

Calbee Group Financial Results for the Year Ended March 31, 2011

April 1, 2010 — March 31, 2011

CALBEE, Inc. May 10, 2011



Calbee

Harvest the Power of Nature.

Calbee Group's Strengths and Growth Strategies

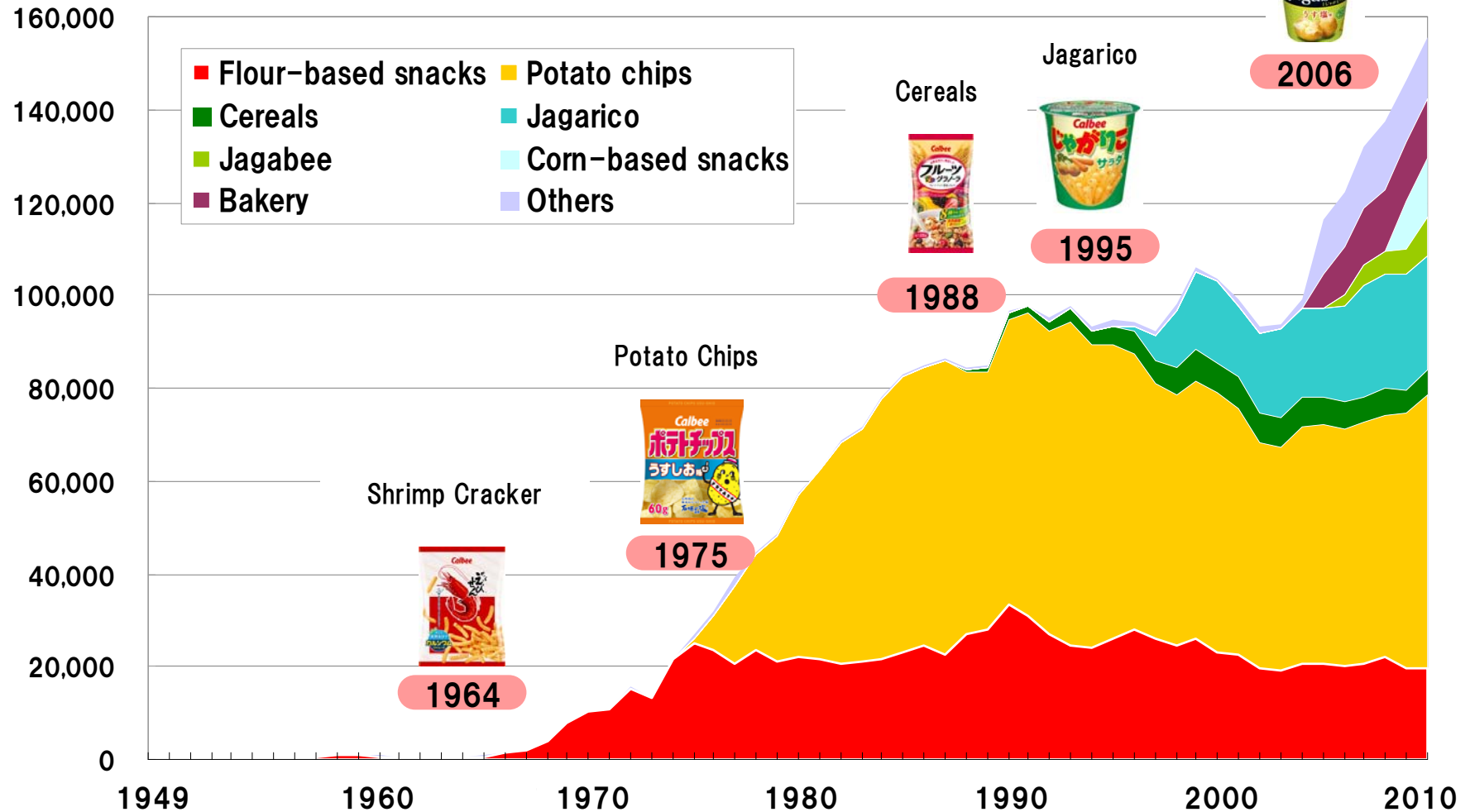
Akira Matsumoto
Chairman of the Board & CEO

Hit Products from Each Decade Sustained Growth

By-product Sales

*Consolidated numbers from FY2005

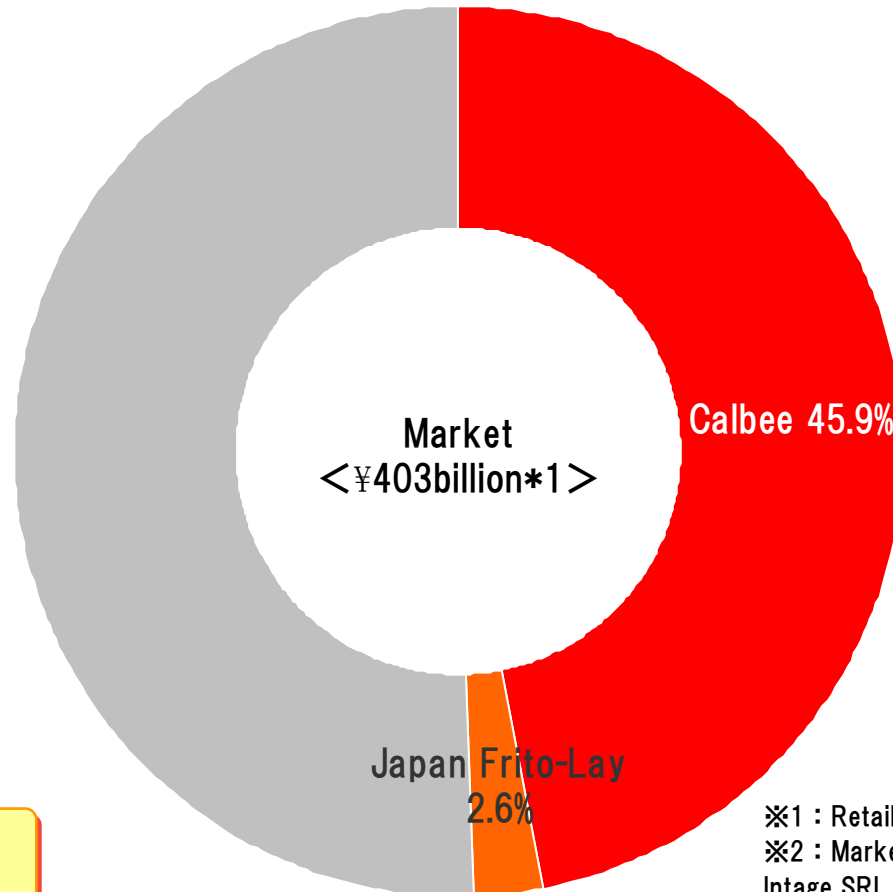
(Yen in millions)



Leading Company in the Snack Market

The Calbee Group enjoys nearly 50% of the snack market in Japan.

■ Snack market in Japan



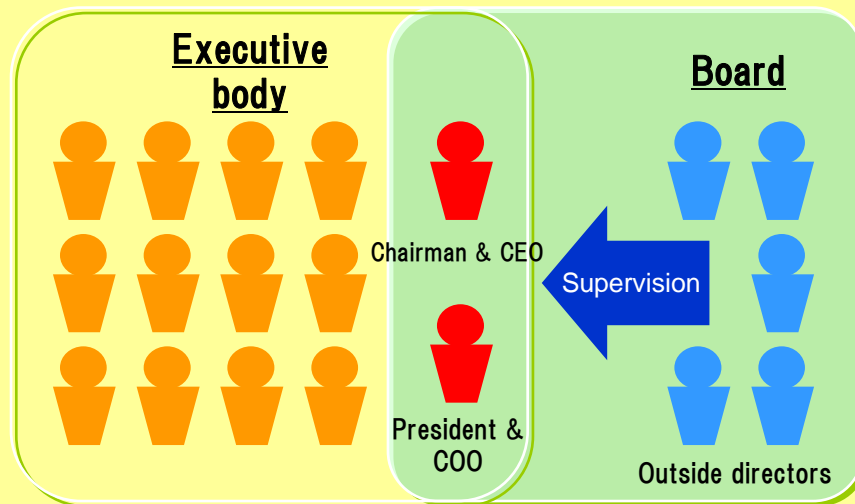
Confectionery Market
<¥3,257billion*1>

※1 : Retail sales in2009,All Nippon Kashi Association
※2 : Market shares based on sales data compiled by Intage SRI.

From family business to transparent management

Outside directors : 2 -> 5

Inside directors : 9 -> 2



Changing Corporate Culture
- Pursuit of profit-oriented management -

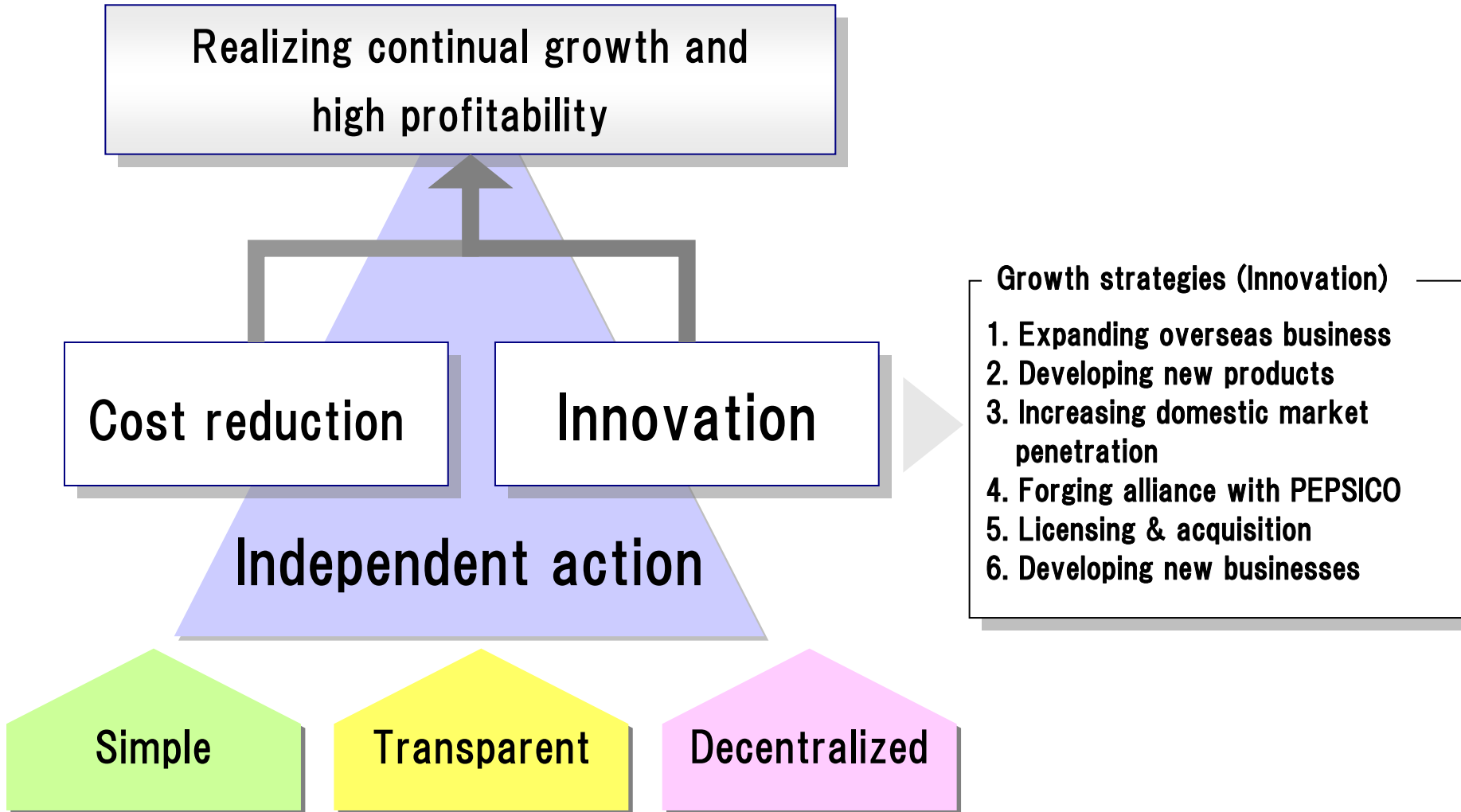
Attempting to be a global player

Strategic Alliance with PEPSICO, July 2009



The two partners aim to create synergies by combining their management expertise.

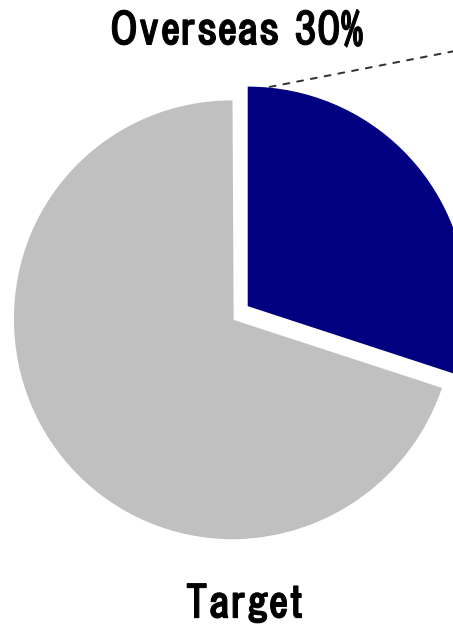
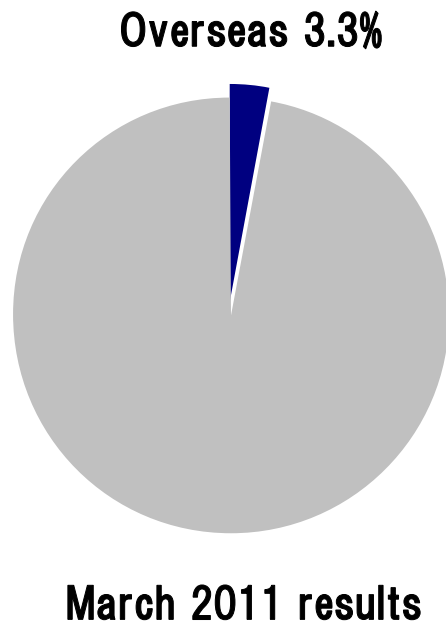
Basic Management Policy



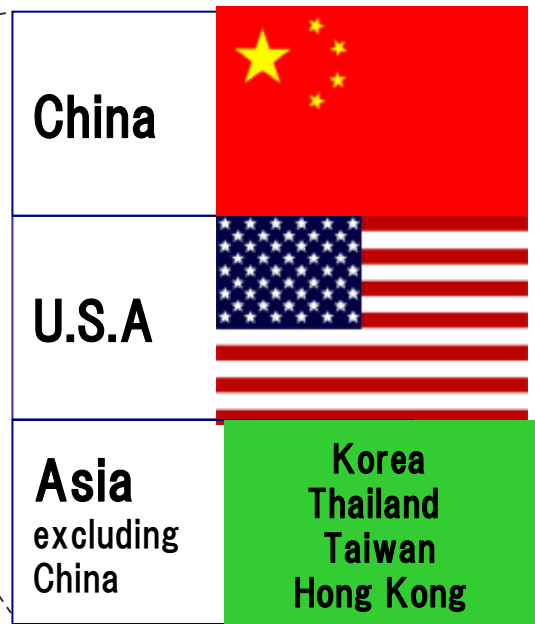
Expanding the Overseas Business

Aiming to be a global player with over 30% of its sales generated outside of Japan

By-geographic-region Sales



Strategic markets



Licensing agreement with Haitai Confectionery & Foods switched to JV agreement For greater presence of the Calbee brand in the Korean market

- Korea is one of the promising markets in Asia after Japan and China.
- Licensing agreement signed with Haitai in 2003
- Haitai and its parent Crown Confectionery together hold approx. 21% of market.
- Calbee and Haitai's combined market share is approx. 5%.



- Joint venture with Haitai
 - Signed April 29, 2011
 - Founded June 27, 2011 (subject to change)
 - Ownership Calbee: 50%, Haitai: 50%
 - Calbee to send CEO (The JV to be consolidated)
- Goal of the JV
 - ¥3,000 million of sales and operating margin of 10% within 5 years


Expanding Market Share in Japan

Leading player in the Japanese confectionery market,
with more than 60% of share in the snack market

Product development

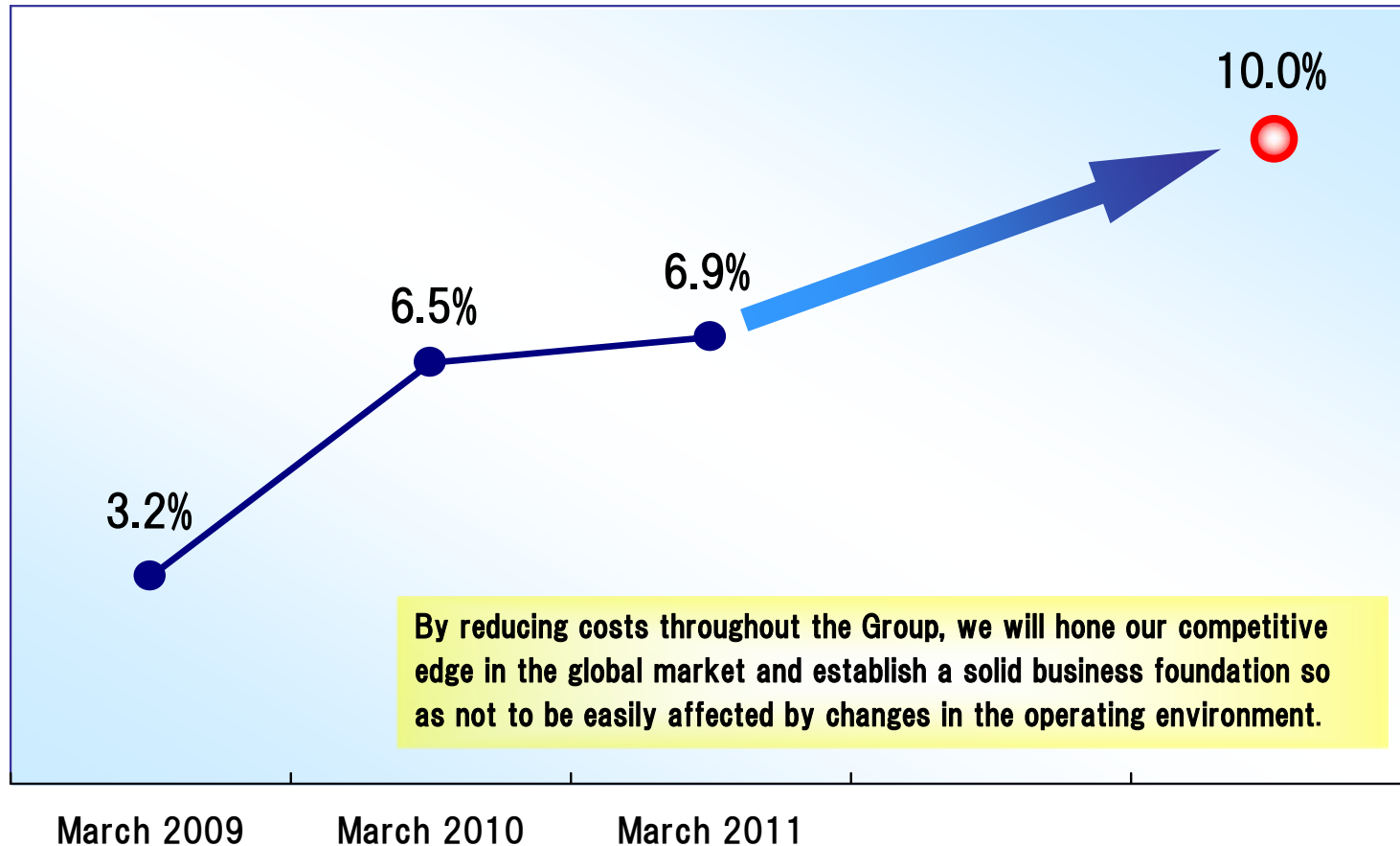
Renewal of existing products

Strengthen sales force



Confectionery sales in Japan	No. 3	▶▶▶	No. 1
Share in the snack market	48.5%	▶▶▶	Over 60%
Share in the potato chips market	62.8%	▶▶▶	Over 70%

Aiming at OP margin comparable to that of global players



Review of the Year Ended March 2011 Management Policy for the Year Ending March 2012

Shuji Ito
President & COO

Achievements

■ Domestic market share expanded

Potato chips market share: 60.4% (March 2010) → 62.5% (March 2011)
→ Greater share in the snack market: 48.5% (up 2.4 pp from March 2010)

Based on sales data compiled by Intage SRI

■ Cost reduction

COGS : 59.5% (plan) → 58.2% (results)

Future issues

■ Impact of the Great East Japan Earthquake

Slow consumption, power shortage, unstable materials supply, possible rise in materials costs

■ Expanding the overseas business

■ Expanding sales of new products (Vegips, Hitokuchi Bizen)

■ Further cost reduction

Highlights of Earnings Results for the Year Ended March 2011

	March 2010	March 2011	Growth
	Million yen	Million yen	%
Net sales	146,452	155,529	+ 6.2
Gross profit	58,411	65,047	+11.4
SG&A	48,878	54,329	+11.2
Selling	16,316	20,180	+23.7
Distribution	10,486	11,372	+ 8.4
Labor	13,693	14,536	+ 6.2
Others	8,381	8,240	△ 1.7
Operating income	9,533	10,717	+12.4
Ordinary income	9,539	10,570	+10.8
Extraordinary profit/loss	△ 1,991	△ 2,238	—
Net profit	4,017	4,253	+ 5.9

Net sales

Driven by potato snacks and corn-based snacks

Gross profit

Cost reduction
Lower materials costs
Higher utilization due to greater sales

SG&A

Proactively spent sales promotion expenses to increase domestic market share
(up ¥3,740m YoY)

Extraordinary profit/loss

Gains on sales of fixed assets: +¥967 million
Loss on disaster: -¥2,162 m
Loss on retirement of fixed assets: -¥494 m
Asset retirement obligations: -¥351 m

Impact of the Great East Japan Earthquake

Affected plants and progress in restoration

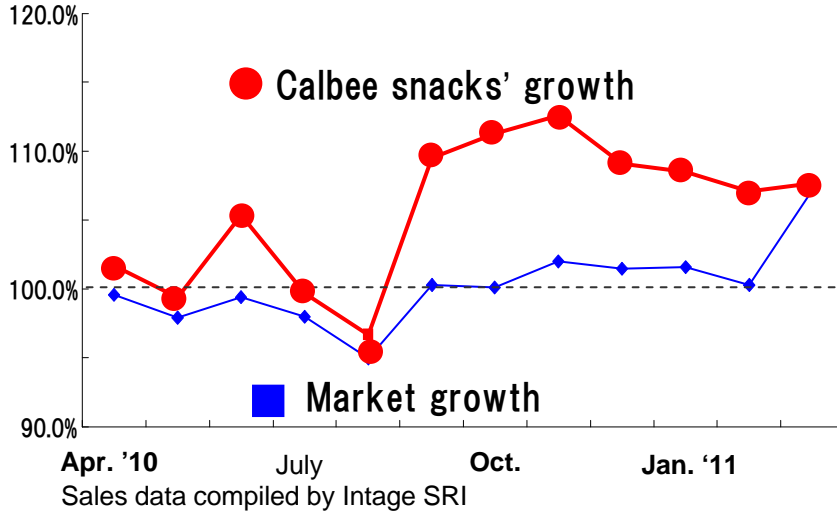
	Shin-Utsunomiya Factory	Shimotsuma Factory	Factory attached to R&D HQ	Kiyohara Factory
Location	Tochigi	Ibaraki	Tochigi	Tochigi
Production items	Potato Chips, Jagabee, flour-based snacks	Jagarico	Vegips and other new products	shrimp crackers Cereals
Damage	Buildings, some production lines	Some production lines	Buildings, some production lines	Buildings, some production lines
Restoration	Restored on April 27 except lines for flour-based snack dough	Restored on March 22	Restored on April 19	Restored on April 13
Loss	¥563 million	¥18 million	¥647 million	¥296 million

* During shutdown, above products were supplied from plants in other regions.

Other damages (product disposal, relief aid, etc.): ¥636 million

Factors of Increased Sales in the Year Ended March 2011

■ Outgrew the market by a large margin



■ By-product sales contribution Million yen

Net Sales	Change	Value (Million yen)
Potato chips	+	3,995
Jagabee	+	2,566
Potato-based snacks total	+	6,645
Corn-based snacks	+	2,673
Bakery, cereals	+	410
Others	△	652

■ Potato-based snacks

Potato chips

- *Norishio* (salted + nori laver) flavor renewed
- Two hot spicy flavors released
- Thickly sliced chips brand stimulated
Year-round promotion, season-limited lines released



Jagabee

- Expanding sales channels
- Butter/soy sauce flavor released



■ Corn-based snacks

Benefits of Japan Frito-Lay felt full year (9 months last year)

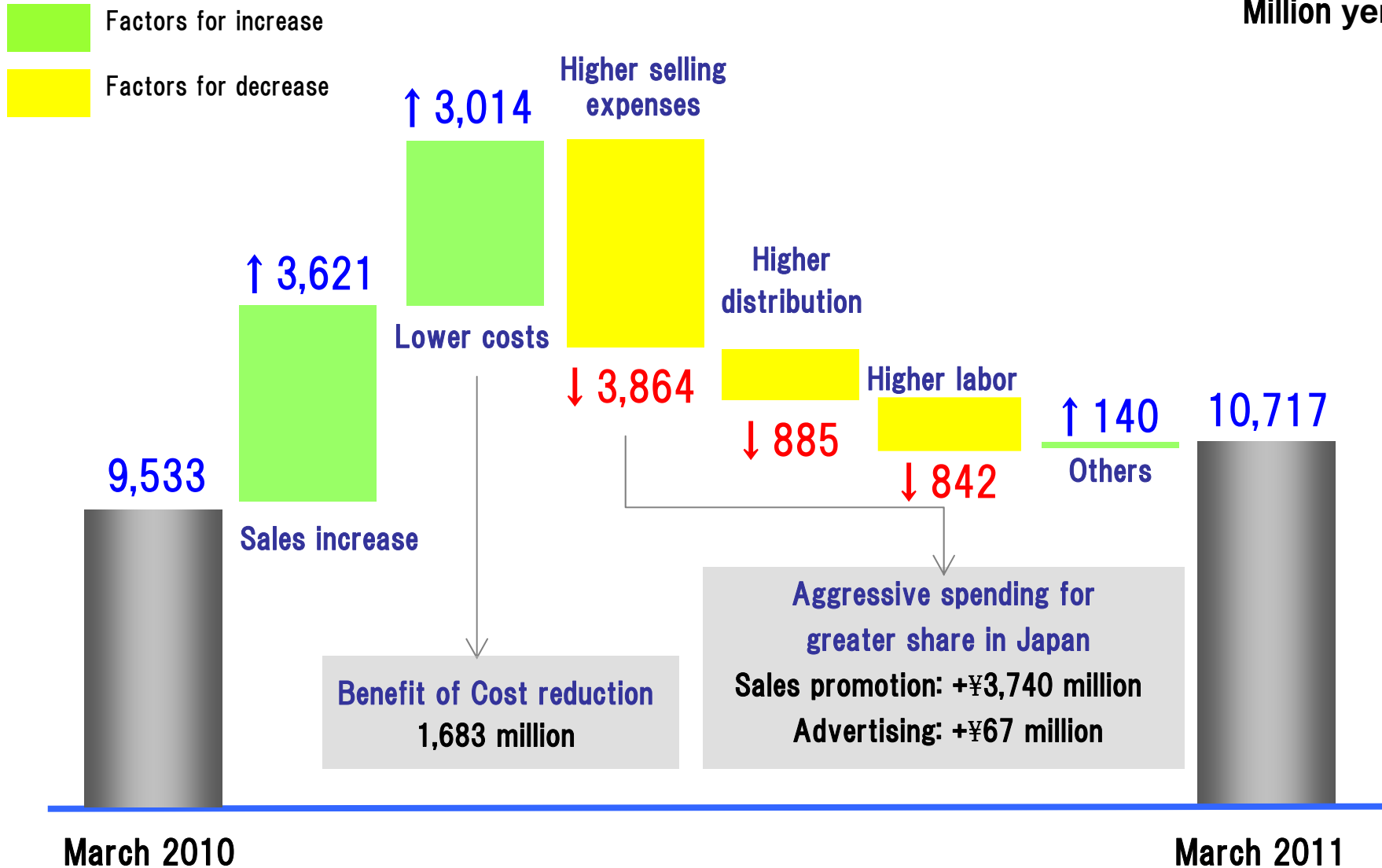


■ Other food

Fruit granola sales brisk

Analysis of the Changes of Operating Income for the Year Ended March 2011

Million yen



Highlights of the Earnings Forecast for the Year Ending March 2012 **Calbee**

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	March 2011	March 2012	Growth
Net sales	Million yen 155,529	Million yen 160,000	% + 2.9
Gross profit	65,047	65,600	+ 0.9
SG&A	54,329	54,600	+ 0.5
Selling	20,180	20,000	△ 0.9
Distribution	11,372	11,700	+ 2.9
Labor	14,536	14,900	+ 2.5
Others	8,240	8,000	△ 2.9
Operating income	10,717	11,000	+ 2.6
Ordinary income	10,570	11,000	+ 4.1
Extraordinary profit/loss	△ 2,238	—	—
Net profit	4,253	6,000	+41.1

Assumption

All foreseeable impacts from the recent earthquake have been factored in

Net sales

Boosting sales of potato-based snacks and new products

Gross profit

Aiming at further cost reduction and higher utilization, but gross margin expected to decrease by 0.8 pp due to expected rise in materials costs

SG&A

Promoting cost reduction
Maintaining the same level of selling expenses from the previous year

Expected Factors of Increased Sales in the Year Ending March 2012

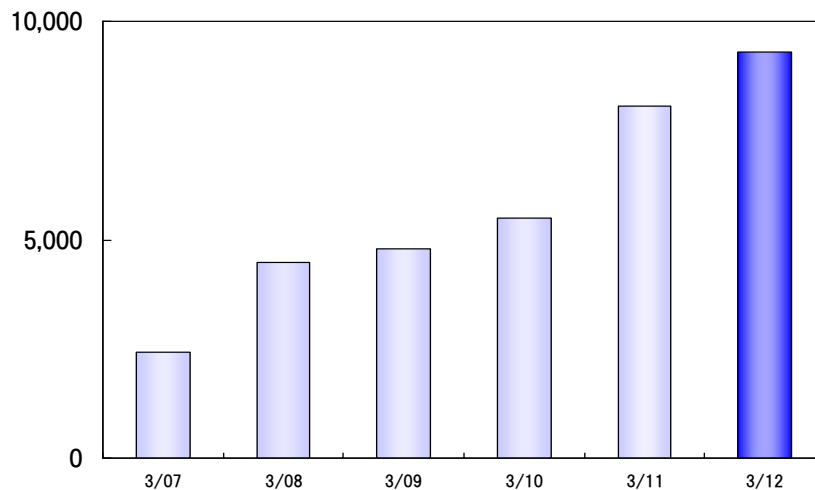
Factors for increase

Million yen

Net sales	+ 4,470
Potato chips	+ 1,066
Jagabee	+ 1,232
Potato-based snacks total	+ 2,168
Overseas	+ 1,192
New products and Others	+ 1,110

Jagabee sales

Million yen



Potato-based snacks

Potato chips

- Thickly-sliced chips brand stimulated
- Kata-age Potato new flavor introduced



Jagabee

- Strengthen marketing TV CF, sampling
- Salt & Pepper released



New products

- Vegips
- Hitokuchi Bizen



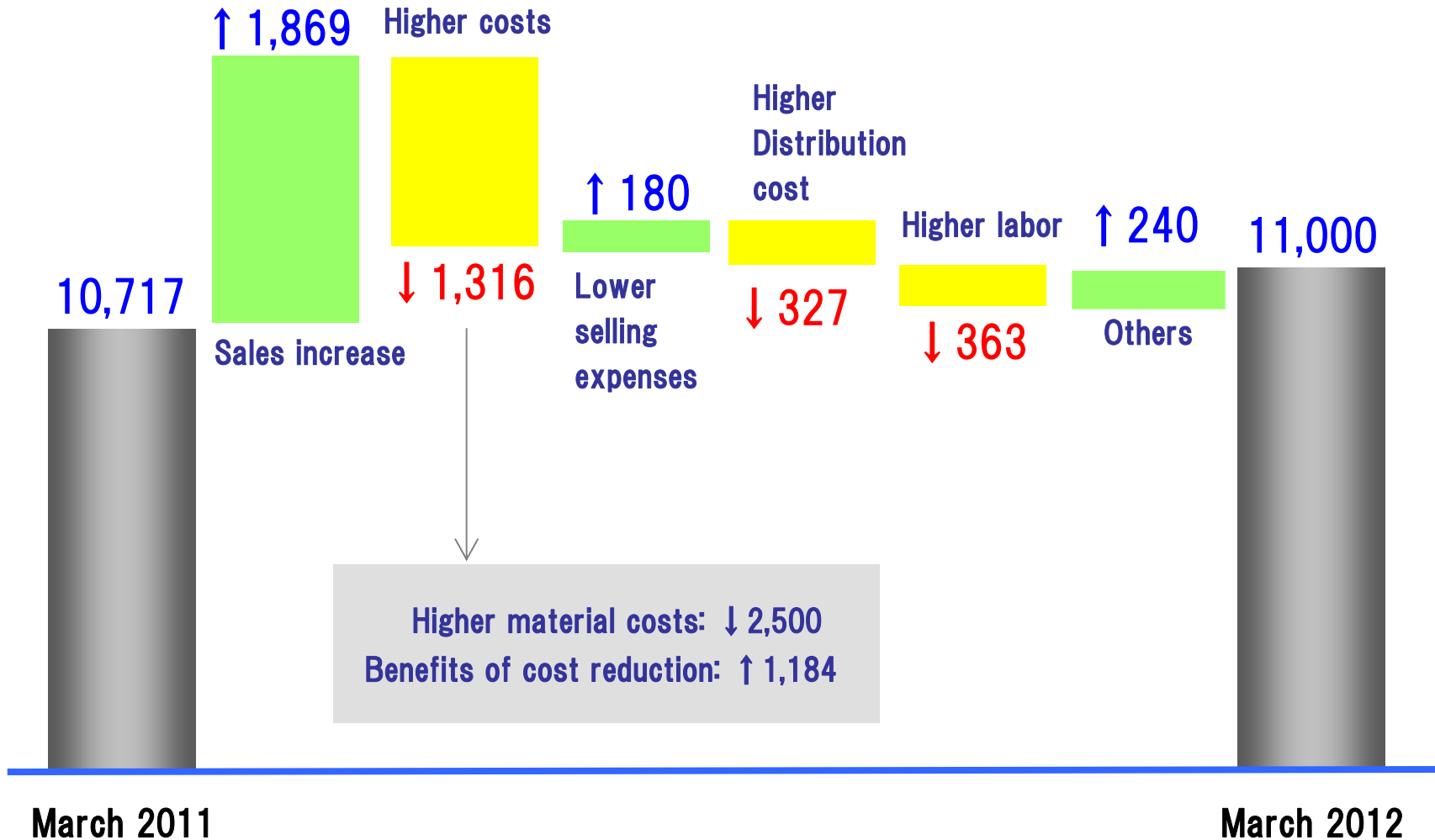
Overseas

- New developments in Korea and Thailand

Analysis of the Changes of Operating Income for the Year Ending March 2012

- Factors for increase
- Factors for decrease

Million yen



References

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Mission

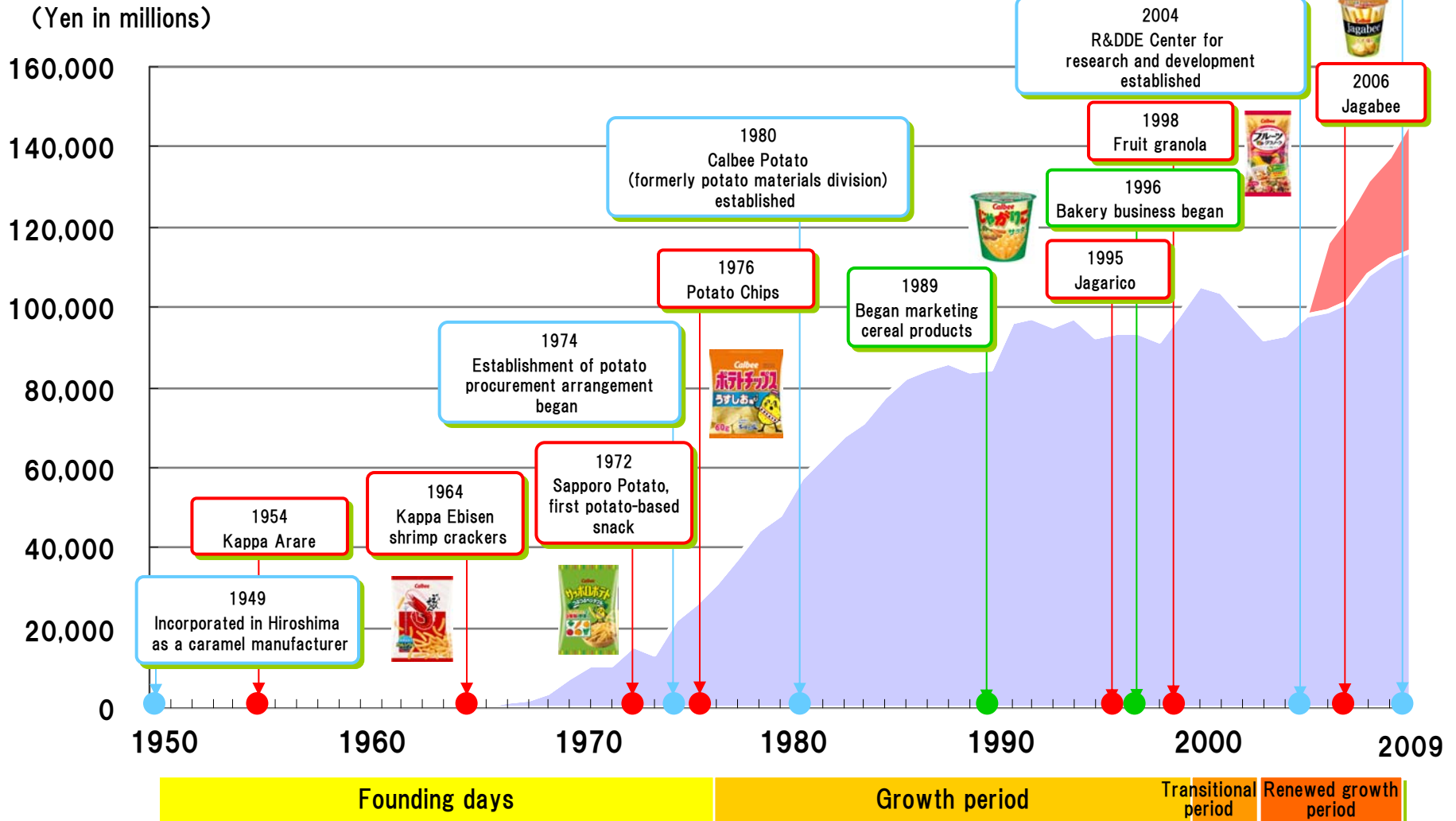
**We are committed
to harnessing nature's gifts,
to bringing taste and fun, and
to contributing to healthy
life styles.**

VISION

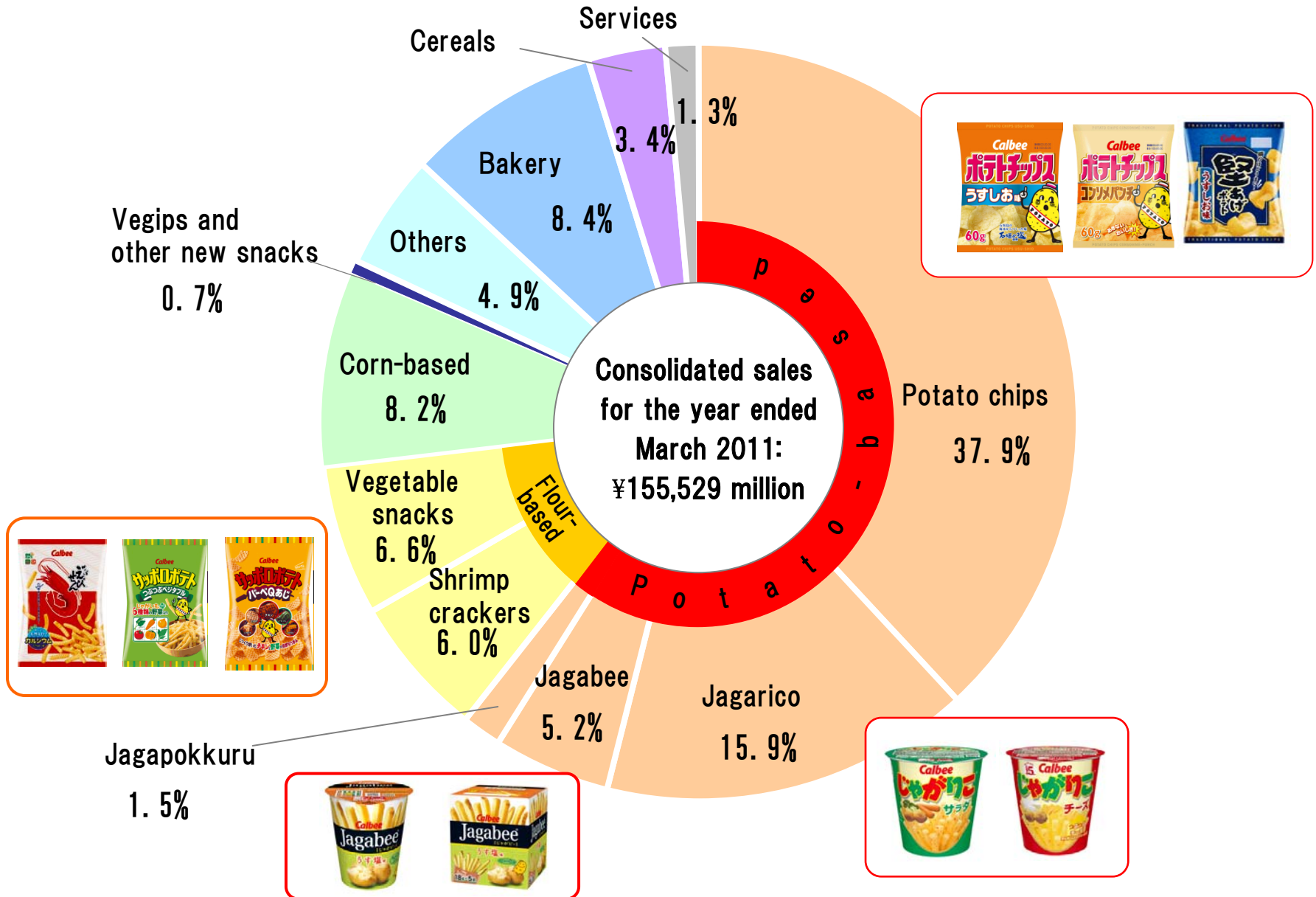
**We must become a company to be
respected, admired and loved
firstly by customers, suppliers
and distributors,
secondly by our employees
and their families,
thirdly by communities,
and finally by stockholders.**

History of Growth

History and sales (consolidated numbers from FY2005)



Sales Breakdown



Basic Facts of Haitai Confectionery & Foods



Trade name	:	HAITAI Confectionery & Foods Co., Ltd.
Founded on	:	July 11, 2001
Net sales	:	668.9 billion won (year ended December 2010)
Operating income	:	48.3 billion won (year ended December 2010)
Position	:	3rd largest in the confectionery market 4th largest in the snacks market (3rd, if its parent Crown Confectionery is combined)
Product lines	:	Ice cream, biscuits, gum, snacks, chocolates, candies, frozen food
Employees	:	2,500
Factories	:	Snacks factories (Munmak, Cheongju) *Three other factories other than these snack factories.
Parent company	:	CROWN Confectionery Co.,LTD. (Acquired in January 2005)