

Record Interim Operating Profit* A Strong First Half

Interim Results Presentation for the 2008 Fiscal Year

August 14, 2008

GMO Internet, Inc.

(TSE First Section: 9449)

Internet for Everyone

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

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About the Use of this Document

This document includes projections based on expectations, premises and plans as of August 14, 2008. These projections may differ from actual results due to factors including changes in the global economy, competition, and exchange rates or 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.

Information contained in this document is provided for information purposes only and does not constitute a solicitation of investors. Further, results forecasts and other forward-looking statements are based on premises that include risks and factors that are largely indeterminable. Please understand that actual results may differ significantly as a result of forces including economic conditions and market environment. No responsibility is accepted for any damage sustained as a result of actions taken based on this information, regardless of the reason.

Agenda

1. Summary
2. FY2008 Interim Financial Statement
3. Business Segments & Business Environment
4. Segment Report
 1. Internet Use Support (Infrastructure)
 2. Internet Advertising Support (Media)
5. Focus, Challenges & Approach by Segment

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Summary (I)

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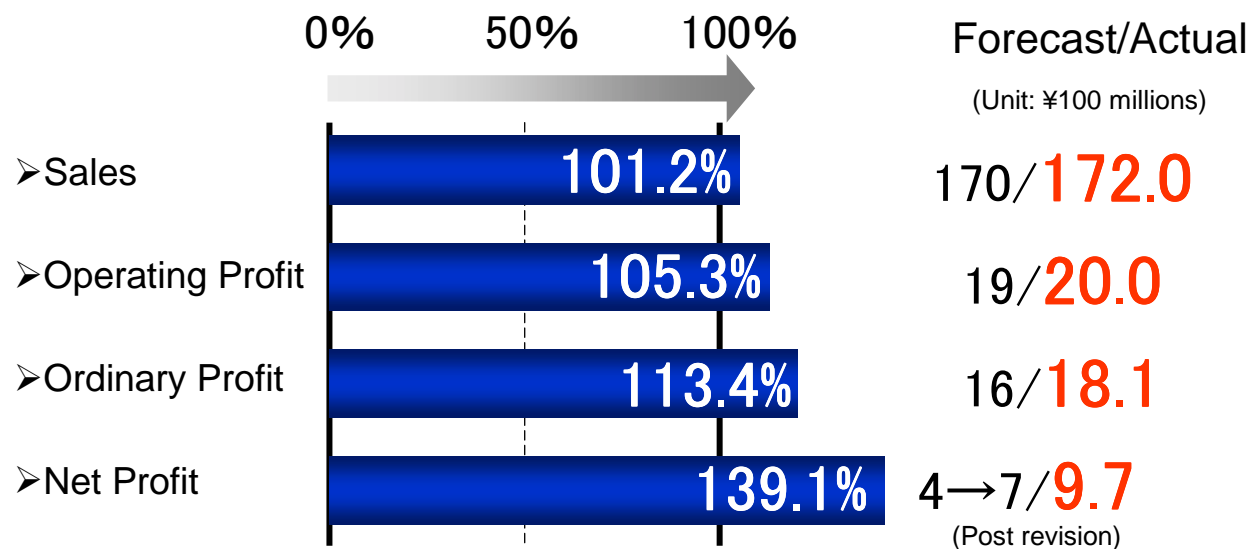
①Internet Infrastructure

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5. Focus, Challenges & Approach

Highlights

1. Interim: Results Surpass Forecasts



2. Full-year: Delays in security business offset by strong media performance
 No revision to ¥4.5 billion (full-year) operating profit forecast

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P/L Highlights: New Record Operating Profit*

*In Infrastructure & Media Segments
(ex-Finance segment)

08/Interim Consolidated P/L				
	1-6/2007	1-6/2007 (ex-Finance)	1-6/2008	% Change
➤ Sales	¥30.02B	¥16.05B	¥17.2B	+7.2%
➤ Operating Profit	-¥10.49B	¥1.82B	¥2B	+9.7%
➤ Ordinary Profit	-¥10.81B	¥1.55B	¥1.81B	+16.9%
➤ Net Profit	-¥15.69B	-¥23.15B	¥0.97B	-

Record Profit

08/2Q Consolidated P/L				
	4-6/2007	4-6/2007 (ex-Finance)	4-6/2008	% Change
➤ Sales	¥14.97B	¥7.76B	¥8.56B	+10.2%
➤ Operating Profit	-¥12.43B	¥0.7B	¥0.84B	+19.7%
➤ Ordinary Profit	-¥12.59B	¥0.59B	¥0.78B	+32.8%
➤ Net Profit	-¥15.94B	-¥23.39B	¥0.48B	-

Summary (III)

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P/L Highlights by Segment

Internet Infrastructure

	1-6/2007	1-6/2008	% Change	4-6/2007	4-6/2008	% Change
➤Sales	¥9.41B	¥9.51B	+1.1%	¥4.65B	¥4.72B	+1.4%
➤Operating Profit	¥1.29B	¥1.27B	-1.6%	¥0.5B	¥0.57B	+14.5%

→Strong Domain, Hosting and Payment Processing businesses offset impact of delays in Security

Internet Media

	1-6/2007	1-6/2008	% Change	4-6/2007	4-6/2008	% Change
➤Sales	¥6.63B	¥7.74B	+16.8%	¥3.2B	¥3.89	+21.5%
➤Operating Profit	¥0.53B	¥0.7B	+31.0%	¥0.22B	¥0.28B	+27.1%

→Robust performance in SEM Media and Overture businesses

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Consolidated P/L

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Ordinary and net profits come in over forecast

(¥millions)

	FY07 Interim (ex-finance)	FY08 Interim (actual)	FY08 Interim (forecast)	4-6/2007 (ex-finance)	4-6/2008	% Change
Sales	15,872	17,204	17,000	7,766	8,560	+10.2%
Business Expenses	6,891	7,906	—	3,393	4,018	+18.4%
SGA	7,156	7,297	—	3,663	3,692	+0.8%
Operating Profit	1,824	2,001	1,900	709	849	+20.0%
Non-operating revenue	140	263	—	88	143	+62.0%
Non-operating expenses	411	448	—	205	206	+0.4%
Ordinary Profit	1,553	1,815	1,600	592	786	+32.7%
Extraordinary Profit	49	282	—	3	80	+2621.5%
Extraordinary Loss	27,121	156	—	27,121	86	-99.7%
Minority Equity	247	395	—	9	131	+1346.7%
Corporate Taxes etc.	-2,607	572	—	-3,142	164	—
Net Profit	-23,158	973	700	-23,392	484	—

Sales & Operating Profit by Segment

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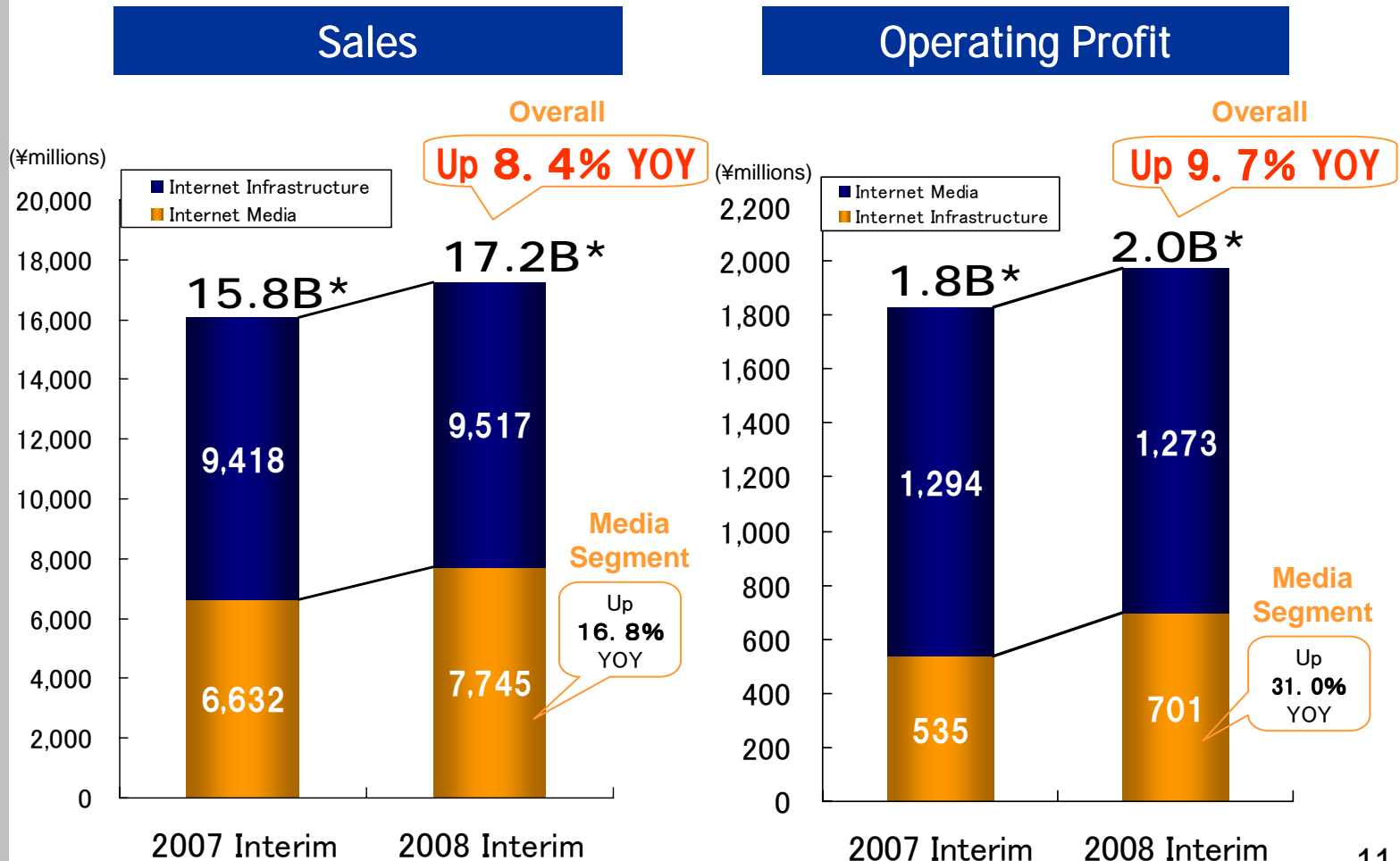
4. Segment Report

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Media segment continues to perform well



*After adjustment for inter-segment transactions

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Consolidated Balance Sheet

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Partial early redemption of CBs Shareholders' equity ratio recovers to 14%

	FY 2008 March-End	FY 2008 June-End	March to June Change	(¥millions)
Current Assets	25,303	25,755	+452	
(Cash & deposits)	18,321	18,093	-228	
Fixed Assets	14,182	14,894	+712	
(Goodwill)	2,213	2,438	+225	
(Software)	2,300	2,108	-192	
(Investment real estate)	4,565	4,564	-1	
(Investment securities)	959	892	-67	
Total Assets	39,486	40,650	+1,164	
Total Liabilities	27,543	28,055	+512	
(Interest bearing liabilities)	17,088	16,082	-1,006	
Net Assets (including minority equity)	11,943(6,705)	12,594(6,794)	+651(+89)	
Shareholders' equity (including earned surplus)	5,238(4,018)	5,799(4,499)	+561(+481)	
(Shareholders' equity ratio)	13.3%	14.3%	+1.0%	
Total Liabilities / Net Assets	39,486	40,650	+1,164	

Potential dilution down to 1.5% due to significant reduction in CBs

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Consolidated C/F

2.3 billion yen in operating cash flow generated

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(¥millions)

	FY 2008 Interim January to June
Cash Flow from Operating Activities	2,353
Cash Flow from Investment Activities	-1,348
Cash Flow from Financing Activities	-2,316
Total Cash Flow	-1,310
Change in Cash and Equivalents	-1,299
Balance of Cash and Equivalents	18,053

Strong Infrastructure and
Media Segments

CB Redemption: ¥3.75B
Income from long term
loans receivable: ¥12.5B

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Business Segments

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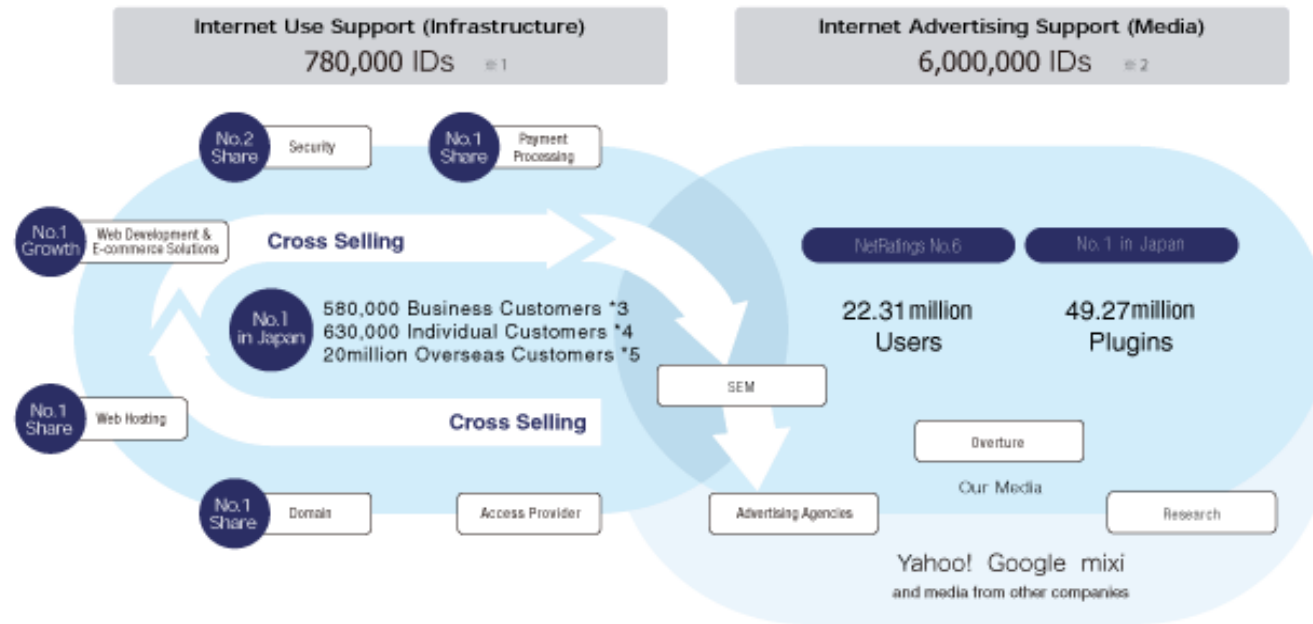
4. Segment Report

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5. Focus, Challenges & Approach

Management resources concentrated in 2 business areas. Our operations support the net businesses and data transfer of 1.21 million customers (*6).



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. Total number of GlobalSign (Belgium) digital certificates issued (including certificates issued by intermediate certificate authorities)

*6. Paying members only

*100,000 Internet access provider business customers not included in the above figures

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Business Environment

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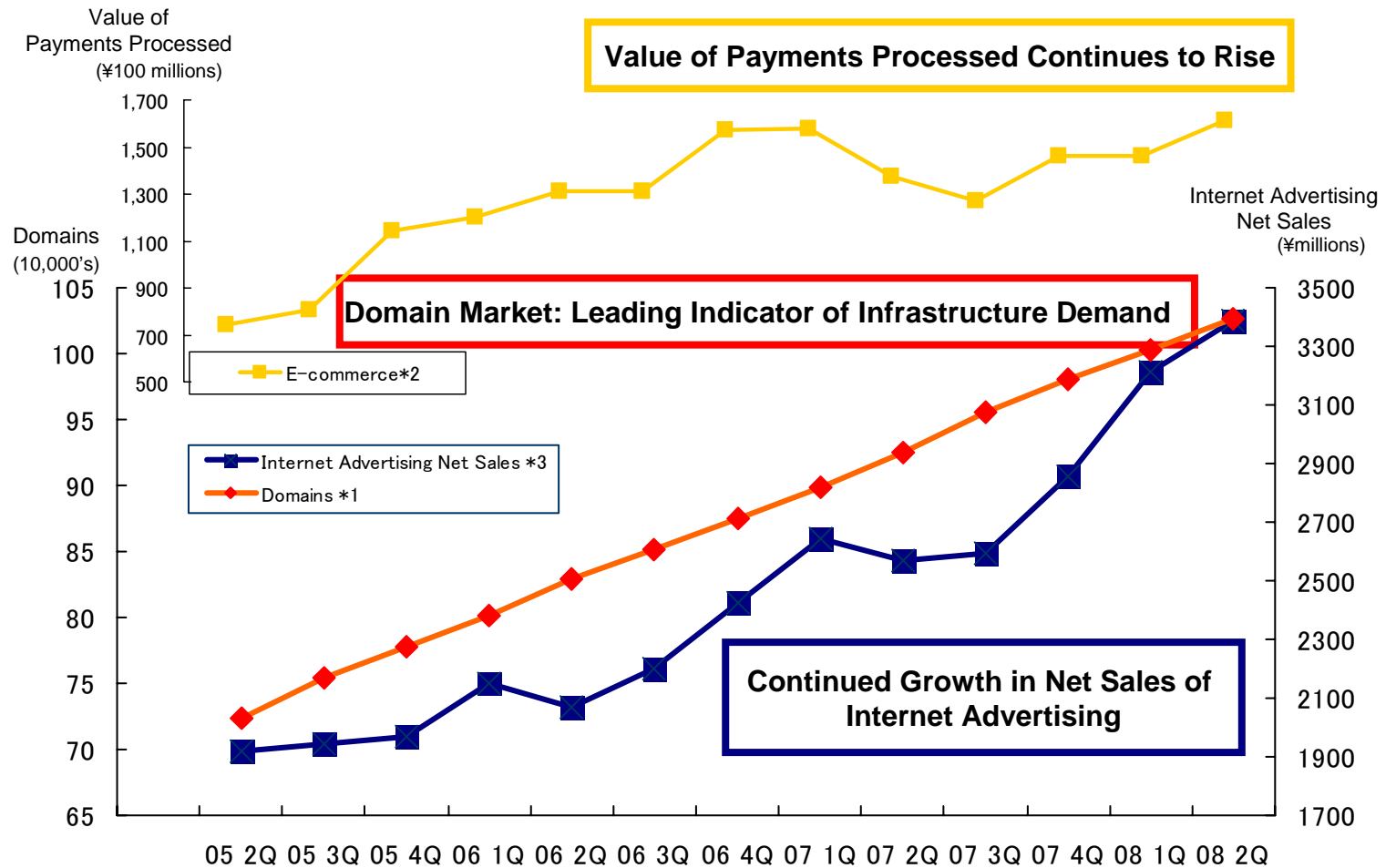
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5. Focus, Challenges & Approach

Three indicators confirm strong market despite economic downturn



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*1. Cumulative domestic ccTLD figures (JPRS)
 *2. Value of payments processed by subsidiary GMO Payment Gateway
 *3. Net sales in Internet advertising excluding recruitment advertising

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Internet Infrastructure Segment Composition

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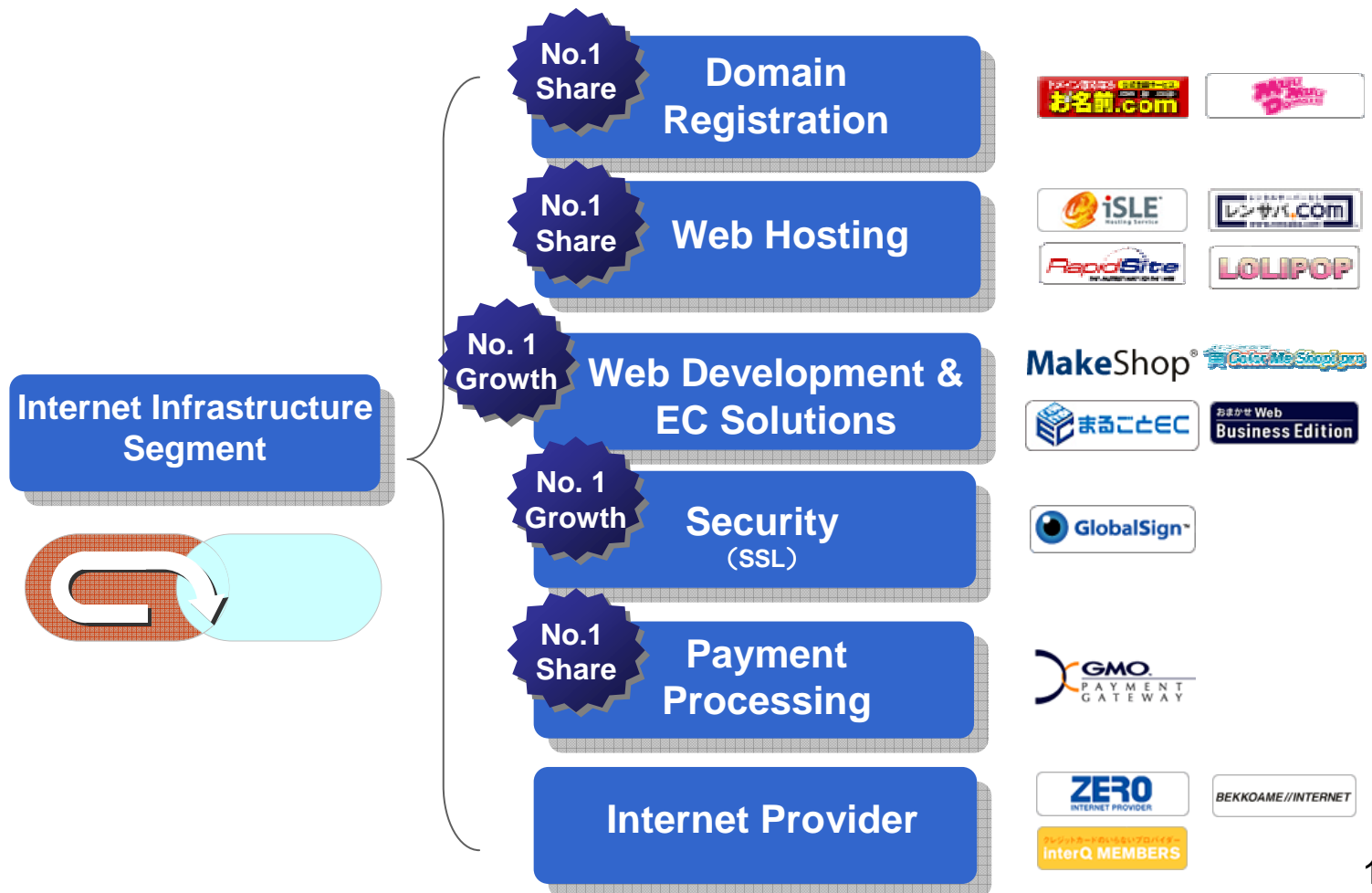
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② Internet Media

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Five major service* areas act as growth drivers

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



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Business Performance – Internet Infrastructure Segment Sales

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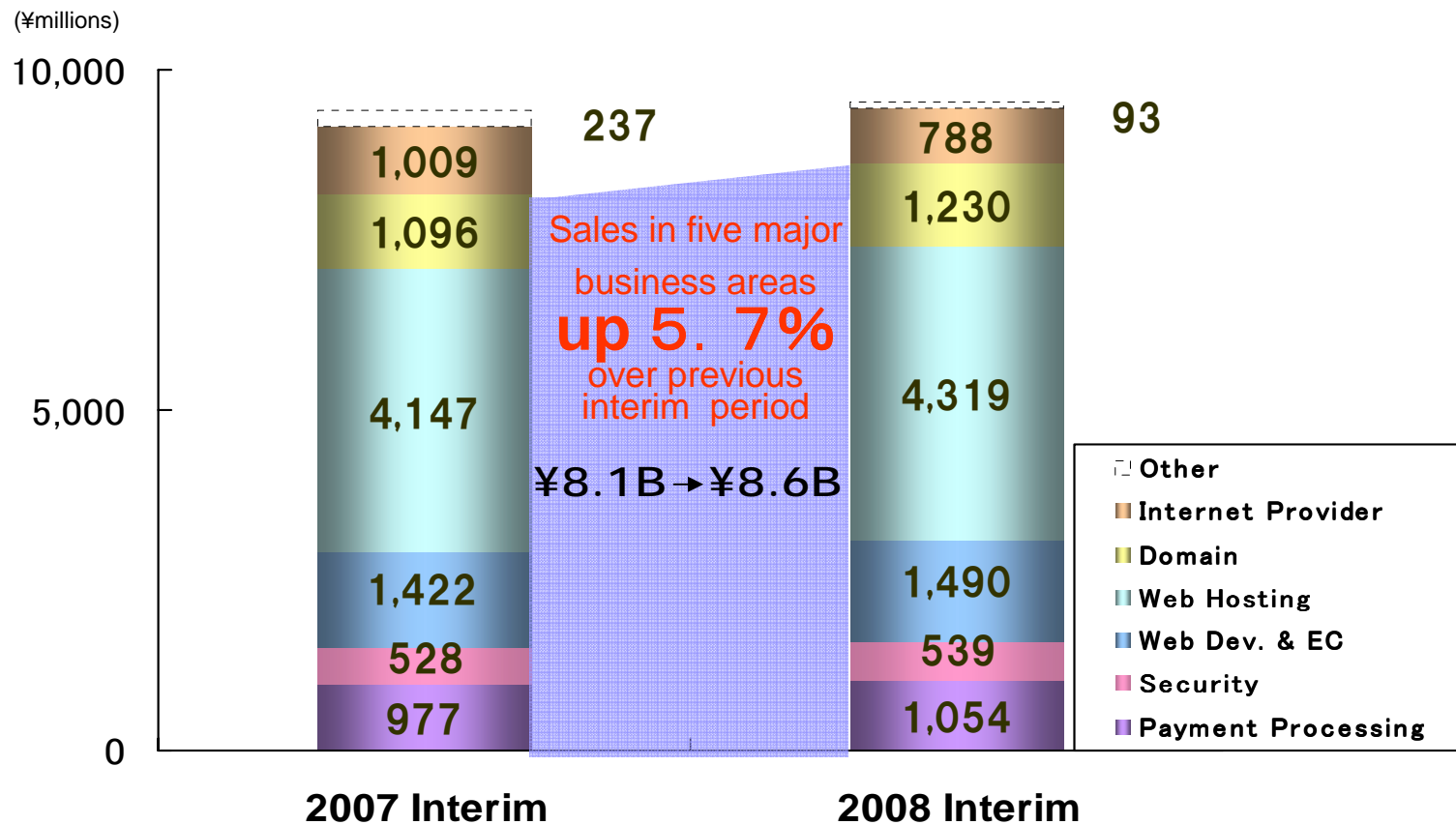
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5. Focus, Challenges & Approach

Sales up 5.7% YOY in five major business areas



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Business Performance – Internet Infrastructure Segment Operating Profit

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Profits up when security business investment factored out



2007 Interim

2008 Interim

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Domain Business – Key Factors

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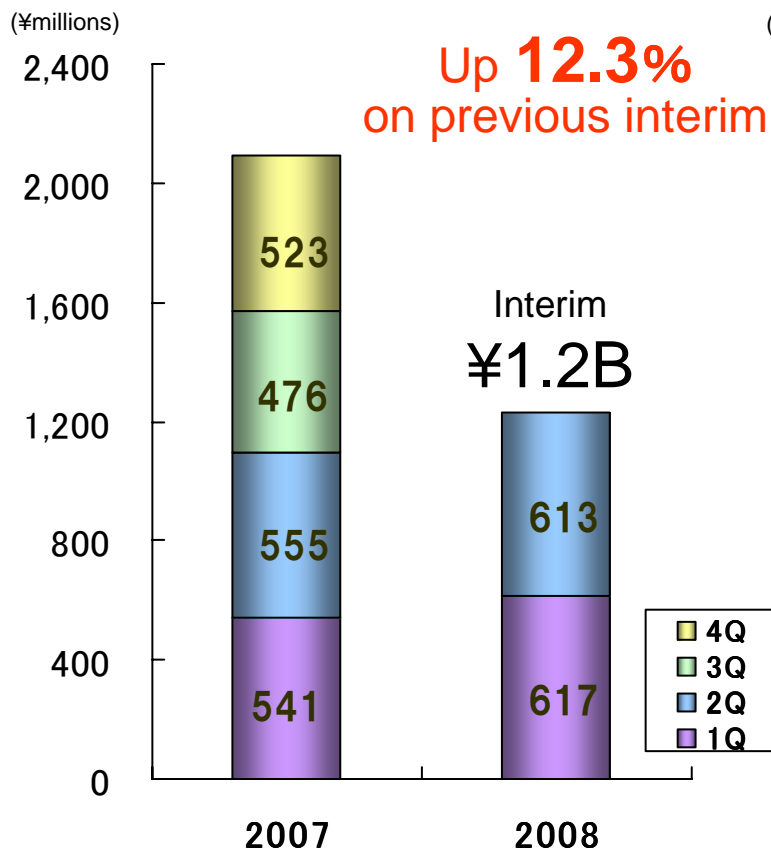
② Internet Media

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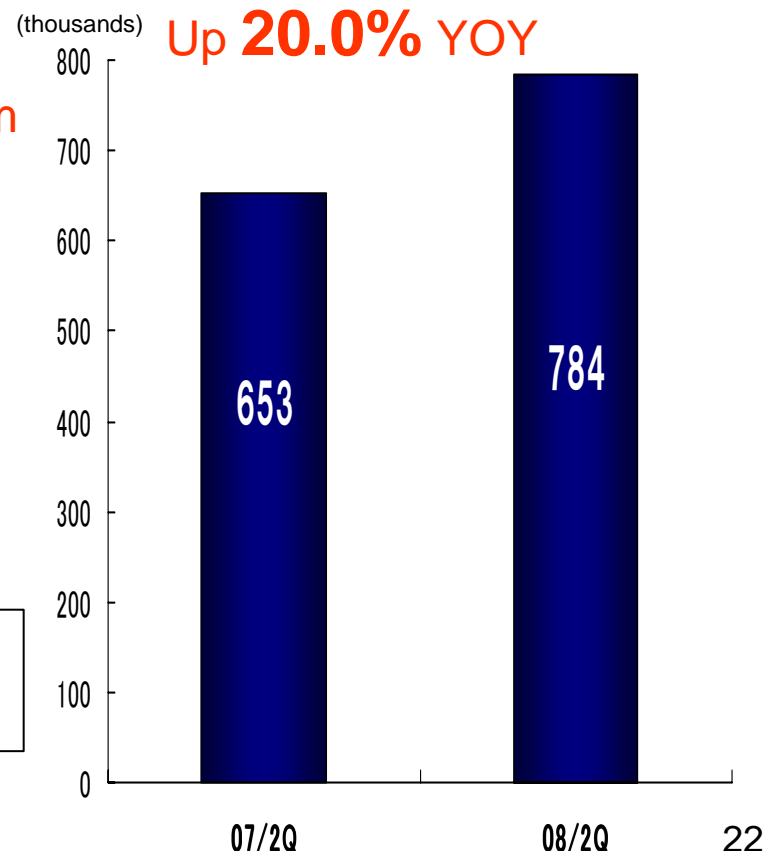
2008 Interim

Sales: ¥1.2 billion Registrations: 780,000

Sales



Registrations



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Web Hosting Business – Key Factors

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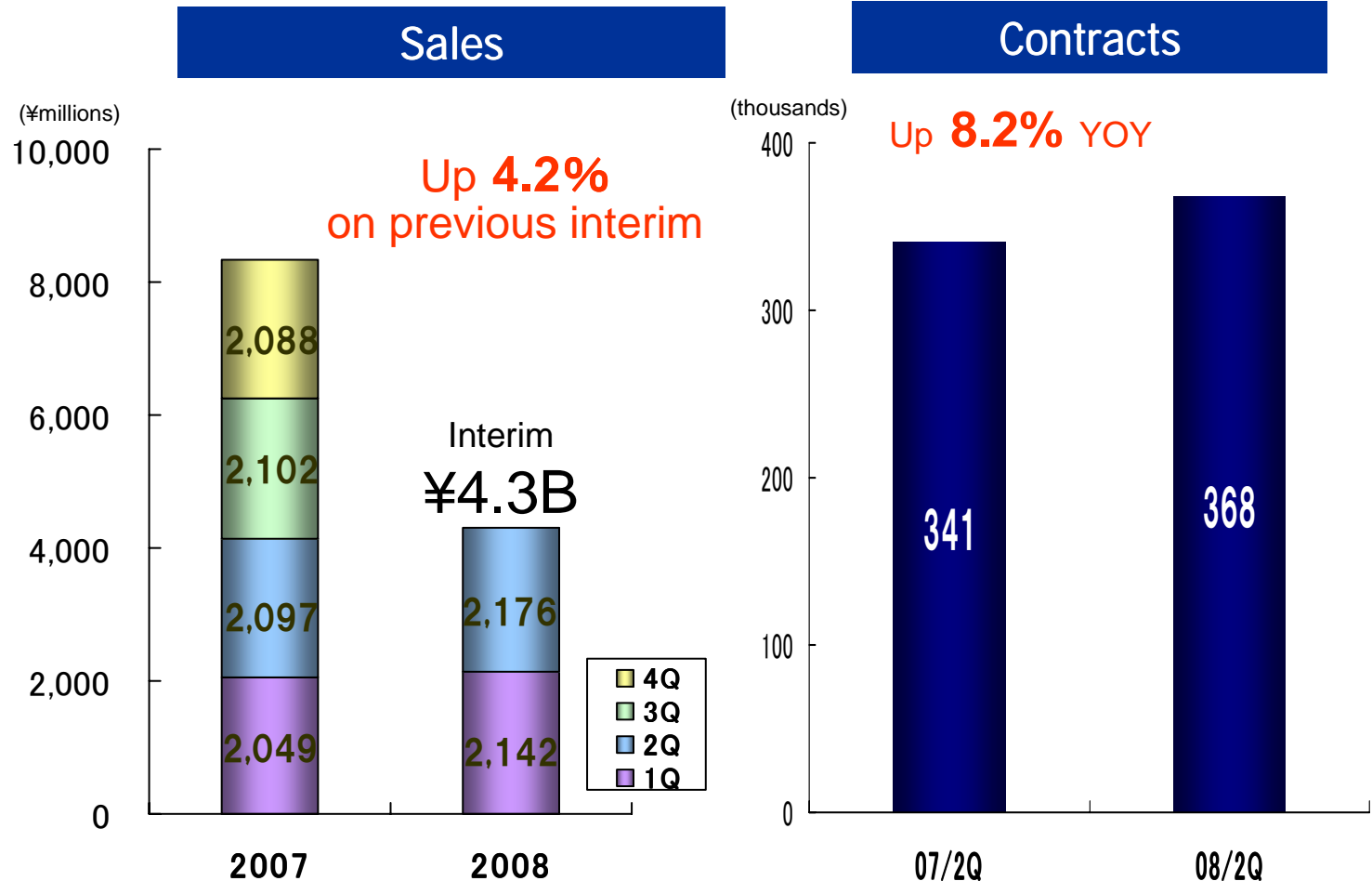
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5. Focus, Challenges & Approach

2008 Interim

Sales: ¥4.3 billion Contracts: 360,000



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*The definition of a "member" for this service has been revised. A retroactive adjustment was made in order to accurately reflect trends in sales and contracts.

Web Development and EC Solutions Business – Key Factors

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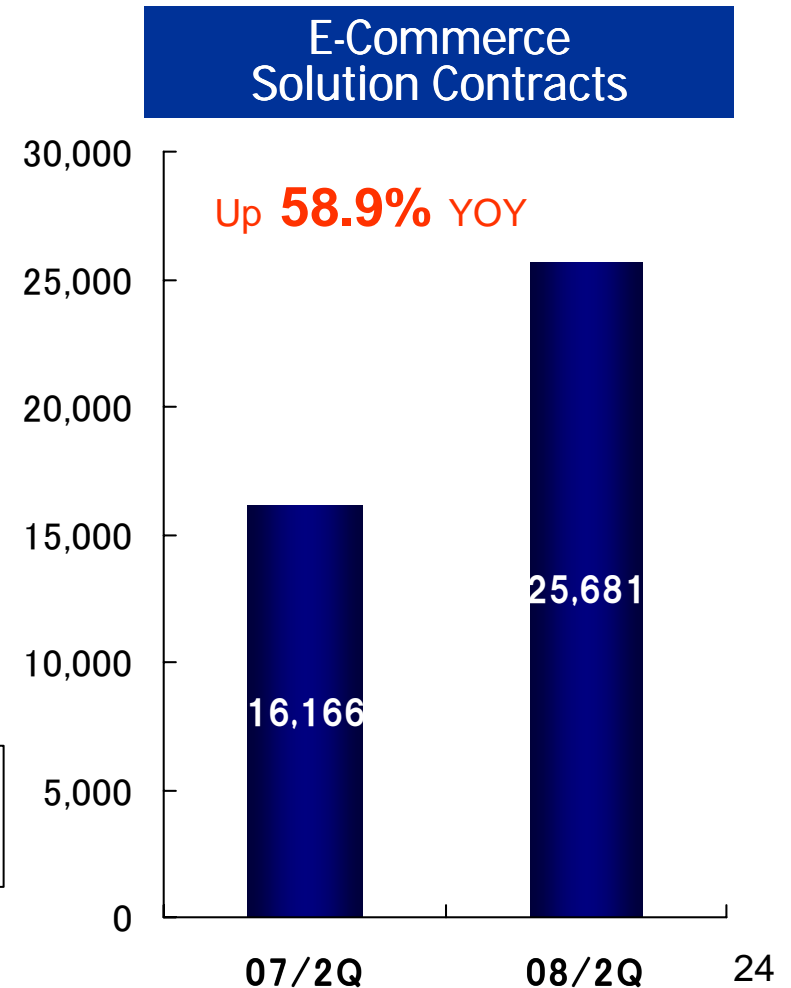
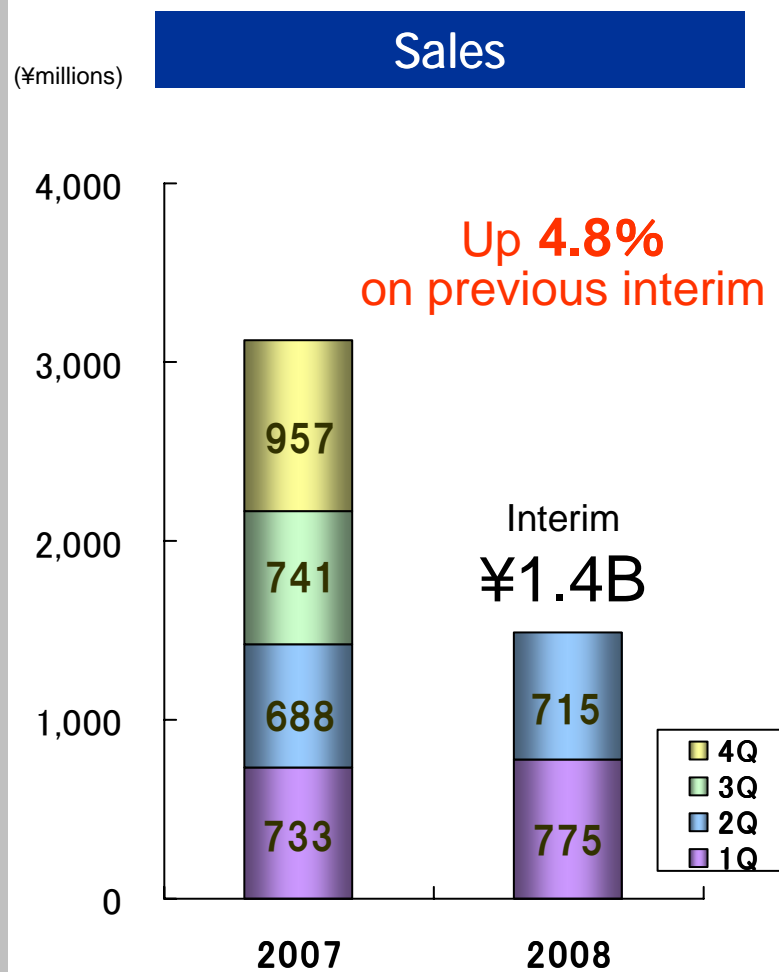
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2008 Interim

Sales: ¥1.4 billion Contracts: 25,000



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Security Business – Key Factors

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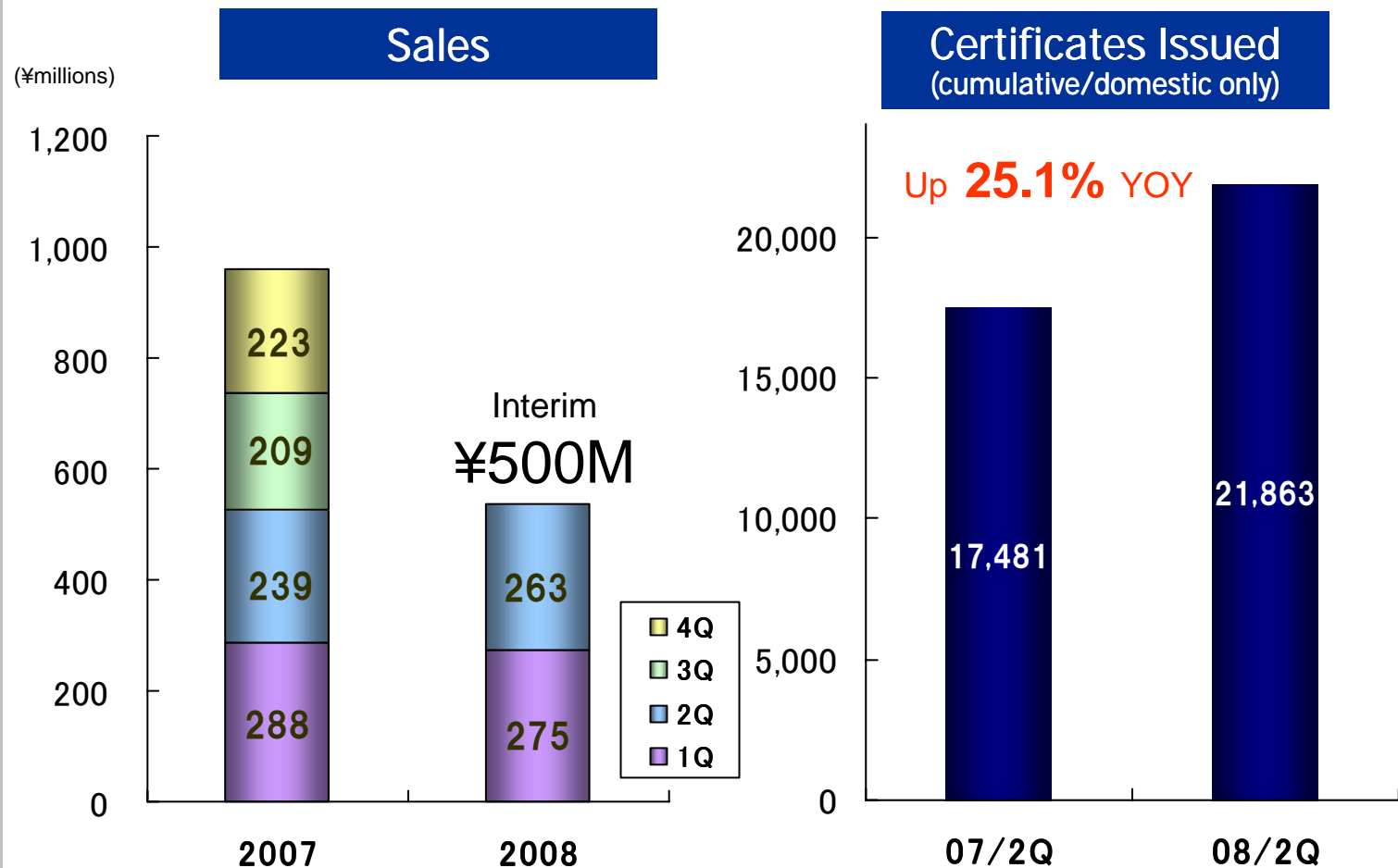
4. Segment Report

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Despite 25% increase in certificate issues sales fall below plan



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Security Business – Business Performance by Quarter

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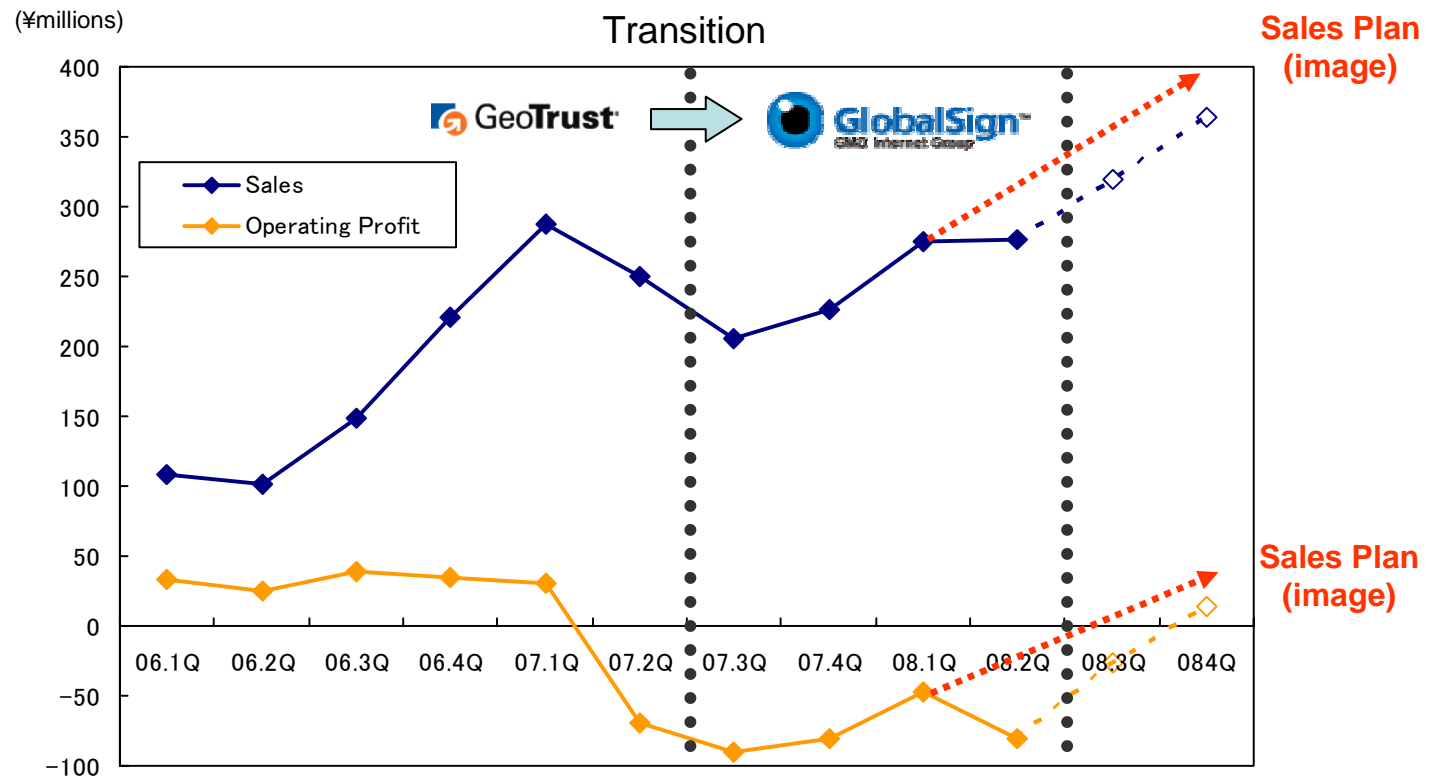
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5. Focus, Challenges & Approach

Sales growth lagging

Quarterly Sales and Operating Profit



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Security Business – Challenges & Responses

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Current state and action plan

Region	Current State	Causes	Action
Japan	Despite steady server certificate issues, sales fall below first quarter	Development not focused enough on attracting new users	Introduce new services aimed at new markets and potential sales channels i) Fall launch of new services jointly developed with Yahoo! Japan ii) Focus on OneClick SSL (patented product) partner sales iii) Provision of digital certificates compliant with Distribution BMS standards implemented by METI
Europe	Despite increase over first quarter sales are below plan	Delay in launch of new services	Firefox compatibility (end of August)
US	(as above)	Delay in establishment of agencies	Focus on establishing agencies from September
China	Business launched February 2008	—	—

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Security Business – Counter-measures

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New service jointly developed by GlobalSign and Yahoo! to open this fall



Site Seal	Service Name	Sales Price (Tentative)
	Organization Validation Certificate Services supported by Yahoo! JAPAN	¥50,000 (ex. tax)
	Domain Verification SSL supported by Yahoo! JAPAN	¥40,000 (ex. tax)
(in production)	Organization Validation +SSL supported by Yahoo! JAPAN	¥80,000 (ex. tax)



GlobalSign™ & **Yahoo! JAPAN**
GMO Internet Group

Advertising & Category Listing

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Credit Card Payment Processing Business – Key Factors

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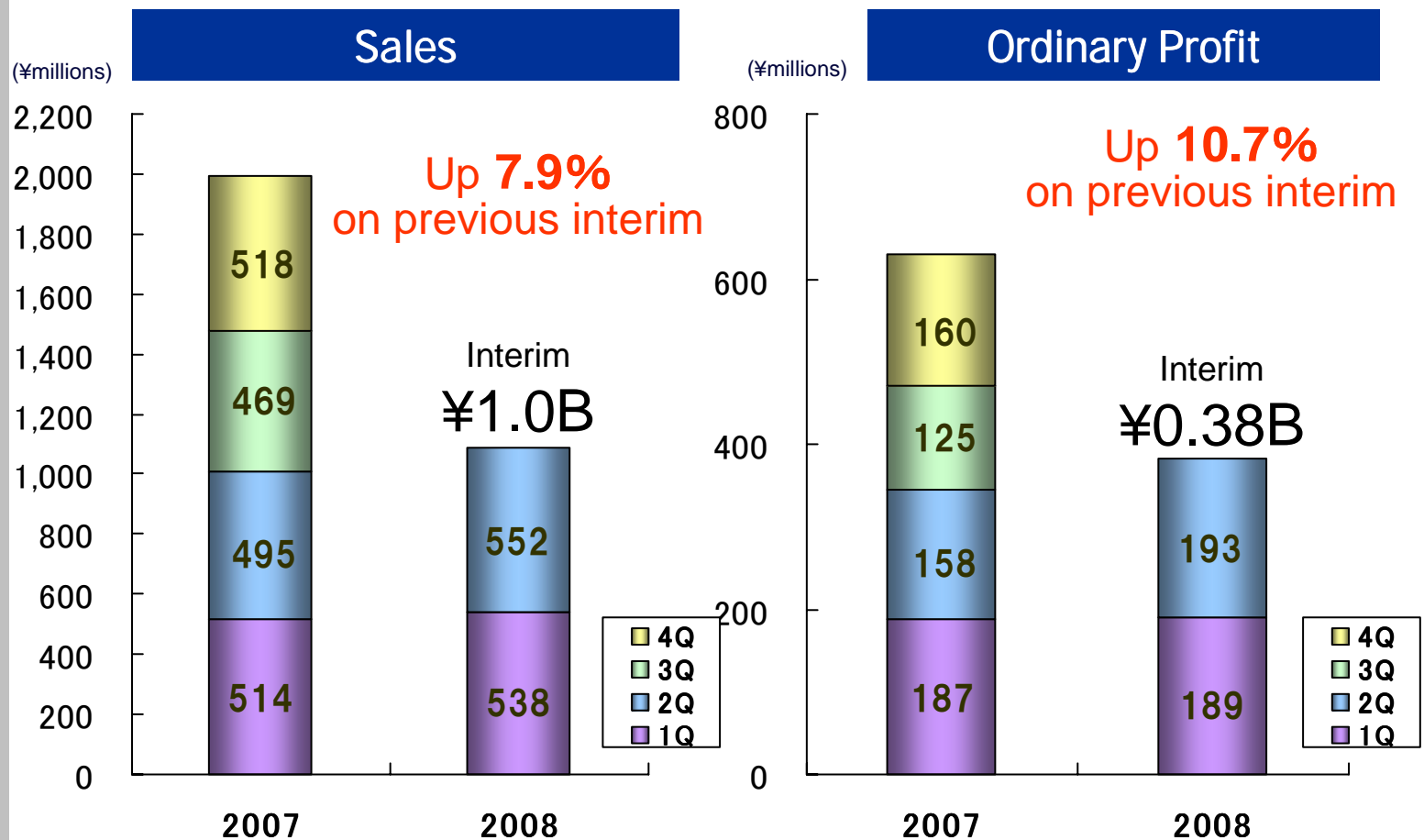
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Solid performance in merchant sales and the recurring payment sector



*Both graphs based on GMO Payment Gateway figures up to the 3rd quarter of 2005, and consolidated figures from the 4th quarter of 2005

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Internet Media Segment Composition

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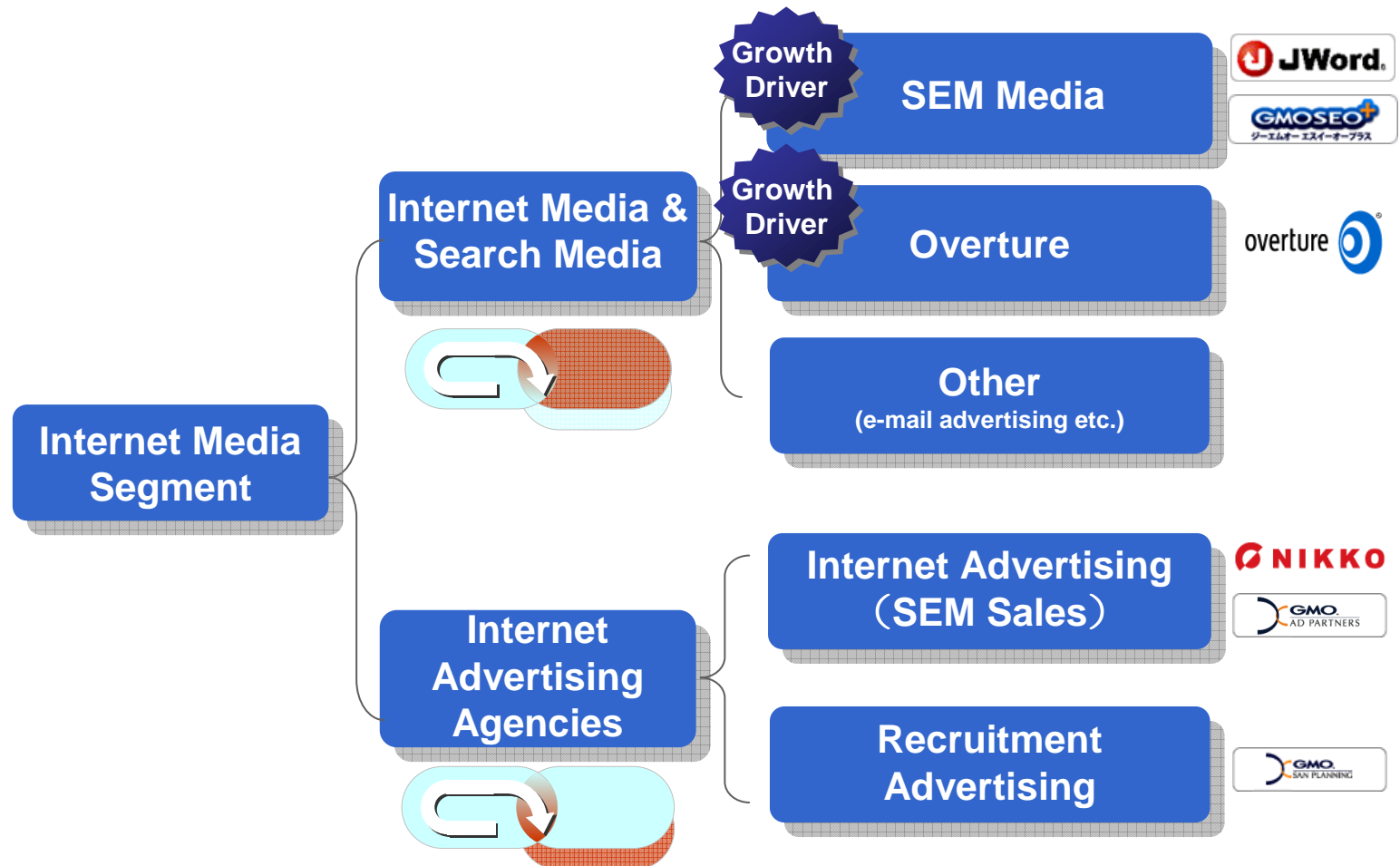
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Growth driver: Internet media & search media business



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Business Performance – Internet Media Segment Sales

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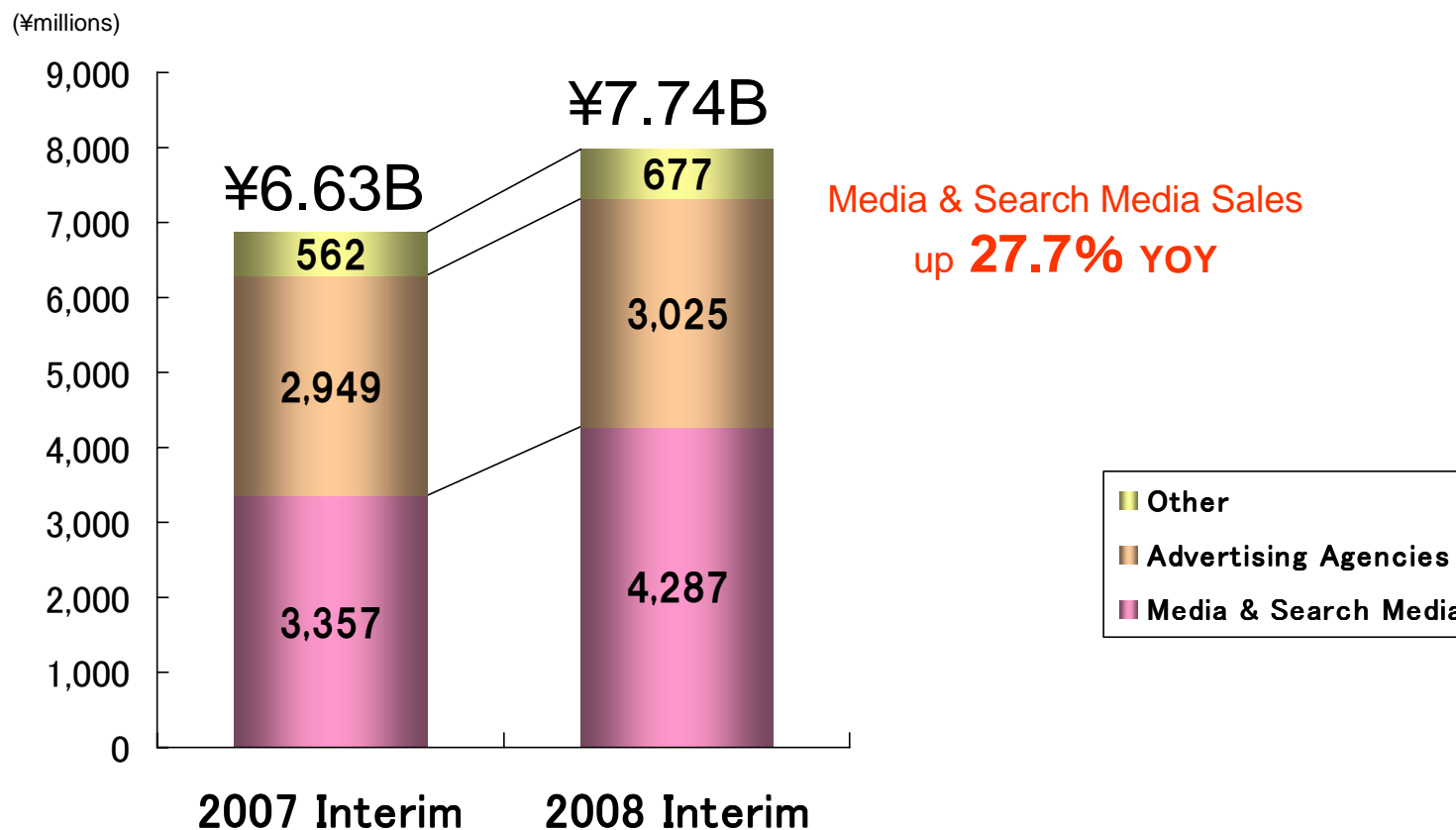
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Continued strong performance in Internet media & search media



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*excluding internal transactions

Business Performance – Internet Media Segment Operating Profit

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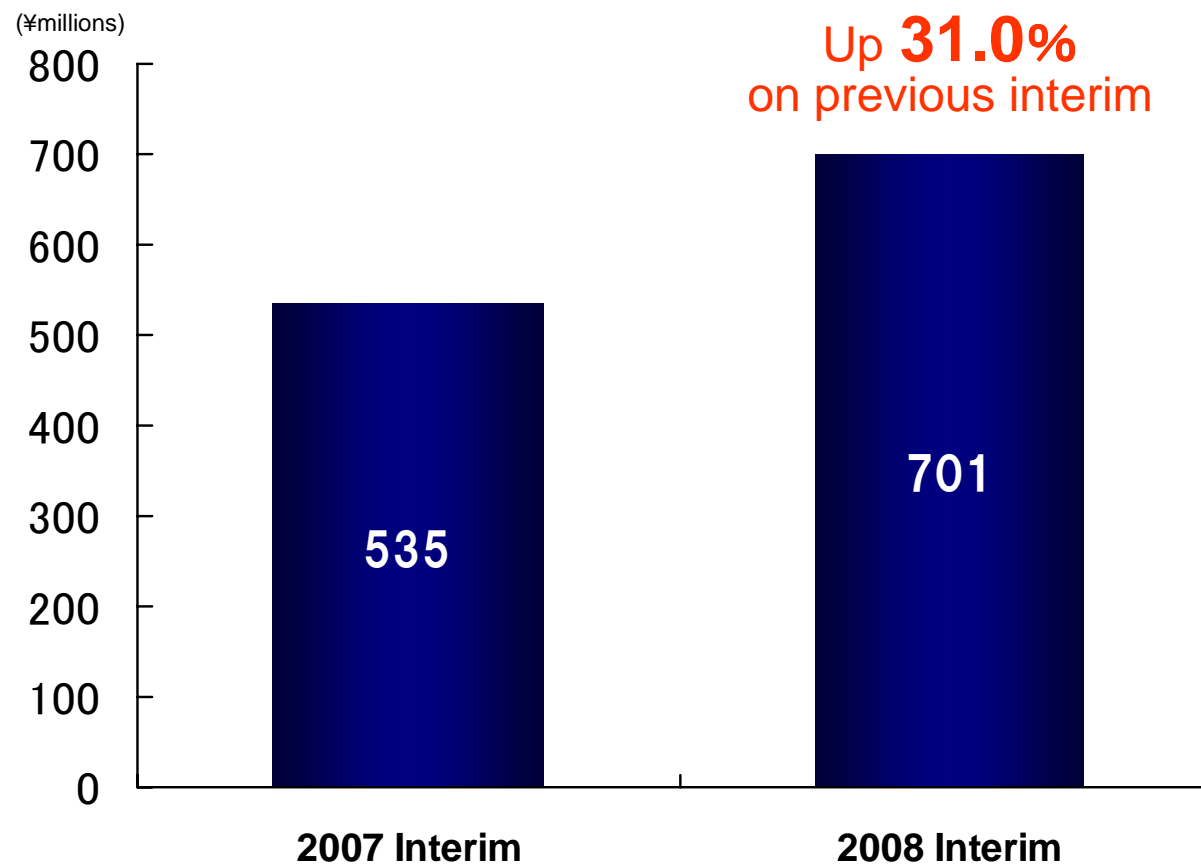
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Media & Search Media driving profit growth



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Media & Search Media – Business Performance

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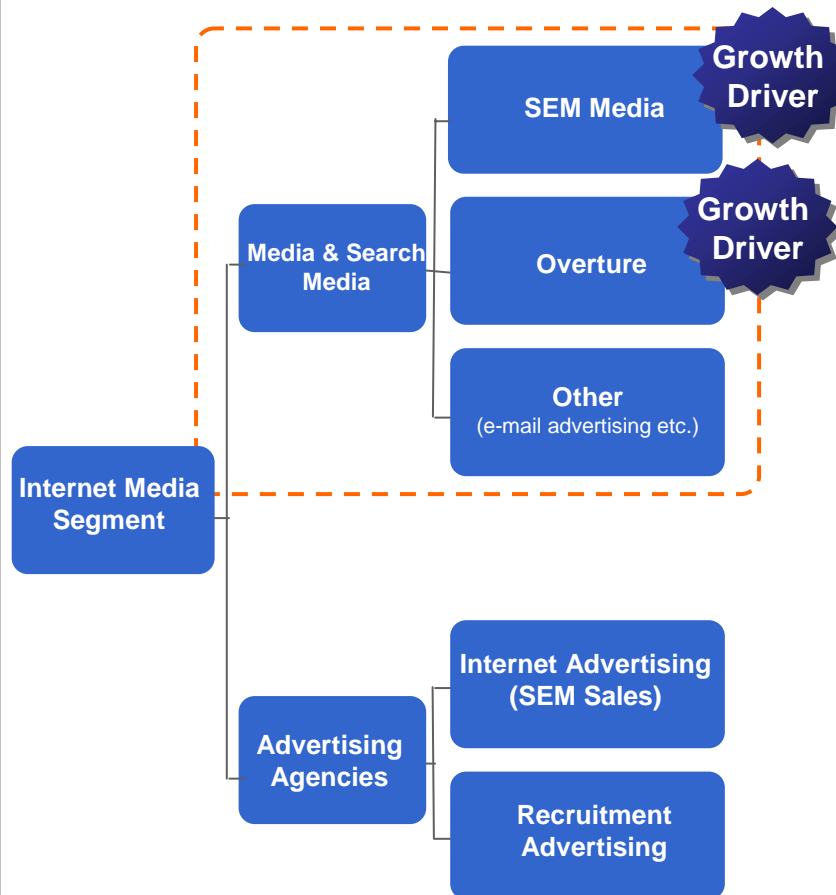
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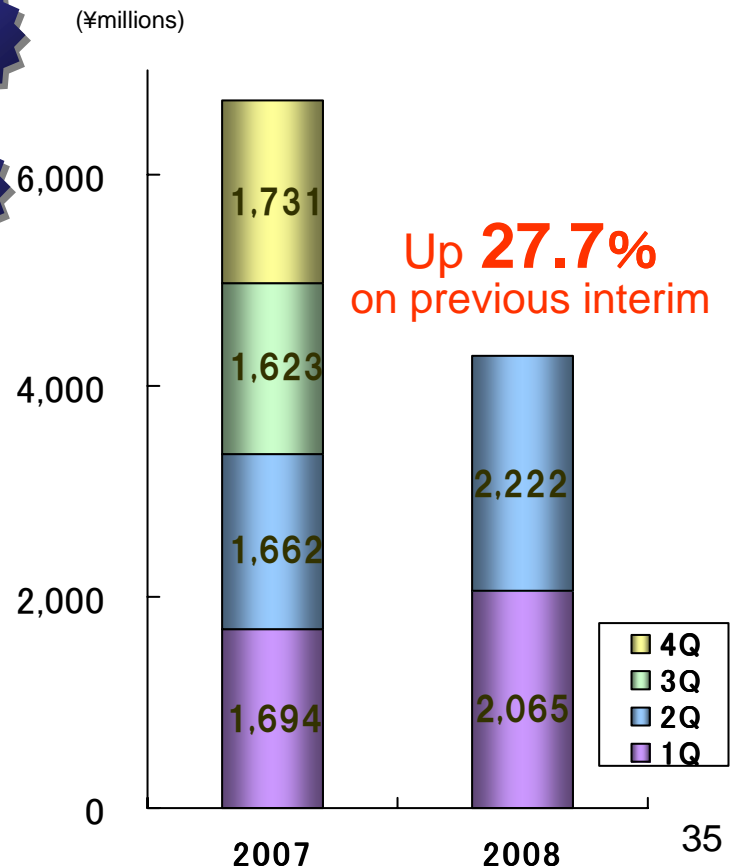
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Sales up 27.7% YOY

Media & Search Media Sales Composition



Sales



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Media & Search Media Growth Drivers

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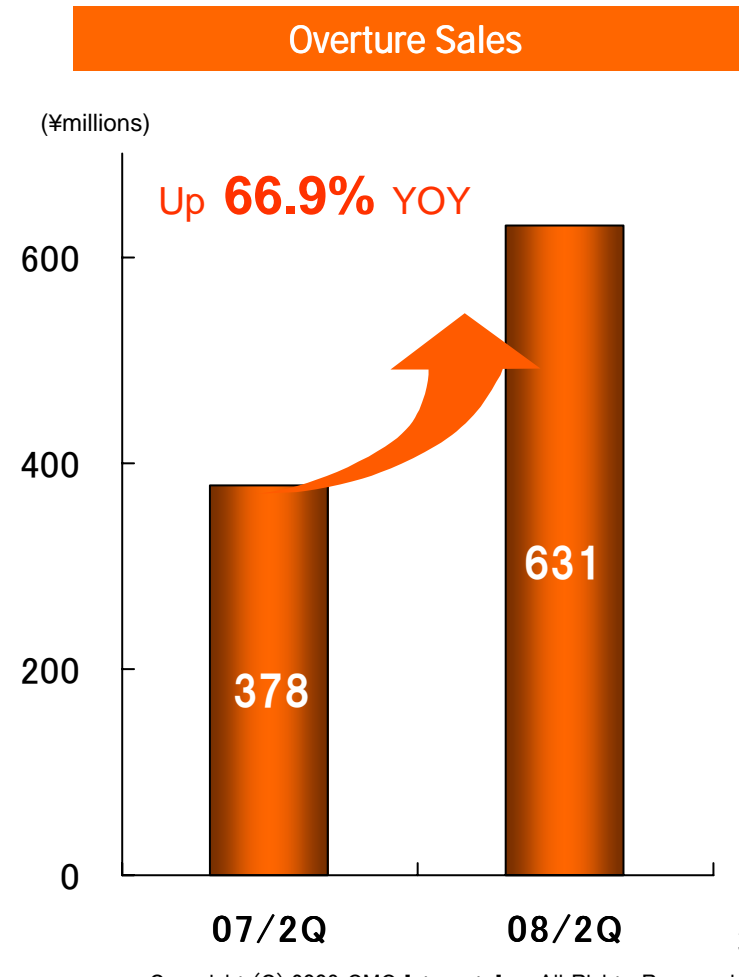
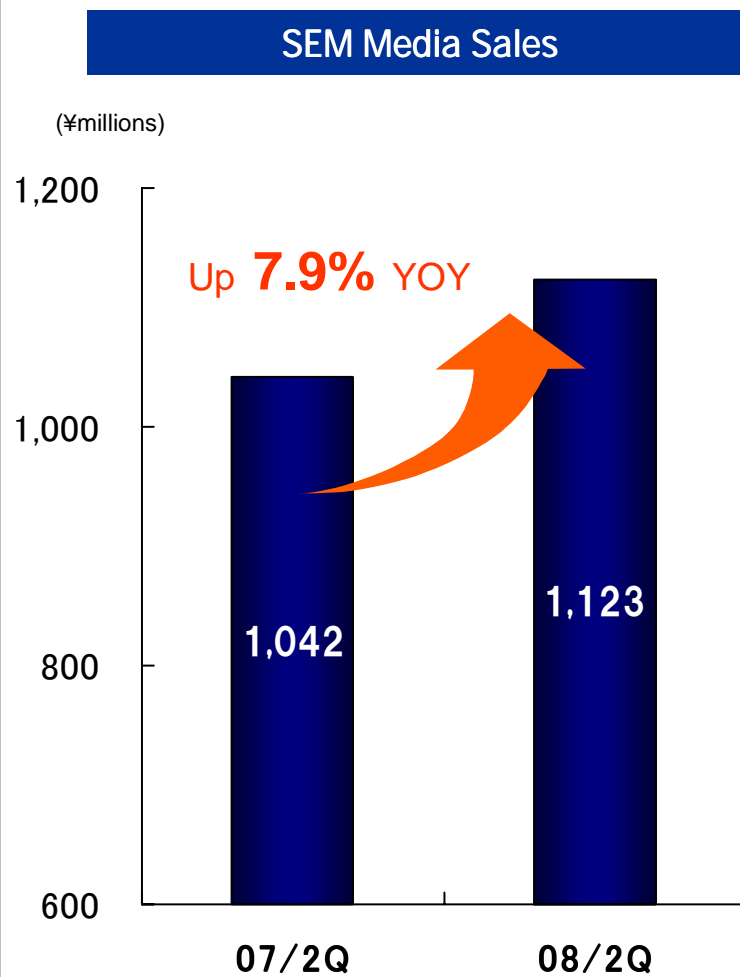
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Continued to drive growth in the 2nd quarter of 2008



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Overture Business – Key Factors

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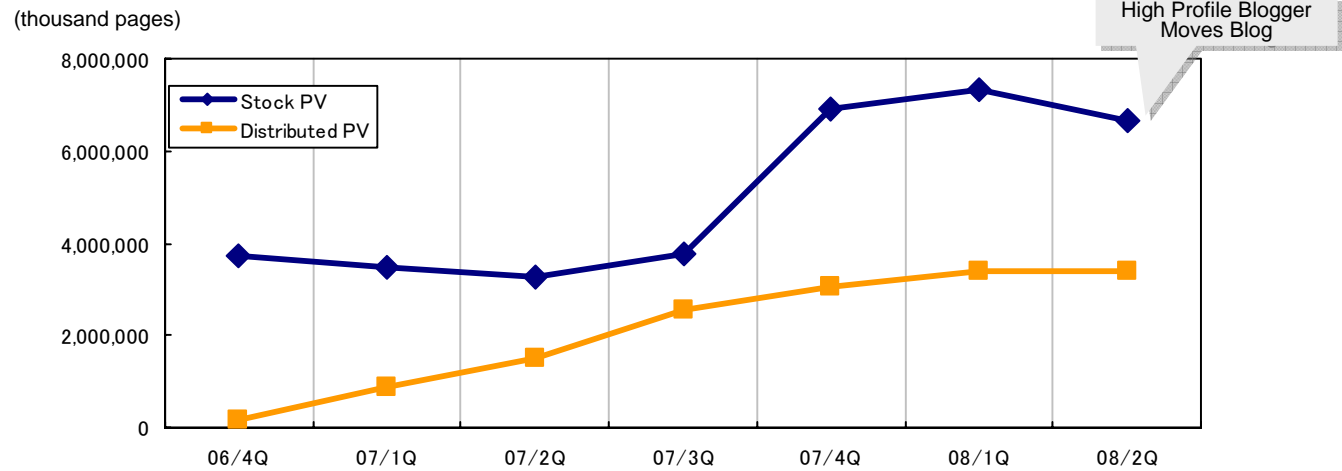
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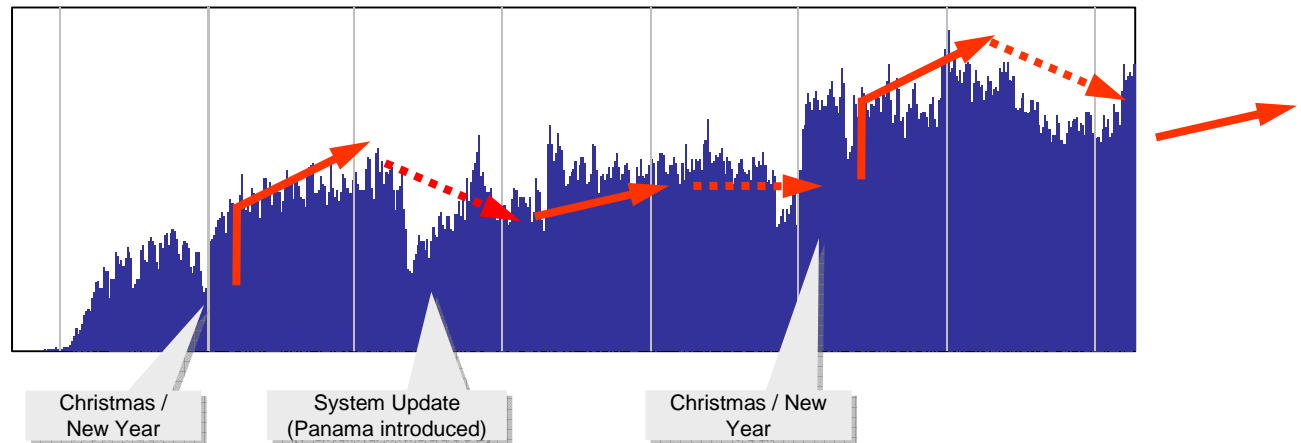
Ongoing growth

Stock/Distributed Page Views



High Profile Blogger Moves Blog

Daily Sales



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*Distribution PV: Number of page views received by GMO Internet Group web pages to which advertising has been distributed.

*Stock PV: Number of page views received by GMO Internet Group web pages (to which advertising is not yet distributed).

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5. Segment Focus, Challenges & Approach

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Focus, Challenges & Approach by Segment

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5. Focus, Challenges & Approach

Firm progress on initiatives that address defined focuses and challenges

	Focus	Initiatives	Progress
Group	<ul style="list-style-type: none"> • Brand building • Improving technology 	<ul style="list-style-type: none"> • Standardization of group company names • PR focus on enhanced technology • Establishment of an environment in which technical resources are valued 	<ul style="list-style-type: none"> • GMO added to 4 company names (Magclick, Inc. →GMO-AP) • Knowledge sharing SNS
Infrastructure	<ul style="list-style-type: none"> • Cross-selling • Invest in new No. 1 Services 	<ul style="list-style-type: none"> • Common member ID 	<ul style="list-style-type: none"> • On schedule
Infrastructure and Media	<ul style="list-style-type: none"> • Development of mobile business 	<ul style="list-style-type: none"> • Develop free mobile hosting service • Media development 	<ul style="list-style-type: none"> • Free mobile hosting from September
Media	<ul style="list-style-type: none"> • Development of high-profit advertising products • Increase stock page views 	<ul style="list-style-type: none"> • GMO ID • Invest in media development • Strengthen existing media 	<ul style="list-style-type: none"> • Test marketing to begin in August • Approx. 6.9 million IDs • Commitment to media research
	<ul style="list-style-type: none"> • Increased profitability in advertising agencies business 	<ul style="list-style-type: none"> • Bolster SEM Media sales 	<ul style="list-style-type: none"> • Shift part of sales team to media sales

Details

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Media Business Focus, Challenges & Approach

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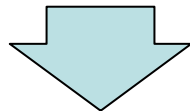
②Internet Media

5. Focus, Challenges & Approach

Shift human resources to high profit margin services

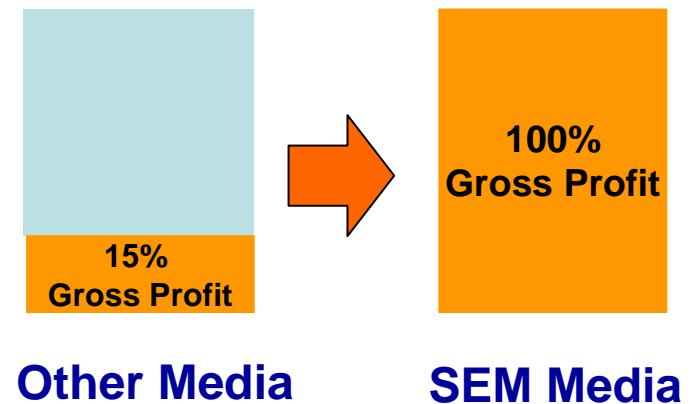
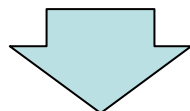
Challenges in Advertising Agencies Business

- i) Handling media by other companies → low margins
- ii) Handling recruitment advertising → vulnerable to economic influences



Profit Expansion Measures

- i) Building of sales and diversion of human resources to 100% gross profit SEM Media
- ii) NIKKO made a subsidiary to strengthen SEM Media business (Over 300 sales staff in the group)



Further build Media segment profits

TSE Stock Code: 9449



Internet for Everyone

- The "Internet Department" to Japan! -

