

# Financial Results for FY2018 March



OpenDoor Inc.  
(Stock Code: 3926)

1. Highlights
2. FY2018 March - Financial Overview
3. FY2018 March - Main Initiatives
4. FY2019 March - Financial Projections
5. FY2019 March - Main Planned Initiatives
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## ■ Results for FY2018 March

- Sales were **4,009 million yen** (+ **33.8%** from the previous year), while operating profit was **1,155 million yen** (+ **15.6%** from the previous year)
- Both sales and profits hit new record highs
- Sales increased massively
- Absorbing TV commercial costs (approx. 1,000 million yen), operating profit rose from the previous year
- According to a February 2018 survey, recognition rate was **30%**, vs. a target of 25% for FY2018 March

## ■ Plans for FY2019 March

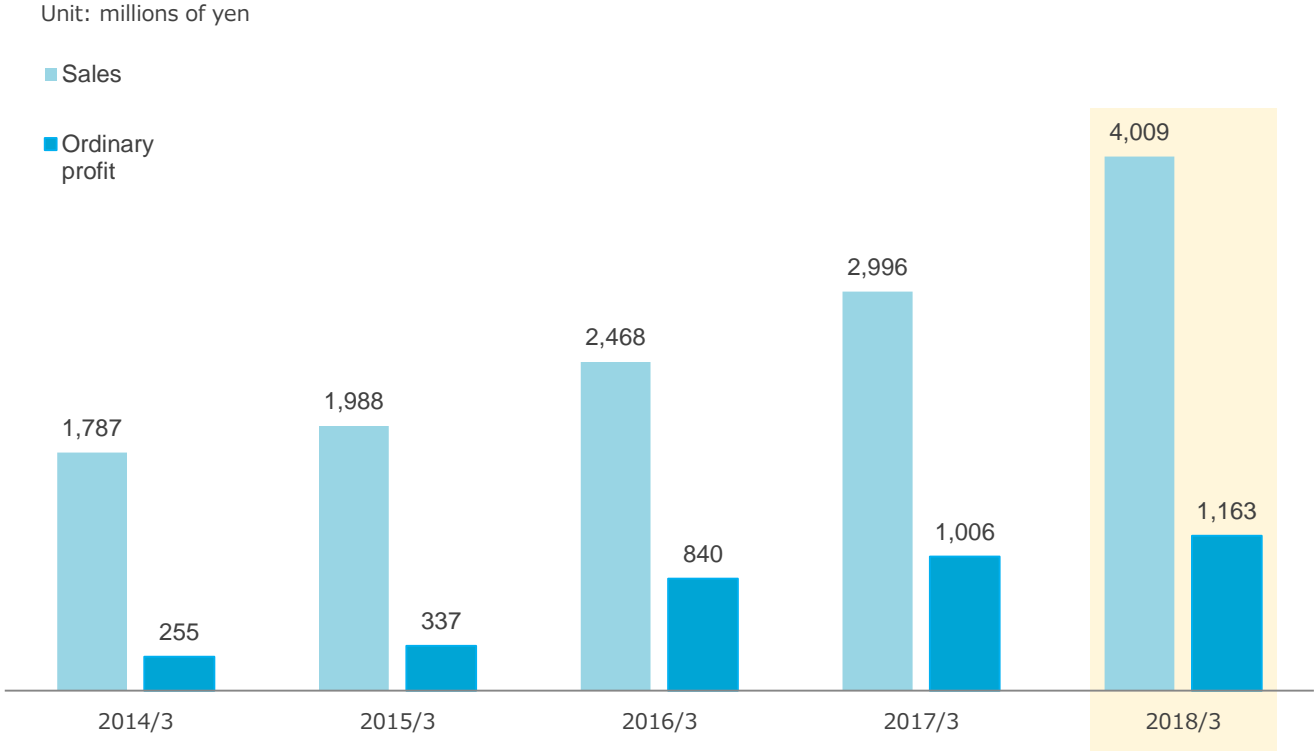
- Continuing to use the recognition rate as the most important performance indicator for FY2019 March, we aim to achieve a recognition rate of **37%** through TV commercials and other media.
- We plan to implement advertising while measuring its impact on a simultaneous basis, and the amounts spent will be within a targeted range of 1,000–1,500 million yen. Since it remains unclear how much money will be spent on advertising, the projections for sales and profit at each stage are expressed as a range.
- Sales: **4,800-5,000 million yen** (+ **19.7% to + 24.7%** YoY), operating profit **1,300-1,600 million yen** (+ **12.5% to + 38.5%** YoY)

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# FY2018 March: Financial Overview/Trends in Results



- Both sales and profits hit new record highs.



# FY2018 March: Financial Overview/Profit and Loss Statement



- Revised full-year forecasts were announced on March 14, 2018. While forecasts were announced as a range, they were revised to a level near the maximum of the projected range. Ultimately, the results were in line with the revised forecasts.
- Sales increased massively (+33.8% YoY)
- Absorbing TV commercial costs (approx. 1,000 million yen), operating profit rose from the previous year (+15.6% YoY)

Unit: millions of yen

	FY2017-March Results	FY2018-March Results	Amount of change	YoY	vs. plans	FY2018-March Full-year revised forecasts*	FY2018-March Full-year initial forecasts**
Sales	2,996	4,009	+1,012	+33.8%	+0.2%	4,000	3,700 ~ 4,000
Cost of sales	540	585	+44	+8.2%	+0.9%	580	680 ~ 680
Profit margin on sales	2,455	3,424	+968	+39.4%	+0.1%	3,420	3,020 ~ 3,320
Selling, general and administrative expenses	1,456	2,268	+812	+55.8%	-0.1%	2,270	1,820 ~ 2,520
Operating profit	999	1,155	+156	+15.6%	+0.5%	1,150	800 ~ 1,200
Ordinary profit	1,006	1,163	+157	+15.7%	+1.2%	1,150	800 ~ 1,200
Current profit	632	756	+123	+19.6%	+9.7%	690	480 ~ 720

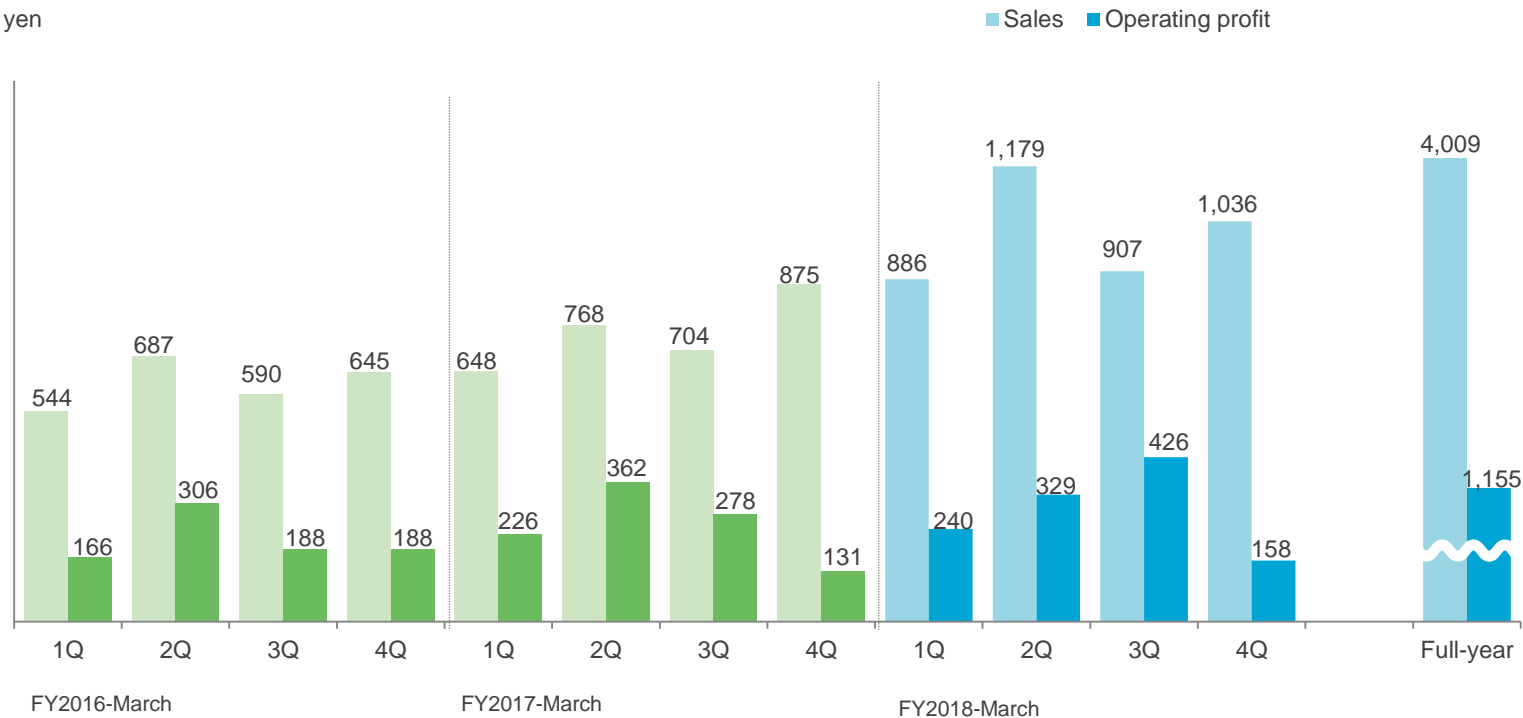
\* Revised forecasts announced March 14, 2018

\*\* Initial forecasts announced May 12, 2017

# FY2018 March: Financial Overview/Trends in Quarterly Results

- In FY2017 March, a change of billing system for main products to measured rate billing in 3Q resulted in 4Q recording the highest quarterly sales of the year, followed in descending order to sales, 2Q, 3Q and 1Q. In FY2018 March, 2Q sales was the highest of the year, followed in the same order, 4Q, 3Q and 1Q, as usual in the past.
- Sales increased year on year in every quarter

Unit: million yen





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- Expanding further existing TV commercials to major cities nationwide
- Continuing proactive system tie-ups from sites of popular travel companies to reservations systems on official sites of airline companies and lodging facilities
- Releasing “Travelko Matome” (Travel blogs) where Travelko provides information on popular cities reviewed by travel experts and ranked
- Releasing comparisons of international Wi-Fi rental services (New Travelko product)
- Enhancing Hotel accommodations plans in Taiwan through a tie-up between the TRAVELKO global site and Lion Travel, a major Taiwan travel agency

## TV commercials

- Starting to air new TV commercials!  
Expanding from Tokyo, Nagoya, and Osaka to major cities across Japan



## New tie-ups

- Viator (overseas option)
- CROOZ (domestic air tickets)
- Dynatech (domestic hotels) and many more



## Services

- “Summary of Travelko,” with reviews and ranking by travel experts
- Releasing comparisons of international Wi-Fi rental services
- Releasing an app for main options



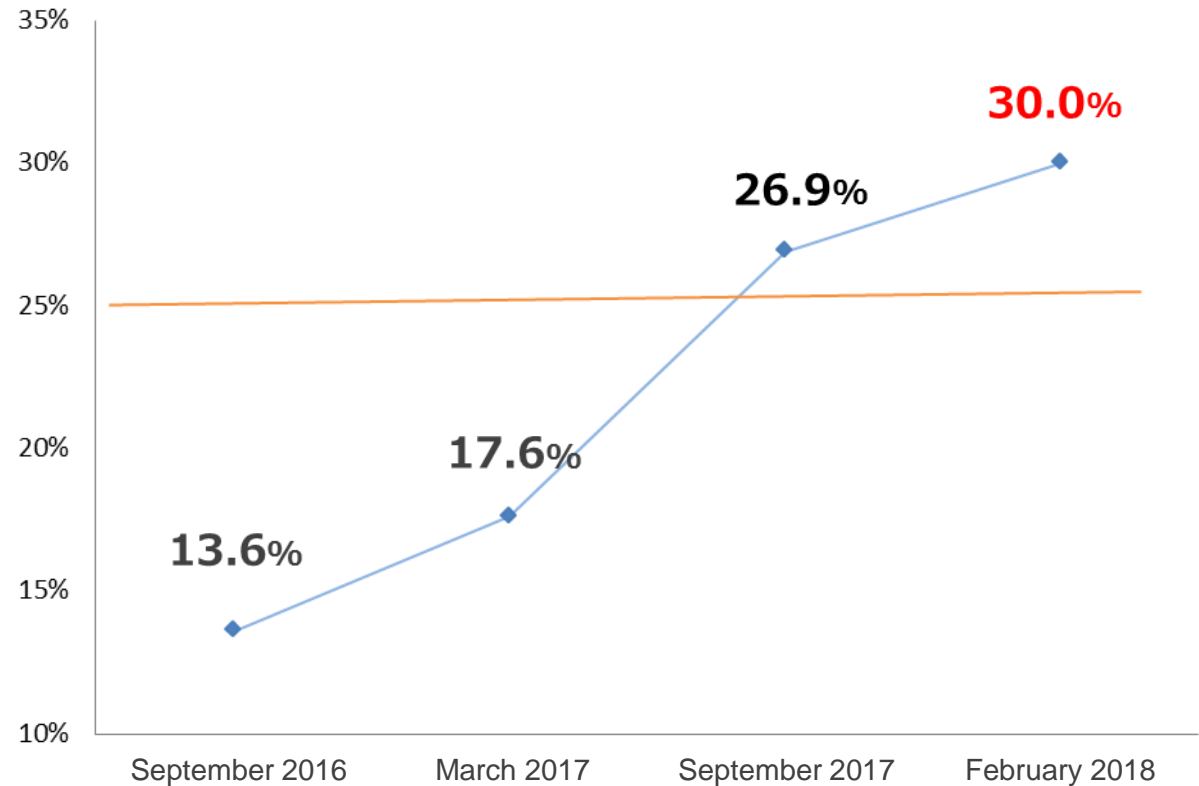
## Travelko

- Launching a tie-up with the major Taiwan travel agency Lion Travel



# FY2018 March: Main Initiatives/Increasing recognition rate through TV commercials

- According to a February 2018 survey, the recognition rate had reached **30%** vs. a full-year target of 25%!!



Source: OpenDoor's own survey (February 2018)  
Survey from a sample of 10,000 respondents: Male and females from across Japan ages 18 to 59 who have been on a trip that involved over night stay, for either private or business purposes.

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# FY2019 March—Financial Projection/ Profit and Loss Statement



- Continuing to use the recognition rate as the most important performance indicator for FY2019 March, we aim to achieve a recognition rate of 37% through TV and other media.
- We plan to implement advertising while measuring its impact on a simultaneous basis, and the amounts spent will be within a targeted range of 1,000–1,500 million yen. Since it remains unclear how much money will be spent on advertising, the projections for sales and profit at each stage are expressed as a range.

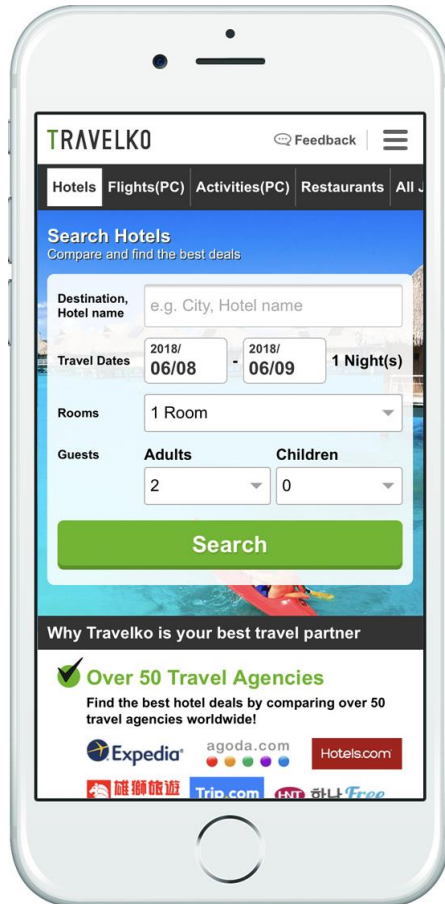
Unit: millions of yen

	Results FY2018 March	Projections for FY2019 March		Amount of change	YoY
Sales	4,009	4,800 ~	5,000	+790 ~ +990	+19.7% ~ +24.7%
Cost of sales	585	600 ~	600	+14 ~ +14	+2.5% ~ +2.5%
Profit margin on sales	3,424	4,200 ~	4,400	+775 ~ +975	+22.7% ~ +28.5%
Selling, general and administrative expenses	2,268	2,600 ~	3,100	+331 ~ +831	+14.6% ~ +36.6%
Operating profit	1,155	1,300 ~	1,600	+144 ~ +444	+12.5% ~ +38.5%
Non-operating profit/loss	8	0 ~	0	-8 ~ -8	- ~ -
Ordinary profit	1,163	1,300 ~	1,600	+136 ~ +436	+11.7% ~ +37.5%
Extra ordinary profit/loss	28	0 ~	0	-28 ~ -28	- ~ -
Current profit	756	780 ~	960	+23 ~ +203	+3.1% ~ +26.9%

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- Increase recognition rate through TV commercials
- Enhance existing products
- Product comparison of train and hotel packages (bullet train and hotel/inn)
- Renew highway bus & overnight bus products
- Increase the number of cities reviewed by travel experts and ranked in “Travelko Matome” (Travel blogs)
- Develop user review and evaluation services
- Comparison of vacation rental products



- Enhance price competitiveness by tie-ups with major international site
- Enhance localization of the user interface
- Release the TRAVELKO (Global site) app
- Provide system interface for inbound travel information



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# FY2018 March: Breakdown of main items included in cost of sales and selling, general and administrative expenses

- Advertising expenses increased due to mass-media advertising, including TV commercials

Unit: millions of yen	FY2017/3		FY2018/3			
	Results	% sales	Results	Amount of change	YoY	% sales
Cost of sales	540	18.0%	585	+44	+8.2%	14.6%
Labor costs	356	11.9%	392	+36	+10.1%	9.8%
Other	184	6.2%	192	+8	+4.5%	4.8%
Selling, general and administrative expenses	1,456	48.6%	2,268	+812	+55.8%	56.6%
Personnel costs	697	23.3%	693	-4	-0.6%	17.3%
Advertising expenses	367	12.3%	1,101	+733	+199.3%	27.5%
Other	390	13.0%	474	+83	+21.3%	11.8%

- Financial results show steady performance, with a 793 million yen increase in net assets.

Unit: millions of yen	2017/3 Results	2018/3 Results	Amount of change
Current assets	3,591	4,299	+707
Cash and deposits	2,993	3,549	+556
Other	598	749	+151
Fixed assets	458	684	+225
Total assets	4,050	4,984	+933
Current liabilities	702	768	+65
Fixed liabilities	2	76	+74
Total liabilities	704	844	+139
Net assets	3,345	4,139	+793
Capital	648	648	-
Capital reserves	475	474	-1
Earned surplus	2,236	2,993	+756
Other	-14	23	+38
Total liabilities and net assets	4,050	4,984	+933

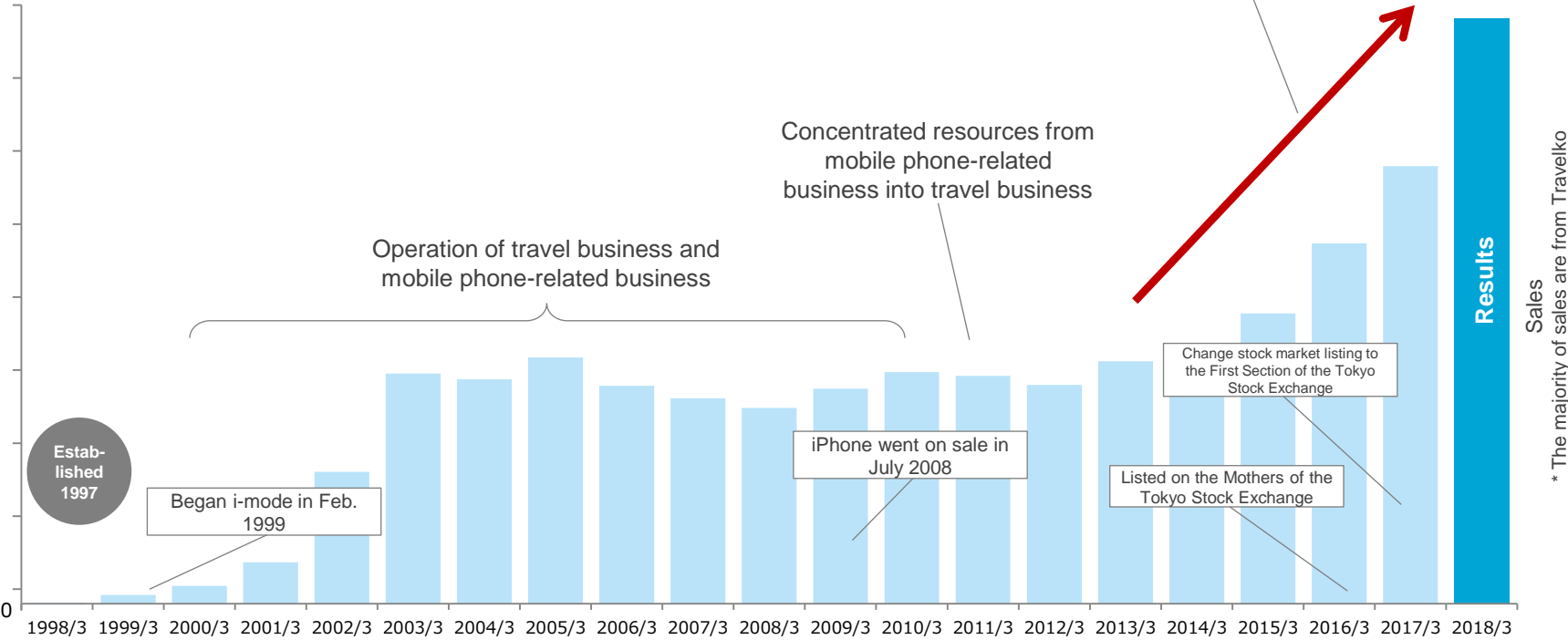
- Cash and cash equivalents increased by 580 million yen over the full year, to 3,570 million yen

Unit: millions of yen	2017/3 Results	2018/3 Results	
Cash flow from operating activities	+600	+687	Income before income taxes: 1,192 million yen Income taxes paid: -419 million yen
Cash flow used in investing activities	-158	-103	—
Cash flow from financing activities	+6	+1	—
Effect of exchange rate change on cash and cash equivalents	+0	+0	—
Net increase (decrease) in cash and cash equivalents	+448	+586	—
Cash and cash equivalents at beginning of period	2,544	2,993	—
Cash and cash equivalents at end of period	2,993	3,579	—

Company name	OpenDoor Inc.
Date of establishment	April 1997
Representative	Daisuke Sekine, President and Representative Director
Capital	648 million yen
Stock Exchange	Tokyo Stock Exchange First Section (Stock code: 3926)
Description of business	Travel comparison site Travelko Global travel comparison site TRAVELKO Operation of the traditional crafts information sites GALLERY JAPAN and KOGEI JAPAN
Consolidated subsidiaries	100% equity in Hotel Skip Inc. Reservations, arrangements, and sales of international and domestic hotels and overseas air tickets
Number of employees	A total of 158 employees

Our aim has been to help customers to find **the most affordable trip** that meets their requirements, by revising all of our products and improving the lineup.

2018



A travel comparison site that allows you to search and compare products from more than 500 booking websites

理想の旅をいもばん安く。 **トラベルコ** TRAVELKO 20th Anniversary

運営会社：株式会社オープンドア(東証一部)

初めての方へ よくある質問 メールマガ このページの質問・要望

国内 ホテル 航空券 ツアー その他 海外 ホテル 航空券 ツアー その他 旅行ガイド他 履歴 お気に入り (0)

JTB、H.I.S.、じゃらん.net、楽天トラベル、Expedia、Booking.comなど、国内外500以上の旅行サイトを比較！

レジャー・ビジネス・格安・5つ星など、あらゆる目的に応じたプラン・チケットを網羅！

価格重視派も、こだわり派も満足の旅が見つかる豊富な検索条件！

燃油サーチャージ、空港諸税、リゾートフィーなどを含んだ、参加人数の合計料金でも比較可能！

国内旅行		海外旅行	
国内ホテル	国内格安航空券	海外ホテル	海外格安航空券
国内ツアー	国内航空券+ホテル	海外ツアー	海外航空券+ホテル
日帰り旅行・体験・ホテルプラン	夜行バス・高速バス	オプションツアー	海外Wi-Fiレンタル
国内レンタカー	日帰りバスツアー	ファイナルコール	
ファイナルコール		>ベストセレクト	

オンラインでも使えるトラベルコマップ 週末は日帰りバスツアーでプチトリップ 混み合う時間の旅行を効率よく探そう！

最安値一覧 東京発 6月 7月 【マーク説明】 ↓↑ ←最安値の更新頻度あり ※5月9日時点の情報です

国内ツアー		国内ホテル		海外ツアー(燃油込)	
札幌2日	1.68万円	札幌	2,750円	ソウル3日間	1.48万円
旭川3日	2.24万円	鬼怒川温泉	2,682円	台北3日間	1.97万円 ↑
金沢2日	1.82万円	東京	1,001円	香港3日間	2.46万円
				グアム4日間	4.89万円
				バンコク4日間	2.70万円 ↑
				シンガポール4日間	3.28万円



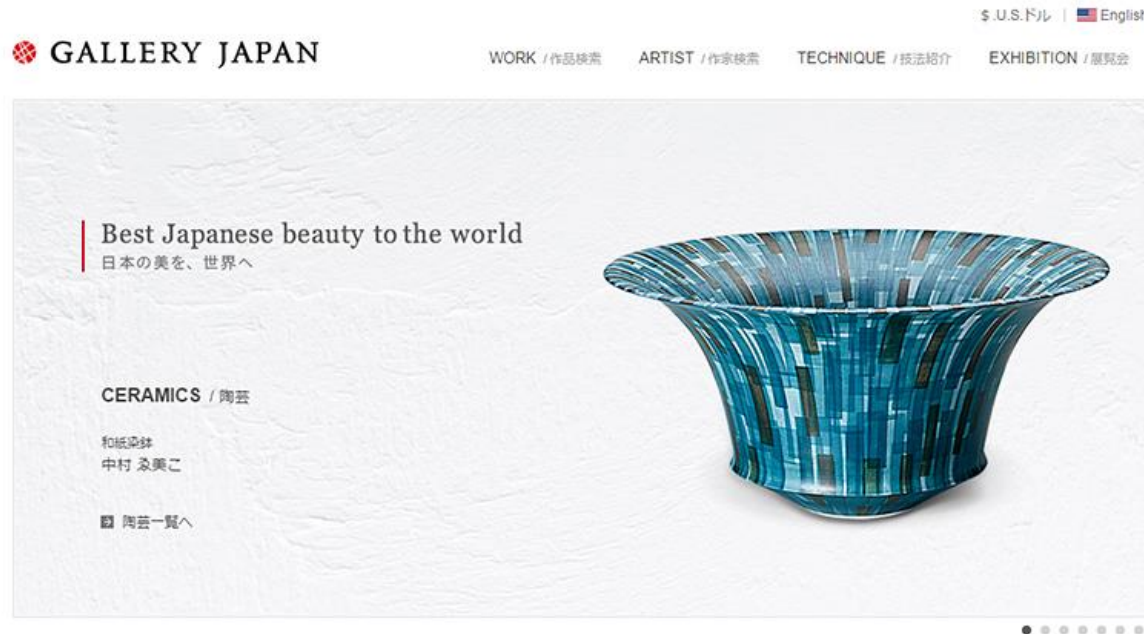
The global version of TRAVELKO, targeted at overseas and inbound markets

Supported languages

- English
- Chinese Simplified
- Chinese Traditional (Taiwan)
- Chinese Traditional (Hong Kong)
- Korean



A site targeted at overseas and inbound markets, which introduces traditional crafts of Japan to the rest of the world



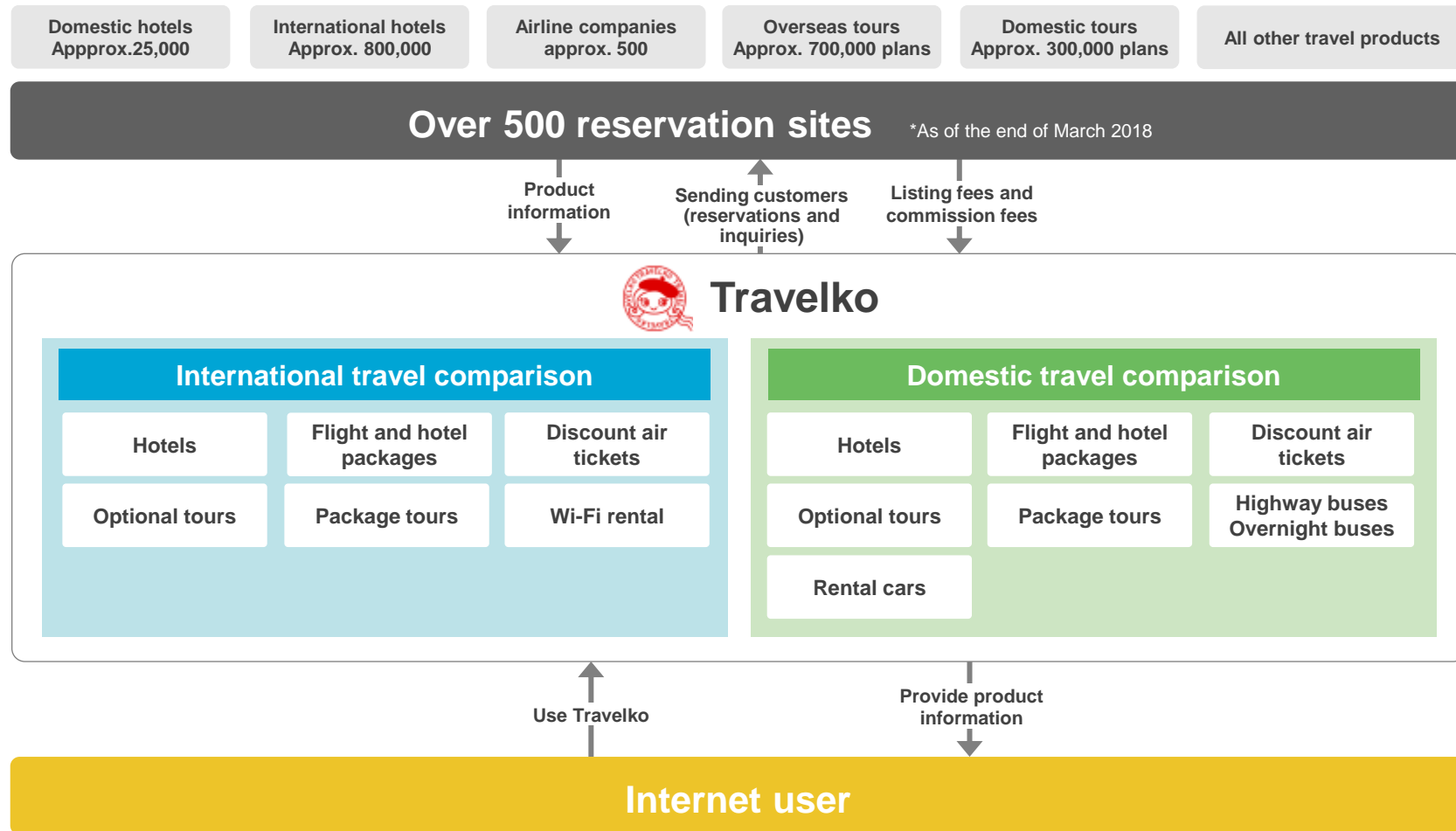
## WORK / 作品紹介



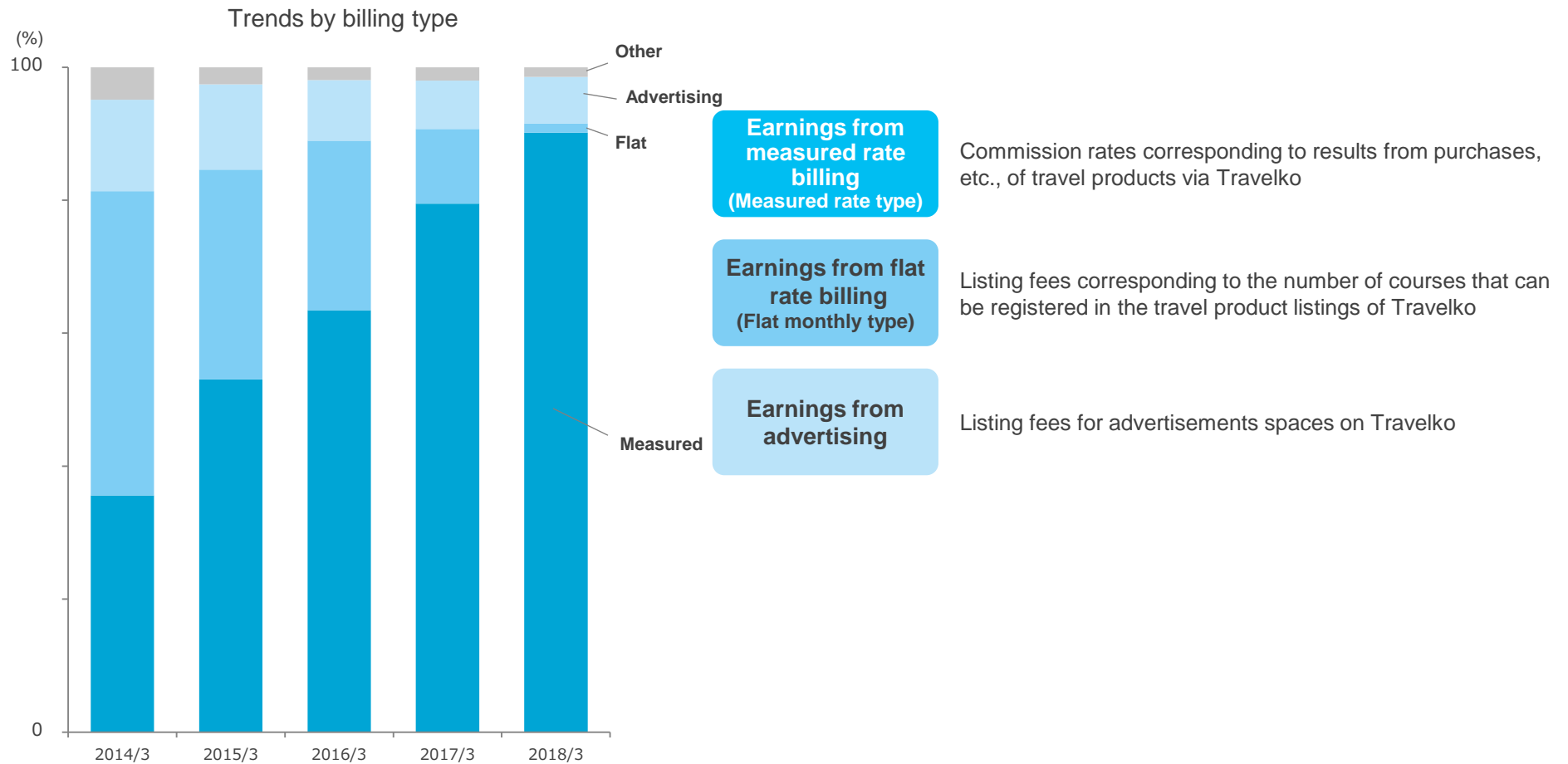
Supported languages

English  
Japanese

A business model that allows the majority of travel products to be compared



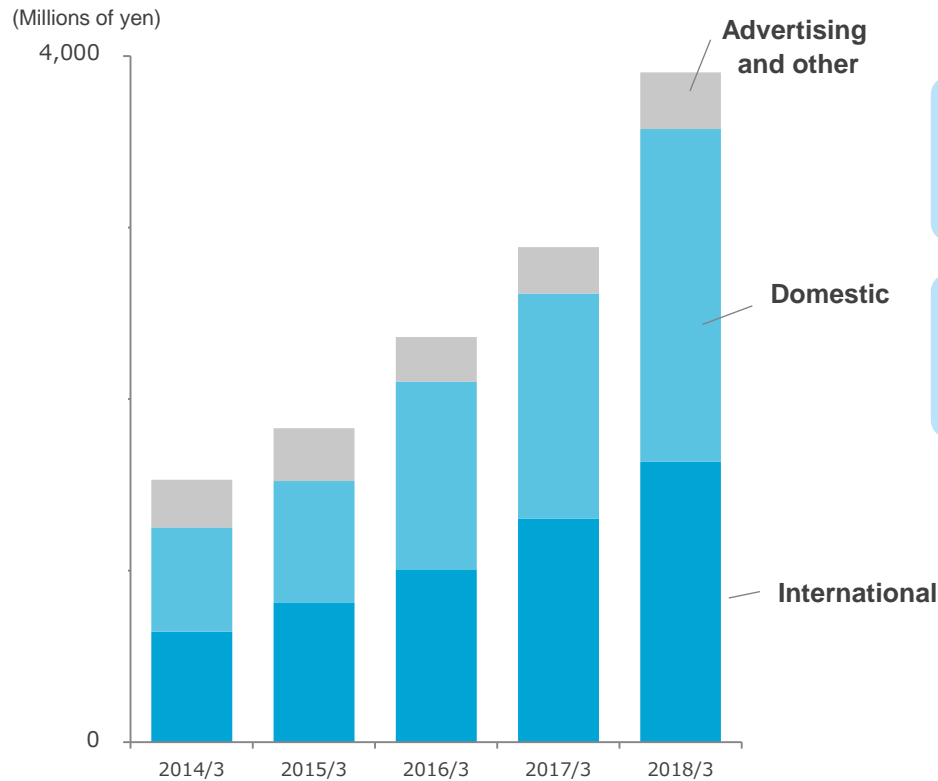
Shift from flat rate billing to measured rate billing based on results



# Travelko / Trends in the Ratio Between International and Domestic Sales

Both international and domestic sales increasing; a well-balanced risk-resilient sales structure.

Trends in the ratio between international and domestic sales

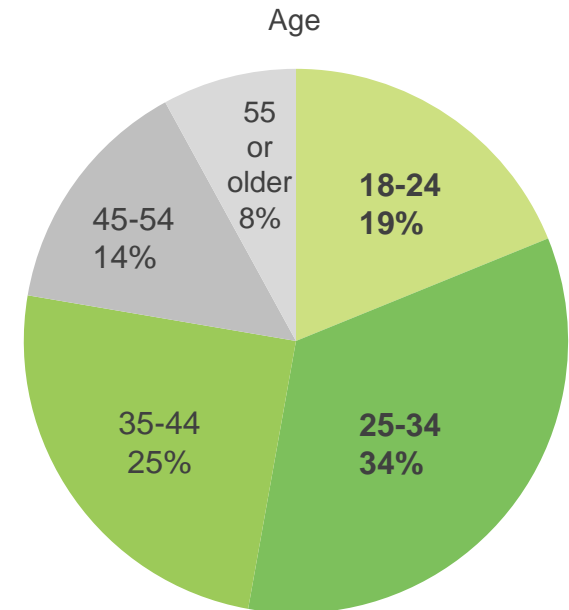
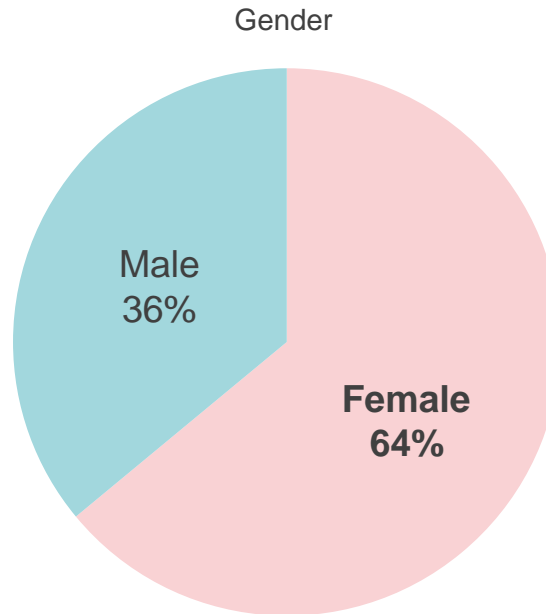
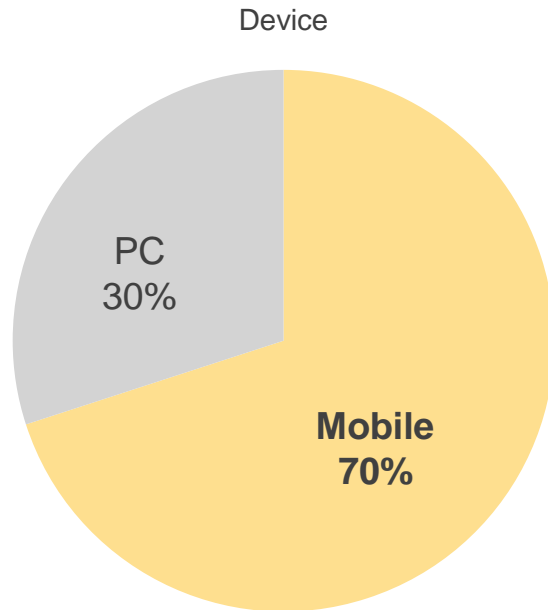


**Flexibly corresponds to changes in market trends**  
due to changes in international or domestic popularity, or because of sudden events such as terrorist attacks, etc.

A structure that is resistant against exchange-rate fluctuations

Of particular note is the fact that price- and quality-conscious F1 users (females aged 20-34) account for a large proportion.

User attributes\*<sup>1</sup>



\* The majority of products are now supported on smartphones.

We are favored by price- and quality-conscious F1 users.



\*<sup>1</sup> 2017/4 - 2018/3 access analysis data of our company

Why has Travelko been able to maintain a high rate of growth with the support of a broad range of users when there are so many other comparison sites in the market?

## 1. Covers the vast majority of travel products

While many competing sites focus on comparison of only single products, such as hotels or airlines, Travelko covers nearly all domestic and international travel products, including hotels, airline tickets, package tours, optional tours, car rental, overnight buses, and overseas Wi-Fi rental.

This makes Travelko a one-stop solution where users can plan their entire trips.

## 2. Can be used to find the most inexpensive packages and tickets

Travelko, which enables comparison of more than 500 travel sites, offers one of the largest numbers of comparable plans in Japan. This naturally increases the likelihood of users finding the most affordable products that satisfy their needs. In addition, travel sites do not provide plans with uniform pricing to all comparison sites. Often, they offer lower prices to the more price-competitive sites.

This is why Travelko, with its overwhelming advantage in number of travel sites and its high price competitiveness, makes it easy to find the most affordable products.

International travel comparison		
Hotels	Flight and hotel packages	Discount air tickets
Optional tours	Package tours	Wi-Fi rental

Domestic travel comparison		
Hotels	Flight and hotel packages	Discount air tickets
Optional tours	Package tours	Highway buses Overnight buses
Rental cars		

JTB, Club Tourism, JAL Pak, Odakyu Travel, JR Tokai Tours, DeNA Travel, Kinki Nippon Tourist, Nippon Travel Agency, H.I.S, Tobu Top Tours, Hankyu Travel, ANA Sales, Nishitetsu Travel, Meitetsu World Travel, Tabikobo

Rakuten Travel, Ikyu, Rurubu Travel, Yahoo Travel

Expedia Booking.com Hotels.com

Evolable Asia, Spring Japan, Skyticket, Star Flyer, AIRDO

...More than **500 travel sites**

## Why has Travelko been able to realize these strengths?

### Nearly all system development is carried out in-house

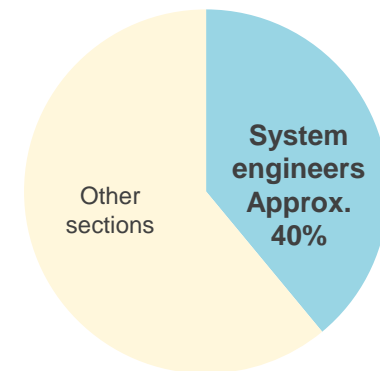
Advanced, large-scale system development is essential to covering this many travel products, linking more than 500 travel sites, and improving all of these products simultaneously.

Most competitors outsource development, which ultimately makes it difficult to carry out development in exactly the way they want to because they must depend on the resources, skills, schedules, and priorities of their subcontractors.

We carry out nearly all system development in-house, in a flexible and efficient development environment made up of more than 60 system engineers who share information daily and keep up with the latest market trends. This has enabled us to realize a development structure that can realize simultaneous progress in all of our products at high speed, while also maintaining high quality.

This high level of development capabilities is another important reason behind our strengths.

System engineers as a percentage of all employees



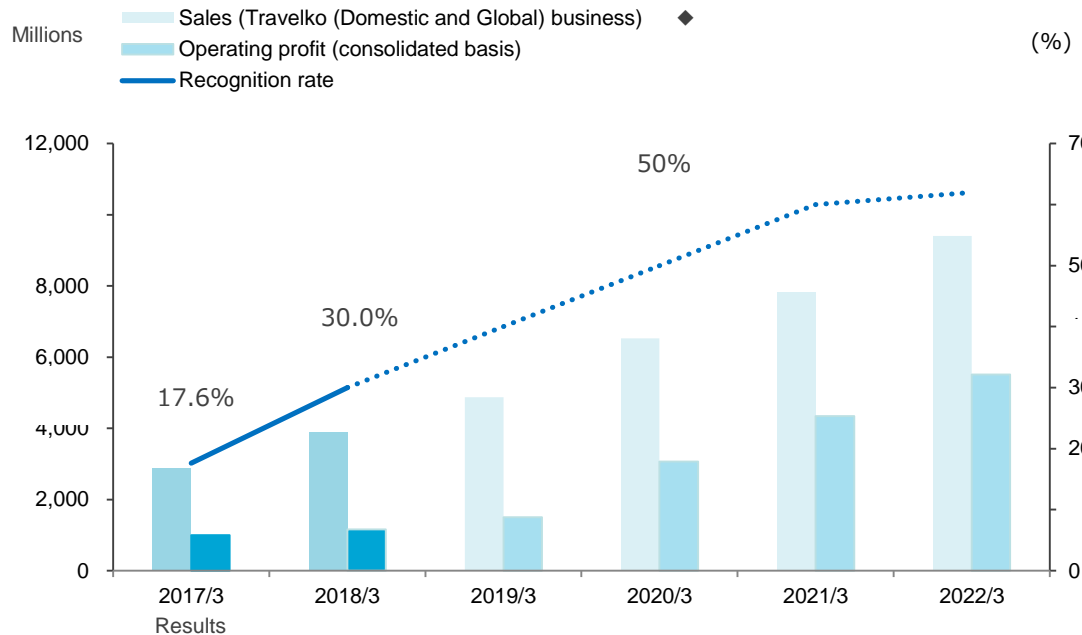
# Image of Mid-term Growth in Travelko Business

- The recognition rate of the top brand in the travel industry is approximately 70%. Travelko aims to achieve a recognition rate of 50% by the end of FY2020 March.
- The number of unique users that has a direct impact on sales is considered to grow at a rate proportional to the recognition rate and brand awareness. Accordingly, an increase in the recognition rate is expected to be followed by an increase in the number of unique users and sales.

\*A certain level of investment in mass advertising is expected to continue to maintain brand awareness.

\*\*For sales to grow in proportion to the recognition rate, in addition to the above, it is important that products are price competitive.

This is one of the company's strengths and is likely to be maintained in the future as well.



◆ Because almost all sales currently arise from the Travelko business.

◆◆ The graph provides an image of future trends.

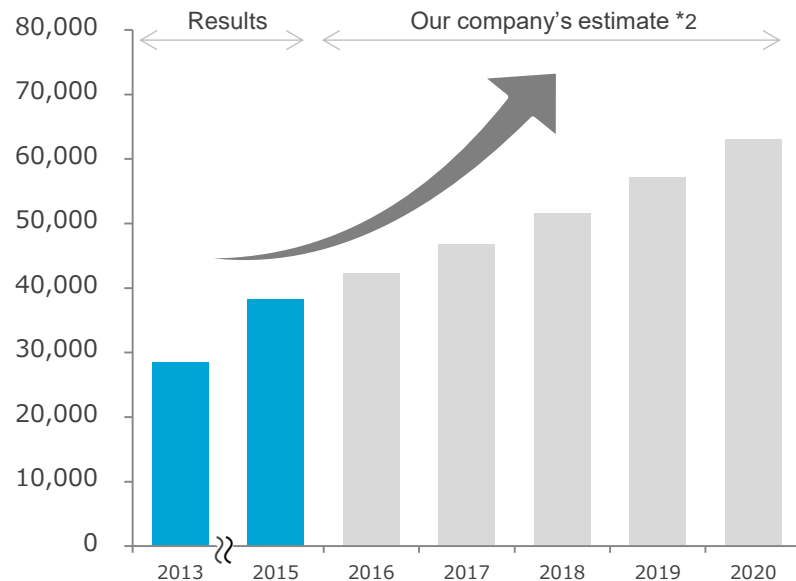


Growth of online/inbound travel markets is expected to continue.

## Online travel market scale

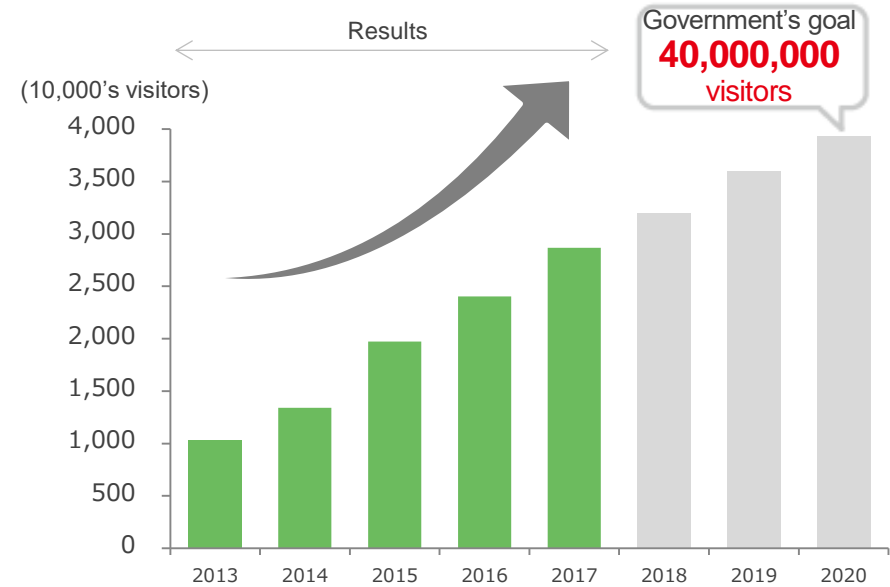
Total travel market scale: 9.7 trillion yen\*1  
 Online market scale: **3.8 trillion yen** (2015)\*1  
 Average annual increase of **15%**\*1

(100 millions of yen)



## Growing inbound market

2017: 28,690,000 visitors\*3  
 →  
 2020: **40,000,000** Visitors\*4



\*1 An abstract from PhoCusWright Japan's "Survey of Japan's Online Travel Market, Third Edition"

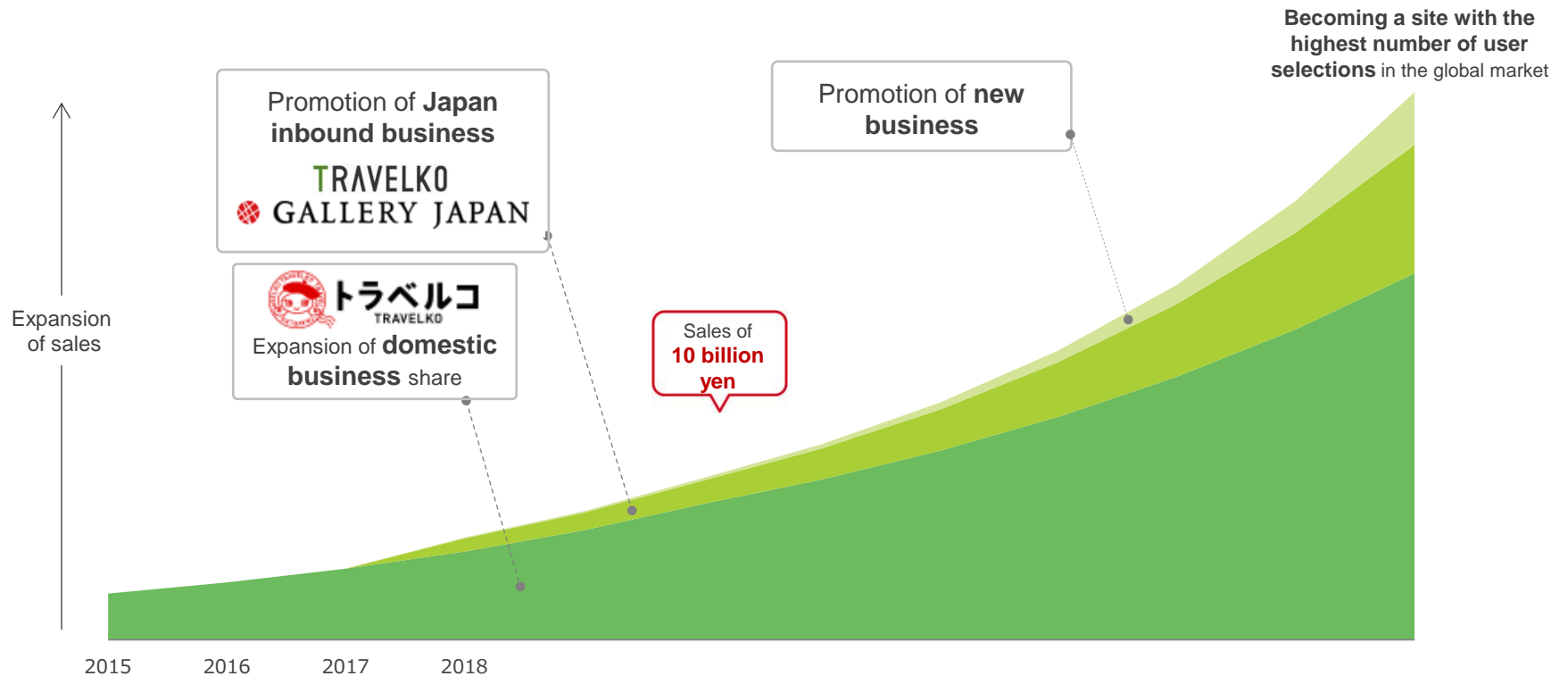
\*2 A growth rate of the yearly average +10% is assumed

\*3 An abstract from the number of foreign visitors to Japan by JNTO (Japan National Tourism Organization)

\*4 An abstract from "Tourism Vision to Support the Future of Japan"

# Image of Mid- and Long term Growth

Aiming to become a site with the highest number of user selections in the global market



- This document contains prospects associated with our company, future plans, business objectives, etc. The entries concerning these future prospects are based on our company's assumptions concerning future events and trends as at the time of making this document, so there is no guarantee that the assumptions made by our company are completely accurate. Because of various factors, the actual results may differ drastically from those assumed in this document.
- Unless otherwise stated, the financial data contained herein is shown based on accounting principles generally recognized inside Japan.
- The occurrence of future events, etc., notwithstanding, our company will not necessarily make revisions to publications, etc., regarding future prospects that have already been published, except in cases where such revisions are requested because of bylaws concerning disclosure of the revisions.
- Information concerning companies other than our company is based on public knowledge that is generally known.

## OpenDoor Inc.

For inquiries regarding this document or IR,  
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