

Financial results briefing for the 2Q of FY2015

(O c t o b e r 1 , 2 0 1 4 - M a r c h 3 1 , 2 0 1 5)

Themes : Drive the growth of the e-commerce industry,
achieve our sustainable high growth

May 1, 2015

GMO Payment Gateway, Inc.

(3769: Tokyo Stock Exchange section-1)

The 41st IR Meeting

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 May 1, 2015.

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. Summary
2. Growth strategy
3. Financial highlights
4. Results forecast for the term ending September 2015

1. Summary

1.1 Summary

**Performance remained robust, sales and income grew over 20%,
Operating income achieved 50% progress**

Summary of the consolidated results

		YoY* % Increase	Progress
■ Sales :	4,162 Million Yen	(+19.4% /	48.1%)
■ Operating income :	1,487 Million Yen	(+20.1% /	50.0%)
■ Operating income ratio :	35.7%	(+0.2 Point)	
■ Ordinary income :	1,530 Million Yen	(+23.2% /	51.3%)

YoY*: 1H FY2015 compared to 1H FY2014

Progress of the business

- “New-fields-EC” market remains in good shape
- Major subsidiaries’ strong performances
- Launched new services
 - March 05 EP “GMO Epsilon Transaction Lending” service started
 - March 16 PG “Chargeback Compensation Group Insurance” service started
 - April 01 PG “zei.tokyo” (Metropolitan Tax Credit Card Payment Site) started
 - April 15 PG New credit card payment service using a “token” started
 - April 28 PG “GMO-PG Remittance Service” started
 - May 01 PG Multi-currency credit card payment service started

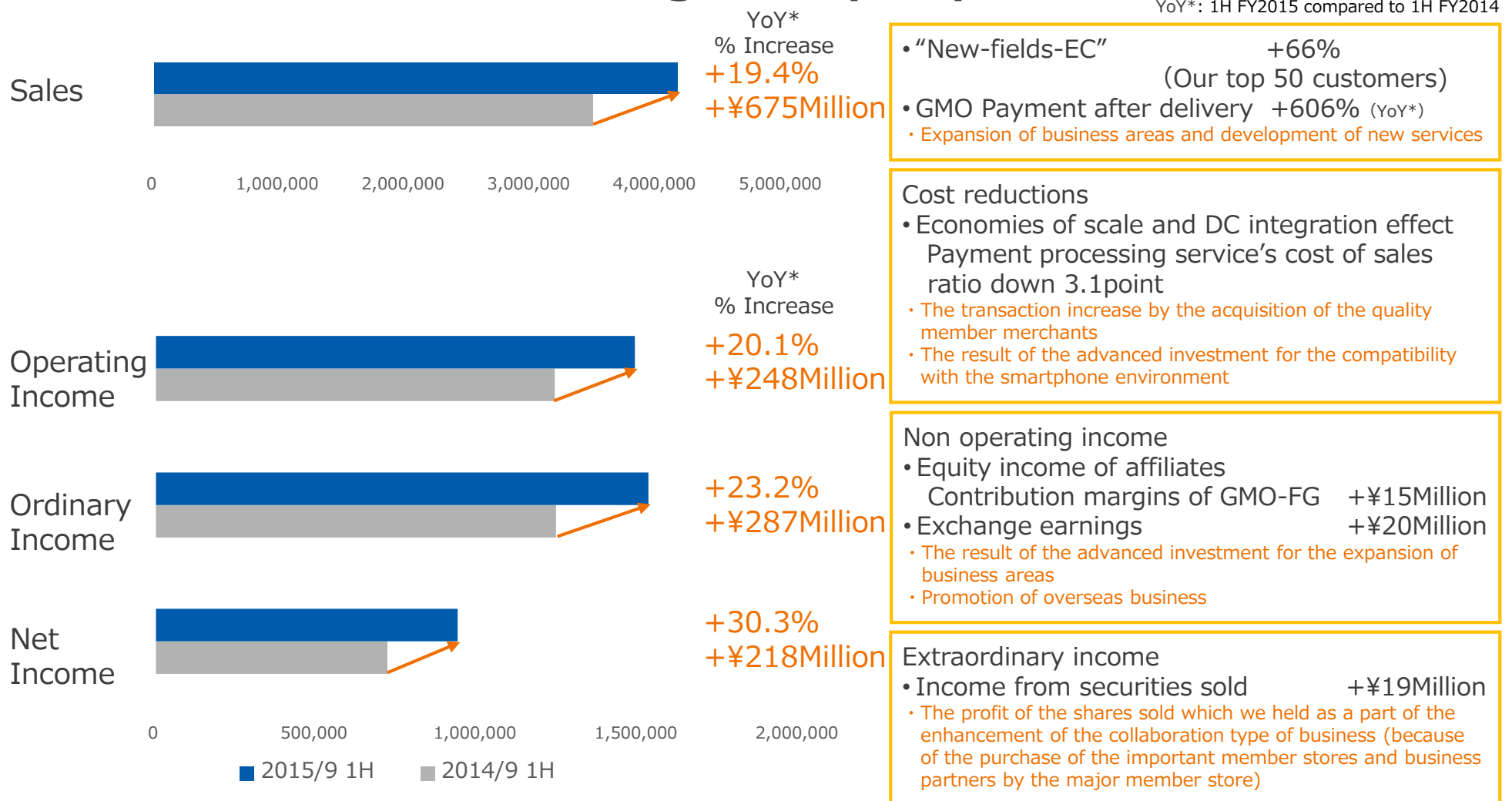
Forecast

- Sales : 8,656 Million Yen (YoY +20.1%)
- Operating income : 2,974 Million Yen (YoY +20.1%)
 - The full-year forecasts remain unchanged as investment phase will still continue

※“New-fields-EC” : Service commerce/ digital EC/ CtoC etc.

1.2 Causes of the increase in sales and income

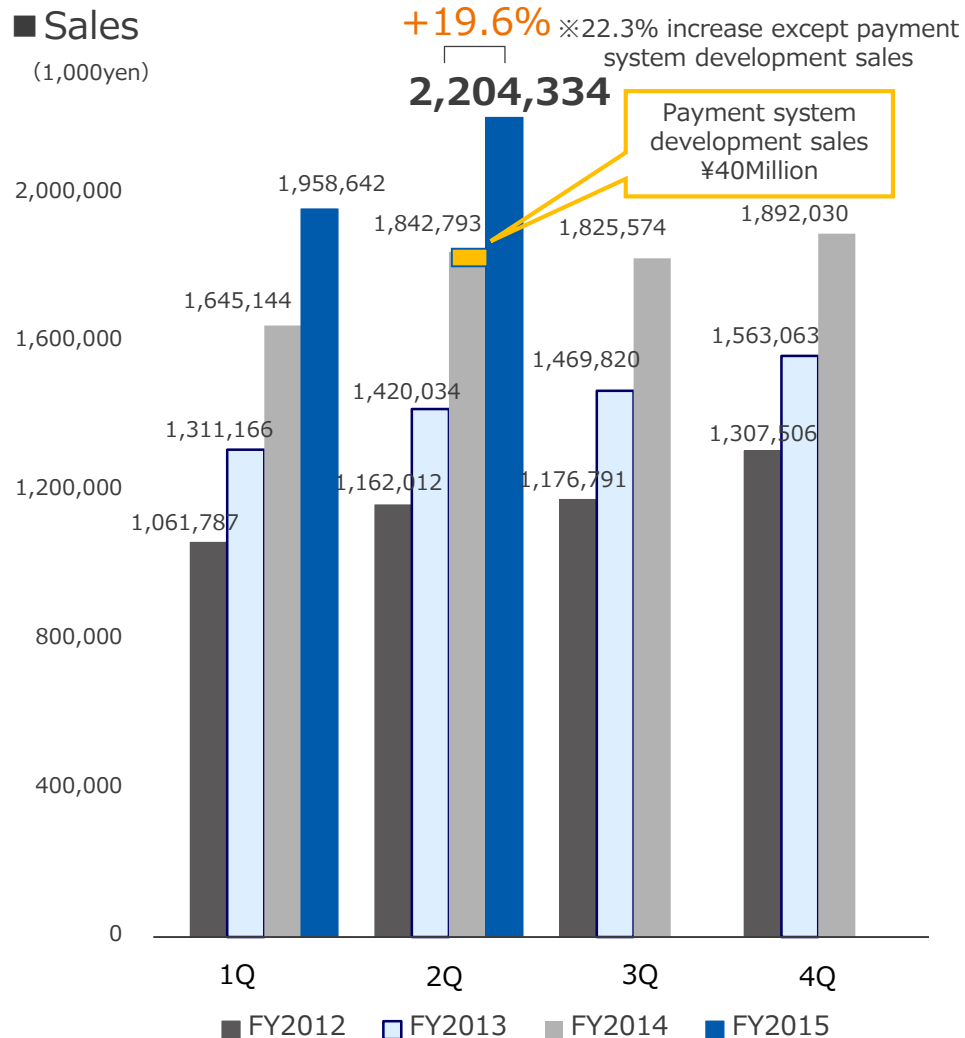
The result of various business efforts conducted from medium-term and long-term perspectives



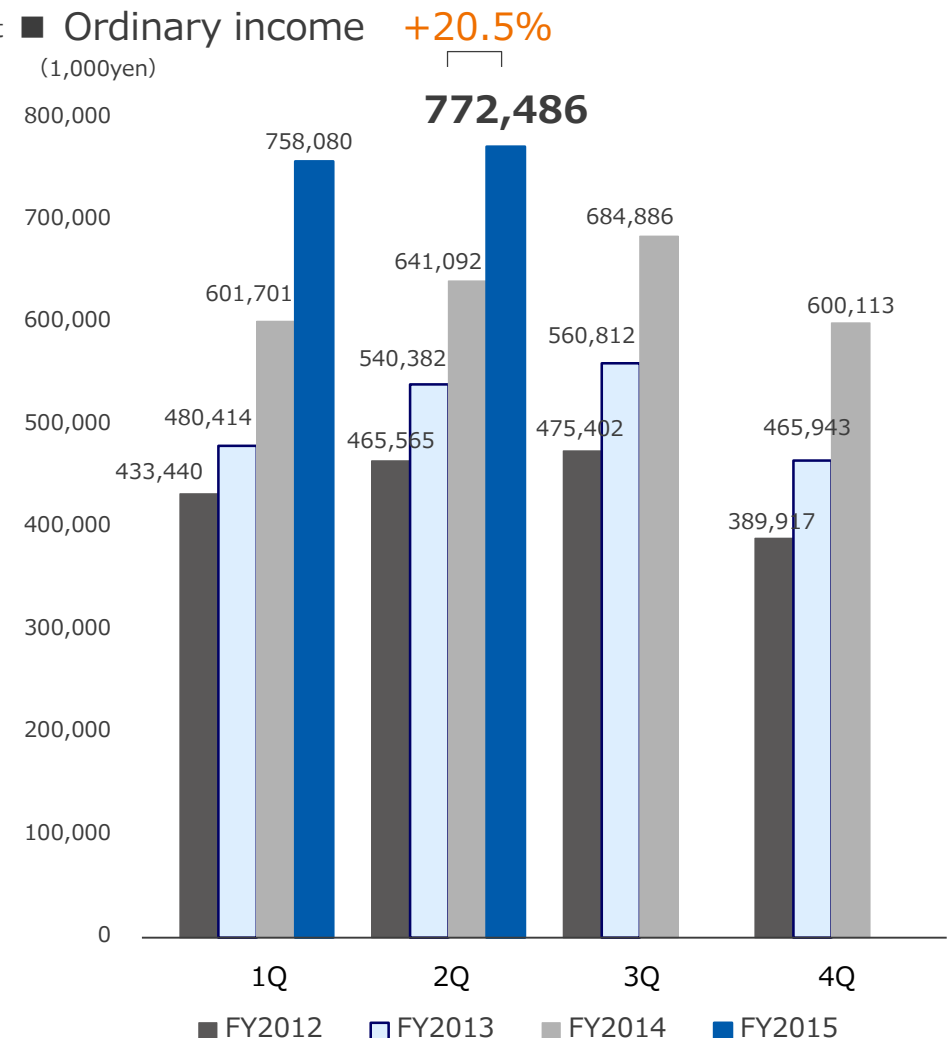
1.3 Sales/Ordinary income (Quarterly changes)

Ordinary income up 20.5%, exceeding sales growth rate

■ Sales
(1,000yen)

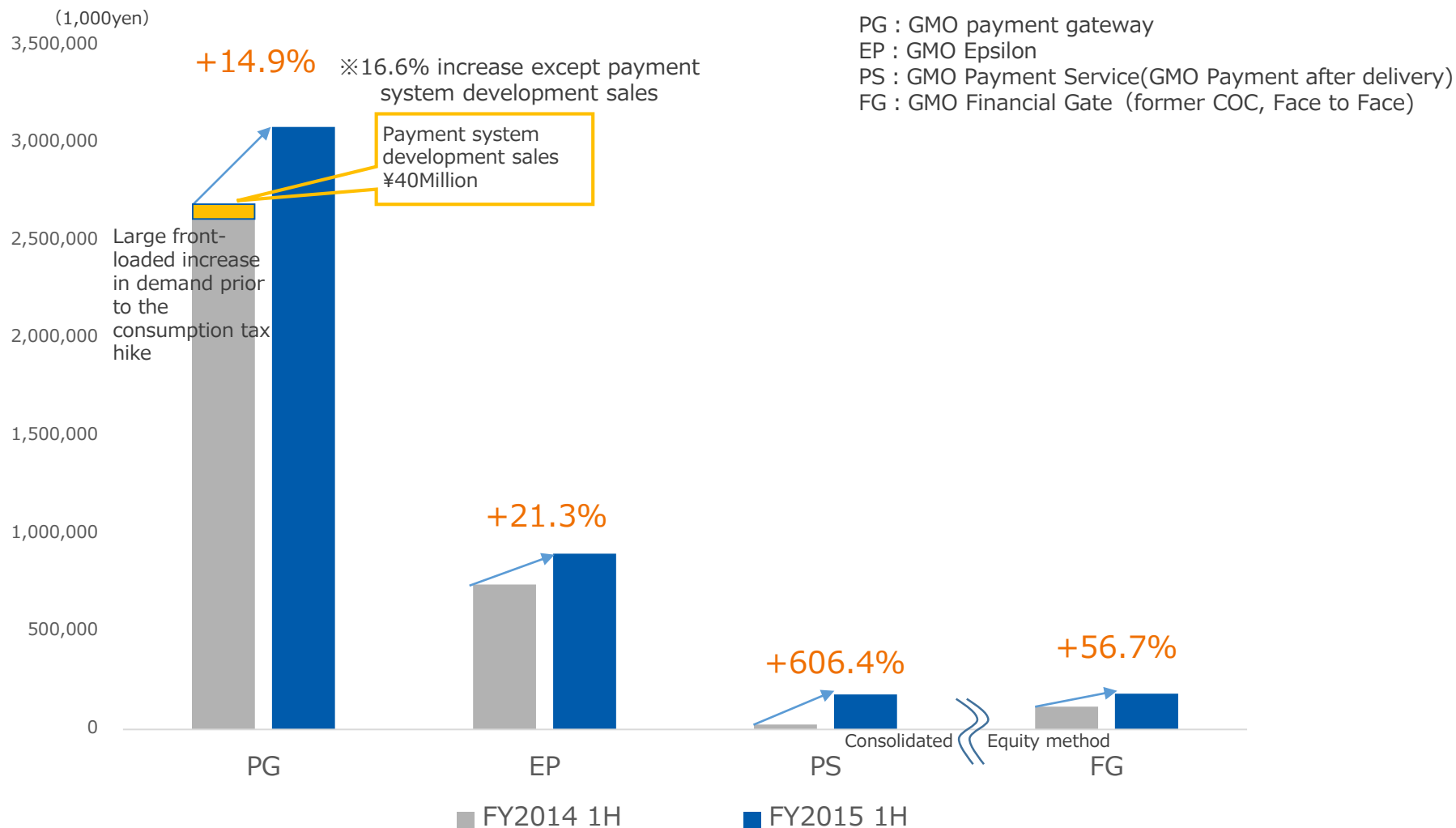


■ Ordinary income
(1,000yen)



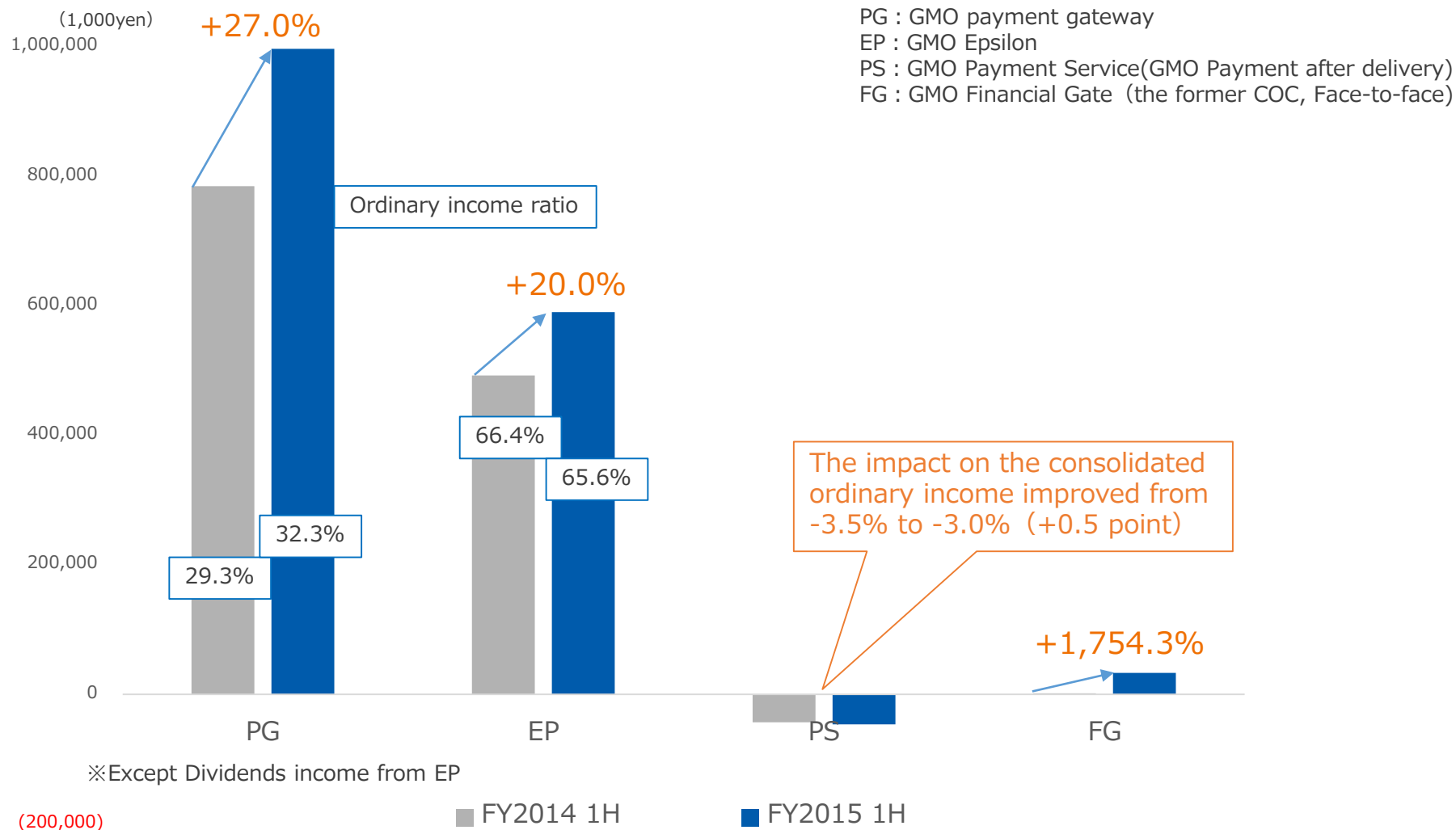
1.4.1 Sales (PG · EP · PS · FG)

Results of various measures, achieved increase in sales and income



1.4.2 Ordinary income (PG · EP · PS · FG)

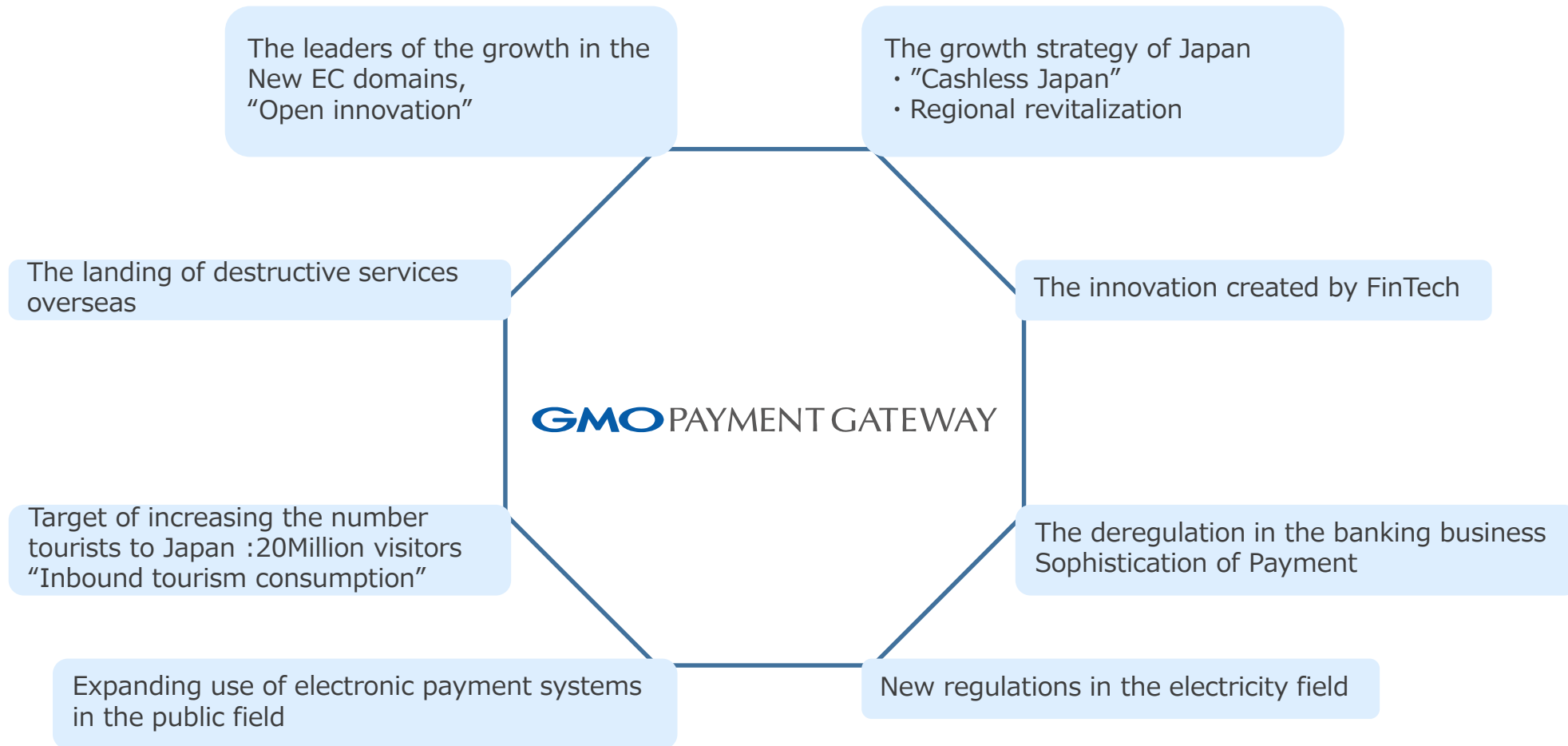
Results of various measures, achieved increase in sales and income



2. Growth strategy

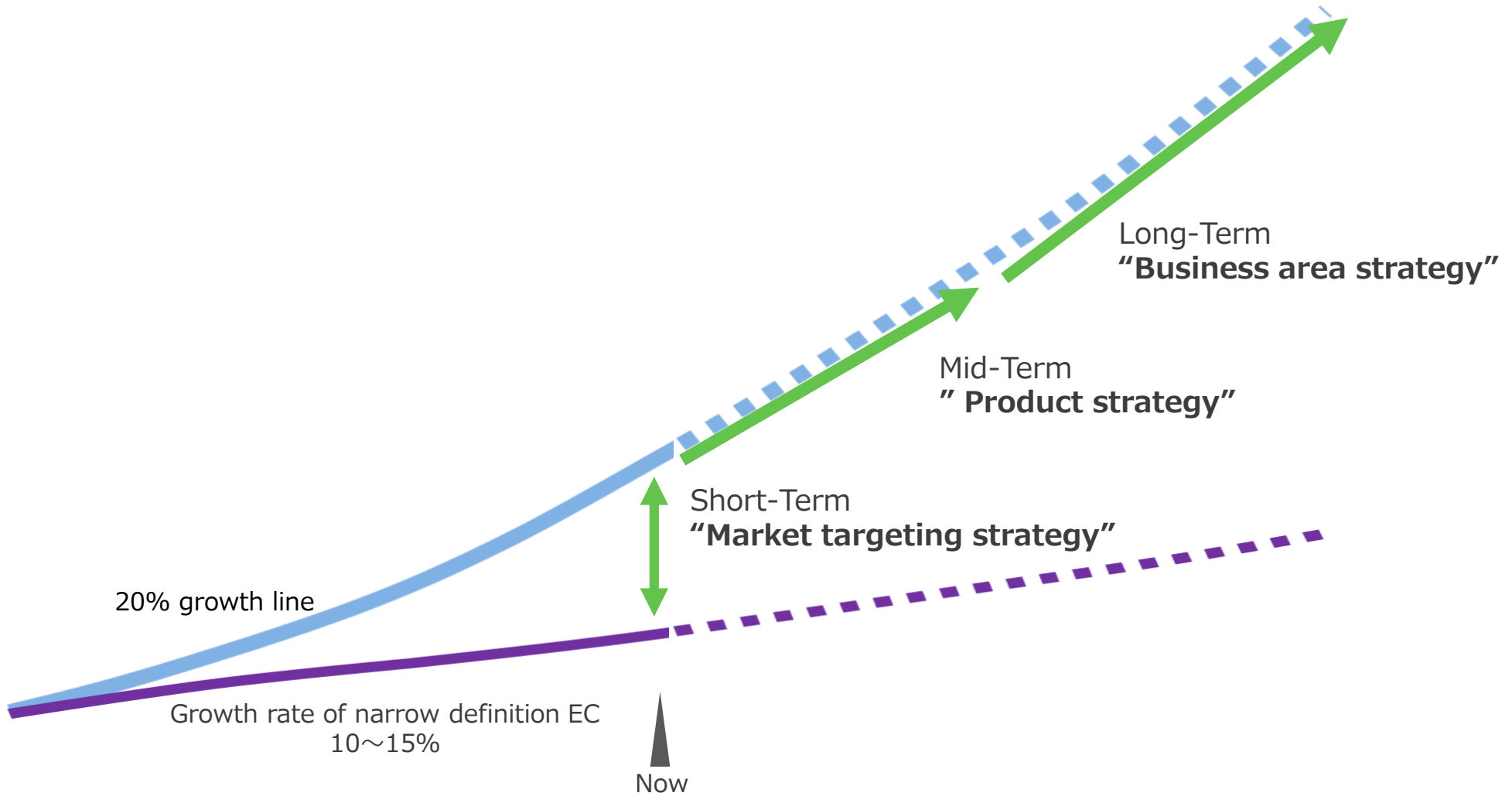
2.1 Business background

Structural changes and new trends



2.2 Growth strategy

Sustaining more than 20% income growth is our mission

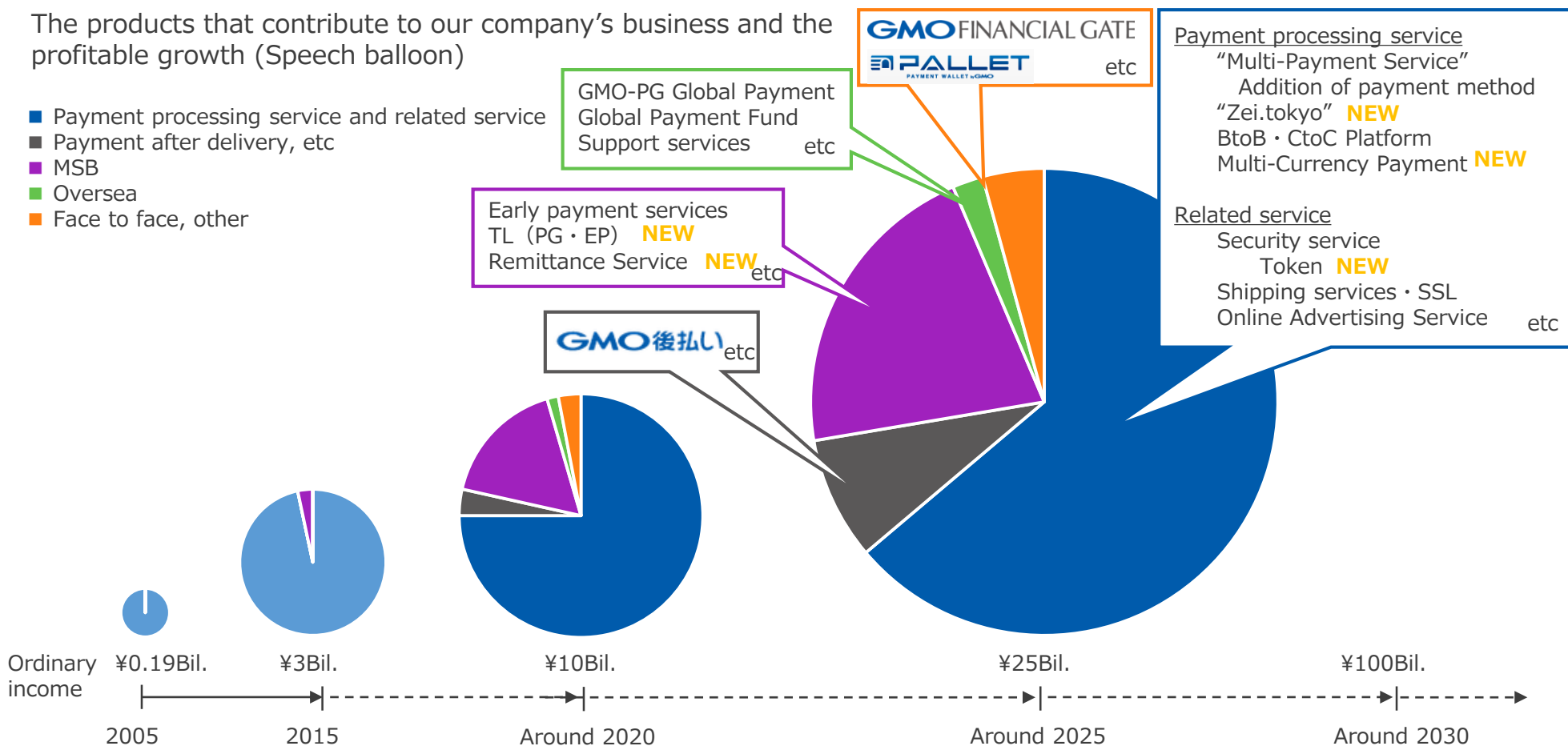


2.3 Portfolio of income (image)

Growing with the target of the ordinary income of 10 billion yen around the fiscal year 2020 as a passing point

The products that contribute to our company's business and the profitable growth (Speech balloon)

- Payment processing service and related service
- Payment after delivery, etc
- MSB
- Oversea
- Face to face, other

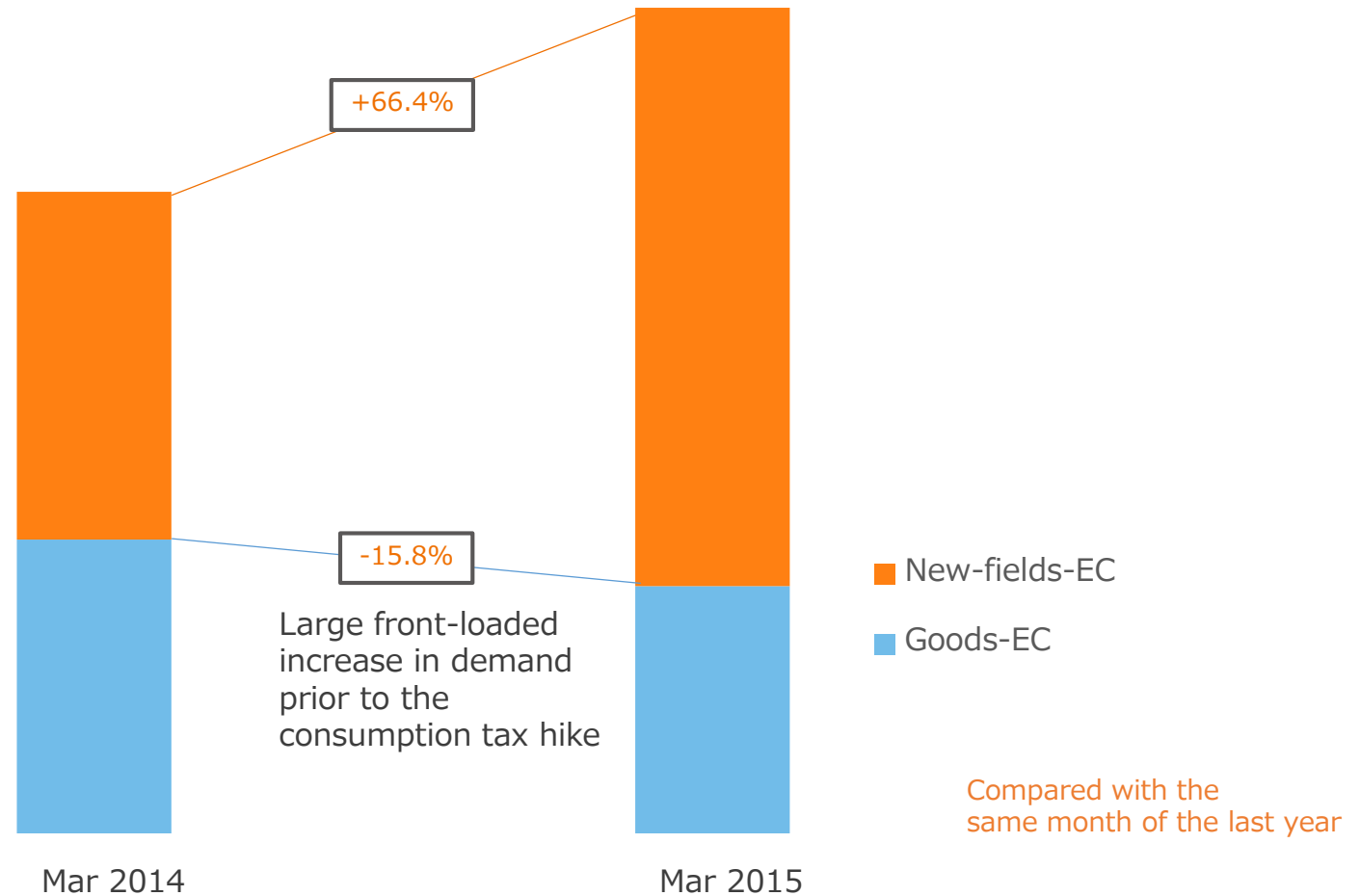


※Ordinary income : 2005:actual, 2015:forecast, Other numbers:targets
 MSB : Money service business
NEW : Results of FY2015

2.4.1 Market targeting strategy : New-fields-EC

Expansion of New-fields-EC

Change in business category of our top 50 customers (Sales)



2.4.2 Market targeting strategy : Face-to-face

Face-to-face market is advancing to the business expanding stage.
Additional investment and CB conversion on GMO-FG (the former COC)

January 2010 Joined the GMO-PG group



Number of processed payments per month increased 9 times !

April 2015

The additional investment from us was implemented.

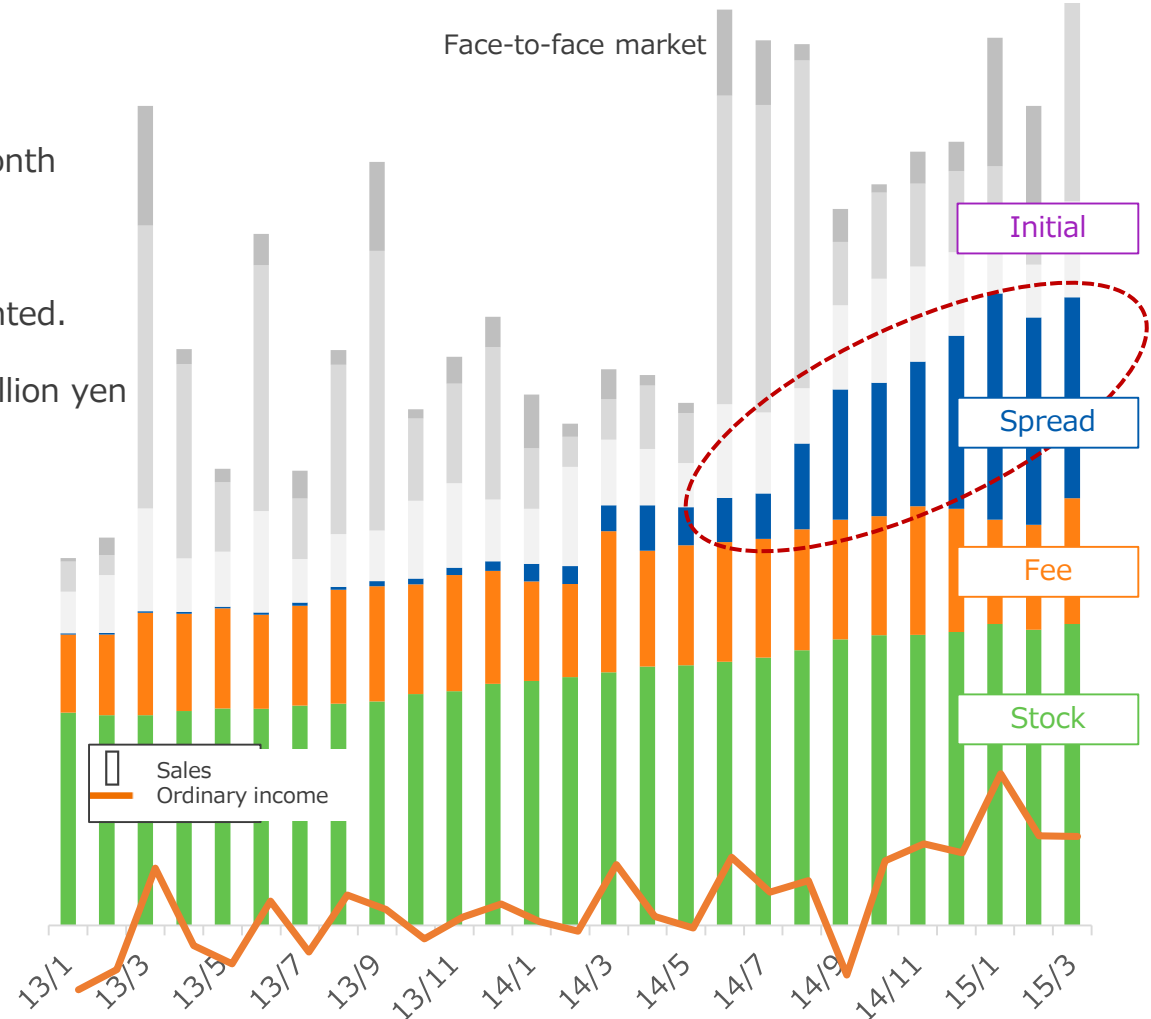
- Equity method affiliate of holding ratio, 49.7%
 - Accumulated investment amount by PG: 97 million yen
- Capital introduction also from several VC

Changed its corporate name

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Merchant (example)

- Major furniture retailers chain
- Major golf business chain
- Major clinics chain
- Major restaurant chain etc

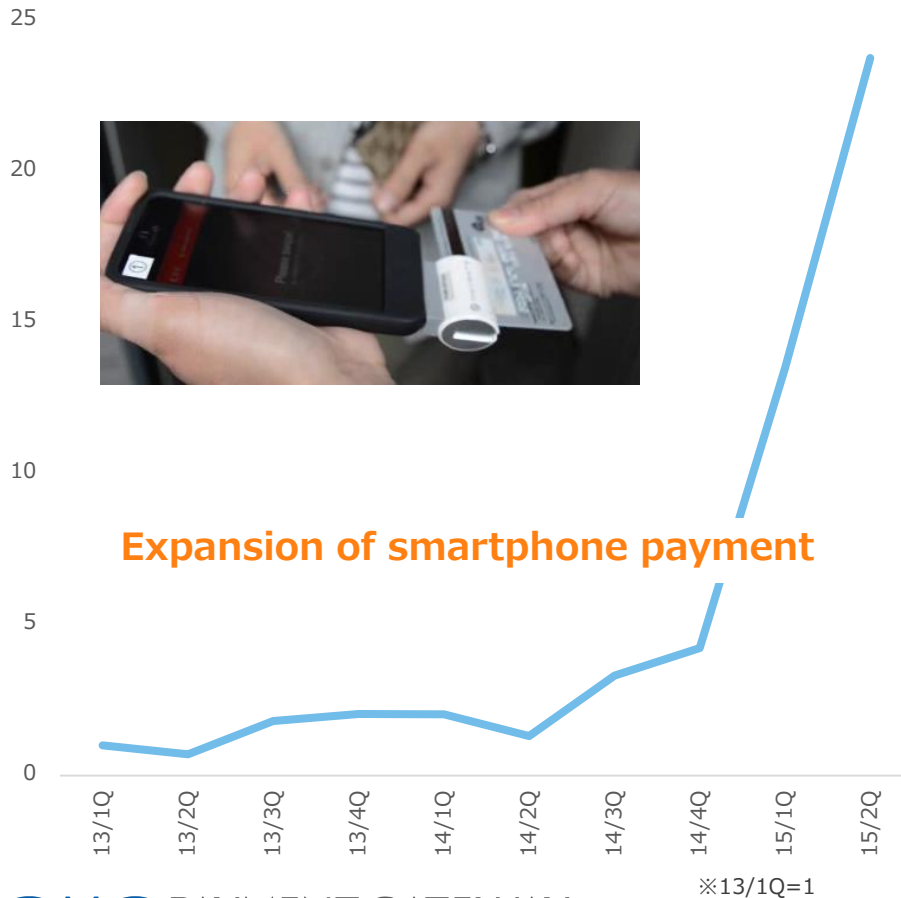


2.4.3 Market targeting strategy : Face-to-face

Reaching to the growing stage and taking the smartphone payment and the “Inbound tourism consumption”

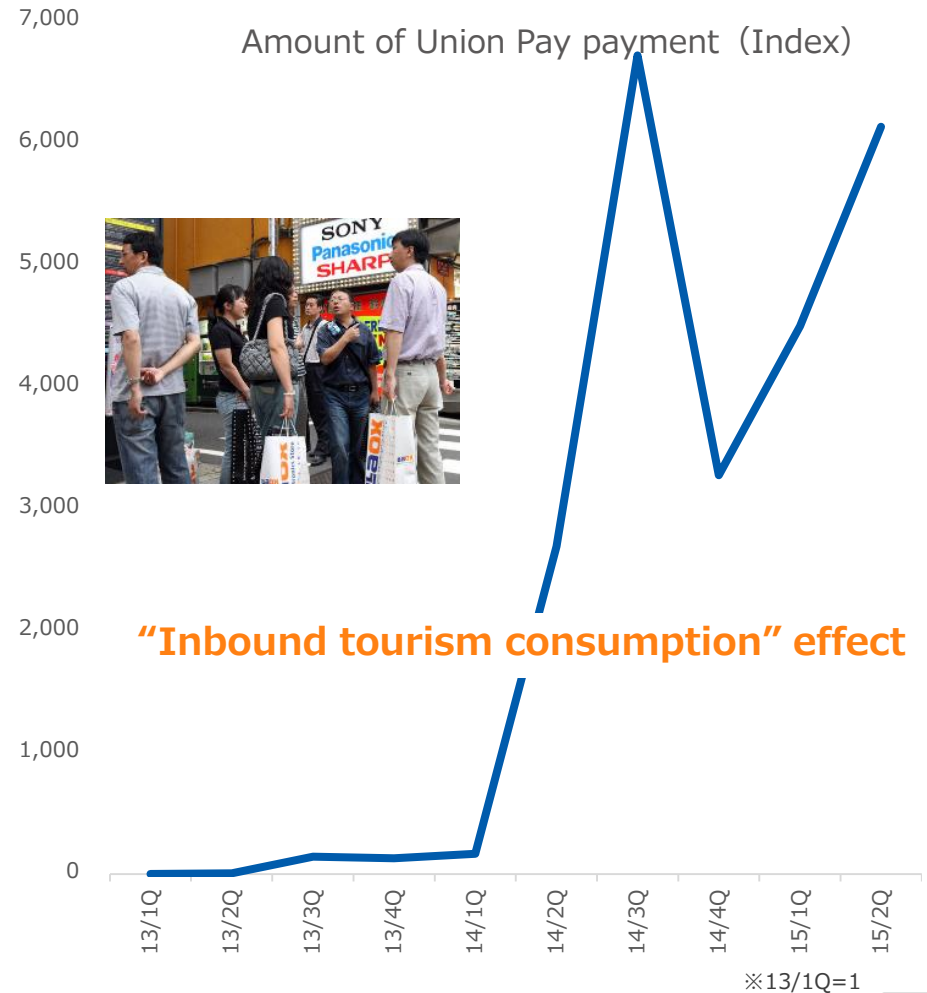
GMO FINANCIAL GATE

Amount of smartphone payment (Index)



GMO PAYMENT GATEWAY

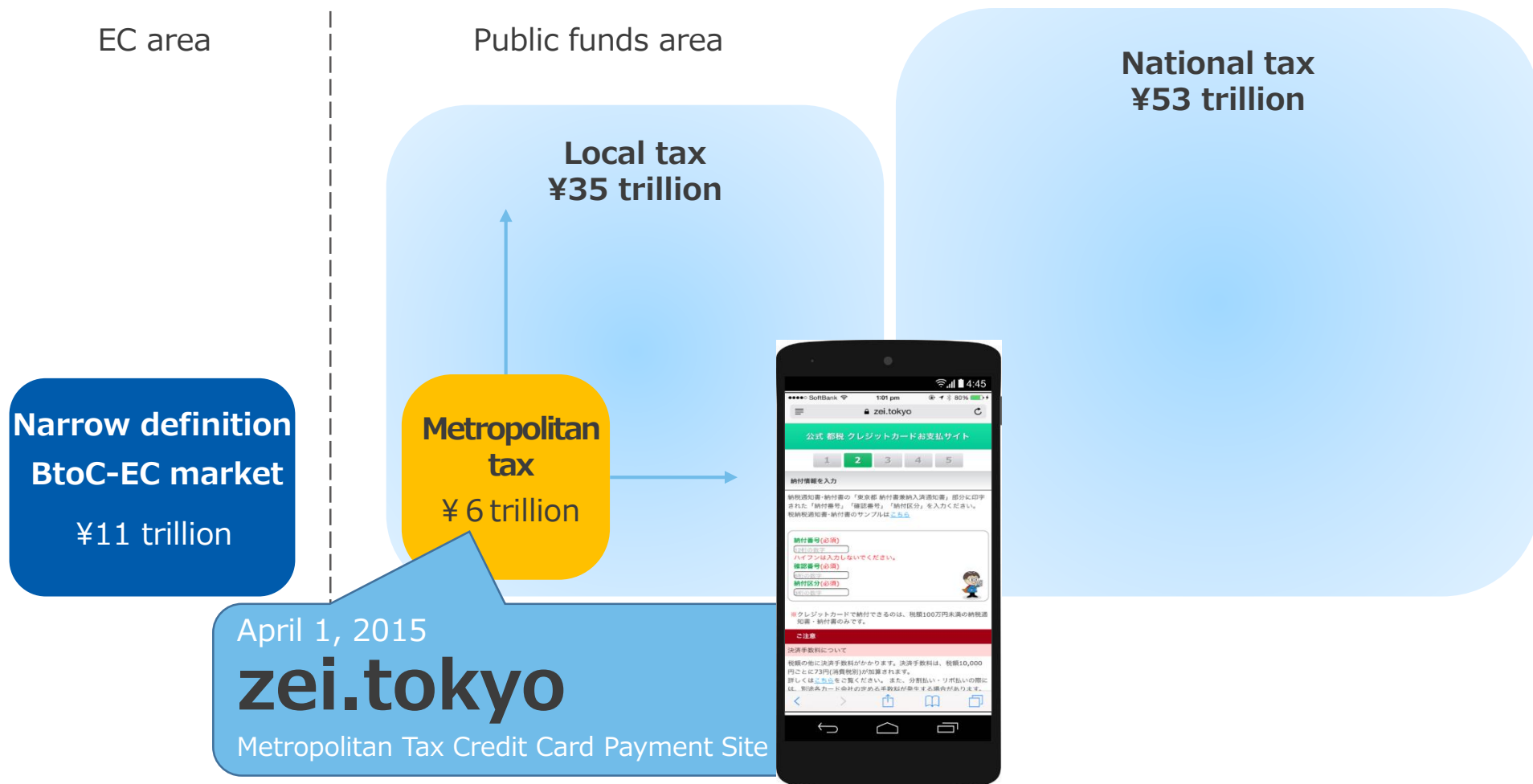
Amount of Union Pay payment (Index)



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2.5.1 Product strategy : Public funds, taxes

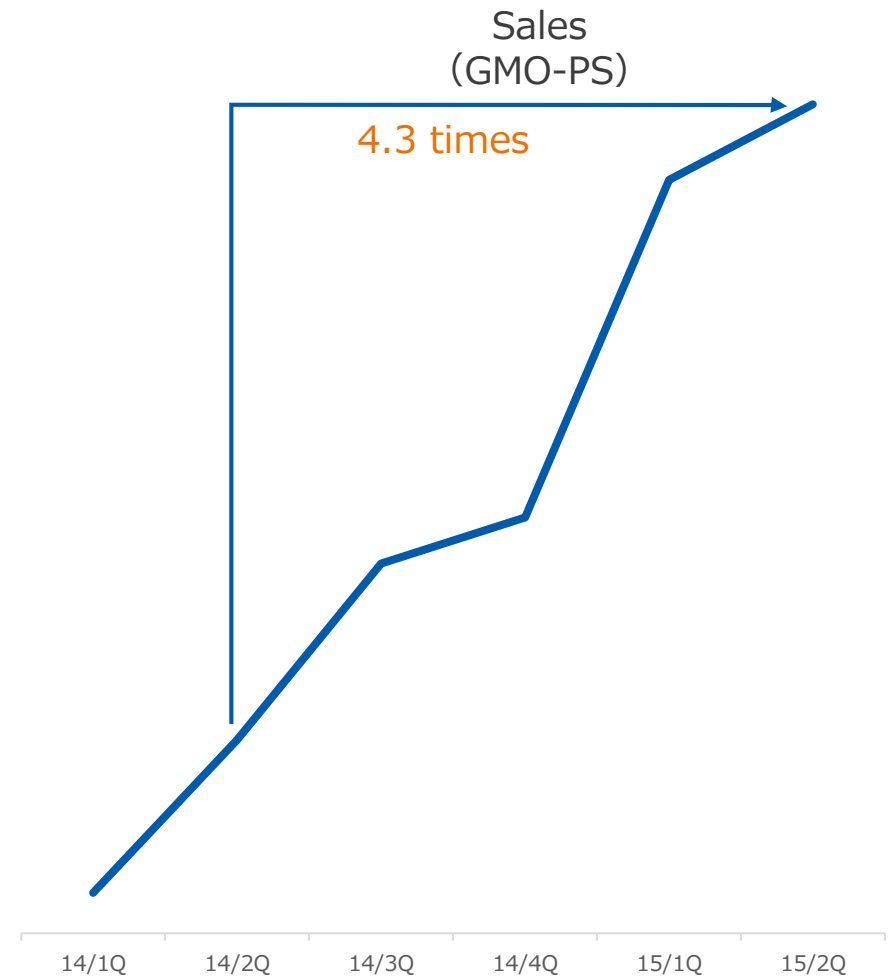
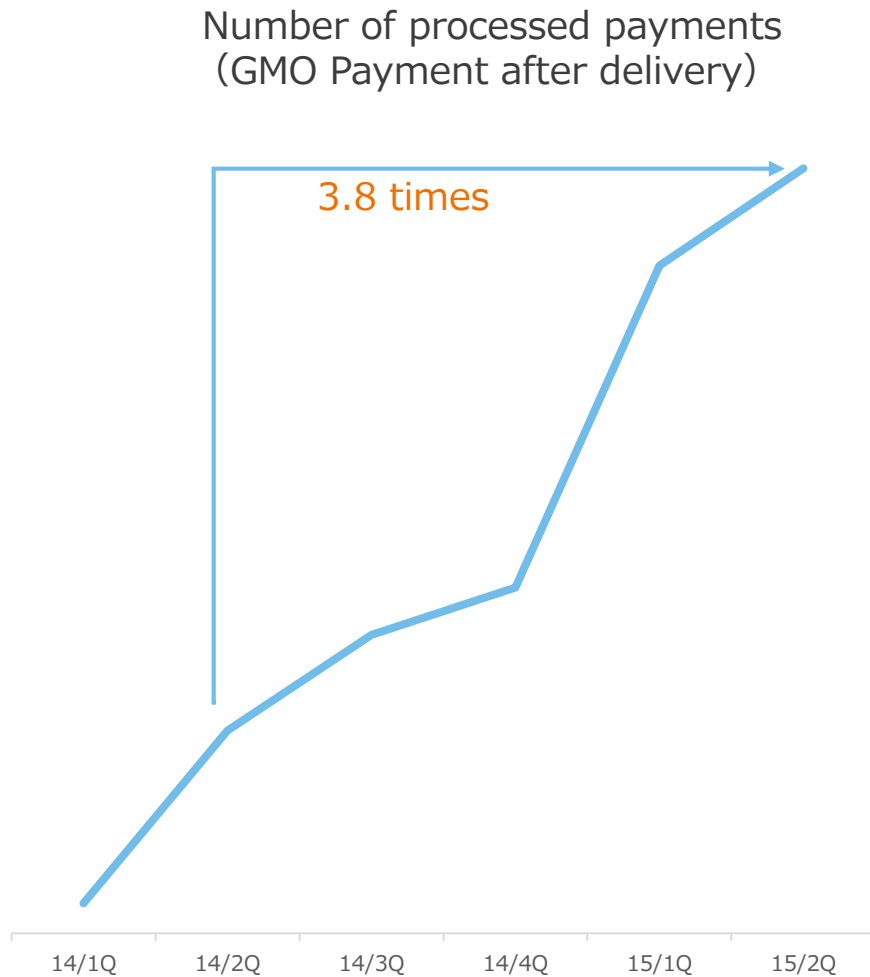
Putting our products into approx. 35 trillion yen market,
and expanding to a greater market



※Reference : METI, [Market report in regard to EC 2013]
The Ministry of Internal Affairs and Communications

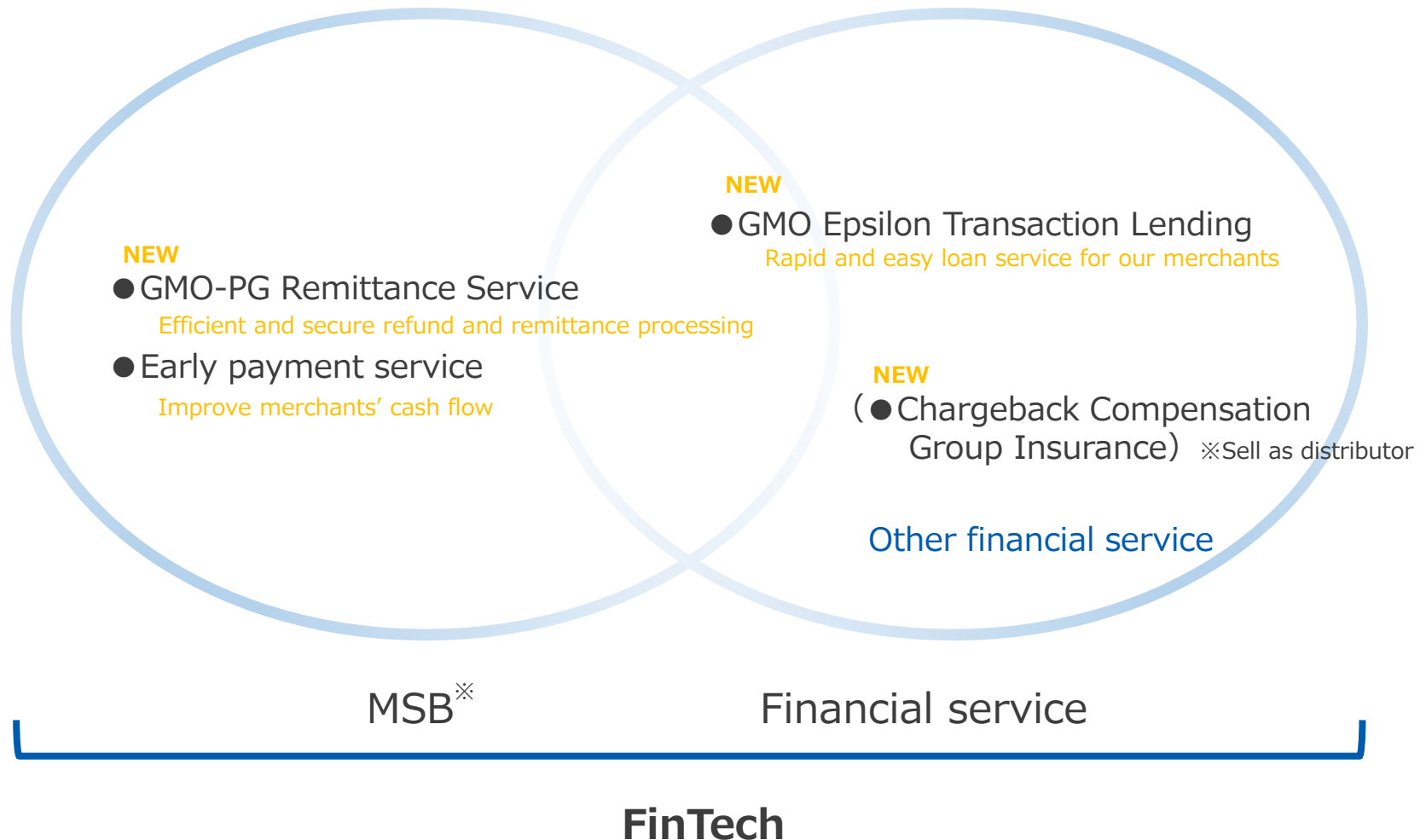
2.5.2 Product strategy : Payment after delivery

The accumulation of the transactions which leads to the unique credit management know-how



2.5.3 Product strategy : FinTech in our company

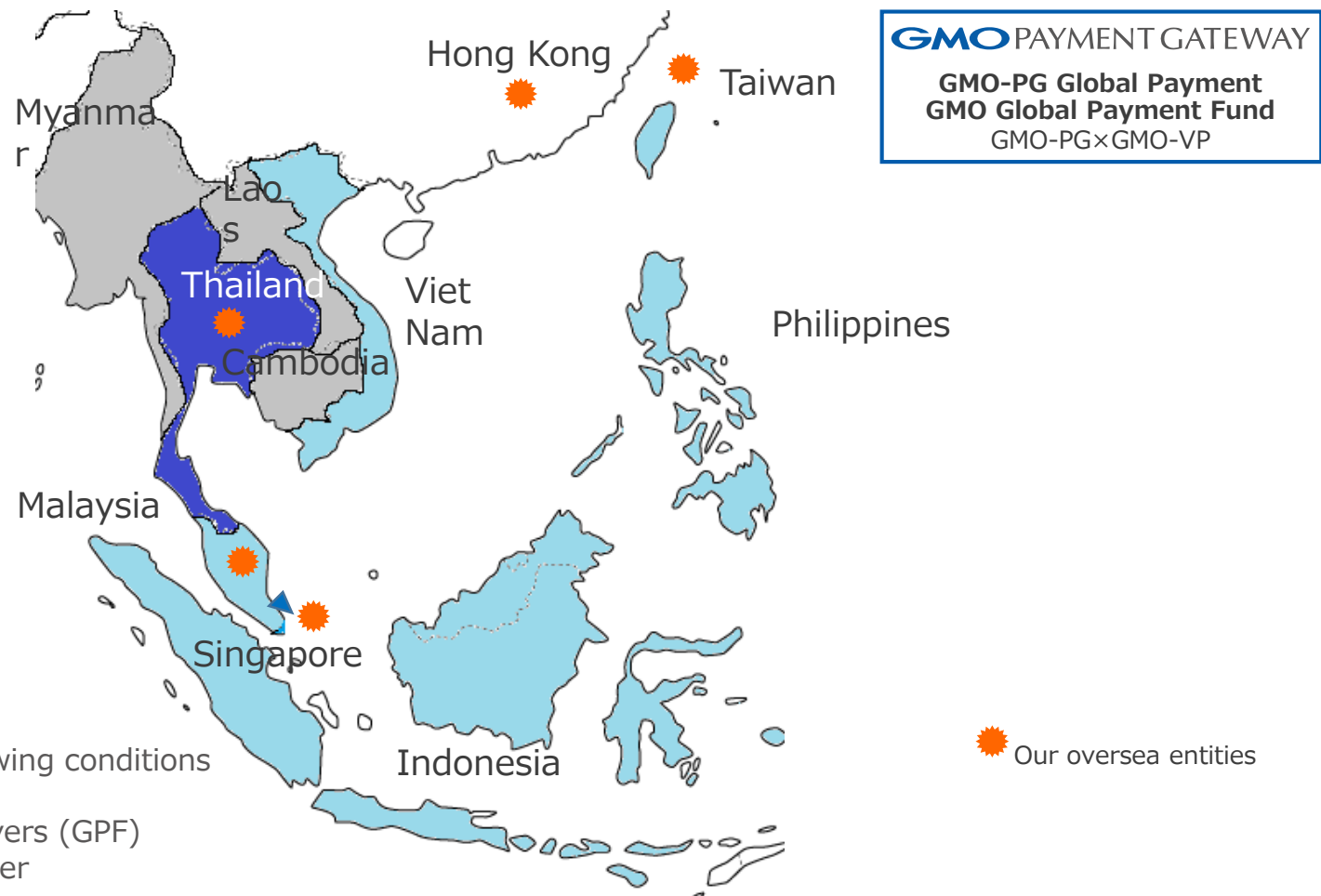
A new service utilizing the data based on an overwhelming payment volume



※MSB : Money service business

2.6.1 Business area strategy : Southeast Asia

Progress by country



2.6.2 Business area strategy : Southeast Asia

Strengthening the capital relationship with a major payment business agent company in Thailand, 2C2P. We become the largest outside shareholder

April 30, 2015

Additional investment in 2C2P Pte Ltd

Additional investment : \$2 million(¥240million)

Total amount: \$4.75 million(¥570million)



Payment Services: Credit cards / Cash receipt/
prepaid-card, etc

Amount of processed payments: ¥200 billion (2014)

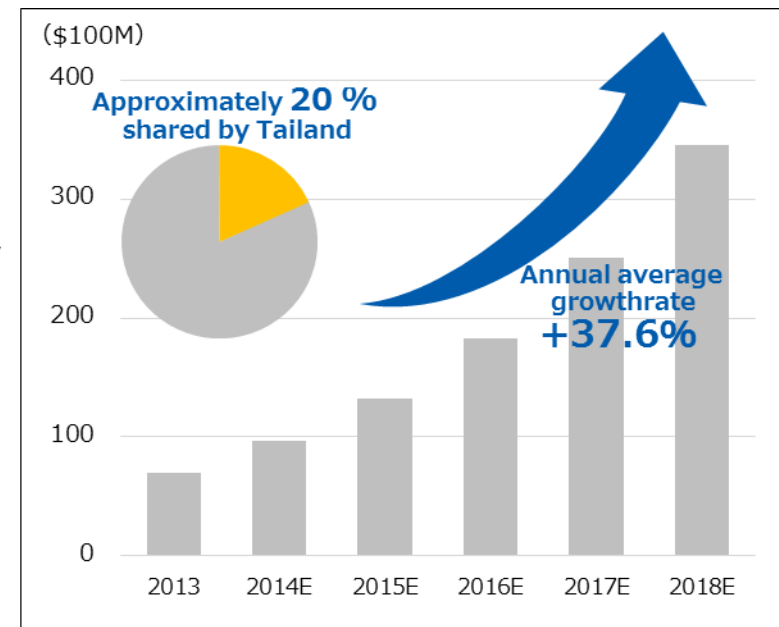
Global network: Thailand, Myanmar, Laos, Cambodia,
Singapore. Indonesia, etc

Number of employees: 80

Cash receipt agent service : Cash123
More than 60,000 local retail stores in Thailand



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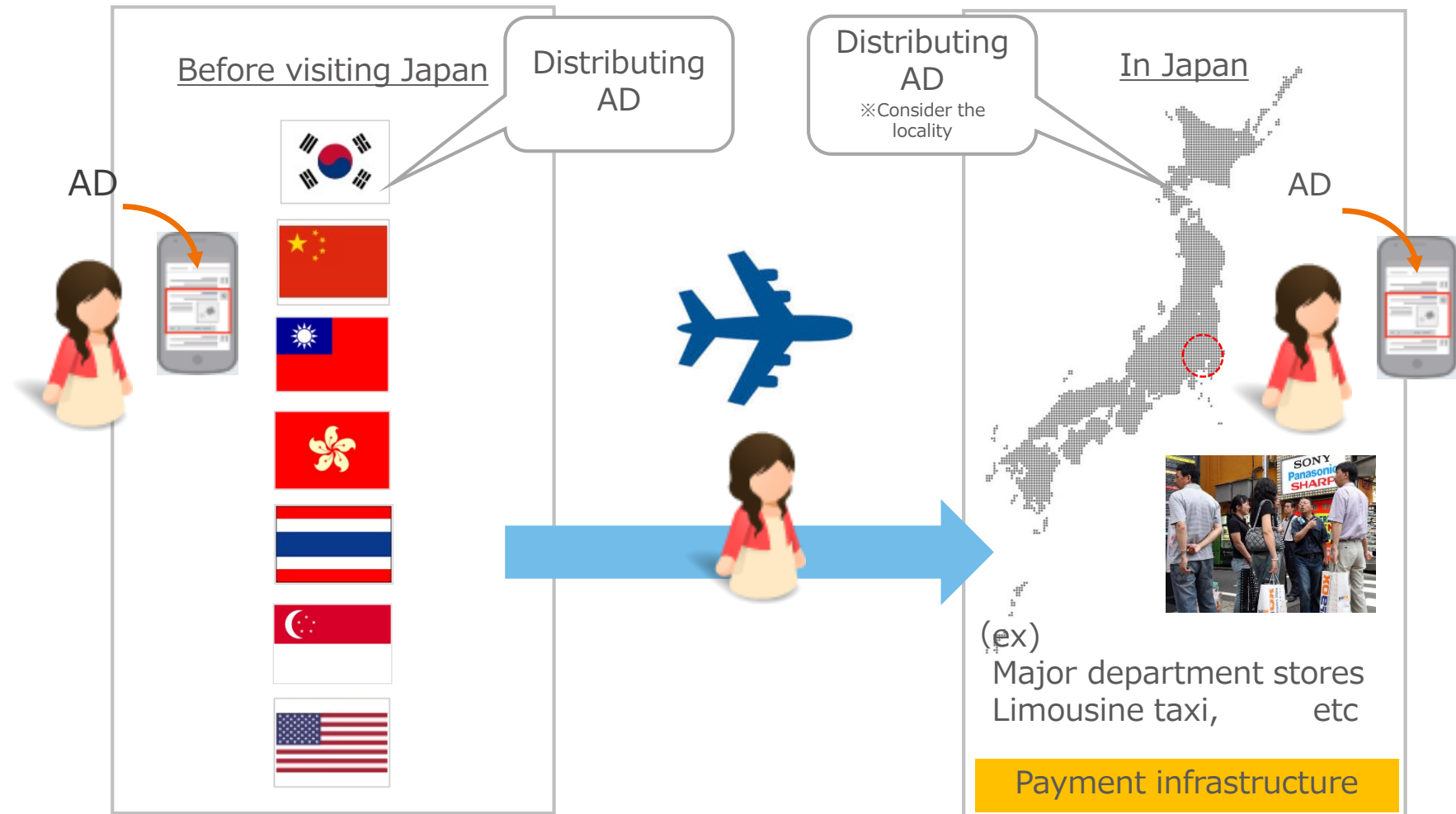
<EC market size of six countries (*) in south-eastern Asia (prediction of 2014)>

(*)Singapore / Malaysia / Thailand / Indonesia / Philippine / Vietnam

Source : From an analysis on e-commerce market in south-east Asia released by Frost & Sullivan (July 4th, 2014)
UBS 「ASEAN eCommerce 13 June 2014」

2.6.3 Business area strategy : Global Online Advertising service

The efforts of advertising delivery to the foreign tourists domestically and abroad



3. Financial highlights

3.1 Summary of the consolidated results

Operating income up 20.1%, OP margin up 0.2 point

(Million yen)	1H of FY2015		Compared to the 1H of FY2014		1H of FY2014		FY2015	
	Results	Sales composition %	Growth	Change %	Results	Sales Composition %	Forecast	Progress %
Sales	4,162	100.0	675	+19.4	3,487	100.0	8,656	48.1
Cost of sales	858	20.6	156	+22.2	701	20.1	-	-
Gross income	3,304	79.4	518	+18.6	2,785	79.9	-	-
SG&A	1,817	43.7	270	+17.5	1,546	44.3	-	-
Operating income	1,487	35.7	248	+20.1	1,239	35.5	2,974	50.0
Ordinary income	1,530	36.8	287	+23.2	1,242	35.6	2,985	51.3
Net income	937	22.5	218	+30.3	719	20.6	1,797	52.2
Net income per share(Yen)	27.14			-	20.85	-	52.02	-

※In October 1, 2014, our company executed a 2-1 stock split. The values for the FY2014 are calculated on the same base.

3.2 Summary of the consolidated balance sheets

The amount of deposit received increased 6.4 billion yen despite of the effect of the variation of closing date and payment cycle

(Million yen)	Results for 2Q, FY2015	Results for 2Q, FY2014	Change
Current assets	29,178	21,464	7,713
Cash and deposits	26,068	19,544	6,523
Advance payments	943	680	262
Other current assets	2,290	1,273	1,016
Allowance for doubtful accounts	△123	△33	△90
Fixed assets	2,734	1,891	843
Tangible fixed assets	209	264	△55
Intangible fixed assets	819	743	76
Software	673	537	136
Investments and other assets	1,705	882	822
Bonds of affiliates	11	11	0
Total assets	31,912	23,355	8,557

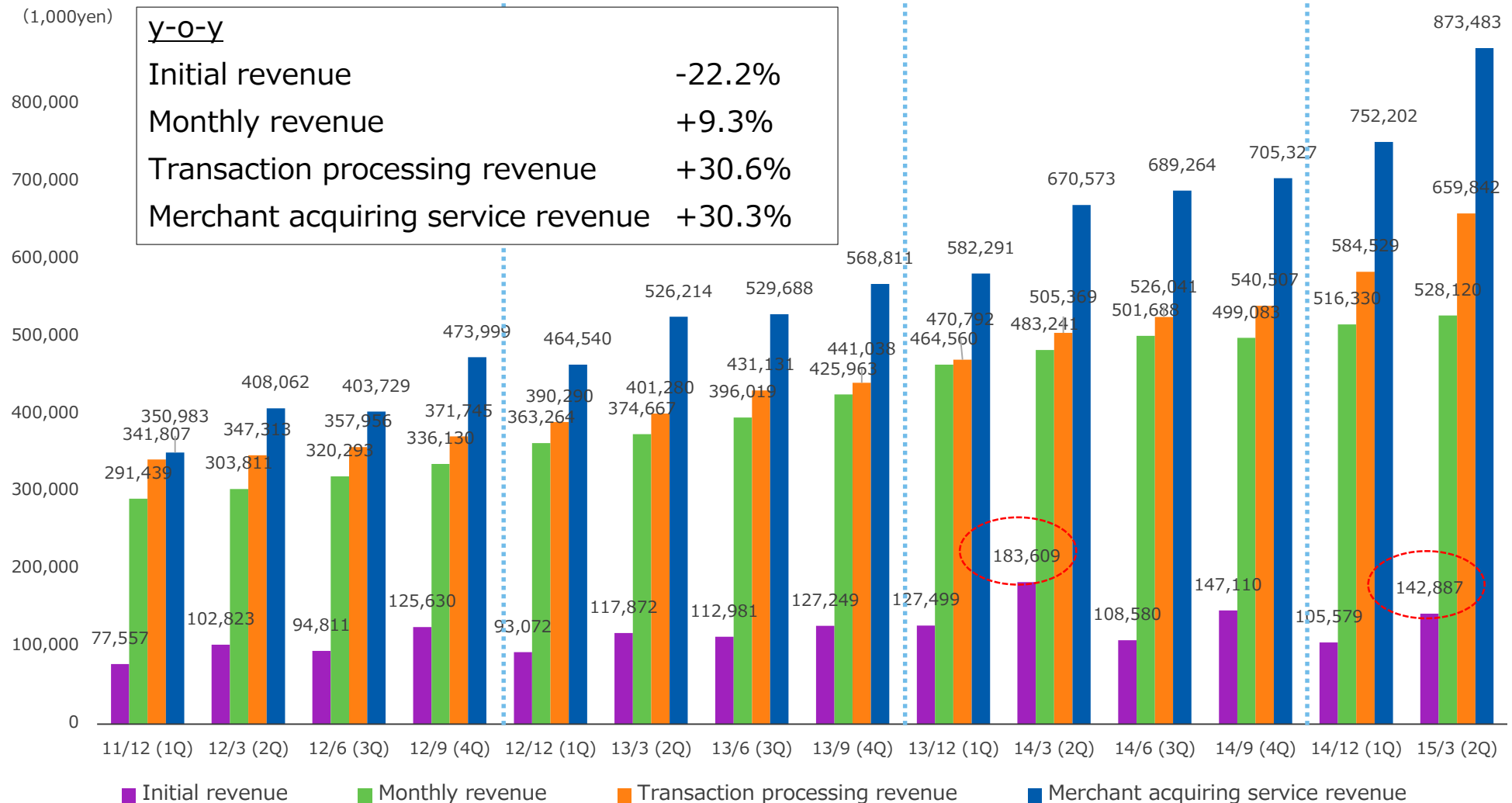
Increase in investment securities and investments in other securities of subsidiaries and affiliates

(Million yen)	Results for 2Q, FY2015	Results for 2Q, FY2014	Change
Current liabilities	24,470	17,223	7,247
Deposits	22,166	15,731	6,435
Other current liabilities	2,303	1,492	811
Non-current liabilities	177	167	10
Shareholders' equity	7,150	5,927	1,222
Valuation and translation adjustments	110	32	77
Subscription rights to shares	2	4	△1
Total net assets	7,264	5,965	1,299
Total of liabilities and net assets	31,912	23,355	8,557

Deposits by merchants through representative merchant service
*Discrepancy occurs with the pace of merchants' sales growth due to change in merchants' cutoff date and payment cycle

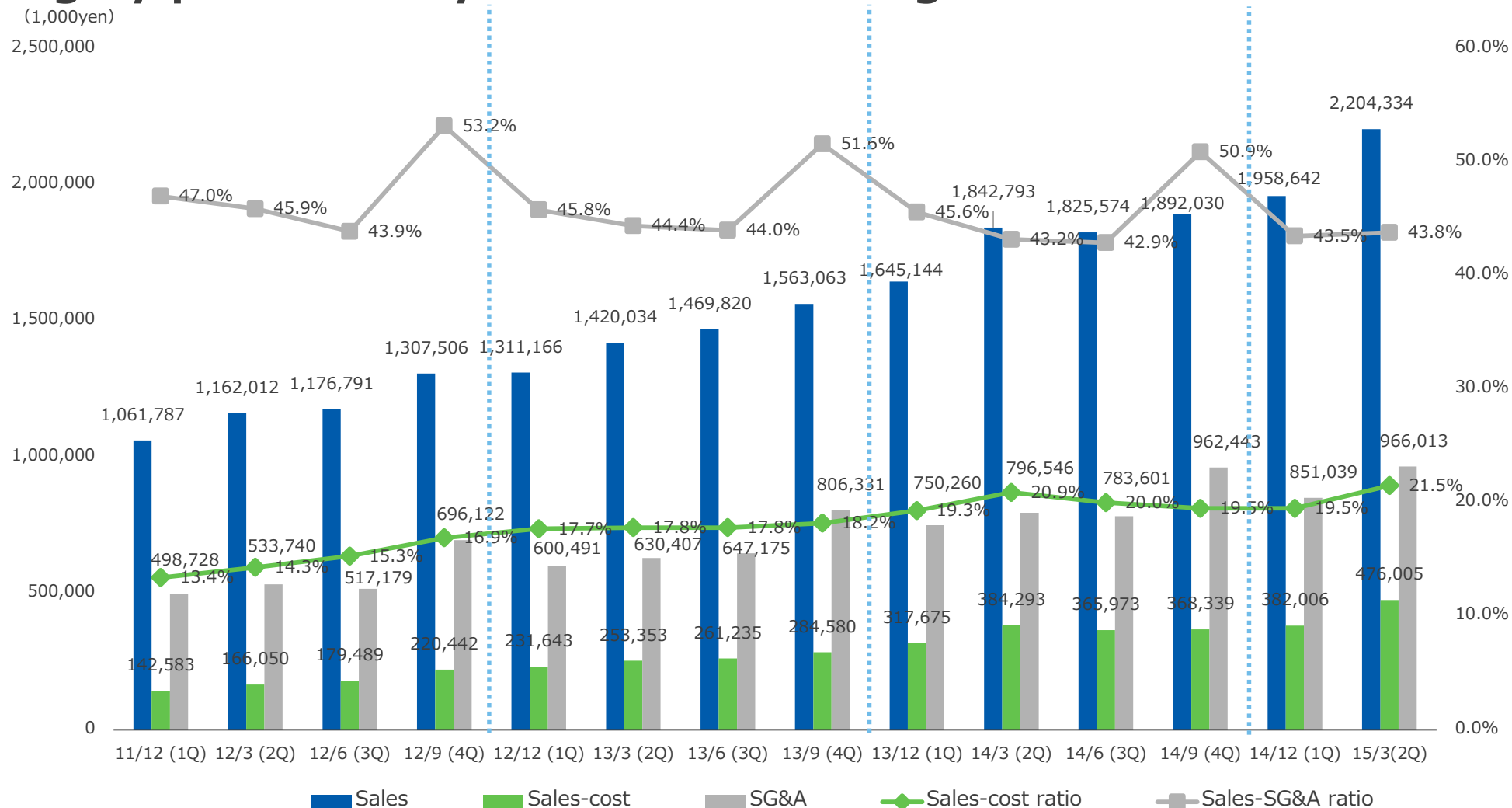
3.3 Sales results for each segment (Quarterly changes)

Transaction processing revenue and merchant acquiring service revenue are in good shape. Initial revenue down but just as planned



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

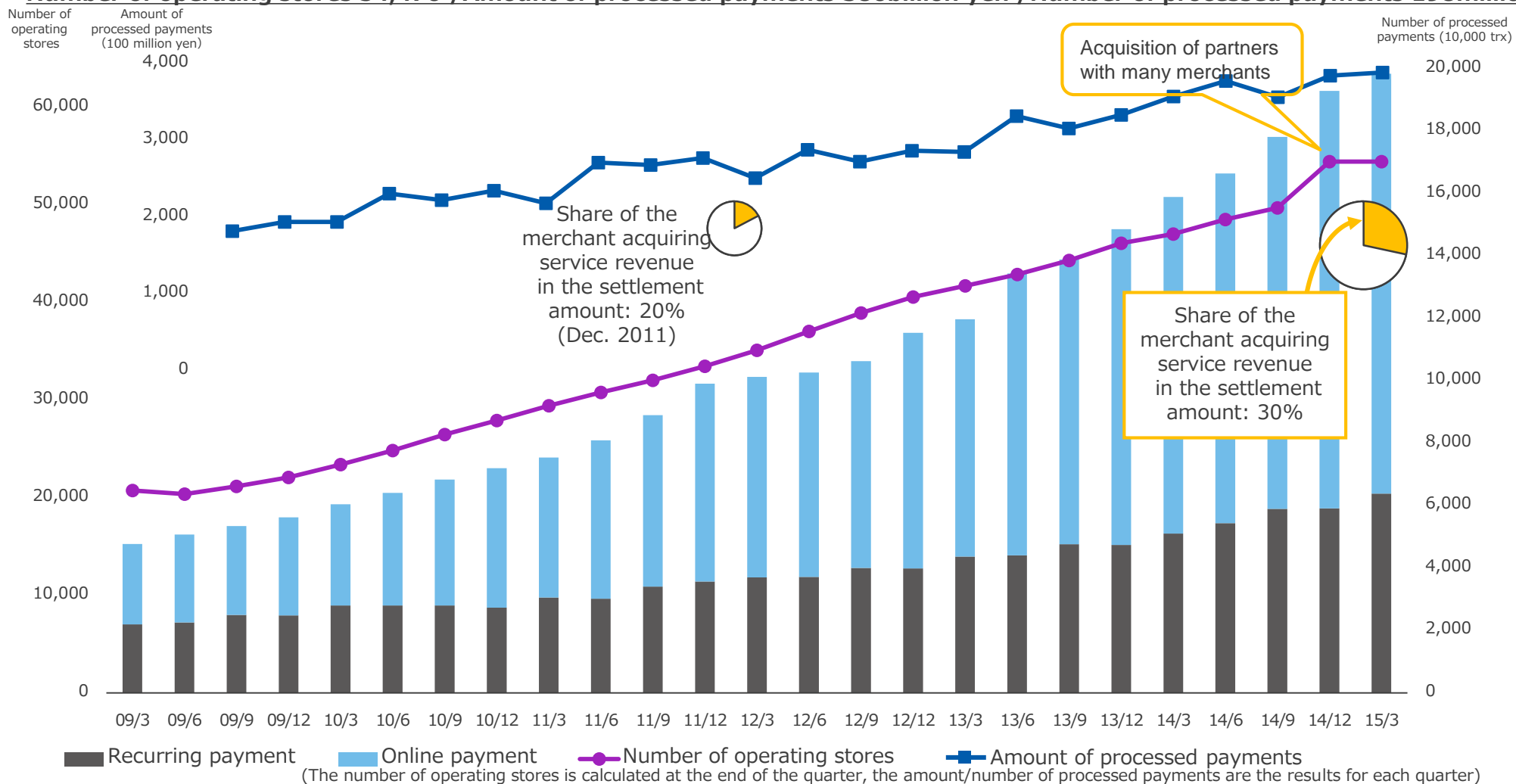
The sales-cost ratio increased due to the sales mix, but remain highly profitable by the various management measures



3.5 Transition of the major factors (Quarterly changes)

Number of operating stores not increased due to special factors of 1Q and 2Q

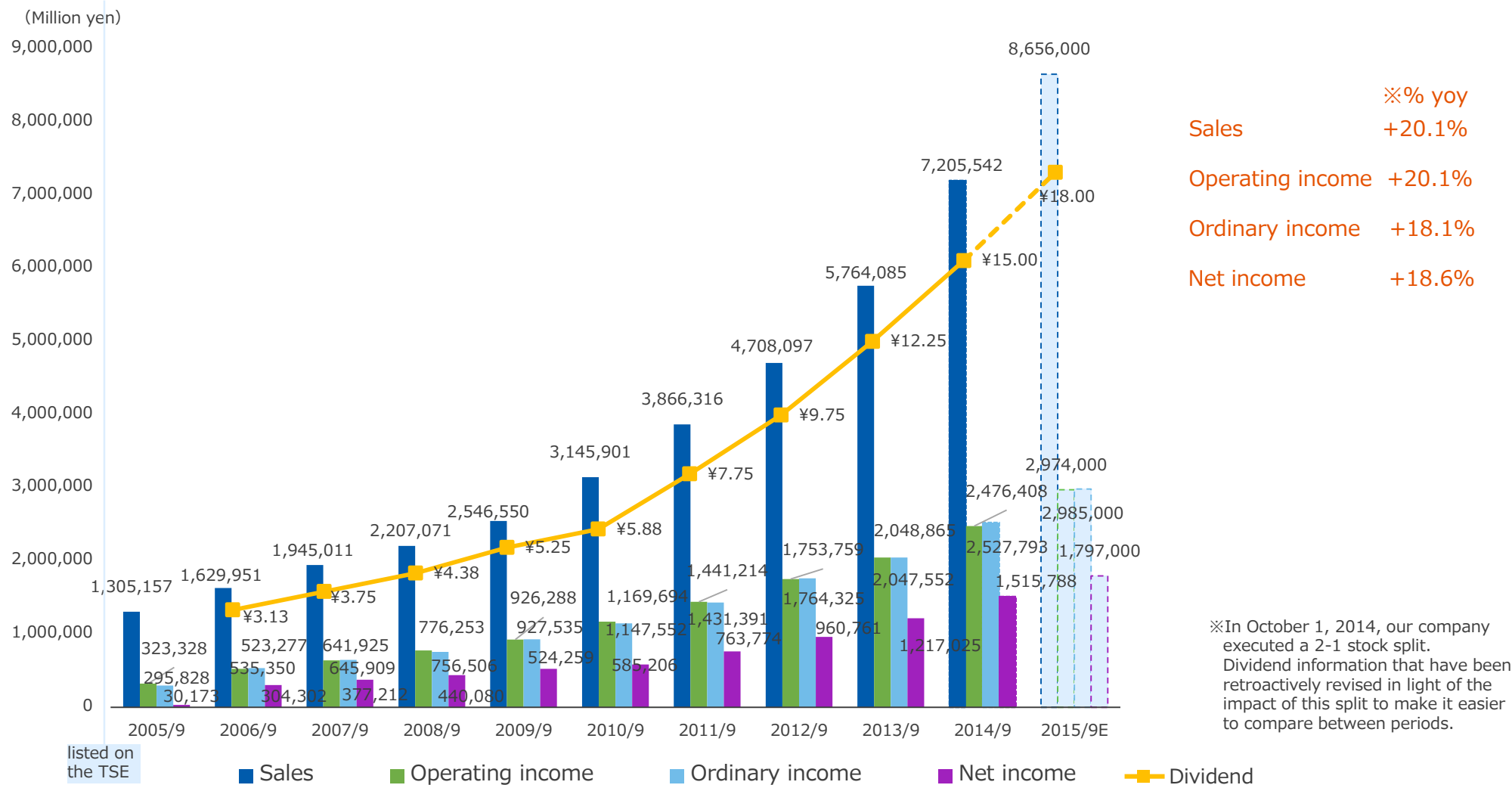
Number of operating stores 54,470 / Amount of processed payments 380billion yen / Number of processed payments 198million



4. Results forecast for the term ending September 2015

4.1 Summary of the consolidated results (Forecast)

Repeat operating income growth rate forecast of 20% as investment phase will still continue



Action plans to realize the balanced growth in all segments



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