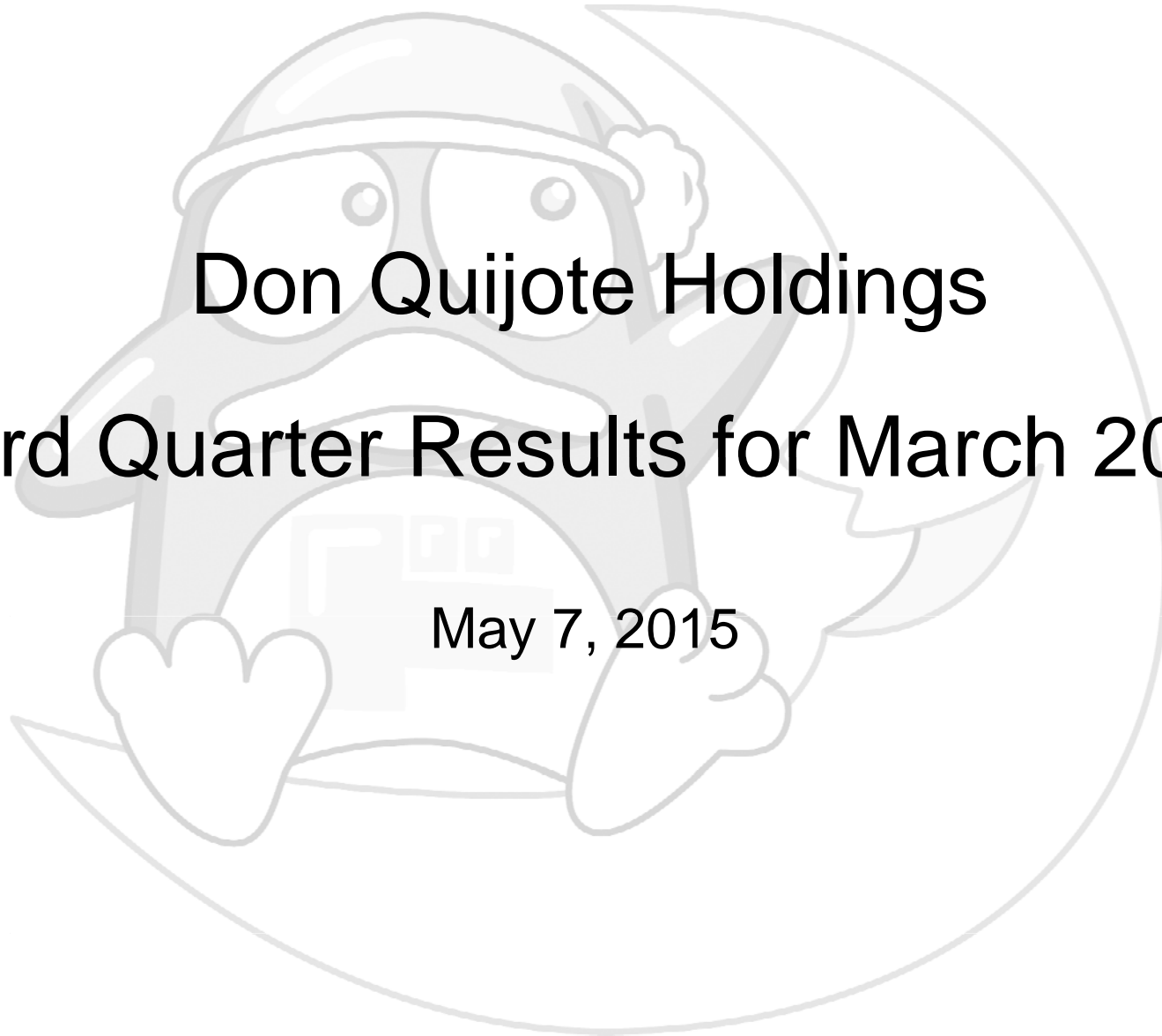


Don Quijote HLDGS

Don Quijote Holdings

Third Quarter Results for March 2015

May 7, 2015

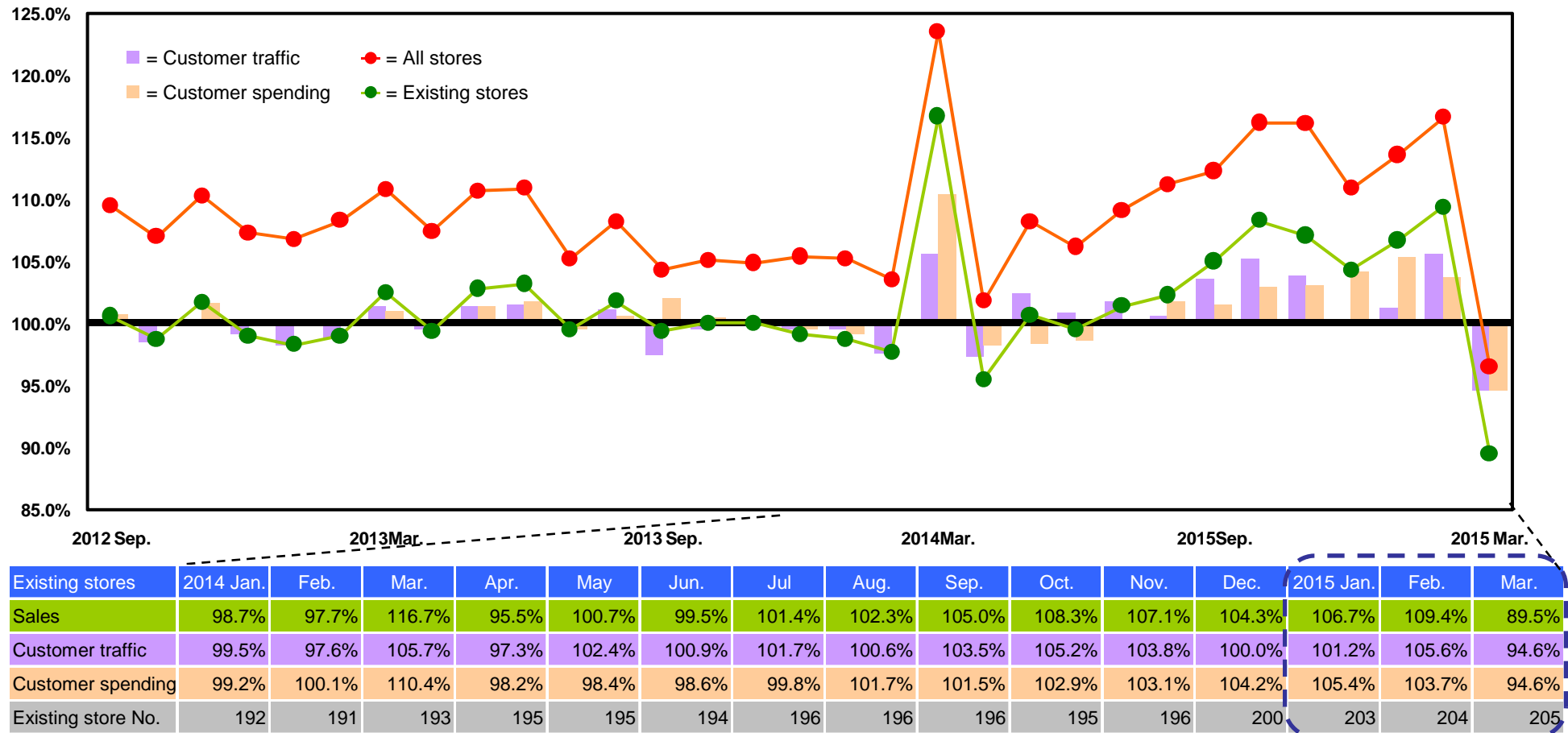


Earnings summary for the first nine months

Consolidated (Millions of yen)	9 months to Mar. 2015			9 months to Mar. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	509,920	100.0%	110.4%	461,776	100.0%
Gross profit	137,531	27.0%	113.0%	121,702	26.4%
SGA	103,844	20.4%	111.9%	92,764	20.1%
Operating profit	33,687	6.6%	116.4%	28,938	6.3%
Recurring profit	34,802	6.8%	116.7%	29,816	6.5%
Net profit	20,083	3.9%	107.0%	18,764	4.1%
EPS(Yen)	255.47	-	106.3%	240.25	-

- Consolidated and same store sales jumped 10% and 3.3% YoY respectively thanks to successful strategies to deal with price-sensitive customer behaviors. Customer base expanded by attracting families purchasing daily necessity items. Tourists generated greater contribution to sales.
- GPM went up 0.6pts YoY to 27.0% which hit the bottom with our three-phased strategies after the consumption tax hike. GPM improved backed by more tourists' sales despite greater sales of daily commodities with high-turnover and low-margin. GPM was an all-time high 27.37% in Q3.
- SGA to sales ratio fell 0.3pts to 20.4%. Cost increased due to initial cost of greater-than-expected 22 new store openings. Moreover, personnel cost went up mainly because of more man-hour triggered by increase in our shares in daily necessities and tourists' sales. Cost increase was more than offset by total sales growth.
- OP grew 16% YoY, exceeding the 10 billion yen-mark for the third consecutive quarter. Full year sales and OP are expected to grow for a record 26 consecutive years.

Same-store sales



- DQ SSS, traffic and basket spend for the first nine months rose 3.3%, 1.6% and 1.7%. The first, second and third quarter SSS grew 2.8%, 6.3% and 0.6% respectively. SSS guidance : up 2.4% in 2H and 3.5% for full year.
- More families were attracted into our customer base, encouraged by our successful post-tax-hike strategies and perfect preparations. We expanded our tourists' wallet share by capitalizing on our first mover advantage.

Sales breakdown by product category for the first nine months

Consolidated (Millions of yen)	9 months to Mar. 2015			9 months to Mar. 2014	
	Actual	Share	YoY	Actual	Share
Home electrical appliances	43,751	8.6%	102.1%	42,832	9.3%
Miscellaneous household goods	113,628	22.3%	109.5%	103,774	22.5%
Foods	153,660	30.1%	114.9%	133,695	29.0%
Watches & fashion merchandise	106,560	20.9%	104.9%	101,584	22.0%
Sporting goods & leisure goods	27,388	5.4%	105.2%	26,022	5.6%
Other products	46,956	9.2%	126.1%	37,247	8.0%
Total retail store business	491,943	96.5%	110.5%	445,154	96.4%
Rent income	13,568	2.7%	107.7%	12,599	2.7%
Other business	4,409	0.8%	109.6%	4,023	0.9%
Total	509,920	100.0%	110.4%	461,776	100.0%

- Home appliances : Smart phone accessories and POSA cards took the lead. Cooking and grooming appliances were robust.
- Household goods : Consumables were strong. Cosmetics, drugs and baby goods became more popular among tourists.
- Foods : Almost all product groups were brisk such as snacks, alcoholic drinks, daily delivered, processed and frozen foods.
- Watches & Fashion : Seasonal apparels were weak. Super brand watches and bags contributed.
- Sports & Leisure : Sales in outdoor goods were soft and exercise goods grew.

The number of stores

(Number of stores)	FY2013	FY2014	FY2015-1Q	FY2015-2Q	FY2015-3Q
Don Quijote	165	174	172	173	175
MEGA	35	37	37	37	36
New MEGA	21	28	31	34	39
Others	31	30	32	33	31
Total stores in Japan	252	269	272	277	281
Overseas	3	14	14	14	14
Grand Total	255	283	286	291	295
Domestic opening	16	22	6	9	7
Temporary closing	0	2	1	3	0
Domestic closure	3	3	2	1	3
Net increase	13	17	3	5	4

- 22 new stores opened in the first nine months : 9 Don Quijote, 10 New MEGA and other formats.
- 6 stores closed. Store operation was reviewed, converting 1 DQ store to Kyoyasudo and another to New MEGA from four DQ stores. 3 stores are closed temporarily for relocation or renovation.
- Most new stores opened in local roadside locations. The number of new stores is more than initially planned, making store opening pace fastest in history.

Key components in SG&A for the first nine months

Consolidated (Millions of yen)	9 months to Mar. 2015			9 months to Mar. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	509,920	100.0%	110.4%	461,776	100.0%
Salary allowance	37,170	7.3%	115.8%	32,105	7.0%
Rent	14,044	2.8%	106.3%	13,213	2.9%
Commission paid	11,722	2.3%	105.1%	11,157	2.4%
Depreciation and amortization	8,415	1.6%	112.9%	7,453	1.6%
Others	32,493	6.4%	112.7%	28,836	6.2%
SGA	103,844	20.4%	111.9%	92,764	20.1%

- SGA to sales ratio fell 0.3pts to 20.4%. Cost increased including initial cost* with greater-than-expected 22 new store openings.
*Salary allowance, Depreciation & Amortization, Fixings, etc.
- Personnel cost increased because more man-hour was needed as tourists and daily necessities sales grew. The increase was offset by overall sales growth.

Sales and profit by business for the first nine months

Sales, profit and loss by segment from Jul. 1, 2014, to Mar. 31, 2015 (Millions of yen)

Consolidated	Retail store	Rent income	Others	Total	Adjusted amount	Consolidated
Sales to external customers	491,943	13,568	4,409	509,920	-	509,920
Internal sales or transfers between segments	-	11,573	4,567	16,140	(16,140)	-
Total	491,943	25,141	8,976	526,060	(16,140)	509,920
Segment profit	20,605	9,393	3,947	33,945	(258)	33,687

Sales, profit and loss by segment from Jul. 1, 2013, to Mar. 31, 2014 (Millions of yen)

Consolidated	Retail store	Rent income	Others	Total	Adjusted amount	Consolidated
Sales to external customers	445,154	12,599	4,023	461,776	-	461,776
Internal sales or transfers between segments	-	4,462	2,949	7,411	(7,411)	-
Total	445,154	17,061	6,972	469,187	(7,411)	461,776
Segment profit	23,094	5,173	2,551	30,818	(1,880)	28,938

- Q3 profit in the retail business was 20.6 billion yen which is our mainstay.
- Q3 profit in the tenant leasing business was 9.4 billion yen.
- Q3 profit in other business was 3.9 billion.

Balance Sheet

Consolidated	(Millions of yen)	
	As of Mar. 31, 2015	Change from Jun. 30, 2014
Total current assets	178,386	19,552
Cash and deposits	49,451	6,761
Merchandise	96,918	7,813
Total noncurrent assets	321,416	48,115
Total property, plant and equipment	255,546	42,823
Buildings	93,318	16,240
Land	146,600	26,920
Total intangible assets	17,275	1,919
Goodwill	7,521	1,189
Total investments and other assets	48,595	3,373
Lease and guarantee deposits	30,439	(524)
Total assets	499,802	67,667

Consolidated	(Millions of yen)	
	As of Mar. 31, 2015	Change from Jun. 30, 2014
Total current liabilities	138,841	24,397
Accounts payable	57,840	2,722
Short-term liabilities*	41,001	21,057
Total noncurrent liabilities	143,789	19,262
Long-term bonds	63,490	19,190
Long-term borrowings	26,570	(3,460)
Long-term payables under fluidity	35,792	1,447
Total liabilities	282,630	43,659
Net assets	217,172	24,008
Total shareholders' equity	206,413	18,776
Minority interests	8,097	2,278
Liabilities and net assets	499,802	67,667

* Short-term liabilities = Short-term loans payable + Current portion of long-term loans payable + Current portion of bonds

- Cash & deposits : 30 billion yen was financed by straight bonds for the first time in three years on top of bank borrowings for further new store openings.
- Merchandise increased 7.8 billion yen because of accelerated new store openings and efforts to reduce opportunity loss at existing stores with superb performance.
- Payables associated with the liquidation of receivables : 42.8 billion yen was financed by asset-backed loans.

Cash flows and Capital expenditure

Consolidated Cash Flows

(Millions of yen)

	9 months to Mar. 2015	9 months to Mar. 2014	Change
Cash and equivalents at beginning of period	44,105	36,132	7,973
Cash flows from operating activities	24,434	28,926	(4,492)
Cash flows from investing activities	(41,317)	(26,879)	(14,438)
Cash flows from financing activities	22,501	13,358	9,143
Net increase (decrease) in cash and equivalents	6,539	15,967	(9,428)
Cash and equivalents at end of period	50,644	52,099	(1,455)

Consolidated Capital Expenditures

(Millions of yen)

	9 months to Mar. 2015	9 months to Mar. 2014	Change
Capital expenditures	41,006	26,590	14,416
Cash flows*	26,749	24,350	2,399
Net increase (decrease)	(14,257)	(2,240)	12,017

* Cash flows = Net income + Depreciation and amortization + Extraordinary loss - Dividend

- Cash flow from operating activities was 24.4 billion yen positive. Positive factors : 34 billion yen of income before income taxes and minority interests, 9.4 billion yen of depreciation and amortization, 1.8 billion yen increase in trade payables. Negative factors : 6.8 billion yen more in inventories and 14.9 billion yen for tax payment.
- Cash flow from financing activities was 22.5 billion yen positive. 31.5 billion yen of net increase of bonds and 2 billion yen of net revenue growth by the liquidation of rent claims contributed. 9.1 billion yen of net decrease in borrowings and 2.8 billion yen of dividend payment were negative factors.
- 41 billion yen is for capex to acquire new store properties for this year and years afterwards.

Earnings summary for Q3

Consolidated (Millions of yen)	3 months to Mar. 2015			3 months to Mar. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	167,696	100.0%	105.8%	158,454	100.0%
Gross profit	45,897	27.3%	113.0%	40,627	25.6%
SGA	35,621	21.2%	110.6%	32,193	20.3%
Operating profit	10,276	6.1%	121.8%	8,434	5.3%
Recurring profit	10,758	6.4%	123.9%	8,681	5.5%
Net profit	6,389	3.8%	111.3%	5,740	3.6%
EPS(Yen)	81.06	-	110.6%	73.31	-

Sales breakdown by product category for Q3

Consolidated (Millions of yen)	3 months to Mar. 2015			3 months to Mar. 2014	
	Actual	Share	YoY	Actual	Share
Home electrical appliances	14,405	8.6%	97.7%	14,737	9.3%
Miscellaneous household goods	37,099	22.1%	106.3%	34,912	22.0%
Foods	52,045	31.1%	108.5%	47,974	30.3%
Watches & fashion merchandise	33,396	19.9%	103.4%	32,303	20.4%
Sporting goods & leisure goods	7,553	4.5%	102.7%	7,356	4.6%
Other products	17,084	10.2%	109.9%	15,549	9.8%
Total retail store business	161,582	96.4%	105.7%	152,831	96.4%
Rent income	4,596	2.7%	108.1%	4,250	2.7%
Other business	1,518	0.9%	110.6%	1,373	0.9%
Total	167,696	100.0%	105.8%	158,454	100.0%

Key components in SG&A for Q3

Consolidated (Millions of yen)	3 months to Mar. 2015			3 months to Mar. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	167,696	100.0%	105.8%	158,454	100.0%
Salary allowance	12,839	7.7%	113.9%	11,271	7.1%
Rent	4,874	2.9%	106.6%	4,574	2.9%
Commission paid	3,931	2.3%	108.8%	3,612	2.3%
Depreciation and amortization	3,045	1.8%	104.9%	2,902	1.8%
Others	10,932	6.5%	111.2%	9,834	6.2%
SGA	35,621	21.2%	110.6%	32,193	20.3%

Full year forecast for fiscal June 2015

Consolidated (Millions of yen)	FY2015 Revised forecast			FY2015 Previous forecast		FY2014 results	
	Plan	Share	YoY	Plan	Share	Actual	Share
Net sales	668,000	100.0%	109.1%	658,000	100.0%	612,424	100.0%
Gross profit	179,000	26.8%	111.2%	175,500	26.6%	161,018	26.3%
SGA	141,000	21.1%	111.3%	139,000	21.1%	126,726	20.7%
Operating profit	38,000	5.7%	110.8%	36,500	5.5%	34,292	5.6%
Recurring profit	39,000	5.8%	109.9%	37,500	5.7%	35,487	5.8%
Net profit	22,300	3.3%	103.9%	21,800	3.3%	21,471	3.5%
EPS(Yen)	284.47	-	103.6%	278.09	-	274.68	-
Capital expenditure	45,000	-	126.5%	45,000	-	35,563	-
Depreciation and amortization	11,500	1.7%	110.6%	11,200	1.7%	10,402	1.7%

- Full year consolidated forecast was up-revised : Sales are up 10 billion yen. Both OP and RP are up 1.5 billion against initial forecast.
- DQ SSS forecast : Sales are up 2.4% in 2H and up 3.5% for full year.
- 41 billion yen is for capex to acquire properties for the 33 new stores for this year and another openings in years ahead.