



# Presentation of Financial Results for the Nine Months Ended December 31, 2015

February 9, 2016



## PC DEPOT CORPORATION

Securities Code: 7618



# Highlights for the Financial Results for the Nine Months Ended December 31, 2015



Net sales: **38,201 million yen** (Up 0.4% YoY)  
 (Existing stores: Down 1.6% YoY)

Special factor: There was last-minute demand due to the termination of support for Windows XP in the 1Q of FY2014, the previous fiscal year.

## 1. Posted a record income

Operating income: **3,051 million yen** (Up 25.2% YoY)  
 Ordinary income: **3,076 million yen** (Up 21.7% YoY)  
 Net income belonging to parent company shareholders **2,109 million yen** (Up 34.3% YoY)

## 2. Continued introduction of new-type outlets (SLP concept)

Sales from solution services  
**Up 25.9% YoY**

## 3. Membership cloud services, FVNO (sales of fiber-optic network services)

Aggressive promotion

# PL (Consolidated)



Factors for higher income: Strong performance of solution services (SLP concept)

Million yen, %	3Q of FY2014		3Q of FY2015	
	Results	YoY changes	Results	YoY changes
Net sales	38,048	99.6	38,201	100.4
Products	22,516	89.4	19,000	84.4
Solution services	14,434	122.3	18,168	125.9
Internet-related business (Subsidiaries)	989	92.0	945	95.6
Gross profit	14,664	110.0	16,262	110.9
Selling, general, and administrative expenses	12,226	104.9	13,210	108.0
Operating income	2,437	145.9	3,051	125.2
Ordinary income	2,528	143.8	3,076	121.7
Net income belonging to parent company shareholders	1,570	140.2	2,109	134.3

# BS (Consolidated)



## Services-related accounts receivable increased

Million yen	As of March 31, 2015	As of December 31, 2015	Changes
Total current assets	19,920	26,886	6,966
Accounts receivable	9,906	13,006	3,100
Inventories	6,548	8,287	1,739
Total non-current assets	9,336	9,527	191
Property, plants and equipment	5,013	5,028	15
Intangible assets	787	826	39
Investments and other assets	3,535	3,671	136
<b>Total assets</b>	<b>29,257</b>	<b>36,414</b>	<b>7,157</b>
Total current liabilities	11,647	13,954	2,307
Total non-current liabilities	2,428	1,552	(876)
<b>Total liabilities</b>	<b>14,075</b>	<b>15,507</b>	<b>1,432</b>
Total shareholders' equity	15,100	20,814	5,714
<b>Total net assets</b>	<b>15,181</b>	<b>20,906</b>	<b>5,725</b>
<b>Total liabilities and net assets</b>	<b>29,257</b>	<b>36,414</b>	<b>7,157</b>

Accounts receivable increased 2.7 billion yen, reflecting sales of service products (solution hardware for PS members and fiber-optic network services users), including the Premium Service (maintenance services provided on a monthly membership fee basis).

Capital stock and capital surplus grew a combined total of 3.9 billion yen due to a capital increase through a public offering of shares in the Company.

# Sales by Product



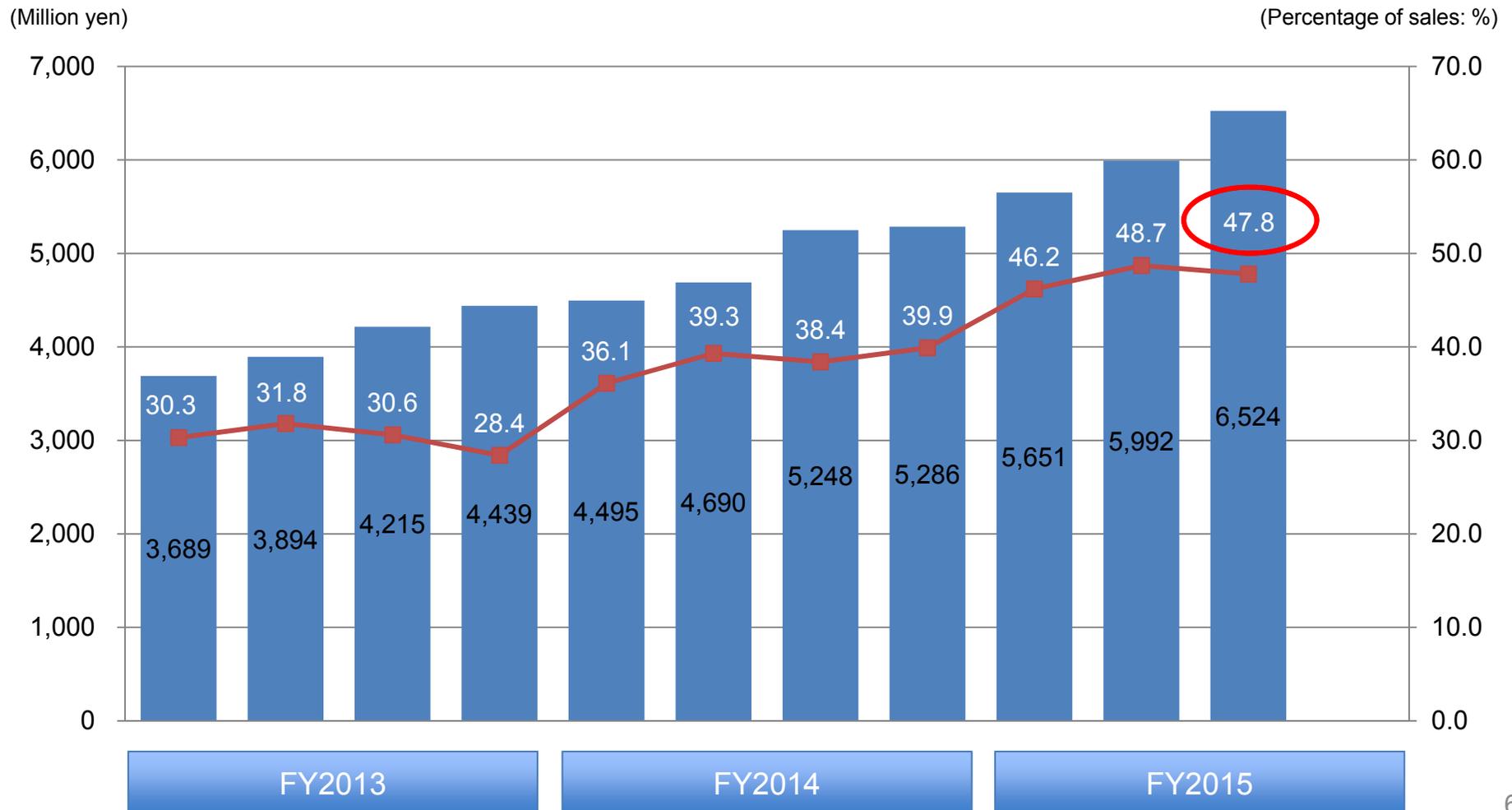
## Continuing introduction of new-type outlets

Million yen, %	3Q of FY2014		3Q of FY2015		YoY changes	Details
Total net sales	38,048	100.0	38,201	100.0	100.4	
Hardware	17,251	45.3	14,013	36.7	81.2	
(PCs)	7,092	18.6	4,484	11.7	63.2	Sales volume ↓
(Peripherals)	5,891	15.5	5,144	13.5	87.3	Price and sales volume ↓
Software and accessories	3,337	8.8	2,960	7.7	88.7	
Previously owned products	1,927	5.1	2,027	5.3	105.2	Sales volume ↑
Total product sales	22,516	59.2	19,000	49.7	84.4	
Services (including the Internet-related business)	15,532	40.8	19,200	50.3	123.6	Solution services ↑ Others ↓ Internet-related business ↓

# Sales of Solution Services (SLP concept)



Percentage of sales: 47.8%



# Premise Comparison



## Sales from solution services: Up 25.9% YoY

	FY2015					FY2014
	Full-year forecast	1Q results	2Q results	3Q results	3Q total	Full-year results
Sales for existing stores for the previous fiscal year	100.0%	97.2%	99.7%	99.3%	98.4%	96.1%*1
Sales from solution services (SLP concept) for the previous fiscal year	125%	125.7%	127.8%	124.3%	125.9%	121.4%
Gross profit margin	40.5%	41.3%	43.1%	43.3%	42.6%	38.4%
Capital investments	—	—	—	—	910 million yen	1,590 million yen
Balance of interest-bearing liabilities	—	—	—	—	7,040 million yen	7,760 million yen
Renovation to SLP*2	5–10 stores	1 store	2 stores	1 store	4 stores	10 stores
Opening of new SLP*2	5 stores	0 stores	0 stores	1 store	1 store	1 store
Opening of new PC Clinics	—	—	—	—	—	5 stores

\*1 Special factor: There was last-minute demand due to the termination of support for Windows XP in the 1Q of FY2014, the previous fiscal year.

\*2 SLP = PC DEPOT Smart Life

# Plan for FY2015 Revised



Revised up income forecast to a record level

Million yen, %	Results for FY2014		Forecast for FY2015	
	Results	YoY changes	Forecast	YoY changes
Net sales	<b>51,285</b>	95.3	53,000 → <b>51,850</b>	<b>101.1</b>
Operating income	<b>3,089</b>	133.7	3,750 → <b>3,960</b>	<b>128.2</b>
Ordinary income	<b>3,205</b>	132.9	3,800 → <b>4,000</b>	<b>124.8</b>
Net income belonging to parent company shareholders	<b>1,941</b>	124.9	2,430 → <b>2,650</b>	<b>136.5</b>

\*For details, please see "Notice of Revisions to Earnings Forecast" released on February 9, 2016.

# Management Goals

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PC DEPOT aims to achieve these mid-term goals:

Ratio of ordinary profit to sales:  
10%

ROE:  
15%



## Business Environment for FY2015

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# Topics in FY2015 through the First Half of FY2016 (Plan)



- April** Apple Watch is launched.
- May** Unlocking SIM lock becomes obligatory.
- July** "Windows 10," a new Windows OS, is launched.
- September** The International Consumer Electronics Show is held (IFA, Germany).
- October** New smartphones are launched by various companies.  
Apple TV is launched.  
iPad Pro is launched.
- November** Unlocking of SIM lock of new smartphone terminals that are sold by carriers effectively starts.
- January 2016** The Social Security and Tax Number System starts in Japan.  
The International Consumer Electronics Show is held (CES, the United States).
- February** Selling smartphones at practically 0 yen is discontinued.  
Mobile World Congress (MWC, Barcelona)
- March** World's largest computer exhibition (CeBIT, Germany)  
World's largest jewelry and watch show (BASEL WORLD, Switzerland)
- April** Electricity retailing business is to be fully deregulated.
- June** One of the world's biggest game exhibitions is to be held (E3 in Los Angeles).



1

PCs Declining  
Tablets Declining  
Smartphones Declining

In sum,  
the industry will face



Smart devices and IoT related devices  
Promising products are launched.

PCs	YoY decrease of a 10% level
Smart devices	YoY decrease of a 10% level
IoT related devices	YoY increase of a 200% level
Peripherals and accessories	YoY decrease of a 10% level

2

Increasing popularity  
of FVNO (fixed)  
Speeding up of  
telecommunication



- Fiber-optical network services with FVNO: Commencing from 2015
- Cloud services: Commencing in February 2015
- Device management system: Commencing in March 2015

A cloud environment is established.

3

Commencing the promotion  
of IoT related devices in  
various sectors

Launches of low-priced new SIM and  
smartphone models

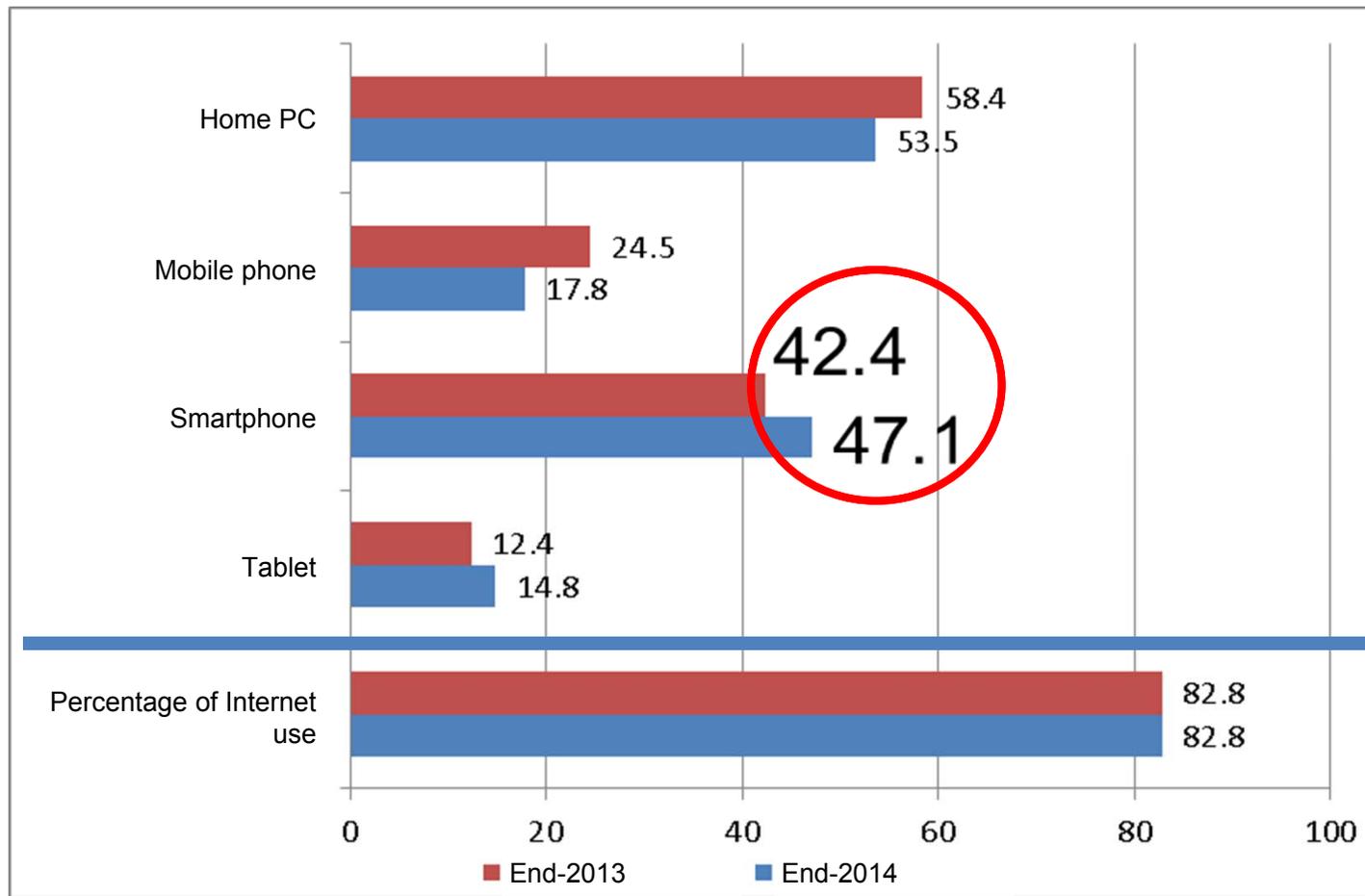


Customers show strong interest.  
Support needs are unknown.

# State of Internet Use by IT device



## Increase in Internet use through smartphones



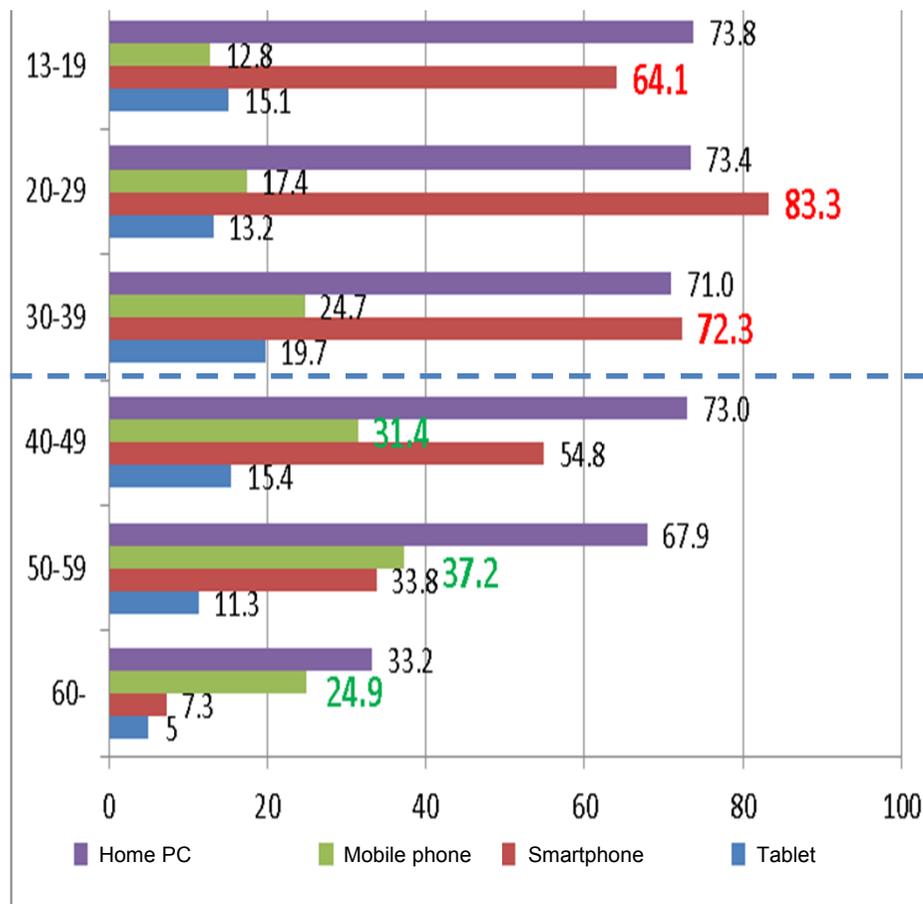
Source: Ministry of Internal Affairs and Communications, "Communications Usage Trend Survey in 2014"

# Status of Internet Use by age group and IT device

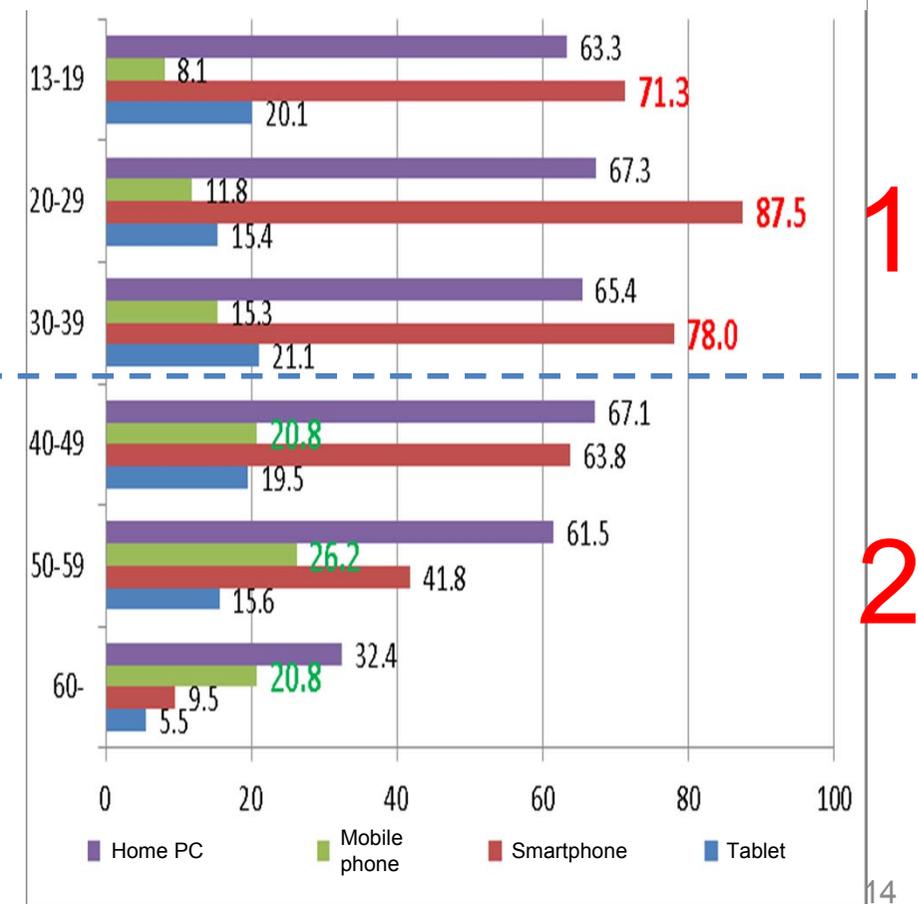


1. Internet use through smartphones was ranked no. 1 for users up to 40 years old
  2. Internet use through mobile phones declined for users 40 years old or older
- Switch to smartphones

## 2013



## 2014

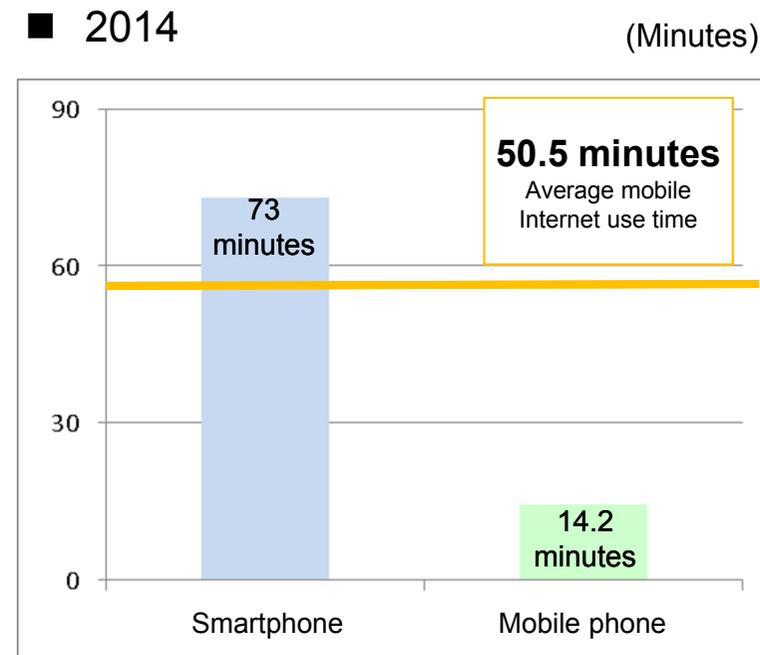
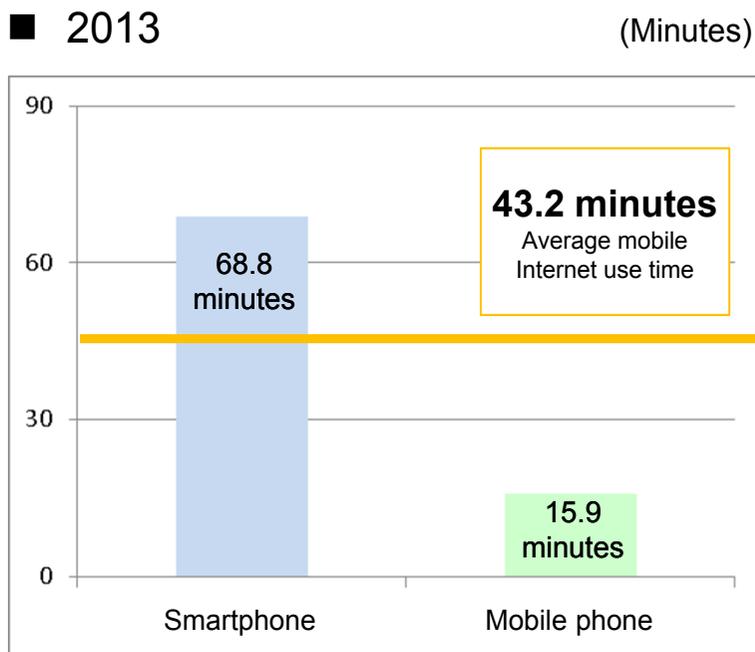


Source: Ministry of Internal Affairs and Communications, "Communications Usage Trend Survey in 2014"

# Status of Internet Use Time spent on mobile use



The amount of time per day spent on mobile use of the Internet grew



Source: Ministry of Internal Affairs and Communications, "2014 Survey on Time Spent for Information and Communication Media and Information Behaviors"



## Initiatives for FY2015

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# Key Policies for FY2015 [Promotion of SLP Concept]

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**From a computer superstore to a smart life store**

## **Shifting from the SLP to IoT stages**

**Going forward, continue catering to a growing number of users who "experience trouble" and who "are in trouble"**

Through promoting the SLP concept

"Merits for both customers and PC DEPOT extend over a long period."

Focusing on the "stock-type" rather than the "flow-type"

1. Enhancement of profitability and stability
2. Increases in the frequency and length of contact with customers
3. Revitalizing existing members

# Sales Policies

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- 1. Promote solution services that combine hardware, FVNO, MVNO, contents, customer services and others products.**

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- 2. Develop safe and secure service products, such as cloud services and device locks, and promote IoT development.**

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- 3. Continue to engage in sales of IoT devices and provide support.**

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- 4. Open new PC DEPOT Smart Life Ver. 0/Ver. 1/Ver. 2 stores and renovate existing ones.**

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- 5. Secure the intellectual property of independently developed technologies, such as routers, cloud computing and JIMAS.**

# Examples of Solution Services (Smartphones)



Low-priced smartphone models with support service that provides peace of mind (with continued service)

## 安心サポート付 格安スマホ

- 今お使いのケータイから電話帳移行してお渡し
- 店頭使い方サポート  
メールの送り方、写真の撮り方、電話のかけ方をレクチャーします
- 安全・ウイルス対策
- LINE アカウント引継

### ASUS ZenFone 2 Laser

5インチ  
高速LTE  
最大150Mbps  
4GB/月

はじめてでもわかりやすい  
簡単モード画面

- インターネット・メール
  - 通話基本料金
  - 端末使用料金
- 初回 利用代 **¥0** どちらも

月々 (税別) **¥2,990**  
※1・3  
全て設定してお渡します

46E

### ozzio Phone

通信制限無し 最大128Kbps  
インターネット使い放題 重量約145g

- インターネット・メール
- 通話基本料金
- 端末使用料金

初回 利用代 **¥0** どちらも

月々 (税別) **¥1,990**  
※1・2  
全て設定してお渡します

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### FUJITSU arrows M02

5インチ  
高速LTE 最大150Mbps  
4GB/月

モバイルSuica  
Edy・WAON・Ponta  
各種電子マネー 対応

- インターネット・メール
- 通話基本料金
- 端末使用料金

初回 利用代 **¥0** どちらも

月々 (税別) **¥3,990**  
※1・3  
全て設定してお渡します

防水・防塵

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# Examples of Telecommunication and Contents Services (Cloud Services)



Providing various high-capacity cloud services that are required in the IoT age

## ☐ データ自動バックアップ & 手ぶらで店頭復元



iPhone6

### スマートクラウド サービス



本製品は連絡先、iPhoneで撮った写真のデータをワンタッチでバックアップし、いつでもどこでも様々なデバイスからアクセスできるクラウドサービスです。10GBまで無料でご利用いただけます。  
※10GBを超えると月額250円(税別)が掛かります。



設定情報・文書・写真・住所録・音楽などの大切なデータをクラウド上に自動バックアップ。新しいパソコンにお買換えの際も使用中のパソコンをお持ちいただくだけで店頭で新しいパソコンにデータ・設定の再現ができます

# IoT related Services



## IoT related products

Apple TV



Apple Watch



## Premium Service Solutions and Things (Service-inclusive products provided on a monthly membership fee basis)

The screenshot shows a website interface with several callout boxes highlighting specific products and services:

- お持ちのスマホが子機として使用できる** (Your smartphone can be used as a sub-unit): A callout box for a Panasonic KX-PD101DL Personal FAX, noting that it can be used with up to 4 smartphones at home or checked with a smartphone.
- 脈拍計測機能付き 活動量計 EPSON PS500-B** (Pulse measurement function activity meter EPSON PS500-B): A callout box for an EPSON activity meter, mentioning that it can be used with an iPhone and Windows.
- iPhoneで自宅の様子をモニタリング ネットワークカメラ ELECOM NCC-EWNP100WH** (Monitoring home with iPhone network camera ELECOM NCC-EWNP100WH): A callout box for an ELECOM network camera, noting that it can be used with an iPhone and Windows.

The background of the screenshot shows a grid of various electronic products with their prices and status (e.g., '在庫あり' - In stock).

# Store Opening Policies



## Store opening plan for FY2015

Including the opening of stores in central Tokyo

Total of **5** stores → **3** stores (plan)



	March 2015	December 2015
PC DEPOT	36	32
PC DEPOT Smart Life Stores	15	20 (incl. one new store)

# PC DEPOT Smart Life Stores Ver. 2



Continue to open and carry out test operations of stores with the format of a floor area of more than 500 *tsubo* (approx. 1,650 m<sup>2</sup>)

## PC DEPOT Smart Life Inagi-Wakabadai Store (Inagi City, Tokyo)



View of the outside of the store



Smart buy solutions (Quick lecture)



Common space



Dr. Smart (Diagnosis and repair reception counter)

# Opening of the Second PC DEPOT Smart Life Store Ver. 0 in the Central Tokyo Area



## PC DEPOT Smart Life Azabu Juban Store (temporary name)



The first-ever store opening in Minato-ku, Tokyo (scheduled to open in late March)



\*The store drawings are conceptual ones.

# Inquires

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Forecast results included in this document are forecast judged based on information available at the time of the presentation of this document. They reflect a number of uncertainties, and, as a result, actual results may differ materially from these forecasts of operating results or other matters due to various factors. Investors should understand the assumptions as described above, and make any investment decisions based on their own judgment.