

DESCENTE



Design for Sports

Financial Report

Third 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	105.00	9.30	16.10	13.80	78.00	145.00
	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
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

- "3Q" means third quarter.
 Example: "17/3Q" means the third quarter on the FY ending March 31, 2017.

- 1. 3rd Quarter FY ending March 31, 2017**
2. Objectives and plan for the
FY ending March 31, 2017

Seen in local currencies revenue has increased but negative impact of FX fluctuations has resulted in a decline. Profits declined due to negative FX impact.

(Unit; JPY Million)

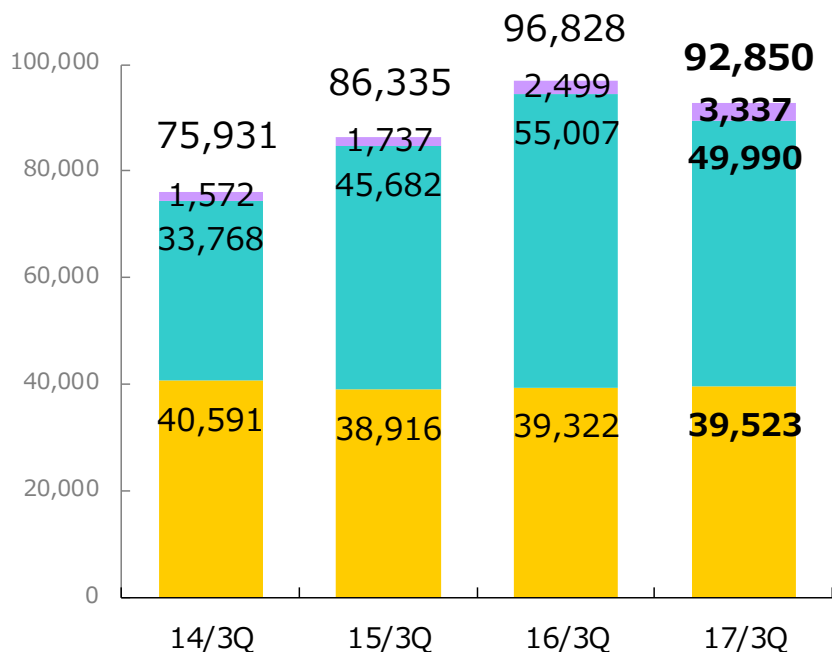
	Mar/'17		Mar/'16
	3Q	Year-on-year	3Q
Net sales	92,850	95.9%	96,828
OP income	5,539	74.5%	7,434
(%)	6.0%		7.7%
Ordinary income	5,907	76.6%	7,711
(%)	6.4%		8.0%
Profit attributable to owners of parent	4,176	72.4%	5,770
(%)	4.5%		6.0%

Net Sales Transition (consolidated)



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Japan sales increased driven by athletics. On a JPY basis overseas sales decreased, due mainly to negative FX fluctuations in South Korea (approx JPY720m).



Overseas Ratio: 46% (14/3Q), 54% (15/3Q), 59% (16/3Q), 57% (17/3Q)

(Unit; JPY Million)



Year on Year
▲ 3,978 million (96%)

Domestic +201 m(101%)

Athletic products + 512 m
 Golf products ▲205 m
 Outdoor brands ▲106 m

Overseas ▲4,179 m(93%)

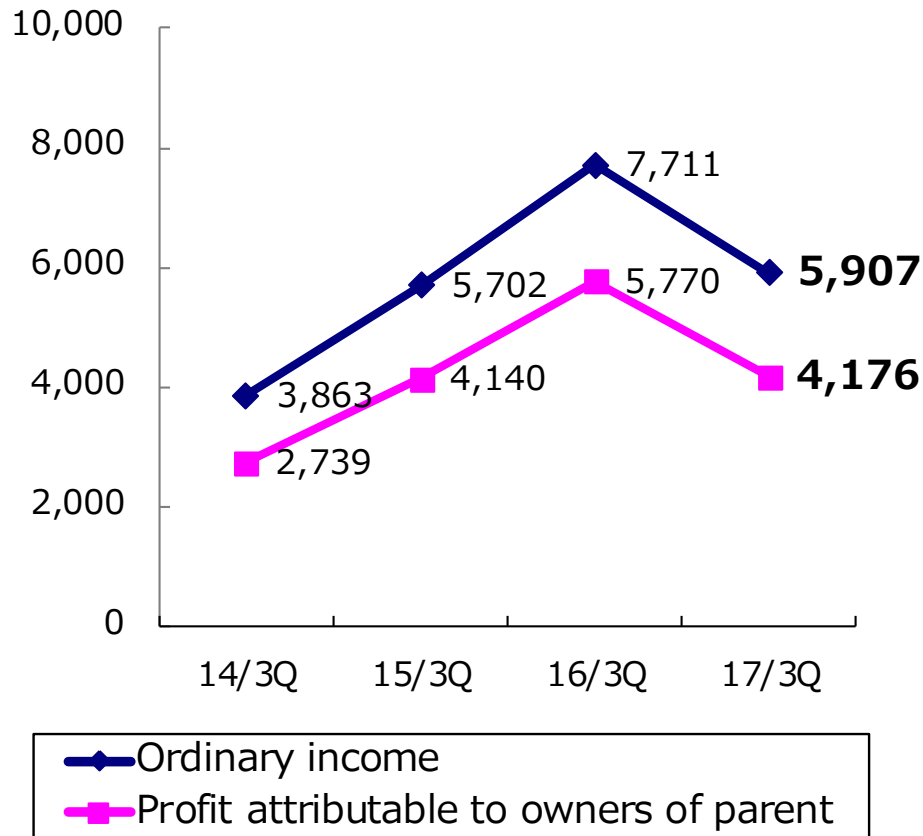
Athletic products ▲3,410 m
 Golf products ▲108 m
 Outdoor products ▲661 m

Income Transition (consolidated)



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Negative FX fluctuations resulted in declines in operating income, ordinary income and net profit for the Quarter.



(Unit; JPY Million)

	Current period	Prev. period	Change
Operating income	5,539	7,434	▲ 1,895
Non-operating income	551	663	▲ 112
Non-operating expenses	183	386	▲ 203
Ordinary income	5,907	7,711	▲ 1,804
Extraordinary income	0	0	0
Extraordinary loss	0	0	0
Total income taxes	1,731	1,940	▲ 209
Profit attributable to owners of parent	4,176	5,770	▲ 1,594

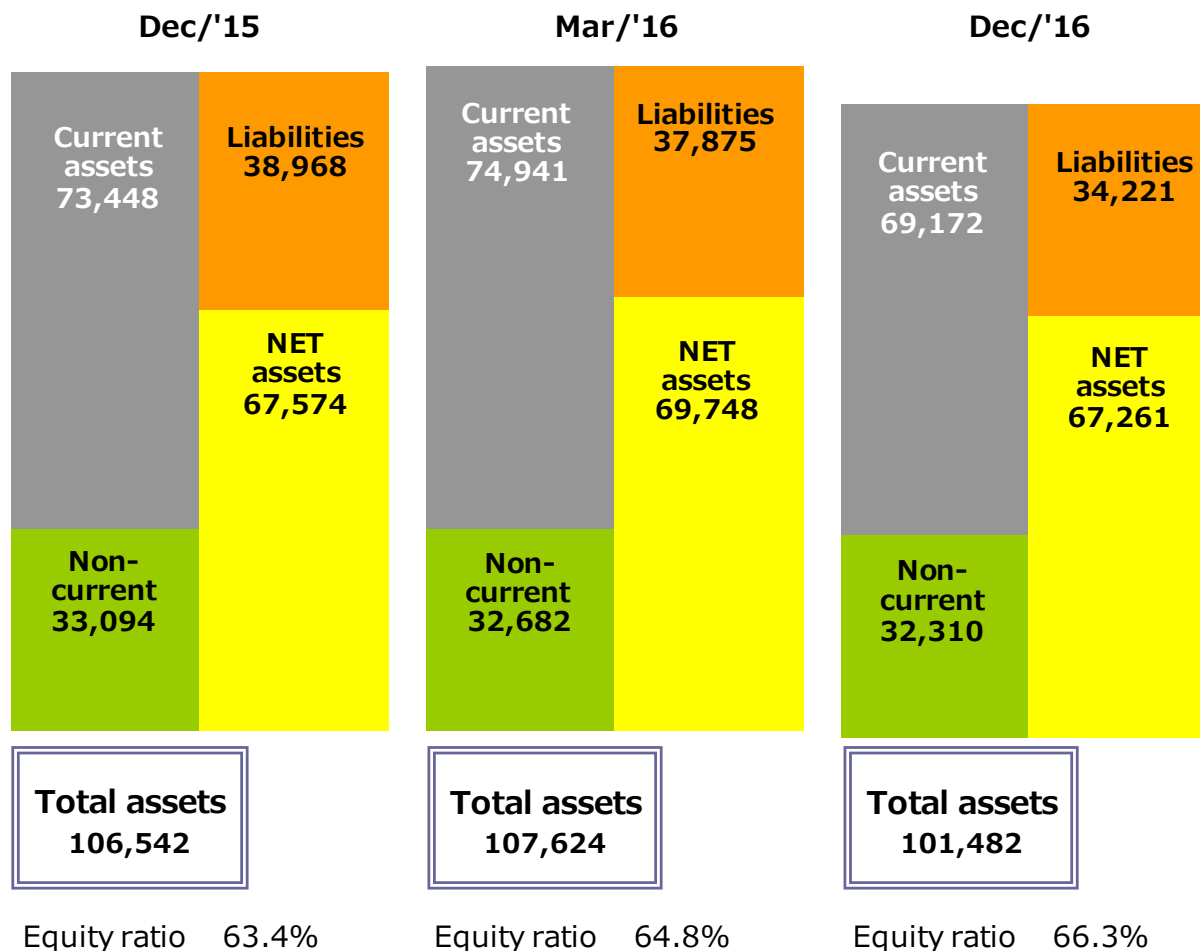
(Unit; JPY Million)

Balance Sheets Transition (consolidated)



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FX resulted in a decline in total assets but equity ratio improved by 2.9 points from the same period last FY.



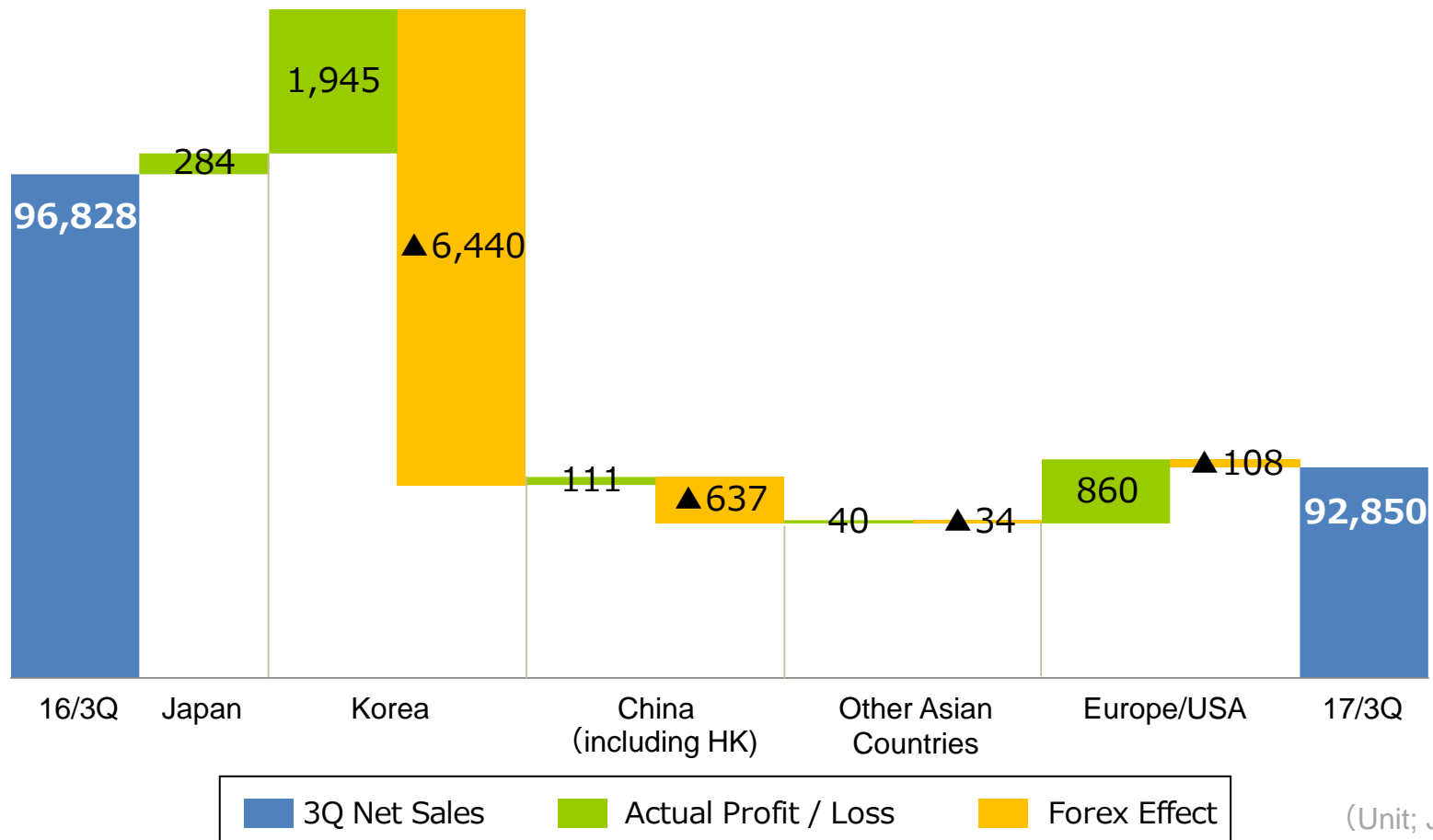
(Unit; JPY Million)

Turnover Fluctuations (By Segment: YoY)



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Turnover increased in all regions on a local currency basis.



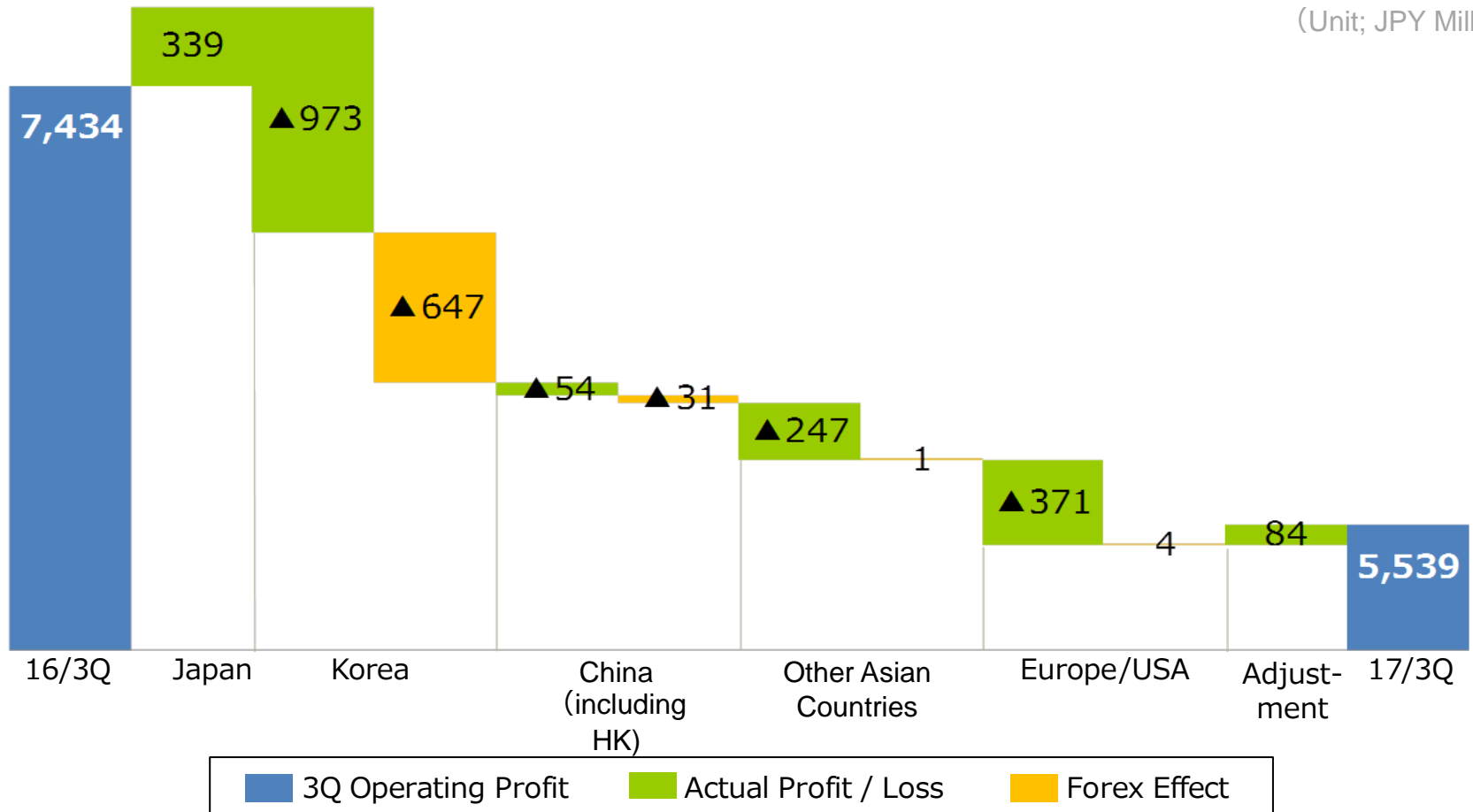
Operating Profit Fluctuations (By Segment: YoY)



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As overseas profits decline due to FX impact Japan is maintaining profit increases.

(Unit; JPY Million)



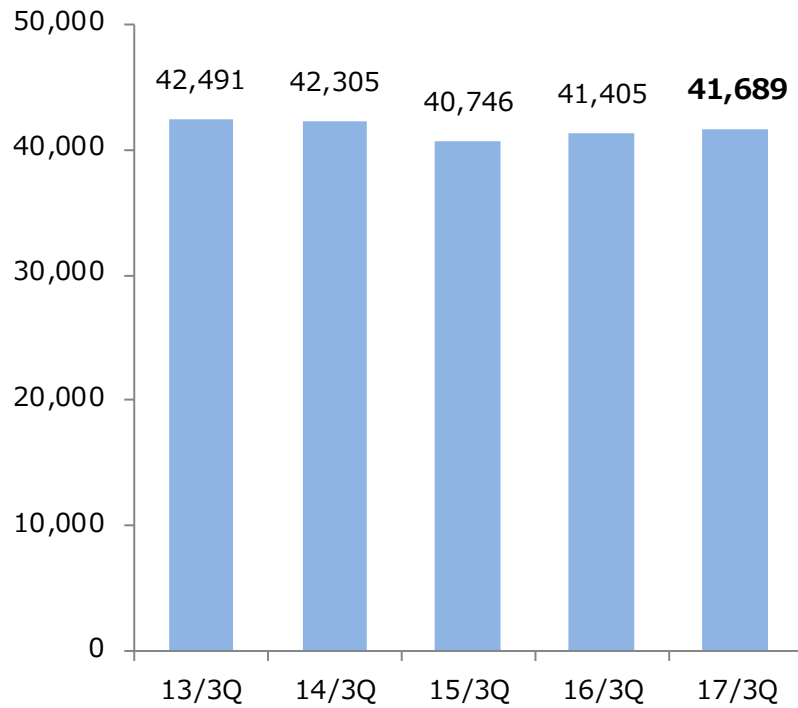
Turnover by Segment - Changes in Operating Profit (Japan)



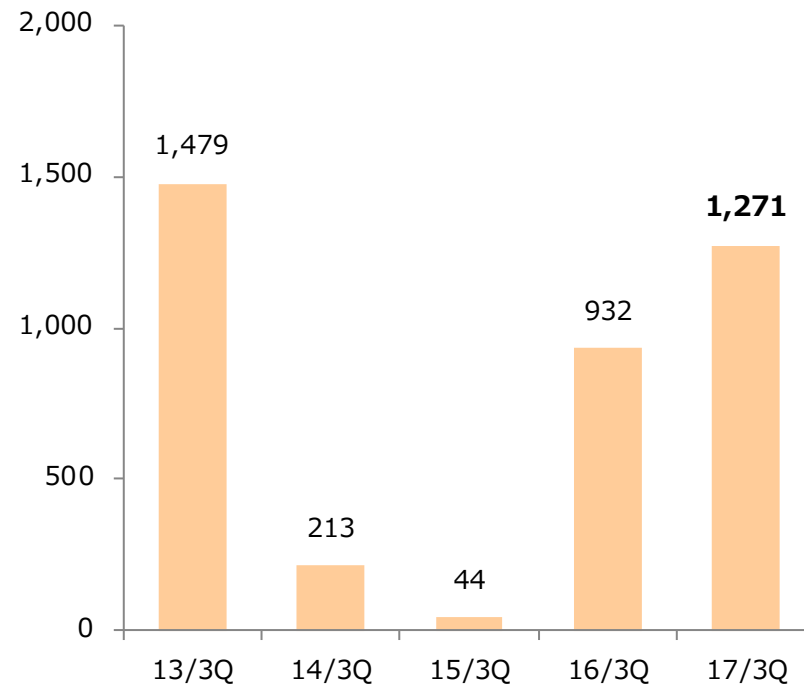
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DESCENTE brand performance continues to be strong
improvement in operating profit due to an increase in selling price ratio.

Net Sales



Operating Income



(Unit; JPY Million)

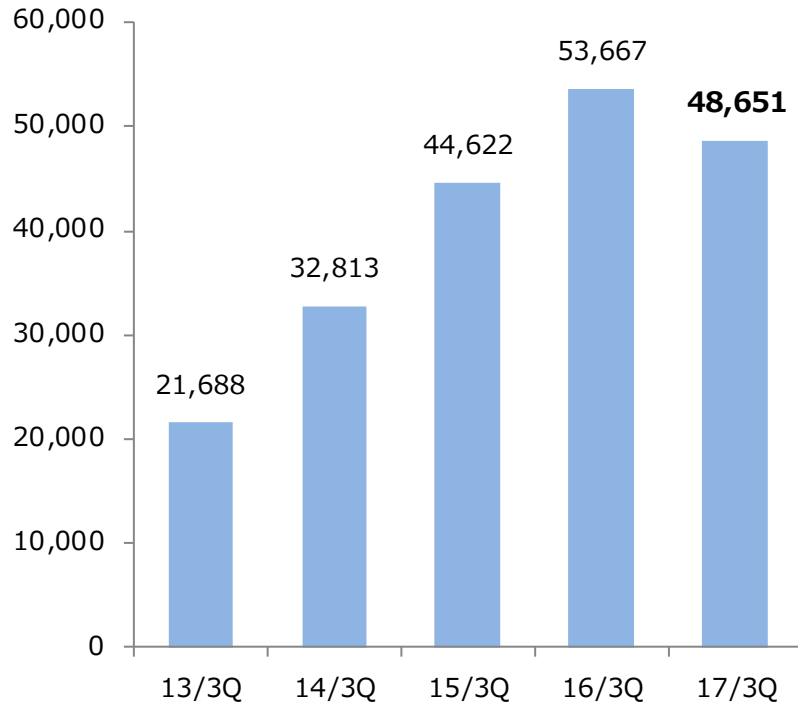
Turnover by Segment - Changes in Operating Profit (Asia)



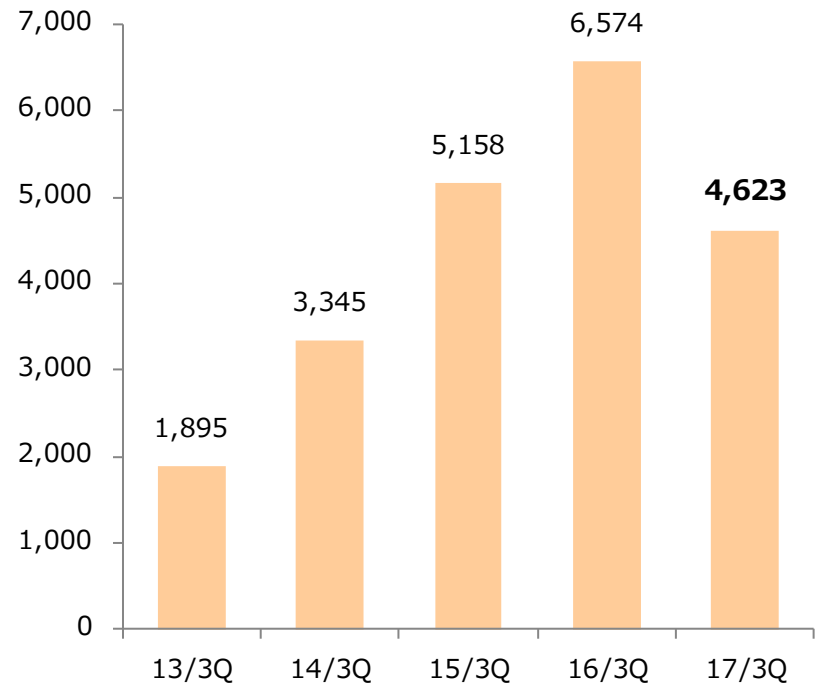
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On a local currency basis turnover and profit have improved YoY. When converted to JPY both turnover and profits are negatively impacted by FX fluctuations.

Net Sales



Operating Income



(Unit; JPY Million)

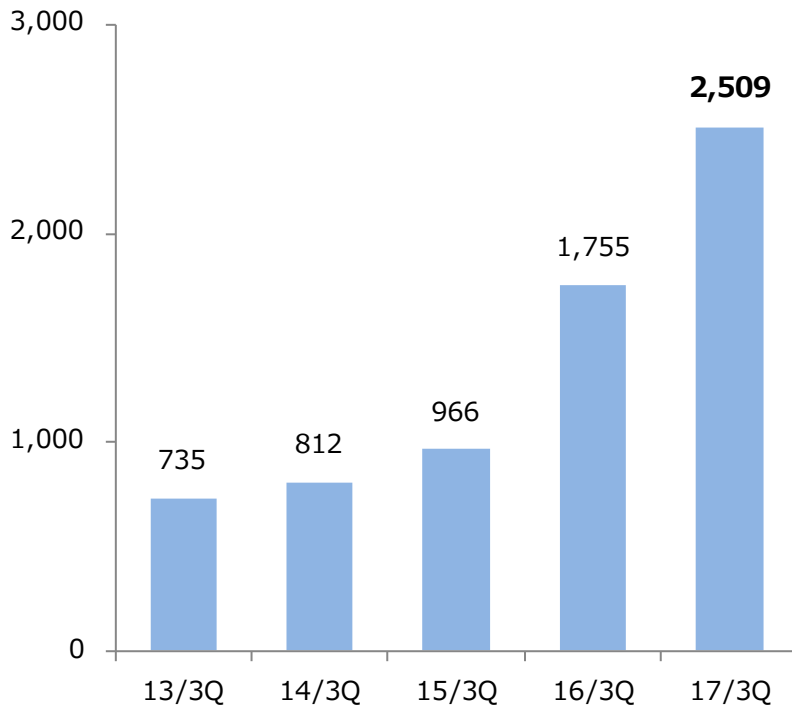
Turnover by Segment – Changes in Operating Profit (Europe/North America)



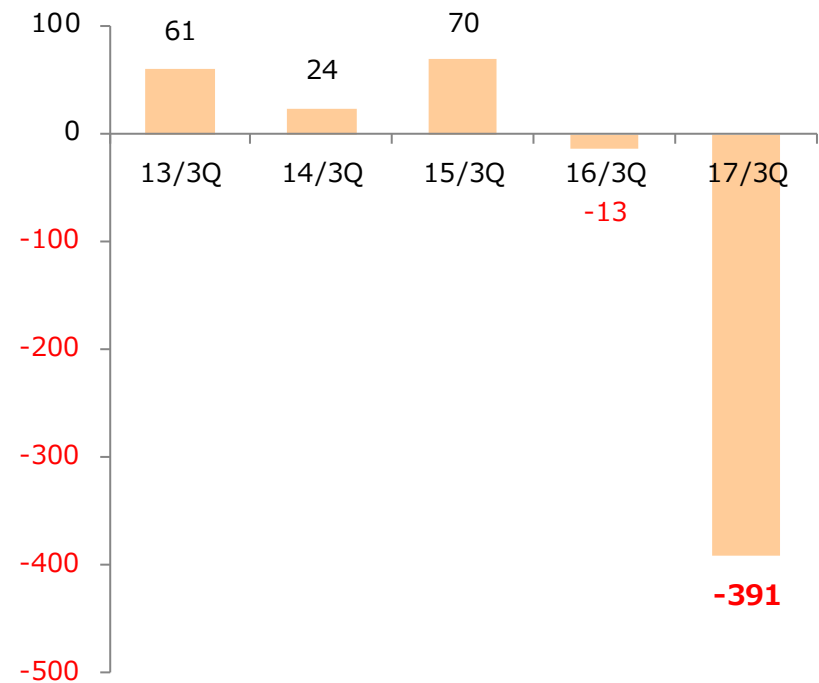
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Integration of Inov8 into the Group has meant an increase in turnover. However amortization of the goodwill has resulted in increased operating losses.

Net Sales



Operating Income



(Unit; JPY Million)



1. 3rd 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/'16	Mar/'17		Mar/'19 3 year
		Revised plan	previous year	
Net sales	135,778	130,000	95.7%	170,000
OP income	10,376	8,000	77.1%	-
(rete)	7.6%	6.2%		-
Ordinary income	11,053	8,100	73.3%	14,000
(rete)	8.1%	6.2%		8.2%
Profit attributable to owners of parent	7,870	5,500	69.9%	10,000
(rete)	5.8%	4.2%		5.9%
Net income per share	104.47	73.00		-

* Plan for FY ending March 31, 2017 unchanged since release of revisions on November 1 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	5,500
Payout ratio	16.9%	17.2%	16.3%	23.3%

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.

* There is no amendment to the dividend forecast of November 1, 2016.



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FY ending March 31, 2017

Q3 Results additional Materials

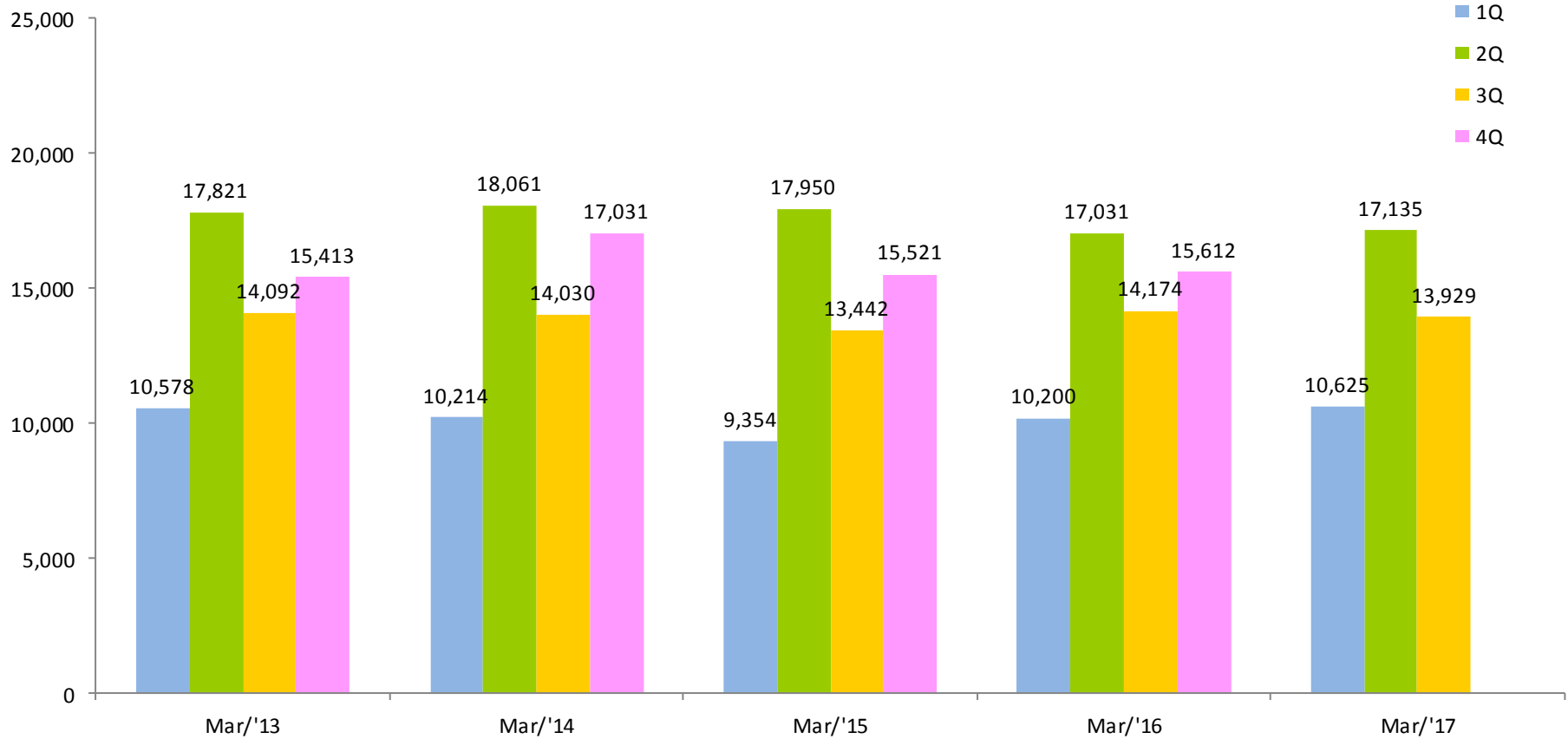
[Reference Materials]

**(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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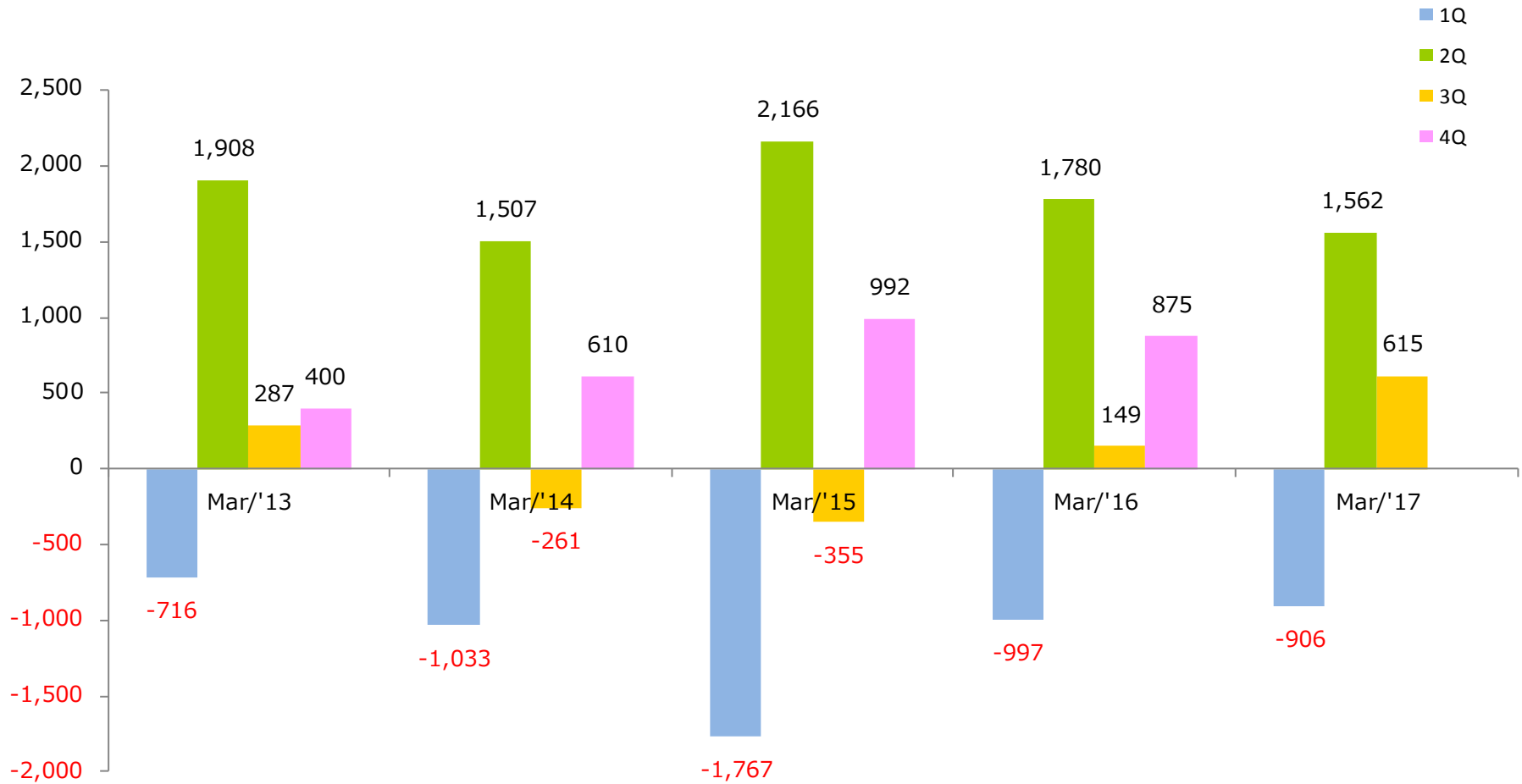


(Unit; JPY Million)

Quarterly Operating Profit Transition by Segment (Japan)



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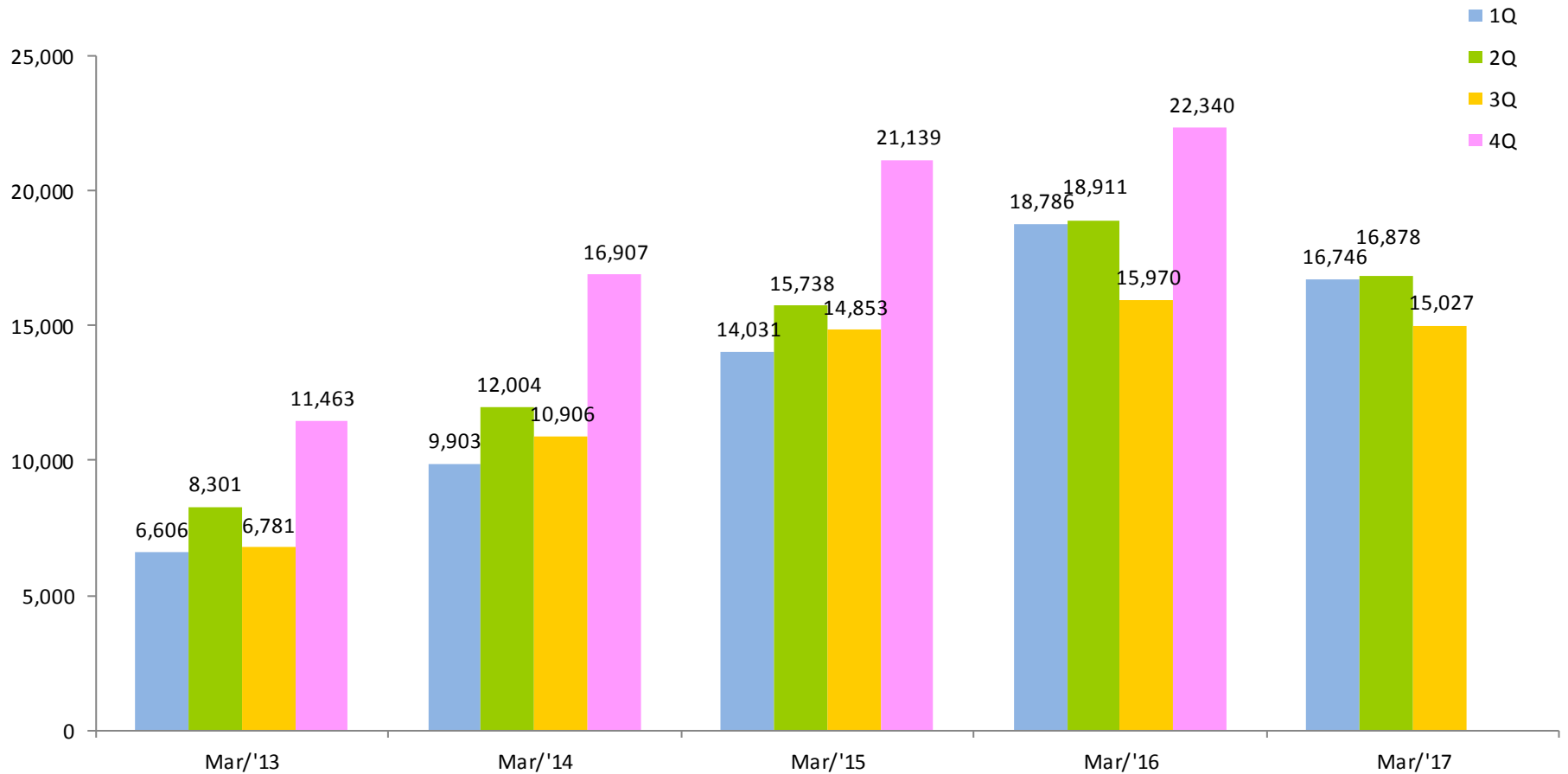


(Unit; JPY Million)

Quarterly Turnover Transition by Segment (Asia)



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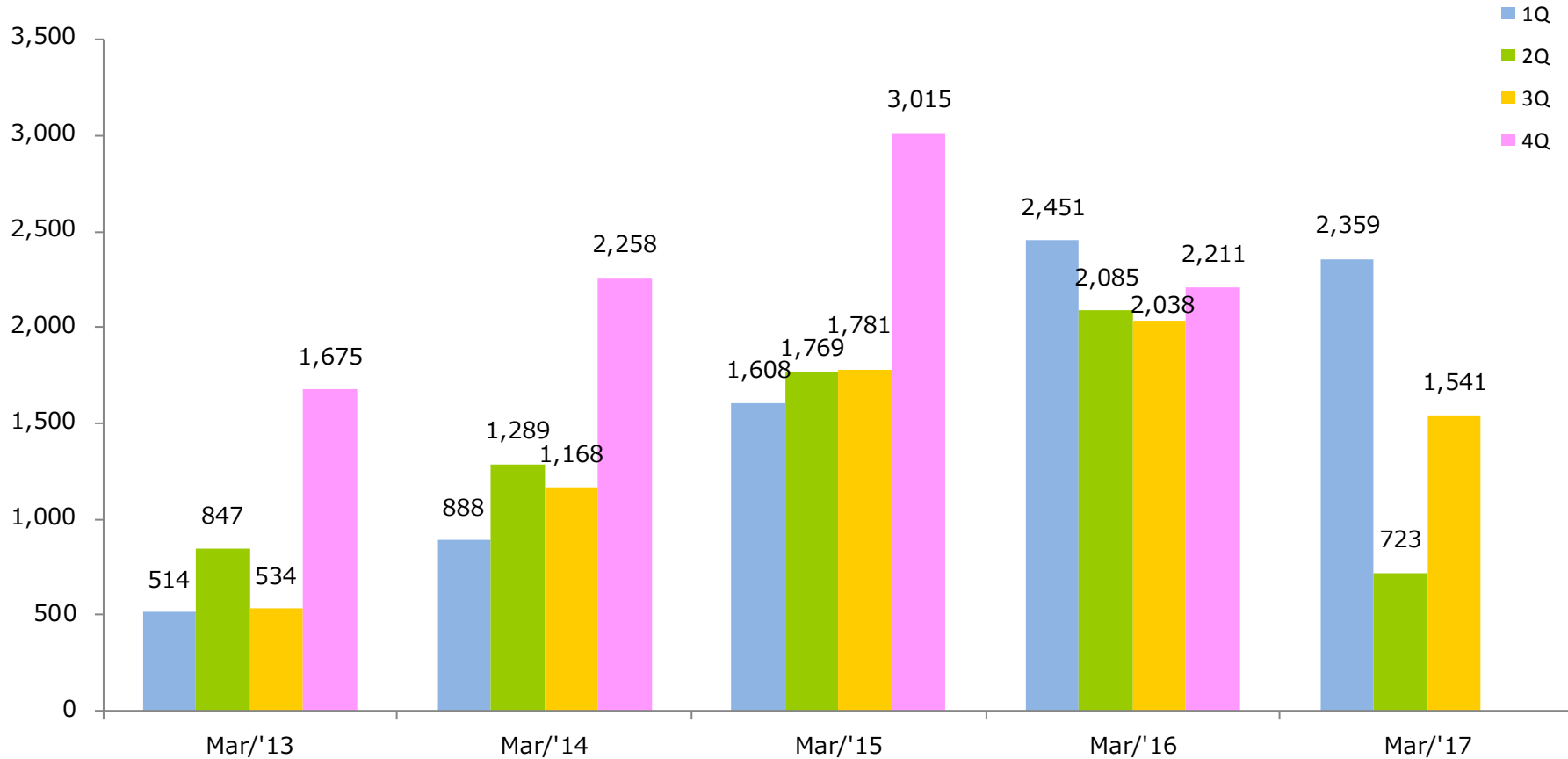


(Unit; JPY Million)

Quarterly Operating Profit Transition by Segment (Asia)



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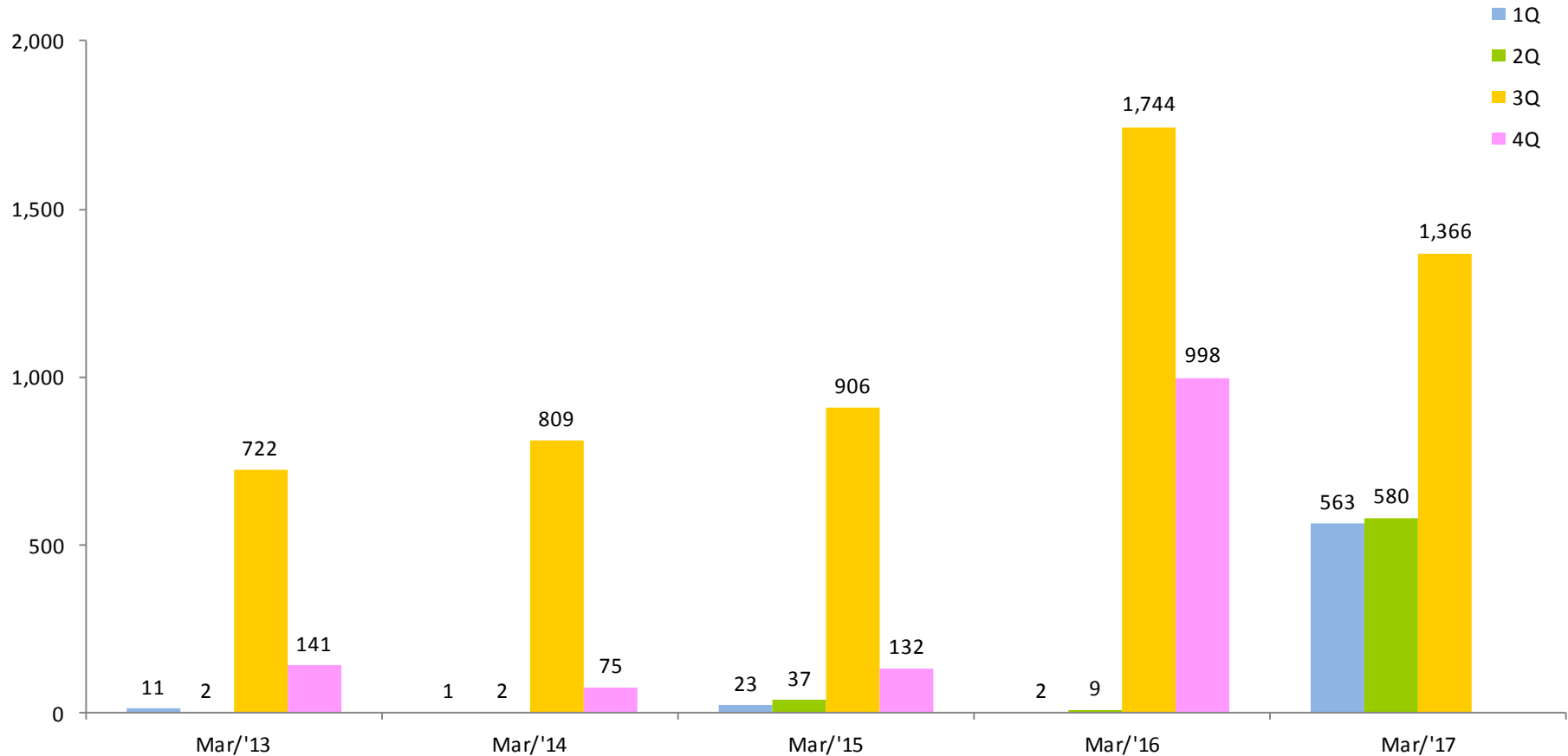
(Unit; JPY Million)

Quarterly Turnover Transition by Segment

(Europe / North America)



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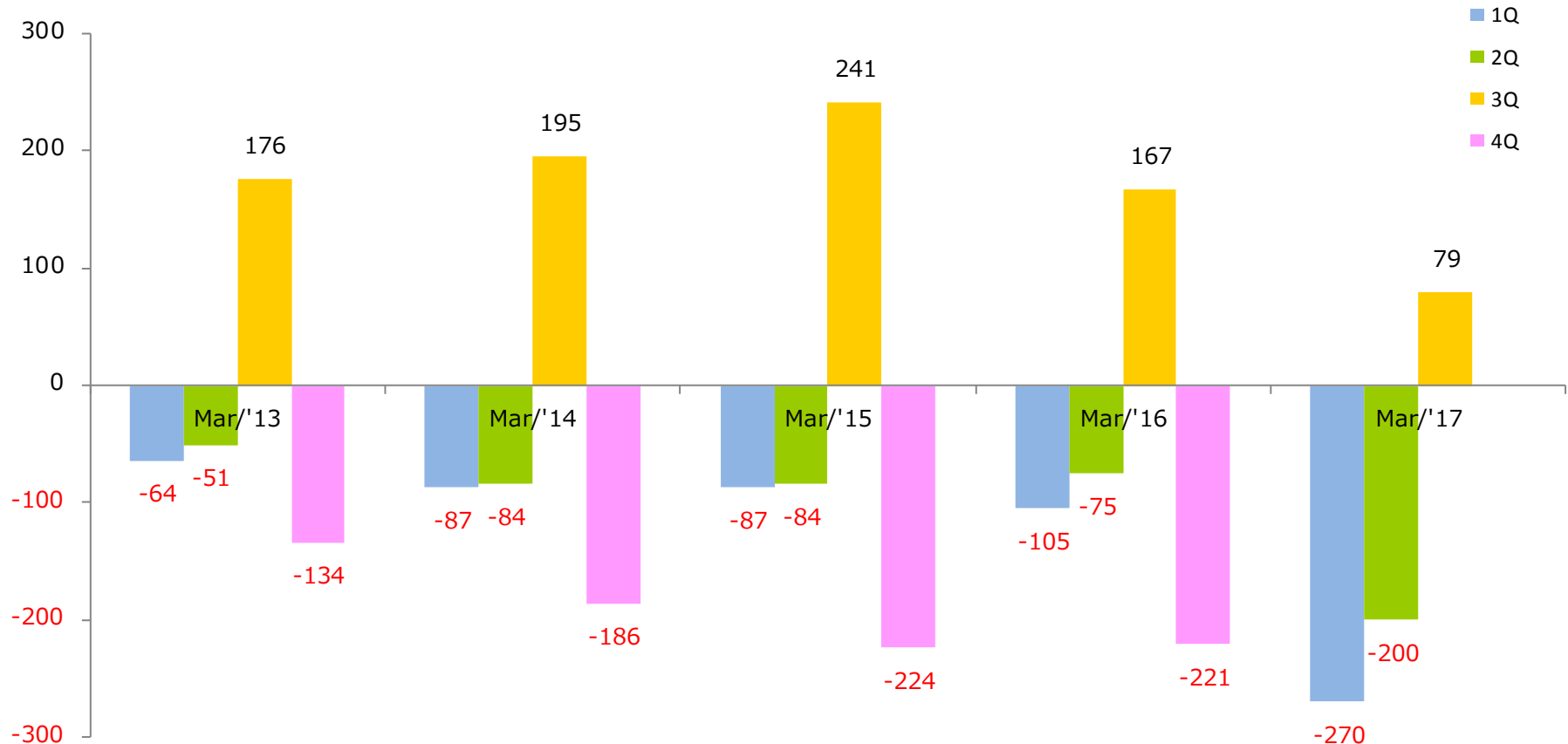
※ Includes inov-8 Group from 3Q 2016.

(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)

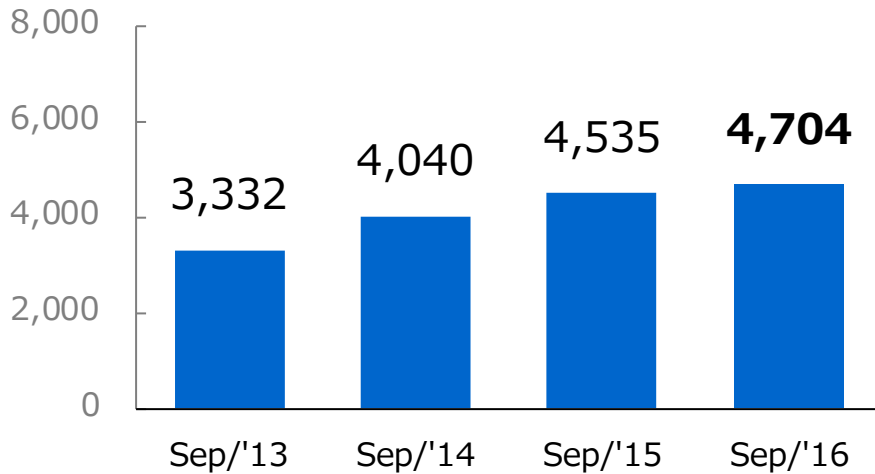
Sales Trend of DESCENTE KOREA LTD.



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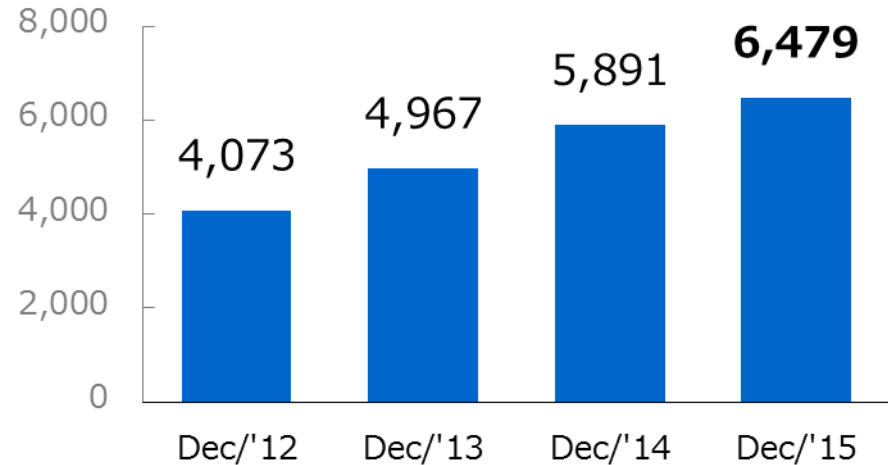
3rd Quarter

(KRW 100 million)



Full Year

(KRW 100 million)



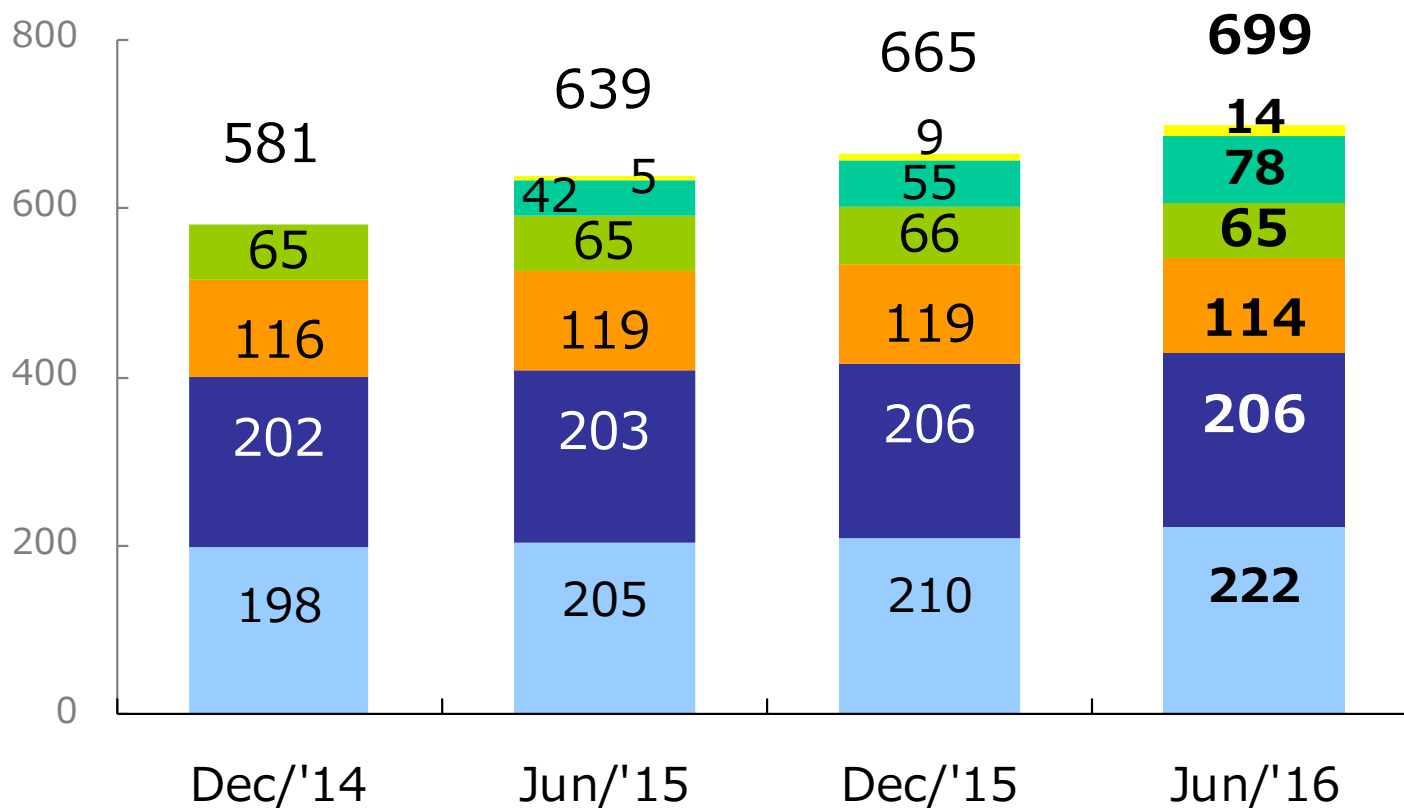
JPY Equivalent (Billion)	Sep/'13	Sep/'14	Sep/'15	Sep/'16
	29.1	40.1	48.7	44.1

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

Number of Stores in Korea



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(*includes stores operated by regional agents and outlets)

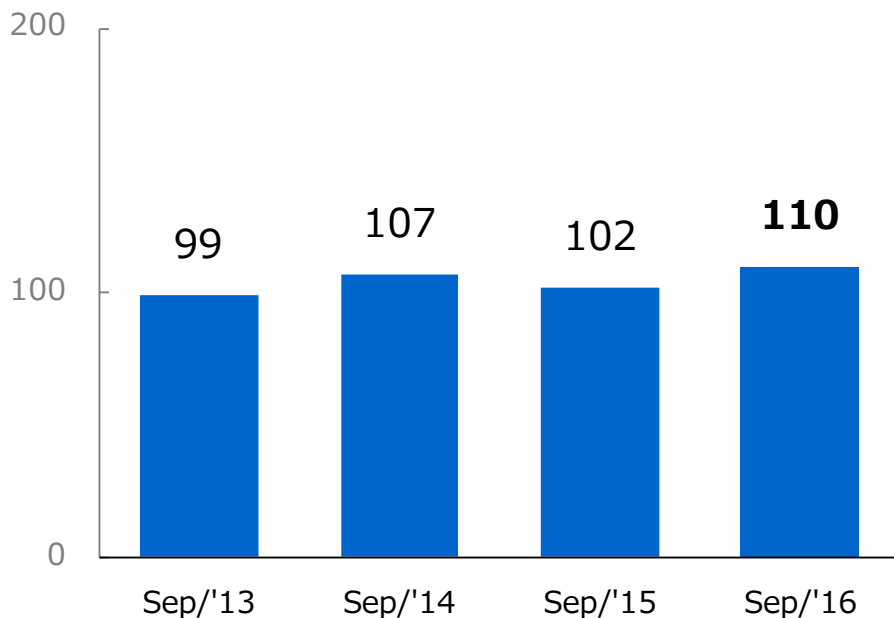
Sales Trend of SHANGHAI DESCENTE COMMERCIAL CO., LTD



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3rd Quarter

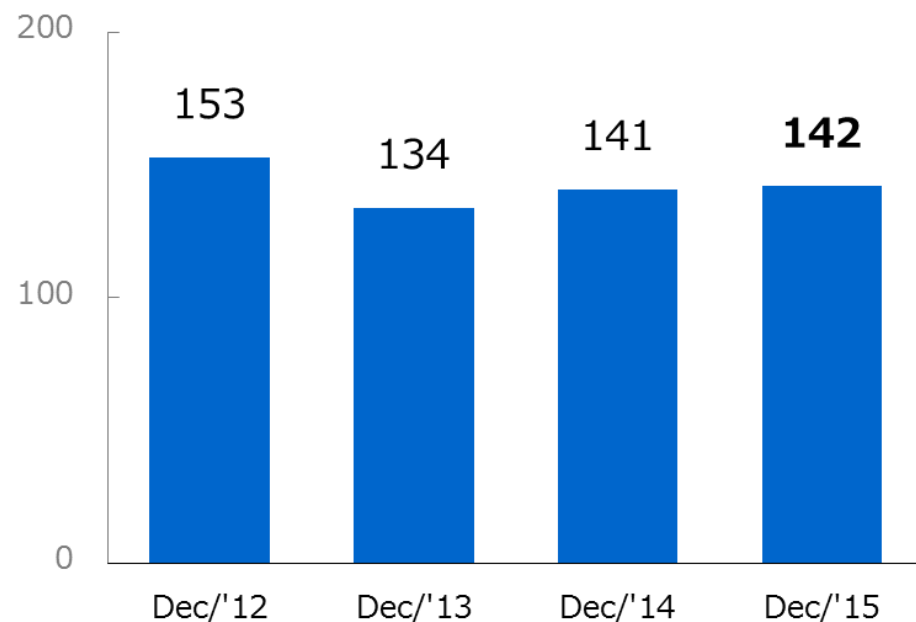
(million RMB)



JPY Equivalent (Billion)	Sep/'13	Sep/'14	Sep/'15	Sep/'16
	1.5	1.7	1.9	1.8

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.

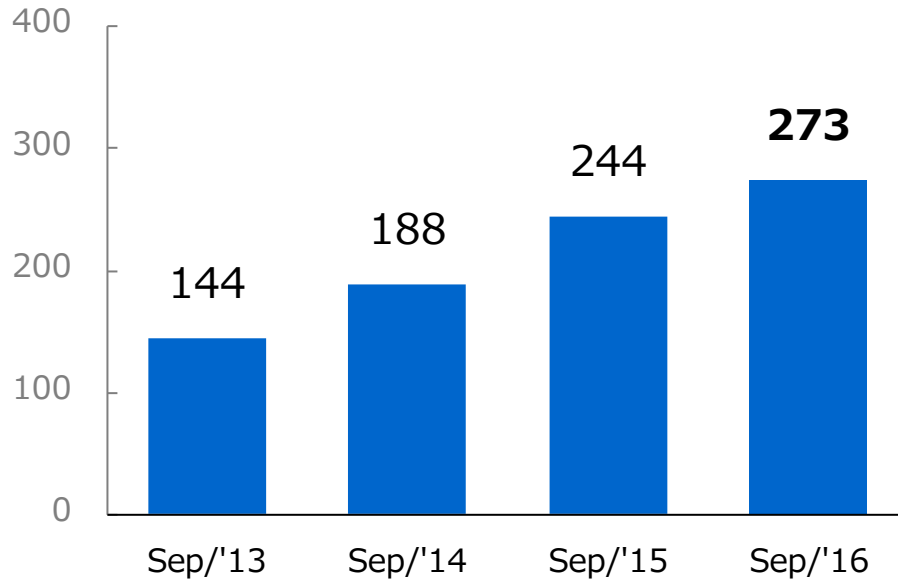


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* Affiliated Company Accounted for under the Equity Method

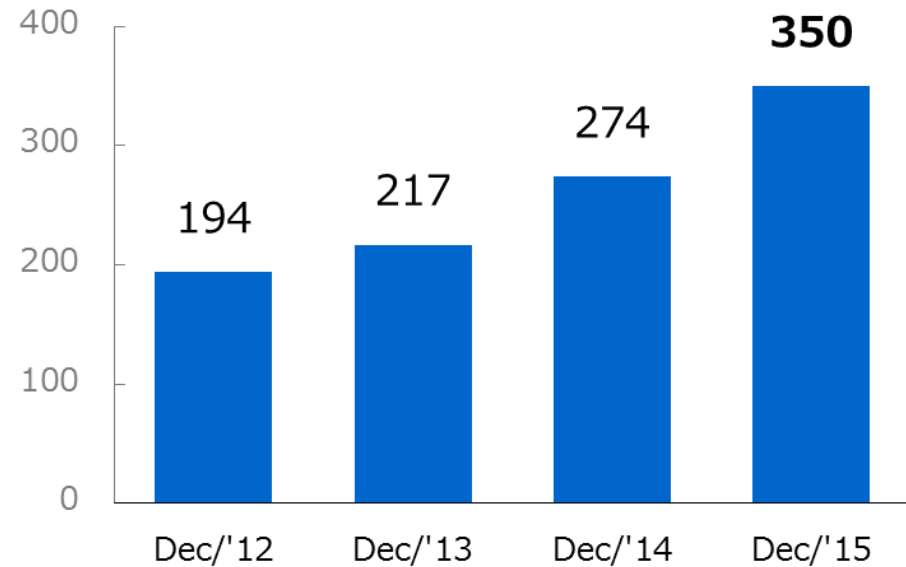
3rd Quarter

(million RMB)



Full Year

(million RMB)



JPY Equivalent (Billion)	Sep/'13	Sep/'14	Sep/'15	Sep/'16
	2.2	3.1	4.7	4.4

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

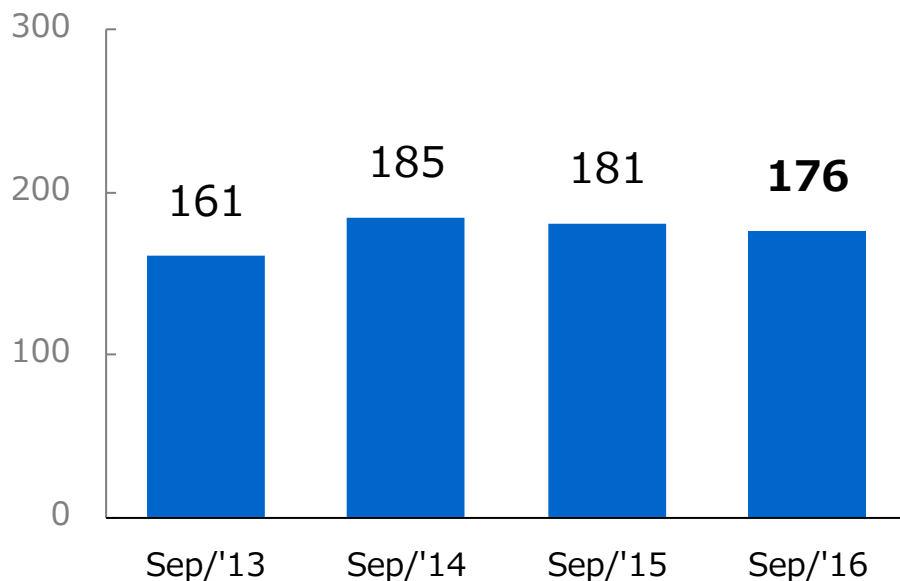
Sales Trend of HONG KONG DESCENTE TRADING, LTD.



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3rd Quarter

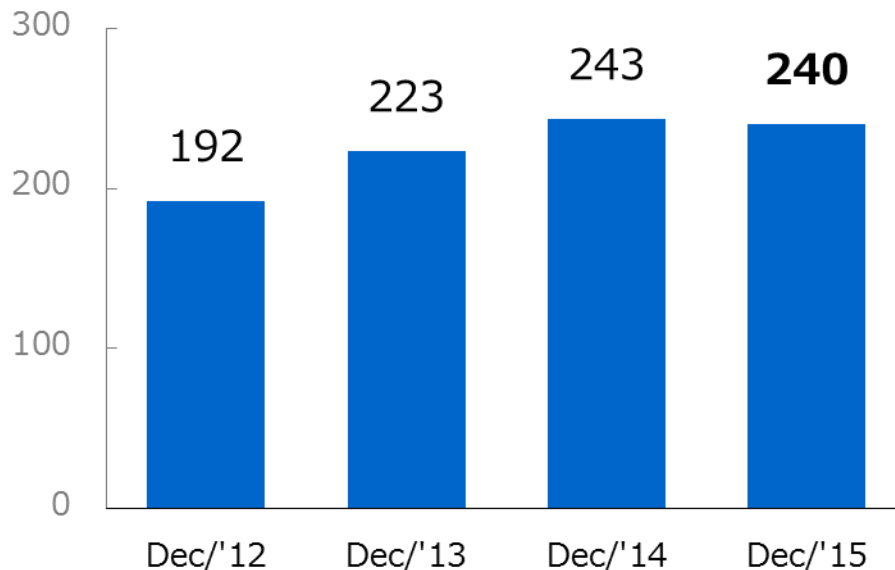
(million HKD)



JPY Equivalent (Billion)	Sep/'13	Sep/'14	Sep/'15	Sep/'16
	2.0	2.4	2.8	2.4

Full Year

(million HKD)



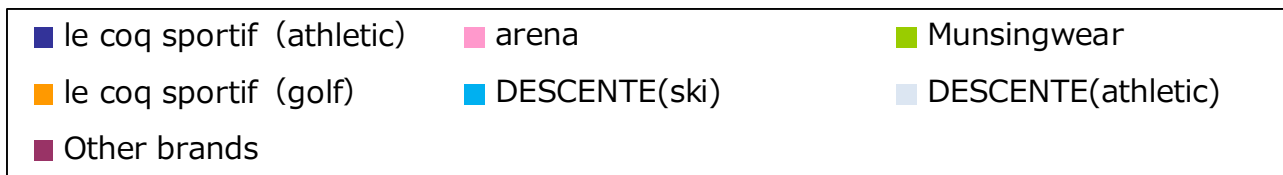
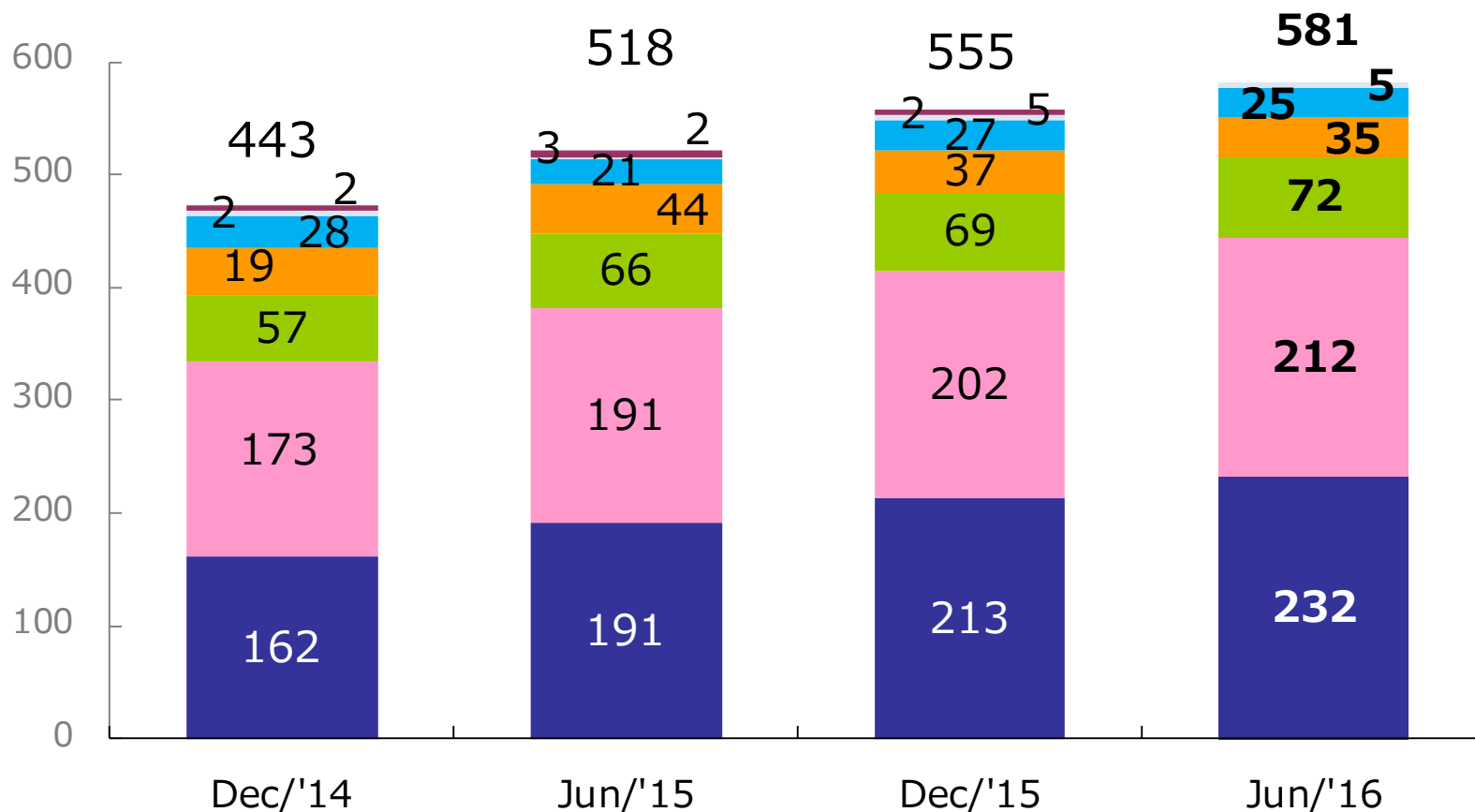
JPY Equivalent (Billion)	Dec/'12	Dec/'13	Dec/'14	Dec/'15
	2.4	2.8	3.3	3.7

Number of Retail Stores in China



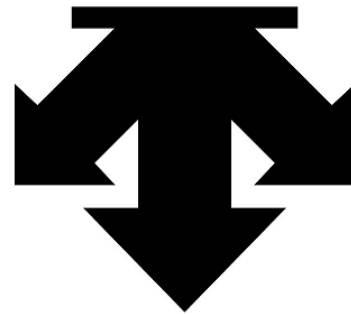
Design for Sports

(incl. Hong Kong)



(*includes stores operated by regional agents and outlets)

DESCENTE



Design for Sports