

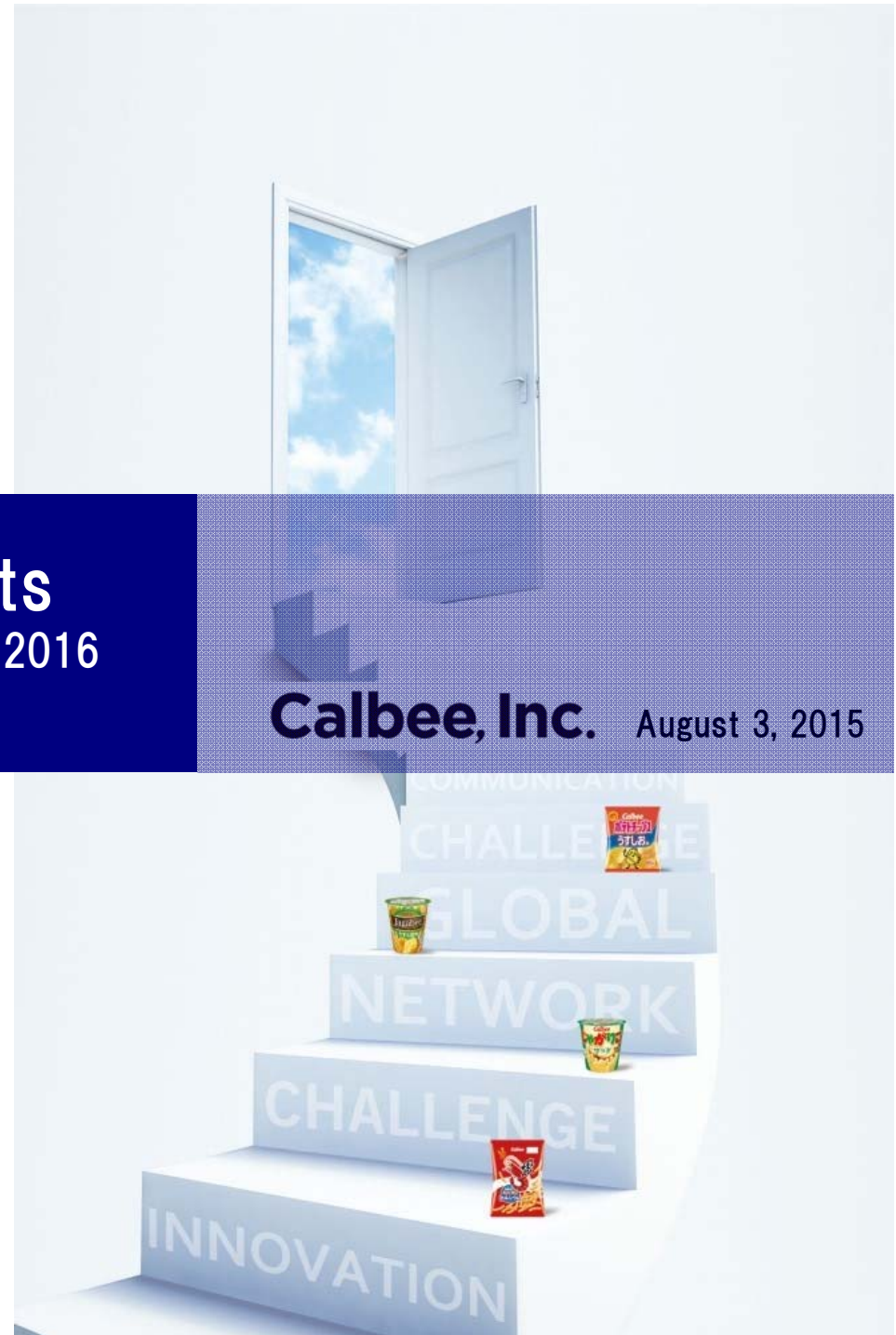
Calbee Group Financial Results

First quarter of fiscal year ending March 31, 2016

April 1, 2015 – June 30, 2015

Calbee, Inc. August 3, 2015

Calbee
Harvest the Power of Nature.



**First Quarter Results
for the fiscal year ending March 31, 2016**

Koichi Kikuchi

**Senior Executive Officer
Chief Financial Officer**

Q1 Review

Key Performance Indicators

	FY2016 Target	Q1 Result	Progress
Growth ratio	+8.0%	+14.5%	
Operating income growth ratio	+19.1%	+3.9%	
Operating income ratio	12.0%	10.2%	
Overseas sales ratio	12.1%	13.1%	
Domestic snack market share	56.0% *	52.7%	
Domestic potato chips market share	75.0% *	73.5%	
Domestic cereals market share	34.0% *	33.9%	

* Market share targets for March 2016

Source for share in each market: Intage SRI based on sales (nationwide, all retail formats) April 2015 – June 2015
 Snack market share: total of Calbee and Japan Frito-Lay
 Potato chips: Total of potato chips (thick- and thin-sliced), shoestring and kettle types; includes private brand products

Summary

- Sales far exceeded plan and previous year both domestically and overseas, but profit growth has slowed
- Realization of overseas strategy
 - ✓ Apr. 2015: Purchased Singapore distributor and renamed it Calbee Moh Seng Pte. Ltd.
 - ✓ Apr. 2015: Established 100% subsidiary Calbee Iberia, S.L. in Spain

FY2016 Q1: Results highlights



	FY2015 Q1	FY2016 Q1	Change In %	Comparison with plan
	Million yen	Million yen	%	%
Net Sales	52,269	59,831	+ 14.5	106.6
Gross Profit	23,094	25,106	+ 8.7	105.3
SG&A	17,226	19,008	+ 10.3	107.2
Selling	7,361	8,228	+11.8	109.0
Distribution	3,365	3,934	+16.9	107.3
Labor	4,192	4,393	+4.8	102.8
Others	2,306	2,451	+6.3	109.0
Operating Income	5,867	6,098	+ 3.9	100.0
Ordinary Income	5,891	6,061	+ 2.9	104.7
Extraordinary Income/Loss	-34	-40	—	—
Net Profit*	3,378	3,482	+ 3.1	106.3

* Profit attributable to owners of parent

Although sales grew by double digits, operating income only increased slightly

Net sales

Strong growth in potato-based snacks, *Frugra (Fruits Granola)* and overseas business

Gross profit

Gross margin declined 2.2 percentage points.

- Increase in raw material prices on the weaker yen
- Raw material cost increase on increased volume campaign and reduced yield
- Cost increases on start-up of new factories & lines

SG&A

Domestic: Increase in supply/demand balance adjustment expenses associated with inventory excesses and shortages

Overseas: Proactive investment in North America, etc.

Non-operating income and expenses

Foreign exchange gains 197 million yen

Business commencement expenses 308 million yen

(UK	268 million yen)
	Indonesia	39 million yen	

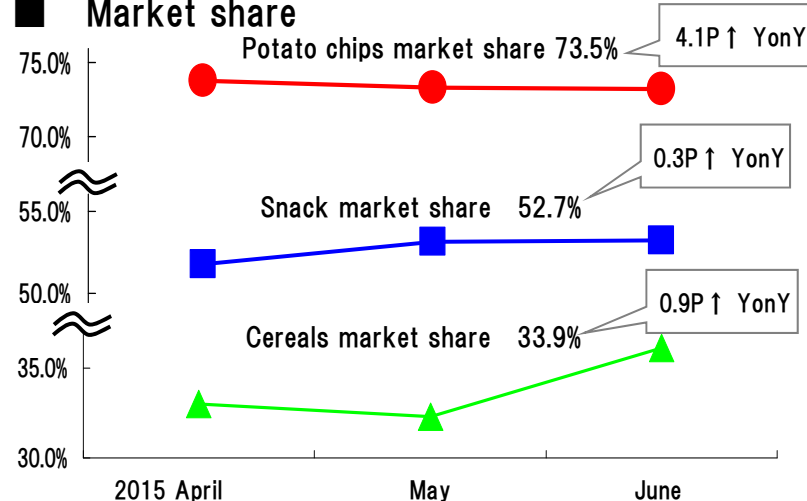
FY2016 Q1: Domestic business

Sales growth drivers were potato-based snacks and *Frugra* (*Fruits Granola*)
 Operating income decreased year-on-year on higher costs

Factors in sales increase, by product Million yen

Net Sales	+	4,315
Potato-based Snacks	+	2,523
Potato Chips	+	2,210
Jagarico	+	244
Corn-based Snacks	+	80
Cereals	+	1,429
Bakery	+	428
Others	-	145

Market share



Potato-based Snacks

Potato Chips

- Strong sales of core products on “40th anniversary increased volume” campaign
- *Kata-Age Potato* sales grew on strengthened line-up
- PB also grew

Jagarico

- Strong sales of *Tarako Butter* flavor
- Ended sale of limited-time products early



Cereals

- New *Frugra* production line started in May 2015
Increased production capacity 1.5x
- Expanded product line-up



Source: Intage SRI based on sales (nationwide, all retail formats) April 2015 - June 2015
 Comparison period: April 2014 - June 2014

Snack market share: total of Calbee and Japan Frito-Lay

Potato chips: Total of potato chips (thick- and thin-sliced), shoestring and kettle types; includes private brand products

FY2016 Q1: Overseas business

Drivers were sales and profit growth in North America and South Korea

Million yen

	FY2015 Q1	FY2016 Q1	Y-on-Y
Net sales	4,619	7,866	+3,246
North America	1,996	3,364	+1,368
China	489	491	+2
South Korea	545	1,832	+1,287
Thailand	640	714	+74
Hong Kong	744	769	+24
Taiwan	203	114	-89
Philippines	-	219	+219
Singapore	-	358	+358
Operating income	612	1,171	+559
North America	666	959	+293
China	-119	-76	+43
South Korea	-16	251	+267
Others	81	37	-44

North America

- Increased sales and profit as strong sales of *Harvest Snaps* continue
- New factory in Mississippi began operation in June 2015

China

- Losses continue
- Calbee (Hangzhou)'s discussions with the partner continuing

South Korea

- Large increase in sales and profit, strong sales of *Honey Butter Chip* potato chips

Philippines

- Began selling *Potato Chips, Jagabee* from Feb. 2015
- Strong sales greatly exceeded plan

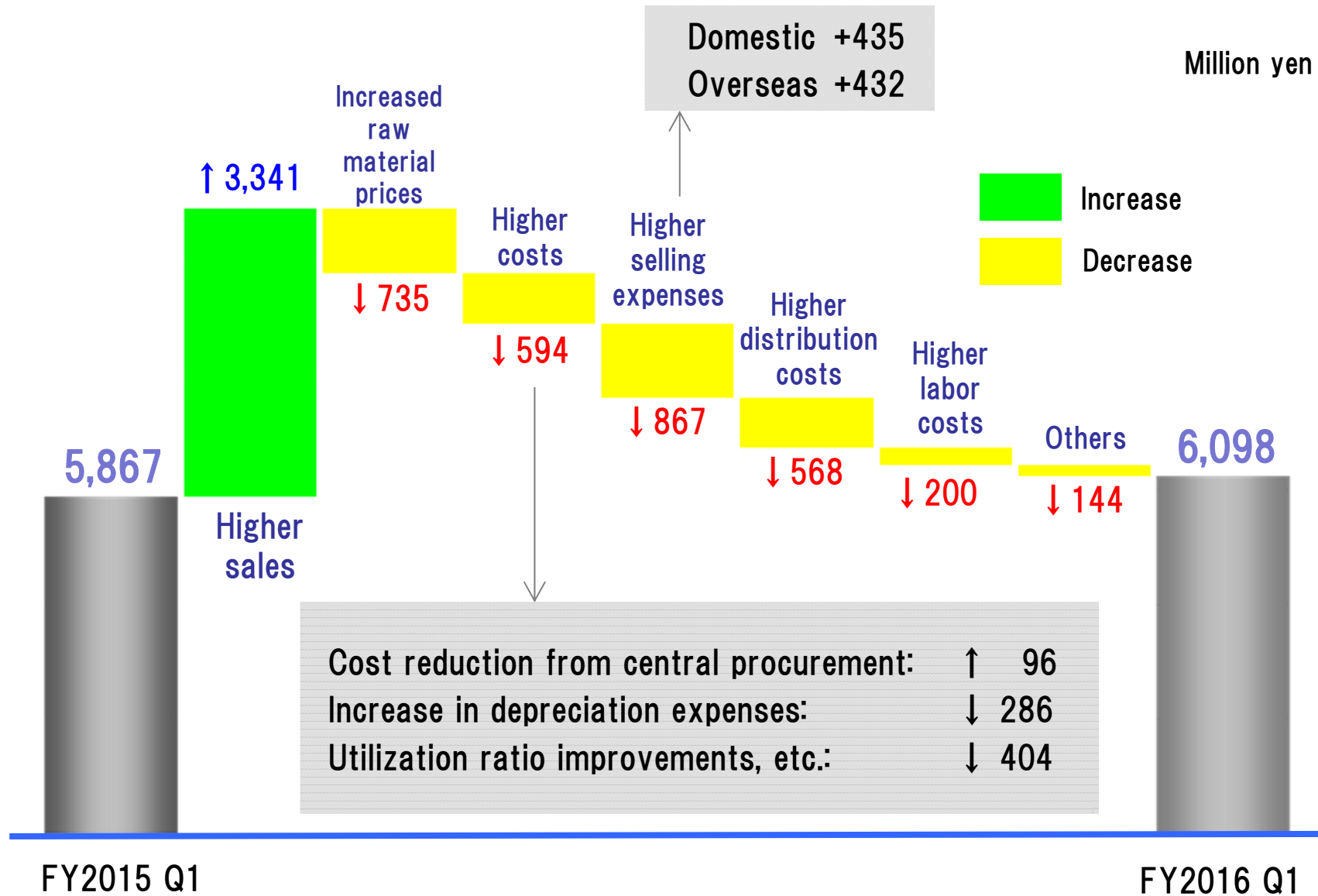
Singapore

- Made a consolidated subsidiary from Apr. 2015

Effect of weaker yen on total increase:

1,032 million yen

FY2016 Q1: Factors increasing operating income



Achieving our plan

Chisa Hayakawa

Executive Officer

General Manager of IR and Strategic Planning Group

Management policy in Q2

	Reasons for Q1's lower operating margin		Initiatives from Q2 onwards
Continuing issues	<ul style="list-style-type: none"> ● Increase in raw material prices on the weaker yen 	⇒	<ul style="list-style-type: none"> ● Yen weakening trend forecast to continue, take additional measures to counter through concentrated purchasing
	<ul style="list-style-type: none"> ● Increase in depreciation expenses 	⇒	<ul style="list-style-type: none"> ● Expenses forecast to increase, improve in cost ratio on growth in sales
Temporary issues	<ul style="list-style-type: none"> ● Increase in disposal costs, sales promotion expenses and distribution expenses associated with increased inventory and shortages 	⇒	<ul style="list-style-type: none"> ● Adjust supply/demand balance through closer coordination between sales and production
	<ul style="list-style-type: none"> ● Increase in production costs on establishment of new factories, new production lines 	⇒	<ul style="list-style-type: none"> ● Expected to decrease from Q2
	<ul style="list-style-type: none"> ● Deteriorating income on weak sales of corn-based snacks 	⇒	<ul style="list-style-type: none"> ● Strengthen sales through PB, limited channel sales, etc.

Plans for domestic business

■ Adjust supply/demand balance

- Adjust supply/demand balance through closer coordination between sales and production to reduce expenses from inventory disposal, sales promotion and distribution

■ Expand snack market share

- Running *Calbee Harvest Festival 2015* campaign (Sep.-Dec.)
- Strengthen *Kata-Age Potato, Jagarico* sales

■ Frugra (Fruits Granola)

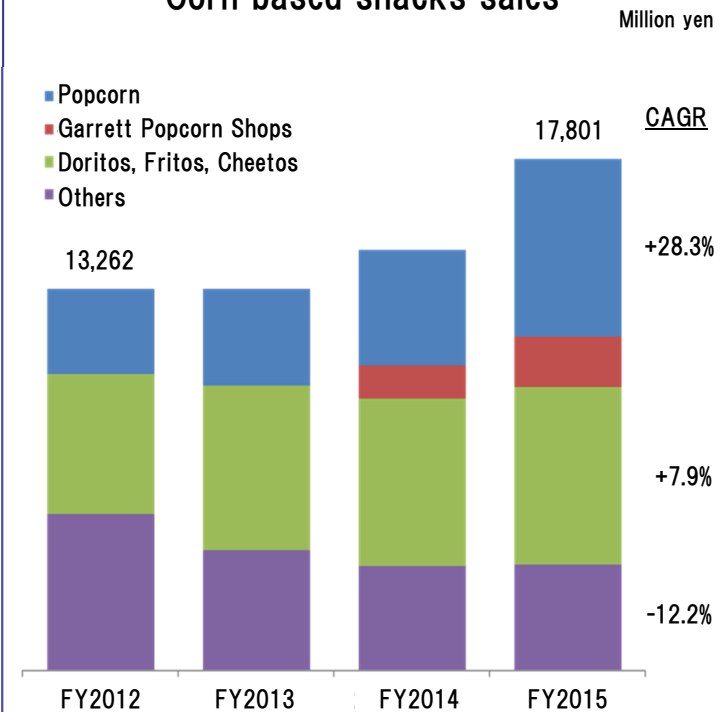
- Enhance product line-up with launch of traditional Japanese *Black Soybean* flavor



■ Strengthen sales of corn-based snacks

- Launch PB, limited-channel products
- Expand *Mike Popcorn Salty Caramel* flavor

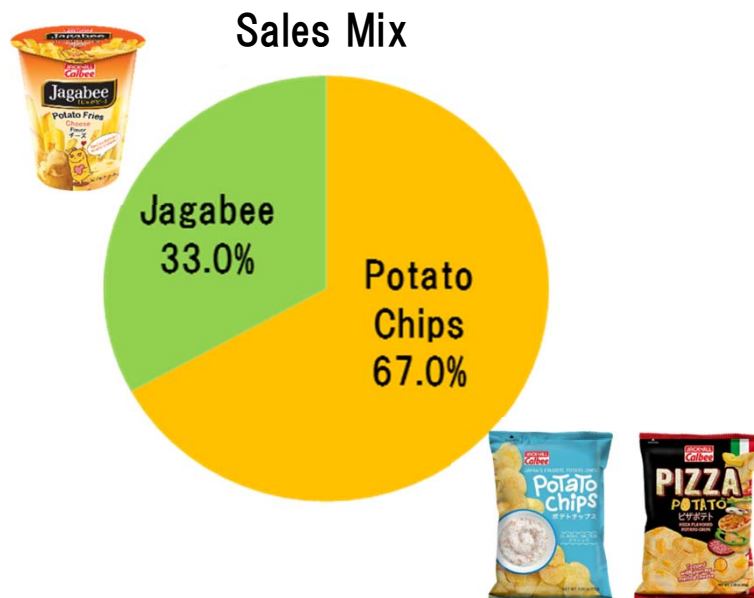
Corn-based snacks sales



Plans for Overseas business

Philippines

- JV with URC began production in Feb. 2015
- MTs such as 7-Eleven and SM Supermarket are main retail channels
- Strong sales of premium lines for Pizza Potato, etc.



UK

- Began sampling and mail-order sales of *YUSHOI (Harvest Snaps)* in Jun. 2015
- Planning for full-scale rollout in the second half of FY2016



Singapore

- Made distributor a subsidiary in Apr. 2015



Reference Material

Sales by product



Million yen

	FY2015 Q1			FY2016 Q1		
	Amount	Composition	Change in %	Amount	Composition	Change in %
Potato-based snacks	27,350	52.3%	+6.0%	29,874	49.9%	+9.2%
<i>Potato Chips</i>	16,169	30.9%	+7.8%	18,379	30.7%	+13.7%
<i>Jagarico</i>	8,172	15.6%	+6.6%	8,417	14.1%	+3.0%
<i>Jagabee</i>	2,214	4.2%	-9.0%	2,193	3.7%	-0.9%
Flour-based snacks	5,464	10.5%	+0.2%	5,421	9.1%	-0.8%
Corn-based snacks	4,502	8.6%	+16.3%	4,582	7.7%	+1.8%
<i>Vegips</i> , other new snacks	1,442	2.8%	-4.2%	1,457	2.4%	+1.0%
Domestic others	690	1.3%	+53.3%	580	1.0%	-15.9%
Domestic Snacks	39,450	75.5%	+6.4%	41,916	70.1%	+6.3%
Overseas	4,619	8.8%	+26.7%	7,866	13.1%	+70.3%
Snacks	44,070	84.3%	+8.2%	49,782	83.2%	+13.0%
Cereals	4,217	8.1%	+45.2%	5,647	9.4%	+33.9%
Bread	3,063	5.9%	-2.0%	3,492	5.8%	+14.0%
Other foods	7,281	13.9%	+20.7%	9,139	15.3%	+25.5%
Services	917	1.8%	+15.9%	909	1.5%	-0.8%
Total Sales	52,269	100.0%	+9.9%	59,831	100.0%	+14.5%

Sales by country

	Yen	FY2015 Q1	FY2016 Q1	Change in %
	Local currency base			
North America	Million yen	1,996	3,364	+68.5%
	Thousand dollars	19,599	27,733	+41.5%
China	Million yen	489	491	+0.6%
	Thousand renminbi	29,942	25,147	-16.0%
South Korea	Million yen	545	1,832	+236.1%
	Million won	5,451	16,601	+204.5%
Thailand	Million yen	640	714	+11.7%
	Thousand baht	204,215	195,862	-4.1%
Hong Kong	Million yen	744	769	+3.3%
	Thousand HK dollars	56,690	49,151	-13.3%
Taiwan	Million yen	203	114	-43.9%
	Thousand NT dollars	60,012	29,020	-51.6%
Philippines	Million yen	—	219	—
	Thousand pesos	—	80,474	—
United Kingdom	Million yen	—	0	—
	Thousand UK pounds	—	0	—
Singapore	Million yen	—	358	—
	Thousand SG dollars	—	3,979	—