



Cybozu (TSE1st :4776)

FY Jan-2008, Presentation

March 14, 2008

<http://cybozu.co.jp/>

**Overview of FY 2007**

**Business Result of FY 2007**

**Management Plan of 2008 ~**

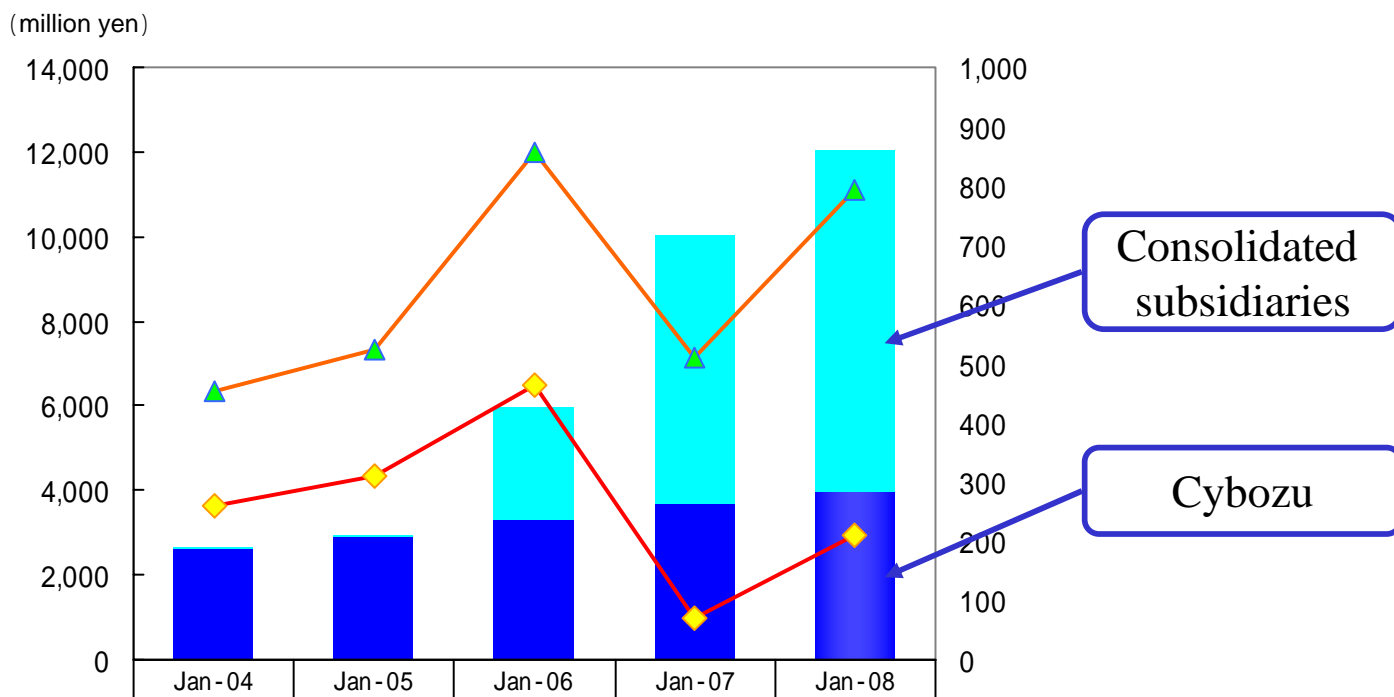


# Overview of FY 2007

(CEO Yoshihisa Aono)

# Overview of FY 2007

- **FY 9<sup>th</sup> , FY 10<sup>th</sup> (Jan-06 – Jan-07): Growth strategy through M&A**  
**FY 2006 good-will amortization was effect on profit**
- **FY 11<sup>th</sup> (Jan-08): Recover profitability and Develop Group business synergy**  
**FY 2007 Both Growth in sales and profit**



■ Sales (subsidaries)	33	21	2,633	6,340	8,090
■ Sales (non-co)	2,626	2,902	3,320	3,678	3,945
▲ Recuring Profit (con)	452	524	858	509	793
◆ Net Profit (con)	260	309	465	69	210

# FY Jan-2008 Business result

- Non-consolidated result was **maximum record in sales and profit** due to favorable groupware sales
- Consolidated sales and profit were increased YOY basis, subsidiaries' profit could not cover good-will amortization 450 million yen. Extraordinary loss of investments securities was 440 million yen.

(million yen)

	Consolidated		Non-consolidated	
	Amount	YOY	Amount	YOY
Sales	12,035	+20.1%	3,945	+7.3%
Operating profit	853	+44.7%	1,122	+46.4%
Recurring Profit	793	+55.8%	1,125	+46.4%
Net Profit	210	+202.3%	176	52.5%

## 1. Groupware share No1 in Japan is achieved on the 10th anniversary !

- 26,000 companies (2,500,000 users)

2007 Nork Research's Research Report

## 2. New products with Group synergy

- S F A 「Cybozu.sales」 with Integratto
- S a a s service, Cybozu Blog with Feedpath
- New service 「Altospace」 「Pathtraq」 with Cybozu Labs

## 3. Overseas office

- Established Cybozu Shanghai

**The 10th anniversary of founding in August in 2007.**

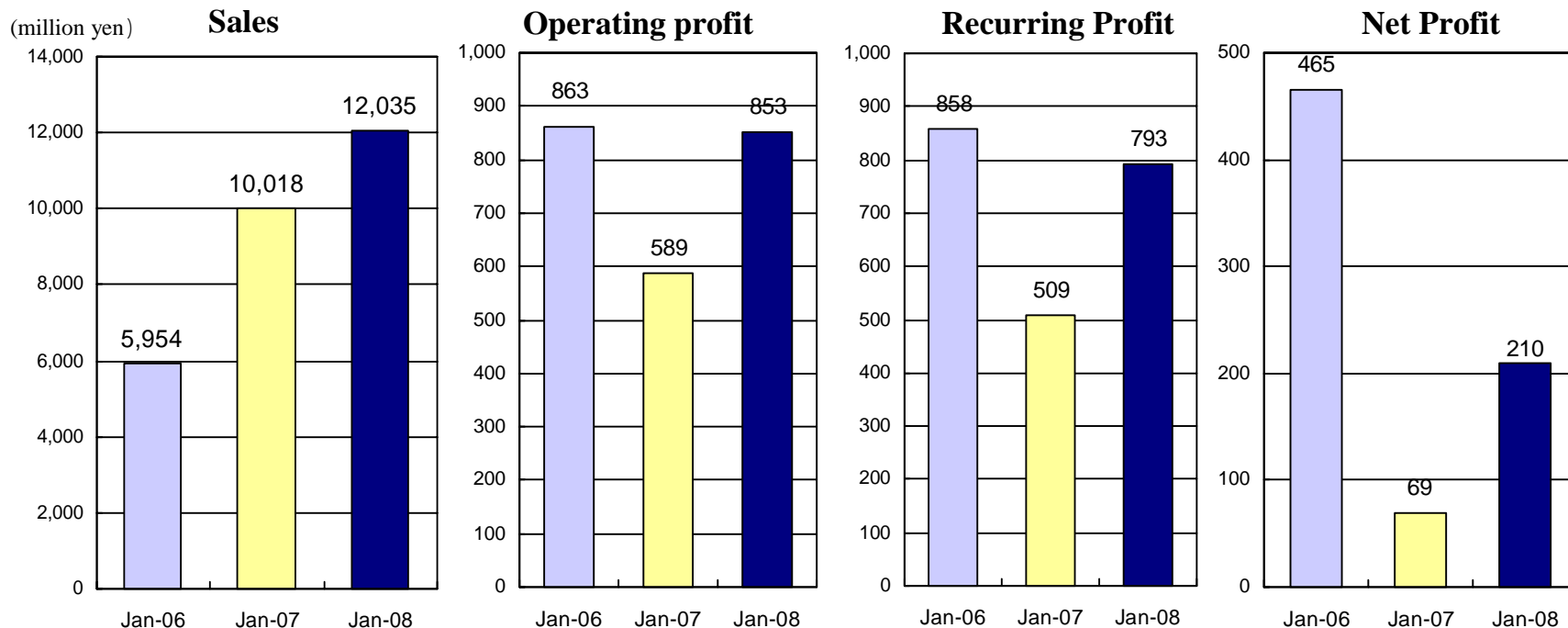


# Business Result

## FY Jan-2008

(Corporate Officer Kazuhiko Ishii)

# FY Jan-2008: Consolidated Financial summary

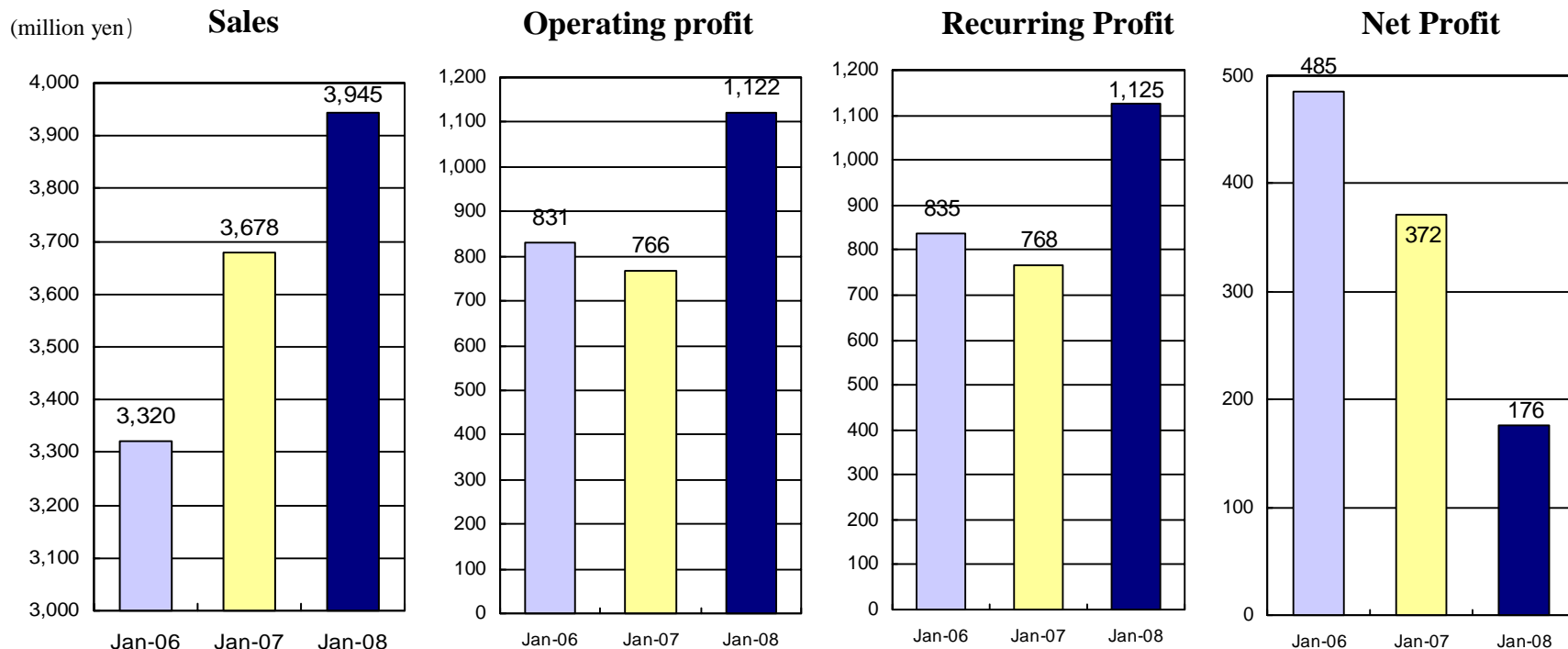


## Consolidated (Jan-2008)

(単位: 百万円)

PL	FY Jan-06		FY Jan-07		FY Jan-08	
	Amount	YOY	Amount	YOY	Amount	YOY
Sales	5,954	103.7%	10,018	68.3%	12,035	20.1%
Operating Prof	863	67.5%	589	31.8%	853	44.8%
Recurring Prof	858	63.7%	509	40.6%	793	55.8%
Net Profit	465	50.4%	69	85.0%	210	202.3%
EPS (yen)	4,735		137.32		411.05	199.3%

# FY Jan-2008: Non-consolidated Financial summary



## Non-consolidated (Jan-2008)

(単位: 百万円)

PL	FY Jan-06		FY Jan-07		FY Jan-08	
	Amount	YOY	Amount	YOY	Amount	YOY
Sales	3,320	14.4%	3,678	10.8%	3,945	7.3%
Operating Prof	831	57.8%	766	7.8%	1,122	46.4%
Recurring Pro	835	89.2%	768	8.0%	1,125	46.4%
Net Profit	485	83.9%	372	23.3%	176	52.5%

# FY Jan-2008: Sales segmentation (non-consolidated)

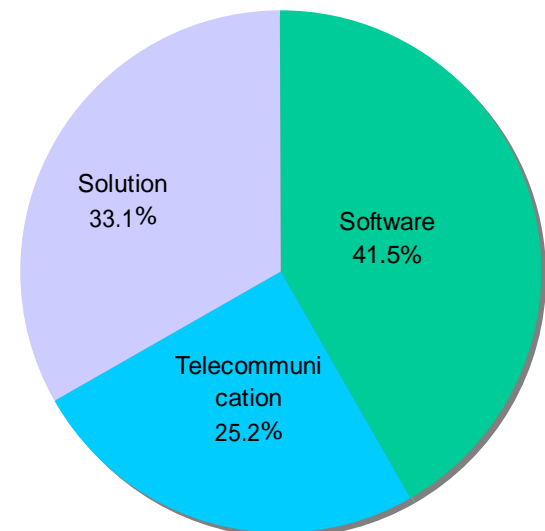
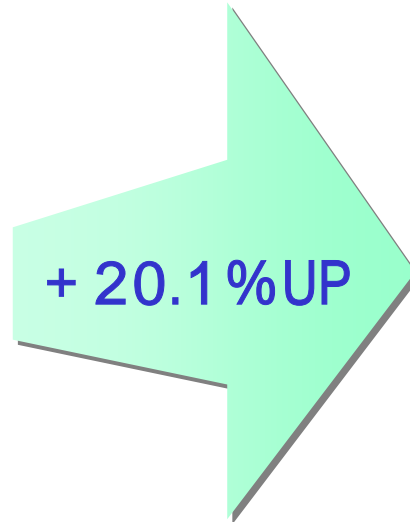
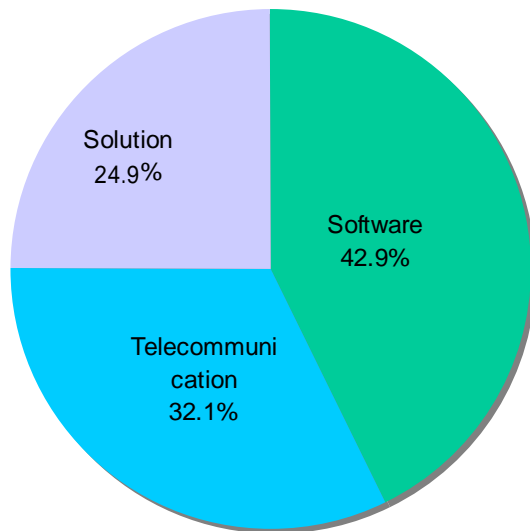
**Software business** (Cybozu, Integratto Business System, Cybozu Labs, YMIRLINK, Feedpath, J-Yad)

**Solution business** (Cross Head, Okinawa Cross Head, Bring up, YMIRLINK, Cybozu Media and Technology,)

**Telecommunication** (Inphonix)

FY Jan-07 Con Sales: ¥10,018 M

FY Jan-08 Non-co Sales: ¥12,035 M



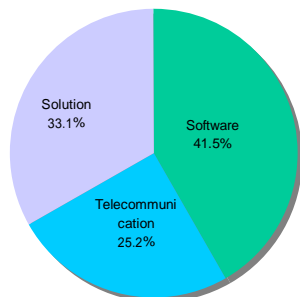
	Software	Telecommunication	Solution
Sales	4,298 million yen	3,216	2,503
Operating Profit	685 million yen	71	168

	Software	Telecommunication	Solution
Sales	5,001 million yen	3,038	3,995
Operating Profit	1,081 million yen	148	83

# Group subsidiaries Financial situation

(million yen)

Cybozu (Con Jan-08)	
Sales	12,035
Operating	852
(Dep + Amotization)	(929)



(million yen)

Software Business						
Sales	5,001					
Operating Profit	1,081					
(Depreciation+Amortization)	(266)					
Company	Cybozu	Integratto	YMIRLINK	Feedpath	J-YADO	Cybozu Labo
Equity		100.0%	70.5%	35.1%	51.9%	100.0%
CEO	Mr. Aono	Mr. Kitahara	Mr. Kei	Mr. Tsubata	Mr.takahashi	Mr.Hata
Business	Bsusiness Soft	SFA	Sowtware	Web2.0 soft	Site operation	R&D
Capital	534	50	98	71	127	40

From the second half, it will be equity method affiliate

Solution					
Sales	3,995				
Operating Profit	83				
(Depreciation + Amortization)	(33)				
Company	YMIRLINK	Cross Head	Okinawa Cross Head	Bring Up	Cyboz Media & Techonology
Equity	70.5%	54.0%	54.0%	57.1%	58.1%
CEO	Mr. Kei	Mr.Cou	Mr. Arai	Mr.Kuniyoshi	Mr.Ts uchiya
Business	Netwaork	Netwaorksystem	NetworkSystem	Consulting	Thin client
Capital	98	395	51	20	257

Telecommunication	
Sales	3,038
Operating Profit	148
(Depreciation + Amortization)	(524)
Inphonix	
Equity	66.5%
CEO	Mr.Asano
Business	Telecommunication
Capital	100

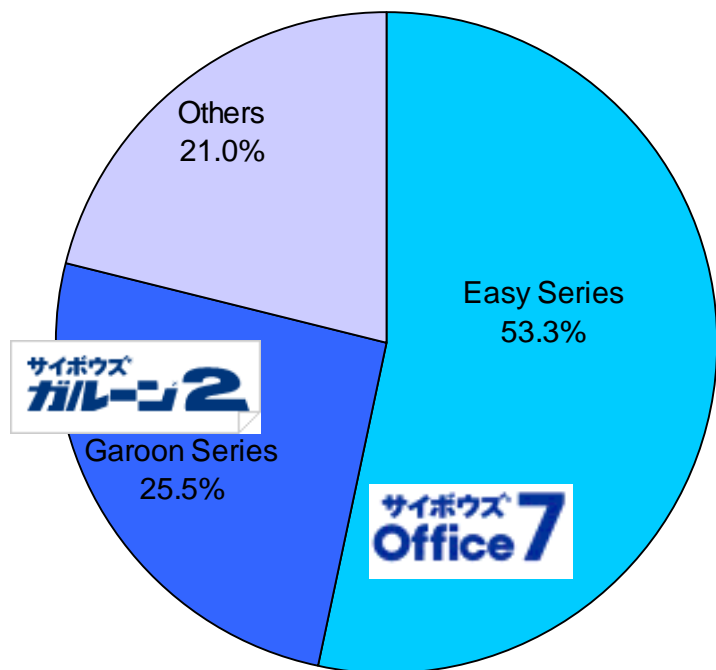
Consolidated exclusion from Jan-2008

\* YMIRLINK's sales was accounted on both Software and network

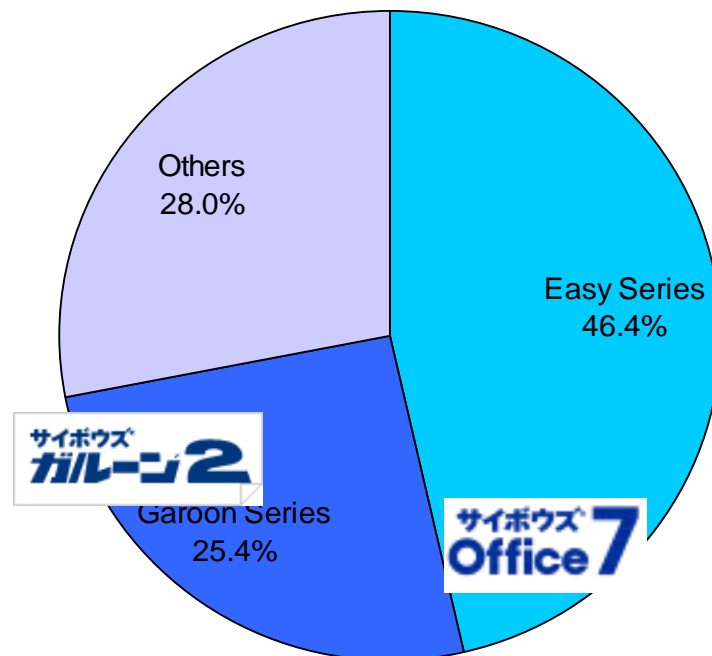
# FY Jan-2008: Software Sales segmentation

FY Jan-07 Sales : ¥4,298 M

FY Jan-08 Sales : ¥5,001 M



+16.3% UP



	Easy Series	Garoon Series	Others
Sales	2,293 million yen	1,098	906

	Easy Series	Garoon Series	Others
Sales	2,324 million yen	1,273	1,403

# Each Groupware Products Sales

## Easy Series



(Feb-2007 ~ Jun-2008 Sales, YOY %)

Easy Groupware	Easy We b Database	Group mail system
		
Sales 1,716 M	Sales 486 M	Sales 129 M
YOY 3.3 %	YOY + 16.2 %	YOY + 24.2 %

## Garoon Series

EIP Group ware	Internal Blog
	
Sales 1,271 M	Sales 19 M
YOY +14.9%	YOY +325

## Others

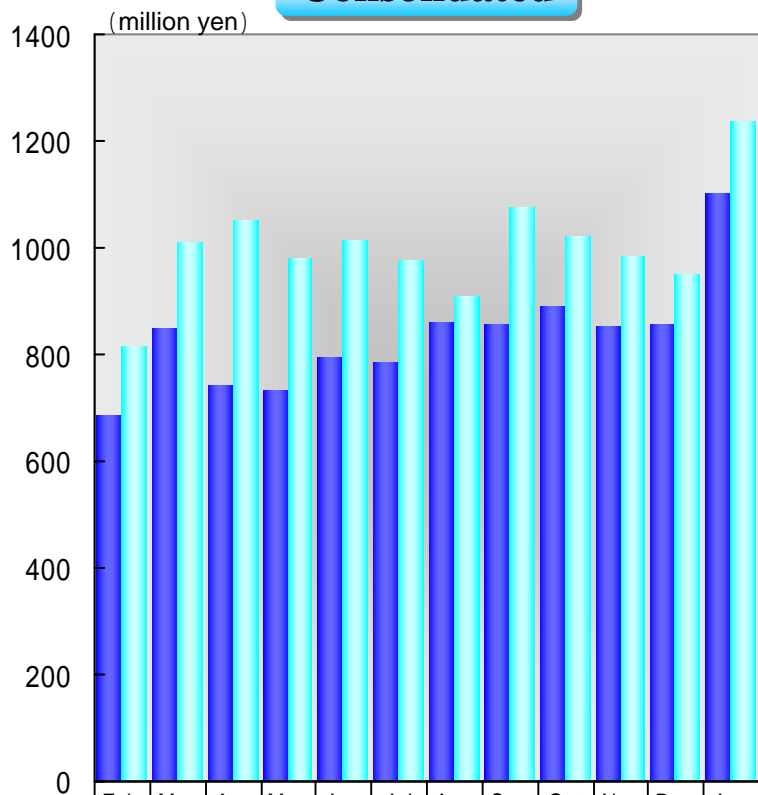
B to B Groupware	Remote Access
	
Sales 32 M	Sales 195 M
YOY +19.9%	YOY +19.6%

# Monthly sales (consolidated/non-consolidated)

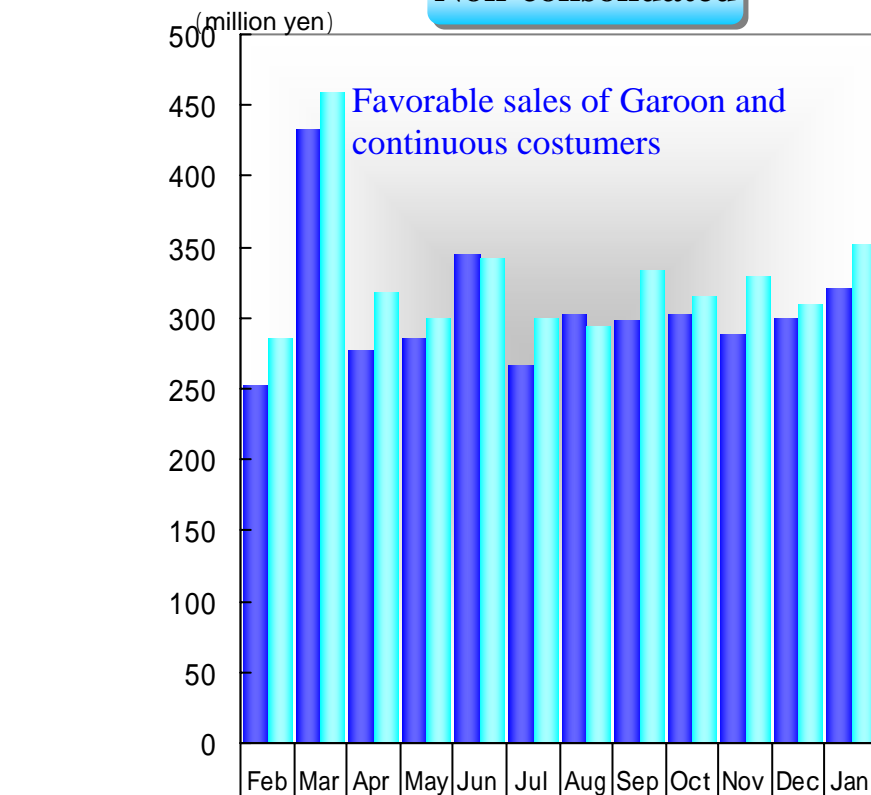
2006 May M & A (Bring Up, Cybozu Media & Technology)

June M&A (J-YADO, Integratto Business System)

## Consolidated



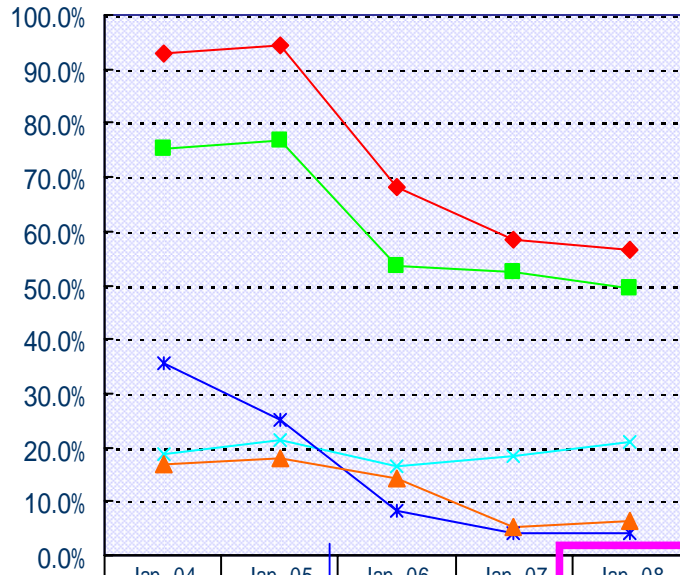
## Non-consolidated



# Financial figures (consolidated · non-consolidated)

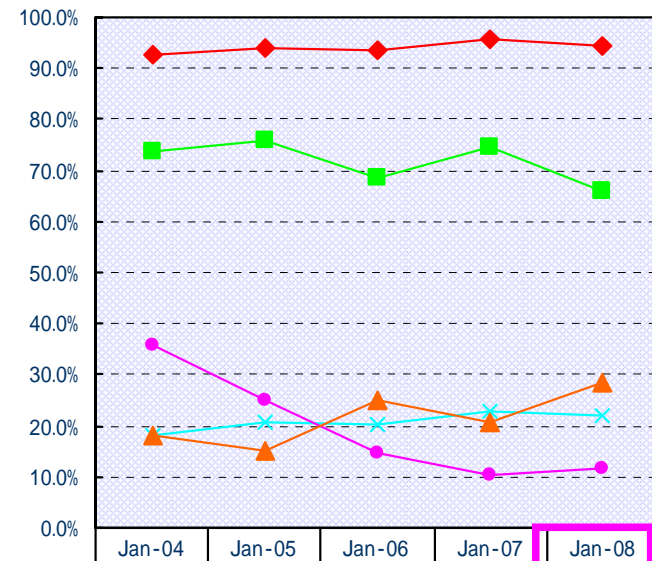
Both consolidated and non-consolidated recurring profit Margin was increased

## Consolidated



→ Expand M & A

## Non-consolidated



◆ Gross Profit Margin	92.7%	94.1%	93.5%	95.6%	94.5%
■ SG & A ratio	73.9%	75.9%	68.5%	74.7%	66.1%
× (Salaries)	17.9%	20.8%	20.3%	23.0%	21.9%
● (Advertizment)	35.7%	25.1%	14.8%	10.4%	11.7%
▲ Recurring Profit Margin	18.1%	15.2%	25.2%	20.9%	28.5%

# FY Jan-2008 B S C F (Consolidated)

(million yen)

	FY Jan-07	FY Jan-08	YOY ± %	Memo
<b>Current Asset</b>	3,393	3,851	13.5%	
Cash/Deposit	1,274	1,748	37.2%	
Account receivable	1,915	1,681	-12.2%	
Others	203	422	107.9%	
<b>Fix Assets</b>	3,900	3,302	-15.3%	
Tangible Assets	377	317	-15.9%	
Intangible Assets	2,380	1,801	-24.3%	Goodwill 1,091
Investment/Others	1,141	1,183	3.7%	
<b>Total Assets</b>	7,294	7,154	-1.9%	
<b>Current Liability</b>	2,687	2,691	0.1%	
Account payable	450	374	-16.9%	
Short term borrowing	700	600	-14.3%	
Within one year payment deb	326	275	-15.6%	
Tax payable	228	358	57.0%	
Accrued liability	462	471	1.9%	
Others	519	613	18.1%	
<b>Fix Liability</b>	772	602	-22.0%	Long term debt 150
<b>Net Assets</b>	3,834	3,860	0.7%	
<b>Equity ration %</b>	52.6%	54.0%	2.7%	
<b>Liability and EQ</b>	7,294	7,154	-1.9%	
<b>B P S</b>	6,233円	6,786円		

	FY Jan-07	FY Jan-08
Operating Cash Flow	899	1,645
Investment Cash Flow	-2,087	-1,098
Free Cash Flow	-1,187	547
Financial Cash Flow	938	-74
Cash Balance	1,274	1,748

## Increased Operating CF

### [Operating CF]

Operating Profit, Depreciation

Goodwill Amortization

### [Investment CF]

Purchased Fix Assets and Intangible Assets

### [Financial CF]

Borrowing new debt and payment of subsidiaries

Re: Brief Financial report (Tanshin P26)

Goodwill(5 year amortization) : 1,091 M (This FY 446 M)

# Forecast precondition of FYJan-2009

## **Consolidated sales down due to group reform**

**EPS +42%(YOY) 585円**

- Sold Cross Head and Okinawa Cross Head
- Feedpath, consolidated subsidiary equity method application company
- Extraordinary loss has already been allowed previous year

## **Non-consolidated sales up and profit down, but keep the recurring profit ratio 20%**

**EPS, +177%(YOY) 956円**

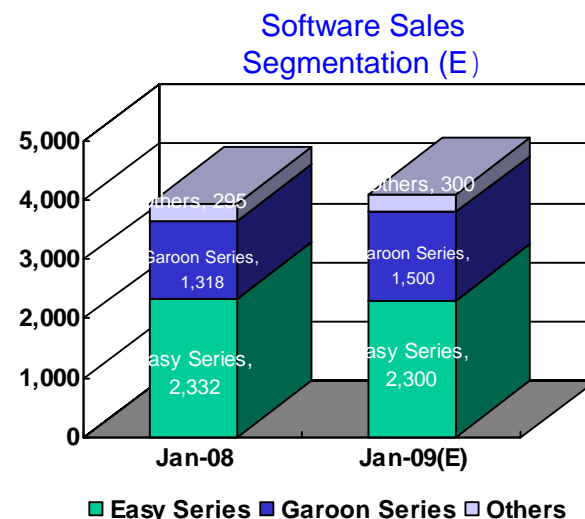
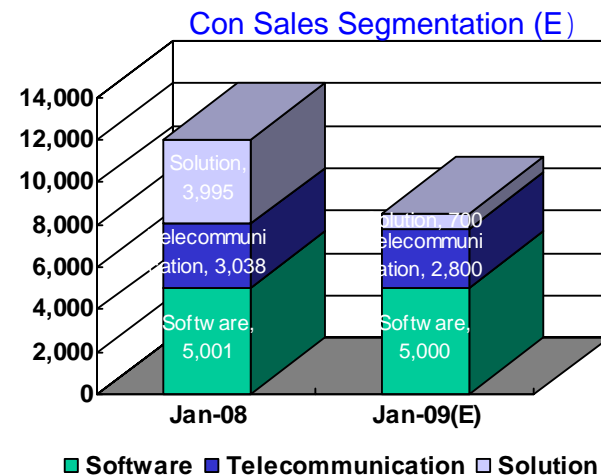
- Product development investment and human investment for further growth(27 new graduate joining a company in April)

# Forecast of FY Jan-2009 (Consolidated / non-consolidated)

(million yen)

Consolidated	Jan-08	Jan-09(H) (E)	Jan-09 (E)	YOY %
Sales	12,035	3,900	8,500	33.5
Operating Profit	852	350	760	10.9
Recurring Profit	793	320	700	11.8
Net Profit	210	140	300	+42.5
E P S	411.05 yen		585.47yen	+42.4

Non-consolidated	Jan-08	Jan-09(H) (E)	Jan-09 (E)	YOY %
Sales	3,945	2,100	4,100	+3.9
Operating Profit	1,122	450	820	26.9
Recurring Profit	1,125	450	820	27.1
Net Profit	176	270	490	+177.2
E P S	345.03 yen		956.26 yen	+177.1





**Medium term Business strategy  
and This fiscal year management plan**

**(CEO Yoshihisa Aono)**

# Mission and medium/long term strategy

## Mission of Cybozu Group

「Contribute to create knowledge by expanding share the information」

「Popularization of information」

## Medium and long term strategy

Aiming at **Top share of Groupware** in the world

# Management Plan of FY Jan-2009

## 1. Focusing on Groupware Business

- Sold stocks of Cross Head, consolidated subsidiary
- Keep on reforming group structure

## 2. Strengthen domestic Groupware market share

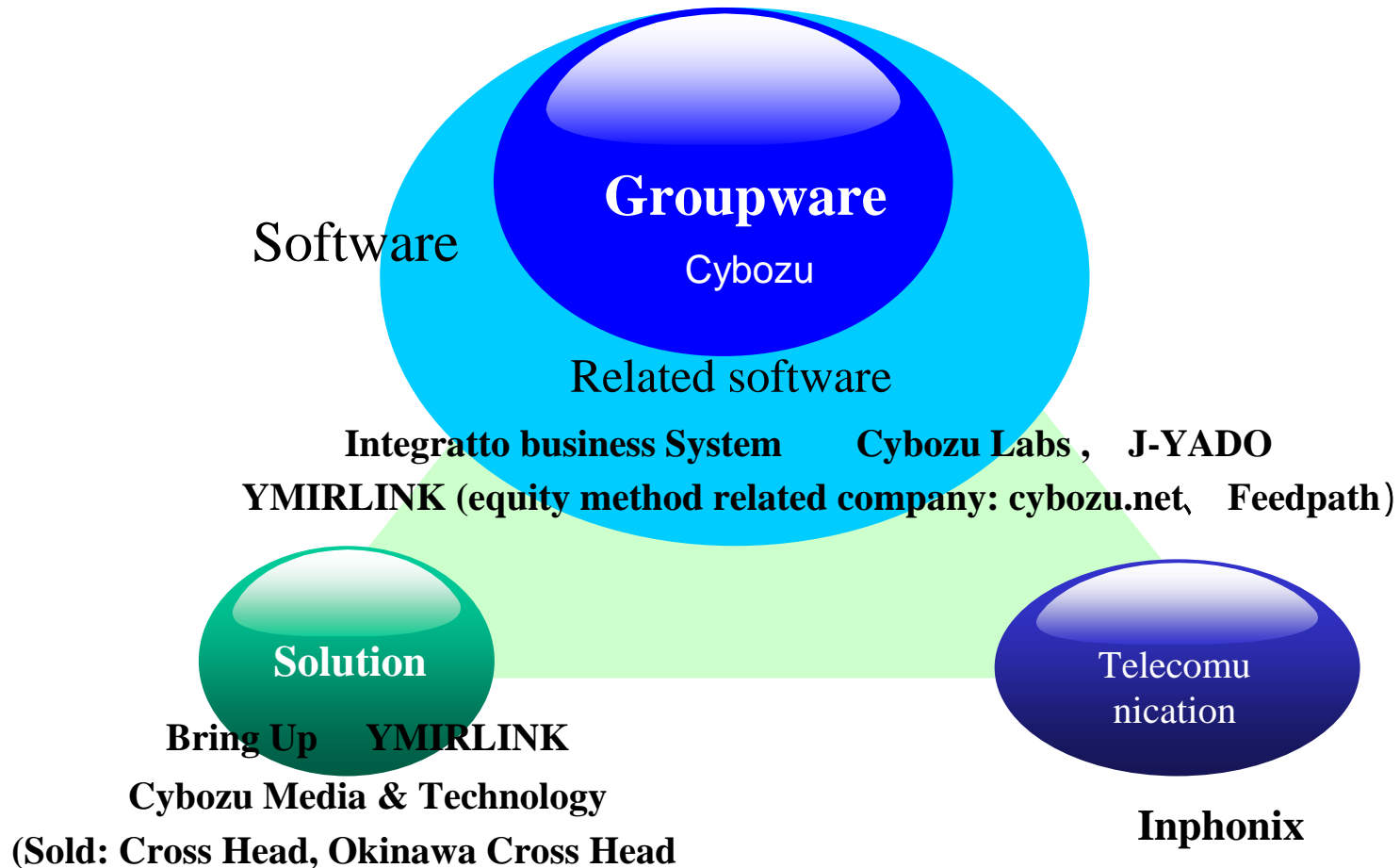
- Improved products and marketing method for targeting big companies (10,000 users)
- Established System Integration business for targeting big companies and supporting sales partners
- Version up of existing products
- Establish Matsuyama Office (Product Develop and customer support)

## 3. Extend overseas market

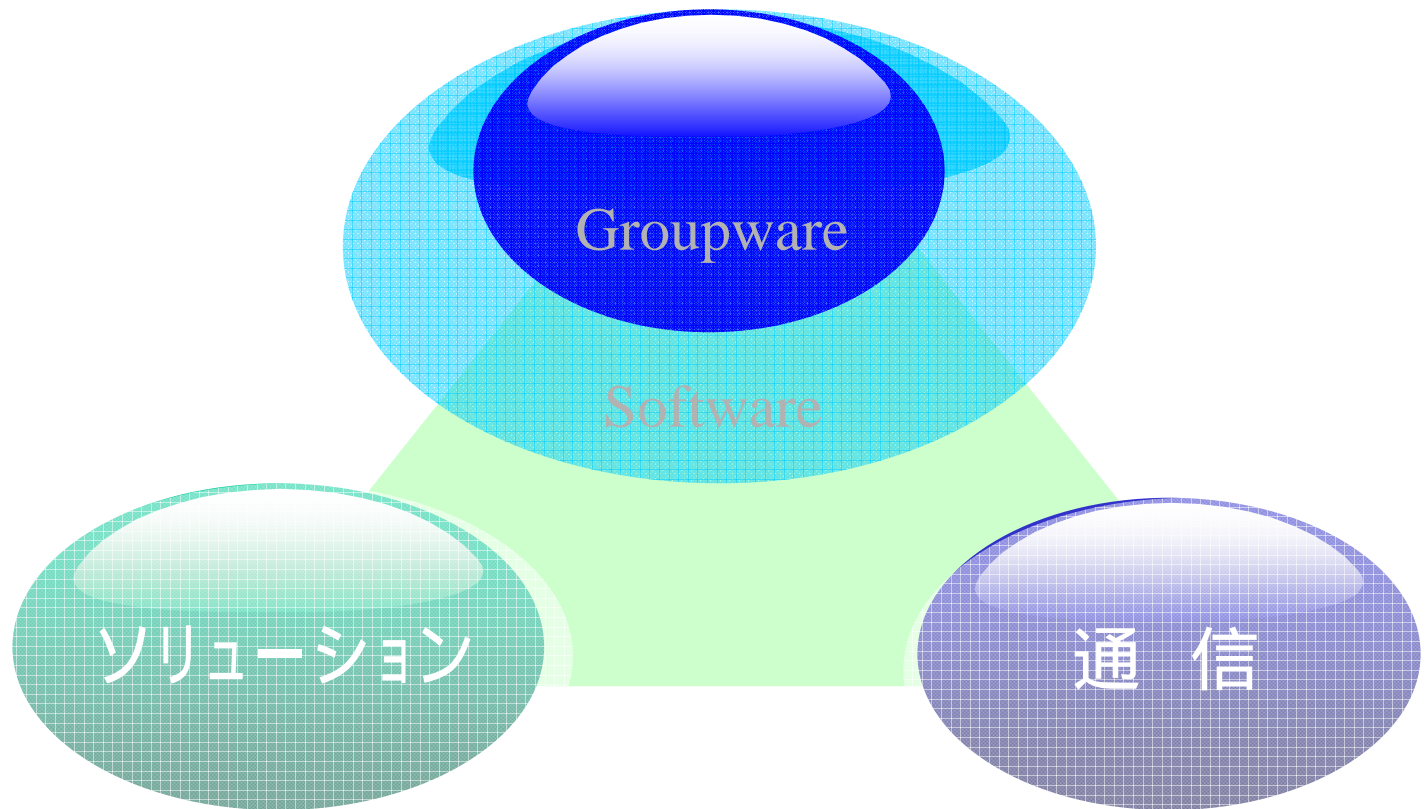
- Feasibility study
- Business start in Shanghai
- Strengthen development base in Vietnam

# Group Management Policy

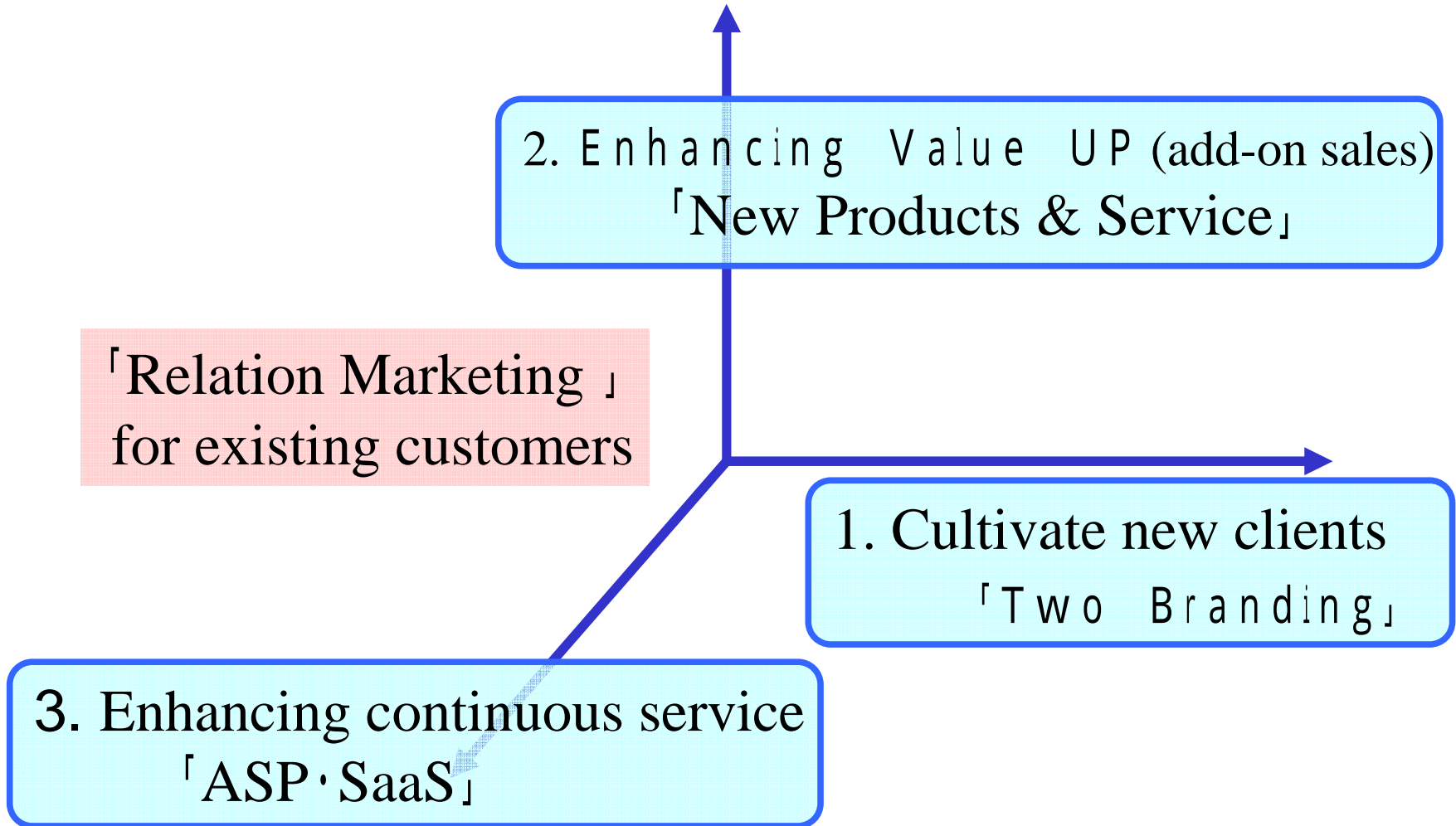
Reform Group Structure due to focusing on Groupware



# Software Business



# Software business: growth strategy



# Two Products Branding

Categorized two Brand from last fiscal year

中小企業向け

サイボウズ  
かんたんシリーズ

サイボウズ®  
Office 7

サイボウズ® テキチ恵I

サイボウズ® メールワイズ®

中堅・大企業向け

サイボウズ  
ガルーンシリーズ

サイボウズ®  
ガルーン®

サイボウズ®  
ワークフロー  
for ガルーン2

CybozuBlog

サイボウズ® ドットセールス

【その他】

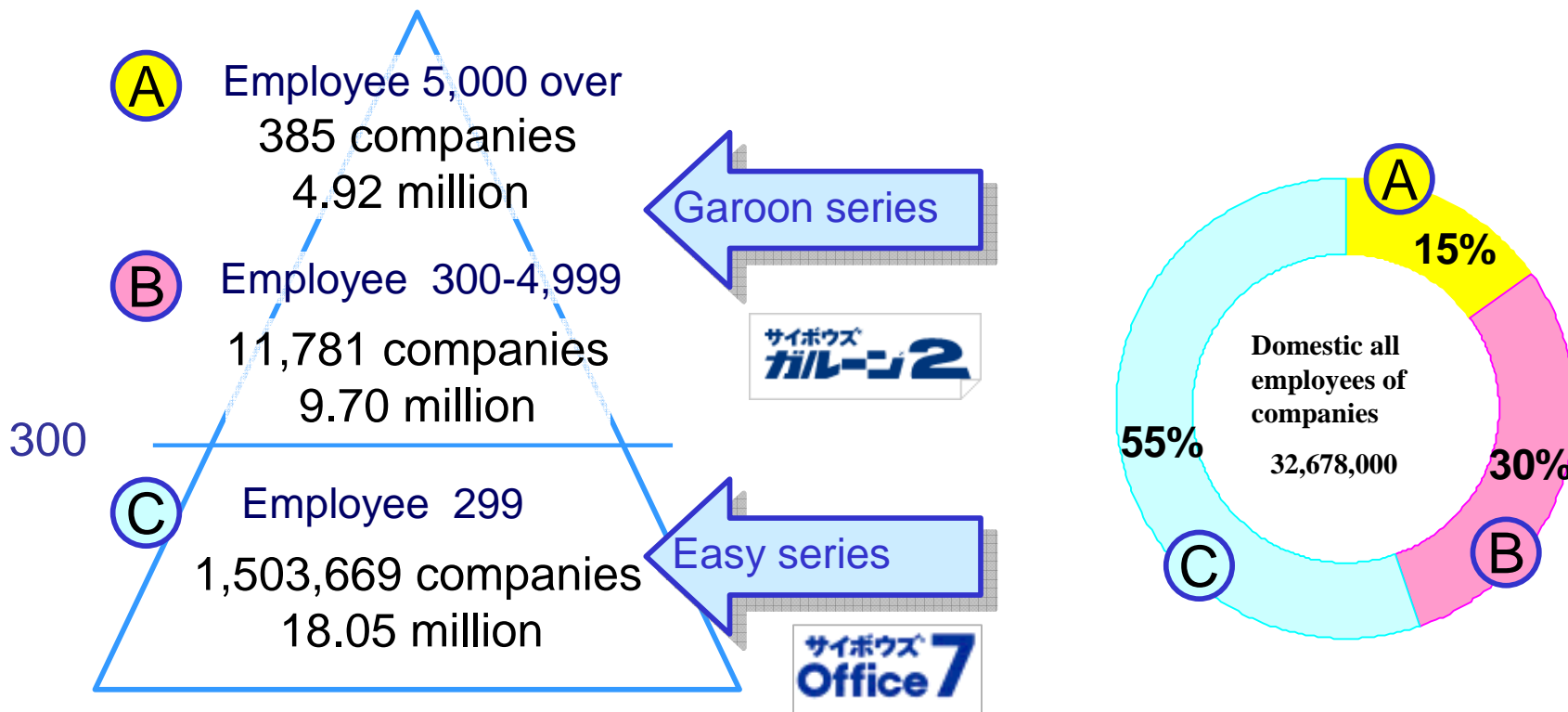


サイボウズ®  
リモートサービス

サイボウズ® Collaborex®

# Two brands: Targeting clients

**In this spring 2008,  
Next Cybozu Garoon, possible users over 5,000**



# Establish System Integration Business

- For targeting big companies, systems engineer (SE) can propose the project, construction, and the operation of the groupware system directly from the job analysis  
Additionally, Development of the subsystem and coordinated solution with the other companies product are offered to satisfy needs

SI business is belong to  
Consolidated subsidiary, Integratto

**The proposal to fill needs of the big companies**

# Recent track record

**Steadily receives an order of a large-scale government and municipal offices**

- Acquisition of large-scale Clients
  - Okayama Prefecture Office
    - Introduced 「Cybozu Garoon 2」 、 16,000 users system
  - Yokosuka City Office
    - Introduced 「Cybozu Garoon 2」 、 3,000 users system was made for four months.
- Seven consecutive No1 satisfaction

**Nikkei Computer Magazine' Customer satisfactions survey  
Seven year consecutive No1 Ranking in Group Software**

順位 (前位)	会社名	総合満足度	製品満足度	サポート満足度	継続意向度	有効回答数
	全体	58.6	59.1	52.8	59.5	1246
1(1)	サイボウズ	65.7	66.3	59.7	66.8	289



(Source; Nikkei Computer HP)

# 「Cybozu Garoon 2」 Next Version

In the IT industry maximum scale event,  
"Grand prize" is acquired



表1●「ITpro EXPO AWARD 2008」受賞製品/サービス

大賞	グループウェア「ガルーン2 次期バージョン」	サイボウズ
特別賞	サーバーOS「Windows Server 2008」	マイクロソフト
エンタープライズ部門	シンククライアント「HP Compaq t5730 Thin Client/HP Compaq 6720t Mobile Thin Client」	日本ヒューレット・パッカード
	データセンター用スイッチ製品「Brocade DCX ネットワーク」	ブロードコム・コミュニケーションズ システムズ
	クラスタストレージ「Isilon IQ X-Series クラスタストレージシステム」	アイシロン・システムズ
	プリンティングシステム「ApeosPort-III/DocuPrint C2250 によるマルチモデルオンデマンドプリント」	富士ゼロックス
	ASPサービス「オンラインバックアップASP」	NECソフト
	マスターデータ管理「ASTERIA MDM One」	インフォテリア
	ブレードサーバー「PowerEdge M600/M605」	デル
ネットワーク部門	帯域活用装置「WANDIRECTOR A100」	富士通
	仮想化スイッチ「Virtual Switching System 1440」	シスコシステムズ
	負荷分散装置「Webアクセスシェイパ」	NTTアドバンステクノロジ
セキュリティ部門	ビデオ会議システム「Polycom HDX8000シリーズ」	プリンストンテクノロジー/ポリコムジャパン
	情報漏えい対策ソフト「セキュリティコンバクト」	アステックインタナショナル
デベロッパ部門	メール・セキュリティ「GDX Trusted Platform」	GDX Japan
	帳票作成ツール「Play@」	チェプロ
	データ配信システム「GDライト」	グリッド・ソリューションズ



"Full-text search system" that needs in addition to the scalability improvement to answer usage in a large scale is developed. The full-text search of the file is possible by the crossing of the application to the document that attaches the right of access.

# New Products and Service

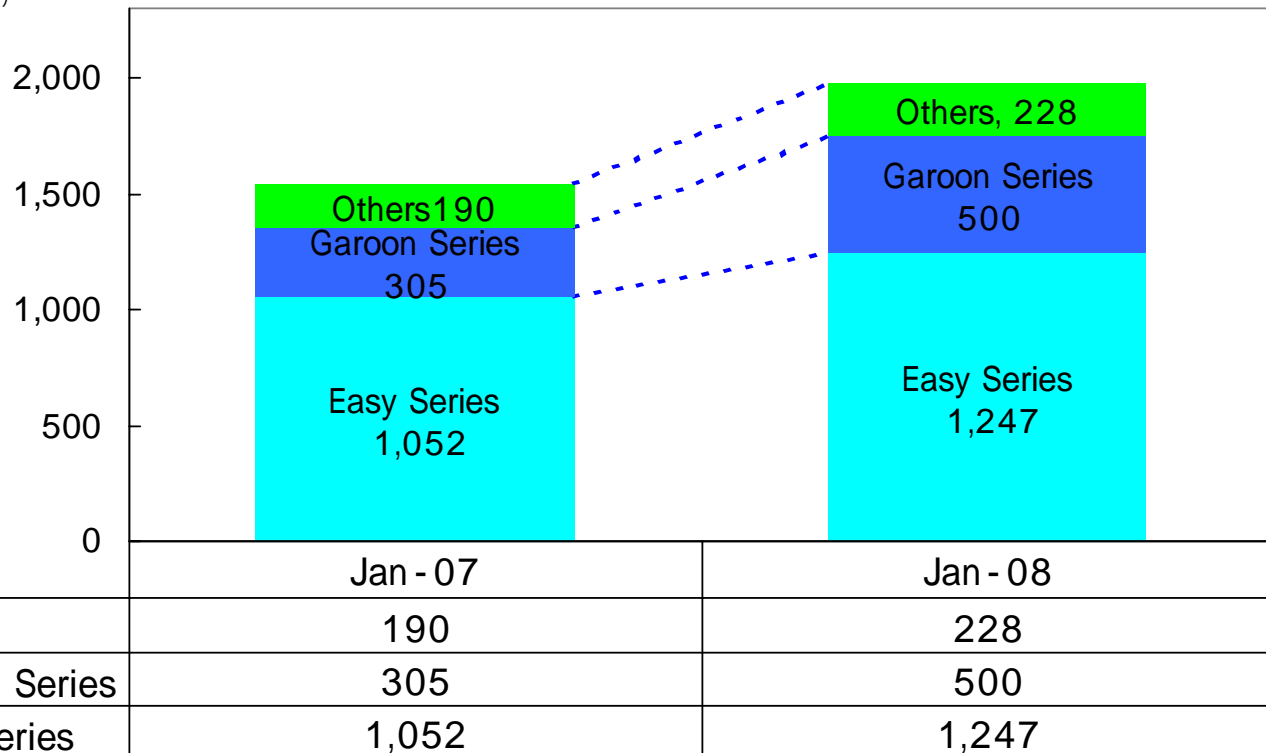
**Using group knowledge & Know-how,  
Develop new products and service in short period**

- Main Groupware Products
  - 「Cybozu Garoon 2」 Next version (Spring-2008)
  - 「Cybozu Office 7 for ASP」 (Jan-2008)
- 「Cybozu Blog 2.0」 **CybozuBlog**
  - SNS type and easy blog with new function (Mar-2008)
- S a a S · A S P Service *Feedpath*
  - 「Cybozu Office 7 for ASP」 for slit (Feb-2008)
- 「Cybozu. Sales 1.1」
  - Mobile use function is added (Mar-2008)

# Continuous Service Sales Growth

## Steady revenue from continuous license and ASP

(million yen)



Total: 1,548 ( 42.1% of non-con sales)    Total: 1,976 ( 50.1% of non-con sales)

# R&D and Matsuyama Office

**The result began to appear in two years.**

- Establish technology strength Brand, Excellent 11 engineers were joined
- Open the 「Pathtraq」, net serfin portal site by sharing cross logs on Aug-8, 2007



**Established development and support base in Matsuyama**

- Opened Office in Matsuyama, the first established
- The promotion is tried with efficient hiring people in cooperation with Matsuyama City, and Ehime University
- Starting from 10 people

# 海外展開

**The subsidiary company is established in Shanghai (China), and groupware ASP service is released.**

**才望子情報技術 (上海) 有限公司  
(Cybozu Shanghai)**

**Initial target is squeezed to Japanese Company, and overseas presence's test marketing is executed.**

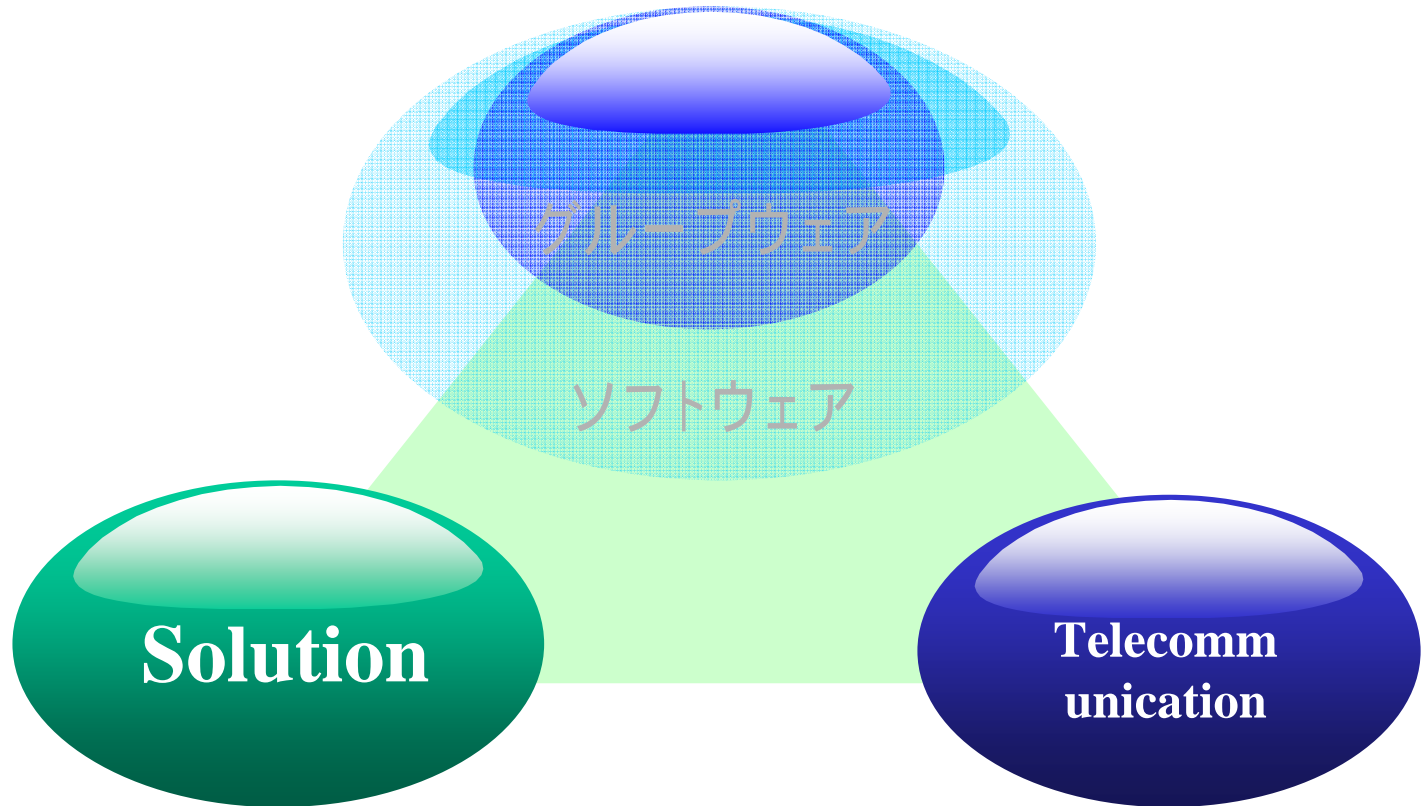
**Ho Chi Minh(Vietnam)  
Development team**

**The development team is expanded, and it works on the improvement speed and efficient cost**



**Cybozu is a part of MIJS (Made In Japan Software )companies.**

# Solution and Telecommunication



# Solution business

- **Consulting**

- Internal control supporting business for listing companies with Bring Up
- New products released, ‘Gamma Engine for Cybozu’ for internal control solution based on Cybozu Dezie

- **Thinclients**

- Cybozu media and the technology sell thin client PC for the information leakage and the personal computer management cost decrease
- BenefitOne, Do financial were adopted
- Rationalization is advanced with the business operation of Cybozu

# Telecommunication

- MVNO

- The earning power of Inphonix decreases changing in a rapid outside environment. Earning power is recovered by the cost decrease

- MVNE

- "Mobile business activation plan" is announced in September, 2007 after the Ministry of Public Management, Home Affairs, Posts and Telecommunications revises the MVNO business making guideline in February, 2007. "Promotion of the new entry of MVNO" hangs again, and the MVNO business making guideline is decided to be revised
- The Japan communication and the interconnection problem of NTT DoCoMo are solved by the decision of the Minister for Public Management, Home Affairs, Posts and Telecommunications in November, 2007, and the Japan communication begins the MVNO service. The Disney mobility begins in March, 2008, too.
- The preparation is advanced about "Groupware mobile" plan by Cybozu and Inphonix while seeing the situation.

# Corporate Profile (as of January 31, 2008)

Company	Cybozu (TSE 1 <sup>st</sup> Code:4776)
Address	12F Koraku Mori Build 1-4-14 Koraku Bunkyo-ku Tokyo
Establish	August 1997
Business	Development and Sales of Software for Internet and Intranet
Capital	553 million yen Outstanding shares 512,408 shares, no of shareholders 18,161
Directors	CEO Yoshihisa Aono (Real name Yoshihisa Nishibata), Vice President Osamu Yamada, Outside Ex. Toru Akaura · Izumi Yutani, Three Auditors
Corporate Officer	Yuji Yamamoto, Kazuhiko Ishii, Hideki Fudatsuji, Hirotaka Yamamoto
Shareholders	Yoshihisa Aono 17.44%, Shinya Hata 17.44%, Sumisho Computer System, 14.44%, Hiroyuki Nakano 3.80%, Osamu Yamada 1.36%, Yuji Yamamoto 0.83%
Employees	Non-co 212 (Full time 157, part time 55 ) Con 476 (Full time 410 , part time 66)
Consolidated Subsidiaries	Inphonix Inc. Cybozu Labs Inc. YMIRLINK Inc. Integratto Business System Inc, Cybozu Media and Technology Co., Ltd Bring up Co., Ltd, J-Yado, EQM subsidiaries FeedPath Inc. Cybozu.net



All statements in this presentation that are not based on historic facts represent forward-looking statements based on the company's outlook and plans. These statements are based on the judgments of management in accordance with information available at the time this presentation was prepared. Actual results may differ significantly due to risks, both known and unknown, and other uncertainties. Such risks and uncertainties include, but are not limited to, (1) economic conditions in the major business domains of Cybozu, particularly trends in consumer spending; (2) changes in foreign exchange rates, laws and the political climate; (3) the company's ability to develop new products and services that will be timely and well received by customers, amid an extremely competitive environment characterized by the constant introduction of new products and rapid technological advances, and shifting customer needs; (4) the ability of Cybozu to form alliances with other companies; and (5) other contingencies

## **1. Start for Groupware world share No1 !**

- Expand domestic share      Expand big companies
- Get out overseas      Offshore development

## **2. Reform Cybozu group for world share No1**

- Sold consolidated subsidiary, Cross Head stocks
- Established System Integration business

## **3. New product development for world share No1**

- Investment software : Office / Garoon
- Development human resource

