

# Nitori Holdings Co., Ltd.

## Financial Results Presentation

### for the First Quarter of FY2018



**[DISCLAIMER]**  
**IN-HOUSE TRANSLATION**

**28 June 2018**

**TSE1st.&Sapporo Code : 9843**



# Overview of Consolidated Financial Results



(Billions of Yen)

	Q1 FY2018 21 Feb-20 May 2018 (to sales)		Q1 FY2017 21 Feb-20 May 2017 (to sales)		Change (YOY)	
Net sales	157.6	-	147.5	-	10.1	106.9%
Gross profit	87.0	55.2%	78.6	53.3%	8.3	110.6%
SG&A expenses	56.5	35.9%	52.9	35.9%	3.6	106.8%
Operating income	30.4	19.3%	25.7	17.4%	4.7	118.3%
Ordinary income	30.6	19.5%	26.0	17.6%	4.6	117.9%
Profit attributable to owners of parent	19.7	12.5%	19.0	12.9%	0.6	103.4%

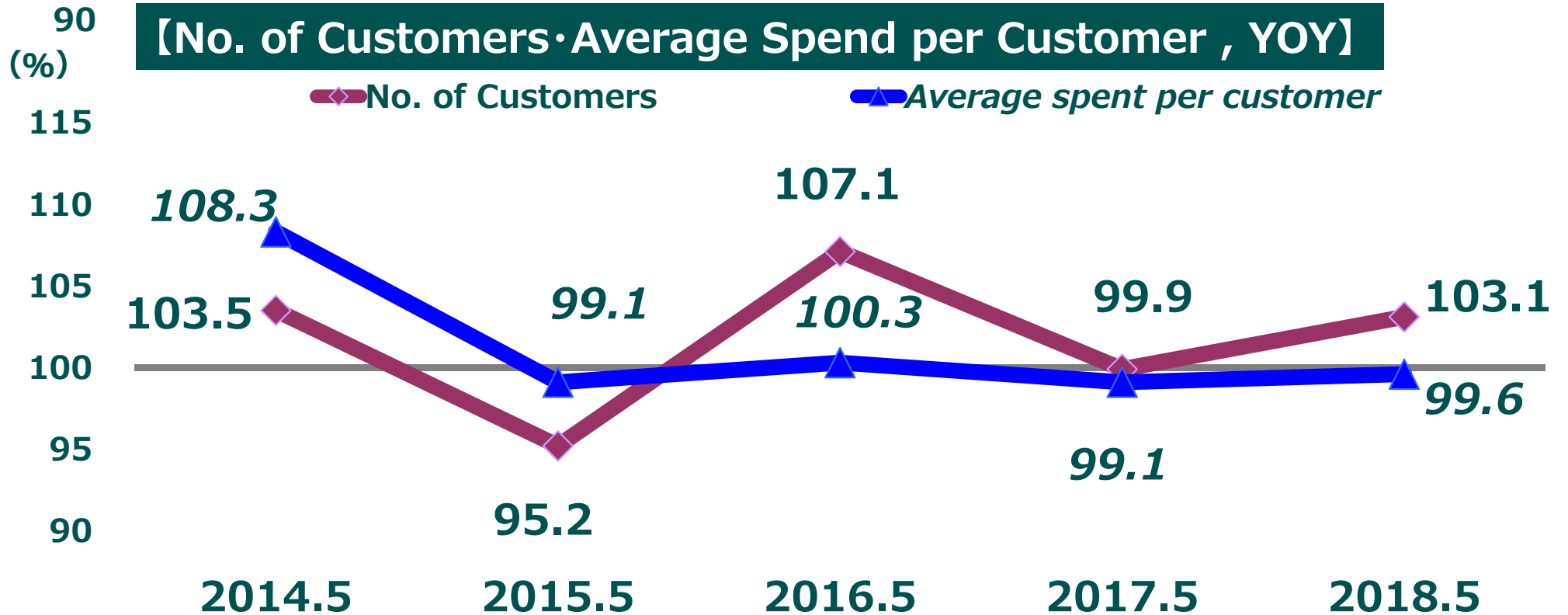
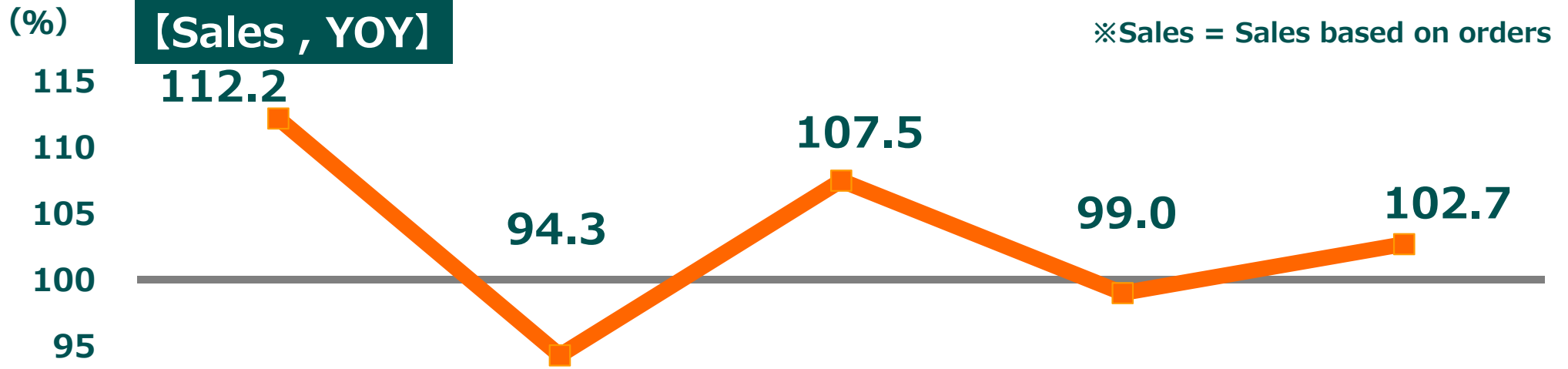
# Consolidated Balance Sheets



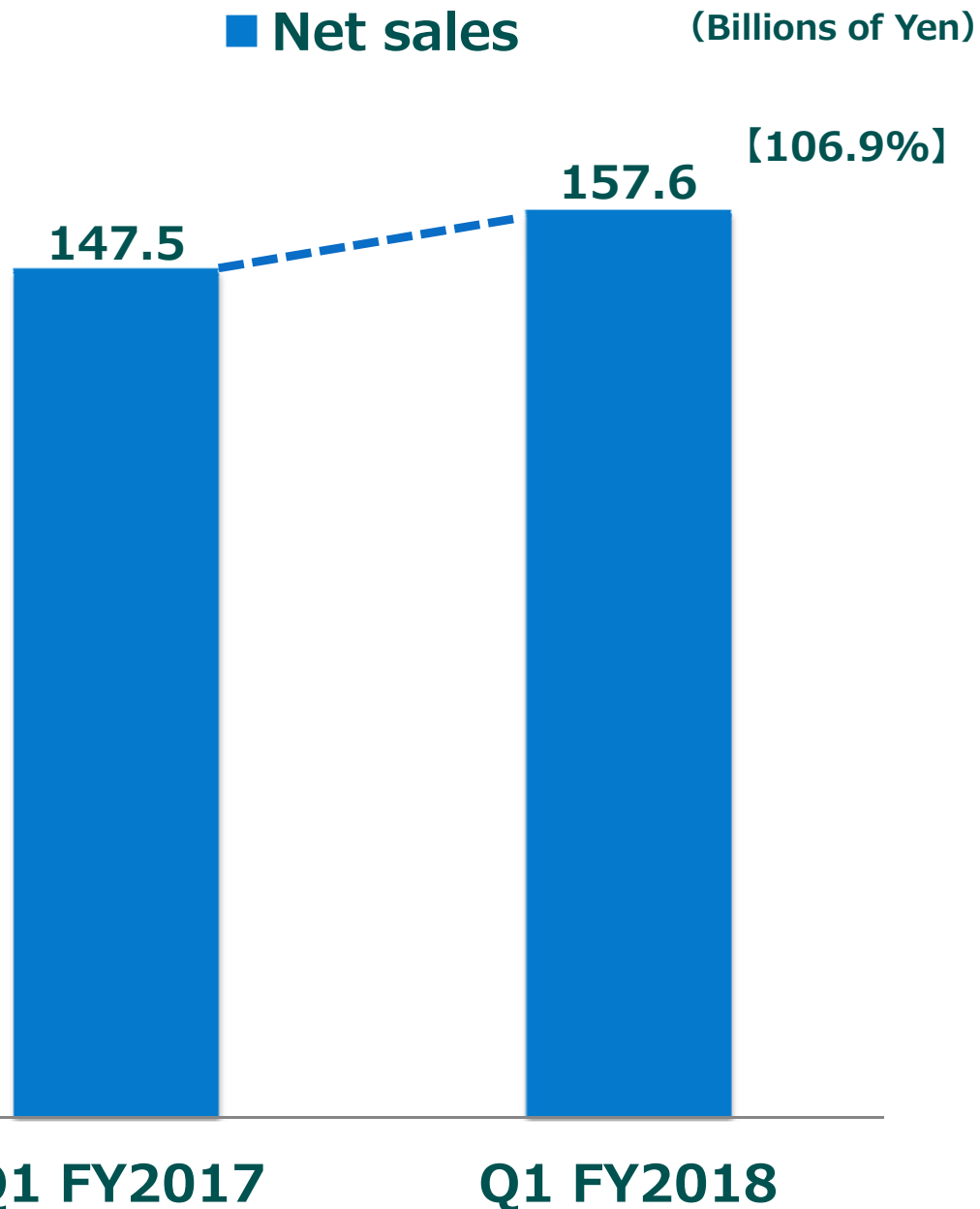
(Billions of Yen)

	20 May 2018	20 Feb 2018	Change	Major factors on changes
<b>Current assets</b>	<b>178.9</b>	<b>164.0</b>	<b>14.8</b>	Suspense payment +11.0
(Cash and deposits)	60.5	63.3	(2.7)	
(Inventory)	52.5	52.7	(0.1)	
<b>Non-Current assets</b>	<b>389.2</b>	<b>386.4</b>	<b>2.7</b>	
(Property, plant and equipment)	292.3	291.3	1.0	
(Investments and other assets)	15.6	13.8	1.7	
<b>Total assets</b>	<b>568.1</b>	<b>550.5</b>	<b>17.6</b>	
<b>Current liabilities</b>	<b>86.4</b>	<b>83.4</b>	<b>3.0</b>	Deposit +11.0 Accounts payable - other (3.3) Income taxes payable (5.7)
(Accounts payable - trade)	18.9	19.6	(0.6)	
(Short-term loans payable)	2.3	2.0	0.3	
<b>Non-Current liabilities</b>	<b>24.5</b>	<b>25.4</b>	<b>(0.9)</b>	
(Long-term loans payable)	7.0	8.0	(0.9)	
<b>Total liabilities</b>	<b>110.9</b>	<b>108.8</b>	<b>2.1</b>	
<b>Total net assets</b>	<b>457.1</b>	<b>441.6</b>	<b>15.4</b>	Net income +19.7
<b>Total liabilities and net assets</b>	<b>568.1</b>	<b>550.5</b>	<b>17.6</b>	

# Trend in YOY changes in comparable stores 【Q1】



# Consolidated Sales



[Net sales]	Amount	YOY
Store sales(Global)	¥141.4bil.	105.5%
E-commerce	¥10.0bil.	133.4%
B to B	¥1.5bil.	131.1%
Renovation sales	¥1.3bil.	92.2%
Rent income	¥1.7bil.	104.0%
Others	¥1.4bil.	92.1%
<b>Total</b>	<b>¥157.6bil.</b>	<b>106.9%</b>

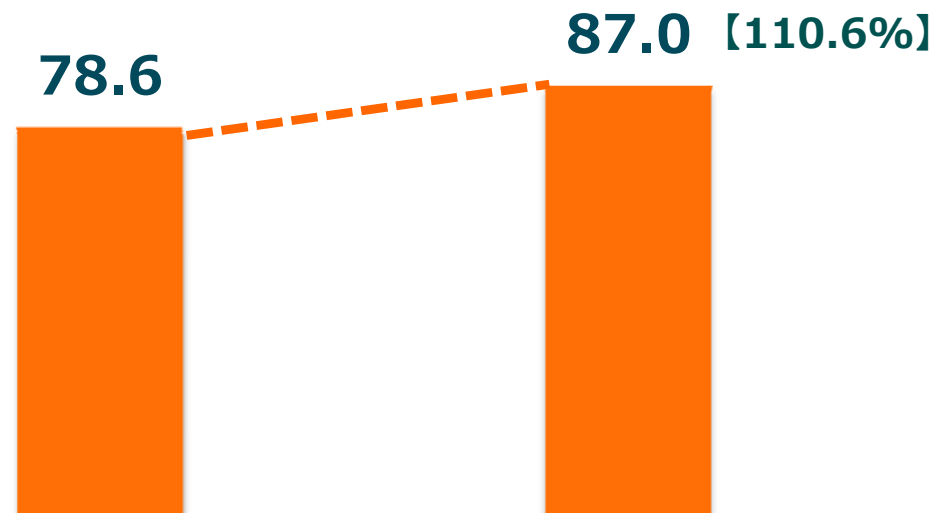
Sales comp. by region					
Hokkaido	4.7%	(0.3)pt	Chugoku & Shikoku	7.6%	(0.2)pt
Tohoku	5.6%	(0.2)pt	Kyusyu & Okinawa	8.8%	(0.1)pt
Kanto	30.3%	(0.0)pt	EC	6.4%	+1.3pt
Hokuriku & Koshinetsu	5.3%	(0.2)pt	B to B & Renovation	1.8%	+0.0pt
Chubu & Tokai	10.1%	(0.1)pt	Overseas	2.6%	+0.4pt
Kinki	14.7%	(0.3)pt	Others	2.1%	(0.3)pt

# Gross profit · SG&A expenses



## 【Gross profit】

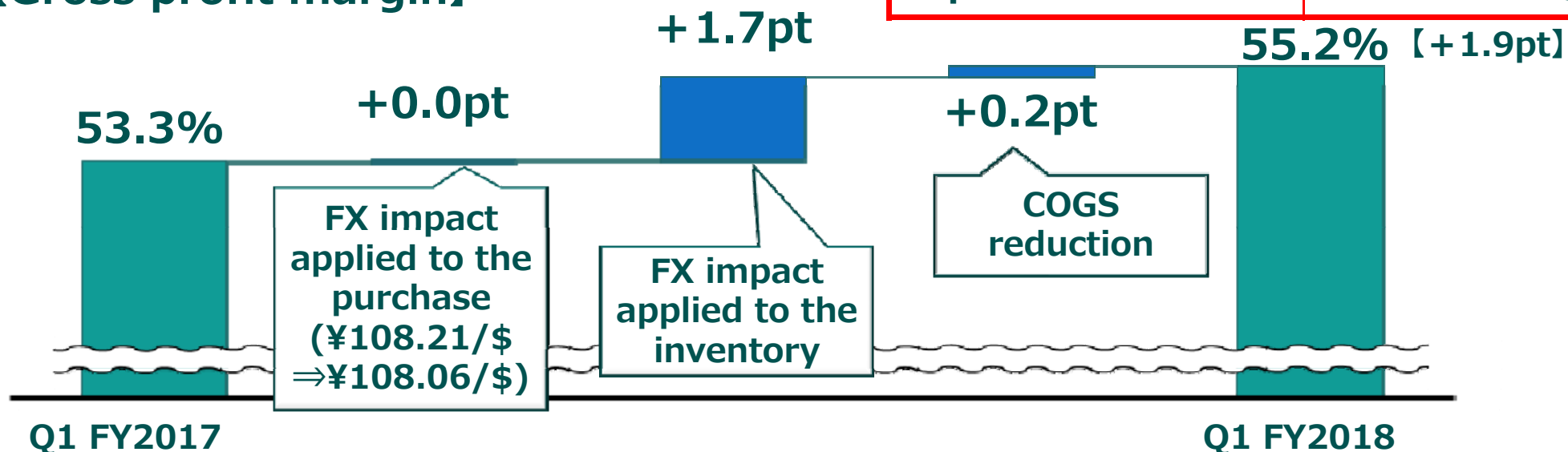
(Billions of Yen)



Q1 FY2017

Q1 FY2018

## 【Gross profit margin】



Q1 FY2017

Q1 FY2018

【SG&A】	Amount	YOY	Ratio to sales	Change
Personnel	¥16.7bil.	107.2%	10.6%	+0.0pt
Rents	¥8.9bil.	109.9%	5.7%	+0.2pt
Delivery charge	¥7.2bil.	97.9%	4.6%	(0.4)pt
Advertising	¥4.5bil.	108.1%	2.9%	+0.0pt
Outsourcing	¥4.4bil.	121.7%	2.8%	+0.3pt
Store fixtures expense	¥0.4bil.	44.2%	0.3%	(0.4)pt

Depreciation	¥2.9bil.
Capital investment	¥7.2bil.

# No. of stores as of 20 May 2018



# 538

## Stores

### [+15]



(Taiwan)

# 401

### [+5]

# 29

### [+2]



# AKI-HOME

(USA)

# 12

### [+3]

# 5



DECO HOME



(China)

# 66

### [+4]

# 25

### [+1]

Prefecture	No. of stores	Prefecture	No. of stores	Prefecture	No. of stores
Hokkaido	21	Yamanashi	3	Shimane	2
Hokkaido	21	Ishikawa	5	Hiroshima	13 [+1]
Aomori	6	Toyama	4	Yamaguchi	6
Akita	5	Fukui	2	Kagawa	4
Iwate	3	Hokuriku & Koshinetsu	32 [+1]	Tokushima	2
Yamagata	5	Shizuoka	13	Kochi	3
Miyagi	7	Aichi	26	Ehime	6
Fukushima	5	Mie	7	Chugoku & Shikoku	45 [+2]
Tohoku	31	Gifu	10 [±0]	Fukuoka	19
Tokyo	48 [+2]	Chubu & Tokai	56 [±0]	Oita	5
Kanagawa	28 [+2]	Osaka	33 [+2]	Miyazaki	3
Saitama	31 [+1]	Kyoto	12	Saga	3
Chiba	23	Nara	5	Nagasaki	4 [+1]
Gunma	6	Hyogo	24 [+1]	Kumamoto	6
Tochigi	8	Shiga	7	Kagoshima	7
Ibaraki	13	Wakayama	5	Okinawa	4
Kanto	157 [+5]	Kinki	86 [+3]	Kyushu & Okinawa	51 [+1]
Niigata	8	Tottori	2	Japan	479 [+12]
Nagano	10 [+1]	Okayama	7 [+1]		

# Major indicators of management efficiency (1)



Scope	Number	Indicator	Unit	Target		2018.5	2017.5	2016.5	2015.5	2014.5
Group (Three months)	1	Return on assets	%	Over 3.75%	○	5.5	5.2	6.5	5.2	6.8
	2	Total asset turnover	Times	Over 0.5	×	0.28	0.30	0.32	0.29	0.36
	3	Ordinary income margin	%	Over 10%	○	19.5	17.6	20.2	17.9	19.1
	4	Earnings per share	¥	Over ¥25	○	176.0	170.9	152.9	107.3	109.0
	5	Return on equity	%	Over 3.75%	○	4.4	4.8	5.1	3.8	4.8
	6	Equity ratio	%	Over 60%	○	80.4	80.7	78.5	75.5	75.6
	7	Interest coverage	Times	Over 20	○	1,431	1,559	1,843	1,048	1,124
	8	Sales growth rate	%	Over 10%	×	6.9	7.6	14.9	1.7	15.9
	9	Ordinary income growth rate	%	Over 10%	○	17.9	(6.0)	29.4	(4.4)	20.8
	10	Ratio of gross profit to sales	%	Over 48%	○	55.2	53.3	54.4	52.4	51.1
	11	Ratio of break-even point to sales	%	Under 80%	○	60.8	62.8	58.5	61.3	58.1



# Major indicators of management efficiency (2)



Scope	Number	Indicator	Unit	Target		2017.5	2017.5	2016.5	2015.5	2014.5
Sale of furniture and home furnishing	12	Sales per tsubo	K	Over ¥950K	○	1,094	1,071	1,081	1,004	1,051
	13	Stock turnover	Times	Over 9	×	6.0	6.2	6.6	6.5	7.5
	14	Operating assets turnover	Times	Over 2.9	○	3.9	4.3	4.5	4.5	5.3
	15	Ratio of profit distribution	%	Over 20%	○	35.4	33.0	37.3	32.9	36.3
	16	Ratio of real estate cost to gross profit	%	Under 25%	○	20.2	20.4	18.8	20.7	19.3
	17	Ratio of sales promotion cost to gross profit	%	Under 6%	○	5.8	6.0	5.9	6.4	6.9
	18	Labor productivity	M	Over ¥10M	○	19.96	18.25	20.62	18.85	19.76
	19	Sales floor per labor	Tsubo	Over 60	×	34.1	33.0	36.1	37.2	37.8
	20	Operating income per tsubo	K	Over 150K	○	195	170	200	155	178
	21	Stock per tsubo	K	Under 90K	○	82	80	75	75	69
	22	Average age of labor		30~35	○	32.6	32.6	32.6	32.2	32.1
<b>Results (○won/×lost)</b>						<b>○18×4</b>	<b>○17×5</b>	<b>○19×3</b>	<b>○16×6</b>	<b>○18×4</b>

# TOPICS







## Vintage-taste “Stain” series

- Coordination proposal combining a botanical pattern and “second-hand” like furniture



## Dinning set of low type “Relax”



- Natural and soft atmosphere that makes your room bright
- Casual design and color

## Use in combinational “Simple storage goods”



- Proposing various storage goods collectively



## Functional lace curtain "ECONATURE"

With four functions!  
Developed with customer's voice  
Premium lace curtain



### Heat insulation/ Heat retention

繊維に含まれる特殊な金属酸化物が太陽熱を反射

insulation effect at  
Summer: 25%~  
heat retention  
effect at  
Winter: 20%~

### UV cut

Product	UV Cut Performance (%)
一般的なボイルレース (レースサブレスシリーズ)	61%
エコナチュレ	80%以上

UV cut above  
**80%**

■紫外線透過性能測定  
※保証値ではありません。  
(一般財団法人繊維製品品質  
技術センター検査より)

### Blindfold

Day and night,  
hard to  
see through  
inside of the  
curtain

General lace curtain "ECONATURE"  
General lace curtain "ECONATURE"

### Lighting

About 2 times  
brighter than  
general ones

採光率約20%以上

General blindfold curtain "ECONATURE"



- Coordinate with “DAY Value”
- Delivered advertisement videos via SNS etc.
- Leads to increase than sales amount last year

## 3D simulator + consultation of interior coordination for whole house

素敵な部屋で暮らしたいけれど、  
どうしたらいいかお悩みの皆さまへ。



お家の  
インテリア



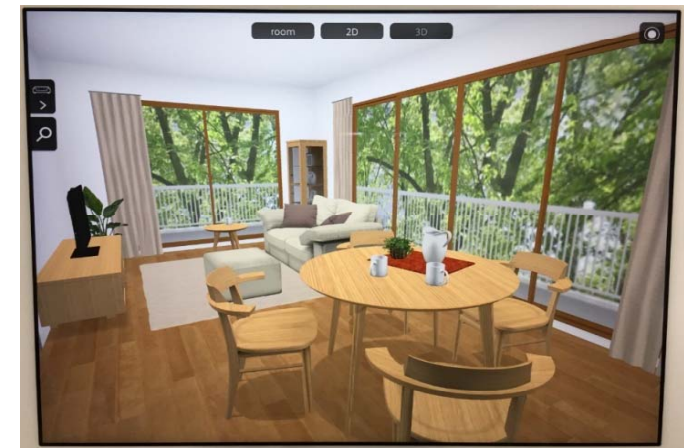
まるごと相談会開催

[6店舗限定開催] 4/14(金) - 27(木)

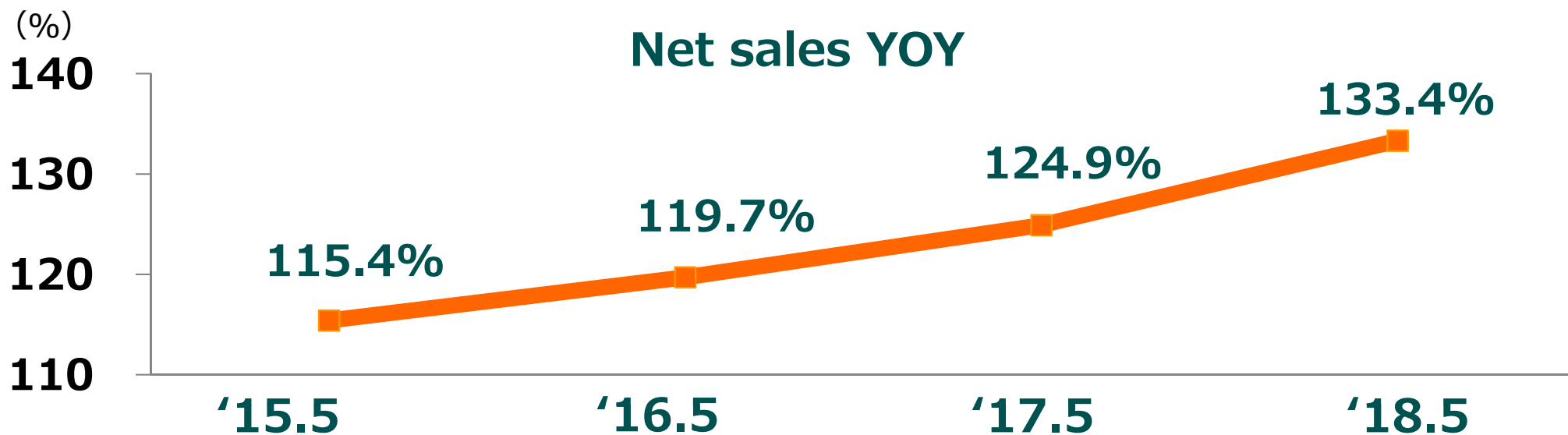
※各店舗詳細は、NITORI.jp



- Planning furniture arrangement and interior plan before moving in
- Check size of furniture and the placement space
- Proposing total coordination







## Main initiatives of 1Q



Renewal of the top page of website



Limited items



Limited colors (rugs etc.)





## Cooperation with Catalog and website

- Place competitive items in the catalog
- Guide customers to the website and introduce more products





## SNS



## Display Ads

例えば  
これら **10点で**  
**38,600円** (税込)



## Timeline on "LINE"

今日も1日お疲れさま♪

あなたのビールへの  
こだわりは？

A. キレ      B. コク      C. 旨味      D. 香り

↓ A~Dの中から絵文字で答えてね!



## Steady sales to Hotels and Educational facilities

**Hotel**



**Welfare facility**



**Hotel**



**Educational facility**





# Opening stores in Japan



Kakogawa (Hyogo · Nitori)



Yokohama  
(Nitori express)



Yokohama (Deco Home)



Omiya (Deco Home)





# Opening stores overseas



## China

Nantong (4/20)



Chengdu (6/22)



## Taiwan

New Taipei (5/11)



Hsinchu (5/11)



## USA

Ontario Mills (5/25)



Pick up furniture  
at delivery center

Deliver furniture and home fashion  
products together

期間限定  
2/20(火) ~ 5/6(日)

大型家具を  
配送センターでお引取りいただくと

ニトリメンバーズカードポイント  
2,000ポイント  
プレゼント!

ニトリ

※ニトリネットでのご購入は対象外です。  
※15,426円(税別)以上の家具で、「ニトリ設置品」が対象商品です。  
※ポイントは、購入日翌日から使用できます。  
※ニトリメンバーズ会員へのご入会が本日の場合でも、ポイントは付与されます。  
お申し込みはカウンターまで。  
※詳細はお近くの店員までお気軽にお声掛けください。

店舗限定 3/1(木) ~ 4/22(日)

家具と、まとめてお届け

家具の配送料に  
500円  
プラス

- In season of starting new lifestyle, secure the capacities of deliveries and reduce delivery costs

- Add 500 JPY on the delivery fee of furniture, we bring Hfa products together

- Improve convenience for customer by delivering the furniture and Hfa products together

- Effectively utilize the vacant space of the truck and reduce the cost



Securing human resource  
in logistics business

Provide meals for free



- 80% of worker say “Want to work repeatedly”
- Increase 50% of temporary staff compare to previous year



# Recruitment



Domestic **550**

Overseas **72**

**Hiring new graduates**



- Hired 550 new graduates in Japan

- Hired 72 overseas who have studied in Japan

- Next year, planning to hire the same number or more

- Planning to expand hiring of people in Vietnam and India with experience of study in Japan



**480**

China



**72**



**60**



**10**





## Nitori USA seminar

Biggest investment in education.

Participants experience “prosperous home living” firsthand, and share Nitori’s mission and vision.

In the seminar held in the spring of 2018, 646 people participated, including young employees and employees of overseas groups.

**[Plan for FY2018]**

**Total number of participants:  
1,250**



## “Kurumin” certification



- Received certification by the Minister of Health, Labor and Welfare as "Child-caring Support Company"  
~Based on the Next Generation Education and Support Promotion Act, pass criteria~

## “White-company” award









ホワイト企業認定

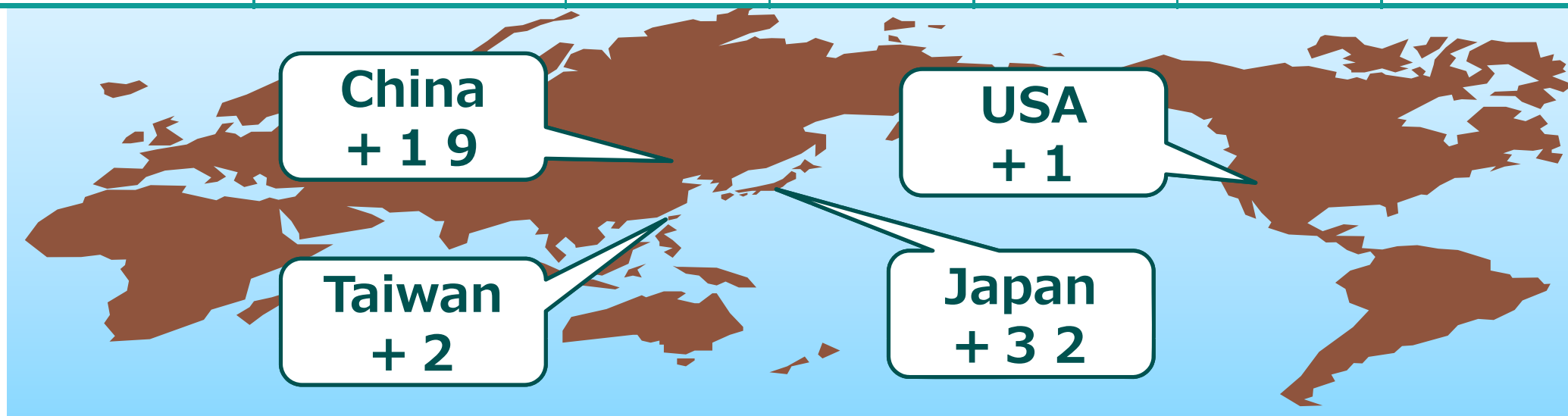
- Awarded in  
【Philosophy Sharing Division】  
~Efforts to define the roles and objectives that the company should play and disseminate them as a business plan were evaluated~



# Store roll-out plan in FY 2018



Store	 		 Taiwan	 USA	 China	Total
End of Q1	4 1 3	6 6	2 9	5	2 5	5 3 8
Q2~Q4 Net increase	+ 1 7	+ 1 5	+ 2	+ 1	+ 1 9	+ 5 4
End of FY2018	4 3 0	8 1	3 1	6	4 4	5 9 2



# Plan in FY 2018



(Billions of yen)

	Plan in FY 2018 of first half			Plan in FY 2018 of full year		
	(Ratio to sales)	(YOY)		(Ratio to sales)	(YOY)	
Net sales	304.4	–	107.2%	614.0	–	107.3%
Gross profit	164.5	54.0%	107.6%	330.0	53.7%	104.8%
SG&A expenses	111.6	36.6%	106.5%	231.0	37.6%	104.3%
Operating income	52.9	17.4%	109.9%	99.0	16.1%	106.0%
Ordinary income	53.4	17.5%	109.8%	100.0	16.3%	105.4%
Profit attributable to owners of parent	35.6	11.7%	101.6%	68.0	11.1%	105.9%

【Assumption】

Sales in comparable stores YOY 102.5% (NITORI+DECOHOME+EC)  
YOY 101.0% (NITORI)

FX rate 111yen/\$ (completed exchange contracts(through June) : lower 108yen/\$  
not implemented after July)

Capital investment: 43 billion yen

Depreciation expense of 12.5 billion yen





**【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.