

株式会社  
良品計画

34<sup>th</sup> Term

## Business Results Briefing

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President and  
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# 1. FY 2012 Sales Results

# FY2012 : Sales Results

## Consolidated

Sales YOY 105.7%

Operation Profit YOY 118.9%

**FY2012 Sales at Existing Overseas Stores YOY 103.1%**

(based on local currencies)

## Non-Consolidated

Sales YOY 104.6%

Operation Profit YOY 122.4%

**FY2012 Sales at Existing Non-Consolidated Stores YOY 100.4%**

### [Overseas operations]

- Large growth in sales and profit in China from basic logistical infrastructure construction and opening new stores. Asia except China and US getting stronger. Profits continued to fall in still tough European market environment.

### [Non-Consolidated]

- Success in restraining price reductions (mostly apparel). Gross profit ratio YOY +0.4%.
- S.G.A. continued improving efficiency from first half. Top-down/bottom-up meshing improved S.G.A. ratio 1.0% over first half.

# FY2012 :Results (Consolidated)

- Double-digit profit growth for 2 straight quarters to achieve record profit (ordinary profit & quarter's net income)

[Unit : Million Yen]	Result	Share	YOY
Net Sales	<b>187,693</b>	<b>100.0%</b>	<b>105.7%</b>
G.P. and operating revenue	<b>87,376</b>	<b>46.6%</b>	<b>107.1%</b>
S.G.A	<b>69,024</b>	<b>36.8%</b>	<b>104.3%</b>
Operating Profit	<b>18,351</b>	<b>9.8%</b>	<b>118.9%</b>
Ordinary Profit	<b>19,759</b>	<b>10.5%</b>	<b>122.5%</b>
Net Income	<b>10,970</b>	<b>5.8%</b>	<b>124.0%</b>

- YOY sales 105.7% (1<sup>st</sup> half: 106.5% 2<sup>nd</sup> half: 105.0%)
- YOY G.P. & operating revenue +0.6 pts (1<sup>st</sup> half: +1.3 pts 2<sup>nd</sup> half: ▲0.1 pts)
- Ordinary profit Recovery to 10+% (since FY2008)
- Ordinary profit New record consolidated profit (FY2007: 18,666 mil. yen)

# FY2012 :Results (Non-consolidated)

■ Double-digit profit growth for 2 straight quarters

[Unit : Million Yen]	Result	Share	YOY
Net Sales	<b>156,281</b>	<b>100.0%</b>	<b>104.6%</b>
G.P. and operating revenue	<b>70,929</b>	<b>45.4%</b>	<b>105.7%</b>
S.G.A	<b>55,260</b>	<b>35.4%</b>	<b>101.8%</b>
Operating Profit	<b>15,669</b>	<b>10.0%</b>	<b>122.4%</b>
Ordinary Profit	<b>16,874</b>	<b>10.8%</b>	<b>123.0%</b>
Net Income	<b>8,904</b>	<b>5.7%</b>	<b>121.7%</b>

- YOY sales 104.6% (1<sup>st</sup> half: 105.9% 2<sup>nd</sup> half: 103.4%)
- Contribution by improved apparel (YOY sales 111.0%, YOY gross profit ratio +0.9 pts)
- Web business YOY sales 112.7%. Sales share 7.0% (6.5% same quarter previous year)
- S.G.A. share 35.4% (+1.0 pts YOY)

# FY2012 :S.G.A Status (Non-consolidated)

## ■ S.G.A. ratio up 1.0 points YOY

[Unit : Million Yen]	Result		Share	
	Result	YOY	Share	Change
Net Sales	<b>156,281</b>	<b>104.6%</b>	<b>100.0%</b>	<b>0.0%</b>
Advertising Expenses	<b>3,260</b>	<b>89.8%</b>	<b>2.1%</b>	<b>-0.3%</b>
Logistics Expenses	<b>6,860</b>	<b>106.4%</b>	<b>4.4%</b>	<b>0.1%</b>
Personnel Expenses	<b>17,201</b>	<b>103.0%</b>	<b>11.0%</b>	<b>-0.2%</b>
Rent Expenses	<b>15,456</b>	<b>101.7%</b>	<b>9.9%</b>	<b>-0.3%</b>
Depreciation Expenses	<b>2,376</b>	<b>95.6%</b>	<b>1.5%</b>	<b>-0.1%</b>
Others Expenses	<b>10,105</b>	<b>102.7%</b>	<b>6.5%</b>	<b>-0.1%</b>
<b>S.G.A</b>	<b>55,260</b>	<b>101.8%</b>	<b>35.4%</b>	<b>-1.0%</b>

- Advertising – Held down costs and improved results due to stronger promotions with basic necessities and web marketing
- Logistics – Transport costs (to stores) more efficient, but delivery total YOY share +0.1% due to higher delivery costs and sales policy (free delivery)
- Personnel – Personnel expenses improved 0.2% due to operational improvements and store personnel placement management
- Rent – Rents improved 0.3% due to S&B effects

## Balance Sheet Highlights (Non-Consolidated)

■ Net assets +10% change, Liquid assets +15% change

[Unit : Million Yen]	Feb.29,2012		Feb.28,2013		
	Result	Share	Result	Share	Change%
<b>Cash on hand and in bank</b>	8,754	9%	10,143	10%	+16%
<b>Inventories</b>	15,995	17%	17,628	17%	+10%
<b>Other Current Assets</b>	22,491	24%	26,646	26%	+18%
<b>Fixed Asset</b>	45,512	49%	48,889	47%	+7%
<b>Total Asset</b>	92,755	100%	103,307	100%	+11%
<b>Liabilities</b>	13,912	15%	16,429	16%	+18%
<b>Net Asset</b>	78,842	85%	86,878	84%	+10%

- Inventory previous quarter +10% increase (FY10 ⇒ FY11: +14%)  
Compared to previous quarter (3Q) -13%, 2,639 mil. yen decrease



# Overseas Sales Status

## Overseas consolidated subsidiary total

Net sales 28,491million Yen YOY 119.0%

Operation profit 1,848million Yen YOY 106.0%

## YOY ratio of Existing directly managed store

\*Converted from local currencies for comparison

USA Existing stores still good, European market environment still tough. Selling inventories in Asia, signs of recovery in South Korea

	Region	Fiscal Year		
		1 <sup>st</sup> half	2 <sup>nd</sup> Half	
	Europe Total	100.7%	96.9%	98.5%
	Asia Total	106.7%	101.2%	104.5%
	USA Total	118.1%	115.2%	116.5%
	Overseas Total	105.5%	99.7%	103.1%

\* Values for overseas stores are based on segment disclosure standards (after internal transactions are removed. Excludes companies using the equity method.)

## Overseas Sales Status [China business]

### ■ Faster pace of new stores and good expansion / Inventory control an issue

Net sales	9,152million Yen	YOY 156.7%
Operation profit	1,110million Yen	YOY 202.5%

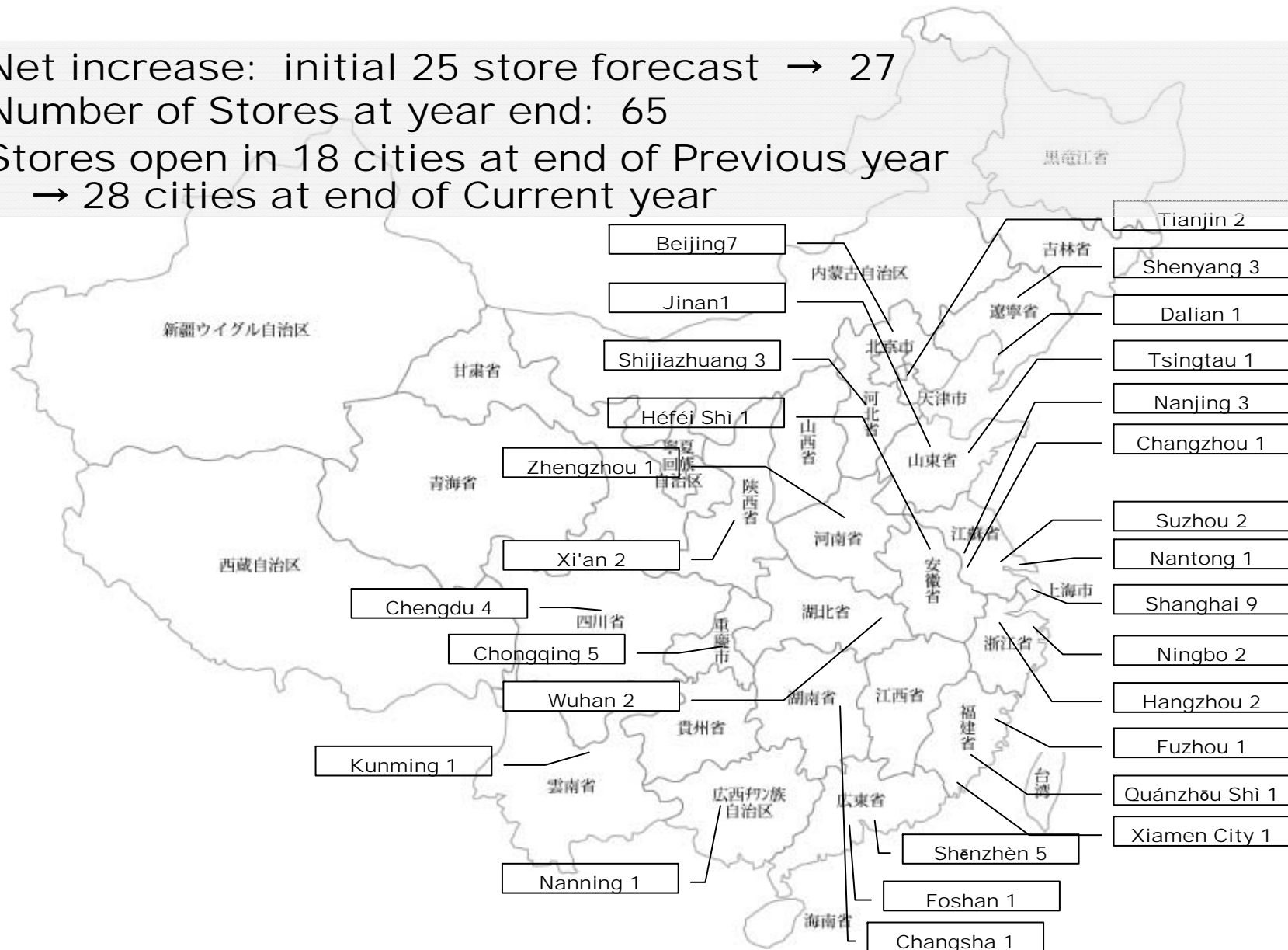
▪ Existing stores YOY \*Converted from local currencies for comparison  
103.9% (1st half: 105.4% 2nd half: 99.7%)

▪ Operating profit

1<sup>st</sup> half greatly improved. Diplomatic problems, late AW product delivery, etc. contributed to lower 2<sup>nd</sup> half sales, but annual operating profit was greatly improved at 12.1% (YOY +3.5%) due to better operational efficiency.

# Overseas Sales Status [China business]

- Net increase: initial 25 store forecast → 27
- Number of Stores at year end: 65
- Stores open in 18 cities at end of Previous year → 28 cities at end of Current year



# The results and Forecast for store opening

■ FY2013 openings: Net increase of 7 domestic and 43 overseas stores

		FY2011	FY2012		Number of store (Result)
		Number of store (Result)	1 <sup>st</sup> Half Net increase (Result)	2 <sup>nd</sup> Half Net increase (Result)	
	<b>Directly managed store</b>	256	3	3	262
	<b>Licensed Store</b>	60	2	-1	61
	<b>Shop in the Seiyu</b>	56	0	0	56
	<b>Domestic Total</b>	372	5	2	379
	<b>Europe Total</b>	54	3	2	59
	<b>Asia Total</b>	105	10	27	142
	<b>USA Total</b>	4	0	1	5
	<b>Overseas Total</b>	163	13	30	206

- Higher FY income at domestic stores: initial quarter forecast +17 stores → revised to 7 stores  
Main cause current FY store closure/next FY opening cut off error due to stronger S&B promotion
- 28 stores opened in China (1 closed), total 41 stores opened in Asia (4 closed)
- 1 store, MUJI SOMA, opened on US west coast (San Francisco)



## 2. Policy Measures Progress

- **Building base to support improved product strength**
- **Building base to support overseas business growth**

# Building base to support improved product strength

## ① Stronger products

### ■ Existing Directly Managed Stores net sales results YOY

	Category	FY2012	FY2012		FY2012	Fiscal
		1 <sup>st</sup> Half	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter		
	<b>Apparel</b>	109.5%	108.4%	101.2%	105.0%	107.2%
	<b>Household goods</b>	98.2%	97.4%	94.5%	96.0%	97.2%
	<b>Food</b>	96.4%	93.3%	90.9%	91.9%	94.1%
Sales Growth for Like for Like Stores		101.9%	101.1%	96.4%	98.8%	100.4%
<b>Customer numbers YOY</b>		95.7%	95.4%	92.8%	94.1%	95.8%
<b>Customer unit price</b>		106.5%	106.0%	103.9%	105.0%	104.8%

- Good apparel recovery, issues with household goods and food
- Units prices continued rise due to "Linen, linen, linin" and "Wool, wool, wool" promotions and higher single item unit costs such as growth in hit items with high unit prices and suppressing discount sales.

## ■ Cross-department promotion results

Promotion	Amount sold	Plan ratio	FY composition ratio
Linen, linen, linen	1.69 billion Yen	103.9%	14.0%
MUJI to GO	860 million Yen	115.1%	5.5%
Disaster Prevention	300 million Yen	80.1%	3.4%
Wool,Wool,Wool	2.96 billion Yen	106.0%	20.8%

## ■ Strategic product results

		Apparel	Household goods	Food	Total
FY2010	Sales plan ratio	94.7%	102.7%	100.4%	97.6%
	Sales composition ratio	40%	27%	27%	31%
FY2011	Sales plan ratio	99.1%	91.8%	97.5%	95.4%
	Sales composition ratio	55%	34%	40%	42%
FY2012	Sales plan ratio	101.3%	97.0%	86.8%	97.9%
	Sales composition ratio	52%	41%	40%	45%

# Building base to support overseas business growth

## ① Towards 100 stores in China by end of FY2013

### FY2012 27 more stores in China

- Finished building infrastructure (IT, logistics) in 1<sup>st</sup> half, working to improve operation accuracy
- Improved product management accuracy (reduced storage space shortage)
- Greatly improved inventory turnover, lost item rate, issues remain in delivery system
- Future issues: securing and training personnel
- Aim to expand lineup (foods, housing products) and open flagship stores

## ② Transplant the China precedent model

- **Open stores in Malaysia & Kuwait** (Malaysia Apr '12, Kuwait Jan '13)
- **Introduce overseas MD system in Singapore** (Starting Nov 2012)
- **Continue marketing research in new countries in South Asia and elsewhere** (Australia, India)



# ■ CHINA / MUJI LIXING STORE HANGZHOU 1,653m<sup>2</sup> (2013.1.25 REOPEN)



■ Kuwait / MUJI THE AVENUES  
806m<sup>2</sup> (2013.1.19open)





## 3. FY 2013 : Plan

# Mid-term Numerical Target

FY2013 (Fiscal Year ending Feb. 2014)

Net sales 200 billion yen

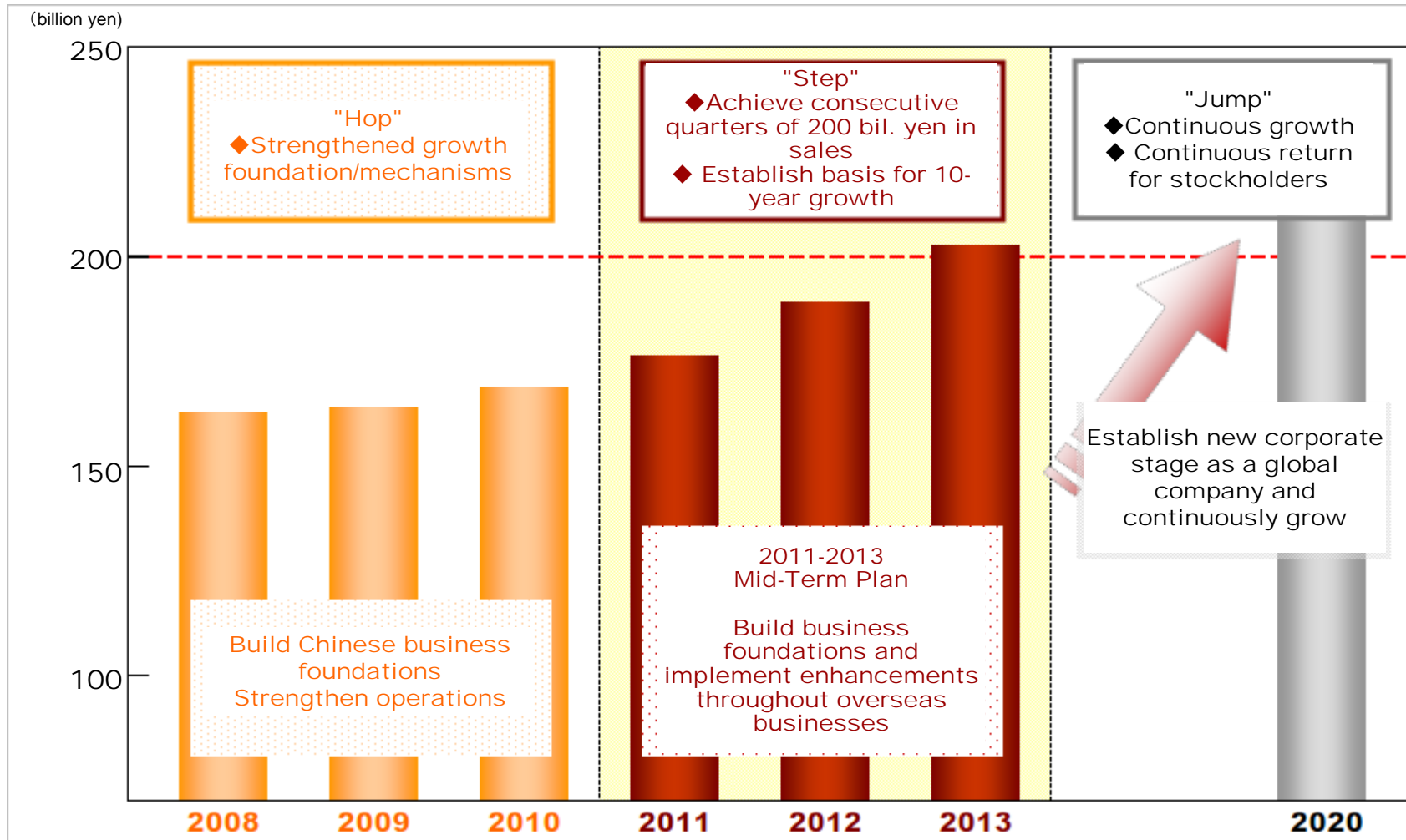
Ordinary profit 20 billion yen

Overseas Sales 40 billion yen

ROE 15%

# Mid-term Targets

- Aim to achieve consolidated net sales of 200 billion yen (FY2013)
- Build infrastructure to realize solid growth globally (Step)

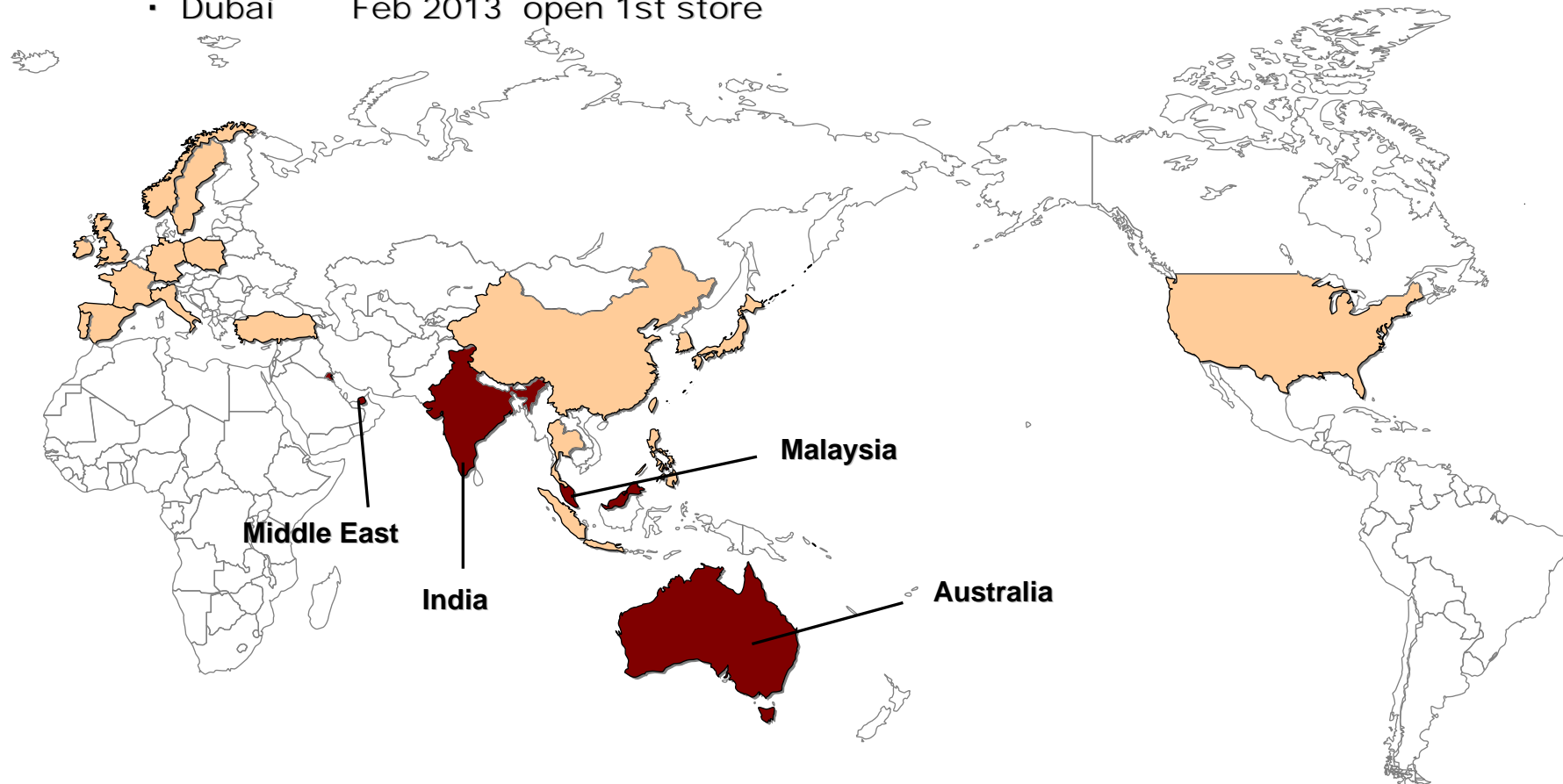


# Mid-term Targets

## ■ Build Southern Block Based in Singapore

Malaysia, Middle East, Australia, India

- Malaysia Apr 2012 open 1<sup>st</sup> store Dec open 2<sup>nd</sup> store
- Kuwait Jan 2013 open 1st store
- Dubai Feb 2013 open 1st store



# FY 2013 : Plan

Use the Muji brand to globally promote aesthetics of the Japanese lifestyle.

Net Sales	206,200million Yen	YOY	109.5%
Ordinary Profit	22,100million Yen	YOY	111.9%
Overseas Net Sales	40,847million Yen	YOY	143.0%

## ② Driving restructuring in procurement

■ Gross profit rate improvement: **+0.4%**[Non-consolidated]  
(2012.3~2013.2)

Change	Price drop reduction	Strong yen factor	Overseas Supply/ Sales Total	Cost price reduction, Etc.	Total
Main factors	+0.2%	+0.1%	▲0.5%	+0.6%	+0.4%

- Stronger control on price reductions between seasons
  - Stronger inventory monitoring in 2Q & 4Q, the quarters between seasons from summer to fall
- Stronger continued shift of apparel and household good production areas
  - Share of stock from ASEAN generally advanced according to initial plan (End FY12: 15%)
- Increasing direct trading ratio, concentrating production to factories in long-term operation
  - Apparel '11 1st half 131 factories → 12 2nd half concentrated in 100 factories
  - High handling of MGS direct trading FY12 results: expand to 10 bil. yen scale



# FY2013 : Plan Premise [Non-Consolidated]

	1 <sup>st</sup> Half	Year
Existing Directly managed stores YOY	100%	101%
Net store sales YOY	115%	115%
Directly managed store increase	6 stores	14 stores
Gross profit share YOY	-1.2%	-0.8%
*Excludes overseas supply/sales	+0.5%	+0.7%
S.G.A. vs Sales YOY	-1.1%	-1.4%
*Excludes overseas supply/sales	-0.3%	-0.4%

\* Reference figures to make YOY comparison easier due to increased supply and sales to overseas sellers (~10 bil. yen/yr, FY2012: ~3 bil. yen).

# FY2013 : Plan Premise [Consolidated]

## Overseas

- Europe : 1 stores net increase
- Asia : 44 stores net increase
- USA : 4 stores net increase



**Total net increase  
49 stores**

**The number of FY2013 end  
255 stores**

		Revenue from operations YOY		Operating Profit YOY
		Existing Stores	Total	
	Europe Total	102%	117 %	118 %
	Asia Total	107%	151 %	173 %
	USA Total	106%	179 %	259 %
	Overseas Total	106%	143 %	174 %

※ Using conversion rate at end of December 2012

※ Overseas business (Europe, Asia and U.S.A.) classifications based on segment disclosure standards

# FY2013 : Plan(Consolidated)

- Plan to exceed record profit posted last year by double-digit profit growth

	Result	Share	YOY
Net Sales	<b>205,450</b>	<b>100.0%</b>	<b>109.5%</b>
G.P. and operating revenue	<b>98,050</b>	<b>47.7%</b>	<b>112.2%</b>
S.G.A	<b>76,420</b>	<b>37.2%</b>	<b>110.7%</b>
Operating Profit	<b>21,629</b>	<b>10.5%</b>	<b>117.9%</b>
Ordinary Profit	<b>22,119</b>	<b>10.8%</b>	<b>111.9%</b>
Net Income	<b>13,599</b>	<b>6.6%</b>	<b>124.0%</b>

- China bus. – Set Existing stores YOY sales at 105%. Plan for operating profit share of 11.0%, 156.2% YOY due to 35 new stores to cut storage space shortage and improved logistics.
- Europe bus. – Aim to increase income by expanding lineup and tweaking net store business.

# FY2013 : Plan(Non-consolidated)

- Plan for 3 straight quarters of profit growth (operating profit, ordinary profit, net income)

	Result	Share	YOY
Net Sales	<b>169,080</b>	<b>100.0%</b>	<b>108.2%</b>
G.P. and operating revenue	<b>75,050</b>	<b>44.4%</b>	<b>105.8%</b>
S.G.A	<b>57,440</b>	<b>34.0%</b>	<b>103.9%</b>
Operating Profit	<b>17,610</b>	<b>10.4%</b>	<b>112.4%</b>
Ordinary Profit	<b>18,970</b>	<b>11.2%</b>	<b>112.4%</b>
Net Income	<b>11,680</b>	<b>6.9%</b>	<b>131.2%</b>

- Gross margin ratio —Greater control on price reductions and cut buying costs
- Advertising —Test on improved efficiency through SNSs finished. Attempt further efficiency improvements.
- Logistics —Revise inventory standards in busy seasons to cut cargo/storage costs

# FY2013 : Plan of investment

[non-Consolidated]

## Invest in new centers, invest more in overseas bus.

[Unit: Million Yen]	FY2013		YOY
	1st Half	Year	
New Stores	1,186	1,486	+586
Existing Stores	336	1,044	+334
IT System	742	1,140	▲3
Logistics	646	4,418	+3,527
Overseas	2,254	2,256	+382
Others	264	386	+191
Inventory Total	5,428	10,730	+5,017

- ◆Overseas – Invest (more) in overseas sellers
- ◆Existing stores – Renew apparel/tableware/living space sales environments
- ◆Logistics – Big investment in Hatoyama Center (Saitama Prefecture)  
Sum (FY12 – land: ~1.2 bil. yen) (FY13 – production, etc: ~4 bil. yen)  
(FY14 – operation: ~9 bil. yen)

# FY2013 : Plan of investment

[non-Consolidated]

## Existing Stores investment



# FY2013 : Plan of investment

[non-Consolidated]

## ■ Logistics investment



New distribution center "HATOYAMA center" (Saitama Prefecture)

# The results and Forecast for store opening

- FY 2013: Store Opening Plan 14 more domestic stores, 49 overseas

		FY2012	FY2013		Number of store (Plan)
		Number of store (Result)	1 <sup>st</sup> Half Net increase (Plan)	2 <sup>nd</sup> Half Net increase (Plan)	
	<b>Directly managed store</b>	262	6	7	275
	<b>Licensed Store</b>	61	2	0	63
	<b>Shop in the Seiyu</b>	56	-1	0	55
	<b>Domestic Total</b>	379	7	7	393
	<b>Europe Total</b>	59	1	0	60
	<b>Asia Total</b>	142	18	26	186
	<b>USA Total</b>	5	2	2	9
	<b>Overseas Total</b>	206	21	28	255

- Open 21 and close 7 domestic stores
- Open flagship stores with large lineups in France, South Korea & China



# FY2013 Sales Policy Key Points

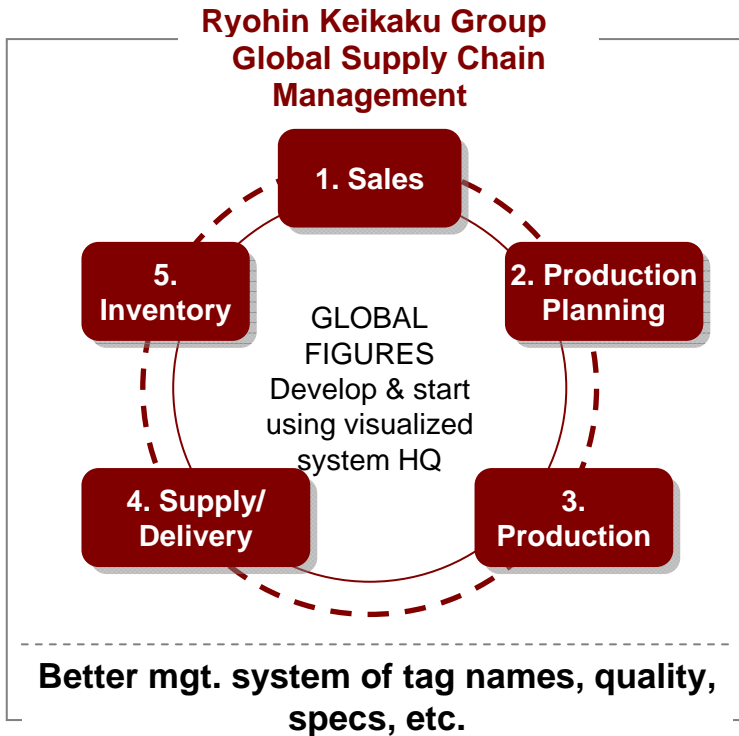
- 1) Growth at Existing stores based on restructuring Household Goods Department
- 2) Growth at Existing stores with revamped sales floor and marketing
- 3) Quickly build global supply chain management infrastructure
- 4) Establish tough business qualities with fresh image by acting closer to vision and more standardized operations

# GLOBAL INVENTORY CONTROL

## Build up structure in remaining half-year

- 2013 AW Begin test operation
- 2014 SS Full operation
- World-class management efficiency through optimized global inventories and minimized inventory losses

# ■ Making & pursuing proper selling prices, inventories and profits worldwide



- Global distributor centers at production areas  
Shanghai, South China (June '13), ASEAN (pending)
  - Stockpile center by area, consolidated delivery everywhere
  - Reduce order lots & increase order frequency
- Visualize and integrate global figures
  - Expand global sales and correct production/inventory with demand forecasting and automated supplementation system
- Thorough training for distributor operation skills at group companies

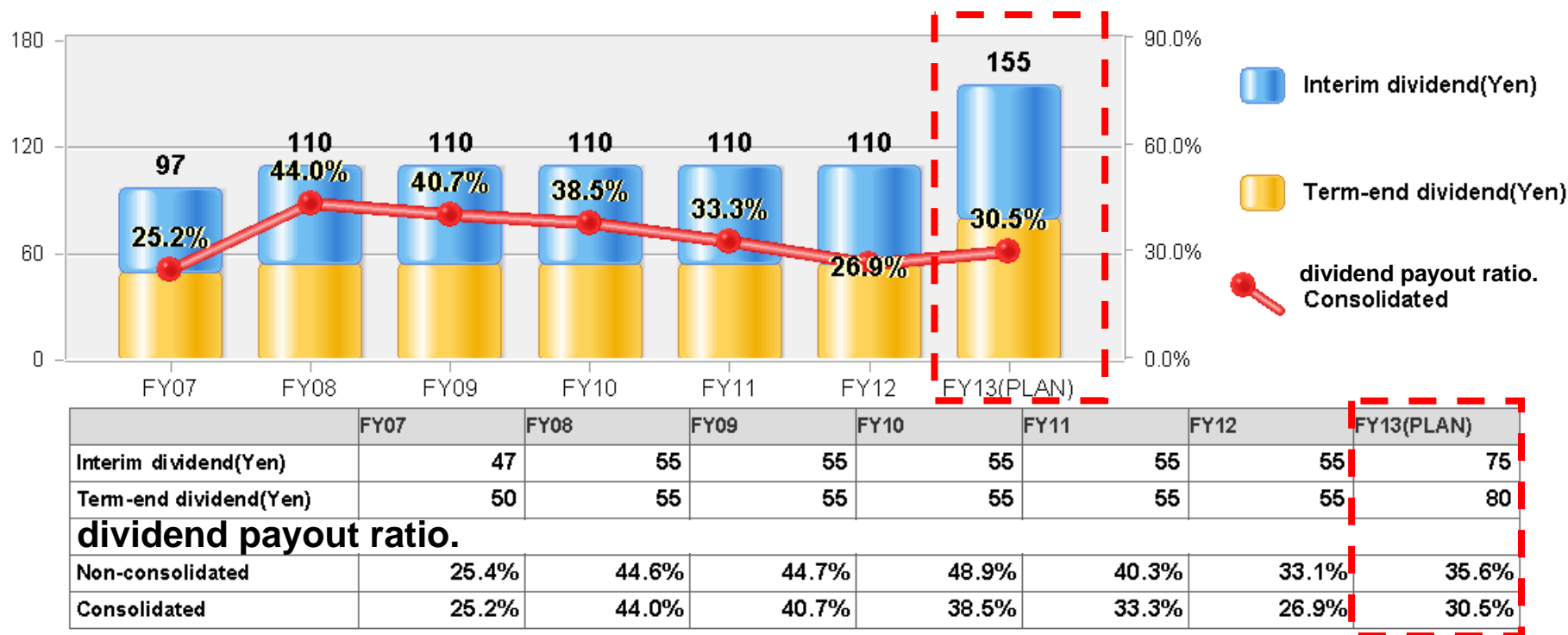
Jun 2013: Begin stockpiling common items at 2 global centers

Oct 2013: Finish worldwide introduction of Global MD System

Nov 2014: New distribution center in Japan (“HATOYAMA Center”) starts operations.

# Items Regarding Return to Shareholders

## Dividends & Payout Trends (FY '07-'13 [Plan])



- Raise investment efficiency with 15% ROE (rate on equity) target
- Assuming steady dividends, change dividend criteria to "30% dividend payout based on consolidated results" from FY2013 in order to better reflect results.