



FY2015-1Q Financial Results Briefing

D.A.C Consortium Inc.

August 5, 2015

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Overview of Consolidated Financial Results

Financial Highlights (Consolidated)

(Millions of Yen)

	FY2015-1Q	
	(Apr. 2015 to Jun. 2015)	
		Y on Y
Sales	31,674	107.8%
Gross Profit	4,335	110.6%
Operating Income	683	112.1%
Profit Attributable to Owners of Parent	309	87.9%
EBITDA	891	111.0%
Operating Margin*	15.8%	+ 0.2pt

*Operating Margin = Operating Income / Gross Profit

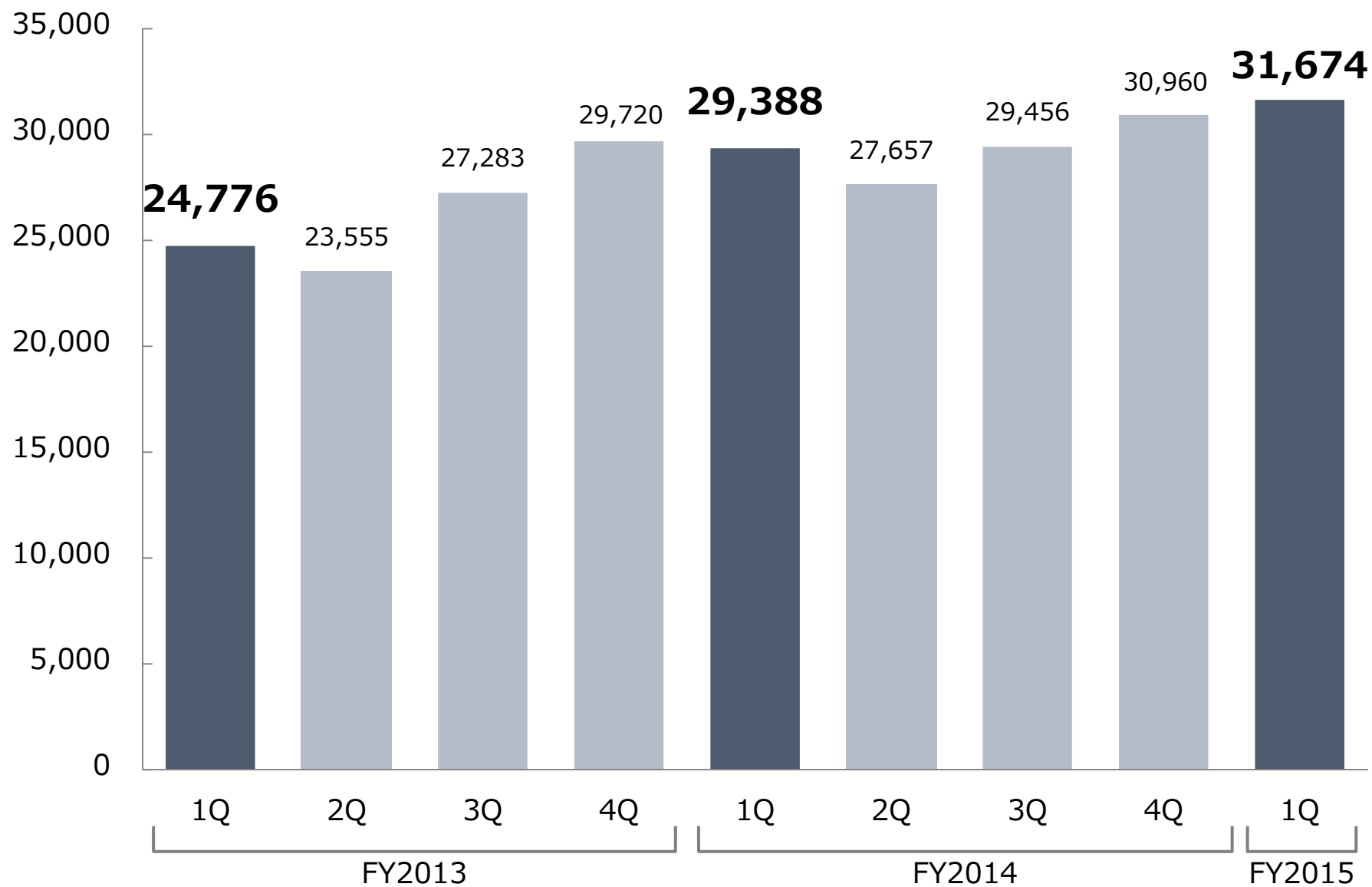
FY2015 Business Forecast Upward Revision & 1Q Progress

(Millions of Yen)

	FY2015 (Apr. 2015 to Mar. 2016)			
	Initial Forecasts	Revised Forecasts	1Q Results	Progress Rate
Sales	134,000	135,000	31,674	23.5%
Operating Income	2,700	3,550	683	19.3%
Ordinary Income	2,700	3,550	709	20.0%
Profit Attributable to Owners of Parent	1,150	1,350	309	22.9%
Net Income per Share	23.68	27.80	—	—

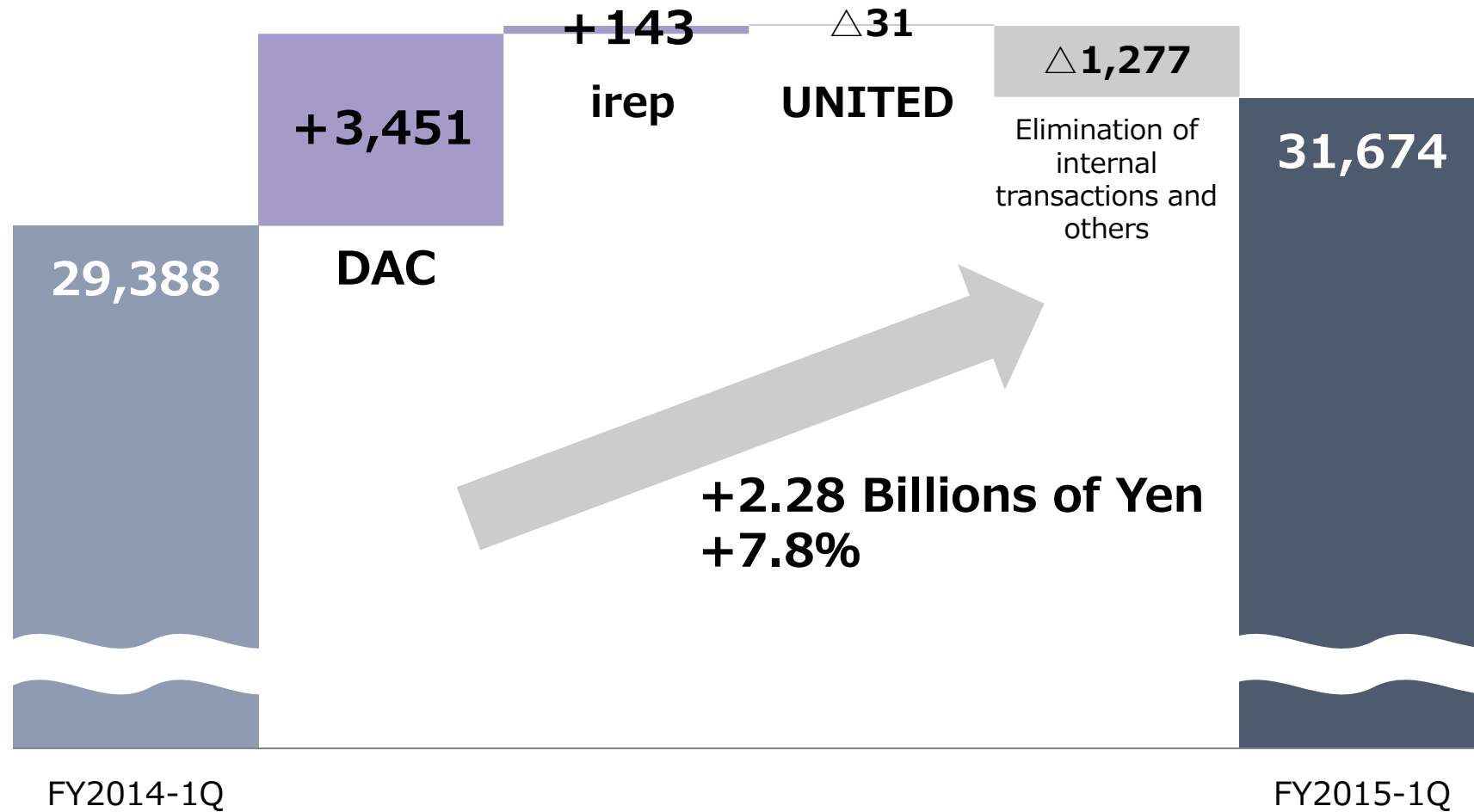
Quarterly Sales (Consolidated)

(Millions of Yen)



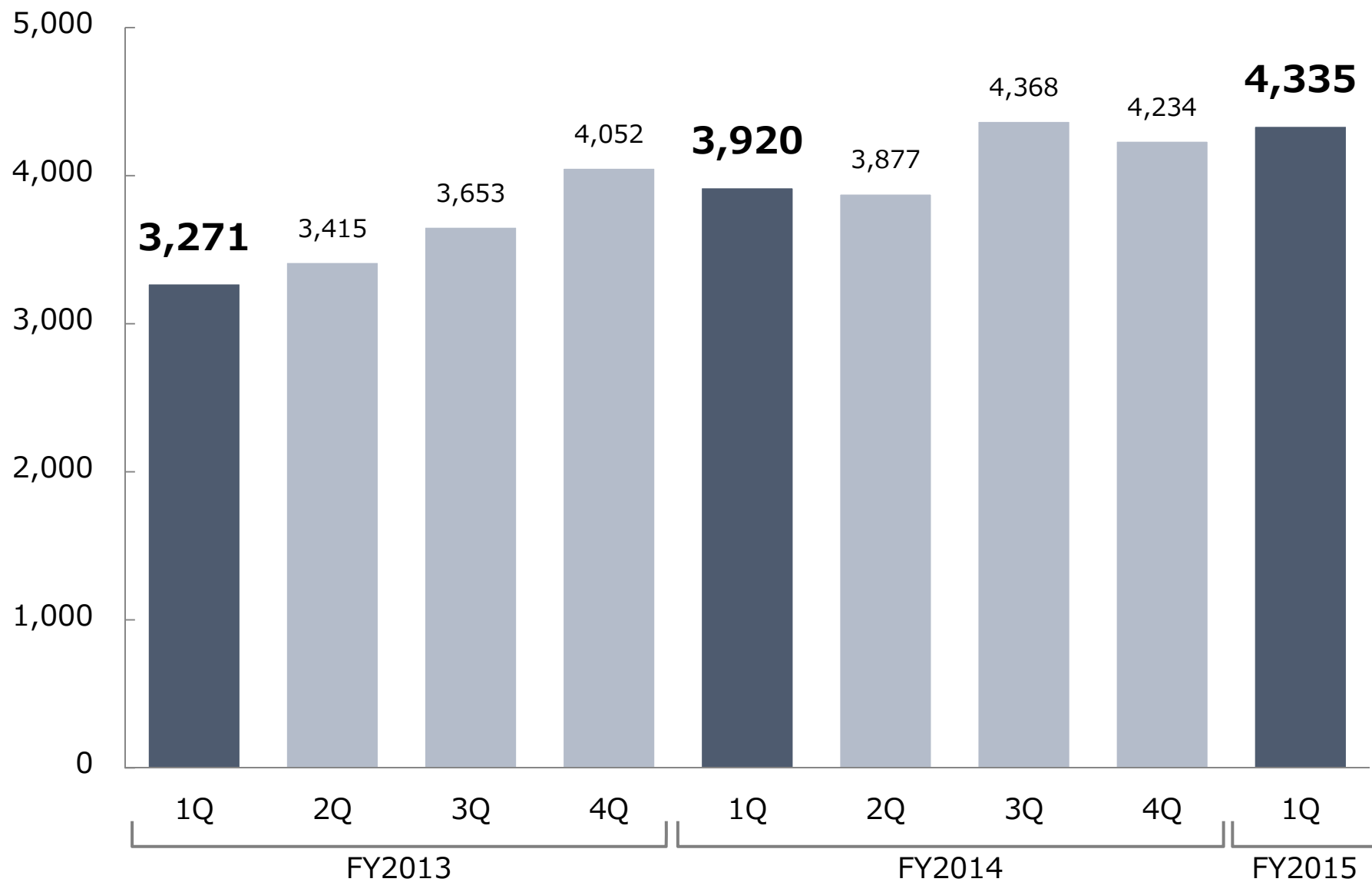
Increase Factor of Sales (Year on Year)

(Millions of Yen)



Quarterly Gross Profit (Consolidated)

(Millions of Yen)



Results by Domain (Consolidated)

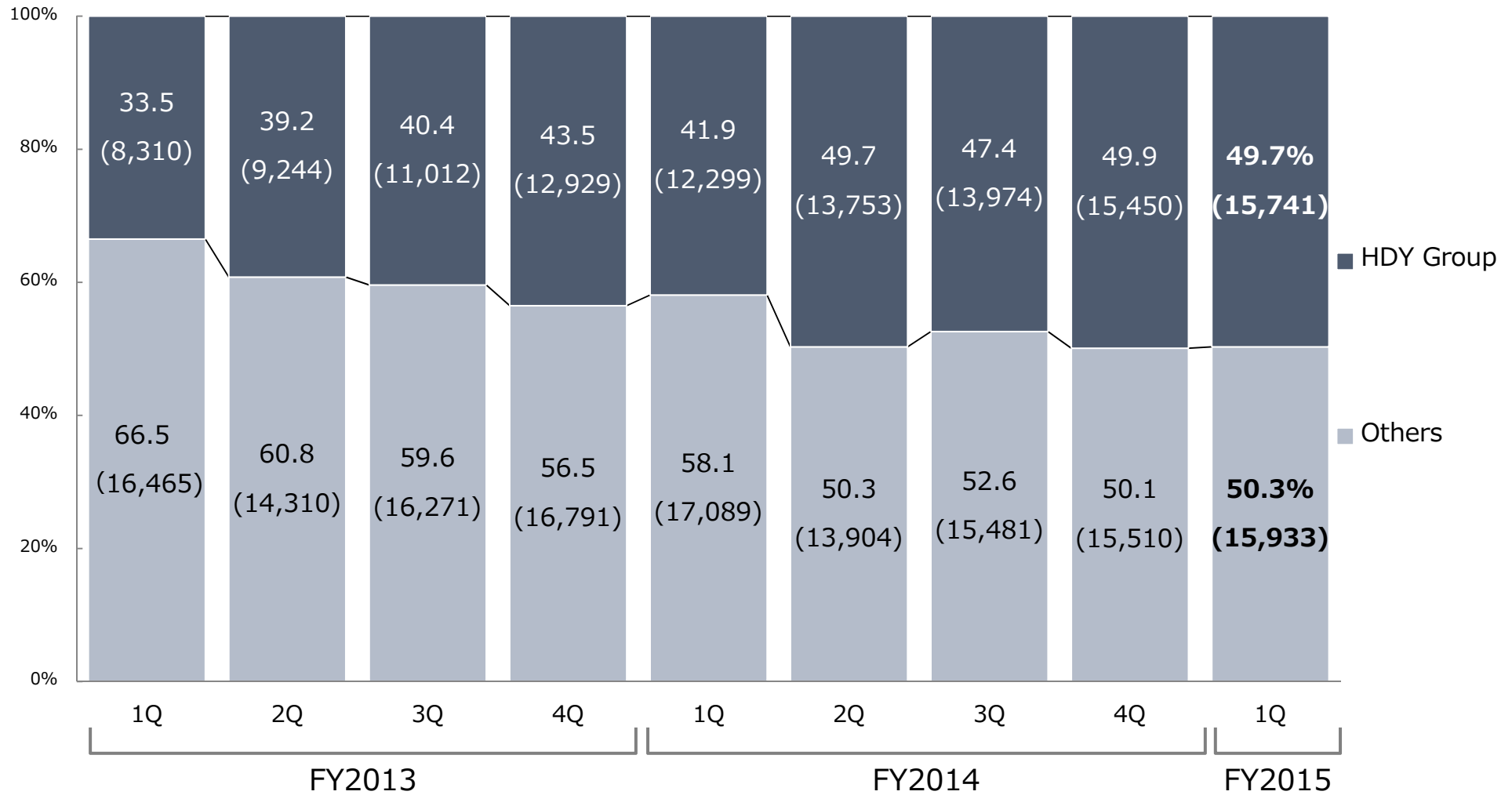
	FY2014-1Q (Apr. 2014 to Jun. 2014)		FY2015-1Q (Apr. 2015 to Jun. 2015)		
Sales	Sales (Millions of Yen)	%	Sales (Millions of Yen)	%	Y on Y (%)
Internet-related Business	29,350	99.7	31,398	99.0	107.0
Agent Domain	26,749	90.9	29,623	93.4	110.7
Media and DAS Domain	3,115	10.6	3,466	10.9	111.3
Adjustment between Domains	△514	-1.7	△1,691	-5.3	—
Investment Business	76	0.3	308	1.0	401.1
TOTAL	29,426	100.0	31,706	100.0	107.7
Gross Profit	Gross Profit (Millions of Yen)	%	Gross Profit (Millions of Yen)	%	Y on Y (%)
Internet-related Business	3,846	98.1	4,040	93.2	105.1
Agent Domain	2,591	66.1	2,703	62.4	104.3
Media and DAS Domain	1,299	33.2	1,391	32.1	107.1
Adjustment between Domains	△45	-1.2	△54	-1.3	—
Investment Business	74	1.9	294	6.8	397.4
TOTAL	3,920	100.0	4,335	100.0	110.6

Sales to HDY Group and Others (Consolidated)

	FY2014-1Q (Apr. 2014 to Jun. 2014)		FY2015-1Q (Apr. 2015 to Jun. 2015)		
	Sales (Millions of Yen)	Share (%)	Sales (Millions of Yen)	Share (%)	Y on Y (%)
Hakuhodo DY Group	12,299	41.9	15,741	49.7	128.0
Others	17,089	58.1	15,933	50.3	93.2
TOTAL	29,388	100.0	31,674	100.0	107.8

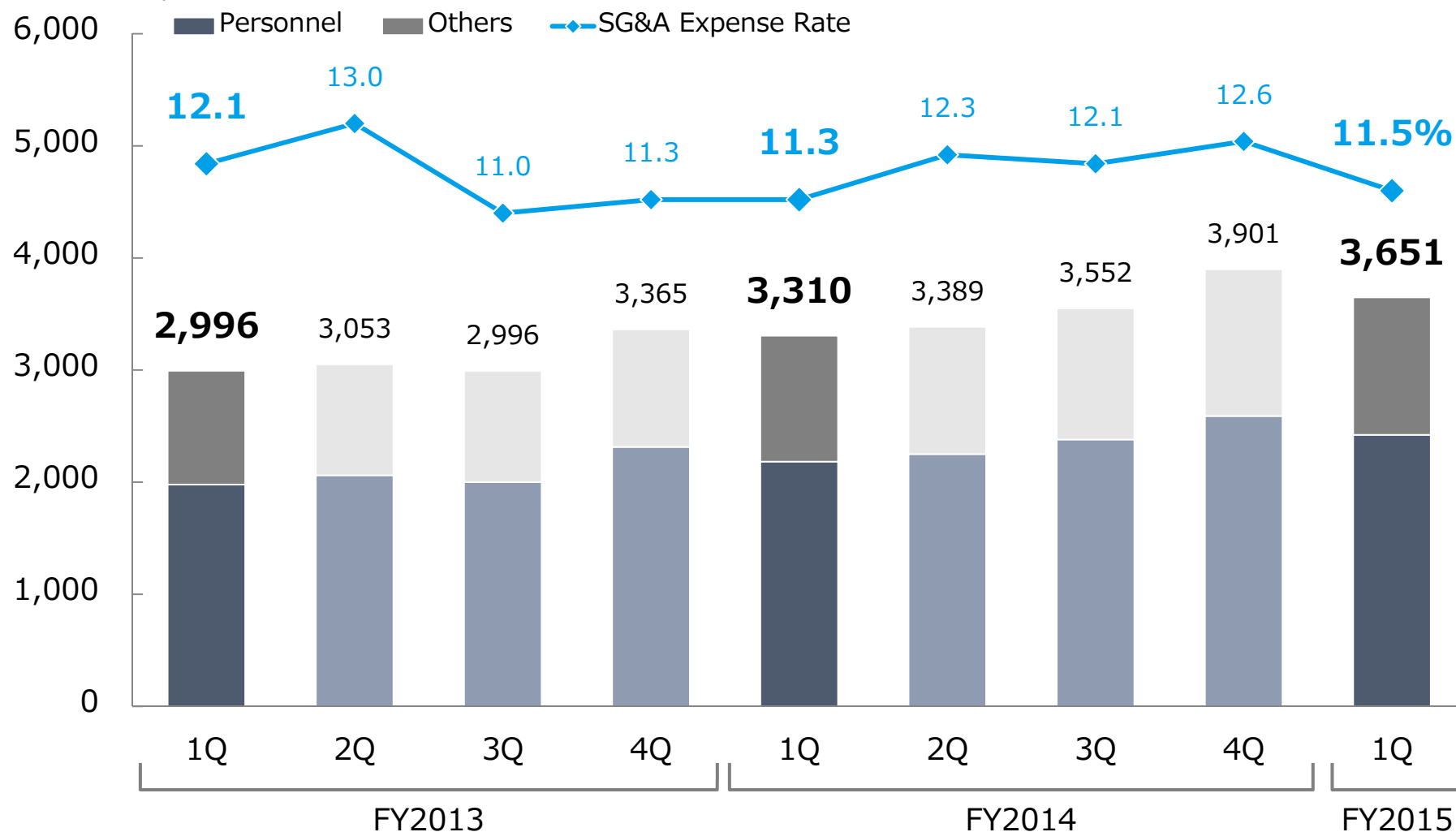
Sales to HDY Group and Others (Consolidated)

(% / Millions of Yen)



Quarterly SG&A Expenses (Consolidated)

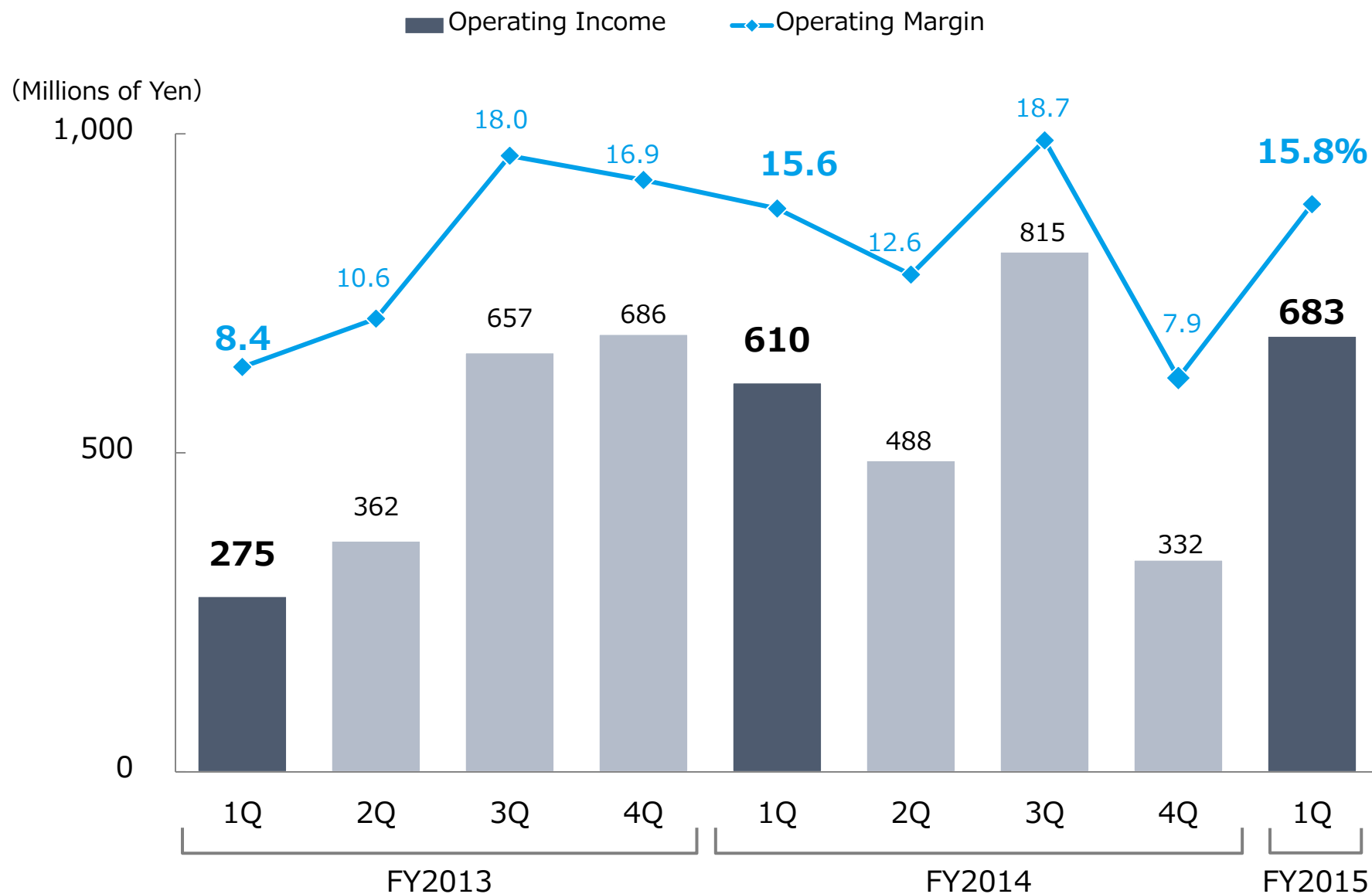
(Millions of Yen)



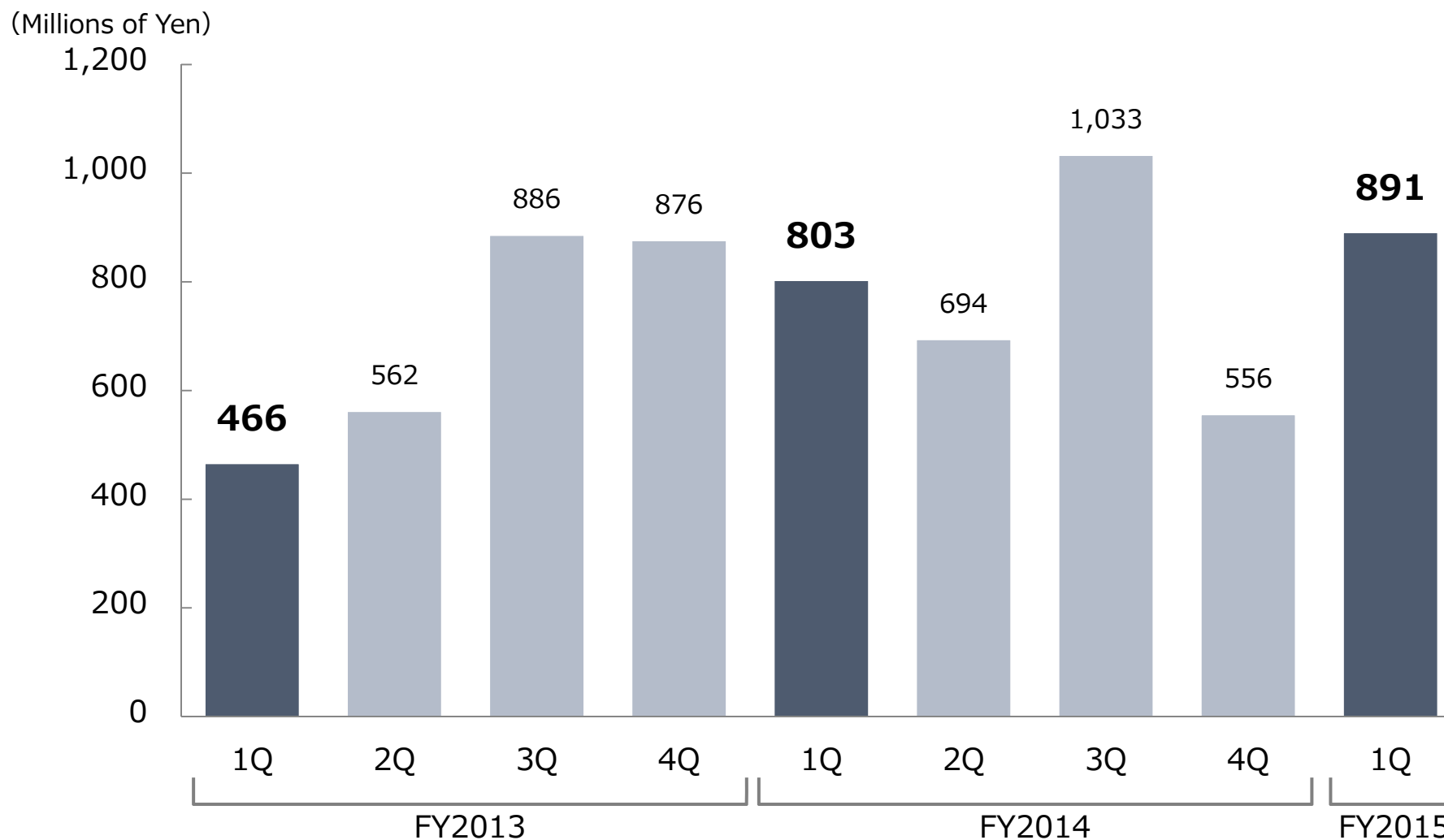
Number of Employees* **1,894** → **2,081**

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

Quarterly Operating Income (Consolidated)



Quarterly EBITDA (Consolidated)



*EBITDA=Operating Profit + Depreciation + Amortization of goodwill

Balance Sheets (Consolidated)

	FY2014 (As of Mar.31, 2015)		FY2015-1Q (As of Jun.30, 2015)		
	Amount (Millions of Yen)	%	Amount (Millions of Yen)	%	Comparisons (%)
Current Assets	36,049	82.1	35,125	82.2	97.4
Non-current Assets	7,848	17.9	7,615	17.8	97.0
Total Assets	43,897	100.0	42,741	100.0	97.4
Current Liabilities	20,345	46.3	19,728	46.2	97.0
Non-current Liabilities	553	1.3	524	1.2	94.8
Total Liabilities	20,899	47.6	20,253	47.4	96.9
Shareholders' Equity	13,467	30.7	13,005	30.4	96.6
Non-controlling Interests	7,584	17.3	7,690	18.0	101.4
Others	1,945	4.5	1,790	4.2	92.0
Total Net Assets	22,998	52.4	22,487	52.6	97.8
Total Liabilities and Net Assets	43,897	100.0	42,741	100.0	97.4

Statements of Cash Flows (Consolidated)

(Millions of Yen)

	FY2015-1Q (Apr. 2015 to Jun. 2015)
Cash flows from operating activities	△224
Cash flows from investing activities	△382
Cash flows from financing activities	△420
Effect of exchange rate change on cash and cash equivalents	△11
Net increase (decrease) in cash and cash equivalents	△1,039
Cash and cash equivalents at beginning of period	11,421
Cash and cash equivalents at end of period	10,382

Overview of Non-consolidated Financial Results

Financial Highlights (Non-consolidated)

(Millions of Yen)

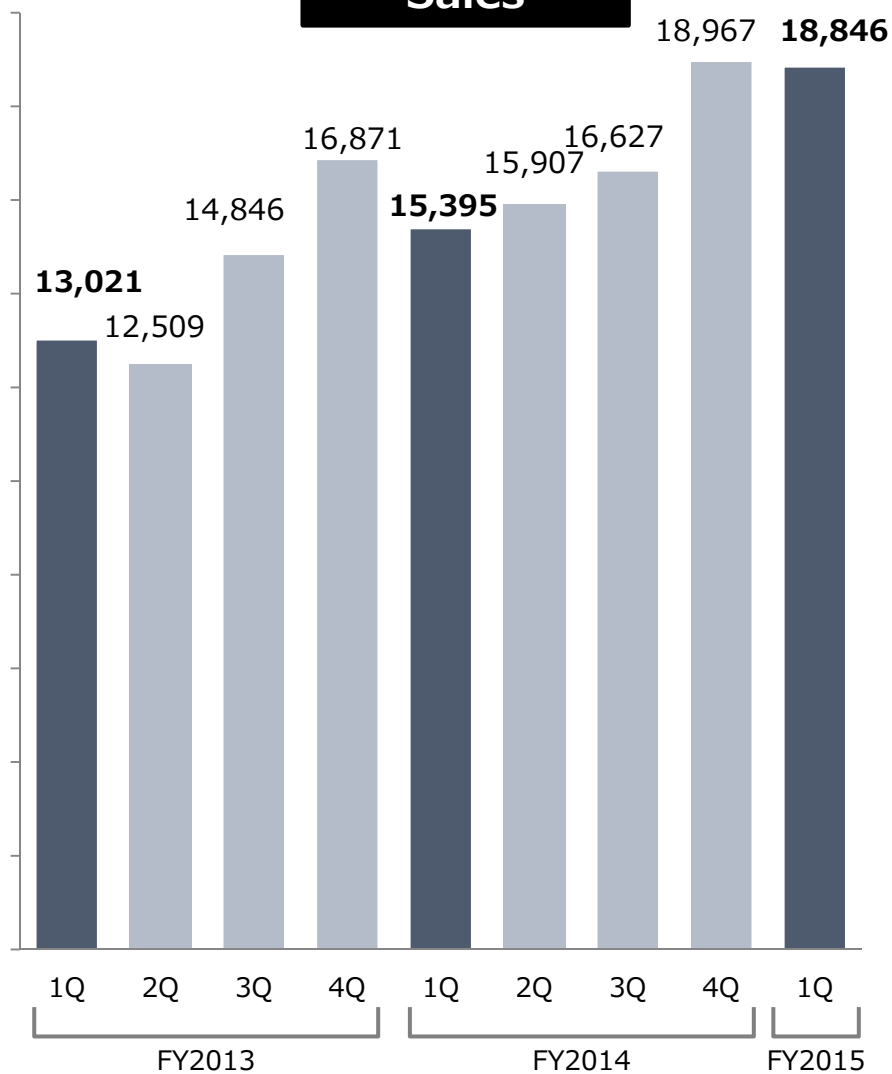
	FY2015-1Q	
	(from Apr. 2015 to Jun. 2015)	
		Y on Y
Sales	18,846	122.4%
Gross Profit	1,793	153.9%
Operating Income	452	502.1%
Net Income	689	143.6%
Operating Margin*	25.2%	+17.5pt

*Operating Margin=Operating Income / Gross Profit

Quarterly Sales & Gross Profit (Non-consolidated)

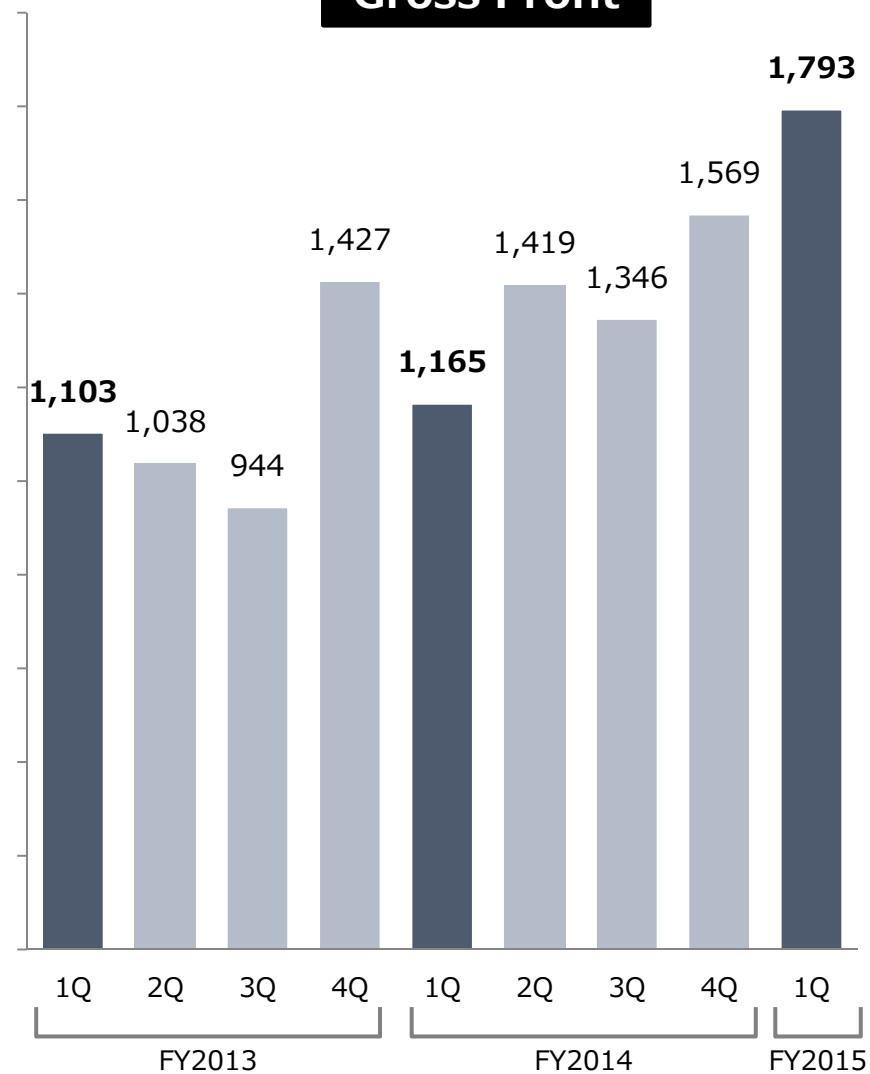
(Millions of Yen)

Sales



(Millions of Yen)

Gross Profit



Results by Service (Non-consolidated)

Sales	FY2014-1Q (Apr. 2014 to Jun. 2014)		FY2015-1Q (Apr. 2015 to Jun. 2015)		
	Amount (Millions of Yen)	%	Amount (Millions of Yen)	%	Y on Y (%)
Media Service	14,738	95.7	18,064	95.8	122.6
Technology Service	582	3.8	509	2.7	87.5
Investment & Operation Service	74	0.5	272	1.4	365.5
TOTAL	15,395	100.0	18,846	100.0	122.4

Gross Profit	FY2014-1Q (Apr. 2014 to Jun. 2014)		FY2015-1Q (Apr. 2015 to Jun. 2015)		
	Amount (Millions of Yen)	%	Amount (Millions of Yen)	%	Y on Y (%)
Media Service	875	75.1	1,308	73.0	149.4
Technology Service	231	19.8	228	12.8	99.0
Investment & Operation Service	58	5.0	256	14.3	435.8
TOTAL	1,165	100.0	1,793	100.0	153.9

Business Trends

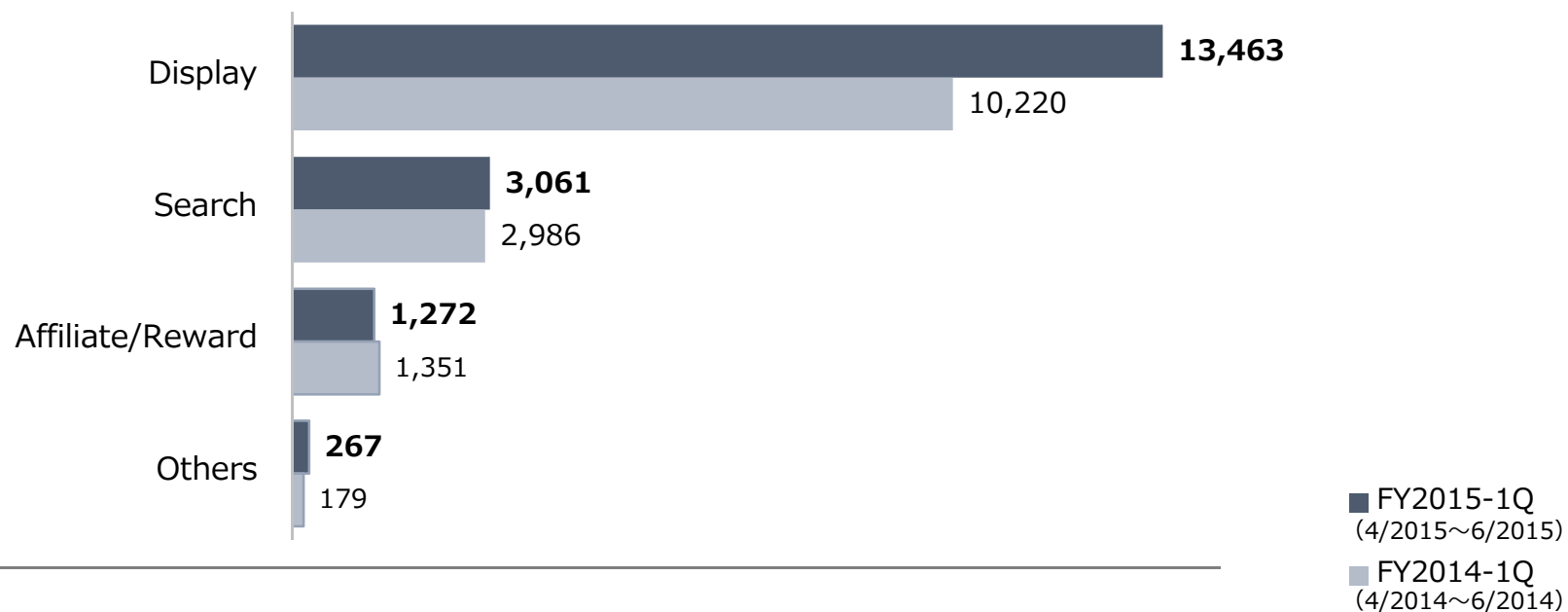
Sales breakdown by Ad Format (Non-consolidated)

	FY2014-1Q (Apr. 2014 to Jun. 2014)		FY2015-1Q (Apr. 2015 to Jun. 2015)		
	Amount (Millions of Yen)	%	Amount (Millions of Yen)	%	Y on Y (%)
Display	10,220	69.3	13,463	74.5	131.7
Video Ad	703	4.8	1,698	9.4	241.5
Others	9,517	64.6	11,765	65.1	123.6
Search	2,986	20.3	3,061	16.9	102.5
Affiliate / Reward	1,351	9.2	1,272	7.0	94.2
Others	179	1.2	267	1.5	148.9
TOTAL	14,738	100.0	18,064	100.0	122.6

Sales breakdown

◆ By Ad Format (Non-consolidated)

(Millions of Yen)



◆ By Device (Consolidated)

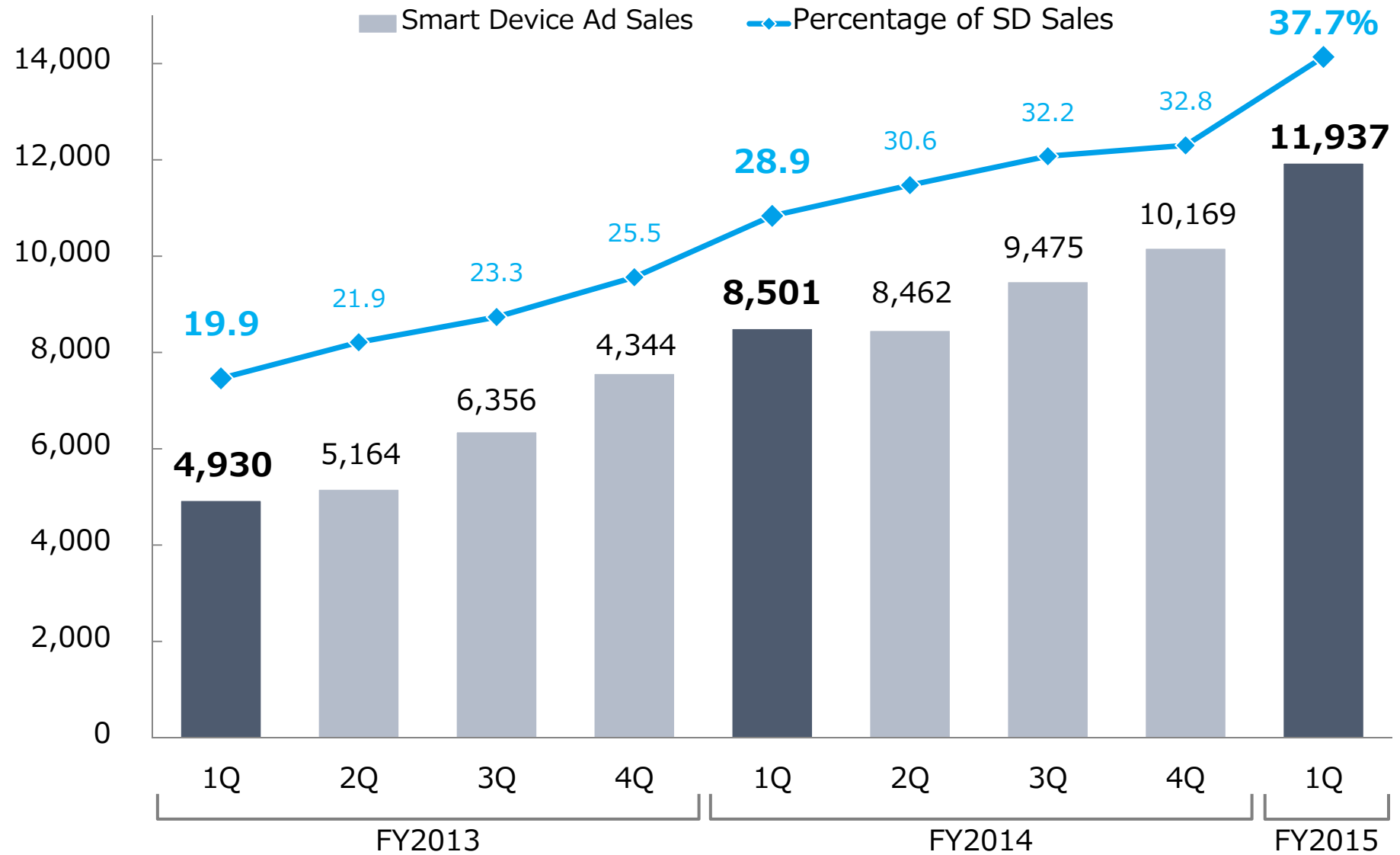


◆ By Transaction Type (Consolidated)

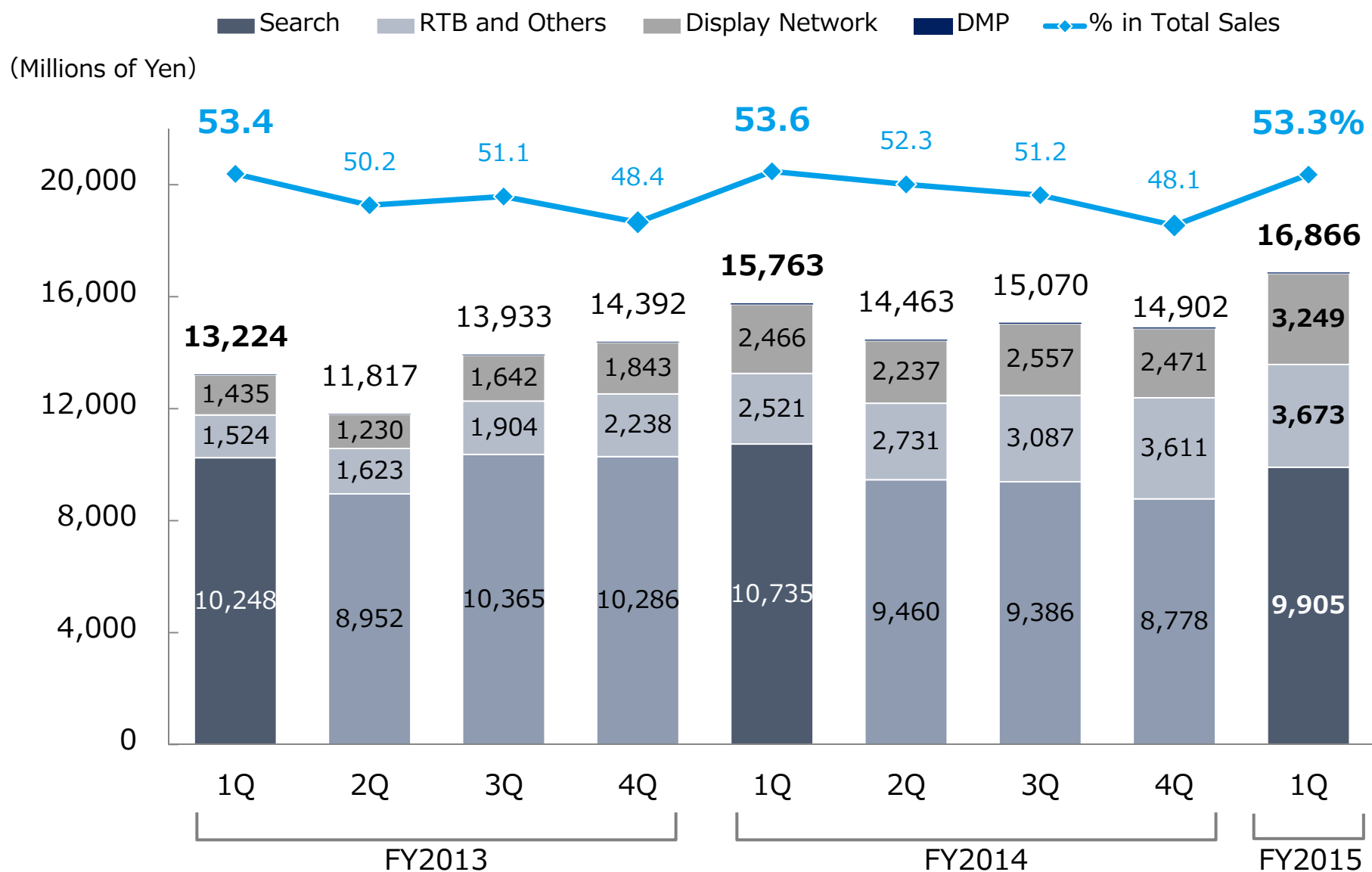


Quarterly Sales of Smart Device Ads (Consolidated)

(Millions of Yen)

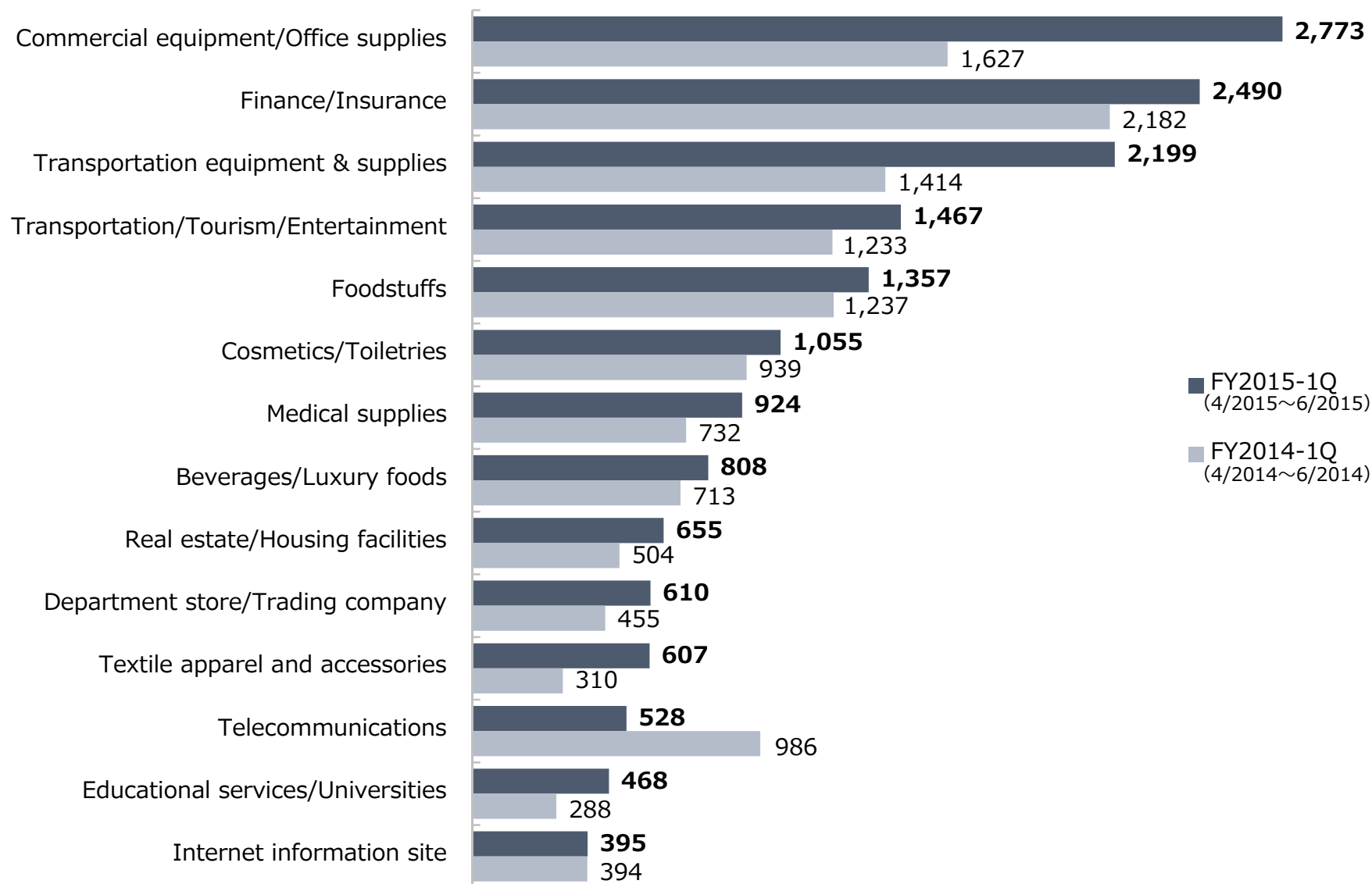


Quarterly Sales of Programmatic Ads (Consolidated)



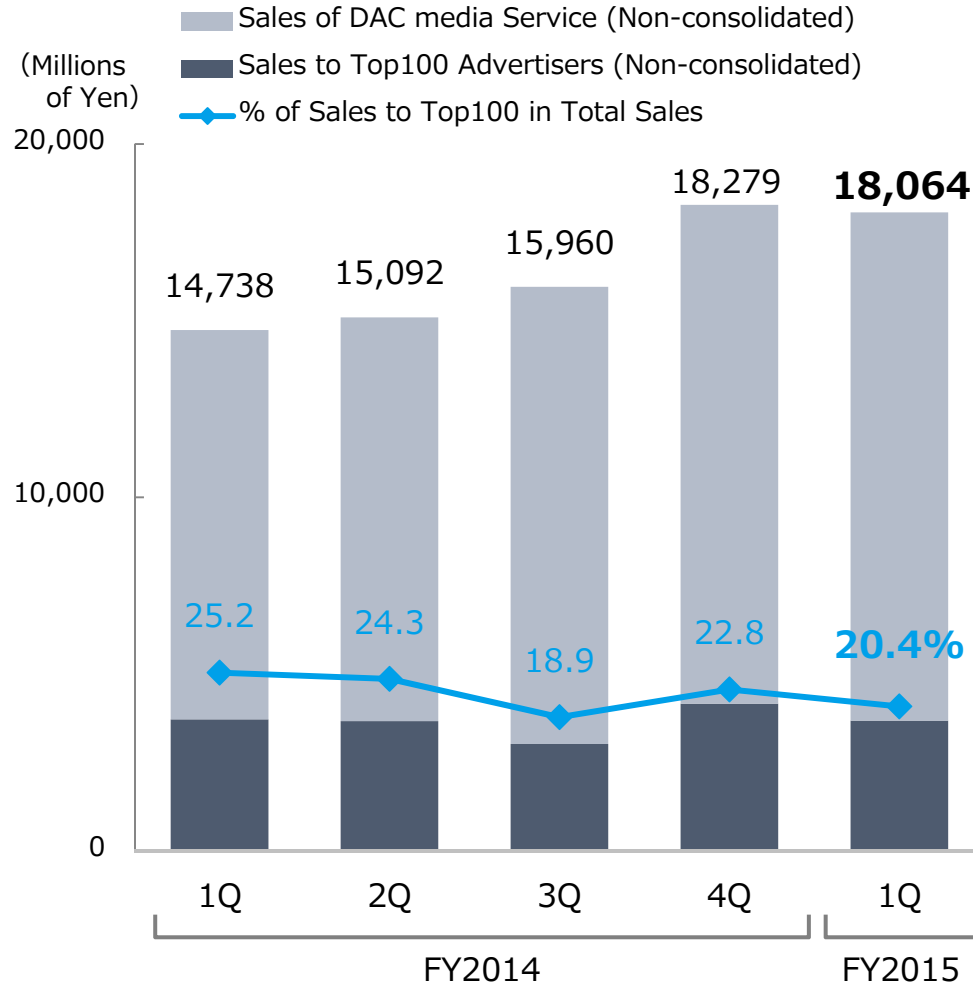
Quarterly Sales by Client Industry (Non-consolidated)

(Millions of Yen)

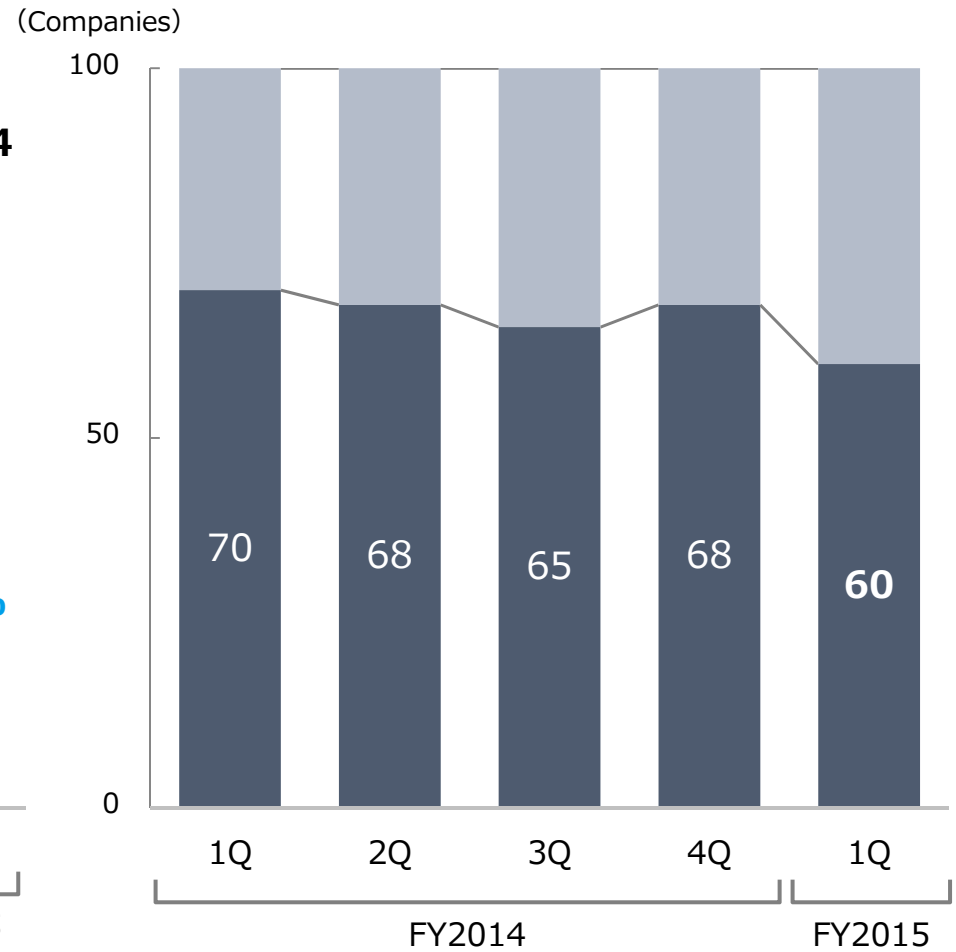


Quarterly Trend of Top100 Advertisers

◆ Quarterly Sales to Top100 Advertisers












◆ Number of Our Clients in Top100 Advertisers

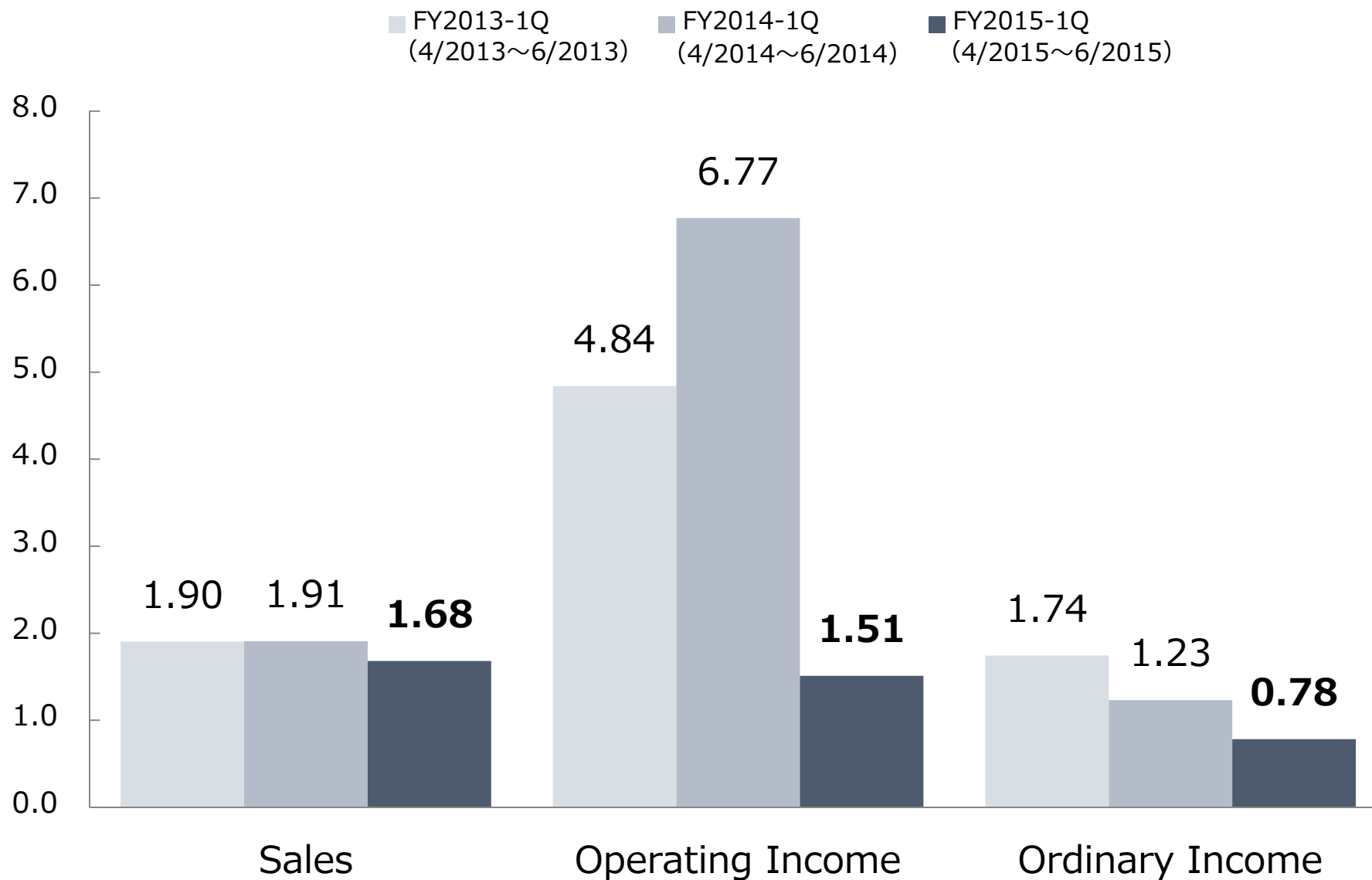


*Top100Advertisers : By Nikkei Advertising Research Institute [AD SPENDING OF LEADING JAPANESE CORPORATIONS]

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	DAS	→	→
	Torchlight Inc.	Agent		↗	↗
	Bumblebee Inc.		Media	↗	↗
	D.A.Consortium Beijing CO., LTD.	Agent		↘	↘
	DAC ASIA PTE. LTD.	Agent		↗	→

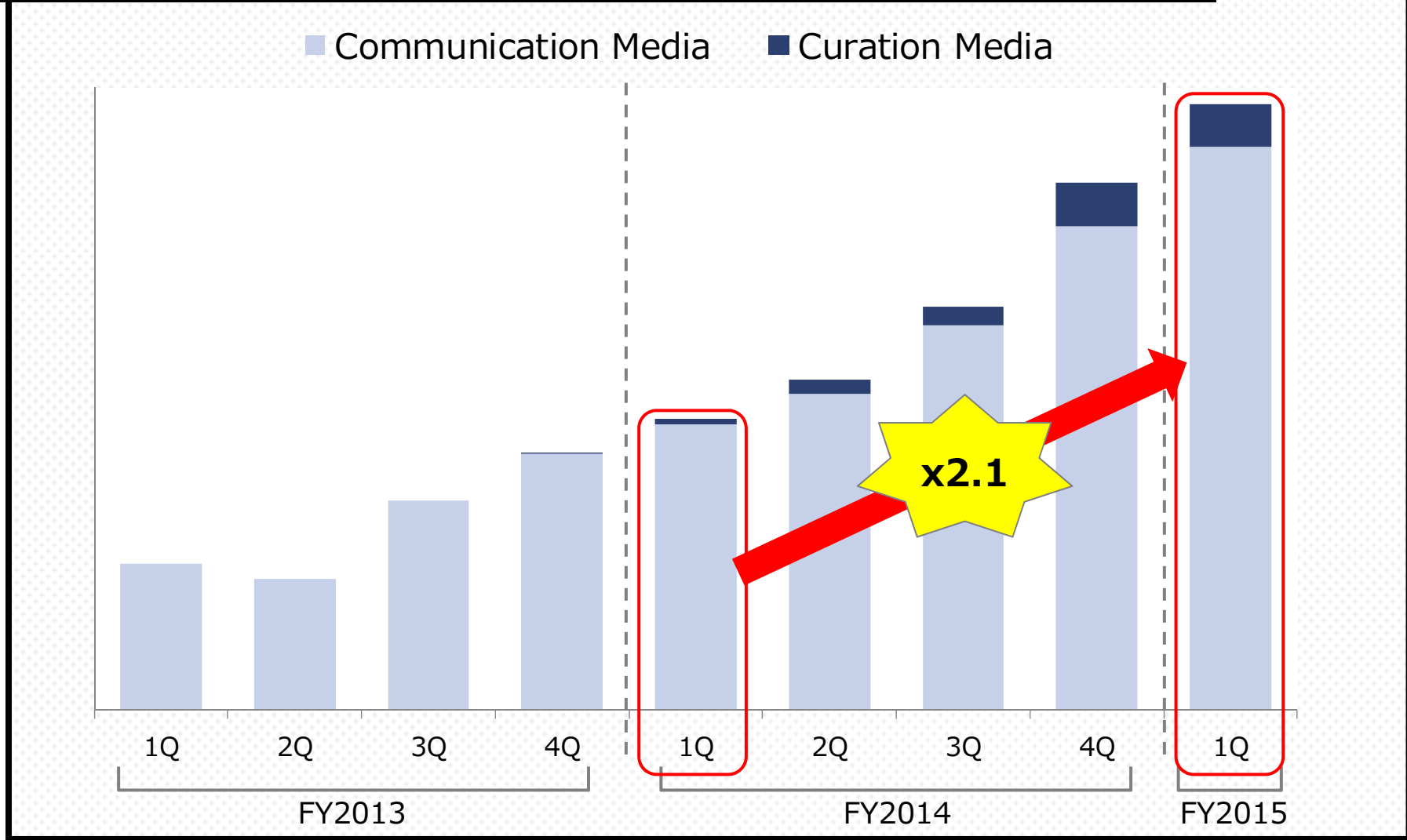
Consolidated/Non-consolidated Ratio



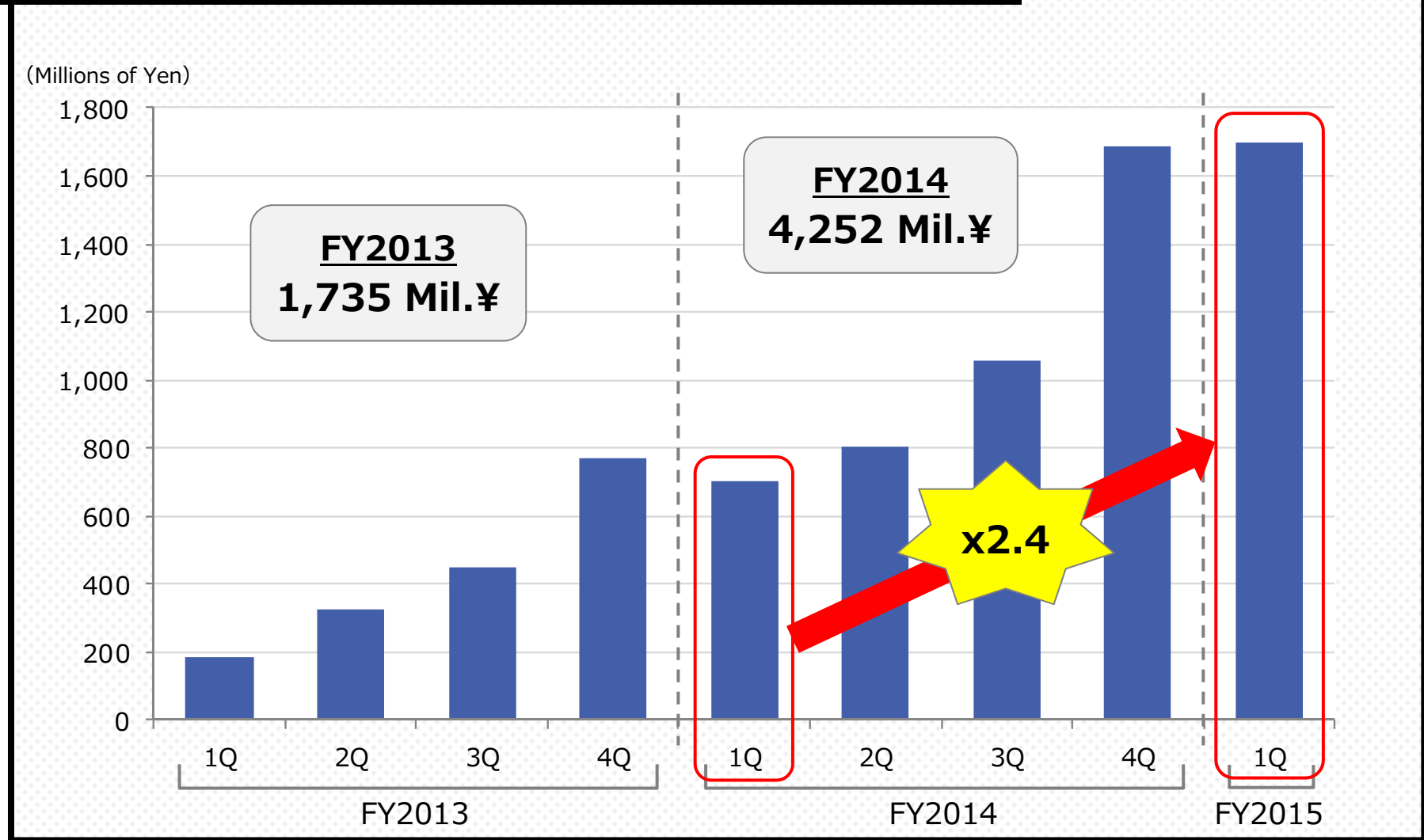
Key Measures

Focus Area Expansion of Premium Media Ad Sales

Quarterly Sales of Premium Media Ads (Non-consolidated)

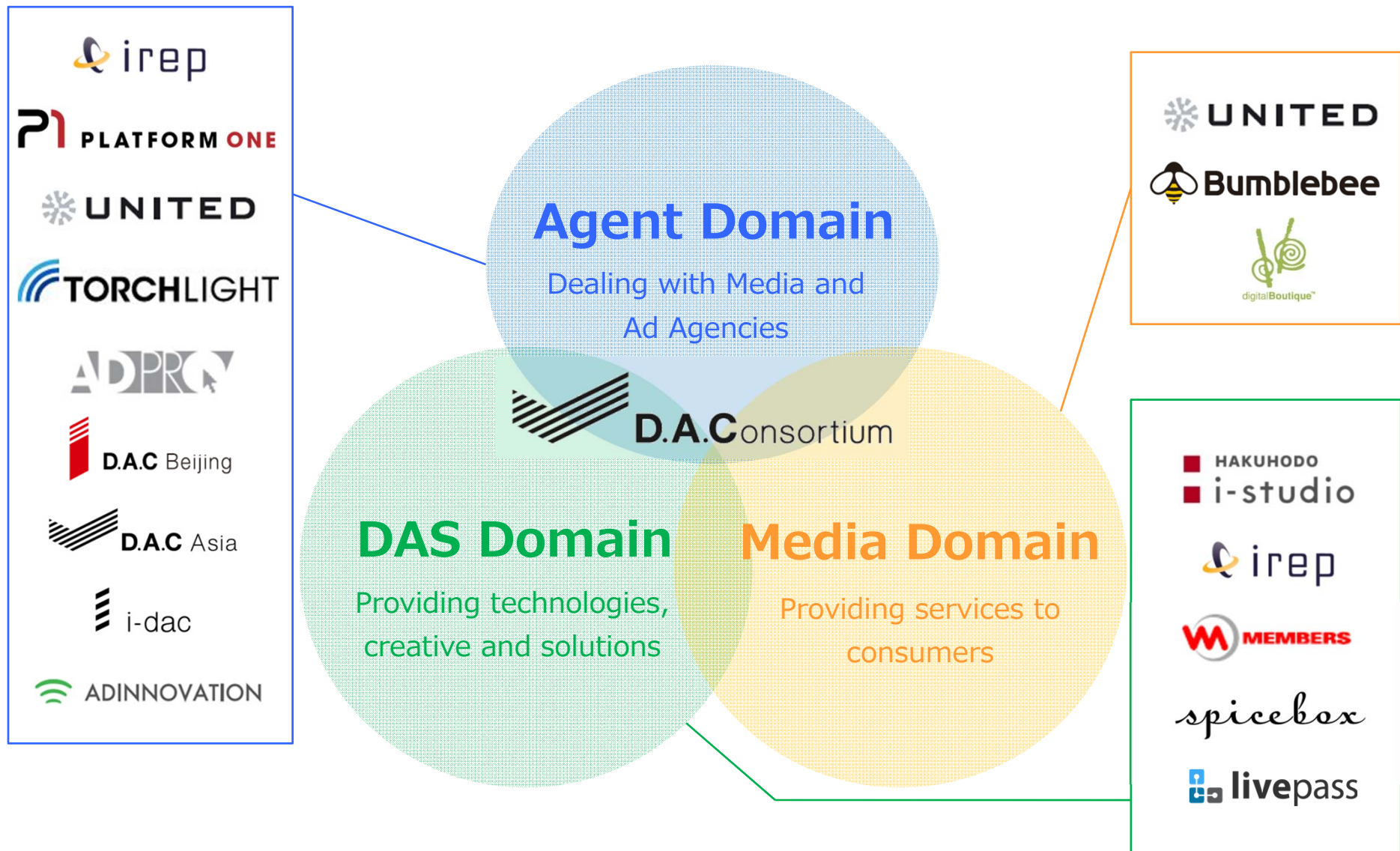


Quarterly Sales of Video Ads (Non-consolidated)

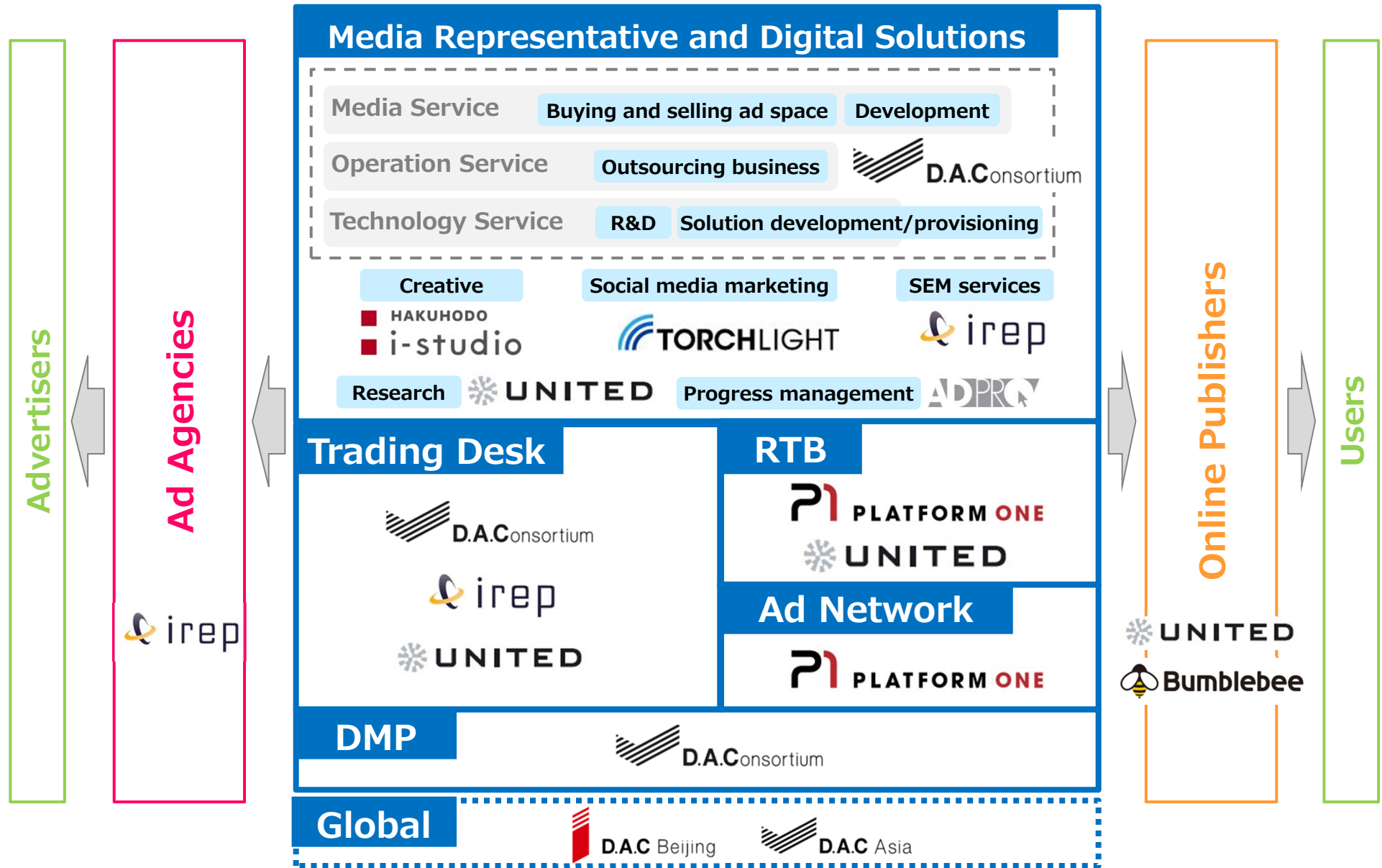


Appendix

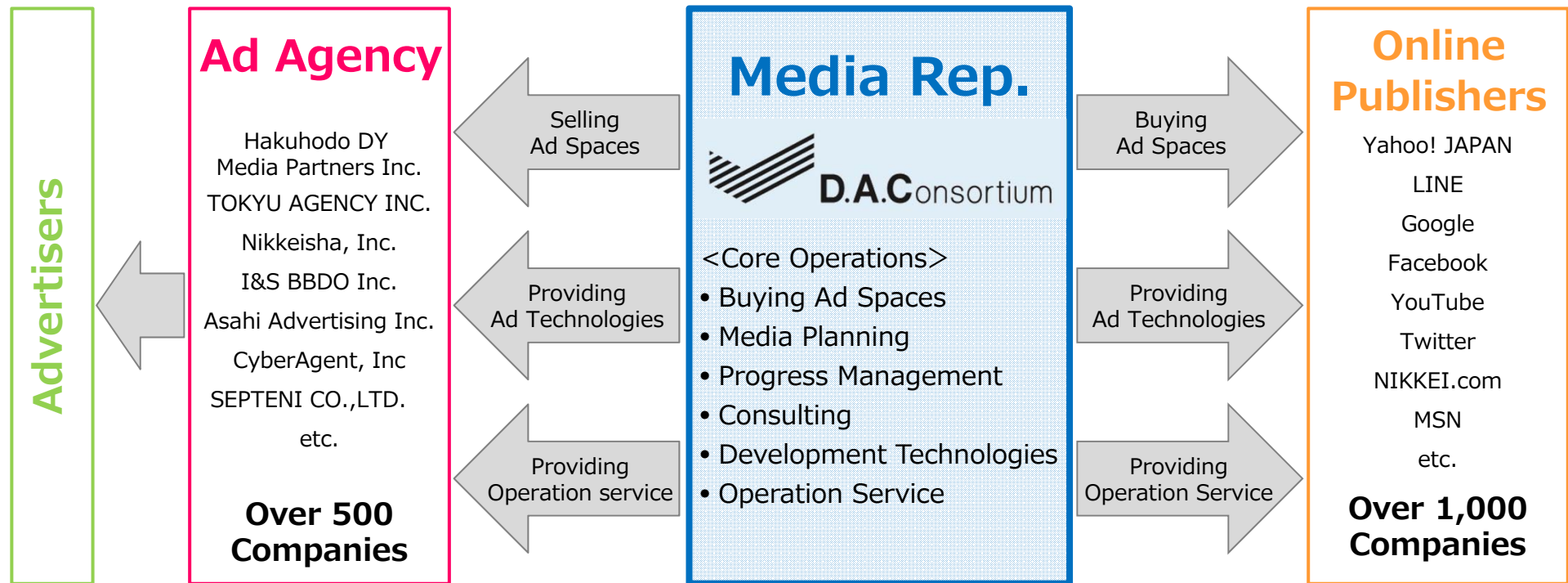
Business Domains of DAC Group



Business Model of DAC Group



DAC's Core Business "Media Representative"



Consortium

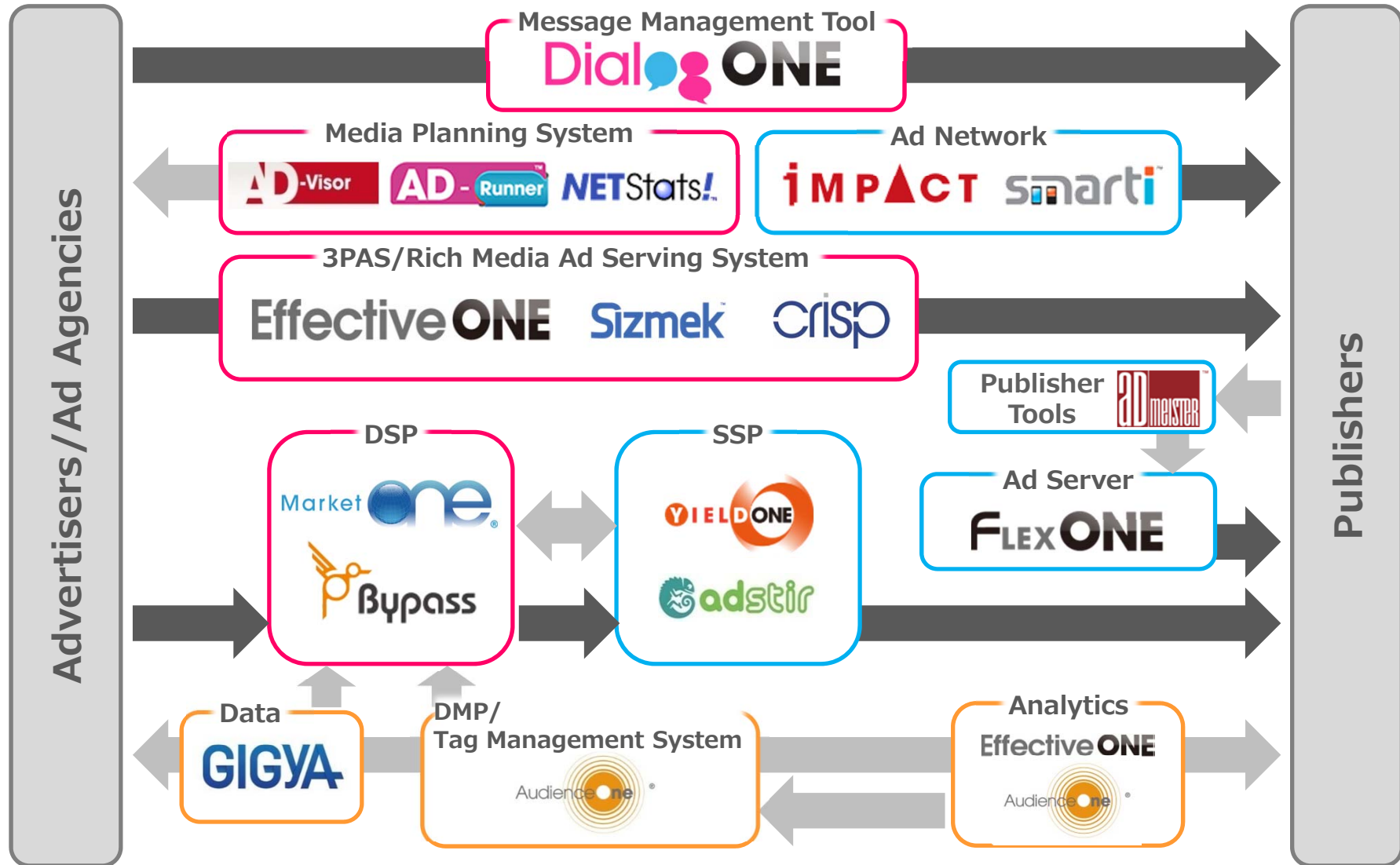
DAC was established as a consortium of leading ad agencies, headed by Hakuhodo DY Group











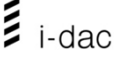
Media Representative

Providing total support for online advertising







Ad technology lineup of DAC Group


















Consolidated Subsidiaries (As of June,2015)

Name		Ownership	Business
	IREP Co., Ltd. <small>TSE 2nd</small>	57.6%	Digital marketing including performance-based ad focused on listing ads, search engine optimization, content marketing and web analytics.
	UNITED, Inc. <small>Mothers</small>	43.2%	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.	100.0%	Services supporting the utilization of social media including owned media and ad.
	Bumblebee Inc.	89.8%	Media and advertising platform business including smartphone applications.
	D.A.Consortium Beijing CO., LTD.	50.1%	Online advertising business in China.
	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.	85.0%	Comprehensive digital marketing solution in the Southeast Asian region.

Equity-method Affiliates (As of June,2015)

Name	Ownership	Business
 Members Co., Ltd. <small>Centrex</small>	18.9%	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.
 digitalBoutique, Inc.	38.2%	Service planning, creating, and operating community sites.
 livepass Inc.	22.4%	Next generation personal video marketing platform company.
 Innity Corporation Berhad <small>Bursa Malaysia</small>	25.1%	Online advertising trading platform and advertising network in the Southeast Asian region.

Other companies in which DAC invests (As of June,2015)

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.
 BrandXing Inc.	Marketing and CRM consulting services.
 O-uccino, Inc. Mothers	Ad agency, planning, creating, and operating real estate websites.
 Voltage Inc. TSE 1st	Planning and creating services for mobile digital contents.
 mediba Inc.	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.
 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.