



June-July 2008

**BIC CAMERA**

(Securities Code: 3048)

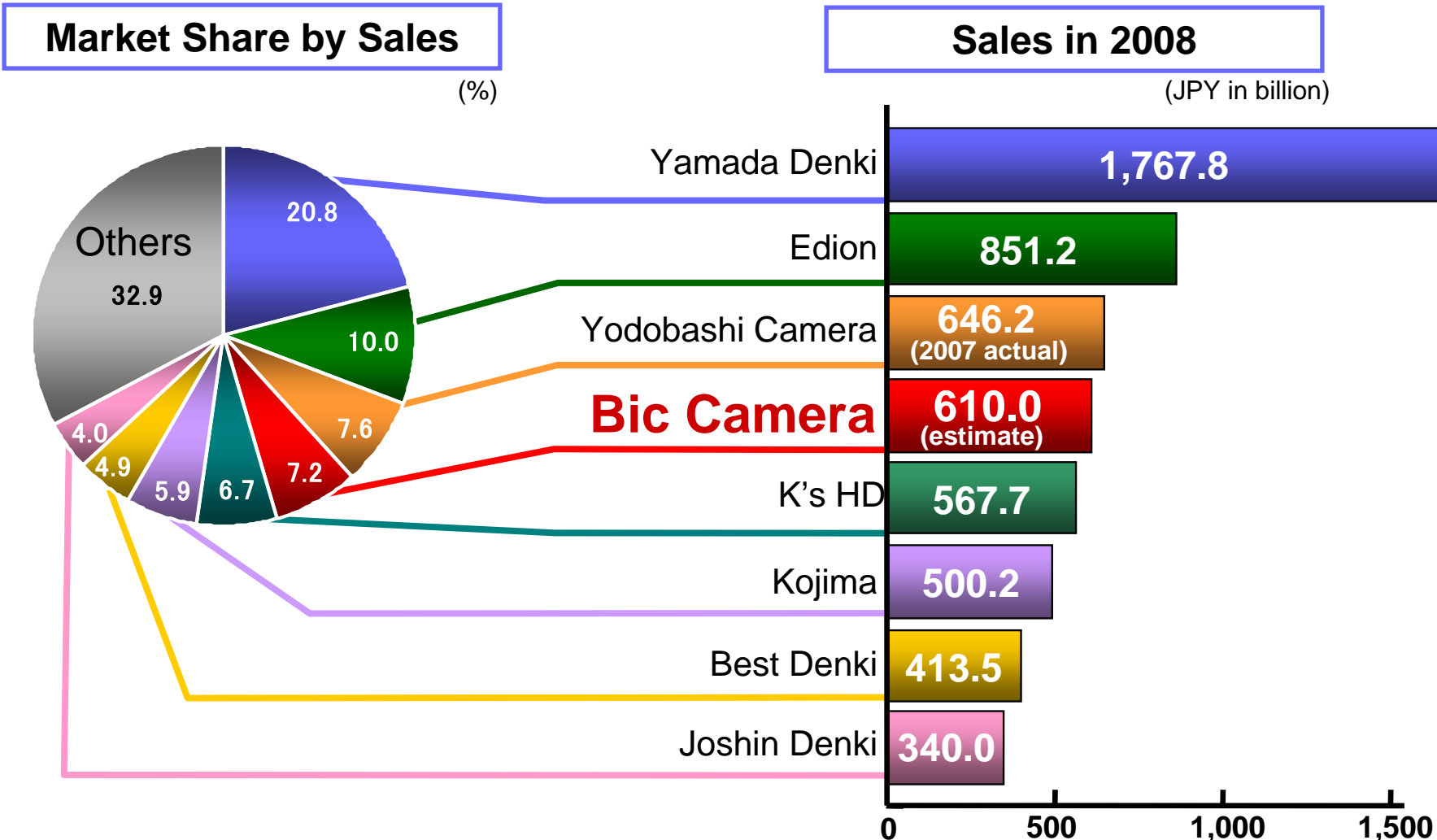
1. Company Overview
2. Strategies
3. Earnings Forecast for FY2008
4. Appendix

# BIC CAMERA

## 1. Company Overview

# The Fourth Biggest Electronics Retailer

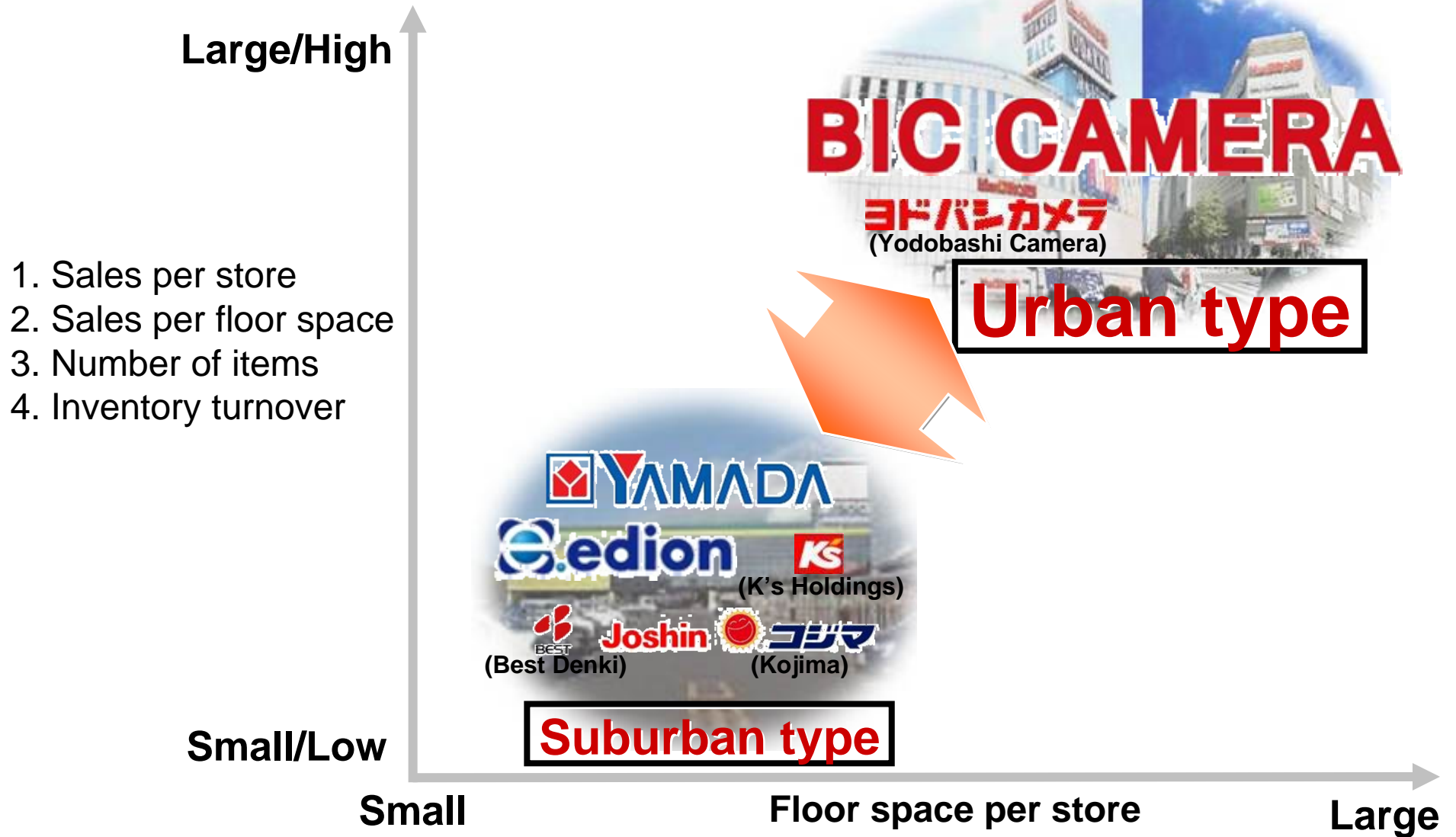
**BIC CAMERA**



Source: Bic Camera created this chart based on the documents disclosed by each company (Nikkei MJ for Yodobashi Camera)  
 Note : Aug '08 consolidated forecasts for Bic Camera, Mar '07 non-consolidated results for Yodobashi Camera, Feb '08 consolidated results for Best Denki, Mar '08 consolidated results for others.  
 Market shares were calculated based on the fiscal '04 industry market scale of approximately 8.5 trillion yen (source: RIC)

# The Only Listed Urban-type Model

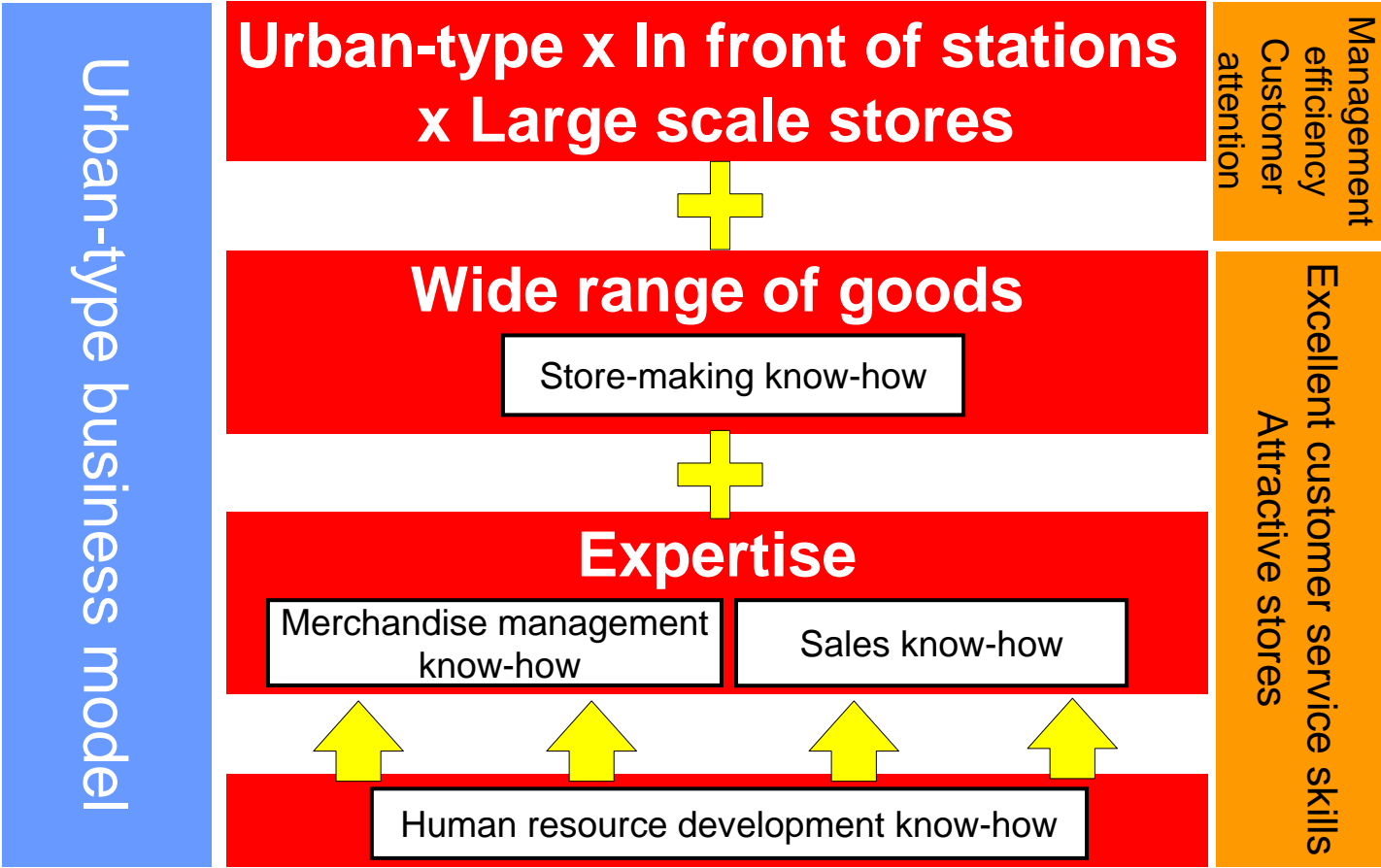
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# Strengths of Bic Camera

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- 1) Urban-type x In front of stations x Large scale stores
- 2) Store making know-how with wide range of goods
- 3) Merchandise management know-how and sales know-how
- 4) Human resource development know-how

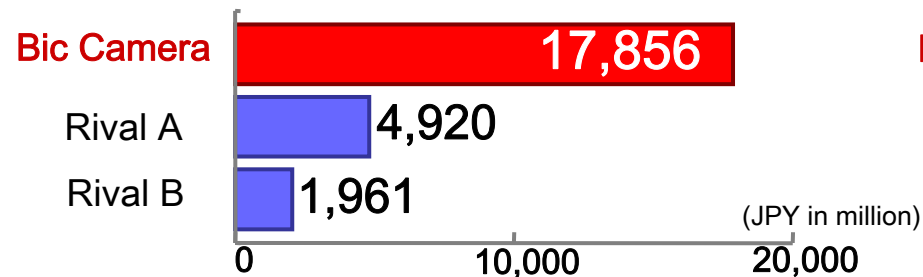


# High Efficiency

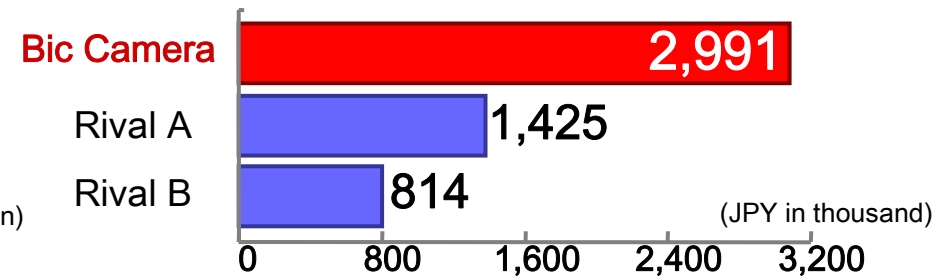
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## Highly efficient urban-type stores

Net sales per store of directly-managed store

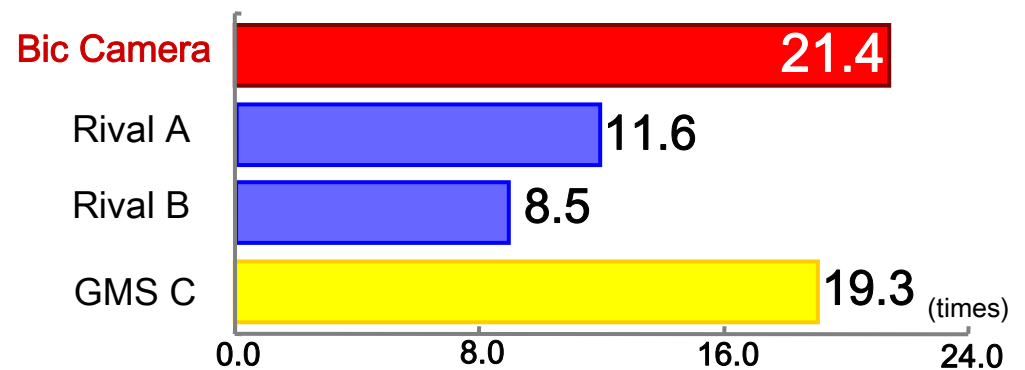


Net sales per 1 m<sup>2</sup>



High inventory turnover

Annual inventory turnover  
**21.4 times\***



\*  $\text{Sales} \div ((\text{Inventory at beginning of the period} + \text{at the end of the period}) \times 1/2)$

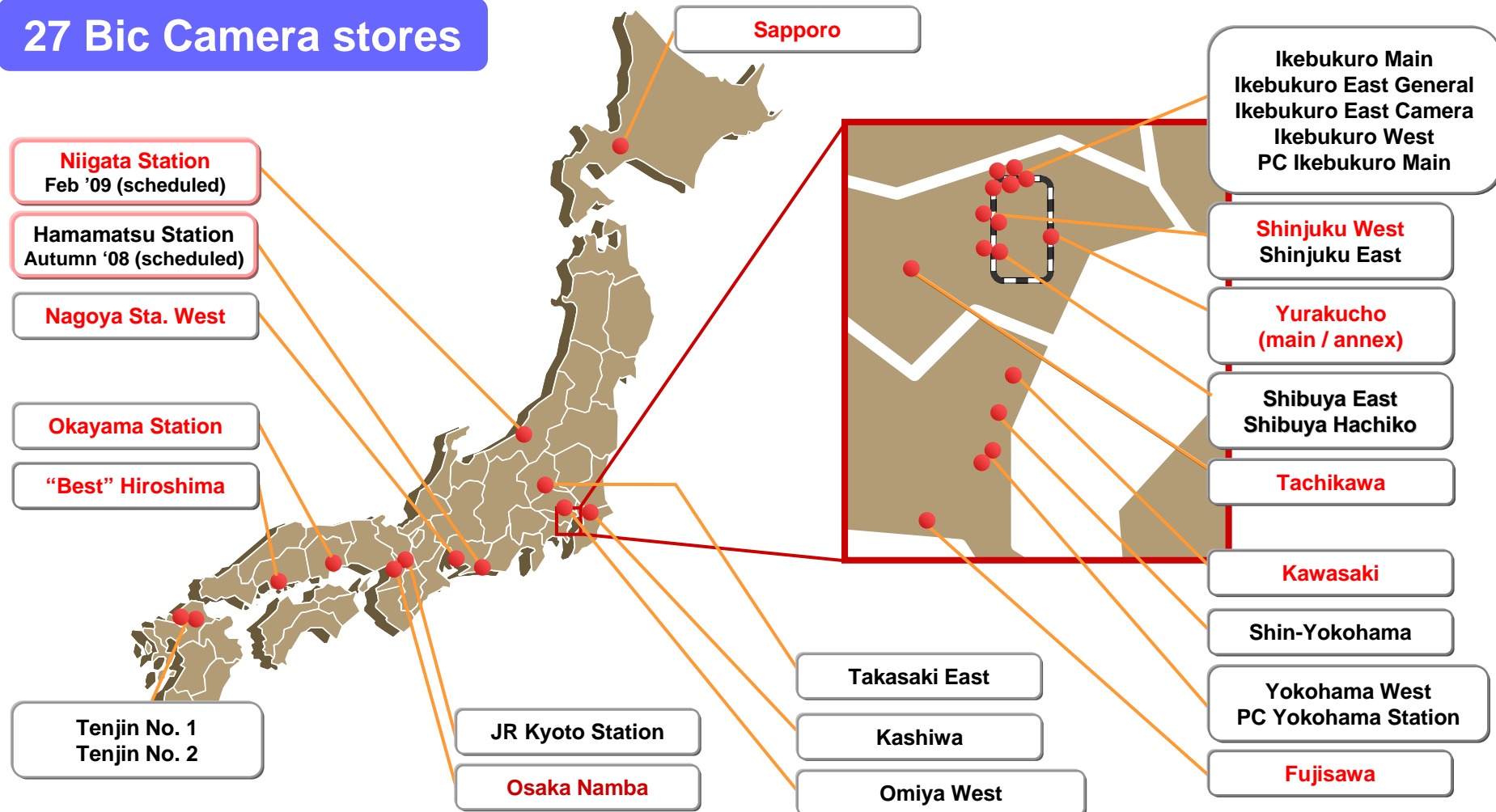
Source: Calculated from the documents disclosed by each company  
Note : Aug '07 non-consolidated results for us, Mar '08 non-consolidated results for Rival A,  
Mar '08 consolidated results for Rival B, Feb '08 non-consolidated results for GMS C.

# Large Stores Located in the Big Cities

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## Urban-type × In front of stations × Large Stores

27 Bic Camera stores



Note: Stores with over 10,000 m<sup>2</sup> of floor space are shown in red letters.



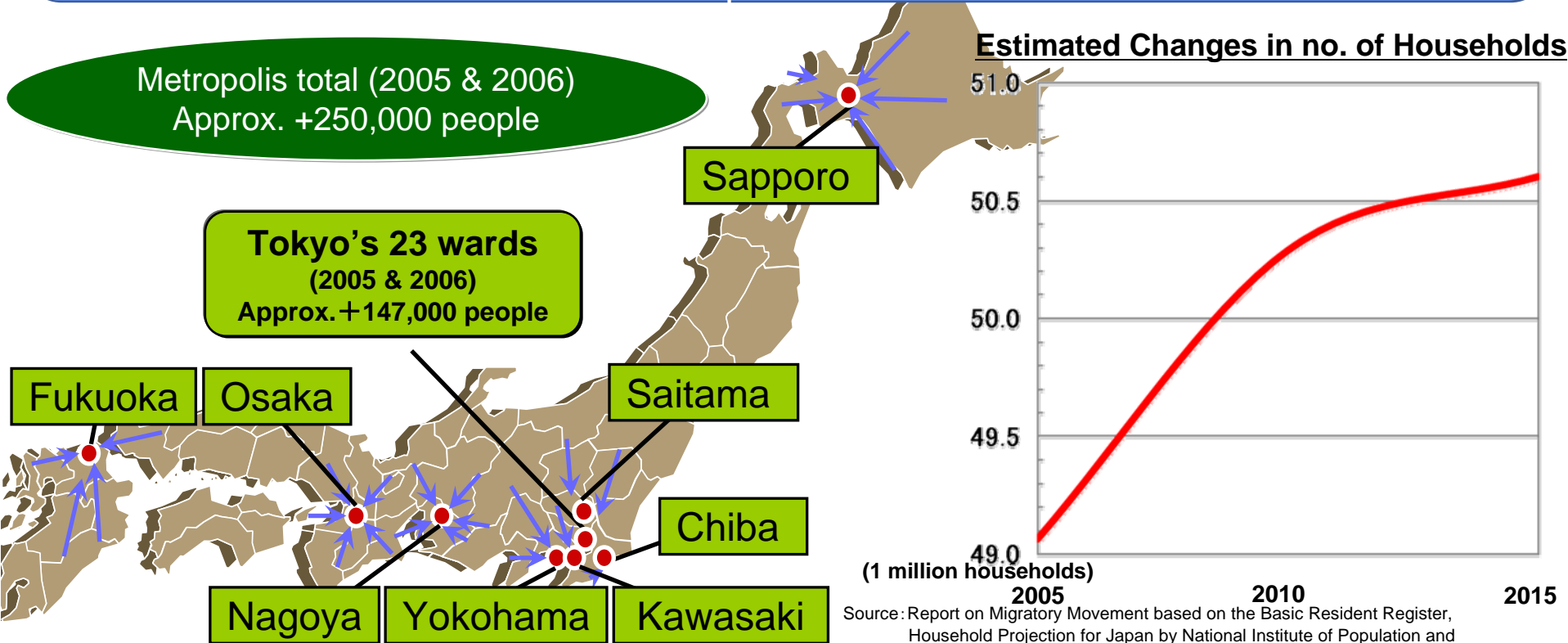
# Urban-Type Market Expansion

Accelerating mass-migration into cities and increasing number of households

Mass-migration into big cities

Increasing no. of Households  
 -Creating Demand for Consumer Durables

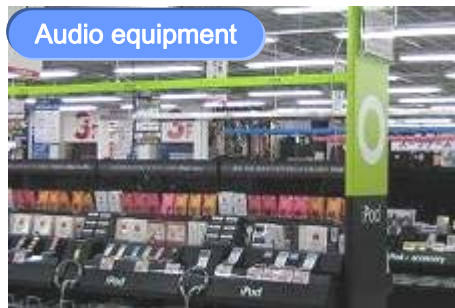
Mass-migration into big cities means an increasing no. of households which leads to expansion of urban market



Source: Report on Migratory Movement based on the Basic Resident Register, Household Projection for Japan by National Institute of Population and Social Security Research

# Wide Range of Goods

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**Blue:** Items dealt with at suburban type stores as well

**Red:** Items dealt with by Bic Camera as urban type home electronics retailer

# Store Making Innovations

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## Experience-based selling method

- ① **Kitchen Area**  
Cooking demonstrations using oven ranges, rice cookers and other products. Customers can check and try the foods cooked here.
- ② **Washing Machine Corner**  
Washing demonstrations using various machines under the same washing conditions. Customers can compare or check details such as the finishing time and operating noise.
- ③ **Luxury Audio Listening Room**  
High-grade audio equipment is brought together here. Customers can compare the user-friendliness and sound quality of the equipment.



## Dialogue-based consulting service

- ① **Bulk Buying Counter**  
Advisors exclusively for lump-sum purchases will advise the customers on a set of electric home appliances necessary for moving or starting out on a new life.
- ② **Digital Broadcasting Consulting Counter**  
For digital broadcasting related products, which are complicated and difficult to handle smoothly, customers can obtain information here on things such as how to connect antenna or devices. The staff can also help the customers with setting up devices.
- ③ **Other Counters**  
In addition to the above, there are other counters such as a Camera Consulting Counter and an Internet Counter.

# Human Resources

Being the most active company *and* the most popular company among job-seekers means, Bic Camera can employ a capable workforce

Research in 2008 by Recruit Co., Ltd.

**Popularity Ranking  
among Job-Seekers**

(Electronics Retailer Sector)

**No. 1**

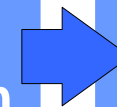
Corporate Image Research 2007 ranking (Nikkei)

**Active Company**

For seven consecutive years

**No. 1** (among 1,178 companies)

Education and  
training system



Salespersons  
with excellent  
expertise

“Qualified” Expert Advisors

Approx. 30% of  
all salespersons

# BIC CAMERA

## 2. Strategies

# Pursuit of High Efficiency

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## Pursuit of High Efficiency

### I. Strengthening of ability to attract customers

- 1) Opening new stores with the concept of stores that are urban-type, in front of stations and large
- 2) Renovating existing stores
- 3) Retaining customers
- 4) Strengthening virtual channels (EC, TV)

### II. Strengthening of sales

- 1) Strengthening the range of goods
- 2) Increasing the unit price and number of items purchased
- 3) Enhancing customer satisfaction
- 4) Strengthening products with high markups

### III. Strengthening of salespersons

- 1) Employing capable personnel
- 2) Enhancing education and training

## Pursuit of Low-Cost Operations

### I. Streamlining of logistics

- 1) Higashi Matsuyama Center is running at capacity
- 2) Use of resources of business partners

### II. Cost efficient operations

## Store Opening Plan (FY ending Aug 2009)

### Hamamatsu Station Store



Opening in JR Hamamatsu Station  
in Autumn 2008  
Floor space: approx. 4,500m<sup>2</sup>

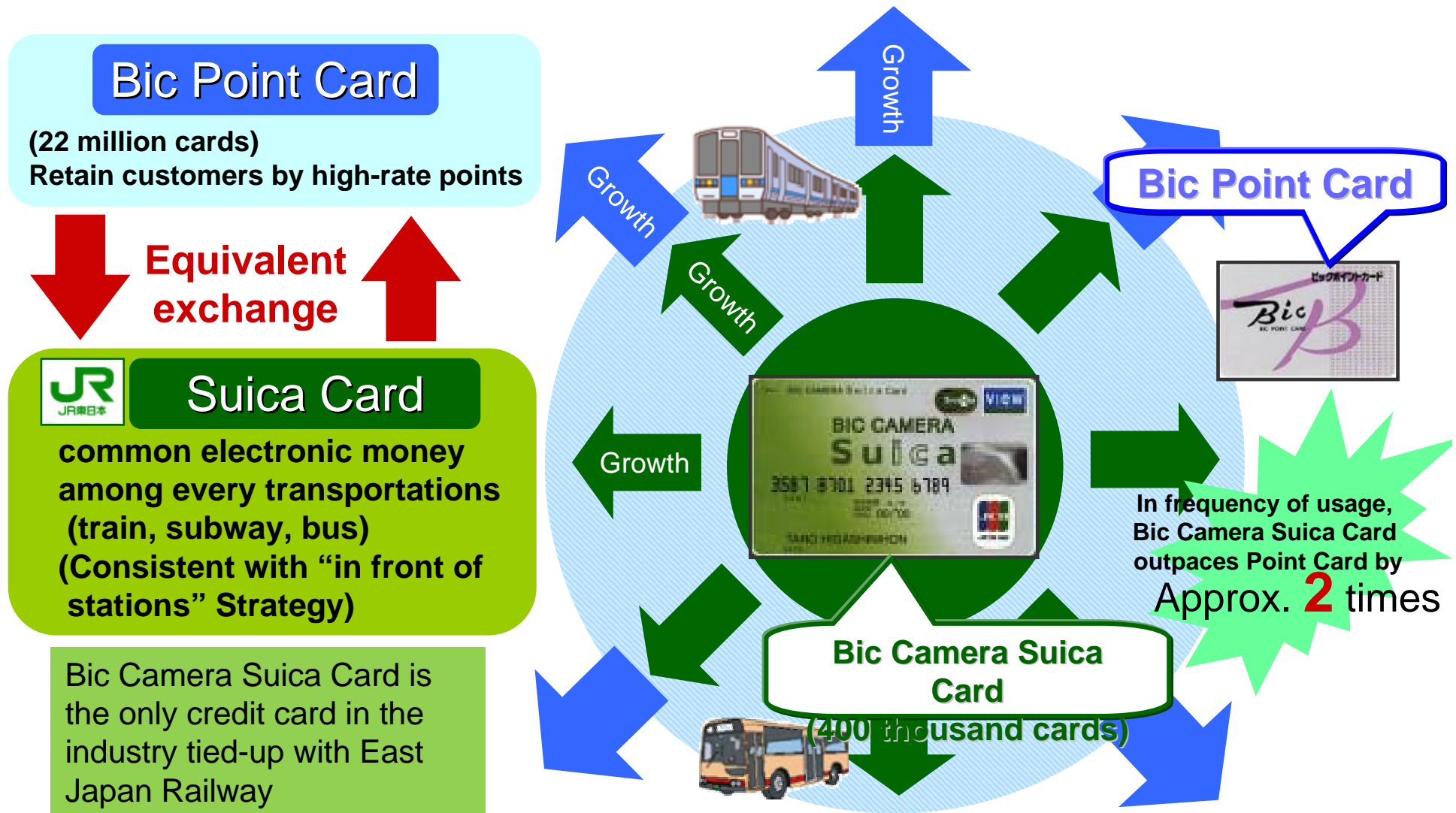
### Niigata Station Store



Opening in JR Niigata Station Build.  
in February 2009  
Floor space: approx. 10,600m<sup>2</sup>

# Growth of Regular Customers

## Bic Camera Suica Card and Bic Point Card





## Internet Shopping

(Bic Camera.com)

- System strengthened
- Largest scale in the electronics retailer sector

## Home Shopping

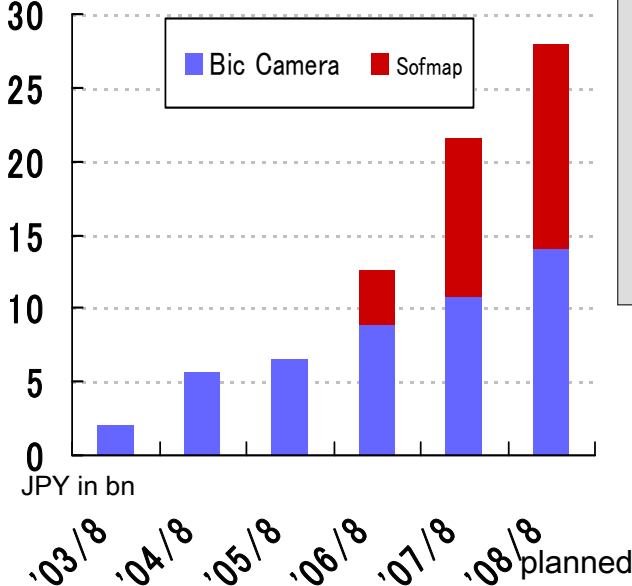
- BS 11, our main channel, started its business in earnest in Dec. 2007



Bic Camera.com(Image)



Changes in Internet Shopping Sales



# Return to Shareholders

We plan to increase dividends for the current FY, just as we increased them in the previous FY

## Dividends

|              | FY ended Aug 06<br>Actual       | FY ended Aug 07<br>Actual       | FY ending Aug 08<br>Planned   |
|--------------|---------------------------------|---------------------------------|-------------------------------|
| Entire FY    | <b>JPY 500<br/>(JPY 1,000*)</b> | <b>JPY 750<br/>(JPY 1,500*)</b> | <b>JPY 1,000<br/>+JPY 250</b> |
| Payout ratio | 10.7%                           | 13.9%                           | —                             |

\* In Sept 2007, we executed a two-for-one stock split. \* Values in parentheses indicate the dividend per share before the stock split.

## Improvement of Shareholder Special Benefit Plan

- No change in shareholders' per-share benefits even after the stock split
- Introduction of a special benefit plan for long-term shareholders

Retention of Long-Term and Committed Shareholders

# **BIC CAMERA**

## **3. Earnings Forecast for FY2008**

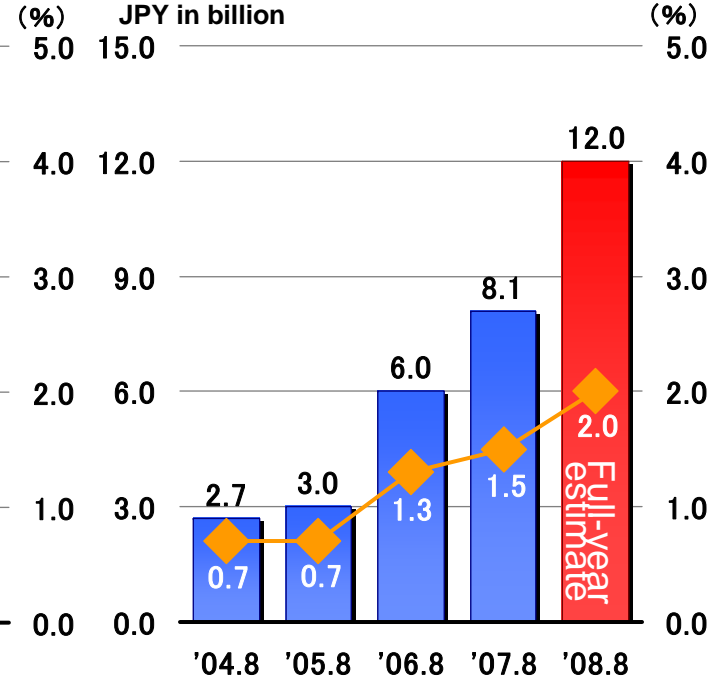
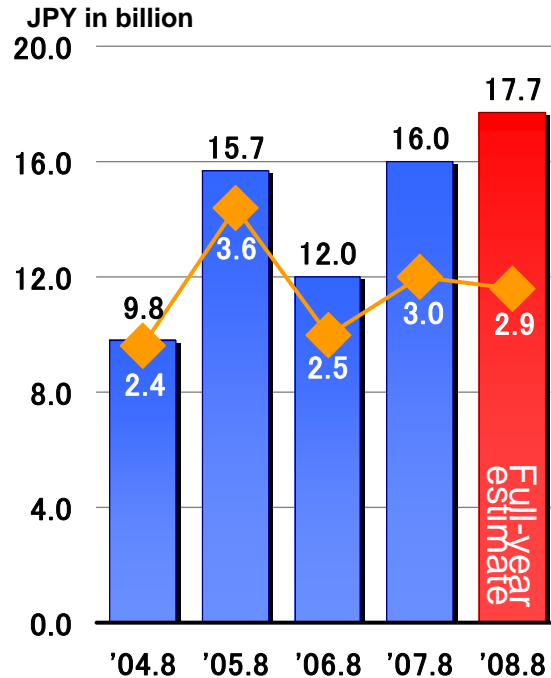
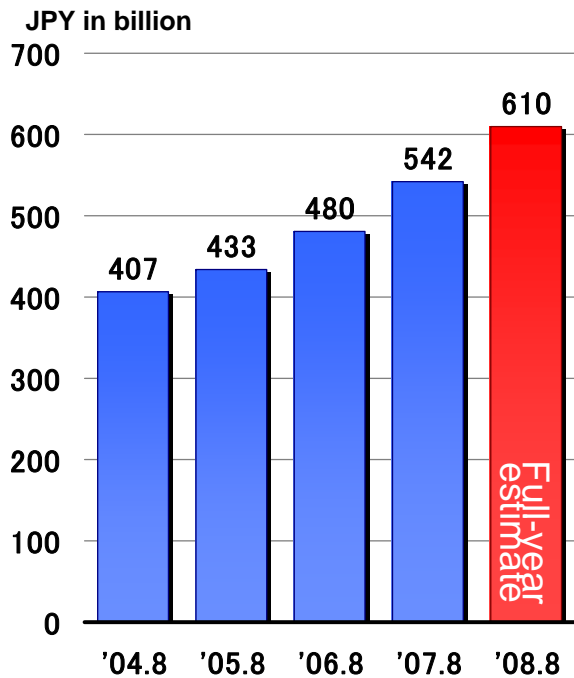
# Consolidated Financial Data

**Both net sales and operating income are hitting record highs**

Net sales

Operating income  
Operating margin

Net income  
Net income margin



# Consolidated Forecast for the Year Ending Aug 2008

**BIC CAMERA**

(JPY in million)

|                  | Year ended Aug 2007 |            | Year ending Aug 2008 (forecast) |            |                    |        |
|------------------|---------------------|------------|---------------------------------|------------|--------------------|--------|
|                  | Actual              | % of sales | Plan                            | % of sales | Amount of increase | YOY    |
| Net sales        | 542,294             |            | 610,000                         |            | +67,706            | +12.5% |
| Operating income | 16,002              | 3.0%       | 17,700                          | 2.9%       | +1,698             | +10.6% |
| Ordinary income  | 17,448              | 3.2%       | 18,200                          | 3.0%       | +752               | +4.3%  |
| Net income       | 8,146               | 1.5%       | 12,000                          | 2.0%       | +3,854             | +47.3% |

\*Extraordinary gain

We posted an extraordinary gain of JPY 4.92 billion :

Dividend from the liquidation of Tokumei Kumiai(a type of partnership) following the liquidation of the real estate

# Non-consolidated Forecast for the Year Ending Aug 2008

**BIC CAMERA**

(JPY in million)

|                  | Year ended Aug 2007 |            | Year ending Aug 2008 (forecast) |            |                    |        |
|------------------|---------------------|------------|---------------------------------|------------|--------------------|--------|
|                  | Actual              | % of sales | Plan                            | % of sales | Amount of increase | YOY    |
| Net sales        | 446,409             |            | 493,000                         |            | +46,591            | +10.4% |
| Operating income | 13,290              | 3.0%       | 15,800                          | 3.2%       | +2,510             | +18.9% |
| Ordinary income  | 15,262              | 3.4%       | 16,600                          | 3.4%       | +1,338             | +8.8%  |
| Net income       | 7,458               | 1.7%       | 11,300                          | 2.3%       | +3,842             | +51.5% |

\*Extraordinary gain

We posted an extraordinary gain of JPY 4.92 billion :

Dividend from the liquidation of Tokumei Kumiai(a type of partnership) following the liquidation of the real estate

## Both shops get a good start

### "Best" Hiroshima Store



Opened on March 6, 2008

- Opened at Best Denki Hiroshima Store
- Large parking lot
- Floor space: about 10,000 m<sup>2</sup>  
(Largest in Chugoku and Shikoku area)
- Annual net sales target: JPY 8 billion

■ In March 2009, a new baseball stadium and large-scale entertainment facilities are to be opened in the neighborhood and they can expect 6.8 million visitors a year

### Shin-Yokohama Store



Opened on March 26, 2008

- Relocated to the new station building of JR Shin-Yokohama and increased the floor space
- Opened as a key tenant of the new station building (on the third to ninth floors)
- Floor space: about 7,000 m<sup>2</sup>
- Annual net sales target: JPY 12 billion

# Consolidated Capital Expenditure

| Plan for Year ending Aug 2008  |   |            |             |  |   |
|--|---|------------|-------------|--|---|
| Capital Expenditure  | <b>JPY 40.5 billion</b>   |            |             |  |   |
| Details  | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center; background-color: #006633; color: white;">First half</th> <th style="width: 50%; text-align: center; background-color: #006633; color: white;">Second half</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>▪ Opening of new stores (Okayama Station Store and Sofmap Akihabara Main Building)</li> <li>▪ Acquisition of Ikebukuro Main Store and the headquarters building</li> <li>▪ Building of a new headquarter building for Nippon BS Broadcasting</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>▪ Opened Best Hiroshima Store in March</li> <li>▪ Relocation and increase in floor Store in March) space (Shin-Yokohama</li> <li>▪ Renovation of the existing stores</li> <li>▪ Renovation of the Internet website <a href="http://biccamera.com">biccamera.com</a></li> </ul> </td> </tr> </tbody> </table> | First half | Second half | <ul style="list-style-type: none"> <li>▪ Opening of new stores (Okayama Station Store and Sofmap Akihabara Main Building)</li> <li>▪ Acquisition of Ikebukuro Main Store and the headquarters building</li> <li>▪ Building of a new headquarter building for Nippon BS Broadcasting</li> </ul> | <ul style="list-style-type: none"> <li>▪ Opened Best Hiroshima Store in March</li> <li>▪ Relocation and increase in floor Store in March) space (Shin-Yokohama</li> <li>▪ Renovation of the existing stores</li> <li>▪ Renovation of the Internet website <a href="http://biccamera.com">biccamera.com</a></li> </ul> |
| First half   | Second half   |            |             |  |   |
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| Plan for Year ending Aug 2008  |   |            |             |  |   |
| Depreciation   | <b>JPY 2.05 billion</b>   |            |             |  |   |
| Details  | <ul style="list-style-type: none"> <li>▪ Increased number of stores and equipment</li> <li>▪ Acquisition of the property of Ikebukuro Main Store, etc.</li> </ul>   |            |             |  |   |



# BIC CAMERA

## 4. Appendix

## Consolidated Highlights of Feb 2008 (interim results)

**BIC CAMERA**

As an interim performance,  
both sales and income hit record highs

(JPY in million)

|                    | Half year ended Feb 2007 |            | Half year ended Feb 2008 |            |         |         |           |
|--------------------|--------------------------|------------|--------------------------|------------|---------|---------|-----------|
|                    | Actual                   | % of sales | Actual                   | % of sales | YOY     | Plan    | % of plan |
| Net sales          | 264,678                  |            | 298,195                  |            | +12.7%  | 289,000 | +3.2%     |
| Gross profit       | 63,221                   | 23.9%      | 70,785                   | 23.7%      | +12.0%  |         |           |
| SG&A expenses      | 55,272                   | 20.9%      | 62,518                   | 20.9%      | +13.1%  |         |           |
| Operating income   | 7,949                    | 3.0%       | 8,266                    | 2.8%       | +4.0%   | 8,000   | +3.3%     |
| Ordinary income    | 8,627                    | 3.3%       | 8,864                    | 3.0%       | +2.7%   | 8,000   | +10.8%    |
| Interim net income | 3,284                    | 1.2%       | 7,145                    | 2.4%       | +117.5% | 6,900   | +3.6%     |

\* Planned figures for gross profit and SG&A expenses are not disclosed

# Non-Consolidated Highlights of Feb 2008 (interim results)

**BIC CAMERA**

As an interim performance,  
both sales and income hit record highs

(JPY in million)

|                    | Half year ended Feb 2007 |            | Half year ended Feb 2008 |            |         |         |           |
|--------------------|--------------------------|------------|--------------------------|------------|---------|---------|-----------|
|                    | Actual                   | % of sales | Actual                   | % of sales | YOY     | Plan    | % of plan |
| Net sales          | 218,528                  |            | 240,364                  |            | +10.0%  | 230,000 | +4.5%     |
| Gross profit       | 52,568                   | 24.1%      | 57,880                   | 24.1%      | +10.1%  |         |           |
| SG&A expenses      | 46,086                   | 21.1%      | 49,708                   | 20.7%      | +7.9%   |         |           |
| Operating income   | 6,482                    | 3.0%       | 8,171                    | 3.4%       | +26.0%  | 7,000   | +16.7%    |
| Ordinary income    | 7,508                    | 3.4%       | 8,902                    | 3.7%       | +18.6%  | 7,200   | +23.6%    |
| Interim net income | 2,993                    | 1.4%       | 7,420                    | 3.1%       | +147.9% | 6,500   | +14.2%    |

\* Planned figures for gross profit and SG&A expenses are not disclosed

## Non-Consolidated Sales by Product (Feb 2008)

**BIC CAMERA**

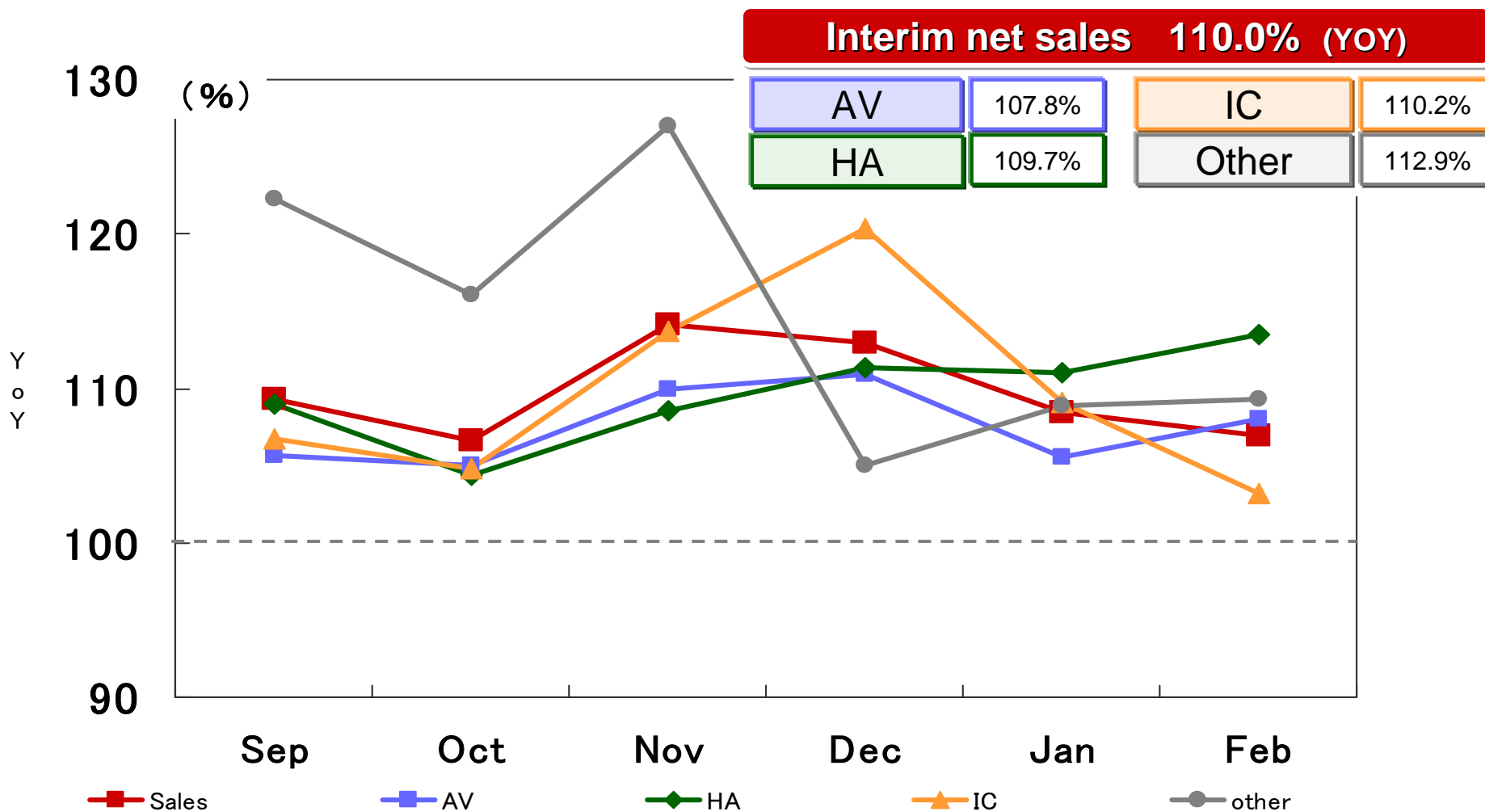
(JPY in million)

|  | Half year ended<br>Feb 2007 |                      | Half year ended Feb 2008 |                      |               |
|--|-----------------------------|----------------------|--------------------------|----------------------|---------------|
|  | Amount                      | Composition<br>Ratio | Amount                   | Composition<br>Ratio | YOY           |
| <b>Audio visual</b><br>TV sets, audio systems, DVD recorders,<br>camcorders, silver salt cameras, camera lenses,<br>etc.                 | 59,401                      | 27.2%                | 64,042                   | 26.6%                | +7.8%         |
| <b>Home appliances</b><br>Refrigerators, washing machines, A/Cs,<br>hairdressing & beauty appliances, lights, etc.                       | 32,236                      | 14.8%                | 35,371                   | 14.7%                | +9.7%         |
| <b>Information<br/>communications equipment</b><br>PC packages, computer peripherals, digital<br>cameras, PC software, cell phones, etc. | 87,070                      | 39.8%                | 95,973                   | 39.9%                | +10.2%        |
| <b>Other</b><br>Video games, clocks and watches, glasses and<br>CLs, sports gear, toys, bedclothes, alcohol, etc.                        | 39,819                      | 18.2%                | 44,976                   | 18.8%                | +12.9%        |
| <b>Total</b>   | <b>218,528</b>              | <b>100.0%</b>        | <b>240,364</b>           | <b>100.0%</b>        | <b>+10.0%</b> |

# Non-Consolidated Interim Performance by Product (Feb 2008)

**BIC CAMERA**

## Interim net sales of all stores (Aug 2007 – Feb 2008)



\* AV : Audio visual HA : Home appliances IC : Information communications equipment

\*Actual performances are based on financial figures, which differ from the POS data-based figures contained in our monthly sales report.

# Non-Consolidated Trends by Item (Feb 2008)

**BIC CAMERA**

|       | Main items               | YOY  | Trend of main items   |
|-------|--------------------------|------|---|
| AV    | TV sets                  | 112% | While the unit price of TVs decreased, demand shifted to larger products and the sales volume increased.  |
|       | DVD recorders            | 107% | There was a greater range of high-priced Blu-ray disc recorders and they became more affordable. This partly contributed to a boost in the item's composition ratio and net sales, although the sales volume stayed flat. |
|       | Portable audio equipment | 109% | New iPod models contributed to the sales.   |
| HA    | Air-conditioners         | 130% | The unit price increased along with the introduction of new functions such as auto-cleaning. Year-round demand appeared with the change in the environment in which they are used.  |
|       | Refrigerators            | 110% | The sales ratio of over 400-liter super-large-capacity models increased.  |
|       | Washing machines         | 103% | The ratio of washing-drying all-in-one models increased, while the unit price decreased.  |
| IC    | PC packages              | 106% | Sales of desktops fell from last year, but notebooks showed sound growth, and in particular the demand for sub-notebooks and mobile notebooks increased.  |
|       | Digital cameras          | 119% | Adding to strong sales of compact cameras, fierce demand for single-lens reflex cameras boosted the composition ratio and unit price of digital cameras.  |
| Other | Video games              | 121% | Fierce demand remained for game consoles, and software and accessories also sold well.  |

\* AV : Audio visual HA : Home appliances IC : Information communications equipment

# New Stores Opened in the First Half of FY2008/8

BIC CAMERA

Performance of both stores outstripped the plan



## JR Kyoto Station Store

- Opened on August 23, 2007
- Directly connected to the JR Kyoto Station platforms
- Floor space: about 8,000 m<sup>2</sup>
- Annual net sales target: JPY 15 billion

## Okayama Station Store

- Opened on November 20, 2007
- Directly connected to JR Okayama Station through an underground road
- Floor space: about 10,000 m<sup>2</sup>
- Annual net sales target: JPY 7 billion



Environmentally-advanced company No. 1 (Ministry of the Environment)

## As the leading runner in the sector

We will actively contribute to society in a socially responsible way, as the first authorized company of the “Eco First System,” for which only one company is authorized in each sector.



### Eco First's Promises

1. Promote recycling of home electronics in an appropriate, positive way
2. Promote active efforts to form a recycling society
3. Promote active efforts to prevent global warming



Authorized by the Minister of Environment as the No.1 company of “Eco First System” (Apr 2008)

### What is the Eco First System?

A system created by the Ministry of Environment to promote sector-leading companies to pursue environmental activities. Companies promise the Minister of Environment they will tackle issues related to environmental conservation, such as countermeasures for global warming, in order to achieve the goals set by the Kyoto Protocol. The ministry allows those companies to use the “Eco First Mark” on the condition that they follow the guidelines on its usage.



# CSR: Product security measures

## Efforts for product security measures (Ministry of Economy, Trade and Industry)

**Excellent Company in Product Security Measures Award**  
**Large retail company sector**

**No. 1 (Gold Prize)**



Logo of Award for being an Excellent Company in Product Security Measures

We have actively tackled product security measures from the standpoint of a retailer who directly sells home electronics to customers. As a result, we were highly appraised by the ministry since we “voluntarily offered consumers information on manufacturer recalls regarding home electronics.” The ministry gave us the Gold Prize at the First Excellent Company in Product Security Measures Award.

**Large retail company sector**

**No. 1 (Gold Prize) Bic Camera**

**No. 2 (Silver Prize) Aeon Co., Ltd.**

**No. 3 (Bronze Prize) N/A**

**Large production or import company sector**

**No.1 (Gold Prize) Hitachi Appliances, Inc.**

**No.2 (Silver Prize) ASICS Corporation**

**No.3 (Bronze Prize) Seiko Epson Corporation**

\*Data from the Ministry of Economy, Trade and Industry “The First Award for Excellent Companies in Product Security Measures FY2007”



Our efforts are highly appraised and honored by the Minister of Economy, Trade and Industry, (November 2007)

### What is the Excellent Company in Product Security Measures Award?

A system created by the Ministry of Economy, Trade and Industry in FY2007 to honor excellent companies that are manufacturers, importer or retailers, and that tackled consumer product security measures.

# Major group companies

**BIC CAMERA**

## **Sofmap Co., Ltd.**

Sales of new and used PCs and related products



## **Bic Shuhan**

Sales of liquor



## **Bic Sports**

Sales of golf gear and bicycles



## **Bic Toys**

Sales of toys



## **Umokobo**

Production and sales of down quilts and bedclothes



## **Tokyo Service Station**

Repair and construction of home electronics



## **Nihon BS Broadcasting Corporation**

BS digital broadcasting business "BS11"



This document also mentions future prospects on our business operations and industry trends based on our current plans, estimates, possibilities or expectations.

Expressions of these future prospects are associated with various risks and uncertainties.

Already known or unknown risks, uncertainties and other factors may cause different outcomes from the matters included in the expressions for future prospects. We cannot promise that our expressions and expectations for future prospects will be correct, and outcomes may be substantially different from the future prospects.

The expressions for future prospects in the document were given by us as of June 2008 based on the information available as of June 2008, and the descriptions of the expressions for future prospects are not to be updated or changed reflecting future incidents and situations.

**June 2008**  
**BIC CAMERA INC.**