



Feb 9, 2018

## Third Quarter FY2017 Results Briefing

## ■ Third Quarter FY2017 Results

- Financial Report
- Business Highlights
  - ✓ Japan
  - ✓ International

## ■ FY2017 Forecast



# FY2017 Q3 Financial Report



IPPUDO Singapore Starvista  
(Nov 6, 2017 OPENED)

# Consolidated P/L Highlights



(millions of Yen)

	Last Year Q3 2016 Results	Current Year Q3 2017 Results	Forecast		VS Previous FY	VS Original Forecast	VS Revised Forecast
			Original May 12, 2017	Revised Aug 10, 2017	Increase (%)	Percentile (%)	Percentile (%)
Revenue	16,713	18,143	18,472	18,218	+8.6%	98.2%	99.6%
Gross Margin	11,738	12,873	13,008	12,889	+9.7%	99.0%	99.9%
SG&A Expenses	11,245	12,205	12,410	12,198	+8.5%	98.3%	100.1%
Operating Income	493	668	598	690	+35.6%	111.8%	96.8%
Ordinary Income	440	698	578	723	+58.6%	120.9%	96.6%
Pre-tax Income	238	679	578	705	+185.0%	117.5%	96.3%
Profit attributable to owners of parent	136	503	419	446	+269.4%	120.0%	112.7%

## ■ Japan Operations

### ◆ Revenue

- Increased over last fiscal year, as new stores opened on schedule. The number of RAMEN EXPRESS stores, a brand for shopping malls, is especially increasing.
- Falls short of the original forecast, due to extreme weather and closure/disposal of 5 non-core brand stores.
- Propelled by sales promotions for acquisition of new customers for existing stores.
- Despite some encouraging signs, falls short of the original target of 98% of the previous year for the same-store sales (SSS).

### ◆ Profit

- Restructuring the production process compensated for the increase of raw materials costs.
- Squeezed by increased labor cost, although it is within the range of the forecast.
- Significant increase of logistic costs reduced the overall profit.

## ■ International Operations

### ◆ Revenue

- New stores mostly opened as scheduled.
- Sales increased in every area over last year and the forecast, except the West Coast of USA where its openings were delayed. Strong performance in Europe, Singapore, and Australia.
- The weaker Yen contributed to the consolidated basis.

### ◆ Profit

- In terms of wholly-owned areas, Europe showed significant improvements in profit.
- Solid performance in other wholly-owned areas, especially Singapore and Australia.
- Despite the delay of openings, the profit of North America exceeded the forecast.



## ■ Production and Merchandising

### ◆ Revenue

- Sales of home-cook ramen kit “Ouchide Ippudo” has increased.
- Decrease in sales of cup noodles for convenience stores.
- Resulted in shortfall compared to the forecast and the last fiscal year.

### ◆ Profit

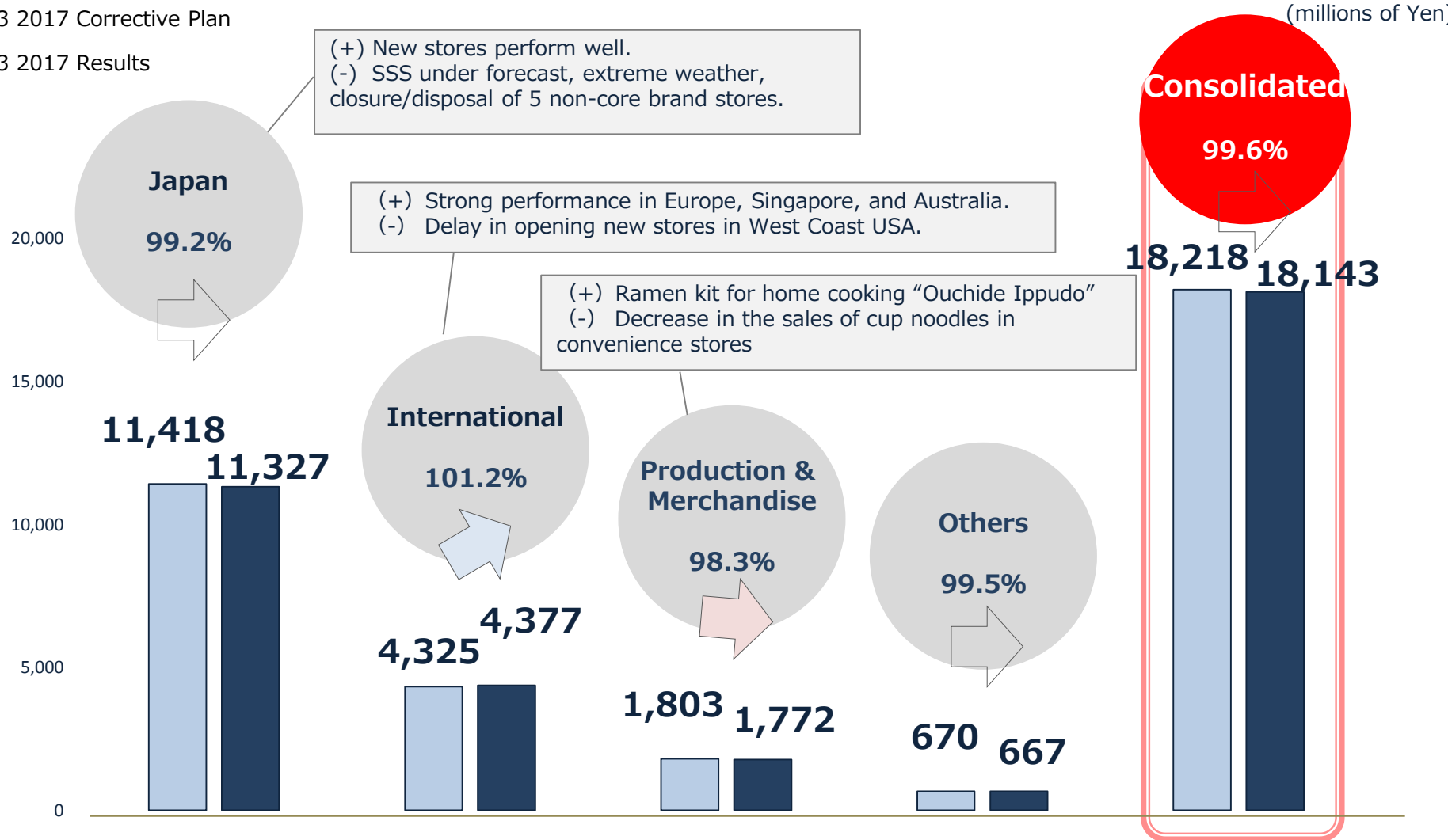
- Decrease in sales of cup noodles and increase of logistic cost caused the decrease in profit.

# Revenue by Segment Compared to the Revised Forecast (Aug 10, 2017)

■ Q3 2017 Corrective Plan

■ Q3 2017 Results

(millions of Yen)

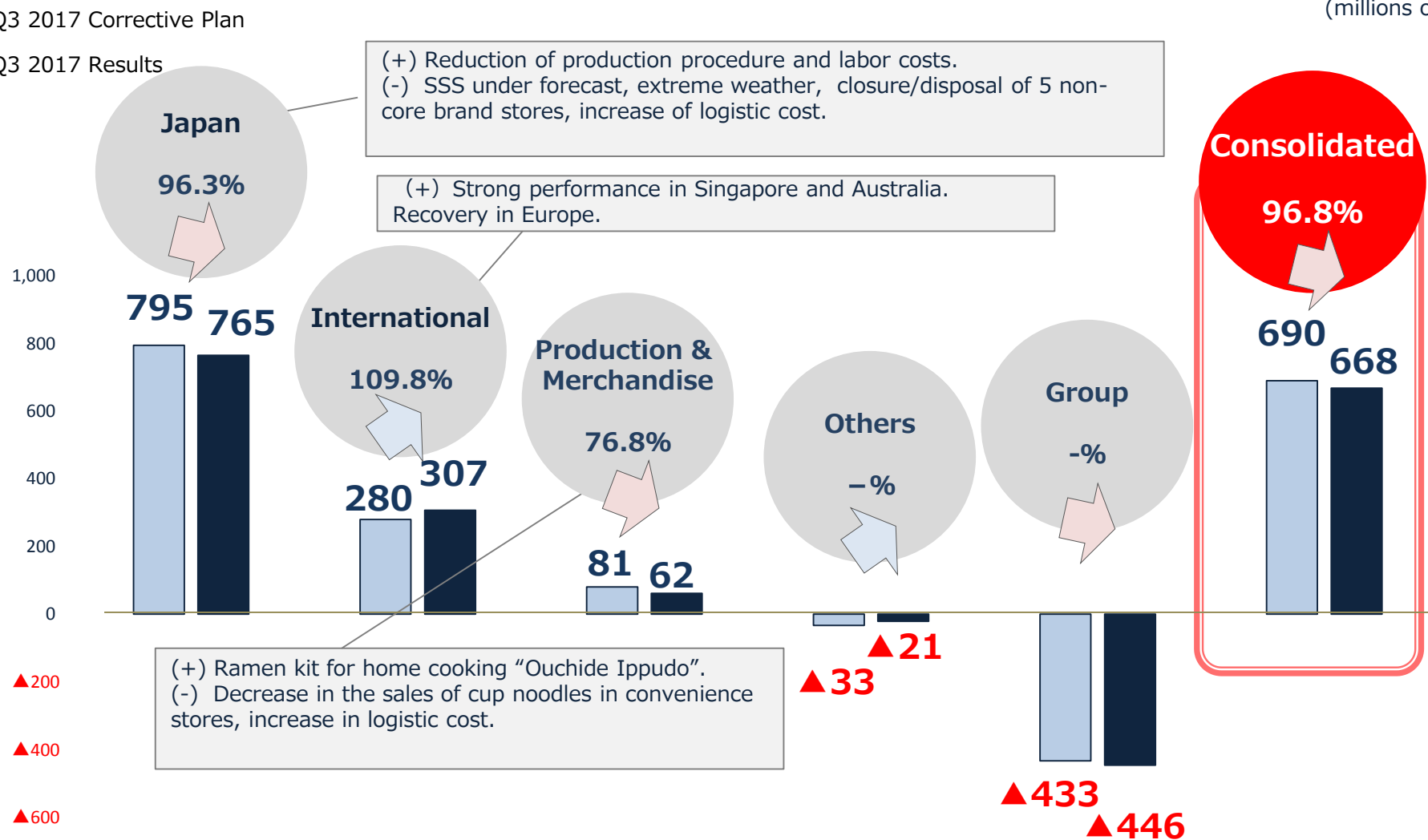


**International growth contributes to achieving the revenue target**



# Profit by Segment Compared to the Revised Forecast (Aug 10, 2017)

(millions of Yen)

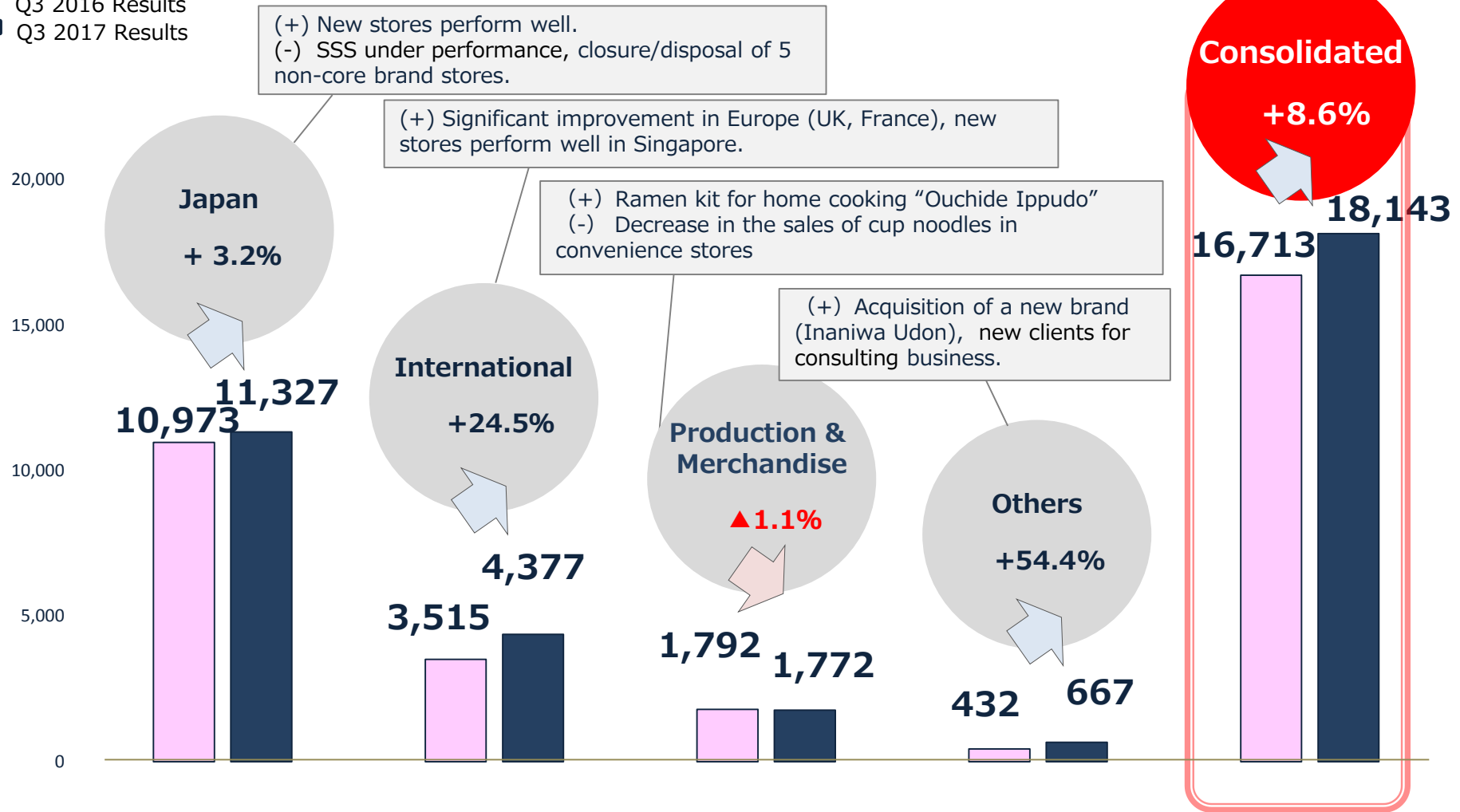


**Strong performances in Europe, Australia, and Singapore, fail to compensate for the shortcomings of the Domestic Operations**

# Revenue by Segment Compared to the Previous Fiscal Year

■ Q3 2016 Results  
■ Q3 2017 Results

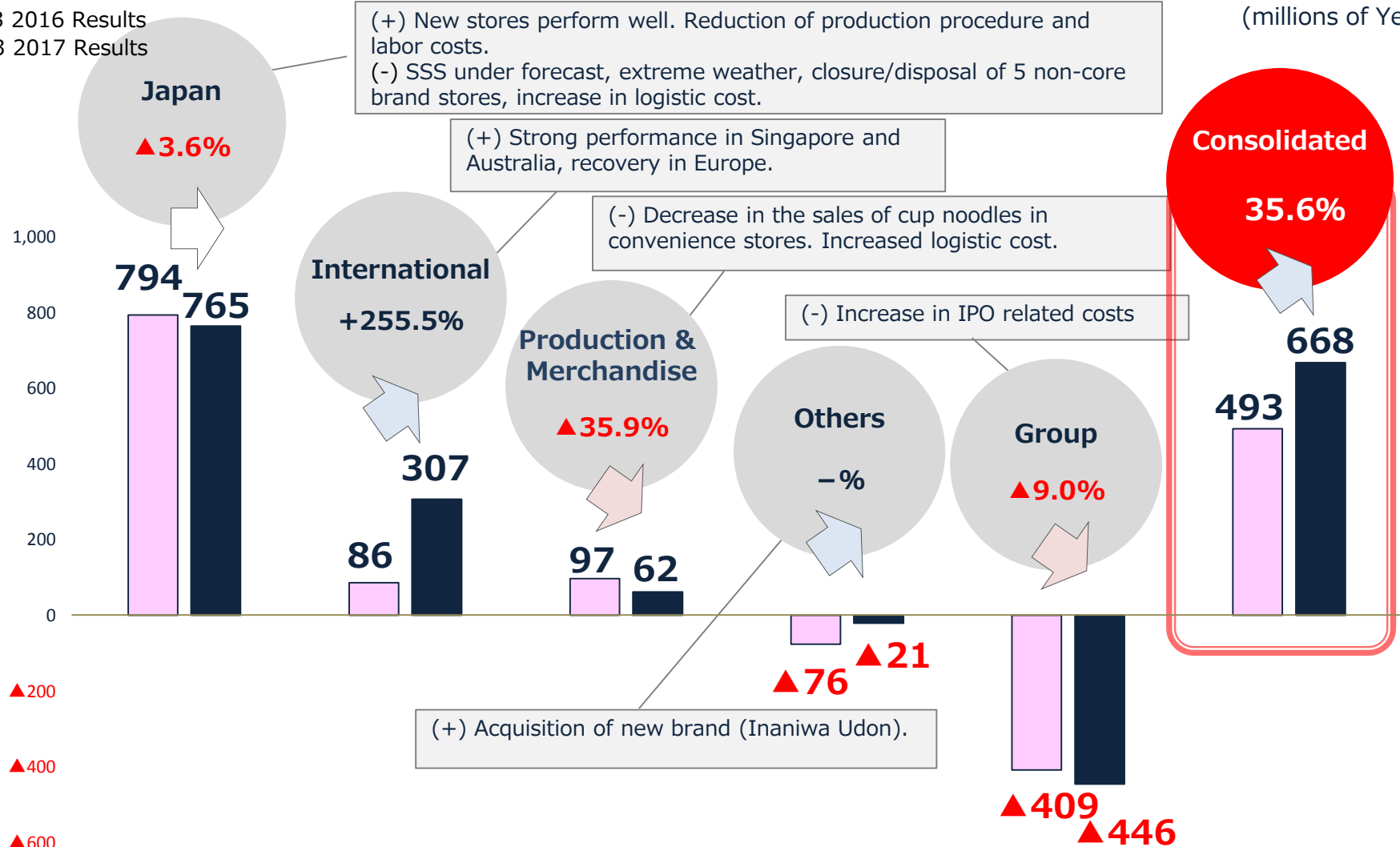
(millions of Yen)



**Contribution of new stores sales significant. International growth reaches 24.5% and boosts the sales of the entire group.**

# Profit by Segment Compared to the Previous Fiscal Year

(millions of Yen)

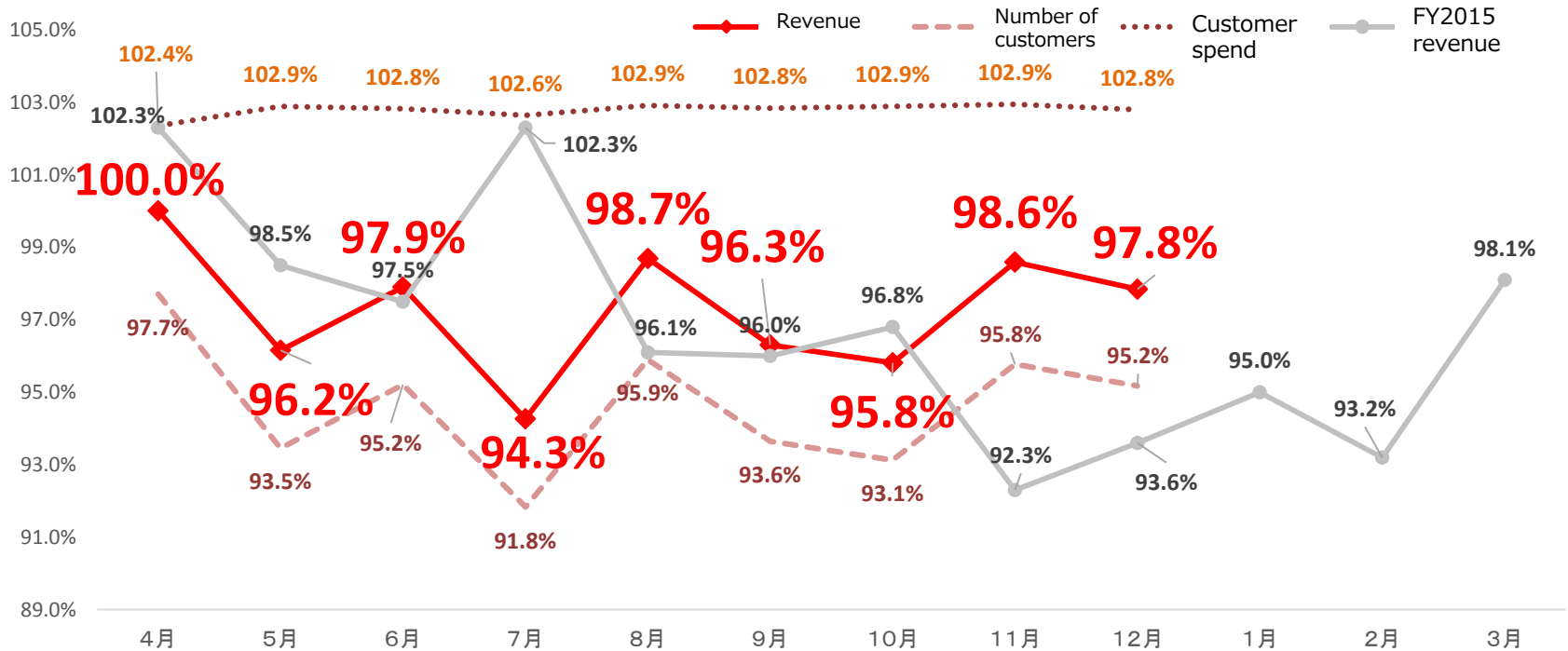


**Significant growth of sales and profit in overseas.  
Increase of logistic cost caused the fall in domestic profit.**

# Japan Same-Store Sales Compared to the Previous Fiscal Year



## FY2017 Changes in Revenue/Number of customers/Average customer spend



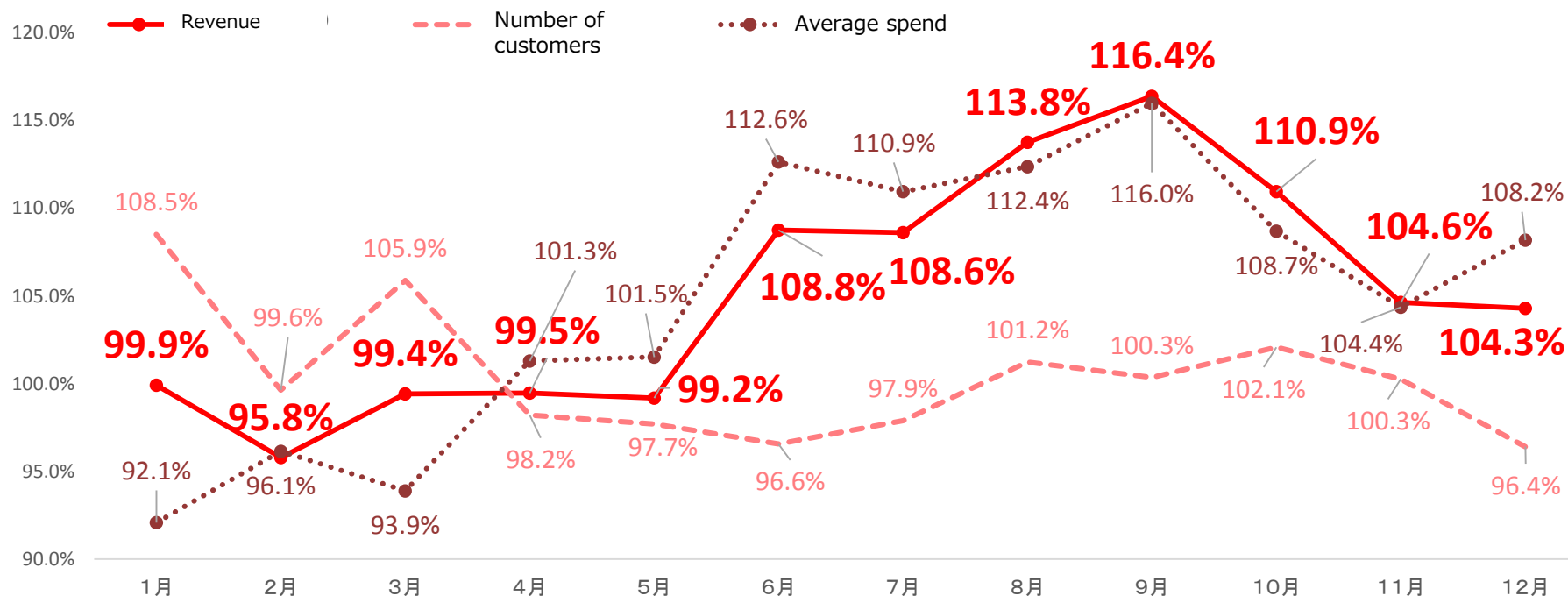
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales	100.0%	96.2%	97.9%	94.3%	98.7%	96.3%	95.8%	98.6%	97.8%	—	—	—	97.3%
Number of customers	97.7%	93.5%	95.2%	91.8%	95.9%	93.6%	93.1%	95.8%	95.2%	—	—	—	94.6%
Customer spend	102.4%	102.9%	102.8%	102.6%	102.9%	102.8%	102.9%	102.9%	102.8%	—	—	—	102.8%

**Promotions since October 2017 help revenue recover. Continuing promotion and QSC improvements planned for Q4.**

# International Same-Store Sales Compared to the Previous Fiscal Year



## □ FY2017 Changes in Revenue/Number of customers/Average customer spend



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales	99.9%	95.8%	99.4%	99.5%	99.2%	108.8%	108.6%	113.8%	116.4%	110.9%	104.6%	104.3%	105.2%
Number of customers	108.5%	99.6%	105.9%	98.2%	97.7%	96.6%	97.9%	101.2%	100.3%	102.1%	100.3%	96.4%	100.2%
Customer spend	92.1%	96.1%	93.9%	101.3%	101.5%	112.6%	110.9%	112.4%	116.0%	108.7%	104.4%	108.2%	105.0%

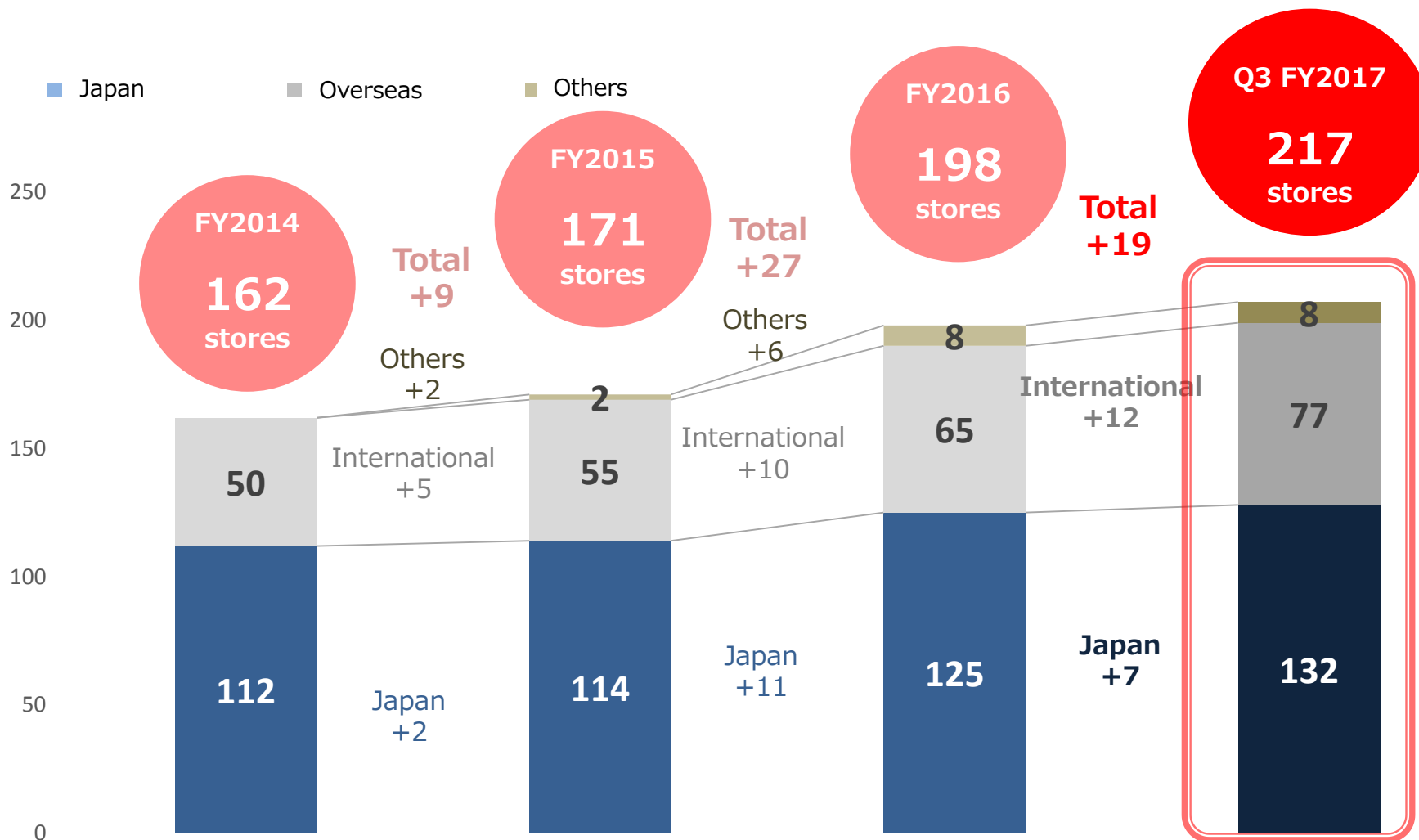
International SSS has been published since Dec 2017.

Every region improving, and becoming driving force for boosting the company's performance.



# Number of Stores

(as of Dec, 2017)



**19 new stores have opened since the beginning of the fiscal year:  
Domestic (12 stores, closed 5 stores), Overseas (12 stores)**

# Balance Sheet



(millions of Yen)

	Q3 FY2016	Q3 FY2017	GAP
Current Assets (cash and deposits)	4,961 (3,316)	5,733 (3,506)	771 (190)
Tangible Fixed Assets	6,152	6,872	719
Intangible Fixed assets	177	154	▲22
Investment & Others	3,031	2,960	▲71
Fixed Assets	9,362	9,987	625
Total Assets	14,323	15,721	1,397
Total Liabilities	10,746	11,208	462
Equity	3,026	3,460	434
Accumulated Other Comprehensive Income	397	587	189
Non-controlling interest	152	464	312
Total Net Assets	3,576	4,512	935
Total Liabilities and Net Assets	14,323	15,721	1,398

## ■ Assets

- Increase in cash & deposits +190
- Increase in receivables +228
- acquisition of tangible fixed assets +719

## ■ Liabilities

- Increase in receivables +190
- Accounts payable +192

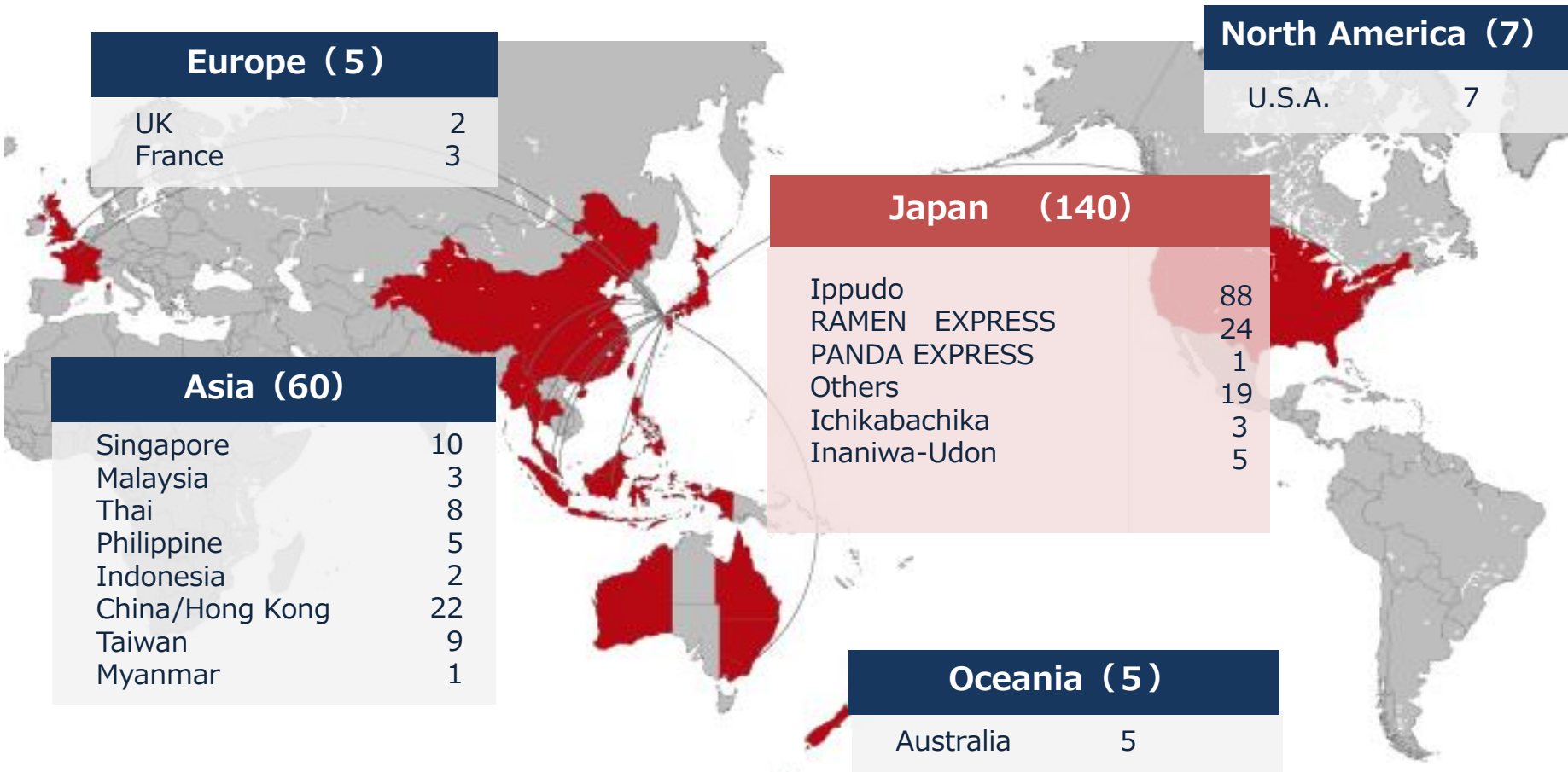
## ■ Net assets

- The parent company profit attributable to shareholders +503
- Dividend payment ▲124
- Comprehensive income attributable to non-controlling interests +311
- Gain on valuation of securities +214

Outstanding interest-bearing debt ¥7,519M (vs 3Q 2016 ¥▲55M)  
Equity ratio 25.7%(3Q 2016 23.9%)

## 217 stores in 13 countries

Domestic 140, Overseas 77



# Q3 FY2017 Business Highlights



The first store in the West Coast  
IPPUDO San Francisco Berkeley  
2017.7.28 OPENED



# JAPAN

A photograph of the interior of an Ippudo restaurant. On the left, a group of people are seated at a long counter with a black and white checkered floor. The background shows the restaurant's service area with a large 'IPPUDO' sign on the wall. A menu board is visible on the right side of the frame.

Oct 16, 2017  
32<sup>nd</sup> anniversary

『Invention of Sauce Flavored Tonkotsu!』  
Ippudo Lumine Est Shinjuku



# Stores Opened in Q3

- ❑ **RAMEN EXPRESS**  
Primetree Akaike  
(Nov 22)



- ❑ **RAMEN EXPRESS**  
Mitsui Outlet Park Sendaikou  
(Nov 22)



- ❑ **Hakata Kogashimiso Gogyo**  
(Nov 21)



- ❑ **SHIROMARU-BASE**  
Namba Grand Kagetsu (Dec 21)



**All 4 stores are wholly-owned by Chikaranomoto**

## 32<sup>nd</sup> Anniversary

Oct 16, 2017  
『Invention of Sauce Flavored  
Tonkotsu !』  
Sold at 85 stores



Ippudo Lala-port TOKYO BAY



Ippudo Umeda



Ippudo Toyosu



Ippudo Marunouchi



Ippudo Crossgarden Kawasaki



Ippudo Kanazawa Korinbo

These promotions led to wide media coverage and existing stores performance has been improving



## □ Healthy Ramen & Tonkotsu Pot (Collaboration with Oisix) *Oisix*



Oisixが厳選した鶏団子や北海道ポーク、「たつやのにんじん」や「ねぎマドンナ」などのOisixの人気野菜、とんこつを知り尽くした一風堂の豚骨スープと極細の生麺のセット。3週間限定販売も、発売からわずか4日で完売



おいシックスと一風堂のコラボ第2弾は、野菜たっぷりヘルシーラーメン！  
とんこつスープとトマトソースを合わせたベジボタスープ、糖質を10%カットした一風堂のヘルシー中華麺、たっぷりのOisixの野菜をミールキット「Kit Oisix」として販売。3週間限定販売も、発売当日で完売

## □ Cup ramen collaboration (Served in ANA international premium economy class)



2013年からANA国際線ファースト・ビジネスクラスの機内食の企画・監修に参加。ANA シンボルカラーのパッケージに、鶏と豚のうまみを重ねたゆずの香りスープ。空の上でおいしくお楽しみいただける一杯。

## □ Ippudo Tonkotsu Tofu (Collaboration with Seven Premium)



一風堂「豚骨豆腐」をモチーフに仕上げた「白丸豚骨豆腐スープ」。手造りで寄せて手盛りした豆乳入りおぼろ豆腐に、一風堂の白丸とんこつスープを合わせて、同封の専用トレーと使って電子レンジで温めるだけ！夕食やお酒のシメにもオススメです。

In addition to “Ouchide Ippudo”, collaborations with leading companies to expand sales network and improve brand recognition.

# INTERNATIONAL



IPPUDO LONDON Villiers Street  
The 3<sup>rd</sup> store in London  
Jan 11, 2018 OPENED



# Stores Opened in Q3

## IPPUDO PARIS Republique (Dec 18)



## IPPUDO Singapore Star Vista (Nov 6)



## GOGYO SYDNEY Surry Hills (Dec 27)

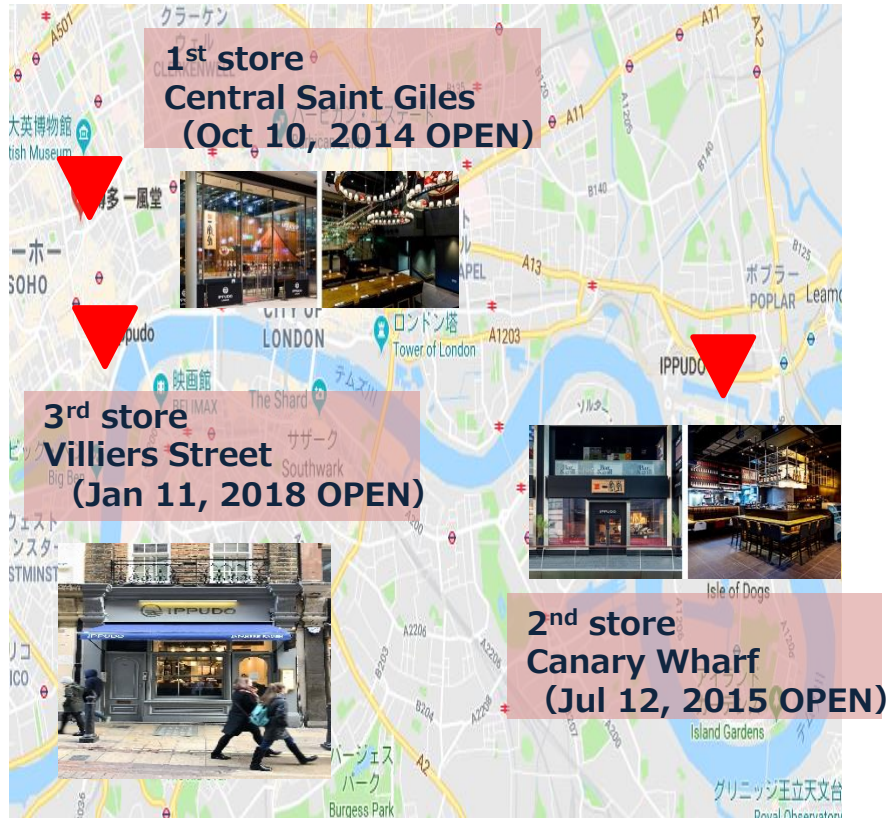


**Above 3 stores are wholly-owned by Chikaranomoto  
2 IPPUDO stores, 1 GOGYO store**

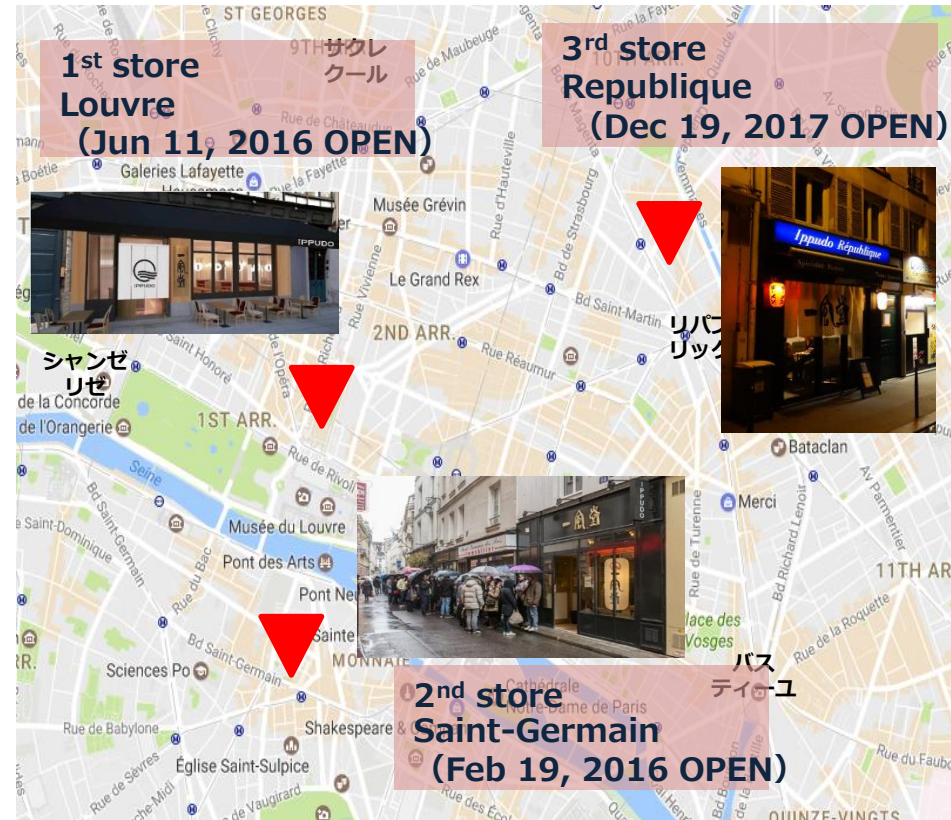


# Stores Opened in Q3

## IPPUDO LONDON



## IPPUDO PARIS



Strategic dominance has been established and the performance moved into profitable phase.

# Licensed Stores Opened in Q3

## IPPUDO THAILAND Central Bangna (Dec 8)



## IPPUDO THAILAND Mega Bangna (Dec 15)



## IPPUDO THAILAND Emquartier (Dec 15)



Three licensed stores have been opened in Thailand



# Current Openings

## ❑ Scheduled until end of March 2018

2017年1月末基準

Wholly owned

Licensed

IPPUDO HK Olympian City  
(9<sup>th</sup> store) Jan 4, 2018 OPENED

IPPUDO LONDON Villiers Street  
(3<sup>rd</sup> store) Jan 11, 2018 OPENED

Philippine 6<sup>th</sup>, 7<sup>th</sup> store



Perth 1<sup>st</sup> store



Melbourne 1<sup>st</sup> store

IPPUDO SF Yerba Buena  
(2<sup>nd</sup> in West Coast) Jan 28, 2018  
OPENED



**7 stores in Q4.  
3 stores opened in January as scheduled.**

# FY2017 Earnings Estimate



IPPUDO LONDON Villiers Street (3<sup>rd</sup> stores in London)  
Jan 11, 2018 OPENED

# FY2017 Consolidated Earnings Estimate



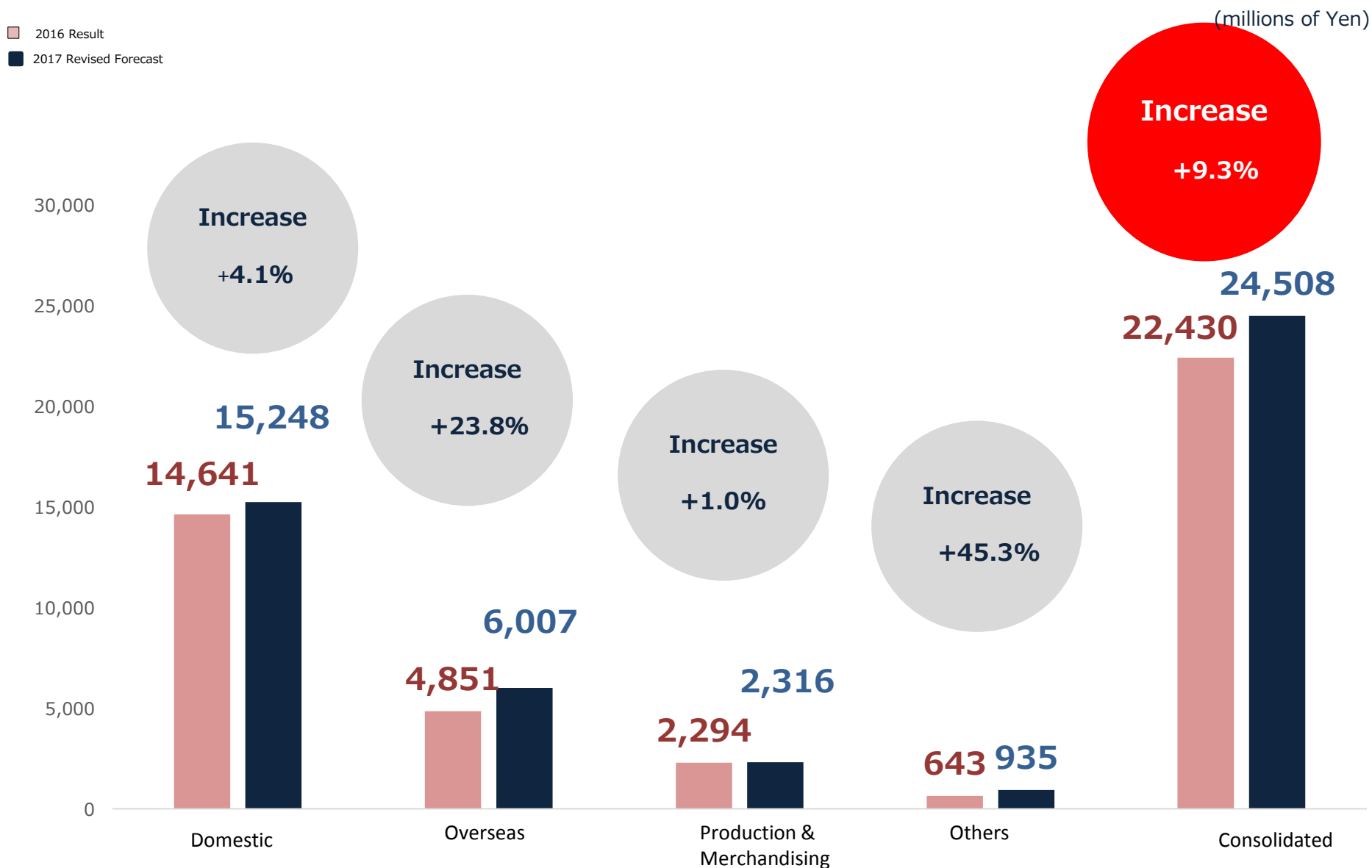
(millions of Yen)

	May 12 FY2017 Forecast	Nov 9 FY2017 Forecast	vs Original Forecast	FY2016 Results	vs Previous FY
			Percentile (%)		Percentile (%)
Revenue	25,126	24,508	▲2.5	22,430	+9.3
Operating Income	830	920	+10.9	609	+51.1
Ordinary Income	800	930	+16.3	539	+72.5
Profit Attributable to Owners of Parent	465	610	+31.4	271	+125.1

**No changes from the previous plan**

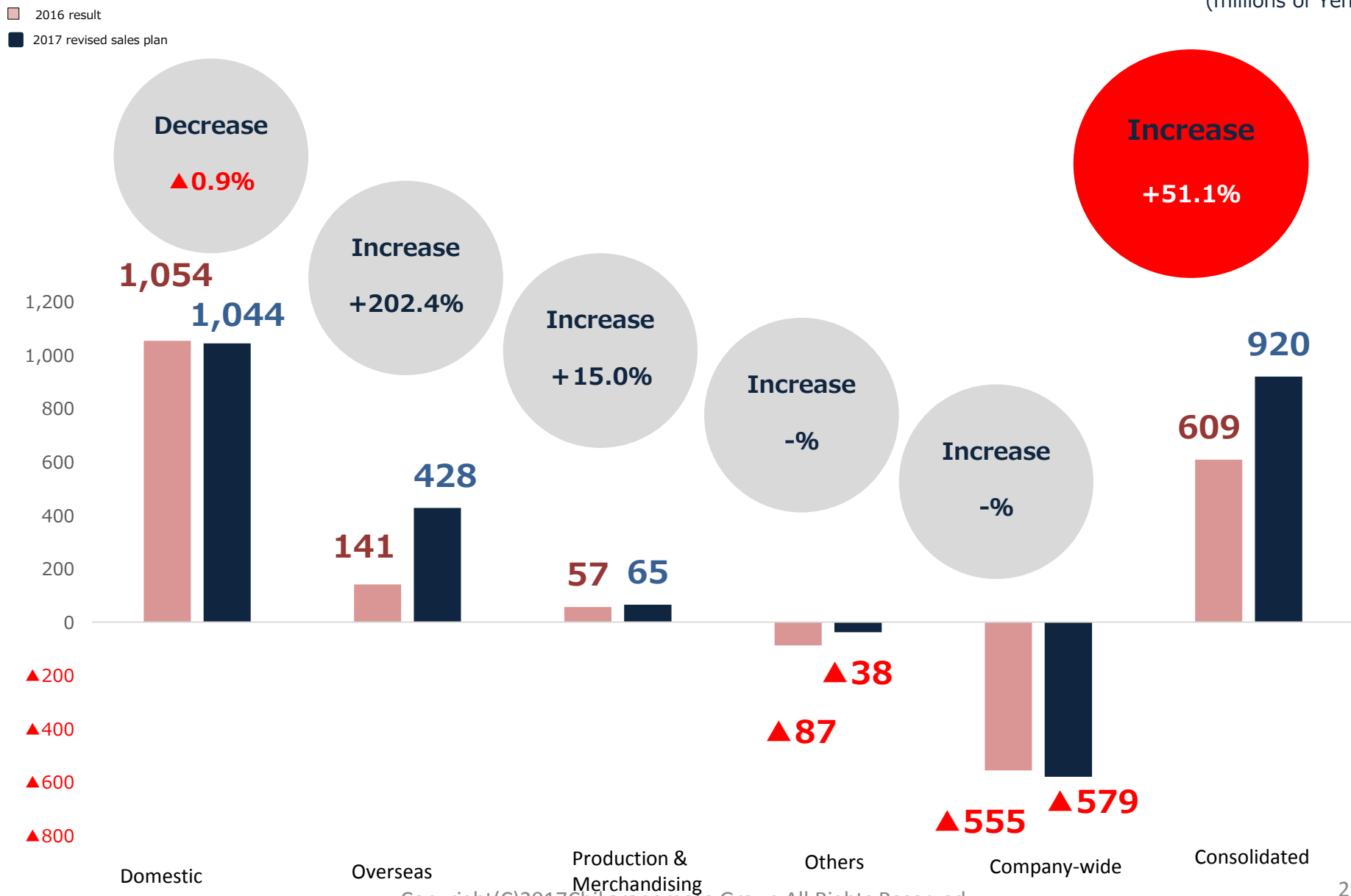


# FY2017 Revised Revenue Forecast Compared to the Previous Fiscal Year



# FY2017 Revised Profit Forecast Compared to the Previous Fiscal Year

(millions of Yen)



# FY2017 Store Opening Schedule

as of Dec, 2017

Area	Brand	FY2016 Results	FY2017								
			Original Forecast			Q 1 ~Q3 Results			Q4 Forecast		Forecast
			Number of opened stores		Total	Number of opened stores		Total	Number of opening stores		Total
Japan	IPPUDO	87	+4	(-)	91	+2	(▲1)	88	+1	(-)	89
	RAMEN EXPRESS	17	+6	(-)	23	+7	(-)	24	+1	(-)	25
	Other	21	+3	(▲2)	22	+2	(▲3)	20	+1	(▲1)	20
	Subtotal	125	+13	(▲2)	136	+11	(▲4)	132	+3	(▲1)	134
Inter-national	IPPUDO	59	+22	(-)	81	+11	(▲1)	69	+7	(▲1)	75
	Other (KURO-OBI etc.)	6	+3	(-)	9	+2	(-)	8	+1	(▲1)	8
	Subtotal	65	+25	(-)	90	+13	(▲1)	77	+8	(▲2)	83
Others	Ichika Bachika	3	+4	(-)	7	0	(-)	3	+0	(▲1)	2
	Inaniwa Udon	5	+1	(-)	6	0	(-)	5	+1	(-)	6
	Subtotal	8	+5	(-)	13	0	(-)	8	+1	(▲1)	8
合計		198	+43	(▲2)	239	+24	(▲5)	217	+12	(▲4)	225

225 stores by Q4; increased by 27 from the beginning of the year.

## Japan

### Continuous Promotions for SSS

- Acquisition of new customers
- Specific promotions for loyal customers
- Human resource development and operation in order to improve Q.S.C.

### Innovation for logistics and production procedure

- Increase production efficiency
- Restructure logistics network
- Postpone building of a new factory until the restructuring of logistics complete

## International

- Active expansion especially in North America, China, and South East Asia
- Starting new developments; Europe, Russia, Middle East
- Development for international airports

## Others

- Improvement of productivity through reconstruction of business scheme and production procedure.

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