

**PROTO CORPORATION (4298:JP)**  
**Financial Results for the Three Months Ended June 2015**  
**(April 1, 2015 to June 30, 2015)**

**July 31, 2015**

# Summary of the 1st quarter of the term ending Mar. 2016

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## ■ Market environment

The sales volume of new cars showed the tendency of slight decrease, because of the tightening of Eco-car tax reduction and the revision to the mini-vehicle tax in Apr. 2015.

The cumulative sales volume of new automobiles from Apr. 2015 to Jun. 2015 were 1.09 million (94.5% of the volume in the previous year)

The cumulative number of registered used cars from Apr. 2015 to Jun. 2015 was 1.61 million (103.2% of the number in the previous year)

## ■ Results

Increase in sales: Consolidated sales: 13.2 billion yen (108.3% of the value for the same period of the previous year)

Decrease in profit: Consolidated operating income : 1.05 billion yen  
(84.3% of the value for the same period of the previous year)

Sales increased, mainly because TIRE WORLD KAN BEST CO., LTD. was included in the scope of consolidation (reorganized into a subsidiary in Apr. 2015).

The number of client firms of Goo Series and GooPit increased steadily, but profits decreased because the PCs with WindowsXP were replaced at PROTO-RIOS INC. in the previous term, decreasing the sales of systems, and there was the prior investment in GooPit and GooAUTO, as included in the initial plan. Sales and operating income were nearly equal to the estimates.

## ■ Topics

In Apr. 2015, TIRE WORLD KAN BEST CO., LTD. was reorganized into a subsidiary.

# Q1/FY March 2016 : Operating Results

Consolidated Statements of Income [unit: million yen]	Apr-Jun 2014 Results	Apr-Jun 2015 Forecast	Apr-Jun 2015 Results	YoY change	YoY change (%)	Achievement rate	Achievement rate(%)
Net Sales	12,200	12,746	13,209	1,008	108.3%	462	103.6%
Cost of Sales	7,087	7,219	7,938	850	112.0%	719	110.0%
Gross Profit	5,112	5,526	5,270	158	103.1%	(256)	95.4%
SG&A Expenses	3,855	4,509	4,211	355	109.2%	(297)	93.4%
EBITDA	1,694	1,541	1,553	(140)	91.7%	12	100.8%
Operating Income	1,257	1,017	1,059	(197)	84.3%	41	104.1%
Ordinary Income	1,305	1,035	1,095	(210)	83.9%	59	105.8%
Net income attributable to owners of parent	973	599	572	(400)	58.8%	(26)	95.6%

\* The planned values for the term ended Mar. 2016 were announced on May 8, 2015.

## ■ Sales: Increase

Increase in sales mainly in TIRE WORLD KAN BEST CO., LTD. and PROTO CORPORATION

## ■ Gross Profit: Increase

Increase in profit mainly in TIRE WORLD KAN BEST CO., LTD. and PROTO MEDICAL CARE

## ■ Operating Income : Decrease

Decrease in profit mainly in PROTO-RIOS INC., PROTO CORPORATION, and AUTOWAY Co., Ltd. Increase in goodwill amortization amount due to the reorganization of TIRE WORLD KAN BEST CO., LTD. into a subsidiary

## ■ Net Income : Decrease

Profit decreased 400 million yen, because 214 million yen was posted as the income from the liquidation of the subsidiary (PROTO SINGAPORE Pte. Ltd.) in the previous term, in addition to the above contents.

# Q1/FY March 2016 : Operating Results by Segment(1)

By Segment [unit: million yen]		Apr-Jun 2014 Results	Apr-Jun 2015 Forecast	Apr-Jun 2015 Results	YoY change	YoY change (%)	Achievement rate	Achievement rate(%)
Automobile- related	Sales	11,145	11,629	12,085	940	108.4%	455	103.9%
	Operating Income	1,619	1,449	1,371	(248)	84.7%	(78)	94.6%
Lifestyle- related	Sales	823	824	812	(10)	98.7%	(12)	98.5%
	Operating Income	73	65	81	7	110.7%	16	124.8%
Real Estate	Sales	40	41	41	0	101.4%	(0)	99.8%
	Operating Income	22	20	27	5	123.2%	7	137.2%
Other Business	Sales	191	250	269	78	141.2%	19	107.7%
	Operating Income	(39)	(46)	(18)	20	-	27	-
Management Division	Sales	-	-	-	-	-	-	-
	Operating Income	(419)	(470)	(402)	16	-	68	-
Total	Sales	12,200	12,746	13,209	1,008	108.3%	462	103.6%
	Operating Income	1,257	1,017	1,059	(197)	84.3%	41	104.1%

By Sub Segment [unit: million yen]		Apr-Jun 2014 Results	Apr-Jun 2015 Forecast	Apr-Jun 2015 Results	YoY change	YoY change (%)	Achievement rate	Achievement rate(%)
Automobile- related	Sales Total	11,145	11,629	12,085	940	108.4%	455	103.9%
	Info Registration Fee	5,025	5,097	5,021	(4)	99.9%	(76)	98.5%
	Information Service Fee	6,119	6,532	7,063	944	115.4%	531	108.1%

■ **Automobile-related information:** Mainly the sales from information provision (sale of tires) increased.

■ **Lifestyle-related information:** Especially, the sales from the culture information business of PROTO CORPORATION decreased, but we withdrew the unprofitable businesses (online shop for nursing care goods) in the filed of medicine, nursing care, and welfare. Accordingly, sales declined and profits increased.

## Q1/FY March 2016 : Operating Results by Segment(2)

Automobile-related Sales by Product Classification [unit: million yen]		Apr-Jun 2014 Results	Apr-Jun 2015 Forecast	Apr-Jun 2015 Results	YoY change	YoY change (%)	Achievement rate	Achievement rate(%)
Information magazine business	Basic ad fee	2,662	2,558	2,555	(107)	96.0%	(3)	99.9%
	Others	251	224	231	(20)	91.8%	6	103.0%
IT business 1 (Data Biz)	MOTOR GATE, etc.	2,321	2,504	2,421	100	104.3%	(83)	96.7%
	BtoB data provision fee	857	941	856	(0)	99.9%	(84)	91.0%
IT business 2 (Product sales)	Tires and wheels	2,526	3,627	3,776	1,249	149.4%	148	104.1%
	Others	433	464	550	116	126.9%	85	118.5%
Other businesses (Product sales, etc.)	Export, sale, etc. of used cars (including Goo Inspection)	2,090	1,308	1,693	(396)	81.0%	384	129.4%

■ Info Magazine Biz :Basic ad fee: Decrease in sales:

Decrease in sales mainly due to the revisions to the fees for Goo Series (shift to IT business 1).

Decrease in sales at PROTO MALAYSIA Sdn. Bhd.

■ IT business 1 :MOTOR GATE, etc.: Increase in sales:

Increase in sales due to the revisions to the fees for Goo Series. Increase in sales due to GooPit.

■ IT business 1 :BtoB data provision fee: Decrease in sales:

Decrease in sales of systems in the wake of the replacement of the PCs with Windows XP at PROTO-RIOS INC. in the previous term.

■ Tires and wheels: Increase in sales:

Increase in sales due to the reorganization of TIRE WORLD KAN BEST CO., LTD. into a subsidiary.

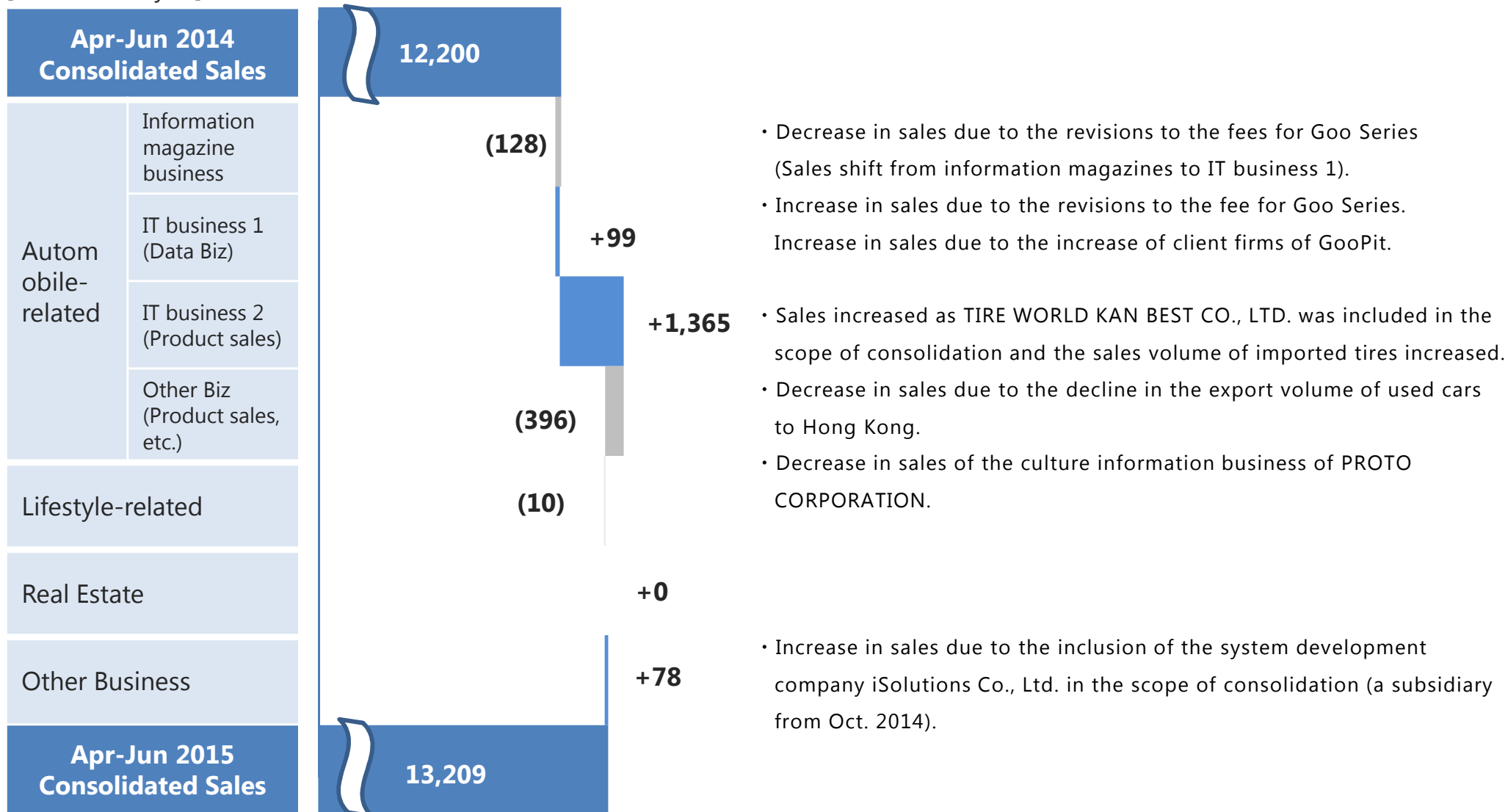
Increase in sales of imported tires at AUTOWAY Co., Ltd.

■ Export, sale, etc. of used cars: Decrease in sales:

The sales from the export of used cars to Hong Kong by Kings Auto Co., Ltd. decreased.

# Q1/FY March 2016 : Analysis of factors that influence consolidated sales(compared with the previous year)

[unit: million yen]



# Q1/FY March 2016 : Analysis of factors that influence SG&A expenses

[unit: million yen]	Apr-Jun 2014 Results	Apr-Jun 2015 Forecast	Apr-Jun 2015 Results	YoY change	YoY change (%)	Achievement rate	Achievement rate(%)
SG&A Expenses	3,855	4,509	4,211	355	109.2%	(297)	93.4%
Employment Cost	1,797	2,083	1,964	166	109.2%	(119)	94.3%
Advertising Cost	606	688	601	(5)	99.2%	(86)	87.4%
Other Expenses	1,450	1,737	1,645	194	113.4%	(92)	94.7%
Number of Employees	1,340	1,590	1,514	174	113.0%	(76)	95.2%

- Employment Cost:** Increase of employees mainly due to the inclusion of TIRE WORLD KAN BEST CO., LTD. into the scope of consolidation. Personnel expenses and the number of employees were less than the estimates in PROTO CORPORATION and PROTO-RIOS INC.
- Advertising Cost:** Results are nearly equal to those in the previous term, as the advertisement cost of TIRE WORLD KAN BEST CO., LTD. augmented, but the advertisement costs of PROTO CORPORATION and PROTO-RIOS INC. decreased.
- Other Expenses:** Increase in other expenses mainly due to the inclusion of TIRE WORLD KAN BEST CO., LTD. in the scope of consolidation.

# Q1/FY March 2016 : Consolidated Balance Sheet

[unit: million yen]	FY March 2015 (As of March 31, 2015)	FY March 2015 (Composition ratio)	FY March 2016 (As of June 30, 2015)	FY March 2016 (Composition ratio)	Increase/Decrease
Current Assets	21,743	52.1%	20,999	49.5%	(743)
Fixed Assets	20,007	47.9%	21,397	50.5%	1,389
Current Liabilities	10,962	26.3%	11,881	28.0%	918
Long-term Liabilities	3,116	7.5%	2,787	6.6%	(329)
Net Assets	27,672	66.3%	27,727	65.4%	55
Total Assets	41,751	100.0%	42,396	100.0%	645

[unit: million yen]	FY March 2015 (As of March 31, 2015)	FY March 2015 (Composition ratio)	FY March 2016 (As of June 30, 2015)	FY March 2016 (Composition ratio)	Increase/Decrease
Cash and cash equivalents	12,431	29.8%	11,410	26.9%	(1,021)
Interest-bearing debt	6,231	14.9%	6,709	15.8%	477
Net cash	6,200	14.8%	4,700	11.1%	(1,499)

- **Current assets:** Cash and deposits decreased, mainly because of the acquisition of shares of TIRE WORLD KAN BEST CO., LTD.
- **Fixed assets:** Increase mainly in goodwill of TIRE WORLD KAN BEST CO., LTD.
- **Current and Long-term liabilities:** Especially, the notes payable of TIRE WORLD KAN BEST CO., LTD., which was included in the scope of consolidation, and the short-term debt of PROTO CORPORATION for acquiring the shares of TIRE WORLD KAN BEST CO., LTD. increased.



# Q1/FY March 2016 : Consolidated Statements of Cash Flows

[unit: million yen]	FY March 2015 (Apr-Jun 2014)	FY March 2016 (Apr-Jun 2015)	YoY change	YoY change (%)	(Reference) FY March 2015
Cash Flows from Operating Activities	1,667	599	(1,067)	35.9%	6,577
Cash Flows from Investing Activities	(122)	(1,706)	(1,584)	-	(914)
Cash Flows from Financing Activities	(2,046)	102	2,148	-	(4,821)
Cash and Cash Equivalents at End of Term	10,604	11,009	404	103.8%	12,030

[unit: million yen]	FY March 2015 (Apr-Jun 2014)	FY March 2016 (Apr-Jun 2015)	YoY change	YoY change (%)	(Reference) FY March 2015
Investment Amount (Tangible/intangible fixed assets*)	86	1,834	1,748	2,131.6%	1,113
Depreciation (Tangible/intangible fixed assets)	209	236	26	112.8%	879
Amortization of Goodwill	227	257	30	113.4%	926

\* The investment amount includes the amount to acquire tangible/intangible fixed assets as well as goodwill.

## ■ Cash Flows from Operating Activities:

Decreased 1,067 million yen from the previous term, mainly because net income before taxes decreased and the payment of consumption tax, etc. augmented due to the change in consumption tax rate.

## ■ Cash Flows from Investing Activities:

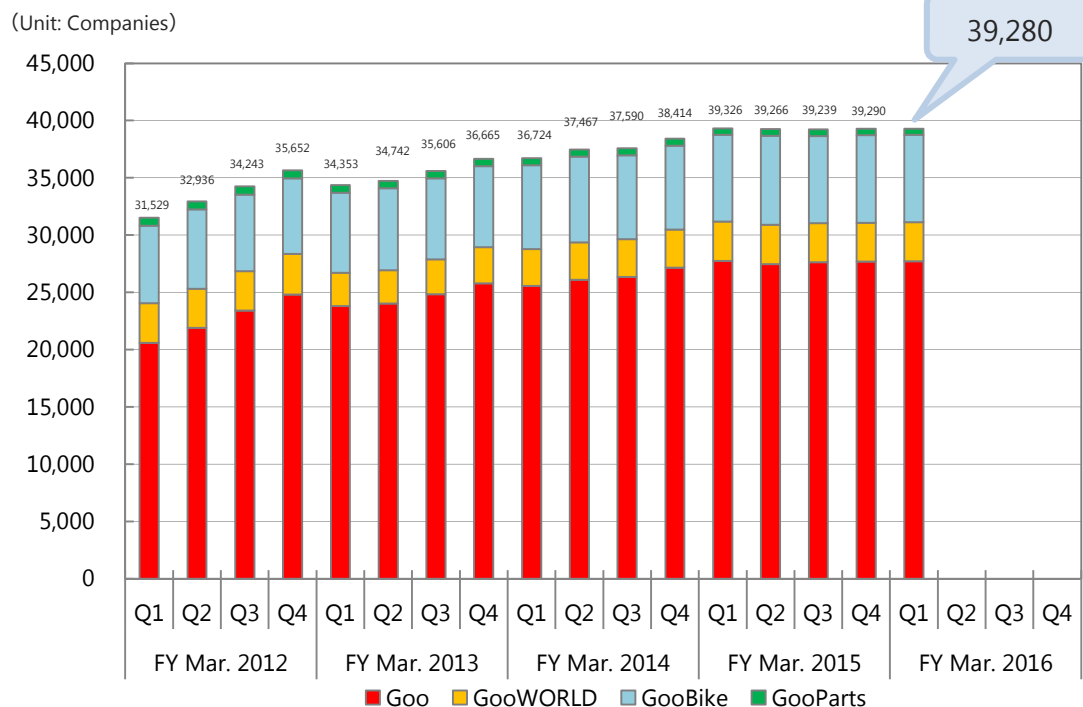
Decreased 1,584 million yen from the previous term, mainly because of the expenditure for acquiring the shares of TIRE WORLD KAN BEST CO., LTD.

## ■ Cash Flows from Financing Activities:

Increased 2,148 million yen from the previous term, mainly because PROTO CORPORATION borrowed money.

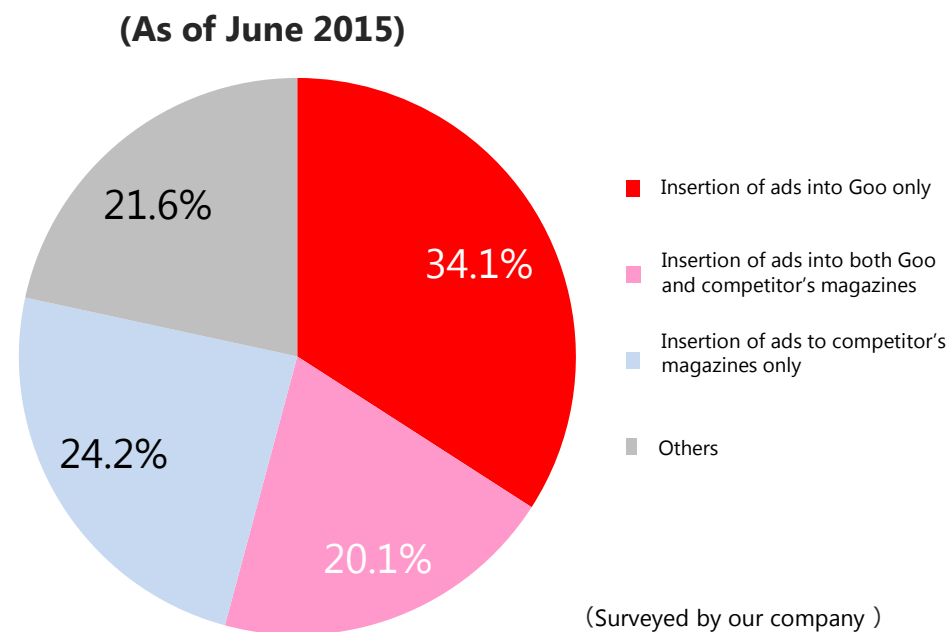
# Variation in the number of client firms

## ■ Changes in Quarterly Totals of Business Partners for Goo Series



## ■ Situation of Market Share (Compared with Competitors)

Method for counting client companies: To count the number of dealers that inserted their ads into information magazines.



## ■ GooSeries

The cumulative number of client firms of Goo Series (Apr-Jun) was 99.9% of the value for the same period of the previous term. The monthly average unit price (Apr-Jun) was 104.4% of the value for the same period of the previous term. The share of Goo Series increased from 53.6% (as of Jun 2014) to 54.2% (as of Jun 2015).

## ■ GooPit

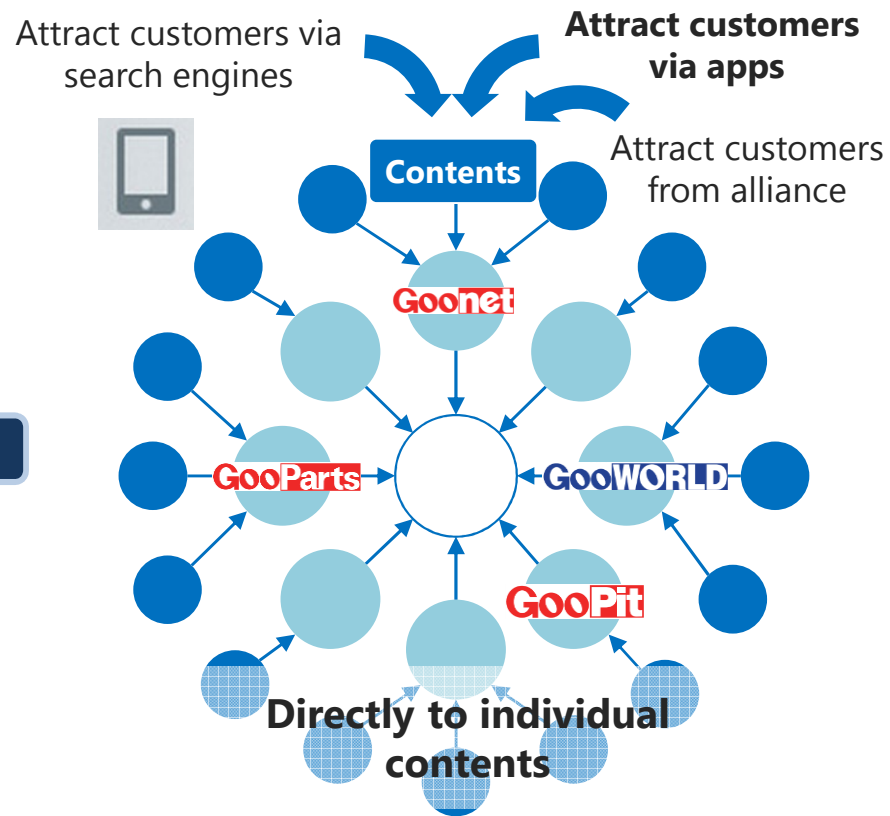
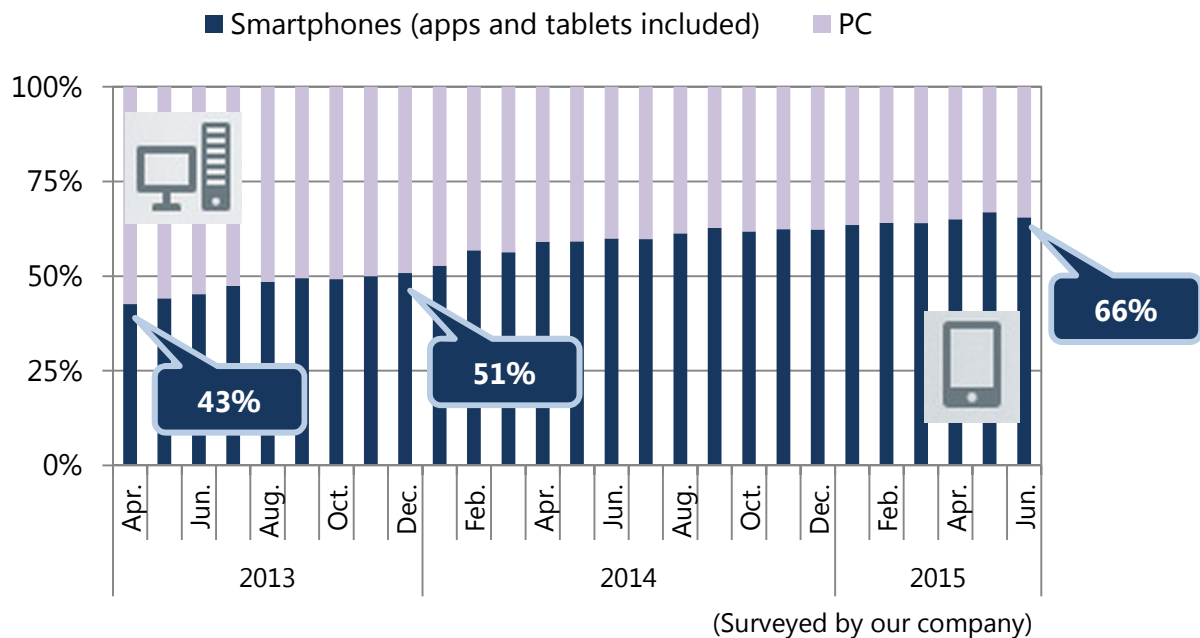
The number of client firms of GooPit (as of the end of Jun 2015) was 2,102. \* It is estimated to be 10,000 at the end of Mar. 2016.

## ■ Future measures

We will keep utilizing PB products for meeting the needs of users, including Goo-inspection, Goo Warranty, and GooPLUS, and aim to streamline our businesses and increase client firms by utilizing the business talk arrangement service for small to medium-sized used car dealers.

# TOPICS : Smartphones Enhancement

## Variations in the number of accesses to Goo-net and the ratio of each device (feature phones excluded)



## Application Development & Enhancement



Launched on  
April 2, 2015

Launched on  
May 22, 2015

Launched on  
May 22, 2015

# **Reference: Plan for the term ending Mar. 2016**

## Numerical targets (for the term ending Mar. 2018)

- To consider the growth potentials of sales and operating income as well as ROE as the most important indicators, and promote business activities.

Key Performance Indicators (KPIs)	FY March 2015 Results	FY March 2016 Forecast	FY March 2017 Forecast	FY March 2018 Forecast
ROE: Return on Equity	8.8%	<b>11.9%</b>	about 13%	about 15%
ROE(Before amortization of goodwill)	10.9%	<b>13.4%</b>	about 14%	about 16%
Net Sales	48.6billion yen	<b>56.8 billion yen</b>	Average annual growth rate: over 10%	Average annual growth rate: over 10%
Operating Income	4.23billion yen	<b>5.51 billion yen</b>	Average annual growth rate: over 10%	Average annual growth rate: over 10%
Operating Income Ratio	8.7%	<b>9.7%</b>	Over 10%	Over 10%

Other Indicators	FY March 2015 Results	FY March 2016 Forecast	FY March 2017 Forecast	FY March 2018 Forecast
Dividend ratio	32.5%	22.3%	Stable dividend	
Dividend ratio (Before amortization of goodwill)	23.4%	17.2%	Stable dividend	
Total return ratio	40.9%	Stable dividend + (Share buyback will be discussed when necessary)		
Total return ratio (Before amortization of goodwill)	29.4%	Stable dividend + (Share buyback will be discussed when necessary)		

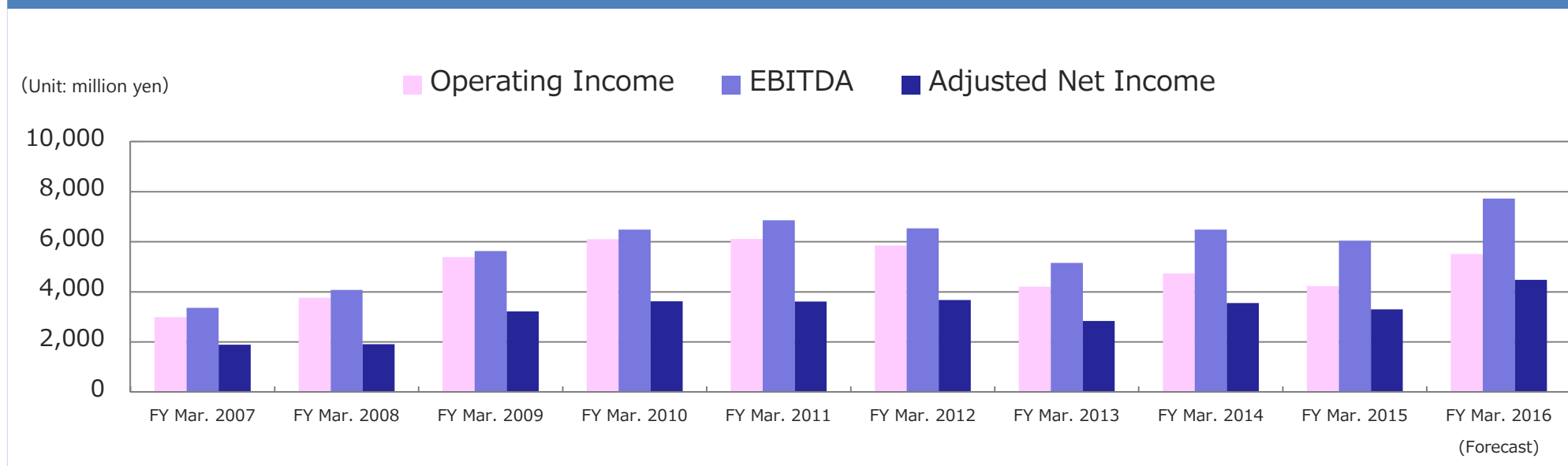
# FY March 2016: Consolidated Earnings Forecast

[unit: million yen]	FY2007 March Results	FY2008 March Results	FY2009 March Results	FY2010 March Results	FY2011 March Results	FY2012 March Results	FY2013 March Results	FY2014 March Results	FY2015 March Results	FY2016 March Forecast
Net Sales	21,238	22,893	23,657	25,682	28,779	30,582	38,287	54,761	48,602	56,862
Operating Income	2,988	3,771	5,384	6,098	6,111	5,846	4,209	4,735	4,233	5,510
Net Income	1,766	1,838	3,187	3,529	3,197	3,275	2,290	2,627	2,381	3,457
EBITDA*1	3,360	4,078	5,628	6,490	6,856	6,540	5,161	6,483	6,039	7,728
Adjusted Net Income*2	1,890	1,915	3,223	3,621	3,620	3,680	2,836	3,555	3,308	4,485
Depreciation	247	230	207	299	322	288	404	819	879	1,189
Amortization of Goodwill	124	77	36	91	422	405	546	928	926	1,028

\*1 EBITDA was calculated with the equation: operating income + depreciation + amortization of goodwill

\*2 Adjusted Net Income was calculated with the equation: net income + amortization of goodwill

## Annual Transition of Operating Income/EBITDA/Adjusted Net Income



# FY March 2016:Consolidated Earnings Forecast

[unit: million yen]	FY March 2015 Results	FY March 2016 Forecast	YoY change	YoY change (%)
Net Sales	48,602	56,862	8,259	117.0%
Cost of Sales	28,324	32,704	4,379	115.5%
Gross Profit	20,277	24,158	3,880	119.1%
SG&A Expenses	16,044	18,648	2,603	116.2%
EBITDA	6,039	7,728	1,689	128.0%
Operating Income	4,233	5,510	1,276	130.2%
Ordinary Income	4,548	5,574	1,025	122.5%
Net income attributable to owners of parent	2,381	3,457	1,075	145.1%
Net Income per Share(Yen)	116.76 Yen	170.11 Yen	53.35 Yen	145.7%

[unit: million yen]	FY March 2015 Results	FY March 2016 Forecast	YoY change	YoY change (%)
SG&A Expenses	16,044	18,648	2,603	116.2%
Employment Cost	7,358	8,426	1,067	114.5%
Advertising Cost	2,905	3,123	217	107.5%
Other Expenses	5,780	7,098	1,317	122.8%
Number of Employees	1,358	1,628	270	119.9%

- **Sales:** Thanks to the good performance of Automobile-related information business, sales are estimated to increase 17%.
- **operating income :** Thanks to the good performance of Automobile-related information business, operating income is estimated to increase 30%.

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\* Amounts of money described in this material are rounded down to million yen.

## ◆Future Outlook

The IR information in this document includes a future outlook.

Such information other than the past events may be influenced by the risk and uncertainty due to the competition, market, and systems in the field of our company's business. As a result, the outlook based on the assumption and estimation with available information may be different from actual results and performance in the future. We would appreciate your understanding.

## ◆For Inquiries

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