



Design for Sports

Consolidated Financial Summary For the Fiscal Year Ending March 31, 2017

**May 12, 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
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	-

FY2017 = FY ending March 31, 2017

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.



1. FY Ending March 31, 2017

① Summary

② Review by Segment

③ Review by Brand

④ Interim Review of Medium Term
Management Plan – Vision 2020

2. Objectives and Plan for the FY Ending March 31, 2018

Results for FY Ending March 31, 2017



Design for Sports

Economic stagnation in Korea and exchange translation effect have resulted in YoY decline in sales and profit.

(Unit: JPY million)

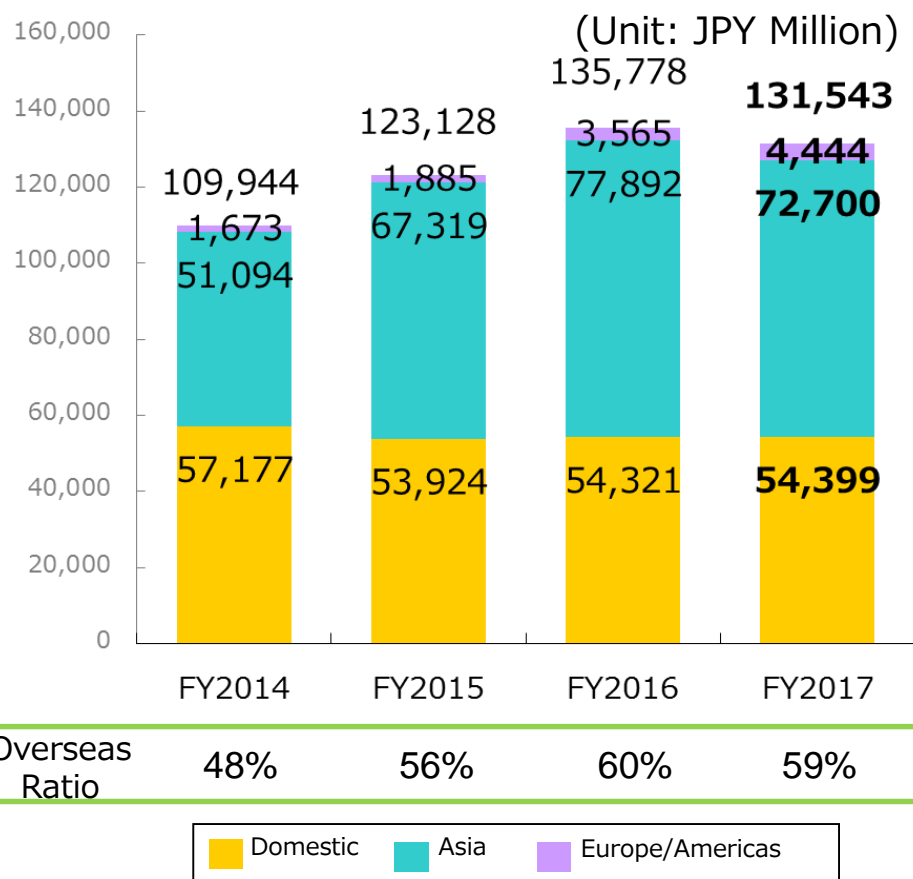
	FY2017 Full Year performance	FY2016		FY2017		FY2021 Vision 2020
		Full Year performance	Year- on-year	Full Year Revised Guidance	VS guidanc e	
Net sales	131,543	135,778	96.9%	130,000	101.2%	200,000
Operating income	8,418	10,376	81.1%	8,000	105.2%	-
(%)	6.4%	7.6%		6.2%		-
Ordinary income	8,631	11,053	78.1%	8,100	106.6%	16,000
(%)	6.6%	8.1%		6.2%		8.0%
Profit attributable to owners of parent	5,650	7,870	71.8%	5,500	102.7%	-
(%)	4.3%	5.8%		4.2%		-

Net Sales Transition (Consolidated)



Design for Sports

Topline on a currency neutral basis being increased in major countries (Japan, Korea, China) by growth of DESCENTE brand, the net sales after FX translation decreased under influence of Yen's hike.



YoY JPY ▲4,235m (97%)

Domestic Sales +78m (100%)

Athletic	+343m
Golf	-111m
Outdoor	-155m

Overseas Sales -4,313m (95%)

Athletic	-4,122m
Golf	-14m
Outdoor	-177m

Note: FY2017 = FY ending March 31, 2017

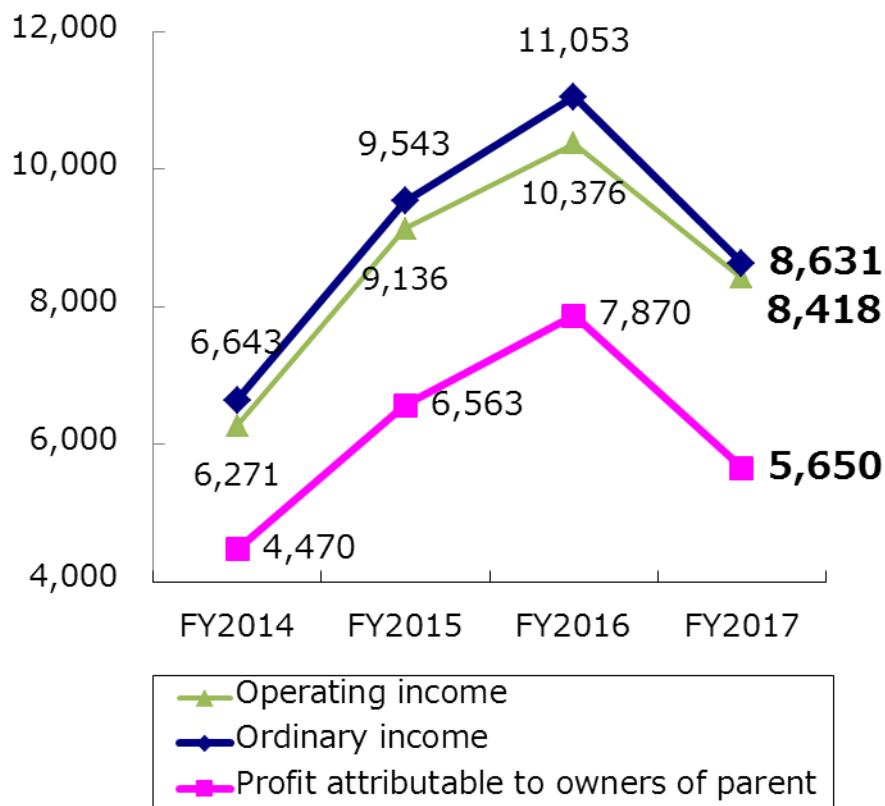
Income Transition (Consolidated)



Design for Sports

Low consumption rate in Korea, up-front investment in China, effect of FX translation by Yen's hike and so forth have resulted in a decline in operating income, ordinary income and net income.

(Unit: JPY Million)



(Unit: JPY Million)

	Current period	Prev. period	Change
Operating income	8,418	10,376	▲ 1,958
Non-operating income	549	880	▲ 331
Non-operating expenses	335	203	132
Ordinary income	8,631	11,053	▲ 2,422
Extraordinary income	0	147	▲ 147
Extraordinary loss	98	0	98
Total income taxes	2,882	3,330	▲ 448
Profit attributable to owners of parent	5,650	7,870	▲ 2,220

Note: FY2017 = FY ending March 31, 2017

Balance Sheets Transition (Consolidated)

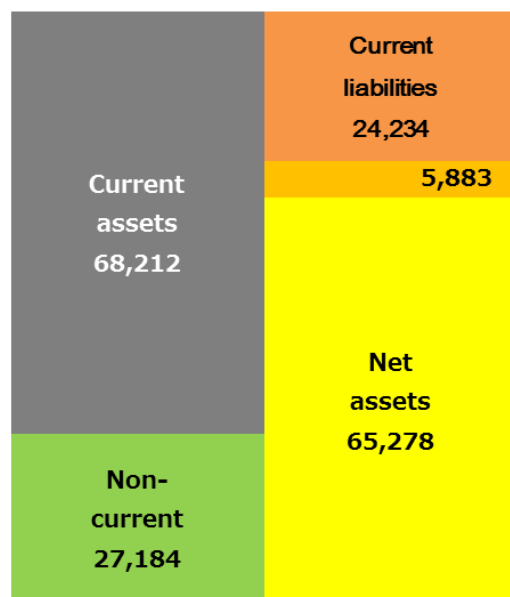


Design for Sports

Assets increased by inventory, preparation for R&D centers, acquisition of shares of two JVs and so forth having resulted in increase of assets, the total assets after translation to JPY decreased by Yen's hike.

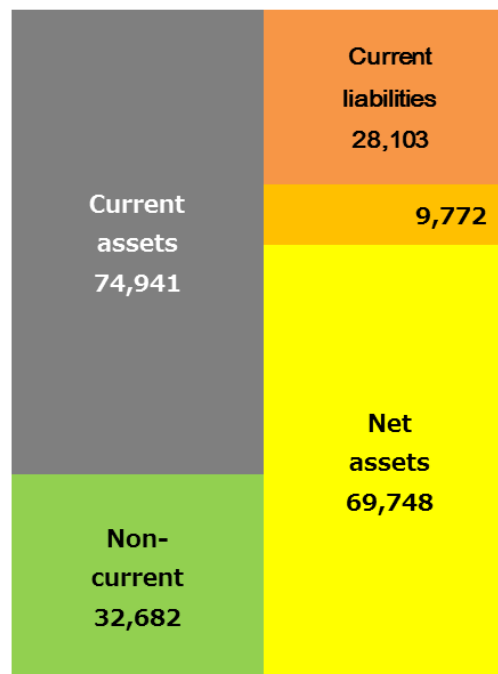
(Unit: JPY Million)

As of March 31, 2015



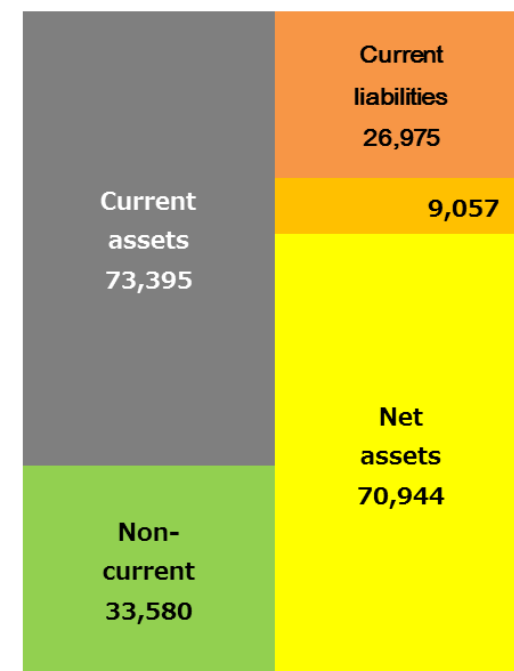
Total assets	95,396
Equity ratio	68.4%

As of March 31, 2016



Total assets	107,624
Equity ratio	64.8%

As of March 31, 2017



Total assets	106,976
Equity ratio	66.3%

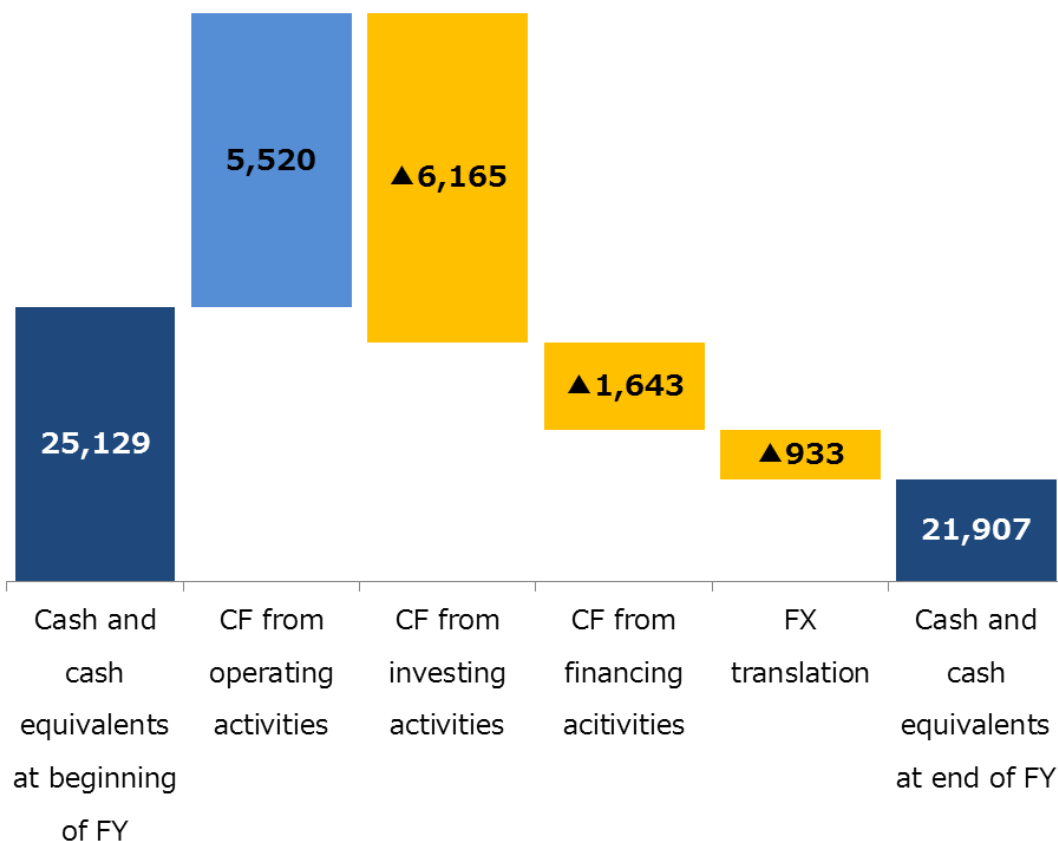
Cash Flow (Consolidated)



Design for Sports

Cash out by investing activities increased by the acquisition of fixed assets (related to R&D centers etc.) and acquisition of shares of affiliated companies (two JVs in China).

(Units: JPY Million)



YoY JPY ▲3,221m

Operating CF +5,520m

Investing CF -6,165m

Fixed assets -4,116m
 (incl. R&D centers related -1,526m)
 Acquisition of shares -1,295m
 (Descente China, Arena Shanghai)

Financial CF -1,643m



1. FY Ending March 31, 2017

① Summary

② **Review by Segment**

③ Review by Brand

④ Interim Review of Medium Term Management Plan – Vision 2020

2. Objectives and Plan for the FY Ending March 31, 2018

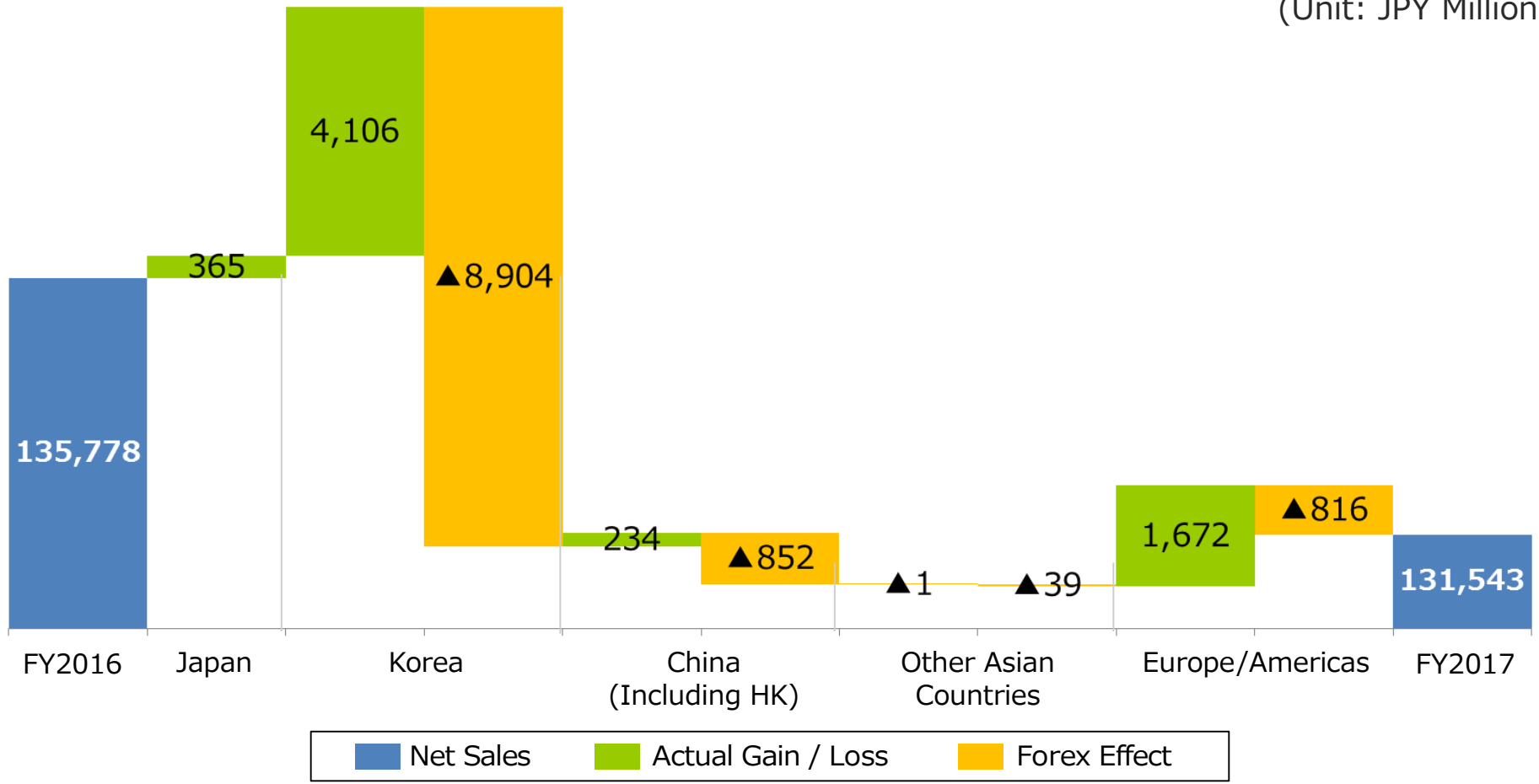
Turnover Fluctuations (by Segment: YoY)



Design for Sports

Asian sales in local currencies are increased YoY but forex movement has resulted in a decline in sales converted to JPY. Europe/Americas Turnover has increased with the full year inclusion of INOVEIGHT Group's sales.

(Unit: JPY Million)



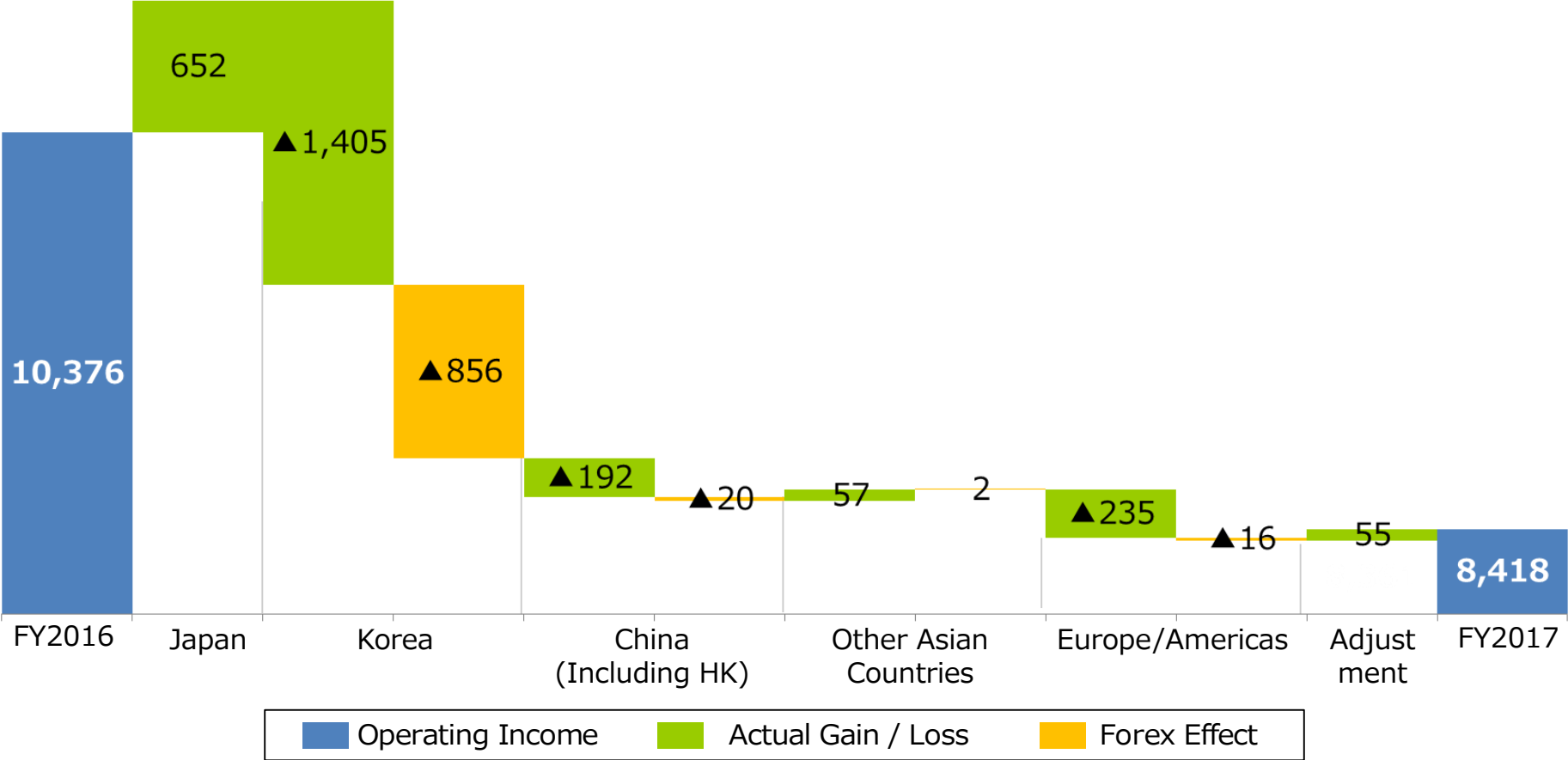
Operating Income Fluctuations (by Segment: YoY)



Design for Sports

Profit increased in Japan but decreased in overseas (Asia and Europe/Americas)

(Unit: JPY Million)



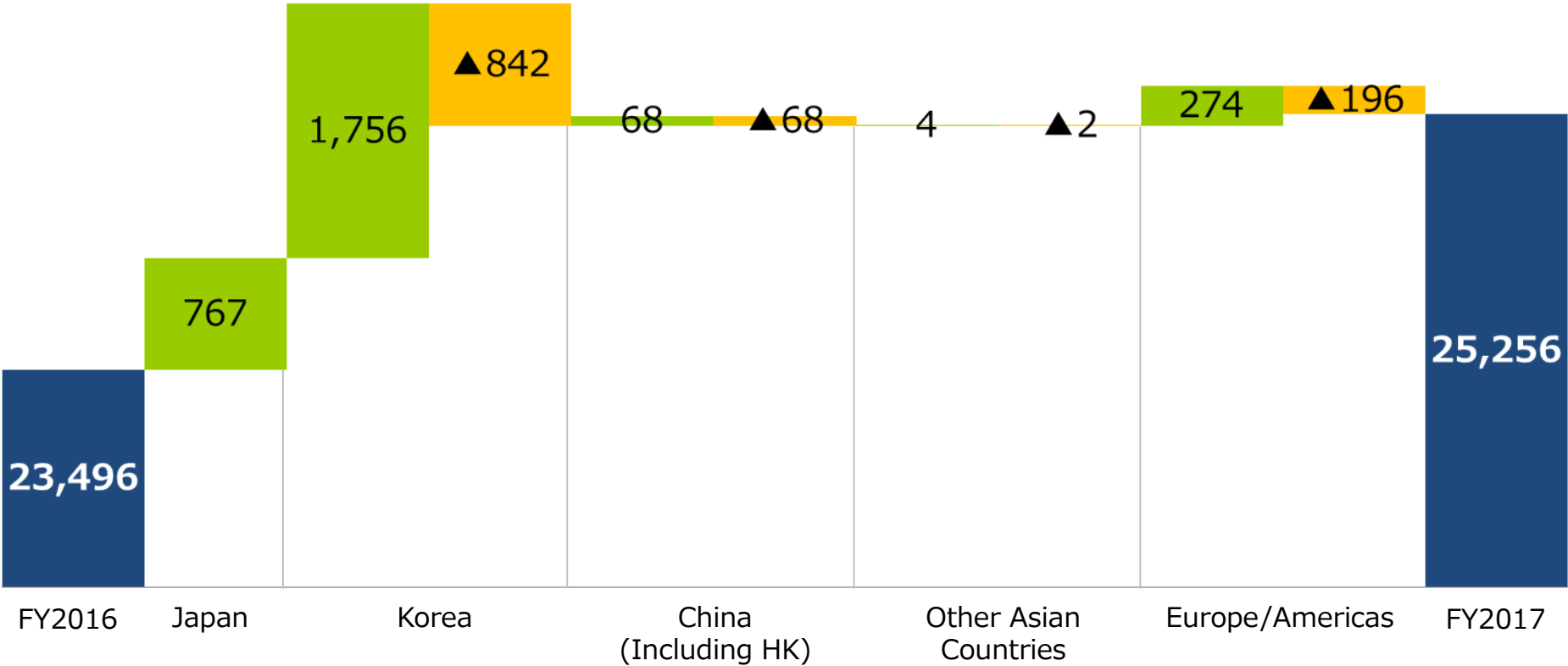
Inventory Fluctuations (by Segment: YoY)



Design for Sports

Inventories in all regions including Korea have increased.

(百万円)



■ Inventories
 ■ Actual Increase / Decrease
 ■ Forex Effect

Changes in Turnover and Operating Income by Segment (Japan)

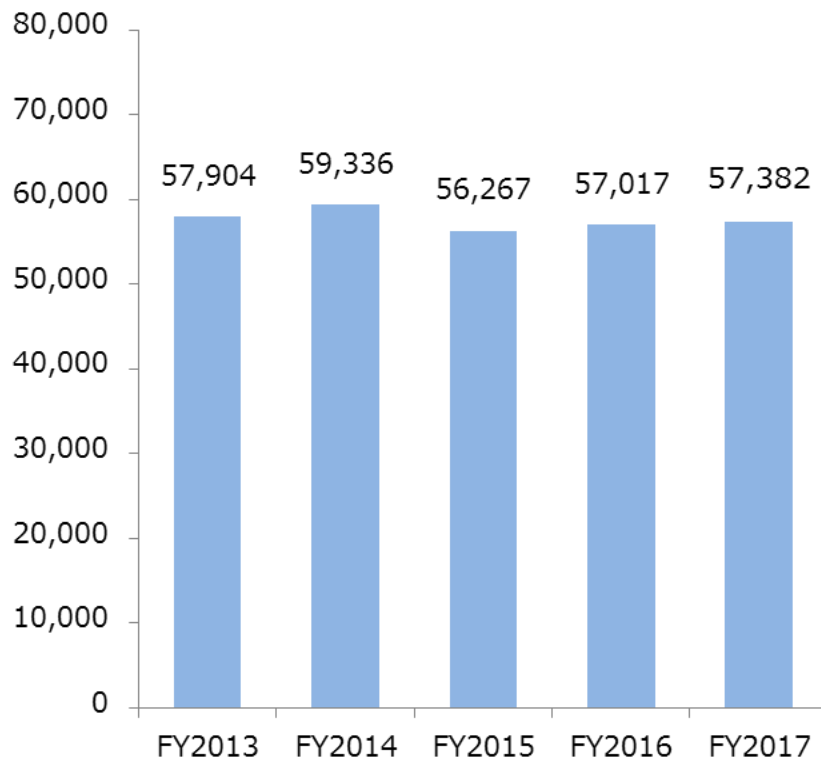


Design for Sports

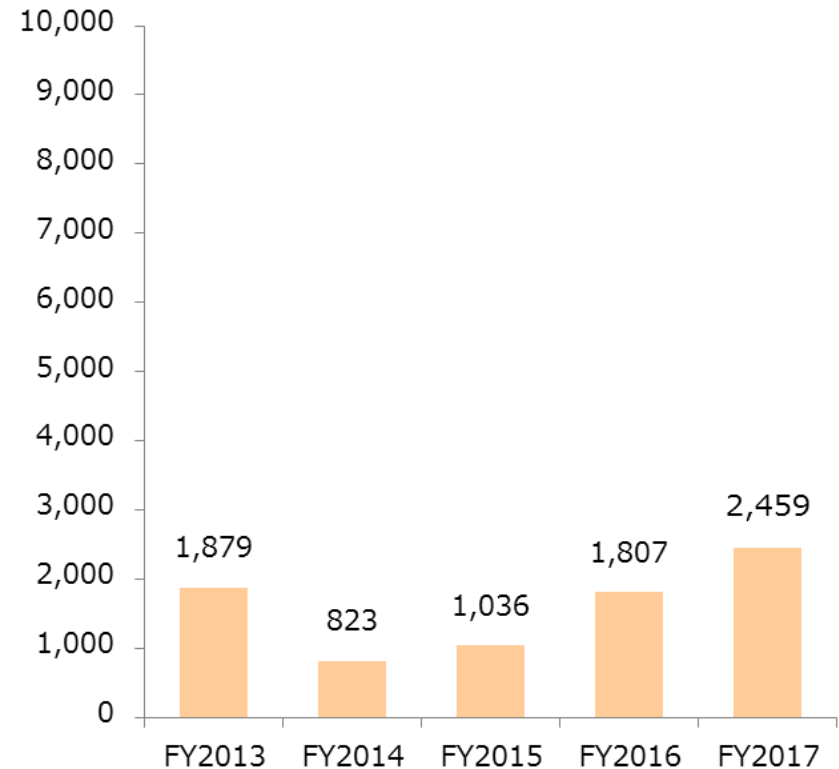
Sales in Japan has grown for two consecutive years led by DESCENTE brand. Operating income has grown for three consecutive years.

(Unit: JPY Million)

Net Sales



Operating Income



Note: FY2017 = FY ending March 31, 2017

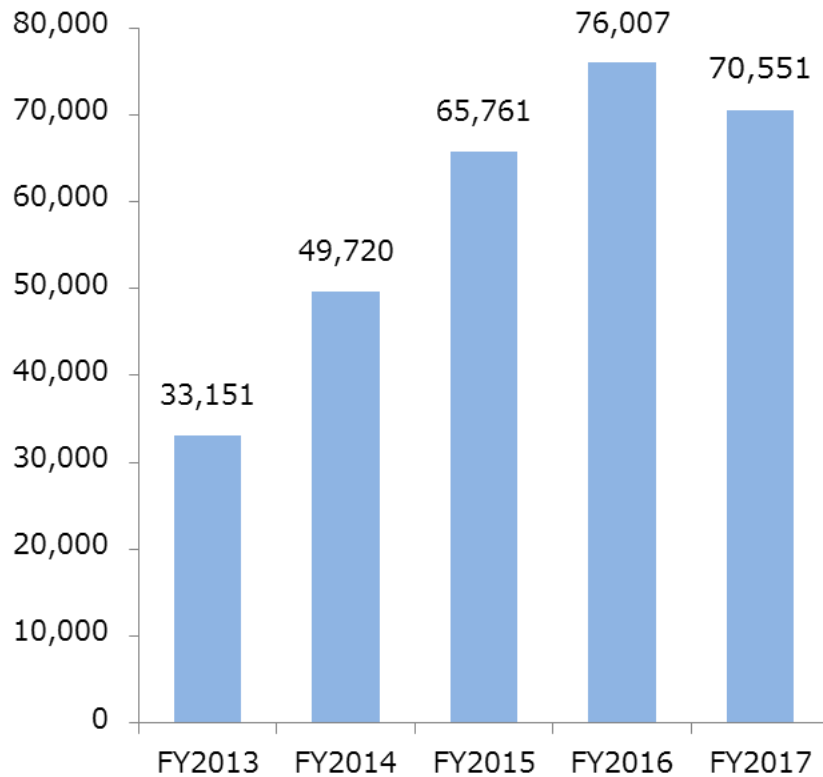
Changes in Turnover and Operating Income by Segment (Asia)



Design for Sports

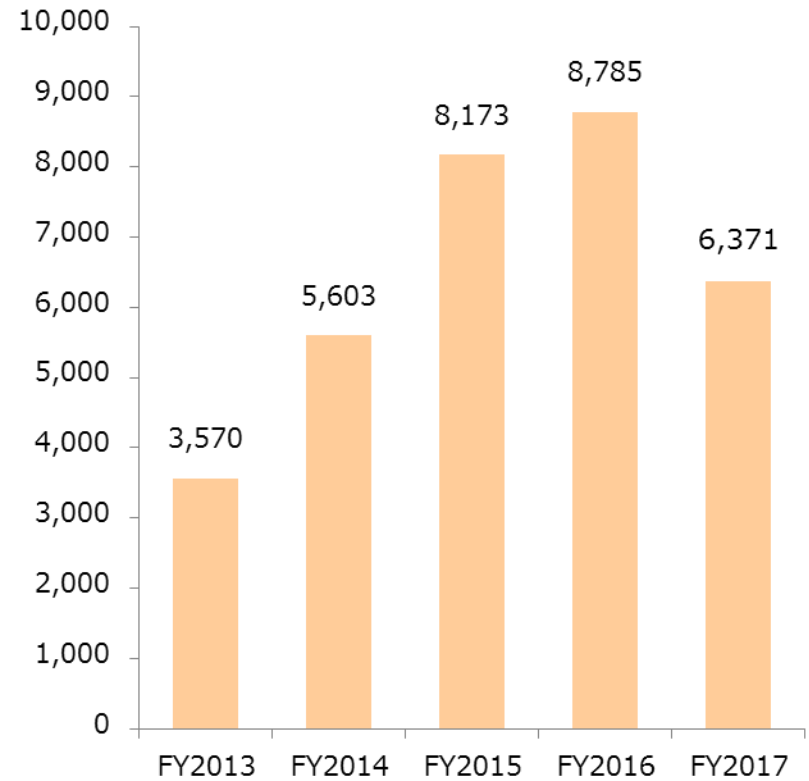
Yen's hike has significantly impacted both turnover and operating income in Asia and resulted in a YoY decline.

Net Sales



(Unit: JPY Million)

Operating Income



Note: FY2017 = FY ending March 31, 2017

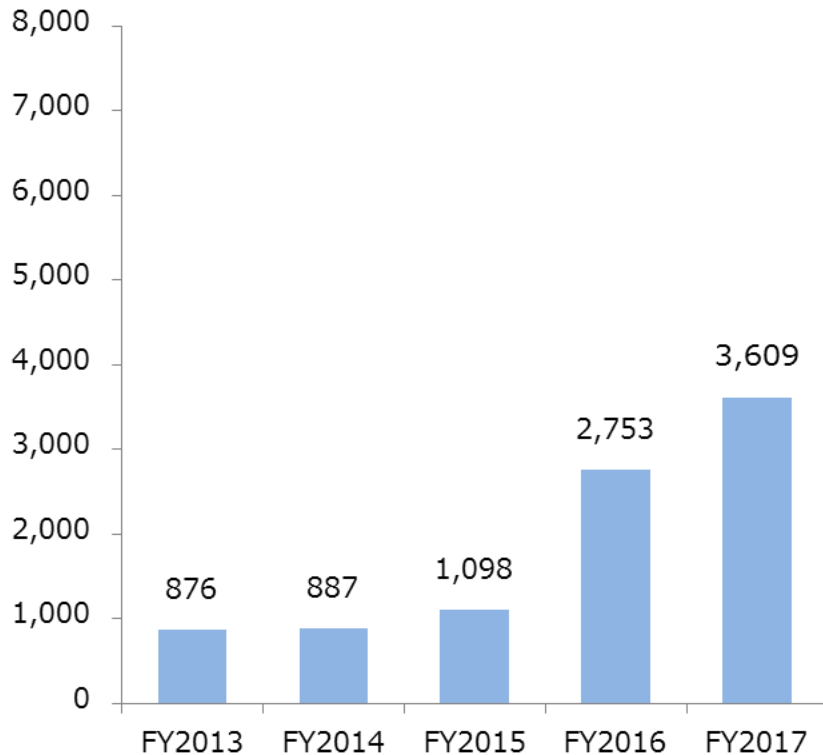
Changes in Turnover and Operating Income by Segment (Europe/Americas)



Design for Sports

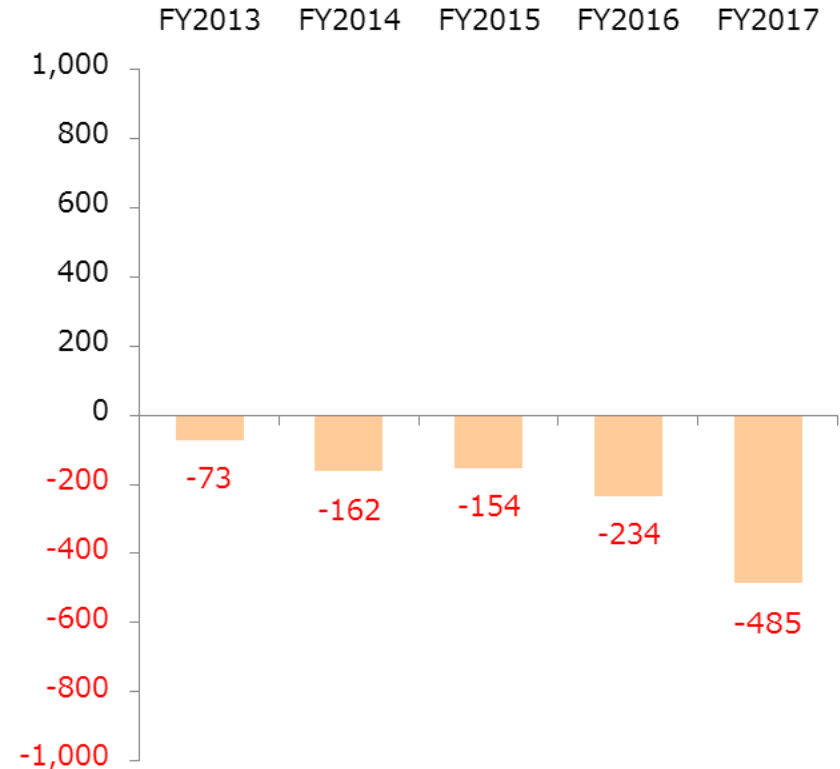
Full year inclusion of Inoveight Group has contributed to topline growth.
Amortization of goodwill has resulted in increased operating loss.

Net Sales



Operating Income

(Unit: JPY Million)



Note: FY2017 = FY ending March 31, 2017

1. **FY Ending March 31, 2017**

① Summary

② Review by Segment

③ **Review by Brand**

④ Interim Review of Medium Term Management Plan – Vision 2020

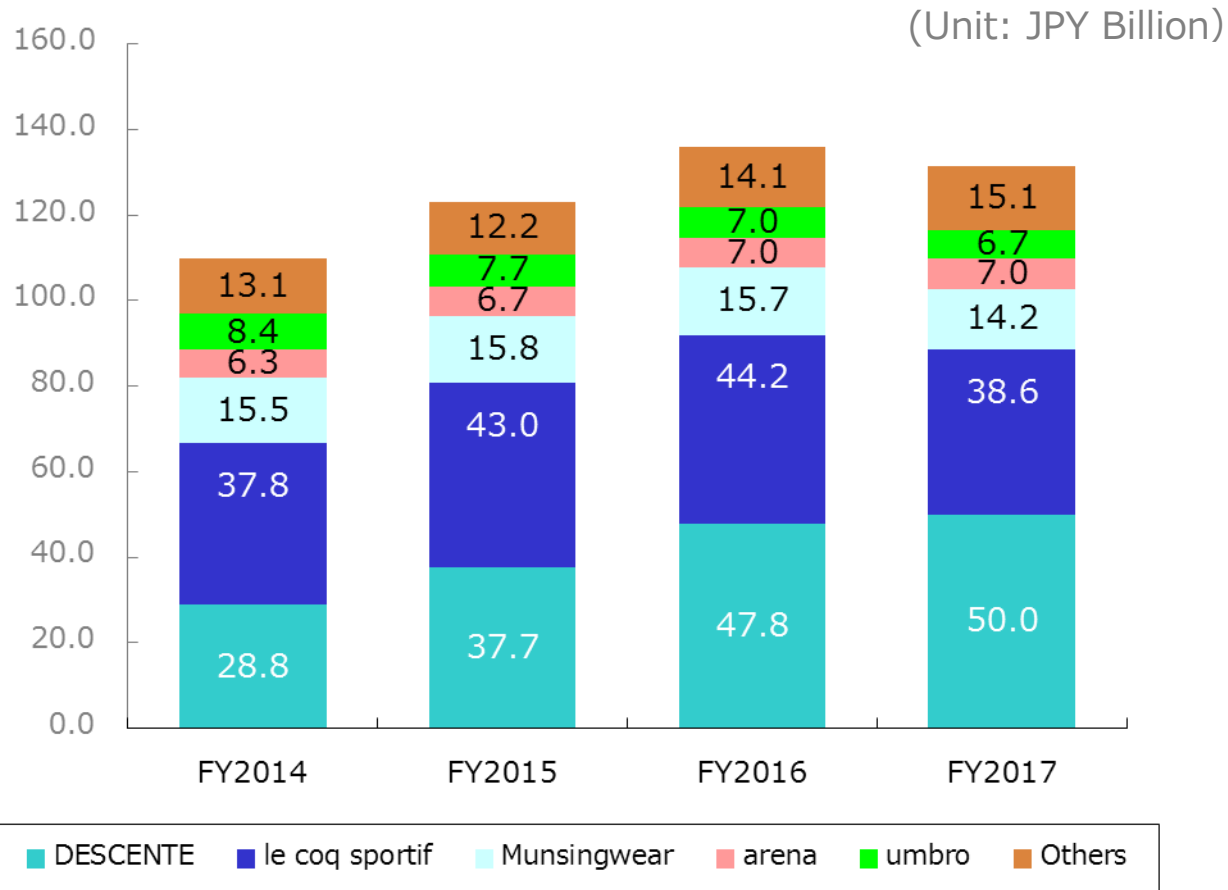
2. Objectives and Plan for the FY Ending March 31, 2018

Net Sales Transition per Brand (Consolidated)



Design for Sports

DESCENTE brand has grown by YoY 4.7% and increased to 38.0% in composition ratio (YoY +2.9%P)

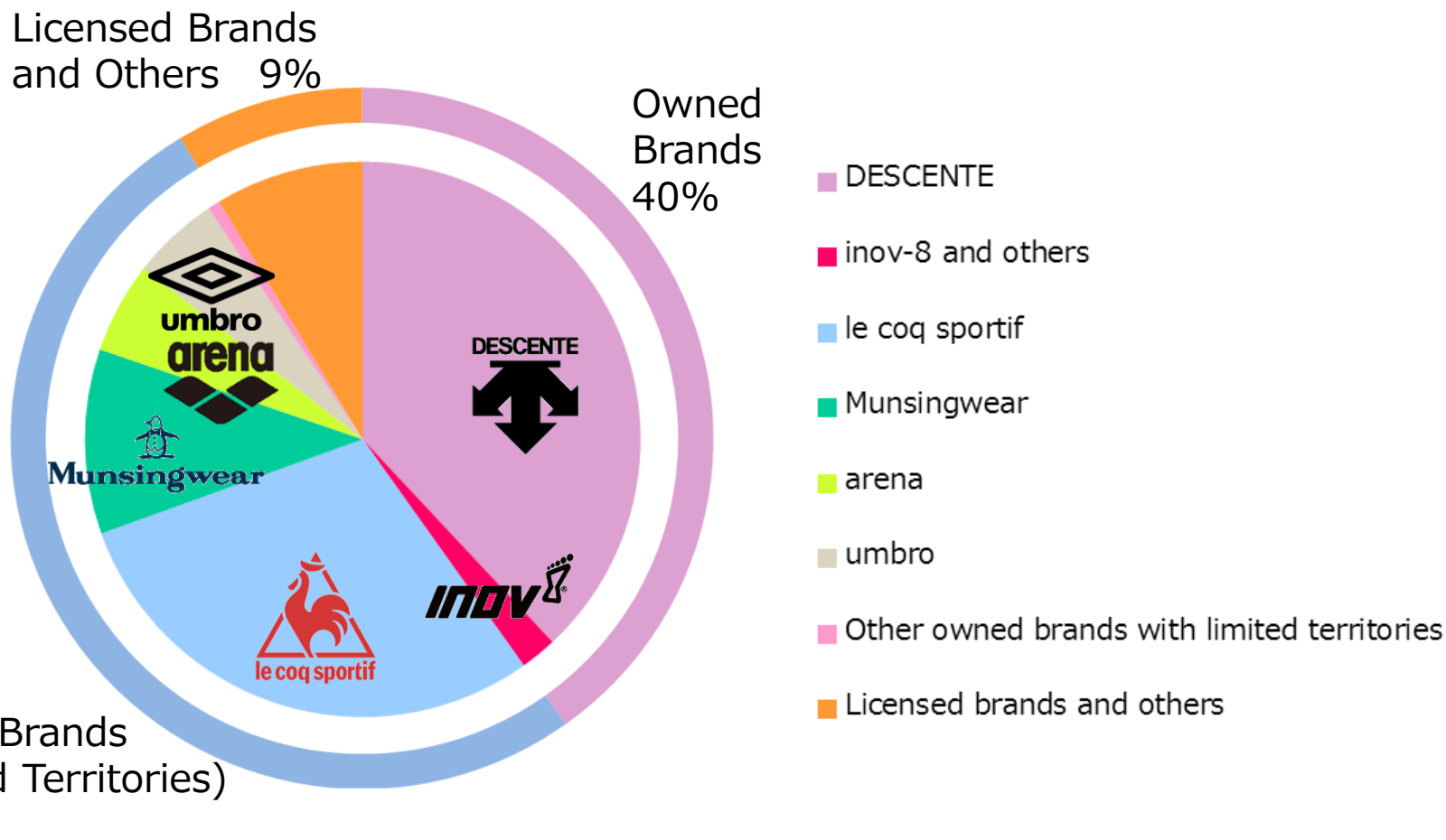


Sales by Brand Type (Consolidated)



Design for Sports

Owned brands (including those with limited territories) has made up 91% of total turnover.



Brand Review (i)



Design for Sports



- Aimed to enhance the brand value by goods supply to world's strong teams and athletes.
- Developing highly reliable products for the top teams, athletes to the general sports enthusiasts.
- In golf category, expanded brand awareness by using the contracted professional players and brand ambassadors.



- Aiming to be the No. 1 cycling wear sales in three Asian countries, launched globally distributed products.
- In golf category, implemented marketing activities by using the contracted professional golfers.

Brand Review (ii)



Design for Sports



Munsingwear

Shirts with excellent design and functionality enjoyed a good reputation.



Aiming to be “the top-selling swimwear brand in more than 10 countries in Asia”, expanding the business in China through a newly established joint venture.



umbro

Emphasized on delivering the brand image as a football brand.



1. FY Ending March 31, 2017

① Summary

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④ **Interim Review of Medium Term
Management Plan – Vision 2020**

2. Objectives and Plan for the FY
Ending March 31, 2018

Interim Review of Medium Term Management Plan – Vision 2020



Design for Sports

1. Establishing R&D Centers

Footwear R&D Center
(Busan, Korea)



Apparel R&D Center
(Ibaraki, Osaka, Japan)

Interim Review of Medium Term Management Plan – Vision 2020



Design for Sports

2. Enhancing Retail Environment Creation Abilities

- Changed employment status of sales staff to regular employees (Japan)
- Conducted factory tours for sales staff (Japan)
- Conducted product briefing sessions for sales staff (Korea)



Factory Tour for Sales Staff
(Japan)



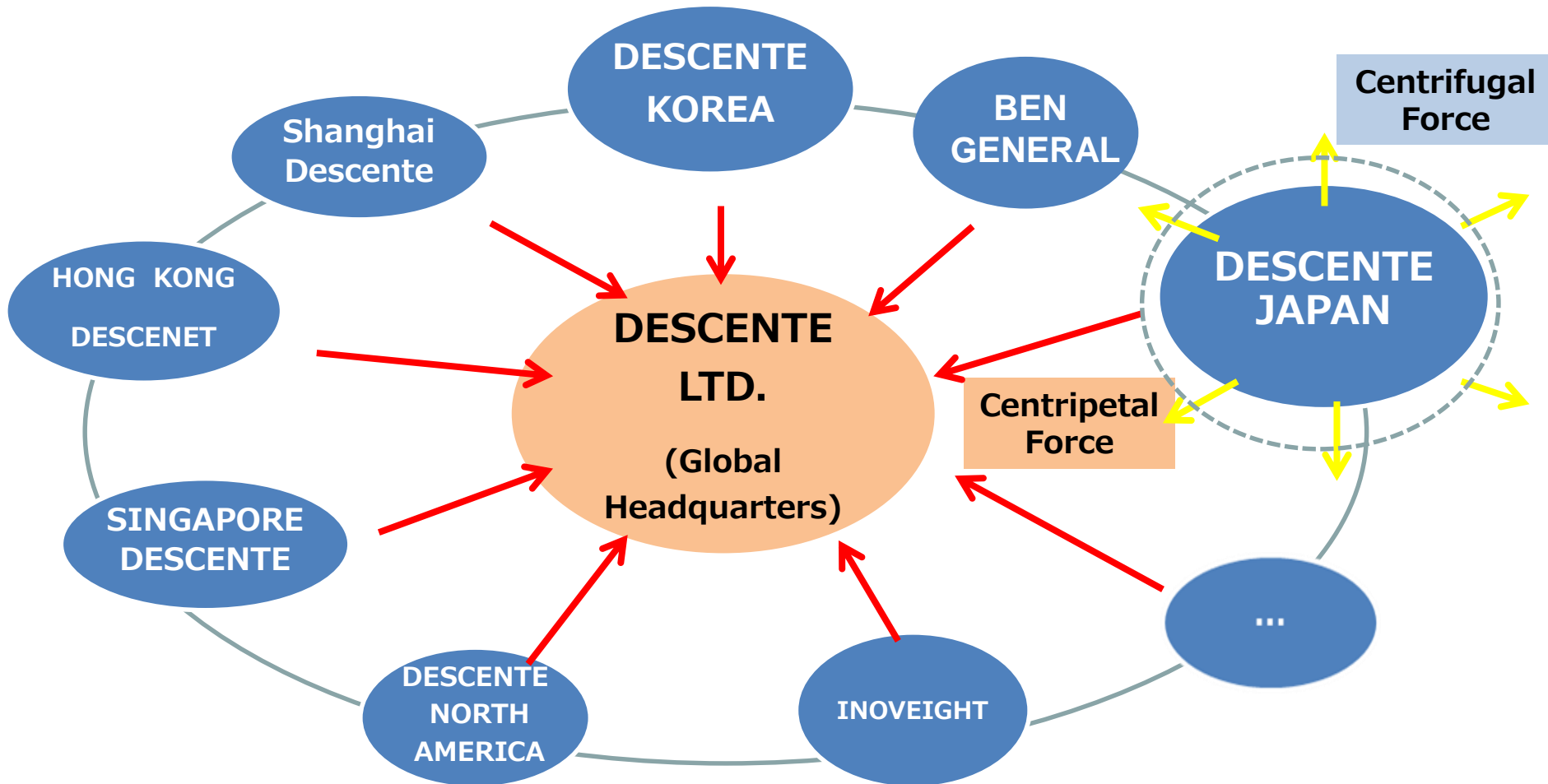
Product Briefing Session for
Sales Staff (Korea)

Interim Review of Medium Term Management Plan – Vision 2020



Design for Sports

3. Started new management system positioning Descente Ltd. as the global headquarters



Interim Review of Medium Term Management Plan – Vision 2020

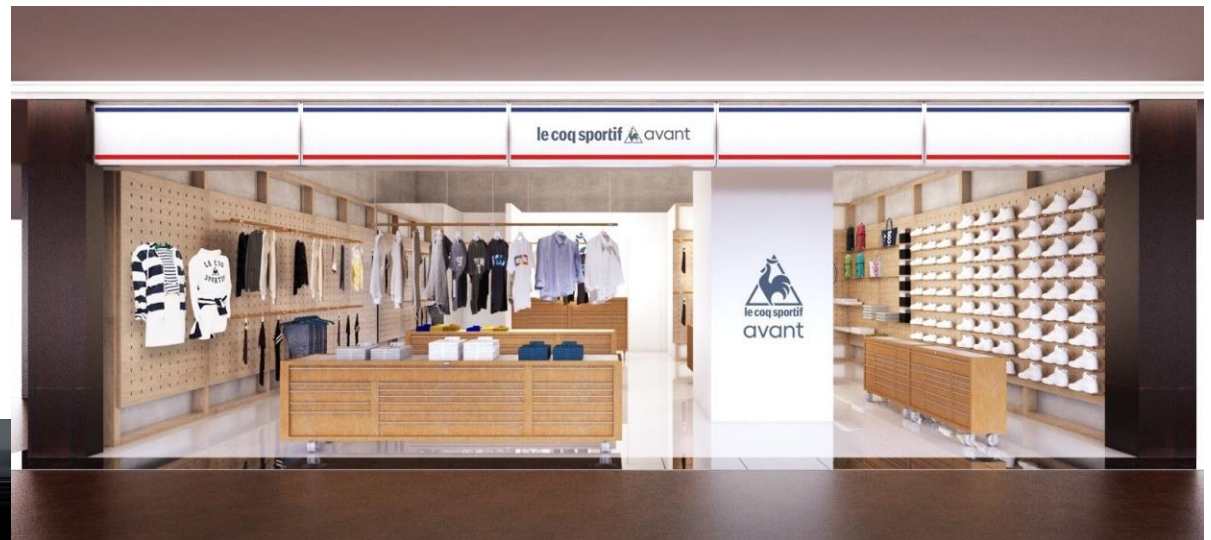


Design for Sports

4. Japan

Expanded self-managed sales corners

- Opened 5 directly run stores (incl. renewal of 2 stores)
- Achieved sales increase of shop-in-shops



le coq sportif avant
MARUNOUCHI



DESCENTE BLANC MARUNOUCHI

Interim Review of Medium Term Management Plan – Vision 2020



Design for Sports

5. Korea

Expanded market shares of existing brands

- Opened new type stores
- Expanded product category

Enhanced new brands business

- DESCENTE GOLF: from 55 to 95
- UMBRO: from 9 to 21



le coq sportif

Opened 'Boundary' focusing cycling
(Apgujeong, Seoul)



DESCENTE

Started YOUNG ATHLETE Category

Interim Review of Medium Term Management Plan – Vision 2020



Design for Sports

6. China

Accelerating business by establishing joint ventures with local partners for DESCENTE and arena brands



Launching ceremony of DESCENTE brand (Beijing)



arena shop
Golden Resource Shopping Mall
(Beijing)

7. Other Topics

DESCENTE LTD. and DESCENTE JAPAN LTD.

- Established 3 committees to improve job satisfaction:

(1) Work-style Reformation Committee

(2) IT Promotion Committee

(3) Workplace Activation Committee

**- Certified as an Excellent Enterprise of
Health and Productivity Management
— White 500**



2017
健康経営優良法人
Health and productivity
ホワイト500

**- Founded “Creation Fund” to cultivate a creative mind
of employees.**



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1. FY Ending March 31, 2017
 - ① Summary
 - ② Review by Segment
 - ③ Review by Brand
 - ④ Interim Review of Medium Term Management Plan – Vision 2020
 2. Objectives and Plan for the FY Ending March 31, 2018

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



Design for Sports

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%
OP income	10,376	8,418	8,400	100%
(rete)	7.6%	6.4%	6.0%	
Ordinary income	11,053	8,631	8,600	100%
(rete)	8.1%	6.6%	6.2%	
Profit attributable to owners of parent	7,870	5,650	5,700	101%
(rete)	5.8%	4.3%	4.1%	

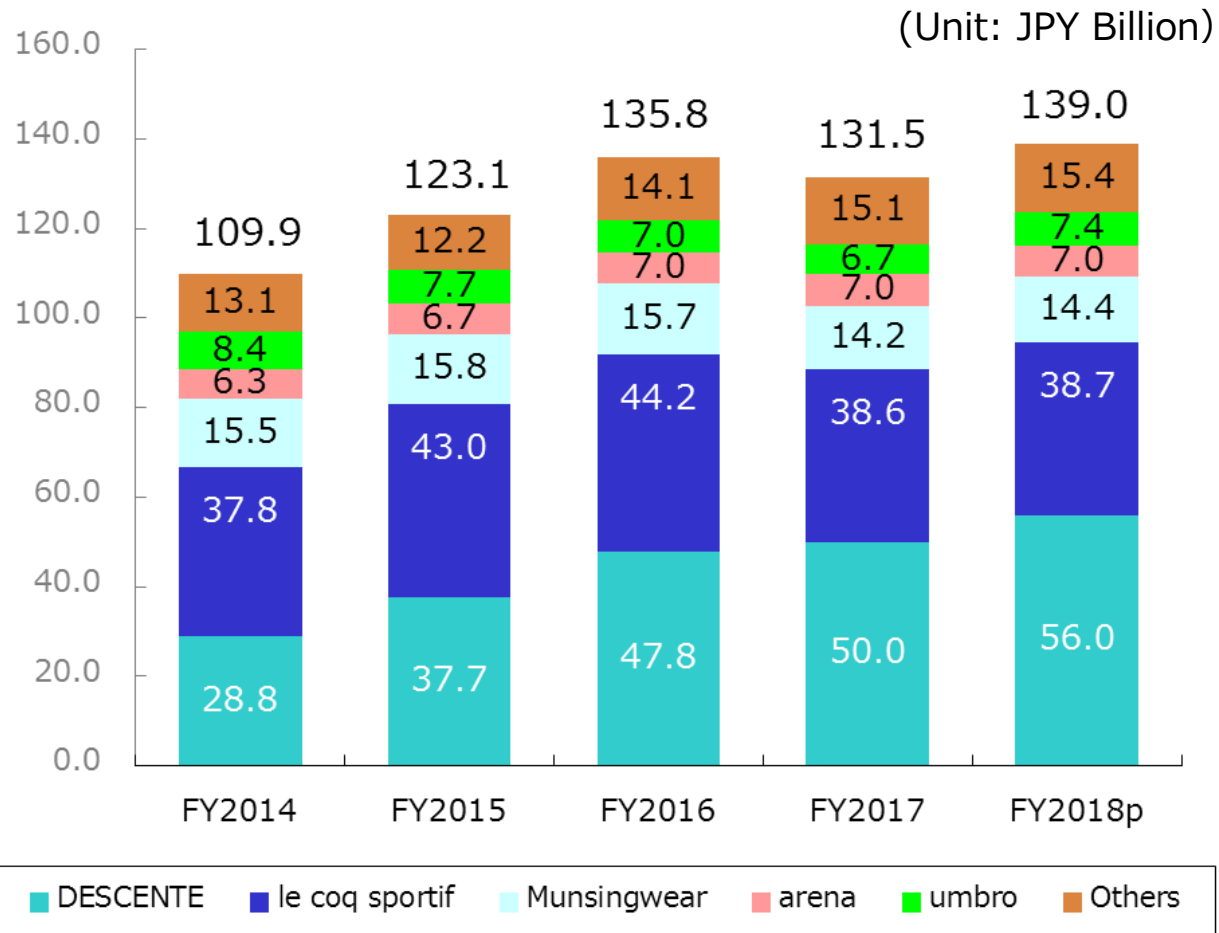
Planned FX Rate: USD= 113.0 / 100KRW=10.00 / CNY=16.00 / HKD=14.50 / SGD=80.50 / GBP= 146.50

Sales Plan by Brand (Consolidated)



Design for Sports

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

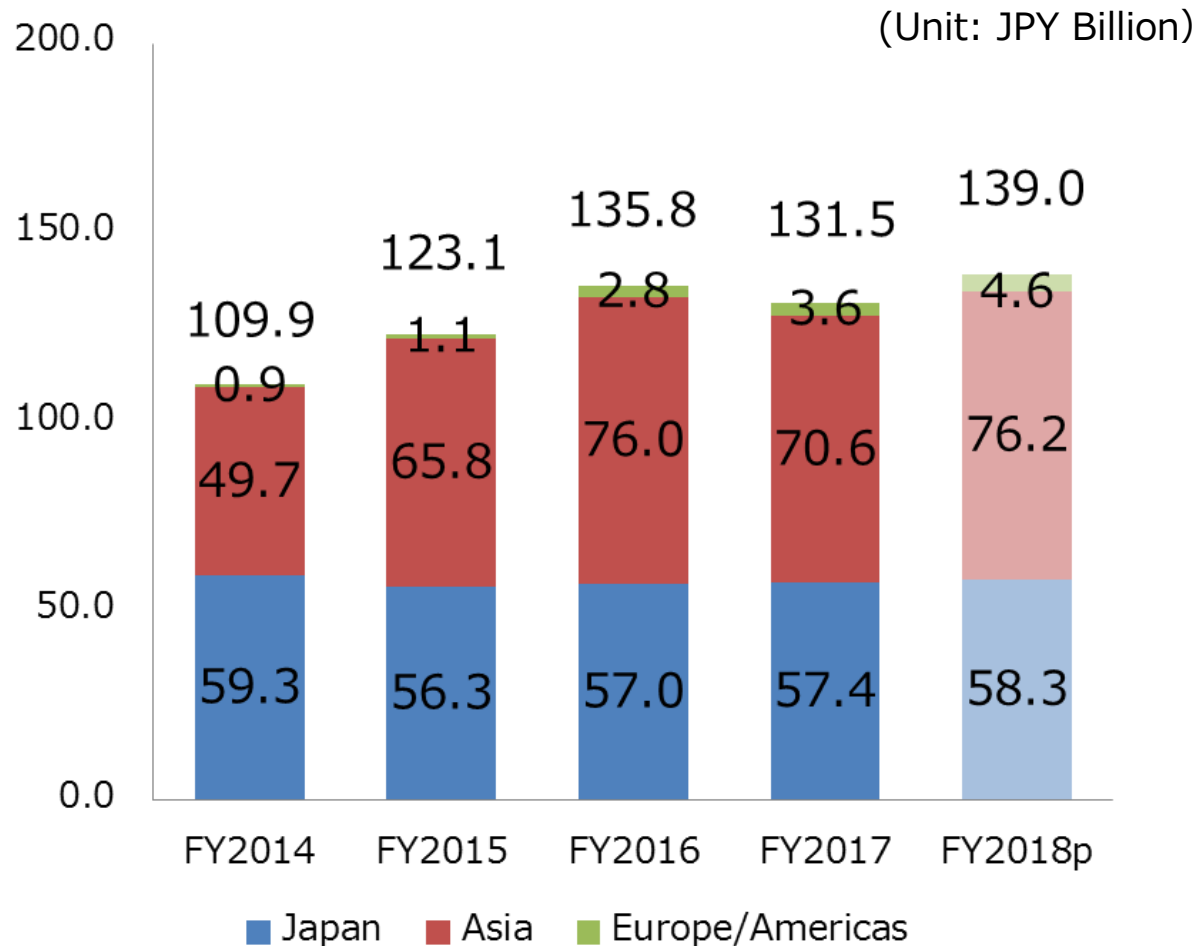


Sales Plan by Segment (Consolidated)



Design for Sports

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



Dividends and Payout Ratio



Design for Sports

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	1,733	1,733
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.



Design for Sports

FY Ending March 31, 2017 Reference Material

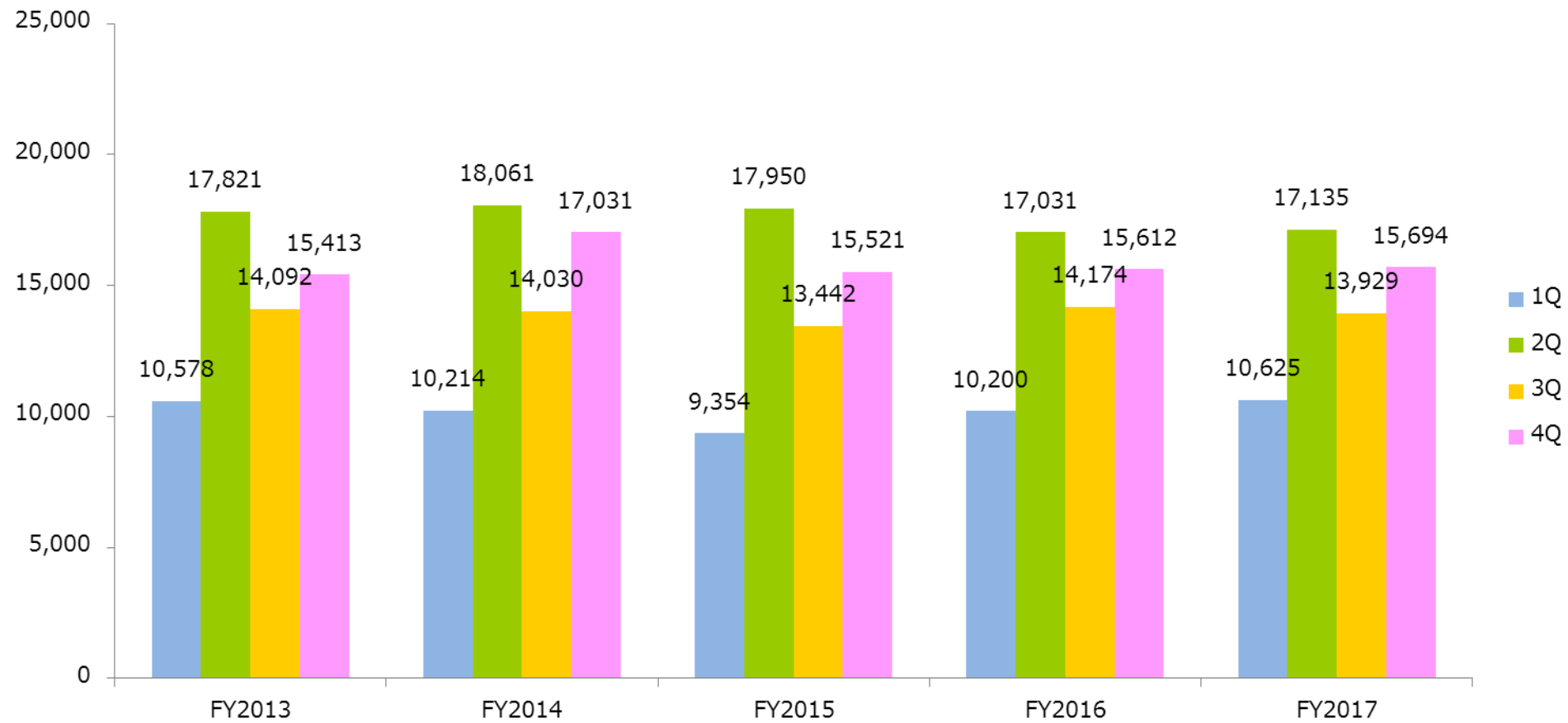
**(Transition of Quarterly Turnover and
Operating Income by Segment / Transition
of Performance of Major Overseas
Subsidiaries)**

Transition of Quarterly Sales by Segment (Japan)



Design for Sports

(Unit: JPY Million)



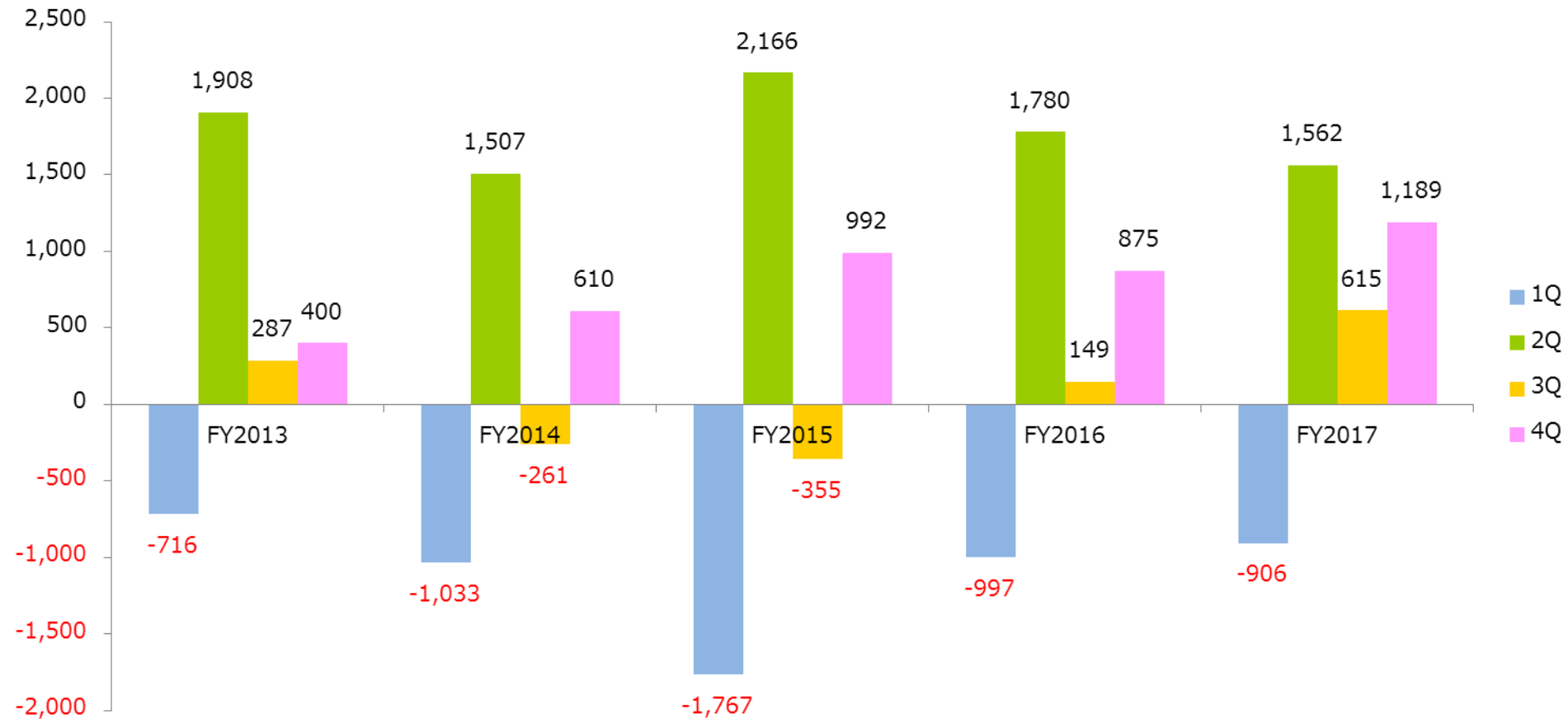
Note: FY2017 = FY ending March 31, 2017

Transition of Quarterly Operating Income by Segment (Japan)



Design for Sports

(Unit: JPY Million)



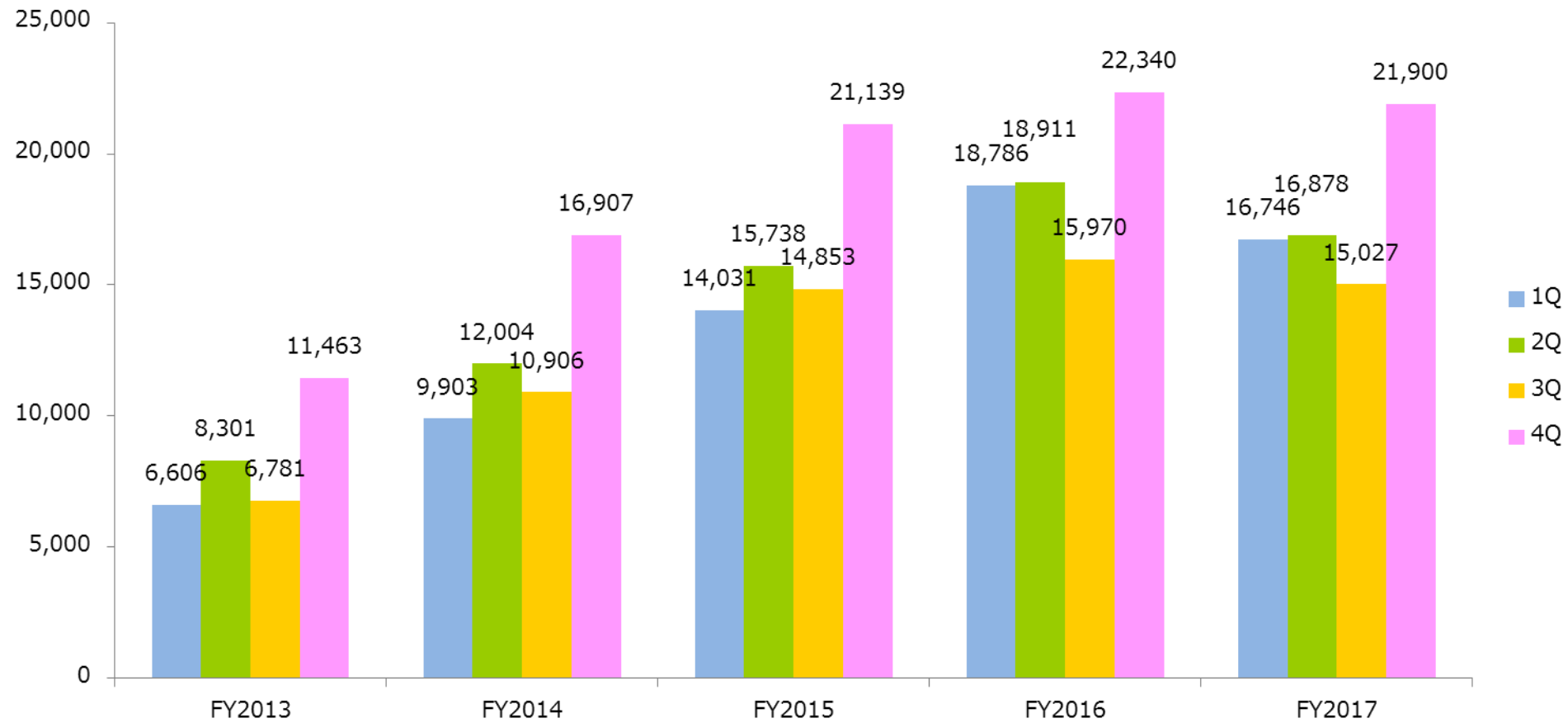
Note: FY2017 = FY ending March 31, 2017

Transition of Quarterly Sales by Segment (Asia)



Design for Sports

(Unit: JPY Million)



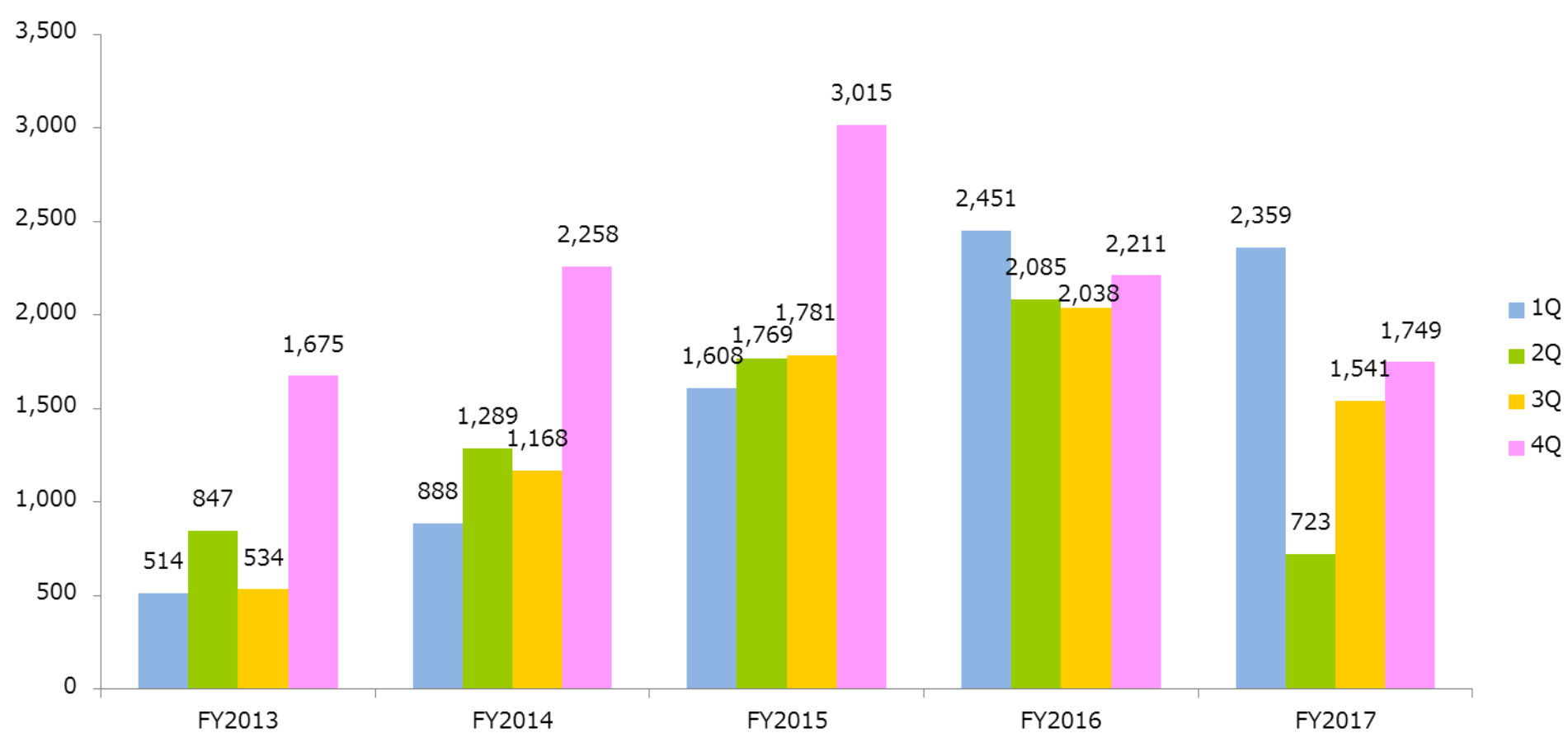
Note: FY2017 = FY ending March 31, 2017

Transition of Quarterly Operating Income by Segment (Asia)



Design for Sports

(Unit: JPY Million)



Note: FY2017 = FY ending March 31, 2017

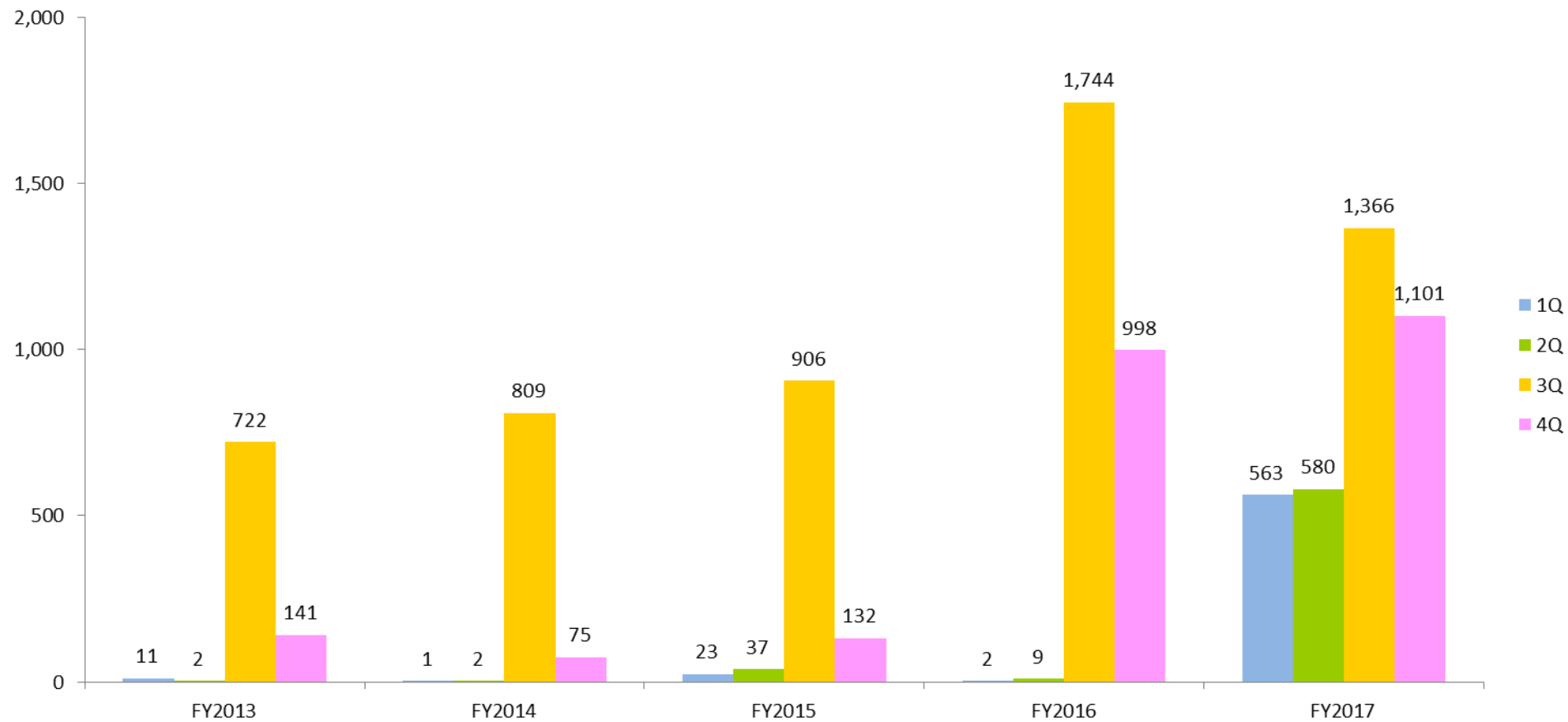
Transition of Quarterly Sales by Segment (Europe/Americas)



Design for Sports

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

(Unit: JPY Million)



Note: FY2017 = FY ending March 31, 2017

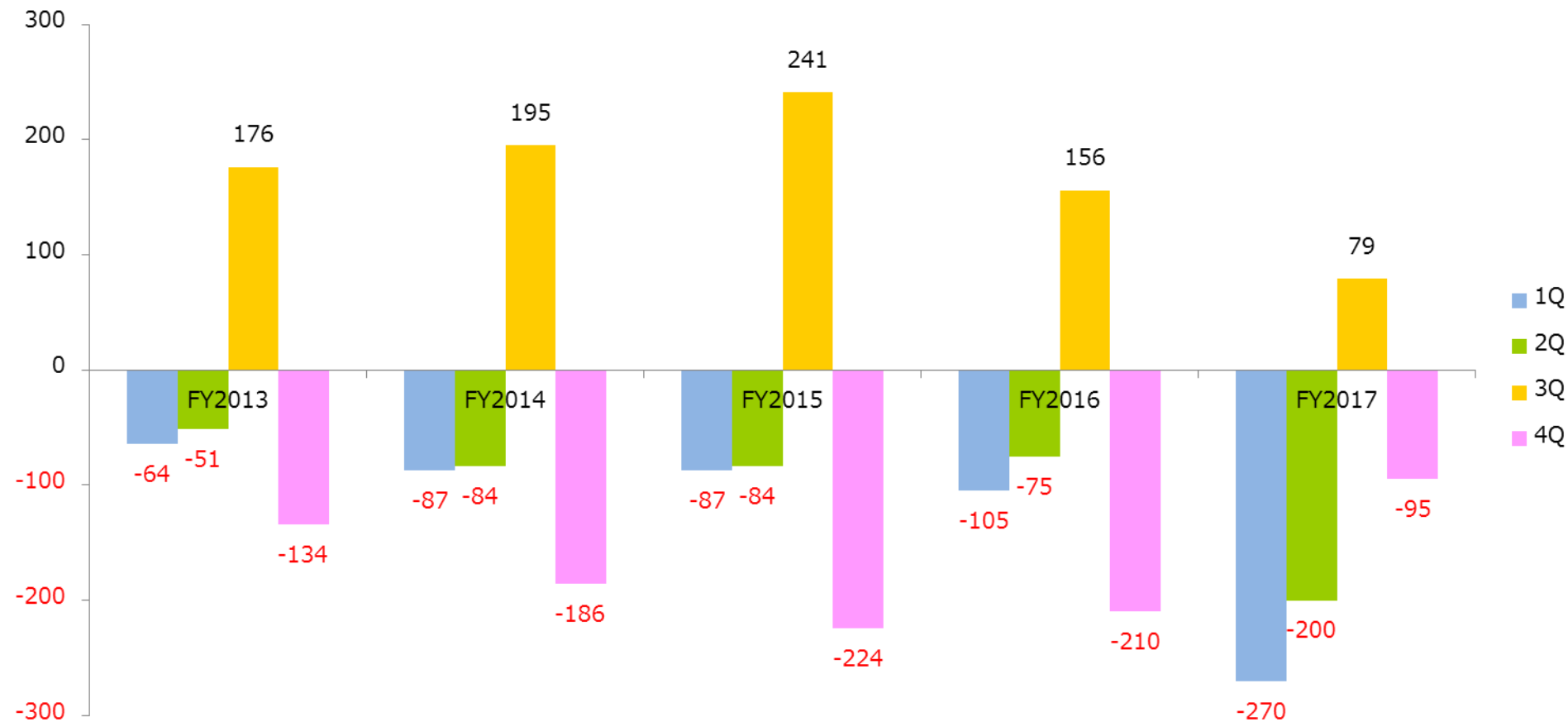
Transition of Quarterly Operating Income by Segment (Europe/Americas)



Design for Sports

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

(Unit: JPY Million)



Note: FY2017 = FY ending March 31, 2017

Turnover of DESCENTE KOREA LTD.

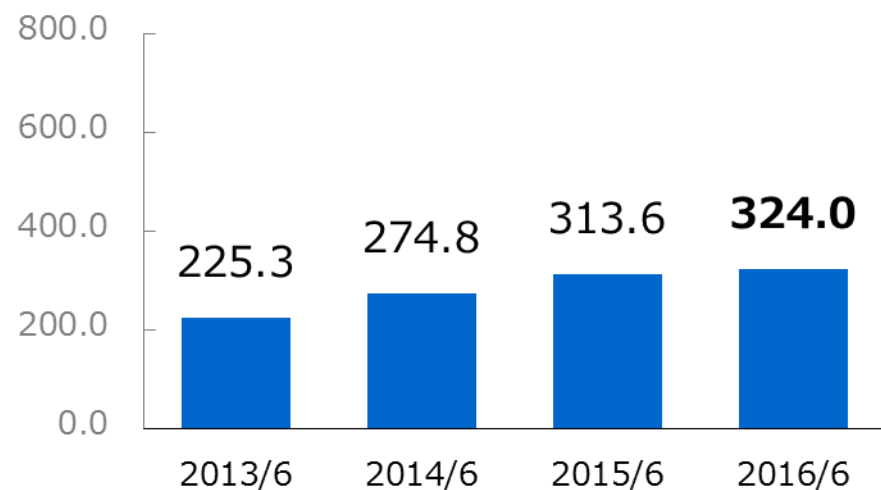


Design for Sports

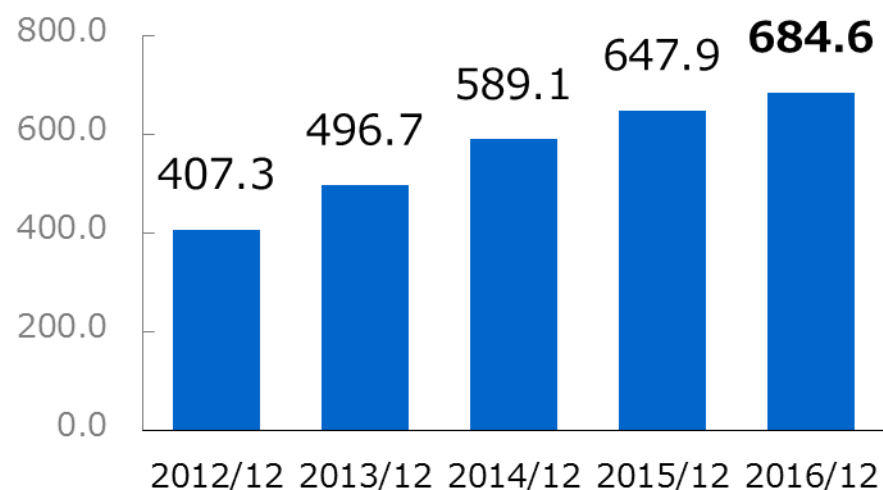
2nd Quarter

Full Year

(Unit: KRW Billion)



(Unit: KRW Billion)



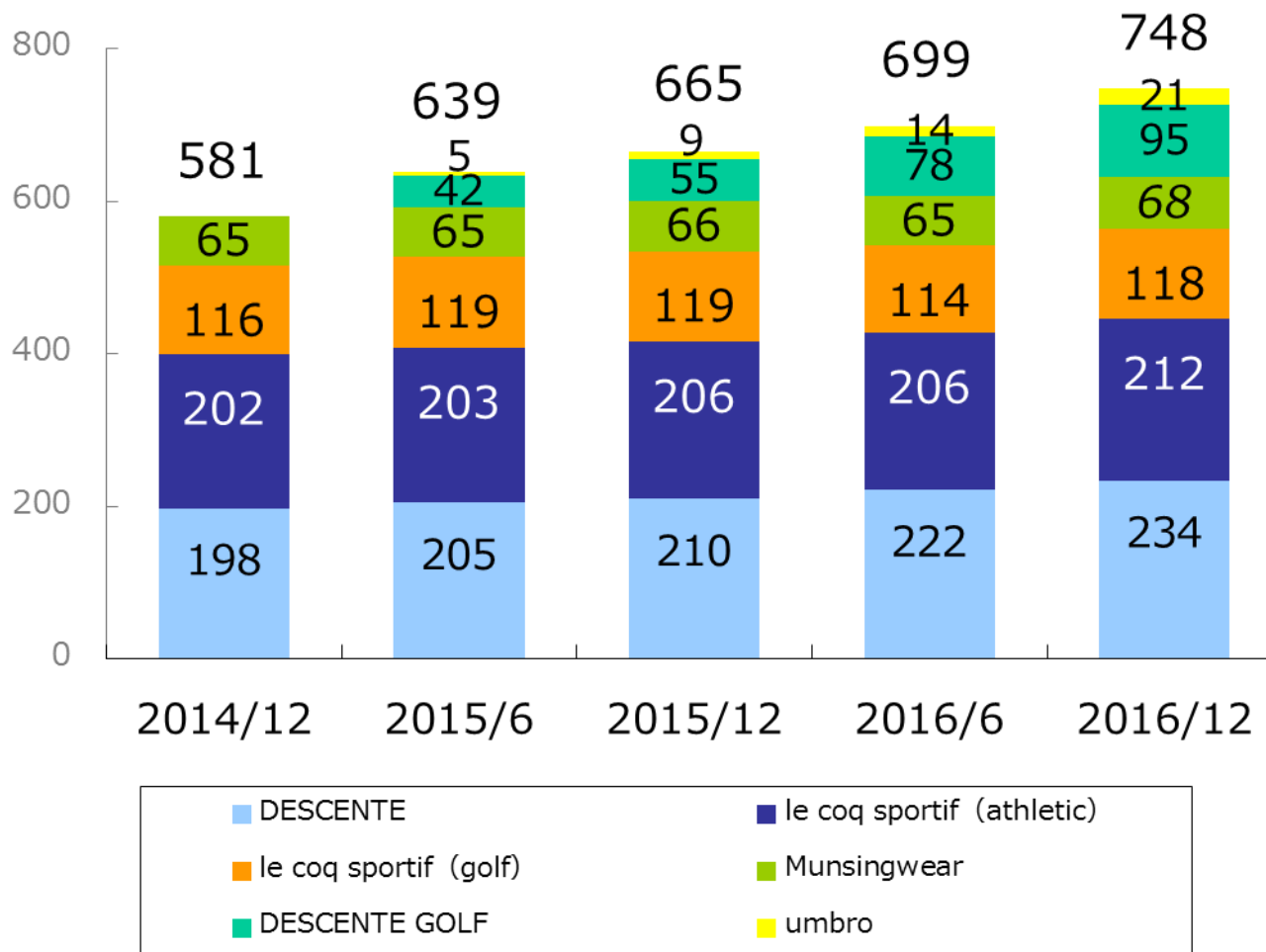
Note : 2016/6 means the 2nd Quarter of FY ending December 31, 2016.

Number of Retail Stores in Korea

* Including stores operated by agents and outlet stores.



Design for Sports

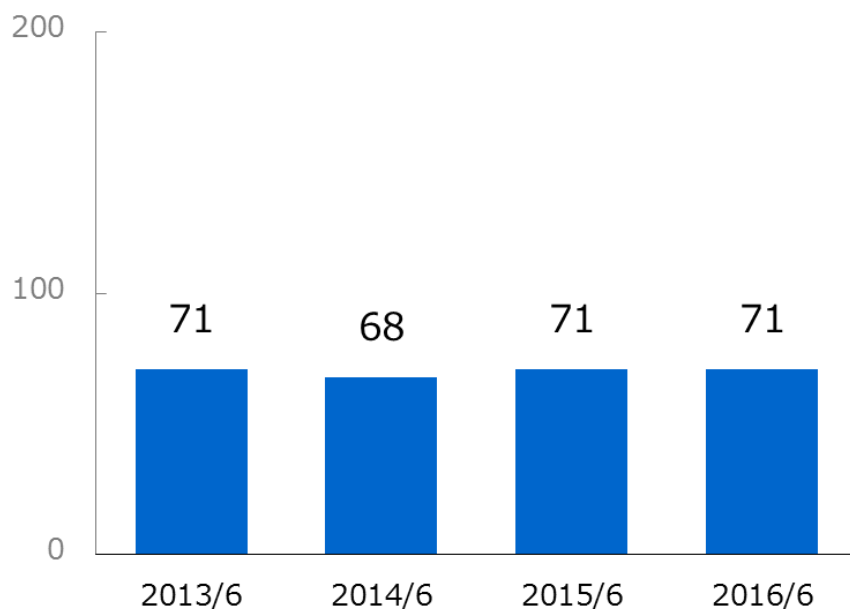


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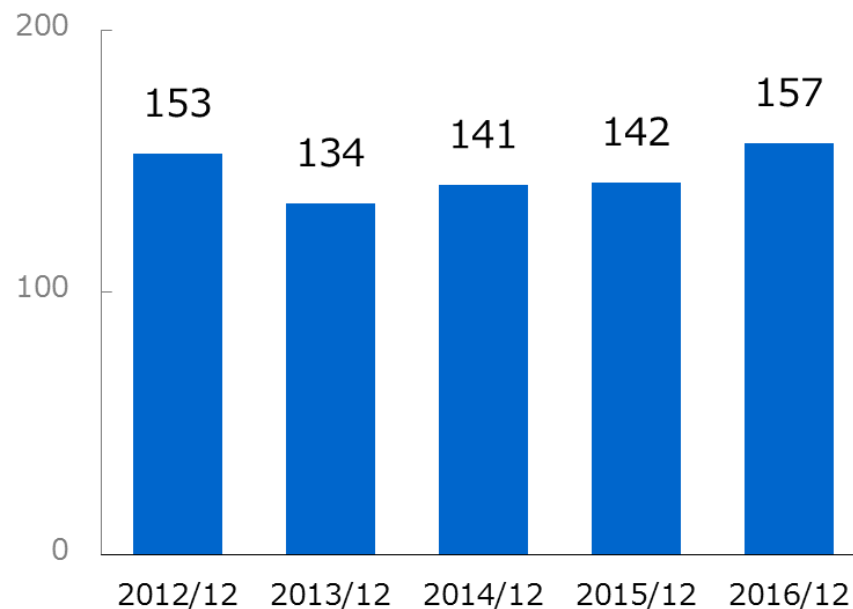
2nd Quarter

(Unit: CNY Million)



Full Year

(Unit: CNY Million)



Note : 2016/6 means the 2nd Quarter of FY ending December 31, 2016.

Turnover of LE COQ SPORTIF (NINGBO) CO., LTD.

* Affiliated Company Accounted for under the Equity Method

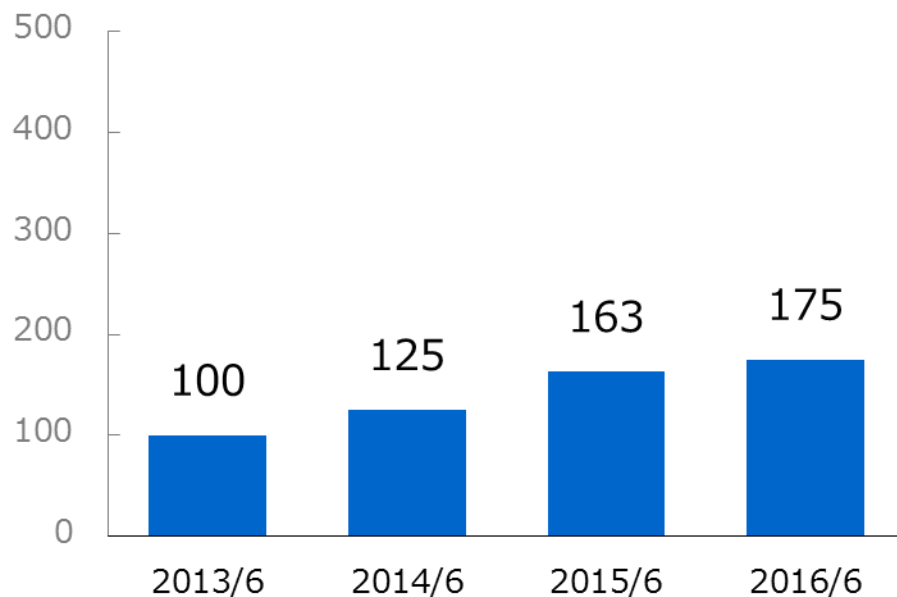


Design for Sports

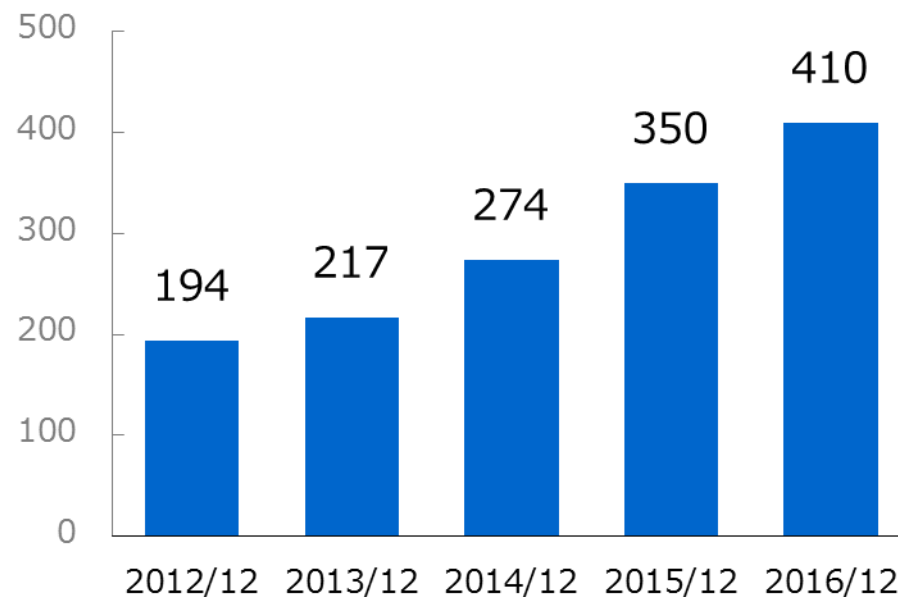
2nd Quarter

Full Year

(Unit: CNY Million)



(Unit: CNY Million)



Note : 2016/6 means the 2nd Quarter of FY ending December 31, 2016.

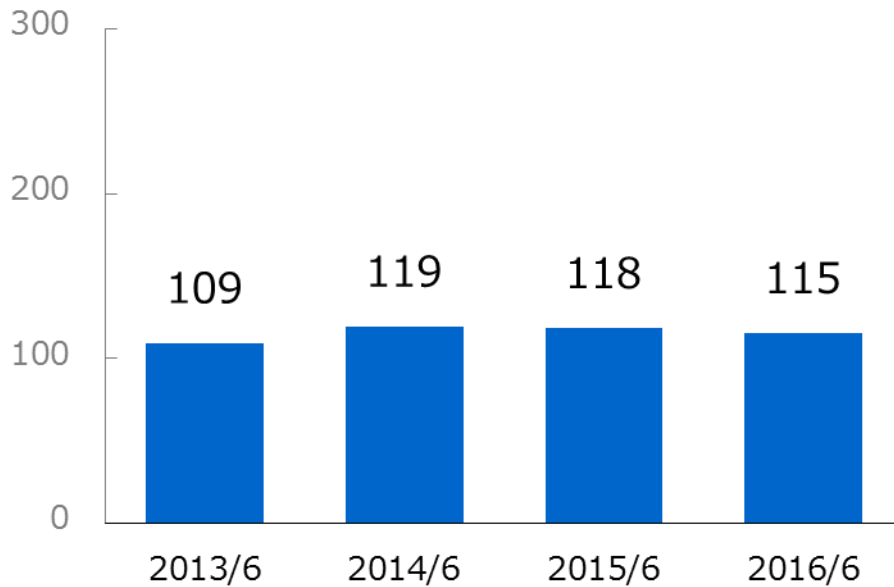
Turnover of HONG KONG DESCENTE TRADING, LTD.



Design for Sports

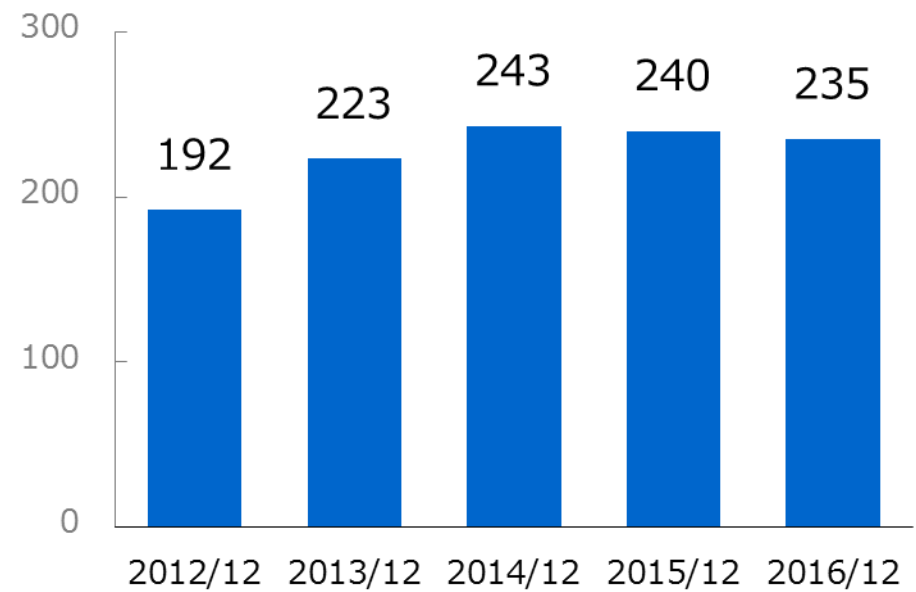
2nd Quarter

(Unit: HKD million)



Full Year

(Unit: HKD million)



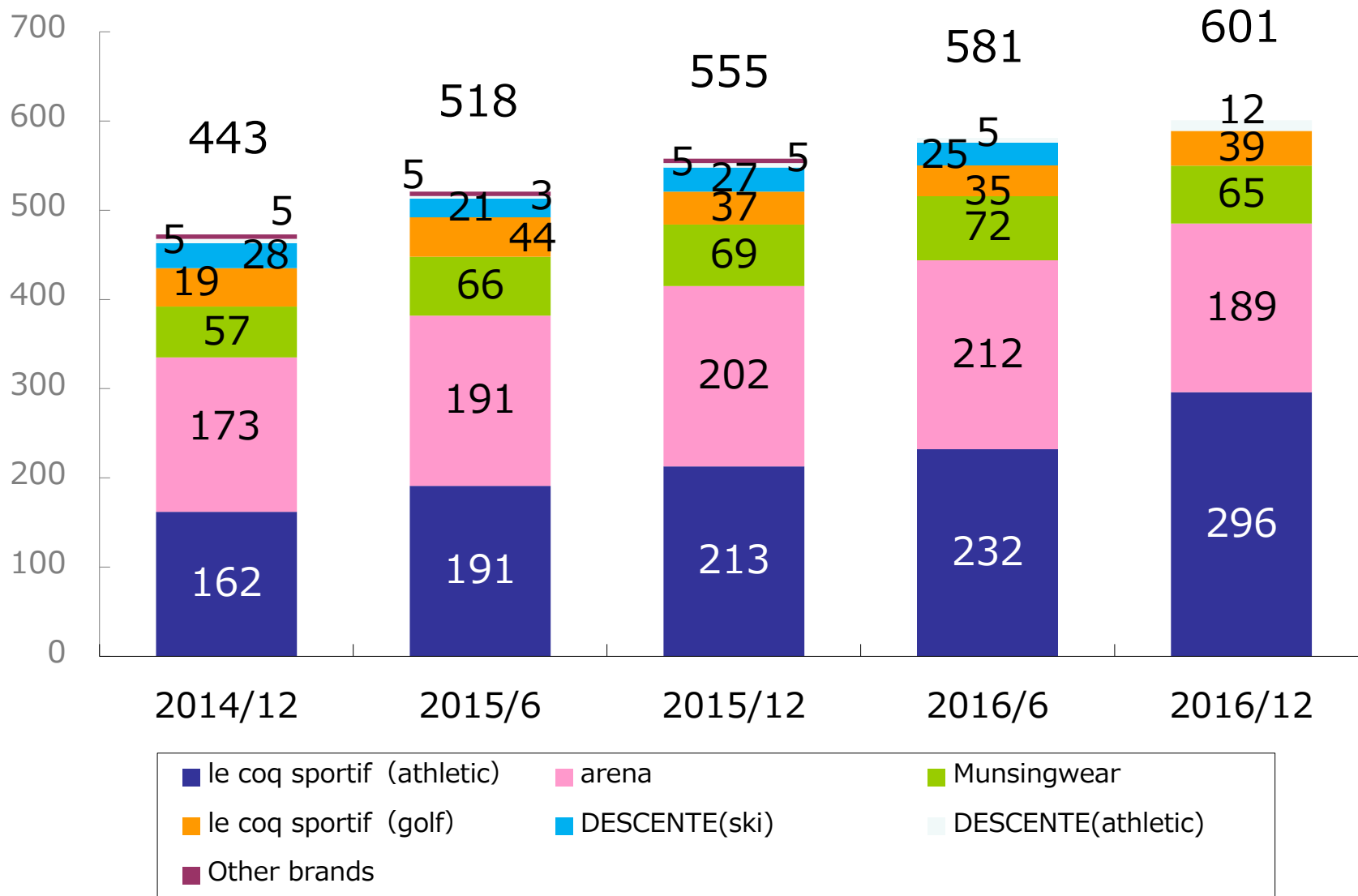
Note : 2016/6 means the 2nd Quarter of FY ending December 31, 2016.

Number of Retail Stores in China (incl. HK)



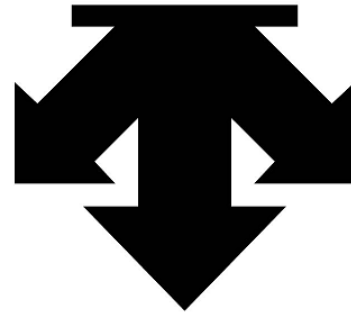
Design for Sports

* Including stores operated by agents and outlet stores.



Note : 2016/6 means the 2nd Quarter of FY ending December 31, 2016.

DESCENTE



Design for Sports