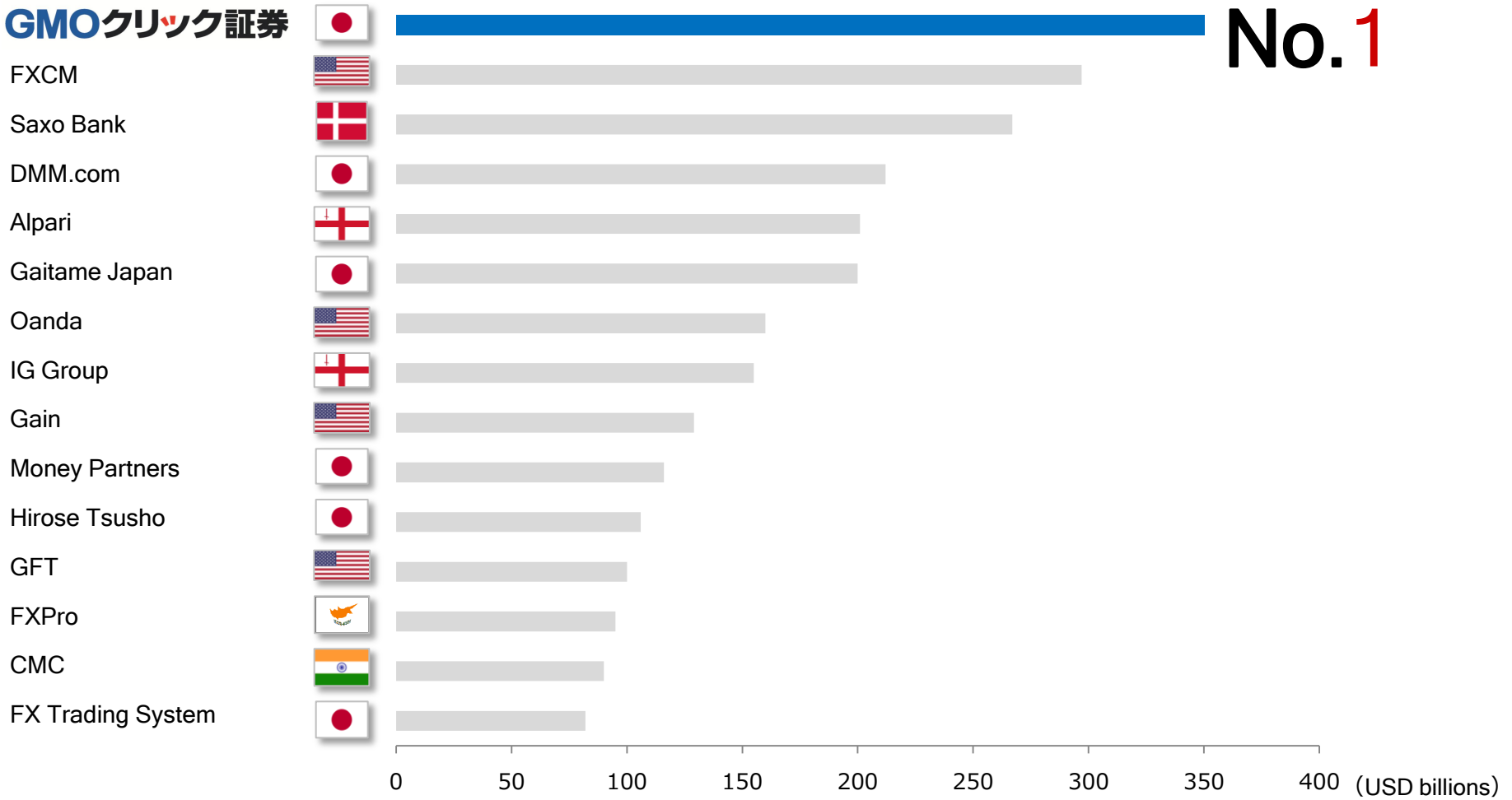
Ranking by Transaction Volume

GMOクリック証券
(GMO CLICK Securities)



*3-5/2012, Forex Magnates

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Tender Offer Bid

GMO INTERNET

GMOクリック証券

(FX PRIME)

FXプライム

×

(GMO CLICK Securities)

GMOクリック証券

120,000 accounts	240,000 accounts
JPY14B customer assets	JPY61.4B customer assets

＊as of June 2012

＊These slides represent our expectations only. The tender offer bid is still underway and no outcome has been determined.

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Tender Offer Bid – No. of Accounts

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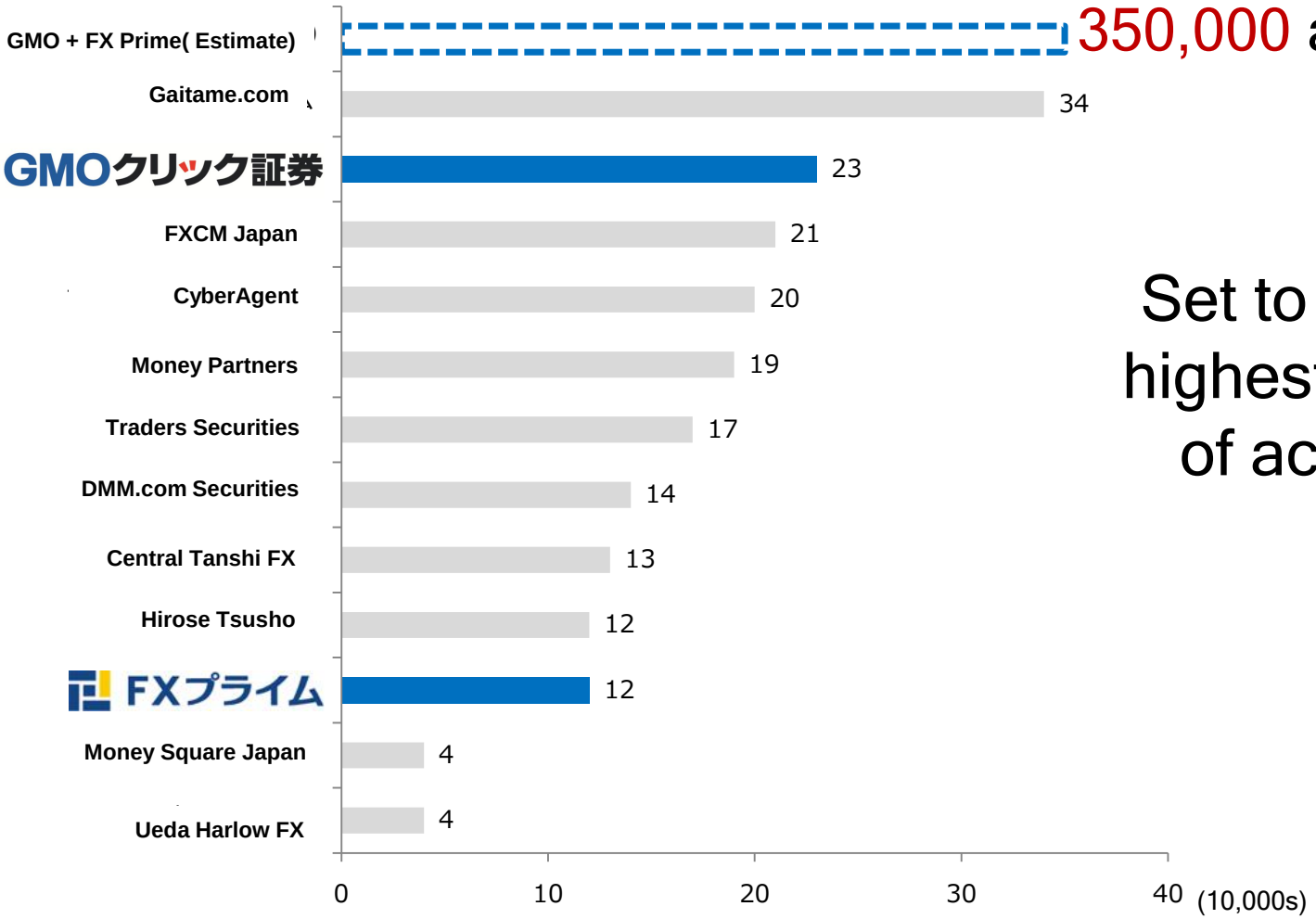
Strengthened customer base

GMOクリック証券
(GMO CLICK Securities)



Set to achieve highest number of accounts

*Source: Compiled based on data from Yano Research

＊These slides represent our expectations only. The tender offer bid is still underway and no outcome has been determined.

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Tender Offer Bid – Overview

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GMOクリック証券

Objective: Synergy	
1.	Improved price competitiveness
2.	Better customer attraction
3.	Shared system resources

Conditions	
Offer Price	JPY410 per share
Tender Offer Period	August 2 – September 12, 2012

＊These slides represent our expectations only. The tender offer bid is still underway and no outcome has been determined.

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Tender Offer Bid – Target Company

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FXプライム (FX PRIME)

GMOクリック証券

(As of 3/2012)

Overview

Public company	OSE: 8711 JASDAQ
Major Shareholder	ITOCHU Corporation（55.0%*）

P/L

(JPY millions)

Operating Revenue	3,625
Operating Profit	30
Net Profit	4

B/S

(JPY millions)

Total Assets	20,705
Net Assets	4,787
Capital	1,364

*Shares held as a percentage of total outstanding shares as of 3/2012.

*These slides represent our expectations only. The tender offer bid is still underway and no outcome has been determined.

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Securities (Transaction Volume)

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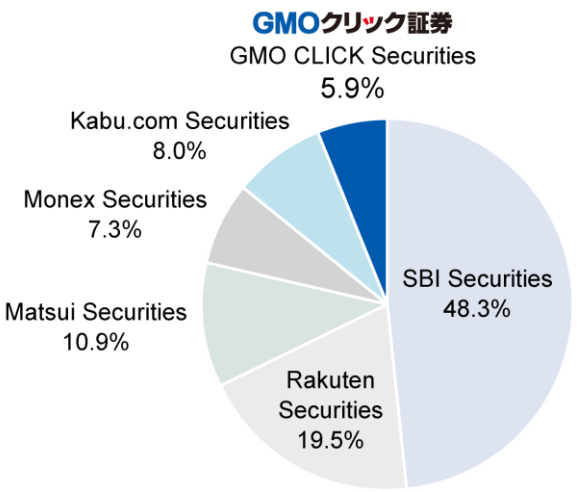
Monthly transaction volume share

GMOクリック証券
(GMO CLICK Securities)

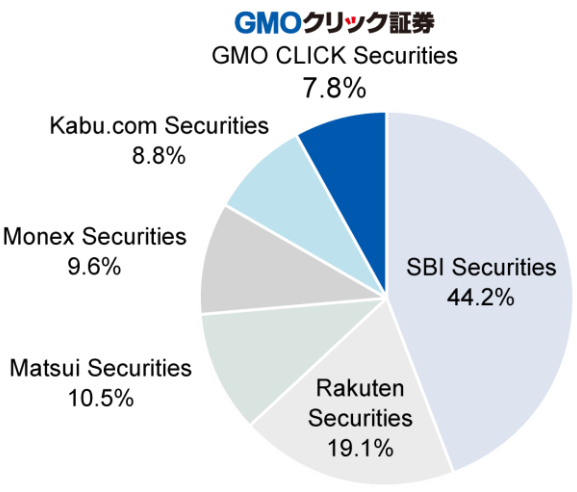
FYE3/2010



5.9%

No. 6

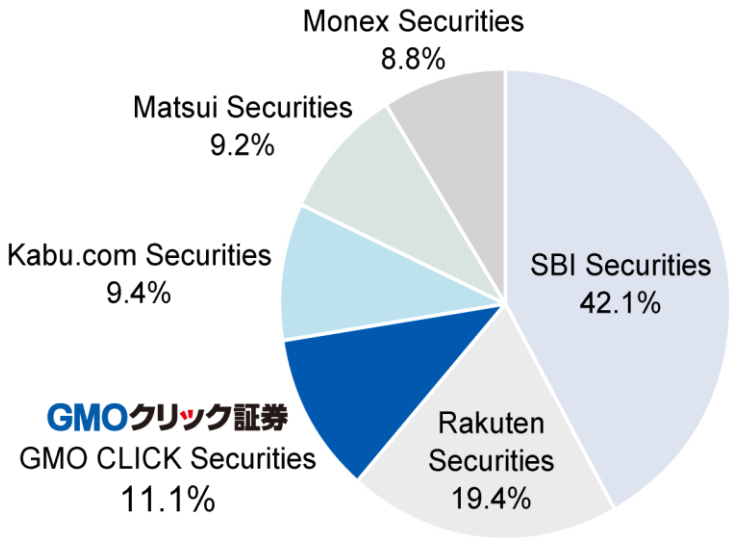
FYE3/2011



7.8%

No. 6

6/2012



11.1%

No. 3

Source: Compiled by GMO Internet from data disclosed by each company. (The above 6 companies represent 100%)

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Business Performance

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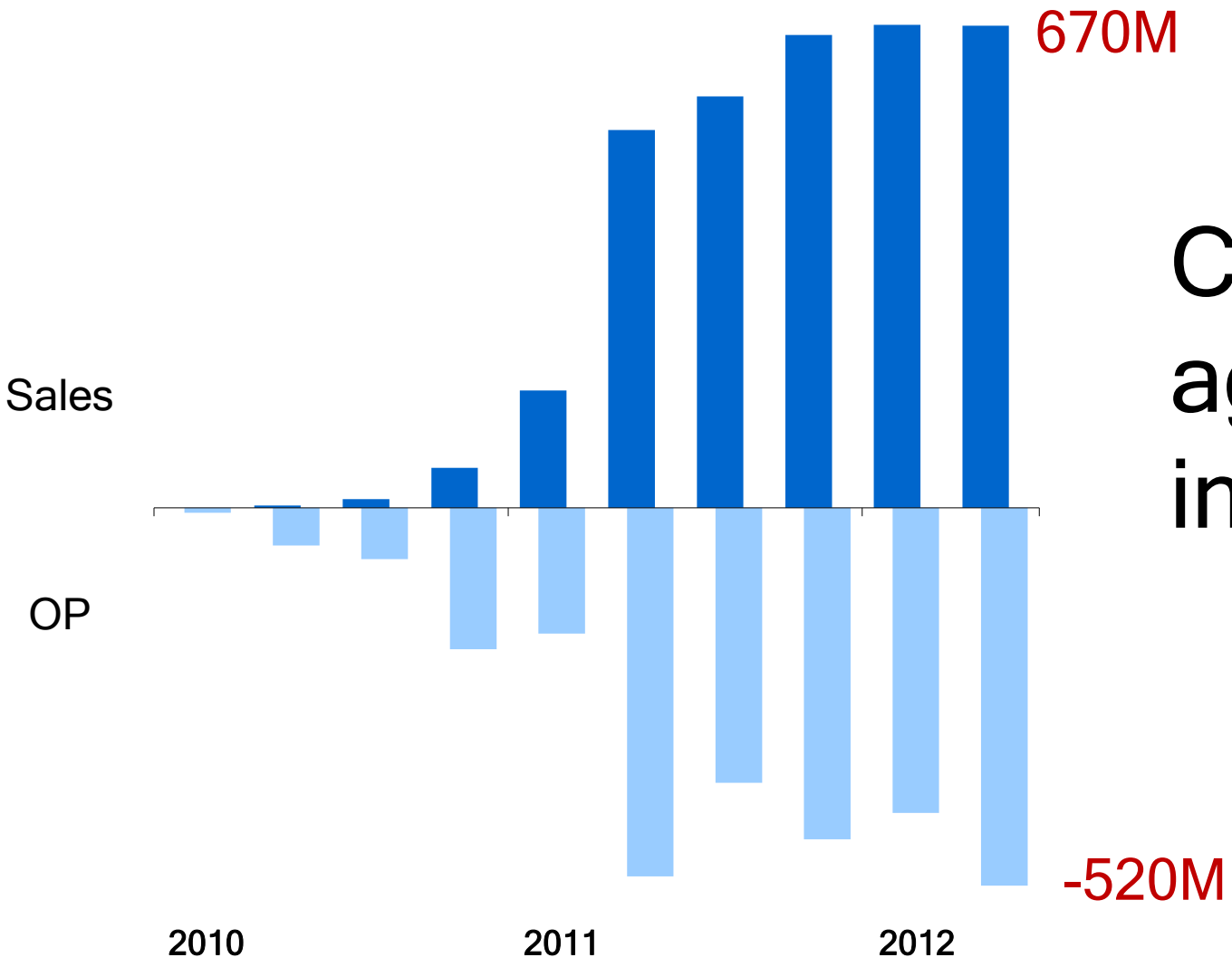

Continued aggressive investment

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G-Gee

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G-Gee Membership

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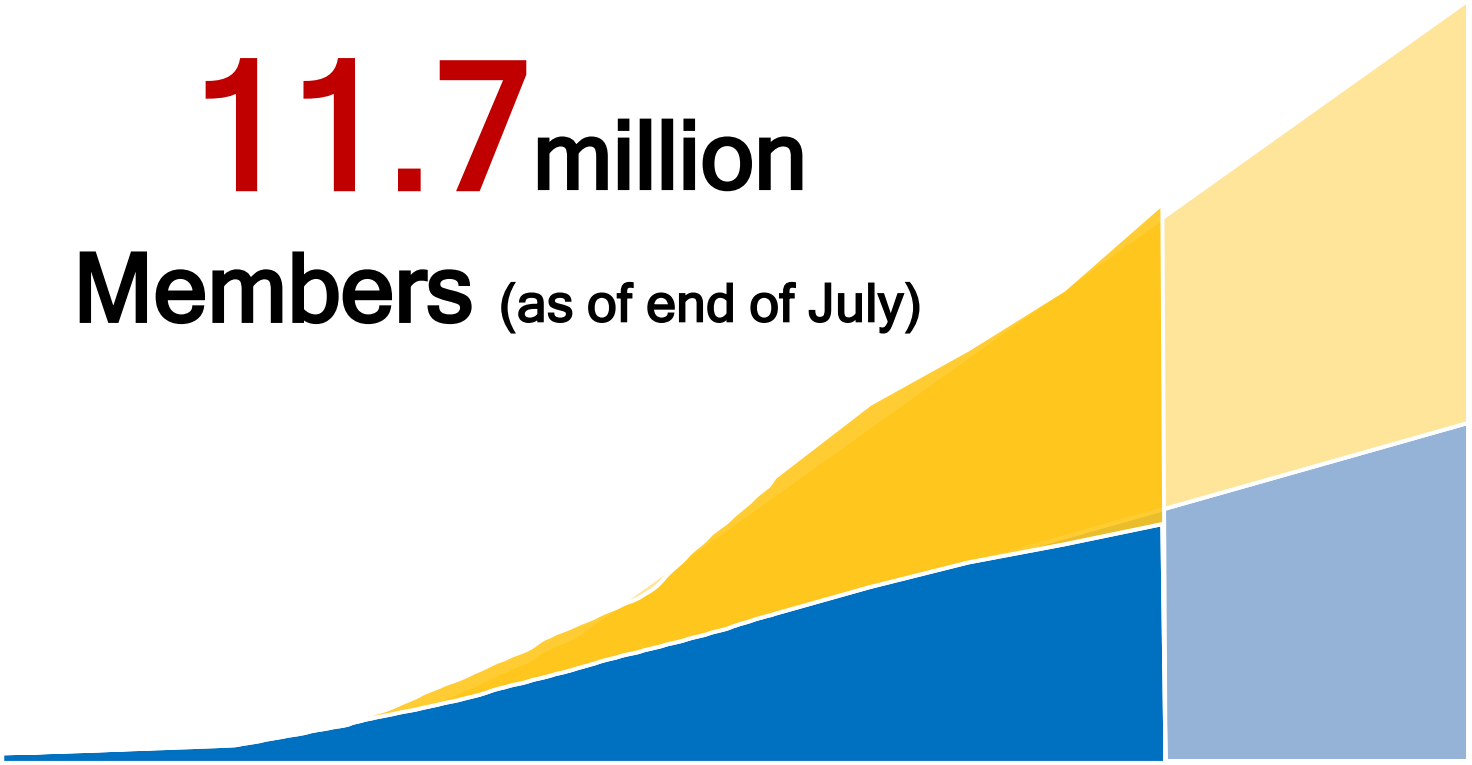
On track to exceed target at current pace of growth

G-Gee by GMO

12/2012 Target:
18 million members

11.7 million
Members (as of end of July)



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G-Gee Road Map

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G-Gee by GMO

From marketing to monetization

We are here

Customer Acquisition	Activation	Monetization
• Free Store App • Competitive Game Apps • Famous Titles	• Open Platform • SNS	• Introduction of titles that can be monetized

Profit Contribution from Next Term

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New Domains

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New Domains

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GMO REGISTRY

24 new gTLD applications submitted, and 20 have no competition.
ICANN evaluation process has begun.

Type	Applications Submitted	Strings	Competing Applicants	Profit Contribution
Generic TLD	3	.shop	7 (incl. Amazon, Google)	High Revenue
		.mail	6	
		.inc	10	
GeoTLD	4	.tokyo	none	
		.nagoya	none	Medium Revenue
		.yokohama	none	
		.osaka	1	
Brand gTLD	17	Canon NISSAN TOSHIBA Leading Innovation HITACHI Inspire the Next NHK GREE etc.	none	Fixed Fee

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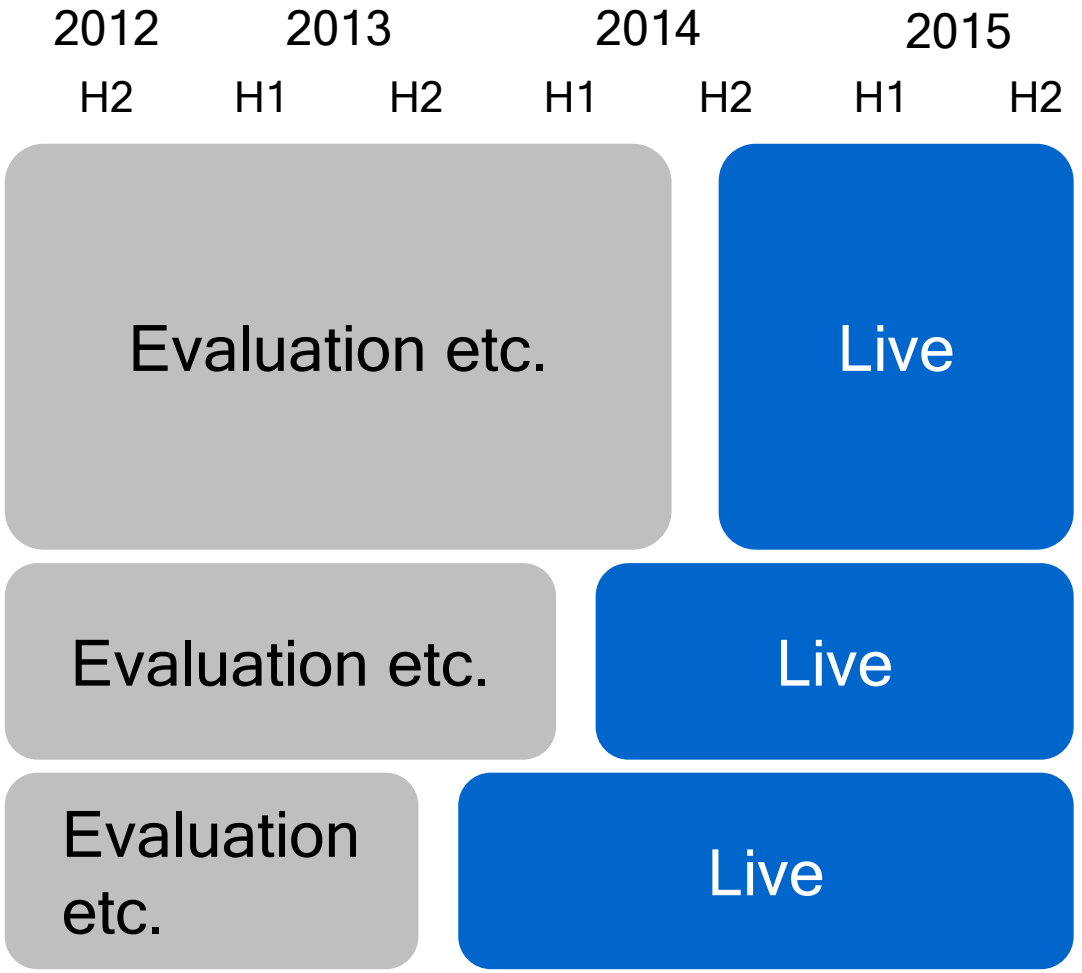
New Domains

GMO INTERNET

GMO REGISTRY

New gTLD Schedule

Category	Competition	String
Generic TLD	yes	.shop .mail .inc
GeoTLD	yes	.osaka
	no	.tokyo etc.



*Based on information announced by ICANN. May be subject to change or delay.

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Internet for Everyone

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