



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



November 8, 2019

Q2 FY2019-20 Financial Results Briefing

(Supplementary Explanation Material for Financial Results of Q2 of Fiscal Year Ending 31 March, 2020)

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■ **FY2019-20 Q2 Financial Results**

- **Consolidated P&L**
- **Segment Highlights**
- **Domestic/International Revenue Ratio**
- **Consolidated Balance Sheet**
- **Consolidated Cash Flows**
- **New Stores and Number of Stores**
- **Main Accomplishments**

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 - **Consolidated P&L**
 - **Revenue by Segment**
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Financial Results

Q2 FY2019-20



Vietnam
IPPUDO VIETNAM Le Thanh Ton
August 19, 2019 Grand Open

Consolidated P&L



Unit: Million Yen	FY2019-20 Q2 Results	FY 2019-20 Q2 Plan	Previous FY Q2 Results	vs Plan	VS Previous FY
Revenue	14,772	14,481	13,116	+2.0%	+12.6%
Gross Margin	10,523	—	9,437	—	+11.5%
SG&A Expenses	10,073	—	9,044	—	+11.4%
Operating Income	449	424	393	+6.1%	+14.4%
Ordinary Income	399	382	410	+4.4%	-2.7%
Pre-Tax Income	469	—	399	—	+18.7%
income Attributed to the Company	386	297	384	+29.7%	+0.5%

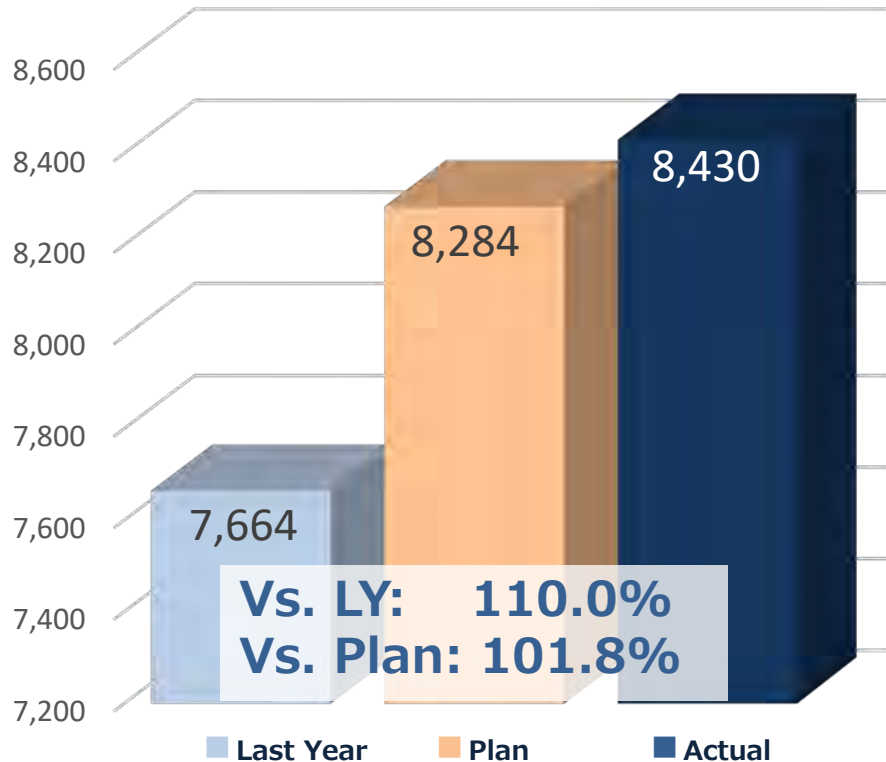
12.6% revenue growth and 14.4% Operating income growth vs. previous year
 Foreign exchange fluctuations (JPY34M) affected ordinary income,
 which fell shy of the previous year

Domestic Store Operations

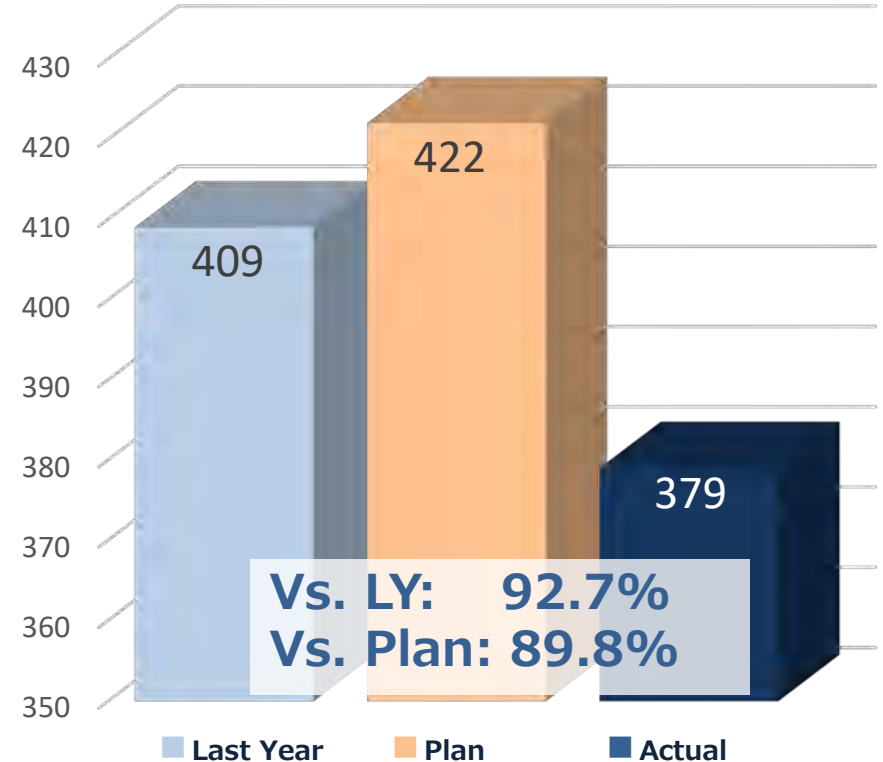


Unit: Million Yen

Revenue



Operating income



Revenue continues to grow at roughly 10%, keeping up the trend from Q1, achieving the target
Segment operating margin at 4.5%

Highlights: Domestic Store Operations



◆ Revenue

- New stores opened on schedule (16 planned for the year and 8 opened by the end of Q2)
- Same-Store-Sales recovering, continuing the trend from the second half of the previous year
- Typhoons and adverse climate forced shortened operating hours and closures of some stores

August: 10 stores shortened hours and 4 closures

September: 39 stores shortened hours

◆ Operating income

- Wages and logistics costs affected negatively
- Supply Chain revamp ongoing, temporary double-cost but expected to improve within the fiscal year
- 91.8% vs. plan in Q2, improving from 85.0% vs, plan in Q1

Same-Store-Sales achieves growth (+2.7% to date)



■ FY2019-20 Domestic Year-Over-Year Sales/Number of Customers/Average Check



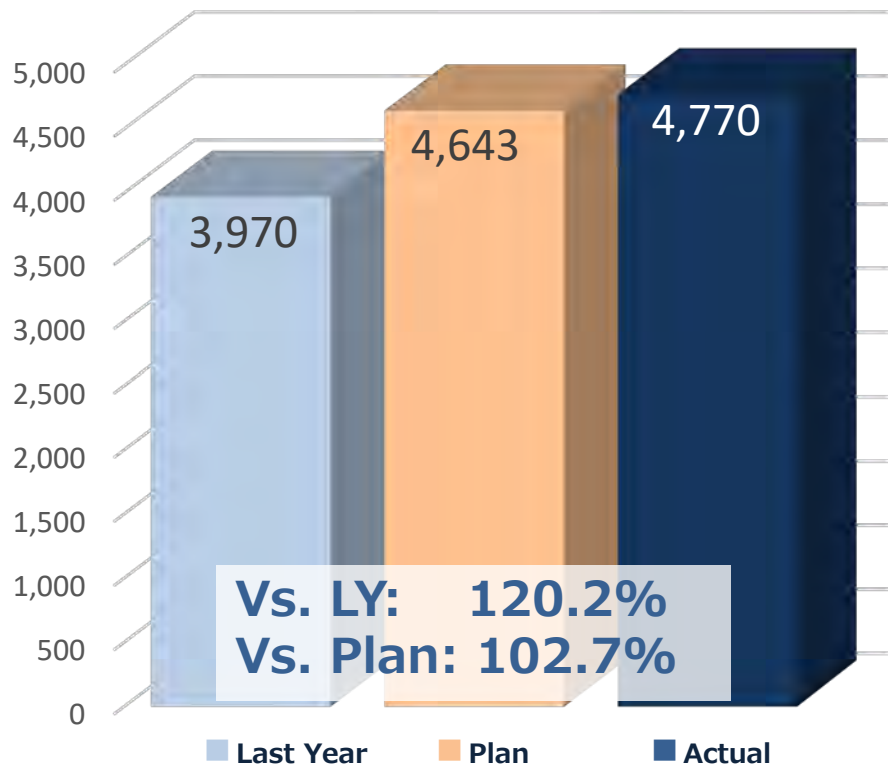
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales	100.0%	101.1%	105.4%	106.3%	104.1%	101.6%	100.3%						102.7%
Number of Customers	100.6%	100.9%	103.2%	105.9%	102.2%	100.1%	100.6%						101.9%
Average Check	99.4%	100.2%	102.1%	100.3%	101.9%	101.5%	99.7%						100.8%

International Store Operations Segment

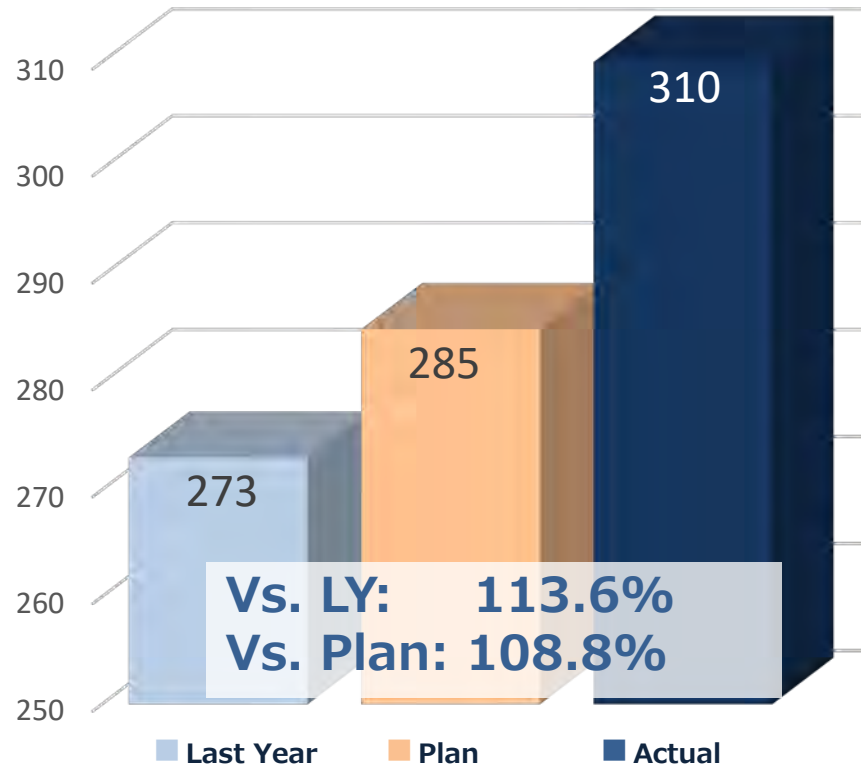


Unit: Million Yen

Revenue



Operating income



**Despite delays in certain store openings,
achieved target for the period.
Segment operating margin at 6.5% (LY 6.9%)**

◆ Revenue

- Opening delays in company-owned territories (33 planned for the year and 9 opened by the end of Q2). 13 stores is certain to open by December.
- Licensed stores perform solidly, with sales and royalties income increasing.

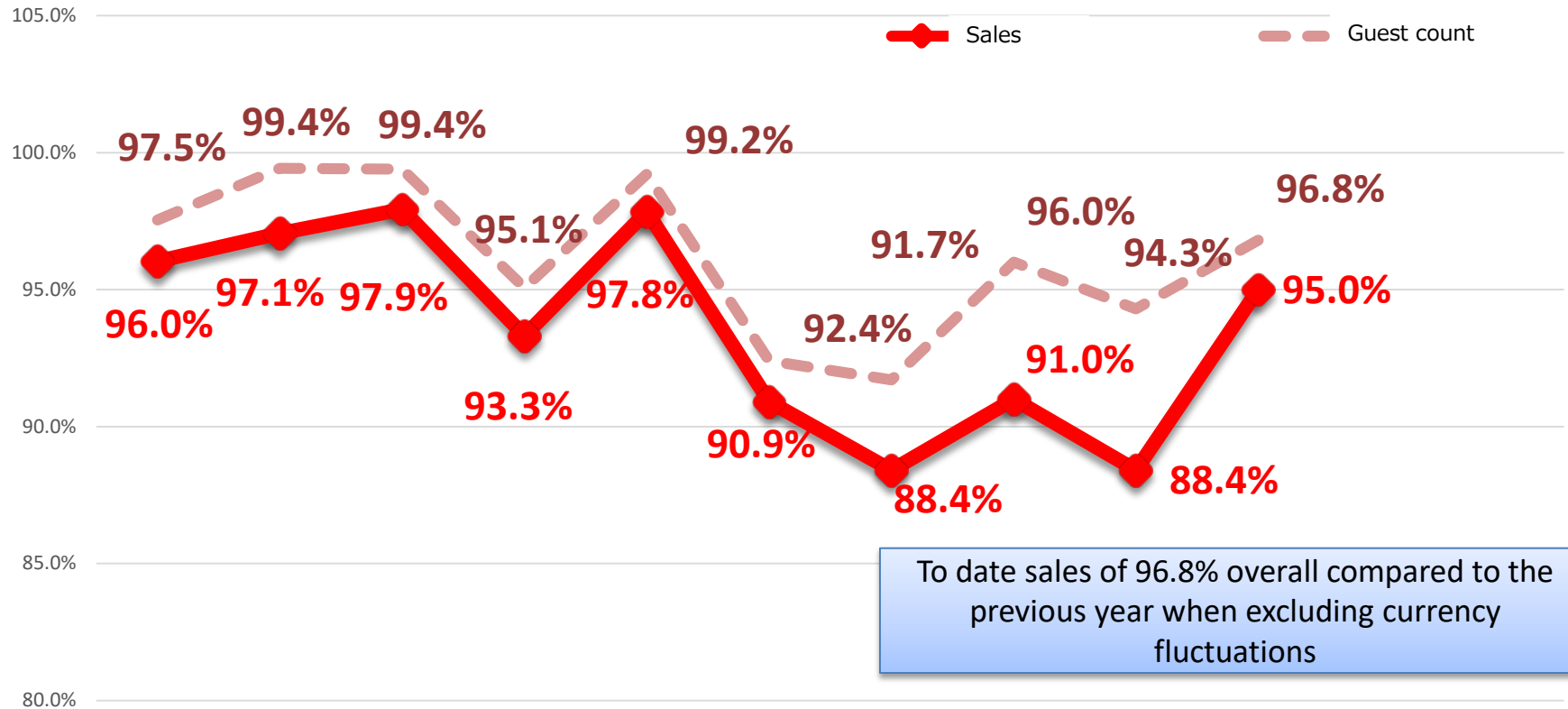
◆ Operating income

- USA West Coast division continues to drag the overall performance, but Europe and other areas performing solidly, exceeding both the plan and the previous year

Forex fluctuation continues to affect the figures



■ FY2019-20 International Year-Over-Year Sales/Number of Customers/Average Check



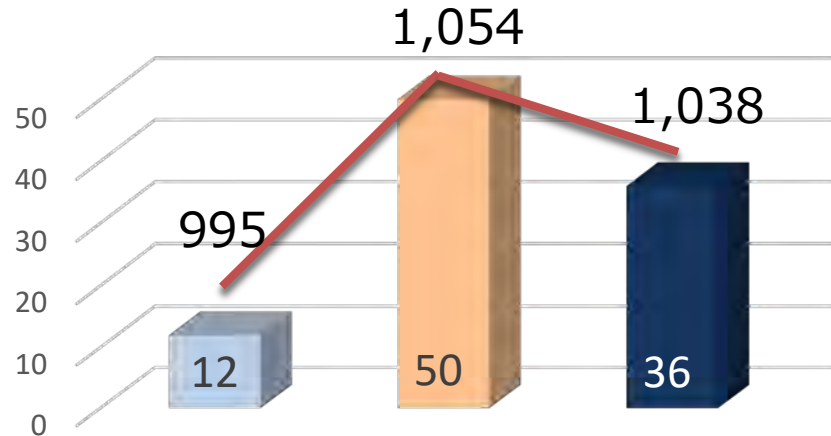
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales	96.0%	97.1%	97.9%	93.3%	97.8%	90.9%	88.4%	91.0%	88.4%	95.0%			93.5%
Number of Customers	97.5%	99.4%	99.4%	95.1%	99.2%	92.4%	91.7%	96.0%	94.3%	96.8%			96.1%
Average Check	98.5%	97.6%	98.5%	98.2%	98.6%	98.4%	96.4%	94.8%	93.8%	98.2%			97.3%

Domestic Production & Merchandizing, Others and Corporate Overhead



Unit: Million Yen

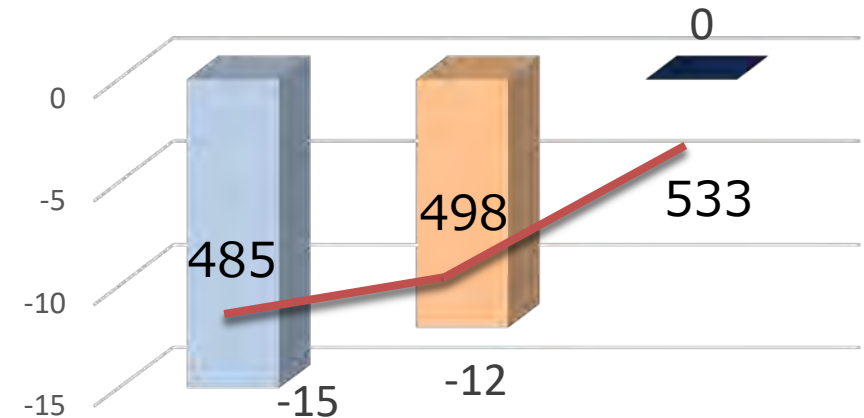
Domestic Production & Merchandizing



Revenue Vs. LY 104.3%
Vs. Plan 98.5%

Op income Vs. LY 278.8%
Vs. Plan 71.3%

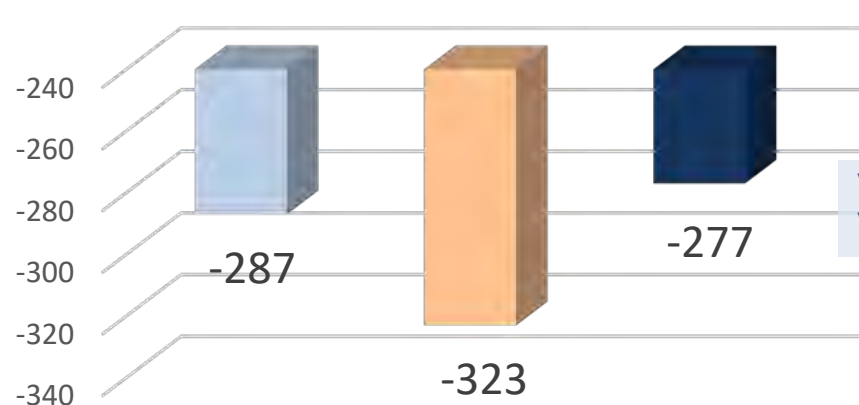
Others



Revenue Vs. LY 109.7%
Vs. Plan 107.0%

Op income Vs. LY -%
Vs. Plan -%

Corporate Overhead



Vs. LY 96.5%
Vs. Plan 85.9%

Revenue

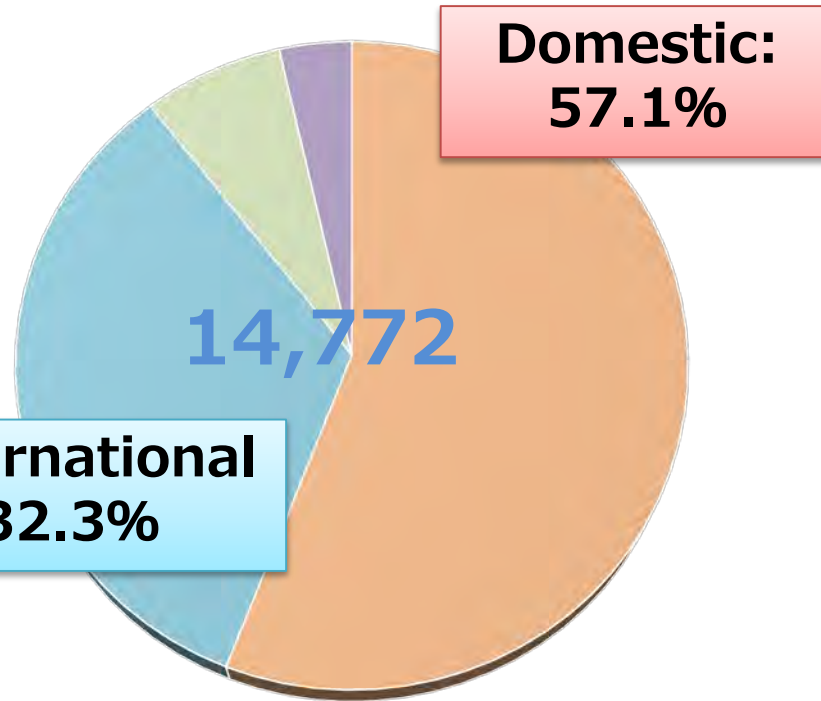
Operating income
(■ LY ■ Plan ■ Actual)

Revenue by segment



Unit: Million Yen

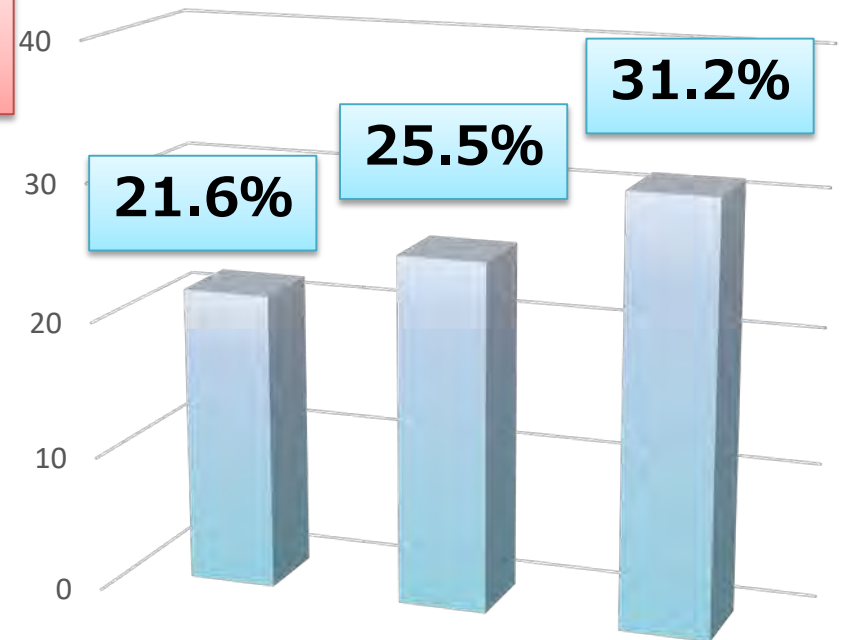
Revenue



Q2 FY2019-20

Domestic	International	Production & Merchandise	Others
8,430	4,770	1,038	533

Ratio of International segment



Store count	FY 2016-17	FY 2017-18	Q2 FY19-20
Wholly Owned	24	31	50
License	41	51	70

Consolidated Balance Sheet



Unit: Million Yen

	March 2018	September 2019	GAP
Current Assets (cash and deposits)	5,792 (3,615)	5,538 (3,674)	-254 (59)
Tangible Fixed Assets	7,367	7,704	+337
Intangible Fixed assets	336	325	-10
Investments & Others	2,896	2,552	-344
Non-Current Assets	10,600	10,582	-17
Total Assets	16,392	16,120	-271
Total Liabilities	11,668	11,372	-295
Equity	4,027	4,345	+318
Accumulated Other Comprehensive Income	295	82	-213
Non-controlling interest	401	320	-81
Total Net Assets	4,724	4,748	+24
Total Liabilities and Net Assets	16,392	16,120	-271

■ Asset

• Cash & deposits	+59
• Fixed Assets	+337
• Current assets – other	-310
• Investment securities	-300
• Deposits and guarantees	-43

■ Liabilities

• Interest-bearing loans	-105
• Payables – trade	-45
• Income tax, etc. payable	-108

■ Net Assets

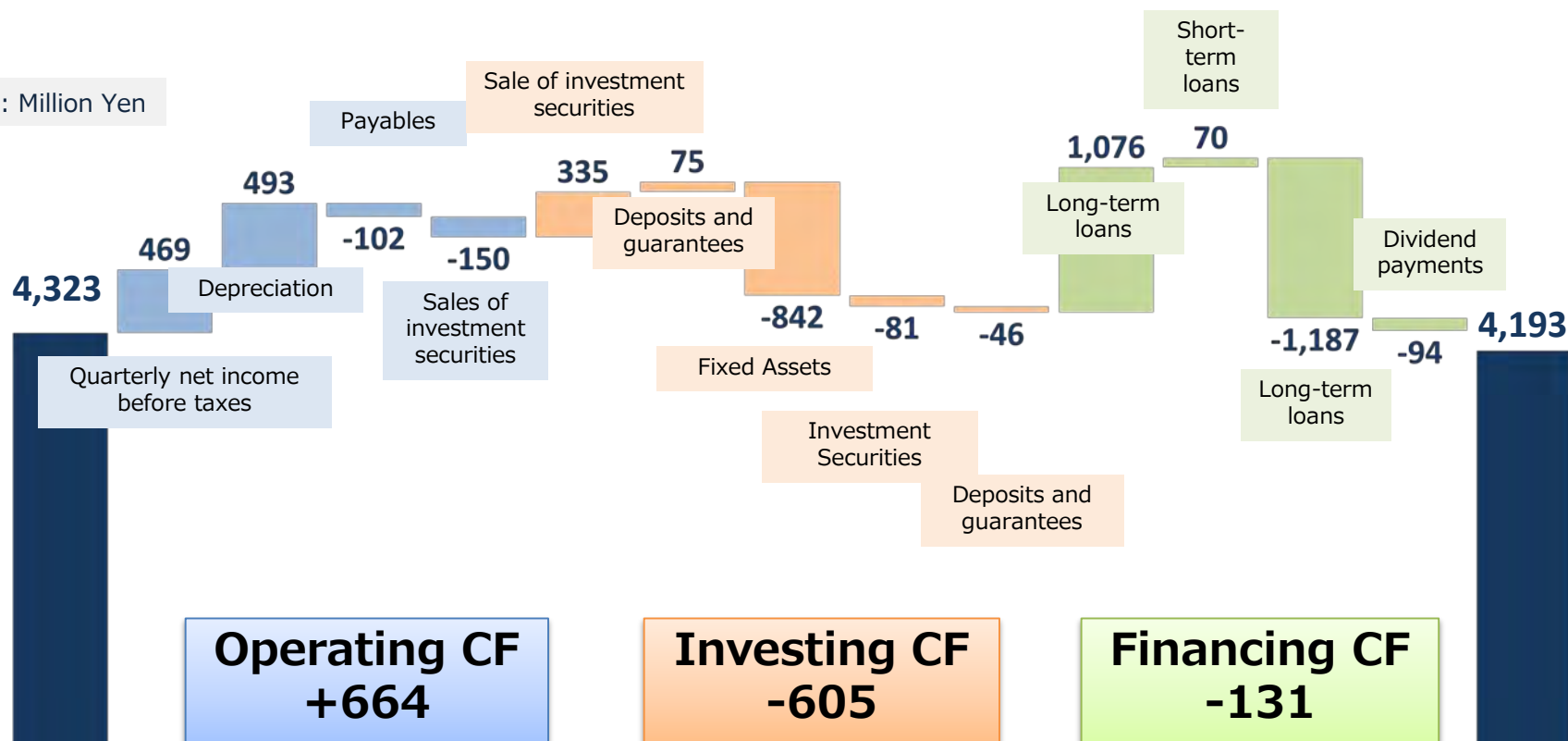
• Quarterly net income	+386
• Valuation of securities	-158
• Dividend payments from retained earnings	-94

Equity ratio at 27.5% (March 2019: 26.4%)

Consolidated Cash Flows



Unit: Million Yen



March 2019

September 2019

**129 million yen decrease in cash and cash equivalents
EBITDA at 943 million yen**

Store Openings

Domestic

FY2019-20

Plan

8

16

Int'l

FY2019-20

Plan

9

33

2019年9月末

**On schedule for Domestic
Delays in company-owned territories in International**

276 stores in 14 countries and regions

(+10 since the end of previous FY)

Domestic 156, International 120

Europe (6)

UK	3
France	3

アジア (94)

Singapore	9
Malaysia <License>	5
Thailand <License>	16
Philippines <License>	9
Indonesia	5
China/Hong Kong <License>	34
Taiwan	12
Myanmar <License>	2
Vietnam <License>	2

Japan (156)

	93
RAMEN EXPRESS	33
PANDA EXPRESS	6
Others	16
Sub-total Domestic	148
Ichika Bachika	2
Inaba-Udon	6
Sub-total Others	8

North America (12)

U.S.A.	12
<4 stores in West coast under Joint Venture>	

Oceania (8)

Australia	8
<including 2 License stores>	

Major topics



U.S.A.
IPPUDO West Hollywood
August 30, 2019 Grand Open

Q2 Openings

	July	August	September
Domestic			<ul style="list-style-type: none"> ➤ IPPUDO RAMEN EXPRESS Yume-town Takamatsu ➤ PANDA EXPRESS SAKURA MACHI Kumamoto ➤ IPPUDO RAMEN EXPRESS SAKURA MACHI Kumamoto
Int'l		<ul style="list-style-type: none"> ➤ Le Thanh Ton (Vietnam) ➤ West Hollywood (USA) 	<ul style="list-style-type: none"> ➤ Lippo Mall Kemang (Indonesia) ➤ Citygate (Hong Kong SAR)

Mid-term Dividends

	Mid-term	Term end (projected)	Annual total
Record Date	September 30, 2019	March 31, 2023	—
Dividend per Share	4.00 Yen	4.00 Yen	8.00 Yen
Total amount of dividend	95 million yen	-	
Effective Date	December 3, 2019	-	—

**Mid-term dividend of 4 yen per share, projected term end dividend of 4 yen per share.
Payout ratio at mid-term of 24.5%**

Opened Panda Express and IPPUDO Ramen Express simultaneously at SAKURA MACHI Kumamoto(September 14)



New stores in 4 territories internationally



ベトナム
IPPUDO VIETNAM Le Thanh Ton店
2019年8月19日 Grand Open



USA
IPPUDO West Hollywood店
2019年8月30日 Grand Open



インドネシア
IPPUDO INDONESIA Lippo Mall Kemang店
2019年9月2日 Grand Open



香港
IPPUDO HK Citygate店
2019年9月5日 Grand Open

Q2 Seasonal Promotions



Introducing seasonal products as part of “Only-Now IPPUDO”
Targeting acquisition of new customers as well as inducing repeat visits

Events and Campaigns to suit the needs of the seasons

**一票を大切にする人を、
一風堂は大切にします。**

2019 参議院選挙「選挙割」、全国の一風堂で実施します。

「投票済証明書」ご提示で「替玉」or「玉子」無料!

一風堂「選挙割」有効期間 7/21(日)~7/31(水)まで ※詳しくは、一風堂公式サイトをご覧ください。

**7月7日(日)一日限定
七夕ペア割**

ご夫婦◎カップルでご来店されると
白丸元味◎赤丸新味が
各500円に! (税別)

ご注文時に「ペア割」お申し付けください!

夏の暑さも、日常のアレコレも、飲んで忘れたいときがある。 **ビアガーデン ラーメン開催!**

BEER RAMEN

特製白丸の特製赤丸 + 生ビール セット

生ビール 最大5杯まで 1,200円 (+税)
ご希望の方はお申し付けください。

1週間限定!! 8.19 MON → 25 SUN 20:00~22:00

※お一人様ラーメン1杯につき、5杯までとなります。 ※上記期間中に特製ラーメンをご注文いただいた方のみ対象です。 ※他のサービスとの併用はできません。

人生の先輩と、ラーメンを食べよう。

9.16 敬老の日 とそのお連れ様
60歳以上の方
ラーメン一杯 (白丸元味◎赤丸新味) **600円!** (+税)

さらに、各店先着で! 60歳以上の方に、
一風堂ロゴ入りタオルプレゼント!

※お一人様1杯につき、1名までとなります。 ※上記期間中に特製ラーメンをご注文いただいた方のみ対象です。 ※他のサービスとの併用はできません。

**Third Vote-for-Bowl Campaign to promote political participation of younger generations.
Received much attention from the media (TV, Newspaper and Online News),
contributing to brand recognition**

Collaborating with other events and participating in key events

Room service at 5-star hotel “The Peninsula Tokyo”, offering “My Ramen by IPPUDO” which is well received by diverse guests



一風堂、FUJI ROCK FESTIVAL' 19に出店！ 一風堂

Offering new values, different from traditional outlets

Spreading Japanese culture around the world

Singapore Sake “Kanpai Night” event



Japan Expo in Paris, France



Branding outside stores

FY2019-20 Plan

(current FY)



City Gate (Hong Kong SAR)
September 5, 2019

FY 2019-20 Plan (Consolidated P&L)



Unit: Million Yen

	FY2018-19 Actual	FY2019-20 Plan	Vs Previous FY	
			Amount	Ratio
Revenue	27,466	30,010	+ 2,544	+9.3%
Operating Income	957	1,150	+ 193	+20.1%
Ordinary Income	922	1,072	+ 150	+16.2%
Net Income	615	700	+ 85	+13.9%

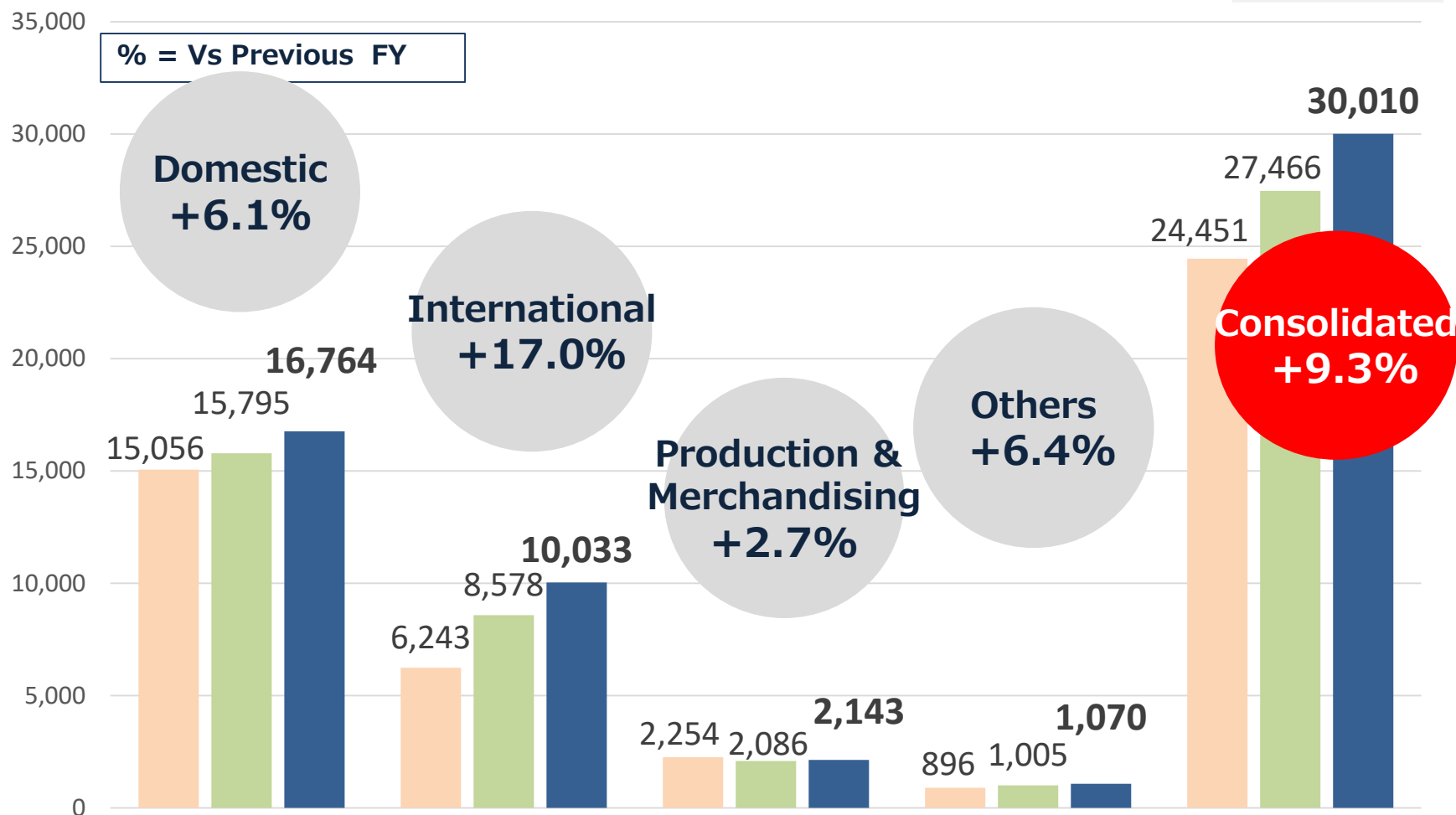
Revenue growth of 9.3%, Operating income growth 20.1%
No changes from the previously announced plan

FY2019-20 Plan (Revenue by Segment)



■ FY2017-18 Actual
 ■ FY2018-19 Actual
 ■ FY2019-20 Forecast

Unit: Million Yen



Slower growth for Domestic due to reinforcement of existing stores
International continues to expand both on company-owned and
licensed territories. Overall growth shy of 10%

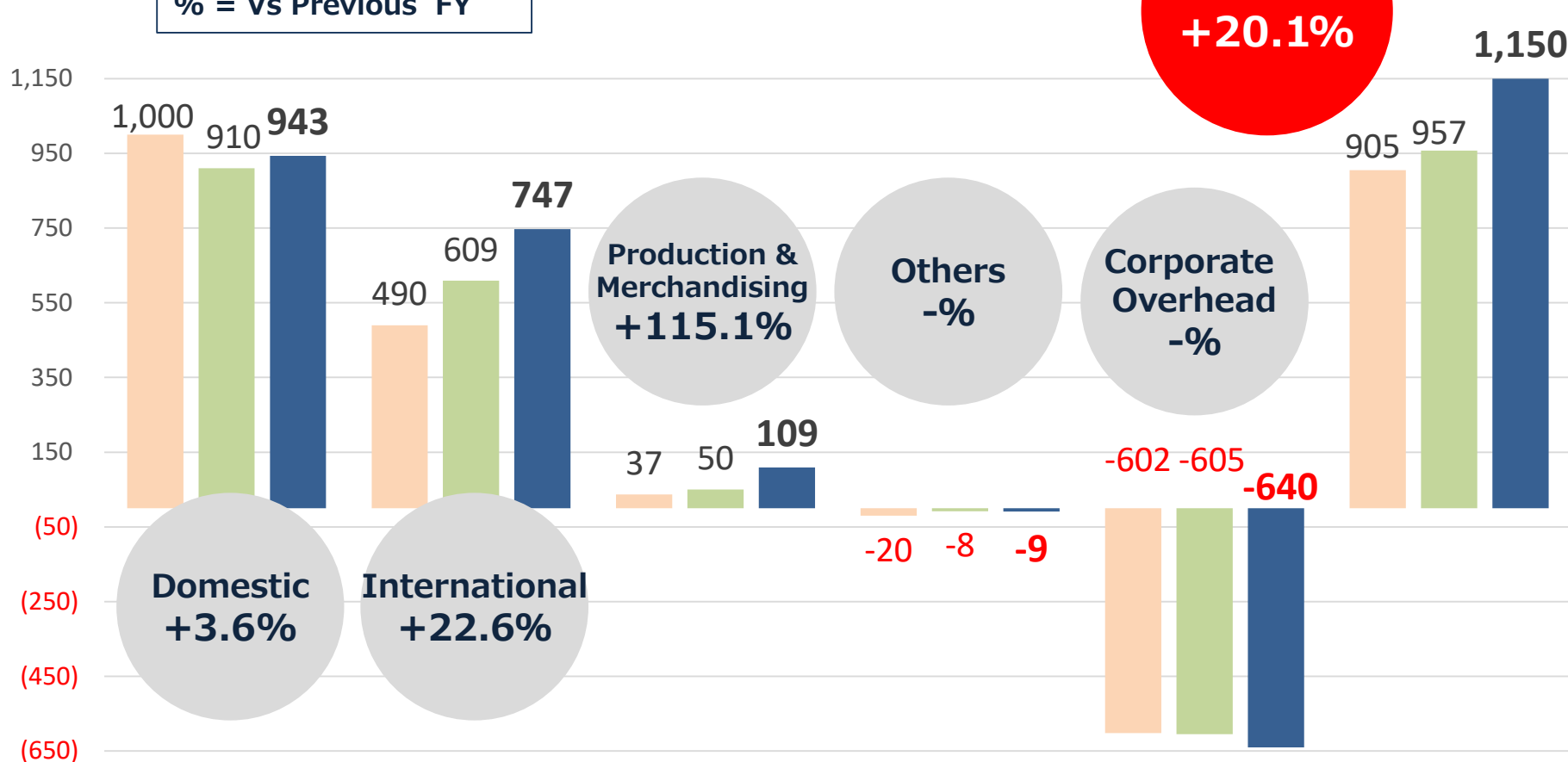
FY2019-20 Plan (Income by Segment)



■ FY2017-18 Actual
 ■ FY2018-19 Actual
 ■ FY2019-20 Forecast

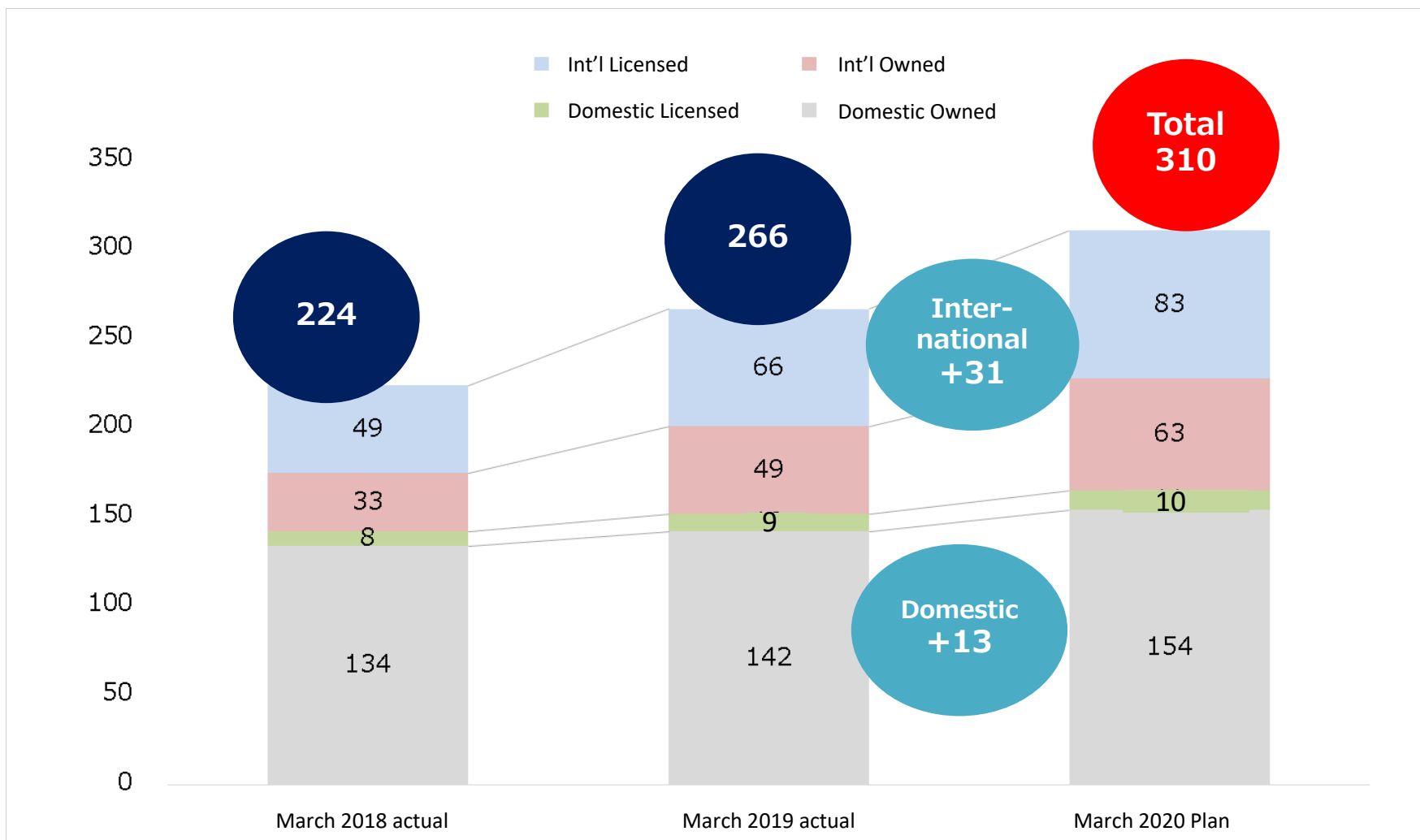
Unit: Million Yen

% = Vs Previous FY



Domestic to continue to focus on improving incomeability at existing stores
International to continue expanding to compensate for the delays in the US west coast
Overall more than 20% growth projected for the consolidated income

FY2019-20 Plan (Store Count)



Total 44 additions to the store count (13 Domestic and 31 International), total 310 stores by the end of March 2020

Appendix



PANDA EXPRESS
SAKURA MACHI Kumamoto
September 14, 2019 Grand Open

■ 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 30th October, 1986
- Capital Stock 1,279,970,000 JPY (The number of issued shares : 23,805,200 shares)
- Fiscal Term March
- Number of Employee 39 (consolidation 648) ※Excluding temporary employee
- List of Directors

President and Representative Director

Mr. Shigemi Kawahara

Director

Mr. Toru Nakao

Director

Mr. Hidehiko Nishihama

Director

Mr. Takashi Ajimura

Director (Independent)

Ms. Hideko Toba

Director (Audit Committee)

Mr. Yasuyoshi Suzuki

Director (Audit Committee, Independent)

Mr. Tetsuya Tsuji

Director (Audit Committee, Independent)

Mr. Shinji Tanabe

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
風堂から麺



Karaka

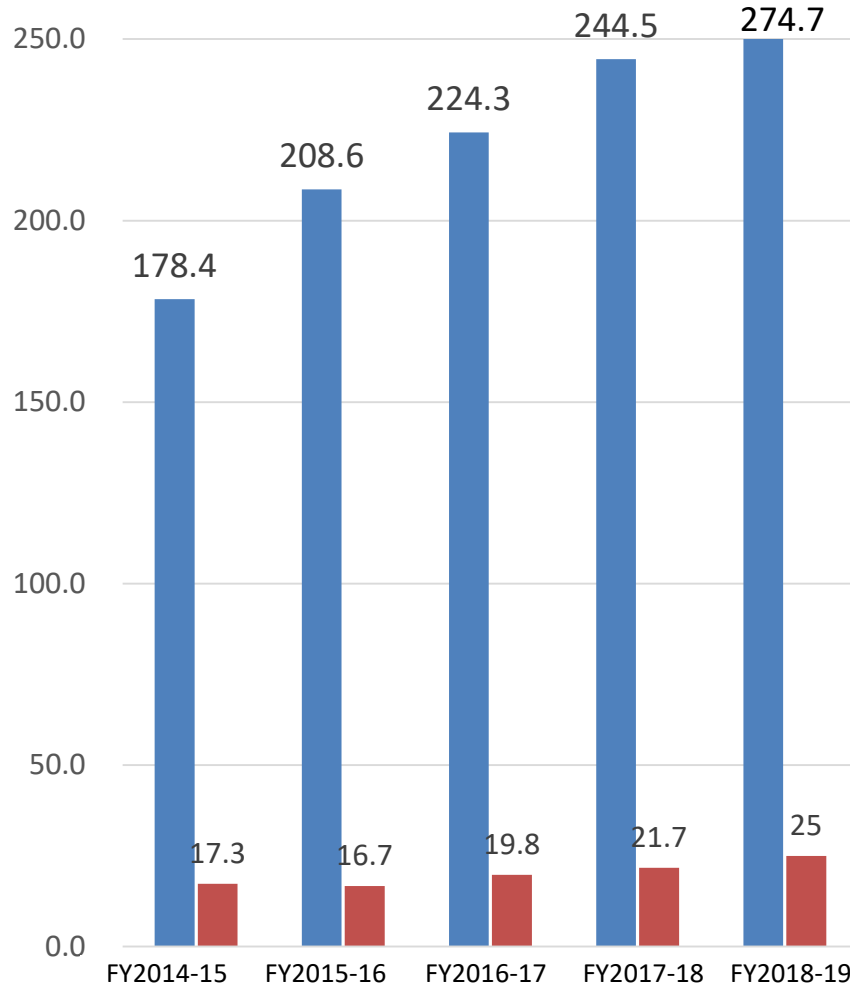
Based on the same silky *Tonkotsu* soup, it comes with bold spices such as *Tobanjan*, *Tenmenjan* and *Sansho* peppers. Finished with *Rayu* spicy oil, this one is not for the faint-hearted.

Historical Performance



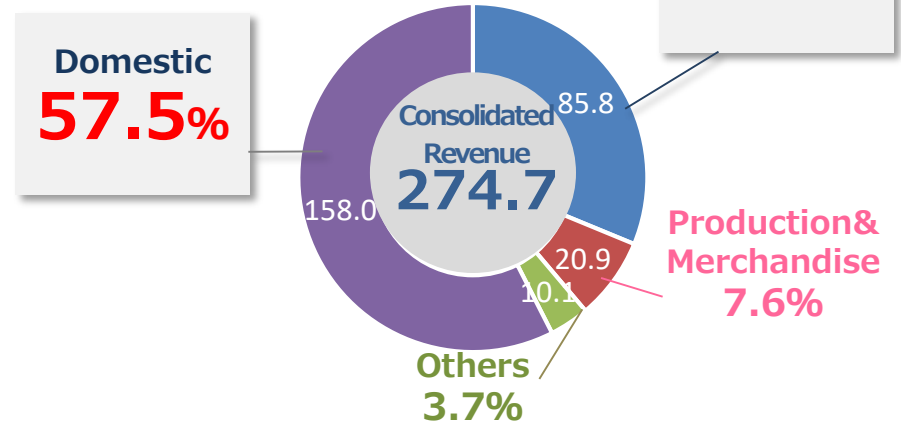
Consolidated Revenue

■ Consolidated
■ Non-Consolidated
(in JPY 100 million)



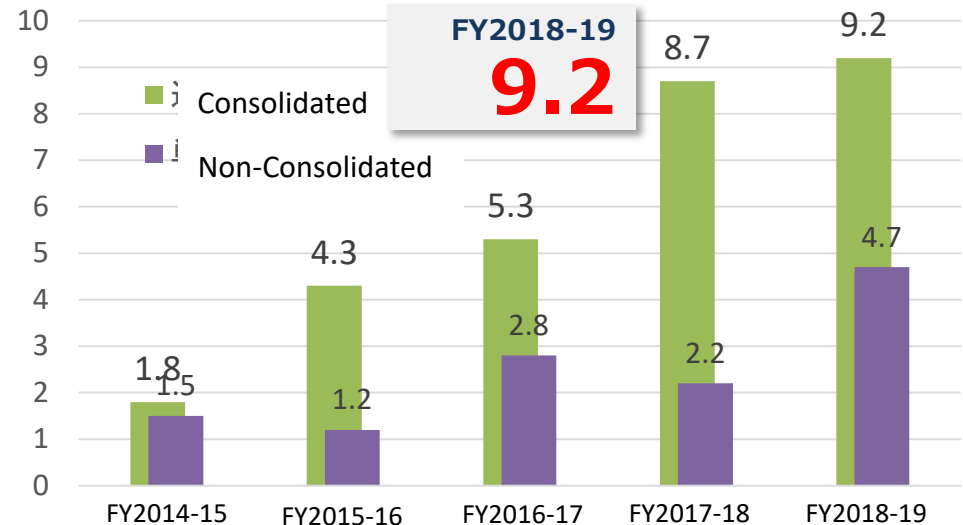
Revenue by Segment

FY2018-19 (in JPY 100 million)

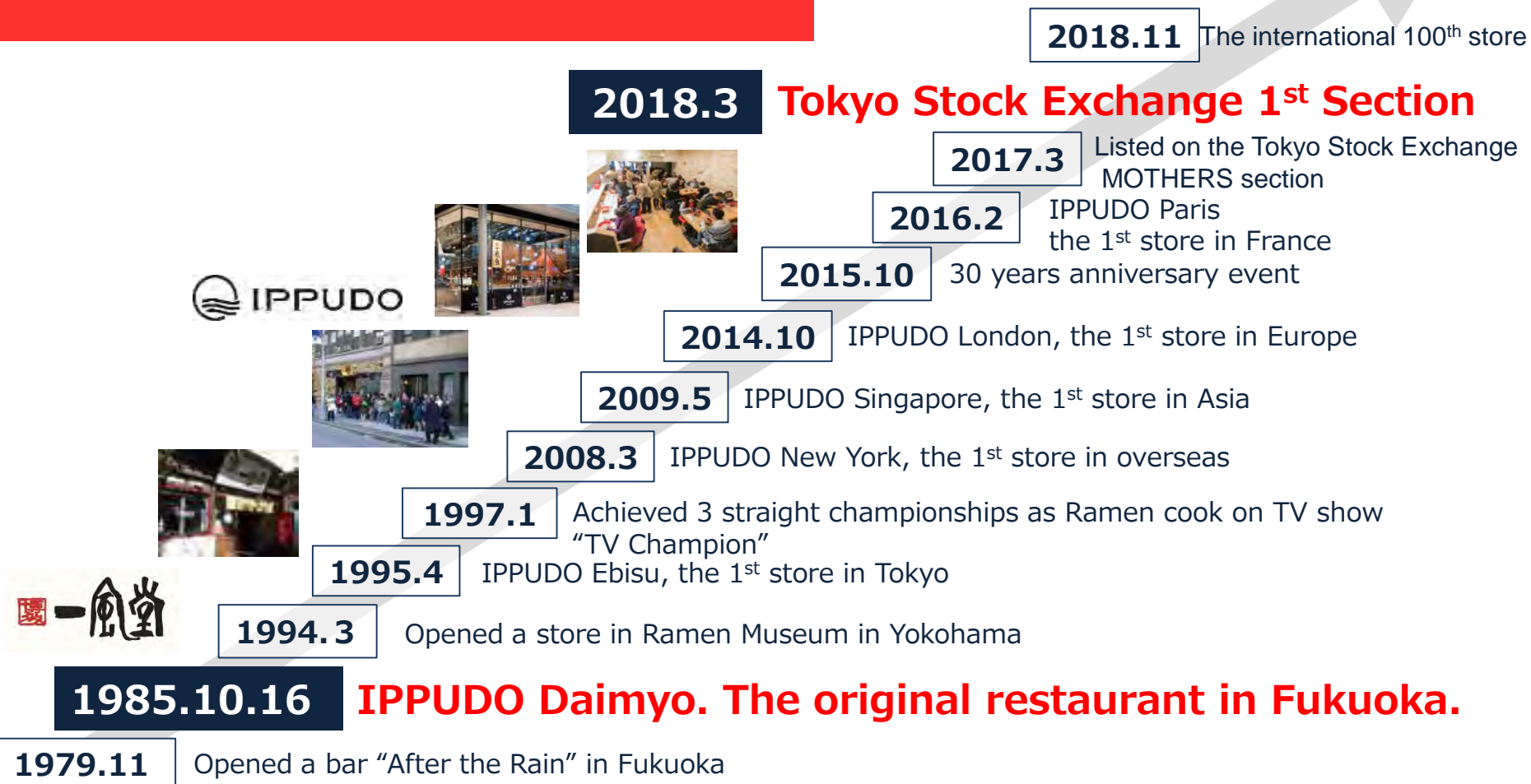


Ordinary Income

(in JPY 100 million)



2025
Global Total of 600 stores
Global 7.7 Billion customers



Disclaimer



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