

# First Three Quarters Results Briefing Year Ending June 30, 2012

株式会社 マクロミル

証券コード: 東証1部 3730

# Group Business Results

# Overview of Third Quarter Results for the Year Ending June 2012

- ✓ Both sales and income reached record high levels

Consolidated: By the end of the third quarter, ordinary income and net income had reached 90% of target

Non-consolidated: Ordinary income margin reached 32.3%

(units: yen million)

		Third quarter (standalone) (January 1 – March 31)			Third quarter (cumulative) (July 1 – March 31)			Full-year forecast (July 1-June 30) (Percent achieved)	
		FY2012/6	FY2011/6	Y-Y chg	Year to June 2012	Year to June 2011	Y-Y chg		
Consolidated	Net sales	3,917	2,953	132.7%	10,719	9,236	116.1%	14,200	(75.5%)
	Ordinary income	980	699	140.2%	2,557	2,155	118.7%	2,900	(88.2%)
	Ordinary profit margin	25.0%	23.7%	+1.3pt	23.9%	23.3%	+0.6pt	20.4%	-
	Extraordinary loss	0.3	1	-	7	256	-	-	-
	Net income	565	375	150.5%	1,365	1,066	128.0%	1,500	(91.0%)

## \*Reference

Non-consolidated	Net sales	3,891	2,974	130.8%	10,651	9,248	115.2%		
	Ordinary income	1,258	796	158.0%	3,109	2,230	139.4%		
	Ordinary profit margin	32.3%	26.8%	+5.5pt	29.2%	24.1%	+5.1pt		
	Net income	713	444	160.4%	1,754	1,128	155.5%		

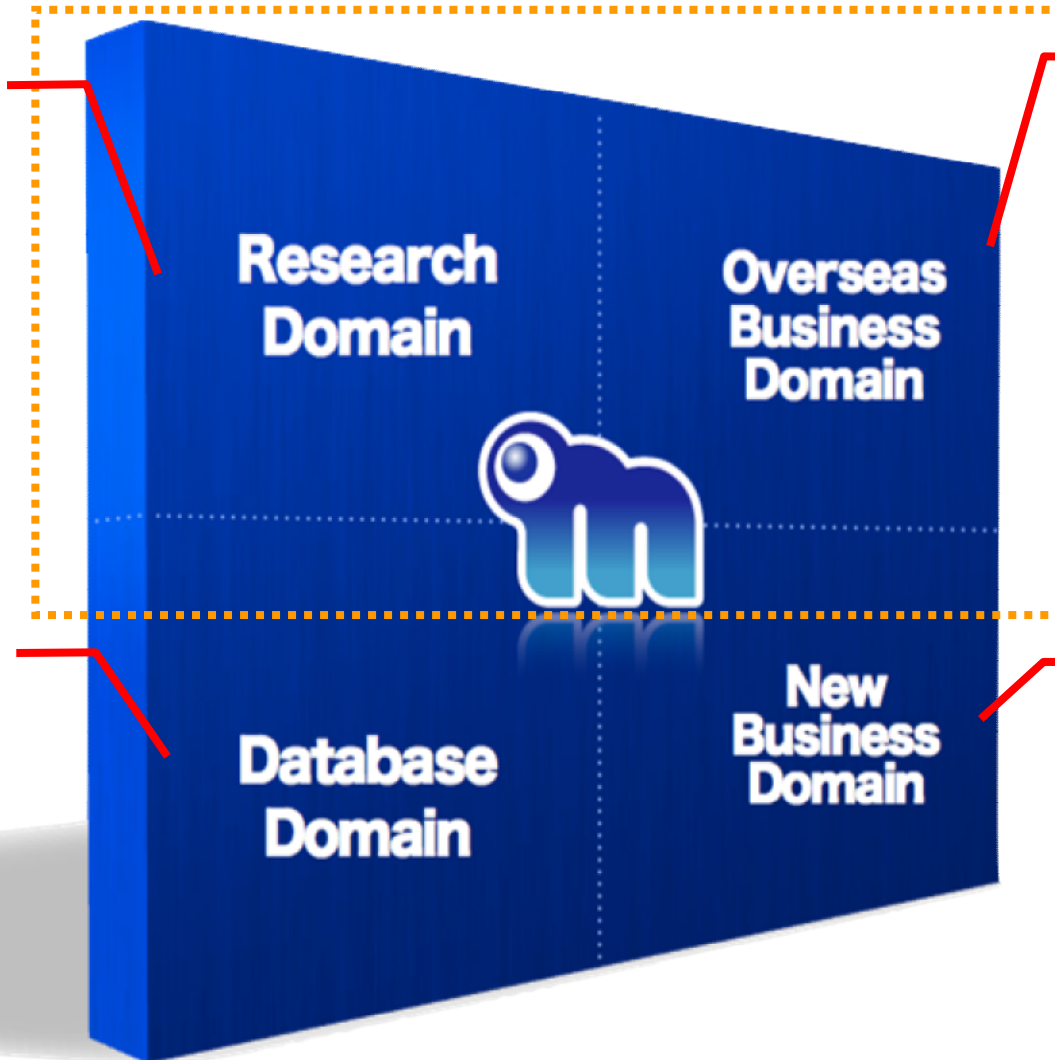
(Note) On August 1, 2010, the Company succeeded to the market research business of Yahoo Value Insight, Inc. through an absorption-type demerger.

# Third Quarter Topics

## Macromill Strategy Map

- Upon completion of management integration, making even greater strides
- Dentsu Macromill start-up

- QPR positive  
¥264 M→¥508 M  
(cumulative nine months result compared to previous year)

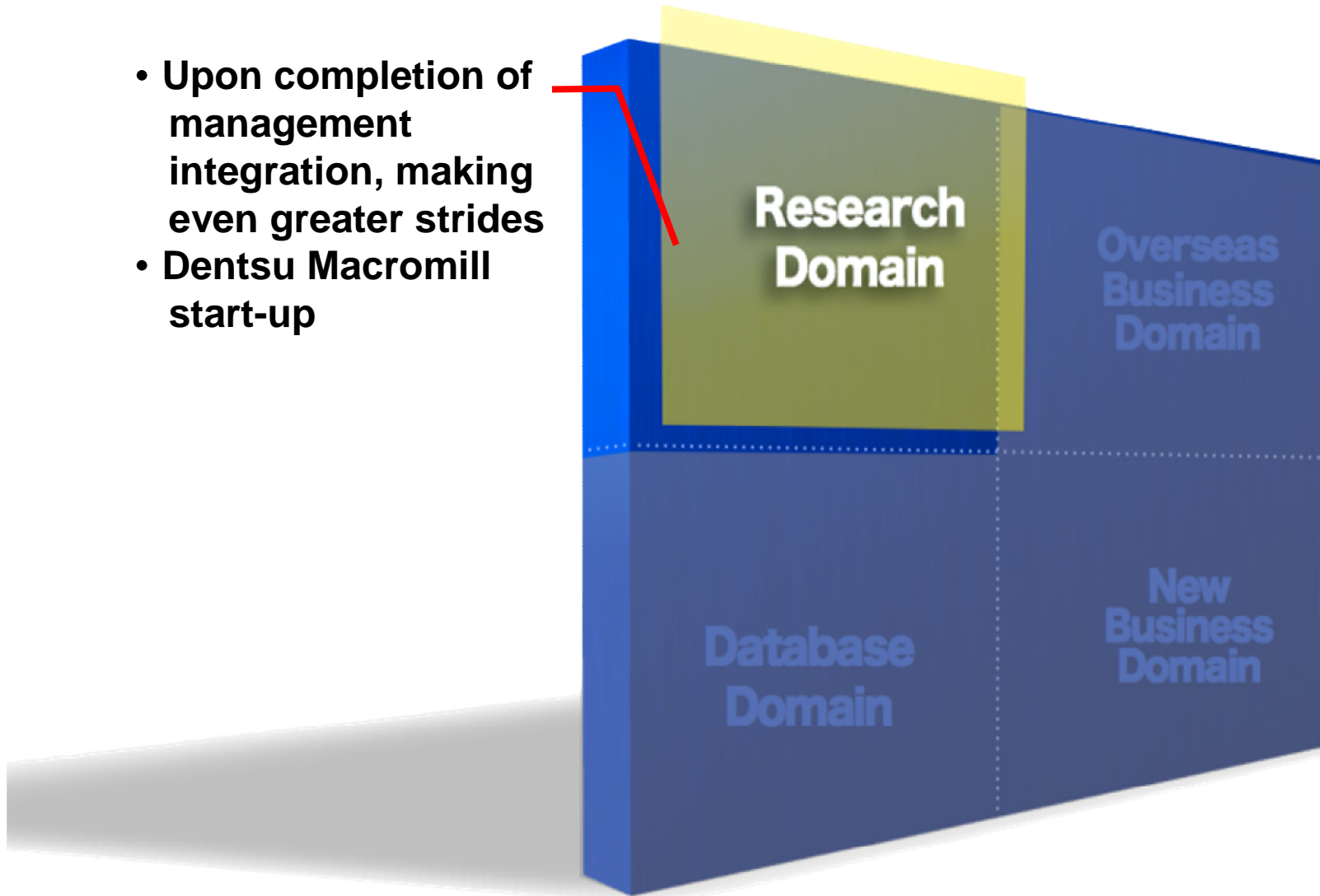


- EMBRAIN PMI start-up
- Execution of investment in Shanghai United-Cities

- Continue development of applications, accumulate knowledge in smartphone area

# Third Quarter Topics

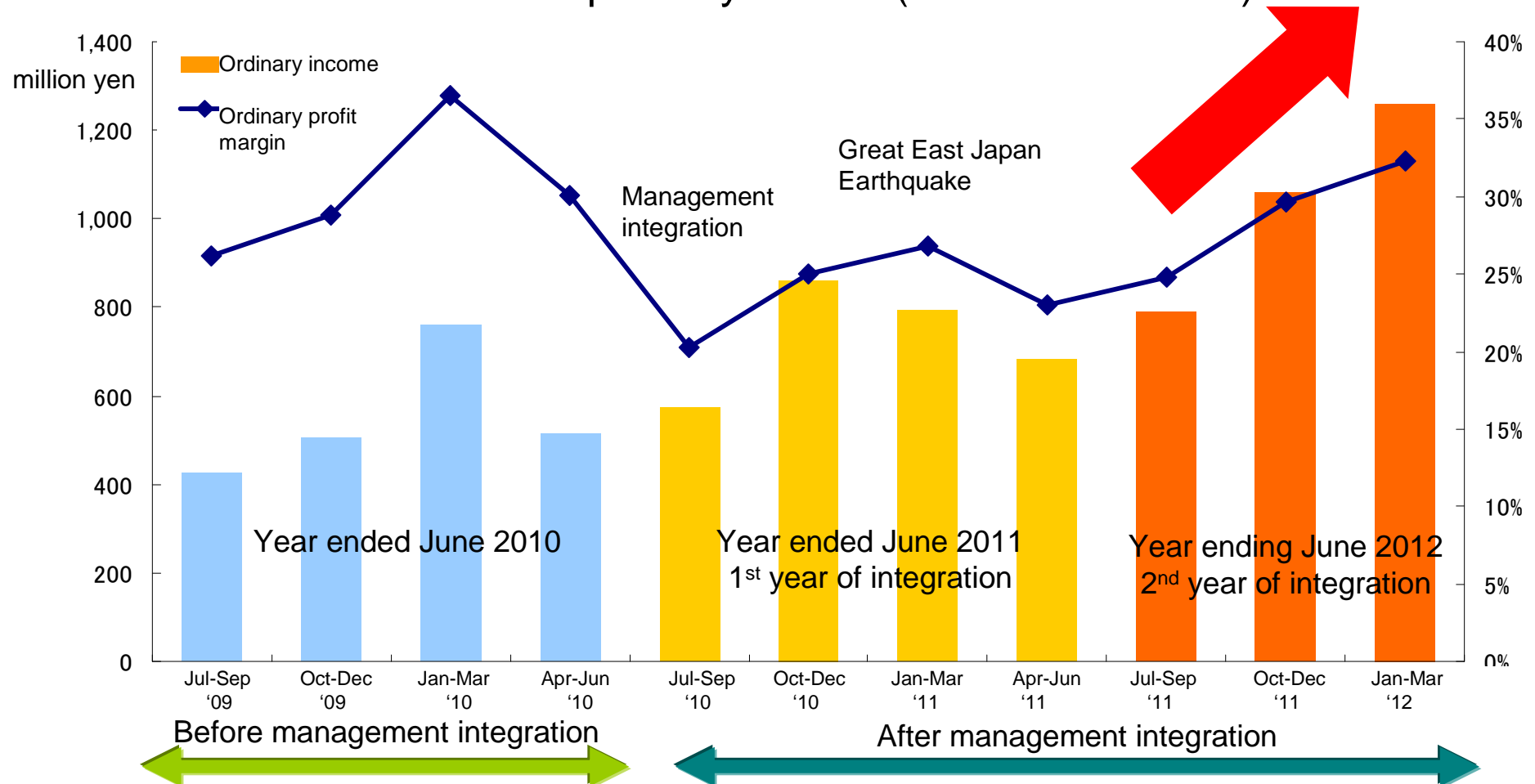
- Upon completion of management integration, making even greater strides
- Dentsu Macromill start-up



# Completion of Management Integration

- ✓ Since the earthquake, the expansion of profit has accelerated. Toward a profit level far above where it was prior to management integration
- ✓ Profit margins have also recovered to where they were before management integration

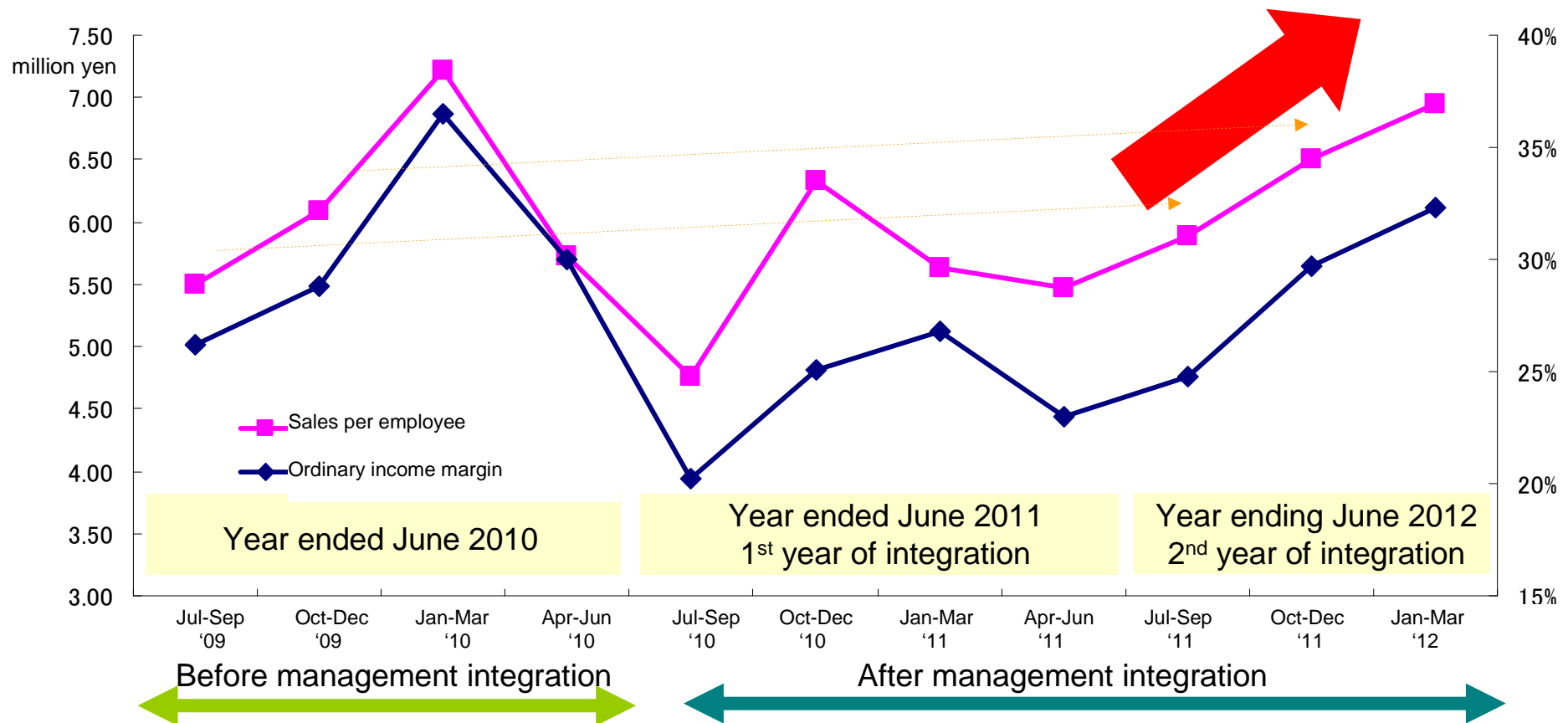
## Transition of quarterly results (non-consolidated)



# Pushing forward with integration will lead to an even greater leap forward in management power

- ✓ Employee productivity has exceeded pre-integration levels
- ✓ Improved productivity is directly connected to improved profitability. Thorough operational management and cost control
- ✓ Aim at moving from management integration with little chance of success to successfully achieving an even greater leap forward in management power in a short period of time

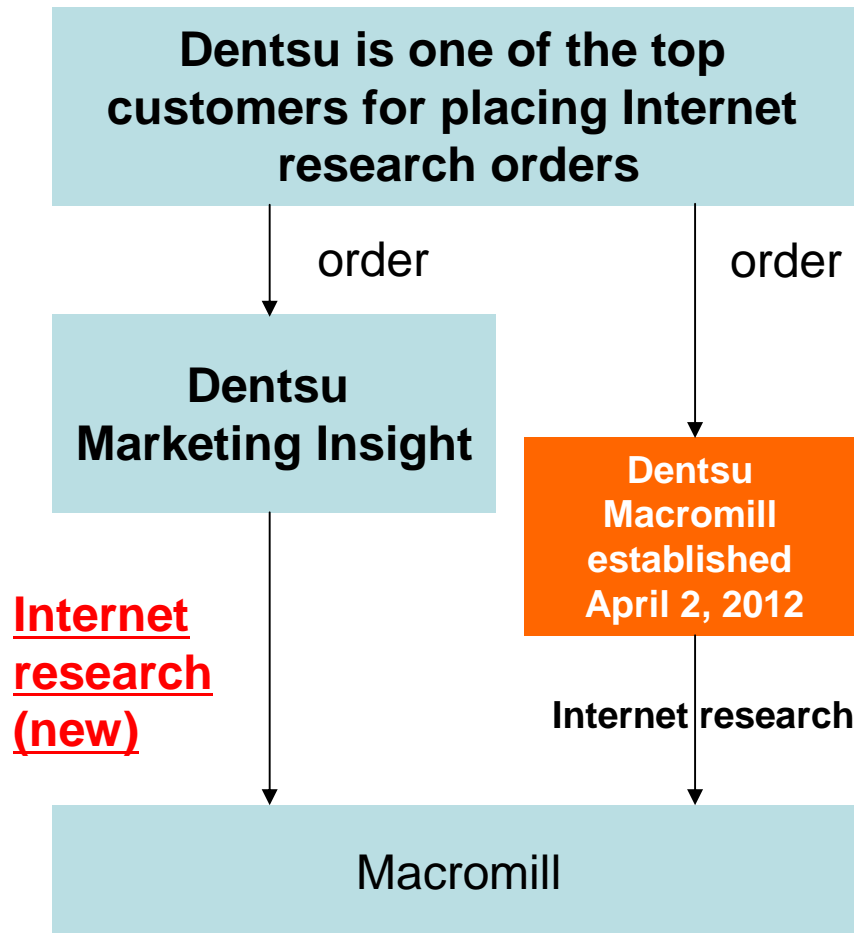
## Transition of Productivity (quarterly, non-consolidated)



# Dentsu Macromill Start-up

- ✓ Dentsu Macromill started up in April. Strengthen ties with Dentsu Group
- ✓ Establishing a rock solid position in the domestic market by expanding transactions even further

## Tie-up scheme



## Effect of tie-up

### Short-term: Increase transactions with Dentsu Group

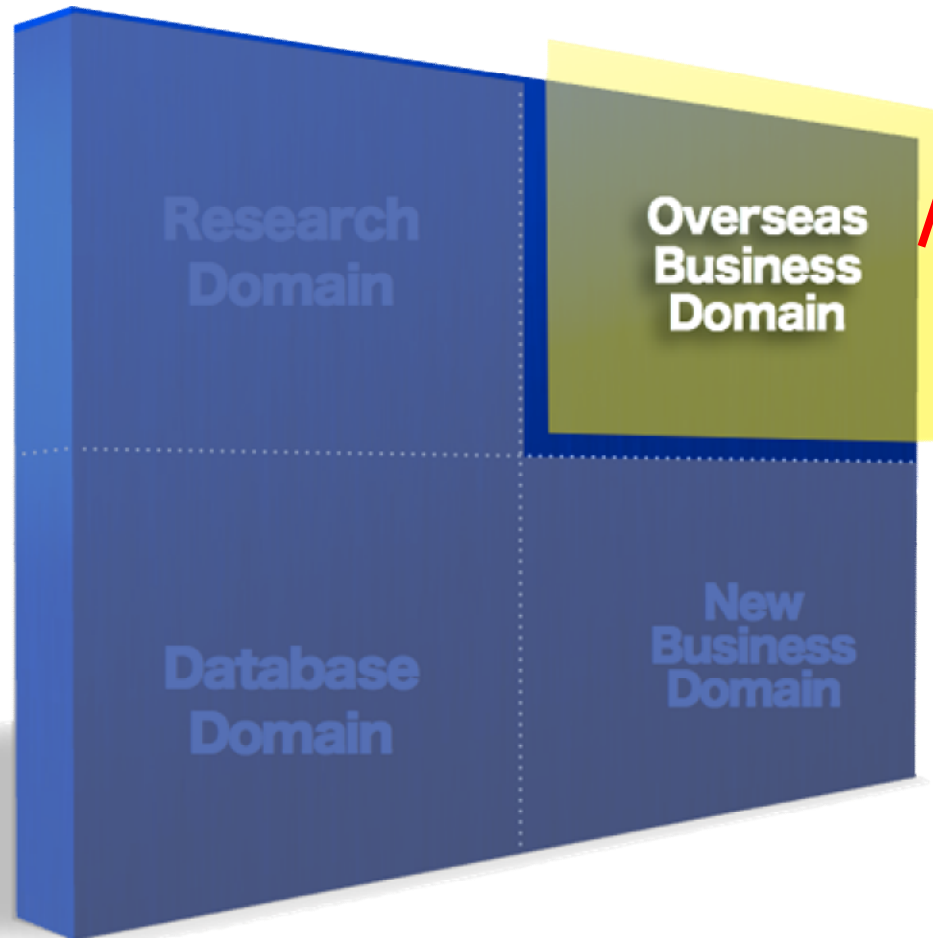
→ Quickly increase the value of current transactions by 1.5 to 2 times

### Medium-term: Expand transactions even further

→ Strengthen proposals to the Dentsu Group. Proactively look for opportunities where Macromill will be able to provide value



# Third Quarter Topics



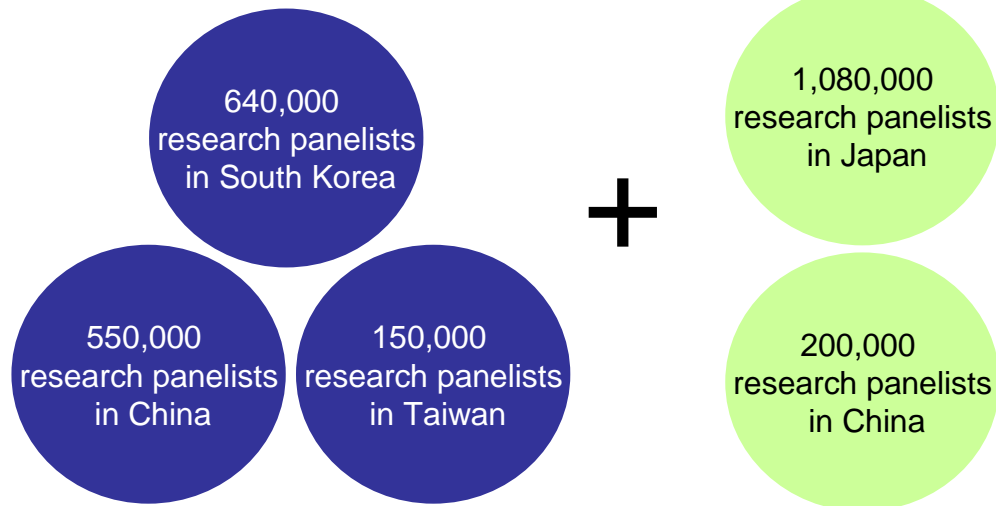
- EMBRAIN
- PMI start-up
- Execution of investment in Shanghai United-Cities

# EMBRAIN PMI Start-up

- ✓ EMBRAIN, with the largest share of South Korea's Internet research market, became a subsidiary on February 28, 2012
- ✓ Large operational and management synergies, quickly begin integration support

EMBRAIN monitors

Macromill monitors



Operational synergies

• It becomes possible to respond to the increased need for research in Asia

Management synergies

- In the future, Macromill will dispatch 2 key personnel to EMBRAIN. Based on expertise gained in the successful integration in Japan, cooperation toward increasing value will begin
  - Macromill will share its knowhow on operational management, business results monitoring, panelist administration, etc. Will begin considering application

# Execution of Investment in Shanghai United-Cities

- ✓ Purchased 6.9% stake in Shanghai United-Cities, a marketing business (550 million yen)
- ✓ Look for ways to develop business in China market with limited risk investment, tie-up

China Research Market Forecast (Macromill forecast)

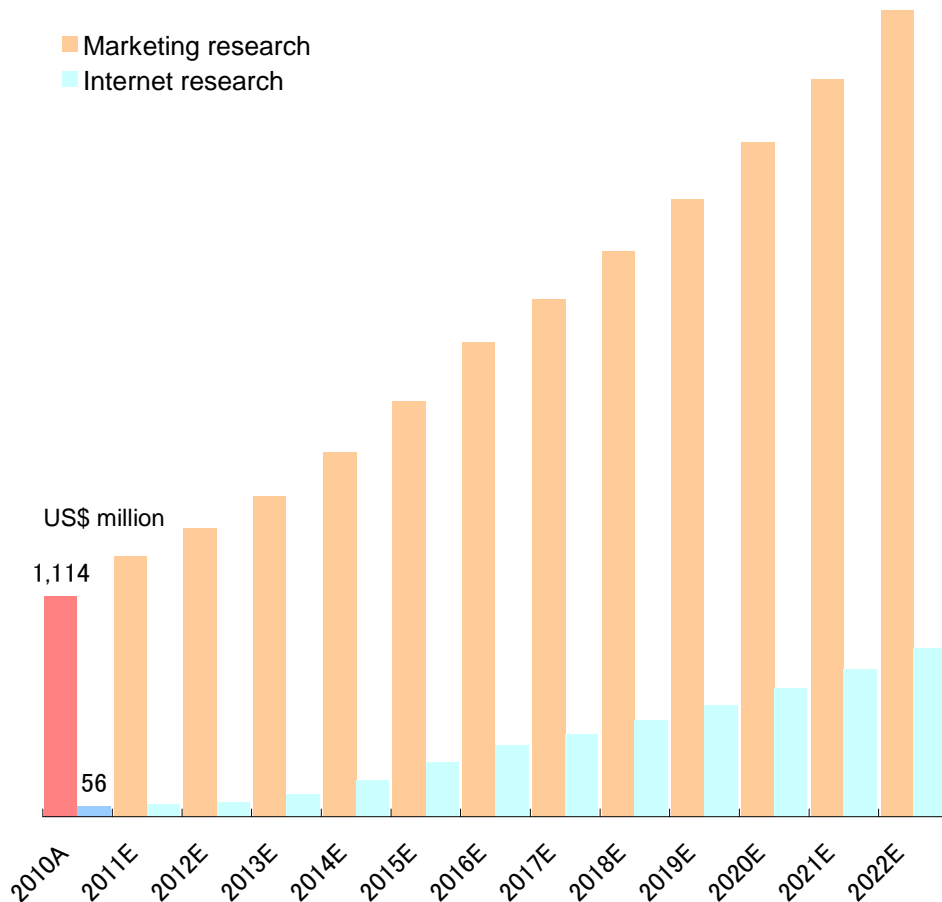
## Market Recognition and Purpose of Investment

### Recognition of the China Market

- The Chinese marketing research market is only 60% of the Japanese market but is expected to be bigger by around 2015
- The Internet research market is still in the early development stage
- There are opportunities to participate but they carry risk
- It is necessary to look for multiple approaches

### Investment Purpose

- Limit risk by taking a minor stake in Shanghai United-Cities, which is seeing good business results and is looking toward an IPO, while developing business by looking for tie-ups (research, promotion domain)



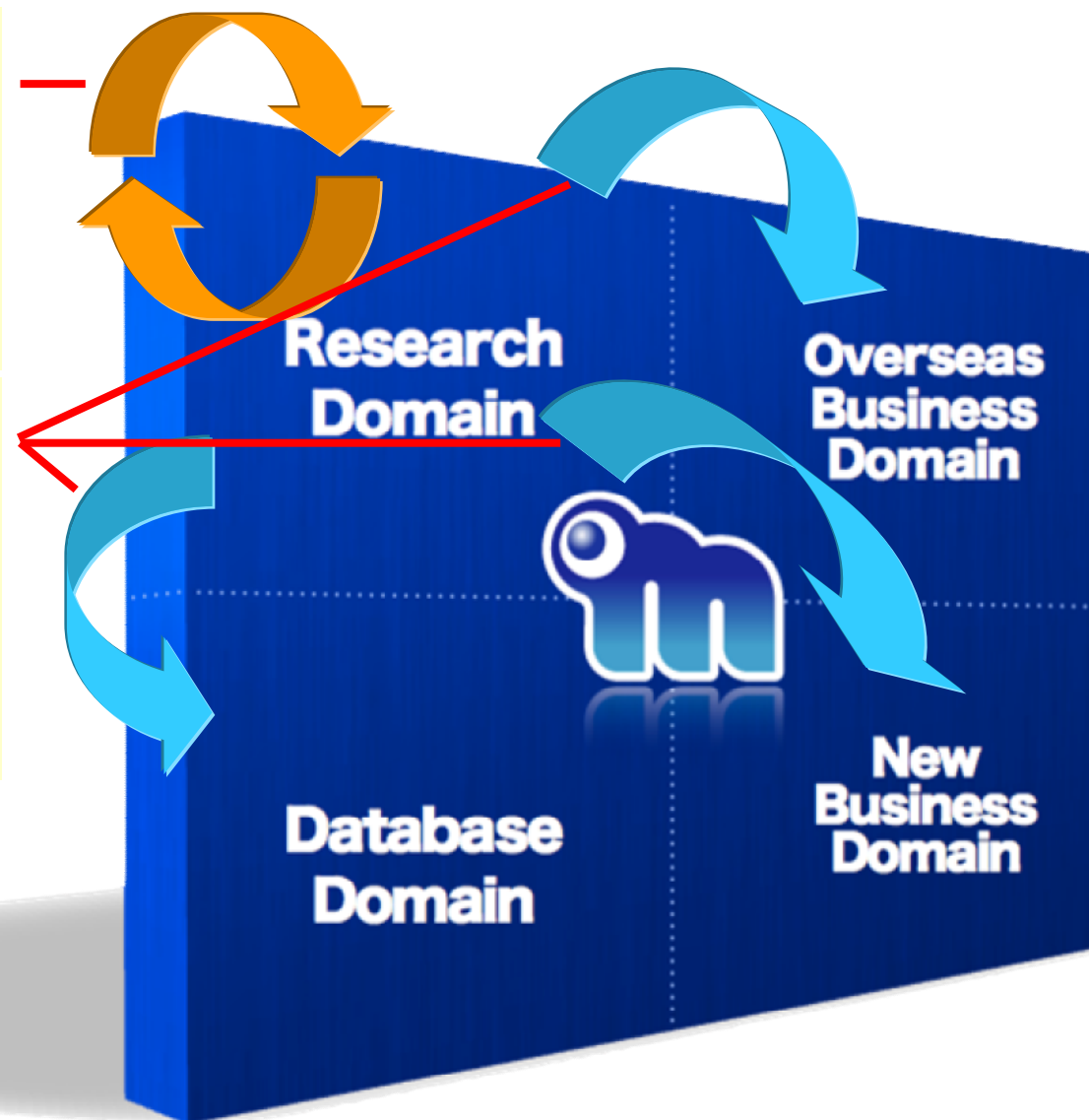
# Developing Strategies for the Realization of the Medium-Term Management Plan

## ① Create Cash

With a rock solid, overwhelming position in the domestic research market, use our track record of management power to maximize cash creation

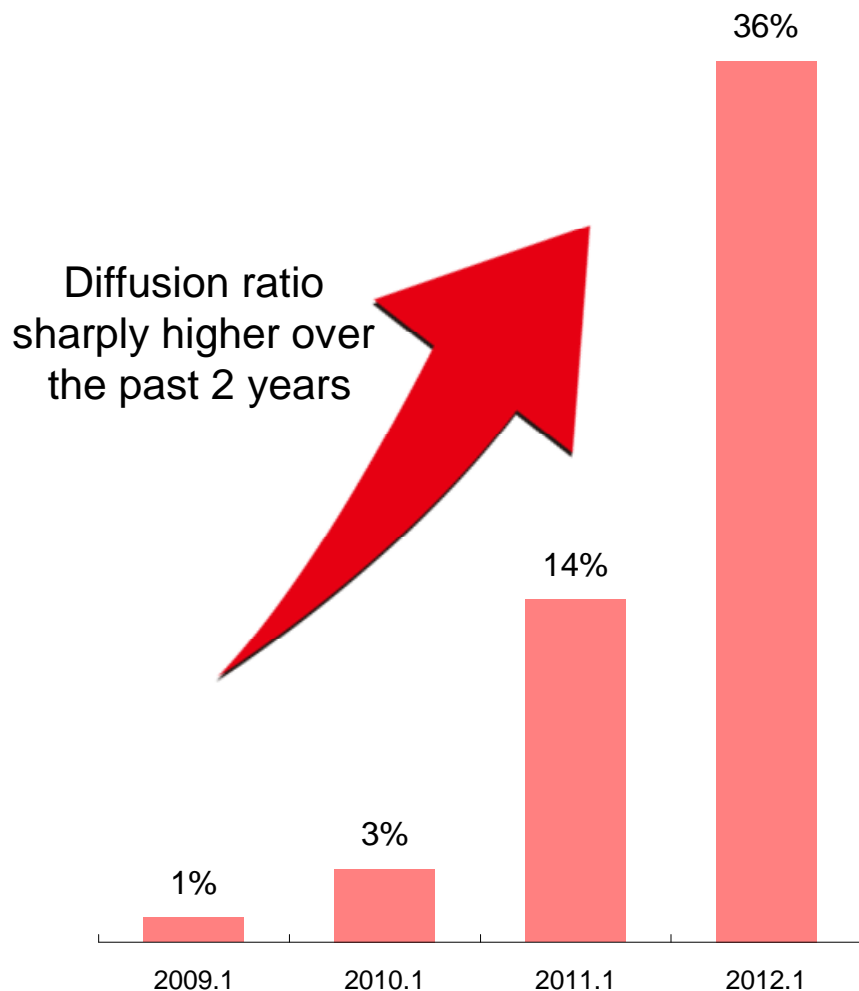
## ② Strategic Investment

Use the cash that was created to proactively invest in new domains using the optimal method. Focus on medium- to long-term plans to improve permanent corporate value



# New Business Domain: Anticipating the Mobile Internet Age

Smartphone diffusion ratio



Source: Dentsu, Inc. "50th Mobile User Survey," released March 29, 2012

## Acceleration of smartphone diffusion

We have almost reached the age when "anyone" can walk around with a high-powered computer with an intuitive interface that "anyone" can use

## Paradigm shift = A time of innovation

Realizing a platform that can support any marketer in the world in anticipation of the coming of the genuine mobile Internet age

# Medium-Term Management Plan 2012-2014

## (announced August 3, 2011)

(units: million yen)

Management target		FY2011 actual result	FY2012	FY2013	FY2014	Compared to FY2011
Consolidated net sales		12,210	14,200	15,500	<b>20,000</b>	+64%
Ordinary income		2,522	2,900	3,600	<b>4,700</b>	+86%
Ordinary income margin		20%	20%	23%	<b>24%</b>	+4pt
		FY2011 actual result	FY2012	FY2013	FY2014	Compared to FY2011
Sales breakdown (Notes)	Domestic marketing research business <sup>1</sup>	12,210	14,000	15,100	16,000	31%
	Overseas business <sup>2</sup>	-	200	400	1,000	-
	New business <sup>3</sup>	-	-	-	-	-
	M\$A (domestic, overseas)	-	-	-	3,000	-
Reference		FY2011 actual result	FY2012	FY2013	FY2014	Total investment
Investment plan	Systems investment <sup>4</sup>	-	500	300	200	1,000
	New business investment	-	300	300	200	800
	M&A, other investments	-	500	1,500	3,000	5,000

1 Including Internet research and peripheral businesses

2 Excludes equity-method affiliate Macromill Korea

3 The contribution to net sales from new businesses has not been factored in

4 Includes multi-lingual , multi-device AIRs in anticipation of the development of overseas markets

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We aspire to become Japan's largest and strongest IT marketing company and one of the world's most unique companies.



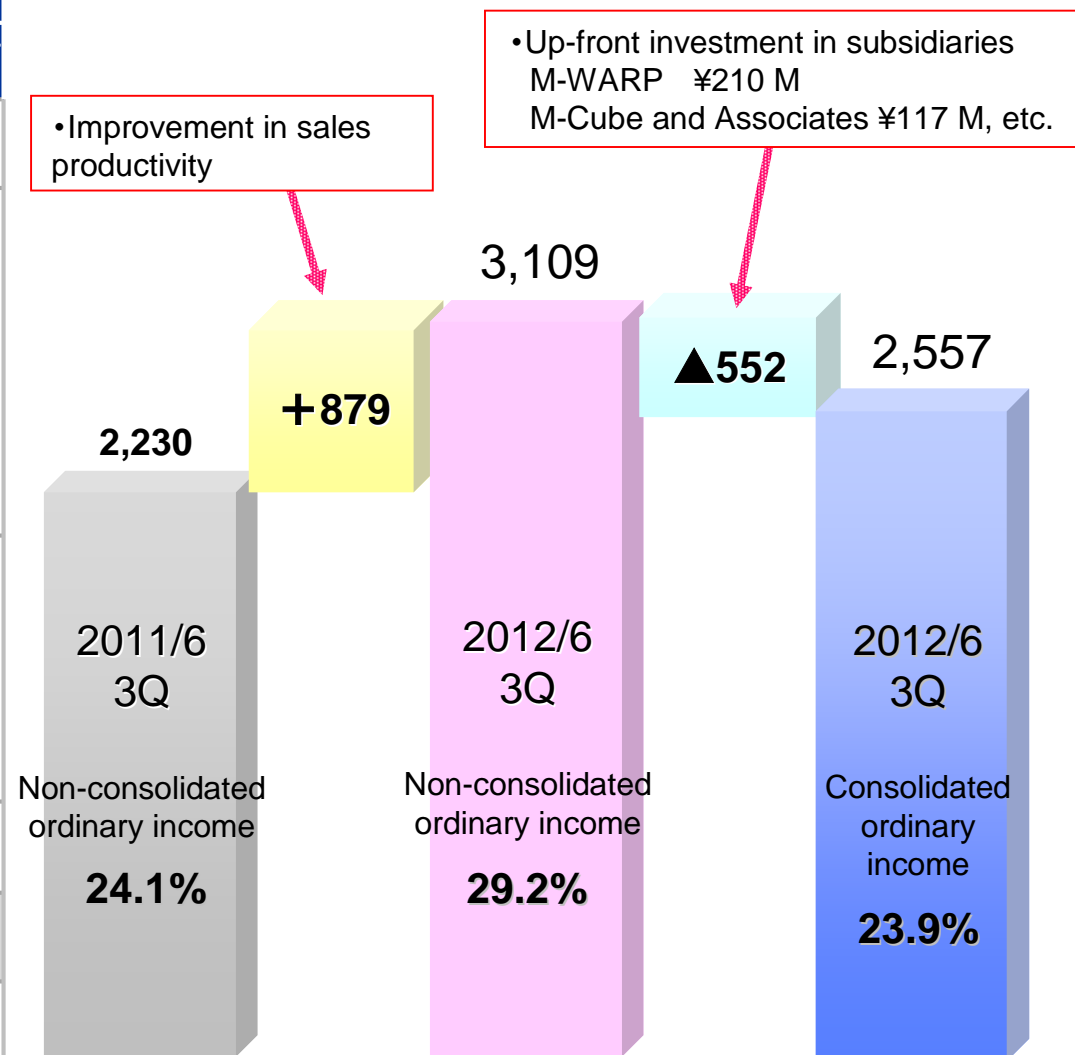
# Business Results Details



# Changes in Cost Structure and Income Analysis (3Q cumulative)

Non-consolidated	3Q of FY2011/6		3Q of FY2012/6		Year-on-year
	Amount	%	Amount	%	
Net Sales	9,248	100.0	10,651	100.0	115.2
COGS	4,633	50.1	4,974	46.7	107.4
Personnel	1,301	14.1	1,338	12.6	102.8
Panelists and outsourcing	2,323	25.1	2,847	26.7	122.5
Other	1,008	10.9	788	7.4	78.2
SG&A	2,423	26.2	2,563	24.1	105.8
Personnel	1,478	16.0	1,548	14.5	104.8
Other	945	10.2	1,014	9.5	107.4
Ordinary income	2,230	24.1	3,109	29.2	139.4
(consolidated ordinary income)	2,155		2,557		118.6
Net income	1,128	12.2	1,754	16.5	155.5

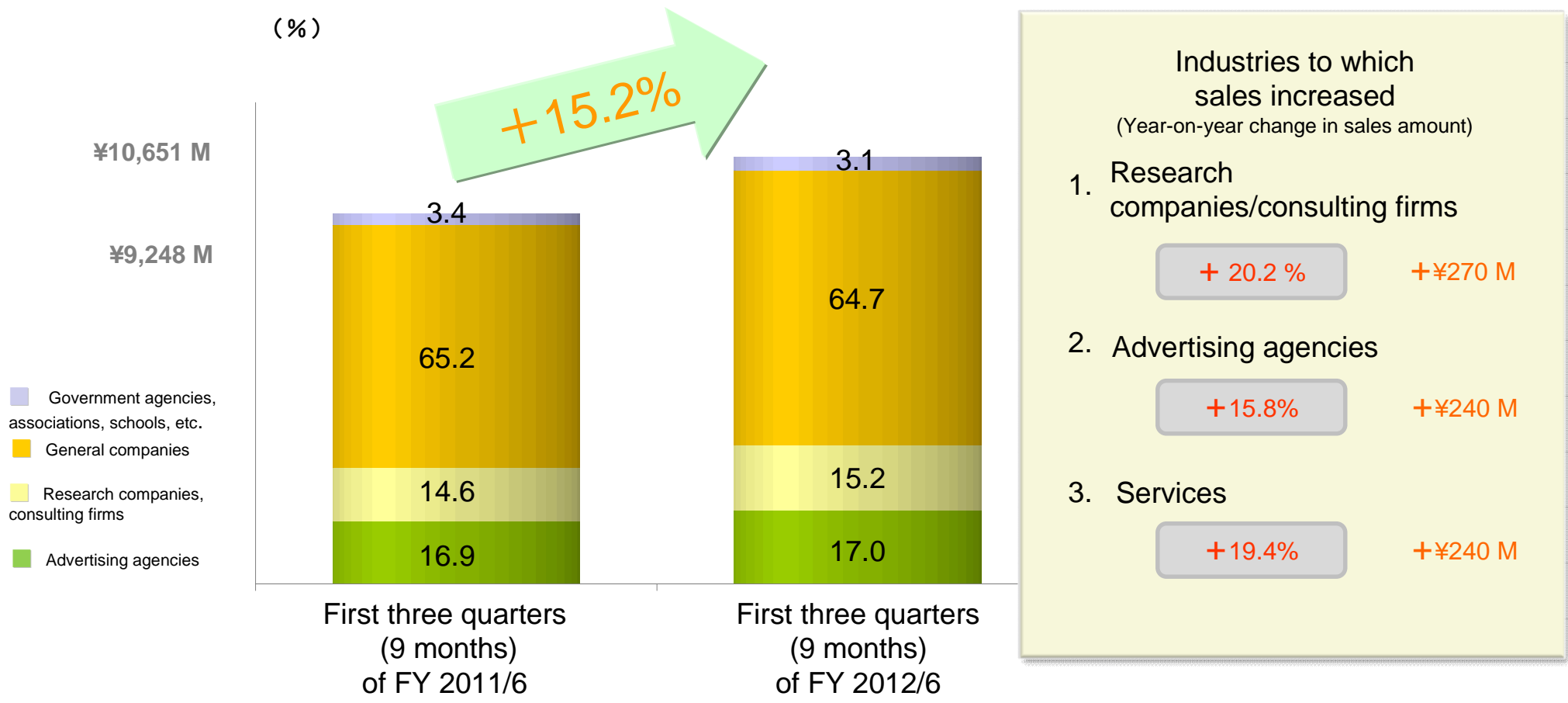
(Million yen)



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# Breakdown of Sales by Category (non-consolidated)

✓ Sales increased 15.2% year on year, as sales to research companies, consulting firms and advertising agencies, etc. remained firm.

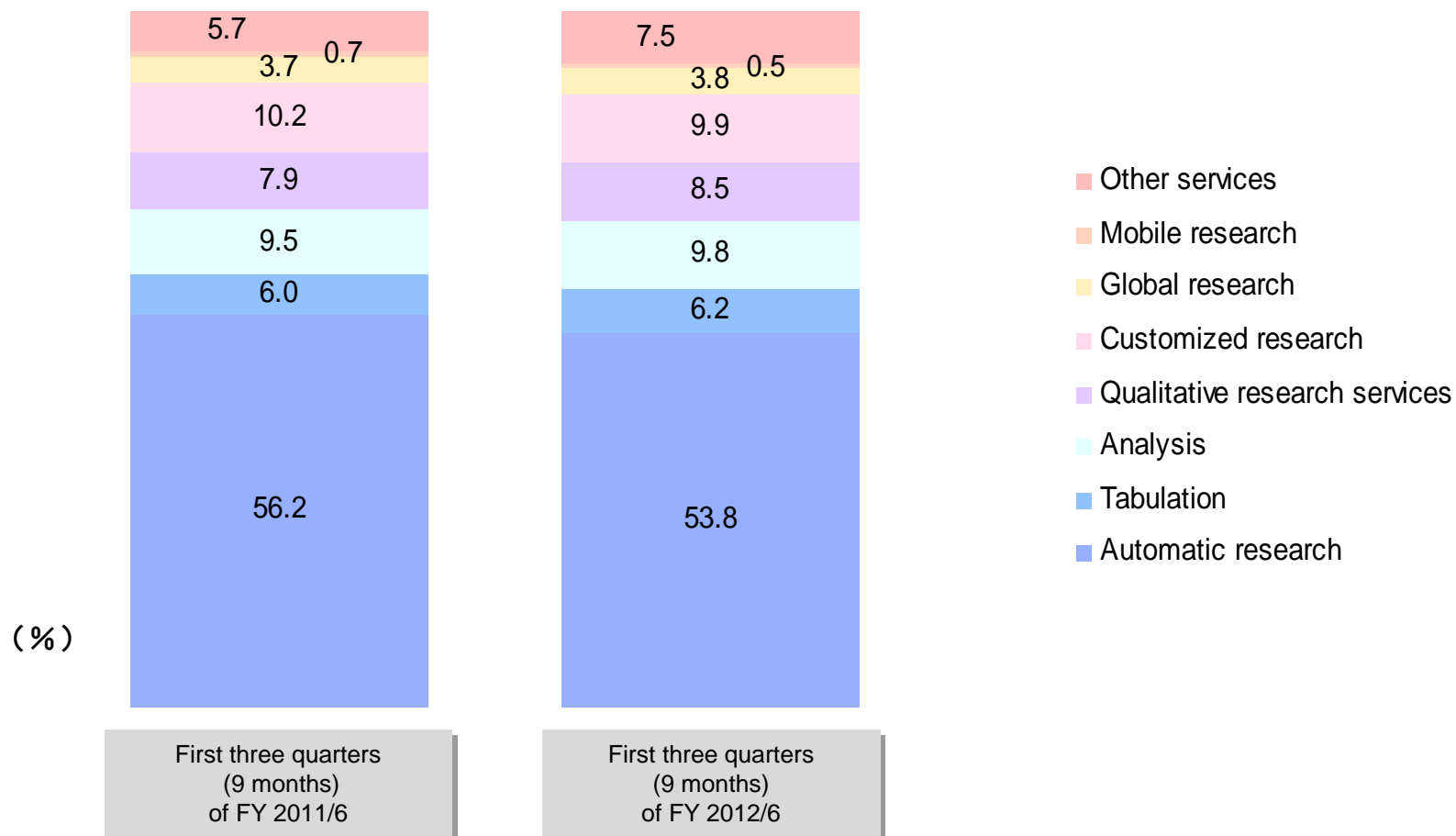


# Changes in Breakdown by Service (non-consolidated)

✓ Sales increased in almost all services, and sales grew particularly significantly in the following services:

→ Qualitative research services: Year-on-year +24%

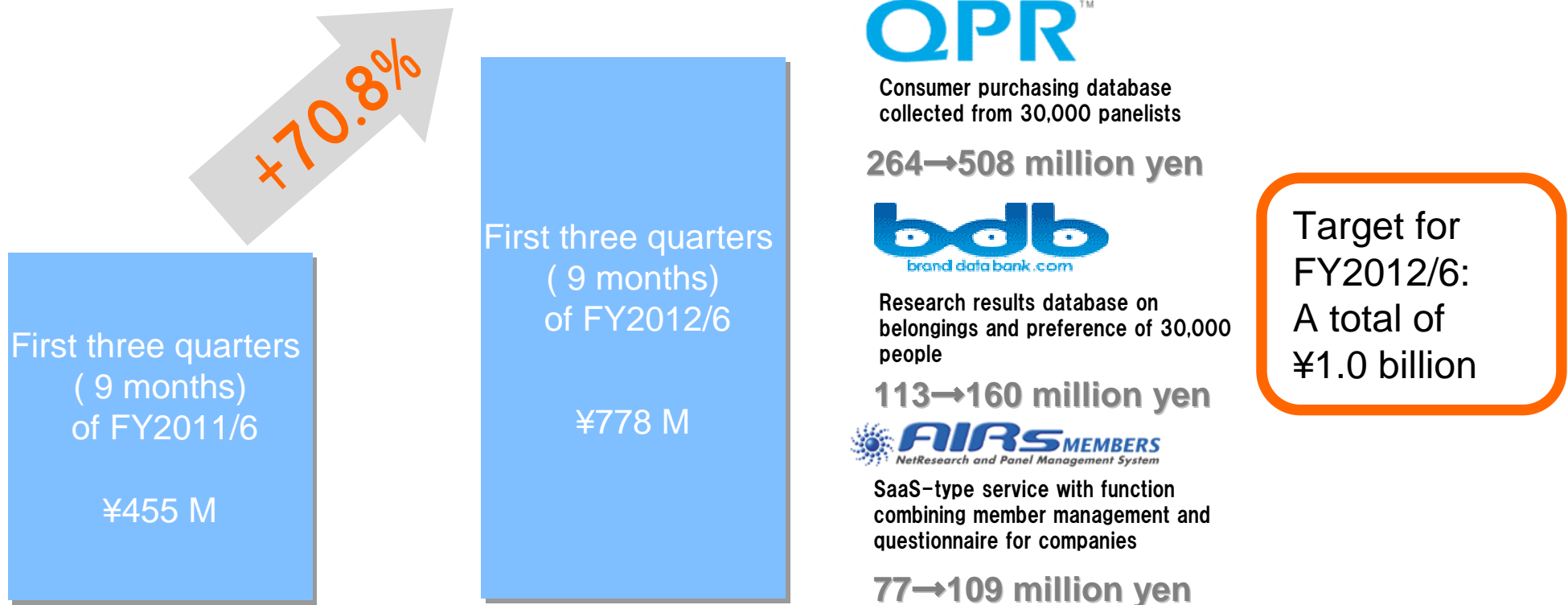
→ Analysis Services: Year-on-year +18%



# Status of Other Services (QPR, bdb, AIRsMEMBERS)

✓Total sales of QPR, bdb, and AIRsMEMBERS rose 70.8% year on year.

✓QPR: Analyzable customer products increased as a result of expanded panel size. Sales increased 92% due to annual contracts and orders for optional services.



# Unit Price, Number of Active Companies (Servers) and VIP Clients

Indicator	Unit	FY2011/6				FY2012/6		
		1Q	2Q	3Q	4Q (Full-year)	1Q	2Q	3Q
Quarterly average unit price per order (qualitative research is counted as one order) *1	Ten thousand yen	77.3	79.1	80.0	75.5	78.3	79.7	83.7
Quarterly average unit price per order (automatic research only) *1	Ten thousand yen	53.9	52.2	52.0	49.8	52.5	52.0	54.9
Quarterly average unit price per order (for reference) *1	Ten thousand yen	79.7	82.2	83.5	78.7	81.3	83.3	87.5
Number of active companies (annual) *2	companies	904	1,386	1,675	1,895	985	1,371	1,711
Number of active servers (annual) *2	servers	2,221	3,870	4,988	6,067	2,485	3,988	5,382
Number of VIP clients *3	companies	242	240	240	229	254	256	251
Number of VIP clients with average quarterly sales of ¥10 million or more *4	companies	(59)	(58)	(55)	(53)	(61)	(63)	(67)

\*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, overall unit prices are calculated based on the method of counting qualitative research as one order as described in the upper row.

\*2 The number of companies/ servers whose sales were posted at least once from the beginning of the fiscal year to the quarter.

\*3 Priority clients with annual sales of ¥10 million or more are defined as VIP clients.

\*4 The number is calculated based on year-to-date sales

# Status of Personnel

Indicator	Unit	FY2011/6				FY2012/6		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Number of employees (consolidated) *	people	605	553	545	557	566	594	735
Number of employees (non-consolidated) *	people	596	542	528	542	541	550	560

(\*) Number of employees includes contracted employees and those on leave.

## ✓ Breakdown of personnel by job type

Sales  
145

Operations  
99

Researchers  
139

Other staff are in charge of business planning, business administration, panelists support and staff, etc

\* Executive officers and executives at higher levels, and employees on leave are not counted.

\* As of April 1, 2012

## ✓ Number of employees at consolidated subsidiaries: 44→175 people

M-CUBE & ASSOCIATES: 6→5 people

M-WARP: 17→17 people



Macromill China: 21→17 people

EMBRAIN: →136 people

# Status of Panelists

Indicator	Unit	FY2011/6				FY2012/6		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Macromill panelists	Ten thousand people	94.0	100.2	98.5	104.0	105.9	107.1	108.6

\* As of April 2012

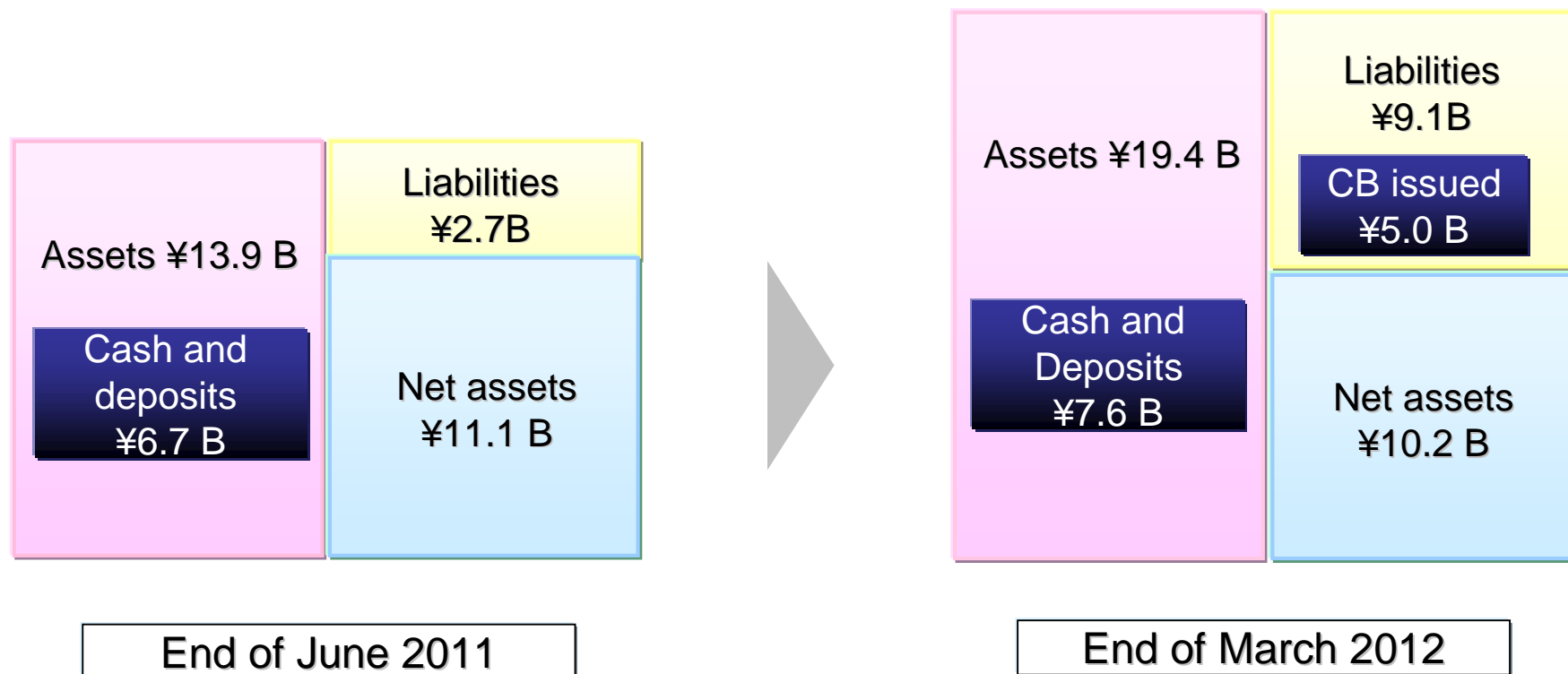
PC panelists	Mobile panelists
<p>Macromill panelists: 1,086,000</p> <p>Yahoo! Research panelists: Approx. 1,430,000</p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>パソコン+ケータイ併用モニタ</p>  <p>モバイル協カモニタ</p> <p>PC and mobile phone panelists: Approx. 310,000</p> </div> <div style="text-align: center;"> <p>ケータイ専用モニタ</p>  <p>ミルモバモニタ</p> <p>Mirumoba panelists (Mobile phone panelists): Approx. 50,000</p> </div> </div>

✓ A smartphone-capable questionnaire response screen was released in March 2012 (AIRs)

→ Answers to the same survey will be possible on a dedicated screen from either PC or smartphone

→ As panelists will not be restricted by time and place, it is expected that the response collection rate and the number of panelists will increase.

# Changes in Balance Sheet (consolidated) / Capital Policy



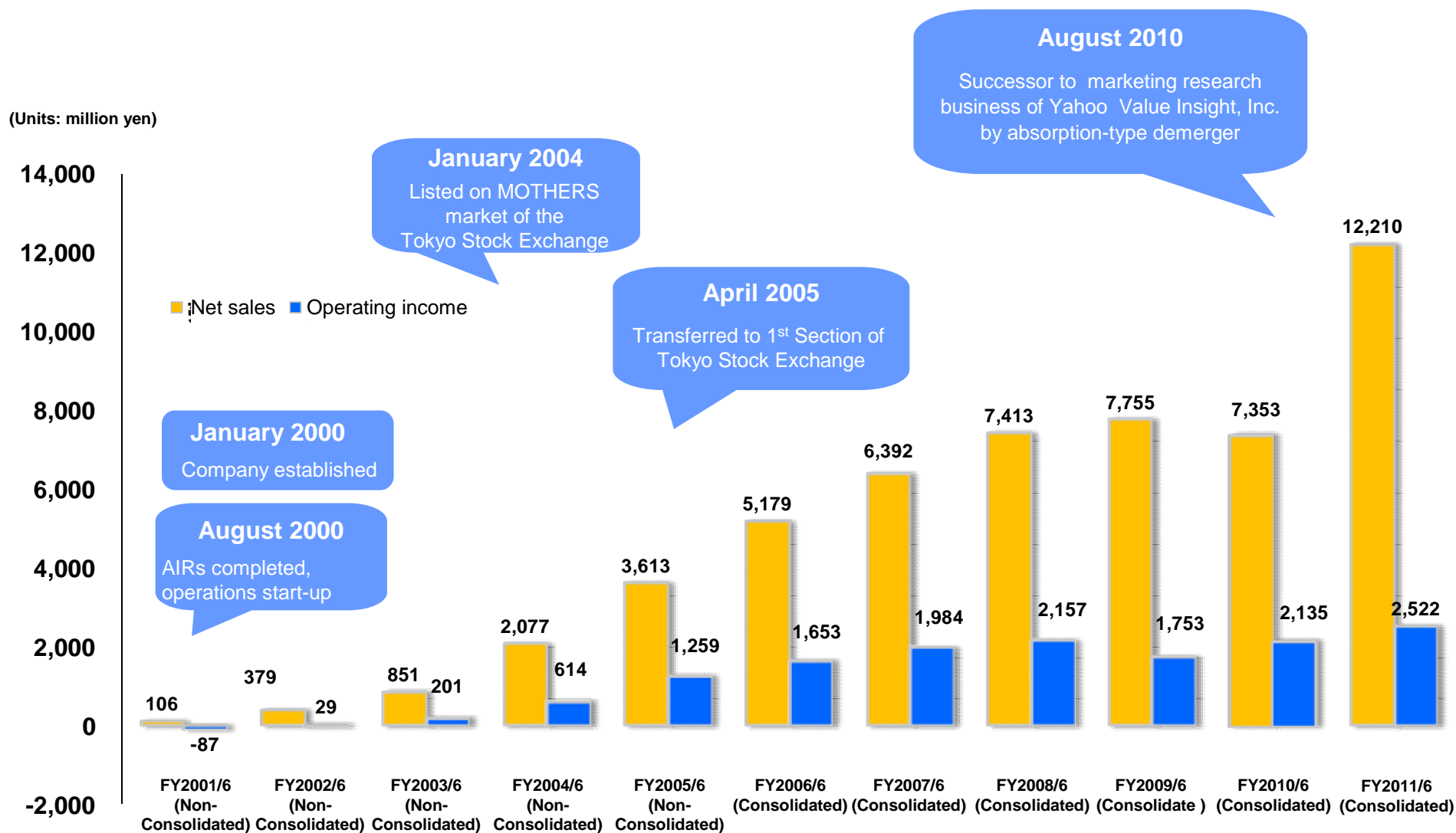
✓ Acquisition of treasury stock continues (Acquisition period: August 2011 to August 2012. Amount to be acquired ¥2.5 billion)

Acquisition period	Number of shares acquired	Total amount acquired
From August 3, 2011 to the end of April 2012	2,376,000 shares (Progress: 74.3%)	¥2,012 M (Progress: 80.5%)



# Reference

# History, Business Results Trend



# (Reference) Status of Capital/Business Tie-ups, Group Companies

(Units: million yen)



## Consolidated subsidiaries

### Japan



2012/6 3Q cumulative  
Net sales: 376  
Ordinary income: -117

⇒Construction of QPR panels  
Collection of consumer purchase data  
Shareholders: Hakuhodo, Inc., etc.



2012/6 3Q cumulative  
Net sales: 31  
Ordinary income: -210

⇒Marketing solutions business mainly in the  
smartphone area  
Next generation marketing platform business  
(app development, etc.)



⇒Marketing support business using the Internet  
Will receive transfer of business from regain, Inc.

### Overseas



⇒Research business in South Korea  
Became subsidiary in February 2012



⇒Research business in China  
Start-up September 2011

## Equity-method affiliates

Dentsu Macromill **NEW**

⇒40.0% stake



⇒38.5% stake

## Capital/business tie-ups



⇒10.66% stake (ratio of voting rights)

Shanghai United-Cities Industry Co., Ltd. **NEW**

⇒6.9% stake

## Business tie-ups

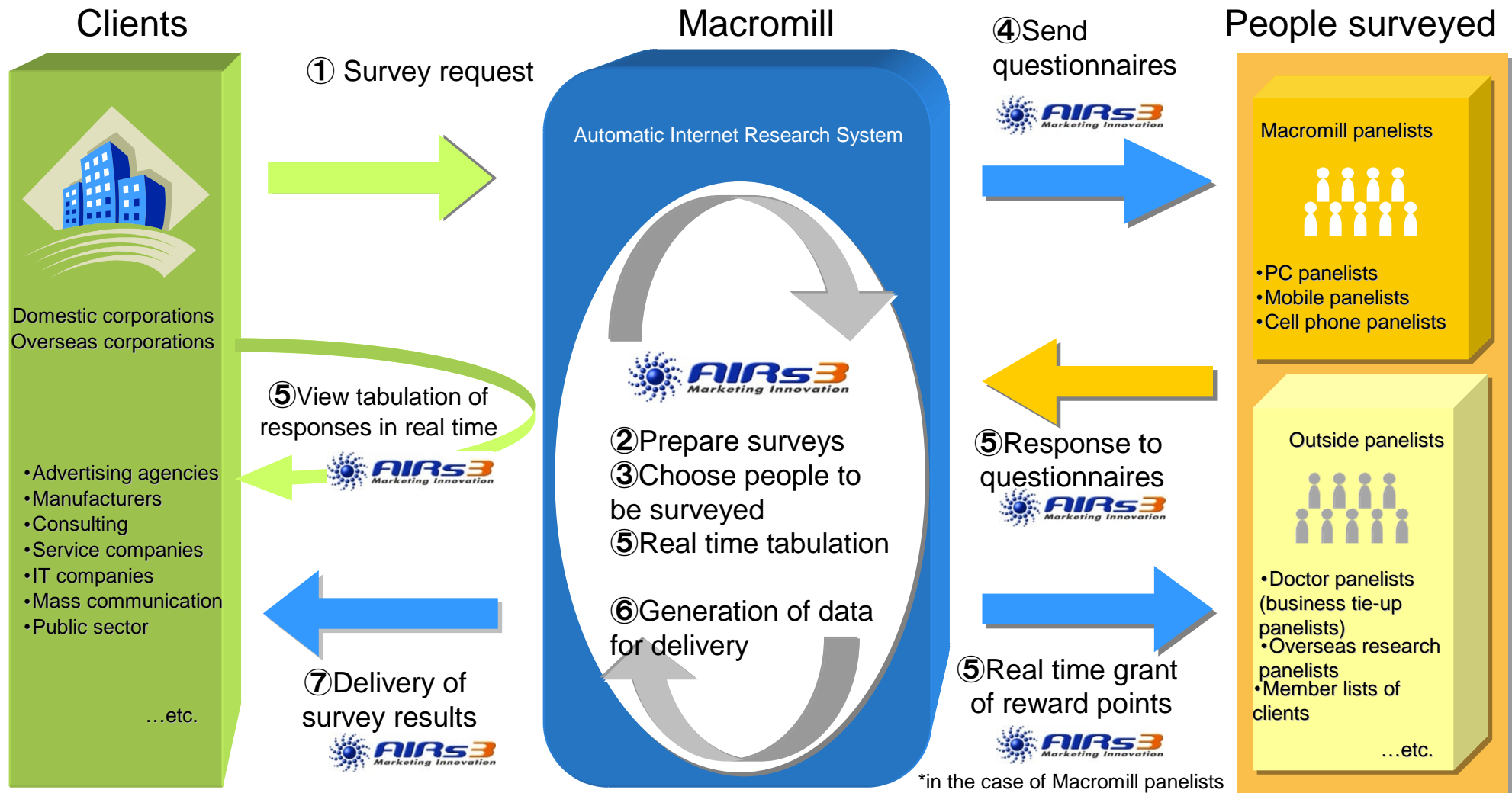


Dentsu marketing insight



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# Flow of Online Research Service



\* This is a representative example of the flow of online research using AIRs. Depending upon the subject of the research, AIRs may not be used or the flow may change.

\* In cases where a research plan is required, this happens before step ① on the flow chart. Where analysis of research results is required, this happens after step ⑦ on the flow chart.

# Share Information

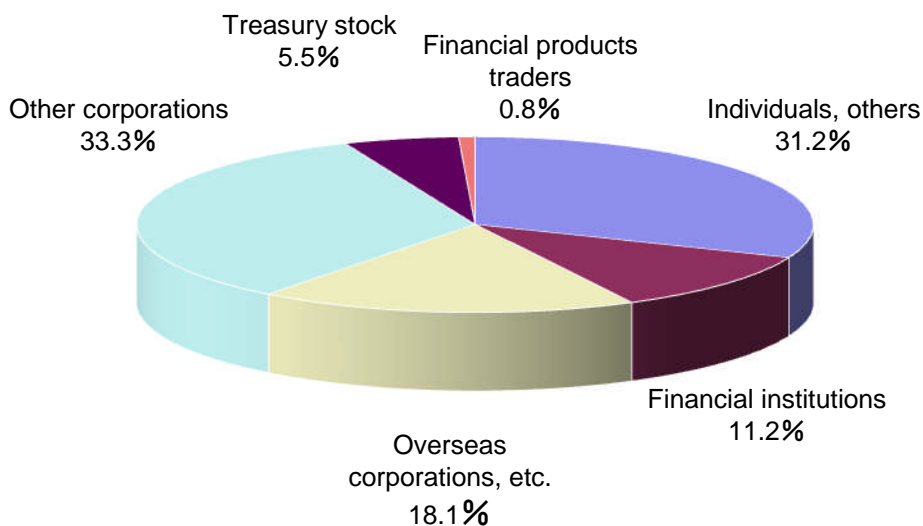
As of December 31, 2011

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

**Total shares in issue**      **30,815,200 shares**

**Number of shareholders**      **8,782 people**

**Round lot**      **100 shares**



Major shareholder	Number of shares held	Ownership (%)
Yahoo Japan Corporation	7,071,100	22.95
Vanillasky Corporation	2,402,000	7.79
Goldman Sachs International	2,143,700	6.96
Japan Trustee Services Bank, Ltd. (Trust account)	1,427,500	4.63
Tetsuya Sugimoto	912,400	2.96
Satoshi Shibata	832,000	2.70
Yasunori Fukuha	709,600	2.30
Goldman Sachs & Co. Regular Account	582,400	1.89
Yuji Nakazaki	549,800	1.78
INTEC Inc.	514,400	1.67

Note 1. The Company owns 1,847,900 shares of treasury stock but is not included in the above list of major shareholders.

Note 2. The ownership ratio is calculated on the basis of shares in issue.

Note 3. The representative of Vanillasky Corporation listed above is the Company's representative director, Tetsuya Sugimoto.

# Cautionary Statement

Macromill does not guarantee the accuracy of the information contained in this presentation, which reflects judgments made by Macromill management based on information currently available.

Given that the business environment may vary significantly in the future due to a number of factors, please be aware that Macromill's actual performance and results may differ from those expressed today.

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