



Calbee Group Financial Results

First half of fiscal year ending March 31, 2012

The period April 1, 2011 to September 30, 2011

CALBEE, Inc. October 28, 2011



Calbee

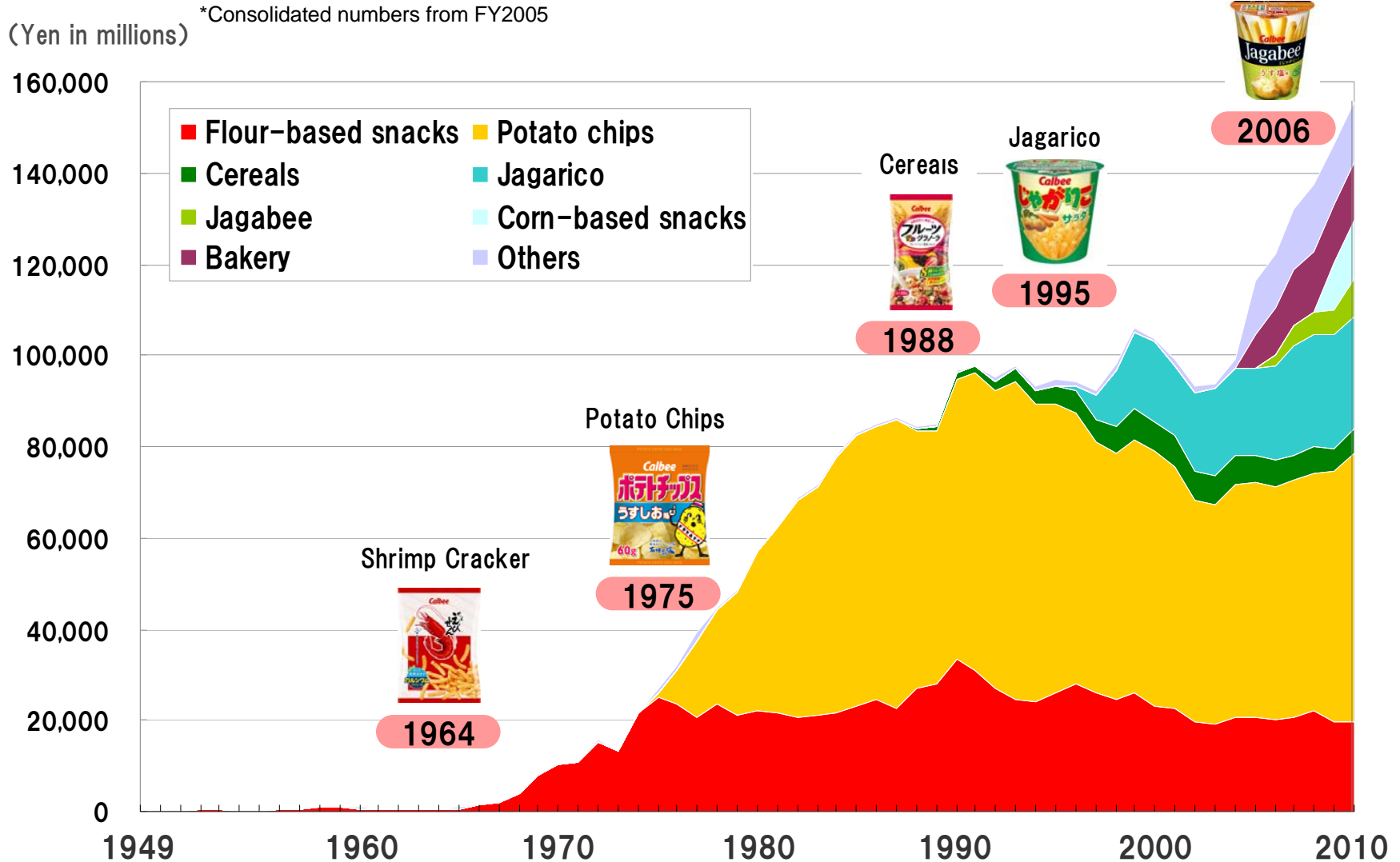
Harvest the Power of Nature.

Calbee Group growth strategy

Akira Matsumoto
Chairman of the Board & CEO

Sustained growth from hit products each decade

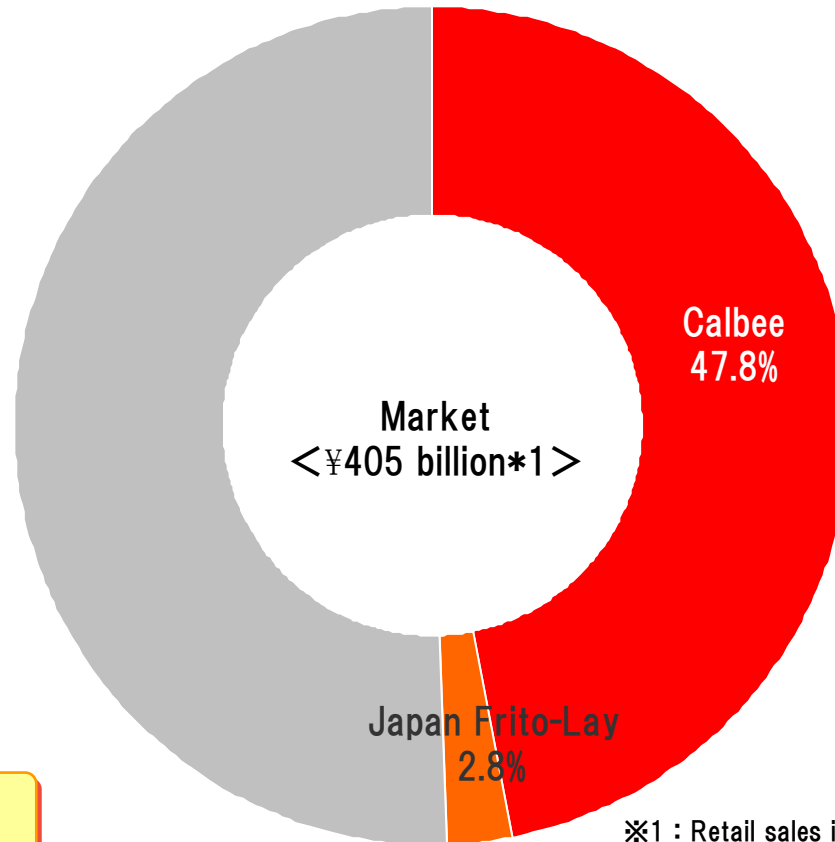
Sales by product



Leading Company in the Snack Market

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

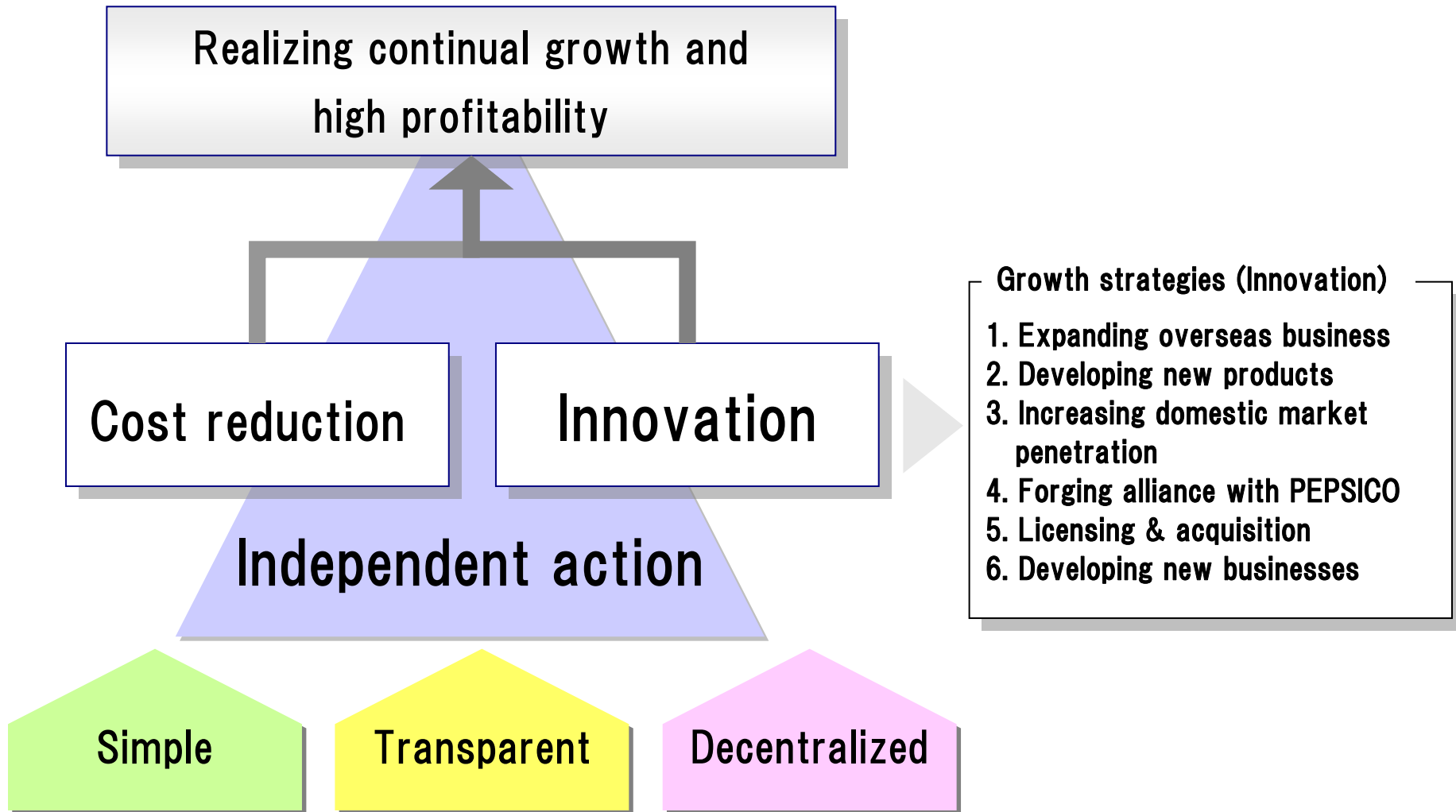
■ Snack market in Japan



Confectionery Market
<¥3,208billion*1>

※1 : Retail sales in 2010, All Nippon Kashi Association
※2 : Market shares based on sales data compiled by Intage SRI nationwide; September 2011.

Basic Management Policy

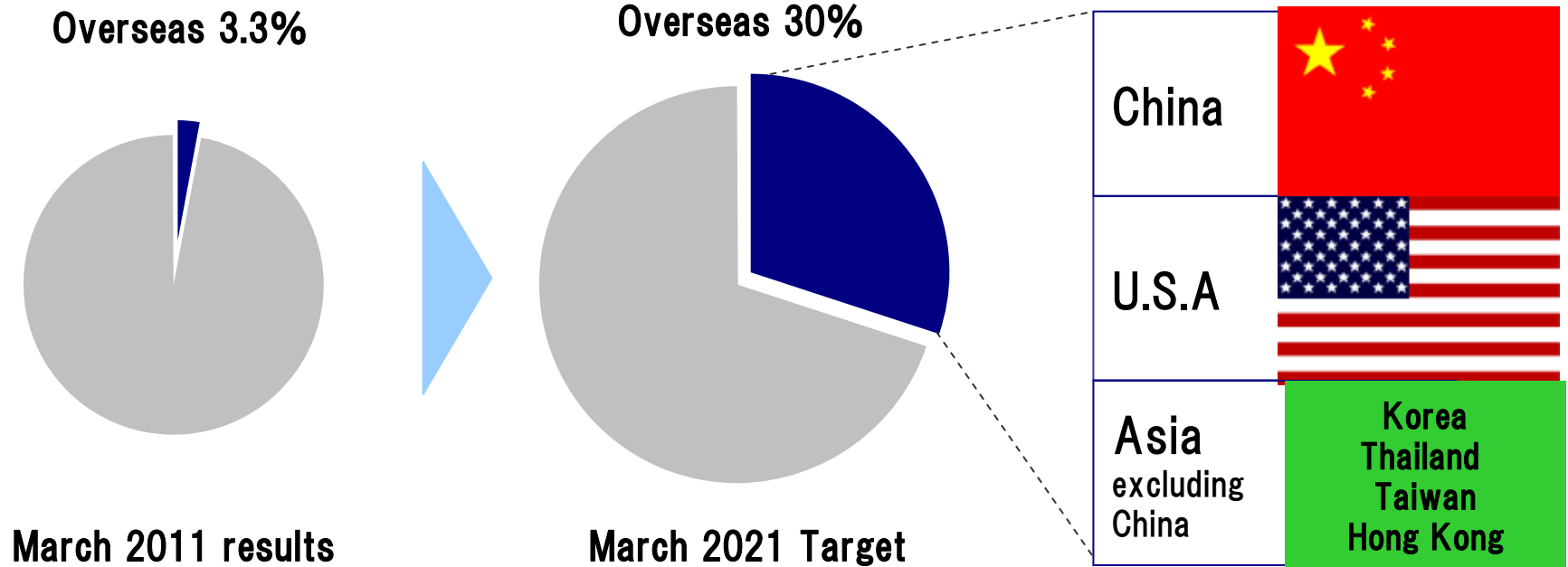


Expanding the Overseas Business

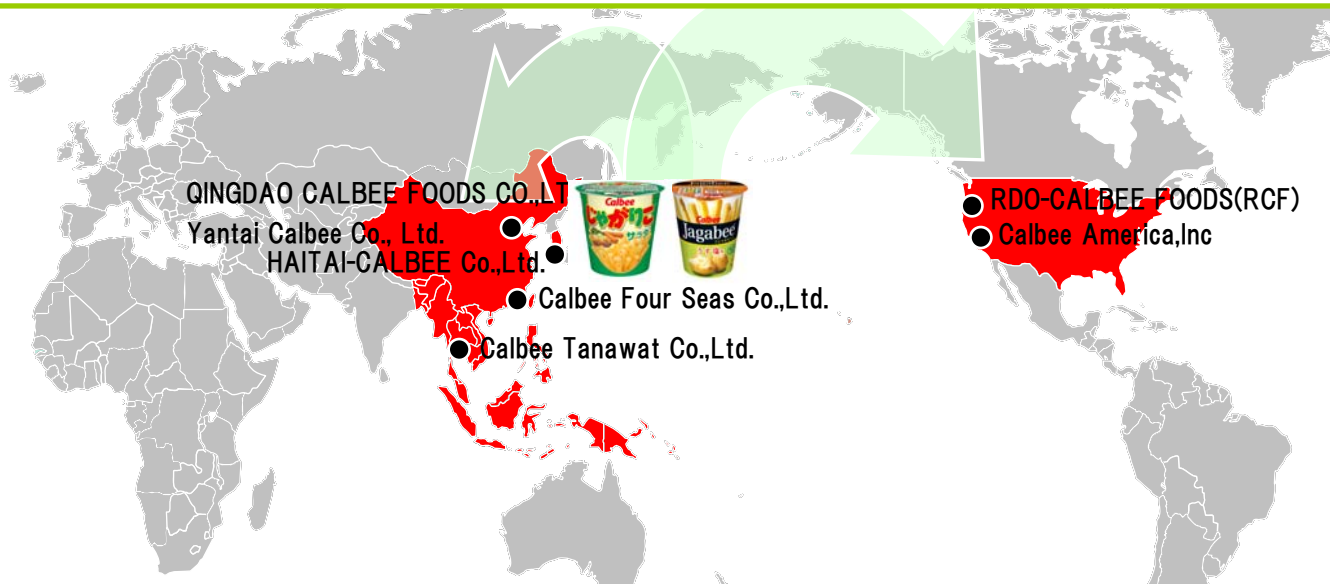
Aiming to be a global player with over 30% of sales generated outside of Japan

Sales by geographic region

Strategic markets



Expand aggressively with strategic products in each region



Asia

- Build stronger relationships with business partners and expand sales in Korea, Thailand, Taiwan and Hong Kong by introducing new products
- Making good progress at JV established July 2011 in Korea with Haitai

China

- 2009 market size of around \$1.8 bn. Grew 12.5% from 2009-2010, with potato chips growing approx. 22%
- Huge growth potential, with annual snack consumption per capita of 23.6g in China compared to 3.2g in developed economies

North America

- World's largest snack market (Approx \$29.6 bn in 2009)
- Dominated by PepsiCo (44.6% share)
- Potential to build market platform with products using Calbee's proprietary technology (Jagarico, Jagabee, etc.)

Note: Market data supplied by Euromonitor, AC Nielsen

Expanding Market Share in Japan

**Becoming the leading Japanese confectionery company
with more than 60% share in the snack market**

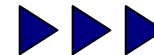
Product development

Renewal of existing products

Strengthen sales force

Confectionery sales in Japan

No. 3



No. 1

Share in the snack market

50.6%*



Over 60%

Share in the potato chips market

64.7%

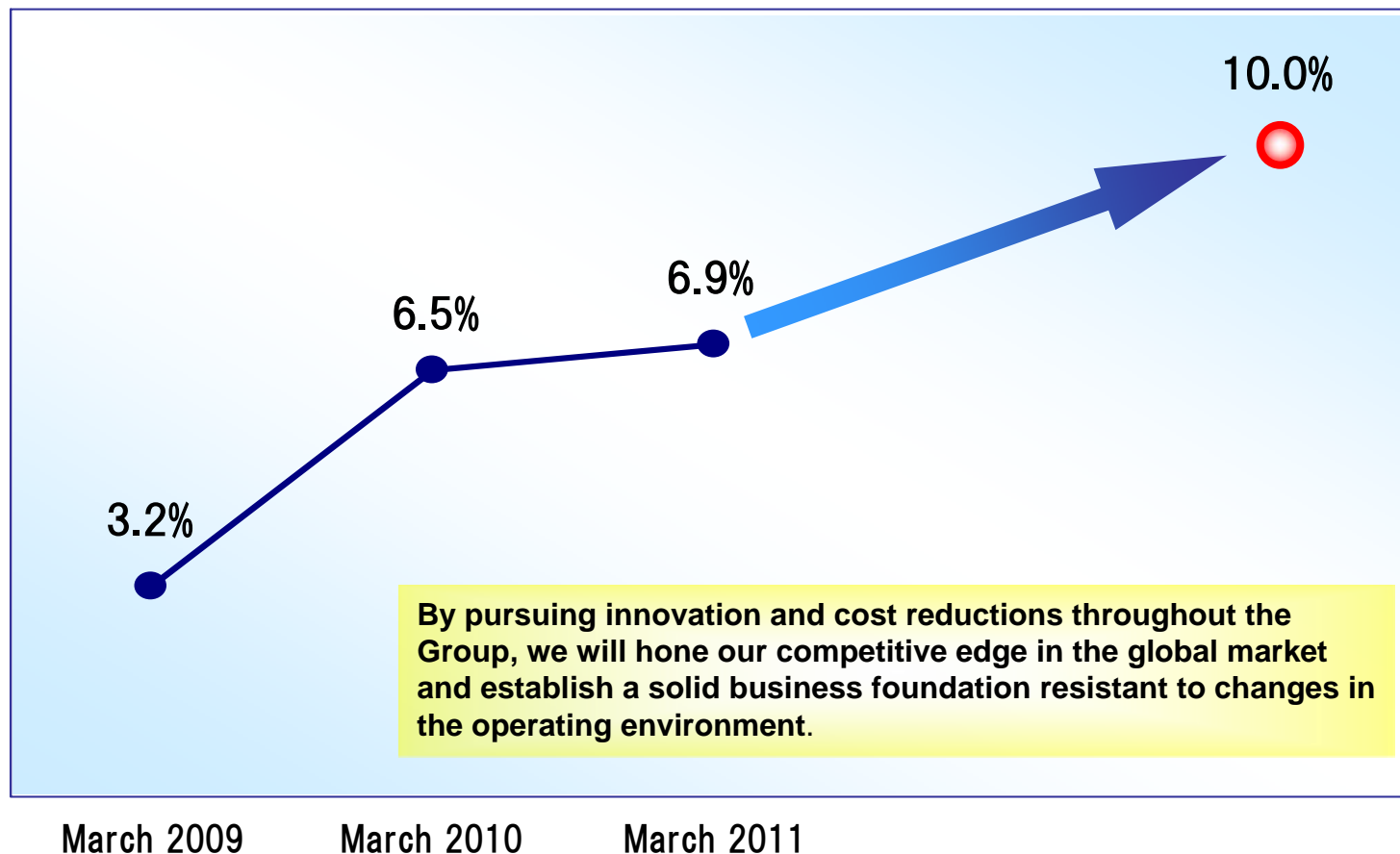


Over 70%

*Total for CALBEE,Inc. and Japan Frito-Lay Ltd.

Note: Market shares based on sales data compiled by Intage SRI nationwide,all retail formats; September 2011.

Aiming at OP margin comparable to that of global players



Progress in growth strategy and cost reductions **Calbee**

Harvest the Power of Nature.

	Progress	Targets
Expanding overseas business	Launched JV with Haitai Group in Korea	Overseas sales ratio Over 30%
Increasing domestic market penetration	Snack market share currently 50.6%* Potato Chips market share currently 64.7%	Over 60% Over 70%
Forging alliance with PEPSICO	Absorbing knowledge (purchasing, QC, etc.) Supplying OEM cereal products to the Philippines Importing potato chips from Australia	
Improving OP ratio	Current ratio 6.9% (estimate for FY ending March 2012)	10.0%

*Total for CALBEE, Inc. and Japan Frito-Lay Ltd.

Note: Market shares based on sales data compiled by Intage SRI nationwide, all retail formats; September 2011.

Review of First Half Results

Management policy for Second Half

Shuji Ito
President & COO

Outcomes

■ Recovery from East Japan earthquake

- Reached 1H sales targets after tough start
- Increased potato chip share from 62.5% (FY ended 3/2011) to 64.7% (9/2011)
→ Grew share of snack market from 48.5% to 50.6% over same period

Data: Intage SRI; nationwide retail sales, all retail format. 2011 figures 4/2010 to 3/2011
Snack market share is total for CALBEE, Inc. and Japan Frito-Lay Ltd.

■ Cost reductions

- COGS plan: 60.0% ; actual 59.3%

Initiatives

- Expand overseas strategy
- Further expand domestic market share
- Grow sales of new products (Vegips, Hitokuchi Bizen)
- Achieve further cost reductions

1H: highlights

	1H year ended 3/2011	1H year ending 3/2012	Change in %	Comparison with plan
	Million yen	Million yen	%	%
Net sales	76,266	75,985	(0.4)	101.3
Gross profit	31,432	30,909	(1.7)	103.0
SG&A	26,801	27,015	+ 0.8	101.9
Selling	9,668	9,687	+ 0.2	102.5
Distribution	5,613	5,795	+ 3.3	104.4
Labor	7,403	7,515	+ 1.5	100.2
Other	4,116	4,016	(2.4)	100.4
Operating income	4,631	3,893	(15.9)	111.2
Ordinary income	4,547	3,499	(23.1)	100.0
Extraordinary income (loss)	329	59	(82.0)	—
Net income	2,435	1,772	(27.2)	93.3

Net sales

Lower sales in April, May due to earthquake but recovery from June on active marketing efforts

Gross profit

Higher raw material costs
Lower capacity utilization due to disaster impact

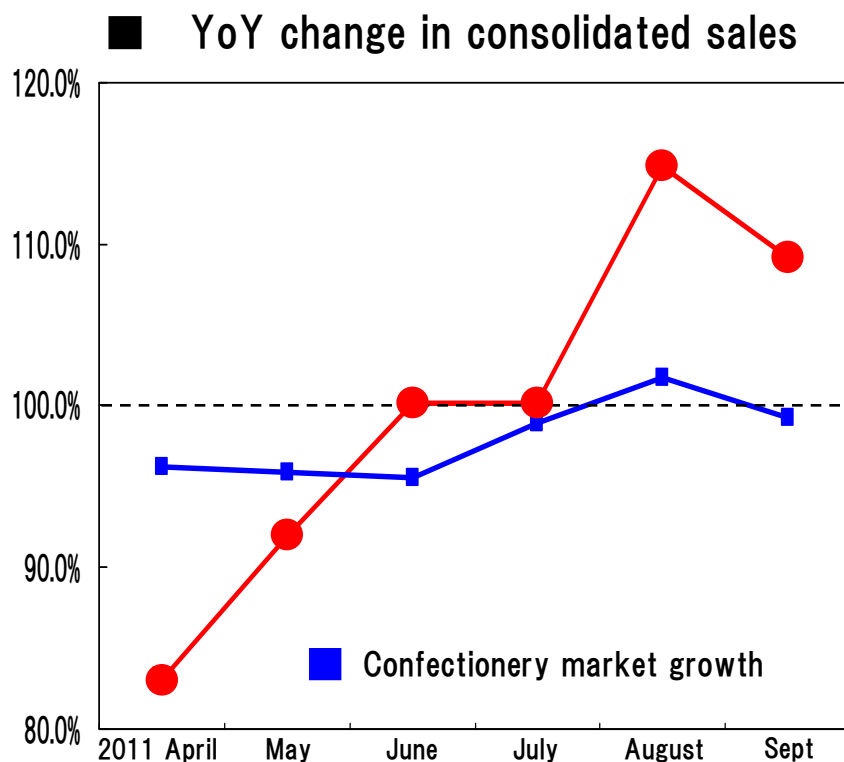
SG&A

Increased distribution costs from disaster impact

Extraordinary income (loss)

Subsidy income: + ¥230mn
Reversal of provision
 for loss on disaster: + ¥163mn
Loss on disaster: - ¥258mn

1Q affected by earthquake. 2Q showed recovery



Source: Intage SRI, nationwide. Base: Retail sales

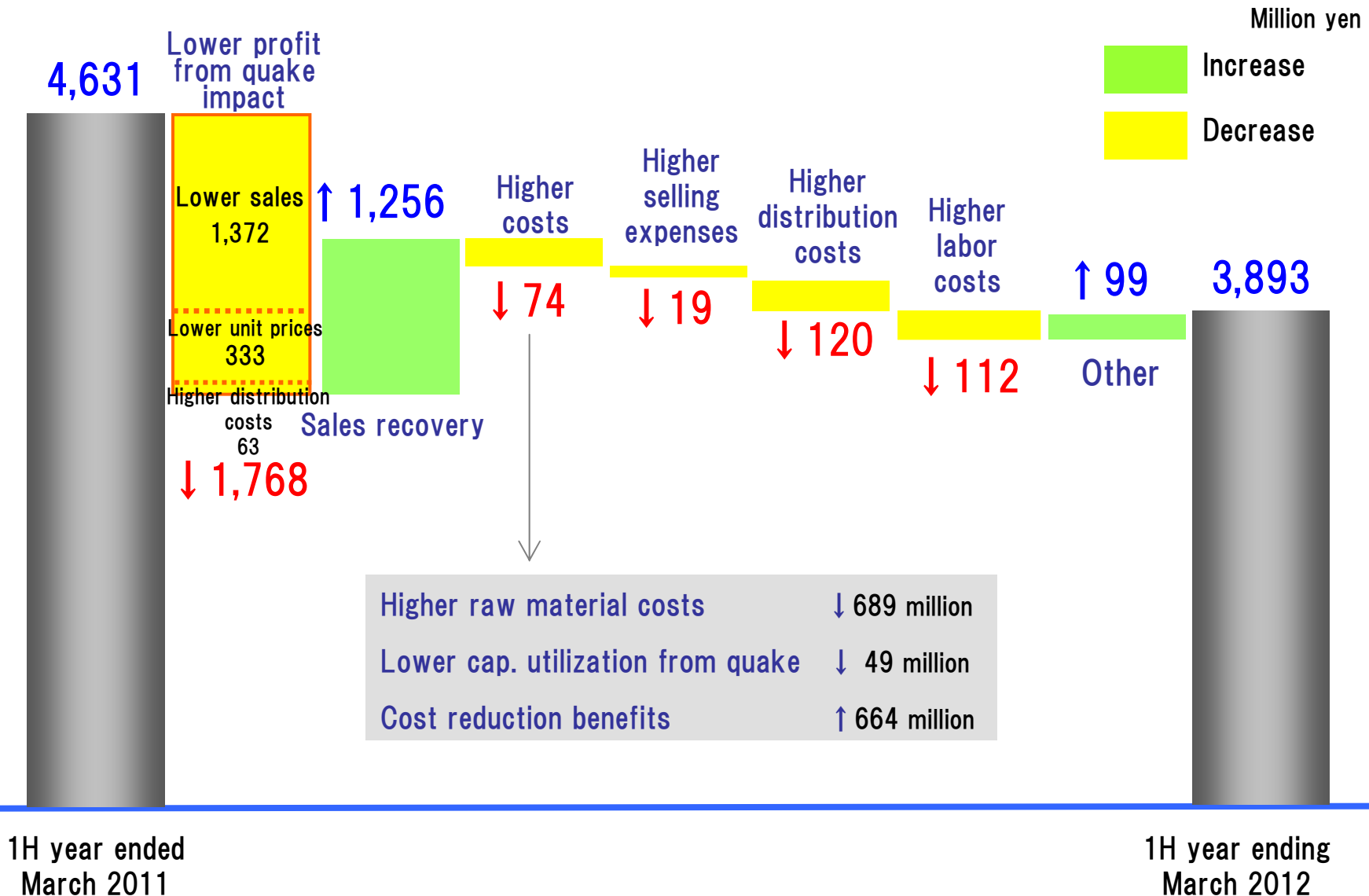
■ Sales changes by product

Million yen

	1Q	2Q	Total
Potato-based snacks	− 2,410	+ 866	− 1,544
Flour-based snacks	− 1,086	+ 382	− 703
Corn-based snacks	+ 234	+ 229	+ 463
Overseas	+ 133	+ 617	+ 751
bread/cereals	− 40	+ 377	+ 336
New products, other	− 173	+ 587	+ 414
Total	− 3,342	+ 3,061	− 281



1H: Breakdown of changes in operating income



Revised full-year forecasts

	Year ended March /2011	Year ending March 2012 (initial forecast)	Change in %
	Million yen	Million yen	%
Net sales	155,529	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
Other	8,240	8,000	(2.9)
Operating income	10,717	11,000	+ 2.6
Ordinary income	10,570	11,000	+ 4.1
Extraordinary income (loss)	(2,238)	—	—
Net income	4,253	6,000	+41.1



	Year ending March 2012 (revised forecast)	Change in %
	Million yen	%
Net sales	160,000	+ 2.9
Gross profit	66,100	+ 1.6
SG&A	55,100	+ 1.4
Selling	20,240	+ 0.3
Distribution	11,800	+ 3.8
Labor	15,060	+ 3.6
Other	8,000	(2.9)
Operating income	11,000	+ 2.6
Ordinary income	10,600	+ 0.3
Extraordinary income (loss)	59	—
Net income	6,000	+41.1

2H: forecast highlights

	2H year ended March 2011	2H year ending March 2012 (forecast)	Change in %
Net sales	Million yen 79,262	Million yen 84,014	% + 6.0
Gross profit	33,614	35,190	+ 4.7
SG&A	27,528	28,084	+ 2.0
Selling	10,512	10,552	+ 0.4
Distribution	5,758	6,004	+ 4.3
Labor	7,133	7,544	+ 5.8
Other	4,123	3,983	(3.4)
Operating income	6,085	7,106	+16.8
Ordinary income	6,022	7,100	+17.9
Extraordinary income (loss)	(2,567)	—	—
Net income	1,817	4,227	+132.6

Net sales

Ongoing in-store promotions
Higher sales of new products (Vegips, etc.)
Stronger overseas sales (Korea, US)

Gross profit

Ongoing cost reduction measures
Higher capacity utilization
Raw ingredient cost increases likely to be lower than initially expected
Gross margin expected to decrease by 0.5 pp

SG&A

Ongoing cost reduction measures
Selling expenses held at previous level

2H: Factors forecast to increase sales

■ Breakdown of sales increase forecast Million yen

	+ 4,752
Potato-based snacks	+ 2,200
Flour-based snacks	+ 750
New products	+ 600
Overseas	+ 900
Other	+ 302

■ Number of new products

	2H year ended March 2011	2H year ending March 2012	Change
Potato chips	44	53	+ 9
Kappa Ebisen	7	15	+ 8
Vegetable snacks	6	16	+10

■ Potato-based snacks

Potato Chips

New product launches
Promotion of staple products



Jagabee

Run TV ads
Expanded area for new flavors



■ New products

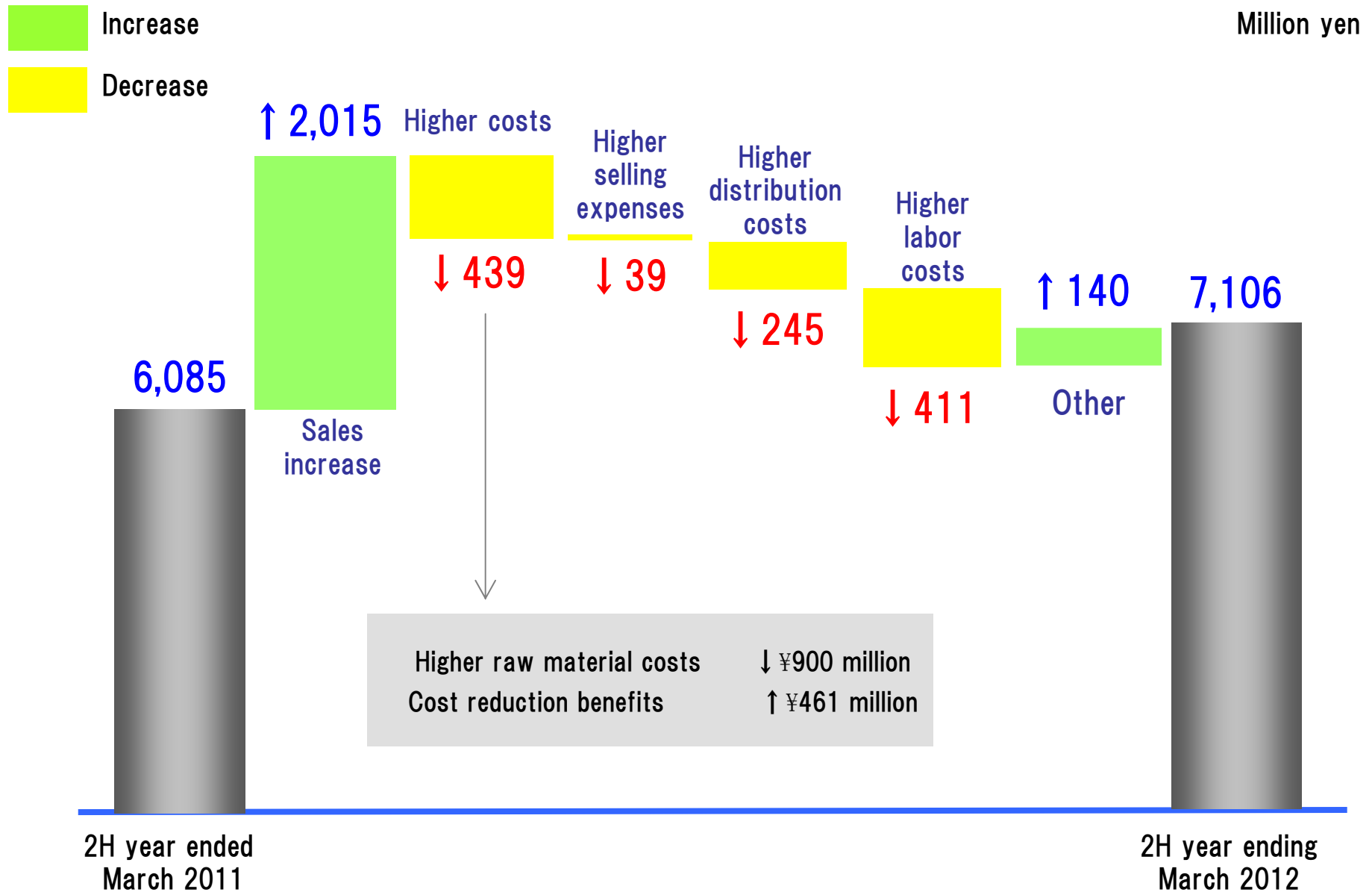
Vegips ⇒ increase production capacity
Hitokuchi Bizen ⇒ New flavors



■ Overseas

US, Korea ⇒ strengthen sales
Thailand ⇒ no direct impact from floods

2H: Breakdown of forecast changes in operating income





Reference material

Calbee Group's Basic Values



Harvest the Power of Nature.

Mission

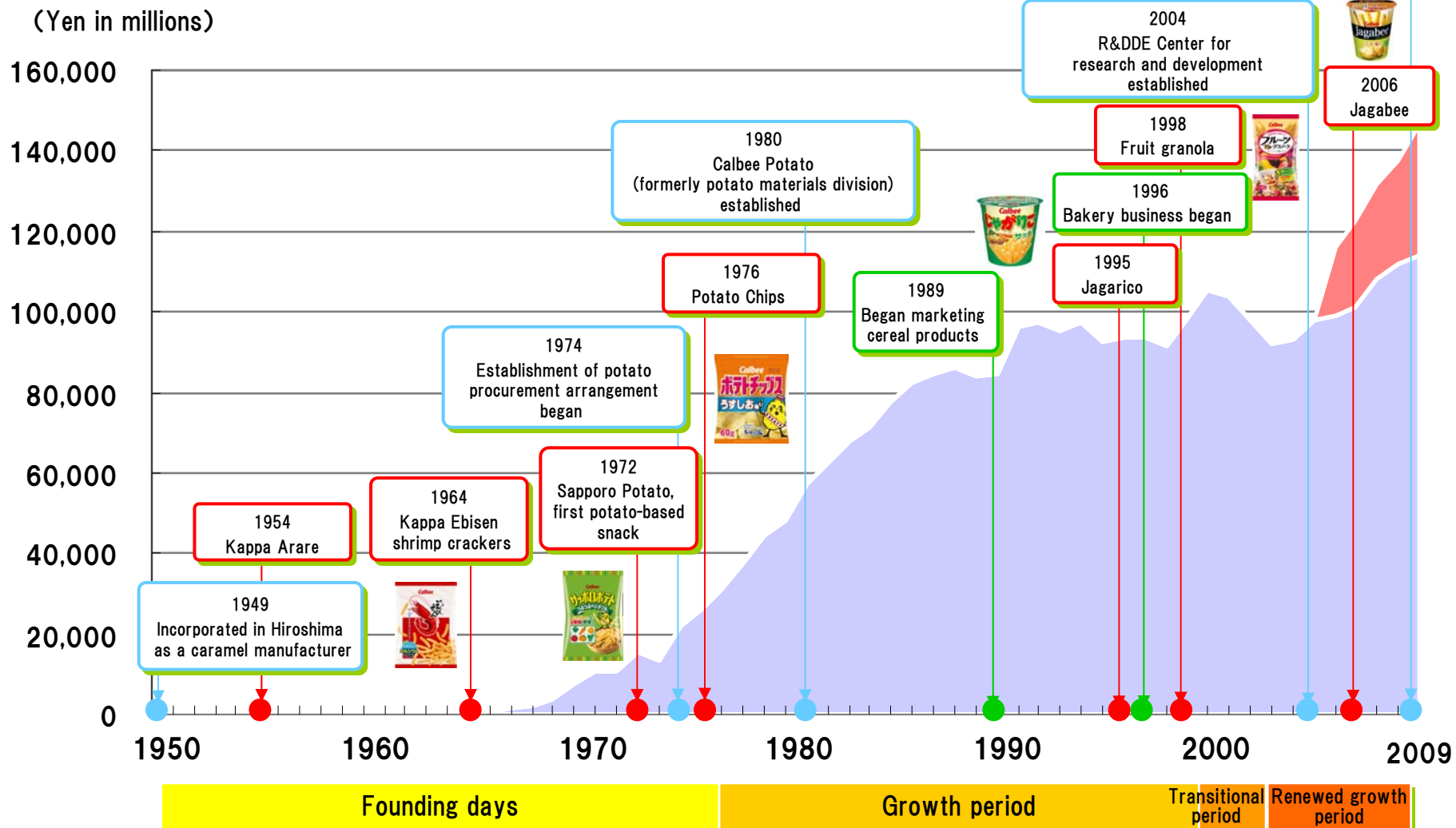
**We are committed
to harnessing nature's gifts,
to bringing taste and fun, and
to contributing to healthy
life styles.**

VISION

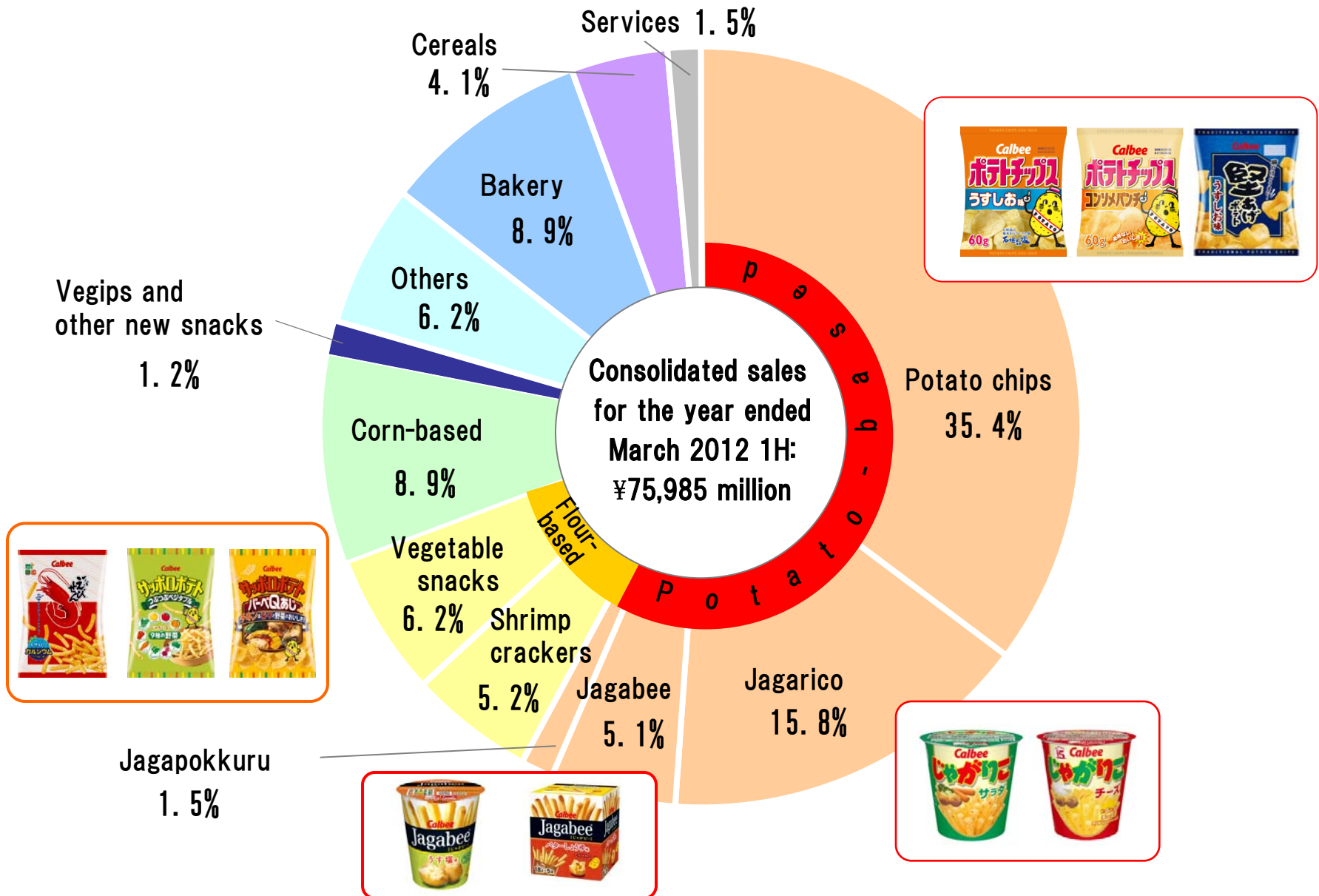
**We must become a company to be
respected, admired and loved
firstly by *customers, suppliers
and distributors*,
secondly by *our employees
and their families*,
thirdly by *communities*,
and finally by *stockholders*.**

History of Growth

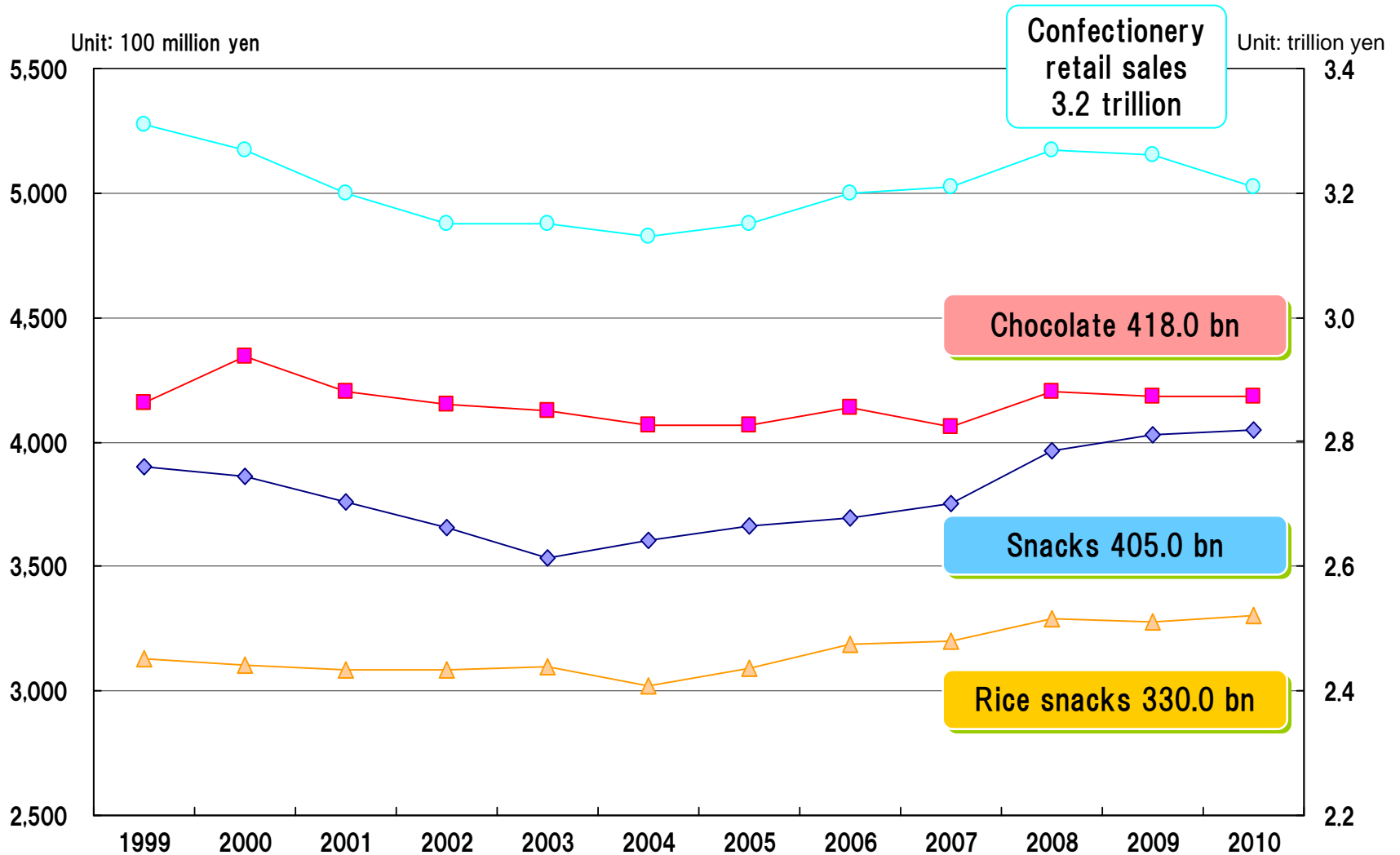
History and sales (consolidated numbers from FY2005)



Sales Breakdown



Japan confectionery market by product type



Source: All Nippon Kashi Association