



Results Briefing for Q2 FY2016

November 2, 2016

Kakaku.com, Inc.

Summary

Q2/FY2016 Results

- Due to accelerated growth across all business segments in the second quarter, we were able to meet our half-year forecast for operating income.

(Unit: million yen)

	Q2/FY2016 (Jul-Sep 2016)	yoy	Half-year Results	yoy	Progress relative to forecast	Full-year Forecast	Progress relative to forecast
Sales	11,379	+15.2%	21,843	+13.7%	99.3%	48,000	45.5%
Operating income	5,178	+17.8%	10,033	+15.7%	100.3%	23,000	43.6%
Ordinary income	5,169	+17.0%	10,023	+15.0%	100.2%	23,000	43.6%
Net income attributable to shareholders of the parent company	3,545	+21.1%	7,024	+19.7%	101.8%	15,900	44.2%
Operating margin	45.5%	+1.0pts	45.9%	+0.8pts	-	47.9%	-

Q2/FY2016 Highlights

Kakaku.com

Domestic

- ✓ Strong growth in the service and advertising categories
- ✓ Quarterly sales were 5.16 billion yen, an annual growth rate of 9.6%

Overseas

- ✓ Four-country total of unique users for *Priceprice.com* surpassed 10.65 million users as of end-October
- ✓ Further expansion of product categories to drive user acquisition

Tabelog

Domestic

- ✓ Number of fee-paying restaurants surpassed 51,500 restaurants as of end-September, an increase of 19.6% yoy

Overseas

- ✓ Number of monthly unique users for *Tabélog* reached 840,000 as of end-October

New Media

- ✓ Travel business *Time Design Inc.* continues to post strong sales with year-on-year growth of 35.4%
- ✓ New Media segment continues to grow - currently accounts for 12% of total consolidates sales

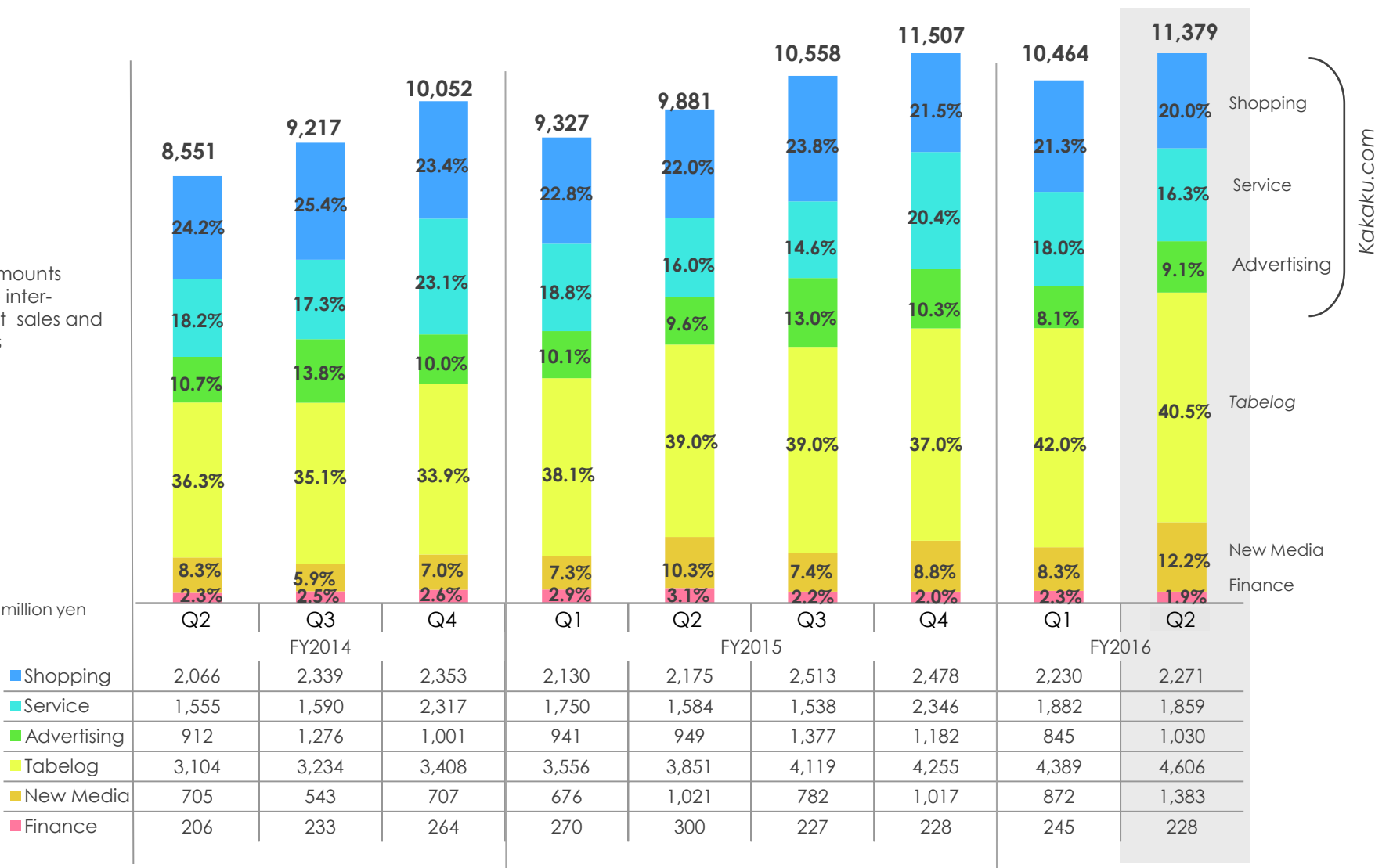
Insurance

- ✓ Shorter contract periods for fire insurances implemented in October 2015, resulted in decrease in sales year-on-year

Quarterly Sales by Business Category (Consolidated)

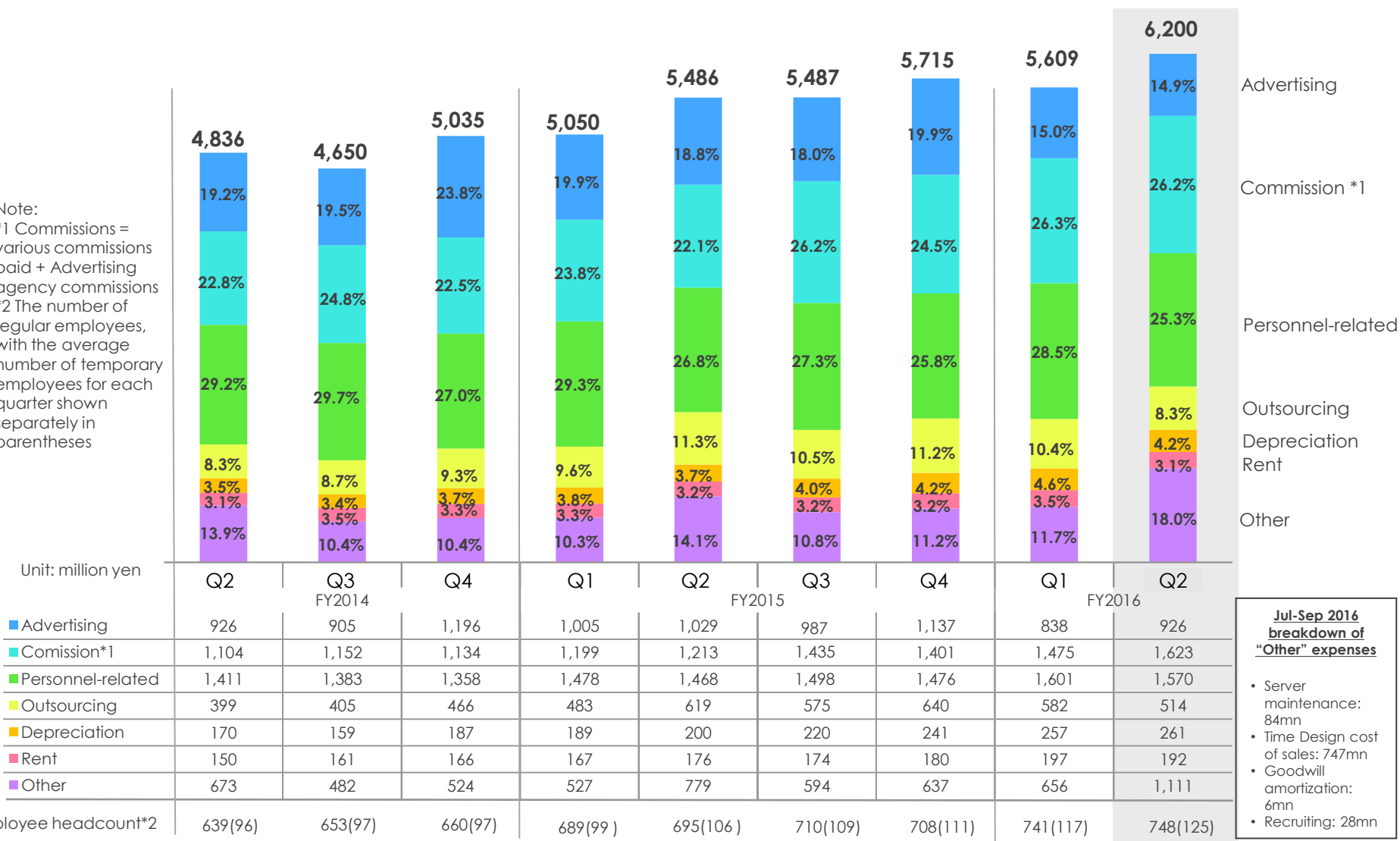
Note: Amounts exclude inter-segment sales and transfers

Unit: million yen



Quarterly Cost Breakdown (Consolidated)

Note:
 *1 Commissions = various commissions paid + Advertising agency commissions
 *2 The number of regular employees, with the average number of temporary employees for each quarter shown separately in parentheses

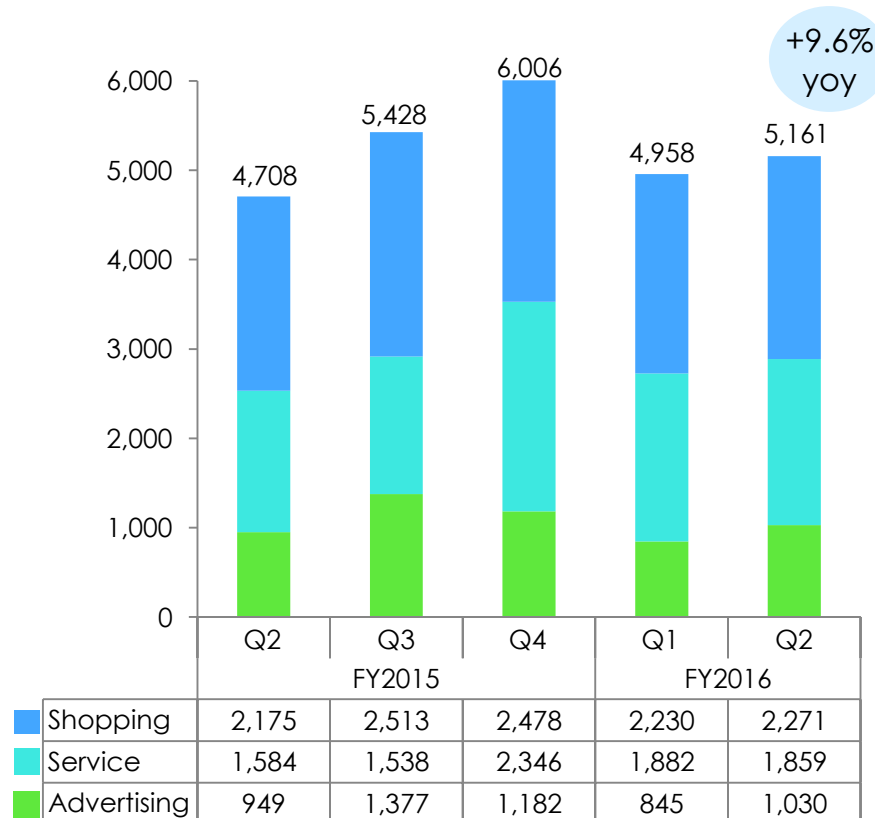


Kakaku.com

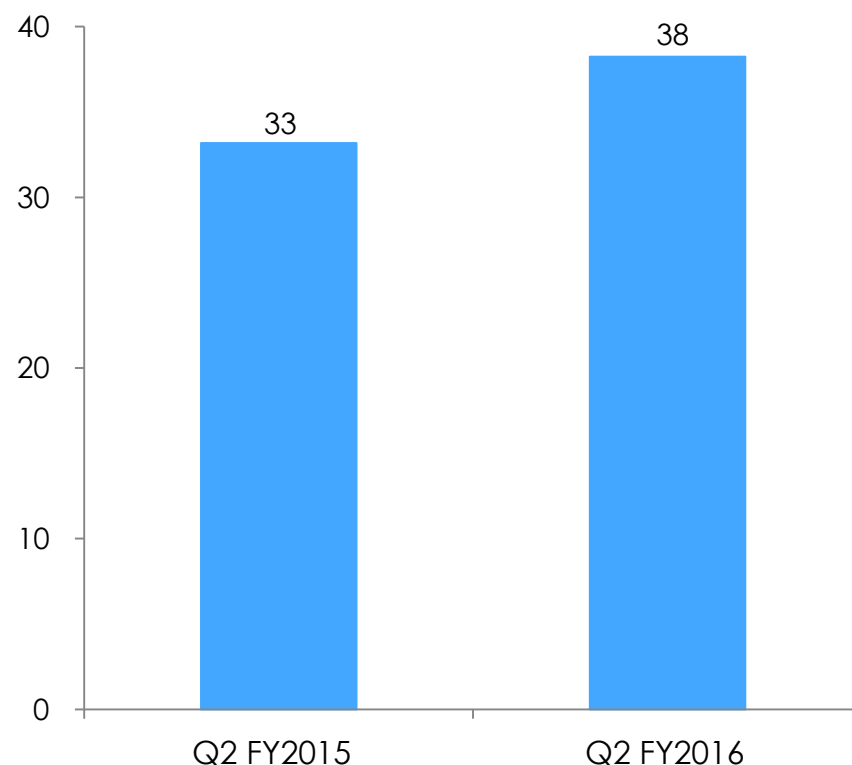
Kakaku.com: Business Overview

- Sales of 5.16 billion yen (+9.6% yoy), with strong growth in the service category
- Total number of domestic and overseas users surpasses 54.88 million (+3.1% yoy)

Kakaku.com quarterly sales trend (in million yen)



ARPU for domestic users (in yen)

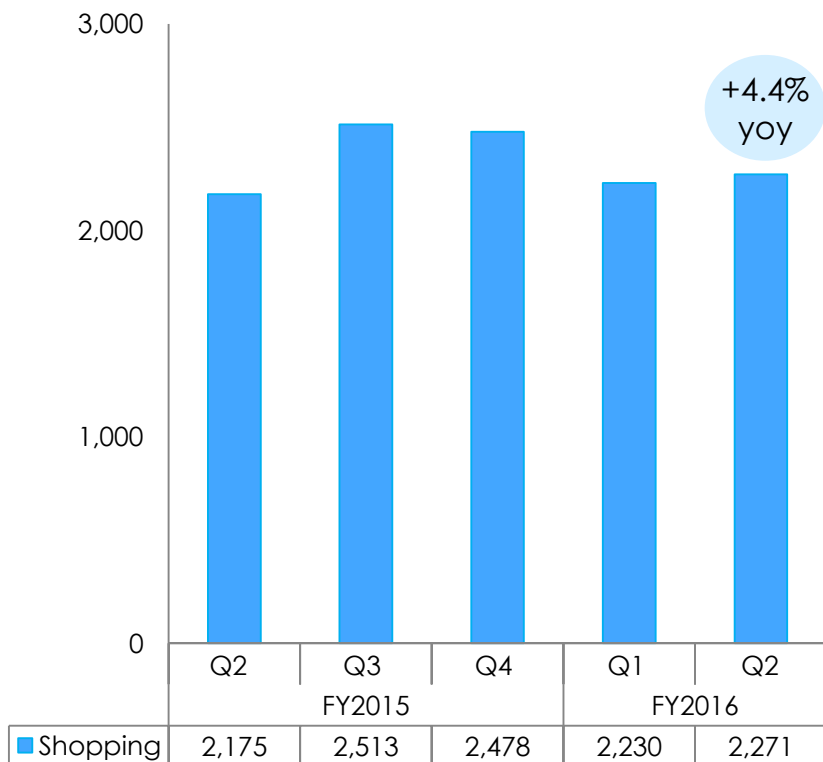


Note: ARPU is measured as a 3month average (Jul-Sep 2016)

Kakaku.com: Shopping Business

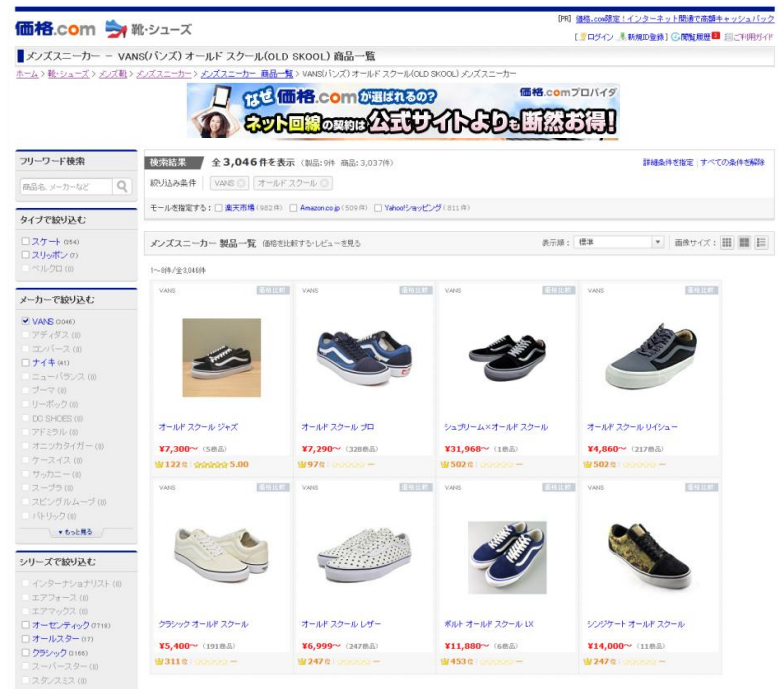
- Shopping category records sales of 2.27 billion yen (+4.4% yoy), with improved usability and site content as growth drivers

Quarterly sales trend (in million yen)



Improved UI for consumable goods categories

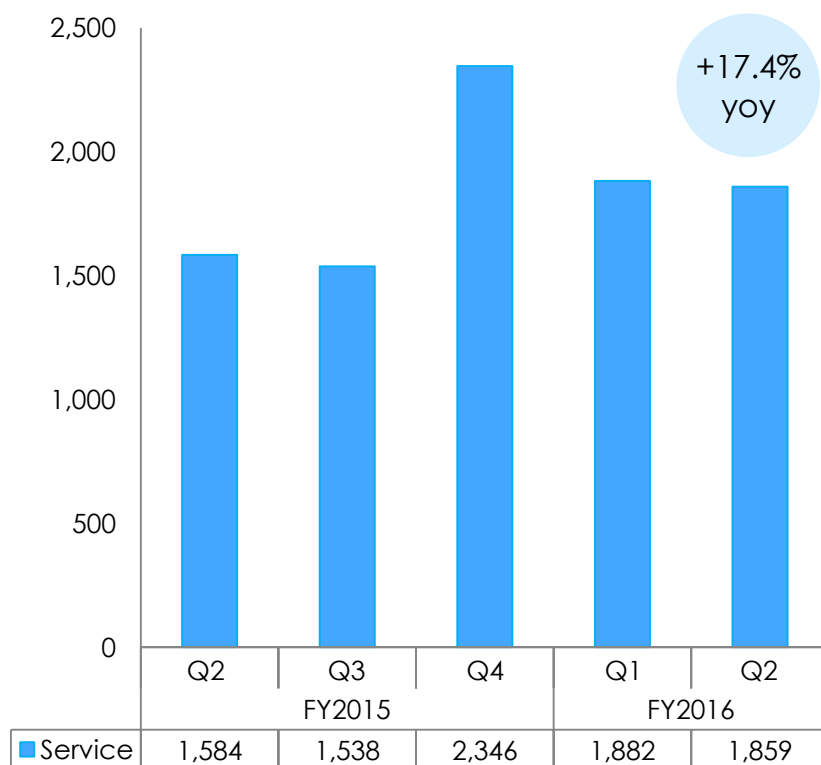
- ✓ Ability to compare items across stores and narrow down results using detailed search criteria
- ✓ Implemented in 200 categories as of October. Roll-out across remaining categories by the end of this fiscal year



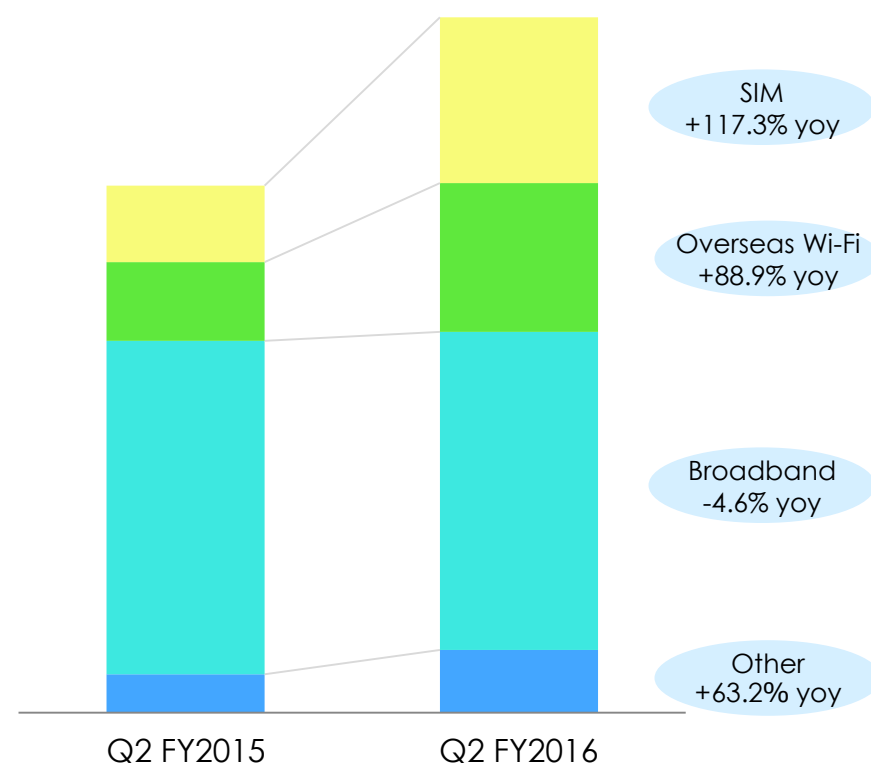
Kakaku.com: Service Business

- Quarterly sales of 1.86 billion yen (+17.4% yoy)
- Commissions from overseas Wi-Fi and SIM card comparisons show strong growth in the communication service category, while finance related categories continue to report strong sales

Quarterly sales trend (in million yen)



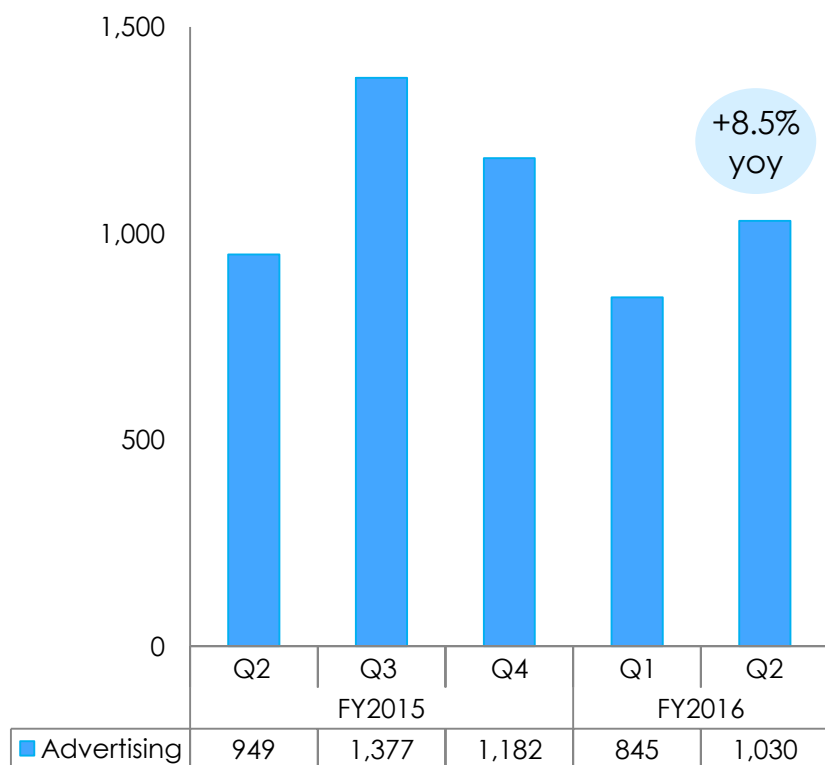
Growth rates of telecommunication categories (%)



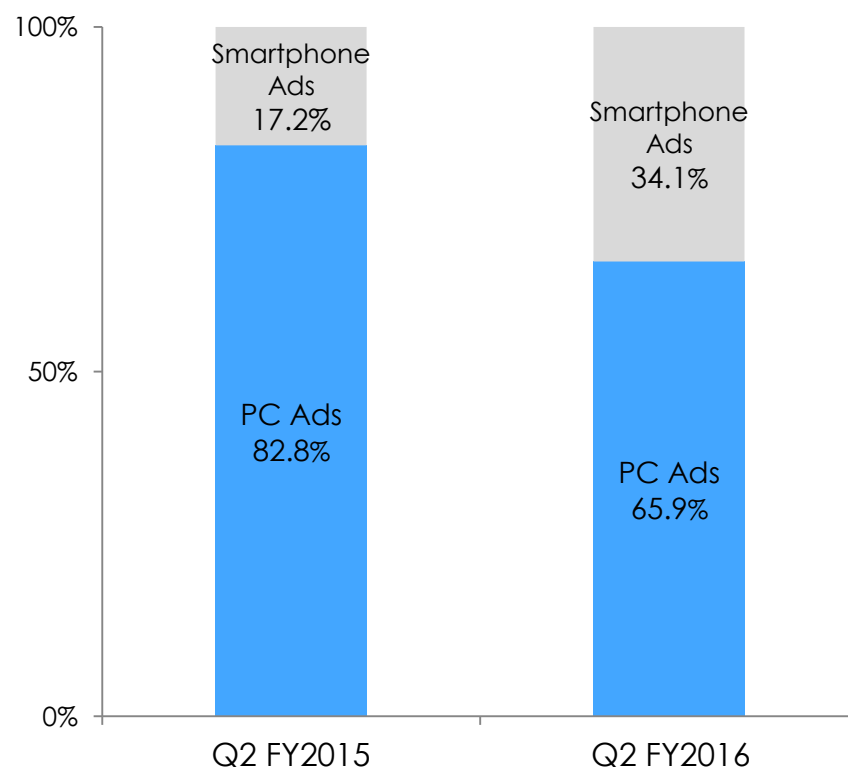
Kakaku.com: Advertising Business

- Growing ad spend from car manufacturers as well as growing demand for smartphone ads resulted in quarterly sales of 1.03 billion yen (+8.5% yoy)

Quarterly sales trend (in million yen)

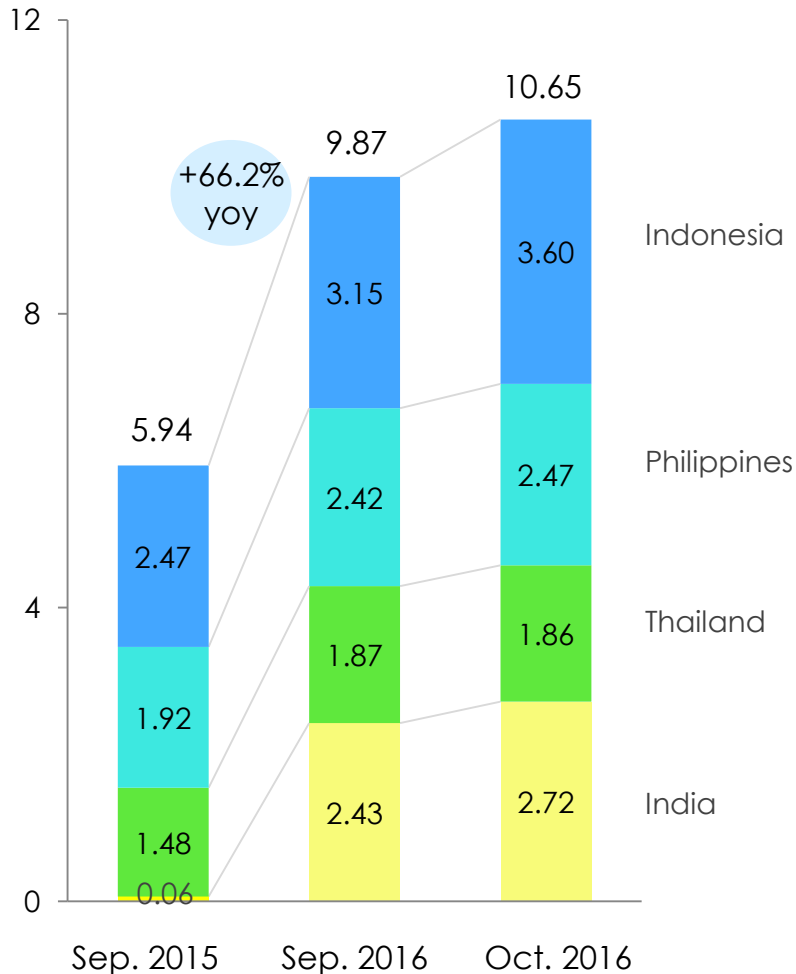


Ad sales breakdown by device (%)



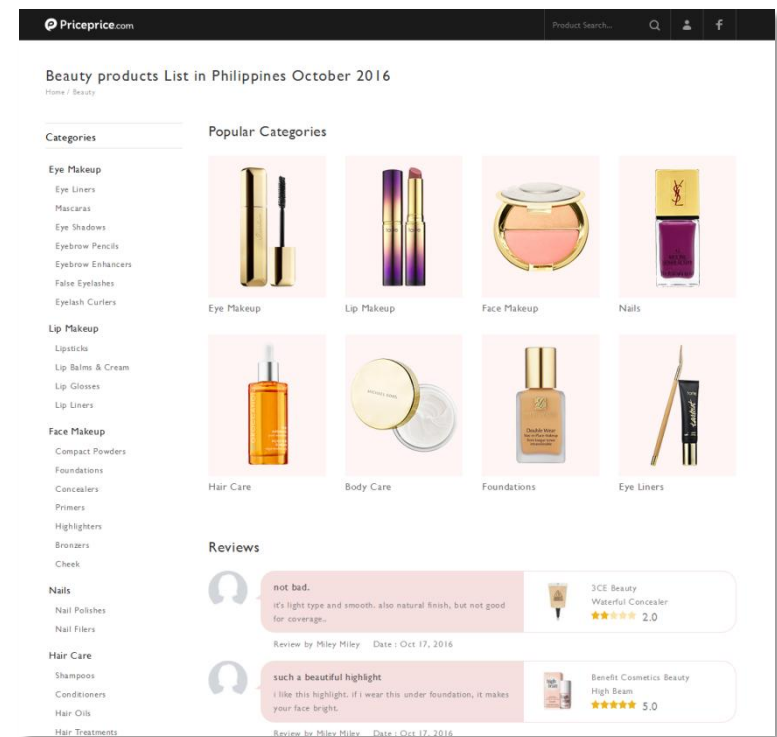
Kakaku.com: Overseas Business - Priceprice.com

Monthly unique users by country (in million users)



Category expansion as traffic driver

Launch of beauty category in all four countries, as of October.



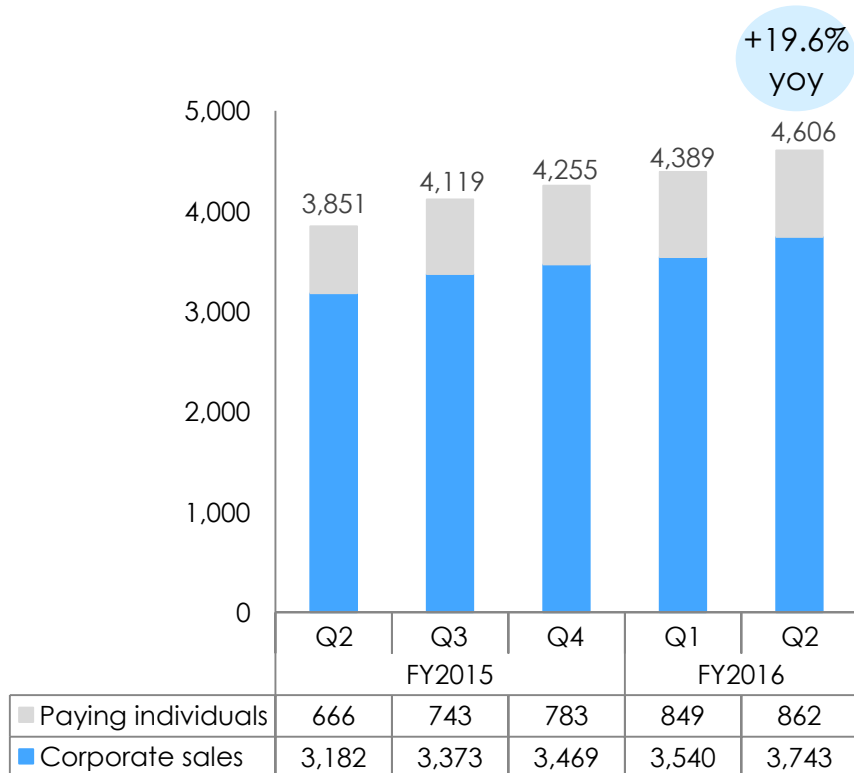
Note: Monthly unique users are the number of users who visited the site via browser.
Users who visited the site more than once over the course of the month are counted as one.

Tabelog

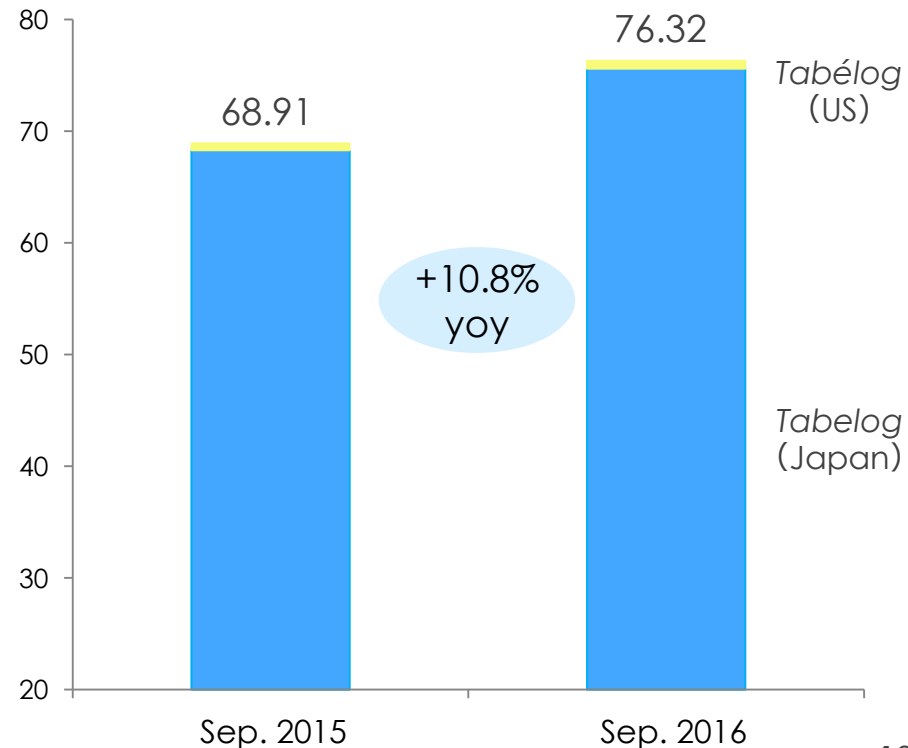
Tabelog: Businesses Overview

- Quarterly sales reached 4.61 billion yen (+19.6% yoy), as a result of growing number of fee-paying restaurants.
- The total of domestic and overseas monthly unique users surpassed 76.32 million, as of end-September.

Tabelog quarterly sales trend (in million yen)

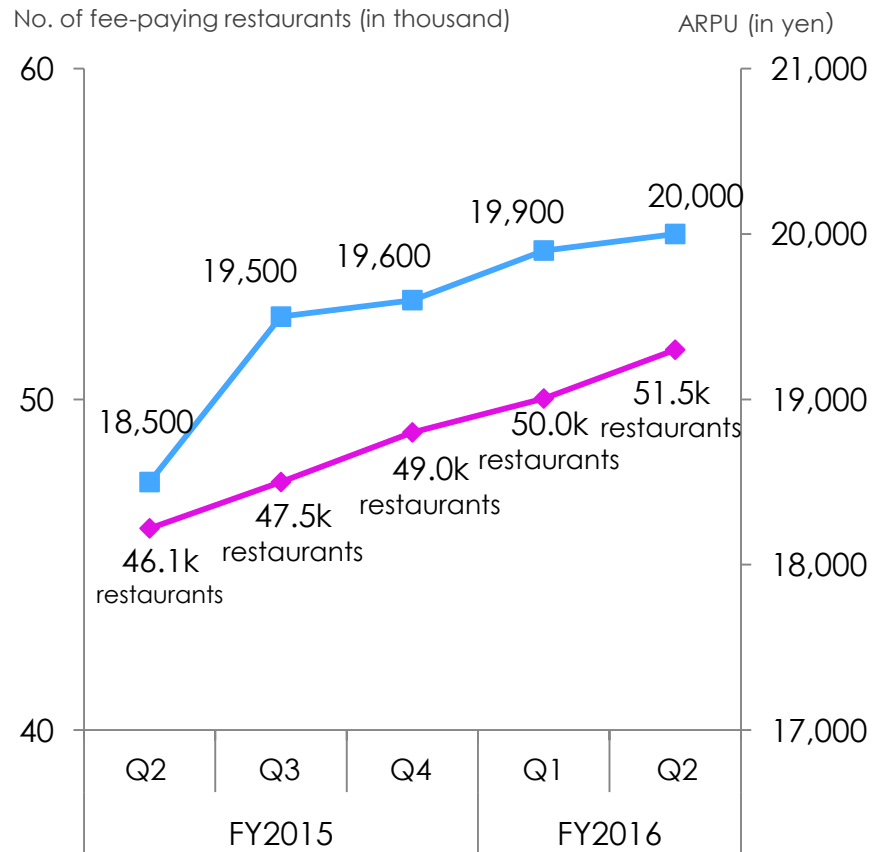


Total number of domestic and overseas monthly unique users (in million users)

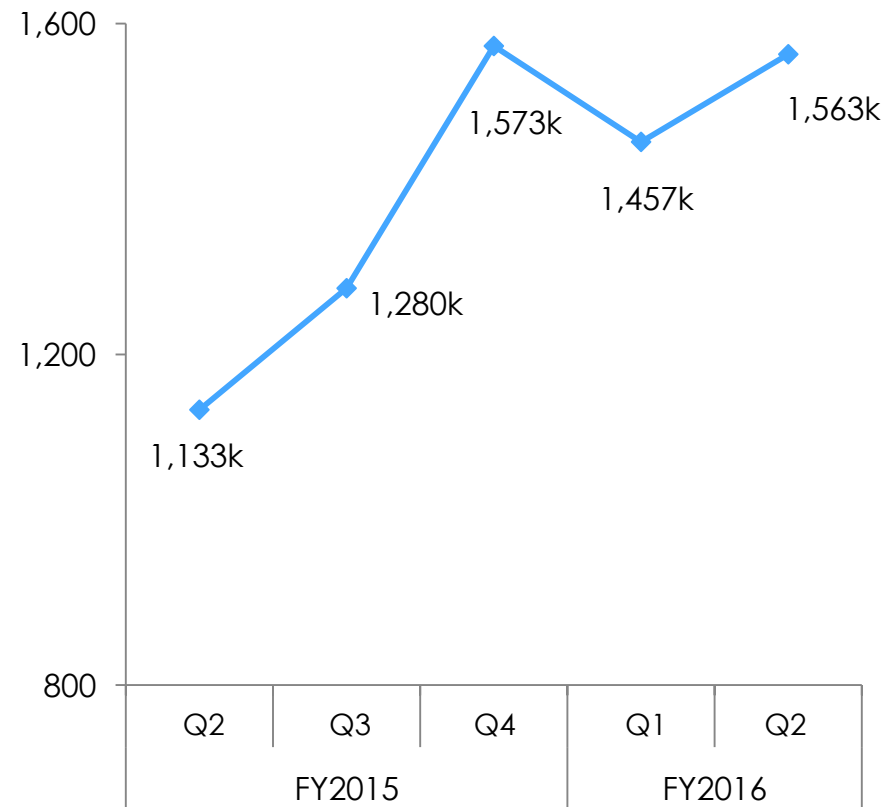


Tabelog: Domestic Business

Number of fee-paying restaurants and ARPU (in thousand, yen)



Number of individual paid subscribers in thousand



Tabelog: Initiatives to drive online reservations

- Growing online reservation inventory, as a result of new advertising products for restaurants
- Improved user-friendliness to drive use of online reservation system

New advertising products for restaurants

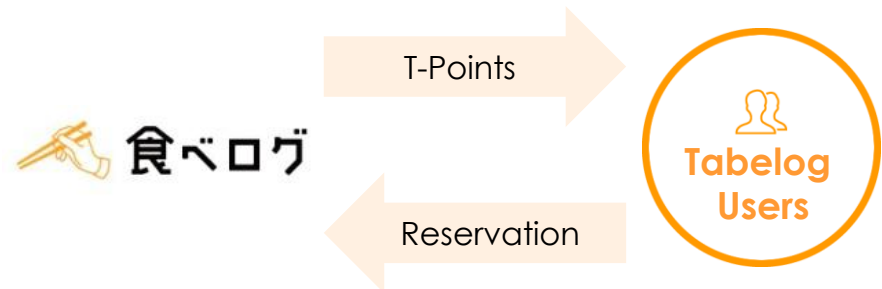
- ✓ Introduction of new pay-per-use plans in October
- ✓ Online reservations as restaurants' sales drivers

	Monthly fixed rate	Pay-per-use rate
New Premium 10 Plan	100,000 yen	Charge per person seated through Tabelog's online reservation service
New Premium 5 Plan	50,000 yen	<u>Dinner</u> : 200yen per person seated
New Basic Plan	25,000 yen	<u>Lunch</u> : 100yen per person seated

Note: These new pricing plans are being offered in Tokyo as of October 2016 but will gradually be rolled-out in other regions

Measures to drive online reservations

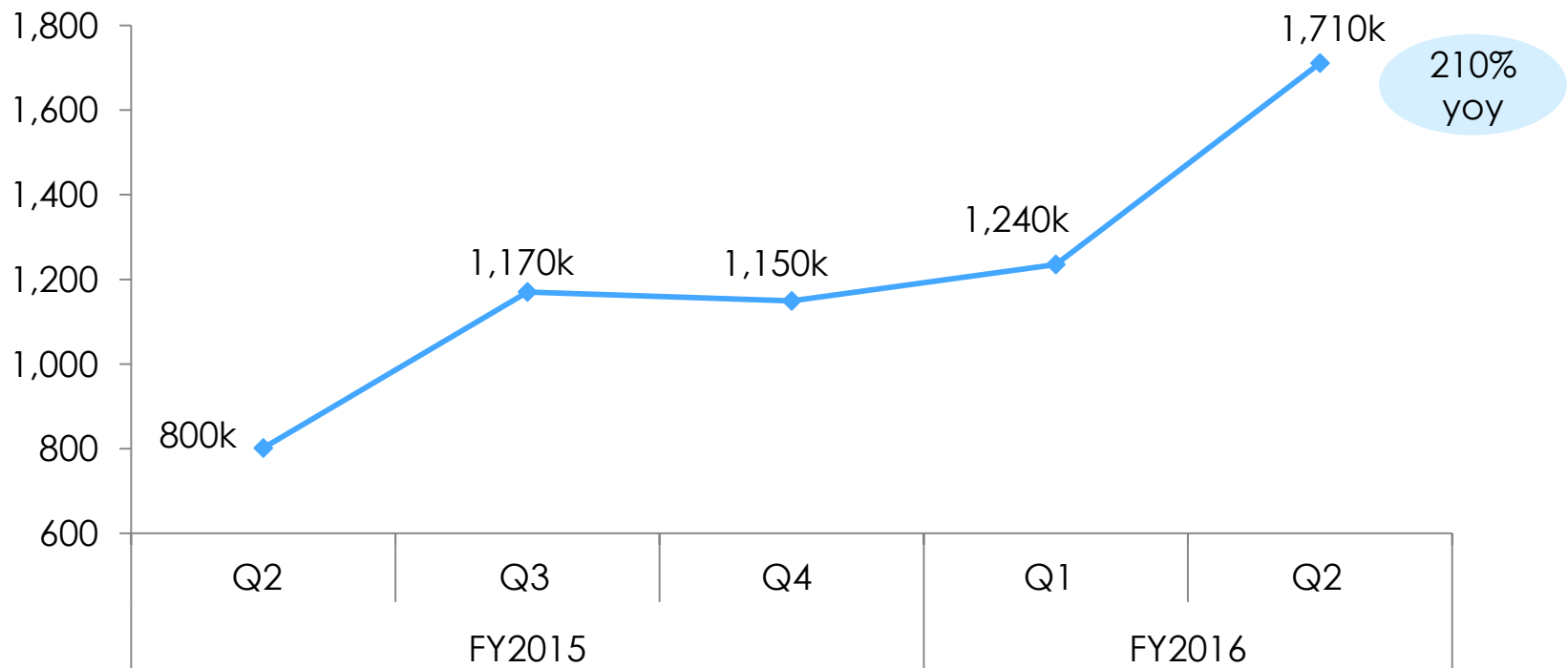
- ✓ Cooperation with LINE simplifies entering personal information when making online reservations
- ✓ Users are awarded T-Points for every seat reserved as an added incentive to use Tabelog's online reservation system



Tabelog: Progress in online reservation

- With a quarterly total of 1.71 million persons seated, twice as many online reservations as last year were made through Tabelog
- 90% of online reservations are for dinner, only 10% are for lunch.

Number of persons seated using Tabelog's online reservation system (in thousand)



Note: The number of reservations is calculated as follows,

Telephone bookings: The number of telephone calls exceeding a fixed talk time, multiplied by the average number of persons seated per online reservations

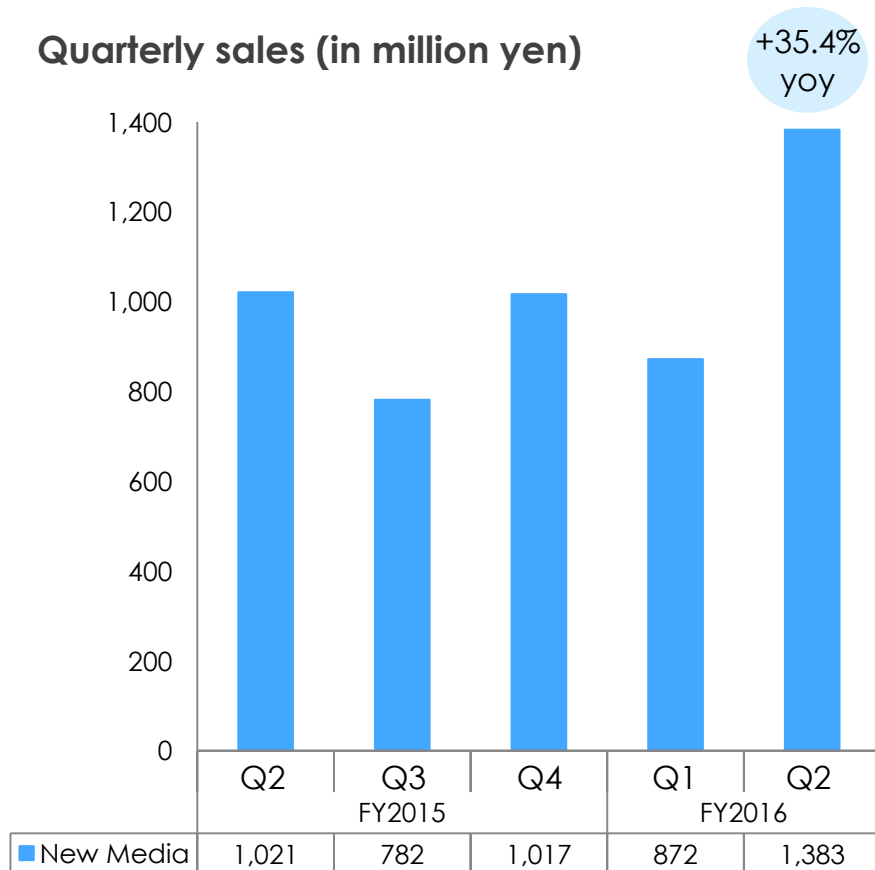
Online bookings: The number of persons seated through Tabelog's online reservation service

New Media

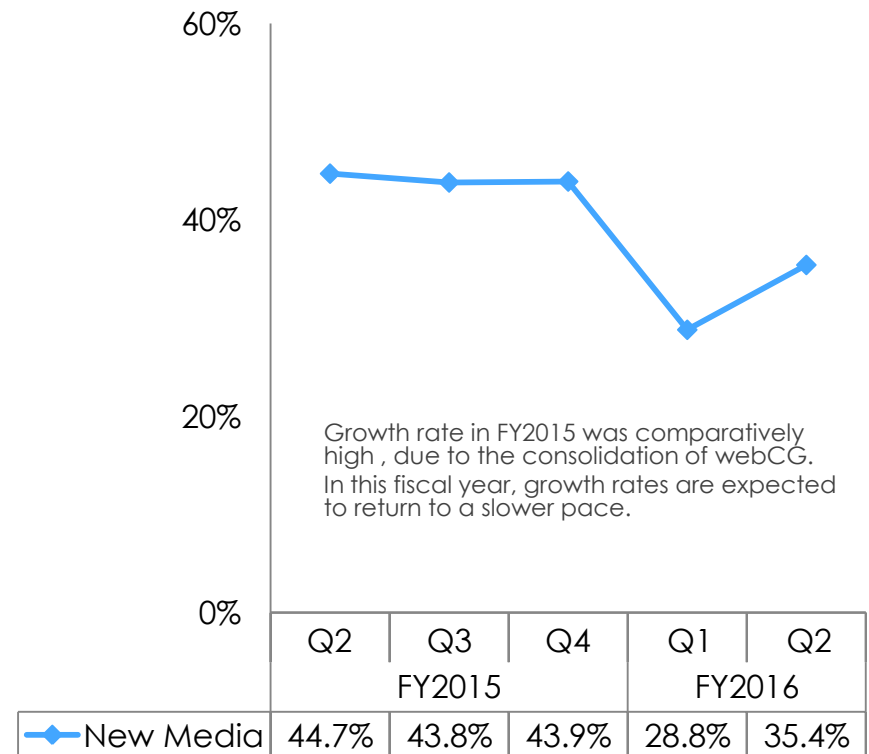
New Media: Overview

- Sales reached 1.38 billion yen (+35.4% yoy) based on a seasonally strong summer vacation season and Time Design's growing number of partnerships

Quarterly sales (in million yen)



Quarterly sales growth rates (%)



New Media: Recent developments

Time Design begins offering outbound dynamic packaging

As a first step in entering the outbound travel market, Time Designs partners with Hoshinoya Bali to offer flight reservations on the hotel's homepage, starting October 2016.

星のやバリ 航空券付宿泊プラン

出発地: 東京 (成田・羽田) 目的地: デンバサール (バリ)

出発日: 日付を選択 復路出発日: 日付を選択

■一部日程のみ宿泊する

座席クラス: エコノミー

大人 (18歳以上) 子供 (17歳以下) ※往路出発日時点の年齢

2人 0人

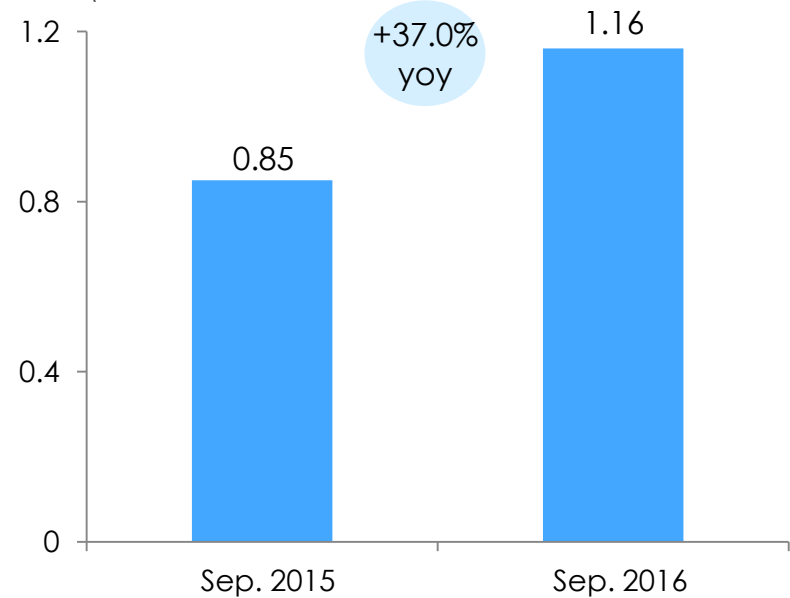
検索

企業・業種・販売
株式会社タイムデザイン
(社)日本旅行業協会正会員 観光庁登録旅行業第1977号
〒150-0013 東京都渋谷区恵比寿1-16-14 恵比寿ファーストスクエア8F
03(5)055519 営業時間: 月・金 (10:00-18:00) 休業日: 土日祝・年末年始
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webCG surpasses 1.16 million monthly users

The online media for car lovers, surpassed 1.16 million monthly users as of September 2016. webCG will continue to gain users, by offering articles on new models and test drives.

Nr. of Users (in million)

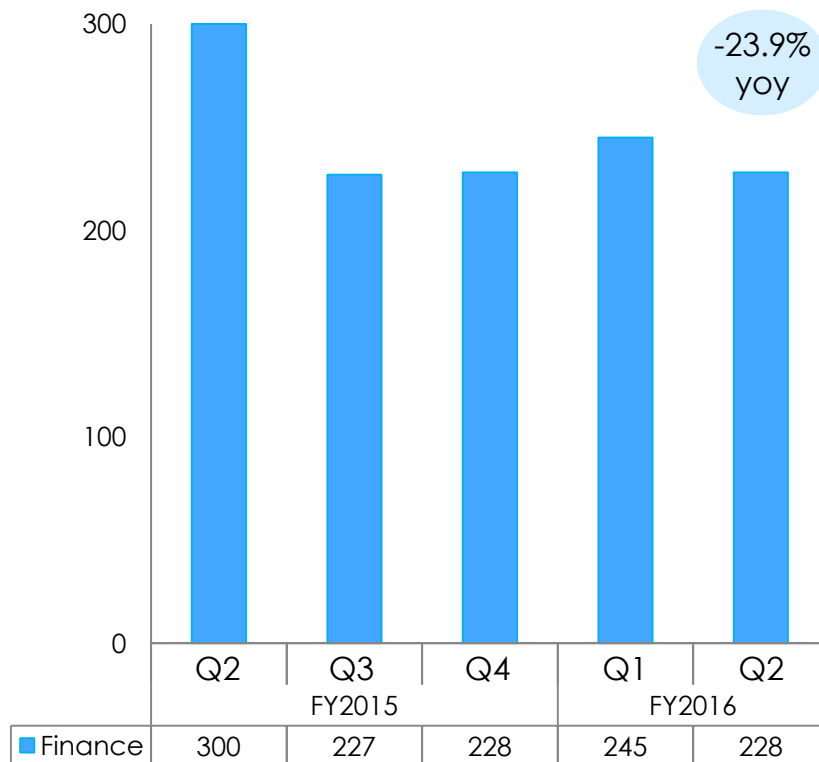


Note: "furusato nozei" is a special donation people offer to a local or prefectural government of their choice. This system was launched to help revitalize regional economies. Donors qualify for tax deductions and many local governments offer original gifts in exchange for donations.

Finance (Insurance Business) : Overview

- Changes in premiums and the maximum contract period for fire insurances, implemented in October 2015, led to a decrease in overall sales year-on-year with quarterly sales of 228 million yen.

Quarterly sales (in million yen)



Search for counseling services for insurances

Search and reservation service for insurance counseling services by area or other criterias, as of October.



Finance strategy

- Maintain focus on shareholder value and high capital efficiency while aiming for solid growth in the mid- to long-term

Management Index

Target ROE of 40%

Profit growth

Raise profit contribution of growth categories and maintain double-digit growth on a consolidated basis.

Distribution of resources

Growth investment

- Continue investments in growth categories, with a focus on human capital.
- Implementation of advanced technologies, such as artificial intelligence through partnerships and investments in human capital.
- Maintain organic growth as a basis for growth, while also considering strategic M&As.

Shareholder return

- Secure half a year's worth of cash flow as necessary working capital. Excess internal reserves to be returned to shareholders.
- Dividend pay-out twice a year and acquisition treasury stock when appropriate.

Reference Data

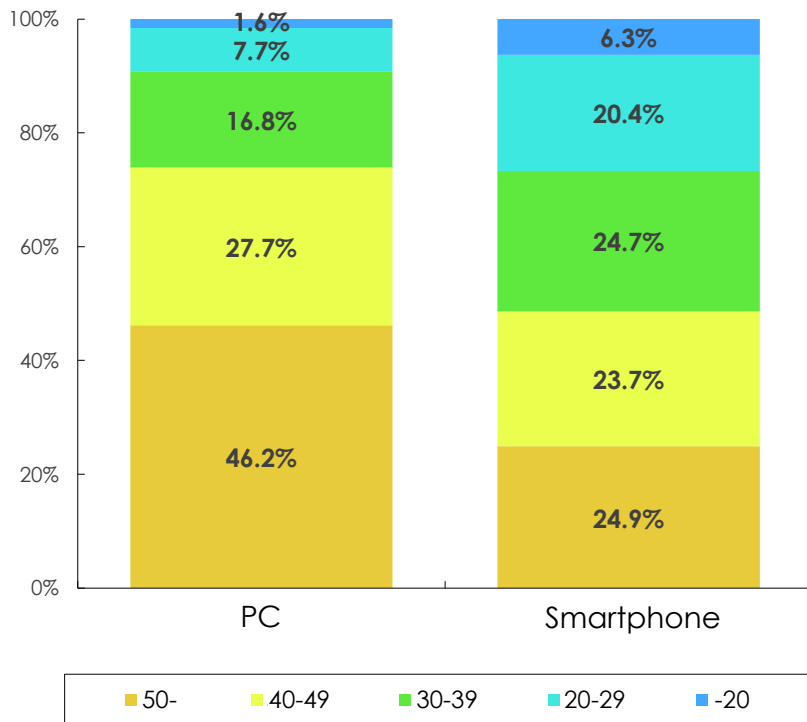
Segments and Business Description

Segment	Site Category	Business Category	Business Description
Internet Media	Kakaku.com	Shopping	<ul style="list-style-type: none"> Commission income from registered shops based on the number of clicks and sales performance
		Service	<ul style="list-style-type: none"> Commission income based on factors including the number of broadband network contracts Commission income based on requests for estimates and/or information materials for car insurance, finance, and used car searches
		Advertising	<ul style="list-style-type: none"> Advertising income from banners, text advertisements, content and search based advertising on <i>Kakaku.com</i>
	tabelog	tabelog	<ul style="list-style-type: none"> Income from <i>tabelog</i> (income from advertisements for restaurants and other companies, income from a pay-per-use business targeting individuals, etc.)
	Other	New Media	<ul style="list-style-type: none"> Income from operated sites such as <i>yoyaQ.com</i>, <i>4travel</i>, <i>Sumaity</i>, <i>Time Design</i>, <i>eiga.com</i>, and <i>webCG</i>
Finance		Finance	<ul style="list-style-type: none"> Commission income from a <i>general independent insurance</i> agency business for life insurance, non-life insurance, etc. *Operated by Kakaku.com Insurance, Inc.

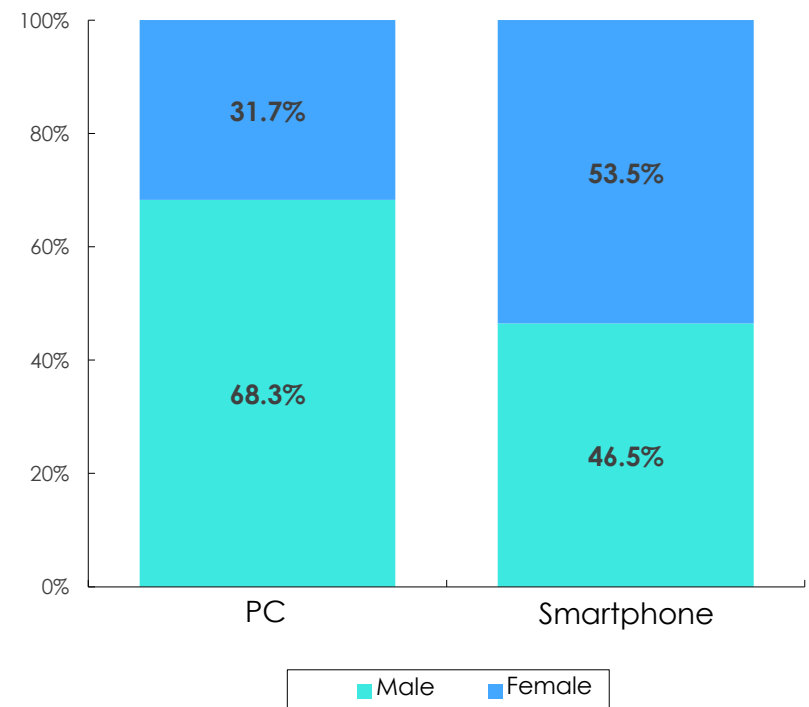
Operated Website User Profile

- Users above 30 account for less than 90% of total users on PC, but only 70% on smartphones.
- While male user ratio is higher for PC, male-female ratio on smartphones is almost 50/50.

Age Distribution



Male-Female Ratio

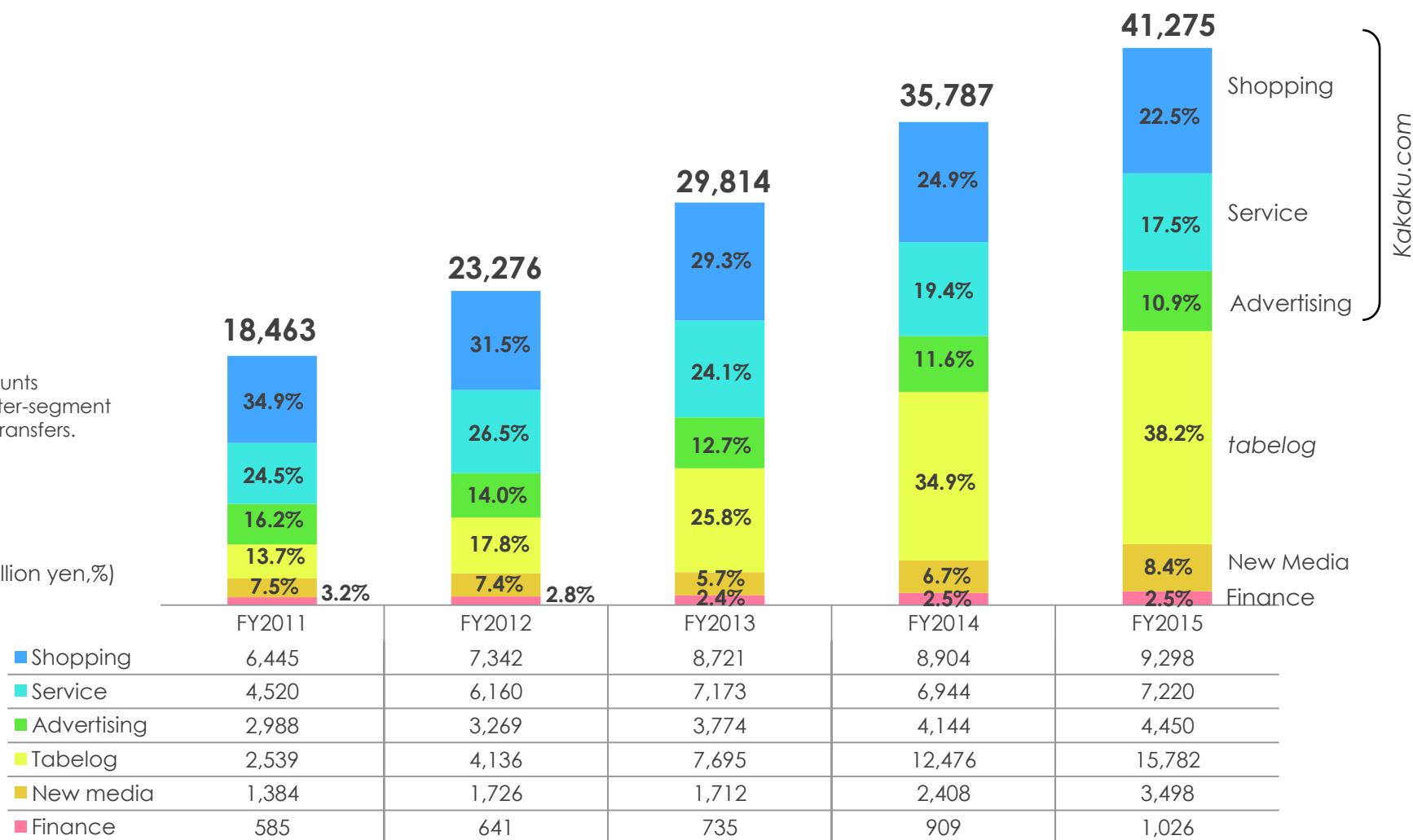


Note: Age distribution and male-female ratio: Excerpted from a Nielsen Online Spt 2016 study (Home & Work Data)

Sales Contribution by Business by Fiscal Year (Consolidated)

Note: Amounts exclude inter-segment sales and transfers.

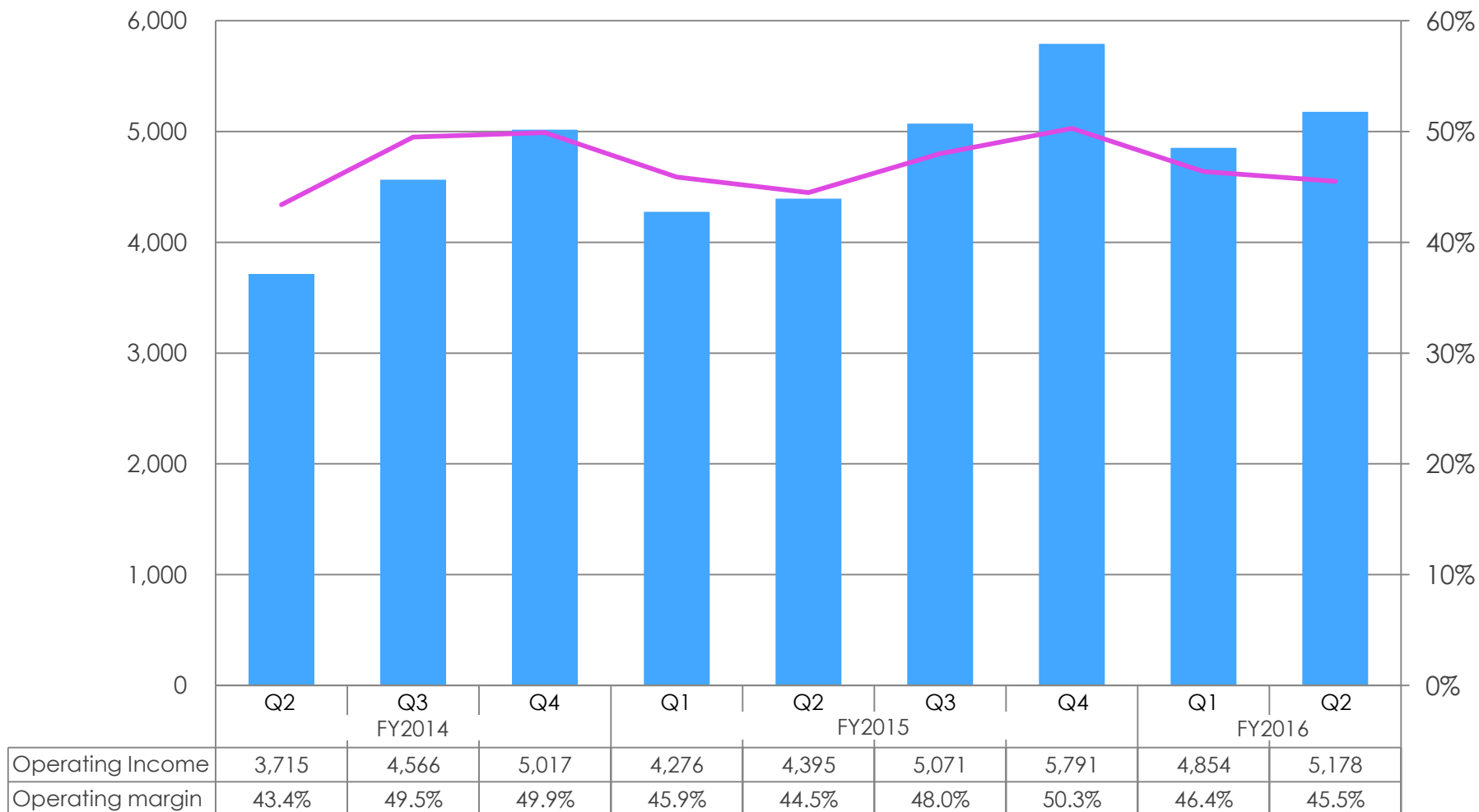
(Unit: million yen,%)



Kakaku.com

Operating Income by Quarter (Consolidated)

(Unit: million yen, %)



Note: Tabelog Inc. and Time Design Co, Ltd. are included in consolidated accounts from FY2014 1Q
webCG, Inc. is included in consolidated accounts from FY2015 1Q

Kakaku.com Group Service Overview

<p>◆ [Kakaku.com] Purchasing support site</p> 	<p>◆ [tabelog] Restaurant ranking and user review site</p> 	<p>◆ [yoyaQ.com] last minute discounts on hotels and Japanese style inns</p> 
<p>◆ [PHOTOHITO] Photo community site</p> 	<p>◆ [4travel] Travel review and comparison site</p> 	<p>◆ [eiga.com] Movie information site</p> 
<p>◆ [Sumaity] Real estate and housing information site</p> 	<p>◆ [Kakaku.com Insurance] Insurance consulting service</p> 	<p>◆ [recipom] Recipe app</p> 
<p>◆ [Vinica] Wine app for sharing and remembering wines</p> 	<p>◆ [Tabélog] Gourmet media for the US</p> 	<p>◆ [Priceprice.com] Purchasing support site for Southeast Asian</p> 
<p>◆ Dynamic package reservation system (Time Design, inc.)</p> 	<p>◆ [Kinarino] Curated lifestyle media</p> 	<p>◆ [web CG] Online media for car lovers</p> 
<p>◆ [FX Compass] FX related information, commentary and forecast on foreign exchange market</p> 	<p>◆ [Akiba-souken] Akiba style information and community site</p> 	<p>◆ [+CLAP Men] Online media for men's fashion</p> 
<p>◆ [icotto] Travel and gourmet online media</p> 	<p>◆ [tascare] Local portal for information on geriatric nursing</p> 	<p>◆ [Kyujiin-box] Job classifieds</p> 

Note: [Kakaku.com Insurance] is operated by Kakaku.com Insurance, Inc., [eiga.com] is operated by eiga.com, Inc, [webCG] is operated by webCG, inc.

Company Profile

- Company Name Kakaku.com, Inc.
- Address DIGITAL GATE BUILDING, 3-5-7,
Ebisu minami, Shibuya-ku, Tokyo 150-0022
- Founded December 1997
- Website <http://corporate.kakaku.com/?lang=en>
- Share Listing The First Section of Tokyo Stock Exchange
- Stock Code 2371
- Related Companies
Kakaku.com Insurance, Inc. (<http://hoken.kakaku.com/insurance/company.html>)
4travel, Inc. (<http://4travel.jp/>)
eiga.com, Inc (<http://eiga.com/>)
Time Design Co., Ltd. (<http://www.timedesign.co.jp/>)
Tabélog, Inc. (<http://www.tabelog.us/>)
webCG, Inc. (<http://www.webcg.net/>)

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For further information please contact: ir_info@kakaku.com