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# Investor Meeting

Review of “ASICS Growth Plan (AGP) 2015”

New Five-Year Strategic Plan, “ASICS Growth Plan (AGP) 2020”

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February 17, 2016  
ASICS Corporation

- I will start off by reflecting on “ASICS Growth Plan (AGP) 2015”, after which I will provide an explanation of our new Five-Year Strategic Plan.

Achieved the sales target, but fell short of the operating income target

(Unit: 100Millions of YEN)	2010 Actual <sup>*1</sup>	AGP2015 Target	2015 Actual <sup>*1</sup>	CAGR <sup>*1</sup>
Sales	2,353	4,000	4,284	13%
Operating Income	215	400	274	5%
Operating Income Ratio	9.2%	10.0%	6.4%	--

<sup>\*1</sup> 2010 actual is the period ended Mar 2011, 2015 actual is the period ended Dec 2015, CAGR is Compound Annual Growth Rate from 2010 Actual to 2015 Actual



- We achieved our net sales target of ¥400.0 billion.
- On the other hand, we fell short of our operating income ratio target.
- We failed to meet that target mainly due to rising costs of finished goods as a result of U.S. dollar appreciation against other currencies.
- Business particularly in Brazil was hit with negative earnings due to substantial depreciation of the Brazilian real against the dollar, combined with a downturn in the nation's economy.
- In 2015, we renewed our management structure globally.
- In South Korea, we recruited young talent with long overseas management experience to top management. We also reviewed our business with partnered stores and pushed forward with revisions to ensure consistency between local product merchandising and global operations.
- In Japan, as well, we reduced the volume of traditional wholesaler-type business and instituted structural reforms.
- In the Americas, the business environment changed significantly in 2015. Credit concerns emerged with several retailers, but the U.S. sporting goods market remains steady, and we believe that with the appropriate distribution and optimal product merchandising and marketing, we can still achieve growth in this market.
- In October 2015, we had a change of President and CEO at our sales subsidiary in the U.S.
- We switched to an aggressive management structure, including our sales and marketing divisions.

## By product

- Apparel grew in our mainstay running category, although fell short of the AGP2015 target
- Footwear greatly exceeded the AGP2015 target

(Unit: 100Millions of YEN)	2010 Actual <sup>*1</sup>	AGP2015 Target	2015 Actual <sup>*1</sup>	CAGR <sup>*1</sup>
Footwear	1,750	2,900	3,460	15%
Apparel	436	850	616	7%
Equipment	166	250	208	5%

<sup>\*1</sup> 2010 actual is the period ended Mar 2011, 2015 actual is the period ended Dec 2015,  
CAGR is Compound Annual Growth Rate from 2010 Actual to 2015 Actual

- Under AGP2015, initiatives in the apparel business were given one of the high priority strategies, but we still fell short of our targets in that regard.
- However, in our mainstay running category, apparel products grew at an average annual rate of 7% from 2010.
- Footwear sales grew at an average annual rate of 15%.

## By category - Running -

- Offered innovative products and services as a leading brand in running
- Expanded sales particularly for serious runners in Europe and the U.S.



(Unit: 100Millions of YEN)

2010 Actual <sup>*1</sup>	AGP2015 Target	2015 Actual <sup>*1</sup>	CAGR <sup>*1</sup>
1,047	1,831	2,462	19%

<sup>\*1</sup> 2010 actual is the period ended Mar 2011, 2015 actual is the period ended Dec 2015, CAGR is Compound Annual Growth Rate from 2010 Actual to 2015 Actual



- Next, let's look at performance by category. First, in the running category, GEL-KAYANO, GEL-NIMBUS and other key performance running shoe product lines attained growth with net sales of ¥246.2 billion.
- Our average annual growth rate over the past five years has been 19%, so globally we are achieving rapid growth.
- We are proud to say that these results are largely attributable to the many serious runners, particularly in EMEA and the U.S., who recognize the quality and function ASICS products offer.
- Moreover, our efforts to continually develop innovative merchandise enable us to release groundbreaking items such as the products we launched last year which include our GEL-QUANTUM 360 running shoe featuring GEL throughout the entire sole, and MetaRun running shoe packed with four patents and five new technologies.

## By category

### - Athletic Sports -

- Our high-function products were well accepted by top athletes and teams particularly in tennis, rugby, and volleyball



(Unit: 100Millions of YEN)

2010 Actual*1	AGP2015 Target	2015 Actual*1	CAGR*1
654	927	906	7%

\*1 2010 actual is the period ended Mar 2011, 2015 actual is the period ended Dec 2015, CAGR is Compound Annual Growth Rate from 2010 Actual to 2015 Actual



- Net sales in the athletic sports category amounted to ¥90.6 billion.
- Despite not reaching our targets, sales of the athletic sports category achieved an average annual growth of 7% as a result of high-function products well accepted by top athletes and teams particularly in tennis, rugby and volleyball.
- As for tennis, our shoes are worn by more of the top 100 ranked male tennis players than those of any other brands, and our tennis shoes also maintain the top share of sales in France, Germany, Spain and other key European countries.
- The Australian and South African National rugby teams which ASICS supports successfully finished runner-up and third place, respectively, at a world championship tournament, and the ASICS brand has also gained substantial exposure as a result of our shoes being worn by the players of Japanese national team which has attracted a lot of attention.

## By category

### - Sport lifestyle -

- Onitsuka Tiger became popular as a unique brand in Asian countries (especially in China and Thailand)
- ASICS Tiger was relaunched in Jan 2015, and expanded sales



(Unit: 100Millions of YEN)

2010 Actual <sup>*1</sup>	AGP2015 Target	2015 Actual <sup>*1</sup>	CAGR <sup>*1</sup>
101	285	449	35%



<sup>\*1</sup> 2010 actual is the period ended Mar 2011, 2015 actual is the period ended Dec 2015, CAGR is Compound Annual Growth Rate from 2010 Actual to 2015 Actual



- Sales in the sports lifestyle category of ¥44.9 billion greatly exceeded our initial targets.
- Sales of Onitsuka Tiger brand have been expanding as marketing initiatives in Japan reach mainly China, Thailand and other Asian markets.
- Referring back to these success practice, going forward we intend to rebuild the Onitsuka Tiger brand in EMEA.
- Sales of ASICS Tiger brand which we relaunched last year have been growing, underpinned by market trends in EMEA and the U.S.

## By channel

- Opened and expanded Own Retail and eCommerce during 5 years, which had been small scale in 2011
- Achieved 13% of our consolidated net sales

(Unit: 100Millions of YEN)	2015	
	Actual	Number of Stores*1
Own Retail	494	444 Stores
Partnered Store	-	1,482 Stores
	Actual	Countries*1
eCommerce	61	14 Countries

\*1 As of 31st Dec 2015



- Net sales generated by own retail of ¥49.4 billion amounted to more than 10% of our net sales, which was its target.
- There is still room for operational improvements, but the know-how we have accumulated with respect to store openings will largely act as a cornerstone of further expansion going forward.
- Our Direct To consumer (DTC) sales channels which combine own retail with eCommerce have achieved 13% of our overall sales.

## By region

- Achieved substantial growth in Americas and EMEA
- Significantly exceeded the AGP2015 target in East Asia especially in China

(Unit: 100Millions of YEN)	2010 Actual <sup>*1</sup>	AGP2015 Target	2015 Actual <sup>*1</sup>	CAGR <sup>*1</sup>
Japan	926	1,200	1,006	2%
Americas	596	1,105	1,361	18%
EMEA	555	1,207	1,160	16%
Oceania/ Southeast and South Asia	104	144	224	17%
East Asia	126	167	418	27%
Others <sup>*2</sup>	44	169	113	21%

<sup>\*1</sup> 2010 actual is the period ended Mar 2011, 2015 actual is the period ended Dec 2015,

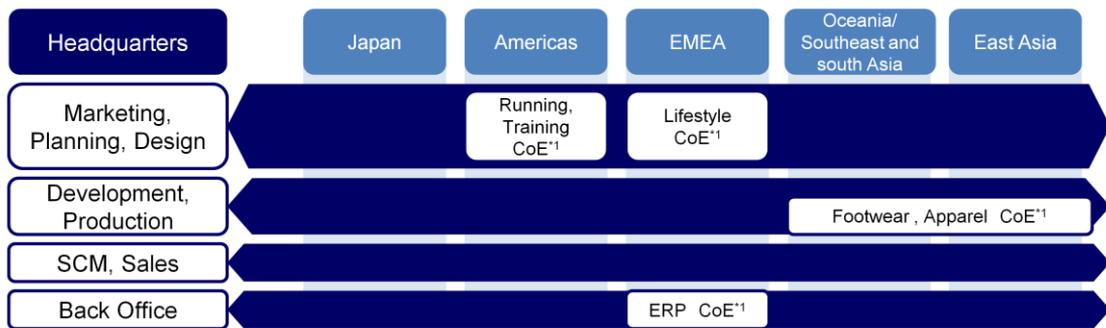
CAGR is Compound Annual Growth Rate from 2010 Actual to 2015 Actual

<sup>\*2</sup> Includes Haglofs, and adjustment etc.



- Looking at our results by geographic region, we achieved substantial growth in generally every market, with the exception of Japan.
- This was particularly the case in the Americas. Although growth was somewhat subdued in 2015, our average annual growth rate there is nearly 20%, and this regional segment accounts for a higher percentage of our overall sales than any other geographic region.
- We have also achieved high average annual growth in EMEA.
- We had lagged behind our competitors in entering East Asia, but growth has been most favorable there, and we significantly outperformed our targets particularly in China.

- Strengthen function of headquarters
  - Set up CoE (Center of Excellence)\*\*
  - Strengthen organization of DTC and Digital Division
  - Recruited global talents
  - Prepared for a global ERP system
  
- Restructuring of subsidiaries
  - Transformed the businesses in Japan, Korea, and Brazil
  - Established regional headquarters functions in China and Singapore



\*\* Properly put headquarters function of each category on main market, and plan strategy and execute prompt action.



- Our efforts to strengthen our business foundations have enabled us to build ourselves into a global organization over the last five years.
- First of all, we established Center of Excellence (CoE) having headquarters functions for each category in markets and regions that are most core, and worked to reinforce product planning and marketing functions.
- We set up bases for individual functions near markets, placed superior human resources in top management regardless of their place of residence, and gave these bases global management roles in which they act as headquarters.
- We have already made a full-fledged start on product planning for next year and beyond, and we have in place a structure that can respond rapidly to changing market trends.
- In addition, as part of what is also a key strategy under AGP2020, we have recruited professional human resources for DTC and in digital, putting in place the foundations for future growth.
- We recruit exceptional global employees irrespective of nationality, and have built a world-class management team.
- We have decided to conduct meetings in English when even one of the participants is non-Japanese.
- All top management are conversant in English, even at sales subsidiaries in Asia.
- In addition, we are embarking on a project that involves enhancing ERP system that lend managerial support.
- We have also implemented structural reforms respectively in Japan, South Korea and Brazil, and have established a framework where each of these subsidiaries is responsible for generating earnings.
- In the burgeoning markets of China and Southeast Asia, we have been fortifying our workforce and organization overall, thereby giving our sales subsidiaries in China and Singapore regional headquarters functions so that it will be possible to achieve sustainable growth that is firmly rooted in those locations.
- I am confident that during the period of AGP2015 we have successfully planted the seeds for ensuring sustainable growth going forward.

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New Five-Year Strategic Plan,  
“ASICS Growth Plan (AGP) 2020”



- Our new Five-Year Strategic Plan named as “ASICS Growth Plan (AGP) 2020” outlines the plan of action we will pursue starting from January 1, 2016 up to December 31, 2020.
- ASICS Growth Plan 2020 is a five-year plan that will remain in effect up to the critical year 2020 when the Tokyo 2020 Olympic and Paralympic Games are to be held.

Consciousness for “Health” is increasing

Sports are becoming an everyday part of people’s lives

People’s lives and societies overall are being changed  
by IoT and Digital technology



- The external environment surrounding the company is going through substantial changes.
- These changes include growing awareness of health conventionally seen among late middle-aged and elderly people, along with heightening consciousness among youth and women involving desires to be healthy, beautiful and stylish.
- This ensuing trend is prevalent in developed as well as emerging countries.
- Looking at recent marathons and other running events, it is evident that sports are becoming a growing part of culture.
- Sports are also being encouraged in China, and running and other markets are growing substantially.
- Amid a growing awareness of health, the existence of sports has become a more familiar and integral part of people’s lives.
- Actually, environments are changing in terms of there being a diverse range of sports events held all over the world, where it is possible for all people to enjoy sports on a casual basis.
- In addition, the development of digital technologies in recent years is causing a dramatic shift regarding the value people place on sports and consumer experience in that regard.
- Sports-related software applications and wearable devices are two examples in this regard.
- Also, progress made with social networking services (SNS) and other such services has resulted in an environment where it is possible to spread each consumer experience and positive emotion around the world instantaneously.
- In addition to such technologies which are directly impacting consumers, digital technologies are having a major effect on lifestyles and throughout society, through development and production processes and systems including the entire supply chain.

### **Create Quality Lifestyle through Intelligent Sport Technology**



- ASICS continues to embrace our corporate vision which is to “Create Quality Lifestyle through Intelligent Sport Technology.”
- Particularly now, when sports are becoming a part of people’s lifestyles, we believe we can contribute to society by realizing this vision.

## Financial Target

Sales	750 Billion YEN or more (CAGR* <sup>1</sup> 12%)
Operating Income Ratio	10% or more
ROE	15% or more

\*<sup>1</sup> Compound Annual Growth rate from FY2015 to FY2020

DTC* <sup>2</sup> Sales	150 Billion YEN or more
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\*<sup>2</sup> Collective term for Own Retail and owned eCommerce.

【 Exchange Rate to JPY 】

120.00 YEN  
/USD

135.00 YEN  
/EURO

90.00 YEN  
/AUD

18.00 YEN  
/RMB

0.1100 YEN  
/KRW

90.00 YEN  
/SPD

14.00 YEN  
/SEK



- We are targeting consolidated net sales of ¥750.0 billion.
- We are also once again aiming to achieve an operating income ratio of 10%.
- Our target for ROE is 15%.
- As a key management indicator, we are targeting sales of ¥150.0 billion for the DTC channel, which includes our Own Retail and eCommerce.
- This figure amounts to 20% of our consolidated net sales target of ¥750.0 billion.

## Core Strategy

Shift to DTC mindset

Expand our consumer base

Communicate a consistent brand

Create differentiated innovation

Pursue operational excellence

Develop people and team

- We have established six core strategies that will be pursued by the ASICS Group overall, across every business sector and geographic region.

### Shift to DTC <sup>\*1</sup> mindset

- Change all processes from product planning to sales into a consumer-centric, DTC business model, in which we can directly communicate with our consumers



# Direct To Consumer

<sup>\*1</sup> DTC is the collective term for Own Retail and owned eCommerce.

The DTC mindset means having a consumer-centric way of thinking that create the best touch-points and enables direct communication between consumers and our brands and products, and this information becomes the basis of our entire business process.

- The first of the core strategies involves “Shift to DTC mindset”.
- Consumers now get their information through smartphones and SNS, purchase products and services through various channels, and take initiative in communicating information themselves.
- Clearly, there is nothing more important than carrying out direct two-way dialogue with our consumers in this environment.
- The notion of maintaining this “DTC mindset” involves developing an attitude where information gained through communication with our consumers is immediately reflected in the products and services we offer.
- We are also drawing on this strategy with respect to changing how we go about the product development process.

## Core Strategy

### Expand our consumer base

- Develop a deeper understanding of and expand our business in new consumer segments, such as women, youth and emerging markets
- Become the brand of choice, not only in sports, but also in our consumers' daily lives



- The second of our six core strategies involves “ Expand our consumer base”.
- As such, we will seek a broader base of consumers in the women, youth and emerging market heading toward the year 2020.
- Moreover, we will offer products and services of choice that include not only those we have been providing in sports, but also in our consumers' daily lives.

## Core Strategy

### Communicate a consistent brand

- Narrate a consistent brand to our consumers worldwide, and deepen an emotional connection



- The third of our six core strategies involves "Communicate a consistent brand".
- Up to this point, our products have been well regarded for their exceptional function. From now on, however, in addition to pursuing function, we will also make sure that our consumers gain a better understanding of the ASICS brand with the aim of deepening an emotional connection they have with our brands.
- Although we have tried to pursue efforts with respect to global marketing up to this point, our marketing has not been able to be sufficiently tailored to the global marketing because we put a high priority on characteristics of our geographic markets.
- Going forward, we will maintain better control of our marketing assets by ensuring that headquarters guides such initiatives, with the aim of engaging in a bold and innovative branding strategy through selective and focused allocation of those assets.
- At every consumer touch-point, we will persistently communicate a consistent message with respect to the true identity of the ASICS brand and in terms of invariably conveying attributes of our products and services on the basis of our corporate philosophy.
- We will design the ASICS brand with every consumer by communicating with our consumers interactively, rather than taking a one-way approach to conveying messages.

## Core Strategy

### Create differentiated innovation

- Create innovative products, services and processes that can provide exceptional changes in our consumers' lifestyles and experiences



- The fourth of our six core strategies involves "Create differentiated innovation".
- We will draw on our innovation strategy in offering experiences that excite our consumers.
- As a manufacturer, we will pursue a distinctive approach to innovation that is unique to ASICS with respect to product design and function.
- Our efforts will go beyond product innovation to also encompass our services and operational processes.
- We will become the industry leader by understanding digital technologies that are closely linked to our future innovations.

### Pursue operational excellence

- Transform outdated business practices to data-driven decision-making processes to drive improved profitability and sustainable growth
- Reform our development and production systems, and support the development of a sustainable society and environment

- ✓ Visualization of our global management data, and promptly decision-make through analysis of the data
- ✓ Efficiency improvement and optimization of SCM globally
- ✓ Review and improvement of product SPEC and SKU efficiency

- The fifth of our six core strategies involves "Pursue operational excellence".
- We have already begun preparing our global ERP system for operation in 2015. When implementing these systems, we will transform our business processes under a strategy that aims to raise profitability through data driven decision-making.
- We will similarly transform our development and production organization so that they better lend support to sustainable development of society and the environment.
- In addition to our ERP system, we have also decided to implement a system called Product Lifecycle Management.

## Core Strategy

### Develop people and team

- Develop both individual and team capabilities to deliver values that exceed consumer expectations



- Finally, our sixth core strategy involves "Develop people and the team".
- In addition to implementing the five strategies explained so far, we also believe that efforts to encourage growth of our people and team are of utmost importance in terms of our business foundations.
- ASICS aims to employ and facilitate development of a professional workforce that embodies an entrepreneurial spirit, which will enable us to innovate by further leveraging the diversity of those employees.
- In the past, the sporting goods market has generally been masculine, but the women's market has been growing in recent years.
- We plan to expand our business by embracing diversity, as there are some areas, including marketing, that can only be handled by women.
- These six core strategies are closely interconnected, and their implementation will involve a wide array of our business operations.
- As such, we will further strengthen our framework for ensuring cooperation across different divisions with the aim of swiftly implementing the six core strategies.
- In addition to regional management, we are going to shift to a matrix-type structure with horizontal headquarters functions.

## Category Strategy - Running -

- To excite a wide range of runners
- Achieve no lower than the NO.2 position in each market globally
- ✓ Design-driven, head-to-toe comprehensive stories
- ✓ Create competitive mid-price collection
- ✓ Create holistic Running experience that are unique to ASICS

AGP2020 Target	CAGR* <sup>1</sup>
400 Billion YEN	11%

\*1 Compound Annual Growth Rate from 2015 to 2020



- Next, I will go over our category strategy.
- The running category drove results in terms of achieving sales targets under AGP2015, and we once again aim to maintain at least the second highest share in respective markets in the running category, which is the core category under AGP2020.
- We will focus our efforts on bringing about innovation in that category, with the aim of launching groundbreaking products such as MetaRun running shoe which was unveiled last year.
- Amid shifting trends in the major U.S. market, consumers have come to prefer more casual running merchandise styles and designs.
- ASICS has swiftly moved to address such trends, and is enhancing product lines geared toward enabling fashionable head-to-toe coordination of styles ahead of such changing preferences.
- Also, we are upgrading our product lineups in the accessible mid-price range with the aim of gaining new consumers in the youth and emerging markets.
- We will work to enhance the running experience by offering products as well as services in the ASICS unique style with the aim of further winning the affection of a broad segment of the runner demographic.
- Accordingly, we are targeting sales of ¥400.0 billion in the running category by 2020.

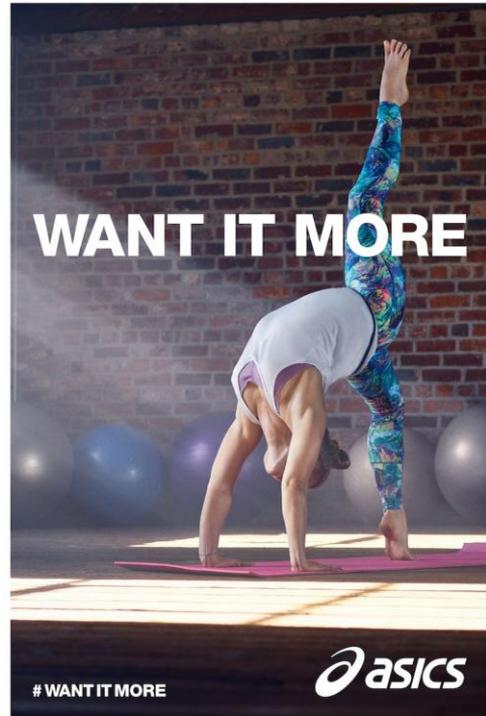
## Category Strategy

### - Training -

- To excite and motivate a wide range of consumers by ASICS unique value
- ✓ Extend our Running expertise and the power of our brand into Training
- ✓ Engage influential and attractive ambassadors enforce strategy for women and apparel
- ✓ Drive sales through DTC channels

AGP2020 Target	CAGR*1
70 Billion YEN	22%

\*1 Compound Annual Growth Rate from 2015 to 2020



- The market for training products which includes those for physical fitness is a large growth market buoyed by the female and youth demographics.
- We will establish a unique position in that market and approach a specific consumer segment, leveraging our expertise and the power of our brand in the running category.
- We will execute a strategy specifically geared to attractive apparel essential for women.
- We will build DTC sales channels to act as our base of operations.
- Last year, we opened a retail store in Paris featuring a new concept involving a broader merchandise assortment in the training category.
- Now, we will work toward developing new retail stores, drawing on what we have learned from the Paris store.
- In the training category, we are targeting sales of ¥70.0 billion by 2020.

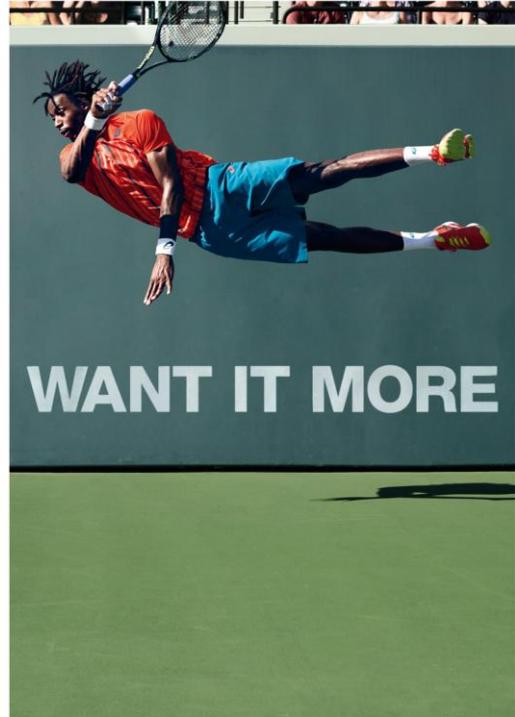
## Category Strategy

### - Core Performance Sports -

- Concentrating our business resources on categories where there is potential for us to rank at least third globally, or otherwise at least second in a region, with the aim of gaining brand awareness and expanding our sales
- ✓ Pursue design and function to boost higher performance of top athletes and teams
- ✓ Concentrate our marketing and developmental resources on categories where we can improve the brand value

AGP2020 Target	CAGR*1
100 Billion YEN	11%

\*1 Compound Annual Growth Rate from 2015 to 2020



- In the core performance sports category, we will keep up our efforts to strengthen business on a global basis with respect to tennis, rugby and volleyball, which we focused on under AGP2015.
- As such, we will center our efforts on developing high-function and premium quality product, with the aim of gaining greater recognition as "True Sport Performance brand" and expanding our sales.
- In addition, we will take steps to increase our presence in different markets, thereby concentrating our business resources on categories where there is potential for us to rank at least third globally, or otherwise at least second in a geographic region.
- In the core performance sports category, we are targeting sales of ¥100.0 billion by 2020.

## Category Strategy

### - Lifestyle -

- As a sports brand of Japan origin, establish our heritage as a core
- Be on the cutting-edge of trends to excite young people
- Raise the awareness and image of the ASICS stripe through both ASICS Tiger and Onitsuka Tiger
- ✓ Develop products with background stories of brands and in line with emerging trends
- ✓ Keep our brand fresh through collaboration
- ✓ Strengthen Digital marketing

AGP2020 Target

90 Billion YEN

CAGR\*1

15%

\*1 Compound Annual Growth Rate from 2015 to 2020



- The Onitsuka Tiger and ASICS Tiger business provides us with substantial advantages given the long history of those brands which originated in Japan.
- When the ASICS Tiger first went on sale, it was one of the most expensive running shoes, being priced at US\$100 or more, and they surprised the market by being one of the most innovative products.
- We aim to develop unique brand positioning by communicating their background stories to our consumers.
- In the lifestyle category, we need to ensure that brands maintain a fresh appeal and that we introduce products in line with emerging trends, given that our business in that category is supported by young people.
- As such, we need to quickly identify market trends, gain a sufficient understanding of young people's lifestyles, and aggressively carry out digital marketing and actively engage in collaborations with entities outside the company.
- In the lifestyle category, we are targeting sales of ¥90.0 billion by 2020.

## Category Strategy - Health/Comfort -

- Support maintenance and promotion of healthy, safe and comfortable lives
- Expand and develop the business in Japan, keeping future global market expansion in mind
- ✓ Take on challenges that involve developing new businesses drawing on our capabilities in the area of intelligent sport technology
- ✓ Expand "Walking", "Work product", "Health/Comfort Service"<sup>\*1</sup> Businesses

	AGP2020 Target
Walking	16 Billion YEN
Work product	8 Billion YEN
Health/Comfort Service <sup>*1</sup>	8 Billion YEN

<sup>\*1</sup> Service businesses such as facility operation and "Tryus"



- In the Health / Comfort category, we will pursue sales in the walking and work product business areas now being developed in Japan, and we will also strengthen business that involves offering health- and comfort-related services such as "Tryus", the nursing care services facility specializing in functional training, and facility operation in that regard.
- In addition, we will take on challenges that involve developing new businesses drawing on our capabilities in the area of intelligent sport technology.
- We are also looking ahead to changes in social settings that have begun to unfold in terms of declining birthrates and aging populations in developed countries, and intend to consider overseas opportunities involving business in that regard originating in Japan.

	CAGR* <sup>1</sup>
Japan	9%
Americas	14%
EMEA	12%
Oceania Southeast and South Asia	17%
East Asia	15%

\*<sup>1</sup> Compound Annual Growth Rate from 2015 to 2020

- By geographic region, we are targeting growth of more than 10% in the Americas and the EMEA markets which now account for around 60% of our sales.
- In the U.S., which is our largest market and the place where many aspects of today's sports culture originated, we are focusing on expanding our market share in running, training and other sizable categories.
- While we are continuing to expand our sales infrastructure in developed countries of EMEA region, we are also working to increase sales in emerging countries of the Middle East, Africa and elsewhere.
- In East Asia as well as Oceania, Southeast and South Asia, we expect to keep achieving substantial growth.
- We will enhance our marketing initiatives and expand sales channels as we develop capabilities for regional headquarters functions toward achieving growth.
- We have targeted sales growth by high single digit in Japan.
- By carrying through the structural reforms and rebuilding our business and brands with a new sense of feeling and new methods, we aim to achieve a major breakthrough with a view toward 2020.

## Improvement of profitability and efficiency

Improve DTC operation

Make our business operation more efficient by IT and Digital technologies

Select optimal production location based on flexible development and production systems

Reduce product cost through improvement of SKU efficiency

Reform business models of low profitability subsidiaries



- I will now explain measures we will take to achieve the 10% operating income ratio target set forth in the AGP2020.
- First of all, we will bring about better profitability with our DTC channels.
- Operating income ratios generated by our current own retail will be in the low single digits overall, although this will vary depending on region and brand.
- We will also boost apparel sales and work toward increasing sales per consumer and improving sales per sqm.
- We will improve operating efficiency and profitability by swiftly sharing our business successes and failures on a global basis while optimizing our operations.
- On the operational front, we have also brought in people with experience in retail marketing and other areas. By leveraging their knowledge, we expect to boost efficiency and profitability.
- Second, we will streamline operations using IT and digital technologies.
- We will make the most of our new ERP system, taking steps to accelerate and optimize our operational processes across the board.
- More specifically, we will shorten production and development lead times, while streamlining and accelerating logistics, warehousing and other operations by making effective use of IT system.
- Overall, we plan to shorten lead time for both apparel and footwear, by around 60 days.
- In addition, we will work to achieve greater precision in order management, which in part will help us more adequately manage our inventories.
- Third, we will develop flexible development and production organizations, and select optimal sites for production.
- With respect to our production sites for footwear, which are currently located in Southeast Asia, particularly in Vietnam and Indonesia, we will develop organizations enabling selection of flexible manufacturing sites in view of economic treaties and levels of manufacturing technology at the respective locations. We will also take steps to contain increases in costs of finished goods that come about due to exchange rate volatility and rising labor costs in countries where our products are manufactured.
- Fourth, by boosting stock keeping unit (SKU) efficiency, we will generate economies of scale and lower product costs.
- For instance, at the SKU level we will do away with products that fail to meet consumer needs.
- In so doing, we will increase the number of shoes manufactured per individual SKU, thereby cutting raw material costs as a result of more consolidated use of such materials while also reducing costs of finished goods through negotiations with OEM factories.
- Fifth, sales subsidiaries of low profitability will be restructured.
- We will develop an earnings framework geared to ensuring that each sales company achieves an operating income margin of 10%. To that end, we will take steps that include discontinuing low-revenue business operations and developing lean organization, as has been the case with the business in Japan, South Korea, Brazil and of Haglöfs where we have already restructured in that regard.
- We are steadily implementing these measures to achieve an operating income margin of 10%.
- The acquisition of FitnessKeeper, Inc., which we announced on February 12, is one action aimed at accelerating our efforts to achieve AGP2020.
- By taking advantage of FitnessKeeper, Inc.'s strengths, we hope enhance direct communications with consumers, expand our consumer base in new areas including women and youth, and foster branding and innovation. We believe that these efforts will propels us toward the realization of AGP2020 on a variety of fronts.
- Some 26% of RunKeeper's users are in the U.S. We aim to make effective use of this fact, as the U.S. is one of our most important markets.
- We are hoping they will take the initiative on the digital and IoT fronts. They are located in Boston, which is near New York, where it is easy to attract exceptional human resources. We aim to effectively leverage this factor.





- Finally, ASICS has been designated as a Tokyo 2020 Gold Partner, which is the highest tier of the Tokyo 2020 domestic sponsorship programme.
- Momentum toward the Tokyo 2020 games is likely build further as Rio de Janeiro 2016 Olympic and Paralympic Games come to an end.
- We hope to promote the ASICS brand worldwide through these sporting events which will attract a global audience.
- To make that happen, we will execute the strategy spelled out in AGP2020 as we push forward in enhancing our brand and corporate value, with the aim of achieving ¥1 trillion in net sales at a point soon after 2020.