
Full-Term Results Briefing for the Year Ended June 30, 2013

株式会社 マクロミル

First Section, Tokyo
Stock Exchange (3730)

Financial Results

Future Business Plan and Financial
Plan for FY2014

Details of Financial Results

Reference

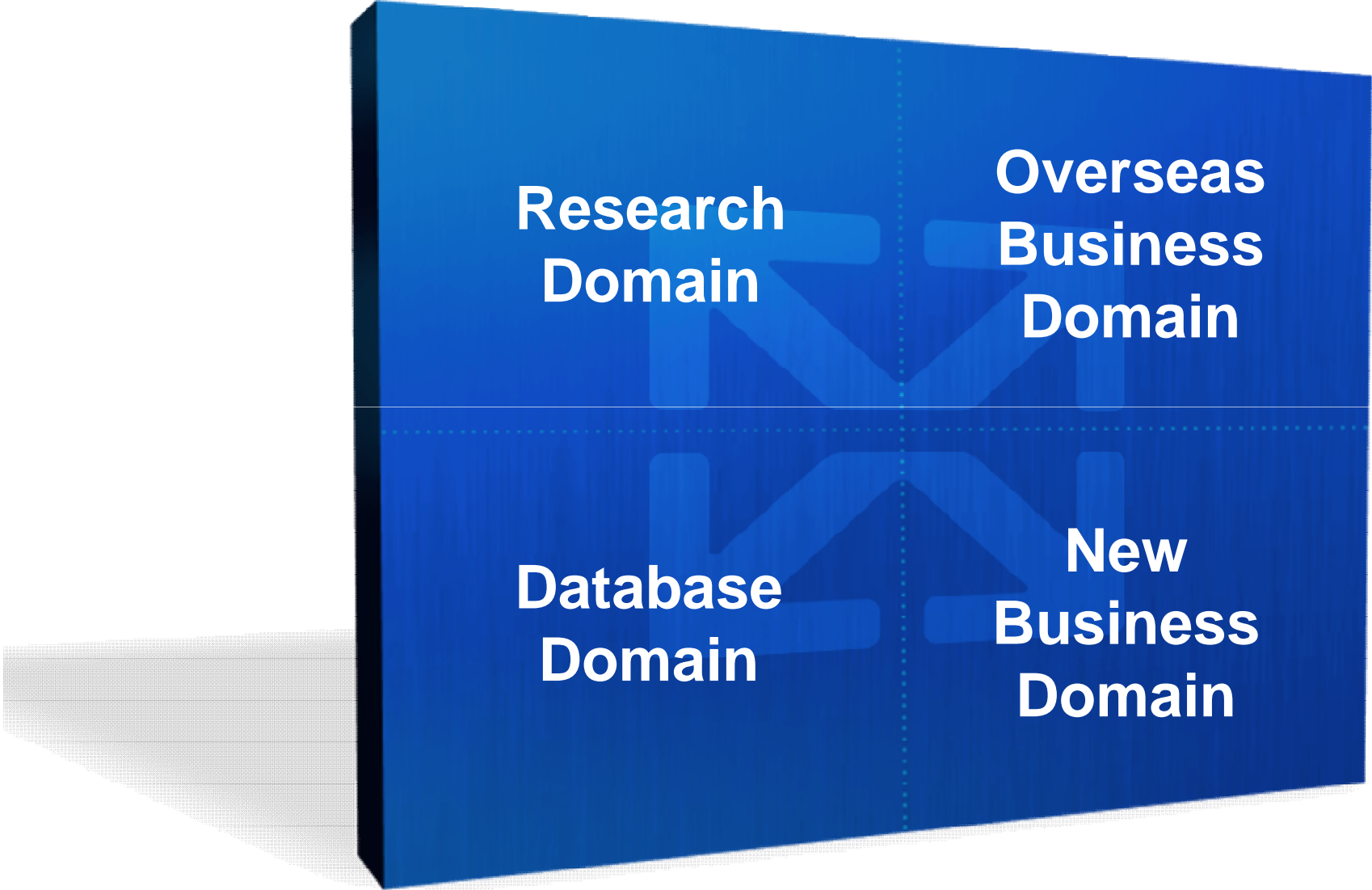
- ✓ Both sales and income reached consolidated targets, resulting in record earnings.

(Million yen)

		FY2013	FY2012	YoY	Full-year forecast	(Percent achieved)
Consolidated	Net sales	17,120	14,229	120.3%	16,800	101.9%
	Ordinary income	3,951	2,975	132.8%	3,900	101.3%
	Ordinary income margin	23.1%	20.9%	+2.2 pt	23.2%	—
	Net income	2,508	1,525	164.4%	2,100	119.4%

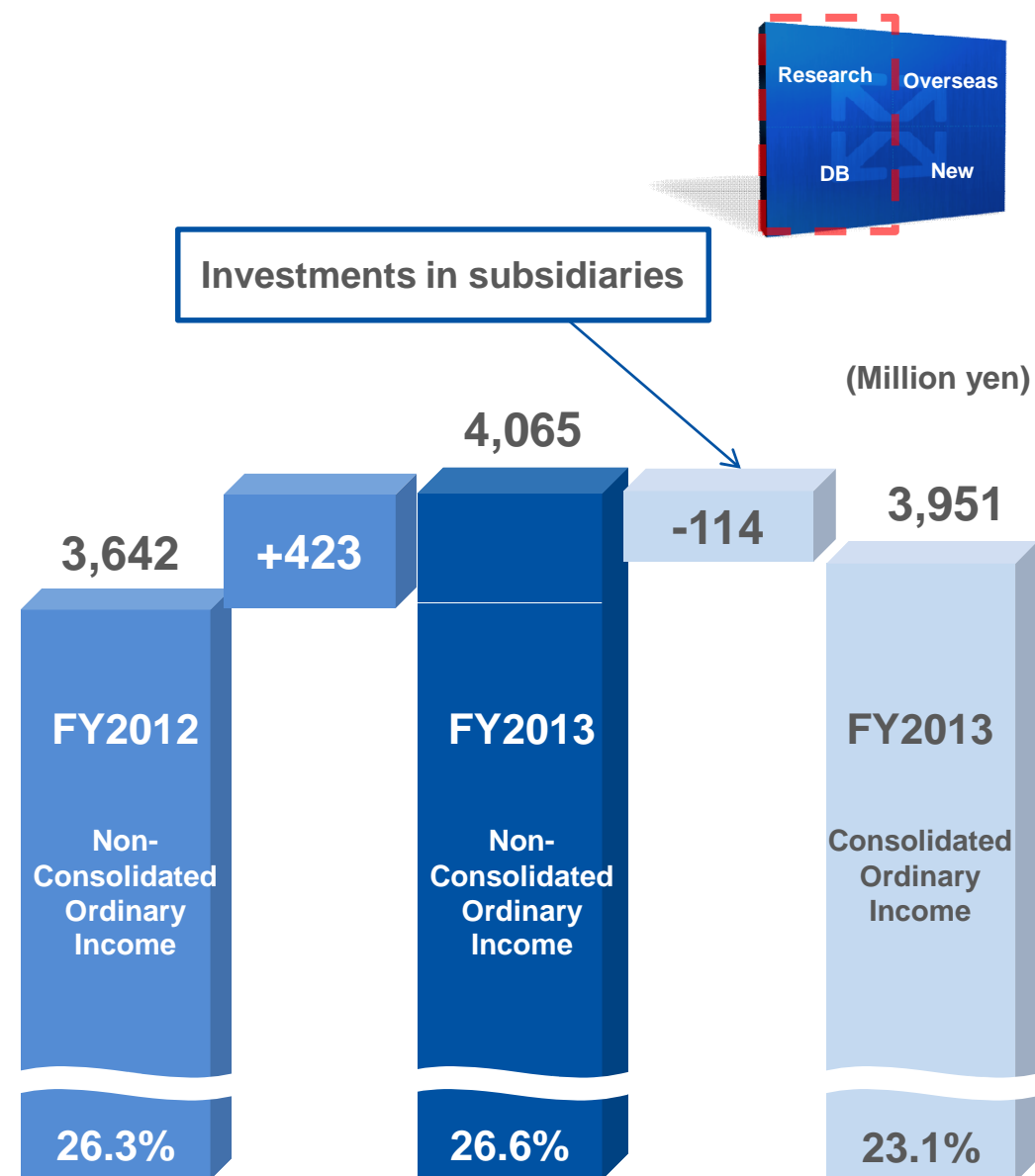
(Reference)

Non-Consolidated	Net sales	15,269	13,847	110.3%
	Ordinary income	4,065	3,642	111.6%
	Ordinary income margin	26.6%	26.3%	+0.3 pt
	Net income	2,101	2,016	104.2%



Changes in Income and Cost Structure (Cumulative)

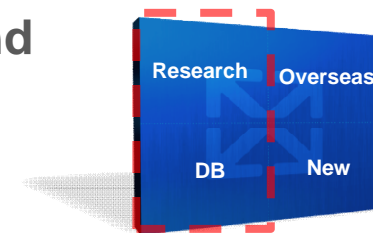
Non-consolidated	FY2013		FY2012	
	Amount	%	Amount	%
Net sales	15,269	100.0	13,847	100.0
Cost of sales	7,552	49.5	6,717	48.5
Personnel	2,111	13.8	1,879	13.6
Panelists and outsourcing	4,252	27.9	3,760	27.2
Other	1,188	7.8	1,077	7.8
SG&A	3,756	24.6	3,480	25.1
Personnel	2,050	13.4	2,093	15.1
Other	1,706	11.2	1,386	10.0
Ordinary income	4,065	26.6	3,642	26.3
(Consolidated ordinary income)	3,951		2,975	
Net income	2,101	13.8	2,016	14.5



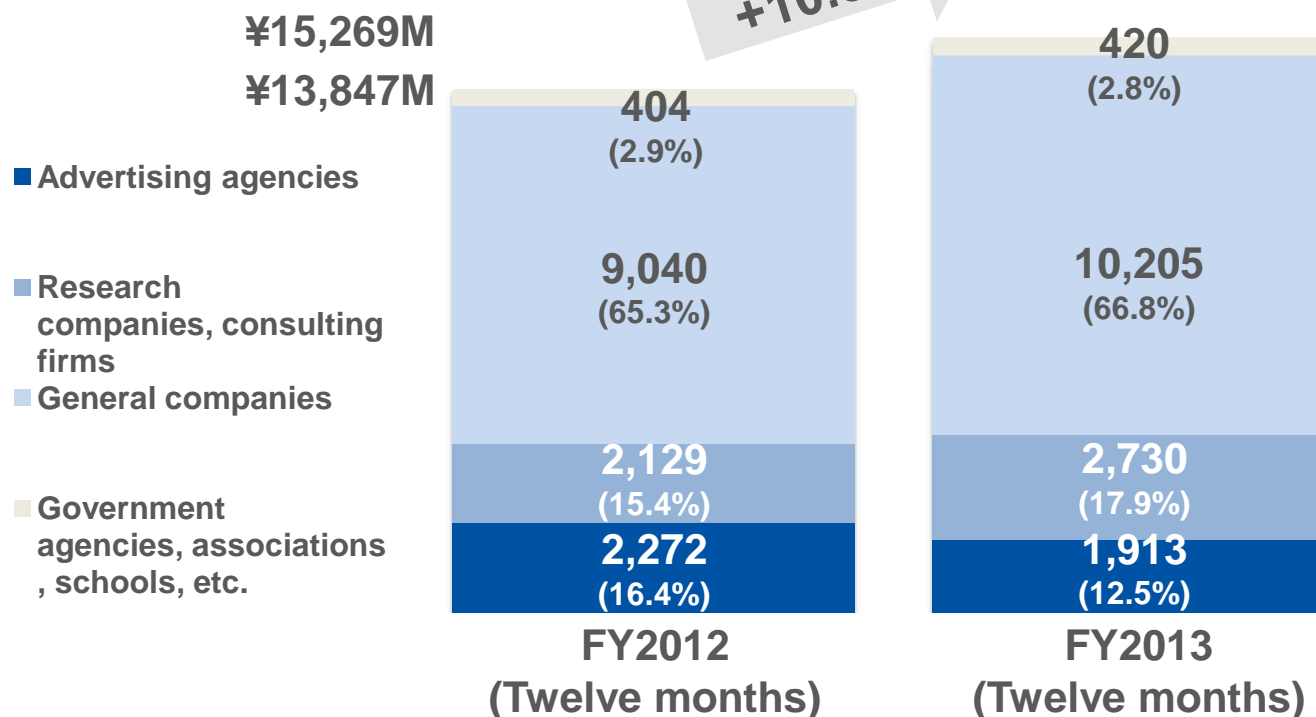
Change in Sales Breakdown by Category (Non-Consolidated)

- ✓ Sales increased in all categories except advertising agencies, and rose especially sharply in the following categories:

Research companies, consulting firms + ¥630M (up 29.8% year on year)
 Food & beverages + ¥330M (up 15.5% year on year)
 IT/Telecommunications + ¥300M (up 21.3% year on year)
 (in descending order of sales)



(Million yen)
 Figures in parentheses show percentages of total sales.



Breakdown of Changes by Service (Non-Consolidated)

✓ Increased sales in almost all services, especially the following:

- Global Research +41.8% year on year
 - QPR Service +27.7% year on year
- (in descending order of percentage)



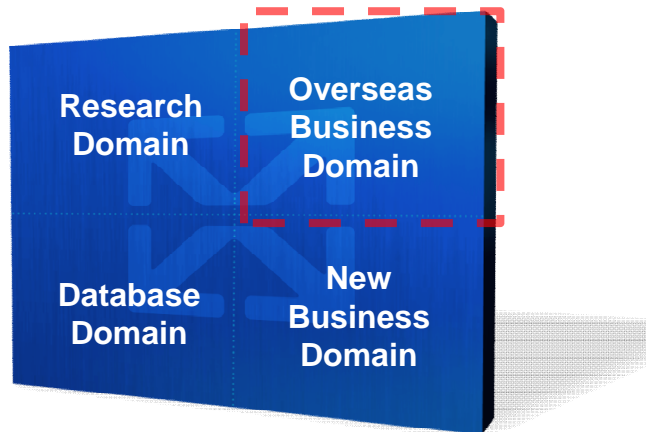
(Million yen)

Service	4Q (cumulative) of FY2013	%	4Q (cumulative) of FY2012	%	YoY
Automatic research	7,986	52.3	7,349	53.1	108.7%
Tabulation	967	6.3	878	6.3	110.0%
Analysis	1,640	10.7	1,384	10.0	118.5%
Qualitative research	1,371	9.0	1,200	8.7	114.2%
Customized research	1,255	8.2	1,356	9.8	92.5%
Global research	677	4.4	477	3.5	141.8%
QPR	952	6.2	746	5.4	127.7%
Other services	418	2.7	452	3.3	92.5%
Total	15,269	100.0	13,847	100.0	110.3%

* Changed the disclosure classification since the quarter under review. The quarterly year-on-year comparison has been adjusted to the new classification.

* Other Services include the mobile research service.

(Million yen)



		FY2013	FY2012	YoY
MACROMILL EMBRAIN (South Korea)	Net sales	1,568	281	558%
	Ordinary income	142	2	5,454%
MACROMILL China (China)	Net sales	198	77	255%
	Ordinary income	-5	-103	—

* Business results of MACROMILL EMBRAIN were incorporated into consolidated results starting in April 2012

MACROMILL EMBRAIN (South Korea)

- ✓ A year has passed since MACROMILL EMBRAIN became a subsidiary. Both full-year sales and income reached record highs, reflecting the introduction of MACROMILL's management system, the enhancement of the sales system, and comprehensive cost management. The company was in the black from January to June, 2013 for the first time in a January-June period since its founding.

MACROMILL China (China)

- ✓ Sales rose 2.5-fold year on year due to an increase in sales from Japanese companies' subsidiaries and affiliates in China.
- ✓ Full-year income may be in the black thanks to cost control through the introduction of in-house offline research.

Financial Results

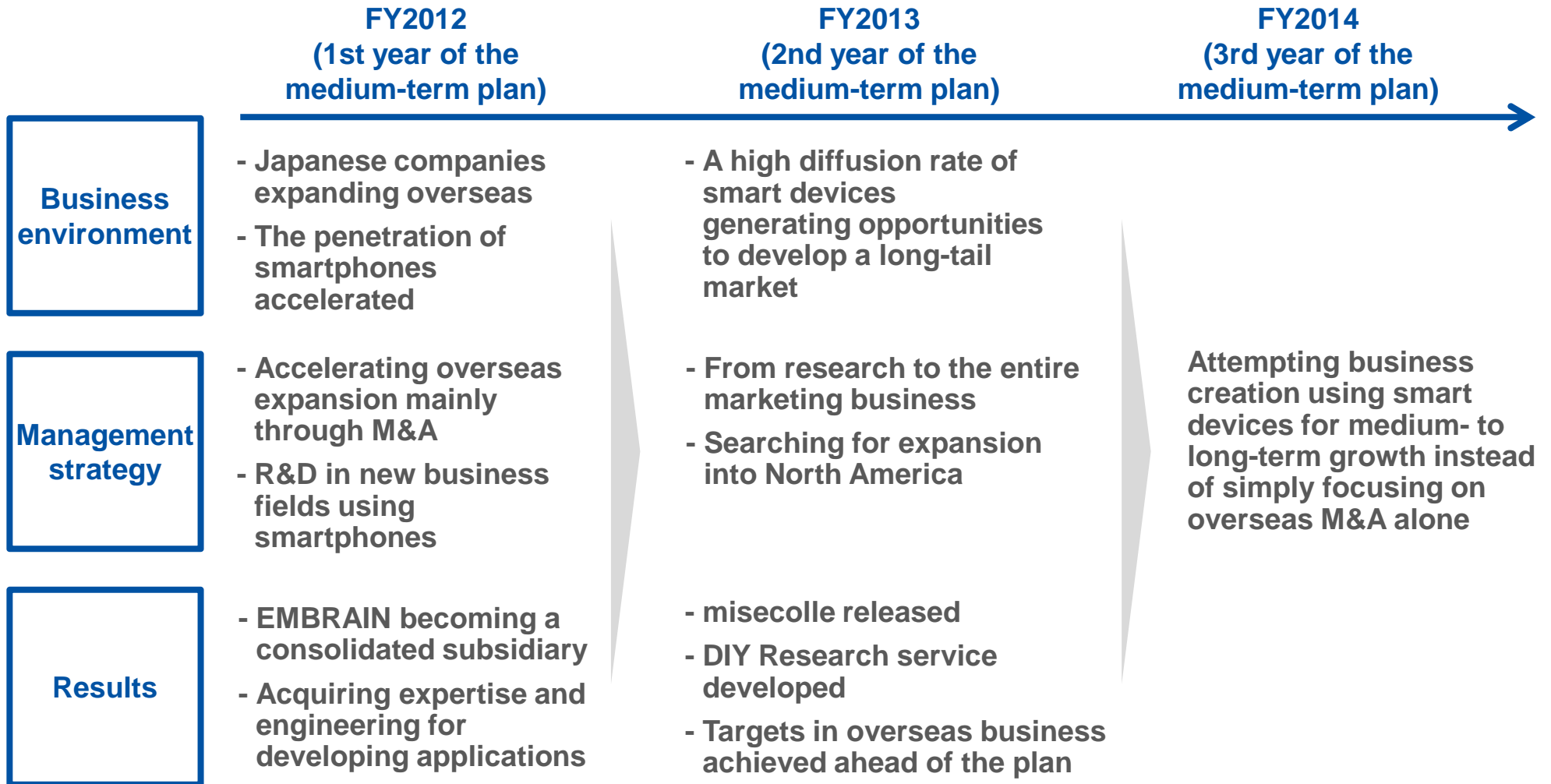
**Future Business Plan and Financial
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Change in Business Environment and a Review of Medium-Term Management Plan

- ✓ With smart devices rapidly becoming popular, attractive business opportunities are emerging. MACROMILL has changed its plan for medium- to long-term growth and has decided to make more investments in new businesses than before.



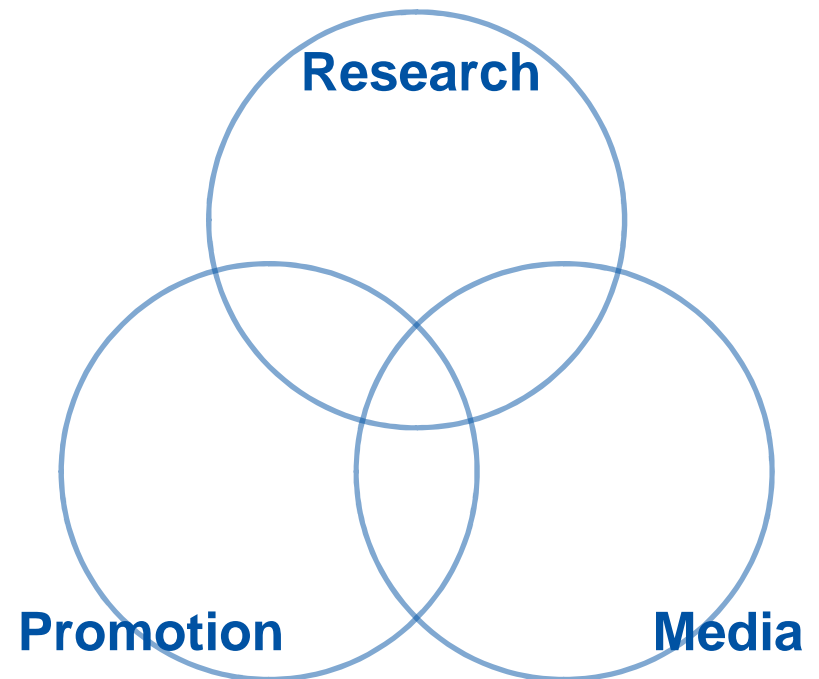
- ✓ We have redefined the management philosophy and corporate identity to expand our business domain into the entire marketing business.



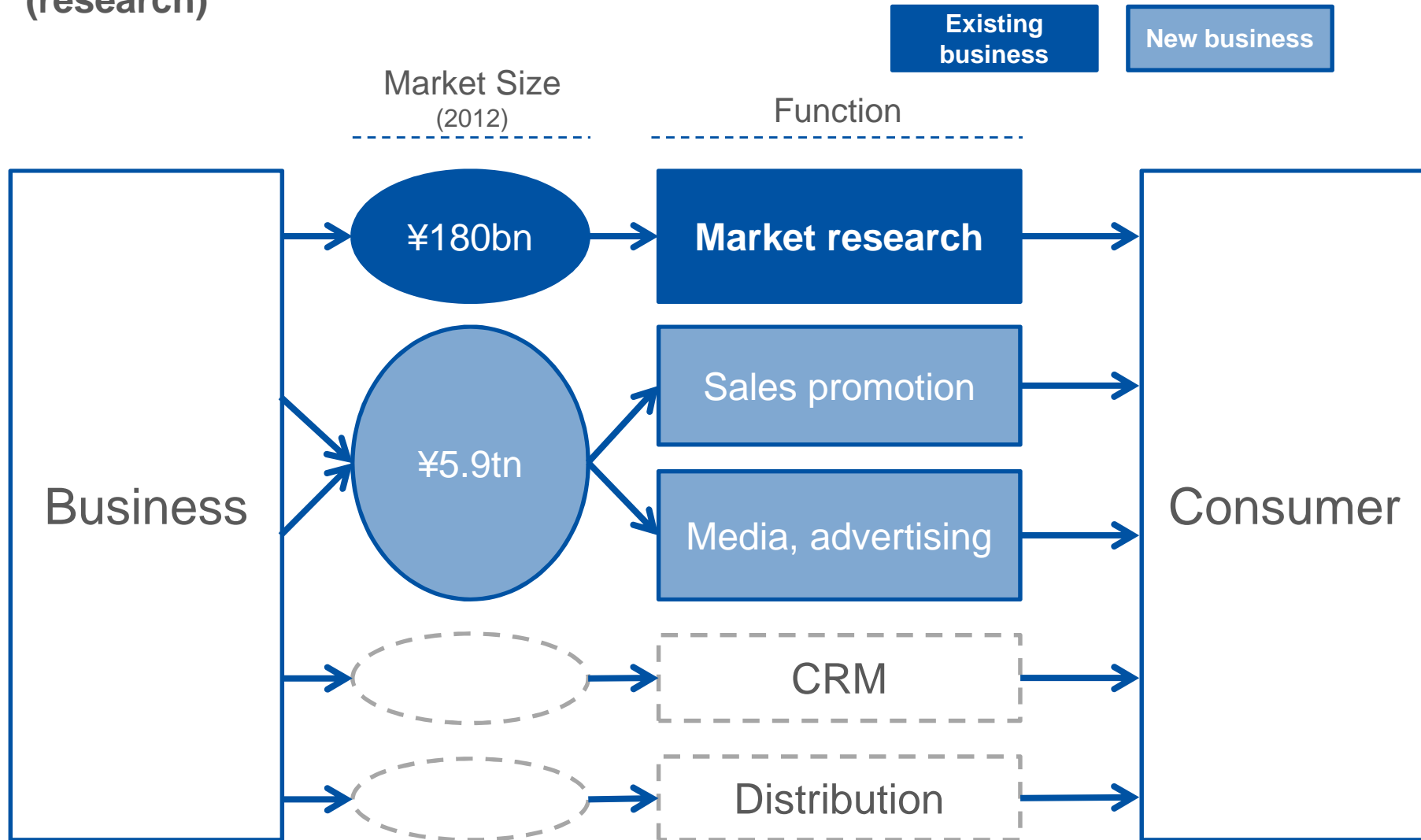
Internet research

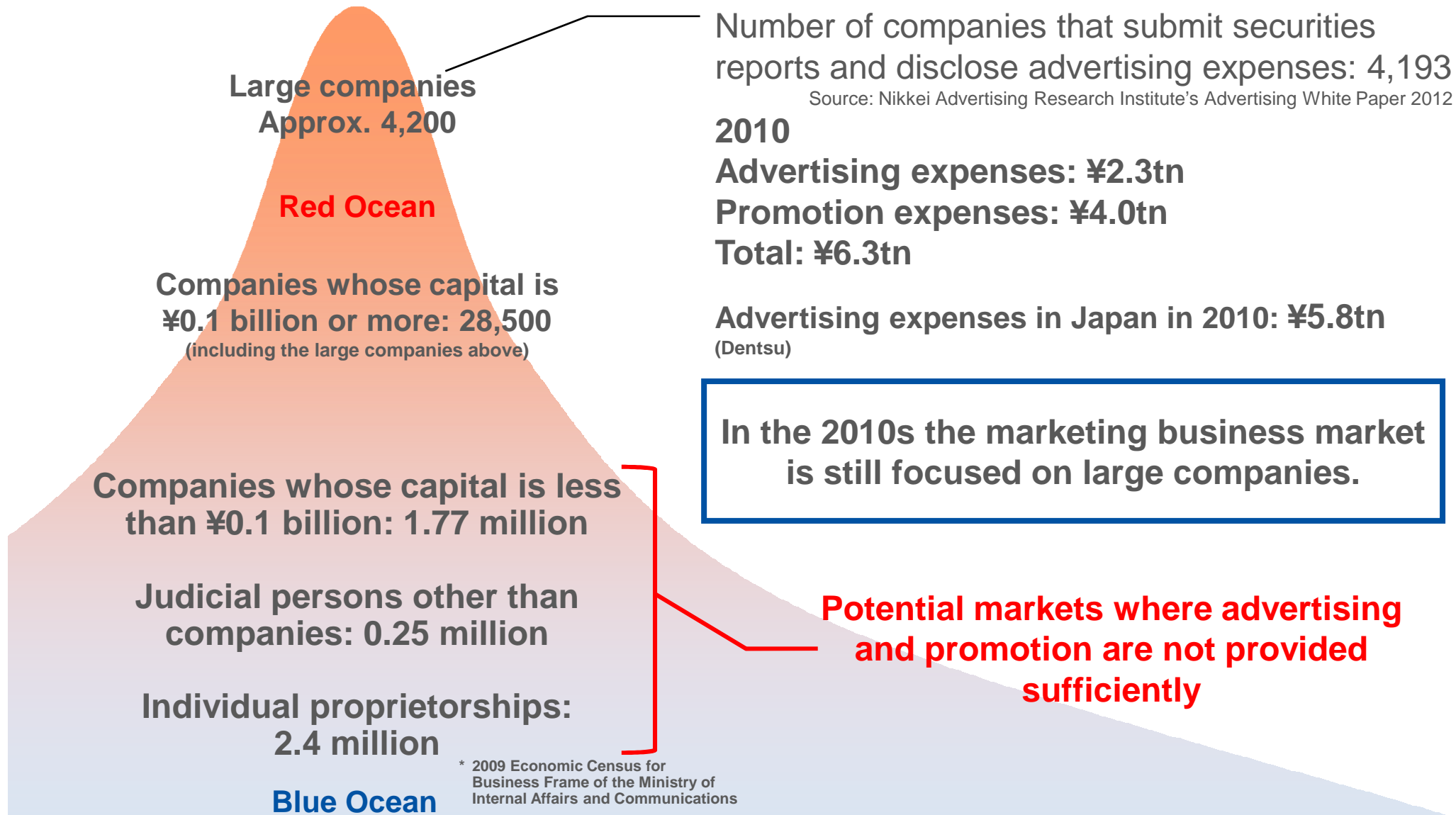


Marketing business



- ✓ Targeting a wider range of markets by expanding the business domain to the entire marketing business, leveraging customers in the existing business (research)





Before Internet Era (up to 1995)

The four mass media played a central role, focus of major companies



PC Internet Era (1995 to 2011)

As the Internet became popular, dot-com companies emerged in a number of fields.



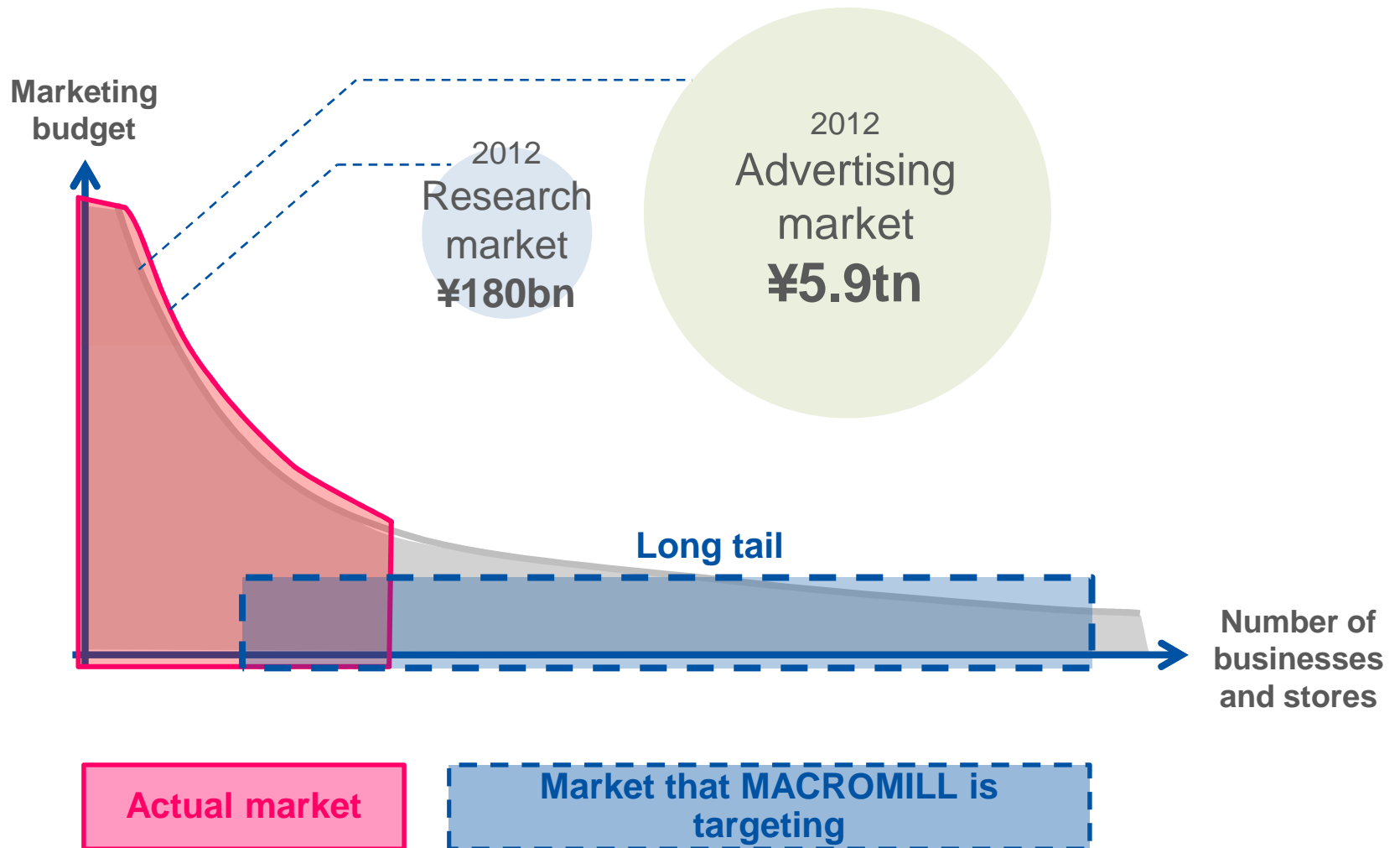
Smart Device Era (from 2012)

An environment has emerged where the capabilities of the Internet can be enjoyed regardless of IT literacy and business scale.



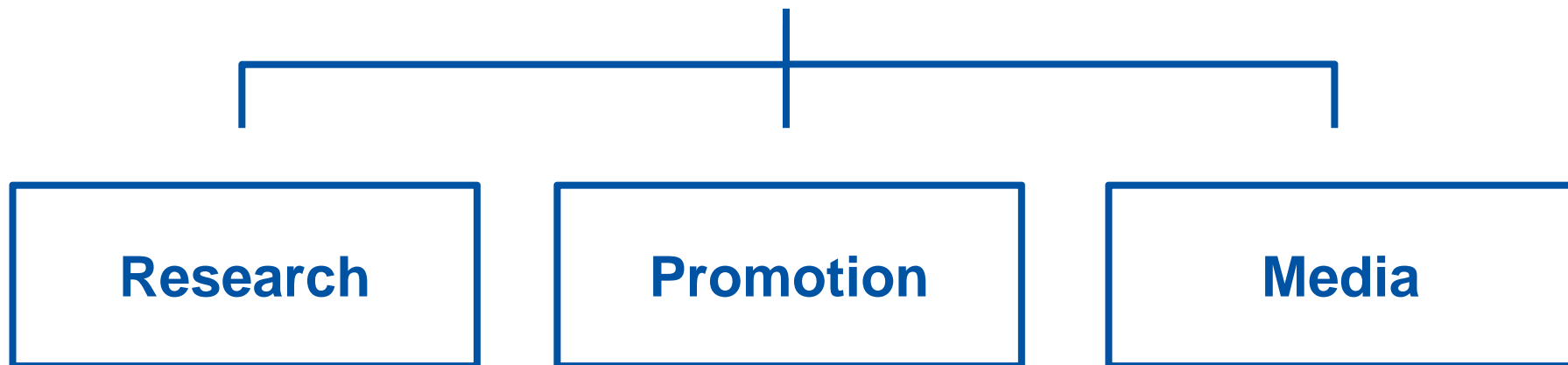
Provided low-priced and convenient marketing tools available to companies of a range of sizes, in a variety of fields and achieved market creation

- ✓ We aim to develop a long-tail market by providing marketing services available to all sorts of businesses.

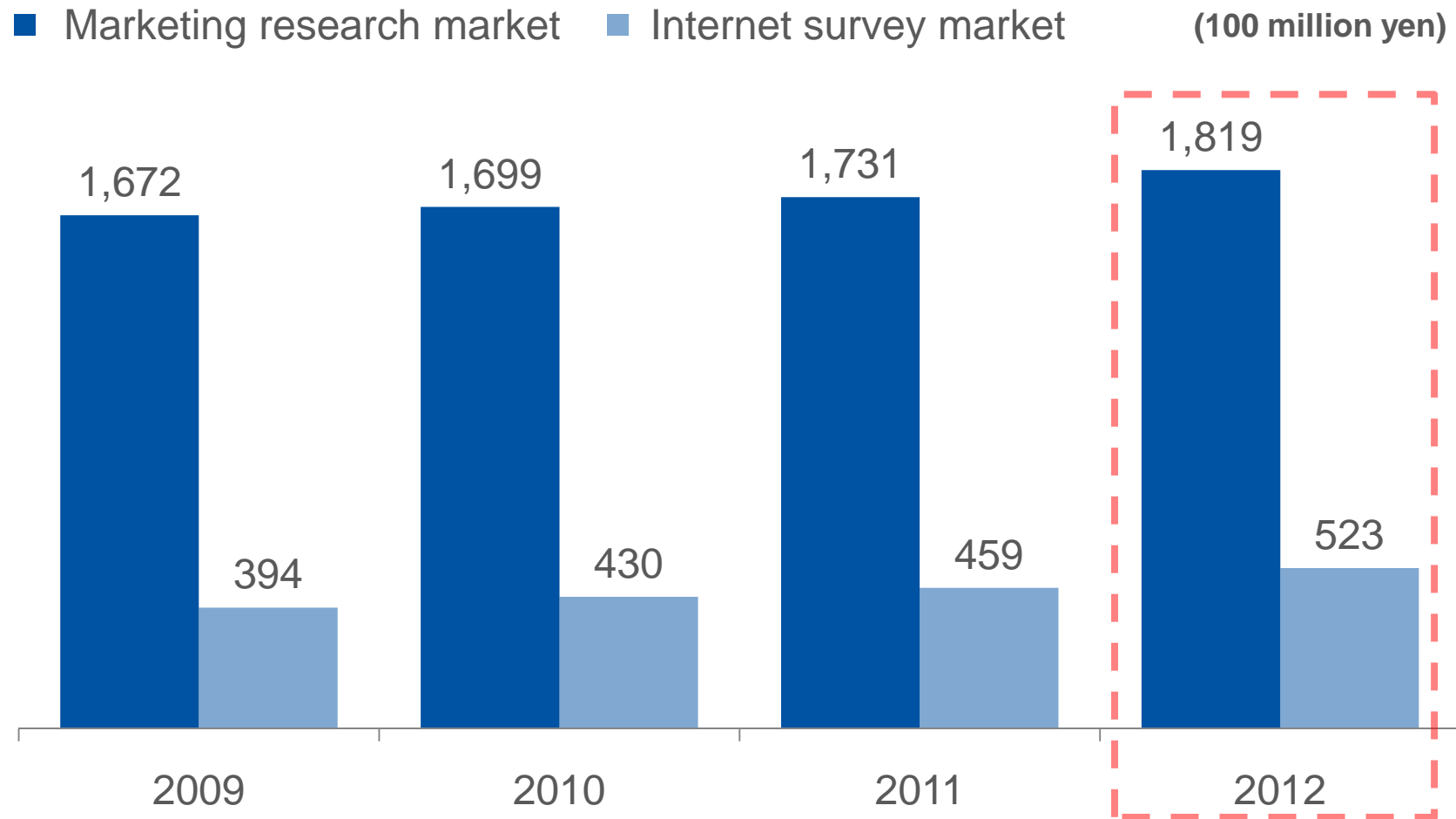


Low-priced services on smart devices in a long-tail market in the marketing business

**Low-priced services on smart
devices in a long-tail market in the
marketing business**



- ✓ In FY2012, the Internet survey market is estimated to have grown steadily to ¥52.3 billion (up 13.9% year on year) in the ¥181.9 billion (up 5.1% year on year) marketing research market.



38th survey on business management by Japan Marketing Research Association (JMRA)

Category	Priority	Business scale
<p>Existing research business</p>	<ul style="list-style-type: none"> ✓ Differentiating MACROMILL from the competition by proposing comprehensive solutions 	<p>¥180bn Domestic research market</p>
<p>Database business</p>	<ul style="list-style-type: none"> ✓ Moving the QPR business into the black ✓ Launching the POS business as quickly as possible 	<p>¥18bn QPR+POS (Estimate)</p>
<p>DIY Research</p>	<ul style="list-style-type: none"> ✓ Advancing development to launch the service towards the end of October ✓ Making preparations for promotion for gaining users as early as possible 	<p>¥30bn DIY Research market in North America (Estimate)</p>
<p>Overseas operations</p>	<ul style="list-style-type: none"> ✓ Managing subsidiaries ✓ Looking for opportunities to enter European and U.S. markets primarily through M&A 	<p>¥2.5tn Research markets in North America and Europe</p>

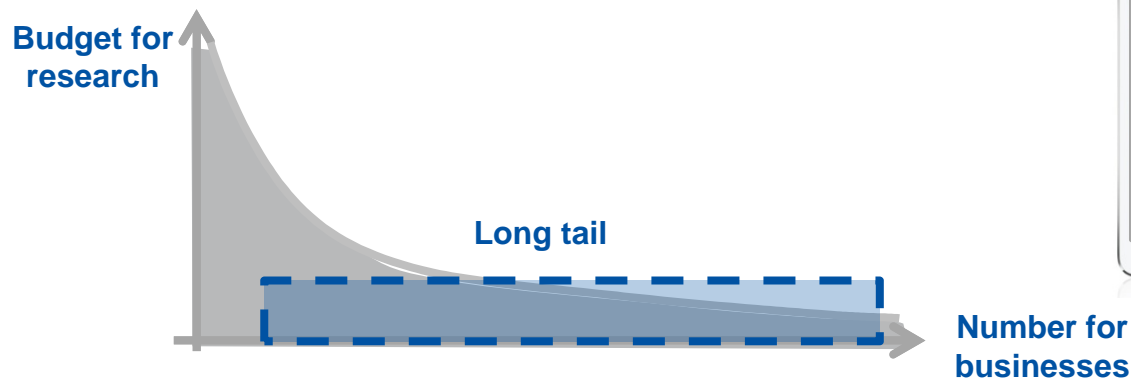
- ✓ Planning to launch towards the end of October an Internet research service that will enable customers to conduct research by themselves more easily and faster than the existing Internet research

New business model

- ✓ The cost structure will allow the customers to make a profit more easily because they will conduct research by themselves without the help of salespeople or operators.



- ✓ Expanding the customer base for the research market by providing service at much lower prices than the prices for the existing Internet research



Strategic service overseas

- ✓ The market is emerging in Europe and the United States. We are developing a high-quality service and are positioning it as a strategic service in Europe and the United States.



- ✓ Achieving overseas sales of 1 billion yen, a target in the medium-term management plan ahead of schedule
- ✓ Looking for opportunities to enter large European and U.S. markets to expand overseas operations

Asia

- ✓ Continuing the management of two consolidated subsidiaries and aiming to expand earnings, while maintaining a high growth rate



macromill
embrain

- ✓ Seeking to increase profitability by continuing to strengthen the sales system and to enhance the cost management
- ✓ Preparing for IPO



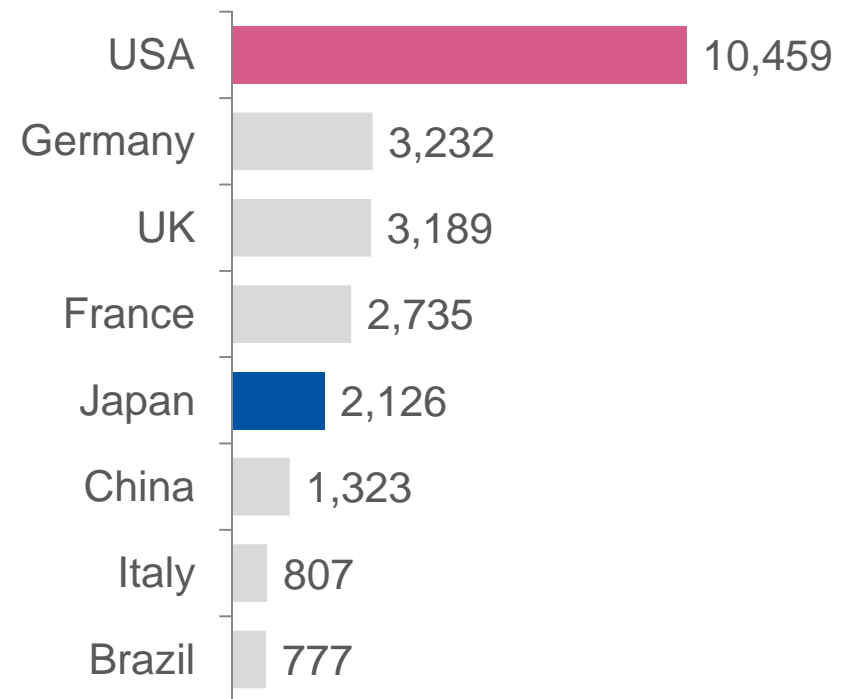
MACROMILL
CHINA 

- ✓ Aiming to move into the black in the full year by enhancing sales
- ✓ Attracting new demand by providing research using digital devices and SNS

Europe and the U.S.

- ✓ 2.5tn yen markets in North America and Europe
- ✓ Looking for opportunities to enter the markets primarily through M&A

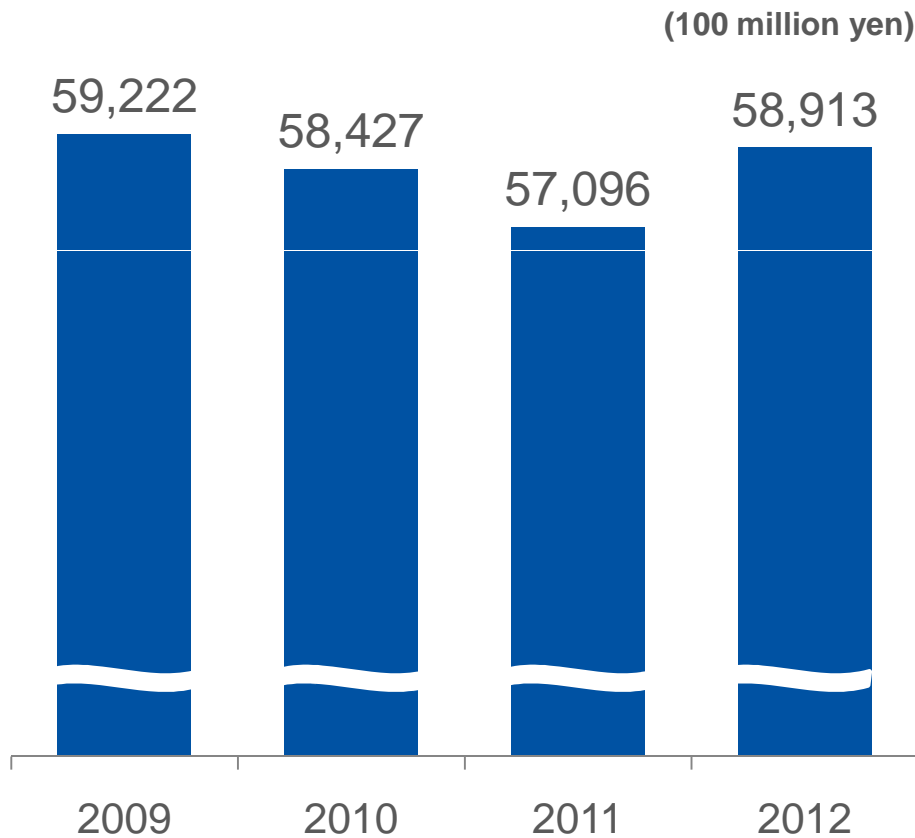
(Million USD)



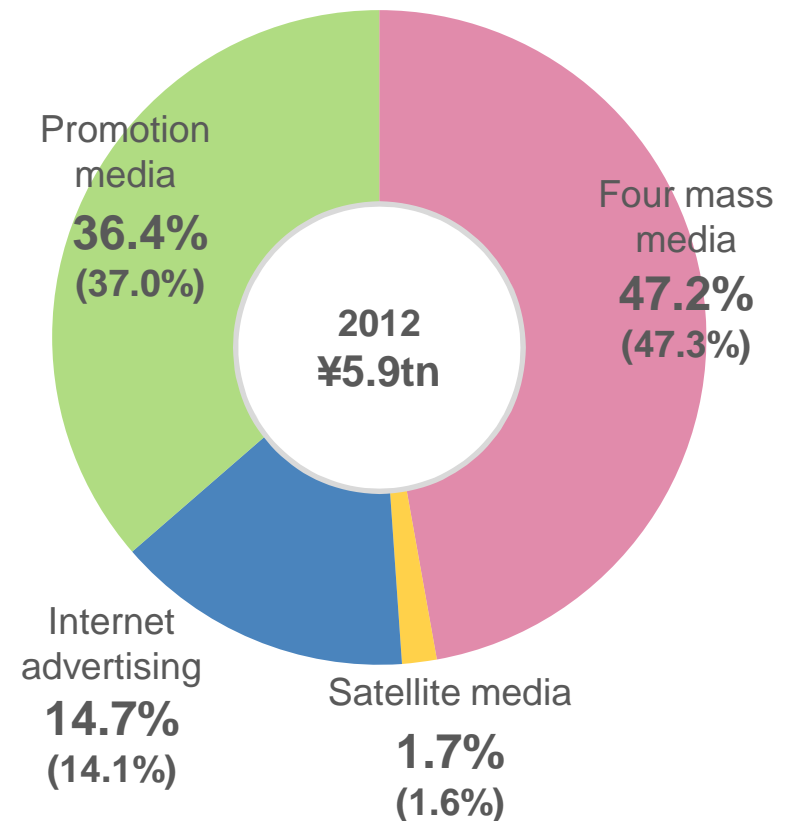
「2012 GLOBAL MARKET RESEARCH」 ESOMAR

- ✓ Aiming to expand share in the 5.9tn yen advertising market by lowering prices and developing a long-tail market

Changes in the size of the advertising market



Breakdown by media type (2012)





The numbers of users and registered restaurants and stores have increased steadily.

Users

To collect restaurants and stores and compile helpful information.

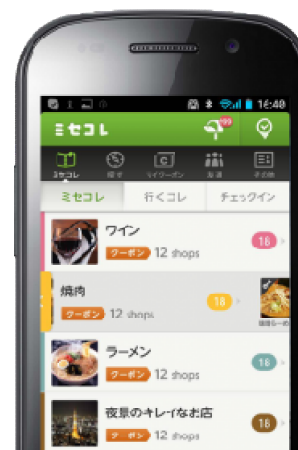
- 100,000 D/L in the three months since the release
- An iPhone version and a Web version to be released soon



Restaurants and stores

To only send information to the people you want to send it to.

- Number of restaurants and stores posted: 1.6 million (whether they are registered or not)
- Number of restaurants and stores registered: 5,580



Acquiring 25.6% of the stock (ratio of voting rights) of GLIDER associates operating curation magazine *Antenna* through a capital increase through a private placement

What is *Antenna*?



Concept of the service

Creating a curation medium without any noise where information that is difficult to obtain can be obtained easily

Corporate profile







Name: GLIDER associates, INC.
Established: February 6, 2012
Representative: Ken Machino
Address: 301 Lattice Aoyama, 1-2-6 Aoyama, Minato-ku, Tokyo

- ✓ *Antenna* is a curation magazine where users can clip from selected RSS content, including Web magazines, and can share information with friends.

What is

 Antenna™ ?



-  A thousand articles or more are distributed from 158 selected Web media to *Antenna* every day.
-  Can be used on iPhone, Android, Tablet, and the Web.
-  Ranked 1st on App Store (Free). Ranked 1st also on other platforms.
-  Introduced in a number of media immediately after its release due to its excellent screen user interface and operability.

Music compilation



iTunes

Emerging websites to share photos



Instagram



Pinterest

Possibility of RSS reader



Flipboard



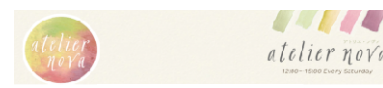
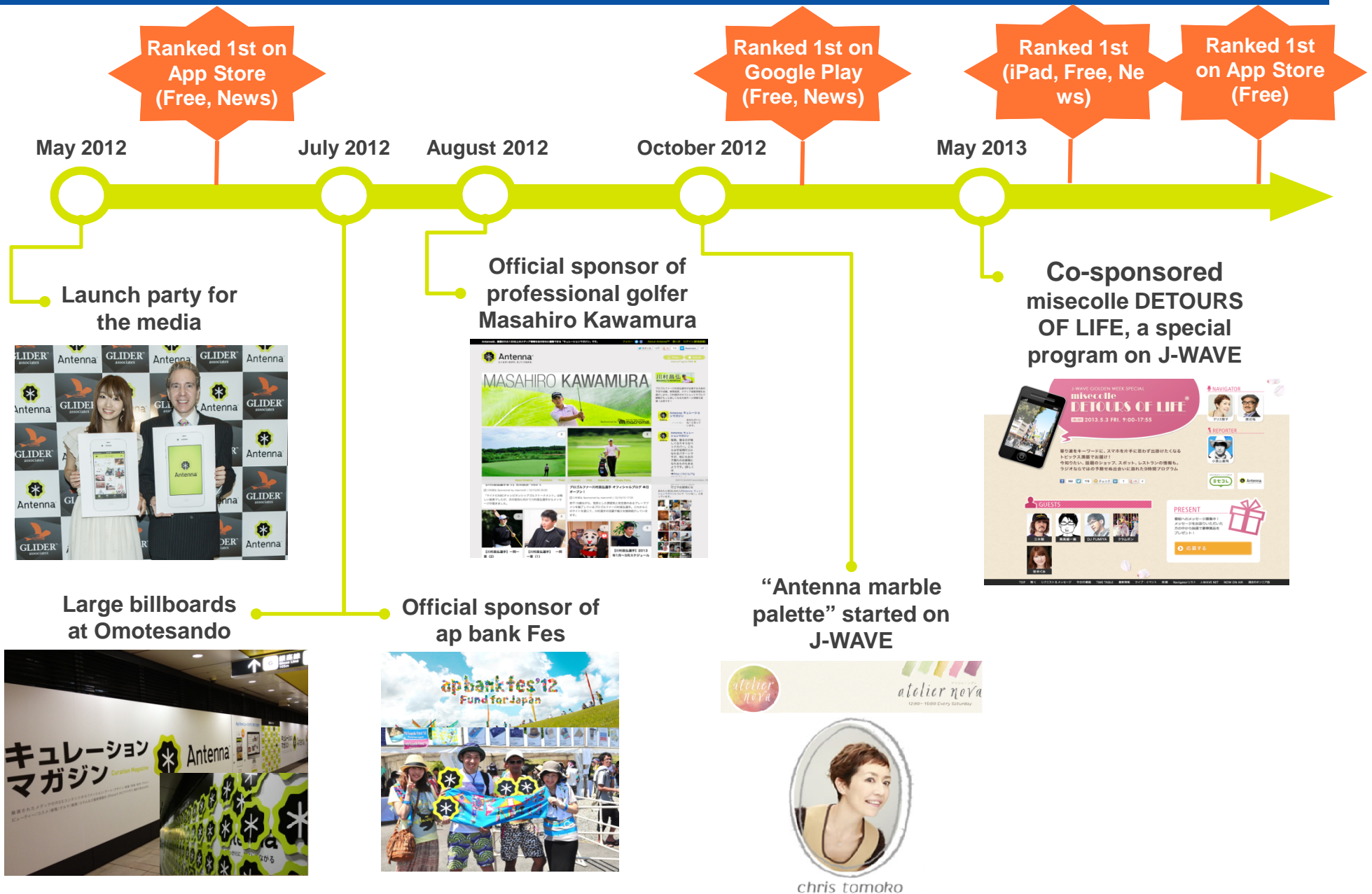
pulse

Can the idea be applied to a magazine?

Professional quality instead of amateur quality

Users collecting only articles that interests them


Creating a service offering all the features above



chris tomoko


- ✓ Pursuing a new form of medium in the age of smart devices
Aiming to develop a long-tail market in advertising and promotion instead of focusing on national clients alone

Advertising



Screen user interface that posts advertisements naturally

EC



Users will be able to buy products posted on Antenna immediately. (within this year)

Overseas



The same business model will be expanded into English-speaking countries. (within this year)

Low-priced services on smart devices in a long-tail market in the marketing business



Research

Promotion

Media

Existing research business

+
DIY Research
+
Overseas operations



- ✓ Generate cash through strong growth exceeding the rate of market growth.
- ✓ Launch DIY Research service as early as possible.

- ✓ Attempt promotion based on the beef bowl concept.
- ✓ Gain users and customers.

- ✓ Invest in GLIDER associates.
- ✓ Pursue new forms of media.

- * Results in FY2013, driven by the performance of the existing business, far exceeded the business plan.**
- * We need to invest in new businesses to achieve discontinuous growth.**
- * We have changed our strategy to aggressively invest in the development of services, focusing on low-priced services in a long-tail market.**

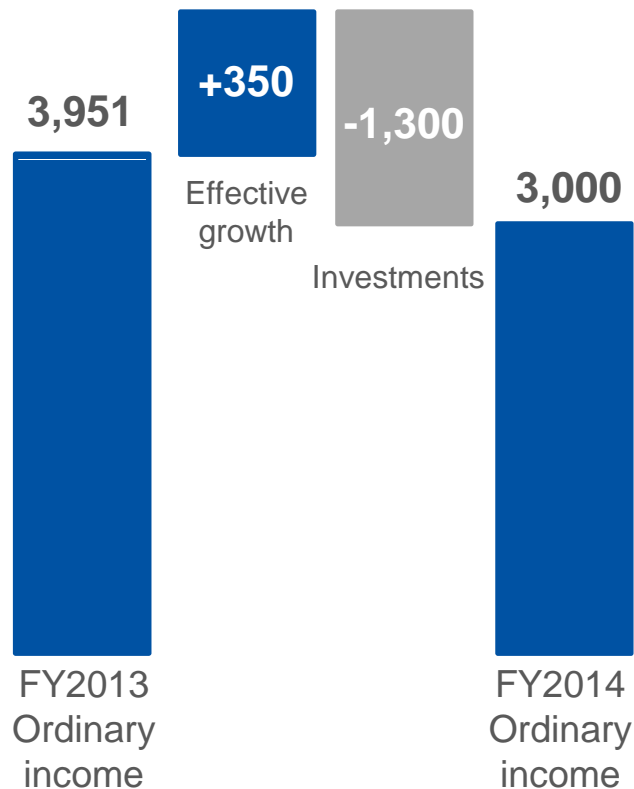
- ✓ MACROMILL has decided to invest in new businesses for medium- to long-term growth based on steady growth and cash generation in the existing business.

(Million yen)

	FY2014			FY2013
	Medium-term management plan (released on August 2011)	Targets after revision	YoY	Actual result
Consolidated net sales	20,000	19,100	111.6%	17,120
Consolidated ordinary income	4,700	3,000	75.9%	3,951
Consolidated net income	—	1,700	67.8%	2,508

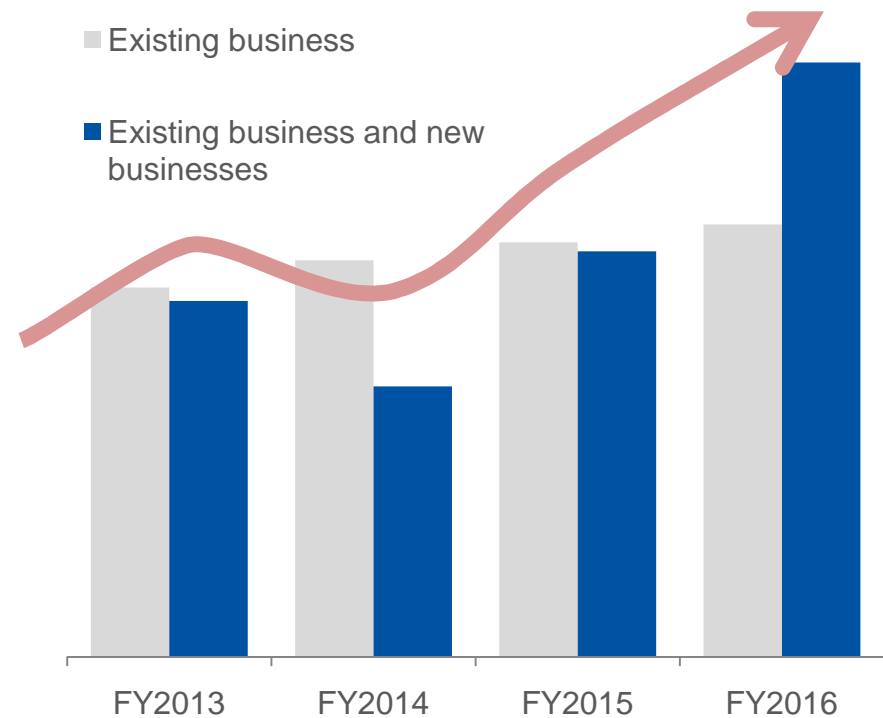
A decline in income

- ✓ We expect steady growth in the existing business. Cash to be generated will be invested in the development of new businesses.



Expected growth in income

- ✓ Investments in new businesses will bring discontinuous growth in the Group's results in the medium to long term.



- ✓ **MACROMILL has decided to repurchase stock to enhance shareholder return and capital efficiency and to execute flexible capital policies in response to changes in the business environment.**

- * **Type of stock to be repurchased: Common stock of MACROMILL**

- * **Number of shares to be repurchased: 8,000,000 (maximum)**
(Ratio to the number of shares outstanding: 12.7%)

- * **Repurchase price: 5 billion yen (maximum)**

- * **Period of repurchase: September 1, 2013 to August 31, 2014**

- * **Method of repurchase: Market transaction on the Tokyo Stock Exchange**

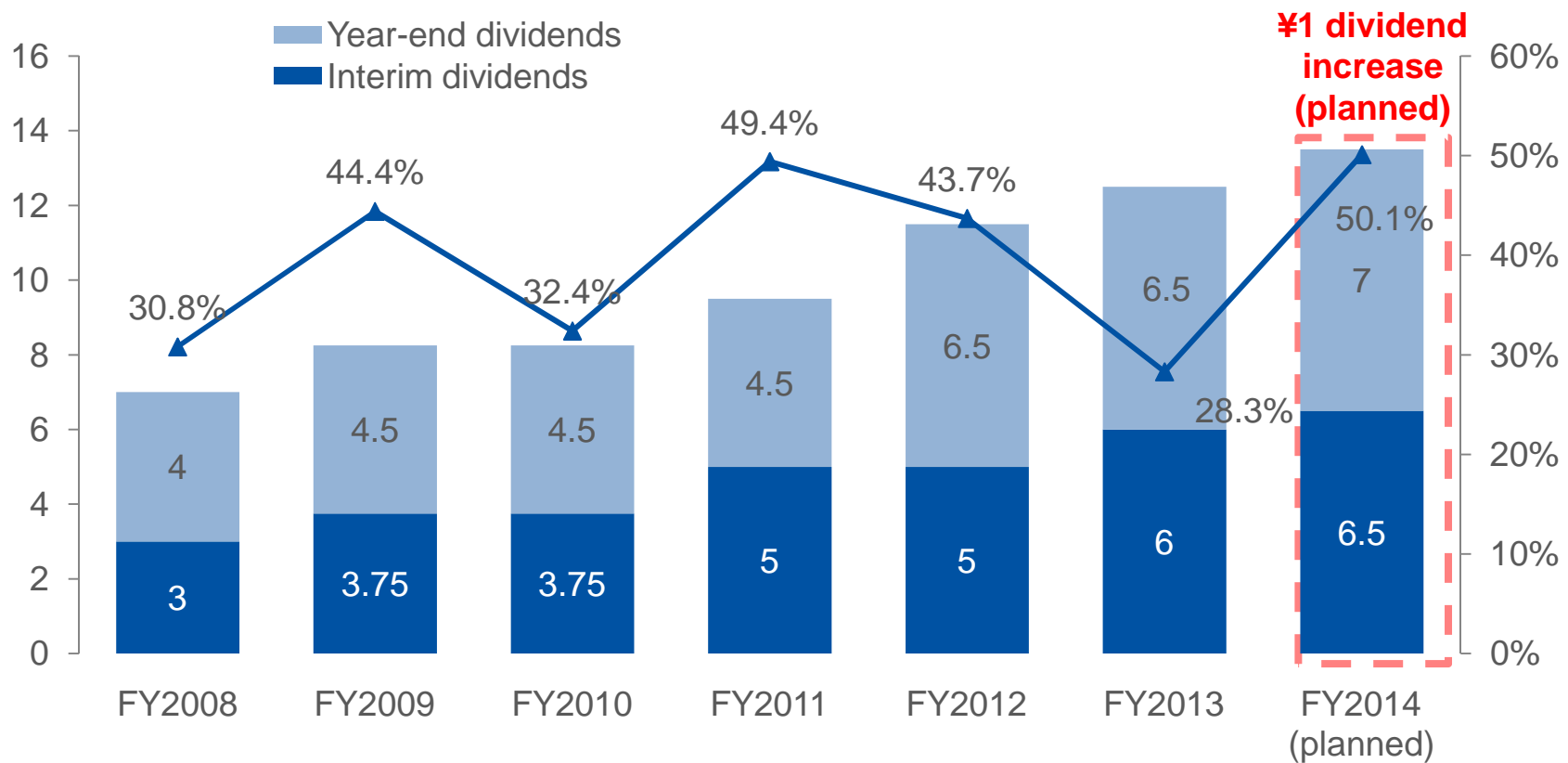
(For reference)

Treasury stock as of July 31, 2013

Number of shares issued: 63,171,350

Number of treasury stock shares: 81,519

- ✓ Passed a resolution for FY2013/6 year-end dividend per share (interim: ¥12, year-end: ¥13) * Before the stock split
- ✓ Expected dividend per share for FY2014/6
 Full year: ¥13.5 (interim: ¥6.5, year-end: ¥7), payout ratio 50.1% (planned)
 * After the stock split



*1 Dividends listed above are adjusted for 1:2 stock split that took place in July 2013.

*2 The payout ratio for FY2014/6 is calculated based on the projected number of shares outstanding as of the end of June 2014.

Financial Results

**Future Business Plan and Financial
Plan for FY2014**

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Reference

Full-Term Results for the Year Ended June 2013 (Cumulative, Standalone)

		Fourth quarter (standalone) (April 1 – June 30)			Full-year (cumulative) (July 1 – June 30)			Full-year forecast (July 1 – June 30) (Percent achieved)	
		FY2013	FY2012	YoY	FY2013	FY2012	YoY		
Consolidated	Net sales	4,096	3,510	116.7%	17,120	14,229	120.3%	16,800	101.9%
	Ordinary income	788	417	188.9%	3,951	2,975	132.8%	3,900	101.3%
	Ordinary income margin	19.3%	11.9%	+7.4 pt	23.1%	20.9%	+2.2 pt	23.2%	—
	Net income	543	160	338.6%	2,508	1,525	164.4%	2,100	119.4%

* Reference

Non-Consolidated	Net sales	3,564	3,195	111.5%	15,269	13,847	110.3%		
	Ordinary income	855	534	160.0%	4,065	3,642	111.6%		
	Ordinary income margin	24.0%	16.7%	+7.3 pt	26.6%	26.3%	+0.3 pt		
	Net income	638	262	243.2%	2,101	2,016	104.2%		

Unit Price and Number of Active Client Companies, Active Servers, and VIP Clients (Non-Consolidated)

Indicator	Unit	FY2012				FY2013			
		1Q	2Q	3Q	4Q (Full-year)	1Q	2Q	3Q	4Q (Full-year)
Quarterly average unit price per order (*1)	¥ ten thousand	78.3	79.7	83.7	77.2	77.9	81.6	84.5	83.4
Quarterly average unit price per order (automatic research only) (*1)	¥ ten thousand	52.5	52.0	54.9	49.7	50.8	52.6	56.5	51.3
Quarterly average unit price per order (for reference) (*1)	¥ ten thousand	81.3	83.3	87.5	80.7	81.7	85.2	88.2	87.6
Number of active client companies (annual) (*2)	Companies	985	1,371	1,711	1,924	996	1,465	1,816	2,028
Number of active servers (annual) (*2)	Servers	2,485	3,988	5,382	6,327	2,672	4,290	5,786	6,836
Number of VIP clients (*3)	Companies	254	256	251	249	281	265	280	272
Number of VIP clients with average quarterly sales of ¥10m or more (*4)	Companies	(61)	(63)	(67)	(64)	(67)	(74)	(78)	(75)

*1 The services of the former YVI were not included in the calculation of the average unit price for the year ended June 30, 2011. Orders for qualitative research were not included in the calculation of the quarterly average unit price per order (for reference). To calculate realistic unit prices, going forward, overall unit prices will be calculated using a method that counts qualitative research as one order, as shown in the top row above.

*2 Year-to-date total for each fiscal year; number of companies/servers that posted sales at least once between the beginning of the fiscal year and the end of the quarter.

*3 Year-to-date total for each fiscal year; priority clients with annual sales of ¥10 million or more are defined as VIP clients.

*4 Year-to-date total for each fiscal year

Indicator	Unit	FY2012				FY2013			
		1Q	2Q	3Q	4Q (Full-year)	1Q	2Q	3Q	4Q (Full-year)
Number of employees (consolidated)*	People	566	594	735	768	788	790	803	836
Number of employees (non-consolidated)*	People	541	550	560	582	567	579	603	629

* Number of employees includes contract employees and those on leave.

As of June 30, 2013

✓ Breakdown of personnel by job type

Sales
161 (including 26 assistants)

Operations
119

Researchers
141

Others include those in business planning, business administration, panelists support and regular staff, etc.

* Executive officers and those at higher levels, employees on leave are not included.

* As of July 1, 2013

✓ Number of employees at consolidated subsidiaries 200 → 207

M-CUBE: 13 → 13

M-WARP: 0 → 0

* M-WARP merged with MACROMILL on April 1, 2013 as the effective date.

Macromil China: 20 → 22

MACROMILL EMBRAIN: 158 → 156

M-PROMO: 9 → 6

miscolle*: 10

Indicator	Unit	FY2012				FY2013			
		1Q	2Q	3Q	4Q (Full-year)	1Q	2Q	3Q	4Q (Full-year)
MACROMILL Panelists	Ten thousand people	105.9	107.1	108.6	109.5	110.7	112.2	113.6	114.6

As of July 1, 2013

PC Panelists

**MACROMILL
Panelists**

1.14M people
(including smartphone
panelists)

**Yahoo!
Research Panelists**

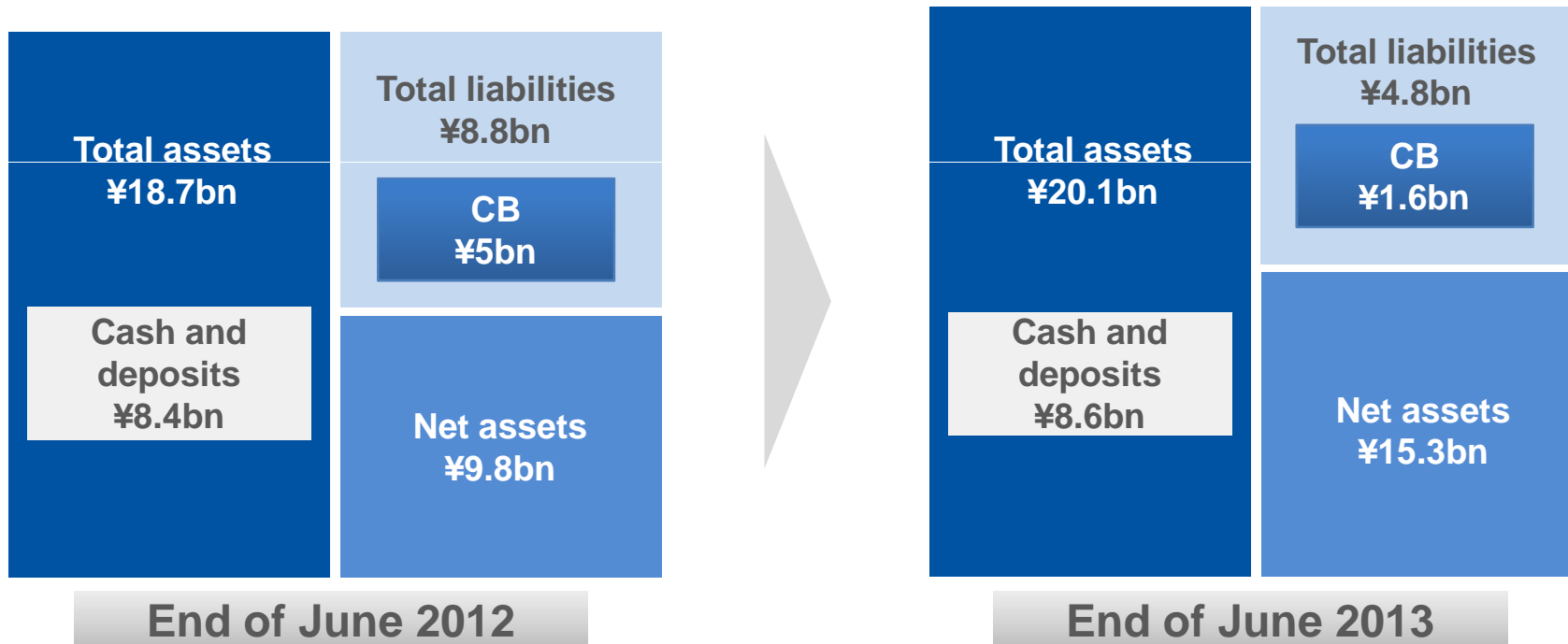
1.46M people

Mobile Panelists

**Cooperating mobile
monitors**

0.31M people
(Mobile here refers to feature phones only)

- ✓ Considering investments including M&A for new business and overseas business expansion
- To actively promote business expansion to establish a new pillar of business using cash generated in existing business domains



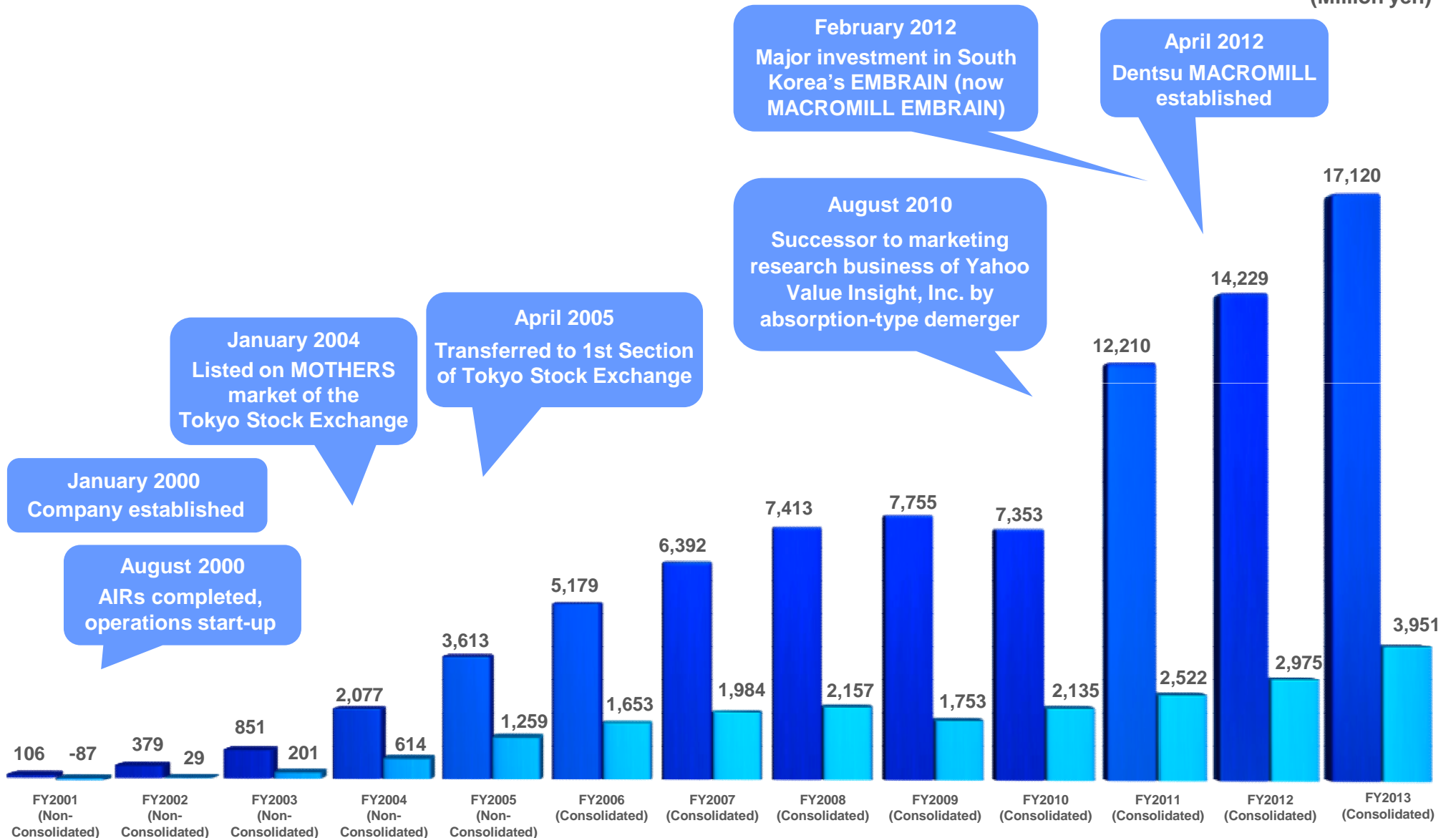
Financial Results

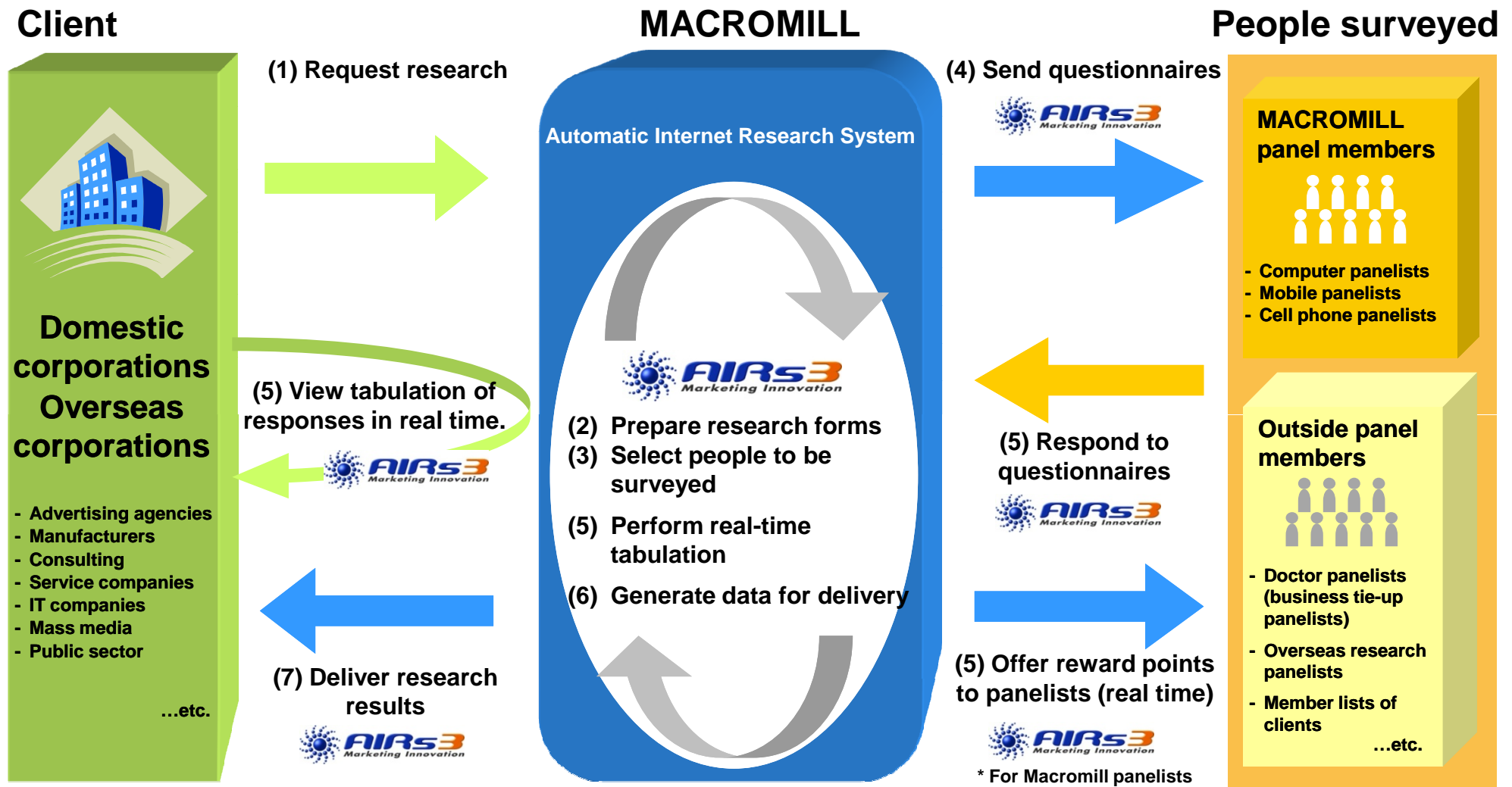
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(Million yen)





* This is a representative example of the service flow of the online research using AIRs. Depending on the subject of the research, AIRs may not be used or the flow may change.
 * If a research plan is required, this happens before step (1) in the flow chart. If an analysis of research results is required, this happens after step (7) in the flow chart.

As of June 30, 2013

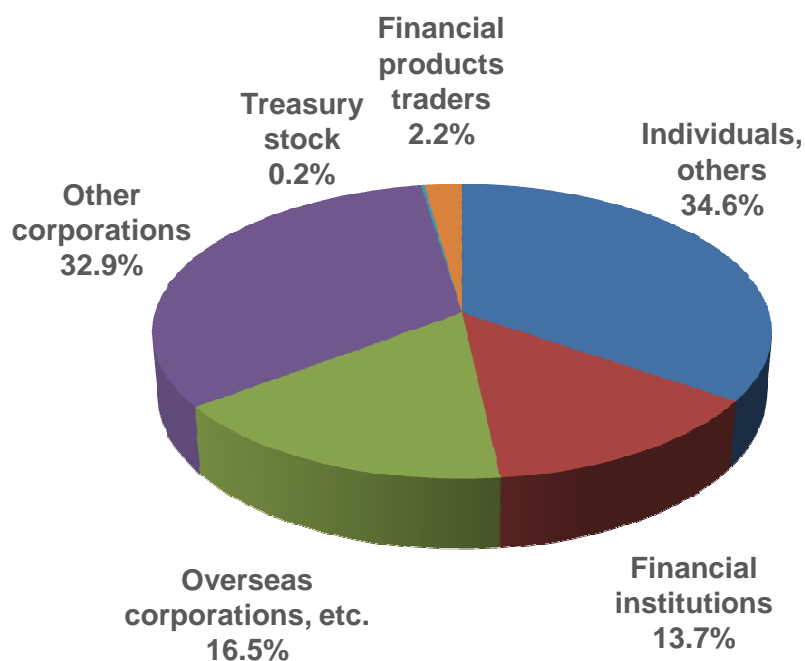
Total number of authorized shares **83,712,000**

Total number of issued shares **31,579,675**

Number of shareholders **13,422**

Round lot **100**

Major shareholders	Number of shares held	Ownership (%)
Yahoo Japan Corporation	7,071,100	22.39
Vanillasky Corporation	2,453,000	7.77
Japan Trustee Services Bank, Ltd. (Trust account)	1,720,900	5.45
Tetsuya Sugimoto	942,500	2.98
Goldman Sachs & Co. Regular Account	731,900	2.32
Yasunori Fukuha	609,600	1.93
Satoshi Shibata	572,000	1.81
The Master Trust Bank of Japan, Ltd. (Trust account)	551,800	1.75
Northern Trust Company (AVFC) Sub-account American Clients	544,300	1.72
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	534,900	1.69



- Note 1. MACROMILL holds 51,037 treasury stock shares.
- Note 2. The ownership ratio is calculated based on the number of shares issued.
- Note 3. Vanillasky Corporation listed above is represented by director Tetsuya Sugimoto.
- Note 4. MACROMILL conducted a two-for-one stock split, effective on July 1, 2013. The figures in the table above are numbers of shares before the stock split.

MACROMILL

Innovation or Nothing



Consolidated subsidiaries

Domestic

Overseas



Construction of QPR panels
Collection of consumer purchase data
Shareholders: HAKUHODO DY HOLDINGS INCORPORATED. etc.



Integration of EMBRAIN and MACROMILL Korea (August 2012)



Marketing support business using the Internet
Sales launched in March 2012



Research business in China
Sales launched in September 2011

NEW
misecolle, INC.

Planning and operation of misecolle, an application providing a promotional service for restaurants and stores

Equity-method affiliates

Dentsu MACROMILL

→ 40.0% stake

Capital/business alliances

Shanghai United-Cities Industry Co., Ltd.

→ 6.9% stake

Business alliances



dentsu



Dentsu marketing insight

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