



## Q3 FY2018-19 Financial Results Briefing

(Supplementary Explanation Material for Financial Results  
3<sup>rd</sup> Quarter of Fiscal Year Ending 31 March, 2019)

- **Q3 FY2018-19 Financial Results**
  - **Consolidated P&L**
  - **Revenue by Segment**
  - **Income by Segment**
  - **Year-Over-Year of Existing Stores**
  - **Consolidated Balance Sheet**
  - **New Store Openings**
  - **Number of Stores**
  - **Other Key Topics**

- **FY2018-19 Revised Plan**
  - **Consolidated P&L**
  - **Revenue by Segment**
  - **Income by Segment**
  - **Store Openings Planning**
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# FY2018-19 Results of 3<sup>rd</sup> Quarter



Najimatei  
MARK IS Fukuoka Momochi  
Nov, 2018



# Consolidated P&L



Unit: Million Yen

	Current FY Q3 Results	Current FY Q3 Revised Plan ("Plan")	Previous FY Q3 Results	vs Plan	vs Previous FY
Revenue	20,226	20,124	18,143	+0.5%	+11.5%
Gross Margin	14,498	—	12,873	—	+12.6%
SG&A Expenses	13,794	—	12,205	—	+13.0%
Operating Income	703	701	668	+0.3%	+5.3%
Ordinary Income	691	697	698	- 0.9%	- 1.1%
Pre-Tax Income	623	—	679	—	- 8.3%
Profit Attributable to the Company	523	592	503	- 11.7%	+4.0%

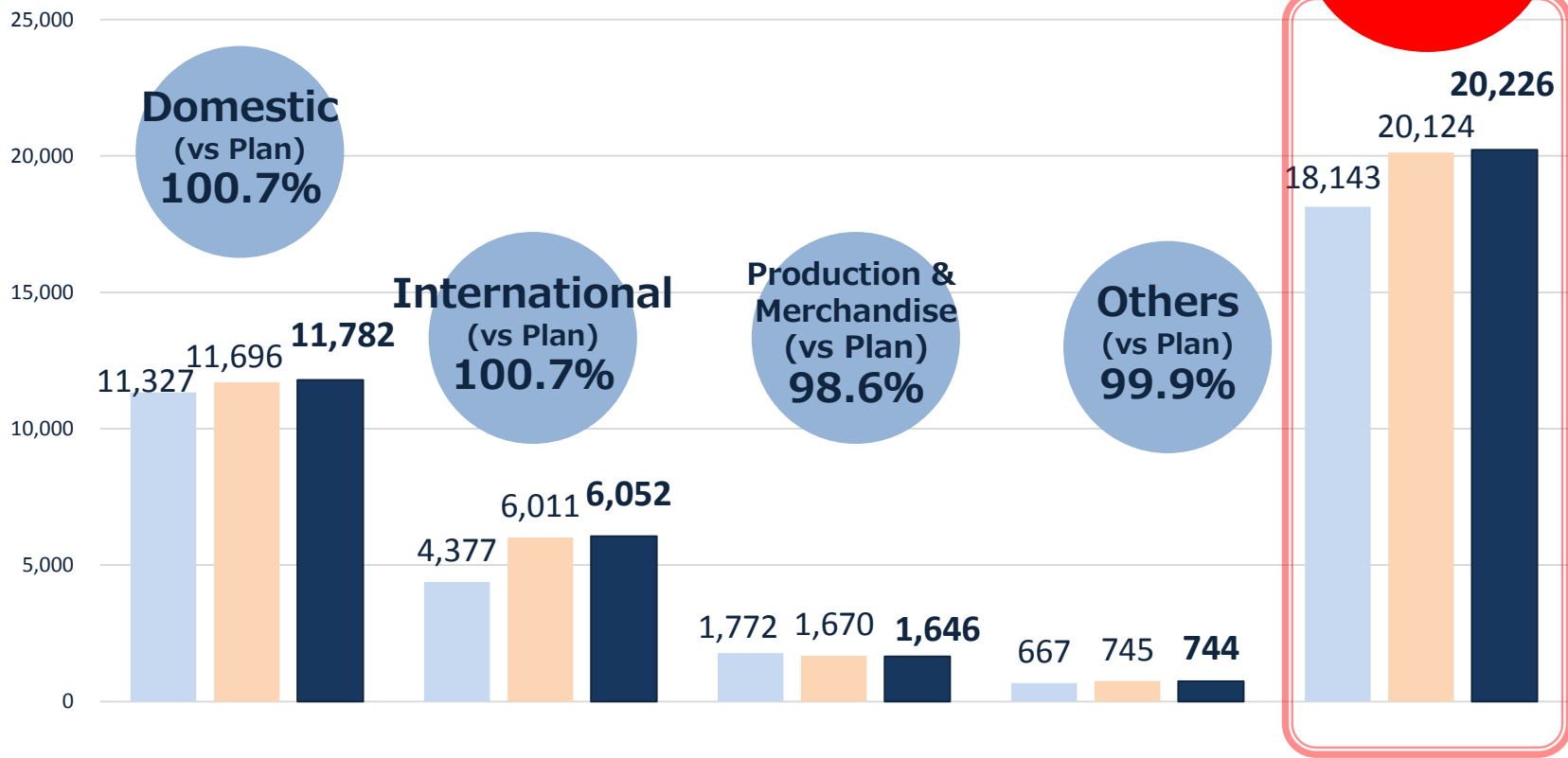
Foreign exchange rates had some negative impact but overall revenue, operating income and net income all increased over the previous year

# Revenue by Segment



Unit: Million Yen

- Previous Fiscal Year (2017-18)
- Plan (Revised on September 14)
- Current Fiscal Year (2018-19)



**Exceeded the revised plan**  
**11.5% increase over the same period of the previous fiscal year**



## ◆ Domestic Operations

- New stores opened on schedule
- Strengthened training leading to stable store operations, and renovations at a number of stores contributed to the existing store sales, achieving 100.3% in December
- Wider media coverage for 33<sup>rd</sup> Anniversary event, new store openings and collaboration with other brands

## ◆ International Operations

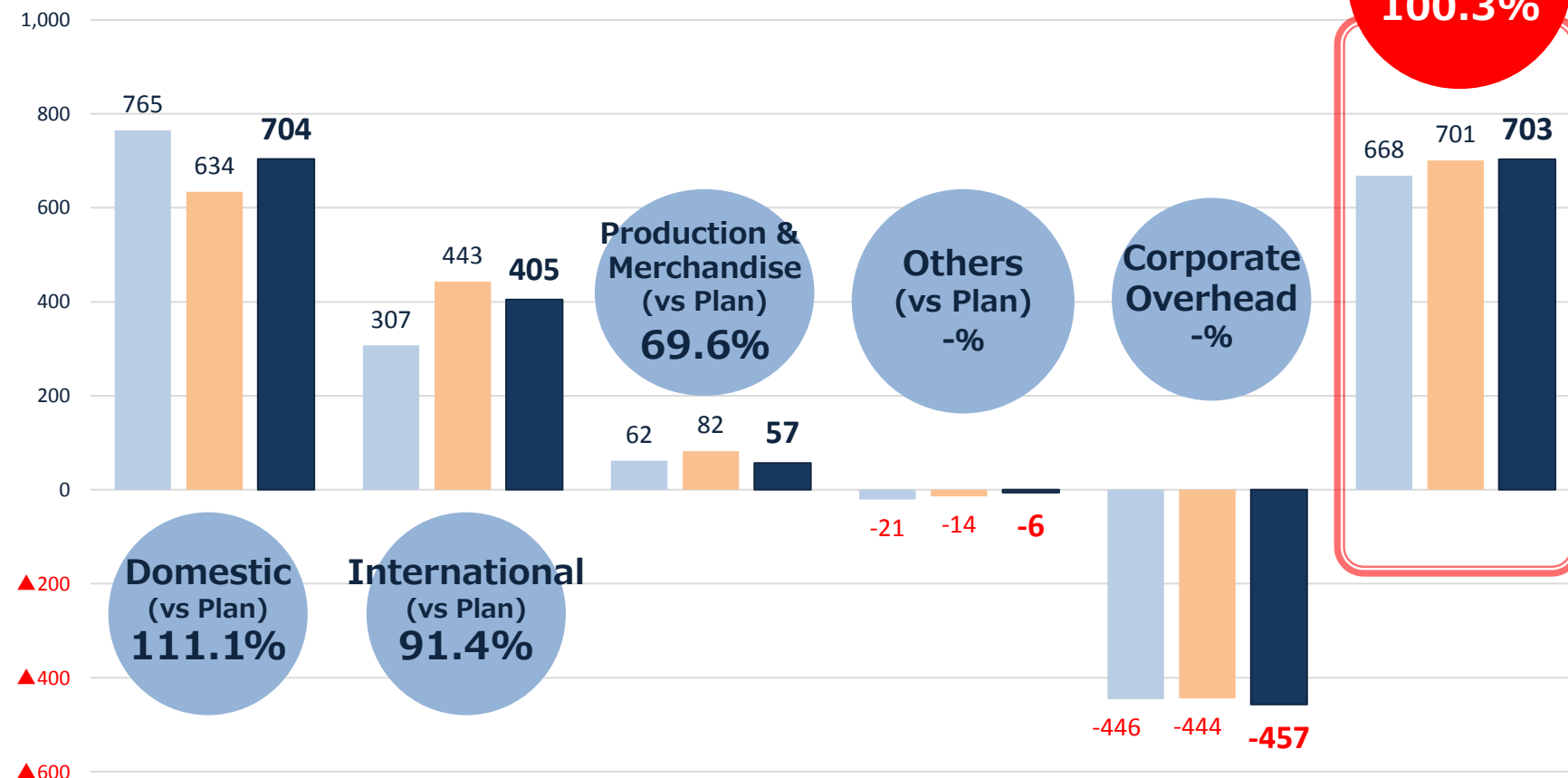
- More openings than planned in licensed areas
- Both existing stores and new stores performing solidly in all areas

# Income by Segment



Unit: Million Yen

- Previous Fiscal Year (2017-18)
- Plan (Revised on September 14)
- Current Fiscal Year (2018-19)



**Domestic slightly short of the previous year but recovering strongly in Q3. International dragged down by the start-up costs in the US but strong growth compared to the previous FY**



## ◆ Domestic Operations

- Despite increases in wages, logistics costs and raw materials, thanks to recovering sales of existing stores, beats the plan
- Supply chain revamp and logistics improvement on-going, expected full implementation in September 2019
- Certain store closures and associated write-offs were advanced from Q4 to Q3, no effect on the annual results

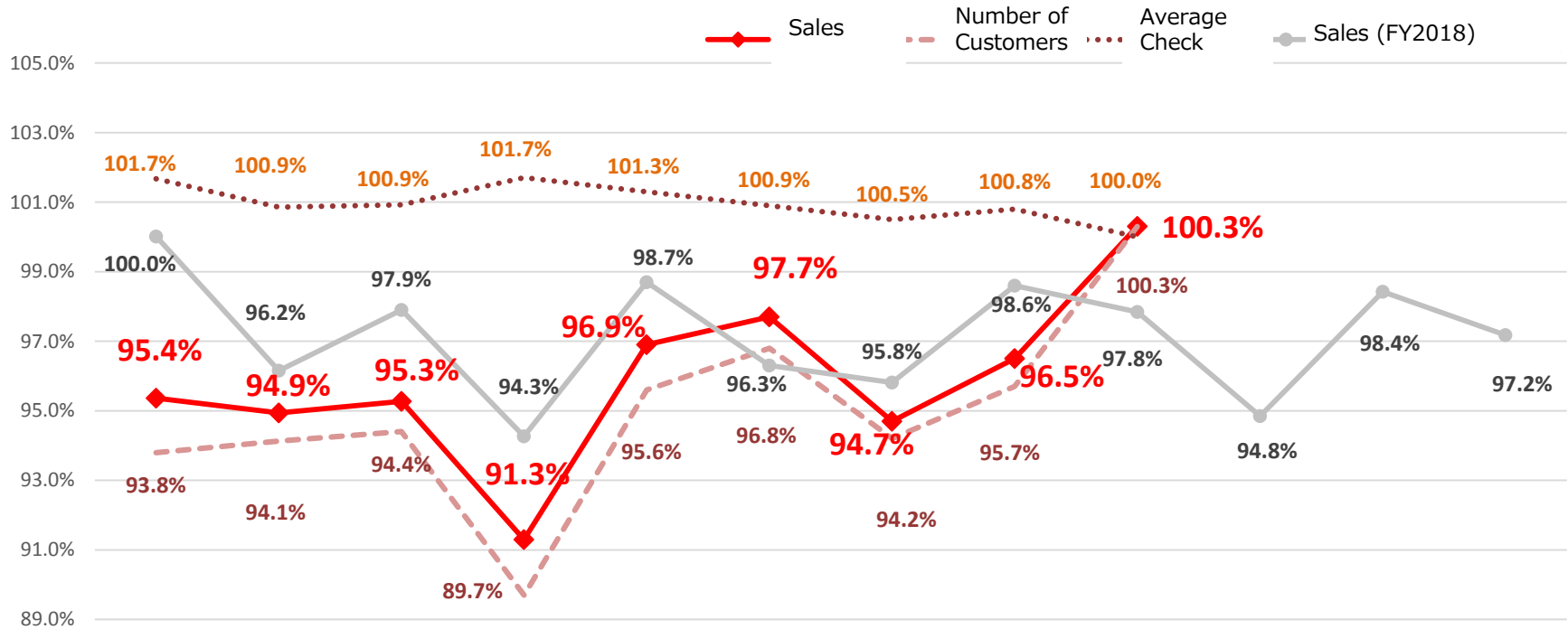
## ◆ International Operations

- Continues to grow strongly (+31.7% vs previous FY)
- Weaker income due to start-up costs in the West Coast of the US, but this was more than offset by strong performance in other areas, achieving income growth vs previous FY

# <Domestic> Year-Over-Year of Existing Stores Compared to the Previous Fiscal Year



## □ FY2018-19 Year-Over-Year of Sales/Number of Customers/Average Check

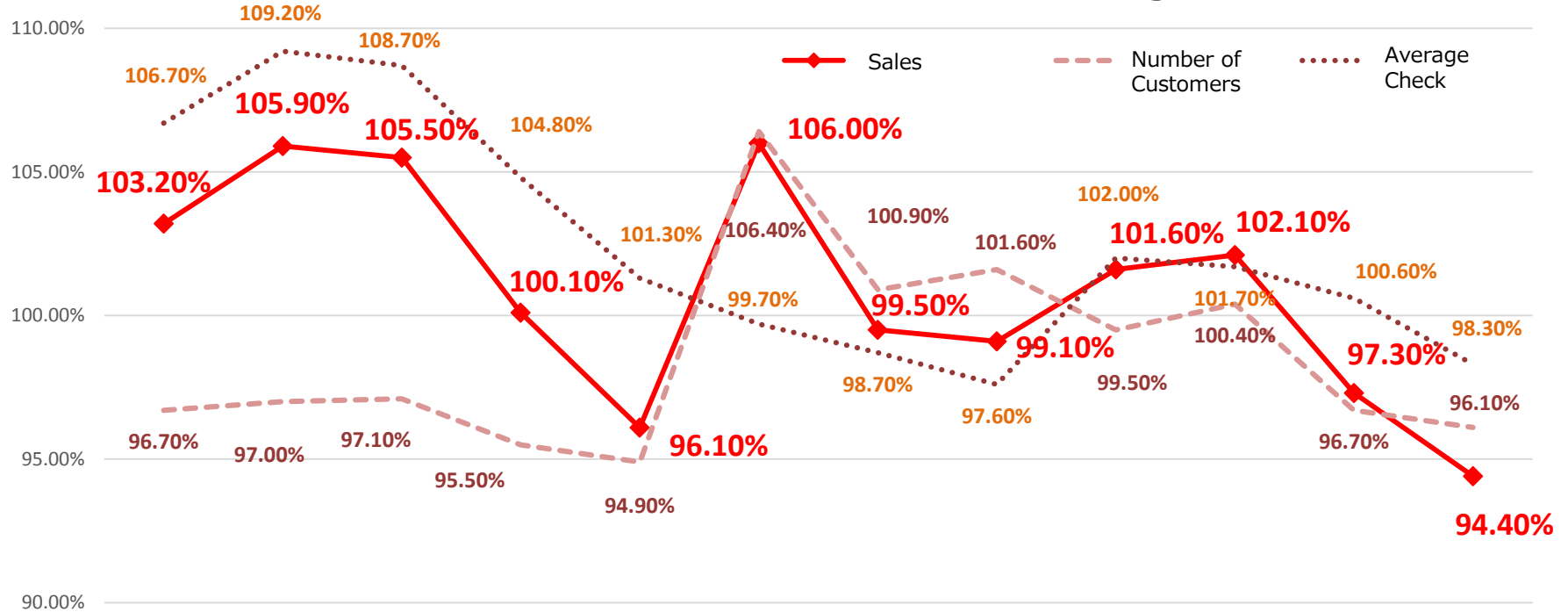


**Sales and number of customers both recovering since July.  
100.3% in December**

# <International> Year-Over-Year of Existing Stores Compared to the Previous Fiscal Year



## 2018-19 Year-Over-Year of Sales/Number of Customers/Average Check



**4.6% sales shortage due to stronger yen in December.  
All areas performing solidly, annual total at 100.5%**

# Consolidated Balance Sheet



Unit: Million Yen

	End of March 2018	End of December 2018	GAP
Current Assets (cash and deposits)	4,981 (3,064)	5,842 (3,254)	+861 (+190)
Tangible Fixed Assets	7,016	7,392	+375
Intangible Fixed assets	155	357	+202
Investments & Others	3,147	2,922	- 225
Non-Current Assets	10,319	10,671	+352
Total Assets	15,300	16,514	+1,213
Total Liabilities	10,580	11,715	+1,135
Equity	3,642	3,918	+275
Accumulated Other Comprehensive Income	606	461	- 145
Non-controlling interest	471	419	- 52
Total Net Assets	4,720	4,798	+78
Total Liabilities and Net Assets	15,300	16,514	+1,213

## ■ Assets

• Cash & deposits	+190
• Receivables	+166
• Inventories	+184
• Tangible fixed assets	+375
• Goodwill	+179
• Lease & deposits	+91
• Investment securities	- 365

## ■ Liabilities

• Interest-bearing loans	+156
• Payables	+204
• Unpaid expenses	+414
• Taxes payable	+98

## ■ Net Assets

• 3Q retained earnings	+523
• Treasury shares	- 99
• Valuation of securities	-150
• Dividend payments from retained earnings	-187
• Minority interest	-52

**Equity ratio 26.5% (end of FY2018 27.8%)**

# Number of stores (Q3 results / Plan)



## Domestic

FY 2018-19 new stores Up to Q3	FY 2018-19 Total planned new stores
16	22

## International

FY 2018-19 New stores Up to Q3	FY 2018-19 Total planed new stores
23	33

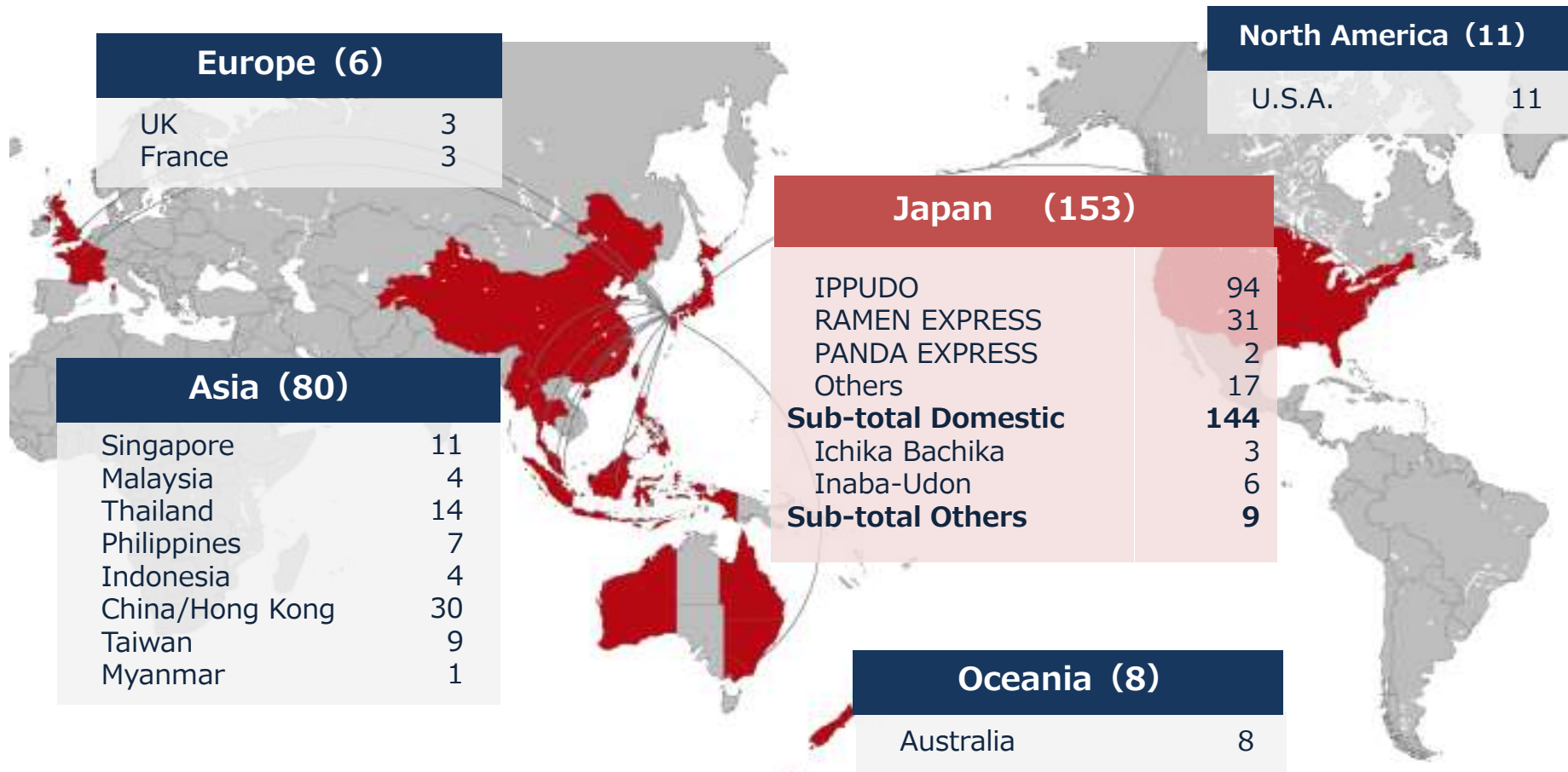
**Domestic stores opened on schedule.  
More stores opening than planned in International**

(as of Dec, 2018)

## 258 stores in 13 countries and regions

(+34 stores since end of previous FY)

Domestic 153, International 105





# Other Key Topics



IPPUDO  
Westfield Carousel (Australia)  
Nov, 2018

# New Store Openings



	October	November	December
<b>Domestic</b>	1/2PPUDO Celeo Hachioji  1/2PPUDO Lumine Tachikawa  Najimatei Ebista Nishinomiya	IPPUDO RAMEN EXPRESS Aeon Mall Tsu-Minami  Najimatei Mark is Fukuoka Momochi	
<b>International</b>	IPPUDO Chengdu Mix City (China)  IPPUDO Lippo Mall Puri (Indonesia)	IPPUDO Westfield Carousel (Australia)  IPPUDO Shanghai Century Link Mall (China)  IPPUDO Santa Monica (USA)  IPPUDO EXPRESS Changi Airport T1 (Singapore)	IPPUDO Shanghai Xintiandi Square (China)  IPPUDO Shenzhen MixCity (China)  KURO-OBİ San Mateo Hillsdale Mall (USA)  IPPUD Shenzhen Coastal City (China)



# 33<sup>rd</sup> Anniversary (October 16)



London



Singapore



Indonesia



Myanmar



New York



Paris



Fukuoka



San Francisco



Perth



Malaysia



Taipei



Commemorating 33<sup>rd</sup> Anniversary, offered free bowls of ramen at more than 30 stores worldwide. Other events took place around the clock in all countries

# Media exposure (Domestic)



CBS TV Dec. 12 “Gemba Bito”  
“Popular among female fans! Hakata ramen IPPUDO”



「常に進化する一風堂が、新たにオープンした「ニブンノIPPウドウ」。  
ラーメンだけでなく、サイドメニューを置いた店舗。サラダからデザートまで、バリエーション豊富。  
店長の仕事は既存の一風堂の店舗に比べ倍増した。スタッフの育成も担う。」  
同番組プレスリリースから引用

Media	Contents
TV Chukyo “Catch”	RAMEN EXPRESS IPPUDO
NIPPON TV 「news every.」	IPPUDO 33th anniversary
「AERA English 2018 Autumn & Winter」	High English skills of IPPUDO employees in overseas
TVQ Kyusyu 「Fukuoka Satellite」	Introducing IPPUDO's E- learning program
CBS TV 「Gemba Bito」	Backstage of IPPUDO
Fuji Television 「Moshimo Tours」	PANDA EXPRESS in Kisarazu
「Nikkei MJ」	Product development of IPPUDO Narita airport
FM Yokohama 「E-ne!〜good for you〜」	Special ramen for 160 <sup>th</sup> anniversary of the diplomatic relations between Japan and France

## Wider media coverage for events, new store openings and products



# Media exposure (International)

## COSMOPOLITAN(USA)



## EATER (NY)



## WNYC (NY)



## FOOD LINE (USA)



## Ezone Ulifestyle (HK)



## The Telegraph (Paris)



## THRILLIST (NY)



## Yahoo! News (Taiwan)



## CNA LIFE STYLE (SG)



## HYPEBEAST (USA)



## Click The City (Philippine)



## BK Magazine (Thai)



## Michelin (SG)



## Time Out (Australia)



The 33<sup>rd</sup> anniversary created much buzz among international TV networks and web news. Catching attention of life-style media

# Japan Branding Award 2018



Japan  
Branding  
Awards  
2018

Interbrand



1985 Fukuoka  
1995 Tokyo  
2008 New York  
2009 SINGAPORE  
2011 HONG KONG  
2012 TAIWAN  
CHINA(MAINLAND)  
Sydney  
2013 MALAYSIA  
2014 THAILAND  
INDONESIA  
PHILIPPINES  
London  
2016 Paris  
2017 MYANMAR  
San Francisco  
2018 Perth  
Melbourne



**IPPUDO received the Rising Star Award of  
Japan Branding Awards 2018**

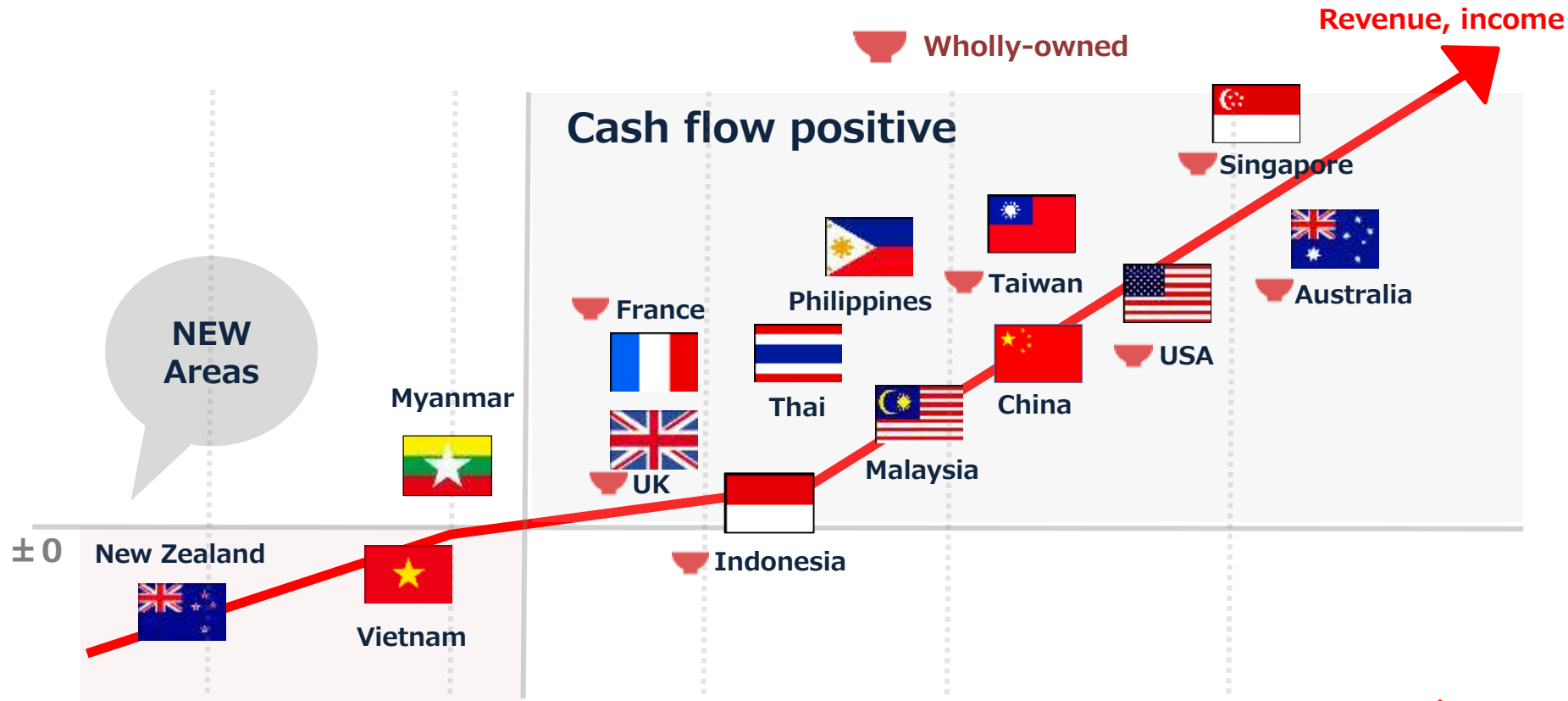
THE KEY TO  
ENJOYING RAMEN IS  
THE SOUND.  
*zuzutto*



**Interbrand Japan has awarded IPPUDO for its unique branding  
strategy and brand recognition**



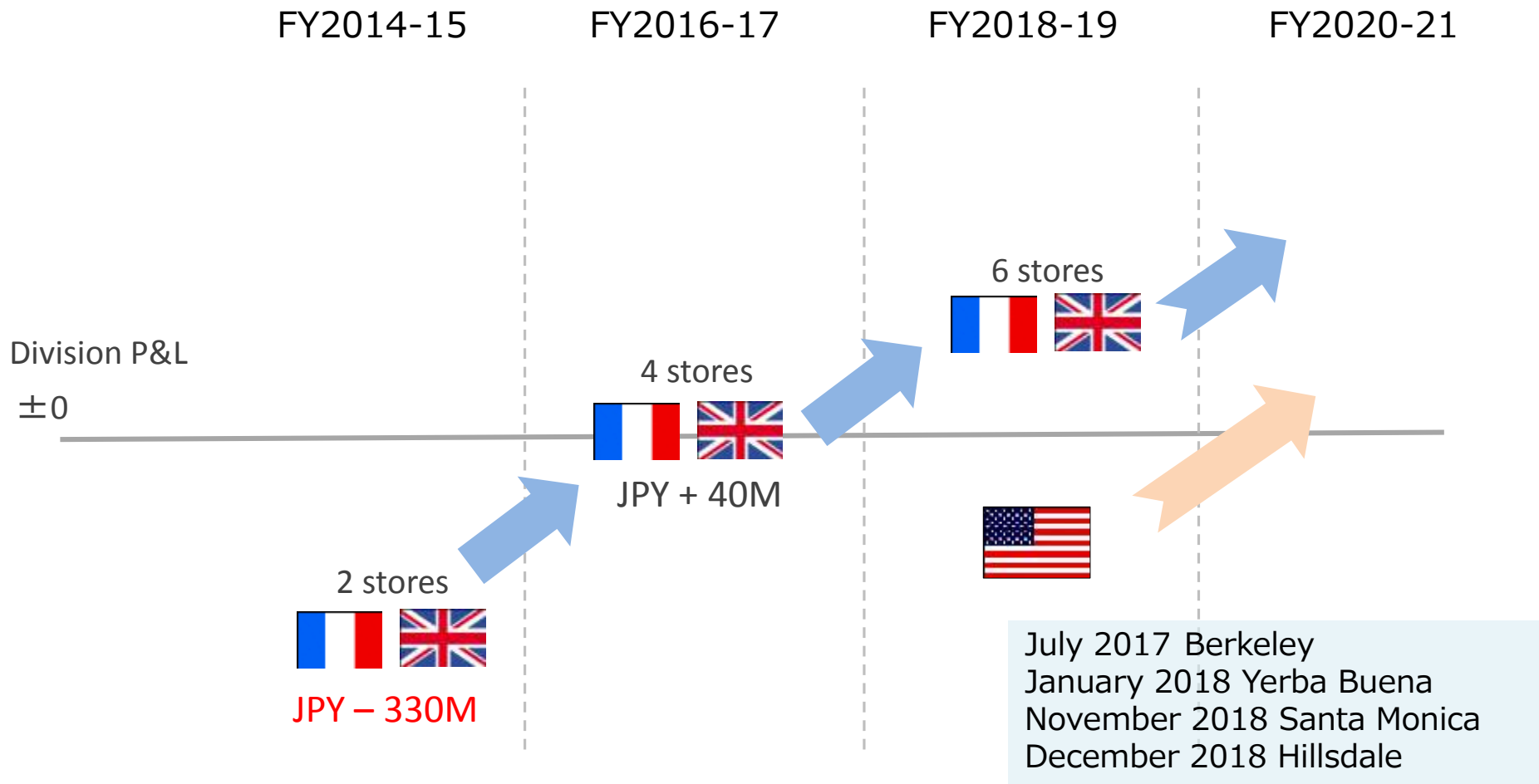
# Path to Growth (International)



\* Rough image of local P&L

Phase 1	Phase2	Phase3	Phase4	Expansion	JAPANESE WONDER
Pre-marketing	1 <sup>st</sup> Store	Founding	Multi-store	Standard	Japanese category
<ul style="list-style-type: none"> <li>• FS</li> <li>• Creation of legal entity</li> <li>• Premium/key-money</li> <li>• Expats</li> <li>• Logistics and procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Capex</li> <li>• Central Kitchen</li> <li>• HR and training</li> <li>• Back office</li> </ul>	<ul style="list-style-type: none"> <li>• subsequent stores capex</li> <li>• A/P</li> <li>• Brand recognition</li> <li>• HR development</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple stores</li> <li>• CF positive</li> <li>• HR development</li> <li>• strong support systems</li> </ul>	<ul style="list-style-type: none"> <li>• Dominant strategy</li> <li>• Capex from reserves</li> <li>• New brands</li> </ul>	<ul style="list-style-type: none"> <li>• National dominance</li> <li>• Top-of-mind Japanese restaurant group</li> <li>• CF positive from all brands</li> </ul>

# Path to Growth (EU and US West Coast comparison)



**US West Coast division just entering the multiple-store growth stage**

# FY2018-19 Revised Plan



# FY 2018-19 Revised Plan (Consolidated P&L)

Unit: Million Yen

	FY 2018-19 Original Plan (May 10)	FY 2018-19 Revised Plan (Sept 14)	FY 2017-18 Result	Revised Plan	
				Vs Original Plan	Vs Previous Year
Revenue	28,077	27,243	24,451	-3.0%	+11.4%
Operating Income	1,150	1,012	905	-12.0%	+11.8%
Ordinary Income	1,100	985	872	-10.4%	+13.0%
Income attributable to the Company	740	668	634	-9.7%	+5.3%

**No changes from the revised plan of September 14, 2018**

# FY2018-19 Revised Plan (Revenue)

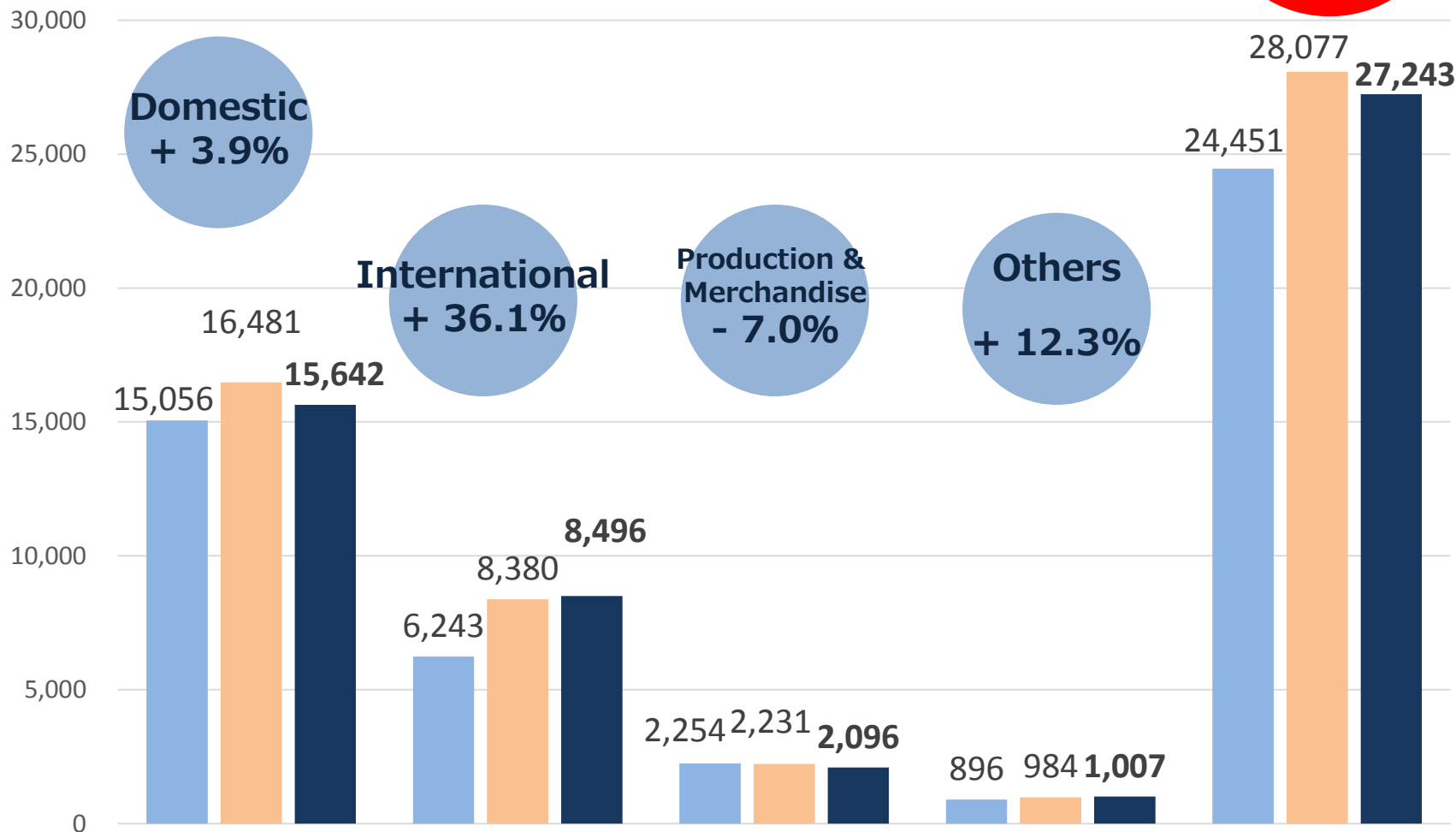


Unit: Million Yen

■ Previous FY ■ Original Plan (May 10) ■ Revised Plan (September 14)

**Consolidated  
+ 11.4%**

(vs Previous FY)

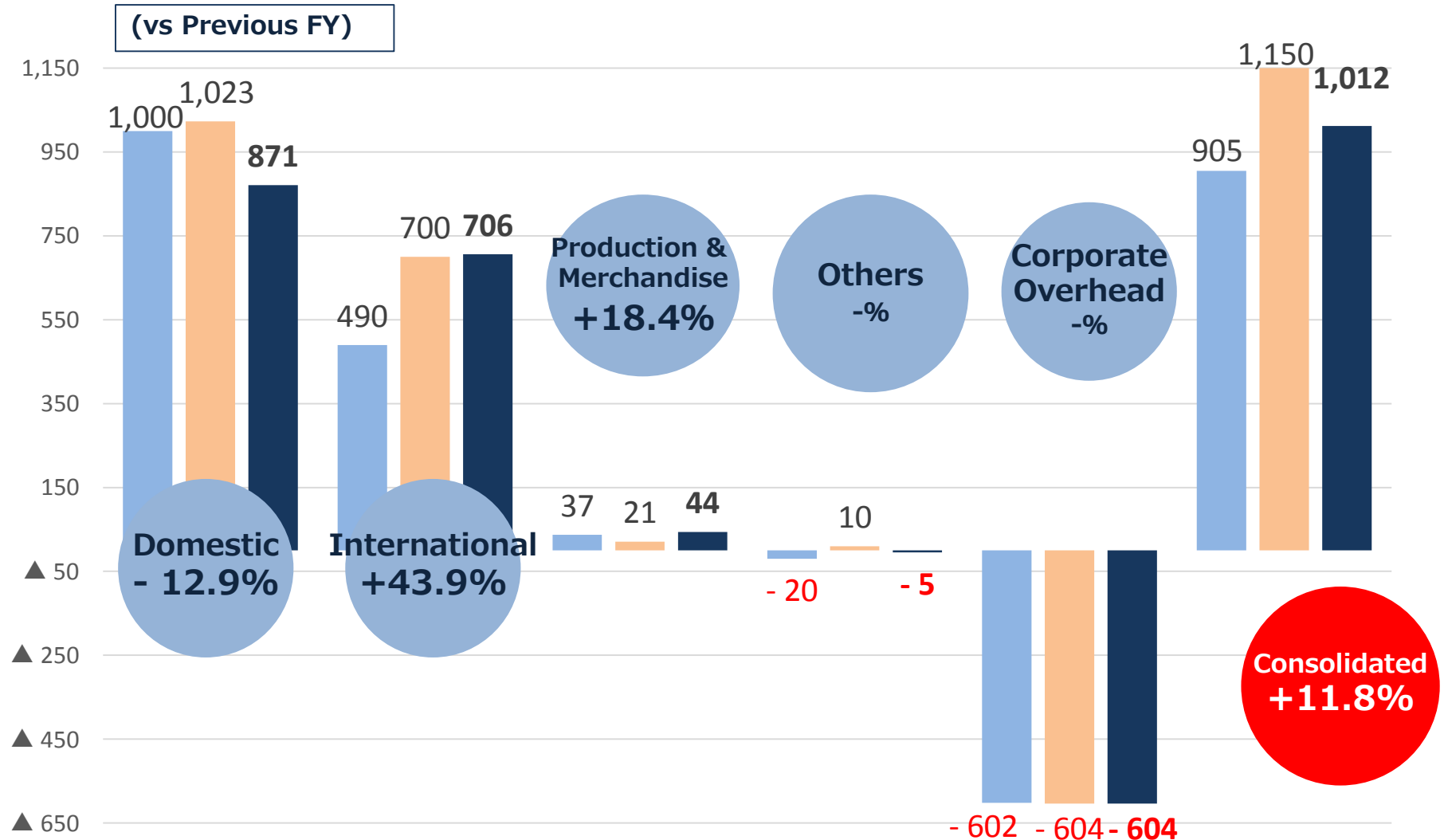


# FY2018-19 Revised Plan (Income by Segment)



■ Previous FY ■ Original Plan (May 10) ■ Revised Plan (September 14)

Unit: Million Yen

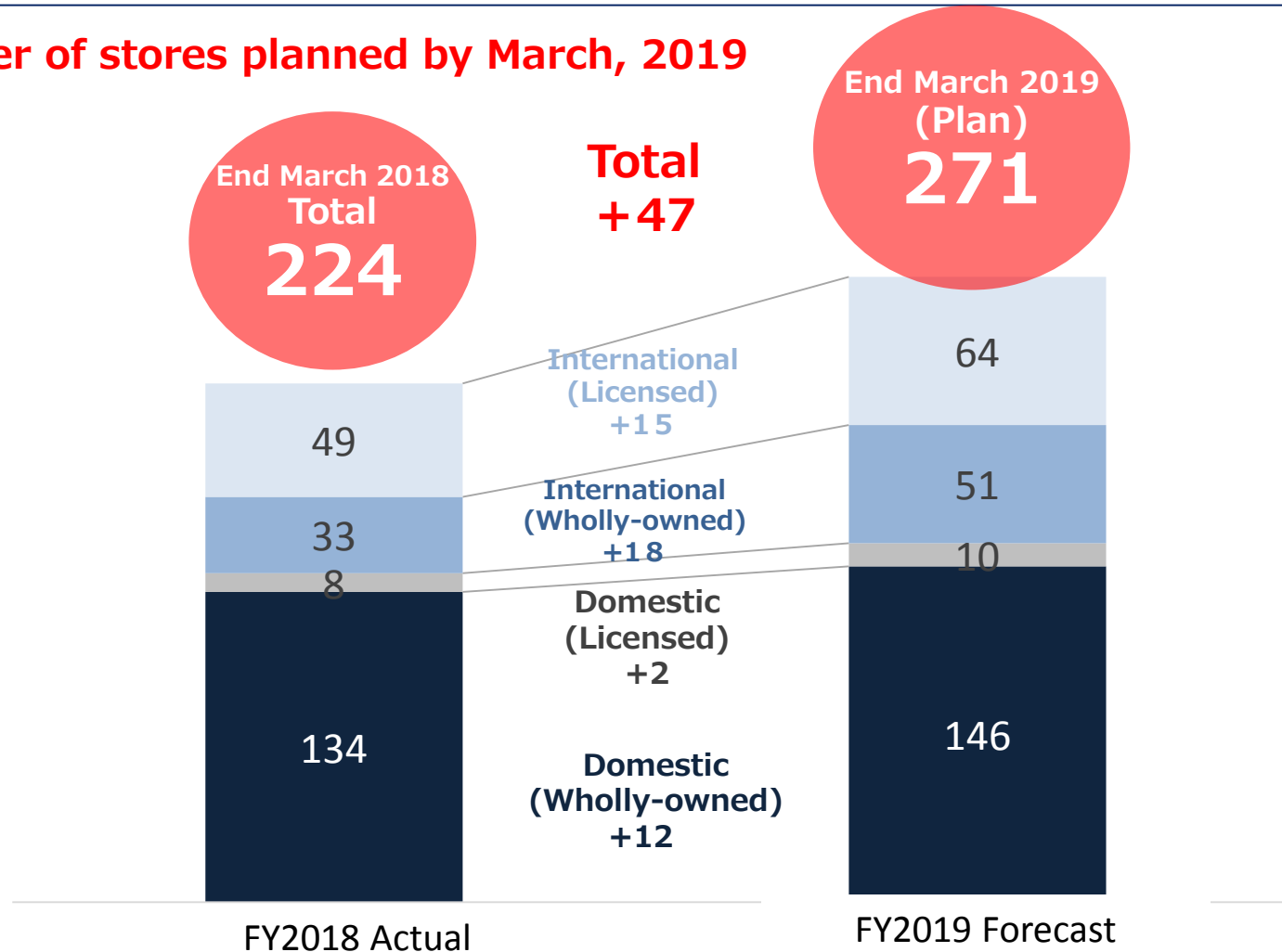




# FY2018-19 Plan (Store Count)



## Number of stores planned by March, 2019



**Net increase of 47 stores overall, 271 in total**  
**Japan: 14 net increase (22 new stores (21 owned, 1 licensed) 8 closure/transfer)**  
**International: 33 net increase (all new stores (18 owned, 15 license, no closures))**

# Appendix



IPPUDO  
Shanghai Xintiandi Square (China)  
Dec, 2018

## ■ Vision ■

***Keep Changing  
to Remain  
Unchanged***



## ■ Founding philosophy ■

***We aspire to be a group of people continuously creating new values. We will communicate those values to the whole world through Smile and Arigatou, the highest forms of human communication.***

## Chikaranomoto Holdings Co., Ltd. (Ticker #: 3561)

- Address Qiz TENJIN 801B, 1-14-45, Daimyo, Chuo ward, Fukuoka city, Fukuoka, Japan
- Date of Establishment 30<sup>th</sup> October, 1986
- Capital Stock 1,258,450,000 JPY (The number of issued shares : 23,625,300 shares)
- Fiscal Term FY April - March
- Number of Employee 69 (consolidation 637) ※Excluding temporary employees
- List of Directors
  - Representative Director, Chairman and President Shigemi Kawahara
  - Managing Director and CFO Shinichi Kasuya
  - Director Toshiyuki Kiyomiya
  - Director Yoshiharu Harada
  - Director Hidehiko Nishihama
  - Director (Independent) Katsushi Kaneko
  - Director (Audit Committee) Yasuyoshi Suzuki
  - Director (Audit Committee, Independent) Tetsuya Tsuji
  - Director (Audit Committee, Independent) Shinji Tanabe

As of December, 2018



# Signature Products

原点の一杯  
白丸元味



## *Shiromaru Classic*

Keeping in line with the founding recipe, the *Classic* soup is cooked for over 18 hours and a day of maturation, silky yet high in flavors and fragrance. Ultra-thin noodles, typical of Hakata, accentuates this IPPUDO product.

革新の一杯  
赤丸新味



## *Akamaru Modern*

A modern take on the *Classic*, *Akamaru* adds a slightly spicy mixed *Miso* paste and fragrant oil, to give the senses a gentle kick. Slightly thicker noodles match perfectly with a bowl full of flavors.

刺激の一杯  
一風堂から麺



## *Karaka*

Based on the same silky *Tonkotsu* soup, it comes with bold spices such as *Tobanjan*, *Tenmenjan* and *Sansho* peppers. Finished with *Rayu* spicy oil, this one is not for the faint-hearted.

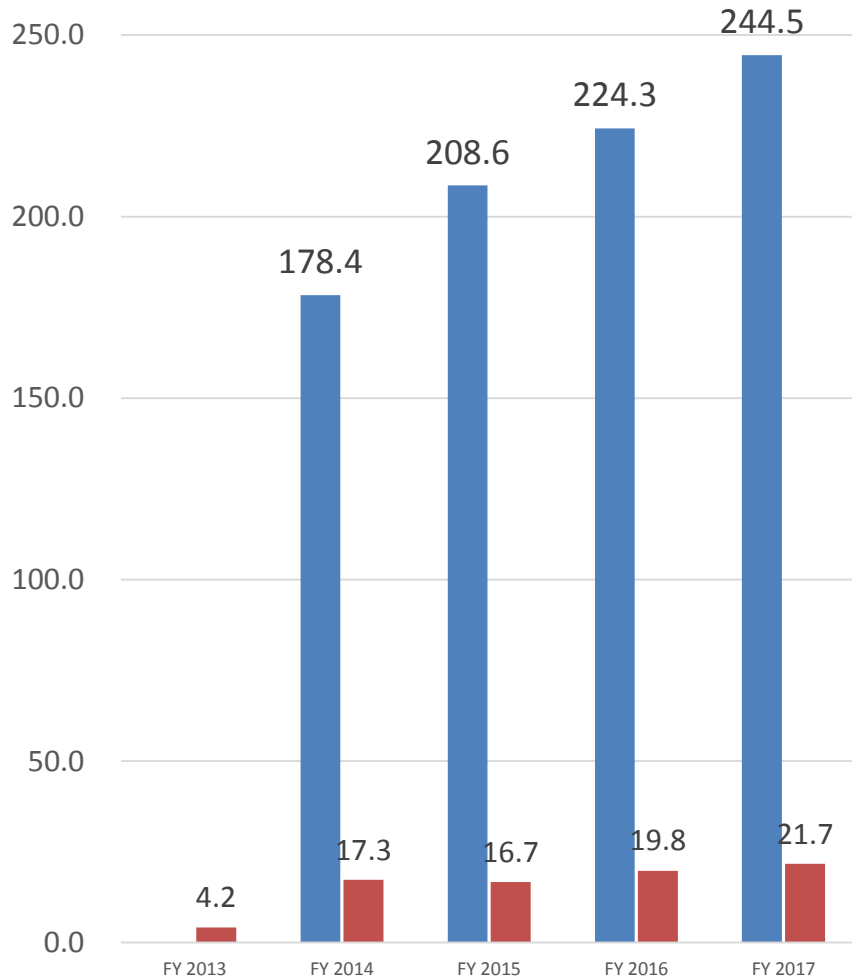
# Historical Performance



## Consolidated Revenue

■ Consolidated  
■ Non-Consolidated

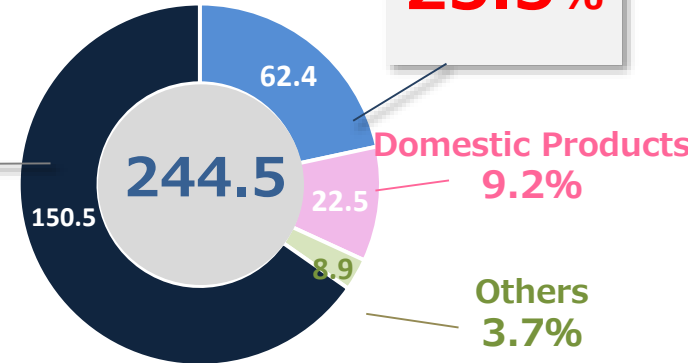
(\* in 100 million JPY)



FY Ending  
March, 2018  
**244.5**

## Revenue by Segments

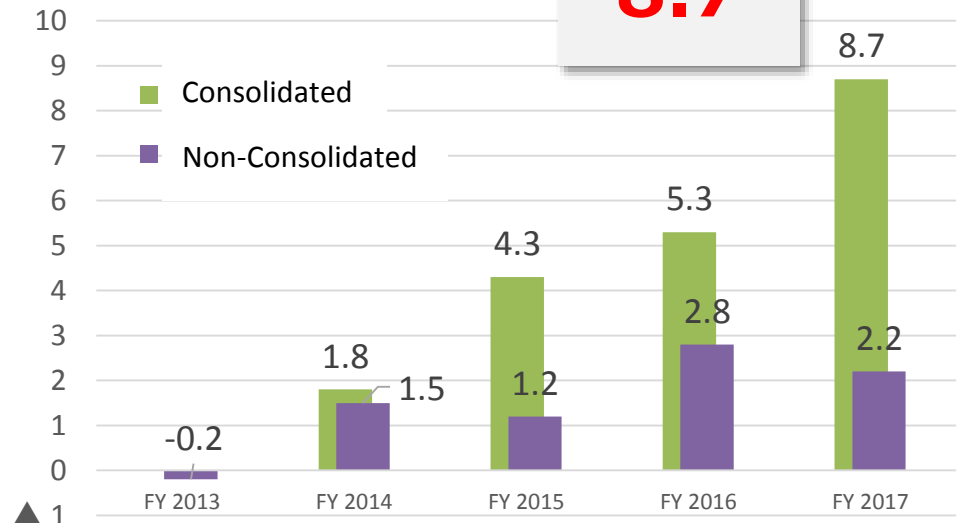
Domestic  
**61.6%**



International  
**25.5%**

## Ordinary Income

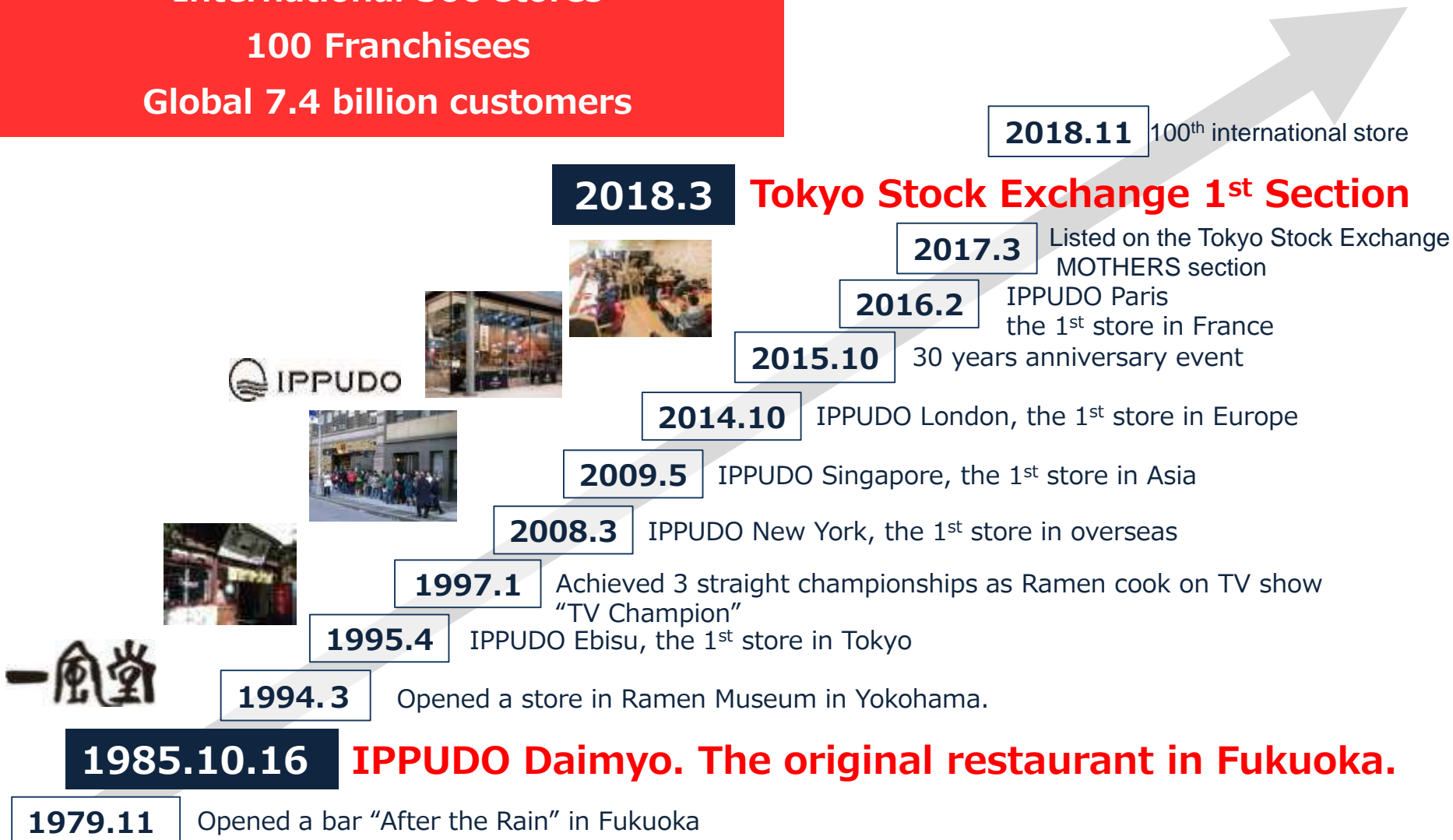
■ Consolidated  
■ Non-Consolidated



FY Ending  
March, 2018  
**8.7**



**Domestic 300 stores**  
**International 300 stores**  
**100 Franchisees**  
**Global 7.4 billion customers**



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