



Fiscal Year Ending March 31, 2018 (FY2018), Second Quarter (2Q) Business Results Presentation

**November 2017
Wacoal Holdings Corp.**



FY2018 2Q Financial Results Summary

FY2018 Business Results Forecast

Reference Figures

Financial Results Summary (Consolidated)



Net sales:	-0.4%	In domestic business, wholesale and other businesses were weak. In overseas business, sales were strong in the U.S. and firm in Europe and China.
Operating income:	+28.0%	Contributing factors were compensation income in domestic business, and income growth and absence of one-time expenses recorded in previous year in overseas business.
Income before taxes:	-7.4%	This decrease reflects the absence of the gain on sale of fixed assets (land) in previous year.

(Millions of yen)

	FY2017 2Q results, 6 months	FY2018 2Q results, 6 months	FY2018 2Q target	Year on year		Compared with target	
				Change	% Change	Difference	% Difference
Consolidated net sales	(% of net sales) 102,412	(% of net sales) 101,976	(% of net sales) 103,000	-436	-0.4%	-1,024	-1.0%
Cost of sales	47,951 46.8%	46,999 46.1%	47,900 46.5%	-952	-2.0%	-901	-1.9%
Gross margin	54,461 53.2%	54,977 53.9%	55,100 53.5%	516	+0.9%	-123	-0.2%
SG&A expenses	46,574 45.5%	44,885 44.0%	46,800 45.4%	-1,689	-3.6%	-1,915	-4.1%
Operating income	7,887 7.7%	10,092 9.9%	8,300 8.1%	2,205	+28.0%	1,792	+21.6%
Income before taxes	11,887	11,005	9,000	-882	-7.4%	2,005	+22.3%
Net income attributable to Wacoal Holdings Corp.	9,200	7,437	6,200	-1,763	-19.2%	1,237	+20.0%

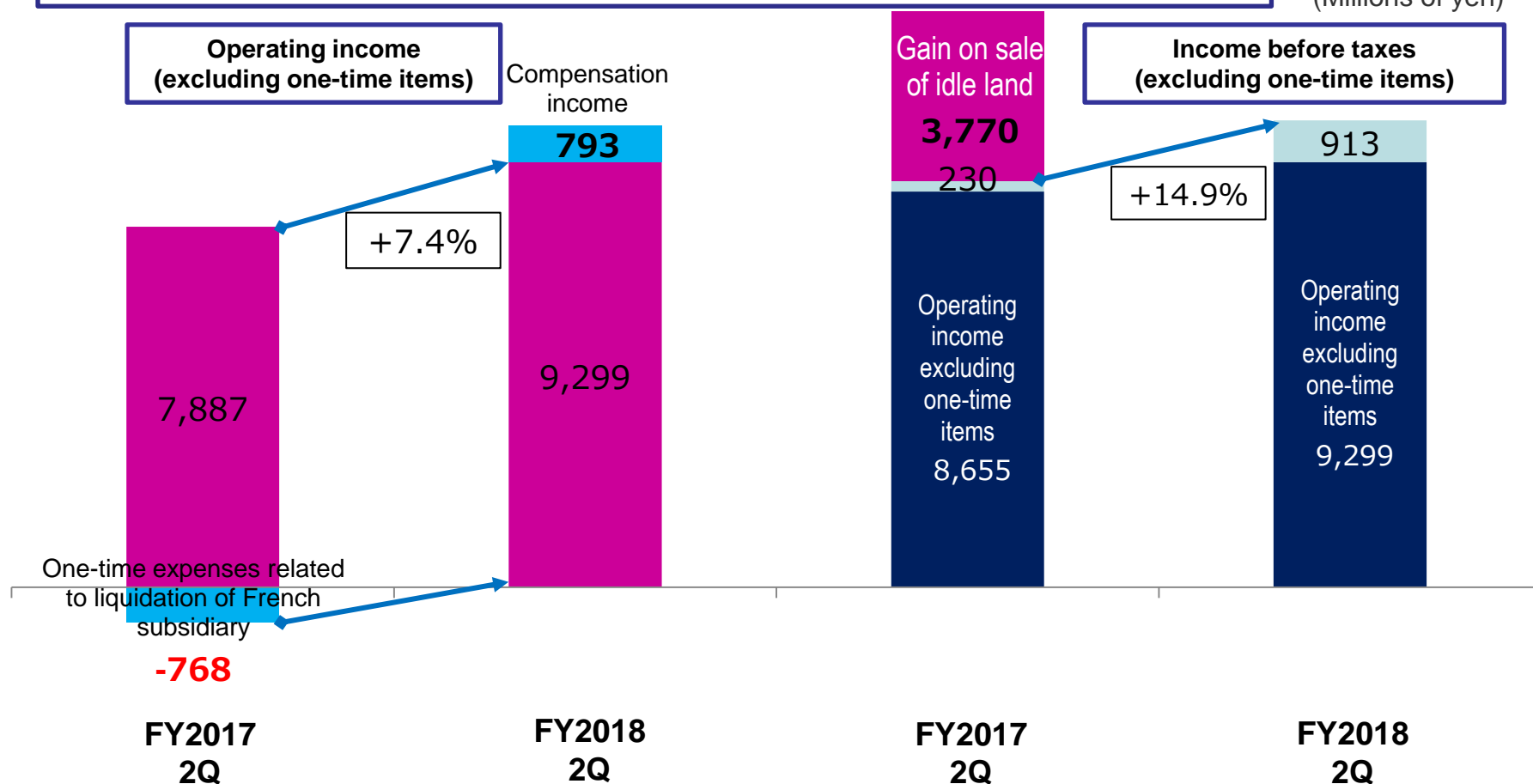
Exchange rates: USD = 111.06 yen, GBP = 143.61 yen, CNY = 16.39 yen

Operating Income and Income before Taxes / Comparison Excluding One-Time Items



Net sales: **-0.4%**
Operating income excluding one-time items: **+7.4%**
 (This period: ¥9.30 billion, same period in FY2017: ¥8.66 billion)
Income before taxes excluding one-time items: **+14.9%**
 (This period: ¥10.21 billion, same period in FY2017: ¥8.89 billion)

(Millions of yen)



By Operating Segment - Wacoal Business (Domestic)



Net sales

¥60.43 billion
-1.9%

**Operating
income**

¥5.82 billion
+23.3%

Net sales:

- By wholesale channel: Flat in retail sales ⇒, Weakness in wholesale to general merchandise stores ↓, Flat sales at directly managed stores ⇒
GOCOCi sales grew strongly in all channels ↑, Demand from inbound tourists recovered at department stores ↑, 'Wing' brand sales at general merchandise stores fell ↓, Sales at specialty stores grew steadily ↑
- Retail business: BRAGENIC sales grew strongly ↑, Sales from 'AMPHI' directly managed stores declined due to restructuring ↓
- Ai: Reduced number of seasonal stores ↓

Operating income:

Recognition of compensation income ↑,
Increase in SG&A expenses (social security exp., retirement benefit exp., IT infrastructure exp.) ↓

(Millions of yen)

Net sales of Wacoal Corp.	FY2017 2Q results, 6 months	FY2018 2Q results, 6 months	FY2018 2Q target	Year on year		Compared with target	
				Change	% Change	Difference	% Difference
Wacoal Brand Business Div.	30,532	30,469	30,200	-63	-0.2%	269	+0.9%
Chain Stores Operation Div.	19,370	18,915	19,100	-455	-2.3%	-185	-1.0%
General merchandise store eliminations	-6,273	-6,566	-6,300	-293	—	-266	—
Subtotal	43,629	42,818	43,000	-811	-1.9%	-182	-0.4%
Retail Business Div.	8,208	8,189	9,000	-19	-0.2%	-811	-9.0%
Wellness Business Dept.	3,235	3,238	3,400	3	+0.1%	-162	-4.8%
Web Sales Operation Dept.	2,380	2,407	2,500	27	+1.1%	-93	-3.7%
Intersegment transactions, etc.	-1,591	-1,671	-1,700	-80	—	29	—
Total	55,861	54,981	56,200	-880	-1.6%	-1,219	-2.2%

By Operating Segment - Wacoal Business (Overseas)



Net sales

¥27.74 billion
+7.9%

Operating income

¥3.57 billion
+50.5%

U.S.

Net sales: Strong growth in e-commerce sales ↑, Expand the number of department stores carrying our products ↑
Operating income: Increase in gross profit reflecting higher sales ↑, Rise in gross margin ratio ↑, Increase in expenses to strengthen sales through our e-commerce site ↓

WEL

Net sales: Steady sales in UK, Northern Europe and Germany ↑, Increase in third-party e-commerce sales in US ↑, Strong growth in sales of 'elomi' brand products and swimwear ↑
Operating income: Absence of one-time expenses related to liquidation of French subsidiary in previous year ↑

China

Net sales: Increase in department store sales during high-demand periods ↑, Expansion of third-party e-commerce sales ↑, Robust growth in sales at Peach John ↑
Operating income: Postponement of store renovation projects ↑, Suspension of 'LA ROSABELLE' shop openings ↑

(Millions of yen)

		FY2017 2Q results, 6 months	FY2018 2Q results, 6 months	FY2018 2Q target	JPY basis				Local currency basis	
					Year on year		Compared with target		Year on year	Compared with target
					Change	% Change	Difference	% Difference	Change	Difference
Net sales	Wacoal International Corp. (U.S.)	9,818	11,144	10,700	1,326	+13.5%	444	+4.1%	+7.6%	+3.0%
	Wacoal Europe Ltd.	6,838	7,124	7,300	286	+4.2%	-176	-2.4%	+5.1%	-1.6%
	Wacoal China Co., Ltd.	5,174	5,442	5,000	268	+5.2%	442	+8.8%	+9.5%	+5.8%
Operating income	Wacoal International Corp. (U.S.)	1,494	2,091	1,660	597	+40.0%	431	+26.0%	+32.7%	+24.7%
	Wacoal Europe Ltd.	-94	733	550	827	—	183	+33.3%	—	+34.3%
	Wacoal China Co., Ltd.	390	457	300	67	+17.2%	157	+52.3%	+22.1%	+45.2%

By Operating Segment - Peach John Biz, Other Biz.



Peach John

Net sales

¥5.56 billion
-3.0%

Operating income

¥0.39 billion
+22.7%

Net sales: Solid sales at directly managed stores ⇨, Growth in third-party e-commerce sales ↑, Decrease in visitors to our e-commerce site ↓
Operating income: Increase in gross margin ratio as innerwear accounted for a larger share of sales ↑, Improvement in profitability in China business ↑

Other Businesses

Net sales

¥8.25 billion
-11.8%

Operating income

¥0.31 billion
-35.2%

Lecien

Net sales: Decrease in private brand orders for general merchandise stores ↓,
Weakness in apparel and material businesses ↓

Operating income: Gross profit down due to decline in sales ↓

Nanasai

Net sales: Weak orders from clients in rental and sales businesses ↓,
Absence of large-scale construction orders in previous year ↓

Operating income: Improved cost ratio in rental business ↑, Reduction of SG&A expenses ↑

(Millions of yen)

		FY2017 2Q results, 6 months	FY2018 2Q results, 6 months	FY2018 2Q target	Year on year		Compared with target	
					Change	% Change	Difference	% Difference
Net sales	Peach John	6,237	6,250	7,000	13	+0.2%	-750	-10.7%
	Lecien	5,923	5,014	5,400	-909	-15.3%	-386	-7.1%
	Nanasai	4,735	4,098	5,100	-637	-13.5%	-1,002	-19.6%
Operating income	Peach John	321	394	290	73	+22.7%	104	+35.9%
	Lecien	383	159	60	-224	-58.5%	99	+165.0%
	Nanasai	68	86	140	18	+26.5%	-54	-38.6%

Summary by Operating Segment



(Millions of yen)

	FY2017 2Q results, 6 months	FY2018 2Q results, 6 months	FY2018 2Q target	Year on year	Compared with target	Effect of exchange rate fluctuations	
						Difference due to previous FY rate	Difference due to current FY rate
Consolidated net sales	102,412	101,976	103,000	-436	-1,024	349	110
Wacoal Business (Domestic)	61,615	60,427	61,400	-1,188	-973		
Wacoal Business (Overseas)	25,719	27,744	27,000	2,025	744	351	110
Peach John Business	5,733	5,559	5,800	-174	-241	-1	-1
Other Businesses	9,345	8,246	8,800	-1,099	-554	-1	1
Operating income	7,887	10,092	8,300	2,205	1,792	69	6
Wacoal Business (Domestic)	4,720	5,821	5,000	1,101	821		
Wacoal Business (Overseas)	2,371	3,569	2,700	1,198	869	69	13
Peach John Business	321	394	300	73	94	0	-6
Other Businesses	475	308	300	-167	8	0	-1



Basic Policy

Initiatives in FY2018

Progress in FY2018 2Q

Secure earnings in domestic business

- Strengthen sales force and raise productivity
 - Integrate sales operations to handle general merchandise stores
 - Consolidate operations to strengthen communication strategy
- Create omni-channel services
 - Establish new Omni-Channel Retailing Strategy Dept.
- Integrate mission-critical IT systems
 - Share companywide inventory data

❑ **Domestic operating income +6.5% (operating margin 8.3%)***

- Launched Chain Store Operation Division structure
- Restructured the Retail Operation Division to enhance profitability
- Enhanced brand value and application of digital technology through structural unification
- Established omni-channel service infrastructure
 - Improved customer relationship management (through digitization)
 - Revised client incentive programs and inventory management rules, etc.
 - Expanded emerging channels
- Developed cross-brand inventory control system

Generate further growth in overseas business

- Inter-regional collaboration
 - Strengthen brand and product planning in Europe and the U.S.
 - Improve marketing efficiency in Asia
- Strengthen e-commerce capabilities
 - Digital marketing geared to each region
- Develop ASEAN supply bases (Thailand materials companies, Myanmar)

❑ **Overseas net sales +7.9% (operating margin 12.9%)***

- Set up product planning CAD and PLM systems in Europe and US
- Implemented “One Wacoal” measures in Asia
 - Store design consistency, joint sales promotions in Asia
- Expanded the number of countries with our own e-commerce sites (Europe, US)
- Expanded initiatives with third-party e-commerce sites (China)
- Created a system for high-quality, stable small-lot supply

* Comparison with same period of previous fiscal year excludes the effect of compensation income in FY2018 2Q



Basic Policy

Initiatives in FY2018

Progress in FY2018 2Q

Create Group synergies and strengthen competitiveness

- Ai: Share sales channels, improve efficiency of administrative operations
- Peach John: Cooperate in overseas sales (Taiwan)
- Lecien: Expand procurement within the Group
 - Innerwear business, material business

- Integrated IT systems, prepared for transfer of business sites
- Opened directly managed stores and began e-commerce sales in Taiwan (May)
 - Sales vs. plan: +87%
- Improved profitability with structural reforms

Expand our business portfolio

- Develop specific commercialization plans in the fields of “Beauty,” “Comfort” and “Health”
 - Establish Future Business Promotion Office

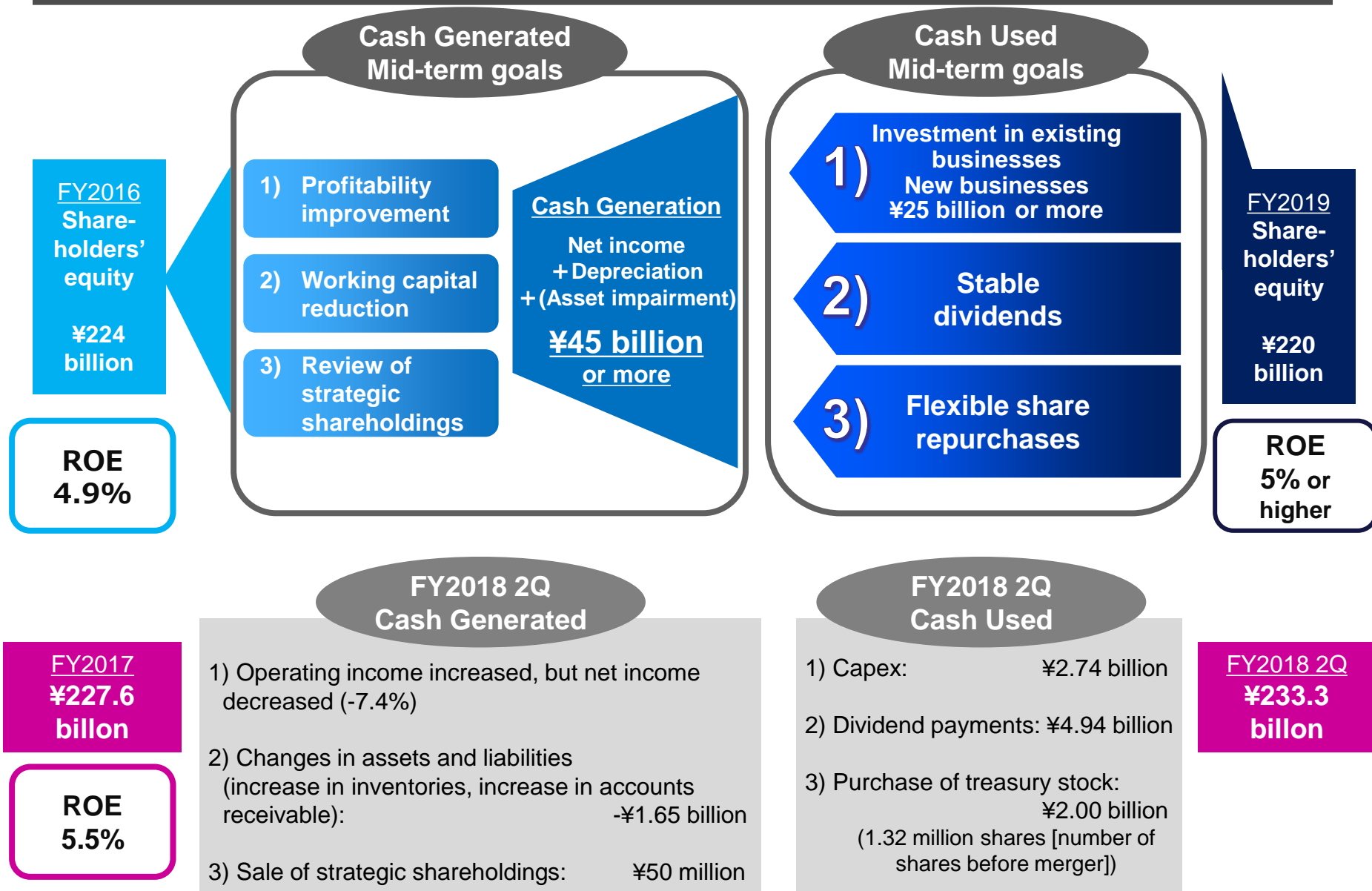
- Prepared for entry into accommodation business through Kyomachiya

Improve our Group management infrastructure

- Continuously improve corporate governance
 - Regular audits of overseas companies
 - Improvement of monitoring and feedback system
- CSR procurement (human rights, ethics)
- Work style and lifestyle reforms
 - Improvement of labor productivity and support for balance of work with childcare and family care

- Organized a schedule for regular audits of overseas companies and added governance items to the audit
- Established CSR procurement guidelines
 - Formulated procurement guidelines and designed monitoring methods
- Made business process improvements and reviewed telework policy, etc.
 - Reconsidered ancillary duties of beauty advisors

Capital Policy and Shareholder Returns





FY2018 2Q Financial Results Summary

FY2018 Business Results Forecast

Reference Figures

FY2018 Business Results Forecast



Net sales

¥200.0 billion
+2.1%

**Operating
income**

¥11.5 billion
+3.9%

□ No changes to FY2018 results forecast or dividend forecast

(Millions of yen)

	FY2017		FY2018					
	2Q results	Full-year results	2Q results	Full-year forecast	Full-year target	vs. FY2017		vs. target Change
						Change	% Change	
Net sales	102,412	195,881	101,976	200,000	200,000	4,119	+2.1%	0
Operating income	7,887	11,065	10,092	11,500	11,500	435	+3.9%	0
Net income attributable to Wacoal Holdings Corp.	9,200	12,525	7,437	9,000	9,000	-3,525	-28.1%	0
Exchange rates	USD = ¥105.29 GBP = ¥144.88 CNY = ¥17.07	USD = ¥108.38 GBP = ¥141.60 CNY = ¥16.37	USD = ¥111.06 GBP = ¥143.61 CNY = ¥16.39		USD = ¥110.00 GBP = ¥145.00 CNY = ¥16.00			

□ Dividend per share: Interim ¥18.00*; Year-end ¥36.00 (planned)

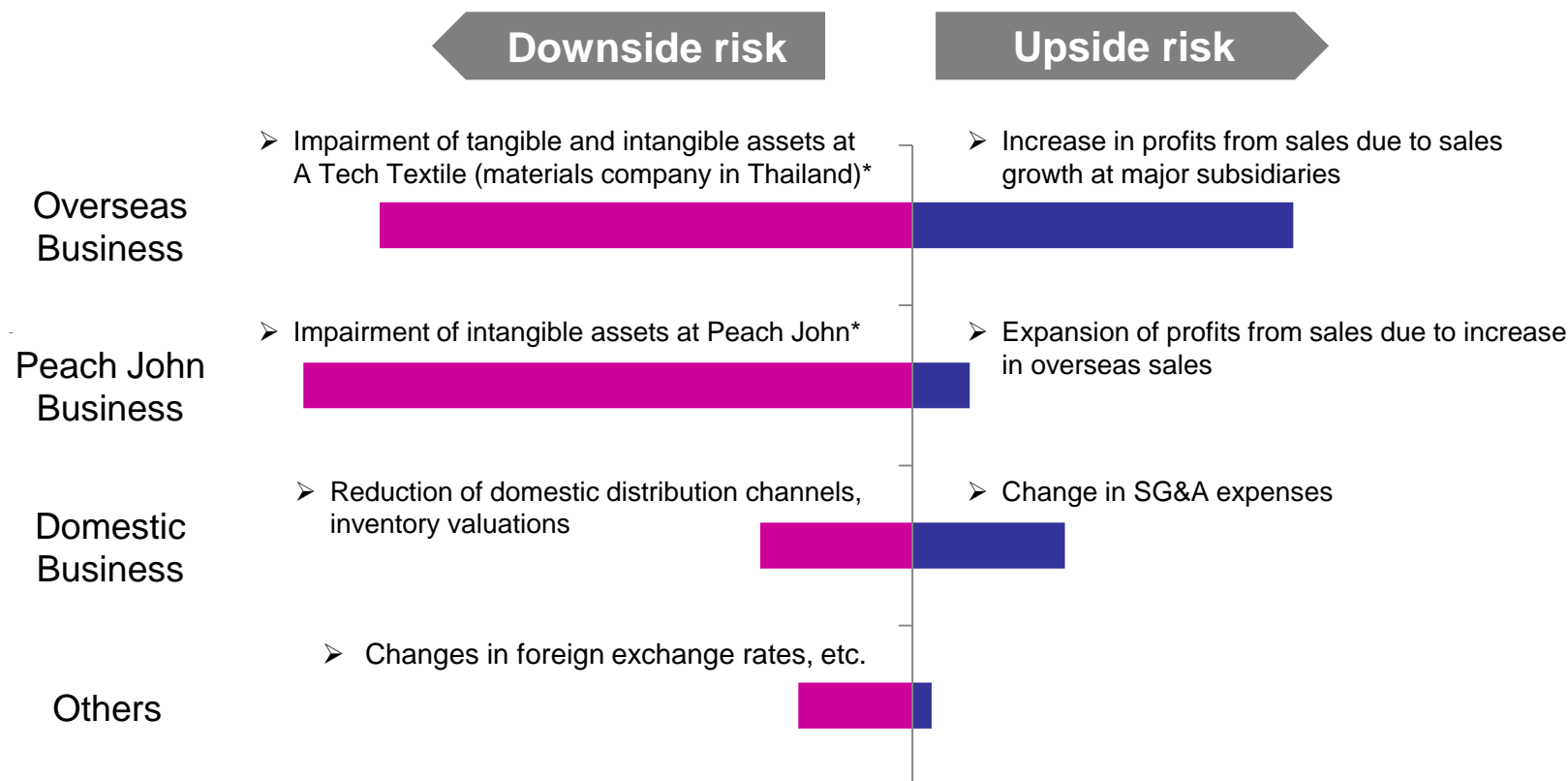
* Applies to shares before merger



□ **At this time, we are leaving the full-year results forecast unchanged as upside and downside risks are both high.**

Upside: Likelihood of exceeding targets through organic growth of overseas business and reduction of SG&A expenses in domestic business

Downside: Possibility of impairment of tangible/intangible assets of subsidiaries (A Tech Textile, Peach John)



* Even if these significant downside risks occur, they will not lead to a decrease in cash flow, and therefore we believe they will not affect capital investment or shareholder returns.



FY2018 2Q Financial Results Summary

FY2018 Business Results Forecast

Reference Figures

Major Subsidiaries' FY2018 2Q Business Results at a Glance



(Millions of yen)

	Net sales							Operating income						
	FY2017 2Q results, 6 months	FY2018 2Q results, 6 months	FY2018 2Q target	Year on year		Compared with target		FY2017 2Q results, 6 months	FY2018 2Q results, 6 months	FY2018 2Q target	Year on year		Compared with target	
				Change	% Change	Difference	% Difference				Change	% Change	Difference	% Difference
Wacoal	55,861	54,981	56,200	-880	-1.6%	-1,219	-2.2%	3,736	3,582	2,800	-154	-4.1%	782	+27.9%
Peach John	6,237	6,250	7,000	13	+0.2%	-750	-10.7%	321	394	290	73	+22.7%	104	+35.9%
Lecien	5,923	5,014	5,400	-909	-15.3%	-386	-7.1%	383	159	60	-224	-58.5%	99	+165.0%
Nanasai	4,735	4,098	5,100	-637	-13.5%	-1,002	-19.6%	68	86	140	18	+26.5%	-54	-38.6%
Ai	4,192	3,986	4,600	-206	-4.9%	-614	-13.3%	32	8	280	-24	-75.0%	-272	-97.1%
Wacoal International Corp. (U.S.)	9,818	11,144	10,700	1,326	+13.5%	444	+4.1%	1,494	2,091	1,660	597	+40.0%	431	+26.0%
Wacoal Europe Ltd.	6,838	7,124	7,300	286	+4.2%	-176	-2.4%	-94	733	550	827	—	183	+33.3%
Wacoal China Co., Ltd.	5,174	5,442	5,000	268	+5.2%	442	+8.8%	390	457	300	67	+17.2%	157	+52.3%
Wacoal Hong Kong Co., Ltd.	1,595	1,566	1,600	-29	-1.8%	-34	-2.1%	225	161	120	-64	-28.4%	41	+34.2%

Major Subsidiaries (Local Currency Basis) (USD = ¥111.06, GBP = ¥143.61, CNY = ¥16.39, HKD = ¥14.46)

Wacoal International Corp. (U.S.)	93,246	100,336	97,400	7,090	+7.6%	2,936	+3.0%	14,197	18,834	15,100	4,637	+32.7%	3,734	+24.7% (USD'000)
Wacoal Europe Ltd.	47,195	49,605	50,400	2,410	+5.1%	-795	-1.6%	-649	5,104	3,800	5,753	—	1,304	+34.3% (GBP'000)
Wacoal China Co., Ltd.	303,125	331,974	313,700	28,849	+9.5%	18,274	+5.8%	22,841	27,885	19,200	5,044	+22.1%	8,685	+45.2% (CNY'000)
Wacoal Hong Kong Co., Ltd.	110,750	108,305	110,400	-2,445	-2.2%	-2,095	-1.9%	15,760	11,207	8,100	-4,553	-28.9%	3,107	+38.4% (HKD'000)

Note: Figures are before adjustment for consolidation.

FY2018 Sales and Income Targets for Major Subsidiaries



(Millions of yen)

	Net sales				Operating income			
	FY2017 results	FY2018 target	Year on year		FY2017 results	FY2018 target	Year on year	
			Change	% Change			Change	% Change
Wacoal	108,379	109,300	921	+0.8%	5,522	4,200	-1,322	-23.9%
Peach John	12,113	13,500	1,387	+11.5%	374	400	26	+7.0%
Lecien	11,150	11,400	250	+2.2%	518	210	-308	-59.5%
Nanasai	9,462	10,800	1,338	+14.1%	117	350	233	+199.1%
Ai	5,532	6,200	668	+12.1%	-341	60	401	—
Wacoal International Corp. (U.S.)	18,196	19,200	1,004	+5.5%	1,947	2,000	53	+2.7%
Wacoal Europe Ltd.	13,129	14,500	1,371	+10.4%	250	950	700	+280.0%
Wacoal China Co., Ltd.	9,505	9,600	95	+1.0%	472	350	-122	-25.8%
Wacoal Hong Kong Co., Ltd.	2,920	3,200	280	+9.6%	211	160	-51	-24.2%

Major Subsidiaries (Local Currency Basis) (USD = ¥110.00, GBP = ¥145.00, CNY = ¥16.00, HKD = ¥14.80)

Wacoal International Corp. (U.S.)	167,898	174,800	6,902	+4.1%	17,974	17,800	-174	-1.0% (USD'000)
Wacoal Europe Ltd.	92,721	99,700	6,979	+7.5%	1,766	6,500	4,734	+268.2% (GBP'000)
Wacoal China Co., Ltd.	580,661	600,400	19,739	+3.4%	28,843	22,700	-6,143	-21.3% (CNY'000)
Wacoal Hong Kong Co., Ltd.	208,240	217,000	8,760	+4.2%	15,017	11,000	-4,017	-26.7% (HKD'000)

Note: Figures are before adjustment for consolidation.

FY2018 Wacoal Corporation Sales Plan by Division/Department



(Millions of yen)

Net sales of Wacoal Corp.	FY2017 results	FY2018 target	Year on year	
			Change	% Change
Wacoal Brand Business Div.	58,059	58,000	-59	-0.1%
Chain Stores Operation Div.	36,030	35,800	-230	-0.6%
General merchandise store eliminations	-11,756	-11,800	-44	—
Subtotal	82,333	82,000	-333	-0.4%
Retail Business Div.	16,489	18,000	1,511	+9.2%
Wellness Business Dept.	6,560	6,900	340	+5.2%
Web Sales Operation Division Dept.	5,081	5,300	219	+4.3%
Intersegment transactions, etc.	-2,084	-2,900	-816	—
Total	108,379	109,300	921	+0.8%

Notes: Figures are before adjustment for consolidation.
 With the new establishment of the Chain Store Operation Division, sales of Wacoal brand products at chain stores are adjusted as "General merchandise store eliminations."



Information within this document with respect to business plans, forecasts, strategies and other statements, including business performance figures, is based on Wacoal's assumptions in the light of the information currently available, and in no way precludes the uncertainties and risks inherent in these forward-looking statements. Furthermore, actual business results may, as a result of numerous factors, differ significantly from those expressed in statements in this document.