

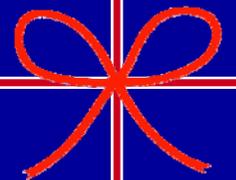
Don Quijote Holdings. Co., Ltd.

Q1 Results for FY 2016

Earnings Results

July 1 - September 30, 2015

November 5 ,2015

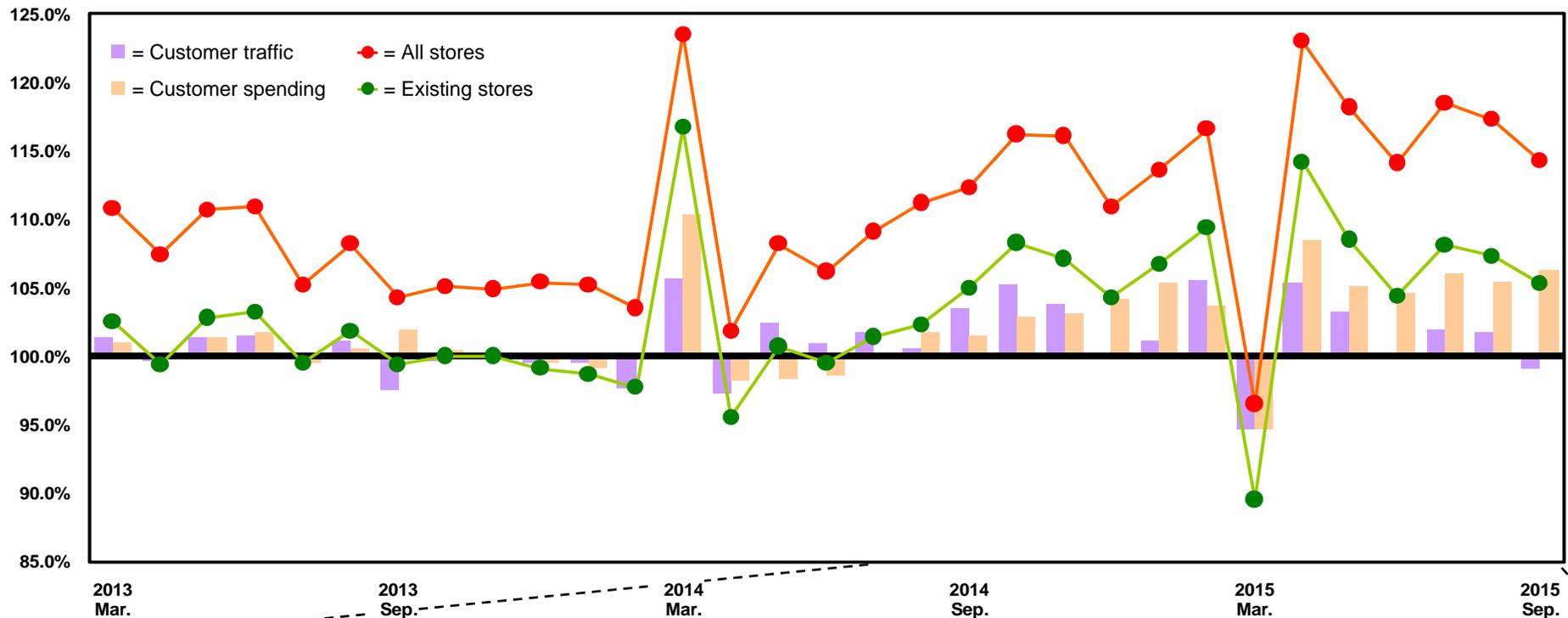


Earnings summary

Consolidated (Millions of yen)	3 months to Sep. 2015			3 months to Sep. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	186,642	100.0%	113.9%	163,861	100.0%
Gross profit	49,678	26.6%	112.3%	44,235	27.0%
SGA	38,382	20.6%	113.6%	33,779	20.6%
Operating profit	11,296	6.0%	108.0%	10,456	6.4%
Recurring profit	11,578	6.2%	107.0%	10,822	6.6%
Profit attributable to owners of parent	6,482	3.5%	105.6%	6,141	3.7%
EPS(Yen)		41.02	104.8%		39.15

- Consolidated and same store sales went up 13.9% and 7.0% YoY respectively. We faced some negative external factors such as slow growth in disposal income and consumer expenditure as well as bad weather. We carried out flexible sales promotion measures in a timely manner by seizing the needs in each commercial area. Those measures successfully brought in strong sales for us in Q1. Sales in daily necessities increased, pushing up family-customer loyalty. We became even more competitive due to tourists' sales.
- Traffic was strong as we offered more affordably priced items mainly in daily necessities to meet sentiment of more price-sensitive consumers. GPM fell 0.4pts due to the write-downs of slow-moving inventories. Gross profit was better than expected thanks to increase in sales.
- SGA went up due mainly to up-front investments for new stores. They included personnel, depreciation and office supplies expenses. Cost increase in existing stores was because of the increase in man-hour triggered by change in sales-mix and better tourists' sales. The rise of cost, however, was more than offset by the sales growth.
- OP, RP and NP were better YoY, beating our forecast.

Same-store sales



Existing stores	2014 Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	2015 Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.
Sales	101.4%	102.3%	105.0%	108.3%	107.1%	104.3%	106.7%	109.4%	89.5%	114.2%	108.5%	104.4%	108.1%	107.3%	105.3%
Customer traffic	101.7%	100.6%	103.5%	105.2%	103.8%	100.0%	101.2%	105.6%	94.6%	105.3%	103.2%	99.8%	102.0%	101.7%	99.1%
Customer spending	99.8%	101.7%	101.5%	102.9%	103.1%	104.2%	105.4%	103.7%	94.6%	108.5%	105.1%	104.6%	106.0%	105.5%	106.3%
Existing store No.	196	196	196	195	196	200	203	204	205	205	207	208	207	209	212

- DQ SSS were up 7.0% for three-month period from July to September, supported by fast-growing overseas tourists' sales(4pts) and increase in domestic family wallet share(3pts).
- CPI rose, but disposal income and consumer expenditure remained stagnant. Given such an environment, customers highly appreciated our assortment and pricing. Fast-growing inbound tourists' consumption boosted our sales.

Sales breakdown by product category

Consolidated (Millions of yen)	3 months to Sep. 2015			3 months to Sep. 2014	
	Actual	Share	YoY	Actual	Share
Home electrical appliances	14,575	7.8%	113.1%	12,884	7.9%
Miscellaneous household goods	43,291	23.2%	120.2%	36,011	22.0%
Foods	56,581	30.3%	116.0%	48,773	29.8%
Watches & fashion merchandise	37,609	20.1%	110.3%	34,099	20.8%
Sporting goods & leisure goods	11,883	6.4%	106.0%	11,208	6.8%
Other products	16,394	8.8%	109.1%	15,024	9.2%
Total retail store business	180,333	96.6%	114.1%	157,999	96.4%
Rent income	4,720	2.5%	106.1%	4,448	2.7%
Other business	1,589	0.9%	112.4%	1,414	0.9%
Total	186,642	100.0%	113.9%	163,861	100.0%

Home appliances : Smart phone accessories and POSA cards took the lead. Extremely hot summer encouraged seasonal items sales such as air-conditioners and fans. Personal-care items were robust including hair-irons and shavers.

Household goods : Cosmetics and drugs contributed even better thanks to fast-growing tourists' sales. Daily consumables became more popular among families. Better sales in kitchen goods came from both domestic and overseas customers.

Foods : All product groups achieved high growth, proving the expansion in family wallet share.

Watches & Fashion : Sales were solid in luxury watches though super brand bags sales were soft. Travel bags were good.

Sports & Leisure : Outdoor sporting goods were weak due to unstable temperature. Indoor goods performed well.

The number of stores

(Number of stores)	FY2013	FY2014	FY2015	FY2016-1Q
Don Quijote	165	174	183	182
MEGA	35	37	36	36
New MEGA	21	28	41	45
Others	31	30	32	34
Total stores in Japan	252	269	292	297
Overseas	3	14	14	14
Grand Total	255	283	306	311
Domestic opening	16	22	33	6
Domestic closure	3	5	10	1
Net increase	13	17	23	5

- 6 new stores opened in Q1 : 1 Don Quijote, 3 New MEGA, 1 Picasso and 1 Kyoyasudo.
- 1 DQ store closed because of the termination of rental contract.
- Thirty or more new stores will be opened in FY2016, including 15 Don Quijote, 12 New MEGA and other formats backed by our aggressive store opening strategy.

Key components in SG&A

Consolidated (Millions of yen)	3 months to Sep. 2015			3 months to Jun. 2014	
	Actual	Share	YoY	Actual	Share
Net sales	186,642	100.0%	113.9%	163,861	100.0%
Salary allowance	14,155	7.6%	118.2%	11,980	7.3%
Rent	5,153	2.8%	113.4%	4,544	2.8%
Commission paid	4,254	2.3%	116.2%	3,661	2.2%
Depreciation and amortization	2,977	1.6%	114.2%	2,608	1.6%
Others	11,843	6.3%	107.8%	10,986	6.7%
SGA	38,382	20.6%	113.6%	33,779	20.6%

- SGA to sales ratio went down 0.05pts to 20.6%. Cost increased due to initial cost of new store openings such as supplies expenses and depreciation expenses.
- 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 overall sales growth.

Sales and profit by business

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

Consolidated	Retail store	Rent income	Others	Total	Adjusted amount	Consolidated
Sales to external customers	180,333	4,720	1,589	186,642	-	186,642
Internal sales or transfers between segments	3	4,318	1,773	6,094	(6,094)	-
Total	180,336	9,038	3,362	192,736	(6,094)	186,642
Segment profit	6,686	3,255	1,563	11,504	(208)	11,296

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

Consolidated	Retail store	Rent income	Others	Total	Adjusted amount	Consolidated
Sales to external customers	157,999	4,448	1,414	163,861	-	163,861
Internal sales or transfers between segments	-	3,587	1,329	4,916	(4,916)	-
Total	157,999	8,035	2,743	168,777	(4,916)	163,861
Segment profit	6,486	2,853	1,190	10,529	(73)	10,456

- Profit in the retail business was 6.7 billion yen which is our mainstay.
- Profit in the tenant leasing business was 3.3 billion yen.
- Profit in other business was 1.6 billion.

Balance Sheet

Consolidated	(Millions of yen)	
	As of Sep. 30, 2015	Change from Jun. 30, 2015
Total current assets	186,931	10,950
Cash and deposits	62,904	13,187
Merchandise	92,712	(1,868)
Total noncurrent assets	342,711	13,026
Total property, plant and equipment	273,933	11,806
Buildings	99,246	3,225
Land	159,602	8,955
Total intangible assets	17,432	(97)
Goodwill	7,343	(66)
Total investments and other assets	51,346	1,317
Lease and guarantee deposits	32,822	5
Total assets	529,642	23,976

Consolidated	(Millions of yen)	
	As of Sep. 30, 2015	Change from Jun. 30, 2015
Total current liabilities	151,477	6,901
Accounts payable	62,697	2,141
Short-term liabilities*	50,787	12,189
Total noncurrent liabilities	151,742	12,019
Long-term bonds	65,504	2,814
Long-term borrowings	35,830	10,674
Long-term payables under fluidity lease receivables	32,246	(1,777)
Total liabilities	303,219	18,920
Net assets	226,423	5,056
Total shareholders' equity	214,089	4,407
Non-controlling interests	9,581	568
Liabilities and net assets	529,642	23,976

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

- Cash & deposits : Long-term fund was financed from financial institutions for capex in FY2016.
- Merchandise : Inventories increased due to 6 new stores, but it was well-controlled in existing stores because of the successful measures for better turnover.
- Payables associated with the liquidation of receivables : 39.3 billion yen was financed by asset-backed loans.

Cash flows and Capital expenditure

Consolidated Cash Flows

(Millions of yen)

	3 months to Sep. 2015	3 months to Sep. 2014	Change
Cash and equivalents at beginning of period	51,292	44,105	7,187
Cash flows from operating activities	12,099	1,324	10,755
Cash flows from investing activities	(19,983)	(16,609)	(3,374)
Cash flows from financing activities	21,043	2,976	18,067
Net increase (decrease) in cash and equivalents	12,992	(12,291)	25,283
Cash and equivalents at end of period	64,284	31,814	32,470

Consolidated Capital Expenditures

(Millions of yen)

	3 months to Sep. 2015	3 months to Sep. 2014	Change
Capital expenditures	18,879	14,787	4,092
Cash flows*	7,487	6,819	668
Net increase (decrease)	(11,392)	(7,968)	3,424

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

- Cash flow from operating activities was 12.1 billion yen positive.
Positive factors : 11.5 billion yen of income before income taxes and minority interests, 3.5 billion yen of depreciation and amortization, 1.9 billion yen decrease in inventories, 2.1 billion yen increase in trade payables. Negative factor : 1.1 billion yen increase in trade receivables, 8.5 billion yen for tax payment.
- Cash flow from financing activities was 21.0 billion yen positive driven by 23.3 billion yen of net increase in long and short term loans and 2.3 billion yen of net increase of bonds. 1.9 billion yen of repayments of payables under fluidity lease receivables and 2.4 billion yen of dividend payment were negative factors.
- Capex was 18.9 billion yen to acquire properties for new stores for this year and years afterwards.

Full year forecast for fiscal June 2016

Consolidated (Millions of yen)	FY2016 1H Revised forecast			FY2016 1H Previous forecast		FY2016 Forecast	
	Plan	Share	YoY	Plan	Share	Actual	Share
Net sales	383,000	100.0%	111.9%	368,000	100.0%	730,000	100.0%
Gross profit	102,800	26.8%	112.2%	100,000	27.2%	196,800	27.0%
SGA	78,300	20.4%	114.8%	76,500	20.8%	157,000	21.5%
Operating profit	24,500	6.4%	104.7%	23,500	6.4%	39,800	5.5%
Recurring profit	25,100	6.6%	104.4%	24,100	6.5%	40,800	5.6%
Profit attributable to owners of parent	14,200	3.7%	103.7%	13,700	3.7%	23,300	3.2%
EPS(Yen)	89.81	-	103.0%	86.76	-	147.55	-
Depreciation	6,100	1.6%	113.6%	5,900	1.6%	12,800	1.8%

- First half forecast revised upward. Sales : up 15 billion yen, OP : up 1 billion, RP : up 1 billion, against our initial forecast.
- Don Quijote SSS forecast : +2.0% year-over-year for full year, up-revised 1.5pts from the previous forecast, +4.0% for 1H up 3pts, and flat for 2H.