

# KOMEHYO

## Earnings Results Briefing for the First Six Months of the Fiscal Year Ending March 31, 2017

November 14, 2016

**KOMEHYO Co., Ltd.**

Securities code: 2780 (Second Section, Tokyo and Nagoya Stock Exchanges)

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**Note:**

This document is an English translation of a document prepared in Japanese.

Statements in this document that are not historical facts; statements concerning current plans, forecasts, strategies, and opinions of KOMEHYO Co., Ltd. are forward-looking statements subject to various risks and uncertainties.

These statements are prepared based on assumptions of the management of KOMEHYO Co., Ltd. using currently available information.

Actual results may differ significantly from forecasts due to a variety of factors; therefore, investors should not place undue reliance upon them.

In addition, this document is not intended to solicit investments. Investors should make investment decisions at their own discretion.

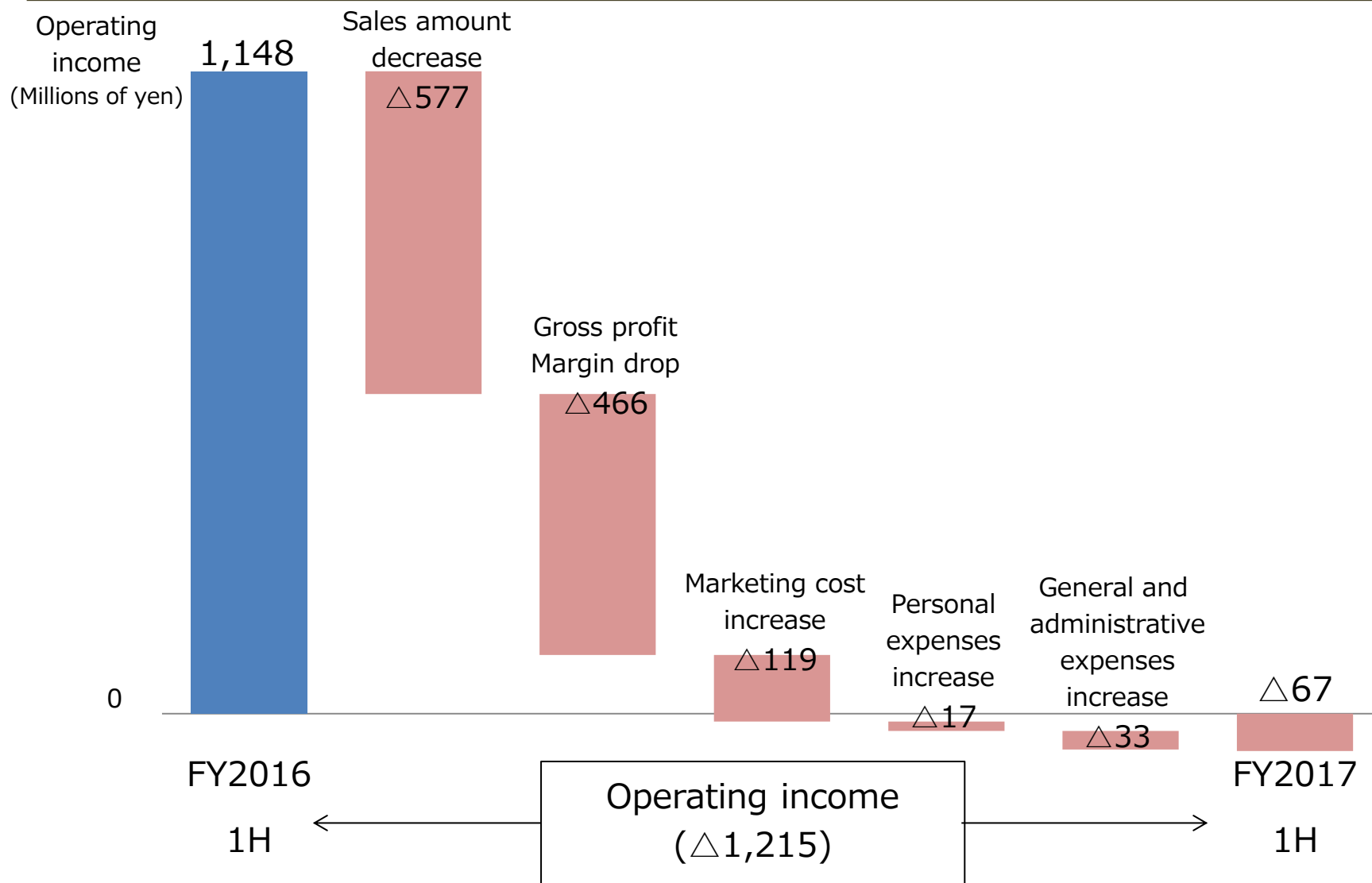
# Overview of Income Statement ( Consolidated )

<b>Consolidated</b> (Millions of yen)	FY2017 1Q	YoY	FY2017 2Q	YoY	FY2017 1H	YoY
Net sales	9,153	88.2%	9,815	92.9%	18,969	90.6%
Gross profit	2,539	79.8%	2,565	86.4%	5,104	83.0%
Gross profit margin	27.7%	△3.0pt	26.1%	△2.0pt	26.9%	△2.5pt
SG&A expenses	2,595	104.3%	2,576	102.6%	5,172	103.4%
Operating income	△55	—	△11	—	△67	—
Ordinary income	△68	—	△19	—	△88	—
Net income attributable to owners of parent	△58	—	30	9.6%	△28	—

# Overview of Income Statement ( Non-consolidated )

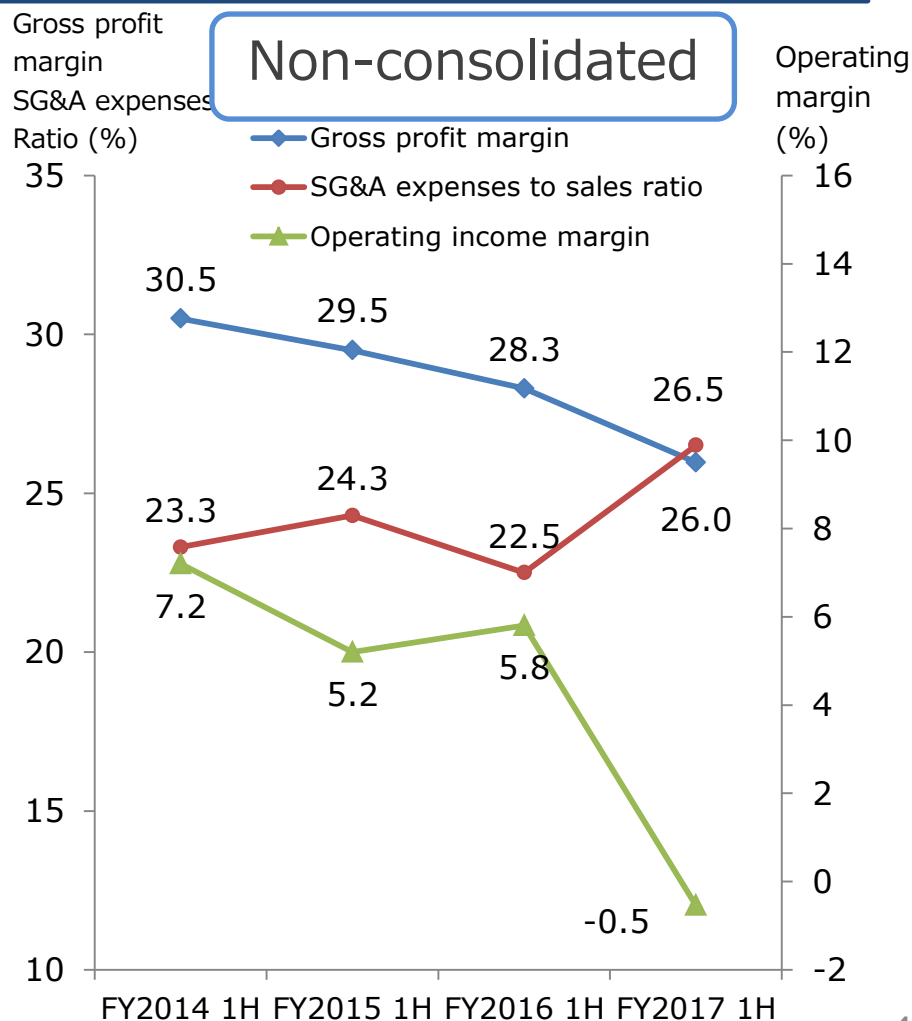
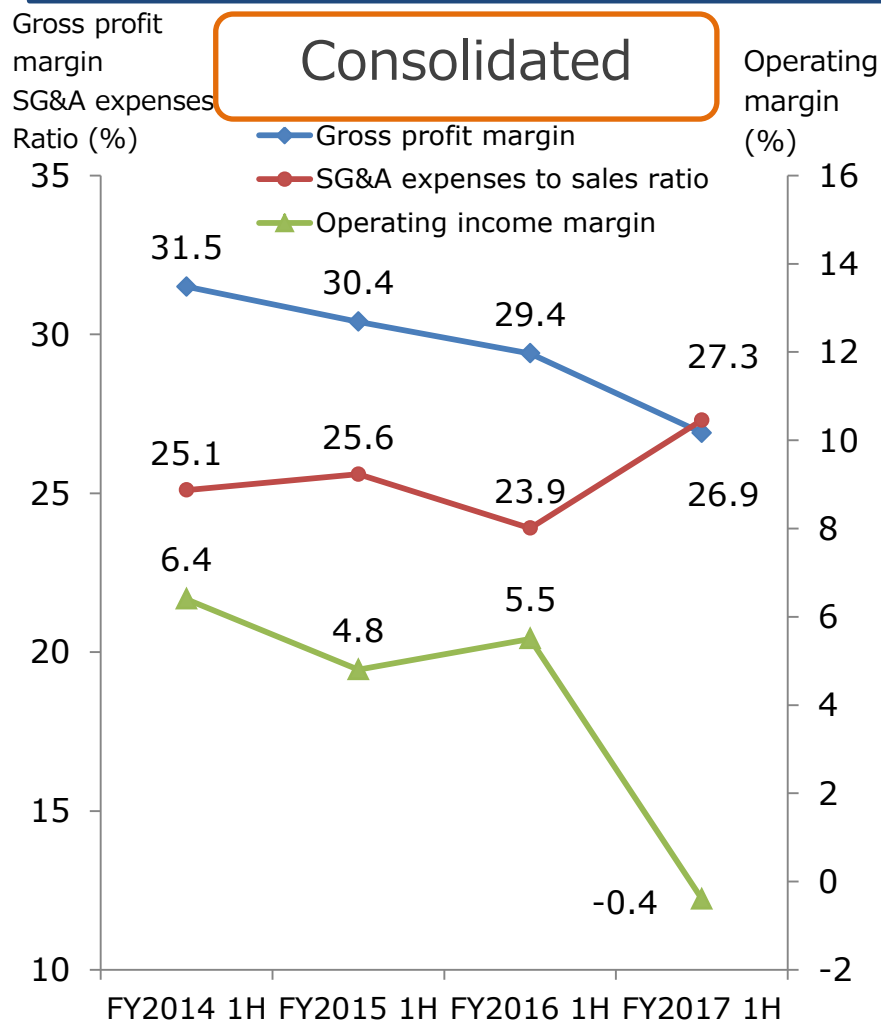
Non-consolidated (Millions of yen)	FY2017 1Q	YoY	FY2017 2Q	YoY	FY2017 1H	YoY
Net sales	8,052	86.9%	8,835	92.5%	16,888	89.7%
Gross profit	2,154	78.2%	2,230	86.8%	4,385	82.3%
Gross profit margin	26.8%	△2.9pt	25.2%	△1.7pt	26.0%	△2.3pt
SG&A expenses	2,225	105.9%	2,251	105.5%	4,477	105.7%
Operating income	△70	—	△21	—	△92	—
Ordinary income	△77	—	△31	—	△109	—
Net income	△57	—	24	8.4%	△33	—

# Operating income decrease factor ( Consolidated )



# Profit Margin Trend

Gross profit margin decrease, SG&A expenses to sales ratio increase

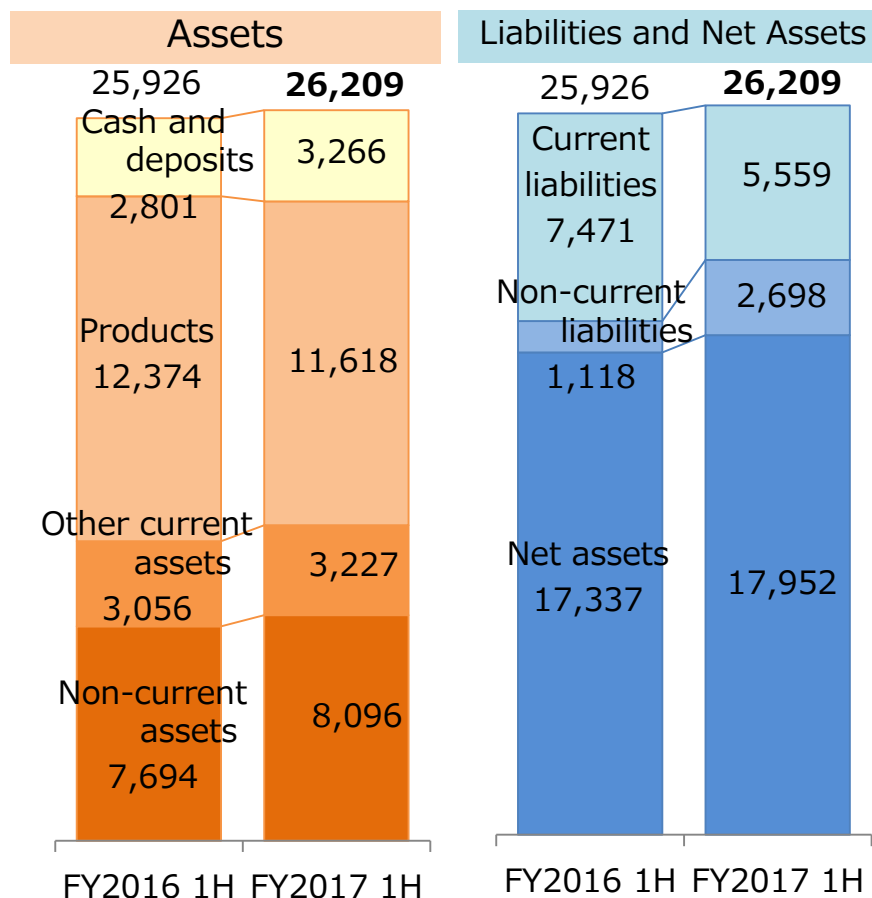


# Overview of Balance Sheet

Products 756millions of yen decrease(YoY)

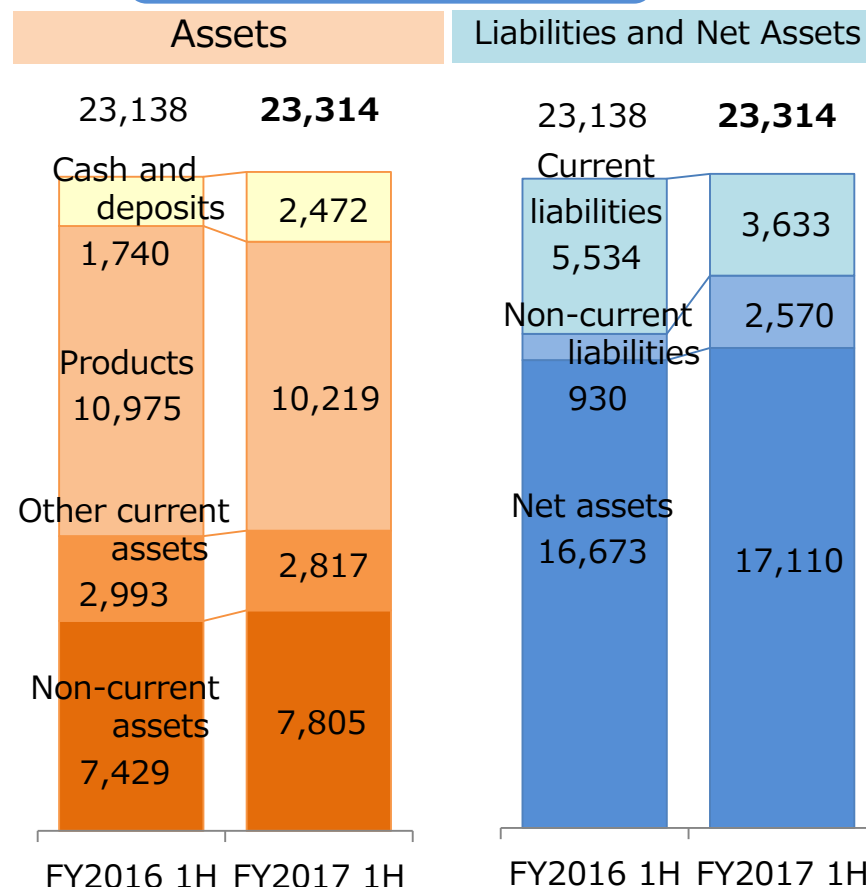
## Consolidated

(Millions of yen)



## Non-consolidated

(Millions of yen)

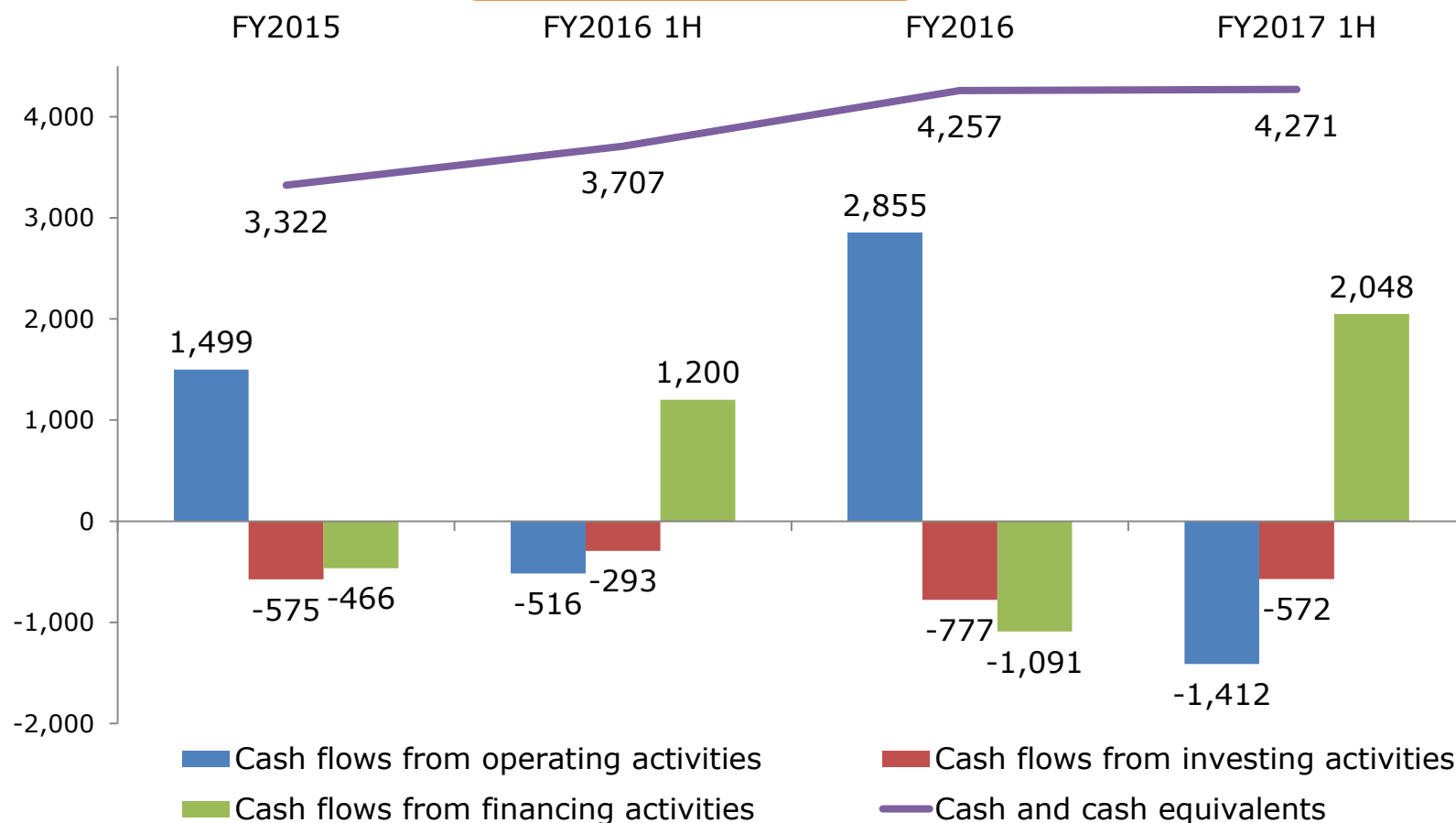


# Statement of Cash Flows

Cash flows from operating activities were negative due mainly to an increase in inventories

(Millions of yen)

Consolidated



# By Segment

Brand Fashion business's operating income increased in 2Q

	(Millions of yen)	FY2017 1Q	YoY	FY2017 2Q	YoY	FY2017 1 H	YoY
Brand Fashion	Net sales	8,181	86.8%	8,947	92.1%	17,128	89.5%
	Operating income	△39	—	19	4.0%	△20	—
	Operating margin	△0.5%	△7.8pt	0.2%	△4.7pt	△0.1%	△6.2pt
Tire and Wheel	Net sales	948	102.0%	843	102.4%	1,792	102.2%
	Operating income	△21	—	△38	—	△59	—
	Operating margin	△2.3%	△2.4pt	△4.5%	△0.8pt	△3.3%	△1.5pt
Others	Net sales	34	103.8%	35	106.5%	70	105.2%
	Operating income	5	73.7%	7	128.1%	13	98.5%
	Operating margin	15.2%	△6.2pt	22.0%	+3.7pt	18.6%	△1.3pt

# FY2017 plan

<b>Consolidated</b> (Millions of yen)	FY2017 plan	YoY
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Net sales	41,500	90.4%
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Operating income	1,230	44.1%
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Ordinary income	1,230	44.9%
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Net income attributable to owners of parent	840	49.5%
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<b>Non-consolidated</b> (Millions of yen)	FY2017 plan	YoY
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Net sales	36,000	88.8%
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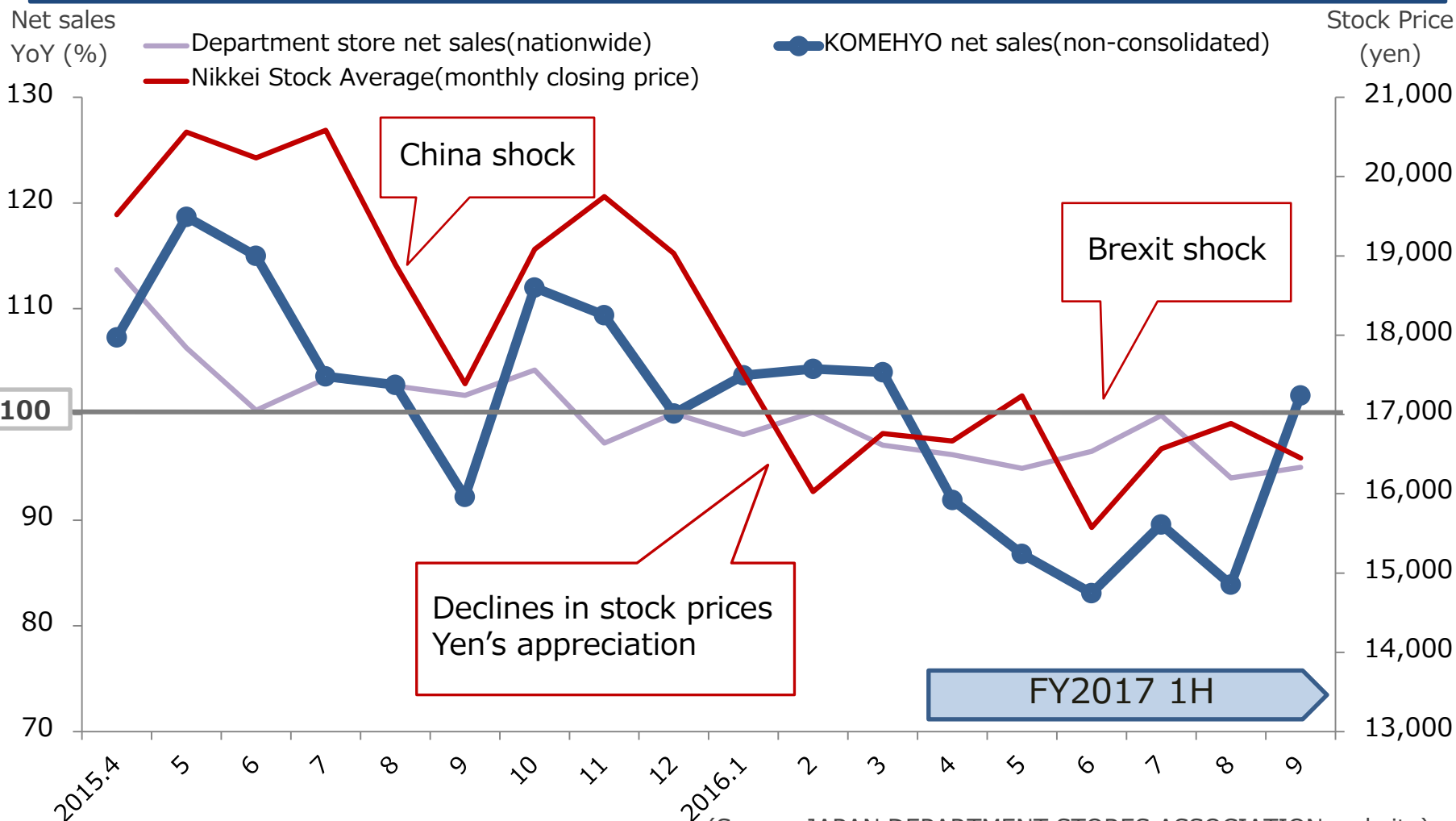
Operating income	850	35.0%
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Operating income	850	35.4%
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Net income	550	37.2%
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# External Environment Economic Trend

Consumption trend was weak due to significant changes in the economic environment



# Purchase from Individual Customers

Strengthened purchases through *LINE De Satei*\* and other services

Amount of purchase from individual customers	FY2017 1Q	YoY	FY2017 2Q	YoY	FY2017 1 H	YoY
Purchasing Center	4,067	86.7%	3,903	92.8%	7,971	89.6%
Home delivery Purchasing	222	97.9%	189	89.1%	412	93.7%
Total (Millions of yen)	4,290	87.2%	4,093	92.6%	8,383	89.8%



【 LINE De Satei 】  
started evaluating brand-name  
products in June 2016

Responding to customer need that  
they want to know valuation first and  
are hesitant to ask for valuation only  
at stores

\* LINE De Satei: valuation of items  
using the "LINE" app.

# Online Sales

The backorder system  
that connects stores with the website regained strength

Net sales (Millions of yen)	FY2017 1Q	YoY	FY2017 2Q	YoY	FY2017 1 H	YoY
KOMEHYO website ※ 1	360	85.3%	375	83.9%	735	84.6%
Back orders ※ 2	781	96.2%	925	101.2%	1,707	98.8%
Other ※ 3	182	115.8%	190	98.8%	373	106.5%
Total	1,325	95.1%	1,490	95.9%	2,816	95.5%

## KOMEHYO apps

App that can be used as a member card of KOMEHYO Co., Ltd.

Outstanding points, purchasing history, selling history, and other information can be checked

※ 1 KOMEHYO website  
Order/settlement via komehyo.jp

※ 2 Back orders

- Customers specify a store to do back orders online
- Store staff suggest/back order products to suit customer needs

※ 3 Other  
Order/payment via other companies' websites, such as Rakuten Ichiba, Yahoo!, Amazon, and eBay stores

# Member's Card

Leveraging omni channel retailing, leading customers from online stores to physical stores and vice versa

FY2017 1H	No.	YoY
Total members	645,000	116.0%



KOMEHYO  
Member's card



## KOMEHYO apps

App that can be used as a member card of KOMEHYO Co., Ltd.  
Outstanding points, purchasing history, selling history,  
and other information can be checked



# Subsidiary① Brand Fashion Segment

Sales to secondhand dealers in Japan and abroad

## KOMEHYO Auction

	Frequency	Trade volume (FY2017 1H)	YoY	No. of member companies
Jewelry, watches, bags	Monthly 3 days	JPY8,400 million	95.6%	698
Clothing	Monthly 1 day	JPY140 million	89.3%	



KOMEHYO auctions

## KOMEHYO HONG KONG LIMITED

- Onsite staff for overseas contacts
- Participation in NJKP auctions
- Jewelry show
- Expansion of B2B business



NJKP auctions



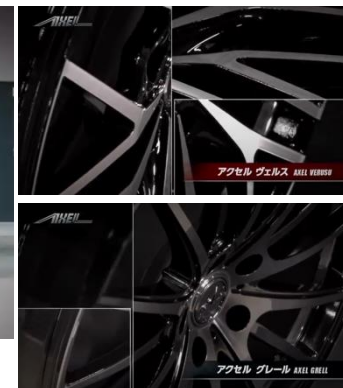
# Subsidiary② Tire and Wheel Segment

Both tires/wheels and parts remained flat year-on-year

Net sales (Millions of yen)	FY2017 1 H	YoY
Tires/wheels	1,403	100.8%
Parts	339	104.7%
Others	48	133.2%
Segment total	1,792	102.2%



【Produce a wheel  
“AXEL Series” movie】



↑ Before

【Dress-up work  
example】

After→



# Future tasks -Opening of New Stores-

①A large store will be opened in Umeda in February 2017

KOMEHYO Umeda Store  
February 2017 (planned) (approx. 1,318m<sup>2</sup>)



Building for planned  
store opening( 1 - 3 F)

# Future tasks -Opening of New Stores-

②A large store will be opened in Nagoya-ekimae in May 2017

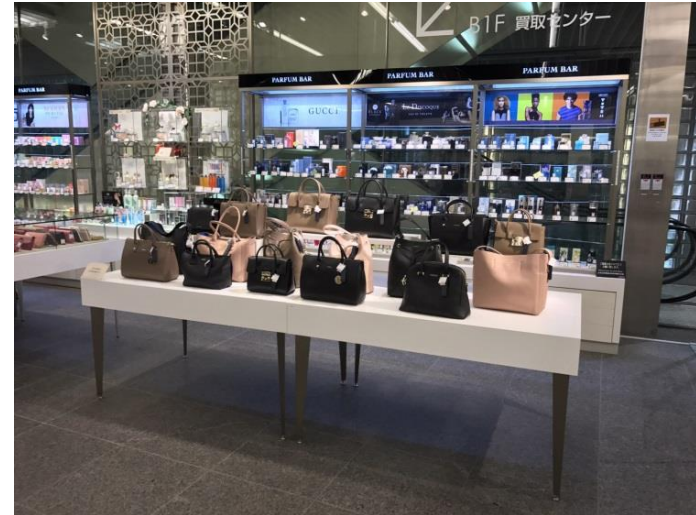
KOMEHYO Nagoya-ekimae Store  
May 2017 (planned) (approx. 1,320m<sup>2</sup>)



Building for planned  
store opening( 1 -2F)

# Future tasks -Business Policy-

① Strengthen sales of products in a price range for which it is easier to secure gross profit



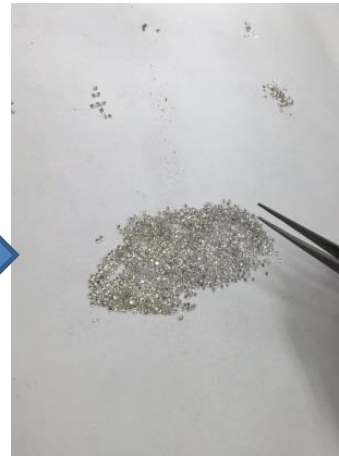
# Future tasks -Business Policy-

② Set product categories whose sales are to be strengthened, and enhance customer service



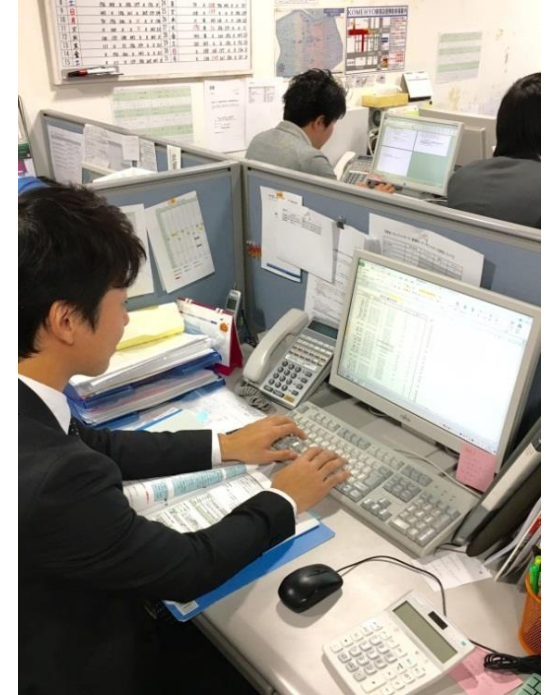
# Future tasks -Business Policy-

## ③Promote sales of remodeled jewelry products



# Future tasks -Business Policy-

④Acquire customers we can telephone to provide information



# Future tasks -Business Policy-

⑤ Revitalize product supplies to, and movement between, stores  
(facilitate optimization of inventories)

product supplies  
to stores



【Products Center】

product supplies  
to stores



【Store】



movement between  
stores



【Store】

# Future tasks -Business Policy-

## ⑥ Strengthen purchases through Purchasing Service Trial Coupon and LINE De Satei



使わなくなったモノご自宅にありますか？

KOMEHYOは1947年創業、今では東証・名証に上場し、日本全国に展開しております。  
「高く買えばモノが集まり、安く売れば人が集まる」という基本精神に基づき、  
使わなくなった品物をお客様から買取り、それを必要とするお客様へと販売しています。  
ジュエリー、時計、ブランドバッグ、ファッション衣料を中心に、  
カメラ(※)、楽器(※)、きもの(※)も取り扱っております。

※カメラ、楽器、買取店舗一【買取】名古屋本店、豊橋店、宅配買取【買取】名古屋本店、オンラインストア ※きもの買取店舗一【買取】名古屋本店、宅配買取【買取】名古屋本店、オンラインストア



片方を無くしてしまったピアスや、デザインが古く使っていない指輪、  
季節外の衣料品も大歓迎！

この機会にぜひ、KOMEHYOの買取りをご利用ください。

裏面もcheck



### 【 LINE De Satei 】

Responding to customer need that they want to know valuation first and are hesitant to ask for valuation only at stores

### 【 Purchasing Service Trial Coupon 】

Coupons limited to customers who use the purchasing services of KOMEHYO for the first time (can be used at Purchase Centers and for home delivery purchasing)

# Shareholder return

## Dividend changes

