



## M&A Capital Partners Co., Ltd.

# Presentation Materials for the Earnings Briefing for the Three Months Ended December 2016

Aiming to be the world's leading investment bank seeking maximum contributions to clients and the happiness of all employees



January 27, 2017

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# *I* **Company Overview and Strengths of the Company**

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<b>Trade Name</b>	M&A Capital Partners Co., Ltd.
<b>Listed Market</b>	Tokyo Stock Exchange First Section (Securities Code: 6080) 
<b>Address</b>	38F, Gran Tokyo North Tower, 1-9-1 Marunouchi, Chiyoda-ku, Tokyo
<b>Business Content</b>	M&A-related services
<b>Representative</b>	Satoru Nakamura, President and Representative Director
<b>Established</b>	October 2005
<b>Capital</b>	462,321,725 yen (as of December 31, 2015)
<b>Employees</b>	Consolidated: 115 Non-consolidated: 53 (as of December 31, 2016)
<b>Affiliates</b>	RECOF Corporation, RECOF DATA Corporation
<b>Management Philosophy</b>	Aiming to be the world's leading investment bank seeking maximum contributions to clients and the happiness of all employees

## Business Content

M&A-related services are our main business.

## Characteristics

Mainly **business succession M&A**. We propose solutions through M&A and support their realization for owner managers who have concerns about business succession or are considering liquidation.

## Business Model

We provide advisory services for the realization of M&A standing between the transferor (seller) and the transferee (buyer) from an independent and impartial position.



We aim to make the greatest contribution to clients by creating M&A deals with abundant information and an expansive network, and solving problems with the know-how we have accumulated.



Creation of a new organization and expansion of business areas for the sustainable growth of the Group





## Fee structure that is convincing for clients

### (1) Contingency fee-based fee structure (No commencement fee or monthly fee)

Fee schedule in which clients **do not bear expenses** until the conclusion of a master agreement

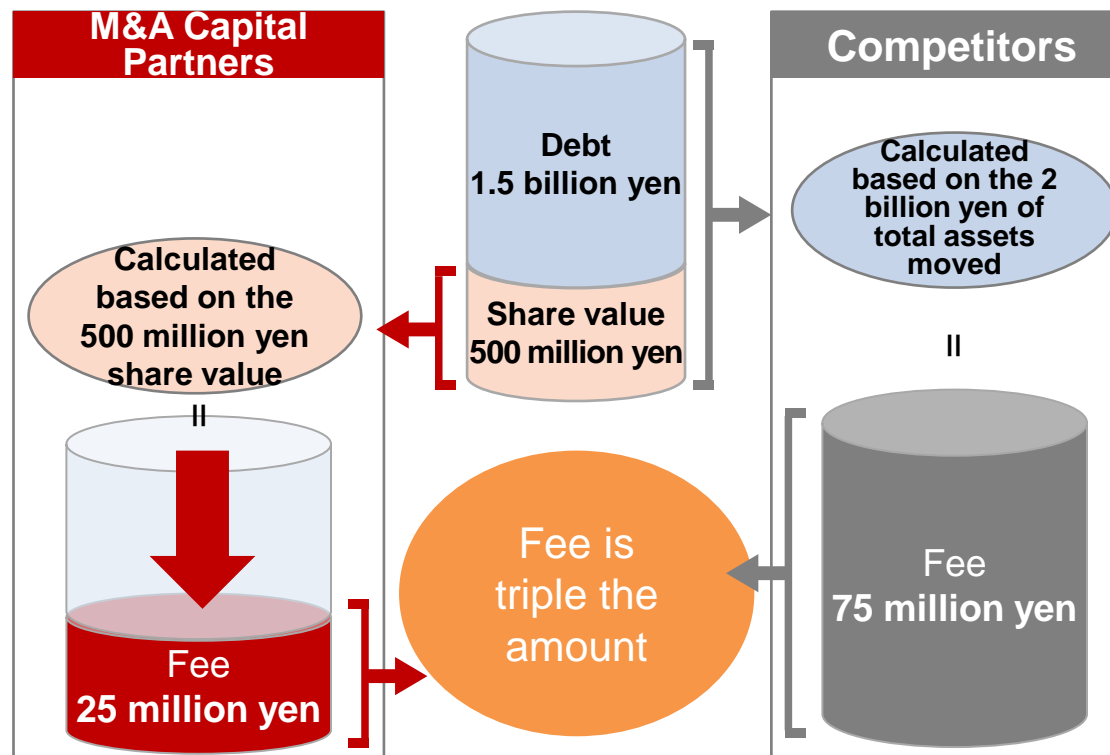
Expenses Required in the Consideration Phase			
	The Company	M&A intermediary business A	Large securities company B
Commencement fee	Free	Paid	Paid
Calculation of company value	Free	Paid	Paid
Monthly fee	Free	Free	Paid

## Fee structure that is convincing for clients

### (2) Use of fee based on share price

- Fees of an M&A intermediary company generally use the Lehman Formula (calculated by multiplying the transaction amount by a certain rate)
- The company's calculations of fees are **based on the share price**. This is more convincing that being based on the moving average of total assets

[Example] A company with share value of 500 million yen and 1.5 billion yen of debt



### Fee Structure (Lehman Formula)

The general Lehman Formula rates used by major financial institutions.

Transaction amount	Commission rate
Up to 500 million yen	5%
500 million yen up to 1 billion yen	4%
1 billion yen up to 5 billion yen	3%
5 billion yen up to 10 billion yen	2%
Over 10 billion yen	1%

e.g.) Calculation of fee when the transaction amount is 2 billion yen

$$\begin{aligned}
 &500 \text{ million yen} \times 5\% = 25 \text{ million yen} \\
 &+ (1 \text{ billion yen} - 500 \text{ million yen}) \times 4\% = 20 \text{ million yen} \\
 &+ (2 \text{ billion yen} - 1 \text{ billion yen}) \times 3\% = 30 \text{ million yen} \\
 &\quad \quad \quad \underline{\quad \quad \quad 75 \text{ million yen}}
 \end{aligned}$$





## Stable Results Making Deals

M&A Capital Partners has produced stable results making deals by focusing on "business succession M&A proposals and advice" for small and medium enterprises using share transfers or business transfers. From this fiscal year, through the business integration with RECOF Corporation and RECOF DATA Corporation, we will promote M&As to solve challenges like business succession, growth strategies, and industry reorganization, and will strive to become a diversified M&A group that caters to various needs.





## ***II*** Results for the Three Months Ended December 2016 and Forecast for the Year Ending September 2017

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## Consolidated Accounting Started in the First Quarter

Item		Disclosure Policy
Key indicators such as net sales and no. of deals	Numbers	- Consolidated and non-consolidated
	Changes (graphs)	- 1st quarter: Consolidated - Until previous FY: Non-consolidated
	YoY change	- Only show non-consolidated (comparison with consolidated figures not possible)
	Progress for entire year	- Consolidated numbers
P&L, BS	Numbers	- Consolidated numbers
	YOY change	-Not shown (consolidated comparison not possible)
3-year plan		- Non-consolidated numbers

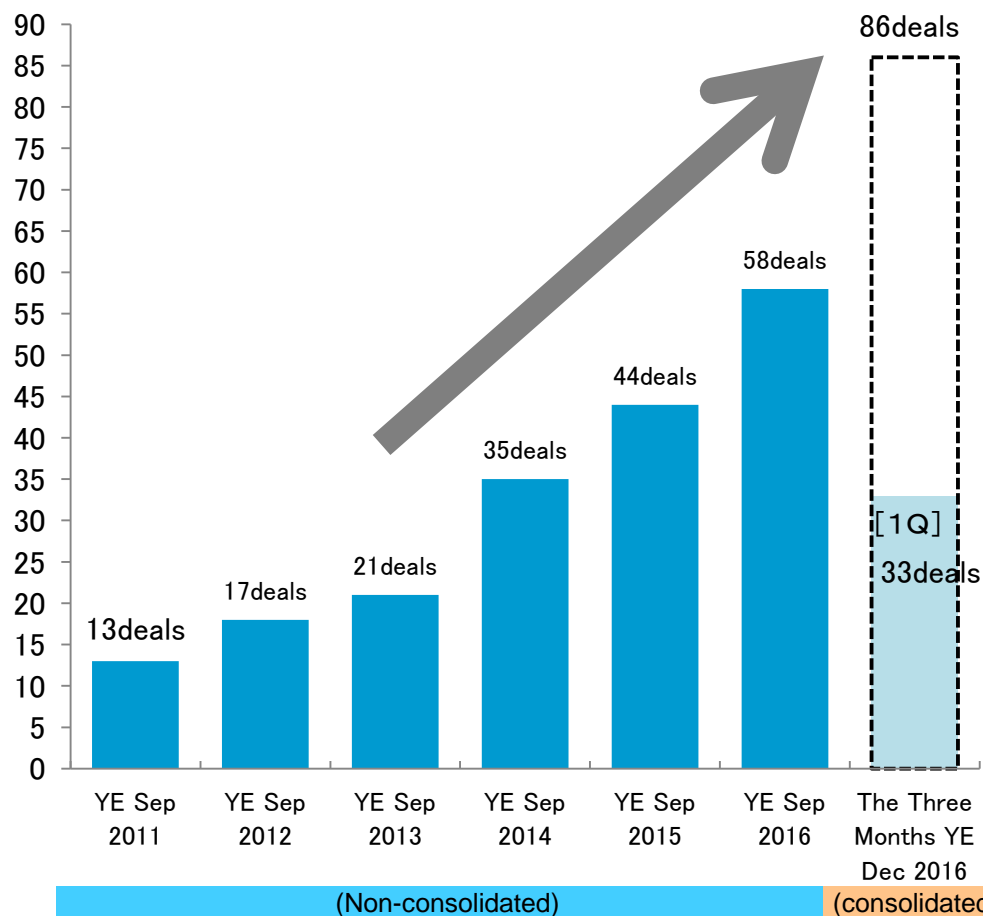
# Number of Deals Made



M&A CAPITAL PARTNERS

	1Q	Forecast for the year	Progress for Entire Year
Number of deals (consolidated)	33	86	38.4%

## Number of Deals Made



- Year-on-year change -%
- Total with number of deals by RECOF Corporation

(Factors)

- Steady increase in the number of consultants
- Improved trust due to listing of shares

## 【Non-consolidated】

**M&A Capital Partners 26**  
 (+73.3% year-on-year)  
 - Achieved the record highest number of first quarter deals

**RECOF: 7**

## Earnings for the Three Months Ended December 2016 (Consolidated)

Net sales	2,566 million yen	( year-on-year)
Ordinary income	1,272 million yen	( year-on-year)
Number of deals	33 deals	( year-on-year)
Number of consultants	77	( year-on-year)

- Aggregate performance with RECOF Corporation and RECOF DATA Corporation, with which business has been integrated with M&A Capital Partners Co.
- 5 large deals closed

### Earnings for the Three Months Ended December 2016 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-year Change		Year-on-year Change
Net sales	1,578 million yen	+80.8%	937 million yen	-0%
Ordinary income	878 million yen	+103.5%	486 million yen	-0%
Number of deals	26	+73.3%	7	-0%
Number of consultants	45	+11名	32	-名

- 4 large deals closed
- First quarter net sales, ordinary income and number of deals were all the highest on record, and results have been strong

- Closing of 1 large deal contributed to boosting net sales and ordinary income

\* Because non-consolidated information is shown, consolidated amortization of goodwill (48 million yen) due to business integration is not included.

\* The figures for RECOF DATA Corporation have been omitted because the amount is small.



# Changes in Earnings

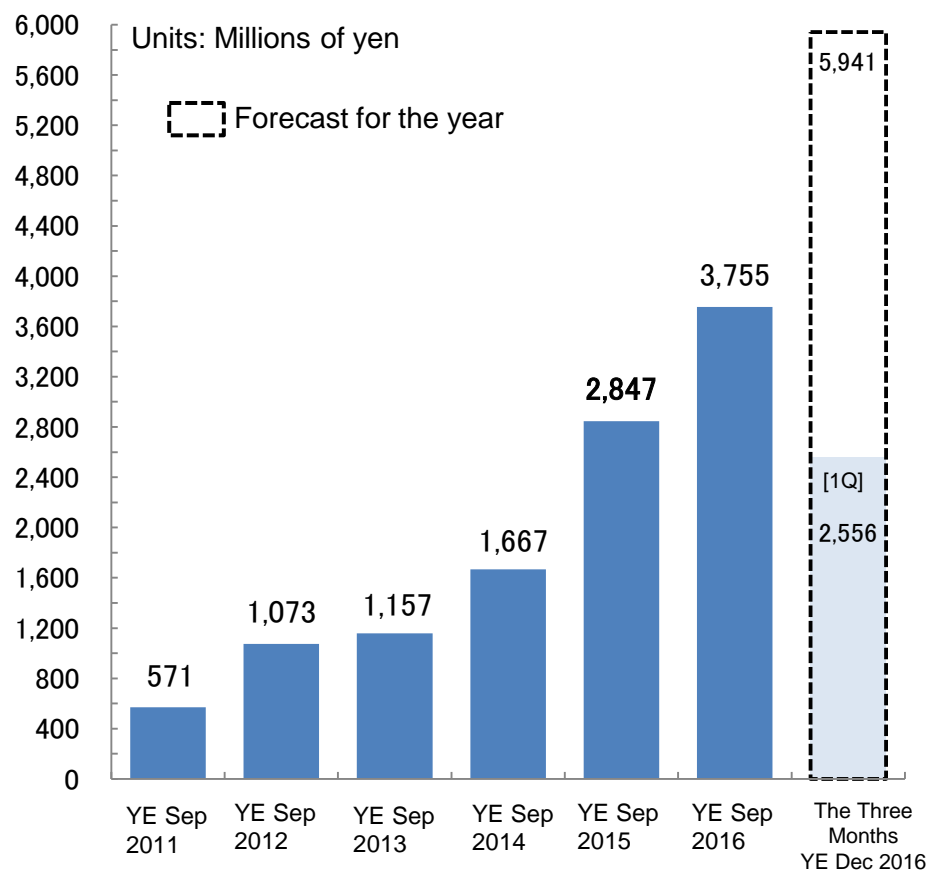


M&A CAPITAL PARTNERS

(consolidated)	1Q	Forecast for the year	Progress for Entire Year
Net sales	2,556	5,941	43.0%
Ordinary income	1,272	2,123	59.9%

Units: Millions of yen

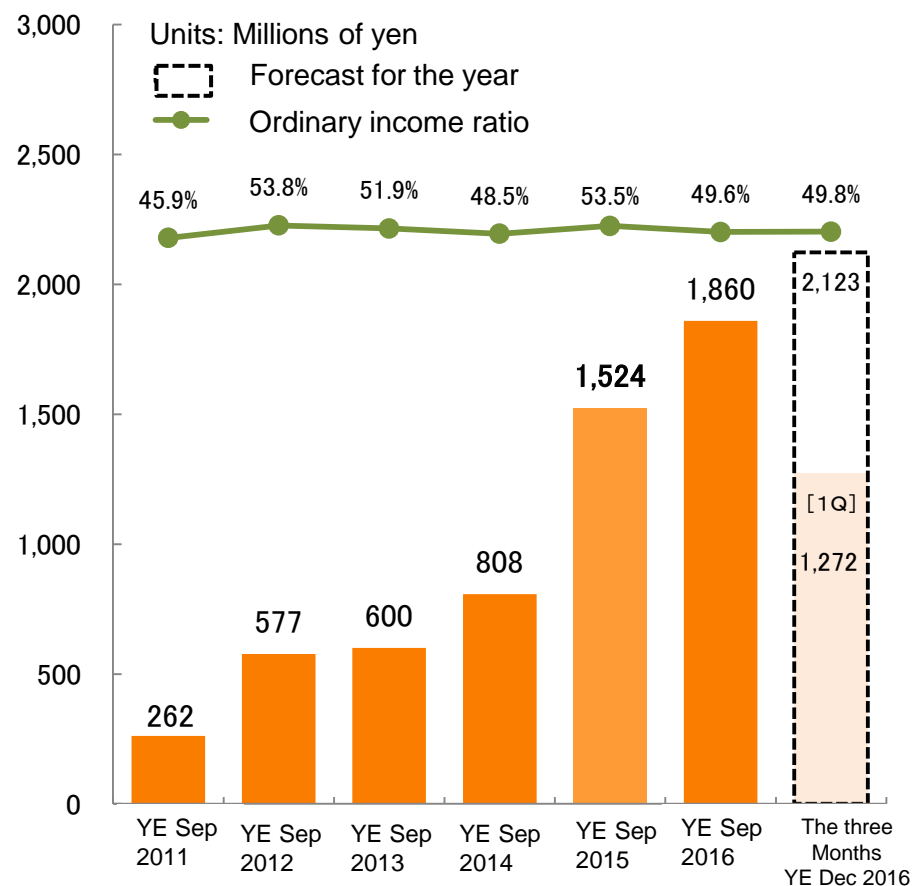
## Net sales



(Non-consolidated)

(consolidated)

## Ordinary income



(Non-consolidated)

(consolidated)

# Overview of Statements of Income (Consolidated)



M&A CAPITAL PARTNERS

(Units: millions of yen, second line is composition ratio)

	Three Months Ended Dec 2015	Three Months Ended Dec 2016			Forecast for the Year Ending September 2017
			Year-on-year Change	Overview of Performance	
Net sales	- (-%)	2,556 (100.0%)	-%	<ul style="list-style-type: none"> <li>Business integration and strong performance of deals</li> <li>5 large deals closed</li> </ul>	5,941 (100.0%)
Gross profit	- (-%)	1,825 (71.4%)	-%	<ul style="list-style-type: none"> <li>Benefit of increased revenue</li> </ul>	
SG&A	- (-%)	541 (21.2%)	-%	<ul style="list-style-type: none"> <li>Consolidated amortization of goodwill: 48</li> </ul>	
Operating income	- (-%)	1,284 (50.2%)	-%	<ul style="list-style-type: none"> <li>Benefit of increased revenue</li> </ul>	2,177 (36.6%)
Ordinary income	- (-%)	1,272 (49.8%)	-%		2,123 (35.7%)
Net income	- (-%)	899 (35.2%)	-%		1,506 (25.4%)
Number of deals made	—	33	-%	<ul style="list-style-type: none"> <li>Business integration</li> </ul>	86
Employees	—	115	-%	<ul style="list-style-type: none"> <li>Business integration</li> <li>Steady increase in the number of consultants</li> </ul>	

# Overview of Balance Sheets (Consolidated)

(Units: millions of yen, second line is composition ratio)

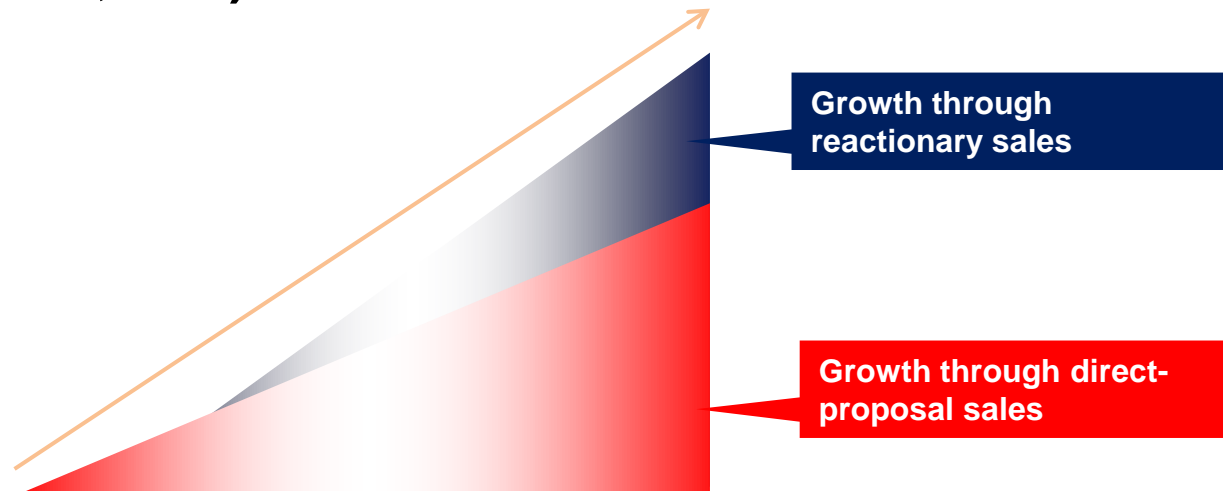
		September 30, 2016		December 31, 2016	
				Change	Main Factors Causing Change
	Current assets	- (-%)	7,618 (72.5%)	—	■ Cash and deposits: 7,219 (business integration)
	Noncurrent assets	- (-%)	2,891 (27.5%)	—	■ Goodwill: 1,886 (business integration)
	Total assets	- (-%)	10,510 (100.0%)	—	
	Current liabilities	- (-%)	4,869 (46.3%)	—	■ Current portion of long-term loans payable: 3,500 (business integration)
	Noncurrent liabilities	- (-%)	343 (3.3%)	—	
	Total liabilities	- (-%)	5,213 (49.6)	—	
Total net assets		- (-%)	5,296 (50.4%)	—	
Total liabilities and net assets		- (-%)	10,510 (100.0%)	—	

## ***III*** Growth Strategy

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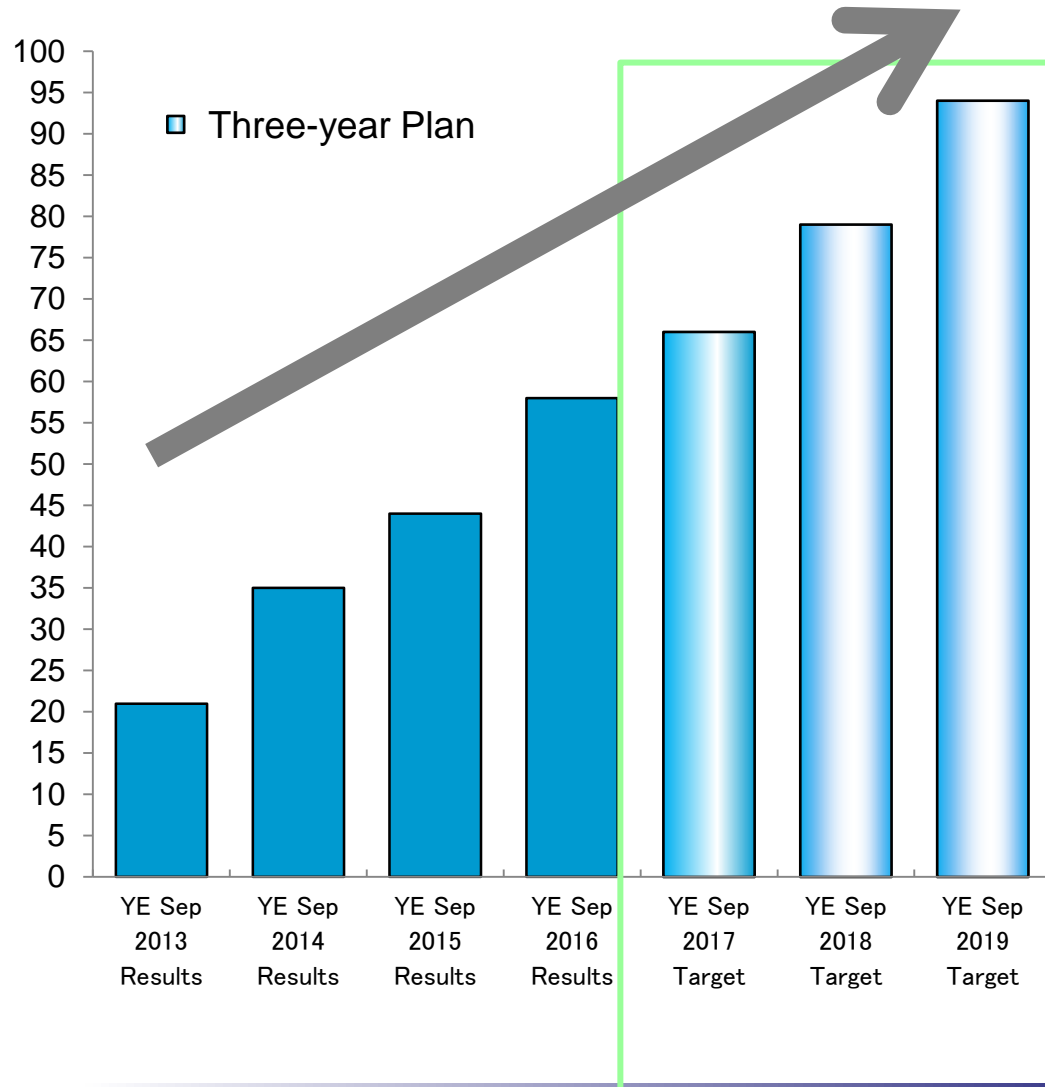
## <Policies & Initiatives>

- Increase number of deals made, maintaining an average increase of 20% per year (Non-consolidated)
- Continue hiring consultants, maintaining an average increase of 25% per year (Non-consolidated)
- Increase and cultivate target industries for M&A intermediary business
- Strengthening of reactionary sales (seminars, web, referrals, etc.)





## Three-year Plan for Number of Deals (Year Ending September 2017 to Year Ending September 2019)



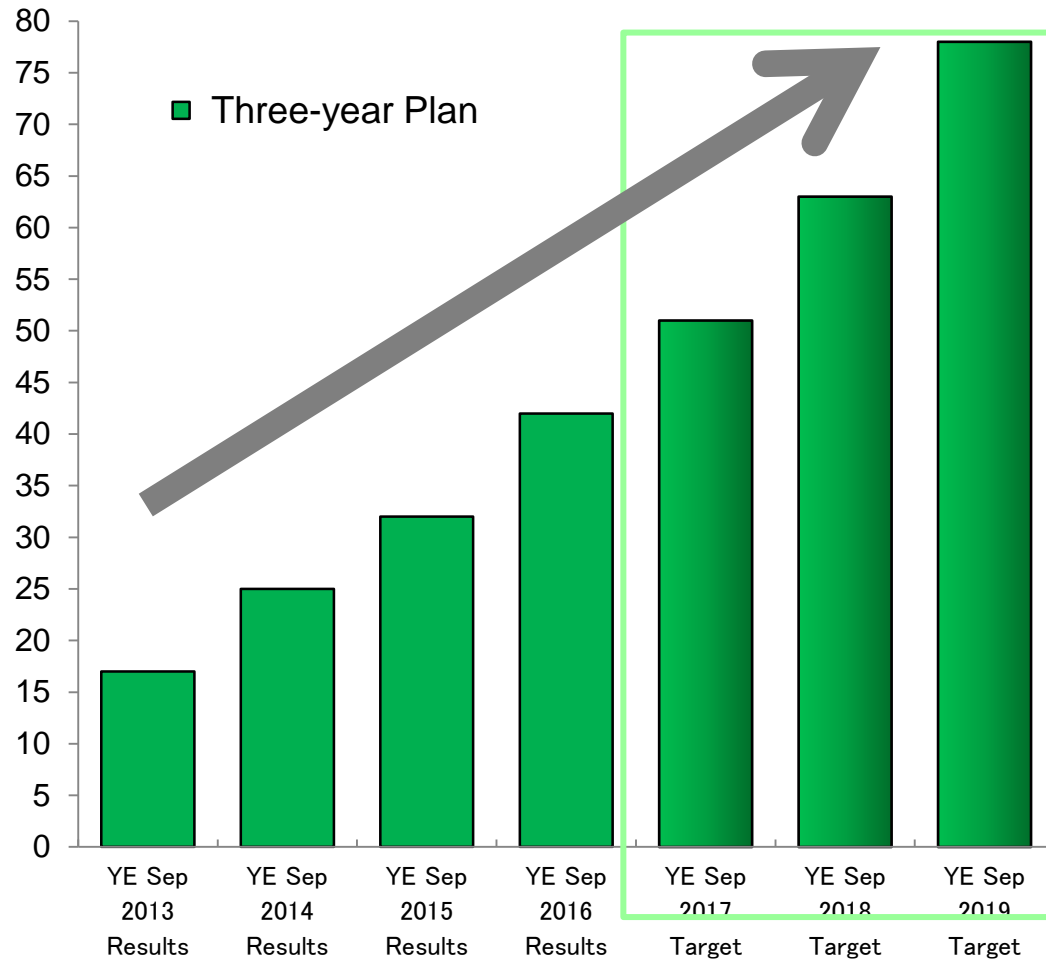
**[Number of Deals]**  
**Average increase of 20%**  
**per year** (Non-consolidated)  
will be maintained.

\* Consolidated 3-year plan  
under review  
(disclosure being considered).





## Three-year Plan for Number of Consultants (Year Ending September 2017 to Year Ending September 2019)




**[Number of Consultants]**  
**Average increase of 25%**  
**per year (Non-consolidated)**  
 will be maintained.

\* Consolidated 3-year plan  
 under review  
 (disclosure being considered).

## <Policies & Initiatives>

- Continue to enhance large-scale M&A seminars held

	Year ended September 2016		Future
Number held	12 per year		Continue to enhance seminars held as with previous year
Areas held	Tokyo, Osaka, Nagoya, Fukuoka, Sendai		Continue to increase seminars in Tokyo and regional cities as with previous year

- Continuous renewal of website to increase inquiries

## Seminars Held in the Three Months Ended December 2016

In the three months ended December 2016, we held four large-scale M&A seminars in Osaka, Tokyo, Nagoya, and Fukuoka.

### <Large-Scale M&A Seminars>

Date Held	Type	Seminar Title	Applicants
October 21, 2016	M&A Seminar	Toyo Keizai Forum(Osaka Venue)	200
November 8, 2016	as above	as above(Tokyo Venue)	330
November 9, 2016	as above	as above(Nagoya Venue)	80
November 30, 2016	as above	as above(Fukuoka Venue)	80

【Osaka Venue】



<Toyo Keizai Forum>

【Tokyo Venue】



### Seminars Scheduled to be Held in the Second Quarter of the Year Ending September 2017

During the second quarter of the year ending September 2017, a total of four large-scale seminars are scheduled to be held in Tokyo, Fukuoka, Osaka and Nagoya.

<Large-Scale M&A Seminar>

Date Held	Type	Seminar Title
Feb 23, 2017	M&A Seminar	Nikkei Sangyo Shimbun Forum (Tokyo venue)
Mar 16, 2017	as above	as above(Fukuoka venue)
Mar 23, 2017	as above	as above(Osaka venue)
Mar 30, 2017	as above	as above(Nagoya venue)

### 【Keynote address】

“Making people happy through food”

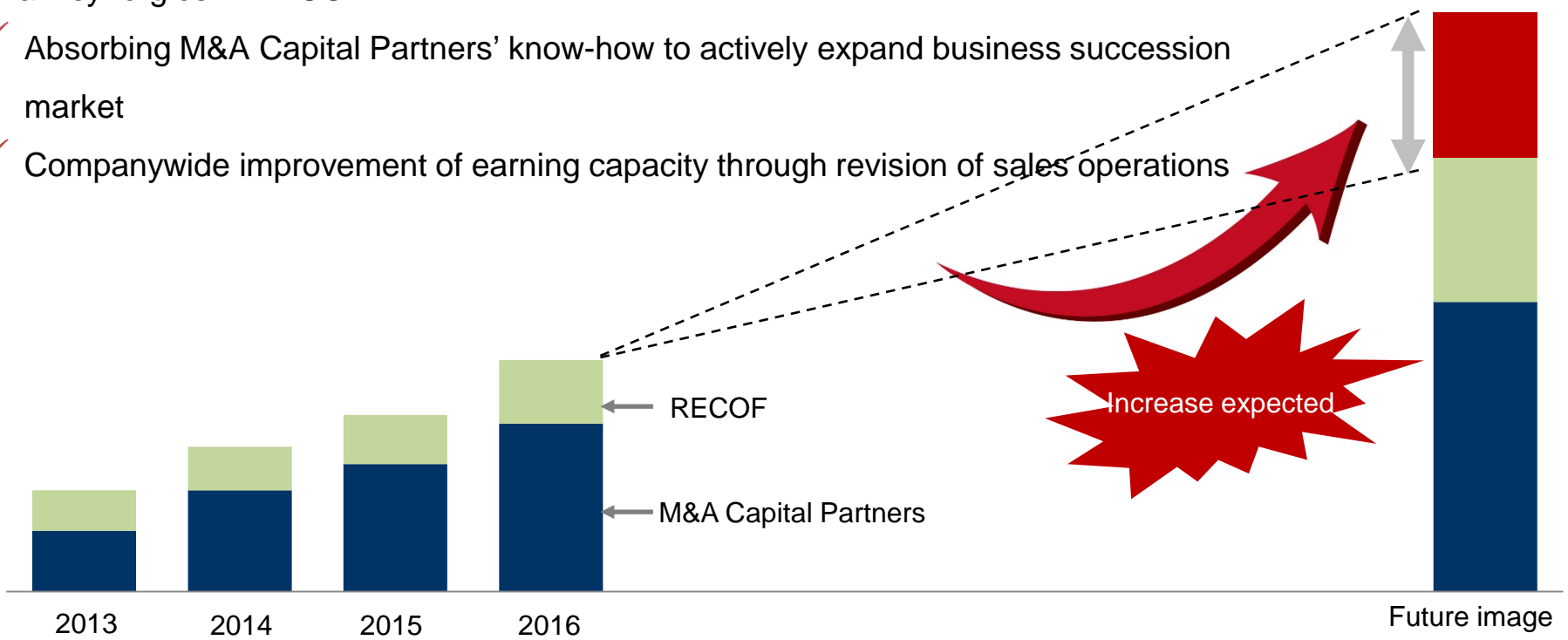
Atsushi Sakurada, Chairman & Representative Director, MOS FOOD SERVICES, INC.

## <Main synergies in M&A Capital Partners>

- ✓ Enhancement of matching utilizing the strong relations with clients built through reorganization of the industry
- ✓ Decrease in missed deals by improving ability to respond to complex schemes

## <Main synergies in RECOF>

- ✓ Absorbing M&A Capital Partners' know-how to actively expand business succession market
- ✓ Companywide improvement of earning capacity through revision of sales operations



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<Handling of These Materials>

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