

# Consolidated 3Q Financial Results for FY ending March 2016 (Nine Months Ended December 31, 2016)

February 10, 2016



Mobile Telecommunication Business



Solution Marketing Business



Settlement Service & Other Business

#### Disclaimer

\*This material contains statements about the future performance of T-Gaia, which are based on management's assumptions and beliefs taking information currently available into consideration. Therefore, please be advised that T-Gaia's actual results could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in T-Gaia's principal markets as well as other factors detailed from time to time.



# **Outline of Consolidated 3Q Financial Results for FY ending March 2016**

# Summary of Consolidated 3Q Financial Results

(Unit: 0.1 billion yen)	15/3 3Q Results	16/3 3Q Results	y/y Change	16/3 Full-year Forecasts	Achievement Ratio
Net Sales	4,640.9	4,532.8	97.7%	6,550.0	69.2%
Gross Margin	447.7	450.9	100.7%	635.0	71.0%
(to Net Sales)	9.6%	9.9%	+0.3 p	9.7%	—
SGA Expenses	350.8	352.9	100.6%	485.0	72.8%
Operating Income	96.9	98.0	101.2%	150.0	65.4%
(to Net Sales)	2.1%	2.2%	+0.1 p	2.3%	—
Ordinary Income	96.3	97.8	101.5%	149.0	65.7%
(to Net Sales)	2.1%	2.2%	+0.1 p	2.3%	—
Net Income Attributable to Shareholders of Parent Company	53.3	58.8	110.4%	90.0	65.4%
(to Net Sales)	1.1%	1.3%	+0.2 p	1.4%	—

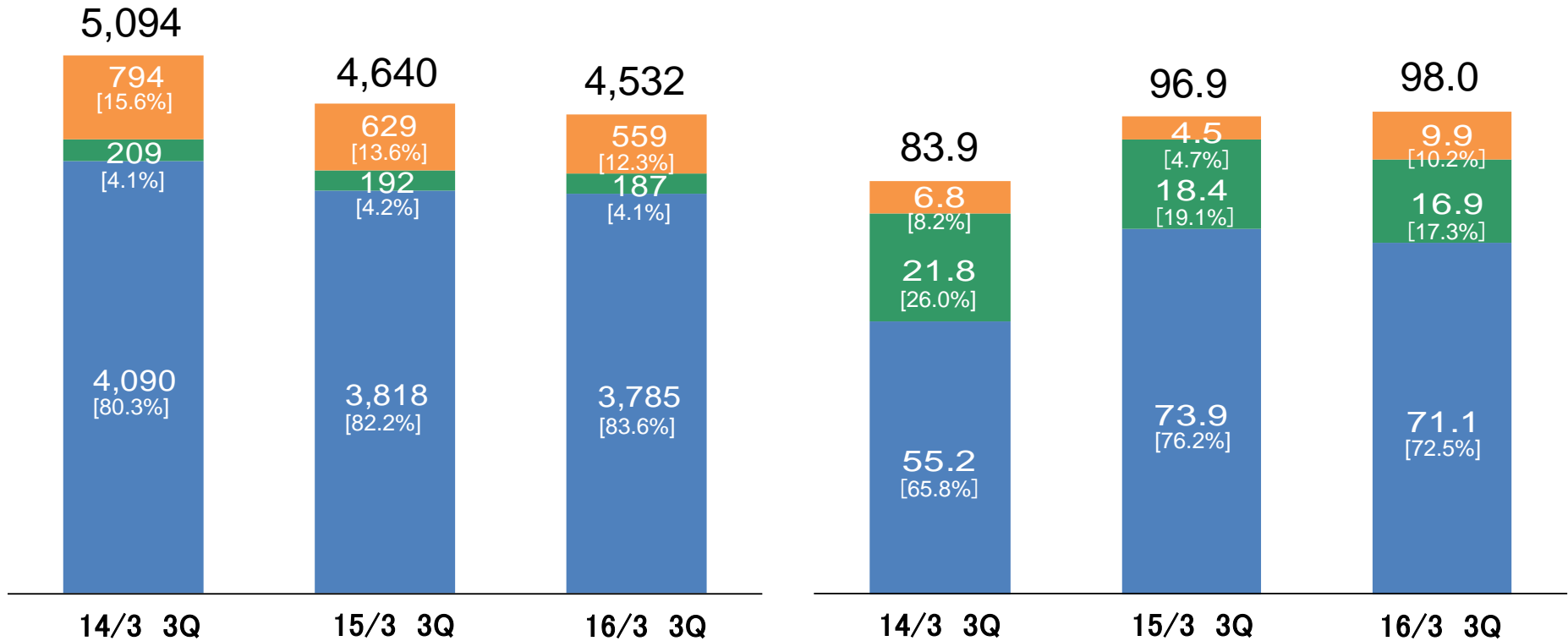
# Financial Results by Business Segment

## Net Sales

## Operating Income

■ Mobile Business 
 ■ Solution Business 
 ■ Settlement Service & Other Business

(0.1 billion yen)



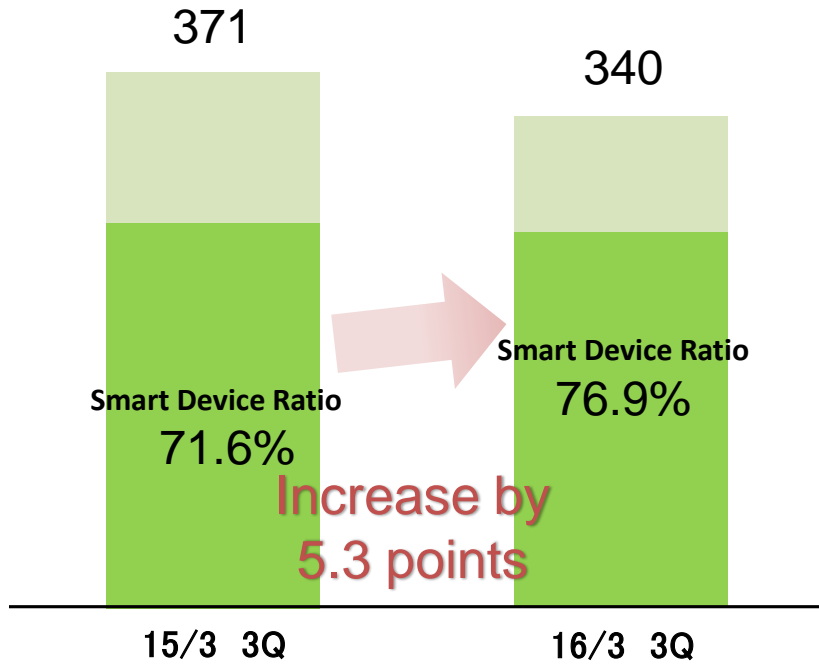
**Operating Income Increased due to Revenue Stream Diversification**

# Company-wide Unit Sales

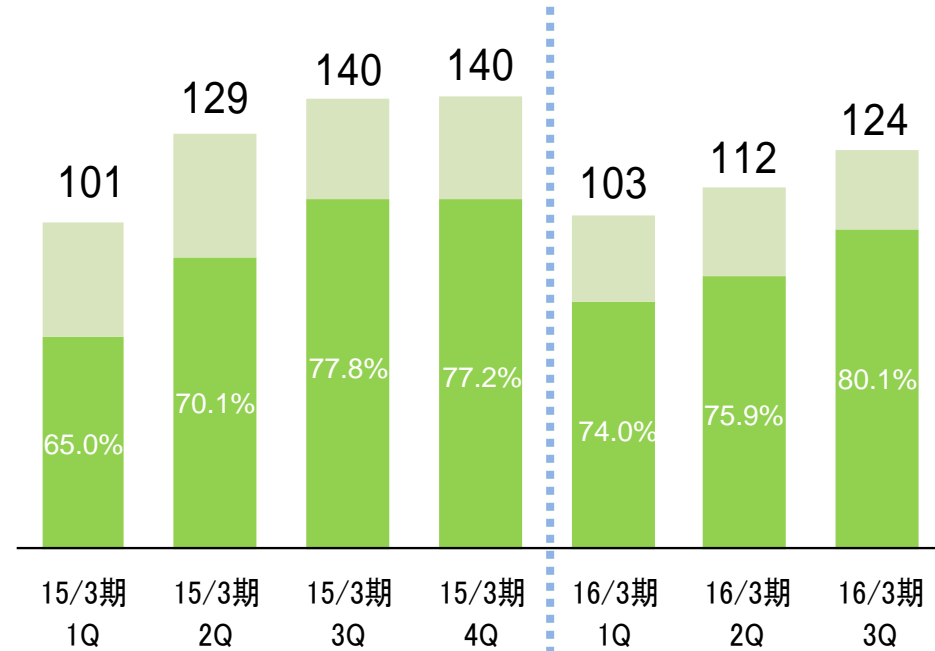
## Mobile-phone & Tablet Unit Sales

Smart-phone & Tablets    Feature phones, etc.

(10 thousand units)



## Unit Sales on Quarterly Basis

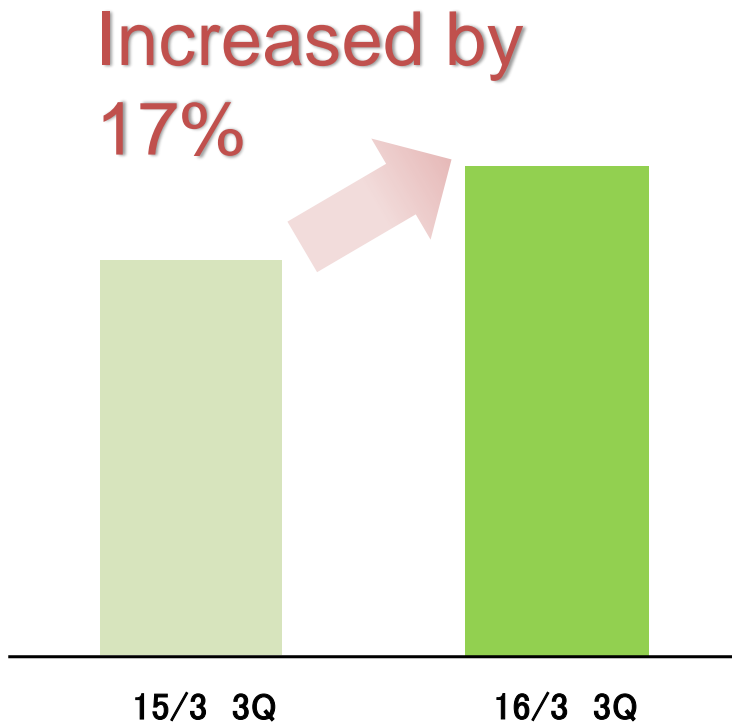


※ Including Wi-Fi models

# Smart Device Ratio Increased due to Strengthening of Sales Activities

# Tablet Unit Sales & Net Sales of Related Products

## Tablet Unit Sales

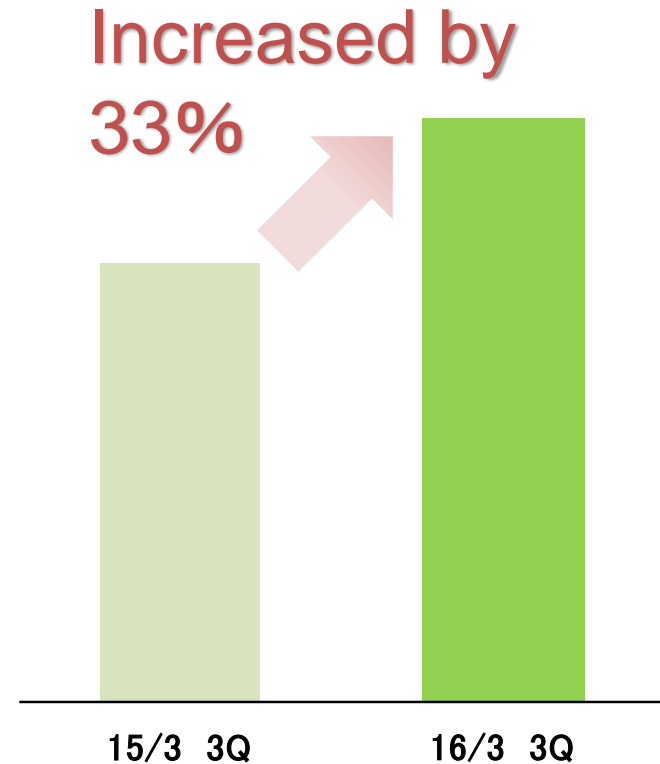


※ Including Wi-Fi models

Increased by **17%**  
on a year-on-year basis

## Net Sales of Related Products

Related Products : Accessory for Smart Device, etc.



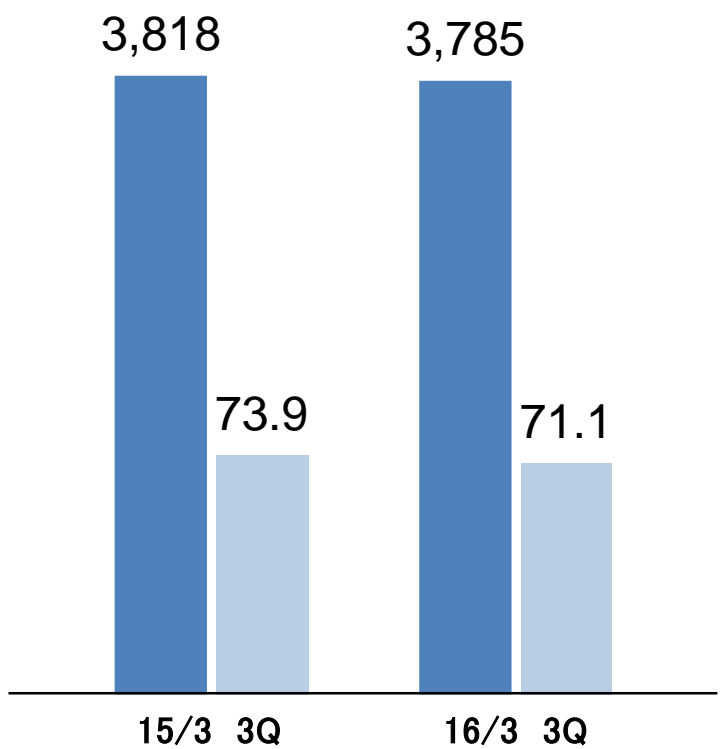
Increased by **33%**  
on a year-on-year basis

# Mobile-phone Business

## Financial Results Comparison

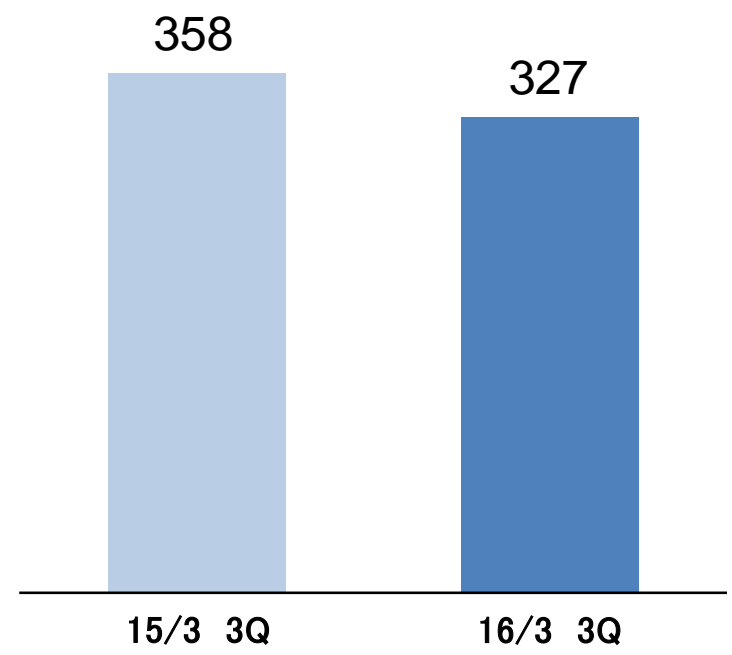
■ Net Sales    ■ Operating Income

(0.1 billion yen)



## Mobile-phone Unit Sales

(0.1 billion yen)



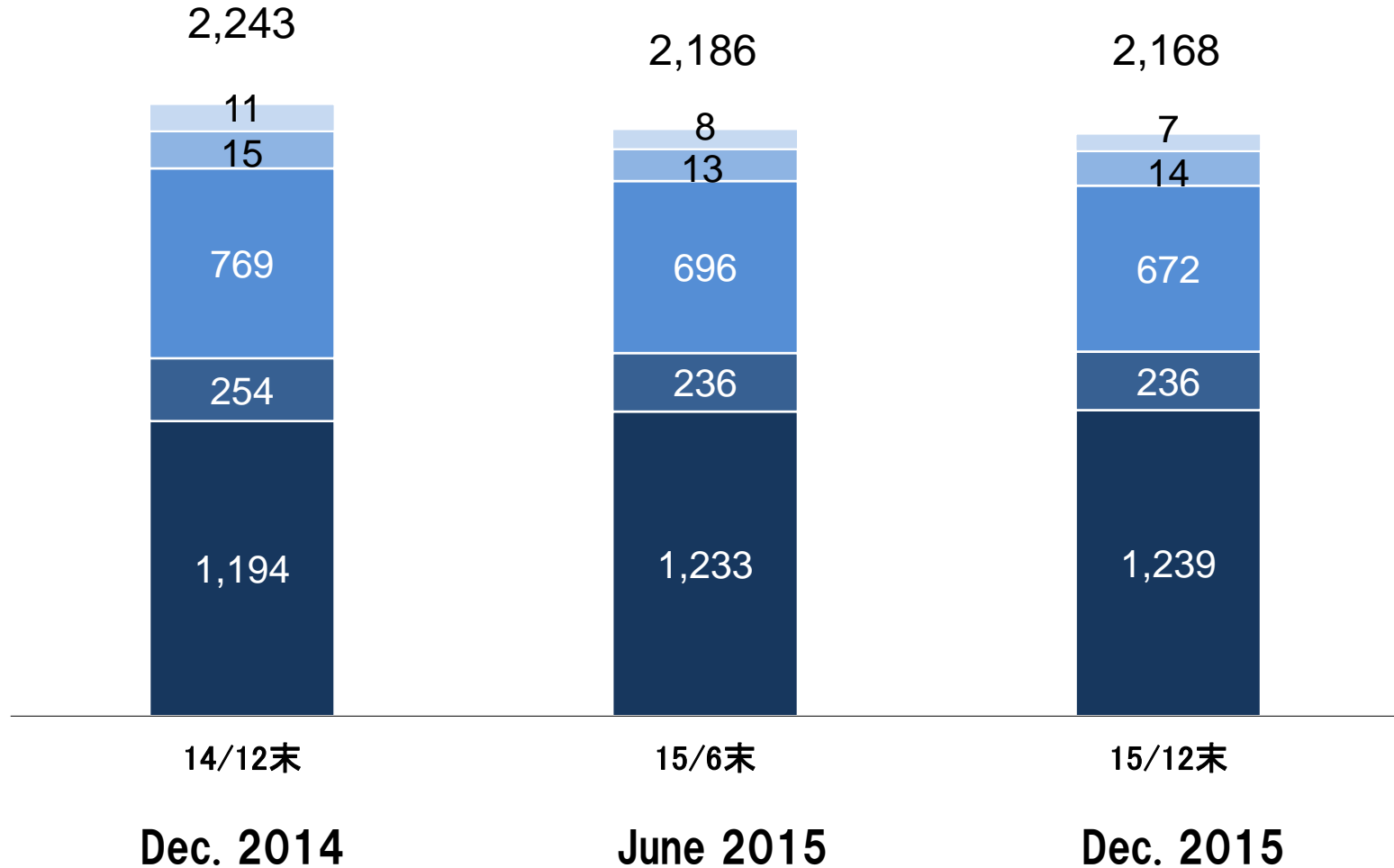
※ Including Wi-Fi Models

Expanded Sale of Smart-phone Related Products  
Continued Strategic Investment in Shops & Staff Education/Retention

# Total No. of Sales Bases for Mobile-phone Business

## Change of Total No. of Sales Bases

- Carrier Shop
- Multi-carrier Shop
- Large Retail Store & GMS
- Accessory Shop (incl. EC site)
- China Unicom Shop (included in Settlement Service & Other Business Segment)





# Accessory Shops ①

On the 3<sup>rd</sup> Floor of Smart Labo Namba Ebisubashi

Opened MVNO (Mobile Virtual Network Operator) Section on Nov. 4



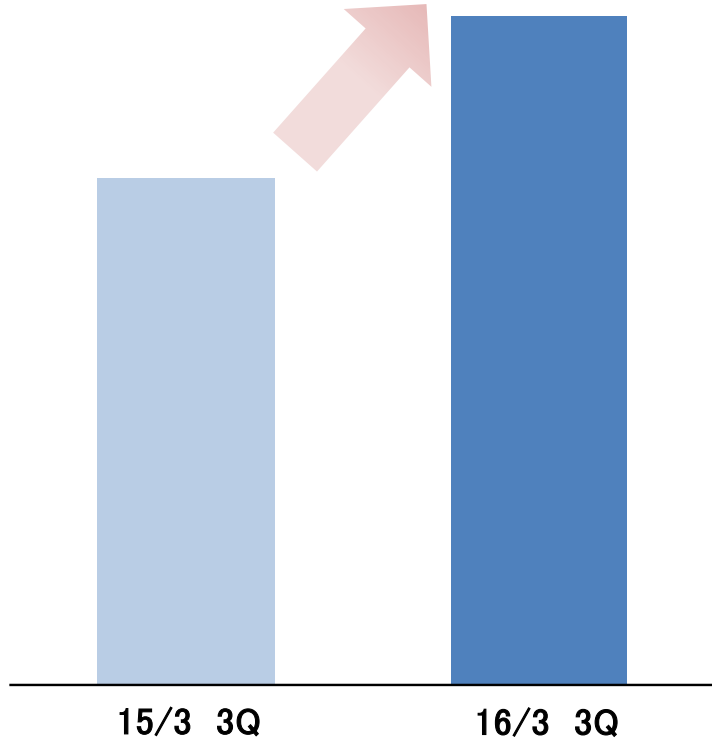
- Start selling MVNO SIM & SIM unlocked mobile-phones
- Complete the whole procedure for new purchase & MNP (Mobile Number Portability) in the front of the shop
- Make a proposal in accordance with each customer's lifestyle
- Offer a variety of menu from protection to comprehensive support

Started New Effort toward the Future of the Company

# Accessory Shops ②

## Net Sales

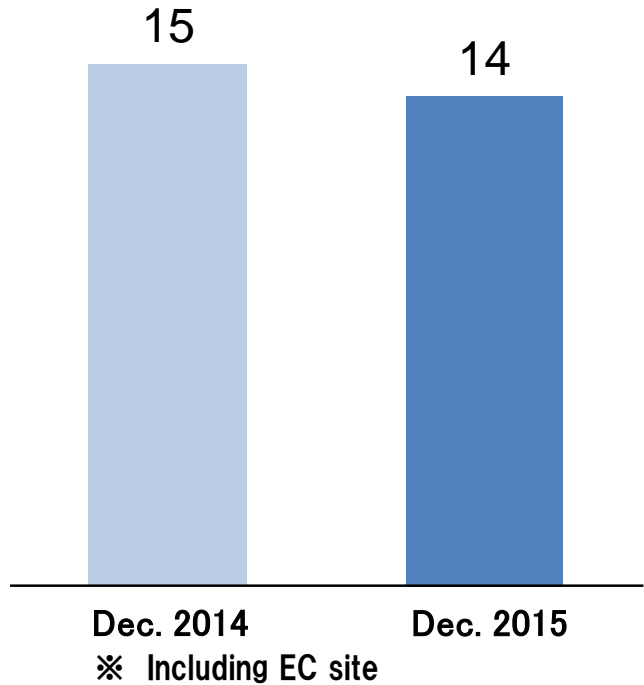
Increased by 32%



## No. of Accessory Shops

### Shop Information

July 2015	Smart Labo Namba Ebisubashi opened Smart Labo Kobe Sannomiya opened
March 2015	Smart Labo AEON Mall Natori closed
June 2015	Smart Labo Rakuten Ichiba merged into SL ONLINE
Sep. 2015	AppBank Store Harajuku closed



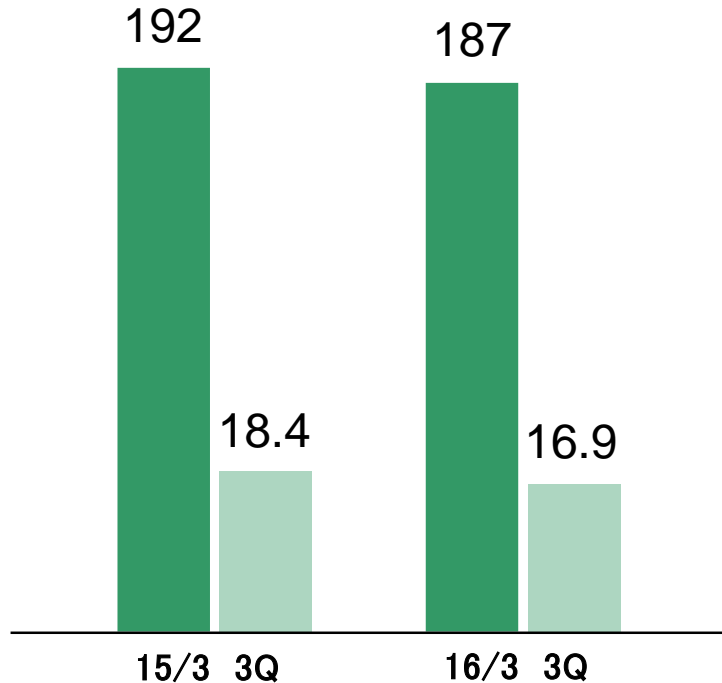
Net Sales Increased by 32% on a year-on-year basis  
And Moved into the Black on a single month basis

# Solution Business

## Financial Results Comparison

Net Sales Operating Income

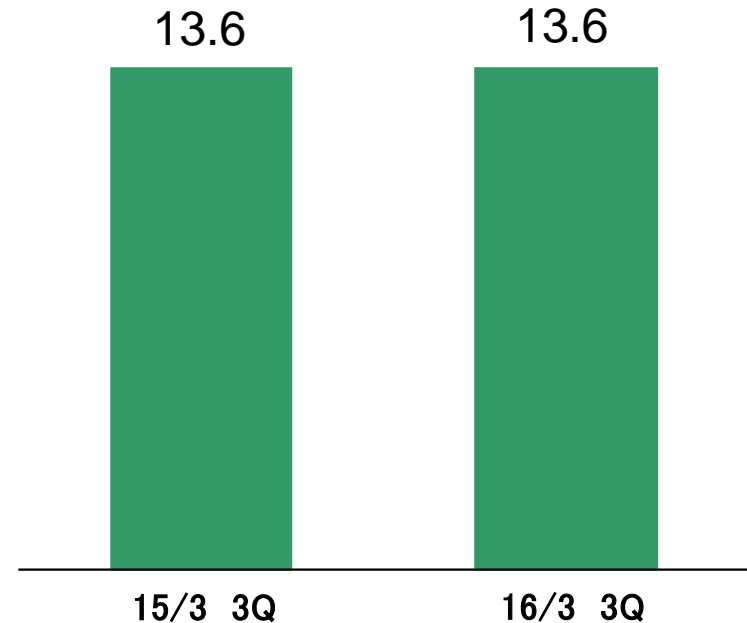
(0.1 billion yen)



## Mobile-phone Unit Sales

(10 thousand units)

※Including Wi-Fi models



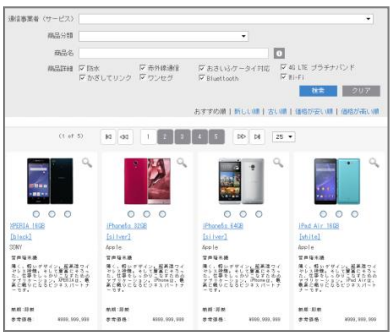
Expanded Sale of Various Support Services such as Help Desk while Selling Mobile-phones, etc. about the Same Level as those in the Previous Fiscal Year

## Renewal of movino star

- Expansion of Range of Line Mgmt. Service



- Enhanced Function for Purchase

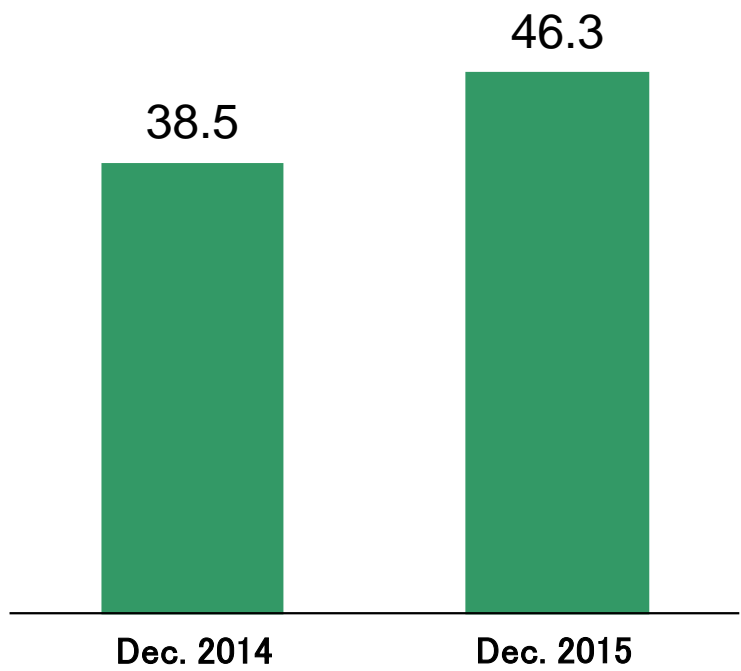


- Advanced Function for Data Analysis



## Total No. of ID subscribing to movino star service

(10 thousand ID)



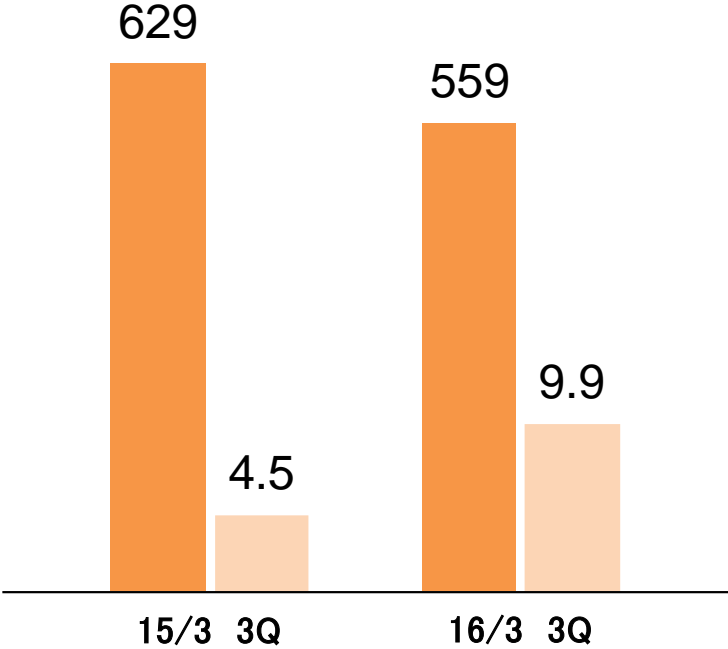
Provision of Service Meeting Needs of Corporate Clients

# Settlement Service & Other Business ①: Settlement Service

## Financial Results Comparison

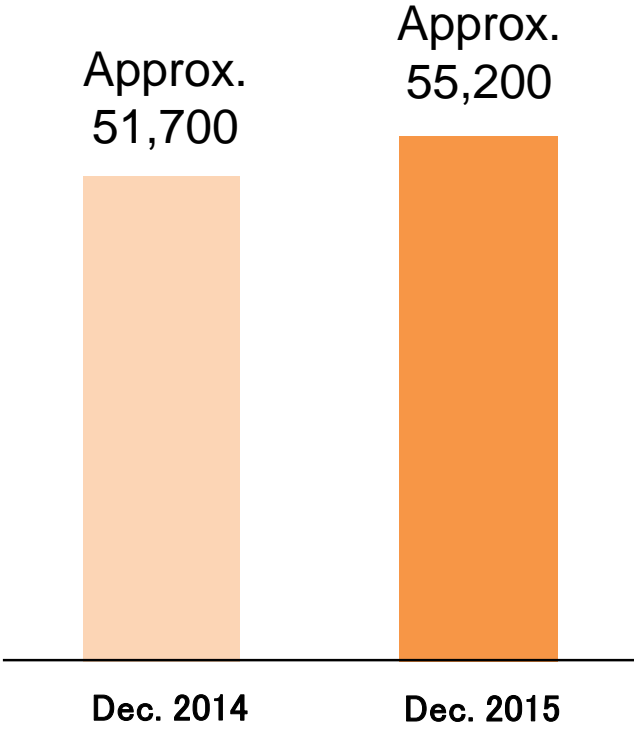
Net Sales    Operating Income

(0.1 billion yen)



## Total No. of convenience stores dealing PIN / Gift Cards

(No. of stores)

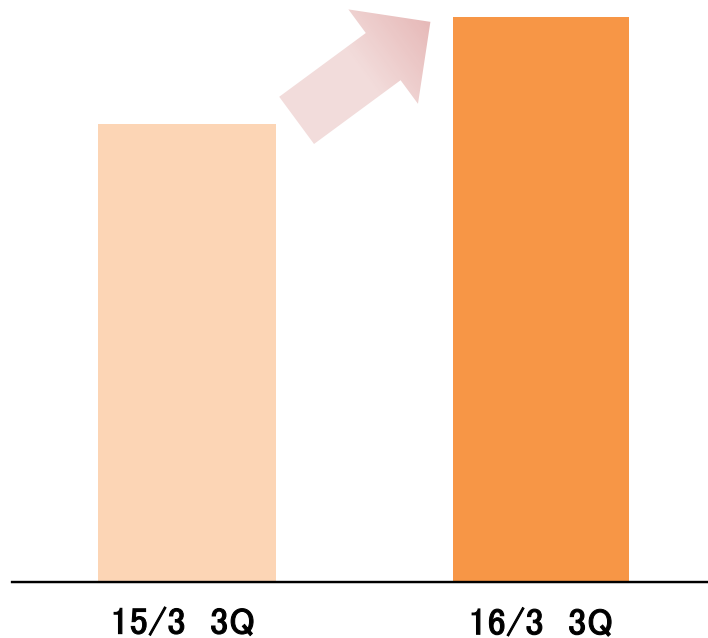


Operating Income Increased due to Expansion of Sale of Gift Cards as well as Improvement of Income in Overseas Business

# Settlement Service & Other Business ②: Settlement Service

## Gross Sales of Gift Cards

Increased by 19%



- Expanded Sales Channel for Gift Cards
- Implemented Effective Marketing Activities

<Example of Gift Card Products>



※ iTunes is a registered trademark of Apple Inc. in the United States and/or other countries.

※ The Amazon.co.jp and its logo are trademark of Amazon com, Inc. and its associated companies.

※ BitCash is a registered trademark of BitCash Ink.

Gross sales of Gift Cards increased by 19% though net sales decreased due to shift from Pin Products for which face value is regarded as net sales to Gift Cards that treat only received commissions as sales amount

# Settlement Service & Other Business ③: Overseas Business

## China: Shanghai

- Operating Seven China Unicom Shops in Shanghai (As of Dec. 31, 2015)
- Expanded Sale of Smart-phone Related Products
- Reduced Administrative Cost through Enhancement of Operational Efficiency



## Singapore

- Promoted Expansion of Both Product Lineups & Sales Channels
- Distributing Gift Cards at approx. 570 stores in Singapore (As of Dec. 31, 2015)



# **Forecasts for Consolidated Financial Results for FY ending March 2016 & Various Topics**



# Consolidated Forecasts for FY ending March 2016

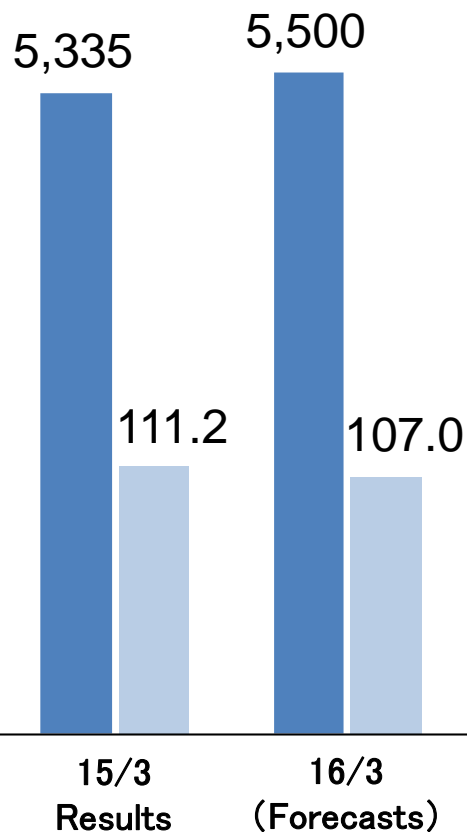
(Unit: 0.1 billion yen)	15/3 Full-year Results	16/3 Full-year Forecasts	Change of Amount	Year-on-Year Basis (%)	Achievment Ratio (as of Dec. 2015)
<b>Net Sales</b>	6,420.9	6,550.0	129.1	102.0%	69.2%
<b>Gross Margin</b>	619.8	635.0	15.2	102.4%	71.0%
<b>SGA Expenses</b>	476.7	485.0	8.3	101.7%	72.8%
<b>Operating Income</b>	143.0	150.0	7.0	104.8%	65.4%
<b>Ordinary Income</b>	141.9	149.0	7.1	105.0%	65.7%
<b>Net Income Attributable to Shareholders of the Parent Company</b>	77.4	90.0	12.6	116.2%	65.4%
<b>Net Income / share (yen)</b>	112.68	130.86	18.18	116.1%	—
<b>Dividend / share (yen)</b>	37.50	41.00	3.50	109.3%	—
<b>Total No. of Mobile-phones to Sell</b>	512	530	18	103.5%	64.3%

# Consolidated Forecasts by Business Segment

## Mobile-phone Business

Net Sales Operating Income

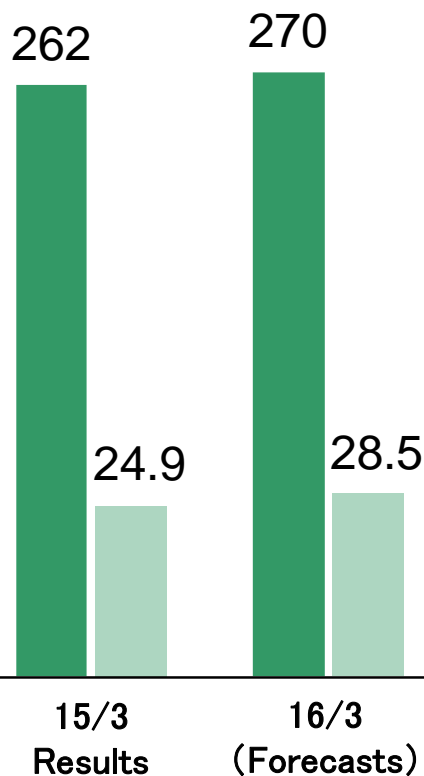
(0.1 billion yen)



## Solution Business

Net Sales Operating Income

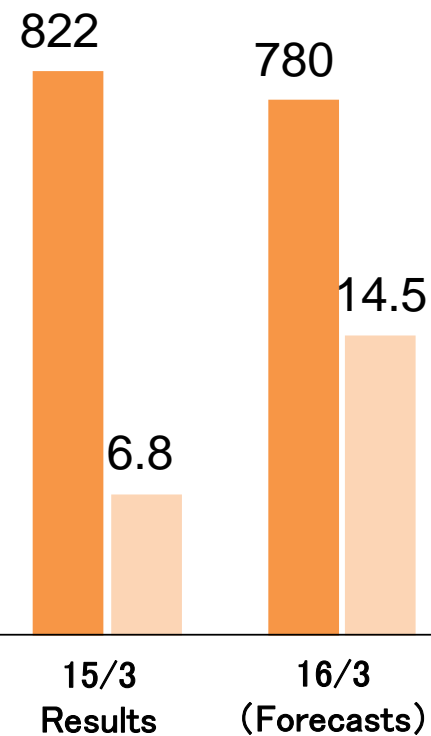
(0.1 billion yen)



## Settlement Service & Other Business

Net Sales Operating Income

(億円)



# Accessory Shops ①

## Launch 13 Bricks-and-mortar Shops Nationwide



(As of Dec. 31, 2015 / excluding EC site)

- Sendai Clisroad
- Lovla 2 in Niigata
- Matsumoto PARCO
- ATRE Akihabara
- ATRE Kameido
- Aeon Mall Otaka
- Shinsaibashi
- Namba Osaka
- Nishinomiya Gardens
- Kobe Sannomiya
- Okaido Chuo
- Hiroshima Hondori
- AppBank Store Shinjuku ※



Smart Labo Sendai Clisroad



Smart Labo Okaido Chuo



Smart Labo Namba Ebisubashi



Smart Labo Shinsaibashi

# Accessory Shops ②

## Introduction of Smart Labo Members' card & Application

- From April 2016



Build up own customer base of Smart Labo

### About Smart Labo Members' Card

Issuing commission	Free of charge
Purchase unit	1,000 yen
Maximum purchase amount	50,000 yen
Purchasable at	Smart Labo shops in Japan
Period of validity	For two years since the last usage or purchase
Usable at	Smart Labo shops in Japan & Smart Labo ONLINE

### About Smart Labo Application

Supported OS	Android, iOS
Installing commission	Free of charge
Purchase unit	1,000 yen
Maximum purchase amount	50,000 yen
Purchasable at	Smart Labo shops in Japan & online
Period of validity	For two years since the last usage or purchase
Usable at	Smart Labo shops in Japan & Smart Labo ONLINE

# Upgrading & Expanding Carrier Shops ①

## Docomo Shop Mishimakannami (Shizuoka Pref.)



One of the largest Docomo Shop in Shizuoka Pref.



Reducing waiting time by setting up eleven counters



Accessory & tablet section with abundant product lineup



Spacious waiting space

# Upgrading & Expanding Carrier Shops ②

## au Shop Kita (Kagawa Pref.)



One of the largest au Shop in Shikoku area



Broad space with barrier-free environment



Multipurpose space for local events, etc.



Kids' corner

Waiting space

# Upgrading & Expanding Carrier Shops ③

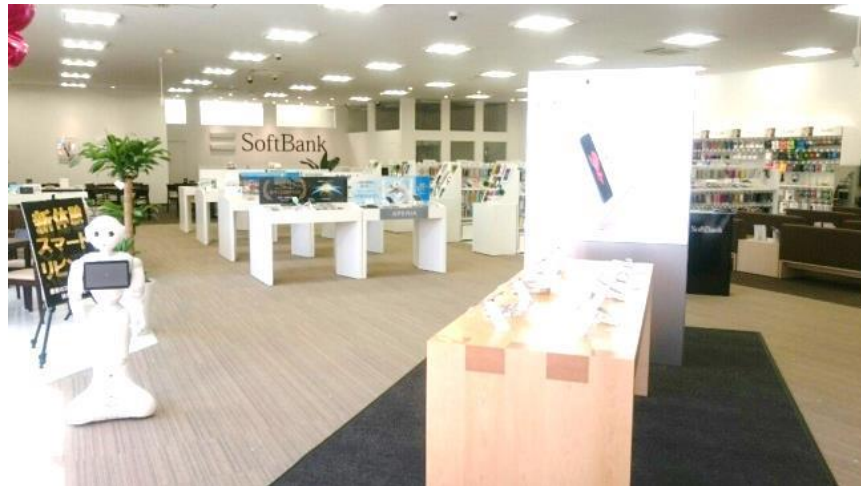
## Softbank Shop Koshigaya Chuo & Y!mobile Shop Koshigaya Chuo (in Saitama Pref.)



Parallel establishment of Softbank Shop & Y!mobile Shop



Accessory section with abundant product lineup  
(Softbank)



Flagship shop having a floor space of 500 square meters  
(Softbank)



Large-scale kids' space

(Softbank)

## Hikari Collaboration

NTT East / West (Provision of infrastructure, maintenance & repair services, etc.)

Wholesale



FVNO

(Fixed Virtual Network Operator)

FVNE

(Fixed Virtual Network Enabler)

Resale

FVNO

Electrical facility companies, etc.

Direct sales

Target Corporate Clients

Large companies

Medium-sized companies

Small-sized companies & SOHO

- Entering FVNE business for corporate clients
- Providing comprehensive support package in addition to TG Hikari service

## TG Hikari Support Package

- Start-up Support
- System-related support
- Invoice-related support
- Operational support
- Troubleshooting support

Giving support to early entrance to the Hikari Collaboration business for corporate clients

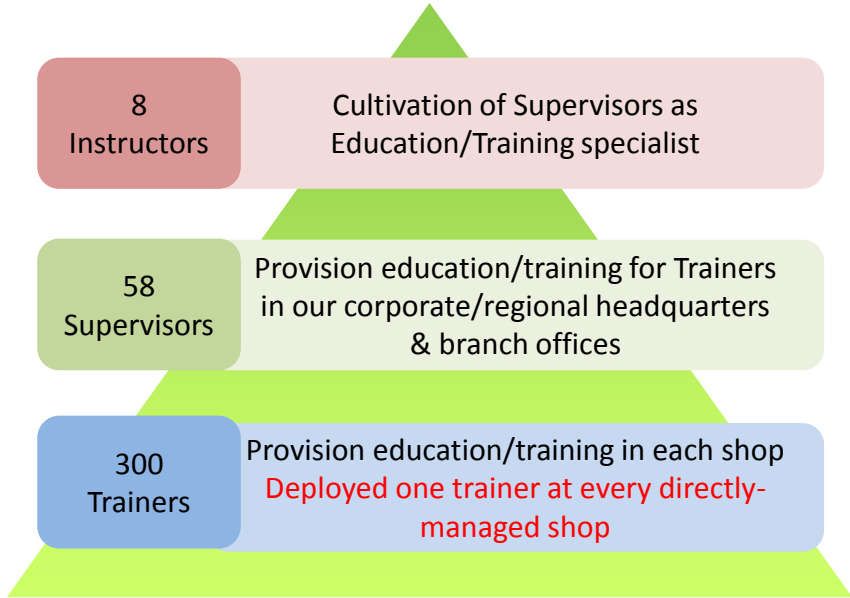


# Staff Education & Training

## Training Program Provided by Carrier Design Academy

Purpose	Category	Name of Program
Improvement of Basic Customer Service Level	Basic training	Intensive training for newly hired staff (at Tokyo Head Office)
		Mid-carrier staff training
		Customer service training
		Service quality improvement training
	Stratified training	Training for sub-shop managers, leaders and chiefs
		Training for shop managers
	Response capabilities	Readiness improvement training
Preparation for qualifying test	Training for passing qualifying test conducted by telecom carriers	
Improvement of Sales Skills	Floor management	Floor management training
	Sales skills improvement	Sales skills improvement training

## Educational Staff Organization



※As of Dec. 31, 2015



Intensive training for newly hired staff (at Tokyo Head Office)

Continue Proactive Investment in Human Resources

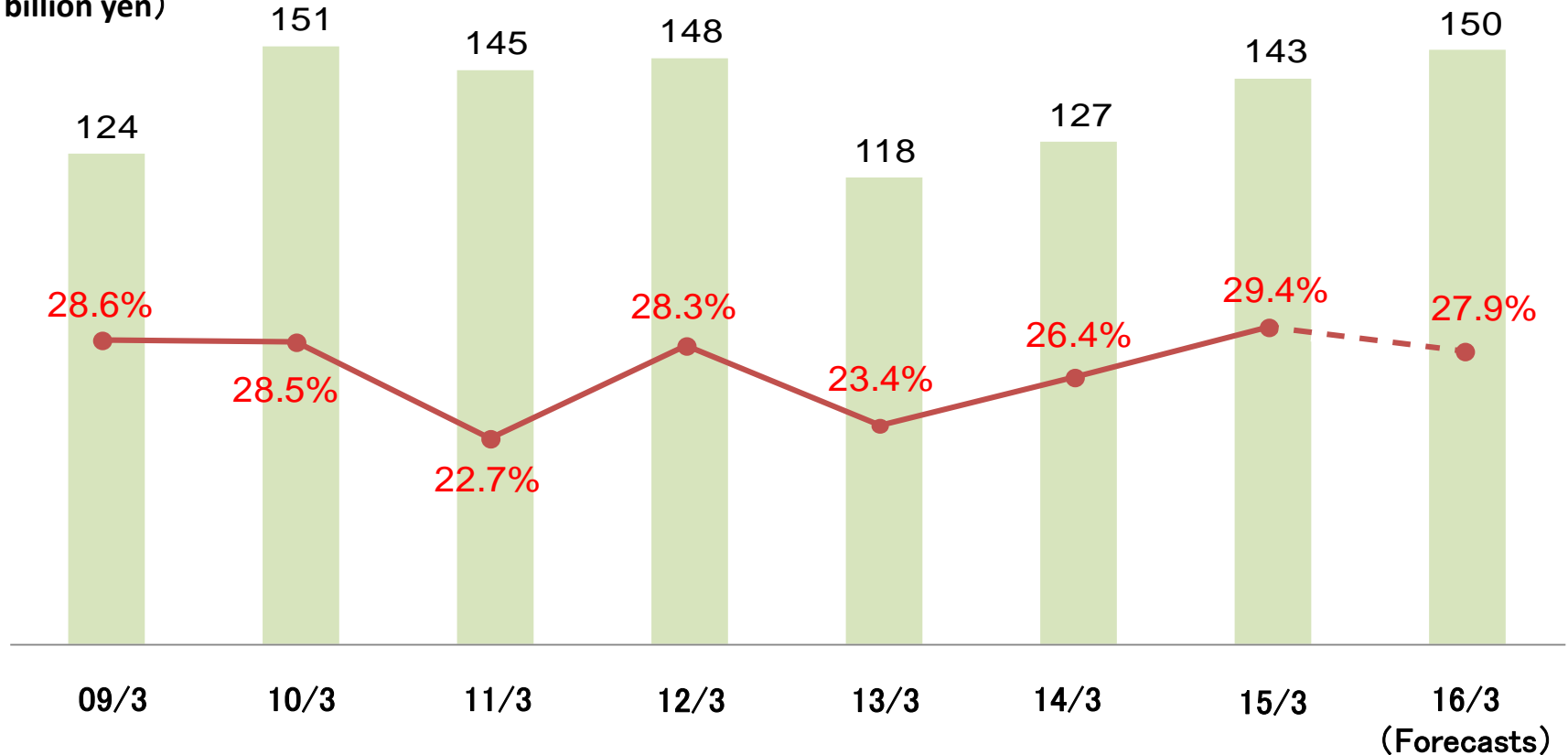
# Transition of ROE & Operating Income

## Transition of ROE & Operating Income

■ Operating Income

● ROE: Return on Equity

(0.1 billion yen)



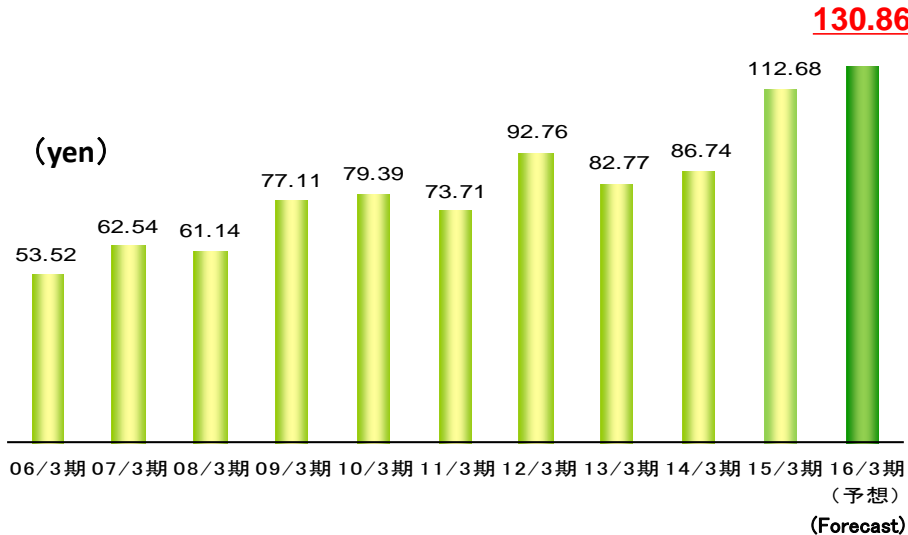
Selected as issue consists of “JPX Nikkei Index” three consecutive times in August 2015 based on high level of ROE & Operating Income

# Return to Shareholders: Dividend Policy

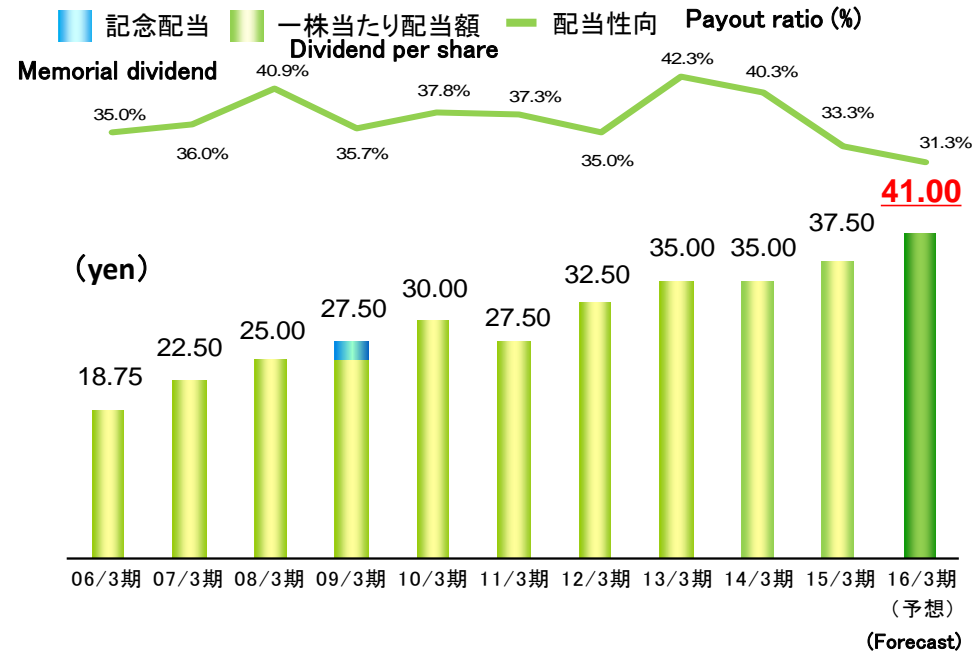
## Basic Dividend Policy

Targeting & Maintaining Dividend Payout Ratio over 30% Level

Net Income per share



Dividend per share & payout ratio



Dividend per share for FY ending March 2016 (Forecast)

41.0 yen/share (Interim: 20.5 yen/share & Year-end: 20.5 yen /share)

Forecast Dividend Increase of 3.5 yen / share on a year-on-year basis

# Corporate Philosophy

## T G Vision – Corporate Vision of T-Gaia

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**Lead the Way toward the Future  
& Take a Leap for Tomorrow**

### T G Mission

#### – Corporate Mission of T-Gaia –

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- T-Gaia will propose new ways of communication to provide our customers with excitement, delight, and safety.
- T-Gaia will thank its employees as well as their families and provide them with equal opportunities and rewards to challenge something new.
- T-Gaia will develop strong relationships with all the business partners and seek for mutual benefit under the fair and healthy conditions of business transaction.
- T-Gaia will contribute to all societies and regional communities through our global business activities.
- T-Gaia will thank all the stakeholders including our shareholders for their trust and confidence in our practice, and keep enhancing our corporate value.
- As a leading company in the industry, T-Gaia will go ahead of change of the times to develop new markets in addition to expanding our existing businesses.

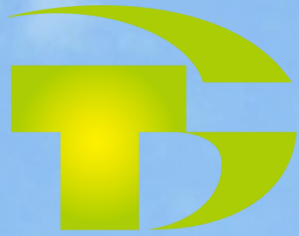
### T G Action

#### – Our Code of Conduct –

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- We always act with a customer-driven attitude.
- We provide the highest-quality service to be appreciated by everyone.
- We keep moving ourselves higher as professionals.
- We respect and compete with each other to develop our infinite potentials.
- We seek for open & constructive communication.
- We value teamwork to achieve the best performance.
- We always act on high ethical standards and strengthen our compliance structure.
- We are not satisfied with our current situation; we keep challenging something new aggressively with our passion and a sense of speed.

# Medium-term Goal



## Lead the Way toward the Future & Take a Leap for Tomorrow

Toward the FY 2020 (FY ending March 2021), T-Gaia set a medium-term goal to realize sustainable growth and to respond to the expectations of all stakeholders including shareholders and employees by achieving the following objectives based on the Corporate Philosophy released April 2014.

- Firmly maintain the position as the leading company in the core business of mobile-phone distribution
- Grow solution business for corporate clients, settlement service and overseas business as the strong core business
- Create & explore new business opportunities in the mobile & Internet industries
- Maintain the dividend payout ratio over 30%

In order to realize the objectives noted above, T-Gaia are taking concrete measures every day setting the following points as the company-wide strategy

- Cultivate, recruit, utilize and retain human resources to realize maximization & optimization of achievement of respective employees
- Conduct strategic & continuous cost management to transform the cost structure into one that can respond to change of the market environment
- Maximize the corporate-wide achievement by optimizing the organization as well as the corporate system

Based on the above medium-term goal & company-wide strategy, develop the business strategy for each business line and make every effort to realize them through the concrete action plan in each business dept.

# National Association of Mobile-phone Distributors



- Name : National Association of Mobile-phone Distributors (NAMD)
- Date of Establishment : December 15, 2014
- Location : 4-4-7, Ebisu, Shibuya-ku, Tokyo
- Chairman : Tetsuro Takeoka (current Chairman of T-Gaia Corp.)

**Realize Safe & Secure Environment in Utilizing ICT Services**

**85 Companies with Full Membership & One Company with Sub Membership**