

# FY2018 Interim Financial Results

April 1, 2017–September 30, 2017

November 9, 2017



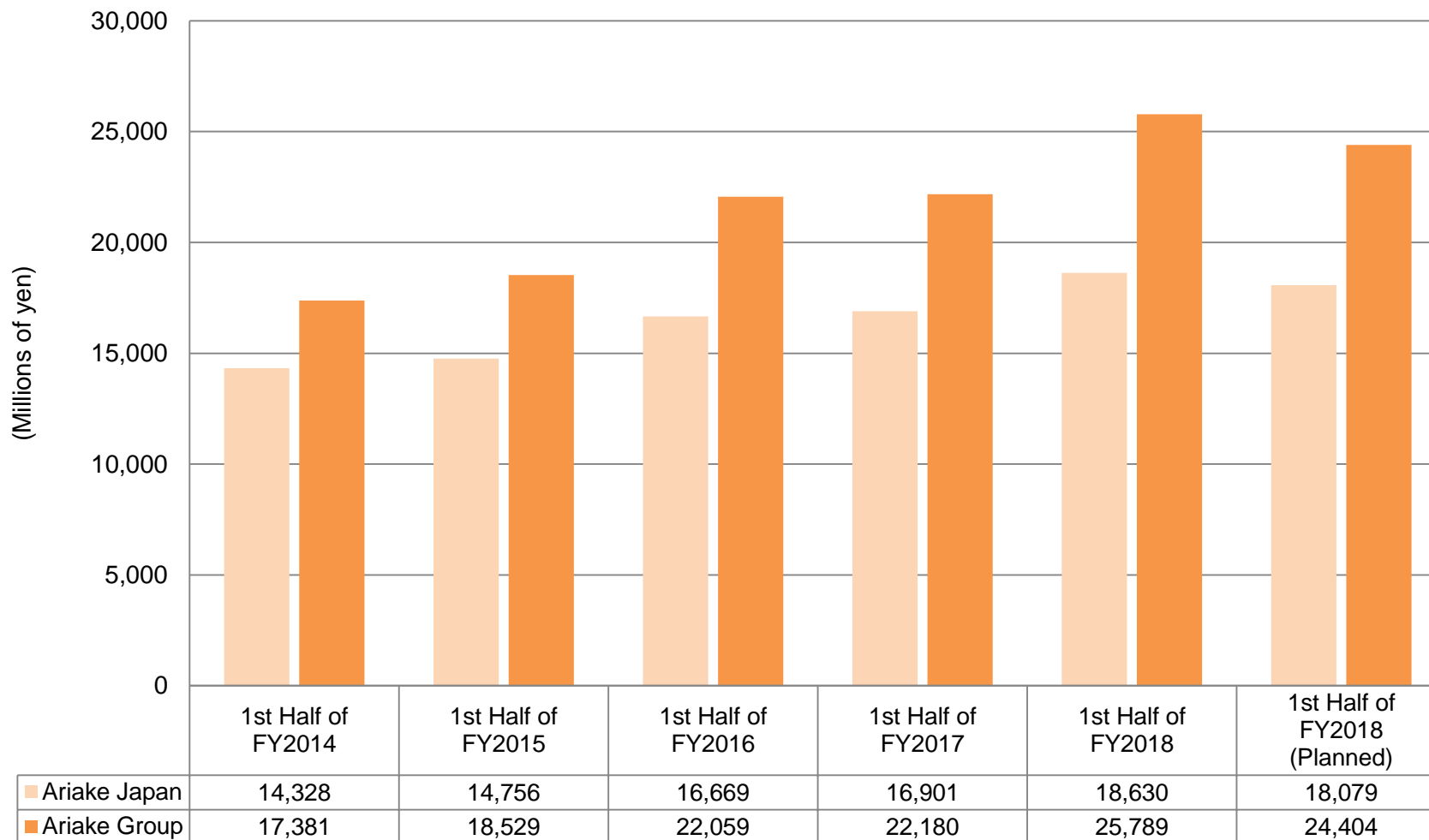
## **ARIAKE JAPAN Co., Ltd.**

Code number: 2815

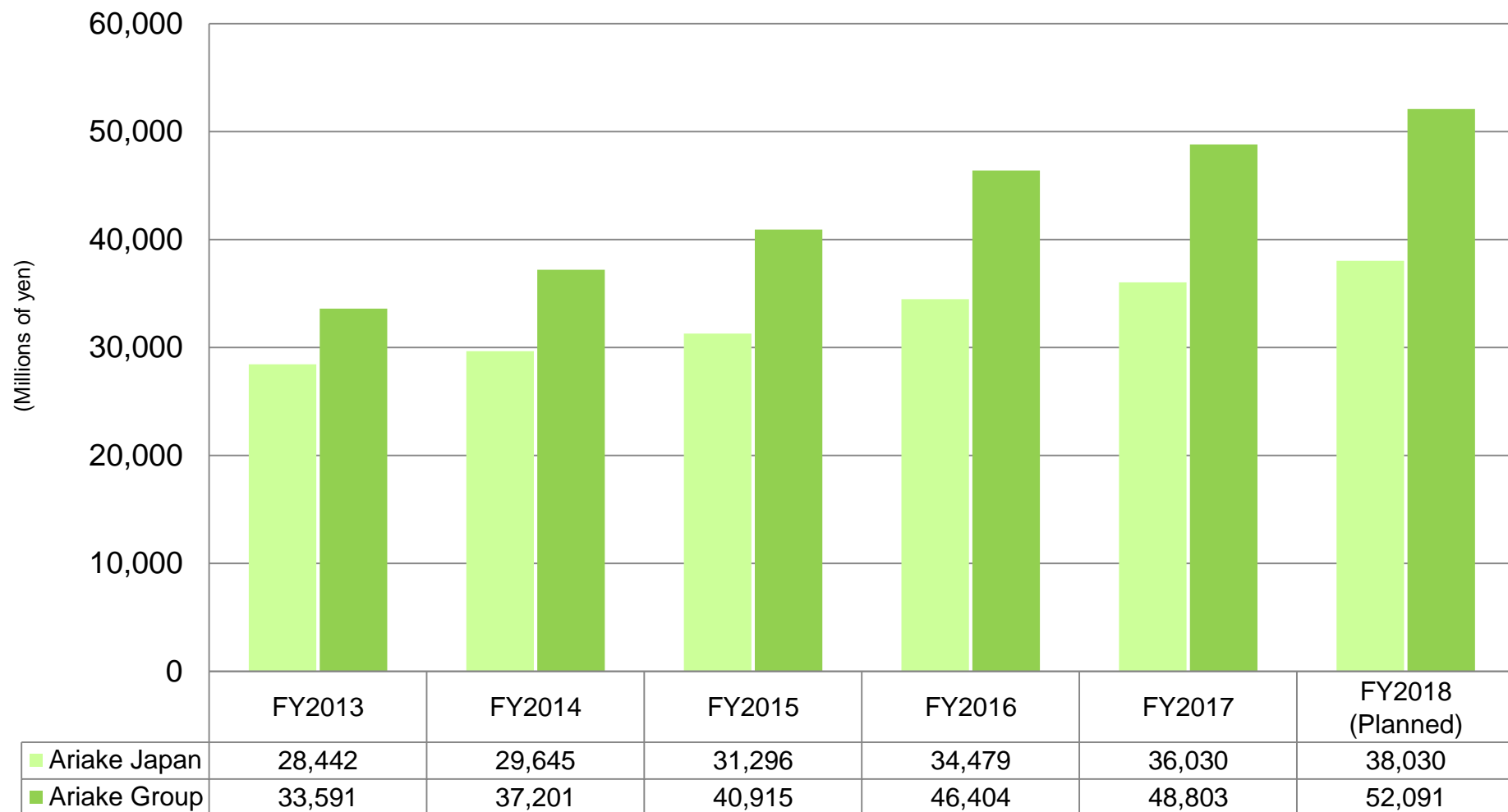
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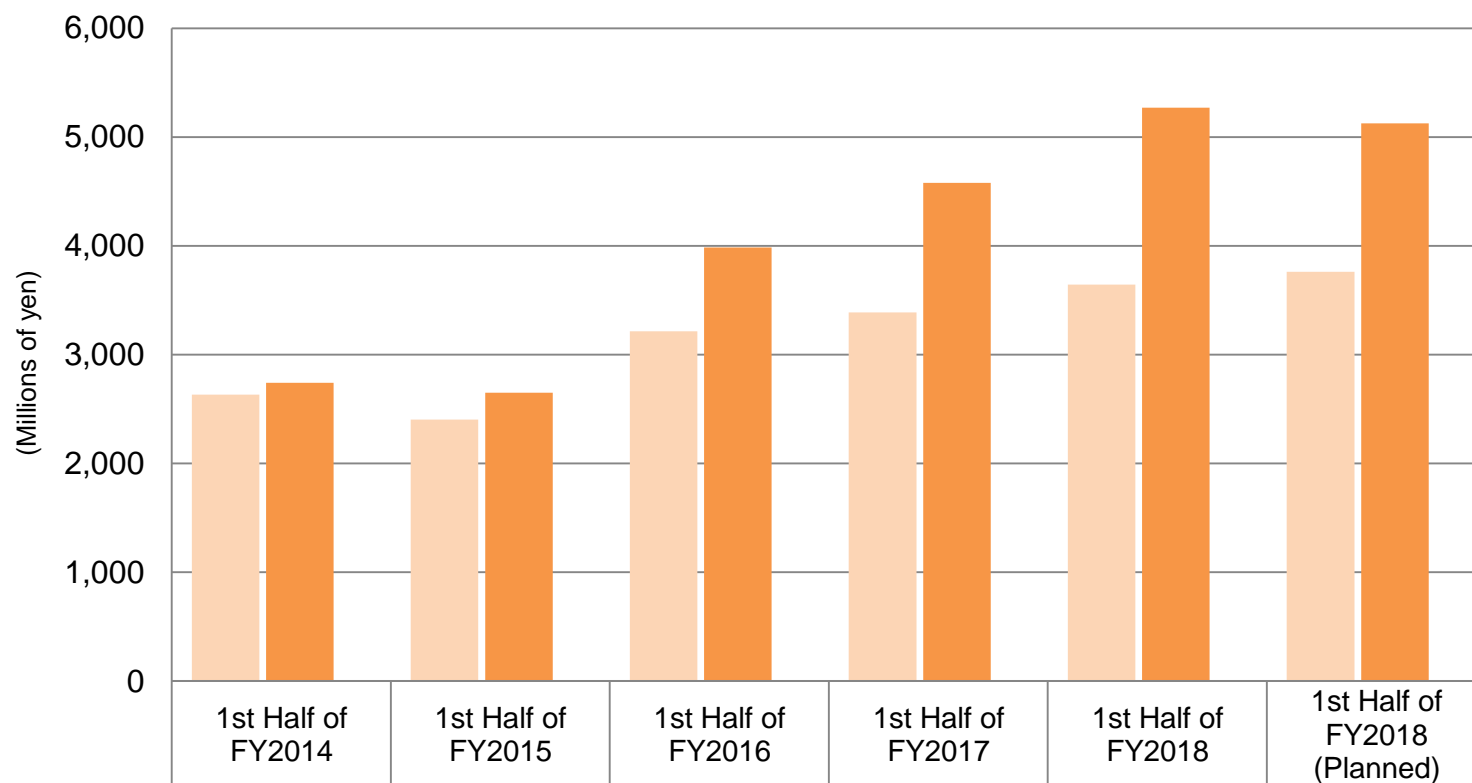
## Consolidated and Non-consolidated Net Sales for the First Half Periods



## Consolidated and Non-consolidated Net Sales for the Fiscal Years

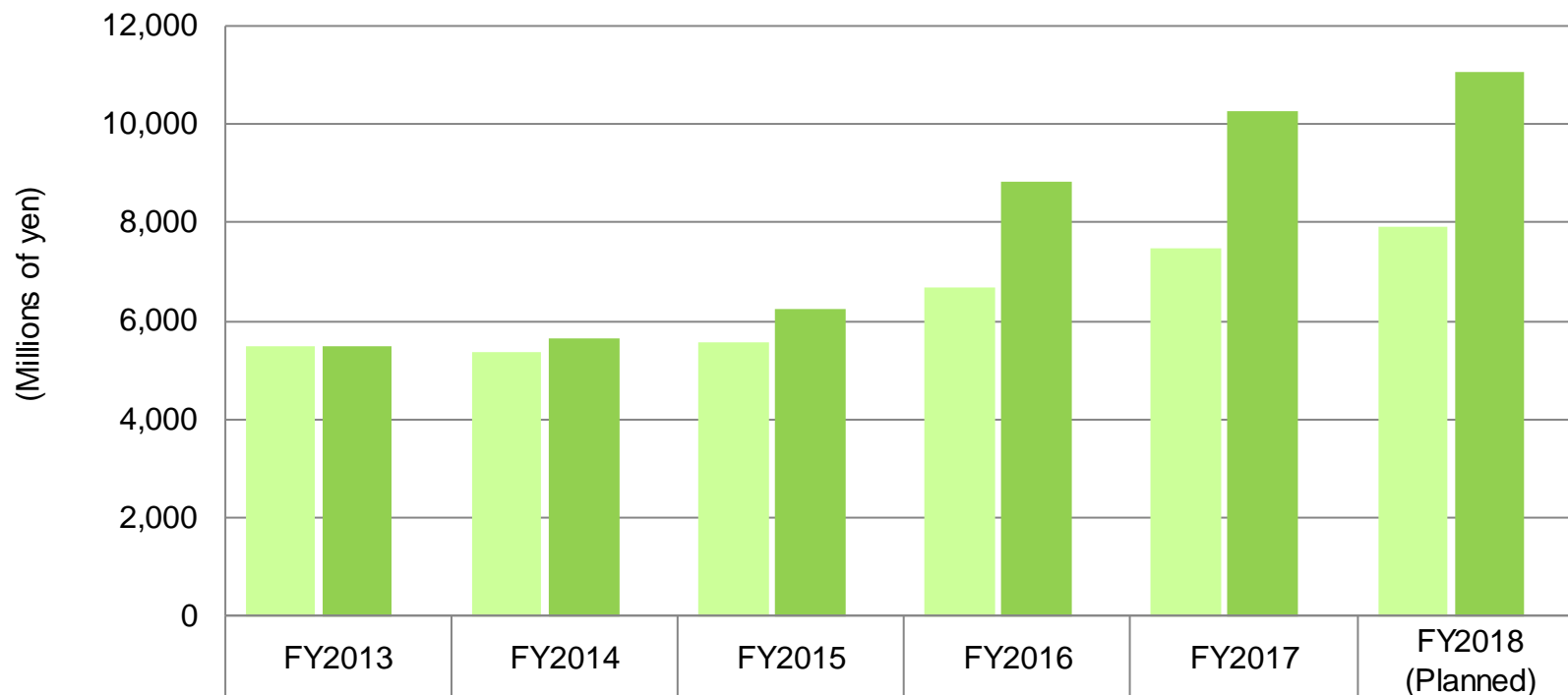


# Consolidated and Non-consolidated Operating Income for the First Half Periods



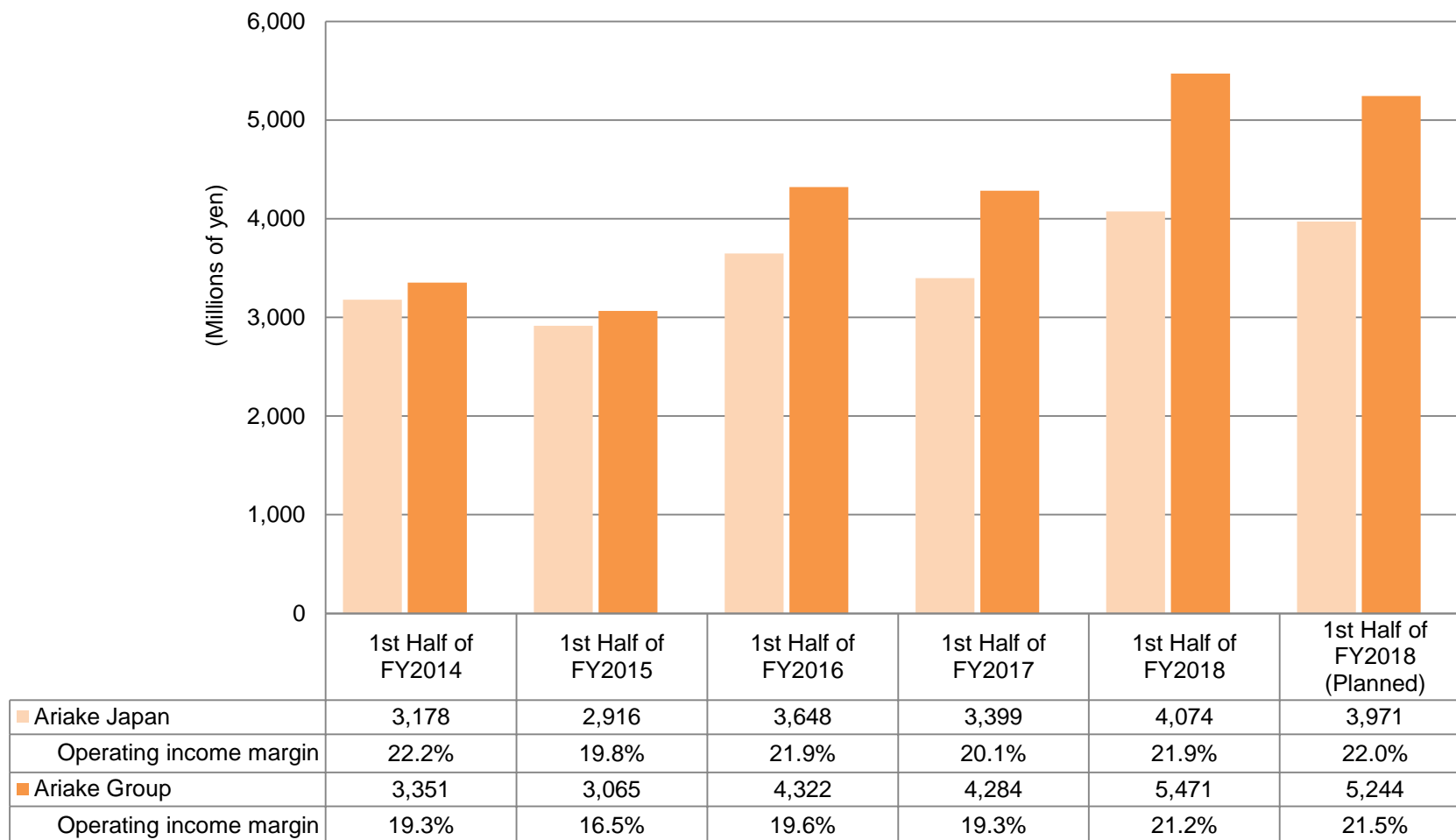
■ Ariake Japan	2,633	2,402	3,214	3,389	3,645	3,760
Operating income margin	18.4%	16.3%	19.3%	20.1%	19.6%	20.8%
■ Ariake Group	2,742	2,651	3,984	4,578	5,270	5,125
Operating income margin	15.8%	14.3%	18.1%	20.6%	20.4%	21.0%

# Consolidated and Non-consolidated Operating Income for the Fiscal Years

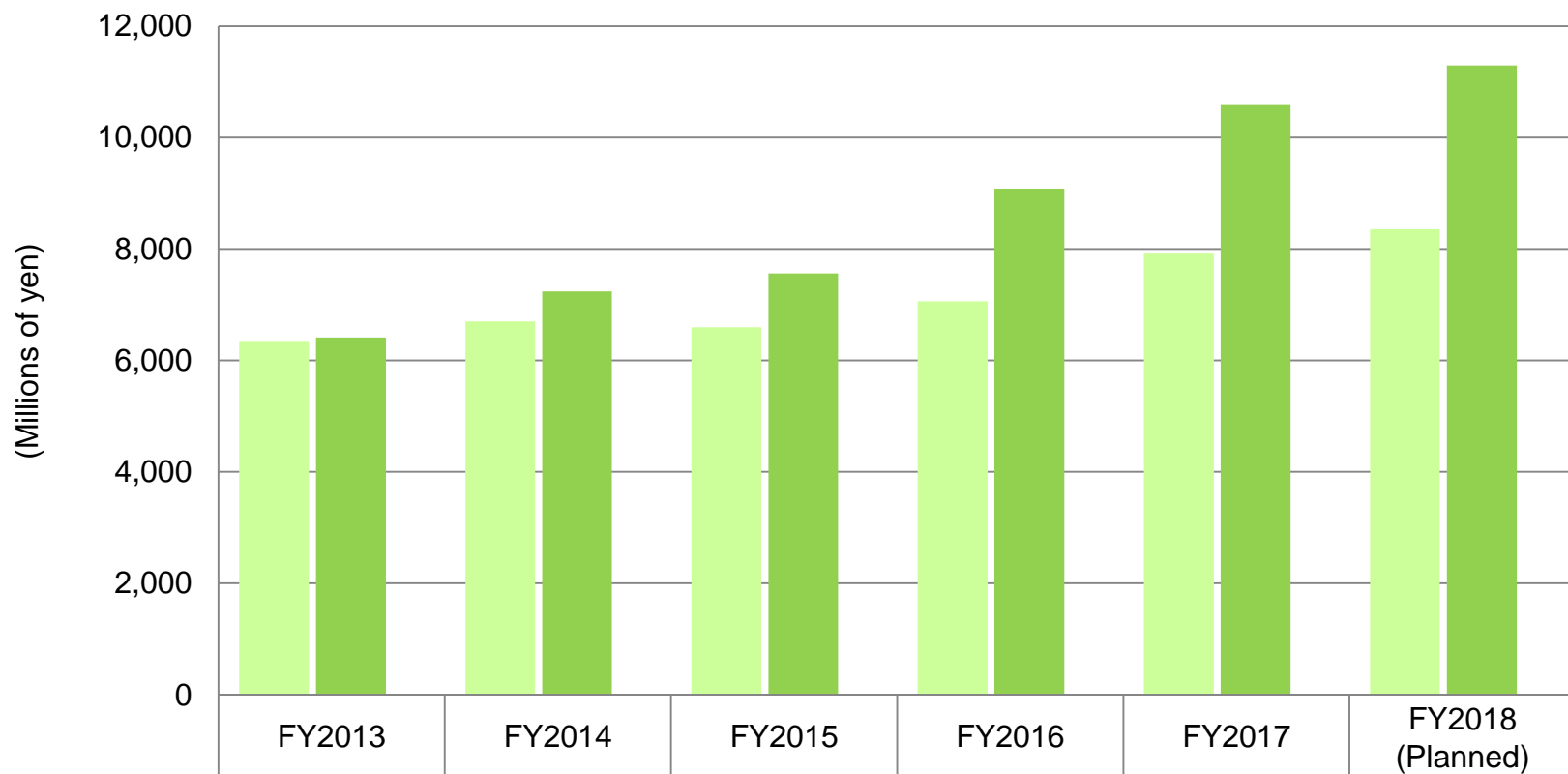


■ Ariake Japan	5,495	5,349	5,556	6,669	7,495	7,912
Operating income margin	19.3%	18.0%	17.8%	19.3%	20.8%	20.8%
■ Ariake Group	5,475	5,639	6,251	8,836	10,273	11,050
Operating income margin	16.3%	15.2%	15.3%	19.0%	21.1%	21.2%

# Consolidated and Non-consolidated Ordinary Income for the First Half Periods



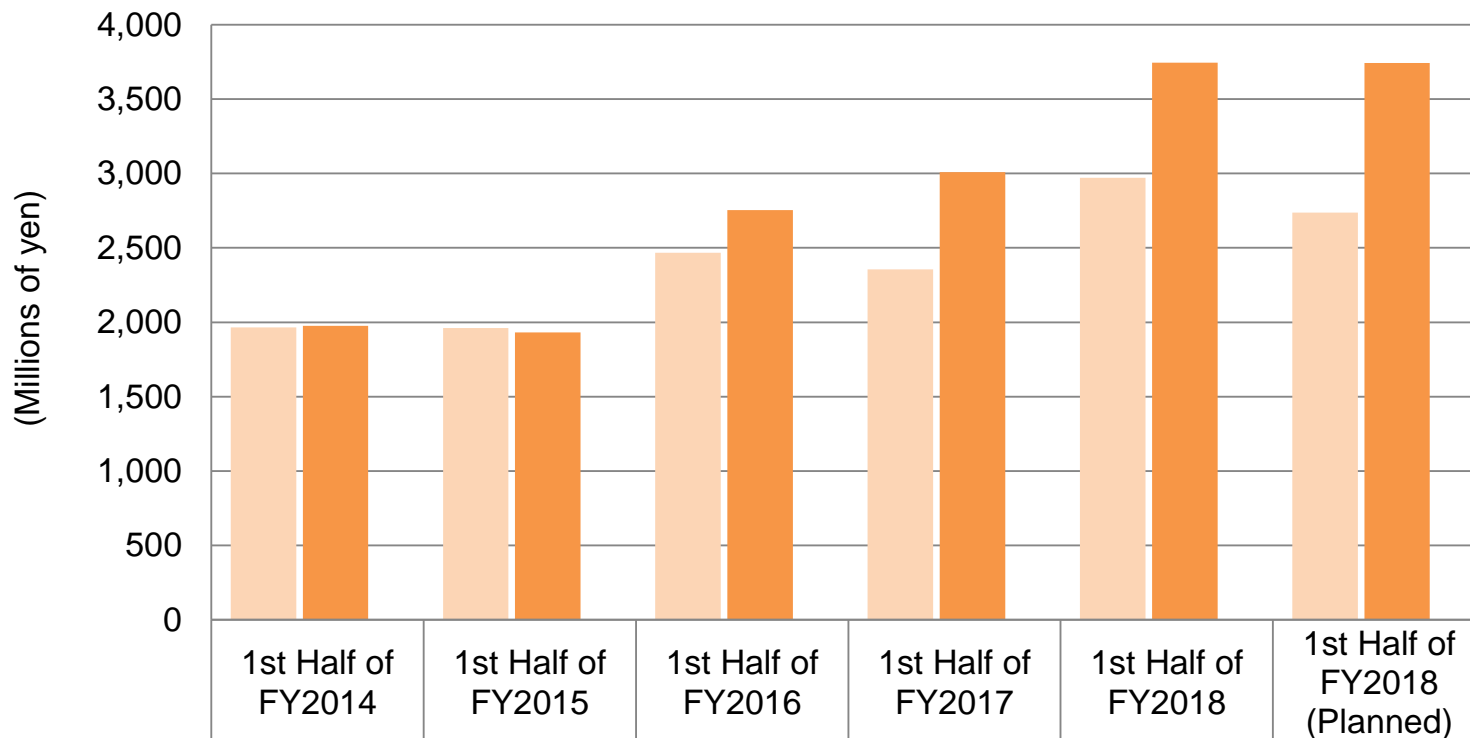
# Consolidated and Non-consolidated Ordinary Income for the Fiscal Years



■ 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%

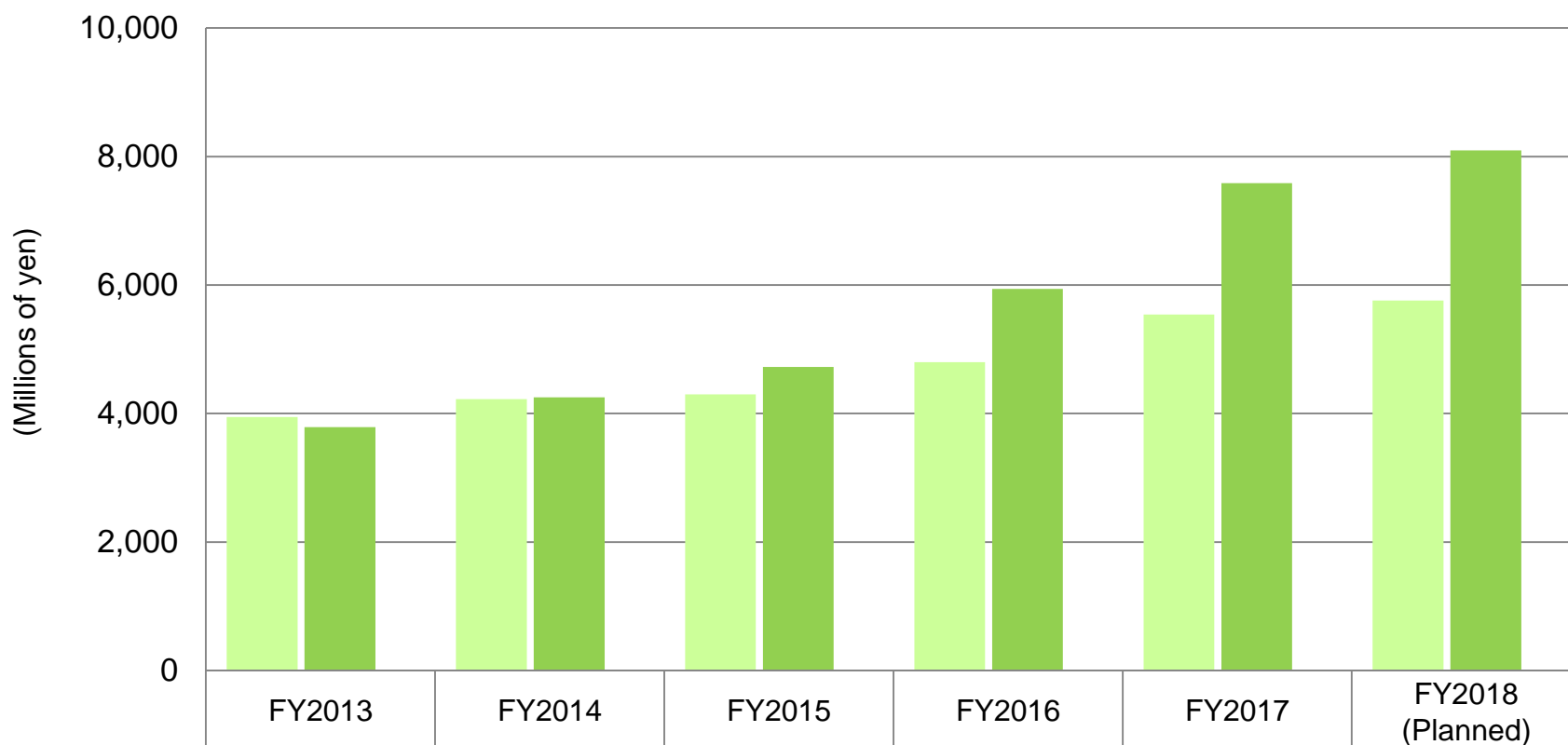


## Consolidated and Non-consolidated Net Income Attributable to Shareholders of Parent Company for the First Half Periods



■ Ariake Japan	1,965	1,961	2,468	2,355	2,971	2,738
Net income margin	13.7%	13.3%	14.8%	13.9%	15.9%	15.1%
■ Ariake Group	1,975	1,931	2,754	3,009	3,745	3,743
Net income margin	11.4%	10.4%	12.5%	13.6%	14.5%	15.3%

## Consolidated and Non-consolidated Net Income Attributable to Shareholders of Parent Company for the Fiscal Years



■ 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 FY2017 Results]

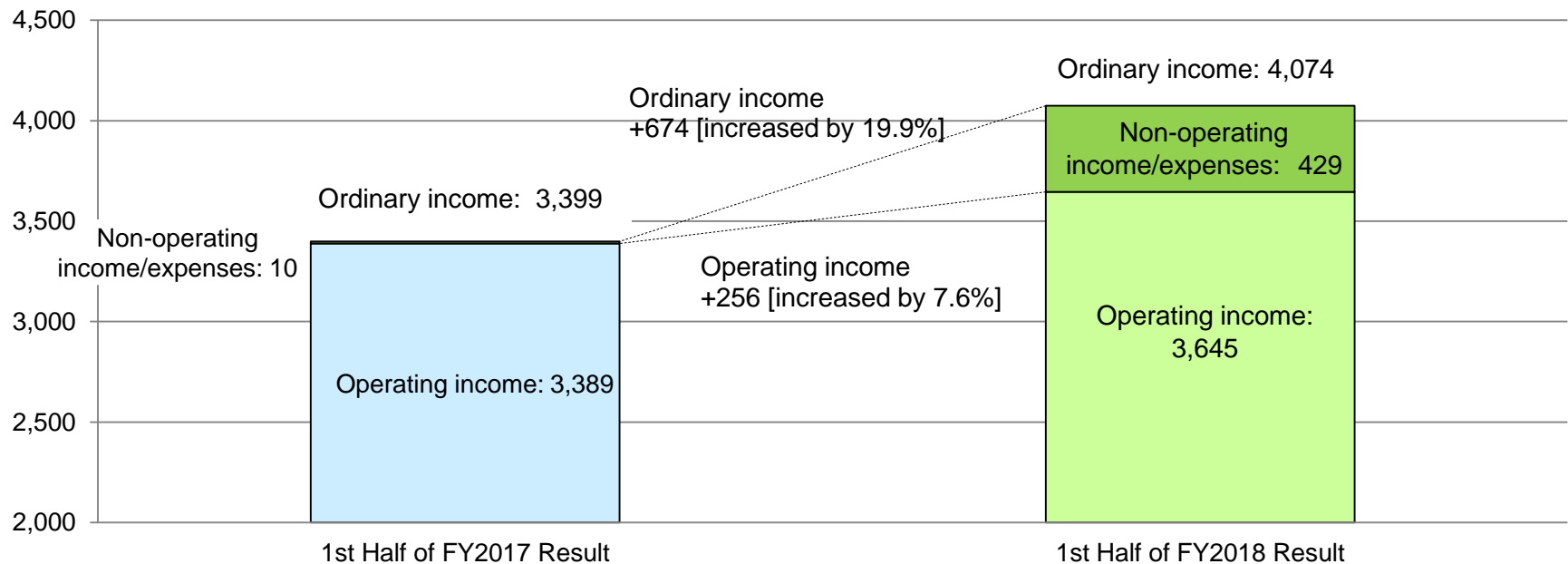
## Non-consolidated Business Summary for the First Half of FY2018

### ■ Net sales

Non-consolidated net sales increased by ¥1,729 million (10.2%) year on year, to ¥18,630 million.

### ■ Income

(Millions of yen)

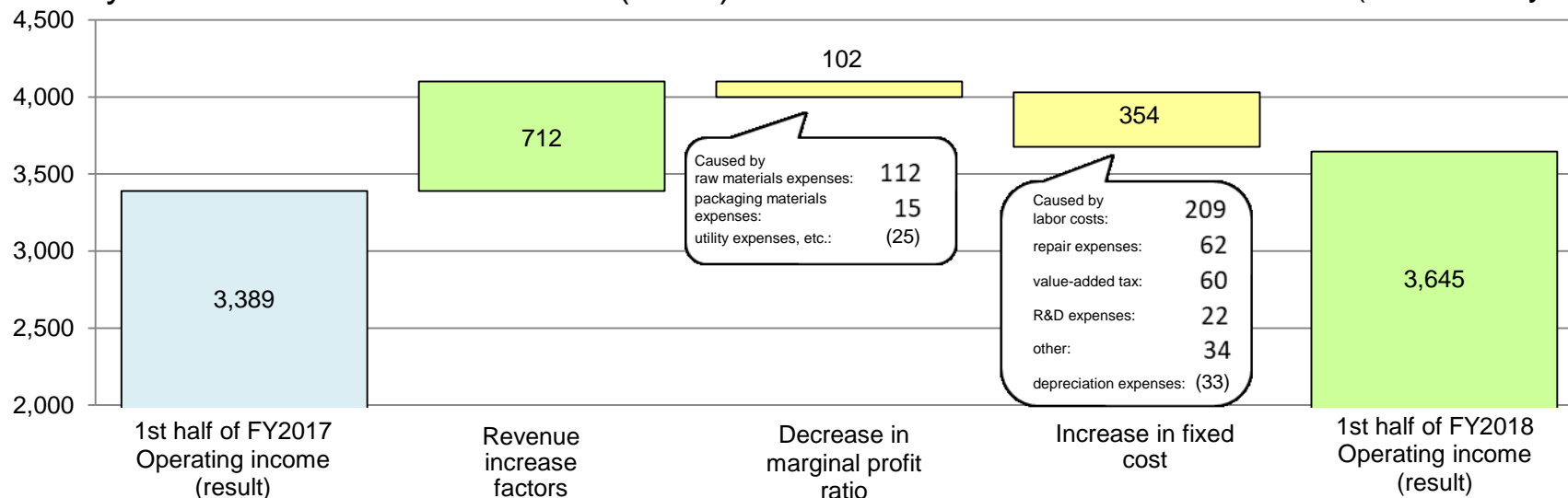


[Comparison with FY2017 Results]  
 Non-consolidated Business Summary for the First Half of FY2018  
 (Income Change Factors)

■ **Operating income: ¥3,645 million**

Year-on-year increase of ¥256 million (7.6%)

(Millions of yen)



■ **Ordinary income: ¥4,074 million**

Year-on-year increase of ¥674 million (19.9%)

(Millions of yen)

Increase factors	Increase in operating income		256
	Decrease in losses on valuation of derivatives		88
	Dividend income, etc.		131
	Foreign exchange gains	Revaluation of loans receivable	106
		Revaluation of foreign currency deposits	115
Others		18	
Decrease factors	Interest income		(10)
	Foreign exchange losses Foreign currency hedge		(30)
Total			674

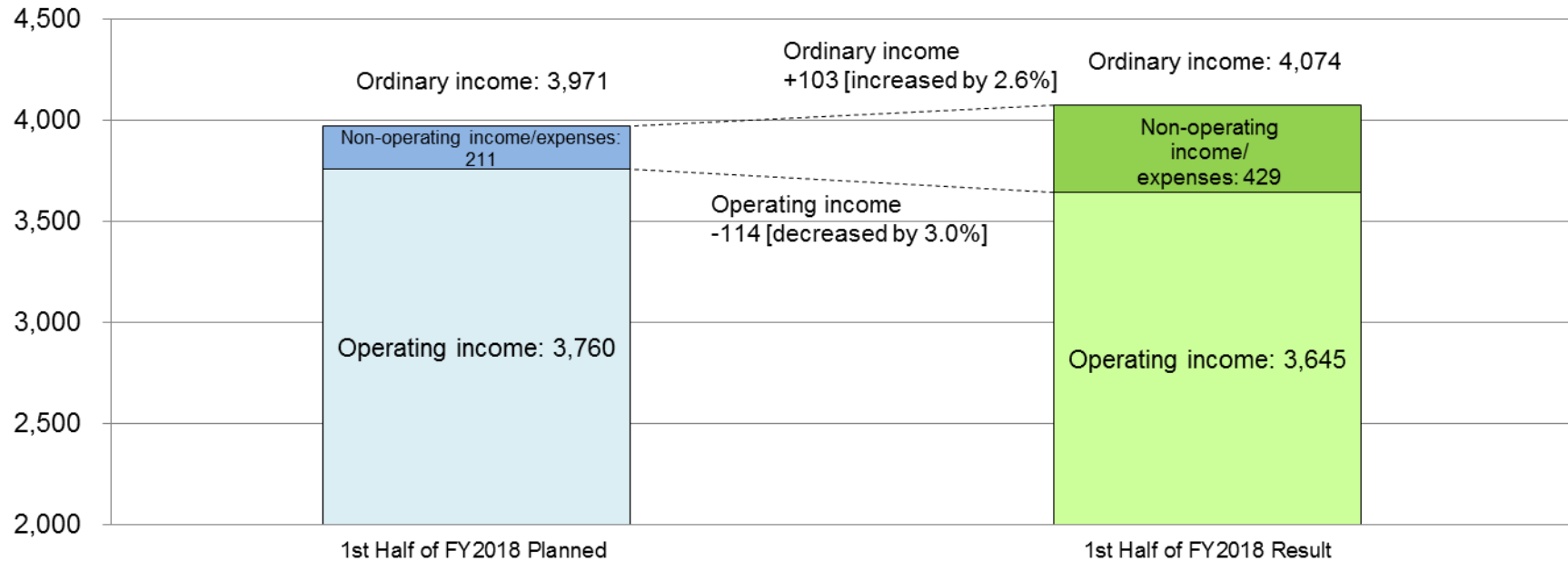
[Comparison with FY2018 Plan]  
 Non-consolidated Business Summary for the First Half of FY2018

■ **Net sales**

Non-consolidated net sales exceeded the plan by ¥551 million.

■ **Income**

(Millions of yen)

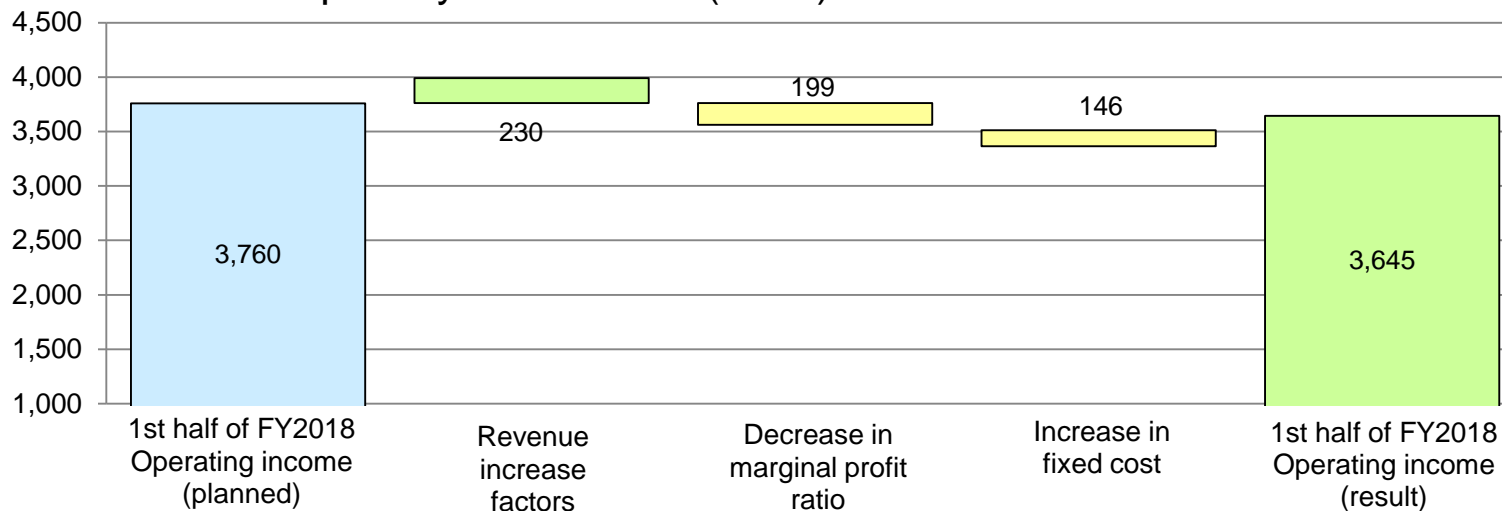


[Comparison with FY2018 Plan]  
 Non-consolidated Business Summary for the First Half of FY2018  
 (Income Change Factors)

■ **Operating income: ¥3,645 million**

Fell short of the plan by ¥114 million (3.0%)

(Millions of yen)



■ **Ordinary income: ¥4,074 million** Exceeded the plan by ¥103 million (2.6%)

(Millions of yen)

Increase factors	Dividend income	126
	Foreign exchange gains	42
	Other non-operating expenses	53
Decrease factors	Decrease in operating income	(114)
	Loss on valuation of derivatives	(4)
Total		103

# Ariake Group's Global Eight-Pillar System



# Business Summary of Major Subsidiaries for the First Half of FY2018

## □ 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. Lower manufacturing costs due to increased production as well as a decline in utility expenses also contributed to an improvement in profits.

### ◆ 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.

In Taiwan, sales grew because of increased orders from the existing restaurant industry, while profits fell as costs increased due to the launch of a new factory.

In Indonesia, operations are targeted to start at the beginning of 2018.

### ◆ Europe

Both net sales and profits increased as cooperation between three locations in Belgium, France and the Netherlands contributed to an increase in sales in Europe.



# Consolidated Financial Results by Geographical Area for the First Half of FY2018

\* Subsidiaries' figures are after consolidation adjustments

(Billions of yen)

	1st Half of FY2018 Results (A)	1st Half of FY2017 Results (B)	Changes	
			(A-B) = C	%
<b>Net sales</b>	<b>25.79</b>	<b>22.18</b>	<b>3.61</b>	<b>16.3</b>
Ariake Japan	18.63	16.90	1.73	10.2
Subsidiaries total*	7.16	5.28	1.88	35.6
U.S.	2.73	1.81	0.92	50.8
Asia	2.68	2.05	0.63	30.7
Europe	1.59	1.24	0.35	28.2
Japan	0.16	0.18	(0.02)	-11.1
<b>Operating income</b>	<b>5.27</b>	<b>4.58</b>	<b>0.69</b>	<b>15.1</b>
Ariake Japan	3.65	3.39	0.26	7.7
Subsidiaries total*	1.62	1.19	0.43	36.1
U.S.	0.78	0.43	0.35	81.4
Asia	0.69	0.62	0.07	11.3
Europe	0.14	0.13	0.01	7.7
Japan	0.01	0.01	0.00	0.0

USD	112.0	102.9	9.1	-8.1%
EUR	128.0	114.4	13.6	-10.6%
RMB	16.5	15.5	1.0	-6.2%
TWD	3.7	3.2	0.5	-13.6%

# Consolidated Financial Plan by Geographical Area for FY2018

(Billions of yen)

\* Subsidiaries' figures are after consolidation adjustments

	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)
<b>Total</b>	<b>52.09</b>	<b>48.80</b>	<b>3.29</b>	<b>11.05</b>	<b>10.27</b>	<b>0.78</b>

USD                    110.0                    116.5                    -6.5                    5.9%

EUR                    120.0                    122.7                    -2.7                    2.3%

# Business Plan 1)

(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-consolidated 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

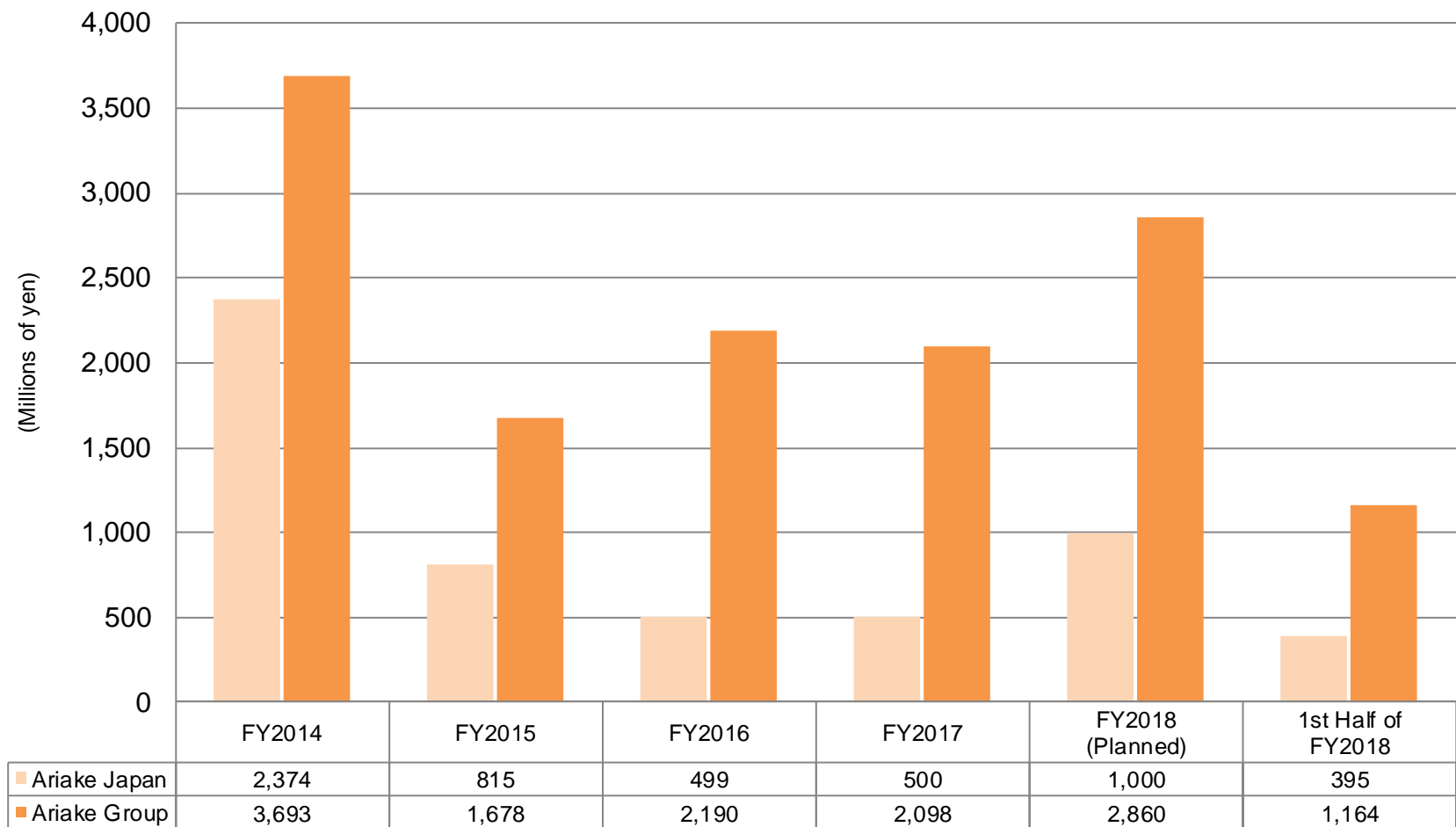
We will accelerate our efforts to enhance sales within Europe, and at the same time we also intend to increase supply of foodstuffs to Japan. We aim to achieve net sales of ¥4.8 billion in the FY2020.

# Business Plan 2)

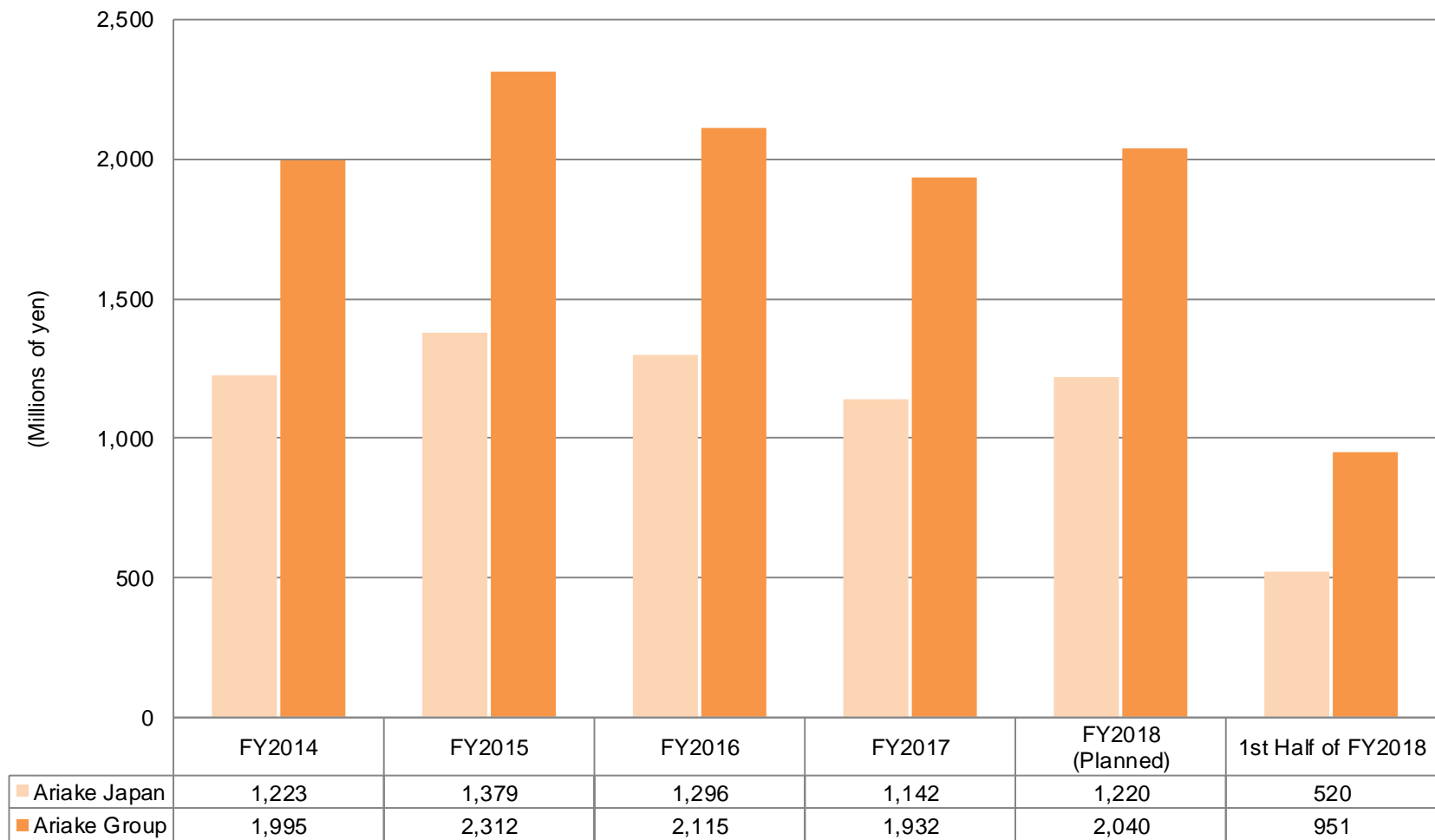
(Billions of yen)

		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

# Consolidated and Non-consolidated Capital Expenditures



# Consolidated and Non-consolidated Depreciation Expenses



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.