

ARIAKE JAPAN Co., Ltd.

Code number: 2815

FY2017 Financial Results

April 1, 2016–March 31, 2017

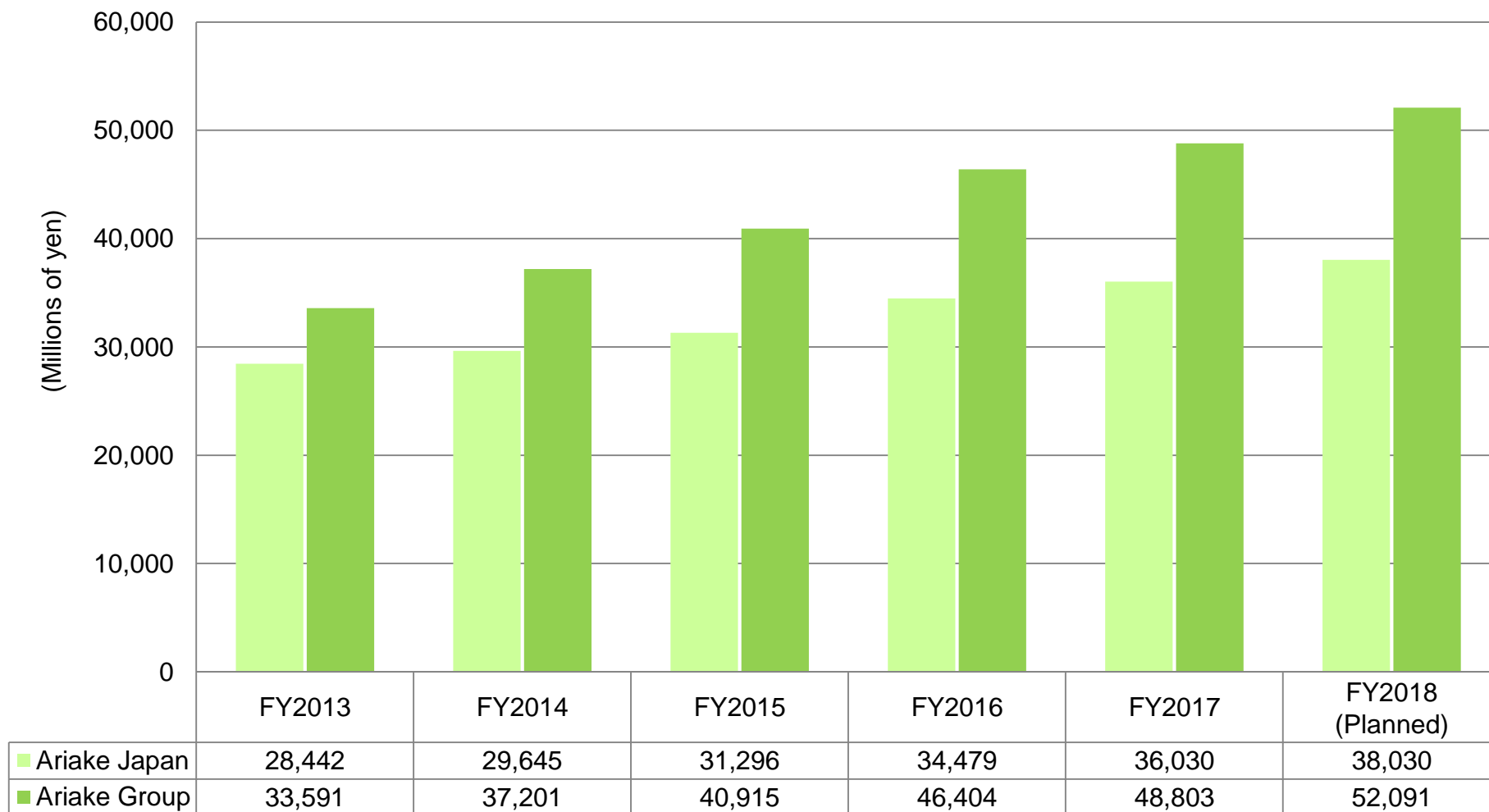


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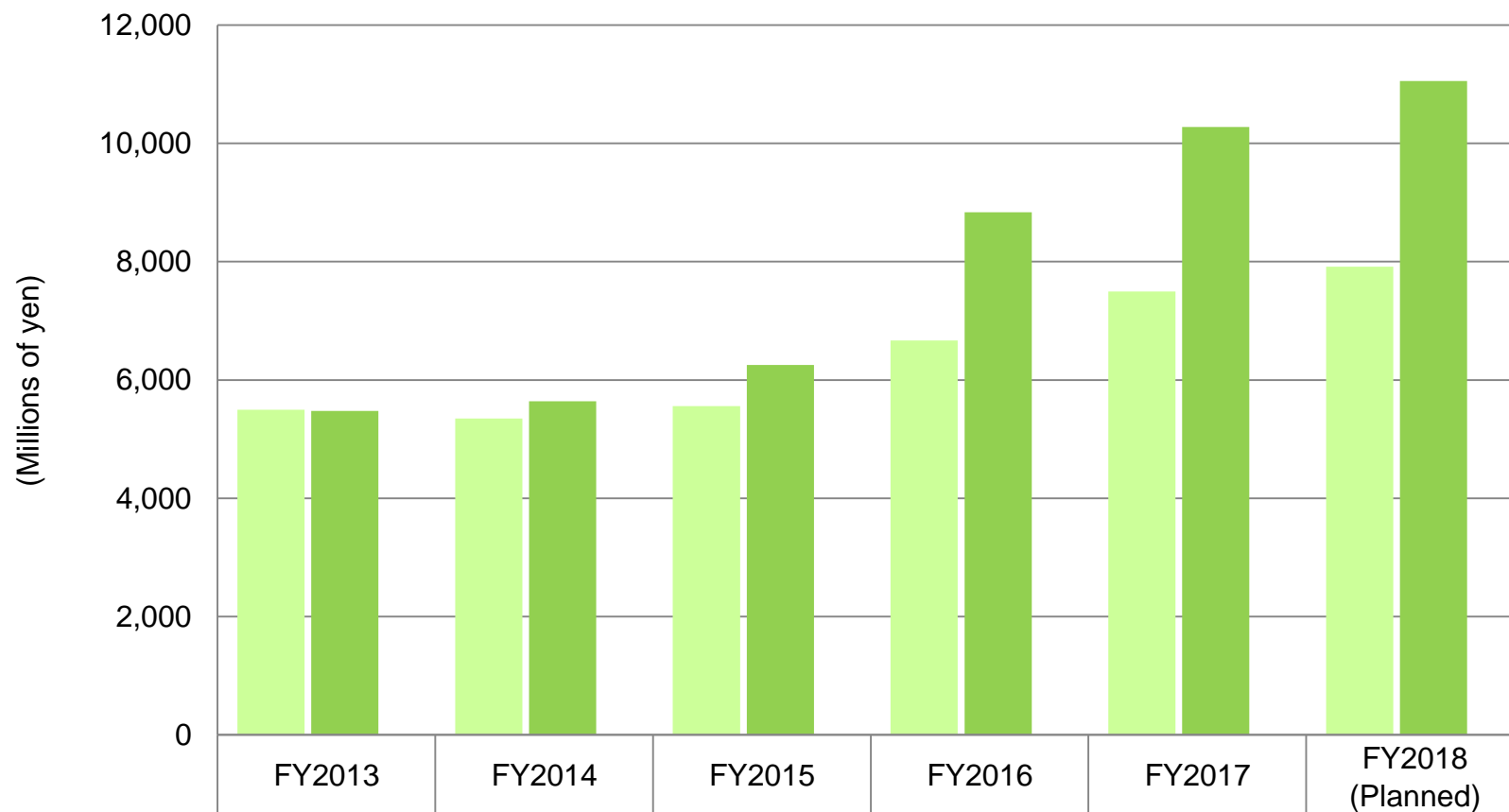
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May 12, 2017

Consolidated and Non-consolidated Net Sales

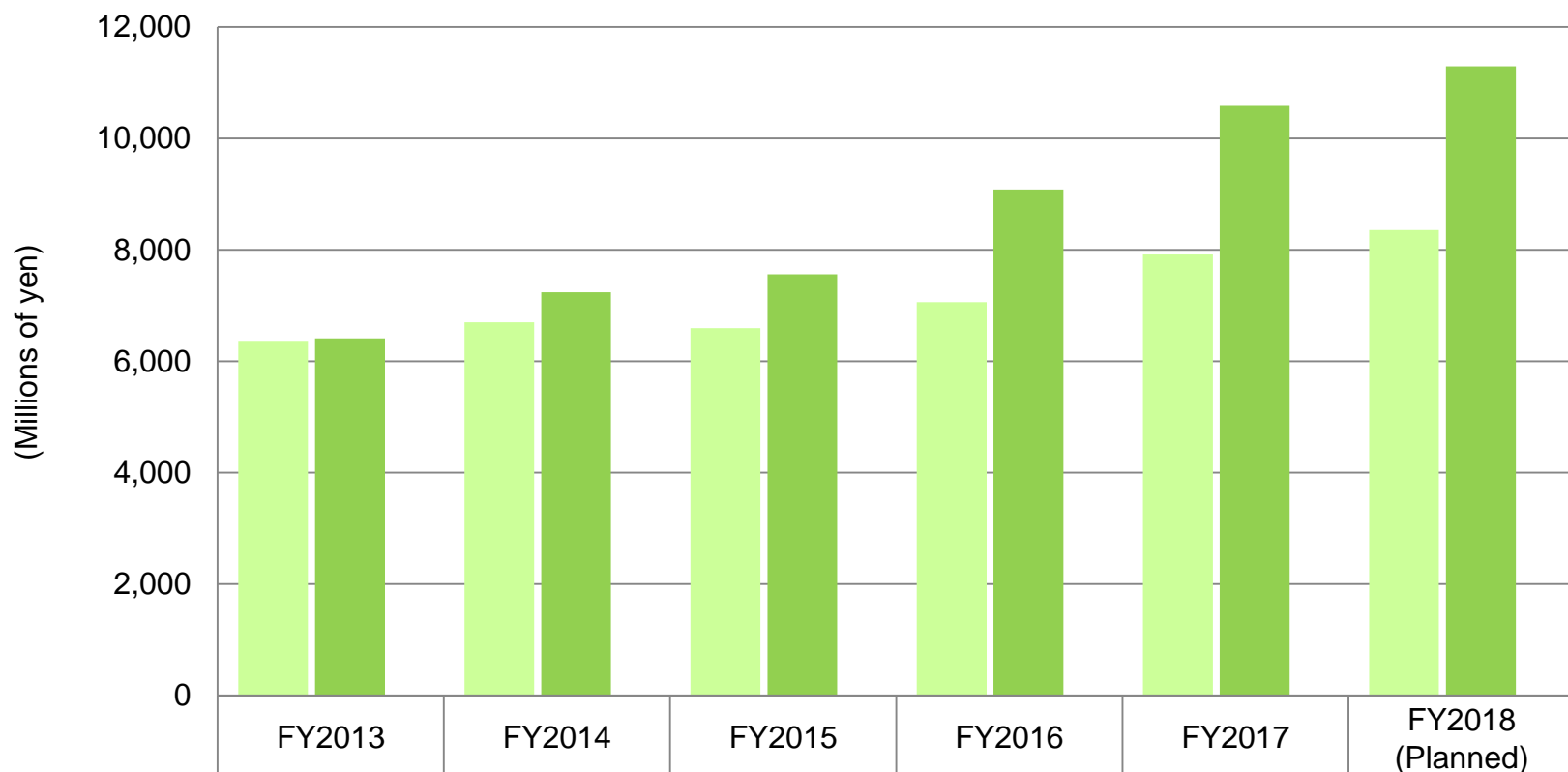


Consolidated and Non-consolidated Operating Income



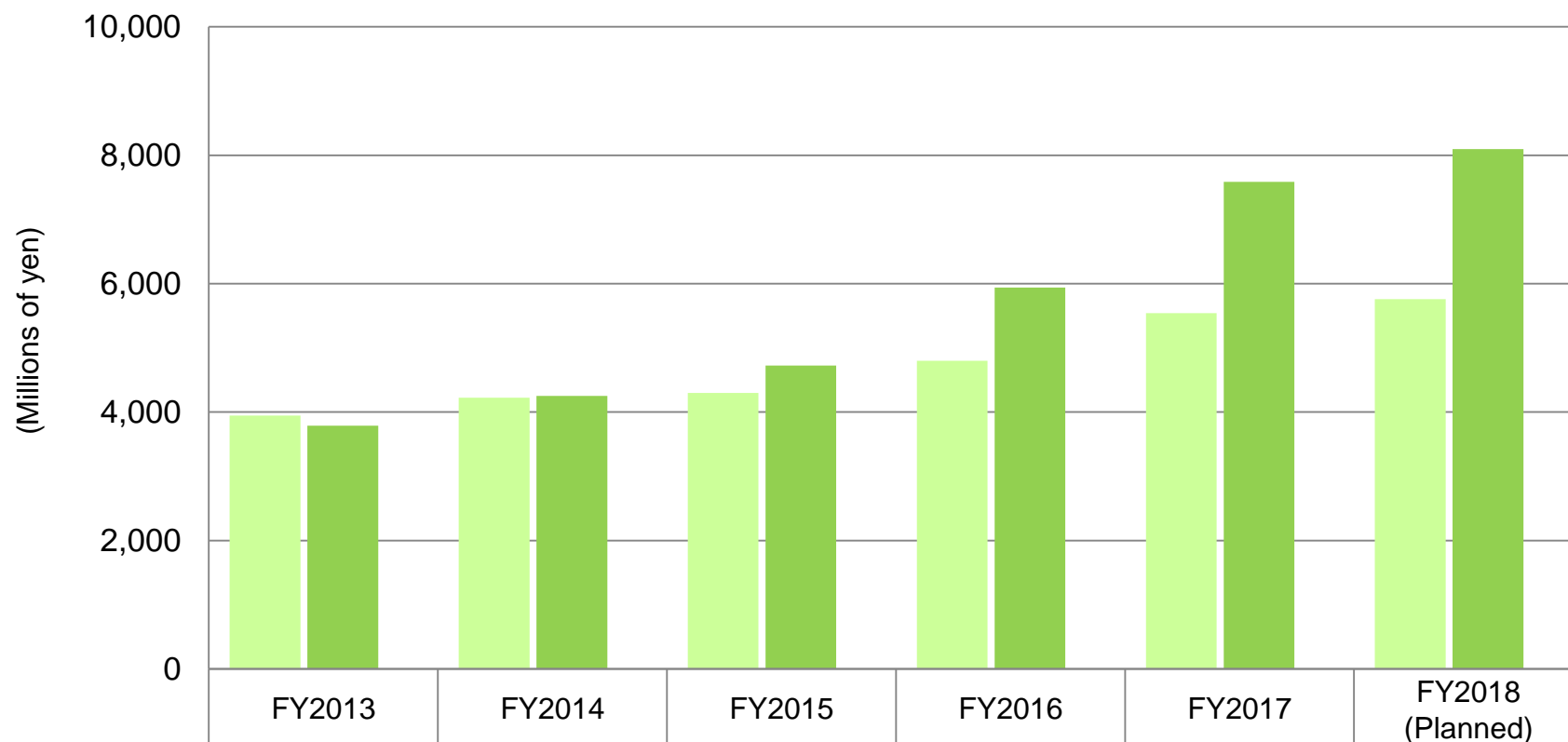
■ Ariake Japan	5,495	5,349	5,556	6,669	7,495	7,912
Operating income margin	19.3%	18.0%	17.8%	19.3%	20.8%	20.8%
■ Ariake Group	5,475	5,639	6,251	8,836	10,273	11,050
Operating income margin	16.3%	15.2%	15.3%	19.0%	21.1%	21.2%

Consolidated and Non-consolidated Ordinary Income



■ Ariake Japan	6,350	6,701	6,592	7,060	7,912	8,354
Ordinary income margin	22.3%	22.6%	21.1%	20.5%	22.0%	22.0%
■ Ariake Group	6,408	7,236	7,562	9,081	10,579	11,293
Ordinary income margin	19.1%	19.5%	18.5%	19.6%	21.7%	21.7%

Consolidated and Non-consolidated Net Income Attributable to Shareholders of Parent Company



■ Ariake Japan	3,948	4,224	4,299	4,798	5,541	5,759
Net income margin	13.9%	14.3%	13.7%	13.9%	15.4%	15.1%
■ Ariake Group	3,788	4,252	4,725	5,939	7,585	8,096
Net income margin	11.3%	11.4%	11.5%	12.8%	15.5%	15.5%

[Comparison with FY2016 Results]

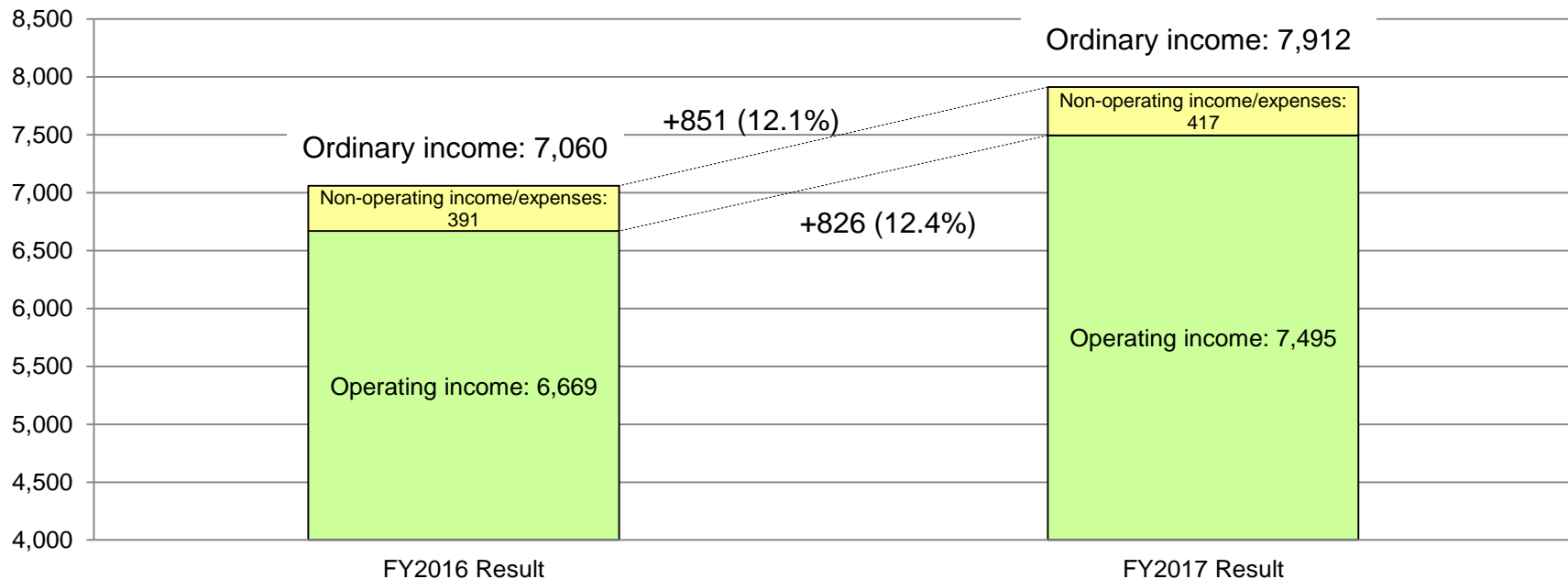
Non-consolidated Business Summary

■ Net sales

Non-consolidated net sales increased by ¥1,550 million (4.5%) year on year, to ¥36,030 million.

■ Income

(Millions of yen)

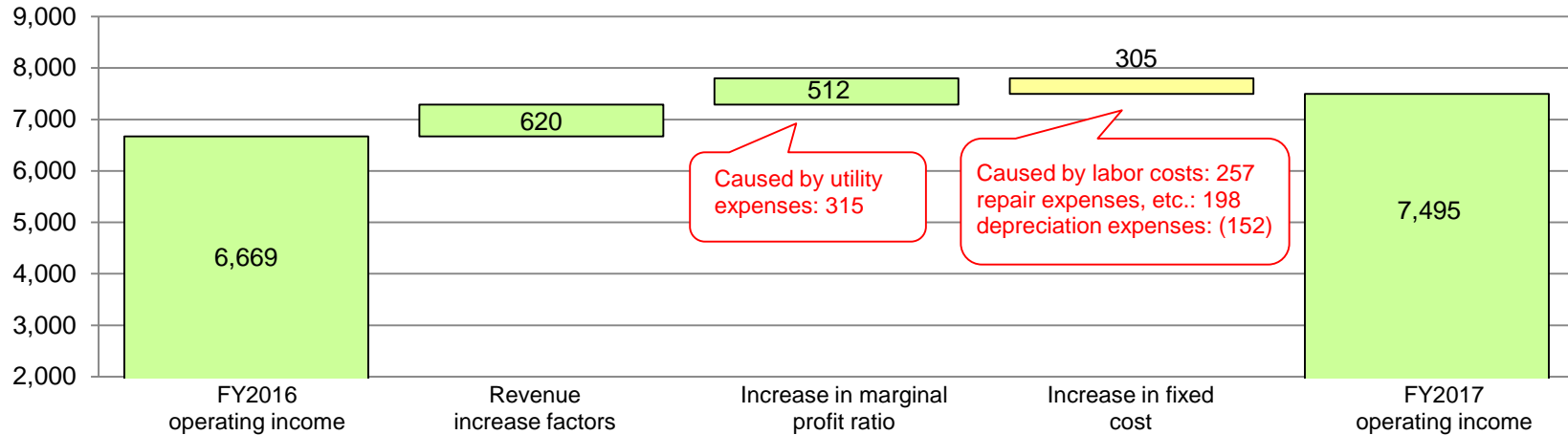


[Comparison with FY2016 Results]

Non-consolidated Business Summary (Income Change Factors)

■ Operating income

Year-on-year increase of ¥826 million (12.4%) to ¥7,495 million



■ Ordinary income

Year-on-year increase of ¥851 million (12.1%)

(Millions of yen)

Increase factors	Increase in operating income		826
	Loss on valuation of derivatives		462
	Foreign exchange gains	Revaluation of foreign currency deposits, etc.	95
	Dividend income, etc.		13
Decrease factors	Foreign exchange losses	Foreign currency hedge	(508)
		Revaluation of loans receivable	(37)
Total			851

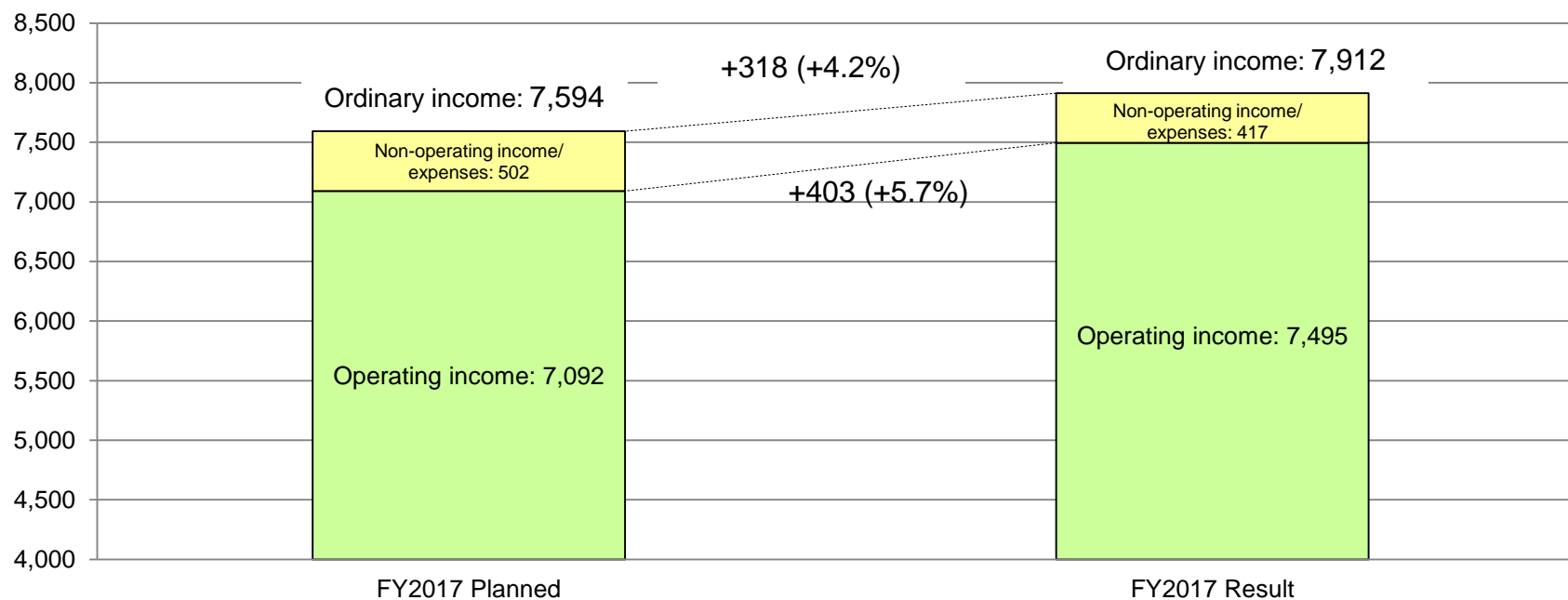
[Comparison with FY2017 Plan] Non-consolidated Business Summary

■ Net sales

Non-consolidated net sales fell short of the plan by ¥449 million.

■ Income

(Millions of yen)



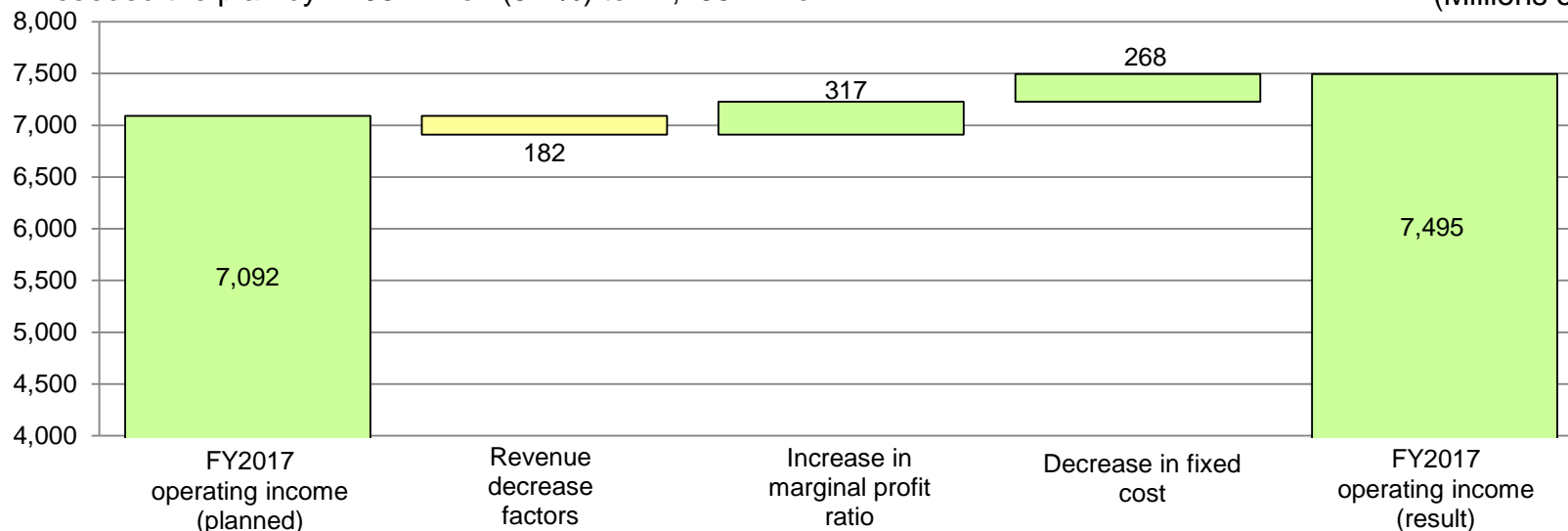
[Comparison with FY2017 Plan]

Non-consolidated Business Summary (Income Change Factors)

■ Operating income

Exceeded the plan by ¥403 million (5.7%) to ¥7,495 million

(Millions of yen)



■ Ordinary income

Exceeded the plan by ¥318 million (4.2%)

(Millions of yen)

Increase factors	Increase in operating income	403
	Dividend income	38
	Other non-operating income/expenses	36
Decrease factors	Foreign exchange losses	(150)
	Loss on valuation of derivatives	(9)
Total		318

Business Summary of Major Subsidiaries for FY2017

□ Major subsidiaries

(Local currency)

◆ U.S.

The net sales increase was driven by increased orders from the existing food-processing companies. In addition, sales to the food service market partly pushed up net sales. A reduction in manufacturing costs attributable to an increase in production volume and a decrease in fixed costs (repair expenses, etc.) contributed to an improvement in profit.

◆ Asia

Both net sales and operating income in China increased owing to an increase in orders from existing processed food manufacturers and food service companies.

Sales grew in Taiwan because of increased orders from the existing restaurant industry, while profits remained at the same level as the previous year due to a cost increase caused by the construction of a new factory, etc.

The construction of the new factory in Indonesia is planned to be completed in September 2017.

◆ Europe

Sales within Europe increased owing to cooperation between three locations (Belgium, France and the Netherlands) and the operation became profitable.

Consolidated Financial Results by Geographical Area for FY2017

(Billions of yen)

* Subsidiaries' figures are after consolidation adjustments

	Results FY2017	Results FY2016	Changes		Details of changes		
			(A-B) = C	%	Exchange differences (D)	Actual	
					(C-D)	%	
Net sales	48.80	46.40	2.40	5.2%	(0.73)	3.13	6.7%
Ariake Japan	36.03	34.48	1.55	4.5%	0.00	1.55	4.5%
Subsidiaries total*	12.77	11.93	0.85	7.1%	(0.73)	1.58	13.3%
U.S.	4.48	4.40	0.08	1.8%	(0.16)	0.24	5.5%
Asia	5.05	4.30	0.75	17.5%	(0.35)	1.11	25.8%
Europe	2.90	2.86	0.03	1.1%	(0.21)	0.25	8.6%
Japan	0.34	0.36	(0.02)	-4.4%	0.00	(0.02)	-4.4%
Operating income	10.27	8.83	1.44	16.2%	(0.15)	1.61	18.2%
Ariake Japan	7.50	6.67	0.83	12.4%	0.00	0.83	12.4%
Subsidiaries total*	2.77	2.16	0.61	28.2%	(0.15)	0.78	35.9%
U.S.	1.11	0.96	0.15	15.1%	(0.04)	0.18	19.1%
Asia	1.42	1.22	0.21	16.9%	(0.09)	0.30	24.3%
Europe	0.23	(0.03)	0.26	—	(0.02)	0.28	—
Japan	0.02	0.02	0.00	—	0.00	0.00	—

USD	116.5	120.6	-4.1	3.5%
EUR	122.7	131.8	-9.1	7.4%
RMB	16.8	18.4	-1.6	9.8%
TWD	3.6	3.7	-0.1	2.5%

Consolidated Financial Results and Comparison with FY2016 Results and FY2017 Plan by Geographical Area

* Subsidiaries' figures are after consolidation adjustments

(Billions of yen)

	Net sales					Operating income (loss)				
	FY2017 Results (A)	FY2016 Results (B)	Difference (A-B)	FY2017 Planned (C)	Difference (A-C)	FY2017 Results (A)	FY2016 Results (B)	Difference (A-B)	FY2017 Planned (C)	Difference (A-C)
Ariake Japan	36.03	34.48	1.55	36.48	(0.45)	7.50	6.67	0.83	7.09	0.41
Subsidiaries total*	12.77	11.93	0.85	13.58	(0.81)	2.77	2.16	0.61	2.56	0.22
U.S.	4.48	4.40	0.08	4.62	(0.14)	1.11	0.96	0.15	0.98	0.13
Asia	5.05	4.30	0.75	4.96	0.09	1.42	1.22	0.20	1.26	0.16
Europe	2.90	2.86	0.04	3.62	(0.72)	0.23	(0.03)	0.26	0.30	(0.07)
Japan	0.34	0.36	(0.02)	0.38	(0.04)	0.02	0.02	0.00	0.02	0.00
Total	48.80	46.40	2.40	50.06	(1.26)	10.27	8.83	1.44	9.65	0.63

USD 116.5 120.6 -4.1 110.0 6.5

EUR 122.7 131.8 -9.1 125.0 -2.3

Consolidated Financial Plan by Geographical Area for FY2018

* Subsidiaries' figures are after consolidation adjustments

(Billions of yen)

	Net sales			Operating income (loss)		
	FY2018 Planned (A)	FY2017 Results (B)	Difference (A-B)	FY2018 Planned (A)	FY2017 Results (B)	Difference (A-B)
Ariake Japan	38.03	36.03	2.00	7.91	7.50	0.41
Subsidiaries total*	14.06	12.77	1.29	3.14	2.77	0.37
U.S.	5.07	4.48	0.59	1.25	1.11	0.14
Asia	5.73	5.05	0.68	1.42	1.42	0.00
Europe	2.95	2.90	0.05	0.46	0.23	0.23
Japan	0.32	0.34	(0.02)	0.01	0.02	(0.01)
Total	52.09	48.80	3.29	11.05	10.27	0.78

USD 110.0 116.5 -6.5 5.9%

EUR 120.0 122.7 -2.7 2.3%

Business Plan

(Billions of yen)

		Result				Planned		
		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	Ariake Japan	29.6	31.3	34.5	36.0	38.0	40.0	42.0
	Consolidated subsidiaries	9.6	12.4	14.4	15.3	16.6	19.8	21.8
	Consolidation adjustments	(2.0)	(2.8)	(2.5)	(2.5)	(2.5)	(2.7)	(2.9)
	Consolidated net sales	37.2	40.9	46.4	48.8	52.1	57.2	60.9
Operating income (loss)	Ariake Japan	5.3	5.6	6.7	7.5	7.9	8.3	8.7
	Consolidated subsidiaries	0.3	0.7	2.1	2.8	3.1	3.9	4.4
	Consolidated operating income (loss)	5.6	6.3	8.8	10.3	11.1	12.2	13.1

Business Plan

(All net sales figures are before consolidation adjustments.)

In the FY 2020, three years from now, we aim to achieve consolidated net sales exceeding ¥60 billion and an operating income margin of above 21%. Net sales of non-consolidate business (Ariake Japan Co., Ltd.) is expected to increase by ¥2 billion every year with an operating income margin of above 20%. With regard to consolidated subsidiaries, we will carry out active business operations with strategic investments for further growth of our overseas bases, in particular.

□ U.S.

We will work to achieve net sales of ¥7.2 billion in the FY2020, boosting sales to processed food manufacturers and the food service market.

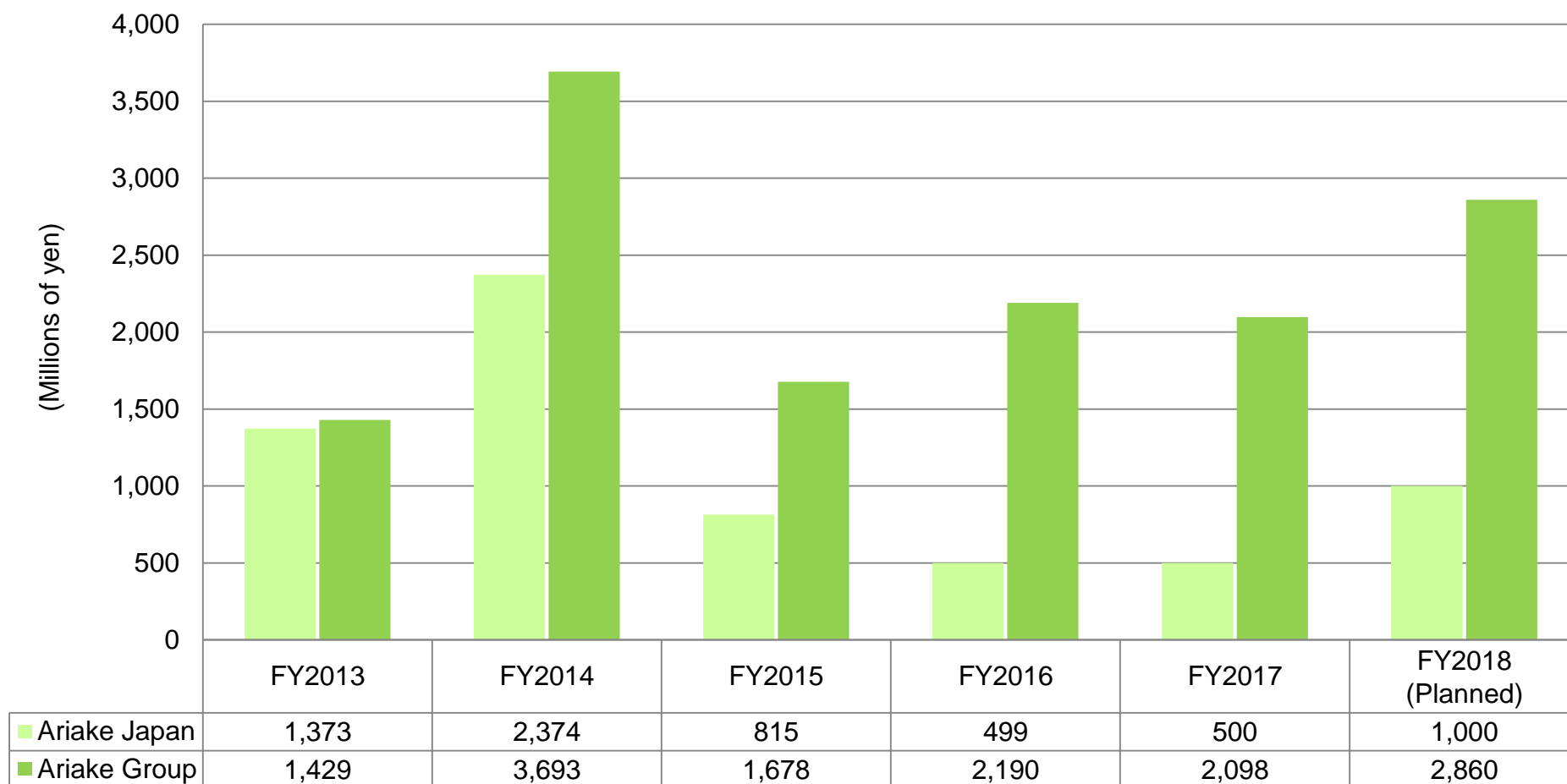
□ Asia

We will expand sales in local markets and net sales for the FY2020 are targeted to be ¥5.4 billion, ¥2.8 billion and ¥0.5 billion in China, Taiwan and Indonesia respectively.

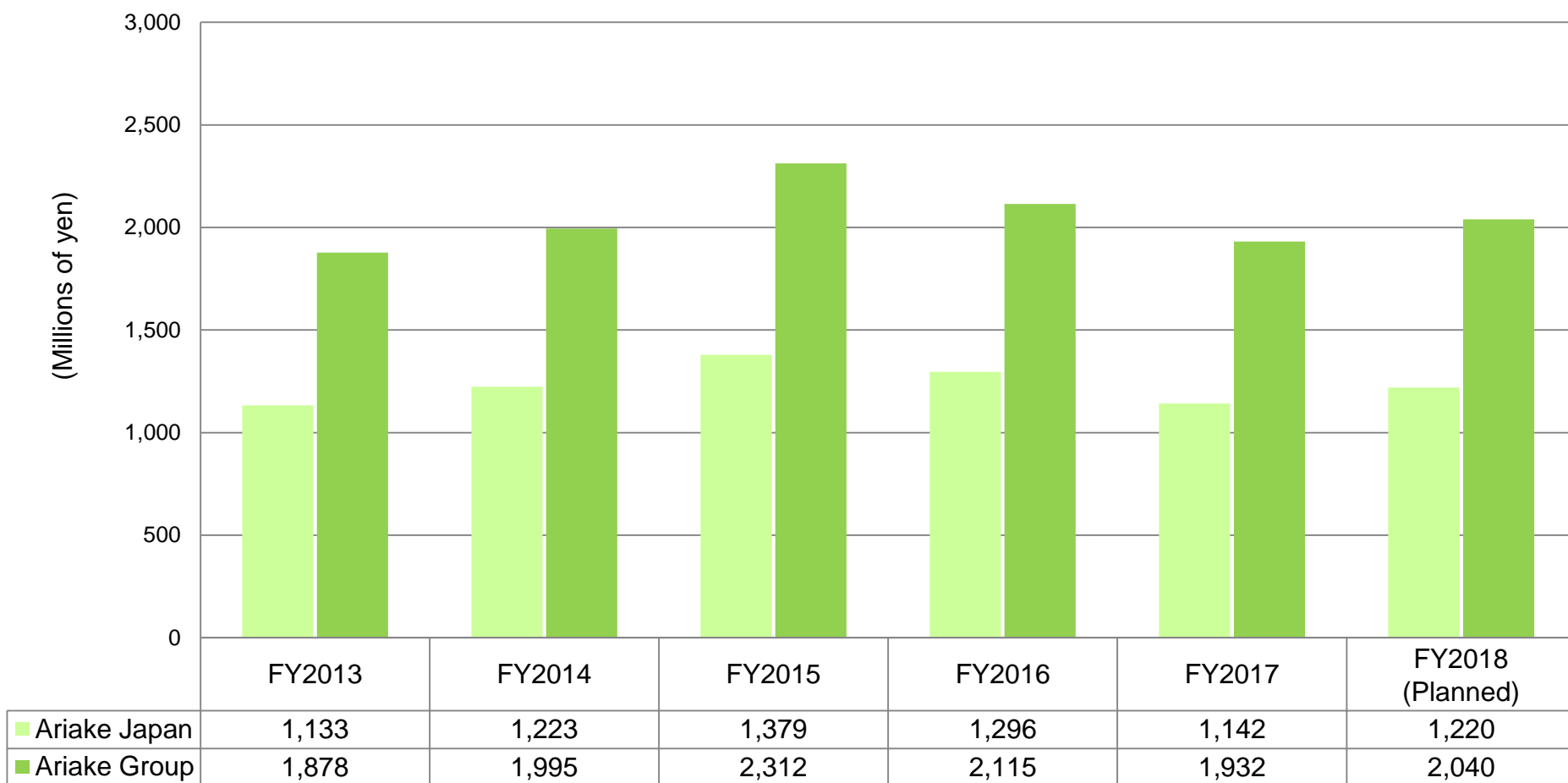
□ Europe

We will accelerate our efforts to enhance sales within Europe, and at the same time we also intend to increase supply of foodstuffs to Japan and Indonesia. We aim to achieve net sales of ¥4.8 billion in the FY2020.

Consolidated and Non-consolidated Capital Expenditures



Consolidated and Non-consolidated Depreciation Expenses



Ariake Group's Global Eight-Pillar System



This presentation material is a tool to understand our business and is not intended to solicit investment.

Descriptions regarding the future, including financial forecasts contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed to be reasonable. However, actual business results may significantly vary due to a variety of factors.

Thank you for your attention.

For further inquiries, please contact below:

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