

Dunlop Sports Co. Ltd.

Third Quarter of FY 2016 Financial Results Briefing Material

Nov. 7, 2016

XXIO

SRIXON

Cleveland
GOLF

PLAY Babolat

DUNLOP

DUNLOP SPORTS CO. LTD.



Summary of Consolidated Financial Results

Sales rose excluding currency effect, profit increased from reduced procurement costs and expenses

(Billion yen)	2016		(Ref.)				Forecast	
	Jan.-Sept.	y-o-y	Jan.-June	y-o-y	July-Sept.	y-o-y	(Full year)	y-o-y
Sales	55.0	-1.4 (-2%)	36.6	-1.3	18.4	-0.1	76.0	-2.1 (-3%)
Operating income (%)	3.3 (6.0%)	+3.4 (-)	2.4 (6.6%)	+2.0	0.9 (4.8%)	+1.3	3.5 (4.6%)	+2.0 (+136%)
Ordinary income (%)	1.9 (3.5%)	+1.8 (+1042%)	1.4 (3.7%)	+0.5	0.6 (3.2%)	+1.2	2.2 (2.9%)	+0.4 (+22%)
Net income (%)	1.1 (2.0%)	+1.8 (-)	0.6 (1.6%)	+0.9	0.5 (2.7%)	+0.9	1.2 (1.6%)	+4.8 -

*Amounts less than 100 million yen rounded off and amounts less than ±50 million yen shown as zero

■ y-o-y

Sales

Overseas sales increased excluding the currency effect however total sales declined due to yen appreciation.

Operating Income

Increased with reduced expenses such as advertisement costs and procurement costs due to yen appreciation.

	y-o-y
Domestic golf equipment market	+1%
Domestic tennis equipment market	-10%
U.S. golf equipment market	-8%

Sales by Product Category

Sales rose with golf clubs and new compact gyms

(Billion yen)	2016 Jan.-Sept.	y-o-y		Excluding currency effect
		Amount	%	
Golf clubs	24.5	-0.4	-2%	+1.3
Golf balls	10.8	-0.7	-6%	+0.2
Golf others	5.4	-0.6	-9%	-0.4
Golf equipment	40.7	-1.7	-4%	+1.1
Tennis equipment	4.8	-0.2	-4%	-0.2
Licensing revenue	0.4	+0.0	+8%	+0.0
Sports equipment	45.9	-1.9	-4%	+1.0
Services	2.9	+0.2	+9%	+0.2
Wellness	6.2	+0.3	+4%	+0.3
Total	55.0	-1.4	-2%	+1.6

	Japan	Overseas (ex. currency)
Golf clubs	+0.7	+0.6
Golf balls	-0.2	+0.4
Golf others	-0.5	+0.1
Total	+0.0	+1.1

■ Golf clubs

Domestic sales of XXIO9 and the NEW Srixon Z series were solid.

In the overseas market, new products of XXIO and CG wedges enjoyed strong sales in Europe, North America and South Korea.

■ Golf balls

In the overseas markets, sales were strong in Europe, North America and South East Asia .

■ Wellness

Sales increased with the opening of new compact gyms.

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Sales by Region

Sales rose in all regions excluding currency effect

(Billion yen)	2016 Jan.-Sept.	y-o-y change	Excluding currency effect
Japan	36.2	+0.3	+0.3
North America	5.5	-0.4	+0.2
Europe	3.8	-0.5	+0.3
Asia	8.1	-0.6	+0.6
Australia South Africa	1.4	-0.2	+0.0
Overseas sales	18.8	-1.7	+1.2
Ratio of overseas sales (equipment business only)	34.2% (40.9%)	-2.2P (-2.0P)	+1.1P (+1.6P)
Consolidated sales	55.0	-1.4	+1.6

■ Japan

Golf enjoyed solid sales of XXIO9 and the NEW Srixon Z series.

Tennis sales declined as racket sales fell from the previous year.

Wellness sales increased with the opening of new compact gyms.

■ North America/Europe

Sales rose with golf clubs, golf balls selling well.

■ Asia

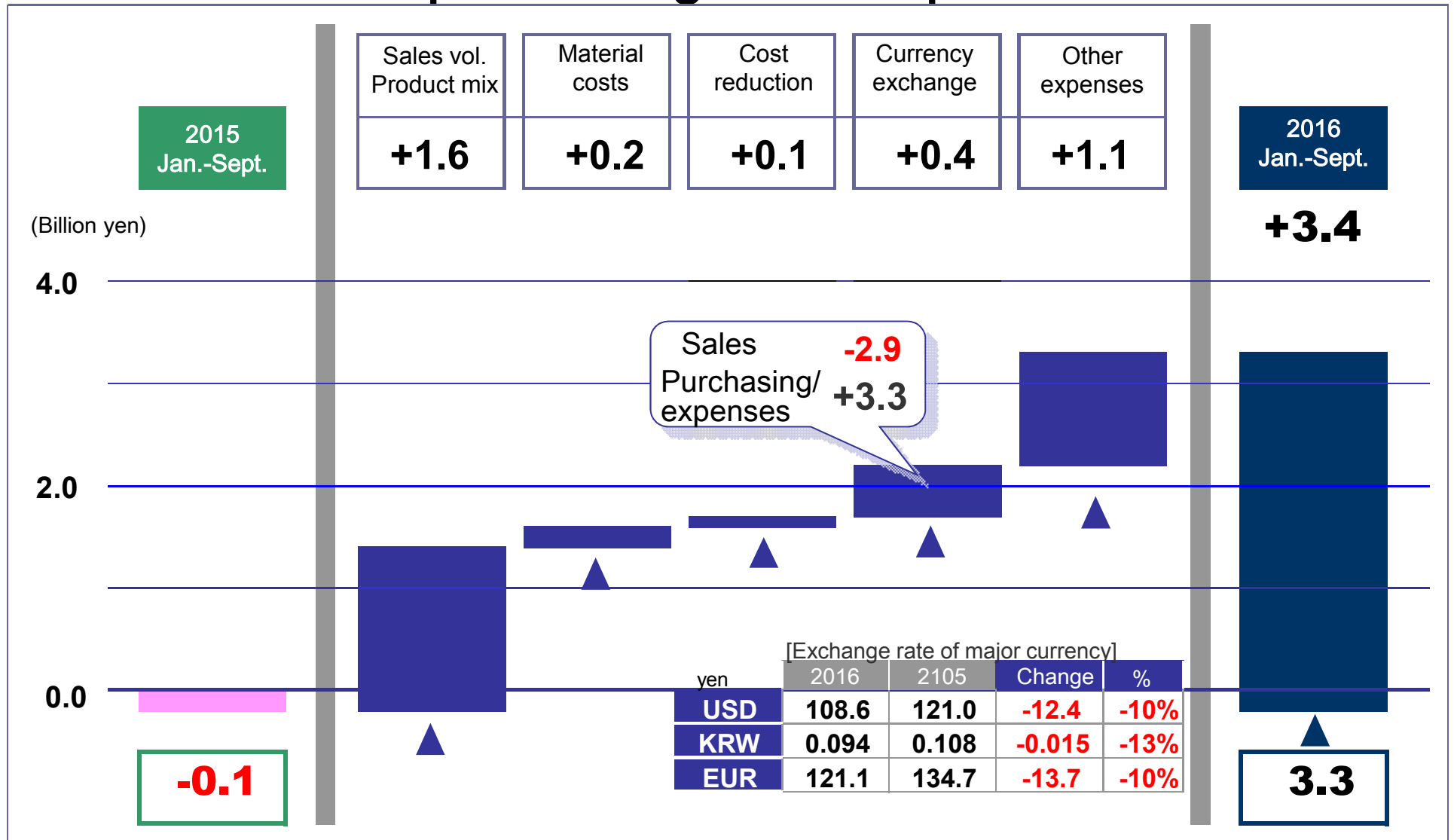
Although XXIO9 sold well in South Korea, the Chinese market remained sluggish.

yen	[Exchange rate of major currency]			
	2016	2015	Change	%
USD	108.6	121.0	-12.4	-10%
KRW	0.094	0.108	-0.015	-13%
EUR	121.1	134.7	-13.7	-10%

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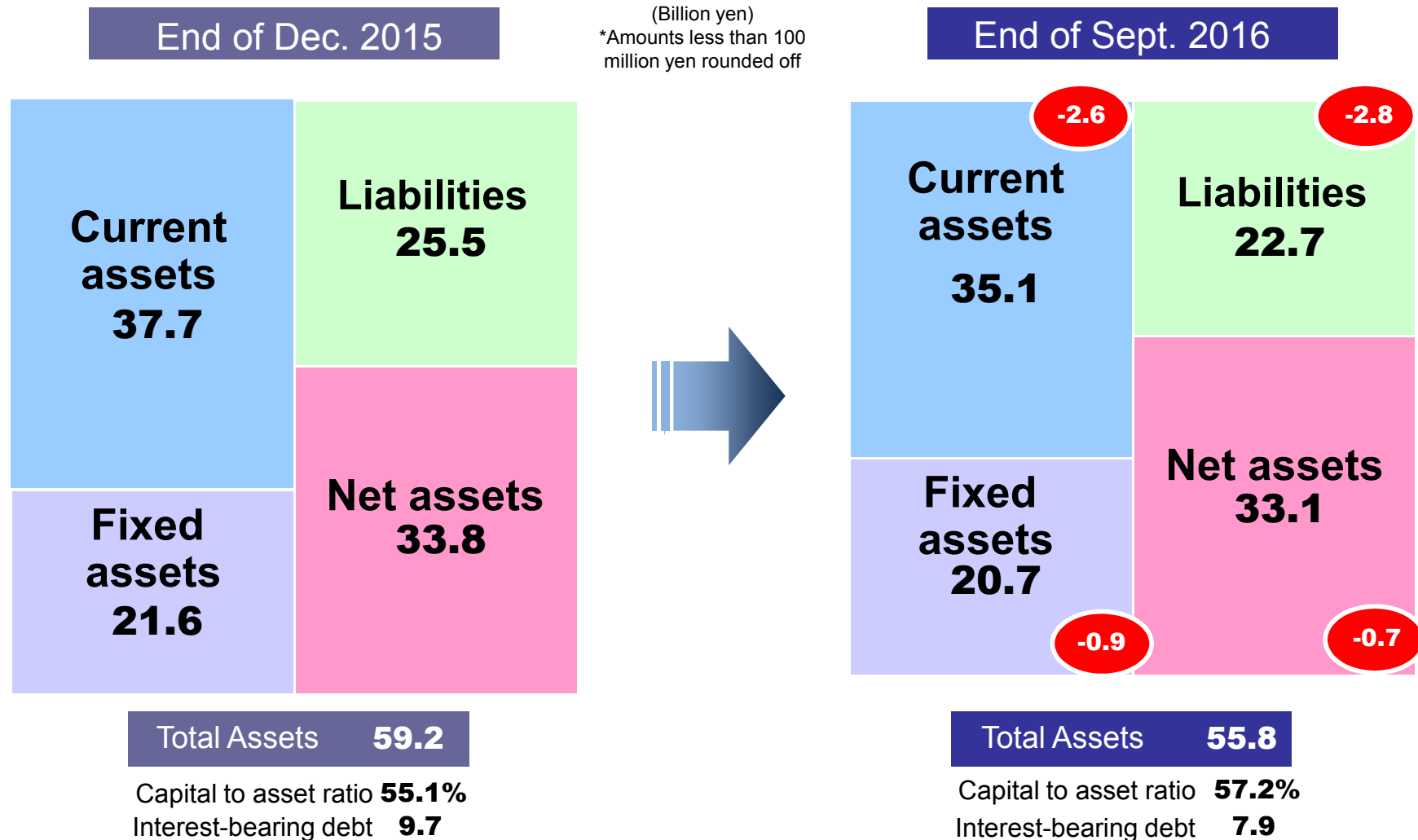
Operating Income Analysis

Sales increased with golf clubs,
Profit rose as purchasing costs/expenses declined



Status of Balance Sheet

Interest-bearing debt decreased 1.8 billion yen,
equity ratio rose 2.1P



Full-year Consolidated Earnings Forecast

Although sales are to decline, operating income expected to increase significantly

(Billion yen)	2016		2015	(Reference)	
	Jan.-Dec. forecast	y-o-y		Jan.-Dec.	Previous forecast
Sales	74.0	-4.1 (-5%)	78.1	76.0	-2.0
Operating income (%)	3.5 (4.7%)	+2.0 (+136%)	1.5 (1.9%)	3.5 (4.6%)	-
Ordinary income (%)	2.2 (3.0%)	+0.4 (+22%)	1.8 (2.3%)	2.2 (2.9%)	-
Net income (%)	1.2 (1.6%)	+4.8 -	-3.6 (-4.6%)	1.2 (1.6%)	-

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Year to Dec. 2016	Dividend per share		Total dividend
	Interim	Year end (forecast)	
	10 yen	10 yen	580 million yen

Details of revision from previously announced forecast (Aug.2)

Sales: Revised lower reflecting current market conditions and currency effects

Operating Income: Unchanged from initial forecast as lower sales expected to be offset by reduced purchasing costs and expenses

This document was prepared for the benefit of investors to contribute to their understanding of the current situation of Dunlop Sports Co. Ltd.

The contents described in this document are prepared based on generally acknowledged economic/social conditions and certain assumptions determined reasonable by the company at the time of preparation of the material and are subject to change without advance notice due to factors including changes in the management environment.

We kindly ask investors to make investments at their own discretion.

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