



Design for Sports

Consolidated Financial Summary For the First Quarter of Fiscal Year Ending March 31, 2018

**August 1, 2017
DESCENTE LTD.**

(TSE 1st Section: 8114)



Disclaimer: The contents of the business plan and the future objectives 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

		USD	100KRW	CNY	HKD	SGD	GBP
FY2018	4Q YTD Plan	113.00	10.00	16.00	14.50	80.50	146.50
	1Q YTD	111.95	9.91	16.43	14.53	80.13	140.73
FY2017	4Q YTD	108.82	9.41	16.38	14.10	79.04	147.28
	3Q YTD	107.02	9.39	16.46	14.01	79.29	150.70
	2Q YTD	109.02	9.46	16.98	14.39	81.14	158.89
	1Q YTD	112.00	9.63	17.57	14.89	82.83	164.26
FY2016	4Q YTD	121.22	10.70	19.19	15.61	87.88	185.10
	3Q YTD	121.16	10.75	19.32	15.60	88.44	187.33
	2Q YTD	121.44	10.98	19.36	15.55	89.30	-
	1Q YTD	119.47	10.85	19.09	15.38	87.56	-
FY2015	4Q YTD	107.72	10.13	17.26	13.74	83.85	-
	3Q YTD	103.97	9.94	16.73	13.32	82.07	-
	2Q YTD	102.20	9.80	16.56	13.19	81.16	-
	1Q YTD	102.47	9.60	16.78	13.22	81.00	-
FY2014	4Q YTD	98.95	8.98	15.97	12.64	77.99	-
	3Q YTD	97.41	8.75	15.69	12.46	76.85	-
	2Q YTD	97.04	8.66	15.53	12.36	76.61	-
	1Q YTD	94.81	8.48	14.90	11.93	74.06	-
FY2013	4Q YTD	81.34	7.15	12.73	10.33	64.29	-
	3Q YTD	79.58	6.98	12.54	10.21	63.11	-
	2Q YTD	80.07	7.00	12.65	10.28	63.22	-
	1Q YTD	81.33	7.08	12.66	10.28	63.57	-

FY2018 = FY ending March 31, 2018

1Q YTD = First 3 months of FY
 2Q YTD = First 6 months of FY
 3Q YTD = First 9 months of FY
 4Q YTD = Full FY

Example: FY2017 2Q YTD means the first 6 months of the FY ending March 31, 2017.



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- 1. 1st Quarter of FY ending March 31, 2018**
2. Objectives and plan for the FY ending March 31, 2018

Result for 1st Quarter FY ending March 31, 2018 (Consolidated)



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**Increase in a row about against by six years last year, however this first quarter of FY ending March 31, 2018 increased again.
On the one hand, Incomes under the operating income decreased compared with the previous first quarter.**

(Unit: JPY Million)

	FY2018 1st Quarter performance	FY2017		FY2018		FY2021 Vision 2020
		1st Quarter performance	Year- on-year	Full Year Revised Guidance	vs guidance	
Net sales	30,180	27,935	108.0%	139,000	21.7%	200,000
Operating income	982	1,313	74.8%	8,400	11.7%	-
(%)	3.3%	4.7%		6.0%		-
Ordinary income	1,068	1,406	76.0%	8,600	12.4%	16,000
(%)	3.5%	5.0%		6.2%		8.0%
Profit attributable to owners of parent	764	1,045	73.1%	5,700	13.4%	-
(%)	2.5%	3.7%		4.1%		-

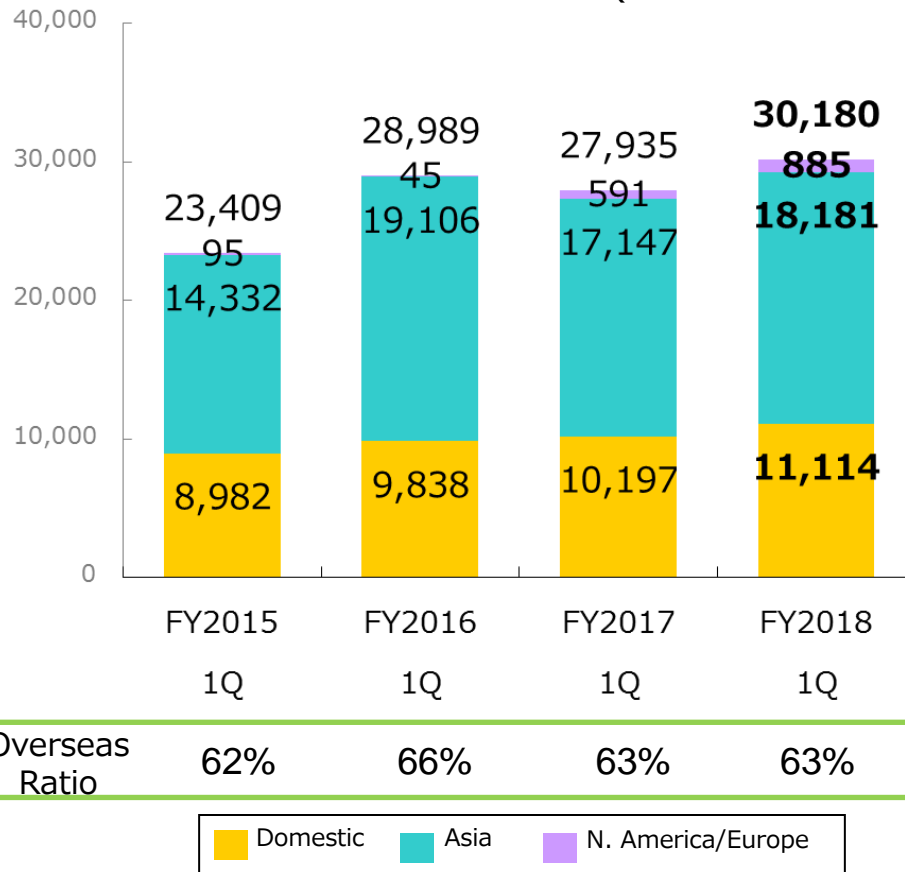
Net Sales Transition (consolidated)



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Sales of athletic category especially "DESCENTE" and "arena" increased both in Japan and overseas. (Destination based)

(Unit: JPY Million)



YoY +2,245 million (108%)

Domestic Sales +917m (109%)

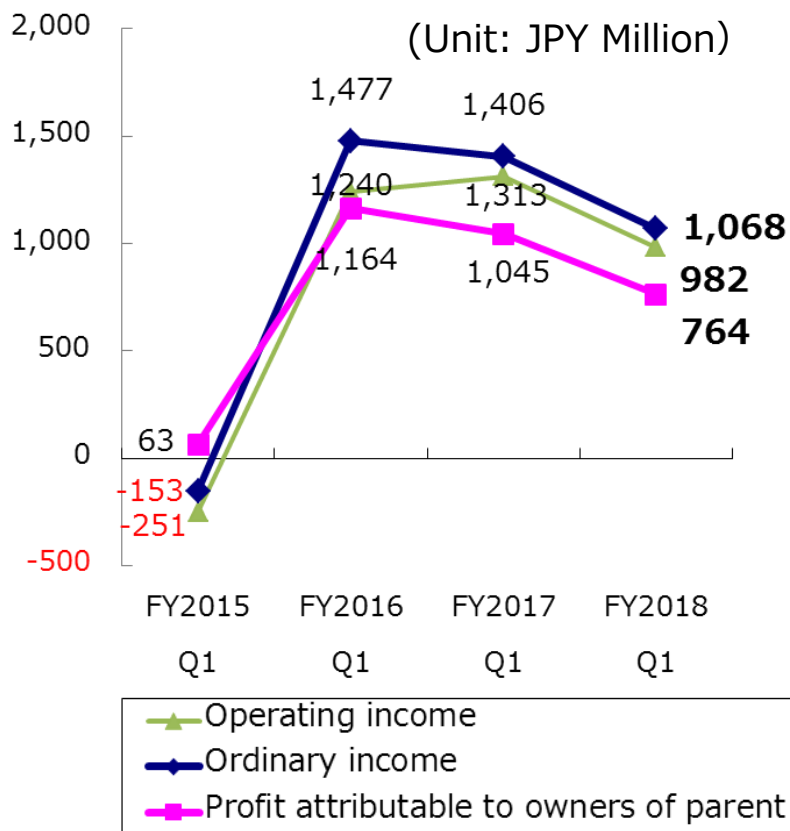
Athletic	+1,009 million
Golf	▲215 million
Outdoor	+123 million

Overseas Sales +1,328m (107%)

Athletic	+1,183 million
Golf	+370 million
Outdoor	▲225 million

Note: FY2018 = FY ending March 31, 2018

Non-operating income and expenditure is almost the same as last year, while equity in losses of affiliates by Descente China expensed JPY 47m, other equity in earnings of affiliates grew by 10m and interest income increased, too.



(Unit: JPY Million)

	Current period	Prev. period	Change
Operating income	982	1,313	▲ 331
Non-operating income	147	156	▲ 9
Non-operating expenses	62	63	▲ 1
Ordinary income	1,068	1,406	▲ 338
Extraordinary income	0	0	0
Extraordinary loss	0	0	0
Total income taxes	304	361	▲ 57
Profit attributable to owners of parent	764	1,045	▲ 281

Note: FY2018 = FY ending March 31, 2018

Balance Sheets Transition (consolidated)

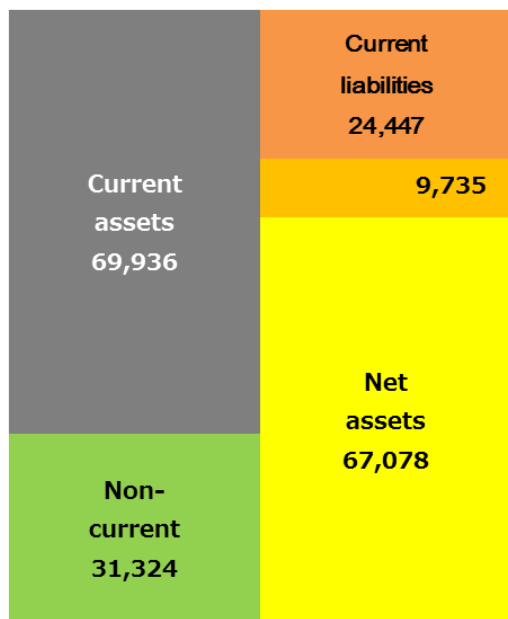


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From the beginning balance, Shareholders' equity decreased by payment of dividends, however both net assets and equity ratio increased by Foreign Currency Translation Reserve.

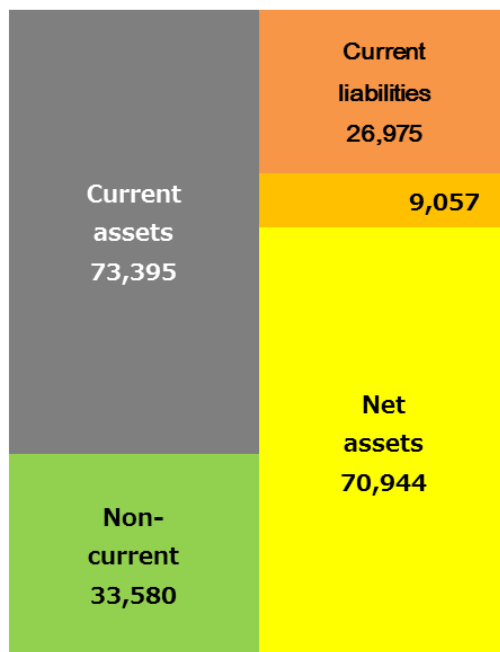
(Unit: JPY Million)

2016/6/30



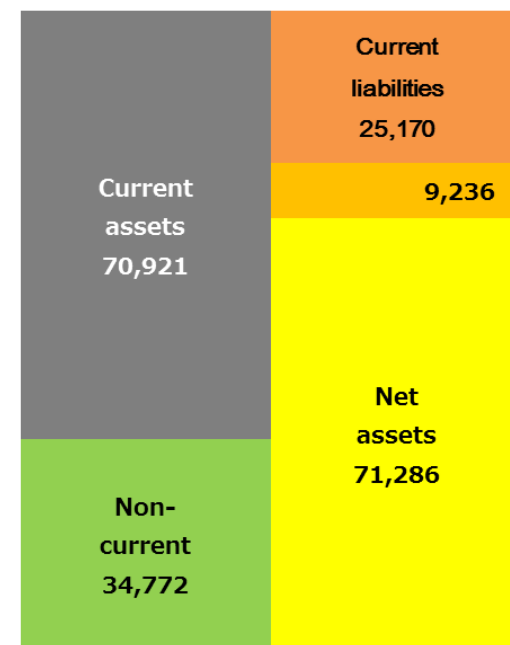
Total assets	101,261
Equity ratio	66.2%

2017/3/31



Total assets	106,976
Equity ratio	66.3%

2017/6/30



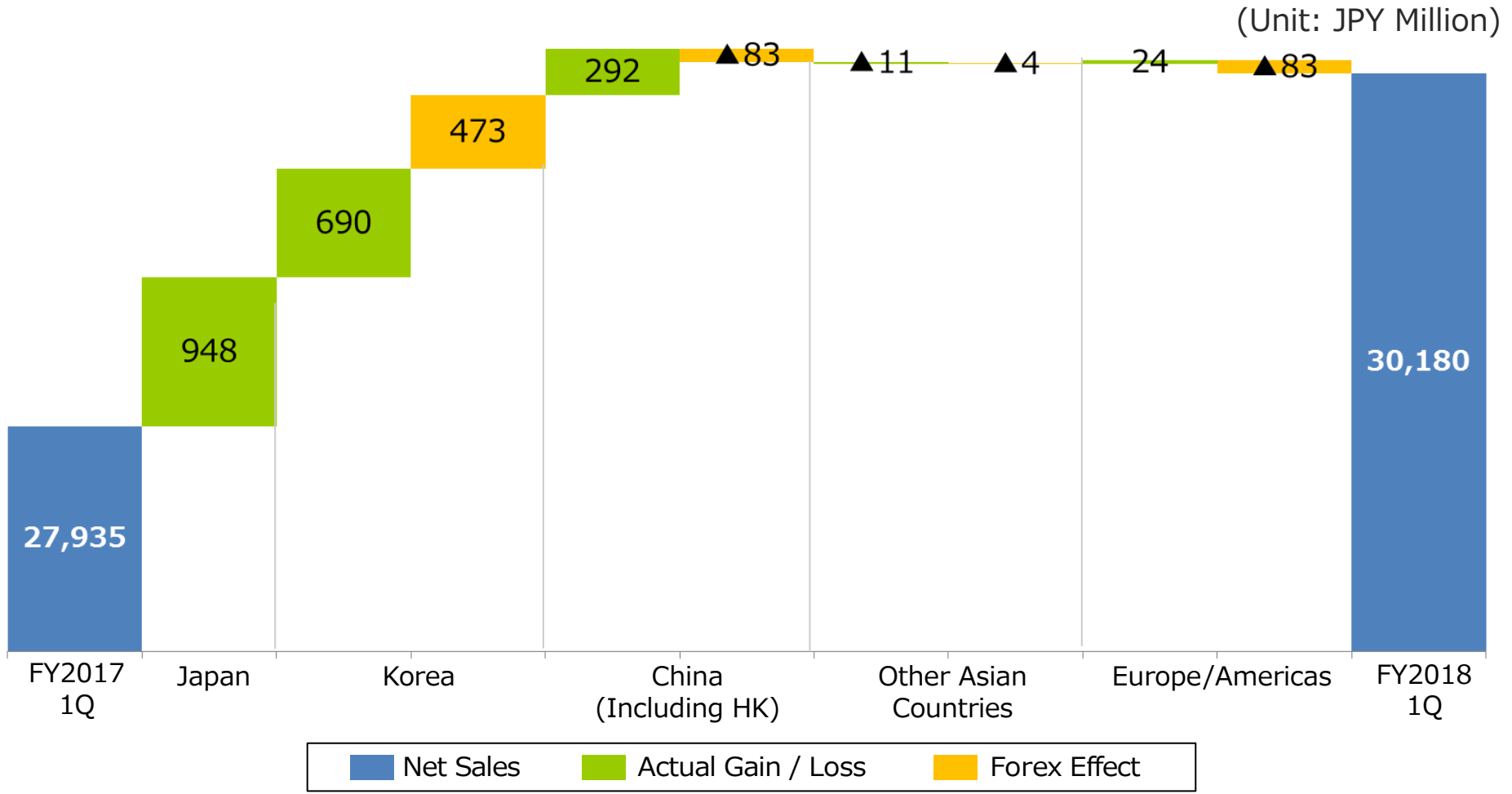
Total assets	105,693
Equity ratio	67.4%

Net Sales Fluctuations (by Segment: YoY)



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Sales in major countries increased by both local currency and after currency translation.



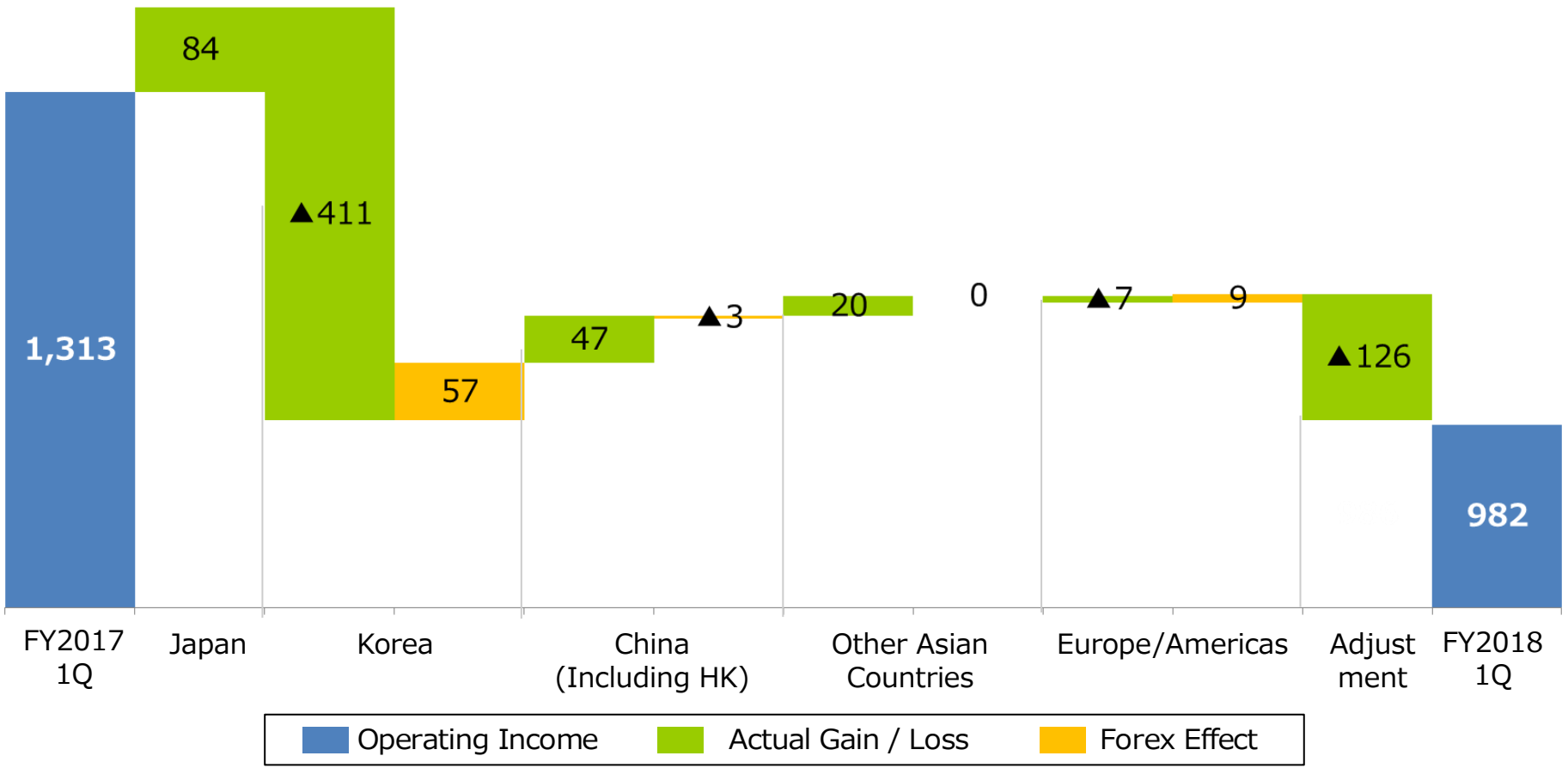
Operating Income Fluctuations (By Segment: YoY)



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Operating income in Japan and China increased, but that in Korea decreased because of the lowered gross margin ratio and increased selling and administration cost for opening new stores.

(Unit: JPY Million)

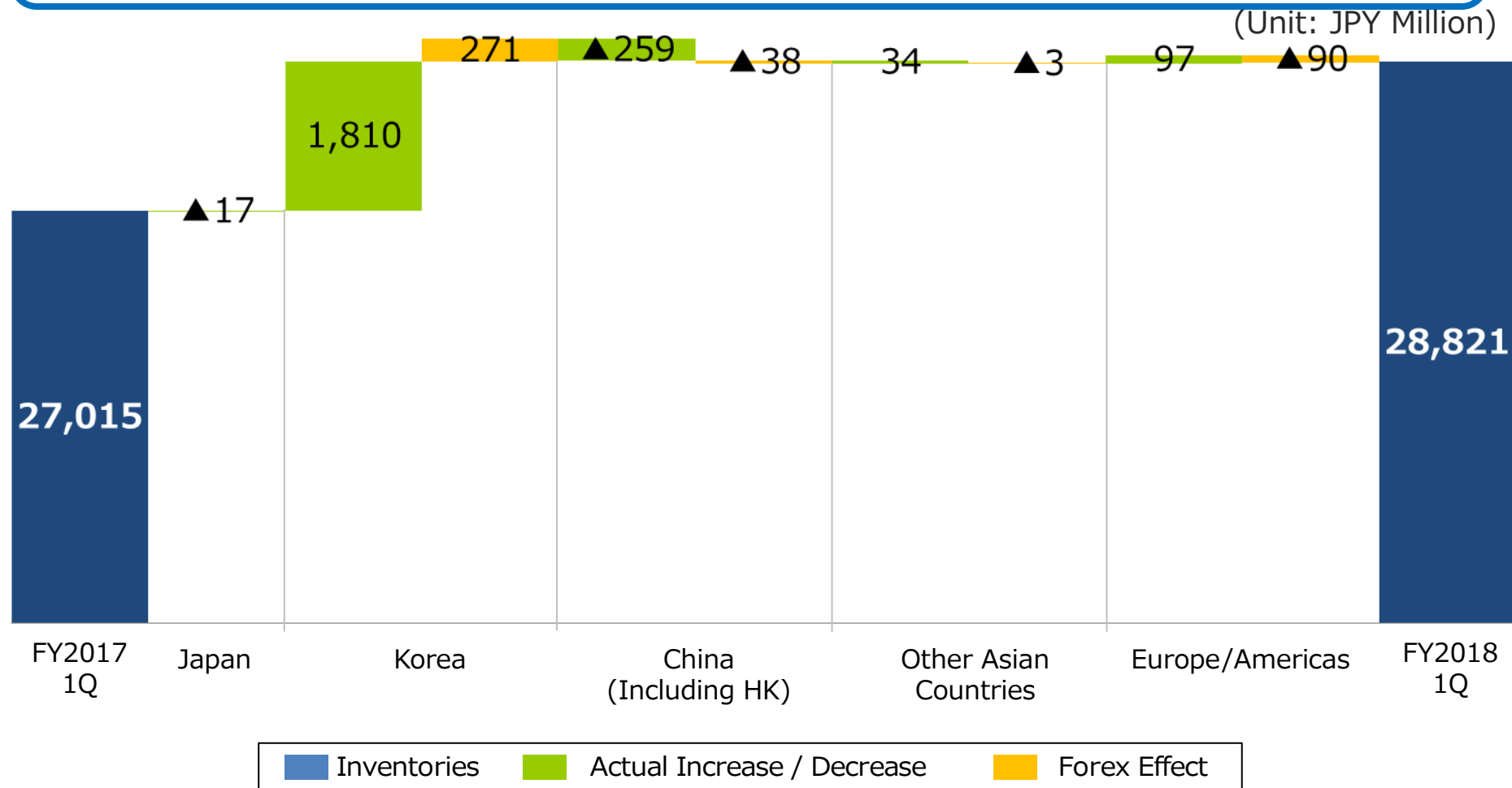


Inventory Fluctuations (by Segment: YoY)



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Flat in Japan and drawdown in China by control transfer to the affiliated company accounted for under the equity method, while inventory turnover rate gets worse in Korea by lower-than-expected store sales.



Changes in Net Sales and Operating Income by Segment (Japan)

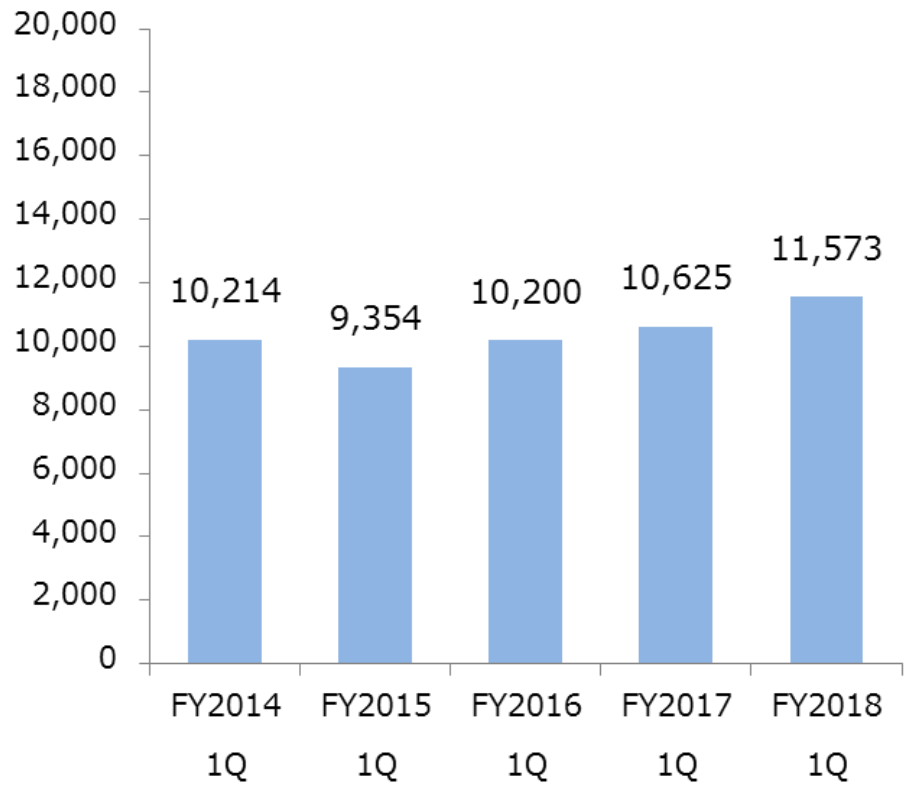


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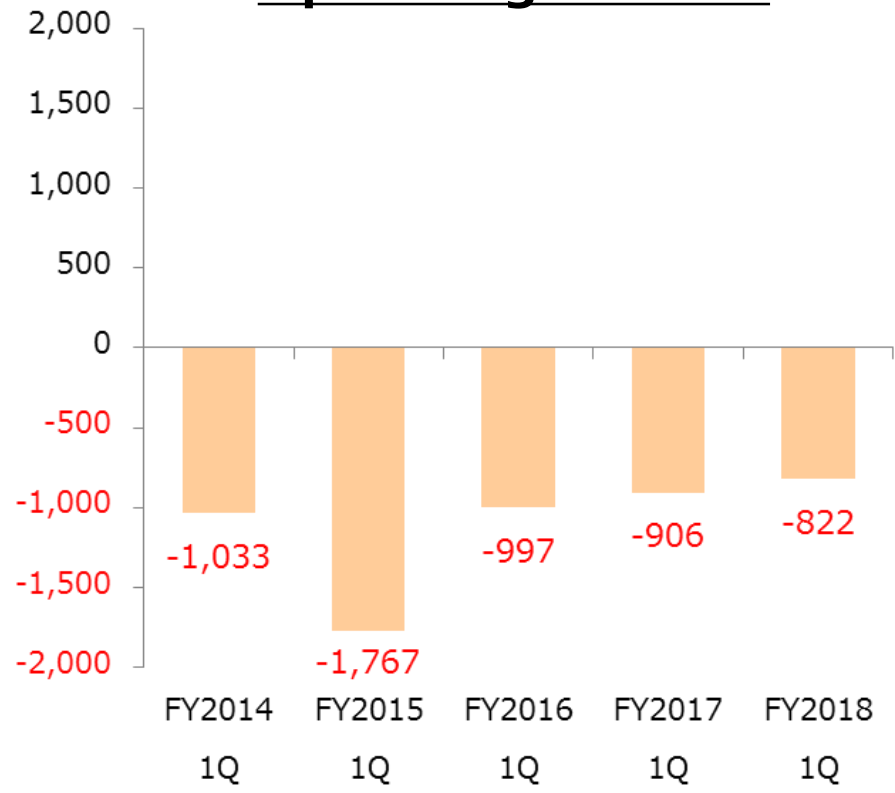
Sales increased for three years in a row in Japan driven by DESCENTE brand. Operating income improved for three years in a row.

(Unit: JPY Million)

Net Sales



Operating Income



Note: FY2018 = FY ending March 31, 2018

Changes in Net Sales and Operating Income by Segment (Asia)

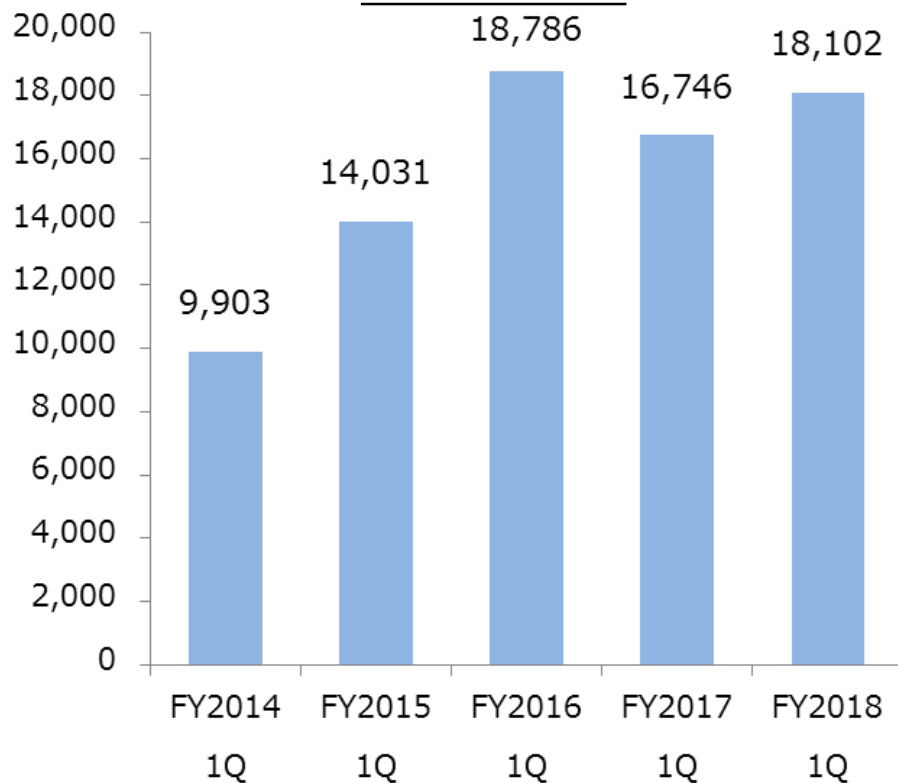


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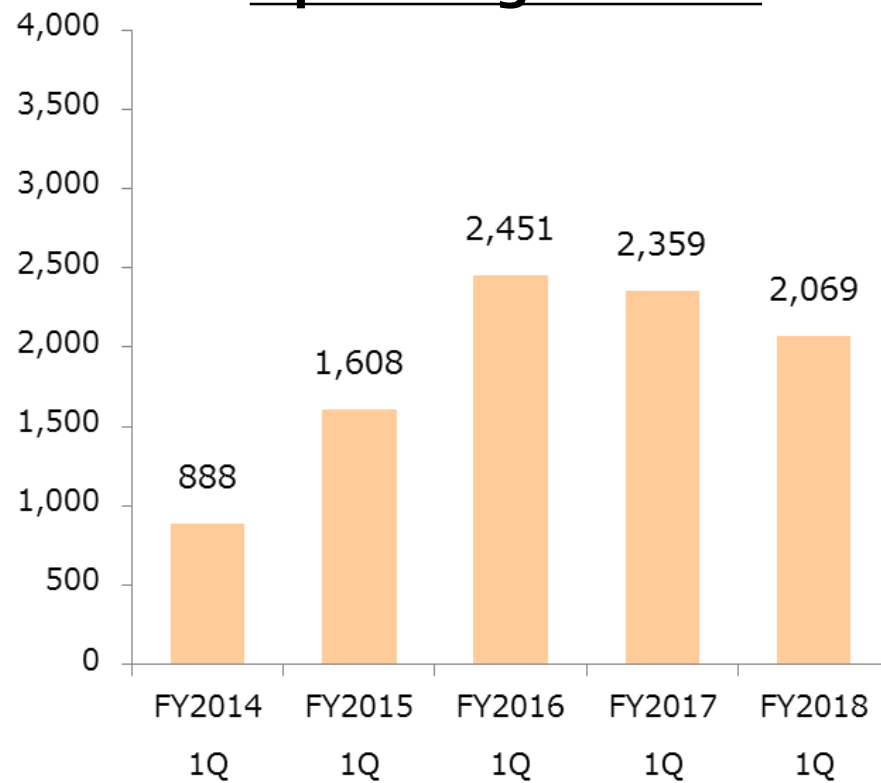
Although Net sales increased in Asia, operating income decreased for two years in a row because of the decrease of operating income and increased selling and administration cost for opening new stores in Korea.

(Unit: JPY Million)

Net Sales



Operating Income



Note: FY2018 = FY ending March 31, 2018

Changes in Net Sales and Operating Income by Segment (Europe/Americas)

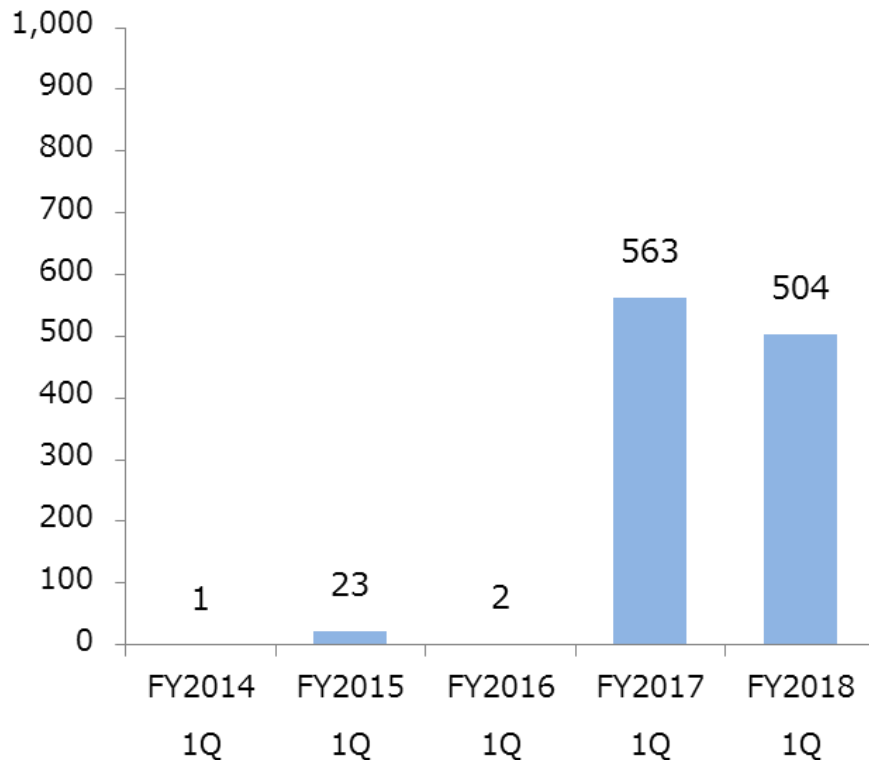


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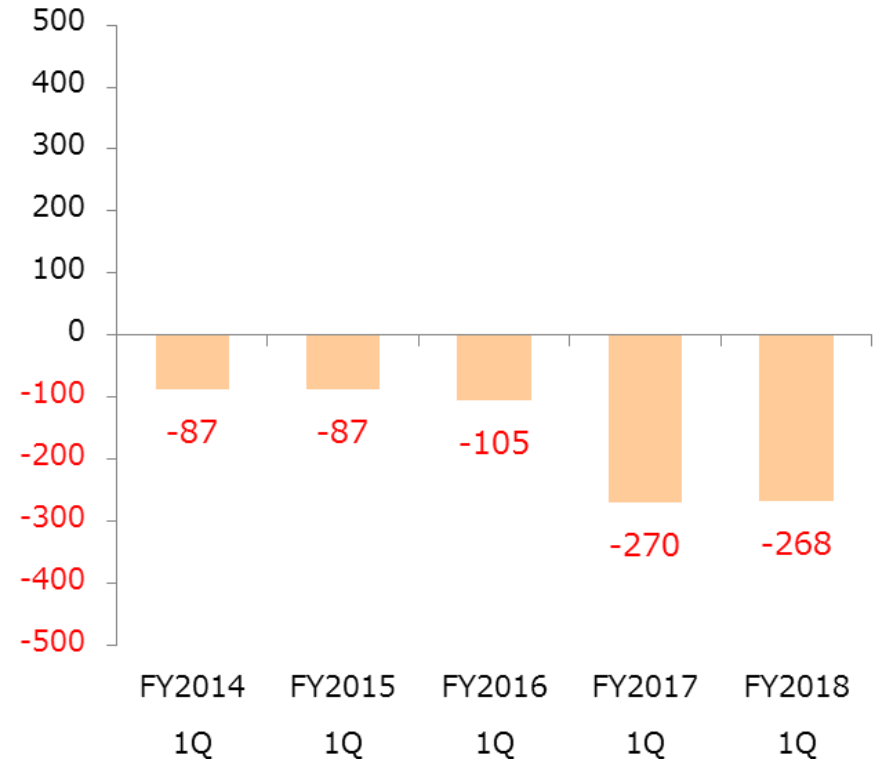
The consolidation of Inoveight into the Descente Group in the third quarter of FY ending March 31, 2018 has resulted in gain in net sales and decrease in operating income in Europe and Americas

(Unit: JPY Million)

Net Sales



Operating Income



Note: FY2018 = FY ending March 31, 2018



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1. 1st Quarter of FY ending March 31, 2018
2. Objectives and plan for the FY ending March 31, 2018

Business Plan of FY Ending March 31, 2018 (Consolidated)



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Consolidated net sales: JPY 139 billion (YoY +6%)
Profit attributable to owners of parent: JPY 5.7 billion (YoY +1%)

(Unit: JPY Million)

	FY2016	FY2017	FY2018	
			Plan	YoY
Net sales	135,778	131,543	139,000	106%
Operating income	10,376	8,418	8,400	100%
(rate)	7.6%	6.4%	6.0%	
Ordinary income	11,053	8,631	8,600	100%
(rate)	8.1%	6.6%	6.2%	
Profit attributable to owners of parent	7,870	5,650	5,700	101%
(rate)	5.8%	4.3%	4.1%	

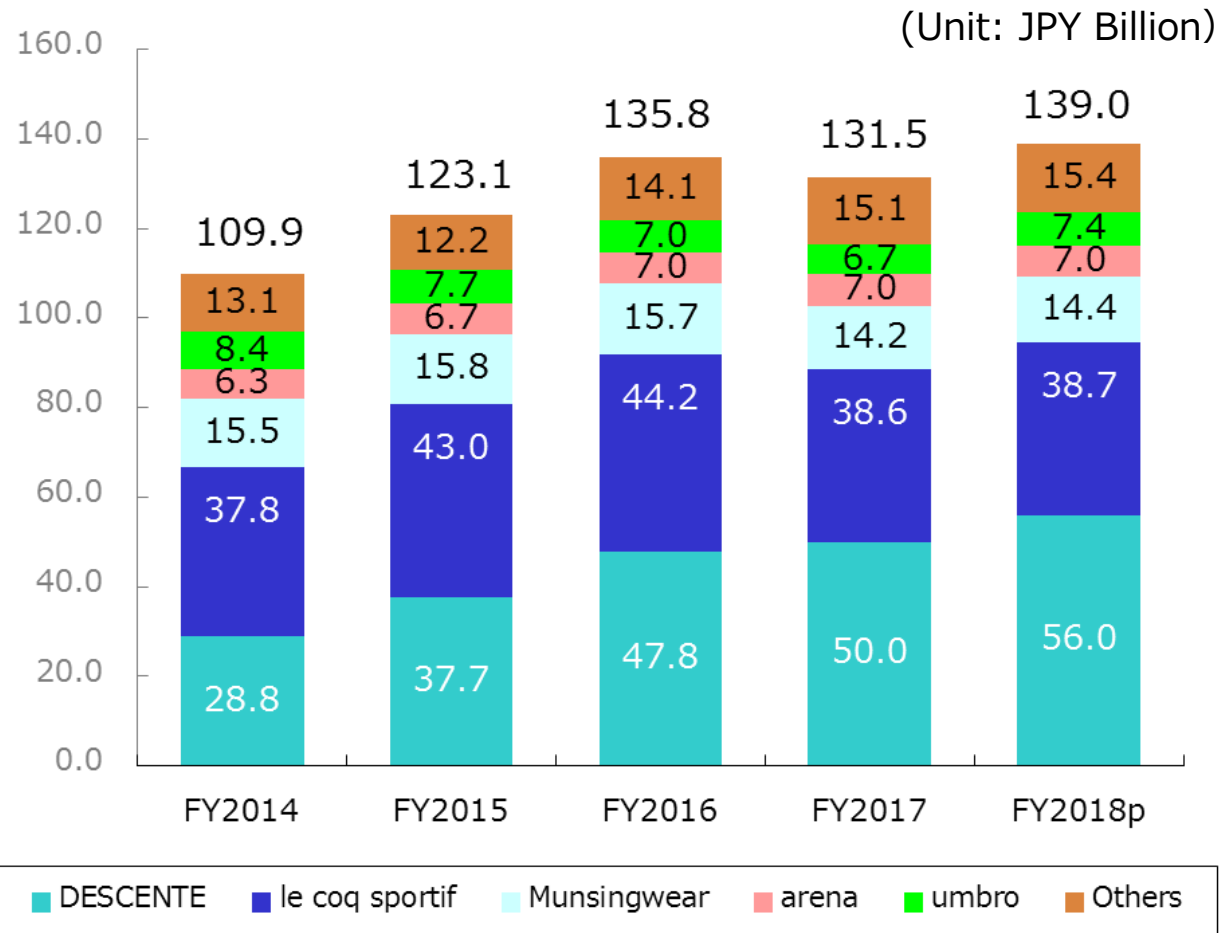
Planned FX Rate: USD= 113.0 / 100KRW=10.00 / CNY=16.00 / HKD=14.50 / SGD=80.50 / GBP= 146.50

Sales Plan by Brand (Consolidated)



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Sales planned to increase mainly by DESCENTE brand as the core growth driver.

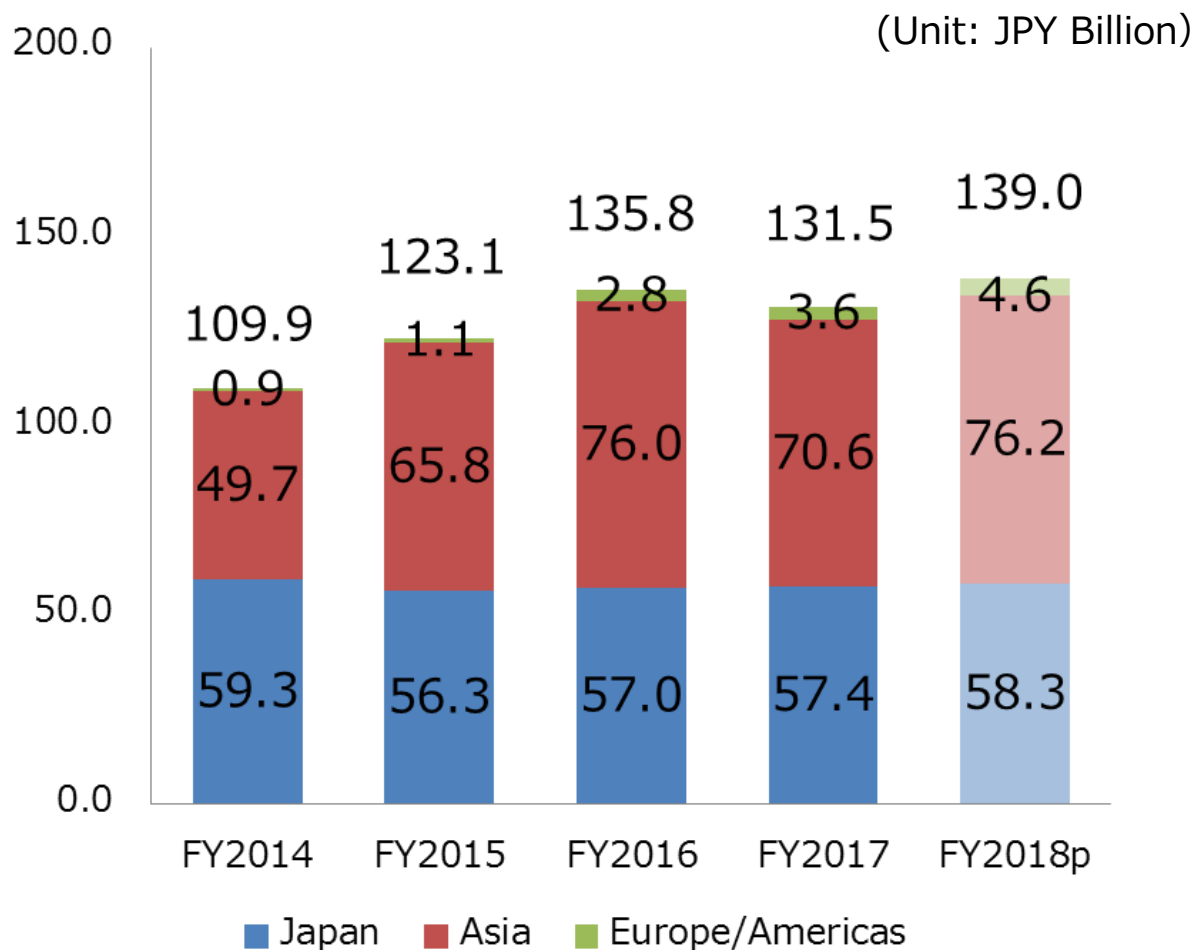


Sales Plan by Segment (Consolidated)



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Continuously, sales planned to increase with a central focus on Asia.



Annual dividends of FY2017: JPY 17.0 + Commemorative JPY 6.0
Annual dividends of FY2018 (Plan): JPY 23.0

(Unit: JPY Million)

	FY2014	FY2015	FY2016	FY2017	FY2018 Plan
Dividends	753	1,130	1,280	1,732	1,732
Amount/share	JPY10.0	JPY15.0	JPY17.0	JPY23.0	JPY23.0
Profit attributable to owners of parent (Consolidated)	4,470	6,563	7,870	5,650	5,700
Payout ratio	16.9%	17.2%	16.3%	30.7%	30.4%

Taking into consideration the performance and payout ratio, we will properly return profits to our shareholders to secure internal reserves necessary for future business development and strengthening of our management structure while aiming for stable dividends.



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1st Quarter of FY Ending March 31, 2018

Reference Material

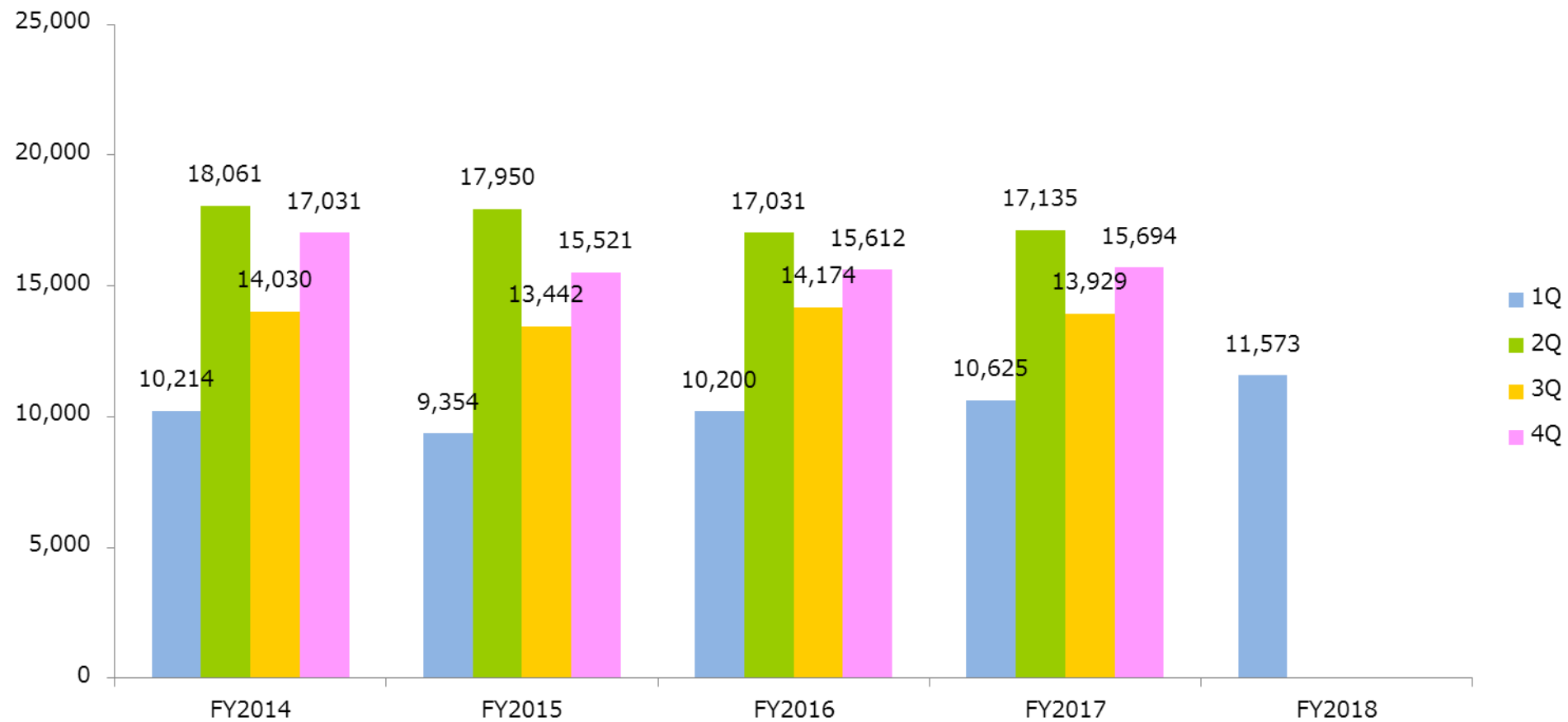
**(Transition of Quarterly Net Sales and
Operating Income by Segment / Transition of
Performance of Major Overseas Subsidiaries)**

Transition of Quarterly Net Sales by Segment (Japan)



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(Unit: JPY Million)



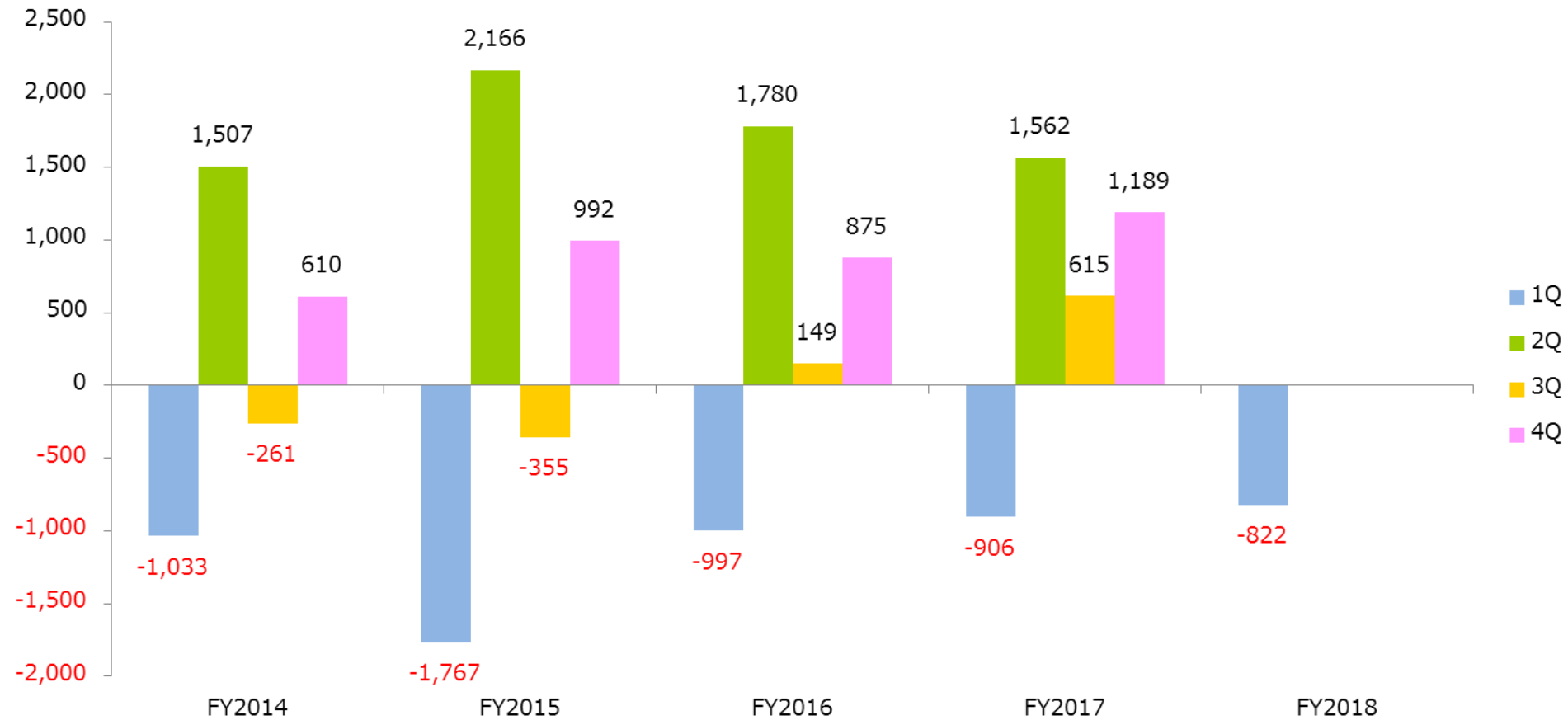
Note: FY2018 = FY ending March 31, 2018

Transition of Quarterly Operating Income by Segment (Japan)



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(Unit: JPY Million)



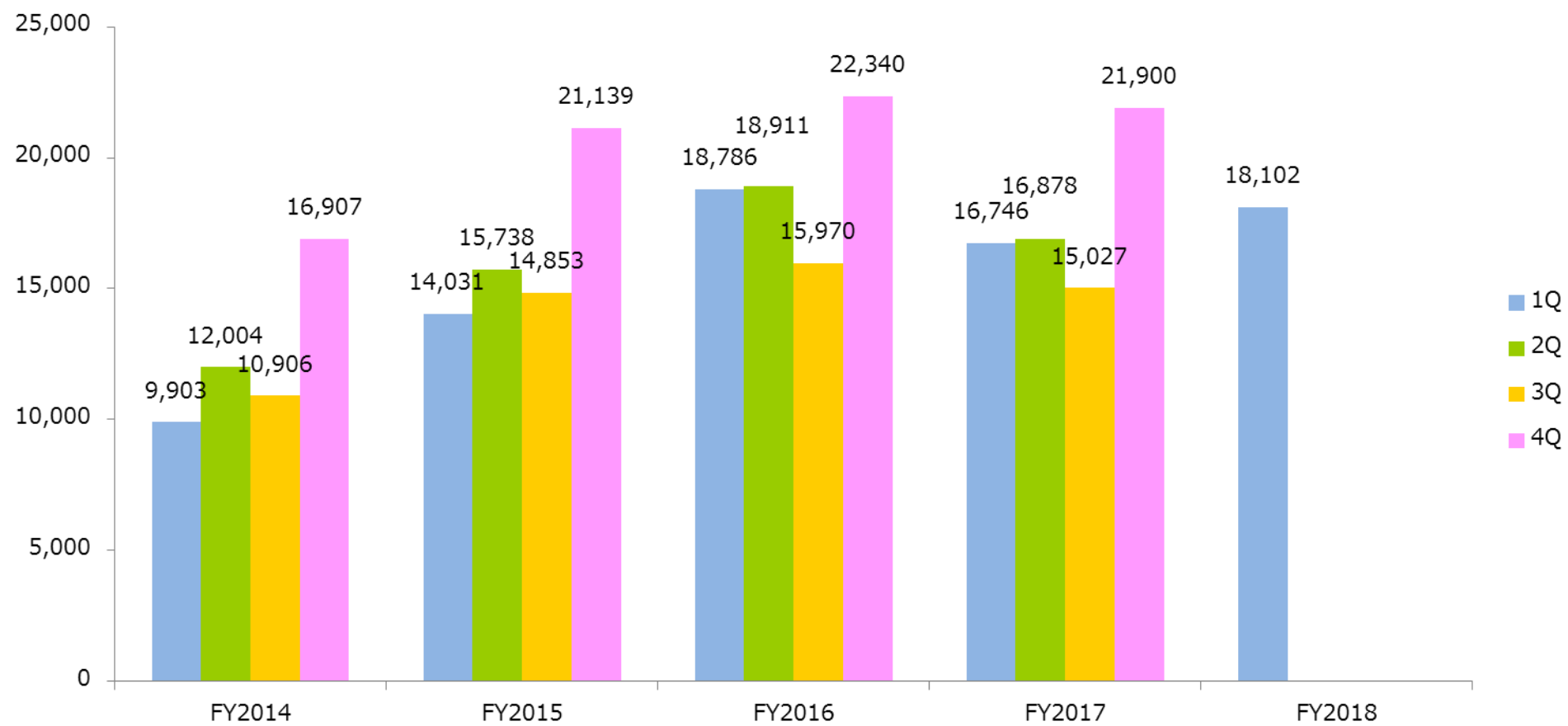
Note: FY2018 = FY ending March 31, 2018

Transition of Quarterly Net Sales by Segment (Asia)



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(Unit: JPY Million)



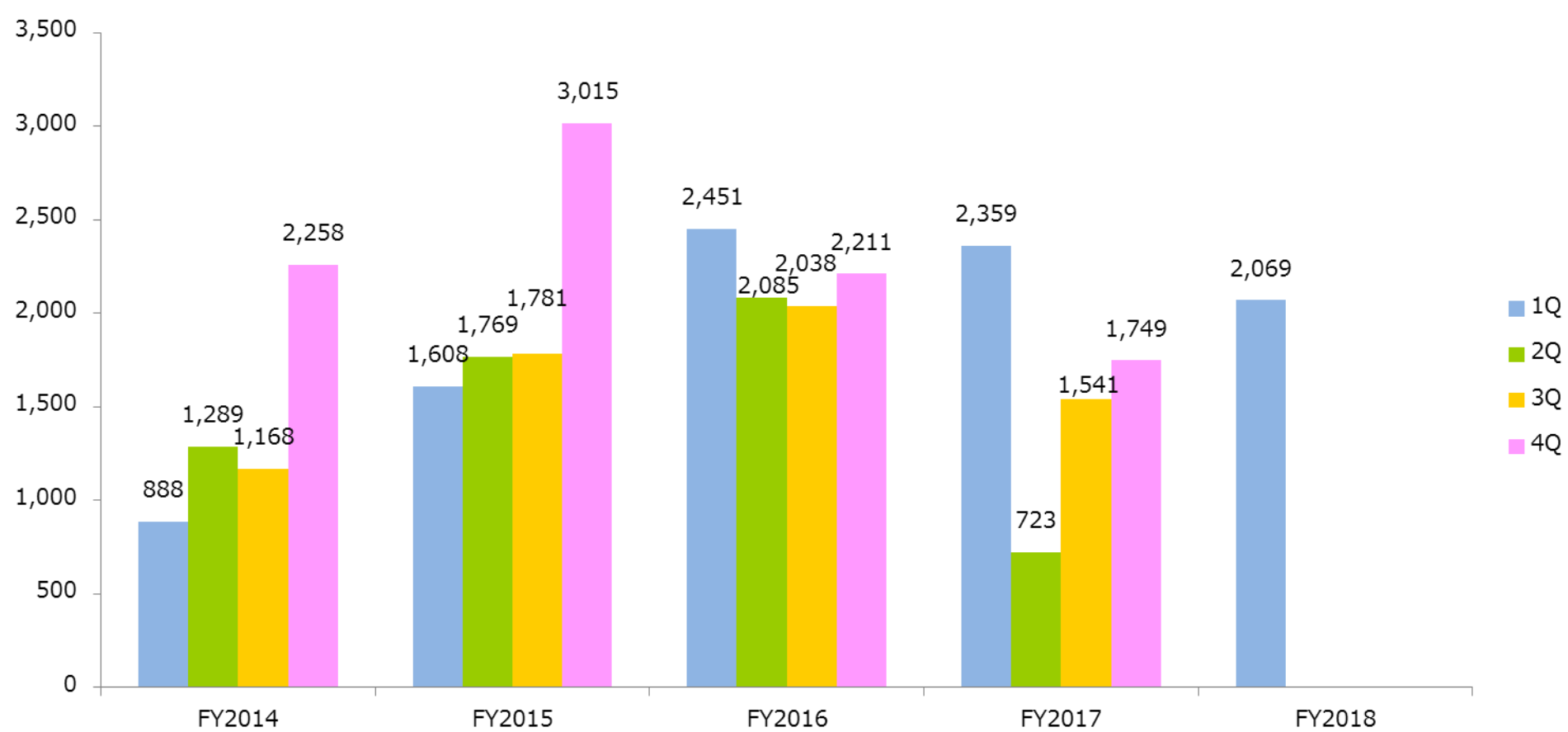
Note: FY2018 = FY ending March 31, 2018

Transition of Quarterly Operating Income by Segment (Asia)



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(Unit: JPY Million)



Note: FY2018 = FY ending March 31, 2018

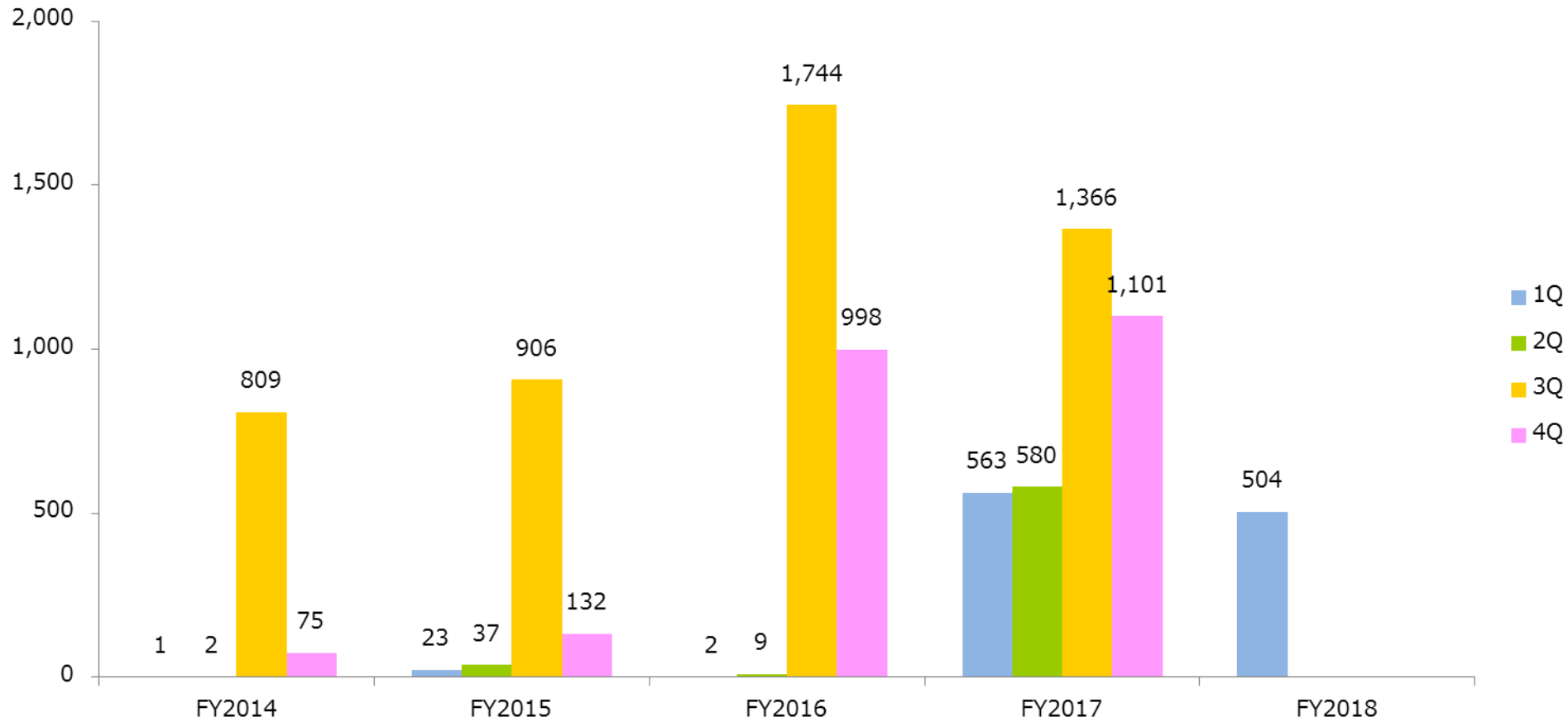
Transition of Quarterly Net Sales by Segment (Europe/Americas)



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* Financial Statements of Inoveight Group has been consolidated from the 3rd Quarter of FY ending March 31, 2016.

(Unit: JPY Million)



Note: FY2018 = FY ending March 31, 2018

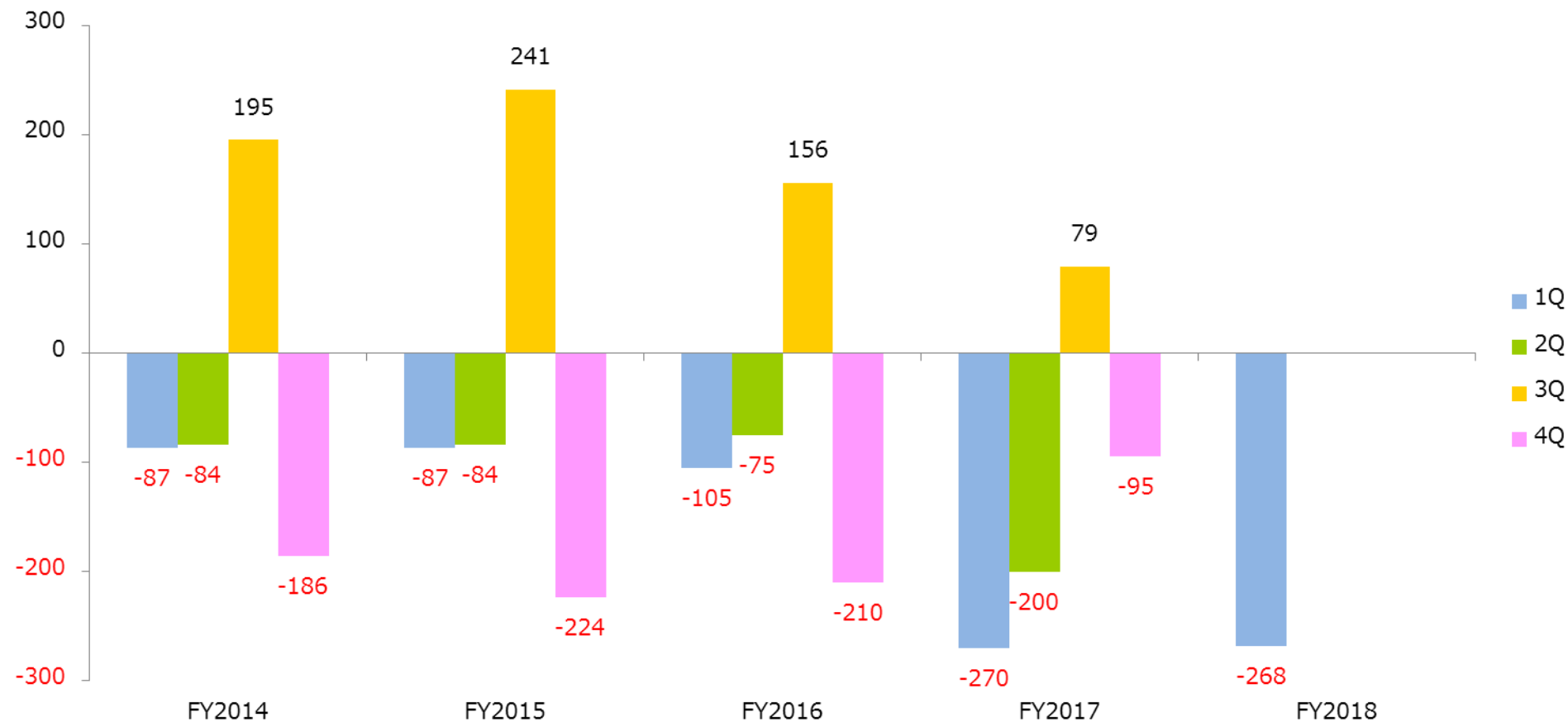
Transition of Quarterly Operating Income by Segment (Europe/Americas)



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* Financial Statements of Inoveight Group has been consolidated from the 3rd Quarter of FY ending March 31, 2016.

(Unit: JPY Million)



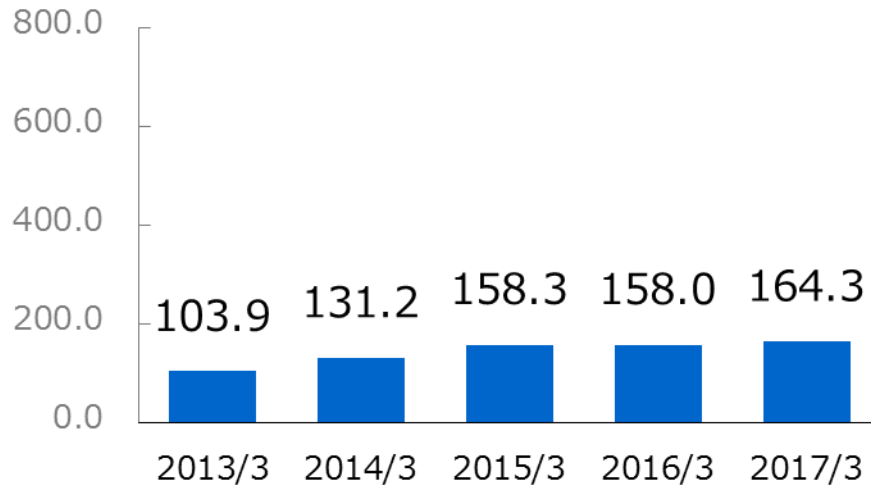
Note: FY2018 = FY ending March 31, 2018



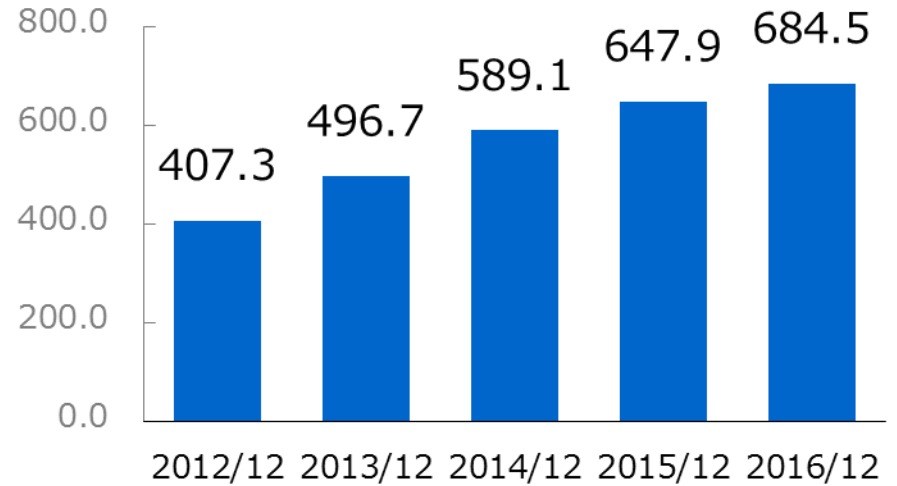
1st Quarter

Full Year

(Unit: KRW Billion)



(Unit: KRW Billion)



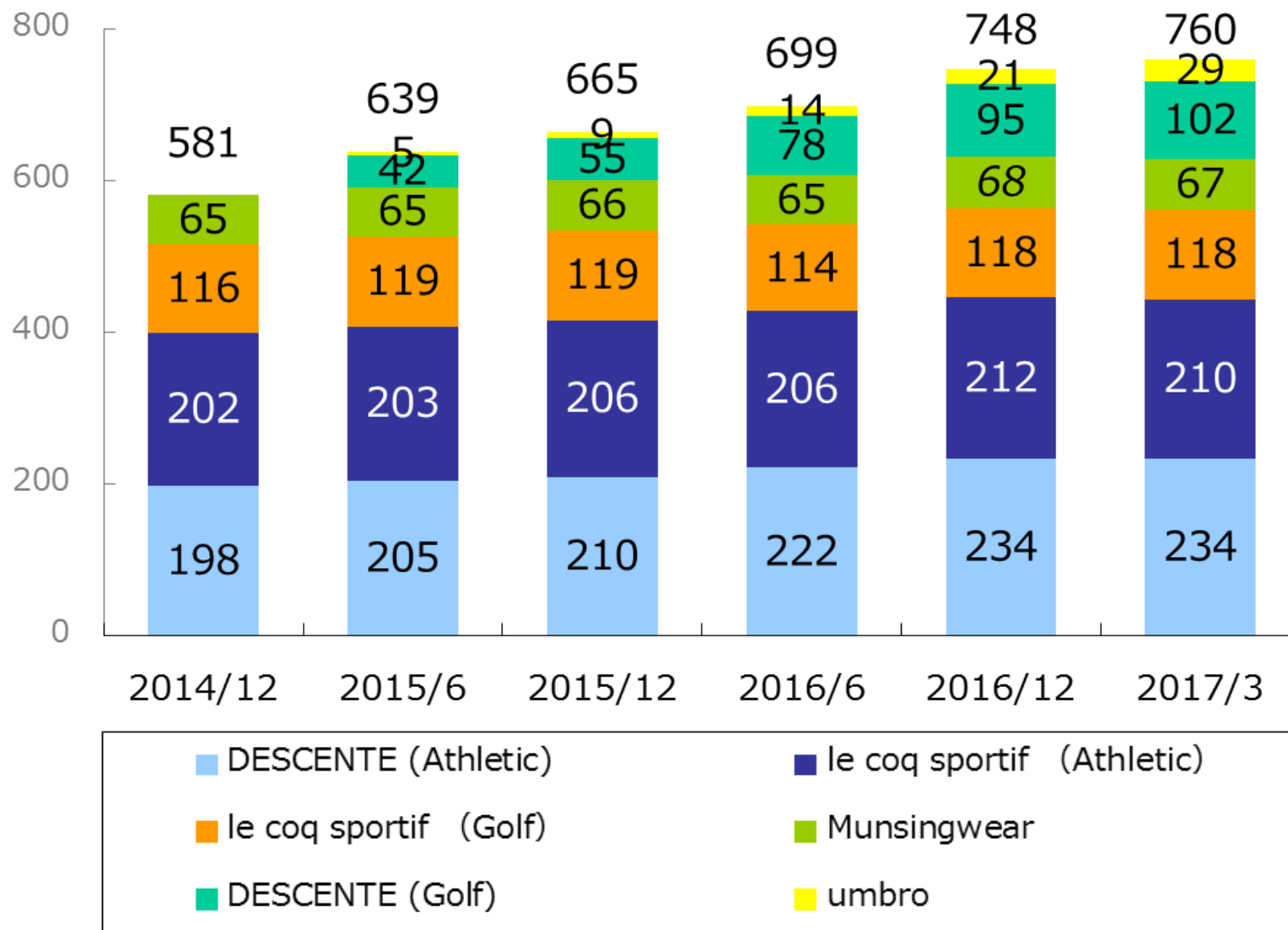
Note : 2017/3 means the 1st Quarter of FY ending December 31, 2017.

Number of Retail Stores in Korea



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* Including stores operated by agents and outlet stores.

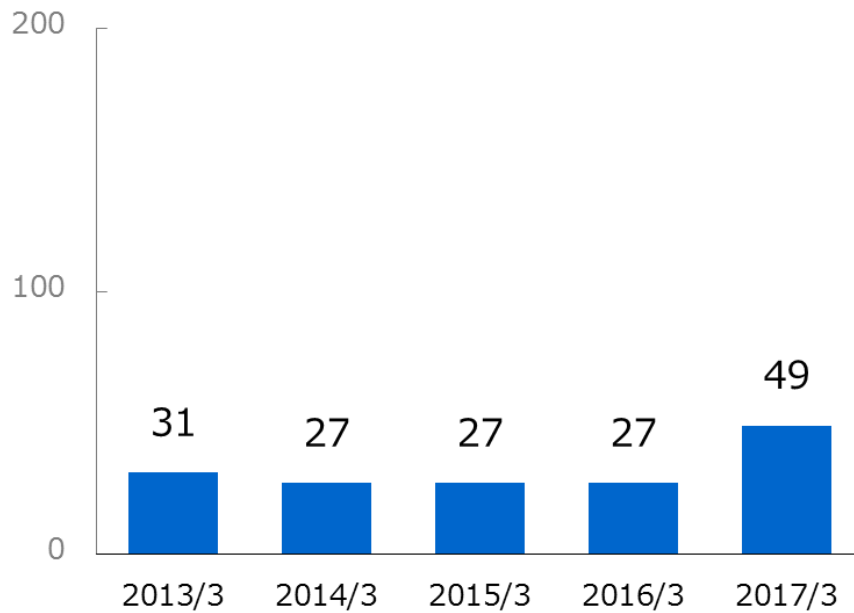


Note : 2017/3 means the 1st Quarter of FY ending December 31, 2017.



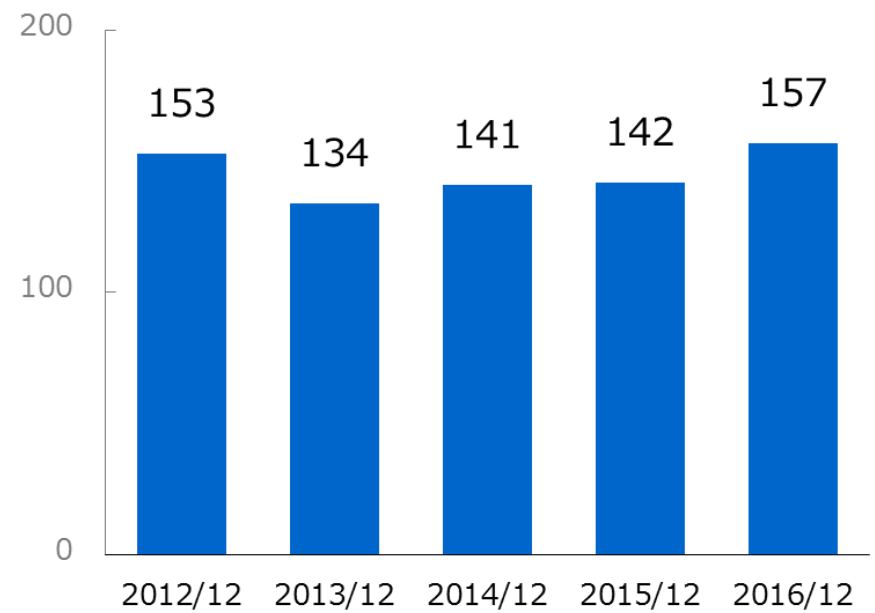
1st Quarter

(Unit: CNY Million)



Full Year

(Unit: CNY Million)



Note : 2017/3 means the 1st Quarter of FY ending December 31, 2017.

Net Sales of LE COQ SPORTIF (NINGBO) CO., LTD

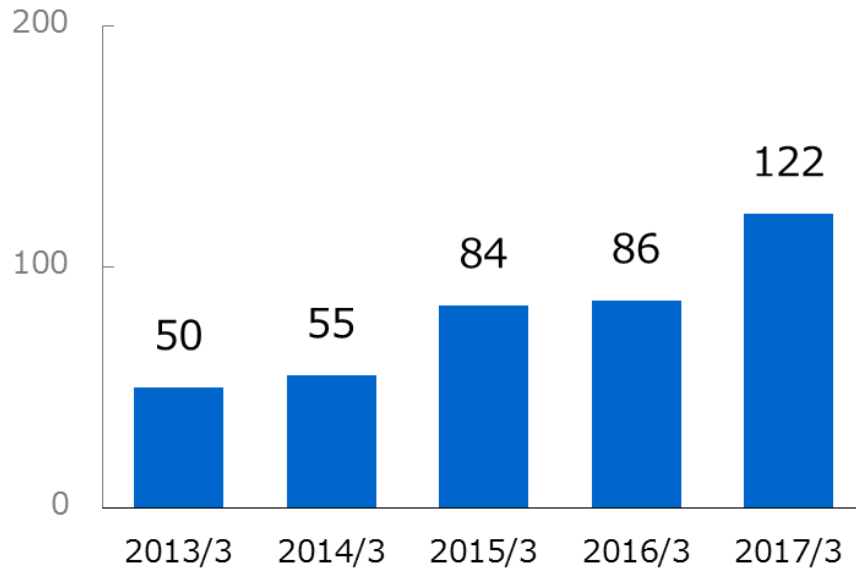
* Affiliated Company Accounted for under the Equity Method



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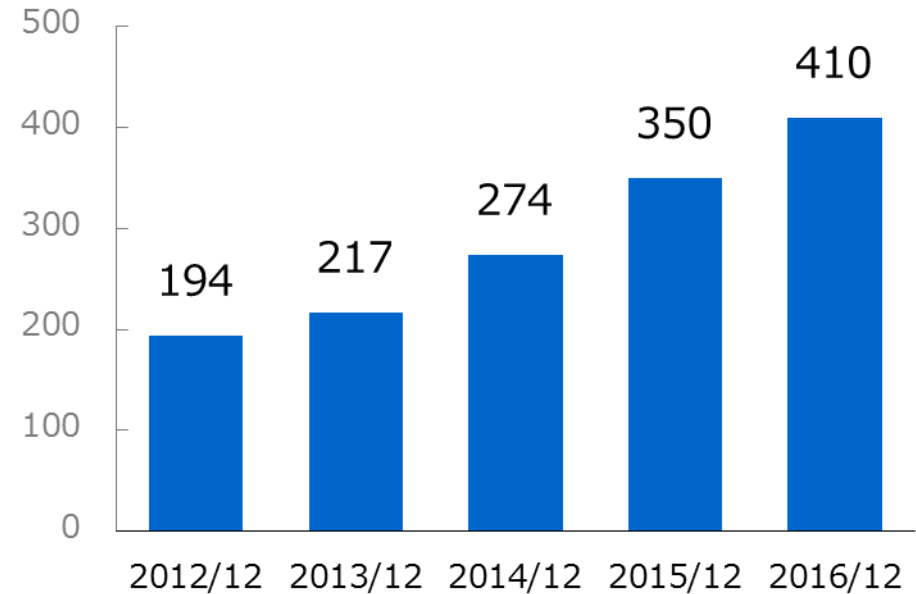
1st Quarter

(Unit: CNY Million)



Full Year

(Unit: CNY Million)

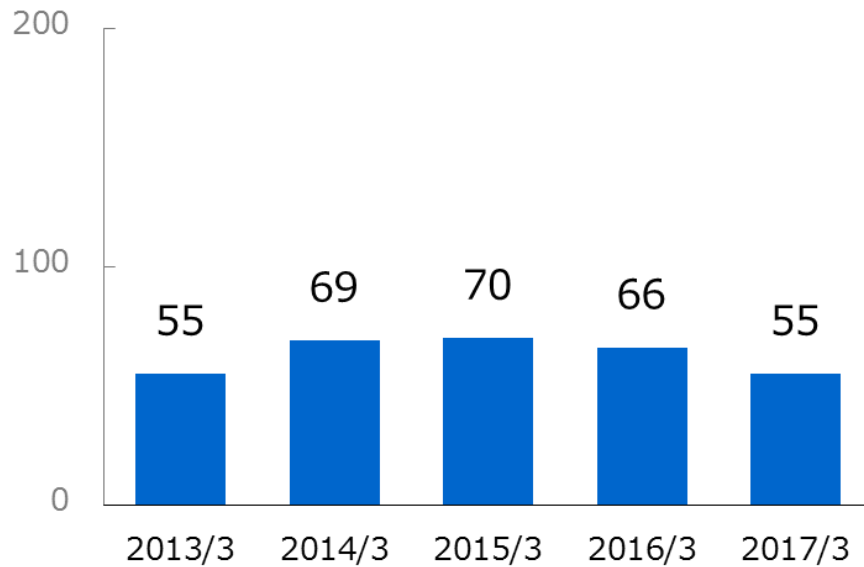


Note : 2017/3 means the 1st Quarter of FY ending December 31, 2017.



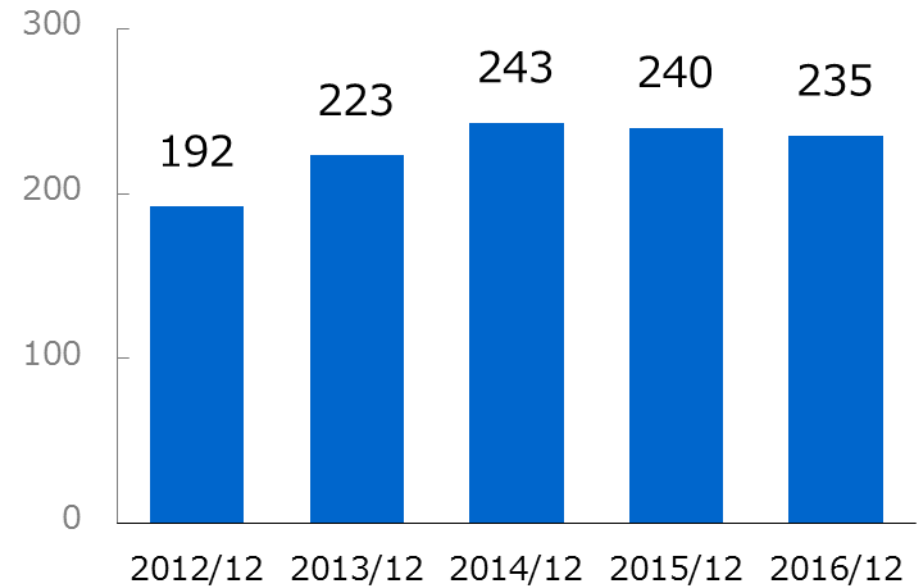
1st Quarter

(Unit: HKD Million)



Full Year

(Unit: HKD Million)



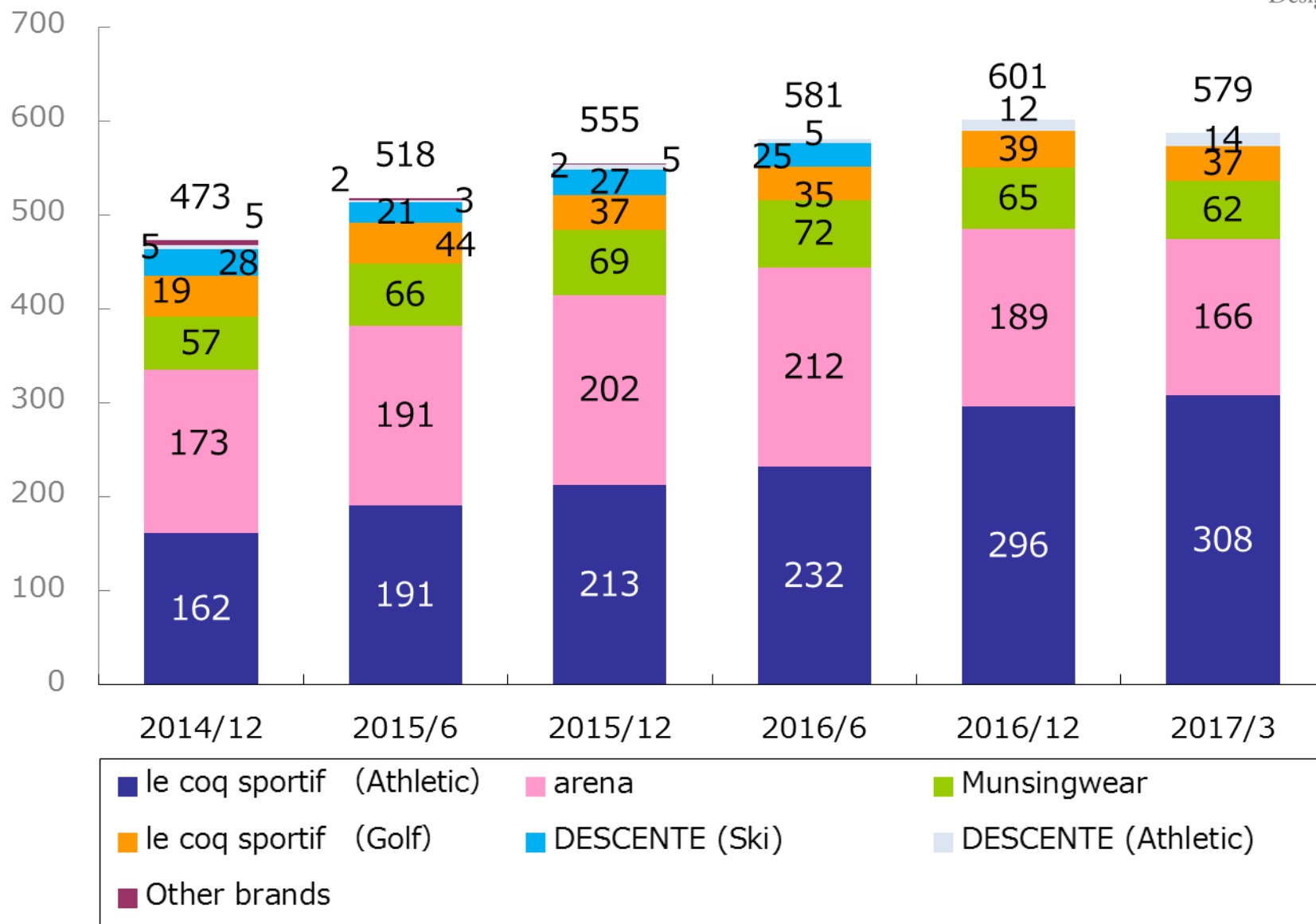
Note : 2017/3 means the 1st Quarter of FY ending December 31, 2017.

Number of Retail Stores in China (incl. HK)



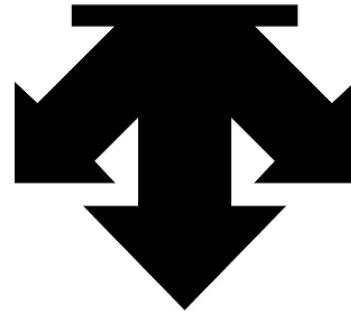
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* Including stores operated by agents and outlet stores.



Note : 2017/3 means the 1st Quarter of FY ending December 31, 2017.

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