



TSI HOLDINGS

Results Briefing: 2016 Ending February

2016.4.15



I. Results Overview



Results of net sales, operating profit and ordinary profit almost met plan

(Unit: Million Yen)

	Previous FY		2016 Ending Feb.					
	Results	Composition Rate	Plan	Results	Composition Rate	Y/Y Change	Y/Y	Against Plan
Net Sales	180,819	100.0%	167,000	167,211	100.0%	-13,607	92.5%	100.1%
Gross Profit	94,609	52.3%	—	88,119	52.7%	-6,490	93.1%	—
SG&A Expenses	93,684	51.8%	—	87,057	52.1%	-6,626	92.9%	—
Employment Costs	40,854	22.6%	—	36,371	21.8%	-4,482	89.0%	—
Business Strategy Costs	6,308	3.5%	—	5,374	3.2%	-933	85.2%	—
Store Rents	18,162	10.0%	—	16,034	9.6%	-2,128	88.3%	—
Other Expenses	22,451	12.4%	—	22,678	13.6%	+226	101.0%	—
SG&A Expenses (exc. Goodwill Amortization, Depreciation and Amortization)	87,777	48.5%	—	80,459	48.1%	-7,318	91.7%	—
Goodwill Amortization	1,087	0.6%	—	1,373	0.8%	+285	126.3%	—
Depreciation and Amortization	4,819	2.7%	—	5,225	3.1%	+405	108.4%	—
Operating Profit	924	0.5%	1,200	1,061	0.6%	+136	114.8%	88.4%
Ordinary Profit	2,627	1.5%	2,800	2,592	1.6%	-35	98.7%	92.6%
Extraordinary Profit	3,749	2.1%	—	6,476	3.9%	+2,727	172.7%	—
Extraordinary Loss	1,867	1.0%	—	5,577	3.3%	+3,710	298.7%	—
Profit Before Taxes	4,510	2.5%	—	3,491	2.1%	-1,018	77.4%	—
Net Profit	2,294	1.3%	2,900	1,391	0.8%	-902	60.6%	48.0%
EBITDA	6,832	3.8%	—	7,660	4.6%	+827	112.1%	—

*EBITDA = Operating Profit + Goodwill Amortization + Depreciation and Amortization

*Plans of net sales, operating profit, ordinary profit and net income are figures announced on Jan. 13, 2016

SG&A ratio and operating profit improved in 2ND half due to structural reform in 1st half

(Unit: Million Yen)

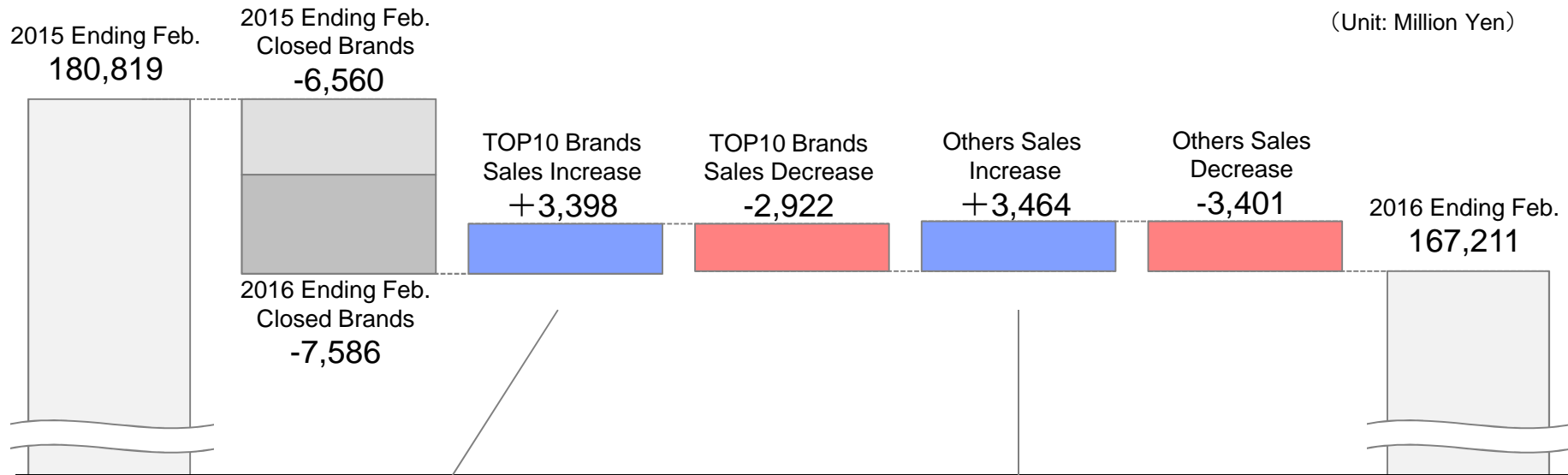
	1ST Half					2ND Half				
	2015 Ending Feb.		2016 Ending Feb.			2015 Ending Feb.		2016 Ending Feb.		
	Results	Composition Rate	Results	Composition Rate	Y/Y	Results	Composition Rate	Results	Composition Rate	Y/Y
Net Sales	86,593	100.0%	83,573	100.0%	96.5%	94,225	100.0%	83,638	100.0%	88.8%
Gross Profit	45,079	52.1%	44,782	53.6%	99.3%	49,529	52.6%	43,336	51.8%	87.5%
SG&A Expenses	44,760	51.7%	45,204	54.1%	101.0%	48,924	51.9%	41,853	50.0%	85.5%
Employment Costs	19,782	22.8%	19,468	23.3%	98.4%	21,072	22.4%	16,903	20.2%	80.2%
Business Strategy Costs	2,837	3.3%	2,870	3.4%	101.2%	3,470	3.7%	2,503	3.0%	72.1%
Store Rents	8,854	10.2%	8,858	10.6%	100.0%	9,308	9.9%	7,175	8.6%	77.1%
Other Expenses	10,626	12.3%	10,706	12.8%	100.8%	11,825	12.6%	11,972	14.3%	101.2%
SG&A Expenses(exc. Goodwill Amortization, Depreciation and Amortization)	42,099	48.6%	41,903	50.1%	99.5%	45,677	48.5%	38,555	46.1%	84.4%
Goodwill Amortization	456	0.5%	713	0.9%	156.4%	631	0.7%	660	0.8%	104.5%
Depreciation and Amortization	2,204	2.5%	2,587	3.1%	117.4%	2,614	2.8%	2,637	3.2%	100.9%
Operating Profit	319	0.4%	-422	-0.5%	-	605	0.6%	1,483	1.8%	245.0%
Ordinary Profit	1,017	1.2%	613	0.7%	60.3%	1,610	1.7%	1,978	2.4%	122.9%
Extraordinary Profit	191	0.2%	2,997	3.6%	1562.7%	3,557	3.8%	3,478	4.2%	97.8%
Extraordinary Loss	419	0.5%	4,426	5.3%	1055.5%	1,447	1.5%	1,150	1.4%	79.5%
Profit Before Taxes	790	0.9%	-815	-1.0%	-	3,719	3.9%	4,306	5.1%	115.8%
Net Profit	-465	-0.5%	-1,462	-1.7%	-	2,759	2.9%	2,853	3.4%	103.4%
EBITDA	2,980	3.4%	2,878	3.4%	96.6%	3,851	4.1%	4,781	5.7%	124.1%

*Employment Costs = Personnel Expenses + Subcontract Costs + Sales Commission

*Business Strategic Costs = Advertising and Sales Promotion Expenses

*EBITDA = Operating Profit + Goodwill Amortization + Depreciation and Amortization

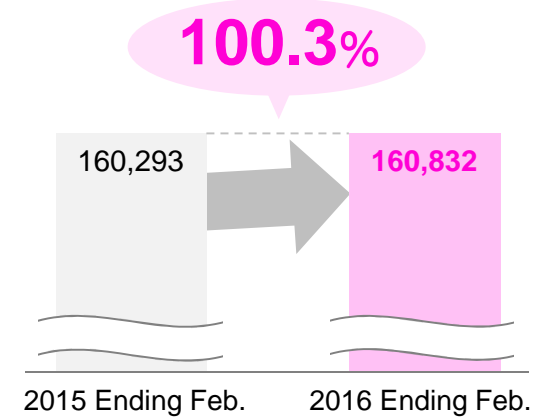
Net sales excluding withdrawn businesses maintained Y/Y



- **MARGARET HOWELL**
(Shop# 96 (Y/Y +15))
- **PEARLY GATES**
(Shop# 67 (Y/Y +17))
- **STUSSY**
(Shop# 53 (Y/Y +5))
- **Callaway Apparel**
(Shop# 22(Y/Y +9))
- **Free's Mart**
(Shop# 37(Y/Y +7))
- **HUMAN WOMAN**
(Shop# 77(Y/Y +11))

- **Apuweiser-Riche**
(Shop#17(Y/Y -1))
- **JILL by JILLSTUART**
(Shop# 23(Y/Y +6))
- **ANGLOBAL SHOP**
(Shop# 30(Y/Y +3))
- **DIANE von FURSTENBERG**
(Shop# 20(Y/Y +6))
- **Jack Bunny!!**
(Shop# 10(Y/Y +3))

Continuing Brands Comparison



7 out of top 10 brands improved gross profit ratio Y/Y

(Unit: Million Yen)

Brand	2015 Ending Feb.			2016 Ending Feb.			Y/Y	
	Sales		Gross Profit Ratio	Sales		Gross Profit Ratio	Sales	Gross Profit Ratio
		Composition			Composition			
1 nano· universe	24,355	13.5%	54.7%	22,810	13.6%	56.6%	93.7%	+1.8pt
2 NATURAL BEAUTY BASIC	15,850	8.8%	56.6%	15,763	9.4%	57.1%	99.5%	+0.5pt
3 MARGARET HOWELL	12,653	7.0%	58.3%	12,799	7.7%	57.0%	101.2%	-1.3pt
4 ROSE BUD	10,809	6.0%	45.1%	10,248	6.1%	48.6%	94.8%	+3.5pt
5 PEARLY GATES	8,515	4.7%	50.2%	9,426	5.6%	46.6%	110.7%	-3.5pt
6 STUSSY	5,027	2.8%	62.3%	5,831	3.5%	65.7%	116.0%	+3.4pt
7 Callaway Apparel	5,103	2.8%	33.3%	5,798	3.5%	36.7%	113.6%	+3.4pt
8 & by P&D	5,878	3.3%	52.3%	5,149	3.1%	51.2%	87.6%	-1.0pt
9 Free's Mart	4,315	2.4%	50.8%	5,043	3.0%	52.8%	116.9%	+2.0pt
10 HUMAN WOMAN	4,844	2.7%	0.0%	4,957	3.0%	0.0%	102.3%	-
TOP10	97,352	53.8%	50.2%	97,828	58.5%	50.9%	100.5%	+0.7pt
Others Brands	62,941	34.8%	58.7%	63,004	37.7%	57.6%	100.1%	-1.0pt
Continuing Brands Total	160,293	88.6%	53.6%	160,832	88.9%	53.6%	100.3%	+0.0pt
Closed Brands	20,525	11.4%	42.7%	6,378	3.8%	31.1%	31.1%	-11.6pt
TOTAL	180,819	100.0%	52.3%	167,211	100.0%	52.7%	92.5%	+0.4pt

II. 2017 Ending February: Outlook



Plan: net sales 166,000 million yen(Y/Y 99.3%), operating profit 3,000 million yen (Y/Y 282.7%)

(Unit: Million Yen)

	1ST Half			2ND Half			FY		
	2016 Ending Feb. Results	2017 Ending Feb. Plan	Y/Y	2016 Ending Feb. Results	2017 Ending Feb. Plan	Y/Y	2016 Ending Feb. Results	2017 Ending Feb. Plan	Y/Y
Net Sales	83,573	81,500	97.5%	83,638	84,500	101.0%	167,211	166,000	99.3%
Operating Profit	-422	100	—	1,483	2,900	195.5%	1,061	3,000	282.7%
Ordinary Profit	613	1,000	162.9%	1,978	3,600	181.9%	2,592	4,600	177.4%
Net Profit	-1,462	400	—	2,853	2,200	77.1%	1,391	2,600	186.8%

Set Key Performance Indicators (KPI) to improve profitability of existing businesses

	2016 Ending Feb. Results	⇒	2017 Ending Feb. Target
E-Commerce Ratio	11.8%	⇒	12.7%
Direct Trading Ratio	11.0%	⇒	18.4%
Purchase Price	Y/Y ±0pt		
Sales Price Setting Rate <small>(Sales Price / Cost Price)</small>	Y/Y ±0pt		
Sales Volume <small>(Incl. Increase in Number of Customers and Items Per Customer)</small>	Y/Y +2pt		
Digestibility <small>(Sales Volume/ Number of Stocks)</small>	Y/Y +1.6pt		
Discount Rate <small>(Sales Price After Discount / Sales Price)</small>	Y/Y +1.0pt		

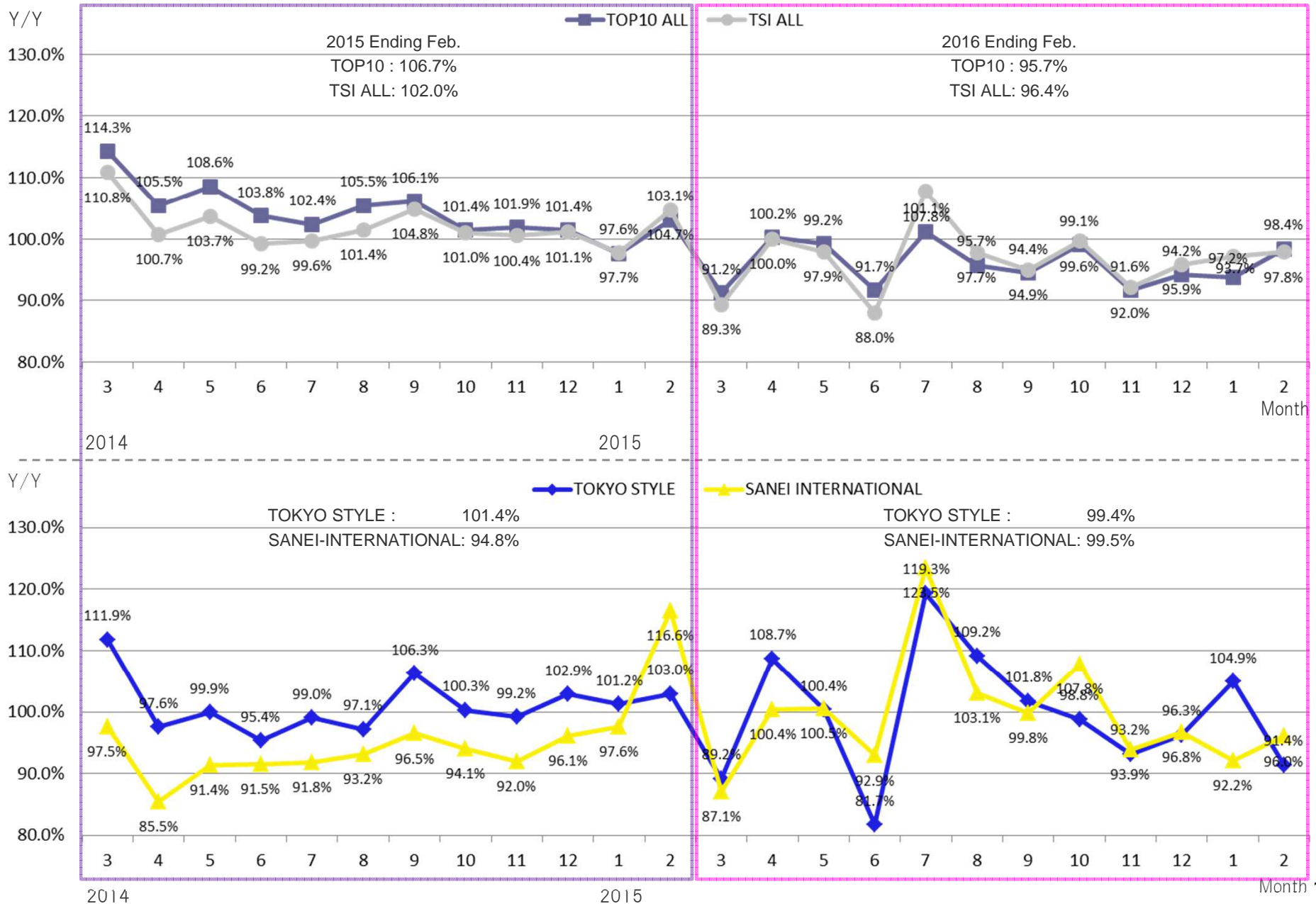


Achieve budgets by setting concrete KPI for each item to improve profitability of existing businesses

III. Reference Data



Domestic Comparable-Store Sales Rate



(Unit: Million Yen)

	2015 Ending Feb.		2016 Ending Feb.			
	Results	Composition Rate	Results	Y/Y	Composition Rate	Composition Rate Y/Y Change
Department Stores	47,564	26.3%	39,349	82.7%	23.5%	-2.8pt
Commercial Facilities	85,656	47.4%	81,638	95.3%	48.8%	+1.5pt
E-Commerce	18,239	10.1%	19,684	107.9%	11.8%	+1.7pt
Overseas	12,171	6.7%	10,252	84.2%	6.1%	-0.6pt
Others	17,187	9.5%	16,287	94.8%	9.7%	+0.2pt
Total	180,819	100.0%	167,211	92.5%	100.0%	-

*1 Fashion buildings, shopping centers, railroad station buildings, individual stores, outlet shops etc. except for department stores

*2 Apparel businesses such as wholesale, in-company sales and non-apparel businesses of the group companies

	2015 Ending Feb.	Q3RD 2016 Ending Feb.	Stores Open	Stores Close	2016 Ending Feb.
Domestic	# of Stores	+ 1570	13	83	+ 1331
	Change	- 221			- 70
Overseas	# of Stores	+ 223	7	8	+ 227
	Change	+ 3			- 1
Total	# of Stores	+ 1793	20	91	+ 1558
	Change	- 218			- 71

*Number indicated on "Change" rows are comparison with its previous quarter

- ❑ The amounts given in this material are rounded down to the nearest million yen
- ❑ The forecast performance for TSI Holdings indicated in this material is based on the assessments/assumptions from the information available as of this material's date. Actual performance may differ depending on various factors.