



Watts Co., Ltd.

(2735; Tokyo Stock Exchange First Section)

Operating Results for the Six Months of the Fiscal Year Ending August 31, 2016

April 18, 2016 (Mon.)

Fumio Hiraoka, President and CEO

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Highlights of the Six Months of the Fiscal Year Ending

August 31, 2016

(Millions of yen)

	Six months ended February 28, 2015		Six months ended February 29, 2016 (Current period)			
		Ratio to sales		Ratio to sales	YoY	Ratio to forecast
Sales	22,011	—	22,895	—	104.0%	100.9%
Gross profit	8,360	38.0%	8,579	37.5%	102.6%	—
Selling, general and administrative expenses	7,561	34.4%	7,993	34.9%	105.7%	—
Operating Profit	799	3.6%	586	2.6%	73.3%	102.8%
Recurring Profit	800	3.6%	585	2.6%	73.0%	102.6%
Net income attributable to owners of parent	493	2.2%	347	1.5%	70.4%	96.4%
Net income per share (Yen)	36.40		25.62		—	—

-  Sales increased by 4.0% YoY, exceeding the forecast by 0.9%, 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 the sales growth.
-  In the 100-Yen shop business, the sales of existing directly-managed shops increased by 1.2% YoY, and total sales grew by 1.6%, due to the effects of the opening of new “Watts” shops and the renovation of existing shops into “Watts” .
-  Although profit declined considerably YoY mainly because of the weaker yen and the augmentation of cost for opening shops, it is nearly equal to the forecast. The Company aims to increase full-year profit from the previous year, by redeveloping the brand and operating overseas business.



Topics for Domestic Business for the Six Months of the Fiscal Year Ending August 31, 2016



Further expansion of domestic operations

- ✔ “Watts” shops : Since Feb. 2015, the Company has been operating the shops named “Watts.” With the shops and product lineups that propose fashionable lifestyles, sales and profit are growing favorably. In the first half, 11 shops were newly opened, and 21 shops were renovated. As of the end of February 2016, the number of “Watts” shops is 47.

- ✔ “Watts with” shops : Consignment shops were opened under the name of “Watts with,” which adopts a new model for curbing the equipment investment amount compared with Watts shops. As of the end of February 2016, the number of “Watts with” shops is 10. It is expected to increase favorably.

- ✔ Opening and closing of 100-Yen shops : The opening and closing of shops progressed as planned. → In the first half, the Company planned to open 46 shops and close 29 shops, increasing the number of shops by 17, and the Company actually opened 49 shops and closed 29 shops, increasing the number of shops by 20. However, there remains the trend of opening consignment shops whose sales are relatively small compared with directly managed shops. The Company plans to fortify the sales base by opening “Watts” shops.

- ✔ “Buona Vita” : The number of shops decreased by 1, because unprofitable shops were closed and so on, but the sales of existing shops were favorably, thanks to the renewal of product lineups, etc. Consequently, sales grew by 12.8% YoY.
*On Apr. 1, 2016, this business was transferred to Watts Connection, a 100% owned sales subsidiary that was established on Mar. 1, 2016. Watts Connection aims to be profitable by itself, by actualizing swift decision-making and making business administration more transparent.



Topics for Overseas Business for the Six Months of the Fiscal Year Ending August 31, 2016



Further progress in overseas expansion

- ✓ **Total:** Sales increased almost 2.3 times YoY, expanding its ratio to consolidated sales from 1.9% to 4.2%. Wholesale volume is growing remarkably mainly in Thailand and Vietnam.

- ✓ **Thailand :** Control of Thailand operations was switched to joint venture partner Central Group in April 2015 to accelerate the pace of new store openings. In the first half, opened 5 shops, and resulted in 27 shops at the end of February 2016.

- ✓ **Malaysia :** Opened 3 directly managed shops, raising the number of shops to 7 at the end of February 2016. The company is on the way of establishing its business model by acquiring franchise license etc.

- ✓ **China :** Opened 2 directly managed shops, and resulted in 6 shops, including 1 shop operated through sales contract (Chinese style franchise). Pop-up shops based in newly-opened directly managed shops, mainly at local Japanese department stores, are significantly performing well. The Company expects that the business will make contribution to the Group's profit.

- ✓ **Vietnam:** Plan to start expand franchise shops operated by the local subsidiary of the Central Group of Thailand. Opened 5 shops, and resulted in 8 shops in the first half.

- ✓ **Peru:** Opened 1 directly managed shop, and resulted in 3 shops at the end of February 2016. Performing well.



Sales According to Business Type



(Millions of Yen)

		Six months ended February 28, 2015		Six months ended February 29, 2016(Current period)		
			Ratio to sales		Ratio to sales	YoY
Domestic 100-Yen shops	Directly managed	18,569	84.4%	19,073	83.3%	102.7%
	Wholesale, Other	1,939	8.8%	1,764	7.7%	91.0%
	Subtotal	20,509	93.2%	20,838	91.0%	101.6%
Overseas Business	Directly managed	149	0.7%	320	1.4%	214.8%
	Wholesale	270	1.2%	645	2.8%	238.5%
	Subtotal	419	1.9%	966	4.2%	230.0%
Domestic other businesses	Buona Vita	1,082	4.9%	1,090	4.8%	100.8%
	Value-100					
	AMANO					
	Other					
Total		22,011	100.0%	22,895	100.0%	104.0%

- ✔ Directly managed domestic 100-Yen shops remained primary source of Group sales.
- ✔ Sales of domestic 100-Yen shops surpassed the results in the previous fiscal year. However, ratio to Group sales decreased by 2.2 points from 93.2% to 91.0%, due to the significant growth of overseas business.

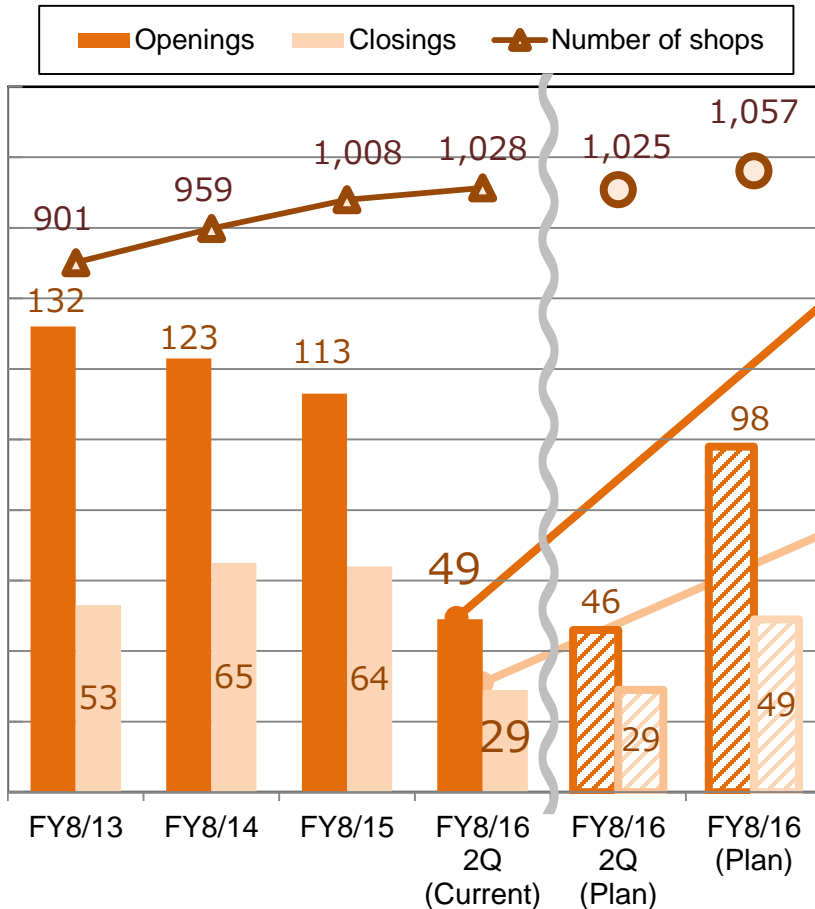


Opening/Closing Trend of 100-Yen Shops



Total number of 100-Yen shops was 1,028 as of Feb. 29, 2016
(Directly managed:979 FC:49)

Change in the number of 100-Yen shops



Opening/closing plan vs. results

2Q
Opening plan
46 shops → Opened 49 shops

2Q
Closing plan
29 shops → Closed 29 shops
(of which 1 franchise shop)

- ✓ Plan for FY8/16 Shop opening → 98 shops, Closed → 49
- ✓ The number of opening shops exceeded by 3 shops from the plan, and closing shops were in line with the plan, the net increasing number of shops exceeded by 3 shops from the plan and resulted in 20 shops.

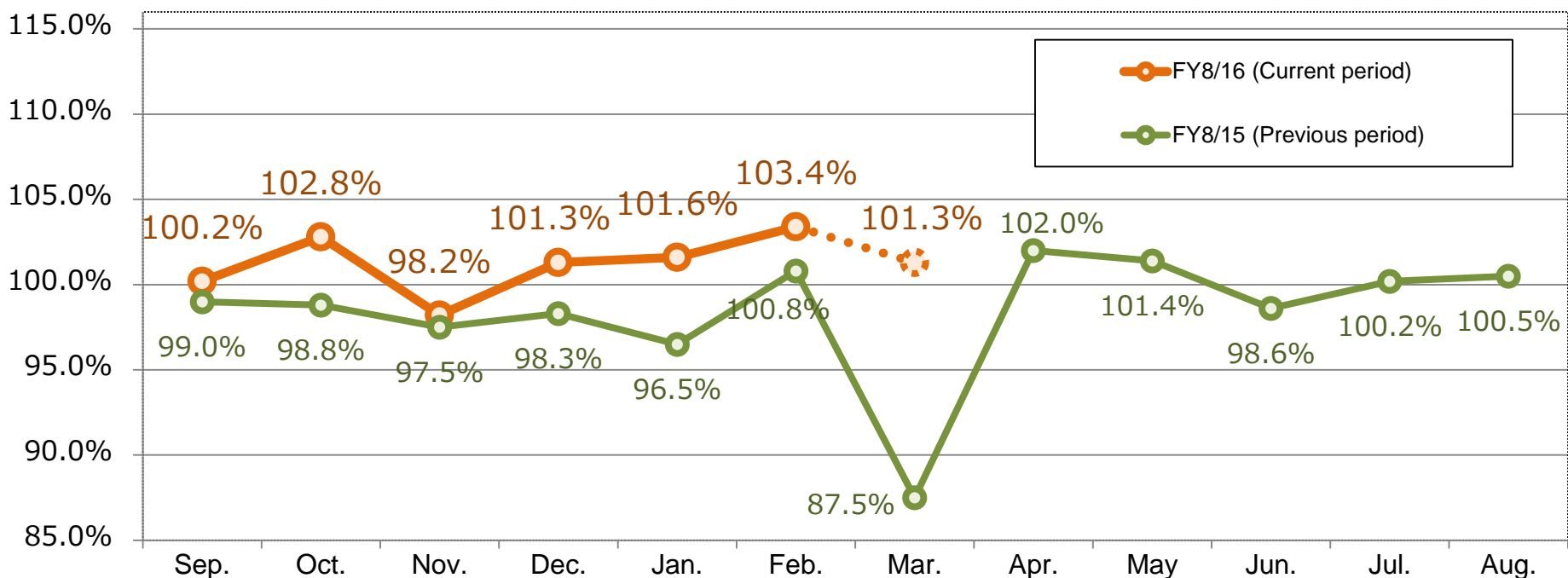
*Opened 14 shops and closed 6 shops in March 2016



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



Sales growth ratio of existing directly managed shops 101.2% ← (98.4% in FY8/15 2Q)



	First half	Second half	Full year
FY8/15(Previous period)	98.4%	98.2%	98.3%
FY8/16(Current period)	101.2%	-	-

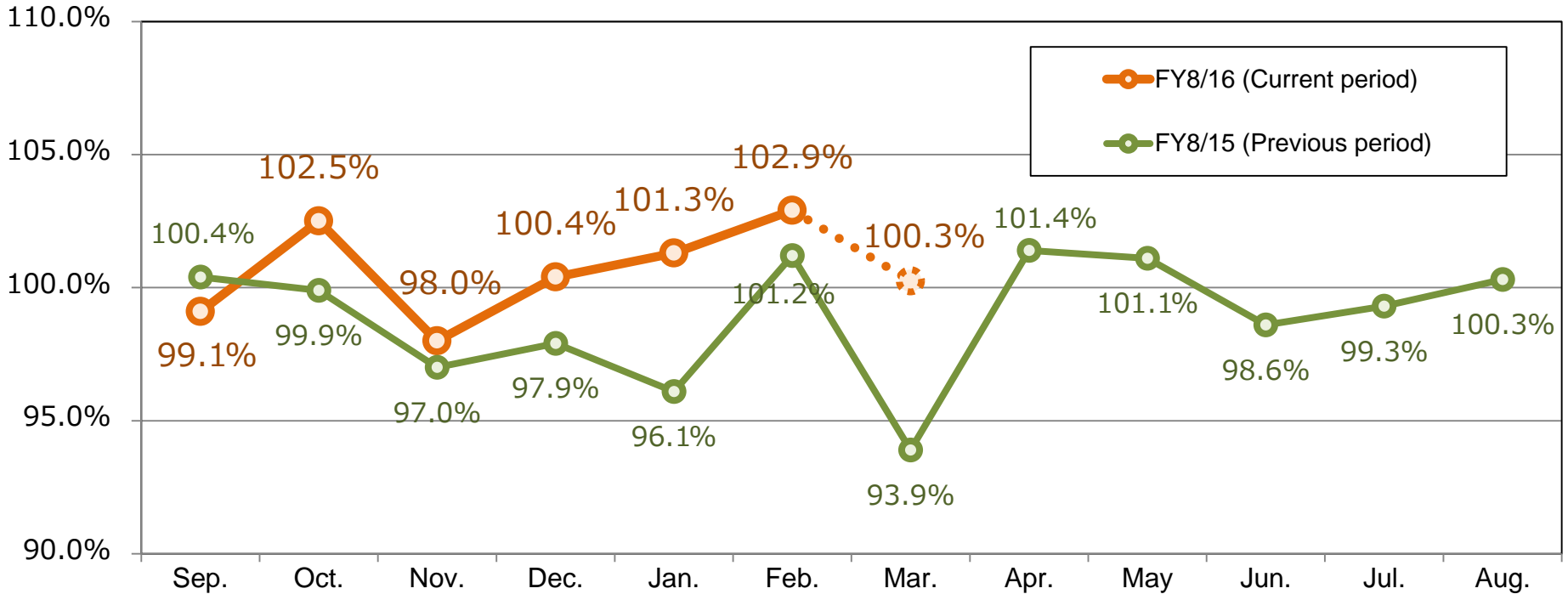
- ✓ There was an extra business day in February due to leap year.
- ✓ The reason why sales growth ratio dropped steeply in March of the previous fiscal year is that the rate in the second preceding year was as high as 112.3%, due to the rush demand before the consumption tax hike.



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
 100.7% ← (98.7% in FY8/15 2Q)



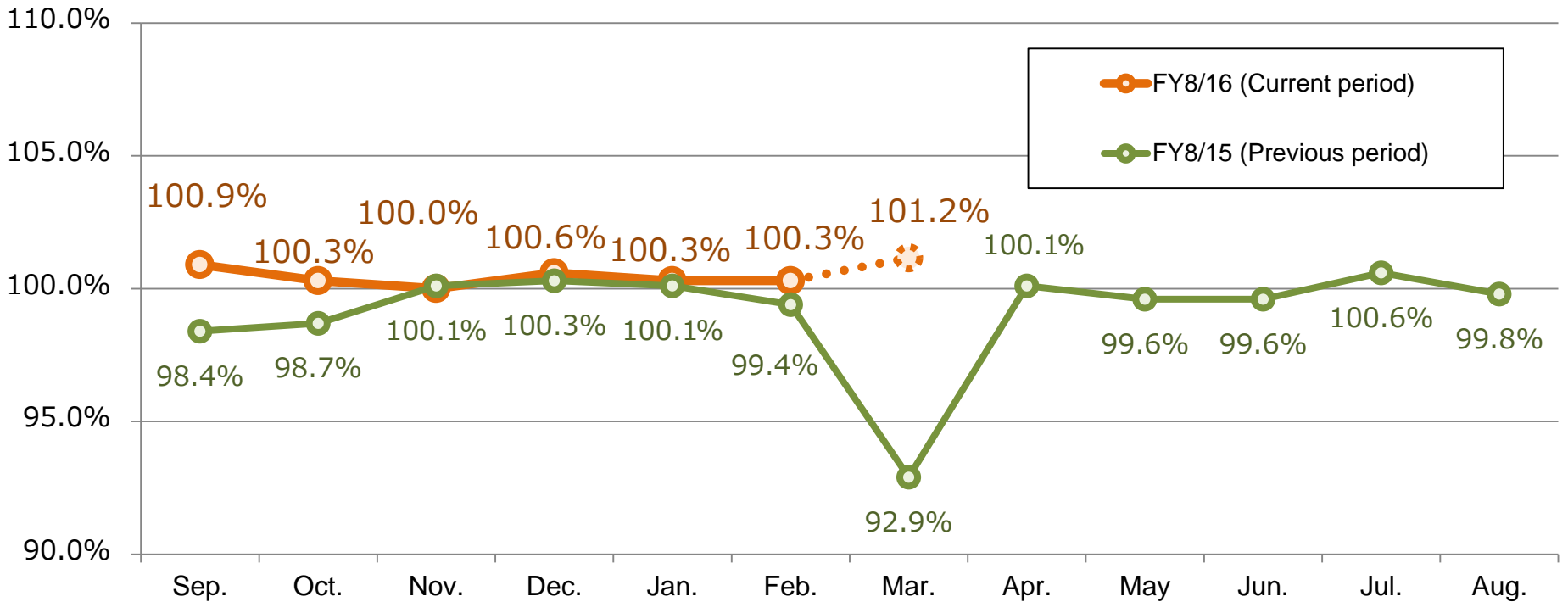
	First half	Second half	Full year
FY8/15(Previous period)	98.7%	99.0%	98.9%
FY8/16(Current period)	100.7%	-	-



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 100.4% ← (99.5% in FY8/15 2Q)



	First half	Second half	Full year
FY8/15(Previous period)	99.5%	98.7%	99.1%
FY8/16(Current period)	100.4%	—	—

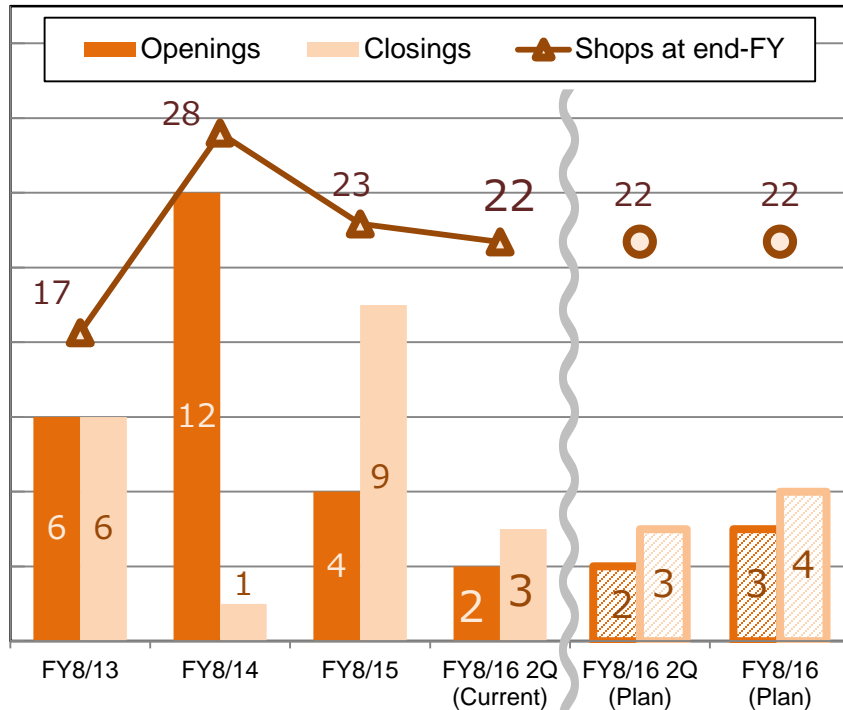
Spending per customer is 360.6 yen



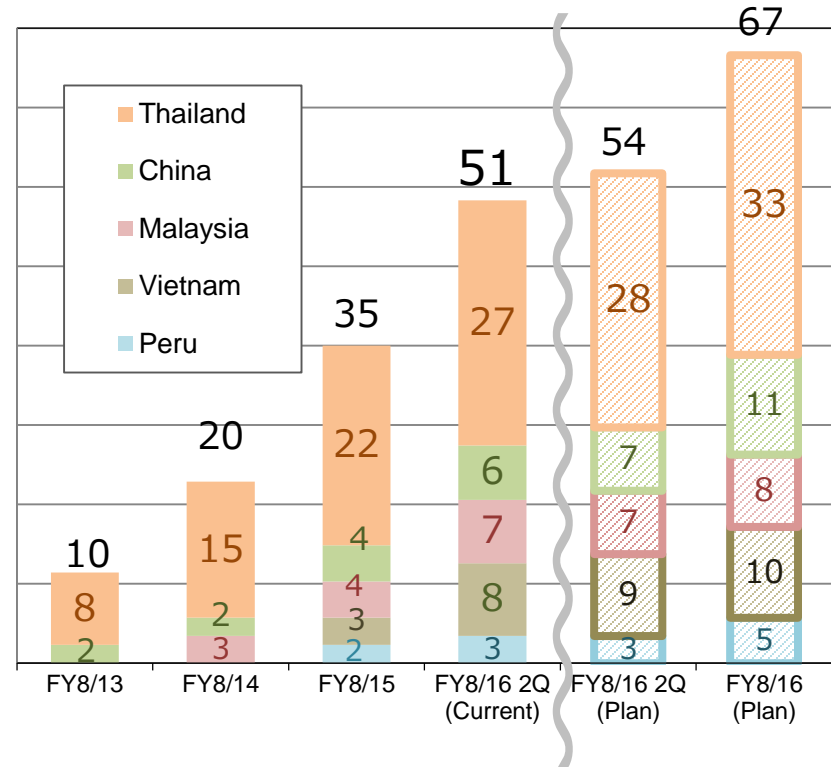
Number of Shops Trend of Other Shops



Change in the number of Buona Vita shops



Change in the number of overseas shops



✓ Operation of Buona Vita business was transferred to a 100% owned sales subsidiary Watts Connection Co., Ltd. as of April 1, 2016. Watts Connection aims to be profitable by itself, by actualizing swift decision-making and making business administration more transparent.

✓ In addition to the above, operates 1 “Value -100” shop.

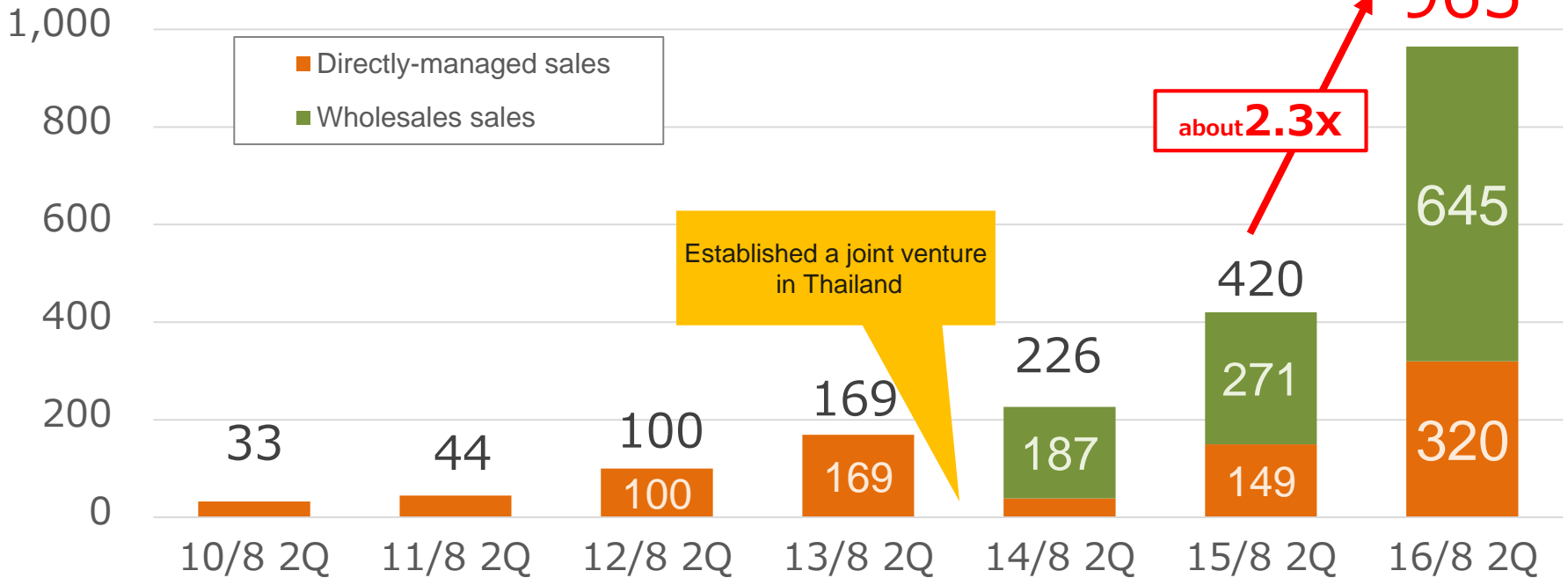
	Opening	Closing	Shops at end of 2Q
Thailand	5	—	27
China	2	—	6
Malaysia	3	—	7
Vietnam	5	—	8
Peru	1	—	3



Progress of Overseas Business



(Million yen)



- ✓ As for Thailand, the Company established a joint venture with a company of the Central Group, which is a leading retailer in Thailand, in August 2014. Since then, the Company has specialized in wholesale there.
- ✓ Directly managed operation: China, Malaysia ,Peru
- ✓ Wholesale operation: Thailand(JV), Vietnam (franchised), Myanmar, Mongolia, Austria, New Zealand



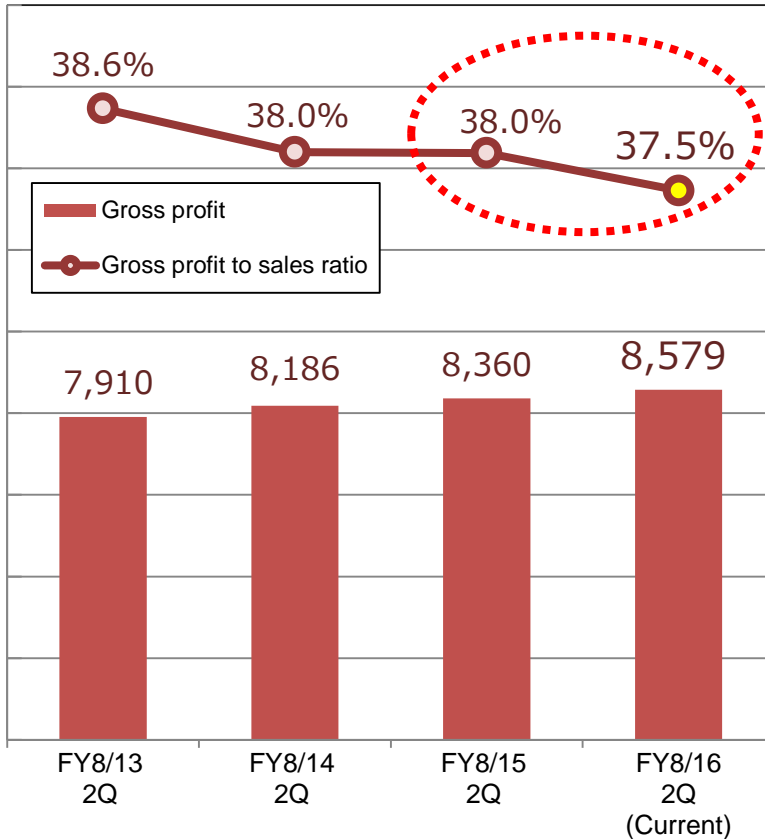
Gross Profit



Gross profit to sales ratio decreased by 0.5 points

Gross Profit

(millions of yen)



Thanks to the correction of the yen depreciation and efforts for renewing product lineups, etc., gross profit to sales ratio of the 100-Yen shop business has practically bottomed out as a whole, showing a sign of recovery. However, gross profit to sales ratio of the entire Group decreased by 0.5%, because overseas wholesale volume is larger than expected.

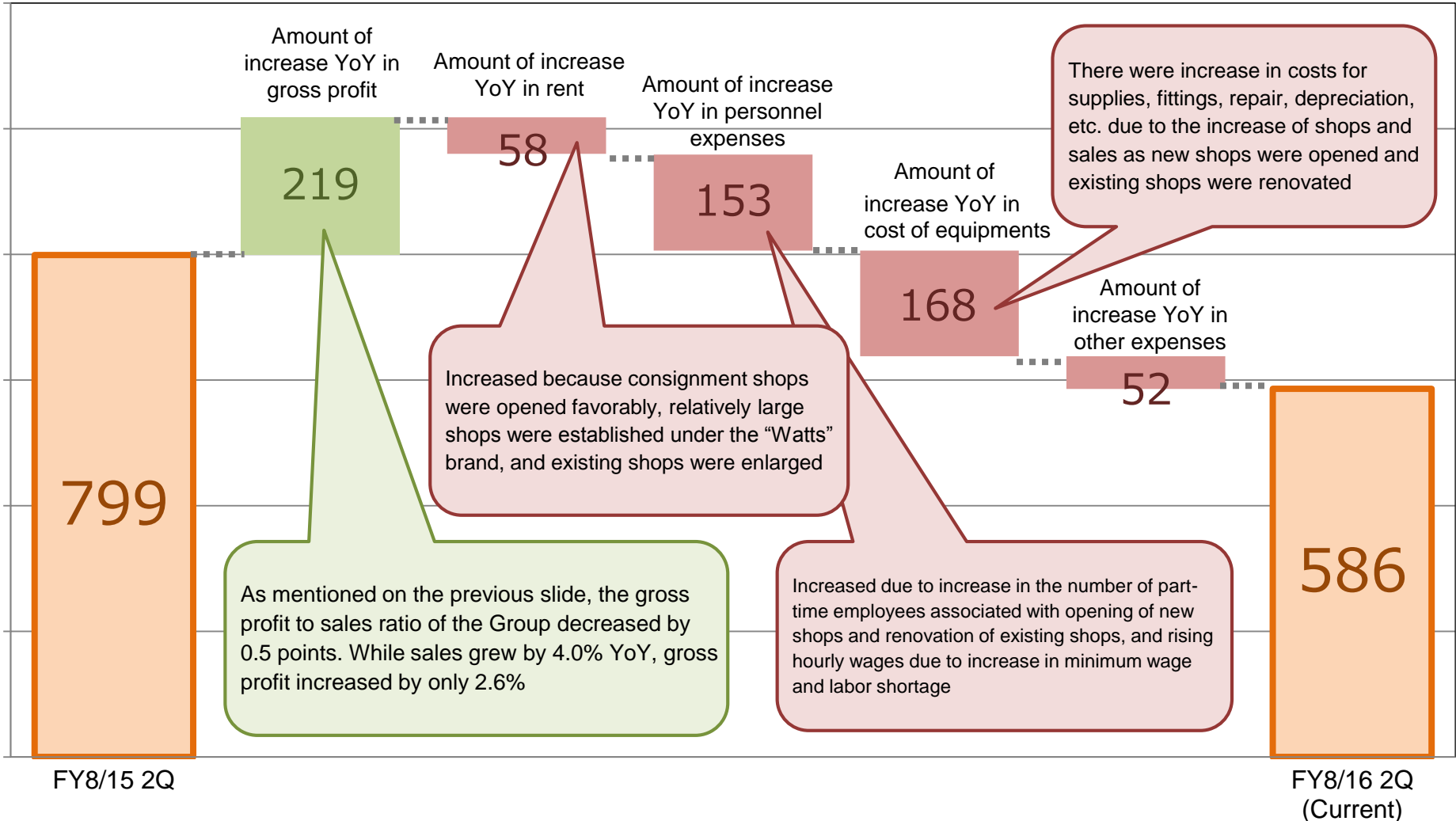


✓ The Company will keep improving the ratio of lifestyle products of 100-Yen shops, increasing the percentage of directly managed and consignment shops, and replacing old-fashioned products with products that have added value. In addition, the Company will expand the share of sales of Buona Vita, whose gross profit is relatively high. As mentioned on the previous slide, the ratio of overseas wholesale is expected to keep growing steadily, so the Company will pay careful attention to the gross profit to sales ratio of the entire Group.

Operating Profit



(Millions of yen)



Balance Sheet

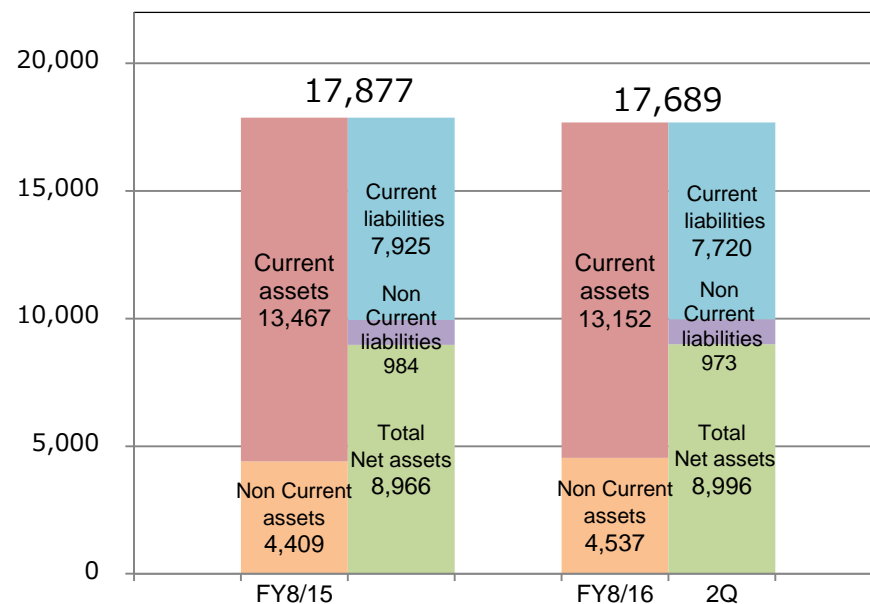


(Millions of yen)

	FY8/15	FY8/16 2Q (Current)	Change	Pct. change
Total assets	17,877	17,689	△187	Down1.0%
Current assets	13,467	13,152	△314	Down2.3%
Cash and deposits	5,149	4,739	△410	Down8.0%
Notes and accounts receivable-trade	2,052	1,887	△164	Down8.0%
Merchandise and finished goods	5,634	5,994	360	Up6.4%
Other current assets	631	532	△99	Down15.7%
Fixed assets	4,409	4,537	127	Up2.9%
Land	257	257	—	—
Buildings and structures	417	453	36	Up8.7%
Tools, furniture and fixtures	547	658	110	Up20.2%
Guarantee deposits	2,532	2,524	△8	Down0.3%
Other fixed assets	654	642	△11	Down1.8%
Total liabilities	8,910	8,693	△216	Down2.4%
Current liabilities	7,925	7,720	△205	Down2.6%
Notes and accounts payable-trade	5,842	5,903	60	Up1.0%
Short-term loans payable	665	691	25	Up3.9%
Other fixed liabilities	1,416	1,124	△291	Down20.6%
Fixed liabilities	984	973	△11	Down1.2%
Long-term loans payable	468	473	5	Up1.1%
Other fixed liabilities	516	499	△16	Down3.3%
Net assets	8,966	8,996	29	Up0.3%
Shareholders' equity	8,845	8,961	116	Up1.3%
Equity	440	440	—	—
Retained equity	1,583	1,583	—	—
Retained earnings	6,905	7,021	116	Up1.7%
Treasury stock	△84	△84	—	—
Accumulated other comprehensive income	121	34	△87	Down71.6%

- ✓ Due to the opening and renovation of existing shops, etc., merchandise and finished goods increased by 360 million yen; buildings and structures increased by 36 million yen; tools, furniture and fixtures increased by 110 million yen respectively.
- ✓ The Company made up for the above increases mostly with its cash, and so cash and deposits dropped by 410 million yen.
- ✓ Shareholders' equity ratio resulted in 50.9%

Millions of yen



Cash Flows

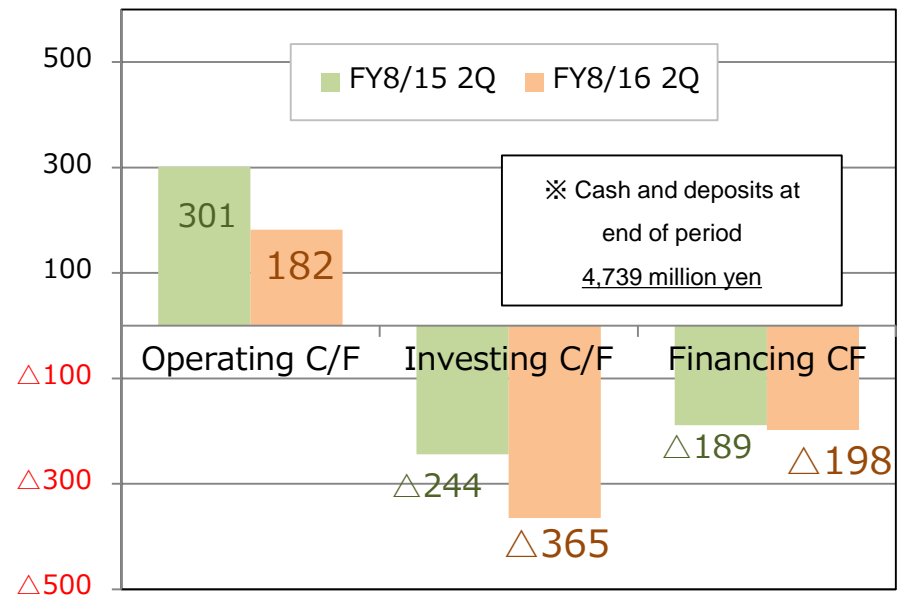


(Millions of yen)

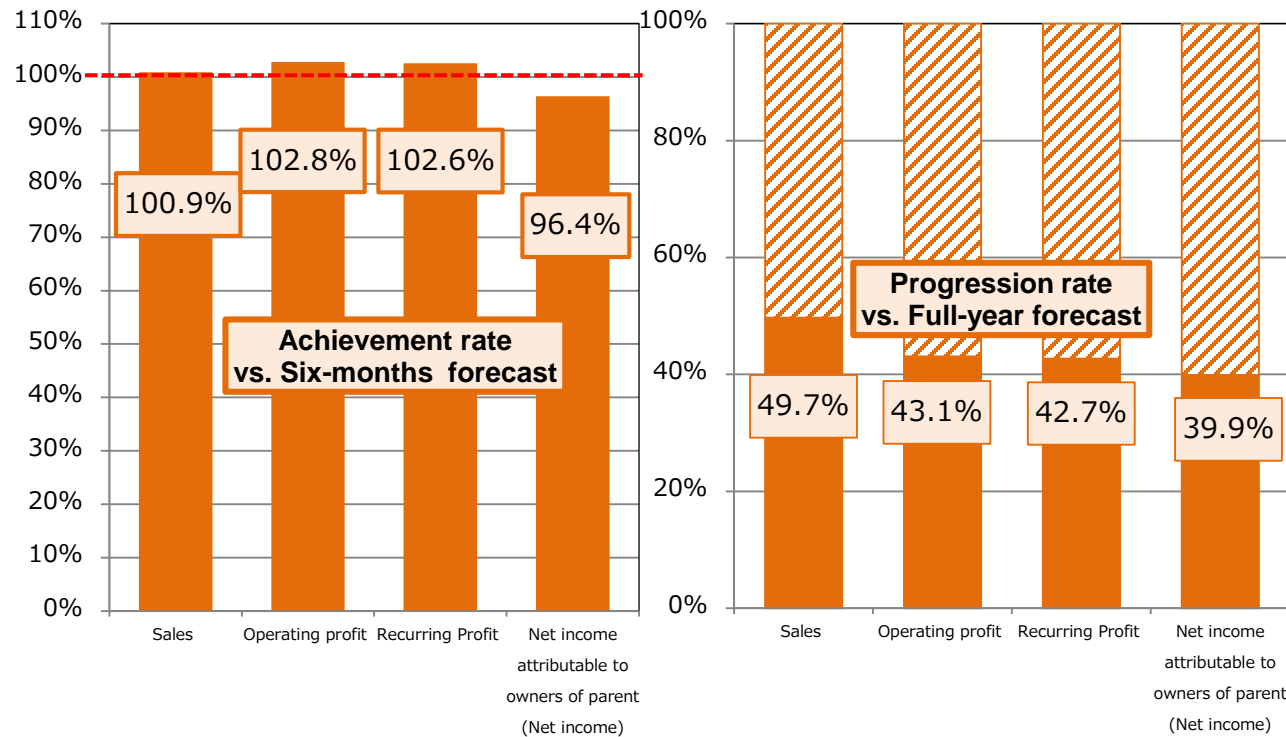
	FY8/15 2Q	FY8/16 2Q (Current)	Change	Pct. change
Net cash provided by (used in) operating activities	301	182	△118	Down39.3%
Income before income taxes and minority interests	768	554	△214	Down27.9%
Depreciation and amortization	127	171	43	Up34.4%
Decrease (increase) in accounts receivable- trade	331	161	△169	Down51.2%
Decrease (increase) in inventories	△393	△379	13	—
Increase (decrease) in accounts payable-trade	17	101	84	Up473.7%
Income taxes paid	△290	△118	172	—
Other cash flows from operating activities	△260	△308	△48	—
Net cash provided by (used in) investing activities	△244	△365	△120	—
Acquisition of tangible fixed assets	△207	△411	△204	—
Payments for lease and guarantee deposits	△89	△123	△33	—
Proceeds from collection of lease and guarantee deposits	66	144	77	Up116.5%
Other cash flows from investing activities	△14	25	39	—
Net cash provided by (used in) financing activities	△189	△198	△9	—
Net increase(decrease) of short-term loans	500	400	△100	Down20.0%
Repayment of long-term loans payable	△459	△369	90	—
Cash dividends paid	△229	△229	△0	—
Effect of exchange rate change on cash and cash equivalents	27	△29	△56	—
Cash and cash equivalents at end of period	△132	△381	△248	—

- ✓ Inventory assets increased by 379 million yen due to opening of new shops and renovation of existing shops. 411 million yen was used in acquisition of tangible fixed assets.
- ✓ The Company made up for the investing C/F and the financing C/F mostly with its cash, and so cash and deposits dropped 410 million. yen.

(Millions of yen)



Progress of business performance as of the Six Months Ended February 2016



- ✓ As planned, the Company concentrated on the renovation of large shops into the “Watts” brand in the first half.
- ✓ Due to the increase of renovation cost and the suspension of shop operation for renovation, sales and profit declined from the previous year, but are nearly equal to the estimation.
- ✓ As the finished renovation is expected to contribute to the second half performance, the Company aims to improve its full-year performance from the previous year.

(Millions of yen)

	Sales	Operating profit	Recurring Profit	Net income attributable to owners of parent (Net income)
Result for the six months ended February 2016	22,895	586	585	347
Forecast for the six months ended February 2016	22,700	570	570	360
Achievement rate vs. Six-months forecast	100.9%	102.8%	102.6%	96.4%
Forecast for the fiscal year ending August 2016	46,100	1,360	1,370	870
Progression rate vs. Full-year forecast	49.7%	43.1%	42.7%	39.9%

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Medium-Term Management Plan

Management Environmental Recognition

(As at the time when the current plan was made)



Japan

- So-called “Abenomics” growth strategies are bringing the economy out of its deflationary spiral. The improvement in the employment supply/demand situation is particularly noteworthy.
- Crude oil prices are expected to remain low and stable for the foreseeable future, driving down costs on plastic items, in particular. However, due to the mismatch in timing between the beginning of a rise in U.S. interest rates and a domestic exit strategy, exchange rates are likely to be characterized by further yen depreciation, causing the cost of imports to remain high.
- 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 April 2017, rush demand and reactionary fall will be expected before and after the consumption tax increase



It will take a while for full-scale economic recovery
Needs for 100-Yen shops is growing despite greater diversification

Overseas

- US economy is expected to continue its recovery tone
- European economy is expected to stagnate for a while.
- In Asian economies, negative factors include a slower rate of growth materializing in the Chinese economy, which is expected to have a ripple effect on other emerging economies. Nevertheless, a consumer base with purchasing power definitely exists.
- However, there is concern that geopolitical risks have been revealed in Former Eastern Europe, Middle East and Asia.



Overseas market is important, while the size of the domestic market is unlikely to grow significantly




Medium-Term Management Plan


Management Strategy (1)




Growth strategy

 100-Yen shop business strategy

Recover profitability by promoting business models of both type of tenancy and consignment

 Overseas business strategy

Formulate and deploy country-specific business models to quickly achieve a 10% share of sales

 Other businesses strategy

Cultivate businesses that complement the domestic 100-Yen shop business, including by tapping into M&A needs

Growth strategy for domestic 100-Yen shop business

- Tenant shops strategy
 - Rebranding of Watts by revising both facilities and operations
 - For facilities :
 - Renovate existing shops to “Watts” branded shops
 - Introduce POS system to utilize it for merchandising
 - Review product lineup to offer up-to-date products
 - For operations :
 - Renovate shop operations to create invigorated atmosphere
 - Review employee training in pursuit of higher levels of customer satisfaction
- Consignment shop strategy
 - Review shop packages to achieve better value for money and replacements with attractive merchandise
- Further strengthen competitiveness of private brand products including “WATTS SELECT”

Medium-Term Management Plan

Management Strategy (2)



Growth strategy

Growth strategy for overseas business

- Thailand: Accelerate the pace of opening of shops by joint venture company with Central Group
- Vietnam: Open franchise shops by tie-up with Central Group as with in Thailand
- Malaysia: Open directly managed shops and franchise shops by tie-up with Harrisons Group
- China : Focus on conducting pop-up shops and opening shops operated through an agent contract, not on directly managed shops
- Peru: Open directly managed shops and franchise shops, and also develop markets in other Latin America countries
- Reduce procurement cost by using distribution system in China
- Select new target areas based on the thorough market research

Growth strategy for other businesses

- Buona Vita
Aggressively open shops, principally targeting large-scale shopping malls, large station buildings and fashion-focused buildings in front of train stations. In addition, increase handling of private brand products and create more profitable businesses.
- Continue to pursue M&A projects that are likely to generate synergies with the core 100-Yen shop business.



Basic Policy



Continue to pursue **Structure to Sell Better Products at Lower Prices**

- ✓ Low-cost opening and closing of shops
- ✓ Low-cost operation
- ✓ Best value-for-money daily-use household items

100-Yen Shop business

Initiatives for **Rebranding project of Watts**

- ✓ 100YEN SHOP Watts
- ✓ Shops and product lineups that add more style to one's life
- ✓ Introduce POS system
- ✓ Improve customer service

Establish business model for each country

- ✓ Expand directly managed shops by fully owned local subsidiaries
- ✓ Establish joint venture company with local partners
- ✓ Develop new shops by franchisee system

Overseas business

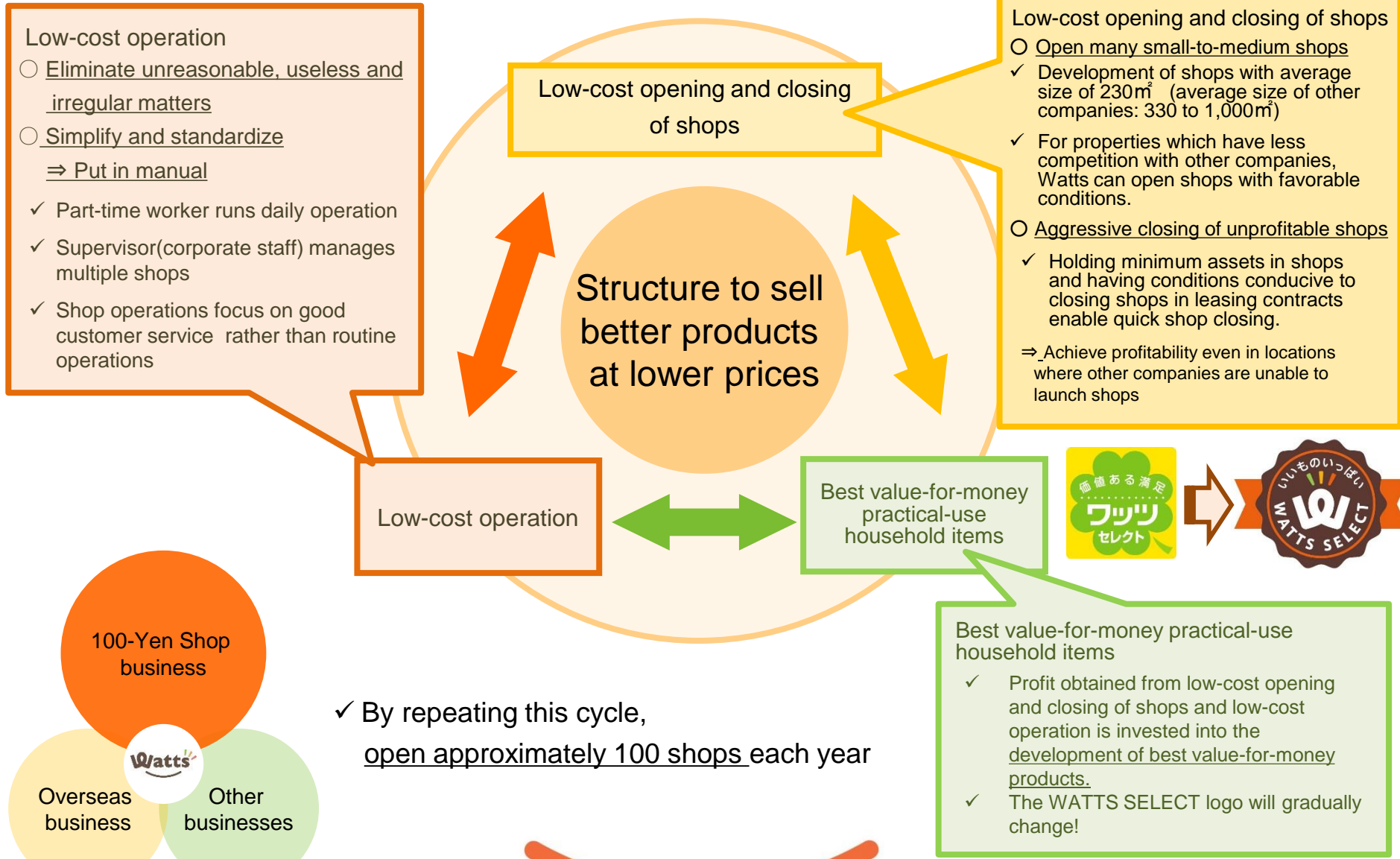


Other businesses

Expand business and Enlarge source of earnings

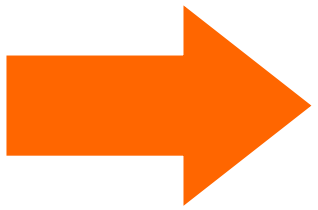
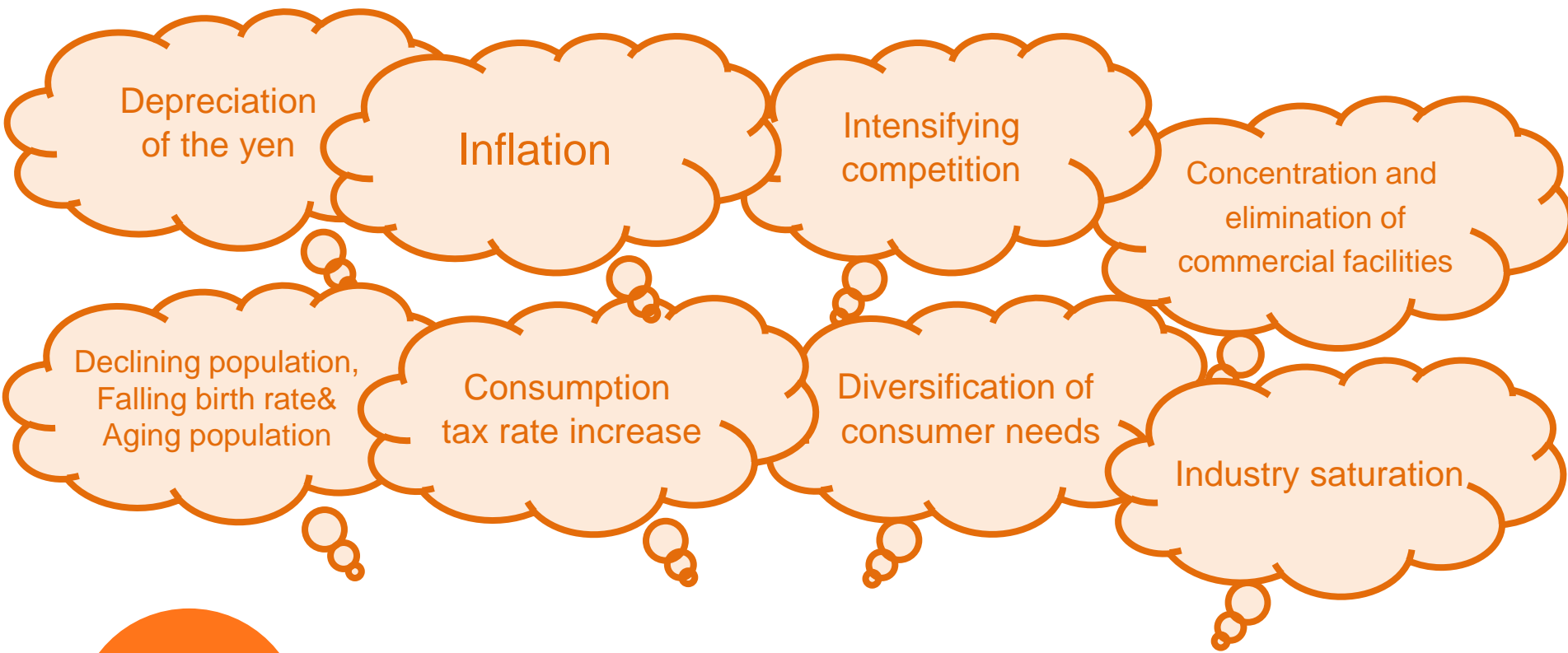
- ✓ Grow existing business and secure profitability
- ✓ Capture new opportunities including M&A

Structure to Sell Better Products at Lower Prices



Problem Awareness

- Change in management environment -



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



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.





“Watts” Branded Shops



- ✓ The first “Watts” branded 100-Yen shop “Watts Harborland shop” in Kobe city
- ✓ 47 stores in one year from the opening of the first shop (as of end-Feb. 2016)
Plan to open more “Watts” shops by newly opening and renovation
- ✓ Shops and product lineups that add more style to one’s life





Restructuring of Operation

Introduce POS system

- ✓ Introduced POS system from February 2015

FY8/16 2Q	FY8/16
Introduced 442 devices in 254 shops	Planned total: 566 devices in 347 shops

- ✓ Accurately identify successful and unsuccessful items
- ✓ Reordering support system
- ✓ Eliminate sales opportunities
- ✓ Optimize product lineups according to location and scale of operations



Maximize sales and gross profit, and optimize shop inventories
Also, reduce burden imposed by reordering operations and use human resources effectively

Strengthen customer service

- ✓ Boost motivation of local staff by promoting new branded shops
- ✓ Reduce the burden imposed by reordering operations through the reordering support system, and focus human resources on customer service and creating vigorous atmosphere





Intensification of Sales Promotion Led by the Headquarter

- To set a theme for each month, and distribute the list of products, a display example, etc. to shops.
- To design each selling space while considering regional characteristics, customer segments, etc. at shops, and take pictures of actual displays.
- ✓ To gather the information on displays in respective shops, accumulate know-how, and share good examples among shops.
- ✓ To collect qualitative feedback through questionnaires targeted at shop staff, etc.
- ✓ Analysis of POS data
- ✓ Markup rate control by the headquarters



To improve selling space and product lineups.
To increase sales and profit.

【Example】



Other Domestic Business



- While maintaining 100-Yen shops as a core business, proactively engage in a variety of businesses in an effort to expand operations and diversify sources of revenue



Buona Vita
ブォーナ・ビィータ

- ✓ Natural taste lifestyle products shop proposing Buona Vita (comfortable life). Operates 22 shops as of the end of February 2016
- ✓ Picture on the left is “Ikebukuro shop” opened in March 2015



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



Import and wholesale of European taste lifestyle goods



Overseas Business Expansion



 KOMONOYA




Fixed-price shop in Southeast Asia and Peru

 小物家园 “KOMONOKAEN”



Fixed-price shop in China



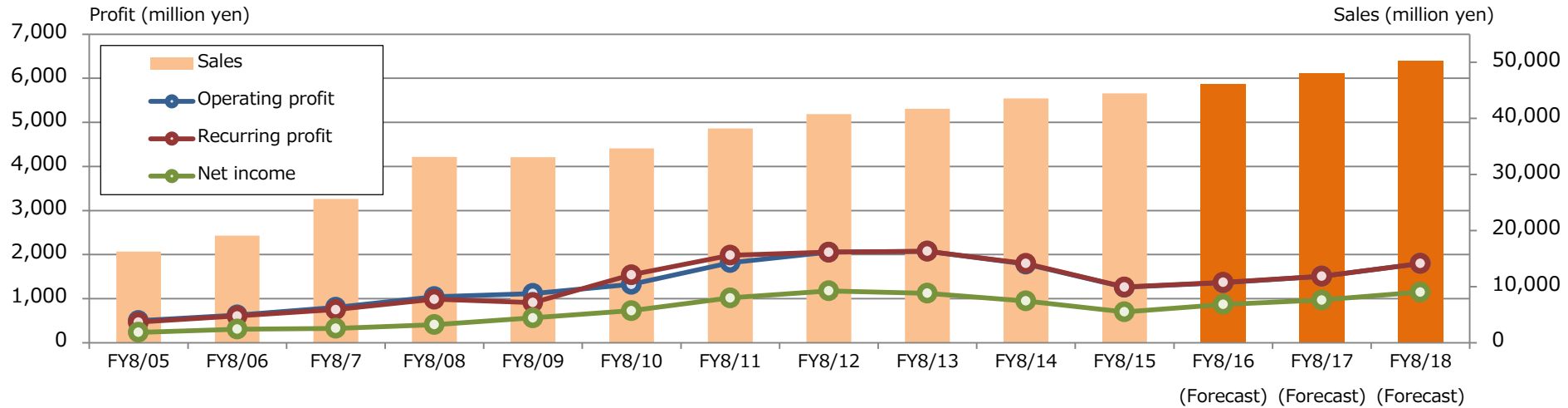
 Wholesale supply of products

Developing aggressively.
As of February 2016, wholesale operations were in the following countries: China, South Korea, Taiwan, Mongolia, Myanmar, Australia, and New Zealand



Medium-Term Management Plan

Three Year Forecasts (reviewed annually on a rolling basis)



(Millions of Yen)

	FY 8/14 (Result)			FY 8/15 (Result)			FY 8/16 (Forecast)			FY 8/17 (Forecast)			FY 8/18 (Forecast)		
		Ratio to sales	YoY		Ratio to sales	YoY		Ratio to sales	YoY		Ratio to sales	YoY		Ratio to sales	YoY
Sales	43,573	-	104.4%	44,462	-	102.0%	46,100	-	103.7%	48,000	-	104.1%	50,300	-	104.8%
Operating profit	1,784	4.1%	86.0%	1,257	2.8%	70.5%	1,360	3.0%	108.1%	1,510	3.1%	111.0%	1,800	3.6%	119.2%
Recurring profit	1,799	4.1%	86.7%	1,263	2.8%	70.2%	1,370	3.0%	108.4%	1,510	3.1%	110.2%	1,800	3.6%	119.2%
Net income attributable to owners of parent	948	2.2%	84.4%	700	1.6%	73.9%	870	1.9%	124.1%	970	2.0%	111.5%	1,150	2.3%	118.6%
ROE		11.8%	△4.8P		8.1%	△3.7P		9.4%	1.3P		9.7%	0.3P		10.6%	0.9P
Plan assumptions															
100-Yen shop total at year-end (Shops)	959	58		1,008	49		1,058	50		1,108	50		1,158	50	
Other shops total at year-end (Shops)	49	21		59	10		90	31		114	24		152	38	
Other shops sales share	5.8%	△0.7P		7.2%	1.4P		9.1%	1.9P		10.8%	1.7P		12.9%	2.2P	
Of which overseas business total at year-end (Shops)	21	11		35	14		67	32		91	24		126	35	
Overseas business sales share	1.2%	0.3P		2.4%	1.2P		4.0%	1.6P		5.6%	1.6P		7.4%	1.9P	



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(Reference Materials)



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- ❑ Corporate Profile
- ❑ The Company's Progress
- ❑ Shareholder Composition
- ❑ Dividend Policy



Brands of Watts Group

Domestic 100-Yen shop business



Overseas business



Other domestic businesses



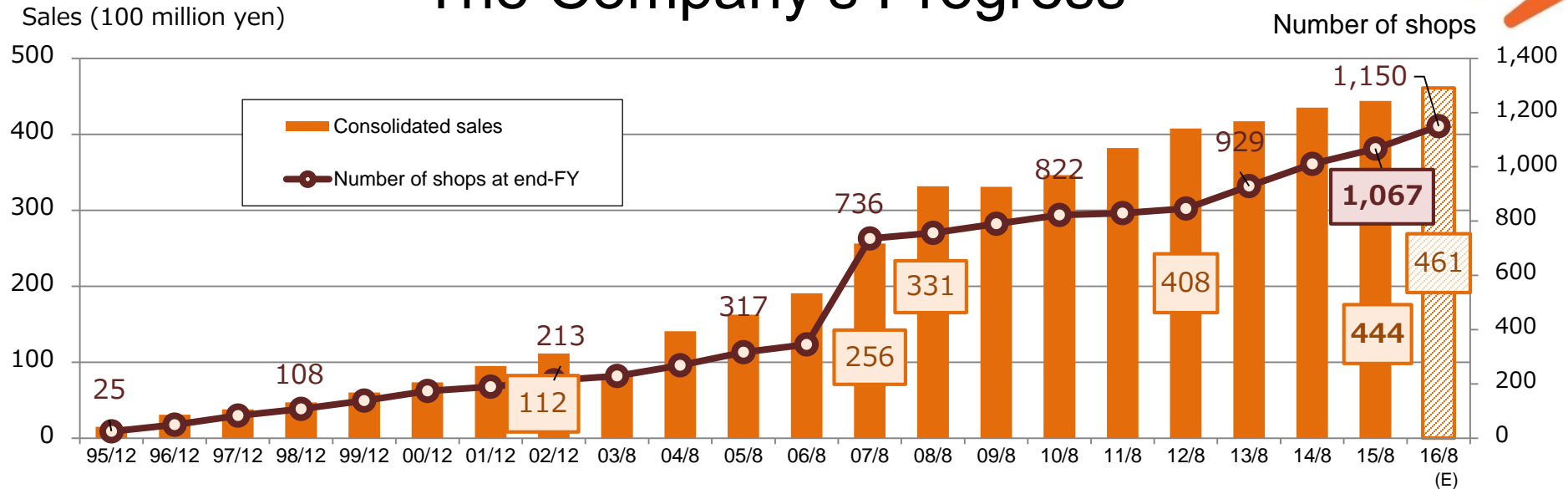
Corporate Profile



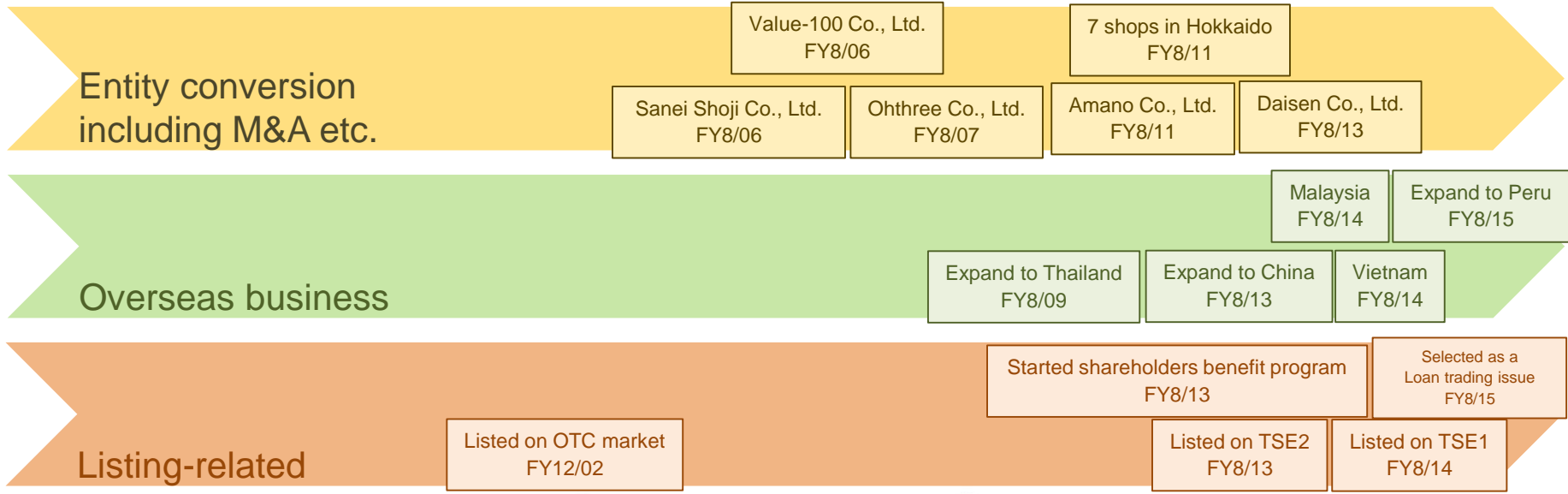
Establishment	February 22, 1995 (Currently the 22 nd business term)
Meaning of the Company's name	Derived from "Wa! tto ikou" (Japanese catch cry to "go forth energetically")
Market listing	Tokyo Stock Exchange First Section (Securities code: 2735)
Capital stock	440.29 million yen (as of February 29, 2016)
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	2,977 employees (as of February 29, 2016) *Part-time workers included
Number of shops	1,102 shops (as of February 29, 2016) *Other shops included



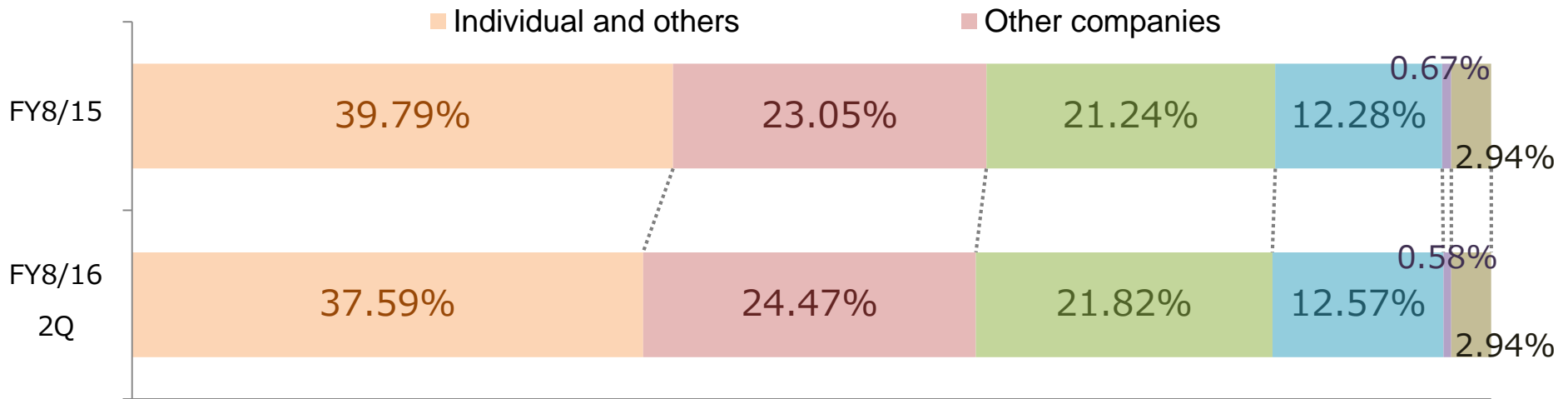
The Company's Progress



*Figures for 03/8 are 8 months results due to the change of financial period



Shareholder Composition



	FY8/15	FY8/16 2Q	YoY
Total number of shares issued	13,958,800 shares	13,958,800 shares	—
Number of shareholders	6,283	5,335	△948
Ownership ratio			
Individuals and others	39.79%	37.59%	△2.2P
Other domestic companies	23.05%	24.47%	1.42P
Foreign companies and others	21.24%	21.82%	0.58P
Financial institutions	12.28%	12.57%	0.29P
Securities companies	0.67%	0.58%	△0.09P
Treasury stock	2.94%	2.94%	0.00P

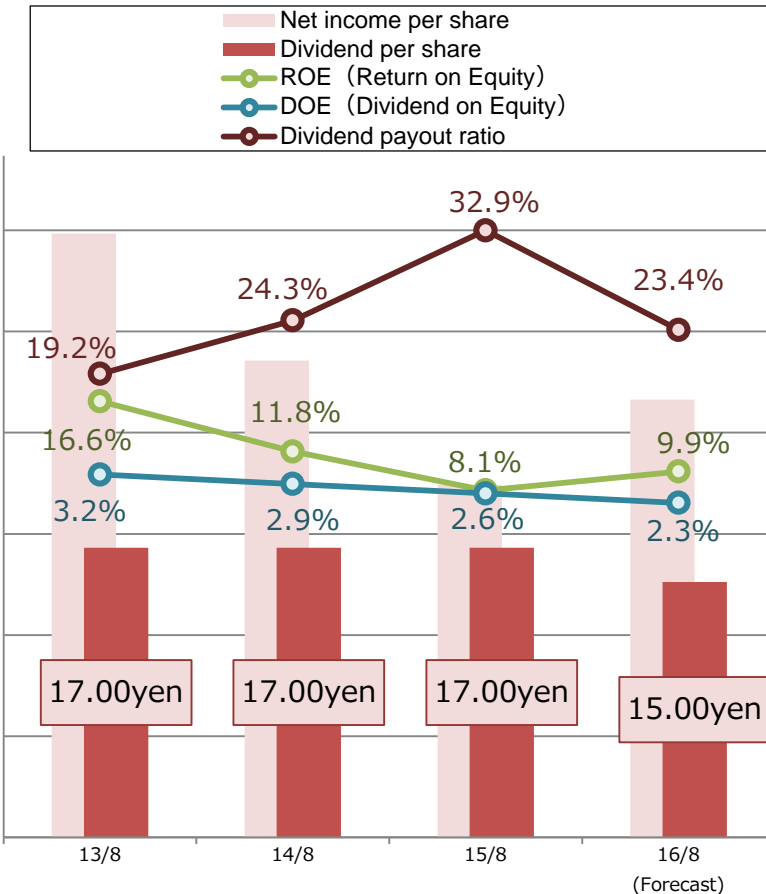
- ✓ The number of shareholders decreased by 15.1% from the previous year
- ✓ Composition ratio of individual shareholders decreased by 2.2P and of Foreign companies increased by 0.58P
- ✓ The Company will secure return capital for shareholders by achieving good results.

(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.



	FY8/13	FY8/14	FY8/15	FY8/16 (Forecast)
Net income per share (Yen)	88.63yen	69.97yen	51.73yen	64.22yen
Dividend per share (Yen)	17.00yen	17.00yen	17.00yen	15.00yen
Dividend payout ratio	19.2%	24.3%	32.9%	23.4%
Dividend yield	1.9%	1.8%	1.7%	1.9%
ROE (Return on Equity)	16.6%	11.8%	8.1%	9.9%
DOE (Dividend on Equity)	3.2%	2.9%	2.6%	2.3%

* Dividend per share is including commemorative dividends below

FY8/13: Commemorative dividend ¥2.00 for the change in stock market listing to the TSE 2nd section

FY8/14: Commemorative dividend ¥2.00 for the change in stock market listing to the TSE 1st section

FY8/15: Commemorative dividend ¥2.00 for the Company's 20th anniversary

* 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, 2016 is calculated based on the stock price on February 29, 2016



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.

Please contact us if you have any inquiry regarding this material.

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