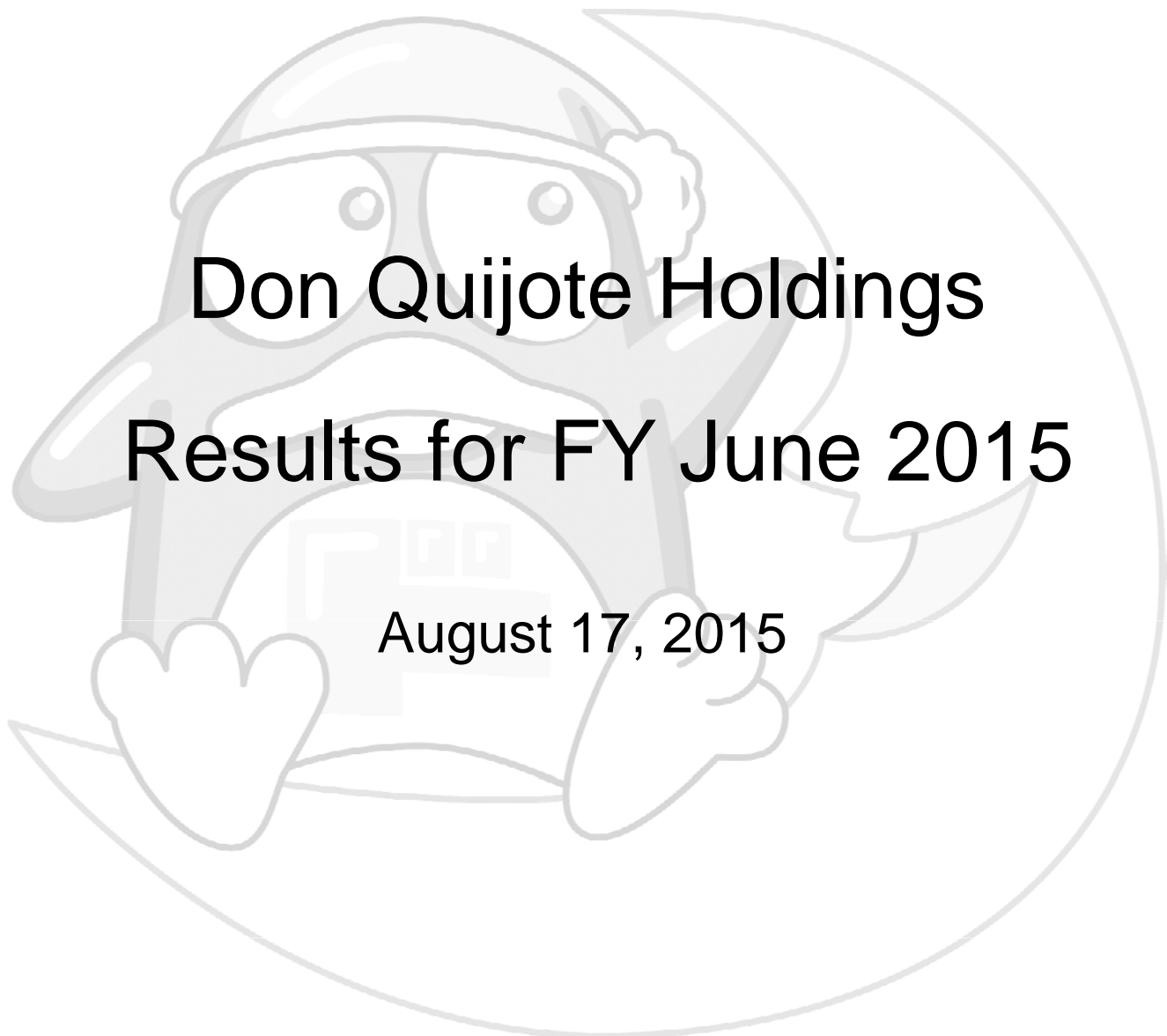


Don Quijote HLDGS



Don Quijote Holdings
Results for FY June 2015

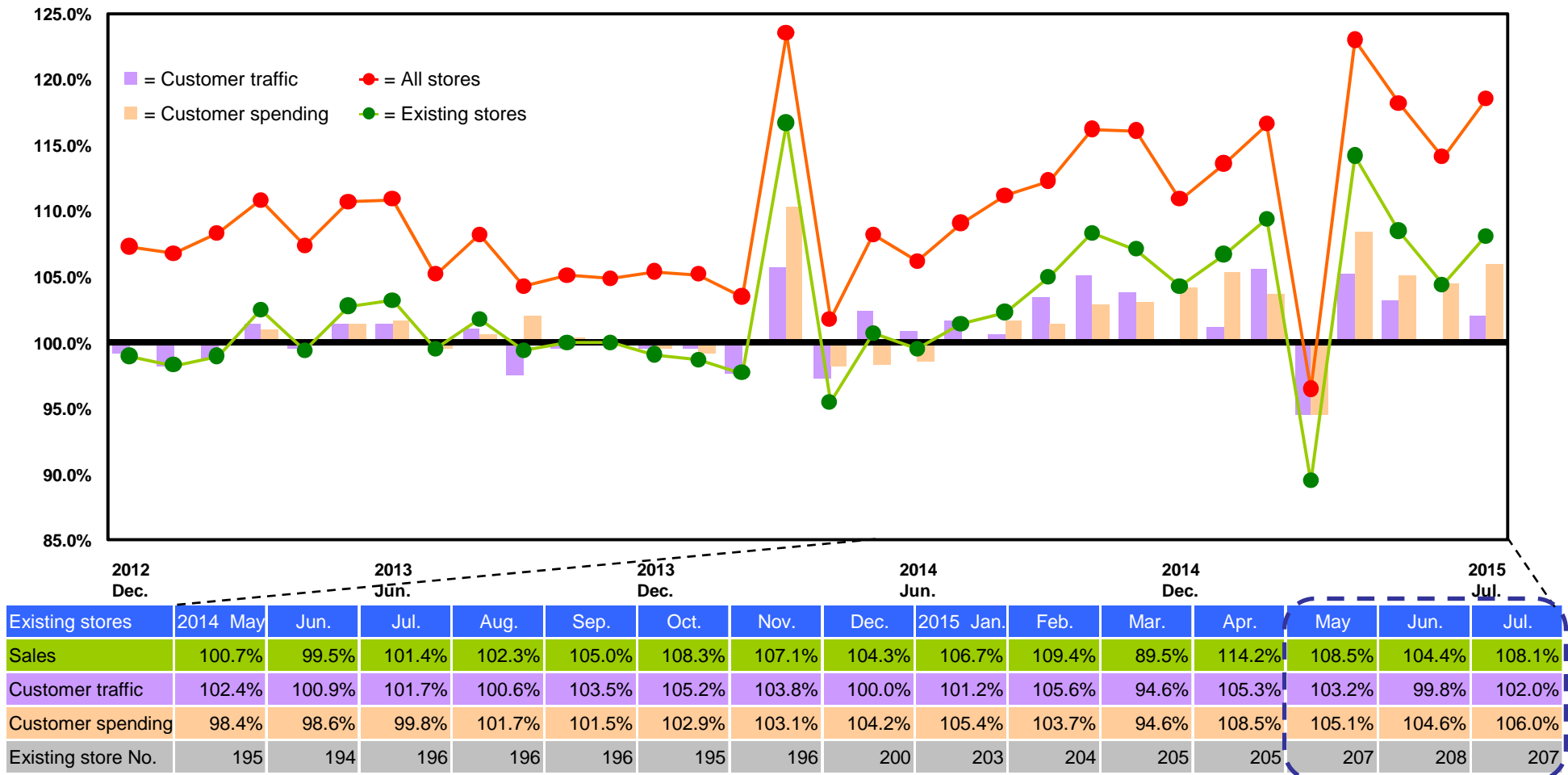
August 17, 2015

Earnings summary

Consolidated (Millions of yen)	12 months to Jun. 2015			12 months to Jun. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	683,981	100.0%	111.7%	612,424	100.0%
Gross profit	181,741	26.6%	112.9%	161,018	26.3%
SGA	142,638	20.9%	112.6%	126,726	20.7%
Operating profit	39,103	5.7%	114.0%	34,292	5.6%
Recurring profit	40,160	5.9%	113.2%	35,487	5.8%
Net profit	23,148	3.4%	107.8%	21,471	3.5%
EPS(Yen)		147.09	107.1%		137.34

- Consolidated and same store sales surged 11.7% and 4.6% YoY respectively. We successfully carried out sales promotion measures while thinking of consumption tax hike as a once-in-a-lifetime opportunity to expand our business and market share. Expansion in tourists' sales pushed up the overall sales strongly.
- GPM went up 0.3pts YoY to 26.6%. Price-competitive daily necessities such as food and sundry goods helped to expand our customer base. We cleared slow-moving inventories aggressively towards the end of the year as more spot-purchased items and tourists' sales contributed to increase gross profit.
- SGA to sales ratio fell 0.2pts to 20.9%. Personnel cost, supplies expenses and depreciation expenses increased as a record-high of 33 new stores were opened. Personnel cost went up mainly due to an increase in man-hour triggered by the expansion in our shares in daily necessities and tourists' sales. The cost increase was more than offset by the growth in sales and GPM.
- OP grew an all-time high of 14.0% YoY. Sales and OP went up for the 26th consecutive year.

Same-store sales



- DQ SSS, traffic and basket spend rose 4.6%, 1.9% and 2.7%. The first, second, third and fourth quarter SSS grew 2.8%, 6.3%, 0.6% and 8.9% respectively. SSS guidance : up 1.0% in 1H, flat in 2H and up 0.5% for the full year.
- Post-tax-hike strategies generated better-than-expected results by boosting consumption, not relying only on tourists' sales.

Sales breakdown by product category

Consolidated (Millions of yen)	12 months to Jun. 2015			12 months to Jun. 2014	
	Actual	Share	YoY	Actual	Share
Home electrical appliances	56,902	8.3%	104.5%	54,469	8.9%
Miscellaneous household goods	153,879	22.5%	113.0%	136,203	22.2%
Foods	208,578	30.5%	115.5%	180,619	29.5%
Watches & fashion merchandise	141,668	20.7%	107.0%	132,395	21.6%
Sporting goods & leisure goods	36,812	5.4%	106.4%	34,588	5.6%
Other products	62,092	9.1%	119.9%	51,802	8.5%
Total retail store business	659,931	96.5%	111.8%	590,076	96.3%
Rent income	18,200	2.7%	106.5%	17,092	2.8%
Other business	5,850	0.8%	111.3%	5,256	0.9%
Total	683,981	100.0%	111.7%	612,424	100.0%

- Home appliances : Smart phone accessories and POSA cards took the lead. Cooking and grooming appliances were robust contributors such as coffee machines and shavers.
- Household goods : Consumables performed steadily such as detergents and shampoos. Tourists helped the skyrocketed sales in cosmetics and drugs.
- Foods : They became more popular among many generations, resulting in robust sales in almost all product groups such as snacks, daily delivered, processed food and drinks.
- Watches & Fashion : Sales were solid in super brand watches, suitcases and shoes.
- Sports & Leisure : Exercise goods worked well to offset weak outdoor goods sales. Toys contributed.

The number of stores

(Number of stores)	FY2013	FY2014	FY2015
Don Quijote	165	174	183
MEGA	35	37	36
New MEGA	21	28	41
Others	31	30	32
Total stores in Japan	252	269	292
Overseas	3	14	14
Grand Total	255	283	306
Domestic opening	16	22	33
Temporary closing	0	2	2
Domestic closure	3	3	10
Net increase	13	17	21

- A record 33 new stores were opened : 17 Don Quijote, 12 New MEGA and 4 other formats.
- 10 stores were closed. Store operation was reviewed, converting two stores to Kyoyasudo, one to New MEGA and two to Doit from DQ. Two stores were suspended temporarily for relocation or renovation.
- New stores were opened both in urban centers and local roadside locations. The number of new stores was more than initially planned, reaching an all-time high.

Key components in SG&A

Consolidated (Millions of yen)	12 months to Jun. 2015			12 months to Jun. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	683,981	100.0%	111.7%	612,424	100.0%
Salary allowance	51,158	7.5%	117.1%	43,695	7.1%
Rent	19,088	2.8%	106.9%	17,855	2.9%
Commission paid	16,563	2.4%	107.3%	15,442	2.5%
Depreciation and amortization	11,672	1.7%	112.2%	10,402	1.7%
Others	44,157	6.5%	112.3%	39,332	6.5%
SGA	142,638	20.9%	112.9%	126,726	20.7%

- SGA to sales ratio fell 0.2pts to 20.9%. Personnel cost, supplies expenses and depreciation expenses increased because of accelerated new store openings.
- Personnel cost went up mainly due to an increase in man-hour triggered by the expansion in our shares in daily necessities and tourists' sales. The cost increase was more than offset by the growth in sales and GPM.

Sales and profit by business

Sales, profit and loss by segment from Jul. 1, 2014, to Jun. 30, 2015 (Millions of yen)

Consolidated	Retail store	Rent income	Others	Total	Adjusted amount	Consolidated
Sales to external customers	659,931	18,200	5,850	683,981	-	683,981
Internal sales or transfers between segments	3	15,796	6,308	22,107	(22,107)	-
Total	659,934	33,996	12,158	706,088	(22,107)	683,981
Segment profit	21,417	12,714	5,372	39,503	(400)	39,103

Sales, profit and loss by segment from Jul. 1, 2013, to Jun. 30, 2014 (Millions of yen)

Consolidated	Retail store	Rent income	Others	Total	Adjusted amount	Consolidated
Sales to external customers	590,076	17,092	5,256	612,424	-	612,424
Internal sales or transfers between segments	-	8,812	4,195	13,007	(13,007)	-
Total	590,076	25,904	9,451	625,431	(13,007)	612,424
Segment profit	24,381	6,505	3,540	34,426	(134)	34,292

- Profit in the retail business was 21.4 billion yen which is our mainstay.
- Profit in the tenant leasing business was 12.7 billion yen.
- Profit in other business was 5.4 billion.

Sales, profit and asset by subsidiaries

Sales, profit and asset by subsidiaries from Jul. 1, 2014, to Jun. 30, 2015

(Millions of yen)

Consolidated	Don Quijote (1)	Doit	Nagasakiya (2)	Overseas (3)	Others	Elimination	Consolidated
Net sales	480,838	17,438	150,639	36,449	42,519	(43,902)	683,981
Operating profit	25,435	566	3,984	1,647	11,394	(3,923)	39,103
Total asset	392,997	21,780	72,824	21,751	256,098	(259,784)	505,666
Net asset	172,571	18,483	44,254	15,525	73,616	(103,082)	221,367

PL/1USD= ¥ 110.64

BS/1USD= ¥ 120.28

Sales, profit and asset by subsidiaries from Jul. 1, 2013, to Jun. 30, 2014

(Millions of yen)

Consolidated	Don Quijote (1)	Doit	Nagasakiya (2)	Overseas (3)	Others	Elimination	Consolidated
Net sales	423,232	19,879	143,449	25,186	27,858	(27,180)	612,424
Operating profit	21,167	1,203	2,787	1,449	8,010	(324)	34,292
Total asset	347,377	22,572	64,476	16,185	165,495	(183,970)	432,135
Net asset	157,193	18,648	37,186	12,078	39,677	(71,618)	193,164

(1) The numbers are the sum of DQ and DQ Holdings because of the transition to the pure holdings company.

(2) The numbers are only for retail business in Nagasakiya.

(3) Overseas includes DQ USA and MARUKAI

PL/1USD= ¥ 100.69

BS/1USD= ¥ 102.06

- Don Quijote, Nagasakiya and Overseas business grew their sales and profit.
- Doit struggled because of less store count and drop in sales after the tax hike.

Balance Sheet

Consolidated	(Millions of yen)	
	As of Jun. 30, 2015	Change from Jun. 30, 2014
Total current assets	175,981	17,147
Cash and deposits	49,717	7,027
Merchandise	94,580	5,475
Total noncurrent assets	329,685	56,384
Total property, plant and equipment	262,127	49,404
Buildings	96,021	18,943
Land	150,647	30,967
Total intangible assets	17,529	2,173
Goodwill	7,409	1,077
Total investments and other assets	50,029	4,807
Lease and guarantee deposits	32,817	1,854
Total assets	505,666	73,531

Consolidated	(Millions of yen)	
	As of Jun. 30, 2015	Change from Jun. 30, 2014
Total current liabilities	144,576	30,132
Accounts payable	60,556	5,438
Short-term liabilities*	38,598	18,654
Total noncurrent liabilities	139,723	15,196
Long-term bonds	62,690	18,390
Long-term borrowings	25,156	(4,874)
Long-term payables under fluidity	34,023	(322)
Total liabilities	284,299	45,328
Net assets	221,367	28,203
Total shareholders' equity	209,682	22,045
Minority interests	9,013	3,194
Liabilities and net assets	505,666	73,531

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

- Cash & deposits : Aggressive new store openings were financed by bank borrowings and straight bonds while trying to improve group-wide cash efficiency.
- Merchandise : Inventories increased due to new store rollouts and the preparation for growing tourists' sales. Slow-moving inventories were cleared towards the end of the year.
- Payables associated with the liquidation of receivables : 41.1 billion yen was financed by asset-backed loans.

Cash flows and Capital expenditure

Consolidated Cash Flows

(Millions of yen)

	12 months to Jun. 2015	12 months to Jun. 2014	Change
Cash and equivalents at beginning of period	44,105	36,132	7,973
Cash flows from operating activities	42,520	39,684	2,836
Cash flows from investing activities	(52,641)	(36,593)	(16,048)
Cash flows from financing activities	16,176	4,440	11,736
Net increase (decrease) in cash and equivalents	7,187	7,973	(786)
Cash and equivalents at end of period	51,292	44,105	7,187

Consolidated Capital Expenditures

(Millions of yen)

	12 months to Jun. 2015	12 months to Jun. 2014	Change
Capital expenditures	52,727	35,563	17,164
Cash flows*	34,646	30,944	3,702
Net increase (decrease)	(18,081)	(4,619)	(13,462)

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

- Cash flow from operating activities was 42.5 billion yen positive.
Positive factors : 39.2 billion yen of income before income taxes and minority interests, 13 billion yen of depreciation and amortization, 4.6 billion yen increase in trade payables. Negative factors : 4.5 billion yen more in inventories and 15.5 billion yen for tax payment.
- Cash flow from financing activities was 16.2 billion yen positive driven by 30.7 billion yen of net increase of bonds and 1.7 billion yen of share issued. 12.9 billion yen of net decrease in borrowings and 2.8 billion yen of dividend payment were negative factors.
- Capex was 52.7 billion yen to acquire properties for new stores for this year and years afterwards.

Earnings summary for Q4

Consolidated (Millions of yen)	3 months to Jun. 2015			3 months to Jun. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	174,061	100.0%	115.5%	150,648	100.0%
Gross profit	44,209	25.4%	112.4%	39,316	26.1%
SGA	38,794	22.3%	114.2%	33,962	22.5%
Operating profit	5,415	3.1%	101.1%	5,354	3.6%
Recurring profit	5,357	3.1%	94.5%	5,671	3.8%
Net profit	3,065	1.8%	113.3%	2,706	1.8%
EPS(Yen)		19.36	112.4%		17.22

Sales breakdown by product category for Q4

Consolidated (Millions of yen)	3 months to Jun. 2015			3 months to Jun. 2014	
	Actual	Share	YoY	Actual	Share
Home electrical appliances	13,151	7.6%	113.0%	11,637	7.7%
Miscellaneous household goods	40,251	23.1%	124.1%	32,429	21.5%
Foods	54,918	31.6%	117.0%	46,924	31.1%
Watches & fashion merchandise	35,108	20.2%	114.0%	30,810	20.5%
Sporting goods & leisure goods	9,424	5.4%	110.0%	8,566	5.7%
Other products	15,136	8.6%	104.0%	14,555	9.7%
Total retail store business	167,988	96.5%	115.9%	144,921	96.2%
Rent income	4,632	2.7%	103.1%	4,493	3.0%
Other business	1,441	0.8%	116.9%	1,233	0.8%
Total	174,061	100.0%	115.5%	150,648	100.0%

Key components in SG&A for Q4

Consolidated (Millions of yen)	3 months to Jun. 2015			3 months to Jun. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	174,061	100.0%	115.5%	150,648	100.0%
Salary allowance	13,988	8.0%	120.7%	11,590	7.7%
Rent	5,044	2.9%	108.7%	4,642	3.0%
Commission paid	4,841	2.8%	113.0%	4,285	2.8%
Depreciation and amortization	3,257	1.9%	110.4%	2,949	2.0%
Others	11,664	6.7%	111.1%	10,496	7.0%
SGA	38,794	22.3%	114.2%	33,962	22.5%

Full year forecast for fiscal June 2016

Consolidated (Millions of yen)	FY2016 full year forecast			FY2016 1H forecast		
	Plan	Share	YoY	Plan	Share	YoY
Net sales	730,000	100.0%	106.7%	368,000	100.0%	107.5%
Gross profit	196,800	27.0%	108.3%	100,000	27.2%	109.1%
SGA	157,000	21.5%	110.1%	76,500	20.8%	112.1%
Operating profit	39,800	5.5%	101.8%	23,500	6.4%	100.4%
Recurring profit	40,800	5.6%	101.6%	24,100	6.5%	100.2%
Net profit	23,300	3.2%	100.7%	13,700	3.7%	100.0%
EPS(Yen)	147.55	-	100.3%	86.76	-	99.5%
Capital expenditure	40,000	-	76.7%	-	-	-
Depreciation	12,800	1.8%	109.7%	-	-	-

- Full year consolidated forecast : Sales 730 billion yen, OP 39.8 billion yen and 40.8 billion yen for RP.
- DQ SSS forecast : Up 1.0% in 1H, flat in 2H and up 0.5% for full year.