

**RIZAP Group, Inc.**  
2928 Sapporo Securities  
Exchange Ambitious

16-Feb.-18

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FISCO Ltd. Analyst

## ■ achieved record highs for both revenue and operating income

RIZAP Group <2928> announced its FY3/18 Q3 (April to December 2017) consolidated results (IFRS) on February 14, 2018. Revenue increased 50.8% year-on-year (YoY) to JPY99.129bn, operating income rose 1.4% to JPY8.114bn, income before income taxes decreased 5.9% to JPY7.113bn, and net income attributable to owners of the parent company grew 3.0% to JPY5.233bn.

Revenue and operating income increased for the sixth and the fifth consecutive fiscal periods, respectively, and both were record highs. The RIZAP-related businesses grew and the rebuilding of the Group companies was advanced through the concentrated upfront investment (JPY7.01bn) conducted up to Q3. RIZAP Group is making progress above the plan for Q4 also toward achieving the full year forecasts.

In the beauty and health business, RIZAP launched the Body Management Program (BMP), a one-year contract renewed every year designed to maintain and manage the health of members, and the contract rate for this service is trending favorably. The effects of the upfront investment and other measures are also steadily appearing for the new businesses, particularly for RIZAP GOLF that is growing significantly, with revenue increasing by 5.8 times YoY.

Maruko Corporation <9980>, which sells women's body-shaper underwear, worked to build a foundation for growth, including by strengthening its profitability through thoroughly reviewing costs, and improving its ability to attract new customers, such as by approaching new customers using TV, the Internet, and other media.

Pado Corporation <4833>, which provides community-based, free home-delivery information magazines, acquired many orders in its temporary staffing and recruitment business, both from clients and from job seekers.

In the apparel business, DREAM VISION CO., LTD. <3185>, which plans and sells women's clothing, acquired customers in a wide range of groups by strengthening its merchandising structure and product planning structure, based on a reorganization of its brands.

Jeans Mate Corporation <7448>, which sells casual wear, implemented various initiatives, including strengthening product capabilities. It also conducted a variety of structural reforms, such as liquidating unprofitable stores and conducting selection and concentration for the store formats.

In the housing and lifestyle business, IDEA INTERNATIONAL CO., LTD. <3140>, which plans, develops and manufactures, and sells interior, travel, and other miscellaneous goods, achieved strong results for its interior-goods brands. Among them, revenue increased for winter household appliances that feature superior designs, and both revenue and profits achieved record highs for a Q2 for the company.

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In the entertainment business, SD ENTERTAINMENT, Inc. <4650>, which manages the fitness, bowling, cinema, and other businesses, actively executed investments in structural reforms, including accelerating investment in growth for the fitness business, and implementing a strategy to be the winner in the competition in the GAME business.

The initial forecasts for the FY3/18 full-year consolidated results have been left unchanged, with revenue forecast to increase 57.6% YoY to JPY150.202bn, operating income to rise 27.4% to JPY13.010bn, income before income taxes to climb 24.8% to JPY11.983bn, and net income attributable to owners of the parent company to increase 4.3% to JPY8.007bn.

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