

Calbee Group Financial Results

for the fiscal year ended March 31, 2012
April 1, 2011 – March 31, 2012

CALBEE, Inc.

May 8, 2012



Calbee

Harvest the Power of Nature.

Calbee Group's Growth Strategies

Akira Matsumoto
Chairman of the Board & CEO

March 11, 2011: New beginnings

Listed on the first section
of the Tokyo Stock
Exchange



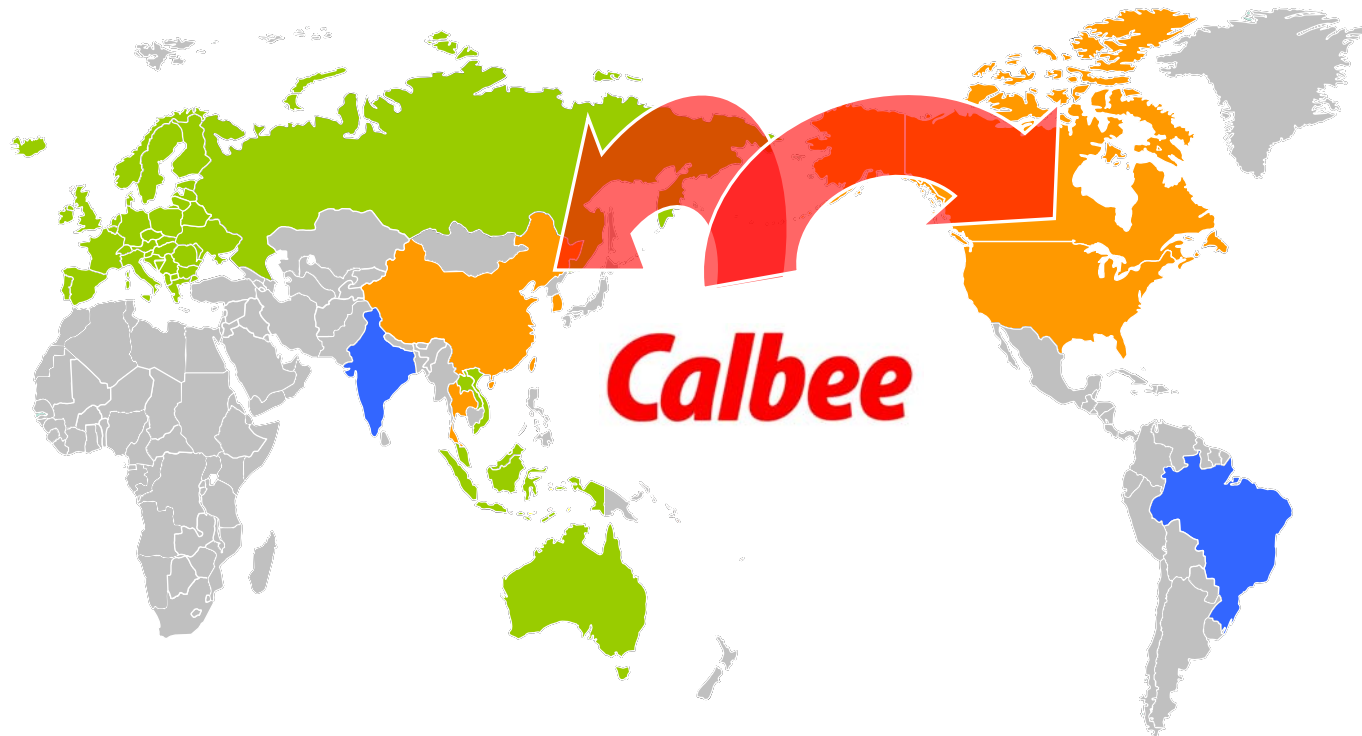
The Great East
Japan Earthquake



- 
1. Expand overseas business
 2. Develop new products
 3. Expand domestic market share
 4. Strengthen alliance with PepsiCo.
 5. Pursue licensing and acquisition
 6. Develop new businesses

Expanding overseas business

Aiming to be a global company with an overseas sales ratio over 30%



- Phase I
- Phase II (April 2012 , Begin formulating strategies)
- Phase III (April 2014, Begin formulating strategies)

Key success factors

Costs



Partners



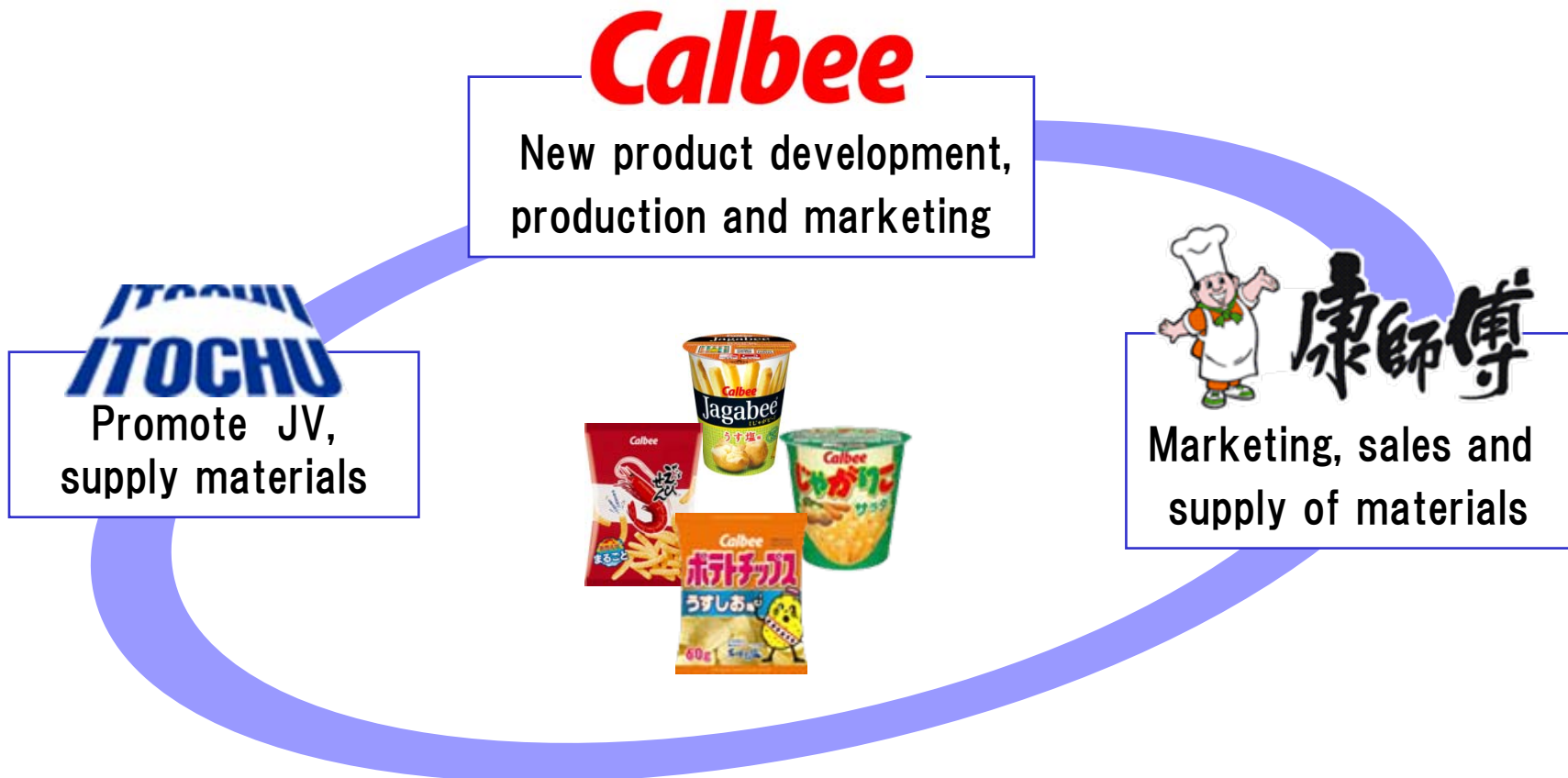
Localization



Business development in China

Establish JV company with Master Kong Instant Foods and Itochu in July 2012

Targeting net sales of 50 billion yen and an operating margin of over 10% by March 2018








Start preparing for the sales of Jagabee from April 2013

- Begin construction of *Jagabee* plant
US\$26 million capital expenditure

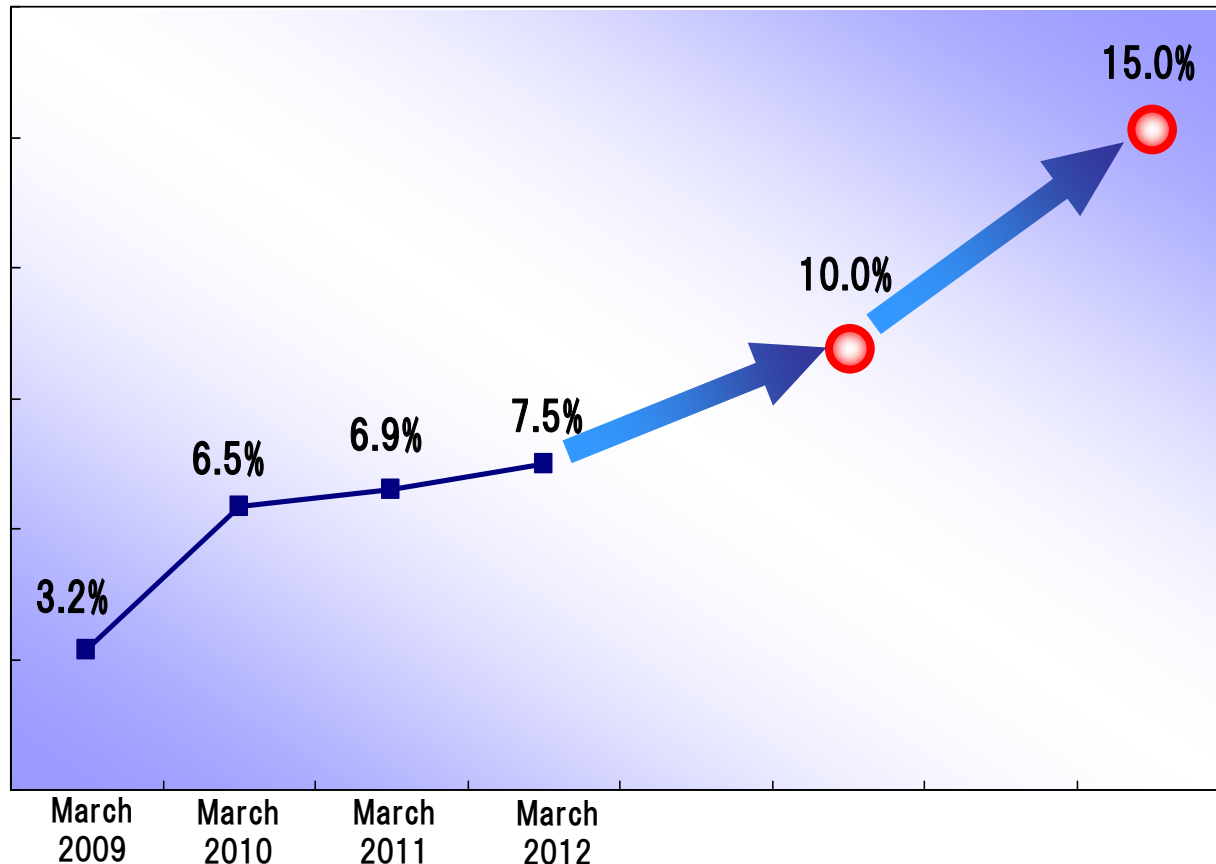
- Confirm sales strategy
Partners
Product design



Business development in Asia

	<p>Hong Kong</p>	<p>Established JV company with Four Seas in 1994 No. 1 market share in Hong Kong Achieved further growth</p> 
	<p>Thailand</p>	<p>Entered in 1980 Increased investment in 2010 Strengthened business development through Calbee's leadership</p> 
	<p>South Korea</p>	<p>Established JV company with HAITAI Confectionary & Foods in July 2011 Launched sales of <i>Jagabee</i>, January 2012 Aiming to expanded sales</p> 
	<p>Taiwan</p>	<p>Established alliance with Lian Hwa Foods in 2002 Ended contract in June 2011 Aiming to redevelop business</p>

By pursuing cost reductions throughout the Group,
we will hone our competitive edge in the global market and establish
a solid business foundation resistant to changes in the operating environment.



Review of fiscal year ended March 2012

Management Policy for fiscal year ending March 2013

Shuji Ito
President & COO

Outcomes

■ Expanded domestic market share

- Grew Potato Chips market share: (prior period) 62.5% → (current) 63.2%
→ Grew confectionary market share: 48.9% (up 0.4% percentage points Y-on-Y)

■ Cost reductions

- COGS (target) 58.7% → (actual) 57.7%

Source: Intage SRI; nationwide retail sales Prior period: 2010/4~2011/3 Current period: 2011/4~2012/3
Confectionary market share: Total of Calbee and Japan Frito-Lay

Initiatives going forward

- Further expand domestic market share
- Expand overseas business
- Grow sales of new products, Vegips, etc.
- Achieve further cost reductions

FY2012: Financial highlights

	FY 2011	FY 2012	Change In %	Comparison with plan
	Million Yen	Million Yen	%	%
Net Sales	155,529	163,268	+ 5.0	102.0
Gross Profit	65,047	69,081	+ 6.2	104.5
SG&A	54,329	56,833	+ 4.6	103.1
Selling	20,180	21,590	+7.0	106.7
Distribution	11,372	12,171	+7.0	103.1
Labor	14,536	15,183	+4.5	100.8
Others	8,240	7,888	△4.3	98.6
Operating income	10,717	12,247	+14.3	111.3
Ordinary income	10,570	12,486	+18.1	117.8
Extraordinary income /loss	△2,238	448	—	754.3
Net Profit	4,253	7,096	+66.8	118.3

Renewed records for sales and income

Net sales

Driven by potato-based snacks, new products (*Vegips*) and overseas sales

Gross profit

Improved profit ratio by 0.5% from effects of cost reductions

SG&A

Active investment in selling expenses aiming to expand market share

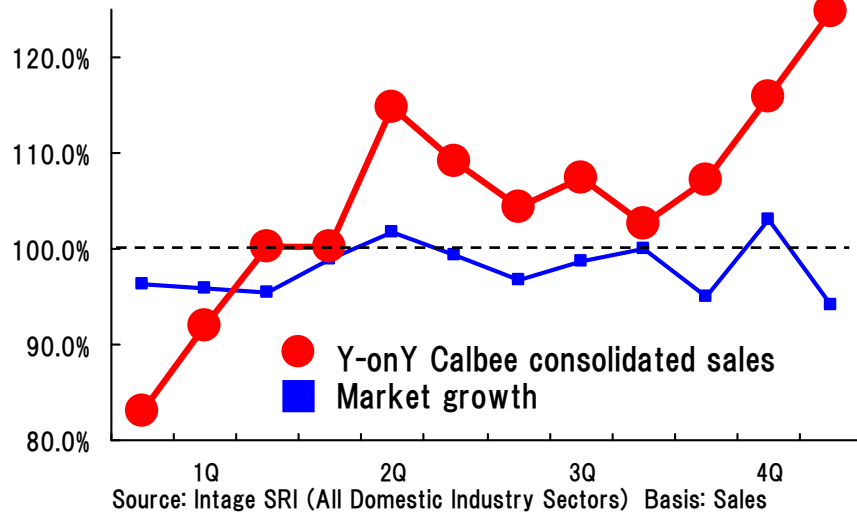
Other expenses reduced through cost reductions

Extraordinary income (loss)

Loss of disaster of 2,162 million yen recorded in previous term

FY2012: Factors increasing sales

Y-on-Y change in consolidated sales



Items of increasing sales

Million yen

Sales	+	7,739
Jagarico	+	1,556
Potato-based snacks	+	1,599
Flour, Corn based Snacks	+	990
New products (<i>Vegips</i> , etc.)	+	1,175
Overseas	+	2,081
Bread/Cereals	+	1,174
Others	+	717

Potato-based snacks

Jagarico

Big hit with limited-period product
Salted cod roe & Butter flavor



Flour-based snacks

Sales growth through product renewals and newly developed flavors



New products

Strong sales of *Vegips*
→ Expanded regional sales



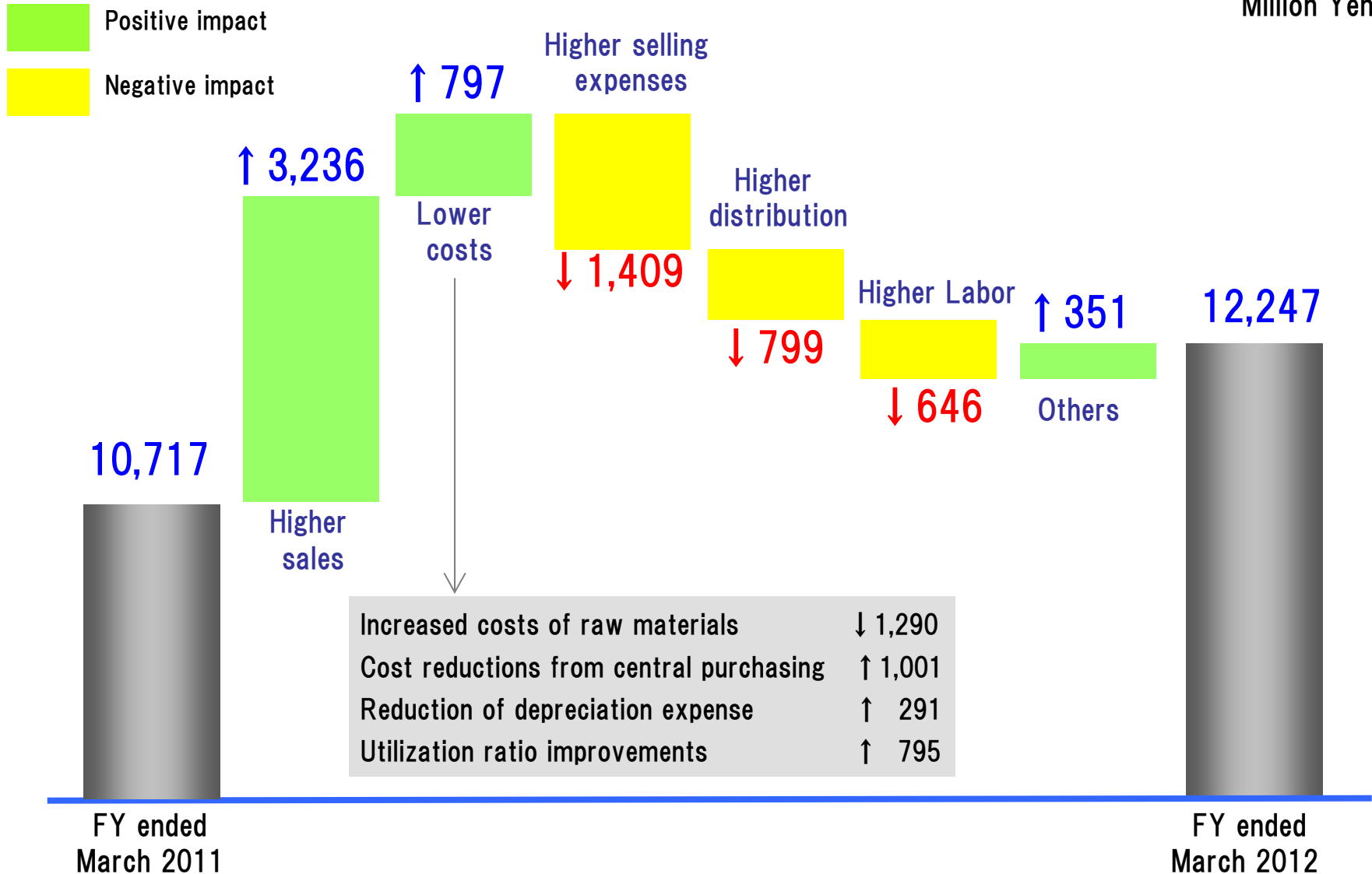
Overseas

Strong sales in South Korea, North America and Thailand

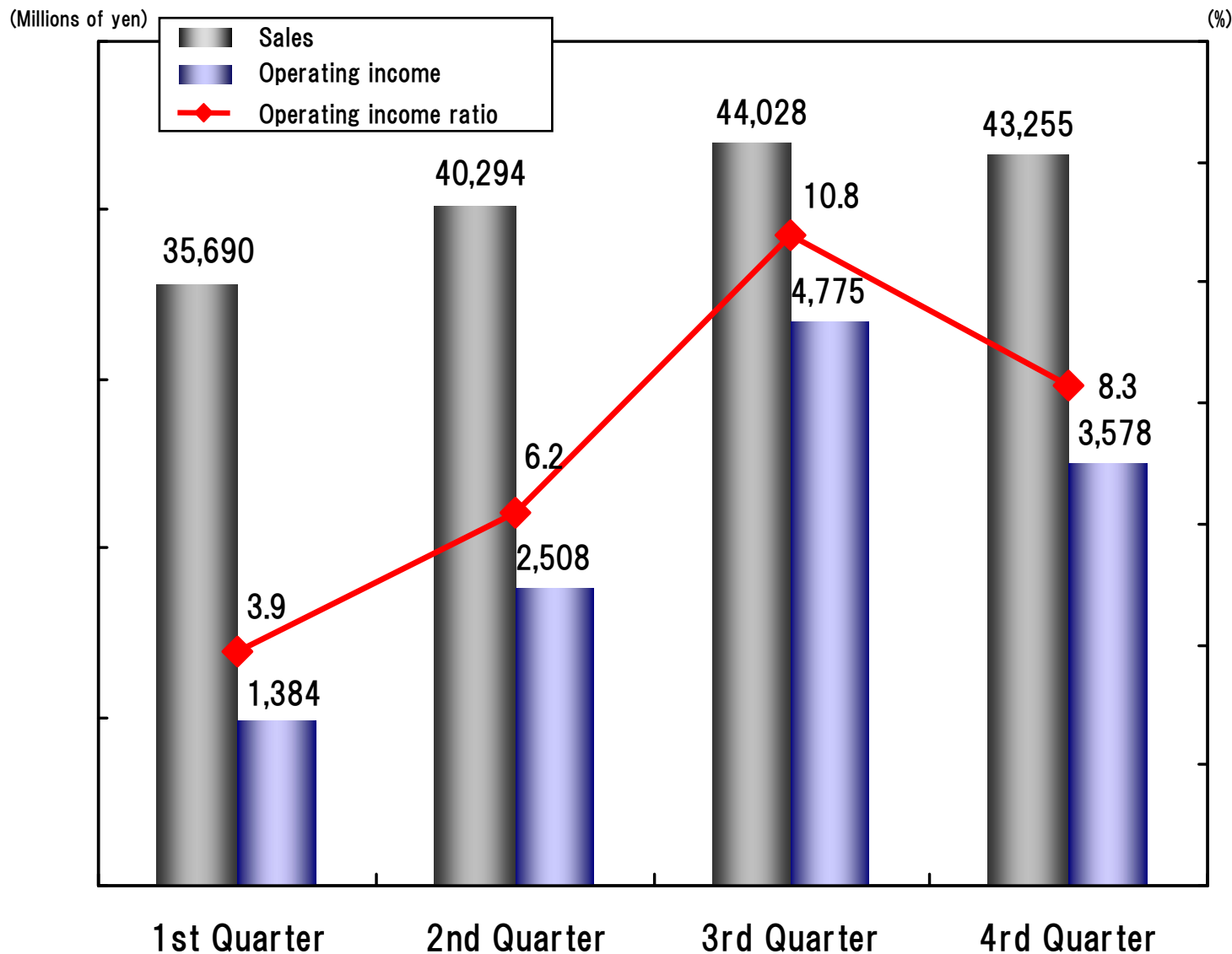


FY2012: Factors increasing operating income

Million Yen



Quarterly results for the year ended March 2012



FY2013: Full year forecasts

	FY2012 results	FY2013 forecasts	Change In %
	Million yen	Million yen	%
Net sales	163,268	170,000	+ 4.1
Gross profit	69,081	72,800	+ 5.4
SG&A	56,833	59,200	+ 4.2
Selling	21,590	22,480	+4.1
Distribution	12,171	12,620	+3.7
Labor	15,183	16,000	+5.4
Others	7,888	8,100	+2.7
Operating income	12,247	13,600	+11.0
Ordinary income	12,486	13,600	+ 8.9
Extraordinary income/loss	448	-200	—
Net profit	7,096	7,500	+ 5.7

Target an 8% operating margin

Net sales

Strengthen overseas business,
potato-based snacks and new products
(Vegips)

Gross profit

Expect increase in price of raw materials
food oils, etc.

Anticipate 0.5% rise in gross margin
due to benefits of cost reduction

SG&A

Forecast net sales to SG&A ratio to be
broadly in line with FY2012

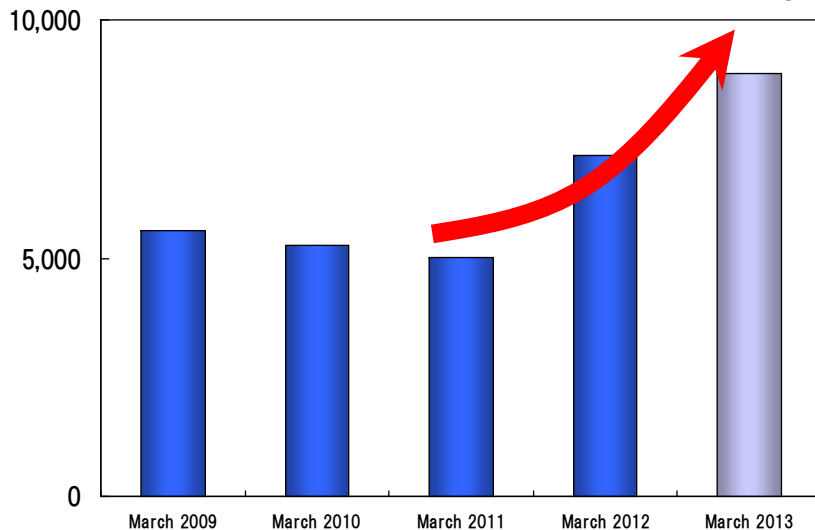
Focus on efficiencies and benefits of
selling expenses

Expected Factors of Increased Sales in the Year Ending March 2013

■ Factors increasing sales Million yen

Sales	+	6,732
Potato chips	+	1,887
Jagabee	+	1,593
Potato-based snacks	+	2,435
New Product (Vegips , etc)	+	2,097
Overseas	+	1,716
Others	+	484

■ Trends in overseas sales Million yen



■ Potato-based snacks

Potato chips

- Strengthen product line up of *Kata-age*
- Launched Salt and sweet chips nationwide



Jagabee

- Grew sales of Butter Shouyu flavor
- Launched new flavors and packages

■ New products

Increase production of *Vegips* aiming for nationwide development by autumn



■ Overseas

Strengthen South Korea, US sales



Further new products development

Continue to provide new products ▶▶ Launch 3 products annually

Cultivate strong brands ▶▶ 20 items that generate over 5.0 billion yen annually
*7 items for FY ended March 2012

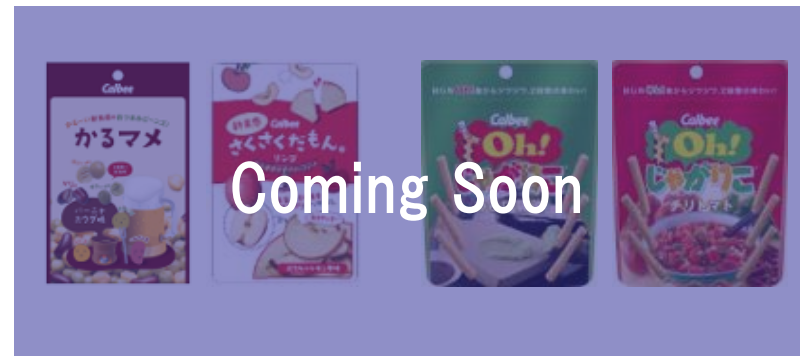
New products for FY ended Mar 2012



New products for FY ended Mar 2012

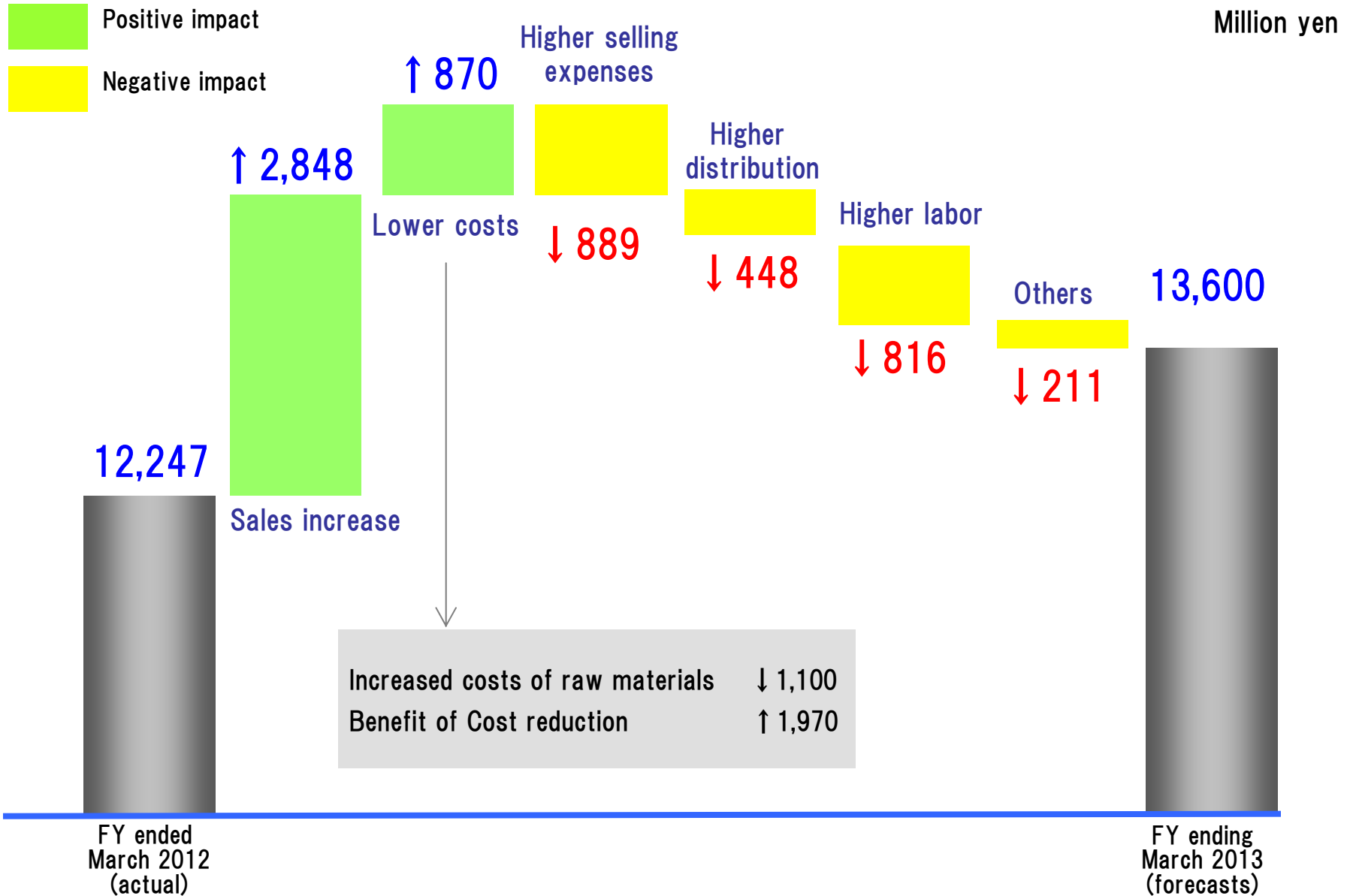
New process

New product
area



Coming Soon

FY2013: Factors increasing operating income



Reference material



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

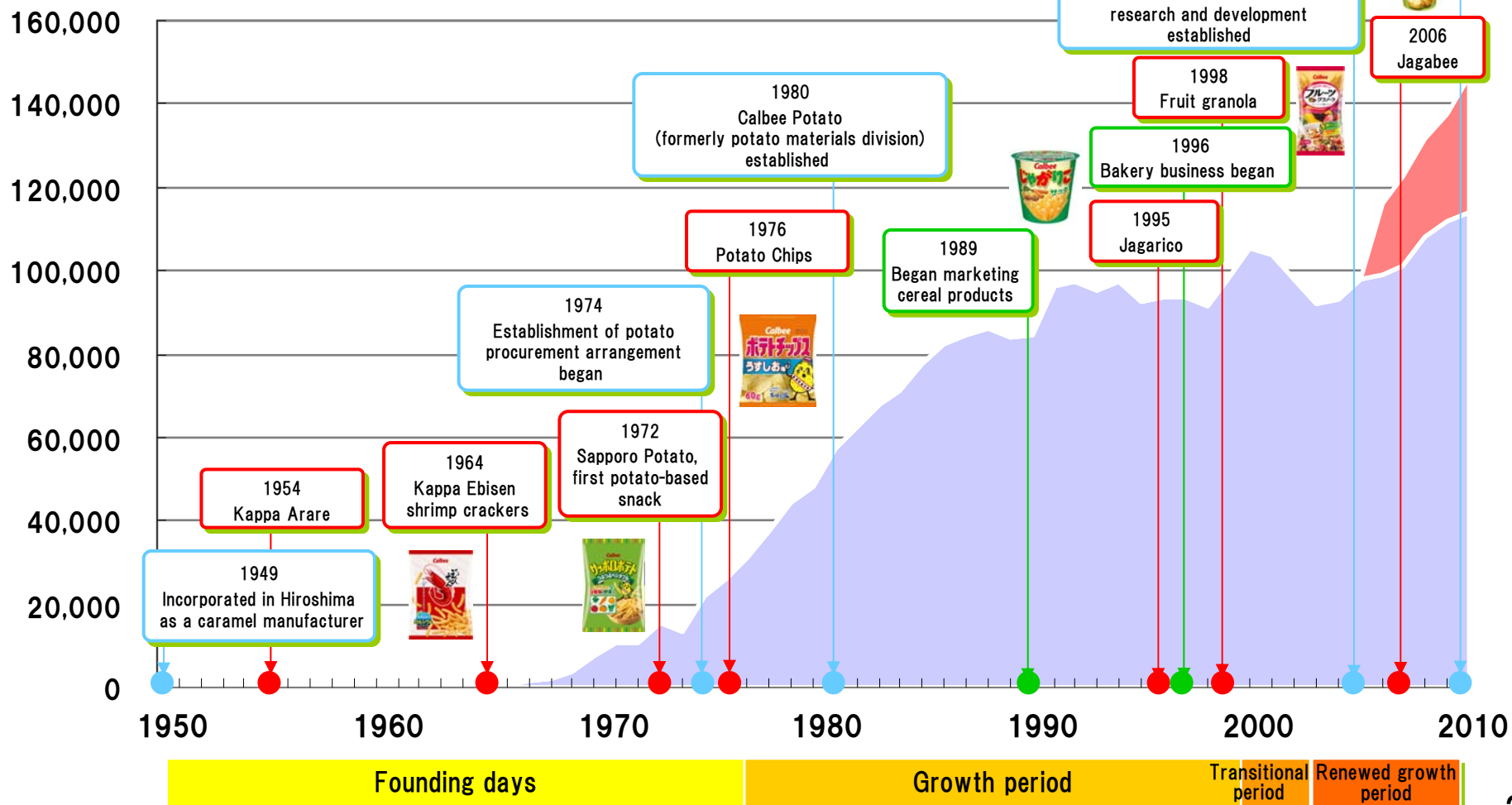
**We must become a company to be
respected, admired and loved firstly
by customers, suppliers and distributors,
secondly by our employees
and their families,
thirdly by communities,
and finally by stockholders.**

History of Growth

History and sales

(consolidated numbers from FY2005)

(Yen in millions)



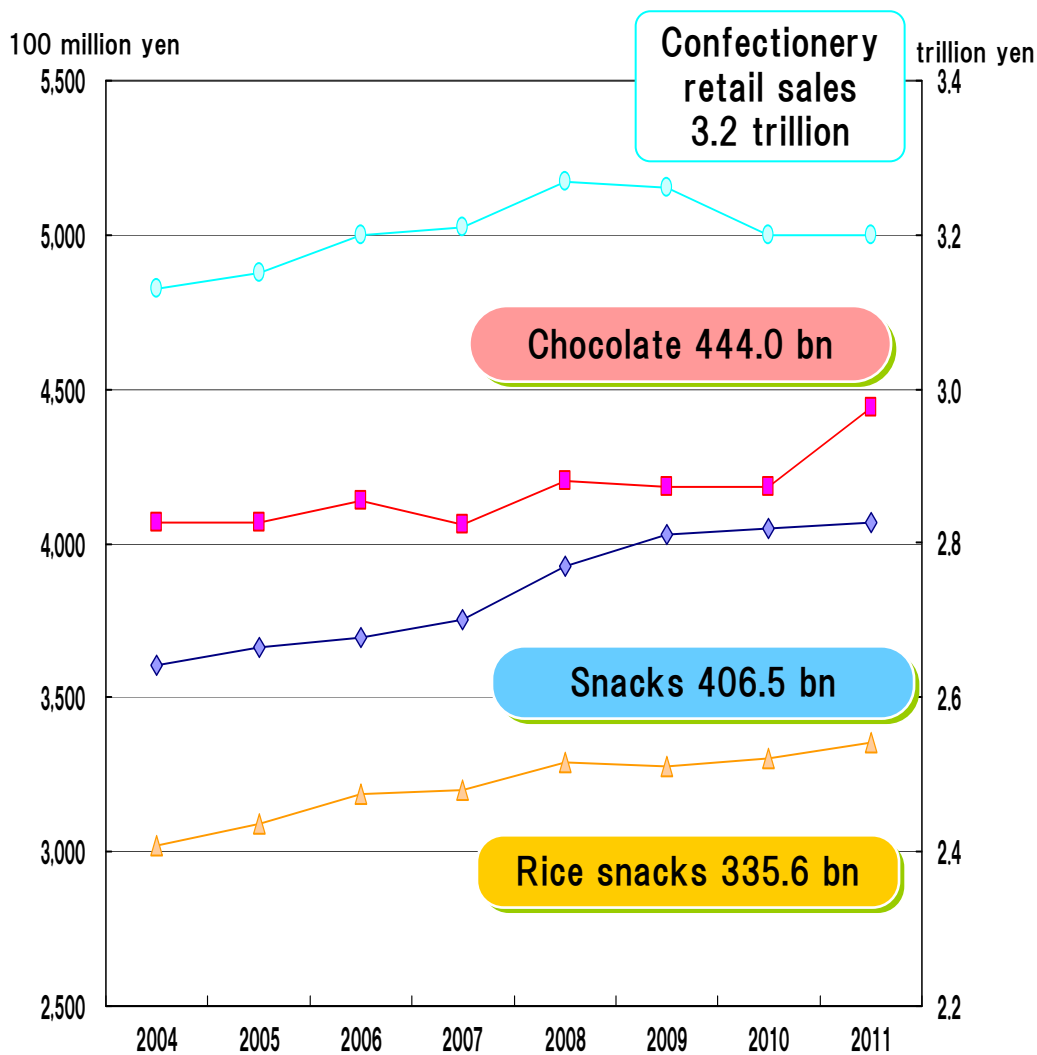
Sales by product

(Million of yen)

	Fiscal year to March 31,2011		Fiscal year to March 31,2012		
	Amount	Composition	Amount	Composition	Change in %
Potato-based snacks	94,155	60.5%	95,755	58.6%	+1.7%
<i>Potato chips</i>	58,983	37.9%	58,750	36.0%	- 0.4%
<i>Jagarico</i>	24,758	15.9%	26,314	16.1%	+6.3%
<i>Jagabee</i>	8,055	5.2%	8,394	5.1%	+4.2%
Flour-based snacks	19,592	12.6%	20,092	12.3%	+2.5%
Corn-based snacks	12,771	8.2%	13,262	8.1%	+3.8%
<i>Vegips</i> , other new snacks	1,110	0.7%	2,285	1.4%	+105.9%
Overseas	5,074	3.3%	7,155	4.4%	+41.0%
Other	2,453	1.6%	2,697	1.7%	+9.9%
Snacks	135,157	86.9%	141,248	86.5%	+4.5%
Bread	13,015	8.4%	13,375	8.2%	+2.8%
Cereals	5,333	3.4%	6,147	3.8%	+15.3%
Other foods	18,349	11.8%	19,523	12.0%	+6.4%
Service	2,022	1.3%	2,495	1.5%	+23.4%
Total Sales	155,529	100.0%	163,268	100.0%	+5.0%

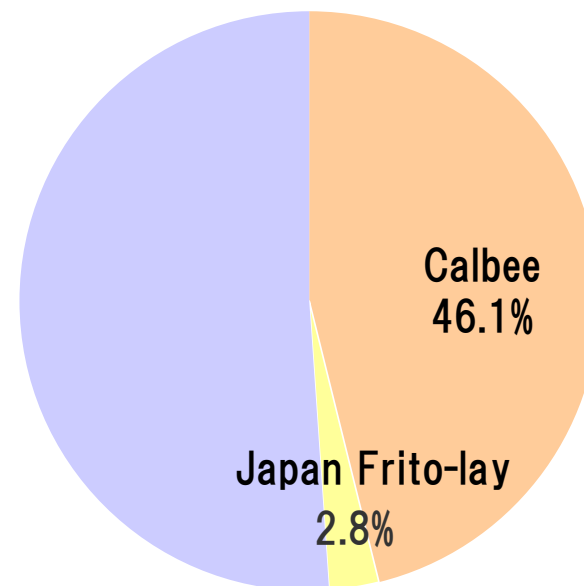
Snack foods market : Domestic

Domestic confectionery market



Source: All Nippon Kashi Association

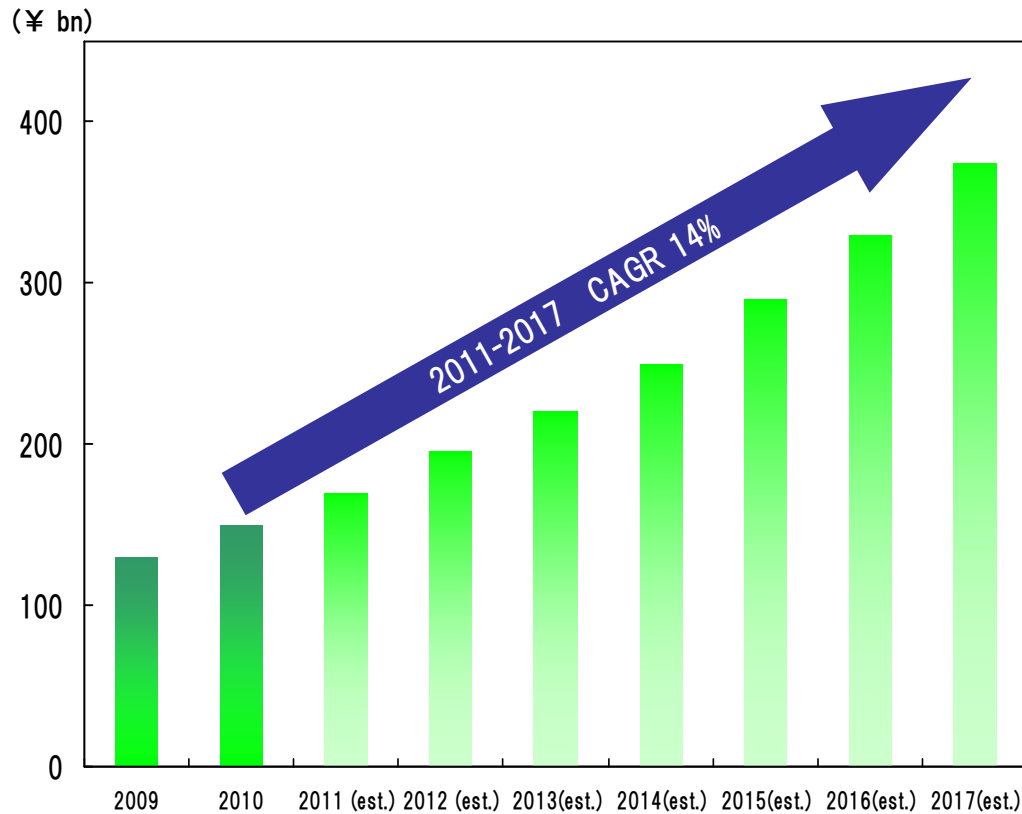
Share of domestic Snack foods market



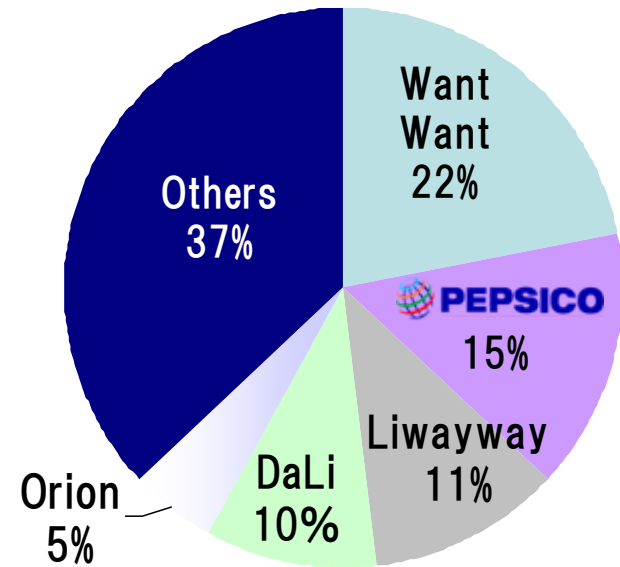
Source: Intage SRI (nationwide retail sales)
Basis: Sales April 2011 to March 2012

Snack foods market : China

Scale and trends in the snack foods market in China



Market share



*Source for market scale and market share: Nielsen

Establishing JV in China with Master Kong Instant Foods Investment and Itochu

Name	Calbee (Tianjin) Foods Co., Ltd.		
Capital	US \$20 million		
Ownership ratio	CALBEE, Inc.		51%
	Master Kong Instant Foods Investment (China) Co., Ltd.		45%
	* A 100% owned subsidiary of Master Kong Bakery (BVI) Co., Ltd.		
	Itochu Corporation		4%
Location	China, Tianjin City		
Representative Director	Akira Matsumoto		
Date established	July, 2012 (planned)		
Start of business	December, 2012 (planned)		
Products	Flour-based snacks, potato chips, Jagarico, Jagabee *Planned as dual brands with Master Kong Instant Foods Investment		
Capital investment	4.4 billion yen		
Future plans	Aiming to expand in Huadong, Hainan and Huashi sequentially		