

Financial results briefing for the 3Q of FY2014 (O c t o b e r 1 , 2 0 1 3 - J u n e 3 0 , 2 0 1 4)

Themes : Achieving more than 20% profit growth,
expecting to make a new record high profit

August 1, 2014

GMO Payment Gateway, Inc.
(3769: Tokyo Stock Exchange section-1)

GMO PAYMENT GATEWAY

<http://corp.gmo-pg.com/>

A Cautionary Note About the Contents of this Document

The contents of this document are based on generally recognized economic and social conditions, as well as premises judged to be reasonable by GMO Payment Gateway as of August 1st, 2014.






However, please note that they are subject to change without prior notice in the event of changes in the business environment or other unforeseen occurrences.

Agenda

1. Current status and future growth strategy
2. Financial highlights
3. Results forecast for the term ending September 2014

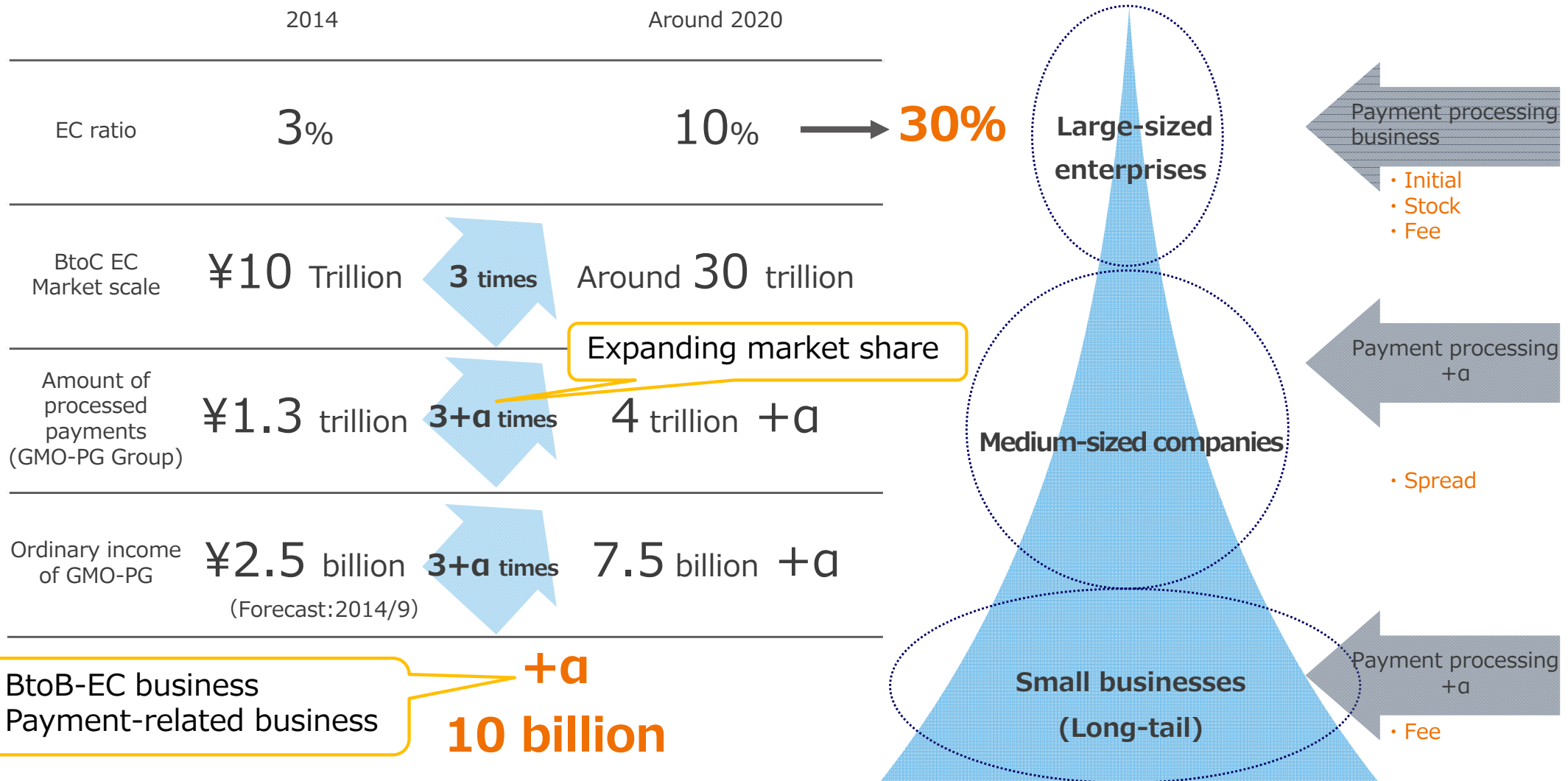
1. Current status and future growth strategies

1.1 Recent topics

Topic	Expected changes		Impact on our business performance
Japan Post plan to enter into credit card settlement services. (June 2014)	Base of the BtoC-EC market will be broadened		No impact: We have already established competitive advantage. But some services may have an impact and we need to pay attention to them.
Kakaku.com started mobile phone payments service for Tabelog's merchants. (May 2014)	Competition may intensify due to the same kind of services		"GMO Pallet" allows simple payments using only a smartphone app.
Yahoo Japan Co. purchased KC Card Co., Ltd. (June 2014)	Fierce competition between big online shopping malls		There is only a minor impact on independent e-commerce site
LOCKON CO., LTD. launched the new service package to create BtoB-EC site in Sept. (June 2014)	Expansion of the BtoB-EC markets will be supported		Strengthening collaboration to maximize benefit
LINE Co. scheduled for listing on the Tokyo Stock Exchange (July 2014)	Hope for further growth through leverage from raised funds and acceleration of its global expansion		No impact: strengthened partnerships with growing companies like LINE Co. and support their growth with our service

1.2 Forecasts and business model

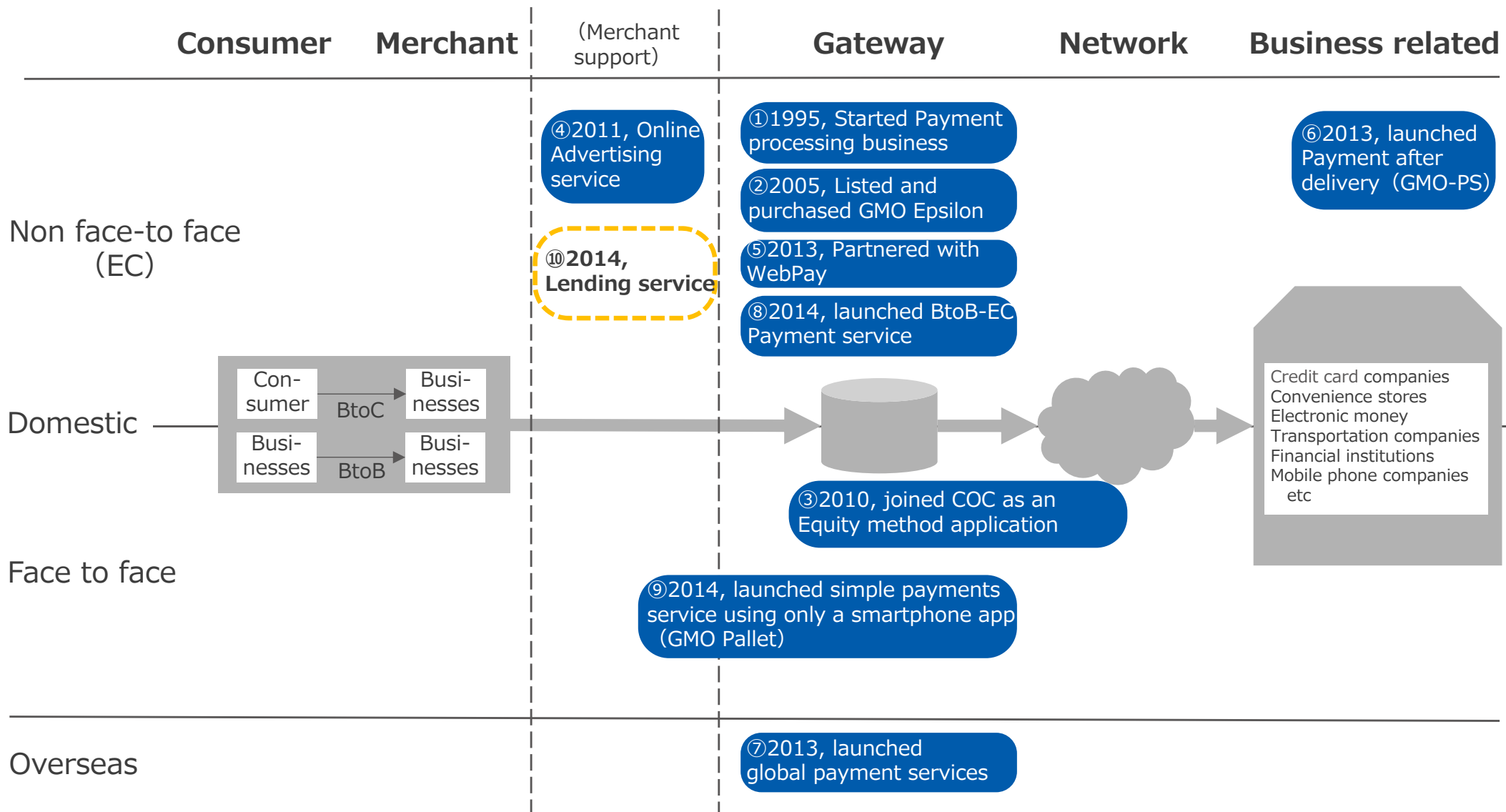
Achieve growth of over 10 billion yen in ordinary income by creating new markets and improving Japan's EC ratio



※References : METI, [Market report in regard to EC 2013]

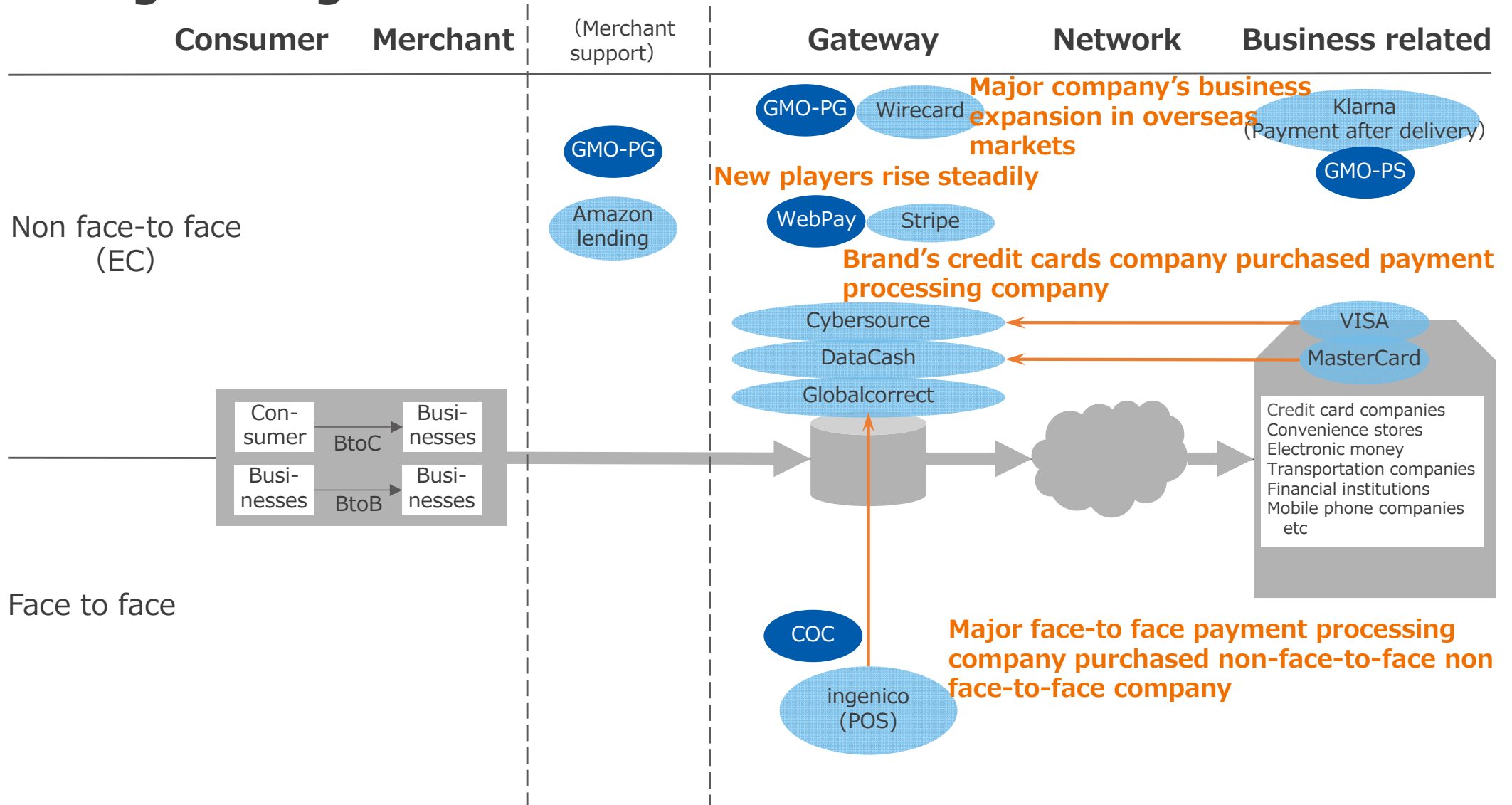
1.3 Expanding business fields

Provide a payment platform to solve our merchants' problems



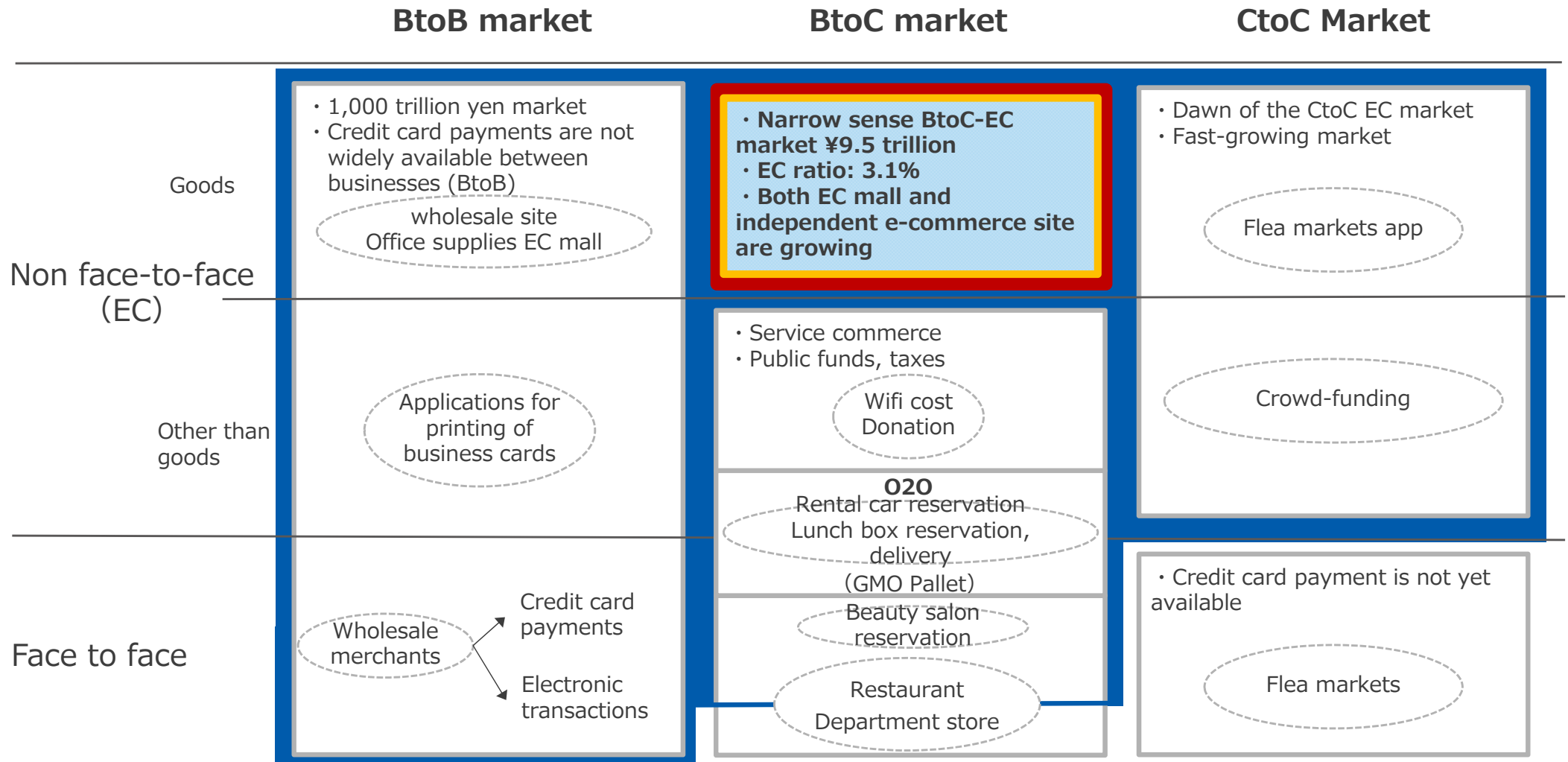
1.4 Global trends

Looking at business trends, strengthening our business foundations



1.5 Expansion of our business market

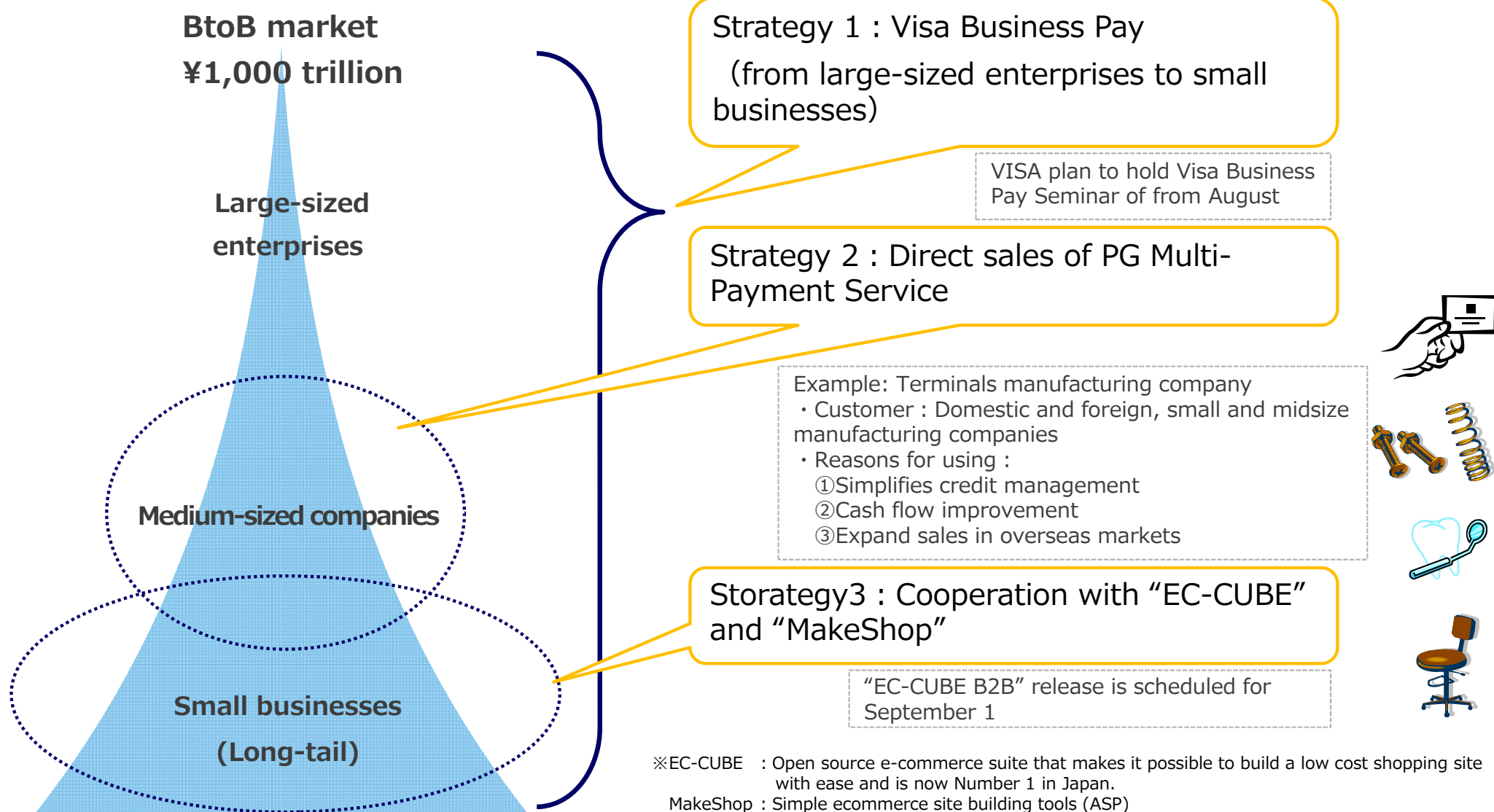
Challenging large market, not limited to narrow sense BtoC-EC



※Reference : METI, [Market report in regard to EC 2013]

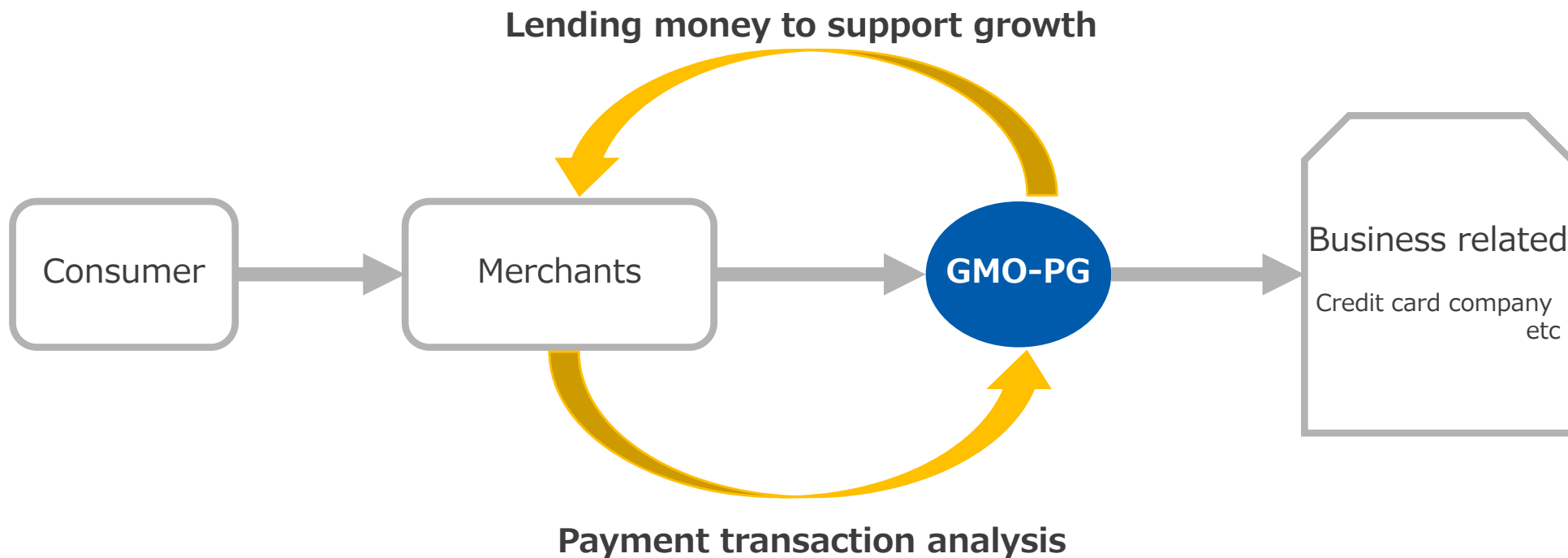
1.6 BtoB market : Credit card payment

Support credit card payment processing of untapped mega market



1.7 Lending service by using transaction analysis

New service to support growth of our merchants



Pre-launch trial is being conducted this Fiscal Year,
full-scale business will be started from next Fiscal Year

2. Financial highlights

2.1 Summary of Consolidated Results

More than 75% of forecast annual sales and income

(Million yen)	FY2014 (ending September 2014)				Compared to the accumulated results for 3Q FY2013		Compared to the accumulated forecast for FY2014	
	1Q	2Q	3Q	3Q accumulated results	Results	% Change	2Q Forecast	Progress
Sales	1,645	1,842	1,825	5,313	4,201	26.5%	6,934	+76.6%
Cost of sales	317	384	365	1,067	746	43.1%	-	-
Gross income	1,327	1,458	1,459	4,245	3,454	22.9%	-	-
SG&A	750	796	783	2,330	1,878	24.1%	-	-
Operating income	577	661	675	1,915	1,576	21.5%	2,475	+77.4%
Ordinary income	601	641	684	1,927	1,581	21.9%	2,460	+78.4%
Net income	355	363	407	1,126	946	19.0%	1,421	+79.3%
Net income per share (Yen)	-	-	-	65.31	55.08	-	82.34	-

Continuing strategic investments

2.2 Summary of Consolidated Balance Sheets

No major changes

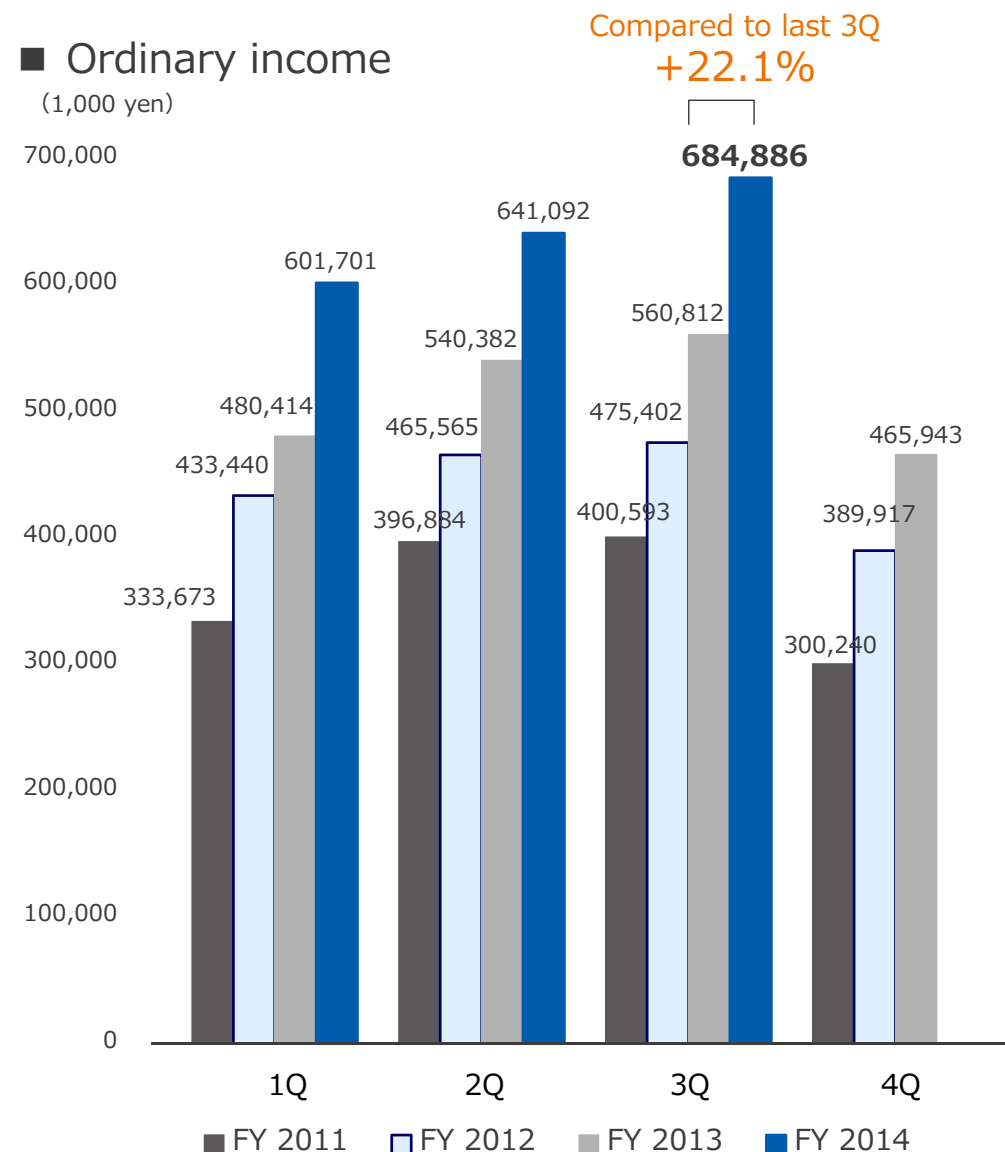
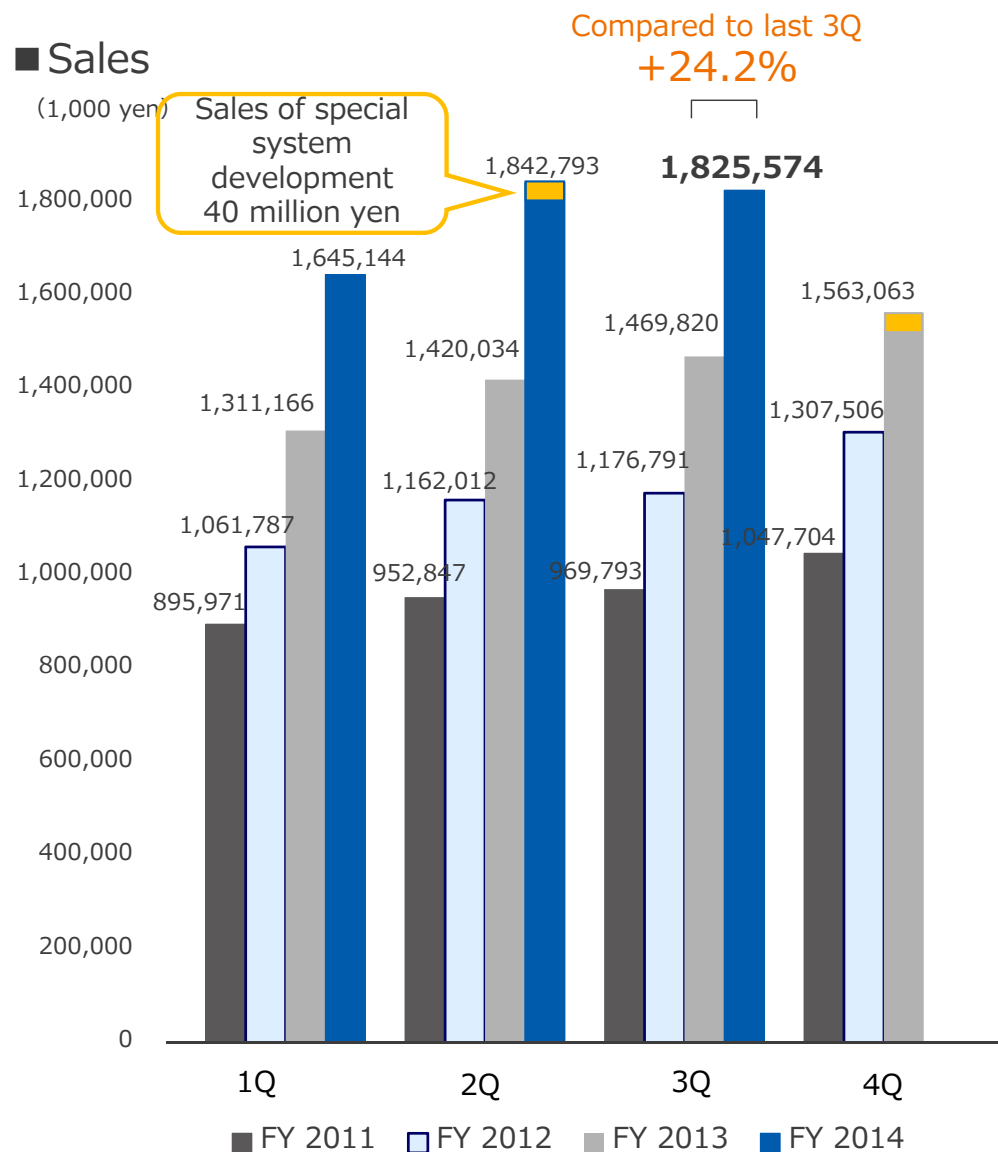
(Million yen)	Results for 3Q, FY2014	Results for 3Q, FY2013	Change
Current assets	22,967	16,636	6,330
Cash and deposits	21,029	15,215	5,814
Advance payments	619	294	325
Other current assets	1,352	1,155	197
Allowance for doubtful accounts	△34	△28	△5
Fixed assets	1,932	1,527	404
Tangible fixed assets	249	238	10
Intangible fixed assets	761	615	146
Software	616	405	210
Investments and other assets	921	673	247
Bonds of affiliates	11	11	0
Total assets	24,899	18,164	6,735

(Million yen)	Results for 3Q, FY2014	Results for 3Q, FY2013	Change
Current liabilities	18,346	12,701	5,644
Deposits	16,982	11,942	5,040
Other current liabilities	1,363	759	604
Non-current liabilities	174	115	58
Shareholders' equity	6,338	5,330	1,007
Valuation and translation adjustments	33	5	28
Subscription rights to shares	3	11	△7
Total net assets	6,378	5,347	1,031
Total of liabilities and net assets	24,899	18,164	6,735

Deposits from merchants under the "Merchant acquiring service agreement"

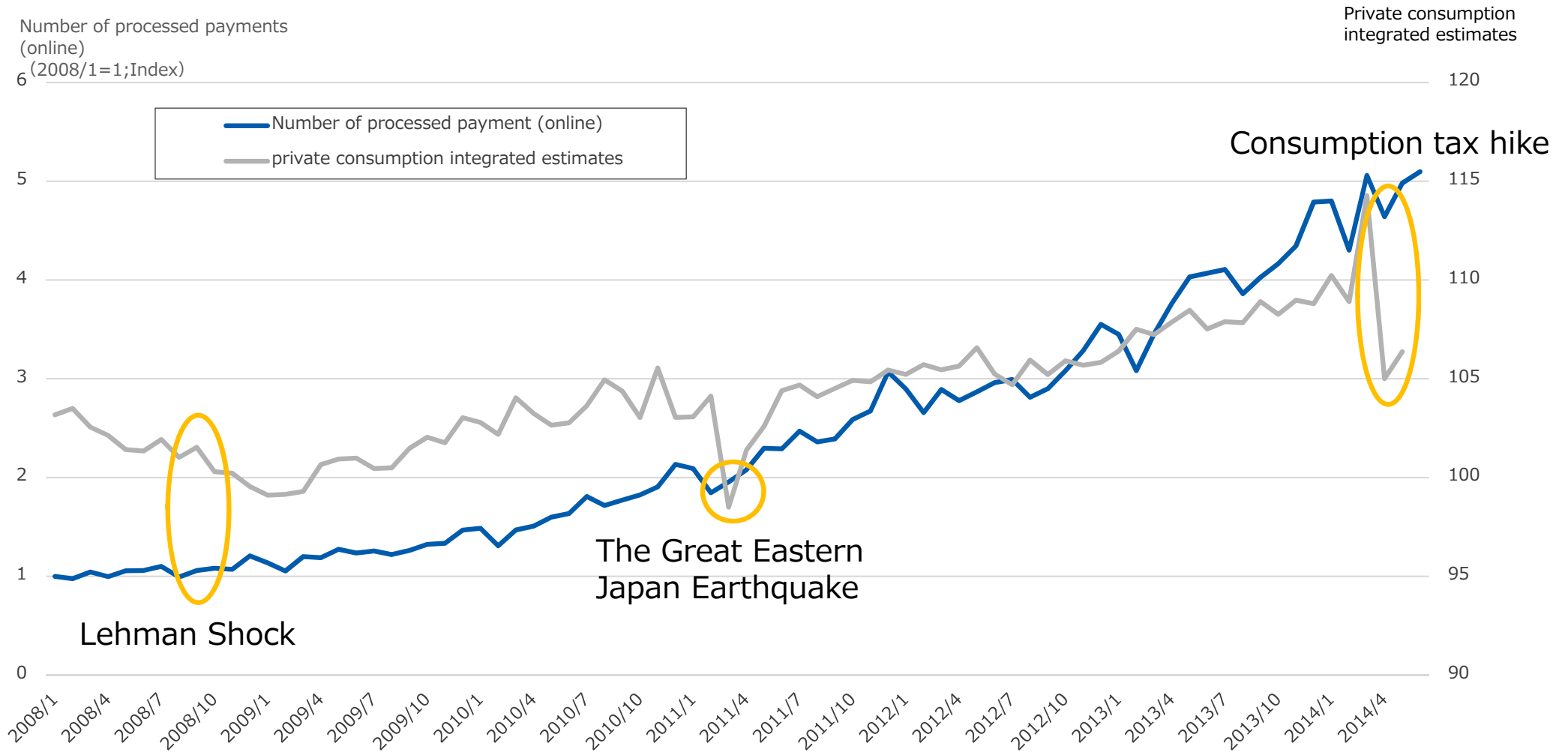
2.3 Sales/Ordinary income (Quarterly changes)

Impact of the consumption tax hike was small – Sales up +24.2% YOY



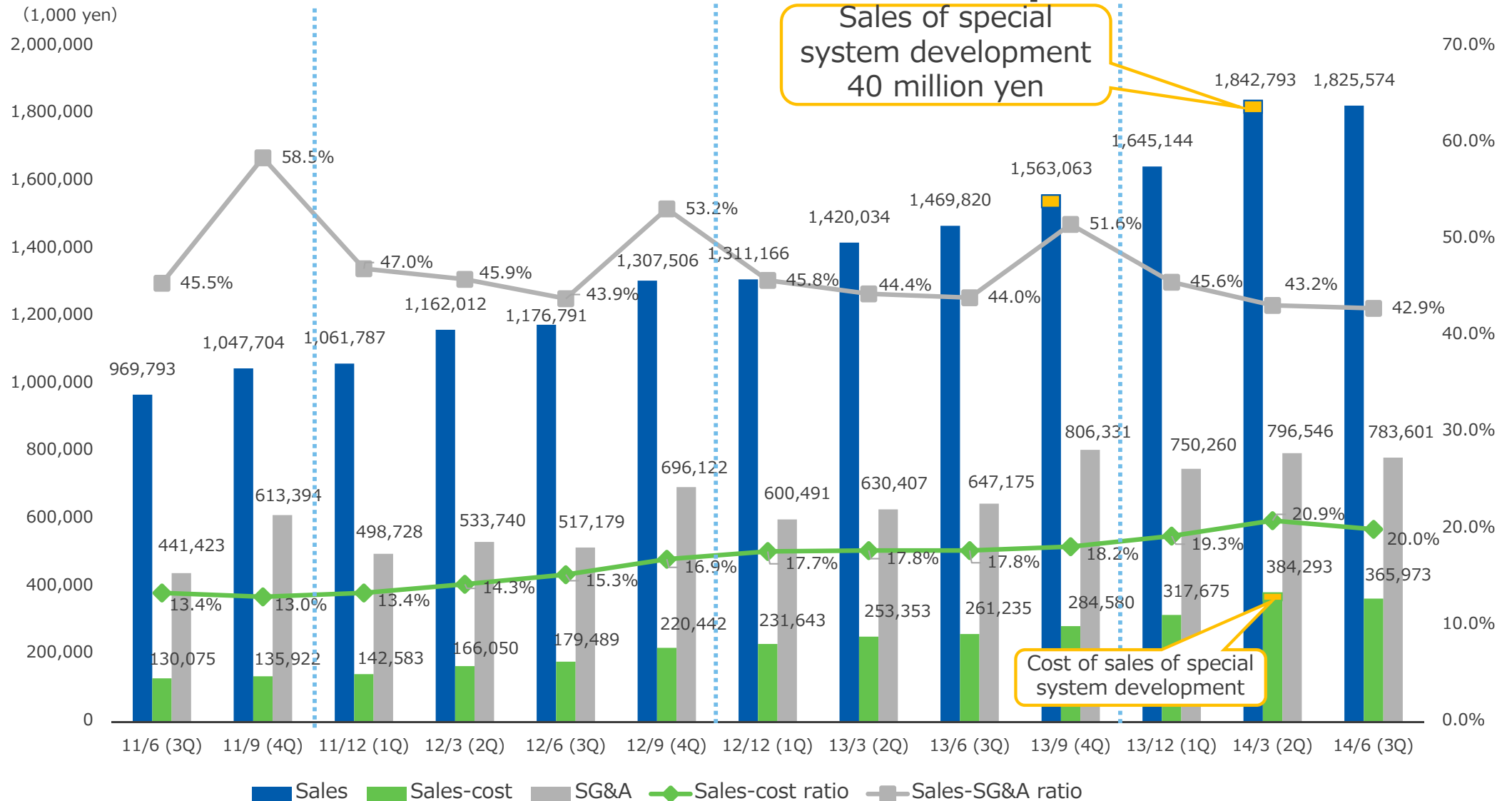
2.4 Impact of the consumption tax hike

No major impact on the EC market



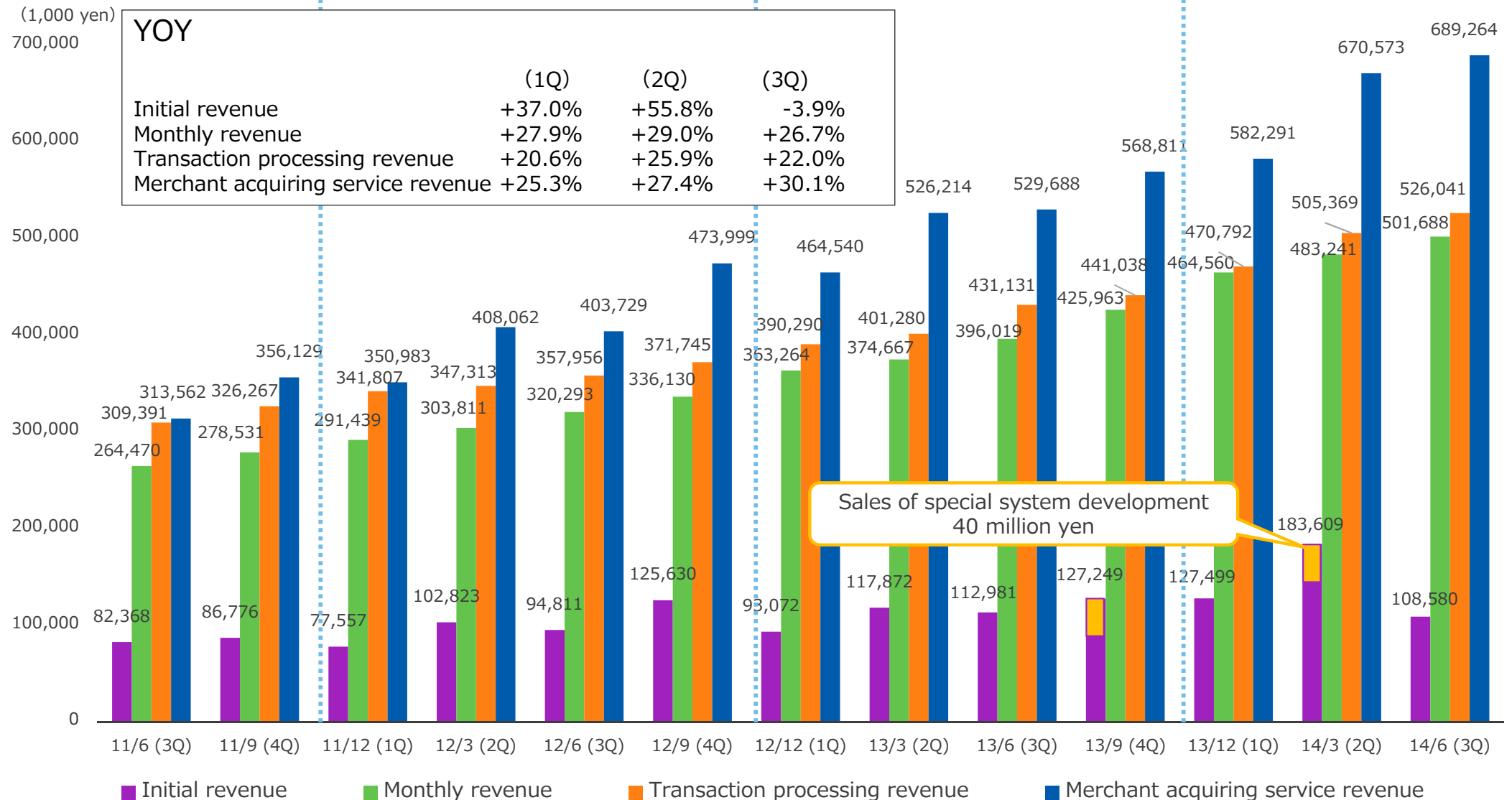
2.5 Cost of sales ratio/SG&A ratio (Quarterly changes)

Cost of sales ratio deteriorated due to increase in sales of value-added services that exceeded initial plan



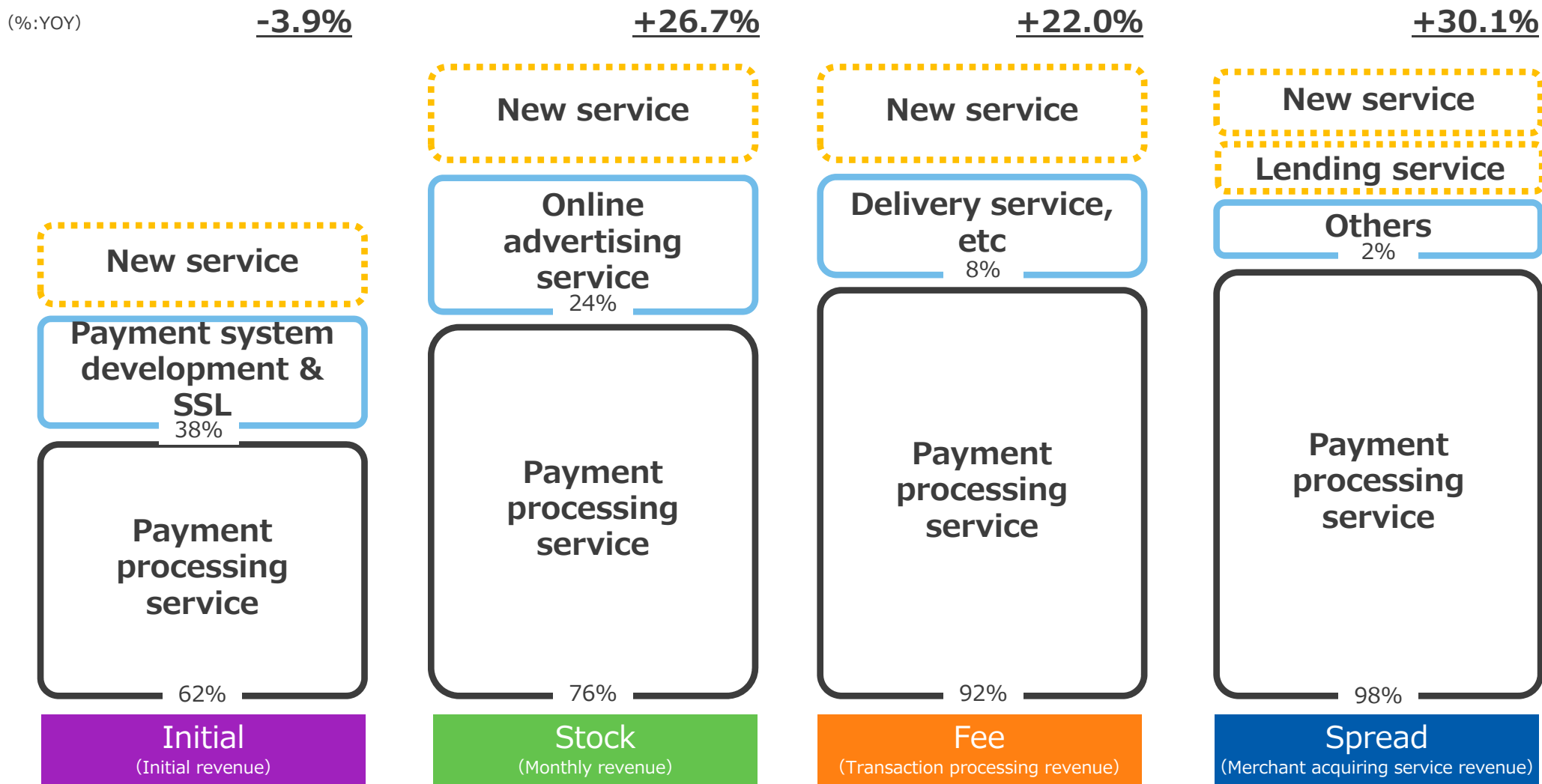
2.6 Sales results for each segment (Quarterly changes)

Good results for Merchant acquiring service revenue
Initial revenue fluctuated according to system sales



2.7 Sales results for each segment

Balanced growth in all segments

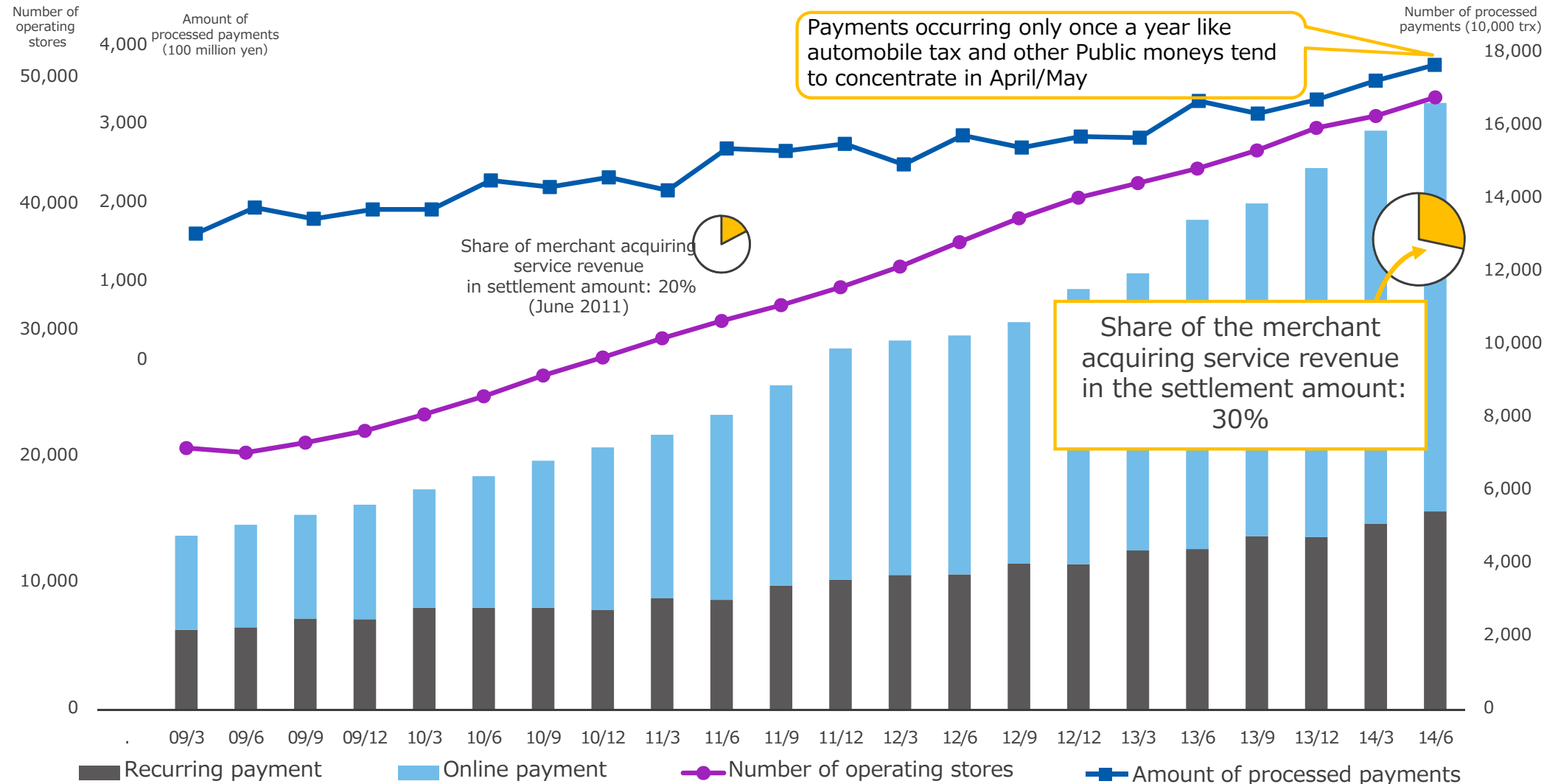


※Image of the revenue structure (%: Sales composition of 3Q, FY2014)

2.8 Transition of major factors (Quarterly changes)

Number of operating stores, number and amount of processed payments grew immensely

Number of operating stores 48,532/Amount of processed payments ¥370 billion/ Number of processed payments 166million

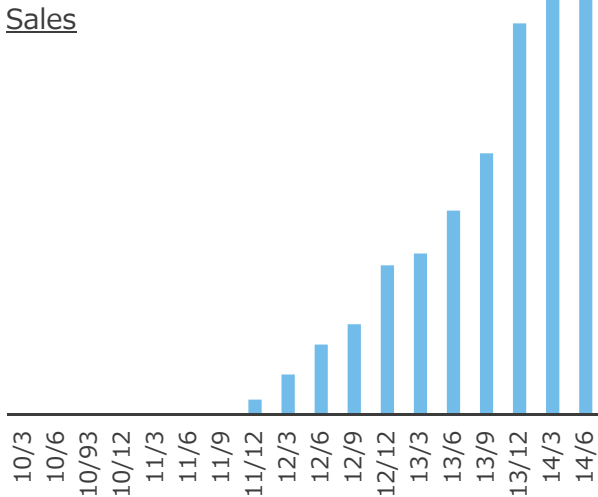


(Number of operating stores is calculated at end of quarter; amount/number of processed payments is result for each quarter)

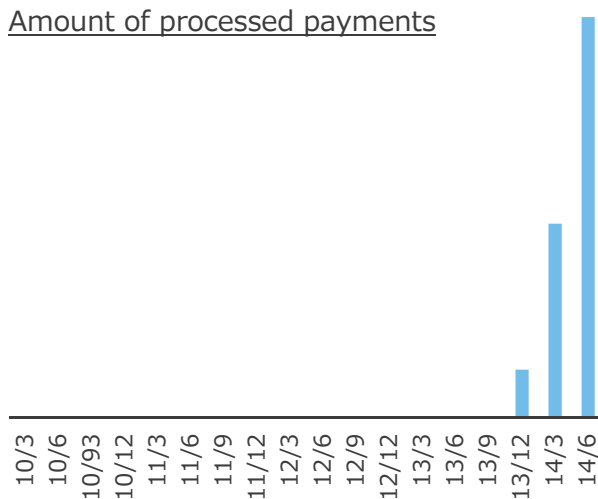
2.9 New business

New business and major factors

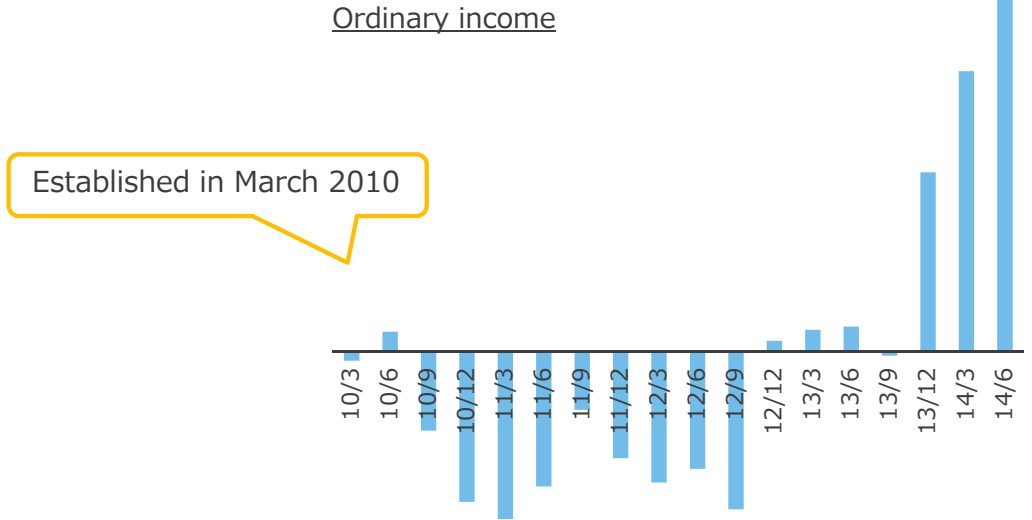
■ Online advertising service (GMO-PG) Sales



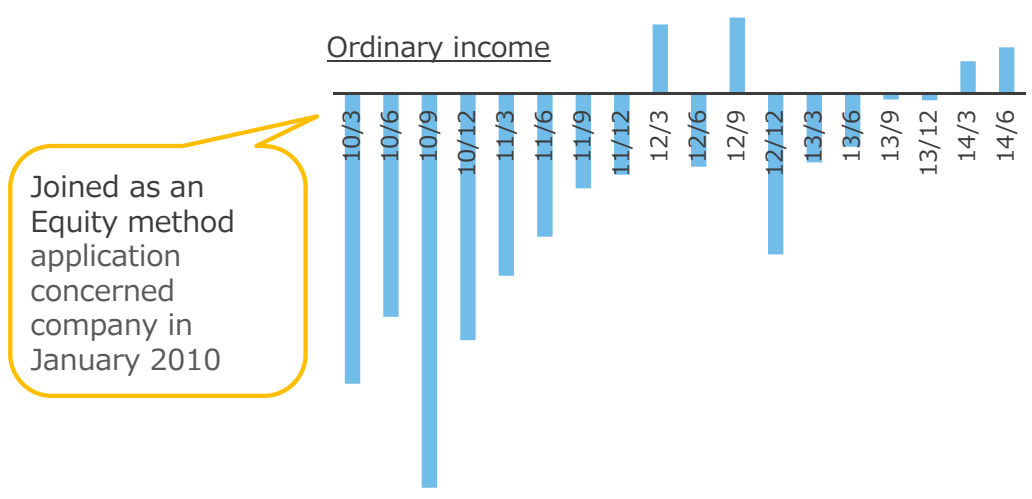
■ GMO-PS Amount of processed payments



■ SAPS Ordinary income



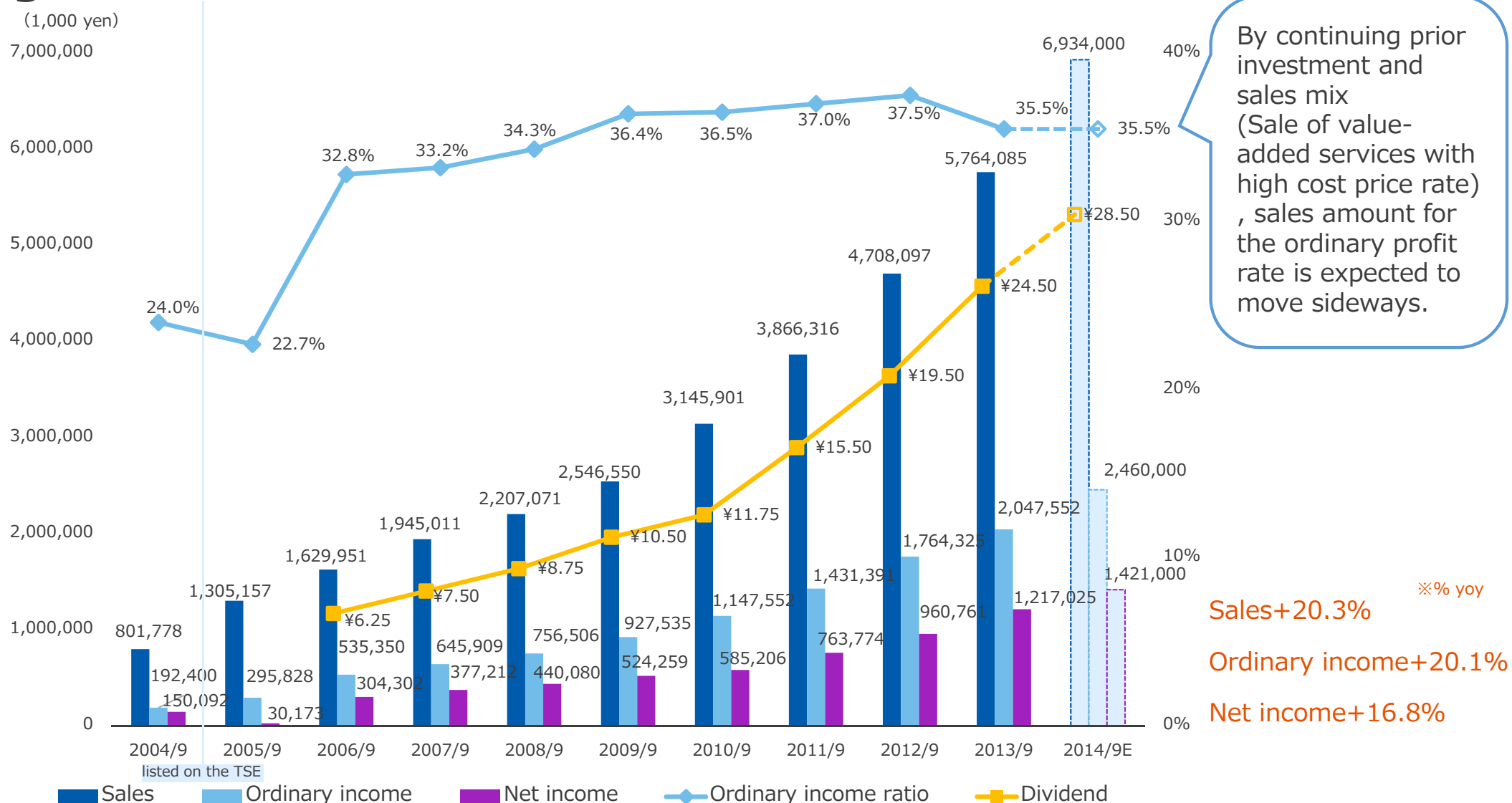
■ COC Ordinary income



3. Results forecast for the term ending September 2014

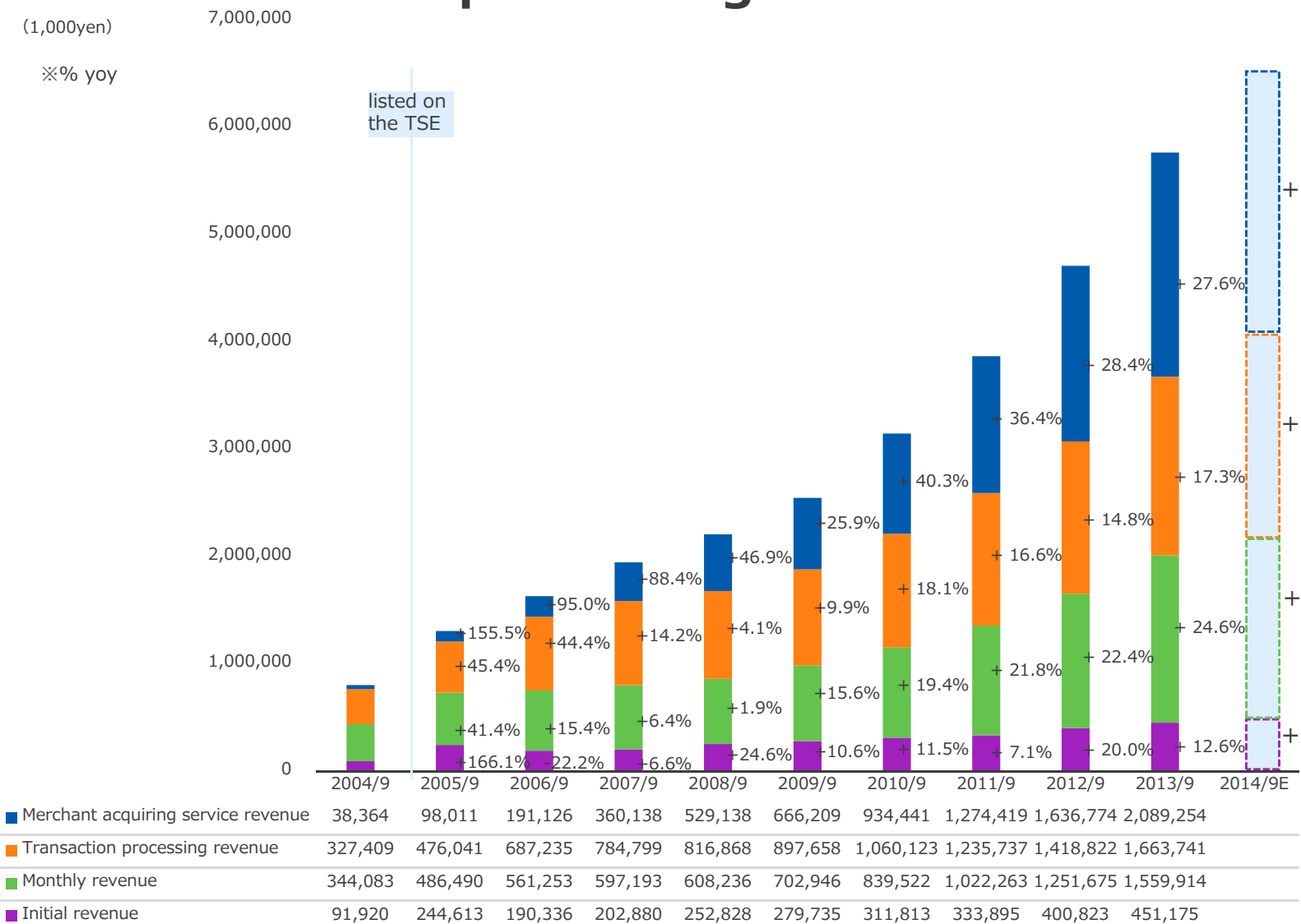
3.1 Summary of Consolidated Results (Forecast)

Investment continues though ordinary profit growth rate returns to 20%



3.2 Sales for Each Segment (Forecast)

Planning for merchant acquiring service revenue to be +25% and transaction processing revenue to be +23%



Because of expansion of the ECmarket, we forecast that merchant acquiring service revenue is going stay in good shape.

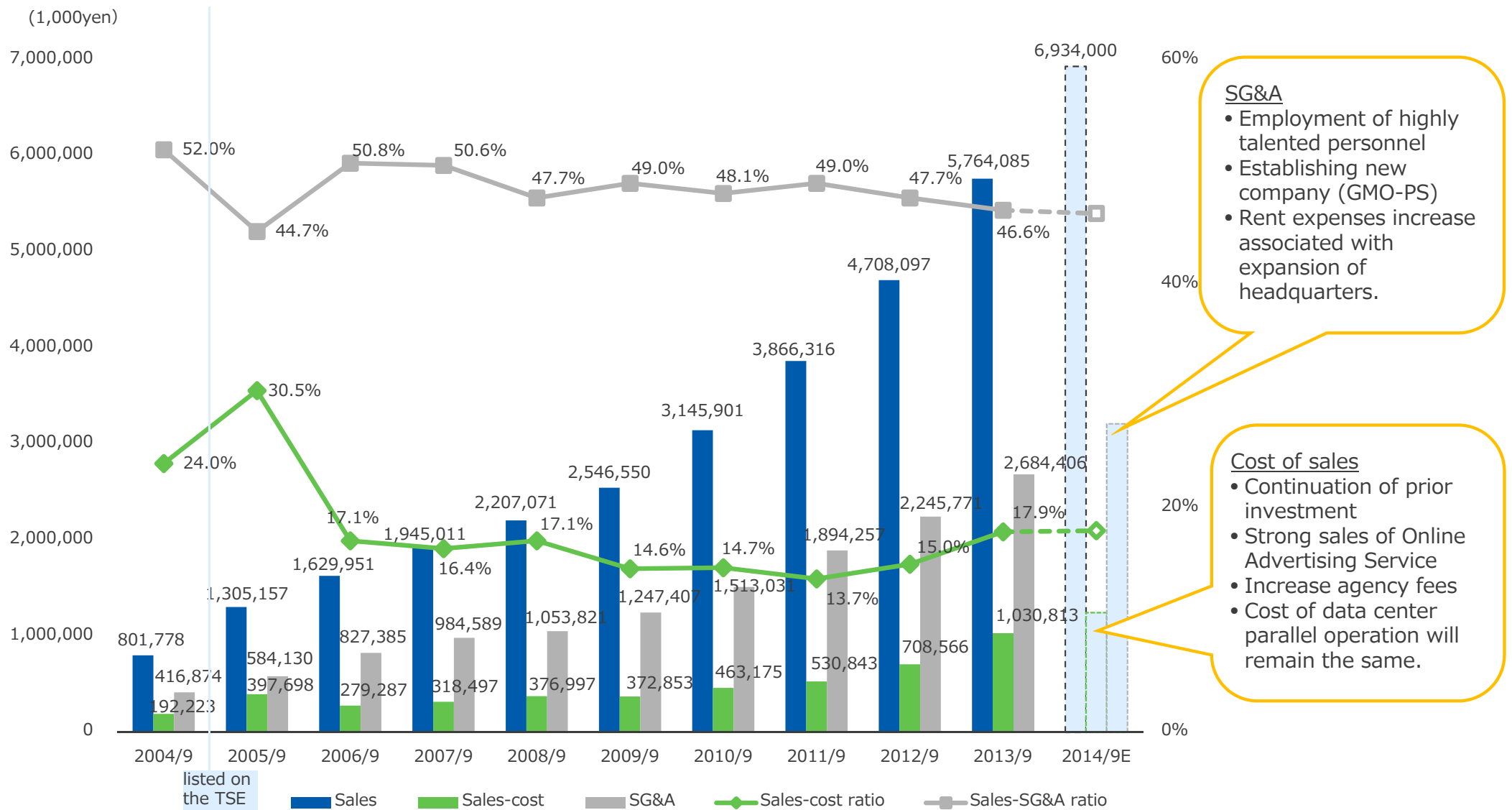
In accordance with the economic recovery, we forecast an increase in the transactions of large-scale merchants and an enlargement sale for GMO-PS.

The Online Advertising Service's sales estimated conservatively. Focusing on expanding steady revenues.

Devote to acquiring the large and medium-scale merchants, cross sell and order of large-scale development items.

3.3 Cost of sales ratio and SG&A ratio (Forecast)

Find balance between cost of sales ratio and SG&A ratio



Thank you very much!

GMO PAYMENT GATEWAY

GMO Payment Gateway Inc.
(T S E : 3 7 6 9)

URL <http://corp.gmo-pg.com/>

For more information, please contact the Company Value Creation Planning Office

IR/PR Group TEL:03-3464-0182