

Calbee

Harvest the Power of Nature.



Calbee Group Financial Results

First half of fiscal year ending March 31, 2013
April 1, 2012 — September 30, 2012

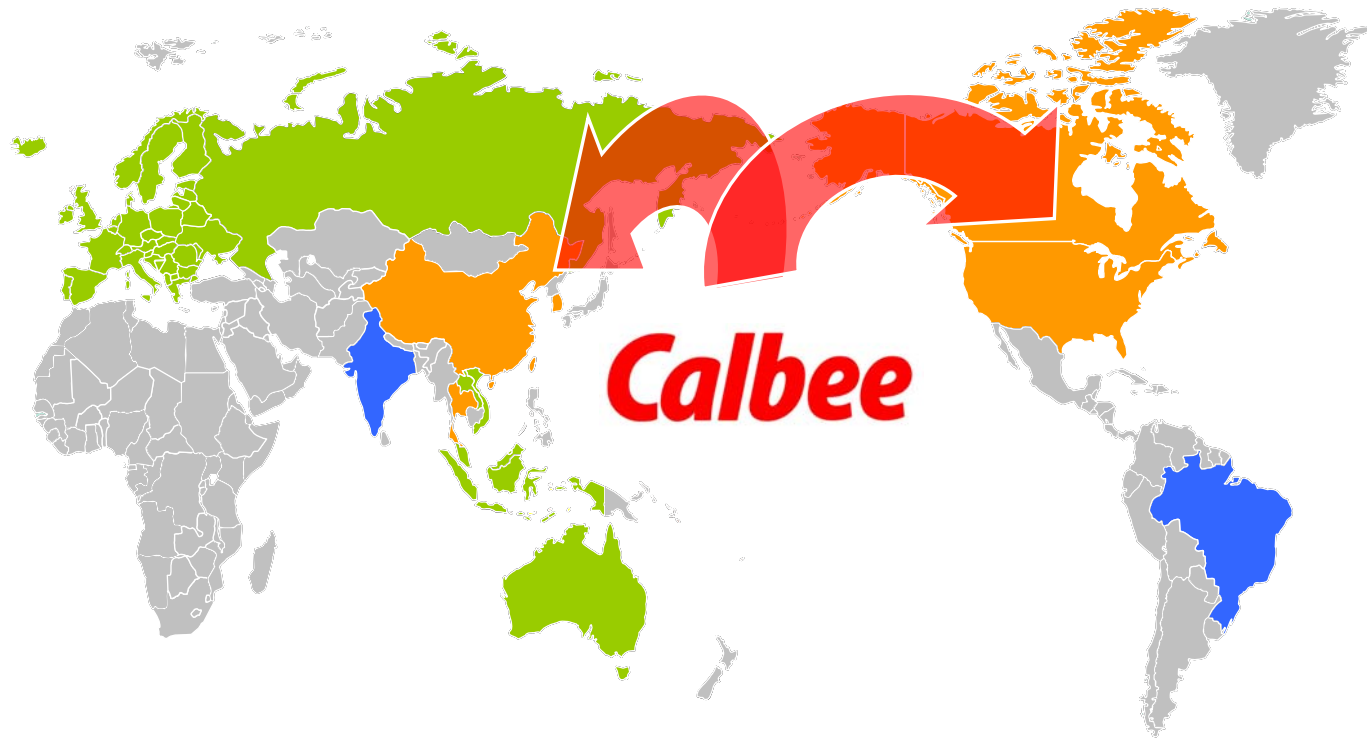
Calbee Group growth strategy

Akira Matsumoto
Chairman of the Board & CEO

- 
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

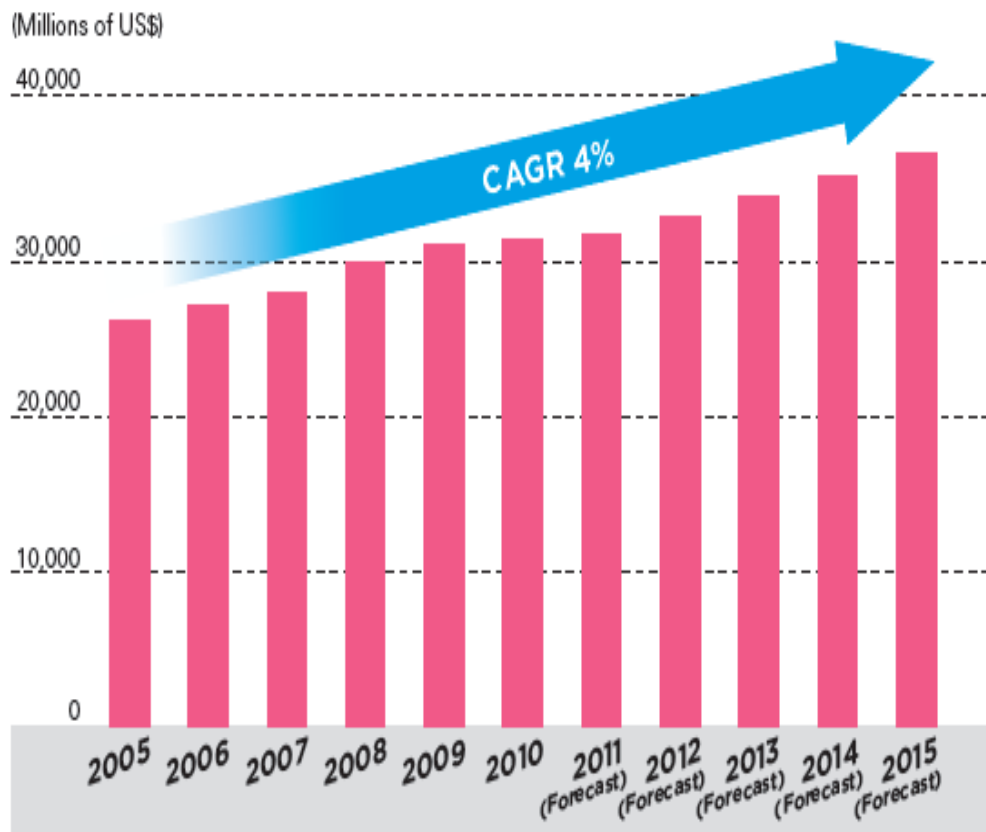
Aiming to be a global company with an overseas sales ratio over 30%



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

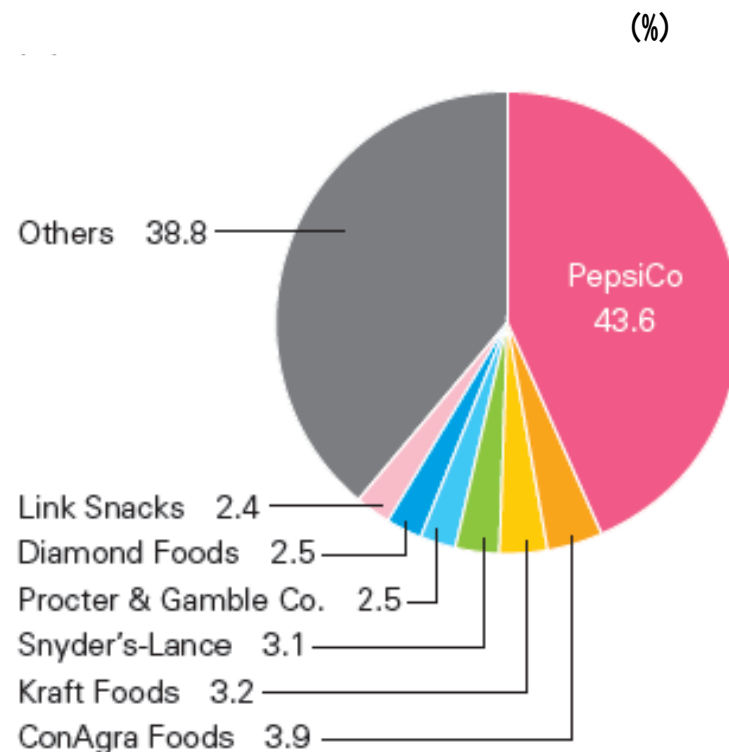
North American Snack Market

North American snack market growth



Source: Euromonitor Sweet and Savoury Snacks

Market share



Granted exclusive distribution rights
for *Jagabee* in North America to PepsiCo

Calbee
North America

New product development,
production and marketing



Marketing and
sales

Capital expenditure *Jagabee* fryer plant

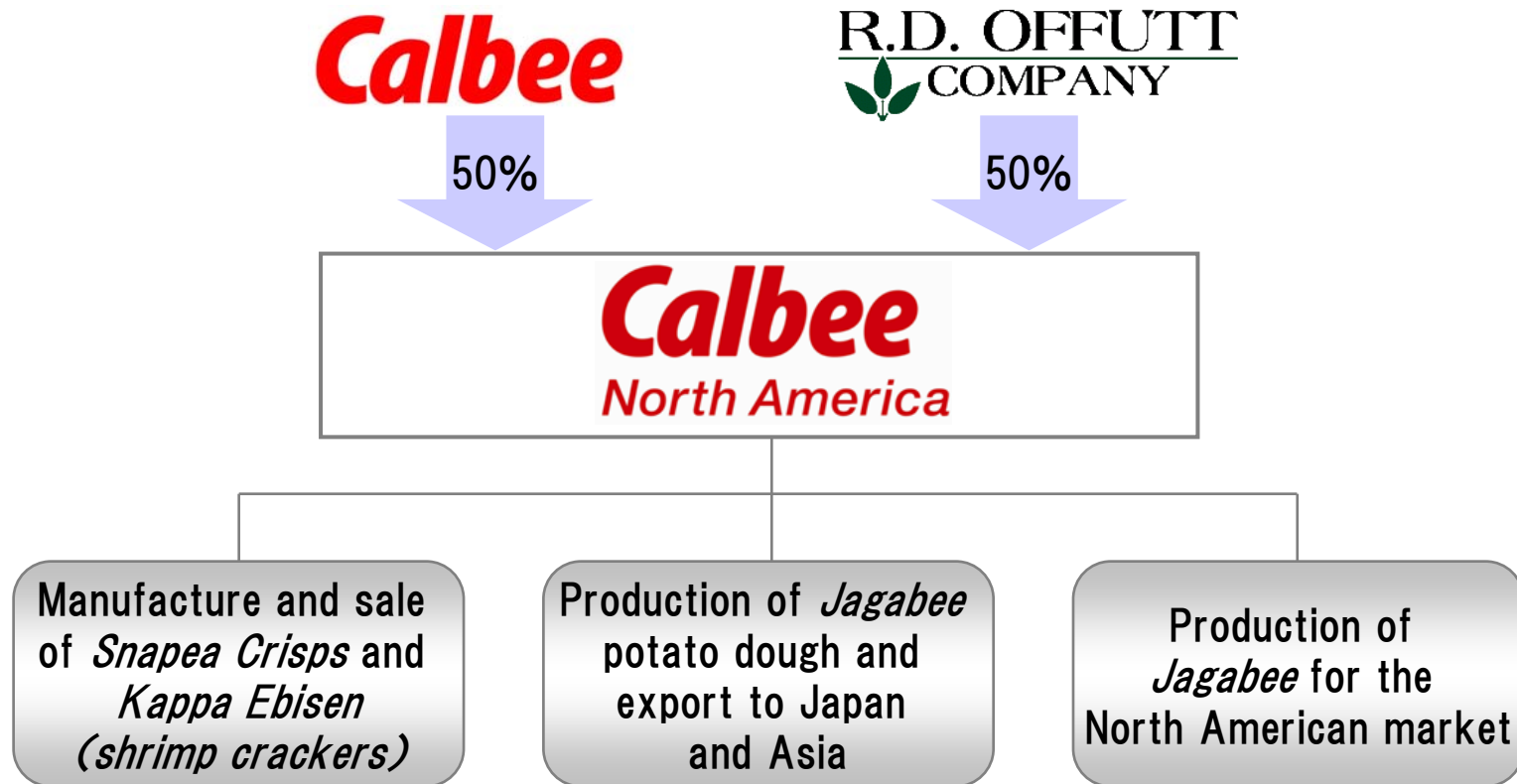
Investment : US \$26 million

Production capacity : US \$24 million*, 60 million package / year

*Based on Calbee shipments

- ▶ Plans to expand from 1 to 3 lines based on sales trends
- Necessary capex for additional lines: US \$10 million per line

New organizational structure for North America

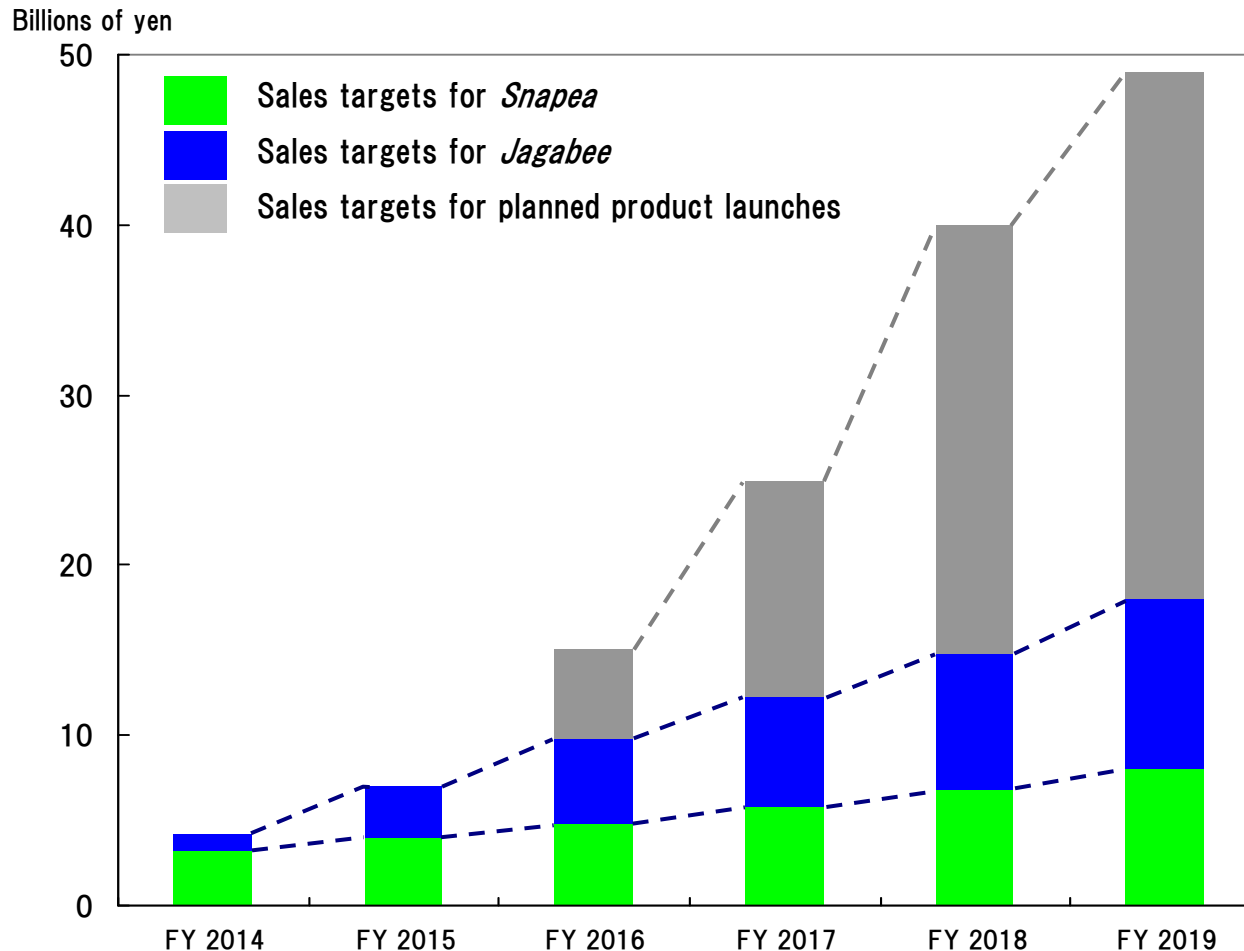


R.D.Offutt COMPANY

- Group sales: US \$1.7 billion
Sales estimate based on the sum of RDO main subsidiaries and affiliate company sales. There are 65 affiliate companies
- Broad business development
Farm management; Dairy operations; Potato processing plant operations (frozen potato products, raw potato/potato flakes); John Deere farm machinery sales; etc.
- Total assets: US \$1,200 million, Shareholder equity: US \$462 million

Sales and profitability targets

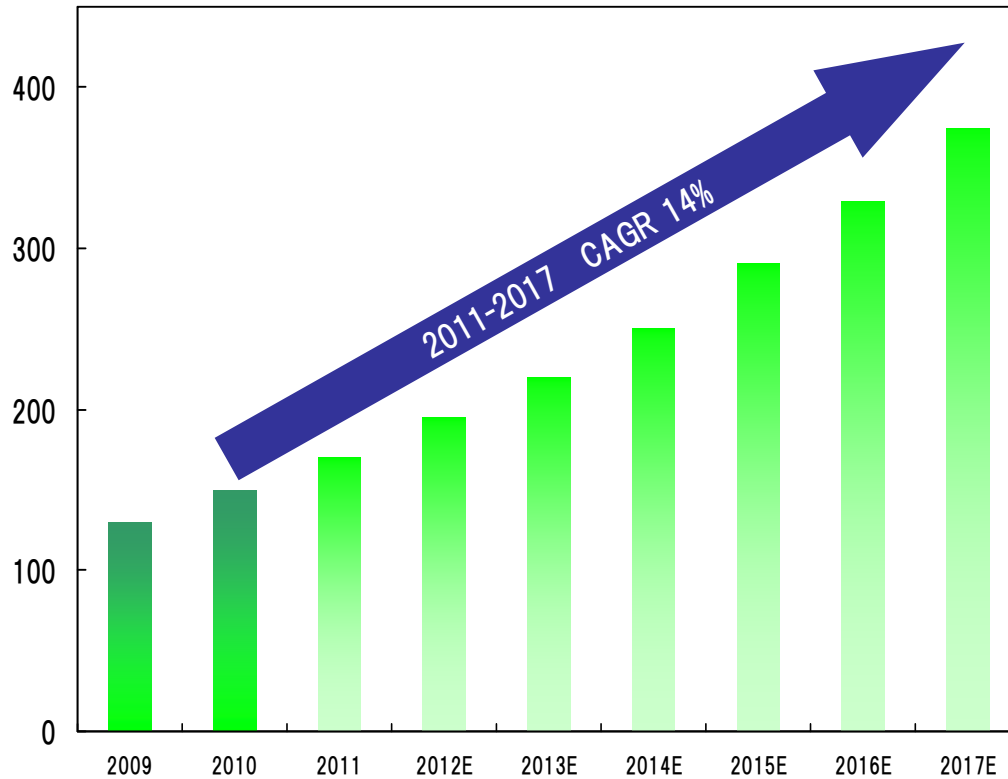
Estimating FY 2014 operating margin of over 10%
Targeting FY 2019 operating margin of over 20%



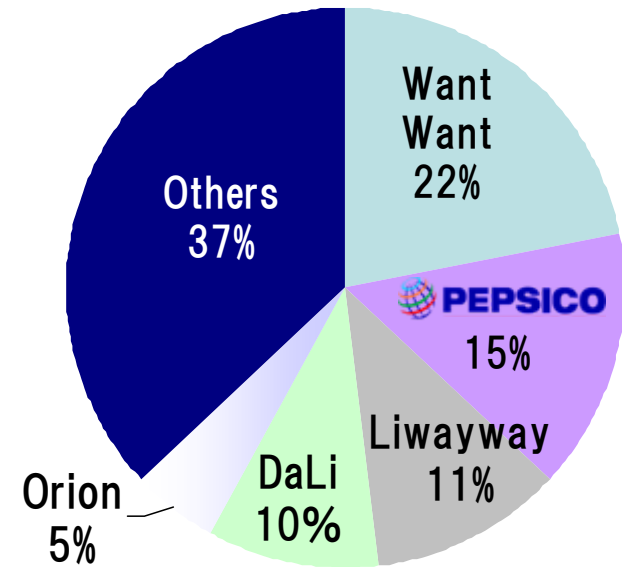
Chinese snack market

Chinese snack market growth

(Billions of yen)



Market share



*Source for market scale and market share data: Nielsen

Business development in China

Establish JV company with Master Kong Instant Foods and Itochu in August 2012
To begin operations April 2013

Calbee

Ownership ratio 51%

New product development,
production and marketing

ITOCHU

Ownership ratio 4%

Promote JV,
supply materials



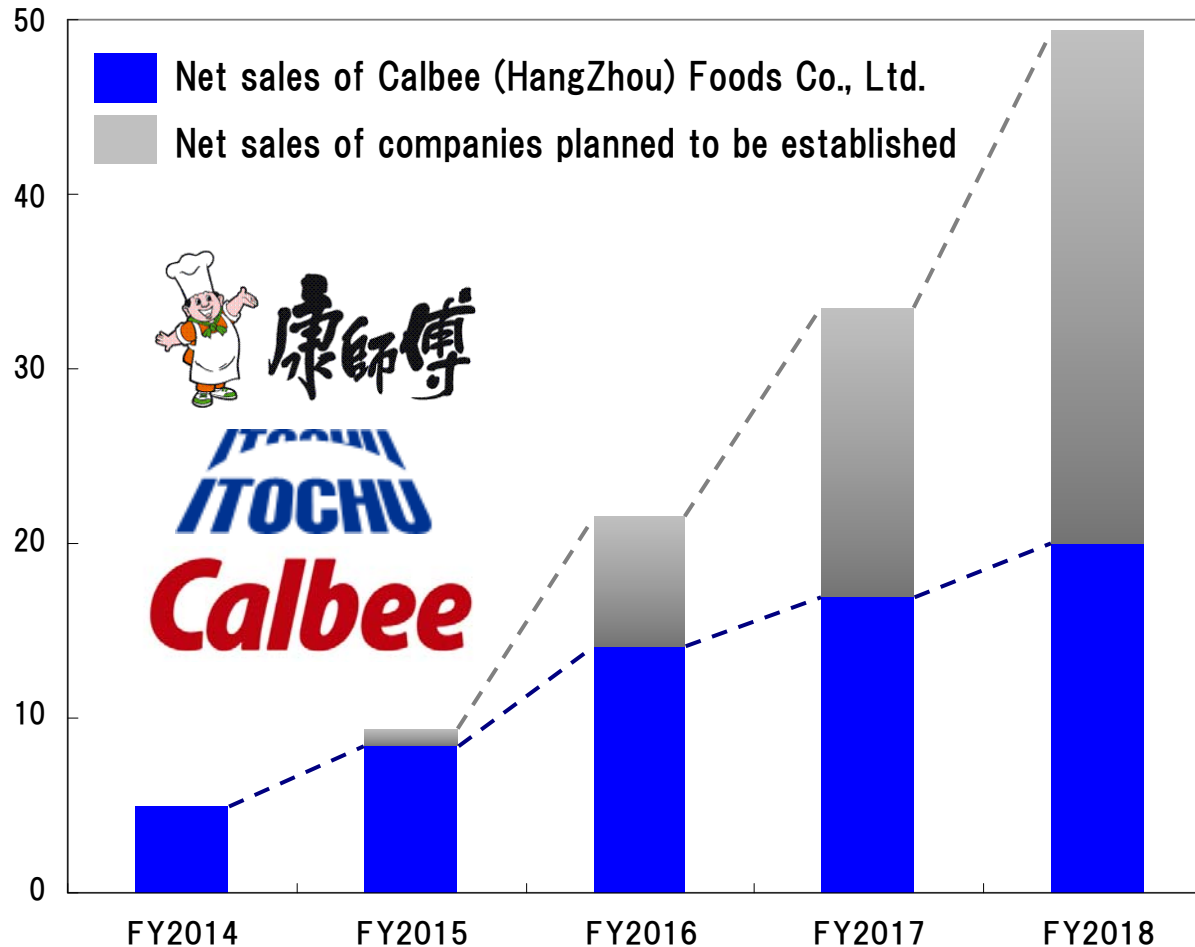
Ownership ratio 45%

Marketing, sales and
supply of materials

Future development in China

Aiming to expand in North, South and Central China sequentially
Targeting FY 2018 operating margin of over 10%

(Billions of yen)



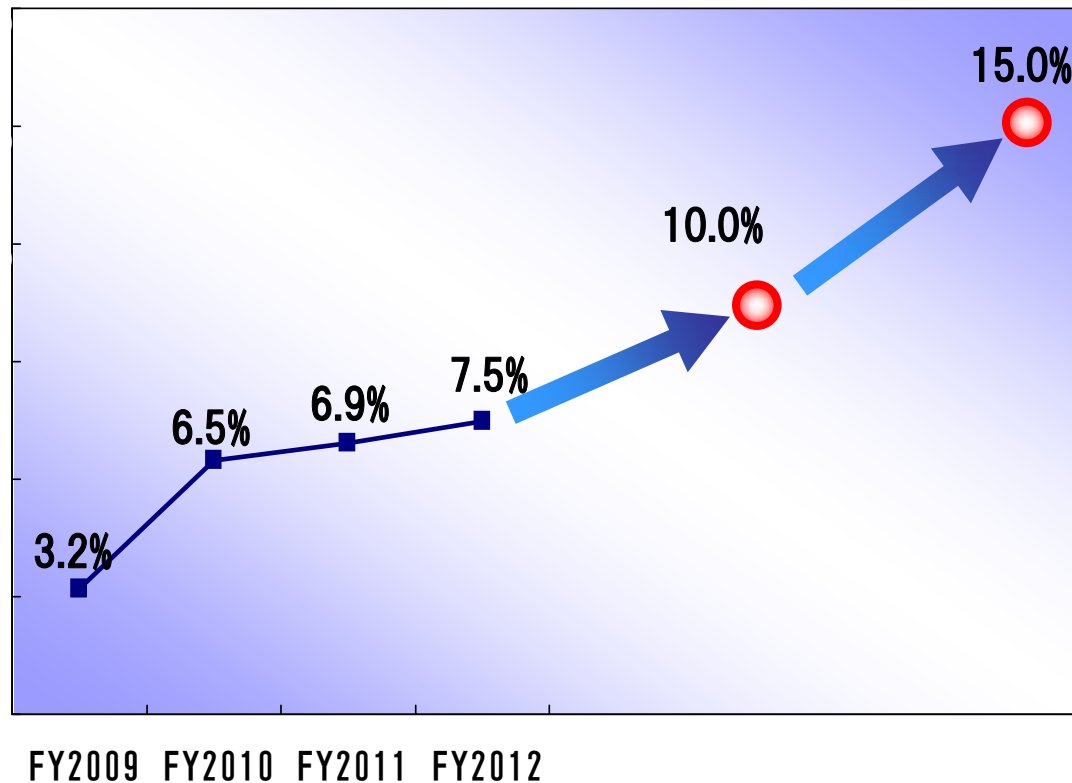
Overseas businesses: First half of FY2013

	<p>North America Established subsidiary March 1970 New organization from June 2012</p>	<p>Sales: 1,009 million yen (+25.7%) Continued strong sales of <i>Snapea Crisps</i></p> 
	<p>Hong Kong Established JV company with Four Seas February 1994</p>	<p>Sales: 939 million yen (+14.1%) Strong sales of core products such as <i>Jagabee</i></p> 
	<p>Thailand Established JV company with Tanawat April 1980</p>	<p>Sales: 932 million yen (+6.5%) Firm sales of core products such as <i>Jaxx</i></p> 
	<p>South Korea Established JV company with HAITAI July 2011</p>	<p>Sales: 923 million yen (+130.9%*) Sales of <i>Jagabee</i> strong since Jan. 2012 release *Sales recorded from July in previous fiscal year.</p> 
	<p>China Established JV company with Four Seas October 2002</p>	<p>Sales: 564 million yen (+35.3%) Increased sales accompanying market growth</p> 

Operating margin rising to meet global standards

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.

Operating margin: Trends and Targets



Review of First Half Results

Management policy for Second Half

Shuji Ito
President & COO

1H review; 2H management policy

Outcomes

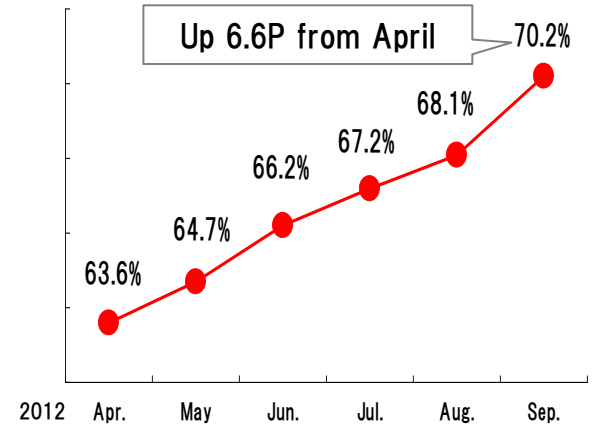
- **Grew domestic market share**
 - Potato Chips market share increased
 - Snack foods market share increased
- **Cost reductions**
 - COGS (target) 57.2% → (actual) **57.0%**

Data: Intage SRI; nationwide retail sales

Confectionary market share: Total of Calbee and Japan Frito-Lay

Potato chips market: Total of potato chips (thick- and thin-sliced), shoestring and kettle types

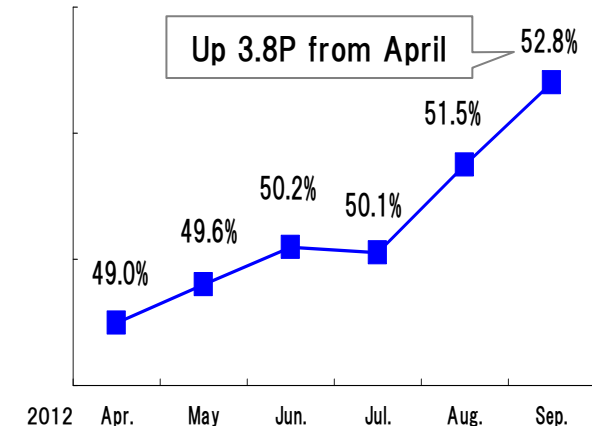
Potato chips market share



Initiatives

- Expand overseas strategy
- Further expand domestic market share
- Grow sales of *Fruit Granola* and new products (*Vegips*, etc)
- Achieve further cost reductions

Snack foods market share



FY2013 1H: Results highlights

	1H year ended 3/2012	1H year ending 3/2013	Change in %	Comparison with plan
	Million yen	Million yen	%	%
Net sales	75,985	86,075	+ 13.3	+ 0.9
Gross profit	30,909	36,997	+ 19.7	+ 1.4
SG&A	27,015	30,290	+ 12.1	+ 1.3
Selling	9,687	12,104	+25.0	+ 0.0
Distribution	5,795	5,919	+ 2.1	+ 2.1
Labor	7,515	7,783	+ 3.6	(0.2)
Other	4,016	4,482	+11.6	+ 6.7
Operating income	3,893	6,707	+ 72.3	+ 1.6
Ordinary income	3,499	6,481	+ 85.2	+ 1.3
Extraordinary income (loss)	59	(36)	—	—
Net income	1,772	3,782	+113.4	+ 3.6

Sales and profit higher than upwardly revised plans

Net sales

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

Gross profit

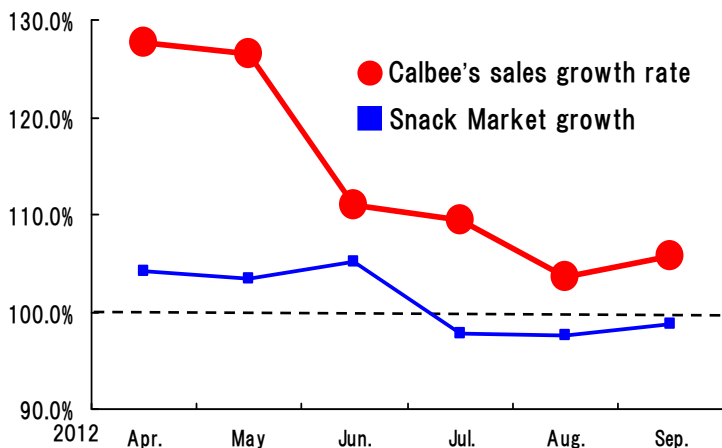
Gross margin up 2.3 percentage points from improved capacity utilization ratio and increase profitability through higher revenues

SG&A

Active investment in selling expenses aimed to expand market share

FY2013 1H: Factors increasing sales

■ Y-on-Y change in consolidated sales



Source: Intage SRI (All Domestic Industry Sectors) Basis: Sales

■ Y-on-Y comparison of sales by product Million yen

Sales	+	10,090
Potato chips	+	2,640
Jagarico	+	1,708
Potato-based snacks	+	5,495
New products (Vegips, etc.)	+	925
Overseas	+	1,050
Cereals	+	1,314
Others	+	1,303

■ Potato-based snacks

Potato Chips

Strengthened promotional activities
Revised of *Kata-Age Potato*



Jagarico

Standardization of *Salted cod roe & butter*
Contributions from limited-period products

■ New products

Expanded *Vegips'* sales area



■ Cereals

Sales of *Fruits Granola* grew by increased marketing activities and distribution

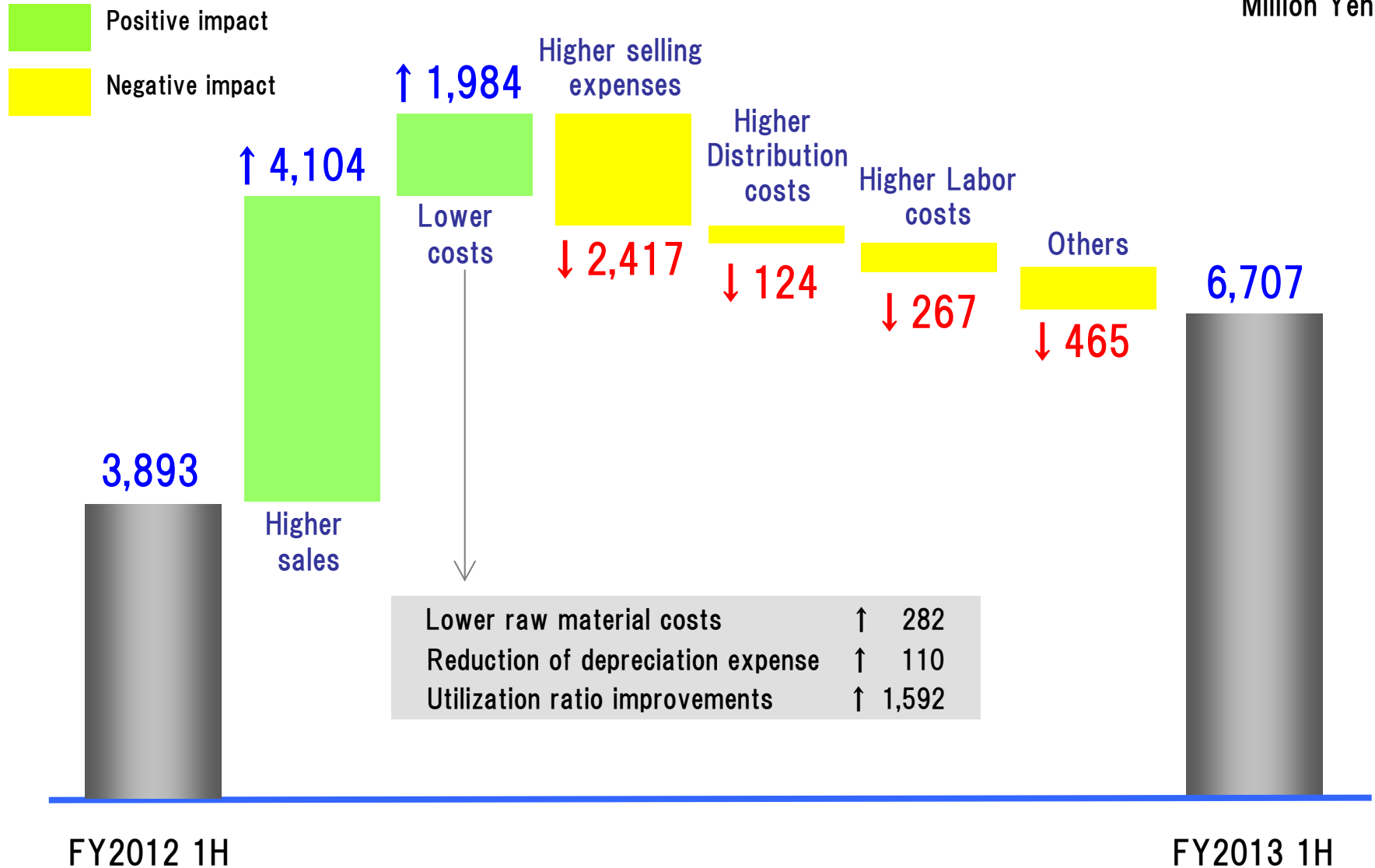
■ Overseas

Contributions from North America and South Korea markets



FY2013 1H: Factors increasing operating income

Million Yen



Revisions to FY2013 forecast

	Year ended March 2012	Year ending March 2013 (initial forecast)	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
Other	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 income	7,096	7,500	+ 5.7



	Year ending March 2013 (revised forecast)	Change in %
	Million yen	%
Net sales	173,300	+ 6.1
Gross profit	76,000	+10.0
SG&A	60,800	+ 7.0
Selling	24,600	+13.9
Distribution	12,100	(0.6)
Labor	15,600	+ 2.7
Other	8,500	+ 7.7
Operating income	15,200	+24.1
Ordinary income	14,900	+19.3
Extraordinary income (loss)	(100)	—
Net income	8,500	+19.8

FY2013 2H: forecast highlights

	2H year ended March 2012	2H year ending March 2013 (forecast)	Change in %
Net sales	Million yen 87,283	Million yen 87,224	% (0.1)
Gross profit	38,171	39,002	+ 2.2
SG&A	29,817	30,509	+ 2.3
Selling	11,902	12,495	+ 5.0
Distribution	6,375	6,180	(3.1)
Labor	7,667	7,816	+ 1.9
Other	3,871	4,017	+ 3.8
Operating income	8,354	8,492	+ 1.7
Ordinary income	8,987	8,418	(6.3)
Extraordinary income (loss)	388	(63)	—
Net income	5,324	4,717	(11.4)

Net sales

Forecast sales on same level with last year's record numbers by strengthening in-store promotions, expanding new product sales (*Vegips*, etc.) and overseas business

Gross profit

Ingredient costs expected to be lower than initial assumptions

Planning to increase capacity utilization ratio

Gross margin expected to rise 1percentage points

SG&A

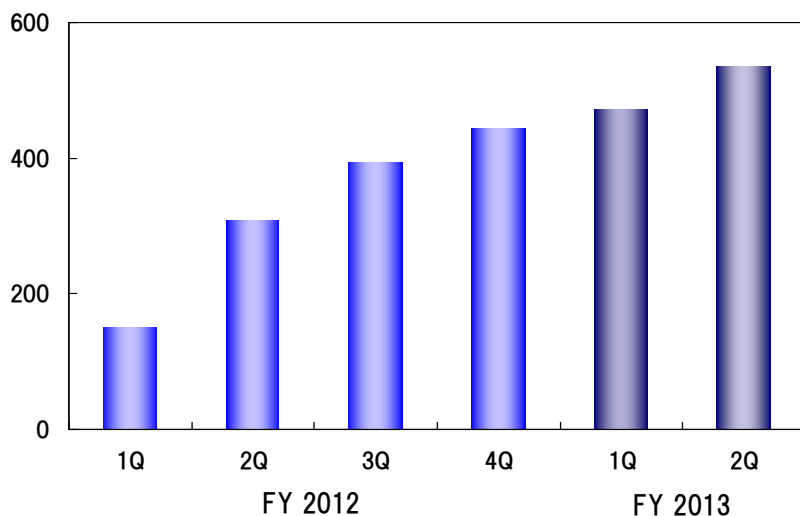
Planning to invest in selling expenses aimed to expand market share

FY2013 2H: Factors decreasing sales

■ Y-on-Y comparison of sales by product Million yen

Sales	(58)
Potato-based snacks	(1,110)
Flour-based snacks	(934)
New products (<i>Vegips</i> , etc.)	989
Overseas	547
Cereals	565
Others	(115)

■ Trends in sales of *Vegips* Million yen



■ Company-wide campaigns

Calbee SMILE Harvest Festival Campaign (Sep.-Dec.)

■ Potato-based snacks

Potato Chips Consomme Punch renewal
Promoting *Kata-Age*



■ Cereals

Continuing to promote *Fruits Granola*

■ New products

Vegips nation-wide development
Strengthen promotions, TV commercials



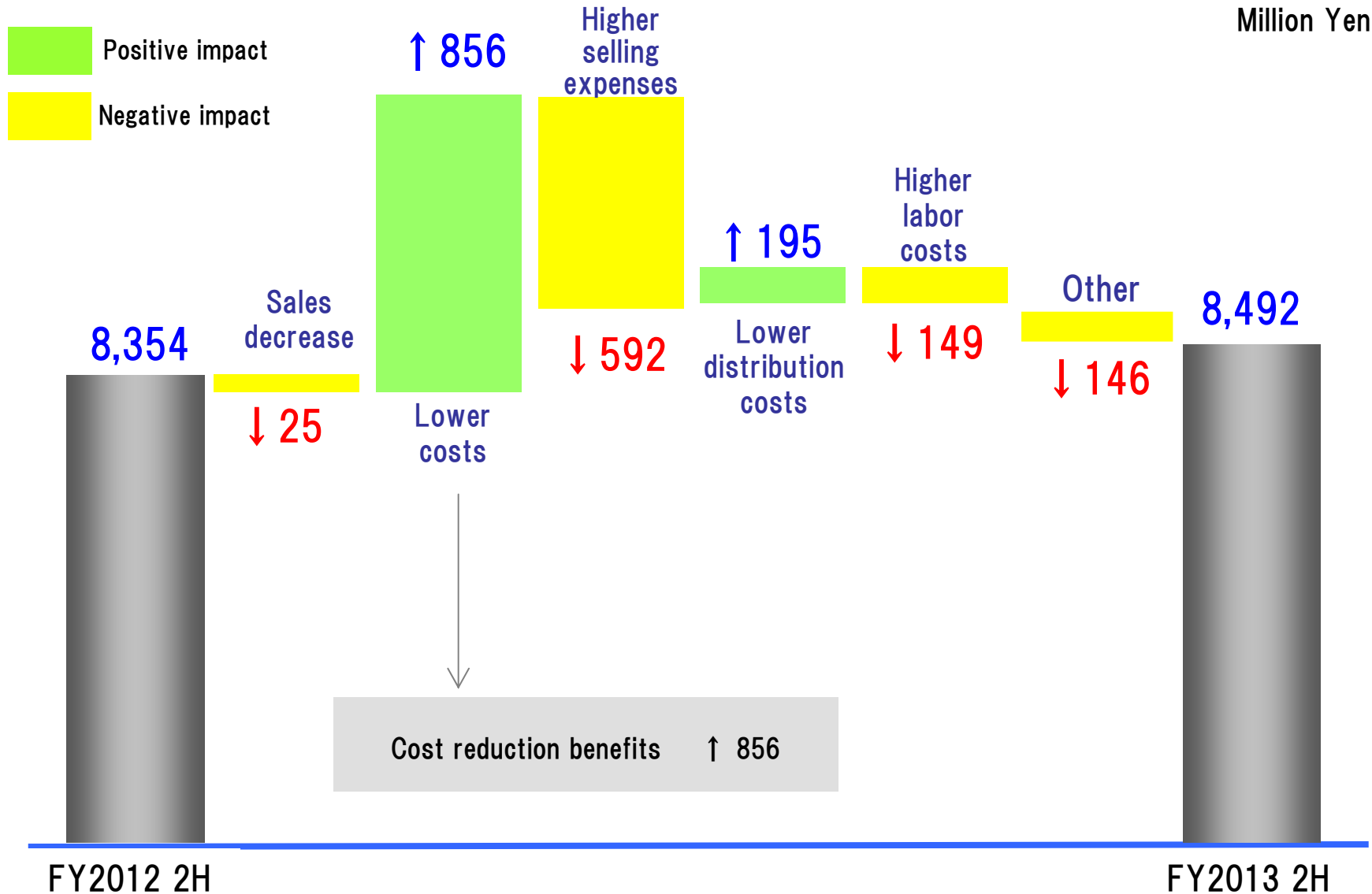
■ Overseas

Expanding North American and South Korean sales



FY2013 2H: Factors increasing operating income

Million Yen



Reference material



Harvest the Power of Nature.

Mission

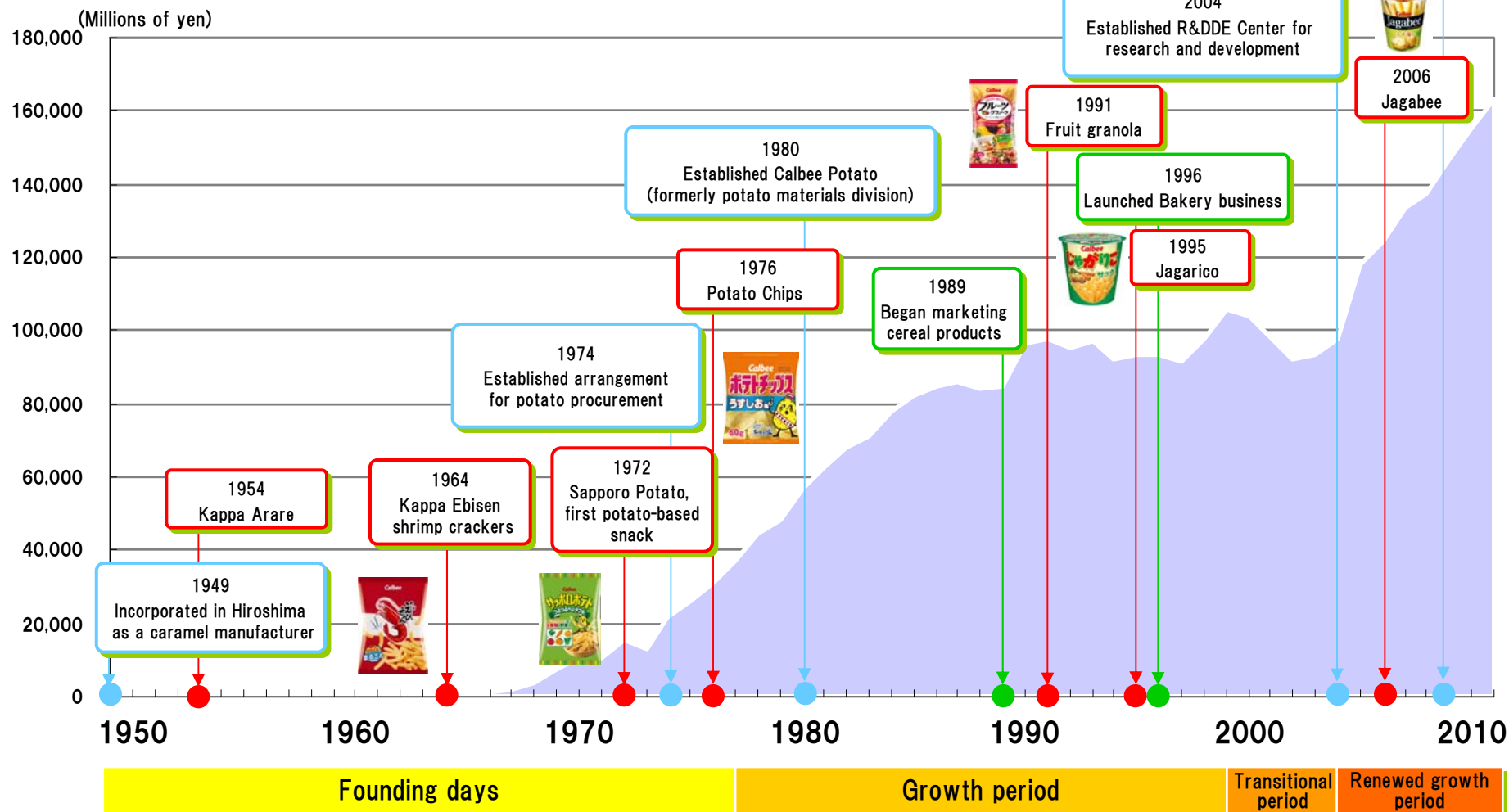
**We are committed
to harnessing nature's gifts,
to bringing taste and fun, and
to contributing to healthy
life styles.**

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) onwards



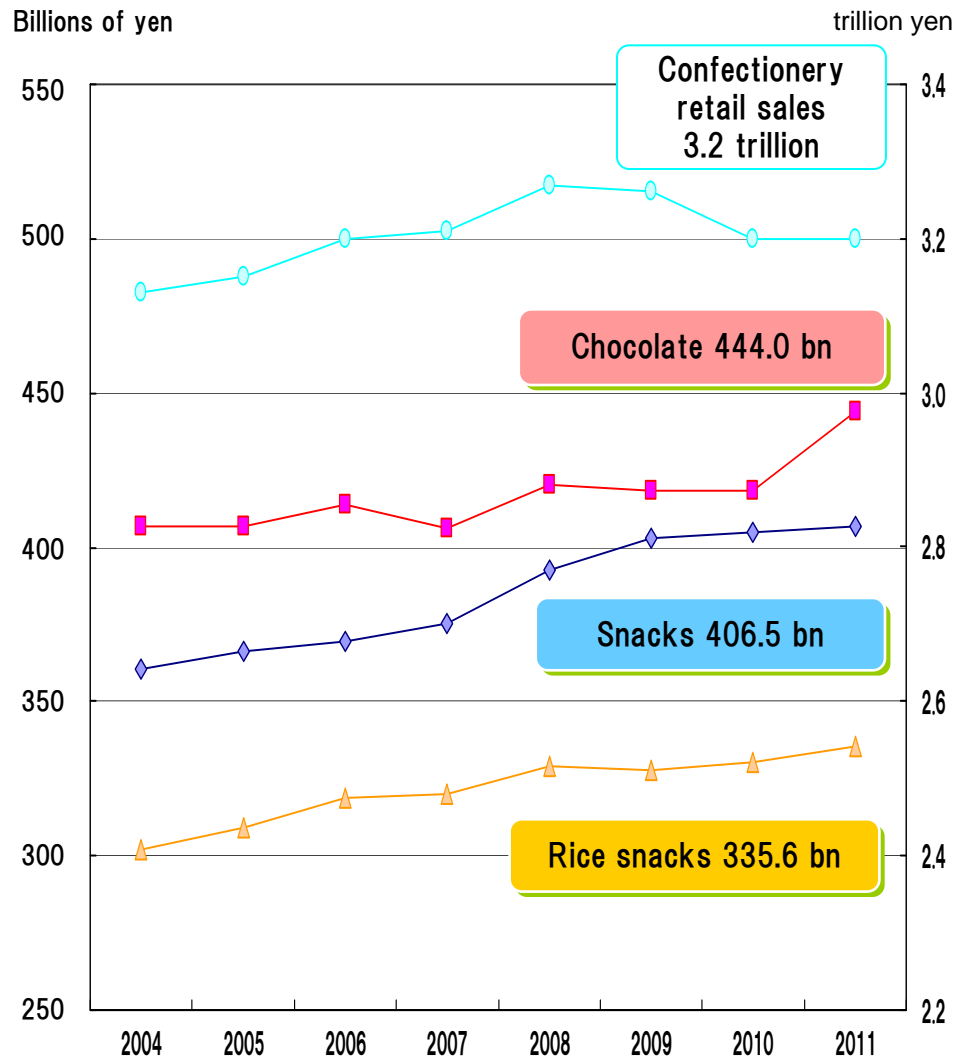
Sales by product

Millions of yen

	FY2012 1H		FY2013 1H		
	Amount	Composition	Amount	Composition	Change in %
Potato-based snacks	43,971	57.9%	49,466	57.5%	+12.5%
<i>Potato chips</i>	26,900	35.4%	29,540	34.3%	+9.8%
<i>Jagarico</i>	12,025	15.8%	13,733	16.0%	+14.2%
<i>Jagabee</i>	3,876	5.1%	4,760	5.5%	+22.8%
Flour-based snacks	8,673	11.4%	10,237	11.9%	+18.0%
Corn-based snacks	6,765	8.9%	6,543	7.6%	△ 3.3%
<i>Vegips</i> , other new snacks	889	1.2%	1,815	2.1%	+104.1%
Overseas	3,318	4.4%	4,368	5.1%	+31.7%
Other	1,339	1.8%	1,333	1.5%	△ 0.4%
Snacks	64,957	85.5%	73,765	85.7%	+13.6%
Bread	6,729	8.9%	6,644	7.7%	△ 1.3%
Cereals	3,147	4.1%	4,462	5.2%	+41.8%
Other foods	9,876	13.0%	11,106	12.9%	+12.5%
Service	1,151	1.5%	1,203	1.4%	+4.5%
Total Sales	75,985	100.0%	86,075	100.0%	+13.3%

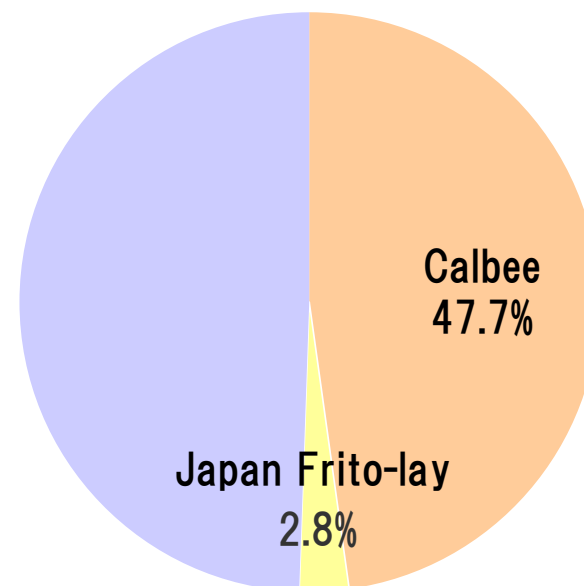
Snack foods market : Domestic

Domestic confectionery market



Source: All Nippon Kashi Association

Share of domestic Snack foods market



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