



# Presentation of Financial Results for the Year Ended March 2016

May 24, 2016



## PC DEPOT CORPORATION



Securities Code: 7618



# Financial Highlights for the Year Ended March 2016



<b>1. Posted a record income for three consecutive terms</b>	Net sales:	<b>58,784 million yen</b>	(Up 1% YoY)
			(Existing stores: Down 0.8%)
	Operating income:	<b>4,314 million yen</b>	(Up 39.7% YoY)
	Ordinary income:	<b>4,366 million yen</b>	(Up 36.2% YoY)
	Net income belonging to parent company shareholders	<b>2,867 million yen</b>	(Up 47.7% YoY)
<b>2. Continued development of new-type outlets (smart life concept)</b>		<b>Sales from solution services Up 25% YoY</b>	
		<b>Expansion of "new value" Start up of "JUST PRICE FON"</b>	
<b>3. Launch of new-brand original smartphones by an MVNO (the Company)</b>		<b>Expansion of "new value" Start up of "JUST PRICE FON"</b>	

# PL (Consolidated)



Factors for higher income: Strong performance of services  
(smart life concept)

Million yen, %	FY2014		FY2015	
	Results	YoY changes	Results	YoY changes
Net sales	51,285	95.3	51,784	101.0
Products	30,116	83.7	25,761	85.5
Solution services	19,720	121.4	24,644	125.0
Internet-related business (Subsidiaries)	1,310	92.3	1,267	96.7
Gross profit	19,676	106.8	22,147	112.6
Selling, general, and administrative expenses	16,586	102.9	17,832	107.5
Operating income	3,089	133.7	4,314	139.7
Ordinary income	3,205	132.9	4,366	136.2
Net income belonging to parent company shareholders	1,941	124.9	2,867	147.7

# BS (Consolidated)



## Services-related accounts receivable increased

Million yen	As of March 31, 2015	As of March 31, 2016	Changes
Total current assets	19,920	25,652	5,732
Accounts receivable	9,906	13,734	3,828
Inventories	6,548	6,128	(420)
Total non-current assets	9,336	9,622	286
Property, plants and equipment	5,013	5,041	28
Intangible assets	787	804	17
Investments and other assets	3,535	3,776	241
<b>Total assets</b>	<b>29,257</b>	<b>35,275</b>	<b>6,018</b>
Total current liabilities	11,647	12,271	624
Total non-current liabilities	2,428	1,347	(1,081)
<b>Total liabilities</b>	<b>14,075</b>	<b>13,619</b>	<b>(456)</b>
Total shareholders' equity	15,100	21,573	6,473
<b>Total net assets</b>	<b>15,181</b>	<b>21,656</b>	<b>6,505</b>
<b>Total liabilities and net assets</b>	<b>29,257</b>	<b>35,275</b>	<b>6,018</b>

Accounts receivable increased 3.6 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).

Fixed liability decreased by one billion yen due to the repayment of long-term loans.

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



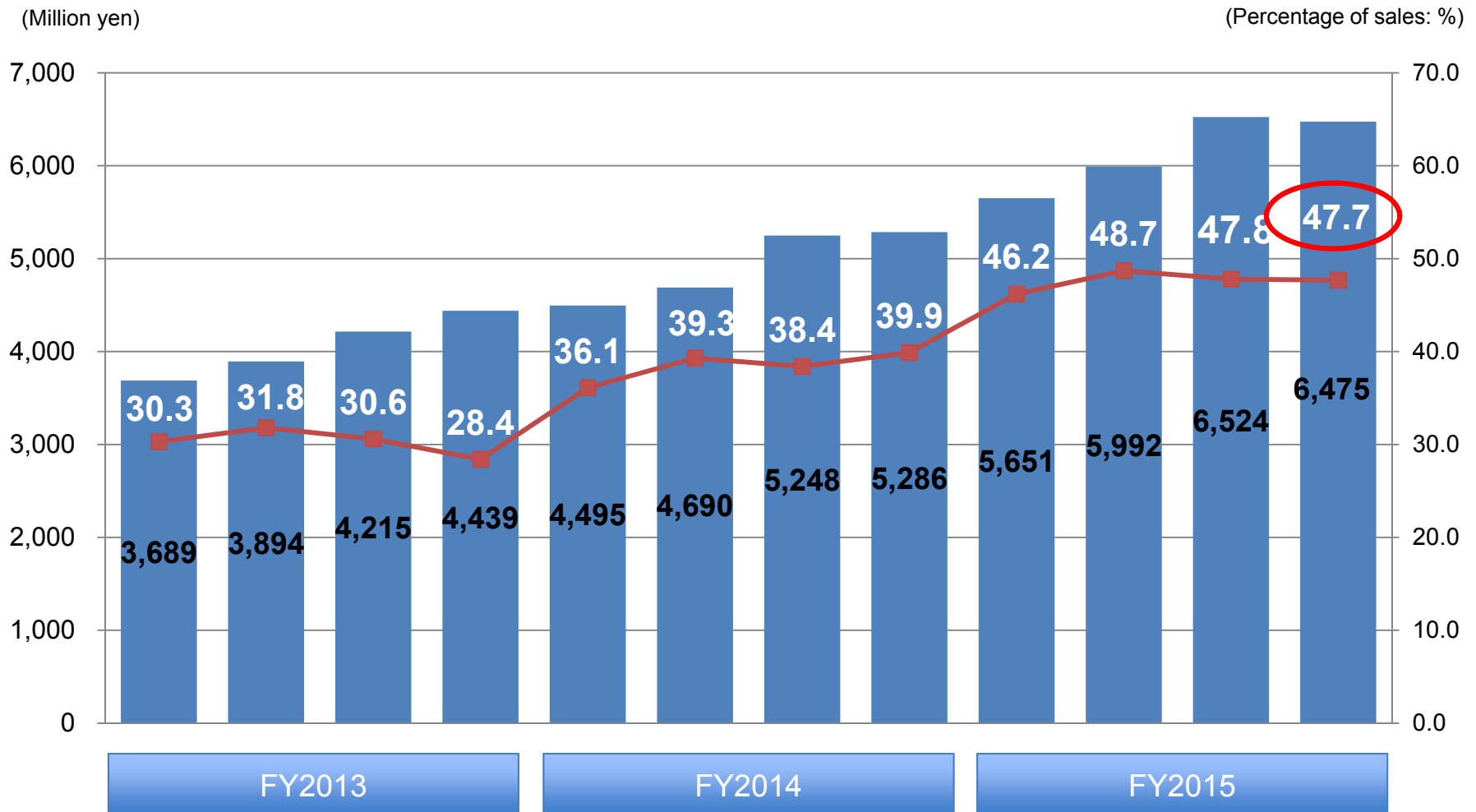
## Continuing to introduce new-type outlets

Million yen, %	FY2014		FY2015		YoY changes	Details
Total net sales	51,285	100.0	51,784	100.0	101.0	
Hardware	23,185	45.2	19,088	36.9	82.3	
(PCs)	9,387	18.3	6,218	12.0	66.2	Sales volume ↓
(Peripherals)	7,889	15.4	6,882	13.3	87.2	Price and sales volume ↓
Software and accessories	4,339	8.5	3,944	7.6	90.9	
Previously owned products	2,592	5.1	2,728	5.3	105.2	Sales volume ↑
Total product sales	30,116	58.7	25,761	49.7	85.5	
Services (including the Internet-related business)	21,168	41.3	26,022	50.3	122.9	Solution services ↑ Others ↓ Internet-related business ↓

# Sales of Solution Services



Percentage of sales: 47.7%



# Premise Comparison



Sales from solution services: Up 25% YoY

	FY2015						FY2014
	Full-year forecast	1Q results	2Q results	3Q results	4Q results	Full-year results	Full-year results
Sales for existing stores for the previous fiscal year	100.0%	97.2%	99.7%	99.3%	101.5%	<b>99.2%</b>	96.1% <sup>*1</sup>
Sales from solution services (SLP concept) for the previous fiscal year	125%	125.7%	127.8%	124.3%	122.5%	<b>125.0%</b>	121.4%
Gross profit margin	40.5%	41.3%	43.1%	43.3%	43.3%	<b>42.8%</b>	38.4%
Capital investments	—	—	—	—	—	<b>1,320 million yen</b>	1,590 million yen
Balance of interest-bearing liabilities	—	—	—	—	—	<b>6,990 million yen</b>	7,760 million yen
Renovation to SLP <sup>*2</sup>	5–10 stores	1 store	2 stores	1 store	3 stores	<b>7 stores</b>	10 stores
Opening of new SLP <sup>*2</sup>	5 stores	0 stores	0 stores	1 store	2 stores	<b>3 stores</b>	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 FY2016



Million yen, %	Results for FY2015		Forecast for FY2016	
	Results	YoY changes	Forecast	YoY changes
Net sales	<b>51,784</b>	101.0	<b>54,000</b>	<b>104.3</b>
Operating income	<b>4,314</b>	139.7	<b>4,920</b>	<b>114.0</b>
Ordinary income	<b>4,366</b>	136.2	<b>5,000</b>	<b>114.5</b>
Net income belonging to parent company shareholders	<b>2,867</b>	147.7	<b>3,370</b>	<b>117.5</b>

- Existing stores (YoY changes) 100.0% (results of the previous term: 99.2%)
- Sales from solution services 118.0% (results of the previous term: 125.0%)
- Gross profit margin 45.4% (results of the previous term: 42.8%)



# Management Goals

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PC DEPOT aims to achieve these mid-term goals:

Ratio of ordinary profit to sales:  
10%

ROE:  
15% or more



## Business Environment for FY2016

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# Topics in FY2016 (Plan)

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- April 2016** Electricity retailing business is to be fully deregulated.
- May** “RoBoHoN” will launch.  
Revision of the Telecommunications Business Act
- June** Announcement of new Apple products  
One of the world's biggest game exhibitions is to be held (E3 in Los Angeles).
- July** Termination of Windows 10 free upgrade
- September** The International Consumer Electronics Show is held (IFA, Germany).
- October** Sony Play Station VR will launch.
- Autumn** Apple may launch new iPhones.
- Second half of 2016** Google Home is scheduled to launch.
- January 2017** The International Consumer Electronics Show is held (CES, the United States).
- February** Mobile World Congress (MWC, Barcelona)
- March** World's largest computer exhibition (CeBIT, Germany)
- April** Termination of support for Windows VISTA

# Market Environment

## First Half of FY2016 Forecast of PC DEPOT



1

PCs Declining  
Tablets Declining  
Smartphones Declining

In sum,  
the industry will face



Smart devices and IoT related devices  
Launch of promising products is undecided.

PCs	YoY decrease of a 10% level
Smart devices	YoY decrease of a 10% level
Peripherals and accessories	YoY decrease of a 10% level

2

New product launch such as inexpensive SIM cards and low-priced smartphones



Release of original brand  
“JUST PRICE FON”

Customers show strong interest.

3

Windows 10 free upgrade  
Termination of support for Windows VISTA  
Strong customer needs for support

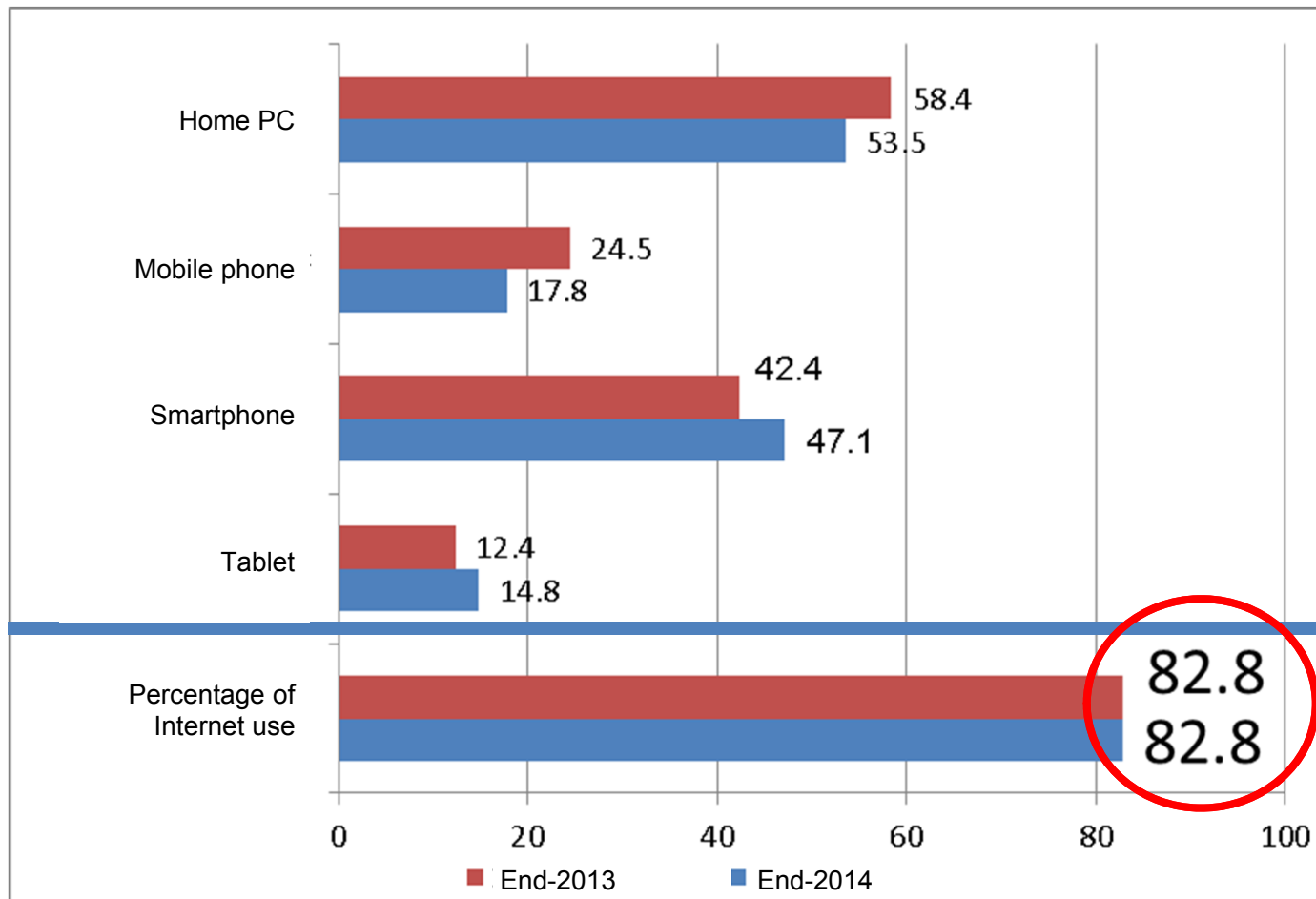


Improvement in volume and quality of support  
Manifestation of needs

# State of Internet Use by IT device



Percentage of Internet use remains on the same level.



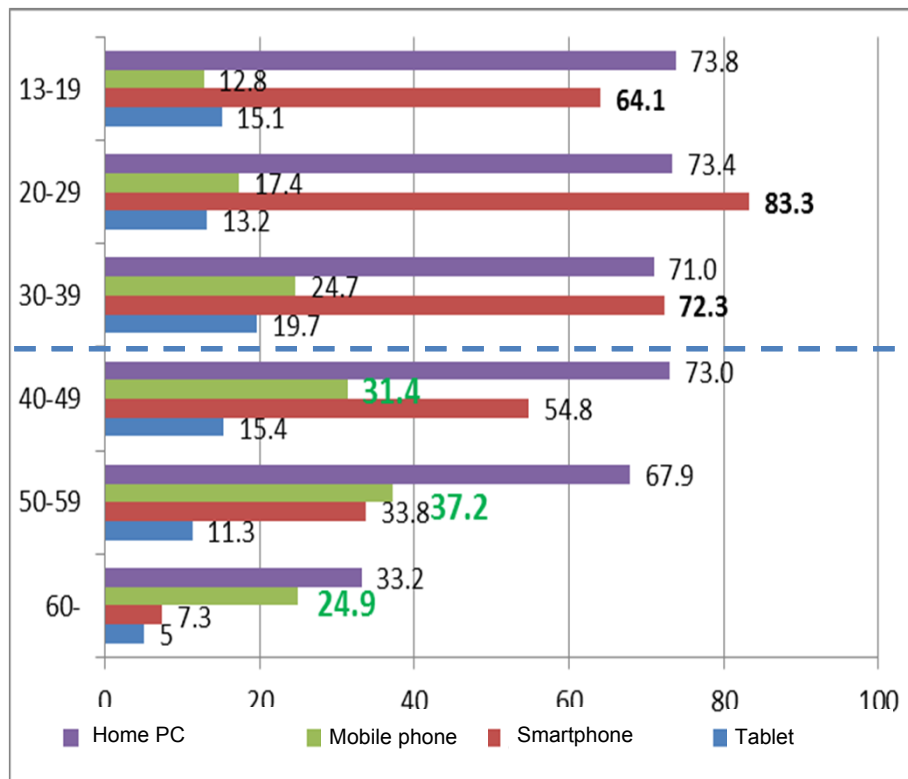
Source: Ministry of Internal Affairs and Communications, "Communications Usage Trend Survey in 2014"

# Status of Internet Use by age group and IT device

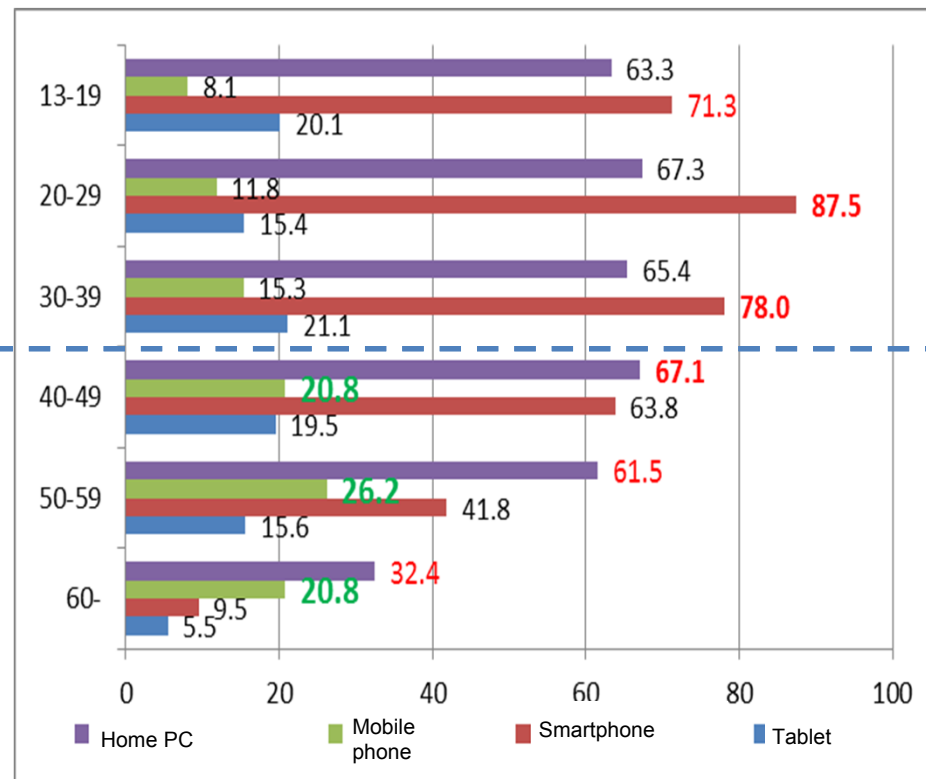


- Large proportion of users 40 years old or older use PCs.
- Users up to 40 years old increasingly switch to smartphones from mobile phones for Internet use.

## ■ 2013



## ■ 2014

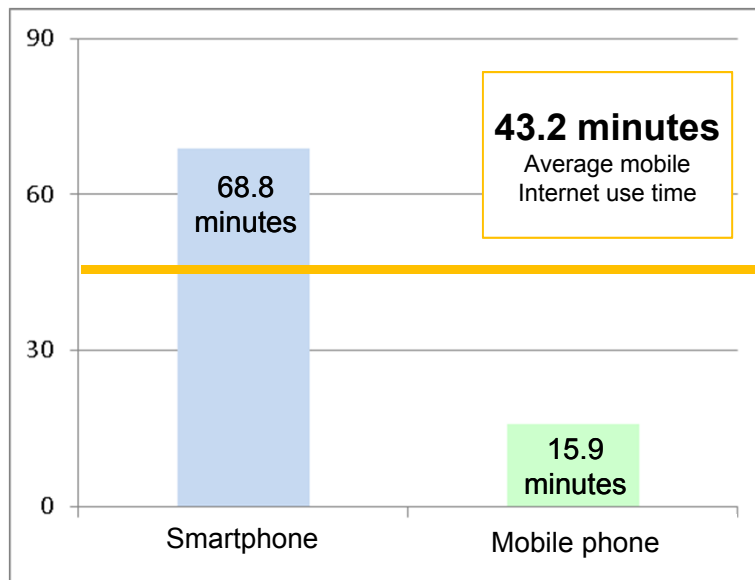


# Status of Internet Use Time spent on mobile use

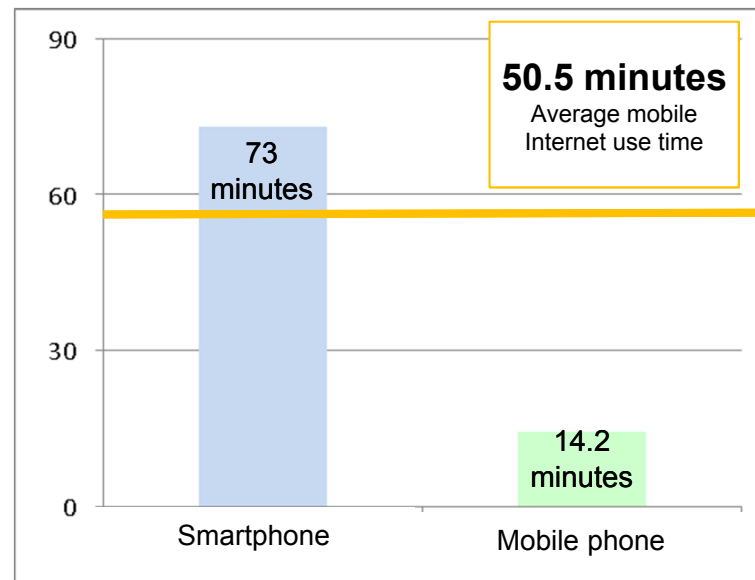


**The amount of time per day spent on mobile use of the Internet grew**

■ 2013 (Minutes)



■ 2014 (Minutes)



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



## Initiatives for FY2016

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# Key Policies for FY2016

## [Continued Promotion of Smart Life Concept]

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

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

Through promoting the smart life concept

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

Promoting the shift to the "stock-type"

1. Enhancement of profitability and stability
2. Increases in the frequency and length of contact with customers
3. Expanding "customer merits" for existing members

# Sales Policies

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- 1. Launch new brand "JUST PRICE FON" that combines hardware, MVNO, 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.**  
.....
- 3. Promote technical development for responding to the increase in customer needs due to the termination of support for Windows VISTA.**  
.....
- 4. Open new PC DEPOT Smart Life Ver. 0/Ver. 1 stores and renovate existing ones. A Ver. 2 store continues to be in test operation.**  
.....
- 5. Develop unique technologies and secure intellectual property for routers and cloud computing.**

# Launch New-brand Original Smartphones by an MVNO



Expand "new value" / launch "JUST PRICE FON"



## PC DEPOT オリジナル 格安スマホ新発売



**安心 業界トップクラス**  
JUST PRICE FON 全機種 継続サポート

- 電話番号そのまま
- ウィルスと安全対策
- 店舗使い方継続サポート
- トラブル復旧サポート
- LINEサポート

<b>ASUS Zenfone Go</b> 5.5インチ 高画TE 4GB/月 初回 利用料 ¥0 本体利用料 ¥0 月々 ¥2,990	<b>Apple iPhone 5S</b> 4インチ 高画TE 4GB/月 初回 利用料 ¥0 本体利用料 ¥0 月々 ¥2,990	<b>FUJITSU</b> 5インチ 高画TE 4GB/月 初回 利用料 ¥0 本体利用料 ¥0 月々 ¥3,990	
<b>docomo Phone</b> 5インチ 128Kbps データ容量 制限なし 初回 利用料 ¥0 本体利用料 ¥0 月々 ¥1,990	<b>MUSASHI</b> 4インチ 高画TE 4GB/月 初回 利用料 ¥0 本体利用料 ¥0 月々 ¥2,990	<b>VAIO Phone Biz</b> 5.5インチ 高画TE 4GB/月 初回 利用料 ¥0 本体利用料 ¥0 月々 ¥3,990	<b>HUAWEI PB max</b> 6.8インチ 高画TE 10GB/月 初回 利用料 ¥0 本体利用料 ¥0 月々 ¥4,990

**サポート店 全国126拠点**

全国の各店舗で 取扱い

都道府県	支店名	住所	電話番号
東京都	池袋店	東京都豊島区池袋	03-5561-1111
	有明店	東京都江東区有明	03-5561-1111
	目黒店	東京都目黒区目黒	03-5561-1111
	目黒店	東京都目黒区目黒	03-5561-1111
神奈川県	横浜店	神奈川県横浜市中区	045-5561-1111
	横浜店	神奈川県横浜市中区	045-5561-1111
	横浜店	神奈川県横浜市中区	045-5561-1111
	横浜店	神奈川県横浜市中区	045-5561-1111

# Launch New-brand Original Smartphones by an MVNO



Expand "new value" / Launch "JUST PRICE FON"



# Develop Safe and Secure Service Products, and Promote IoT Development



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



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。

## ☐ データ自動バックアップ & 手ぶらで店頭復元



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ずに店頭で新しいパソコンにデータ・設定の再現ができます

# Enhance Support and Promote Technical Development



**Support relating to Windows**  
(termination of Windows 10 free upgrade,  
termination of support for Windows VISTA,  
etc.)

**System investment for supporting engineers**

**Windows 10**  
アップグレード



Windows 10 無料ダウンロード  
2016年7月29日まで

**無料相談実施中**

※店頭クリニック・ドクタースマートカウンターにてお申し込みください。  
※症状の改善には、別途設定料・修理料金がかかります。  
※終了期日間際はサーバーが大変込み合い無料ダウンロードがご利用いただけません場合がございます。  
前もってお持ちいただくようお願いいたします。



# Enhance Support and Promote Technical Development



Engineers and technology underlying solution services



# Plans for Store Openings and Renovation

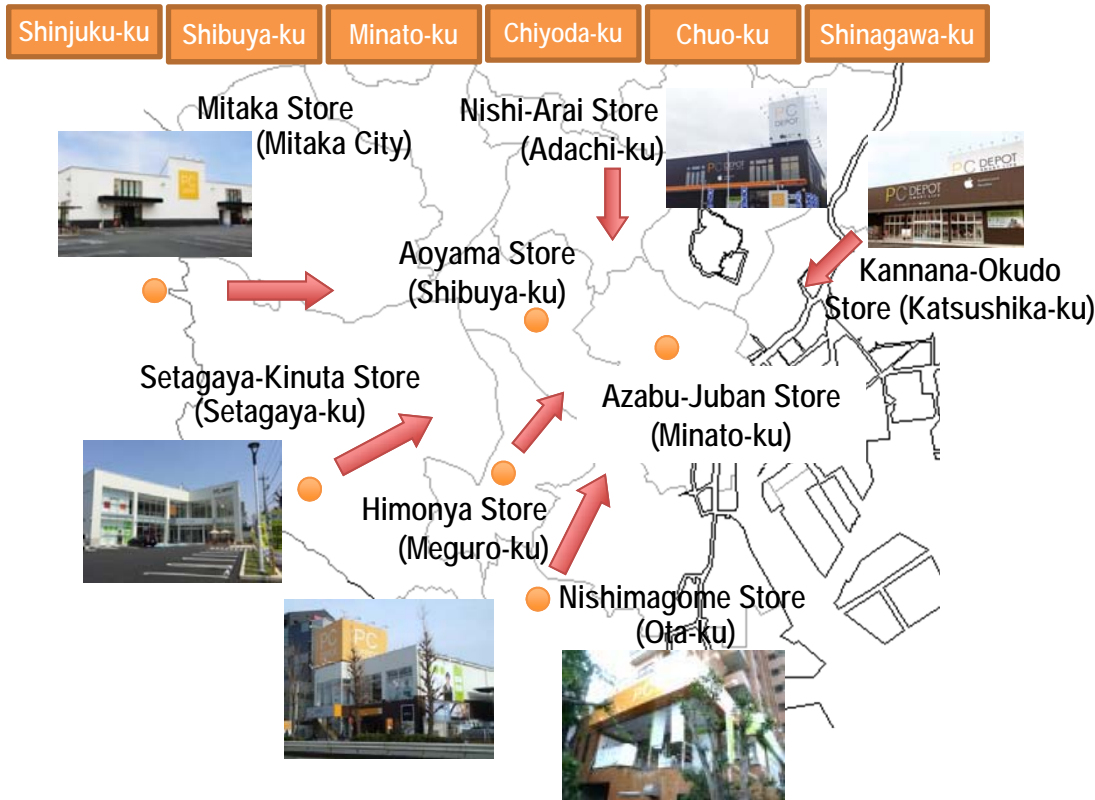


## Plans for store openings and renovation for the year ending March 2017

[Store openings] Including the opening of stores in central Tokyo  
**Total of 4 stores**

[Renovation] 5–7 stores

<Target area for store openings>



Store Format	Operational Status
Ver. 0	In stable operation
Ver. 1	In stable operation
Ver. 2	In test operation

Store openings in 3 store formats



# PC DEPOT Smart Life Stores Ver.0.0



## PC DEPOT Smart Life Azabu Juban Store



# PC DEPOT Smart Life Store Ver.2.0



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)



# Develop Unique Technologies and Secure Intellectual Property



## Knowledge & Patent Strategy



# Inquires

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