



*e-marketing company*

**3<sup>rd</sup> Quarter, Fiscal Year ending December 2012  
Business Result  
(Supplemental Information and Historical Facts)**

**October 31, 2012**

# The scope of consolidation (Q3 / 2012)

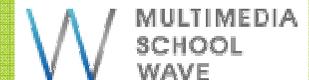
Overseas : Chai Communication is consolidated P/L since Q3  
(The result of Q2 contains B/S only)

## Advertising & Solution



## S&C

(Social & Consumer)



## Database



※hotto link carried out surviving absorption-type merger for Gala Buzz on 1st Oct. 2012

## Overseas



New

# 2012 Q3( July – September ) Result Summary

\*When amount of unit is unstated, it is 1million yen unit, and less than that is rounded down, percentages are also rounded to nearest unit.

## Significant sales and profit growth

(Millions of Yen)

### 【Q3】

**Consolidated Revenues 19,890 (YoY+31.1%)**

**Consolidated Operating Income 380 (YoY+81.3%)**

### 【Total : Q1-3】

**Consolidated Revenues 57,410 (YoY +28.8%)**

**Consolidated Operating Income 880 (YoY +26.2%)**

## Advertising & Solution Business (Millions of Yen)

<b>Q3: Revenues</b>	<b>17,900 (YoY +23.8%)</b>
<b>Operating Income</b>	<b>540 (YoY +70.1%)</b>

### **【Total : Q1-3】**

<b>Revenues</b>	<b>52,890 (YoY +24.5%)</b>
<b>Operating Income</b>	<b>1,370 (YoY +74.2%)</b>

## Database Business

<b>Q3: Revenues</b>	<b>690 (YoY +68.3%)</b>
<b>Operating Income</b>	<b>69 (Monetization)</b>

### **【Total : Q1-3】**

<b>Revenues</b>	<b>1,940 (YoY +68.4%)</b>
<b>Operating Income</b>	<b>160 (YoY about 2.9 times)</b>

(Millions of Yen)

## S & C Business

**Q3: Revenues 570 (YoY about 3.1 times)**  
**Operating losses 140**

### **【Total : Q1-3】**

**Revenues 1610 (YoY 2.7times)**  
**Operating losses 480**

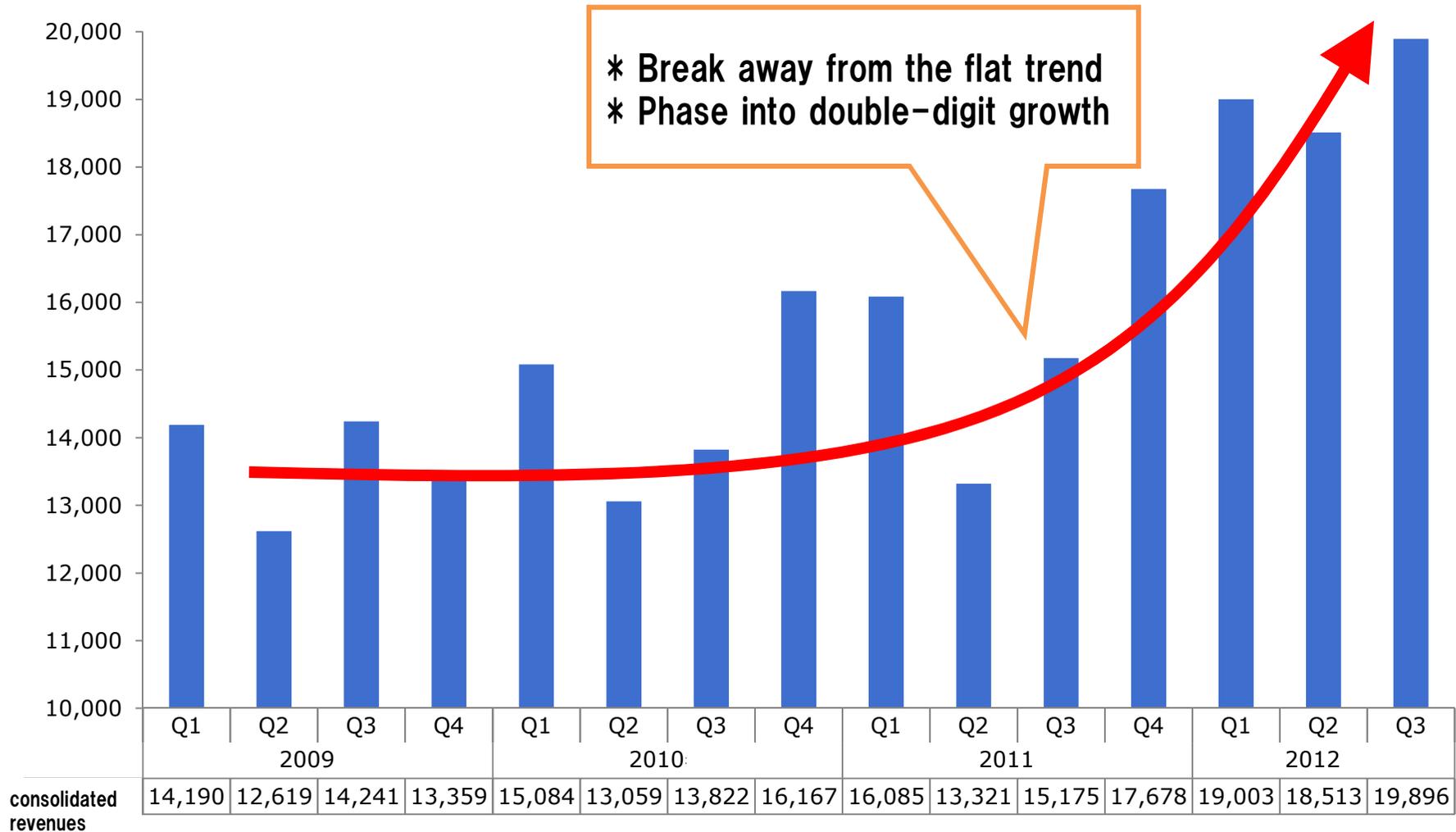
## Overseas Business

**Q3: Revenues 830 (YoY about 6.1 times)**  
**Operating losses 83**

### **【Total : Q1-3】**

**Revenues 1,220 (YoY about 2.6 times)**  
**Operating losses 150**

## Update revenues record



# Revenue and Operating Income by Segment

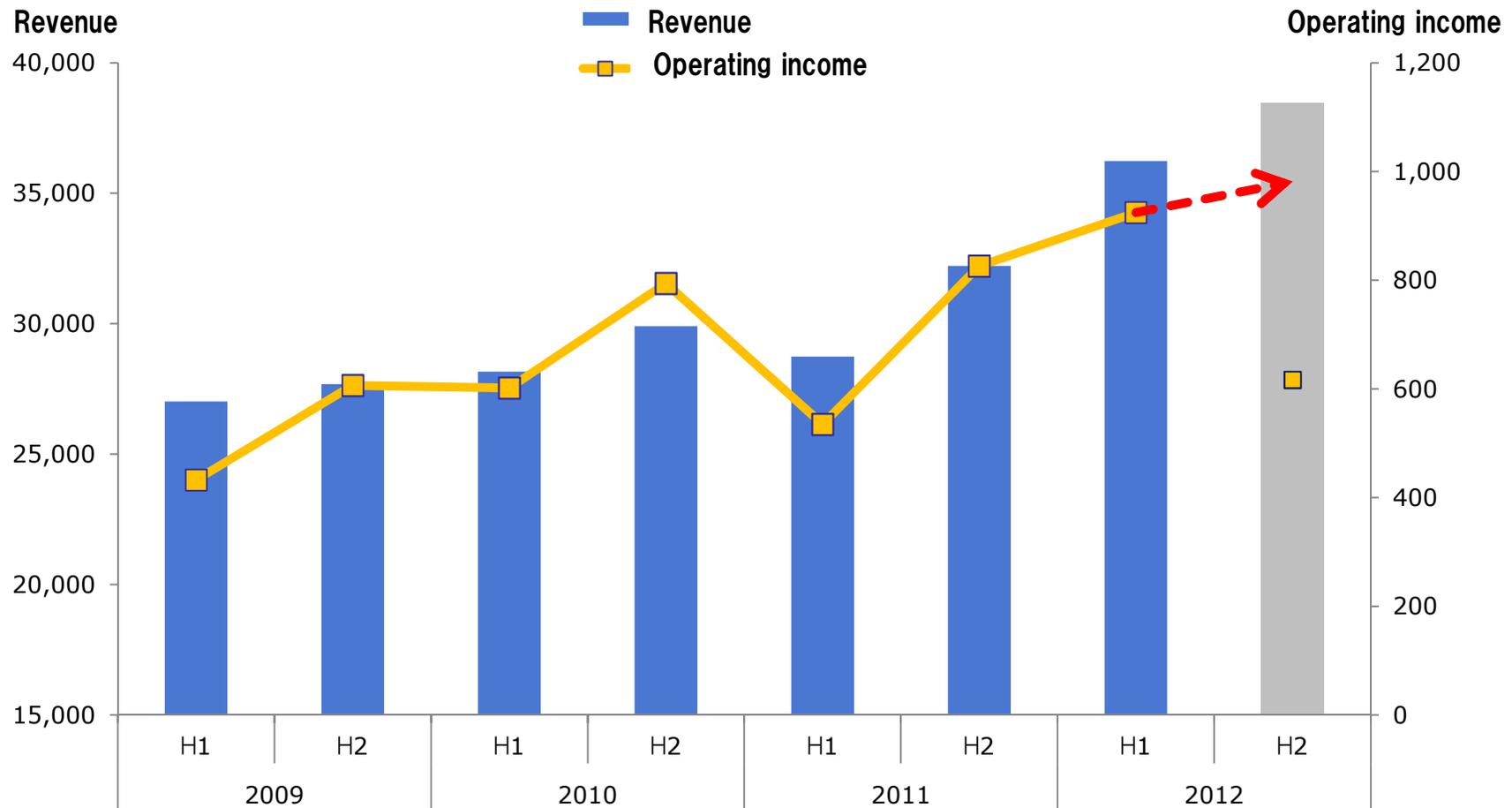


		11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3	Comparison 11Q3	Comparison 12Q2
<b>Advertising &amp; Solution Business</b>	Revenue	15,396	12,601	14,472	16,855	17,727	17,253	17,909	+23.8%	+3.8%
	Operating Income	381	88	321	513	465	367	547	+70.1%	+49.0%
<b>Database Business</b>	Revenue	354	390	411	479	636	618	692	+68.3%	+12.0%
	Operating Income	25	38	-9	0	56	35	69	—	+96.0%
<b>S&amp;C Business</b>	Revenue	210	186	184	207	511	523	577	+212.2%	+10.3%
	Operating Income	4	-18	-33	-55	-162	-175	-142	—	—
<b>Overseas Business</b>	Revenue	154	182	137	180	201	185	838	+511.1%	+351.1%
	Operating Income	-15	-16	-69	-51	-43	-32	-83	—	—
<b>Adjust intersegment transactions</b>	Revenue	-31	-39	-30	-44	-72	-67	-121	—	—
	Operating Income	0	0	0	0	-1	-7	-9	—	—
<b>Total</b>	Revenue	16,085	13,321	15,175	17,678	19,003	18,513	19,896	+31.1%	+7.5%
	Operating Income	397	92	210	407	314	187	380	+81.3%	+102.6%

# Trends in Advertising & Solution Business and Database Business growth

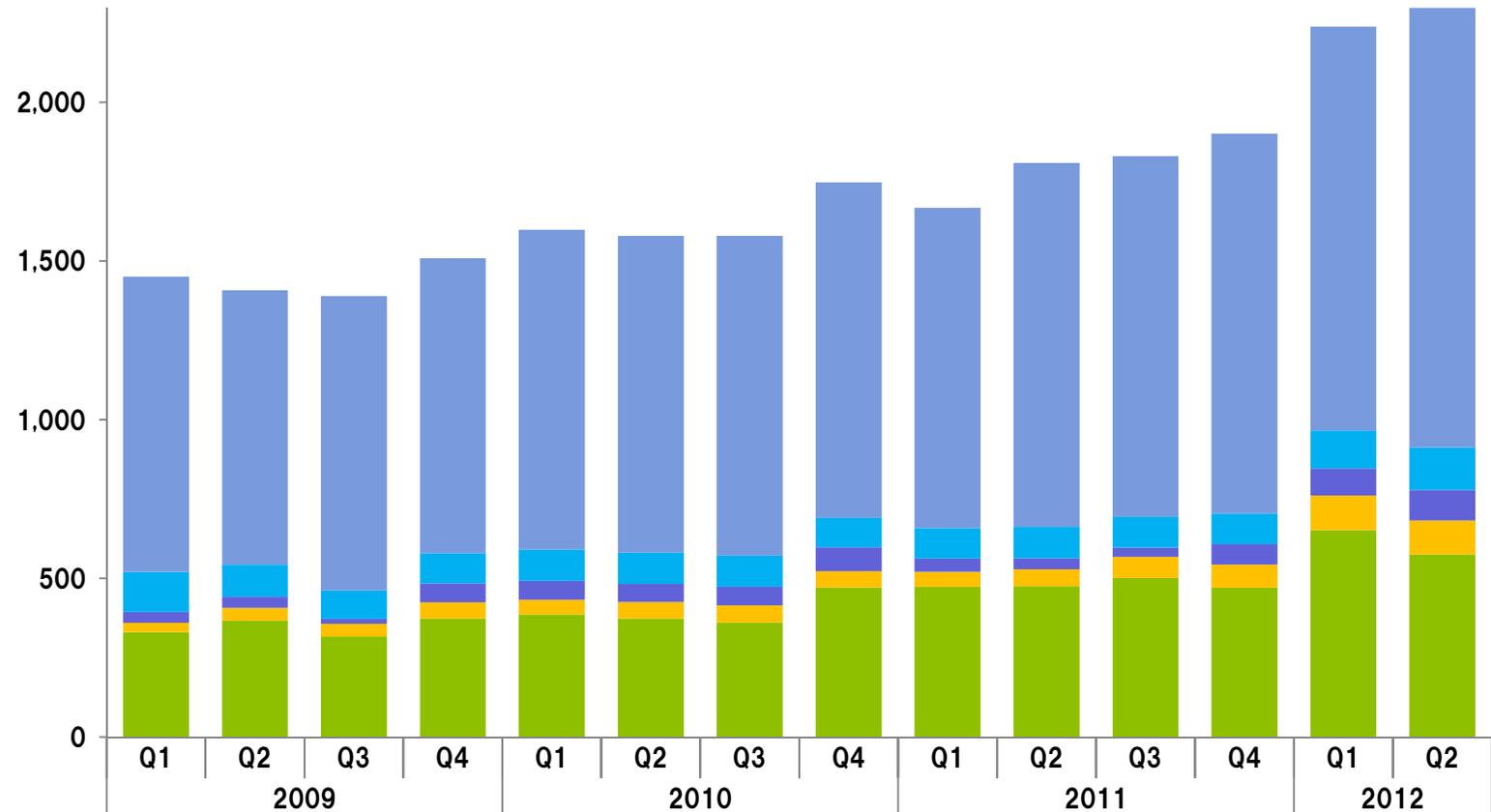


**2 billion yen in operating income in FY 2012 in two business  
Progress up to a total of 1.54 billion yen in Q3**



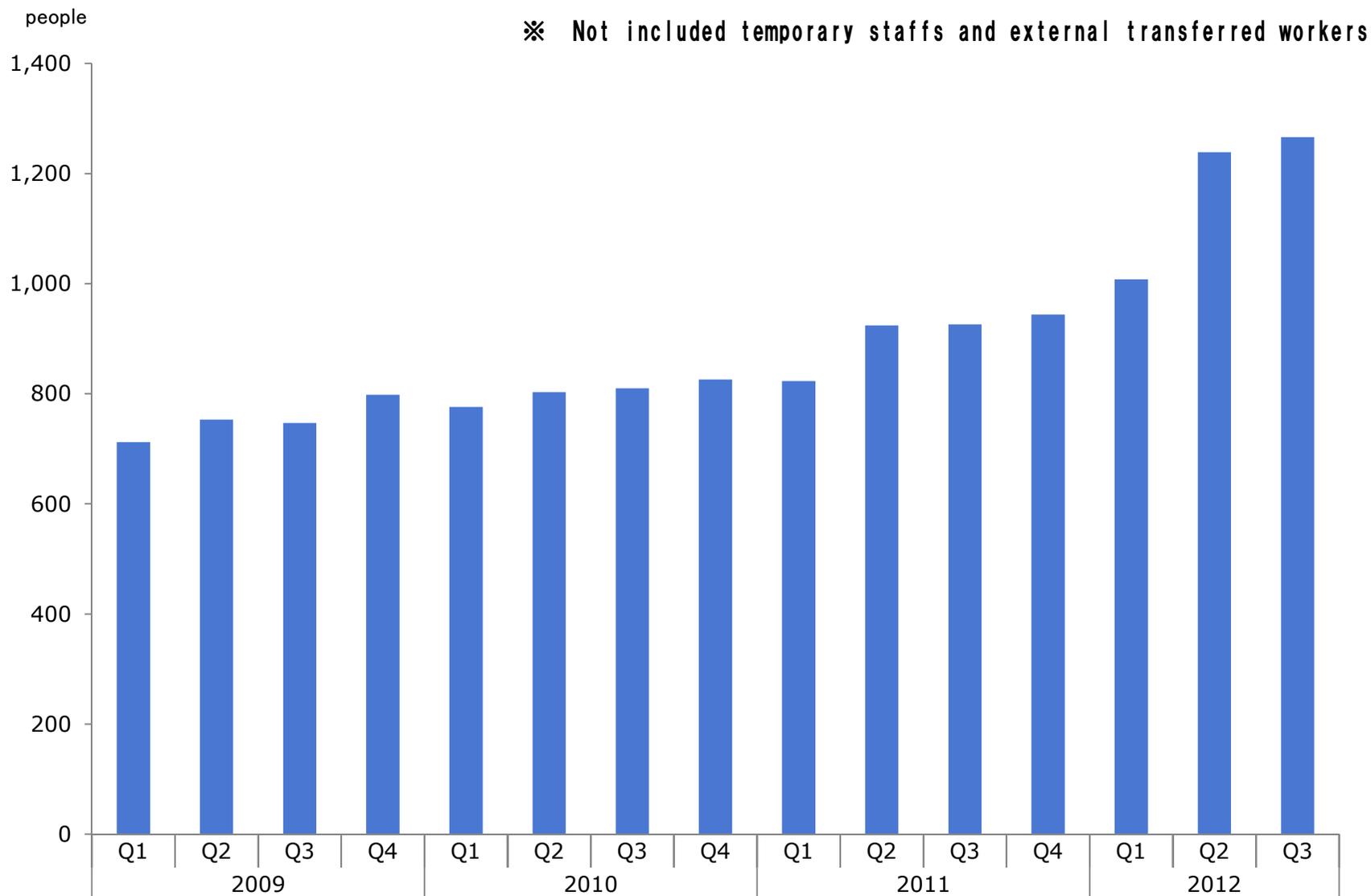
※ Sum of the results in singles and consolidated subsidiaries by 2010, sum of the results of each business since 2011.

# Trends in consolidated selling



Total selling, general and administrative expenses	1,454	1,409	1,392	1,511	1,602	1,583	1,581	1,749	1,671	1,811	1,832	1,904	2,241	2,301
Human Resource	930	865	928	929	1,008	998	1,008	1,057	1,009	1,146	1,137	1,197	1,273	1,385
Rents	127	101	89	96	99	99	98	93	96	99	97	97	120	134
Advertising	34	35	16	59	59	57	59	75	42	35	29	65	85	96
Depreciation-Depreciation of goodwill	29	40	40	51	47	52	54	51	47	53	67	72	109	107
Others	331	367	317	374	386	374	361	472	474	476	501	471	652	576

# Trends in the number of consolidated employees



# **FY2012**

## **Business strategies and policies**

**progress situation**

## <Customer trends>

- ✿ Remain strong : Finance, real estate, travel and online order
- ✿ Increased sales volume of top level customers
- ✿ Regional offices increased to 18 locations

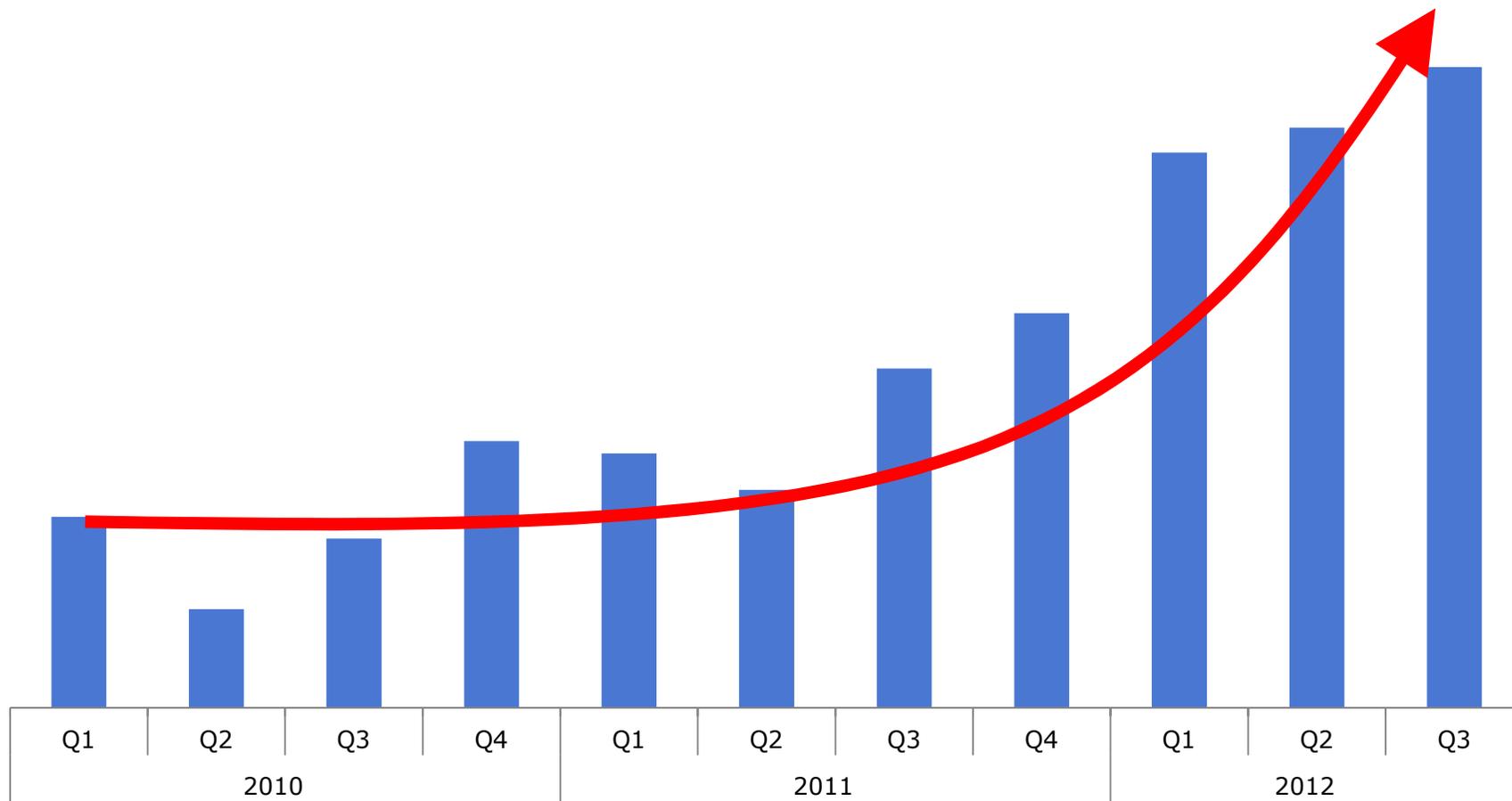
## <Media trends>

- ✿ Continued growth of listing advertisements (paid search ads)
- ✿ Advertising for smartphones : Increase the proportion of smartphone business, to cover the decrease in featured phones business
- ✿ Increase of trustee for operational system : Paid search ads, Ad networks, Targeting ads etc.
- ✿ Four consolidated subsidiaries update the record of revenues
- ✿ Full-scale entry into the O2O market : Capital and business alliance with Sumally inc.

# Only OPT : Trends in paid search advertisements



Increase paid search advertisements for Smartphone

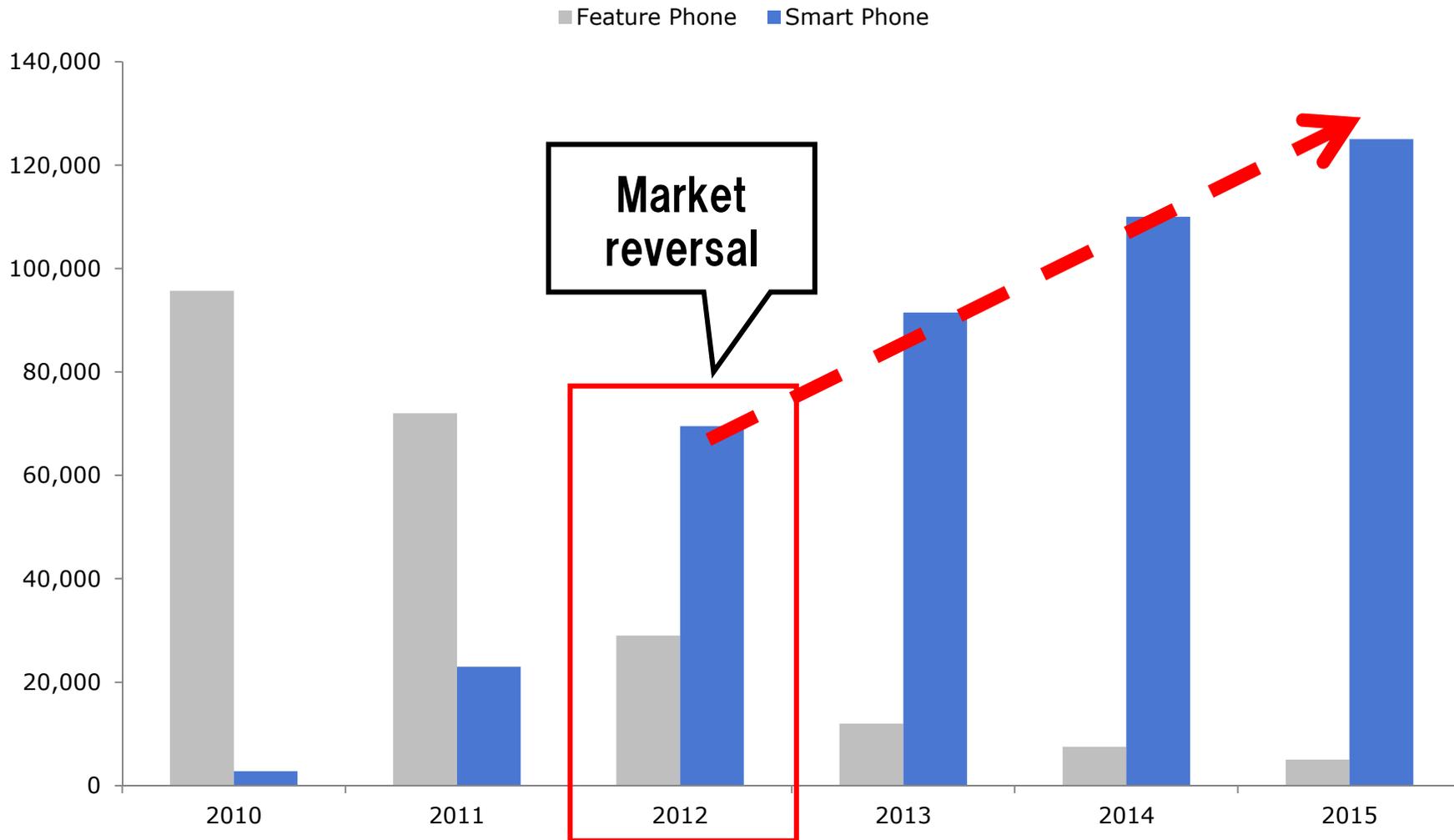


Reference:

Trends in the Japanese advertising market feature phones and smartphones

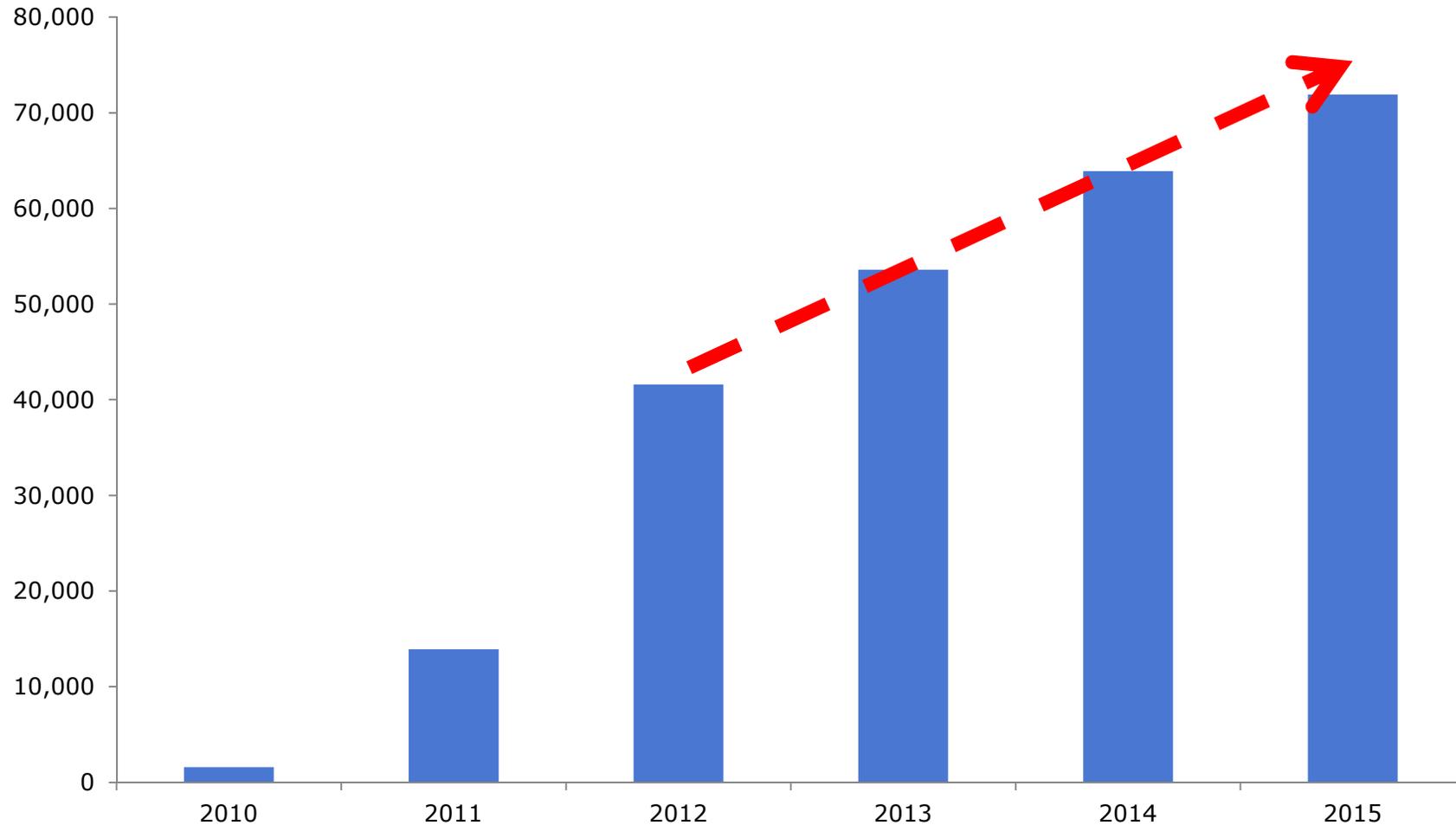


2012, Smartphone market overtook feature phone market



Reference:  
Trends paid search advertisements in the smart phone market

In 2015, about 5 times larger than 2011



 Expanding delivery from “Xrost”, which is a targeted advertising delivery tool

Expanding our own destination from 5 billion impression/month to 7.5 billion impression/month

Added Doubleclick AD Exchange (google), build one of the largest AD distribution networks

  **platformio** Update revenue and operating income  
Open Data Platform Service

  **hotto link** Increased supporting to use of corporate social data

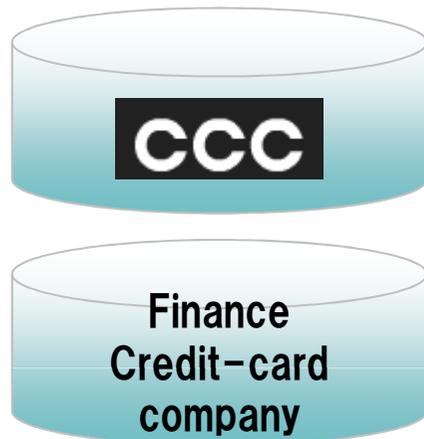
 **「kuchikomi@kakarichou」**

 **「e-mining」**

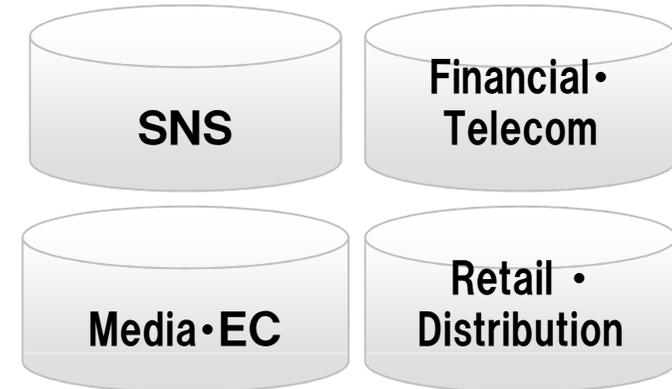
Achieved 1,500 companies which installed these tools

# Business plan for the next database business

## Already data integrate



## Initiative to broaden the range of data



**Targeted ad delivery • Reporting data analysis**

## \* Social Business

- Started outsourcing services for corporation to operate their enterprise social media account.
- Support social media operation from start-up to establish their own system

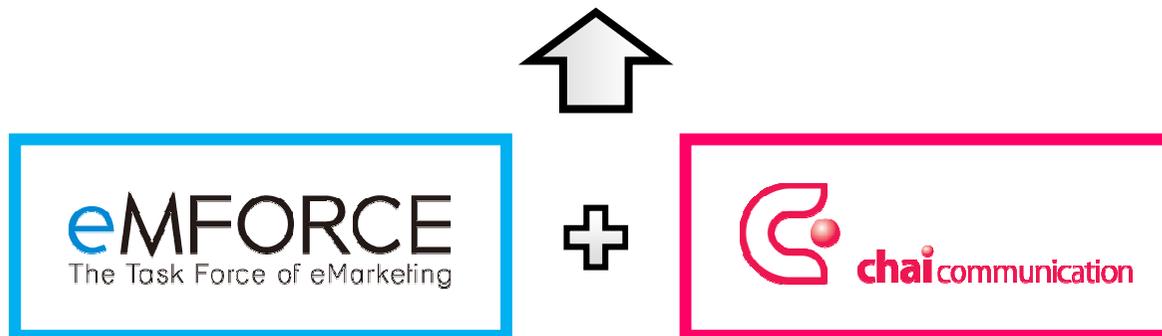
## \* Consumer Business

- Worsening revenue : consumer business and delay to monetize new business
- Multimedia School Wave : For monetization, developing business contents and base
- In good position : Social Apps produced by Mobile factory, "Would you like some more? Sir!!" and "Welcome home. Sir!!" (Dominant series)
- Romance category at GREE Android version (male version) , Dominant series is # 1, # 2 monopoly



- ✿ Increased costs for strengthening research and investment by OPT
- ✿ Increase revenue : The newly consolidated company Chai Communication  
Scale to the second largest internet advertising agency in Korea, eMFORCE and Chai Communication

**No.2 in Korea**



# Forecasts

# FY2012 Upward revision of earnings forecast



## Main factor of upward revision of earnings forecast

- Good performance advertising and solution business
- Profitability of database business

	2011	Conventional forecast	10/31		
			Revised forecast	Conventional forecast ratio	YoY
Revenue	62,260	71,423	<b>77,000</b>	107.8%	123.7%
Operating Income	1,107	1,234	<b>1,500</b>	121.5%	135.5%
Ordinary Income	1,294	1,207	<b>1,300</b>	107.7%	100.4%
Net Income	600	689	<b>830</b>	120.4%	138.1%

# Forecasts for dividend

# FY2012 Forecasts for dividend

To commemorate the 20th anniversary of our foundation, we will carry out a commemorative dividends to express gratitude for our shareholders so far.  
In addition, we target payout ratio of 30% on ordinary dividends in consideration of the balance of investment and business returns to shareholders, in future.

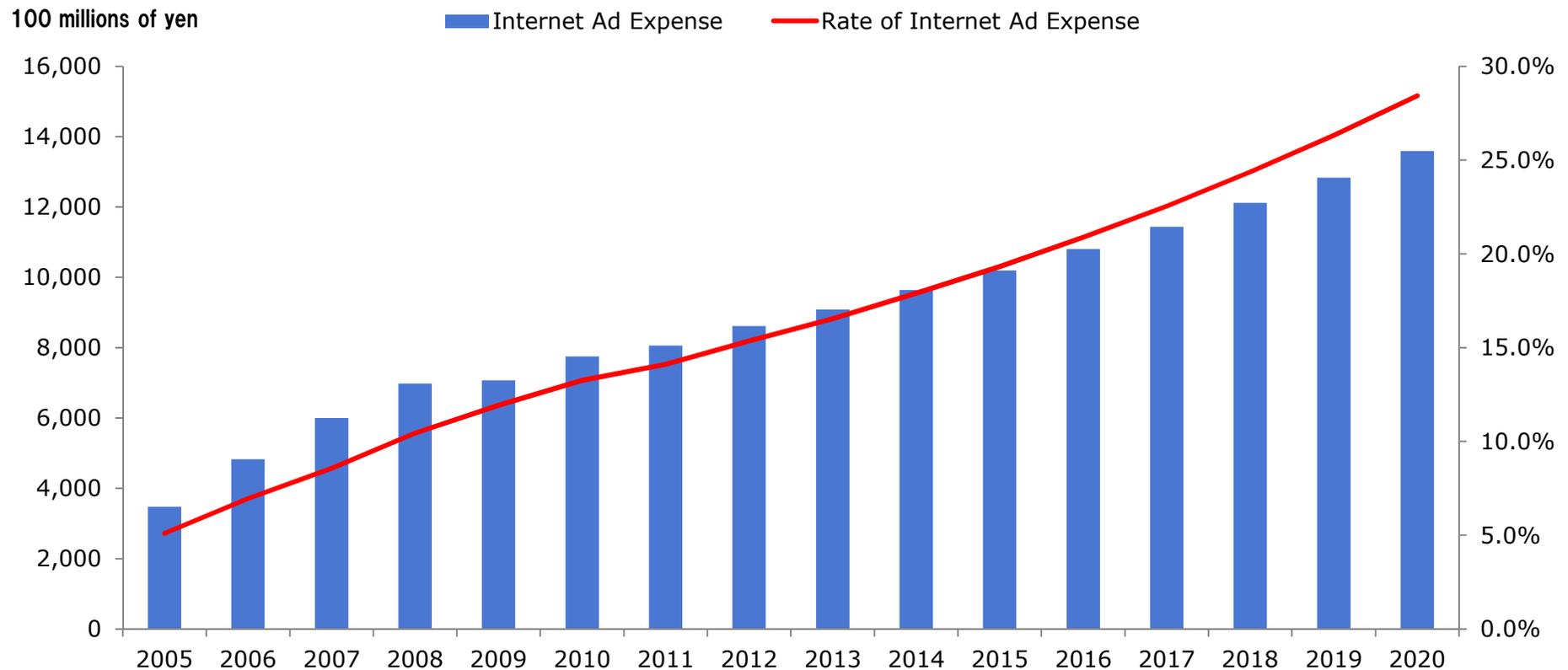
	2010	2011	2012 Forecast
Dividend per share	¥1,000	¥1,200	¥1,700
Commemorative dividend	—	—	¥2,000
Total	¥1,000	¥1,200	¥3,700

※ For this plan, we are going to through a resolution of the annual shareholders' Meeting which we are planning to hold on March 19, 2013.

# Market forecast and vision of the next fiscal year

# Market Forecast

**Internet advertising market in 2020 will be 1.3 trillion yen, more than 25% of growth rate in the advertising market.**



Note: Investigated report by the Dentsu Communication Institute until 2011.  
prediction by opt taking into account the trend of past, after 2012.

Database operating and Database marketing is coming of age an important.  
Necessary to respond to changes in ad technology.

< Driver keyword of main growth >

 Search

 Smart Phone

 Ad Network

 Audience Targeting

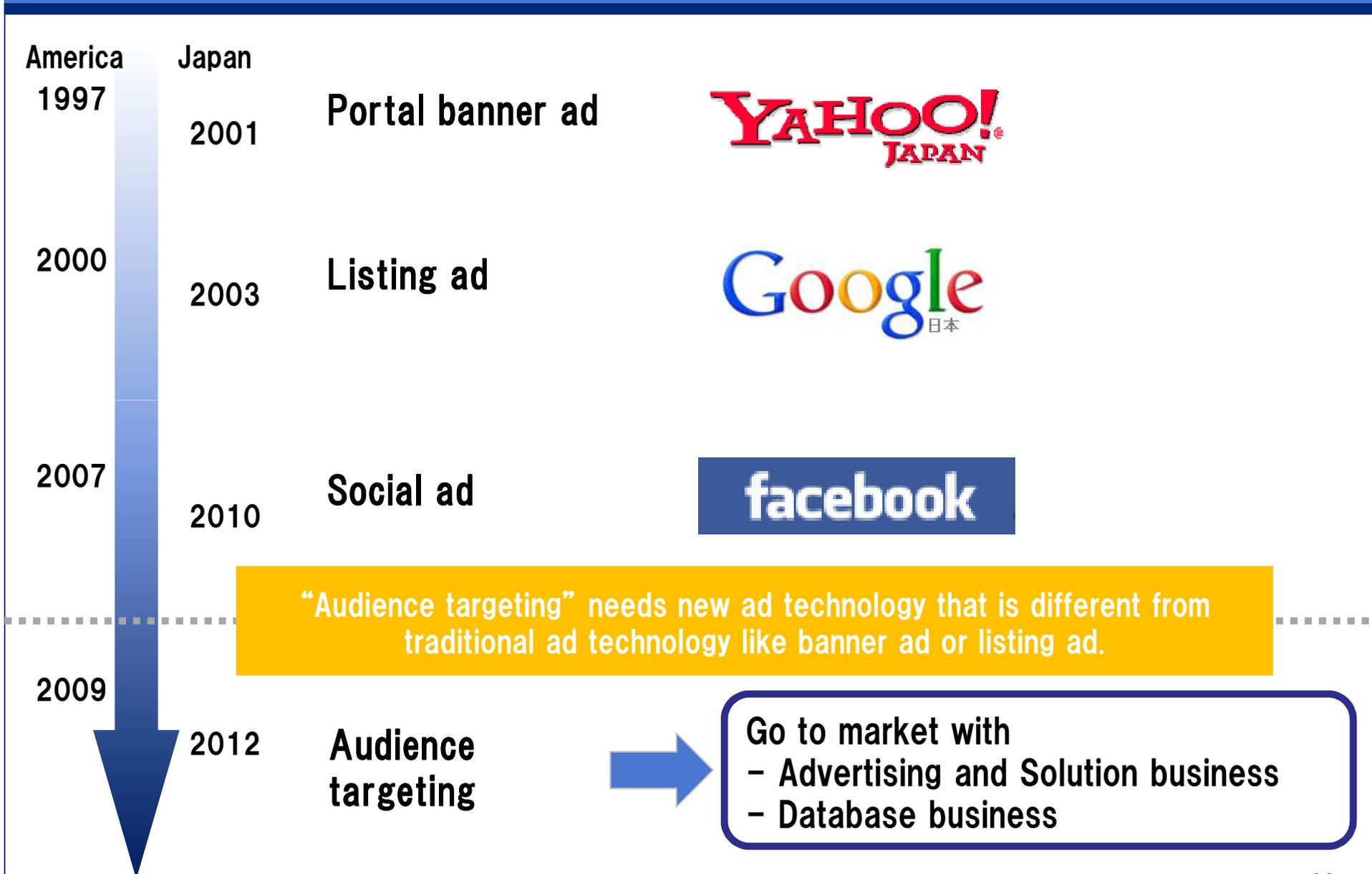
 Rich Media

 O2O

 Smart TV

 SNS

# Market Forecast : Change of internet media and ad technology



# Vision: Innovation Company

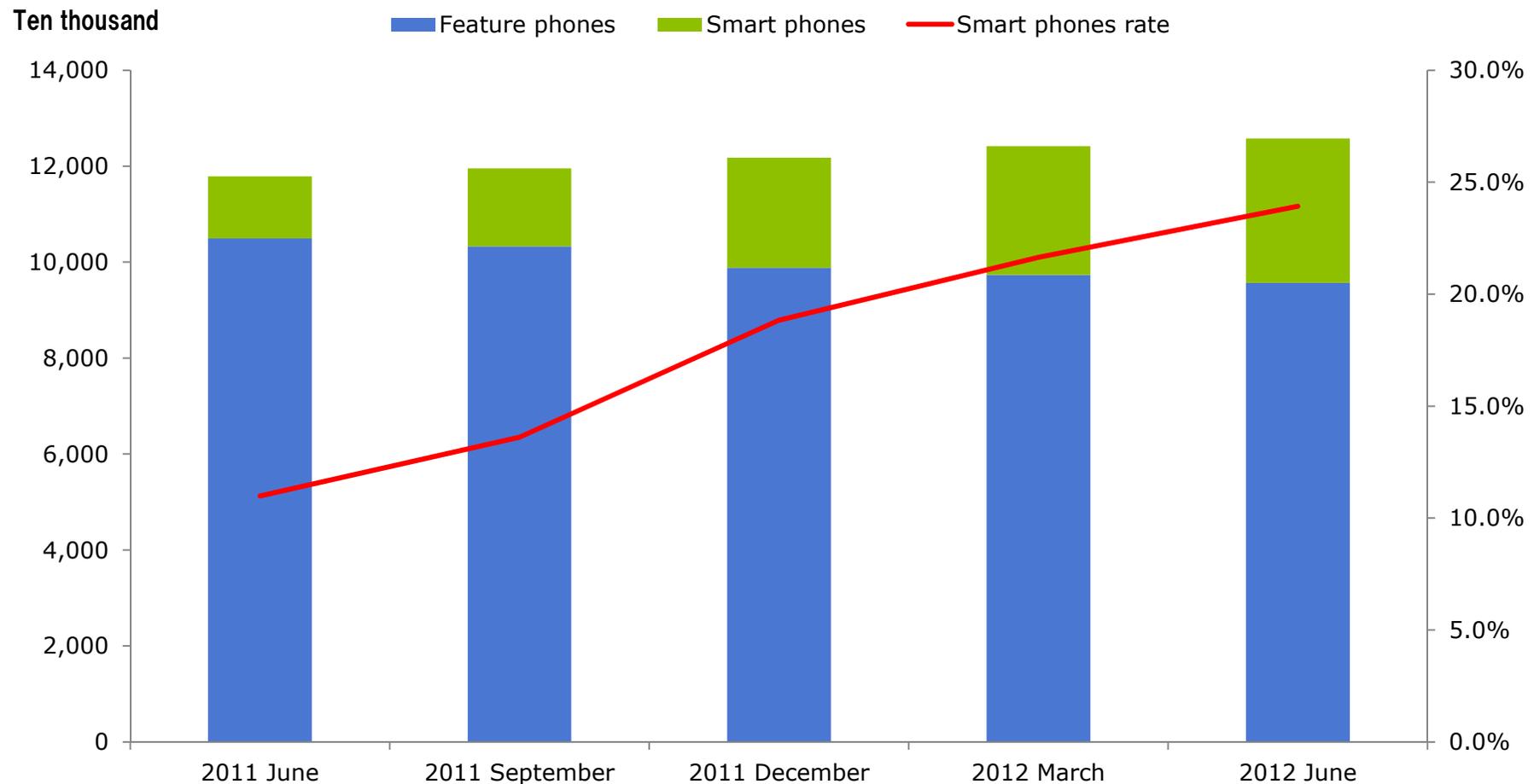
## “Be the pioneer of the internet business”

-  **New pillar for revenue : The aggressive investment for our database business, we build the largest consumer database in Japan**
-  **We aim to be the No.1 company in the advertising & solution business with responding to changes in the market.**

# Reference

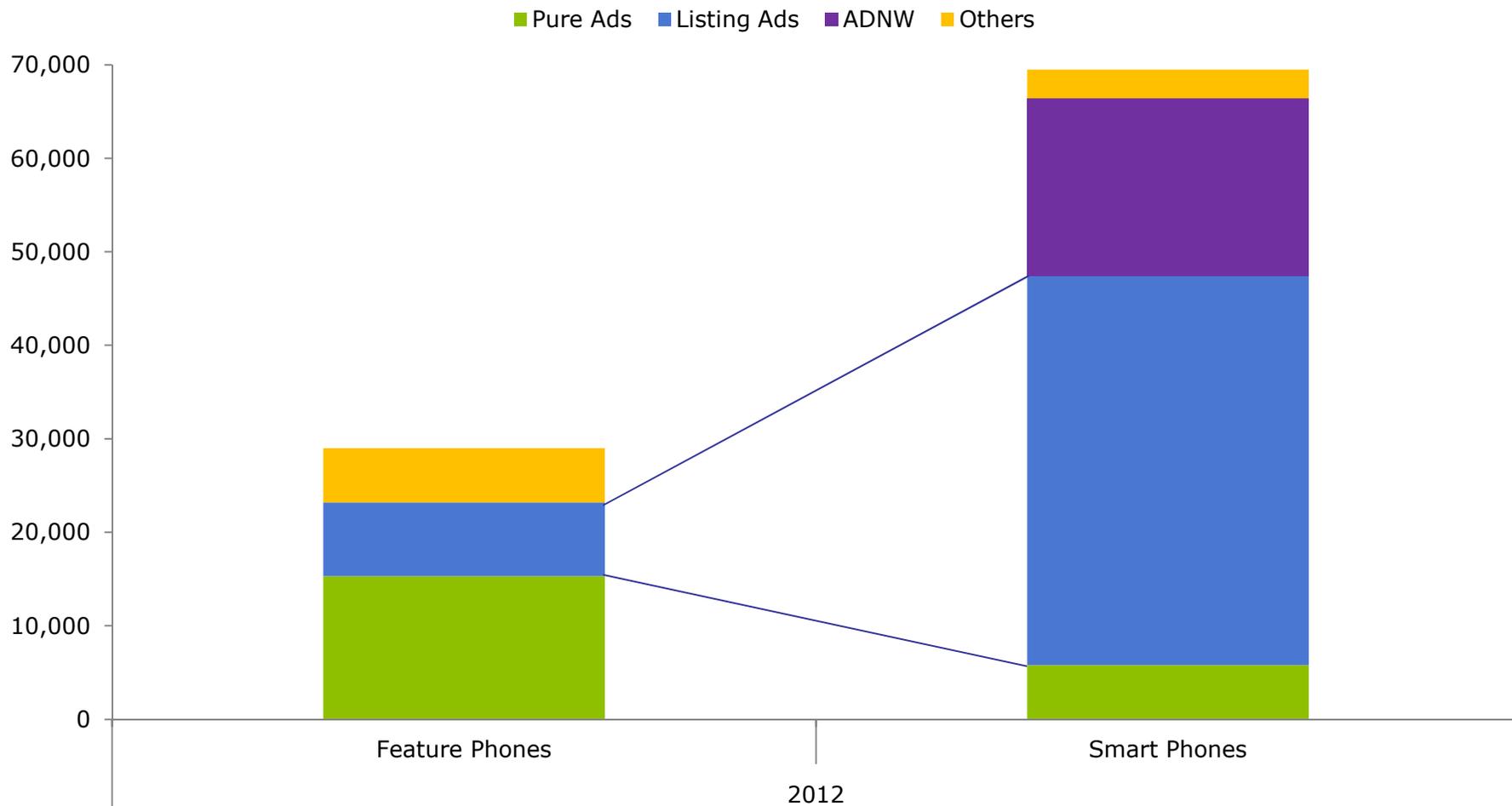
# Japanese market: Trends in smart phone shipments

At the point of June 2012, the percentage of smart phones are almost 24% and the number of spread estimated 30 million units. Increasing trend continues in the future.



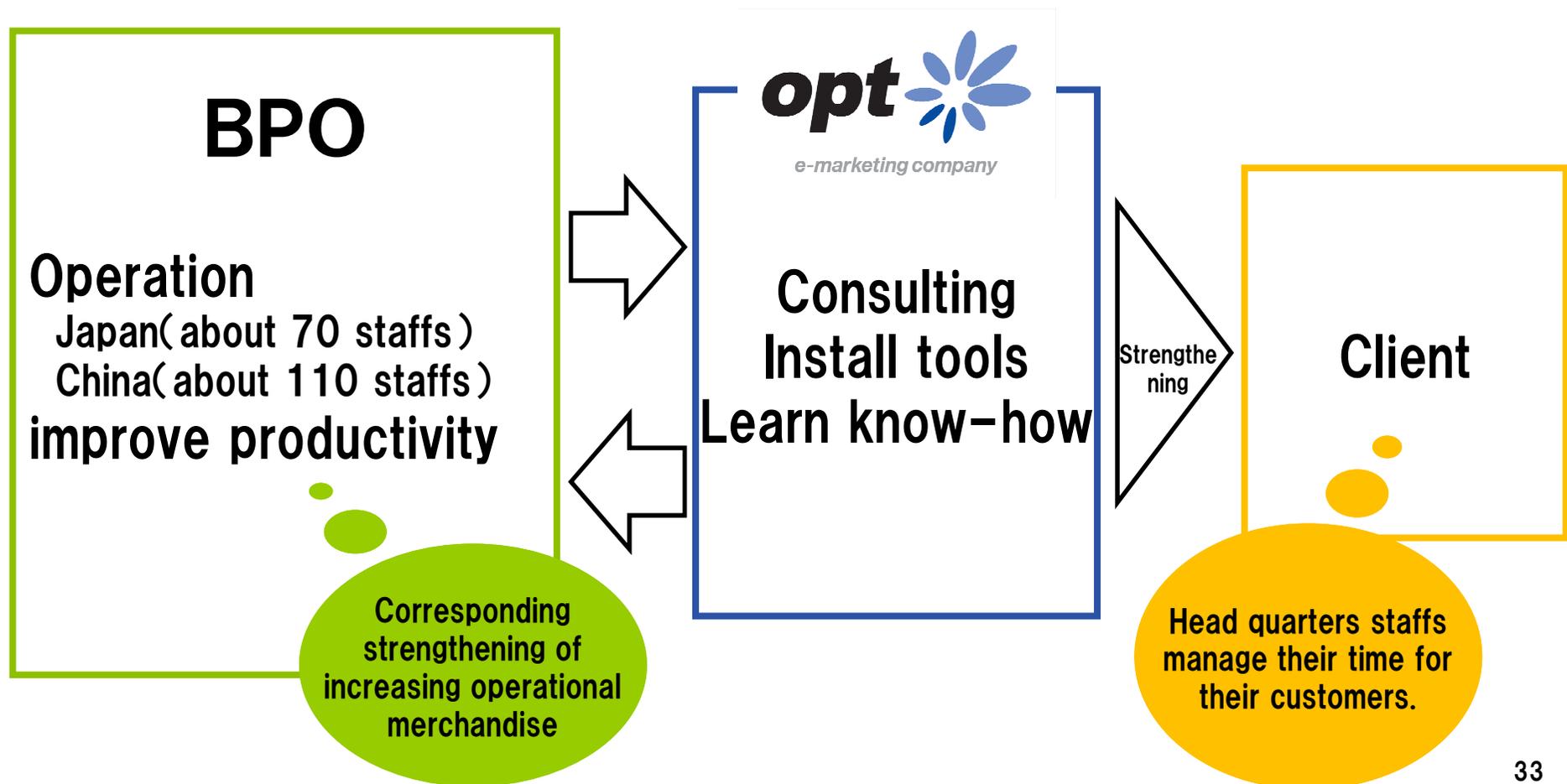
# Japanese Market of Smart phone and Feature phone: Ad type (2012)

Pure ads accounted for more than 50% in feature phones' ad business, but listing ads has a majority in the smartphones' ad business.



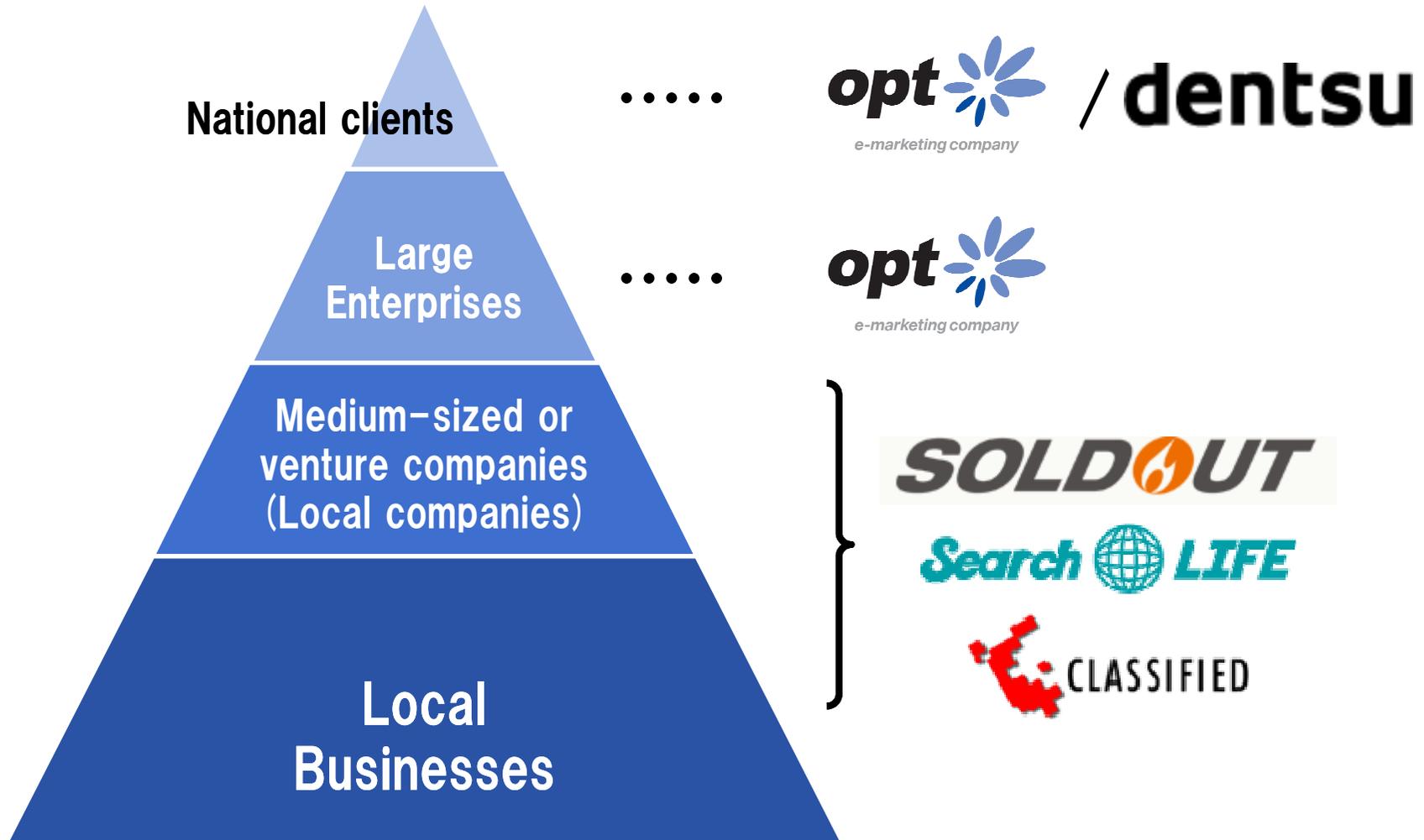
# Efforts to improve proficiency and profitability

## Mechanism of revenue from merchandise for operation system ( listing ads or ADNW )



# Figure : Customer strategy of advertising business

< Increase Customers >



# Trend of “Audience targeting”

Audience targeting is a next-generation advertising methods that analyze complexly behavior data from multiple site (ex. content browsing history, search history, conversion history, the accessing history, demographic data, etc.) and that also allows targeted delivery for the cluster to be generated by the analyze.

## Ad placement (Space)



Who looks this site?

## People (Audience)

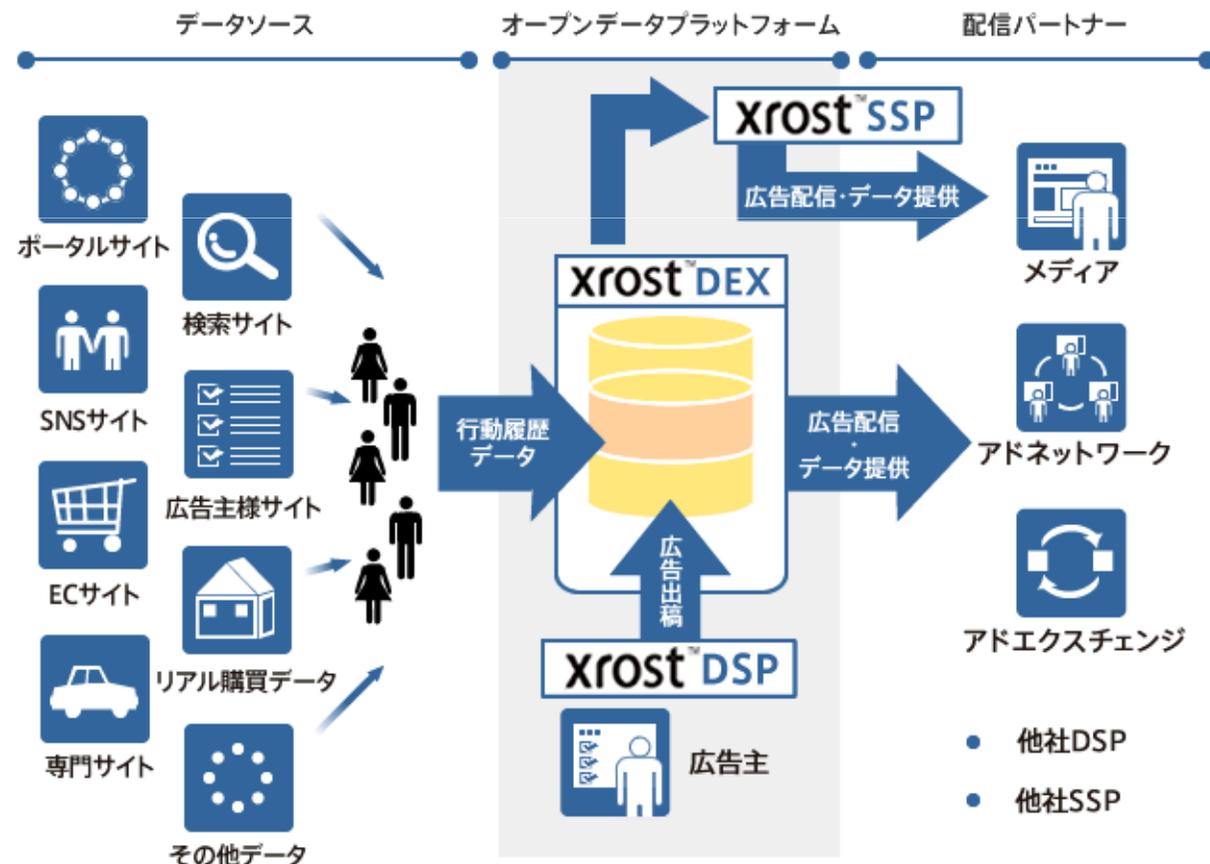


Ad delivery based on behavior historical data 35

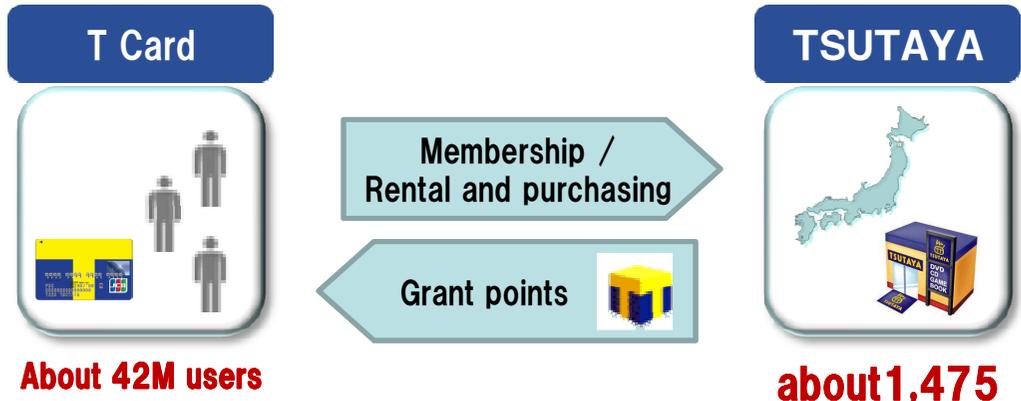
# Xrost : Targeted advertising delivery tools



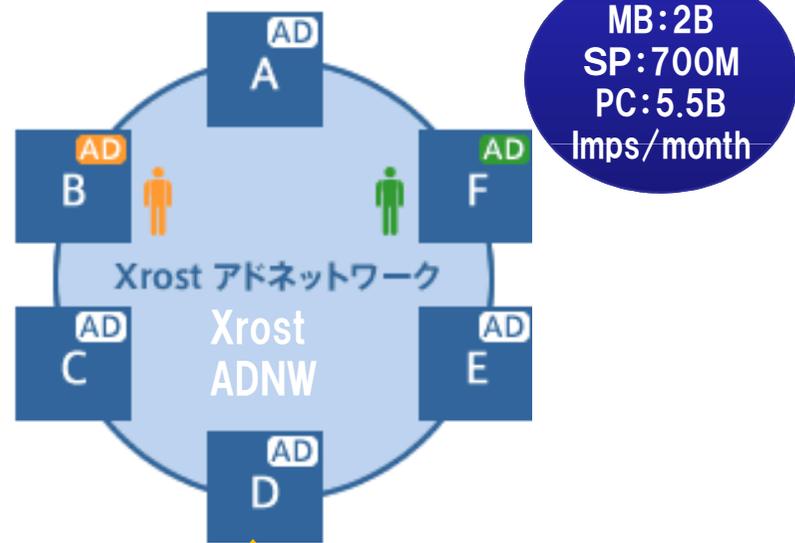
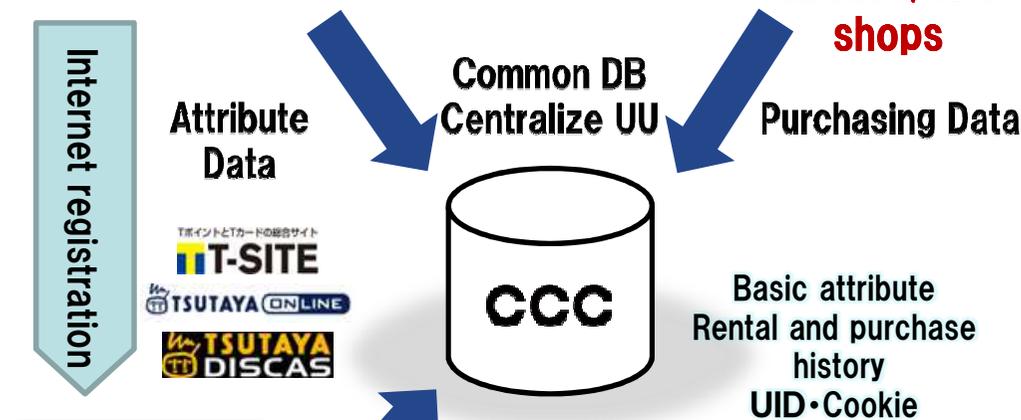
Xrost is a new data exchange platform to realize Audience targeting. Analyzing the behavior history of about 140 million unique browsers, we provide high precision audience targeting ads of next generation.



# Real data linkage with CCC



- Actual purchase history data from shops
  - Customers who has high rate of page views per visit
- ↓
- Advertising distribution by the media power of 20 billion impression
  - Accurate customer attributions identified at stores

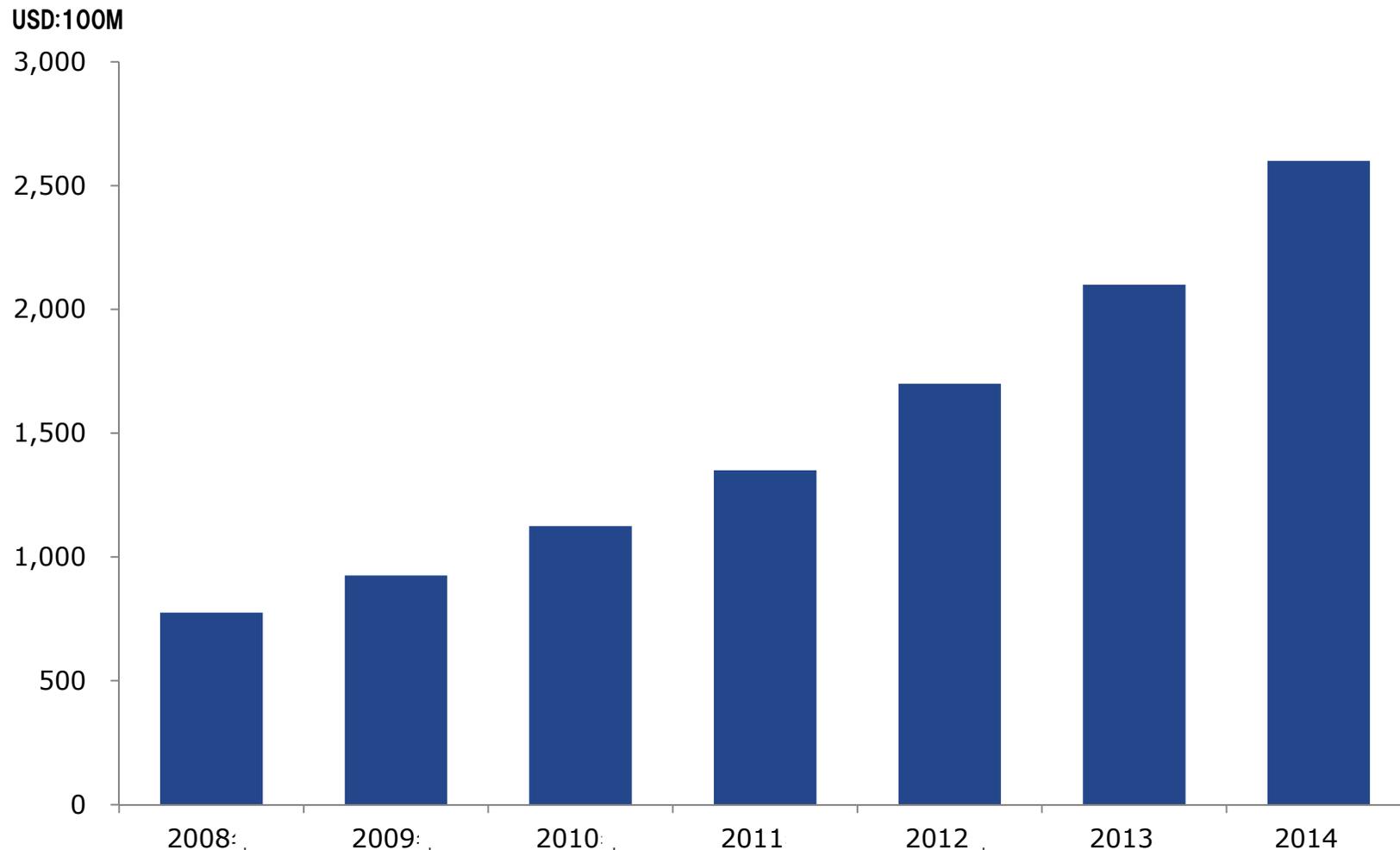


**Advertising distribution to the segment using attribution and historical behavior of T-point members**

# Targeting advertising market in the United States



Targeting advertising market is extended every year in the United States, it would be expected more than 20% growth in near future. (the market will be expected to be \$2.6 billion in 2014) It will be expected similar transition in Japan.



# Major Group Companies (2012 Q3)

Name	Business	Ownership	Consolidation status
CLASSIFIED 	Planning and sales classifieds	66.01%	Consolidated subsidiary
Crossfinity 	SEO and Media Consulting Business	66.67%	Consolidation status
SOLDOUT  <small>ベンチャー事業のネット販促ゲーター</small>	Advertising agency for mid-sized and venture companies	100.00%	Consolidated subsidiary
S10 interactive 	Trading Desk Business	100.00%	Consolidation status
hottolink 	Social Media Solution Business	74.37%	Consolidated subsidiary
Gala Buzz  Gala Buzz <small>Global Online Community</small>	Social Risk Monitoring Business	(74.37%)	Consolidated subsidiary
Platform ID  <small>Open Data Platform Service</small>	Database Business	51.00%	Consolidation status
Mobile Factory 	Social Application and mobile contents business	40.84%	Consolidated subsidiary
Contents One  <small>It's the people!</small>	Development, consulting and training business for web applications	100.00%	Consolidation status
Multimedia School Wave 	School for IT and Web engineers	(100.00%)	Consolidated subsidiary
eMFORCE  <small>The Task Force of eMarketing</small>	Internet advertising agency in Korea	88.50%	Consolidation status
Chai Communication 	Internet advertising agency in Korea	40.00%	Consolidated subsidiary
Accounted for by the equity method	PAPYLESS, TAGGY, TradeSafe, MCN Asia Holdings,Pte.Ltd.		

※ hottolink carried out surviving absorption-type merger for Gala Buzz on 1st Oct. 2012

※ In parentheses represented the percentage indirectly held



*e-marketing company*

**OPT, Inc.**

**JQ2389**

**<http://www.opt.ne.jp/>**

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