

**INVESTOR MEETING
PRESENTATION
FOR THE FISCAL YEAR
ENDED DECEMBER 31, 2017**

**CHAIRMAN, PRESIDENT AND CEO,
REPRESENTATIVE DIRECTOR
Motoi Oyama**

February 16, 2018
ASICS Corporation



REVIEW OF THE FIVE YEAR STRATEGIC PLAN “ASICS GROWTH PLAN (AGP) 2020”

Due to changes in consumers' trend and drastic sales channels, sales have stayed around JPY 400 billion

AGP2020 (Jan 2016– Dec 2020)

Initial Targets

Sales JPY 750.0 billion or more
Operating Income Ratio 10% or more
ROE 15% or more



Two years have passed since we created our Five-Year Strategic Plan, AGP2020, as a target toward 2020, in 2015. However, making progress in the plan has been extremely difficult.

The main causes were a shift in consumer preferences that started in the United States, and a rapid shift in channels. In consumer preferences, there has been a shift from a consumer base passionate about running, which was one of our strengths, to a trend of making sports part of fashion, and enjoying them casually, especially among consumers of younger generations. In terms of distribution, there has been a rapid shift in consumer purchase channels toward e-commerce, such as Amazon, as rapid decline is seen in physical retail stores, leading to the increased bankruptcies.

REVIEW OF THE FIVE YEAR STRATEGIC PLAN “AGP2020”

Our actions to respond to the changes couldn't deliver remarkable success

Launch new lineup



New marketing



New distribution channel



Improving profitability leads ASICS to be back on further growth path



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In these changes of the business environment, we introduced products responding to the changing preferences and featured celebrities to communicate with our target consumers. With regard to high-function running shoes as well, which are strength of the Company, our brand presence is weakening due to a slowdown in the market itself, as well as a blurring of the boundaries between sports and fashion. In the United States, we took several measures including restructuring our sales organization to strengthen initiatives with major retailers, and improving distribution targets for high-function products, but these efforts have not yet yielded results. As a result, net sales over the past three years have stalled at around 400 billion yen. Furthermore, we were unable to hold back the increase in selling, general and administrative expenses in the face of a failure to reach sales targets, resulting in decreased profitability.

In order to break this vicious cycle, we will first revise our sales plan, while at the same time, concentrate our management resources (for example, marketing investments and human resources) in the fields where we are trying to increase sales, and improve profits.

We will also improve profitability by profitability-first mindset in each of the Company's divisions, and reviewing products, sales methods, and processes.

These revisions to our Five-Year Strategic Plan are to revise the targets for 2020. We will improve profitability and build the foundation for further growth during the period.

REVISED “AGP2020”

AGP2020 Quantitative Targets

	Revised Plan	Initial Plan
Sales	JPY 500 billion or more	JPY 750 billion or more
Operating Income Ratio	7% or more	10% or more

Direction

- ✓ Priority allocation of resources to growth areas
- ✓ Improve efficiency in profitability-first area



Our numerical targets are as follows: 500 billion yen or more in net sales; 7% in the average growth rate from 2017 to 2020; 7% or more in operating income ratio; and 10% or more in ROE. In order to achieve these targets, we will further focus our resources in the growth fields, while at the same time make improvements in the fields of lower profitability.

REVISED “AGP2020”

Priority allocation of resources to growth areas

- ✓ Running shoes in the U.S. market
- ✓ Chinese market
- ✓ Digital commerce and marketing

Improving efficiency in profitability-first area

- ✓ Apparel
- ✓ Core Performance Sport Shoes
- ✓ Retail
- ✓ Business Operation



Our top priorities are running shoes, and the United States. We see the United States as the most important region because it has a vast market for running, and is influential over other regions. The second priority is China. We foresee a high potential in China, as the country’s economy is growing, and our current market share is relatively low compared with other regions. The most important initiative is digital. We will increase the brand value not only by sales via e-commerce, but also by providing product information, and services.

We aim to improve profitability in the following fields: the apparel and core performance sports shoes product categories, retail channels, and business operations.

GROWTH AREAS RUNNING SHOES IN THE U.S. MARKET

Regain leading brand position through disruptive innovation and install our technology into casual area



- ✓ Launch strategic products for various running style
- ✓ Communicate our brand and product story through celebrity, digital and DTC channel
- ✓ Bond with runners through digital



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Although changing preferences are causing somewhat sluggish sales in the performance running market, we must expand our market share and establish the brand position in the market. Otherwise, we cannot build a competitive advantage in the easy running category. We will relentlessly pursue technology and innovation in our highest-function products, and provide the information on our high-function products again and strengthen sales to specialty stores serving serious runners. At the same time, with respect to athleisure as well, we will convert the technologies we have cultivated through the development of high-function products, which are our strength, into a form that is visible to consumers, and incorporate them in our products. We have restructured our sales organization in the United States, and built a system which enables us to strengthen our sales to major retailers. Last year, we established a product division in Boston, as well as a system in which we analyze demand in the United States and reflect the analysis results in the product planning. We will continue to respond to all running scenes from performance running to easy running, and plan to introduce strategic products that take maximum advantages of our technologies.

With regard to our stories as well, we will not only create a performance image through our sports assets, but also provide the unified brand message and product information through celebrities with high interest in athleisure and digital communication.

We attracted our target consumers in the "I MOVE ME" campaign, collaborating with the highly popular Steve Aoki.

Our flagship store that opened on Fifth Avenue in New York at the end of last year showed good results for our brand, with the female consumer ratio reaching 44%.

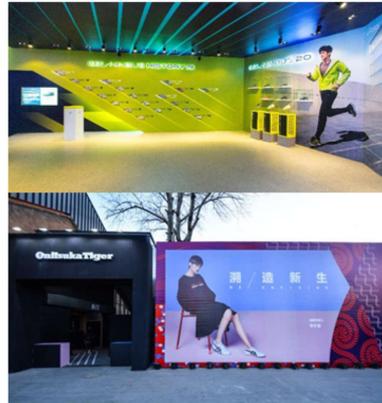
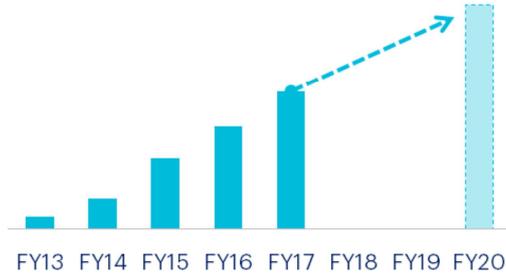
In the digital field, we will offer products suited to individual users' foot shapes and training frequency, while making use of data and knowledge of more than 43 million Runkeeper members, a large proportion of whom are in the United States, as well as "Mobile Foot ID", our online foot shape-measuring app, and services like our "ASICS Studio" training menu.

We see signs of increased orders in the fall and winter of 2018 at last. We will continue to focus on the area.

GROWTH AREAS CHINESE MARKET

Aim to achieve further growth in Running Shoes and Onitsuka Tiger

Sales in China



- ✓ Focus on performance running shoes and communicate our ASICS brand
- ✓ As a premium brand from Japan, open Onitsuka Tiger flagship stores in selected cities
- ✓ Expand sales in E-commerce



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Sales in China are strong, and we expect to see further growth going forward.

We will continue to focus on performance running shoes, responding to an increase in the runner population owing to rise in health consciousness. Moreover, the Chinese government encourages the engagement in sports as a national policy. We will also promote the brand by actively supporting marathons and other events.

Athleisure is also expected to grow in the Chinese market. Here as well, we will feature local celebrities to improve the brand image via digital communication.

Onitsuka Tiger, on which we currently focus, has gained great popularity as a brand originated in Japan. It keeps a strong brand image, and we will continue to promote the brand by opening flagship stores in the major cities.

We will further increase the value of the brand at our own retail stores, with a focus on sales of high-end products. E-commerce is more advanced in the Chinese market than in the United States, therefore supporting e-commerce is vital. In particular, we will enhance customer contacts and expand sales through partnerships with competitive accounts like T-mall.

In our own e-commerce, we will offer information on product features and background, and reflect analysis from purchases and browsing history in our product planning.

GROWTH AREAS DIGITAL COMMERCE AND MARKETING

Expand consumers' touchpoint and deliver personalized product promotion through digital



Runkeeper



Mobile Foot ID



ASICS Studio

- ✓ Understand consumers through data analysis in Runkeeper or other apps
- ✓ Develop our own service in Running and improve running experience
- ✓ Deliver highly personalized product promotion & information



The final key field is digital. We will aim to expand and cultivate customer contact through active investment.

As mentioned in our measures for the United States, we will offer products suited to individual users' foot shapes and training frequency, while making use of data and knowledge of more than 43 million Runkeeper members, as well as our proprietary online foot shape-measuring app, Mobile Foot ID, and services such as our ASICS Studio training menu. We will continue our research and development in services, with a focus on our core running category, to further improve our customers' running experience. We will also track online browsing history, and use such information to provide information personalized to each individual's interests when customers visit brick & mortar stores, in order to maximize the purchasing experience.

Meanwhile, in fields other than running, we will maximize customer benefits and convenience through collaboration with external partners.

We will also utilize our venture capital to promote use of digital technologies in our products and services. Since our customer contacts through our own digital commerce and marketing alone are limited, we will establish partnerships with competitive accounts, and expand sales through win-win relationship.

PROFITABILITY-FIRST AREA

Apparel

- ✓ Spread new design direction in casual items
- ✓ Expand the products to fill local demand
- ✓ Improve speed and efficiency in planning, development and production process

Core Performance Sport Shoes

- ✓ Improve profitability and influence on brand through category focus with return on investment

Retail

- ✓ Review of all stores' profitability for quick scrap & build and deliver appropriate products
- ✓ Focus on brand presentation at flagship stores in selected cities

Business Operation

- ✓ Digital transformation in all business operation process of analysis, planning, development, production, logistics, sourcing, sales and any other
- ✓ Aim to reduce costs by reviewing procurement process



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Next, turning to improvement in profitability, we will thoroughly review our apparel business.

We worked on consolidating global functions to improve the efficiency in global projects and strengthen brand and design direction, but we will drastically revise our planning, development, and production systems. Meanwhile, over the past few years we have focused on new design proposals; we will transfer the results to sports fashion casual products, and expand sales to the athleisure market.

Next, I will turn to the competitive sports shoes category, which we call core performance sports shoes. This category is vital as an investment toward maintaining our position as a sports performance brand. Keeping an eye on return on investment, we will select and consolidate in the category to improve profitability, while enhancing the contribution to the brand as a whole.

We will further focus on thorough profitability management of own retail channels. We will thoroughly manage profitability at individual stores for small and medium-sized stores and factory outlets. We will promptly scrap and build unprofitable stores, plan highly profitable products, and improve operations at each store and headquarters. We will strengthen the brand presentation at our major-city flagship stores opened last year in New York, London, and Harajuku Tokyo.

Lastly, I will discuss internal business operations improvements.

We will achieve speed, accuracy and productivity in internal business operations such as development, sales, and analysis by taking maximum advantages of digital and robotics. We will also reduce costs by reviewing the procurement process at our organizations in Japan, the United States, and Europe, which are particularly large. We will also improve our practices moving forward, and continue to maximize corporate value. In all cases, we need to reform the mindset and thoroughly re-examine our earlier approaches.

QUANTITATIVE TARGETS

Sales	JPY 500 billion or more
Operating Income Ratio	7% or more
ROE	10% or more

DTC sales ratio	28%
E-commerce ratio	6%

CAGR by segment (Compound Annual Growth Rate from FY2017 to FY2020)				
Japan	Americas	EMEA	East Asia	Oceania Southeast & South Asia
9%	2%	7%	13%	8%

China
16%



These are our targets for DTC ratio and growth rates by segment. Our average annual growth rate in the East Asia is 13%, while in China, our key region, we plan for 16% growth.

AGP2020 CORE STRATEGY (NO REVISIONS)

Shift to DTC mindset

Expand our consumer base

Communicate a consistent brand

Create differentiated innovation

Enrich sport life through digital

Pursue operational excellence

Develop people and team



Our Five-Year Strategic Plan lists seven core strategies. We will maintain the directions of the strategies, while building a foundation for further growth by focusing allocation to growth fields and improving profitability.

FINANCIAL STRATEGY

In addition to stable dividends, the policy for Acquisitions of Own Shares has newly established considering the balance of growth and shareholder return during the period of revised "AGP2020"

Policy	Until now	From now (From FY2017 through FY2020)
1. Shareholder Return	Allocate approximately 20% of consolidated net income to the source of dividends	The Company shall flexibly acquire and cancel its treasury stocks, in line with stock price levels and market conditions, to the end of achieving a <u>total return ratio of 50%</u>
2. Acquisition of Own Shares	—	
3. Interim Dividend System	—	Introduce an interim dividend system starting from the Fiscal Year Ending December 31, 2018 <small>(To be effective on condition of approval at the 64th Ordinary General Meeting of Shareholders) [Record Date for Interim Dividends: June 30 of each year]</small>
<p>Aim to achieve the following points as our Financial discipline</p> <ol style="list-style-type: none"> 1. Maintain shareholders' equity ratio at the same level as the current condition 2. Keep net cash position <p>Furthermore, aim to enhance cash generation by continuous efforts to improve working capital</p>		



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I will now explain about our financial strategy.

Along with the revisions to our Five-Year Strategic Plan, we also reviewed our shareholder return policy, with consideration for a balance between growth and profits. Our basic policy has been to use about 20% of consolidated net income as the source of dividends. Now, we will further boost our returns to our shareholders, providing returns based on "total return ratio." We will flexibly acquire and cancel its treasury stocks, in line with stock price levels and market conditions, in addition to stable dividend, to achieve the total return ratio of about 50% from 2017 through 2020.

Moreover, to expand opportunities for returning profits to shareholders, starting in this fiscal year we will introduce an interim dividend system, subject to an approval at the Ordinary General Meeting of Shareholders to be held on March 29 of this year.

In addition to working to improve profitability and efficiency, and aiming for an ROE of 10% or more, we will maintain the current level of our capital ratio and net cash as fiscal discipline, in consideration of financial soundness. At the same time, we will work to generate cash by continuously improving our working capital.

NEW MANAGEMENT MEMBERS

Chairman and CEO, Representative Director	Motoi Oyama
President and COO, Representative Director	Yasuhito Hirota (Current position: Advisor)
Director	Manabu Nishimae
Director	Tsuyoshi Nishiwaki
Director	Hokuto Nakano (Current position: Advisor)
Director	Naoki Matsushita (Current position: Executive Officer)
Director (External)	Katsuro Tanaka
Director (External)	Takeshi Hanai
Director (External)	Hitoshi Kashiwaki
Director (External)	Kazuo Sumi



*These changes will be formally approved at the 64th Ordinary General Meeting of Shareholders

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At the Ordinary General Meeting of Shareholders to be held on March 29, and the following meeting of the Company's Board of Directors, we will formally appoint Mr. Yasuhito Hirota as President and COO, Representative Director, to take responsibility for operations, while I continue to supervise and guide the entire Group as Chairman and CEO, Representative Director.

Mr. Hirota worked in the corporate division at Mitsubishi Corporation, a global corporation, for many years, and had been engaged in management as Representative Director. I believe that he will leverage the strengths and experience.

In addition to our new President, there will be changes in our Directors and Audit & Supervisory Board Members. The new management team will start from March 29.

I look forward to your continued support.