


株式会社
良品計画

33rd Term 2nd Quater
Business Results Briefing

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President and
Representative Director

October 7 , 2011

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- 1. FY 2011: 1st Half Sales Results**
 - 2. Policy Measures Progress**
 - 3. 2nd Half Plan**
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1. FY 2011: 1st Half Sales Results

FY 2011: 1st Half Sales Results

Consolidated → Up 4.5% 29.4% Recurring Profit

- **1st Half Sales at LFL Overseas Stores 113.9% YOY**
(based on local currencies)

Non-Consolidated → Up 2.7% 24.2% Recurring Profit

- **1st Half Sales at Existing Non-Consolidated Stores 96.8% YOY**

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- **Gross profit increased due to more precise intermediate control and clothing sundries design.**
 - **Effective control over advertising (shift to online and SNS advertising)**
 - **Began to see results from building overseas business infrastructure concentrated in Asia**

FY2011 1st Half : Results (Consolidated)

■ Business continues to be pulled overseas

[Unit : Million Yen]	Result	Share	YOY
Net Sales	85,512	100.0%	104.5%
Operating Profit before S.G.A	39,352	46.0%	105.6%
S.G.A	32,347	37.8%	101.9%
Operating Profit	7,004	8.2%	127.5%
Ordinary Profit	7,318	8.6%	129.5%
Net Income	4,219	4.9%	126.9%

◆ Net Overseas Sales 3.05 billion yen (up 28.4%), ordinary profit up 570 million yen (up 135.2%)

◆ Ryohin Keikaku Sales 1.89 billion yen (up 2.7%), ordinary profit up 1.24 billion yen (up 24.2%)

◆ Consolidated S.G.A. Ratio Up 1.0%, generally according to plan

* Overseas Sales include MUJI Taiwan accounted for using the equity method

FY2011 1st Half : Results (Non-consolidated)

■ Sales Recovery after Q2

[Unit : Million Yen]

	Result	Share	YOY
Net Sales	72,685	100.0%	102.7%
Operating Profit before S.G.A	32,726	45.0%	104.4%
S.G.A	26,727	36.8%	100.6%
Operating Profit	5,999	8.3%	125.6%
Ordinary Profit	6,389	8.8%	124.2%
Net Income	3,605	5.0%	120.1%

Result	Category	1 st Quarter	2 nd Quarter	1 st Half
	Apparel	92.8%	102.6%	97.4%
	Household goods	90.8%	103.7%	96.3%
	Food	99.1%	97.6%	98.4%
Sales Growth for Like for Like Stores		92.1%	102.6%	96.8%

FY2011 1st Half : S.G.A Status (Non-consolidated)

■ S.G.A. Ratio Up 0.7% Over First Half

[Unit : Million Yen]

	FY2010 1st Half		FY2011 1st Half		
	Result	Share	Result	Share	YOY
Net Sales	70,789	100.0%	72,685	100.0%	102.7%
Advertising Expenses	2,414	3.4%	1,869	2.6%	77.4%
Logistics Expenses	3,411	4.8%	3,368	4.6%	98.8%
Personnel Expenses	7,822	11.1%	8,148	11.2%	104.2%
Rent Expenses	7,157	10.1%	7,363	10.1%	102.9%
Depreciation Expenses	1,200	1.7%	1,148	1.6%	95.6%
Others Expenses	4,554	6.4%	4,829	6.6%	106.0%
S.G.A	26,560	37.5%	26,727	36.8%	100.6%

◆ Advertising Expenses: More efficient approach

Cut TV commercials and shifted to SNS (social networking sites)

◆ Transport & Delivery Costs: Streamlining in first half raised YOY sales.

◆ Personnel Expenses: Made personnel in Merchandise Department better capable of doing business overseas to strengthen this area.

Balance Sheet Highlights (Non-Consolidated)

■ More Product Inventory Up 16.3% Over End of First Half

[Unit : Million Yen]	Feb.28,2011		Aug.31,2011		
	Result	Share	Result	Share	Change%
Cash on hand and in bank	7,074	8.0%	7,006	7.7%	99.0%
Inventories	13,991	15.8%	16,276	17.9%	116.3%
Other Current Assets	21,989	24.8%	22,340	24.6%	101.6%
Fixed Asset	45,677	51.5%	45,098	49.7%	98.7%
Total Asset	88,731	100.0%	90,720	100.0%	102.2%
Liabilities	13,772	15.5%	14,289	15.8%	103.8%
Net Asset	74,959	84.5%	76,431	84.2%	102.0%

Causes of Increased Product Inventory

1. Stocked more very standard goods at end of half to prevent opportunity loss.
2. Changed operations to deliver products (starting with FY2011 AW merchandise) to the center 1 month before initial sales to respond more flexibly to air temperature changes.

Overseas Sales Status

Net sales 13,819million Yen YOY 127.5%

Ordinary profit 1,001million Yen YOY 235.2%

Sales by Region YOY

*Converted from local currencies for comparison

*YOY ratio of directly managed LFL store

Europe Total YOY 103.2% (※104.3%)

Asia Total YOY 144.5% (※ 117.2%)

USA Total YOY 132.5% (※ 132.5%)

Overseas Total YOY 132.0% (※ 113.9%)

*Overseas Sales include MUJI Taiwan accounted for using the equity method

FY2011 : The results and Forecast for store opening

■ 16 Stores in Japan and 34 Overseas (Somewhat Off the Plan)

		FY 2010	FY 2011		Number of store (Plan)
		Number of store (Result)	1 st Half Net increase (Result)	2 nd Half Net increase (Plan)	
	Directly managed store	238	13	7	258
	Licensed Store	64	▲2	▲1	61
	Shop in the Seiyuu	57	▲1	0	56
	Domestic Total	359	10	6	375
	Europe Total	53	0	3	56
	Asia Total	77	7	24	108
	USA Total	4	0	0	4
	Overseas Total	134	7	27	168

China: 2 stores in first half and 10 forecast in second.
Taiwan: 2 stores in first half and 4 forecast in second.



2. Policy Measures Progress

Strengthening Product Marketability to Facilitate LFL Store Growth

FY 2010 – 2011 1st Half Progress

1. Strengthening of product marketability

◆ Infrastructure improvement and reinforcement

Merchandise Strategy Committee (Feb. 09)
 The Merchandise Assortment Planning Unit (June 09)
 The Laboratory for Living (Nov. 09)
 The Technical Research Division (Sept. 10)
 Clothing Coordination Team (Jan. 11)

◆ Improving quality of individual items by narrowing down the number of items

Basic lineup 7,500 items -> 5,000 items

◆ Strengthening marketability of strategic products

Sales composition: 26% in 1st half 2010 -> 36% in the 1st half 2011

Str. Prod.	Clothing & Sundries	Housewares	Food	Total
% to Plan	93.5%	85.5%	96.6%	90.0%
Share	49.4%	28.1%	36.7%	36.1%

2. Status of progress in Wear and Linen & Interior products

◆ Men's Clothing

Existing Stores: 81.8% in 1st half 2011 -> 98.8% in the 1st half 2011 ▲

◆ Women's Clothing

Existing Stores: 80.8% in 1st half 2011 -> 90.5% in the 1st half 2011 ✕

◆ Fabrics

Existing Stores: 87.9% in 1st half 2011 -> 101.3% in the 1st half 2011 ○

Efforts to be made in 2nd Half of FY 2011

1. Strengthening of product marketability

◆ Making full use of reinforcement base to implement MUJI's unique, unmatched product development and theme promotion by clothing, household goods and food sections in a cross-sectional manner to be developed and reinforced

- Winter Points 100
- Always ready for any eventuality
- MUJI to GO
- mono fitness 80
- Found MUJI

◆ Strengthening "Kodawaritaine"

Sales composition: 31.1% in 1st half 2011 -> 33.0% in the 2nd half 2011

◆ Past strategic product trends & 2nd half plan

Str. Prod.	10SS	10AW	11SS	11AW
Sales (100 mil. yen)	183	268	259	358
Share	27%	37%	36%	45%

2. Measures against surges in material costs and personnel expenses

◆ Implementing procurement structure reform (expected to be adopted in 2013)

• Shifting of producing regions Share by producing region: China: 46%, ASEAN: 26%

Reducing production in China by 14% over 3 years, and accelerating the shifting to FTA signatories in ASEAN.

• Increasing direct trading ratio

Strengthening MGS to reinforce planning and development capacity as well as capability for stable supply

• Concentrating production to factories in long-term operation
 Clothing shifted to 86 factories (229 factories in 2009)

Building Infrastructure to Support Overseas Operations Growth

FY 2010 – 2011 1st Half Progress

1. Systemization of operations in China

- ◆ Integrating MUJI Beijing into MUJI Shanghai (Jan.)
- ◆ Personnel change in representatives in China and promotion of localization (June)

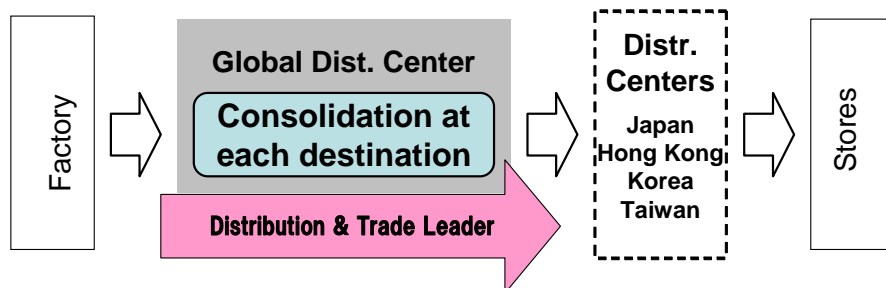
2. Reform of the physical and commercial distribution system

- ◆ Expansion of composition of domestic sales in China and reduction of costs

Efforts	Indicator	Chinese Prod. (10 AW Comp.)	Total (10 AW Comp.)
Lower Buying Costs	Cost in Japan = 100	111⇒100	120⇒115
Expand Domestic Sales	Domestic Share 28%⇒45%	11% better costs	5% better costs
Lower Foreign Exchange Risk	Shift to using Yuan as currency for trade settlements	Almost done for domestic sales	—

3. Working on the establishment of global distribution centers

- ◆ Global Distribution Center Process



Efforts to be made in 2nd Half of FY 2011

1. Establish operations in china based on prior overseas business model

- ◆ Strengthen local sales
 - Expand lineup with focus on strategic products and standardize promotions and operations
- ◆ Improve inventory management
 - Increase local distribution
 - More automated replenishment ordering
- ◆ Better hiring and training
 - Start hiring local graduates
 - Expand training programs and more OJT for retail staff by Ryohin Keikaku

2. Prepare organization for growth in South Asia

- ◆ Make Singapore corporation into subsidiary
- ◆ Prepare to introduce MD System in Singapore
- ◆ Market research in South Asia, Oceania and the Mid-East and select partners

3. Global Distribution Centers start operations

- ◆ Shanghai Center in October, Shekou Center in January

Efforts	Area	Items	Main Items
Shanghai Center	~1,000 m ²	300 items	Fabric, furniture
Shekou Center	~1,600 m ²	500 items	Housewares, stationary, H&B



3. 2nd Half Plan

2nd Half Plan Premise

■ The Fiscal Year's Plan as of Now

Overseas

*Exchange rate as at the end of December 2010 used.

*Overseas Sales include MUJI Taiwan accounted for using the equity method

		Net sales YOY		Ordinary profit YOY	
		PLAN	Company budget	PLAN	Company budget
	Europe	102.7%	104.0%	85.2%	86.2%
	Asia	107.2%	120.8%	136.9%	136.1%
	USA	106.4%	115.8%	+37million yen	+48million yen
	Overseas Total	105.7%	117.2%	110.9%	121.0%

Non-Consolidated

■ **Sales at LFL Directly Managed Stores YOY 97.0%**
(Budgeted: 100.0%)

■ **Change in gross profit since 1st half +0.8%**

■ **Includes strategic reserve of 500 million yen for flexible response**

FY2011 2nd Half : Results(Consolidated)

■ **2nd Half: Highest sales & profit ever. Increase in net income forecast for third straight period.**

[Million Yen]	Result	Share	YOY
Net Sales	88,667	100.0%	101.6%
G.P. and operating revenue	41,307	46.6%	103.2%
S.G.A	32,822	37.0%	103.8%
Operating Profit	8,485	9.6%	100.9%
Ordinary Profit	8,681	9.8%	101.2%
Net Income	5,250	5.9%	115.8%

*Overseas Sales include MUJI Taiwan accounted for using the equity method

FY2011 2nd Half : Results(Non-consolidated)

■ **2nd Half: Highest sales & profit ever for third consecutive period. Increase in net income forecast for this period.**

[Million Yen]	Result	Share	YOY
Net Sales	73,904	100.0%	100.0%
G.P. and operating revenue	33,543	45.4%	101.9%
S.G.A	26,732	36.2%	102.6%
Operating Profit	6,810	9.2%	99.3%
Ordinary Profit	6,880	9.3%	99.1%
Net Income	4,034	5.5%	128.7%

◆ Sales at LFL Directly Managed Stores YOY ... 96.6% (Budgeted: 100.0%)

◆ Gross Operating Profit Margin ... 45.4% 8 (YOY +0.9%)

◆ Strategic Reserves ... Over 500 million yen for flexible response

FY2011 : Investment Plan (Non-consolidated)

■ Promote remodeling of existing (mostly large) stores

[Million Yen]	FY2011		Plan	FY2011 Original plan
	1 st Half Result	2 nd Half Plan		
New Store	785	541	1,326	1,424
Like for Like Store	372	631	1,003	200
IT System	358	405	763	752
Logistics	22	200	222	400
Overseas	0	650	650	0
Others	126	138	264	80
Investment Total	1,664	2,565	4,229	2,856

- Remodeling in September at large stores such as Yurakucho, Canal City Hakata and Aobadai Tokyu
- Plan to increase investment in response to overseas subsidiary demand for capital

2nd Half Sales Policy Key Points

1. Present and develop "Aiyohin"
(products people will love)
2. Theme promotion by clothing,
household goods and food sections
in a cross-sectional manner to be
developed and nurtured
3. Start retail reform project
9/1 Yurakucho, 9/16 MUJI Canal City Hakata,
11/11 Shonantsujido

Present and develop "Aiyohin"

■ Promote "Aiyohin" to create more product fans

Have people use established commodities and merchandise as "Aiyohin" to get more product fans.

Right Angle Socks

Skin Care Series

Curry Series

Refillable Pens

Everyday Children's Clothing

•
•
•



無印良品
50,000人
プロジェクト

新・足なり直角靴下

50,000人の
はき心地体験キャンペーン

【期間限定】
2011年
8月19日
↓
10月末

新・足なり直角靴下「50,000人のはき心地体験キャンペーン」を開催いたします

靴下の配布期間 : 2011年8月19日(金) → 9月10日(土)

※「新・足なり直角靴下」がなくなり次第終了いたします

アンケート受付期間 : 2011年8月19日(金) → 10月末

アンケートにご回答いただいた方の中から抽選で、50名様に5,000円分の「MUJI GIFT CARD」または5名様に直角靴下50足セットをプレゼント

Theme promotion by clothing, household goods and food sections in a cross-sectional manner to be developed and nurtured

■ Promote the tone of strong products with a "cross-category promotion of merchandise."

Make the retail space more fresh and unique with themed promotions that transcend product genres.



Winter Points 100

Ways to get through the cold winter that defy labels brought together in the store

MUJI to GO

Convenient items for travel and being on-the-go that defy labels brought together in the store

Provisions for living. Always ready for any eventuality.

Everyday items just in case

Retail Reform Project

■ "Large Stores" as Axis of Info-Sharing & Higher Newsworthiness

Remodel stores such as Yurakucho and Canal City Hakata to make them more fresh.



Yurakucho



Style Retail

Build retail spaces with compact lineups for use in various settings

Better presentation of home interior goods

Create for home, furniture and accessories together

Better Service

Add more items for custom furniture and fabric



FY2011 : Plan(Consolidated)

■ Year: Increase for 9-terms straight. Increase in net income forecast for third straight period.

[Million Yen]

	Result	Share	YOY
Net Sales	174,180	100.0%	103.0%
G.P. and operating revenue	80,660	46.3%	104.4%
S.G.A	65,170	37.4%	102.8%
Operating Profit	15,490	8.9%	111.4%
Ordinary Profit	16,000	9.2%	112.4%
Net Income	9,470	5.4%	120.5%

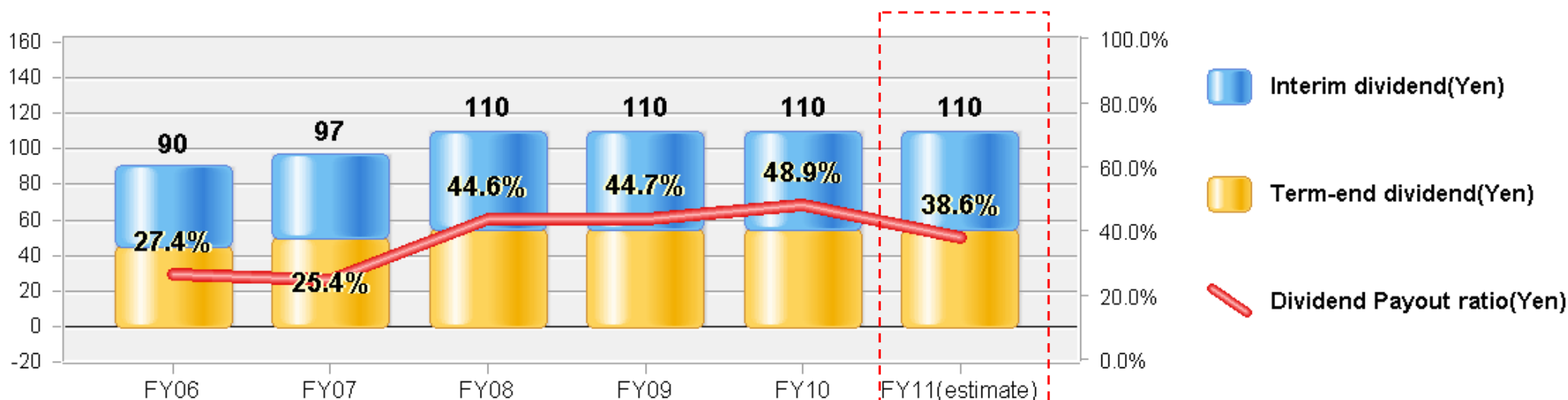
◆ Ordinary Profit ... 9.2% (up 0.8% over first half)

◆ Consolidated S.G.A. Ratio ... 37.4% (up 0.1% over first half)

*Overseas Sales include MUJI Taiwan accounted for using the equity method

Items Regarding Return to Shareholders

■ Dividends & Payout Trends (FY '06-'11 [Forecast])



	FY06	FY07	FY08	FY09	FY10	FY11 (estimate)
Interim dividend(Yen)	45	47	55	55	55	55
Term-end dividend(Yen)	45	50	55	55	55	55
Dividend Payout ratio(Yen)	27.4%	25.4%	44.6%	44.7%	48.9%	38.6%

1. We are aiming for a comprehensive return to our shareholders built on a higher ROE (over 15%).
2. Dividend is based on a 30 percent non-consolidated dividend payout ratio.

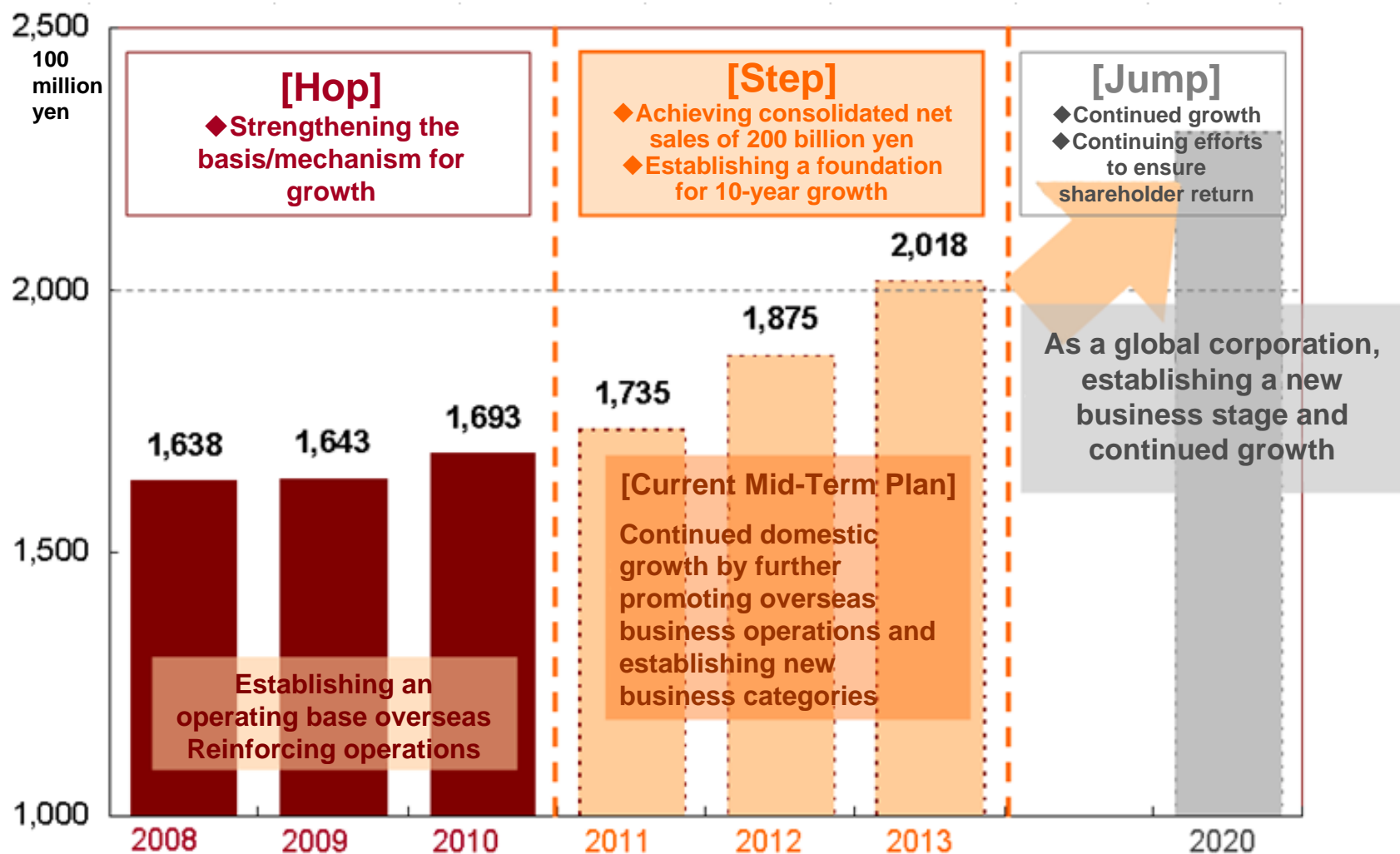


4. Mid-Term Plan Progress

Towards a New Stage of Growth

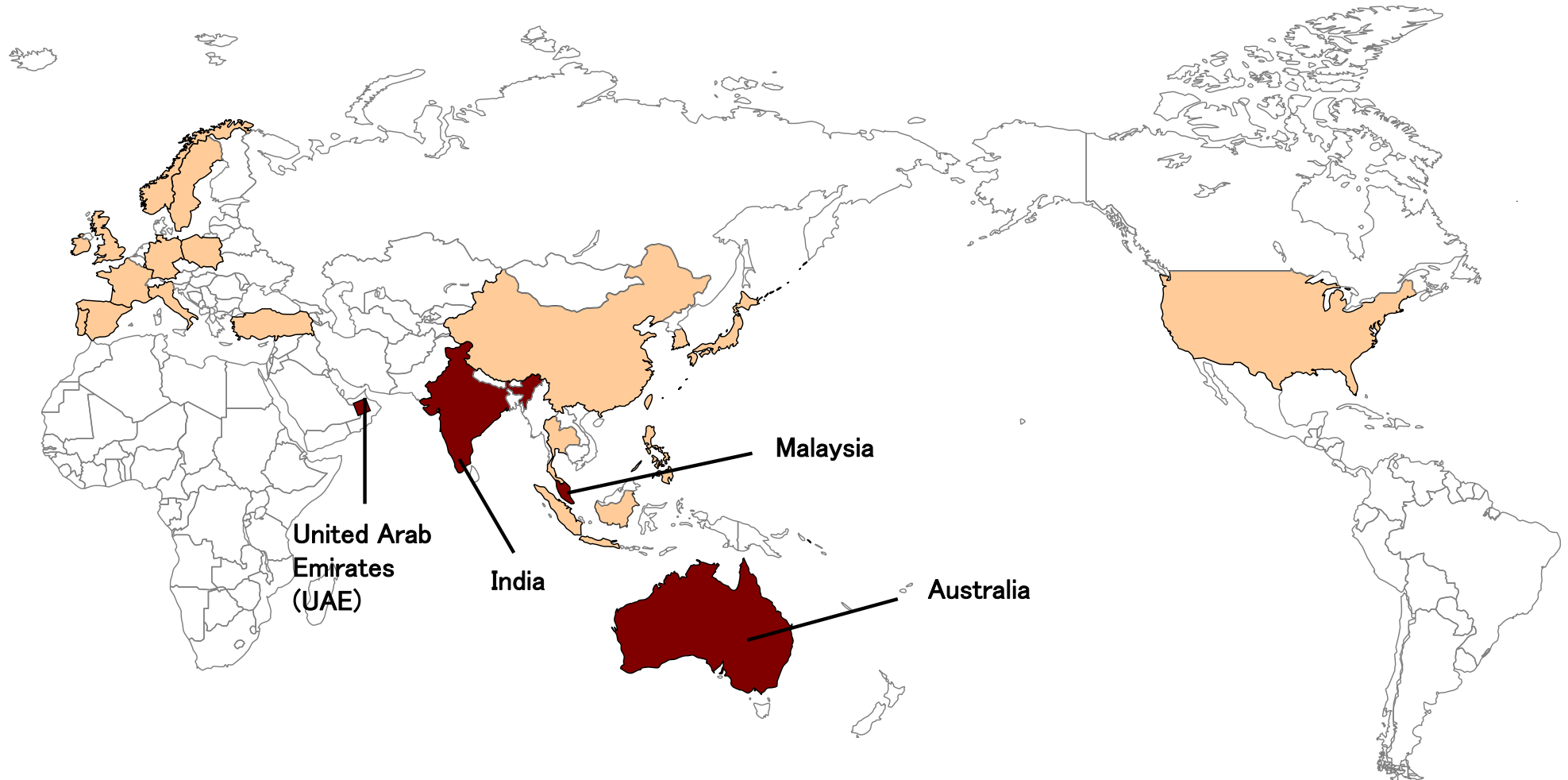
■ We aim to achieve consolidated net sales of 200 billion yen

For the mid-term, we will execute management strategies for our future stepwise growth over the coming decade. (Step)



Build Southern Block Based in Singapore (2012-)

■ Malaysia, United Arab Emirates (UAE), India, Australia



Main Mid-Term Strategies

■ Mid-term product strategies

Existing Store Sales: Over 100% stable growth
Overseas Sales (FY 2013): 40 billion yen

- Cross-sectional development and nurturing of clothing, household goods and food
- “Basic lineup+lineup reflecting a sense of season” to be improved and expanded
- “Kodawaritaine” and “Kokand MD” to be improved and expanded

■ Mid-term physical distribution strategies

Distribution Costs: Raise sales 1%

- 2011: Distribution centers in Shanghai and Shekou will start operations.
- 2012: The distribution center in Singapore will start operations.
- 2013: The new distribution center in Japan will start operations.

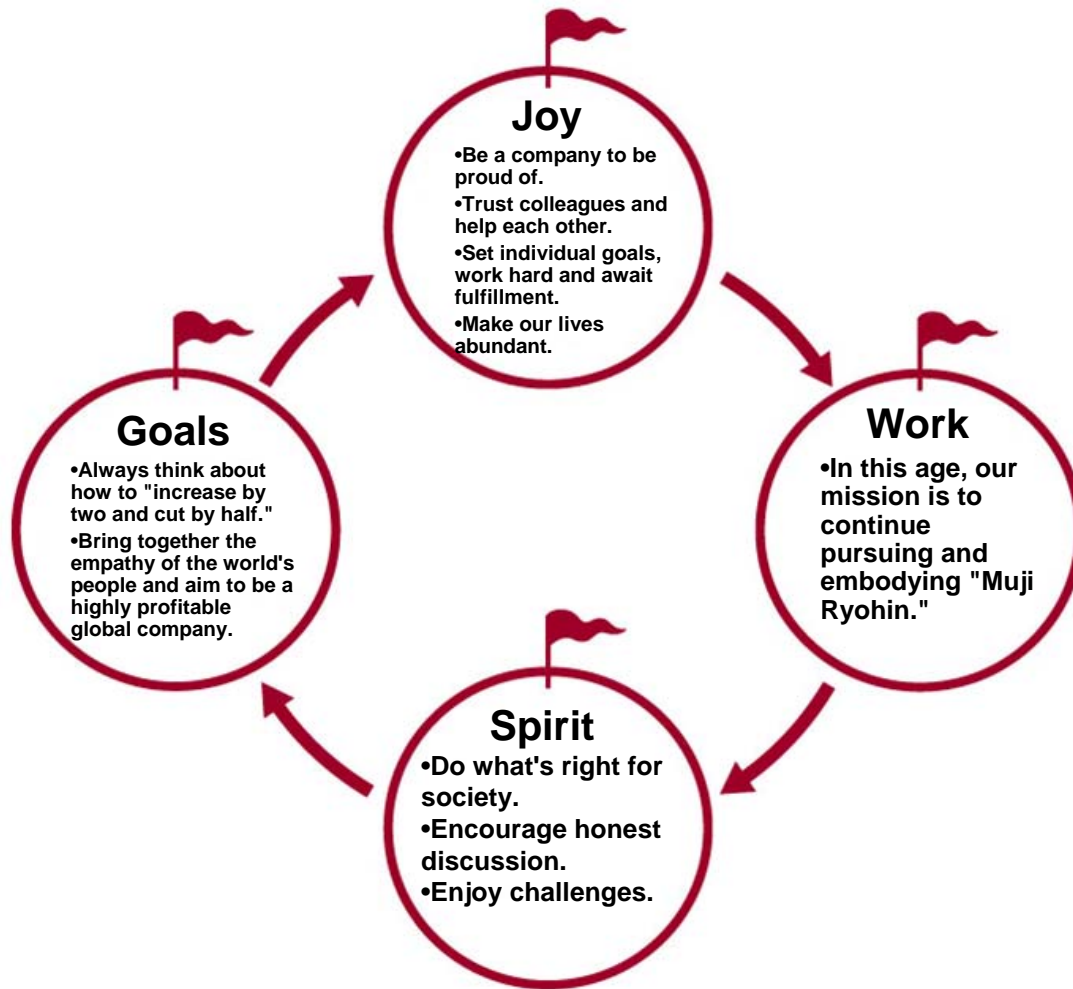
■ Strategy to Improve Store Operations

Raise operating profit margin of directly managed stores by 2%

- Introduce regional employee system (from 2nd half of FY 2011)
- Far-reaching standardization and improvements to operations
- Promote scrap & build approach

The Pleasant Life at a Reasonable Price

Natural. Anonymous. Simple. For the Earth.



Muji's vision is to create distinctive products that we can be fully confident in. With a long-term perspective on the future of global consumption, we work towards an intelligent and wise lifestyle while seeking out optimal materials, production methods and appearances. Muji will continue to demonstrate the fundamental and universal aspects of living by convincing and winning over the masses and through products that provide a rational sense of satisfaction.

END