



Watts Co., Ltd.

(2735; Tokyo Stock Exchange First Section)

Operating Results for the Six Months of the Fiscal Year Ending August 31, 2015

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Highlights of the Six Months of the Fiscal Year Ending August 31, 2015



(Millions of yen)

	Six months ended February 28, 2014		Six months ended February 28, 2015(Current period)			
		Ratio to sales		Ratio to sales	YoY	Ratio to forecast
Sales	21,545	—	22,011	—	102.2%	98.3%
Gross profit	8,186	38.0%	8,360	38.0%	102.1%	—
Selling, general and administrative expenses	7,280	33.8%	7,561	34.4%	103.9%	—
Operating Profit	906	4.2%	799	3.6%	88.2%	90.9%
Recurring Profit	905	4.8%	800	3.6%	88.4%	91.0%
Net income	480	2.2%	493	2.2%	102.5%	98.6%
Net income per share (Yen)	35.50		36.40		102.5%	98.6%

- ✔ Sales increased by 2.2% YoY due mainly to new store openings of 100-yen shops and renovation of existing shops. Sales of overseas business and Buona Vita also contributed to sales growth.
- ✔ In the 100-yen shop business, the sales of existing shops decreased by 1.6% and the sales of total shops increased slightly by 1.3% YoY, due to effect by the slow pace of the recovery of consumer spending in Japan.
- ✔ There was a big drop in profit YoY due mainly to the weaker yen and the increases in shop opening cost. However, the profit still 90% of the first half forecast.



Topics for Operating Results for the Six Months of the Fiscal Year Ending August 31, 2015 (1)



Further expansion of domestic operations

- ✔ “Watts” shops : 100-yen shop “meets” Harborland shop in Kobe was renovated and reopened as the first 100-yen shop on the “Watts” brand.
Please refer to page 31.
- ✔ Watts-Ohtthree Chu-Shikoku Co., Ltd. :
: Implementation of an absorption-type company split whereby the Chugoku-Shikoku area business of the Watts-Ohtthree Co., Ltd is to be split off with the Daisen Co., Ltd., and continuing as the merging company. Then, Daisen Co., Ltd., merging company changed its corporate name to “Watts-Ohtthree Chu-Shikoku Co., Ltd.” in September 2014.
- ✔ Opening and closing of 100-yen shops : Accelerated the pace of new store openings from the beginning of this fiscal year. Watts opened 66 shops and closed 32 shops, net increasing of 34 shop with the initial plan of opening 45 shops, closing 36 shops and net increasing of 9 shops.
- ✔ Buona Vita : Sales significantly increased by 42.4% YoY due to full contribution from shops opened in the previous fiscal year. In the first half, Watts opened 2 shops and closed 2 shops (1 franchise shop included). Focused on the improvement of the existing stores. Watts plans to open more shops mainly at shopping malls, station buildings and apparel shop buildings near stations. Watts will focus to develop its original products to strengthen its products lineup.
- ✔ threege : Opened the first “threege” shop in November 2014 in Narimasu, Itabashi-ku, Tokyo. The store sells kitchen ware, lunch goods, home decoration items, socks, accessories, and other stylish and colorful items. All are priced at 100 yen, 300 yen or 500 yen.



Topics for Operating Results for the Six Months of the Fiscal Year Ending August 31, 2015 (2)



Further progress in overseas expansion

- ✓ **Total** : Sales almost doubled YoY, and increased its share in the consolidated sales from 1.1% to 1.9%
- ✓ **Thailand** : Sales are growing due to the full contributions from new stores. Control of Thai operations was switched to joint venture partner Central Group in April 2015 to accelerate the pace of new store openings. In the first half, the number of shops was unchanged at 15 as opened 1 and closed 1. Plan to open more 11 shops by December 2015.
- ✓ **Malaysia** : Opened 1 directly managed shop, raising the number of shops to 4. Plan to open 6 shops in this fiscal year as work continues on building business format.
- ✓ **China** : Closed 1 directly managed shop in Shanghai, leaving only one. Plan to establish a business model centered on limited period sales events in second-tier cities, stores at shopping centers of large Japanese retailing companies, and shops operated through agent contract in China. Opened one shop operated by a sales agent on January 21, 2015 in Suzhou.
- ✓ **Vietnam** : First shop near Ho Chi Minh City is performing well. In January 2015, plan to start opening franchised shops operated by the Vietnam subsidiary of the Central Group of Thailand. Plan to open 4 of these shops by December 2015.
- ✓ **Peru** : No shops were opened during the first half, but opened the first KOMONOYA in Lima on March 21 and plan to open the second shop in May.



Sales According to Business Type



(Millions of yen)

		Six months ended February 28, 2014		Six months ended February 28, 2015 (Current period)		
			Ratio to sales		Ratio to sales	YoY
Domestic 100-Yen shops	Directly managed	18,227	84.6%	18,569	84.4%	101.9%
	Wholesale, Other	2,026	9.4%	1,939	8.8%	95.7%
	Subtotal	20,254	94.0%	20,509	93.2%	101.3%
Overseas Business	Directly managed	38	0.2%	149	0.7%	383.9%
	Wholesale	187	0.9%	270	1.2%	144.3%
	Subtotal	226	1.1%	419	1.9%	185.5%
New businesses	Buona Vita	1,064	4.9%	1,082	4.9%	101.7%
	Value 100					
	AMANO					
	Other					
Total		21,545	100.0%	22,011	100.0%	102.2%

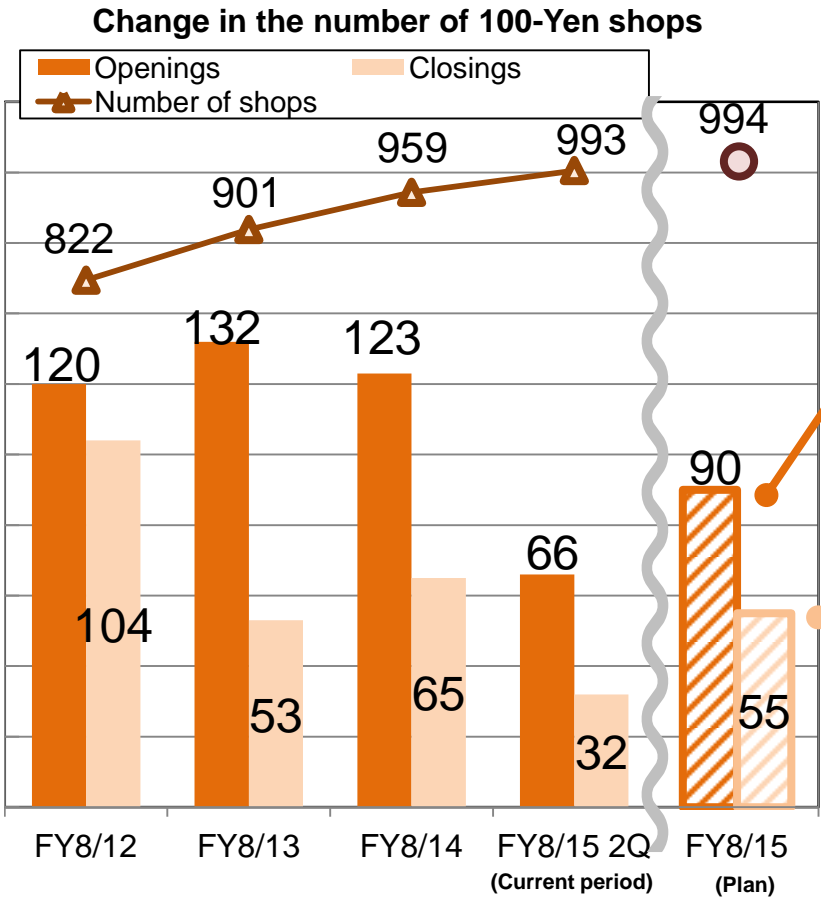
- ✔ Directly managed domestic 100-Yen shops remained primary source of Group sales.
- ✔ Ratio to sales of domestic 100-Yen shops decreased by 0.8% because sales of existing shops fell below the previous year and sales of overseas business and Buona Vita increased.



Opening/Closing Trend of 100-Yen Shops



Total number of 100-Yen shops was 993 as of Feb. 28, 2015
(Directly managed 943 FC50)



Opening/closing plan vs. results

Annual Opening plan 90 shops → Opened 66 shops

Annual Closing plan 55 shops → Closed 32 shops (of which 1 franchise shops)

- ✓ Plan for the 1st half Shop opening → 45 shops, Closed → 36
- ✓ The number of opening shops exceeded by 21 shops from the plan, and closing shops were 4 shops less than the plan, the net increasing number of shops exceeded by 25 shops from the plan and resulted in 34 shops.

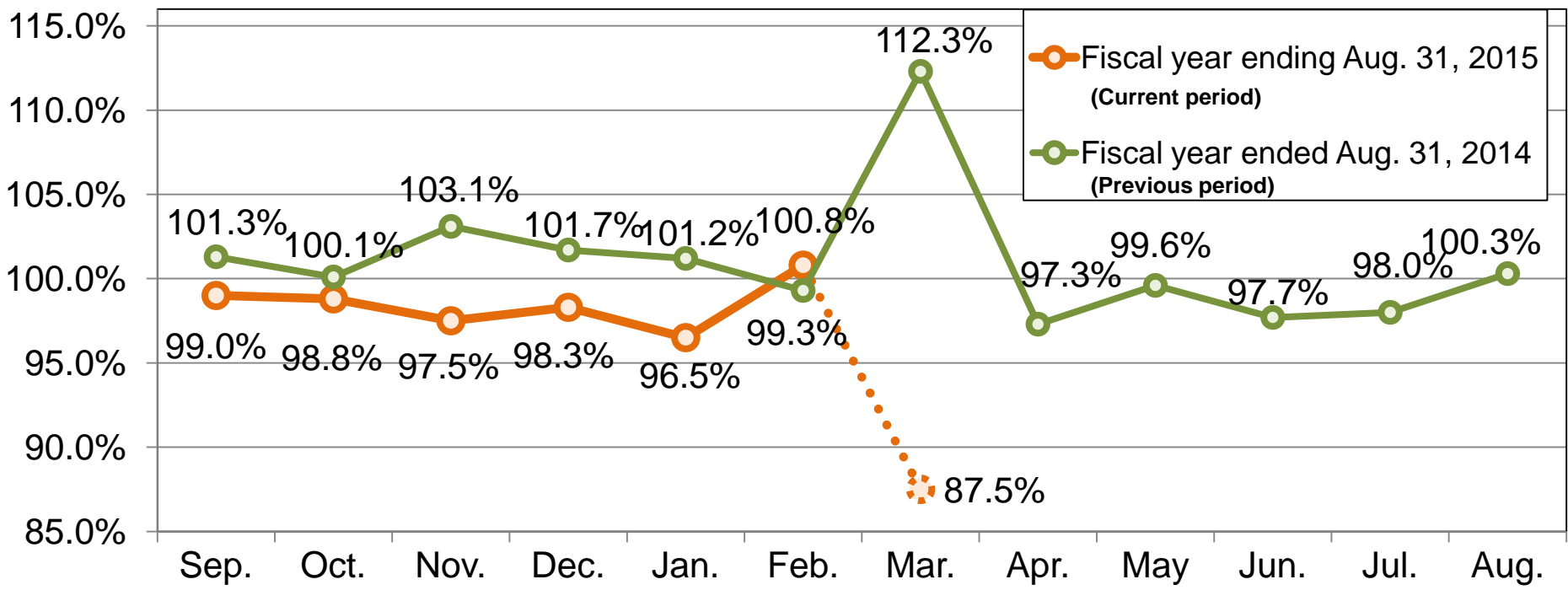
*Opened 9 shops and closed 3 shops in March 2015



100-Yen Shops – Sales Growth Ratio of Existing Directly Managed Shops



Sales growth ratio of existing directly managed shops 98.4% ← (101.2% % in the year-ago period)



	First half	Second half	Full year
FY8/14(Previous period)	101.2%	100.7%	100.9%
FY8/15(Current period)	98.4%	—	—

✓ 100.8% due to reactionary rise backed by heavy snow in February of the previous fiscal year. For other months, did not reach 100% due mainly to extremely abnormal weather and slow pace of the recovery of consumer spending

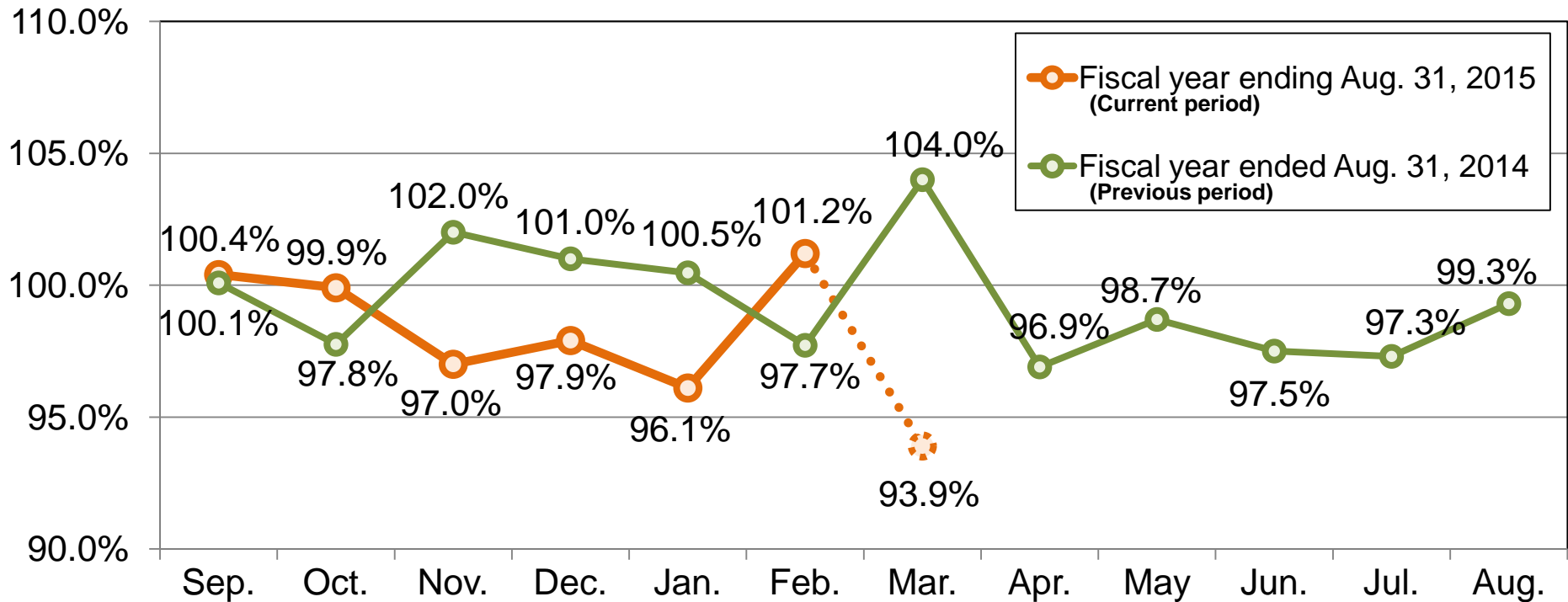
*Remained to be 87.5% in March 2015 due mainly to effect from the pre-consumption tax increase in March of the previous year.
(Reference) 98.9% from two years earlier



100-Yen Shops – Growth Ratio of Number of Customers at Existing Directly Managed Shops



Growth ratio of number of customers at existing directly managed shops 98.7%
 ← (99.9% in the year-ago period)



	First half	Second half	Full year
FY8/14(Previous period)	99.9%	98.9%	99.4%
FY8/15(Current period)	98.7%	—	—

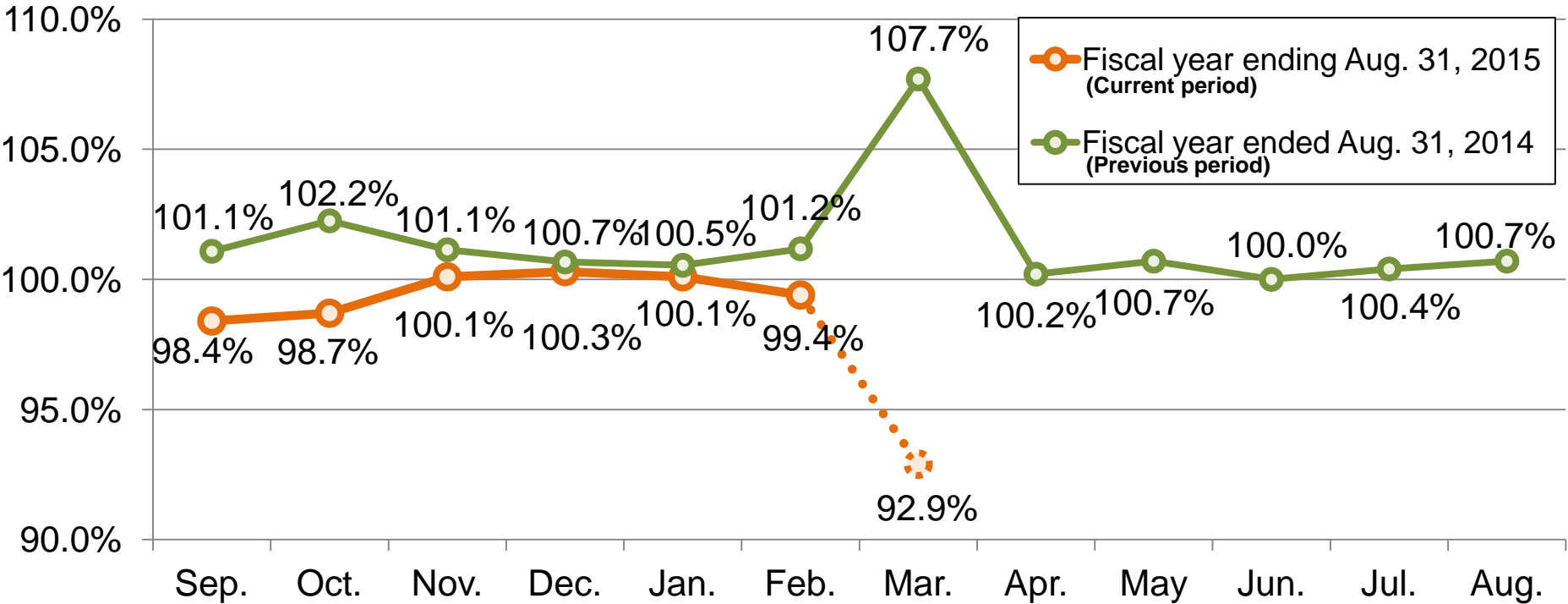
※ 93.9% in March 2015
 (Reference) 98.3% from two years earlier



100-Yen Shops – Growth Ratio of Spending Per Customer at Existing Directly Managed Shops



Growth ratio of spending per customer at existing directly managed shops 99.5%
 ← (101.1% in the year-ago period)



	First half	Second half	Full year
	YoY	YoY	YoY
FY8/14(Previous period)	101.1%	101.6%	101.4%
FY8/15(Current period)	99.5%	—	—

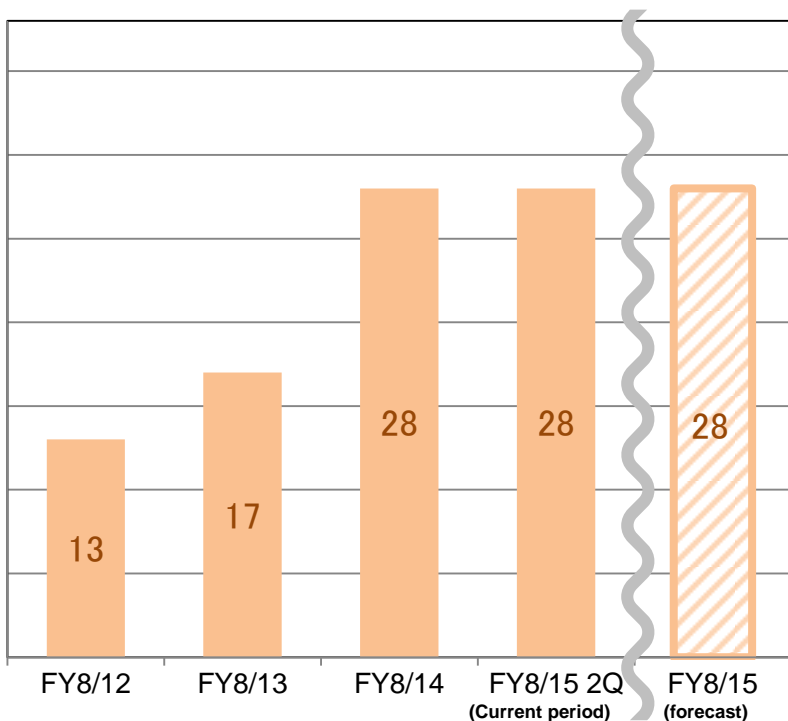
✓ Spending per customer is 359yen
 *92.9% in March 2015
 (Reference) 100.5% from two years earlier





Number of shops Trend of Other Shops

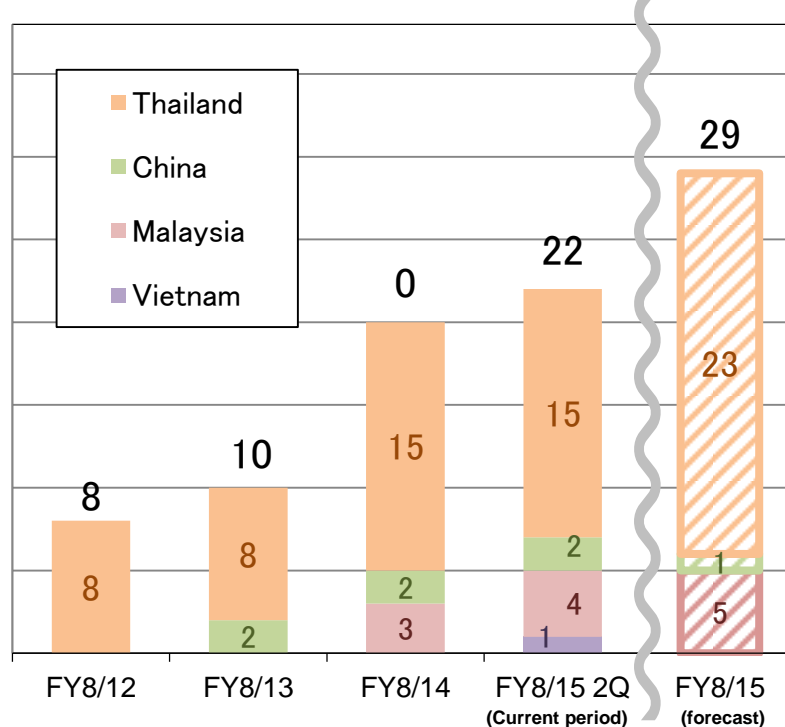
Change in the number of BuonaVita shops



Buona Vita : Opened 2 shop, Closed 2 shops
Total :28 shops

✓ Both **threege** and **Value100** 1 shop each

Change in the number of overseas shops



Thailand: Opened 1 shop, Closed 1 shop Total: 15 shops

Malaysia: Opened 1 shop, Total: 4 shops

China: Closed 1 directly managed shop
Opened 1 shop operated by sales agent
Total: 2 shops

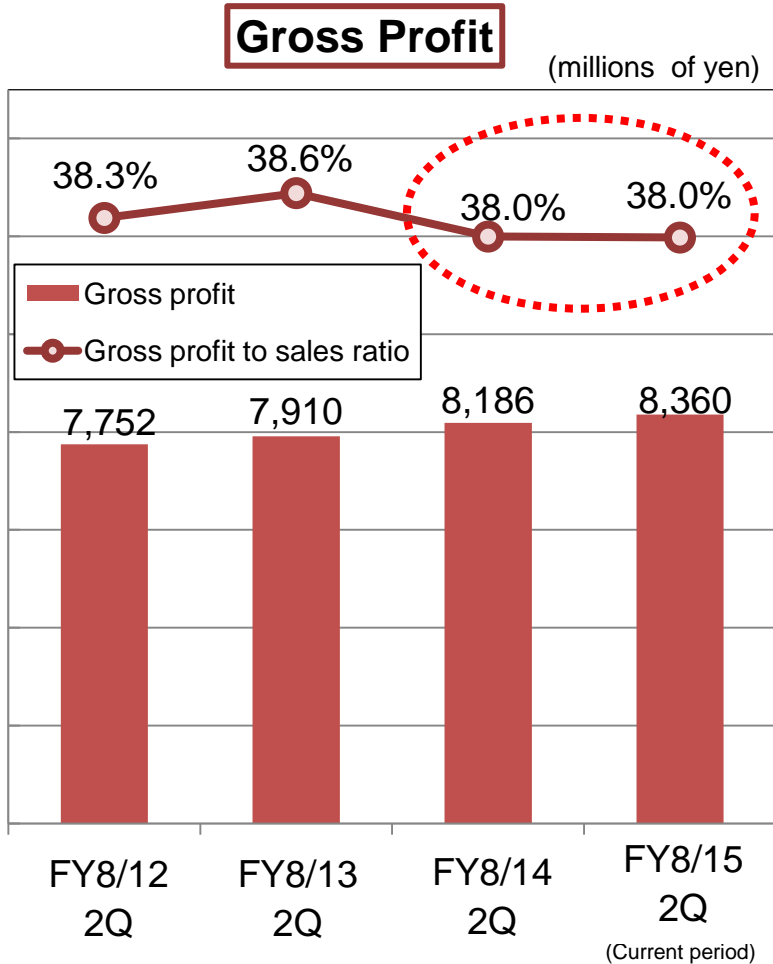
Vietnam: Opened 1 shop, Total: 1 shop



Gross Profit



Gross profit to sales ratio was almost the same as the previous fiscal year



Although cost rate is increasing due to the short-term and rapid depreciation of yen and effect of cost increase in overseas, gross profit to sales ratio remained almost the same as the previous fiscal year.



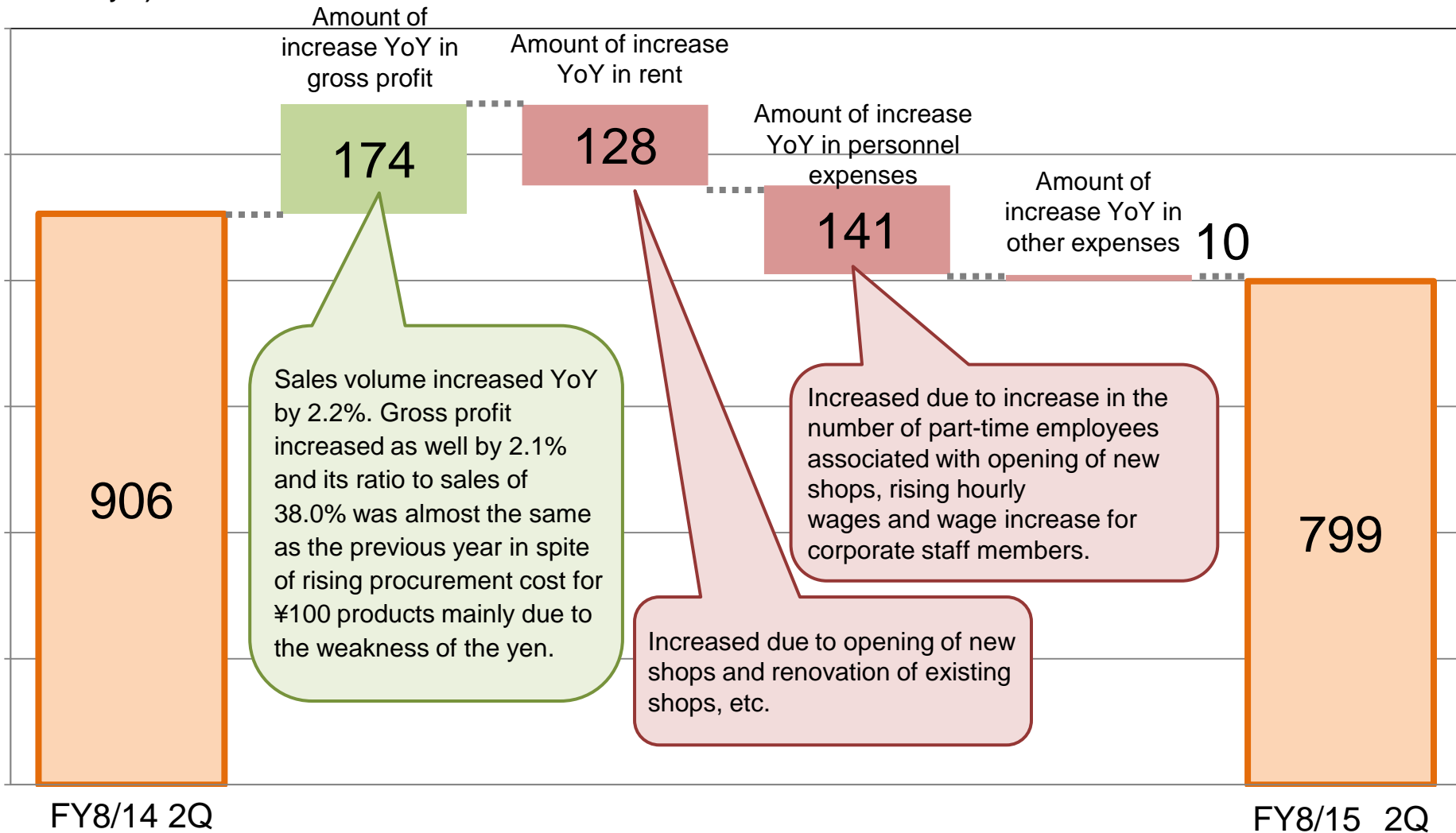
✔ Currency exchange will have no direct impact on the Company's procurement due to domestic yen-denominated transactions. However, as the suppliers import many products from China and other countries, currency exchange has an indirect impact. The company has been striving to review its products and make efforts to reduce the impact as much as possible in cooperation with suppliers and will also continue to increase the ratio of general merchandise to sales to recovering of gross profit to sales ratio. (Because the cost of general merchandise is lower than food, the company will increase the ratio of general merchandise sales to improve the overall profit margin)





Operating Profit

(Millions of yen)



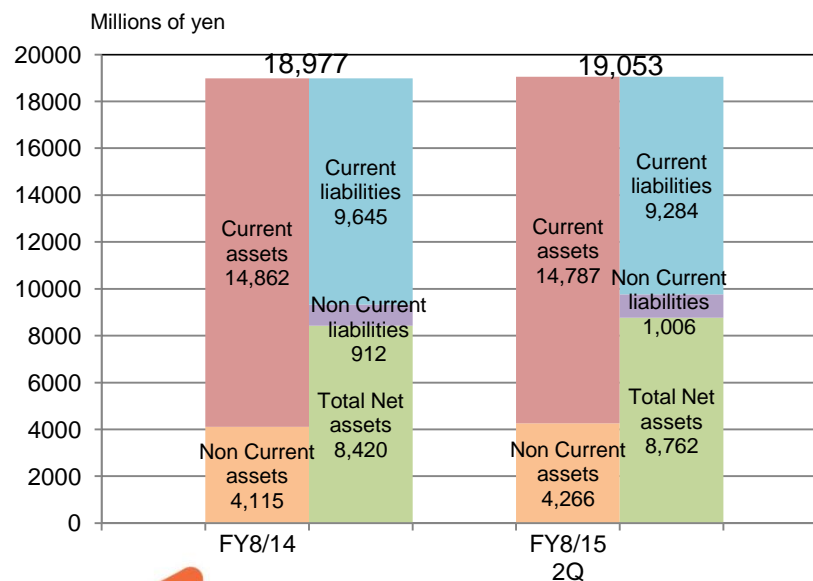
Balance Sheet



(Millions of yen)

	FY8/14	FY8/15 First half (Current)	YoY	
			Amount	%
Total assets	18,977	19,053	76	Up0.4%
Current assets	14,862	14,787	△75	Down0.5%
Cash and deposits	6,714	6,609	△105	Down1.6%
Notes and accounts receivable-trade	2,318	1,989	△329	Down14.2%
Merchandise and finished goods	5,225	5,633	407	Up7.8%
Other current assets	603	555	△48	Down8.0%
Noncurrent assets	4,115	4,266	151	Up3.7%
Land	257	257	—	—
Buildings and structures	347	374	26	Up7.6%
Tools, furniture and fixtures	513	523	10	Up2.0%
Guarantee deposits	2,536	2,562	26	Up1.0%
Other noncurrent assets	459	548	88	Up19.3%
Total liabilities	10,557	10,290	△266	Down2.5%
Current liabilities	9,645	9,284	△360	Up3.7%
Notes and accounts payable-trade	7,170	7,165	△4	Down0.1%
Current portion of long-term loans payable	679	627	△52	Down7.7%
Income taxes payable	294	320	26	Up8.9%
Accrued consumption taxes	154	111	△43	Down28.0%
Other current liabilities	1,346	1,060	△286	Down21.2%
Noncurrent liabilities	912	1,006	93	Up10.3%
Long-term loans payable	403	496	92	Up23.0%
Other noncurrent liabilities	508	509	1	Up0.2%
Net assets	8,420	8,762	342	Up4.1%
Shareholders' equity	8,374	8,637	262	Up3.1%
Equity	440	440	—	—
Retained equity	1,583	1,583	—	—
Retained earnings	6,434	6,697	262	Up4.1%
Treasury stock	-84	-84	0	—
Accumulated other comprehensive income	45	125	79	Up175.2%

- ✓ The ¥151 million increase in fixed assets was mainly due to factors relating to new store openings and to the renovation of existing stores etc., including increase of ¥26million in buildings and structures, and ¥26 million in lease rental deposit guarantees
- ✓ The ¥360 million decrease in current liabilities was mainly due to the following factors: a ¥26 million increase in Income taxes payable, a ¥52 million reduction in long-term borrowings, and a ¥43 million reduction in accrued consumption taxes, etc.
- ✓ Retained earnings is increasing steadily and shareholders' equity ratio resulted in 46.0%
- ✓ The final day for the current interim period and the previous fiscal year(August 31) were holidays for financial institutions that most of the payments were extended to the first bank business day of the following month and this was the main reason for the cash and deposits, notes and accounts receivable, and notes and accounts payable accounting items being larger than usual.



Cash Flows

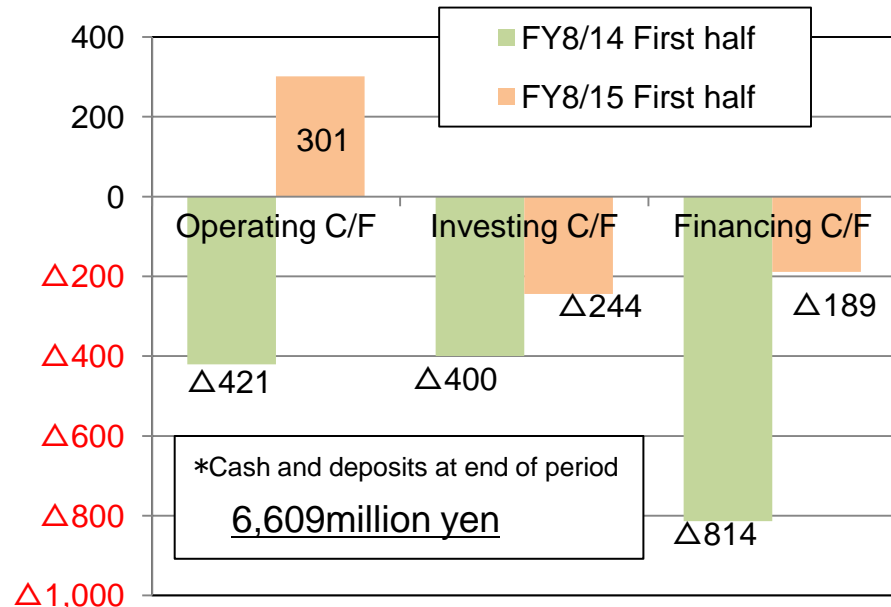


(Millions of yen)

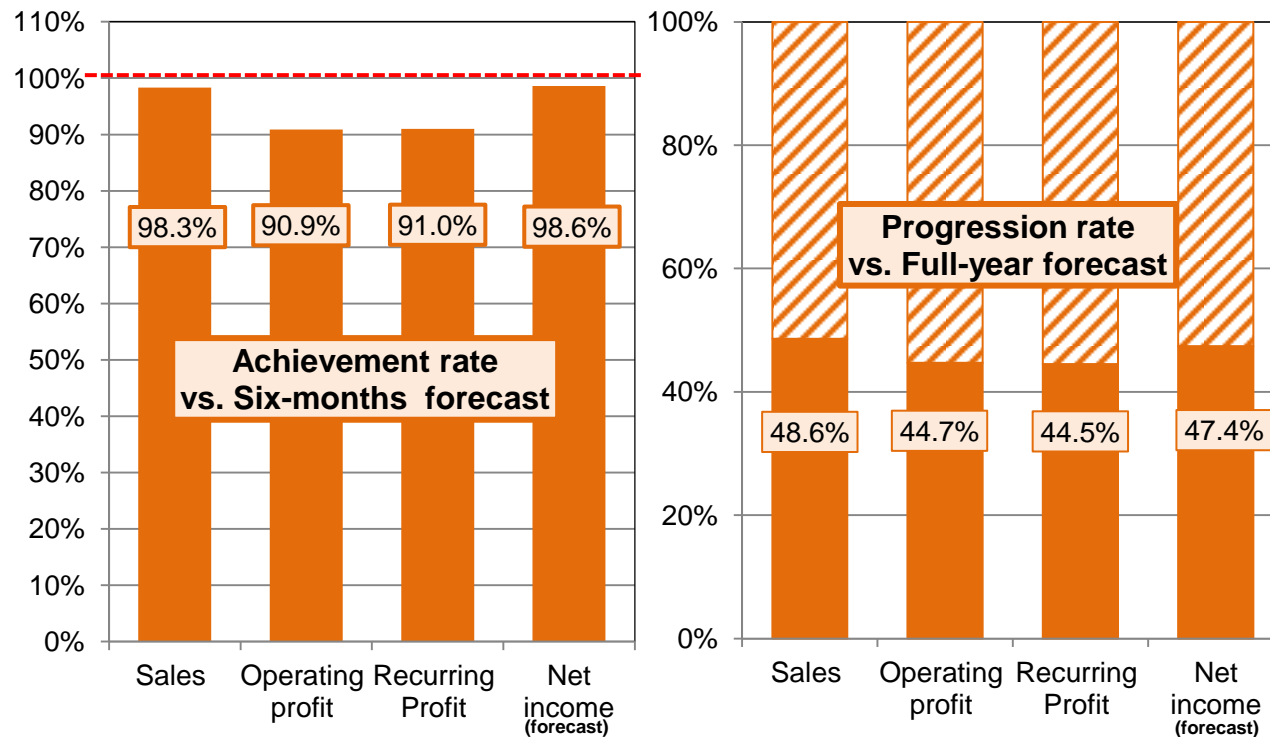
	FY8/14 First half	FY8/15 First half	YoY	
			Amount	%
Net cash provided by (used in) operating activities	△421	301	722	Up171.6%
Income before income taxes and minority interests	902	768	△133	Down14.8%
Depreciation and amortization	115	127	12	Up10.4%
Decrease (increase) in accounts receivable- trade	495	331	△163	Down33.1%
Decrease (increase) in inventories	△253	△393	△139	Up55.1%
Increase (decrease) in accounts payable-trade	△1,109	17	1,127	Down101.6%
Income taxes paid	△178	△290	△112	Down62.9%
Other cash flows from operating activities	△392	△260	1,362	Down33.7%
Net cash provided by (used in) investing activities	△400	△244	155	Down38.9%
Purchase of property, plant and equipment	△275	△207	68	Down24.8%
Payments for lease and guarantee deposits	△119	△89	29	Down24.8%
Proceeds from collection of lease and guarantee deposits	51	66	15	Down29.2%
Other cash flows from investing activities	△57	△14	42	Down74.6%
Net cash provided by (used in) financing activities	△814	△189	625	Down76.8%
Net increase(decrease) of short-term loans	—	500	500	—
Repayment of long-term loans payable	△545	△459	85	Down15.7%
Cash dividends paid	△229	△229	0	Up0.2%
Other financing activities	△40	—	40	—
Cash and cash equivalents at end of period	13	27	13	Up98.9%

- ✓ Operating cash flows were negative one year earlier because the first half ended on a banking holiday, which pushed back payments to the next business day.
- ✓ The end of the first half of this fiscal year was again a banking holiday. However, there was no effect on cash flows compared with year earlier when the first half also ended on a banking holiday. But some items were higher than usual based on the balance.

(Millions of yen)



Progress of business performance as of the Six Months Ended February 28, 2015



☑ Each item was slightly below the plan.

Although sales increased by 2.2% from the previous year due to contribution of new store openings, renovation of existing 100-Yen shops, overseas business, Buona Vita, it remained 98.3% of the first half forecast.

However, sales of 100-Yen shop business remained 98.4% YoY due to the slow pace of the recovery of consumer spending in Japan.

(Millions of yen)

	Sales	Operating profit	Recurring Profit	Net income
Result for the six months ended February 28, 2015	22,011	799	800	493
Forecast for the six months ended February 28, 2015	22,400	880	880	500
Forecast for the fiscal year ending August 31, 2015	45,300	1,790	1,800	1,040
Achievement rate vs. Six-months forecast	98.3%	90.9%	91.0%	98.6%
Progression rate vs. Full-year forecast	48.6%	44.7%	44.5%	47.4%

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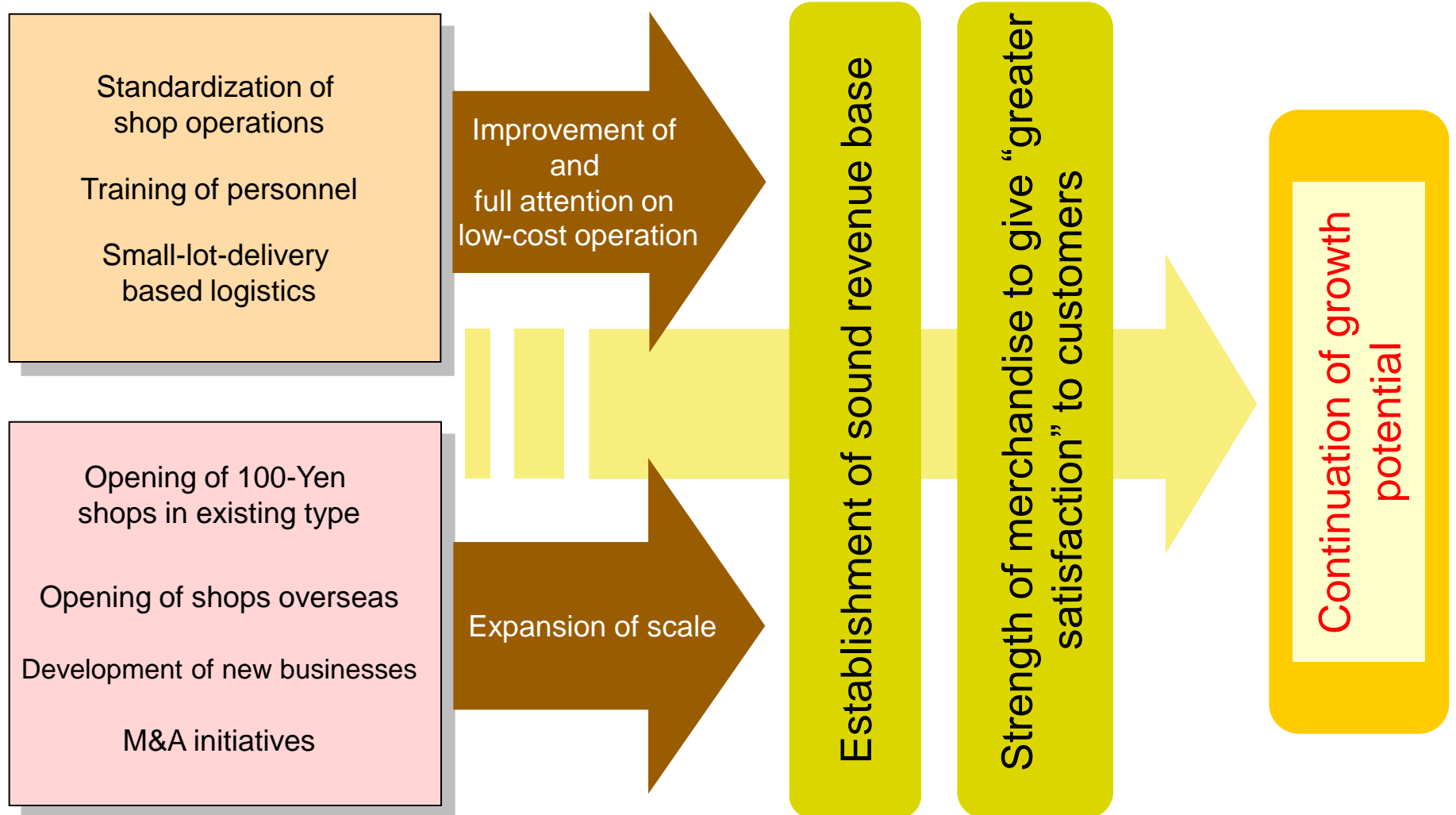
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Basic Policy (1) Continuation of Growth Potential



Basic Policy - (2) Declaration -



In the area of practical-use household items, the Company shall become the “**No.1 Company for Practical-use Household Items,**” offering a group of products that have by far the best value-for-money in terms of volume and quality.

The Company aspires to be a retail company that earns the appraisal from customers that:

“**Watts, meets. and Silk are the best to buy practical-use household items!**”



Earn **No.1 satisfaction rating for practical-use household items** in the 100-yen fixed price range!



Continue to provide “**products worth more than 100 yen**” for 100 yen!



Medium-Term Management Plan Management Environmental Recognition (As at the time when the current plan was made)



Japan

- Economy entered the recovery phase after bottoming out in November 2012. Especially, the situation of demand and supply for employment was remarkably improved.
- Import cost is expected to remain at a high level due to expectation of continuing yen depreciation.
- However, there was a rush demand before consumption tax increase in April, 2014, due to negative drop since April and effect from abnormal weather in summer, situation in recent consumption remains unstable.
- Although there has been some positive contribution from rising incomes as a result of wage increases, this has been limited in extent by comparison to the rate of increase in consumer prices.
- If the consumption tax is increased again in October 2015, further correction phase will be expected.
- On the other hand, the supportive effect on the economy is expected because demand for the Great East Japan Earthquake reconstruction is likely to continue, hefty supplementary budget is expected to be incorporated and additional economic measure will be implemented in next year.

It will take a while to improve the employment situation and household income
Growing needs for 100-Yen shops

Overseas

- Overseas economy is making a mild recovery.
- Asian economy is expected to maintain relatively strong growth even the growth rate in China goes down. However, in ASEAN countries, it is likely to show difference by country due to a slowdown in growth, accelerating inflation and currency depreciation but consumer base with purchasing power definitely exist.
- However, there is a concerns that geopolitical risks have been revealed in Former Eastern Europe, Middle East and Asia.

Overseas market development and expansion are
necessary for further growth

Medium-Term Management Plan

Management Strategy



Basic strategy



- | | |
|-----------------------|---|
| Shop-opening strategy | Low-cost opening and closing of shops according to area characteristic |
| Operational strategy | Low-cost operation by maintaining the quality of customer service |
| Product strategy | Product line-up centering on best value-for-money daily-use household items |

Growth strategy for Japan

- Continuation of opening of many “In-Shop” style small shops
- Restructuring of the Watts brand ~ revision for both the facilities and operations
- Review of location of shops to suit the store openings environment and expansion of store openings areas
- Further enhancement of the competitiveness of PB products “WATTS SELECT”
- Development of new businesses to supplement the 100-Yen shop business and pursuit of profitability – opportunities for M&As included

Growth strategy for overseas

- Acceleration of the pace of opening of shops in Thailand, Vietnam and Malaysia
- Restructuring of the business model in China
- Developing the market in South and Central America originating from Peru
- Reduction of sourcing cost by using a warehouse in China
- Selection of new locations based on a thorough market research

Basic Strategy

Strong Points of The Company's 100-Yen Shops



1

Low-cost opening and closing of shops

- Small investment in opening new shops
- Small loss in closing shops makes quick closing possible

2

Low-cost operation

- Low operation costs keep the break-even point low to make profit even with low net sales

3

Best value-for-money practical-use household items

- Invest profit obtained from low-cost operation in product development



Shop-Opening Strategy

Low-Cost Opening and Closing of Shops



○ Development of many medium and small shops

- ✓ Development of shops with average size of 230m² (average size of other companies: 330 to 1,000m²).
- ✓ For properties which have less competition with other companies, the Company can open shops with favorable conditions.

○ Aggressive closing of unprofitable shops

- ✓ Holding minimum assets in shops and having conditions conducive to closing shops in leasing contracts enable quick shop closing.



While maintaining sales growth of the existing shops at 100% over the previous year, sales volume of new shops are added on every year.



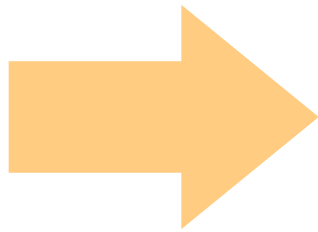
Operational Strategy

Low-Cost Operation



○ Eliminate unreasonable, useless and irregular matters

○ Simplify and standardize ⇒ Put in manual



✓ Part-time worker runs daily operation

✓ Supervisor(corporate staff) manages multiple shops

✓ Shop operations focus on good customer service rather than duties



Strengthening the Company's structure to produce profit even with small shops, get operational capability that can handle chain of many shops.



Profit obtained from low-cost opening and closing of shops and low-cost operation is invested into the development of best value-for-money products.



Product Strategy

Best Value-for-Money Practical-Use Household Items



The Company's "WATTS SELECT" products are a merchandise line-up that lives up to our high standards of quality (products that are safe and trusted).

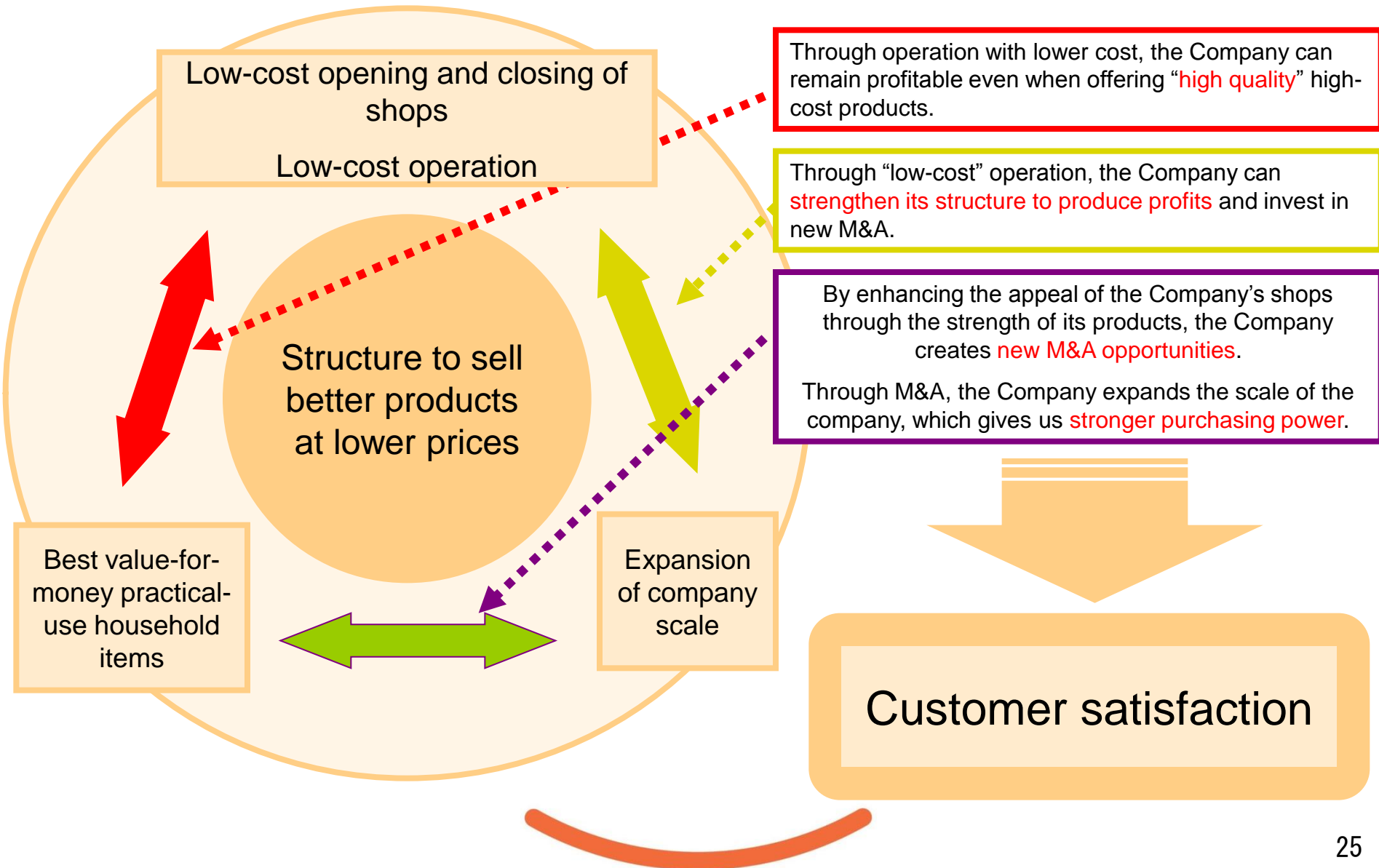
The Company has been developing the "WATTS SELECT" product focusing on such practical-use household items as kitchenware, cleaning and sanitary goods, and leisure goods and there are 171 items in our range as of February 2015.



The Company will continue development and offer more of best value-for-money products.



Structure to Sell Better Products at Lower Prices



Other domestic business



Natural taste lifestyle products shop proposing Buona Vita (comfortable life)
Operates 28 shops
※ as of February 2015



Collaboration shop between Daikokuten Bussan Company and Watts consisting of 100-Yen shop and grocery



Providing lifestyle products for three prices of 100 yen, 300 yen, 500yen
Opened the first shop in Narimasu, Itabashi-ku, Tokyo in November 2014



Import and wholesale of European taste lifestyle goods



Overseas Strategy



KOMONOYA



Aiming for growth by using a flexible strategy for new store openings that use the best format, whether direct operation, joint ventures, franchising or other methods, for each country and region

◇ Number of shops (as of February 2015)

Thailand (J/V, Directly managed)	15 shops
Malaysia (Full ownership, Directly managed)	4 shops
Vietnam (J/V, FC)	1 shop
Peru (Full ownership, Directly managed)	1 shop

(March 2015 Open)

小物家园 “KOMONOKAEN”



Fixed-price shop in China.

Seeking the best business model whether direct operation, operation by sales agent, or operation in limited period sales events.

As of February 2015

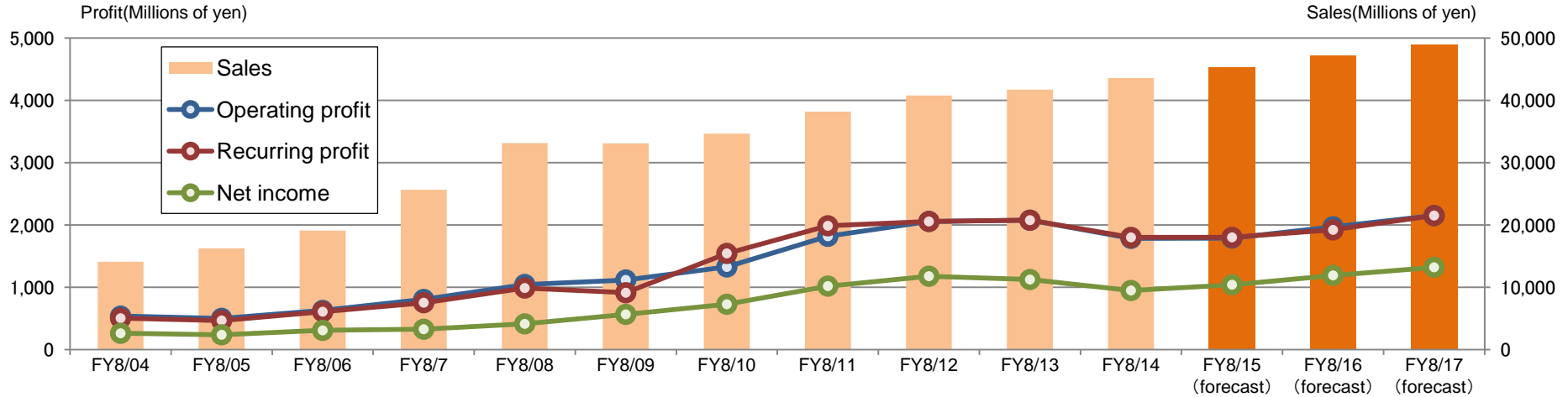
direct managed : 2 shops by sales agent : 1 shop

Wholesale supply of products

Rapid expansion continues. As of February 2015, wholesale operations were in the following countries: China, South Korea, Taiwan, Mongolia, Australia, New Zealand and Myanmar.



Medium-Term Management Plan Three Year Forecasts



(Millions of yen)

	FY 8/13 (Result)			FY 8/14 (Result)			FY 8/15 (forecast)			FY 8/16 ((forecast)			FY 8/17 (forecast)		
		Ratio to sales	YoY		Ratio to sales	YoY		Ratio to sales	YoY		Ratio to sales	YoY		Ratio to sales	YoY
Sales	41,725	—	102.4%	43,573	—	104.4%	45,300	—	104.0%	47,100	—	104.0%	48,920	—	103.9%
Operating profit	2,074	5.0%	100.9%	1,784	4.1%	86.0%	1,790	4.0%	100.3%	1,970	4.2%	110.2%	2,150	4.4%	109.6%
Recurring profit	2,075	5.0%	101.0%	1,799	4.1%	86.7%	1,800	4.0%	100.1%	1,920	4.1%	107.1%	2,120	4.3%	110.5%
Net income	1,123	2.7%	95.4%	948	2.2%	84.4%	1,040	2.3%	109.7%	1,190	2.5%	114.7%	1,320	2.7%	111.5%
ROE	16.6%		Δ 5.6P	11.8%		Δ 4.8P	11.8%		0.0P	12.4%		0.6P	12.6%		0.2P
Plan assumptions															
100-Yen shop total at year-end (Shops)	901	79	959	58	994	35	1,029	35	1,064	35					
Other shops total at year-end (Shops)	28	4	49	21	63	14	93	30	121	28					
Other shops sales share	6.5%	0.0P	5.8%	Δ0.7P	8.6%	2.8P	10.0%	1.4P	11.2%	1.2P					
Of which overseas business total at year-end (Shops)	10	2	21	11	33	12	60	27	85	25					
Overseas business sales share	0.9%	0.3P	1.2%	0.3P	2.2%	1.0P	3.7%	1.5P	4.7%	1.0P					



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(Reference Materials)

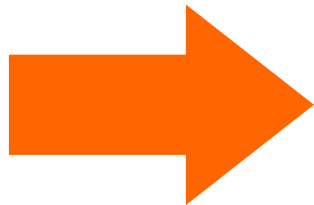
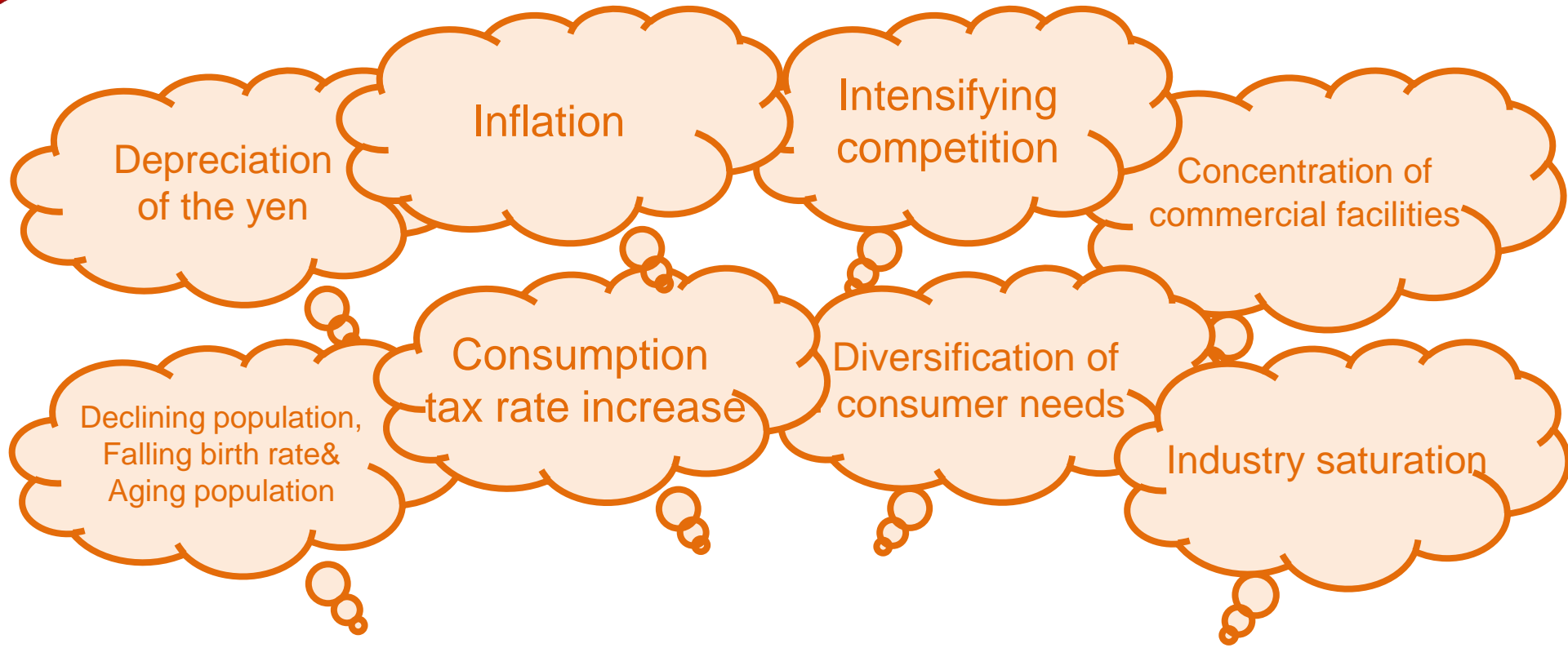


- ❑ Rebranding project of Watts
- ❑ Brand
- ❑ Corporate Profile
- ❑ Industry Trend Position in the Industry
- ❑ Industry Trend Market Size
- ❑ The company's progress
- ❑ Other Domestic Business
- ❑ Shareholder Composition
- ❑ Dividend Policy



new

Rebranding project of Watts



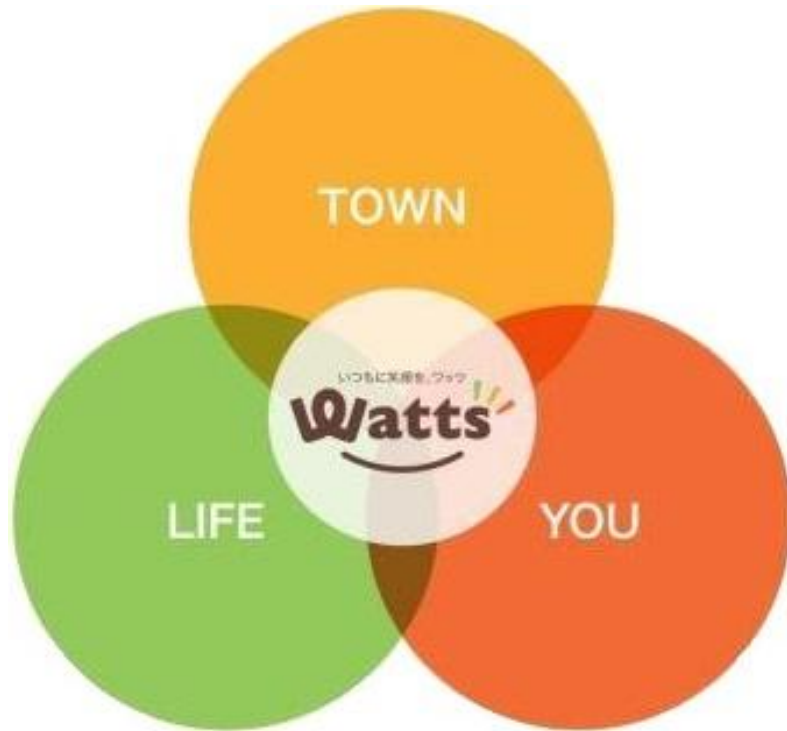
Need to restructure its business model which enables to create a new added-value.



new



Brand concept of Watts



A 100-yen shop, “Always be there”

【WITH TOWN】

Watts will create community-based shops closely linked to their locations which customers can visit casually. We want to grow by even more closely reflecting the characteristics that define each region.

【WITH LIFE】

Watts will raise the quality of customers' daily life by reflecting more closely differences and changes in life styles, to accurately target customers' daily activities and seasonal changes in their needs.

【WITH YOU】

Watts will aim to be favored by customers with a broad spectrum of interests and preferences. We are dedicated to being a source of even greater satisfaction and happiness for every customer.



new

The first “Watts” branded shop “Harborland shop”



“meets.” Harborland shop was full-renovated and reopened as the first 100-yen shop “Watts” on February 22, 2015, date of the 20th anniversary of the company.

Expanded the product lineup to add more style to one’s life and altered the shop’s layout to attract more customers. POS system allows quickly identifying successful and unsuccessful items for quick and precise replacements of merchandise.



new

Images of "Harborland shop"



new

Watts branded shops



Opened on March 20
Hokkaido Across Takikawa shop



Opened on March 27
Northern Japan
Matsushiro TAIRAYA



Opened on March 28
Chu-shikoku
Yamaguchi Merx shop



Brands of Watts group

Domestic 100-Yen shop business



Overseas business



Other domestic business

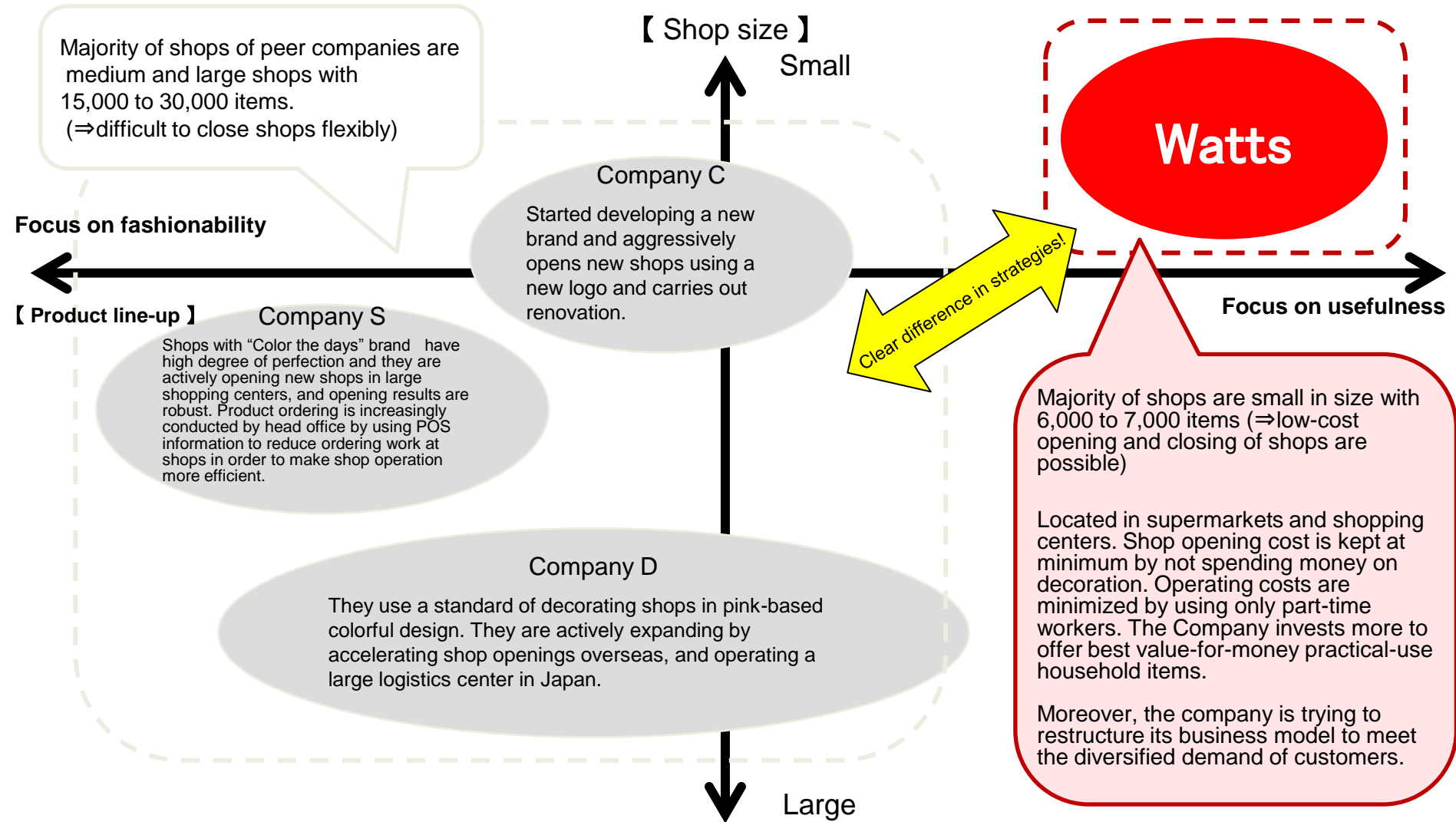


Corporate Profile



Establishment	February 22, 1995 (Currently the 21 st business term)
Meaning of the Company's name	Derived from "Wa! tto ikou" (Japanese catch cry to "go forth energetically")
Market listing	Tokyo Stock Exchange First Section (Securities code: 2735)
Capital stock	440.29 million yen (as of February 28, 2015)
Head office	5F, Sumitomo OBP Plaza Building, 4-70, Shiromi 1-chome, Chuo-ku, Osaka-shi, Osaka Prefecture
Main business	Wholesale and retail of daily-use and household items (Mainly operation of 100-Yen shops)
Number of employees (consolidated)	2,868 employees (as of February 28, 2015) *Part-time workers included
Number of shops (Consolidated)	1,045 shops (as of February 28, 2015) *Other shops included

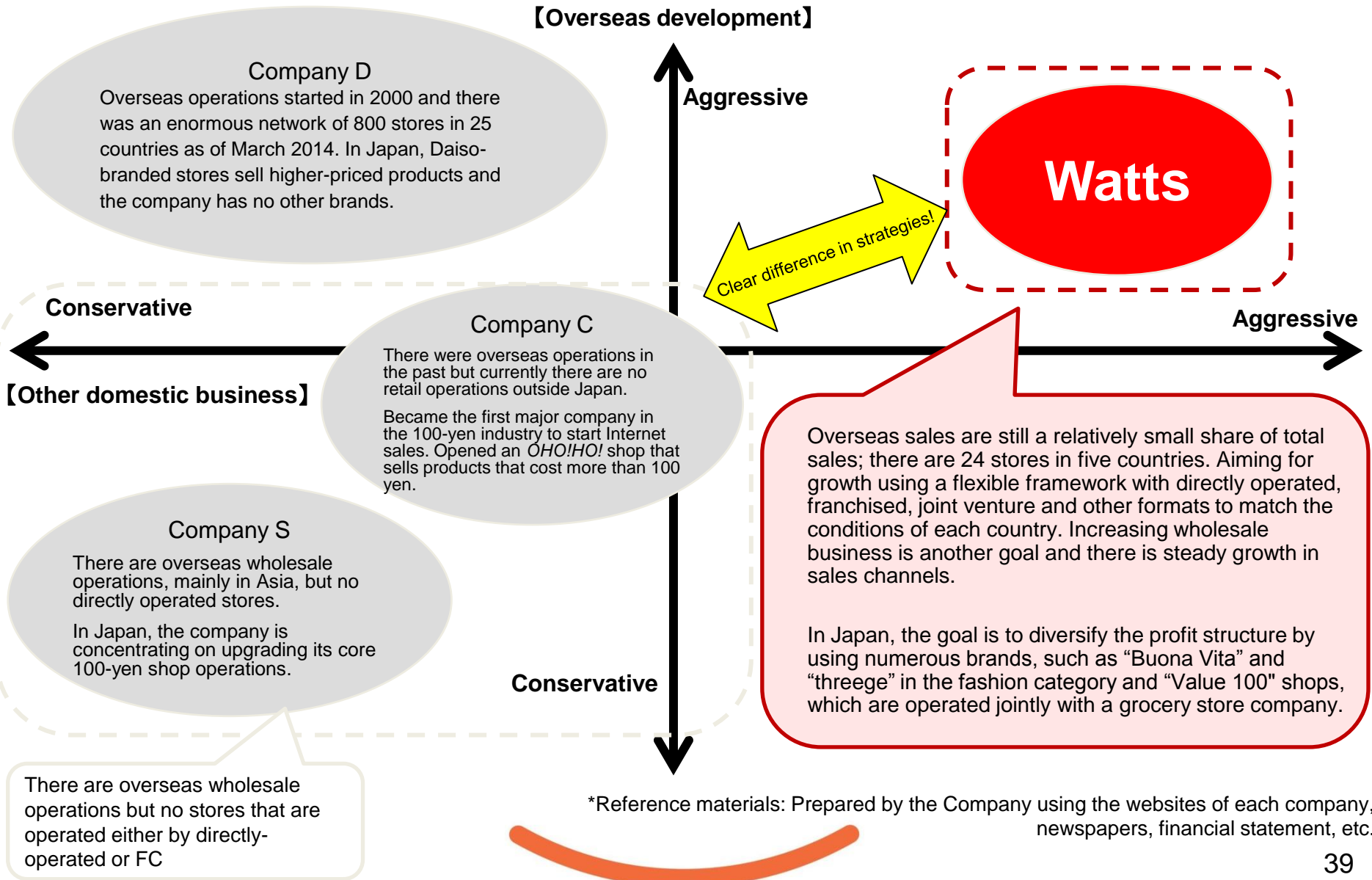
Industry Map ① – 100-Yen shops –



*Reference materials: Prepared by the Company using the websites of each company, newspapers, financial statement, etc.



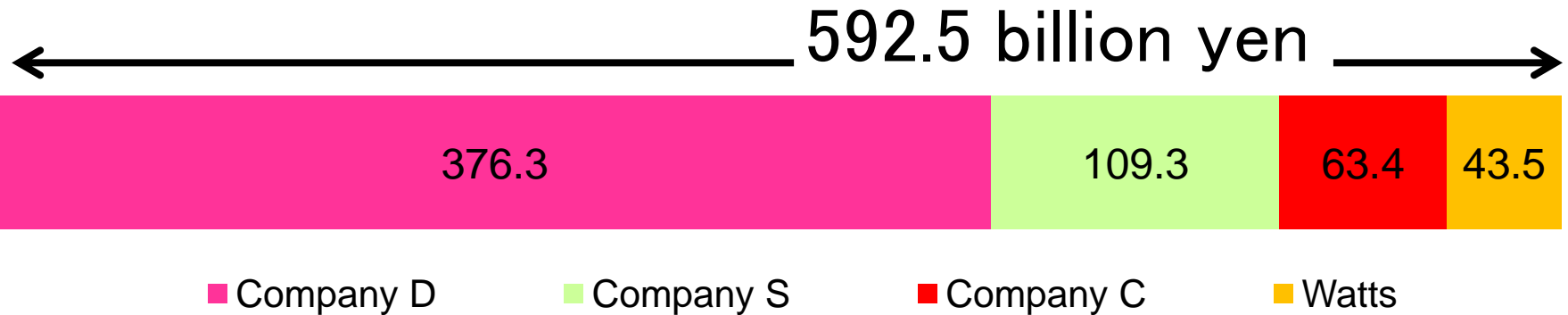
Industry Map ② – Business portfolio –



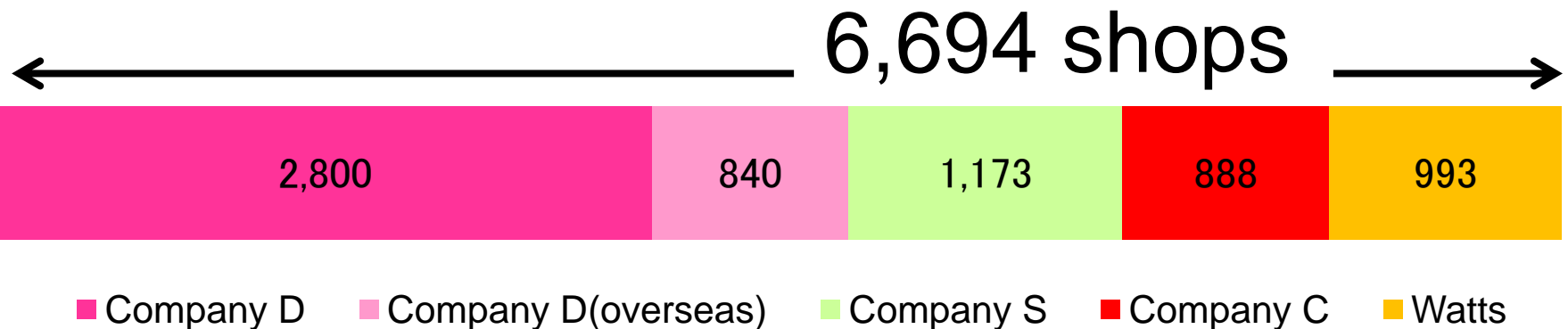
Industry Trend - Market Size -



◇ Net sales (4 major companies)



◇ Number of shops (4 major companies)



*Reference materials: Prepared by the Company using the websites of each company, newspapers, financial statement, etc.

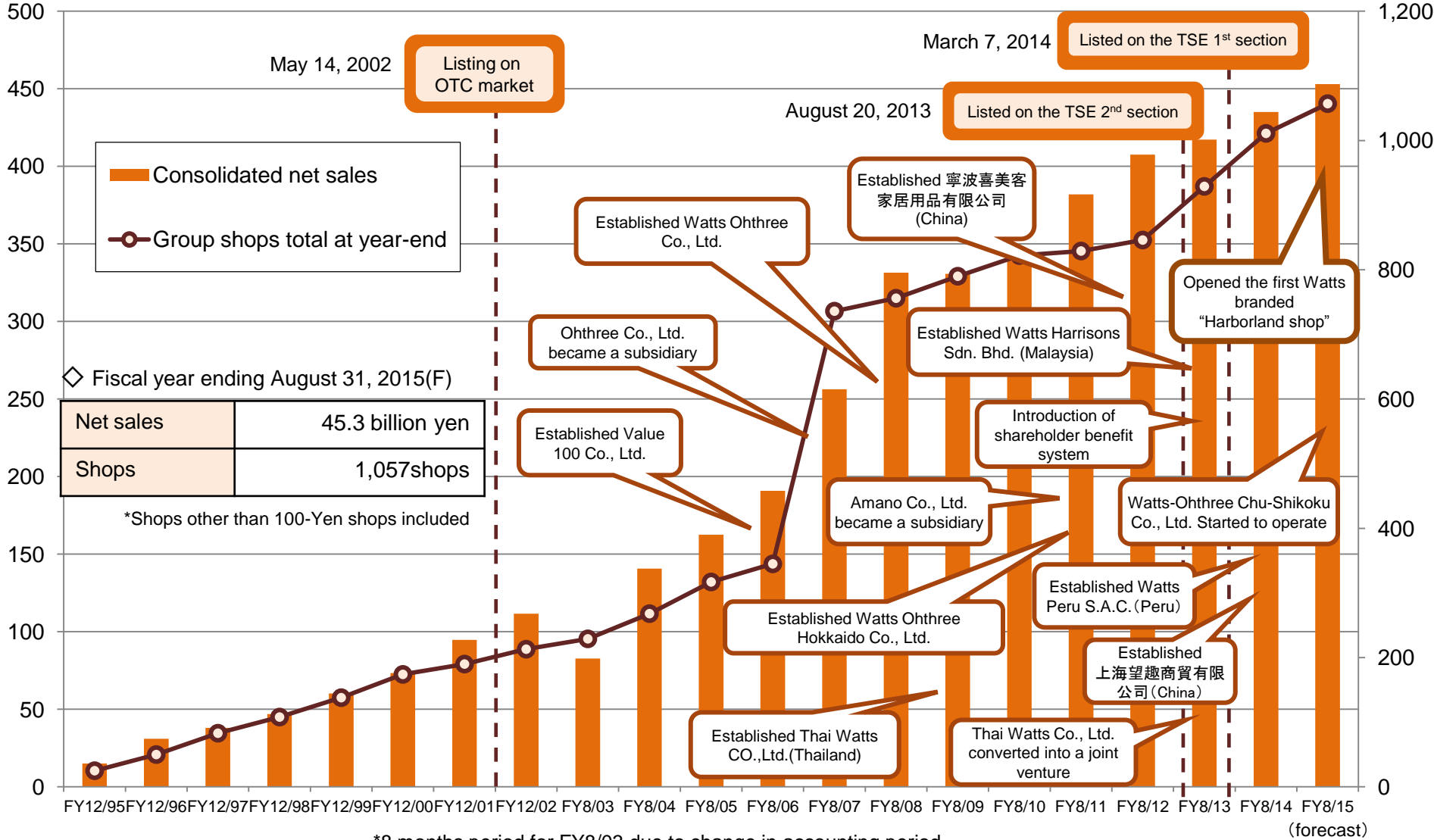


The Company's Progress



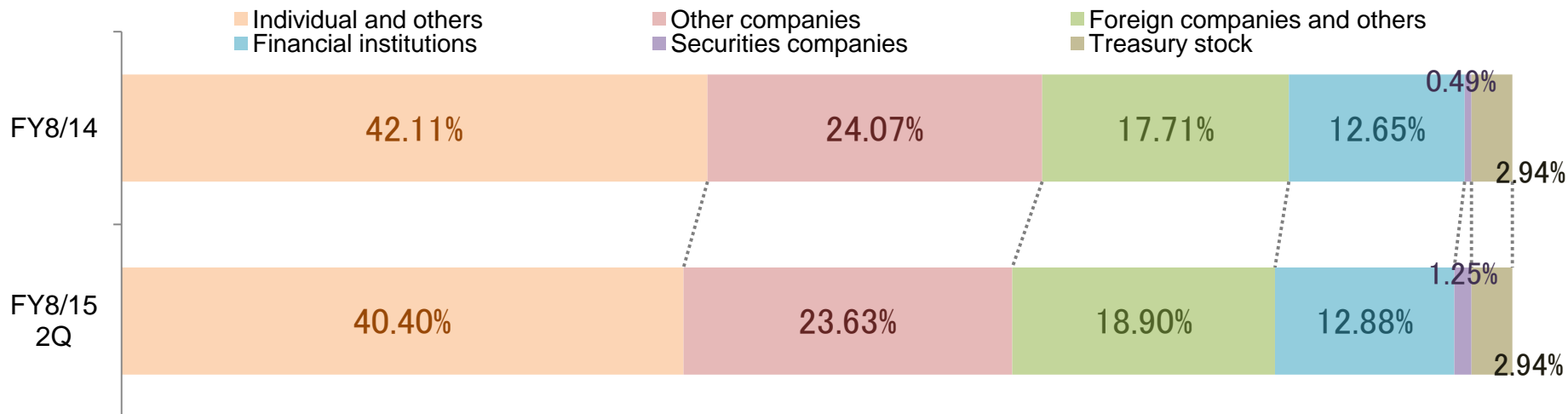
Sales (100 million yen)

No. of shops (Shops)



*8 months period for FY8/03 due to change in accounting period

Shareholder Composition



	FY8/14	FY8/15 First half	YoY
Total number of shares issued	13,958,800shares	13,958,800shares	—
Number of shareholders	4,811	4,374	△437
Ownership ratio			
Individuals and others	42.11%	40.40%	△1.71P
Other domestic companies	24.07%	23.63%	△0.44P
Foreign companies and others	17.71%	18.90%	1.19P
Financial institutions	12.65%	12.88%	0.23P
Securities companies	0.49%	1.25%	0.76P
Treasury stock	2.94%	2.94%	0.00P

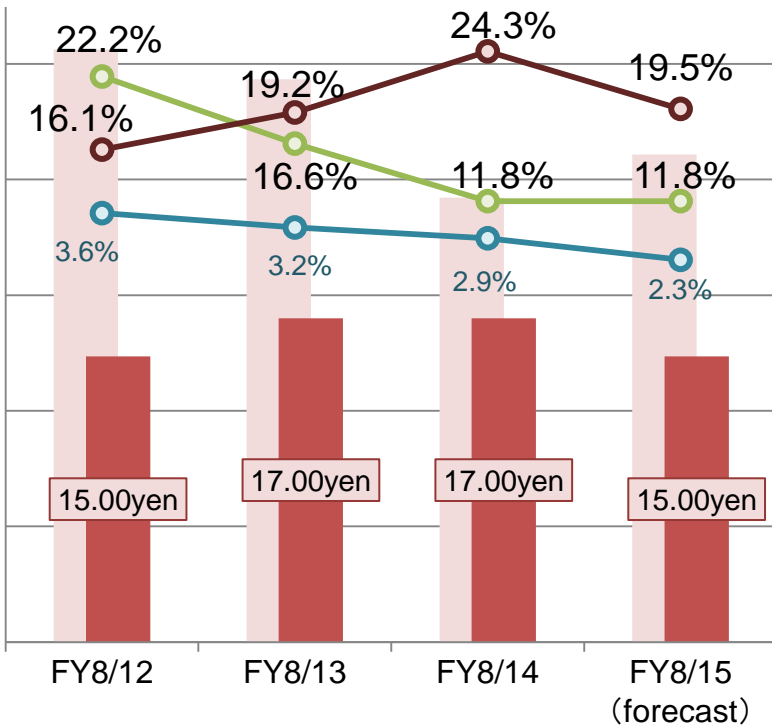
- ✔ The number of shareholders decreased by 9.1% from the previous year
- ✔ Composition ratio of individual shareholders decreased by 1.71% and of Foreign companies increased by 1.91%
- ✔ Watts will secure return capital for shareholders by achieving great results.

(Note) The figures are rounded to the third decimal place and may not add up to 100% when adding the ratios of each section.

Dividend Policy



The Company's policy is "to maintain a stable dividend payment," considering the return of profits to shareholders.



	Fiscal year ended August 31, 2012	Fiscal year ended August 31, 2013	Fiscal year ended August 31, 2014	Fiscal year ending August 31, 2015 (forecast)
Net income per share (Yen)	93.31yen	88.63yen	69.97yen	76.76yen
Dividend per share (Yen)	15.00yen	17.00yen	17.00yen	15.00yen
Dividend payout ratio	16.1%	19.2%	24.3%	19.5%
Dividend yield	3.0%	1.9%	1.8%	1.7%
ROE (Return on Equity)	22.2%	16.6%	11.8%	11.8%
DOE (Dividend on Equity)	3.6%	3.2%	2.9%	2.3%

*As the Company carried out a 1:2 stock split on March 1, 2013, the net income per share and dividend per share shown above have been retroactively adjusted.

* Dividend payout ratio for the fiscal year ending August 31, 2015 is calculated based on the stock price on February 27, 2015





The data and future forecasts presented in this material are based on information that was available at the time this material was released. Changes in circumstances can occur due to a range of factors and the Company gives no guarantee regarding achievement of objectives and forecasts, or future operating results. Information contained herein may change without forewarning. When using this data and reference materials, please verify and confirm details against information that you have obtained by other methods and exercise your discretionary judgment. Watts Co., Ltd. will in no way be held liable for any loss resulting from the use of this material.

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