
POCKET CARD CO., LTD.

**H1 FY02/2014
Results Meeting**

**Keiichi Watanabe
President**



暮らしを
クリエイティブに➡

先へ、ひろがるサービスはじまる。
ポケットカードはさらに付加価値の高いサービスへ。
今までにないクリエイティブな暮らしを。

H1 FY02/2014 Results Summary

Results Summary

(¥-Million)

	H1 FY02/13 (Cons)	H1 FY02/14 (Parent)	Chg (YoY)		<Reference> H1 CoE (11 April)
① Operating Revenue	16,788	17,126	+337	+2.0%	16,700
② Operating Profit	955	1,868	+912	+95.5%	1,800
③ Recurring Profit	951	1,868	+917	+96.4%	1,800
④ Net Profit	116	1,084	+968	+831.1%	1,000

※H1 FY02/13 parent figures are not available and thus the figures are those on a consolidated basis.

※Year-on-year changes are based on a simple comparison between parent and consolidated figures.

Operating Profit – Changes YoY

(¥100m)	H1 FY02/2013 (Cons)	H1 FY02/2014 (Parent)	Chg (YoY)
Operating Profit	9.6	18.7	+9.1

Positive Factors +34.5	Negative Factors -25.4
Increases in Shopping Revenue +16.2	Decreases in Cashing Revenue -16.8
Decreases in Bad-Debt-Related Expenses +6.2	Increases in Interest-Refunding-Related Expenses -2.2
Decreases in Merger-Related Expense +5.8	Increases in Other Operating Expenses -6.4
Decreases in Interest Expense +2.4	
Increases in Other Revenue +3.9	

Operating Profit
9.6

Operating Profit
18.7

H1 FY02/2013

H1 FY02/2014

Transaction Amount

(¥-Million)

	H1 FY02/13 (Cons)	H1 FY02/14 (Parent)	Chg (YoY)	Chg (YoY)
① Shopping	192,184	188,872	-3,312	-1.7%
② Cashing	16,800	16,538	-261	-1.6%
③ Other	1,970	2,303	+333	+16.9%
④ Total	210,955	207,714	-3,240	-1.5%

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※Year-on-year changes are based on a simple comparison between parent and consolidated figures.

Loans Outstanding

(¥-Million)

	H1 FY02/13 (Cons)	H1 FY02/14 (Parent)	Chg (YoY)	Chg (YoY)
① Installment Receivables*	136,130	152,197	+16,067	+11.8%
② Loans	82,968	65,274	-17,694	-21.3%
③ Total *	219,099	217,471	-1,627	-0.7%

※H1 FY02/13 parent figures are not available and thus H1 FY02/13 figures are those on a consolidated basis.

※Year-on-year changes are based on a simple comparison between parent and consolidated figures.

※Including liquidation of off-balanced ones in H1 FY02/2013.

Operating Revenue

(¥-Million)

	H1 FY02/13 (Cons)	H1 FY02/14 (Parent)	Chg (YoY)	Chg (YoY)
① Shopping	8,572	10,198	+1,626	+19.0%
② Cashing	7,009	5,325	-1,684	-24.0%
③ Other	1,206	1,602	+396	+32.8%
④ Total	16,788	17,126	+337	+2.0%

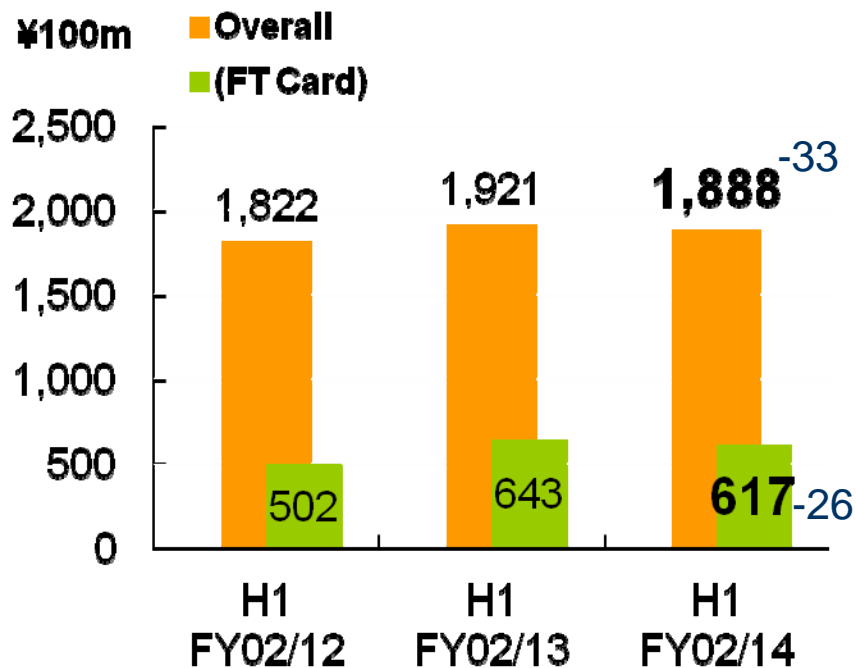
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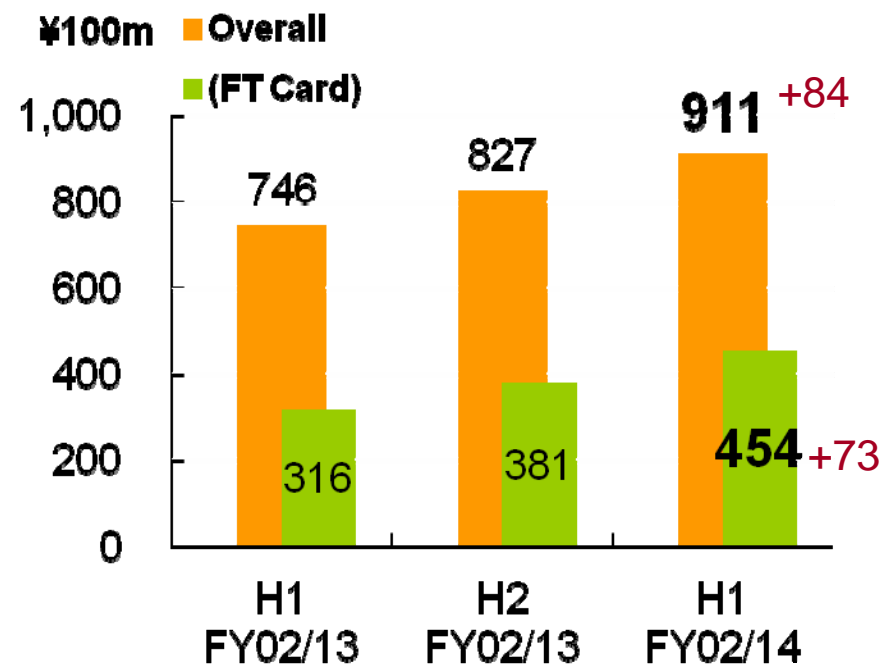
Shopping Division ①

Revolving Credit O/S Steadily Rising,
Supported Primarily by Expansion of Famima T Card

Transaction Amount



Revolving Credit O/S

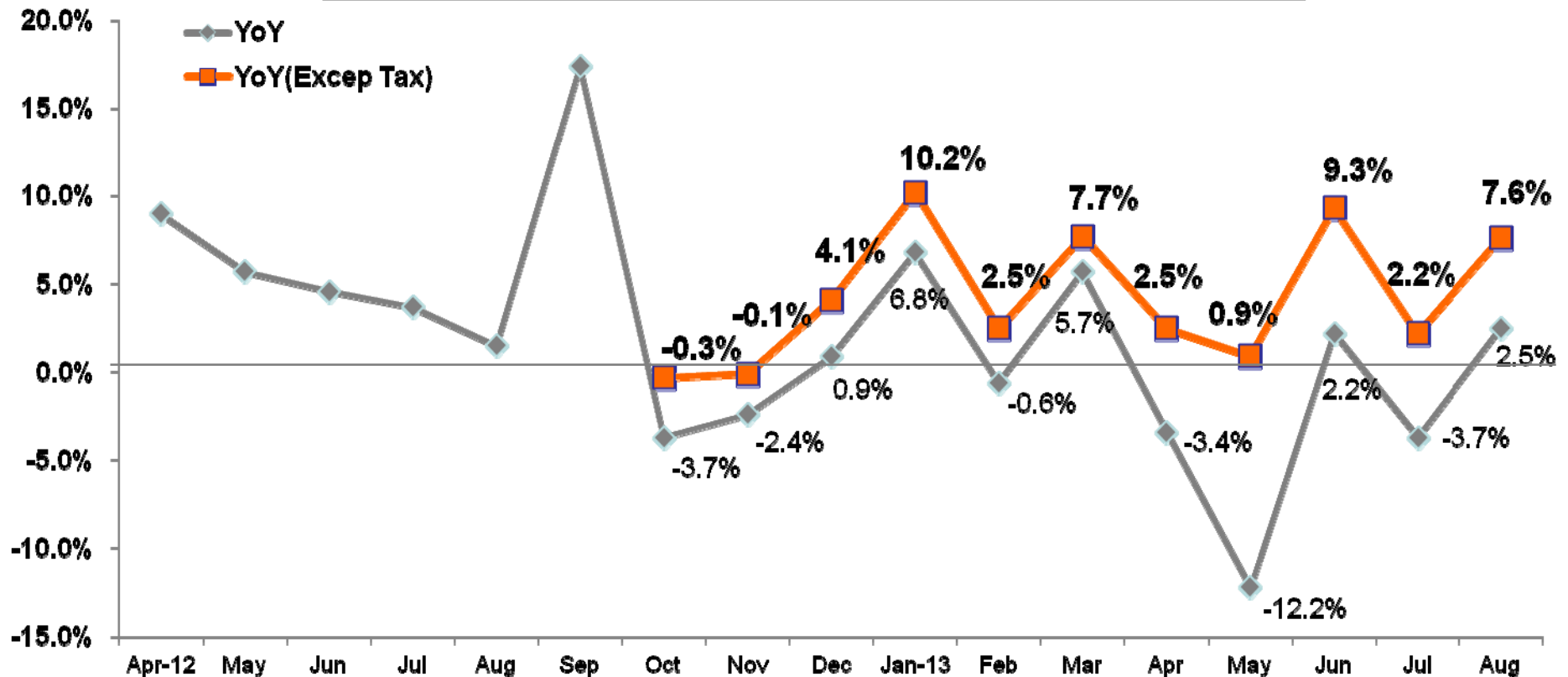


※Parent figures are not available for H1 FY02/12 and H1 FY02/13 and thus consolidated figures are stated instead.

Shopping Division ②

Due to Suspension of Handling of Tax Receipt, Transaction Amount Decreased YoY, but Increased except the Influences from Here

Shopping Transaction Amount Year-on-Year

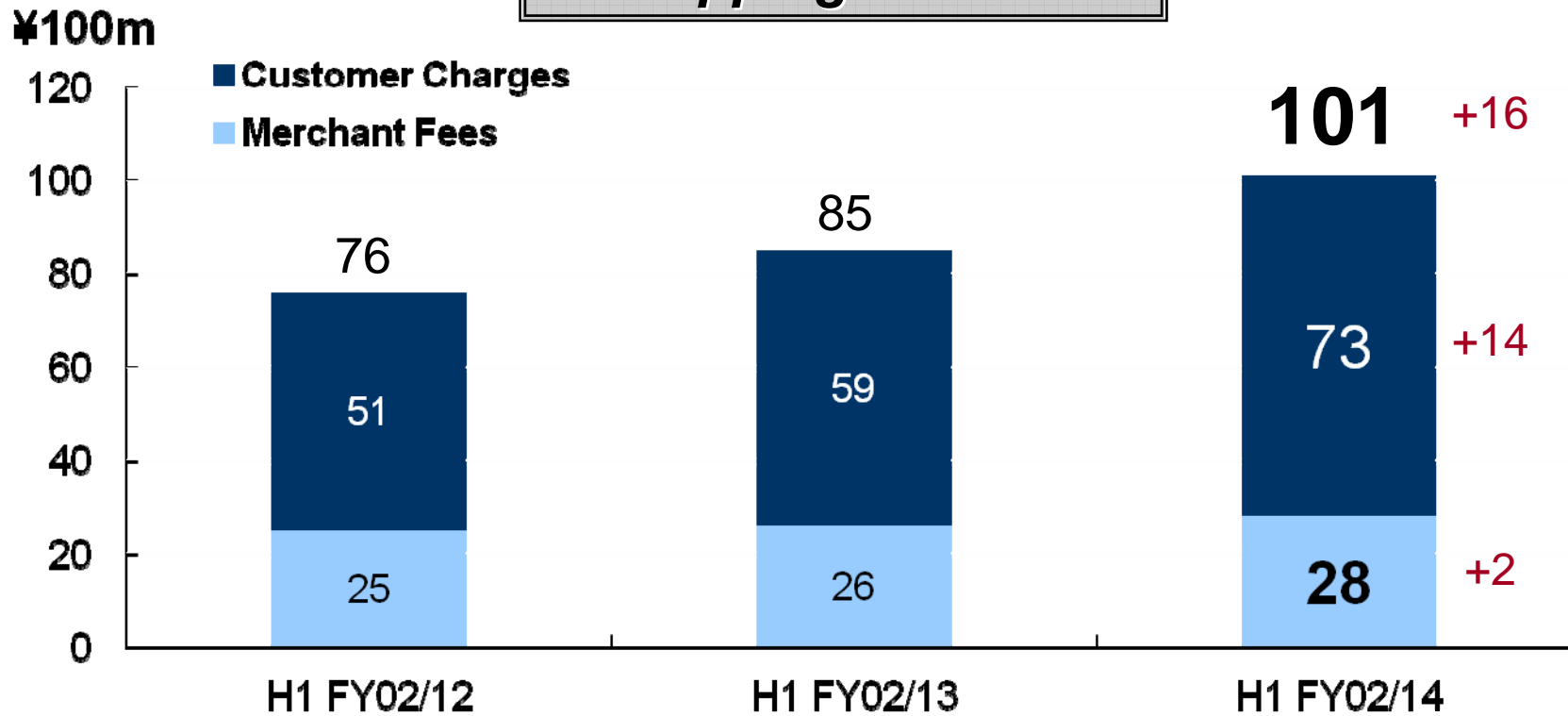


※As of the end of September 2012, handling of tax receipt was suspended at FamilyMart stores.

Shopping Division ③

Revenue, Driven by Customer Charges, in line with Steady Increases in Revolving Credit O/S

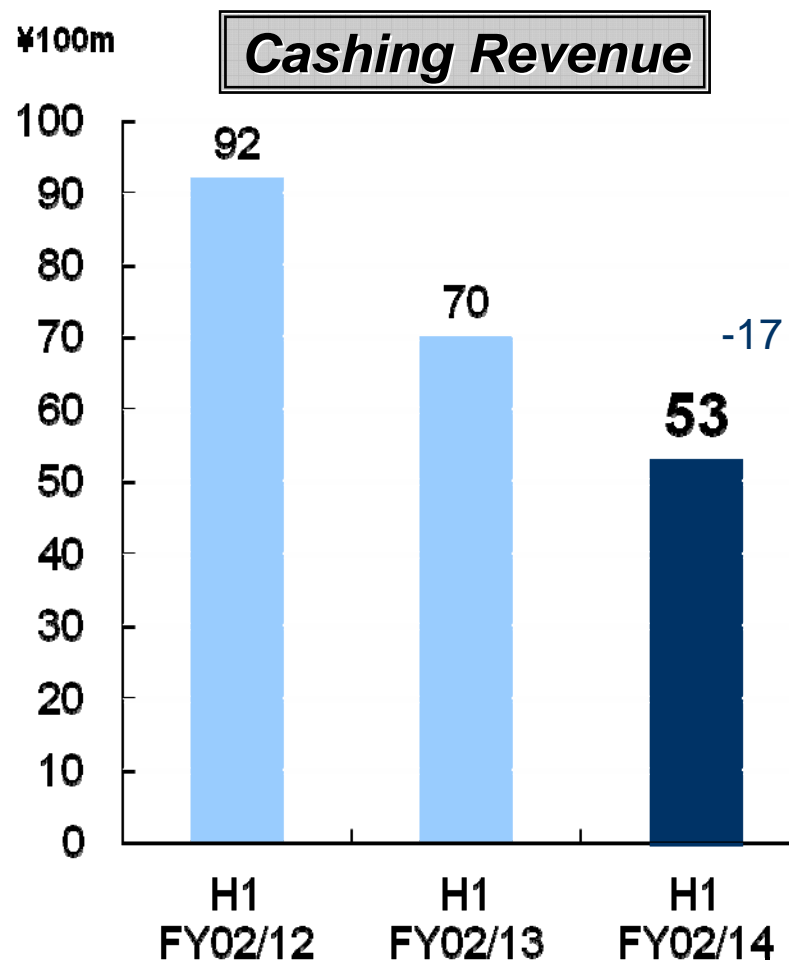
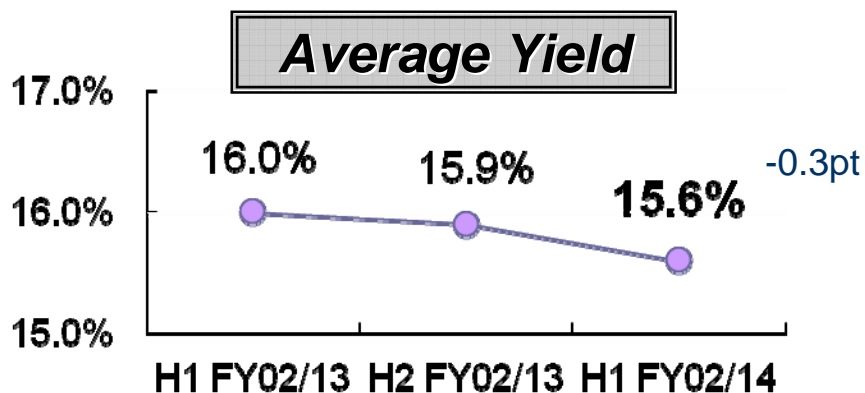
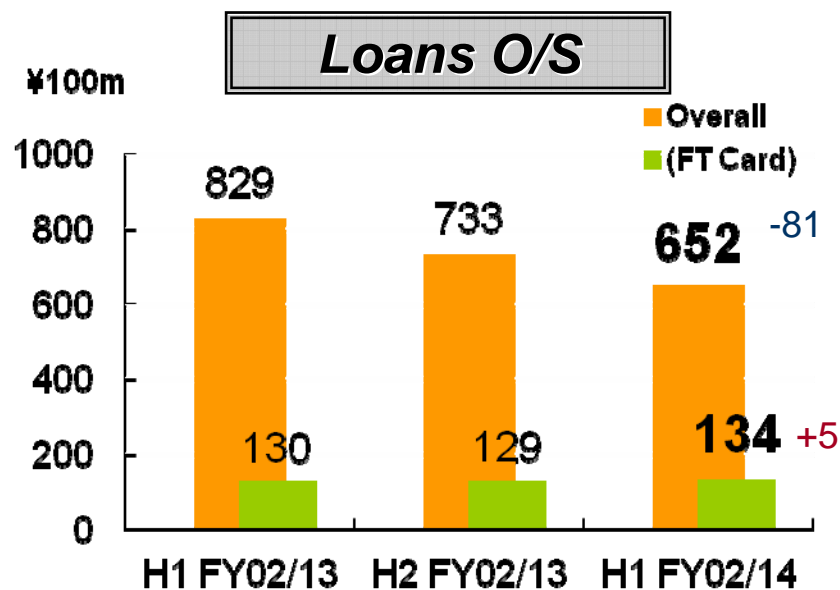
Shopping Revenue



*Parent figures are not available for H1 FY02/12 and H1 FY02/13 and thus consolidated figures are stated instead.

Cashing Division

**Cashing Revenue Decreasing
in line with Decreases in Loans O/S**

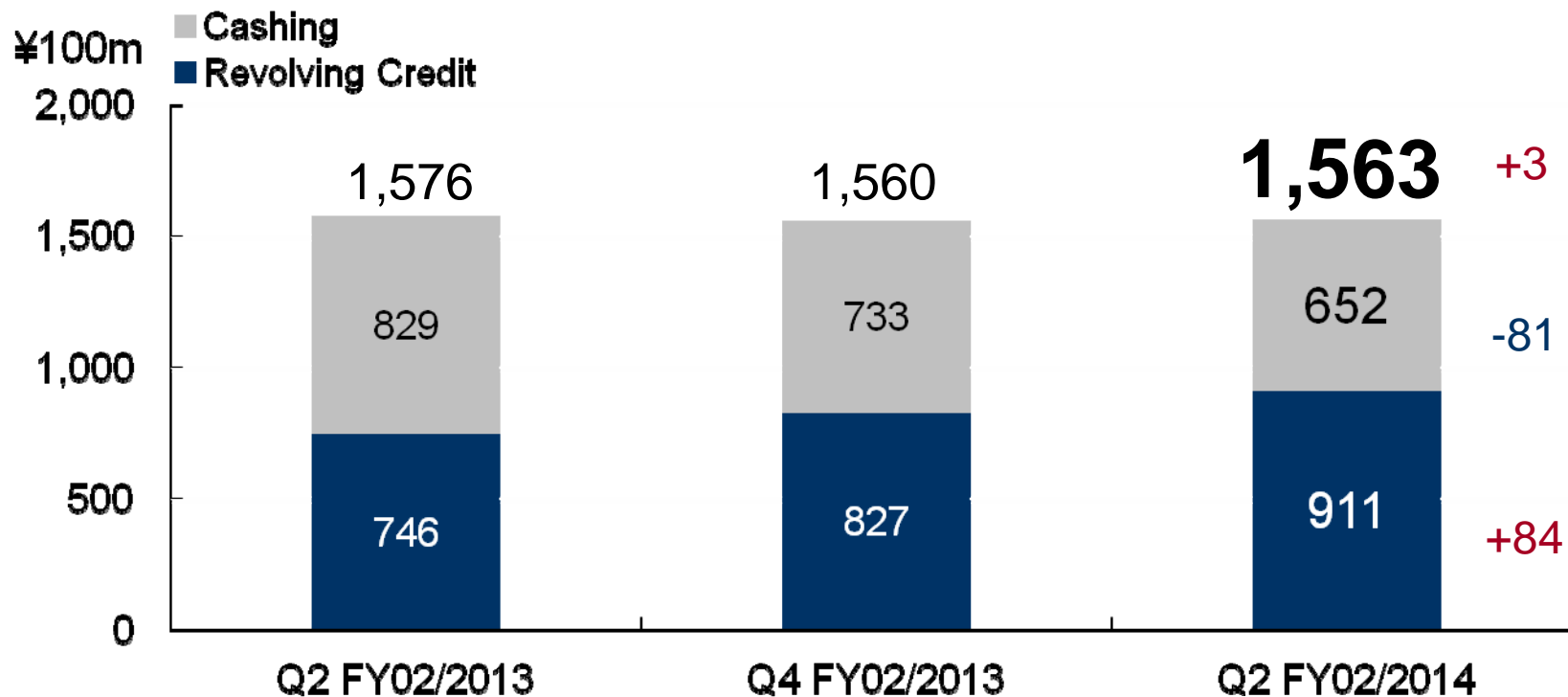


※ Parent figures for H1 FY02/12 and H1 FY02/13 are not available and consolidated figures are stated instead.

Loans Outstanding

**Loans Outstanding Started to Increase,
Driven by Increases in Revolving Credit O/S, more than
Compensating for Decreases in Cashing O/S**

*Loans Outstanding**

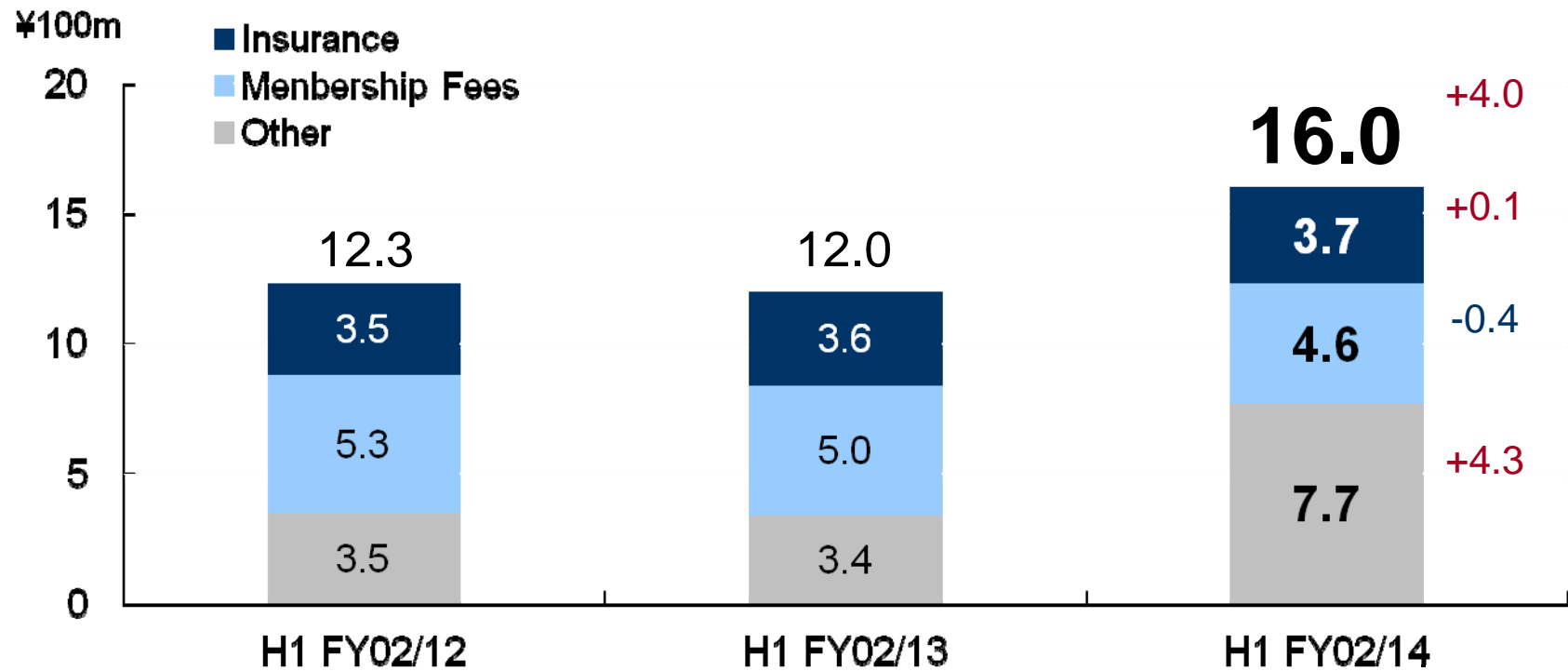


* Loans Outstanding = Revolving Credit O/S plus Cashing O/S

Other Revenue

Other Revenue Increased, due Mainly to Increases of Consignment Business from FamilyMart

Other Revenue



※Parent figures are not available for H1 FY02/12 and H1 FY02/13 and thus consolidated figures are stated instead.

Operating Expenses

(¥-Million)

	H1 FY02/2013 (Cons)	H1 FY02/2014 (Parent)		
			Chg (YoY)	Chg (YoY)
① Financial Expenses	1,191	944	-246	-20.7%
② SG&A Expenses	14,641	14,313	-327	-2.2%
③ Bad-Debt-Related	3,918	3,297	-620	-15.8%
④ Interest-Refunding- Related	1,647	1,871	+223	+13.6%
⑤ Other SG&A Expenses	9,075	9,144	+69	+0.8%
⑥ Operating Expenses	15,832	15,258	-574	-3.6%

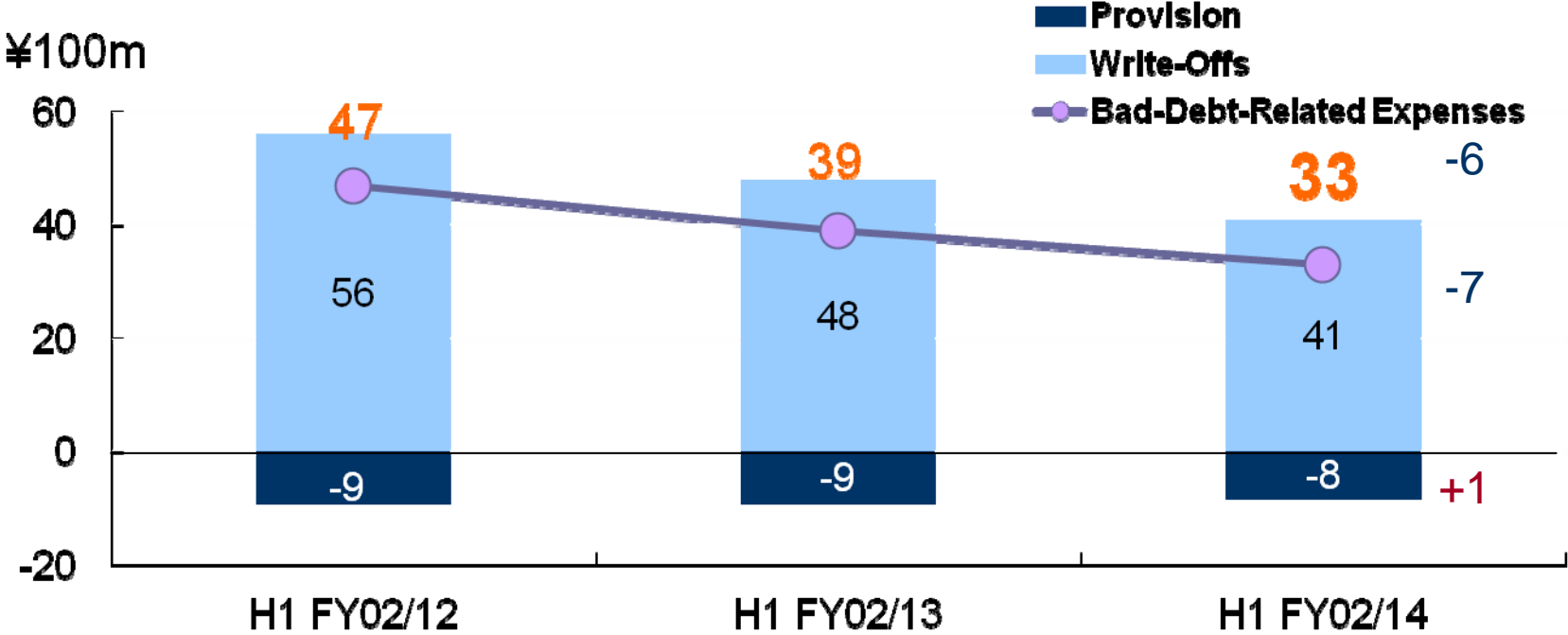
※H1 FY02/13 parent figures are not available and thus the figures are those on a consolidated basis.

※Year-on-year changes are based on a simple comparison between parent and consolidated figures.

Bad-Debt-Related Expenses

Bad-Debt-Related Expenses Declined due to Improved Contents of Receivables and Decreases in Loans Outstanding

Bad-Debt-Related Expenses



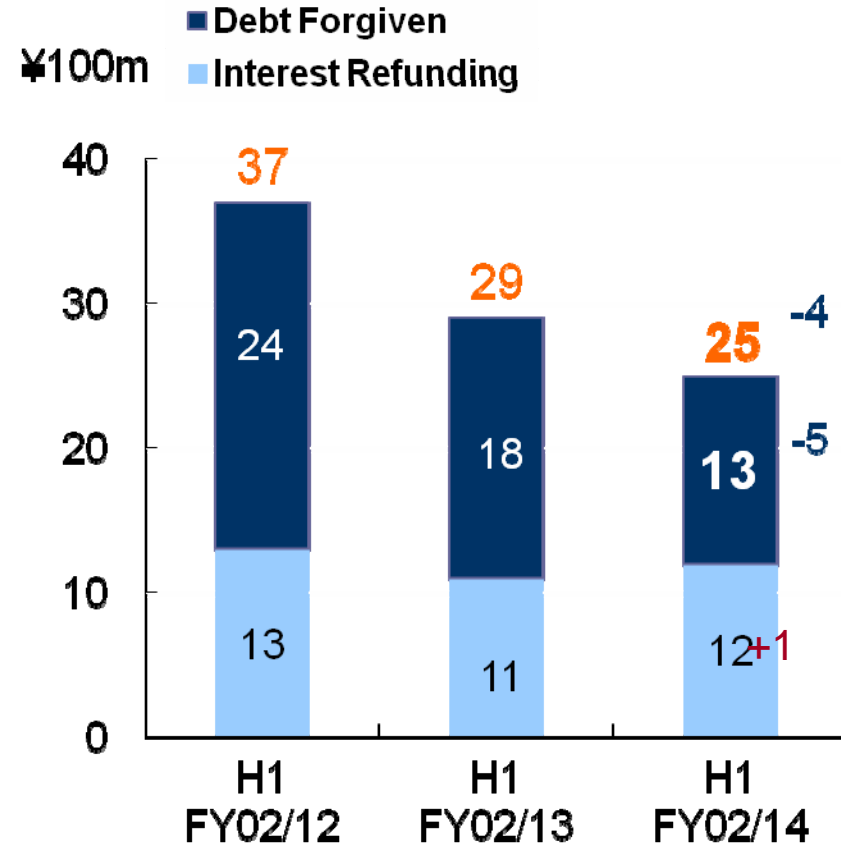
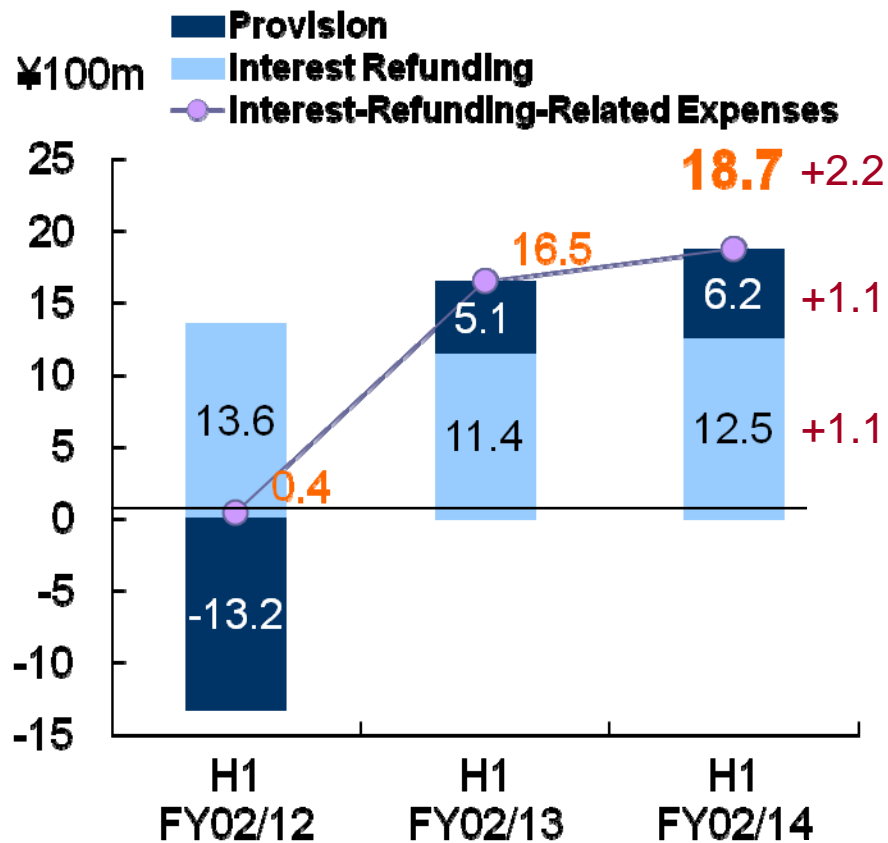
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Interest-Refunding-Related Expenses ①

Both Interest Refunding and Provision, Marginally Increased, while Debt Forgiven, Associated with Interest Refunding, Steadily Decreased

Interest-Refunding-Related Expenses

Interest Refunding + Debt Forgiven

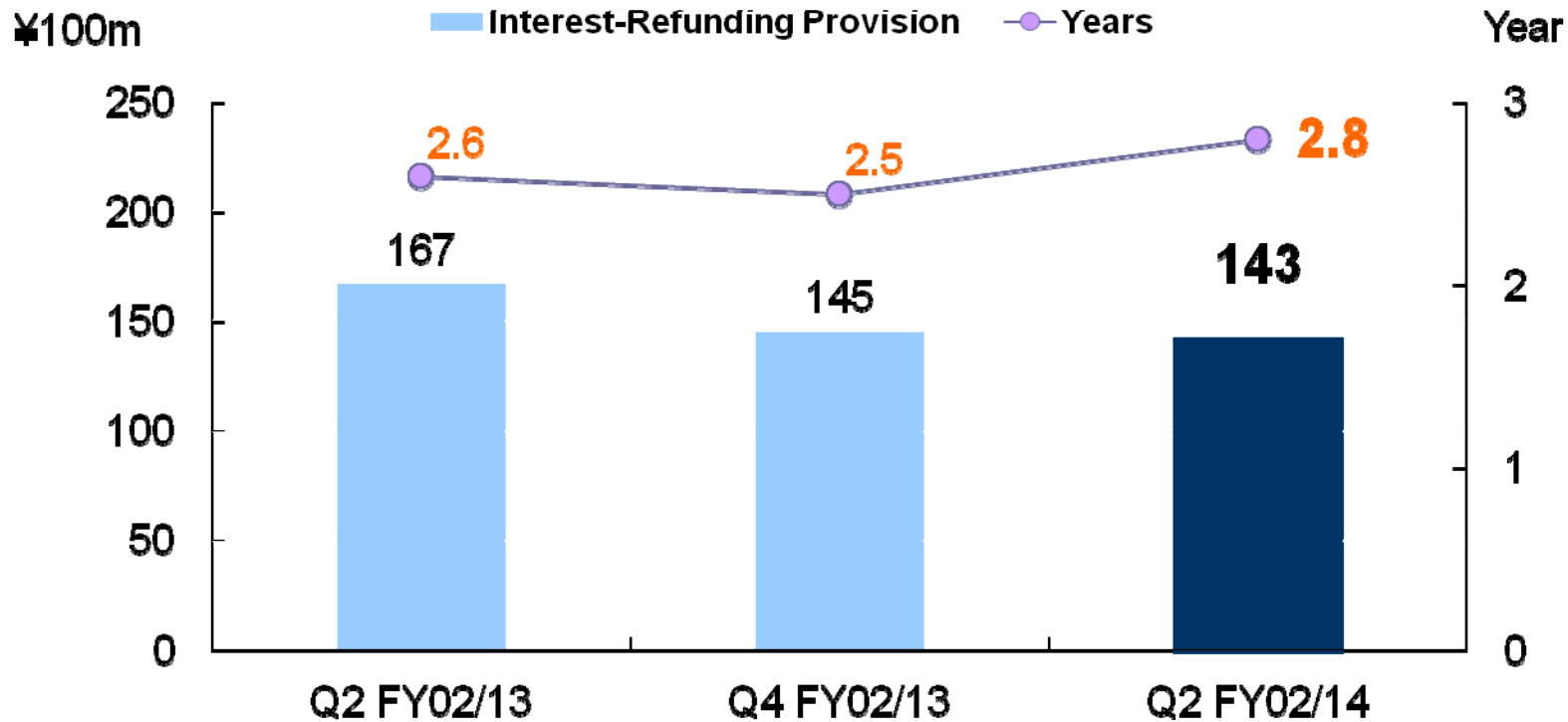


※Parent figures are not available for H1 FY02/12 and H1 FY02/13 and thus consolidated figures are stated instead.

Interest-Refunding-Related Expenses ②

**Interest-Refunding Provision,
Equating to 2.8 Years, Remaining Conservative**

Interest-Refunding Provision

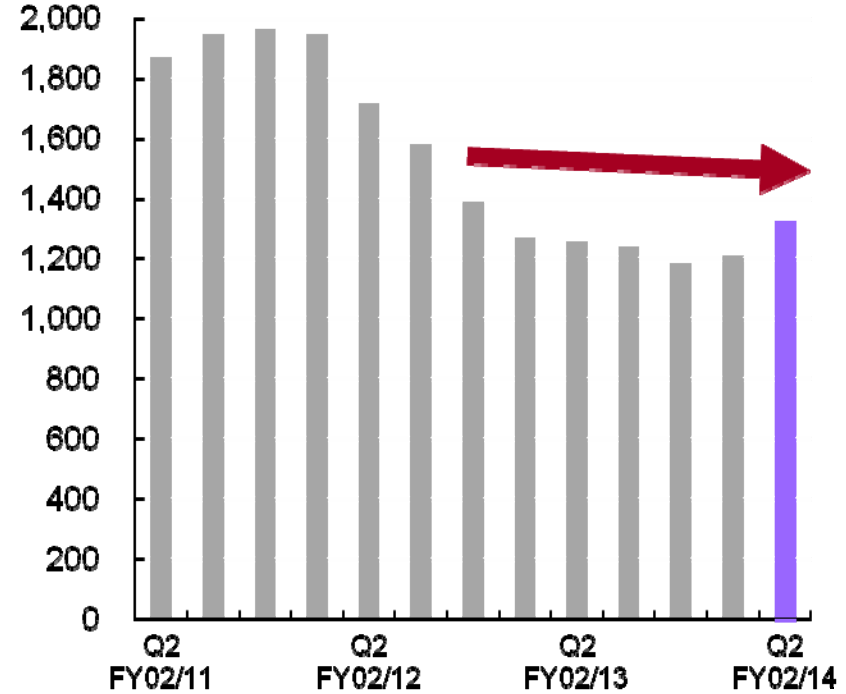
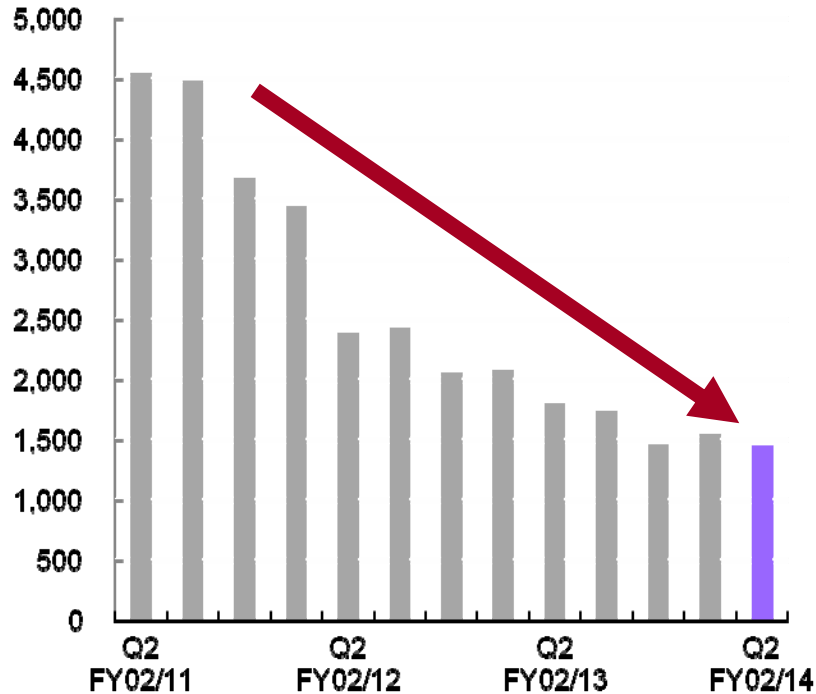


The No. of Claims for Interest Refunding

The No. of New Claims, Coming Down, Stabilizing at Low Level
The No. Claims for Interest Refunding, Lower than the Peak Level
Claims from Ex-Customers, Increasing, but
Claims from Existing Customers, Steadily Decreasing

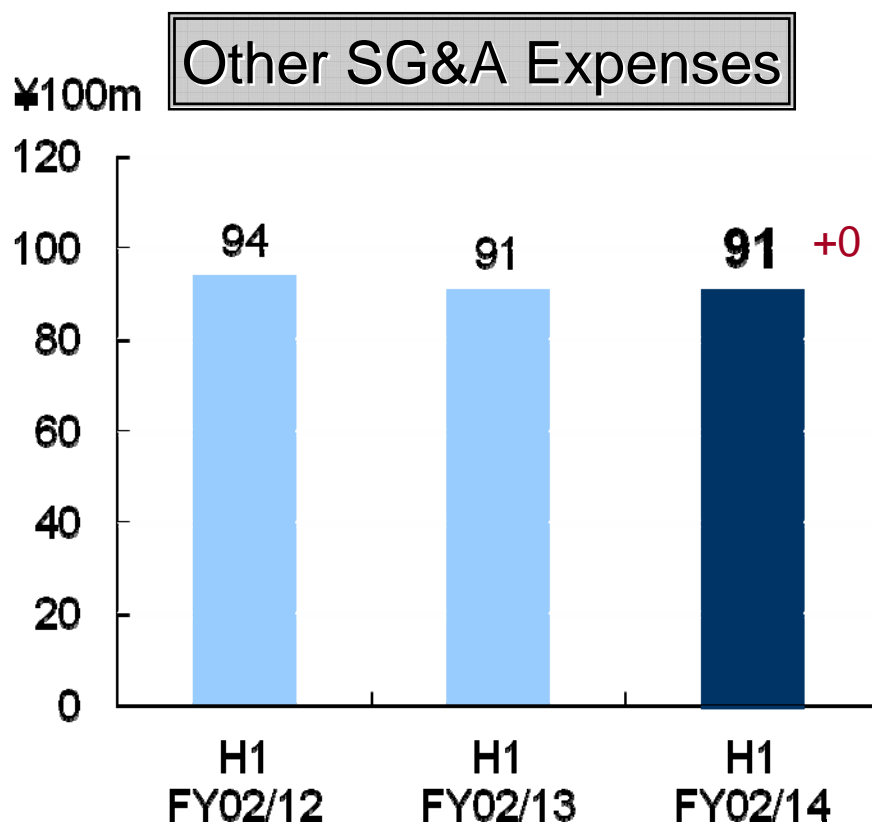
The No. of New Claims

The No. of Claims for Interest-Refunding



Other SG&A Expenses

**Other SG&A Expenses, Remaining Flat
Increases in General Costs, Compensated for by Decreases in
Merger-Related Expenses and Cost Reductions**



Decreases in Expenses

Down ¥580m YoY

- (1) Decreases in Merger-Related Expenses
- (2) Decreases in Running Costs due to Integration of Backbone System

Increases in Expenses

Up ¥640m YoY

- (1) Increases in Expenses due to increases of FM's Consignment Business
- (2) Increases in Expenses to Acquire New Members

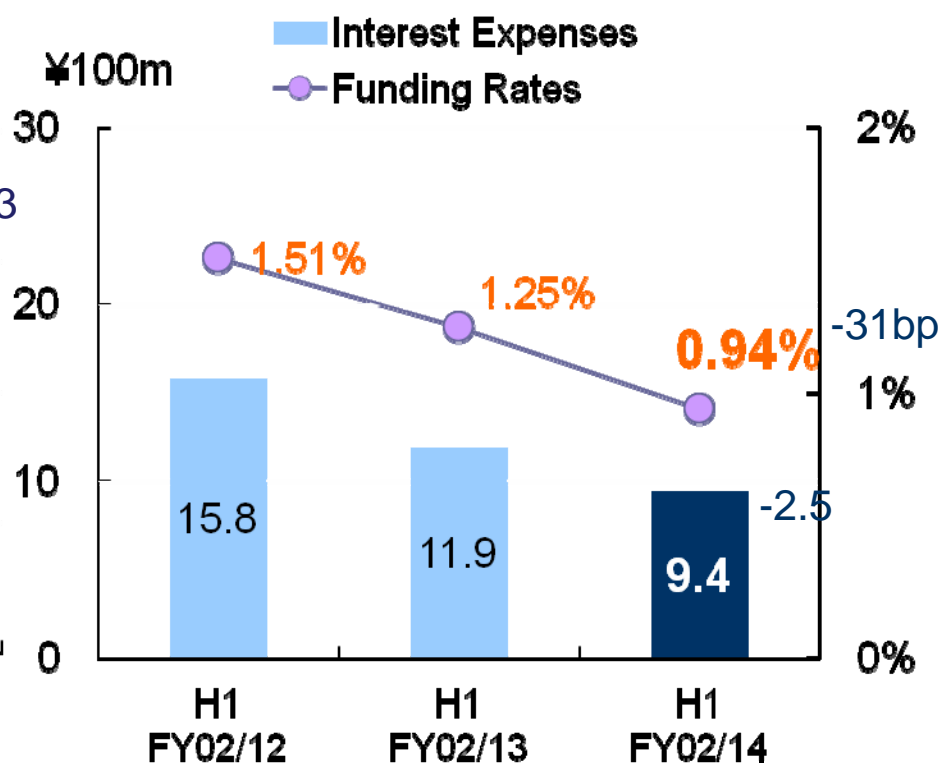
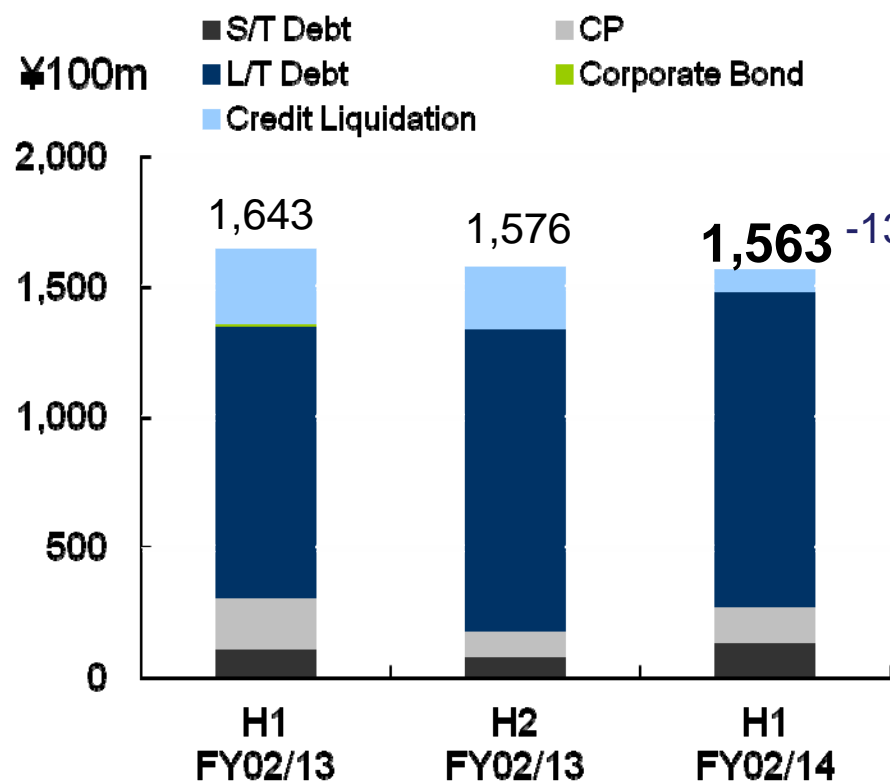
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Funding

Interest Expenses on the Decline, thanks to Falling Funding Rates and Funding Amount

Funding Amount

Interest Expenses/Funding Rates



※Parent figures are not available for H1 FY02/12 and H1 FY02/13 and thus consolidated figures are stated instead.

Figures fro Operations

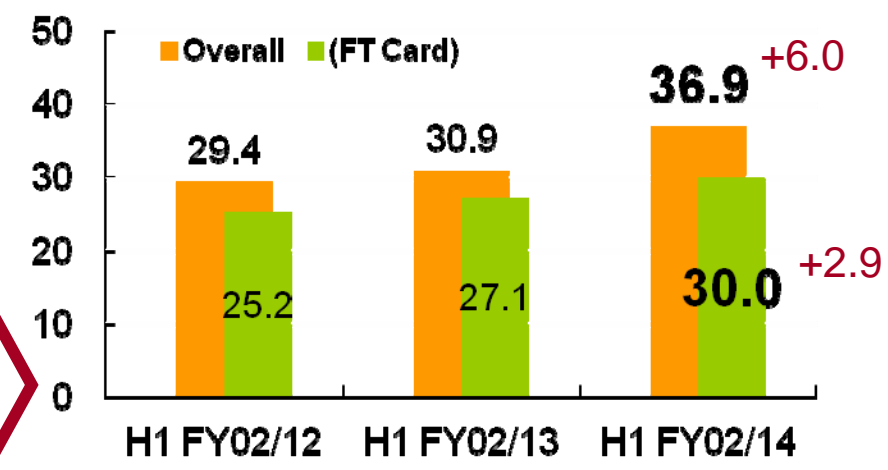
Member Acquisition, Constantly on the Rise, Driven by Famima T Card

General Trends

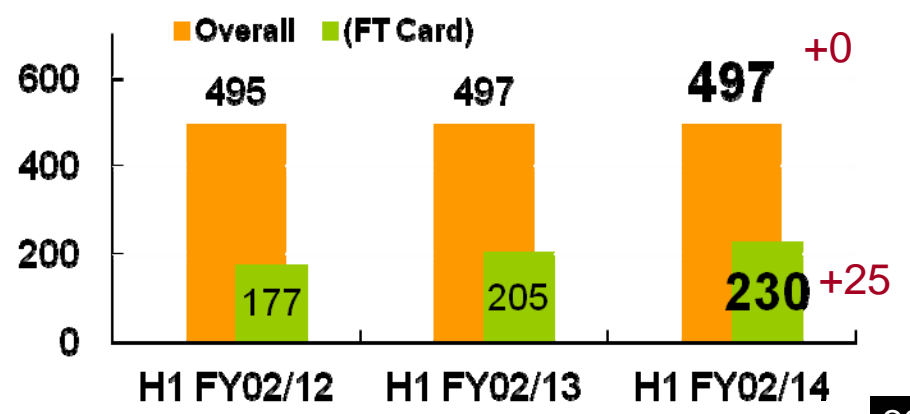
	(thousand)	H1 FY02/14	Chg (YoY)
①	New Applicants	369	+60
②	Effective Card Members	4,972	±0
③	Active Card Members	1,862	+828
④	Annual Usage Rates	37.5%	+0.4 pt

* Chg (YoY) in ③ and ④ are of comparison with parent figures in H1 FY02/2013.

The No. of New Applicants





Effective Card Members



TOPICS

Releasing Two New Credit Cards in H1 FY02/2014 The First Year Target Already Achieved, due to Strong Demand, and Now Continuing to Overshoot

Product Name	Date of New Issues	Results (By the end of August)		
		First Year Target	Achievement Rates	
 <p>■ Collaboration as “HATSUNE MIKU” “Famima T Card (HATSUNE MIKU Design)”</p> <p>illustration by ふちでびる ©Crypton Future Media,INC. www.piapro.net piapro</p>	<p>11 June 2013 to 30 Nov 2013 (to be issued during this period only)</p>	<p>46,600 Cards ✖Credit</p>	<p>15,000 Cards ✖Credit</p>	<p>311%</p>
 <p>■ Accumulating “T points” with Advantages “T Card PLUS”</p>	<p>18 May 2013</p>	<p>30,000 Cards</p>	<p>30,000 Cards</p>	<p>100%</p>

Management Policy for H2 FY02/2014

Environment Surrounding Us

**Making a Shift
from “Defense” to “Offense”**

◆ Improvements in the External Environment

① Improving Prospects for Business Conditions, Driven by Yen’s Depreciation and Buoyant Stock Market

◆ Improvements in the Internal Environment

① Famima T Card, the Growth Driver, Steadily Expanding

② Changeover to Shopping-Based Revenue Structure

Major Initiatives

1

Beefing up Famima T Card as the Growth Strategy

2

Reforming & Diversifying Revenue Structure

3

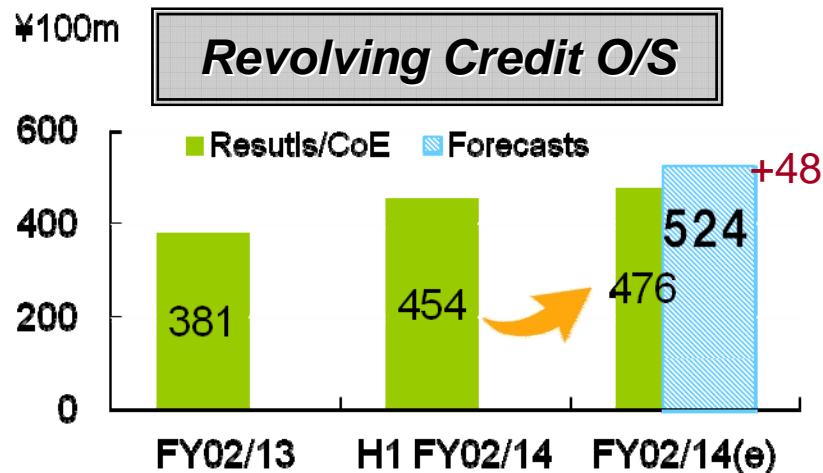
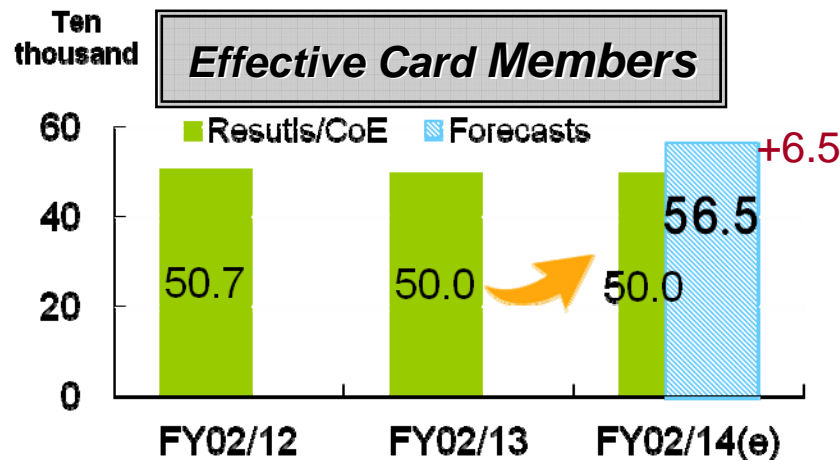
Pursuing Competitive Edge in Services & Operations

4

Consistent Enforcement of Compliance

Beefing up Famima T Card as the Growth Strategy ①

Forming & Strengthening Solid Collaborative Operations with FamilyMart to Maintain Ongoing Business Expansion



Initiatives in H2

- Strengthen Cooperative Operations to Acquire New Applicants
- Strengthen Campaign to Promote the Increases of Credit Card Users
- Accumulation of Revolving Credit O/S, through Flexibly Accessing Credit



あなたと、コンビニに、
FamilyMart

Beefing up Famima T Card as the Growth Strategy ②

Focus on Expanding Famima T Card Business in 9,500 Stores in Japan, Trying to Build a Solid Foundation as the Growth Strategy

**Further Expansion of Business,
e.g., Overseas Developments, etc.**

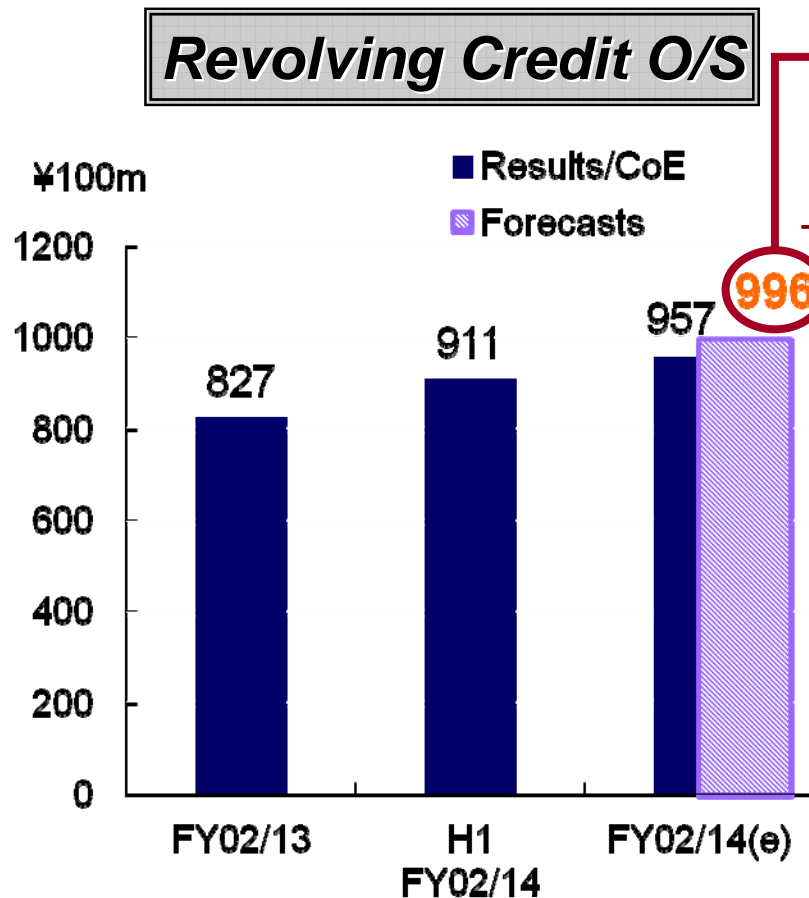
Offering Other Financial Services

**Expansion of Famima T
Card Business in 9,500
Stores in Japan**



Reforming & Diversifying Revenue Structure ①

Revolving Credit O/S to Exceed Expectations
Increasing Famima T Card and Existing Cards



Factors to Be Better

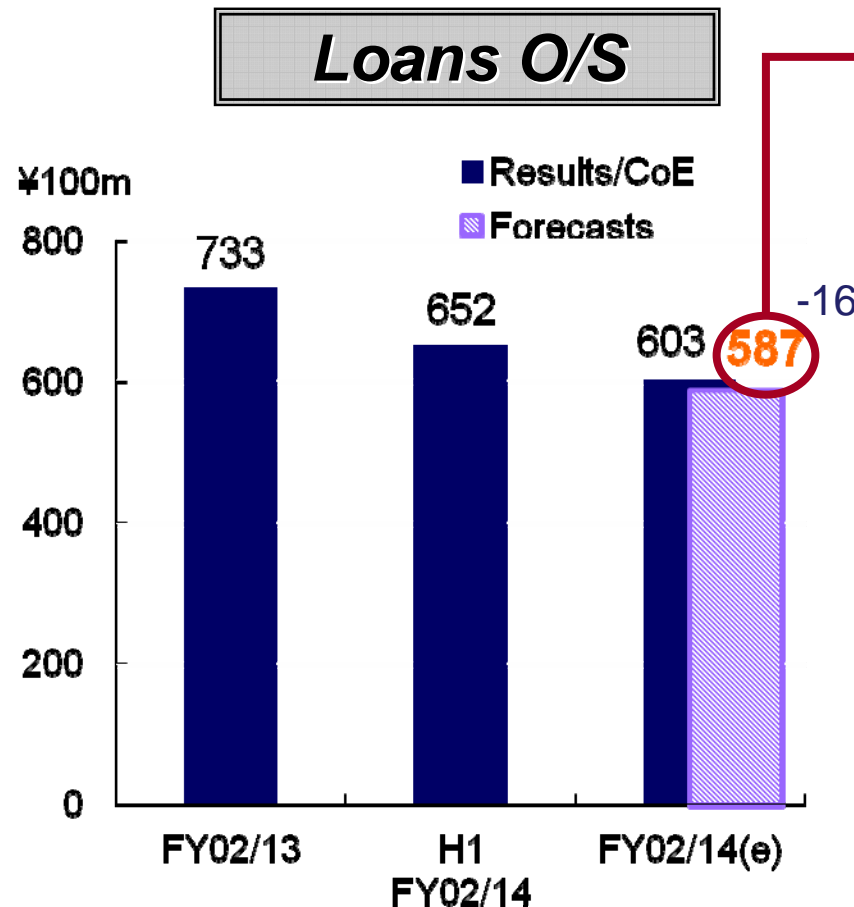
- Increased Number of Active Members in line with Steady Increases in the Number of Incoming New Applicants
- Avoiding Opportunity Loss by Flexibly Accessing Credit

Initiatives in H2

- Efforts to Beef up New Applicants (Company forecasts 0.63m, while Currently Calling for 0.70m)
- Developing Various Promotion Campaigns to Enhance Usages
- Optimization for Risk / Return by Flexibly Accessing Credit

Reforming & Diversifying Revenue Structure ②

Constantly Implementing Measures for Loans O/S to Bottom Out and Establishing Solid Foundation to Stably Generate Revenue



Factors to Be Worse

- Extended Influence from Total Volume Controls (Lowering Transaction Amounts per Existing Member)
- High Level of Repayment against Transaction Amount (Transaction Amount < Repayment)

Initiatives in H2

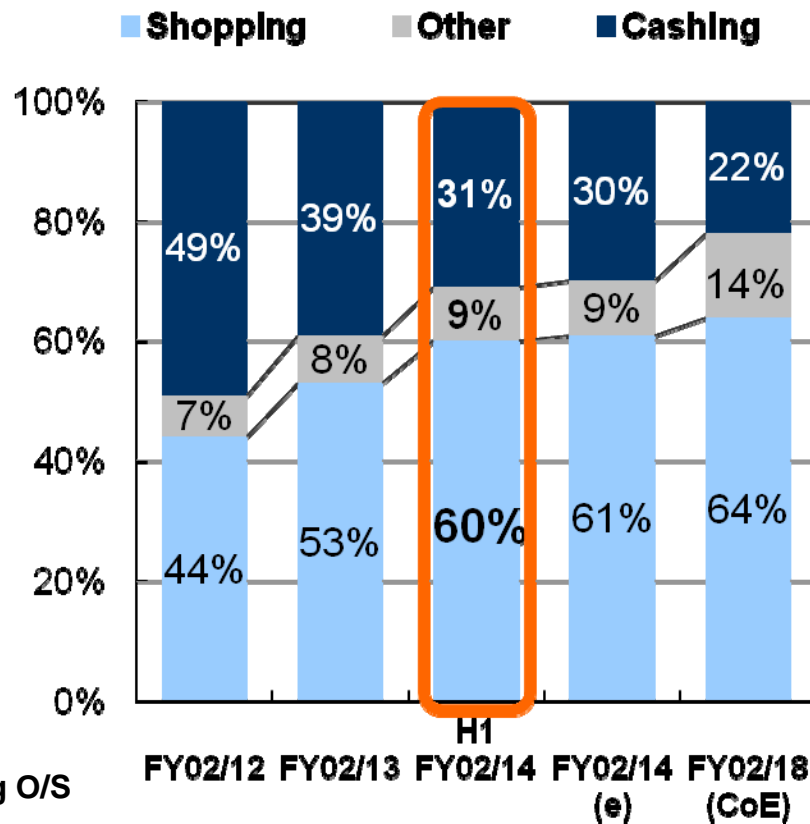
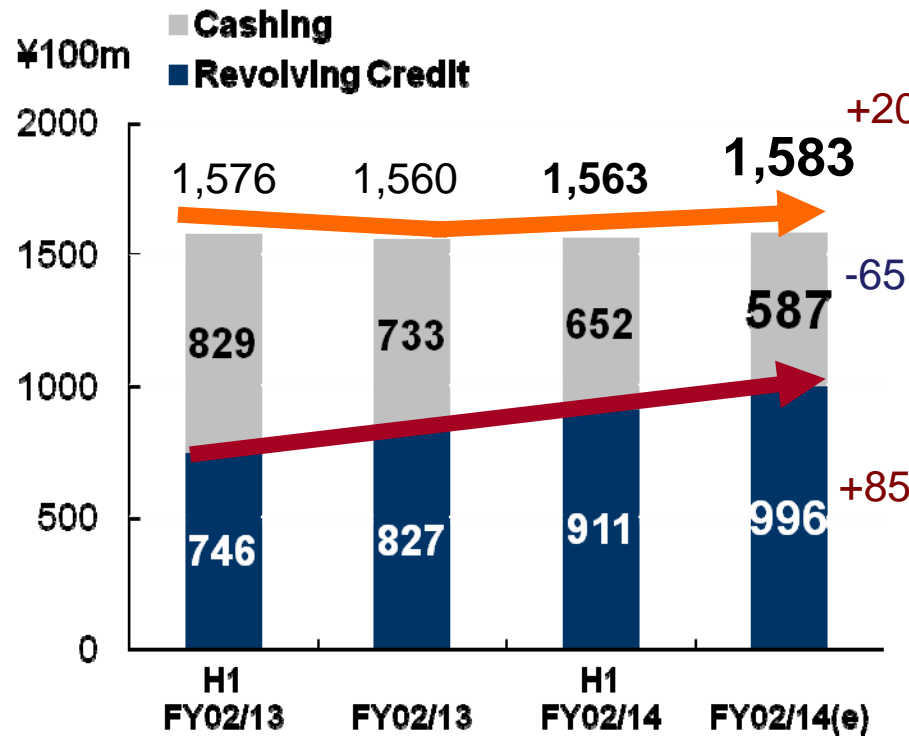
- Usage Enhancement by Implementing Measures to Regularly Offer Preferential Interest Rates
- Steadily Accumulating Loan O/S, associated with “Loan Consolidation”
- Optimization for Risk / Return by Flexibly Accessing Credit

Reforming & Diversifying Revenue Structure ③

**Total Loans O/S to Start Increasing in FY02/2014
Changeover to Shopping-Based Revenue Structure,
Making Steady Progress**

Total Loans Outstanding※

Operating Revenue (Ratio)



※Total Loans Outstanding= Revolving Credit O/S plus Cashing O/S

Pursuing Competitive Edge in Services & Operations

Consistent Enforcement of Compliance

Enhancing Quality of Products & Services

- ◆ P-one card: “1% Discounts When Being Charged” to Be Applied for Broader Range of Merchandises
- ◆ Planning and Developing Web-Based New Products
- ◆ Introducing New Services to a Variety of Co-Branded Cards

Improving Quality of Operations

- ◆ Increasingly Coping with Customer Needs by Beefing up Center Functionality
- ◆ Incorporating Operations of Insurance Call Center and Strengthening Cross-Selling
- ◆ Reviewing Processes of Examinations and Issuances, Liquidating Headcounts and Further Reducing Lead Time for Issuances

Consistent Enforcement of Compliance

- ◆ Enhancement of System Risk Management
- ◆ Formulation of BCP (Business Continuity Planning), Building a Framework for Imminent Restoration At Disaster
- ◆ Implementation of Appropriate Operations to Comply with Compliance

Effects from Merger with Famima Credit and Issues

**In One Year since the Merger with
Famima Credit Corporation,
Steady Initiatives to Move into Phase of Persistent Growth**

Merger Effects



- ◆ Increases in the Number of Card Members, Establishing A Base to Persistently Acquire Members
- ◆ Expanding Loans O/S by Flexibly Accessing Credit for Members of Famima T Card
- ◆ Integrating Backbone Systems and Avoiding Redundant Investments, Lower Running Costs
- ◆ Various Cost Reductions through Business Integrations

Issues to Come

- ◆ Development of Services and New Products in Conjunction with FamilyMart's CRM Strategy
- ◆ Approaches to Famima T Card Members for the Further Expansion of Insurance Business
- ◆ Strategic System Investments to “Offer Advanced Services”
- ◆ Development of Services and New Products in Line with the Needs of Customers by Utilizing Database Marketing

Full-Year Company Forecasts

**Steady Trends for Both Top-Line and Earnings
Full-Year Company Forecasts to Be Met**

	Full-Year Company Forecasts (Made on 11 April)	Results in Previous Year (Parent)	Chg (YoY)
Operating Revenue	¥33.4bn	¥31.5bn	+ 5.9 %
Operating Profit	¥4.5bn	¥2.7bn	+ 63.8 %
Recurring Profit	¥4.5bn	¥2.7bn	+ 63.1 %
Net Profit	¥2.6bn	¥2.6bn	-

GET IN TOUCH WITH US

◆ We are happy to accept any inquiries related to this presentation, request for one-on-one meeting and any other inquiries related to our IR disclosures:

Corporate Planning Department

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IR Page

<http://www.pocketcard.co.jp/ir/>

Disclaimer

Contents of this document include forecasts and prospects for future earnings with the Company, while they are based on information currently available for us. Thus, prospective earnings in reality may be meaningfully different from forecasts and prospects here, affected by future changes in economic conditions and any other issues.

The other thing is, contents of this document have been reviewed with the utmost attention, but accuracy and integrity for the information could not be necessarily ensured.

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