



Fiscal Year Ending March 31, 2017 (FY2017), Second Quarter (2Q) Financial Results Presentation

**November 2016
Wacoal Holdings Corp.**



FY2017 2Q Financial Results Summary

FY2017 Business Results Forecast

Capital Policy and Shareholder Returns

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Financial Results Summary (Consolidated)



In domestic business, directly managed stores performed favorably but there was a slowdown in the wholesale business. In overseas business, a decline in sales due to the appreciation of the yen had a substantial impact. Sales and operating income both decreased compared with the same period of the previous fiscal year.

(Millions of yen)

<u>Consolidated</u>	FY2016 2Q Results	FY2017 2Q Results	FY2017 2Q Target	vs. Previous FY	vs. Target
Net sales	Millions of yen (% of net sales) 105,715	Millions of yen (% of net sales) 102,412	Millions of yen (% of net sales) 104,000	vs. Previous FY (%) -3,303 97%	vs. Target (%) -1,588 98%
Cost of sales	49,031 46.4%	47,951 46.8%	49,600 47.7%	-1,080 98%	-1,649 97%
Profits from sales	56,684 53.6%	54,461 53.2%	54,400 52.3%	-2,223 96%	61 100%
SG&A expenses	47,008 44.5%	46,574 45.5%	48,400 46.5%	-434 99%	-1,826 96%
Operating income	9,676 9.2%	7,887 7.7%	6,000 5.8%	-1,789 82%	1,887 131%
Pre-tax net income	10,646	11,887	10,000	1,241	1,887
Net income attributable to Wacoal Holdings Corp.	7,482	9,200	6,800	1,718	2,400

Financial Results Summary (by Segment)



(Millions of yen)

		FY2016 2Q Results	FY2017 2Q Results	FY2017 2Q Target	vs. Prev. FY	vs. Target	Effect of Exchange Rate Fluctuations	
							Difference due to previous FY rate	Difference due to current FY rate
Net sales	Wacoal Business (Domestic)	62,526	61,615	61,500	-911	115		
	Wacoal Business (Overseas)	27,767	25,719	26,900	-2,048	-1,181	-4,491	-1,303
	Peach John Business	5,800	5,733	6,000	-67	-267	-2	0
	Other Businesses	9,622	9,345	9,600	-277	-255	-3	0
	Total	105,715	102,412	104,000	-3,303	-1,588	-4,496	-1,303
Operating income	Wacoal Business (Domestic)	5,986	4,720	3,750	-1,266	970		
	Wacoal Business (Overseas)	3,242	2,371	1,900	-871	471	-323	-73
	Peach John Business	333	321	150	-12	171	-20	-8
	Other Businesses	115	475	200	360	275	1	1
	Total	9,676	7,887	6,000	-1,789	1,887	-342	-80

Summary by Segment: Wacoal Business (Domestic)



Net sales

99%

**Operating
income**

79%

Net sales: In the wholesale business, shop sales were firm but inventory adjustments were a factor (97%). Directly managed stores performed well (107%).

Operating income: Decrease due to increases in personnel expenses (retirement benefit costs) and taxes

(Millions of yen)

Wacoal Corp. Net Sales	FY2016 2Q Net Sales		FY2017 2Q Net Sales			
	Results	Year on Year	Results	Target	Year on Year	Compared with Target
Wacoal Brand Business	31,079	101%	30,532	30,000	98%	102%
Wing Brand Business	13,670	100%	13,173	13,500	96%	98%
Retail Business	7,656	111%	8,208	8,550	107%	96%
Wellness Business	3,480	97%	3,235	3,500	93%	92%
Catalog Sales Business	2,492	104%	2,380	2,550	96%	93%
Intersegment transactions, etc.	-1,708	—	-1,667	-2,100	—	—
Total	56,669	102%	55,861	56,000	99%	100%

Summary by Segment: Wacoal Business (Overseas)



Net sales

93%

Operating income

73%

U.S.

Net sales: Department store sales were steady, and our e-commerce site performed favorably (LC: 101%)
Operating income: Improved profits from sales by containing manufacturing costs and controlled PR-related expenses (LC: 100%)

WEL

Net sales: U.K. sales were flat, and the weak pound inflated sales in the Eurozone and North America (LC: 104%)
Operating income: Operating loss from recording costs for reorganization proceedings at a subsidiary

China

Net sales: Poor sales trend at department stores; temporary suspension of shop openings for LA ROSABELLE (LC: 99%)
Operating income: Sales decrease, decline in sales profit rate and increase in labor costs (LC: 64%)

(Millions of yen)

		FY2016 2Q Results	Year on Year	FY2017 2Q Results	FY2017 2Q Target	Year on Year	Compared with Target
Net sales	Wacoal International Corp. (U.S.)	11,215	119%	9,818	10,300	88%	95%
	Wacoal Europe Ltd.	8,541	105%	6,838	7,000	80%	98%
	Wacoal China Co., Ltd.	5,944	126%	5,174	5,500	87%	94%
Operating income	Wacoal International Corp. (U.S.)	1,716	102%	1,494	1,600	87%	93%
	Wacoal Europe Ltd.	732	76%	-94	-550	—	—
	Wacoal China Co., Ltd.	694	153%	390	670	56%	58%

Note: Figures are before adjustment for consolidation.

Summary by Segment: Peach John, Other Businesses



Peach John

Net sales

99%

Operating income

96%

Net sales: Mail-order catalogue sales (86%) Although the number of new customers increased, purchases by existing customers decreased

Directly managed stores (109%) Third-party e-commerce sites (132%)

Operating income: Shift to profitability on substantial improvement at Peach John Shanghai

Other
Businesses

Net sales

97%

Operating income

413%

Lecien

Net sales: Sales of core intimate apparel were flat; material and other products struggled

Operating income: Substantial improvement in sales profit rate due to yen appreciation

Nanasai

Net sales: Rental business on a par with previous year but sales business decreased in comparison with large-scale orders in previous year

Operating income: Lower sales profit rate

(Millions of yen)

		FY2016 2Q Results	Year on Year	FY2017 2Q Results	FY2017 2Q Target	Year on Year	Compared with Target
Net sales	Peach John	6,177	100%	6,237	6,200	101%	101%
	Lecien	5,996	103%	5,923	6,100	99%	97%
	Nanasai	4,914	120%	4,735	5,000	96%	95%
Operating income	Peach John	332	—	321	150	97%	214%
	Lecien	-163	—	383	50	—	766%
	Nanasai	208	473%	68	90	33%	76%

Note: Figures are before adjustment for consolidation.

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FY2017 Business Results Forecast



Net sales **¥198.0** billion

Operating income **¥10.5** billion

(Millions of yen)

Business Results Forecast					
	FY2016 Results	FY2017 Forecast	FY2017 Target	vs. Previous FY	vs. Target
Net sales	202,917	198,000	203,000	-4,917	-5,000
Operating income	13,865	10,500	10,000	-3,365	500
Net income attributable to Wacoal Holdings Corp.	11,159	11,000	10,000	-159	1,000
Exchange rates	US\$1 = ¥120.14 1 yuan = ¥19.22 £1 = ¥181.31	US\$1 = ¥103.63 1 yuan = ¥16.19 £1 = ¥139.59	1\$ = ¥110 1 yuan = ¥17 £1 = ¥160		

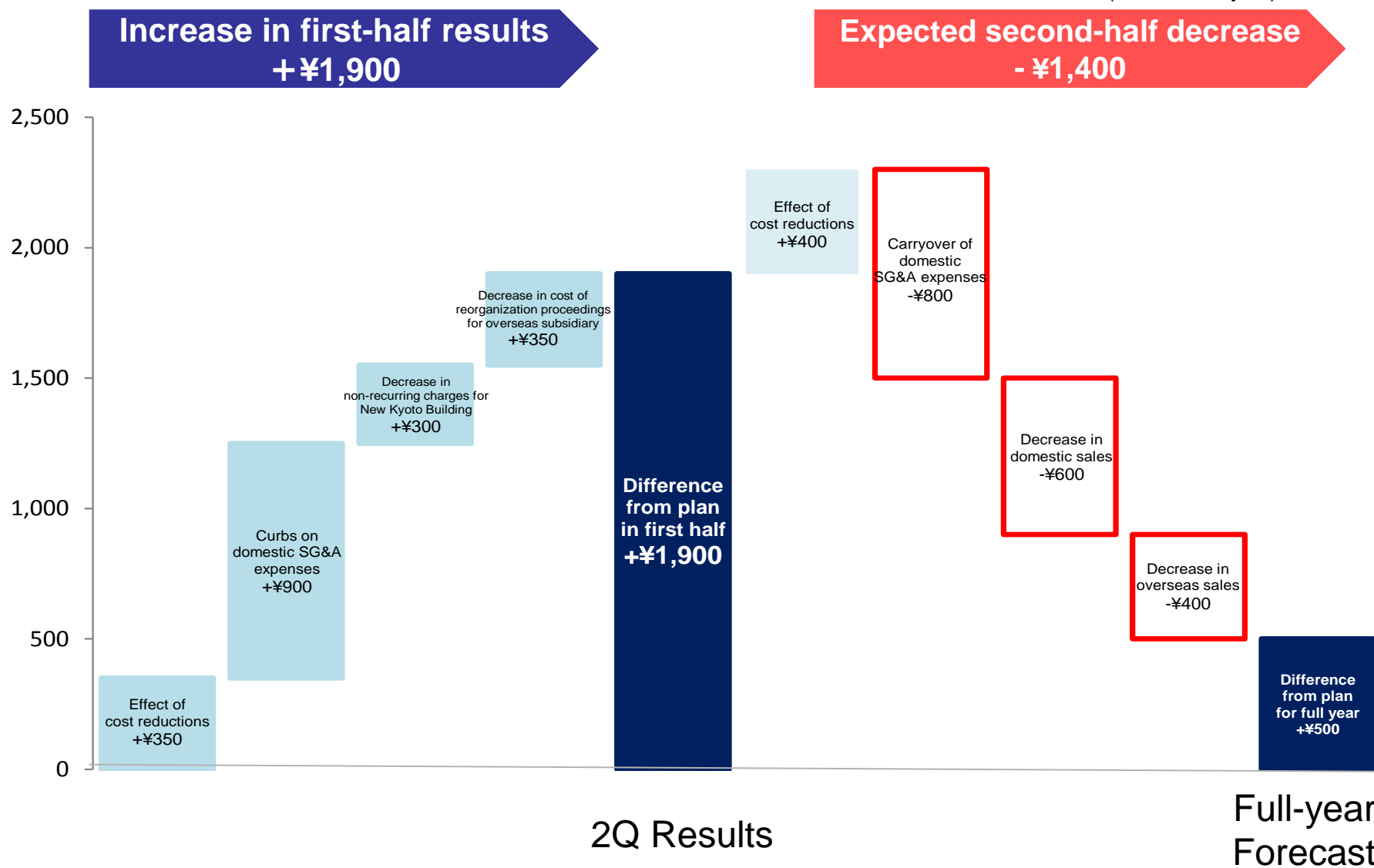
	Net Sales				Operating Income			
	FY2016 Results	FY2017 Forecast	vs. Previous FY	vs. Target	FY2016 Results	FY2017 Forecast	vs. Previous FY	vs. Target
Wacoal Business (Domestic)	120,570	119,900	-670	-100	8,810	6,700	-2,110	100
Wacoal Business (Overseas)	51,869	47,400	-4,469	-3,900	4,433	2,600	-1,833	-100
Peach John Business	11,190	11,500	310	-500	258	300	42	50
Other Businesses	19,288	19,200	-88	-500	364	900	536	450
Total	202,917	198,000	-4,917	-5,000	13,865	10,500	-3,365	500

Note: Dividend (planned) = ¥33.00 per share

Difference in Operating Income from Target



(Millions of yen)



Impact of Yen Appreciation (Full-Year)



Negative Factors

Sales decrease and profit downturn in overseas business

<u>Net Sales</u>	- ¥9.0 billion (YoY)	- ¥4.0 billion (vs. target)
<u>Operating Income</u>	- ¥0.5 billion (YoY)	- ¥0.2 billion (vs. target)

Full-year Exchange Rate Forecast

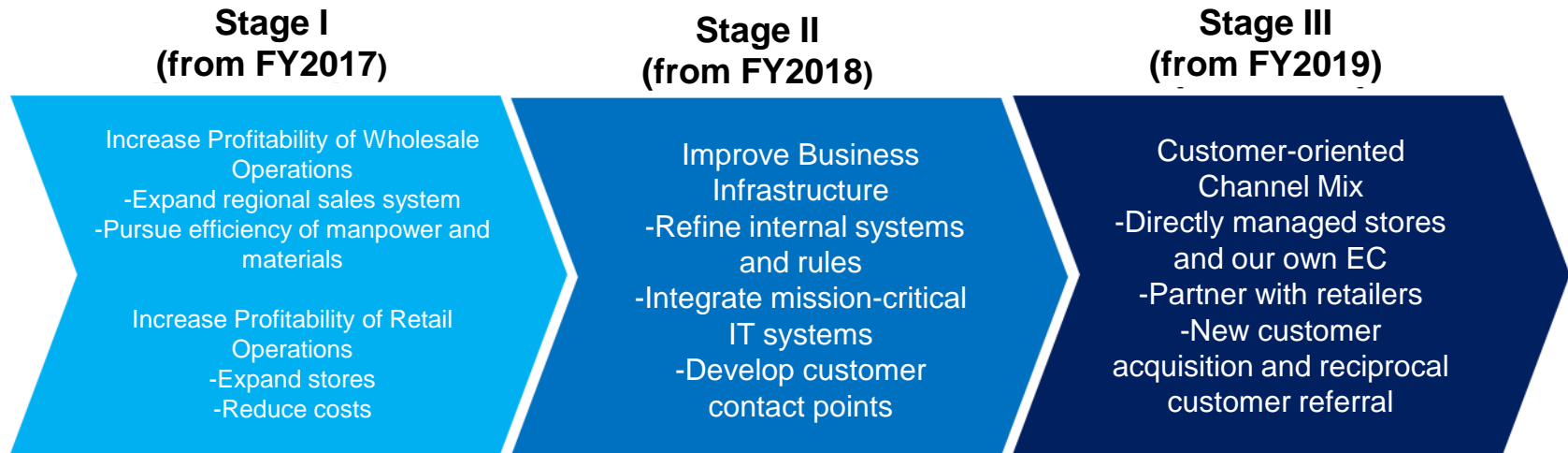
US\$1: ¥103.63 (-14% YoY) £1: ¥139.59 (-23% YoY) 1 yuan: ¥16.19 (-16% YoY)

Positive Factors

Cost reduction effect in domestic business (including subsidiaries)

<u>Operating Income</u>	Wacoal Corp.: + ¥0.2 ~ ¥0.3 billion
	Peach John: + ¥0.2 ~ ¥0.3 billion (use as PR funds)
	Lecien: + ¥0.3 ~ ¥0.5 billion

Secure Earnings in Domestic Business: Build a Mix of Sales Channels



【Specific Measures in FY2017】

Increase Profitability of Wholesale Operations

- Concentrate all domestic sales divisions for wholesale and retail operations in two locations in East and West Japan
- Begin planning for core IT integration for wholesale operations (second half)
- Set up systems for flexible dispatch of sales personnel

Increase Profit from Retail Operations

- 300 stores as of Sept. 30, 2016, an increase of 3 stores from one year earlier
April-Sept. 2016: 8 store openings, 14 closures
- Rollout common merchandise for all brand products to help improve the sales profit rate (+1.5%)



FY2017 2Q Financial Results Summary

FY2017 Business Results Forecast

Capital Policy and Shareholder Returns

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Capital Policy and Shareholder Returns (Progress of Investment in Business)



(Millions of yen)

¥11,000



FY2017 Target

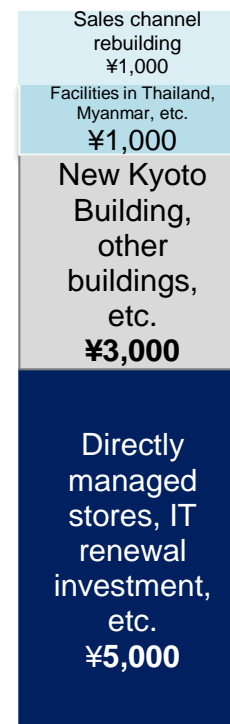
¥4,150

Facilities in Thailand, Myanmar, etc.



2Q Results

¥10,000



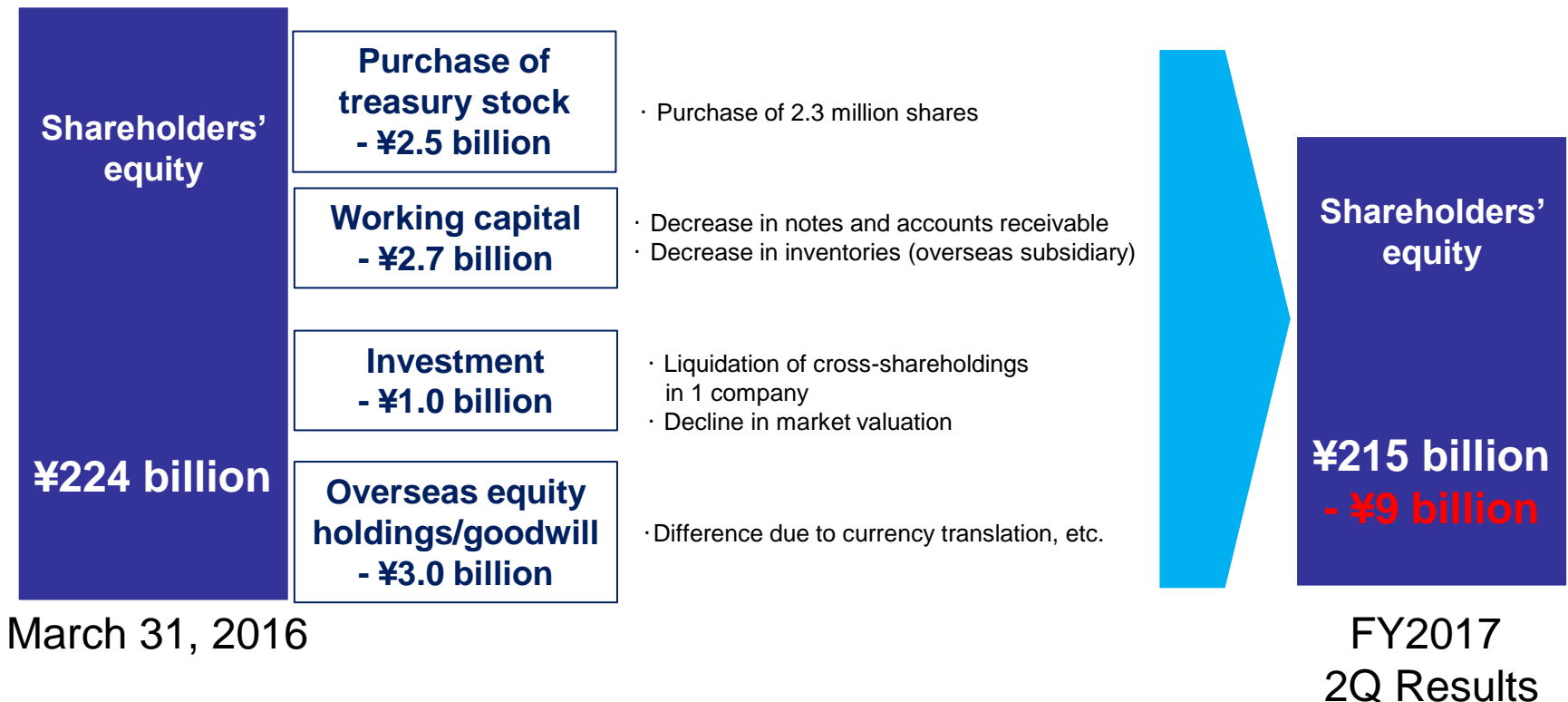
Full-year Forecast

Capital Policy and Shareholder Returns (Shareholders' Equity)



In 2Q, assets decreased due to the effect of currency translation, in addition to efforts to purchase treasury stock and sell cross-shareholdings.

We will continue to implement a flexible capital policy while maintaining a strong financial position, and aim for ROE exceeding the cost of equity.





FY2017 2Q Financial Results Summary

FY2017 Business Results Forecast

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Major Subsidiaries' FY2017 2Q Business Results at a Glance



(Millions of yen)

	Net Sales						Operating Income					
	FY2016 2Q		FY2017 2Q				FY2016 2Q		FY2017 2Q			
	Results	Year on Year	Results	Target	Year on Year	Compared with Target	Results	Year on Year	Results	Target	Year on Year	Compared with Target
Wacoal	56,669	102%	55,861	56,000	99%	100%	4,461	117%	3,736	2,300	84%	162%
Peach John	6,177	100%	6,237	6,200	101%	101%	332	—	321	150	97%	214%
Lecien	5,996	103%	5,923	6,100	99%	97%	-163	—	383	50	—	766%
Nanasai	4,914	120%	4,735	5,000	96%	95%	208	473%	68	90	33%	76%
Ai	4,188	—	4,192	4,600	100%	91%	185	—	32	260	17%	12%
Wacoal International (U.S.)	11,215	119%	9,818	10,300	88%	95%	1,716	102%	1,494	1,600	87%	93%
Wacoal Europe Ltd.	8,541	105%	6,838	7,000	80%	98%	732	76%	-94	-550	—	—
Wacoal China	5,944	126%	5,174	5,500	87%	94%	694	153%	390	670	56%	58%
Wacoal Hong Kong	1,696	108%	1,595	1,650	94%	97%	265	128%	225	200	85%	113%

【Performance of Major Subsidiaries (Local Currency Basis)】

Wacoal International (U.S.)	92,075	100%	93,246	93,600	101%	100%	14,092	86%	14,197	14,300	101%	99%	Thousands of US\$
Wacoal Europe Ltd.	45,494	97%	47,195	43,800	104%	108%	3,899	70%	-649	-3,400	—	—	Thousands of pounds
Wacoal China	307,631	108%	303,125	322,100	99%	94%	35,924	132%	22,841	39,000	64%	59%	Thousands of yuan
Wacoal Hong Kong	109,334	92%	110,750	110,200	101%	100%	17,105	109%	15,760	13,700	92%	115%	Thousands of HK\$

Note: Figures are before adjustment for consolidation.

FY2017 Business Results Forecast for Major Subsidiaries



(Millions of yen)

	Net Sales				Operating Income			
	FY2016		FY2017		FY2016		FY2017	
	Results	Year on Year	Forecast	Year on Year	Results	Year on Year	Forecast	Year on Year
Wacoal	110,123	102%	110,000	100%	6,743	114%	4,900	73%
Peach John	11,965	97%	12,100	101%	258	—	300	116%
Lecien	11,645	99%	11,400	98%	-41	—	550	—
Nanasai	10,504	104%	10,500	100%	306	120%	250	82%
Ai	5,715	—	5,700	100%	11	—	-200	—
Wacoal International (U.S.)	20,222	112%	17,500	87%	2,491	104%	2,000	80%
Wacoal Europe Ltd.	16,096	100%	12,900	80%	1,238	71%	300	24%
Wacoal China	11,067	117%	9,300	84%	487	119%	250	51%
Wacoal Hong Kong	3,273	107%	3,000	92%	313	138%	200	64%

【Performance of Major Subsidiaries (Local Currency Basis)】

								Currency
Wacoal International (U.S.)	168,323	102%	169,000	100%	20,731	95%	18,900	91%
Wacoal Europe Ltd.	88,771	98%	92,600	104%	6,828	69%	2,100	31%
Wacoal China	575,820	104%	573,200	100%	25,341	107%	15,000	59%
Wacoal Hong Kong	209,664	94%	215,300	103%	20,046	121%	15,000	75%

Thousands of US\$
Thousands of pounds
Thousands of yuan
Thousands of HK\$

Note: Figures are before adjustment for consolidation.

FY2017 Wacoal Corporation Sales Forecast by Segment



(Millions of yen)

	FY2016	FY2017	
	Results	Forecast	Year on Year
Wacoal Brand Business	59,493	59,000	99%
Wing Brand Business	25,519	24,900	98%
Retail Business	15,809	17,100	108%
Wellness Business	7,135	6,900	97%
Catalog Sales Business	5,164	5,200	101%
Intersegment transactions, etc.	-2,997	-3,100	—
Total	110,123	110,000	100%

note. figures are before adjustment for consolidation.



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.