TSI HOLDINGS

Results Briefing: 2016 Ending February

2016.4.15



I. Results Overview



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Results of net sales, operating profit and ordinary profit are nearly equal to the plans

(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

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TSI HOLDINGS

SG&A ratio and operating profit improved in 2ND half due to the 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

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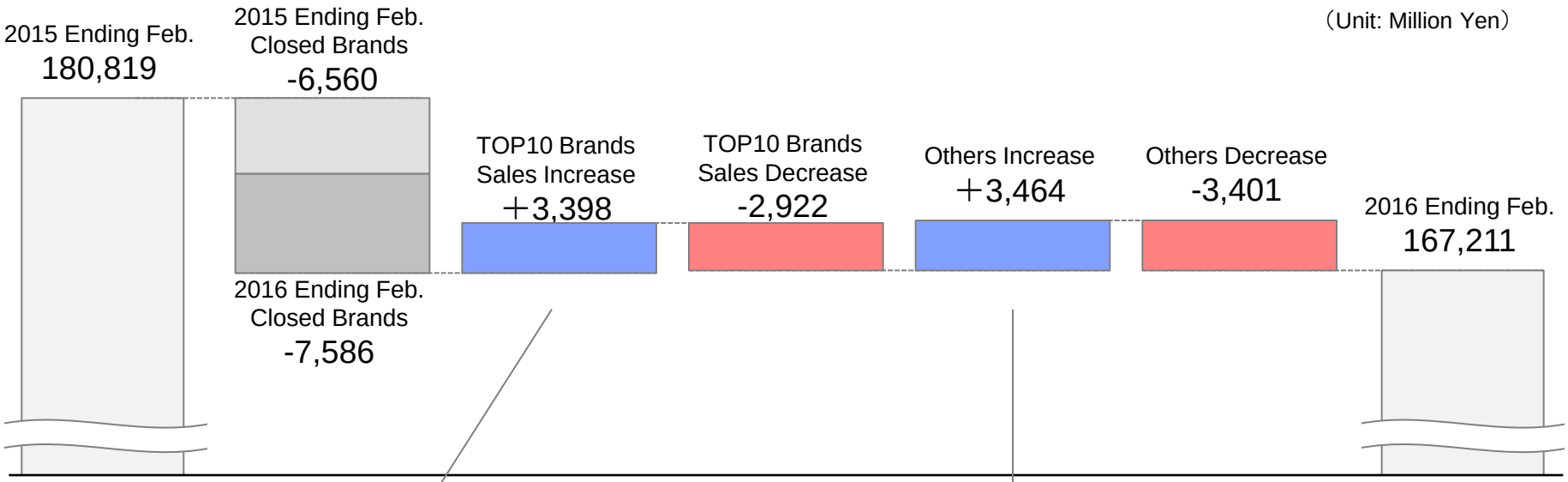
Net sales excluding withdrew businesses maintained Y/Y

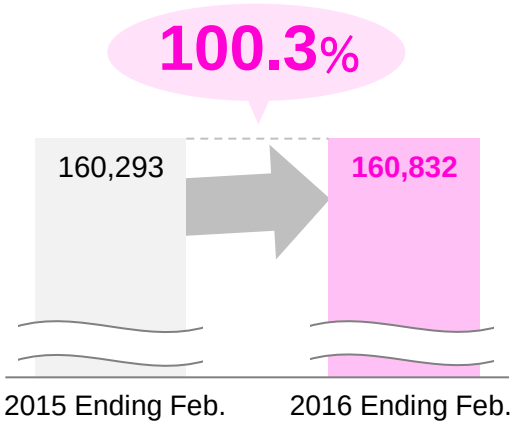
(Unit: Million Yen)



- **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



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

(Unit: Million Yen)

Brand	2015 Ending Feb. Sales	2015 Ending Feb. Sales Composition	2015 Ending Feb. Gross Profit Ratio	2016 Ending Feb. Sales	2016 Ending Feb. Sales Composition	2016 Ending Feb. Gross Profit Ratio	Y/Y Sales	Y/Y Gross Profit Ratio
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

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II. 2017 Ending February: Outlook



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Planning 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%

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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 (Sales Price / Cost Price)	Y/Y ±0pt		
Sales Volume (Incl. Increase in Number of Customers and Items Per Customer)	Y/Y +2pt		
Digestibility (Sales Volume/ Number of Stocks)	Y/Y +1.6pt		
Discount Rate (Sales Price After Discount / Sales Price)	Y/Y +1.0pt		

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

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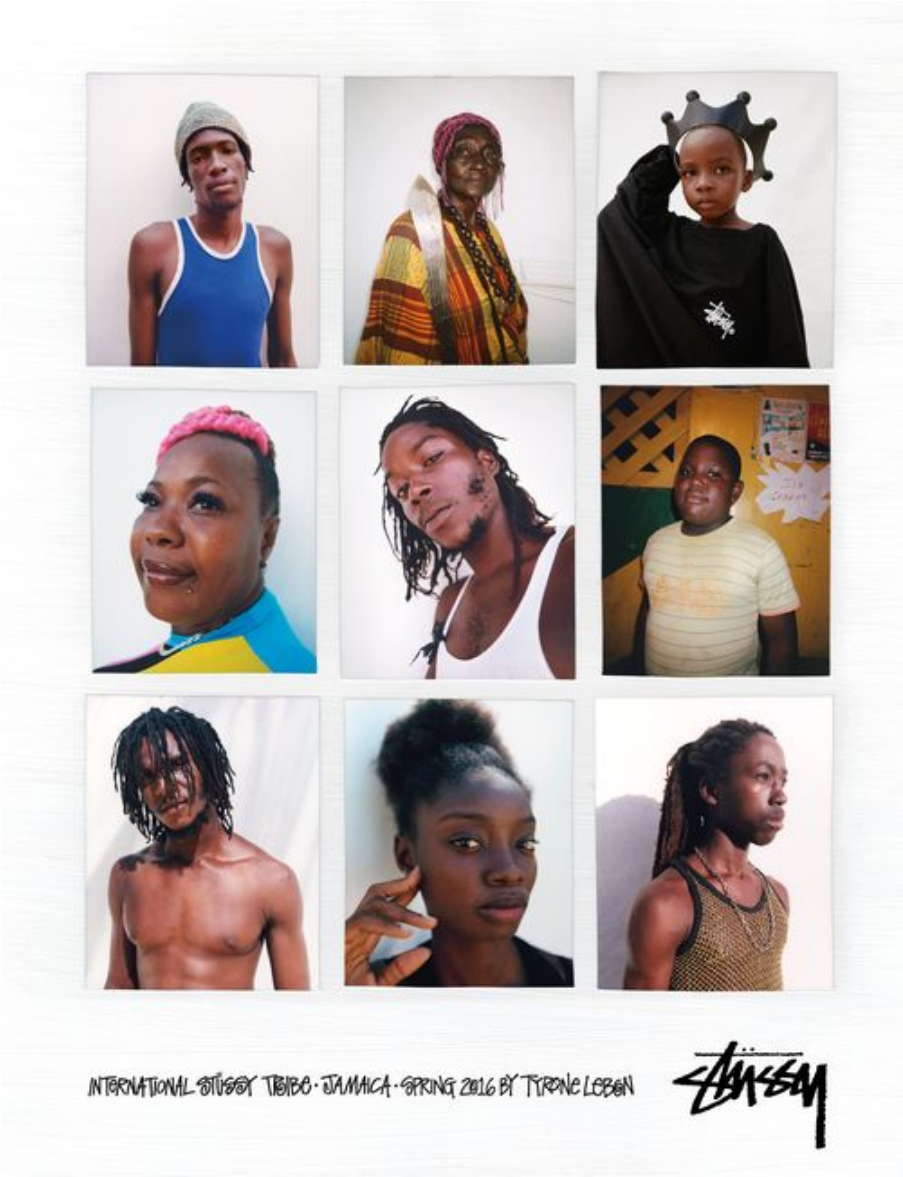
III. Reference Data



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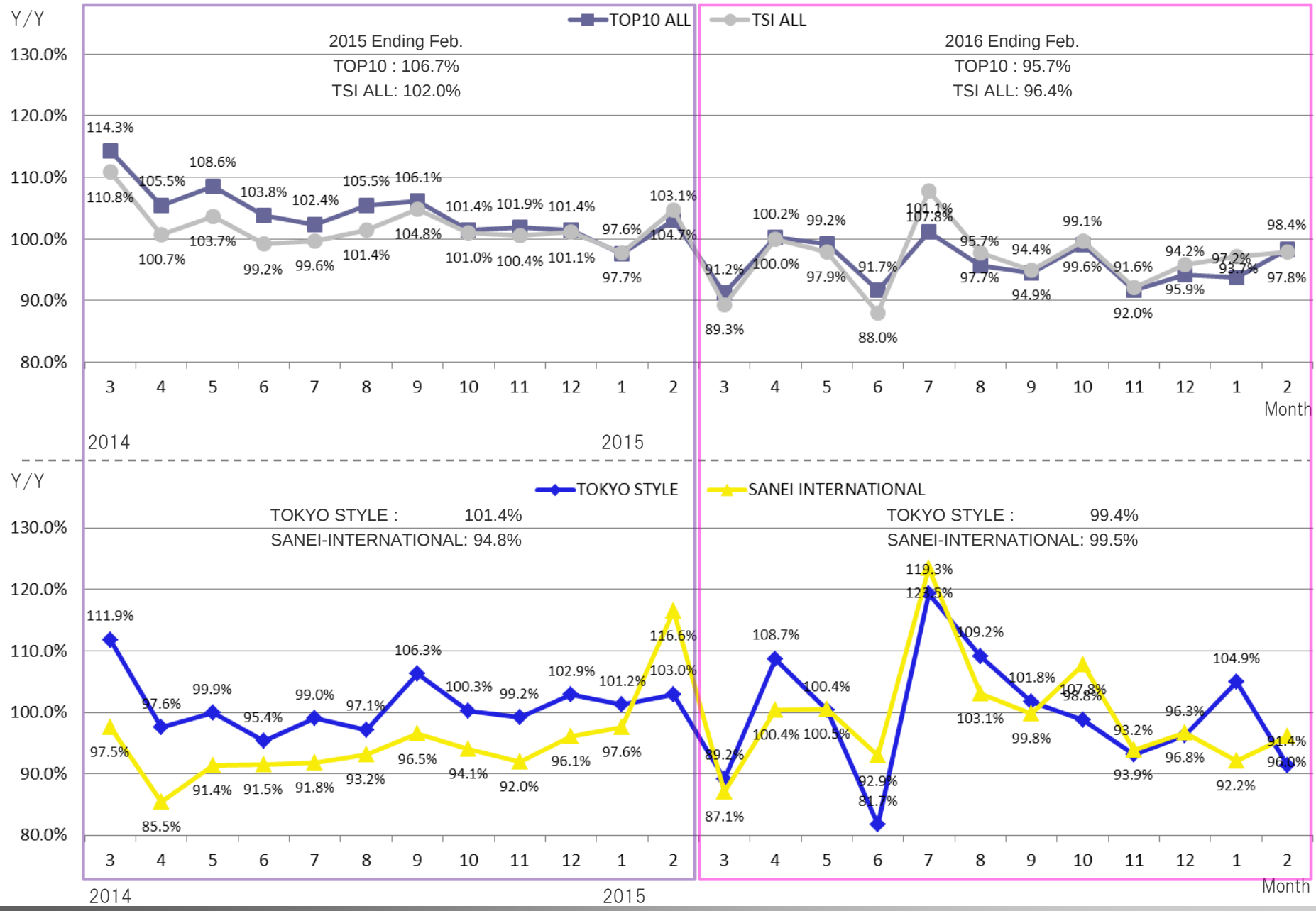

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(Unit: Million Yen)

	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%	+1.2pt
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

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		2015 Ending Feb.	Q3RD 2016 Ending Feb.	Store Open	Store Close	2016 Ending Feb.
Domestic	# of Stores	+ 1570	+ 1401	13	83	+ 1331
	Change	- 221	+ 39			- 70
Overseas	# of Stores	+ 223	+ 228	7	8	+ 227
	Change	+ 3	+ 3			- 1
Total	# of Stores	+ 1793	+ 1629	20	91	+ 1558
	Change	- 218	+ 42			- 71

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

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- 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.

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