



Business Results For 3Q Fiscal Year September 2013

August 1, 2013

SEPTENI HOLDINGS CO. LTD.

<http://www.septeni-holdings.co.jp/en/>

Securities Code: 4293



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* All data in this document are in units of million yen unless otherwise stated



1 ||| Quarterly Earnings Overview

3Q Consolidated Earnings Highlights (Apr-Jun)

Sales: ¥11,552 million (Up 11.4% yy)

Operating Income: ¥323 million (Up 4.2% yy)

Growth in both sales and profits, reached a record high level in 3Q

Internet Marketing Business sales and operating income rose 19% and 64% yy respectively, achieved high growth

Media Contents Business sales and profits declined due to pre-harvest season of new title releases of social games business, and increase in anticipatory investments for launch of “Manga Contents Business”.

Consolidated Income Statement (Apr-Jun)

	3Q FY9/13				3Q FY9/12	2Q FY9/13	3Q FY9/13 Estimate
	Value	Share	YY Change	QQ Change			
Sales	11,552	100.0%	+11.4%	-0.1%	10,365	11,566	11,500
Gross Income	2,178	18.9%	+0.1%	-1.1%	2,176	2,202	—
SG&A	1,854	16.1%	-0.6%	+7.7%	1,865	1,722	—
Operating Income	323	2.8%	+4.2%	-32.5%	310	479	290
Ordinary Income	342	3.0%	+5.7%	-36.8%	324	542	300
Net Income	174	1.5%	+0.5%	-68.3%	173	549	170

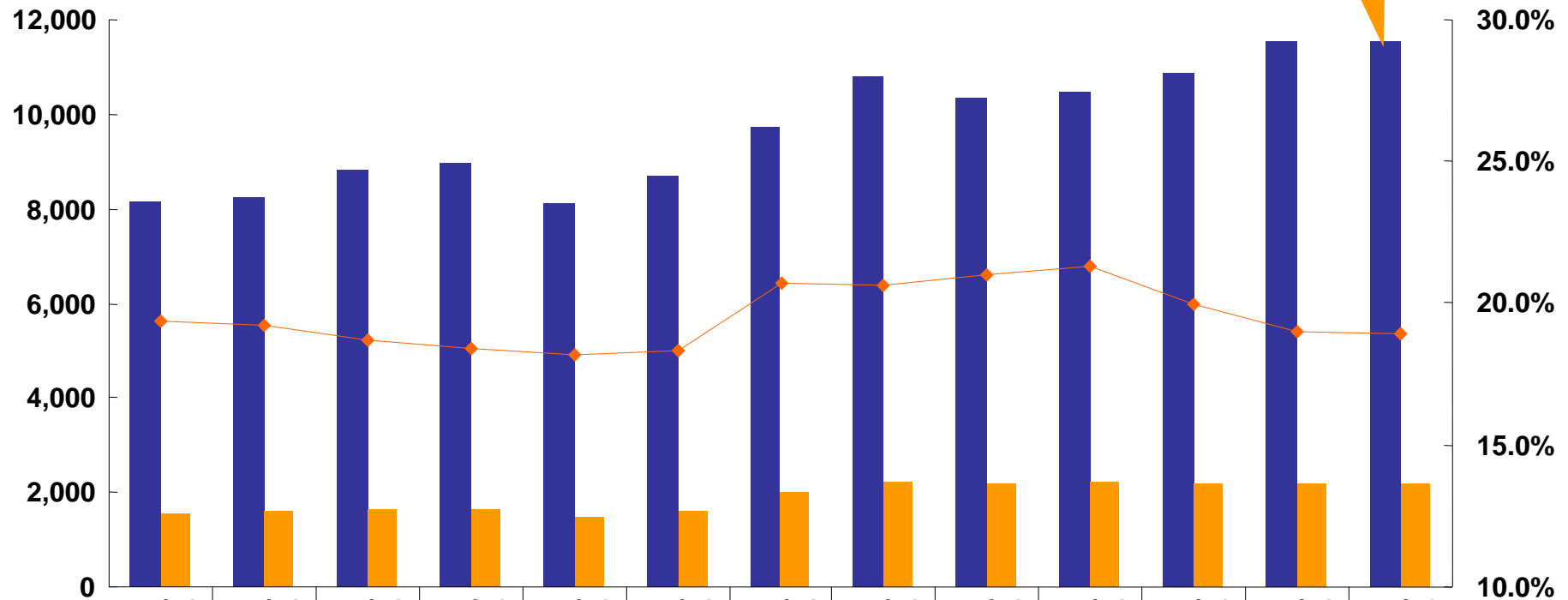
Continued strong growth of Internet Marketing Business made up for declines in Media Contents and Commerce* Businesses and secured **double digit sales growth** and **higher profits** year-over-year

SG&A expenses, primarily labor costs, rose by ¥131 million quarter-over-quarter due in part to hiring of 85 new graduate employees

* Retreated from commerce business in 1Q FY9/13

Trend in Quarterly Consolidated Earnings

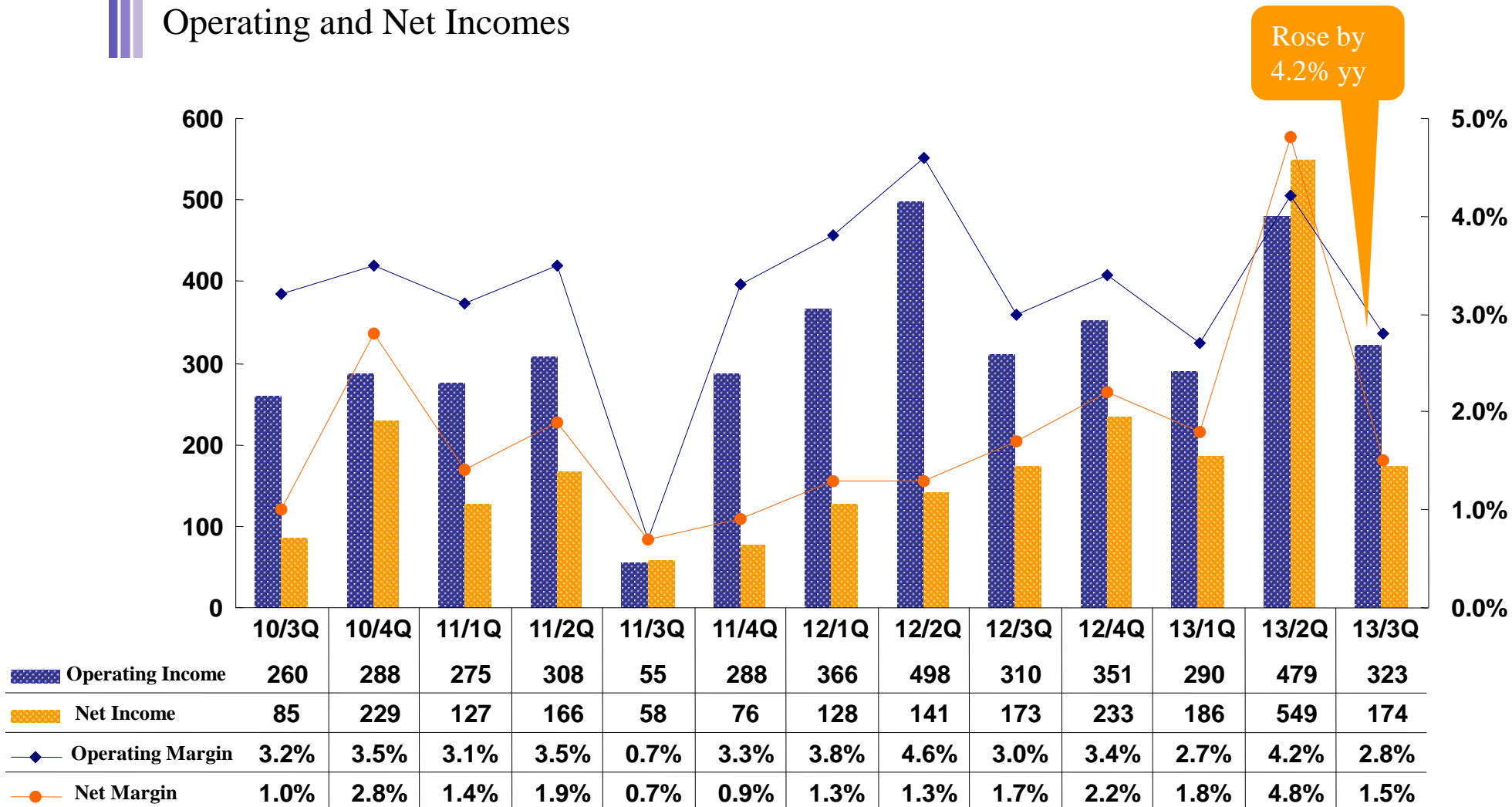
Sales, Gross Income



	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q	11/4Q	12/1Q	12/2Q	12/3Q	12/4Q	13/1Q	13/2Q	13/3Q
Sales	8,148	8,262	8,832	8,953	8,136	8,709	9,710	10,803	10,365	10,478	10,891	11,566	11,552
Gross Income	1,581	1,587	1,651	1,643	1,483	1,593	2,006	2,221	2,176	2,228	2,178	2,202	2,178
Gross Margin	19.4%	19.2%	18.7%	18.4%	18.2%	18.3%	20.7%	20.6%	21.0%	21.3%	20.0%	19.0%	18.9%

Trend in Quarterly Consolidated Earnings

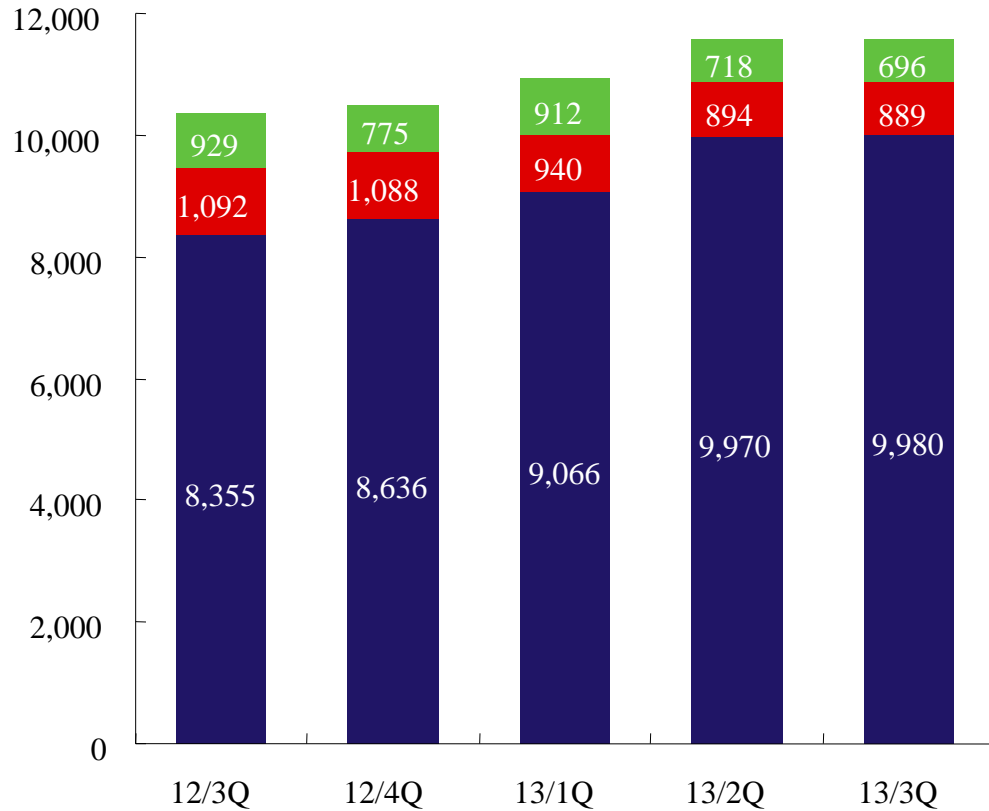
Operating and Net Incomes



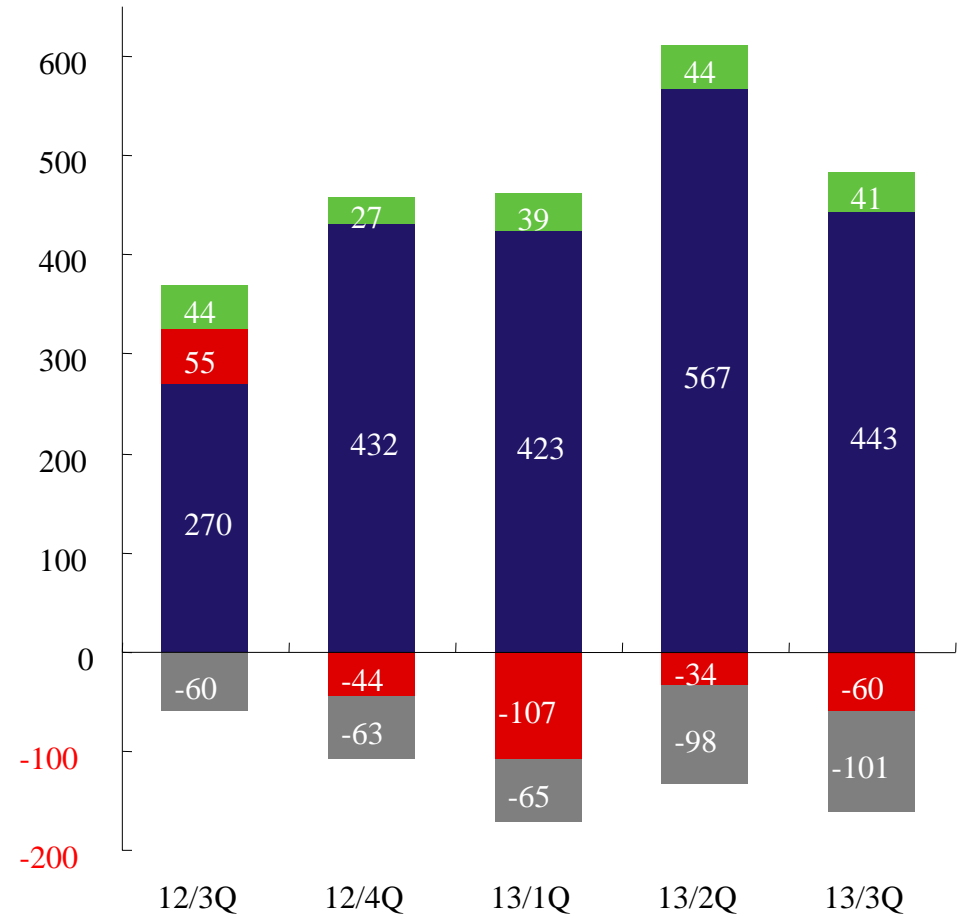
Rose by 4.2% yy

Earnings By Business Segment

Sales



Operating Income



Internet Marketing

Media Contents

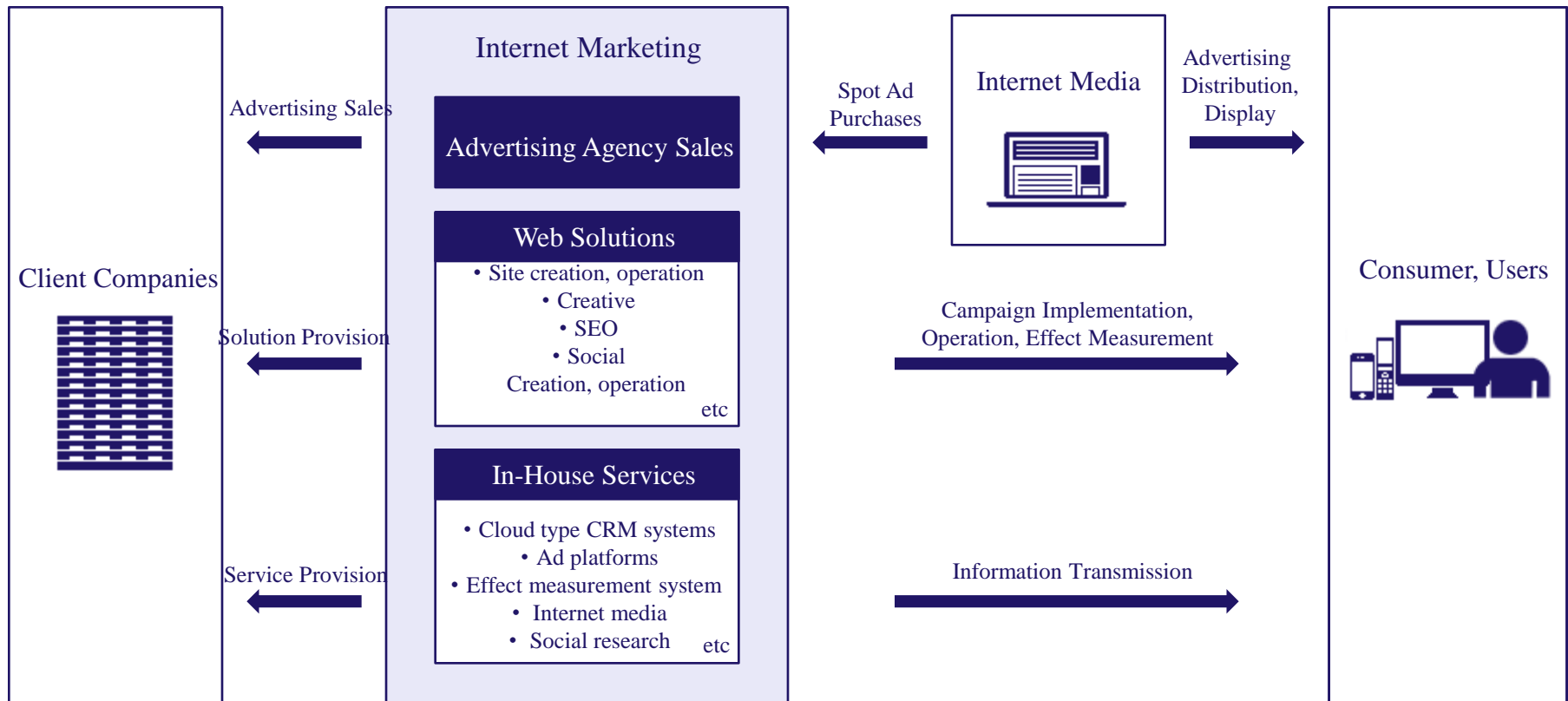
Others

Adjustments (Company wide expenses)

Internet Marketing Business Overview

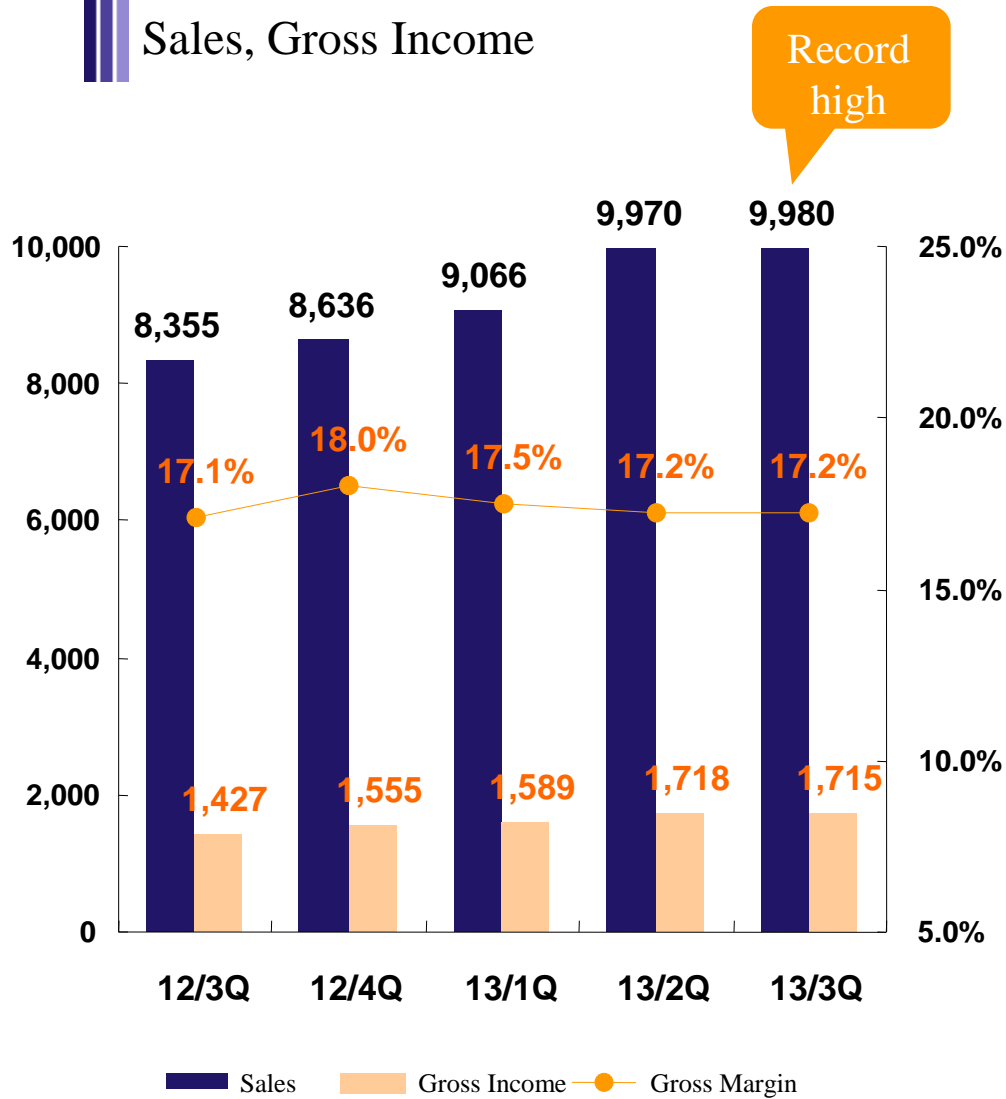
Comprehensive **marketing support services** provided to corporations leveraging the Internet.

Providing a wide range of web solutions including sales of Internet advertising, and **in-house services** including marketing platforms for ad network and operation of cloud type CRM services.

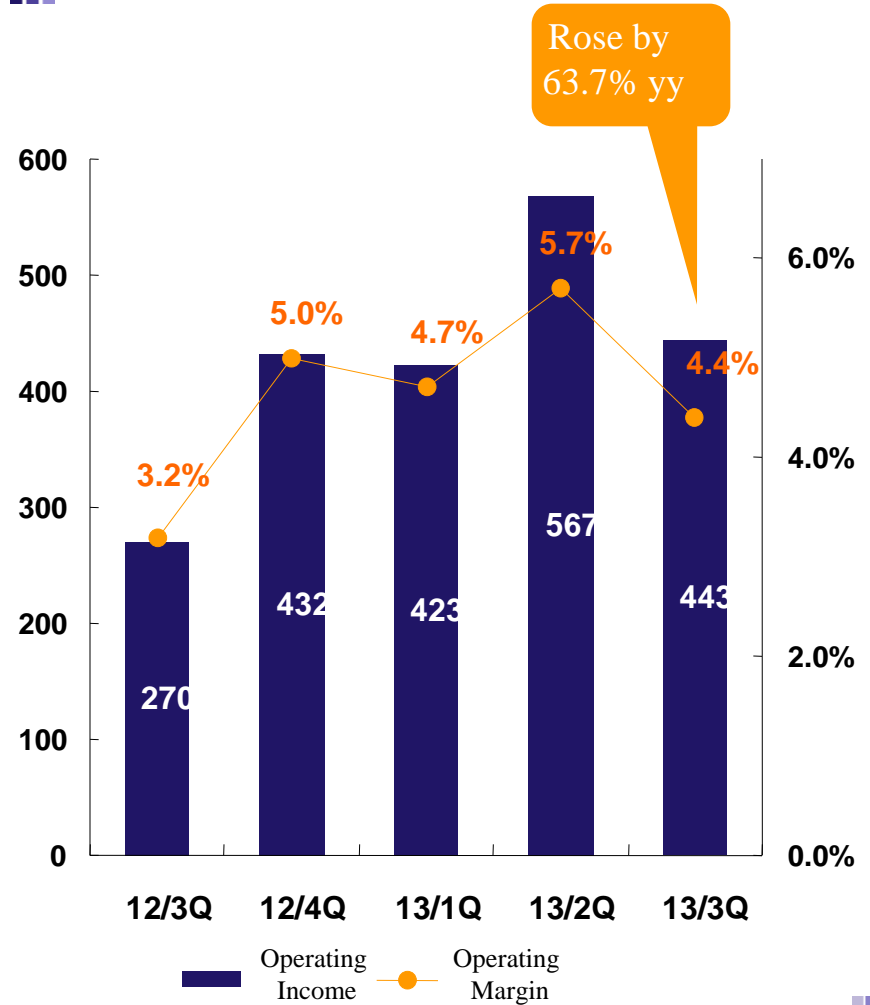


Internet Marketing Business Quarterly Earnings Trend

Sales, Gross Income



Operating Income



Internet Marketing Business Conditions

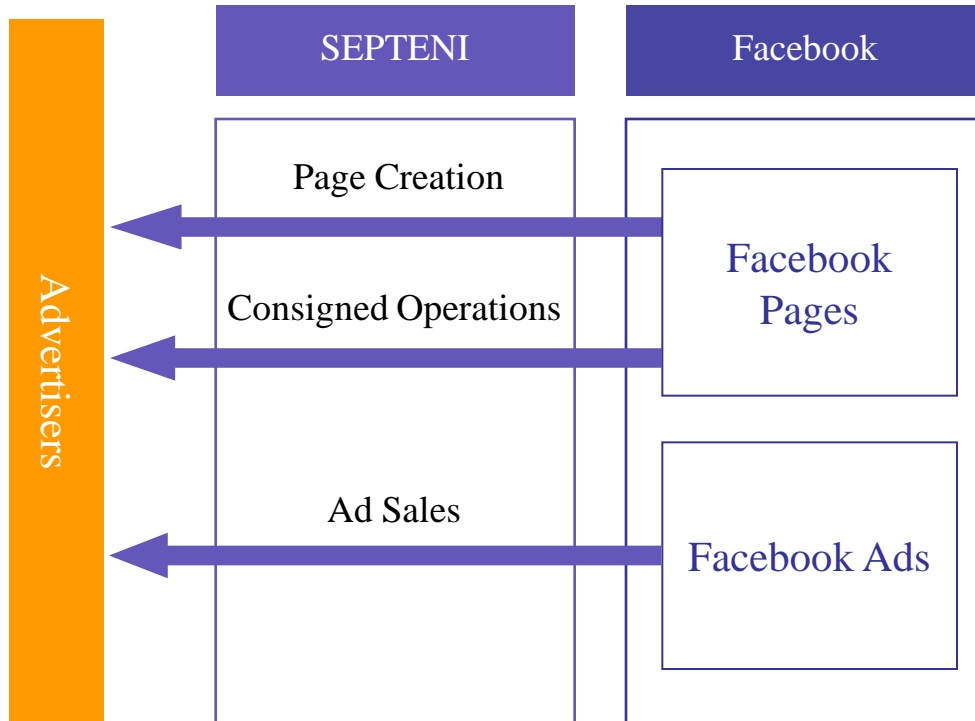
3Q FY9/13 Earnings

	Value	YY Change	QQ Change
Sales	9,980	+19.4%	+0.1%
Gross Income	1,715	+20.2%	-0.2%
Gross Margin	17.2%	+0.1pt	-0.0pt
SG&A	1,271	+10.0%	+10.6%
Operating Income	443	+63.7%	-21.9%
Operating Margin	4.4%	+1.2pt	-1.3pt

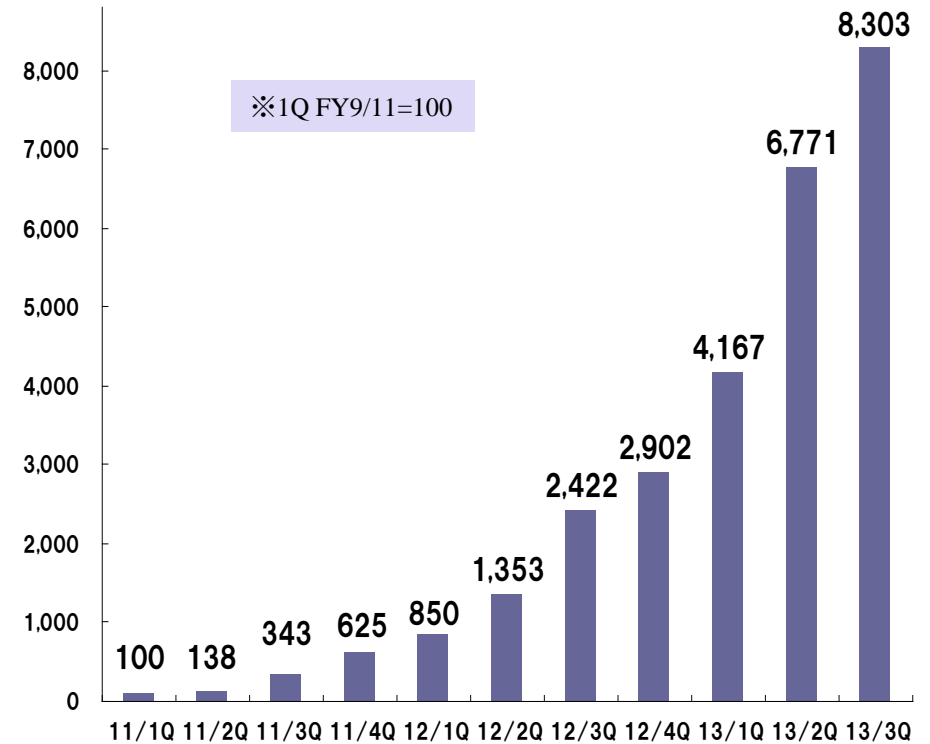
Comments on Business Conditions

- Sales reached a new record high exceeding the previous quarter due to improved business sentiment and strong Internet advertising demand compared to the same period during the previous year.
- Higher sales covered increases in SG&A expense due to the hiring of about 60 new graduate employees, and operating income rose by a large 63.7% year-over-year
- Focused realm of Facebook related and smartphone advertising services contributed to continued strong growth

Key Business Focus: Facebook Related Services



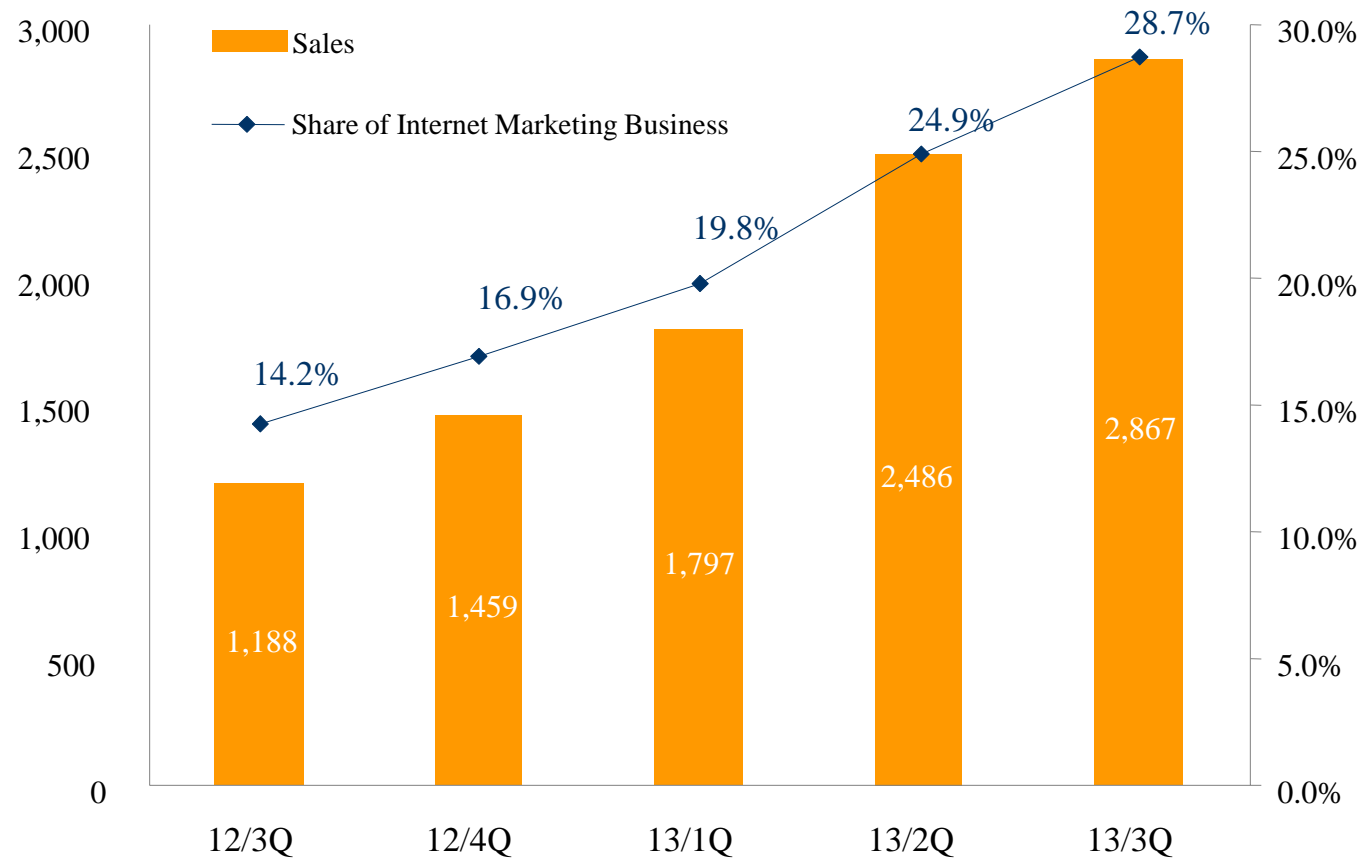
Facebook Related Sales Trend



Sales rose by approx. 3.4 times yy, approx. 1.2 times qq, continued high growth

Mobile handset (Smartphones) advertising ratio increased

Key Business Focus: Smartphone Advertising



||| Sales rose approx. 2.4 times yy

||| Share of advertising excluding listing advertising increased

Media Contents Business Overview

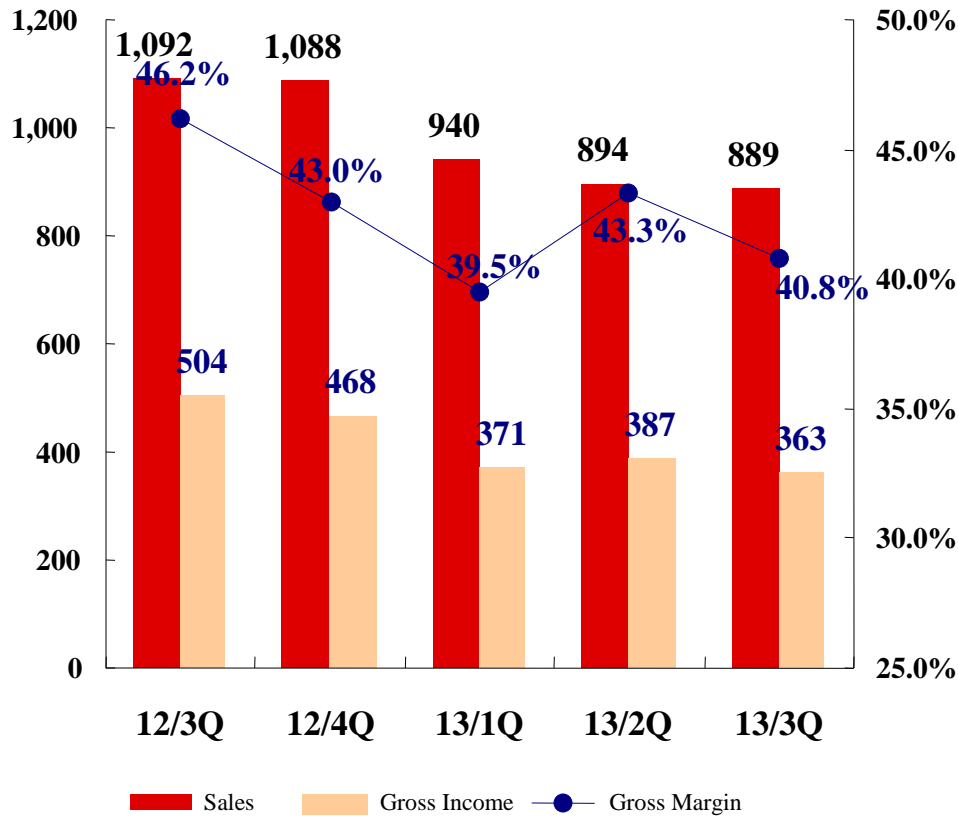
Planning, development of various digital contents including social games for smartphones and conventional feature phones, provision of various platforms to users including SNS and cellular service carriers. Also operations for mobile media.



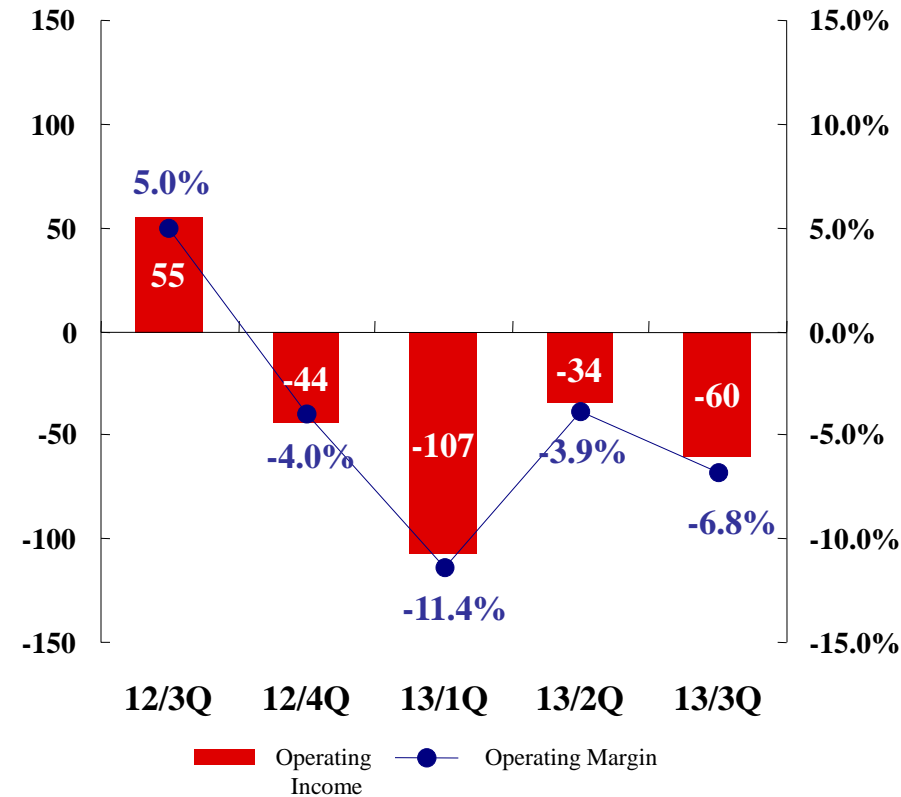
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Media Contents Business Quarterly Earnings Trends

Sales, Gross Income



Operating Income



Media Contents Business Overview

3Q FY9/13 Earnings

	Value	YY Change	QQ Change
Sales	889	-18.5%	-0.5%
Gross Income	363	-28.0%	-6.2%
Gross Margin	40.8%	-5.4pt	-2.5pt
SG&A	423	-5.8%	+0.4%
Operating Income	-60	(-115)	(-25)
Operating Margin	-6.8%	-11.8pt	-2.9pt

Comments on Business Conditions



- Social game business encountered drop-off period for new title releases, and only 2 new titles launched, of which 1 is an in-house original title
- AXEL MARK secured growth in both sales and profits quarter-over-quarter.
- Launched “Manga Contents Business” as a new business.

The Operating loss arising from anticipatory investments for new business development amounted to ¥47 million.

Social Games: Track Record

Sales Trend in Main Titles Provided

1 in-house original title released and 3 titles discontinued in 3Q

Providing Company	Platform	Title	12/1Q	12/2Q	12/3Q	12/4Q	13/1Q	13/2Q	13/3Q	
 AXEL MARK AXEL MARK INC.	Mobage	Kingdom Chronicle	→	→	→	→	→	→	→	
		Osama (King) Game	→	→	→	→	→	→	→	
		Region of the Sky	→	→	→	→	→	→	→	
		Tales of the Kingdoms						→	→	→
		KING'S GAME Team Battle							→	→
	mixi Game	KING'S GAME Team Battle							→	
 CYTECH Cytech, Inc.	GREE	Valkyrie of Darkness						→	→	
		AKB0048 GALAXY CINDERELLA (NAMCO BANDAI Games Inc)							→	→
Sales (¥mn)			350	563	593	639	519	487	455	

Social Games: New Titles (4Q)

- ||| A large adapted title and the first native application are expected to be released from AXEL MARK

“Bikkuriman Collectors Battle”

- ||| Browser game (Mobage)
- ||| Expected to be released in September 2013
(Pre-registration being accepted)



(C)LOTTE/Bikkuriman Project
(C)AXELMARK/Nippon Ichi Software/DeNA

“Traitorous Ciel Arc”

- ||| Native application
- ||| Expected to be released in 4Q 2013



Published by SEGA/ Developed by AXELMARK

Manga Contents Business Launched

||| Aim to plan, develop for **in-house IP(Intellectual Property)**, primarily “Manga”, while cultivate, discover comic “Manga” artists, and operate specialized site

||| Company called “COMICSMART” established

→ 100% Owned Subsidiary

President Sato takes on responsibility as President of this company



||| Manga Artist Cultivation, Support

Provide a specialized studio within our offices to provide full support of creative activities of Manga artists



||| Manga Distribution Platform

“Manga ★ Get” manga posting platform with over 5,000 Manga artists, about 920,000 registered members, taken over from Spicysoft Corporation





2 ||| 1-3Q FY9/13 Earnings Results,
4Q (Full Year) Estimates

Consolidated Income Statement (Oct to Jun)

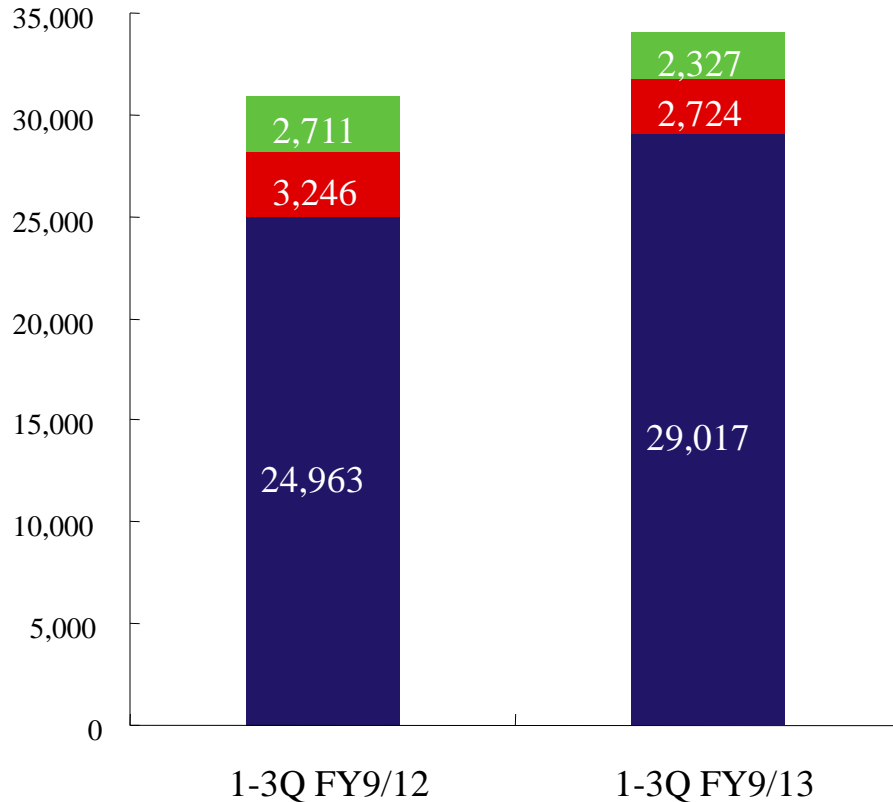
	1-3Q FY9/13			1-3Q FY9/12		1-3Q FY9/13 Estimates	
	Value	Share	YY Change	Value	Share	Value	Share
Sales	34,010	100.0%	+10.1%	30,879	100.0%	33,958	100.0%
Gross Income	6,558	19.3%	+2.4%	6,404	20.7%	—	—
SG&A	5,464	16.1%	+4.5%	5,228	16.9%	—	—
Operating Income	1,094	3.2%	-7.0%	1,175	3.8%	1,060	3.1%
Ordinary Income	1,222	3.6%	-2.6%	1,255	4.1%	1,180	3.5%
Net Income	910	2.7%	+105.4%	443	1.4%	906	2.7%

||| Sales and operating, ordinary, and net incomes all exceeded earnings estimates

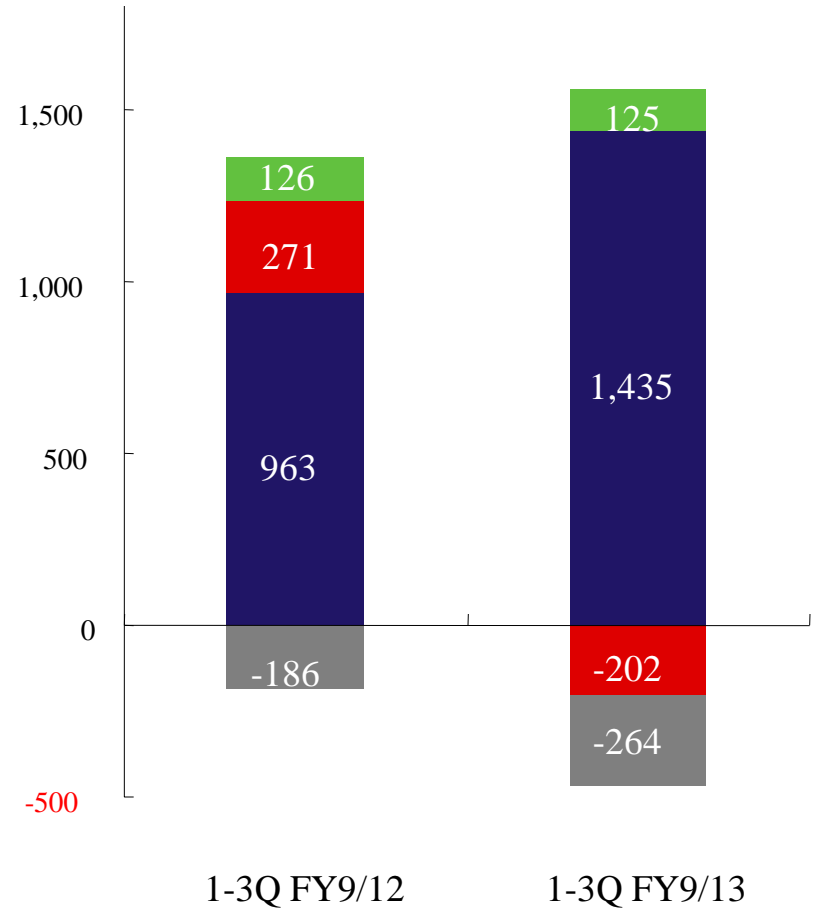
||| Net income rose by a large margin due to ¥313 million in extraordinary income in 2Q derived from sale of Group company shares

Business Segment Earnings (Oct to Jun)

Sales



Operating Income



Internet Marketing

Media Contents

Others

Adjustments (Company Wide Expenses)

4Q (Full Year) FY9/13 Consolidated Earnings Estimates

	FY9/12	FY9/13		FY9/13 Est.	YY Change
		1-3Q FY9/13	4Q FY9/13 Est.		
Sales	41,358	34,010	11,800	45,810	+10.8%
Operating Income	1,527	1,094	480	1,574	+3.0%
Ordinary Income	1,638	1,222	490	1,712	+4.5%
Net Income	677	910	280	1,190	+75.7%

- ||| Internet Marketing Business is expected to see growth in both sales and profits
- ||| In the 4Q, release of new social game titles expected to allow Media Contents Business sales to rise and the margin of loss to contract compared with 3Q
- ||| Consolidated operating income is expected to rise this full year as well as 4Q
- ||| We expect to report review of our midterm business plan at our 4Q (full-year) results briefing

Dividend Estimates and Stock Split

Dividend Estimates

	FY 9/12	FY 9/13 Est.
Dividend Per Share	¥1,000	¥1,400
Total Dividend Payment	¥125 million	¥176 million

||| **Increase in dividend** expected for the first time in 3 terms due to growth in net income

Stock Split

||| Adoption of unit share system (1 trading lot = 100 shares) and **1:200** stock split expected to be implemented to increase liquidity of shares (Shareholder registry date September 30)

||| The effective investment unit is one-half after the stock split is considered

Thank you very much for your interest!



Contact Information

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All estimates, opinions and plans provided in this document are based on the best information available at the time of the creation of this document on August 1, 2013 and we do not guarantee their accuracy. Therefore our actual results may differ due to various unforeseen risk factors and changes in global economies.



3 Appendix

Company Overview

As of June 30, 2013

Company Name	SEPTENI HOLDINGS CO., LTD.
Representative	President and Representative Director Koki Sato
Headquarters	Sumitomo Fudosan Shinjuku Grand Tower 28 th Floor, 8-17-1 Nishishinjuku, Shinjuku-ku, Tokyo
Stock Code	4293 (JASDAQ)
Business Realm	The holding company for a group of companies conducting primarily Internet related and other businesses
Established	October 29, 1990
Capitalization	¥2,022 million
Shares Issued	134,969 shares (Including 8,923 treasury shares)
Consolidated Workforce	724 Full time employees, 834 Full time and contracted employees

Main Group Companies by Business Segment

Holding Company

SEPTENI HOLDINGS CO., LTD.

As of August 1, 2013

Internet Marketing Business

SEPTENI CO., LTD.	Internet Advertising
MANGO, Inc.	SEM Operation
Vasara Inc.	Internet Advertising
HighScore, Inc.	Social Media, Marketing Support
EAGLE i Co., Ltd.	Ad Network
Septeni Asia Pacific Pte. Ltd.	Internet Advertising for the Asia Pacific Region
Septeni America, Inc.	Internet Marketing in North America
SEPTENI TECHNOLOGY CO., LTD.	Web Service Development
SETPENI CROSSGATE CO., LTD.	Affiliate Network
ASP CO., LTD.	e-Marketing Solutions
Tricorn Corporation	CRM Services
TRIGGER INC.	Social Research

Media Contents Business

AXEL MARK INC.	Mobile Contents
Cytech, Inc.	Social Applications
COMICSMART Inc.	Manga Contents

Others

SEPTENI DIRECTMARKETING CO., LTD.	Direct Mail
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New Business Development

SEPTENI VENTURES Co., Ltd.

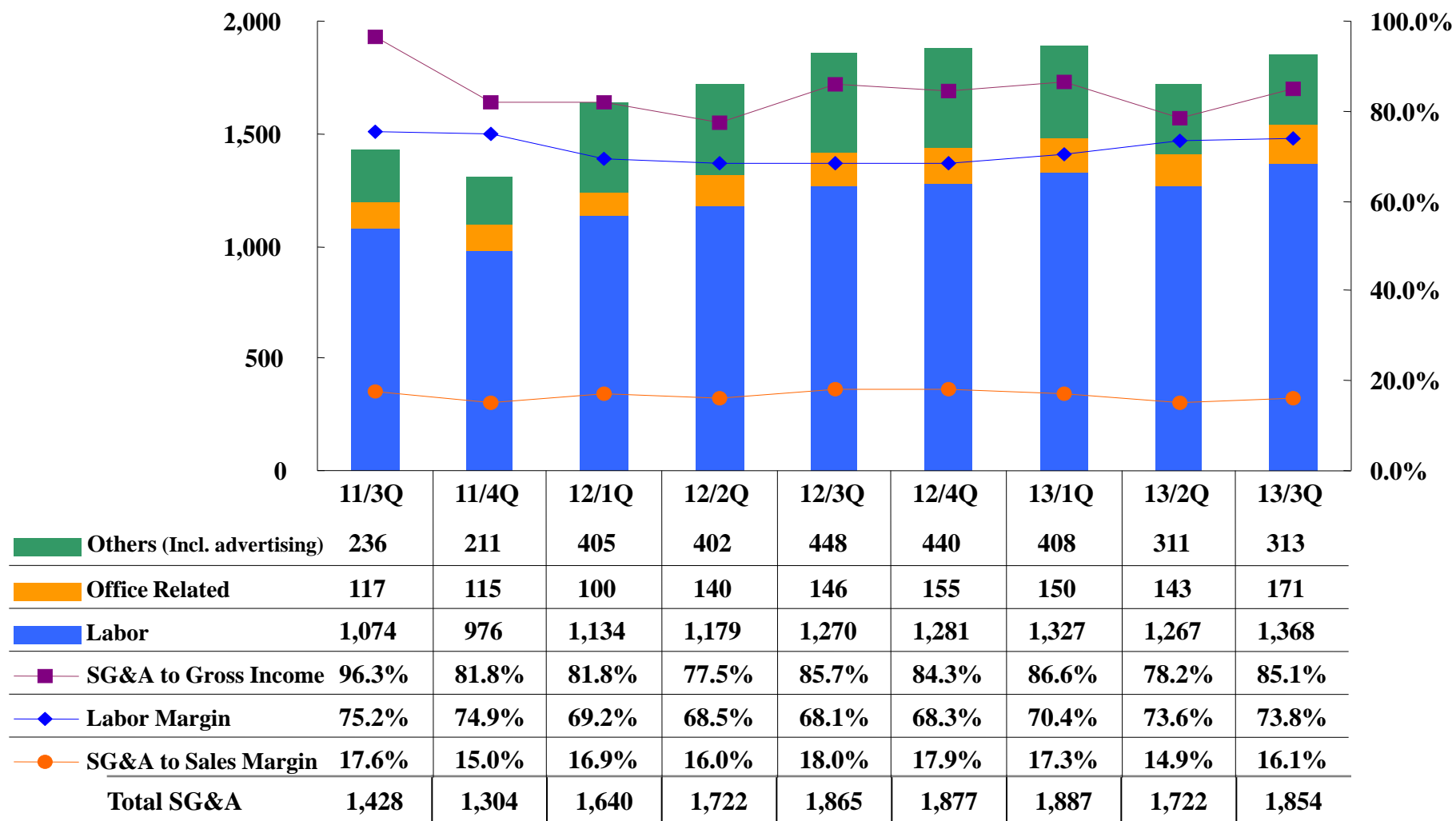
Consolidated Balance Sheet

	End 3Q FY9/13	End 2Q FY9/13	Change	Main Changes
Current Assets	12,526	12,700	-173	Cash, equivalents: +338 Notes, accounts receivable: -519
Fixed Assets	2,489	2,477	+11	
Total Assets	15,016	15,178	-161	
Current Liabilities	6,889	7,237	-347	Accounts payable: -170 Unpaid tax: -195
Fixed Liabilities	78	103	-25	Lease liabilities: -24
Total Liabilities	6,967	7,340	-373	
Total Net Assets	8,048	7,837	+211	Retained earnings: +174
Total Liabilities, Net Assets	15,016	15,178	-161	

Consolidated Cash Flow

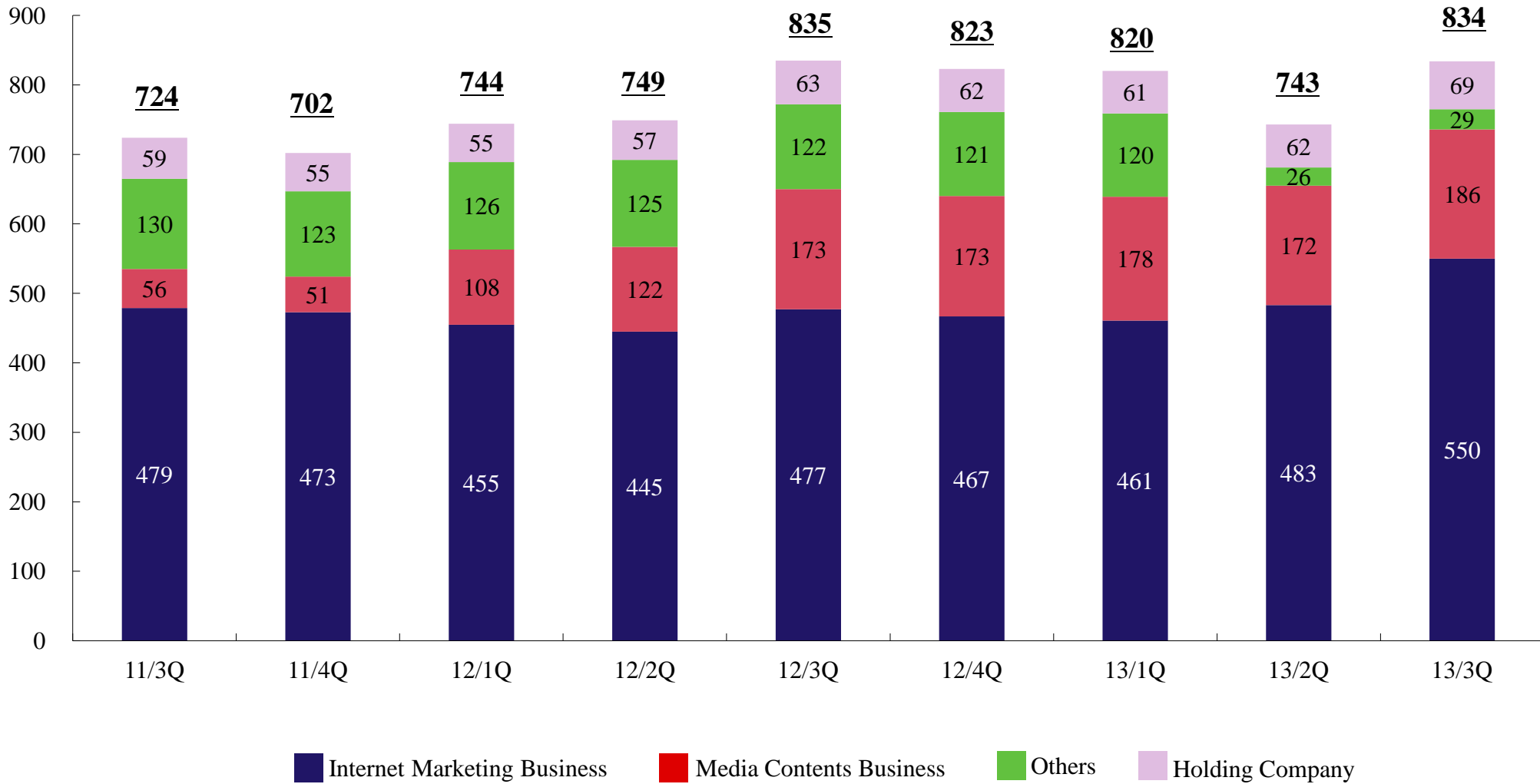
	3Q FY9/13 (Apr-Jun)	Main Changes	3Q FY9/12 (Apr-Jun)
Cash Flow from Operating Activities	437	Net income before taxes: +338 Change in accounts receivables: +519 Payment for income taxes: -377	177
Cash Flow from Investing Activities	-64	Acquisition of intangible assets: -28	-137
Cash Flow from Financing Activities	-42	Change in debt: -40	67
Translation Gains on Cash and Equivalents	6		-1
Change in Cash and Equivalents	338		105
Cash and Equivalents at Term End	6,100		5,255

Consolidated SG&A Expense Trend



SEPTENI Group Work Force Number Trend

(Units: People)



※ 3Q-4Q FY9/11 business division data adjusted to reflect new business division definitions