

株式会社
良品計画

31st Term 2nd Quarter
Business Results Briefing

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1. Fiscal Year 2009 1st Half Summary

FY 2009: 1st Half Results

<Consolidated>

Unit: million yen	1 st Half FY 2008		1 st Half FY 2009			
	Result	Share	Result	% to Net Sales	YOY	% to Plan
Net Sales	83,252	100.0%	80,932	100.0%	97.2%	97.3%
Gross Profit	38,426	46.2%	36,835	45.5%	95.9%	98.3%
S.G.A.	29,661	35.6%	29,630	36.6%	99.9%	99.5%
Operating Profit	9,183	11.0%	7,524	9.3%	81.9%	93.1%
Ordinary Profit	9,617	11.6%	7,817	9.7%	81.3%	94.5%
Net Income	5,448	6.5%	3,950	4.9%	72.5%	85.7%

FY 2009: 1st Half Results

<Non-consolidated>

Unit: million yen	1 st Half FY 2008		1 st Half FY 2009			
	Result	% to Net Sales	Result	% to Net Sales	YOY	% to Plan
Net Sales	72,744	100.0%	70,999	100.0%	97.6%	96.9%
Gross Profit	32,452	44.6%	31,308	44.1%	96.5%	97.7%
S.G.A.	24,086	33.1%	24,538	34.6%	101.9%	99.7%
Operating Profit	9,004	12.4%	7,262	10.2%	80.7%	90.5%
Ordinary Profit	9,503	13.1%	7,586	10.7%	79.8%	91.4%
Net Income	5,439	7.5%	4,197	5.9%	77.2%	87.6%

1st Half: Business Results Summary (1)

[Net Sales]

- LFL Stores : Result 92.9% of LY (Target was 94% of LY)
 - Apparel: 92.9%, Household goods: 92.6%, Food: 95.8%
- Wholesale: 95.1% of plan
 - Slowdown in sales at Seiyu and FM shops, our major outlets.
- Internet sales: 92.4% of plan, Year on year: 110.8% of LY
 - Sluggish sales of high retail price products, e.g. furniture, home appliances

[Gross Profit]

- 0.4% improvement on the target
 - Reformed procurement structure (700 million);
 - Markdown was held back in the 2nd quarter.

1st Half: Business Results Summary (2)

[S.G.A.]

- "The 30% project" 1st step has been completed as planned (% to plan: 99.6%)

Specific improved items:

- Extension of the Niigata Center
Annual savings: About 100 million yen
- Reduction in Japanese warehouse space due to utilization of overseas centers
Annual savings: About 200 million yen
- Store personnel expenses : Absorption of natural leave by improvement in productivity
Half-yearly savings: About 175 million yen

[Non-operating Expenses & Special Losses]

- Consolidated special losses 1 billion yen total:
Effect from "Lower cost basis" 230 million yen; Store contract related 500 million; Subsidiary stocks: 140 million, Others: 130 million

1st Half: Business Results Summary (3)

[Asia] Net sales: 120.9% (Like for like 93.5%)

Sales increased mainly in China. Profit drop in Hong Kong and Korea due to a decrease in profit margins.

[Europe] Net sales: 108.8% (Like for like 95.4%)

Slump in sales particularly in licensed stores. Profit drop due to a decrease in profit margins.

[US] Net sales: 140% (Like for like 67.8%)

Sales increased at Soho store. Profit drop due to a rise in merchandise costs.

[Japan, MGS] Domestic net sales: 92.6%, MGS net sales: 167%

RK Trucks increased profit due to increase of direct trade. IDEE is struggling for sales, but profits improved.

* Local currency base

Investment & New Stores: Results

(1) Investment: 2,990 million yen in total

New stores	Existing stores	Systems	Logistics	Overseas	Other
1,127	178	438	766	183	298

(2) Closures & opening of new stores

- Japan: 21 stores closed (17 in Seiyu). 12 new stores opened (New stores) Shimokitazawa, LaLaport Iwata, Mito Excel, and others.
- Overseas: 3 stores closed. 6 new stores opened.

(New stores)

Europe: Germany 1, France 1

Asia : Hong Kong 1, Shanghai 1, Taiwan 1, Thailand 1

Revised Business Results Forecast

[Net Sales]

- Like for like: Initial YOY target 98% → 95%
- Supply to Seiyu: YOY 70% → 68%
- TVCM (commercials) effect is not incorporated (estimated effect: 4%).

[Gross Profit]

- 0.5% improvement due to procurement reform, difference in processing from the previous year, and increase in the percentage of directly managed stores

[S.G.A.]

- 800 million yen advertisement cost is added for sales promotion (TVCM). A saving of 230 million yen by the 2nd step of “30% project” is expected.

[Non-operating Expenses & Special Losses]

- 100 million yen is estimated for consolidated special losses (caused by store closures).

2. Fiscal Year 2009 2nd Half Plan

FY 2009: 2nd Half Plan

<Consolidated>

Unit: million yen	2 nd Half FY 2008		2 nd Half FY 2009		
	Result	% to Net Sales	Forecast	% to Net Sales	YOY
Net Sales	79,562	100.0%	83,098	100.0%	104.4%
Gross Profit	35,497	44.6%	38,175	45.9%	107.5%
S.G.A.	27,982	35.2%	30,710	37.0%	109.7%
Operating Profit	8,040	10.1%	7,806	9.4%	97.1%
Ordinary Profit	7,741	9.7%	7,643	9.2%	98.7%
Net Income	1,488	1.9%	4,080	4.9%	274.2%

FY 2009: 2nd Half Plan

<Non-consolidated>

Unit: million yen	2 nd Half FY 2008		2 nd Half FY 2009		
	Result	% to Net Sales	Forecast	% to Net Sales	YOY
Net Sales	71,469	100.0%	70,881	100.0%	99.2%
Gross Profit	30,996	43.4%	31,742	44.8%	102.4%
S.G.A.	24,250	33.9%	25,452	35.9%	105.0%
Operating Profit	7,342	10.3%	6,718	9.5%	91.5%
Ordinary Profit	7,304	10.2%	6,854	9.7%	93.8%
Net Income	1,099	1.5%	3,893	5.5%	354.2%

FY 2009: 2nd Half Business Measures

[Assumed Figures]

	Plan
Like for Like sales	95.0%
Percentage of Gross Profit	44.8%
S.G.A.	35.9%
Percentage of Operating Profit	9.5%

I . Execution of Product Strategy

- Sales expansion of 73 strategic items

II . Strengthen information communicating ability

- Utilize multiple media
- TVCM sales promotion

III . Success of new large stores

IV. Initiatives to develop overseas stores

- Establish a support system

I. Execution of Product Strategy

73 strategic items: exceeded sales plan

→ Apparel, household goods, & food have all steadily increased sales.

	Number of Items	On Sale	Available in October & November
Apparel	28	16	12
Household Goods	26	18	8
Food	19	10	9
Total	73	44 (60%)	29 (40%)

■ Relaxing chair & footrest set
¥10,000



■ Compact 2-seat sofa
¥19,000



■ Turtleneck pullover (Irritation around neck solved)
Available on October 27 ¥2,579



II. Information Communicating Ability

Future sales promotion: make good use of TV

- TVCM will be run in concert with “Muji Week”



- TV PR: Introduce in magazine-style TV shows

Target a broad range of customer segments: late night and daytime

III. Success! New Large Stores

(1) New stores are making steady progress.

- Seibu Ikebukuro: 1558 m²



- Shin-misato: 1518 m² Shin-yurigaoka: 729 m²

(2) New stores scheduled to open from October

Shin-futago-tamagawa: 924 m²

Cocoe Amagasaki : 544 m²

Tama Plaza Terrace : 755 m²

Sapporo :1039 m²

IV. Initiatives to Develop Overseas Stores

New stores: Status and plan

[3rd Quarter]

Europe: Turkey 1

Asia : Singapore 1, Korea 1, Taiwan 2

China 4 (Beijing, Suzhou, Hangzhou, Shenyang)

[4th Quarter]

Asia: Indonesia 1, China 4 (Shanghai 2, Beijing 1, Dalian 1)