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# **Consolidated Financial Summary For the Third Quarter of Fiscal Year Ending March 31, 2019**

**January 30, 2019**  
**DESCENTE LTD.**  
(TSE 1<sup>st</sup> Section:8114)

# Description of the Terms

## Definitions of Terms

**By Segment:** Classified according to country and area of the location of the company.

**Example:** Net sales from DESCENTE LTD. to Distributor in Spain is counted in Japan segment.

**By Area:** Classified according to country and area of the location of the customer.

**Example:** Net sales from DESCENTE LTD. to Distributor in Spain is counted in Europe/Americas area.

\* Group internal sales is eliminated in neither of these cases.(Not Counted)

## Rules for Numerical Description

The number is truncated and percentage is rounded off.

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# 1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019

## ① Summary

## ② Review by Brand

# 2. Objectives and Plan for FY Ending March, 2019

# Results for 3<sup>rd</sup> Quarter of FY Ending March, 31 2018(Consolidated)



1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Consolidated sales for the 3<sup>rd</sup> quarter were a record high.**

**Although Operating/Ordinary/Net incomes decreased due to an increase in sales and general administrative expenses and an extraordinary losses.**

(Unit: JPY million)	FY2018	FY2017		FY2018
	3rd Quarter performance	3rd Quarter performance	Year-on-year	Full Year Guidance
Net sales	100,915	98,898	102.0%	148,000
Operating income	4,665	5,545	84.1%	9,600
( % )	4.6%	5.6%		6.5%
Ordinary income	5,037	5,666	88.9%	10,000
( % )	5.0%	5.7%		6.8%
Profit attributable to owners of parent	2,832	3,830	73.9%	6,500
( % )	2.8%	3.9%		4.4%

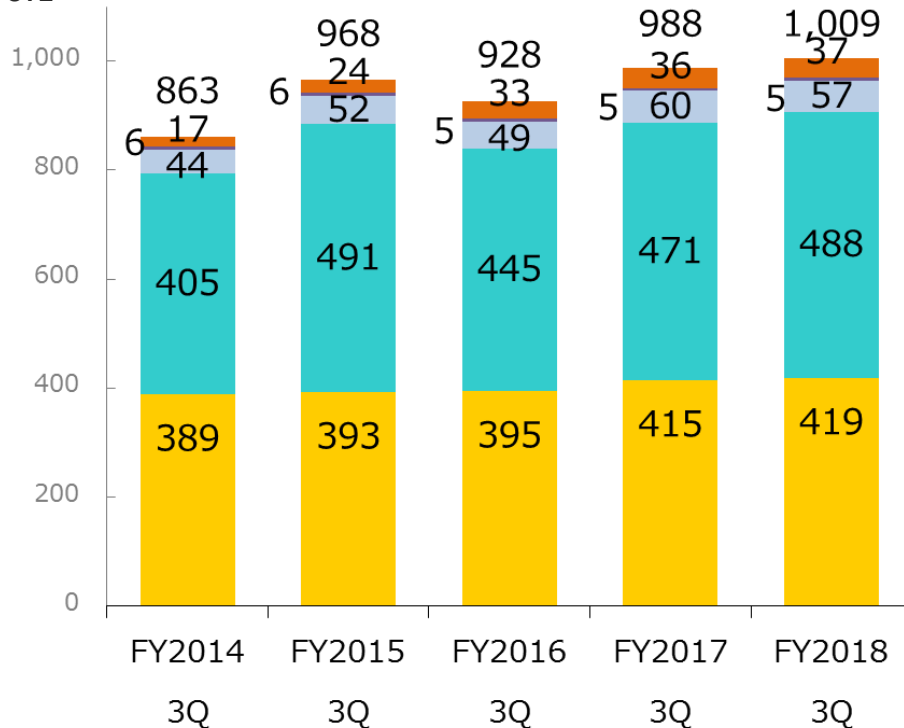
# Net Sales Transition by Area (Consolidated)



1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Sales in Japan and Korea increased from the previous year.  
Local sales in China also rose.**

(Unit: JPY 0.1 billion)



Overseas Ratio	FY2014 3Q	FY2015 3Q	FY2016 3Q	FY2017 3Q	FY2018 3Q
Overseas Ratio	55%	59%	57%	58%	58%

- Japan
- Korea
- China (incl. Hong Kong/Taiwan)
- Other Asian Countries
- Europe/Americas

**YoY +2.0billion(102%)**

Japan +0.38billion  
 Korea +1.68billion  
 China (Incl. Hong Kong/Taiwan) ▲0.23billion  
 Other Asian Countries +0.01billion  
 Europe/Americas +0.17billion

Note: FY2018=FY ending March 31, 2019

# Net Sales by Item (Consolidated)



1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Athletic category leads both in Japan and overseas.**

**Sales in Japan rose for the fourth straight year, and sales in overseas hit a record high.**

## Consolidated

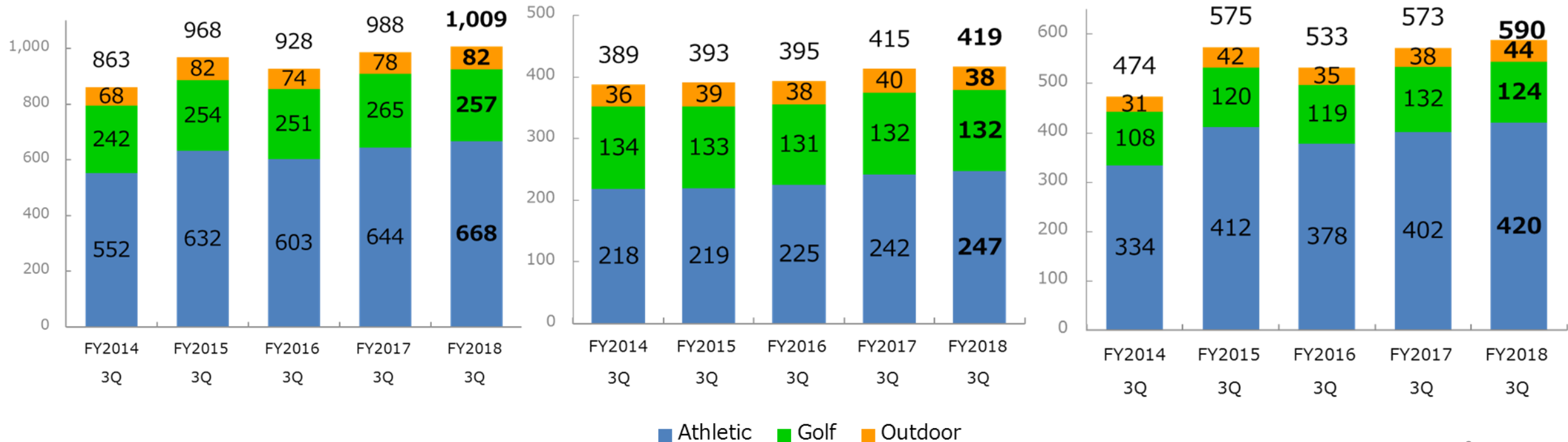
## Japan

## Overseas

(Unit: JPY  
0.1 billion)

(Unit: JPY  
0.1 billion)

(Unit: JPY  
0.1 billion)



Note: FY2018=FY ending March 31, 2019

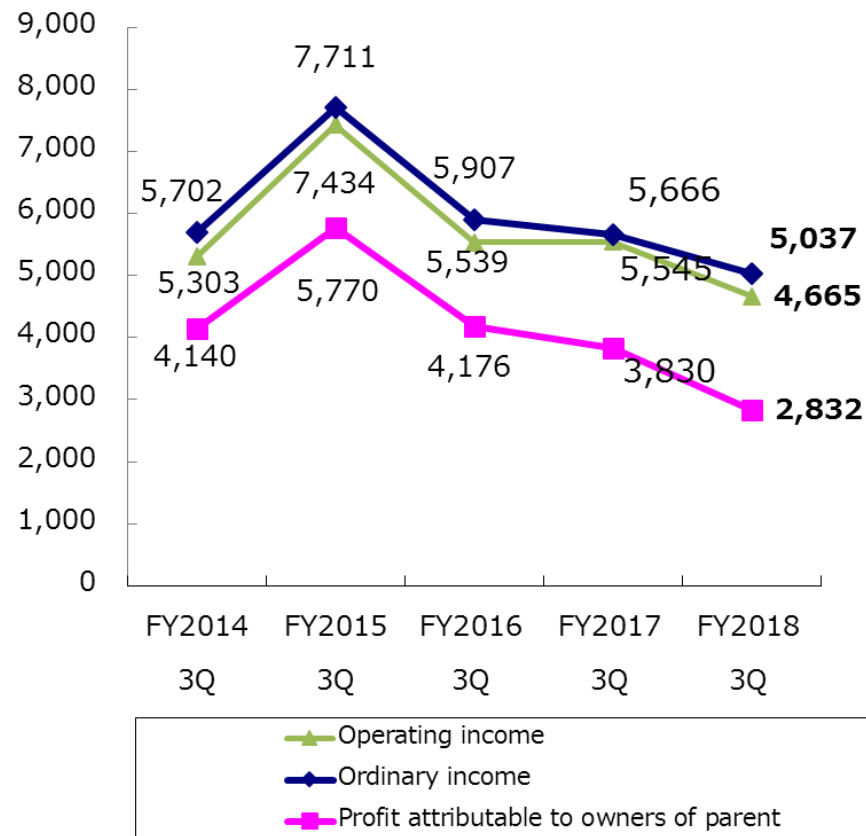
# Income Transition (Consolidated)



1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Operating income decreased due to an increase in sales and general administrative expenses. Equity method affiliates improved. Extraordinary loss including loss on guarantee of "SKINS" liability was recorded.**

(Unit: JPY million)



(Unit: JPY million)

	FY2018 3Q	FY2017 3Q	Change
<b>Operating income</b>	<b>4,665</b>	<b>5,545</b>	<b>▲ 880</b>
Non-operating income	594	328	<b>265</b>
Non-operating expenses	222	207	<b>15</b>
<b>Ordinary income</b>	<b>5,037</b>	<b>5,666</b>	<b>▲ 629</b>
Extraordinary income	0	0	<b>0</b>
Extraordinary loss	803	0	<b>803</b>
Total income taxes	1,401	1,835	<b>▲ 434</b>
<b>Profit attributable to owners of parent</b>	<b>2,832</b>	<b>3,830</b>	<b>▲ 998</b>

Note: FY2018=FY ending March 31, 2019

# Balance Sheets Transition (Consolidated)

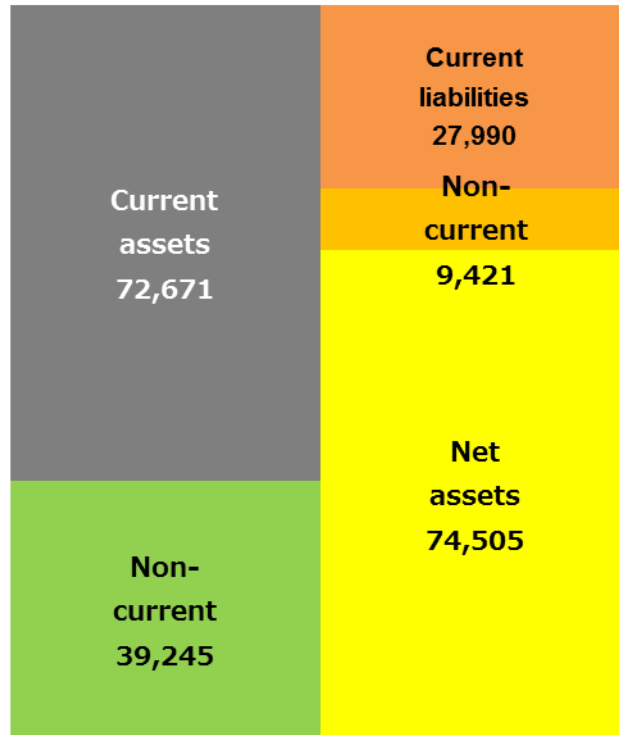


1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Current assets increased compared with the same period last year, but inventories decreased.**

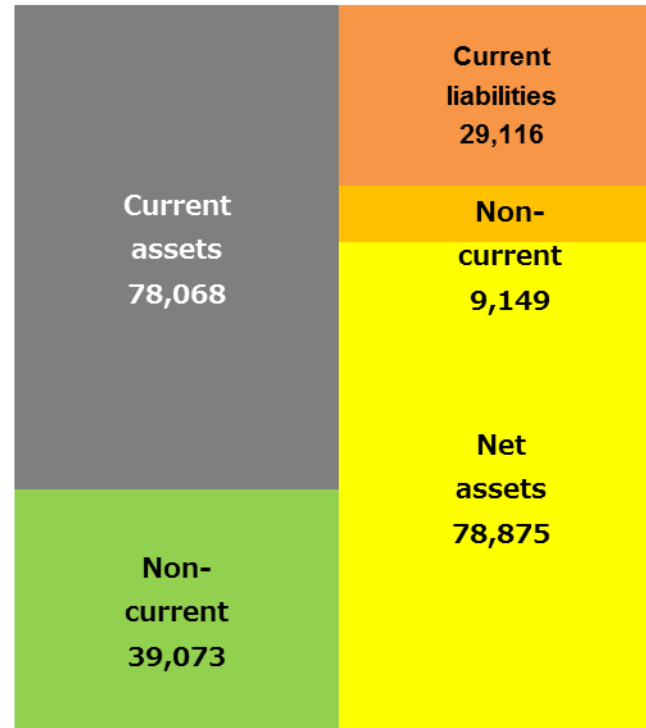
(Unit: JPY million)

2017/12/31



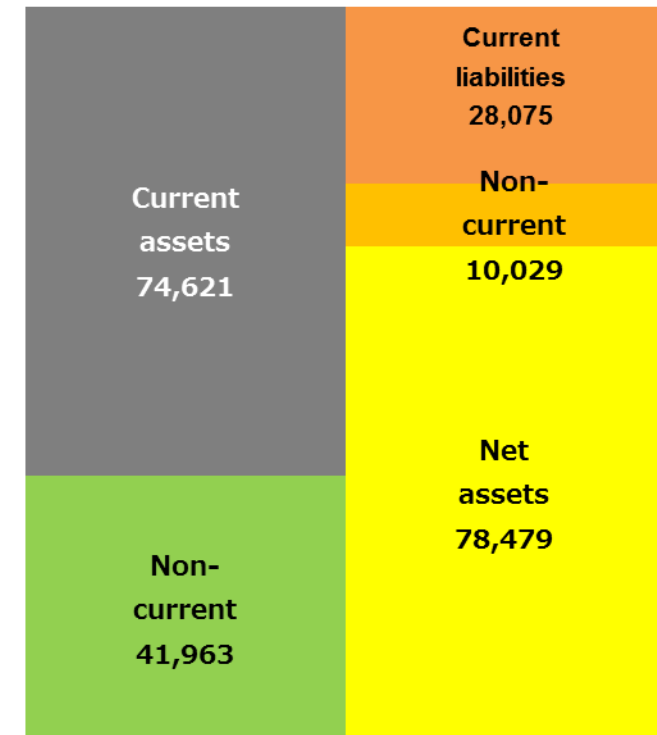
Total assets	111,917
Equity ratio	66.6%

2018/3/31



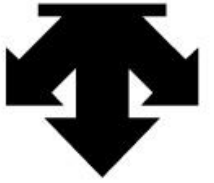
Total assets	117,141
Equity ratio	67.3%

2018/12/31



Total assets	116,584
Equity ratio	67.3%





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# **1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019**

① Summary

② **Review by Brand**

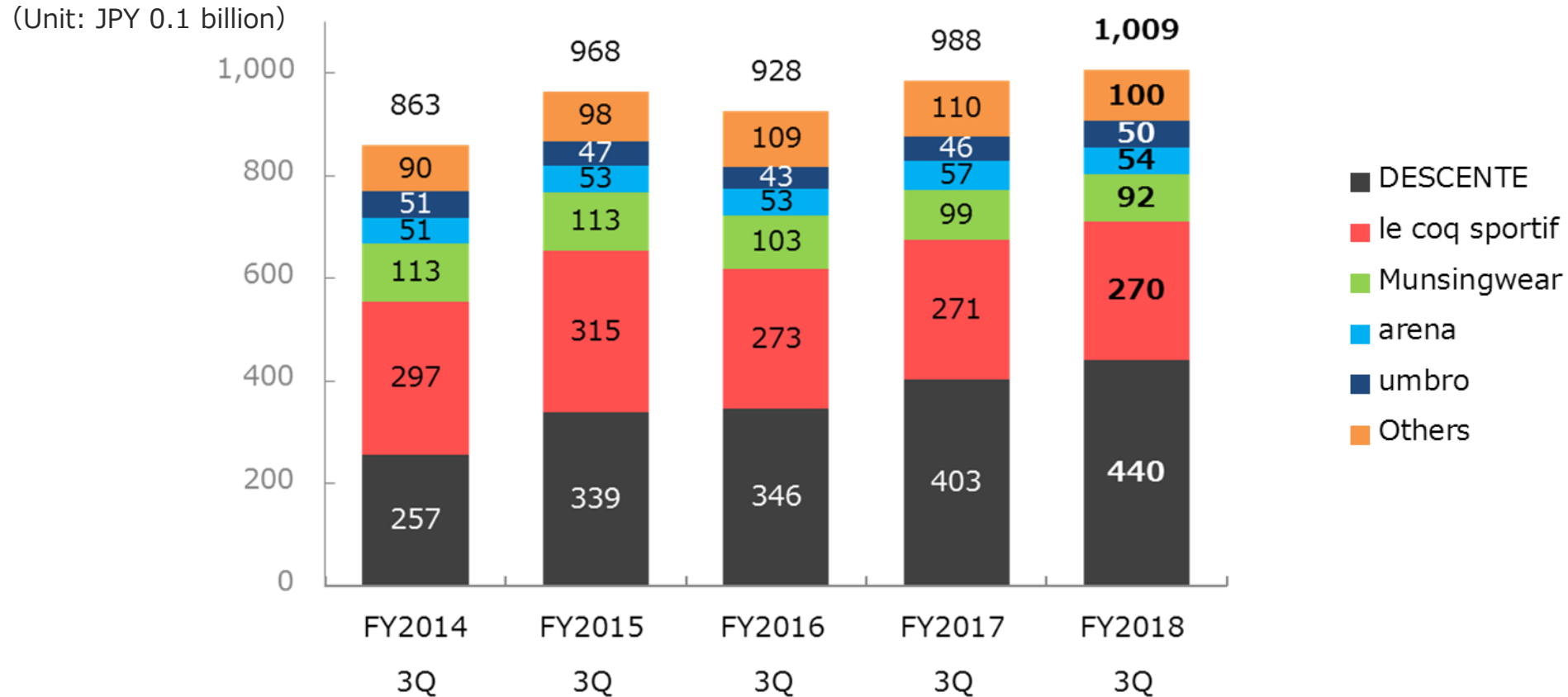
## **2. Objectives and Plan for FY Ending March, 2019**

# Net Sales Transition by Brand (Consolidated)



1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019 ②Review by Brand

**“DESCENTE” has grown 9% YoY and driving consolidated results.**



Note: FY2018=FY ending March 31, 2019

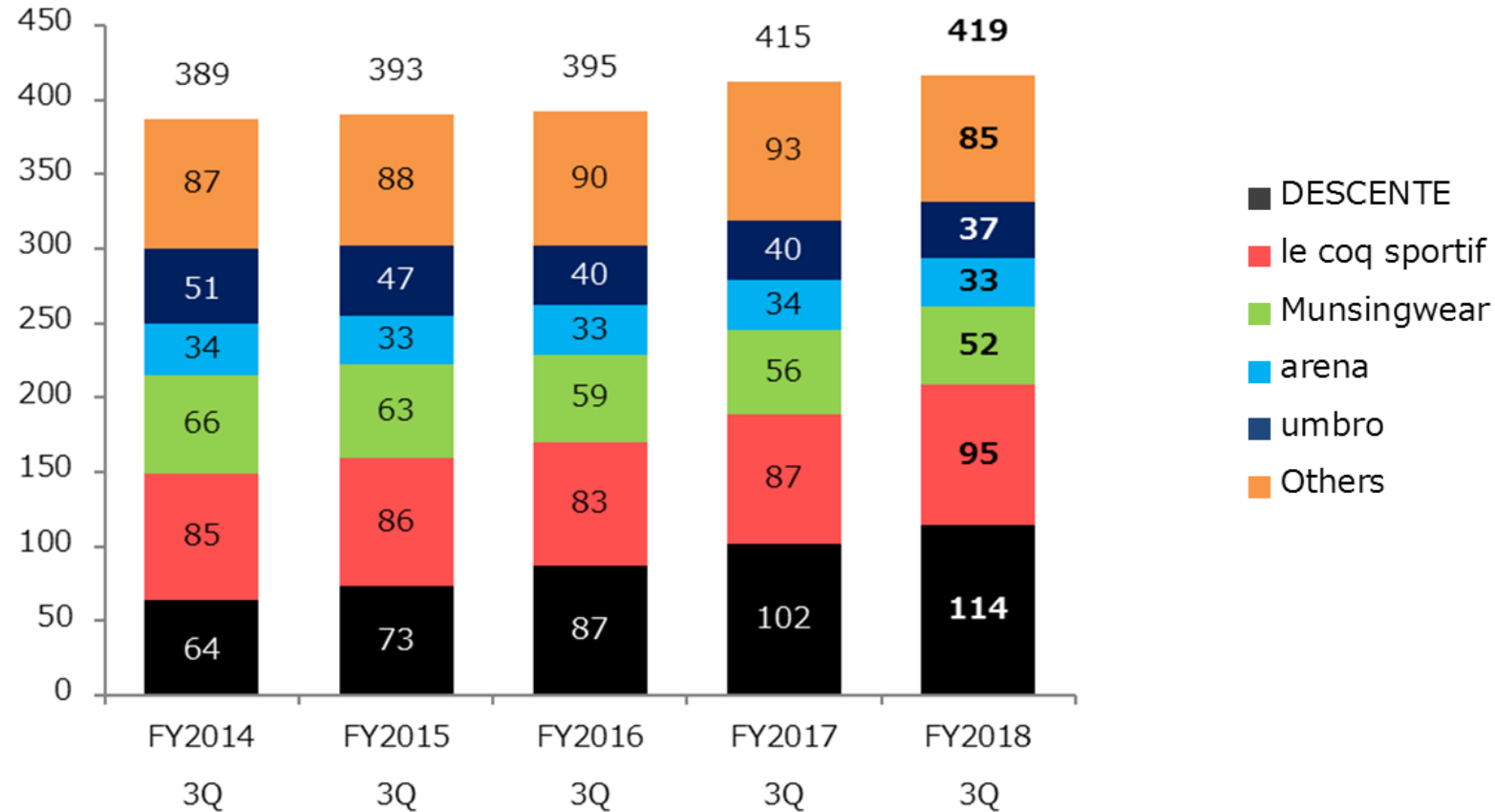
# Net Sales Transition by Brand (Japan)



1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019 ②Review by Brand

**Growth in “DESCENTE” and “le coq sportif” offset lower sales of other brands.**

(Unit: JPY 0.1 billion)



Note: FY2018=FY ending March 31, 2019

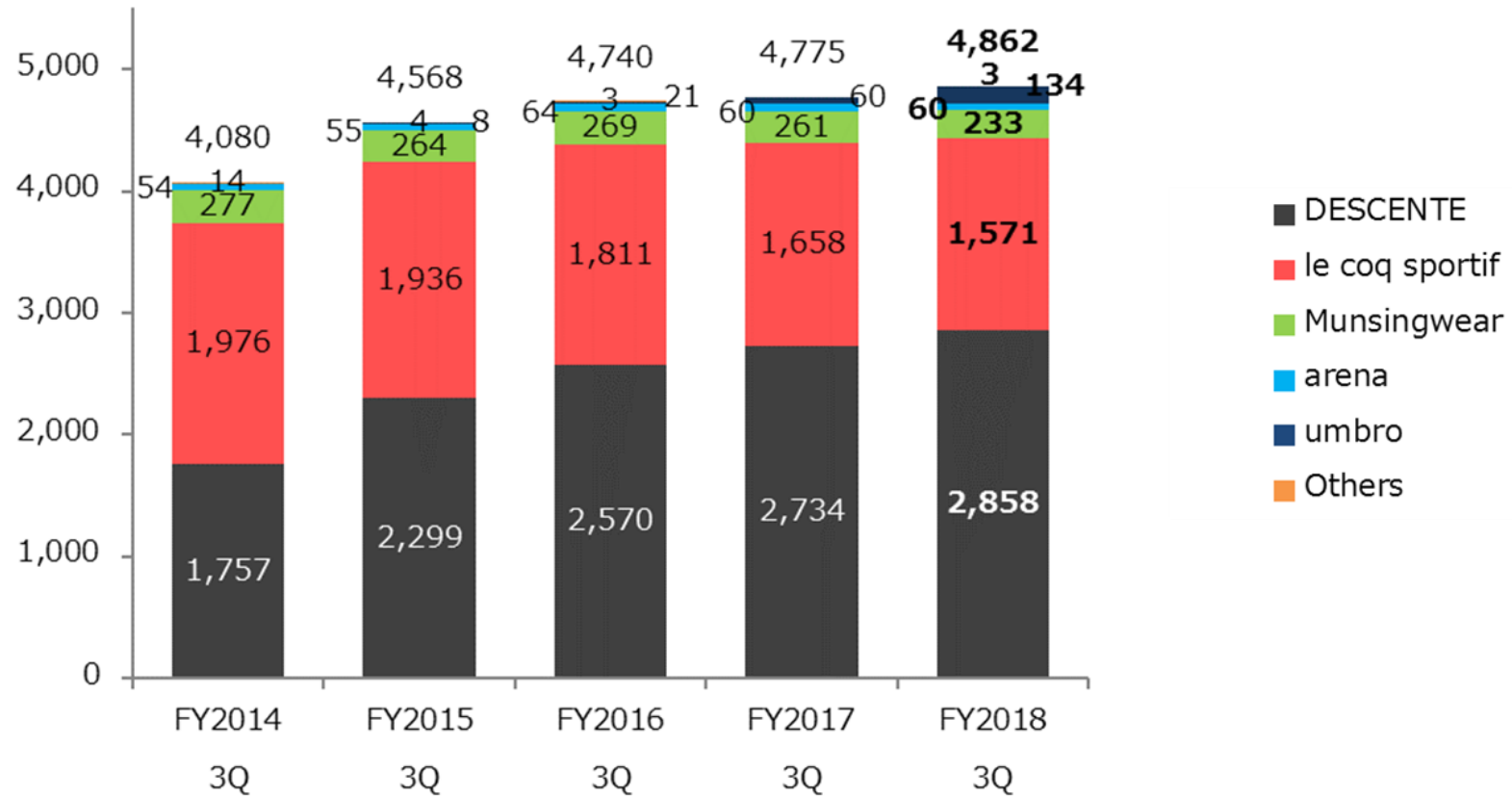
# Net Sales Transition by Brand (Korea)



1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019 ②Review by Brand

**“DESCENTE” and “umbro” increased sales.**

(Unit: KRW 0.1 billion)



Note: FY2918=FY ending March 31, 2019

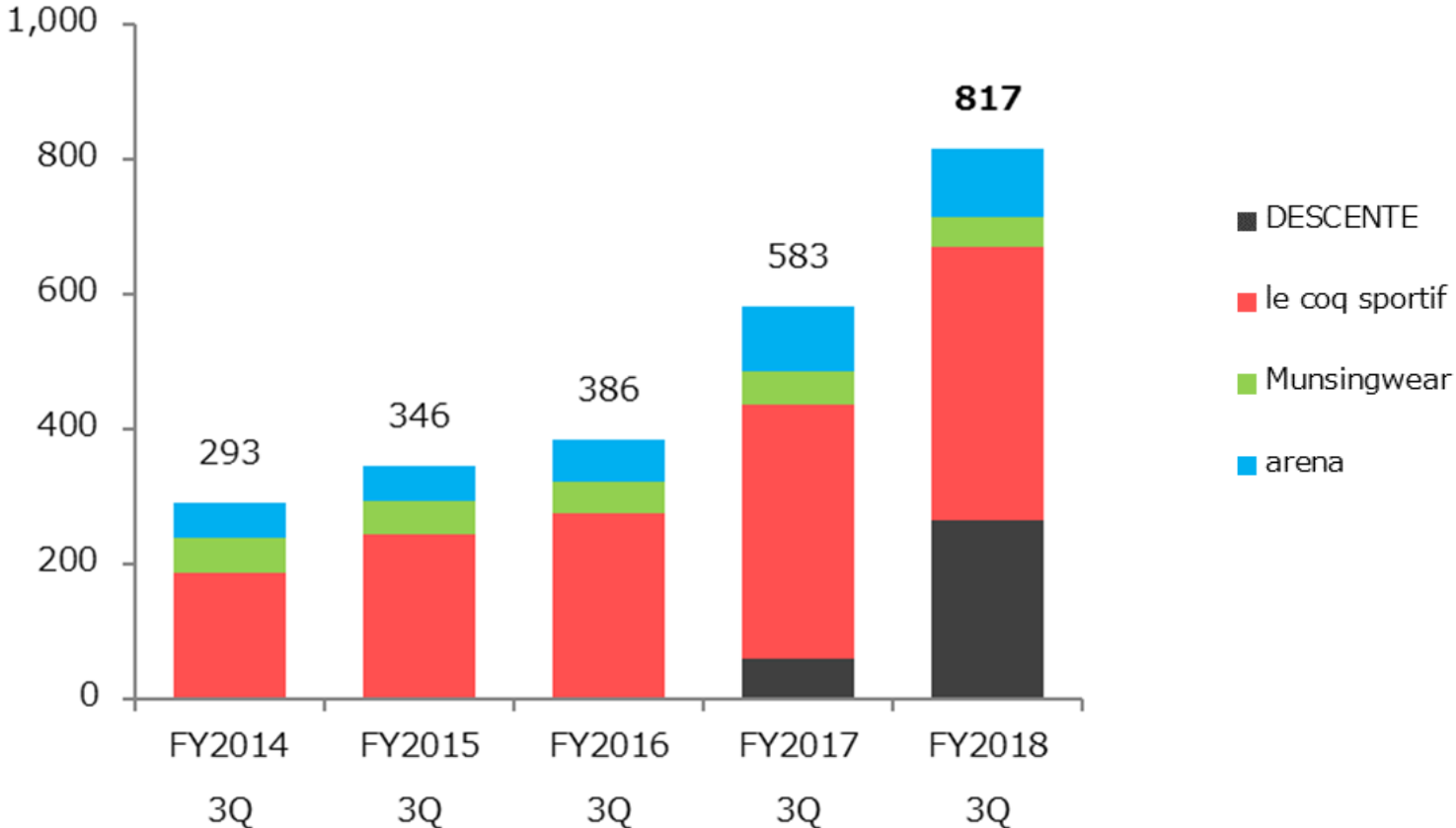
# Combined JV Sales\* Transition (China excl. Hong Kong and Taiwan)



1. 3<sup>rd</sup> Quarter of FY Ending March 31, 2019 ②Review by Brand

**“DESCENTE”, “le coq sportif” and “arena” increased sales.**

(Unit: CNY million)



Note: FY2018=FY ending March 31, 2019

\*: Including sales of equity-method affiliates, and exclude sales of consolidated group companies to equity-method affiliates.

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1. 2<sup>nd</sup> Quarter of FY Ending March 31, 2019

① Summary

② Review by Brand

**2. Objectives and Plan for FY Ending March, 2019**

# Objectives and Plan for the FY Ending March 31, 2019 (Consolidated)



## 2. Objectives and Plan for FY ending March, 2019

**Aim to increase consolidated net sales by 5% YoY to a record high. Net income is expected to increase by 13% from the previous year.**

(Unit: JPY million)	FY2016	FY2017	FY2018	
			Guidance	YoY
Net sales	131,543	141,124	148,000	105%
Operating income	8,418	9,596	9,600	100%
(%)	6.4%	6.8%	6.5%	
Ordinary income	8,631	9,698	10,000	103%
(%)	6.6%	6.9%	6.8%	
Profit attributable to owners of parent	5,650	5,771	6,500	113%
(%)	4.3%	4.1%	4.4%	

Predicted rate : USD112.60、 100KRW10.40、 CNY17.10、 HKD14.30、 SGD84.00、 GBP152.00

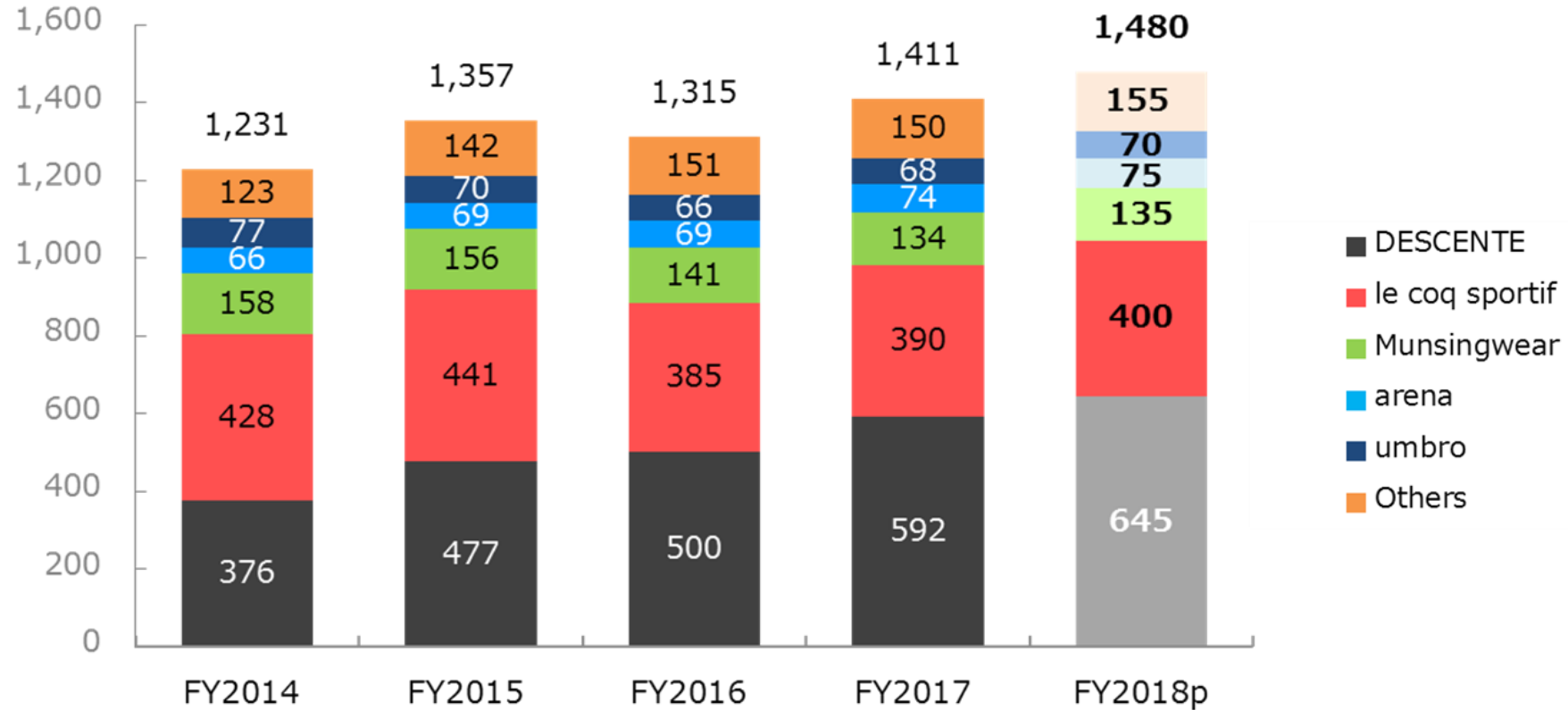
# Plans for the FY Ending March 31, 2019 by Brand (Consolidated)



## 2. Objectives and Plan for FY ending March, 2019

**Aim to achieve record sales for the second consecutive year.**

(Unit: JPY 0.1billion)



Note: FY2018=FY ending March 31, 2019

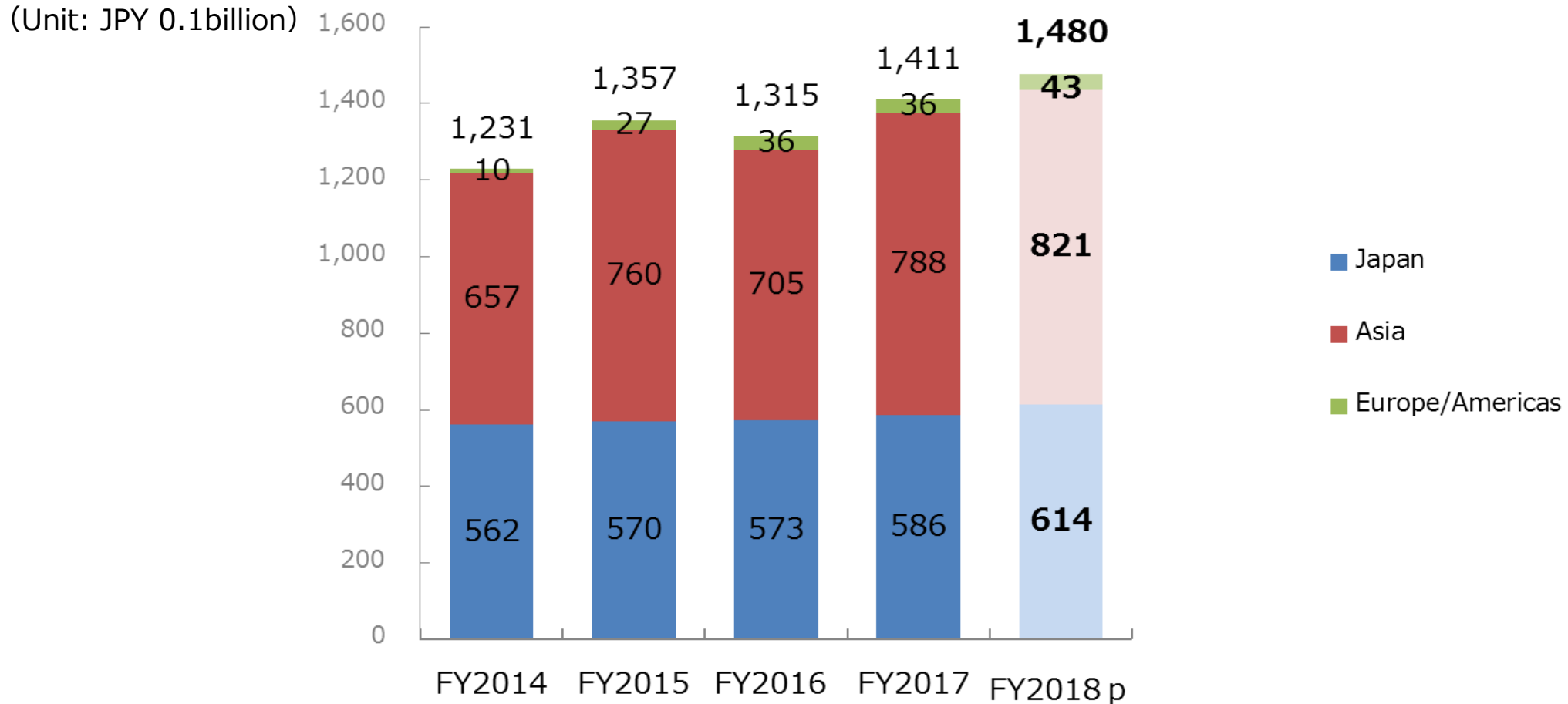


# Plans for the FY Ending March 31, 2019 by Segment (Consolidated)



## 2. Objectives and Plan for FY ending March, 2019

**Sales planned to increase in all segments.**



Note: FY2018=FY ending March 31, 2019

# Dividends and Payout Ratio



2. Objectives and Plan for FY ending March, 2019

**Annual dividends of FY 2018: JPY 23.0**

**Annual dividends of FY 2019 (Plan): JPY 26.0**

(Unit: JPY Million)	FY2014	FY2015	FY2016	FY2017	FY2018 Plan
Dividends	1,130	1,280	1,732	1,733	1,960
Amount/share	JPY15.0	JPY17.0	JPY23.0	JPY23.0	JPY26.0
Profit attributable to owners of parent (Consolidated)	6,563	7,870	5,650	5,771	6,500
Payout ratio	17.2%	16.3%	30.7%	30.0%	30.1%

**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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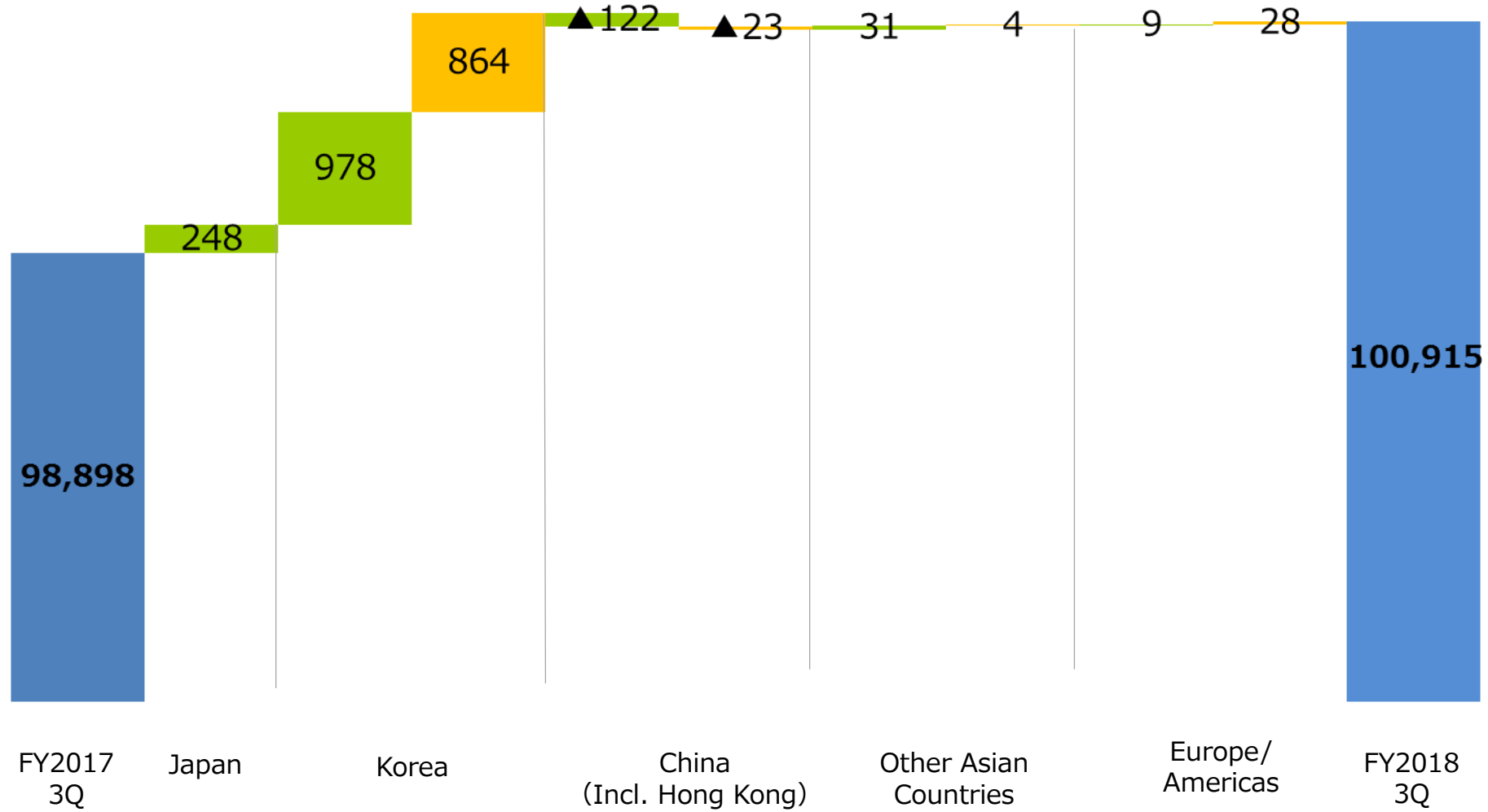
**3<sup>rd</sup> Quarter of Fiscal Year  
Ending March 31, 2019  
Reference material**

**(Transition of Quarterly Sales and  
Operating Income by Segment)**

# Net sales Fluctuations by Segment (YoY)



(Unit: JPY million)



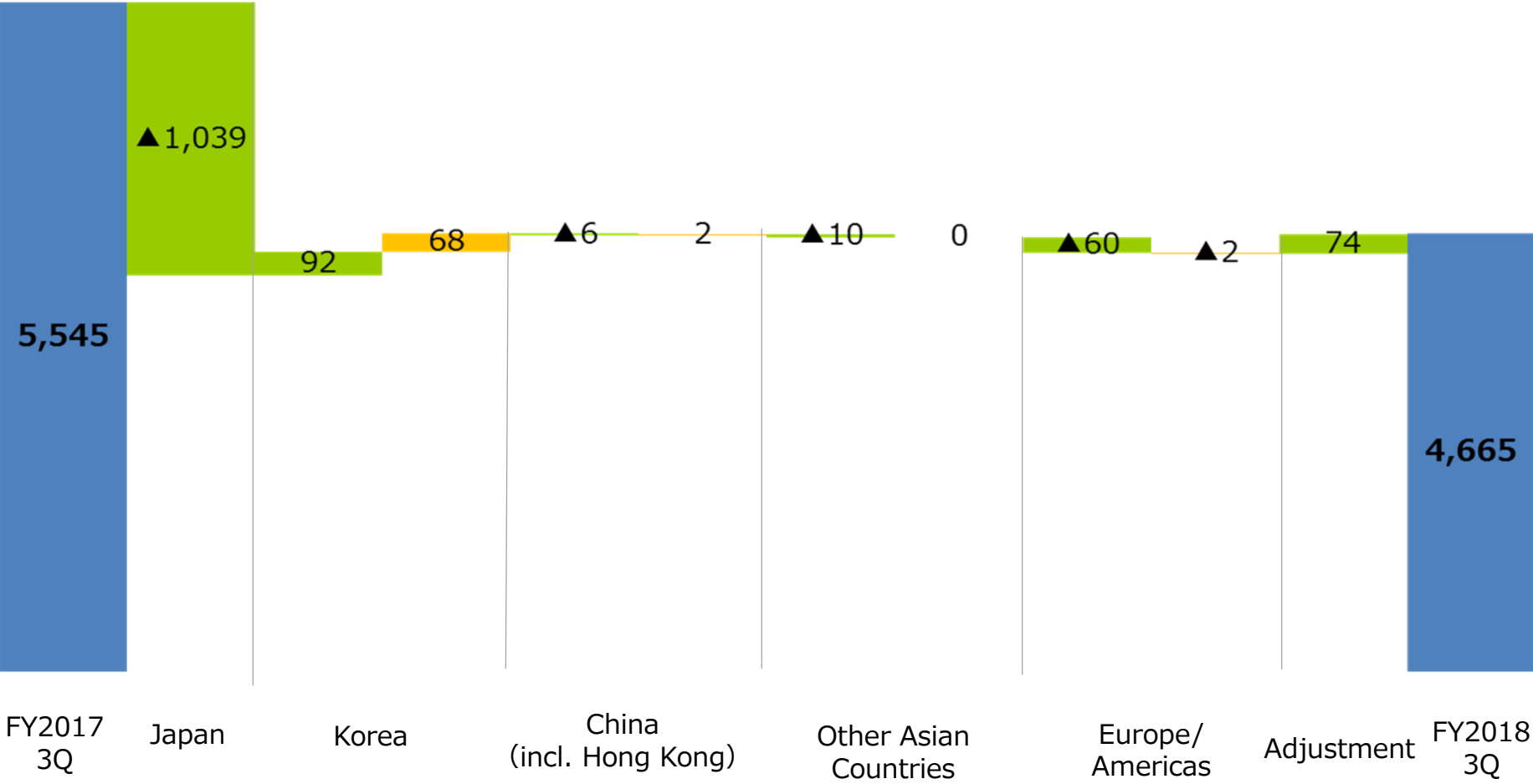
Note: FY2018= FY ending March 31, 2019



# Operating Income Fluctuations by Segment (YoY)



(Unit: JPY million)



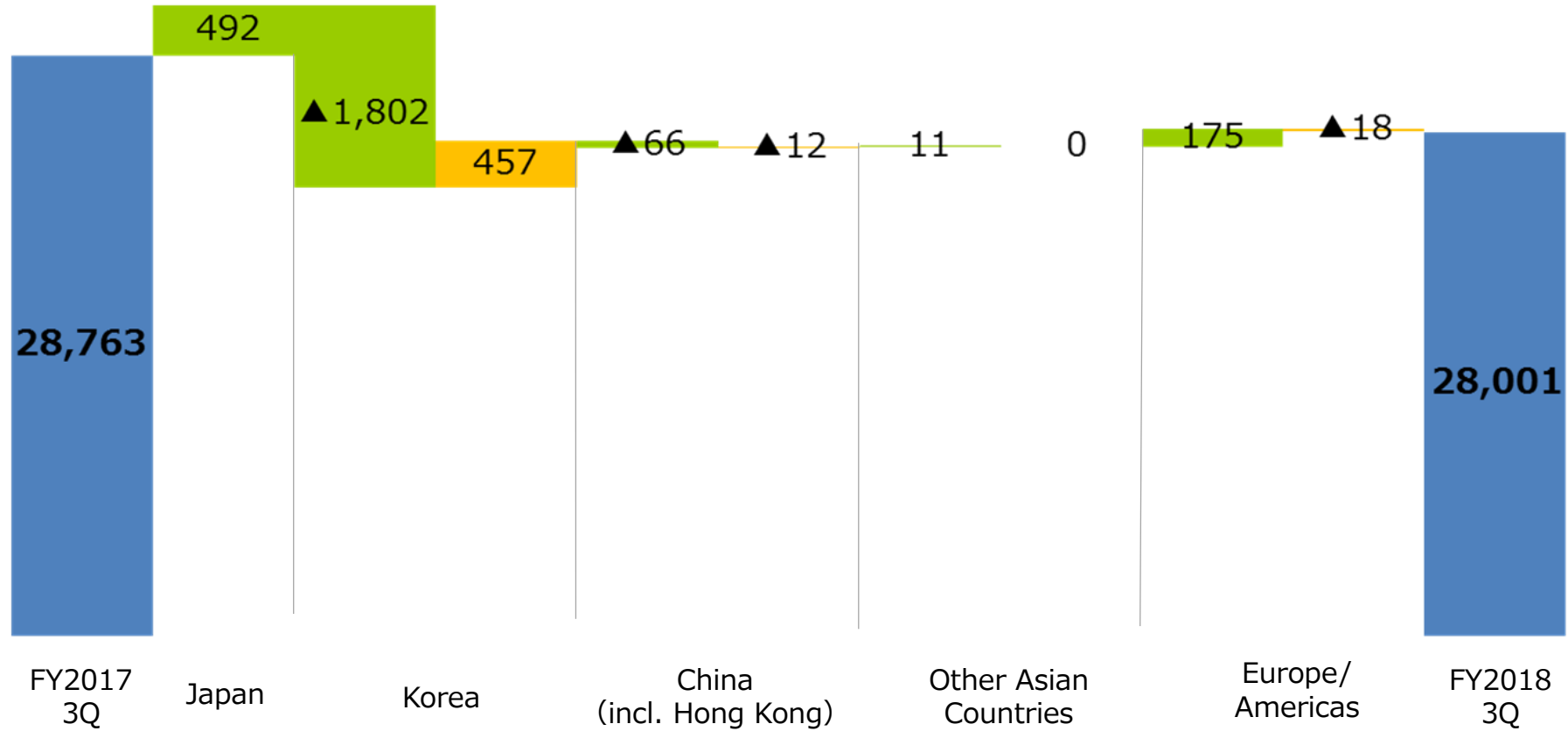
■ Operating income   
 ■ Actual Gain / Loss   
 ■ Forex Effect

Note: FY2018= FY ending March 31, 2019

# Inventory Fluctuations by Segment (YoY)



(Unit: JPY million)



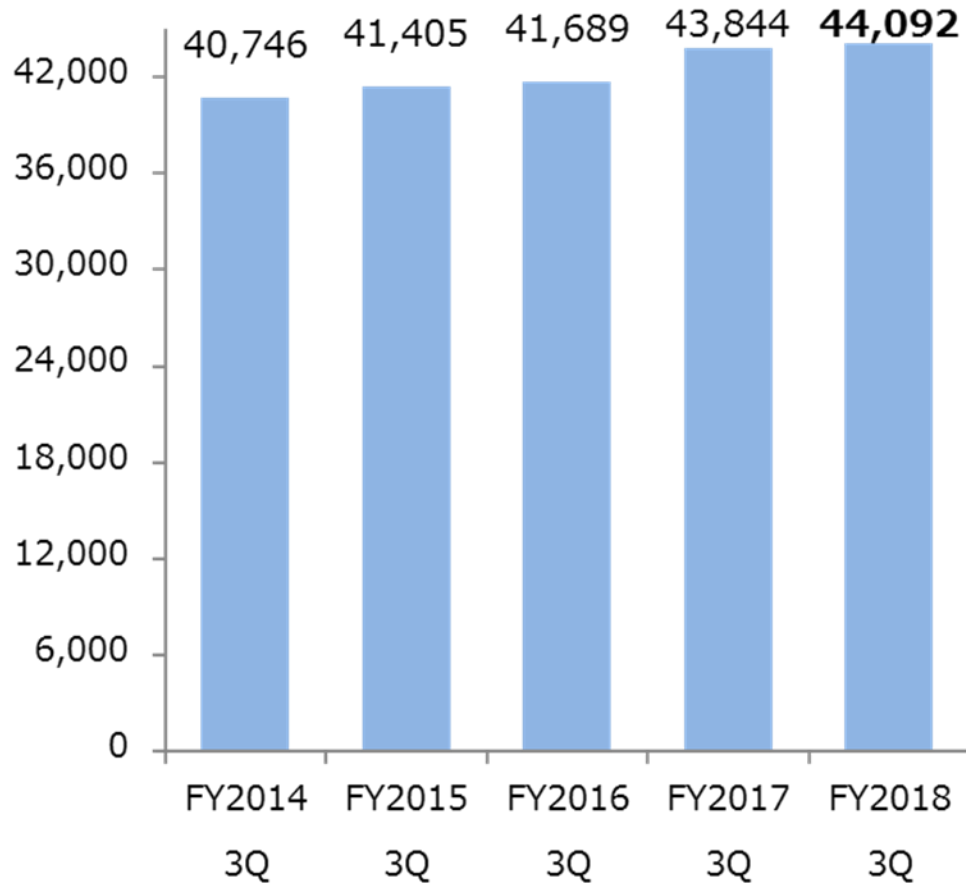
Note: FY2018= FY ending March 31, 2019

# Net Sales and Operating Income Transition by Segment (Japan)



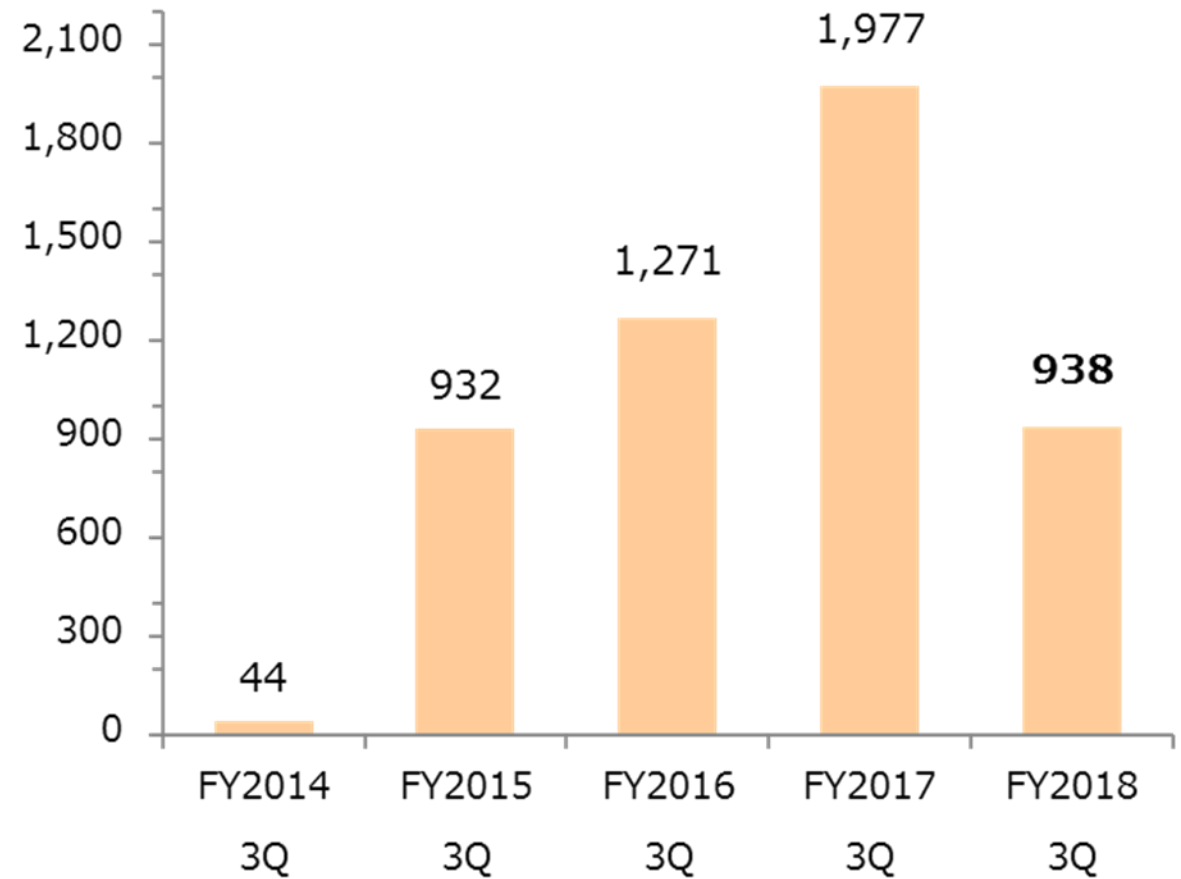
## Net Sales

(Unit: JPY million)



## Operating Income

(Unit: JPY million)



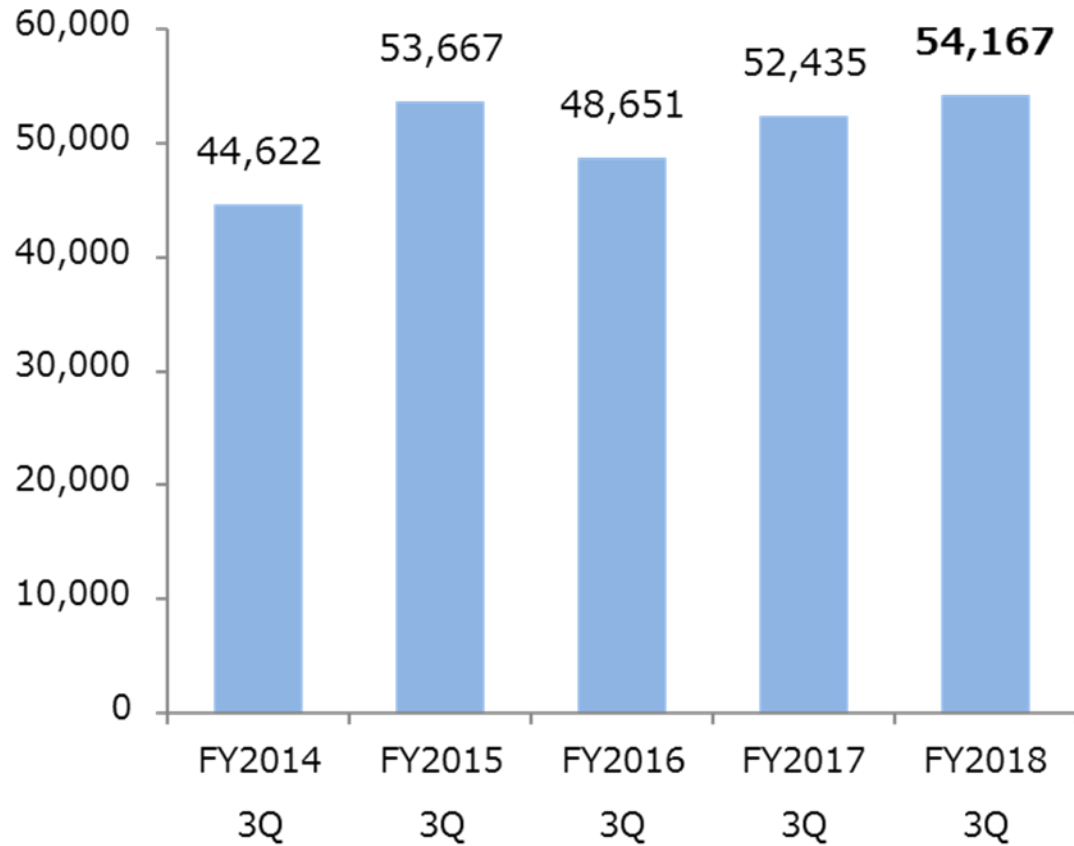
Note: FY2018= FY ending  
March 31, 2019

# Net Sales and Operating Income Transition by Segment (Asia)



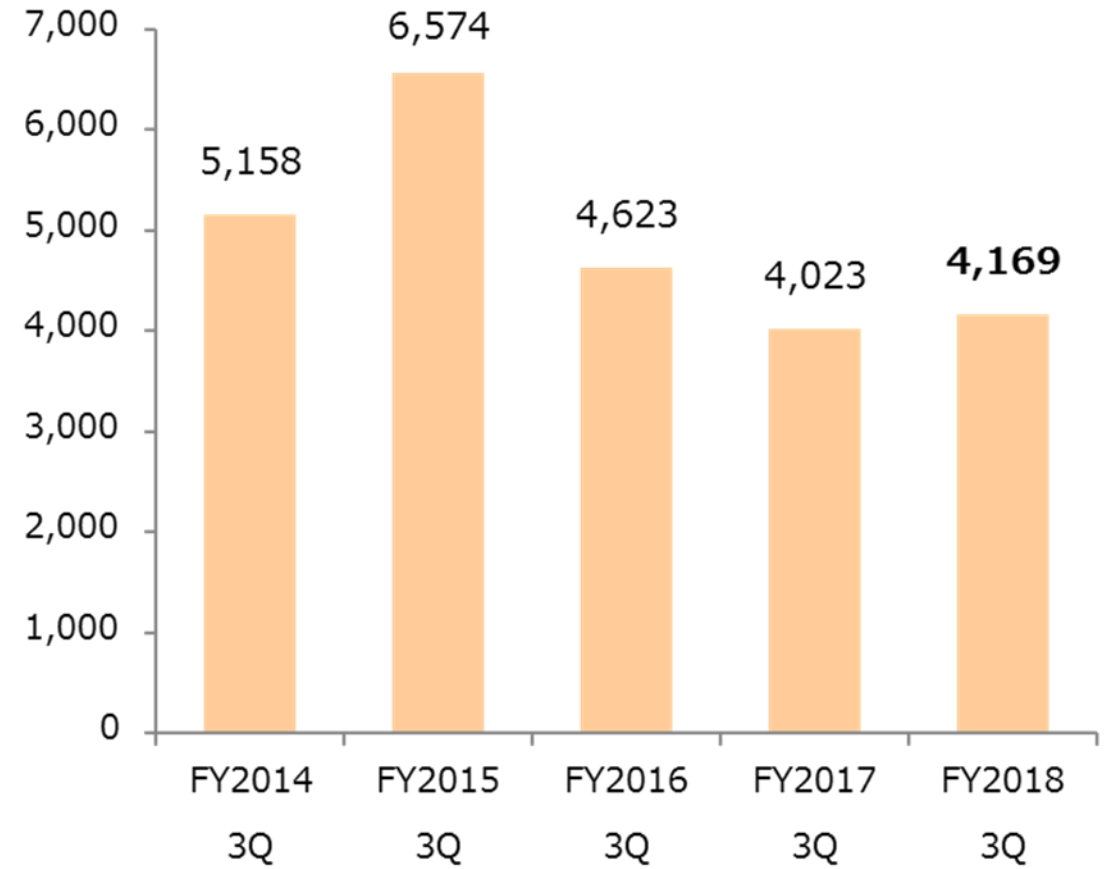
## Net Sales

(Unit: JPY million)



## Operating Income

(Unit: JPY million)



Note: FY2018= FY ending  
March 31, 2019



# Net Sales and Operating Income Transition by Segment (Europe/Americas)

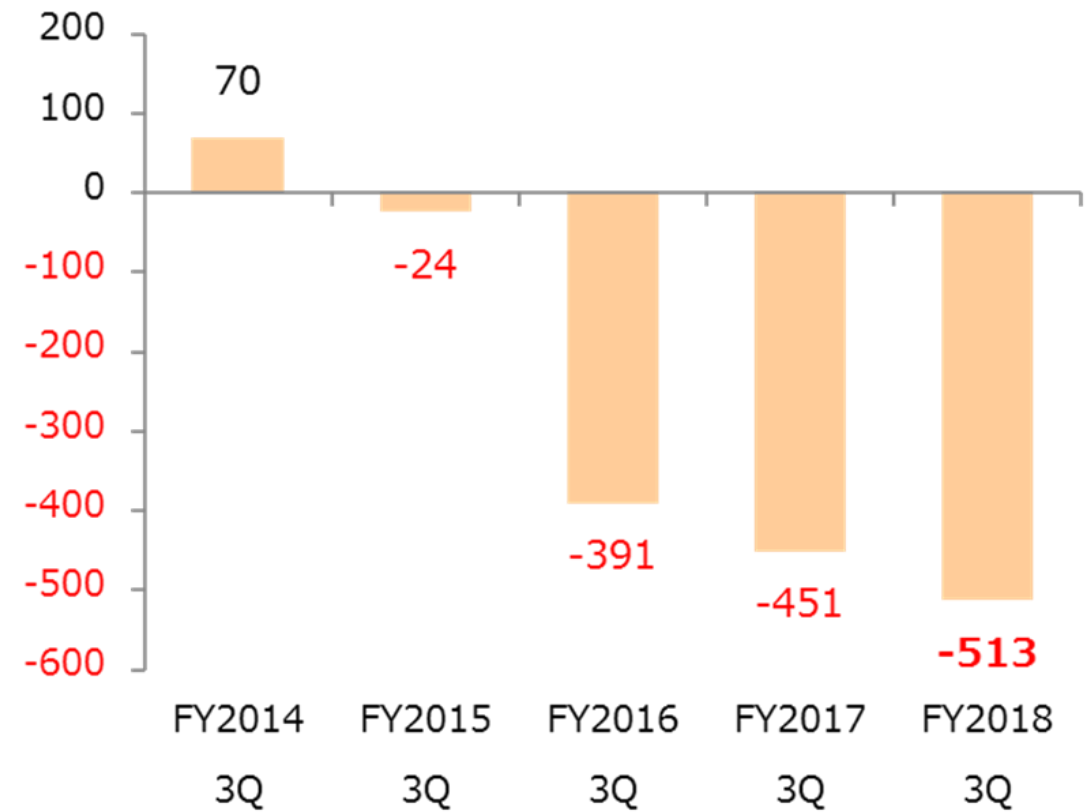
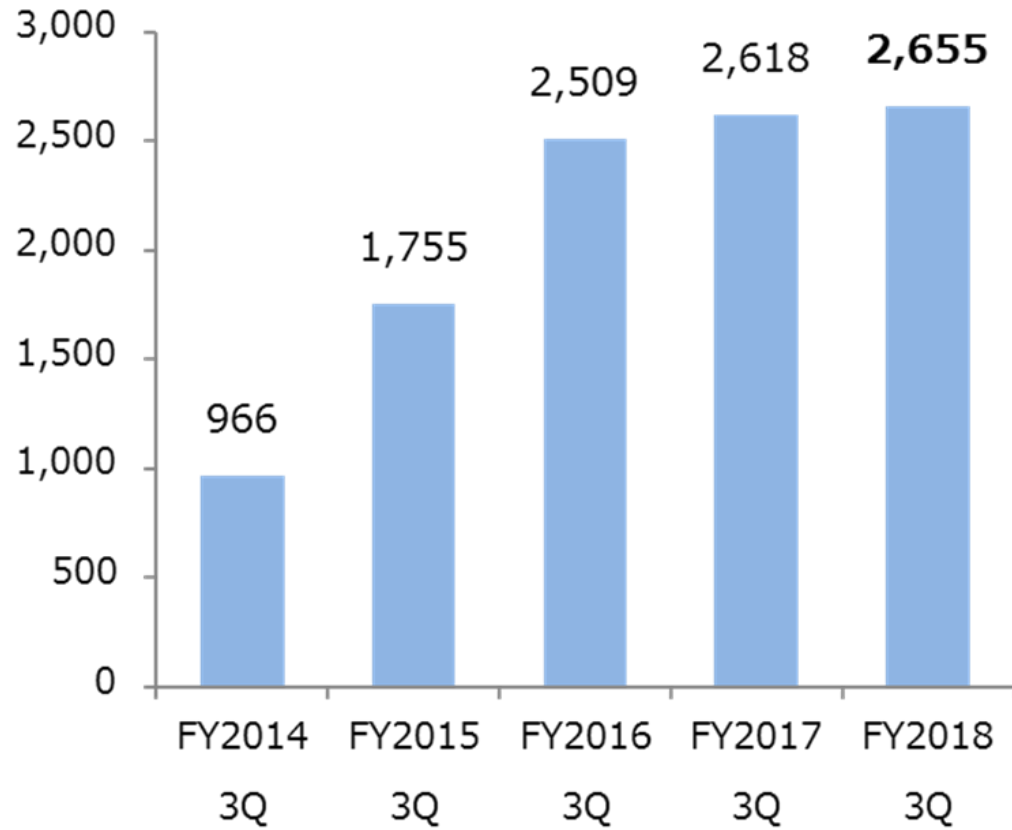


## Net Sales

## Operating Income

(Unit: JPY million)

(Unit: JPY million)

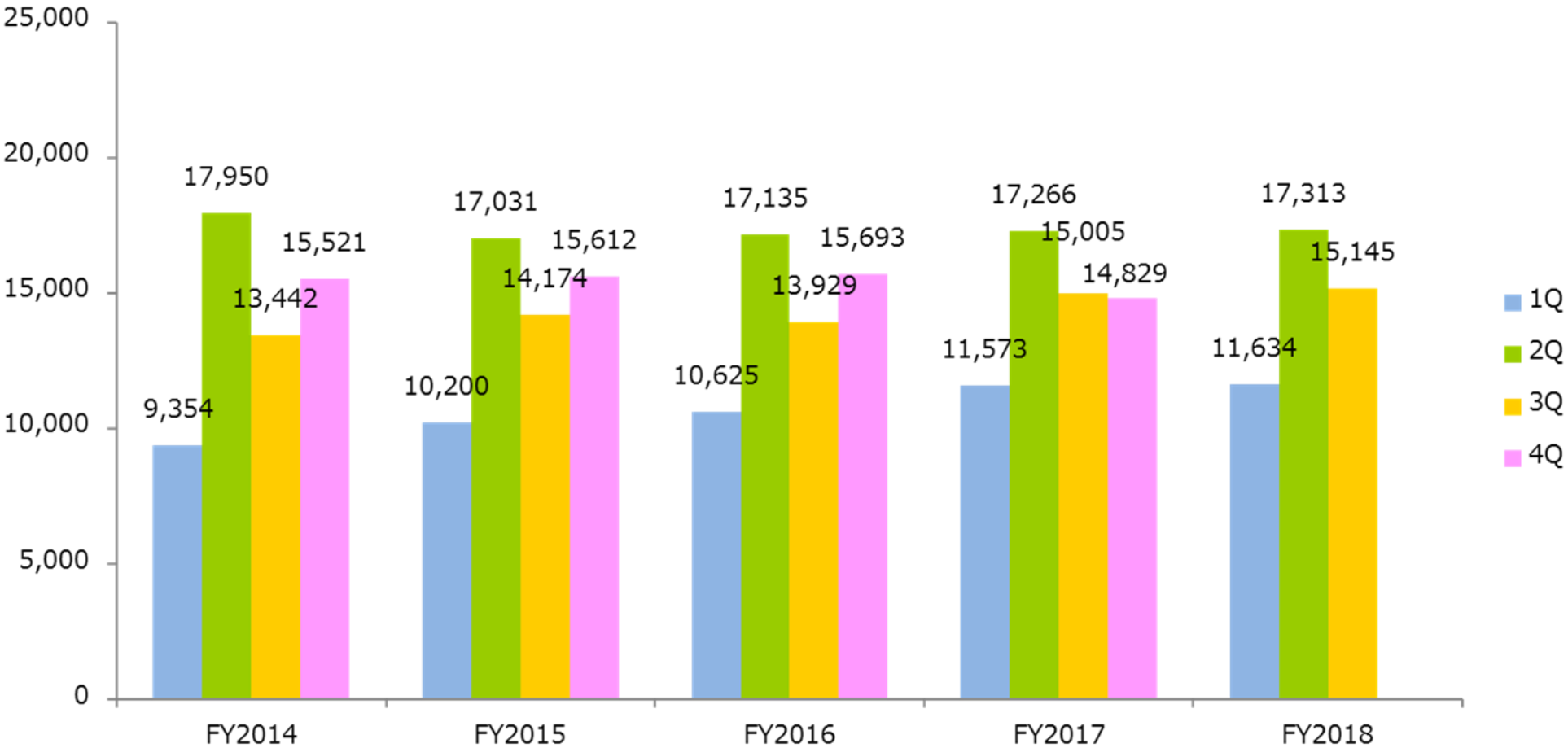


Note: FY2018= FY ending  
March 31, 2019

# Quarterly Sales Transition by Segment (Japan)



(Unit: JPY million)

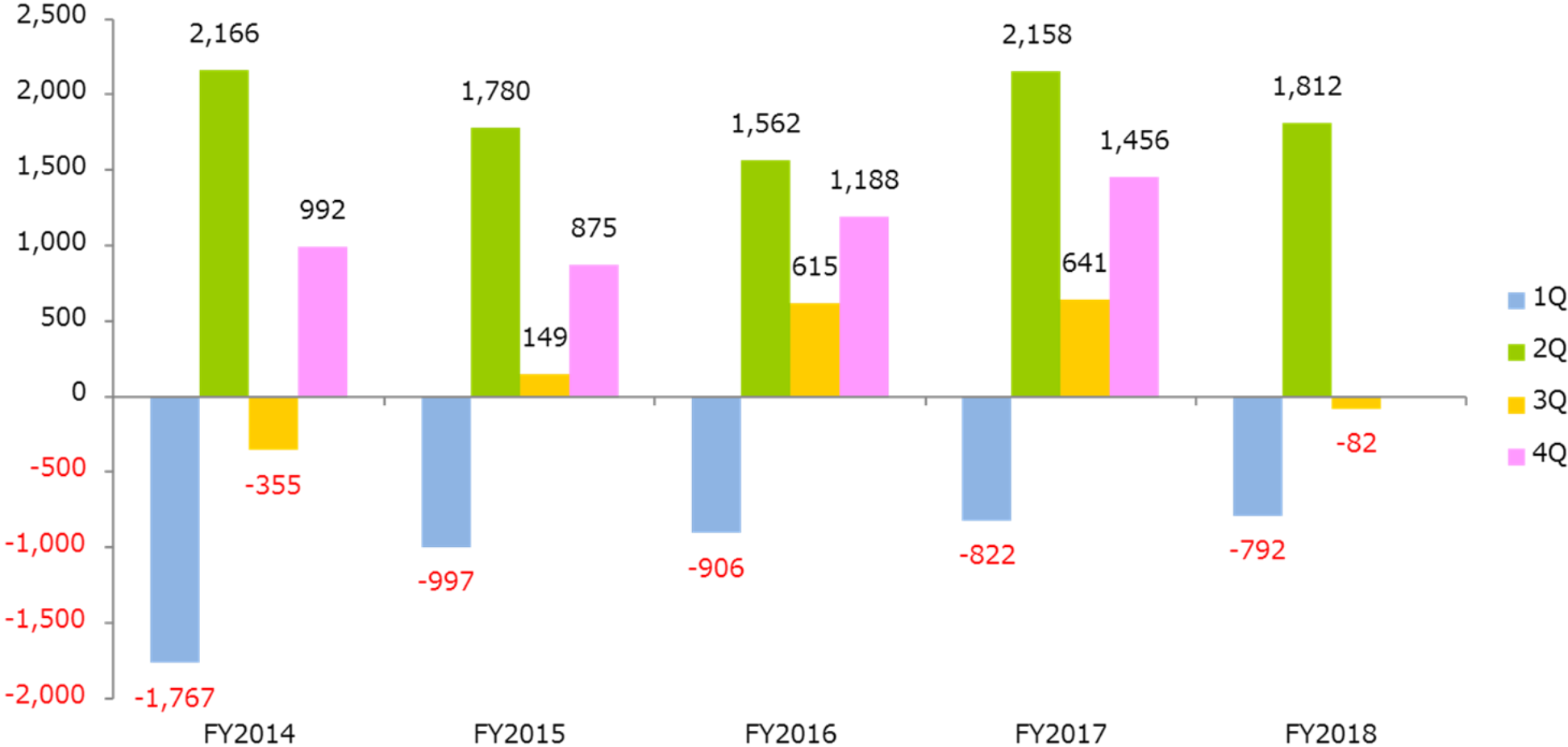


Note: FY2018= FY ending March 31, 2019

# Quarterly Operating Income Transition by Segment (Japan)



(Unit: JPY million)

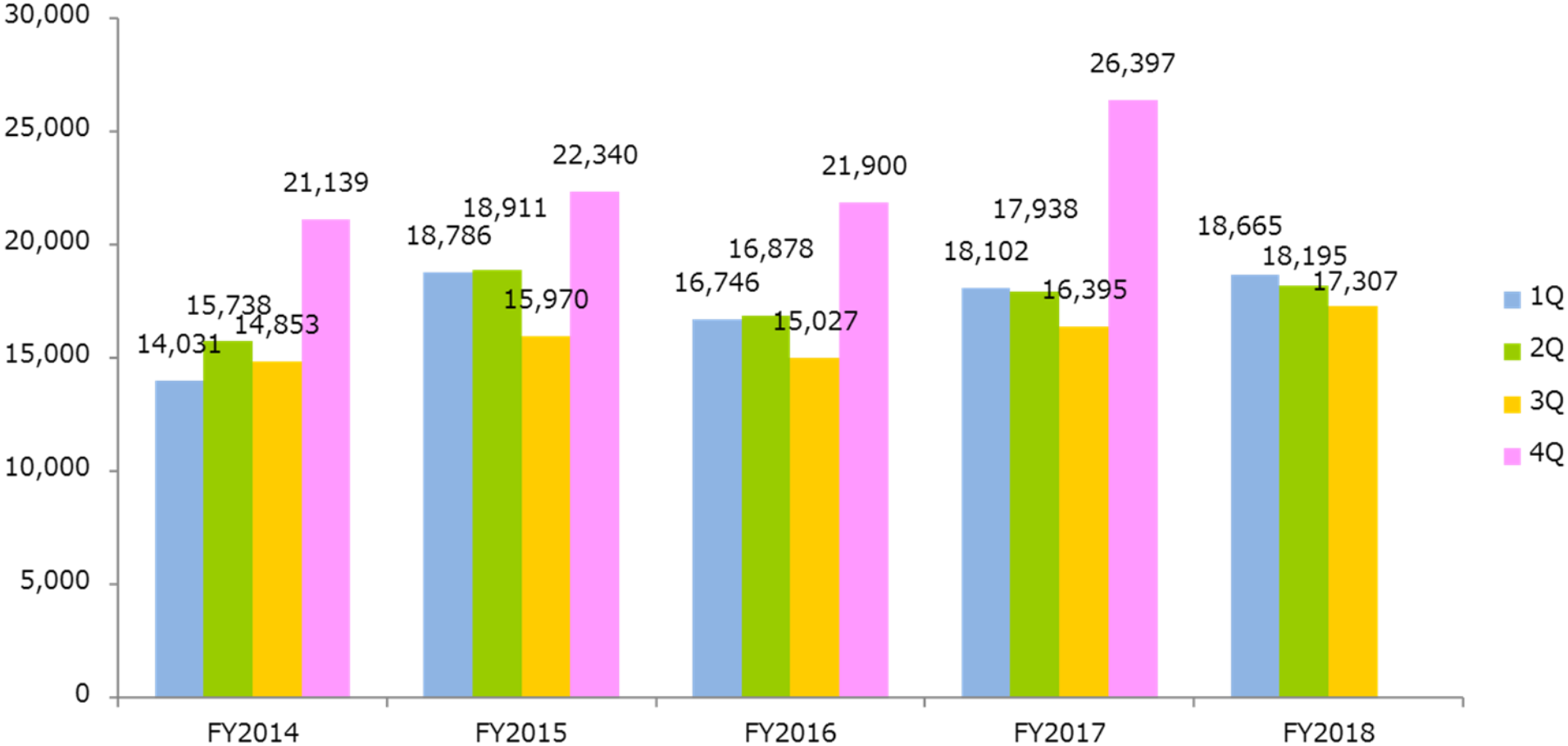


Note: FY2018= FY ending March 31, 2019

# Quarterly Sales Transition by Segment (Asia)



(Unit: JPY million)

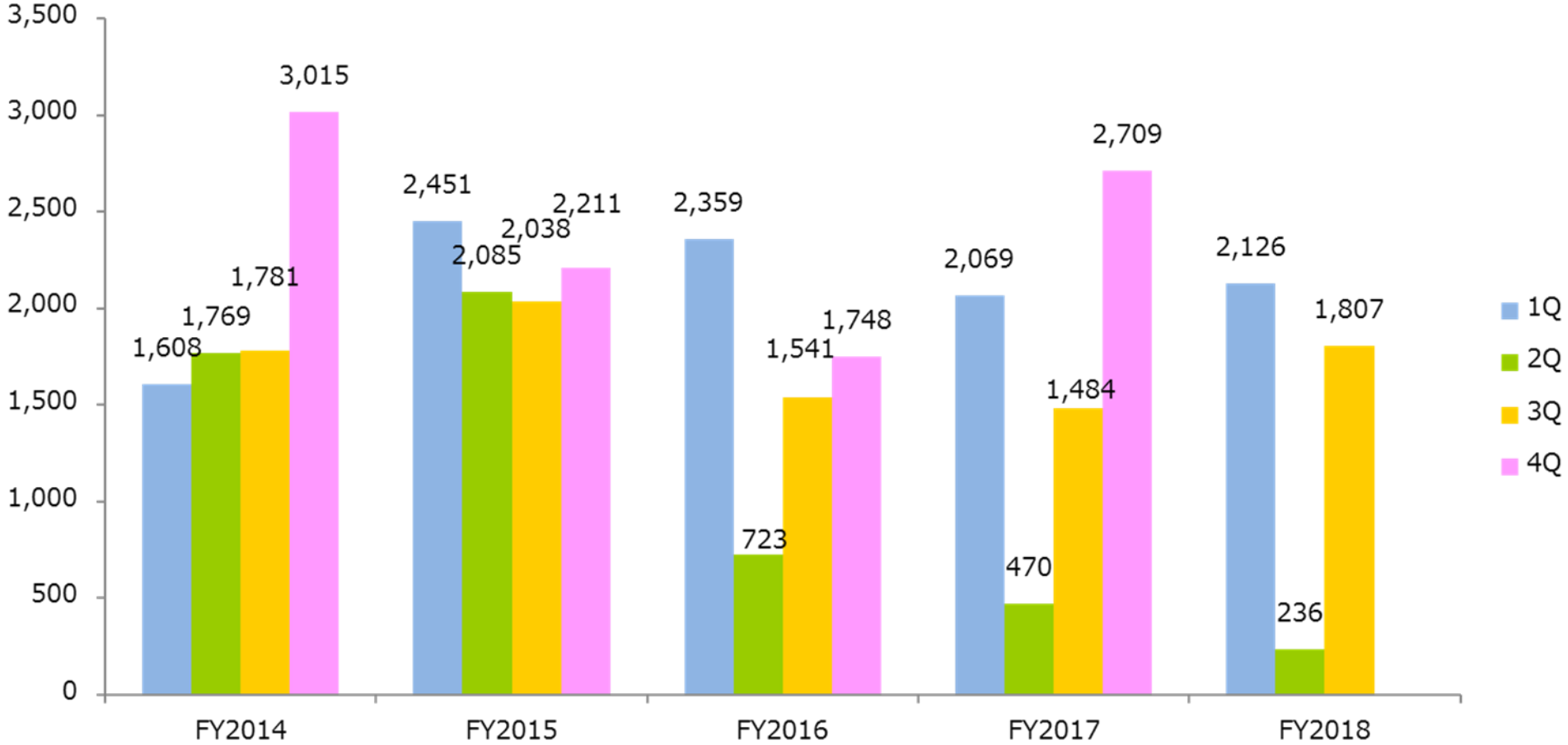


Note: FY2018= FY ending March 31, 2019

# Quarterly Operating Income Transition by Segment (Asia)



(Unit: JPY million)

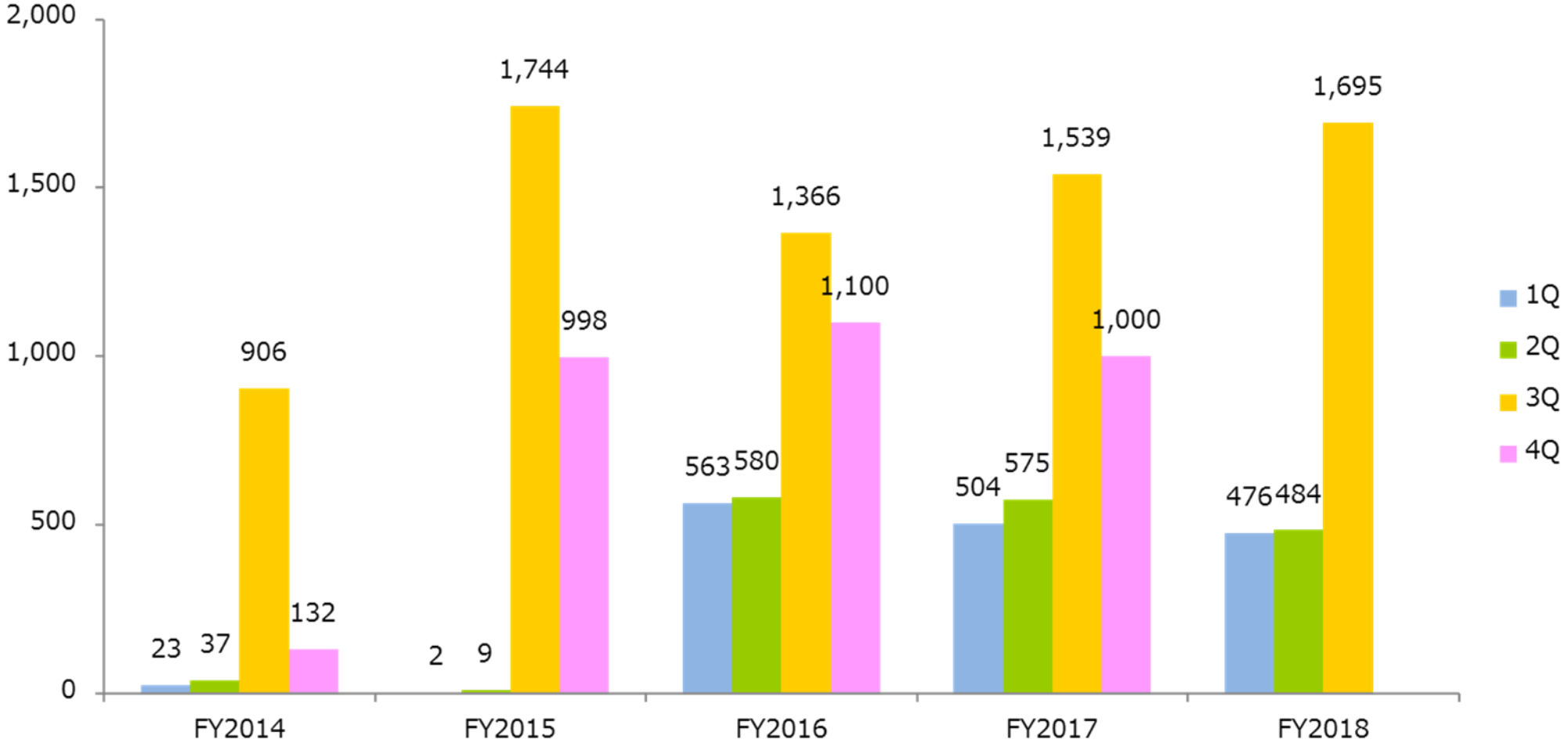


Note: FY2018= FY ending March 31, 2019

# Quarterly Sales Transition by Segment (Europe/Americas)



(Unit: JPY million)

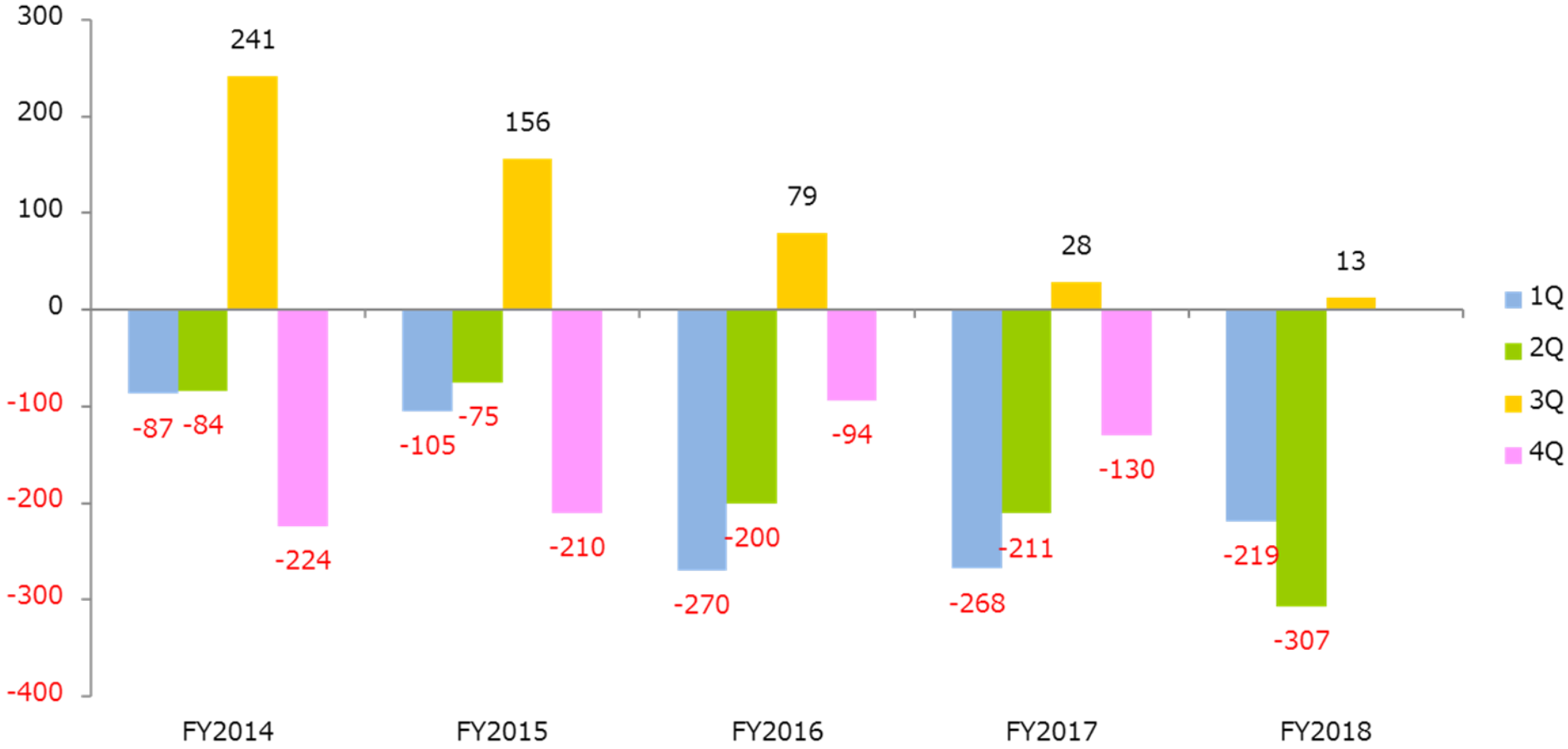


Note: FY2018= FY ending March 31, 2019

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



(Unit: JPY million)

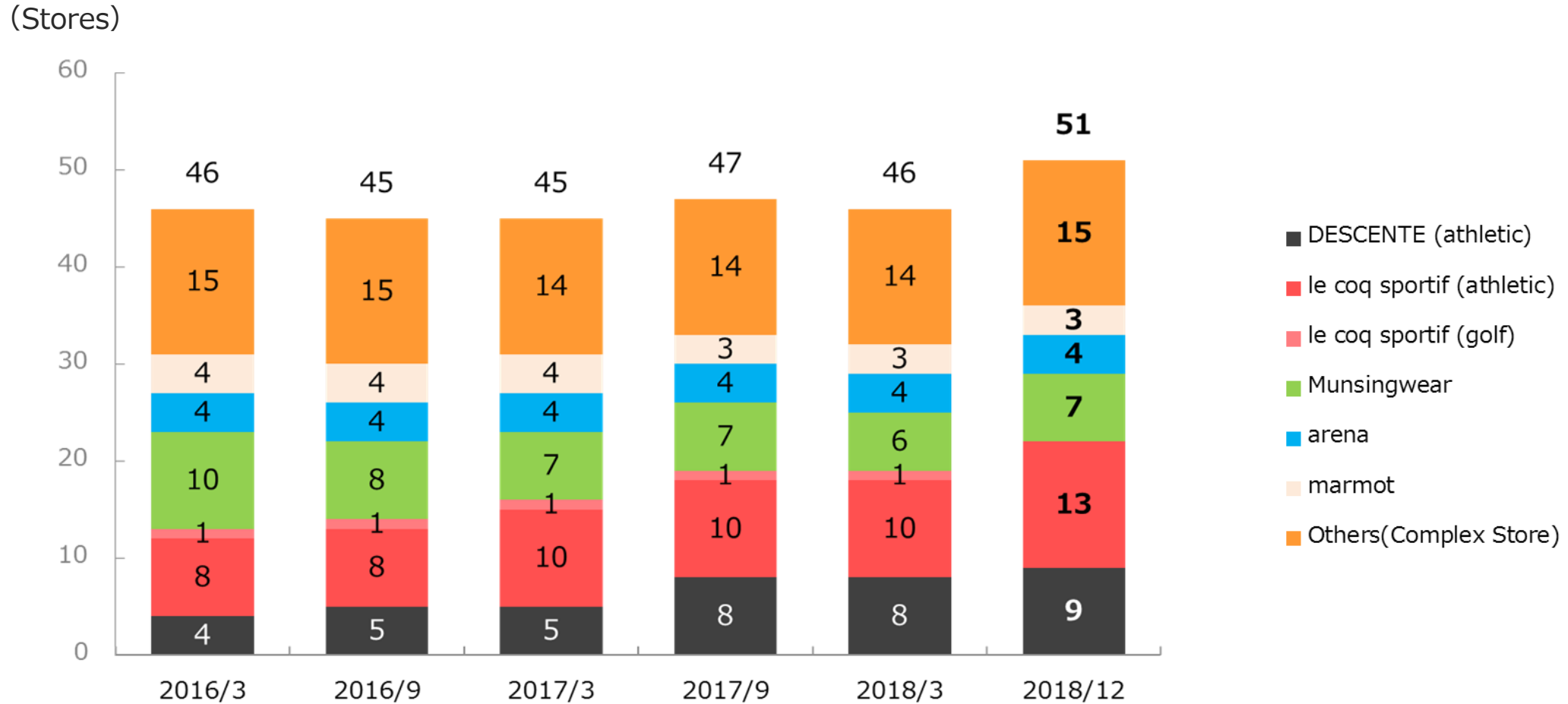


Note: FY2018= FY ending March 31, 2019

# Number of Stores Transition in Japan (Directly Managed Stores)



※Including outlets

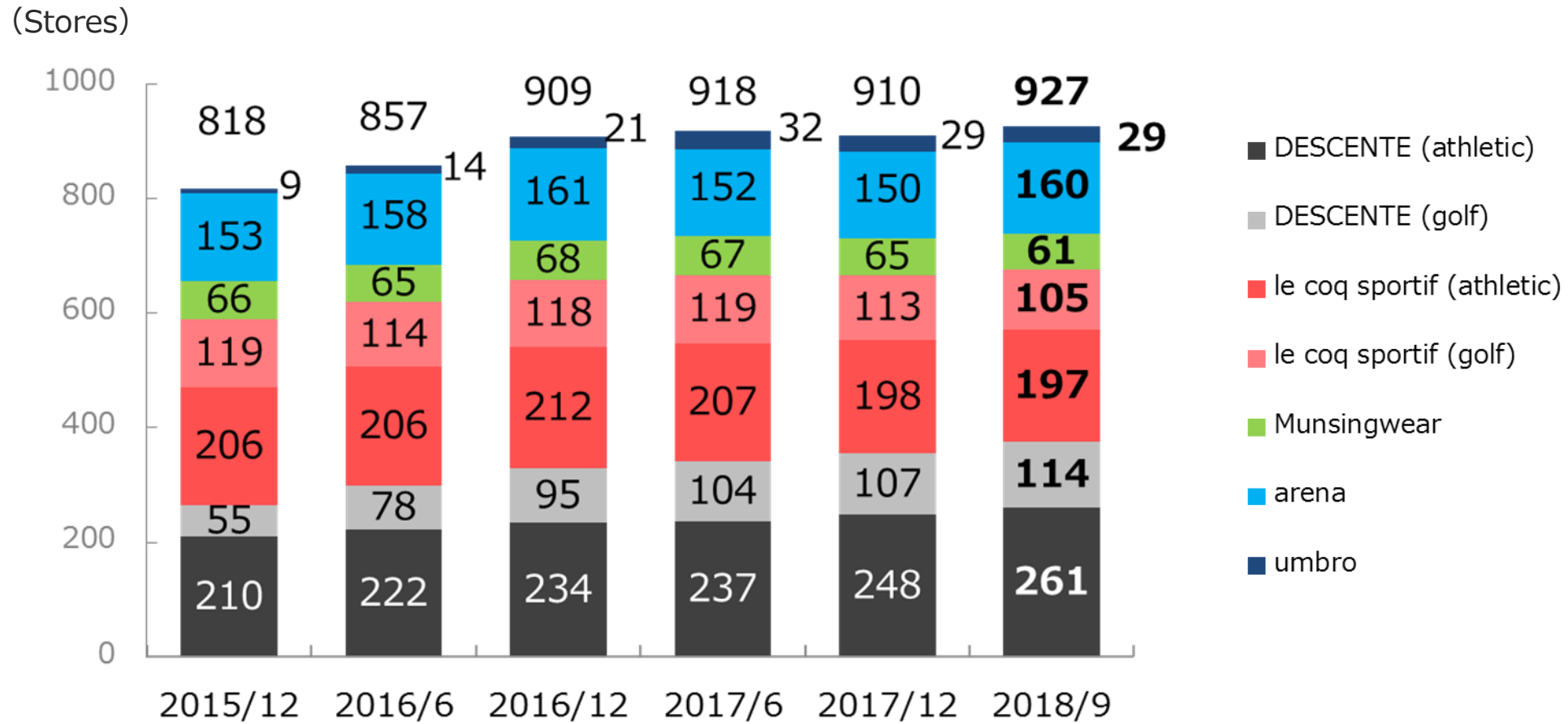




# Number of Stores Transition in Korea



※Including stores of commercial agents and outlets



# Sales by Brand in Korea (YoY)



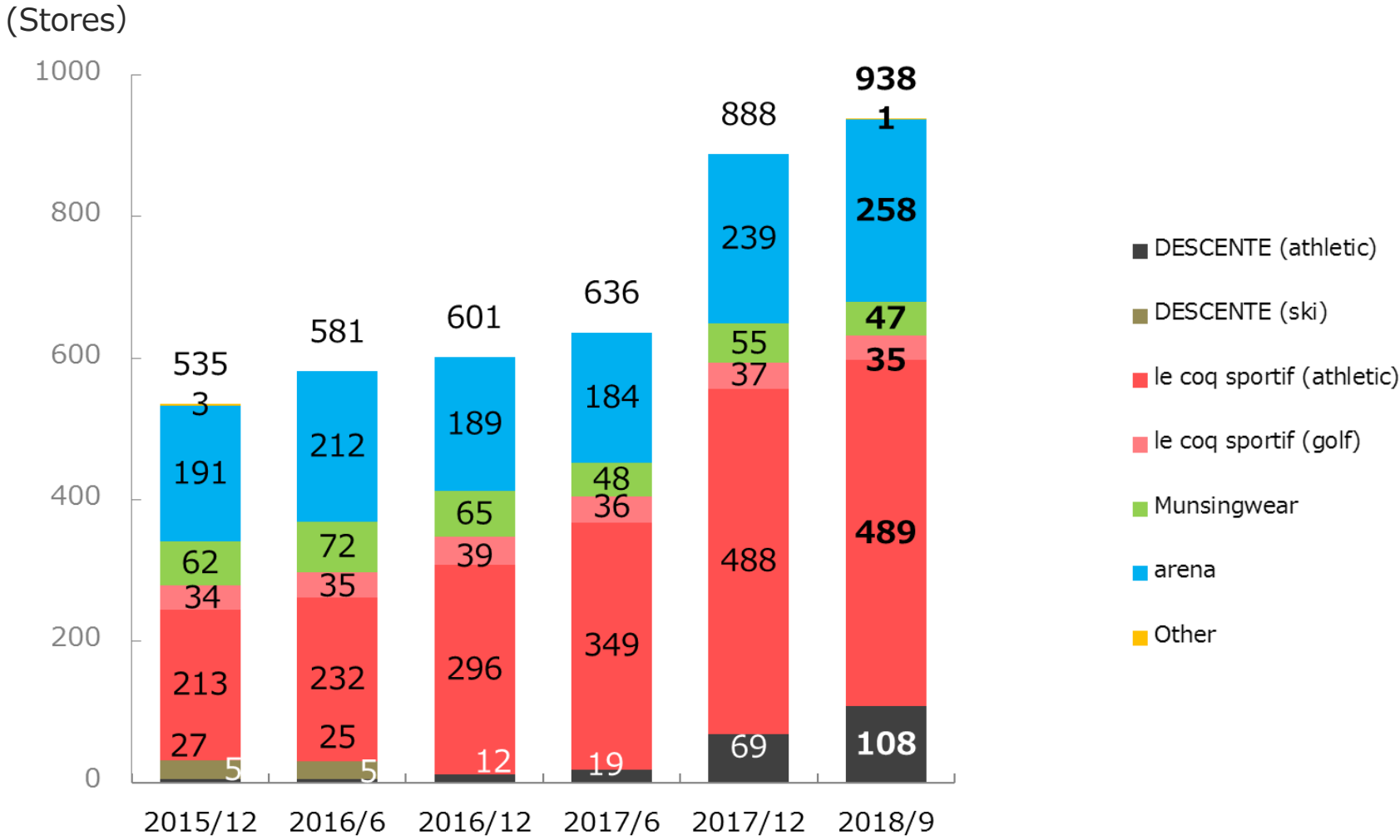
※Excluding stores of commercial agents and outlets

FY2018		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1Q	2Q	2Q YTD	3Q	3Q YTD	4Q	4Q YTD
Existing stores	DESCENTE (Athletic)	-13.1%	0.3%	4.7%	-10.7%	-4.2%	-0.1%	-0.4%	-6.5%	3.9%	4.1%	-15.1%	15.7%	-2.6%	-5.5%	-4.0%	-0.3%	-2.9%	-0.7%	-2.1%
	le coq sportif (Athletic)	-11.6%	11.1%	7.5%	-5.5%	-0.9%	10.6%	13.5%	-0.4%	15.7%	1.6%	-23.1%	19.8%	2.7%	0.6%	1.7%	10.5%	4.3%	-4.5%	1.3%
	umbro	187.6%	136.2%	84.0%	122.1%	159.7%	107.4%	81.9%	93.2%	49.4%	30.1%	-13.4%	39.7%	125.4%	132.0%	129.0%	69.2%	103.0%	13.4%	58.4%
	DESCENTE (Golf)	-7.8%	9.5%	2.7%	-3.1%	2.3%	12.2%	1.8%	-14.4%	-12.1%	10.0%	-4.5%	38.3%	1.9%	3.3%	2.8%	-8.3%	-1.3%	9.3%	2.1%
	le coq sportif (Golf)	-22.3%	-23.9%	-23.9%	-27.0%	-23.3%	-15.8%	-14.7%	-14.4%	-11.4%	-6.9%	-17.3%	4.3%	-23.5%	-22.7%	-23.0%	-13.3%	-20.1%	-8.5%	-16.9%
	Munsingwear	-7.7%	-6.4%	-1.2%	-11.6%	-8.9%	-10.6%	-10.1%	-15.1%	-8.7%	-0.4%	-11.3%	3.2%	-4.2%	-10.4%	-8.1%	-10.8%	-8.9%	-3.9%	-7.5%
	Total	-11.5%	3.1%	2.6%	-9.7%	-3.7%	2.0%	2.4%	-5.5%	3.6%	3.4%	-16.2%	17.1%	-1.6%	-4.3%	-3.0%	0.8%	-1.9%	-1.3%	-1.7%
All stores	DESCENTE (Athletic)	-9.8%	3.0%	8.9%	-5.4%	2.5%	6.6%	6.9%	1.2%	11.6%	10.3%	-10.6%	21.3%	6.2%	5.3%	5.7%	7.3%	2.7%	4.5%	3.3%
	le coq sportif (Athletic)	-15.9%	7.5%	2.8%	-9.4%	-4.6%	6.7%	10.8%	-1.7%	-14.4%	3.6%	-22.3%	22.4%	7.2%	6.8%	7.0%	8.8%	0.9%	-2.9%	-0.4%
	umbro	212.8%	172.9%	93.8%	108.6%	164.7%	117.7%	759.9%	132.9%	85.1%	70.7%	7.9%	68.8%	209.0%	193.9%	200.9%	97.2%	121.6%	41.7%	83.3%
	DESCENTE (Golf)	-1.6%	18.2%	7.2%	1.1%	6.7%	0.6%	9.6%	-18.0%	-2.7%	20.5%	5.6%	56.1%	16.8%	13.2%	14.4%	-2.9%	1.9%	21.0%	8.0%
	le coq sportif (Golf)	-23.9%	-24.2%	-25.5%	-28.7%	-25.5%	-18.3%	-17.0%	-16.8%	-13.1%	-8.8%	-18.9%	4.3%	-21.3%	-20.1%	-20.6%	-15.4%	-22.0%	-9.8%	-18.7%
	Munsingwear	-10.1%	-9.1%	-3.3%	-13.3%	-10.9%	-12.2%	-11.5%	-15.6%	-8.2%	0.5%	-10.5%	4.4%	-3.5%	-9.6%	-7.4%	-11.2%	-10.4%	-3.0%	-8.2%
	Total	-10.3%	4.6%	4.0%	-7.6%	-0.8%	3.3%	9.9%	2.6%	8.9%	8.8%	-12.3%	22.8%	6.3%	4.3%	5.2%	5.2%	0.7%	3.6%	1.7%
FY2017		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1Q	2Q	2Q YTD	3Q	3Q YTD	4Q	4Q YTD
Existing stores	DESCENTE (Athletic)	-2.5%	-13.1%	-9.9%	-5.7%	-12.4%	-15.8%	-14.3%	-11.4%	5.2%	8.3%	15.2%	-2.0%	-8.9%	-11.1%	-10.0%	-6.5%	-9.0%	8.0%	-3.3%
	le coq sportif (Athletic)	-1.9%	-20.1%	-13.5%	-12.9%	-14.7%	-13.5%	-9.7%	-7.8%	2.5%	25.7%	31.2%	-5.3%	-12.8%	-13.8%	-13.3%	-4.8%	-10.9%	18.3%	-2.8%
	umbro	35.2%	97.9%	97.9%	43.9%	46.5%	57.8%	110.0%	37.0%	100.0%	93.6%	186.3%	79.5%	76.7%	48.3%	58.7%	85.0%	70.4%	121.2%	96.6%
	DESCENTE (Golf)	7.4%	-6.4%	9.3%	5.8%	-4.1%	4.1%	-6.6%	-0.7%	12.1%	-0.7%	17.8%	-4.1%	5.0%	1.7%	2.8%	2.6%	2.7%	5.2%	3.6%
	le coq sportif (Golf)	0.5%	-8.8%	-7.9%	-8.4%	-11.1%	-7.0%	-17.4%	-17.7%	-17.6%	-23.7%	-4.0%	-17.8%	-6.1%	-9.0%	-7.9%	-17.5%	-10.9%	-15.5%	-12.3%
	Munsingwear	-10.1%	-14.7%	-9.3%	-10.1%	-11.0%	1.0%	-0.9%	-5.7%	14.8%	-3.0%	22.7%	10.3%	-11.0%	-7.6%	-8.9%	3.8%	-5.3%	9.0%	-1.4%
	Total	-2.1%	-14.7%	-9.3%	-7.2%	-12.0%	-11.7%	-11.9%	-9.9%	3.7%	7.4%	18.9%	-2.8%	-9.3%	-10.2%	-9.8%	-5.6%	-8.5%	8.9%	-3.1%
All stores	DESCENTE (Athletic)	7.1%	-7.6%	-2.5%	0.6%	-7.0%	-11.8%	-9.9%	-5.4%	10.1%	12.1%	18.1%	2.6%	-1.7%	-5.8%	-3.8%	-1.4%	-3.1%	11.6%	1.9%
	le coq sportif (Athletic)	1.1%	-21.1%	-12.7%	-12.3%	-14.1%	-13.4%	-10.1%	-10.3%	-1.9%	20.6%	24.0%	-11.8%	-12.2%	-13.2%	-12.7%	-7.2%	-11.2%	11.9%	-4.6%
	umbro	202.8%	394.5%	270.1%	186.5%	210.1%	213.7%	303.3%	139.5%	136.4%	135.9%	239.9%	107.2%	281.9%	201.9%	233.7%	169.9%	204.0%	162.2%	182.3%
	DESCENTE (Golf)	75.2%	39.6%	39.4%	33.5%	21.9%	30.8%	21.4%	15.8%	27.4%	11.2%	30.0%	2.8%	46.2%	28.4%	34.1%	22.3%	29.6%	16.3%	25.0%
	le coq sportif (Golf)	0.6%	-12.3%	-8.3%	-8.7%	-9.0%	-6.5%	-17.1%	-17.4%	-19.1%	-24.9%	-6.8%	-20.6%	-7.3%	-8.2%	-7.9%	-18.0%	-11.1%	-17.6%	-13.0%
	Munsingwear	-9.7%	-16.0%	-8.4%	-9.9%	-11.0%	-0.1%	-1.2%	-6.3%	11.6%	-5.2%	19.9%	7.6%	-10.8%	-7.9%	-9.0%	2.3%	-5.8%	6.5%	-2.5%
	Total	6.4%	-10.5%	-3.1%	-1.6%	-6.5%	-7.2%	-6.9%	-5.4%	6.4%	9.7%	20.2%	-1.2%	-3.2%	-5.0%	-4.1%	-1.5%	-3.4%	10.6%	1.0%

# Numbers of Stores in China (incl. Hong Kong)








※Including stores of commercial agents and outlets



# Affiliated Companies in China: Summary



Company Name	SHANGHAI DESCENTE COMMERCIAL CO., LTD.	LE COQ SPORTIF (NINGBO) CO., LTD	DESCENTE (CHINA) CO., LTD	ARENA(SHANGHAI) INDUSTRIAL CO.,LTD	HONG KONG DESCENTE TRADING, LTD
<b>Location</b>	Shanghai, China	Ningbo, China	Shanghai, China	Shanghai, China	Hong Kong
<b>Incorporated</b>	August, 2005	February, 2004	April, 2016	December, 2016	August, 2005
<b>Fiscal Year</b>	December	December	December	December	December
<b>Relations</b>	Consolidated subsidiary	Affiliated Companies Accounted for under the Equity Method	Affiliated Companies Accounted for under the Equity Method	Affiliated Companies Accounted for under the Equity Method	Consolidated subsidiary
<b>Investment Ratio</b>	100%	40%	30%	30%	100%
<b>Other Investors / Investment Ratio</b>		ShanShan group 50% Itochu group 10%	ANTA group 60% Itochu group 10%	Symphony Holdings Limited 70%	
<b>Brands</b>					
<b>Business</b>	Munsingwear: product planning, development, production, selling Arena: product planning, development, production	product planning, development, production, and selling	product planning, development, production, and selling	Selling	Selling
<b>Royalty</b>	Pay royalty to DESCENTE LTD.	Pay royalty to DESCENTE LTD.	Pay royalty to DESCENTE GLOBAL RETAIL LTD.	NO royalty payment (Buy all products from SHANGHAI DESCENTE COMMERCIAL CO., LTD.)	Pay royalty to DESCENTE LTD.
<b>Segment</b>	Asia(China)	Not included	Not included	Not included	Asia(China)
<b>Area</b>	Asia(China)	Not included	Not included	Not included	Asia (China, South-eastern Asia)

## Exchange Rates Used

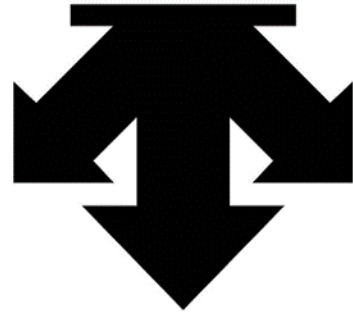
		USD	100KRW	CNY	HKD	SGD	GBP
FY2018	4Q YTD Plan	112.60	10.40	17.10	14.30	84.00	152.00
	3Q YTD	110.07	10.05	16.77	13.98	81.66	147.94
	2Q YTD	108.81	10.05	17.01	13.84	81.54	148.83
	1Q YTD	107.60	10.04	17.03	13.72	81.67	150.68
FY2017	4Q YTD	111.59	10.00	16.63	14.37	81.47	145.34
	3Q YTD	111.70	9.88	16.47	14.35	80.77	143.62
	2Q YTD	111.51	9.89	16.37	14.41	80.22	142.26
	1Q YTD	111.95	9.91	16.43	14.53	80.13	140.73
FY2016	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
FY2015	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	-
FY2014	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	-
FY2013	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	-

Disclaimer: The contents of the business plan and the future objectives described in this document are base 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.

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

Note: FY2018 = FY ending March 31, 2019

**DESCENTE**



Design for Sports