

DESCENTE



Design for Sports

Financial Report

First Quarter of FY ending March 31. 2017



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
2017	4Q YTD	109.00	9.50	16.50	14.00	80.00	155.00
	1Q YTD	112.00	9.63	17.57	14.89	82.83	164.26
2016	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	-
2015	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	-
2014	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	-
2013	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	-

1Q YTD = First 3 months of FY.
 2Q YTD = First 6 months of FY
 3Q YTD = First 9 months of FY
 4Q YTD = First 12 months of FY

- "1Q" means first quarter.
 Example: "17/1Q" means the first quarter on the FY ending March 31, 2017.



- 1. 1st Quarter FY ending March 31, 2017**
2. Objectives and plan for the
FY ending March 31, 2017

**Forex has negative impact on turnover. Actual operating income declined but accounting method changes resulted in a gain.
(JPY700m upturn a result of phasing from Q2)**

(Unit; JPY Million)

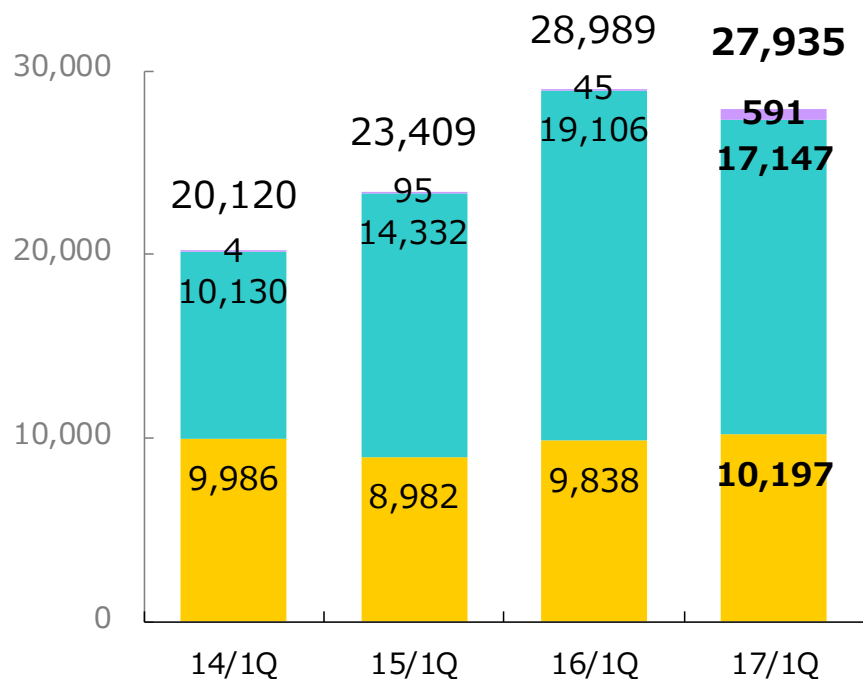
	'Mar/'16		'Mar/'15
	1Q	Year-on-year	1Q
Net sales	27,935	96.4%	28,989
OP income	1,313	105.9%	1,240
(%)	4.7%		4.3%
Ordinary income	1,406	95.2%	1,477
(%)	5.0%		5.1%
Profit attributable to owners of parent	1,045	89.8%	1,164
(%)	3.7%		4.0%

Net Sales Transition (consolidated)



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Sales of athletic wear in the domestic market increased. Turnover in Europe and North America increased as a result of the integration of Inov8 into the Group. Unfavorable exchange rates, particularly JPY / KRW had an impact on total turnover (Approx. JPY2,100m)



(Unit; JPY Million)



Year on Year
▲ 1,054 billion (96%)

Domestic +359 b(104%)

Athletic products	+220 b
Golf products	+71 b
Outdoor brands	+68 b

Overseas ▲ 1,413 b(93%)

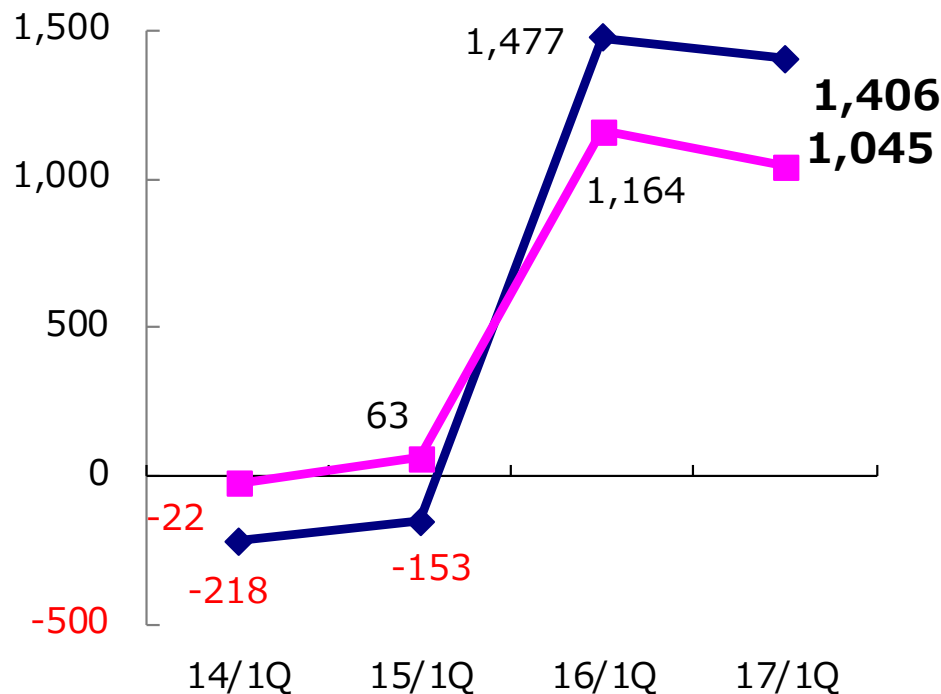
Athletic products	▲ 1,151 b
Golf products	▲ 172 b
Outdoor products	▲ 90 b

Income Transition (consolidated)



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Operating Income increased but Ordinary Income declined due to Forex losses and increases in non-operating expenses.



◆ Ordinary income
■ Profit attributable to owners of parent

(Unit; JPY Million)

(Unit; JPY Million)	Current period	Prev. period	Change
Operating income	1,313	1,240	73
Non-operating income	156	251	▲ 95
Non-operating expenses	63	15	48
Ordinary income	1,406	1,477	▲ 71
Extraordinary income	0	0	
Extraordinary loss	0	0	
Total income taxes	361	312	49
Profit attributable to owners of parent	1,045	1,164	▲ 119

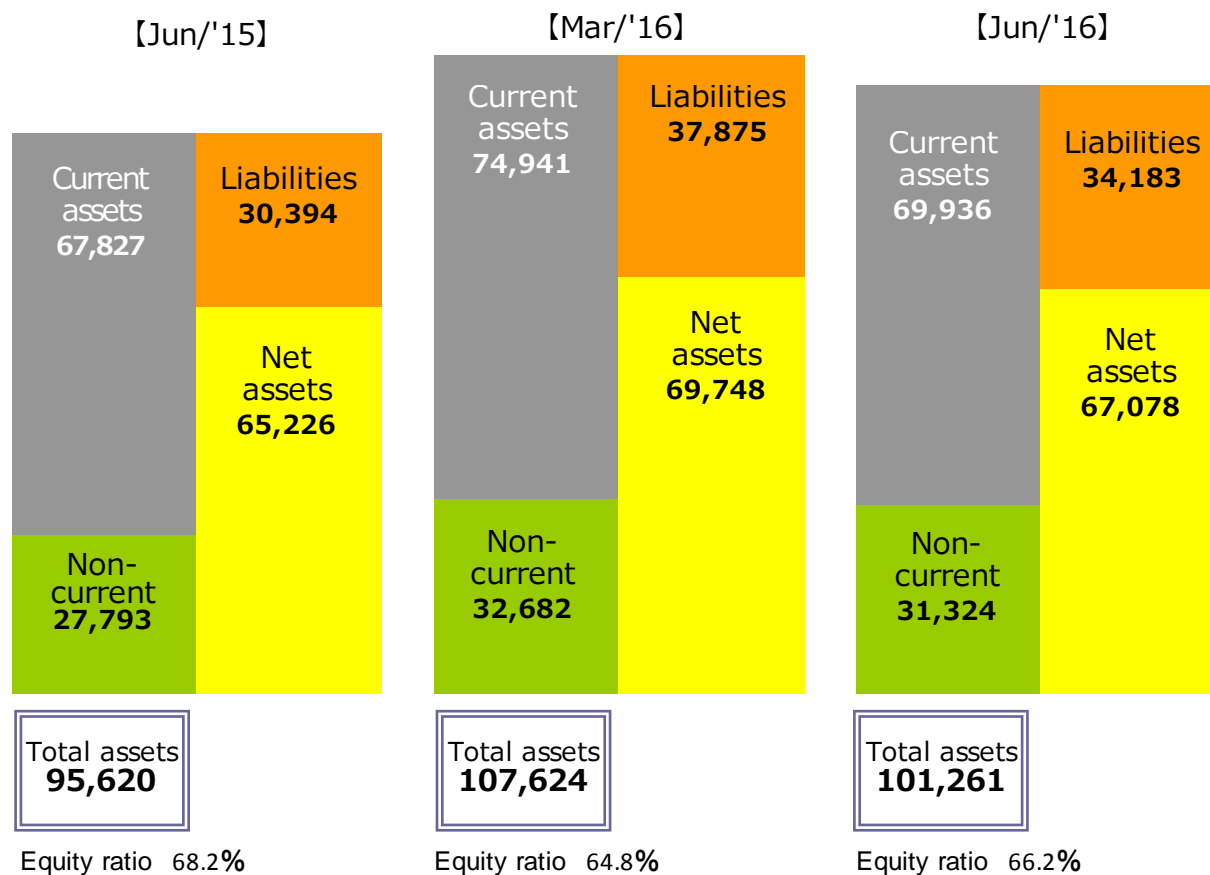
※ Under changes in an accounting method, some Q1 expenses have been deferred to Q2. This resulted in additional Operating Profit of JPY700m and additional Q1 Profit of JPY500m.

Balance Sheets Transition (consolidated)



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Fluctuations in Q1 saw a decrease in Net Assets with the payment of dividends for the previous FY and Current Assets were affected negatively by unfavorable Forex.



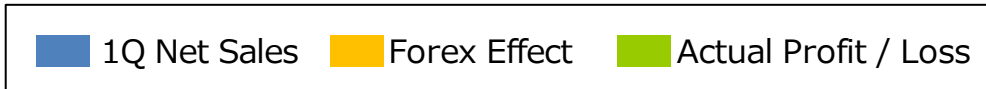
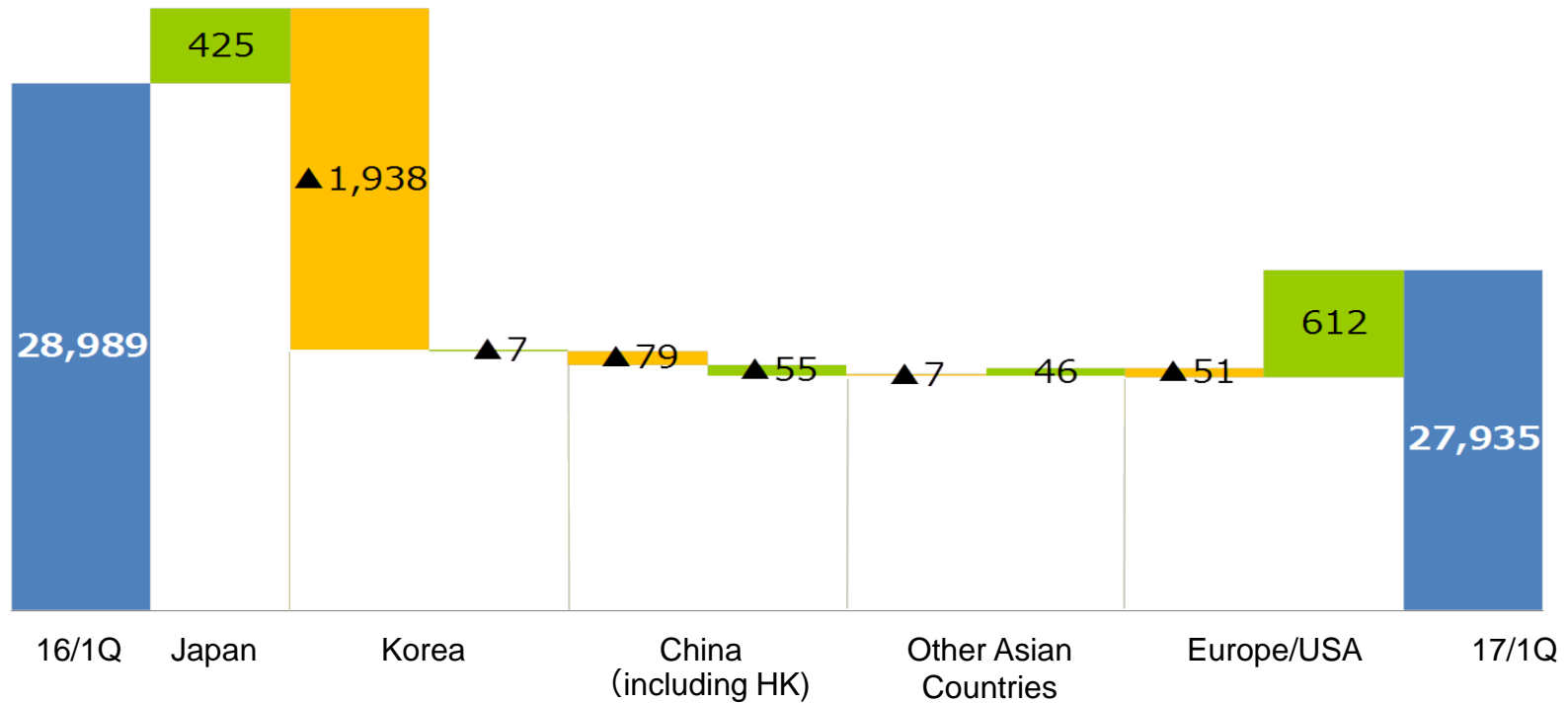
(Unit; JPY Million)

Turnover Fluctuations (By Segment: YoY)



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Sales in Asia were consistent YoY but unfavorable Forex has resulted in a decline in turnover. The integration of Inov8 into the Group has resulted in an increase in turnover in Europe and North America (Approx. JPY600m)



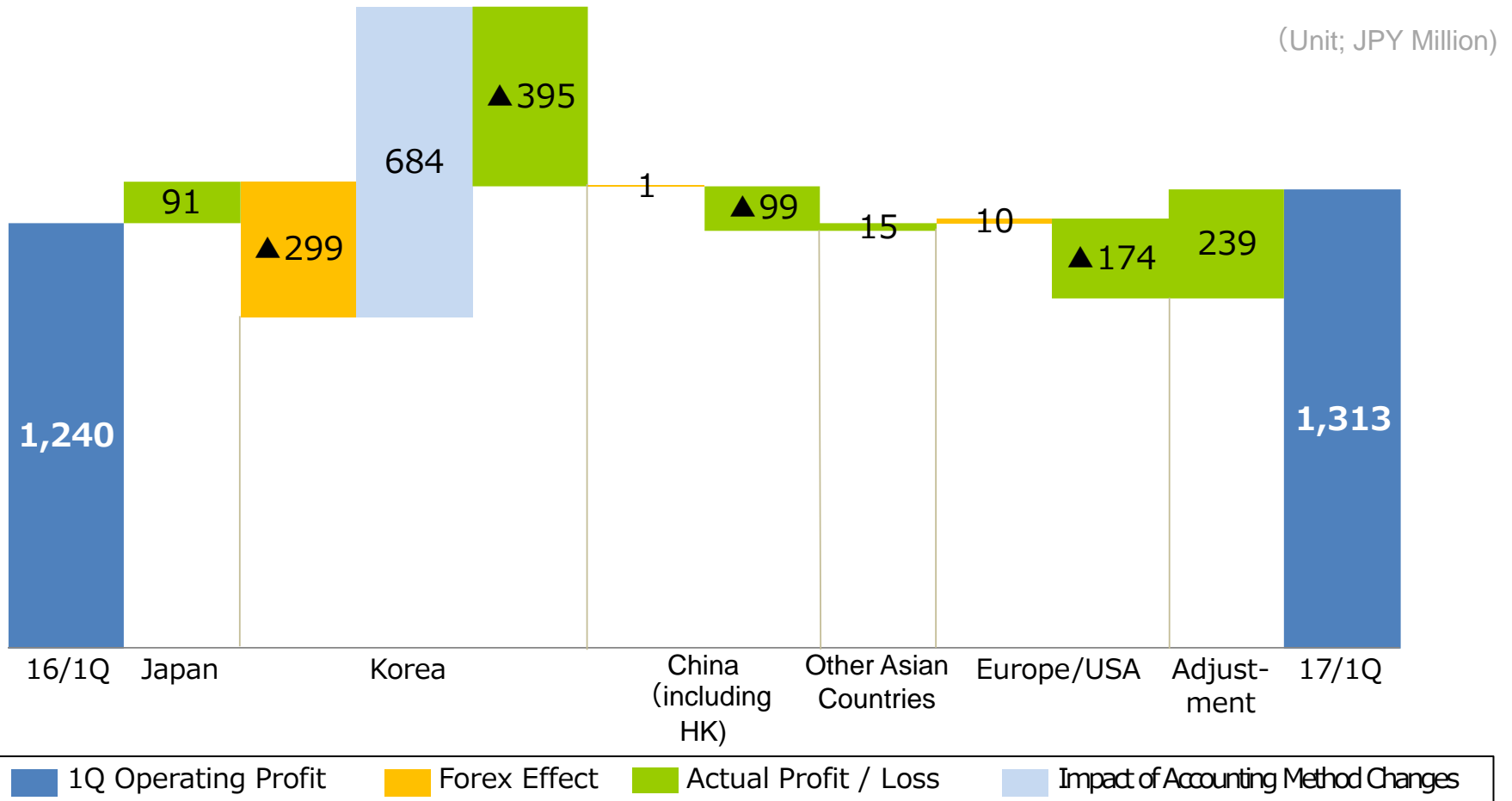
(Unit; JPY Million)

Operating Profit Fluctuations (By Segment: YoY)



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Without the impact of accounting method changes
Operating Profit declined in some markets.



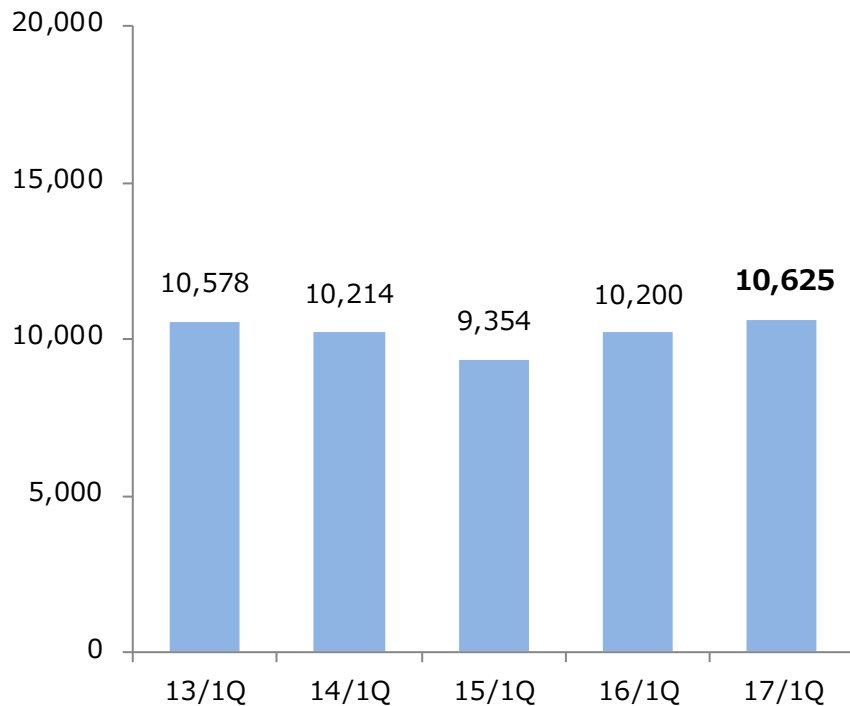
Turnover by Segment - Changes in Operating Profit (Japan)



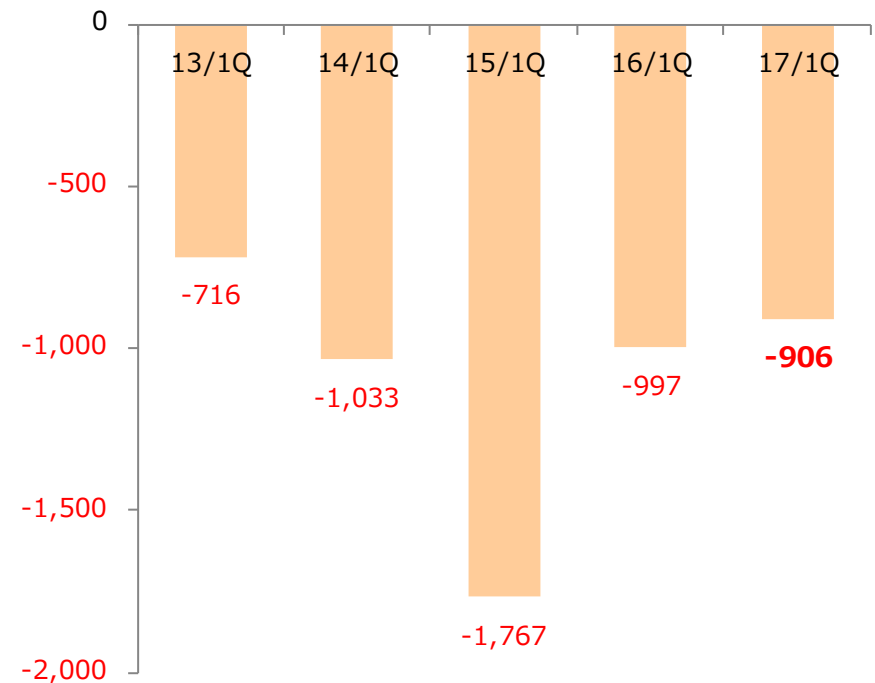
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Continued growth in the 'Descente' brand. Reductions in product returns and discount rates result in improved profitability.

Net Sales



Operating income



(Unit; JPY Million)

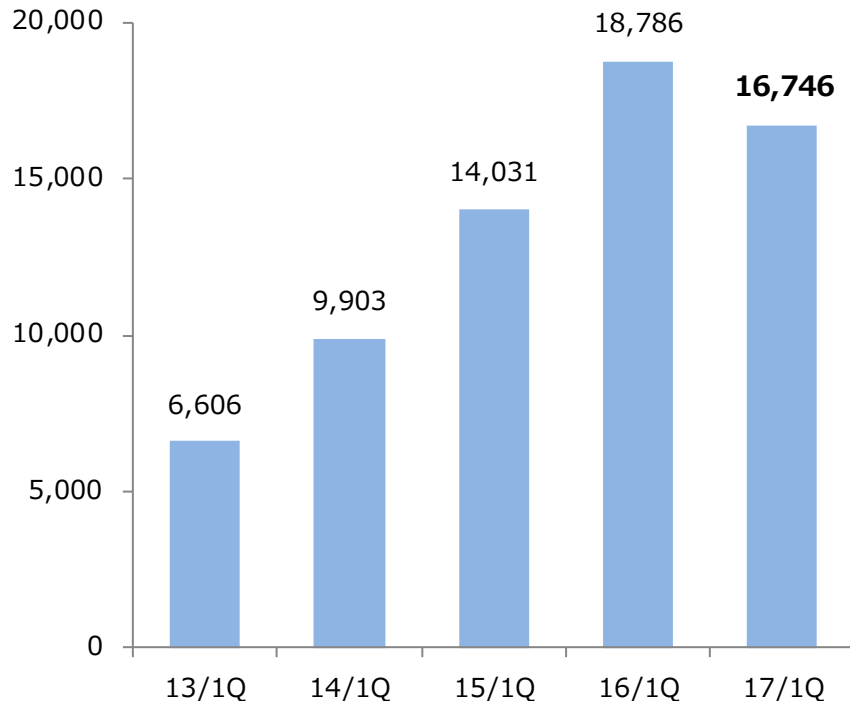
Turnover by Segment - Changes in Operating Profit (Asia)



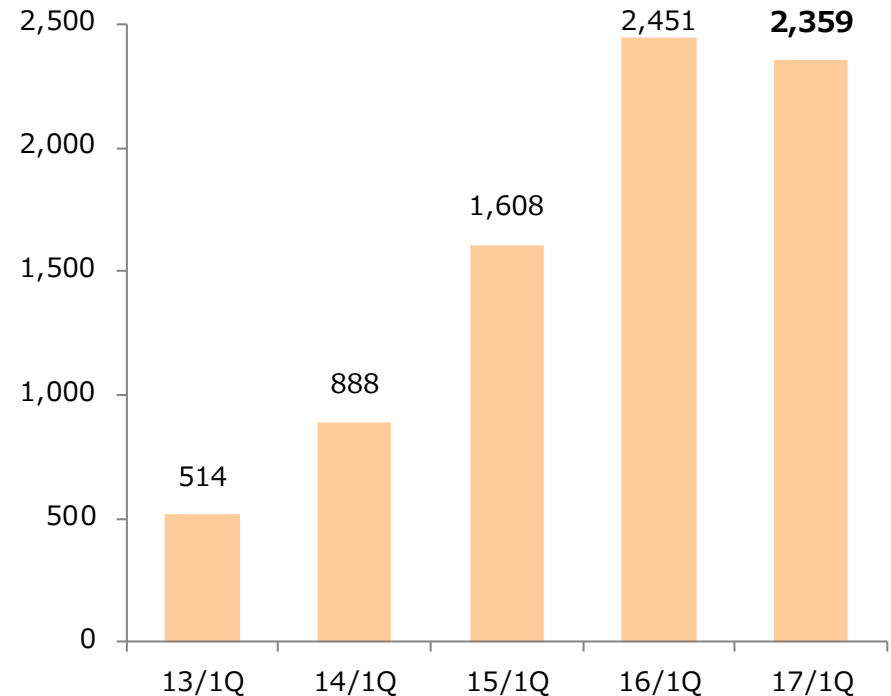
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Turnover affected by unfavorable Forex rates particularly vis a vis Korea. Profitability affected by difficult retail situation. Without the impact of accounting method changes Operating Profit declined.

Net Sales



Operating income



(Unit; JPY Million)

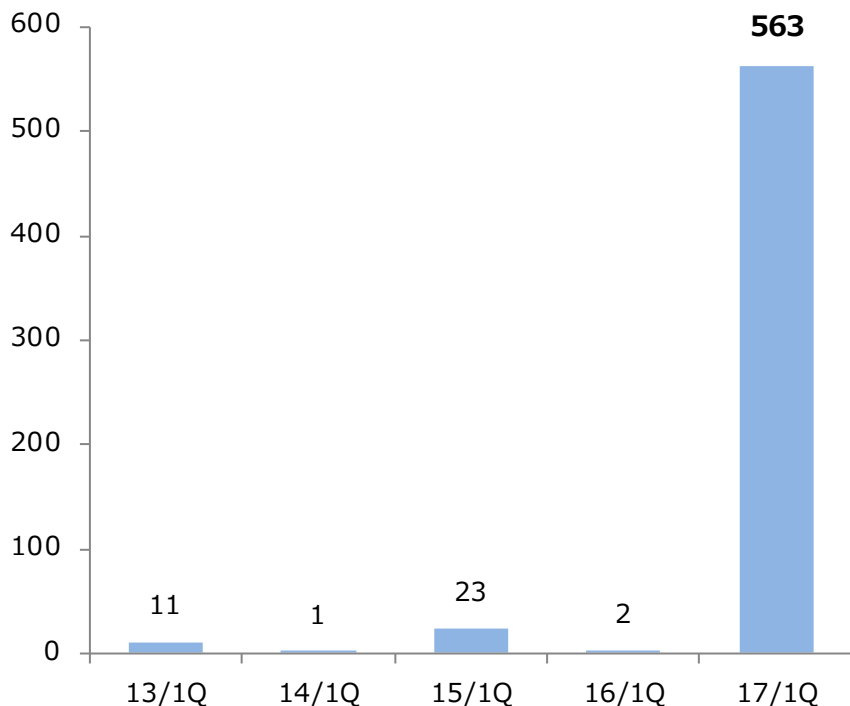
Turnover by Segment – Changes in Operating Profit (Europe/North America)



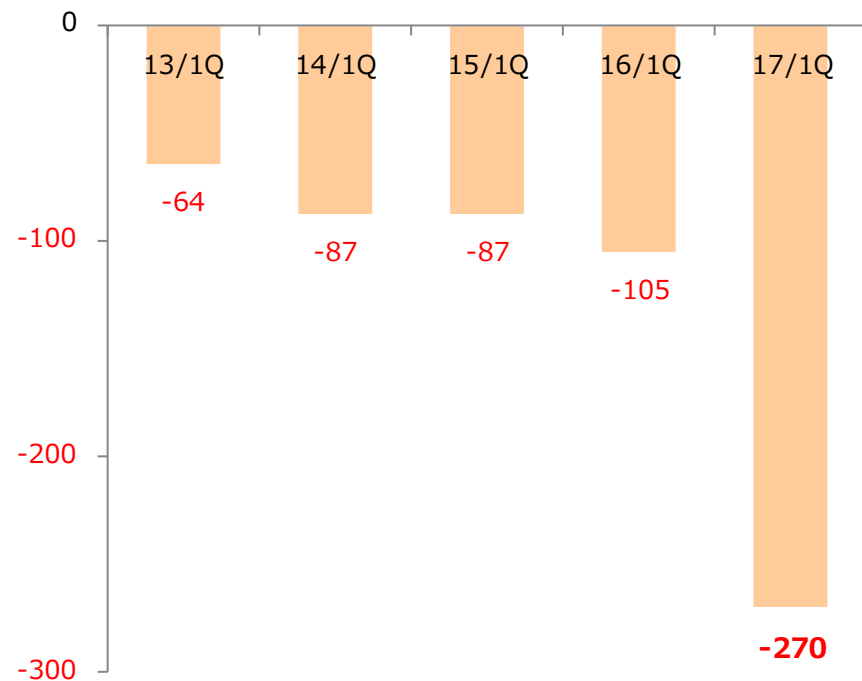
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Integration of Inov8 into the Group has meant an increase in turnover. However amortization of the goodwill has resulted in increased operating losses.

Net Sales



Operating income



(Unit; JPY Million)



-
1. 1st Quarter FY ending March 31, 2017
 2. **Objectives and plan for the
FY ending March 31, 2017**

Business Plan Mar/'17 (consolidated)



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(Unit; JPY Million)

	Mar/'15	Mar/'16	Mar/'17		Mar/'19 3 year
			Plan	previous year	
Net sales	123,128	135,778	138,000	101.6%	170,000
OP income	9,136	10,376	10,400	100.2%	14,000
(rete)	7.4%	7.6%	7.5%		8.2%
Ordinary income	9,543	11,053	10,500	95.0%	-
(rete)	7.8%	8.1%	7.6%		-
Profit attributable to owners of parent	6,563	7,870	7,500	95.3%	10,000
(rete)	5.3%	5.8%	5.4%		5.9%
Net income per share	87.12	104.47	99.55		-

* Plan for FY ending March 31, 2017 unchanged since release of revisions on May 10 2016.

Dividends Transition (consolidated)



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(Unit; JPY Million)

	Mar/'14	Mar/'15	Mar/'16	Mar/'17 Plan
Dividends	753	1,130	1,280	1,280
Amount/share	JPY10.0	JPY15.0	JPY17.0	JPY 17.0
Profit attributable to owners of parent (Consolidated)	4,470	6,563	7,870	7,500
Payout ratio	16.9%	17.2%	16.3%	17.1%

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

FY ending March 31, 2017

Q1 Results additional Materials

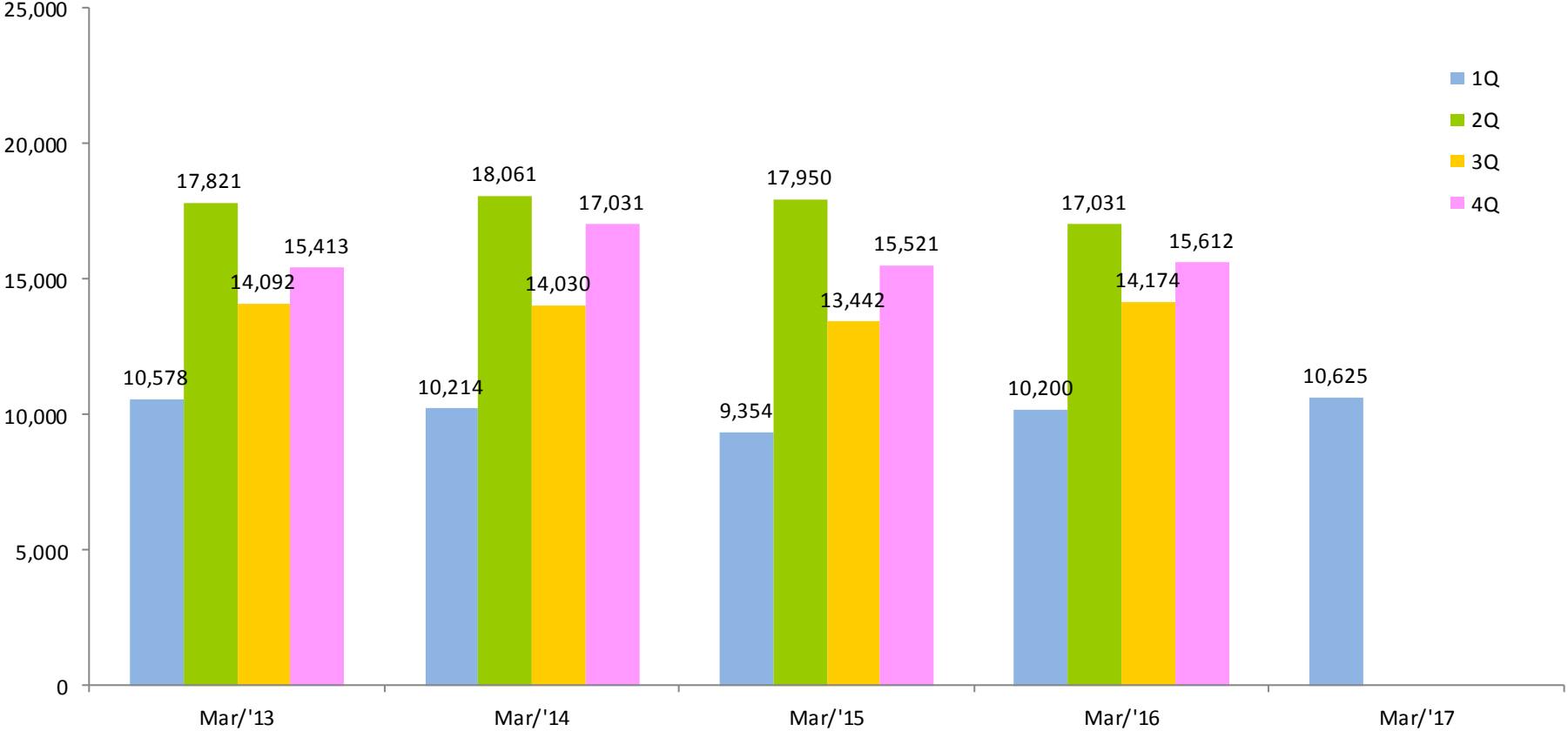
[Reference Materials]

**(Quarterly Changes to Turnover and Operating Profit by Segment /
Transition in Performance of Major Overseas Subsidiaries)**

Quarterly Turnover Transition by Segment (Japan)



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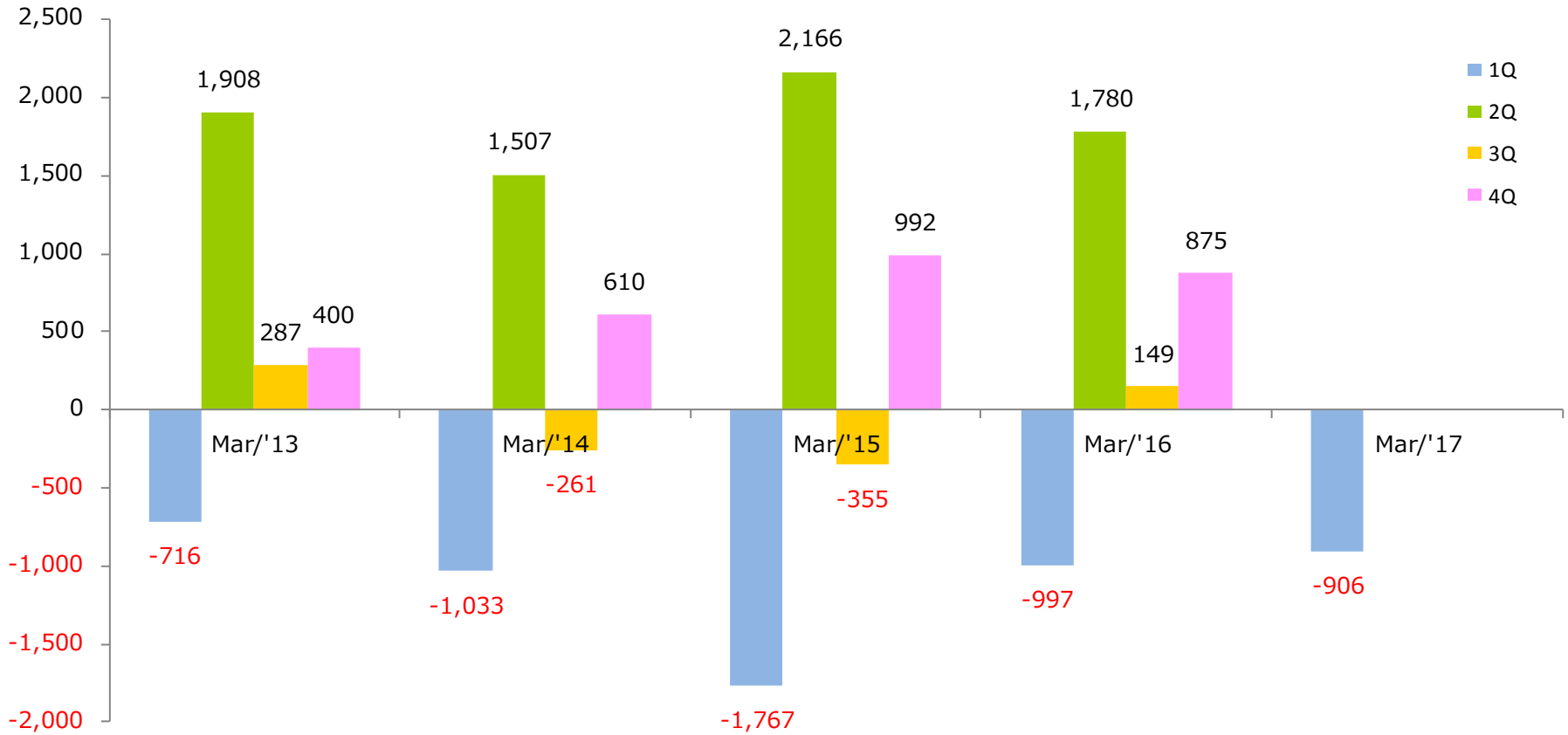


(Unit; JPY Million)

Quarterly Operating Profit Transition by Segment (Japan)



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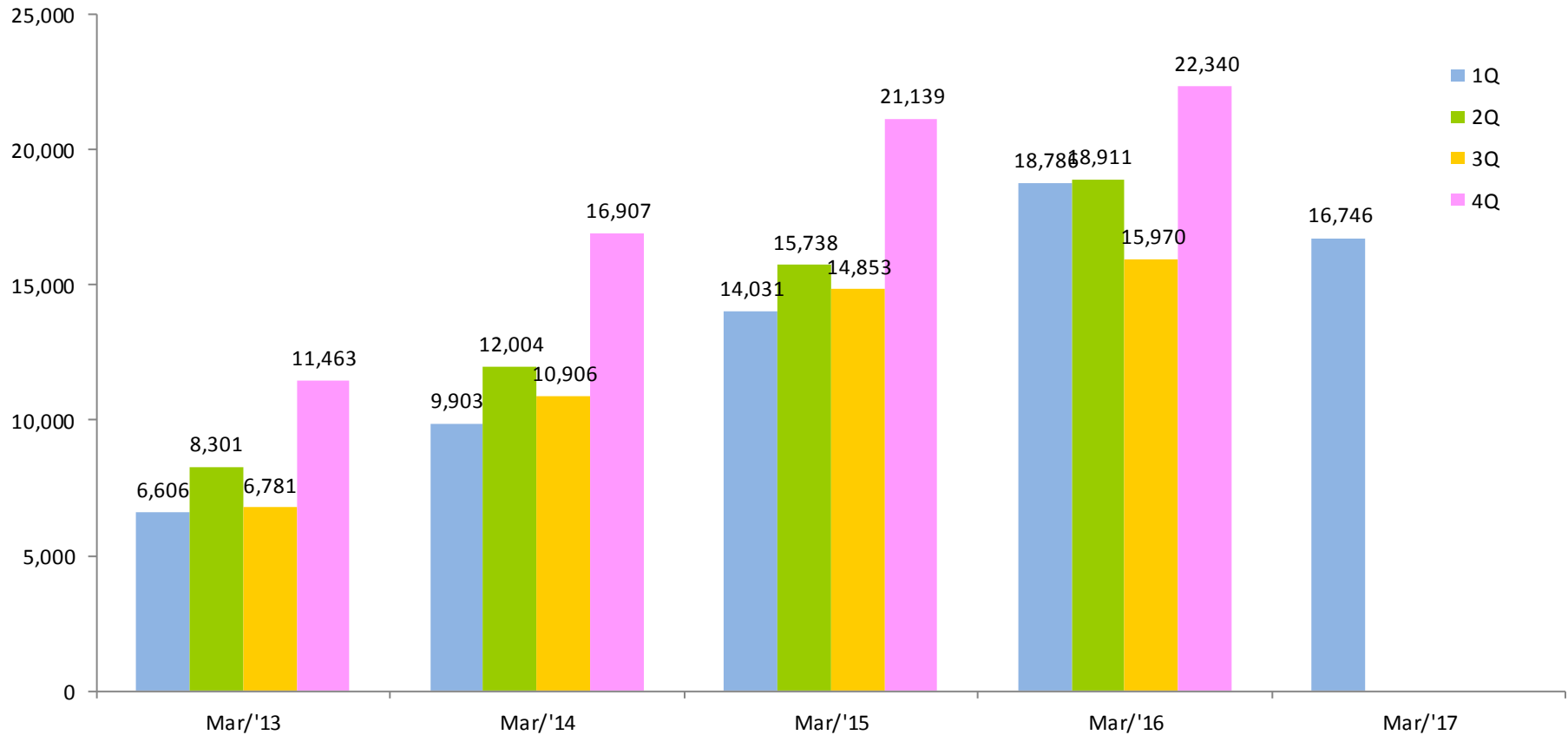


(Unit; JPY Million)

Quarterly Turnover Transition by Segment (Asia)



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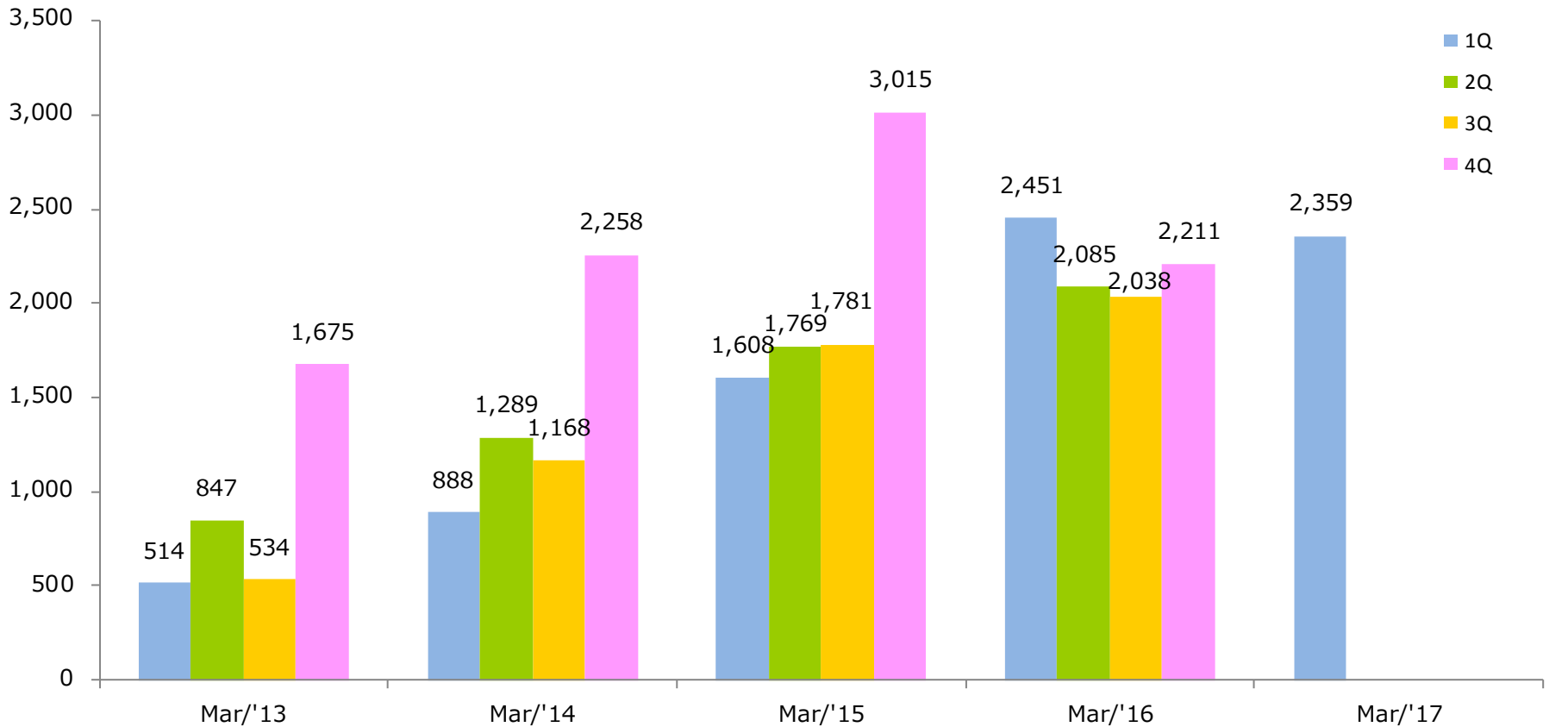


(Unit; JPY Million)

Quarterly Operating Profit Transition by Segment (Asia)



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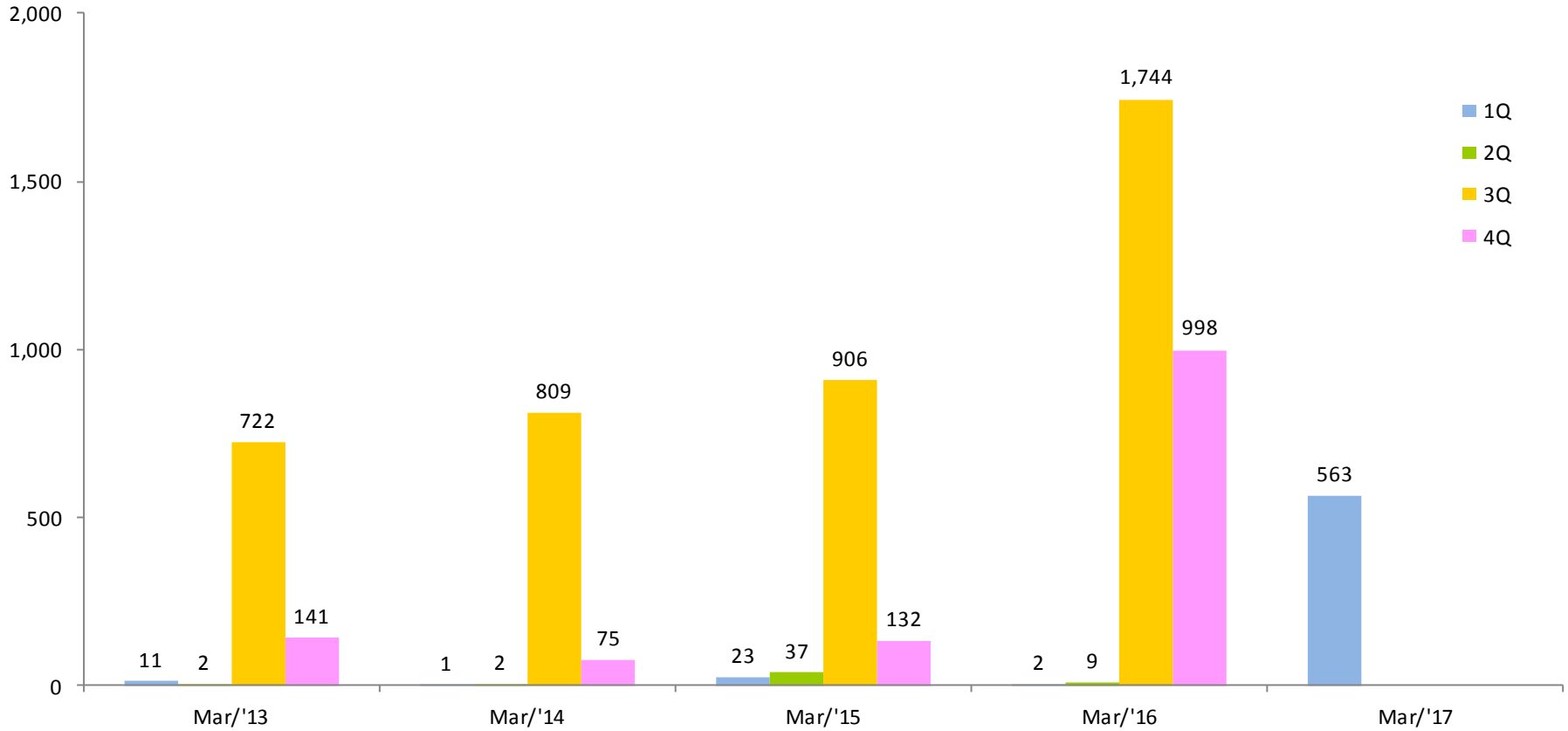


(Unit; JPY Million)

Quarterly Turnover Transition by Segment (Europe / North America)



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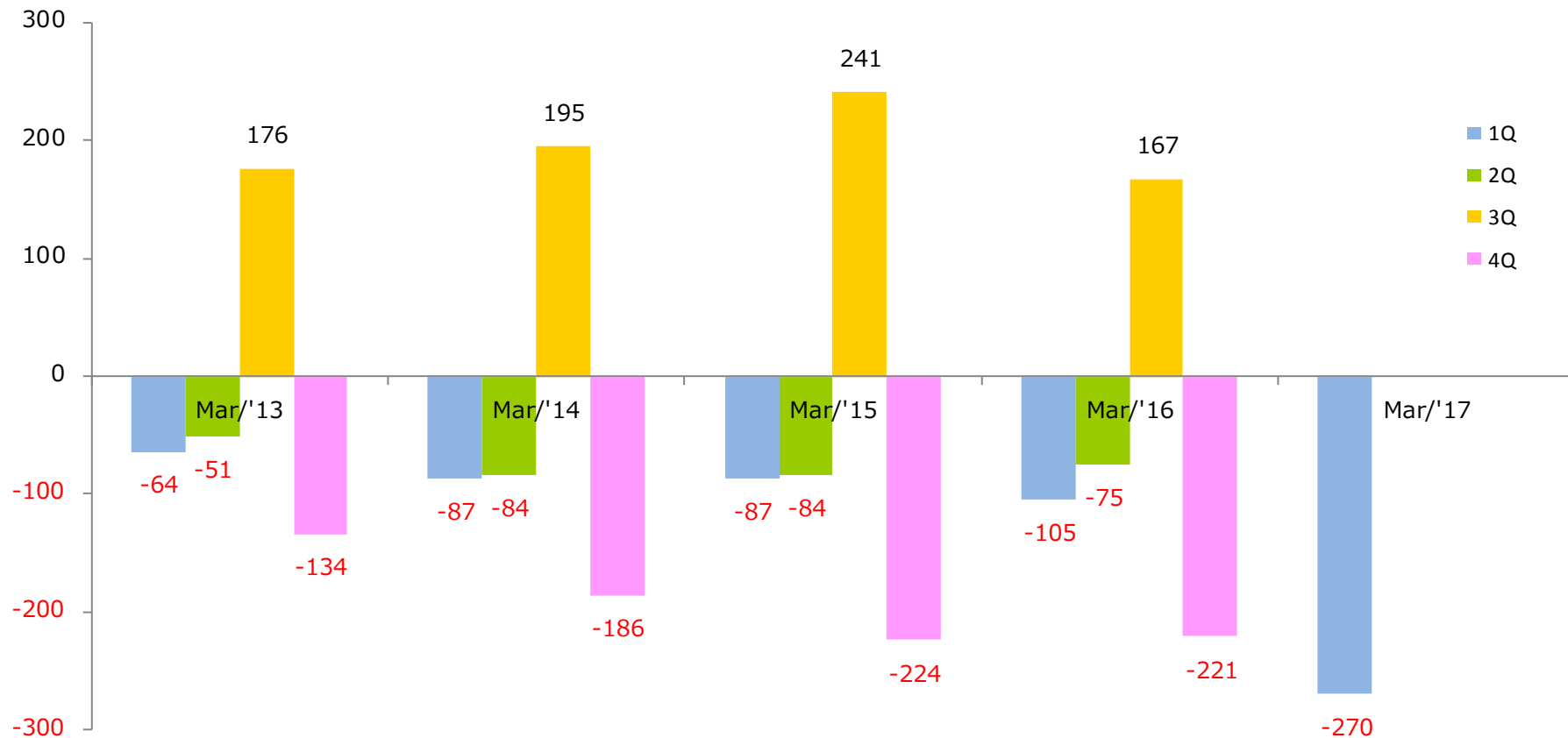
※ Includes inov-8 Group from 3Q 2016.

(Unit; JPY Million)

Quarterly Operating Profit Transition by Segment (Europe / North America)



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※ Includes inov-8 Group from 3Q 2016.

(Unit; JPY Million)

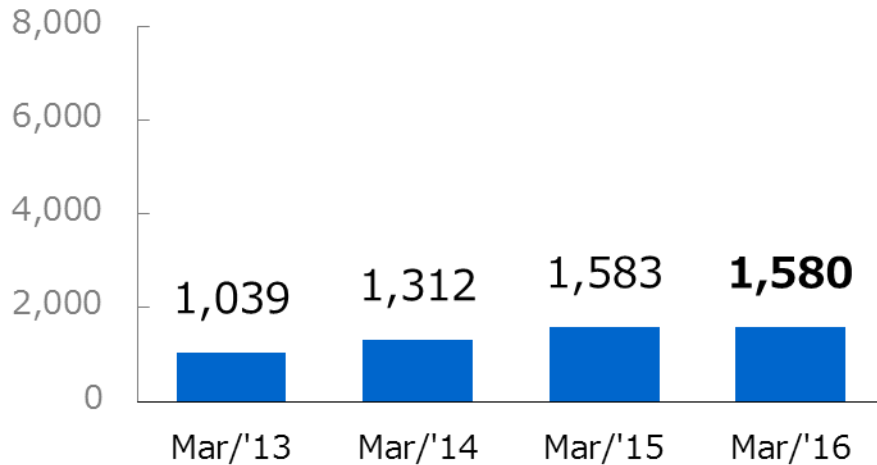
Sales Trend of DESCENTE KOREA LTD.



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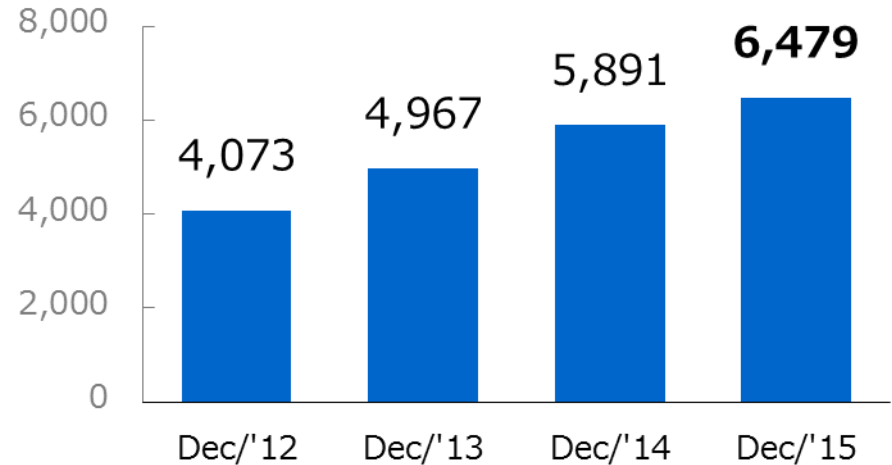
1st Quarter

(KRW 100 million)



Full Year

(KRW 100 million)



JPY Equivalent (Billion)	Mar/'13	Mar/'14	Mar/'15	Mar/'16
JPY Equivalent (Billion)	8.8	12.5	17.1	15.2

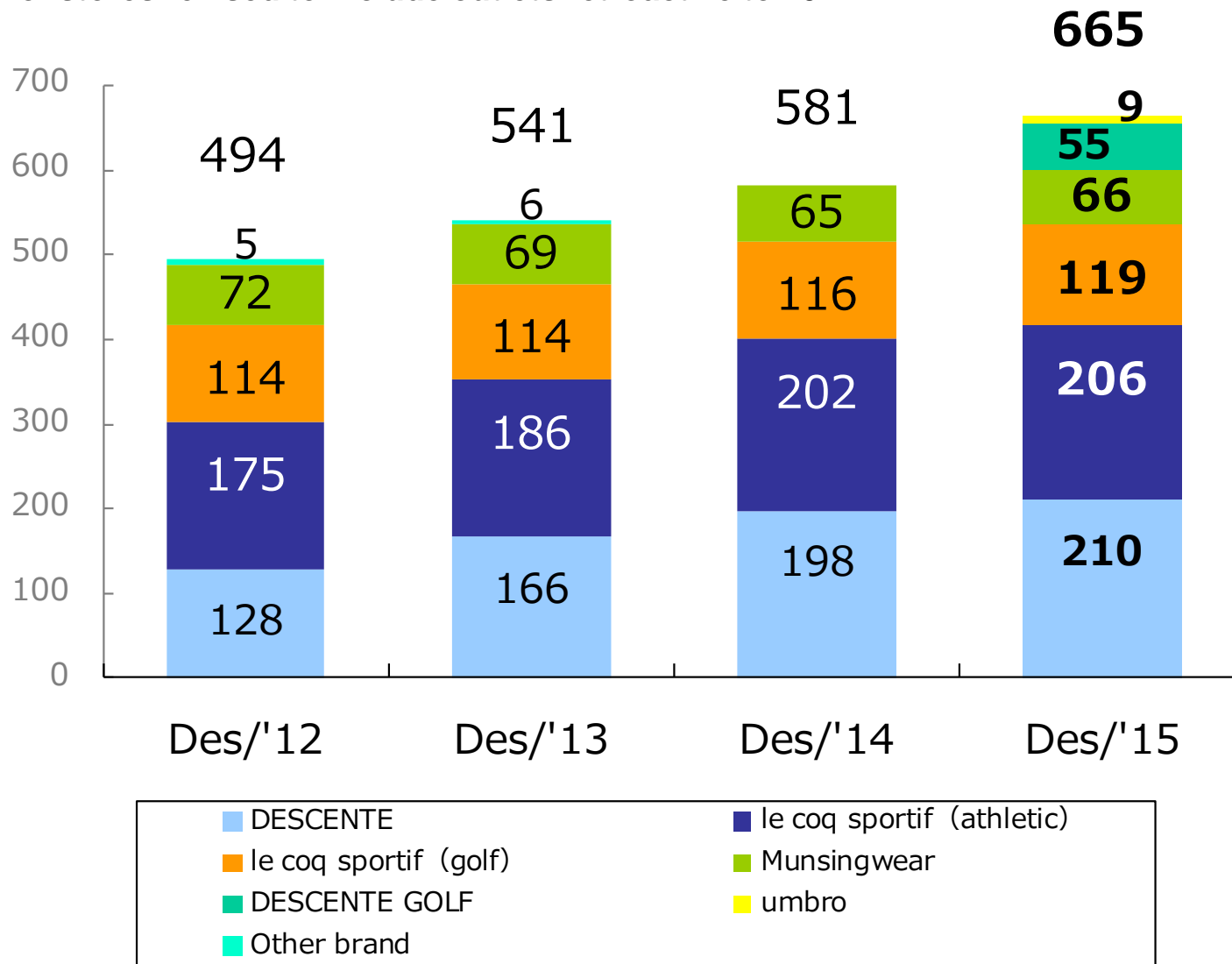
JPY Equivalent (Billion)	Dec/'12	Dec/'13	Dec/'14	Dec/'15
JPY Equivalent (Billion)	29.1	44.6	59.6	69.3

Number of Stores in Korea



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※Number of stores revised to include outlets retroactive to 2012.



(*includes stores operated by regional agents and outlets)

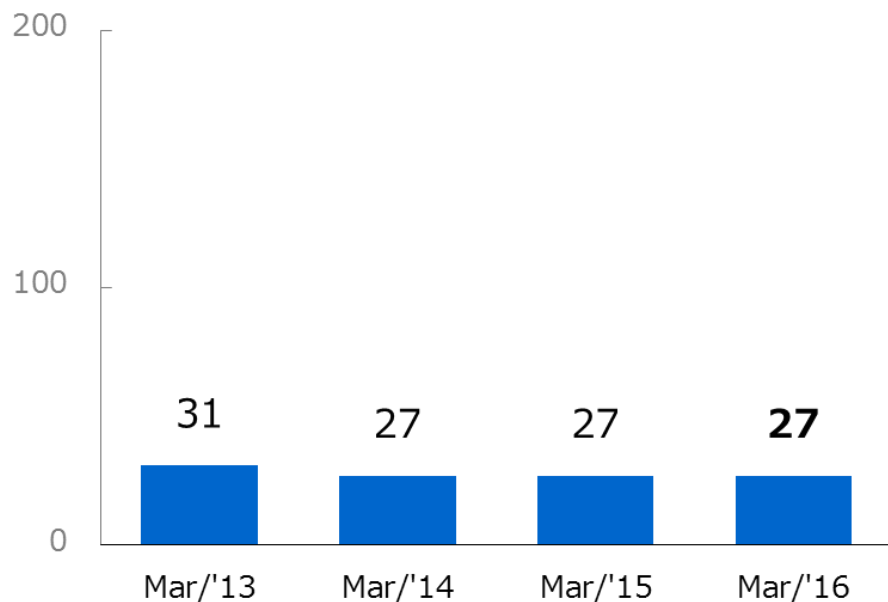
Sales Trend of SHANGHAI DESCENTE COMMERCIAL CO., LTD



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1st Quarter

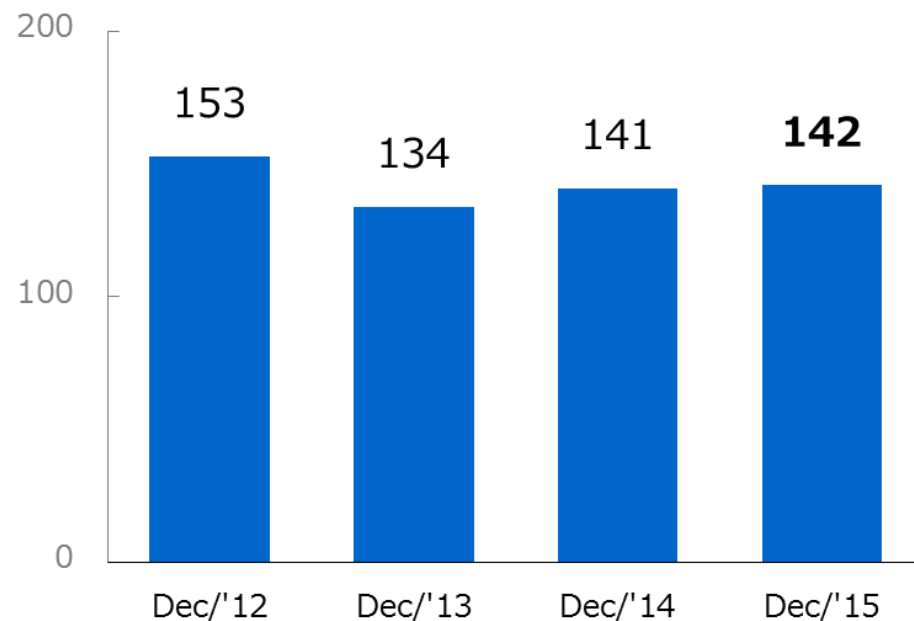
(million RMB)



JPY Equivalent (Billion)	Mar/'13	Mar/'14	Mar/'15	Mar/'16
	0.4	0.4	0.5	0.4

Full Year

(million RMB)



JPY Equivalent (Billion)	Dec/'12	Dec/'13	Dec/'14	Dec/'15
	1.9	2.1	2.4	2.7

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

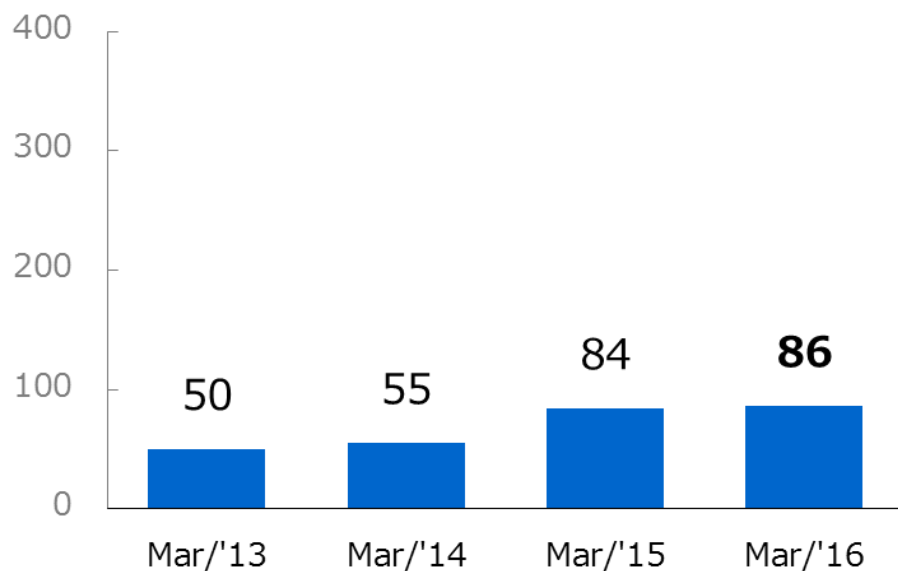


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* Affiliated Company Accounted for under the Equity Method

1st Quarter

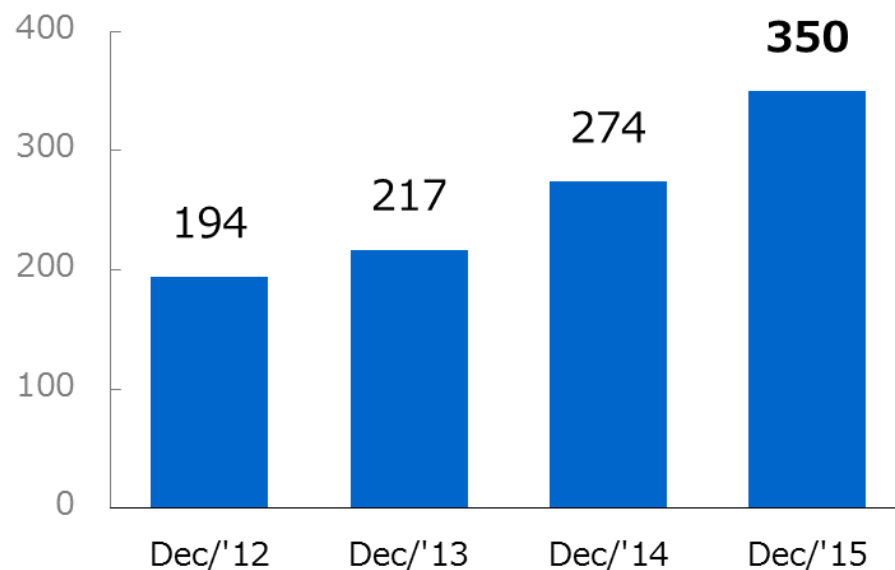
(million RMB)



JPY Equivalent (Billion)	Mar/'13	Mar/'14	Mar/'15	Mar/'16
	0.7	0.9	1.6	1.5

Full Year

(million RMB)



JPY Equivalent (Billion)	Dec/'12	Dec/'13	Dec/'14	Dec/'15
	2.4	3.4	4.7	6.7

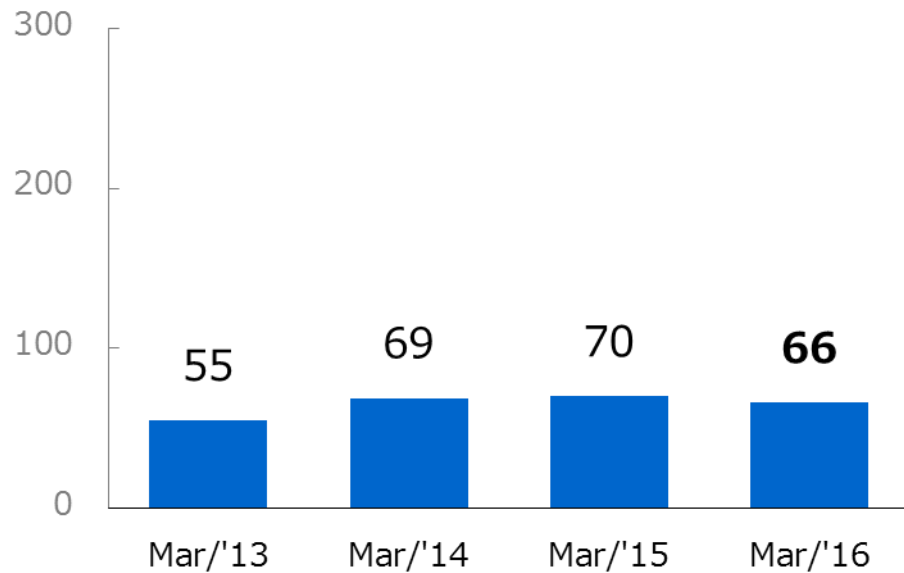
Sales Trend of HONG KONG DESCENTE TRADING, LTD.



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1st Quarter

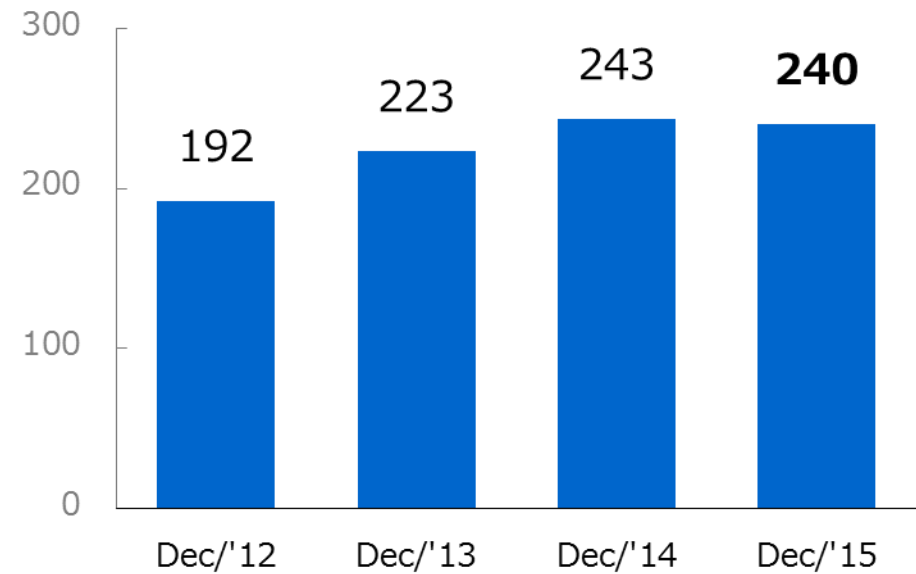
(million HKD)



JPY Equivalent (Billion)	Mar/'13	Mar/'14	Mar/'15	Mar/'16
	0.6	0.9	1.0	0.9

Full Year

(million HKD)



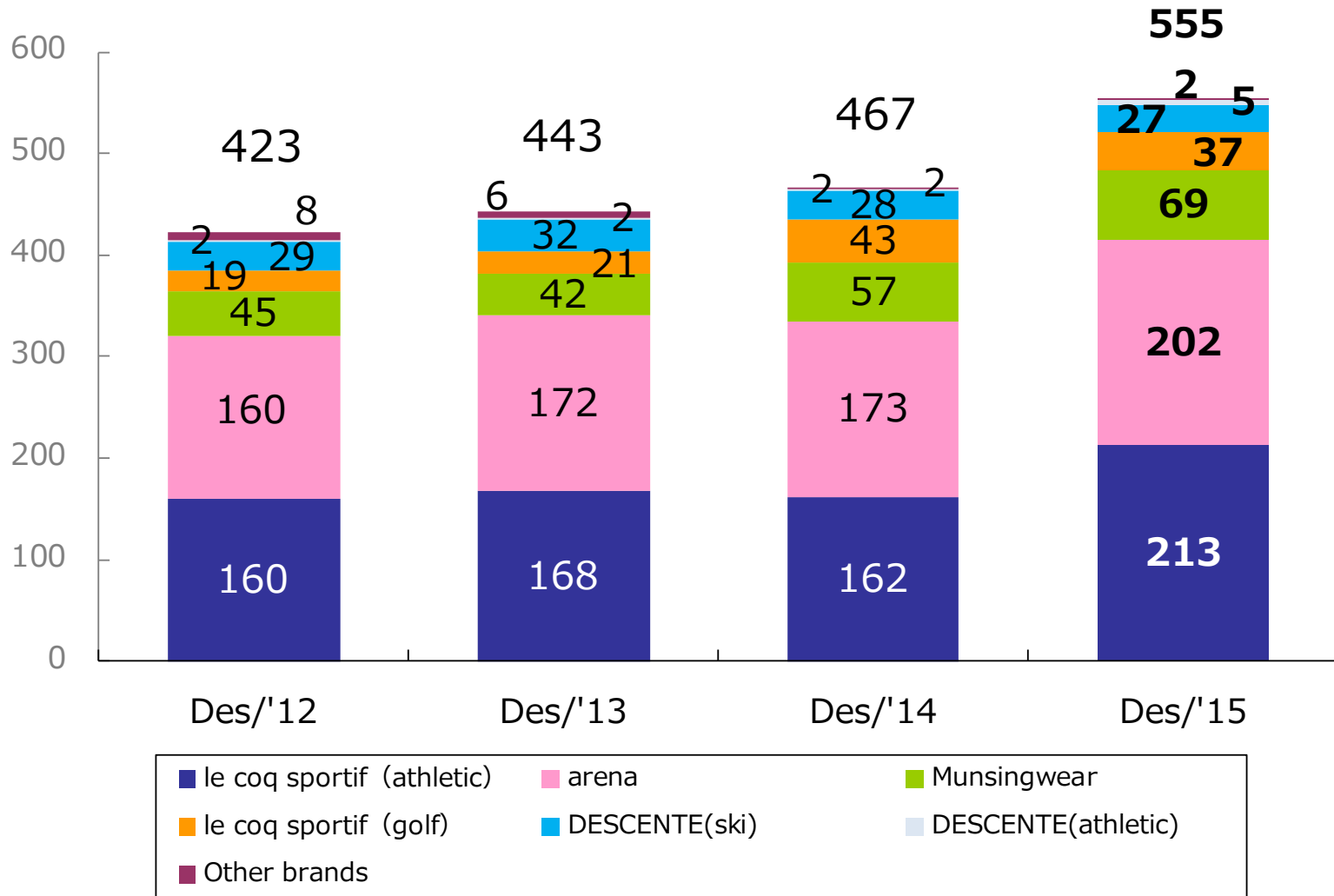
JPY Equivalent (Billion)	Dec/'12	Dec/'13	Dec/'14	Dec/'15
	2.4	2.8	3.3	3.7

Number of Retail Stores in China

(incl. Hong Kong)

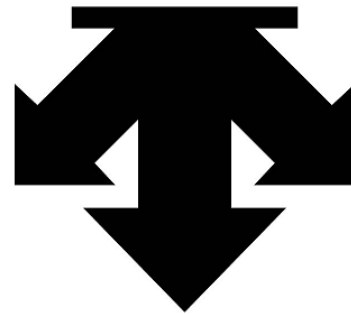


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(* including stores of commercial agents)

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