



3Q 2015 Results

November 12, 2015

おかげさまで

45th Anniversary



3Q 2015 YTD Headlines



- **Sales** **+3.6% YoY**
- **Adjusted EBITDA** **+8.0% YoY**
- **Adjusted Net Income** **+24.0% YoY**

- **Achieved SSS growth for 9 consecutive quarters**
- **Maintained strong, stable gross margins of approximately 70%**
- **Steadily approached our full-year profit target**

3Q 2015 YTD 2015 Highlights



	3Q 2015 YTD	%YoY
Sales	JPY 264.5bn	+3.6%
SSS Growth	YoY +3.1% (ATP +3.8%)	—
Adjusted EBITDA¹	JPY 34.9bn	+ 8.0%
Adjusted Net² Income	JPY 12.9bn	+ 24.0%
Adjusted ROE³	16.8 %	
Store Footprint	26 new openings, 104 conversions⁴ and 221 remodels	

Note: ATP = Average Ticket Price

1. Adjusted EBITDA = EBITDA + Loss on disposal of fixed assets + Impairment loss of non-financial assets + Advisory fees in accordance with the BCPL management agreement (including periodic payments) + IPO and public offering-related expenses (including special bonus for initial public offering) + Amount associated with the change in accounting estimates due to qualified listing

2. Adjusted net income = Net income + Advisory fees in accordance with the BCPL management agreement (including periodic payments) + IPO and public offering-related expenses (including special bonus for initial public offering) + Amount associated with the change in accounting estimates due to qualified listing + Tax effects of adjustments

The BCPL management agreement represents the former management agreement between the Company and Bain Capital Partners LLC.

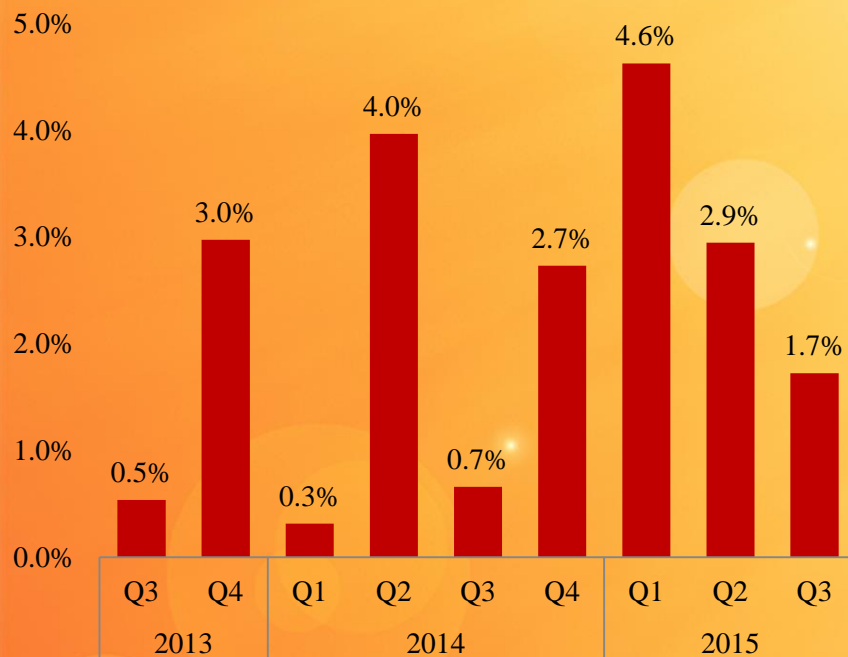
3. Adjusted ROE is for the last 12 months

4. 104 conversions include 1 stores which are temporarily closed for the conversion construction

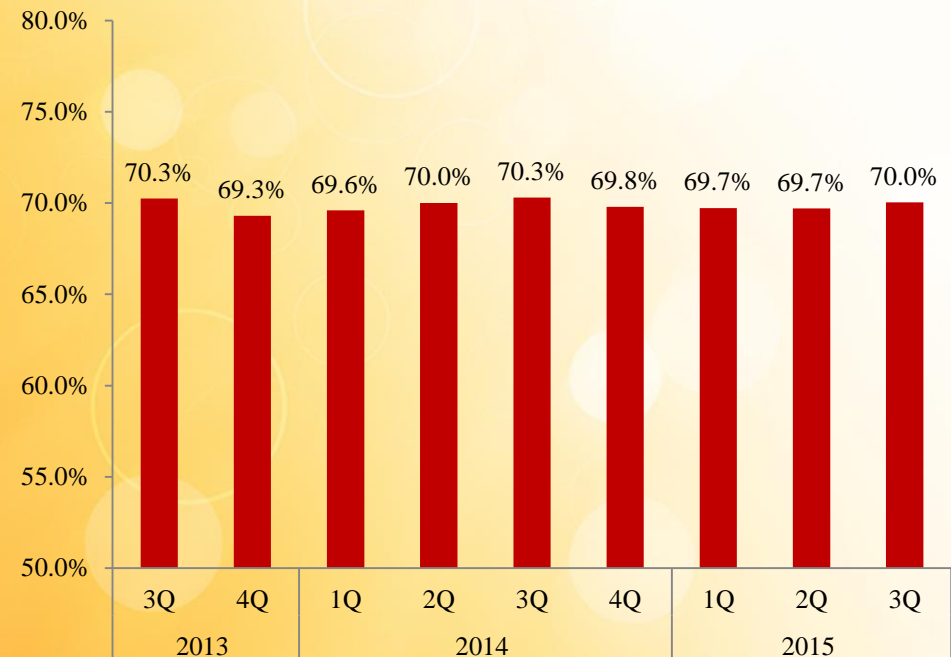
Quarterly Trends for SSS and Gross Margins



**Achieved SSS growth for
9 consecutive quarters**



Stable, Strong Gross Margins

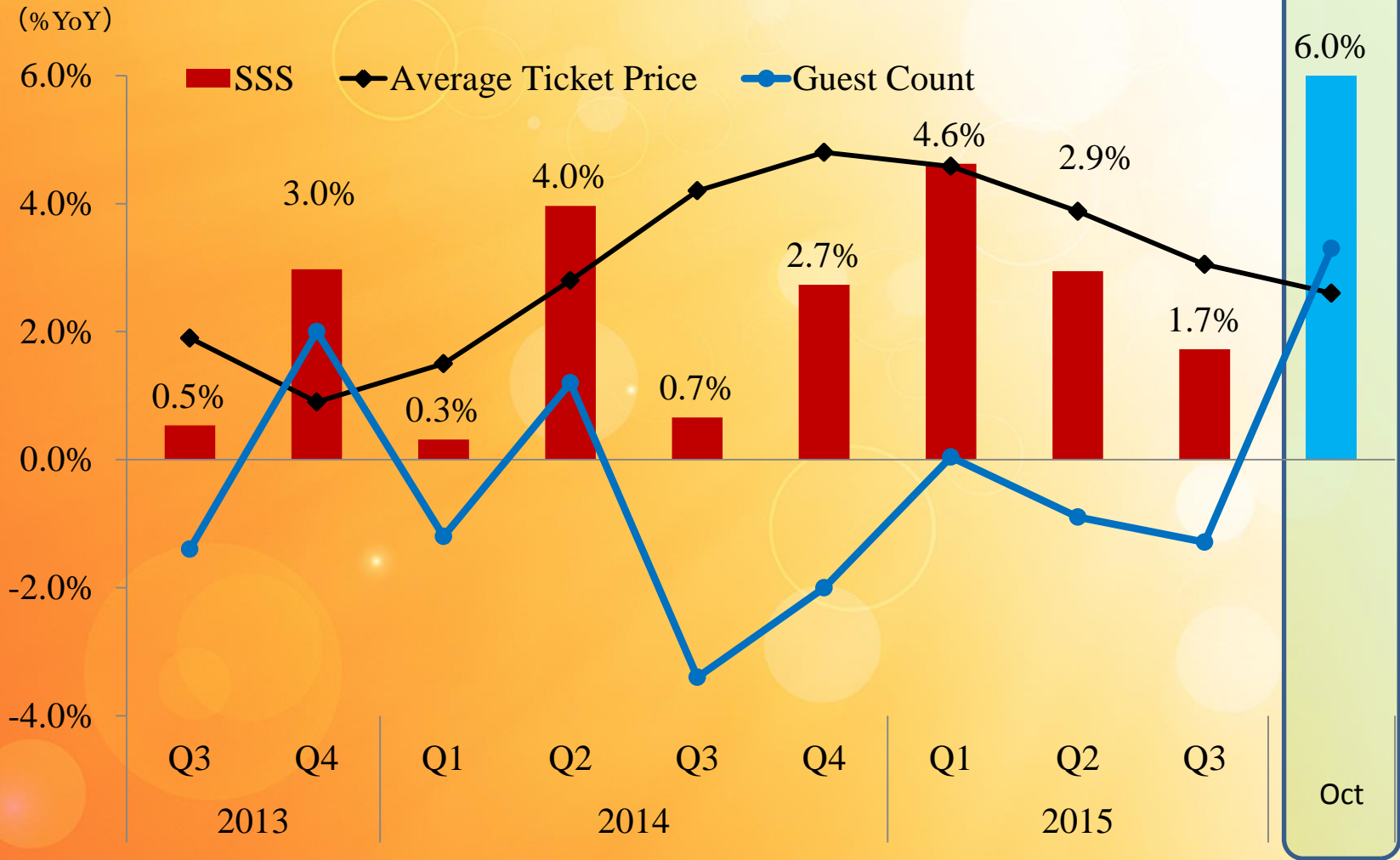


Note: Same-store sales (SSS) consist of total sales (per day) per restaurant at restaurants that have been in operation for at least 13 months. In addition, same-store sales are the net of consumption tax and include stores that have undergone brand conversion

Growth Strategy Progress in 3Q 2015

SSS Growth	Menu Innovation	<ul style="list-style-type: none"> Offered premium ingredients and Japanese style light meal sets targeting women Introduced new pancake menu
	Marketing	<ul style="list-style-type: none"> Enhanced digital marketing strategies Carried out cross brand Yokai Watch promotion
	Remodeling	<ul style="list-style-type: none"> Remodeled 221 restaurants (1Q: 69, 2Q: 65, 3Q:87) Changed interiors and exteriors to increase traffic Introduced comfortable café-style chairs
	Brand Conversions	<ul style="list-style-type: none"> Converted 104 restaurants (1Q: 45, 2Q: 40, 3Q:19) Reduced market cannibalization by converting to brands other than Gusto
	Delivery Service	<ul style="list-style-type: none"> Delivery sales increased by 5.9% YoY Demand driven by seniors and women in the workforce
New Restaurant Openings		<ul style="list-style-type: none"> Opened 26 new restaurants (1Q: 8, 2Q: 11, 3Q:7) Focused on station-front and shopping mall locations Opened a new brand “Yumean Dining”
Cost Reductions		<ul style="list-style-type: none"> Maintained high gross margin despite depreciation of yen and increasing ingredient costs by optimizing procurement, processing and logistics

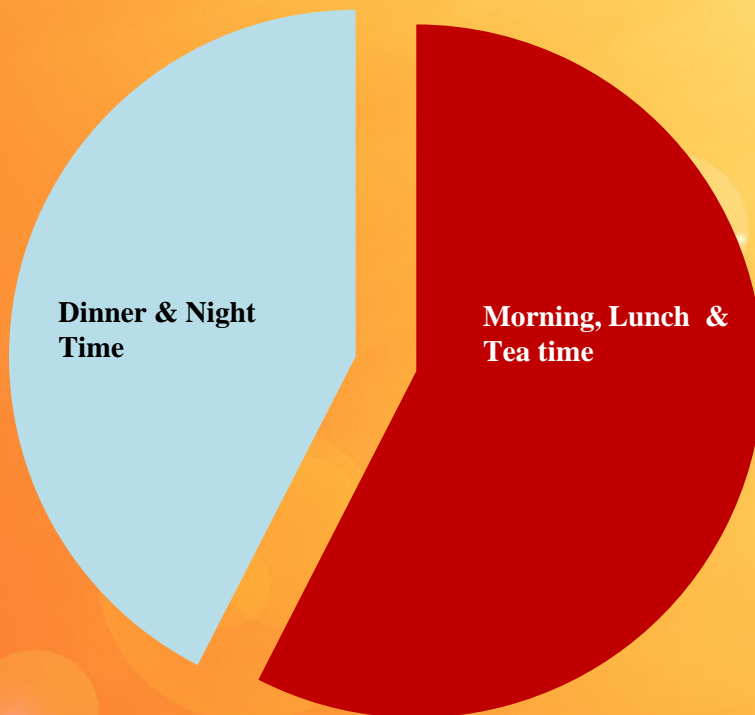
SSS: ATP Drove Sales



Traffic Growth :Strategy for Morning, Lunch and Teatime



Day Time Sales Accounts for Approx. 60%



Jan-Sep 2015

Lunchtime

- Introduced light meal set to attract women in particular
- Offered reasonably-priced lunch set
- Extended lunchtime from 15:00 to 17:000

Other

- Improved sweets menu
- Promoted happy hour at all brands



What We Plan to Do

- Offer more variety in reasonably-priced lunch sets
- Introduce lunch time –limited promotions

Note: cumulative January-September 2015 sales per Gusto store by time period

Traffic Growth: Attract Price-Sensitive Customers

Offer Value-Promotion on Popular Items

Attract price-sensitive customers

この冬最後のチャンス!!

広島産 牡蠣 入荷

Caféレストラン ガスト

2019年2月26日(木) 発行

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特製ドミソース 750kcal 塩分2.4g

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ATP Growth: Value-Driven Growth

Improve Limited-Time Offer Items

Offer a Sense of Luxury with Premium and Seasonal Ingredients

→ Introduce items for higher price point customers

Set Menu with Premium Ingredients

Increase Both ATP and Sales Volume by Enhancing Set Items

Limited-time offer item: Oyster 2014 (¥ 1,099)



Rice with premium ingredients

Limited-time offer item: Oyster 2015 (¥ 1,349)



Traffic Growth: Layout Change to Reflect Environmental Changes



Reduction of Smoking Areas

Attract more customers by revising smoking section ratio to reflect downward trend in smoker proportion over past 10 years

	2005	2015	Diff.
Smoking Rate*	29.2%	19.9%	▲9.3

*Smoker rates (JT nationwide smoker rate survey)

Smoking Seat Ratio approx. 40%
(All brands average)

Smoking section change



 Smoking area

Table Ratio

Improved table ration by increasing tables for 2 rather than for 4



Remodels: Attract New Customers

Road-side Café Market Expected to Expand



Source: Fuji Keizai, 2015

Traffic Increased All Times of Day At all trial restaurants



Gusto Mitaka (above), Jonathan's Kunitachi Fujimi

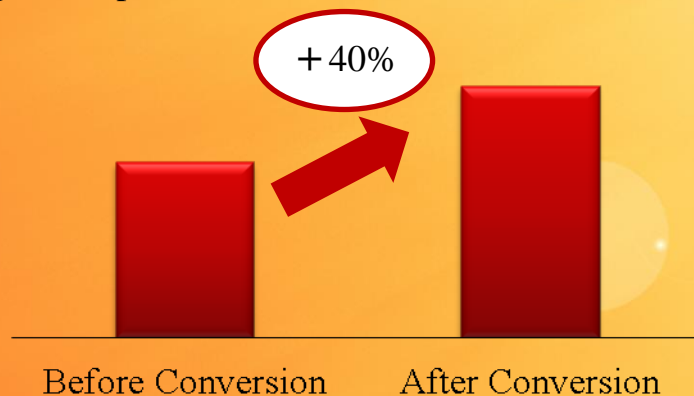
Brand Conversions: Contribute to Sales Expansion



Earnings Improve by Brand Conversions
Completed 104 Conversions in 2015

Sales increase After Converting to SYABU-YO

(Average sales per store)



Other Conversions: Café and Grilled Beef Brands



MUSASHI NO MORI COFFEE



Jyu-Jyu Karubi

New Restaurant Openings

Focus on Urban Area and Near Train Station

New openings Jul to Sep 2015


Gusto Shinjuku 3-chome (July)
Bamiyan Kichijoji (August)
Jonathan's Jiyugaoka (August) etc.

New Brand Development

In response to increasing demand in for restaurants located near stations, we developed a new brand. This is a downsized Yumean (Japanese-style restaurant) to fit near a station

Udon noodles with premium soup stock and a bowl of rice with deep fried-prawns and vegetables



うどん・天ぷら・定食
ゆめあん食堂 





Finance Section

Key Financials: 3Q 2015



Key Financial Indicators	Unit	3Q 2015	3Q 2014	Variance
Company Sales	billion JPY	91.8	89.6	+2.2
Sales Growth	%	+2.4%	+1.2%	+1.2%
Same Store Sales Growth *	%	+1.7%	+0.7%	+1.1%
<i>Same Store ATP Growth *</i>	%	+3.1%	+4.2%	(1.2)%
<i>Same Store GC Growth *</i>	%	(1.3)%	(3.4)%	+2.1%
Gross Margin per Sales	%	70.0%	70.3%	(0.3)%
Adjusted EBITDA	billion JPY	13.6	13.4	+0.2
Adjusted EBITDA Margin	%	14.8%	14.9%	(0.1)%
Adjusted EBITDA Growth	%	+1.7%	+9.1%	(7.4)%
Adjusted Net Income	billion JPY	5.4	5.5	(0.1)
Adjusted Net Income Growth	%	(1.0)%	+29.7%	(30.6)%
EBITDA	billion JPY	13.0	8.3	+4.7
Net Income	billion JPY	5.4	2.6	+2.9
EPS	JPY	27.99	13.44	+14.55
EPS (Stock dilution)	JPY	27.68	13.40	+14.28

* Definition of Same Store Sales: 13month existing stores/including brand conversion/including Delivery GC (calculated by Delivery Sales divided by the average Eat In ATP)

Key Financials: 3Q 2015 YTD



Key Financial Indicators	Unit	1H 2015	1H 2014	Variance
Company Sales	billion JPY	264.5	255.3	+9.2
Sales Growth	%	+3.6%	+2.0%	+1.6%
Same Store Sales Growth *	%	+3.1%	+1.6%	+1.4%
<i>Same Store ATP Growth *</i>	%	+3.8%	+2.9%	+0.9%
<i>Same Store GC Growth *</i>	%	(0.7)%	(1.2)%	+0.5%
Gross Margin per Sales	%	69.8%	70.0%	(0.2)%
Adjusted EBITDA	billion JPY	34.9	32.3	+2.6
Adjusted EBITDA Margin	%	13.2%	12.7%	+0.5%
Adjusted EBITDA Growth	%	+8.0%	+5.3%	+2.7%
Adjusted Net Income	billion JPY	12.9	10.4	+2.5
Adjusted Net Income Growth	%	+24.0%	+20.4%	+3.7%
EBITDA	billion JPY	31.9	25.9	+6.0
Net Income	billion JPY	12.0	7.0	+5.0
EPS	JPY	61.80	36.87	+24.93
EPS (Stock dilution)	JPY	61.15	36.82	+24.33
ROE *	%	15.5%	10.4%	+5.1%
Adjusted ROE *	%	16.8%	14.9%	+1.9%

* Definition of Same Store Sales: 13month existing stores/including brand conversion/including Delivery GC (calculated by Delivery Sales divided by the average Eat In ATP)

* ROE/Adjusted ROE: LTM base. Not audited numbers

PL Summary 3Q 2015 YTD



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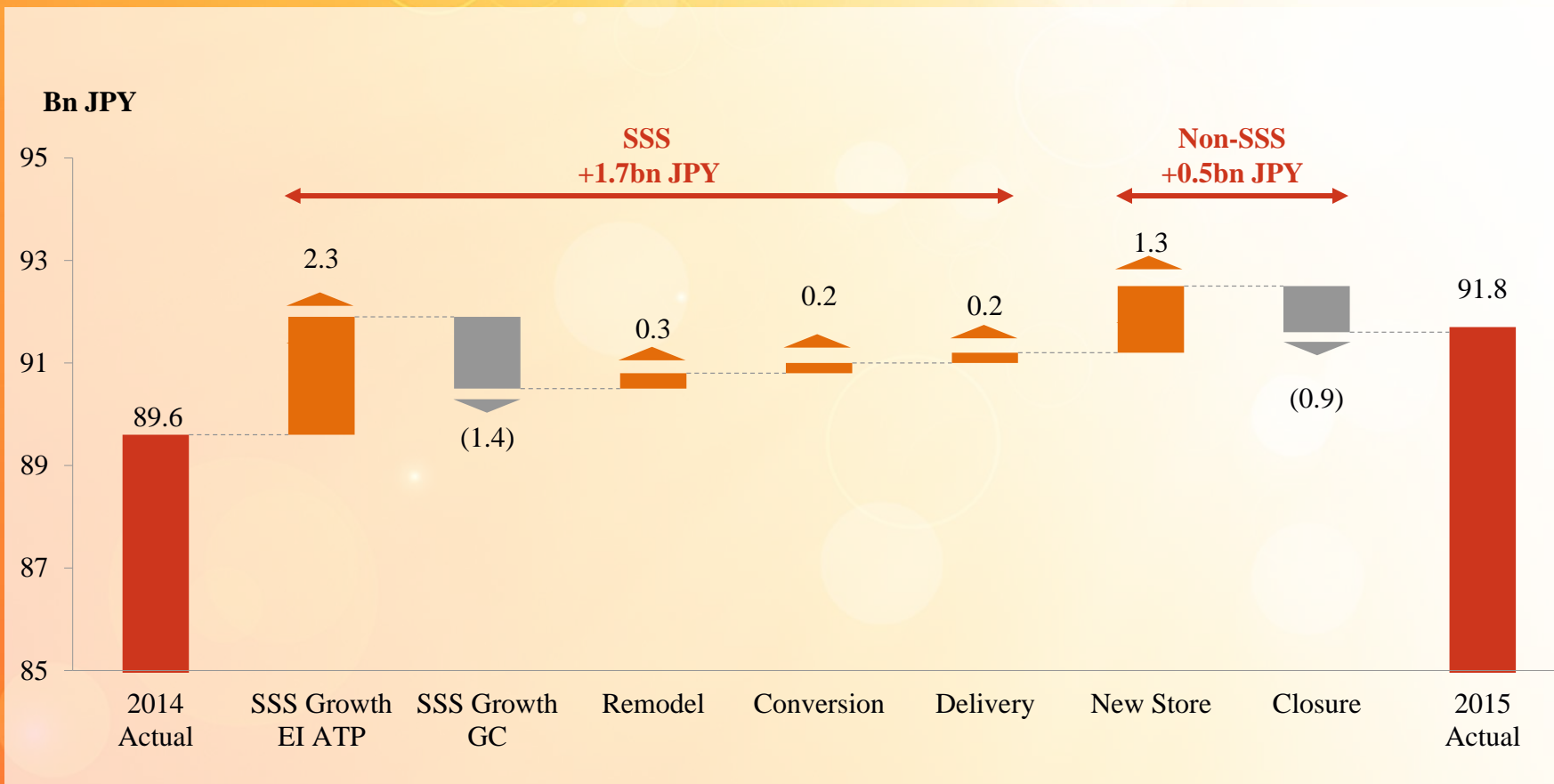
	3Q 2015 YTD		3Q 2014 YTD		Variance	
	bn JPY	% of Sales	bn JPY	% of Sales	bn JPY	% YoY
Sales	264.5	100.0%	255.3	100.0%	9.2	103.6%
COGS	79.8	30.2%	76.6	30.0%	(3.2)	104.1%
Gross Margin	184.7	69.8%	178.7	70.0%	6.0	103.4%
<i>Labor Cost</i>	85.6	32.4%	82.0	32.1%	(3.6)	104.3%
<i>Other Cost</i>	77.2	29.2%	80.3	31.5%	3.1	96.2%
EBIT	21.8	8.3%	16.3	6.4%	5.5	134.0%
Financing Cost	2.3	0.9%	3.7	1.4%	1.3	63.8%
Profit Before Tax	19.5	7.4%	12.6	5.0%	6.9	154.3%
Tax Expense	7.5	2.8%	5.6	2.2%	(1.9)	133.2%
Net Income	12.0	4.5%	7.0	2.7%	5.0	171.2%

EBITDA	31.9	12.1%	25.9	10.1%	6.0	123.3%
Adjusted EBITDA	34.9	13.2%	32.3	12.7%	2.6	108.0%
Adjusted Net Income	12.9	4.9%	10.4	4.1%	2.5	124.0%

Sales Results

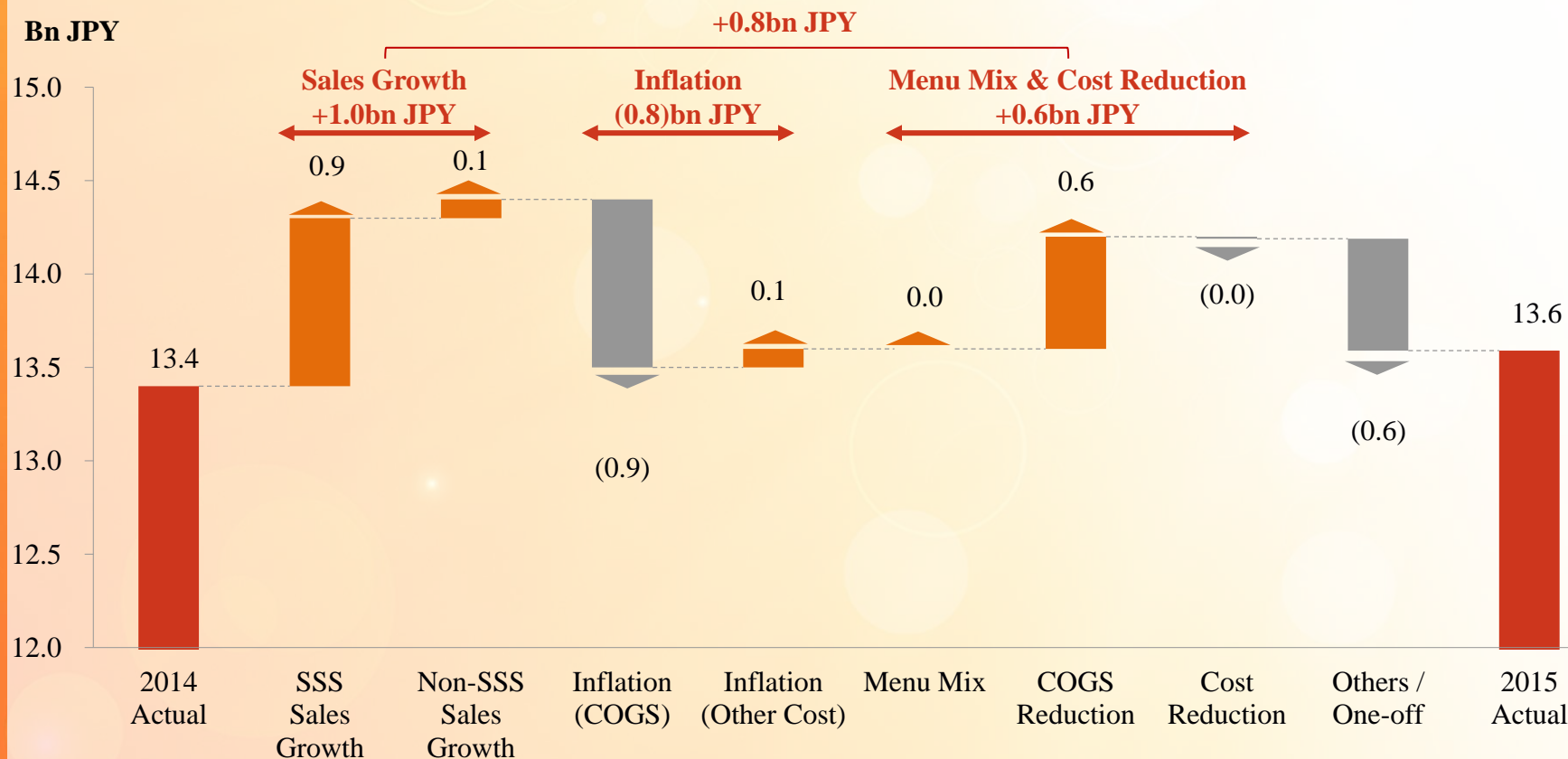


Comparison between 3Q 2014 Actual and 3Q 2015 Actual



Adjusted EBITDA

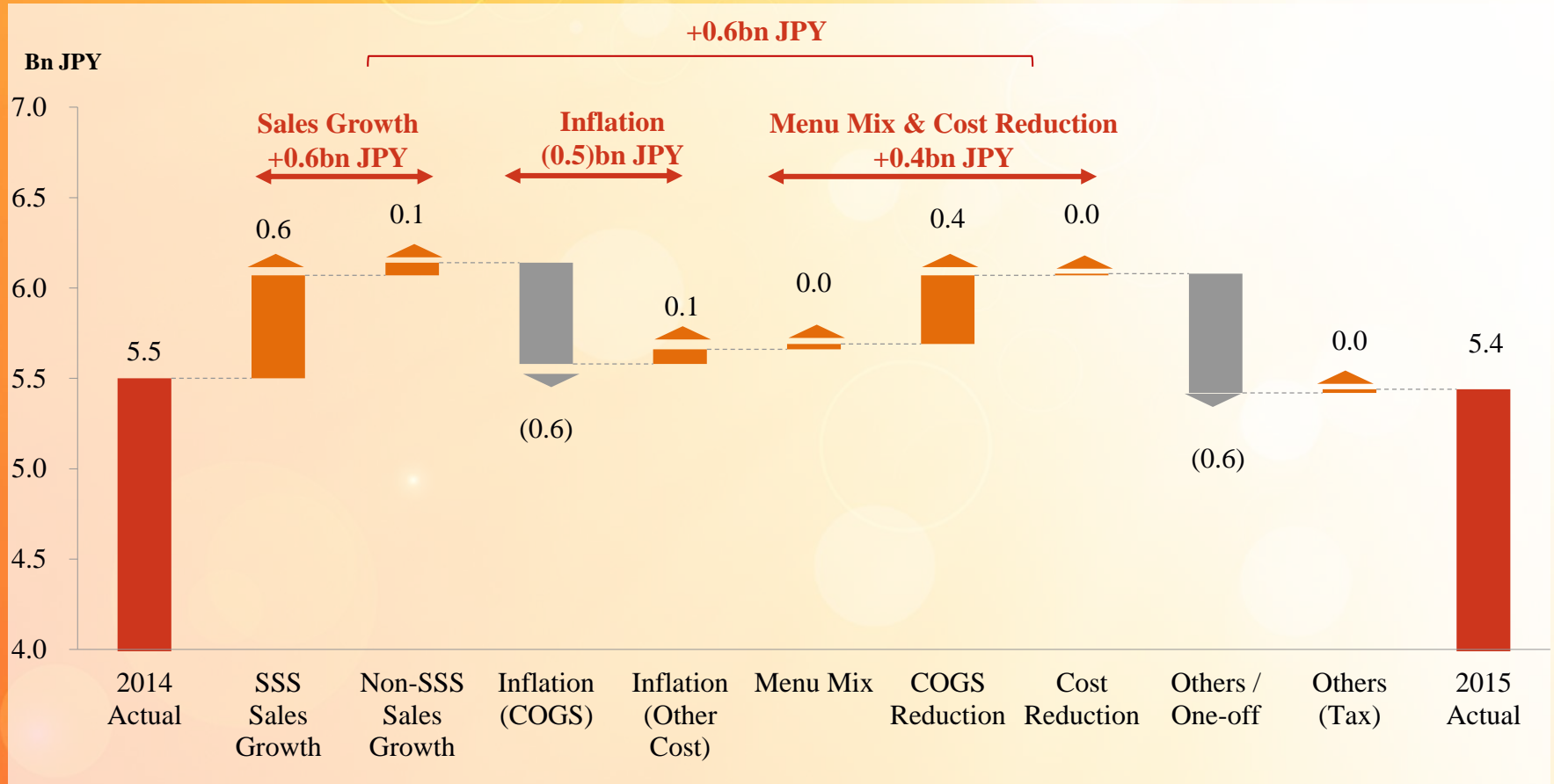
Comparison between 3Q 2014 Actual and 3Q 2015 Actual



Note: COGS and Cost reduction includes cost saving and avoidance

Adjusted Net Income






Comparison between 3Q 2014 Actual and 3Q 2015 Actual



Note: COGS and Cost reduction includes cost saving and avoidance

Restaurant Development

Progress and Improvement

# of Locations		Dec.'14	New	Conversion * (+)	Conversion * (-)	Closures	Sep.'15	Remodeled
	Gusto	1,353	10	37	(6)	(7)	1,387	155
	Jonathan's	300	3	1	(1)	(2)	301	32
	Bamiyan	342	2	3	(3)	(3)	341	6
	Steak Gusto	143	-	1	(3)	-	141	-
	Yumean	168	3	19	-	(1)	189	2
	Others	708	8	42	(91)	(12)	655	26
	Total	3,014	26	103	(104)	(25)	3,014	221

*104 conversions included 81 conversions from Ohashi Café Gusto.

Adjusted Items (YTD)



(Bn JPY)	3Q2015 YTD	3Q2014 YTD	Variance
EBITDA	31.9	25.9	6.0
Non-Cash Items			
(+) Loss on disposal of fixed assets	1.1	0.6	0.5
(+) Impairment loss	0.4	0.3	0.1
Non-Recurring Items			
(+) Bain Capital management fee	-	4.5	(4.5)
(+) IPO and public offering-related expenses	0.3	1.0	(0.8)
(+) Change in accounting estimate due to qualified listing *	1.2	-	1.2
Adjusted EBITDA	34.9	32.3	2.6
Net Income	12.0	7.0	5.0
Non-Recurring Items			
(+) Bain Capital management fee	-	4.5	(4.5)
(+) IPO and public offering-related expenses	0.3	1.0	(0.8)
(+) Change in accounting estimate due to qualified listing *	1.2	-	1.2
Adjusted subtotal (before tax)	1.5	5.6	(4.1)
Tax effects of adjustments	(0.6)	(2.2)	1.6
Adjusted subtotal (after tax)	0.9	3.4	(2.5)
Adjusted Net Income	12.9	10.4	2.5

*Change in accounting estimates due to qualified listing” refers to the amount of the effect on the estimates used for the accounting treatments associated with the change in estimating the vesting period and the number of rights to be forfeited relevant to SO, SAR and DC.

From FCF to Adjusted FCF (YTD)

(Bn JPY)	3Q2015 YTD	3Q2014 YTD	Variance
Cash flow from operation	22.2	27.1	(5.0)
Capital expenditure (CAPEX)	(14.0)	(8.6)	(5.4)
Free Cash Flow	8.2	18.5	(10.4)
(+) Bain Capital management fee	2.0	0.5	1.5
(+) IPO and public offering-related expense	0.5	0.8	(0.2)
(+) Change in accounting estimates due to qualified listing	0.4	-	0.4
Adjusted subtotal (before tax)	2.9	1.3	1.6
Tax effects of adjustments	(1.0)	(0.5)	(0.5)
Adjusted subtotal (after tax)	1.9	0.8	1.1
(-) Payment of lease deposits and guarantee deposits	(0.6)	(0.5)	(0.1)
(+) Proceeds from collection of lease deposits and guarantee deposits	0.9	1.0	(0.1)
Adjusted Free Cash Flow	10.4	19.8	(9.4)



Appendix

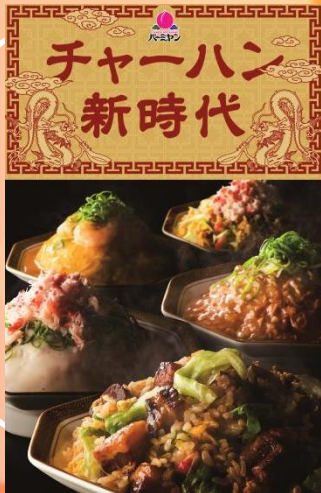
SSS Growth Strategy in 3Q 2015

Menu Innovation

- Offered seasonal premium ingredients such as domestic eel, oyster and duck
- Offered higher-priced Japanese style light meal sets targeting women
- Teatime traffic growth: Added a new option in the popular pancake lineup
- Improved convenience for foreign customers by preparing English and Chinese menus at key locations

Marketing

- Gusto French Fries 99 yen promotion in July and September
- Gusto pancake with publicity, mobile app and coupons
- Cross-brand: Yokai Watch promotion for 5-9 year old kids (Lucky Set)
- Cross-brand: Happy hour promotion



Growth Strategy Targets for 4Q 2015

SSS Growth

Menu Innovation

- Add more items to appeal to price sensitive customers
- At the same time we offer items to higher price point customers

Marketing

- Repeat popular promotions focused on affordability
- Introduce of Bamiyan mobile apps

Remodeling

- Annual target of approx. 300 restaurants
- Continue trialing redesigning exteriors and changing to café-style, looking to next year and beyond

Brand Conversions

- Annual target of approx. 100 restaurants
- More conversions to Musashi no Mori Coffee shops

Delivery Service

- Annual target of +8% YoY

New Restaurant Openings

- Continue to focus on stations-fronts and shopping malls
- Continue toward target of approx. 50 restaurants for 2015

Cost Reductions

- Maintain gross margin of around 70% by optimizing costs, absorbing depreciation of yen and higher food costs

4Q SSS Growth Strategy: Menu Innovation



Menu Strategy

Core Items

Improve
Daily Lunch Set Value

Improve Core items

Introduce Improved Drip-
Coffee Machines

Test Soft-Serve Ice Cream at
Gusto Restaurants

Expand Test Stores Serving
Premium Wine Bottles at
Jonathan's Restaurants

Value Promotion for Popular Items

Offer Items Featuring Premium

Ingredients Higher Price Points



Limited-time Offer Items

4Q SSS Growth Strategy: Marketing

Promotion with Television Commercials



**Gusto Cheese IN 399
Promotion
10/9~10/28**



**Gusto Premium
Hiroshima Oyster
10/29~12/9**

Promotion with Digital Apps



Introduction of Bamiyan apps

- Test run from October
- Full launch from end of November

SNS

Jonathan's Facebook full-scale page launch in Dec



Alliance Promotion

Gusto Alliance Promotion with Softbank, Tsutaya and Family Mart

Triple T-points at Gusto

Gusto Sponsorship with Japan Little League Baseball

Improve brand image and increase Gusto's popularity



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