



FY2014 – FY2016 Medium-Term Management Plan Summary

**May 20, 2013
Wacoal Holdings Corp.**



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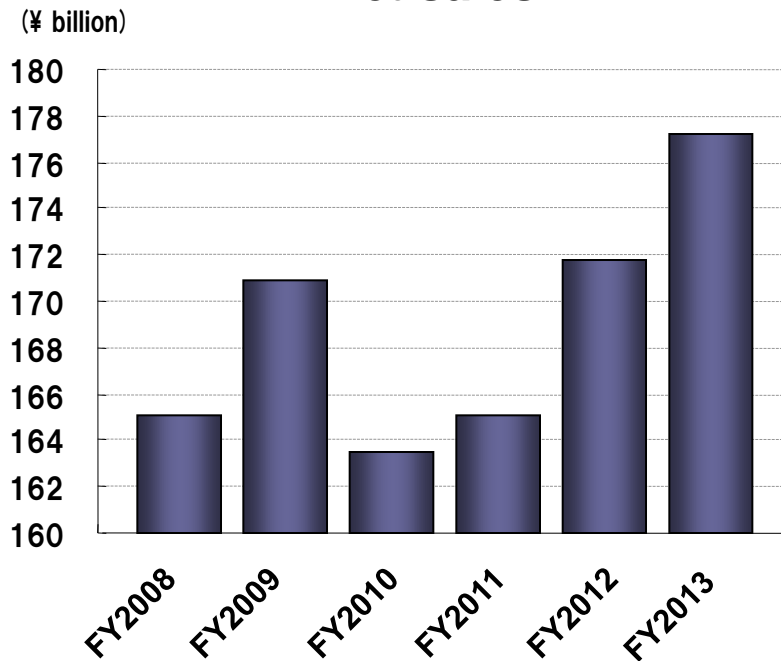
**FY2011 – FY2013 (April 1, 2010 – March 31, 2013)
Previous Medium-Term Management Plan Review**

Review of Previous Medium-Term Management Plan (April 1, 2011-March 31, 2013)—Quantitative Targets



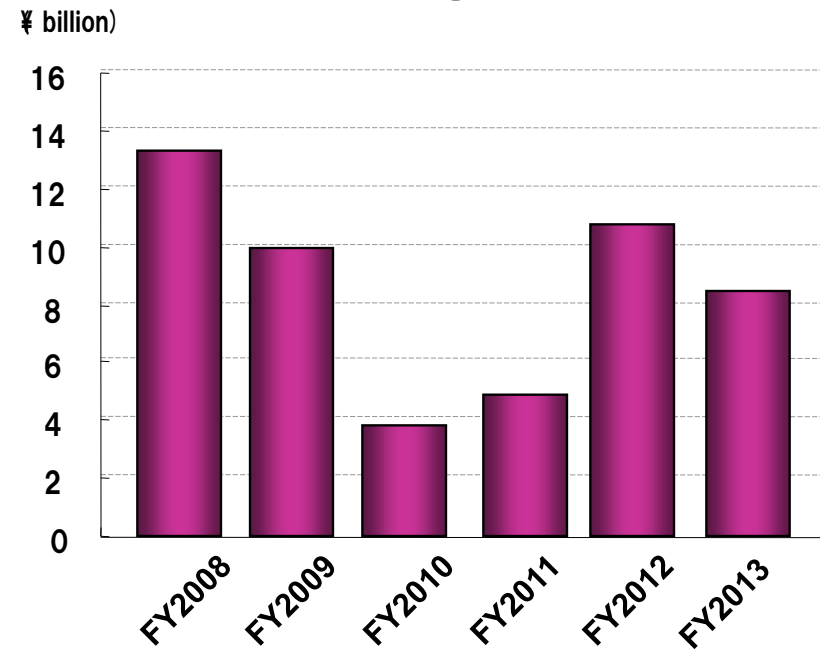
■ Net sales and operating income

Net sales



- Net sales target: ¥190 billion or higher
- ☹ Did not reach target

Operating income



- Operating income target: ¥8 billion or higher
- ☺ Reached target ahead of schedule

Review of Previous Medium-Term Management Plan

(April 1, 2011-March 31, 2013)—Priority Measures



Wacoal Business (Japan)

● Improved profitability by restructuring innerwear wholesale operations

☺ Improved earnings by reducing varieties for each product, curbing development man-hours, and lowering returned product rates

● Advanced businesses to establish new pillars of sales

☺ Retail business: Became pillar of growth area

☹ Wellness Business: Did not reach target

☹ Internet store: Did not reach target even though mall introduction succeeded

☹ Men's innerwear business: Sales decreased significantly

● Established unshakable position in Japan's innerwear market

☺ Invigorated market by promoting aging concept

☺ Undertook new rollouts in high-volume market

● Reduced expense and heightened productivity

☺ Achieved reduction by reforming external expenditure and increasing personnel efficiency

☹ Although improved logistics efficiency in Japan and reorganized some operating bases in Tokyo metropolitan area, benefit will emerge in current period

Review of Previous Medium-Term Management Plan

(April 1, 2011-March 31, 2013)—Priority Measures



Wacoal Business (overseas)

- Americas Business: Net sales: ¥11.6 billion (US\$141 million), operating income: ¥1.43 billion

☺ Business results improved due to business development in surrounding countries, contribution from Internet sales, and solid performance in mainstay department stores sales channel.

- China business: Net sales: ¥6.6 billion (CNY528 million), operating income: -¥350 million

☹ Accelerated store openings in interior region but profitability worsened, shifted to emphasis on earnings

- Developed new markets

☺ Acquired Eveden of U.K., obtained business pillar in Europe, contributed ¥7.2 billion to sales*

Peach John, Lecien

* Included in consolidation for nine months from April to December 2012

- Peach John: Net sales: ¥12 billion, operating income: ¥330 million

☹ Became profitable but did not reach target due to lackluster performance of outerwear and sundries and inventory mismatches

- Lecien: Net sales: ¥11.8 billion, operating income: ¥320 million

☹ Focused on reducing expense and succeeded in becoming profitable, but fell significantly short of sales target



Summary of Medium-Term Management Plan (April 1, 2013 – March 31, 2016)



A stronger global presence for the Wacoal Group

Stronger global presence means...

- Wacoal Group's products and services earn strong trust from customers in markets worldwide
- Countries and regions in which Group is developing businesses continue to increase
- Coordinating business development on global scale based on Group's network
- Rolling out innovative products in markets worldwide consistently, continuing to develop innerwear culture area
- Group's goals and management philosophy instilled in personnel worldwide

Backdrop to Preparation of Medium-Term Management Plan —Future Market Conditions



Although there are contraction factors in Japan's market, seizing growth opportunities amid change overseas and in Japan is possible.

Japan

Consumer market contraction and Diversifying consumption structure

【 Envisioned changes in conditions】

- Consumption shrinks due to declining population and deindustrialization
- Disposable income decreases due to rising consumption tax and increased social welfare burden
- Senior market expands due to society's accelerated aging
- Brisk high-end product sales due to wealth effect
- Diversification of purchasing behavior due to distribution changes

Due to higher wages and cost of living, rise in production cost in Asia, which weak yen spurs further

Raw material suppliers shift to Asia, product appeal declines comparatively due to difficulty of transferring

technology

Companies using progress of EPAs and FTAs to establish international system for division of labor enjoy cost competitiveness

Overseas

Asia's market grows Western markets have scope for development

【 Envisioned changes in conditions】

- China's and ASEAN's middle class and wealthy class increases
- U.S. stays on economic recovery track
- Europe challenging overall, but large markets centered on U.K. and Germany promise pick-up



Evolve into Global Company
Aim to expand business in Japan, Americas, Europe, China, and Asia

Strengthen Group's comprehensive capabilities
Combine assets, brands, expertise, capabilities of companies in Japan and overseas effectively

Strengthen profit structure
Pursue overall management integration for inventory, sales, and manufacturing (PSI) rigorously and improve companies' operating margins

Build mutual trust with society
develop business activities fairly at each operating base, market products customers want

Reconfirm and implement management philosophy
Share throughout the whole Group values that should be upheld, even amid challenging conditions

Medium-Term Management Plan

—Quantitative Targets and Tasks



Medium-Term Strategy

- Reconfirm and implement management philosophy
- Strengthen Group's comprehensive capabilities through collaboration among companies in Japan and overseas
- Strengthen business management system to enable response to changing conditions
- Develop into a global company
- Build mutual trust with society

Quantitative Targets

Aiming for operating margin of at least 7%
 FY2016 Net sales: At least ¥200 billion, operating income: At least ¥14 billion

Tasks

Cater to Japan's diversifying women's innerwear market, achieve sales and earnings targets	<ul style="list-style-type: none"> ● Secure and develop points of contact with customers ● Hone products' strengths ● Have Wacoal, Peach John, and Lecien grow sales in their target markets
Increase sales and earnings overseas	<ul style="list-style-type: none"> ● Strengthen organization in Europe centered on Eveden, build robust earnings foundations ● Recover market share in Americas' high-end segment, maintain high earnings by development new sales channels ● Shift emphasis in China from increasing sales to earnings, penetrate middle-class customer group
Rebuild Group's manufacturing system	<ul style="list-style-type: none"> ● Redeploy Group's manufacturing resources in Japan and overseas ● Shift manufacturing capabilities from China to ASEAN ● Develop raw material supply sources and localize purchasing centered on ASEAN
Develop presence in growth areas outside Japan's women's innerwear business	<ul style="list-style-type: none"> ● Develop positions for Wellness Business and men's innerwear business with view to medium-to-long-term growth

Develop entire Group's business management foundations and infrastructure

Enhance each individual's productivity

Identify Targets Wacoal Group Has Not Exploited Fully

Areas where market share not acquired

- Prefectures where share of store sales is low
- Prefectures where only one department store
- Prefecture where no directly managed stores

Age groups for which market share not acquired

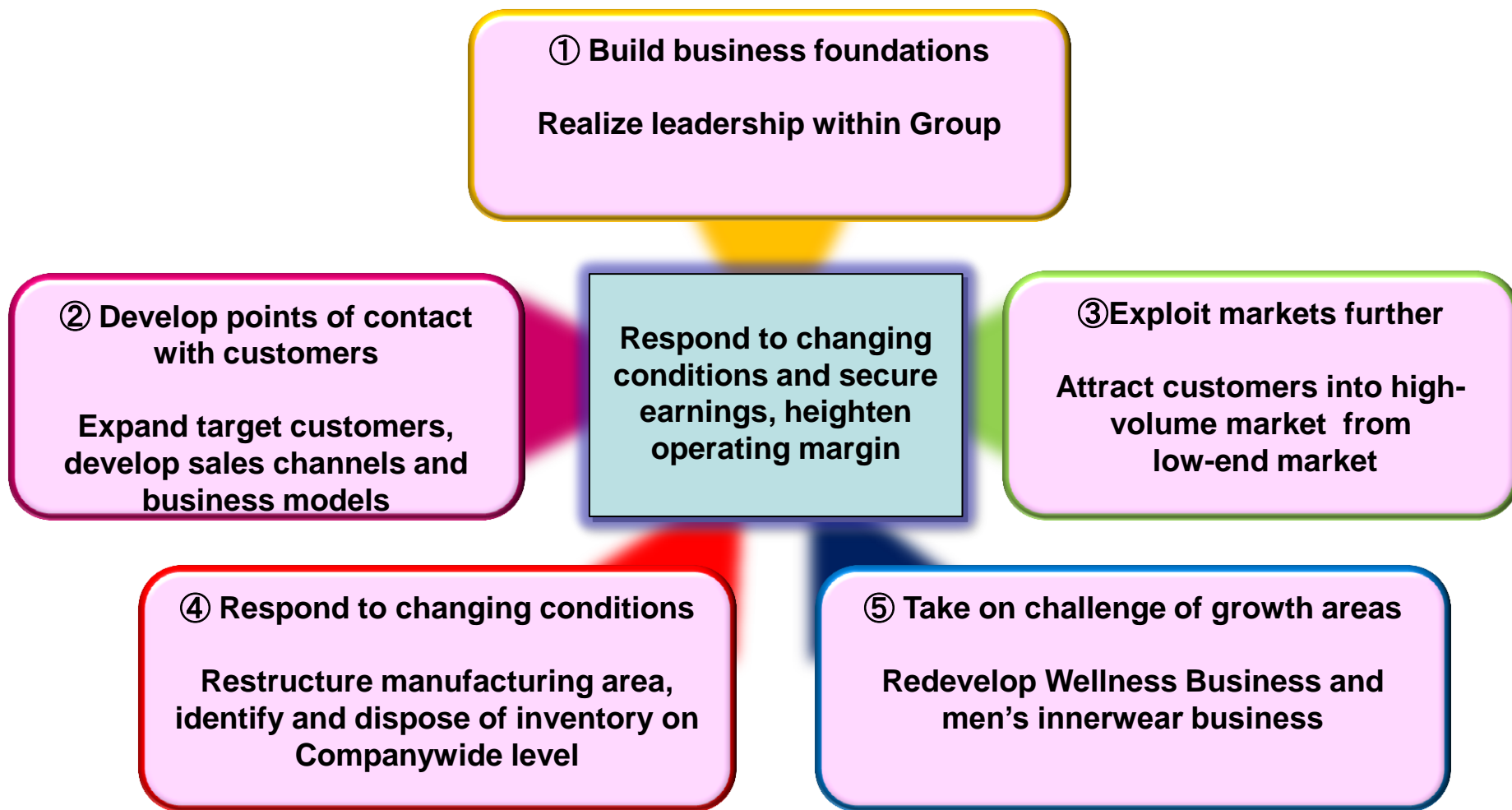
- Low share of teenage market
- High share of 50s and 60s market, but apparel chain stores, etc. growing

Price ranges for which market share not acquired

- ¥2,000 price range (high-volume market) is weak

Scope from view point of overseas sales

- Overseas sales are approx. 30% (including joint ventures)
- Scope in West and China relative to GDP



FY2016: Net sales target: ¥116 billion , operating income target: ¥7.4 billion

Priority Measures—Wacoal Corp.



Aim of Measure

Target and KPIs

Specific measures

Develop points of contact with customers

- **Claim market share in regions**
Share of stores nationwide **improve 5%**
- **Strengthen entry-level and senior customer groups**
Entry-level generation sales volume **1.5 million units**
Senior generation sales **¥16 billion**

- Build system straddling sales channels and brands
- Develop business models able to generate earnings even from low sales
- Develop products by strengthening Human Science Research Center
- Ensure integration of all companies' strategies

Exploit markets

- **Expand lineups for high-volume market**
Store sales of directly managed stores **Increase 30%**
Store sales of wholesale channel **Increase 20%**

- Develop formats for suburbs and adults
- Develop high-volume market for seniors
- Continue strengthening existing brands

Respond to changing conditions

- **Restructure manufacturing area**
Offset risk of manufacturing cost hikes
Maintain gross profit margin of innerwear business in Japan
- **Companywide inventory control**
Ratio of inventory to sales **Reduce to 10%**

- Introduce common patterns and specifications, increase internal production rate
- Shift manufacturing capabilities to ASEAN (Cambodia, Myanmar)
- Increase overseas materials purchasing rate
- Adjust plans through inventory control system, encourage disposal

Take on new growth areas

- **Take on new growth areas**
Wellness Business net sales: ¥9 billion → **¥10.8 billion**
Men's innerwear business gross profit margin: **16% → 25%**

- Leverage innerwear division's resources and expertise
- Attract new customers by expanding product lineup

Priority Measures—Major Overseas Subsidiaries



Target

Specific measures

Wacoal America

Expand sales and earnings Enhance operating margin

FY2016: Net sales: ¥16 billion
Operating income: ¥1.7 billion

Assumed exchange rate: US\$1 = ¥95
* WIC sales

- Recover share of high-end segment in U.S. department stores
- Foster Internet sales, Canada, and Brazil sales channels
- Share sales channels mutually with Eveden
- Examine improving SCM efficiency (plants and materials purchasing)

Wacoal China

Shift emphasis to profitability Achieve profitability by FY2016

FY2016: Net sales: ¥10 billion
Operating income: ¥0.3 billion

Assumed exchange rate: CNY1 = ¥15
* Wacoal China sales

- Curb new store openings, use sales agencies
- Reduce manufacturing cost by controlling inventory rigorously and heightening technological capabilities
- Differentiate through functional products
- Foster LA ROSABELLE as brand targeting middle class



Target

Centered on Europe business, contribute to stronger global presence for the Wacoal Group

**FY2016: Net sales: ¥14 billion
Operating income: ¥1.7 billion**

Assumed exchange rate: GBP1 = ¥140

Specific measures

- Group measures for increasing sales in each region or country
 - 【Americas】 Share sales channels mutually with Wacoal America (WIC)
 - 【Europe】 Strengthen sales system, sell Wacoal brand in Eveden's existing sales channels
 - 【Asia】 Introduce distinctive brands through local Wacoal subsidiaries
 - 【Japan】 Introduce distinctive brands through Internet and imported-products sales channels
 - 【Oceania】 Sell Wacoal brand in Eveden's existing sales channels
- Product and Brand-Building Measures
 - Intensify brand investment by revising brand positioning in light of characteristics of countries and sales channels
 - Increase efficiency through full utilization of Group's manufacturing bases and consolidating materials suppliers

Priority Measures—Major Domestic Subsidiaries



Target

Specific measures

Peach John

Rebuild customer base Increase sales

Break-even point lowered by reducing fixed cost
Strive for sales recovery over coming three years

FY2016: **Net sales: ¥13.6 billion**
Operating income: ¥0.9 billion
* Peach John domestic

- Capture new customers and prevent loss of customers by reorganizing product brands
- Attract customers by reorganizing Internet sales and through TV commercials
- Prevent product shortages through appropriate order plans and inventory control
- Open new directly managed stores
- Achieve profitability in China business (pricing policy, reduce personnel)

Lecien

Provide infrastructure supporting Group strategy

Maintain profitability

Offset effect of exchange rates and maintain profitability while providing bridgehead for expansion in high-volume market

【Product business】

- Strengthen OEM solutions capabilities, expand and improve product lineup
- Pass on higher manufacturing cost to prices
- Stabilize operations of Cambodian plant
- Localize materials purchasing

【Materials business】

- Strengthen planning capabilities
- Bolster competitiveness through off-season manufacturing and use of ASEAN



Aiming To Remain a Trustworthy Company in the Eyes of Society

Participation in communities

- Social contribution initiatives
 - Engagement with local communities
- Wacoal breastcare activities
 - Cultural and educational initiatives

Organizational governance

- Corporate governance
 - Compliance
 - CSR management

Human rights

- Respect for individuals
- Prohibition of discrimination
- Policy on personal rights

Catering to customers

- Quality control standards
 - Consultative sales
- Human Science Research Center



Labor practices

- Personnel utilization and development
- Respect for diversify
 - Health and safety

Fair business practices

- Wacoal's Action Agenda
- System for Accreditation and Registration of Inspection Institutions of Wacoal Suppliers
- Corporate Ethics Hotline

Environment

- Environmental policies and goals
 - Environmental initiatives
 - Management system

Shareholder Returns Policy



● Our basic policy is to pay stable dividends in light of consolidated business results, while enriching internal funds to strengthen the Company's profitability and enable future business development.

● Further, while cash dividends are the primary method, we intend to acquire and cancel treasury stock flexibly.

● With a view to establishing stable business management foundations for the long-term, we will use internal funds to invest in enhancing product appeal and developing manufacturing and sales systems as well as in growth businesses as well as new businesses.





Reference Information

■ Net Sales and Operating Income Targets by Segment

Unit: ¥ million

	FY2013				FY2016			
	Net sales		Operating income		Net sales		Operating income	
	Amount	Year on year	Amount	Year on year	Amount	Vs. FY2010	Amount	Vs. FY2010
Wacoal business (Japan)	115,657	100%	8,423	103%	119,000	103%	8,500	101%
Wacoal business (overseas)	23,081	108%	1,430	99%	32,000	139%	2,400	168%
Peach John business	11,972	87%	△2,701	—	13,600	114%	1,000	—
Other	26,444	127%	947	401%	35,400	134%	2,100	222%
Total	177,154	103%	8,099	78%	200,000	113%	14,000	173%

Note: Figures for respective items are after consolidation adjustment.

Note: Major subsidiaries belonging to each segment are as follows.

◆ Wacoal business (Japan): Wacoal Corp., Une nana cool Corp., Linge Noel Corp., Torica Inc., domestic sewing companies

◆ Wacoal business (overseas): Wacoal International Corp. (U.S.A.), Wacoal France S.A., Wacoal Hong Kong Co., Ltd., Wacoal China Co., Ltd.

◆ Other: Wacoal Eveden Limited, Nanasai Co., Ltd., Lecien Corporation

Note: Operating income of the Peach John business (for fiscal 2013) includes impairment loss and depreciation of intangible fixed assets.

Note: Operating income of other businesses includes depreciation of Eveden's brands.



■ Net Sales and Operating Income Targets by Subsidiary Unit: ¥ million

	FY2013				FY2016			
	Net sales		Operating income		Net sales		Operating income	
	Amount	Year on year	Amount	Year on year	Amount	Vs. FY2010	Amount	Vs. FY2010
Wacoal	112,224	99%	6,487	103%	116,000	103%	7,400	114%
Peach John	12,204	87%	333	47%	14,500	119%	1,050	315%
LECIEN	11,758	85%	323	—	14,000	119%	150	46%
Nanasai	9,684	100%	257	182%	10,000	103%	200	103%
Une nana cool	4,078	105%	48	86%	4,900	120%	140	292%
Wacoal International (U.S.A.)	11,631	111%	1,434	129%	16,000	138%	1,700	119%
Wacoal China	6,625	110%	△346	—	10,000	151%	300	—
Wacoal Hong Kong	1,895	95%	92	70%	3,000	158%	180	196%
EVEDEN	7,203	—	212	—	14,000	194%	1,700	802%
Other, consolidation elimination and adjustment	△148	—	△741	—	△2,400	—	1,180	—
Total	177,154	107%	8,099	78%	200,000	113%	14,000	173%

Note: Figures for respective items are before consolidation adjustment.

Note: Year-on-year comparisons are not possible for Eveden because it was only included in consolidation for the ninth months from April to December 2012.

■ Net Sales Targets for Business Divisions of Wacoal Corp.

Unit: ¥ million

	FY2013		FY2016		
	Net sales	Sales share	Net sales	Sales share	Vs. FY2013
Wacoal Brand Business Department	58,993	53%	59,000	51%	100%
Wing Brand Business Department	27,599	25%	27,600	24%	100%
Retail Business Department	12,434	11%	14,800	13%	119%
Wellness Business Department	8,305	7%	9,900	9%	119%
Catalog Sales Business Department	5,913	5%	6,000	5%	101%
Other, intersegment transactions	△1,020	—	△1,300	—	—
Total	112,224	100%	116,000	100%	103%

Note: Figures for respective items are before consolidation adjustment.

Note: Results for fiscal 2013 have been adjusted to reflect reorganizing of business divisions.



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.