



# Non-consolidated 3Q Financial Results For FY ending March 2011

February 10, 2011



Mobile Telecommunications  
Business

Network Communications  
Business



Prepaid Settlement Services  
& Other Business

CHALLENGE TOMORROW

TSE : 3738

T-gaia Corporation



## **Outline of 3Q Financial Results for FY ending March 2011**

\*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 3Q Financial Results for FY ending March 2011

(Unit: million yen)	10/3 3Q Results	11/3 3Q Results	YoY Change (%)	10/3 3Q Forecasts	3Q Achievement Ratio (%)	11/3 Full-year Forecasts	Full-year Achievement Ratio (%)
<b>Net Sales</b>	<b>408,915</b>	<b>428,295</b>	<b>105%</b>	<b>413,933</b>	<b>103%</b>	<b>571,000</b>	<b>75%</b>
<b>Gross Margin</b> (to Net Sales)	<b>45,251</b> (11.1%)	<b>44,114</b> (10.3%)	<b>97%</b>	<b>43,154</b>	<b>102%</b>	<b>58,750</b> (10.3%)	<b>75%</b>
<b>SGA Expenses</b>	<b>34,505</b>	<b>34,392</b>	<b>100%</b>	<b>33,931</b>	<b>101%</b>	<b>45,150</b>	<b>76%</b>
<b>Operating Income</b> (to Net Sales)	<b>10,746</b> (2.6%)	<b>9,721</b> (2.3%)	<b>90%</b>	<b>9,223</b>	<b>105%</b>	<b>13,600</b> (2.4%)	<b>71%</b>
<b>Ordinary Income</b> (to Net Sales)	<b>10,580</b> (2.6%)	<b>9,625</b> (2.2%)	<b>91%</b>	<b>9,089</b>	<b>106%</b>	<b>13,400</b> (2.3%)	<b>72%</b>
<b>Net Income</b> (to Net Sales) (※)	<b>5,734</b> (1.4%)	<b>5,022</b> (1.2%)	<b>88%</b>	<b>4,619</b>	<b>109%</b>	<b>7,000</b> (1.2%)	<b>72%</b>
<b>FCF</b>	<b>5,915</b>	<b>1,555</b>	-	-	-	<b>9,850</b>	-
<b>Net Income/share</b> (yen)	<b>11,191.74</b>	<b>9,802.53</b>	<b>88%</b>	-	-	<b>13,661.34</b>	-
<b>Dividend/share</b> (yen)	<b>3,000.00</b>	<b>2,750.00</b>	-	-	-	<b>5,500.00</b>	-

※ An extraordinary loss of 400 million yen in total loss recognized in the first quarter reflecting the Company's first year of adoption of the accounting standard for asset retirement obligations, net income decreased by 12.4% to 5,022 million yen.



# 2011/3 Financial Results by Quarter

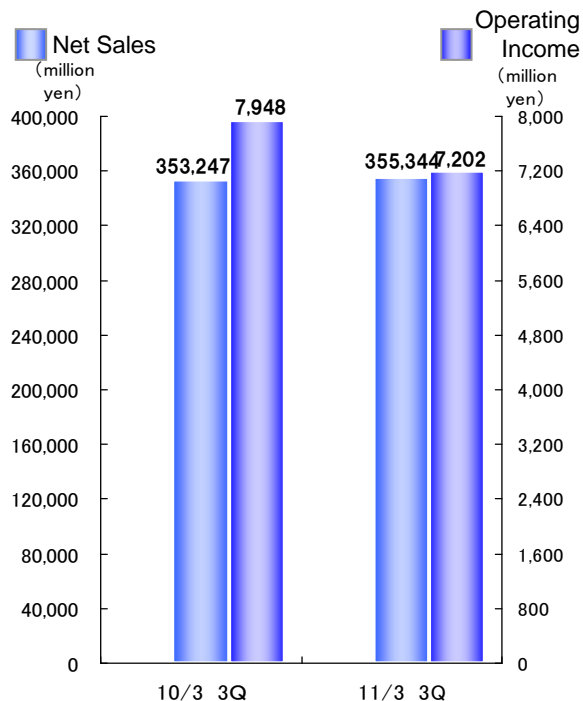
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(Unit: million yen)	1Q	2Q	3Q	1Q-3Q Accumulated Total
<b>Net Sales</b>	138,812	148,015	141,466	428,295
<b>Gross Margin</b>	14,574	15,227	14,312	44,114
<b>SGA Expenses</b>	11,319	11,667	11,407	34,392
<b>Operating Income</b>	3,254	3,559	2,904	9,721
<b>Ordinary Income</b>	3,229	3,516	2,876	9,625
<b>Net Income</b>	1,534	1,946	1,541	5,022
<b>FCF</b>	-	-	-	1,555
<b>Net Income/share (yen)</b>	2,995.32	3,799.64	3,007.57	9,802.53
<b>Dividend/share (yen)</b>	-	2,750.00	-	2,750.00

# 2011/3 3Q Financial Results by Segment



## Mobile-phone Business



- Smart phones & data communication terminals sold well
- Captured the demand generated by the changeover from old-standard handsets

3Q segment results (million yen)

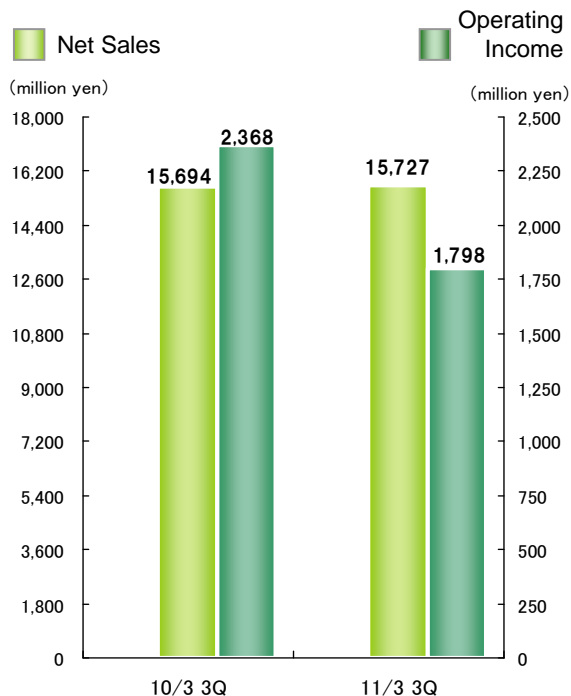
Net Sales: 355,344

Operating Income: 7,202

Handsets sold: 3.96 million units  
(market share of 14%)  
※(Increased by 8% YoY)



## Fixed-line Business



- Developed/cultivated sales agents

- Strengthened business alliance

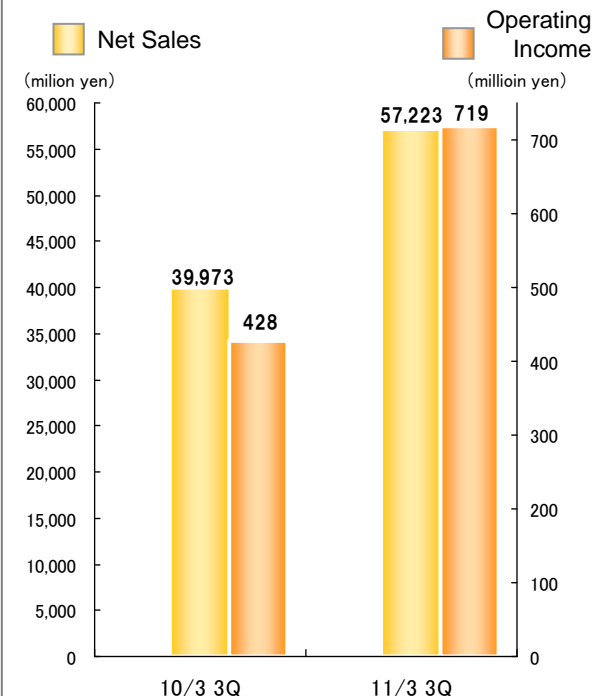
3Q segment results (million yen)

Net Sales : 15,727

Operating Income : 1,798



## Prepaid Settlement Service & Others



- E-money related products increased due to use of internet-based merchandise and contents purchases related to SNS

- Prepaid mobile handsets sold well

3Q segment results (million yen)

Net Sales : 57,223

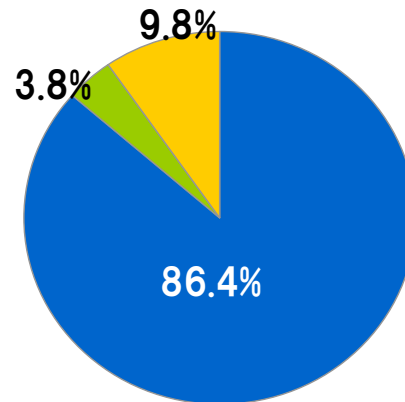
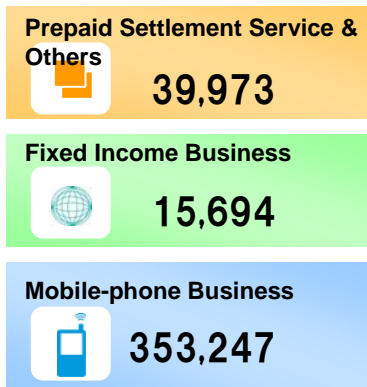
Operating Income: 719

Prepaid handsets sold: 77 thousand units  
※(Increased by 85% YoY)

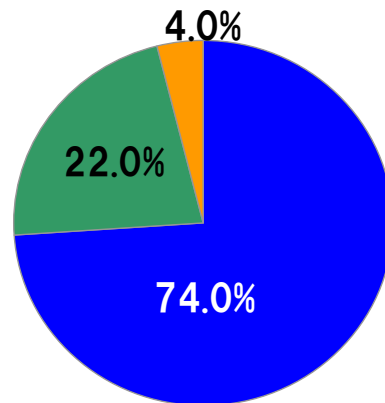
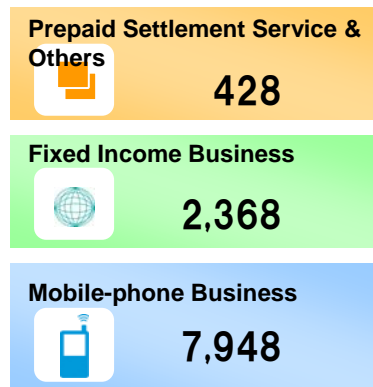
# 2011/3 3Q Financial Results & Business Segment Composition

10/3 3Q

## 3Q Net Sales by Segment (Unit: million yen)



## 3Q Operating Income by Segment (Unit: million yen)

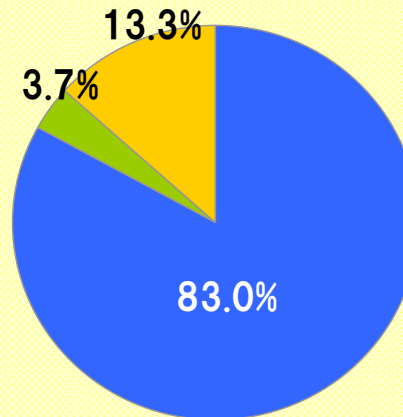
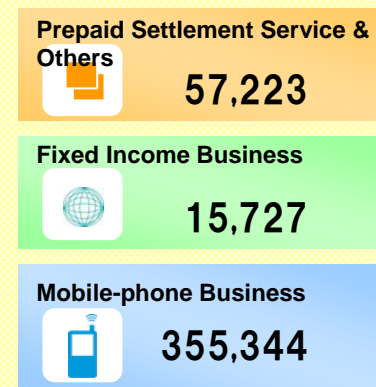


## [Operating Income to Net Sales Ratio]

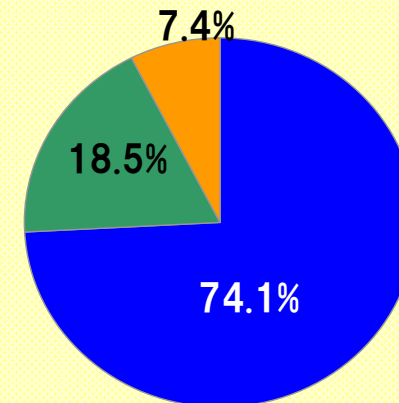
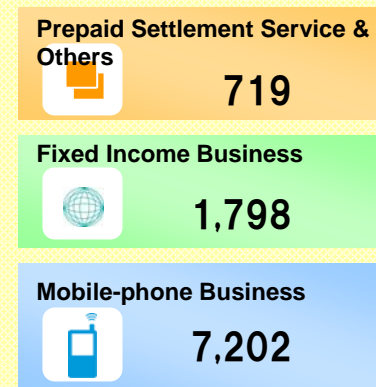


11/3 3Q

## 3Q Net Sales by Segment (Unit: million yen)



## 3Q Operating Income by Segment (Unit: million yen)



## [Operating Income to Net Sales Ratio]

2.3%



## 1 Market Expansion & Creation of New Demand via New Products

- The First Year for Smart-phones & LTE Activates the Mobile Market Environment and Increases the Volume of Shipments!
- Provision of Variety of Services for Mobile Internet including Data Communication Card, Digital Photo Frame, and WiFi etc.

Increase of Importance of Mobile-phone Distributors that have Direct Access to Users

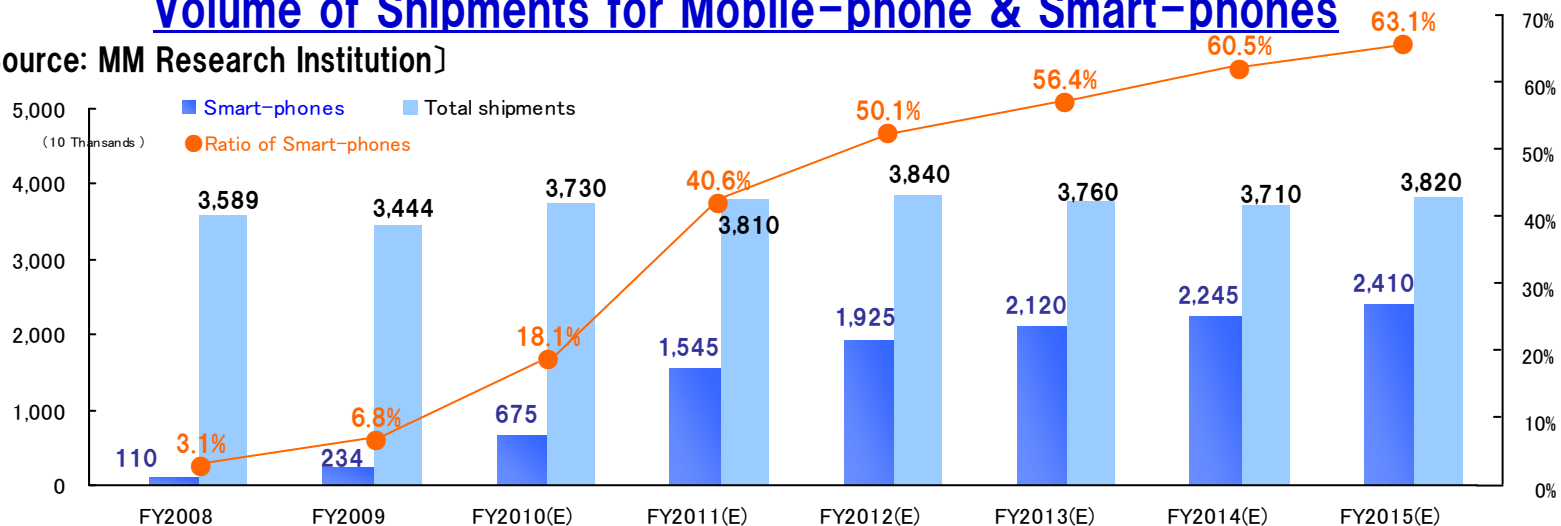
Enhanced Service Quality Differentiation among Distributors

Focus on Customer Satisfaction!

- ☆ Maintain High Quality Customer Service & Sales Staff Education
- ☆ Implement Strategic Shop Allocation including Shop Relocation & Renovation
- ☆ Utilize Abundant Human Resources & Attractive Product Lineups

### Volume of Shipments for Mobile-phone & Smart-phones

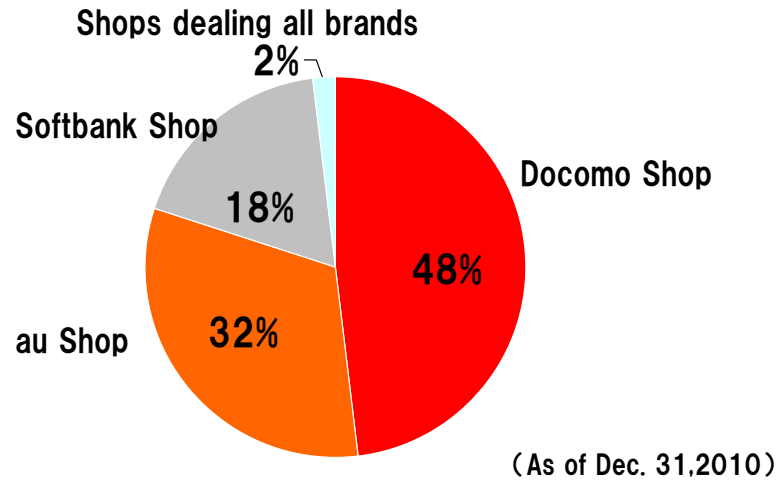
[Source: MM Research Institution]



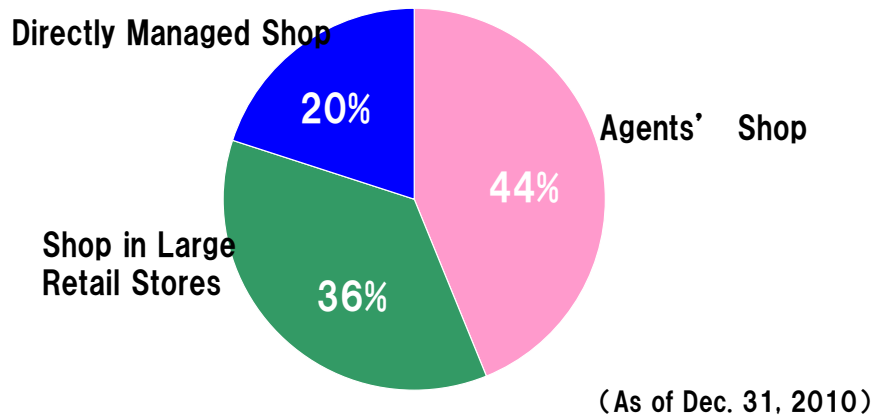


## Well-balanced Sales Channel

### Composition by Carrier in Directly Managed Shops

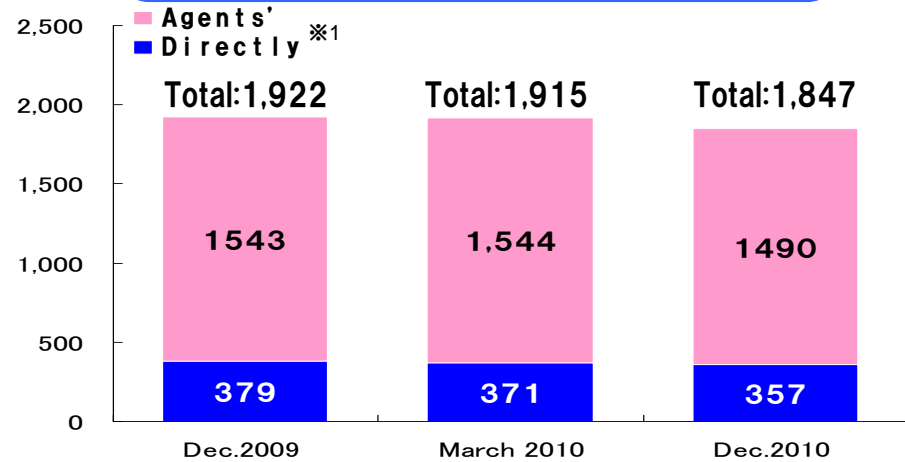


### Composition by Sales Channel

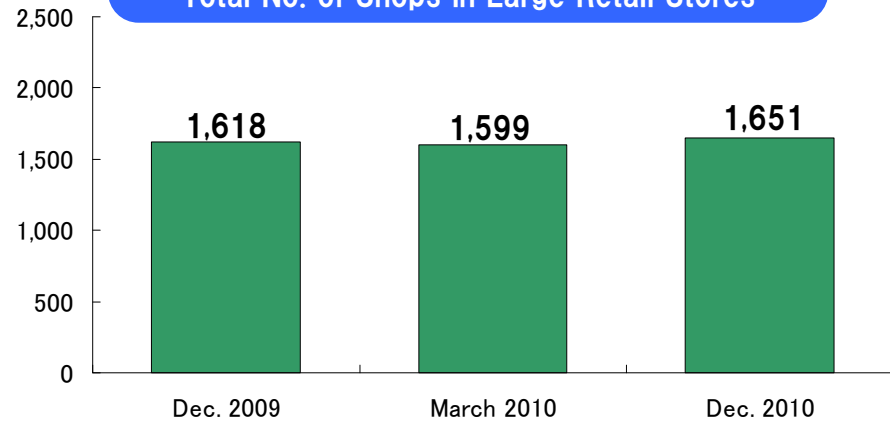


## Increased Profitability by Efficient Operation

### Total No. of Directly Managed & Agents' Shops



### Total No. of Shops in Large Retail Stores







2

## Strengthening of Sales for Corporate Clients

### Growing Market for Corporate Clients

### Reaching 20 million handsets in few years

- Expand Business Area through Cooperation with Slers & Meet the Needs for Mobile Terminals such as Smart-phones and Tablet PC

- ☆ Based on Distributors Agreement with RIM Company, Provide License Support & Solutions Services for BlackBerry Enterprise Server (BES) for Corporate Clients

\*RIM=Research In Motion Limited

- ☆ Cooperate with major system integrators. Provide “Cloud Service” to strengthen the security for “Google Apps™ for Business” and promote the business usage of corporate clients using “GALAXY Tab” / “GALAXY S” with NTT docomo brand.

- Propose One-stop Solution Services together with Mobile-phones and Mobile Data Communication

Original Solution of T-Gaia

movino  star

- Target Japanese Companies in China as New Corporate Clients

Develop & Provide New Solution Services to Japanese Companies in China  
In Cooperation with China Unicom for New Business Evolution



# Market Environment & Business Strategy

## Market Environment

Expansion of Broadband Services with Penetration of Internet Usage  
High Speed & High Capacity FTTH (Optical Fibers) became Mainstream

- No. of “Myline” Subscribers Approx 35 million
- No. of Broadband Service Subscribers Approx 33.55 million

### Increase of Market Share for Optical Broadband (FTTH) !

- FTTH Broadband Service Subscribers will increase to 20 million by FY 2011 at all homes & offices in Japan
- FMC (Fixed Mobile Convergence) Services will be activated due to mobile terminals such as Pocket WiFi. etc..

## Business Strategy

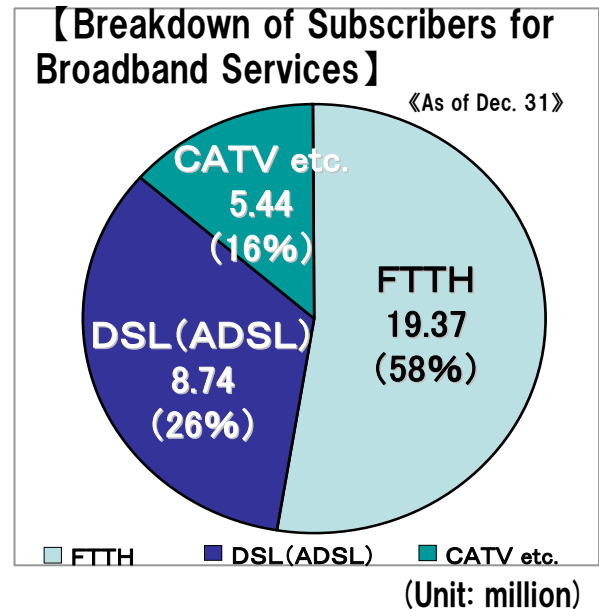
Provide “Myline” Service for Corporate Clients

- Utilize our national network consists of hundred of sales agents

Provide FTTH Service for Retail Customers

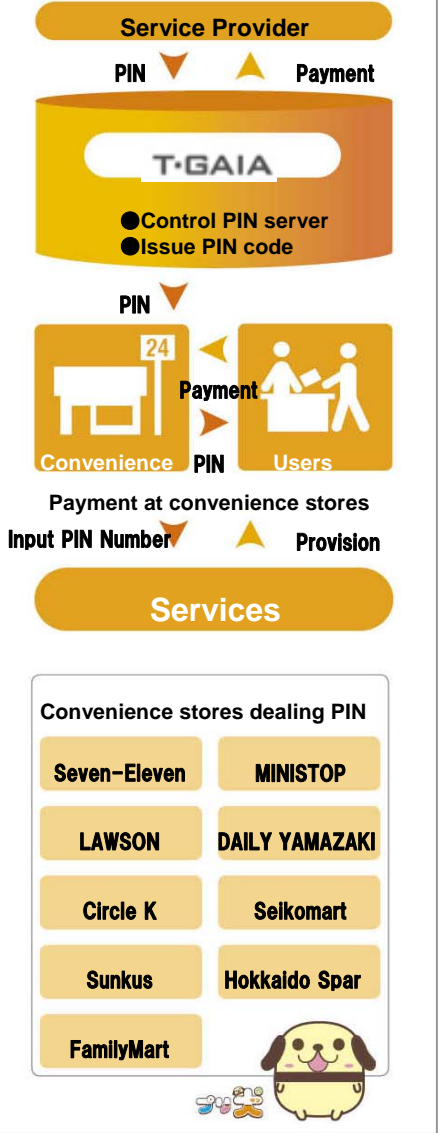
- Improve sales & marketing quality to respond to verified user needs and provide optimal broadband environment
- Promote business alliance with companies in different industries such as real-estate and security company
- Provide product lineups to use internet more convenient & safer
  - Propose variety of value-added services

Use of various contents such as projected images, varied network terminals including personal computers, television, game machines, cameras, smart-phones, e-Book and Home ICT, etc.



# Market Environment & Business Strategy

## Structure of PIN Service



## Development of Settlement Service (For Prepaid Mobile Handsets, Overseas Calls, E-money, and Contents, etc.)

Expansion of Business with 40 Thousand Convenience Stores  
 (incl. 32 Thousand Stores with whom Online Network for PIN System has been Established)

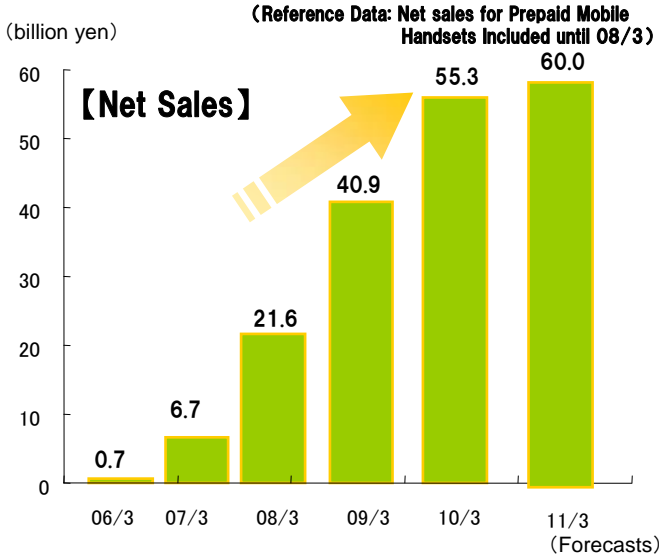
## Secure Sales Channel for New Product Lineups

### 【 Strengthening of E-settlement business using PIN (\*) 】

- ① For mobile handsets : Settlement of calling rate for prepaid & postpaid mobile handsets
- ② For overseas calls: Settlement of overseas calls
- ③ E-money: Convenient & secured general purpose e-money
- ④ For variety of products: iTunes Card, Amazon ® Gift Card & game cards, etc.

(注) PIN (Personal Identification Number)  
 : Password accessed by users to utilize the PIN-based services

## Further Growth though Effect of Merger





## **Future Development & Forecasts for FY ending March 2011**



## Maximization of Corporate Value



**Sustainable Growth by Expansion of Existing Business**

**Realization of Larger Synergy Effect of Merger**

**Globalization via Aggressive Investment in Overseas & New Business**

### Further Enhancement of Sales Force

- Enhance Marketing for Corporate Clients
- Regional Supplement
- Optimize Sales Channel

### Streamline Operations

- Centralize logistics & Inventory Management
- Integration of Activation centers
- Effective Posting of HR

### Actively Challenge Overseas & New Business

- Invest in Overseas Business
- **Business Alliance w/China Unicom & Set up Mobile-Phone Shop in Shang high**

# Topic : Opened a China Unicom Shop in Shanghai

July 2010: Signed a business collaboration agreement as a strategic partner with China Unicom Shanghai Branch, a major telecom operator in China .

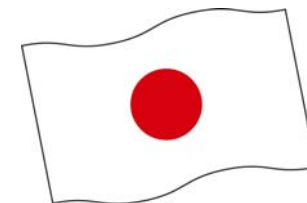
Sep.15, 2010: Opened a China Unicom Mobile-phone Shop in Shanghai.

- Located in the area where many Japanese live in Shanghai to sell mobile handsets and provide after-the-sale service to them.
- Japanese shop manager and local staff who can speak Japanese provide high quality services mainly Japanese living in Shanghai to differentiate the shop from competitors.



( Signing Ceremony )

( Shop Opening Ceremony )



# Forecasts for FY ending March 2011

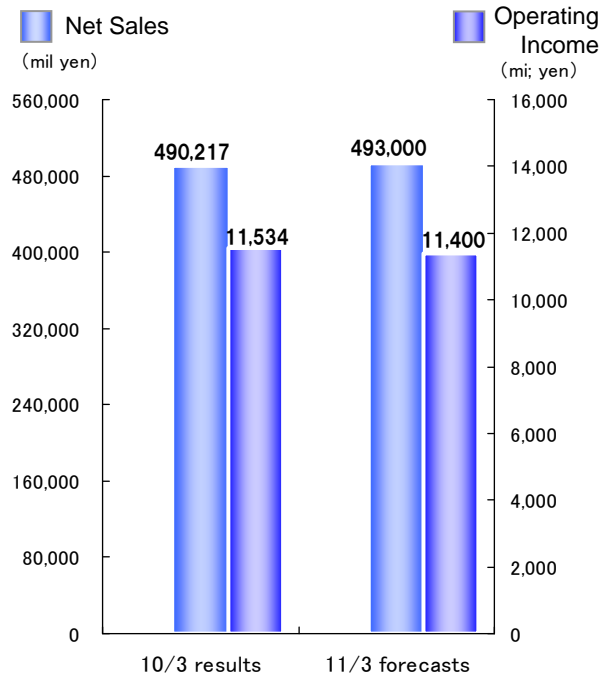
(Unit: million yen)	2010/3 Full-year Results	2011/3 Full-year Forecasts	Change of amount	Year-on -Year basis (%)
Net Sales	566,057	571,000	4,943	100.9%
Gross Margin	61,890	58,750	△3,140	94.9%
SGA Expenses	46,697	45,150	△1,547	96.6%
Operating Income	15,193	13,600	△1,593	89.5%
Ordinary Income	14,968	13,400	△1,568	89.5%
Net Income	8,135	7,000	△1,135	86.0%
FCF	11,175	9,850	△1,325	88.1%
Net Income /share (yen)	15,878.52	13,661.34	△2,217.18	86.0%
Dividend /share (yen) (Pay-out ratio)	6,000.00 (37.8%)	5,500.00 (40.3%)	△ 500.00	91.6% (+2.5%)



# Forecasts for FY ending March 2011 by Business Segments



## Mobile Phone Business

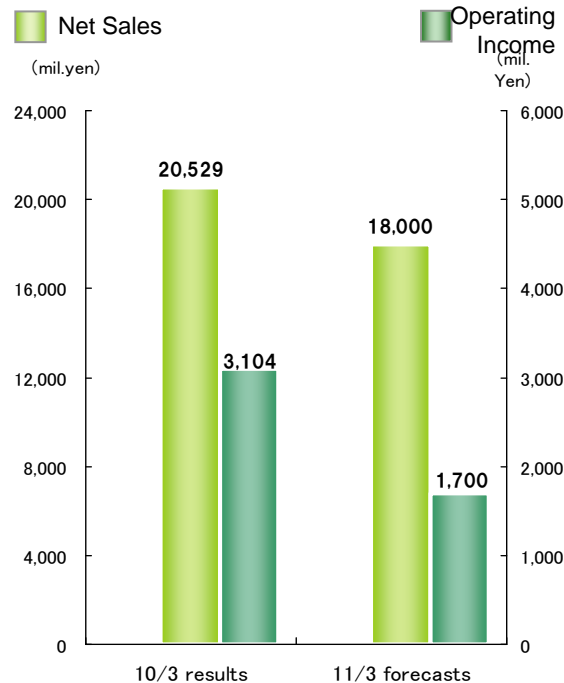


### Full-year Forecasts (mil. yen)

- Net Sales 493,000
- Operating Income 11,400
- No. of handsets sold 5.1 mil. units <Ref.> 10/3 Results
- Net Sales 490,217
- Operating Income 11,534
- No. of handsets sold 5.13 mil units (Postpaid only)



## Fixed-line Business



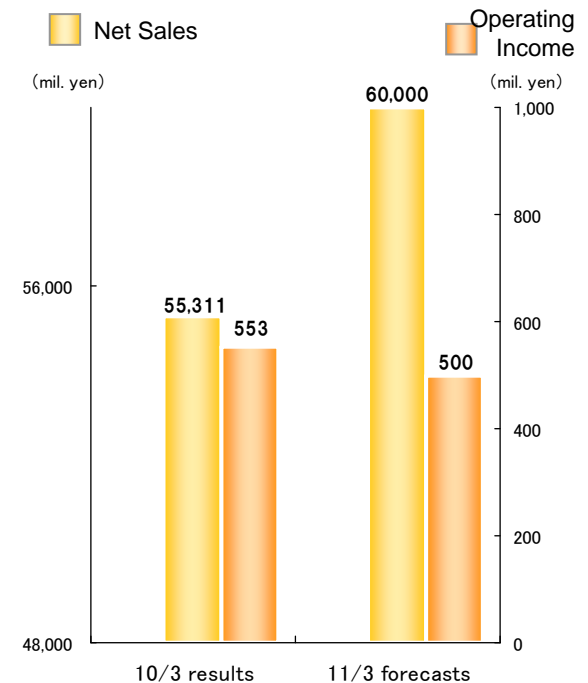
### Full-year Forecasts (mil. yen)

- Net Sales 18,000
- Operating Income 1,700
- Net Sales 20,529
- Operating Income 3,104

※ In segments of Fixed-line business & Prepaid Settlement Service, full-year targets for operating income have been already achieved by the end of Dec. 2010.



## Prepaid Settlement Service & Other Business



### Full-year Forecasts (mil. yen)

- Net Sale 60,000
- Operating Income 500
- Net Sales 55,311
- Operating Income 553



# Financial Strategy & Return to Shareholders

Targeting Dividend Payout Ratio over 30% Level based on our Stable Dividend Policy to Strengthen the Future Business Development and the Management Base

