

# Interim Results Presentation for the 2008 Fiscal Year

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August 14, 2008

GMO Internet, Inc.

(TSE First Section: 9449)

◆ Supplementary Materials ◆

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model &  
Growth Strategy

# 1. GMO Internet Group

TSE Stock Code: 9449



# FY2008 Interim Financial Statement – Scope of Consolidation

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

TSE Stock Code: 9449



Business Segment	2008 Fiscal Year 1st Quarter		2008 Fiscal Year 2nd Quarter		Notes
	Company Name	Proportion of Voting Rights (%)	Company Name	Proportion of Voting Rights (%)	
Internet Use Support (Infrastructure)	GMO Internet, Inc.	Parent Company	GMO Internet, Inc.	Parent Company	
	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)	
	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)	
	Mighty Server, Inc.	(100.0)	Mighty Server, 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.	59.6	paperboy & co. Inc.	59.6	Name Change
	MakeShop, Inc.	58.7	MakeShop, Inc. (now GMO MAKESHOP Co., Ltd)	58.7	New
Grandsphere Co. Ltd.	92.5	GMO System Consulting, Inc.	92.5		
GMO Solution Partner, Inc	76.0	GMO DIGITAL DISTRIBUTION, Inc.	(100.0)		
INTERNET Number Corporation	69.6	GMO Solution Partner, Inc.	76.0		
		INTERNET Number Corporation	69.8		
Internet Advertising Support (Media)	Magclick, Inc.	48.8	Magclick, Inc. (now GMO AD Partners Inc.)	48.8	
	GMO San Planning, Inc.	(90.0)	GMO San Planning, Inc.	(93.0)	
	Venture CAREER, Inc.	(100.0)	Venture CAREER, Inc.	(100.0)	
	GMO Mobile, Inc.	(100.0)	GMO Mobile, Inc.	(100.0)	New
	GMO Research, Inc.	78.2	NIKKO, Inc.	66.7	Name Change
	Tea Cup Communication Ltd.	51.0	GMO Research, Inc.	78.2	
	GMO Media Holdings, Inc.	100.0	GMO Tea Cup Communication, Inc.	51.0	
	GMO Media, Inc.	(86.3)	GMO Media Holdings, Inc.	100.0	
	GSS Corporation	(100.0)	GMO Media, Inc.	100.0	
	GMO Ad Networks, Inc.	(100.0)	GSS Corporation	(86.3)	
	JWord, Inc.	62.7	GMO Ad Networks, Inc.	(100.0)	
	BOM, Inc.	100.0	JWord, Inc.	(100.0)	
	GMO Marketing, Inc.	51.0	BOM, Inc.	62.7	
	GMO Games, Inc.	100.0	GMO Marketing, Inc.	100.0	
GMO Games Korea, Inc.	(100.0)	GMO Games, Inc.	51.0		
		GMO Games Korea, Inc.	100.0		
		and five (5) other companies	(100.0)	New	
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)	

# Summary of Sales by Business

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model &amp; Growth Strategy

Business	2007/2Q	2007/3Q	2007/4Q	2008/1Q	2008/2Q
<b>◆ Internet Use Support (Infrastructure) ◆</b>					
Internet Provider	488	472	459	413	374
Domain	555	476	523	617	613
Web Hosting	2,097	2,102	2,088	2,142	2,176
Web Development & EC Solutions	688	741	957	775	715
Security	239	209	223	275	263
Payment Processing	479	449	500	519	535
Other	105	111	135	51	41
<b>Segment Total</b>	<b>4,653</b>	<b>4,562</b>	<b>4,888</b>	<b>4,797</b>	<b>4,720</b>
<b>◆ Internet Advertising Support (Media) ◆</b>					
Internet Media & Search Media	1,662	1,623	1,731	2,065	2,222
Advertising Agencies	1,365	1,352	1,735	1,510	1,514
Other	283	318	371	354	322
Adjustment for internal Transactions	-105	-116	-56	-80	-164
<b>Segment Total</b>	<b>3,206</b>	<b>3,178</b>	<b>3,783</b>	<b>3,850</b>	<b>3,894</b>
<b>◆ Internet Finance ◆</b>					
Loans & Credit	6,735	-	-	-	-
Internet Securities	469	-	-	-	-
Other	0	1	2	40	26
<b>Segment Total</b>	<b>7,204</b>	<b>1</b>	<b>2</b>	<b>40</b>	<b>26</b>
Adjustment for internal transactions	-94	-57	-73	-43	-81
<b>Consolidated Sales</b>	<b>14,970</b>	<b>7,685</b>	<b>8,601</b>	<b>8,644</b>	<b>8,560</b>

(¥millions)

TSE Stock Code: 9449



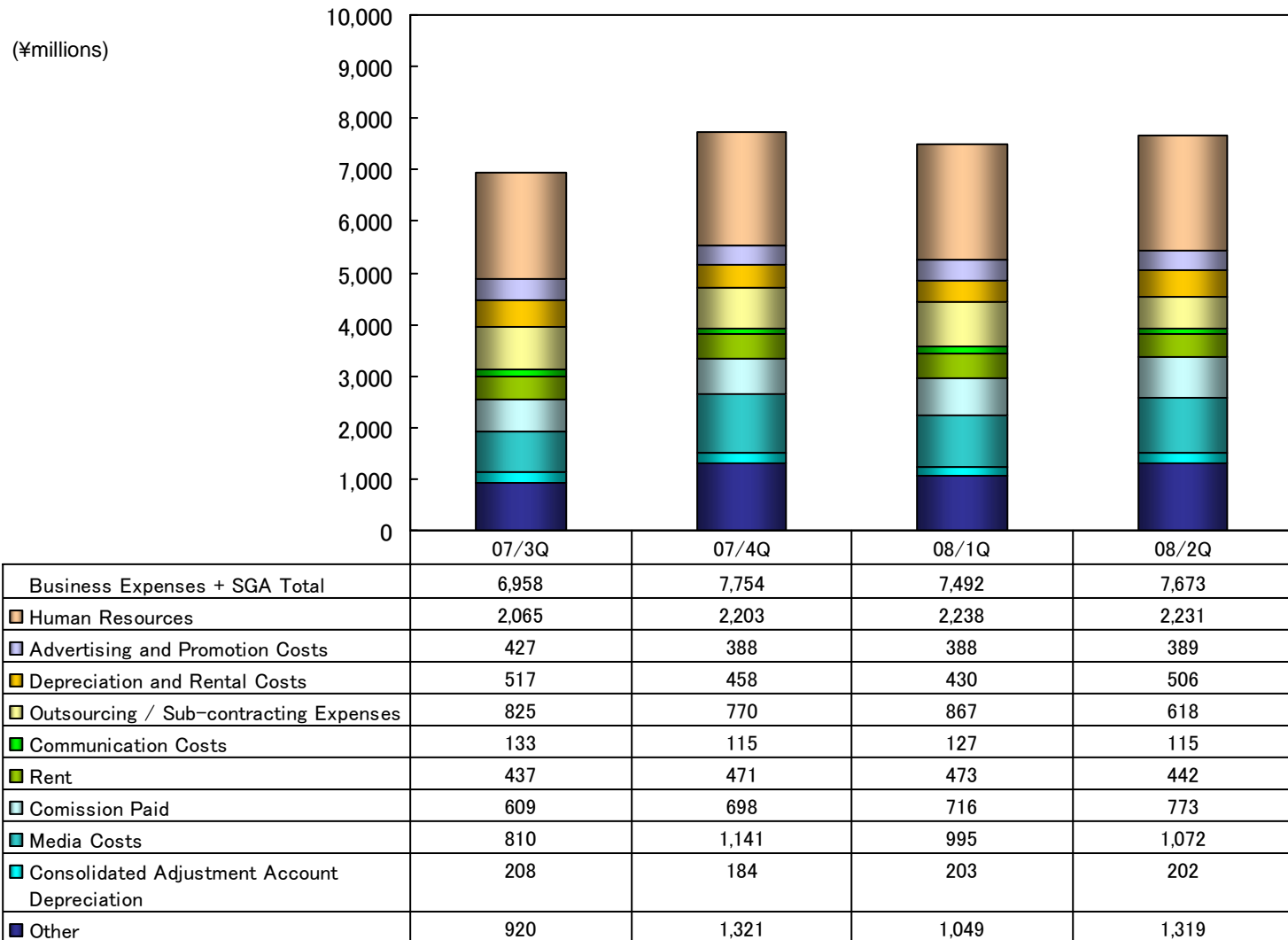
# Changes in Costs and Cost Composition (Consolidated)

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy



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Post Finance Business Withdrawal

# Partial Convertible Bond Redemption

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2. Internet Infrastructure

3. Internet Media

4. Business Model &  
Growth Strategy

	Prior to Redemption	▶	After Redemption
Value of Remainder	¥5 billion	▶	¥1.25 billion (Exercise Price: ¥803)
No. of Potential Shares	6,226,600 (If all shares are executed)	▶	1,556,650 (If all shares are executed)
Dilution	6.2% *1	▶	1.5% *2

\*1. 6,226,600 (No. of potential shares prior to redemption) / 100,484,441 (Total no. of outstanding shares)

\*2. 1,556,650 (No. of potential shares prior to redemption) / 100,484,441 (Total no. of outstanding shares)

TSE Stock Code: 9449



# Segment P/L Revision - After Change in Division of Business Segments (Infrastructure)

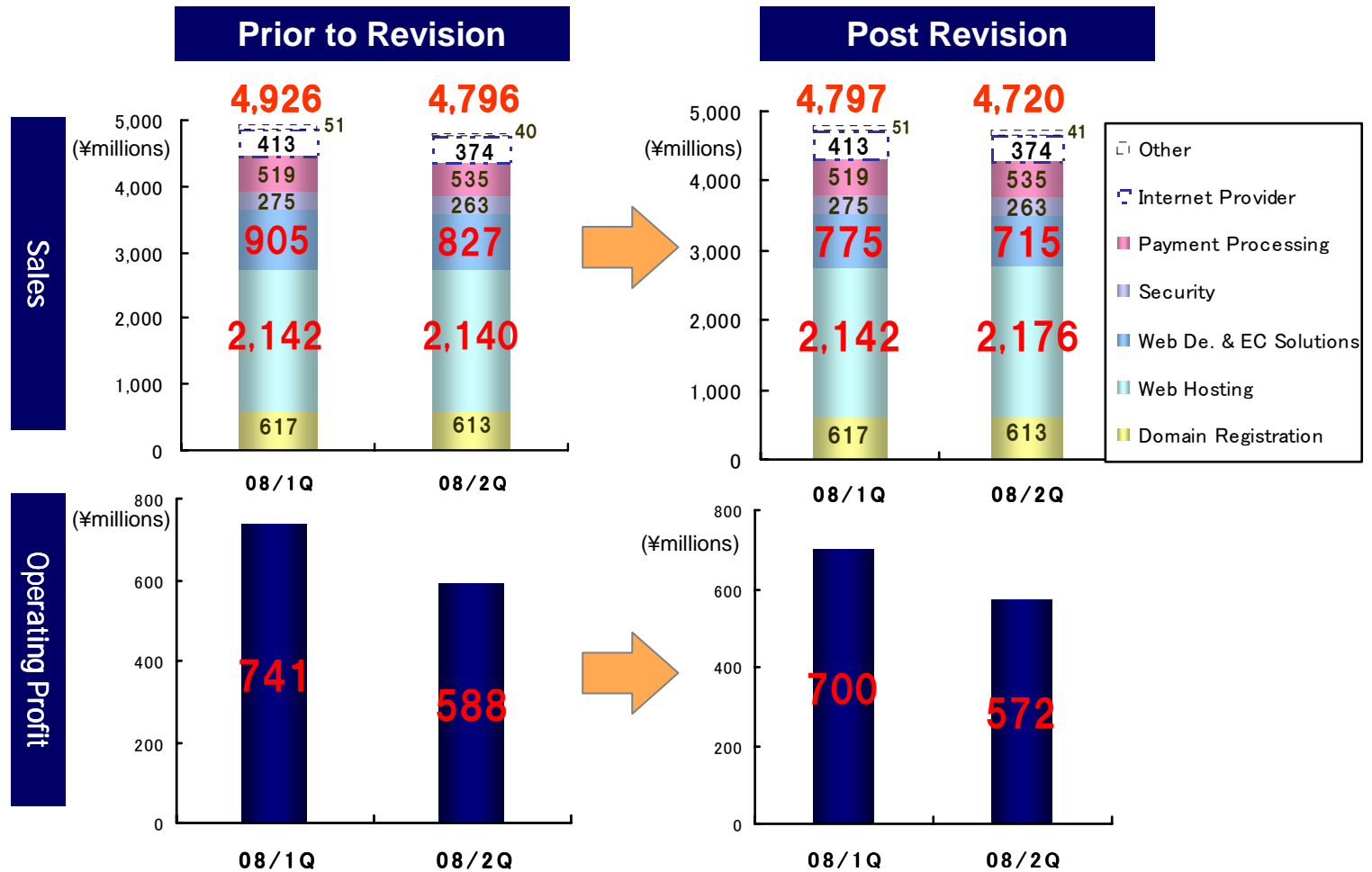
1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

Part of Web Development & E-commerce Solutions operations moves to Media & Search Media in revision of business classification



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# Segment P/L Revision - After Change in Division of Business Segments (Media)

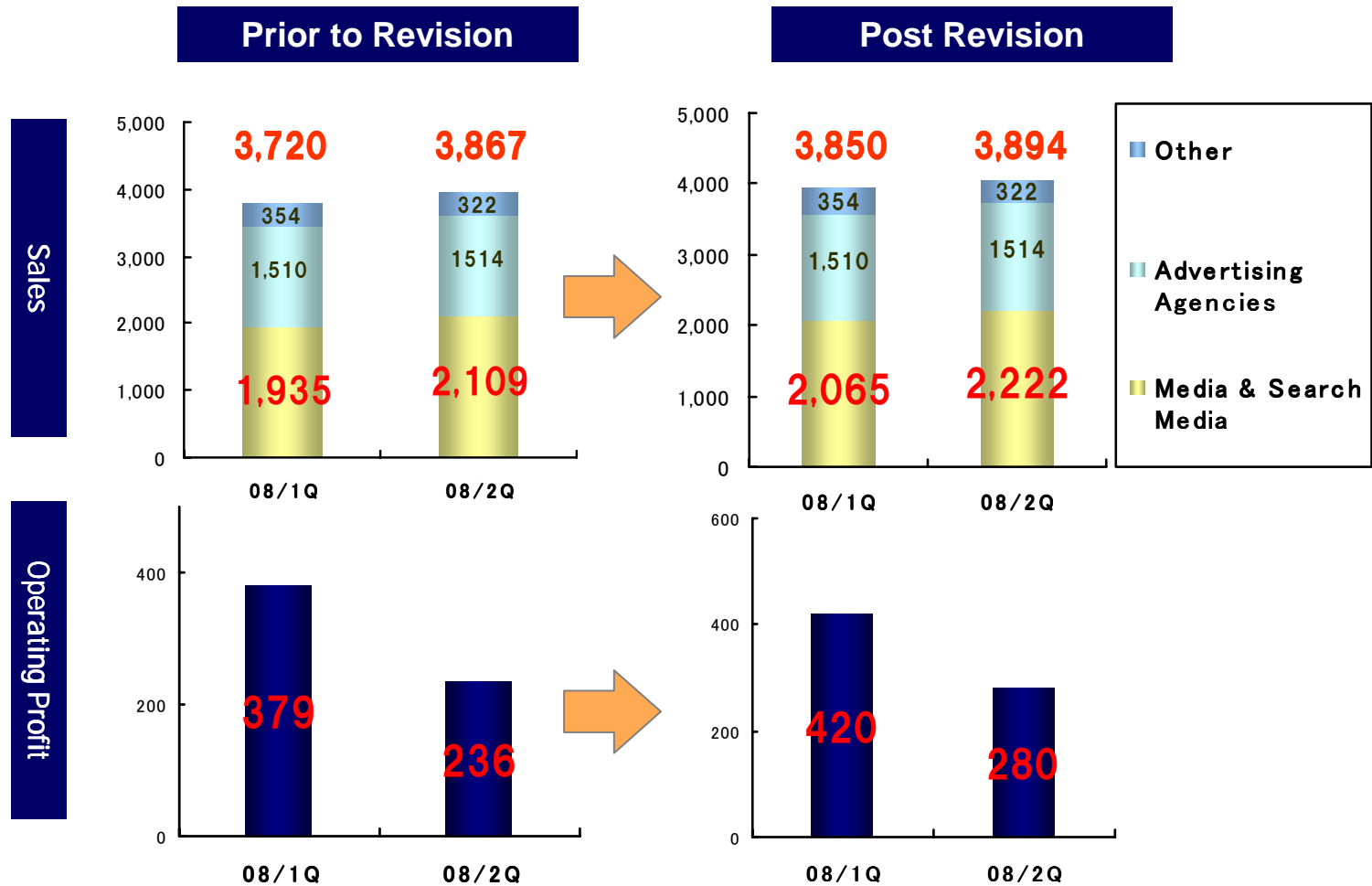
1. GMO Internet Group

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1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model &  
Growth Strategy

## 2. Internet Use Support (Infrastructure)

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# Domain Registration

1. GMO Internet Group

2. Internet Infrastructure

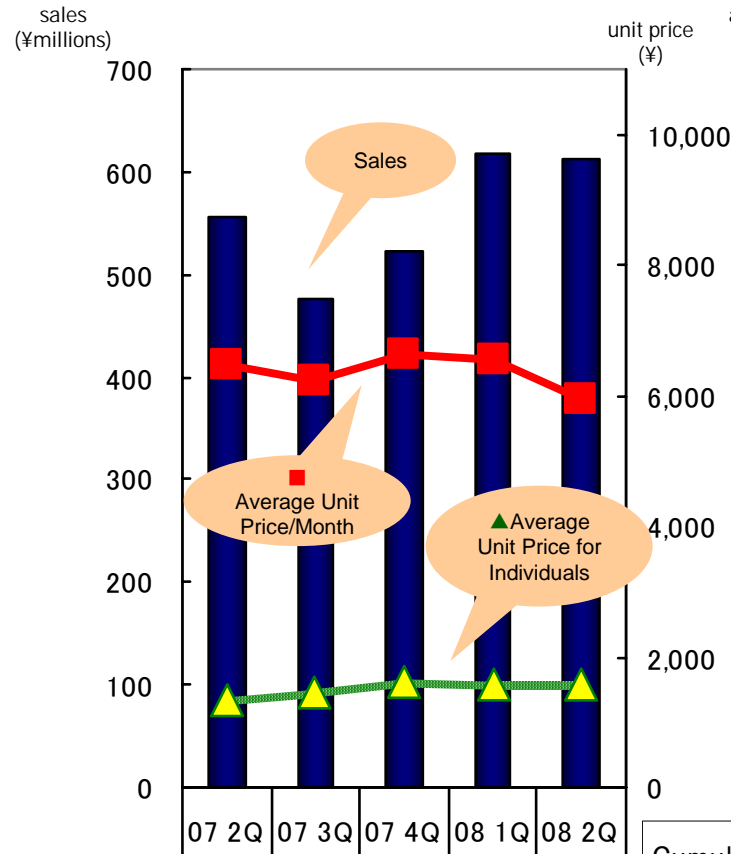
3. Internet Media

4. Business Model & Growth Strategy

TSE Stock Code: 9449

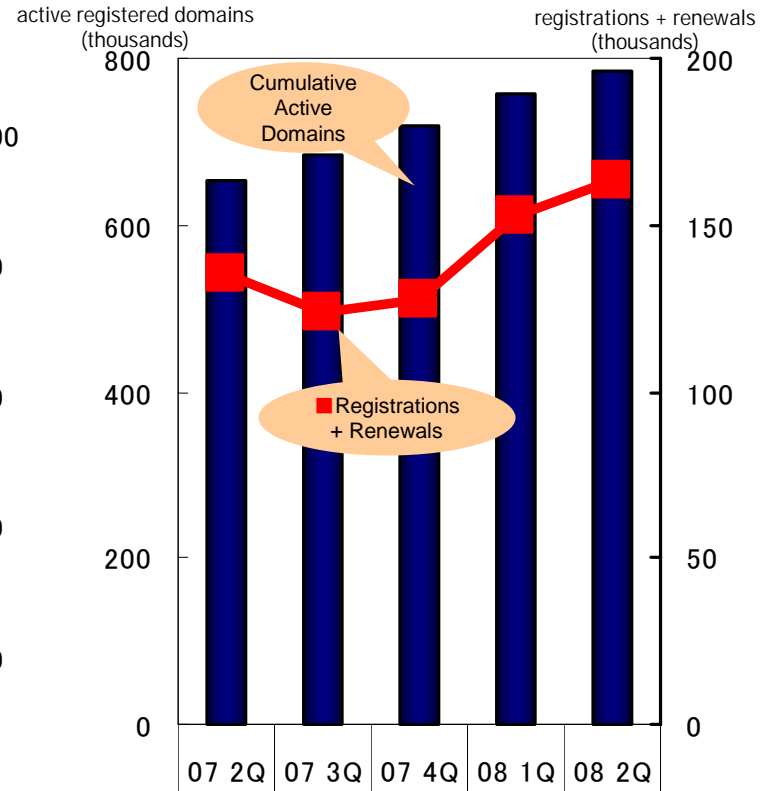


### Sales



Sales	555	476	523	617	613
Average Unit Price per Month	6,474	6,240	6,640	6,559	5,930
Average Unit Price for Individuals	1,343	1,467	1,637	1,580	1,595

### Domain Registrations



Cumulative Active Domains	653	685	718	757	784
Registrations + Renewals	135	124	128	153	163
Total Cumulative Registrations	1,019	1,078	1,136	1,202	1,274

# New Domains and Domain Renewals

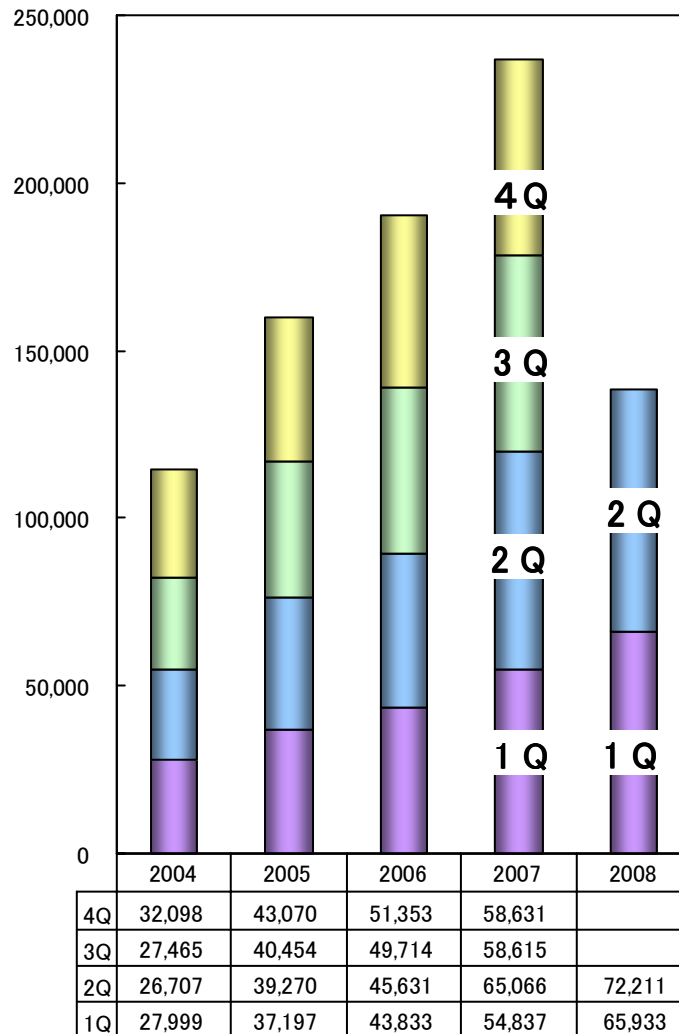
1. GMO Internet Group

2. Internet Infrastructure

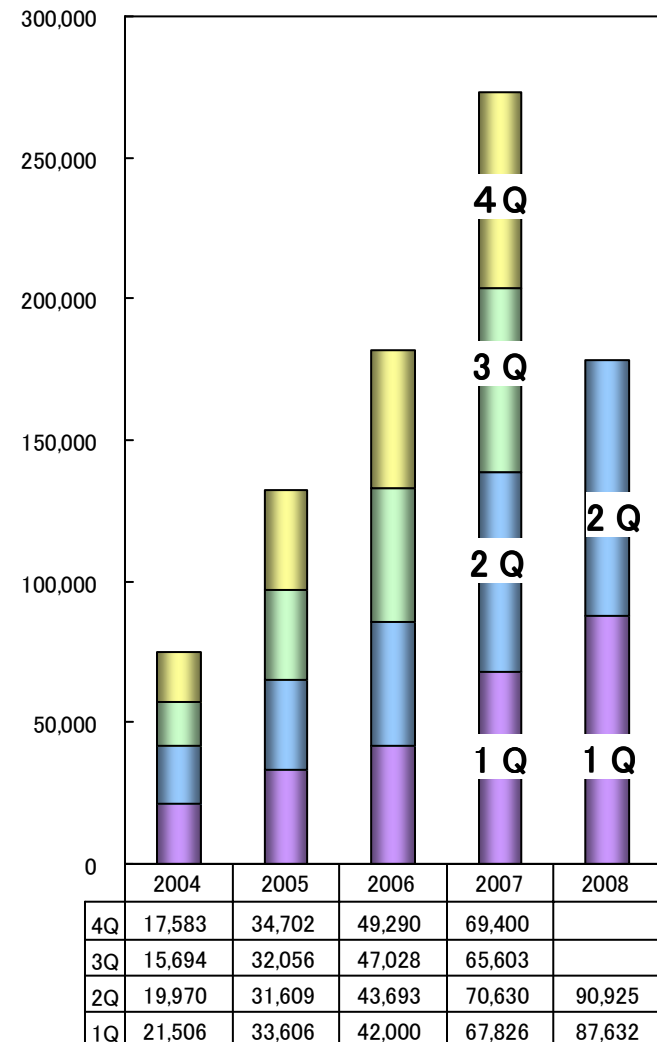
3. Internet Media

4. Business Model & Growth Strategy

### New Domain Registrations



### Renewals



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# Web Hosting

1. GMO Internet Group

2. Internet Infrastructure

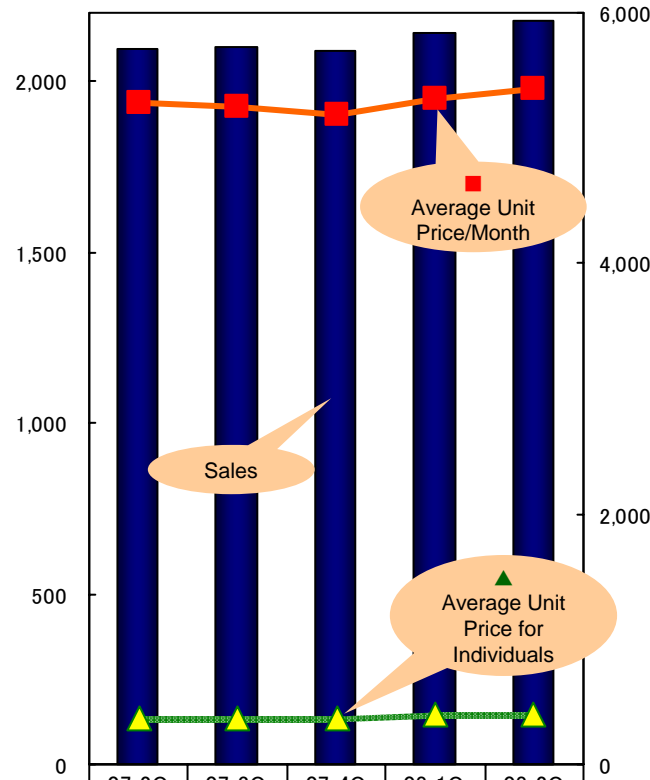
3. Internet Media

4. Business Model & Growth Strategy

TSE Stock Code: 9449

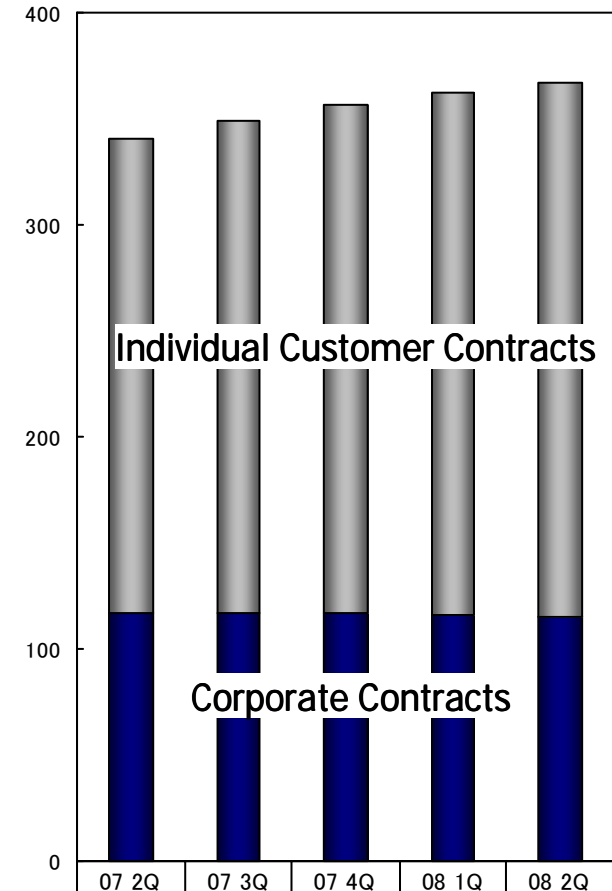


Sales (¥millions)      Sales      unit price (¥) (thousands)



	07 2Q	07 3Q	07 4Q	08 1Q	08 2Q
Sales	2,097	2,102	2,088	2,142	2,176
Average Unit Price per Month	5,278	5,246	5,187	5,313	5,396
Average Unit Price for Individuals	367	373	369	395	399

Contracts



	07 2Q	07 3Q	07 4Q	08 1Q	08 2Q
Individual Contracts	224	232	240	246	252
Corporate Contracts	117	117	117	116	115

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2. Internet Infrastructure

3. Internet Media

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Growth Strategy

## 3. Internet Advertising Support (Media)

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# Internet Advertising Agencies

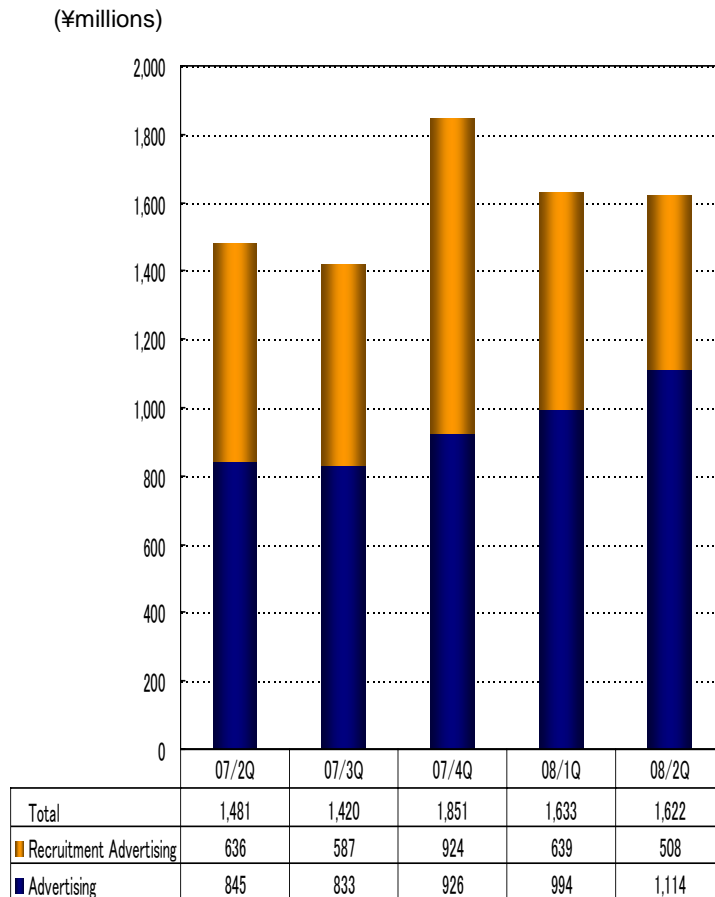
1. GMO Internet Group

2. Internet Infrastructure

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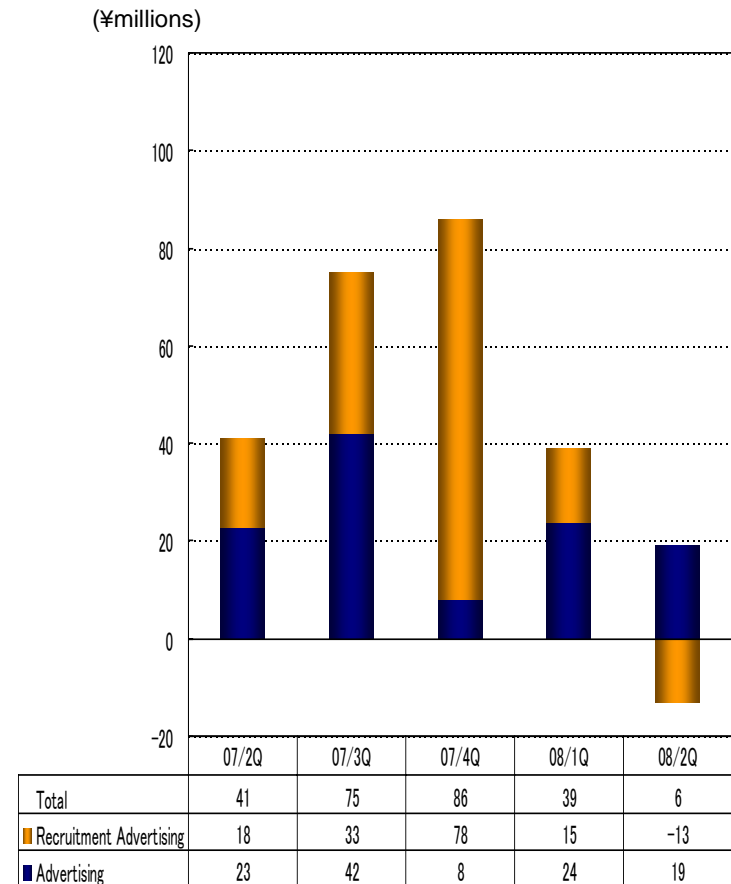
4. Business Model & Growth Strategy

## Internet Advertising Agencies Sales



\*Figures shown as released by GMO AD Partners, Inc.

## Internet Advertising Agencies Ordinary Profit



\*Figures shown as released by GMO AD Partners, Inc.

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2. Internet Infrastructure

3. Internet Media

4. Business Model &  
Growth Strategy

# 4. Business Model & Growth Strategy

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# The GMO Internet Group

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. 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. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

## Internet Infrastructure Segment

Everything required to publish information on the Internet

**Domain Registration**  
Addresses for the Internet

http://www

ドメイン取るなら 公式特価サービス  
**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**



商品名	数量	小計	消費税
Kumagai Styleオリジナル システム手帳 (ワインダー)	1	26,250円	込
Kumagai Styleオリジナル システム手帳 (ワインダー) ポケット「ブラック」	1	15,750円	込
【2008年度版】スターターブック	1	7,350円	込
商品合計 (税込) :		49,350円	
合計 :		49,350円	

注文者情報

お名前(全角)  フリガナ(全角)

電話番号(半角)  緊急時連絡先(半角)

**Web Dev. & E-commerce Solutions**  
E-commerce systems provider



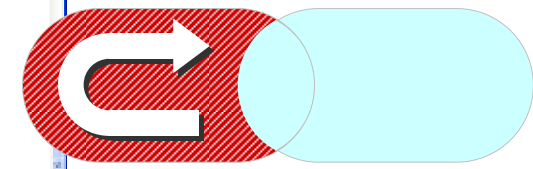
**MakeShop**

**Payment Processing**  
Online payment processing



**GMO PAYMENT GATEWAY**

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# Services

1. GMO Internet Group

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3. Internet Media

4. Business Model & Growth Strategy

## Internet Media segment (1)

- Helping websites attract customers

**SEM Consulting**



**Internet Advertising Agent**

商品名	数量	小計	消費税
Kamaga!Styleオリジナル システム手帳 (バインダー)	1	28,280円	込
Kamaga!Styleオリジナル システム手帳 (バインダー) ポケット「ブラック」	1	15,750円	込
【2008年度版】スターターバック	1	7,350円	込
商品合計 (税込) :			49,350円
合計			49,350円

### Prominent Positioning in Search Engine Results



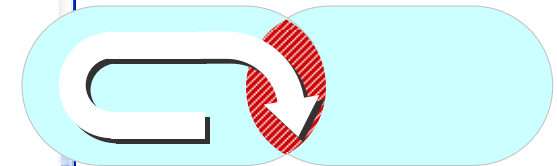
手帳

#### 簡単アクセス方法

JWord. でダイレクトアクセス

アドレス(D)

アドレスバーに「手帳」で検索すると、直接表示されます。



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# Services

1. GMO Internet Group

2. Internet Infrastructure


3. Internet Media

4. Business Model & Growth Strategy

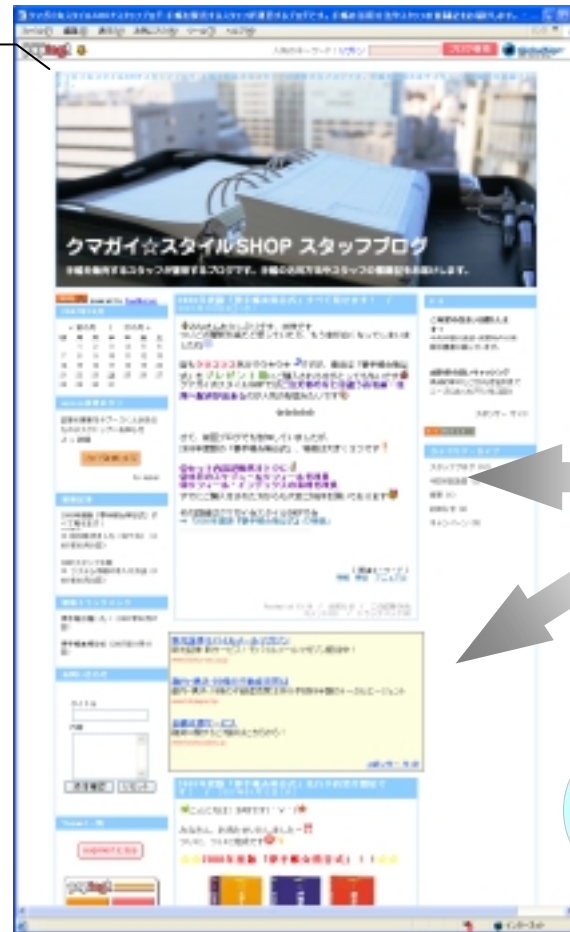
## Internet Media segment (2)

- • • Advertising revenue from the provision of free, convenient services

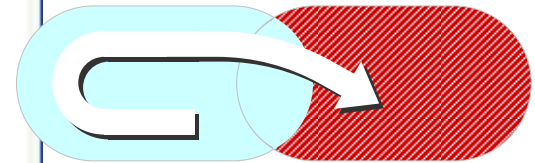
**Development & Operation of Free Internet Media**



freoml  
yaplog!  
JUGEM  
teacup.  
AutoPage  
壁紙.com



**Distribution of Content Relevant Advertising**

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# Business Segments

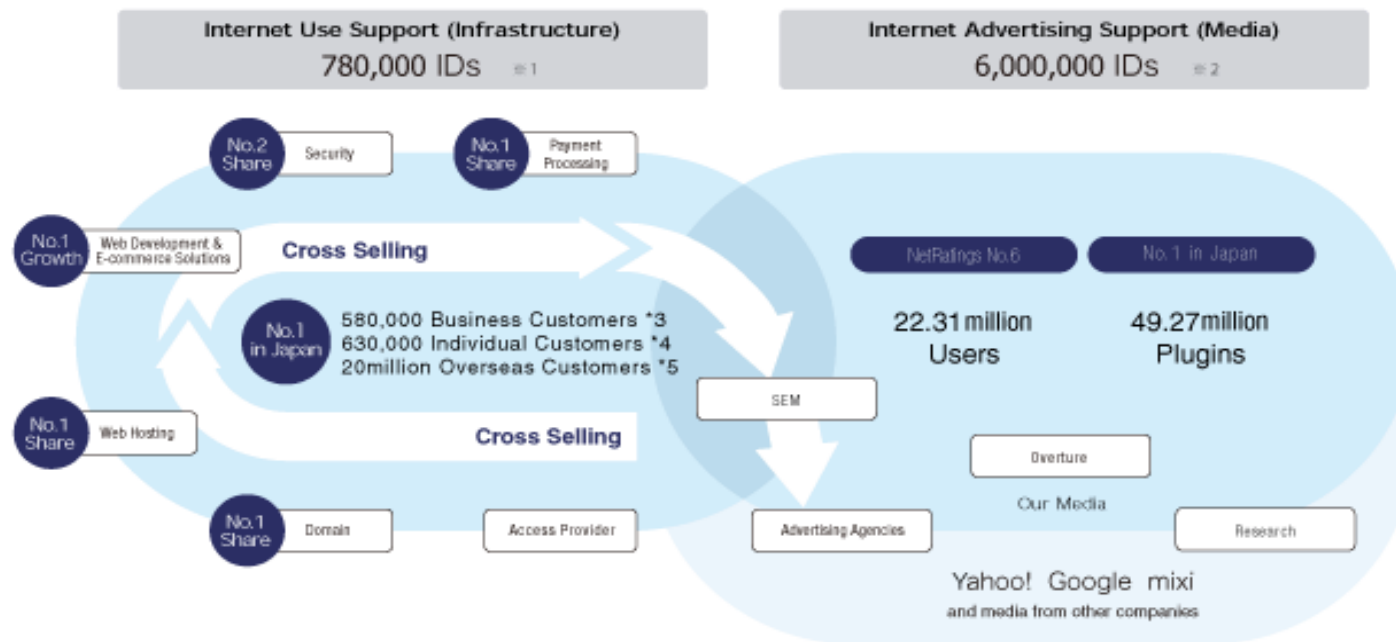
1. GMO Internet Group

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4. Business Model & Growth Strategy

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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# Internet Infrastructure Segment Customers

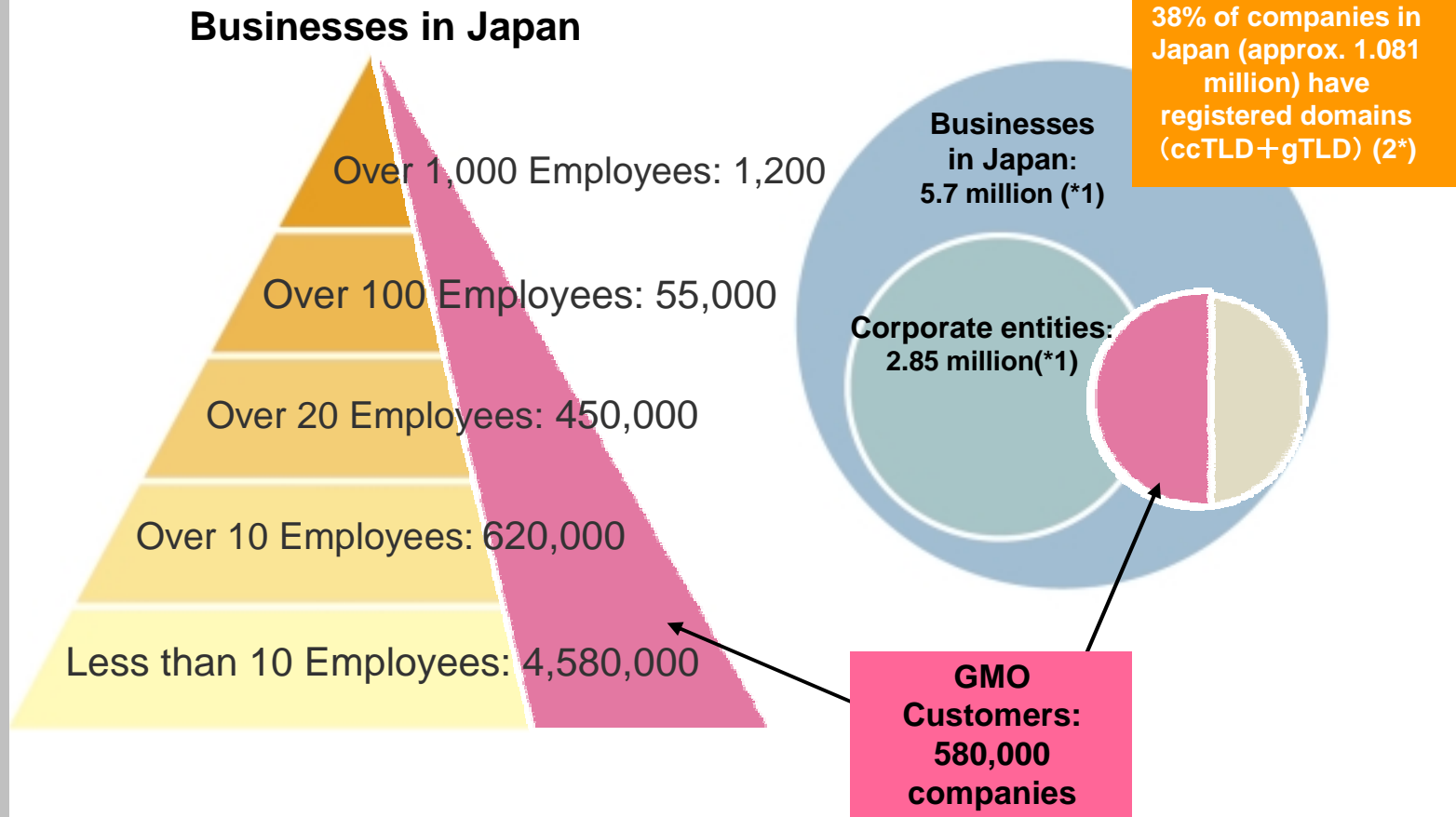
1. GMO Internet Group

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4. Business Model & Growth Strategy

570,000 of the 5.8 million businesses in Japan use 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.According to our own calculations, JPRS statistics (December, 2006) and the ICANN monthly registry report December 2006.

# Internet Media Segment Users

1. GMO Internet Group

22.31 million users

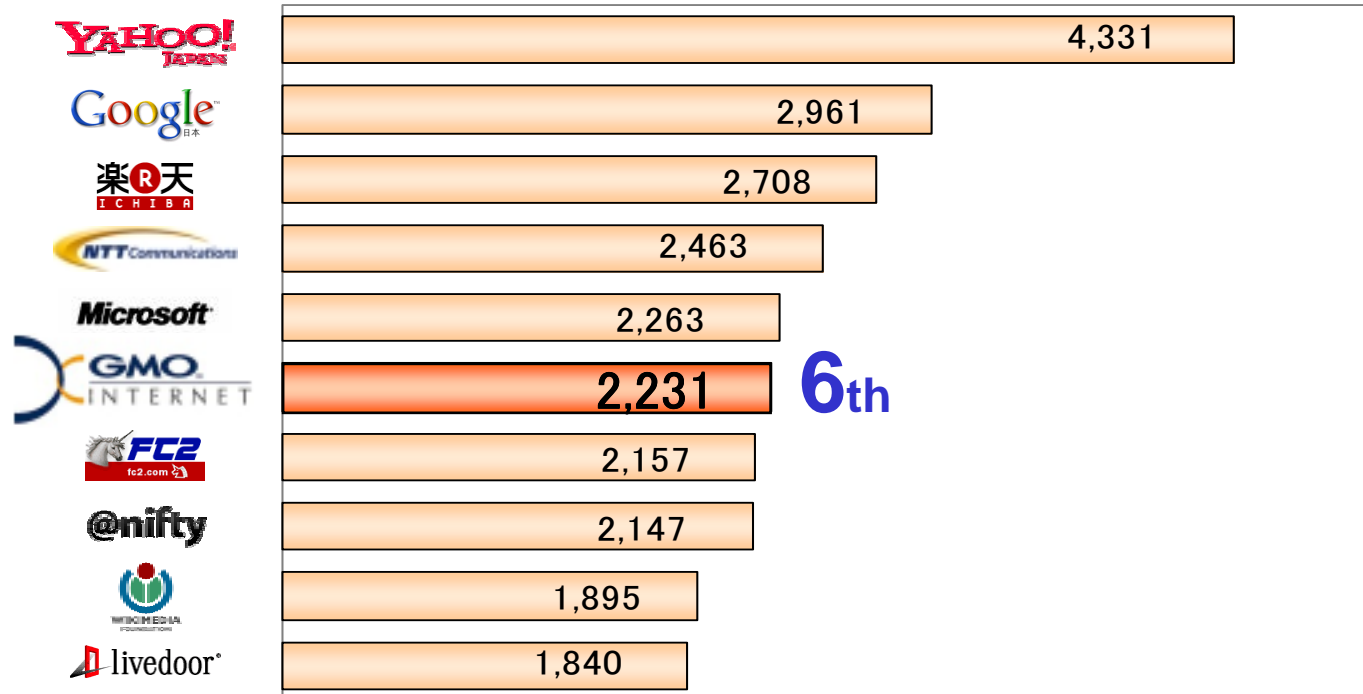
2. Internet Infrastructure

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4. Business Model & Growth Strategy

## Visitors per month Ranking

(10,000's)



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Nielsen//NetRatings, (6/2008)

# Internet Media Segment - Major Internet Media Sites

1. GMO Internet Group

2. Internet Infrastructure


3. Internet Media

4. Business Model & Growth Strategy

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 22.31 million users)

 **JWord.** approx. 5.37 million users



 **yaplog!** approx. 5.85 million users



 **JUGEM** approx. 7.62 million users



 **teacup.** approx. 7.32 million users



 **壁紙.com** approx. 1.27 million users



 **freeml** approx. 4.76 million users



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\*Nielsen//NetRatings, (06/2008)

# GMO Internet Group Strengths

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

Sophisticated technology, organizational strength & a broad customer base

<p><b>Stable Customer Base</b>  <b>580,000</b> businesses  <b>630,000</b> individuals  <b>780,000</b> IDs</p>	<p><b>Customer Base</b></p>	<p>NetRatings Japan Ranking: 6  <b>22.31 million</b> individual users  <b>6 million</b> IDs</p>
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**Up-Sell** **X** **Cross-Sell**

<p><b>We Develop Our Own Technology</b></p> <ul style="list-style-type: none"> <li><b>Overwhelming</b> Domain &amp; Server Market Shares</li> <li>Advancing into the <b>Global</b> Security Market</li> <li>E-Commerce Payment Processing operating <b>44,000</b> stores</li> <li><b>Search / CGM</b> <b>49.27 million</b> Plugins</li> </ul>	<p><b>Marketing &amp; Selling Power</b></p> <ul style="list-style-type: none"> <li><b>Web Marketing</b> <b>78</b> Sites</li> <li><b>Call Center</b> <b>300</b> Booths</li> <li><b>On the Road</b> <b>350</b> Sales Reps</li> <li><b>Sales</b> Approx. <b>6,000</b> Partners</li> </ul>	<p><b>No. 1 Customer Support Satisfaction</b></p> <ul style="list-style-type: none"> <li><b>Support Center Open</b> <b>24</b> hours <b>365</b> days</li> <li><b>Quick Response</b> Phone <b>9</b> secs Mail <b>9</b> mins</li> <li><b>CTI</b> Customer Management System</li> <li><b>HDI Japan</b> <b>2 Stars</b></li> </ul>	<p><b>Latest Industry Trends Research</b></p> <ul style="list-style-type: none"> <li><b>Venture Capital</b> Securing the latest business innovations</li> <li><b>Pay-per-Click Advertising</b> On top of industry marketing trends</li> <li><b>Net Professionals</b> <b>1,800</b></li> <li><b>Research Panel</b> <b>1.03 million</b> members</li> </ul>
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**All supported by a formidable organizational strength!**

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# Main Group Companies

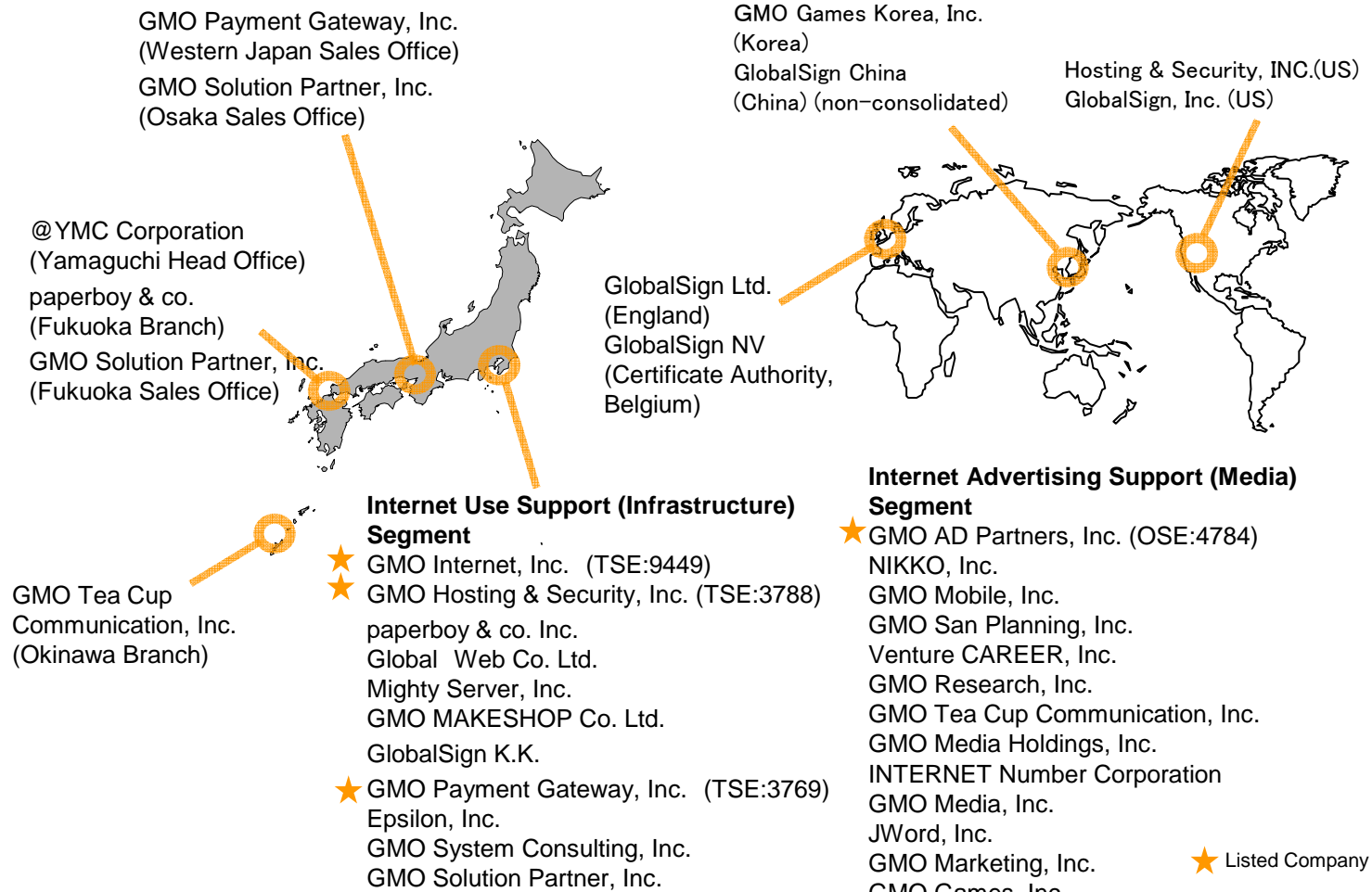
1. GMO Internet Group

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4. Business Model & Growth Strategy

53 Companies (consolidated: 41 non consolidated:12) 1,716 Employees



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# Internet Infrastructure Segment Growth Strategy

1. GMO Internet Group

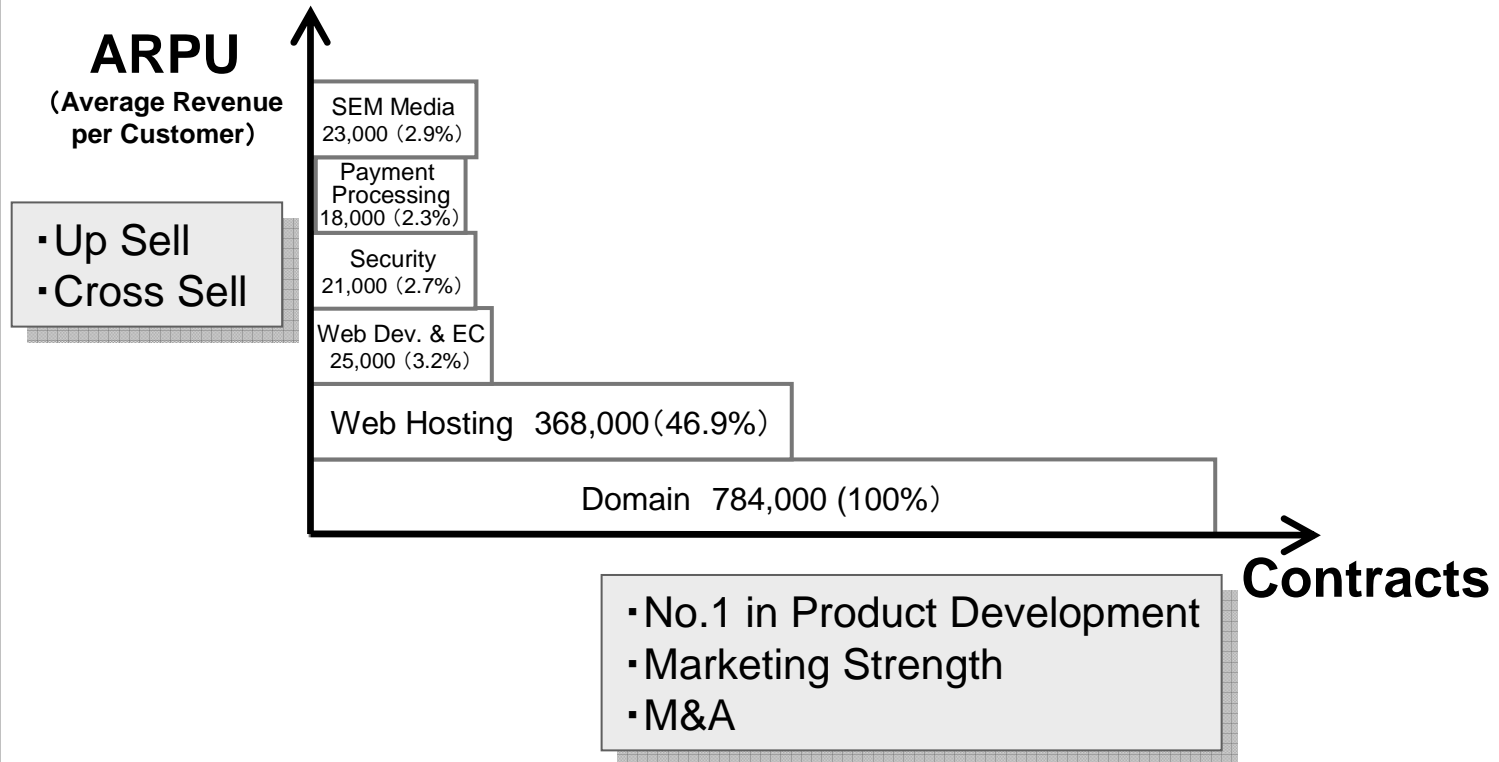
2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

Two strategies to accelerate growth

$$\text{No. of Contracts} \times \text{ARPU} = \text{Sales}$$



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# Internet Infrastructure Segment Growth Strategy

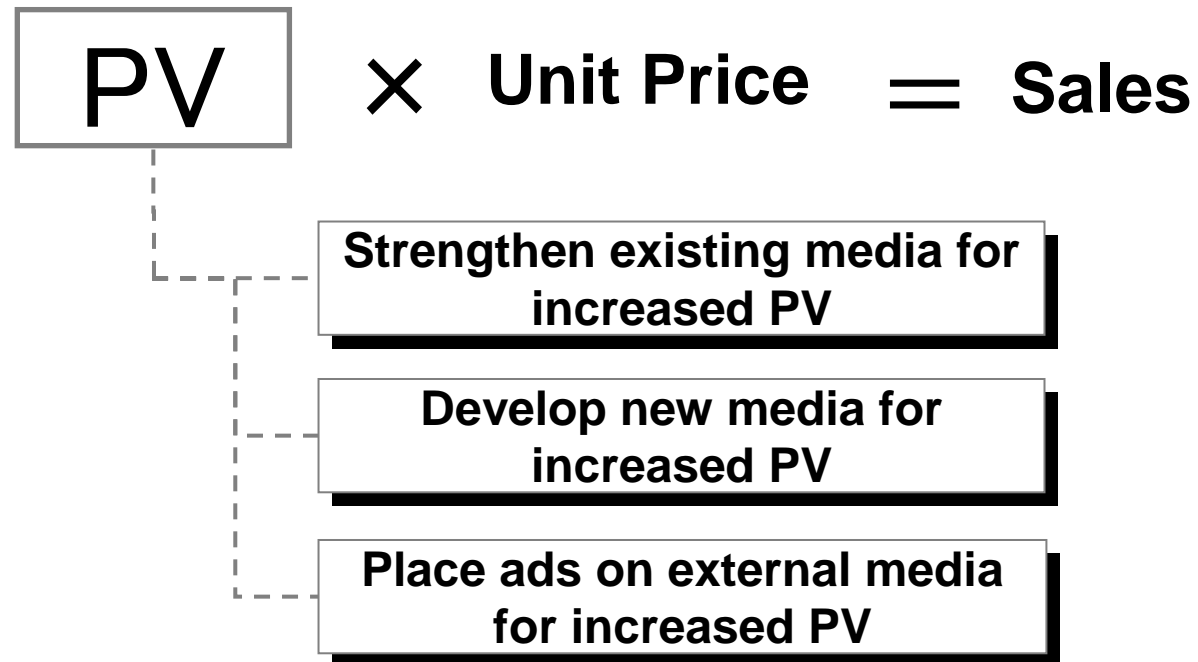
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## Boosting page views



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