

# Consolidated 3Q Financial Results for FY ending March 2014

February 7, 2014



Mobile Telecommunication  
Business



Solutions Marketing  
Business



Settlement Services &  
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.

# Corporate Policy for FY ending March 2014

“Realization of Smart-phone World” through  
“Strengthening of Hand-on Approach”

## “Strengthening of Hand-on Approach”

Further Improvement of Customer Satisfaction

Promotion of Business Restructuring  
With Hands Approach



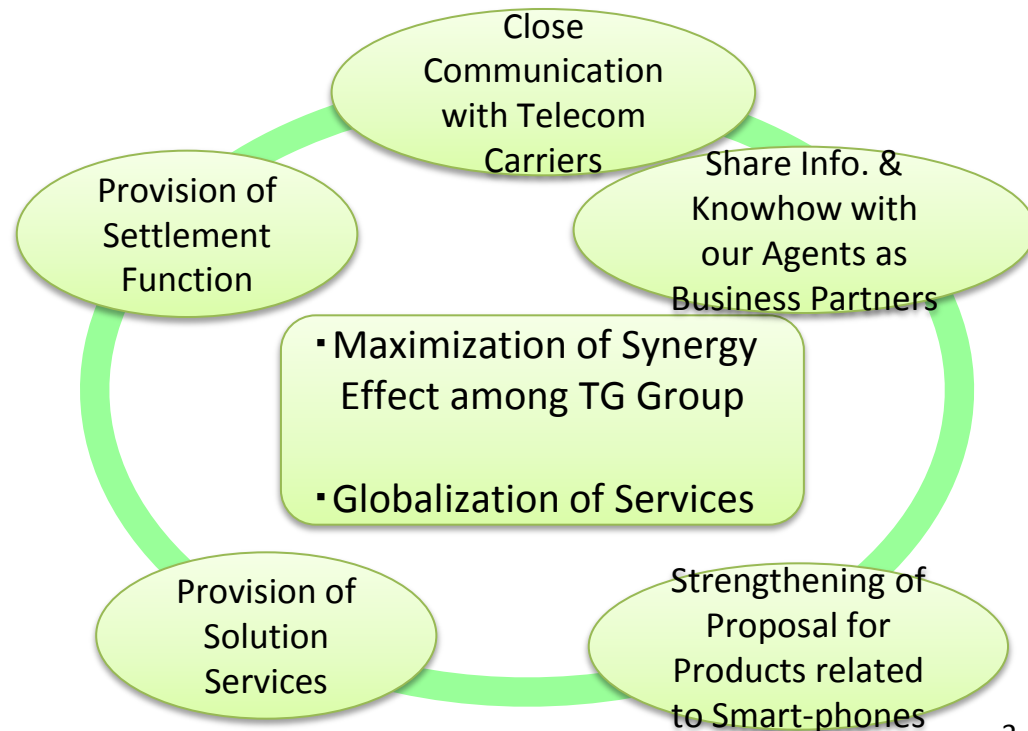
Sales Staff

Back-office Staff

High Quality Business  
Operations

Maintenance & Improvement  
of Staff Motivation

## “For Providing Better Smart-phone Life with Customers”



# **Outline of 3Q Financial Results for FY ending March 2014**

# Key Points of Interim Financial Results

**Net Sales : 509.4 billion yen (YoY 93.7%)**

**Operating Income : 8.39 billion yen (YoY 103.6%)**

## < Main Factors for Decreased Net Sales >

- Total sales volume in mobile/smart-phone market have been below expectations especially in 2Q & 3Q
- Decrease of our sales volume due to streamlined sales channel

## < Main factors for Increased Operating Income >

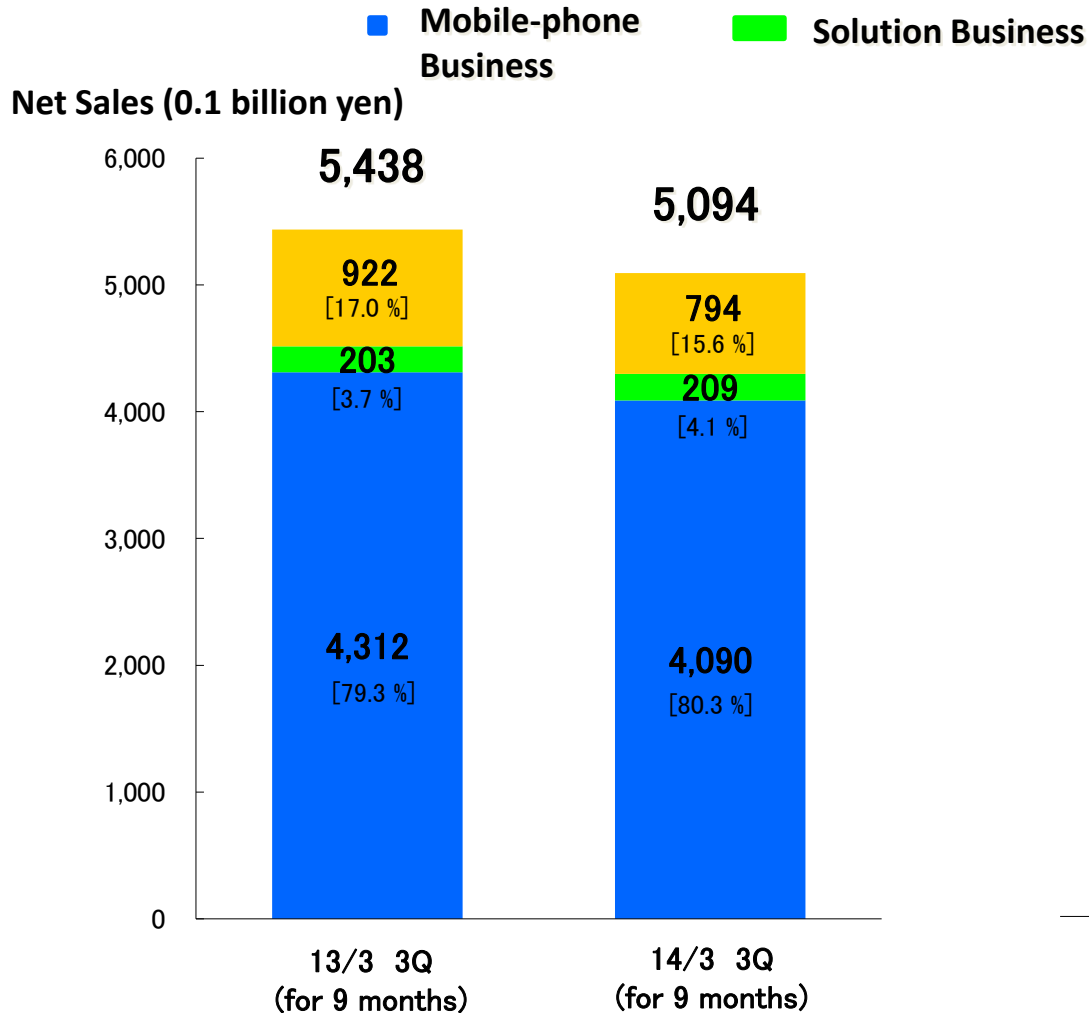
- Improvement of sales quality through continuous education of sales staff and strengthening of smart-phones & tablets sales including products & services related to them
- Promotion of structural reorganization such as improvement of operational efficiency including optimization of sales channel

# Summary of 3Q Financial Results

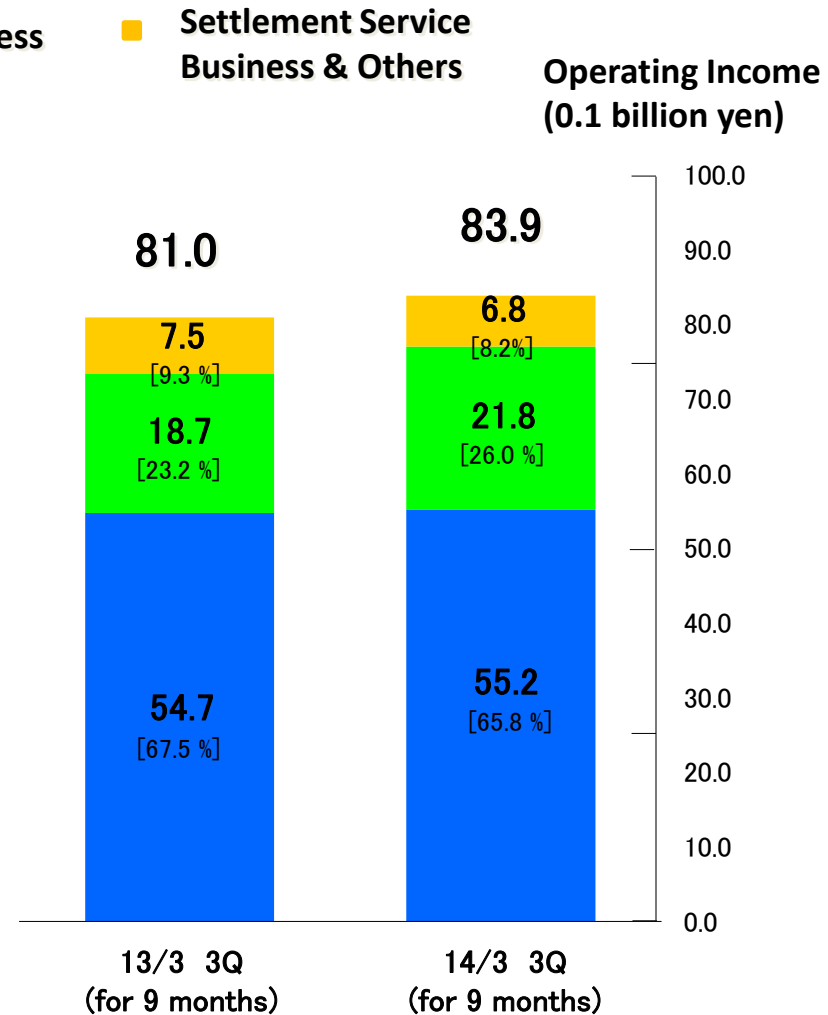
(Unit: 0.1 billion yen)	13/3 3Q Results (for 9 months)	14/3 3Q Results (for 9 months)	Increase / Decrease	YoY Change
Net Sales	5,438.1	5,094.2	▲ 343.9	93.7%
Gross Margin	492.5	457.2	▲ 35.2	92.8%
(to Net Sales)	9.1%	9.0%	—	—
SGA Expenses	411.4	373.2	▲ 38.2	90.7%
Operating Income	81.0	83.9	2.9	103.6%
(to Net Sales)	1.5%	1.6%	—	—
Ordinary Income	79.9	83.4	3.5	104.4%
(to Net Sales)	1.5%	1.6%	—	—
Net Income	44.1	45.9	1.8	104.1%
(to Net Sales)	0.8%	0.9%	—	—

# 3Q Financial Results by Business Segment

## <Net Sales>

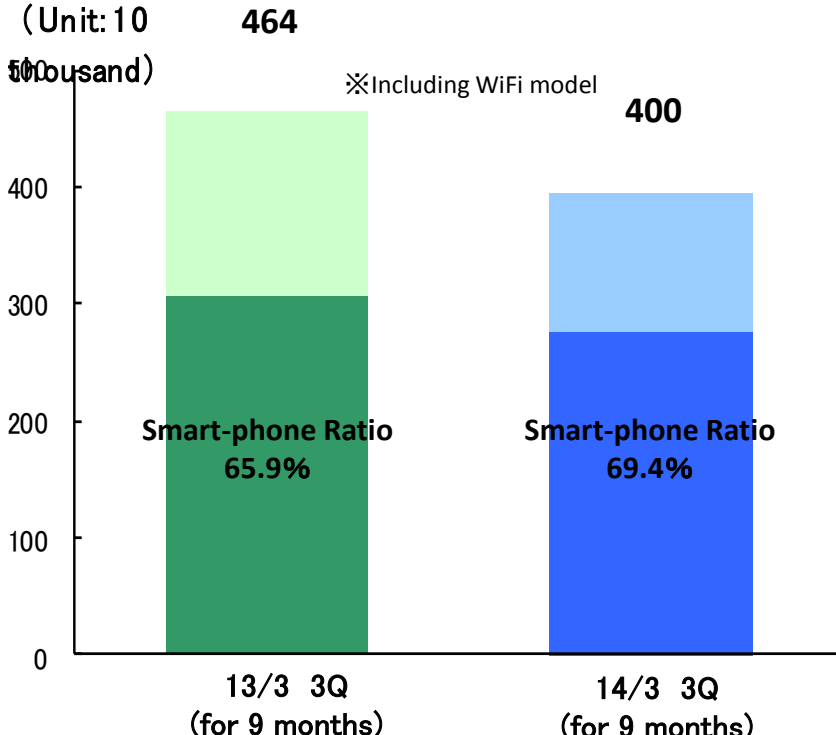


## <Operating Income>

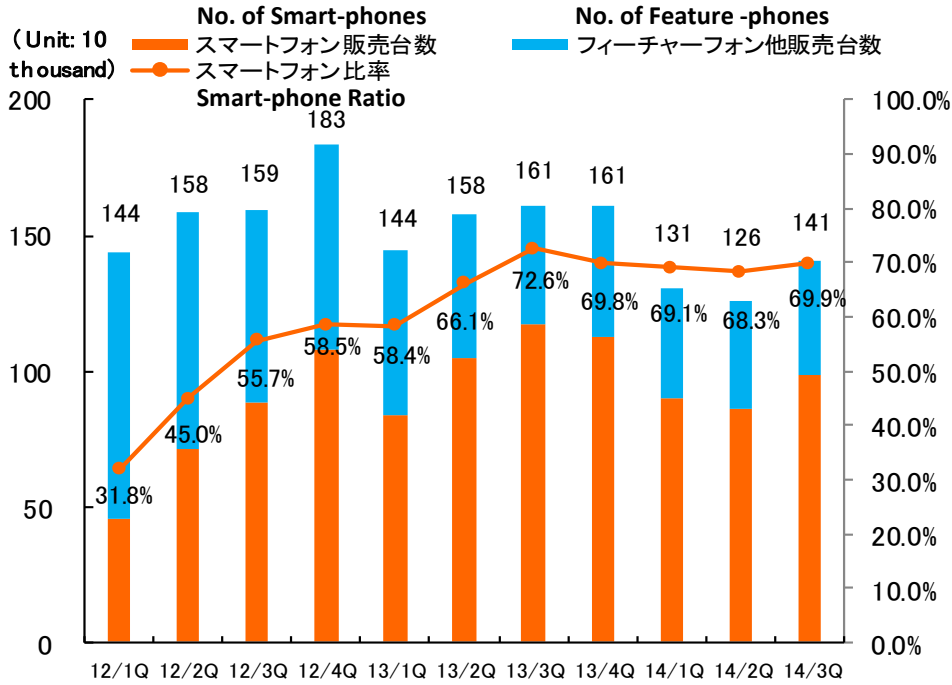


# Total No. of Mobile-phones Sold Company-wide

<Total No. of Mobile-phones, etc. sold in 9 months until Dec. 2013>



<Total No. of Mobile-phones of Three Major Telecom Carriers sold Company-wide & Smart-phone Ratio on Quarterly basis>

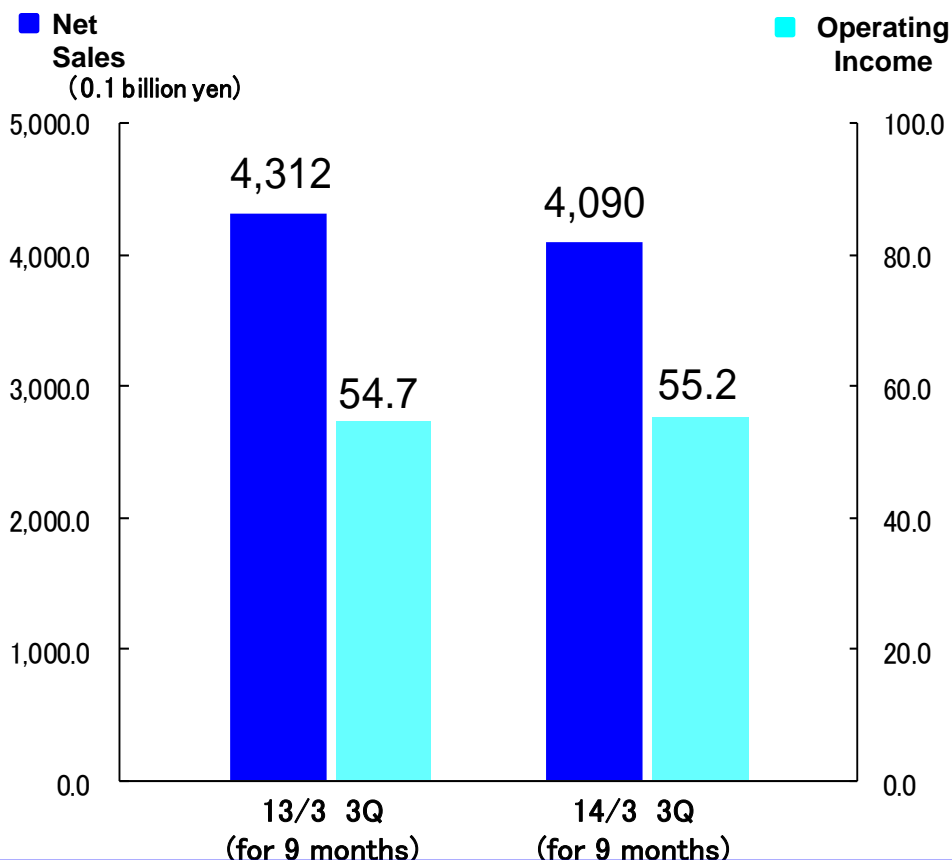


- Sales volume have decreased due to streamlined sales channel & total sales volume in mobile/smart-phone market have been below expectations especially in 2Q & 3Q
- Smart-phone Ratio has risen to approx. 70% mainly because of launch of new models

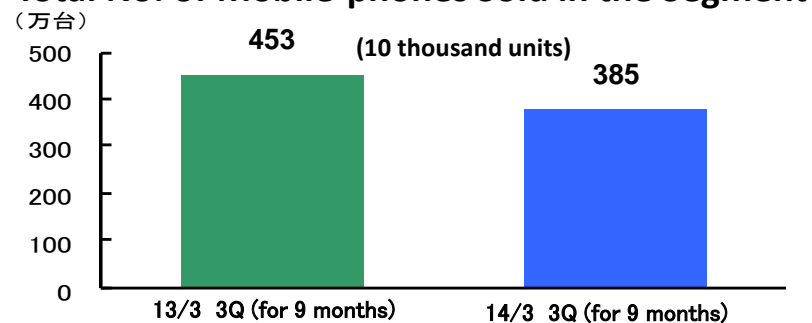


# Mobile-phone Business

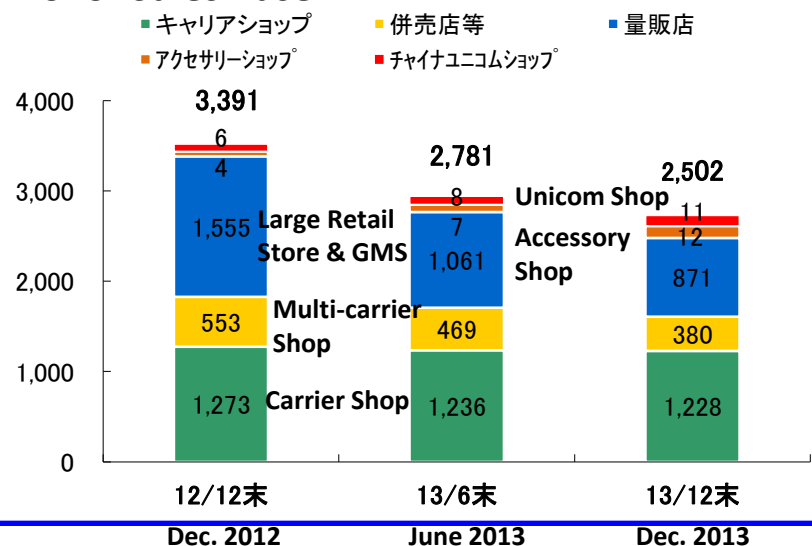
## Financial Results Comparison



## Total No. of Mobile-phones Sold in the Segment



## No. of Sales Base



- Net Sales decreased mainly due to decrease of total No. of mobile-phones sold in the segment
- Improved sales quality through continuous education of sales staff and strengthened sales of smart-phones & tablets sales
- Promoted structural reorganization such as improvement of operational efficiency including optimization of sales channel

# Mobile-phone Business:

## Accessory Shop Development with the brand name of Smart Labo

### Smart Labo

Opened “Smart Labo LovaLa2” at “LoveLa2”, one of the largest Shopping malls in Niigata Pref. on November 2, 2013.



#### < Smart Labo Shop List

- Hiroshima Hondori (Hiroshima)
- Matsumoto Parco (Nagano)
- Yume Town Mitoyo (Kagawa)
- Shinsaibashi (Osaka)
- Okaido Central (Ehime)
- Chiba Parco (Chiba)
- Aeon Mall Natori (Miyagi)
- Aeon Lake Town (Saitama)
- LoveLa2 (Niigata)
- Rakuten Ichiba (Online Shop)

# Mobile-phone Business:

## Accessory Shop Development with the brand name of AppBank Store

### APPBANK STORE

• August 2, 2013, opened “AppBank Store Shinjuku” as one of the largest accessory shops for iPhones in Japan in cooperation with AppBank (Store) Co., Ltd.

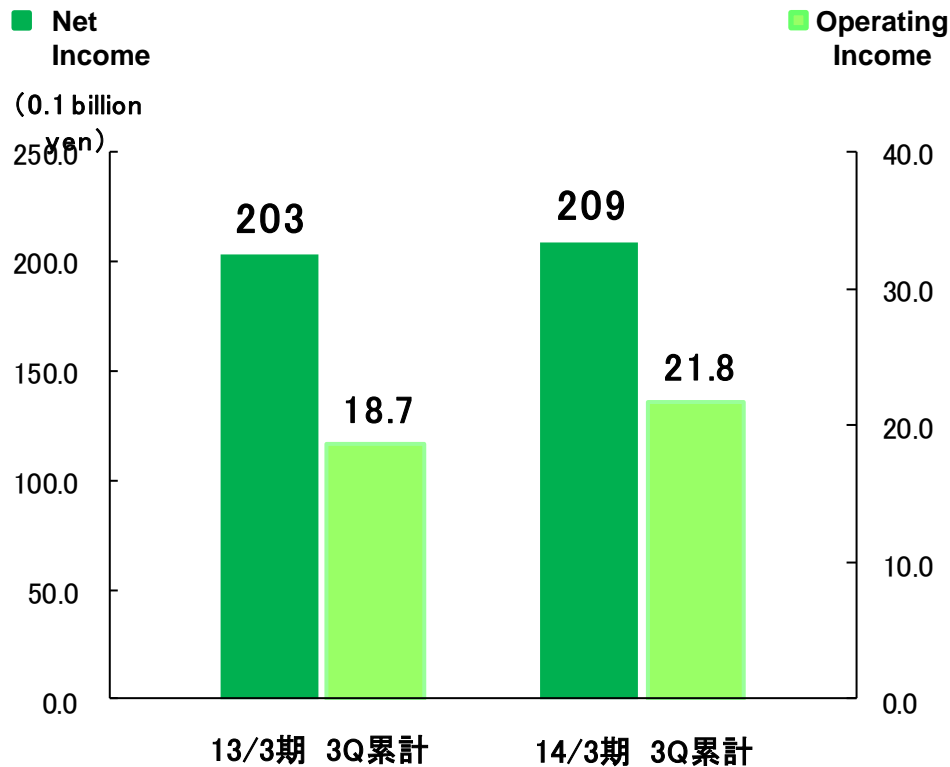


• Dec. 13, 2013, opened “AppBank Store Harajuku” at Takeshita-dori, the world’s fashion center



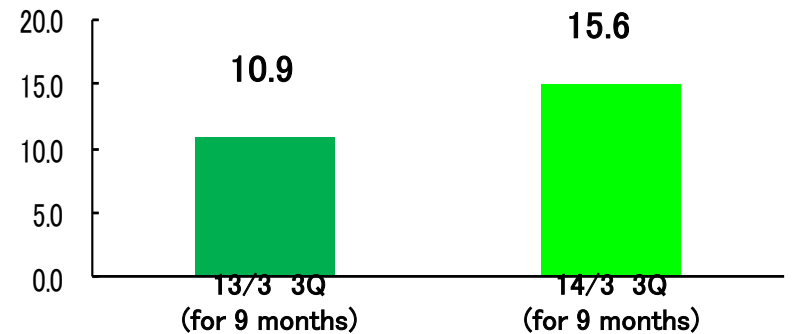
# Solution Business

## Financial Results Comparison

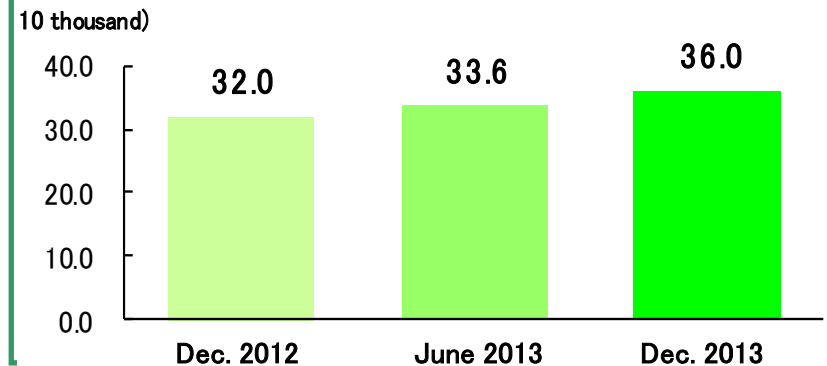


## Total No. of Mobile-phones Sold in the Segment (10 thousand)

※Including WiFi models

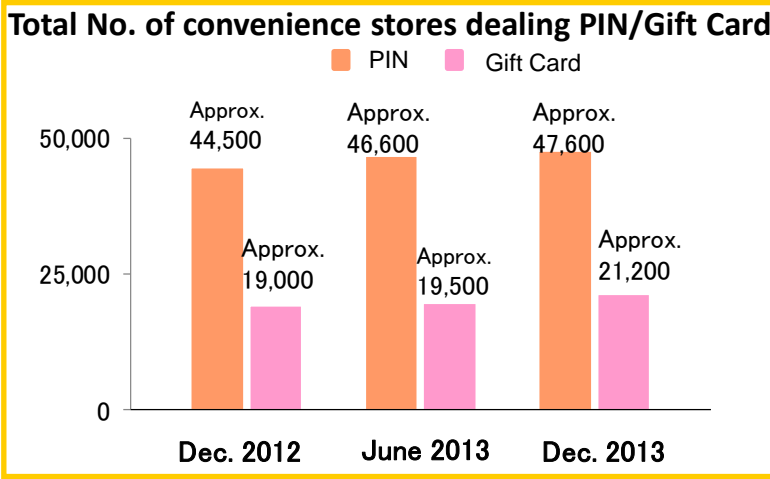
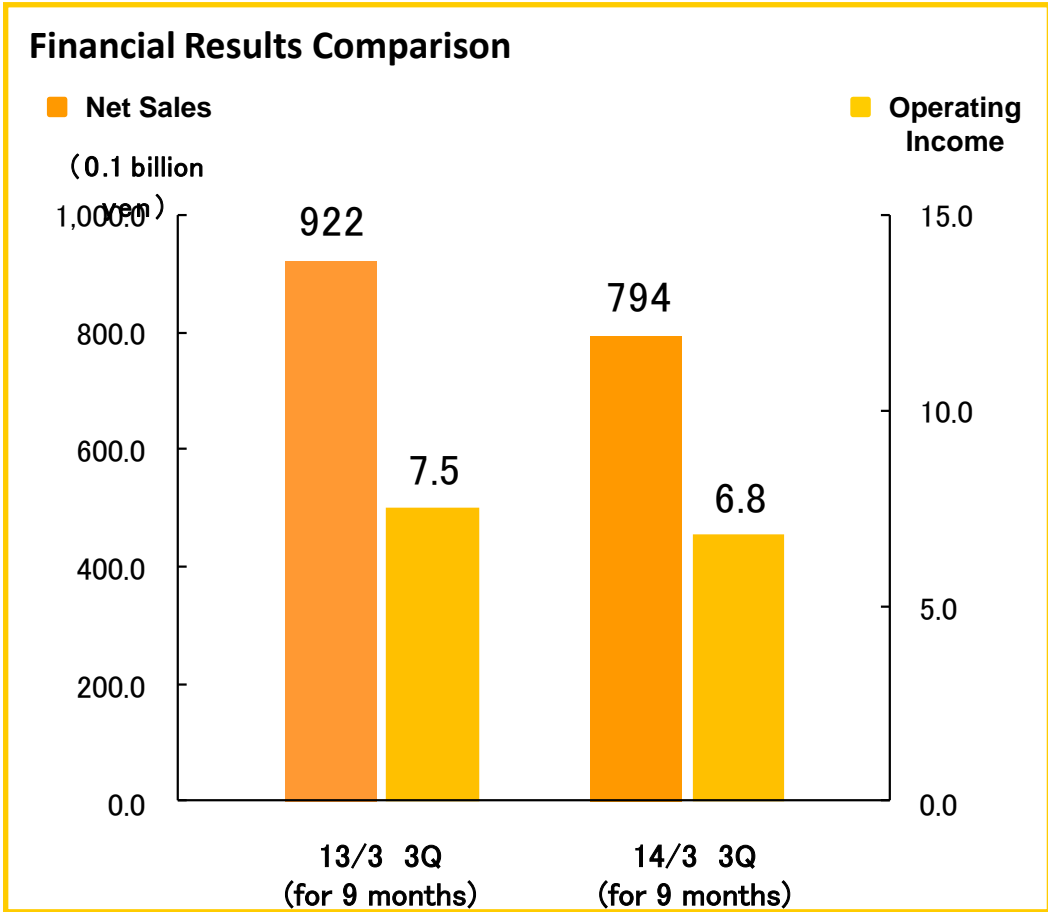


## Total No. of lines subscribing for "movinostar" service



- Increase of sales volume of mobile-phones for corporate clients and subscription for various solution service such as kitting & Mobile Device Mgmt. contributed to growth of both net sales & operating income.

# Settlement Service & Other Business incl. Overseas Business



- Operating Income decreased mainly due to investment in mobile-phone distribution business in China especially to open new mobile shops though income from Settlement Service Business alone stayed at the same level as the 3Q in the previous fiscal year .
- November 2013, opened the twelfth China Unicom Shop in Shanghai

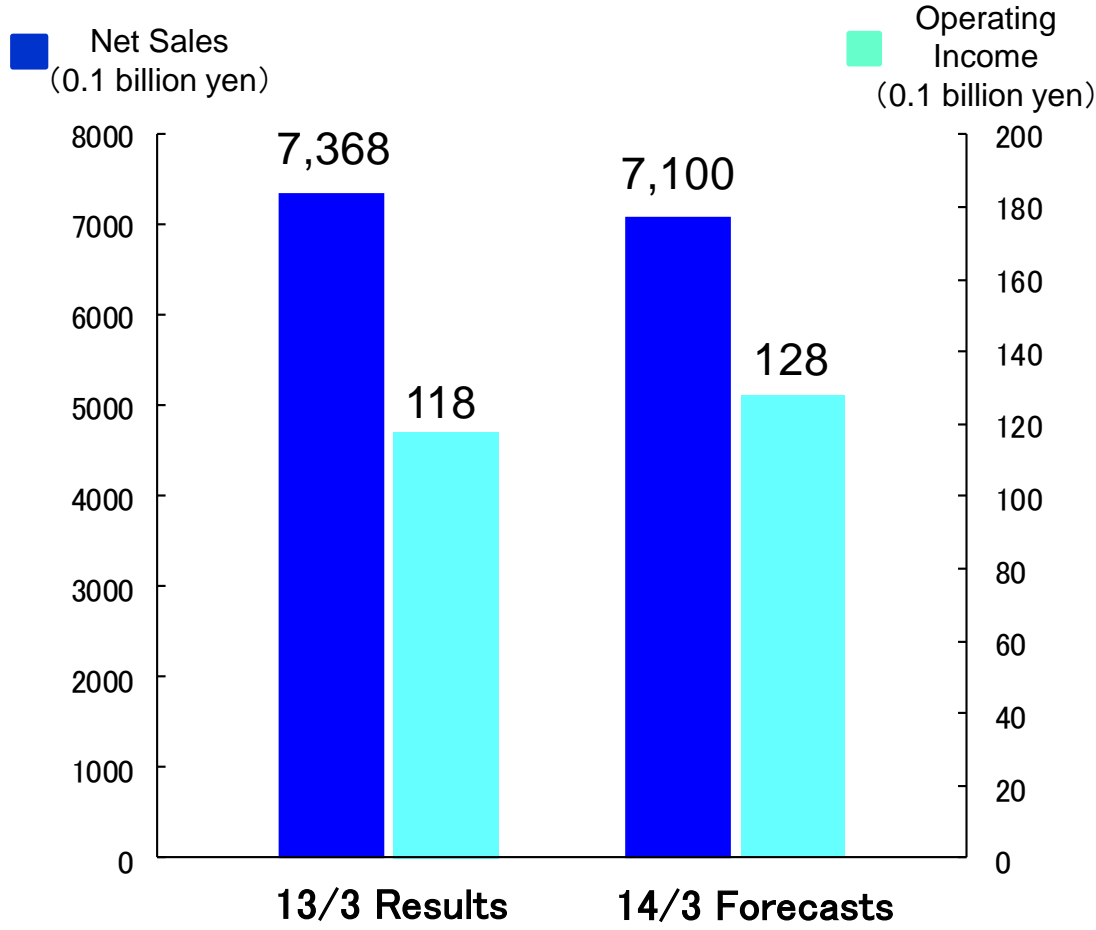
# **Results for FY ending March 2014**

# Revised Consolidated Forecasts for FY ending March 2014

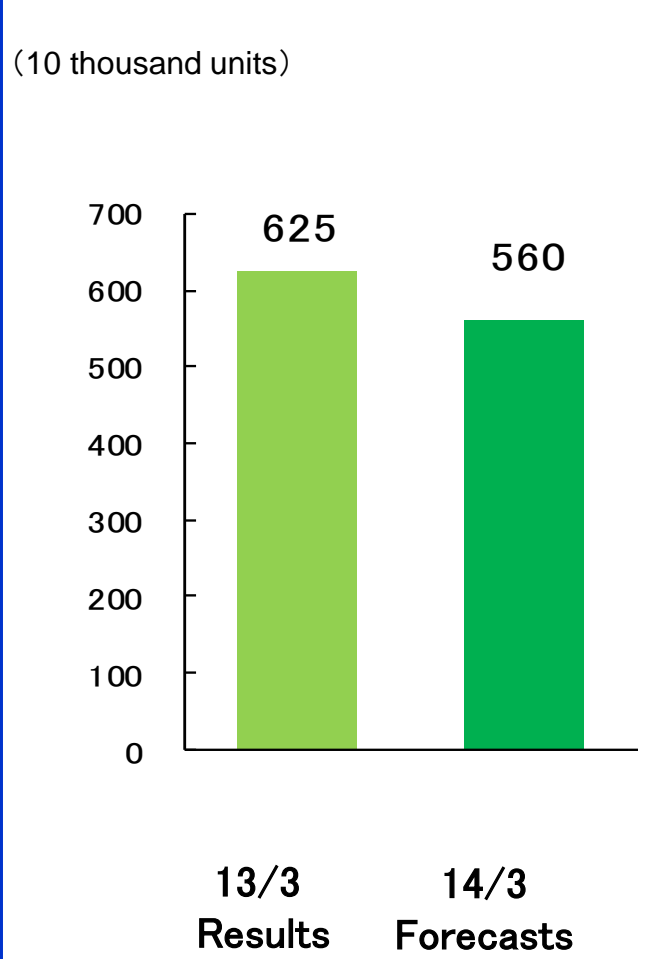
(Unit: 0.1 billion yen)	14/3 Initial Forecasts	14/3 Revised Forecasts	YoY basis (%)
Net Sales	7,250.0	7,100.0	▲ 150.0
Operating Income	141.0	128.0	▲ 13.0
Ordinary Income	138.0	127.0	▲ 11.0
Net Income	77.5	70.0	▲ 7.5
Net Income/Share (yen)	98.14	88.65	▲ 9.49
No. of Mobile-phones to Sell (10 thousand units)	600	560	▲ 40

# Revised Consolidated Forecasts for all TG Group

## Financial Results Comparison



## No. of Mobile-phones to Sell



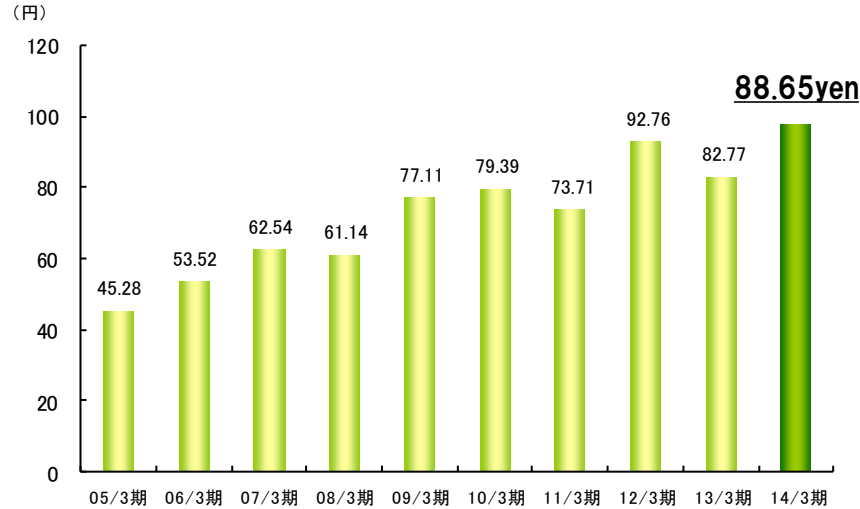


# Return to Shareholders: Dividend Policy

## [ Basic Dividend Policy ]

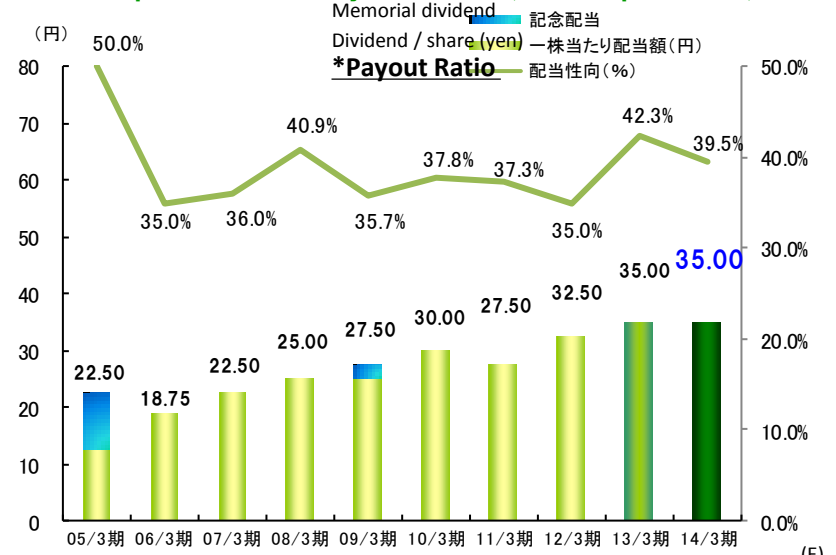
- Targeting and maintaining Dividend Payout Ratio over 30% Level

### Net Income per Share (After-split basis)



※Amount for 2014/3 (Forecast) is calculated based on the average number of shares outstanding during the period. (予想) (E)

### Dividend per Share & Payout Ratio (After-split basis)



※Dividend Payout Ratio for 2014/3 (Forecast) is calculated based on the average number of shares outstanding during the period. (予想) (E)

## [ Year-end Dividend per Share for FY ending March 2014 (Forecast) ]

**35 yen/share** (Interim dividend : 17.5 yen / Year-end dividend :17.5 yen)

⇒ Same level as the annual dividend in the FY ended March 2013

# Acquisition of Own Stock & Public Tender Offer

As described in the “Announcement of Own Stock and Public Tender Offer” as of January 31, 2014, we have made a public tender offer for own stock from February 3.

- **Classes of Shares to be Acquired : Common Stock of the Company**
- **Projected No. of Shares to be Acquired : 10,400,000 shares  
(13.17% of outstanding shares)**
- **Offer Price per Share : 850 yen**
- **Total Acquisition Price : 8,840 million yen**
- **Duration of Public Tender Offer : From Feb. 3 until March 3, 2014**