



T·GAIA

Consolidated 1Q Financial Results for FY ending March 2017

(Three months ended June 30, 2016)

August 2016

T-Gaia Corporation / TSE 3738

Disclaimer

This material contains statements about the future performance of T-Gaia Corp., 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.



Summary of 1Q Consolidated Financial Results

(Unit: billion yen)	16/3 1Q	17/3 1Q	y/y Change	17/3 Full-year Forecasts	Achievement Ratio
Net Sales	135.93	123.06	90.5%	616.0	20.0%
Gross Margin (to Net Sales)	14.53 (10.7%)	14.15 (11.5%)	97.3% (+0.8p)	64.85 (10.5%)	21.8%
SGA Expenses	11.47	11.49	100.1%	49.85	23.1%
Operating Income (to Net Sales)	3.06 (2.3%)	2.65 (2.2%)	86.8% (▲0.1p)	15.0 (2.4%)	17.7%
Ordinary Income	3.08	2.68	87.0%	14.95	17.9%
Net Income attributable to shareholders of the parent company	1.83	1.81	98.8%	9.7	18.7%



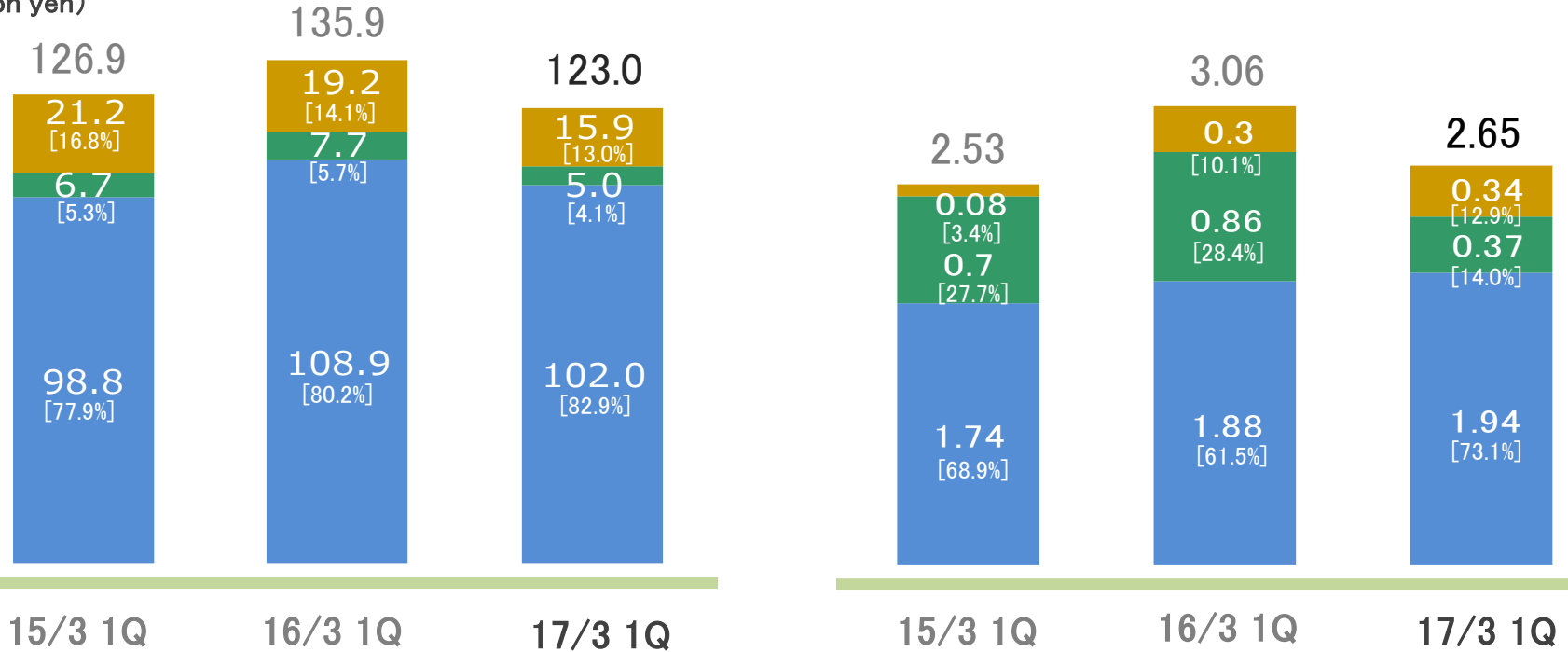
Financial Results by Business Segment

Net Sales

Operating Income

■ Mobile-phone Business
 ■ Enterprise Solution Business
 ■ Settlement Service & Other Business

(billion yen)



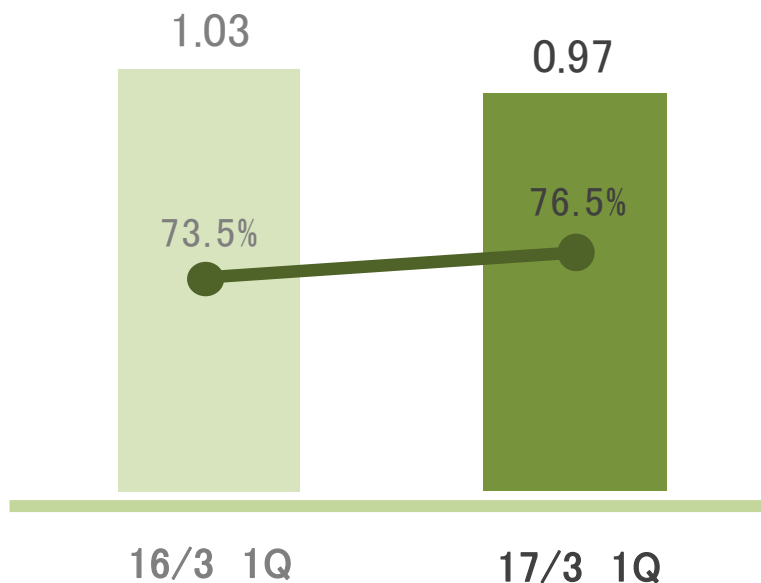
※ [Ratio of Each Segment to Consolidated Net Sales / Operating Income]



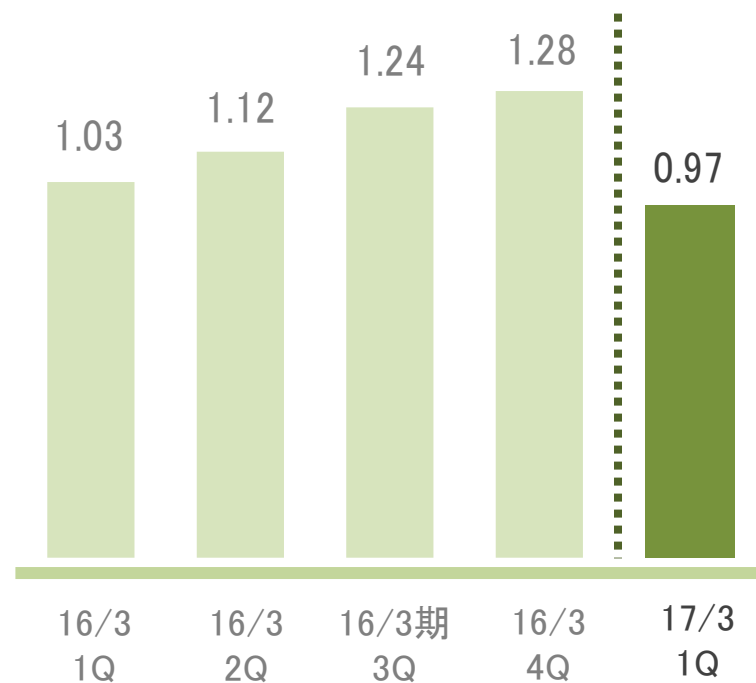
Company-wide Unit Sales

Mobile-phone Unit Sales

■ Unit Sales (million units) ● Ratio of Smartphones & Tablets to Unit Sales



Unit Sales on Quarterly basis



Ratio of Smartphones & Tablets Increased

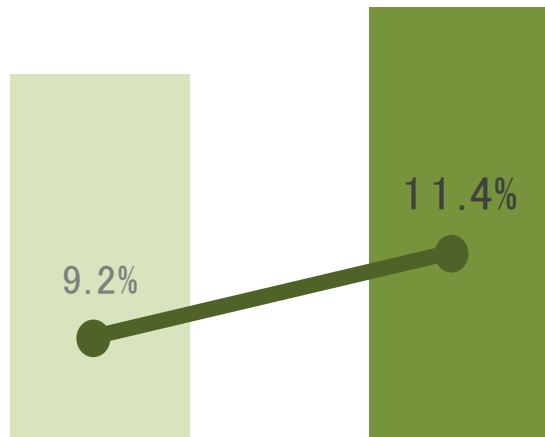


Tablet Unit Sales & Net Sales of Related Products

Tablet Unit Sales

■ Unit Sales ● Ratio of Tablets to Unit Sales

Unit Sales Increased by 10.6%



16/3 1Q

17/3 1Q

Net Sales of Related Products

■ Net Sales ● Unit Selling Price

Offset the Decrease of Unit Sales with Increase of Unit Selling Price



16/3 1Q

17/3 1Q

※ Including Wi-Fi models & MVNO-related Products

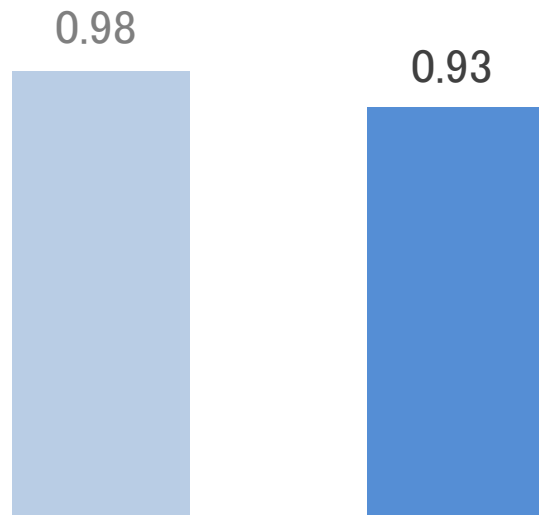
※ Related Products: Accessory for Smartphones & Tablets, etc.



Mobile-phone Business

Mobile-phone Unit Sales

(million unit)



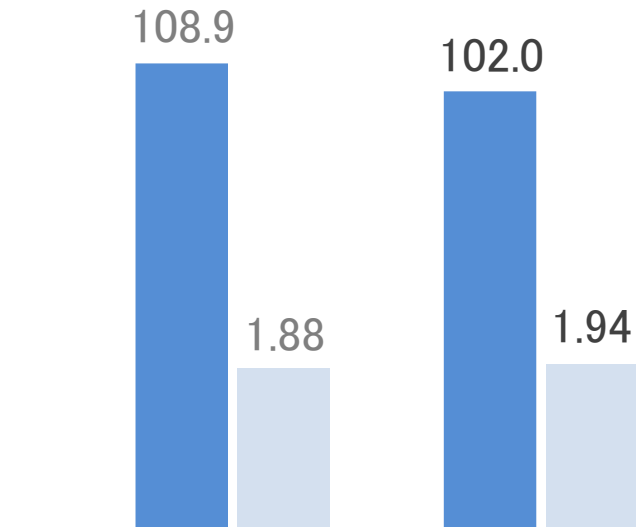
16/3 1Q

17/3 1Q

Financial Results Comparison

■ Net Sales ■ Operating Income

(billion yen)



16/3 1Q

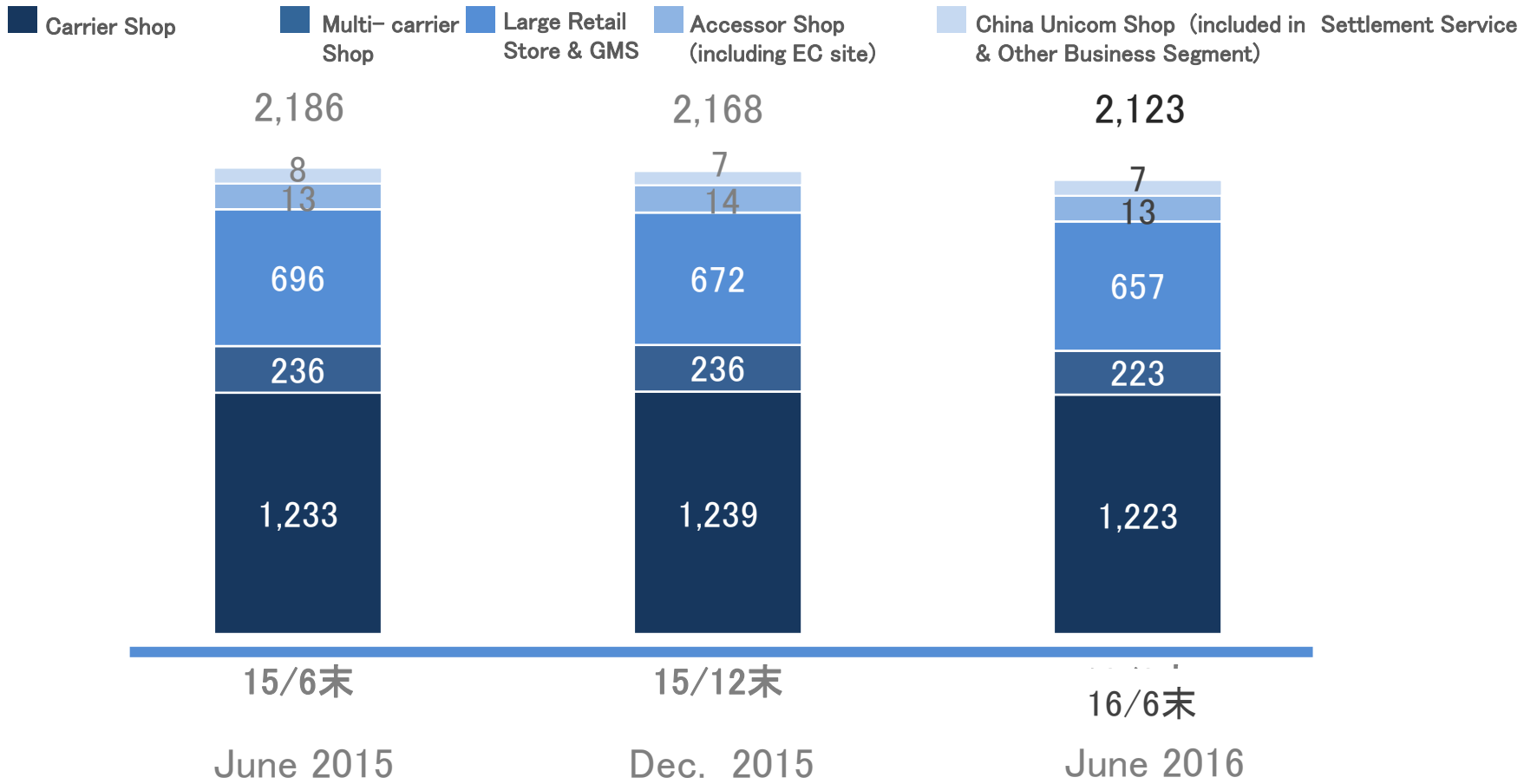
17/3 1Q

Operating Income Increased due to Improvement of Profitability through Sales Expansion of Smartphone Related Products, etc.



Total No. of Sales Bases for Mobile-phones

Change of Total No. of Sales Bases





Accessory Shops ①

Smart Labo Shinjuku
Higashiguchi

June 3, 2016: Opened one of the largest accessory shops for smartphones in Japan



(Outlook)



(1F)



(Audio Corner on 2F)



(MVNO Section on 2F)



Accessory Shops ②

Smart Labo Members' Card & Application

Increasing No. of Members



Featured Products

VRゴーグルで3Dの世界を楽しもう！
Smart Labo オリジナル
CARD BOARD VR KIT



Battery Charger for Smartphones

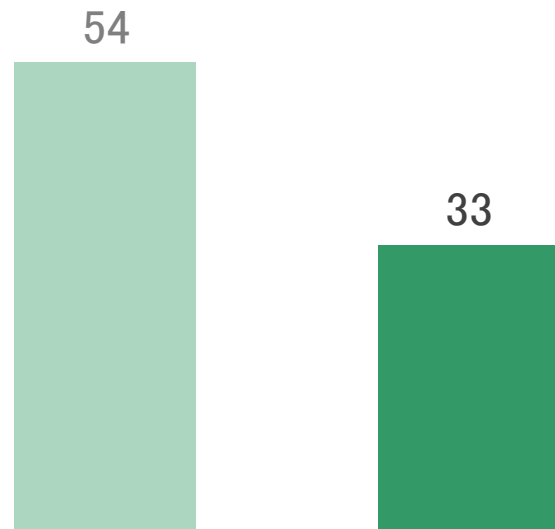
Offering Various Featured Products



Enterprise Solution Business

Mobile-phone Unit Sales

(thousand units)



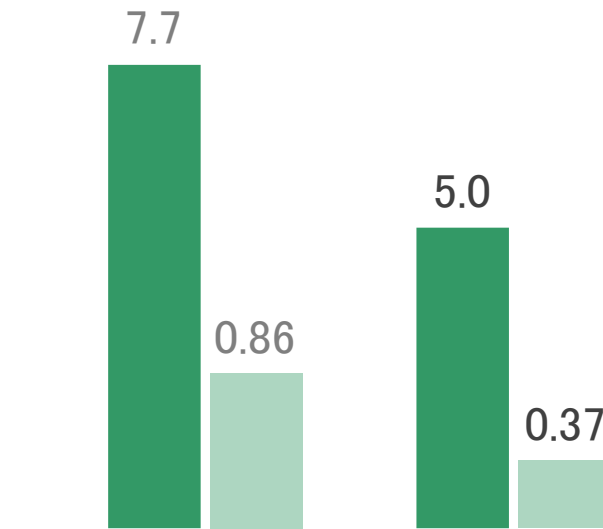
16/3 1Q

17/3 1Q

Financial Results Comparison

■ Net Sales ■ Operating Income

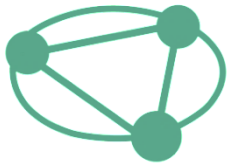
(billion yen)



16/3 1Q

17/3 1Q

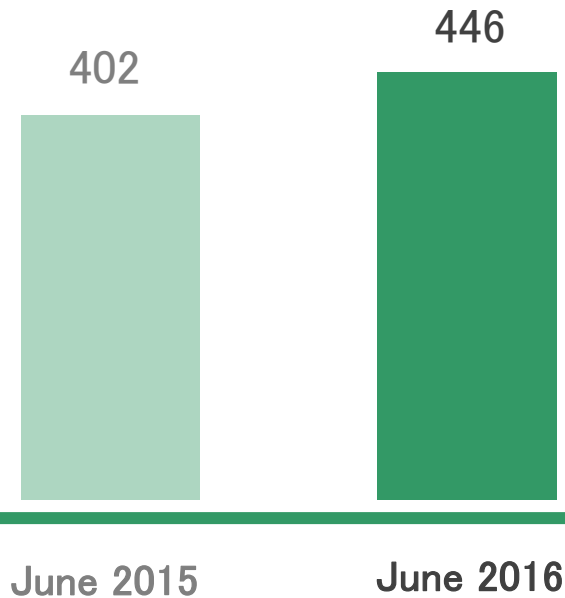
Large Demand for Mobile-phones, etc. Decreased on a Year-on-Year Basis



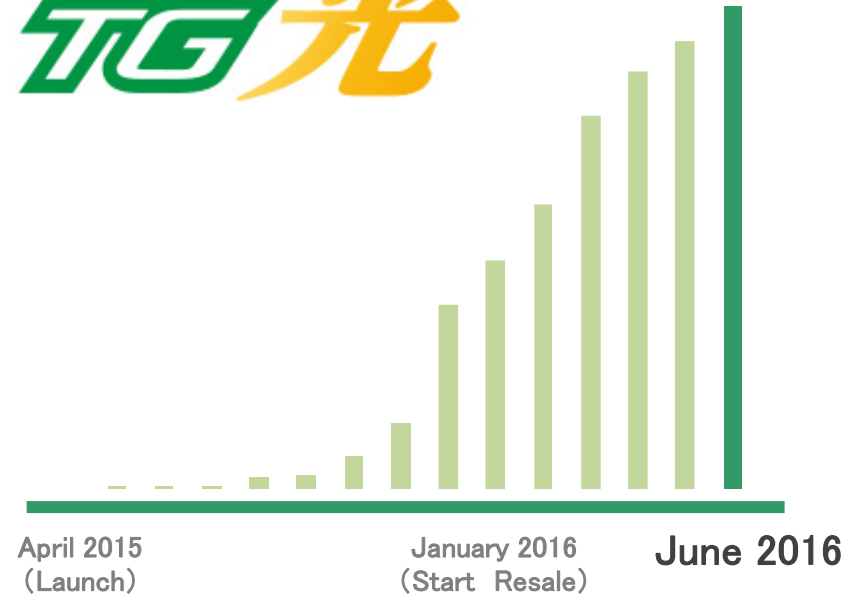
Enterprise Solution Business: Business based on Stock-type Commissions

Total No. of ID Subscribing
movino star Service

(thousand ID)



Cumulative No. of TG Hikari
Subscribers (incl. Resale)



Increasing Stock-type Commissions

※ movino star: Communication line mgmt. service for corporate clients



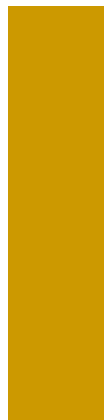
Settlement Service & Other Business

Financial Results Comparison

■ Net Sale ■ Operating Income

(billion yen)

19.2



16/3 1Q

0.3



15.9



17/3 1Q

0.34



Total No. of Convenience Stores Dealing PIN / Gift Card

Approx. 54,300



June 2015

Approx. 56,100



June 2016

Operating Income Increased due to
Expansion of Sale of Gift Cards

Settlement Service & Other Business

Gross Sales of PIN & Gift Cards

Increased by 6.5 %



16/3 1Q

17/3 1Q

- Expanded Sales Channel for Gift Card
- Implemented Effective Sales & Marketing Activities

<Example of Gift Card Products>



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

※BitCash is a registered trademark of BitCash Inc.



Settlement Service & Other Business: 15 Overseas Business

Singapore: Settlement Service

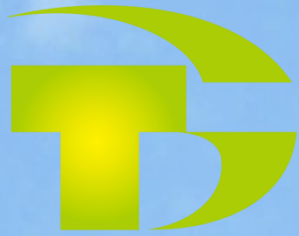
- Expanding Sales of Gift Cards mainly in Large Convenience Stores
- Gross Sales Increased on a y/y basis
- Started Research to Consider Expansion of Gift Card Business in South-eastern Asia



China (Shanghai): Mobile-phone Business

- Operating Seven China Unicom Shops





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.



Mobile-phone Business

- Upgrading & expanding carrier shops to decrease waiting time and further improve customer satisfaction



- Investment in staff education & training to strengthen sales force as well as sales skill



- Open up more accessory shops aggressively

Solution Business

- Early launch of “TG Hikari”, Hikari access service for corporate clients



- Investment in further expansion of our solution service

Settlement Service & Other Business

- Investment in system associated with development of sales channel
- Research to consider expansion of Gift Cards Business in south-eastern Asia



Get ahead of change of the business environment and expand proactive & strategic investment



Consolidated Forecasts for FY ending March 2017

18

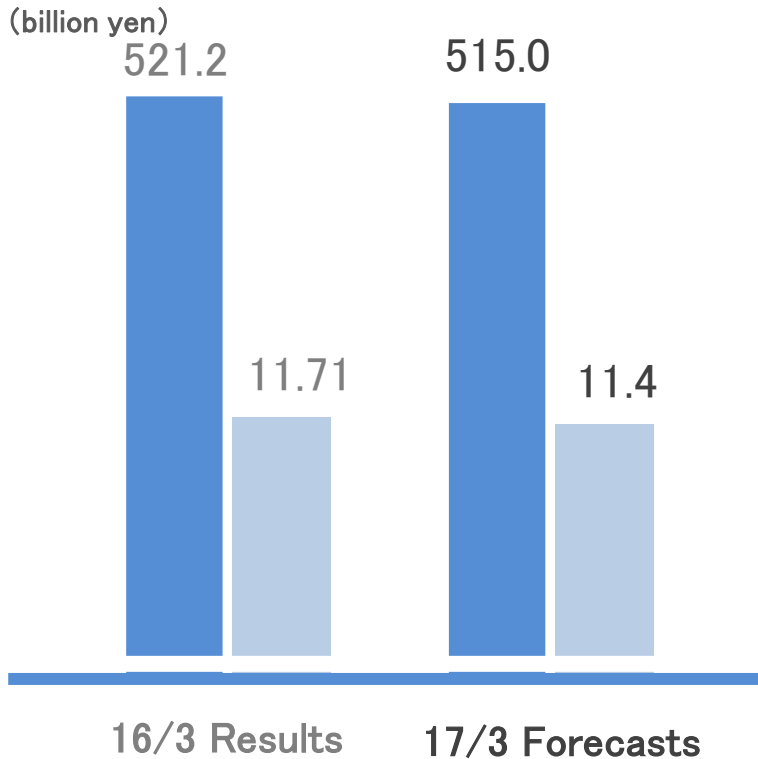
(Unit: billion yen)	16/3 Full-year Results	17/3 Full-year Forecasts	Year-on-Year basis (%)	
Net Sales	620.07	616.0	▲4.07	99.3%
Gross Margin	63.38	64.85	1.47	102.3%
SGA Expense	47.71	49.85	2.14	104.5%
Operating Income	15.66	15.0	▲0.66	95.7%
Ordinary Income	15.62	14.95	▲0.67	95.7%
Net Income Attributable to Shareholders of the Parent Company	9.49	9.7	0.21	102.1%
Mobile-phone Sales Unit (million units)	4.69	4.54	▲0.15	96.8%



Mobile-phone Business Segment Forecasts

Full-year Forecasts

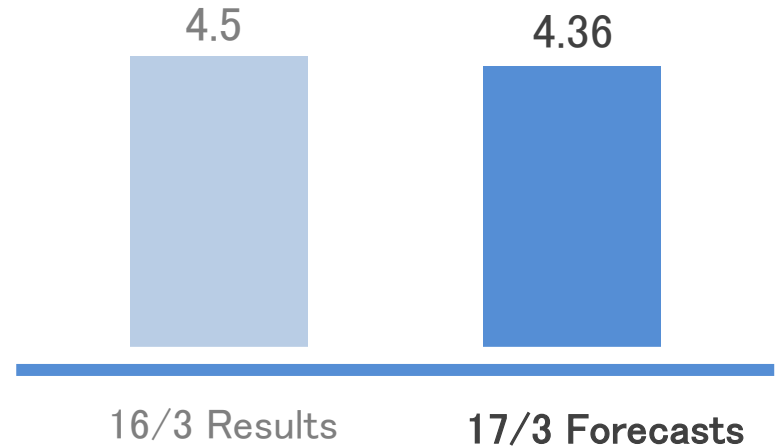
■ Net Sales ■ Operating Income



- Strengthen sales of smartphone related products such as accessory & contents to enrich smart-life of customers
- Offer diversified products & services including optical fibers, electric power, etc. according to lifestyle of customers
- Enhance investment in human resource to improve sales force

Unit Sales Forecasts

(million units)



※ Including Wi-Fi models & MVNO-related Products



Strategic Investment ①

au Shop Nagayo

(in Nagasaki Pref.)

July 27: Opened Large-scale Carrier Shop



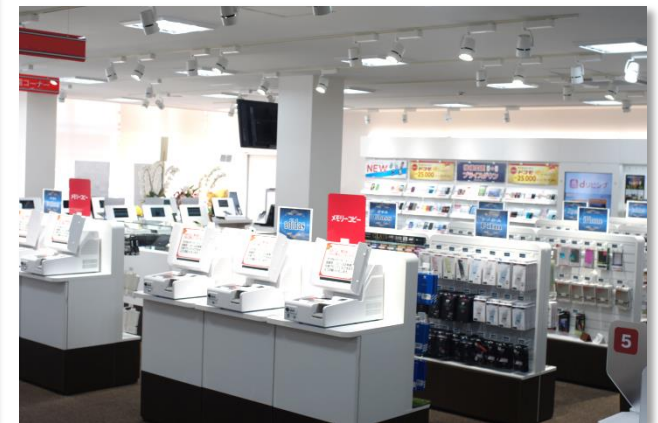


Strategic Investment ②

docomo Shop Ebina Nishiguchi

(In Kanagawa Pref.)

July 29: Opened one of the Largest Carrier Shops in Kanagawa Pref.





Entrance into MVNO Business

Rakuten Mobile Shop

- July 21: Opened Rakuten Mobile Ikebukuro Sunshine Dori in Tokyo
- August 4: Opened Rakuten Mobile Hiroshima Yume Town in Hiroshima Pref.



(Outlook)

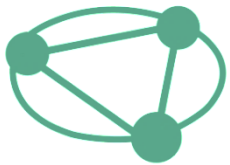
Opening of New Rakuten Mobile Shops



Staff Education & Training



Continue proactive investment in human resources by utilizing Career Design Academy, our consolidated subsidiary

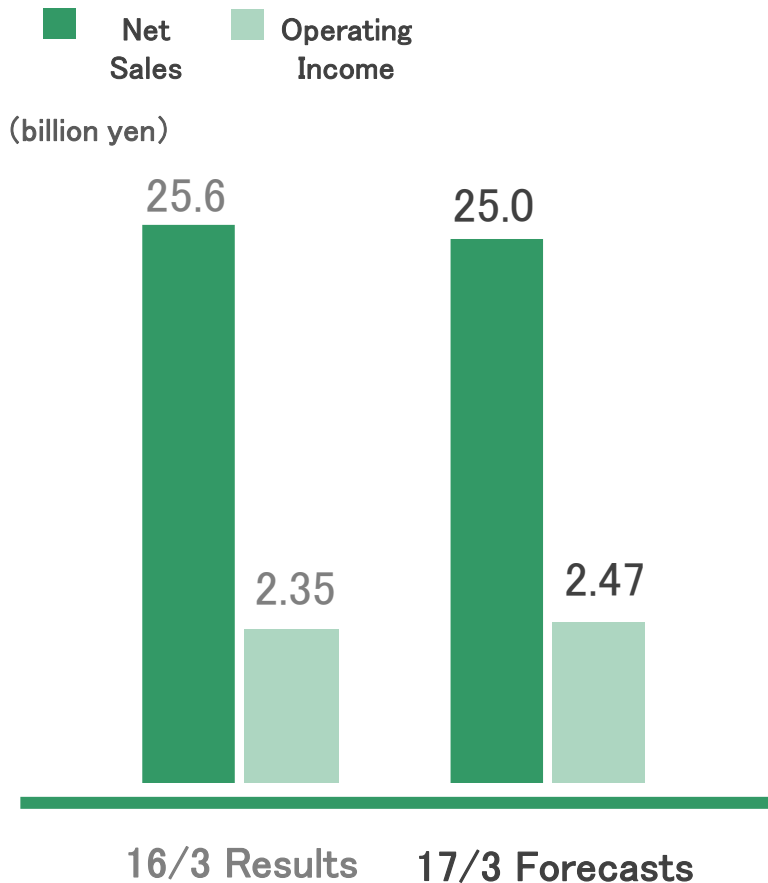


Enterprise Solution Business Segment

Forecasts

24

Full-year Forecasts



Mobile-phone Business for Corporate Clients

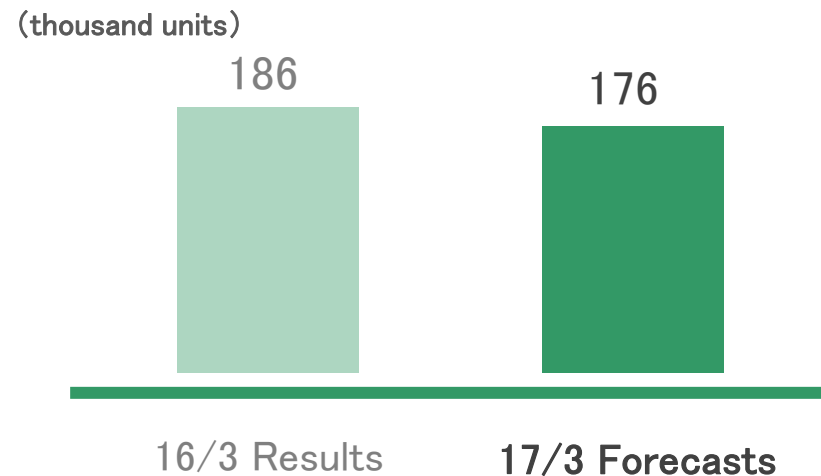
- Offer comprehensive solution services optimized to corporate clients' needs to support them in introducing & utilizing smart devices
- Strengthen tablet solution business in the education industry

Fixed-line Business

- Promote "TG Hikari" related business



Unit Sales Forecasts





Development of Enterprise Solution Business for Specific Industry

25

Action Plan for Education Industry

Acquired a 40% stake in SRJ Co., Ltd. (under “With us” group) as of March 31, 2016



Provision of Tablet & Support Service



Provision of Educational Service including mgmt. of cram schools

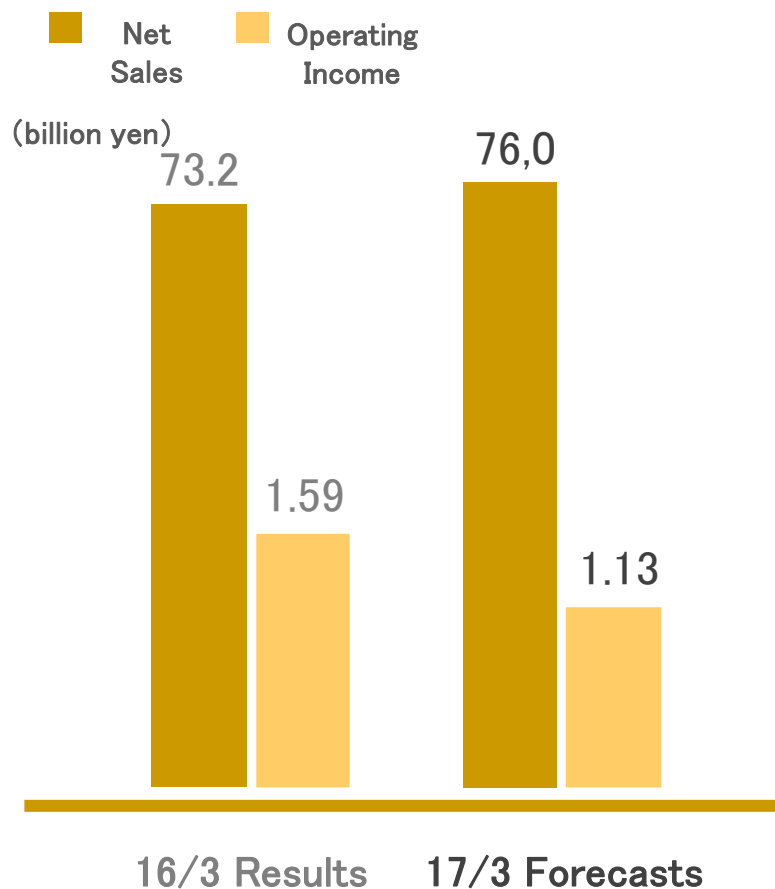
- Jointly implement sales & marketing activities mainly intended for private schools
- Package tablet, communication lines, educational contents and monitoring service
- Cover from consulting before introduction of tablets to post-sale service



Offer One-stop Solution Service for Specific Industry

Settlement Service & Other Business Segment Forecasts

Full-year Forecasts



Settlement Service

- Broaden both product lineups & sales channel based on the growing demand for Gift Cards to expand sales
- Implement aggressive sales activities

Overseas Business

Mobile-phone Distribution Business in Shanghai

- Promote efficiency in shop management
- Explore new income source in cooperation with headquarters in Tokyo

Settlement Service in Singapore

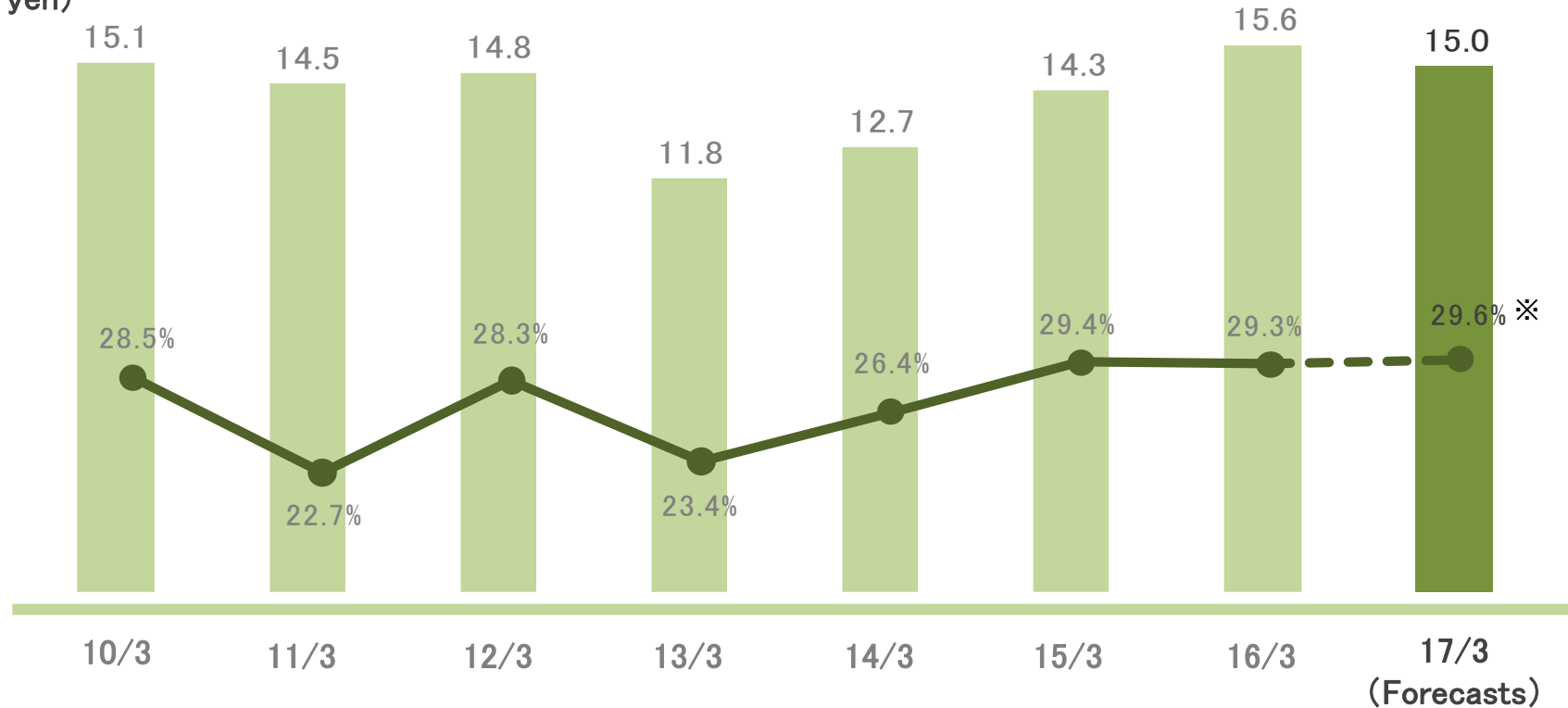
- Expanded product lineups as well as sales channels to increase sales of Gift Card
- Consider expansion of Gift Card Business in south-eastern Asia



Transition of ROE & Operating Income

■ Operating Income ● ROE (Return on Equity)

(billion yen)



Maintain high level of ROE



Return to Shareholders :Dividend Policy

Return to Shareholders in FY ending March 2017

- April 2016: Acquired own stock of 13,045,400 shares equivalent to 12,771 million yen
- Annual Dividend: 52 yen/share (Interim : 26 yen/share & Yearend : 26 yen/share)

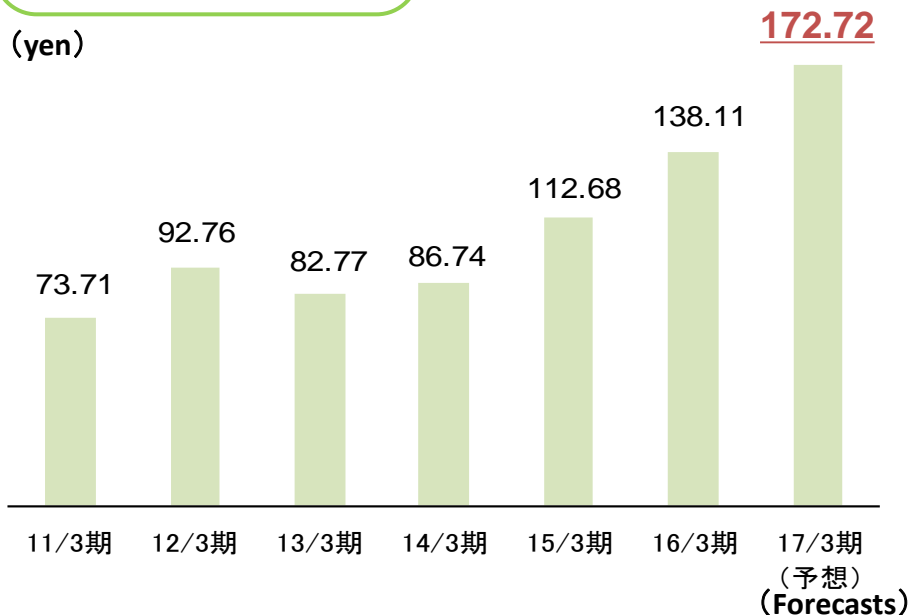
Forecast Dividend Increase of 9 yen / share (Dividend increase for third consecutive year)

Basic Dividend Policy

Targeting & Maintaining Dividend Payout Ratio over 30% Level

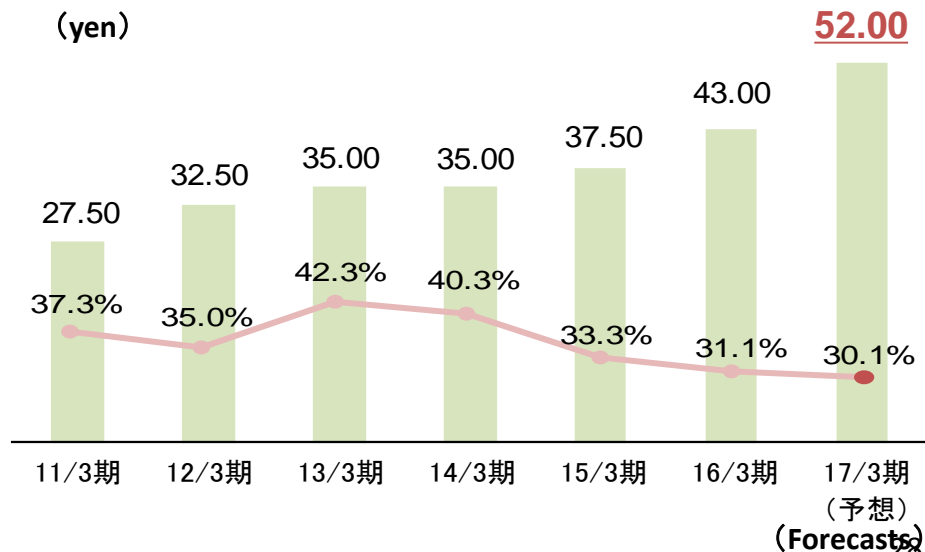
Net Income per share

(yen)



Dividend per share & payout ratio

Dividend per share (yen) Payout ratio (%)



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.

National Association of Mobile-phone Distributors



NAMD 一般社団法人 全国携帯電話販売代理店協会

National Association of Mobile-phone Distributors

- Date of Establishment : December 15, 2014
- Location : 4-4-7, Ebisu, Shibuya-ku, Tokyo
- Chairman : Tetsuro Takeoka (Corporate Adviser of T-Gaia Corp.)

Realize Safe & Secure Environment in Utilizing ICT Service

129 Companies with Membership &
Approx. 84% of Carrier Shops have already joined