



# Calbee Group Financial Results

First quarter of fiscal year ending March 31, 2014

April 1, 2013 — June 30, 2013

**CALBEE, Inc.** August 9, 2013



***Calbee***  
Harvest the Power of Nature.

# First Quarter Results for the fiscal year ending March 31, 2014

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**Koichi Kikuchi**

**Chief Financial Officer**

# FY2014 Q1: Results highlights

	FY2013 Q1	FY2014 Q1	Change In %	Comparison with plan
	Million Yen	Million Yen	%	%
Net Sales	43,295	47,551	+ 9.8	102.8
Gross Profit	18,801	20,871	+11.0	103.8
SG&A	15,015	16,302	+ 8.6	103.2
Selling	5,982	6,889	+15.2	108.0
Distribution	2,972	3,241	+ 9.1	103.9
Labor	3,816	4,040	+ 5.9	101.0
Others	2,244	2,129	- 5.1	92.6
Operating income	3,785	4,569	+20.7	106.3
Ordinary income	3,596	5,019	+39.6	116.7
Extraordinary income/loss	- 57	346	—	—
Net Profit	2,073	3,213	+55.0	124.8

## Achieved sales and profit goals

### Net sales

Growth in sales of potato-based snacks, *Vegips*, *Fruits Granola* and overseas business

### Gross profit

Gross margin up 0.5 percentage points due to sales growth and cost reductions

### SG&A expenses

Selling expenses increased to promote sales in domestic and overseas markets

### Non-operating income

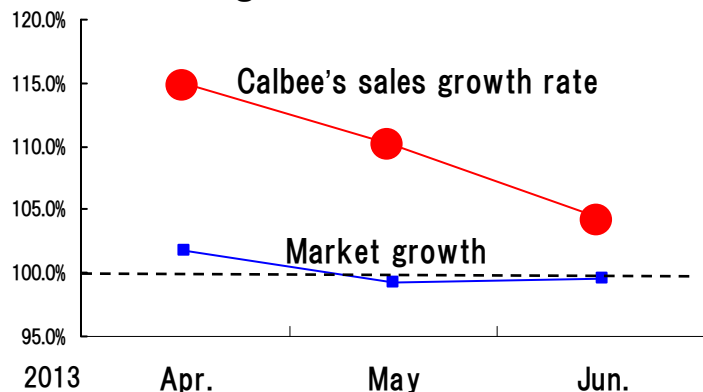
Foreign exchange gains: 378 million yen

### Extraordinary income

Gain on sales of investment securities: 374 million yen

# FY2014 Q1: Factors increasing sales

## ■ Y-on-Y change in consolidated sales



Source: Intage SRI; based on sales

## ■ Y-on-Y comparison of sales by product

Million yen

Sales	+	4,255
Domestic	+	2,807
Potato-based snacks	+	1,050
New products ( <i>Vegips</i> , etc.)	+	669
Cereals	+	605
Other	+	481
Overseas	+	1,448
North America	+	360
China	+	335

## ■ Potato-based snacks

*Jagarico*

Strong sales of L size (72g)



## ■ *Vegips*

Began nationwide sales in Oct. 2012  
Launched new products in Jun. 2013

## ■ Cereals

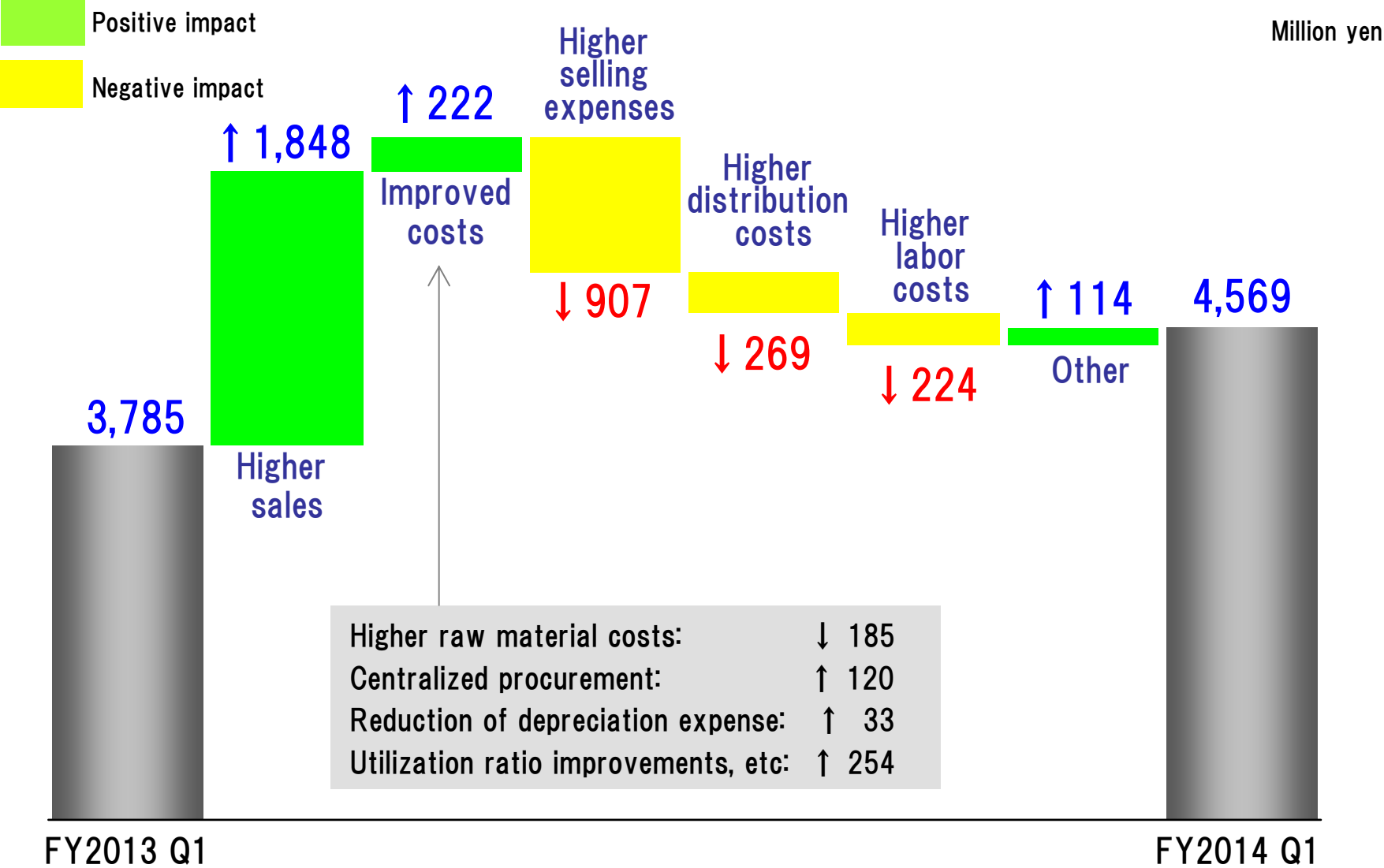
Due to insufficient supplies of *Fruits Granola*, focusing on sales of 380g and 800g products.  
Also delayed release of new products.  
Will expand production capacity by next spring.



## ■ Overseas

Increased sales in all countries except Thailand

# FY2014 Q1: Factors increasing operating income



**On track to achieve plans**

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**Satoshi Eguchi**

**Executive Officer  
General Manager of Strategic Planning Group**

## Outcomes

- Implemented overseas strategy
  - Began next-stage of development in North America and China
- Maintained high domestic market share
  - Potato Chips market share: (March 2013) 67.4% → (June 2013) 66.8%
  - Snack food market share: (March 2013) 52.3% → (June 2013) 52.3%
- Reduced costs
  - COGS (target) 56.5% → (actual) 56.1%

## Future initiatives

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

Data: Intage SRI; based on 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

March 2013: Total of April 2012-March 2013    June 2013: Total of April-June 2013

## ■ Net sales by country

Yen base

		FY2013 Q1	FY2014 Q1	Change in %
North America	Million yen	573	933	+62.9%
China	Million yen	242	577	+138.5%
South Korea	Million yen	420	667	+58.7%
Thailand	Million yen	483	615	+27.1%
Hong Kong	Million yen	476	613	+28.7%
Taiwan	Million yen	-	237	-

Local currency base

		FY2013 Q1	FY2014 Q1	Change in %
North America	Thousand dollars	7,174	9,395	+30.9%
China	Thousand renminbi	19,123	35,701	+86.7%
South Korea	Million won	6,080	7,549	+24.1%
Thailand	Thousand baht	190,917	186,973	-2.1%
Hong Kong	Thousand HK dollars	46,387	47,890	+3.2%
Taiwan	Thousand NT dollars	-	71,374	-

## Update by country

### ■ North America

Launched Ruffles® Crispy Fries

### ■ China

Began JV operations with Tingyi Group and Itochu

### ■ South Korea

Strong sales of *Potato Chips* and *Jagabee*

### ■ Thailand

Firm sales of core product *Jaxx*

Sales of *Kappa Ebisen*, etc. declined YoY



### ■ Hong Kong

Strong sales of *Jagabee*

### ■ Taiwan

Strong sales of *Jagabee*

Plan to increase capex to resolve insufficient supply situation





## North America

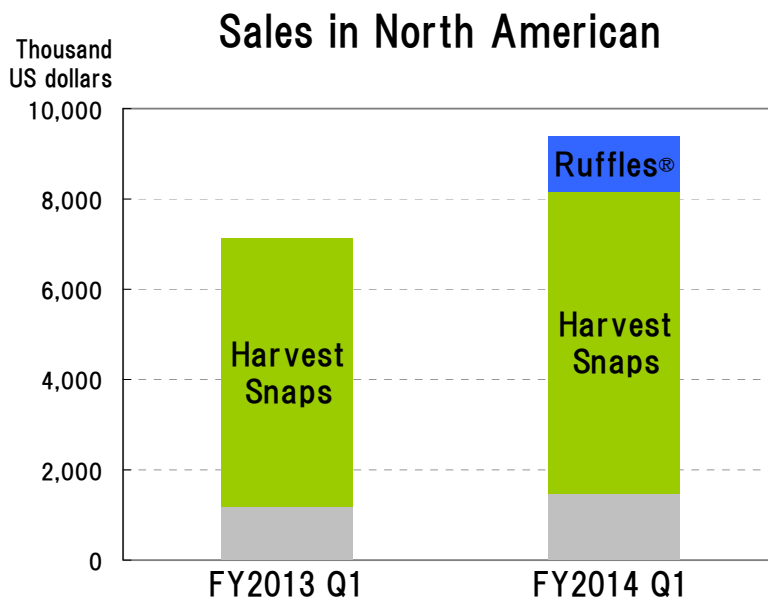
### ■ Harvest Snaps

Sales increase from brand renewal

### ■ Ruffles®

Began sales at 7-Eleven on May 20

Expanded sales channels from Q2



## China

### ■ Products

Launched 3 *Jagabee* and 4 flour-based snacks in April

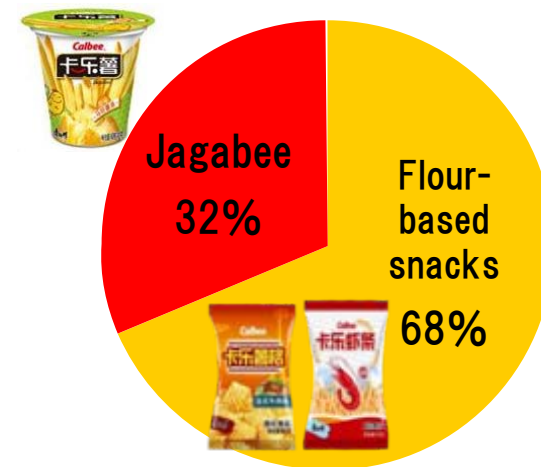
Sales of *Jagabee* were lower than planned due to high retail price

### ■ Marketing strategy

Focus on FamilyMart in Q1

Expand marketing channels from Q2

### Calbee (HangZhou) sales composition



# Expanding domestic market share

## ■ Growth of potato chips share

- Stronger sales of Thick-sliced and Kata-Age Potato

Increased volume sales campaign  
Launched new flavors



## ■ Vegips

- Revised package volume, May 2013  
(Onion, pumpkin, potato 26g→30g)

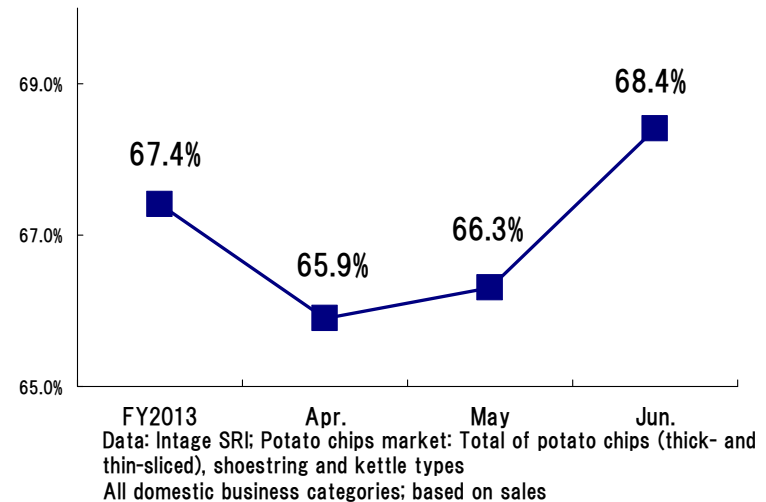


- New product (*Taro, carrot, burdock*)  
Rolling out regionally  
Jun. Kinki, Sep. Chubu, Oct. Chu-Shikoku

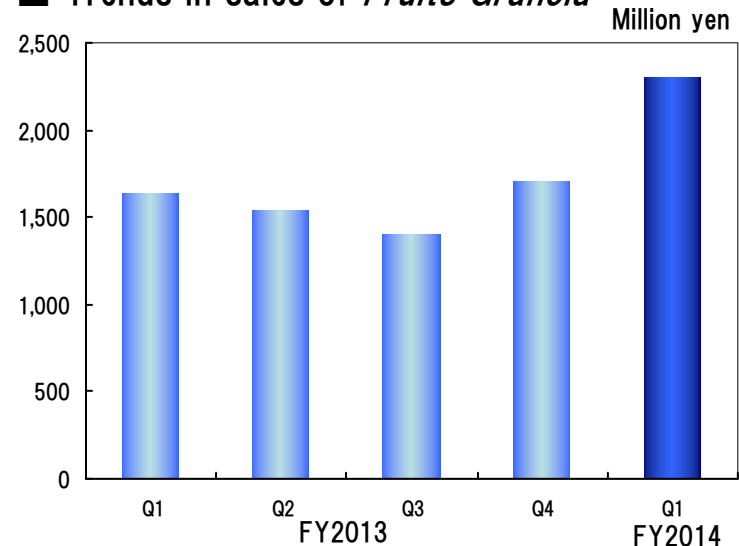


- Aug., Sep. Strengthened sales promotions
- From Oct. New TV commercial; to expand sampling opportunities

## ■ Potato chips market share



## ■ Trends in sales of *Fruits Granola*



# Reference material

# Sales by product

Millions of yen

	FY2013 1Q			FY2014 1Q		
	Amount	Composition	Change in %	Amount	Composition	Change in %
Potato-based snacks	24,754	57.2%	+18.8%	25,804	54.3%	+4.2%
<i>Potato chips</i>	14,890	34.4%	+13.9%	15,004	31.6%	+0.8%
<i>Jagarico</i>	6,933	16.0%	+24.3%	7,668	16.1%	+10.6%
<i>Jagabee</i>	2,317	5.4%	+31.3%	2,433	5.1%	+5.0%
Flour-based snacks	5,053	11.7%	+39.1%	5,452	11.5%	+7.9%
Corn-based snacks	3,458	8.0%	-3.9%	3,870	8.1%	+11.9%
<i>Vegips, other new snacks</i>	836	1.9%	+141.6%	1,506	3.2%	+80.1%
Overseas	2,196	5.1%	+51.9%	3,644	7.7%	+65.9%
Others	533	1.2%	-12.6%	450	0.9%	-15.6%
<b>Snacks</b>	<b>36,833</b>	<b>85.1%</b>	<b>+20.9%</b>	<b>40,728</b>	<b>85.7%</b>	<b>+10.6%</b>
Bread	3,497	8.1%	+4.3%	3,127	6.6%	-10.6%
Cereals	2,299	5.3%	+65.3%	2,904	6.1%	+26.3%
Other foods	5,796	13.4%	+22.1%	6,031	12.7%	+4.1%
Services	665	1.5%	+39.6%	791	1.7%	+18.9%
<b>Total Sales</b>	<b>43,295</b>	<b>100.0%</b>	<b>+21.3%</b>	<b>47,551</b>	<b>100.0%</b>	<b>+9.8%</b>