

## STRATEGIES FOR MAINSTAY BRANDS



Having driven the development of the Wacoal Group, wholesaling operations continue to play a major role as an earnings platform. But, rather than looking to past success we will revamp operations thoroughly to build a highly profitable organization that prevails against competition.

“We will draw on unique development capabilities to introduce greater numbers of market-vitalizing products and fundamentally change operational methods.”

Yuzo Ito  
Director, Wacoal Holdings Corp.;  
Director, Senior Corporate Officer, Wacoal Corp.,  
in charge of Technical and Production Operations

Mainly developing the *Wacoal*- and *Wing*-brand lineups for department stores and general merchandising stores, wholesaling operations form the earnings platform that underpins the Group's stability. However, traditional sales channels are struggling due to dramatic structural changes in Japan's retail industry. To grow in such conditions, we have to find new strategies. Mindful of that imperative, we are determined to reinvent ourselves as a highly profitable organization. We will draw on unique development capabilities to introduce greater numbers of market-vitalizing products and fundamentally change operational methods that are based on past successes.

In product development, we will further develop the Style Science business, which is growing into a new product category thanks to such hit products as *Onaka Walker*. Also, we introduced the *LALAN* brand to increase points of contact with customers.

Operationally, we are taking steps to integrate the manufacture of *Wacoal*- and *Wing*-brand offerings. In the past year, we have identified and defined the differences between the two brands. By 2010, we plan to complete integration, which will improve production efficiency due to materials sharing and the manufacture of both brand's products at the same plants. Further, we will lower costs through increased overseas production. And, we will take rigorous measures to improve inventory turnover rates by consolidating varieties and colors for each product and adjusting initial delivery volumes to reflect sales.

As an initiative to secure new sources of earnings, we began ODM (Original Design Manufacturing)\* in the current fiscal year. The aim is to establish a business model that will generate steady profits by harnessing sewing technologies, expertise, and patents that the Wacoal Group has accumulated over many years. In April 2007, ODM operations began supplying products to Peach John.

\* OEM (Original Equipment Manufacturing) is the manufacture of products under a business partner's brand name. ODM involves designing and manufacturing products on behalf of a business partner. In OEM, business partners are responsible for product specifications and design; however, in ODM, the Wacoal Group is responsible for stages from product design to manufacture.