

Consolidated Interim Financial Results for FY ending March 2016

November 17, 2015



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 Interim Financial Results for FY ending March 2016



Summary of Consolidated Interim Financial Results

(Unit : 0.1 billion yen)	15/3 1H Results	16/3 1H Results	y/y Change	16/3 Full-year Forecasts	Achievment Ratio
Net Sales	2,873.4	2,849.9	99.2%	6,550.0	43.5%
Gross Margin	293.6	298.1	101.5%	635.0	47.0%
(to Net Sales)	10.2%	10.5%	+0.3 p	9.7%	—
SGA Expnsne	234.9	233.0	99.2%	485.0	48.0%
Operating Income	58.6	65.1	111.0%	150.0	43.4%
(to Net Sales)	2.0%	2.3%	+0.3 p	2.3%	—
Ordinary Income	58.3	65.1	111.6%	149.0	43.7%
(to Net Sales)	2.0%	2.3%	+0.3 p	2.3%	—
Net Income Attributable to Shareholders of the Parent Company	31.8	38.0	119.5%	90.0	42.3%
(to Net Sales)	1.1%	1.3%	+0.2 p	1.4%	—

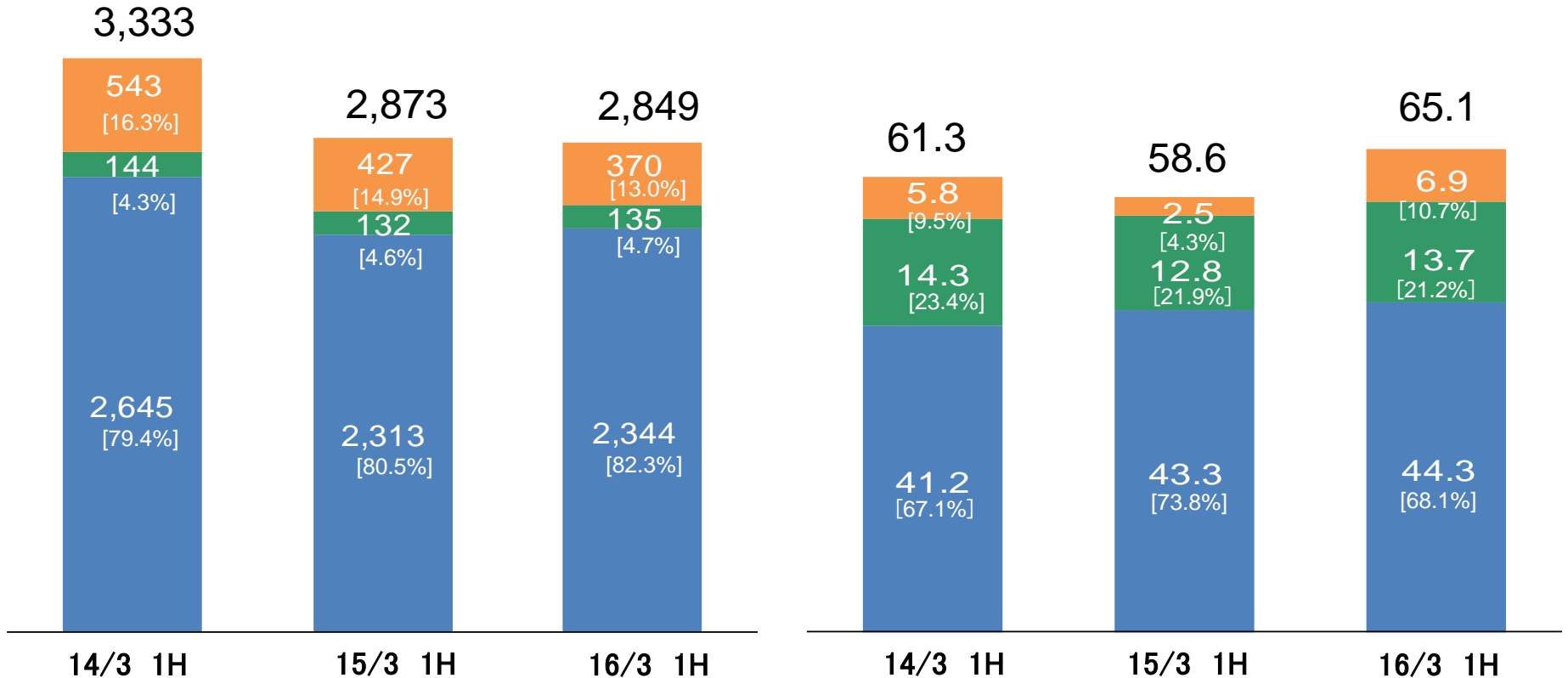
Financial Results by Business Segment

Net Sales

Operating Income

■ Mobile Business ■ Solution Business ■ Settlement Business

(0.1 billion yen)



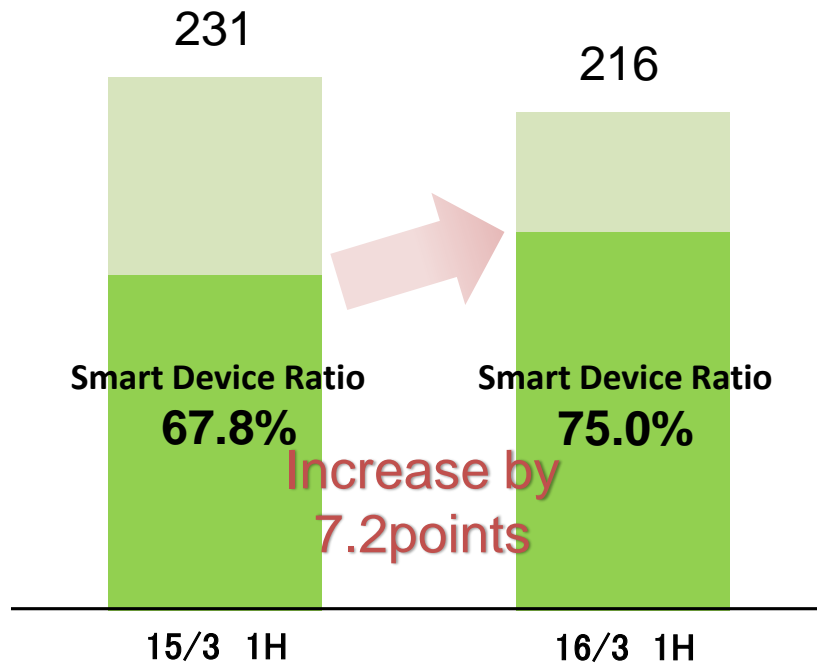
Stable net sales & operating income were ensured in each business segment due to improvement of productivity

Company-wide Unit Sales

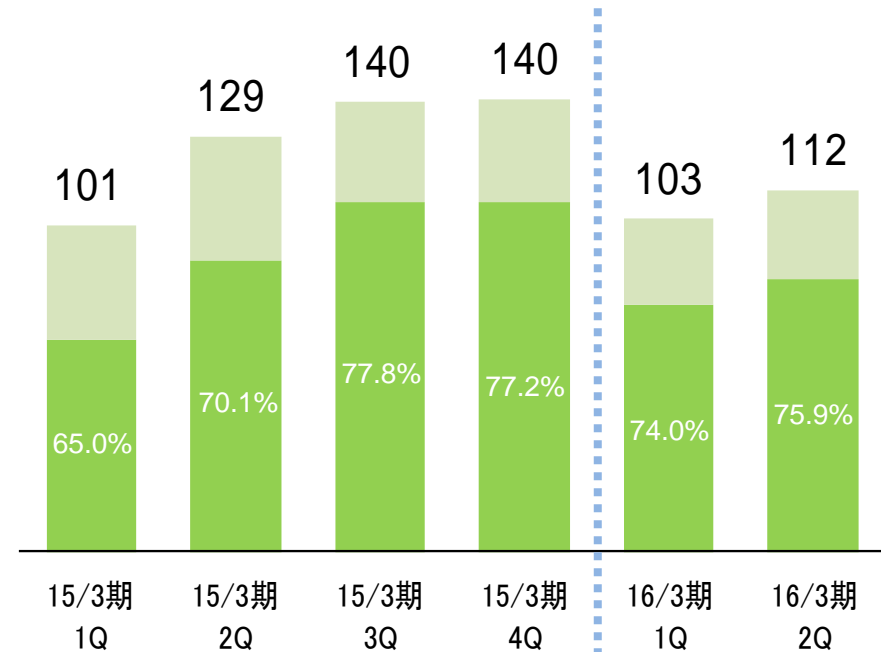
Mobile-phone & Tablet Unit Sales

Smart-phone & Tablets Feature phones, etc.

(10 thousand units)



Unit Sales on Quarterly Basis



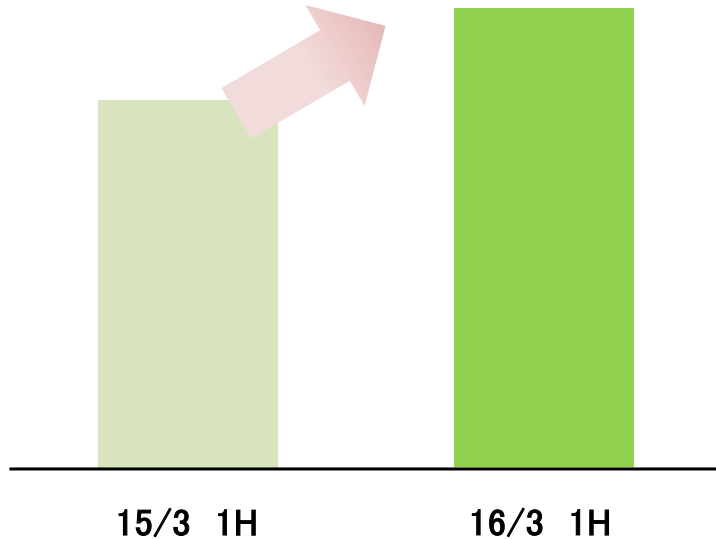
※ Including Wi-Fi models

Smart Device Ratio Increased due to
Strengthening of Sales Activities

Tablet Unit Sales & Net Sales of Related Products

Tablet Unit Sales

Increased by
Approx. 25%



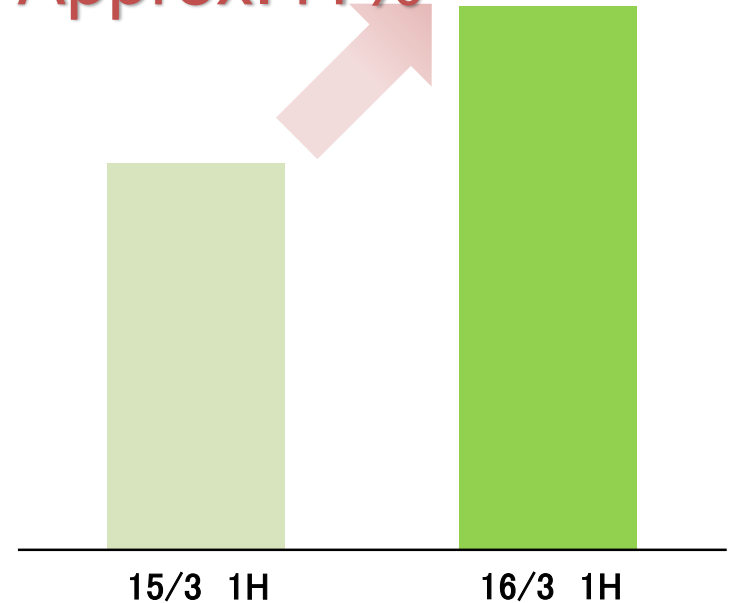
※ Including Wi-Fi models

Increased by approx. 25%
on a year-on-year basis

Net Sales of Related Products

Related Products ...Accessory for Smart Device, etc.

Increased by
Approx. 41%

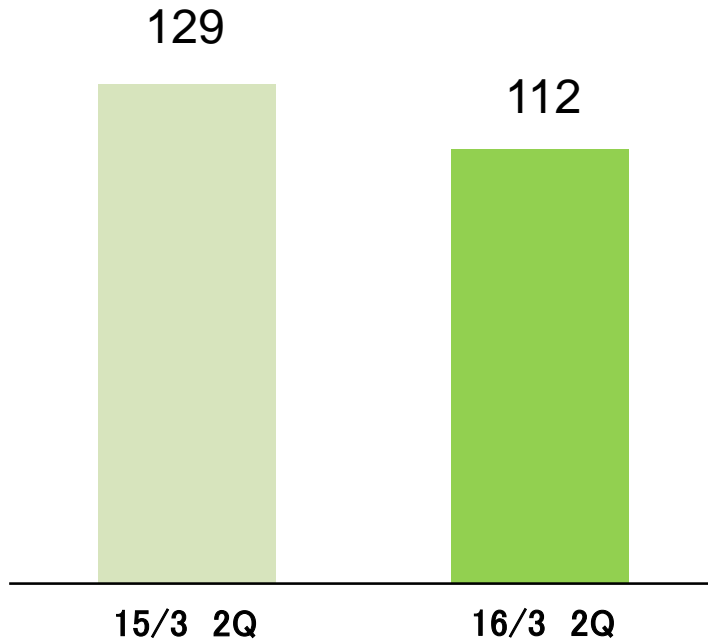


Increased by approx. 41%
on a year-on-year basis₆

Comparison on 2Q Accounting Period (July-Sep.) Basis

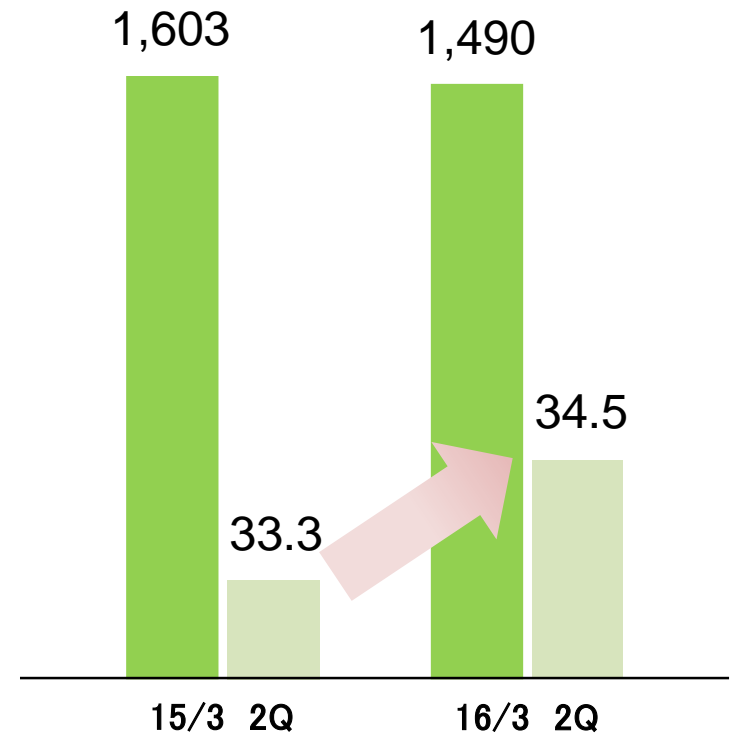
Corporate-wide Unit Sales

(10 thousand units)



Net Sales & Operating Income

■ Net Sales ■ Operating Income
(0.1 billion yen)



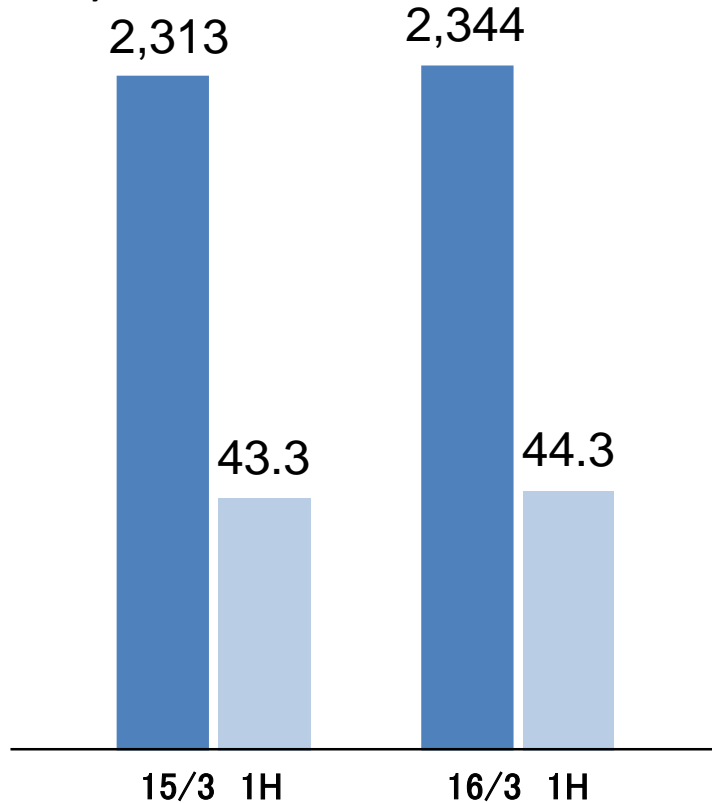
Operating Income Increased due to Expansion of Sale of Smart-phone Related Products as well as Corporate-wide Structural Reform

Mobile-phone Business

Financial Results Comparison

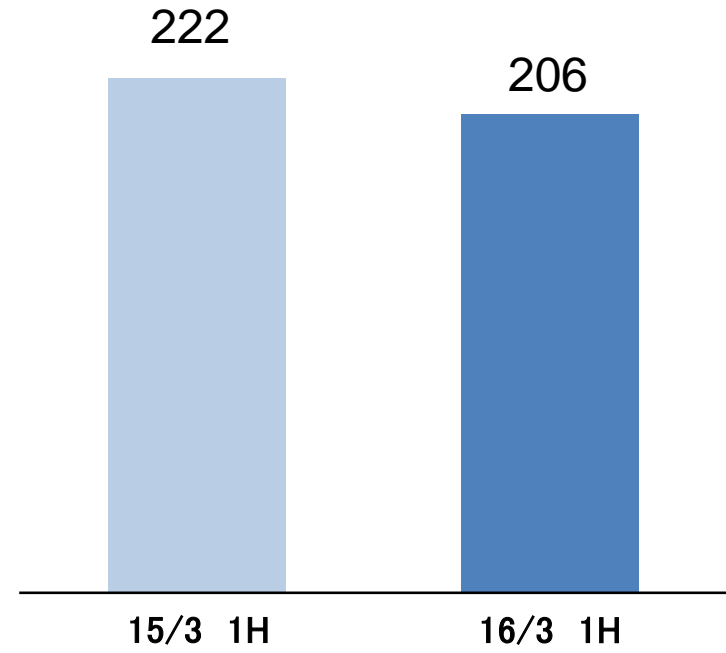
■ Net Sales ■ Operating Income

(0.1 billion yen)



Mobile-phone Unit Sales

(万台)



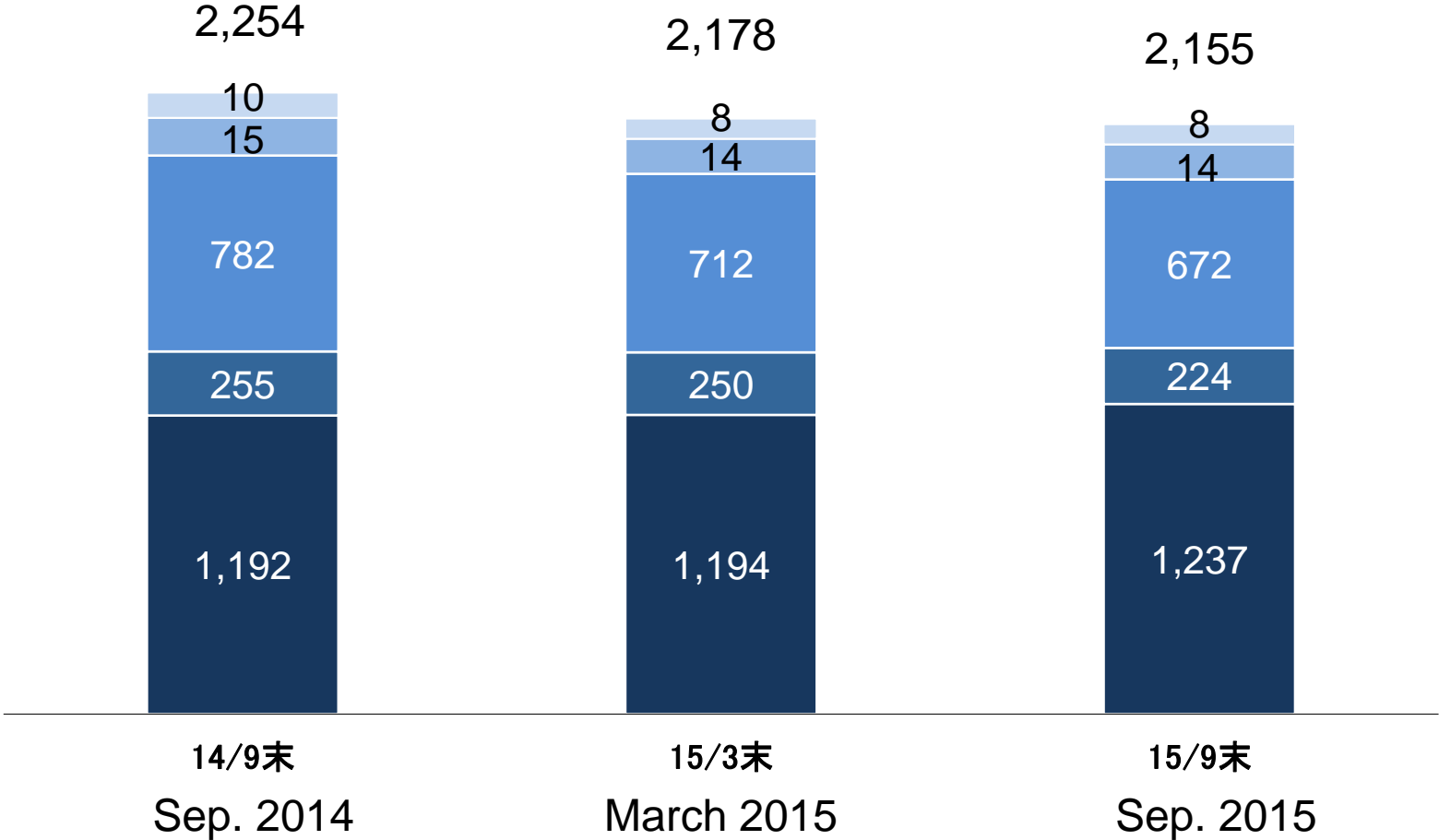
※ Including Wi-Fi models

Both Net Sales & Operating Income Increased due to Expansion of Sale of Tablets & Smart-phone Related Products

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 (in Settlement Service & Other Business Segment)



Accessory Shops ①

Newly-opened Shops

- “Smart Labo Namba Ebisubashi” opened on July 3 in Osaka



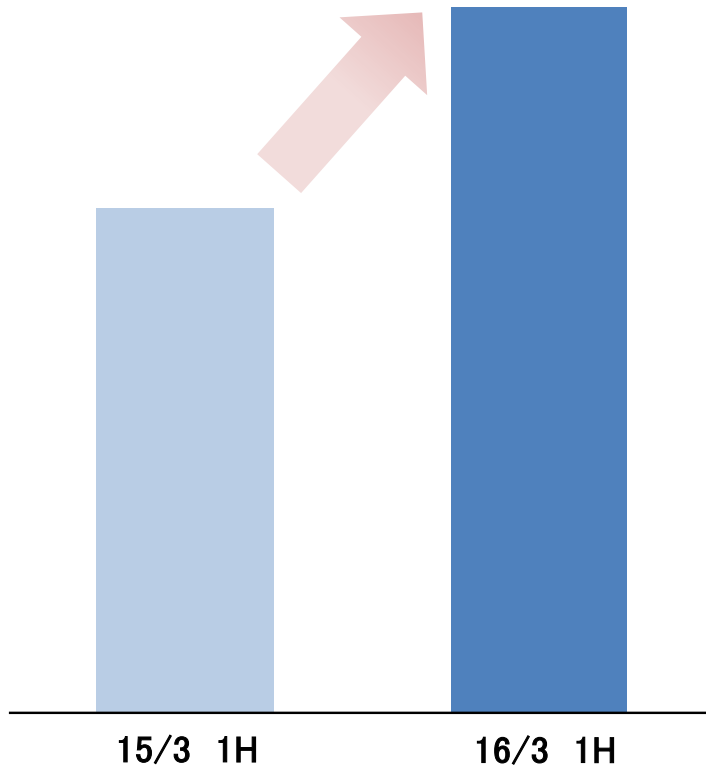
- “Smart Labo Kobe Sannomiya” opened on July 24 in Kobe



Accessory Shops ②

Net Sales

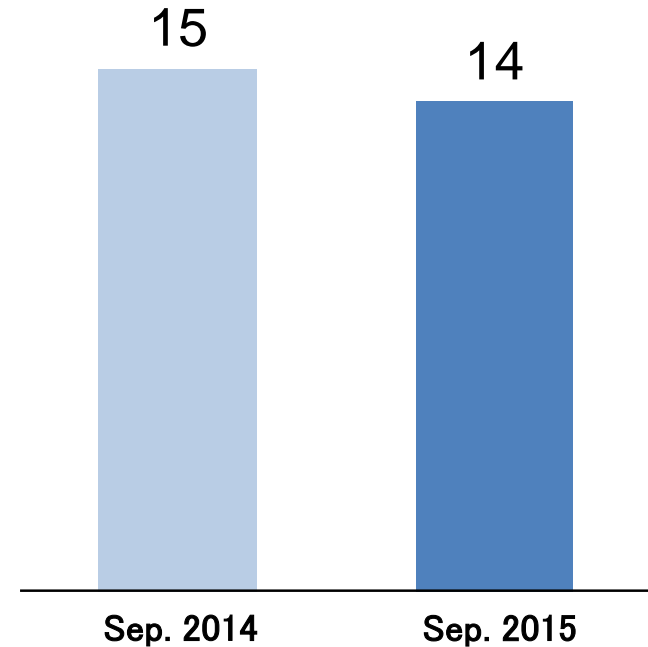
Increased by 40%



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

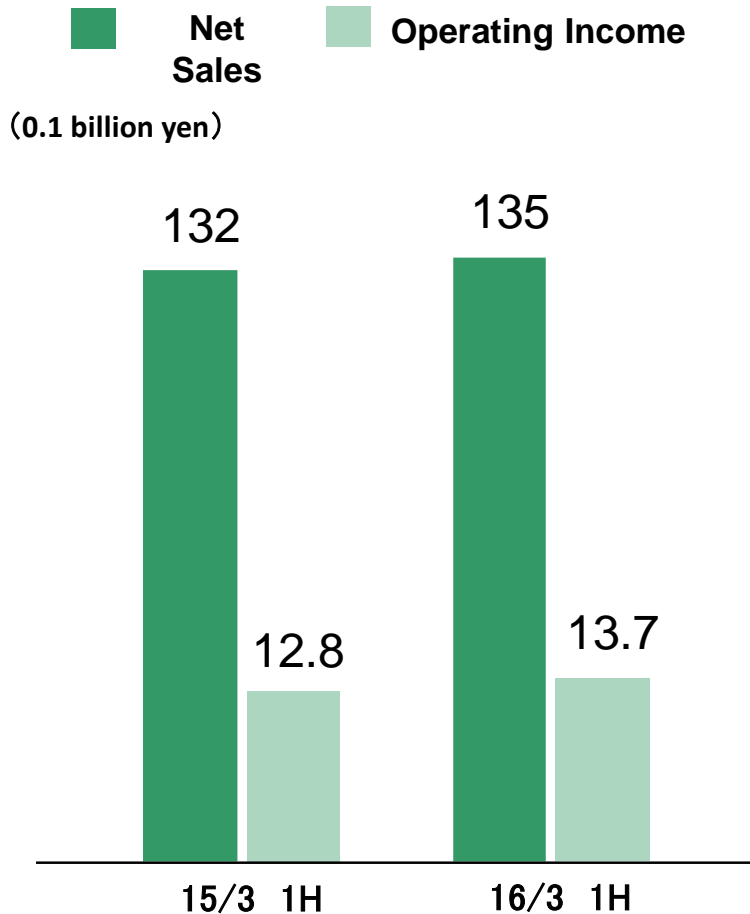


※ Including EC site

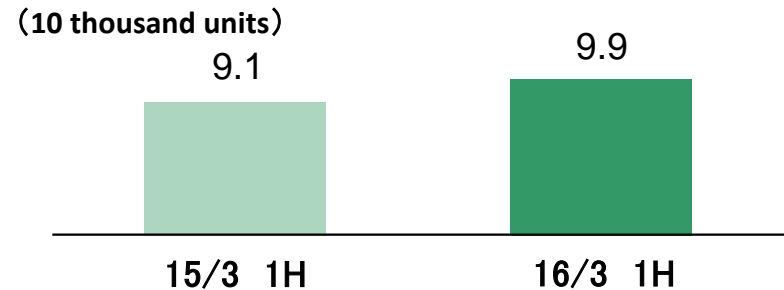
Net Sales Increased by 40% on a year-on-year basis
due to Expansion of Sale of Accessory

Solution Business

Financial Results Comparison

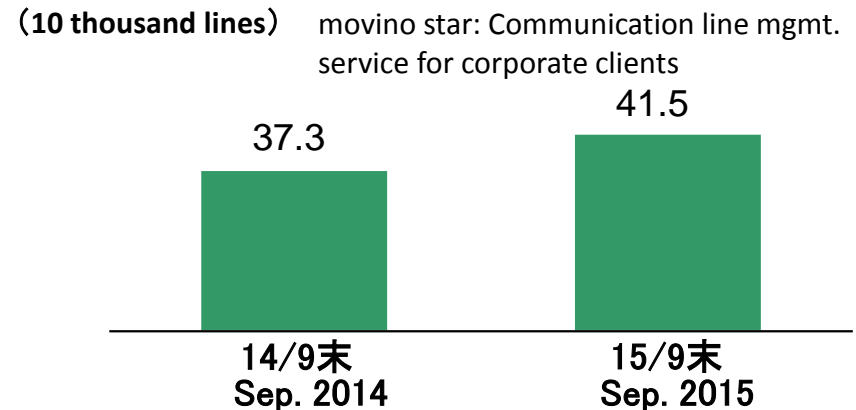


Mobile-phone Unit Sales



※ Including Wi-Fi models

Total No. of lines subscribing to movino star service



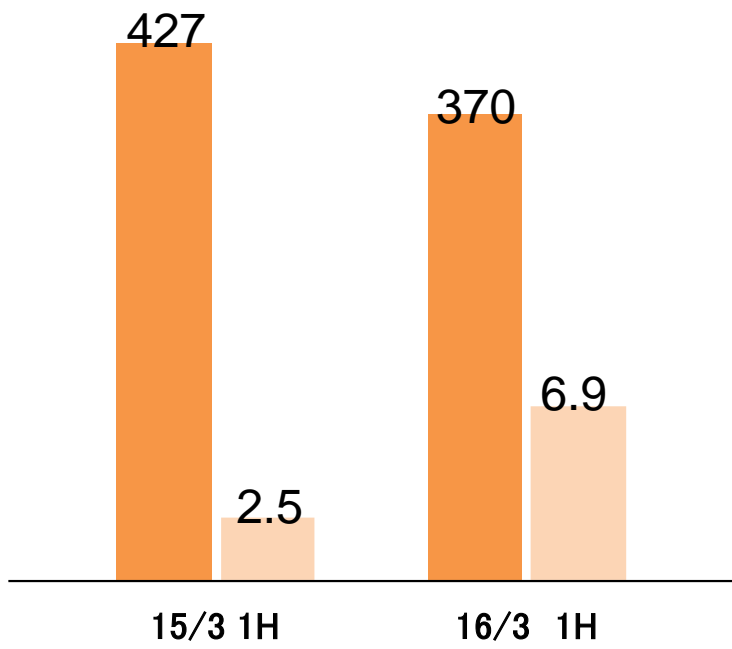
Both Net Sales & Operating Income Increased due to Strengthening of Provision of Comprehensive Mobile Solution in addition to Contribution of Fixed-line Products Sales

Settlement Service & Other Business ①: Settlement Service

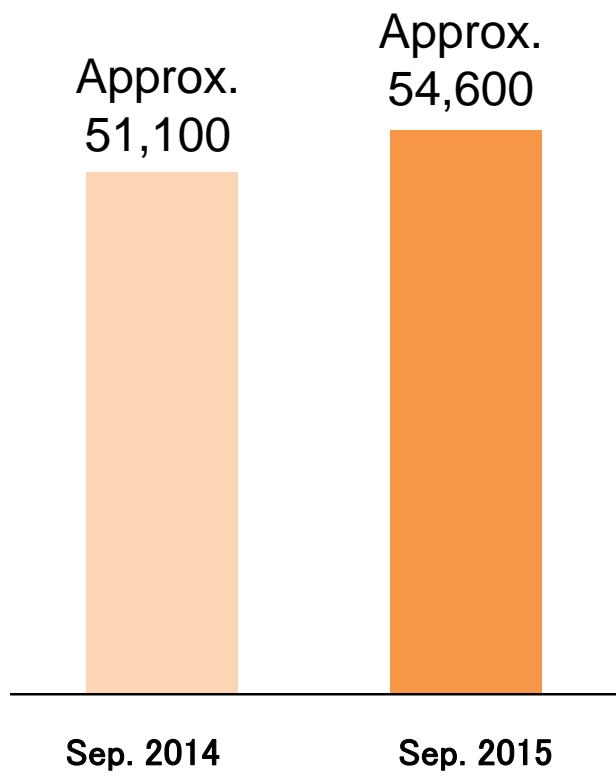
Financial Results Comparison

Net Sales Operating Income

(0.1 billion yen)



Total No. of convenience stores dealing PIN / Gift Cards



- Gross Sales of Gift Cards Increased more than 12% though Net Sales Decreased due to Difference of Calculation Method between PIN Products & Gift Cards
- 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:Overseas Business

China: Shanghai

- Operating Eight China Unicom Shops in Shanghai (As of Sep. 30, 2015)
- Income Improved due to Strengthening of Sale in Shops and Reduction of SGA Expenses



Singapore

- Promoted Expansion of Both Product Lineups & Sales Channels
- Distributing Gift Cards at approx. 600 Convenience Stores in Singapore (as of Sep. 30, 2015)



Forecasts for Consolidated Financial Results for FY ending March 2016 & Future Development



Corporate Philosophy

T G Vision – Corporate Vision of T-Gaia

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



T G Mission

– Corporate Mission of T-Gaia –

- 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 –

- 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.

Consolidated Forecasts for FY ending March 2016 ①

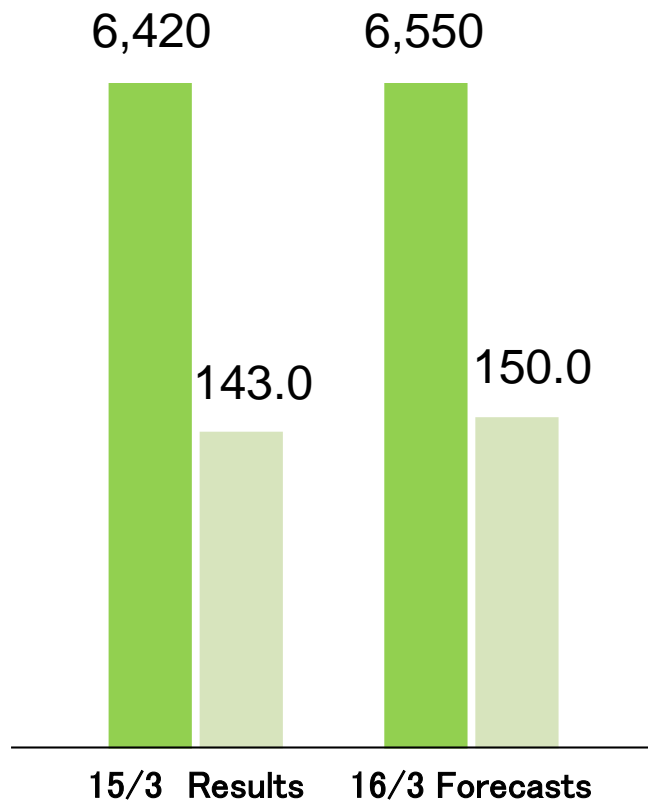
(Unit: 0.1 billion yen)	15/3 Full-year Results	16/3 Full-year Forecasts	Change of Amount	Year-on-Year Basis (%)	Achievment Ratio
Net Sales	6,420.9	6,550.0	129.1	102.0%	43.5%
Gross Margin	619.8	635.0	15.2	102.4%	47.0%
SGA Expenses	476.7	485.0	8.3	101.7%	48.0%
Operating Income	143.0	150.0	7.0	104.8%	43.4%
Ordinary Income	141.9	149.0	7.1	105.0%	43.7%
Net Income Attributable to Shareholders of the Parent Company	77.4	90.0	12.6	116.2%	42.3%
Net Income / share (yen)	112.68	130.86	18.18	116.1%	—
Dividend / share (yen)	37.50	41.00	3.50	109.3%	—
Total No. of Mobile-phones to Sell	512	530	18	103.5%	40.8%

Consolidated Forecasts for FY ending March 2016 ②

Consolidated Full-year Forecasts

Net Sales Operating Income

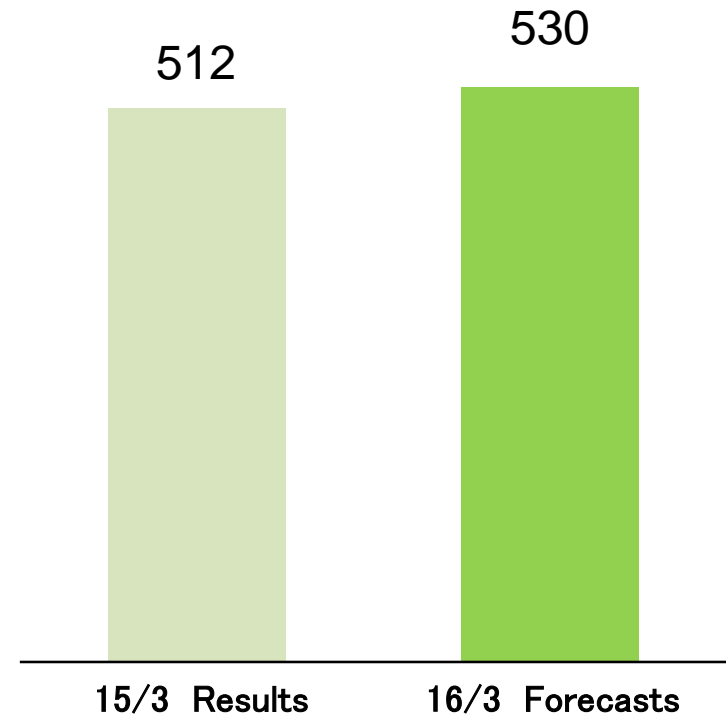
(0.1 billion yen)



Company-wide Mobile-phone Unit Sales Forecasts

※ Including Wi-Fi models

(10 thousand units)

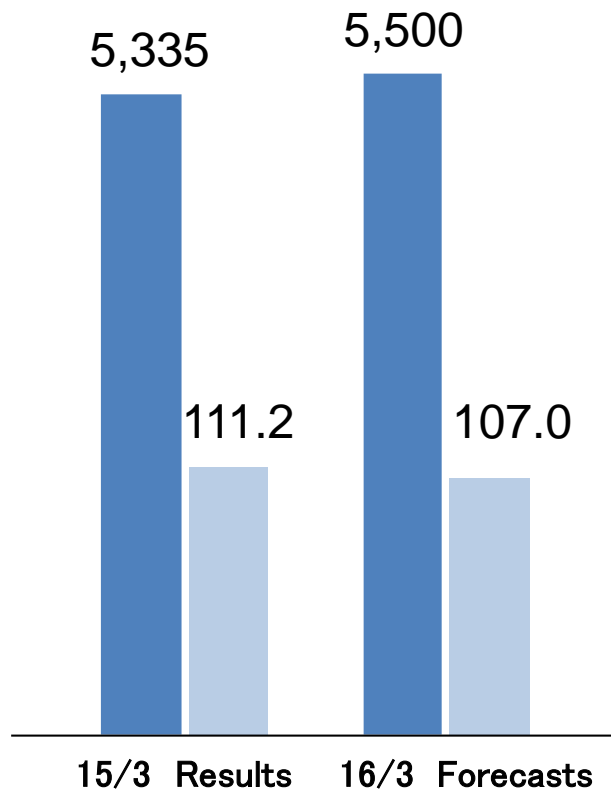


Full-year Forecasts & Action Plan : Mobile-phone Business Segment

Full-year Forecasts

Net Sales Operating Income

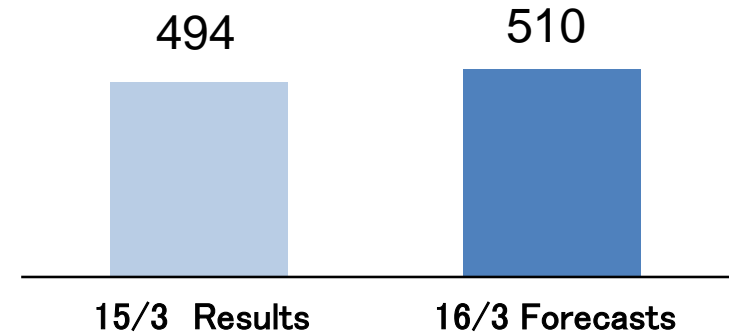
(0.1 billion yen)



Unit Sales Forecasts

(10 thousand units)

※ Including Wi-Fi models



Future Action Plan

- Provide “One-stop Service” including optical fibers, tablets and products related to smart devices
- Share know-how on sales & education with agency distributors to strengthen sales force of TG Group
- Continue strategic investment in career shops as well as & sales staff
- Carry on structural reform focusing on productivity & operational efficiency

Accessory Shops ①

Launch 13 Bricks-and-mortar Shops Nationwide



(As of Sep. 30, 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 ATRE Kameido



Smart Labo Okaido Chuo



Smart Labo Shinsaibashi



AppBank Store Shinjuku



※AppBank Store is the trademark of AppBank Store Co., Ltd.

Accessory Shops ②

On the 3rd Floor of Smart Labo Namba Ebisubashi

Opened MVNO (Mobile Virtual Network Operator) Corner 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

Start New Effort toward the Future of the Company

Staff Education & Training ①

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

- 8 Instructors**
 - Cultivation of Supervisors as Education/Training specialist
- 58 Supervisors**
 - Provision education/training for Trainers in our corporate/regional headquarters & branch offices
- 290 Trainers**
 - Provision education/training in each shop
Deployed one trainer at every directly-managed shop

※As of Sep. 30, 2015



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

Continue Proactive Investment in Human Resources

Staff Education & Training ②



● April 2012
Opened “TG Academy” as the Internal Education & Training Organization to Enrich Customers’ “Smart-phone Life”



● June 2014

Deployed at Least One Trainer at Each Directly-managed Shop



● April 2015

Established “Career Design Academy” to Utilize Know-how on Staff Education & Training and Contribute to the Development of the Industry by Maximize Synergy Effect in “TG Group”

Further Promotion of
Staff Education Business

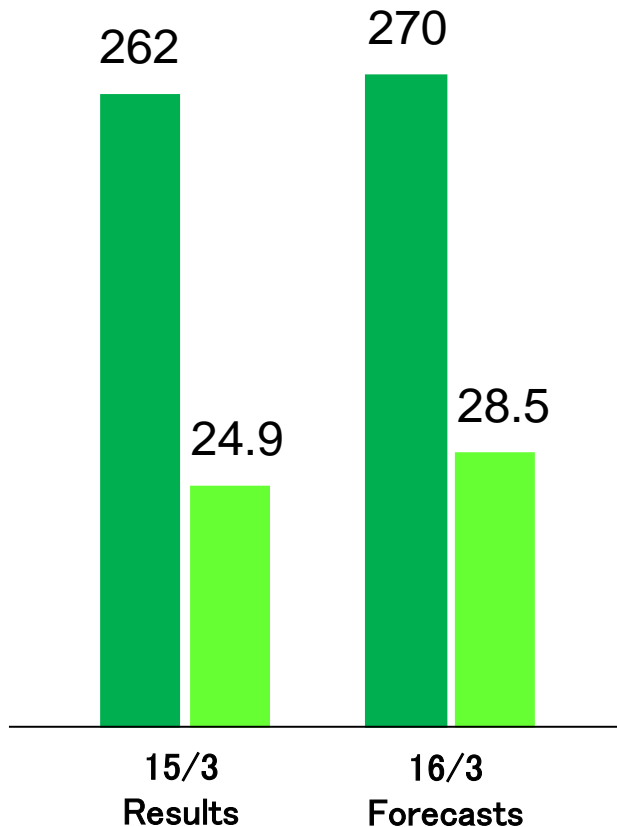


Full-year Forecasts & Action Plan : Solution Business Segment

Full-year Forecasts

Net Sales Operating Income

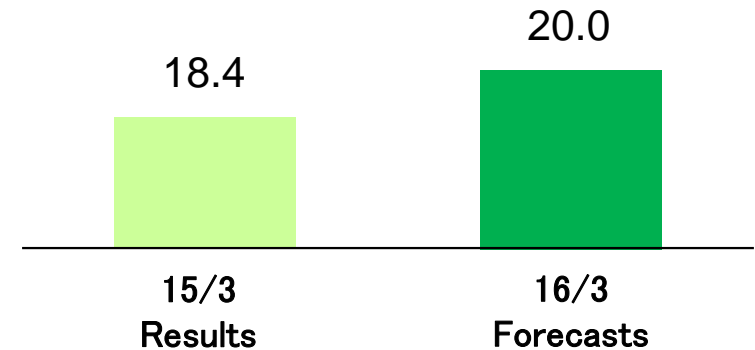
(0.1 billion yen)



Unit Sales Forecasts

(10 thousand units)

※ Including Wi-Fi models



Future Action Plan

Mobile Solution Business for Corporate Clients

- Offer a comprehensive solution service optimized to corporate clients' needs to support them in introducing & utilizing smart devices
 - Extend customer base by improving convenience & CS among corporate clients through upgraded movino star (※)
- ※ movino star: telecommunication line mgmt. service for corporate clients

Fixed-line Business

- Expand sale of services with TG brand such as TG Hikari, TG Wi-Fi and TG. NET



Renewal of movino star ^{X1}

(※Telecommunication line mgmt. service for corporate clients)

① Expansion of Range of Line Mgmt. Service

NEW

Terminals with telecom lines

Terminals without telecom lines such as Wi-Fi models, etc.

② Advanced Function for Analysis



③ Enhanced Function for Purchase

Accessory can be purchased with terminals

④ Change of Interface to Improve Operability

Upgraded movino star in Nov. 2015 to Enhance the Convenience

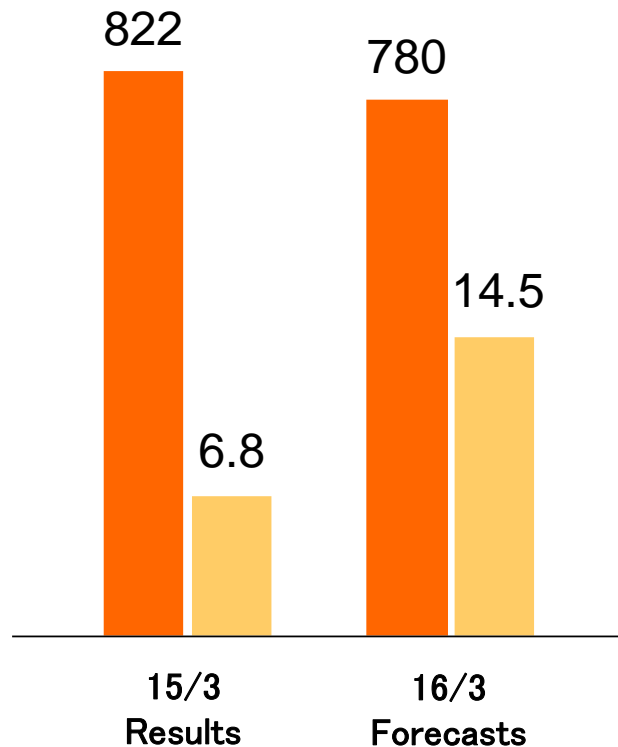
Target : 415 thousand ID as of Sep. 2015 → 500 thousand ID as of Sep. 2016

Full-year Forecasts & Action Plan : Settlement Service & Other Business Segment

Full-year Forecasts

Net Sales Operating Income

(0.1 billion yen)



Future Action Plan

Settlement Service Business

- Broaden both product lineup & sales channel based on the growing demand for Gift Cards to expand sales
- Explore new sales channels
- Implement aggressive sales activities based on the needs of users

Overseas Business

- Mobile-phone Distribution Business in Shanghai
 - Instill Japanese style high-quality service and realize operational efficiency
- Settlement Service Business in Singapore
 - Expand the product lineup of Gift Cards and move into the black at the early stage



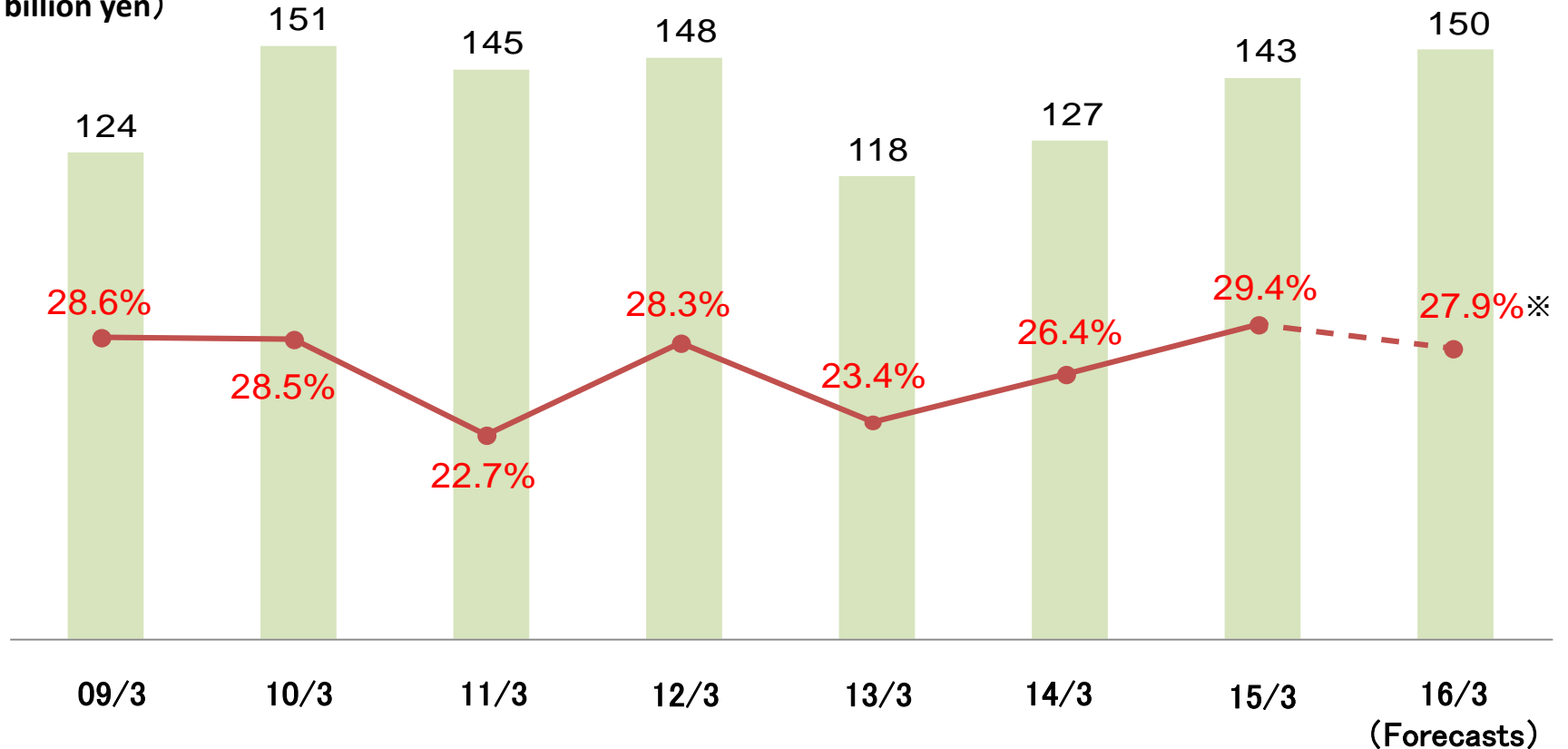
Transition of ROE & Operating Income

Transition of ROE & Operating Income

■ Operating Income

● ROE: Return on Equity

(0.1 billion yen)



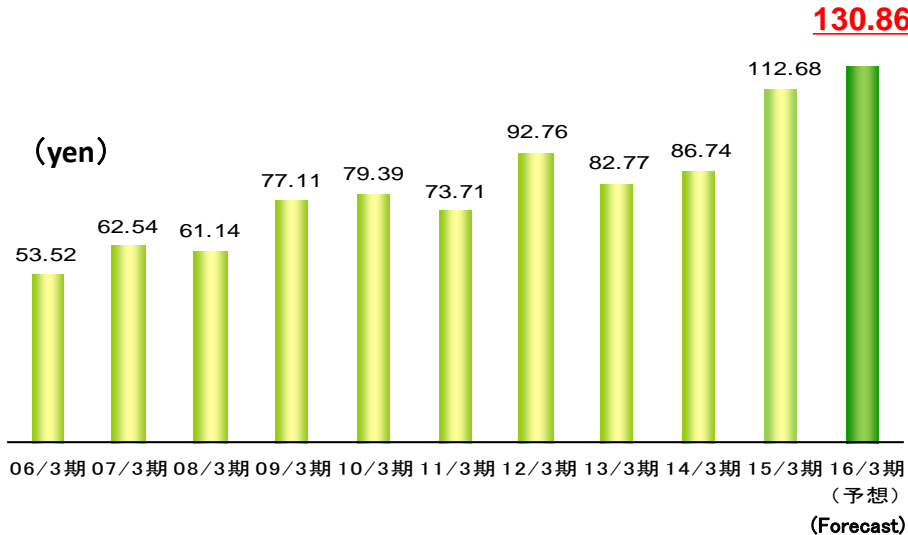
Selected as issue consists of “JPX Nikkei Index”
three consecutive times in August 2015 based on
high level of ROE & Operating Income

Return to Shareholders: Dividend Policy

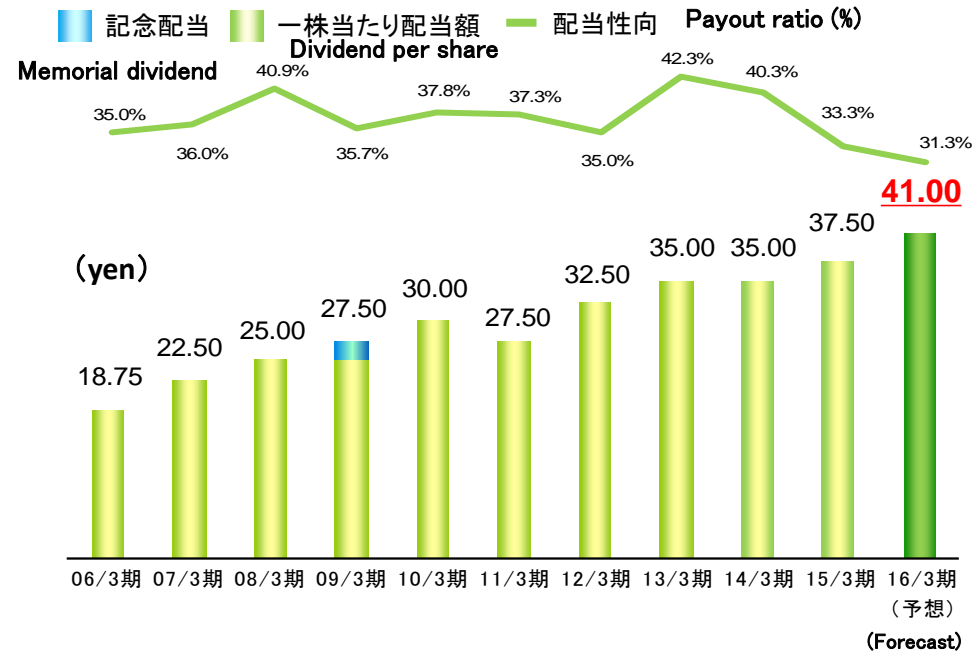
Basic Dividend Policy

Targeting & Maintaining Dividend Payout Ratio over 30% Level

Net Income per share



Dividend per share & payout ratio

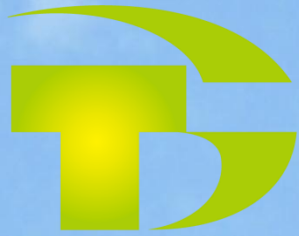


Dividend per share for FY ending March 2016 (Forecast)

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

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

National Association of Mobile-phone Distributors (NAMD)

No. of Full Member :
69 companies

Participating Member : One
(As of Sep. 30, 2015)



T-Gaia's current chairman Mr. Takeoka made a speech as the chairman of NAMD at the first Annual meeting



(Logo Mark)

- Name : National Association of Mobile-phone Distributors
- Date of Establishment : December 15, 2014
- Location : 4-4-7, Ebisu, Shibuya-ku, Tokyo

Contribute to Sound Development of Telecom Industry