Investor presentation – LOCONDO (3558)




Today’s presentation can be downloaded

LOCONDO corporate page: https://www.locondo.co.jp/ir

You can also download an analyst report in English below from the end of March

Shared Research: https://sharedresearch.jp/

LOCONDO SERVICE VIDEO (4:27)

https://www.youtube.com/watch?v=cOVn7Wji7nA

BOARD MEMBERS

Inside
(50%)

Yusuke Tanaka (CEO)
- Ex-McKinsey
- UC Berkeley MBA (Haas: 07-09)

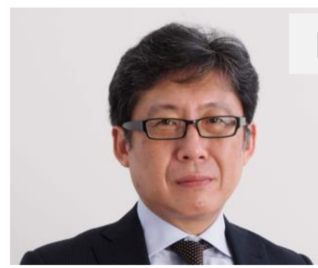
Kenji Fujiki (Sales)
- Ex-Washinton shoes
- Shoes expert (shoe fittter)

Jun Tamura (Control)
- Ex-Tohmatsu
- CPA

Outside
(50%)

Legal

Satoshi Hirota
- Lawyer (Japan / NY)
- Chairman of audit and supervisory committee



Mgmt

Minoru Tanaka
- Ex-CEO at Kakaku.com (Tabelog)

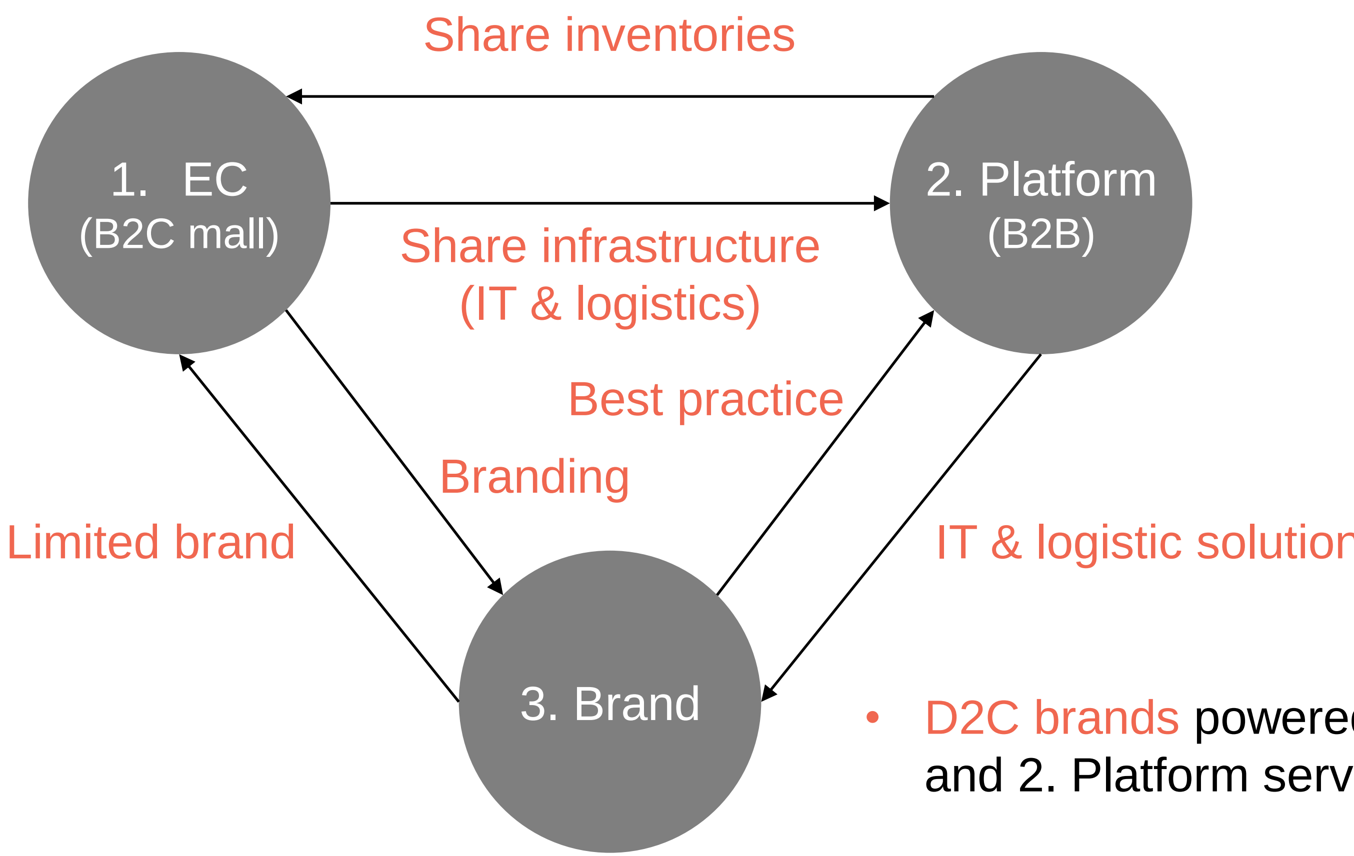
Finance

Tomoya Suzuki
- Venture capitalist
- Board member at Locondo between 2011 and 2017

LOCONDO PORTFOLIO: “MUTUALLY COMPLEMENTARY”

- Recognized as No.1 free return shipping (“try at home”) EC
- No.1 brand assortment of ladies’ shoes (2,500 brands)

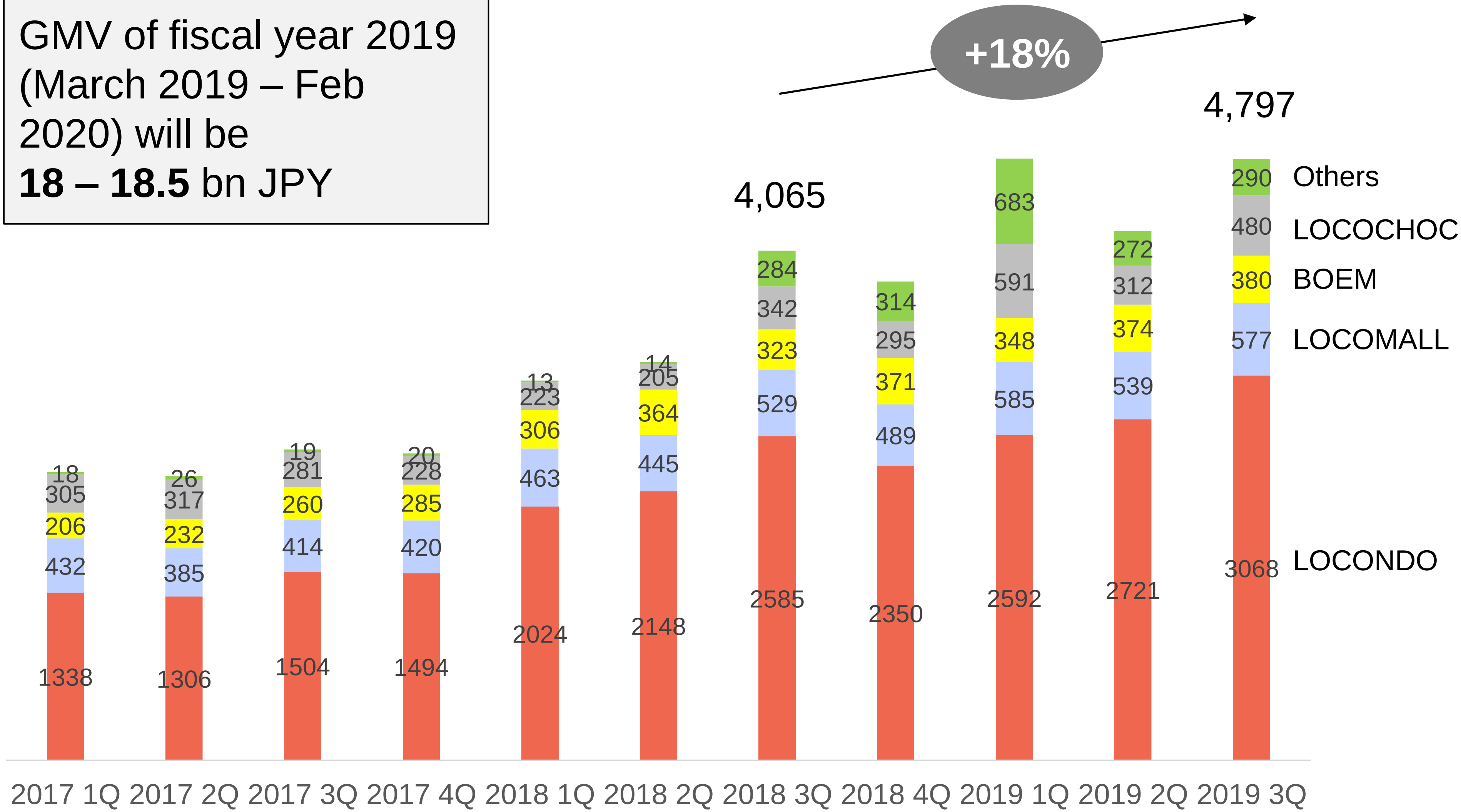
- Provides total solution of IT & logistics services to realize *Omni Channel*
- Infrastructure sharing realizes high quality & low costs



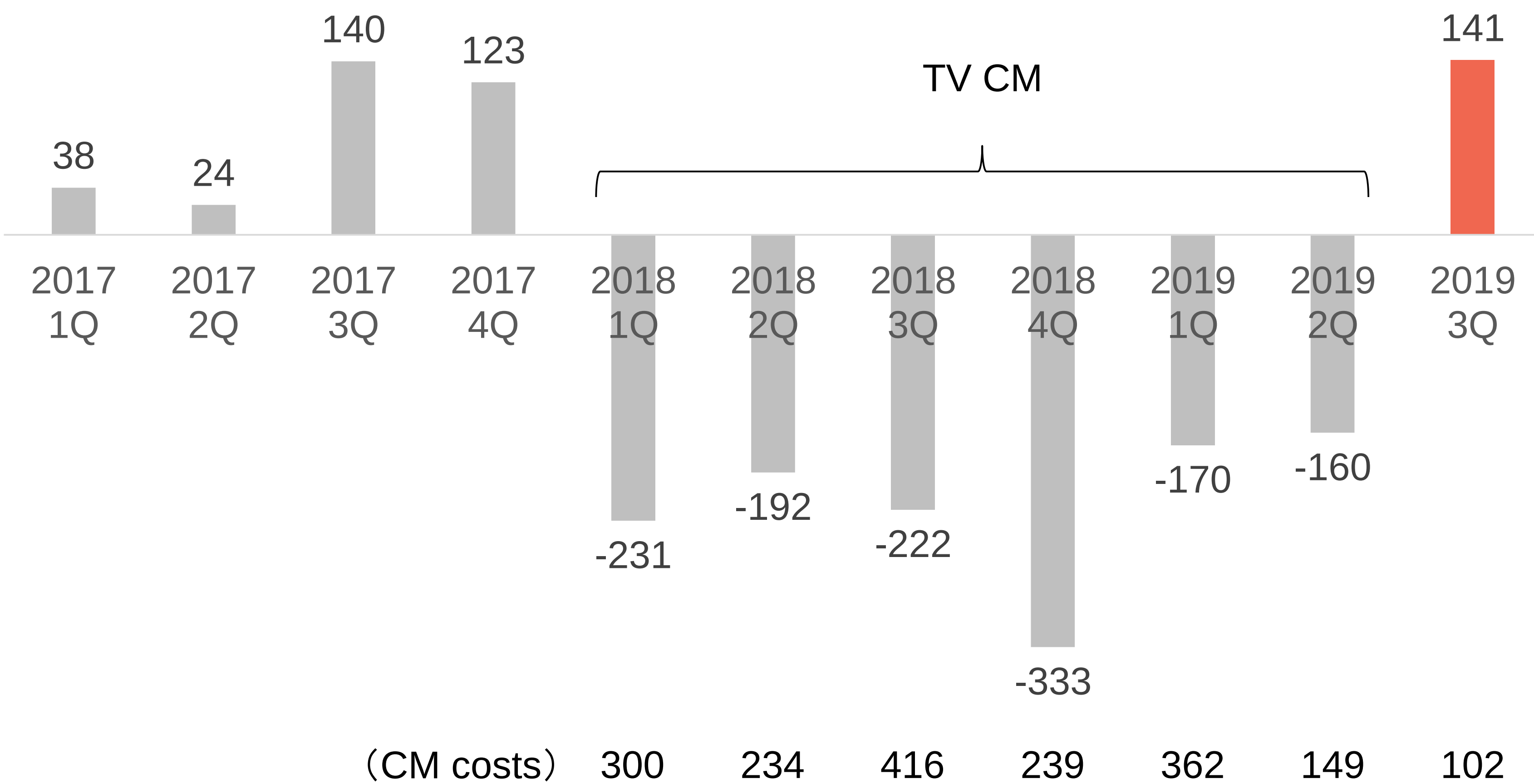
- D2C brands powered by 1. EC and 2. Platform services

GMV （M JPY）

GMV of fiscal year 2019 (March 2019 – Feb 2020) will be **18 – 18.5** bn JPY

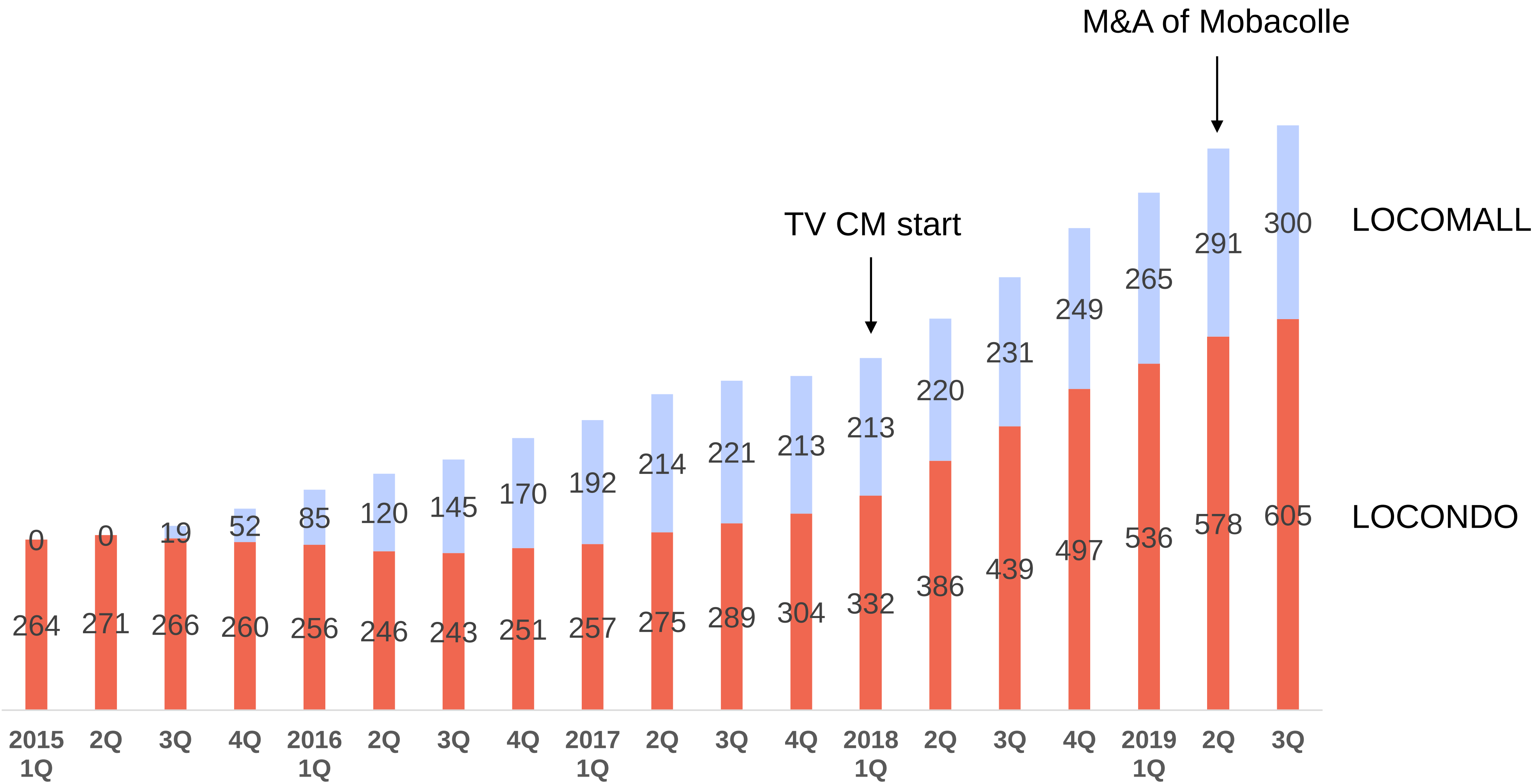


EBIT （M JPY）

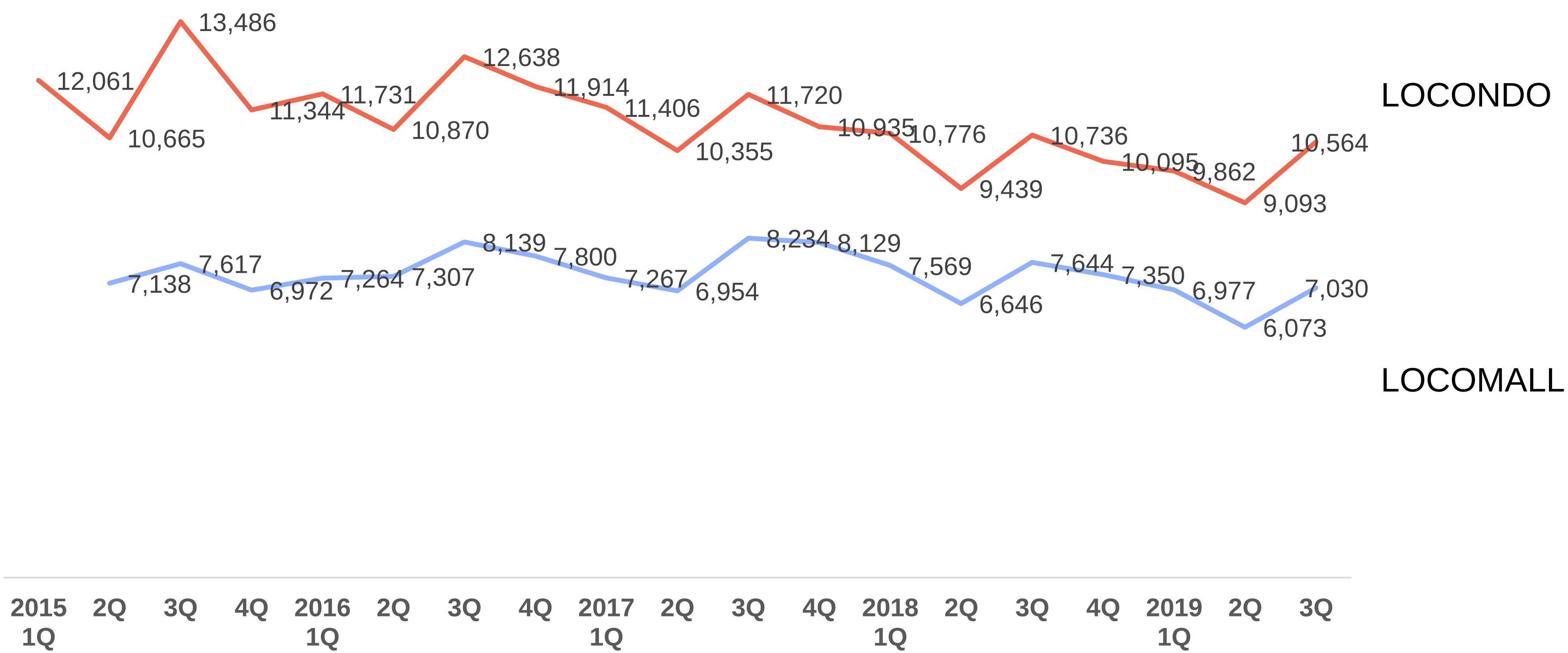


38
24
140
123
TV CM
141
2017 1Q
2017 2Q
2017 3Q
2017 4Q
2018 1Q
2018 2Q
2018 3Q
2018 4Q
2019 1Q
2019 2Q
2019 3Q
-231
-192
-222
-333
-170
-160
（CM costs） 300 234 416 239 362 149 102

EC # of active users (K)

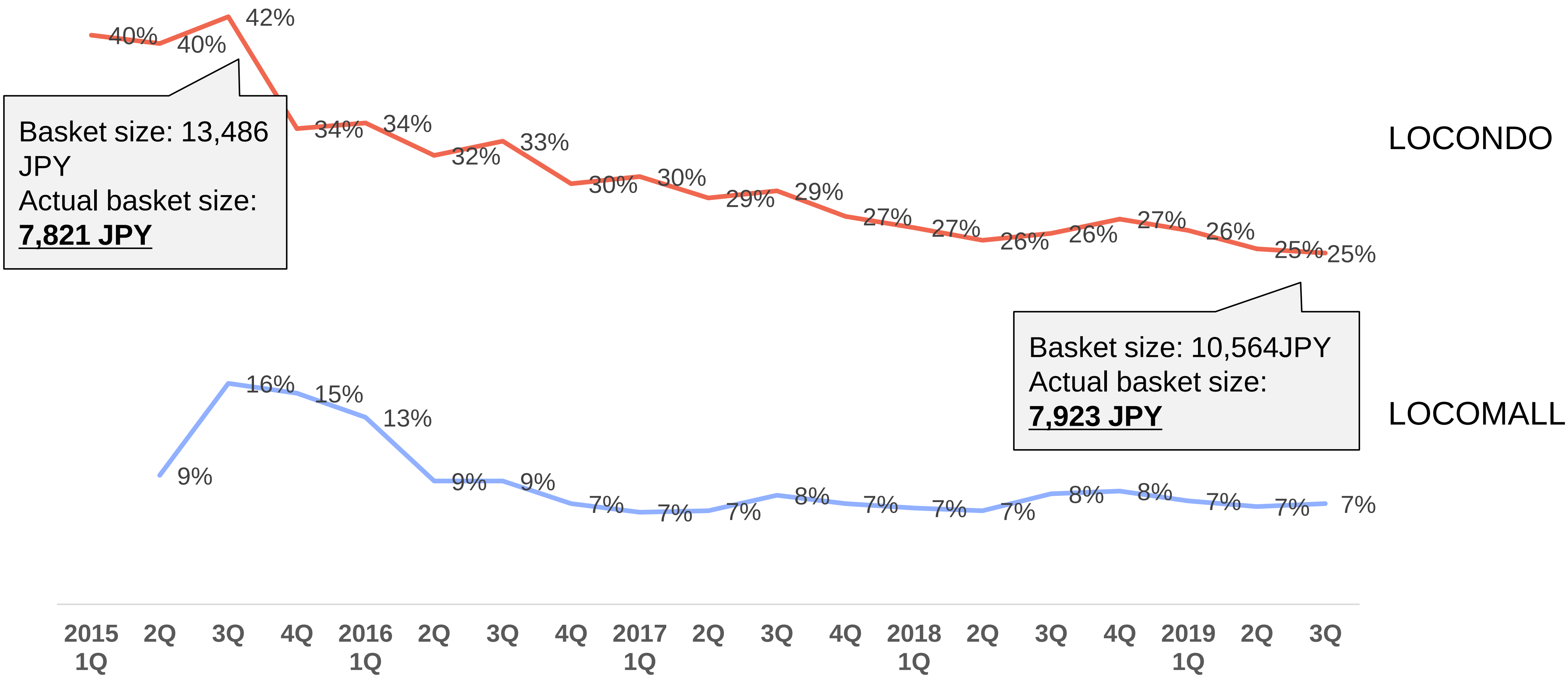


EC average basket size（per order）

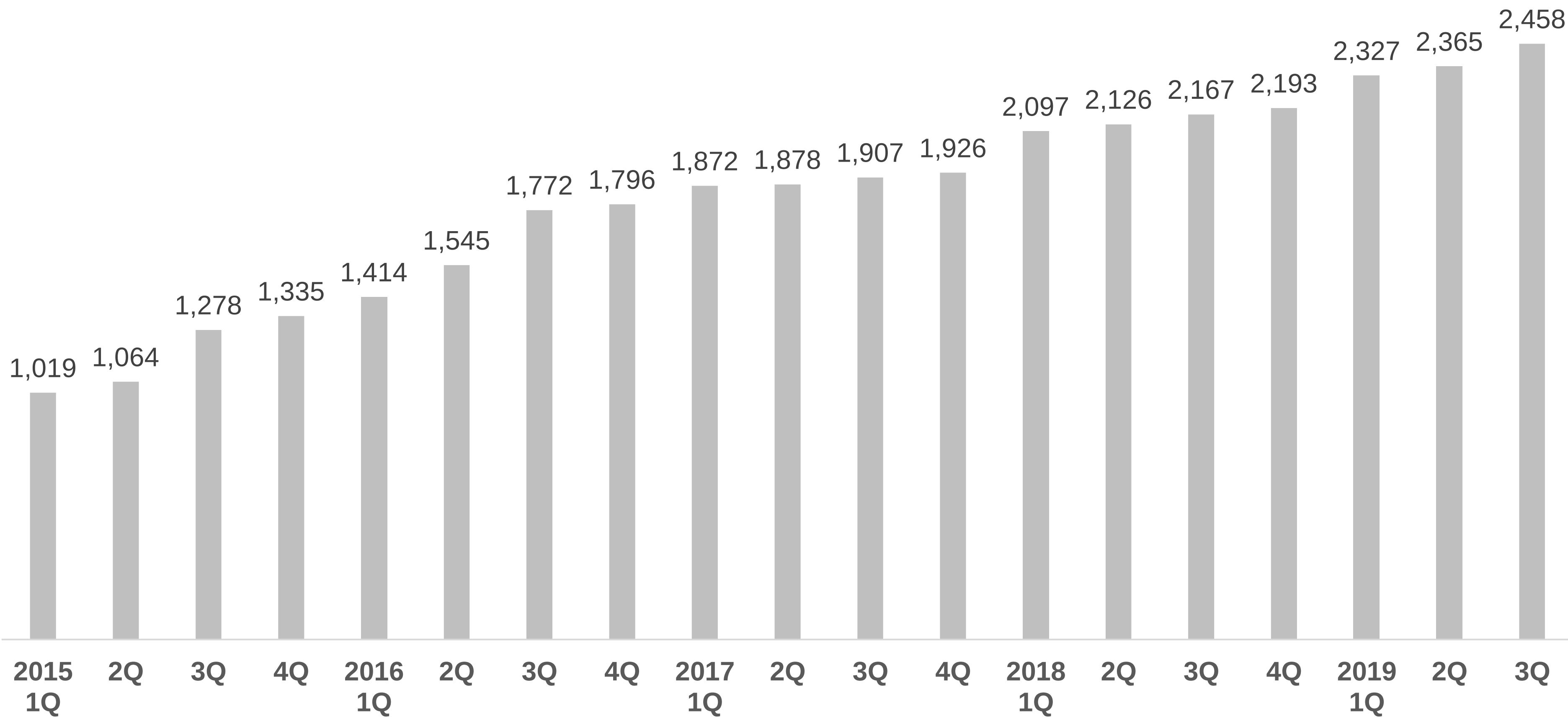


EC return rate

Basket size ↓ × （1 - Return rate ↓）= Actual basket size ↑



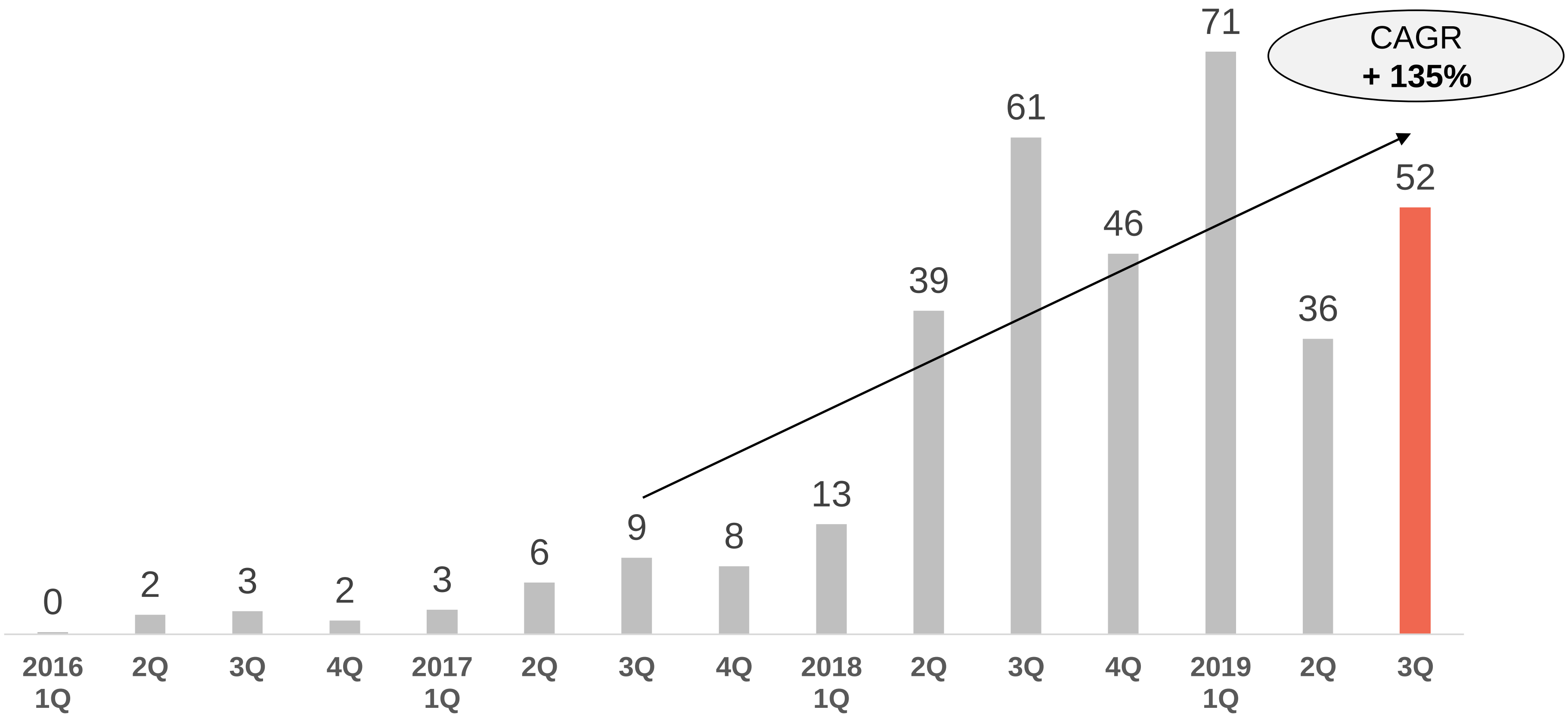
EC # of brands



Source: Data Sheet

e-3PL # of shippment （00,000 pieces）

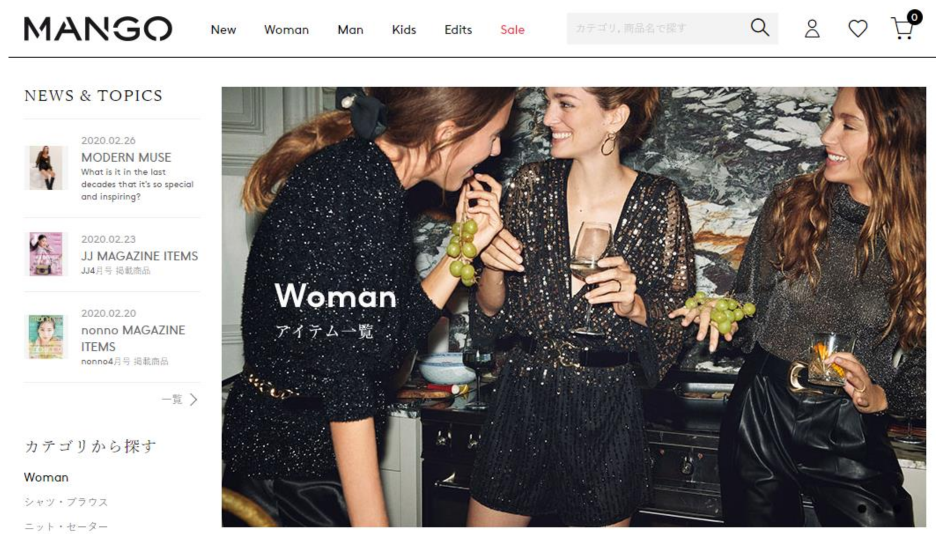
Warehouse capacity became bottleneck now, but e-3PL volume will increase after movement of new warehouse (April, 2020)



Source: Data Sheet

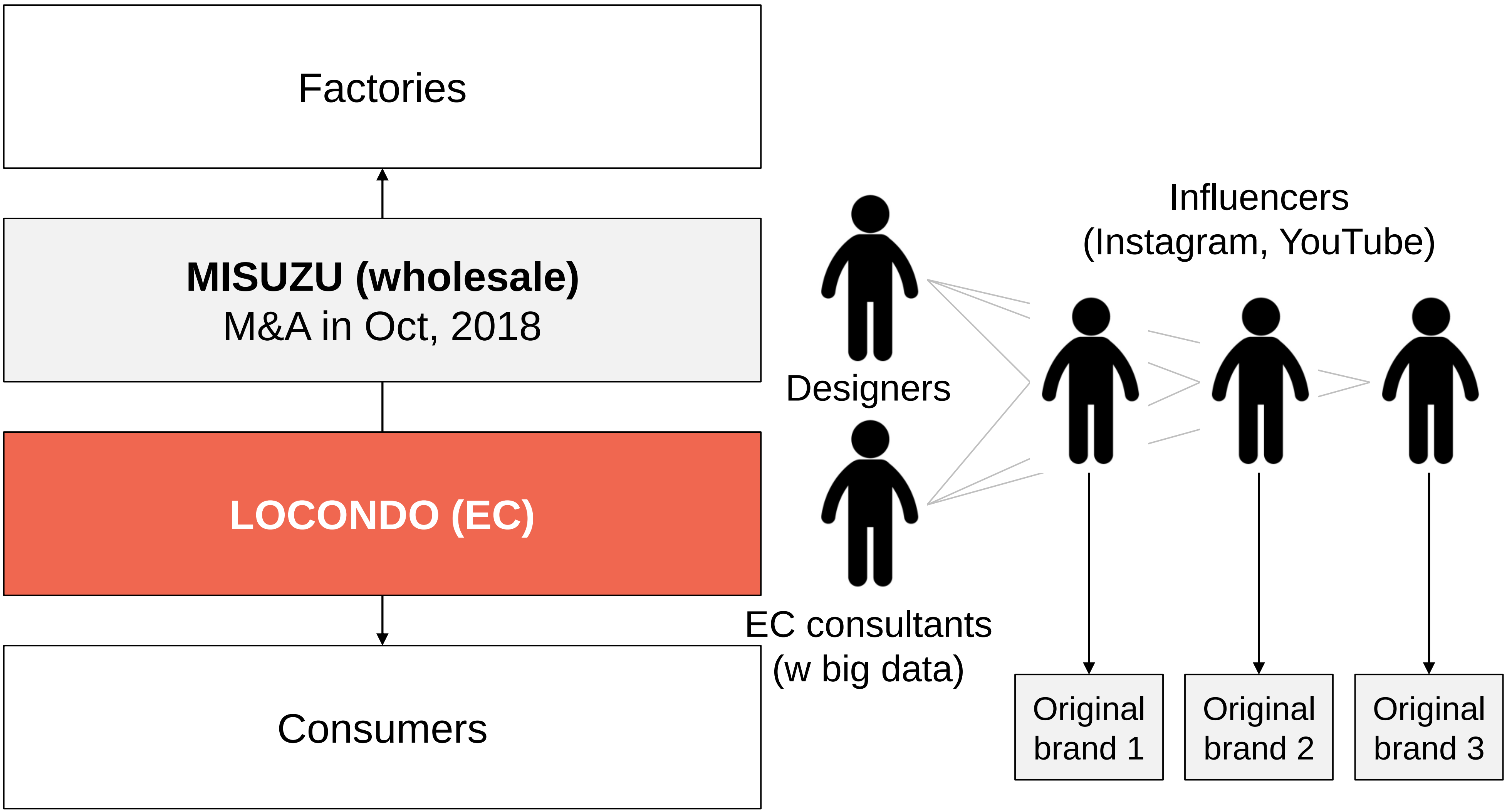
LOCONDO is the exclusive channel of MANGO in Japan (incl. management of BOEM platform)

MANGO @ LOCONDO



Japan.mango.com
(powered by our BOEM platform)

BRAND – 2: ORIGINAL D2C MODEL



EXAMPLE: D2C BRAND (w/o influencers): Viola & Emma

- Real leather (本革)
- Made in Japan
- European design

…BUT

- 9,800 JPY (>$100)

Non-consolidate P&L (2016 – 2020)

GMV (B JPY)	2016	2017	2018	2019 (3Q)
	8.0	**9.4** (+ 18%)	**13.5** (+ 42%)	**12.6 (3Q)** (+ 26%)

2020 → **20.0 – 22.5 B** (GMV)

×

2020 → **16%** (margin)

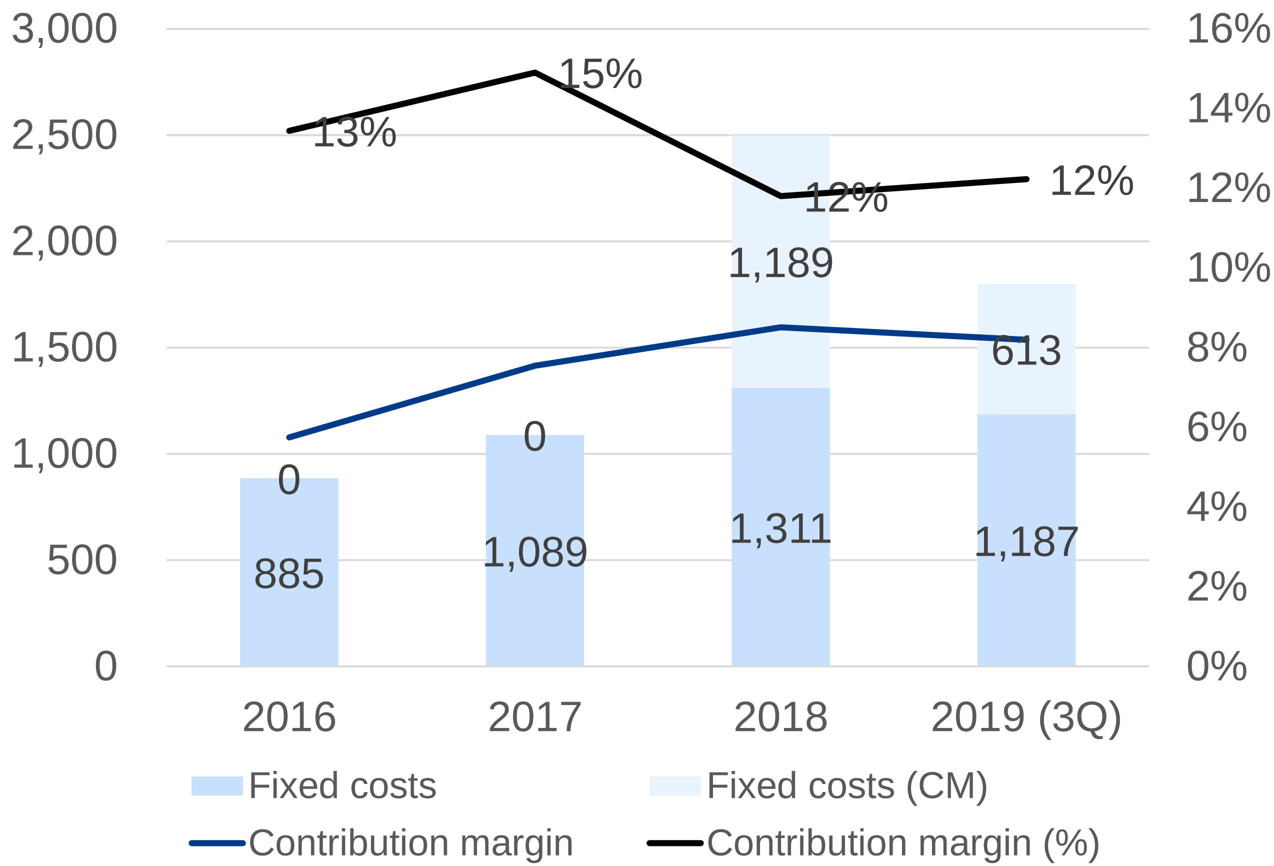
=

2020 → **3.2 – 4.0 B** (margin)

–

2020 → **2.0 B** (Fixed costs)

=



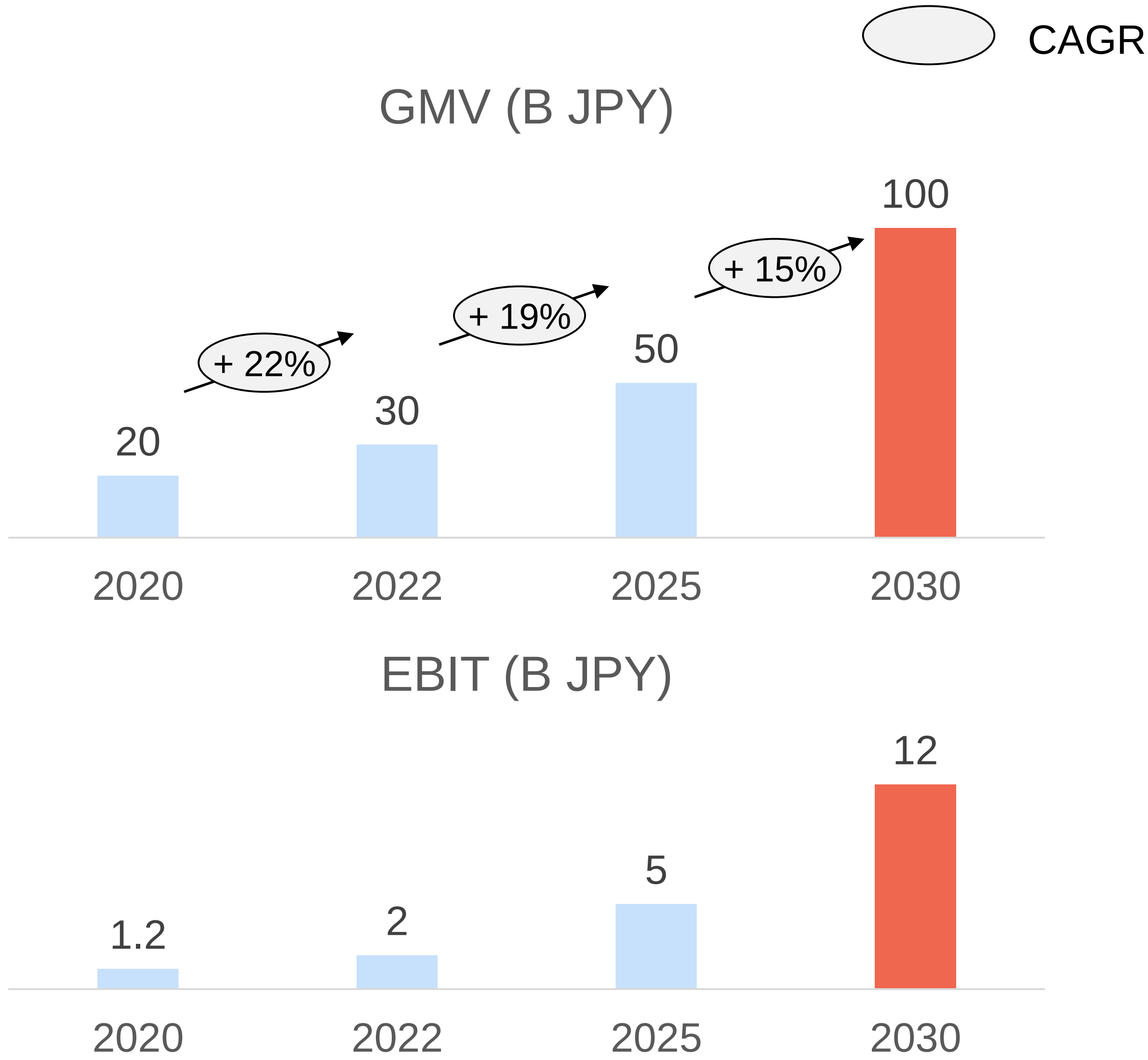
EBIT (B JPY)	2016	2017	2018	2019 (3Q)
	0.2	**0.3**	**- 0.9**	**-0.3**

2020 → **1.2 – 1.6 B** (EBIT)

MID TO LONG-TERM ROUGH IMAGE [NOT AUTHORIZED]

<u>Market insights</u>

- Market size of shoes is **1,400 B** JPY
- EC penetration rate is expected to be around **15%** now and to be increased to around **30%**: US & EU level
- As NO.1 Shoes EC player, we will get **<u>5%</u>** of the shoe market (mainly, EC) **70 B JPY**; department stores & shoe retailer (except for ABC) will lose shares.
- Sales of shoes occupies **70%** in Locondo total sales now, and we expect to keep this ratio; **100 B JPY** as long-term goal



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