

Presentation of Financial Results for the 2008 Fiscal Year

GMO HOSTING & SECURITY, INC.
(Mothers of the Tokyo Stock Exchange :3788)



<http://www.gmo-hs.com/>

Notice regarding this material:

The contents of this document are based on generally recognized economic and social conditions as well as assumptions judged to be reasonable by GMO Internet Group as of February 16, 2009. However, please note that this information is subject to change without prior notice in the event of changes in the business environment or other unforeseen circumstances.

Agenda

1. Summary and Conclusion
2. Financial Highlights
3. Strategy
 - 3-1 Hosting Business
 - 3-2 Security Business
4. Financial Forecast

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

1. Summary and Conclusion

TSE:3788



Summary and Conclusion (1) Full Year Overview

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Despite delays in business progress, consolidation is proceeding steadily

		Shared hosting service	Managed hosting service
Hosting Business	Topics	<ul style="list-style-type: none"> - Seeking economies of scale <ul style="list-style-type: none"> ✓ Business transferred - Bolstering product merchandizing power <ul style="list-style-type: none"> ✓ 100% at main iCLUSTA <p>Starting a refund system linked with operation rates</p>	<ul style="list-style-type: none"> - Building a sales system and reinforcing product merchandizing power <ul style="list-style-type: none"> ✓ inter.net business transferred
		<ul style="list-style-type: none"> - Preparation for offering new services (4Q of FY08) 	<ul style="list-style-type: none"> - Delay in building a sales system (System completed in 3Q of FY08)
Security Business	Topics	<ul style="list-style-type: none"> - Bolstering product merchandizing power <ul style="list-style-type: none"> ✓ One-click SSL (patent received) <ul style="list-style-type: none"> -> Seamless collaboration with hosting companies ✓ Supporting 2048-bit encryption length keys - Tapping potential markets <ul style="list-style-type: none"> ✓ Issuing certificates that conform to distribution BMS recommended by the Ministry of Economy, Trade and Industry ✓ Offering service in collaboration with Yahoo 	
		<ul style="list-style-type: none"> - Delay in progress of overseas businesses (upward momentum from 4Q of FY08) - Fluctuation of performances from impacts of exchange translation 	

TSE:3788



Summary and Conclusion (2) FY09 Policies

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Full- deployment of managed hosting and continuous expansion of security channels

Positive and negative factors in FY2008

- Building a sales system for the managed hosting service
- Delay in progress (delay in acquiring sales agents) in security service business (overseas)

FY09 Policies

- Full deployment of managed hosting service
- Comprehensive reinforcement of shared hosting service
- Security service business and continuous expansion of channels

(Unit: million yen)	2007	2008	YoY (%)	2009 (forecast)	YoY (%)
Sales	6,742	7,187	+6.6	7,800	+8.5
Operating Profit	943	804	-14.8	1,002	+24.7
Ordinary Profit	812	787	-3.0	1,005	+27.6
Net Profit	371	70	-81.0	442	+527.1

TSE:3788



1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

2. Financial Highlights

TSE:3788



Financial Highlights Profit and Loss Statement (Consolidated)

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Net profit of 70 million yen with the posting of an extraordinary loss

(Unit: million yen)	2007	2008	YoY (%)
Sales	6,742	7,187	+6.6
Sales Cost	2,773	3,069	+10.7
Gross Profit On Sales	3,969	4,118	+3.8
SGA	3,025	3,313	+9.5
Operating Profit	943	804	-14.8
Ordinary Profit	812	787	-3.0
Net Profit	371	70	-81.0

Posting an extraordinary loss of 348 million yen, mainly for the following:

1. Derivatives cancellation charge of 82 million yen (1Q)
2. Loss on valuation of goodwill 150 million yen (GlobalSign Ltd. (UK))
3. Write-down of investment securities 29 million yen

For 1., cancelling derivatives that were contracted to hedge risk of dollar appreciation

Bearing Security business amortization in the future by 2.: Reduction of 60 million yen/year

TSE:3788



Financial Highlights Security Business

Upward momentum, albeit slow progress in Security business

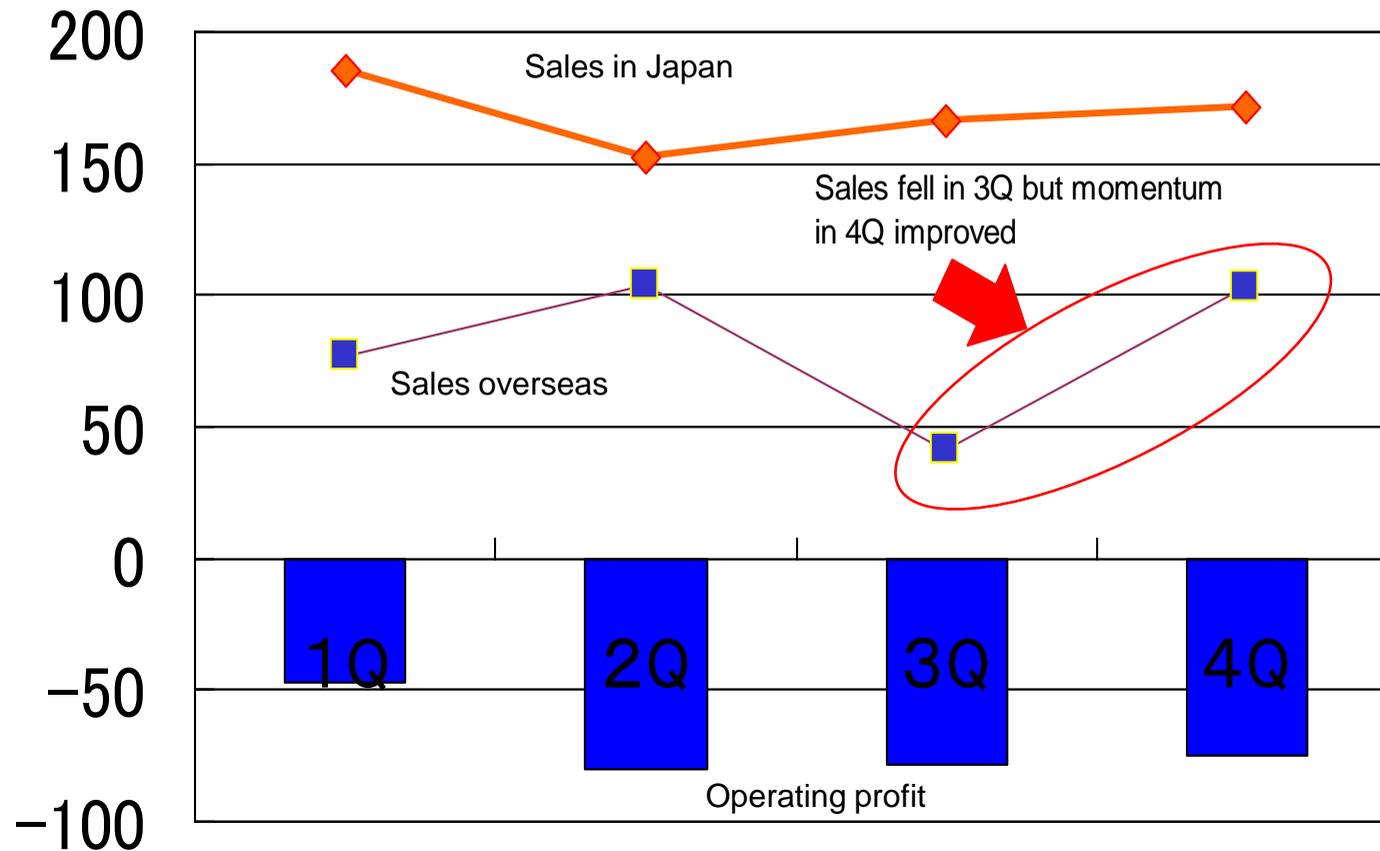
1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

(Unit: million yen) Sales from the Security business for FY08 increased approx. 20% year on year if the exchange rate at the end of FY07 is applied



TSE:3788



Financial Highlights Segment (Sales)

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Security Business 33.6% increase over the previous quarter

(Unit: million yen, Amounts rounded down to the nearest one million yen)

Sales	2007 Oct-Dec	2008 Oct-Dec	YoY (%)	Sales	2008 July-Sep	2008 Oct-Dec	QoQ (%)
Web Hosting Services	1,464	1,547	+5.6	Web Hosting Services	1,474	1,547	+4.9
Security Services	238	322	+35.4	Security Services	241	322	+33.6
Other Services	19	27	+43.4	Other Services	23	27	+18.1
Amortization of consolidated Adjustment Account	-13	-17	-	Amortization of consolidated Adjustment Account	-13	-17	-
Consolidated Total	1,708	1,879	+10.0	Consolidated Total	1,726	1,879	+8.9

* The following sales by segment include internal sales among segments.

Refer to the reference at the end for the presentation in conventional form.

* Since GlobalSign's sales started in 3Q of FY07, ratios to the previous quarter and the year-ago quarter are presented.

TSE:3788



Financial Highlights

Segment (Operating profit)

Consolidation of Hosting Business Base

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Hosting Business: Development of in-house infrastructure systems · · -30 million yen (4Q)
 Completion of outsourced service · · -10 million yen (4Q)

(unit: million yen, Amounts round down to the nearest one million yen)

Operating profit	2007 Oct-Dec	2008 Oct-Dec	YoY (%)	Operating Profit	2008 July-Sep	2008 Oct-Dec	QoQ (%)
Web Hosting Services	261	219	-16.0	Web Hosting Services	254	219	-14.0
Security Services	-81	-75	-	Security Services	-78	-75	-
Other Services	-1	2	-	Other Services	-5	2	-
Amortization of consolidated Adjustment Account	0	0	-	Amortization of consolidated Adjustment Account	4	0	-
Consolidated Total	178	146	-17.6	Consolidated Total	175	146	-16.4

TSE:3788



* Since GlobalSign started worldwide sales in 3Q of 2007, sales over the previous quarter and corresponding quarter of the previous year are presented.

Financial Highlights Balance Sheets (Consolidated)

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Maintaining a sound financial base

Current assets: Increase/decrease in cash equivalent -743 million yen
 Increase/decrease in software +349 million yen
 Net assets : Payment of dividends 252 million yen
 Increase/decrease in exchange adjustment -148 million yen

(unit: million yen, Amounts round down to the nearest one million yen)

	2007	2008	Composition(%)
Current Assets	3,244	2,505	48.1
Fixed Assets	2,530	2,708	51.9
Total Assets	5,775	5,213	100.0
Current Liabilities	2,043	1,912	36.7
Long-term Liabilities	70	46	0.9
Net Assets	3,661	3,255	62.4
Liabilities and Net assets	5,775	5,213	100.0

TSE:3788



Financial Highlights Cash Flow Statement(Consolidated)

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Business transferred and investment in internal infrastructure systems

CF by investment activities

Expense for acquisition of intangible assets: 504 million yen (for services and acquisition of software following the development of in-house infrastructure systems, etc.)

Expenses for transfer of business: 415 million yen (Inter.net, etc.)

(unit: million yen, Amounts round down to the nearest one million yen)

	2007	2008
Cash Flow from Operating Activities	783	639
Cash Flow from Investing Activities	-693	-1,055
Cash Flow from Financing Activities	-440	-273
Decrease in Cash and Cash Equivalents	-249	-743
Cash and Cash Equivalents	2,345	1,602

TSE:3788



1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

3. Strategy

3-1 Hosting Business

TSE:3788



Hosting Business Summary

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Full deployment of managed hosting service in FY09

- Dedicated and managed hosting service

- ✓ Domestic market still has strong potential for growth
- ✓ The market is expanding, centering on the managed hosting service
- ✓ Focusing investment on the managed hosting service, with high growth potential

- Shared hosting service

- ✓ Continuing to cut costs, adding value to services, and maximizing economies of scale in the years to come
 - Starting template hosting that responds to customer needs
 - Improving ongoing value-addition to iCLUSTA

TSE:3788



Hosting Business Market (domestic)

The domestic hosting service market is enjoying solid growth

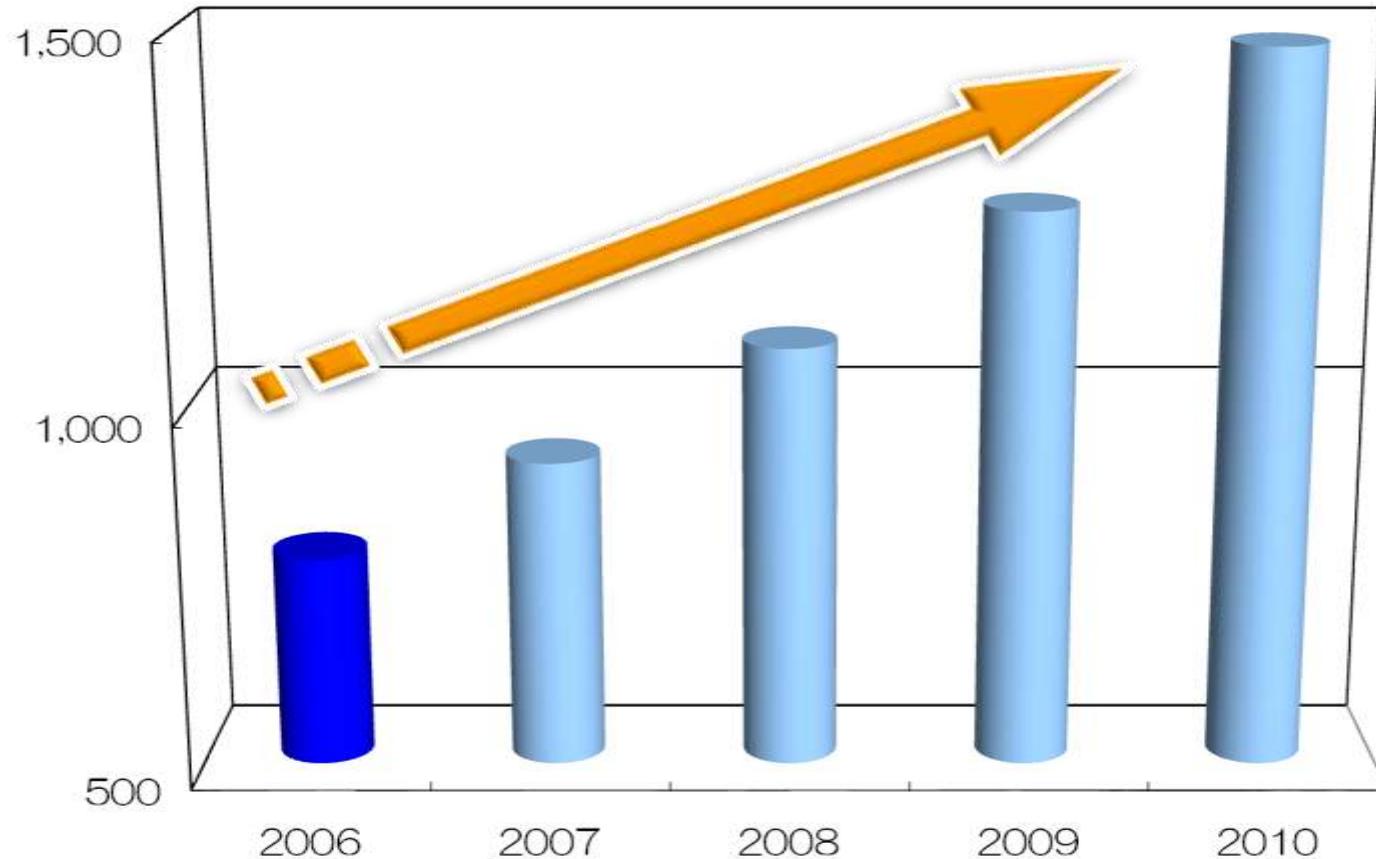
1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

(Unit :100 Million yen)



TSE:3788



Source :IDC Japan Press Release

Hosting Business High value-added services that lead the market

The market will be led by high value-added services in the future

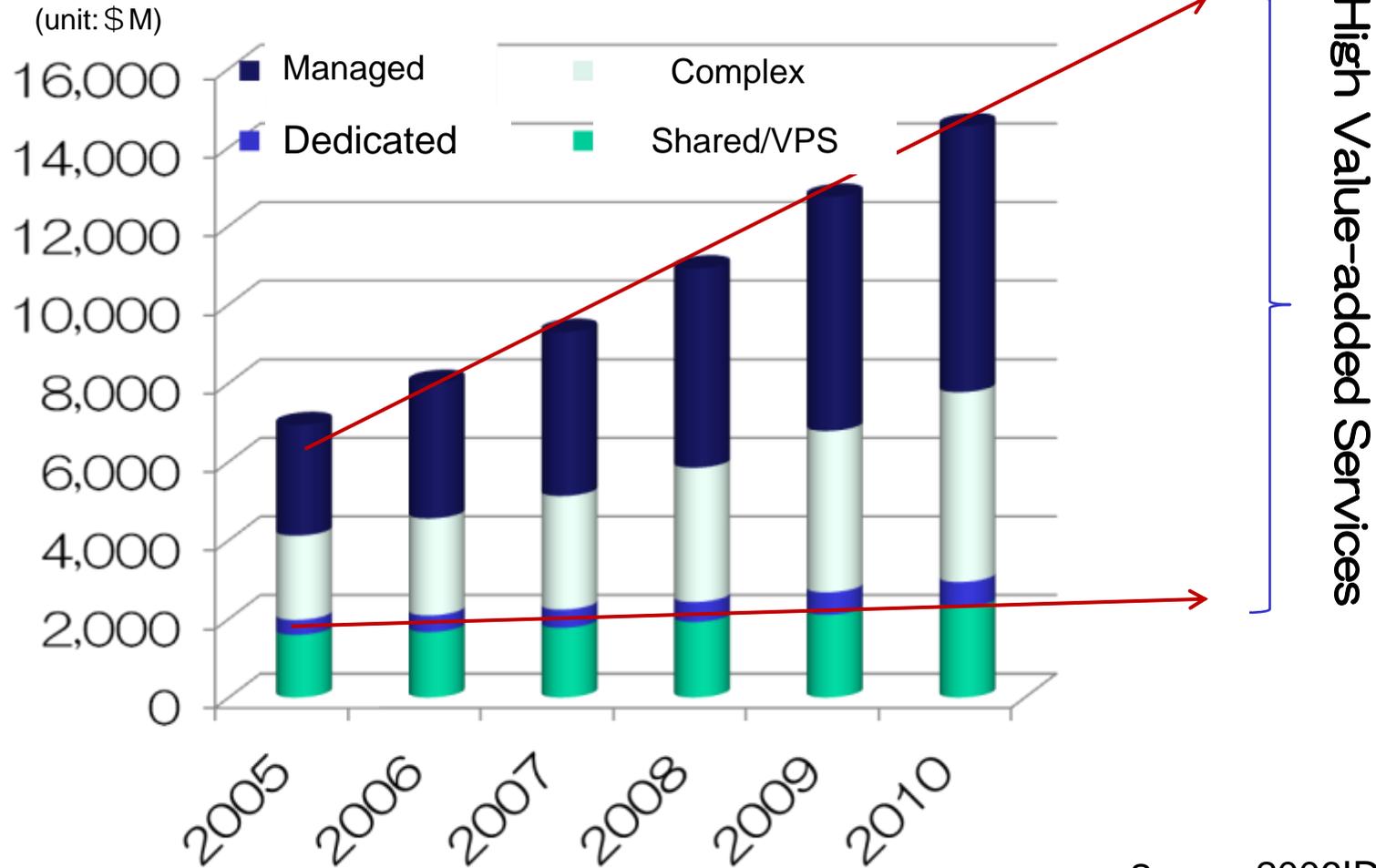
1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

U.S. Market for web hosting services



TSE:3788



Source: 2006IDC #201639

Hosting Business Market Environment

The Internet business in Japan represents a very large potential market.

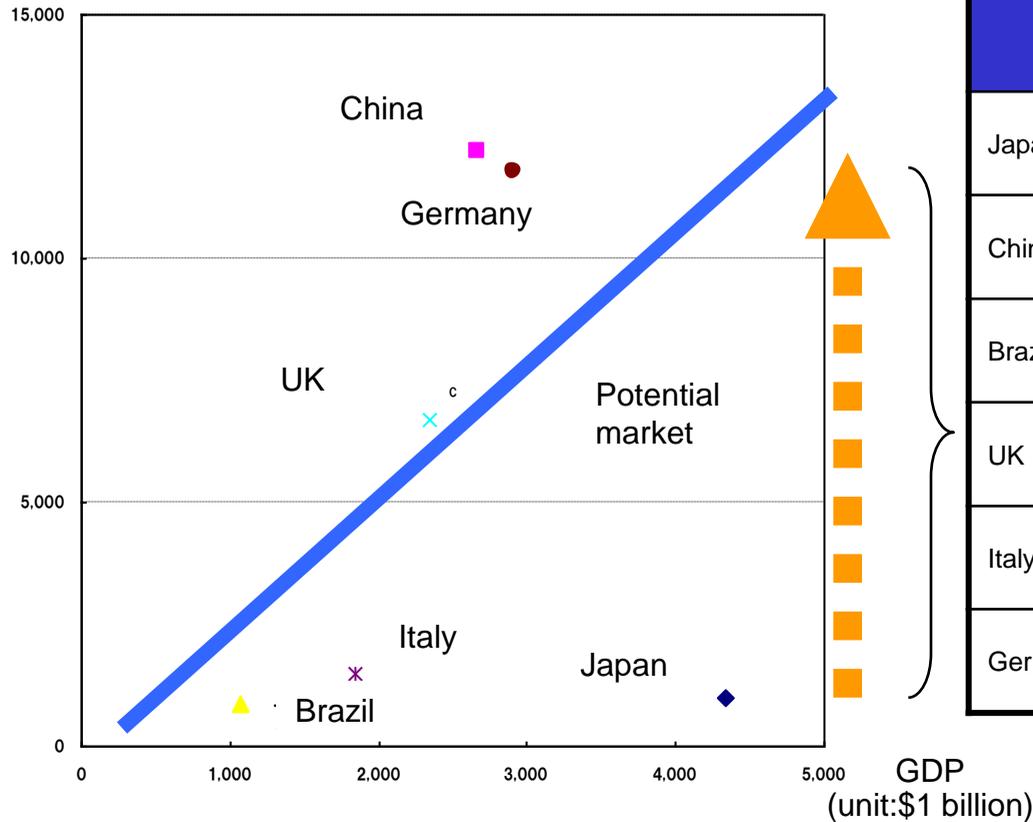
1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Number of registered domains
(unit:1,000 domains)



	Domain (1)	GDP (2) (\$1 billion)	(1)/(2)
Japan	1,012,199	4,340	233
China	12,188,000	2,668	4,568
Brazil	868,249	1,068	813
UK	6,700,000	2,345	2,857
Italy	1,482,000	1,845	803
Germany	11,772,000	2,907	4,050

TSE:3788

Sources :Nominal GDP Ministry of Foreign Affairs Major Economic Indices
Japan Network Information Center China Internet Information Center Web Page



Hosting Business Sales by Number of Customers and Service

High value-added services: +12.5% year on year (sales)

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

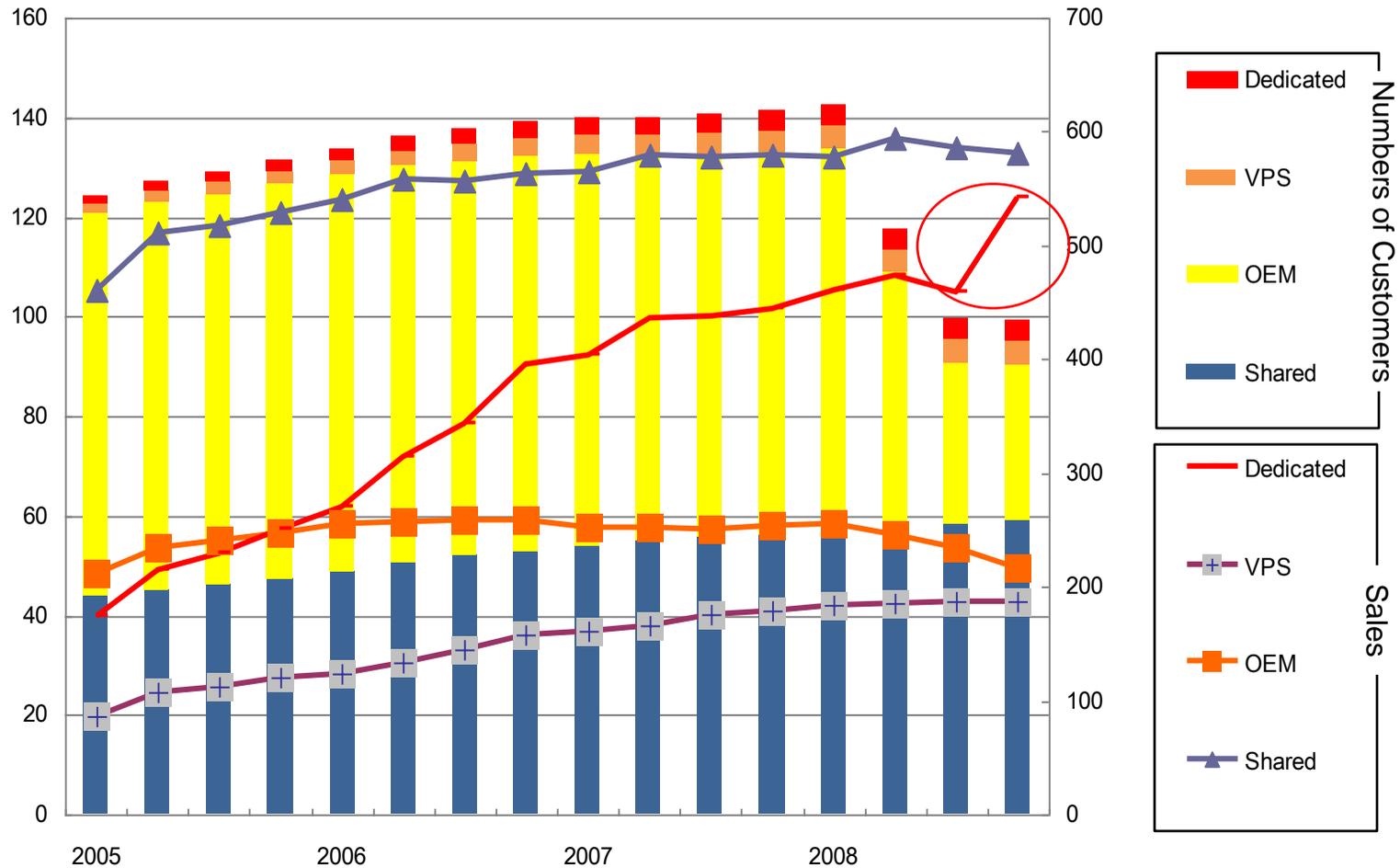
4. Financial Forecast

TSE:3788



Unit: Number
(1,000 Customers)

Unit :million yen



Hosting Business Average Price

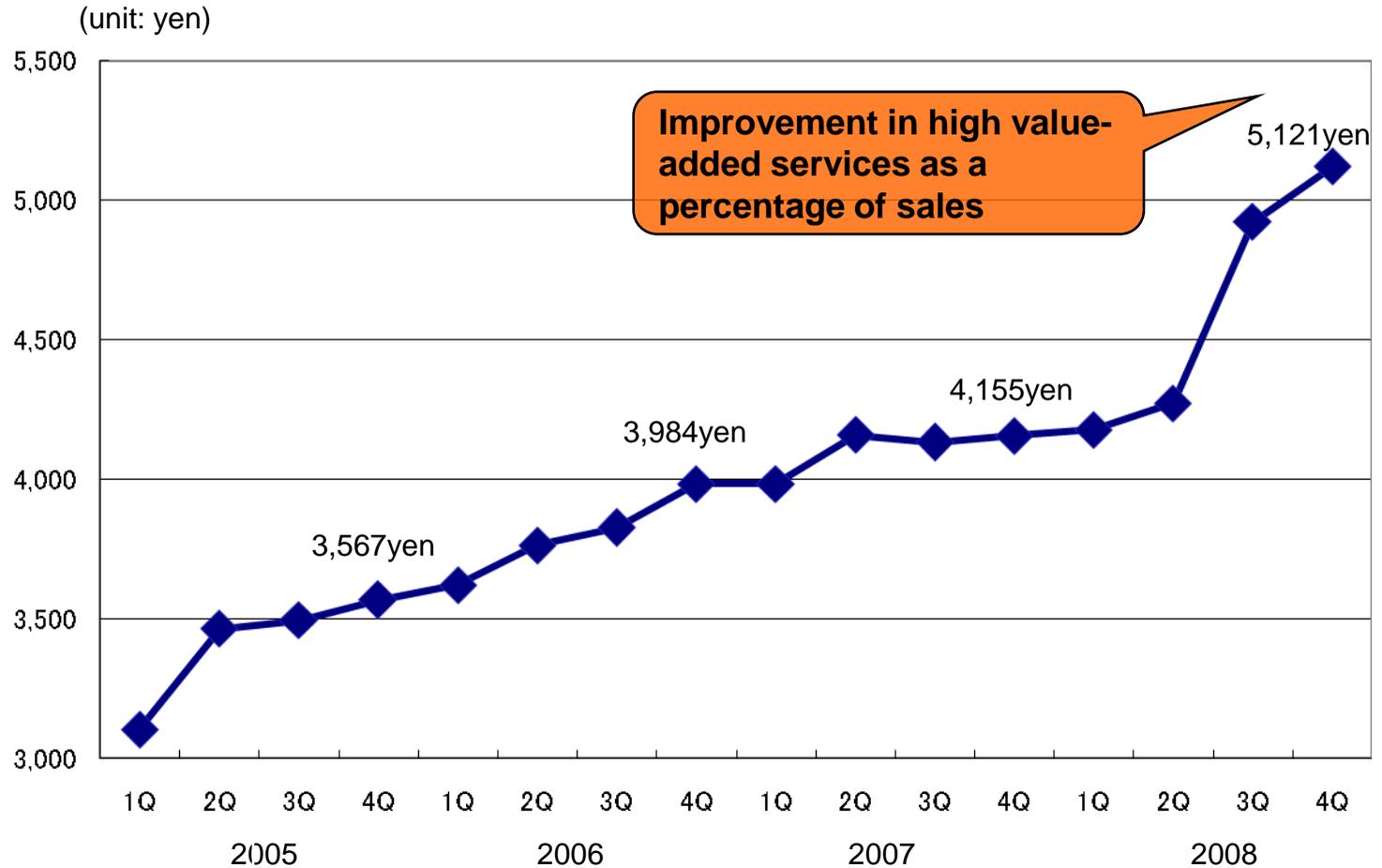
Sustained improvement in unit price per customer with a rising percentage of high value-added services

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast



TSE:3788



Hosting Business Services 2008

Deployment of services for FY08

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

- Managed hosting service

- ✓ Services of building, monitoring, administrating and maintenance networks and server systems
- ✓ The transferred business led to a broader range of customer services (since October 2008)
 - >Targets in the market cover a broad range of customers, including small, medium, and large corporations

- VPS/Dedicated hosting service

- ✓ Customer number increased in a growing market
- ✓ Supporting upgrade needs from the shared hosting service

- SaaS

- ✓ Upgrading service functions
- ✓ Exchange service

TSE:3788



Hosting Business Services 2009

Deployment of services for FY09

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

- Managed hosting service

- ✓ Taking a greater lead with concentrated investment (advertising, etc.)
- ✓ Collaboration with Sler business operators

- Shared hosting service

- ✓ Comprehensive service reinforcement
 - > Sustained improvement in iCLUSTA value
 - > Offering template hosting that meets customer needs
 - > Offering SaaS (Exchange, etc.) that meets customer needs
- ✓ Sustained improvements in cost competitiveness

TSE:3788



Hosting Business Basic Policies

Full- deployment of managed hosting and efficient operation of shared hosting

1. Summary and Conclusion

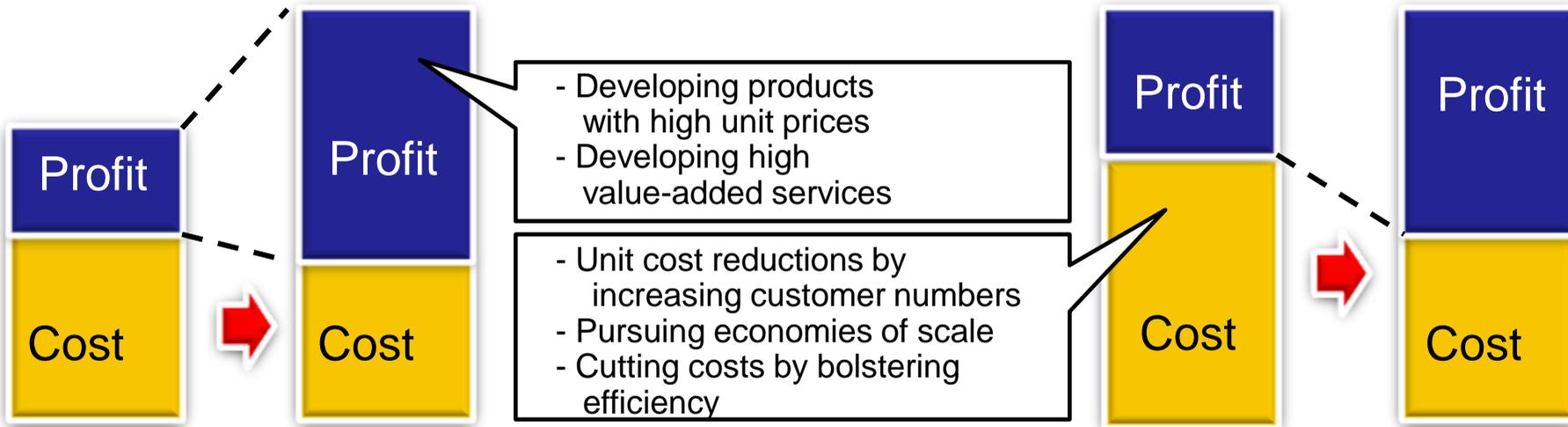
2. Financial Highlights

3. Strategy

4. Financial Forecast

High-end products
=Higher added Value

Low-end products
=Cost savings



- Developing products with high unit prices
- Developing high value-added services

- Unit cost reductions by increasing customer numbers
- Pursuing economies of scale
- Cutting costs by bolstering efficiency

- Increasing Customer numbers

- Bolstering relations with agents
- Increasing customer numbers
- > Seeking economies of scale

- Brand power enhancement
- Corporate value enhancement

TSE:3788



1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

3. Strategy

3-2 Security Business

TSE:3788



Security Business Summary

Delay in progress in overseas business, but still upward momentum

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

- ✓ Domestic and overseas markets continue to grow
- ✓ In February 2008, we established a company in China and completed the major deployment of business bases.
- ✓ Expanding sales channels and developing services that meet diverse needs

(Domestic) - Starting to offer electronic certificates that conform to logistics BMS

- Offering new services in cooperation with Yahoo
- Collaboration with leading hosting operators
- "One-click SSL" service

(Overseas) - Improving merchandizing goods, developing sales agents

- ✓ Continuing to expand sales channels and upgrade internal control systems

TSE:3788



Security Business Status and Future Directions (1)

Expanding sales channels and upgrading services centering on "one-click SSL"

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Region	Tasks for 2008		Challenges for 2009
	Reinforcing merchandizing power	Sales agent	Promoting merchandizing power and boosting market share in collaboration with sales agents
Japan	<ul style="list-style-type: none"> ✓ Issuing certificates that conform to logistics BMS recommended by the Ministry of Economy, Trade and Industry ✓ Offering services in collaboration with Yahoo ✓ Supporting the 2048-bit cipher key length 	<ul style="list-style-type: none"> ✓ One-click SSL (leading hosting companies, etc.) ✓ Code signing certificate (Marubeni Infotec Corp.) 	<ul style="list-style-type: none"> - One-click SSL - Collaboration with sales agents - Renewing old merchandizing goods of GS (to be completed in March)
Overseas	<ul style="list-style-type: none"> ✓ Supporting Firefox ✓ Certificates for Adobe Air ✓ Certificates for PDF document signatures Supporting the 2048-bit cipher key length 	<ul style="list-style-type: none"> ✓ Collaboration with powerful agents (leading hosting companies, etc.) 	<ul style="list-style-type: none"> - One-click SSL - Collaboration with sales agents - Renewing old merchandizing goods of GS (to be completed in March)

TSE:3788



Security Business Status and Future Direction (2)

Number of sales agents, the leading index, grew rapidly in 4Q

1. Summary and Conclusion

2. Financial Highlights

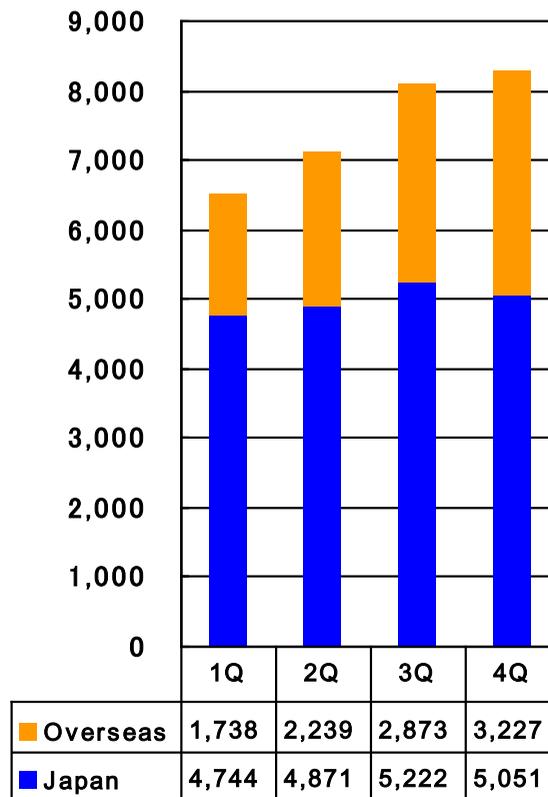
3. Strategy

4. Financial Forecast

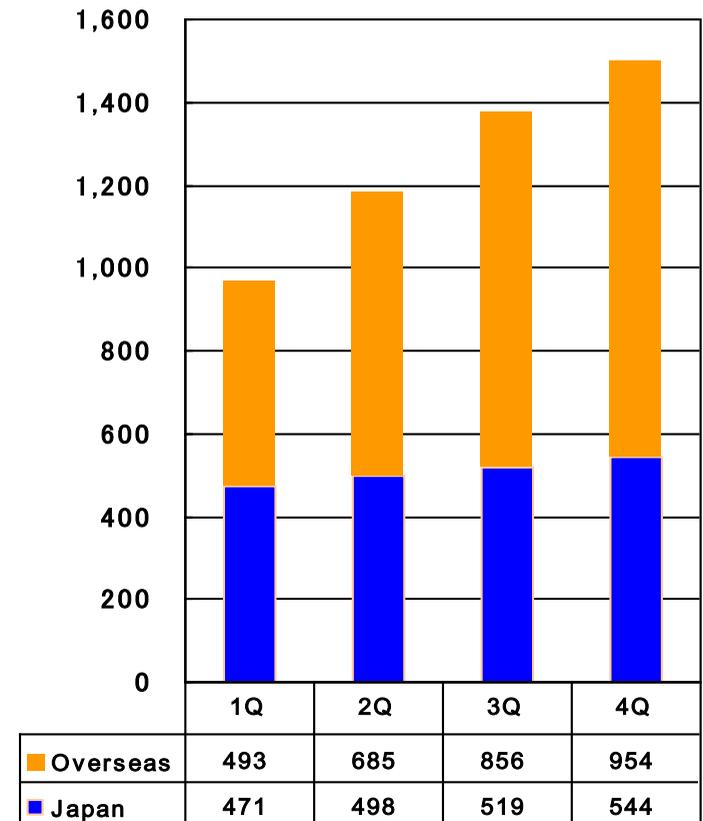
TSE:3788



**SSL server certificates
(on an issue basis)**



Number of distributors



Security Business Number of Certificates Issued (Domestic)

Number of valid issues: +12.3% year on year

1. Summary and Conclusion

2. Financial Highlights

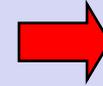
3. Strategy

4. Financial Forecast

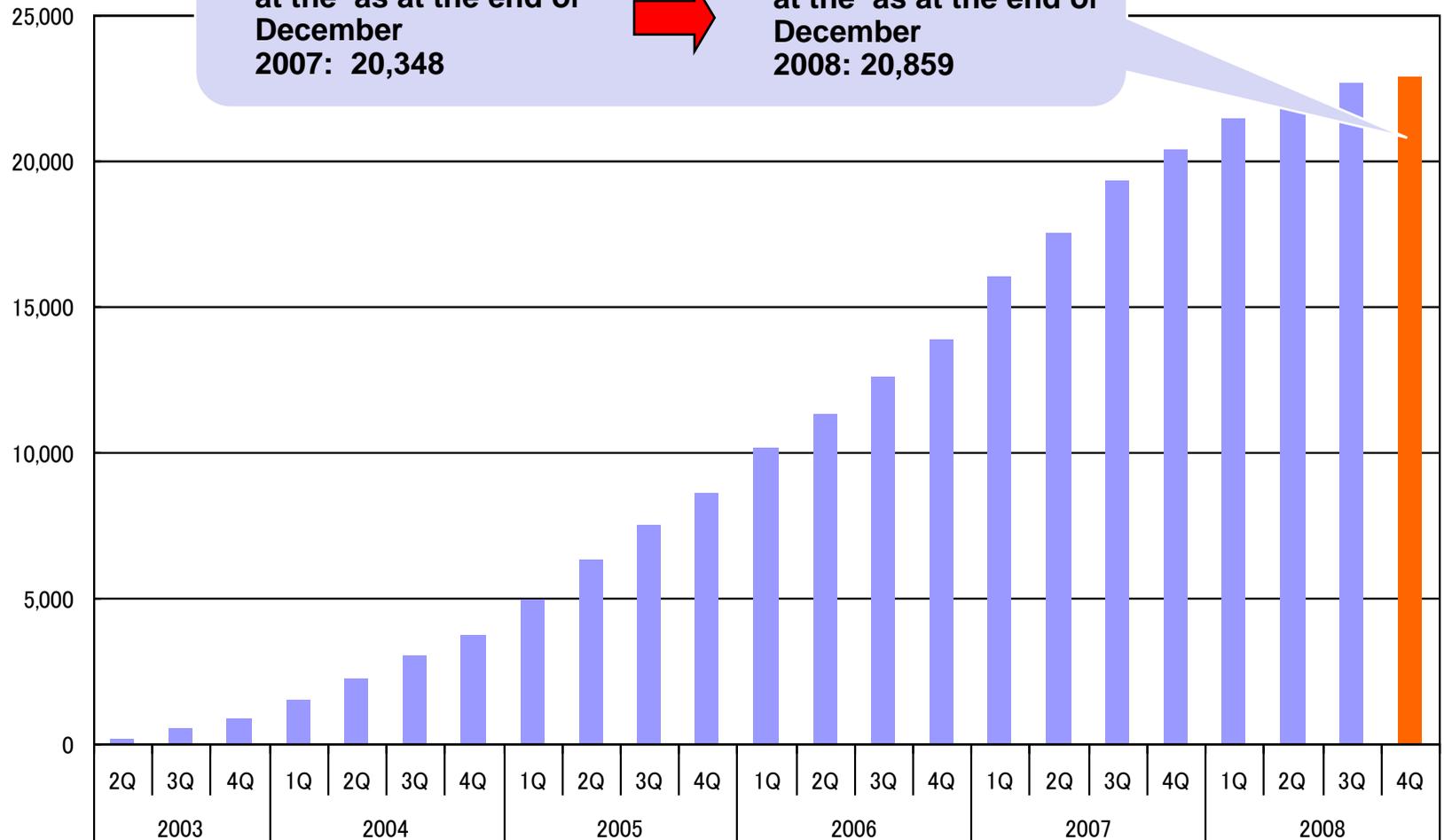
Unit: certificate issue

Numbers of valid certificates issued as at the end of December
2007: 20,348

+12.3%



Numbers of valid certificates issued as at the end of December
2008: 20,859



TSE:3788



Security Business Changes in Quarterly Results

Recovering delay in progress

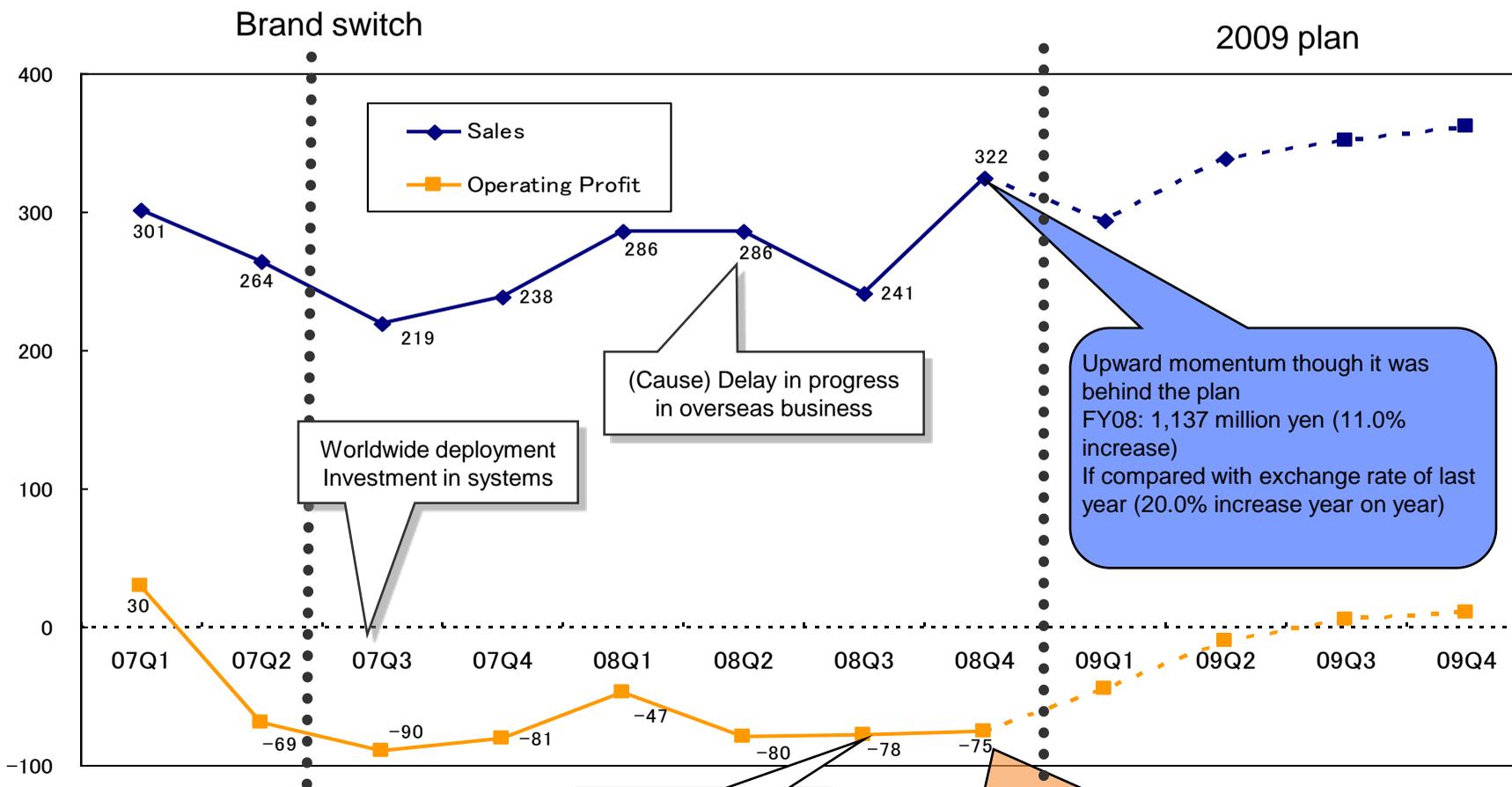
1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Quarterly changes in sales and operating profit



* Changed to yearly average rate from year-end rate since 4Q of 2008

* Changed to figures including transactions among segments

Making Sales CF profitable

Impact from movements in exchange rates

Upward momentum though it was behind the plan
 FY08: 1,137 million yen (11.0% increase)
 If compared with exchange rate of last year (20.0% increase year on year)

TSE:3788



Security Business

Markets (domestic)

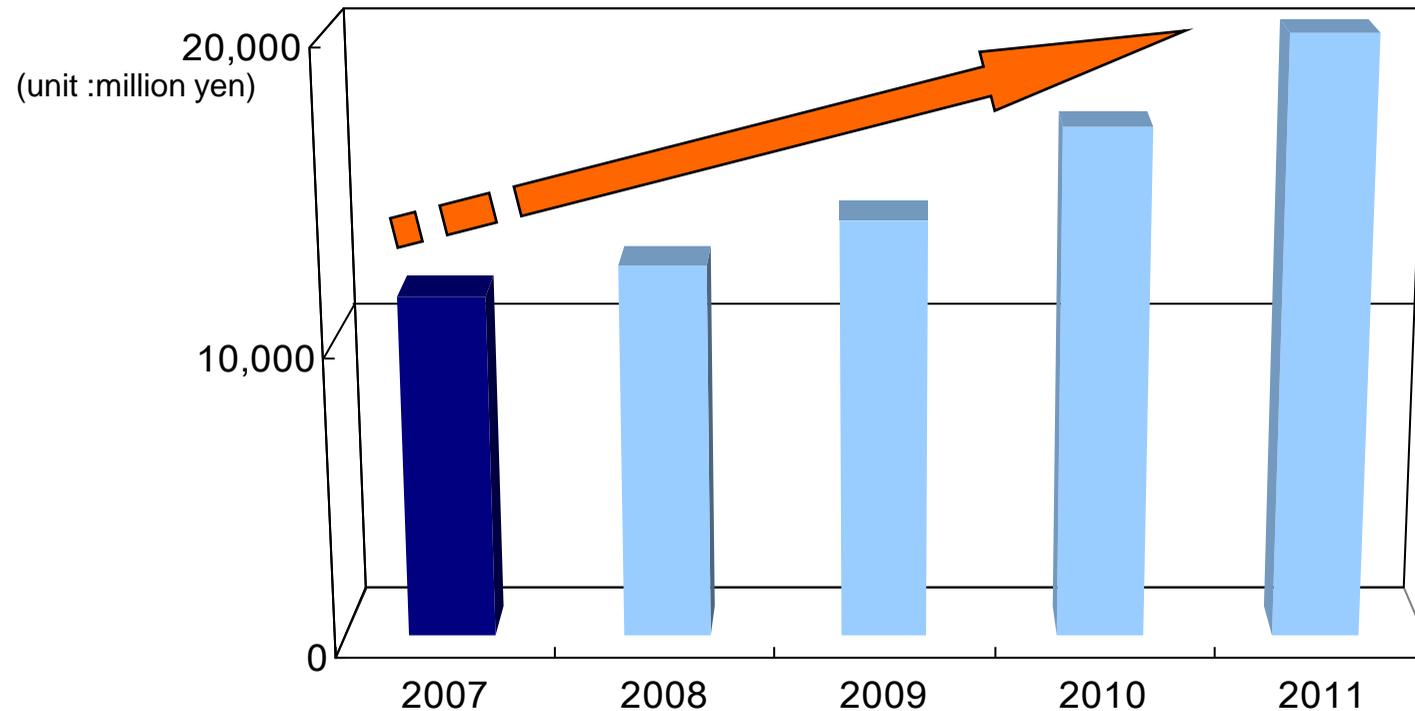
1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Average market growth rate 15%



Source:Fuji Chimera Research Institute

TSE:3788



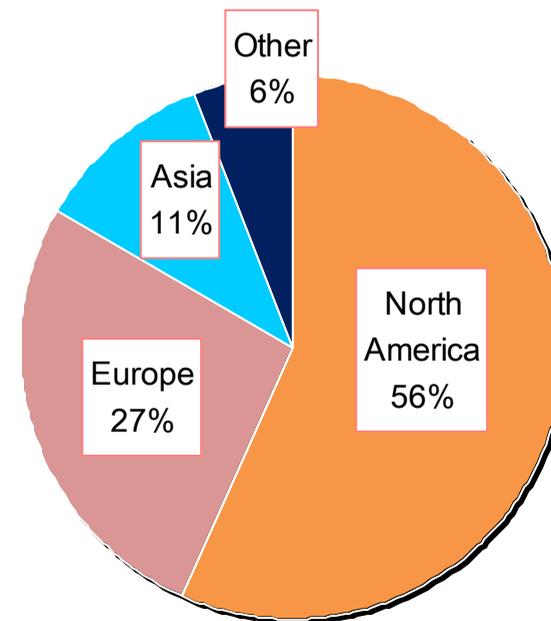
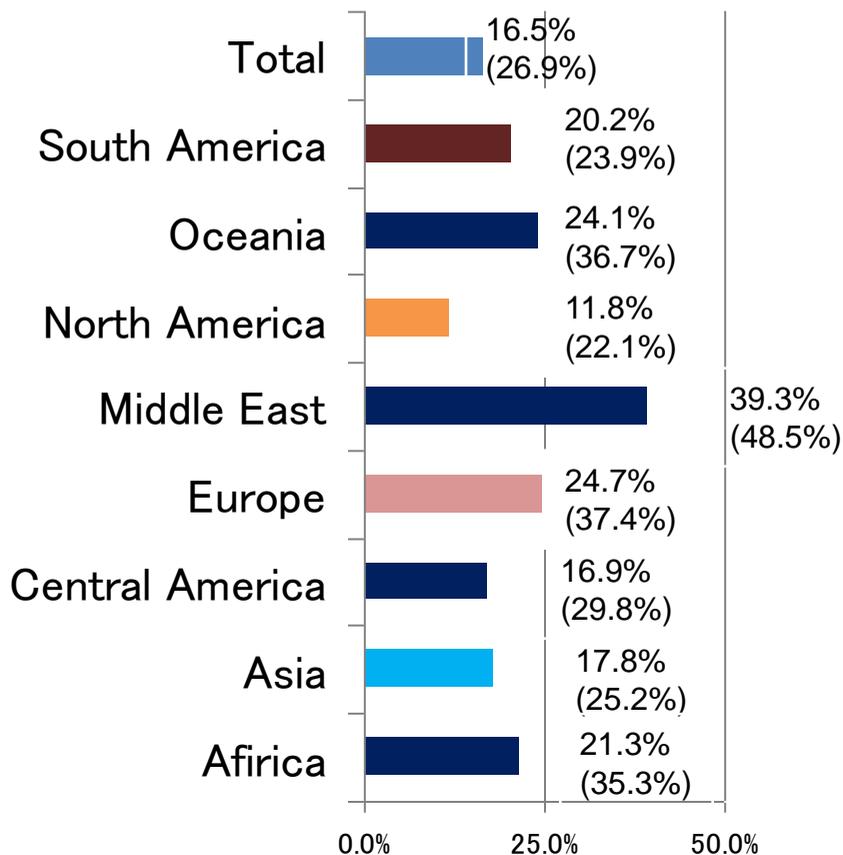
Use of services is expanding regardless of Company size. Growth to accelerate with Enactment of e-document laws, J-sox and other Laws, J-sox and other laws, as well as the Dissemination of IE7.

Security Business Market environment (overseas)

- 1. Summary and Conclusion
- 2. Financial Highlights
- 3. Strategy
- 4. Financial Forecast

Growth rate worldwide 16.5%

Number of server certificate issues Growth rate by region/occupancy rate



Source: Netcraft survey and own estimate as of December 2008

Figures in brackets are those for April 2008

TSE:3788



Security Business Services

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Expanding sales channels, centering on "one-click SSL"

✓ One-click SSL

Ordering SSL and installing server certificates on the customer side

SSL server certificate and issuing service (a highly differentiated service) that requires no complicated work relating to certificate acquisition

-> **Patent** acquired by GlobalSign

-> For hosting business operators and application vendors

✓ Concentrating sales at major bases (tapping potential market)

→ Expanding sales at major bases centering on the United States

✓ Forecasting a greater contribution to revenue starting FY09

TSE:3788



1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

4. Financial Forecast

TSE:3788



Financial forecast

Profit and Loss Statement (Consolidated)

Seeking superior profits through a sustained expansion of sales and improved cost competitiveness

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial forecast

(Unit : million yen, Amounts of rounded down to the nearest one million yen)

	FY2007 (reference)	FY2008 (result)	FY2009 (forecast)	YoY (%)
Sales	6,742	7,187	7,800	+8.5
Operating profit	943	804	1,002	+24.7
Ordinary Profit	812	787	1,005	+27.6
Net Profit	371	70	442	+527.1

TSE:3788



Financial Forecast Segment(Sales)

Forecasting growth of more than 20% in managed hosting

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

(Unit : million yen, Amounts of rounded down to the nearest one million yen)

	FY2007 (reference)	FY2008 (result)	FY2009 (forecast)	YoY (%)
Web Hosting Services	5,753	6,017	6,525	+8.4
Security Services	1,024	1,137	1,244	+9.5
Other Services	34	94	76	-19.1
Amortization of consolidated Adjustment Account	-69	-61	-45	-
Consolidated Total	6,742	7,187	7,800	+8.5

* Sales presentation covers transactions among inter-segments.

TSE:3788



Financial Forecast Segment (Ordinary Profit)

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Promoting returns on investment by expanding sales channels in Security business

Web Hosting Services: Amortization of in-house infrastructure 120 million yen/year since May
(Forecasting absorption of amortization by increasing sales and operational efficiency)
Increase in goodwill amortization: +82 million/year

Security Services : Promoting returns on investment by reducing amortization of 60 million yen and boosting sales

(Unit : million yen, Amounts of rounded down to the nearest one million yen)

	2007 (reference)	2008 (result)	2009 (forecast)	YoY (%)
Web Hosting Services	1,165	1,092	1,115	+2.1
Security Services	-211	-281	-125	-
Other Services	-20	-6	7	-
Amortization of consolidated Adjustment Account	9	-0	4	-
Consolidated Total	943	804	1,002	+24.7

TSE:3788



Financial Forecast Conclusion

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

Concentrating investment in managed hosting service and return on investment in Securities

Hosting Business

- ✓ Full- deployment of managed hosting service
- ✓ Increasing sales and operational efficiency are likely to absorb the amortization of in-house infrastructure systems (to start in May 2009)

Security Business

- ✓ Promoting returns on investment through an aggressive expansion of sales channels

TSE:3788



Thank you for your attention.



For inquires about this material
please contact:

Investor Relations, Business Planning Office
GMO HOSTING & SECURITY, INC.

Phone: 03-6415-6100

Email: ir_@gmo-hs.com OR use the online inquiry
form at [http://www.gmo-hs.com /](http://www.gmo-hs.com/)

Reference <Segment Sales> Presentation Including Inter-Segment Sales

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

(Unit : million yen, Amounts of rounded down to the nearest one million yen)

	2007 1Q	2007 2Q	2007 3Q	2007 4Q	FY2007	2008 1Q	2008 2Q	2008 3Q	2008 4Q	FY2008
Web Hosting Services	1,386	1,449	1,452	1,464	5,753	1,487	1,507	1,474	1,547	6,017
Security Services	301	264	219	238	1,024	286	286	241	322	1,137
Other Services	0	1	12	19	34	22	20	23	27	94
Amortization of consolidated Adjustment Account	-14	-15	-26	-13	-69	-16	-13	-13	-17	-61
Consolidated Total	1,675	1,700	1,658	1,708	6,742	1,780	1,801	1,726	1,879	7,187

* Security Business: Brand switching from 3Q of 2007

TSE:3788



Reference <Segment Sales> Presentation of Sales to External Customers (current presentation)

1. Summary and Conclusion

2. Financial Highlights

3. Strategy

4. Financial Forecast

(Unit : million yen, Amounts of rounded down to the nearest one million yen)

	2007 1Q	2007 2Q	2007 3Q	2007 4Q	FY 2007	2008 1Q	2008 2Q	2008 3Q	2008 4Q	FY 2008
Web Hosting Services	1,385	1,447	1,446	1,462	5,742	1,485	1,505	1,472	1,543	6,007
Security Services	288	250	206	227	974	275	276	231	313	1,097
Other Services	0	1	5	18	25	19	19	22	22	82
Consolidated Total	1,675	1,700	1,658	1,708	6,742	1,780	1,801	1,726	1,879	7,187

TSE:3788

* Security Business: Brand switching from 3Q of 2007

