

July 28, 2014

**2<sup>nd</sup> Quarter, Business Results for the  
Fiscal Year Ended December 31, 2014**



# **2014Q2 (Apr-Jun)**

## **Summary of Consolidated Financial Results**

\* Unstated amounts are rounded down to the nearest one million yen unit, and percentages are rounded to the nearest unit.

# 2014Q2 Summary



## ✓ Gross profit margin improved

※Excluding Investment and Value Creation Business

Consolidated : +0.3p from Q1  
+0.7p from previous Q2

Non-consolidated :  
+1.1p from Q1  
+1.6p from previous Q2

## ✓ New ad solutions of 5 focus areas are steadily growing up

Social ads and Online video ads are especially growing



## ✓ Investments in 5 focus areas

(Such as “Private Brands(PB)”)

- Investment in human capital : assigned approx 200 employees
- Continuing R&D : some products launch in Q3

## ✓ Accelerating M&As

- Approx 1.45bil. yen in Q2, 5.1bil. yen in H1
- Total investments in 18 companies in H1

# 2014Q2 Consolidated Financial Results



	2013Q2	2014Q2	
	Results	Results	YoY
Revenue	15,915	15,158	(4.8%)
Gross Profit	3,079	2,894	(6.0%)
SGA	2,609	3,017	+15.6%
Operating income	469	(123)	—
Ordinary income	432	(212)	—
Net income	116	(550)	—
Gross profit margin	19.4%	19.1%	(0.3p)
Operating income margin	3.0%	—	—
Net income margin	0.7%	—	—



# (Reference) 2014Q2 Consolidated Financial Results

**※Excluding Investment and Value Creation Business**

	2013Q2	2014Q2	
	Results	Results	YoY
Revenue	15,470	15,158	(2.0%)
Gross profit	2,845	2,894	+1.7%
SGA	2,600	3,002	+15.5%
Operating income	245	(108)	—
Gross profit margin	18.4%	19.1%	+0.7p
Operating income margin	1.6%	—	—



## Advertising & Solution Business

**Revenue 13,822**

**Operating Loss 86**

- **Increase SGA by continuing to invest in private brand and earning incentives.**
- **Improve gross profit margin by 2points compared with corresponding previous Q by making changes to product mix.**



## Database Business

**Revenue 500**

**Operating Income 5**

- **Revenue increased by 3.3%, excluding effect of changes in consolidation scope (Hottolink excluded from consolidation)**
- **Intensive investment in Xrost DSP for adding new functions**



# 2014Q2 Performance



## S & C Business

Revenue	585
Operating Income	43

## Overseas Business

Revenue	416
Operating Loss	70

## Investment and Value

### Creation Business

Operating Loss	15
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- Continue active investments
- No sales of Operational Investment Securities in Q2

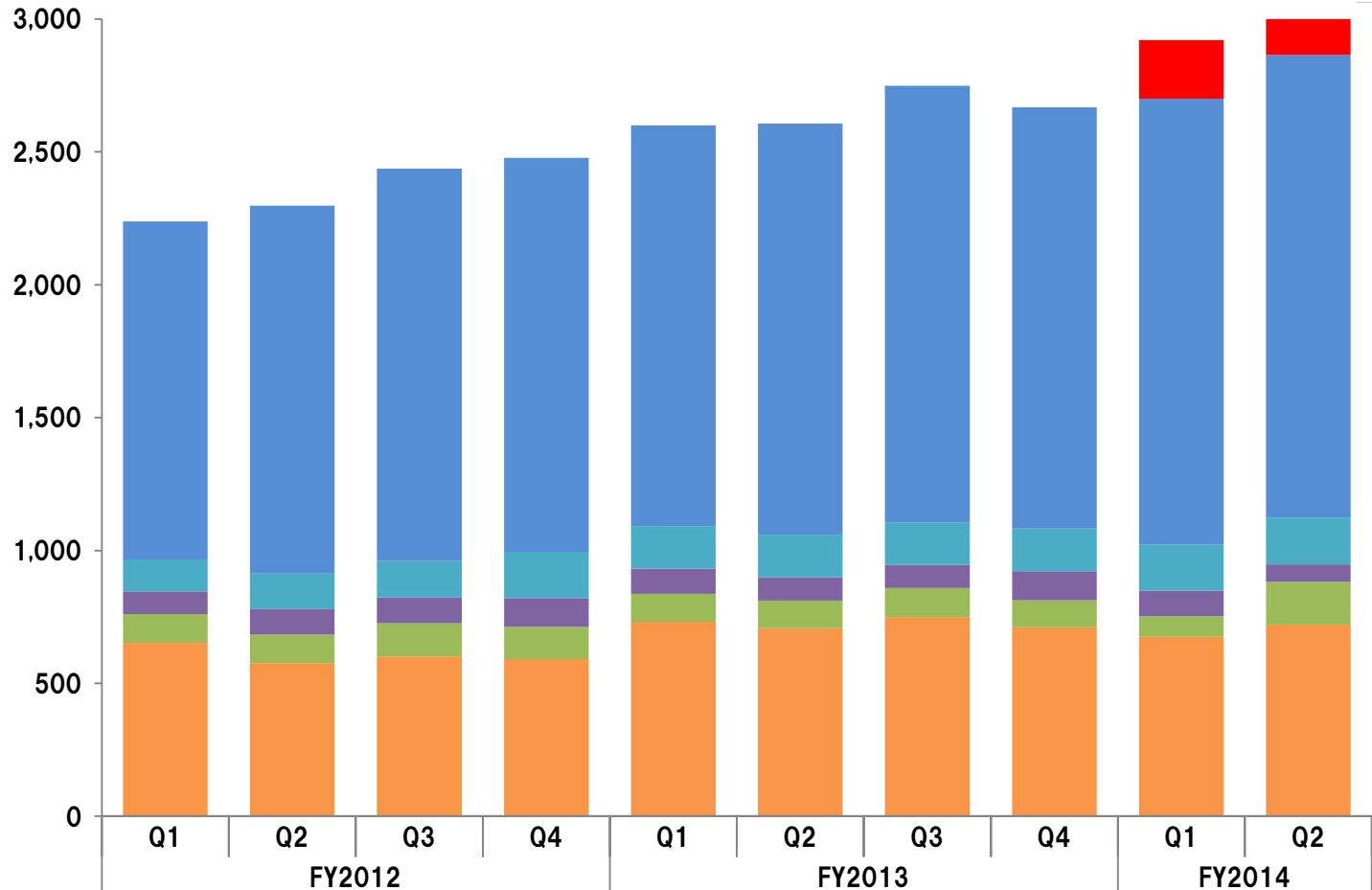
# Revenue and Operating Income by Segment (Q)



Changes to business alliance  
with Dentsu from 2013 Q2

		2013				2014		14Q1 Comparison	13Q2 Comparison
		Q1	Q2	Q3	Q4	Q1	Q2		
Advertising & Solution Business	Revenue	20,134	13,132	12,756	12,390	13,608	13,822	+1.6%	+5.3%
	Operating income	436	191	6	70	(117)	(86)	-	-
Database Business	Revenue	738	694	789	909	575	500	(13.0%)	(27.9%)
	Operating income	104	42	68	237	40	5	(86.9%)	(87.6%)
S&C Business (Social & Consumer)	Revenue	575	575	641	572	588	585	(0.6%)	+1.7%
	Operating income	(19)	56	19	(26)	29	43	+45.3%	(22.8%)
Overseas Business	Revenue	948	1,149	1,079	311	349	416	+19.2%	(63.7%)
	Operating income	(52)	(46)	(54)	(12)	(46)	(70)	-	-
Investment and Value Creation Business	Revenue		444	154	0	4,654	0	-	-
	Operating income		224	60	(11)	4,482	(15)	-	-
Total	Revenue	22,329	15,915	15,303	14,075	19,602	15,158	(22.7%)	(4.8%)
	Operating income	471	469	100	258	4,388	(123)	-	-
Operating income (without Investment and Value Creation Business)			245	40	270	(94)	(108)	-	-

# Consolidated SGA Costs

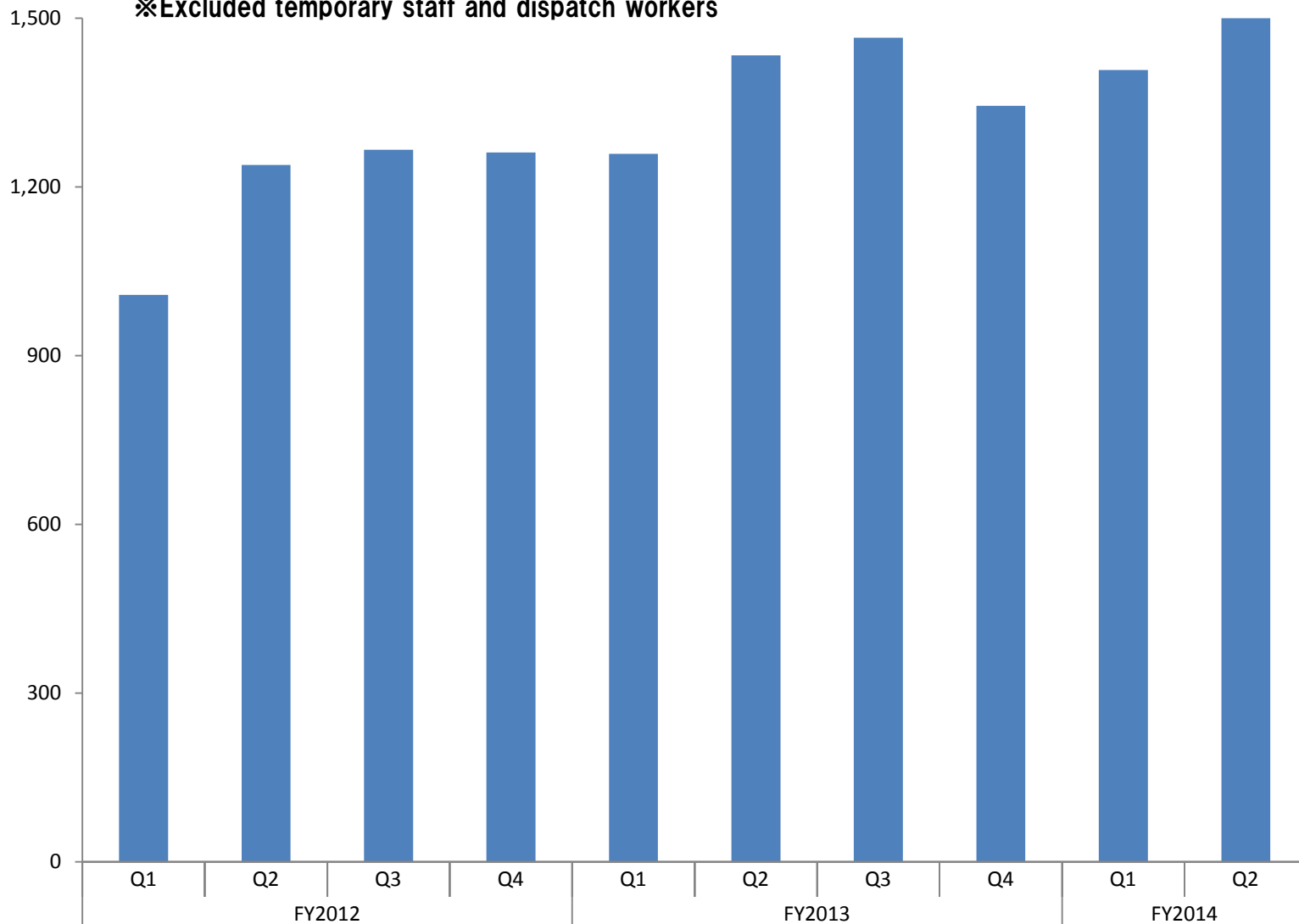


	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	FY2012				FY2013				FY2014	
<b>Total SGA</b>	2,241	2,301	2,439	2,479	2,604	2,609	2,753	2,669	2,924	3,017
<b>Earning incentives (non-consolidated basis)</b>									221	150
<b>Personal expenses</b>	1,273	1,385	1,477	1,483	1,509	1,546	1,644	1,585	1,679	1,741
<b>Rents</b>	120	134	137	174	161	161	161	161	173	177
<b>Advertising expenses</b>	85	96	97	109	94	88	86	109	95	65
<b>Depreciation and amortization</b>	109	107	124	121	105	103	110	102	78	161
<b>Others</b>	652	576	602	591	732	708	749	711	675	721

# Consolidated Number of Employees



※Excluded temporary staff and dispatch workers



Consolidated number of employees	1,008	1,239	1,266	1,261	1,259	1,434	1,465	1,344	1,408	1,626
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# Balance Sheets Summary



FY2013

2014Q2

Current Assets	32,430	25,154
Fixed Assets	7,225	10,600
<b>Total assets</b>	<b>39,656</b>	<b>35,755</b>
Liquidity liabilities	13,898	14,689
Fixed liabilities	591	2,004
<b>Total liabilities</b>	<b>14,489</b>	<b>16,693</b>
<b>Total net assets</b>	<b>25,166</b>	<b>19,061</b>
<b>Total liabilities and net assets</b>	<b>39,656</b>	<b>35,755</b>

## 【Current Assets】

- Increase in Cash and Deposits, and decrease in Operating Investment Securities due to sale of Hottolink, Inc.
- Decrease in Cash and Deposits due to share buy-back and M&As

## 【Fixed Assets】

- Goodwill increase due to M&A

## 【Liquidity and fixed liabilities】

- Debt increase due to borrowing executed toward business expansion

The background features several light blue, elongated, teardrop-shaped abstract elements scattered across the white space. These shapes vary in size and orientation, creating a modern, minimalist aesthetic. The text is centered horizontally and partially overlaid by one of these larger shapes.

# **Progress on Earnings Forecasts**

# Progress on Earnings Forecasts



	<b>FY2014</b>	<b>2014H1</b>	
		<b>Forecasts</b>	<b>Result</b>
<b>Revenue</b>	<b>67,000</b>	<b>34,760</b>	<b>51.9%</b>
<b>Operating income</b>	<b>5,100</b>	<b>4,264</b>	<b>83.6%</b>
<b>Ordinary income</b>	<b>4,950</b>	<b>4,091</b>	<b>82.6%</b>
<b>Net income</b>	<b>2,700</b>	<b>1,948</b>	<b>72.1%</b>

The background features several light blue, elongated, teardrop-shaped abstract elements scattered across the white space. These shapes vary in size and orientation, creating a subtle, organic pattern.

# **«Vision and Strategy»**





**FY 2014**  
**"Year of**  
**Investments"**

# «Focus areas in 2014»

## **1. “Private Brand(PB)”**

**: Concentrate investments in  
5 focusing areas**

## **2. Strengthen “Investment and Value Creation Business”**

The background features several light blue, abstract, teardrop-shaped elements scattered across the white space, creating a modern and clean aesthetic.

# 1. Concentrate investments On Private Brands



# **5 areas in e-marketing are expected to grow rapidly**

**1.Omni-channel**

**2.Online video**

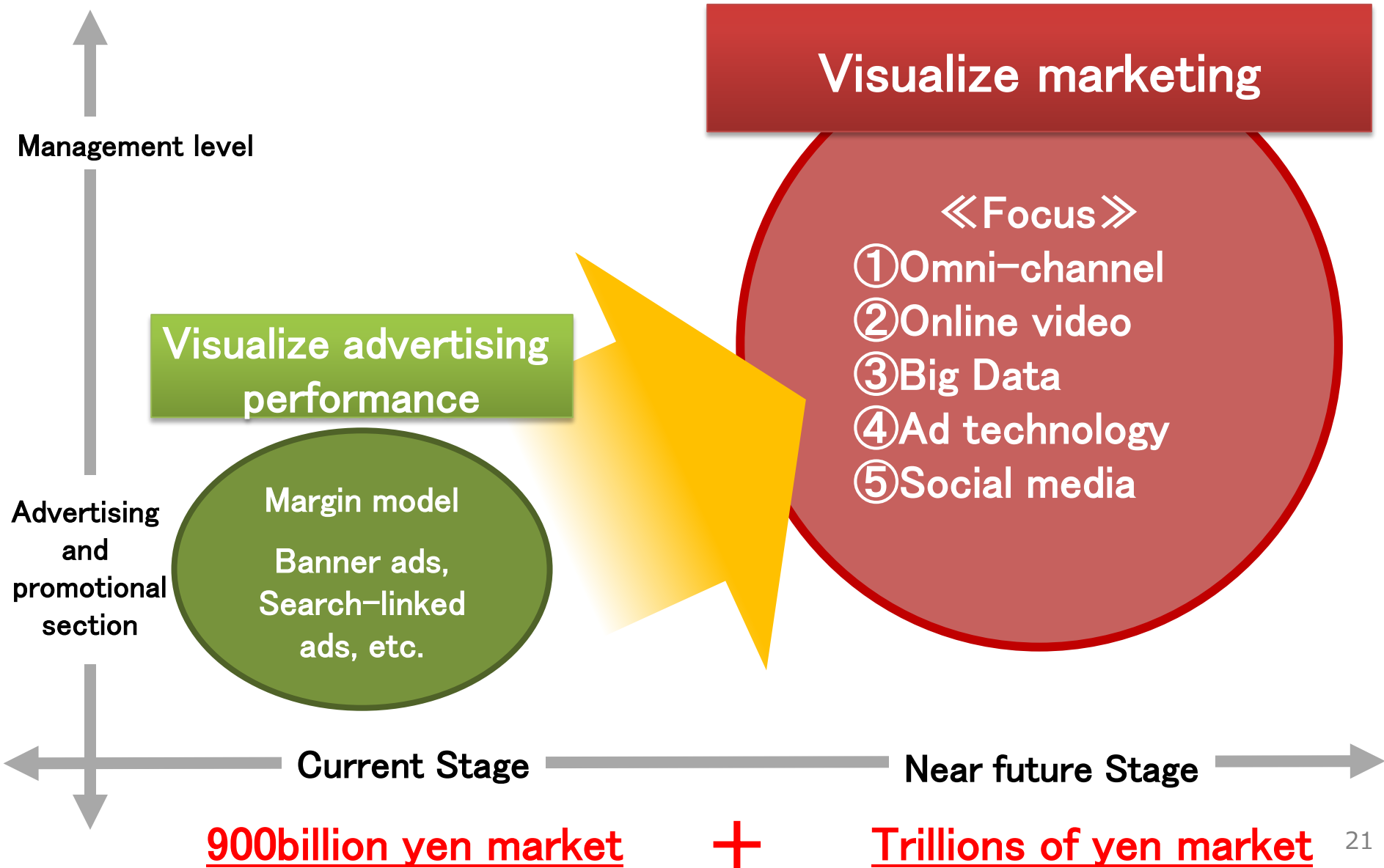
**3.Big data**

**4.Ad technology**

**5.Social media**

**Hundreds of billions-yen market each**

# Concentrate investment on 5 focus areas

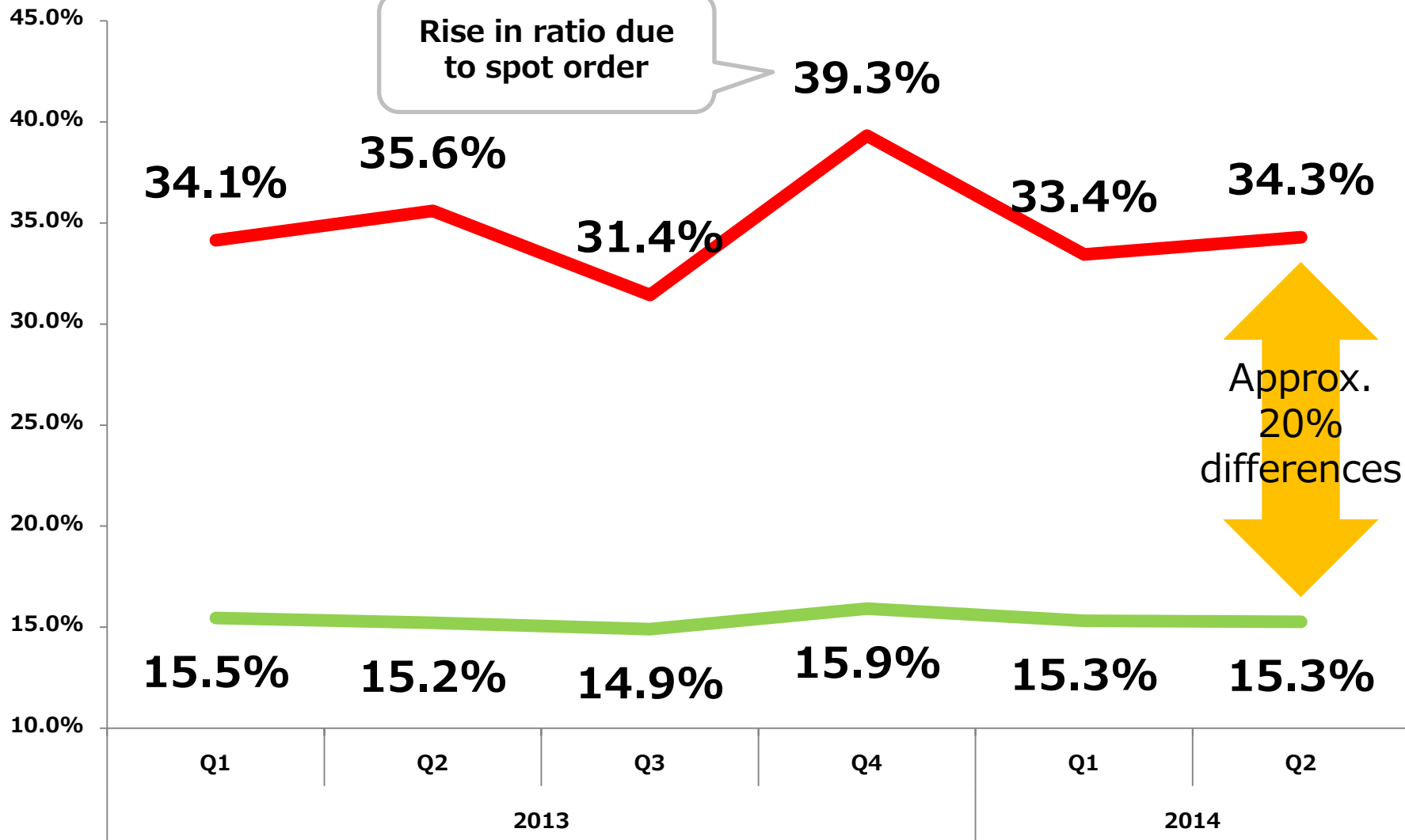


# Differences between PB products and general products



PB product gross profit margin  
General product gross profit margin

Rise in ratio due to spot order

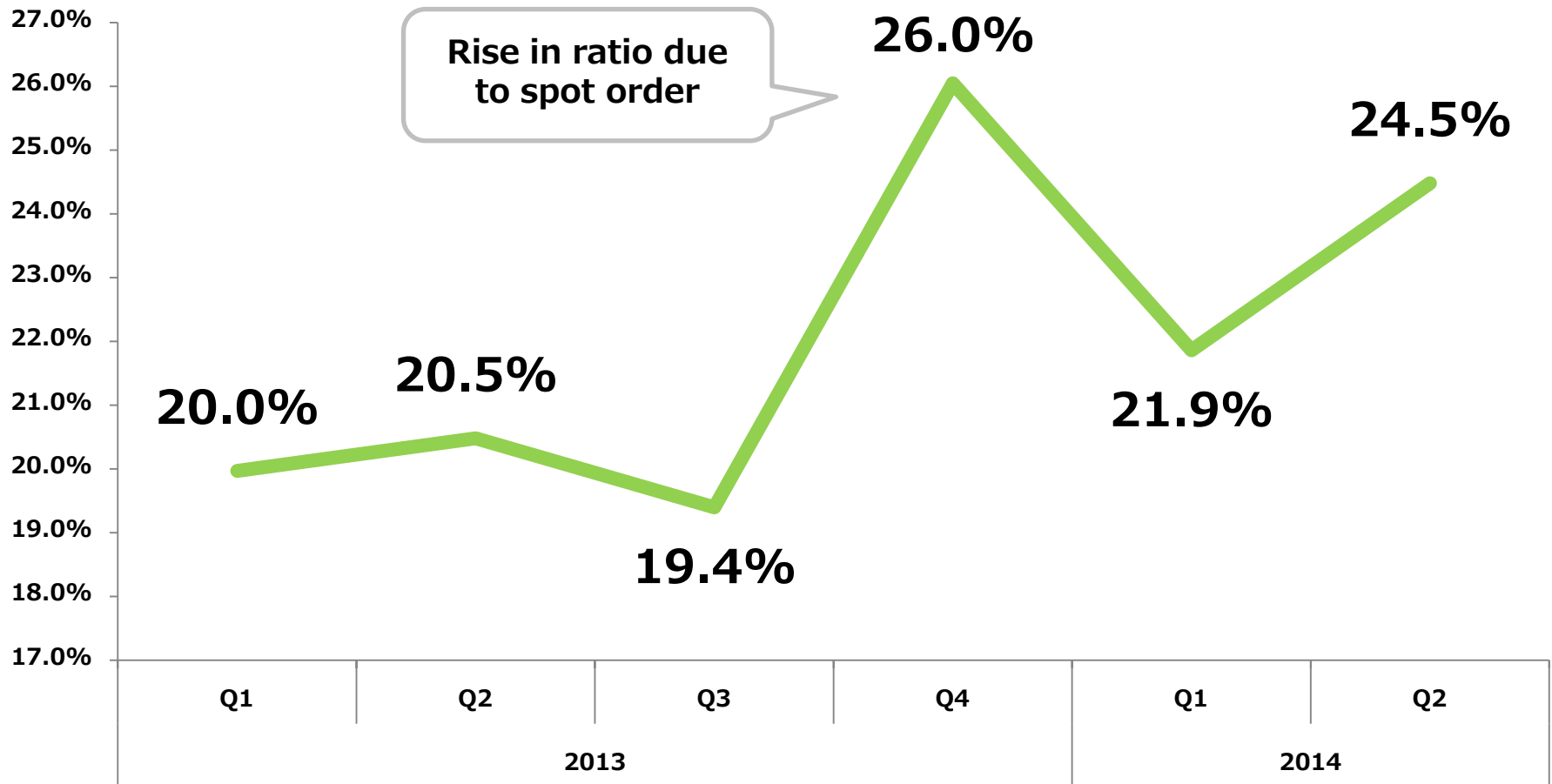


Approx. 20% differences

# Gross profit shares of PB products



## Product mix of PB targets 30% share



The background features several light blue, abstract, leaf-like or petal-like shapes of varying sizes and orientations, scattered across a white background. The shapes are soft-edged and have a slight gradient, giving them a three-dimensional appearance.

# Recent activities





 SoftBank 

**opt**   
*e-marketing company*



GENERATE

# Structure of Business Alliance with SoftBank Telecom Corp.

Supporting Softbank Telecom Corp. to  
enter the market in  
Data×Omni-channel×Ad technology

 SoftBank

Customer base  
cloud infrastructure.  
Supporting to change  
Omni-channel.  
ICT services.



GENERATE

**SoftBank  
Telecom Corp.**

**60%**

**OPT**

**40%**

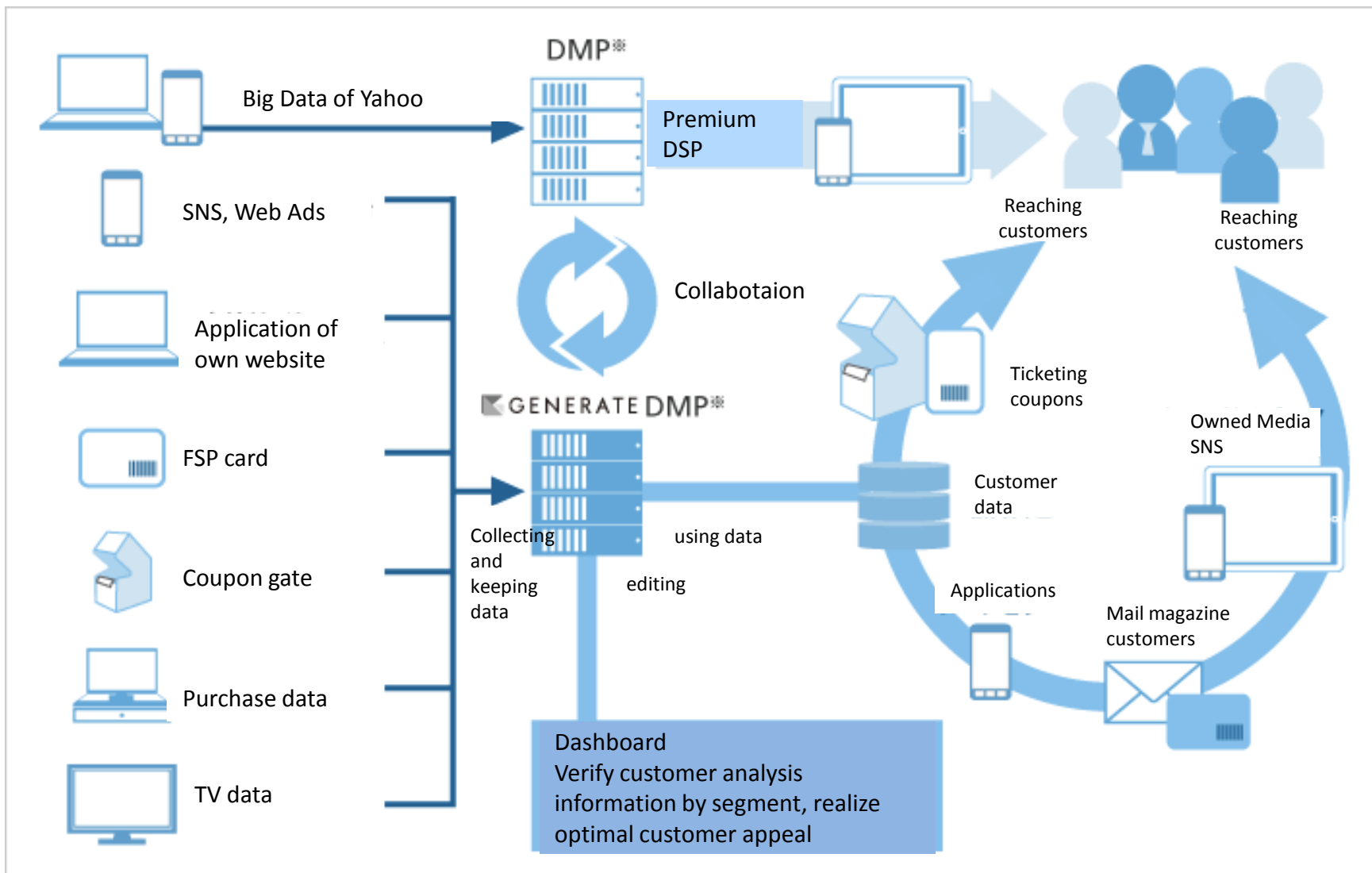
**opt** 

*e-marketing company*

R&D of Adtechnology.  
Advertising effectiveness  
measurement system.  
Omni-channel Database.  
Ad operation.



# Generate's Digital marketing platform plan





## 2. Strengthen Investment and Value Creation Business

**<Strengthen Investment and Value Creation Business>**

# Plans for Investment and Value Creation Business

# Top 30 Market capitalization in the world(1990)



**21 out of 30 are Japanese companies**

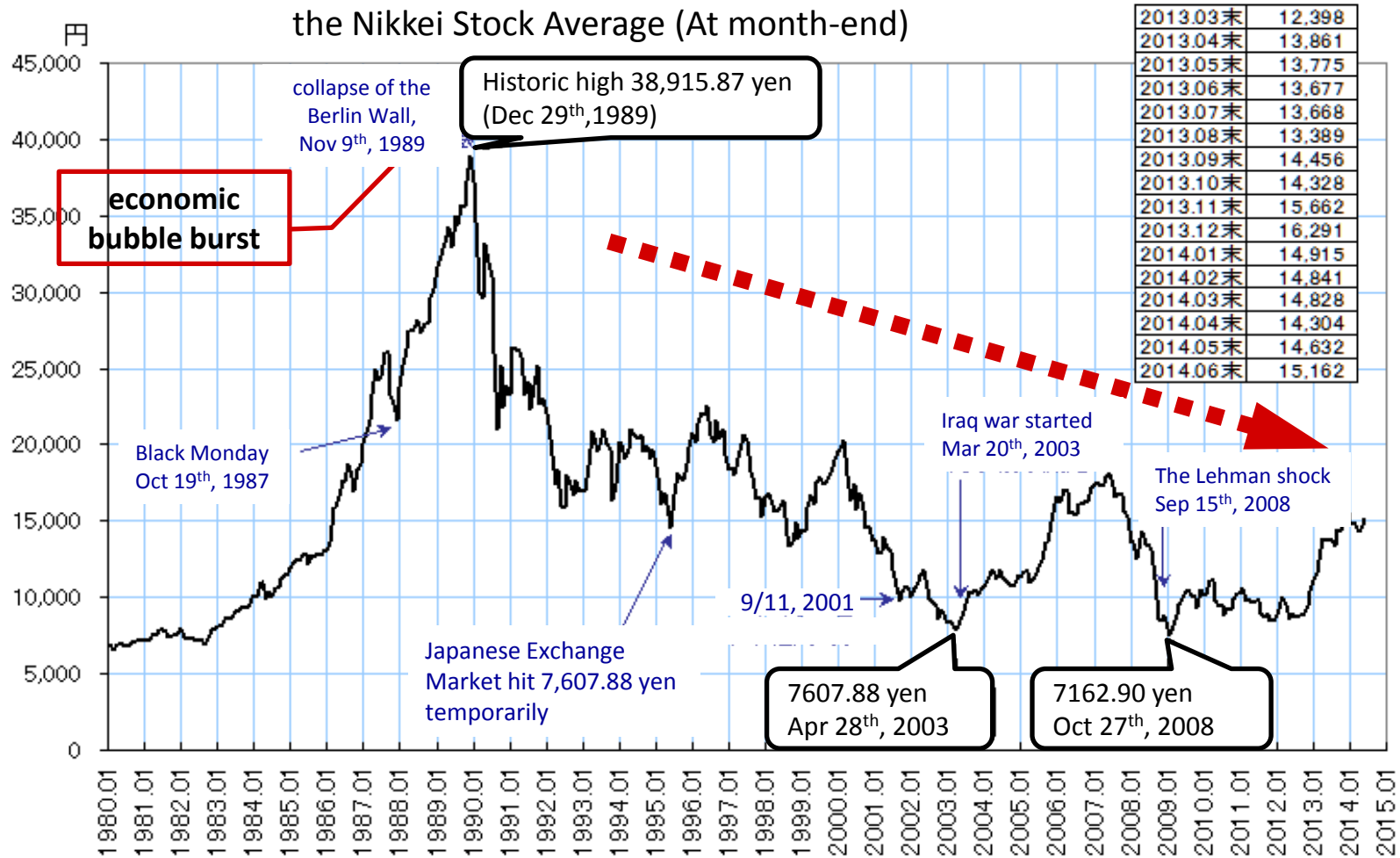
Peak high economic growth era, 1950~  
1990.

Proof and end of success for Japanese  
model growth.



# Stock prices of Japan

## ( Dip less than a third after peaking in 1990)



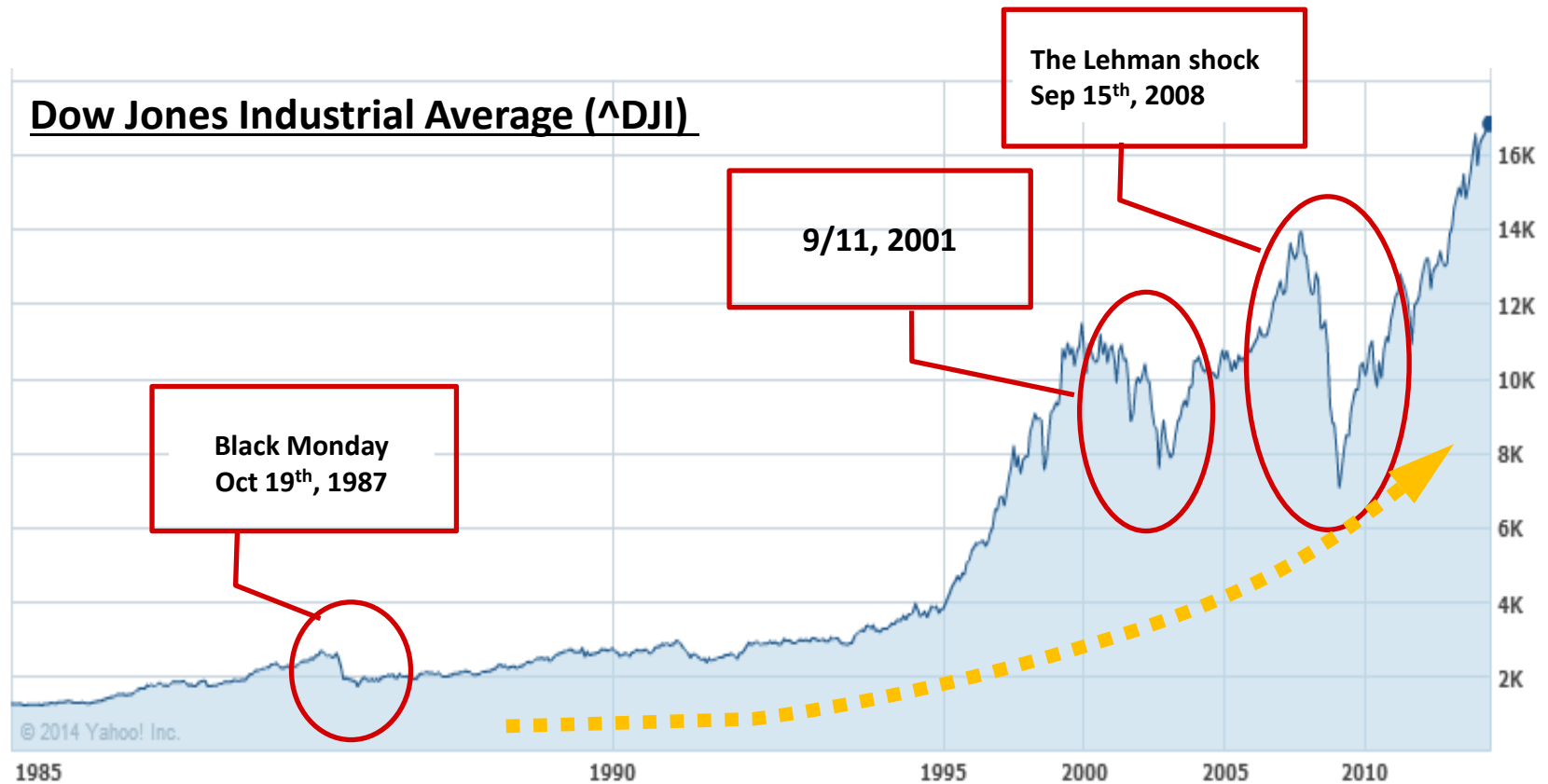
Noted: Average Stock Price of 255 index of Tokyo Stock Exchange. Main events refers to The Tokyo Shinbun As of Oct 28<sup>th</sup>, 2008

Refers to Website of Bank of Japan, Nikken Heikin Shiryoushitsu of Nikkei Inc. etc.

# Stock prices of the States



US National commitment of helping Venture Companies results in gaining economic supremacy in the world







# Market capitalization rank in 2014

28 out of top50 were companies from US.

Toyota is the only one from Japan.

Half of them are internet and IT related companies.

**→Have to be created from Japan, too.**

- Apple
- IBM
- Google
- Microsoft
- intel
- facebook
- AT&T
- Amazon
- verizon
- ORACLE
- COMCAST

# To make “growing companies” is contribution to society



Under 1 % (ammount of companies)  
48% (percent of GDP)

Under 7% (ammount of companies)  
**44%** ( **percent of GDP** )  
**87%** ( **percent of new hiring** )

\* definition of growing companies :  
grow at an annual average rate of more than 15%

**Big  
Companies**

**Growing  
Companies**

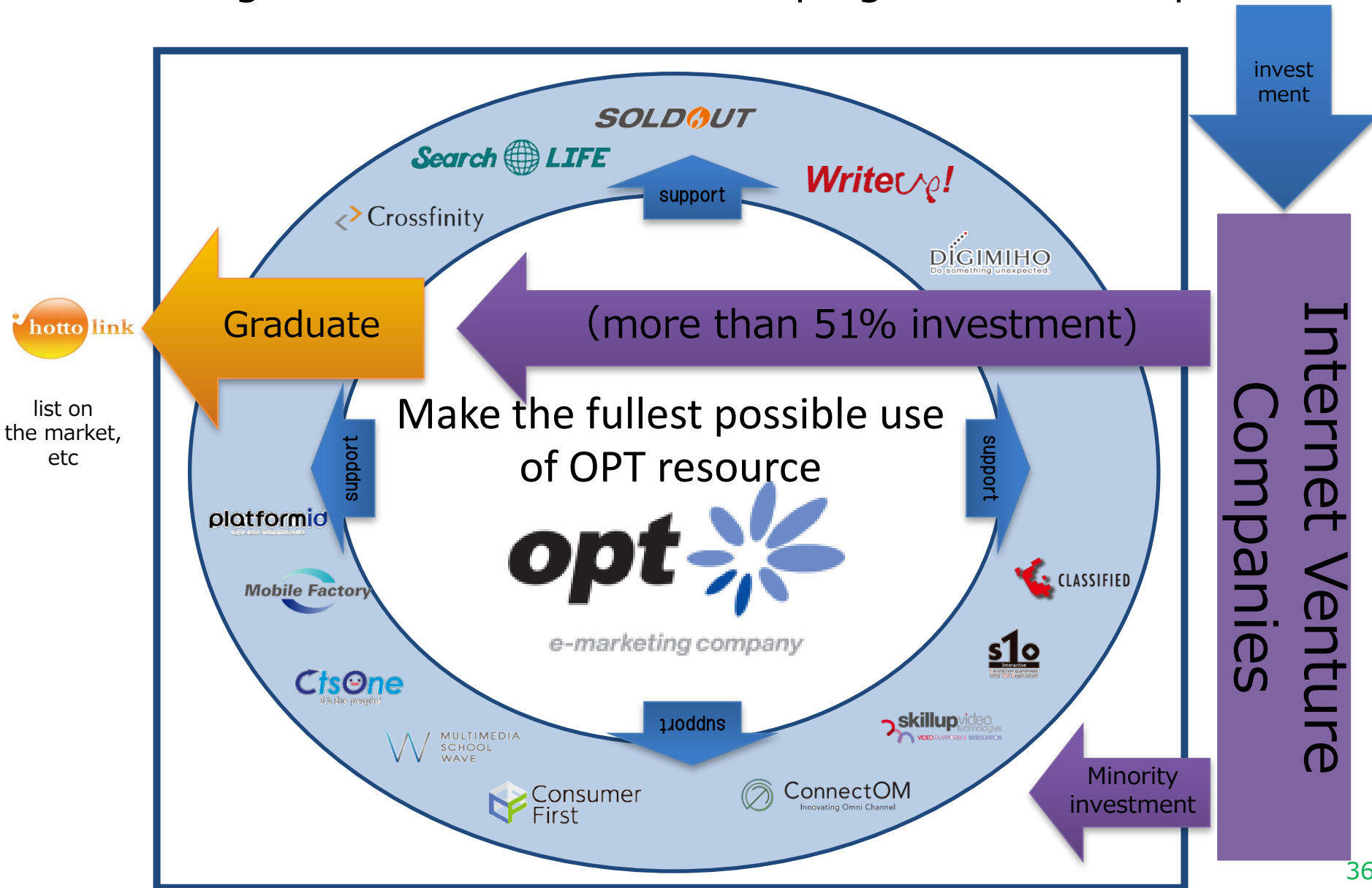
Over 90% (ammount of  
companies)  
8% ( percent of GDP )

**Medium-sized  
companies**

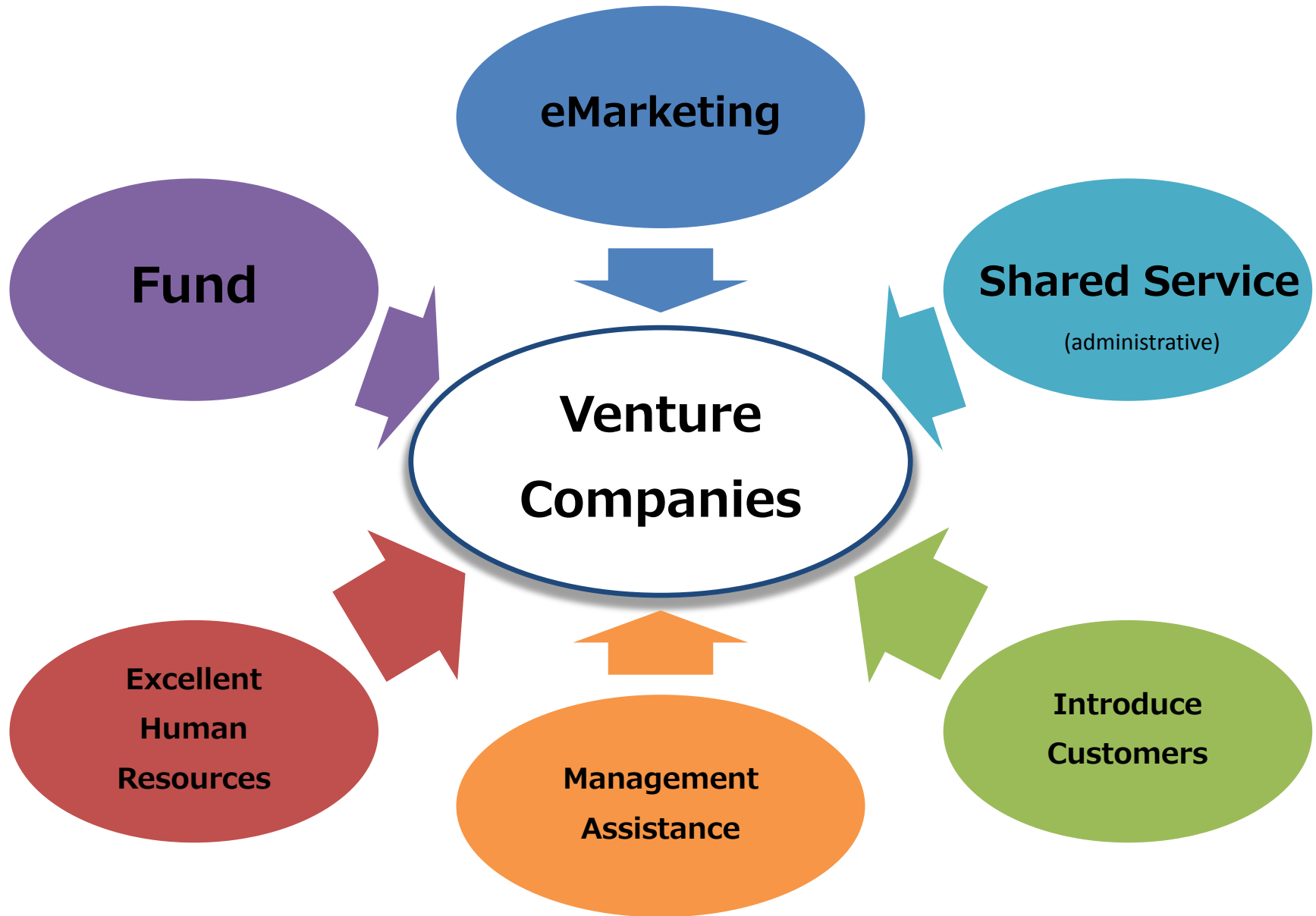
The concept of  
Business Creation Platform

# Business Creation Platform

Structuring the new model of developing Venture Companies



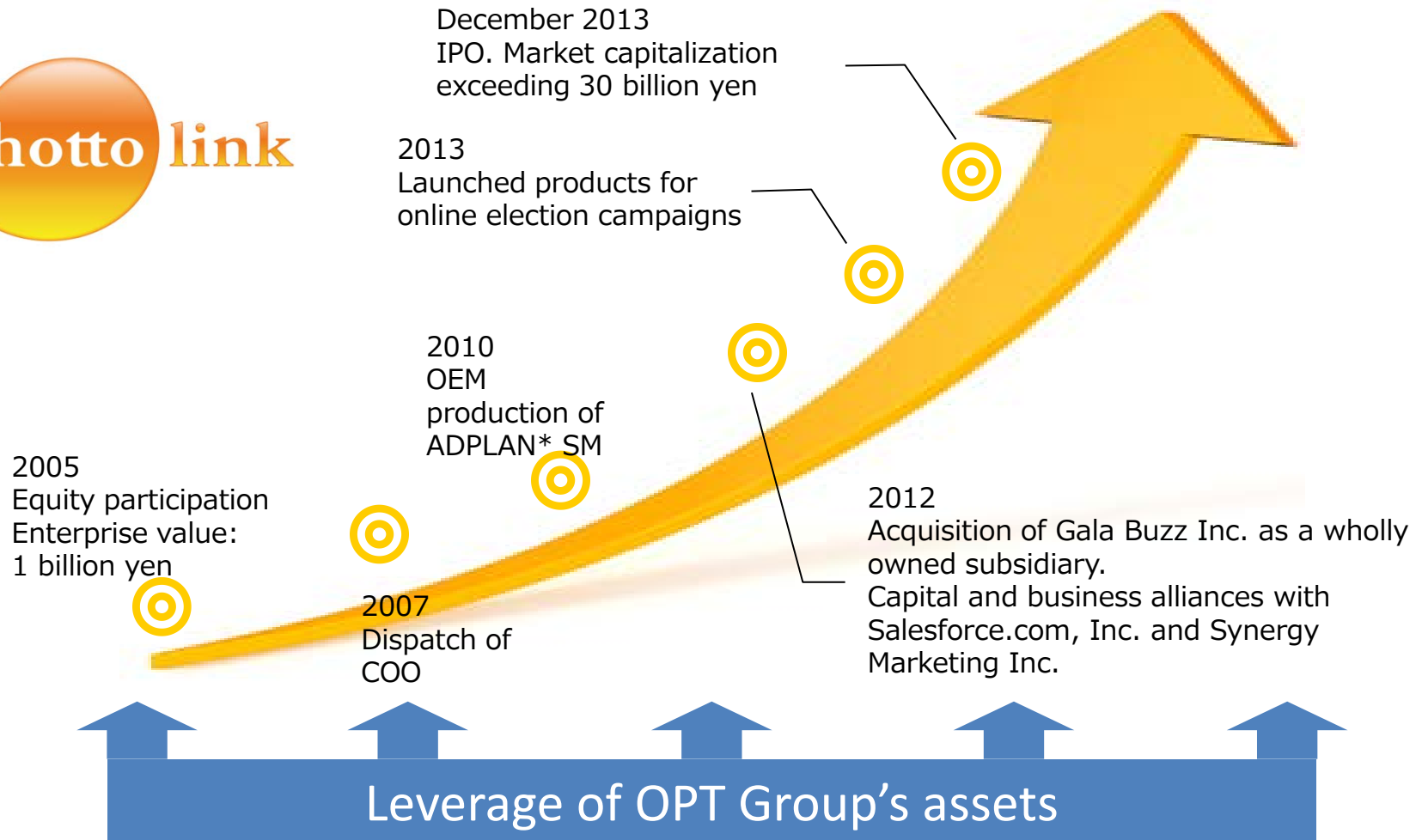
# Service of Business Creation Platform



# History of OPT's support for Hottolink



Hottolink is a leading cloud service company in Japan. Since its equity participation in 2005, Opt has been supporting Hottolink's growth by dispatching a COO, conducting marketing support for its SaaS products, etc. As a result, Hottolink listed its shares on the Tokyo Stock Exchange Mothers market in December 2013.



\*ADPLAN is an e-marketing platform provided by OPT

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# Appendix

# Reference : Sales Ratio (non-consolidated)



	2012				2013				2014	
Business category	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Financial	22%	20%	21%	29%	31%	31%	32%	31%	30%	31%
Real Estate	17%	14%	15%	15%	16%	13%	12%	12%	14%	11%
Human Resources & Education	13%	9%	9%	9%	10%	9%	8%	10%	11%	12%
Cosmetics	12%	26%	21%	17%	15%	21%	16%	16%	14%	15%
Information & E-Commerce	9%	6%	7%	7%	6%	5%	10%	11%	11%	11%
Others	27%	25%	27%	23%	22%	21%	22%	20%	20%	20%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# Changes in Scope of Consolidation (2014 Q2)



OPT Group's scope of consolidation consists of 17 companies, since Writeup and Digimiho joined consolidated subsidiaries.

## Advertising & Solution Business



## Investment and Value Creation Business

## Database Business



## S&C Business
















## Overseas Business



# Major Group Companies (2014 Q2)



Name	Business	Ownership	Consolidation status
CLASSIFIED 	Planning and sales classifieds	66.01%	Consolidated subsidiary
Crossfinty 	SEO and media consulting business	90.00%	Consolidated subsidiary
SOLDOUT 	Advertising agency for mid-sized and venture companies	100.00%	Consolidated subsidiary
s1o interactive 	Trading desk business	100.00%	Consolidated subsidiary
SkillUp Video Technologies 	Digital contents platform business	90.00%	Consolidated subsidiary
ConnectOM 	Omni-channel solution business	100.00%	Consolidated subsidiary
Search LIFE 	Internet advertising operation business	(80.00%)	Consolidated subsidiary
Writeup.co.,Ltd 	Internet related business	40.00%	Consolidated subsidiary
DIGIMIHO Co. Ltd 	Web Marketing Consulting and Communication Media Business	40.00%	Consolidated subsidiary
Platform ID 	Database business	51.00%	Consolidated subsidiary
Consumer first 	Data analysis business utilizing C-Finder data analysis platform	100.00%	Consolidated subsidiary
Mobile Factory 	Mobile contents business	40.00%	Consolidated subsidiary
Contents One 	Development, consulting and training business for web applications	100.00%	Consolidated subsidiary
Multimedia School Wave 	School for IT and web engineers	(100.00%)	Consolidated subsidiary
eMFORCE 	Internet advertising agency in South Korea	88.50%	Consolidated subsidiary
OPT America, Inc. 	Consulting, investment and alliance business in US	100.00%	Consolidated subsidiary
glocom, Inc.	Internet advertising operation business	51.00%	Consolidated subsidiary

※Parentheses represent the percentage of indirect ownership



*e-marketing company*

**OPT, Inc.**  
**TSE 1<sup>st</sup> Section 2389**  
**<http://www.opt.ne.jp> /**

**Contact for IR is below :**  
**Monitoring Service dep. Accounting Services Div.**  
**Mail: [ir\\_info@opt.ne.jp](mailto:ir_info@opt.ne.jp)**

**<Notice>**

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