

# Results of Operations for the First Half of 2019

August 7, 2019

Bell-Park Co., Ltd. (Stock code: 9441)

***Bell-Park***

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# I. 1H 2019 Financial Highlights

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# 1H 2019 Statement of Income

**Higher sales and earnings due to increases in sales to new subscribers and in the number of electricity and credit card applications handled**

Number of mobile phones sold in 1H 2019 was 392,000 (399,000 in 1H 2018).

→ Number of mobile phones sold to new subscribers in 1H 2019 was 156,000 (135,000 in 1H 2018).

(million yen)

|  | 1H 2018<br>results | 1H 2019<br>results | YoY change |
|--|--------------------|--------------------|------------|
| <b>Net sales</b>                               | 48,363             | 51,378             | +3,015     |
| (Comp.)  | (100.0%)           | (100.0%)           | +6.2%      |
| <b>Operating income</b>                        | 1,898              | 2,364              | +466       |
|  | (3.9%)             | (4.6%)             | +24.6%     |
| <b>Ordinary income</b>                         | 1,912              | 2,380              | +467       |
|  | (4.0%)             | (4.6%)             | +24.5%     |
| <b>Profit attributable to owners of parent</b> | 1,260              | 1,601              | +341       |
|  | (2.6%)             | (3.1%)             | +27.1%     |

# 1H 2019 Topics

| Sales channels  | Topics   | Impact on net sales (YoY change) | Impact on operating income (YoY change) |
|-----------------|--|----------------------------------|---|
| Carrier shops   | <ul style="list-style-type: none"> <li>• <b>Increase in sales volume of mobile phones at directly operated shops</b> <ul style="list-style-type: none"> <li>→ Existing shops: -32,000 units (sales to new subscribers were higher)</li> <li>→ New shops: +34,000 units (+29 stores vs. end-Jun. 2018)</li> </ul> </li> <li>• <b>Increase in electricity and credit card applications handled</b></li> <li>• <b>Large number of fiber-optic line service applications handled</b></li> <li>• <b>Higher SG&amp;A expenses due to the larger number of directly operated shops</b></li> </ul> | ↗                                | ↗                                       |
| Corporate sales | <p>Increased the corporate sales staff to aim for more growth</p> <ul style="list-style-type: none"> <li>• <b>Sales up mainly because of higher PC sales</b></li> <li>• <b>SG&amp;A expenses up mainly because of a larger workforce</b></li> </ul>  | ↗                                | ↘                                       |

# Balance Sheet

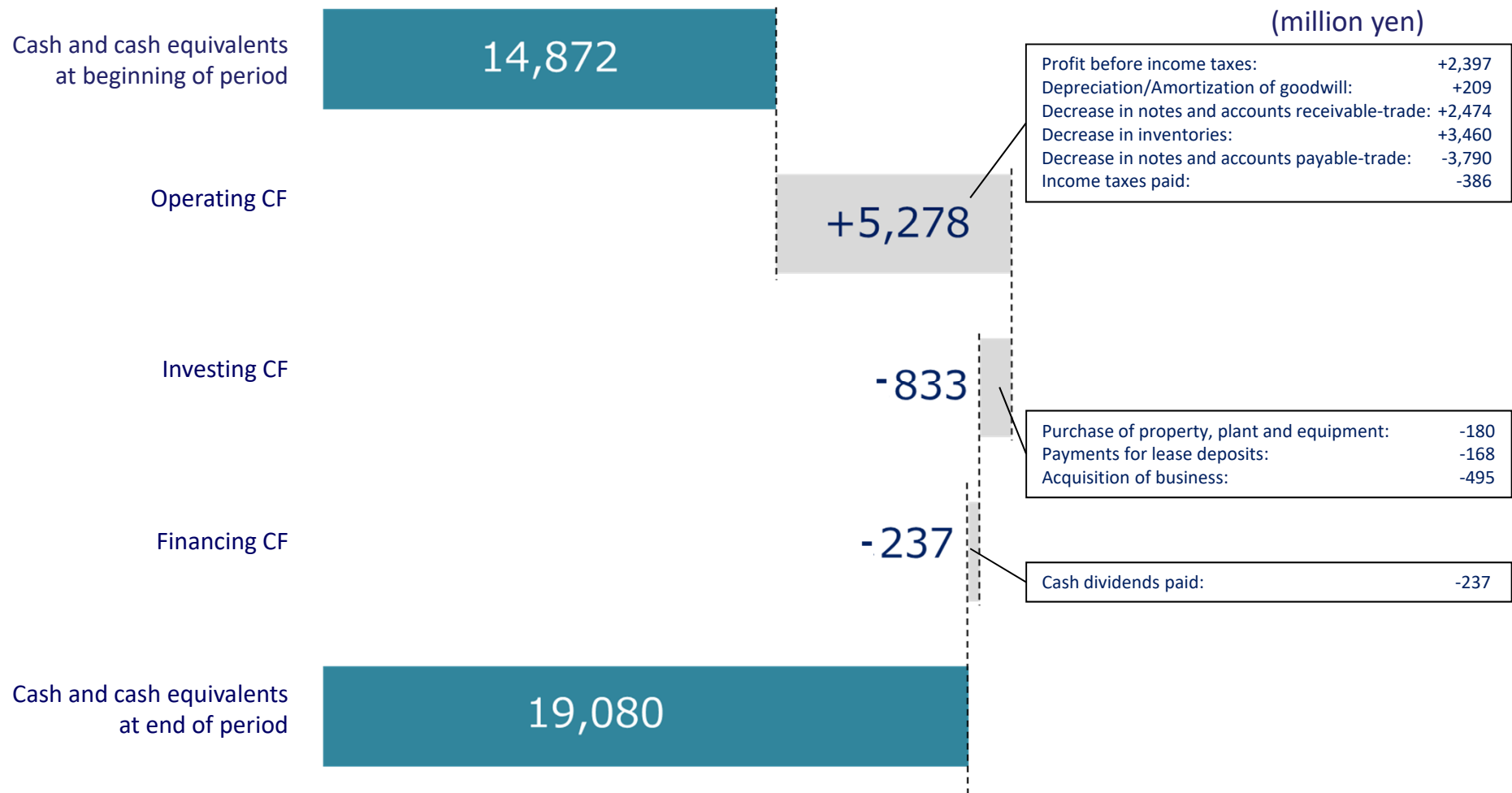
Net assets rose 1.3 billion yen mainly due to the profit attributable to owners of parent of 1.6 billion yen

(million yen)

|                        | End-Dec.<br>2018 | End-Jun.<br>2019 | YoY change    | Breakdown   |
|------------------------|------------------|------------------|---------------|---|
| Current assets         | 34,732           | 33,138           | -1,593        | <ul style="list-style-type: none"> <li>• Cash and deposits: +4,207</li> <li>• Trade accounts receivable: -2,474</li> <li>• Inventories: -3,336</li> </ul>   |
| Noncurrent assets      | 4,360            | 4,882            | +522          | <ul style="list-style-type: none"> <li>• Property, plant and equipment: +167<br/>(purchase of store equipment, etc.)</li> <li>• Goodwill: +215<br/>(switch of Daiei Dentsu shops from franchised to directly operated, etc.)</li> </ul> |
| <b>Assets</b>          | <b>39,093</b>    | <b>38,021</b>    | <b>-1,071</b> |   |
| Current liabilities    | 12,121           | 9,667            | -2,454        | <ul style="list-style-type: none"> <li>• Trade accounts payable: -3,790</li> <li>• Income taxes payable: +462</li> <li>• Other current liabilities: +841<br/>(mainly due to an increase in accrued consumption taxes)</li> </ul>        |
| Noncurrent liabilities | 5,636            | 5,660            | +24           |   |
| <b>Liabilities</b>     | <b>17,757</b>    | <b>15,327</b>    | <b>-2,429</b> |   |
| Net assets             | 21,335           | 22,693           | +1,358        | <ul style="list-style-type: none"> <li>• Profit attributable to owners of parent: +1,601</li> <li>• Dividends paid: -237</li> </ul>   |
|                        |                  |                  |               | Reference: equity ratio: 59.7% (End-Dec. 2018: 54.6%)   |

# Cash Flows

Cash and cash equivalents increased 4.2 billion yen mainly because of a decrease in inventories

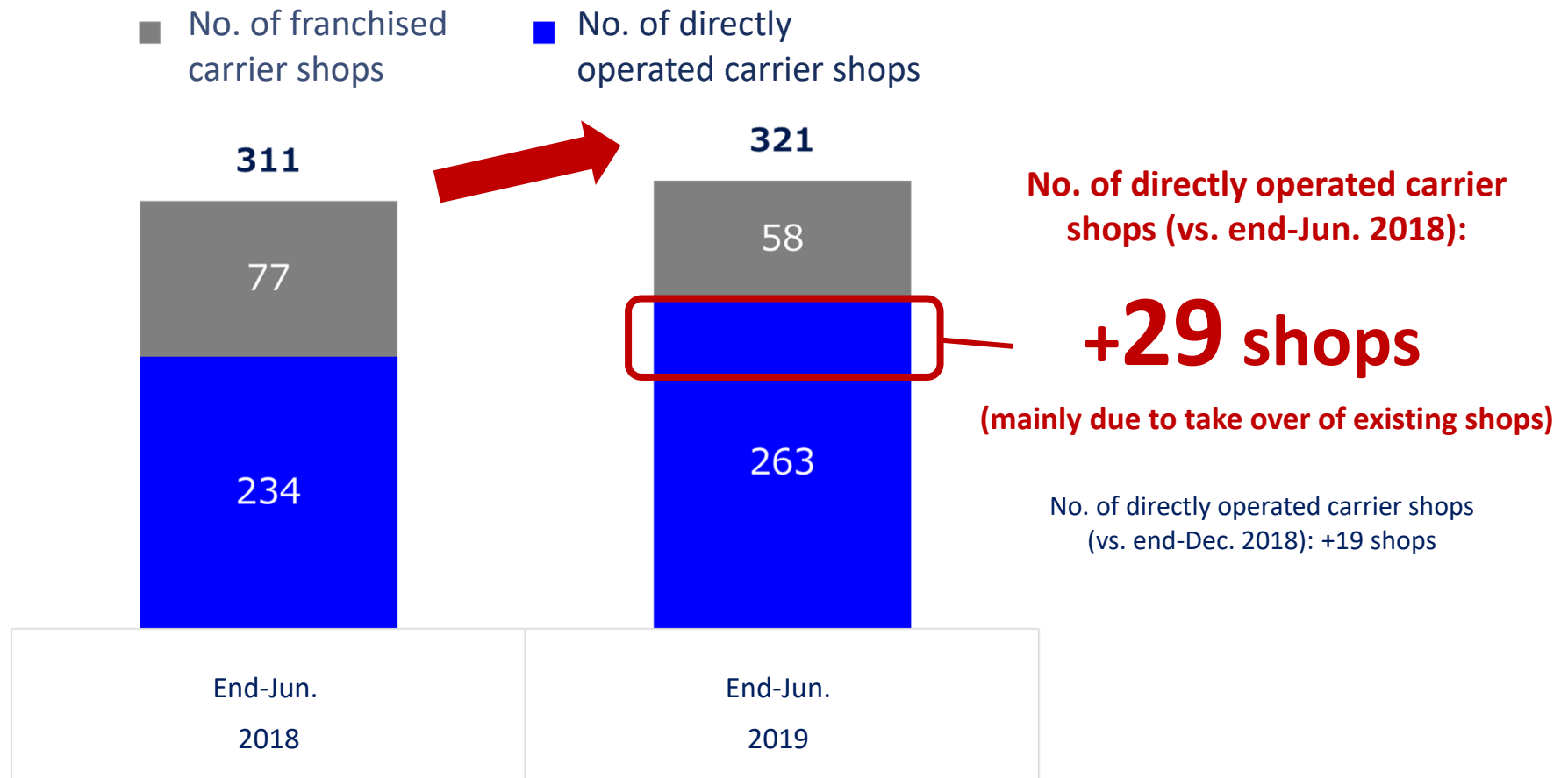


## II. 1H 2019 Initiatives



# Growth in the Number of Shops

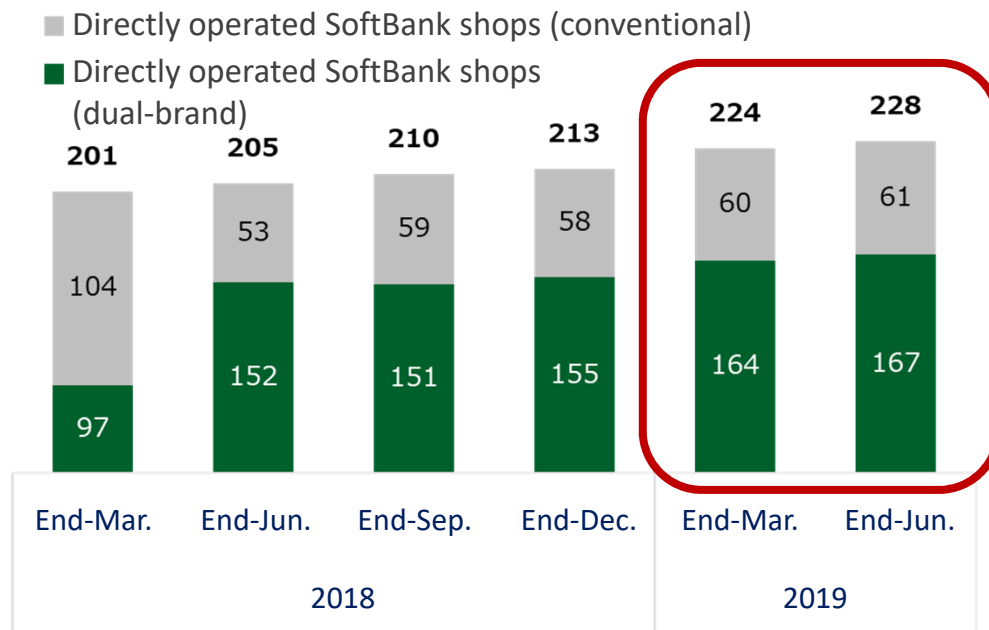
Growth by taking over existing shops for more efficient shop operations by establishing dominant positions in targeted areas



# Conversion of SoftBank Shops to Dual-brand SoftBank/Y!mobile Shops

Training people to use both SoftBank and Y!mobile for providing the rate plans and service packages that best match the needs of each customer

Compared with 2018, the number of dual-brand shops has increased and awareness of these shops has grown because of the replacement of previous signs with dual-brand signs.

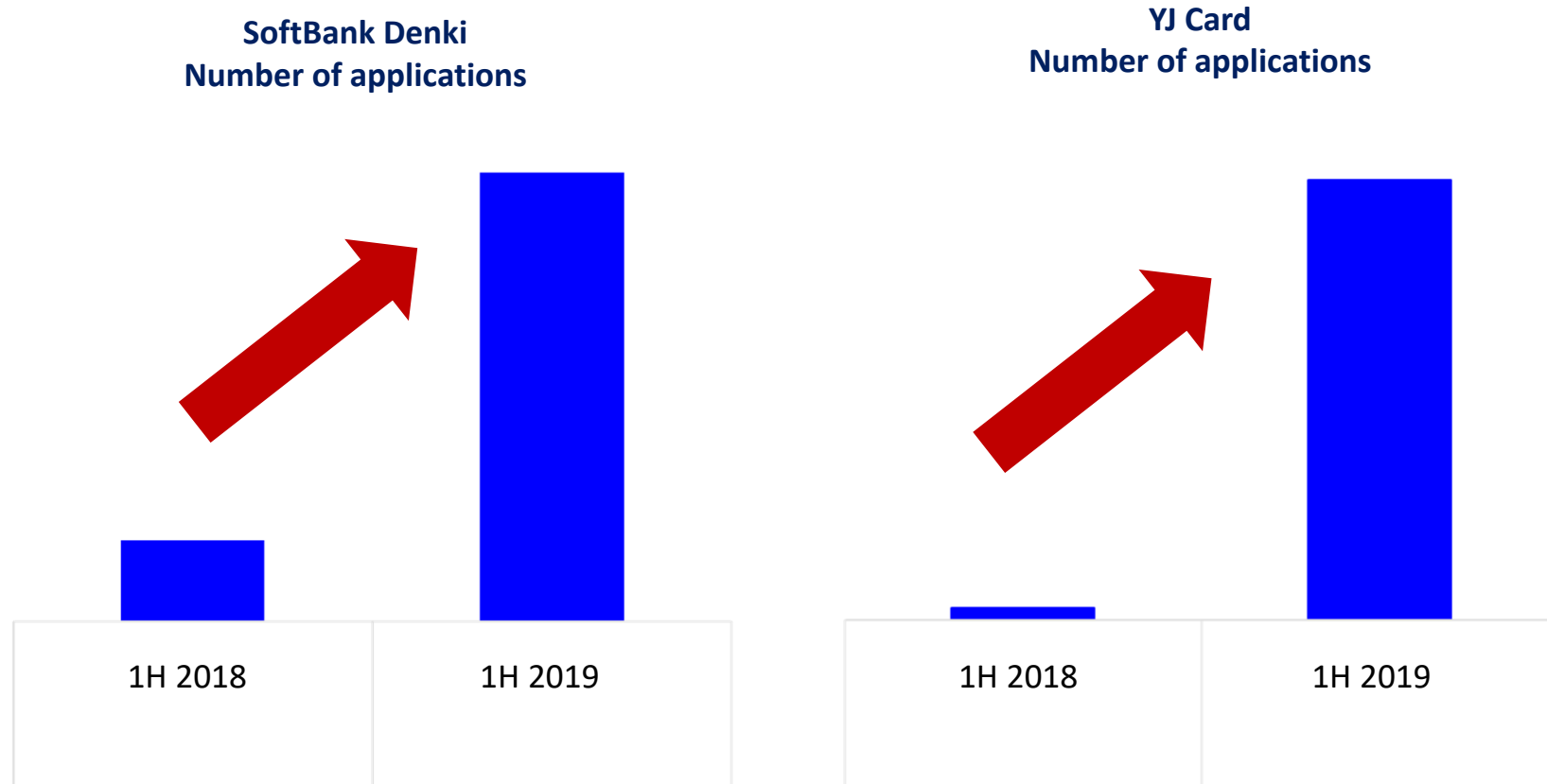


SoftBank Kuki (Kuki-shi, Saitama)  
(Dual-brand shop)

\* A dual-brand shop is a SoftBank shop that also provides Y!mobile products and services.

# Growth of Sales other than Mobile Phones

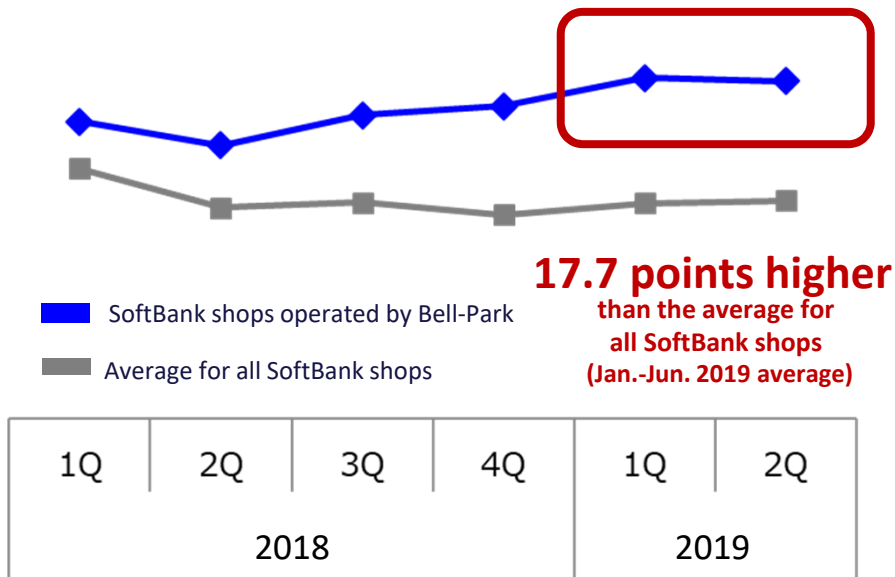
Electricity and credit card application volume was higher than in 2018  
(growth of application volume at SoftBank shops starting in 2018)



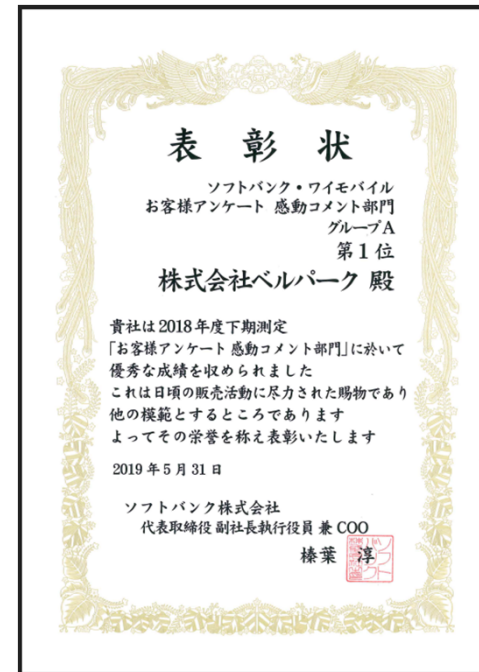
# Number One Again in Customer Favorable Impressions (Second consecutive year)

**Bell-Park SoftBank shops placed first for the second consecutive year in the SoftBank “customer questionnaire favorable impression comment” category**  
 Continuous measures to use awards and other methods to increase employee motivation for improving customer satisfaction

NPS scores at SoftBank shops directly operated by Bell-Park



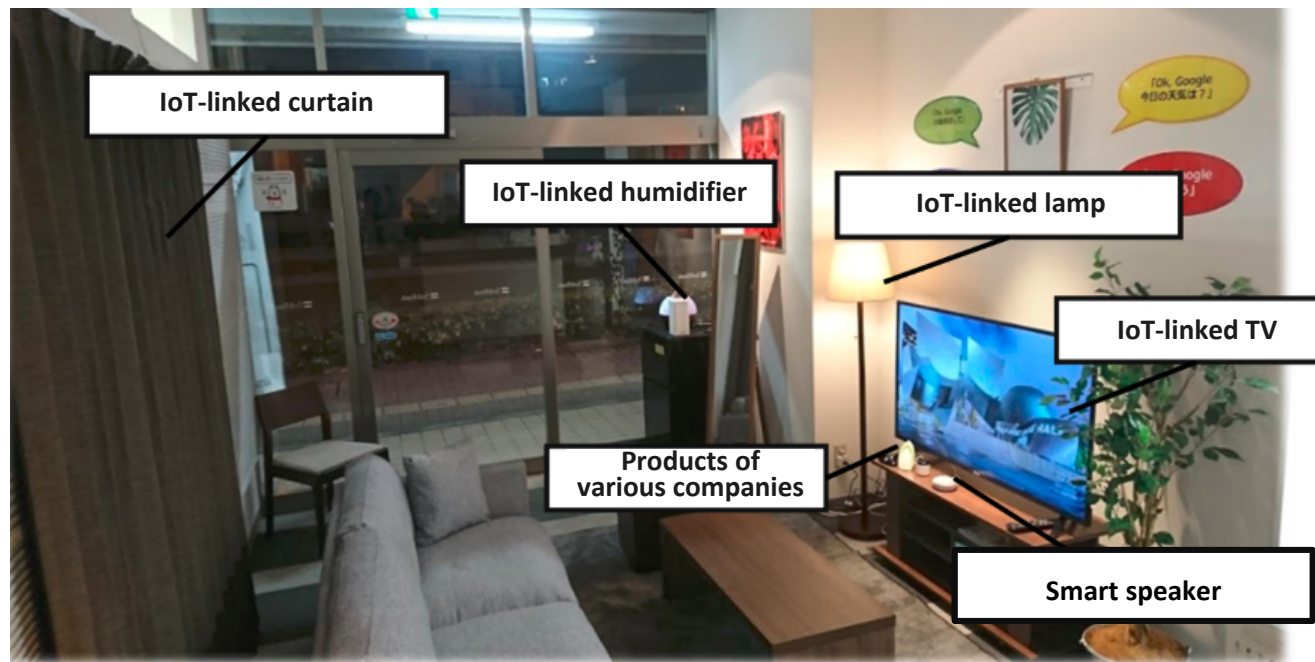
\*Award for October 2018 to March 2019



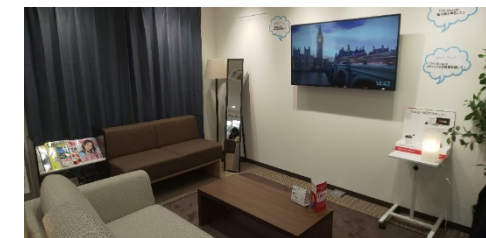
\* The NPS is a customer loyalty index that reflects how much customers like and trust a company or a brand. Customers are asked how much they would recommend the store they visited to family and friends. Customers are then classified as supporters, neutral or critics. The NPS is calculated by subtracting the percentage of critics from the percentage of supporters (people who recommend the store to others).

# A Showroom for IoT Products

Some SoftBank shops have an IoT showroom where customers can operate home appliances linked to a smart speaker



SoftBank Yanokuchi (Inagi-shi, Tokyo)



SoftBank Saginuma  
(Kawasaki-shi, Kanagawa)



SoftBank Forest Mall Minamiosawa  
(Hachioji-shi, Tokyo)

# Diversity and Work-Life Balance

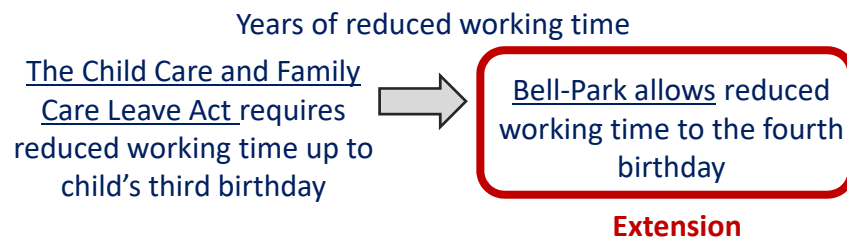
## Start of the “Bell-Park Nadeshiko” Project”

### Outline of the Nadeshiko Project

Bell-Park started this project to enable women who took time off for childbirth or caring for a child to return to their jobs with complete confidence. The project provides support for returning women as well as for the other people working at the same location.



#### Support 1 Expansion of reduced working time for childbirth/care (from May 2019)



#### Support 2 Gatherings for Mothers and Expecting Mothers (July 2019)



**These events create support communities and facilitate discussions of various issues**

- Sharing information about child care
- Sharing information about job/child care balance after returning to work, etc.

### III. 2019 Plan and Shareholder Returns

# Progress on Consolidated Forecast

**There are no revisions to the 2019 consolidated forecasts  
because of the uncertain outlook for the business climate in the second half**

First half earnings were about 80% of the 2019 forecast announced on February 12. However, the business climate is likely to change significantly as various rules are enhanced to prepare for the fall 2019 enactment of the amended Telecommunications Business Act, which will completely separate the cost of phones and communication services.

(Announced on Feb. 12)

(million yen)

|  | 2018 results | 2019 plan | YoY change | 1H 2019 results | Progress ratio |
|--|--------------|-----------|------------|-----------------|----------------|
| <b>Net sales</b>                                   | 98,088       | 95,000    | -3,088     | 51,378          | 54.1%          |
|  | (100.0%)     | (100.0%)  | -3.1%      | (100.0%)        |                |
| <b>Operating income</b>                            | 3,229        | 3,000     | -229       | 2,364           | 78.8%          |
|  | (3.3%)       | (3.2%)    | -7.1%      | (4.6%)          |                |
| <b>Ordinary income</b>                             | 3,256        | 3,000     | -256       | 2,380           | 79.3%          |
|  | (3.3%)       | (3.2%)    | -7.9%      | (4.6%)          |                |
| <b>Profit attributable to owners<br/>of parent</b> | 2,115        | 1,940     | -175       | 1,601           | 82.5%          |
|  | (2.2%)       | (2.0%)    | -8.3%      | (3.1%)          |                |

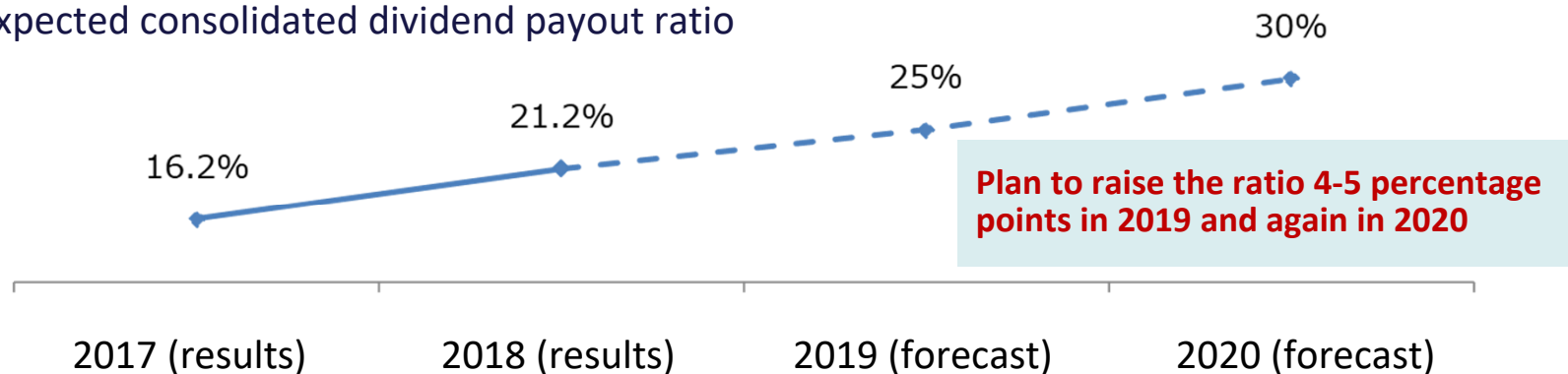


# Shareholder Returns

## Fundamental policy regarding distribution of earnings

Bell-Park positions the distribution of earnings to shareholders as one of its highest priorities and plans to increase the consolidated dividend payout ratio in stages to 30% for the dividend applicable to 2020.

Expected consolidated dividend payout ratio



## 2019 Dividend Forecast

Annual dividend forecast: **76 yen per share**

| 2Q-end | Year-end | Total  | Dividend yield<br>(based on closing price on Aug. 6) |
|--------|----------|--------|--|
| 38 yen | 38 yen   | 76 yen | 1.79%  |

\*The dividend forecast assumes that profit attributable to owners of parent will be 1,940 million yen in 2019 as forecast.

***Bell-Park***

*Lovely future*

# Appendix

# Profile of Bell-Park

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Name: Bell-Park Co., Ltd.  
Business: Information and communication device sales and service business  
Founded: February 2, 1993, 27th fiscal year  
Headquarters: Hirakawacho Center Bldg., 1-4-12 Hirakawa-cho, Chiyoda-ku, Tokyo  
Capital: 1,148 million yen  
Stock listing: May 25, 2000, Tokyo Stock Exchange JASDAQ Standard (Stock code: 9441)  
Market cap: 28,512 million yen (closing price on August 6, 2019)  
Bell-Park group employees: 2,108 (full time: 1,642; temporary: 466)

No. of carrier shops: 286 SoftBank Shops  
8 Docomo Shops  
7 au Shops  
19 Y!mobile Shops  
1 UQ Spot  
(Total: 321 stores)

Analyst Report Shared Research <http://www.sharedresearch.jp>

# Medium-term Qualitative Goals of the Bell-Park Group

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The Bell-Park Group has established medium-term qualitative goals for the purpose of achieving sustained medium- to long-term growth by meeting the expectations of customers, shareholders, employees, business partners and all other stakeholders.

## **1. Continue the steady growth of the information and communication device sales and service business.**

☆ Recruit and train people, operate shops more efficiently, relocate and remodel shops, and make the investments needed to increase the number of shops

## **2. Extend the business portfolio to new fields.**

☆ Acquire businesses in fields where Bell-Park can use human resource training, shop operation and other knowledge gained from current businesses activities; develop IoT products and services by using a new business development team and other businesses

## **3. Increase the consolidated dividend payout ratio in stages to 30% for the dividend applicable to 2020**

☆ Consolidated dividend payout ratio for 2019 is expected to be 25%

# 5-year Financial Summary

(million yen)

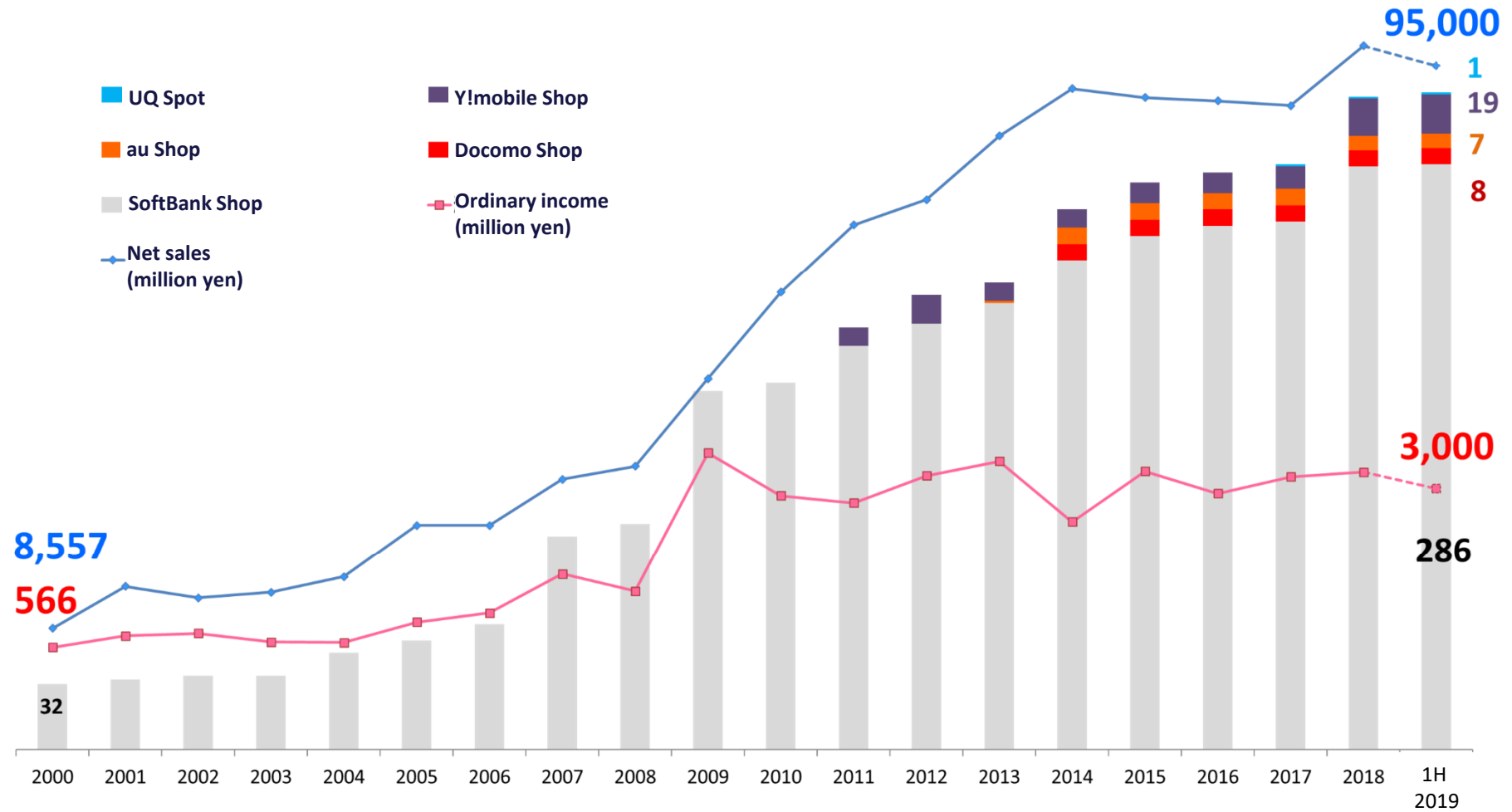
|   | 1H 2015 | 1H 2016 | 1H 2017 | 1H 2018 | 1H 2019 |
|---|---------|---------|---------|---------|---------|
| Net sales                               | 42,317  | 43,053  | 42,909  | 48,363  | 51,378  |
| Gross profit                            | 9,095   | 9,325   | 9,190   | 9,730   | 12,264  |
| Personnel, etc.                         | 4,153   | 4,385   | 4,439   | 4,452   | 5,084   |
| Rent                                    | 973     | 1,028   | 1,068   | 1,121   | 1,230   |
| Ads/sales promotion                     | 986     | 837     | 828     | 712     | 1,774   |
| Others                                  | 1,295   | 1,653   | 1,445   | 1,545   | 1,810   |
| SG&A expenses                           | 7,409   | 7,905   | 7,781   | 7,832   | 9,899   |
| Operating income                        | 1,685   | 1,420   | 1,408   | 1,898   | 2,364   |
| Ordinary income                         | 1,732   | 1,477   | 1,415   | 1,912   | 2,380   |
| Profit attributable to owners of parent | 977     | 835     | 842     | 1,260   | 1,601   |

# Financial Indicators

|               |  | 1H 2015 | 1H 2016 | 1H 2017 | 1H 2018 | 1H 2019 |
|---------------|--|---------|---------|---------|---------|---------|
| Profitability | Ratio of ordinary income to total assets | 13.8%   | 9.7%    | 8.5%    | 10.3%   | 12.3%   |
|               | Return on equity                         | 12.9%   | 10.1%   | 9.3%    | 12.5%   | 14.5%   |
|               | Cash flow margin                         | 6.1%    | 3.9%    | 4.9%    | 4.1%    | 10.3%   |
|               | Gross profit margin                      | 21.5%   | 21.7%   | 21.4%   | 20.1%   | 23.9%   |
|               | Ratio of ordinary income to net sales    | 4.1%    | 3.4%    | 3.3%    | 4.0%    | 4.6%    |

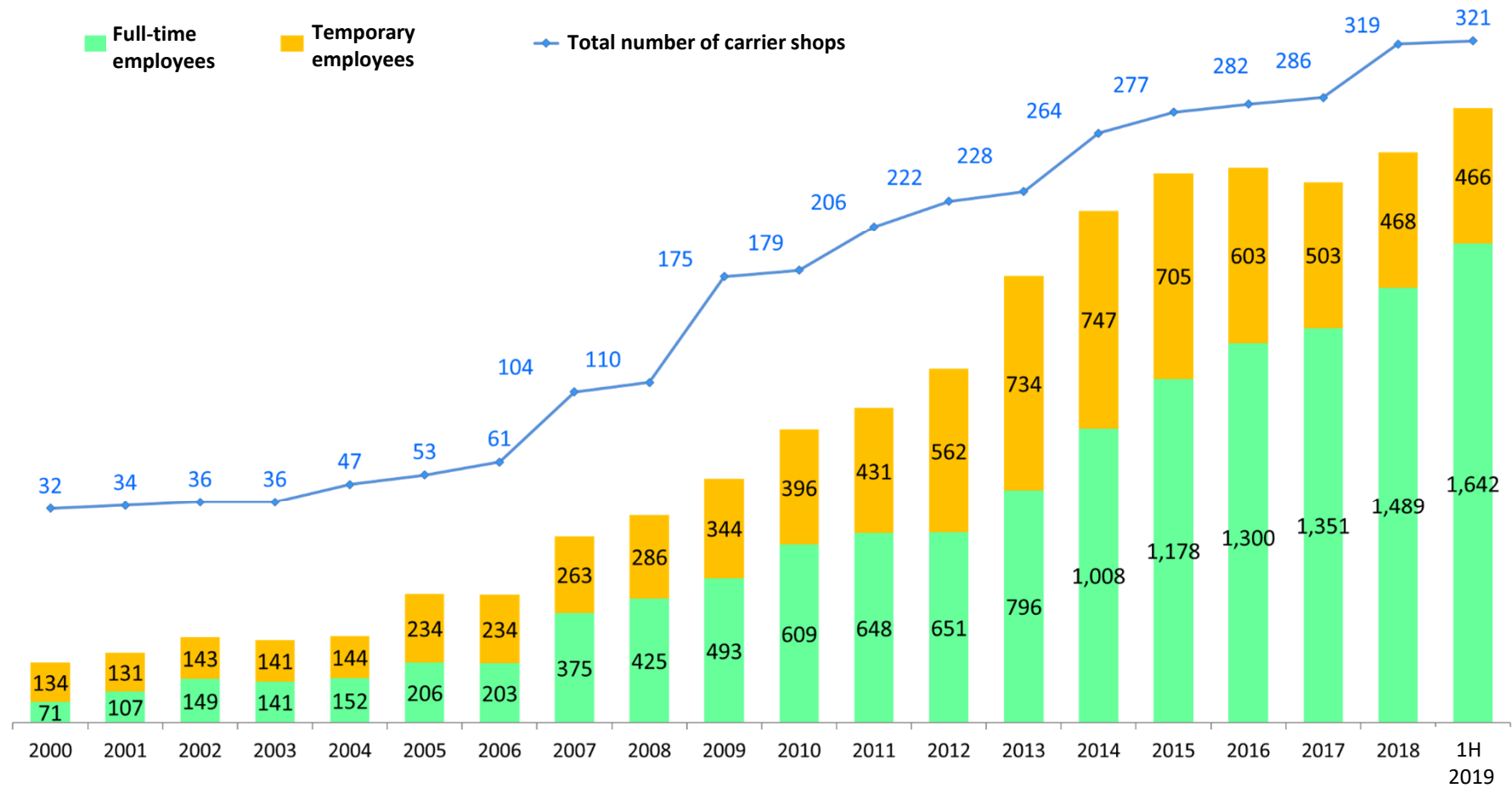
|            |                                   | 2015   | 2016   | 2017   | 2018   | 1H 2019 |
|------------|-----------------------------------|--------|--------|--------|--------|---------|
| Efficiency | Capital turnover (times/year)     | 3.2    | 2.8    | 2.4    | 2.5    | 2.7     |
|            | Receivables turnover period (day) | 41.3   | 42.0   | 43.2   | 41.6   | 35.2    |
|            | Inventory turnover period (day)   | 21.3   | 20.1   | 22.9   | 27.3   | 23.1    |
| Safety     | Equity ratio                      | 53.8%  | 52.0%  | 50.9%  | 54.6%  | 59.7%   |
|            | Current ratio                     | 203.3% | 296.0% | 268.7% | 288.0% | 342.8%  |

# Number of Carrier Shops

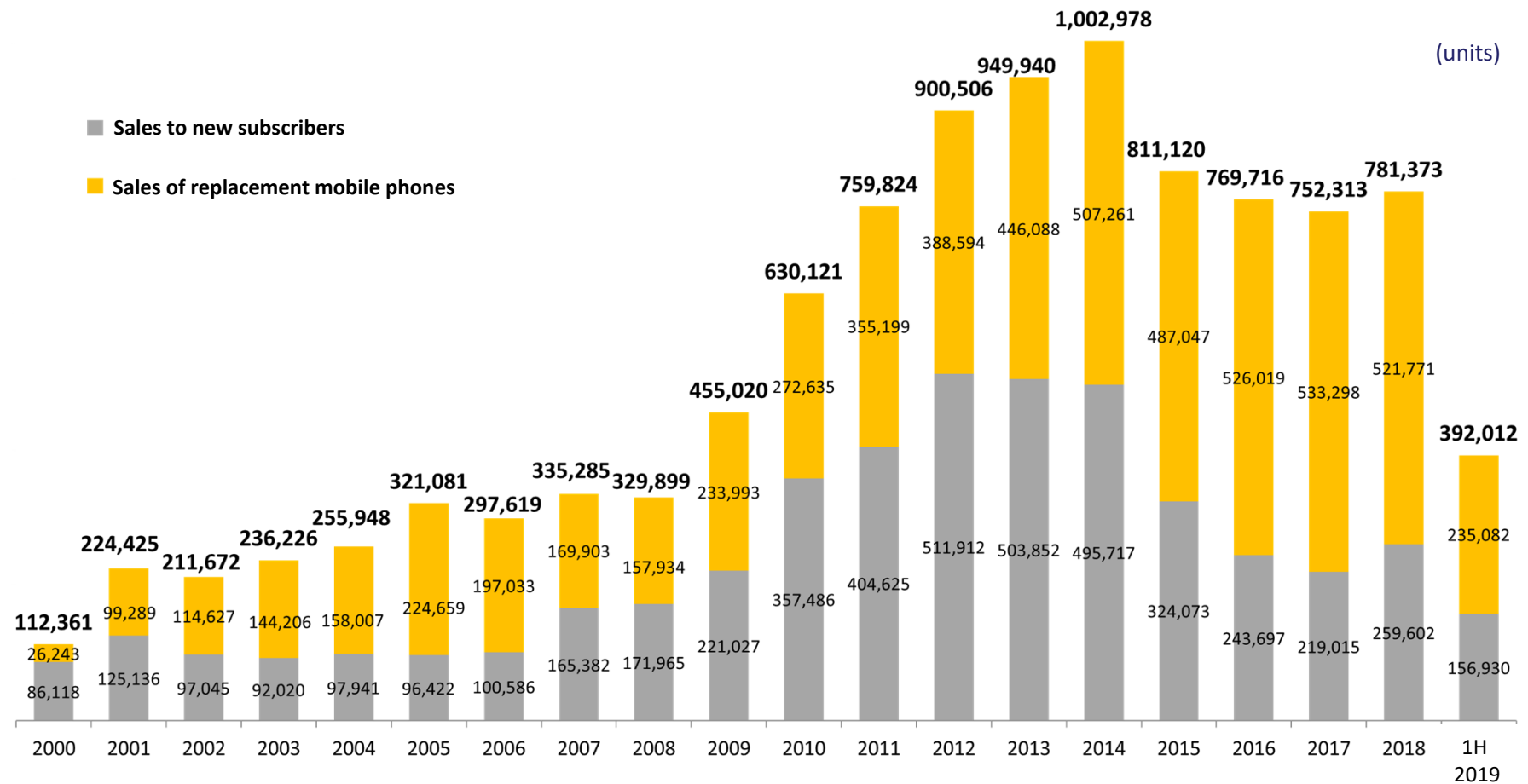




# Number of Employees



# Number of Mobile Phones Sold



# The e-Net Caravan Campaign



## e-net caravan

### Purpose

Educational activities for increasing the use of filtering to prevent young people from seeing harmful Internet content and for improving Internet literacy and manners

### Activities

Certified instructors are sent to schools throughout Japan at no cost for presentations to elementary to high school age students, parents and guardians, and teachers

### e-Net Caravan Attendance

|                       | 1H 2018 | 2H 2018 | 1H 2019 | Total  |
|-----------------------|---------|---------|---------|--------|
| Total participants    | 3,570   | 4,245   | 7,003   | 14,818 |
| Students              | 2,692   | 3,784   | 5,832   | 12,308 |
| Parents and guardians | 704     | 279     | 753     | 1,736  |
| Teachers              | 174     | 182     | 418     | 774    |

# National Association of Mobile-phone Distributors

Bell-Park president Takeru Nishikawa is a vice president of the National Association of Mobile-phone Distributors. We play an important role in activities for reducing the number of customer complaints and improving the quality of services at mobile phone agent shops.

◆ Website URL: <http://www.keitai.or.jp/>



# Forward-Looking Statements

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All plans, strategies and financial forecasts that are not based on historical facts are forward-looking statements. Such statements are based on the judgment of management in accordance with information available when these materials were prepared. Actual results may differ significantly from these statements due to changes in the operating environment and many other factors.