

**MTI Ltd.**

**Financial Results Briefing  
for FY2018**

**October 31, 2018**

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# **Financial Results Overview for FY2018**

# Financial Results Highlights

1

## Financial results for FY2018

Net sales **¥29,075** million (Down **¥1,858** million, Down **6.0%**, YoY)

Operating income **¥3,218**million (Down **¥835**million, Down **20.6%**, YoY)

2

ARPU increase by **19.5** yen  
compared to the same period last year  
**4.57** million subscribers

(Down 0.75 million compared to September 30, 2017)

3

## Earnings forecast for FY2019

Net sales **¥28,000** million (Down **¥1,075** million, Down **3.7%**, YoY)

Operating income **¥2,400**million (Down **¥818**million, Down **25.4%**, YoY)

# Consolidated P/L

(Millions of yen)

	FY2018	FY2017	Change	
			Amount	Percentage
<b>Net sales</b>	29,075	30,933	(1,858)	(6.0%)
<b>Cost of sales</b>	6,405	5,645	+759	+13.5%
<b>Gross profit</b>	22,670	25,288	(2,618)	(10.4%)
(Ratio)	78.0%	81.7%		
<b>SG&amp;A</b>	19,452	21,234	(1,782)	(8.4%)
(Ratio)	66.9%	68.6%		
<b>Operating income</b>	3,218	4,053	(835)	(20.6%)
(Ratio)	11.1%	13.1%		
<b>Ordinary income</b>	3,116	3,972	(856)	(21.6%)
(Ratio)	10.7%	12.8%		
<b>Profit attributable to owners of parent</b>	1,629	1,434	+194	+13.6%
(Ratio)	5.6%	4.6%		

Decreased in number of paying subscribers.

Strengthen the number of video product lines.

# Consolidated SG&A

(Millions of yen)

	FY2018	FY2017	Change	
			Amount	Percentage
<b>SG&amp;A</b>	19,452	21,234	(1,782)	(8.4%)
<b>Advertising expenses</b>	4,401	5,746	(1,345)	(23.4%)
<b>Personnel expenses</b>	5,815	5,922	(107)	(1.8%)
<b>Commission fee</b>	3,622	3,698	(76)	(2.1%)
<b>Subcontract expenses</b>	1,125	1,432	(307)	(21.5%)
<b>Depreciation</b>	1,639	1,690	(51)	(3.0%)
<b>Other</b>	2,848	2,743	+105	+3.8%

Decreased in the number of paying subscribers.  
(Priority was placed on the efficiency of acquisition.)

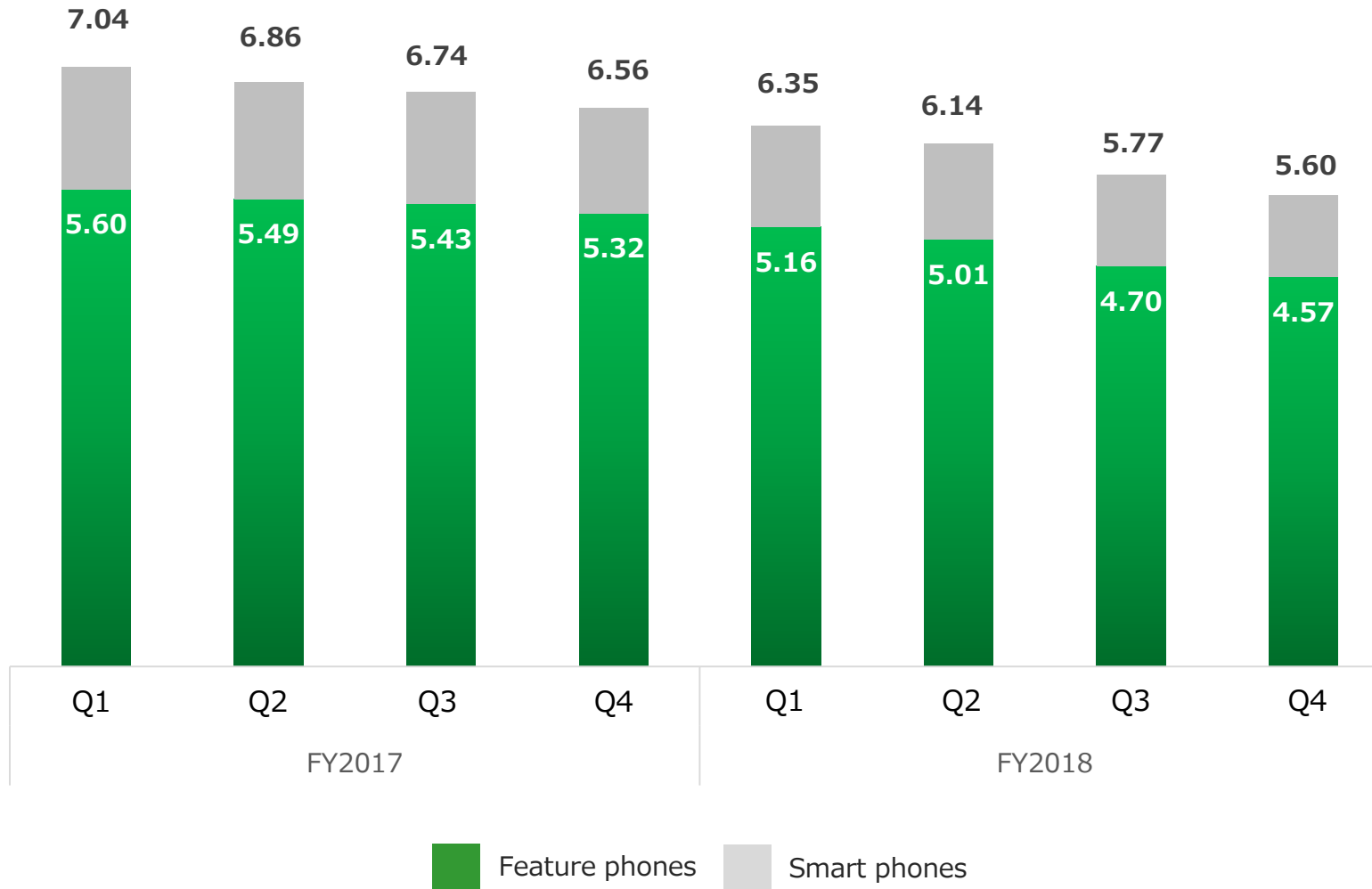
# Achievement Ratio for Earnings Forecast

(Millions of yen)

	FY2018		Achievement ratio
	Actual	Forecast	
Net sales	29,075	30,000	96.9%
Operating income	3,218	2,800	114.9%
Ordinary income	3,116	2,800	111.3%
Profit attributable to owners of parent	1,629	2,000	81.5%

# Business Overview i )

(Unit: Millions of people)



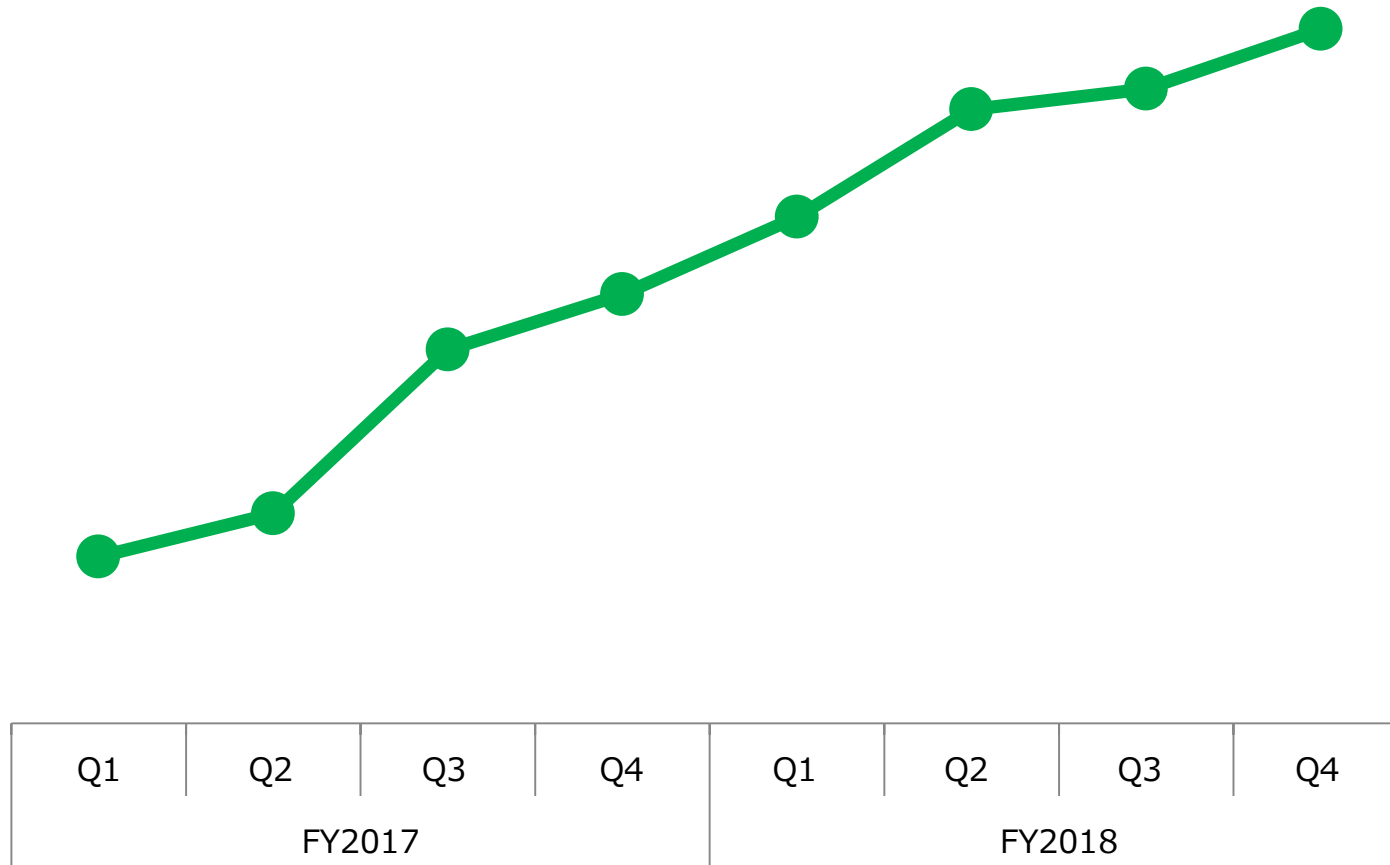
The total number  
of paying  
subscribers  
**5.60** million  
subscribers

(Down 0.96 million compared to  
September 30, 2017)



## Business Overview ii )

The average revenue per user (ARPU)  
of the smartphones paying subscribers



YoY Change  
**¥19.5  
UP!**

# **Approach in FY2019**

# Basic Policy in FY2019

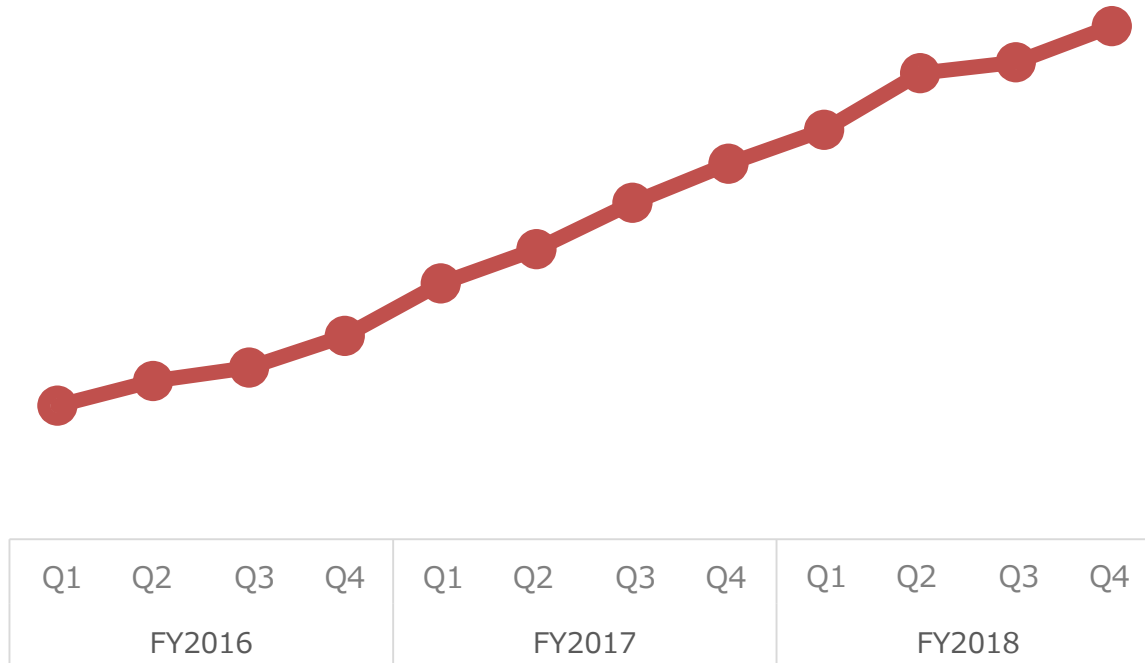
- 1. Expand sales for  
healthcare-related services**

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- 2. Maintenance of the total number  
of paying subscribers**

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- 3. Improvement in ARPU**

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# Improvement in ARPU



**Enhanced  
video lineup**

**Continuous  
rise in ARPU**

# 【Reference】 Progress of content services business

FY2018

FY2019

October

December

March

June

October



Increased in number  
of video product lines

Hollywood movies

TV-drama

Korean TV

and more

Music•Video•Books  
distribution services



¥1,780 per month

Launched of a service that  
allows subscribers to watch  
As much as you want with  
specialty channels at a fixed price

Programs  
for children

Music

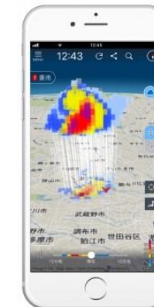
Sports

**Provides  
high quality  
contents**

Weather  
information service



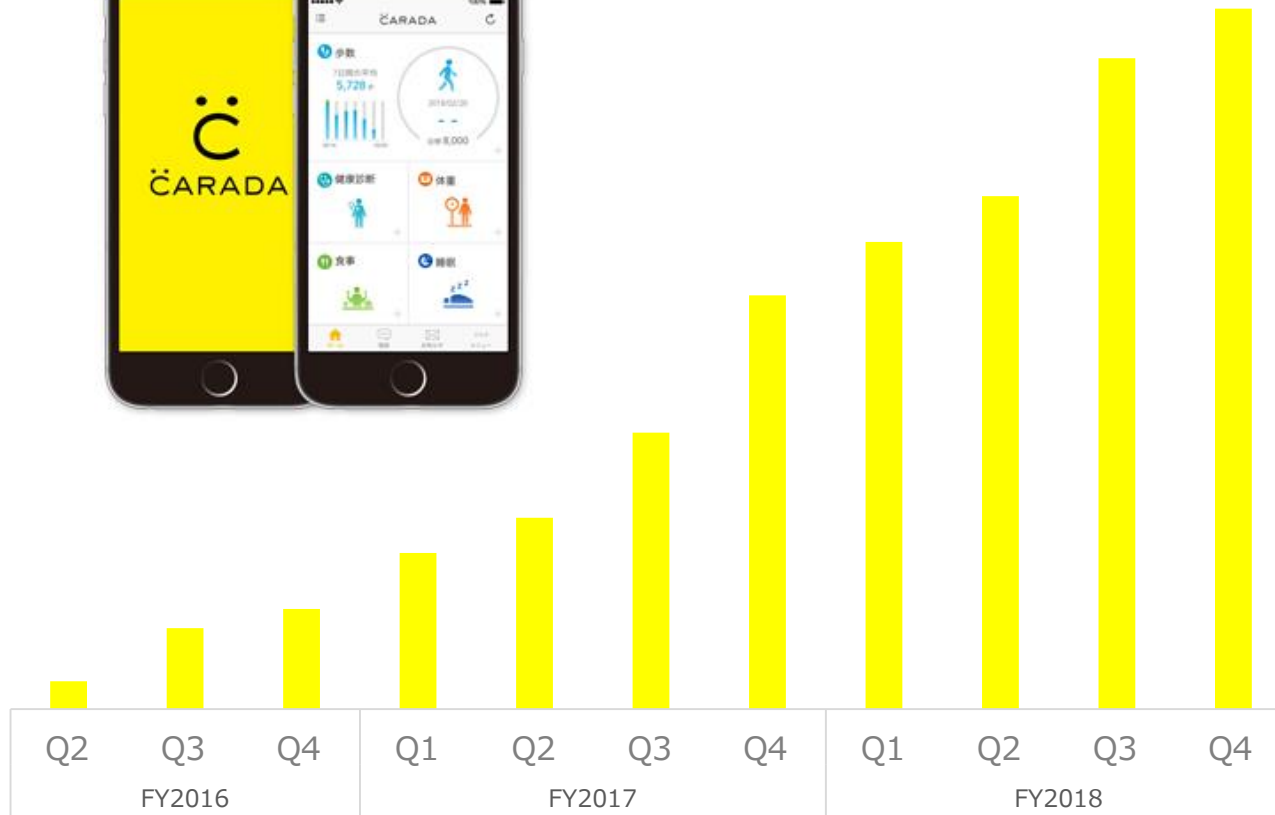
An app that detects areas  
where unexpected  
torrential rains may occur  
3D Rain Cloud Watcher  
Expanded coverage  
nationwide



# Healthcare-related services business

## ĈARADA

Healthcare management  
service for corporations

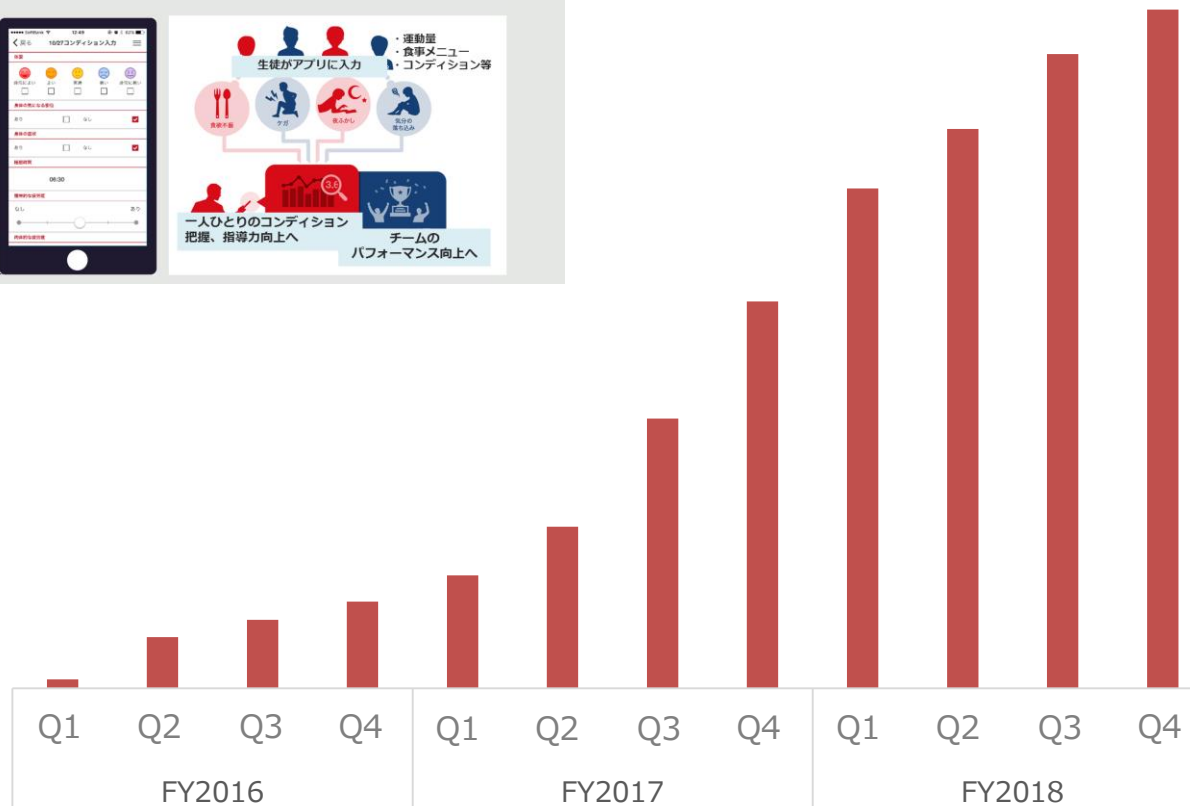


The number of  
IDs has been  
increasing  
steadily.

# Healthcare-related services business



## Sports management service



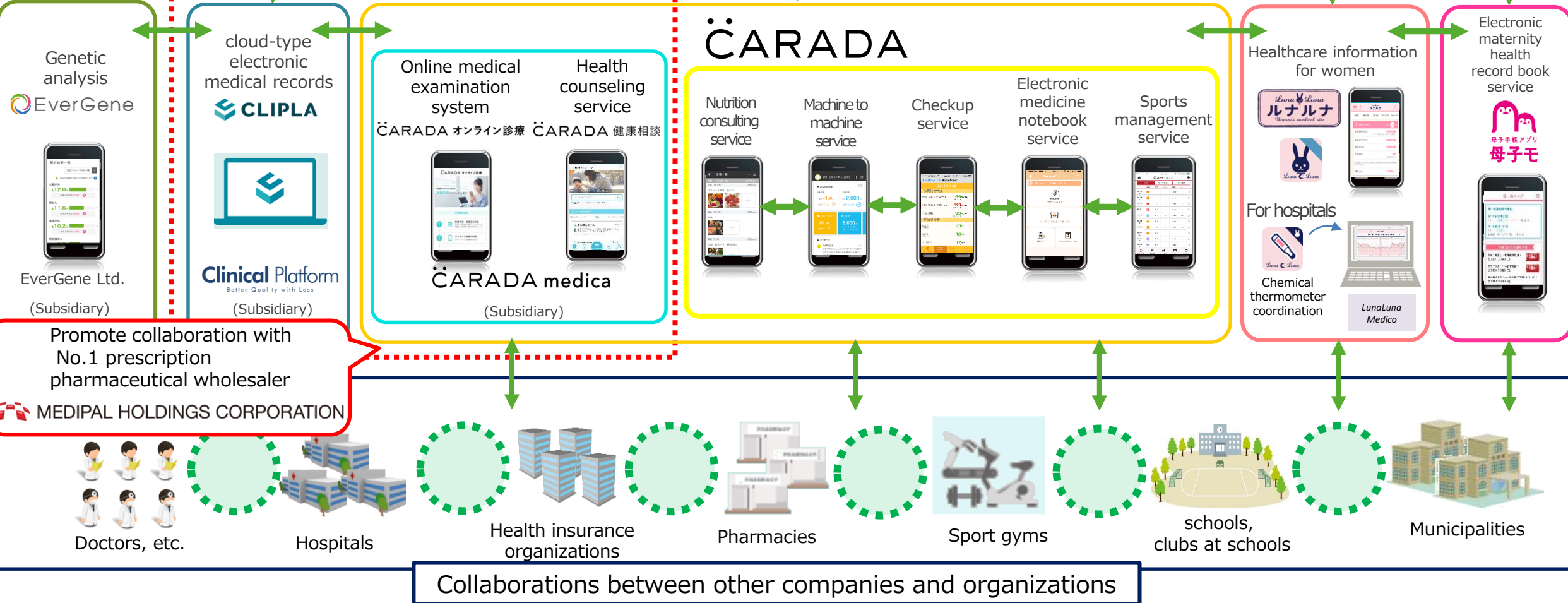
**Paid service  
has been  
increasing  
steadily.**

# Overview of healthcare-related services



Developing healthcare information management databases to connect data in each Service

Data coordination





## Healthcare-related services:

### Collaboration with No. 1 prescription pharmaceutical wholesaler i )

Content development strength



Medical industry network



MEDIPAL HOLDINGS CORPORATION



Start of a  
business  
alliance  
from

**June, 2016**

**Clinical Platform**  
Better Quality with Less

Company of cloud-type  
electronic medical records

**Joint  
investment**  
in

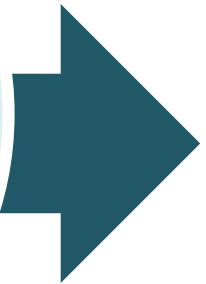
**March, 2018**

ČARADA medica

**Make MTI's  
subsidiary  
a joint venture  
company**  
in

**Novembre, 2018**

**Promote  
collaboration**



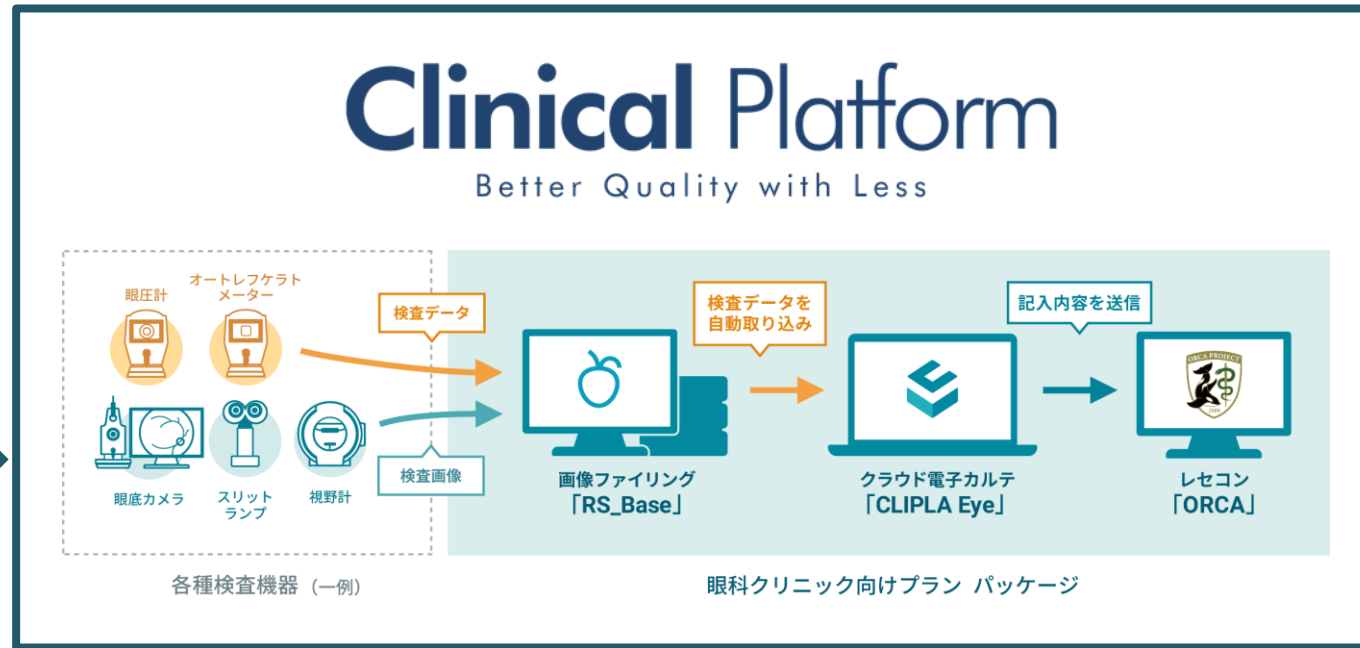
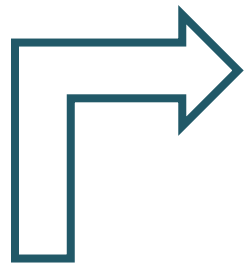
## Healthcare-related services:

## Collaboration with No. 1 prescription pharmaceutical wholesaler ii)

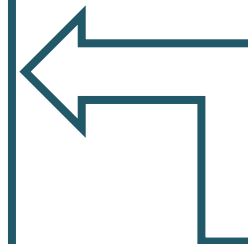
in  
March,  
2018

## Company of cloud-type electronic medical records Joint investment

Investment  
ratio  
**50.9%**



Investment  
ratio  
**10.1%**



Content development strength

**MTI Ltd.**



Health industry network



**MEDIPAL HOLDINGS CORPORATION**

## Healthcare-related services:

### Collaboration with No. 1 prescription pharmaceutical wholesaler iii)

Make MTI's subsidiary a joint venture company

in  
November,  
2018

ČARADA medica

Start of online medical  
examination service

Amount of  
investment  
**2.1**  
billion yen

Investment  
ratio  
**65.6%**

Investment  
ratio  
**34.4%**

Content development strength

 **MTI Ltd.**



Health industry network



MEDIPAL HOLDINGS CORPORATION

\*ČARADA medica Inc.'s online medical examination service is to provide an online medical examination system that is necessary for a medical service provider to conduct online medical examinations, and not to conduct medical practice.

# 【Reference】 Promotion of healthcare service business

FY2018

FY2019

March

June

September

October

November

Healthcare information  
for women



Passed 12mil DL !

To be 13mil DL

Luna-Luna  
10,000 users'  
big data

Genetic analysis

Relationship with food allergies  
involving shrimp and peach

Female specific constitution (bust size, menstrual pain, etc.)

Eyelid, eye brow, skin, body hair, hair

Healthcare service  
for corporations  
**ÇARADA**

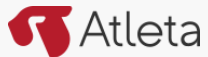


- Start of OEM supply
- Seven companies that have introduced are certified as "2018 Health and Productivity White 500"
- Start of services for pharmacy

- Certified as IT introduction support company for a subsidy for IT introduction promoted by the Ministry of Economy, Trade and Industry

- Physical check-up data be analyzed by Riken (as anonymous informat

Sports management



Product  
improvement

Resume sales  
activities for new  
acquisitions

Promote collaboration  
with No.1 prescription  
pharmaceutical wholesaler



**Joint investment  
to company of cloud-type  
electronic medical records**

**Clinical Platform**  
Better Quality with Less



**Promote sales activities  
for Luna-Luna hospital  
coordination**



**Promote sales  
activities for electronic  
maternity health  
record book service**



**Make MTI's subsidiary  
a joint venture company  
online medical examination service**  
**ÇARADA medica**

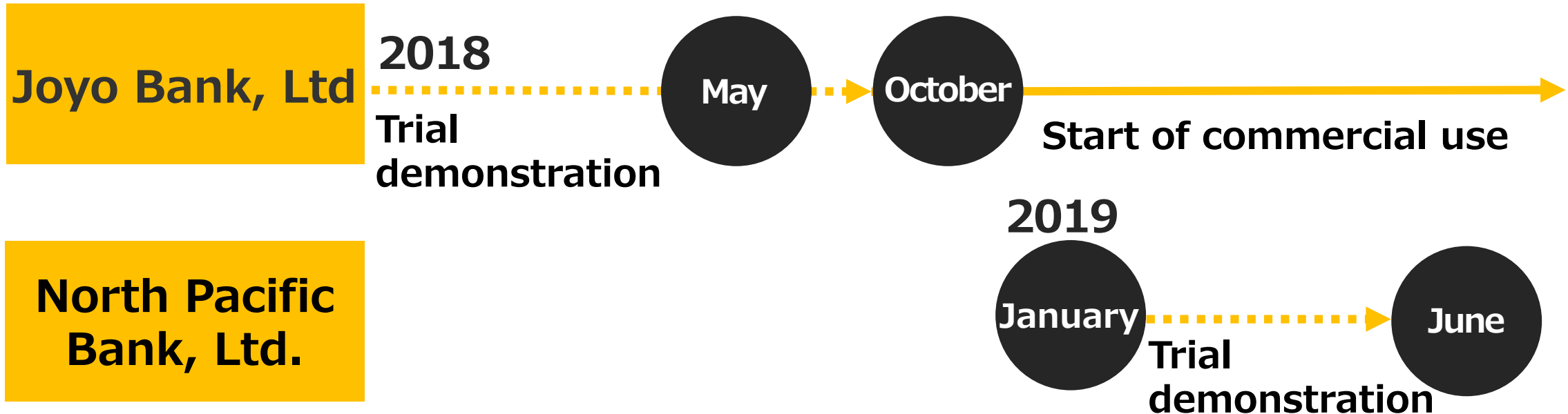
**Strengthen  
coordination**

## Topics : Fintech business

smartphone payment  
with direct connection  
to a bank account



**Coordination with local banks' update API**



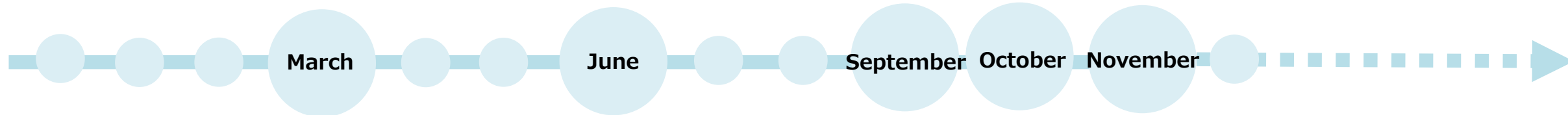
# Topics : AI services business (Automagi Inc.)

MTI Ltd.



FY2018

FY2019

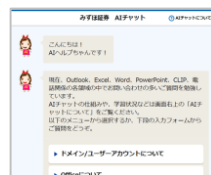


chat bot  
( Automatic answering )



**Trial demonstration**  
Organization for  
Small & Medium  
Enterprises and  
Regional Innovation

**Mizuho Securities Co.**  
in-house inquiry



Logistics  
/Warehouse

Advertisement

Real estate

communication

Power

Gas

Architecture

Mail order

Finance

Maker

**Expansion of  
customer's  
industry**

Image/video analysis



**Recognize by  
smartphone's camera**  
Start of AI service

- Product package
- Inspection of a tag

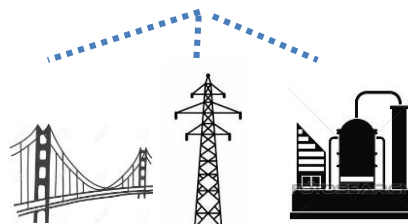
**Nichirei Logistics  
Group Inc.**



Trial  
demonstratio



**Detection of rust**



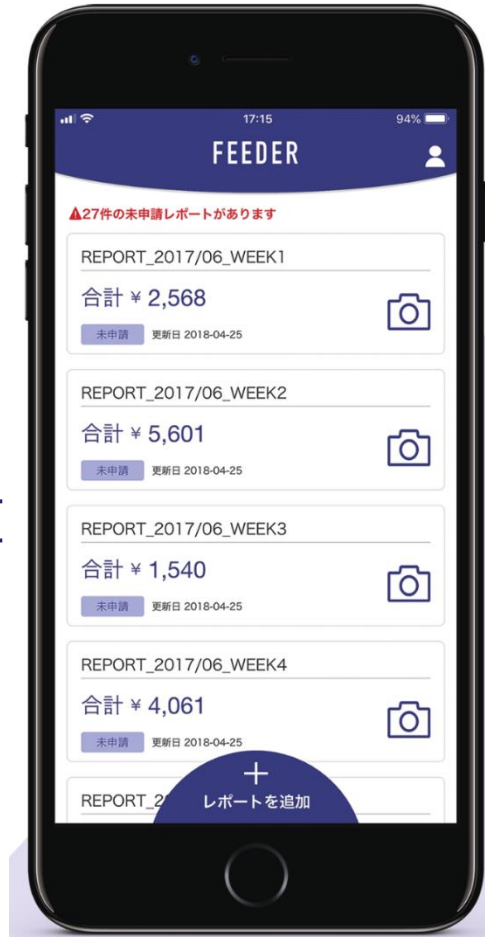
**Lion Corporation**  
Gum check-up



# Topics : "FEEDER"



App that reads receipts using AI



Use AI to achieve a company's work-style reform

**Expansion of this year's contract with a major company**

## Consolidated Earnings Forecast i )

- Year-on-year decrease in the total number of paying subscribers
- Continue to focus on healthcare-related services

**Net sales** **28,000** million (Down ¥1,075million, Down 3.7%, YoY)

**Operating income** **2,400** million (Down ¥818million, Down 25.4%, YoY)

**Profit attributable to owners of parent** **1,400** million (Down ¥229million, Down 14.1%, YoY)



# Consolidated Earnings Forecast ii)

(Unit: millions of yen)

	FY2019 (Forecast)			FY2018 (Actual)			Change	
	Full-year	H1	H2	Full-year	H1	H2	Amount (Full-year)	Percentage (Full-year)
<b>Net sales</b>	28,000	14,000	14,000	29,075	15,162	13,913	(1,075)	(3.7%)
<b>Cost of sales</b>	6,400	3,200	3,200	6,405	3,325	3,094	(5)	(0.1%)
<b>Gross profit</b>	21,600	10,800	10,800	22,670	11,837	10,819	(1,070)	(4.7%)
<b>Selling, general and administrative expenses</b>	19,200	9,800	9,400	19,452	10,465	8,961	(252)	(1.3%)
<b>Operating income</b>	2,400	1,000	1,400	3,218	1,372	1,858	(818)	(25.4%)
(Ratio)	8.6%	7.1%	10.0%	11.1%	9.1%	13.4%		
<b>Ordinary income</b>	2,300	950	1,350	3,116	1,325	1,802	(816)	(26.2%)
(Ratio)	8.2%	6.8%	9.6%	10.7%	8.7%	13.0%		
<b>Profit attributable to owners of parent</b>	1,400	600	800	1,629	1,154	487	(229)	(14.1%)
(Ratio)	5.0%	4.3%	5.7%	5.6%	7.6%	13.4		

# Capital Policy

## Capital Policy

**We aim for continuous growth in sales and profit, and for harmonizing them with returns to shareholders.**

	Interim dividend	Year-end dividend	Annual dividend
<b>FY2018</b>	<b>¥8</b>	<b>¥8</b> (Scheduled)	<b>¥16</b> (Scheduled)
<b>FY2019</b> (Forecast)	<b>¥8</b>	<b>¥8</b>	<b>¥16</b>

※ A Dividend at the end of FY2018 are to be referred to the 23th general shareholders' meeting on December 22, 2018.

**Thank you for your attention.**

**MTI Ltd.**

〈Contact us〉

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