



D.A.Consortium

FY2016-1Q Financial Results Briefing

D.A.Consortium Inc.

August 5, 2016

- Overview of Financial Results
(Consolidated/Non-consolidated)
- Business Trends
- Key Measures

Overview of Consolidated Financial Results

Financial Highlights (Consolidated)

(Millions of Yen)

	FY2016-1Q	
	(Apr. 2016 to Jun. 2016)	
		Y on Y
Sales	38,547	121.7%
Gross Profit	5,225	120.5%
Operating Income	803	117.5%
Profit Attributable to Owners of Parent	97	31.4%
EBITDA	1,035	116.1%
Operating Margin*	15.4%	△0.4pt

*Operating Margin = Operating Income / Gross Profit

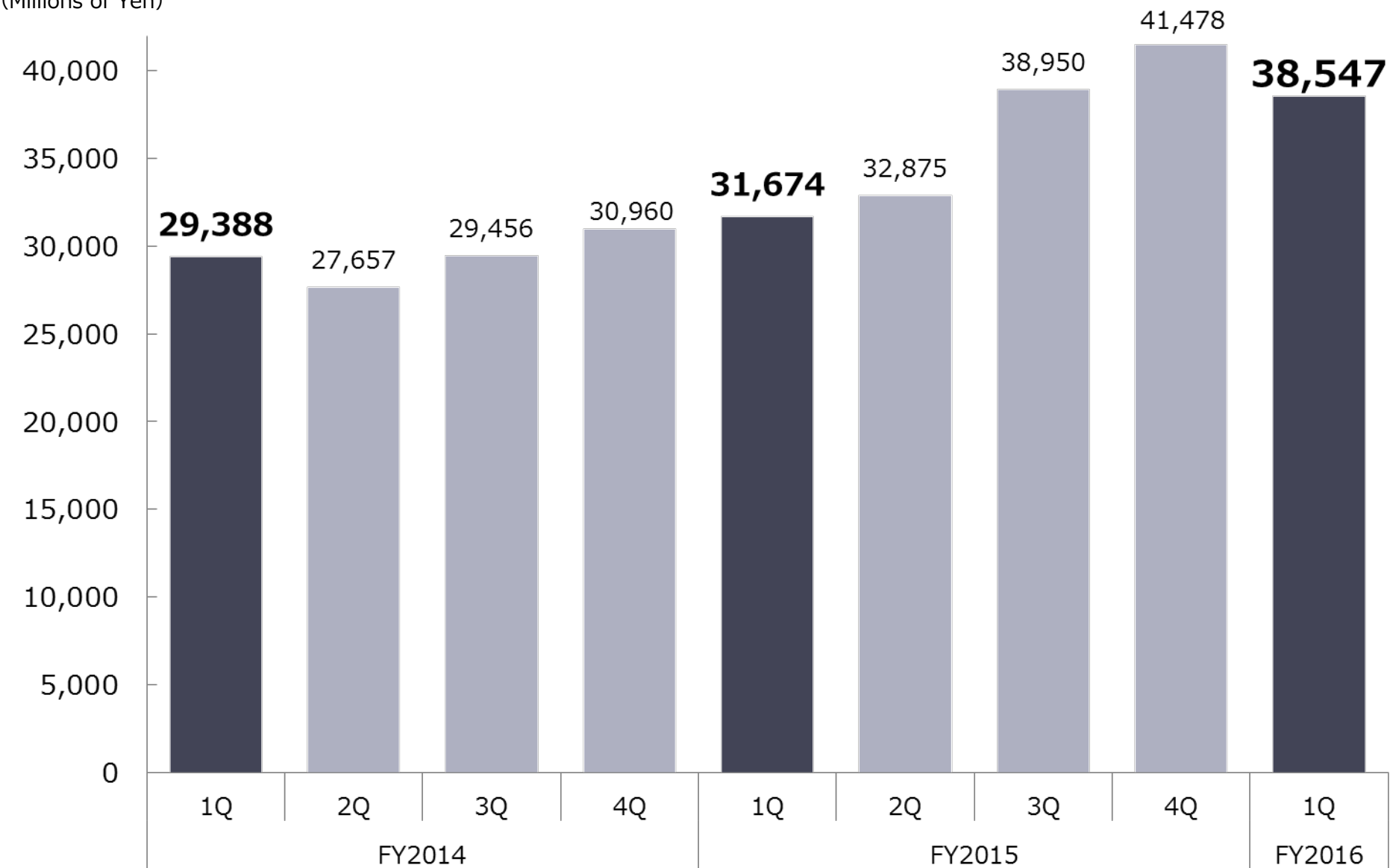
FY2016 Business Forecast 1Q Progress

(Millions of Yen)

	FY2016 (Apr. 2016 to Mar. 2017)		
	Forecast	1Q Results	Progress Rate
Sales	170,000	38,547	22.7%
Operating Income	5,100	803	15.8%
Ordinary Income	5,000	593	11.6%
Profit Attributable to Owners of Parent	2,100	97	4.6%
Net Income per Share	43.24	—	—

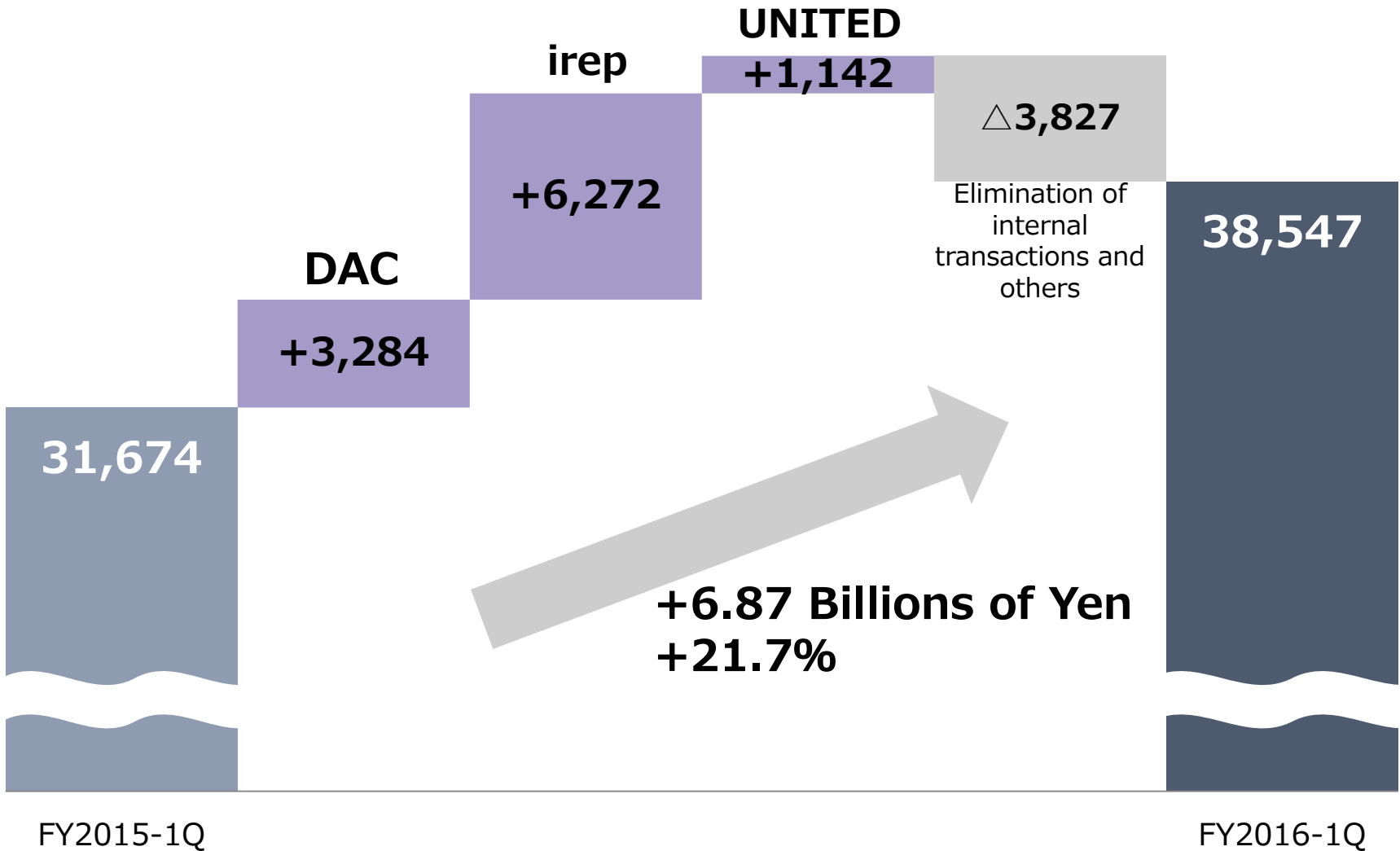
Quarterly Sales (Consolidated)

(Millions of Yen)



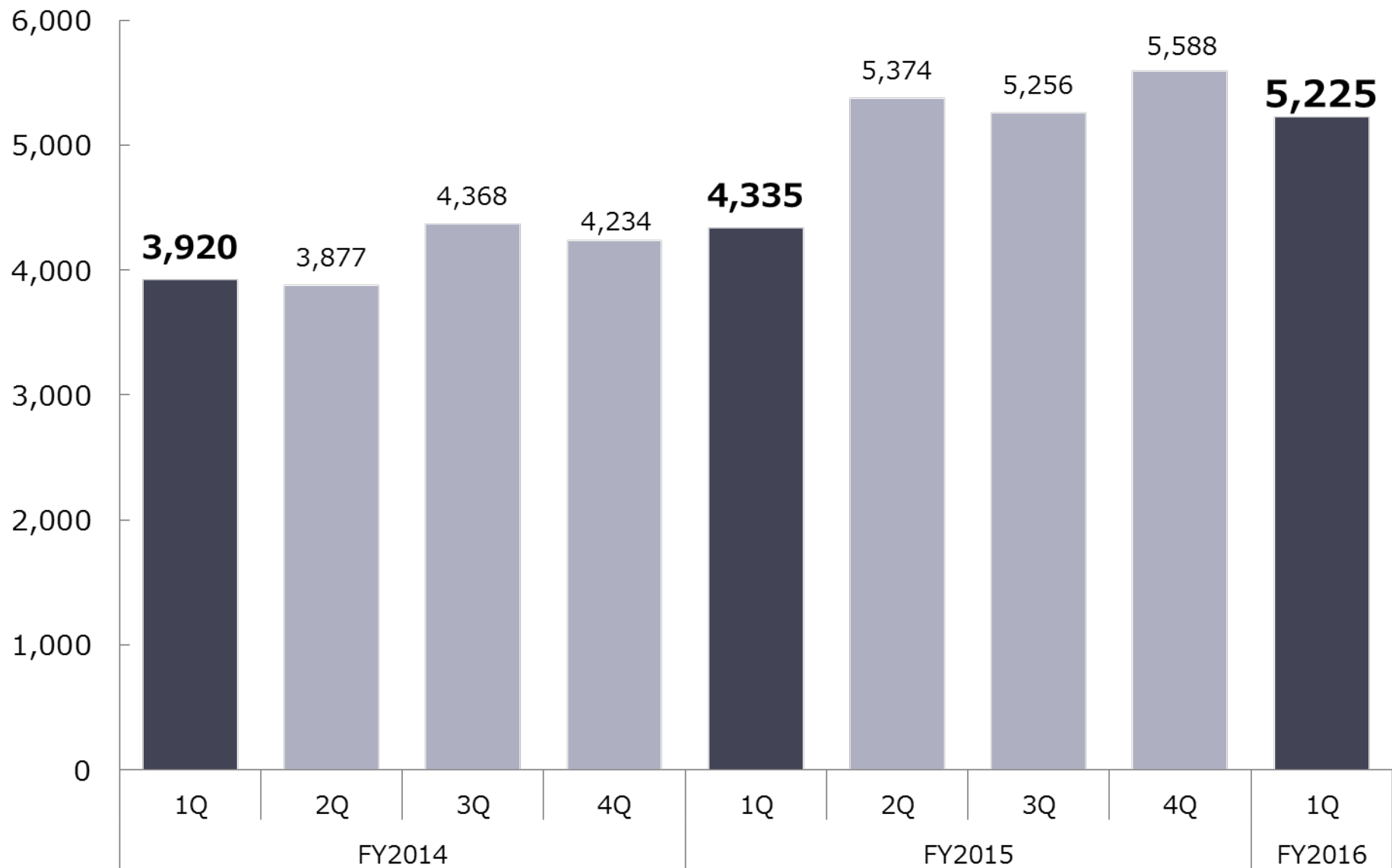
Increase Factor of Sales (Year on Year)

(Millions of Yen)



Quarterly Gross Profit (Consolidated)

(Millions of Yen)



Results by Domain (Consolidated)

Sales	FY2015-1Q (Apr. 2015 to Jun. 2015)		FY2016-1Q (Apr. 2016 to Jun. 2016)		
	Sales (Millions of Yen)	%	Sales (Millions of Yen)	%	Y on Y (%)
Internet-related Business	31,398	99.0	37,862	98.2	120.6
Agent Domain	28,968	91.4	34,665	89.9	119.7
Media and DAS Domain	2,929	9.2	3,428	8.9	117.0
Adjustment between Domains	△499	△1.6	△231	△0.6	-
Investment Business	308	1.0	685	1.8	222.5
TOTAL	31,706	100.0	38,547	100.0	121.6

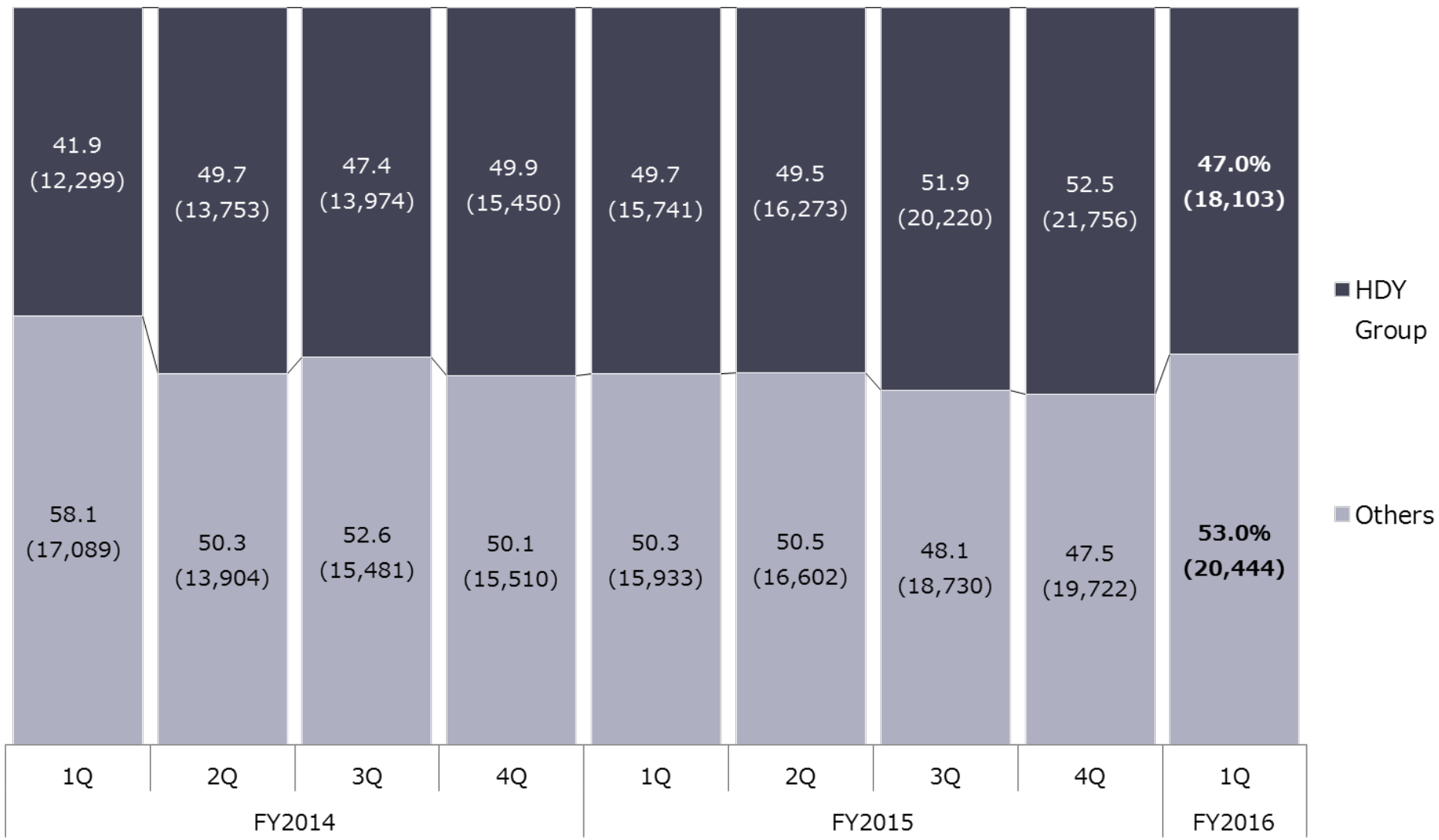
Gross Profit	FY2015-1Q (Apr. 2015 to Jun. 2015)		FY2016-1Q (Apr. 2016 to Jun. 2016)		
	Gross Profit (Millions of Yen)	%	Gross Profit (Millions of Yen)	%	Y on Y (%)
Internet-related Business	4,040	93.2	4,600	88.0	113.9
Agent Domain	2,854	65.8	3,514	67.3	123.1
Media and DAS Domain	1,243	28.7	1,145	21.9	92.2
Adjustment between Domains	△57	△1.3	△59	△1.1	-
Investment Business	294	6.8	625	12.0	212.3
TOTAL	4,335	100.0	5,225	100.0	120.5

Sales to HDY Group and Others (Consolidated)

	FY2015-1Q (Apr. 2015 to Jun. 2015)		FY2016-1Q (Apr. 2016 to Jun. 2016)		
	Sales (Millions of Yen)	Share (%)	Sales (Millions of Yen)	Share (%)	Y on Y (%)
Hakuhodo DY Group	15,741	49.7	18,103	47.0	115.0
Others	15,933	50.3	20,444	53.0	128.3
TOTAL	31,674	100.0	38,547	100.0	121.7

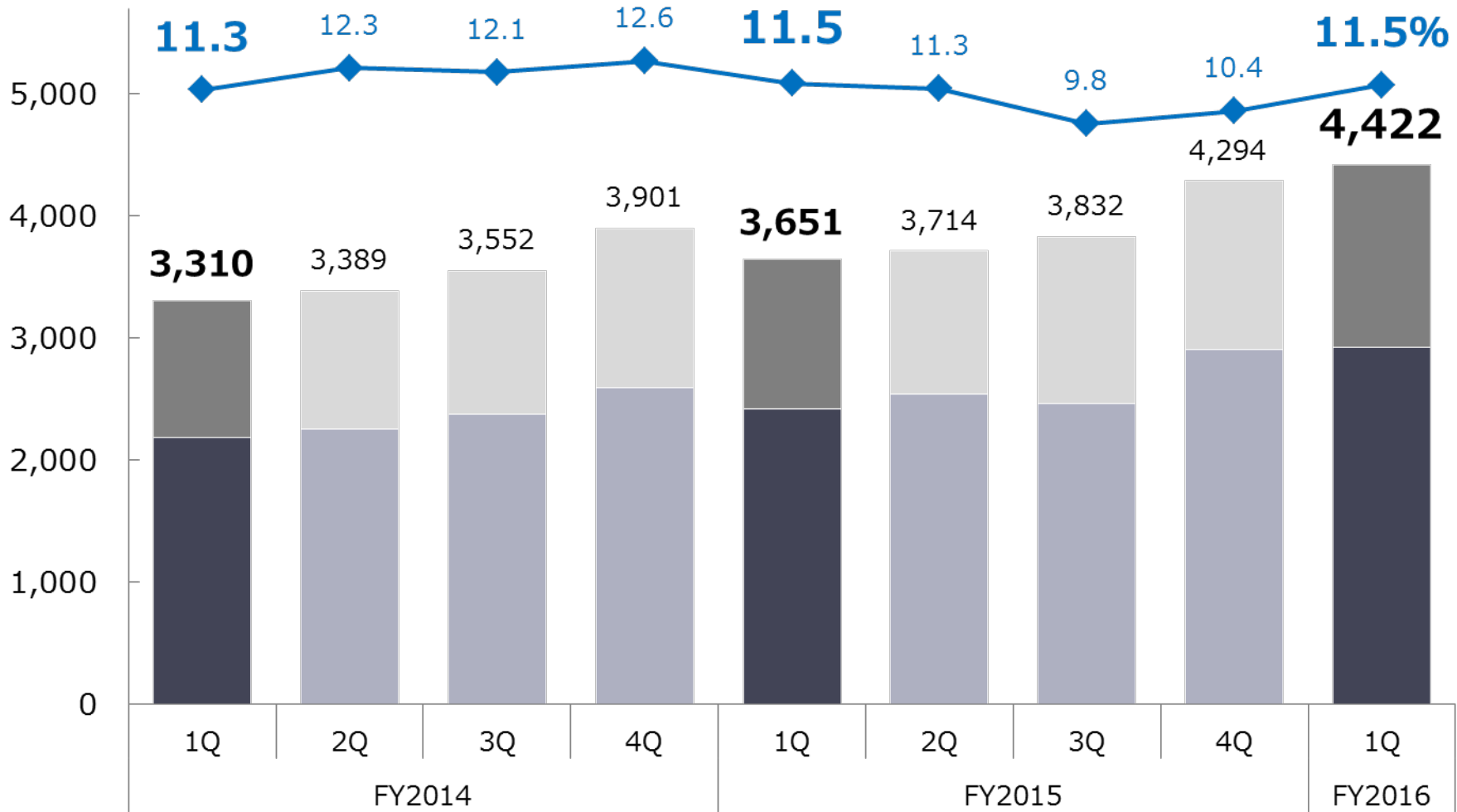
Sales to HDY Group and Others (Consolidated)

(% / Millions of Yen)



Quarterly SG&A Expenses (Consolidated)

(Millions of Yen)

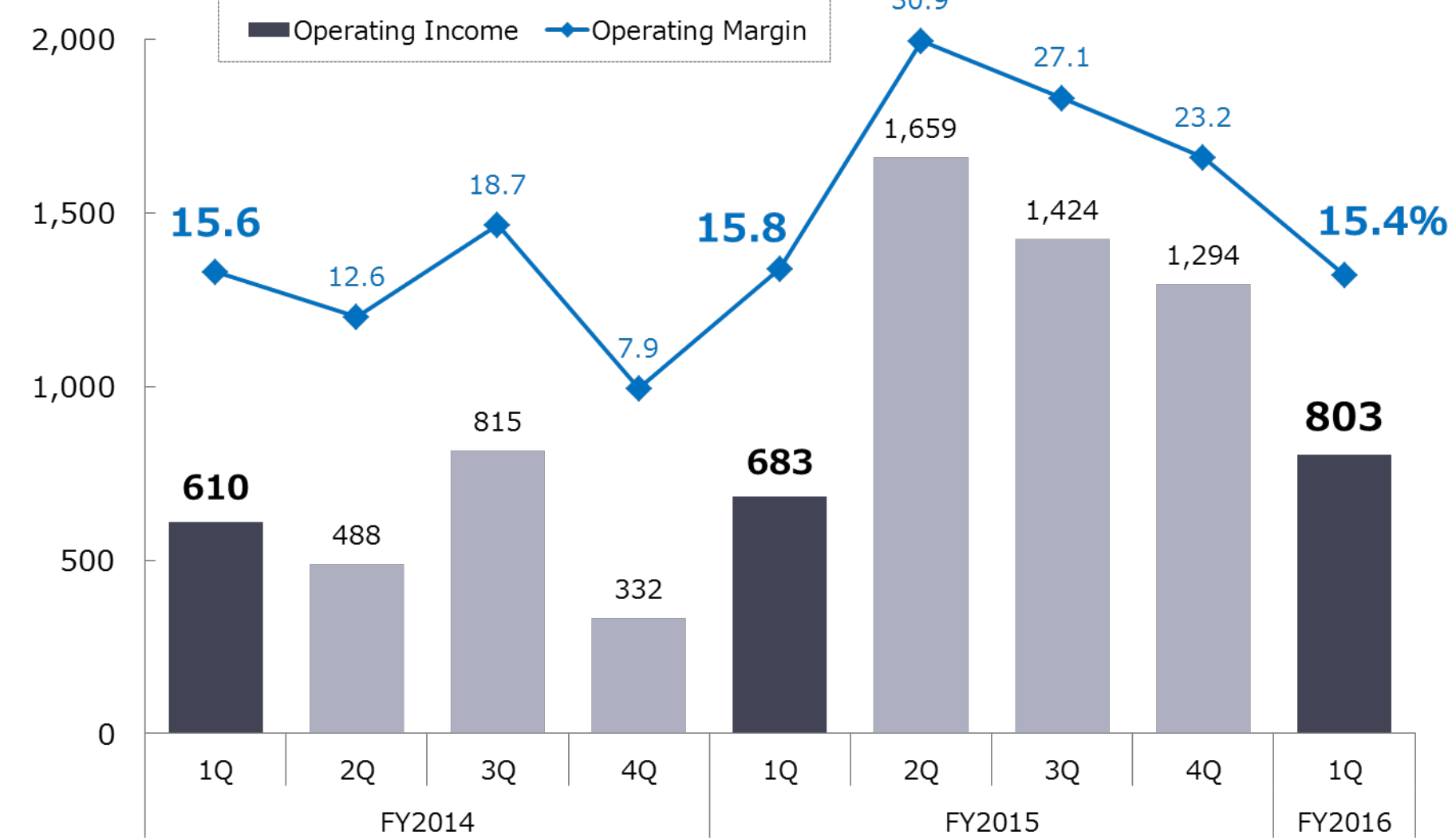


Number of Employees* **2,081** → **2,337**

*Total number of directors, employees, temporary employees, etc.

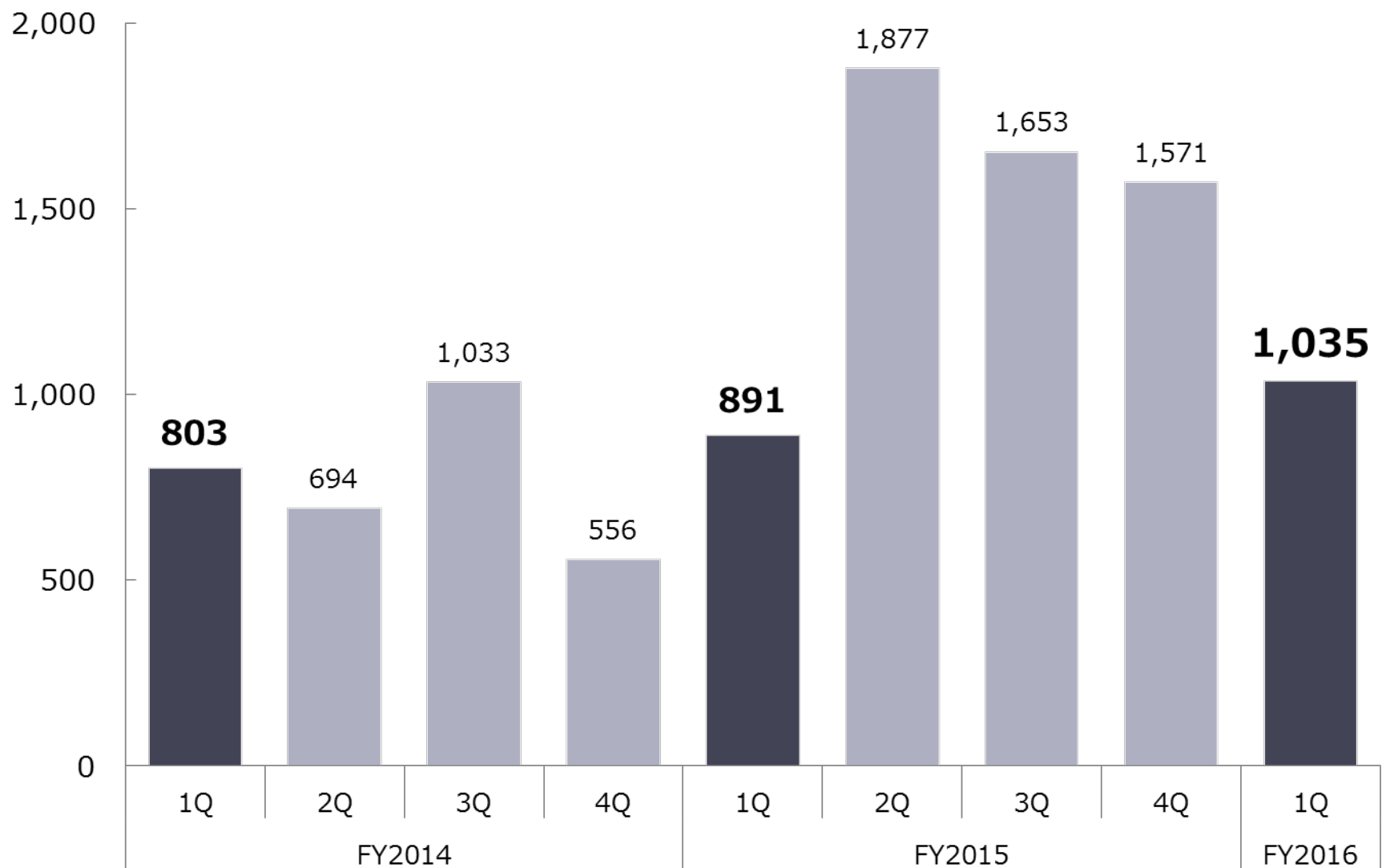
Quarterly Operating Income (Consolidated)

(Millions of Yen)



Quarterly EBITDA (Consolidated)

(Millions of Yen)



*EBITDA=Operating Profit + Depreciation + Amortization of goodwill

Balance Sheets (Consolidated)

	FY2015 (As of Mar.31, 2015)		FY2016-1Q (As of Jun.30, 2015)		
	Amount (Millions of Yen)	%	Amount (Millions of Yen)	%	Comparisons (%)
Current Assets	43,765	80.7	38,734	77.2	88.5
Non-current Assets	10,487	19.3	11,412	22.8	108.8
Total Assets	54,252	100.0	50,146	100.0	92.4
Current Liabilities	27,562	50.8	24,551	49.0	89.1
Non-current Liabilities	1,252	2.3	1,911	3.8	152.6
Total Liabilities	28,814	53.1	26,462	52.8	91.8
Shareholders' Equity	14,388	26.5	13,943	27.8	96.9
Non-controlling Interests	8,507	15.7	8,165	16.3	96.0
Others	2,541	4.7	1,574	3.2	61.9
Total Net Assets	25,437	46.9	23,684	47.2	93.1
Total Liabilities and Net Assets	54,252	100.0	50,146	100.0	92.4

Statements of Cash Flows (Consolidated)

(Millions of Yen)

	FY2016-1Q (Apr. 2016 to Jun. 2016)
Cash flows from operating activities	1,718
Cash flows from investing activities	1,364
Cash flows from financing activities	286
Effect of exchange rate change on cash and cash equivalents	△135
Net increase (decrease) in cash and cash equivalents	3,234
Cash and cash equivalents at beginning of period	12,642
Cash and cash equivalents at end of period	15,877

Overview of Non-consolidated Financial Results

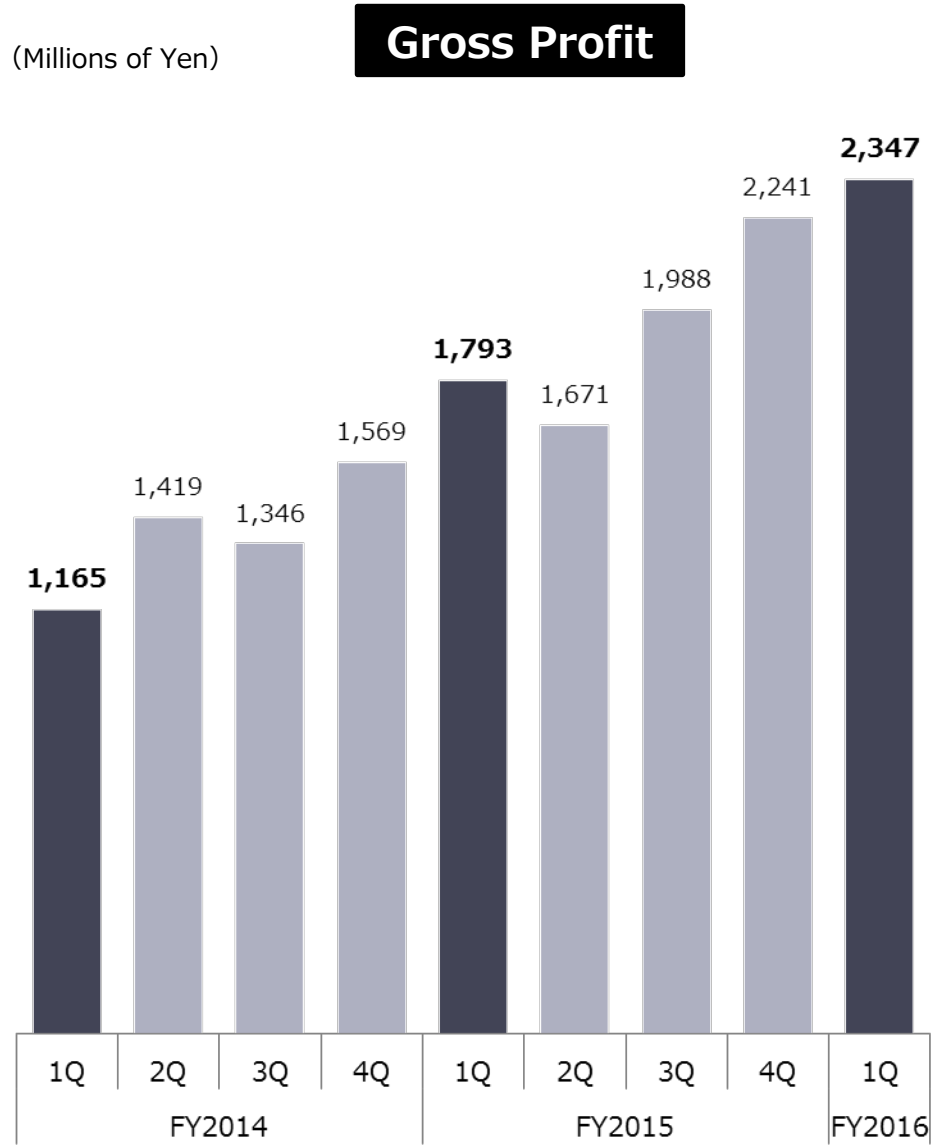
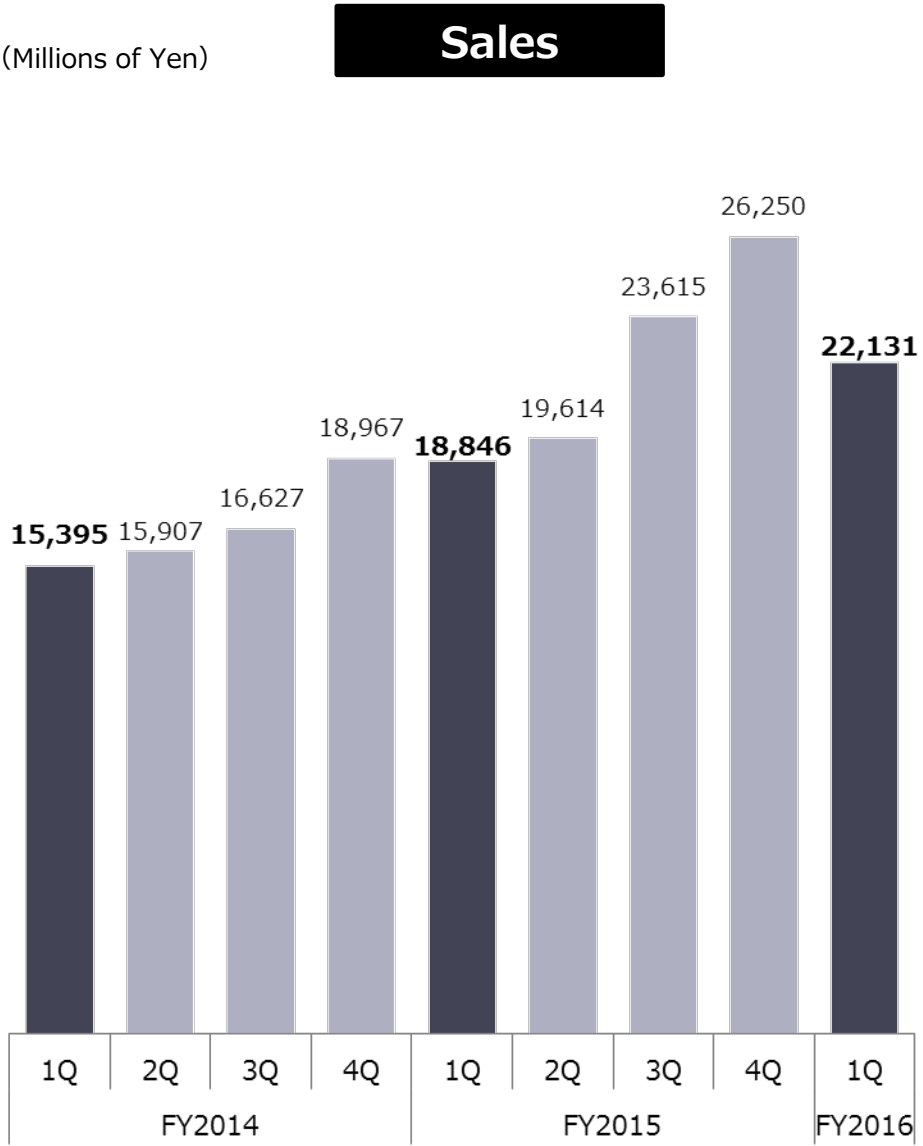
Financial Highlights (Non-consolidated)

(Millions of Yen)

	FY2016-1Q (Apr. 2016 to Jun. 2016)	
		Y on Y
Sales	22,131	117.4%
Gross Profit	2,347	130.9%
Operating Income	396	87.7%
Net Income	945	137.1%
Operating Margin*	16.9%	△8.3pt

*Operating Margin = Operating Income / Gross Profit

Quarterly Sales & Gross Profit (Non-consolidated)



Results by Service (Non-consolidated)

	FY2015-1Q (Apr. 2015 to Jun. 2015)		FY2016-1Q (Apr. 2016 to Jun. 2016)		
Sales	Amount (Millions of Yen)	%	Amount (Millions of Yen)	%	Y on Y (%)
Media Service	18,064	95.8	21,150	95.6	117.1
Technology Service	509	2.7	398	1.8	78.1
Investment & Operation Service	272	1.4	582	2.6	213.7
TOTAL	18,846	100.0	22,131	100.0	117.4

Gross Profit	Amount (Millions of Yen)	%	Amount (Millions of Yen)	%	Y on Y (%)
Media Service	1,308	73.0	1,572	67.0	120.2
Technology Service	228	12.8	224	9.5	98.2
Investment & Operation Service	256	14.3	550	23.4	214.9
TOTAL	1,793	100.0	2,347	100.0	130.9

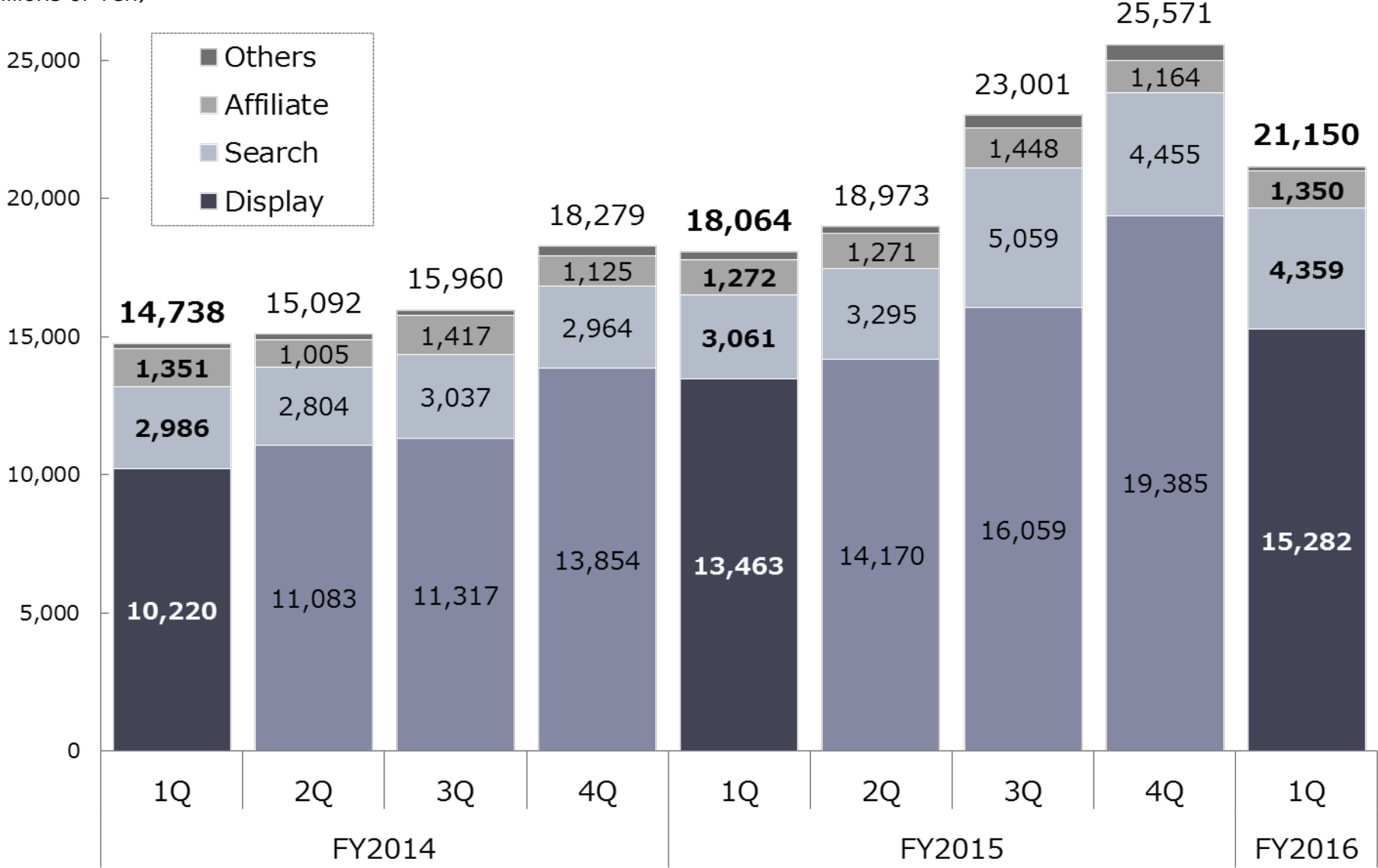
Business Trends

Sales breakdown by Ad Format (Non-consolidated)

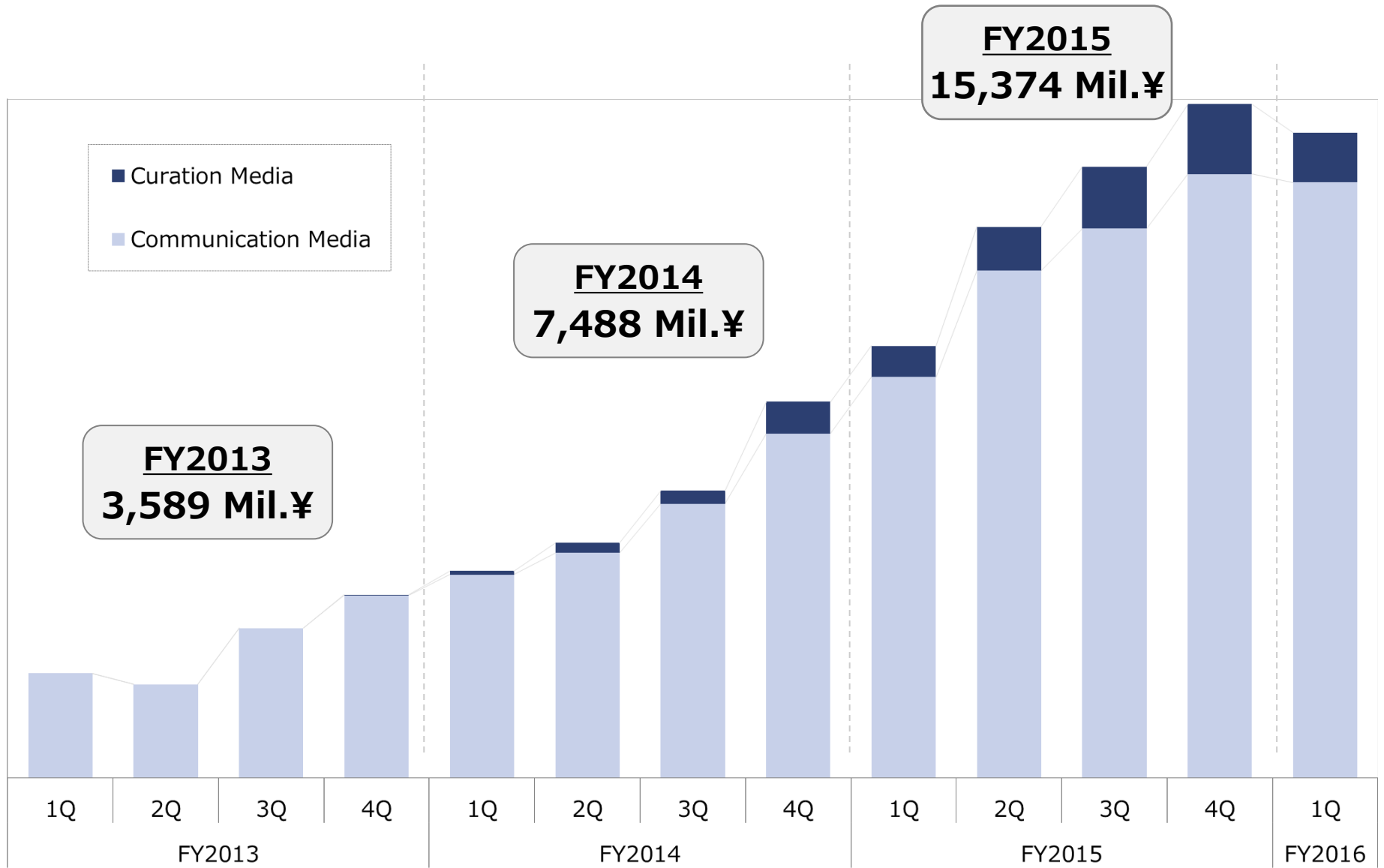
	FY2015-1Q (Apr. 2015 to Jun. 2015)		FY2016-1Q (Apr. 2016 to Jun. 2016)		
	Amount (Millions of Yen)	%	Amount (Millions of Yen)	%	Y on Y (%)
Display	13,463	74.5	15,282	72.3	113.5
Video Ad	1,698	9.4	2,625	12.4	154.6
Others	11,765	65.1	12,657	59.8	107.6
Search	3,061	16.9	4,359	20.6	142.4
Affiliate / Reward	1,272	7.0	1,350	6.4	106.2
Others	267	1.5	157	0.7	58.9
TOTAL	18,064	100.0	21,150	100.0	117.1

Quarterly Sales by Ad Format (Non-consolidated/Media Service)

(Millions of Yen)

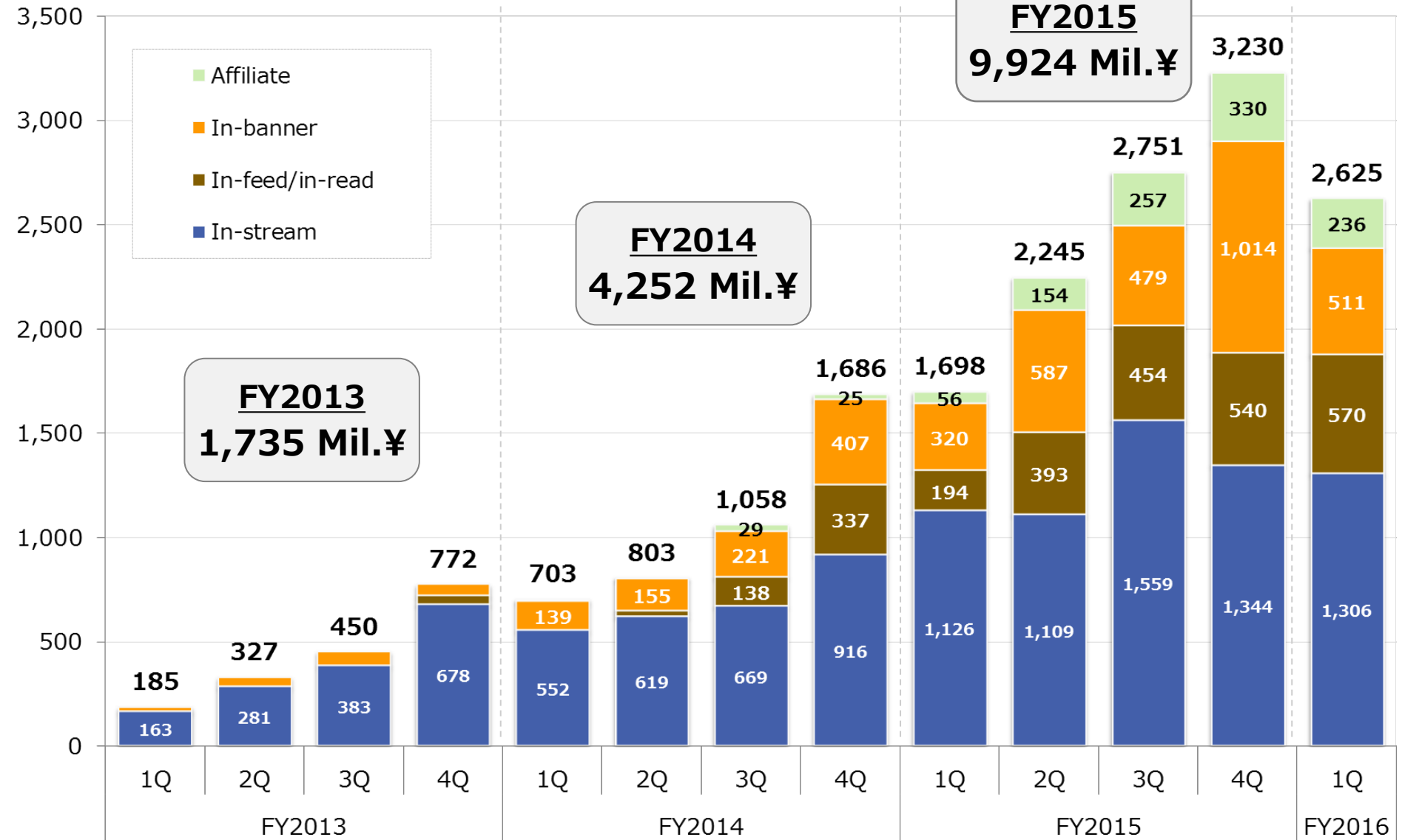


Premium Media Ad Sales (Non-consolidated/Media Service)



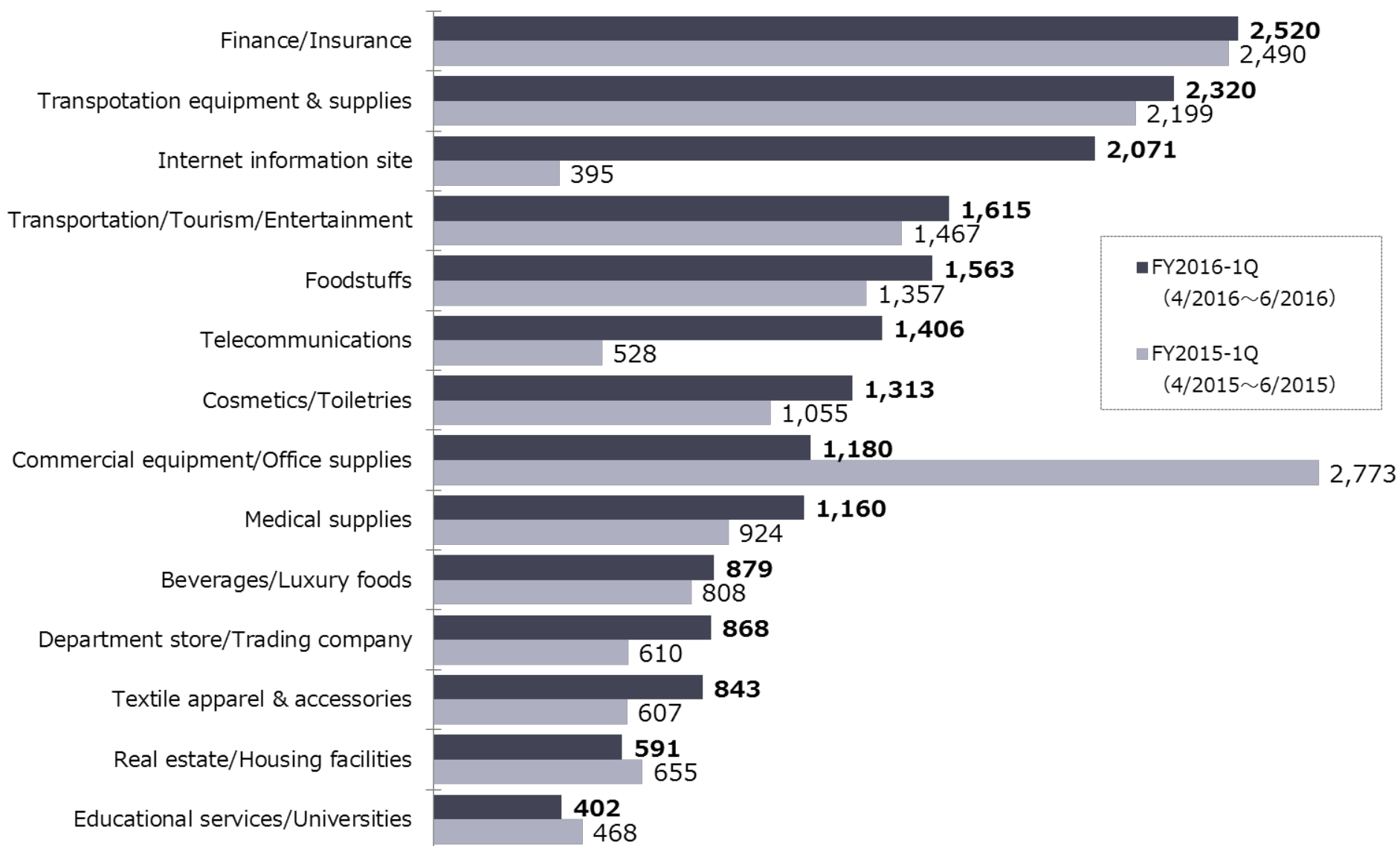
Video Ad Sales (Non-consolidated/Media Service)

(Millions of Yen)



Quarterly Sales by Client Industry (Non-consolidated/Media Service)

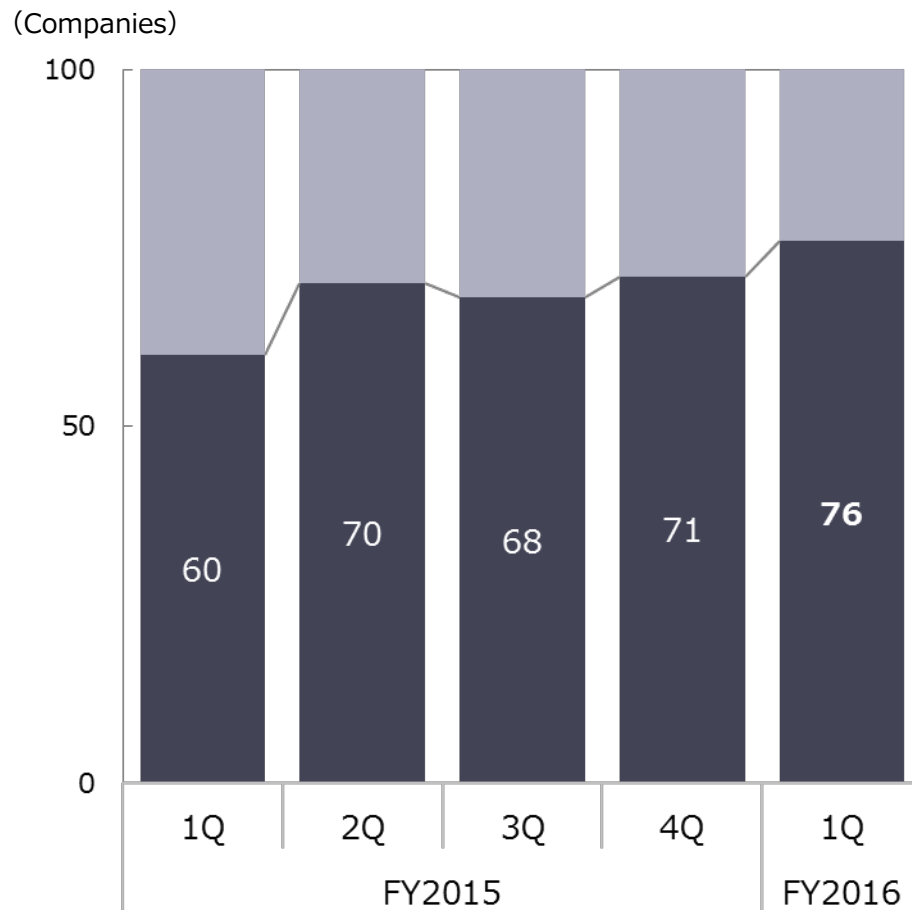
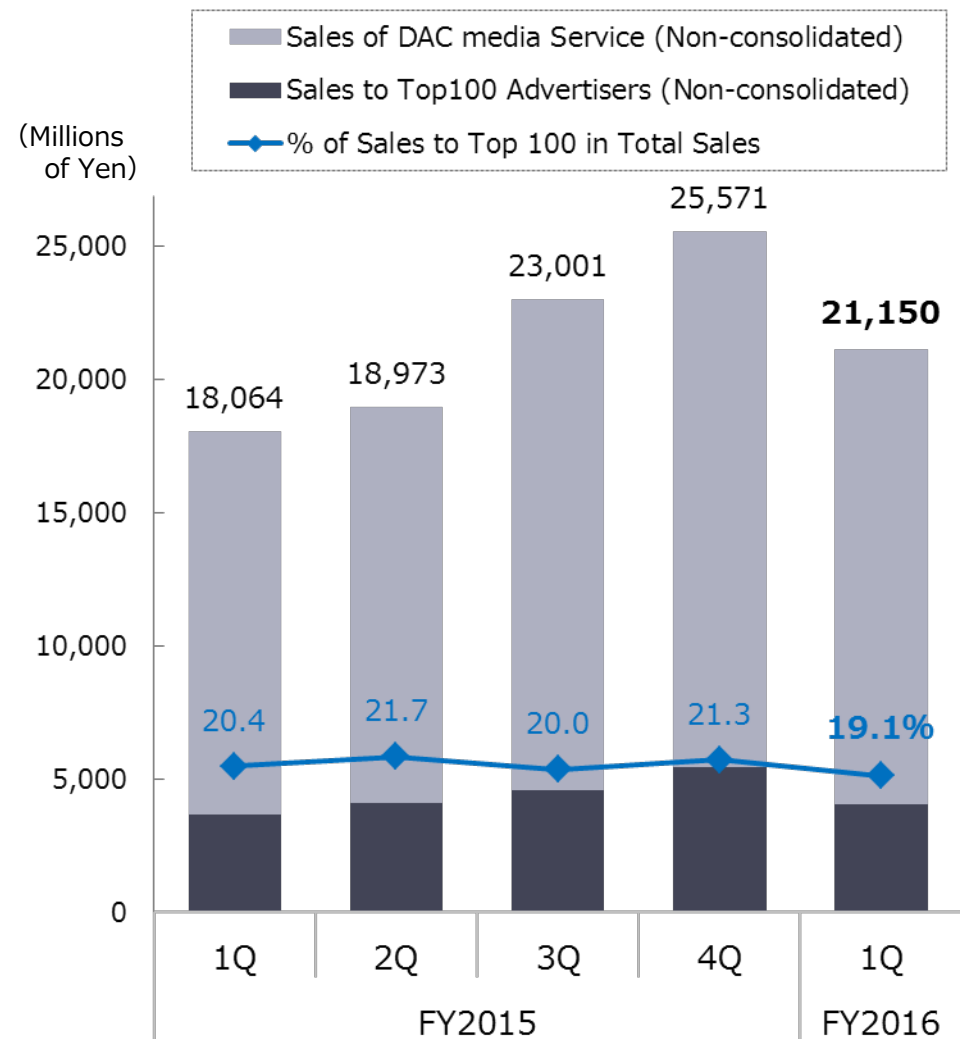
(Millions of Yen)



Quarterly Trend of Top100 Advertisers (Non-consolidated/Media Service)

◆ Quarterly Sales to Top100 Advertisers

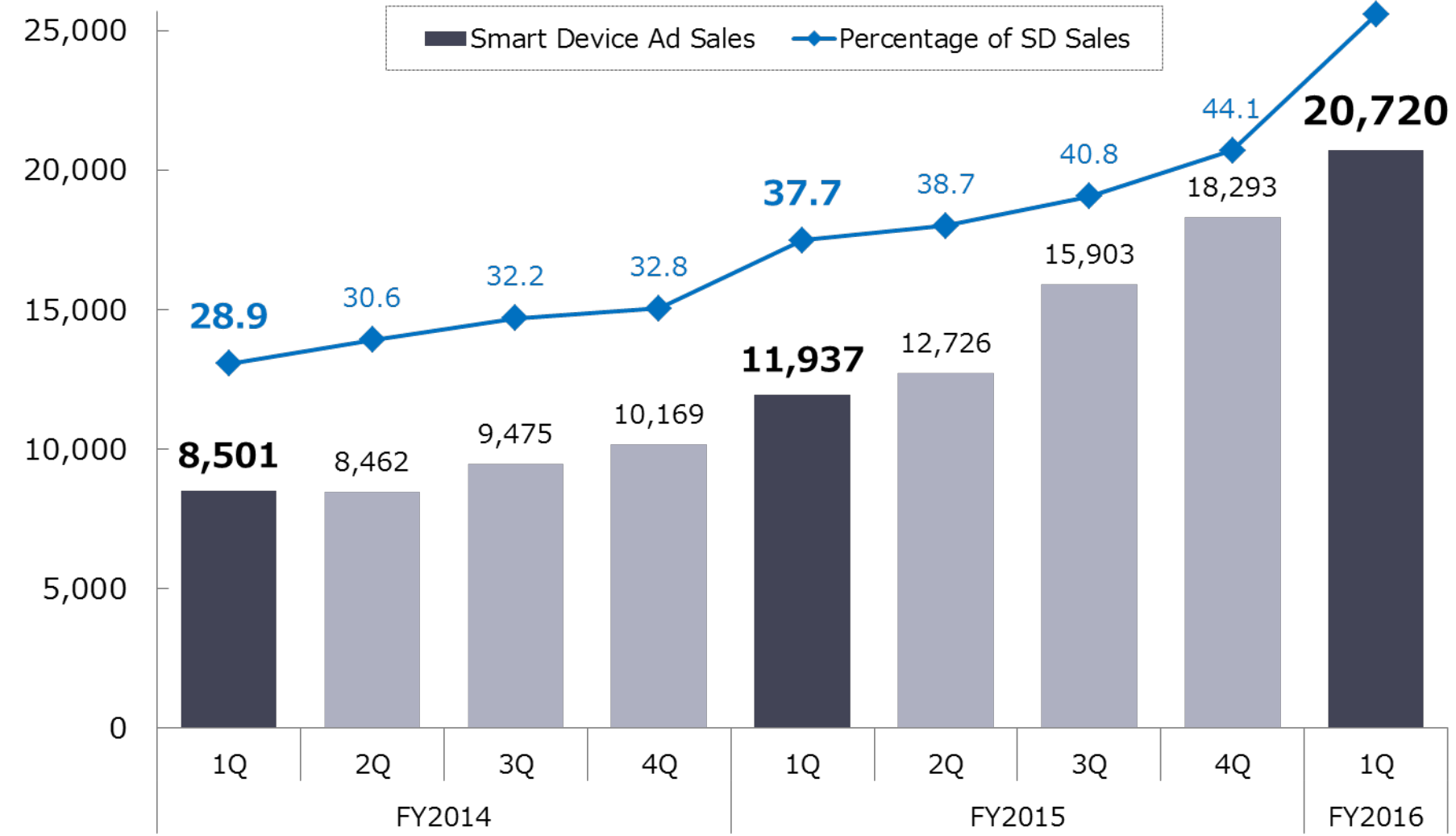
◆ Number of Our Clients in Top100 Advertisers



*Top100Advertisers : By Nikkei Advertising Research Institute 「AD SPENDING OF LEADING JAPANESE CORPORATIONS」

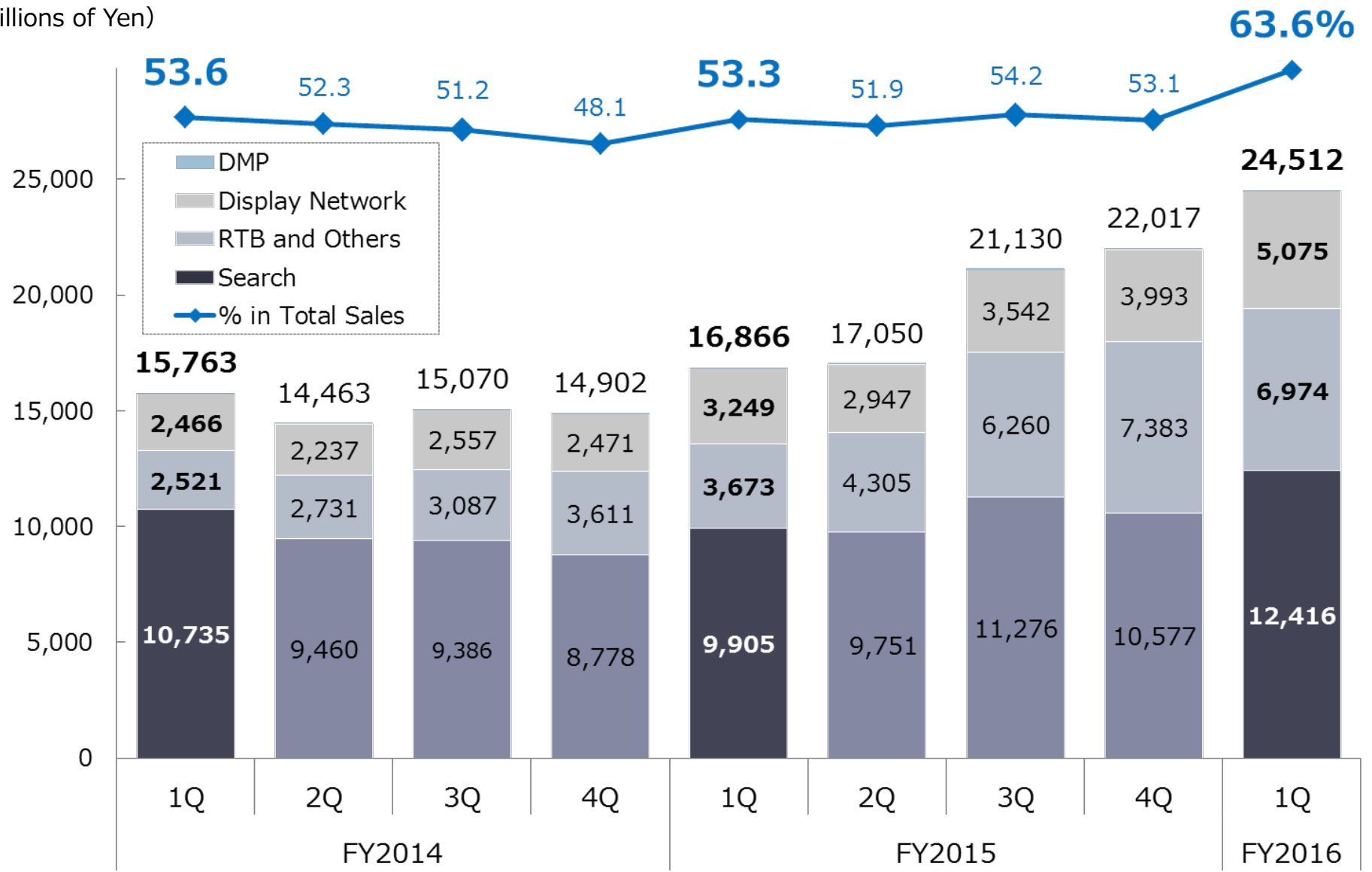
Quarterly Sales of Smart Device Ads (Consolidated)

(Millions of Yen)











Quarterly Sales of Programmatic Ads (Consolidated)

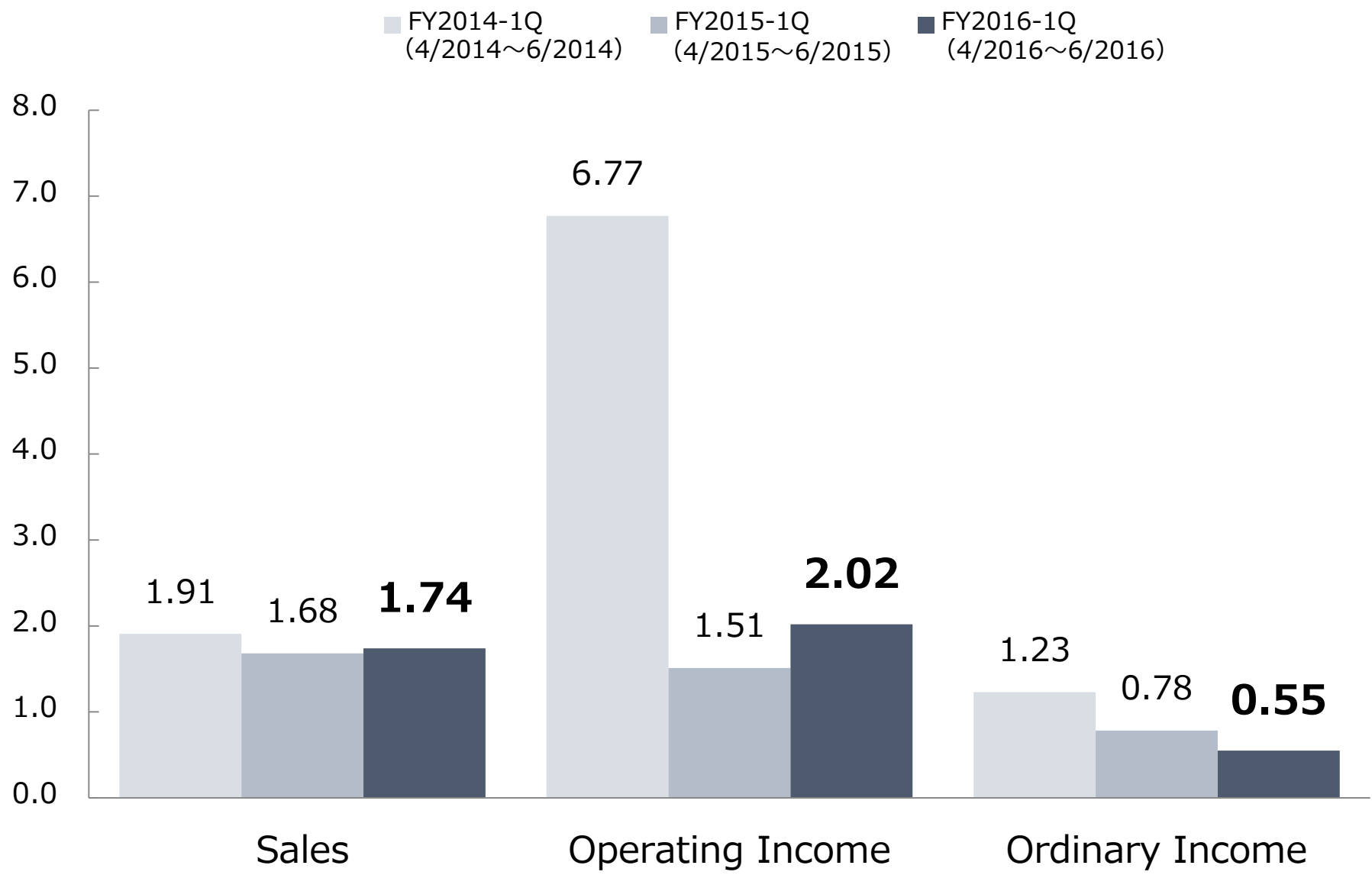
(Millions of Yen)



Summary of Consolidated Subsidiaries' Results (Y on Y)

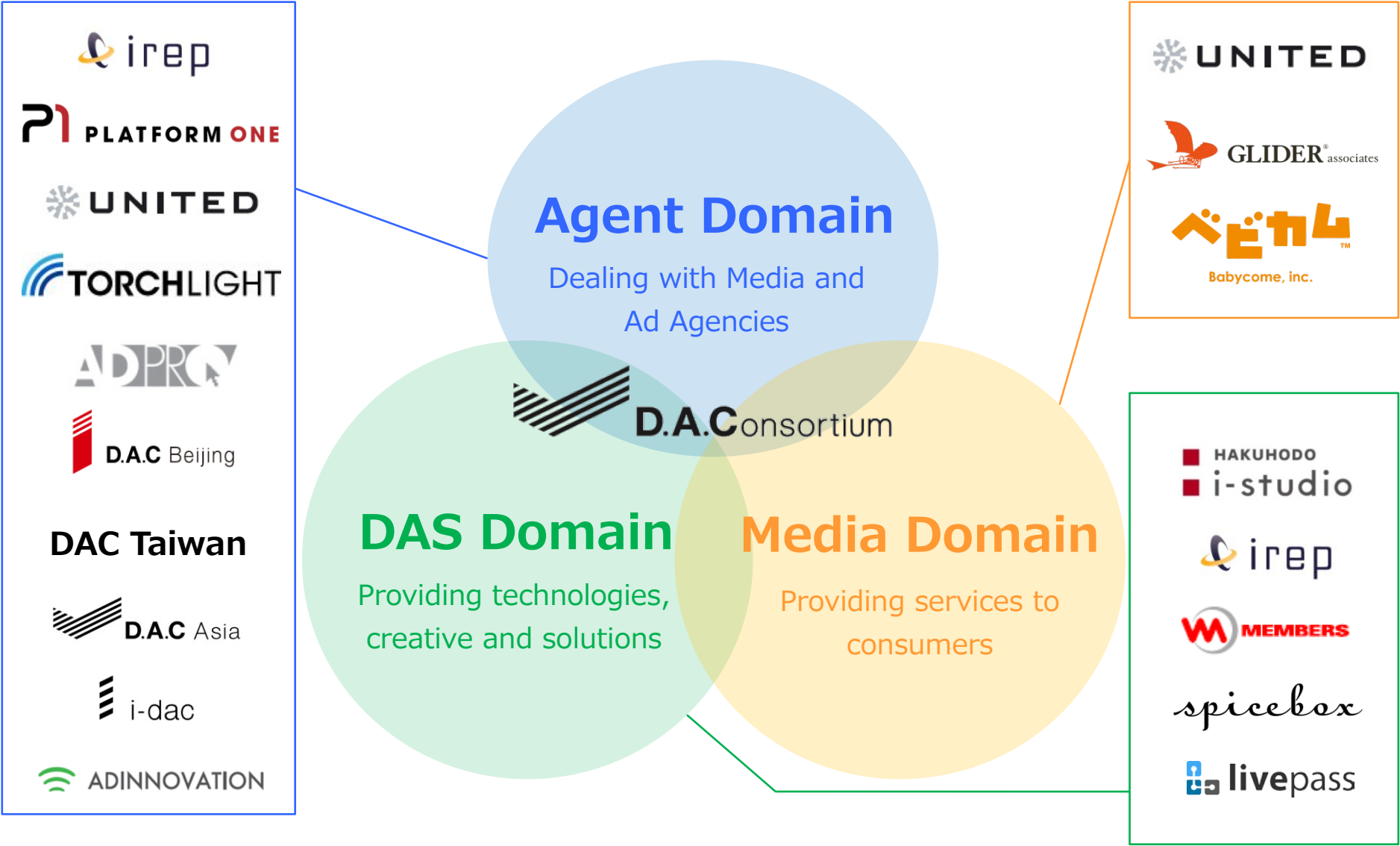
				Sales	Operating Income
	IREP Co., Ltd.	Agent	DAS	↗	↗
	UNITED, Inc.	Agent	Media	↗	↘
	HAKUHODO i-studio Inc.		DAS	→	↘
	Platform One Inc.	Agent	DAS	↗	↗
	ADPRO inc.	Agent		↗	→
	Torchlight Inc.	Agent	DAS	↗	→
	D.A.Consortium Beijing CO., LTD.	Agent		↘	↘
	DAC ASIA PTE. LTD.	Agent		↗	→

Consolidated/Non-consolidated Ratio

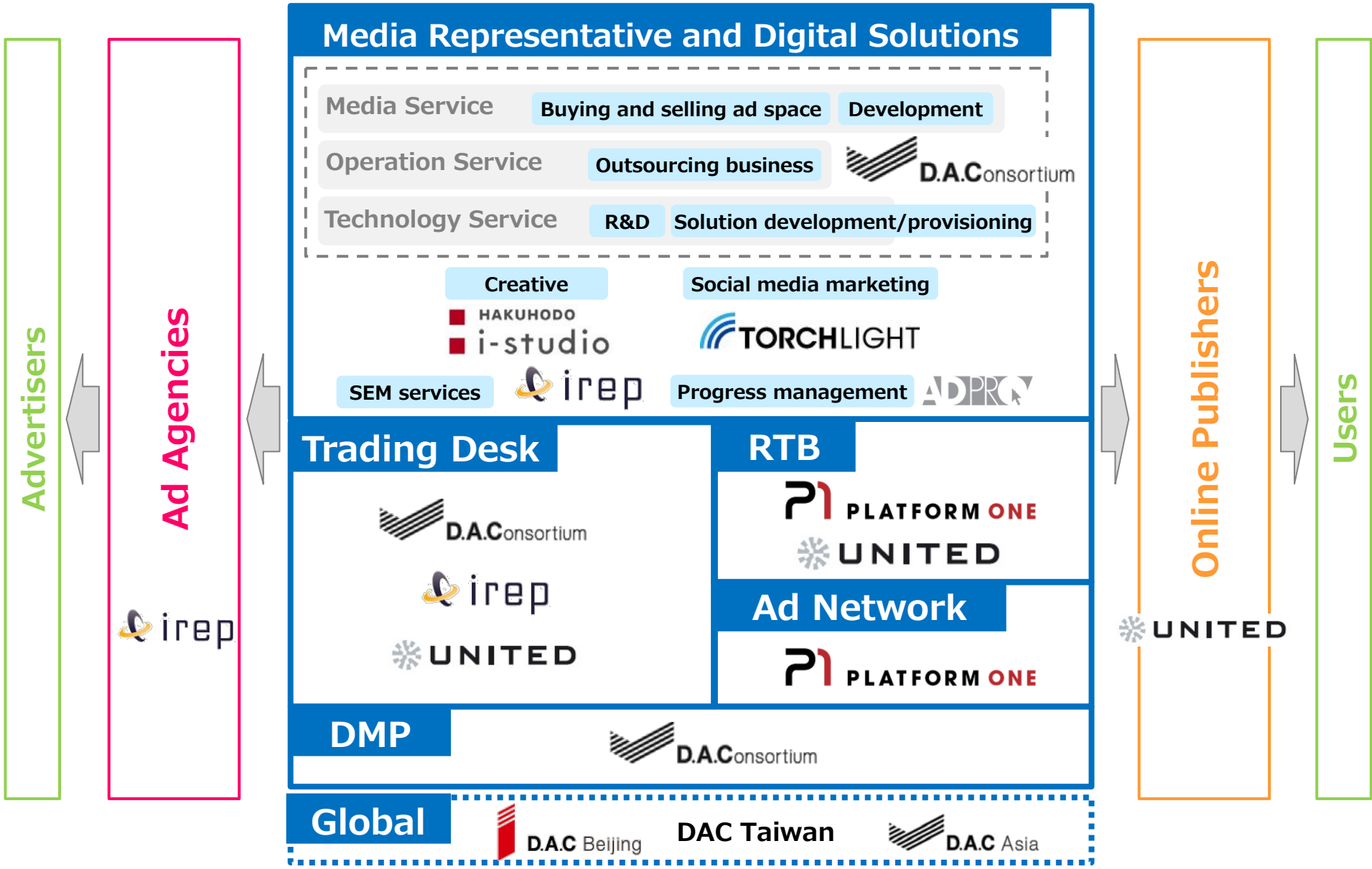


Appendix

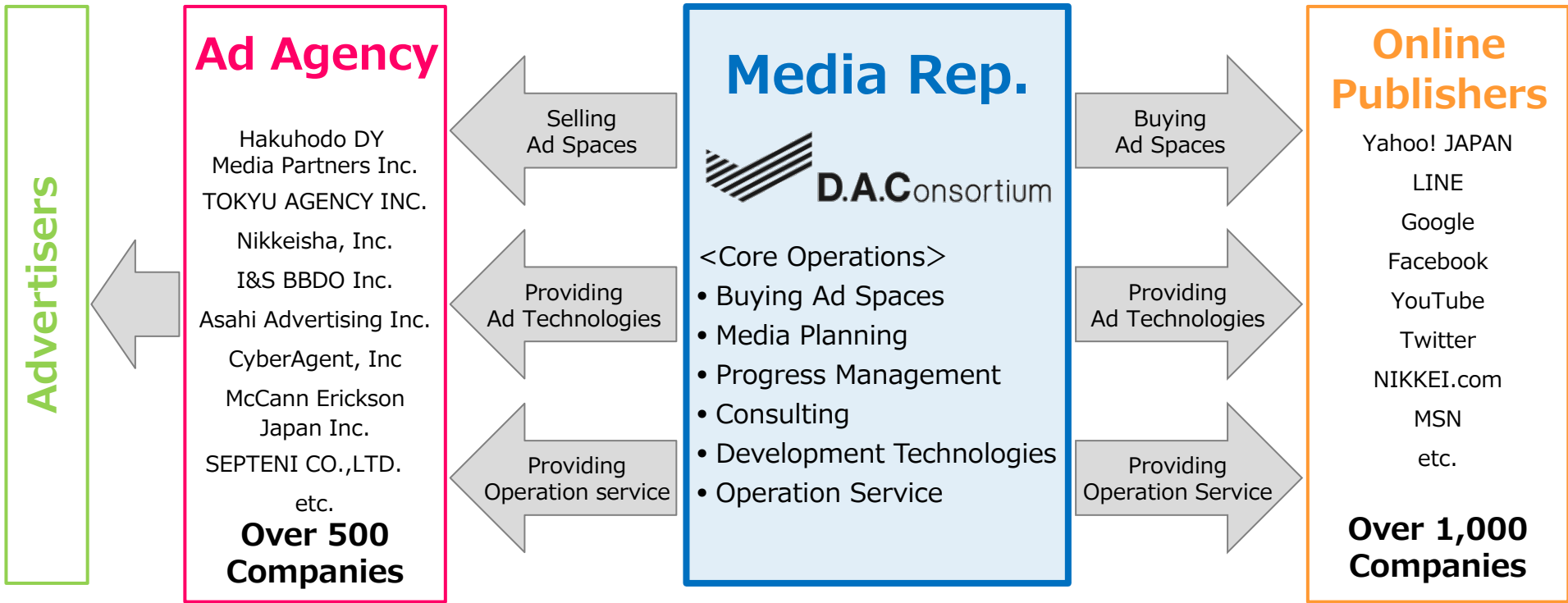
Business Domains of DAC Group



Business Model of DAC Group



DAC's Core Business "Media Representative"

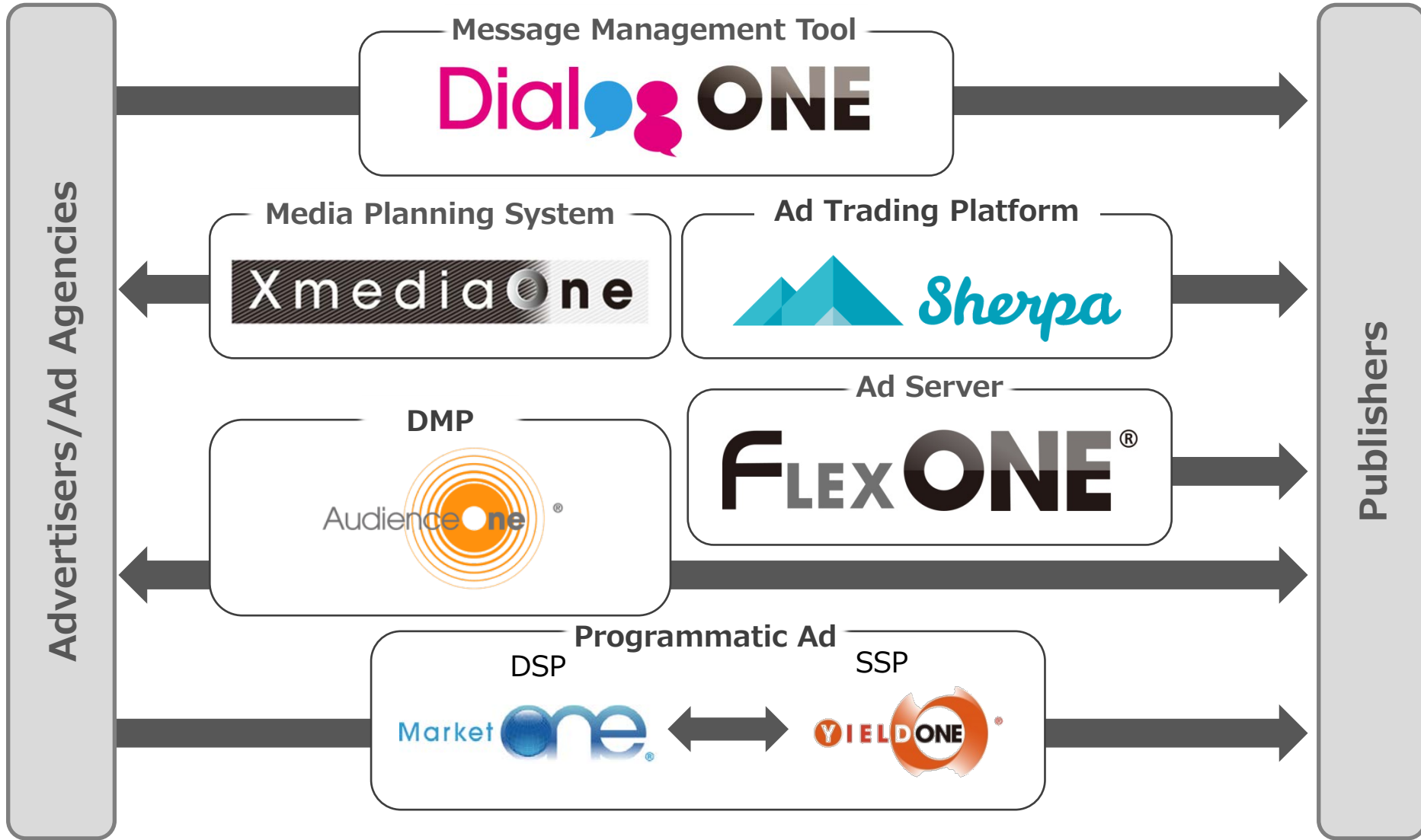


Consortium
DAC was established as a consortium of leading ad agencies, headed by Hakuhodo DY Group









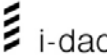


Media Representative
Providing total support for online advertising






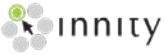

Ad technology lineup of DAC Group


















Consolidated Subsidiaries (As of June,2016)

Name	Ownership	Business
 IREP Co., Ltd. TSE 2nd	57.6%	Digital marketing including performance-based ad focused on listing ads, search engine optimization, content marketing and web analytics.
 UNITED, Inc. Mothers	44.4%	Smartphone applications and advertising technology business.
 HAKUHODO i-studio Inc.	60.0%	Production, system development and CRM services for the entire online advertising field.
 Platform One Inc.	100.0%	Providing platforms for online advertising trading.
 ADPRO inc.	100.0%	Operational services for online advertising, including schedule management, sending ad data and placement confirmation.
 Torchlight Inc.	70.0%	Services supporting the utilization of social media including owned media and ad.
 D.A.Consortium Beijing CO., LTD.	50.1%	Online advertising business in China.
DAC Taiwan	100.0%	Online advertising business in Taiwan.
 DAC ASIA PTE. LTD.	100.0%	Supports online advertising strategy, business development, market research and the expansion of group companies in the Southeast Asian region.
 I-DAC PTE. LTD.	80.0%	Comprehensive digital marketing solution in the Southeast Asian region.

Equity-method Affiliates (As of June,2016)

Name	Ownership	Business
 Members Co., Ltd. <div style="display: inline-block; vertical-align: middle; margin-left: 10px;"> <div style="border: 1px solid gray; padding: 2px; font-size: 8px;">TSE 2nd</div> <div style="border: 1px solid gray; padding: 2px; font-size: 8px;">NSE 2nd</div> </div>	18.5%	Web integration service, social media marketing service, and support service of digital marketing.
 spicebox, inc.	34.4%	Marketing and consultation services for digital communications design.
 Adinnovation Inc.	18.0%	Marketing business for smartphones, ad tracking tool business for smartphones, media consulting business.
 Babycome, inc.	38.2%	Operating "Babycome": one of the largest parenting site in Japan and "Babytube": parenting related movies site.
 livepass Inc.	22.4%	Next generation personal video marketing platform company.
 Innity Corporation Berhad <div style="display: inline-block; vertical-align: middle; margin-left: 10px;"> <div style="border: 1px solid gray; padding: 2px; font-size: 8px;">Bursa Malaysia</div> </div>	25.1%	Online advertising trading platform and advertising network in the Southeast Asian region.
 GLIDER associates, INC.	15.7%	Planning and administration of curation magazine "antenna*".

Other companies in which DAC invests (As of June,2016)

Name	Business
 Digital Catapult Inc.	Provides digital content-serving and creative services for PC and mobile.
 Data Stadium Inc.	Sports data contents and related solutions.
 Video Research Interactive Inc.	Internet audience measurements and provides ad servers.
 O-uccino, Inc.	Ad agency, planning, creating, and operating real estate websites.
 mediba Inc. TSE 1st	As a mobile media representative, provides planning, organization and creation services.
 YUMEMI Inc.	Mobile-related planning, development, operation and consultation services.
 Co-Core Inc.	Operating the 3-D visual space website "meet-me".
 ALBERT Inc. Mothers	"Recommendation engine" developed in-house and advertising optimization solutions using core analytical abilities.
 Origami Inc.	Planning and administration of the next-generation e-commerce platform "Origami".
 DataSection Inc. Mothers	Online consumer and reputation analysis service.
 Yummy Japan Inc.	YouTube channel management, web-based video production, web-based PR and advertising.
 Ubiregi Inc.	Ubiregi is an iPad POS(Point of Sales) Application and cloud based platform.
 Handy Marketing Inc.	Marketing Solutions research, development, and analysis business.
 ZEDO, Inc.	Developing ad server and video ad format for media companies.
 IPONWEB Holdings Limited	Development of various ad technologies and cloud advertisement solution and consulting service.

Empowering the digital future

デジタルの未来に、もっと力を。



“The Axel”

This logo, called “the axel”, expresses the spirit embodied in our brand slogan “Empowering the digital future” – the spirit to pioneer and impart vitality into the future of digital society.