

## The Company will utilize cash generated through business selection and concentration to further strengthen the financial base.



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#### **Q After the strong business performance in FY2013, what is the outlook for FY2014?**

Partially owing to the buoyant stock market conditions from the first quarter of FY2013, the Company recorded substantial increases in revenue and income. So far in FY2014, the stock markets have been weak as compared to the same period of a year ago, and in the Financial Services Business, SBI SECURITIES, which is particularly sensitive to market conditions, may experience a year-on-year decrease in brokerage commissions and other revenues. However, owing to the increasing margin trading balance and investment trust balance at SBI SECURITIES, we expect a relatively strong profit performance.

Additionally, SBI Japannext, SBI MONEY PLAZA and SBI FXTRADE substantially strengthened their profit bases in FY2013, and are developing into businesses that may fully contribute to earnings in FY2014. Meanwhile, SBI Insurance, which is currently an unprofitable operation, is steadily increasing its insurance premium income, and having attained a combined ratio of below 100%, is continuing to improve its profitability, and is progressing toward achieving a full-year profitability on an IFRSs basis in FY2015, which would be ahead of schedule. Accordingly, with the improvement in the business capabilities of the Financial Services Business, along with the increase in its essential earnings power, a continuous steady earnings contribution will be expected.

In the Asset Management Business, there are several promising companies in Japan and abroad that are expected to launch IPOs in FY2014, and so expectations are for a positive contribution. In addition, SBI Savings Bank of South Korea, which already contributes to earnings on an IFRSs basis, plans an additional expansion of its operations to further bolster profitability, as the South Korean real estate market conditions continue to improve.

The Biotechnology-related Business is a high potential business, and along with SBI Biotech's IPO preparations, SBI Pharmaceuticals' 5-ALA related business has also been progressing steadily, and whereas there will be a shift toward business activities that are geared toward cash generation, it is expected to gradually contribute to earnings.

To review, for FY2014, we expect to earn stable profits

based on the results from the accumulated measures that were steadily implemented to date, rather than from temporary factors caused by an upsurge in the external environment, such as that which was experienced in FY2013.

#### **Q From your perspective as CFO, what short-term finance-related tasks lie ahead?**

In the Financial Services Business, the task is to achieve profitability at SBI Insurance, SBI Card and other unprofitable companies, and to develop a more highly profitable business portfolio in the segment overall. In the Asset Management Business, it is important for SBI Savings Bank to transition to a stage in which it can earn stable profits even under Korean accounting standards. In the Biotechnology-related Business, the key point is for SBI Pharmaceuticals to achieve early profitability, and become able to earn its own R&D funds by means such as through a full-scale overseas expansion of the 5-ALA related business.

The Group is now shifting from the stage of investing capital in our businesses, to the stage of recovering capital from them. We will utilize cash that is steadily generated by the businesses, as well as cash created through business selection and concentration, to advance the reduction of interest-bearing debt, in order to further strengthen the financial base.

#### **Q What is the policy on shareholder returns?**

The Company's basic dividend policy is to pay a minimum annual dividend of ¥10 per share, and endeavor to increase the dividend when we have determined that a further return of profits is possible, after a comprehensive consideration of the appropriate level of internal reserves required for sustained growth, along with a consideration of the ongoing business performance. For FY2013, a dividend of ¥20 per share, or twice the dividend of FY2012 was paid, based on our strong business performance.

Owing to a characteristic of our Company of having long-term shareholders, we will first realize stable dividends, and when business results are favorable, an additional profit distribution in line with the results will be made.