

# Nitori Holdings Co., Ltd.

## Financial Results Presentation

### for the First Quarter of FY2016



June 30, 2016

TSE Ticker Code : 9843

# Overview of Consolidated Financial Results



(Billions of Yen)

	Q1 FY2016 21 Feb-20 Jun 2016 (to sales)		Q1 FY2015 21 Feb-20 Jun 2015 (to sales)		Change (YOY)	
	<b>Net sales</b>	<b>137.0</b>	-	<b>119.2</b>	-	<b>17.8</b>
<b>Gross profit</b>	<b>74.6</b>	54.4%	<b>62.4</b>	52.4%	<b>12.2</b>	119.5%
<b>SG&amp;A expenses</b>	<b>47.3</b>	34.6%	<b>41.6</b>	34.9%	<b>5.7</b>	113.8%
<b>Operating income</b>	<b>27.3</b>	19.9%	<b>20.8</b>	17.5%	<b>6.5</b>	130.9%
<b>Ordinary income</b>	<b>27.7</b>	20.2%	<b>21.4</b>	17.9%	<b>6.3</b>	129.4%
<b>Net income</b>	<b>16.9</b>	12.3%	<b>11.8</b>	9.9%	<b>5.1</b>	142.9%

# Consolidated Balance Sheets



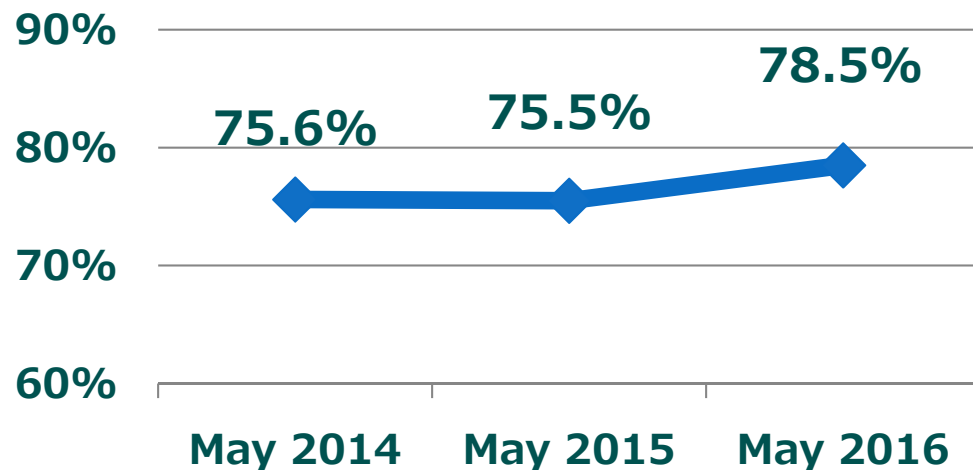
(Billions of Yen)

	20 May 2016	20 Feb 2016	Change	Major factors on changes
<b>Current assets</b>	<b>138.8</b>	<b>130.0</b>	<b>8.8</b>	
(Cash and deposits)	47.3	42.3	5.0	
(Inventory)	40.2	45.4	(5.2)	
<b>Non-Current assets</b>	<b>294.2</b>	<b>284.6</b>	<b>9.6</b>	
(Property, plant and equipment)	231.9	224.9	7.0	Land +3.2
(Investments and other assets)	50.7	48.5	2.2	
<b>Total assets</b>	<b>433.0</b>	<b>414.5</b>	<b>18.5</b>	
<b>Current liabilities</b>	<b>75.5</b>	<b>67.6</b>	<b>7.9</b>	Deposit +8.7
(Accounts payable)	16.1	15.4	0.7	
(Short-term loans payable)	2.0	1.5	0.5	
<b>Non-Current liabilities</b>	<b>16.1</b>	<b>16.0</b>	<b>0.1</b>	
(Long-term loans payable)	0	0.6	(0.6)	Repayment
<b>Total liabilities</b>	<b>91.6</b>	<b>83.6</b>	<b>8.0</b>	
<b>Total net assets</b>	<b>341.4</b>	<b>331.0</b>	<b>10.4</b>	Net income +16.9
<b>Total liabilities and net assets</b>	<b>433.0</b>	<b>414.5</b>	<b>18.5</b>	

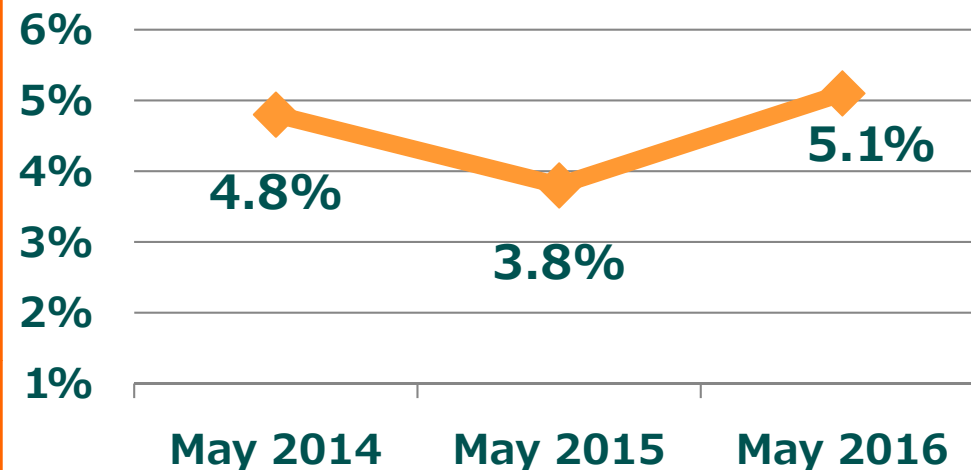
# Consolidated Financial Ratios [Q1]



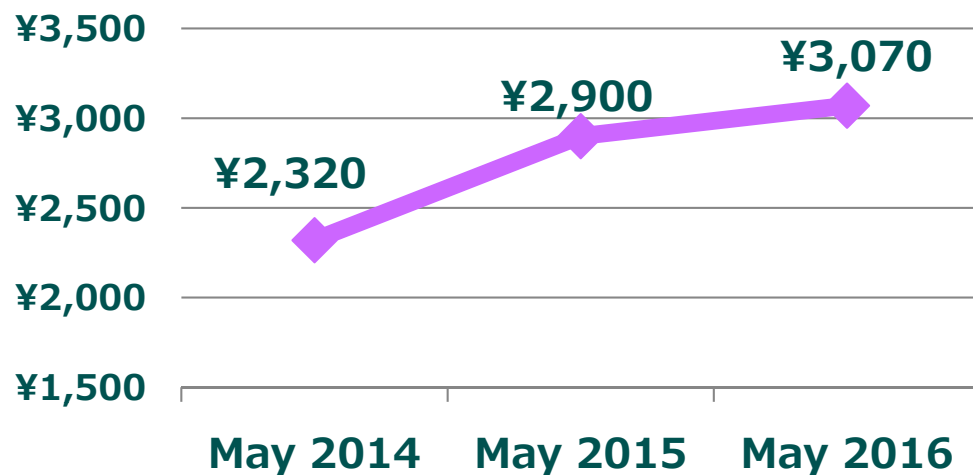
## Equity Ratio



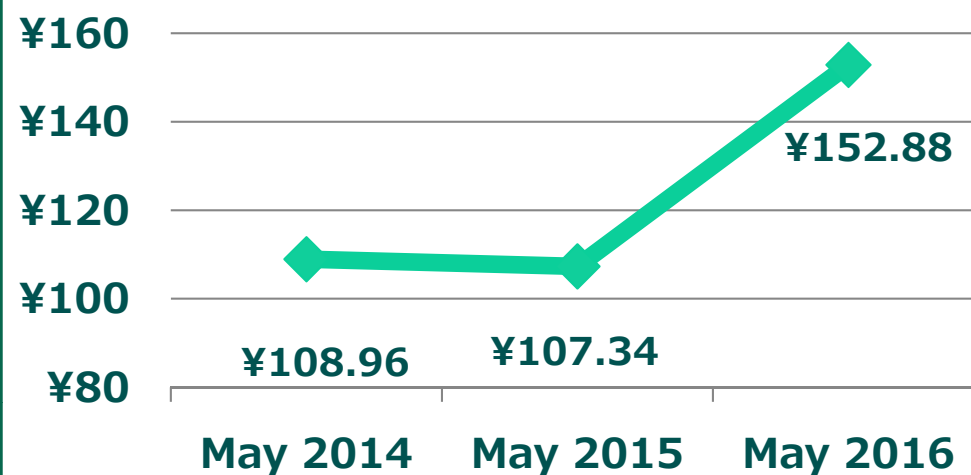
## ROE



## BPS



## EPS



# Comparable stores , YOY[Q1]

<b>Sales</b> ※	<b>1 0 7 . 5 %</b>
<b>(all stores</b>	<b>1 1 3 . 0 % )</b>

<b>No. of Customers</b>	<b>1 0 7 . 1 %</b>
<b>(all stores</b>	<b>1 1 5 . 0 % )</b>

<b>Average Spend per Customer</b>	<b>1 0 0 . 3 %</b>
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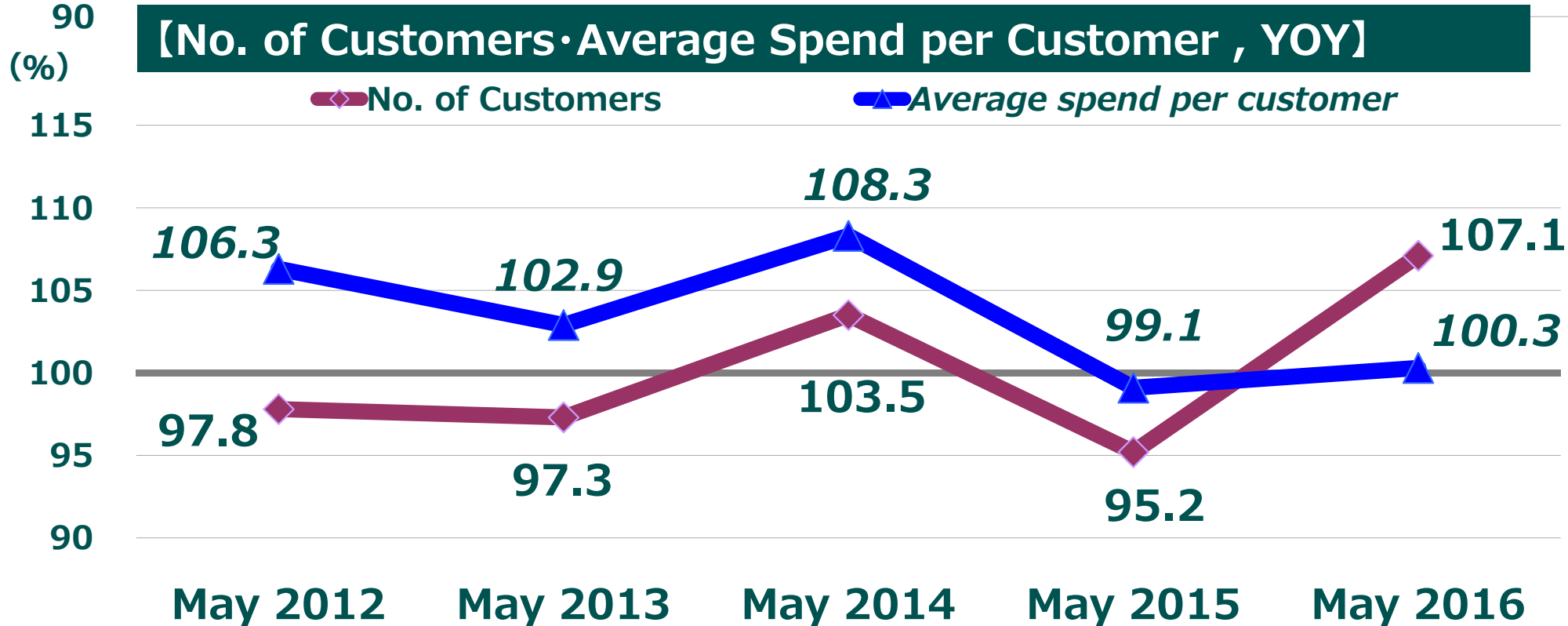
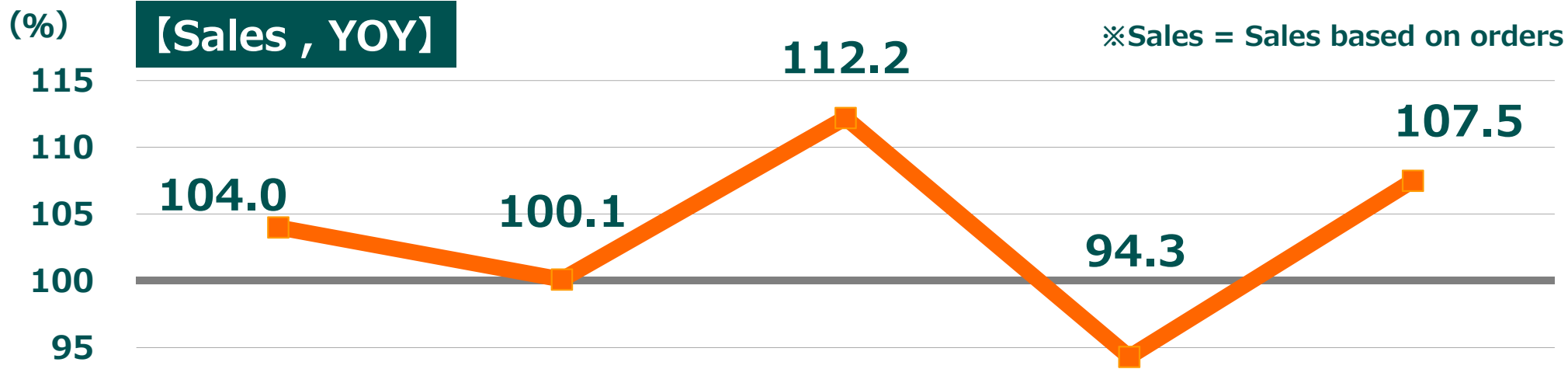
<b>Average Exchange Rate</b>	<b>¥ 1 0 2 . 6 9 / \$</b>
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<b>Depreciation</b>	<b>¥ 2 . 5 bil.</b>
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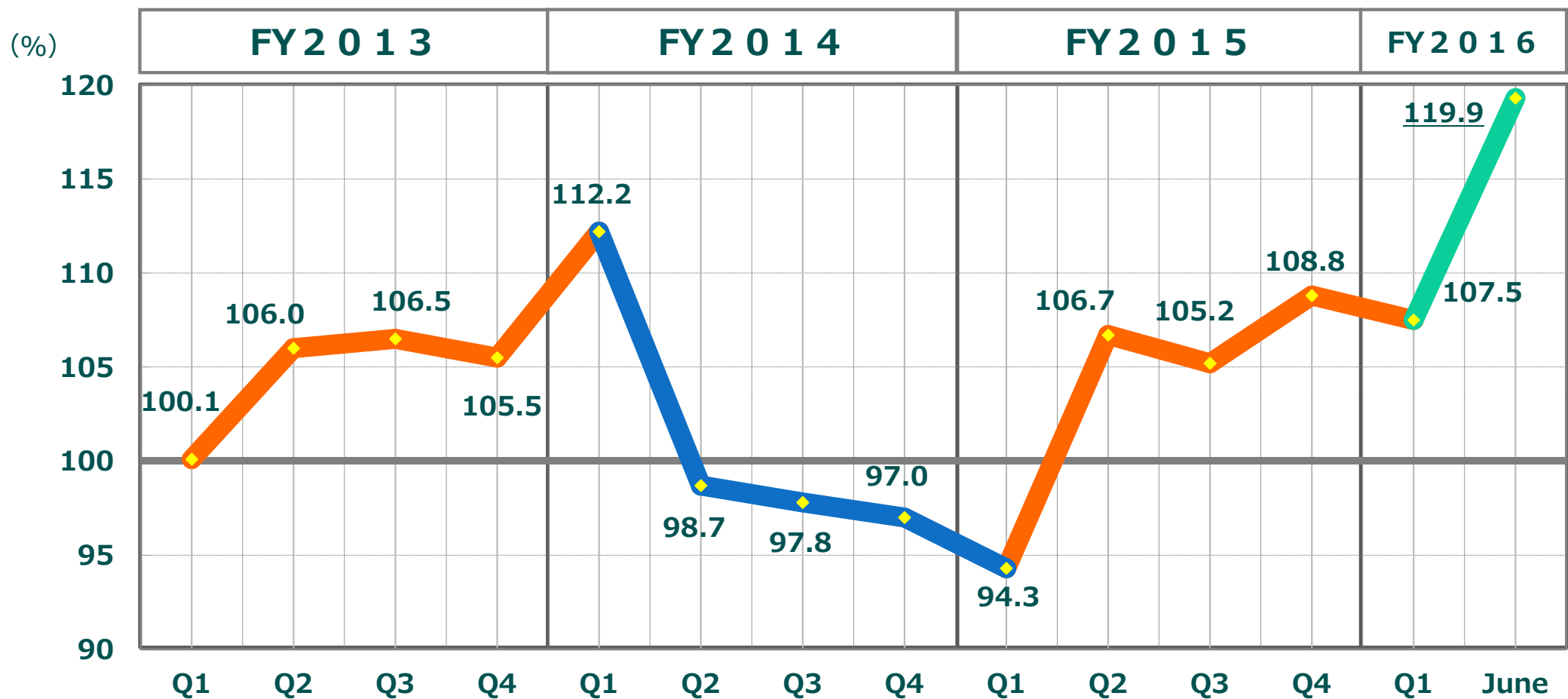
<b>Capital Investment</b>	<b>¥ 1 2 . 6 bil.</b>
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※ Sales= Sales based on orders

# Trend in YOY changes in comparable stores



# Quarterly trend in YOY changes in comparable stores

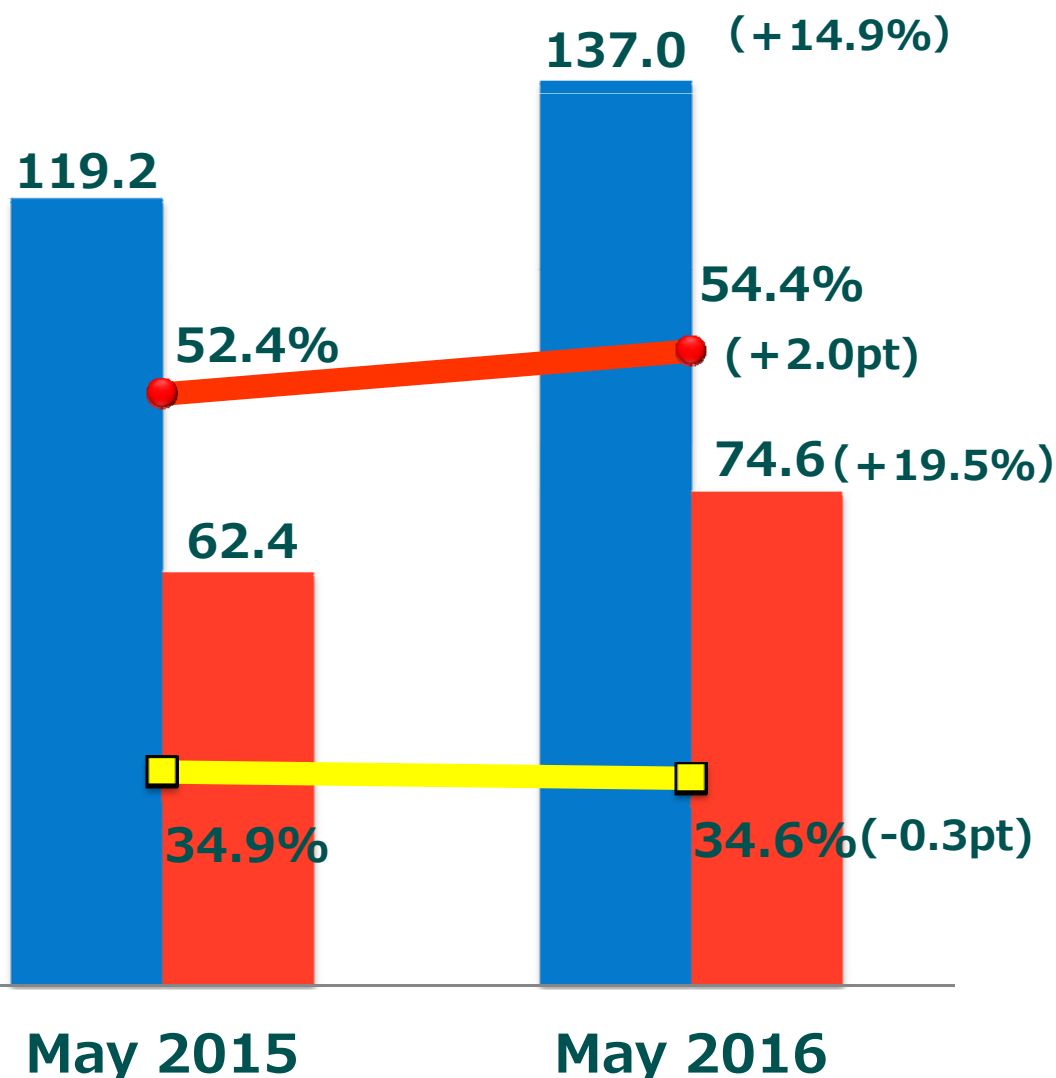


Sales		Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	June (1month)
Furniture	%	98.1	101.9	105.0	105.3	116.1	94.5	98.4	94.2	89.3	108.0	105.4	107.7	104.0	112.8
Home Furnishing	%	101.9	109.5	107.6	105.8	109.2	102.2	97.6	99.2	98.7	105.8	105.0	109.2	109.8	124.2
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	119.9
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	117.4
Home Furnishing	%	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	130.9
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	125.8

# Major factors on YOY changes



- Net sales
- Gross profit
- Gross profit margins
- SG&A ratio



【Net sales】	Amount	YOY
Store sales	¥126.1 bil.	114.5%
E-commerce	¥6.0 bil.	119.5%
Corporate business sales	¥2.5 bil.	119.8%
Other	¥2.4 bil.	124.9%
Total	¥137.0 bil.	114.9%

【SG&A】	Amount	YOY	Ratio to sales	YOY
Personnel	¥14.4 bil.	114.4%	10.5%	(0.1)pt
Rents	¥6.8 bil.	109.3%	5.0%	(0.3)pt
Delivery charge	¥6.8 bil.	109.9%	5.0%	(0.2)pt
Advertising	¥3.9 bil.	111.1%	2.8%	(0.1)Pt

【Gross profit margins】	
FX impact	(0.2)pt
COGS reduction	+2.2pt



# Results of Opening & Closing Stores (Q1 FY2017)



## Q1 FY2017

 4 stores	Hirakata
	AEON Mall Kawaguchi Maekawa
	Tsubame Sanjo
	Takamatsu Yashima



AEON Mall Kawaguchi maekawa



 DECO HOME 5 stores  close 1 store	Sasazuka Ekimae
	Omiya Stellar-town
	Shin Tokorozawa PARCO
	AEON Mall Ohta
	Izumiya Senrioka
	[close]Cross Garden Tama



Deco Home Sasazuka Ekimae



Open 9 ,close 1 , change 8

# No. of stores as of May 20, 2016



**4 2 8**  
**Stores**



DECO HOME

**3 4 8**  
(+ 4)

**4 3**  
(+ 4)



**AKI-HOME**

(Taiwan)

(USA)

**2 4**

**5**

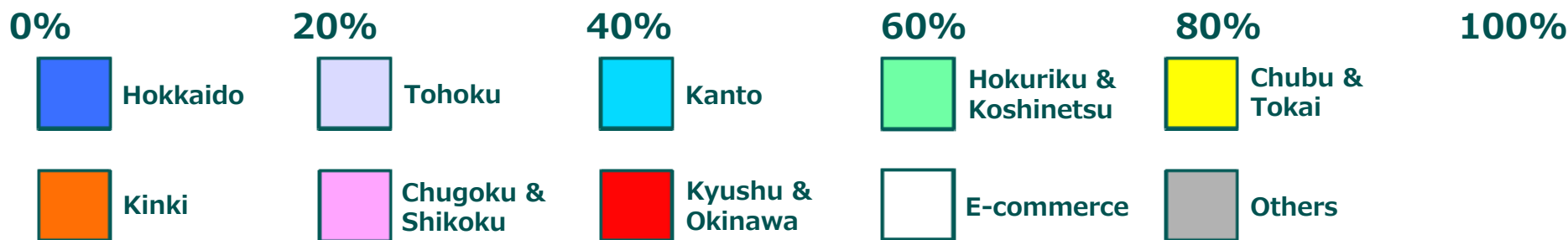
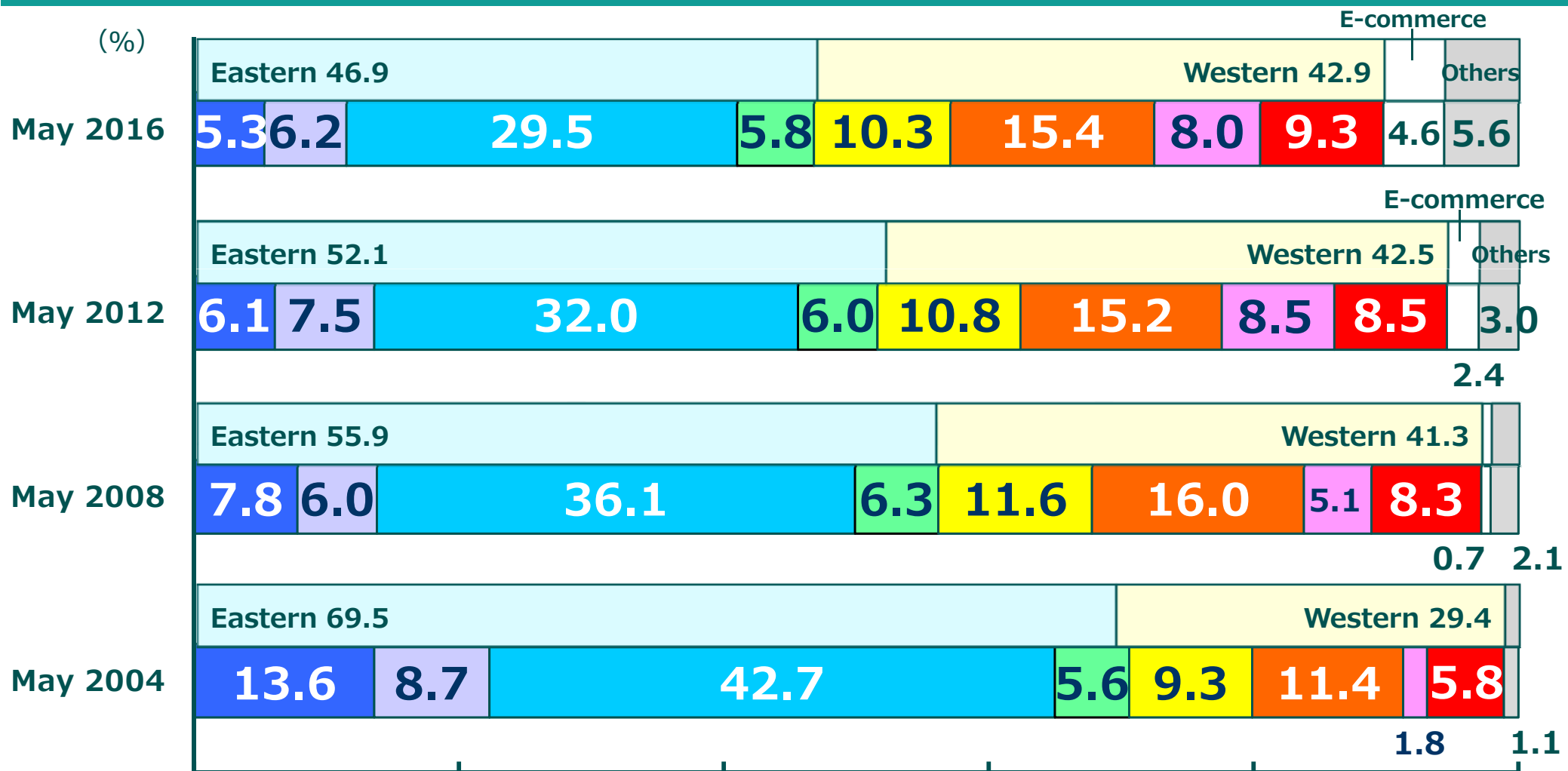


(China)

**8**

Prefecture	No. of stores	Prefecture	No. of stores	Prefecture	No. of stores
Hokkaido	19	Yamanashi	3	Shimane	2
Hokkaido	19	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	2
Miyagi	6	Aichi	22	Ehime	6
Fukushima	5	Mie	7	Chugoku & Shikoku	41(+1)
Tohoku	28	Gifu	7	Fukuoka	16
Tokyo	24	Chubu & Tokai	47	Oita	5
Kanagawa	21	Osaka	24(+2)	Miyazaki	3
Saitama	23(+3)	Kyoto	11	Saga	2
Chiba	20	Nara	3	Nagasaki	3
Gunma	6(+1)	Hyogo	20	Kumamoto	5
Tochigi	8	Shiga	5	Kagoshima	6
Ibaraki	11	Wakayama	5	Okinawa	4
Kanto	113(+4)	Kinki	68(+2)	Kyushu & Okinawa	44
Niigata	8(+1)	Tottori	2	<b>Japan</b>	<b>391</b> <b>(+8)</b>
Nagano	9	Okayama	6		

# Sales by region



# Major indexes of management efficiency (1)



Scope	Number	Index	Unit	Target		2016.5	2015.5	2014.5	2013.5	2012.5
Group (Three months)	1	Return on assets	%	Over 3.75%	○	6.5	5.2	6.8	6.4	6.8
	2	Total asset turnover	Times	Over 0.5	×	0.32	0.29	0.36	0.35	0.34
	3	Ordinary income margin	%	Over 10%	○	20.2	17.9	19.1	18.3	19.9
	4	Earnings per share	¥	Over ¥25	○	152.9	107.3	109.0	90.8	89.8
	5	Return on equity	%	Over 3.75%	○	5.1	3.8	4.8	4.7	5.5
	6	Equity ratio	%	Over 60%	○	78.5	75.5	75.6	73.4	64.9
	7	Interest coverage	Times	Over 20	○	1,843.3	1,048.8	1,124.9	530.4	391.5
	8	Sales growth rate	%	Over 10%	○	14.9	1.7	15.9	7.2	11.0
	9	Ordinary income growth rate	%	Over 10%	○	29.4	△4.4	20.8	△1.2	38.5
	10	Ratio of gross profit to sales	%	Over 48%	○	54.4	52.4	51.1	53.3	55.1
	11	Ratio of break-even point to sales	%	Under 80%	○	58.5	61.3	58.1	61.2	59.8

# Major indexes of management efficiency (2)



Scope	Number	Index	Unit	Target		2016.5	2015.5	2014.5	2013.5	2012.5
Sale of furniture and home furnishing	12	Sales per tsubo	K	Over ¥950K	○	1,081	1,004	1,051	967	984
	13	Stock turnover	Times	Over 9	×	6.6	6.5	7.5	7.4	7.4
	14	Operating assets turnover	Times	Over 2.9	○	4.5	4.5	5.3	5.1	5.2
	15	Ratio of profit distribution	%	Over 20%	○	38.4	34.2	36.3	40.4	35.2
	16	Ratio of real estate cost to gross profit	%	Under 25%	○	18.8	20.7	19.3	20.1	20.1
	17	Ratio of sales promotion cost to gross profit	%	Under 6%	○	5.9	6.4	6.9	7.3	7.8
	18	Labor productivity	M	Over ¥10M	○	20.62	18.85	19.76	20.68	21.39
	19	Sales floor per labor	Tsubo	Over 60	×	36.1	37.2	37.8	41.8	41.0
	20	Operating income per tsubo	K	Over 150K	○	200	155	178	162	173
	21	Stock per tsubo	K	Under 90K	○	75	75	69	61	60
	22	Average age of labor		30~35	○	32.6	32.2	32.1	31.8	31.4
<b>Results (○win/×lose)</b>						<b>○19×3</b>	<b>○16×6</b>	<b>○18×4</b>	<b>○16×6</b>	<b>○18×4</b>

# TOPICS Q1



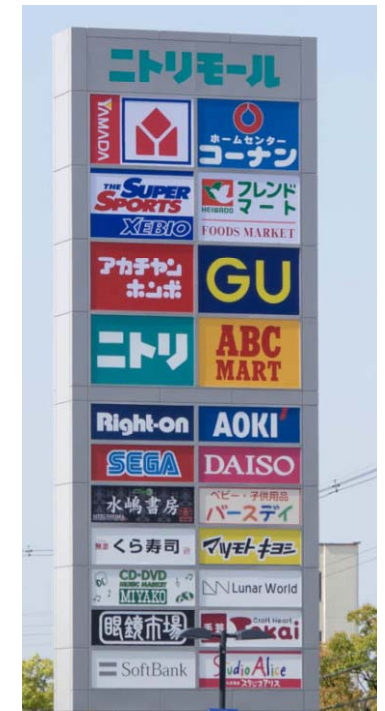
**Our largest-scale**

**Opened on April 20, 2016**



Site area : approx. 18,000 tsubo  
 Commerce area : approx. 12,100 tsubo  
 Parking capacity : approx. 1,800 cars

The number of customers during opening bargain sales : 506 k.



Main tenants

Everything you want for you house is available in this mall.



Tenants  
56stores





## Shelving – Connect Series

- Flexibility in use by mixing and matching components.
- Realizing a wide variety of uses including open shelving as well as AV board and adding drawers.
- Storage boxes with a perfect fit for open shelving units.

**An innovation-driven product that allows us to capture a new customer base.**



## N-Cool Series



- Improve the quality of product – cooler than existing goods.
- Build a stable product supply system.
- Broaden a range of products – T-shirt, underwares and cushions.



## Total Coordination – SEA Series

- Offer combinations Californian tableware and other related goods.
- Create an attractive display of the goods by developing it at gondola end.
- Implement effective sales promotion linking the images of the goods on flyers and the goods in the real stores.

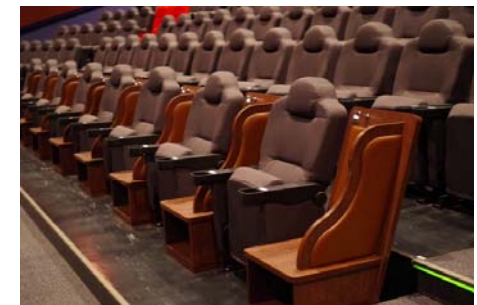
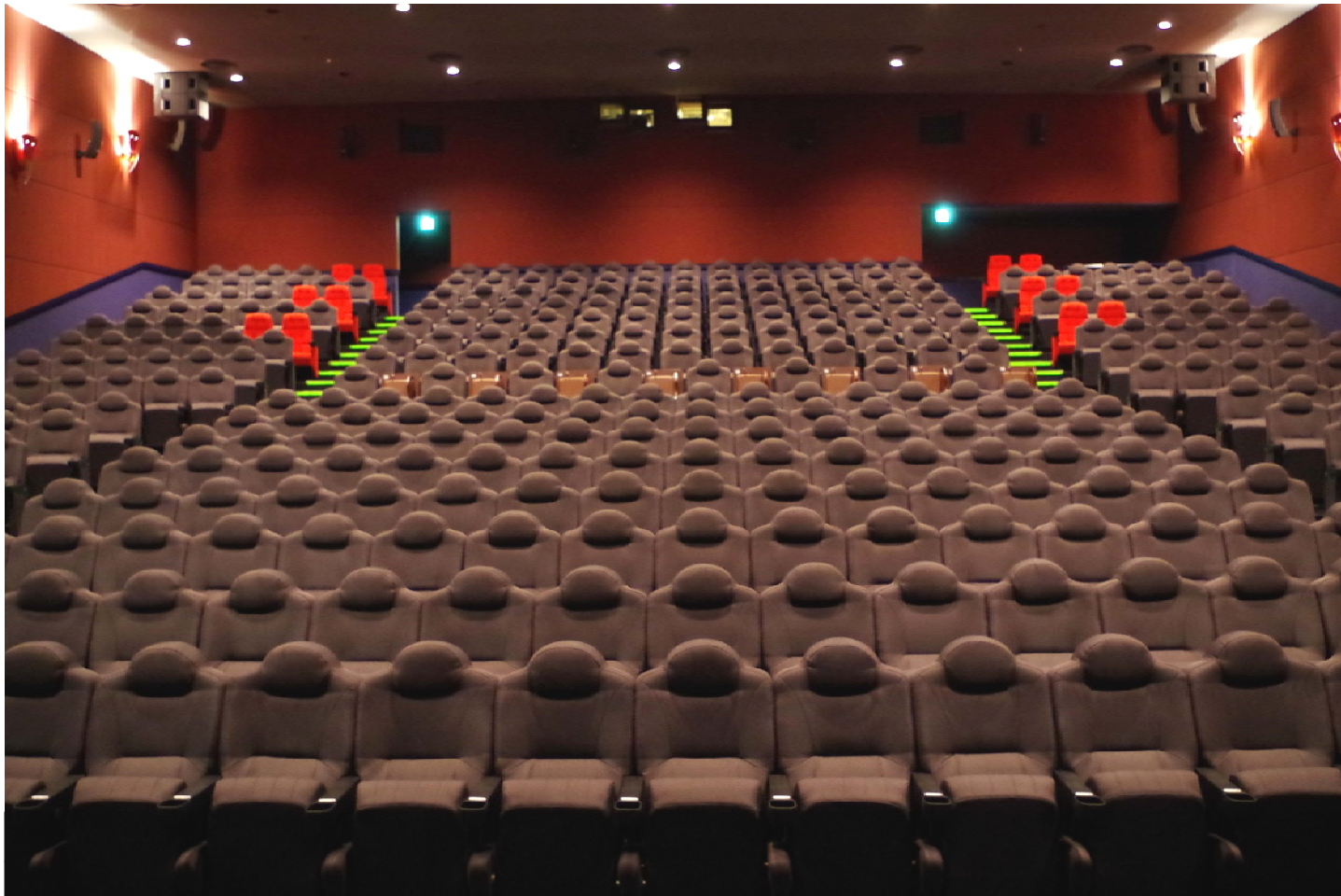
※ ダイニングも爽やかな夏色に



## Example of delivered goods : Theater Chairs

- ① 6 Screens approx. 950 seats
- ② 8 Screens approx. 1,500 seats

- A new initiative to develop an in-house designed furniture.
- Develop a new theater chair to free you from fatigue after sitting for long periods.



# Corporate Business Sales, Products Development – Examples of delivered goods



## Example of delivered goods: Furnished apartment for students

Furniture for a room for students of a nationwide rental apartment : approx. 1,300 rooms.

- Furniture for students who take priority on usability and high-quality design.
- Develop a product with a excellent cost performance.



## Store pick service

- 24 hours on-line order through Nitori-net.
- Store pick available for free shipping charge.

Start the test at 18 stores in Tokyo area from May 25.



**Expand the service to all Nitori stores from July.**

ニトリネット  
店舗受取りサービス

ニトリネットでご注文して

ニトリ  
店舗で受取りできる!

配送料無料

ネットで注文、お店で受取り。

### ご注文から受取りまで

1 ニトリネットでご注文



ニトリネットでご希望商品を購入時に受取り希望店舗を選択してください。

2 店舗到着日をメールにて連絡



商品の準備ができ次第、店舗到着日をメールでお知らせします。

3 ニトリ店舗で受取り

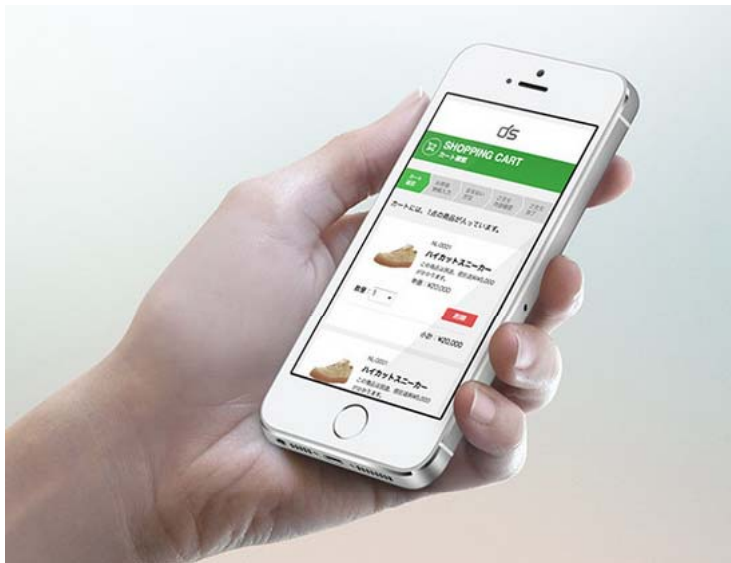


店舗到着日より●日以内に、ご来店の上お受取りください。

## Start goods return service at Nitori Stores (Plan to implement from July)

Enable to return the on-line purchased goods at Nitori stores.

- Free of charge for the on-line purchased goods at Nitori stores.
- Enhance customers' convenience.
- Encourage customers to visit Nitori stores more often.



# **The influence of Kumamoto earthquake**



# State of operations of 3 stores in Kumamoto city



Store equipments	Kumamoto-chikami	Kumamoto-Interchange	Kumamoto-Kita
HFA	○ Full operation	○ Full operation	○ Full operation
Furniture	○ Full operation	△ 50% operation from July 1	○ (Minor damages on the walls)
Other equipments	× Escalator	× Elevator	× Elevator
Expected completely recover date	End of July	Beginning of August	End of July

Kumamoto Interchange store  
Develop a temporal furniture out-let sales on the ground parking lot.

Use of posters and billboards of "NOW ON SALE" at each store.



# Our assistance activities in Kumamoto



	Aid to	Goods donated
1	Kumamoto Pref.	2,200 blankets and 300 cushions for evacuation shelters.
2	Kurokawa area, Aso city	Offer commodity goods in cooperation with Yomiuri Shimbun company.
3	Kumamoto city	3,500 sets of Shiki-futon and pillows, 23 AV boards used in 18 temporal evacuation shelters such as Aqua Dome Kumamoto, Kumamoto Residents' gymnasium.
4	Mifune city	400 sets of Shiki-futon and pillows.
5	Kumamoto city	2,000 Towelkets(blanket made of toweling) and 500 Shiki-futon covers.



A photograph of a NITORI store interior. The store is brightly lit with recessed ceiling lights. A large, illuminated "NITORI" sign hangs from the ceiling. In the foreground, there are several metal shelving units filled with various storage boxes in different colors and sizes. To the right, there is a display area with a grey armchair, a small wooden table, and a brown beanbag chair. In the background, there are more shelves and a "Tax Free" sign. The floor is made of polished wood.

**NITORI**

**Open new stores in department stores  
and in central area.**

### Open two stores in department stores

Open a new store in Takashimaya Konandai department store.

First store in Takashimaya department store

Open in September 2016.

### Shinjyuku Takashimaya times Square



### Takashimaya Konandai








A new total coordination proposal-style store opens in Shinjyuku “Takashimaya Times Square” South hall.

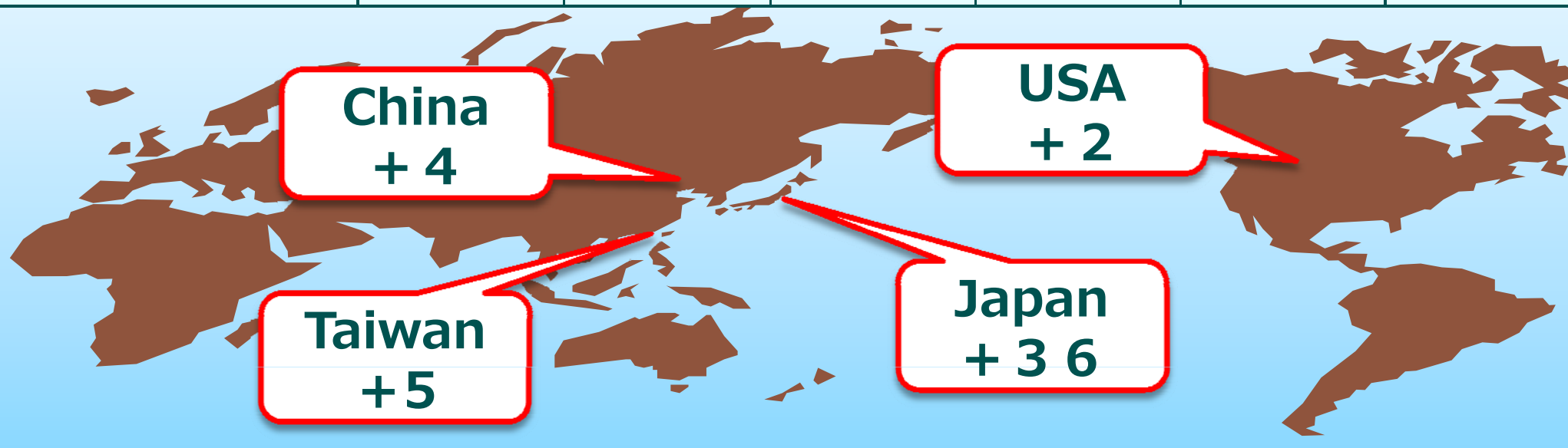
Open in December 2016.

Name	Region	Open	Scale (Unit: tsubo)
Ota-otorii	Higashikouzitani, Ota Ward(Tokyo)	7 July, 2016	2,000
Don Quixote-oomori	Sanno, Ota Ward(Tokyo)	7 July, 2016	1,000
Olinas-kinshicho	Kinshicho, Sumida Ward(Tokyo)	29 July, 2016	800
Takashimaya konandai	Konandai Ward(Yokohama)	September 2016	1,700
Shinjuku Takashimaya times square	Sendagaya, Shibuya Ward(Tokyo)	December 2016	900
Kannana-umejima	Umejima, Adachi Ward(Tokyo)	December 2016	2,000
Kanpachi-yoga	Tamagawadai,Sendag aya Ward(Tokyo)	December 2016	2,000
Komae	Iwatominami, Komae city(Tokyo)	Februa 2017	1,400

# Store roll-out plan in FY 2016



Store	 NITORI	 デコホーム ニトリ	 宜得利家居 Taiwan	 USA	 家具 & 家居 China	Total
End of Q1	3 4 8	4 3	2 4	5	8	4 2 8
Q2~Q4 net increase	+ 2 4	+ 1 2	+ 5	+ 2	+ 4	+ 4 7
End of FY 2016	3 7 2	5 5	2 9	7	1 2	4 7 5



# Projection in FY 2016



(Billions of Yen)

	FY 2016 , Projection (to sales)		FY 2015 (to sales)		Change (YOY)	
Net sales	500.0	–	458.1	–	41.9	109.1%
Gross profit	263.0	52.6%	243.5	53.2%	19.5	108.0%
SG&A expenses	184.0	36.8%	170.5	37.2%	13.5	107.9%
Operating income	79.0	15.8%	73.0	15.9%	6.0	108.2%
Ordinary income	80.0	16.0%	75.0	16.4%	5.0	106.7%
Net income	51.4	10.3%	47.0	10.3%	4.4	109.4%

**No change of projection**



**【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.

Figures are rounded off to the digits that are displayed.