

DESCENTE



Design for Sports

Financial Report

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

	Mar/'14	Mar/'15	Mar/'16
US \$	98.95	107.72	119.00
KRW100	8.98	10.13	10.50
RMB	15.97	17.26	19.00
HK \$	12.64	13.74	15.00

- "%“ percentages are calculated on actual numbers.

1 . FY ending March 31, 2015

- ① Summary**
- ② Item-specific and area-specific reviews
- ③ Review of Brands

2 . Objectives and plan for the FY ending March 31, 2016

Growth in Asia, spearheaded by Korea, has resulted in increased turnover and income. Profits are at a historic high.

(Unit; JPY Million)

	'Mar/'15	'Mar/'14		'Mar/'15		'Mar/'16 3 Year
	performance	performance	Year-on-year	announced plan	VS plan	
Net sales	123,128	109,944	112.0%	123,000	100.1%	120,000
OP income	9,136	6,271	145.7%	8,000	114.2%	8,000
(%)	7.4%	5.7%		6.5%		6.7%
Ordinary income	9,543	6,643	143.7%	8,200	116.4%	-
(%)	7.8%	6.0%		6.7%		-
Net income	6,563	4,470	146.8%	5,400	121.5%	5,000
(%)	5.3%	4.1%		4.4%		4.2%

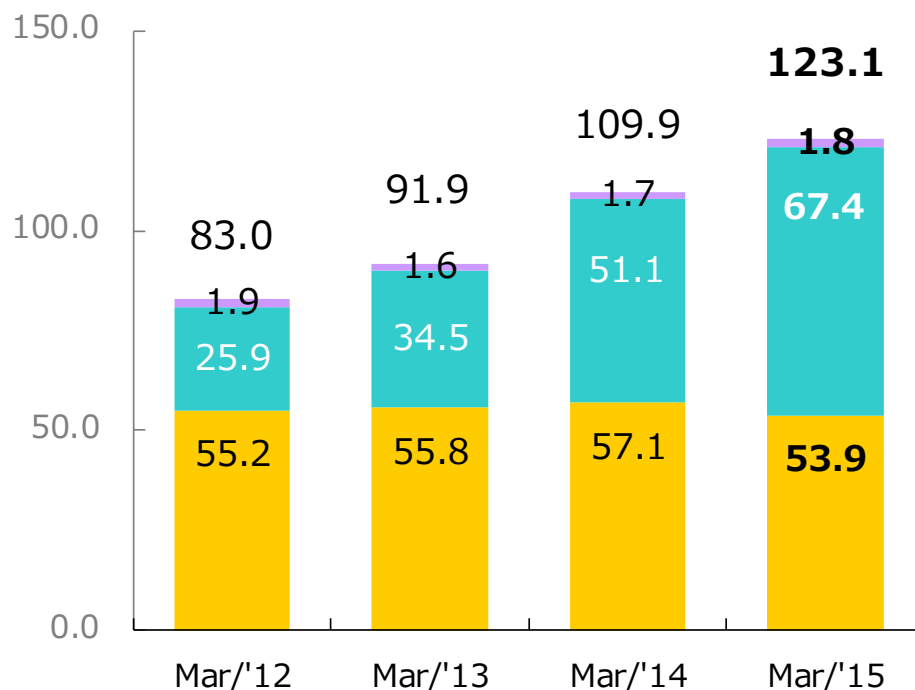
Net Sales Transition(consolidated)



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Japan : Consumption tax increase resulted in a weak retail environment.

International : Korea was strong and other regions saw growth.



Overseas Ratio	Mar/'12	Mar/'13	Mar/'14	Mar/'15
	34%	39%	48%	56%

**(vs last year)
+13.2 billion (112%)**

Domestic ▲3.2b(94%)
athletic brands ▲1.4 b
golf brands ▲1.5 b
outdoor brands ▲0.3 b

Overseas +16.4b(131%)

Korea + 15.0 b
China (including HK) + 0.9 b
Other Asian Countries and Areas + 0.4 b
EU/USA + 0.1 b

athletic brands +14.0 b
golf brands +1.6 b
outdoor brands +0.1 b

(Unit; JPY Billion)

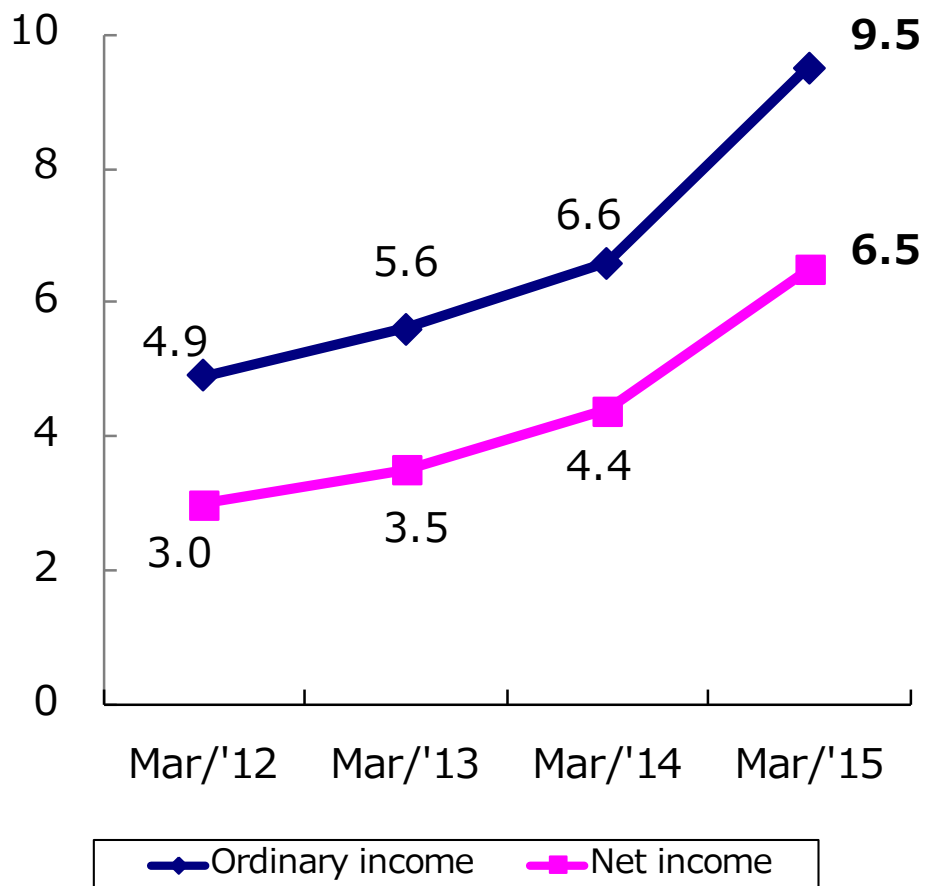


Income Transition(consolidated)



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Korea's strong performance has influenced profitability.



(Unit; JPY Billion)

(Unit; JPY Billion)

	Current period	Prev. period	Change
Operating income	9.1	6.2	2.9
Non-operating income	0.6	0.5	0.1
Non-operating expenses	0.2	0.1	0.1
Ordinary income	9.5	6.6	2.9
Extraordinary income	0	0	0
Extraordinary loss	0.3	0	0.3
Total income taxes	2.7	2.2	0.5
Net income	6.5	4.4	2.1

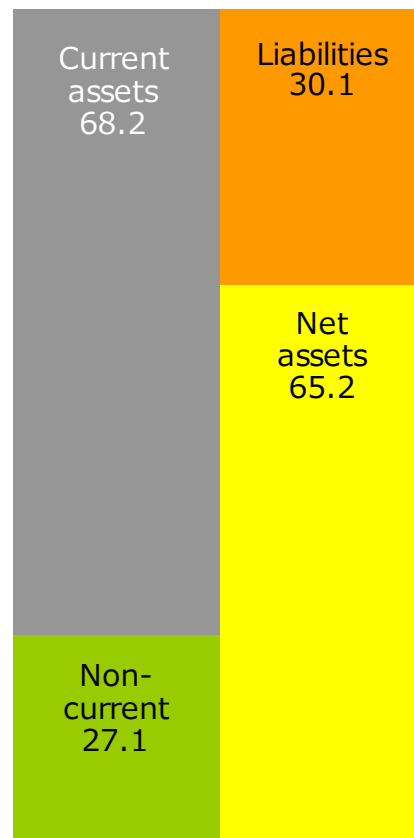
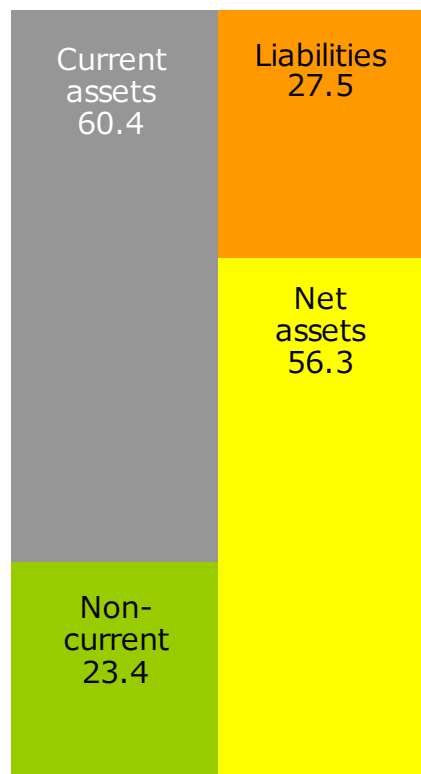
Balance Sheets Transition(consolidated)



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【Mar/'14】

【Mar/'15】



Total assets
83.8

Total assets
95.3

(Unit; JPY Billion)

Ratio of net worth 67.2%

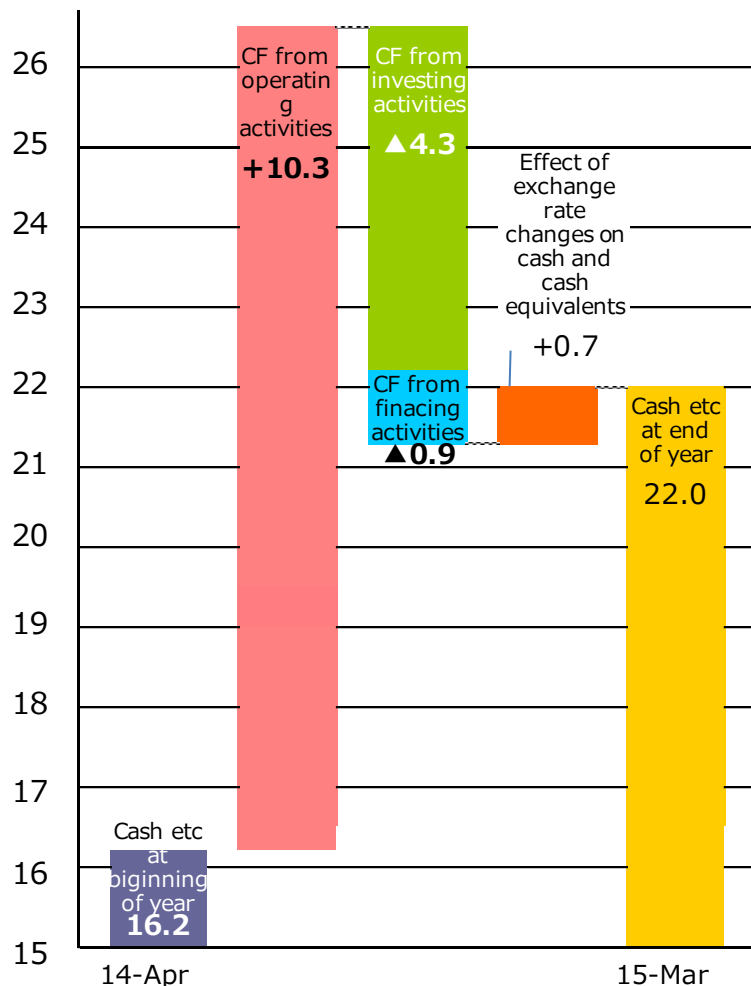
Ratio of net worth 68.4%

Increase in current assets due to increase in cash and inventory. Fixed asset increase due to investment in a new warehouse in Korea, in POS and development of ERP package for Japan and Korea.

Cash flow(consolidated)



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(Unit; JPY Billion)



CF from operating activities(+10.3b)

Income before income taxes and minority interests	+9.2b
Depreciation and amortization	+2.0b
Increase in trade notes and receivables	+1.3b
Increase in inventories	▲0.6b
Decrease in trade notes and accounts payable	▲0.7b
Income taxes paid	▲2.2b

CF from investing activities (▲4.3b)

Fixed assets	▲3.4b
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CF from financing activities (▲0.9b)

Dividend	▲0.7b
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1. FY ending March 31, 2015

- ① Summary
- ② **Item-specific and area-specific reviews**
- ③ Review of Brands

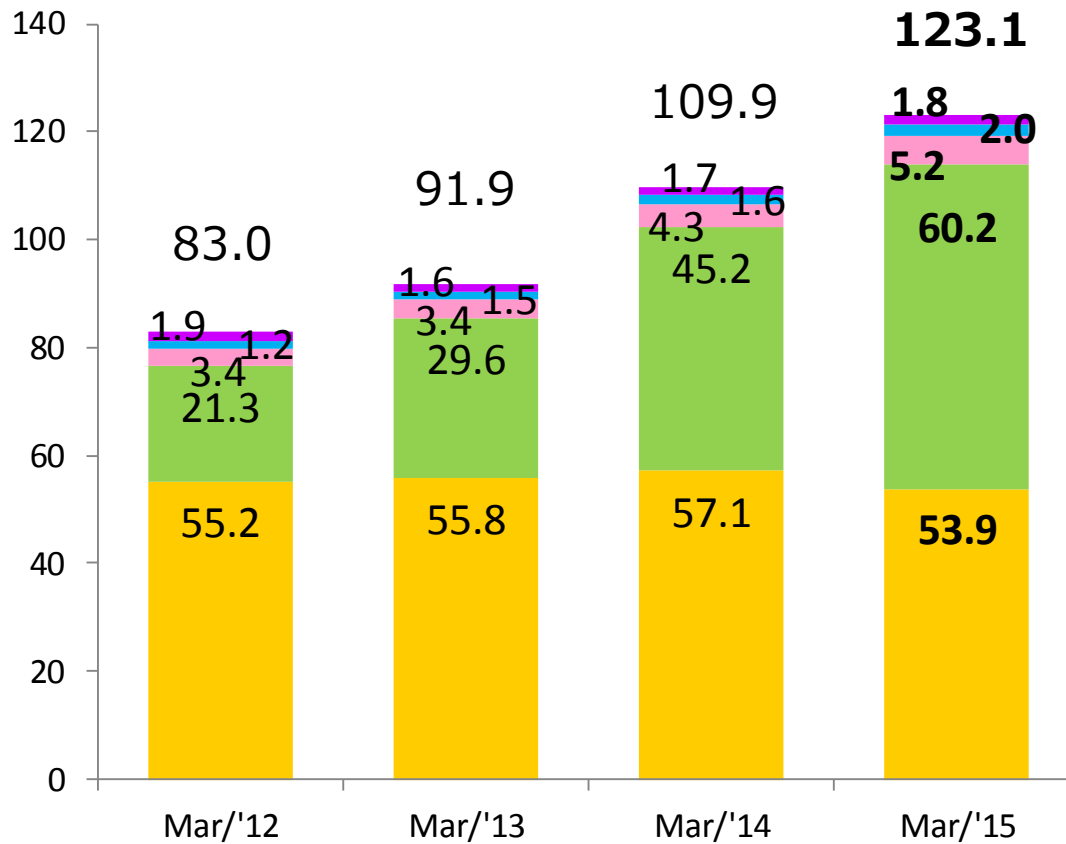
2. Objectives and plan for the FY ending March 31, 2016

Net Sales Transition per AREA (consolidated)



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Year on year: In Japan ▲3.2b(94%), in Asia +16.3b(132%)



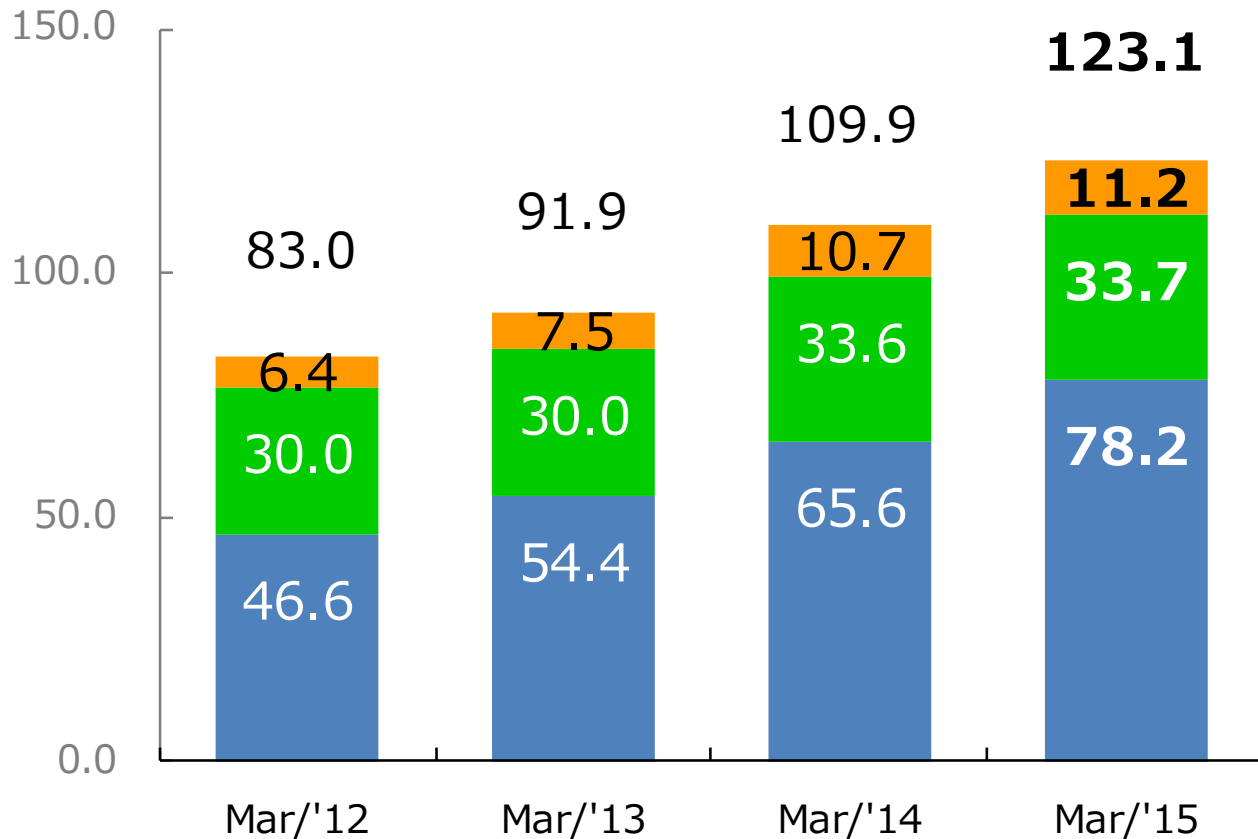
(Unit; JPY Billion)



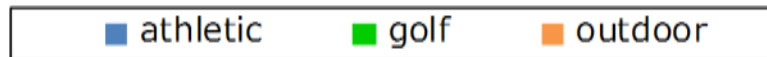
Net Sales Transition per ITEM (consolidated)



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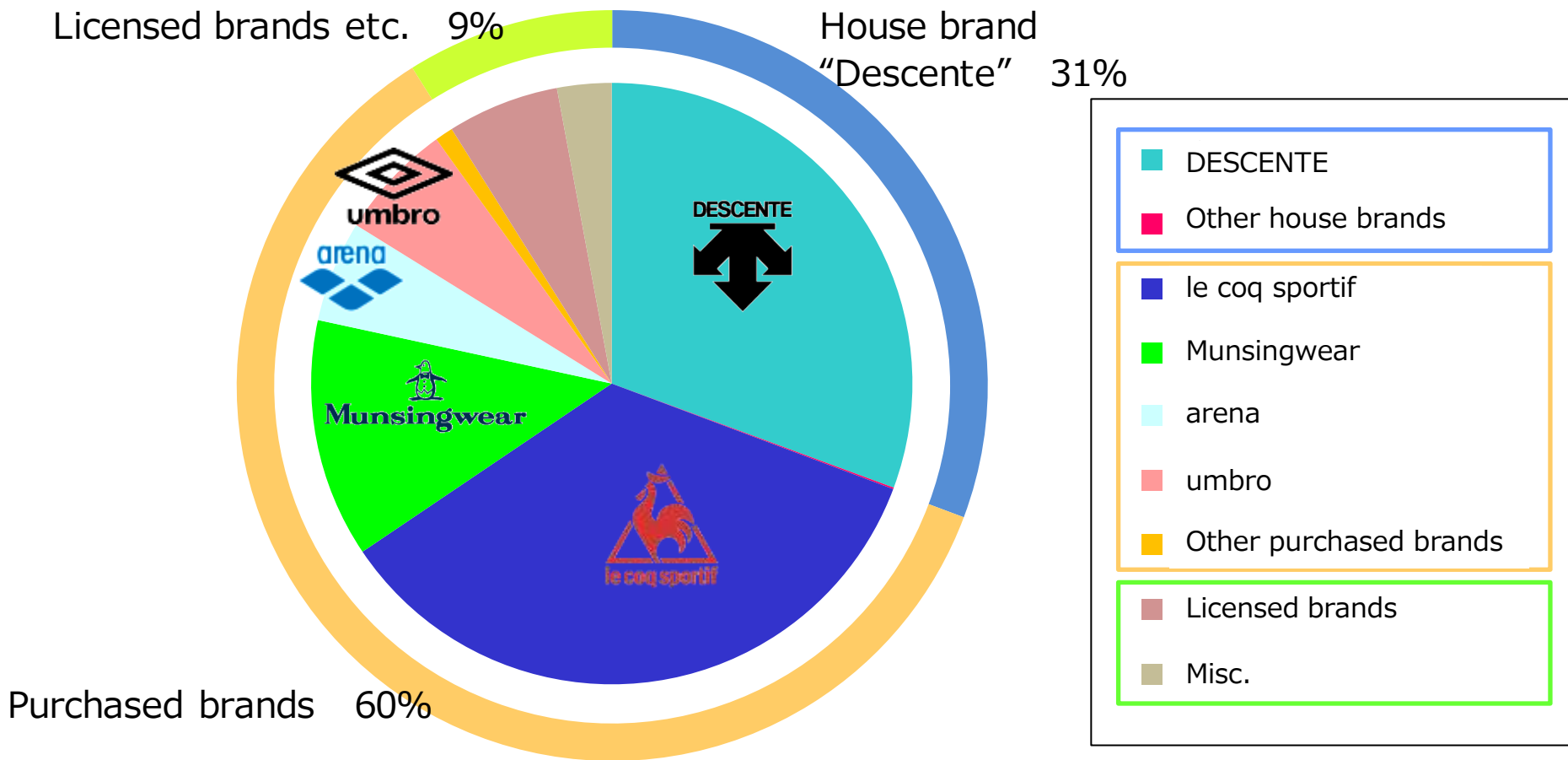
(Unit; JPY Billion)





Consolidated Sales by Brand and Ownership Structure (consolidated)

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



1. FY ending March 31, 2015

- ① Summary
- ② Item-specific and area-specific reviews
- ③ **Review of Brands**

2. Objectives and plan for the FY ending March 31, 2016



DESCENTE (*athletic*)

Recognised by consumers for technical excellence and craftsmanship as seen in the “MIZUSAWA DOWN JACKET” and “Tough Series”. Gaining recognition internationally through enhanced PR activity.



DESCENTE (*golf*)

Launched in Spring/Summer 2015 in Japan and Korea. In Japan, former Japan Football Team player, Hidetoshi Nakata is the brand ambassador.



arena

Dedicated to producing the most technically advanced racewear for the world’s best swimmers.



le coq sportif (*athletic*)

Sportswear with a fashion-forward look. Tennis was reactivated in Spring/Summer 2015.



le coq sportif (*golf*)

Unique visual merchandising throughout Asia has created additional brand value.



Munsingwear

Aspirational items such as “Japan Premium Knit” have been especially popular with tourists visiting Japan.



umbro

Offers a wide range of football oriented products for every level of player from professional to junior.

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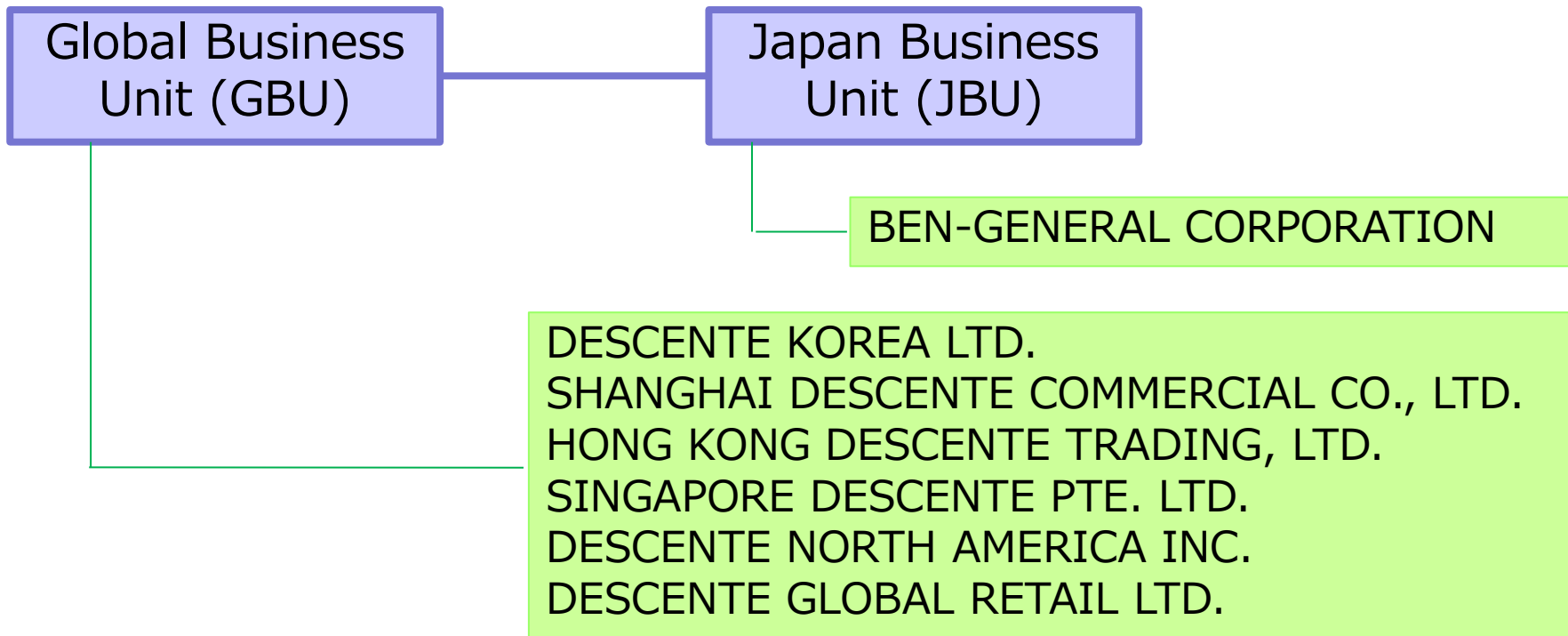
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Further Acceleration of Global Operations

Restructuring of Domestic Operations

For Further Acceleration of Global Operations and Restructuring of Domestic Operations

A Global Business Unit (GBU) which will oversee all aspects of the marketing of global and regional brands and a Japan Business Unit (JBU) with responsibilities for brand marketing in the domestic market have been created.



For Further Acceleration of Global Operations and Restructuring of Domestic Operations

Determine the agenda for the global headquarter structure

<Challenges>

- Ascertain function, system and human resources for the global headquarter.
- Fundamental improvement in Japanese domestic profitability.

<Schedule>

- Launch planned for April 2017



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Further Acceleration of Global Operations

- ◆ **Emphasis on increasing global brand value.**
- ◆ **Promotion of the DESCENTE brand's global retail rollout.**

Restructuring of Domestic Operation

◇ **Strengthening of Product Development and Supply Management**

- Focus on core strength of functional, high quality, value-added products.
- Improve operation systems to deliver the right products at the right time.

◇ **Focusing on Sell-Through Results**

- In addition to directly operated brand shops there will be an expansion of the “shop in shop” within general and sports retailers.
- Improvements in past season inventory management at the retail level will be targeted as well as current season sell-through.

Turnover and Net Income are at historical highs for the second year in a row. Operating profit is expected to grow to JPY10 billion as a result of expansion in Asia and improvement in Japanese domestic profitability.

(Unit; JPY million)

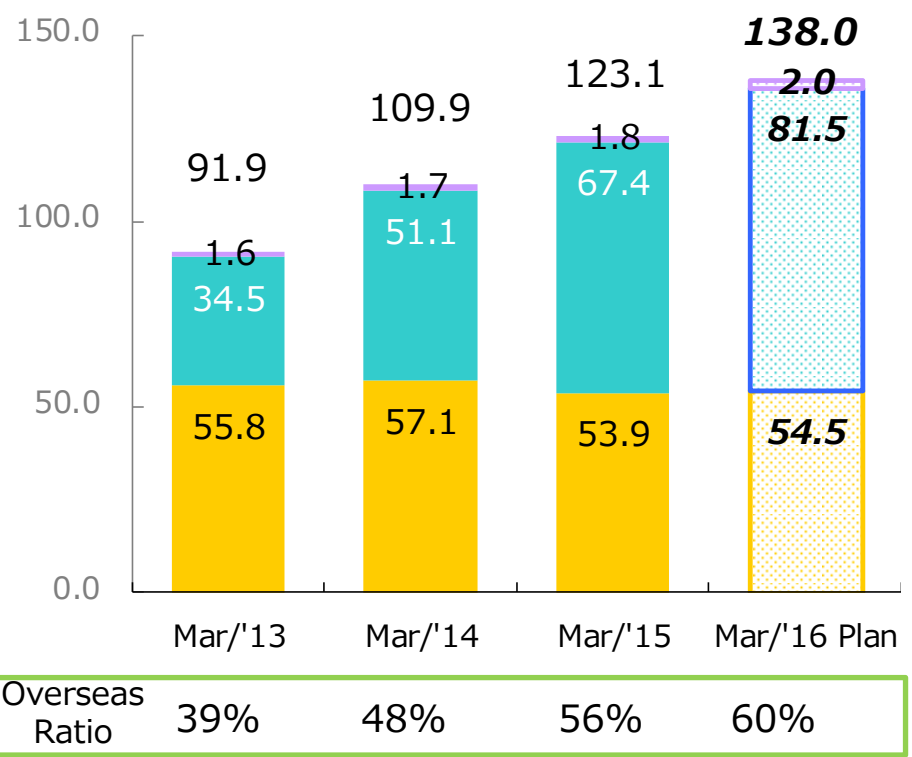
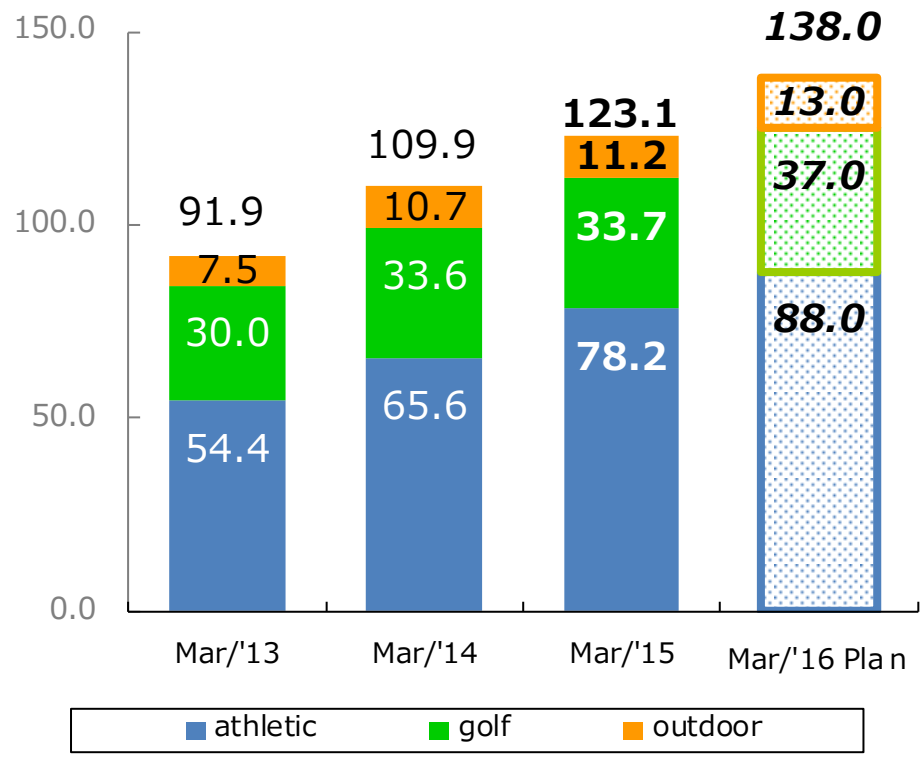
	Mar/'14	Mar/'15	Mar/'16	
			Plan	previous year
Net sales	109,944	123,128	138,000	112.1%
OP income	6,271	9,136	10,000	109.5%
(rete)	5.7%	7.4%	7.2%	
Ordinary income	6,643	9,543	10,500	110.0%
(rete)	6.0%	7.8%	7.6%	
Net income	4,470	6,563	7,300	111.2%
(rete)	4.1%	5.3%	5.3%	
Net income per share	59.33	87.12	96.89	

Item- specific and area-specific Sales(Consolidated)



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There is projected growth in all market segments with a planned year-on-year increase of +14.9 billion to 138 billion (112%) for the FY ending March 16. Sales in Asia and Europe projected to grow to more than 60% of total turnover.



(Unit; JPY Billion)

Dividends Transition(Consolidated)



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An annual dividend of JPY15 per share is anticipated which is JPY3 more than originally anticipated as DESCENTE's 80th Anniversary in business. An annual dividend of JPY17 is planned for 2016.

(Unit; JPY million)

	Mar/'13	Mar/'14	Mar/'15	Mar/'16 Plan
Dividends	602	753	1,130	
Amount/share	JPY 8.0	JPY10.0	JPY10.0	JPY 17.0
Net income(Consolidated)	3,561	4,470	6,563	7,300
Payout ratio	16.9%	16.9%	17.2%	17.5%

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.

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