



# Results Briefing for the Second Quarter of the Year Ending September 30, 2005

**May 13, 2005**

**CYBER AGENT, LTD.**

**<http://www.cyberagent.co.jp/>**

The opinions and forecasts contained within this document are the decisions of CYBER AGENT, LTD. at the time the document was prepared and do not guarantee the accuracy of the information. Please understand that these may greatly differ from actual performance and results due to changes in a variety of factors.

# Table of Contents

- Overview of Second Quarter Consolidated Financial Results
- Upward revision of forecasted performance
- CAJJ Program
- Business Model
- Media Business (CA Network)
- Advertising Business (Internet Advertising Headquarters)
- Medium- to Long-Term Outlook

## Reference Materials

Company Overview

Overview of Consolidated Interim Results

Compliance with the Personal Information Protection Act



**Overview of Second Quarter Consolidated  
Financial Results  
January – March 2005**



**CyberAgent**

# Highlights From Second Quarter of Year Ending September 2005

**Advertising demand won over to achieve record revenue of 10,118 million yen (17.9% increase from first quarter)**

**Record earnings of 506 million yen posted for operating income (104.9% increase from first quarter)**

**CAJJ Program: Financial business promoted from J2 to J1 and 3 businesses such as publishing promoted from J3 to J2 (as of March 31)**

**Number of employees at 1,040, an increase of 140 compared to December 31, 2004**

# Consolidated Financial Results Summary for Q2, Year to Sept. 2005: Profit and Loss Statement

	Jan-Mar 05	Oct-Dec 05	Change	Jan-Mar 04	Change
<b>Net sales (¥million)</b>	<b>10,118</b>	<b>8,582</b>	17.9%	6,334	59.7%
<b>Gross income from sales (¥million)</b>	<b>4,201</b>	<b>3,540</b>	18.7%	2,748	52.9%
<b>Gross margin (%)</b>	<b>41.5</b>	<b>41.3</b>	0.2points	43.4	-1.9points
<b>SG&amp;A (¥million)</b>	<b>3,695</b>	<b>3,292</b>	12.2%	2,266	63.1%
<b>SG&amp;A ratio (%)</b>	<b>36.5</b>	<b>38.4</b>	-1.9points	35.8	0.7points
<b>Operating income (¥million)</b>	<b>506</b>	<b>247</b>	104.9%	482	5.0%
<b>Operating profit margin (%)</b>	<b>5.0</b>	<b>2.9</b>	2.1points	7.6	-2.6points
<b>Ordinary income (¥million)</b>	<b>537</b>	<b>253</b>	112.3%	485	10.7%
<b>Net income (¥million)</b>	<b>1,238</b>	<b>576</b>	114.9%	1,882	-34.2%
<b>EPS (yen)</b>	<b>3,797.74</b>	<b>1,776.13</b>		11,712.21	

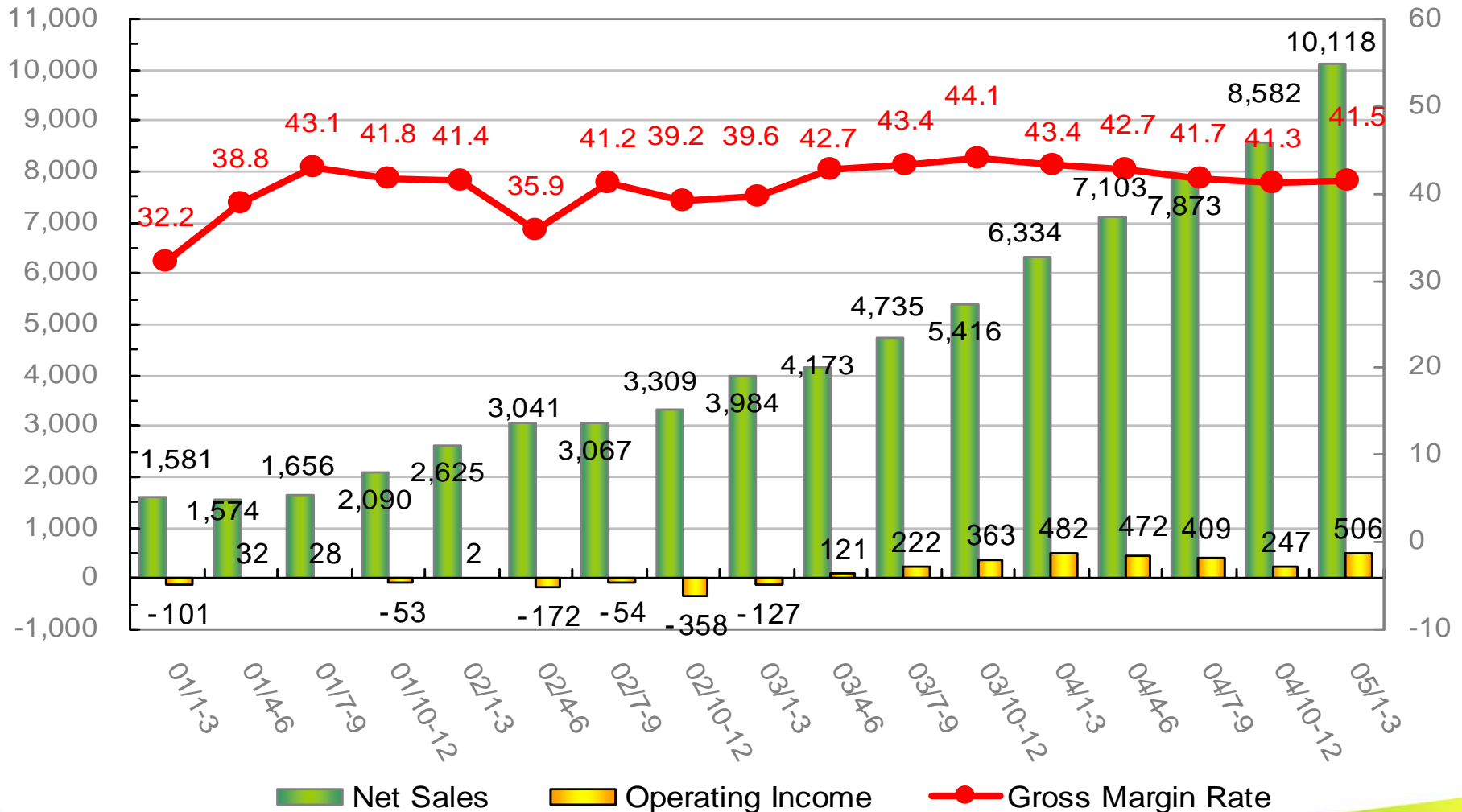
Note 1: EPS is calculated based on the average number of shares outstanding during each quarter (excluding treasury stock)

# Net Sales, Operating Income and Gross Margin Rate

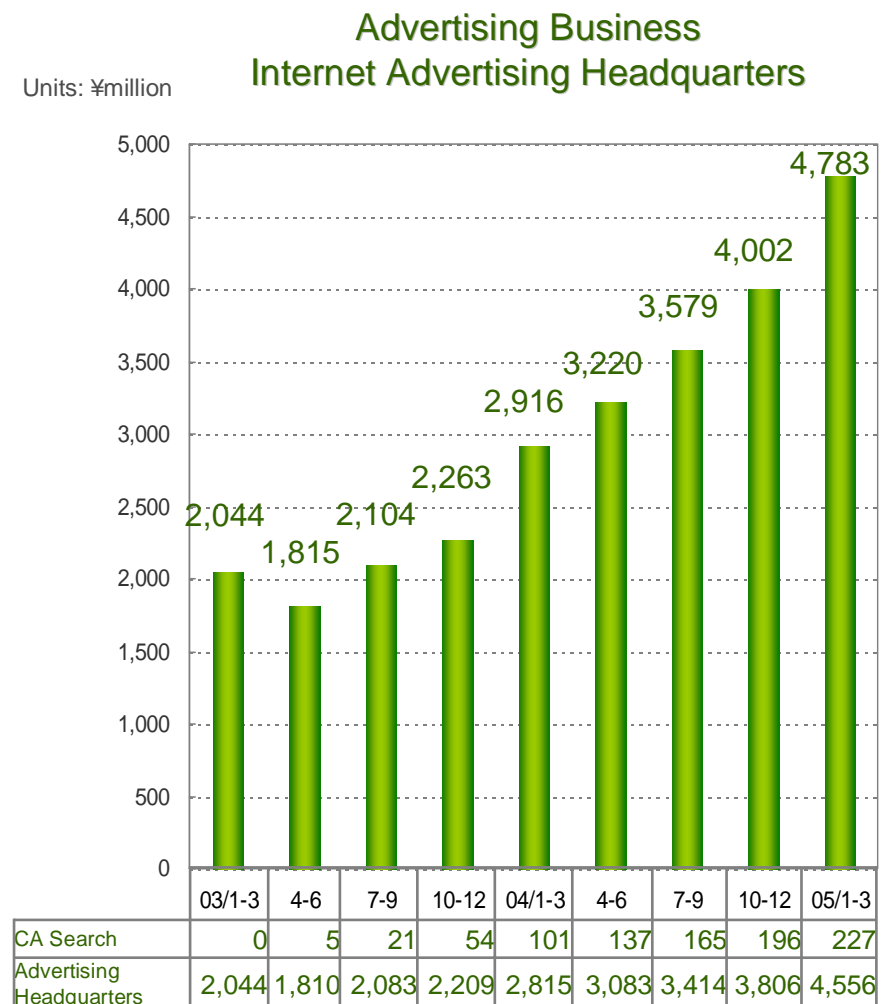
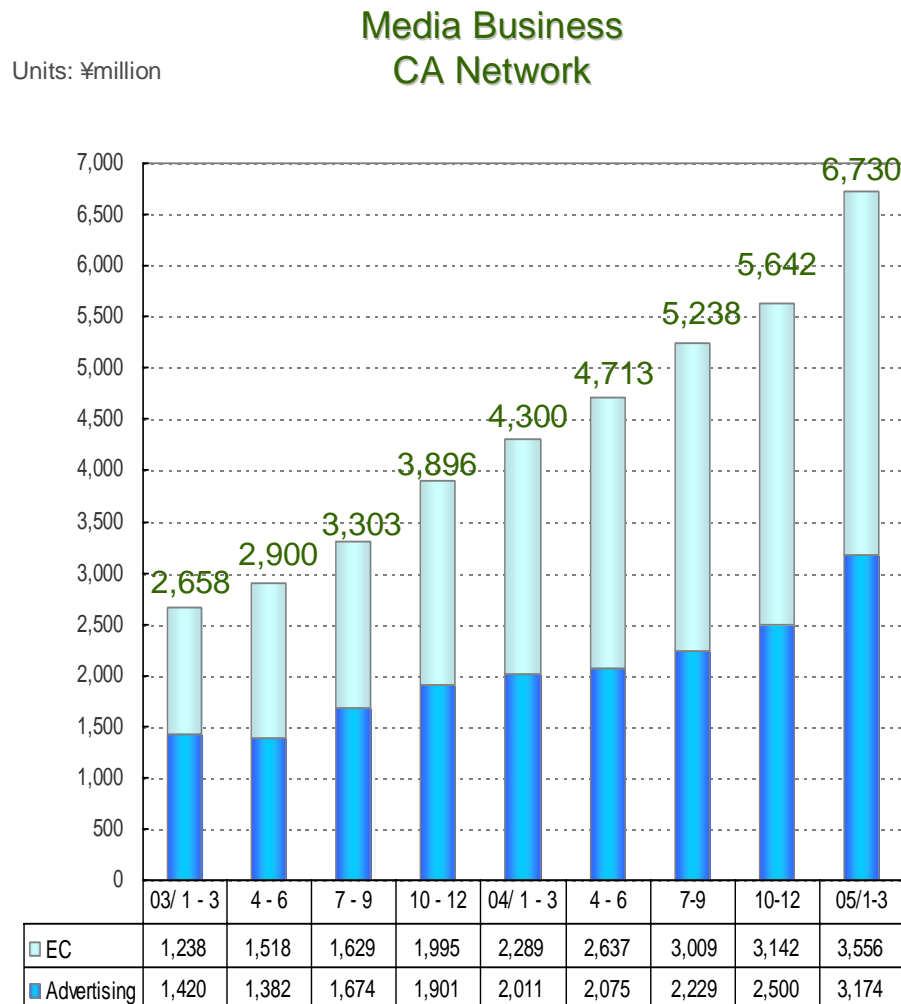
Consolidated net sales increased 17.9% quarter-on-quarter

Units: ¥million

Units: %



# Results by Business (Net Sales)

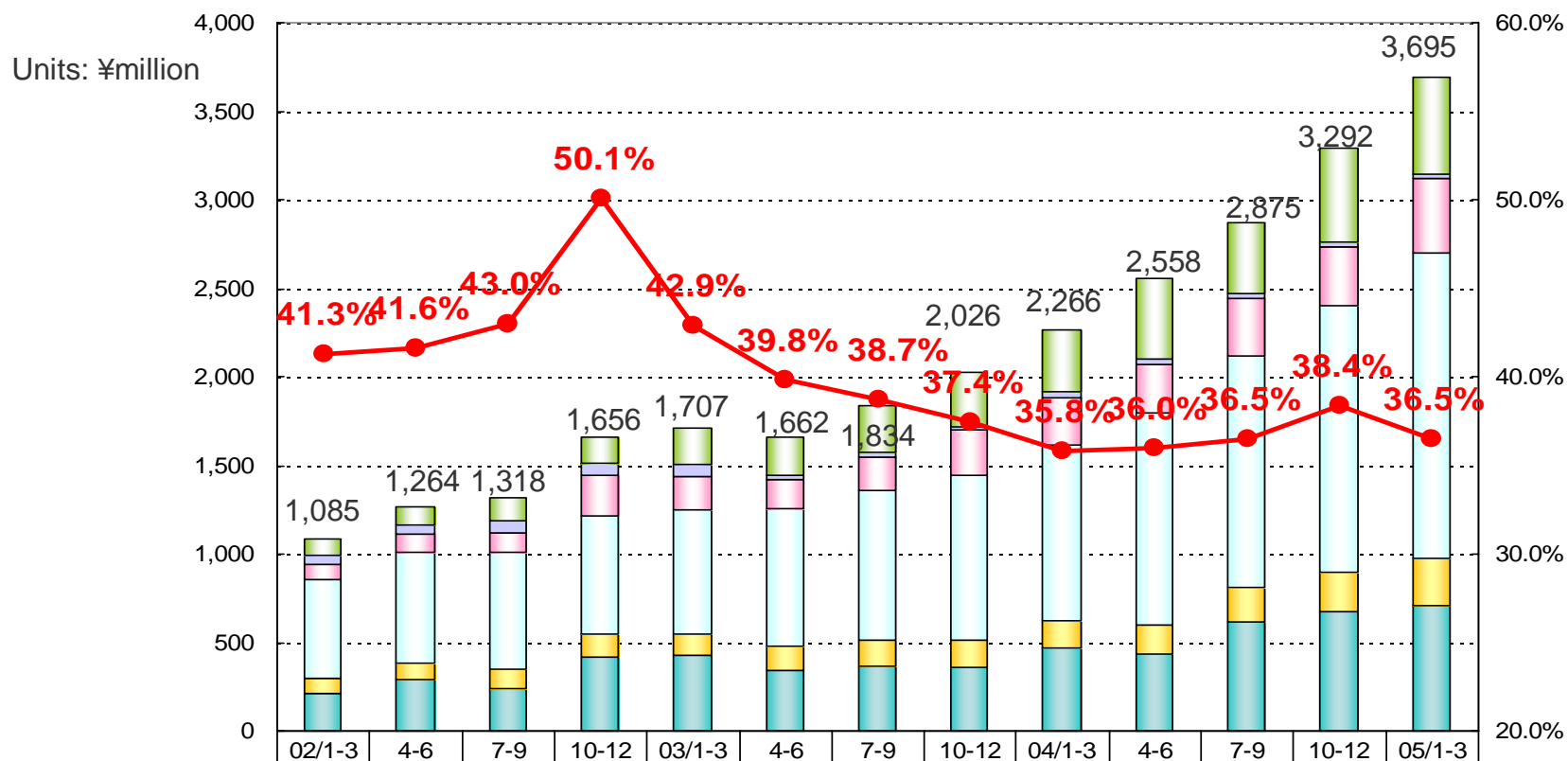


Note 1: Net sales are a reference value before deducting internal transactions

Note 2: EC net sales for the Media Business includes billings and commissions from October 2002.

Note 3: Advertising net sales for the Media Business includes affiliates, research and other sales from October 2002.

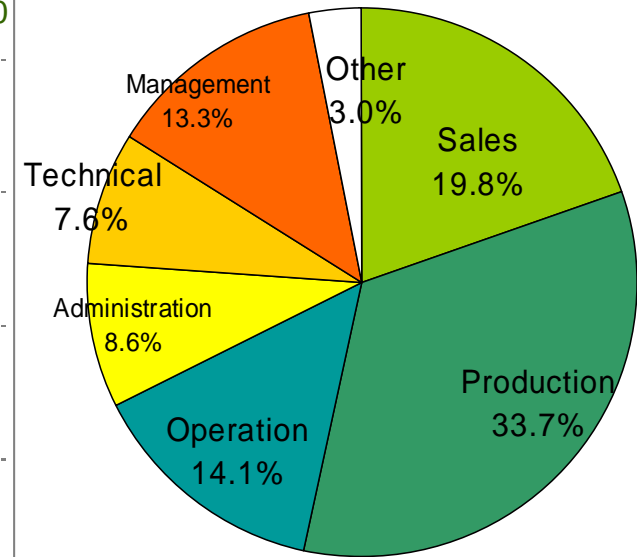
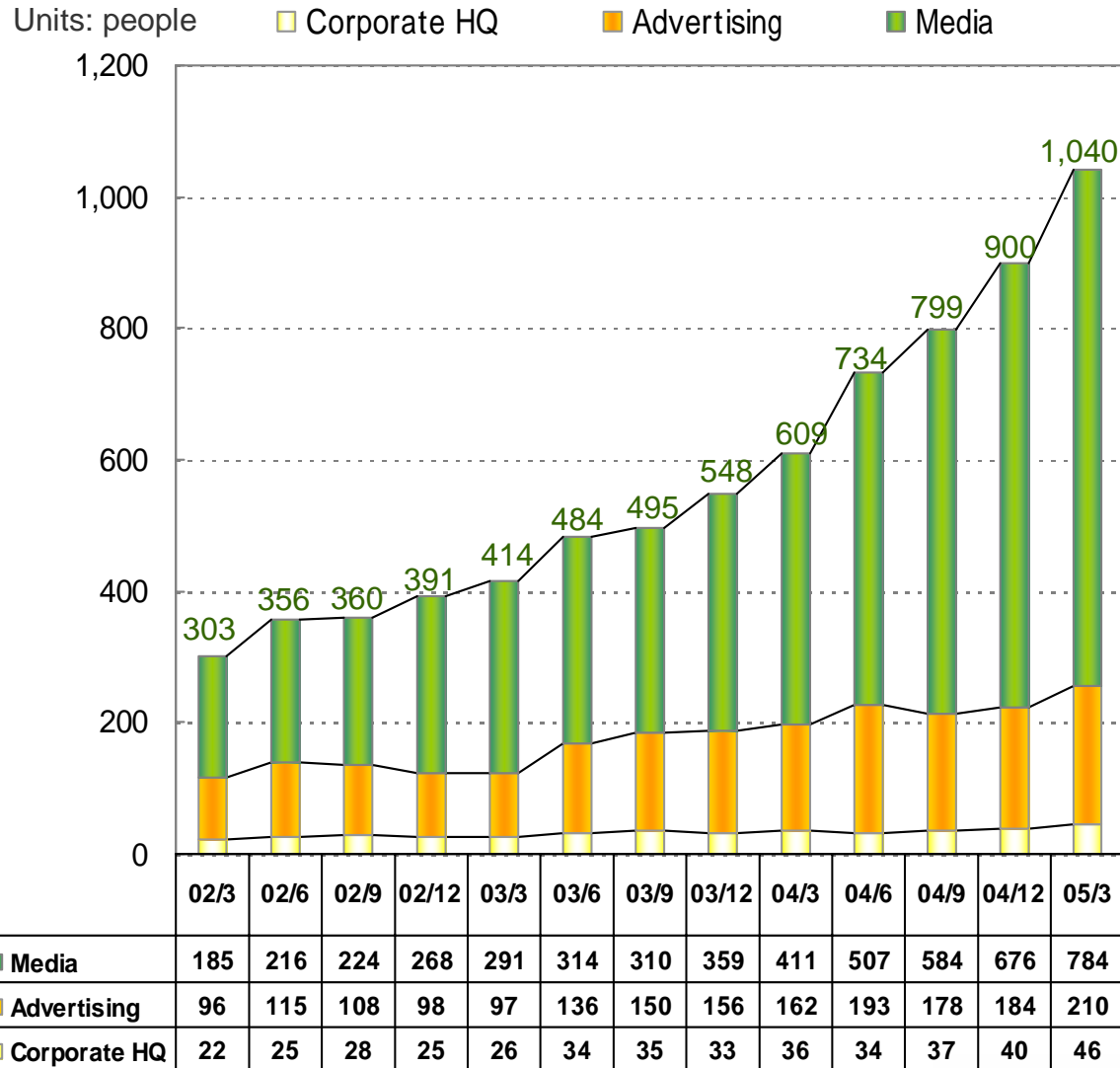
# Consolidated SG&A



Selling	94	101	127	139	205	218	259	304	354	454	404	528	550
Consolidated adjustment	55	56	71	71	70	24	24	18	33	35	28	33	22
Advertising	80	101	114	235	187	160	191	260	265	277	323	328	424
Personnel	554	621	655	666	696	780	846	929	990	1,193	1,306	1,507	1,726
Office	88	98	108	123	124	138	150	154	156	159	195	218	261
Other	214	287	242	422	425	342	364	361	468	440	619	678	712
SG&A ratio	41.3%	41.6%	43.0%	50.1%	42.9%	39.8%	38.7%	37.4%	35.8%	36.0%	36.5%	38.4%	36.5%

# Number of Employees in Consolidated Companies

Compared to December 31, 2004, the number of employees increased by 140;  
108 in the Media Business, 26 in the Advertising Business



As the diagram to the left, does not include temporary and casual workers.

## Consolidated Financial Results Summary for Q2, Year to Sept. 2005: Balance Sheet

<b>Units: ¥million</b>	<b>Mar 31, 05</b>	<b>Dec 31, 04</b>	<b>Change</b>	<b>Mar 31, 04</b>	<b>Change</b>
<b>Current assets</b>	<b>20,805</b>	18,704	11.2%	16,234	28.2%
<b>(Cash+marketable securities, etc.)</b>	<b>13,725</b>	12,795	7.3%	12,108	13.4%
<b>Fixed assets</b>	<b>7,553</b>	8,362	-9.7%	5,268	43.4%
<b>Total assets</b>	<b>28,358</b>	27,066	4.8%	21,503	31.9%
<b>Current liabilities</b>	<b>7,059</b>	5,758	22.6%	3,854	83.2%
<b>Fixed liabilities</b>	<b>551</b>	1,039	-47.0%	392	40.6%
<b>Shareholders' equity</b>	<b>19,199</b>	18,573	3.4%	16,247	18.2%

Note: Cyber Brains, Ltd. will be excluded from the above summary from this quarter onwards.

## Consolidated Financial Results Summary for Q2, Year to Sept. 2005: Cash Flows

Units: ¥million	Jan-Mar 05	Oct-Dec 04	Jan-Mar 04
CF from operating activities	114	-52	847
CF from investing activities	772	-53	61
CF from financing activities	-23	-96	78
Change in cash and cash equivalents	863	-209	986
Term-end balance of cash and cash equivalents	12,902	12,226	11,818

Note: Customer deposits at CA Capital, Ltd. are excluded from cash and equivalents



# Upward Revision of Forecasted Performance for the Year Ending Sep 2005



# CyberAgent

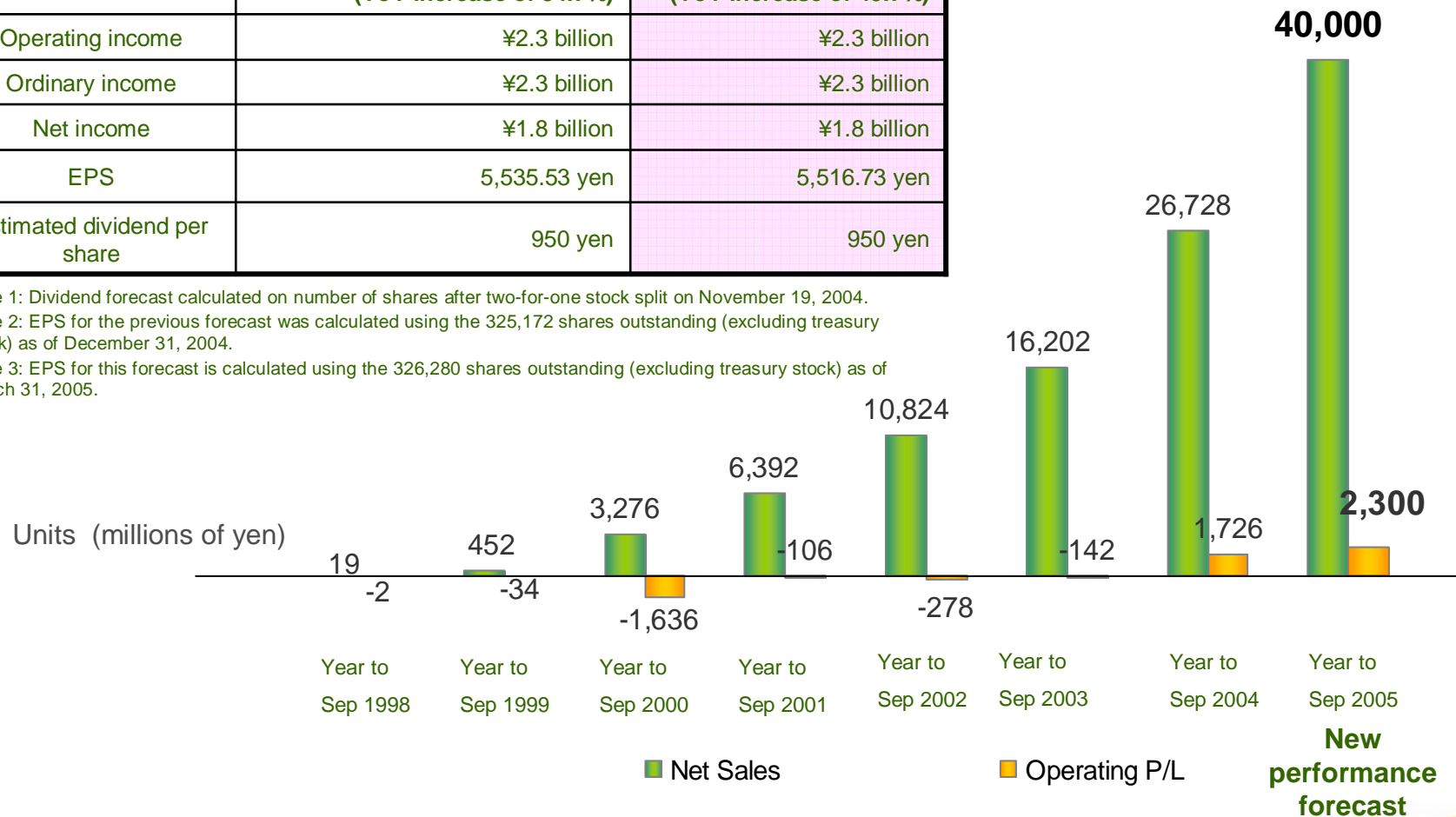
# Upward Revision of Forecasted Performance for the Year Ending Sep 2005

	Previous forecast (Announced on November 15, 2004)	New forecast
Consolidated net sales	<b>¥36.0 billion</b> (YoY increase of 34.7%)	<b>¥40.0 billion</b> (YoY increase of 49.7%)
Operating income	¥2.3 billion	¥2.3 billion
Ordinary income	¥2.3 billion	¥2.3 billion
Net income	¥1.8 billion	¥1.8 billion
EPS	5,535.53 yen	5,516.73 yen
Estimated dividend per share	950 yen	950 yen

Note 1: Dividend forecast calculated on number of shares after two-for-one stock split on November 19, 2004.

Note 2: EPS for the previous forecast was calculated using the 325,172 shares outstanding (excluding treasury stock) as of December 31, 2004.

Note 3: EPS for this forecast is calculated using the 326,280 shares outstanding (excluding treasury stock) as of March 31, 2005.

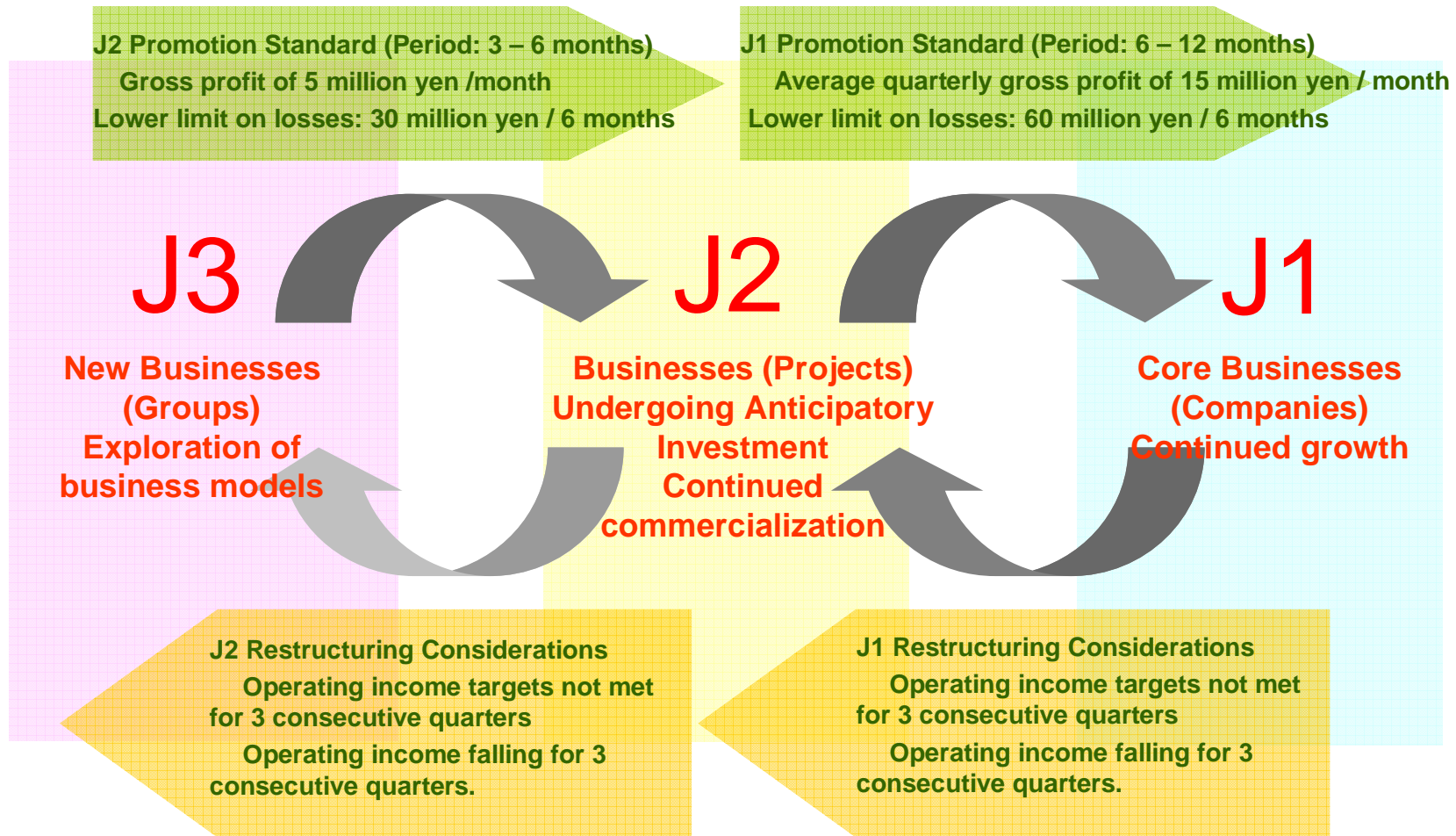


# CAJJ Program



# New Business Start-up Program: CAJJ Program

## CYBER AGENT Jigyo&Jinzai Ikusei Program



As of April 30, 2005

# CAJJ Program

As of March 31, 2005

CAJJ	Division Name or Affiliated Company
J1	CA Mobile, Ltd.
	netprice, Ltd.
	Internet Advertising Headquarters
	axiv.com Inc.
	CA Search, Ltd.
	LifeMile Company
	Cyber Brains, Ltd.
	MediaBox Company
	melma! Company
	International Sports & Marketing, Co., Ltd.
	YMIRLINK Inc.
	MediaVision Company
J2	All Navi Project
	Real Estate Project
	Wedding Park, Ltd.
	Diva Inc.
	Staffing Project
	GCREST Co., Ltd.
	CA Capital, Ltd.
J3	Trial Marketing Group
	BlogClick Group
	Ameba Blog Group
	Ameba Books Co., Ltd.
	Ameba jp Group
	Jewelry Group
	CA Guide Group
	Pand@ Leaf Group

As of December 31, 2004

CAJJ	Division Name or Affiliated Company
J1	CA Mobile, Ltd.
	netprice, Ltd.
	Internet Advertising Headquarters
	axiv.com Inc.
	CA Search, Ltd.
	LifeMile Company
	Cyber Brains, Ltd.
	MediaBox Company
	melma! Company
	International Sports & Marketing, Co., Ltd.
	YMIRLINK Inc.
	MediaVision Company
	CA Capital, Ltd. <b>Promoted</b>
J2	All Navi Project
	Real Estate Project
	Wedding Park, Ltd.
	Diva Inc.
	Staffing Project
	GCREST Co., Ltd.
	BlogClick Project
	Ameba Books., Ltd. <b>Promoted</b>
Pand@ Leaf Project <b>Promoted</b>	
CA Guide Project <b>Promoted</b>	
J3	Jewelry Group <b>Promoted</b>
	Trial Marketing Group
Priority Businesses	Ameba Blog Group
	Ameba jp Group

# Topics in the Second Quarter and Onwards

## January 2005

- **CA Capital promoted to J1**
- CA Capital holds trade contest for foreign currency transactions
- Publicity cooperation developed for soliciting relief funds for the victims of the tsunami caused by the Sumatra earthquake
- Fukuoka Office opened
- Launched sales of CA-Prism, a new verification system for advertising effectiveness
- Ameba Books starts sales of "Jitsuroku oniyome nikki" on January 31

## February 2005

- Started sponsoring Tokyo Verdy 1969
- **BlogClick Group promoted to J2 and made into BlogClick Project**
- **CA Guide Group promoted to J2 and made into CA Guide Project**
- **Pand@Leaf Group promoted to J2 and made into Pand@Leaf Project**
- Number of Ameba blogs reaches 100,000
- Business alliance between netprice Ltd. and LOTTERIA
- "Wedding Park Gathering" opened by Wedding Park Ltd. and netprice Ltd.

## March 2005

- Tokyo Verdy 1969 official blog jointly opened with Ameba blog
- Start of Research Express "Web usability research" service
- **Ameba books promoted to J2**
- Susumu Fujita book sold by Ameba Books Ltd.
- "Aplus Gathering" started in tie-up between netprice Ltd. and APLUS Co., Ltd.
- "Orico Gathering" started in tie-up between netprice Ltd. and Orient Corporation
- EC Navi price comparison site makes it possible to search for interior items by color, material and image for the first time.

## April 2005

- Complete renewal of Ameba Blog
- "Spirit of V" site opened in support of Tokyo Verdy 1969
- **Trial Group promoted to J2 and made into Trial Project**
- All Navi Project opens "Cosmetic Surgery: Finding a Great Doctor" site offering advice on cosmetic surgery
- Trial Net starts store sale of Trial Box
- Cumulative conversion amount of EC Navi points breaks the 500 million yen barrier
- Number of blogs on Ameba Blog passes 200,000

# Businesses of Special Focus



**Ameba Blog Group** Site Opened: September 16, 2004

The number of blogs is continuing to grow rapidly at approximately 50 percent per month, and 500,000 is the target for the end of September 2005+

(Reference) Number of blogs was approximately 200,000 as of April 31, 2005



<http://ameblo.jp/>

**Ameba jp Group** Site Opened: September 13, 2004



<http://www.ameba.jp/>

(Reference) Media index based on number of page views  
Research by Nielsen//NetRatings

Ranking	Operating Company	Main Media
1	Yahoo! Japan	Portal site Yahoo!Japan
2	Rakuten	Rakuten Ichiba, Rakuten Travel, Rakuten Books, etc.
3	MSN	MSN Japan, MSN Hotmail, MSN Money, etc.
4	Google	Google
5	GMO	Yaplog, 9199.jp, kabegami.com, Jugemu, etc.
6	Nifty	@nifty, cocolog, Finance@nifty, etc.
7	NTT-Resonant	"goo" portal site, BROBA etc
8	NEC	BIGLOBE, NEC Direct, etc.
9	<b>CYBER AGENT</b>	<b>Ameba Blog, EC Navi, NetPrice, etc.</b>
10	Excite Japan	Portal site Excite Japan, etc.
11	Livedoor	Portal site Livedoor, etc.



As of March 31, 2005

# Focus placed on starting and expanding web-related services





# Business Model



# CyberAgent

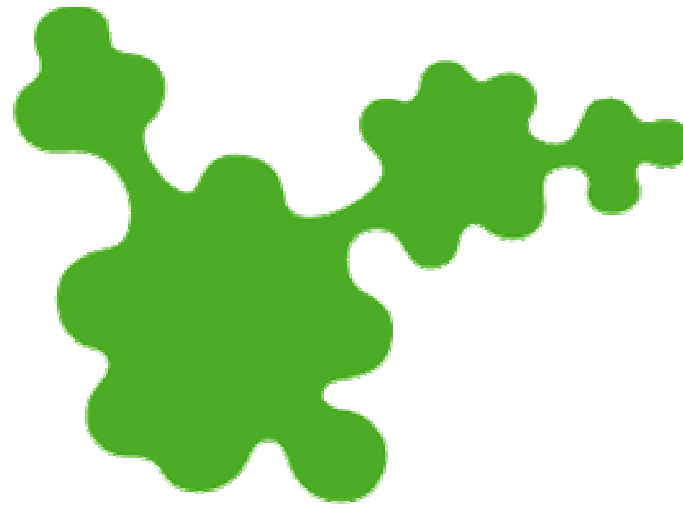
# Business Model



**CYBER AGENT**  **Ameba Blog**  **Life Mile**  **melma!**  **netprice**  
**Media**  **BlogClick**  **Live in Tokyo.**  **ECナビ**  **Ameba.jp** etc.



# Media Business

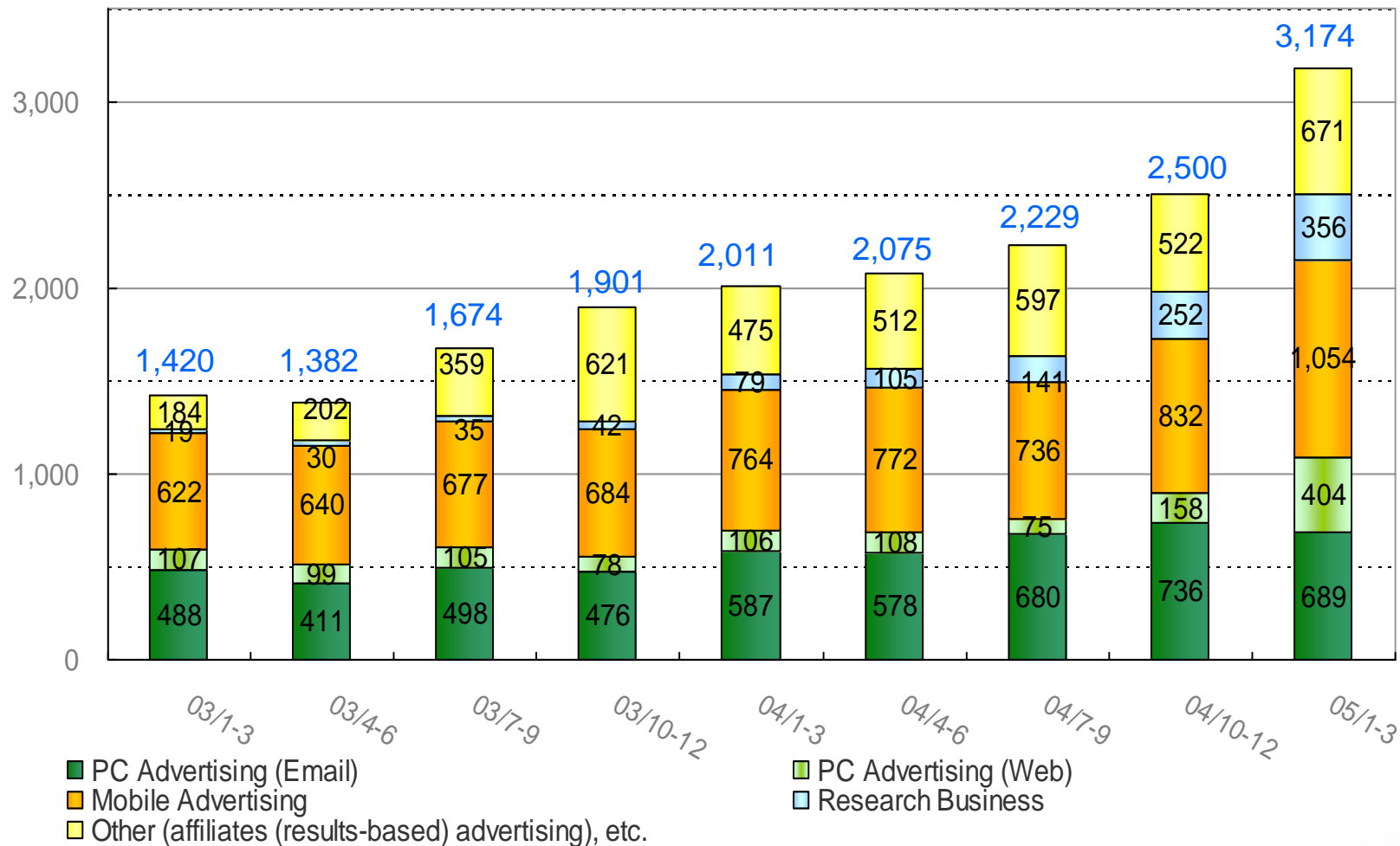


**CA.network**

# Media Business: Advertising Sales

PC (Web) sales increased 155.7% quarter-on-quarter to ¥404 million

Units: ¥million



Note: Sales are a reference value before deducting internal transactions

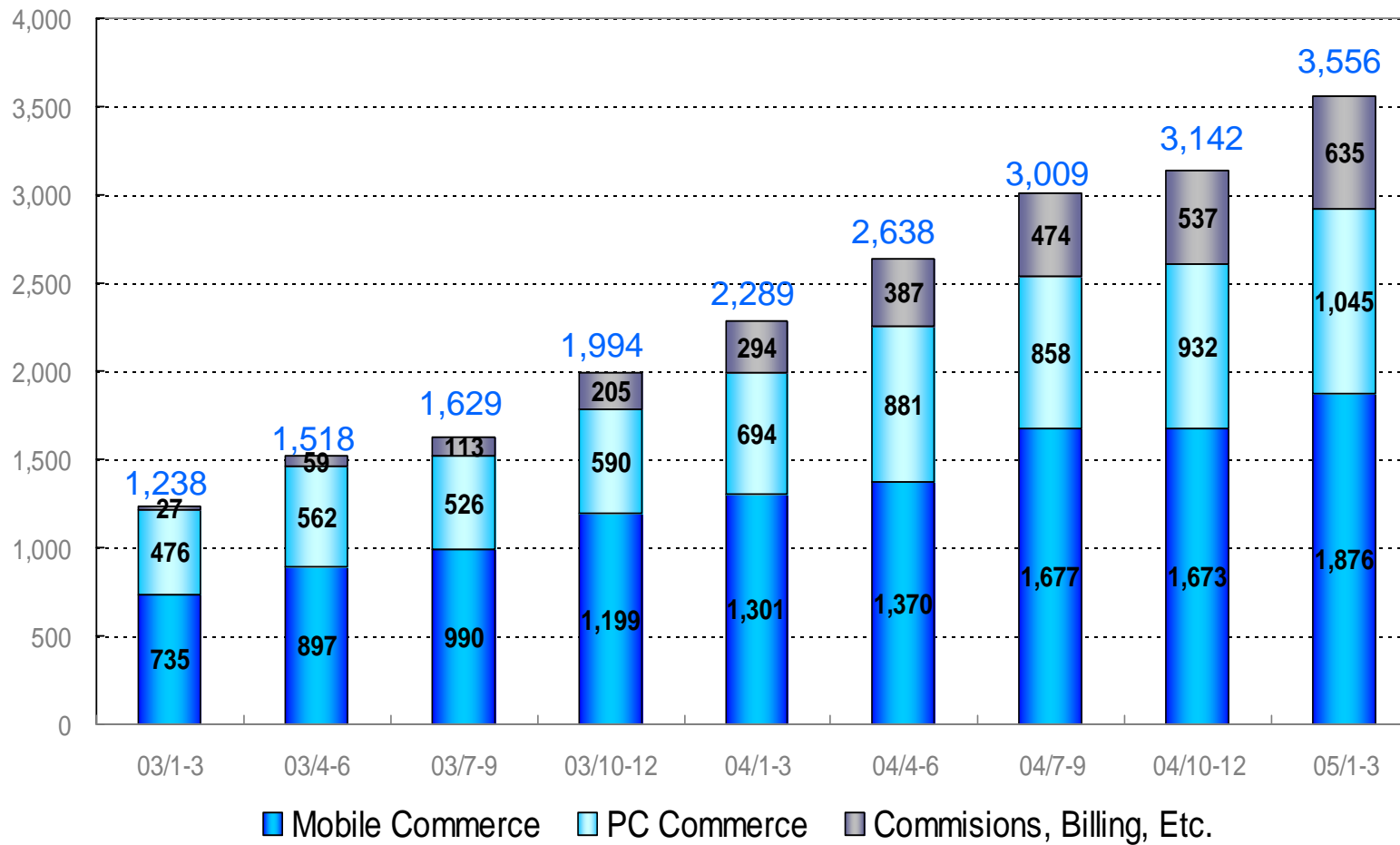
# Media Business: EC (E-Commerce) Sales

EC sales increased 13.2% quarter-on-quarter to ¥3,556 million

Commission and billing sales increased 18.2% quarter-on-quarter to ¥635 million

Mobile/ PC commerce sales increased 12.1% quarter-on-quarter to ¥2,921 million

Units: ¥million



## Media Business: Summary of Second Quarter

**PC(Web) advertising sales are performing well**

**Advertising-related sales Increased marketing by the advertising agency division has led to good performance**

### **EC Sales**

**Netprice has fallen short of performance targets, but billing and online shopping are solid**

# Media Business: Future Strategies

**Continued focus on Web-related services such as blogs**

**Integration such as a unified brand, ID/Pass and point system is under consideration**



# Advertising Business

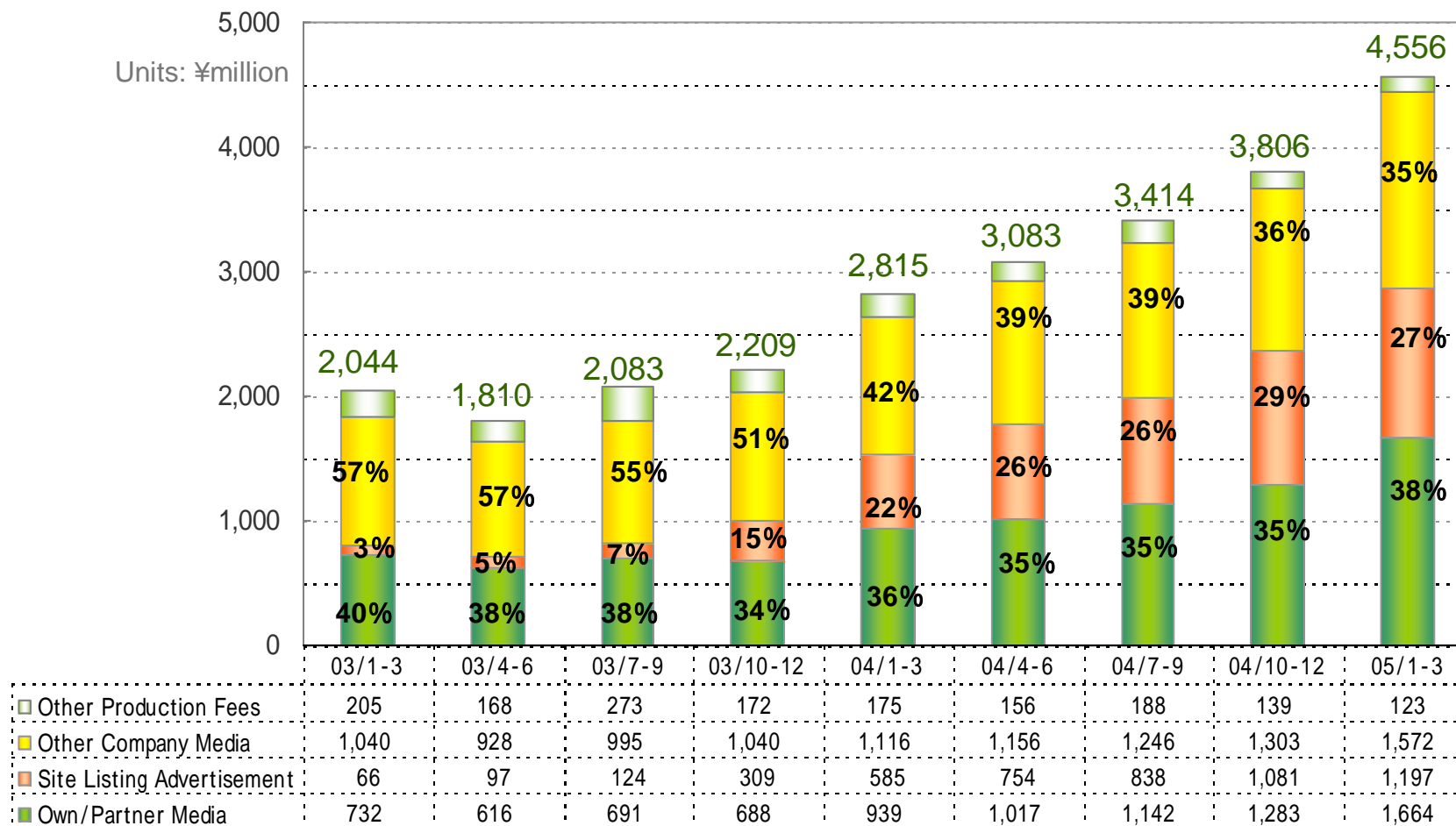


**CyberAgent**

# Advertising Business: Internet Advertising HQ Sales

Advertising demand won over to achieve 19.7% increase from first quarter in sales by the Internet Advertising Headquarters

**CYBER AGENT / Partner Media sales rose 29.7% from the first quarter**



Note 1: Excluding sales for Internet Advertising Headquarters (before deducting internal transactions) and CA Search, Ltd.

Note 2: The ratios shown in the graph were calculated by excluding other production fees

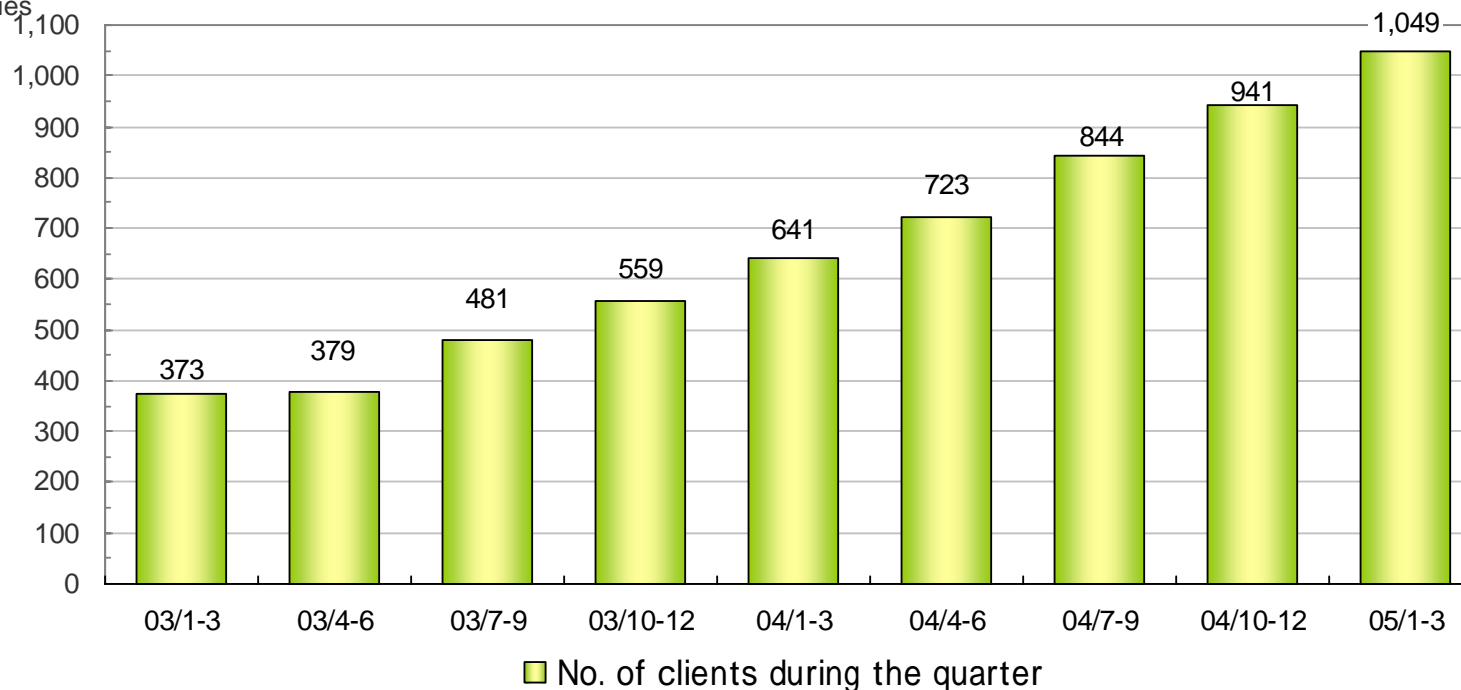
Note 3: Partner media is included in own media from the Jan-Mar 2004 quarter.

# Number of Clients

The scope of advertisers grew, leading to the number of clients increasing to 1.6 times the figure for the same period in the previous year.

Units: No.

of companies

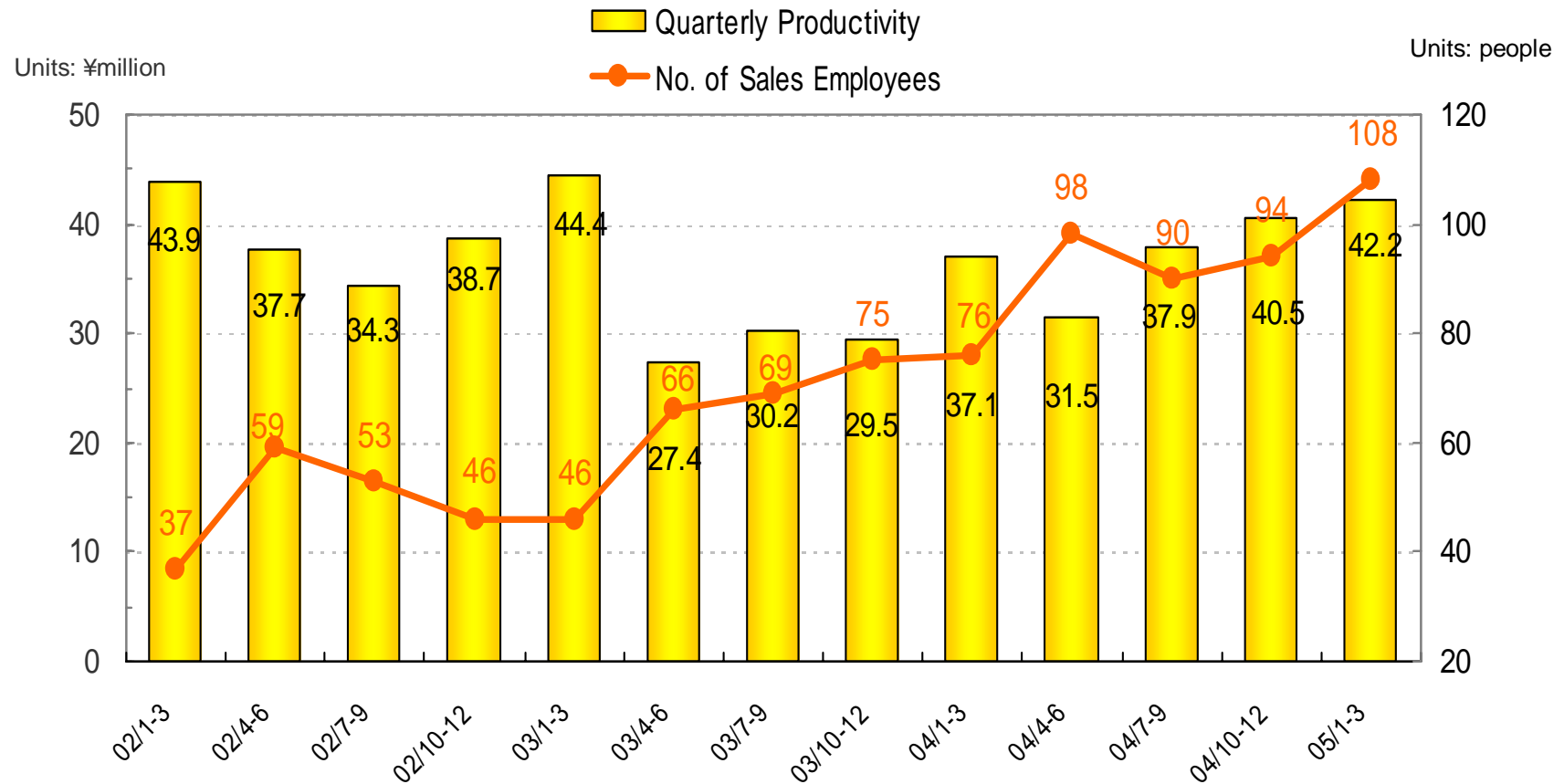


Units: ¥million	2003-2Q (Jan-Mar)	2003-3Q (Apr-Jun)	2003-4Q (Jul-Sep)	2004-1Q (Oct-Dec)	2004-2Q (Jan-Mar)	2004-3Q (Apr-Jun)	2004-4Q (Jul-Sep)	2005-1Q (Oct-Dec)	2005-2Q (Jan-Mar)
Net sales	2,044	1,810	2,083	2,209	2,815	3,084	3,414	3,806	4,556
Number of Clients	373	379	481	559	641	723	844	941	1,049

Note: Excluding sales for Internet Advertising Headquarters (before deducting internal transactions) and CA Search, Ltd.

# Quarterly Productivity per Sales Employee

Faster strategizing of operations led to increased productivity per employee



Note: The number sales personnel in the Internet Advertising Headquarters

# Summary of the Advertising Business for the Second Quarter

**Advertising demand won over in March led to solid sales for Cyber Agent and partner media**

**Sales staff increased by 14 people (up 14.9% from first quarter) through mid-career recruiting**

# Advertising Business: Future Strategies

**Aiming for mid- to long-term growth to gain 20% market share**

**Increase sales in CYBER AGENT and partner media by improving the rate of revenue growth.**

**Quickly making new graduates productive**

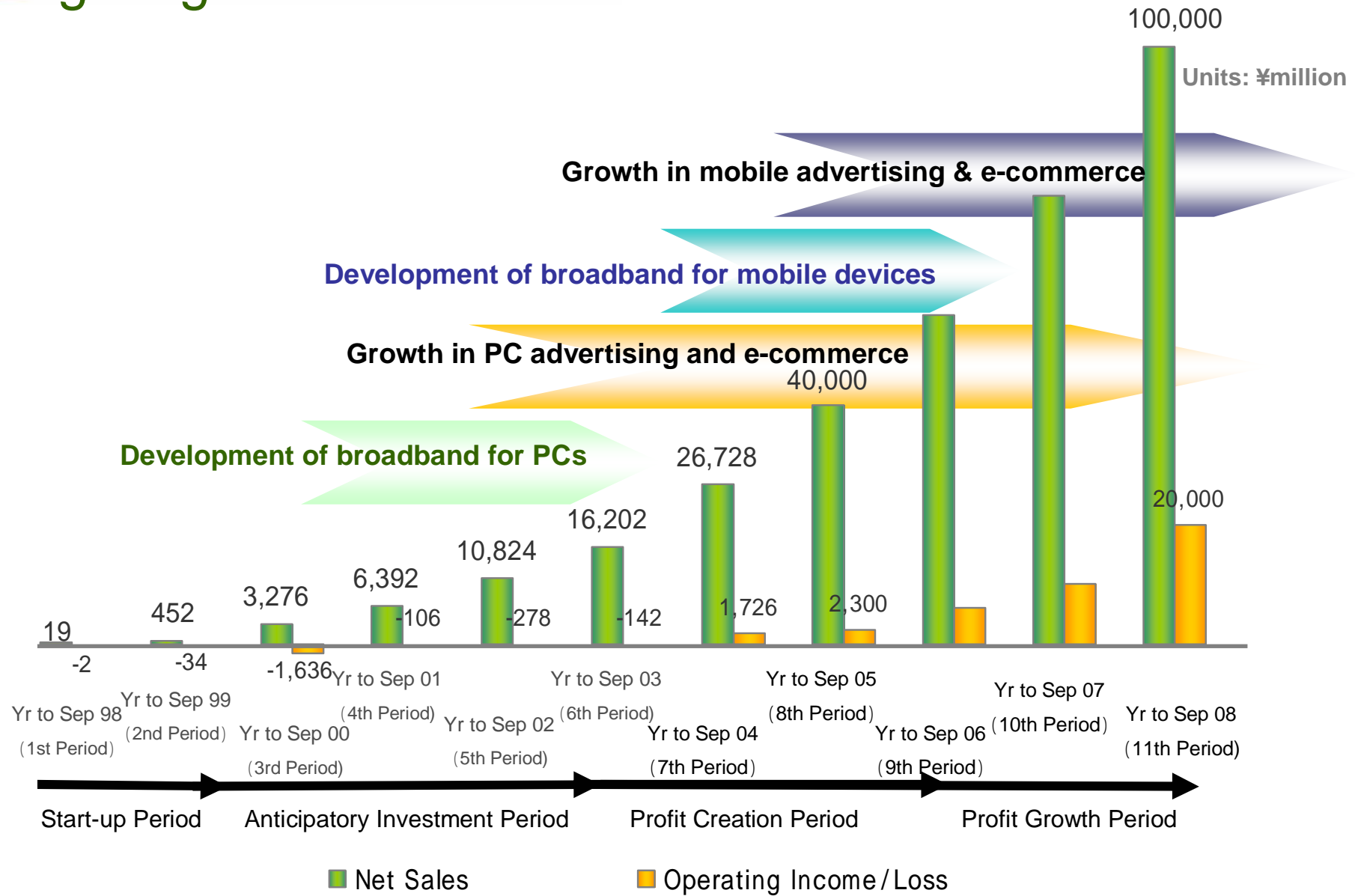


# Medium- to Long-Term Outlook



# CyberAgent

# Targeting Net Sales of ¥100.0 Billion



# Looking to Sales of 100 Billion Yen in the Year Ending September 2008

**Expanding the business  
as an Internet media company**

**Strengthening of the organization**

# VISION

**Growing Into a Company  
Representative of the 21st Century**



**CyberAgent**



# Reference Materials



**CyberAgent**

# Company Overview

Company Name:	CYBER AGENT, LTD. (securities code: 4751)
Head Office:	Shibuya Mark City West 21F, 1-12-1 Dogenzaka, Shibuya-ku, Tokyo
Osaka office:	Meiji Yasuda Life Osaka Umeda Bldg. 14F, 3-3-20 Umeda, Kita-ku, Osaka
Nagoya office:	Nishiki Park Bldg. 12F, 2-4-3 Nishiki, Naka-ku, Nagoya
Fukuoka office:	Fukuoka Kogin Bldg. 9F, 1-13-2 Tenjin, Chuo-ku, Fukuoka
Established:	March 18, 1998
Capital:	¥6,578,640,000 (As of March 31, 2005)
Employees:	1,040 – CYBER AGENT Group Overall (As of March 31, 2005)
Average age:	28.1 – CYBER AGENT (non-consolidated) (As of March 31, 2005)
Annual sales:	Approx. ¥26.7 billion (Year ended Sept. 2004)
Memberships:	Member of Japan Advertising Review Organization, Inc. Member of Japan Internet Advertising Association

# [Reference] Overview of Consolidated Interim Results

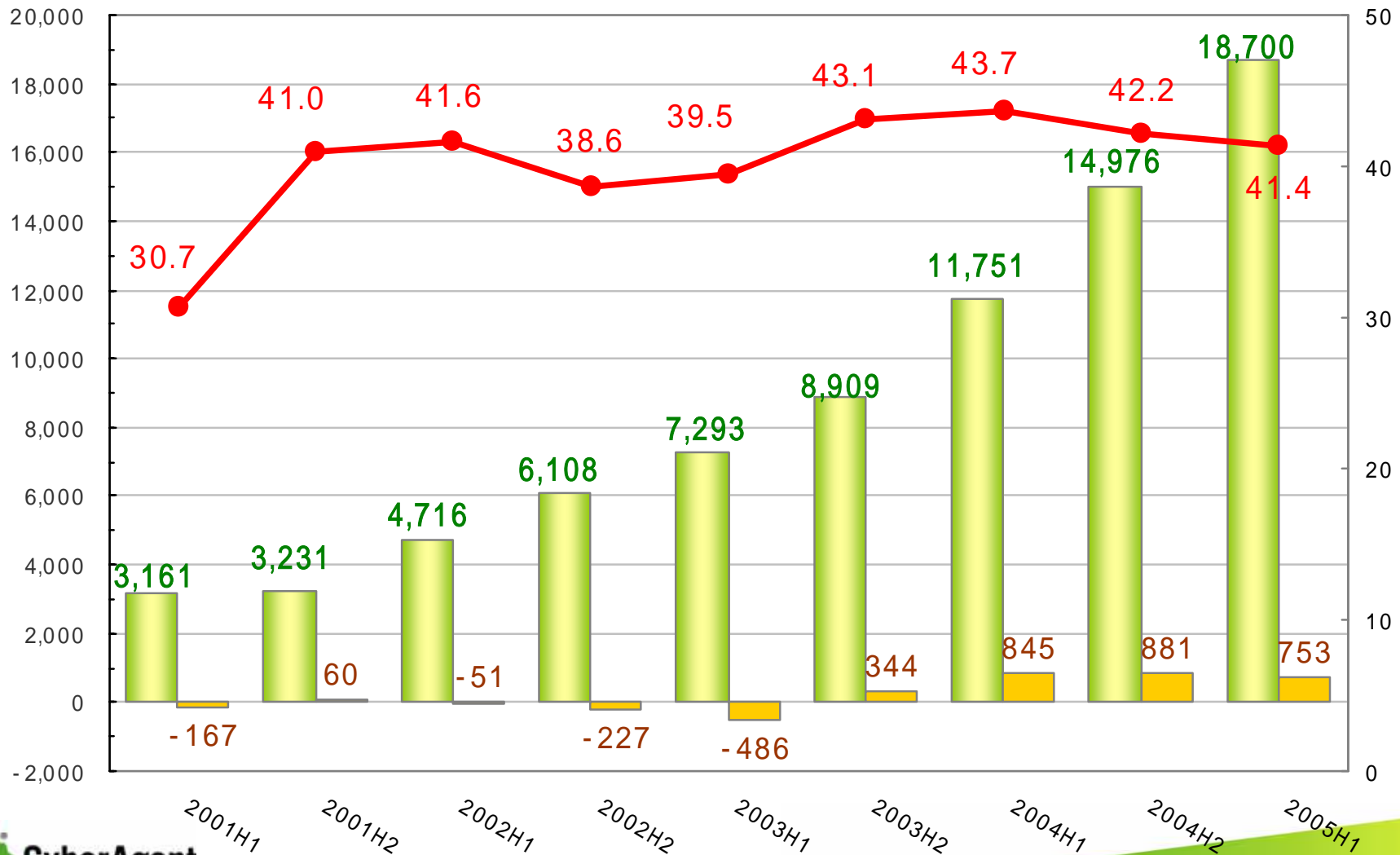
	04/10 ~ 05/3	Latter half of previous year		First half of previous year	
		04/4 ~ 04/9	Change	03/10 ~ 04/3	Change
<b>Net sales (¥million)</b>	<b>18,700</b>	14,976	24.9%	11,751	59.1%
<b>Gross income from sales (¥million)</b>	<b>7,741</b>	6,315	22.6%	5,137	50.7%
<b>Gross margin (%)</b>	<b>41.4</b>	42.2	-0.8points	43.7	-2.3points
<b>Operating income (¥million)</b>	<b>753</b>	881	-14.5%	845	-10.9%
<b>Operating profit margin (%)</b>	<b>4.0</b>	5.9	-1.9points	7.2	-3.2points
<b>Ordinary income (¥million)</b>	<b>791</b>	898	-11.9%	854	-7.4%
<b>Interim net income (¥million)</b>	<b>1,814</b>	972	86.6%	3,040	-40.3%

# [Reference] Net Sales and Operating Income by Semiannual Period

Net Sales Operating Income Gross Profit Margin

Units: ¥million

Units: %



# [Reference] Overview of Interim Results for the Year Ending Sept. 2005: BS

	End of interim period	End of previous period	Change	End of previous interim period	
	Mar 2005	Sep 2004		Mar 2004	Change
<b>Units: ¥million</b>					
<b>Current assets</b>	<b>20,805</b>	18,199	14.3%	16,234	28.2%
<b>(Cash+marketable securities, etc.)</b>	<b>13,725</b>	12,872	6.6%	12,108	13.4%
<b>Fixed assets</b>	<b>7,553</b>	8,573	-11.9%	5,268	43.4%
<b>Total assets</b>	<b>28,358</b>	26,772	5.9%	21,503	31.9%
<b>Current liabilities</b>	<b>7,059</b>	4,935	43.0%	3,854	83.2%
<b>Fixed liabilities</b>	<b>551</b>	1,403	-60.7%	392	40.6%
<b>Shareholders' equity</b>	<b>19,199</b>	18,770	2.3%	16,247	18.2%

Note: Cyber Brains, Ltd. is excluded from the above balance from this interim period onwards.

# [Reference] Overview of Interim Results for the Year Ending Sept. 2005: CF

<b>Units: ¥million</b>	<b>This interim period 04/10 ~ 05/3</b>	<b>Latter half of previous year 04/4 ~ 9</b>	<b>Same period of previous year 03/10 ~ 04/3</b>
<b>CF from operating activities</b>	<b>62</b>	595	865
<b>CF from investing activities</b>	<b>719</b>	-1,253	1,832
<b>CF from financing activities</b>	<b>-120</b>	1,269	305
<b>Change in cash and cash equivalents</b>	<b>654</b>	616	3,001
<b>Term-end balance of cash and cash equivalents</b>	<b>12,902</b>	12,435	11,818

Note: Customer deposits at CA Capital, Ltd. are excluded from cash and equivalents

# Compliance with the Act for Protection of Computer Processed Personal Data Held by Administrative Organs

Measures taken in response to the Personal Information Protection Law are being actively promoted by inviting outside intellectuals mainly to the Committee for the Promotion of Personal Information Protection established in April 2004, and a compliance program was passed and implemented in a regular meeting of the Board of Directors in September 2004.

## Compliance Program

The Compliance Program is made up of the following provisions. The program was established based on discussions with outside intellectuals, the Act for Protection of Computer Processed Personal Data Held by Administrative Organs, Japan Industrial Standard JISQ15001 and the “Guideline for Economic and Industrial Areas with Regards to the Act for Protection of Computer Processed Personal Data Held by Administrative Organs” from METI.

- |   |  |
|---|--|
| (1) Regulations on the protection of personal information                     | (2) Safety regulations                 |
| (3) Regulations on the handling of confidential information                   | (4) Regulations on outsourcing         |
| (5) Regulations on education regarding the protection of personal information | (6) Regulations on internal auditing   |
| (7) Regulations on auditing of the protection of personal information         | (8) Network administration regulations |
| (9) Regulations on measures against computer viruses                          | (10) Software development regulations  |
| (11) Software administration regulations                                      | (12) Crisis management regulations     |

## Key Activities

- Formation of a specialist committee and task force. Outside intellectuals participate in these organizations in an attempt to maintain and continually improve employee training and the Compliance Program.
- Media administered undergoes system audits by external specialist organizations in an effort to improve the efficiency, reliability and security of the systems.
- The objectives for using personal information and the relevant contacts for media administered are noted in the provisions for each type of media.

### Inquiries:

CYBER AGENT, LTD. Compliance Department  
Privacy Management Officer [privacypolicy@cyberagent.co.jp](mailto:privacypolicy@cyberagent.co.jp)