

Saizeriya Co., Ltd. Financial Results Briefing Session for the Fiscal Year Ended August 31, 2014

(42nd term: from September 1, 2013 to August 31, 2014)



Code No. 7581
Thursday, October 16, 2014



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Figures in this document are all calculated based on the consolidated accounting system, unless specified otherwise.

1. Financial Results for the Year Ended August 31, 2014

(1) Financial Highlights

(millions of yen)

	Financial Results	Previous Year	Year-on-Year Ratio	Budget	Percentage of Budget
Net Sales	125,618	110,428	113.8%	126,200	99.5%
Gross Net Sales	79,403	72,178	110.0%	79,500	99.9%
Operating Income	5,488	7,547	72.7%	5,900	93.0%
Ordinary Income	5,917	8,450	70.0%	6,200	95.4%
Net Income for This Year	1,193	3,937	30.3%	2,600	45.9%

Increased revenue and decline in profit

An impairment loss of 2,970 million yen (1,040 million yen for the first half, 1,930 million yen for the second half)—2,520 million yen for Japan, 240 million yen for Asia, 190 million yen for Australia—was recorded as an extraordinary loss.

Budget reflects the financial forecast announced on April 9, 2014.

1. Financial Results for the Current Term (2) Sales Ratio

(millions of yen)

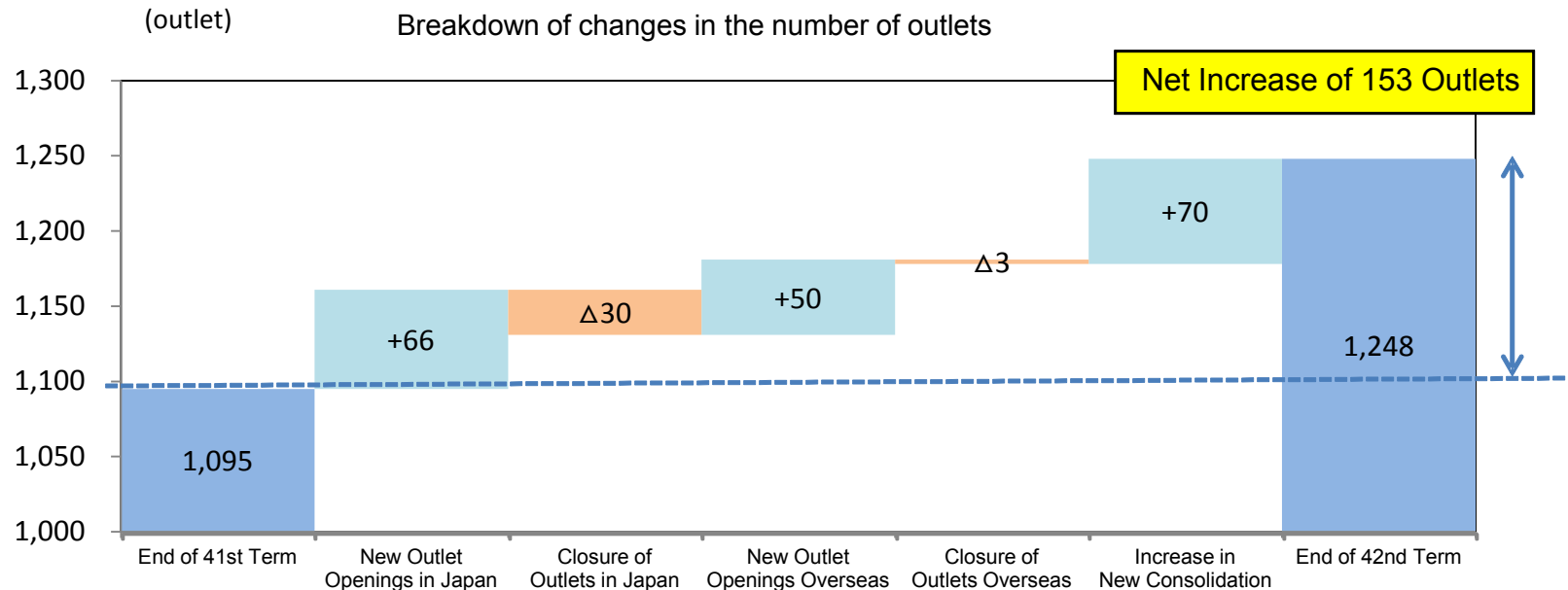
	Year Ended August 31, 2014		Year Ended August 31, 2013		Ratio Difference
	Amount	Net Sales Ratio	Amount	Net Sales Ratio	
Net Sales	125,618	100.0%	110,428	100.0%	-
Sales Cost	46,214	36.8%	38,250	34.6%	2.2%
Gross Net Sales	79,403	63.2%	72,178	65.4%	-2.2%
Selling, General and Administrative Expenses (SG&A)	73,914	58.8%	64,630	58.5%	0.3%
Operating Income	5,488	4.4%	7,547	6.8%	-2.5%
Ordinary Income	5,917	4.7%	8,450	7.7%	-2.9%
Net Income for This Year	1,193	0.9%	3,937	3.6%	-2.6%

The cost of sales increased by 2.2 points and Selling, General and Administrative Expenses (SG&A) increased by 0.3 points.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets

Number of outlets



Of the increase of 153 outlets, 70 were due to the new consolidation.

Net increase of 36 in Japan, net increase of 47 overseas, new overseas consolidation 70.

The number of overseas outlets was 230, surpassing the 200 mark. The percentage of overseas outlets at 18.4% came to have a significant impact on the total number of outlets.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets

Number of outlets

1. Number of outlets

	No. of New Outlet Openings		No. of Closures of Outlets		No. of Outlets Outstanding	
	Current term	Previous term	Current term	Previous term	Current term	Previous term
Japan	66	80	30	27	1,018	982
Shanghai	26	14	2	7	82	58
Guangzhou	24	17	1	0	78	55
Beijing	10	8	1	1	38	29
Hong Kong	7	3	0	0	17	10
Taiwan	5	2	1	2	8	4
Singapore	1	2	0	0	7	6
Total	139	126	35	37	1,248	1,144

For Shanghai, Guangzhou, Beijing, Hong Kong and Taiwan, data for the period between July and June are used. For Japan and Singapore, data for the period between September and August are used.

Four overseas subsidiaries in Beijing, Hong Kong, Taiwan and Singapore were consolidated for an increase of 70 outlets.

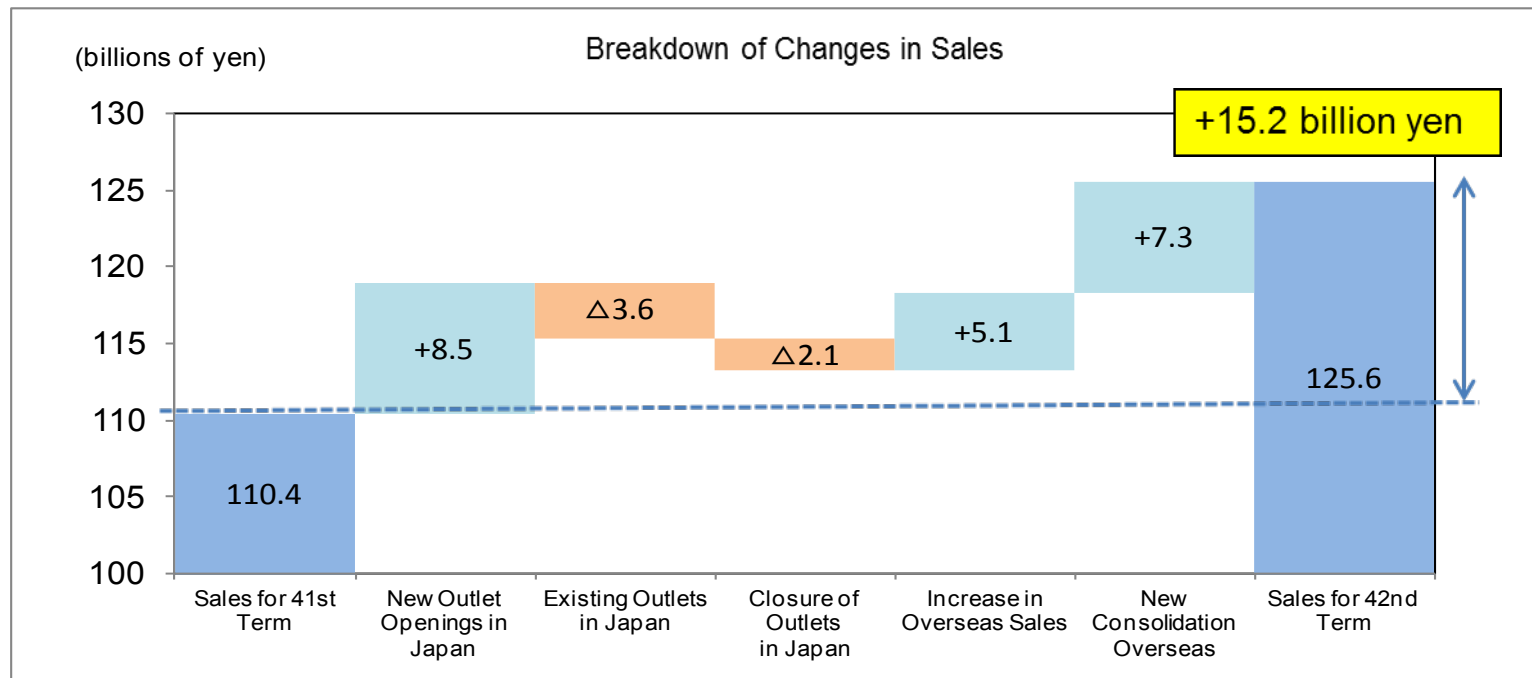
The number of overseas outlets was 230, surpassing the 200 mark.

Percentage of overseas outlets: 18.4%

2. Major Factors Lifting Business Performance

(1) Net Sales

Year-on-Year Ratio: 113.8% (+15.19 billion yen)



Consolidated net sales amounted to 125.6 billion yen, registering a record-high level. Overseas sales amounted to 20.5 billion yen, surpassing the 20 billion mark for the first time. Percentage of overseas sales: 16.4%

The increased size of the overseas consolidation has had an impact on the increase in consolidated sales.

2. Major Factors Lifting Business Performance

(1) Net Sales

Year-on-Year Ratio: 113.8% (+15.19 billion yen)

Consolidated net sales amounted to 125.6 billion yen, registering a record-high level.

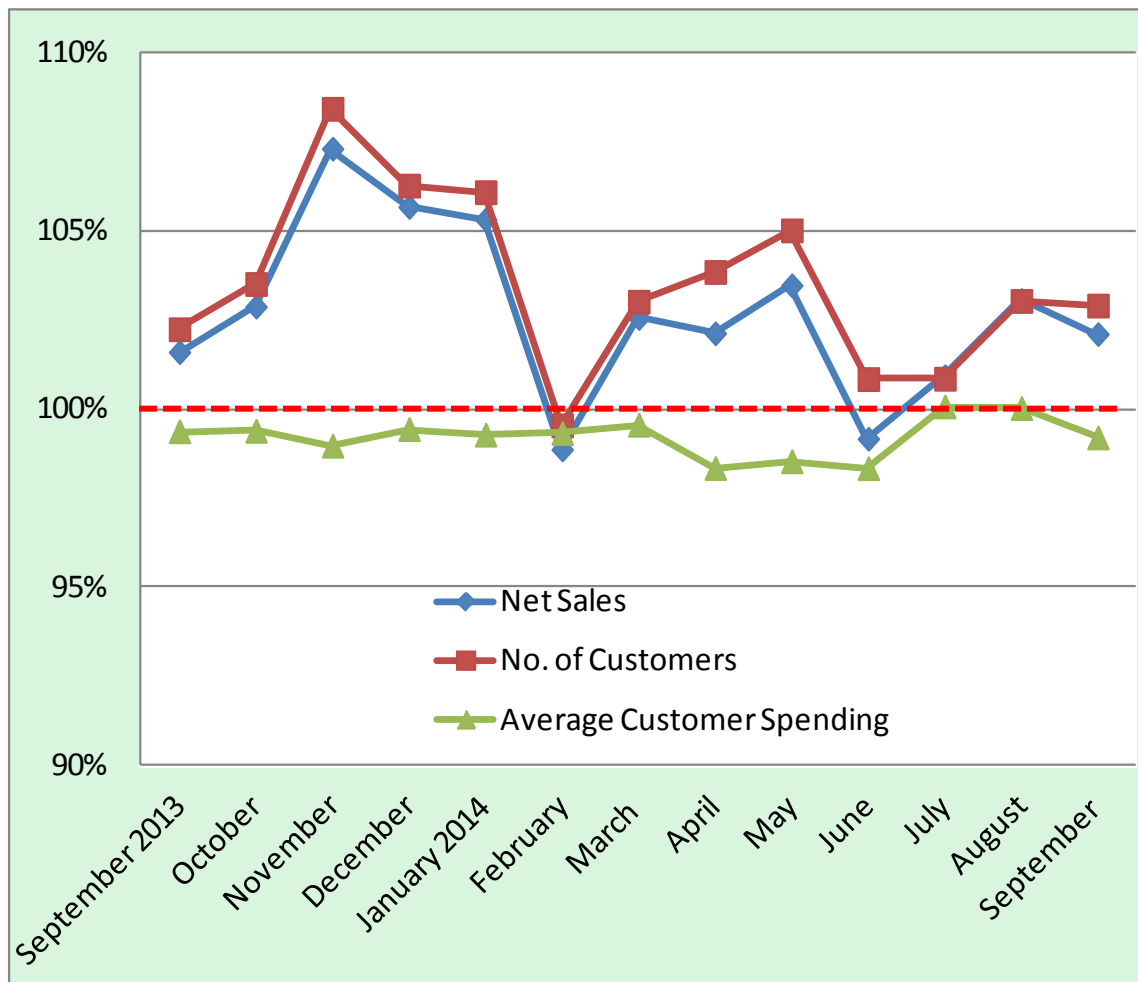
Overseas sales amounted to 20.5 billion yen, surpassing the 20 billion mark for the first time. Percentage of overseas sales: 16.4%

2. Primary factors contributing to net sales growth

Total consolidated sales	15.19 billion yen (+13.8 pts)
Total sales in Japan	2.79 billion yen (+2.5 pts)
New outlets	Increased by 8.5 billion yen
Existing outlets	Decreased by 3.61 billion yen
Closure of outlets	Decreased by 2.10 billion yen
Total overseas sales	12.4 billion yen (+11.2 pts)
New consolidation	Increased by 7.35 billion yen (+6.6 pts)
Size of old consolidation	Increased by 5.05 billion yen

*The increased size of the overseas consolidation has had an impact on the increase in consolidated sales.

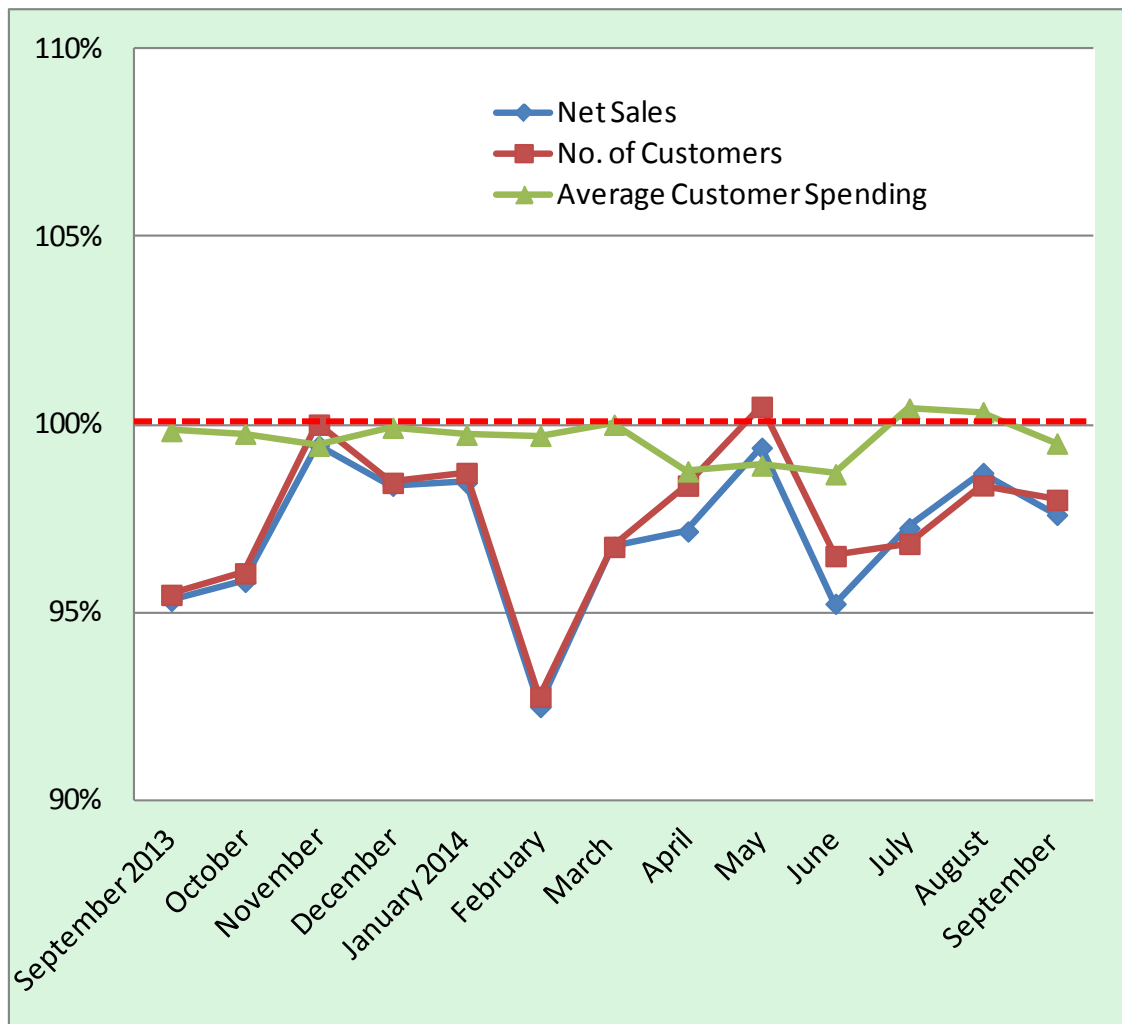
Net Sales, Number of Customers, Average Customer Spending for All Outlets



	Net Sales	No. of Customers	Average Customer Spending
September 2013	101.6%	102.2%	99.4%
October	102.9%	103.5%	99.4%
November	107.3%	108.4%	99.0%
December	105.7%	106.3%	99.4%
January 2014	105.3%	106.1%	99.3%
February	98.9%	99.5%	99.3%
First-Half Cumulative Results	103.6%	104.4%	99.3%
March	102.6%	103.0%	99.6%
April	102.1%	103.8%	98.3%
May	103.5%	105.0%	98.5%
June	99.2%	100.8%	98.3%
July	100.9%	100.8%	100.1%
August	103.1%	103.0%	100.0%
Second-Half Cumulative Results	101.9%	102.8%	99.2%
Cumulative Total Results for 42nd term	102.7%	103.5%	99.2%
September 2014	102.1%	102.9%	99.2%

* The graph above reflects only data on Saizeriya's restaurant business, and excludes other businesses of the company.

Net Sales, Number of Customers, Average Customer Spending for Existing Outlets

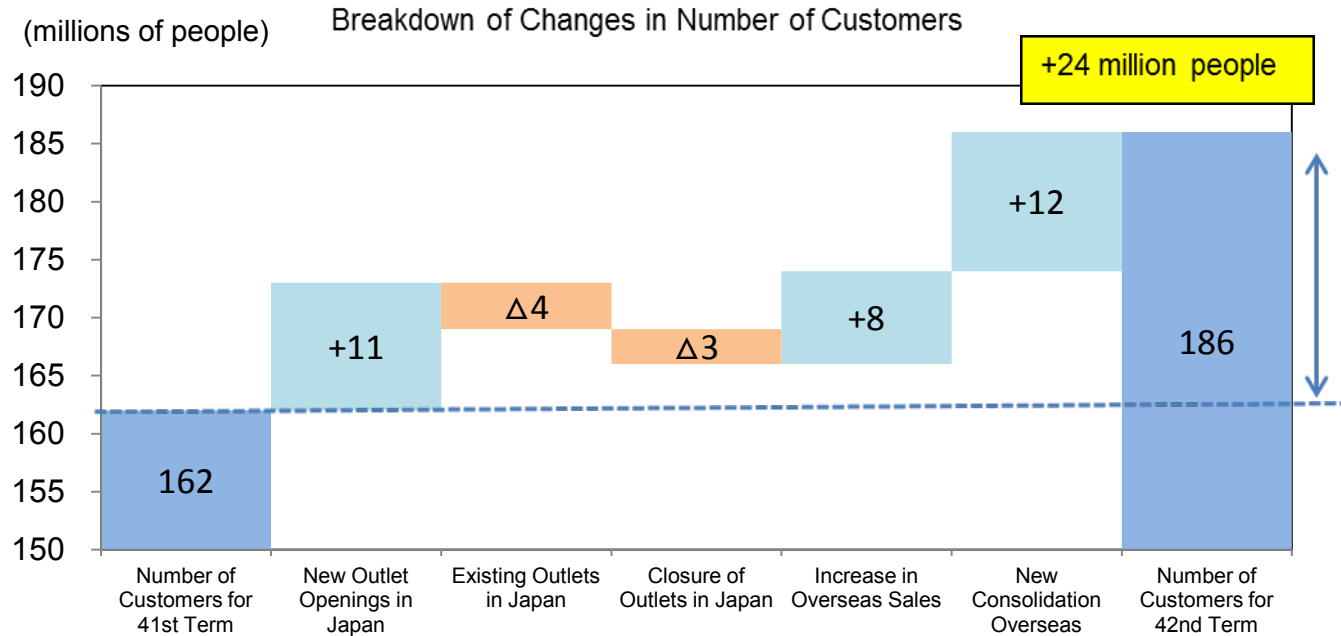


	Net Sales	No. of Customers	Average Customer Spending
September 2013	95.3%	95.5%	99.8%
October	95.8%	96.0%	99.8%
November	99.4%	100.0%	99.4%
December	98.4%	98.5%	99.9%
January 2014	98.5%	98.7%	99.7%
February	92.5%	92.8%	99.7%
First-Half Cumulative Results	96.7%	96.9%	99.7%
March	96.7%	96.7%	100.0%
April	97.2%	98.4%	98.8%
May	99.4%	100.5%	98.9%
June	95.2%	96.5%	98.7%
July	97.2%	96.8%	100.4%
August	98.7%	98.4%	100.3%
Second-Half Cumulative Results	97.4%	97.9%	99.6%
Cumulative Total Results for 42nd term	97.1%	97.4%	99.6%
September 2014	97.6%	98.0%	99.5%

* The graph above reflects only data on Saizeriya's restaurant business, and excludes other businesses of the company.

Number of Customers

**Total Number of Customers Per Year: 186 million people
Increased by 24 million people Compared to Previous Term**



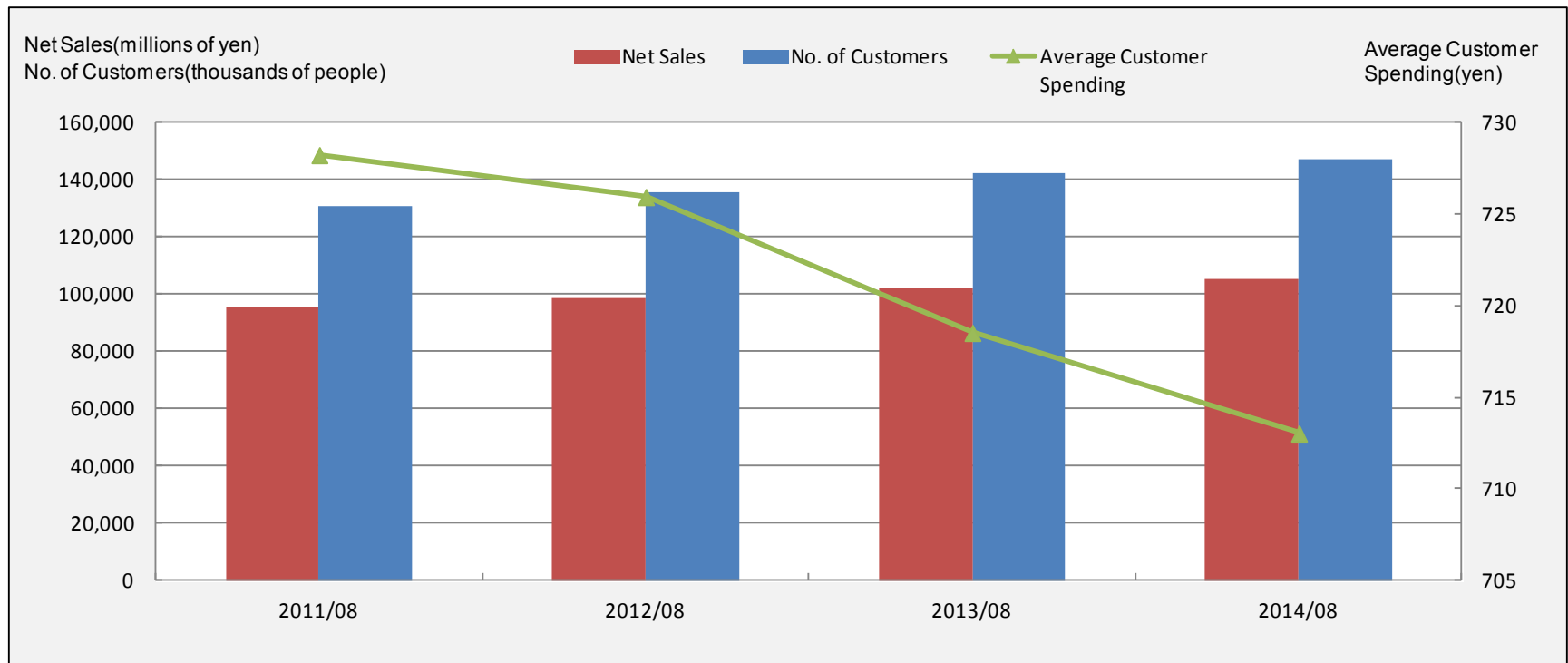
The total number of customers per year achieved a record high of 186 million people.

Total overseas customers: 39 million people, percentage of overseas customers: 20.8%

Trends in Net Sales, Number of Customers, Average Customer Spending (Japan)

Term	2011/08	2012/08	2013/08	2014/08
Net Sales (millions of yen)	95,416	98,426	102,263	105,049
No. of Customers (thousands of people)	131,025	135,584	142,323	147,326
Average Customer Spending (yen)	728	726	719	713

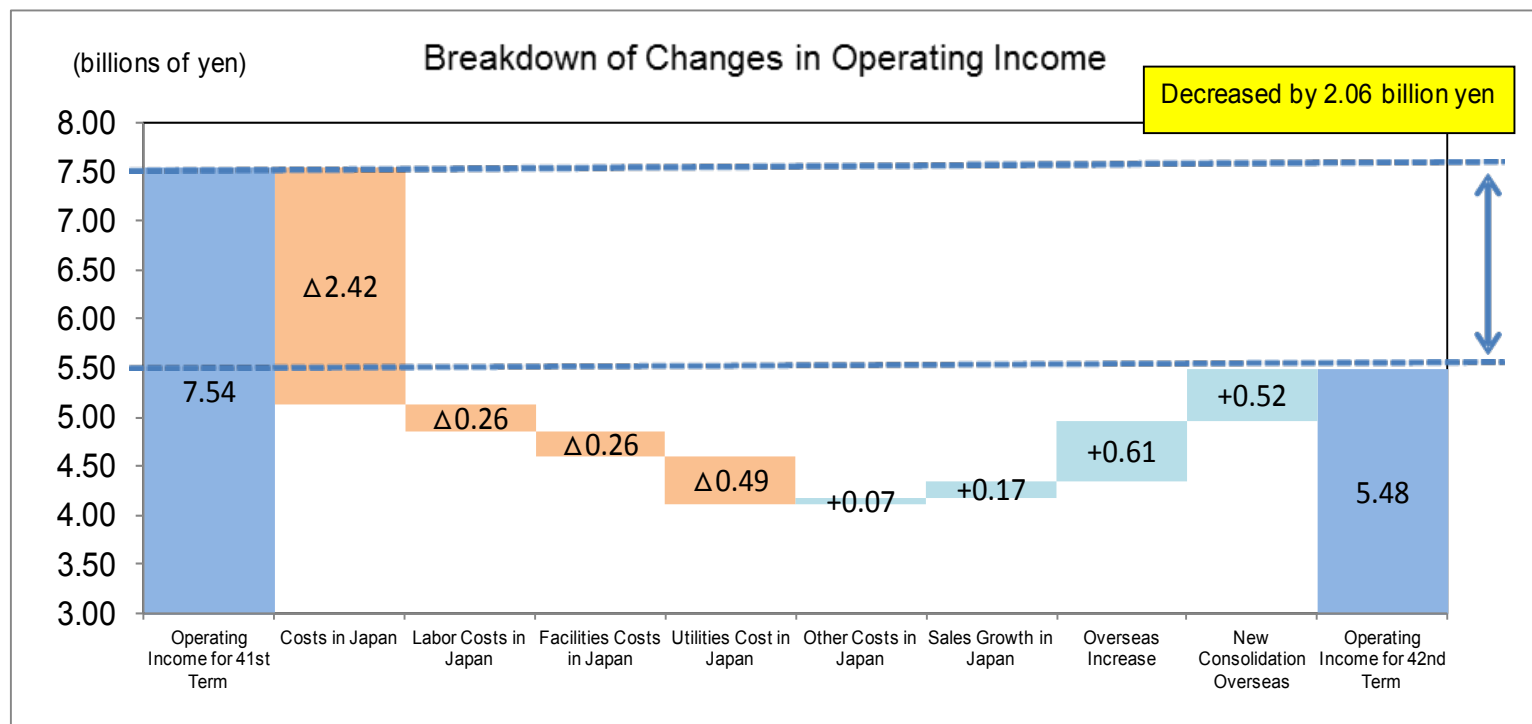
*The above figure indicates numerical value for each unit.



When consumption tax was raised in April 2014, prices were reduced in real terms, causing a decrease in average customer spending per visit.

(2) Operating Income

**Operating Income Compared to Previous Term:
Decreased by 2.06 billion
Operating Profit Margin: Decreased by 2.5 pts**



Breakdown of impact of cost of sales: Decreased by 2.42 billion yen (2.2 pts)

Effect of foreign exchange rates: Decreased by 0.64 billion yen

Increase in unit cost of ingredients (shrimp, chicken, cheese, etc.): Decreased by 0.59 billion yen

500 yen lunch: Decreased by 0.39 billion yen, Consumption Tax menu: Decreased by 0.27 billion yen

Chiba Plant: Decreased by 0.11 billion yen, Others: Decreased by 0.42 billion yen

(3) Cost of sales ratio 36.8%: Decreased by 2.2 pts

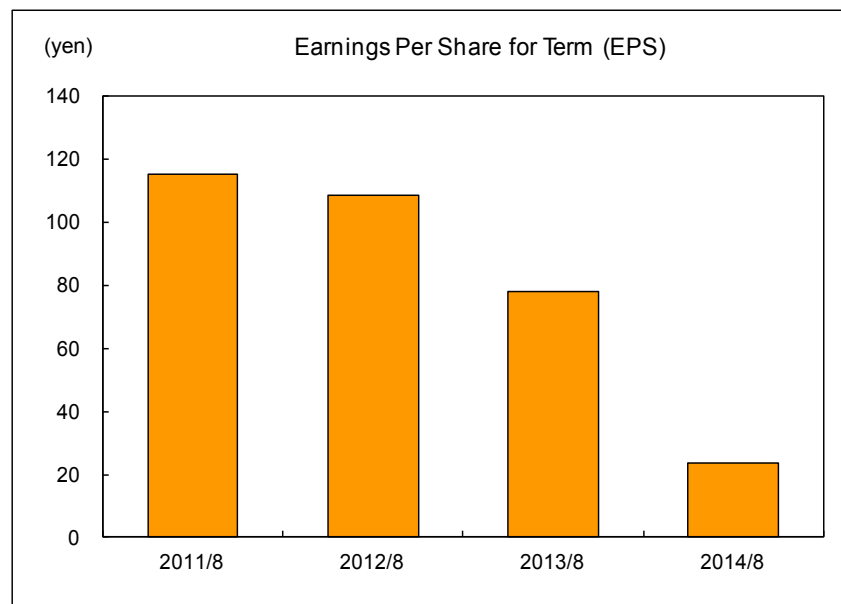
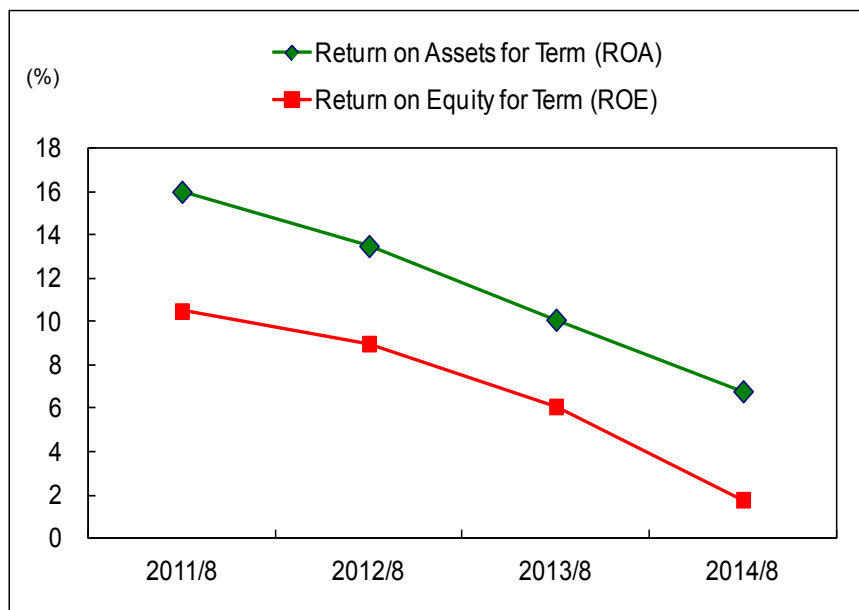
1. Increase in purchase costs due to foreign exchange rates effects:
Decreased by 0.5 pts
2. Increase in unit costs of ingredients (shrimp, chicken, cheese, etc.):
Decreased by 0.5 pts
3. Increased cost of sales ratio due to price reduction in real terms as the menu introduced in response to the increase in consumption tax in April: Decreased by 0.2 pts
4. Other influence due to consolidated subsidiaries with increase in sales:
Decreased by 1.0 pt

(4) Ratio of cost of sales to Selling, General and Administrative expenses (SG&A) ratio 58.8%: Decreased by 0.3 pts

1. Labor costs in Japan: Decreased by 0.2 pts
Increase in training costs due to enhanced employee education
2. Facilities and related costs in Japan: Decreased by 0.2 pts
Increased depreciation costs for cash register systems for outlets
3. Utility costs (heating, electricity, water) in Japan: Decreased by 0.4 pts
Increase in unit prices of electricity and gas
4. Other influence due to consolidated subsidiaries with increase in sales:
Increased by 0.5 pts

3. Trends in Major Financial Indicators

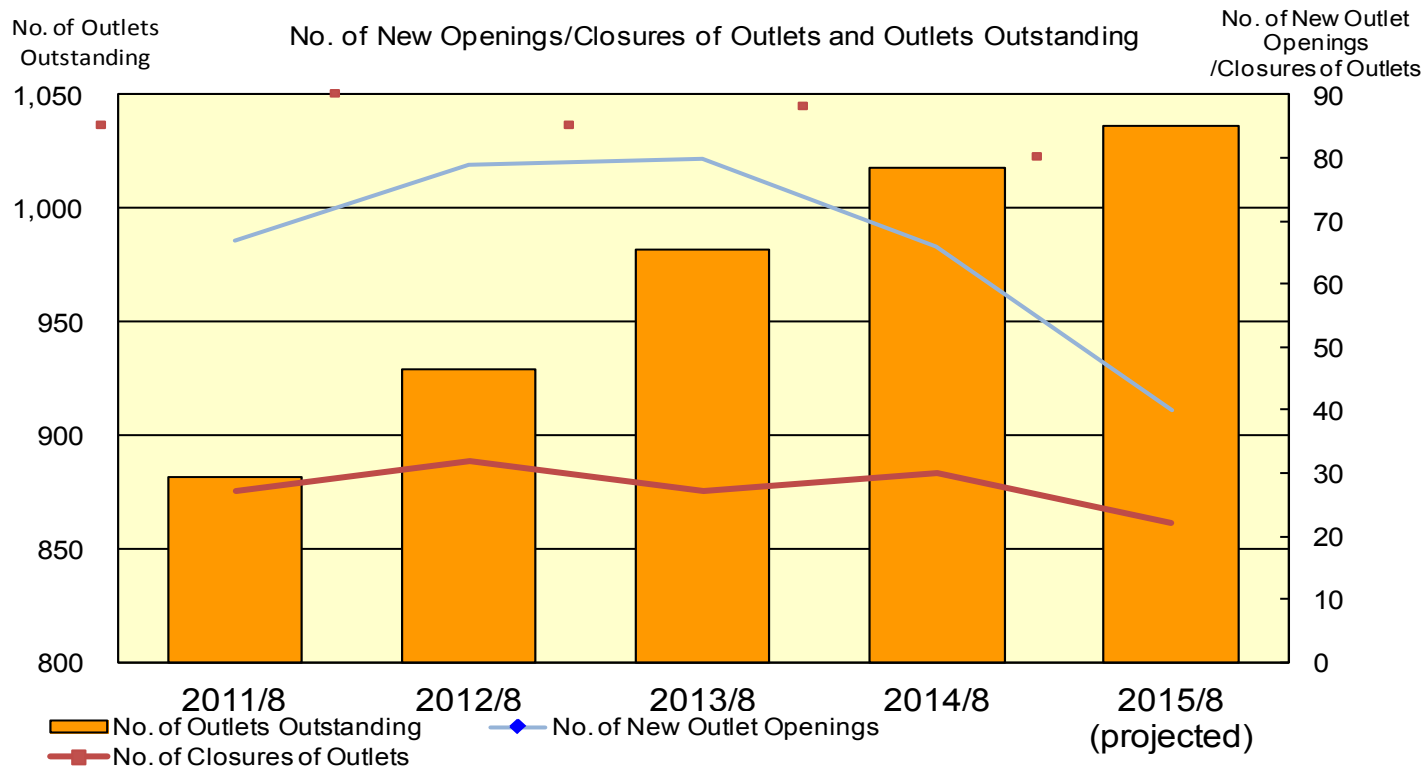
Classification		2011/8	2012/8	2013/8	2014/8
Return on Assets for Term (ROA)	(%)	16.0	13.5	10.1	6.8
Total Assets Turnover	(No. of times)	1.3	1.3	1.3	1.4
Earnings Per Share for Term (EPS)	(yen)	115.4	108.5	78.1	23.7
Book-value Per Share (BPS)	(yen)	1,155.8	1,245.9	1,331.9	1,356.7
Capital Adequacy Ratio	(%)	77.3	78.3	76.8	78.5
Return on Equity for Term (ROE)	(%)	10.5	9.0	6.1	1.8



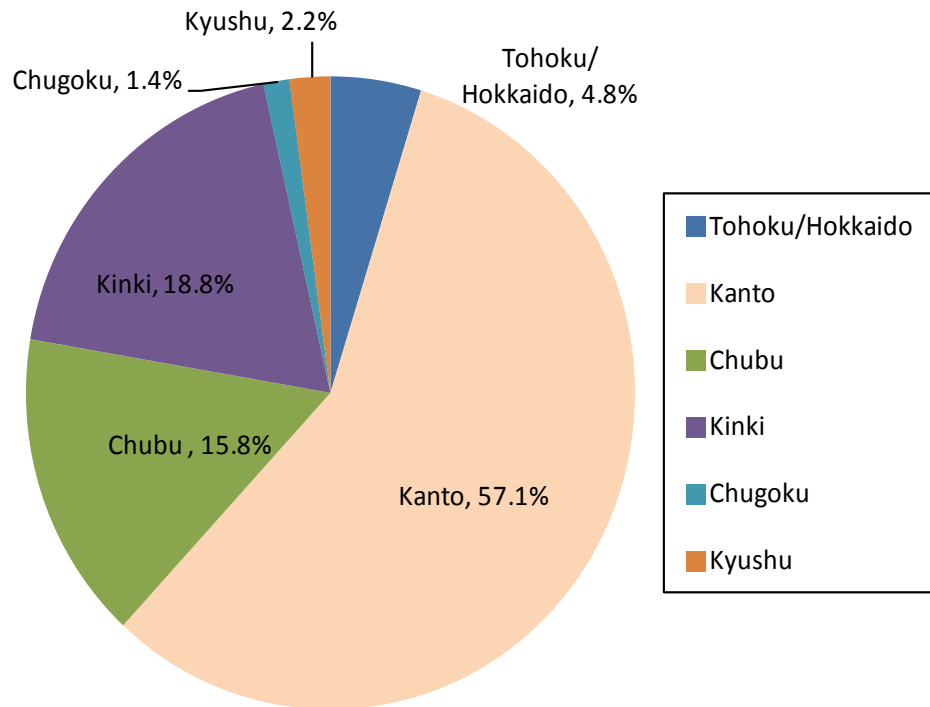
4. Trends in Number of New Outlet Openings and Closures of Outlets, Outlets Outstanding

FY	2011/8	2012/8	2013/8	2014/8	2015/8 (projected)
No. of New Outlet Openings	67	79	80	66	40
No. of Closures of Outlets	27	32	27	30	22
No. of Outlets Outstanding	882	929	982	1,018	1,036

Note: The figures above indicates only the number of outlets in Japan.
A net increase of 18 outlets is projected for FY 2015/8.



5. Number of Outlets in Japan by Region



Region	Subtotal	Ratio to total	Prefecture	No. of outlets
Tohoku/ Hokkaido	49	4.8%	Hokkaido	10
			Miyagi	21
			Fukushima	12
			Yamagata	6
Kanto	581	57.1%	Tokyo	212
			Kanagawa	114
			Chiba	109
			Saitama	90
			Ibaraki	29
			Tochigi	17
			Gunma	10
Chubu	161	15.8%	Aichi	73
			Shizuoka	26
			Niigata	13
			Gifu	12
			Nagano	13
			Ishikawa	10
			Yamanashi	7
			Toyama	4
			Fukui	3
Kinki	191	18.8%	Osaka	87
			Hyogo	45
			Kyoto	20
			Mie	19
			Shiga	9
			Nara	9
			Wakayama	2
Chugoku	14	1.4%	Okayama	4
			Hiroshima	9
			Yamaguchi	1
Kyushu	22	2.2%	Fukuoka	22
Total	1,018	100.0%		1,018

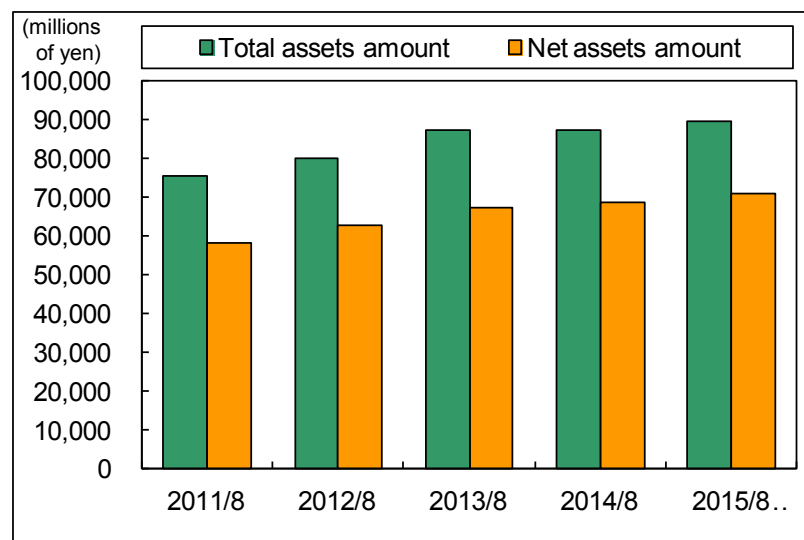
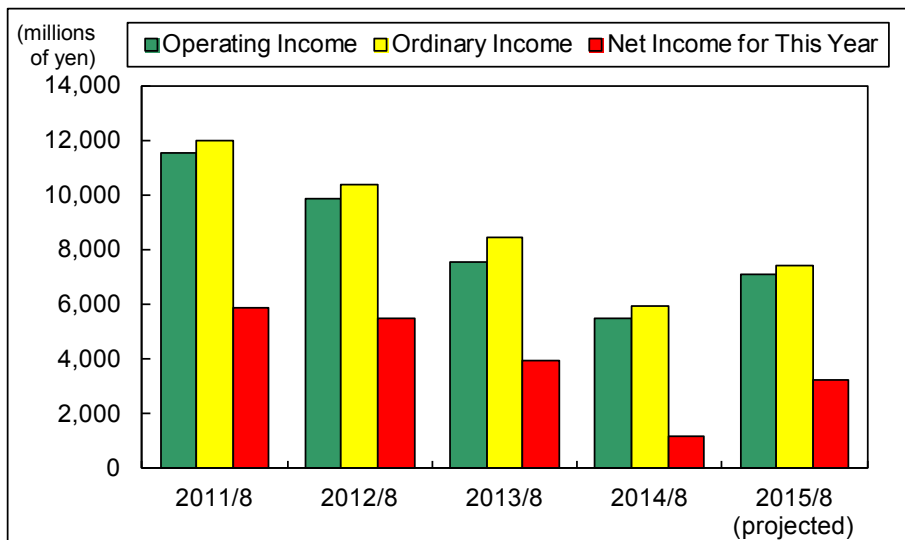
6. Trends in Financial Results

(millions of yen)

Fiscal Year Classification	2011/08		2012/08		2013/08		2014/08		2015/8(projected)	
	Results	Year-on-Year Ratio	Results	Year-on-Year Ratio	Results	Year-on-Year Ratio	Results	Year-on-Year Ratio	Plan	Year-on-Year Ratio
Net Sales	99,860	100.4%	104,235	104.4%	110,428	105.9%	125,618	113.8%	135,500	107.9%
Selling, General and Administrative Expenses (SG&A)	55,889	105.3%	59,828	107.0%	64,630	108.0%	73,914	114.4%	85,100	115.1%
Operating Income	11,552	80.4%	9,884	85.6%	7,547	76.4%	5,488	72.7%	7,100	129.4%
Ordinary Income	11,982	85.5%	10,526	87.8%	8,450	80.3%	5,917	70.0%	7,400	125.1%
Net Income for This Year	5,874	74.9%	5,471	93.1%	3,937	72.0%	1,193	30.3%	3,200	268.2%
Total Assets Amount	75,462	101.8%	80,316	106.4%	87,472	108.9%	87,224	99.7%	89,500	102.6%
Net Assets Amount	58,375	108.3%	62,968	107.9%	67,344	107.0%	68,643	101.9%	70,900	103.3%

* Totals may not tally as figures are rounded down to nearest million yen.

* Figures for 2015/8 (projected) are estimated values.



7. Financial Results for Subsidiaries

(1) Financial Results for Consolidated Subsidiaries (by Segment)

(millions of yen)

Corporation	Net Sales			Operating Income		
	41st term Previous term	42nd term Current term	% Year-on-Year Ratio	41st term Previous term	42nd term Current term	% Year-on-Year Ratio
Saizeriya	102,263	105,049	102.7%	7,040	3,849	54.7%
Saizeriya Australia	4,053	4,420	109.1%	59	166	281.7%
Overseas outlets (Asia)	12,308	20,473	166.3%	577	1,500	259.6%
Consolidation Elimination	-3,837	-4,326	—	14	-27	—
Total	114,787	125,618	109.4%	7,692	5,488	71.4%

* Totals may not tally as figures are rounded down to nearest million yen.

* 41st term totals for Overseas Outlets (Asia) include 41st term figures of non-consolidated subsidiaries and therefore do not match those in our securities report.

41st term securities report : Overseas Outlets (Asia) Net Sales (7,948 million yen)
Overseas Outlets (Asia) Operating Income (433 million yen)

(2) Financial Results for Consolidated Subsidiaries Overseas Outlets (Asia) Breakdown

(millions of yen)

Corporation	Net Sales			Operating Income		
	41st term Previous term	42nd term Current term	% Year-on-Year Ratio	41st term Previous term	42nd term Current term	% Year-on-Year Ratio
Saizeriya Shanghai	4,009	6,460	161.1%	196	390	199.4%
Saizeriya Guangzhou	3,939	6,658	169.0%	236	585	246.9%
Saizeriya Beijing	1,765	2,825	160.1%	87	184	210.2%
Saizeriya Taiwan	283	507	179.0%	-106	-90	—
Saizeriya Hong Kong	1,699	3,168	186.4%	186	431	230.9%
Saizeriya Singapore	611	852	139.5%	-23	-1	—
Overseas outlets (Asia) Total	12,308	20,473	166.3%	577	1,500	259.6%

(3) Development of Overseas Outlets

Region	2013/8	2014/8			2015/8		
		New Outlet Opening	Closure of Outlets	2014/8	New Outlet Opening (projected)	Closure of Outlets (projected)	2015/8 (projected)
Shanghai	58	26	2	82	30	4	108
Guangzhou	55	24	1	78	30	2	106
Beijing	29	10	1	38	20	3	55
Hong Kong	10	7	0	17	9	0	26
Taiwan	4	5	1	8	6	0	14
Singapore	6	1	0	7	5	0	12
Overseas Total	162	73	5	230	100	9	321

*For Shanghai, Guangzhou, Beijing, Hong Kong, and Taiwan:
Calculated based on the period from July 2013 to June 2014.

*Net increase for full 42nd term: 68 outlets

*Net increase for full 43rd term: 91 outlets

8. Trends in Capital Expenditure and Cash Flow

(millions of yen)

	2011/8	2012/8	2013/8	2014/8	2015/8(proj ected)
New Outlet Openings	4,192	4,857	4,966	4,239	2,800
Renovation of Existing Outlets	116	164	2,038	622	1,000
Yoshikawa Plant	32	19	33	1	62
Kanagawa Plant	60	132	105	608	171
Fukushima Plant	73	123	2	0	24
Hyogo Plant	33	13	122	5	170
Chiba Plant	—	1,301	4,569	40	99
Head Office and Others	161	318	962	116	860
Consolidated Subsidiaries	797	1,273	903	3,029	3,415
Capital Expenditure (=A)	5,464	8,200	13,700	8,660	8,601
Cash Flow (=B)	8,548	8,538	8,003	6,281	8,677
Depreciation	3,582	3,975	4,974	5,996	6,385
Balance (=B-A)	3,084	338	-5,697	-2,379	76

* Totals may not tally as figures are rounded down to nearest million yen. Figures for 2015/8 (projected) are estimated values.

* The figures above in the Cash Flow row are approximately calculated and therefore do not match those in our cash flow statement.

9. Projected Consolidated Business Performance

	First Half of Term	Year-on-Year Ratio	Full Year	Year-on-Year Ratio	(millions of yen)
Net Sales	64,200	108.4%	135,500	107.9%	
Operating Income	2,200	151.3%	7,100	129.4%	
Net Income	1,000	762.4%	3,200	268.2%	

■ Net sales

Japan: 107 billion yen, overseas: 28.5 billion yen

Net increase in Japan: 18 outlets, overseas net increase: 91 outlets

Existing outlets in Japan compared to previous year: 99.7%

■ Operating income

Japan: 4.5 billion yen, Asia: 2.5 billion yen, Australia: 0.1 billion yen

Gross income percentage in Japan: 63.3%

Foreign exchange rates AUD: 97.03, EUR: 136.76, USD: 103.74

■ Net income

Japan: 1.1 billion yen, Asia: 2 billion yen, Australia: 0.1 billion yen

Classification		2015/8 (projected)
Return on Assets for Term (ROA)	(%)	8.4
Total Assets Turnover	(No. of times)	1.5
Earnings Per Share for Term (EPS)	(yen)	63.4
Book-value Per Share (BPS)	(yen)	1,405.5
Capital Adequacy Ratio	(%)	79.0
Return on Equity for Term (ROE)	(%)	4.6

Agenda for 43rd Term

1. Promote various projects including the information system project
2. Measures for existing outlets and improving quality of outlets
3. Further enhancement of employee education and creation of foundation for education
4. Leverage production technologies and consider renovation of plants in Japan
5. Build overseas business model
6. Promote development of new business as the second main pillar of business in Japan
7. Propose new values through research and development



New business, "Pastas" Suehiro-cho Outlet



Chiba Plant (R & D Center)

Thank you.