

DESCENTE



Design for Sports

Financial Report

1st Half FY ending March 31. 2015

Disclaimer: The contents of this plan and the future expected earnings forecast described in this document are based on information currently available and therefore contain an element of uncertainty and potential risk. Please be advised there is a possibility that actual results may be affected by a number of factors and may differ materially from what is described.

Exchange Rates Used

	Sep/'13	Mar/'14	Sep/'14	Mar/'15 Plan
US \$	97.04	98.95	102.20	105.00
KRW100	8.66	8.98	9.80	10.00
RMB	15.53	15.97	16.56	17.00
HK \$	12.36	12.64	13.19	13.50

- "1H" means first half.
Example: "15/1H" means the first half on the FY ending March 31, 2015.
- "%" percentages are calculated on actual numbers.



1. The First Half of FY ending March 31, 2015

① Summary

② Regional and Product Category Review

③ Review of Brands

2. Plan for the FY ending March 31, 2015

Results for 1H of FY ending March 31, 2015



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Growth in Asia, spearheaded by Korea, has resulted in increased turnover and income. Ordinary and net income is a historic high.

(Unit; JPY Million)

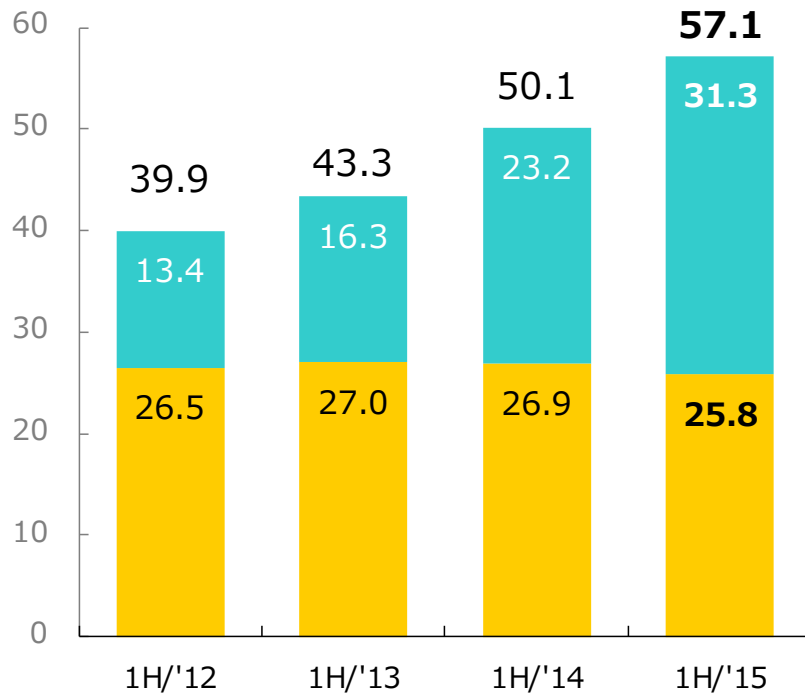
	'Mar/'15 First Half performance	'Mar/'14		'Mar/'15	
		First Half performance	Year- on-year	First Half announced plan	VS plan
Net sales	57,134	50,187	113.8%	57,000	100.2%
OP income	3,670	2,487	147.5%	2,500	146.8%
(%)	6.4%	5.0%		4.4%	
Ordinary income	3,912	2,615	149.5%	2,700	144.9%
(%)	6.8%	5.2%		4.7%	
NET income	2,775	1,813	153.1%	1,900	146.1%
(%)	4.9%	3.6%		3.3%	

Net Sales Transition(consolidated)



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Japan: Spring/Summer saw a weak retail environment.
International: Korea was strong and other regions saw growth.



(Unit; JPY Billion)



(vs last year)
+7.0 billion (114%)

Domestic ▲1.1b(96%)

athletic brands ▲0.6 b
 golf brands ▲0.4 b
 outdoor brands ▲0.1 b

Overseas +8.1b(135%)

Korea +7.5b
 Chine(&HKG) +0.3b
 Other Asia +0.2b
 EU/USA +0.1b

athletic brands +6.9 b
 golf brands +0.9 b
 outdoor brands +0.3 b

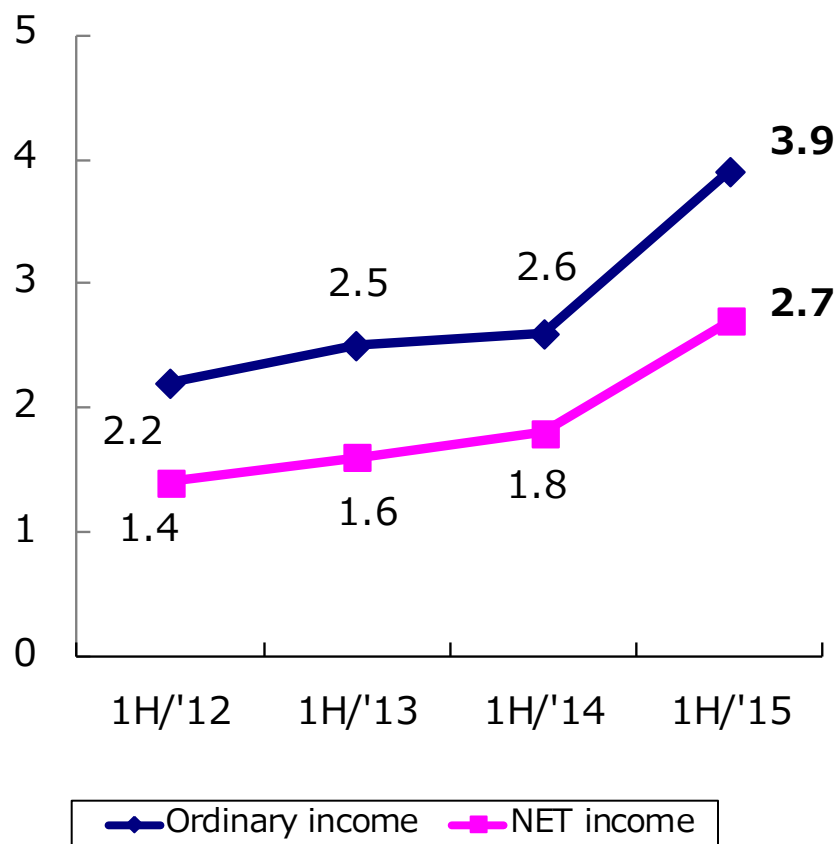
Income Transition(consolidated)



Design for Sports

Korea's strong performance has influenced profitability.

(Unit; JPY Billion)



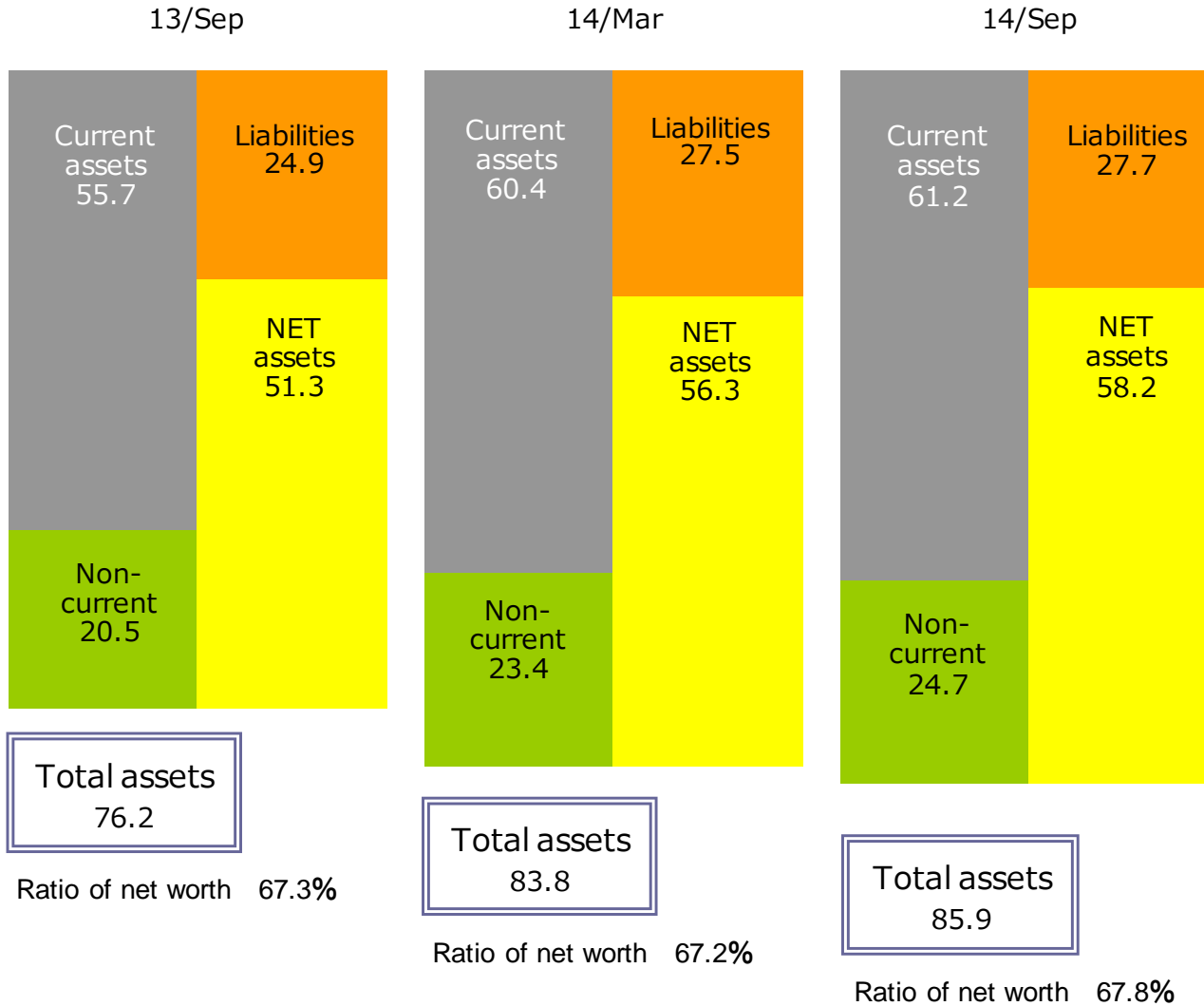
(Unit; JPY Billion)

	Current period	Prev-period	Change
Operating income	3.6	2.5	1.1
Non-operating income	0.3	0.2	0.1
Non-operating expense	0.0	0.1	▲ 0.1
Ordinary income	3.9	2.6	1.3
Extraordinary income	-	-	-
Extraordinary loss	-	-	-
Total income taxes	1.1	0.8	0.3
NET income	2.8	1.8	1.0

Balance Sheets Transition(consolidated)



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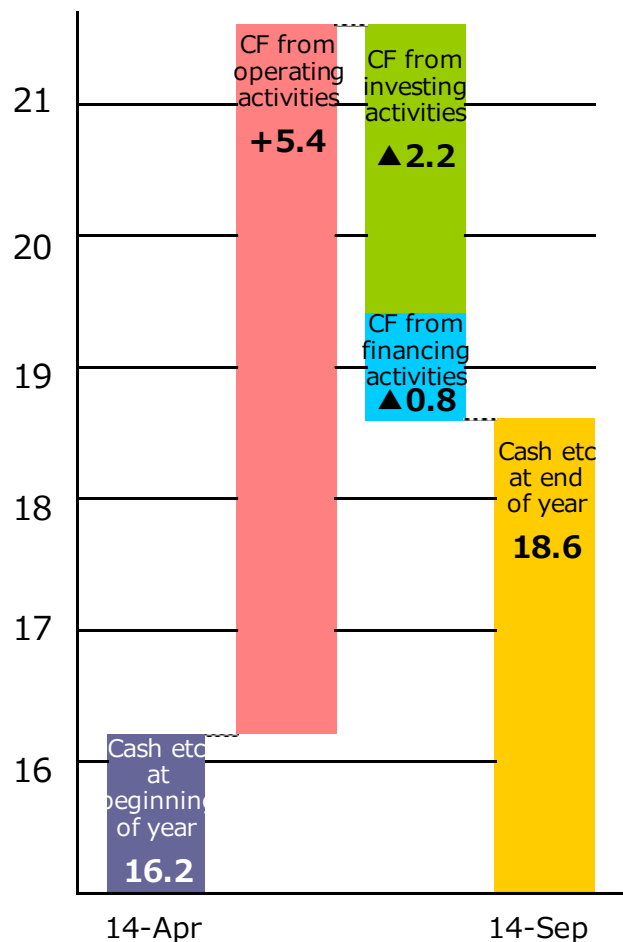
(Unit; JPY Billion)

Increase in current assets due to increase in cash and inventory. Fixed asset increase due to purchase of UMBRO trademarks for Korea and investment in a new warehouse in Korea and development of ERP package for Korea.

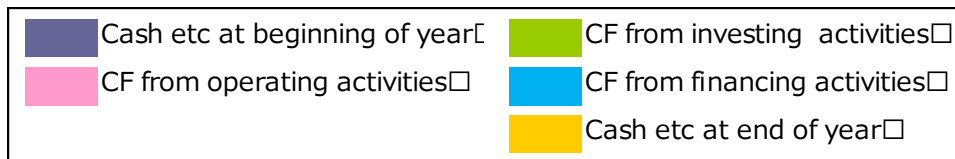
Cash flow(consolidated)



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(Unit; JPY Billion)



CF from operating activities(+5.4)

Income before income taxes and minority interests	+ 3 .9 b
Depreciation and amortization	+ 0 .8 b
Increase in trade notes and receivables	+ 2 .4 b
Increase in inventories	▲ 0 .5 b
Decrease in trade notes and accounts payable	▲ 1 .5 b
Income taxes paid	▲ 1 .3 b
Etc	+ 1 .6 b

CF from investing activities(▲2.2)

Fixed assets	▲ 1 .7 b
Etc	▲ 0 .5 b

CF from financing activities(▲0.8)

Dividend	▲ 0 .8 b
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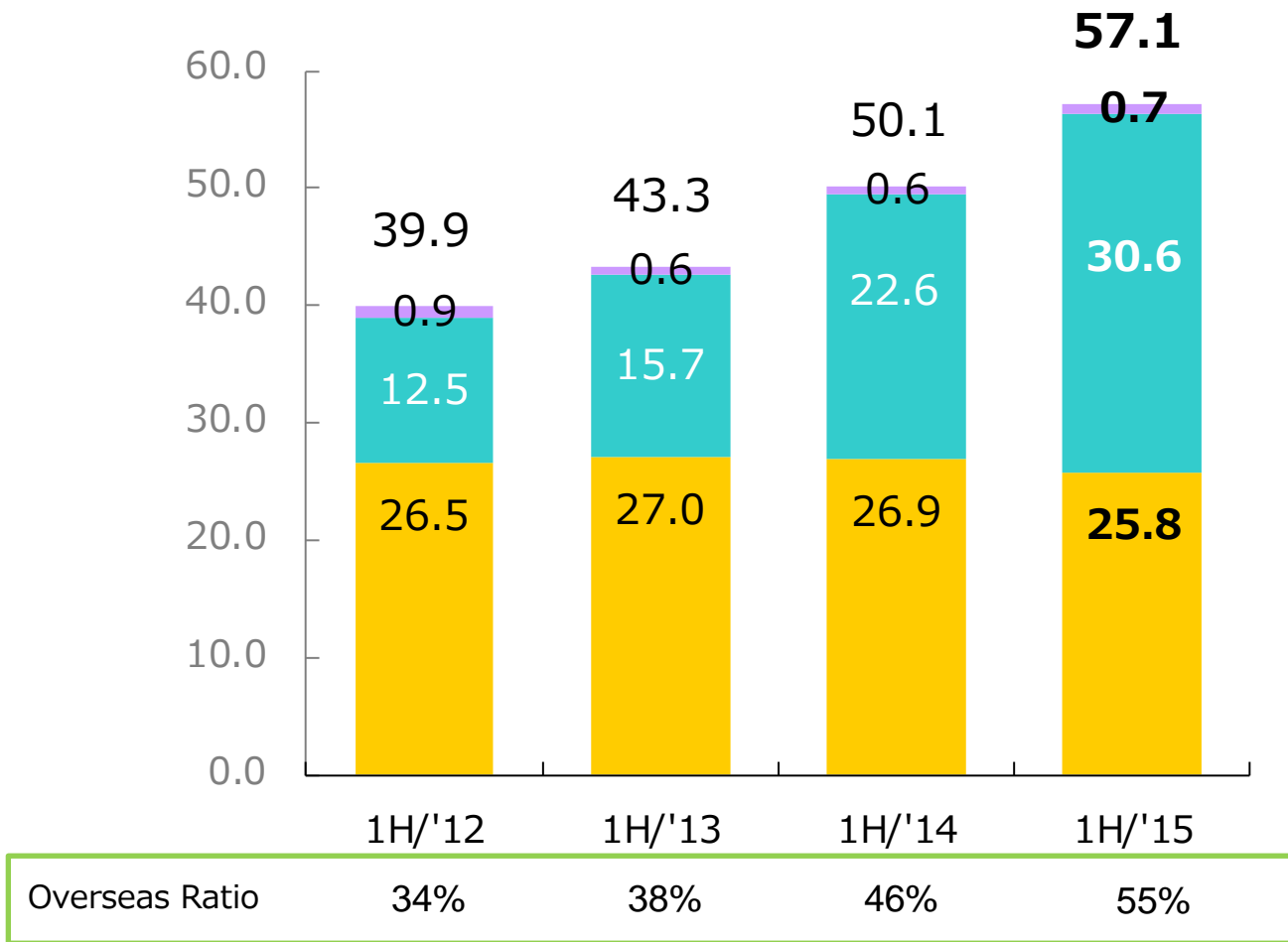
Net Sales Transition per AREA(consolidated)



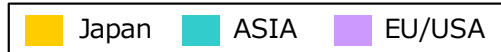
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First Half

Year on Year: In Japan ▲1.1b (96%), in Asia +8.0b(135%).



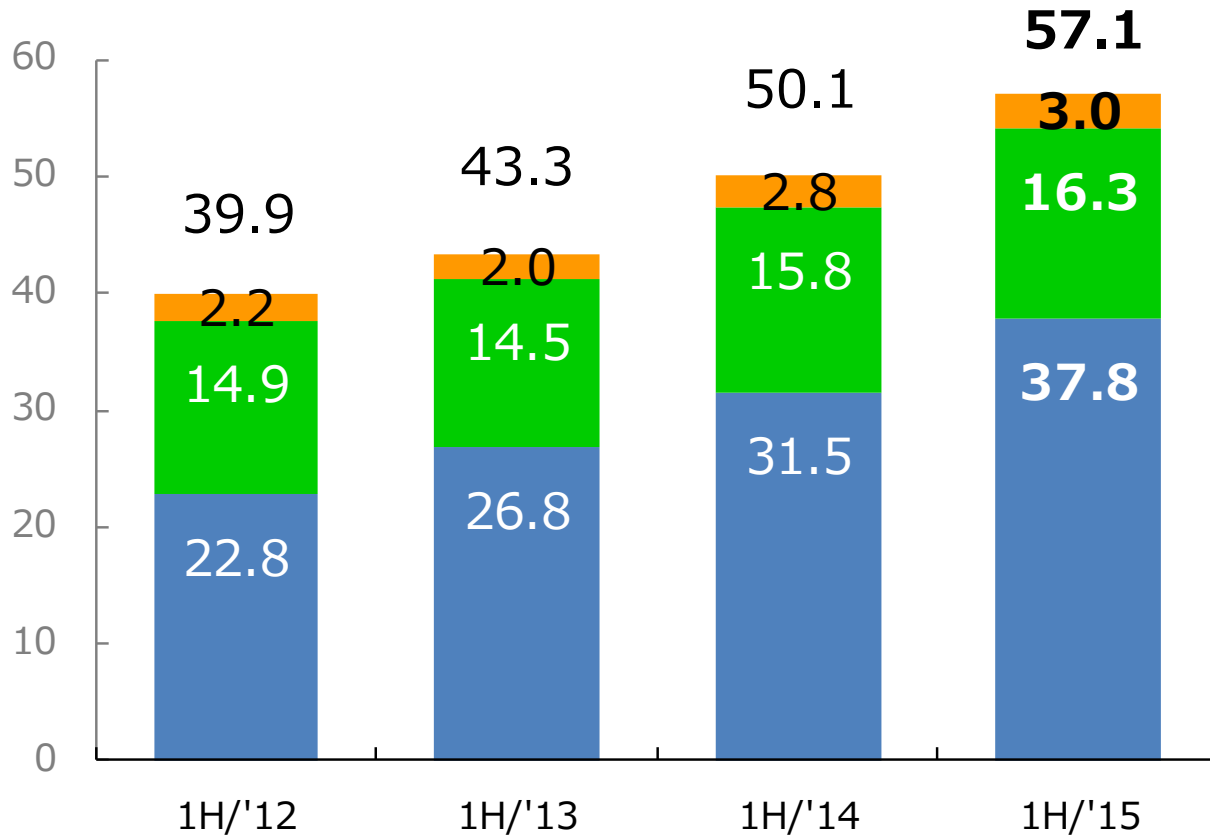
(Unit; JPY Billion)



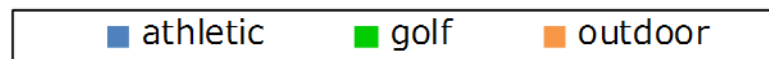
Net sales Transition per Category (consolidated)



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(Unit; JPY Billion)

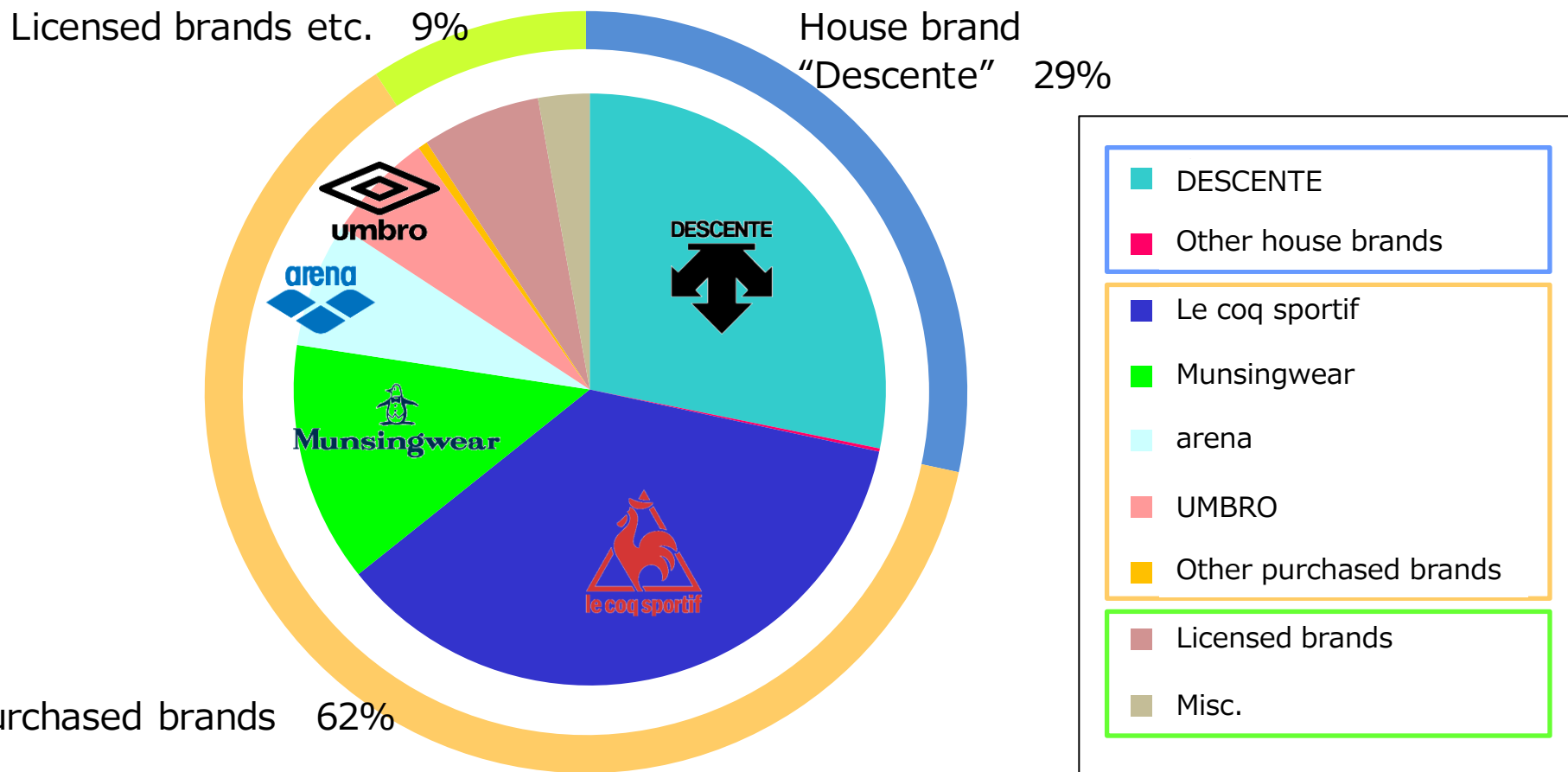


Consolidated Sales by Brand and Ownership Structure (consolidated)



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More than 90% of turnover is in house brands or purchased trademarks.



1. The First Half of FY ending March 31, 2015

① Summary

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③ **Review of Brands**

2. Plan for the FY ending March 31, 2015



DESCENTE



Recognised by consumers for its functional excellence.
50% increase in sales in Korea. Sales Growth consistent.
High level of PR activity in various sports.

Munsingwear



To commemorate the 50th Anniversary of Munsingwear in Japan a limited edition series is being offered. A new "R-Line" has been announced targeting the 30-40 year old consumer.
In Korea sales are increasing. Local design is being utilized to cater to market needs and the first flagship shop has been opened. Sales growth continues.

le coq sportif

le coq sportif (*athletic*)



Ongoing promotion throughout Asia is based on cycling, celebrity tie-ups and strong instore brand image presentation. Shoe sales continue to grow and special product made in conjunction with designers has proved popular.

le coq sportif (*golf*)



Golf wear and shoes utilizing the latest trends including denim are selling well. Various events are organised to appeal to consumers.

Review of Brands ③



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In Japan Ann Nakamura is being used to model the popular “Under the Sun” swimwear.

In China arena has renewed its supply arrangements with the strong national swim team and the brand is experiencing double digit growth.



The brand is emphasising its football heritage.

The Accelerator ESE limited edition model soccer boot (777 pairs only) endorsed by Gamba Osaka’s Yasuhito Endo is proving to be very popular.

The hero of the manga “The Knight of ERIA” has been signed to an advisor’s contract and sales of garments he wears in the comic strip are now in store and selling well.

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 - ① Summary
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 2. **Plan for the FY ending March 31, 2015**

Business Plan Mar/'15(consolidated)



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The plan for FY March 2015 has been adjusted upwards as a result of better than expected in Asia.
The midterm projections are one year ahead of schedule.
Turnover and Net Income are at historical highs.

(Unit; JPY million)

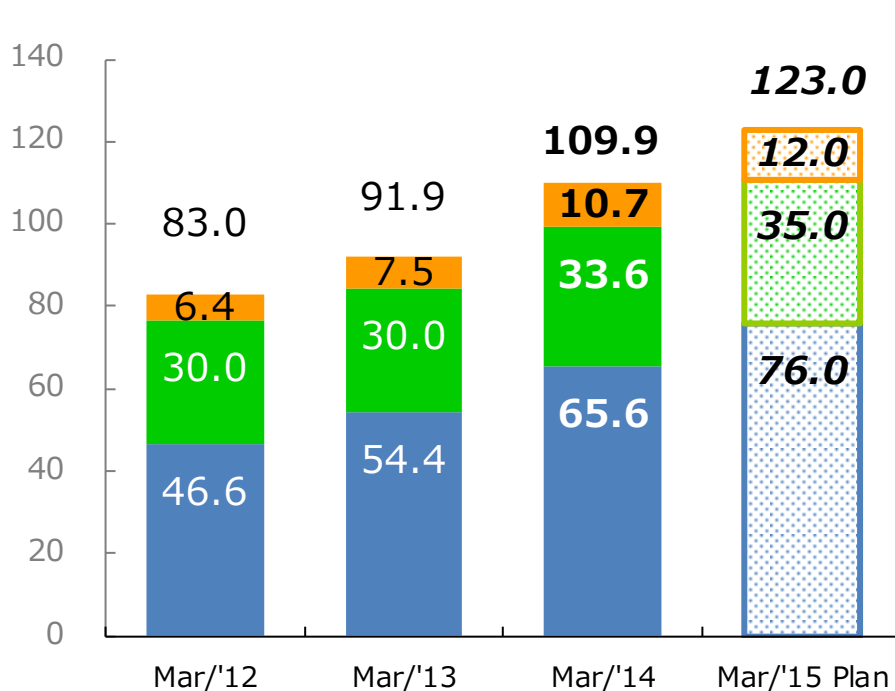
	Mar/'14	Mar/'15 original plan (May)	Mar/'15		May/'16 3 year
			Revised plan	Previous year	
Net sales	109,944	120,000	123,000	111.9%	120,000
OP income	6,271	7,000	8,000	127.6%	8,000
(%)	5.7%	5.8%	6.5%		6.7%
Ordinary income	6,643	7,200	8,200	123.4%	-
(%)	6.0%	6.0%	6.7%		-
NET income	4,470	4,800	5,400	120.8%	5,000
(%)	4.1%	4.0%	4.4%		4.2%
Net income per share	59.33	63.71	71.67		-

Item- specific and area-specific Sales(Consolidated)

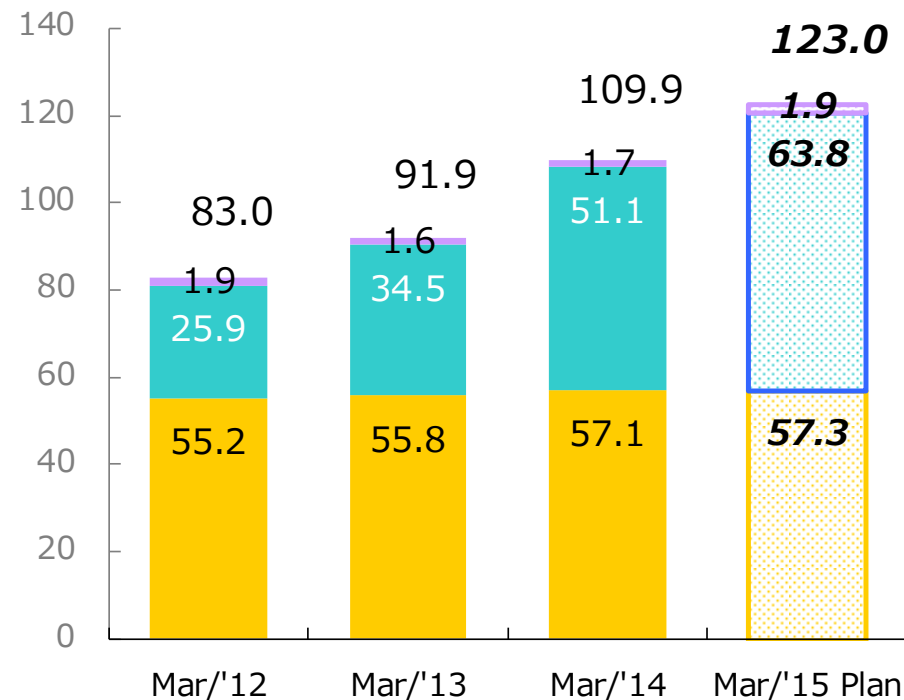
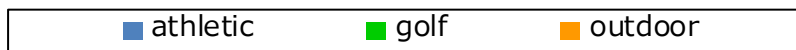


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Increased turnover is expected in all product categories for the FY ending March 31st 2015. An increase of JPY13.1billion (112%) to JPY123 billion in annual turnover is projected. Sales outside Japan are expected to increase to exceed 50% of total turnover.



(Unit; JPY Billion)



Overseas Ratio	Mar/'12	Mar/'13	Mar/'14	Mar/'15 Plan
	34%	39%	48%	53%

(Unit; JPY Billion)



An annual dividend of JPY12 per share is anticipated which is JPY2 more than originally anticipated.

(Unit; JPY million)

	Mar/'12	Mar/'13	Mar/'14	Mar/'15 Plan
Dividends	602	602	753	904
Amount/share	JPY 8.0	JPY 8.0	JPY10.0	JPY12.0
Net income(Consolidated)	3,045	3,561	4,470	5,400
Payout ratio	19.8%	16.9%	16.9%	16.7%

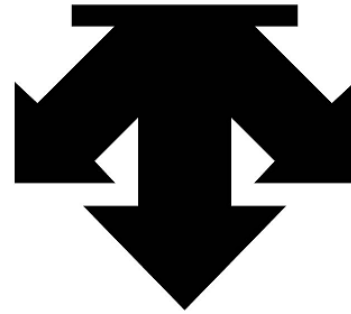
Dividend planning according to the Midterm management Plan Compass 2015

Projected dividend of JPY10 or more.

Additionally focus will be on strengthening the corporate structure from a long-term and comprehensive perspective, the ability to invest in future growth areas by enhancing reserves , and implementing a stable dividend.

- **Expansion in Asia centered on Korea**
- **Growth in the Descente brand as a pillar in the brand portfolio**
- △ **Improvement in Japanese domestic profitability**
- **Structural reform of North American operations**
- **Replicating the strength and success of the Japan and Korean operations in other markets**
- **Promoting the growth of new brands**

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