

Nitori Holdings Co., Ltd.



Financial Results Presentation for the Fiscal Year 2016



March 28 , 2017

TSE1st.&Sapporo Code : 9843

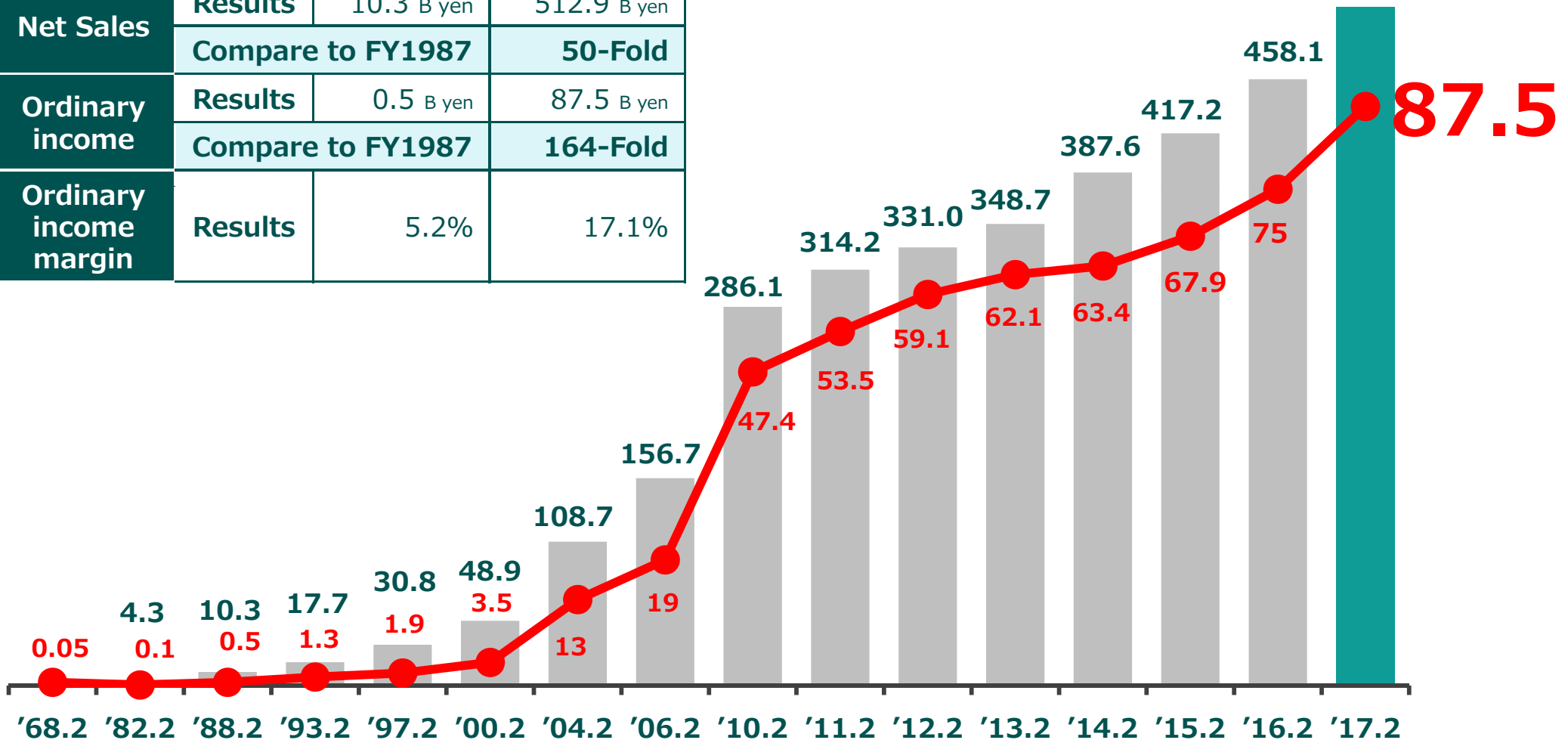
[DISCLAIMER]
IN-HOUSE TRANSLATION

Achieved Growth both in sales and profit for 30 consecutive fiscal years



		FY1987	FY2016
Number of Stores	Results	16 Stores	471 Stores
	Compare to FY1987	29-Fold	
Net Sales	Results	10.3 B yen	512.9 B yen
	Compare to FY1987	50-Fold	
Ordinary income	Results	0.5 B yen	87.5 B yen
	Compare to FY1987	164-Fold	
Ordinary income margin	Results	5.2%	17.1%

■ Net Sales(Billions of Yen)
● Ordinary Income(Billions of Yen)

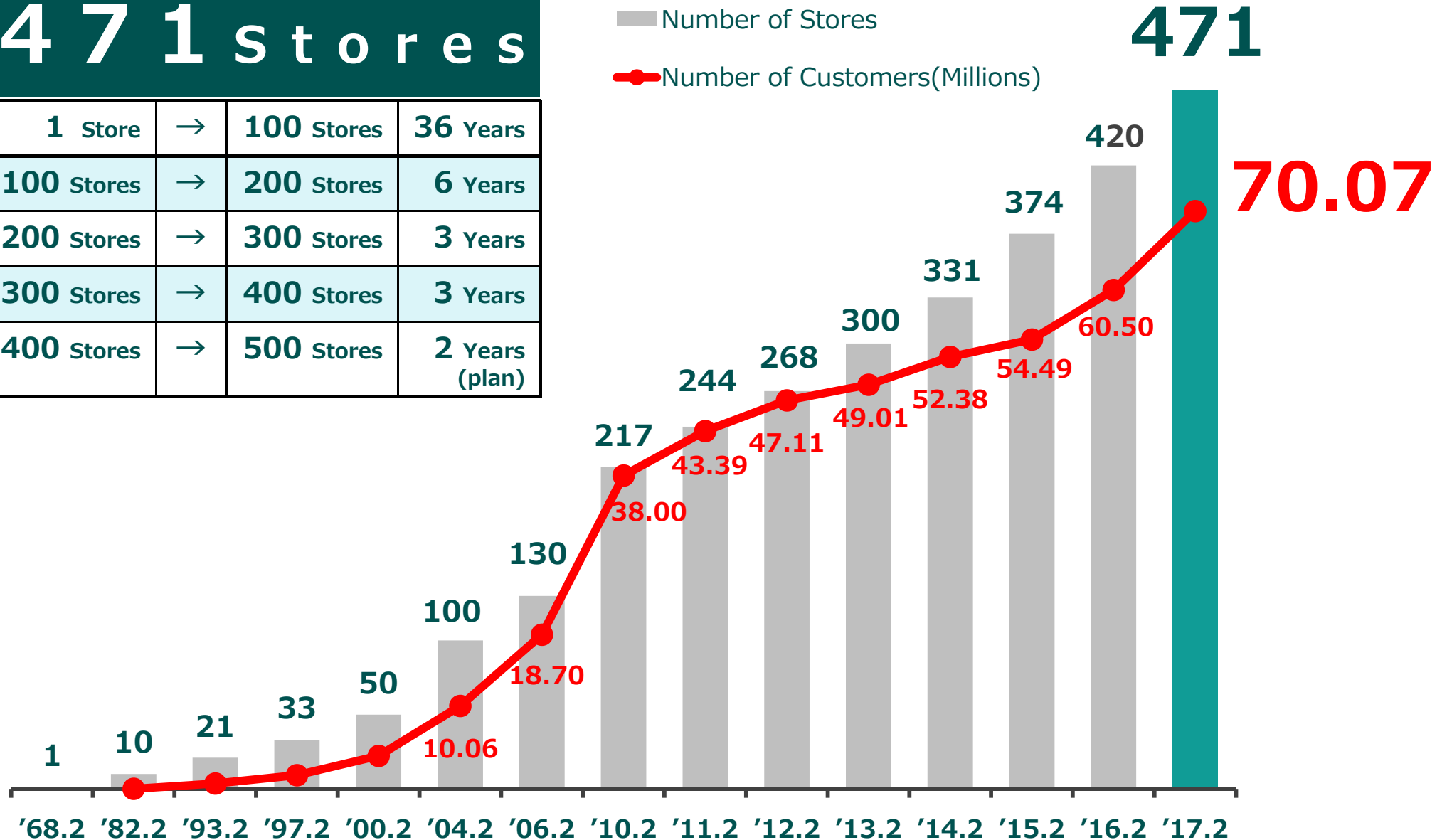


Trend of Number of Stores, Customers



471 stores

1 Store	→	100 Stores	36 Years
100 Stores	→	200 Stores	6 Years
200 Stores	→	300 Stores	3 Years
300 Stores	→	400 Stores	3 Years
400 Stores	→	500 Stores	2 Years (plan)



Overview of Consolidated Financial Results



(Billions of Yen)

	FY2016 Actual (to sales)		FY2015 Actual (to sales)		Change (YOY)		FY2016 Plan (to plan)	
	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio
Net sales	512.9	-	458.1	-	54.8	112.0%	500.0	102.6%
Gross profit	278.2	54.2%	243.5	53.2%	34.7	114.3%	263.0	105.8%
SG&A expenses	192.5	37.5%	170.5	37.2%	22.0	112.9%	184.0	104.6%
Operating income	85.7	16.7%	73.0	15.9%	12.7	117.4%	79.0	108.6%
Ordinary income	87.5	17.1%	75.0	16.4%	12.5	116.7%	80.0	109.5%
Net income	59.9	11.7%	46.9	10.3%	13.0	127.7%	51.4	116.7%

Consolidated Balance Sheets



(Billions of Yen)

	20 Feb. 2017	20 Feb. 2016	Change	Major factors on changes
Current assets	170.1	129.9	40.2	Forward exchange contracts assets +6.8
(Cash and deposits)	70.5	42.3	28.2	
(Inventory)	48.9	45.4	3.5	Merchandise and finished goods +3.4
Non-Current assets	317.6	284.5	33.1	
(Property, plant and equipment)	248.0	224.8	23.2	Land +11.4 , Buildings +14.7
(Investments and other assets)	55.8	48.4	7.4	Long-term prepaid expenses +2.6 , Lease deposits +2.4
Total assets	487.8	414.5	73.3	
Current liabilities	75.7	67.5	8.2	Accounts payable - other +3.0, Accrued consumption taxes +2.4
(Accounts payable - trade)	16.0	15.3	0.7	
(Short-term loans payable)	0.6	1.5	(0.9)	
Non-Current liabilities	17.3	15.9	1.4	Long-term lease deposits +1.1
(Long-term loans payable)	-	0.6	(0.6)	Repayment
Total liabilities	93.0	83.5	9.5	
Total net assets	394.7	330.9	63.8	Net income +59.9
Total liabilities and net assets	487.8	414.5	73.3	

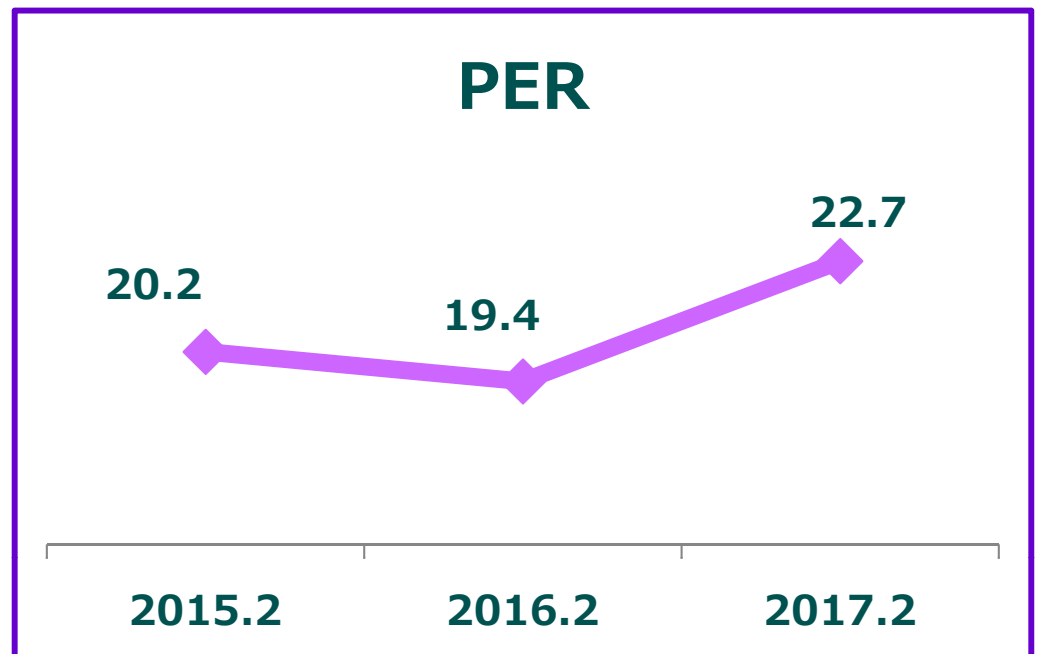
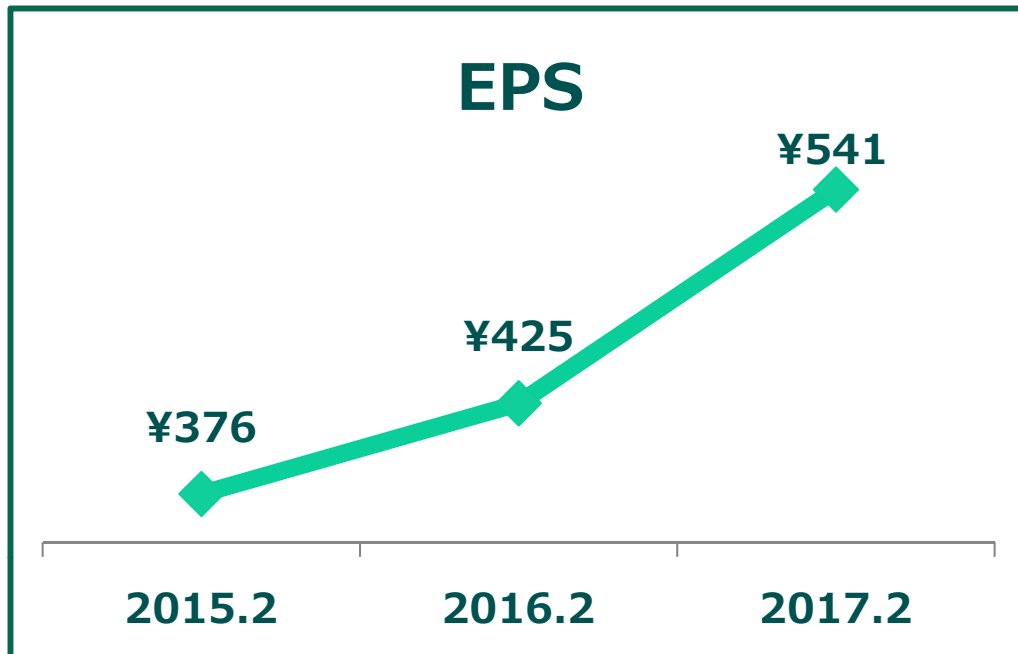
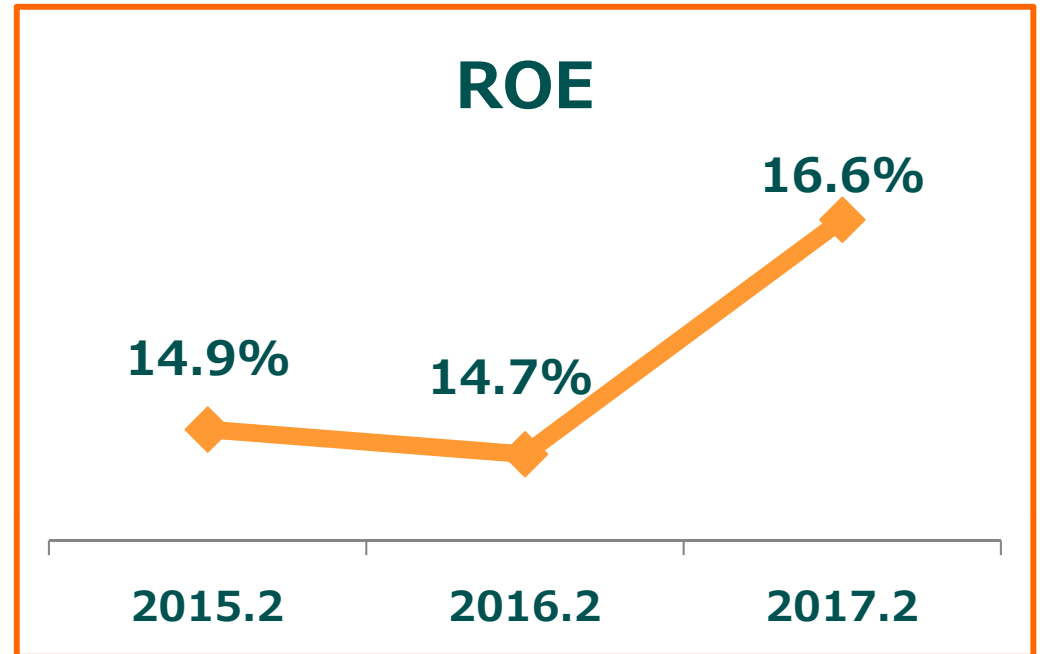
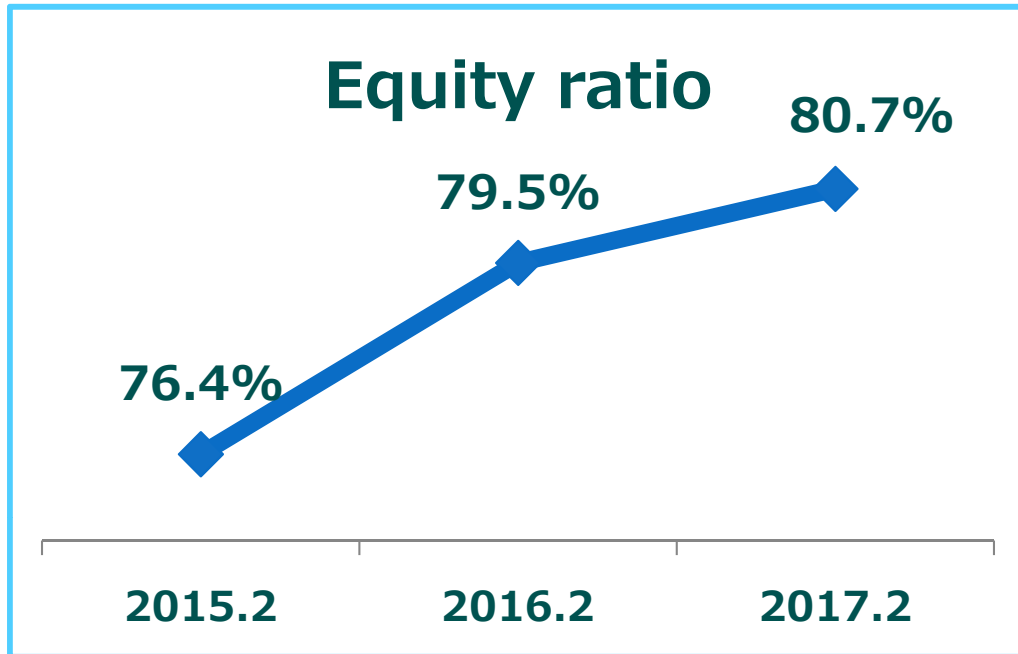
Consolidated Cash Flows



(Billions of Yen)

	FY2016	FY2015	Change	Major factors on changes
Operating activities	77.9	57.3	20.6	<ul style="list-style-type: none"> • Income before income taxes +87.8 • Depreciation and amortization +12.3 • Income taxes paid (29.3)
Investing activities	(42.0)	(35.8)	(6.2)	<ul style="list-style-type: none"> • Purchase of property, plant and equipment (34.9) • Purchase of intangible assets (4.1)
Financing activities	(6.4)	(9.9)	3.5	<ul style="list-style-type: none"> • Cash dividends paid (7.7) • Proceeds from exercise of share options +3.0
Net increase in cash & cash equivalents	29.2	11.0	18.2	
Cash & cash equivalents at end of the year	66.0	36.7	29.3	
Free cash flow	35.9	21.5	14.4	(CF from Operating activities + CF from Investing activities)

Consolidated Financial indicators



Comparable stores in YOY



Sales※ **105.5%**

※Sales = Sales based on orders

No. of Customers **105.5%**

Average Spend per Customer **100.0%**

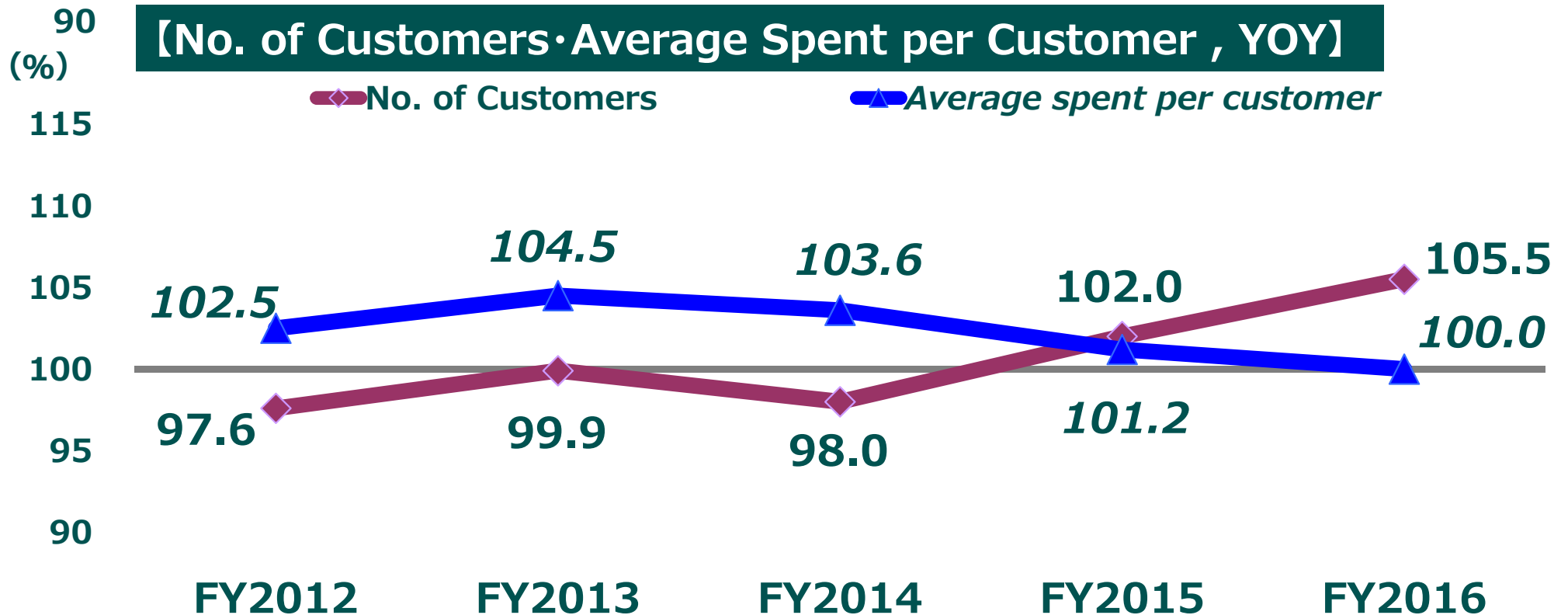
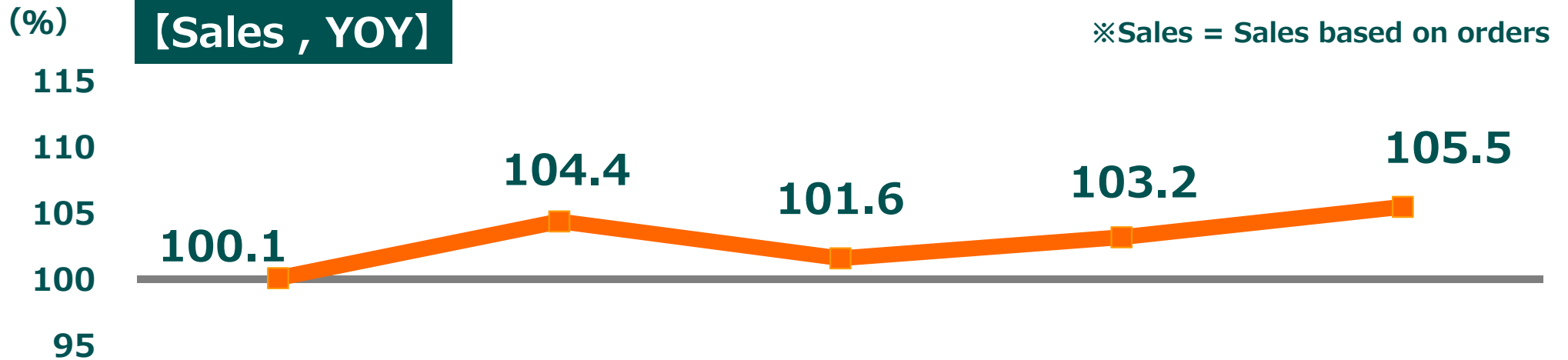
(Furniture: 105.5% Home fashion: 101.1%)

Sales ratio by merchandise categories

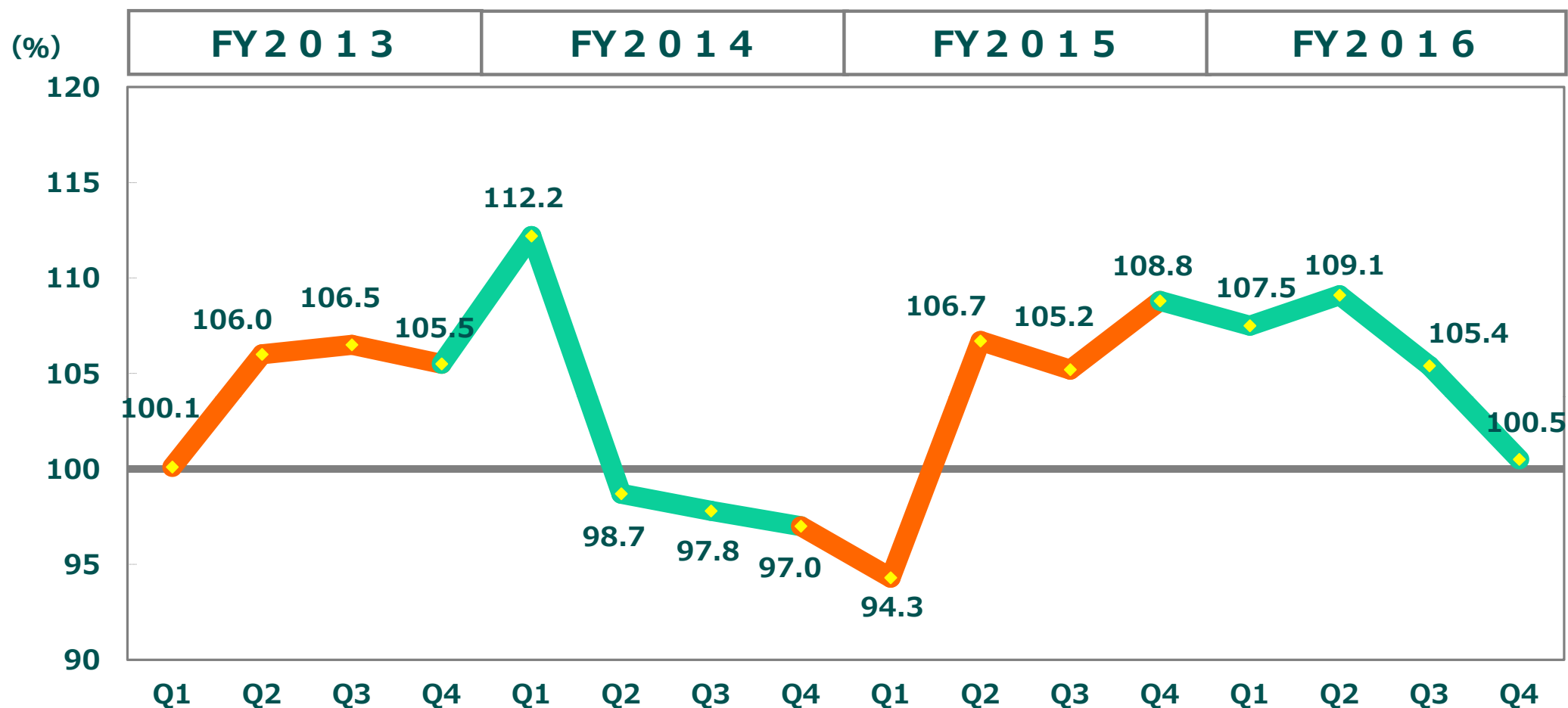
Category	FY2016	FY2015
Furniture	38.9%	40.2%
Home fashion	60.8%	59.7%
Others※	0.3%	0.1%

※Limited merchandise for DECO HOME and E-commerce etc.

Trend in YOY changes in comparable stores



Quarterly trend in QOQ changes in comparable stores

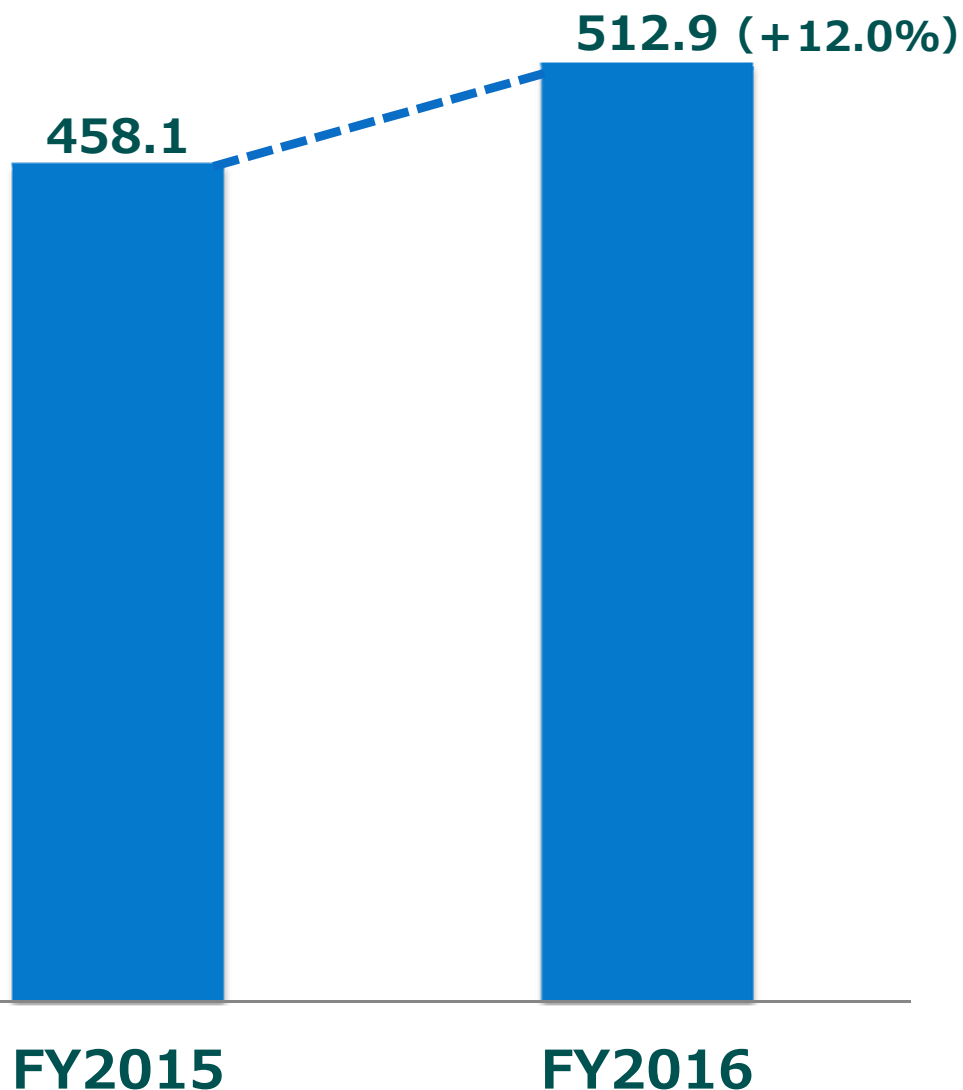


Sales		Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Furniture	%	98.1	101.9	105.0	105.3	116.1	94.5	98.4	94.2	89.3	108.0	105.4	107.7	104.0	104.7	101.2	98.9
HFa	%	101.9	109.5	107.6	105.8	109.2	102.2	97.6	99.2	98.7	105.8	105.0	109.2	109.8	111.6	107.7	100.9
Comparable Stores (Total)	%	100.1	106.0	106.5	105.5	112.2	98.7	97.8	97.0	94.3	106.7	105.2	108.8	107.5	109.1	105.4	100.5
Furniture	%	104.8	108.6	110.9	109.6	120.4	97.7	100.7	98.1	92.9	113.6	111.1	112.4	108.8	109.4	106.5	105.6
HFa	%	109.2	116.8	114.8	111.1	114.5	107.2	100.9	104.8	104.6	113.4	112.5	115.7	115.9	117.8	114.6	109.4
All (Total)	%	107.1	113.0	113.1	110.4	117.0	102.9	100.7	101.9	99.2	113.5	111.9	114.5	113.0	114.8	111.7	108.3

Consolidated Sales



Net sales (Billions of Yen)



[Net sales]	Amount	YOY
Store sales	¥470.5 bil.	111.0%
E-commerce	¥22.6 bil.	133.1%
B to B & Renovation Sales	¥8.3 bil.	99.4%
Rent income	¥6.2 bil.	139.8%
Others	¥5.1 bil.	116.0%
Total	¥512.9 bil.	112.0%

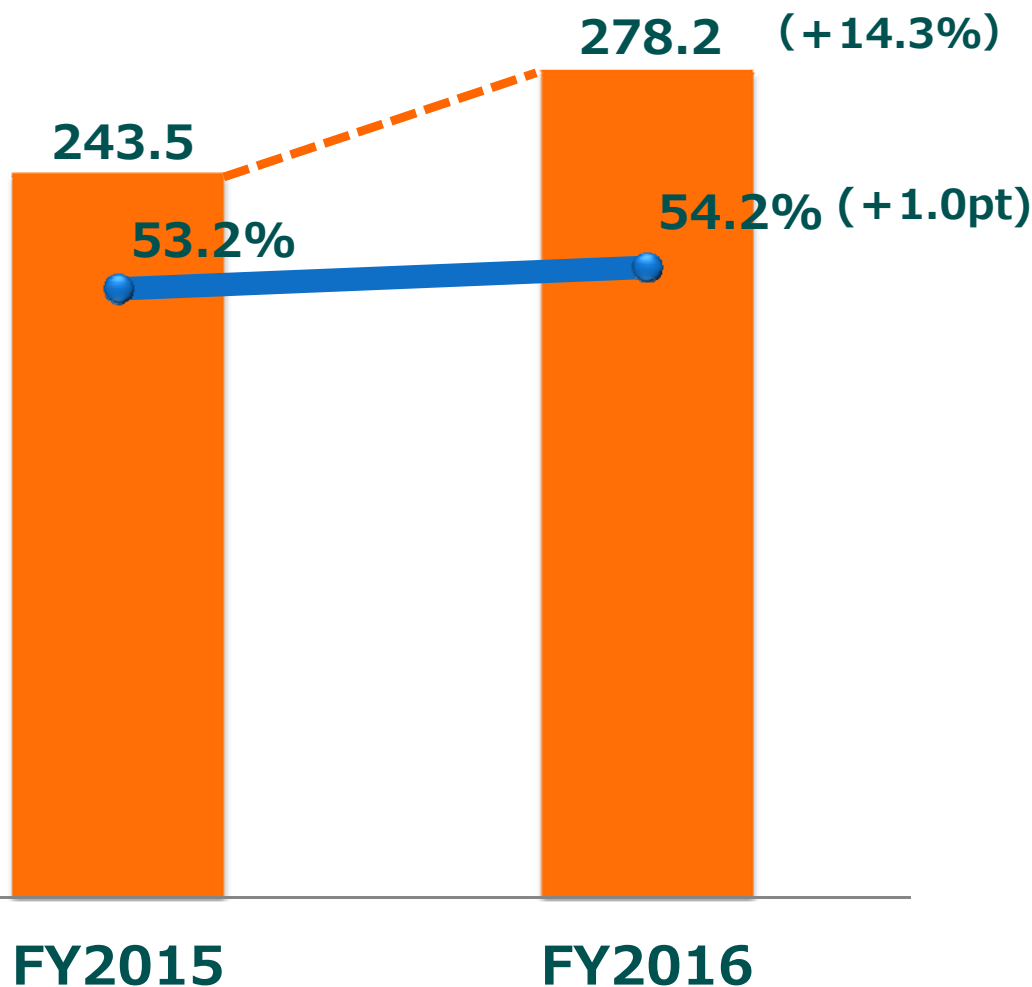
Sales comp. by region ※Sales based on orders

Hokkaido	4.9%	Kinki	15.5%
Tohoku	6.0%	Chugoku& Shikoku	7.7%
Kanto	30.5%	Kyushu& Okinawa	8.9%
Hokuriku& Koshinetsu	5.6%	EC	4.5%
Chubu& Tokai	10.4%	Others	6.0%
Eastern	47.2%	Western	42.3%

Gross profit · SG&A expenses



■ Gross profit (Billions of Yen)
● Gross profit margin



[Average Exchange Rate]		Change
¥ 1 0 8 . 1 2 / \$		¥ 6 . 4 2 / \$ Weak yen
[Gross profit margin]		
FX impact	(2 . 0) p t	
COGS reduction	+ 3 . 0 p t	

[SG&A]	Amount	YOY	Ratio to sales	Change
Personnel	¥58.8 bil.	112.7%	11.5%	+0.1pt
Rents	¥28.0 bil.	109.9%	5.5%	(0.1)pt
Delivery charge	¥23.6 bil.	108.2%	4.6%	(0.2)pt
Advertising	¥14.8 bil.	111.1%	2.9%	(0.0)Pt

Depreciation	¥10.4 bil.
Capital investment	¥42.8 bil.

New Stores (FY2016)



NITORI 33 Stores					
Hokkaido	1	Ibaraki	2	Saitama	1
Tokyo	11	Chiba	1	Kanagawa	1
Niigata	1	Aichi	2	Shiga	2
Osaka	4	Hyogo	1	Nara	2
Okayama	1	Kochi	1	Kagawa	1
Fukuoka	1				
DECO HOME 15 Stores					
Miyagi	1	Gunma	1	Saitama	3
Tokyo	5	Kanagawa	1	Osaka	2
Hyogo	1	Fukuoka	1		
Taiwan 3 Stores					
Taipei	1	Kaohsiung	2		
China 3 Stores					
Nanjing	1	Shanghai	1	Hangzhou	1



Kannana Umejima



Kanpachi Yoga



Komae Setagaya-dori



Meitetsu Nagoya-ekimae

No. of stores as of Feb. 20, 2017

471
Stores

DECO HOME

377
(+33)

51
(+12)

宜得利家居
(Taiwan)

AKI-HOME
(USA)

27
(+3)

5

家具 & 家居

(China)

11
(+3)

Prefecture	No. of stores	Prefecture	No. of stores	Prefecture	No. of stores
Hokkaido	20 (+1)	Yamanashi	3	Shimane	2
Hokkaido	20 (+1)	Ishikawa	5	Hiroshima	12
Aomori	6	Toyama	4	Yamaguchi	5
Akita	4	Fukui	2	Kagawa	4 (+1)
Iwate	3	Hokuriku & Koshinetsu	31 (+1)	Tokushima	2
Yamagata	4	Shizuoka	11	Kochi	3 (+1)
Miyagi	7 (+1)	Aichi	24 (+2)	Ehime	6
Fukushima	5	Mie	7	Chugoku & Shikoku	42 (+2)
Tohoku	29 (+1)	Gifu	7	Fukuoka	18 (+2)
Tokyo	38 (+14)	Chubu & Tokai	49 (+2)	Oita	5
Kanagawa	23 (+2)	Osaka	28 (+6)	Miyazaki	3
Saitama	24 (+4)	Kyoto	11	Saga	2
Chiba	21 (+1)	Nara	5 (+2)	Nagasaki	3
Gunma	6 (+1)	Hyogo	22 (+2)	Kumamoto	5
Tochigi	8	Shiga	7 (+2)	Kagoshima	6
Ibaraki	13(+2)	Wakayama	5	Okinawa	4
Kanto	133(+24)	Kinki	78 (+12)	Kyushu & Okinawa	46 (+2)
Niigata	8 (+1)	Tottori	2	Japan	428 (+45)
Nagano	9	Okayama	6		

Major indicators of management efficiency (1)

Scope	Number	Indicator	Unit	Target		2017.2	2016.2	2015.2	2014.2	2013.2
Group (Twelve months)	1	Return on assets	%	Over 15%	○	19.4	18.3	18.7	20.9	22.6
	2	Total asset turnover	Times	Over 2	×	1.14	1.12	1.15	1.28	1.27
	3	Ordinary income margin	%	Over 10%	○	17.1	16.4	16.3	16.4	17.8
	4	Earnings per share	¥	Over ¥100	○	540.9	425.1	376.1	350.3	325.8
	5	Return on equity	%	Over 15%	○	16.6	14.7	14.9	16.8	18.7
	6	Equity ratio	%	Over 60%	○	80.7	79.5	76.4	76.8	73.6
	7	Interest coverage	Times	Over 20	○	1,457.8	967.3	676.5	485.1	327.1
	8	Sales growth rate	%	Over 10%	○	12.0	9.8	7.7	11.1	5.4
	9	Ordinary income growth rate	%	Over 10%	○	16.7	10.4	7.0	2.1	5.1
	10	Ratio of gross profit to sales	%	Over 48%	○	54.2	53.2	52.3	52.0	55.2
	11	Ratio of break-even point to sales	%	Under 80%	○	65.0	65.6	65.3	64.9	64.2

Major indicators of management efficiency (2)

Scope	Number	Indicator	Unit	Target		2017.2	2016.2	2015.2	2014.2	2013.2
Sale of furniture and home furnishing	12	Sales per tsubo	K	Over ¥950K	○	981	938	915	903	882
	13	Stock turnover	Times	Over 9	×	5.5	5.4	5.5	6.0	6.0
	14	Operating assets turnover	Times	Over 2.9	○	4.0	4.0	4.1	4.5	4.4
	15	Ratio of profit distribution	%	Over 20%	○	32.4	33.0	31.3	33.8	32.4
	16	Ratio of real estate cost to gross profit	%	Under 25%	○	21.1	21.7	22.5	22.3	22.2
	17	Ratio of sales promotion cost to gross profit	%	Under 6%	×	6.01	6.1	6.4	6.2	7.2
	18	Labor productivity	M	Over ¥10M	○	19.00	18.43	18.47	19.11	19.78
	19	Sales floor per labor	Tsubo	Over 60	×	36.6	38.2	39.6	42.0	42.1
	20	Operating income per tsubo	K	Over 150K	○	151	134	131	134	140
	21	Stock per tsubo	K	Under 90K	○	81	81	79	71	65
	22	Average age of labor		30~35	○	33.4	33.3	32.8	32.6	31.6
Results (○won/×lost)						○18×4	○14×8	○13×9	○15×7	○14×8

Topics FY2016





●The latest trend of the seasonal coordination series

●Create a sensation via SNS and expand customer base





- **Improve the products quality and expand categories of products range**
- **Build a stable product supply chain system**



- More variations by increasing the choice of fabric and design

- Launching “Luxury” series and Hard-touch types make customer bases wider

Wall shelf "Porte"



- Increase the storing capacity by connecting each shelf
- Resolve an issue about store shortage in living room
- Present wide variety of style in limited store space
- Extremely lower price

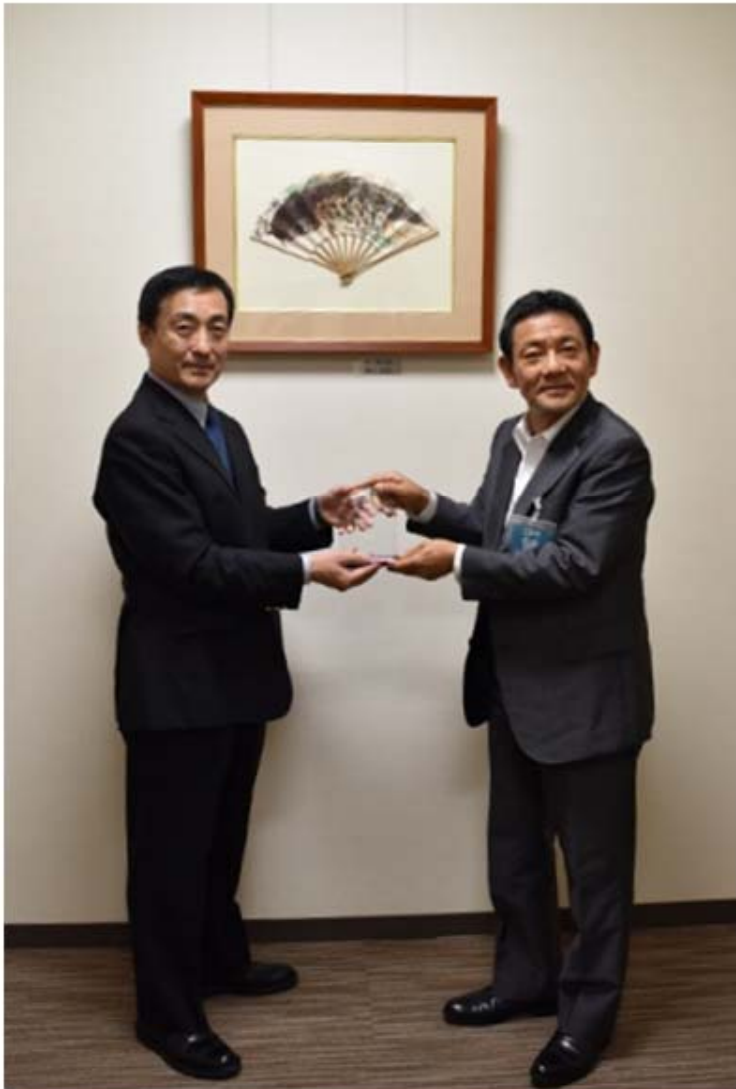
DAY Value

Launched on Sept. 2016

Fun-and-easy-to-coordinate colors for everyone at a lower price



Awarded “Nippon Store Award 2016”



Points of Evaluation	Rank
Adding color to the daily life	1 st
Interior suggestions for daily life	2 nd
Stores and facilities are laid out for easy shopping	2 nd
Products are placed in a way that customers can compare among various choices	3 rd

“Nitori” was selected among 21 industries 360 brands based on the survey conducted from approx. 260 thousand people in Japan

Pick-up service in stores

Started on Sept. 2016

ニトリネット 店舗で受取り サービス

ニトリネット
ニトリネット

24時間
いつでも
どこでも

ニトリネット
購入して

このサービスを利用すれば、「お店に行ったけど目当ての商品が無かった」ということもありません

ニトリ

店舗で受取る
だから、
送料は無料

たとえ
99円の
商品でも

On-line catalogs

Introduce merchandise in small-sized
NITORI stores



Our largest-scale

Everything you want for your house is available in this mall

Opened on April 20, 2016

Site area : approx. 58,000 m²

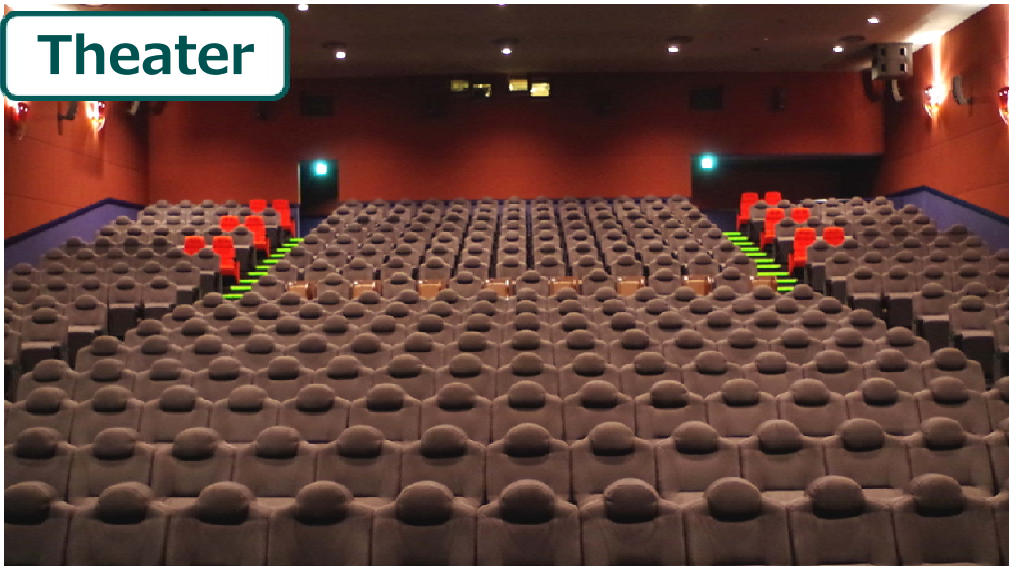
Commerce area : approx. 40,000 m²

Parking capacity : approx. 1,800 cars



Combining our specialties in product development and total coordination solution, we expand our service to various kind of industries

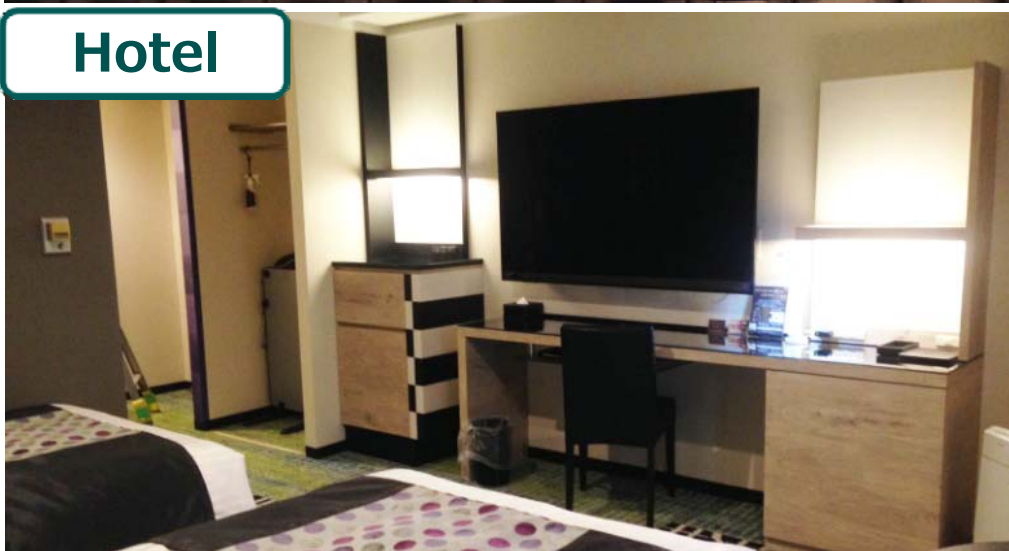
Theater



Healthcare provider



Hotel



Multi purpose room





GOOD DESIGN AWARD
2016年度受賞

Automated warehouse robots(AutoStore)



- Automatic warehouse system that has 3 times more storage capacity and 4 times faster picking compared to normal shelves installation
- Easy-to-work environment for everyone

Enlarge logistics business



- Logistics network of carrying between two people covering 98% area in Japan enable to delivery large products that other companies offer us

The FY2016 10th Best Contributors to Product Safety Awards



Awarded with “The METI Minister Award”
for the first time



【Past Award】



2014	Director-general for commerce, Distribution and Industrial Safety Policy (Manufacturing and import sector)
2013	Director-general for commerce, Distribution and Industrial Safety Policy (Retail and sales business sector)
2011	Director-general for commerce, Distribution (Retail and sales business sector)
2008	Silver (Retail and sales business sector)

Opening Stores at Central Tokyo



Shinjuku Takashimaya Times Square Store



Nakameguro Store



Opening Stores in Small Population Areas



AEON Nayoro Store (Hokkaido)



Seiyu Nagahama Rakuichi Store (Shiga)



Nanjing 1st



Shanghai 2nd



Hangzhou 2nd



Taipei ~1st urban shop model in Taiwan~



Kaohsiung 4th

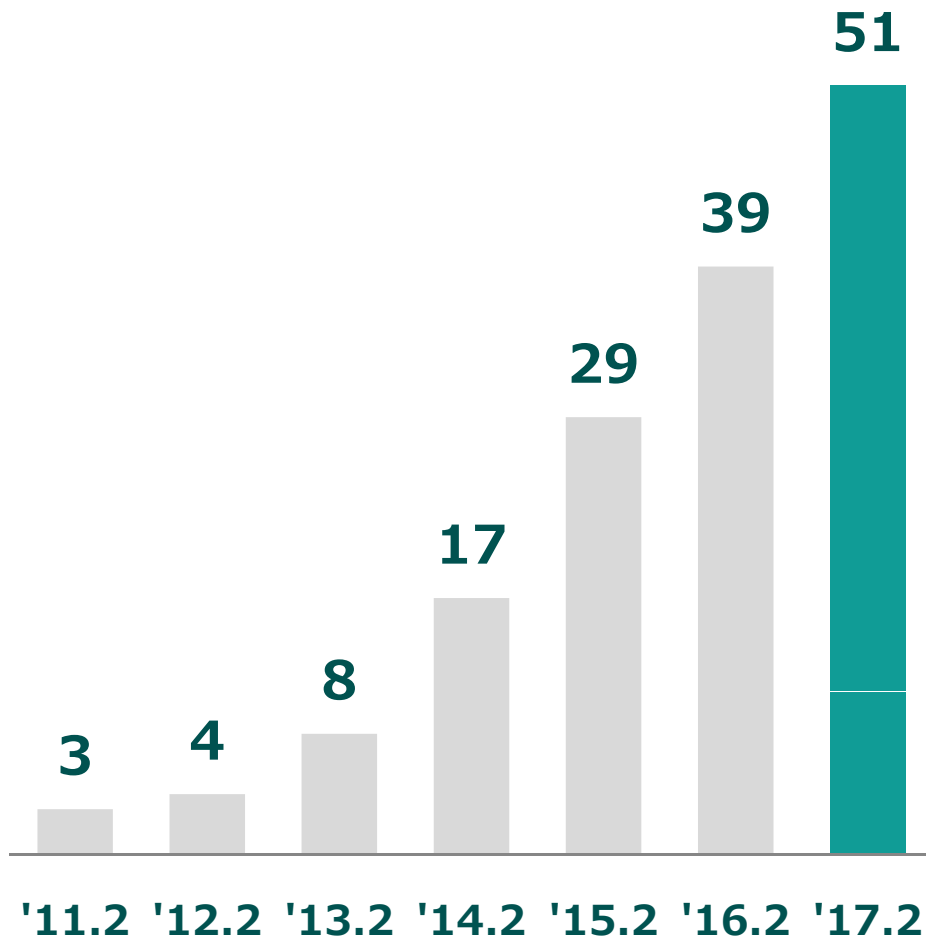


Kaohsiung 5th



Achieved 50 stores

Number of stores changes



Development of original DECO HOME merchandise



- NITORI Ladies Golf Tournament
- NITORI Ladies Running Team
- NITORI Otaru Art Base



- NITORI Culture Foundation
- Donate to Yubari-city via tax switch scheme
- Support disaster area in Kumamoto Earthquake

- Sponsored low-Carbon Tournament
- Introducing EV Charge Station
- Donation to tree-planting in Hokkaido



- Endowed chair in University of Tokyo
- Donation to St. Vinh Son Free School
- NITORI International Scholarship Foundation

NITORI Otaru Art Base



Donate disaster area in Kumamoto Earthquake Approx. 50 million yen



DIVERSITY GUIDE BOOK 2017



Progress diversity environment

- “A half day off system” spread to whole employees
- Introducing “work at home system”
- Introducing “supporting child-care cost during weekend”
- Expanding system about caring for employee’s parents

Stability of the work forces

- Introducing job-matching system toward local area employees
- Implement a straight of base-up for consecutive 14 years

Maintain employees’ health

- Recognized “Health and productivity companies ~White 500~” in 2017
- Start work hour interval regulation



2017

健康経営優良法人

Health and productivity

ホワイト500

Major Initiatives for FY 2017



- 1. Rebuild company organization to sustain global chain store system**
- 2. Enhance employees skill and their knowledge**
- 3. Reorganize global supply-chain system**
- 4. Providing a comfortable lifestyle via our merchandise, stores and services**
- 5. Enhance our store standardization and revitalize existing stores**
- 6. Make up New format stores**
- 7. Rebuilding growth strategies of each business areas**

Existing store renovation

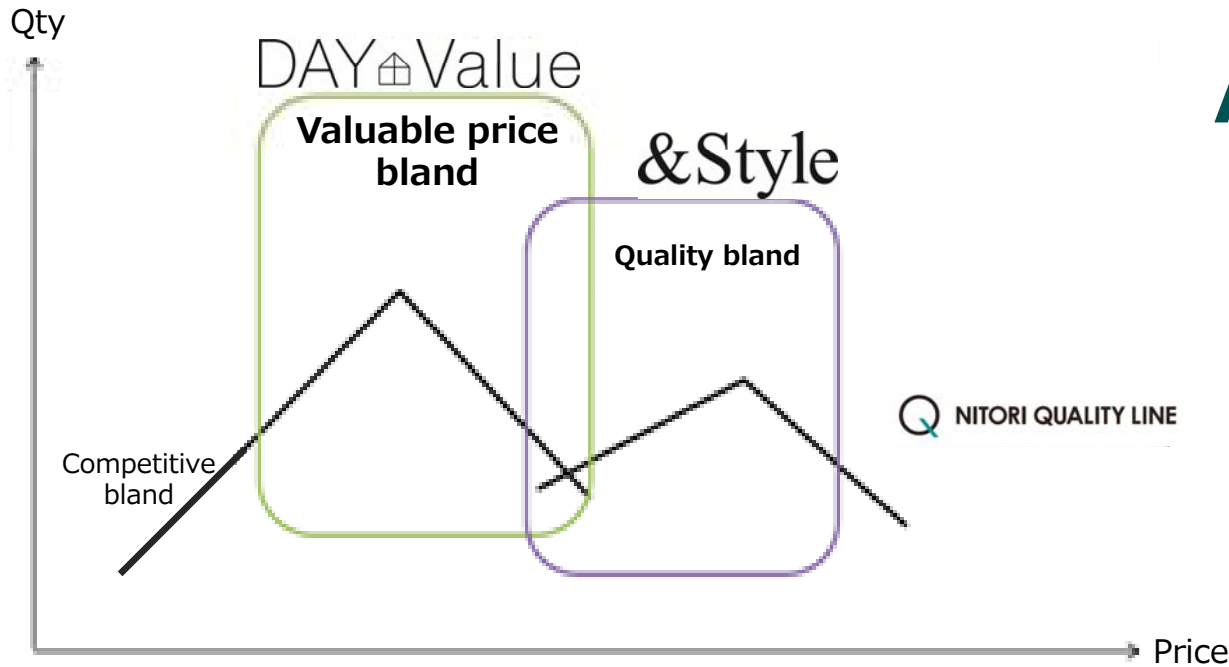


Venus Fort Store(Tokyo)



Oita Wasada Store(Oita)





Appeal coordination



- Expand customer base
- Increase customers' visit frequency
- Increase numbers of purchasing items per customer

Launch in Autumn, 2017



Opening 3 Stores at Central Tokyo on 15 March, 2017



Tobu-Ikebukuro Store

Approx. 3,800 m²



Opening 3 Stores at Central Tokyo on 15 March, 2017



Marronnier Gate Ginza Store

Approx. 3,000 m²
(Expansion)



Opening 3 Stores at Central Tokyo on 15 March, 2017



Atre Meguro Store

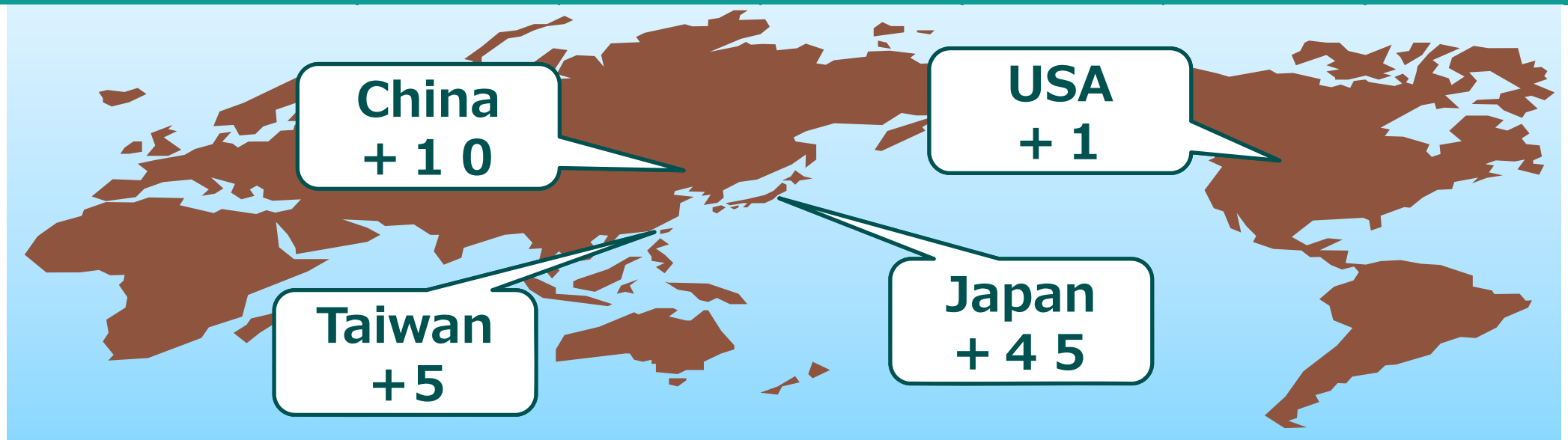
Approx. 2,300 m²



Store roll-out plan in FY 2017



Store		 デコホーム	 宜得利家居 Taiwan	 USA	 家具 & 家居 China	Total
End of FY2016	3 7 7	5 1	2 7	5	1 1	4 7 1
FY2017 Net increase	+ 3 0	+ 1 5	+ 5	+ 1	+ 1 0	+ 6 1
End of FY2017	4 0 7	6 6	3 2	6	2 1	5 3 2



Plan in FY 2017



(Billions of Yen)

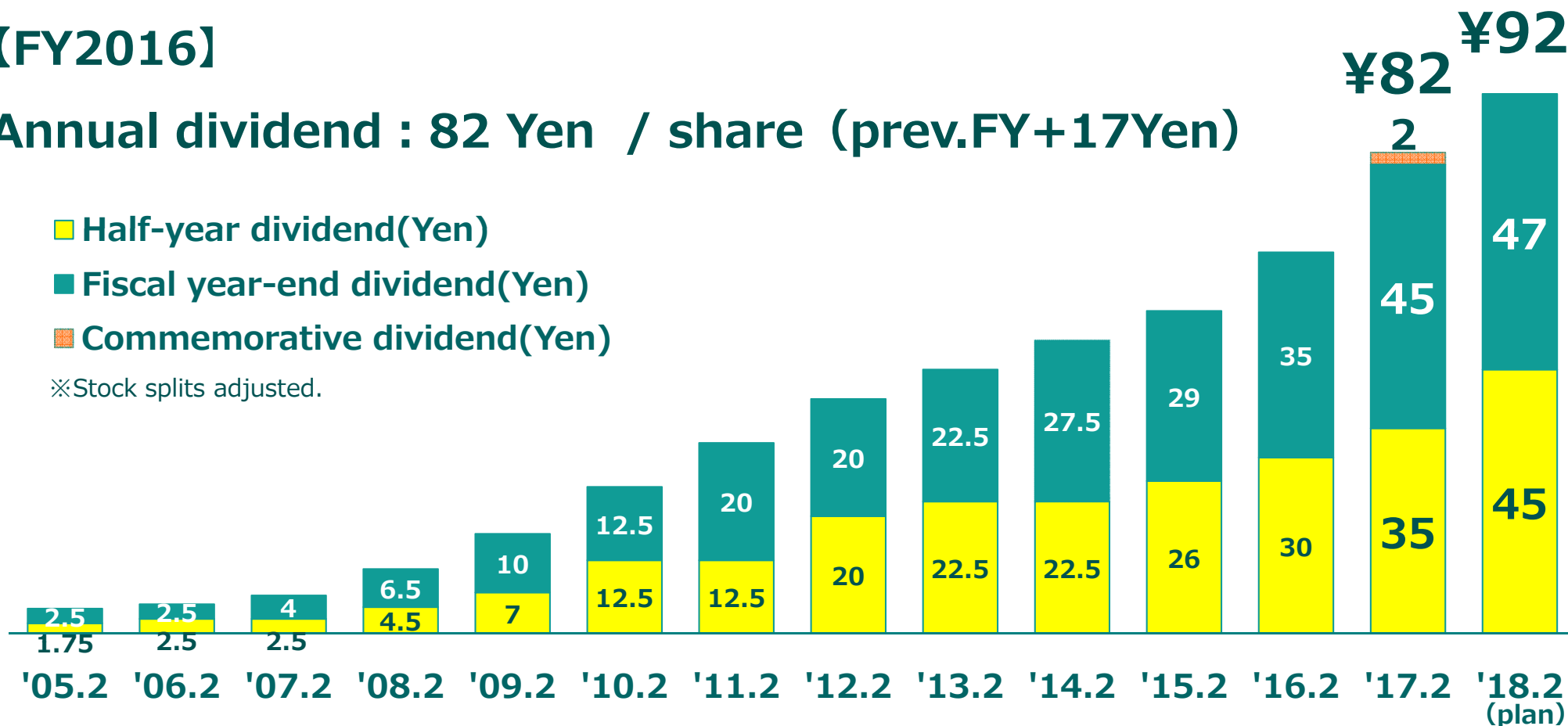
	FY 2017 Plan		FY2016 Actual		Change	
		(to sales)		(to sales)		(to actual)
Net sales	568.0	–	512.9	–	55.1	110.7%
Gross profit	309.0	54.4%	278.2	54.2%	30.8	111.0%
SG&A expenses	210.0	37.0%	192.5	37.5%	17.5	109.1%
Operating income	99.0	17.4%	85.7	16.7%	13.3	115.4%
Ordinary income	100.0	17.6%	87.5	17.1%	12.5	114.2%
Net income	68.5	12.1%	59.9	11.7%	8.6	114.2%

Distribution of Profits to Shareholders

- Shareholders dividends increase for consecutive 13 fiscal years
- Commemorative dividend for consecutive 30 fiscal years growth in Sales & Profit

【FY2016】

Annual dividend : 82 Yen / share (prev.FY+17Yen)



※Stock splits adjusted.



【DISCLAIMER】

The forecasts and projected operating results contained in this report are based on information available at the time of preparation, and thus involve inherent risks and uncertainties. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors.