



FY2019 Q2 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048

# Contents

FY 2019	Q2 Results Overview	P3
FY 2019	Earnings Forecast	P11
FY 2019	Future Plans	P15
Appendix		P25

## FY 2019 Q2 Financial Results





# FY2019 Q2 Performance Highlights

## 1. Significant Increase in YOY Sales & Profit

Golden Week demand was stronger than expected due to increased Japanese overseas travelers and promotion efforts, leading to upward **forecast revision for the year.**

## 2. Cost reduction through efficient advertising and recruitment activities

**Cost savings invested towards medium to long-term business expansion.**

## 3. Steady progress of growth strategies such as sales channel expansion.



# P/L Statement Summary (Consolidated)

- Successful promotion and strong business environment resulting in earnings and profits to exceed revised forecast.
- Completion of investment phase in 2018 Q2—now in monetization phase.
- Cost reduction through efficient advertising and steady recruitment, adding to profits.

	Q2 of the term ending December 2018 *	Q2 of the term ending December 2019	Changes	Forecast of Q2 of the term Ending December 2019 (original forecast)	Revised Forecast of Q2 of the term Ending December 2019 (released on May 14)
(Unit: Million Yen)					
<b>Operating revenue</b>	1,404	1,934	+ 37.7%	1,694	1,876
<b>Operating expenses</b>	1,420	1,502	+ 5.8%	-	-
<b>Operating profit</b>	△15	432	-	89	300
<b>Operating margin</b>	-	22.4%	-	-	-
<b>Non-operating income</b>	2	0	-	-	-
<b>Non-operating expenses</b>	44	45	-	-	-
<b>Ordinary profit</b>	△57	387	-	63	259
<b>Recurring margin</b>	-	20.0%	-	-	-
<b>Profit</b>	△46	263	-	32	174
<b>Profit per share (yen)</b>	-	9.24	-	1.12	6.11

\*Q2 2018 shown for reference

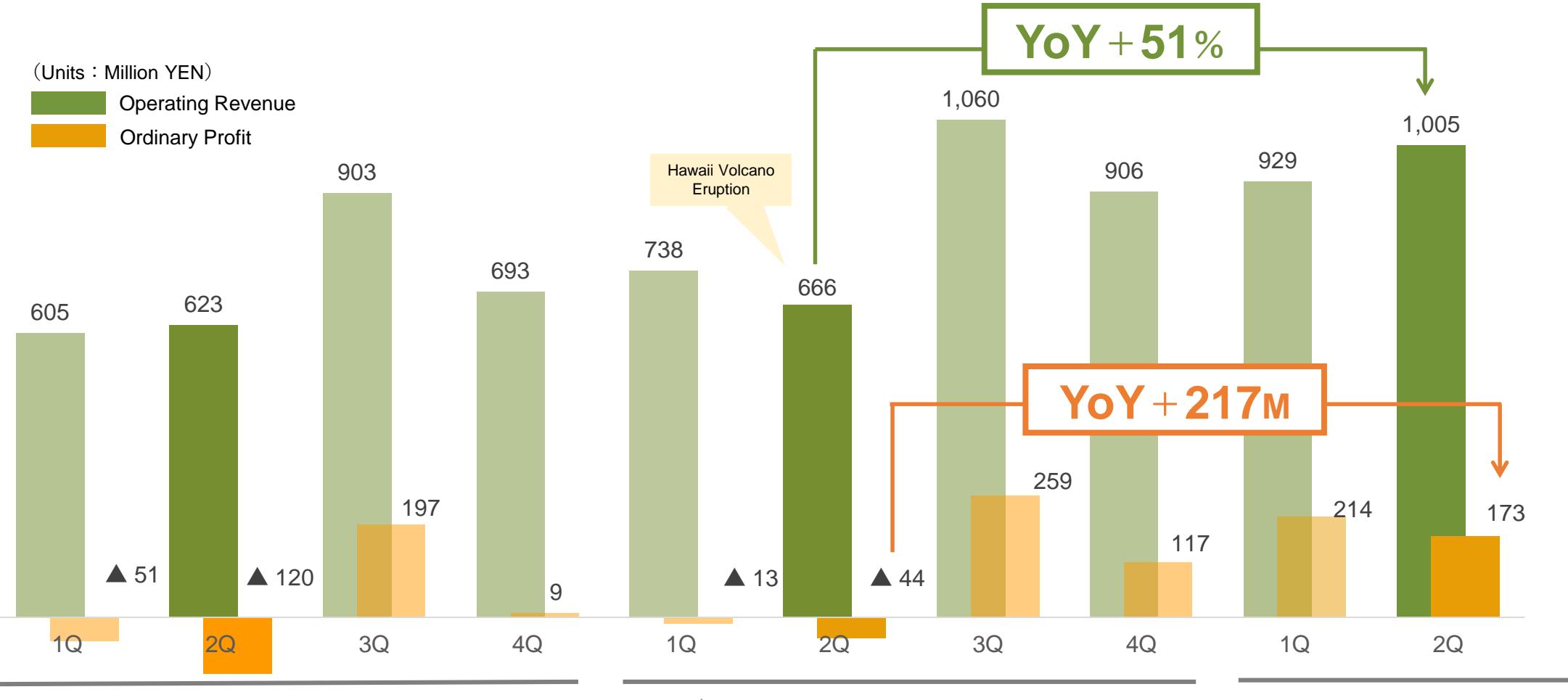
Q2 / FY2019 Financial Results

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# Quarterly Trends: Operating Revenue and Ordinary Profit

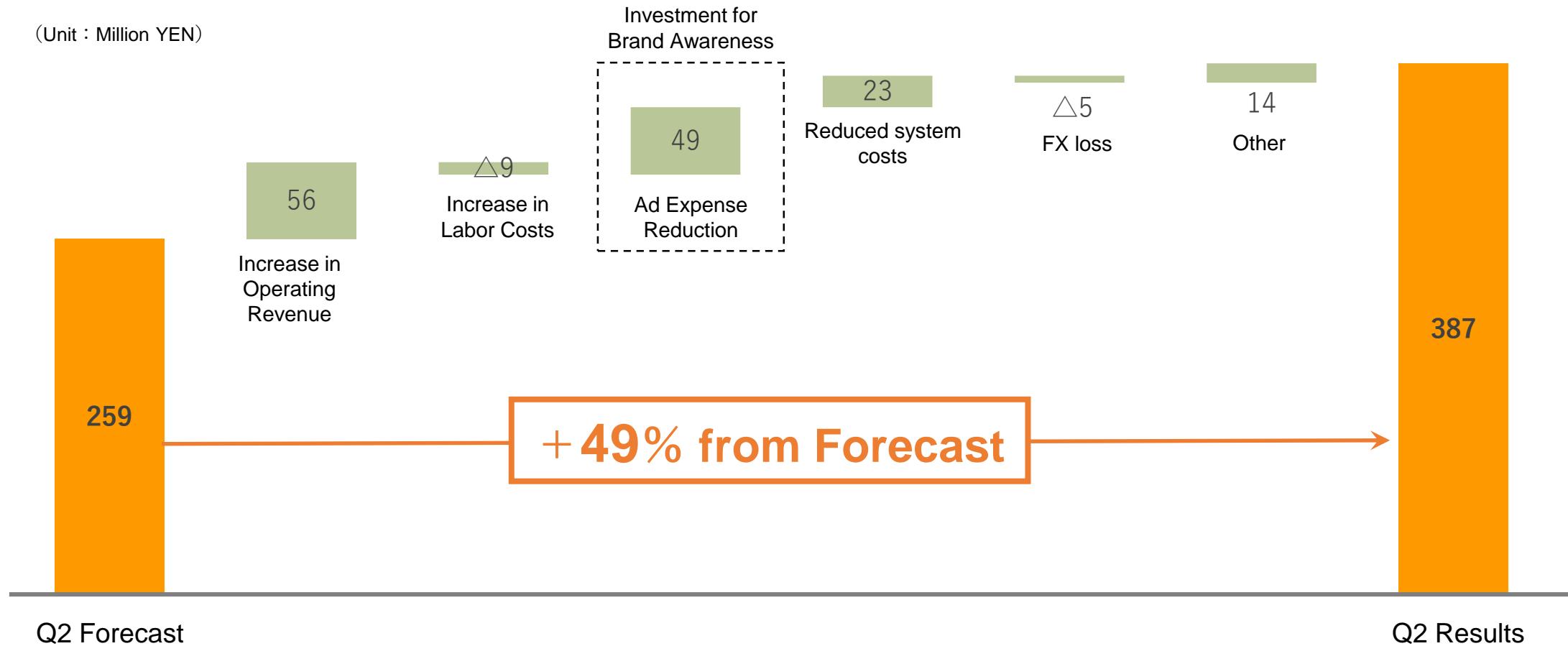
- Currently in profit monetization phase
- Trend for Group operating revenues and profits to increase in July to September travel season





# Q2 Ordinary Profit Budget Analysis

- Cost savings will be re-invested to increase brand awareness in Q2



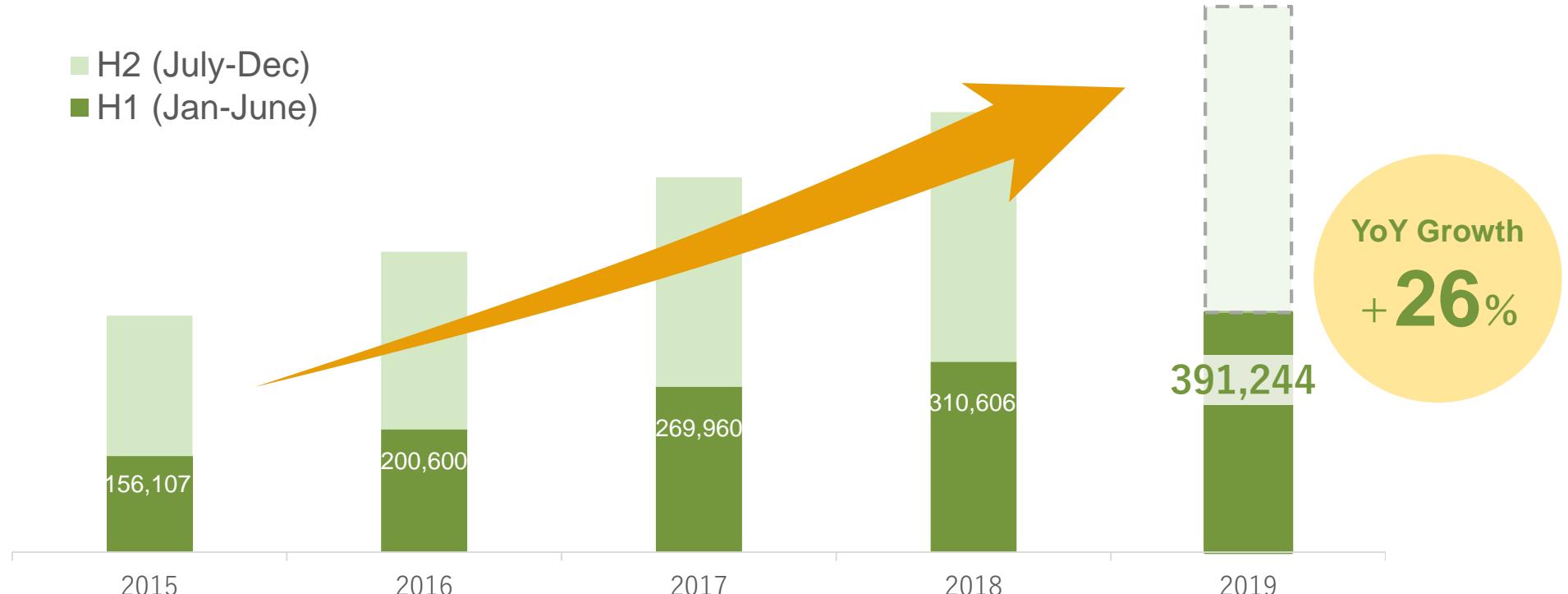


# Bookings

- Bookings have increased steadily at +26% YoY. Increased booking trend in H2 due to seasonal travel peaks.

## Bookings

■ H2 (July-Dec)  
■ H1 (Jan-June)



Bookings	2015	2016	2017	2018	2019
H1 (Jan-June)	156,107	200,600	269,960	310,606	391,244
H2 (July-Dec)	230,382	290,061	341,915	408,075	
Total	386,489	490,661	611,875	718,681	



# Balance Sheet Summary (Consolidated)

- Strong growth contributed to 806 million YEN in Cash increase and increased assets.
- Current liability: operating accounts payable and advances received increased. Fixed liabilities: long-term borrowings decreased.
- Net assets increased with equity ratio at approximately 30%.

(Unit: Million Yen)	FY 2018	FY 2019 Q2	Net Change
<b>Current Assets</b>	3,171	5,321	+1,009
<b>Fixed Assets</b>	799	824	+24
<b>Total Assets</b>	5,111	6,145	+1,034
<b>Current Liabilities</b>	3,389	4,092	+702
<b>Fixed Liabilities</b>	347	248	△99
<b>Total Liabilities</b>	3,737	4,341	+ 603
<b>Total Net Asset</b>	1,374	1,804	+ 430
<b>Equity Ratio</b>	26.9%	29.4%	+ 2.5 p



# Cash Flow Statement Summary (Consolidated)

- Steady operations led to increases in net income with cash flow from operating activities at 962 million YEN.
- Cash flow from investing activities was negative 206 million YEN, mainly due to acquisition of fixed assets of 160 million yen for software investments
- Cash flow from financing activities was 66 million YEN due to proceeds from issuance of shares of 165 million YEN and payment of 98 million YEN for long-term debt.

	2019 Q2
	(Unit: Million YEN)
<b>Operating Cash Flow</b>	962
<b>Investing Cash Flow</b>	△206
<b>Financing Cash Flow</b>	66
<b>Cash and Cash Equivalents at the end of year</b>	3,978



**FY 2019  
Earnings Forecast**



# P/L Overview (Consolidated)

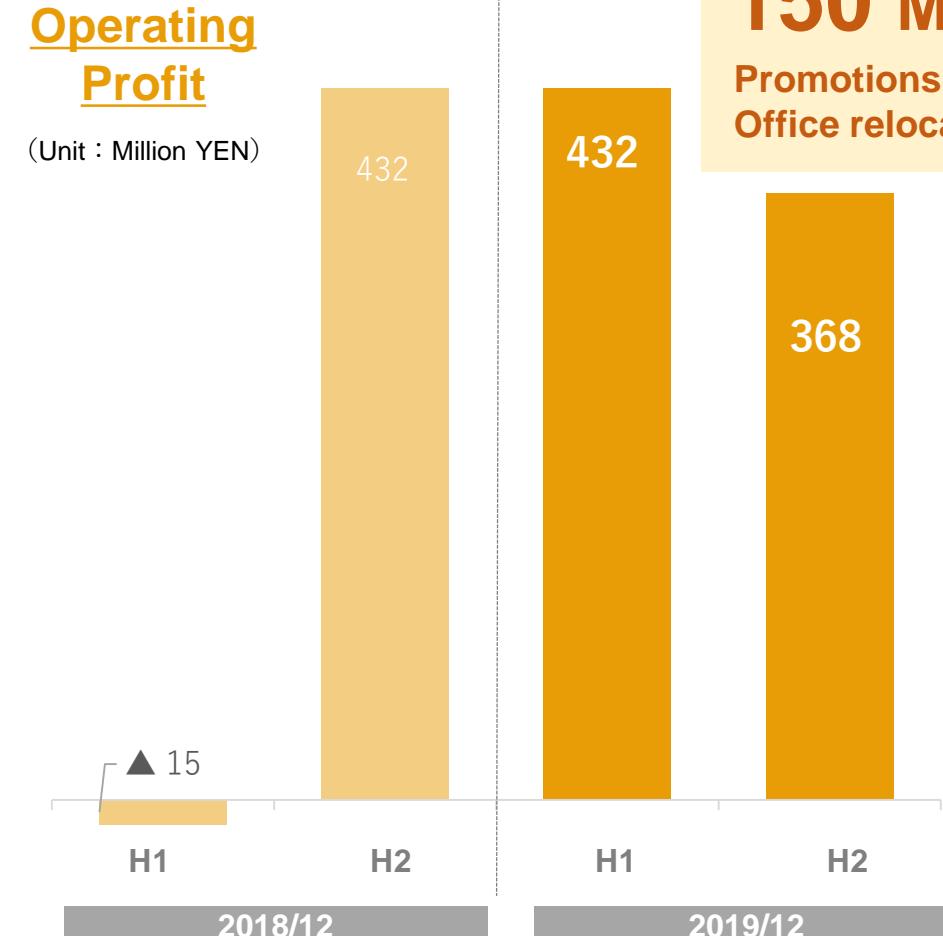
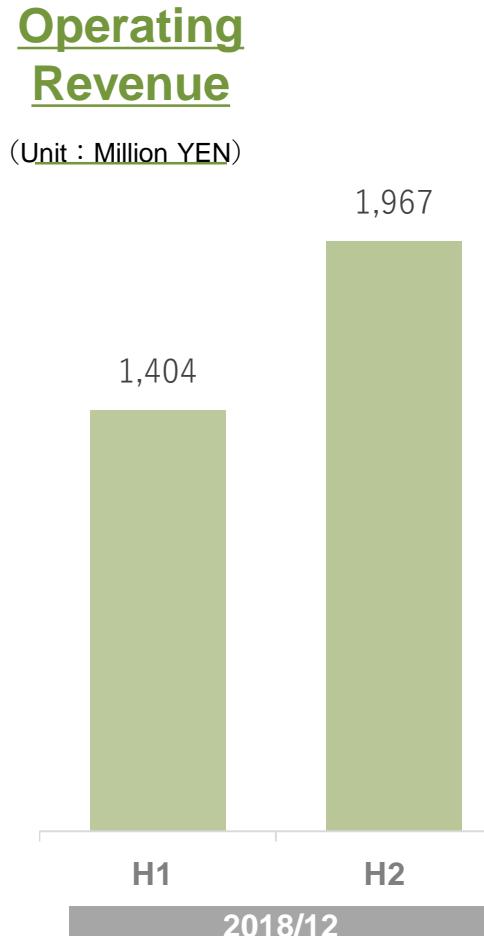
- Following strong H1 performance, **H2 is expected to maintain strong growth.**
- We will invest in advertising and recruiting for medium to long-term business expansion as well as relocate our office in preparation for employee increase. These expenses will be absorbed by increased operating revenue.  
**Ordinary income is expected to double from the previous fiscal year.**

(Unit: Million Yen)	Term ending December 2018 (actual results)	Term ending December 2019 (forecast)	YoY Changes (%)	FY 2019 (Initial forecast)	Initial forecast Rate of change (%)
<b>Operating revenue</b>	3,371	4,371	+29.6%	4,055	+7.8%
<b>Operating profit</b>	417	800	+91.8%	600	+33.3%
<b>Operating margin</b>	12.4%	18.3%	+ 5.9 p	14.8%	+3.5p
<b>Ordinary profit</b>	319	729	+128.3%	547	+33.3%
<b>Recurring margin</b>	9.5%	16.7%	+ 7.2 p	13.5%	+3.2p
<b>Profit attributable to owners of parent</b>	311	502	+61.3%	356	+41.0%
<b>Profit per share (yen)</b>	11.68	17.61	+5.93	12.49	+5.12



# FY2018-19 Operating Revenue/Operating Profit Comparison

- Aggressive investments to improve medium to long-term enterprise value in H2
- Strong performance in H1 contributing to need for HQ office relocation



Additional Investment in H2	
<b>150 M YEN</b>	
Promotions	85
Office relocation	65



# Investments to Improve Medium-term Enterprise Value

## Increasing VELTRA Fans

### ■ Customer Data Platform (CDP)

- Optimize customer communication
- Optimize Web-service
- Optimize ads

## Increase Touch-points with Potential Customers

### ■ Contents Marketing

- Building contact points with new customers by creating new content
- Increase content value by improving the quality of existing content

### ■ Video Ads

- Using Youtube as a source of new customer acquisition
- Investment in video promotion advertising

### ■ Influencer Marketing

## FY 2019 Future Actions





# VELTRA Strengths

- Our strength is our ability to improve product value and customer satisfaction.

## Over 400,000 Travel Reviews

Rich reviews support customers in their selection. Ability to propose travel that fits customer expectations by constant product improvement.

## Safety and Security Ensured Full Online Support

Improve customer satisfaction by removing language and cultural barriers and promoting repeat customers.

## Diverse Sales Channels

Wide range of large to small travel agencies including airlines have implemented our system with success.

Quickly provide products that meet the interest of the times



Product Value &  
Customer Satisfaction

UP!

## Increasing Revenue: 3 Strategies



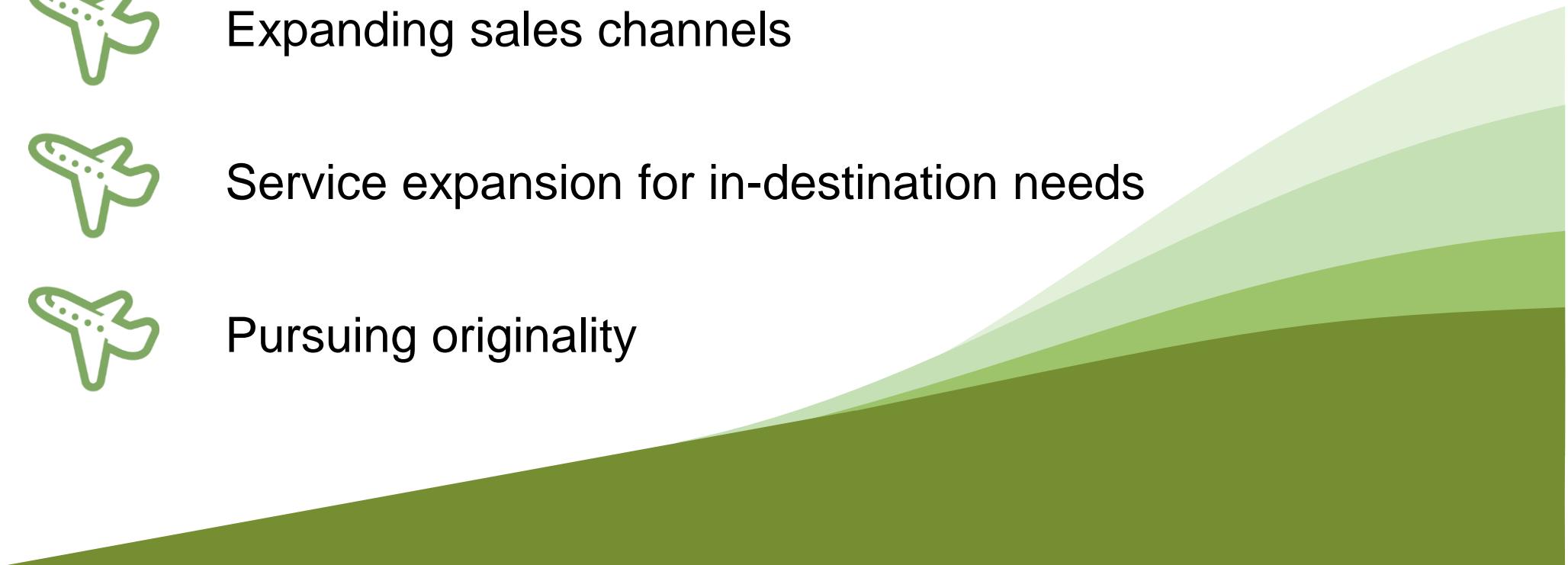
Expanding sales channels



Service expansion for in-destination needs



Pursuing originality





# Expanding Sales Channels

- Expand sales channels by strengthening partnerships with travel-related companies.  
Continue to develop channels in H2.

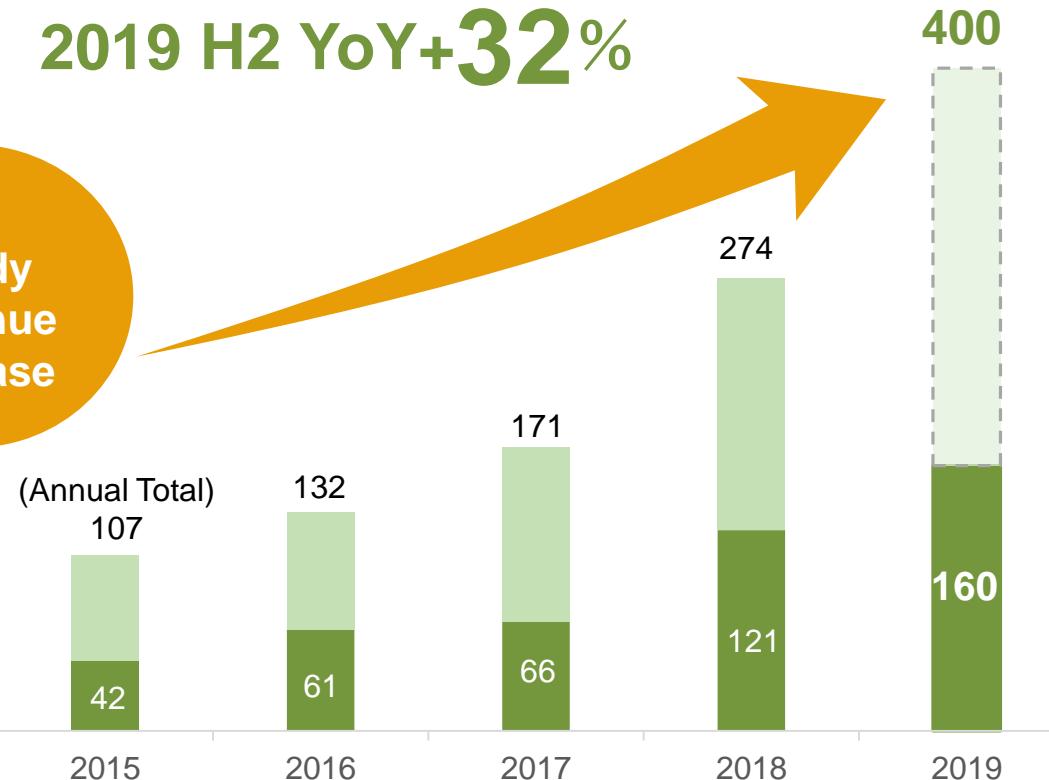
## Strengthening Partnerships with Travel Related Companies



## B2B Operating Revenue (Unit: Million YEN)

2019 H2 YoY+32%

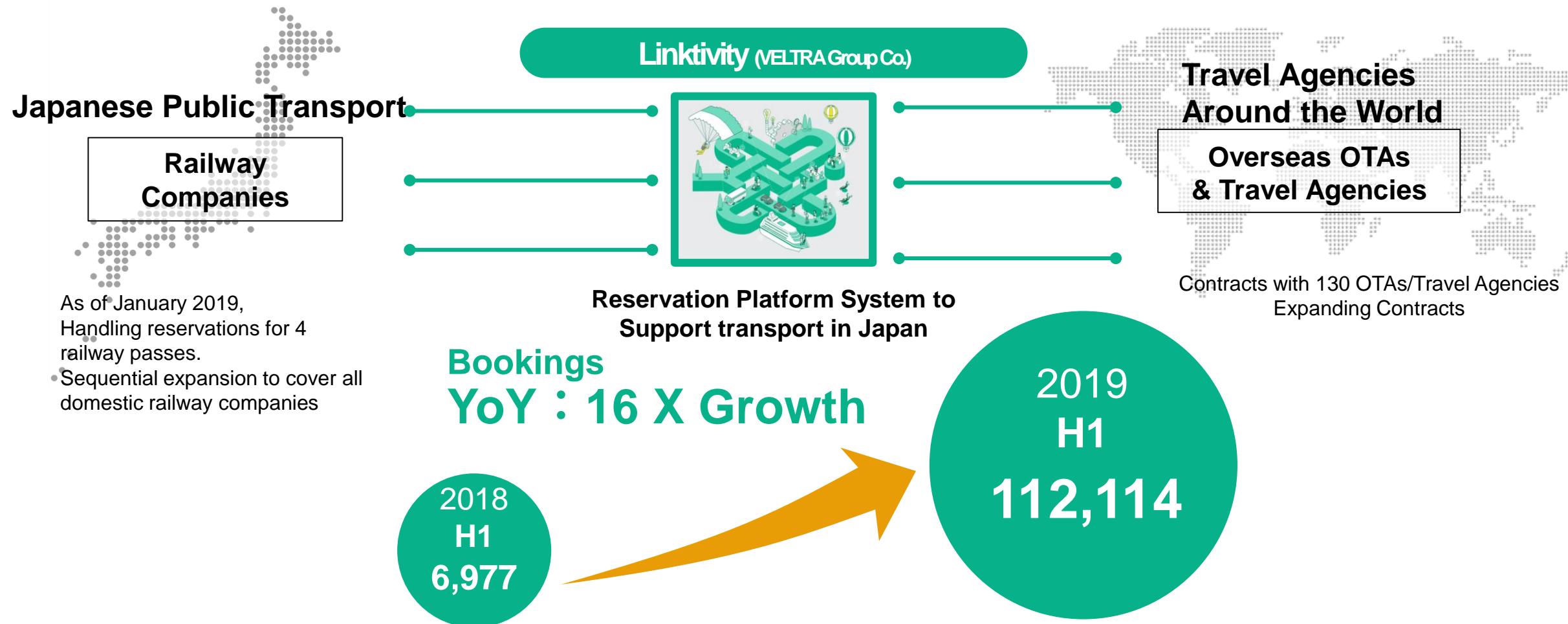
Steady Revenue Increase





# Steady growth of B2B online bookings to Japan

- VELTRA has developed a Global Distribution Platform—Linktivity— focusing on domestic transportation, enabling Japanese transport companies (rail, etc) to connect to travel agencies around the world.



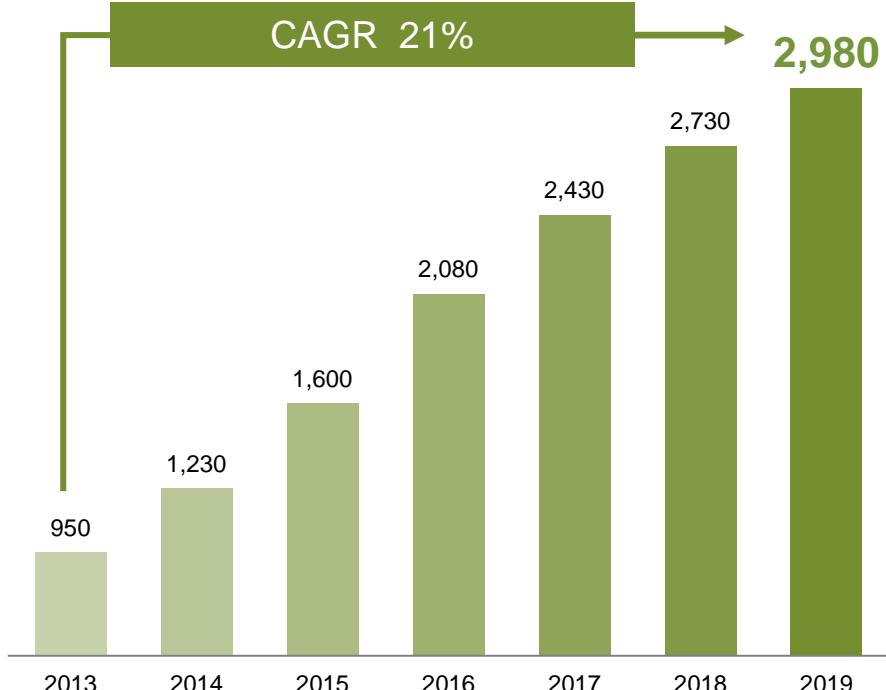


# VELTRA KPI Trends (Memberships, Visits)

■ Up-trend in both memberships and website visits.

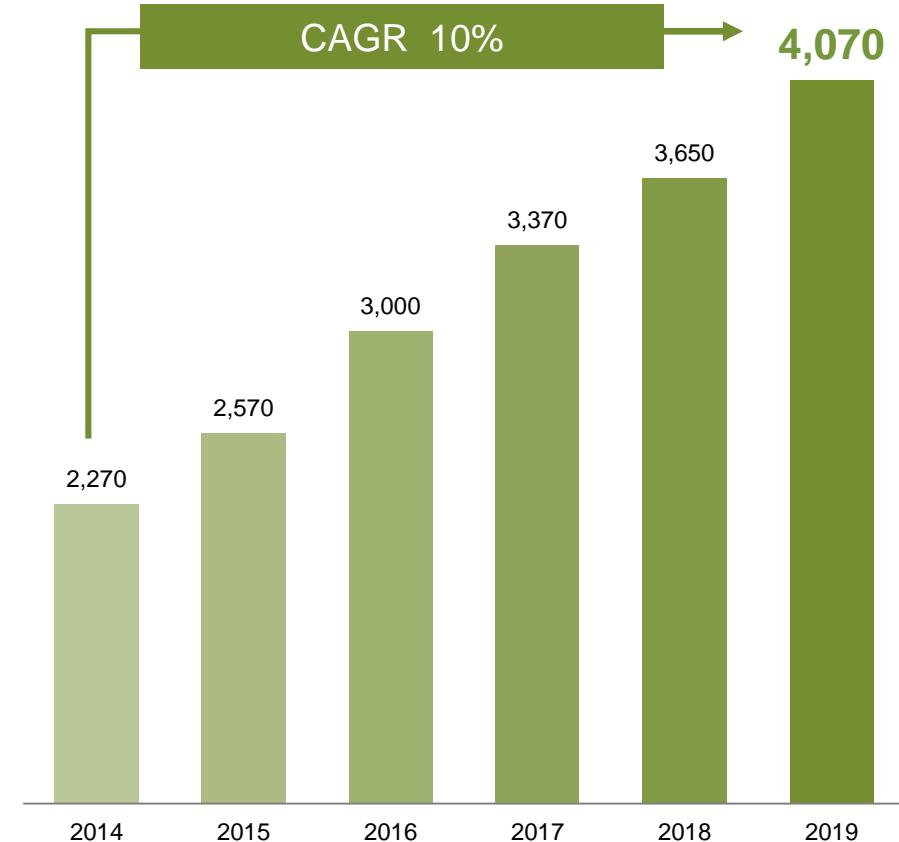
## Memberships (Accumulated)

Unit: 1,000



## Monthly Website Visits (Monthly Average)

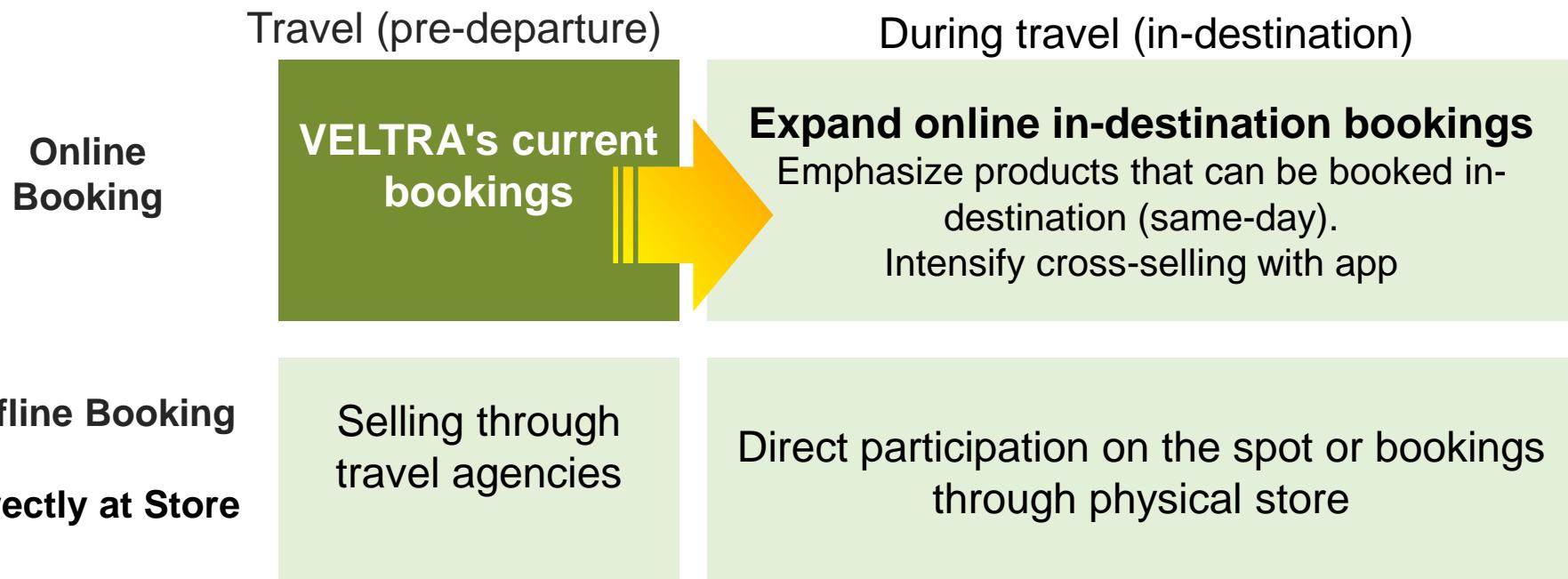
Unit: 1,000





# Enhanced Services after arrival in-Destination

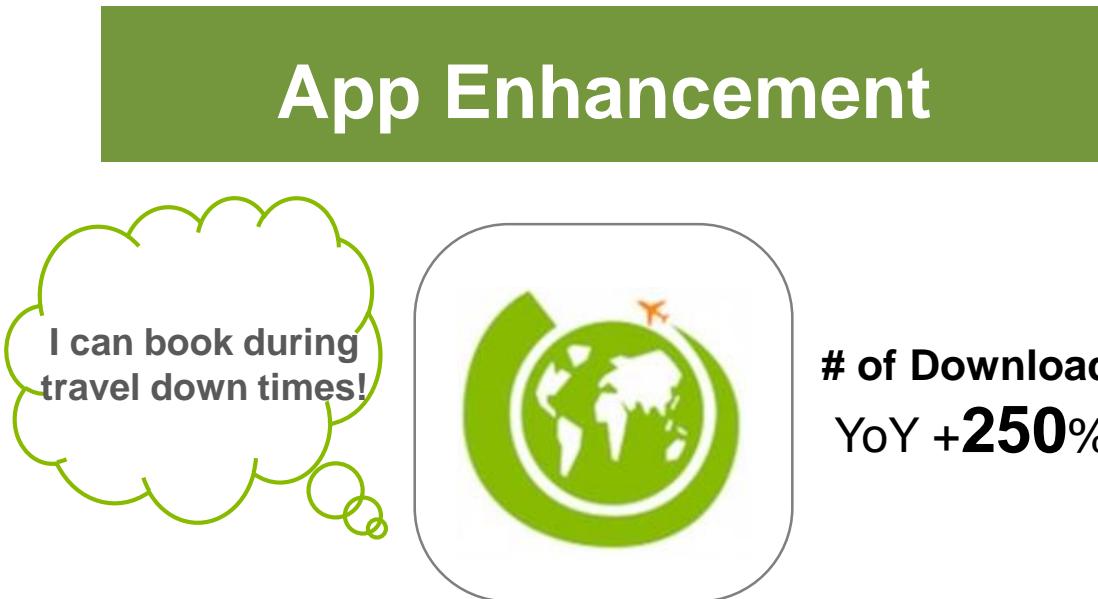
Currently, most VELTRA bookings are pre-departure reservations. To increase in-destination bookings, product promotions and service developments are being strengthened.





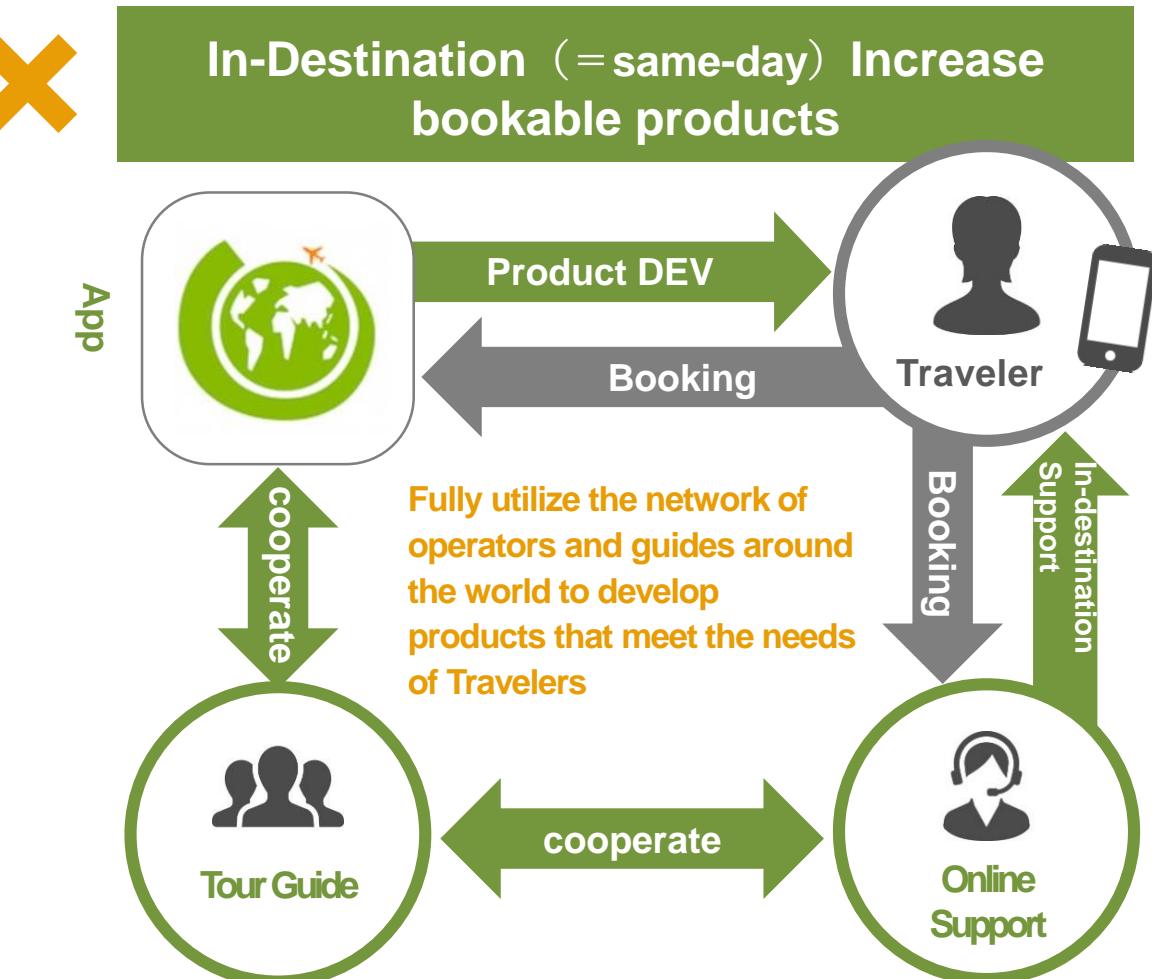
# Strengthen In-Destination Services

## ■ Revenue from In-destination (=same day) bookings YoY + 39%



Enhance local tour promotions with the VELTRA app

→ Increased App Use **UP!**





# Initiatives to pursue originality

- Our main products are tours and activities that promote international exchange between travelers and tour guides. We will pursue originality through media branding that increase bookings.

Helping you quickly find the right product for your needs  
Increasing repeat bookings by proposing trips that you want to experience next



See reviews of tour-guides to ensure your travel is with a terrific partner.

The screenshot shows a user profile for 'Masakon' with a photo of a person in a red shirt. Below it is a review for a guide named 'ポハク西田' (Poak Naita) with a rating of 4.9. The interface includes various filters and a circular badge in the bottom right corner that says 'Reviews of Tour Guides from around the world'.

See user evaluations with 5 levels of criteria including tour-guide personality and expertise

Number of registered Colorier guides:  
Steady growth at 153 guides as of August 2019

Aim for 1,000 guides by December 2021





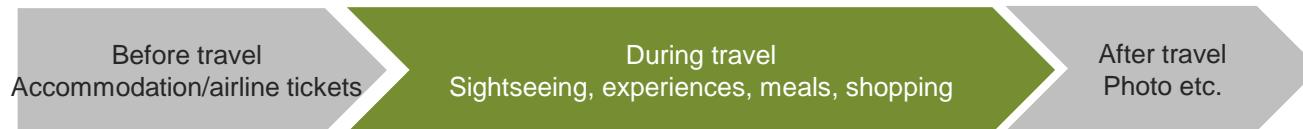


**Appendix**



# Business Outline

Understanding "VELTRA," an online booking service specialized in tours & activities

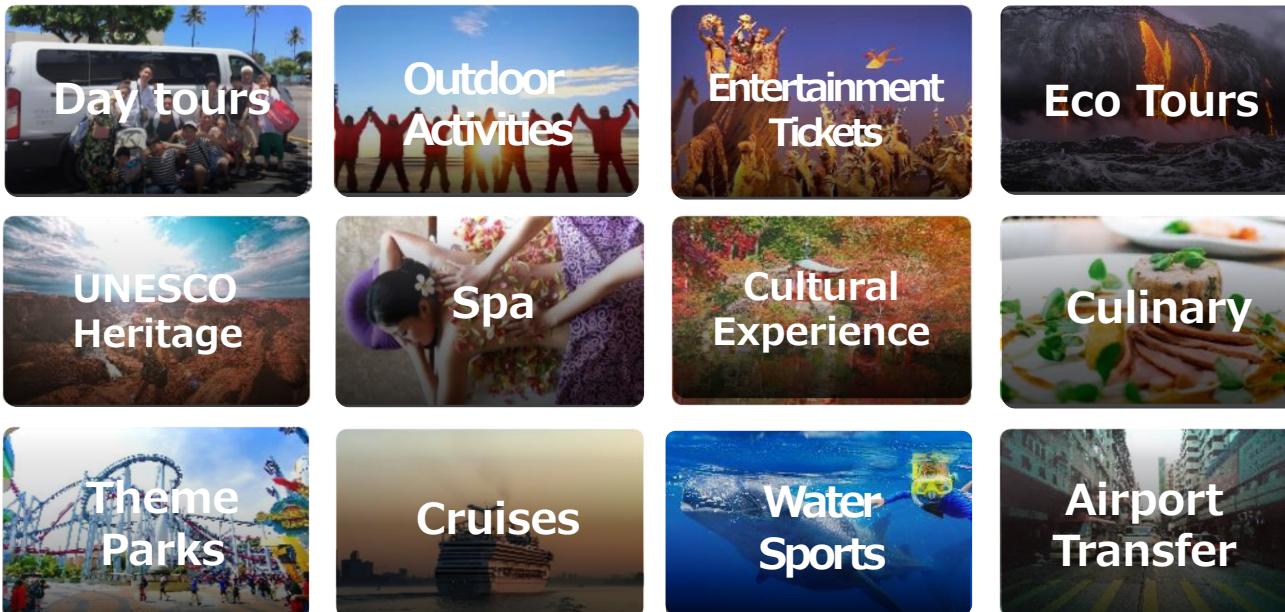


**VELTRA** changes **TRAVEL**

Search for destinations by  
what you can experience



Pre-travel bookings are possible for more than 10,000 types of experience-based tours at local prices in 150 countries





# Company Profile

Company Name	VELTRA Corporation		Board Members	President and representative director/CEO	Wataru Futagi
Headquarters	1-6-6 Yaesu, Chuo, Tokyo				
Capital	JPY 524,000,000 (as of June 30, 2019)			Director and in-charge of the Overseas section	Ryoko Mannen
Founded	November 1991 (VELTRA.com business initiated in 2004)			Director and in-charge of the inbound section	Tomoharu Kurakami
Fiscal Year Closed In	December			Director and in-charge of the management section	Jumpei Minashima
Number of Employees	Headquarters: 143 (Consolidated: 228)			Director and in-charge of the Global section	Emmanuel Issaurat
Subsidiaries	[Singapore]	LINKTIVITY PTE, LTD.		Outside director	Toru Shiraishi
	[Malaysia]	VELTRA Malaysia Sdn. Bhd.		Outside director	Gaku Suzuki
	[Philippines]	VELTRA PHILIPPINES, INC.		Outside director	Rodney Cuthbert
	[USA (Hawaii)]	VELTRA Inc.		Auditor	Tetsushi Ikeda
Business Branches	London, Bangkok			Part-time auditor	Masato Mori
				Part-time auditor	Hiroshi Noda



"Great Place to Work" ranking  
Selected as the best company for  
three consecutive years



# History

1991	ALAN Corporation (currently VELTRA Corporation) was established as a marketing-focused consulting businesses.
2003	Business transfer of a golf course booking site "GORA" to Rakuten (currently "Rakuten GORA").
2004	Business initiation of an overseas activity booking site "Alan1.net" (currently VELTRA).  Launched "HawaiiActivities.com" for the North American market traveling to Hawaii. Acquired all shares of White Publishing, Inc. (currently VELTRA Inc).
2012	The trade name was changed from "Alan 1.net" to "VELTRA" for global business expansion. The company name was also changed from ALAN Corporation to VELTRA Corporation.  Opened an English website. Initiated Japan inbound travel business.  Established VELTRA Malaysia Sdn. Bhd. in Kuala Lumpur, Malaysia as a system development company.
2015	Opened Chinese websites (traditional and simplified).
2016	Acquired all shares of City Discovery SAS, an Online Tours & Activities booking site--CityDiscovery.com--for global markets but mainly targeting English speaking travelers.
2017	The company name of a locally incorporated subsidiary in Paris was changed to VELTRA SAS, a group company of VELTRA.  The company name of a locally incorporated subsidiary in Manila was changed to VELTRA Philippine, a group company of VELTRA.  Launched veltra.kr, a Korean website in partnership with Korean company, 12cm,Inc
	Established LINKTIVITY PTE, LTD. in Singapore to supply products mainly focused on Japanese railways and transportation. Full-fledged business initiation for B2B.
2018	Listed on the Mothers Section of the Tokyo Stock Exchange



# Corporate Philosophy

To be a global leading company in tourism and international relations, delivering our unique value, and promoting sustainable growth with stakeholders.

Unique value

Provide a wide range of travel destinations and a variety of products while achieving high quality services.

International relations

To prioritize borderless links between people, with expertise in guided experienced based tours & activities.

Prosperous coexistence

To provide value to the tourism industry through collaborative corporate alliances and to grow the tourism industry as a whole.



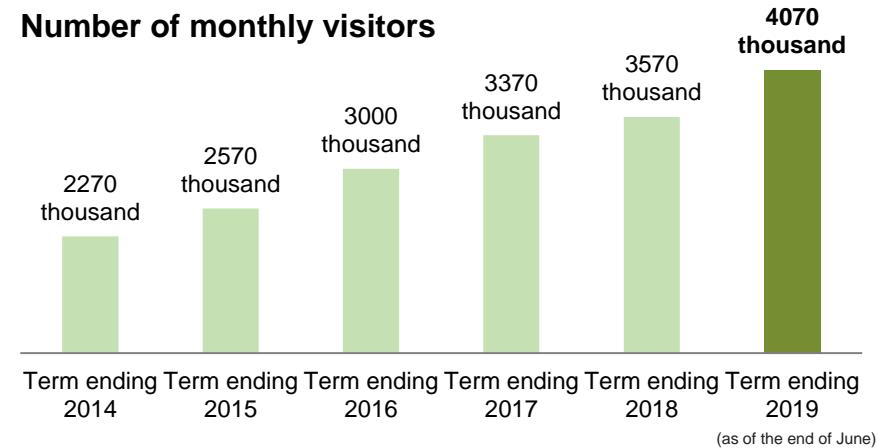
# Our Strength: Product Lineup to Support Various Consumer Needs

- Business collaboration with approximately 5,000 companies in 150 countries world-wide—the largest of its kind in Japan. Customer support is provided in four languages (Japanese, English, Chinese, Korean).
- Provide products to meet various consumer needs with high level customer support.

Number of products by market (language)



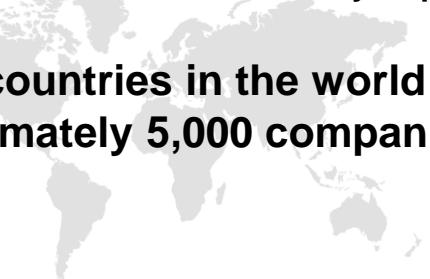
Number of monthly visitors



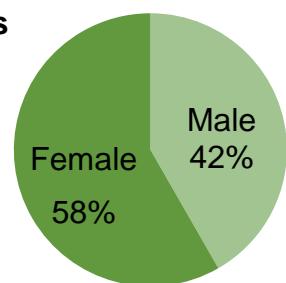
Number of contracted Tour & Activity Suppliers

150 countries in the world

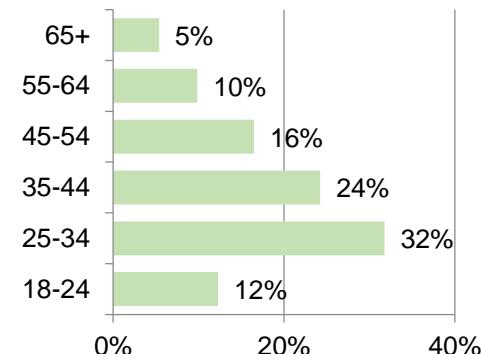
Approximately 5,000 companies



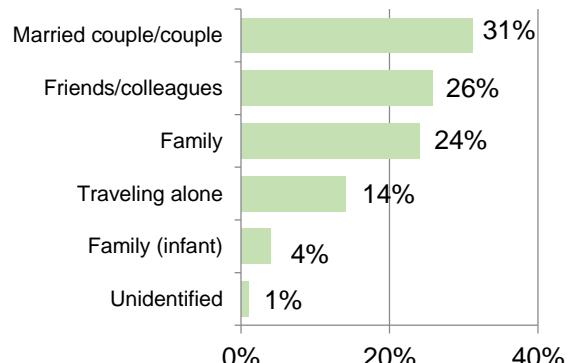
Gender



Traveler age group



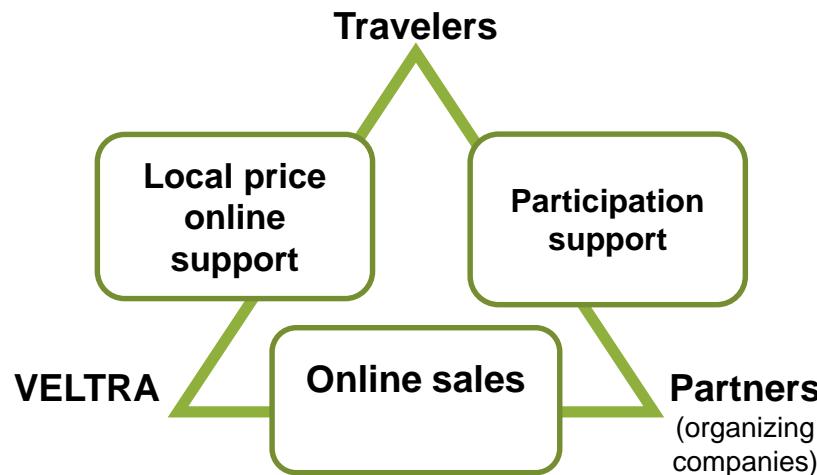
Traveler characteristics



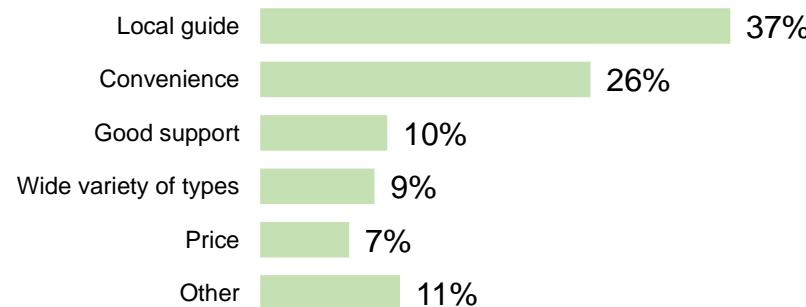


# Our Strength: Real-Time Support to Be Completed Online

- Provide travelers with a wide range of products and relevant information in real-time.
- Provide comfort with 365-day support to remove customers' psychological anxieties (cultural or linguistic barriers)



## Reasons for recommending VELTRA by NPS\* evaluation



\*NPS = Net Promoter Score: indicator to measure customer loyalty

<b>Online sales</b>	Provide even small-scale businesses with sales opportunities. Provide new markets with emphases on Asian markets
<b>Local price online support</b>	Provide all products at local prices of partner companies. 365-day online customer support in four languages.
<b>Participation support</b>	Detailed guidance for travelers on how to get to tour meeting place. Provide facilitated bookings by promoting electronic vouchers.

## **Customer experience $\geq$ Customer service**

Be responsible for all that travelers have experienced through VELTRA

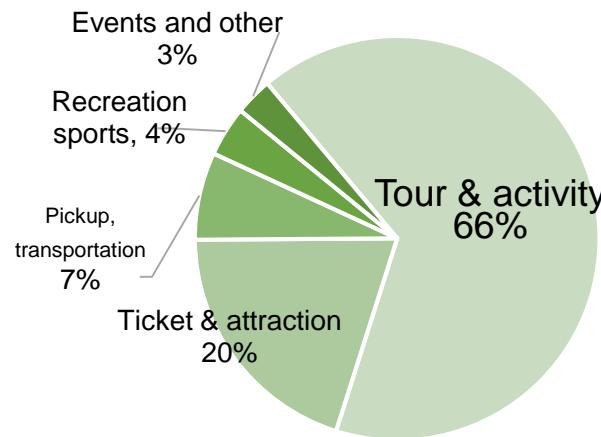
1. Not only provide tours and activities but also manage product quality
2. 365-day online support
3. Support in English, Japanese, Chinese, and Korean



# Our Strength: Unique, Professional Tour Guides around the World

- Our core products are tours & activities to promote international exchange between the traveler and tour-guide.
- Local professional drivers in each area provide effective and safe transportation to travelers.
- Service quality and safety is our strength in association with relationships with partner tour operators.

Product structure



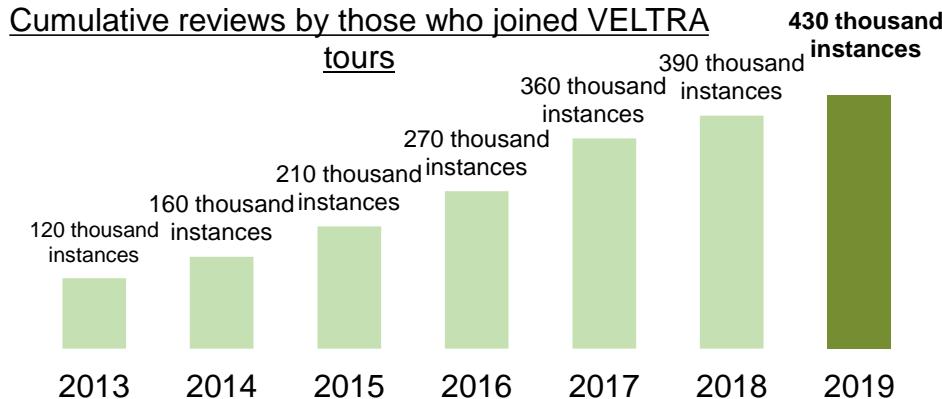
\*For details of target products, refer to "Sales Target Products materials at the end of the "slides





# Our Strength: More Than 400,000 Reviews by our Customers

- Posts by only those who booked on VELTRA. Detailed testimonials encourage travelers for booking decisions.
- Majority of reviews are related to high hospitality tour & activity services
- Negative comments are not disregarded and all facts are checked to improve the tour and our service.



## Further improvement of services through reviews



## Messages of gratitude to guides & drivers

ダイスケさんのイルカ愛が“はんぱないって、、、”&船長のヒトミさんも最高でした。

投稿者: イシカワ母さん, 2018/08/23

3人の子供の計4名で参加しました。ガイドのダイスケさんは素晴らしい人でした。優しく、面白く、港に着くまでを楽しませてくれました。沢山のイルカを観たという気持ちが伝わりました。実際たくさん見れた船長のヒトミさんはまた素晴らしい人でした。

すごいガイドさんでした！

by: manaさん 2018/11/15

今回タイは2回目ですが友人は初めてだったので、こちらのツアーに参加しました。ガイドさんは日本語ペラペラで、色々説明もしてください、写真を何度も撮ってくれたり、とても優しい方でよかったです！やはりとても暑いので効率よくまわることができるこちらのツアーはいいですね！半日だけでしたがかなり満足できる内容でした。ありがとうございました！

日本では絶対出来ない体験を実感！

by: Hiroさん 2018/11/13

午後からのツアーを体験してきました。ハリ旧市街そのものの、大型バスや車が走っている隙間を沢山のあちこちからクラクションを鳴らしながら走る車種類が違う沢山のストリートに小さなプラスチックで話す大勢の人々 傘帽子の天秤棒をぶら下げて

ドライバーのシュウさん、ニコルさんありがとう！最高の旅でした(^^)

by: ひよビヨビーさん 2018/11/14

日本語が通じるのか、希望通り観光出来るのか不安でしたが中国語ドライバーのチャーターを予約しました。結果、本当に楽しく充実した台湾旅行になりました。野柳→十分(天灯上げ)、十分大瀑布→九份→士林夜市の予定で観光プランをオーダーしていましたが、当日、私達の希望を盛り込みつつも更にオススメのプランを提案し、効率よく周るプランを立てて

一生の思い出って言つて言つてる人どんだけしようもない人なんて思つてましたけど.....

by: kw.jisan 2018/11/16

最高でした！！運良く私たち2人だけのプライベートツアで天気にも恵まれ、素晴らしい景色に加えタカさんが面白かったです。ブルーマウンテンズは素晴らしい映えスポット。スリーシースターズも圧巻の景色。そしてジエノランケーブが懐くほどの美しさ。感嘆。ため息が創り出した神秘の世界。ジエノランケーブにいたの間ほどの時間でしたがあつという間で獨りつままれた

最高のツアーでした！

by: ゆーさんさん 2018/11/15

11月に参加した者です。日本人のさとこさんがガイドしてくれて安心しました。初めはフルーツだけのツアーかとおもいきや、景色の良い海や山に連れて行ってくださりとても楽しめました！！フルーツ農場に到着後は細かいところも含め、日本語でフルーツや栽培等について説明を受けながら回っていました。途中途中でフルーツを食べました。個人的には金柑が衝撃的に美味しかったです。11月でも沢山のフルーツを... 続きを見る



# Precautions

Forward looking statements made in this document include information regarding forecast of financial results and business plans. The information in this report are based on information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication and include risks or uncertainties. They are not meant to be binding commitments by the Company. There may be cases in which actual results differ from forecast values.

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The purpose of this document is to provide information, and not to solicit the selling or buying of VELTRA shares. VELTRA requests that you avoid making investment decisions based entirely on information provided in this document and that you choose your investments at your own discretion when making actual investments.

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