

# Business Results for FY2006 and Strategy for Future Growth

May 14, 2007

**INTAGE Inc.**



**INTAGE Inc.**

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## ■ Business Results for FY2006\*

## ■ Strategy for Future Growth

### 1. Outlook for FY2007

### 2. Medium-Term Growth Strategy

\*Note: FY 2006 represents the fiscal year ended March 31, 2007.  
In this document, FY stands for INTAGE's fiscal year,  
which begins April 1 and ends March 31.

Plans, expectations, and strategies included in this document that are not historical facts are forward-looking statements related to INTAGE Inc. or the INTAGE Group decided by management based on currently available information. Accordingly, the reader should avoid placing undue reliance on these forward-looking statements. INTAGE cautions that a number of factors affecting the business could cause actual results to differ materially from these forward-looking statements. These include, but are not limited to, general economic conditions and changes or reforms in the industries in which our clients operate.

■ **Business Results for FY2006**

■ **Strategy for Future Growth**

**1. Outlook for FY2007**

**2. Medium-Term Growth Strategy**



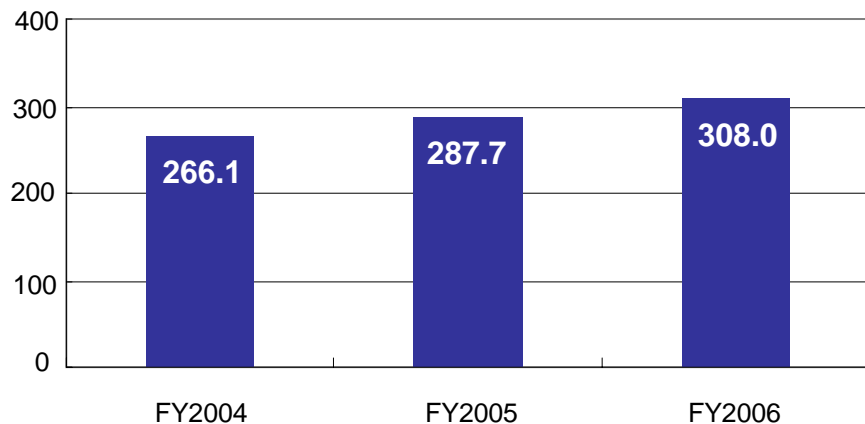
**INTAGE Inc.**

# Financial Highlights (Consolidated)

The INTAGE Group achieved record high sales and profits.

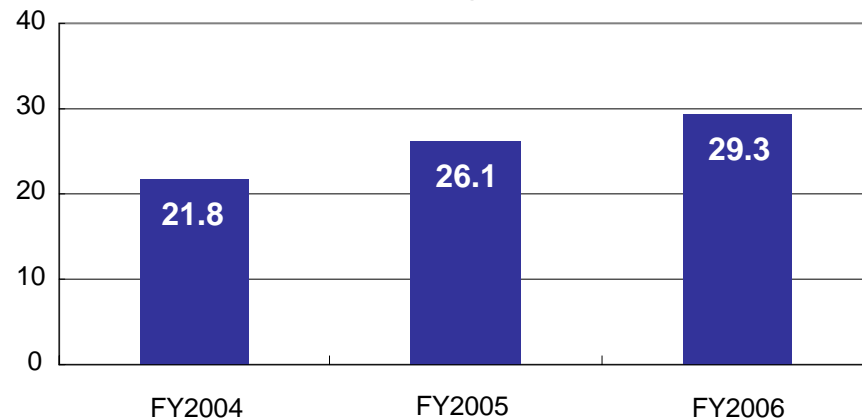
(100 millions of yen)

## Sales



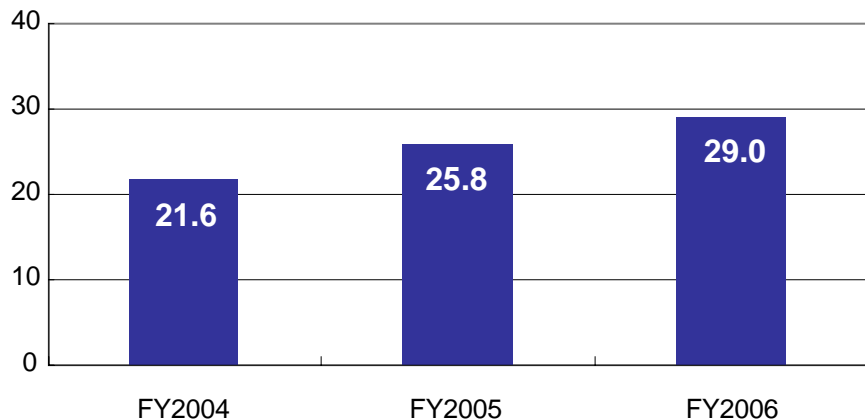
(100 millions of yen)

## Operating Income



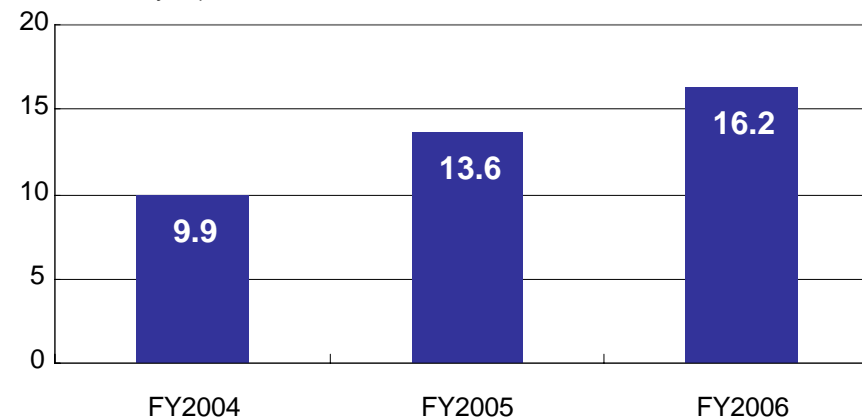
(100 millions of yen)

## Ordinary Income



(100 millions of yen)

## Net Income



# Profit and Loss Summary for FY2006

Consolidated results exceeded both initial forecast and prior year

(Millions of yen)

	FY2005 actual	FY2006 forecast	FY2006 actual	Year-on-year change	
<b>Consolidated</b>	<b>Sales</b>	28,777	30,392	30,800	+7.0%
	<b>Operating income</b>	2,614	2,920	2,930	+12.1%
	<b>Ordinary income</b>	2,588	2,898	2,905	+12.2%
	<b>Net income</b>	1,361	1,598	1,626	+19.5%
	<b>EPS</b>	¥129.34	¥154.90	¥157.58	—
<b>Non-consolidated</b>	<b>Sales</b>	24,026	24,979	25,412	+5.8%
	<b>Operating income</b>	1,596	2,139	1,924	+20.5%
	<b>Ordinary income</b>	1,599	2,118	1,956	+22.3%
	<b>Net income</b>	917	1,218	1,158	+26.3%
	<b>EPS</b>	¥87.12	¥ 118.00	¥112.21	—

# Balance Sheet and Cash Flow Summary for FY2006

(Millions of yen)

Consolidated balance sheet summary	FY2005	FY2006	Variance	Remarks
Current assets	10,311	11,742	1,431	Principally an increase in accounts receivable – trade attendant on the revenue increase
Fixed assets	7,634	8,530	895	Principally an increase in goodwill attendant on initial consolidation of subsidiaries
<b>TOTAL ASSETS</b>	<b>17,945</b>	<b>20,272</b>	<b>2,326</b>	—
Current liabilities	6,072	7,659	1,586	Principally an increase in short-term bank loans attendant on initial consolidation of subsidiaries
Fixed liabilities	4,251	3,578	(672)	Principally decreases in the allowance for retirement benefits and long-term bank loans
<b>TOTAL LIABILITIES</b>	<b>10,323</b>	<b>11,237</b>	<b>914</b>	—
Shareholders' equity	7,415	8,747	1,331	Principally an increase in retained earnings
Valuation and translation adjustments	38	40	2	—
Minority interest	168	246	78	—
<b>TOTAL NET ASSETS</b>	<b>7,622</b>	<b>9,034</b>	<b>1,412</b>	—

(Millions of yen)

Consolidated cash flow summary	FY2005	FY2006	Variance	Remarks
Cash flow from operating activities	1,627	2,042	414	Principally an increase in net income before income taxes
Cash flow from investing activities	(1,060)	(1,902)	(841)	Principally an increase in payments attendant on initial consolidation of subsidiaries
Cash flow from financing activities	(597)	9	606	Principally a decrease in repayments of bank loans
Effect of translation adjustment on cash and cash equivalents	5	2	(2)	—
Net increase in cash and cash equivalents	(25)	151	177	—
Cash and cash equivalents at the beginning of year	2,595	2,569	(25)	—
Cash and cash equivalents at the end of year	2,569	2,721	151	—

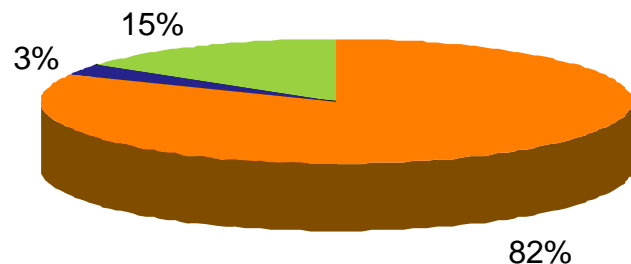
# Segment Information

## Sales



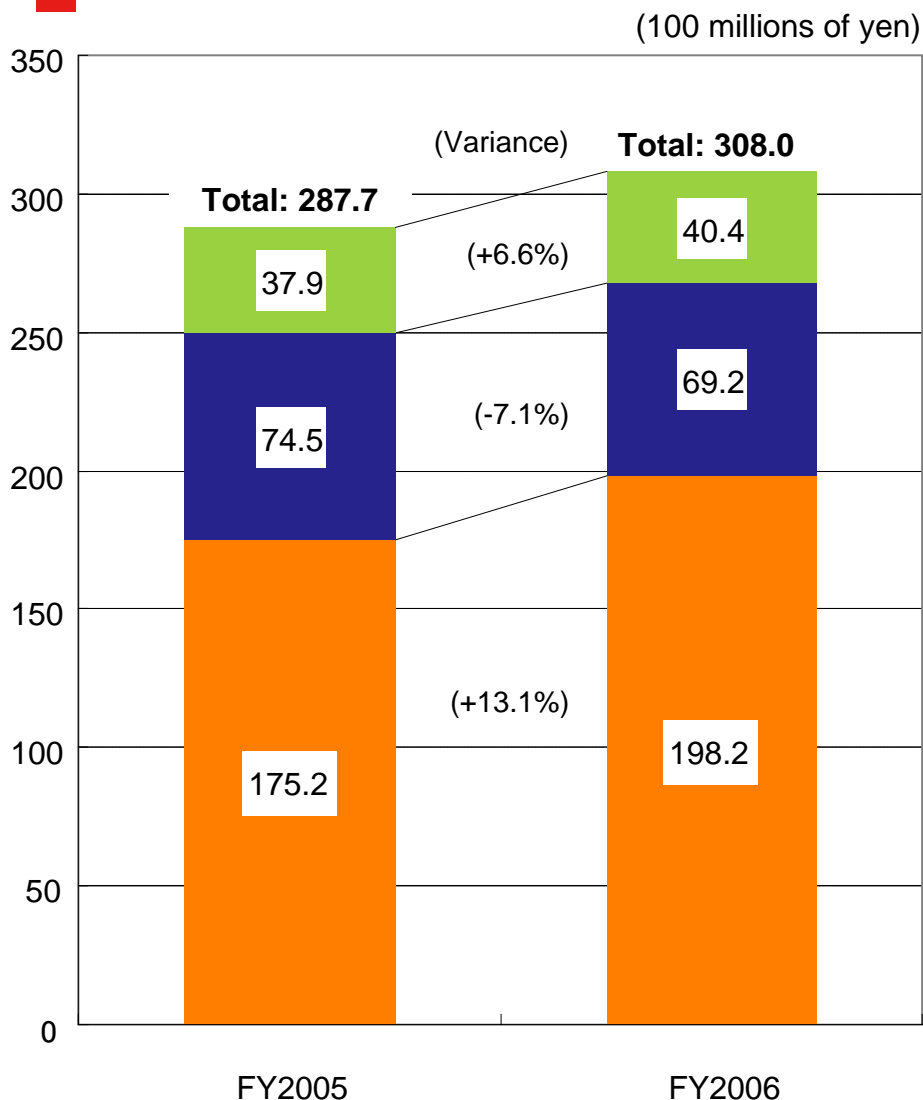
	FY2005		FY2006
Marketing Research and Consulting	61%	→	64%
System Solutions	26%	→	23%
Medical Solutions	13%	→	13%

## Operating Income



	FY2005		FY2006
Marketing Research and Consulting	77%	→	82%
System Solutions	3%	→	3%
Medical Solutions	20%	→	15%

# Sales by Segment



## Medical Solutions

- In the CRO operation, sales of monitoring and data management developed favorably against a backdrop of strong orders received.
- Revenue from the SMO operation also increased due to reinforcement of selling capabilities.

## System Solutions

- Revenue decreased due to the liquidation and downsizing of unprofitable operations.
- Business structure transformation to an integrated solutions operation was progressed.

## Marketing Research and Consulting

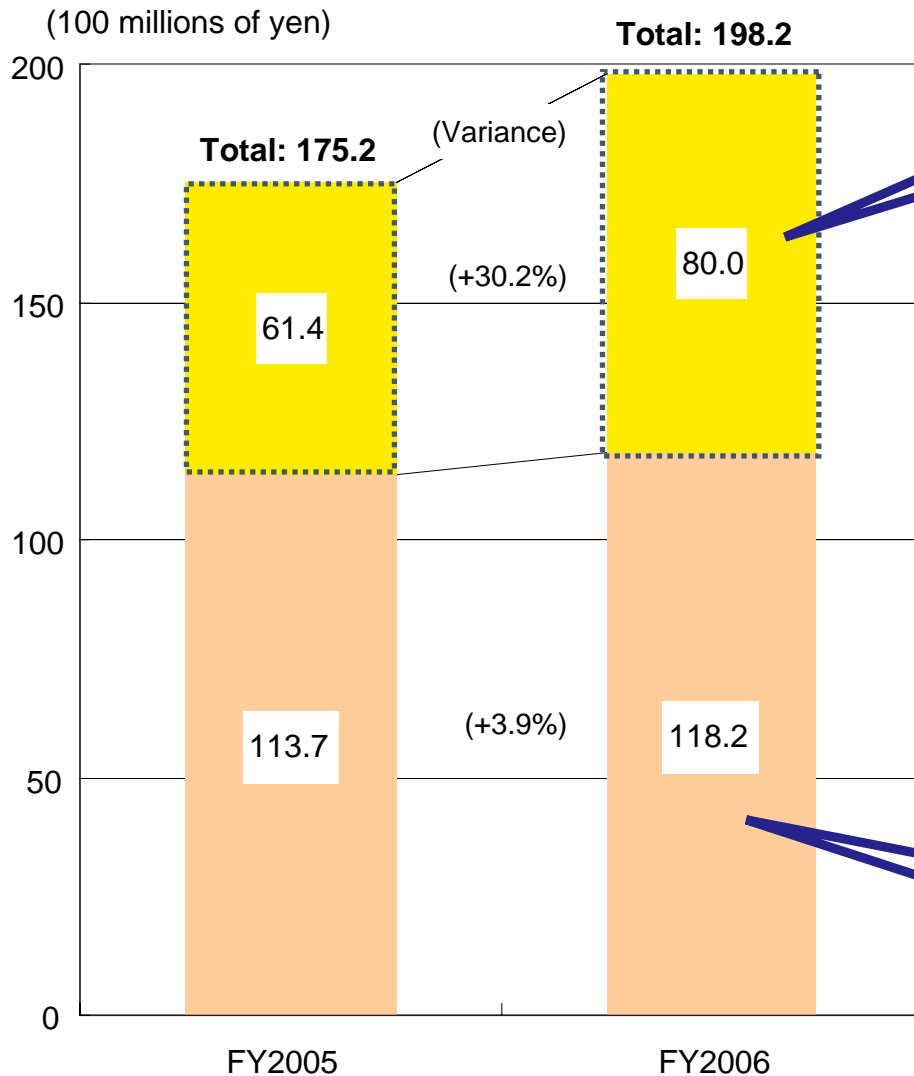
### <Panel research>

- Panel research is in a stable growth period, and the underlying trend of higher revenues was sustained.
- Sales from personal eye and SRI increased.

### <Custom research>

- Revenues from Internet research increased sharply, and the e-BIZ business transfer to INTAGE also contributed to sales.
- Revenues from conventional research also increased due to the receipt of orders for large projects.

# Marketing Research and Consulting Sales Breakdown



Custom research sales of ¥8.0 billion are the highest in Japan.\*

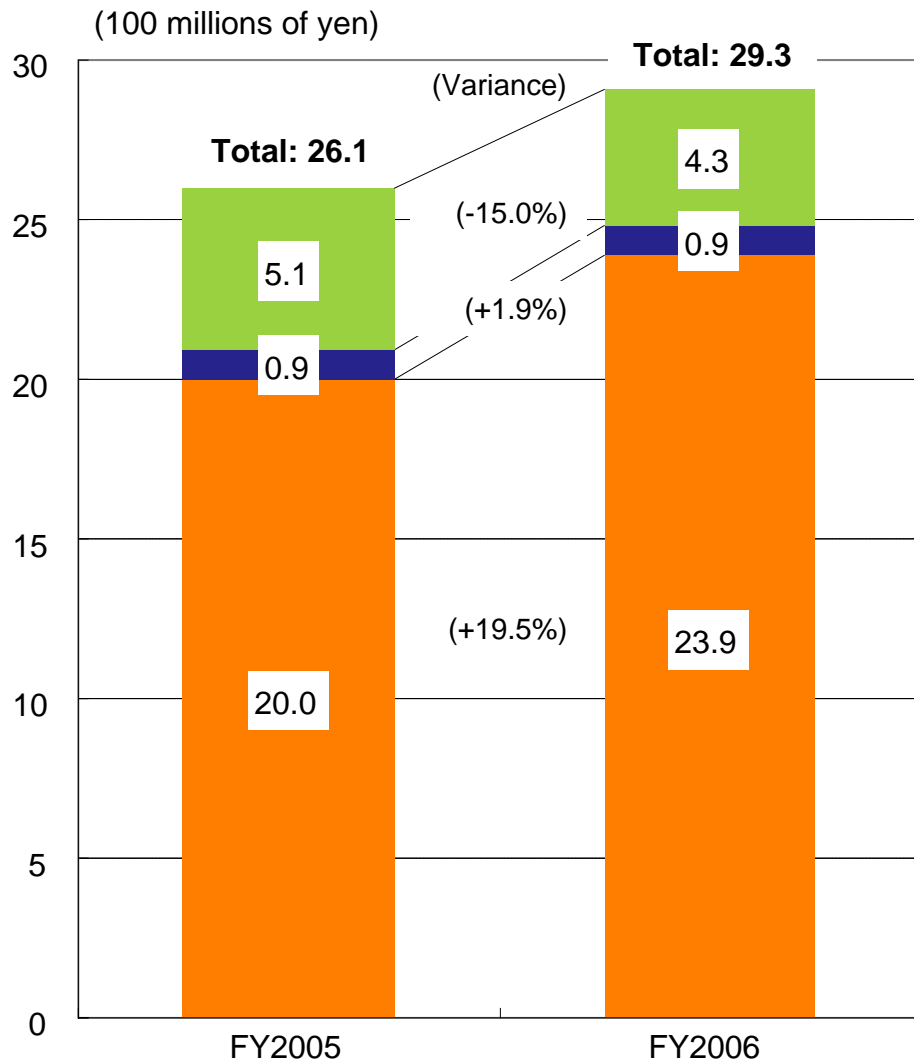
\*INTAGE estimate

## Marketing Research and Consulting

- Custom research
  - Conventional research (mail surveys, face-to-face interviews, etc.)
  - Internet research
- Panel research
  - SRI (nationwide retail panel)
  - SDI (nationwide pharmacy and drugstore panel)
  - SCI (nationwide consumer household panel)
  - SLI (nationwide female consumer panel)
  - personal eye (individual consumer panel), others

Panel research sales of ¥11.8 billion are the highest in Japan.

# Operating Income by Segment



## Medical Solutions

- Profits from the CRO operation decreased due to workforce expansion and increased selling, general, and administrative expenses.
- The SMO operation showed profit improvement.

## System Solutions

- Although revenue decreased owing to the liquidation and downsizing of unprofitable operations, profits were held at the prior-year level.
- Up-front investment in the integrated solutions business (especially supply chain planning) continues.

## Marketing Research and Consulting

### <Panel research>

- Higher profit from SRI and profit improvement from personal eye contributed to the results.

### <Custom research>

- The profit margin improved due to the impact of higher revenues and the Internet shift.

■ **Business Results for FY2006**

■ **Strategy for Future Growth**

**1. Outlook for FY2007**

**2. Medium-Term Growth Strategy**



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# Outlook for FY2007 (Total and by Segment)

(Millions of yen)

		FY2006 actual	FY2007 forecast	Year-on-year change
■ Marketing Research and Consulting	Sales	19,824	21,967	+10.8%
	<Panel research>	11,818	12,245	+3.6%
	<Custom research>	8,005	9,722	+21.5%
	Operating income	2,398	2,648	+10.4%
■ System Solutions	Sales	6,929	6,630	-4.3%
	Operating income	94	119	+26.6%
■ Medical Solutions	Sales	4,046	4,630	+14.4%
	Operating income	437	511	+16.9%
Total	Sales	30,800	33,227	+7.9%
	Operating income	2,930	3,279	+11.9%
	Ordinary income	2,905	3,269	+12.5%
	Net income	1,626	1,727	+6.2%

The forecast of business results has been prepared based on information currently available to the Company and includes a number of uncertainties. Actual results may differ from the projected figures.

# Basic Policy for FY2007

## Finalize the Internet shift and step into the next stage

- Driving the intelligence provider business platform up new paths -

### <Positioning of FY2007>

- In the final year of the Eighth Medium-Term Management Plan, sustain the uptrend in revenue and earnings after absorption of costs attendant on the headquarters relocation.

#### Priority Investment Areas in the Eighth Medium-Term Management Plan

- Further shift to Internet research
  - Aggressive investment in the healthcare sector
  - Expansion of integrated solutions
  - Consumer panel renewal and implementation of a next-generation panel research concept
  - Greater globalization centered on operations in China
- Preparation of new growth drivers for the Ninth Medium-Term Management Plan (covering the three-year period from April 2008)
  - Further development of Group management and development of management systems

# Priority Areas in FY2007

## Business Expansion

(Reinforcement of client response capabilities)

- **Further implementation of the Internet shift**

Propose a new research system and reconstruct research processes.

- **Reinforcement of selling capabilities and strategy articulation, by industry**

Win trust as a business partner.

- **Creation of new growth drivers**

Establish a project implementation office to promote new business development.

- **Intelligence provider personnel recruitment and development**

Develop personnel in response to changes in researcher and systems engineer skill sets.

## Business Infrastructure Reinforcement

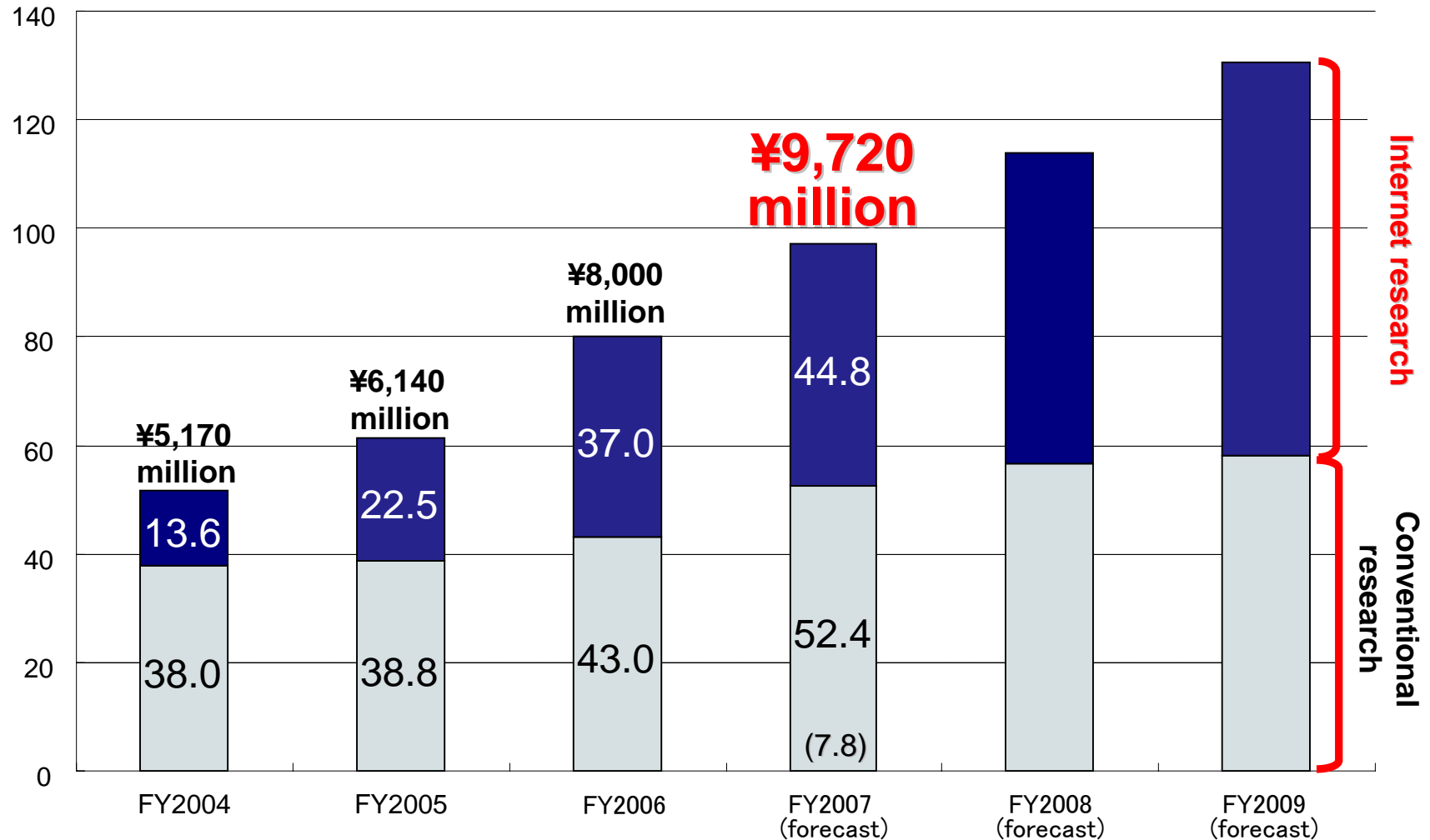
(Internal up-front investment)

- **Implementation of integrated management systems**

Comply with “J-SOX” (Financial Instruments Sales Law) and implement internal control.

# Main Top Position in Market Share in Custom Research in Japan (INTAGE estimate)

(100 millions of yen)



Note: The figure in parenthesis is the expected sales increase due to M&A.

# Internet Research Market Outlook and INTAGE's Strategy



Customized

Research expertise

Taking the high road in Internet research

- Boosting quality, speed, and cost competitiveness by means of rigorous systematization
- Contributing to client decision-making

Speed, Cost

Head-to-head  
battle

Quality

Systems technology

Specialized Internet  
research companies

- Gradual dulling of market growth rate
- Intensification of market share competition
- Realignment and culling of market players

Automatic

# 15% Growth Target for CRO (ASKLEP)

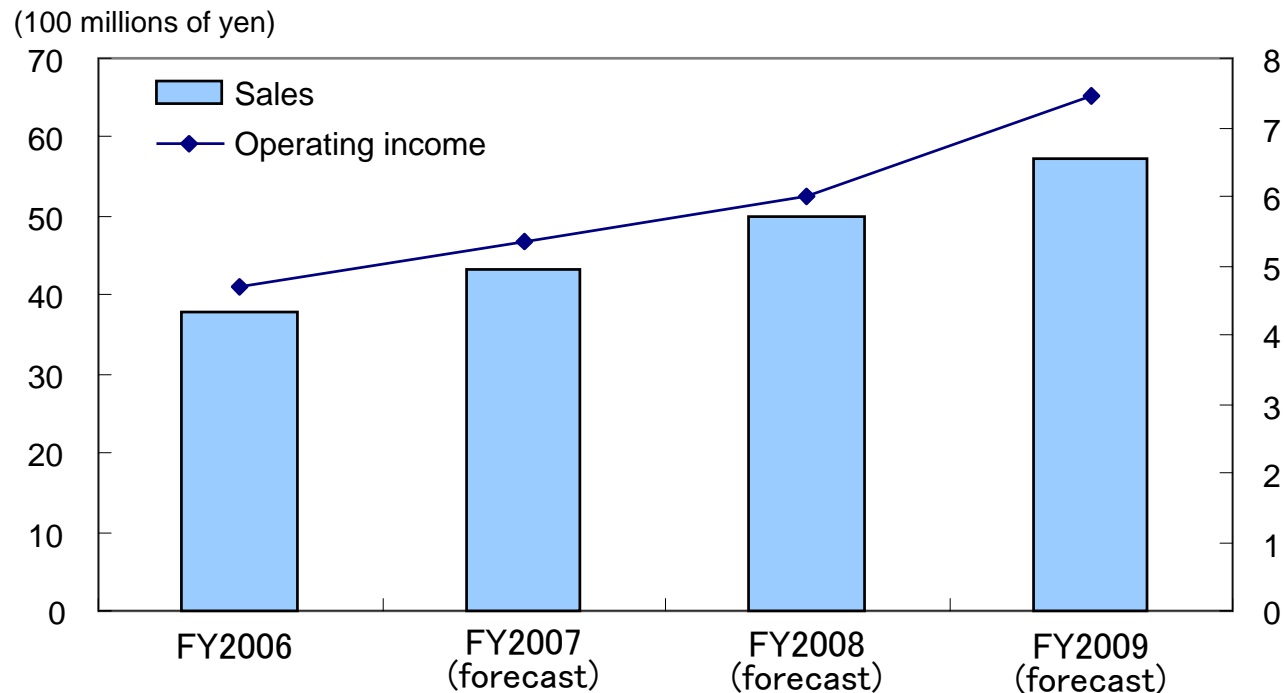
- Targeting Growth Exceeding the Industry Average -

## **FY2006** — Completion of Rebuilding Business Infrastructure

Quality improvement, personnel recruitment and development, management systems enhancement

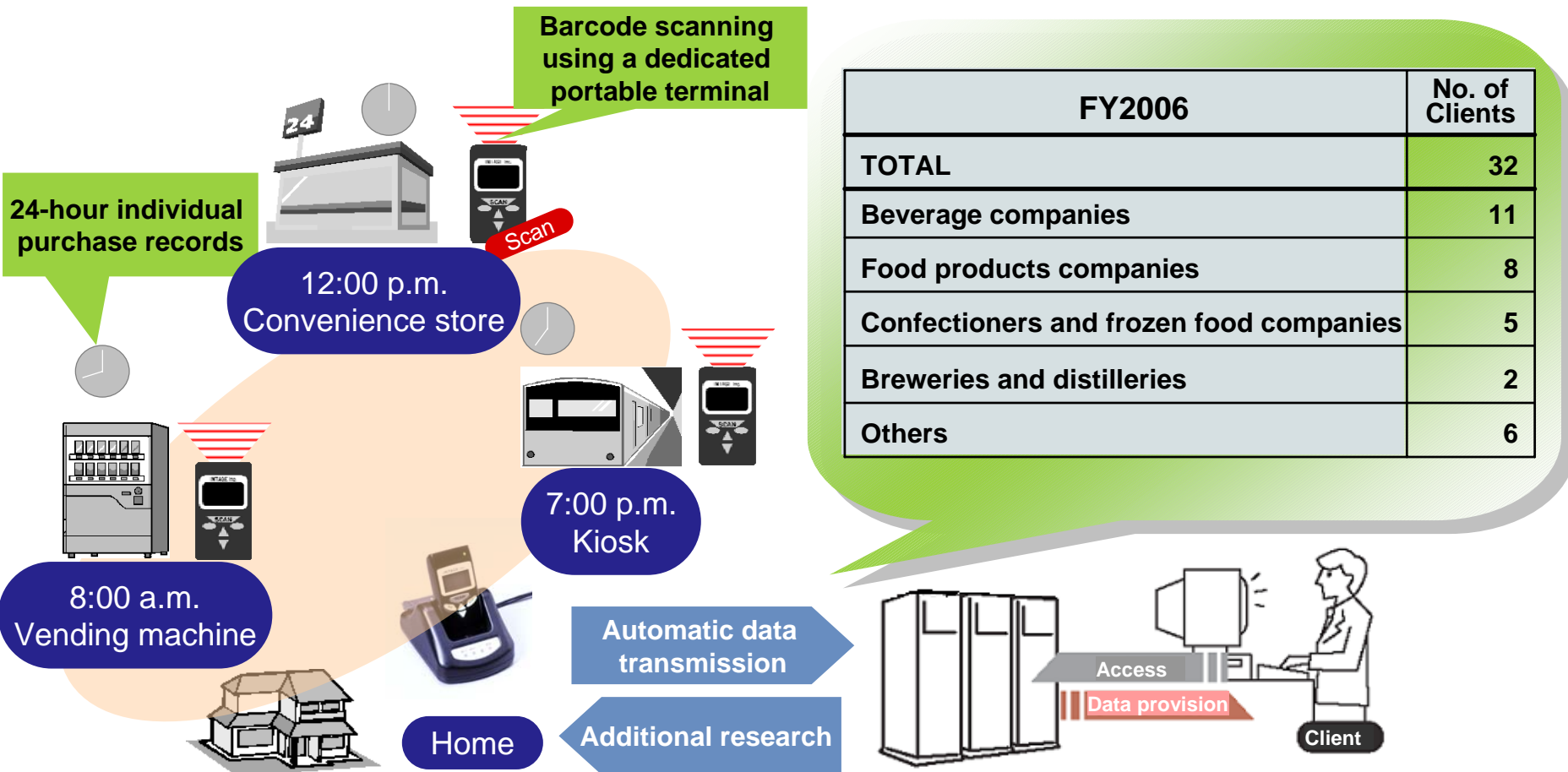
## **FY2007 and Beyond** — Return to a Growth Trajectory

Active implementation of EDC, a global response, undertaking new businesses



# Individual Consumer Panel (personal eye) Expansion

- INTAGE aims for sales growth through expansion of the sample to include the **Keihanshin area** (January 2007)
- Move toward realization of next-generation consumer panel concept



■ **Business Results for FY2006**

■ **Strategy for Future Growth**

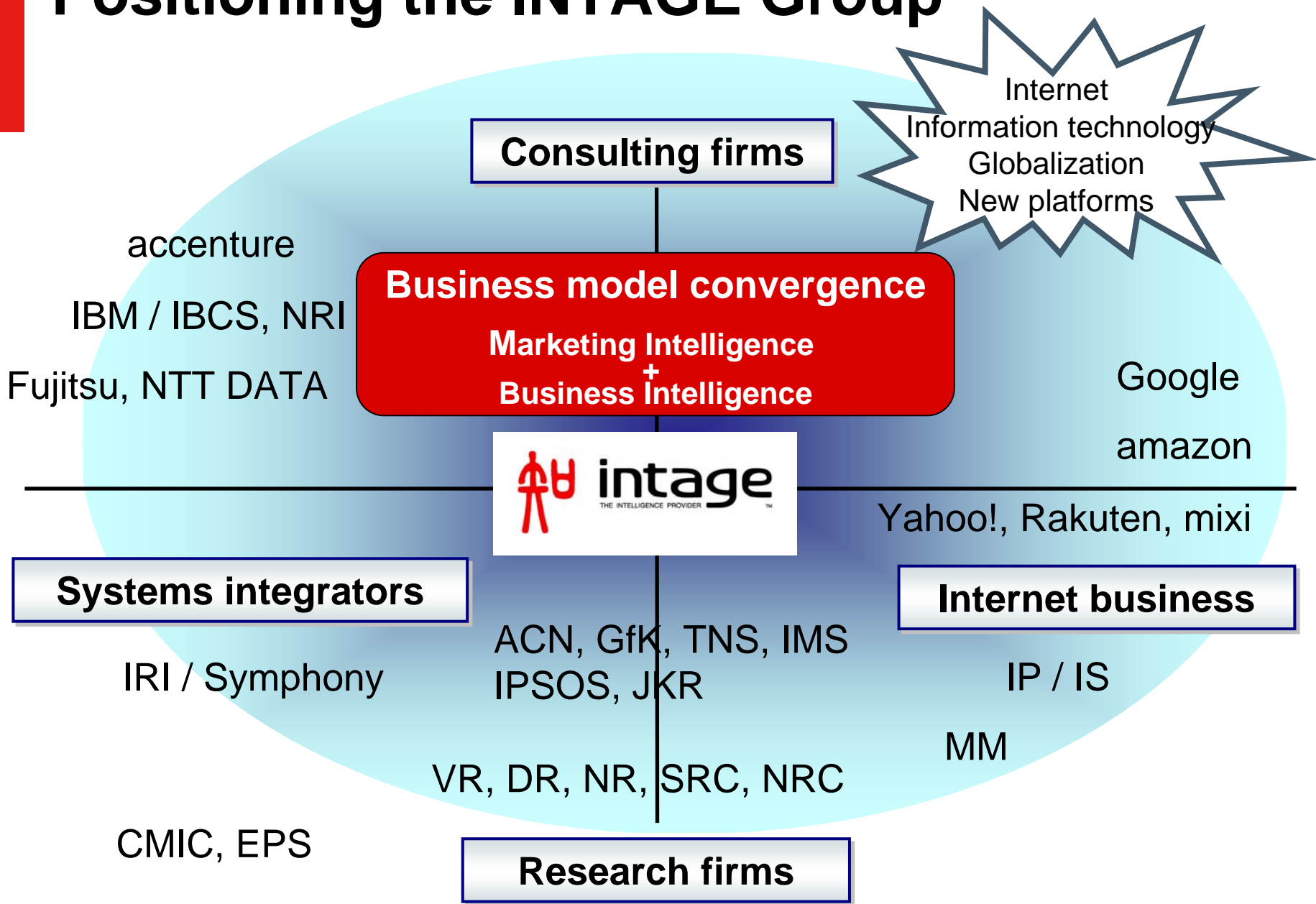
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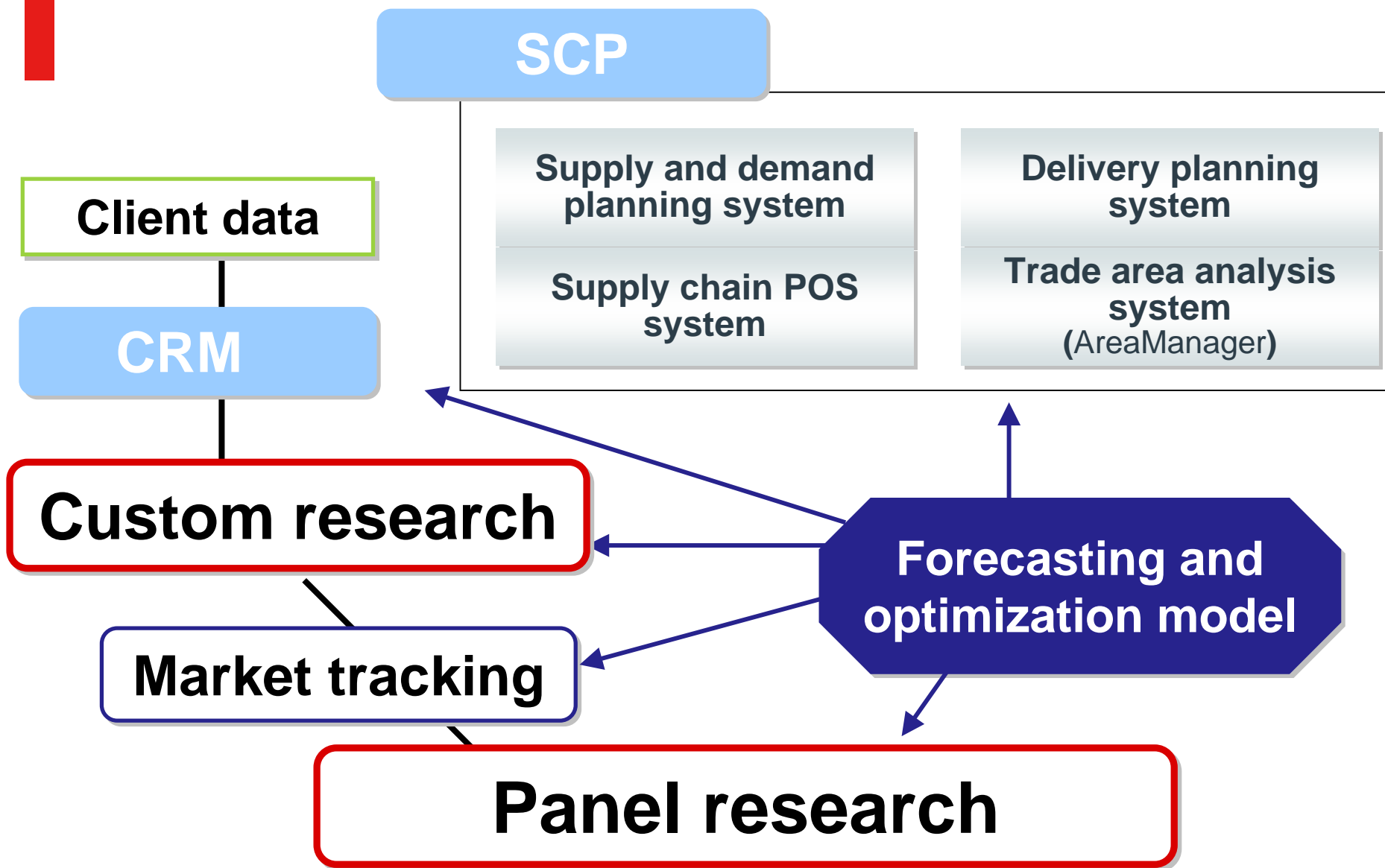


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# Positioning the INTAGE Group



# Implementation of Integrated Solutions



# Growth Strategy for the Healthcare Sector

## Medical Care Reform

Medical care cost control  
Emphasis on prevention  
Promotion of networking  
Promotion of evidence-based medicine

Industry and consumer change

### ■ The INTAGE Group's business vision for the healthcare sector

Provide to consumers, healthcare professionals and the pharmaceutical industry information that contributes positively to people's health and quality of life.

- **Rep Track**
- **Sukoyaka Support 21**
- **CRO and SMO businesses**
- **Web-based physician monitor network**
- **Medical research**
- **Construction and operation of sales information systems**
- **Nationwide pharmacy and drugstore panel research**

Utilization of data for:

- Pharmaceutical marketing activities support
- Health promotion support

A new business platform for the medical and healthcare sector

# Launch of the Health Information Service Business

Total health support service that provides solutions for specific medical checkups and health guidance

Health Insurance Societies

Members

Receipts  
Guidance history  
Checkup results

Extraction

People at risk of or having metabolic syndrome

Lifestyle improvement programs

Tie-up

Health guidance service

Planning and measures

Sukoyaka Support 21 (disease onset forecasting model)

More effective health promotion menu



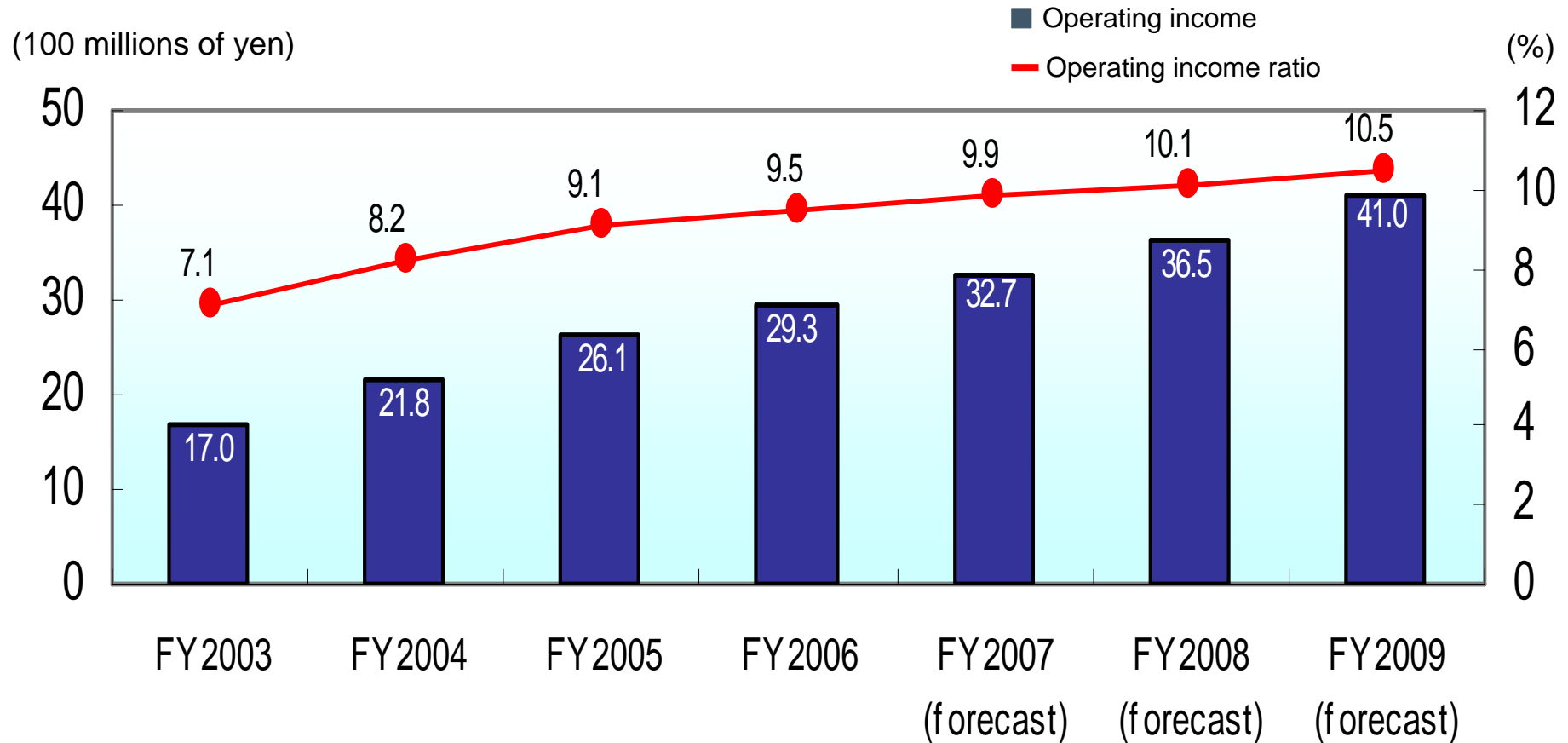
# Three-Year Sales and Operating Income plan (Consolidated)

(100 millions of yen)

	FY2007 (forecast)	FY2008 (forecast)	FY2009 (forecast)
Sales	332.2	361.0	390.0
Year-on-year change	+7.9%	+8.6%	+8.0%
Operating income	32.7	36.5	41.0
Year-on-year change	+11.9%	+11.3%	+12.3%

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# Change in Operating Income and Operating Income Ratio



The forecast of business results has been prepared based on information currently available to the Company and includes a number of uncertainties. Actual results may differ from the projected figures.

# Business Outlook for Fiscal 2009

## Business Innovation

Internet shift  
Business structure reform  
Business model construction

**Sales: ¥39.0 billion**

**Operating income: ¥4.1 billion**

**Enter industry top 10**

## Business Process Reform

Greater speed  
Enhanced quality  
Human productivity enhancement

## Transformation

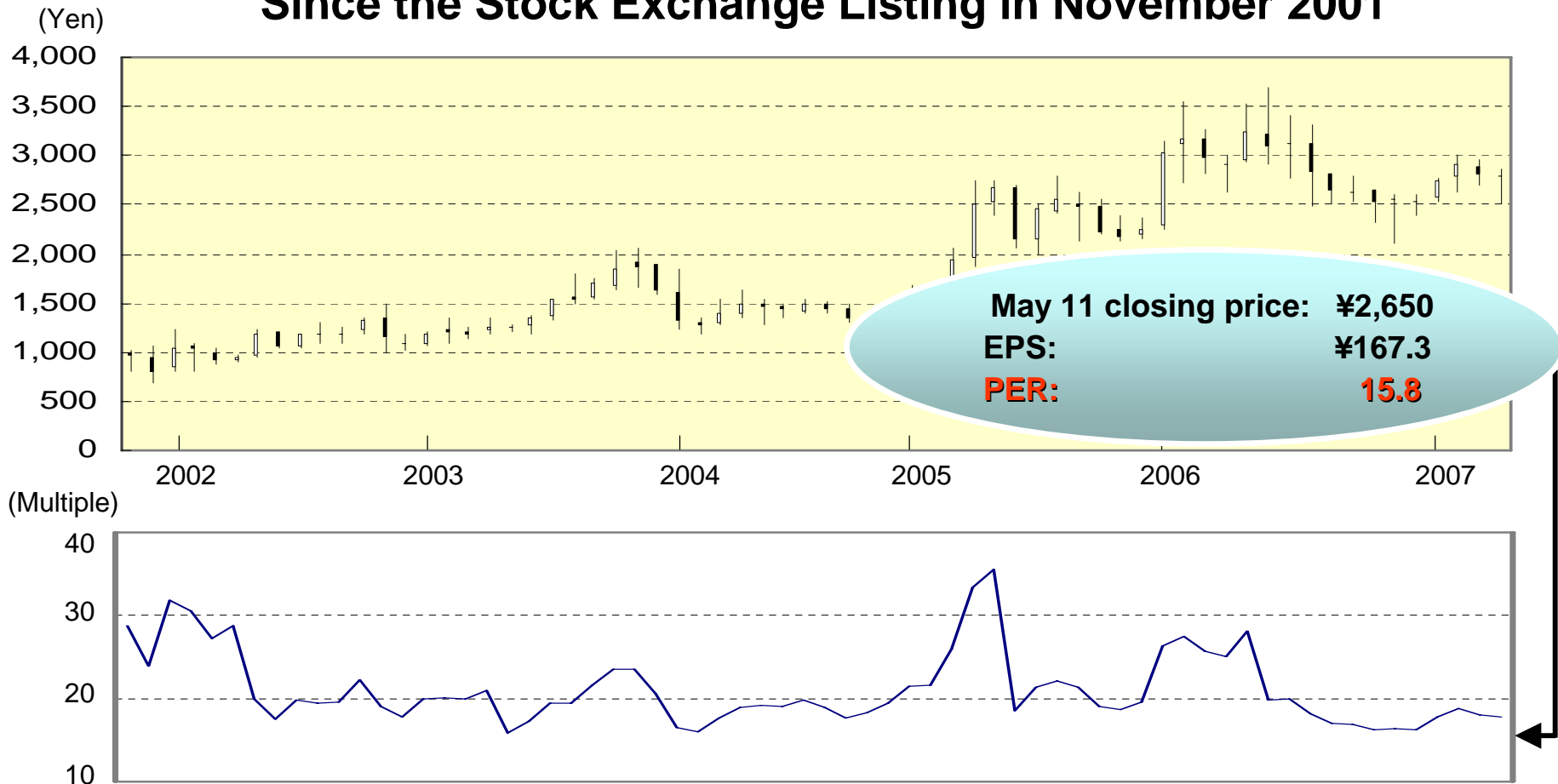
Personnel recruitment and development  
Workstyle evolution

## Business Culture Reform

(implementation of CSR and work-life balance)

# INTAGE as a Sustainable Company

## Change in Share Price and PER Since the Stock Exchange Listing in November 2001



Note: EPS is calculated using the current year forecast. PER is calculated by dividing the the month-end closing price by the initial earnings forecast (announced in May of each year).



**Intelligence Inspiring Marketing Innovation,  
Empowering Business Solutions**