

Saizeriya Co., Ltd. Financial Results Briefing Session for the Second Quarter of the Fiscal Year Ended August 31, 2015 (43rd term: from September 1, 2014 to February 28, 2015)



Code No. 7581

Thursday, April 9, 2015



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Note: 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, 2015

(1) Financial Highlights

(millions of yen)

	Financial Results	Previous Year	Year-on-Year Ratio	Budget	Percentage of Budget
Net Sales	65,448	59,243	110.5%	64,200	101.9%
Gross Net Sales	40,726	37,383	108.9%	40,100	101.6%
Operating Income	2,384	1,453	164.0%	2,200	108.4%
Ordinary Income	2,636	1,672	157.6%	2,300	114.6%
Net Income for This Year	1,368	131	1,043.3%	1,000	136.8%

Increased revenue and increased profit

Increases in both revenue and profit were posted for the first time in 5 years, since 2Q of the fiscal year ended August 31, 2010.

Budget reflects the financial forecast announced on October 15, 2014.

1. Financial Results for the Current Term

(2) Sales Ratio

(millions of yen)

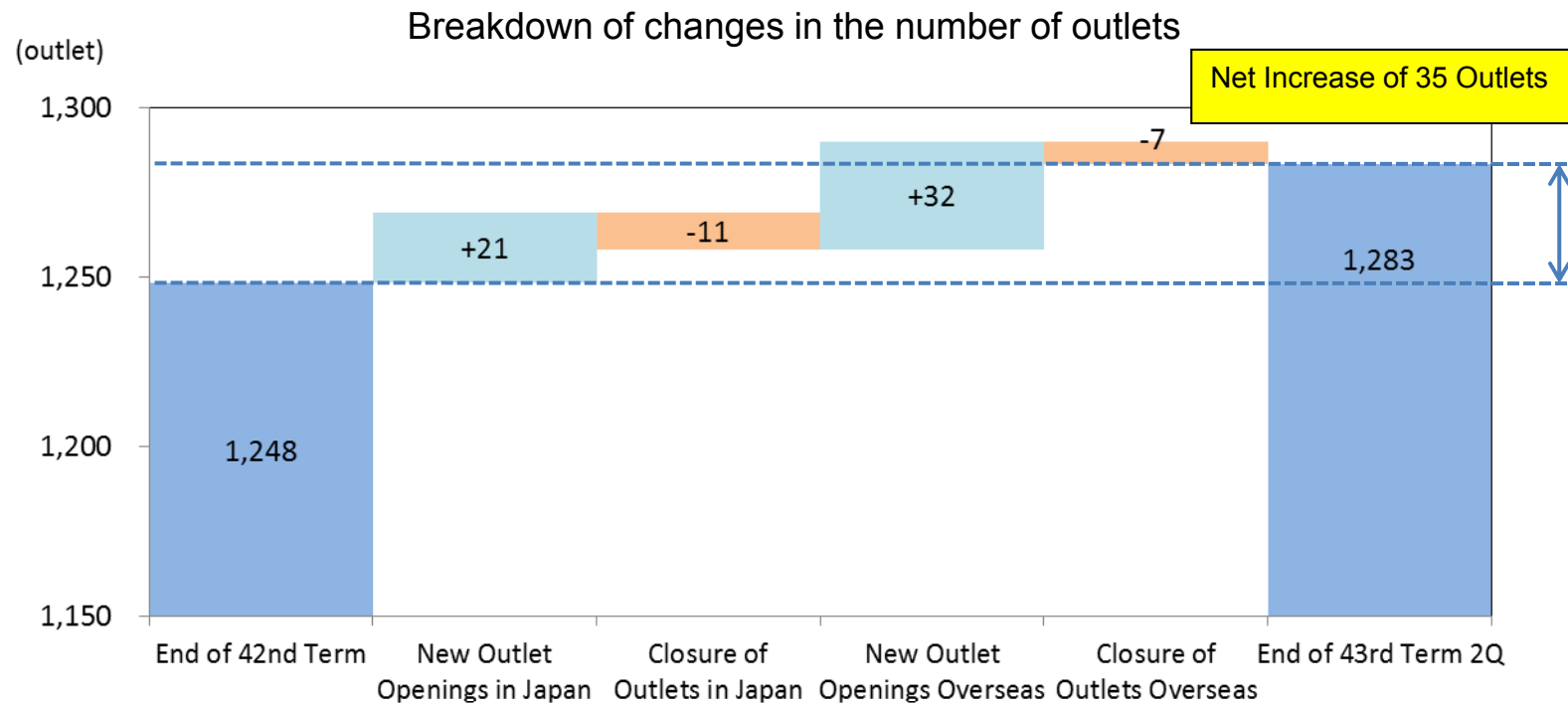
	2Q of Year Ended August 31, 2015		2Q of Year Ended August 31, 2014		Ratio Difference
	Amount	Net Sales Ratio	Amount	Net Sales Ratio	
Net Sales	65,448	100.0%	59,243	100.0%	-
Sales Cost	24,721	37.8%	21,860	36.9%	0.9%
Gross Net Sales	40,726	62.2%	37,383	63.1%	-0.9%
Selling, General and Administrative Expenses (SG&A)	38,342	58.6%	35,929	60.6%	-2.1%
Operating Income	2,384	3.6%	1,453	2.5%	1.2%
Ordinary Income	2,636	4.0%	1,672	2.8%	1.2%
Net Income for the Quarter	1,368	2.1%	131	0.2%	1.9%

The cost of sales increased by 0.9 points,
and Selling, General and Administrative Expenses (SG&A) declined by 2.1 points.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets

Number of outlets

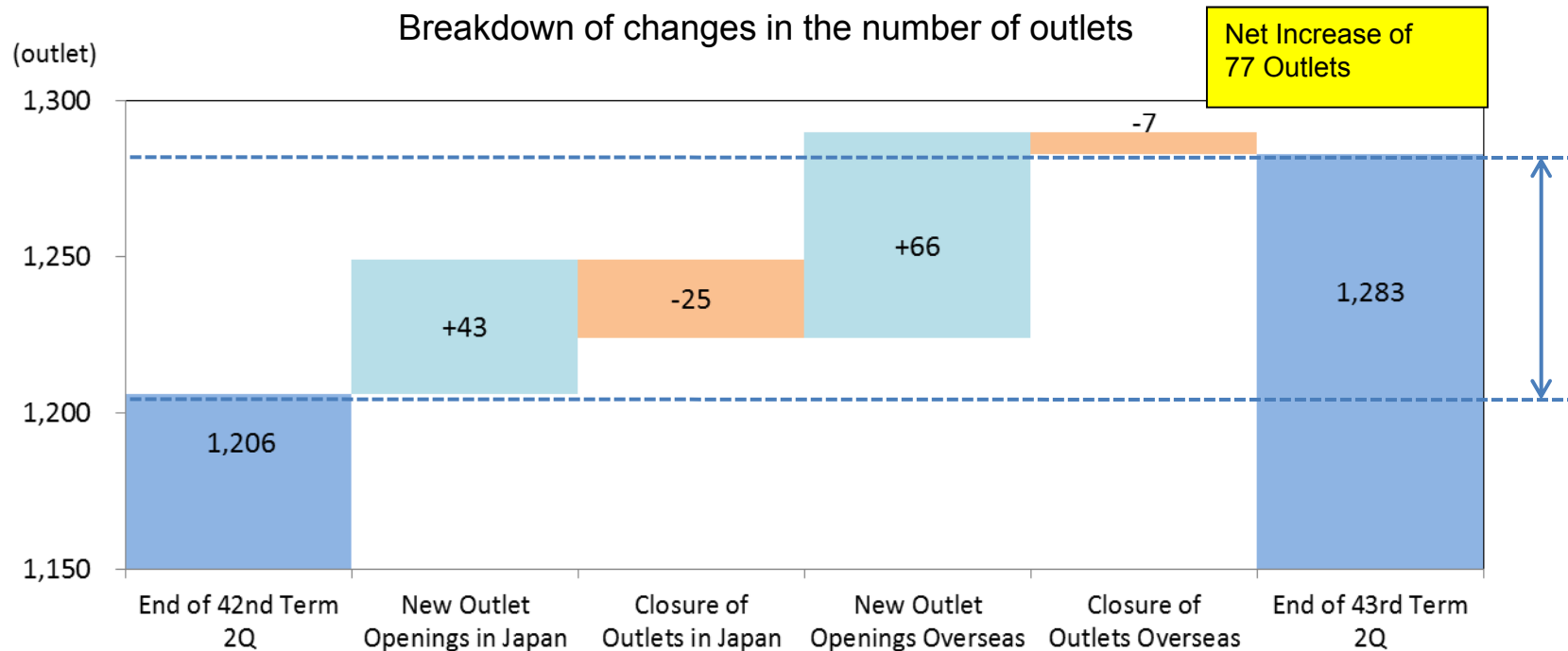


The total number of outlets is 1,283 (Domestic: 1,028; Overseas: 255). There was a net increase of 35 outlets since the end of the 42nd Term. There was a net increase of 10 outlets in Japan and a net increase of 25 outlets overseas. The ratio of overseas outlets is 19.9%, and the influence of overseas outlets has grown larger.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets

Number of outlets



The total number of outlets is 1,283 (Domestic: 1,028; Overseas: 255).

There was a net increase of 77 outlets since the end of the 42nd Term 2Q. There was a net increase of 18 outlets in Japan and a net increase of 59 outlets overseas.

The ratio of overseas outlets is 19.9%, and the influence of overseas outlets has grown larger.

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	
	2015/2Q	2014/2Q	2015/2Q	2014/2Q	2015/2Q	2014/2Q
Japan	21	44	11	16	1,028	1,010
Shanghai	7	15	3	2	86	71
Guangzhou	14	12	3	1	89	66
Beijing	6	6	1	1	43	34
Hong Kong	2	3	0	0	19	13
Taiwan	0	3	0	1	8	6
Singapore	3	0	0	0	10	6
Total	53	83	18	21	1,283	1,206

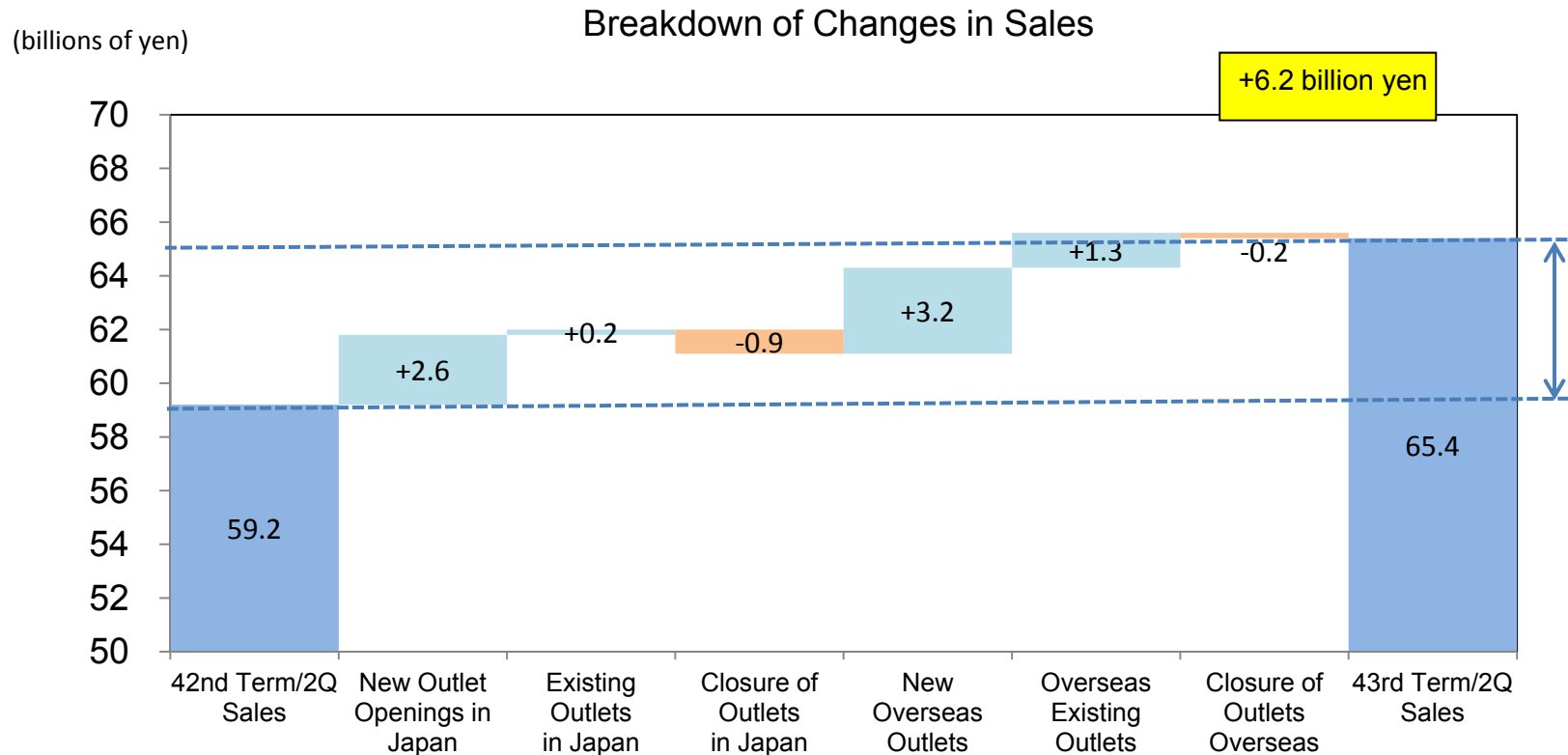
For Shanghai, Guangzhou, Beijing, Hong Kong and Taiwan, data for the period between July and December are used. For Japan and Singapore, data for the period between September and February are used.

There are a total of 255 outlets overseas. The ratio of overseas outlets is 19.9%, and the influence of overseas outlets has grown larger.

2. Major Factors Lifting Business Performance

(1) Net Sales

Year-on-Year Ratio: 110.5% (+6.2 billion yen)



Consolidated net sales amounted to 65.4 billion yen, registering a record-high level. Overseas sales were 13.5 billion yen, with an overseas sales ratio of 20.7%. The impact of overseas operations has grown larger.

2. Major Factors Lifting Business Performance

(1) Net Sales

Year-on-Year Ratio: 110.5% (+6.2 billion yen)

Consolidated net sales amounted to 65.4 billion yen, registering a record-high level.

Overseas sales amounted to 13.5 billion yen. Percentage of overseas sales: 20.7%

2. Primary factors contributing to net sales growth

Total consolidated sales	6.26billion yen	(+10.5p)
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Total sales in Japan	1.96billion yen	(+3.9p)
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New outlets	2.66	
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Existing outlets	0.2	
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Closure of outlets	-0.91	
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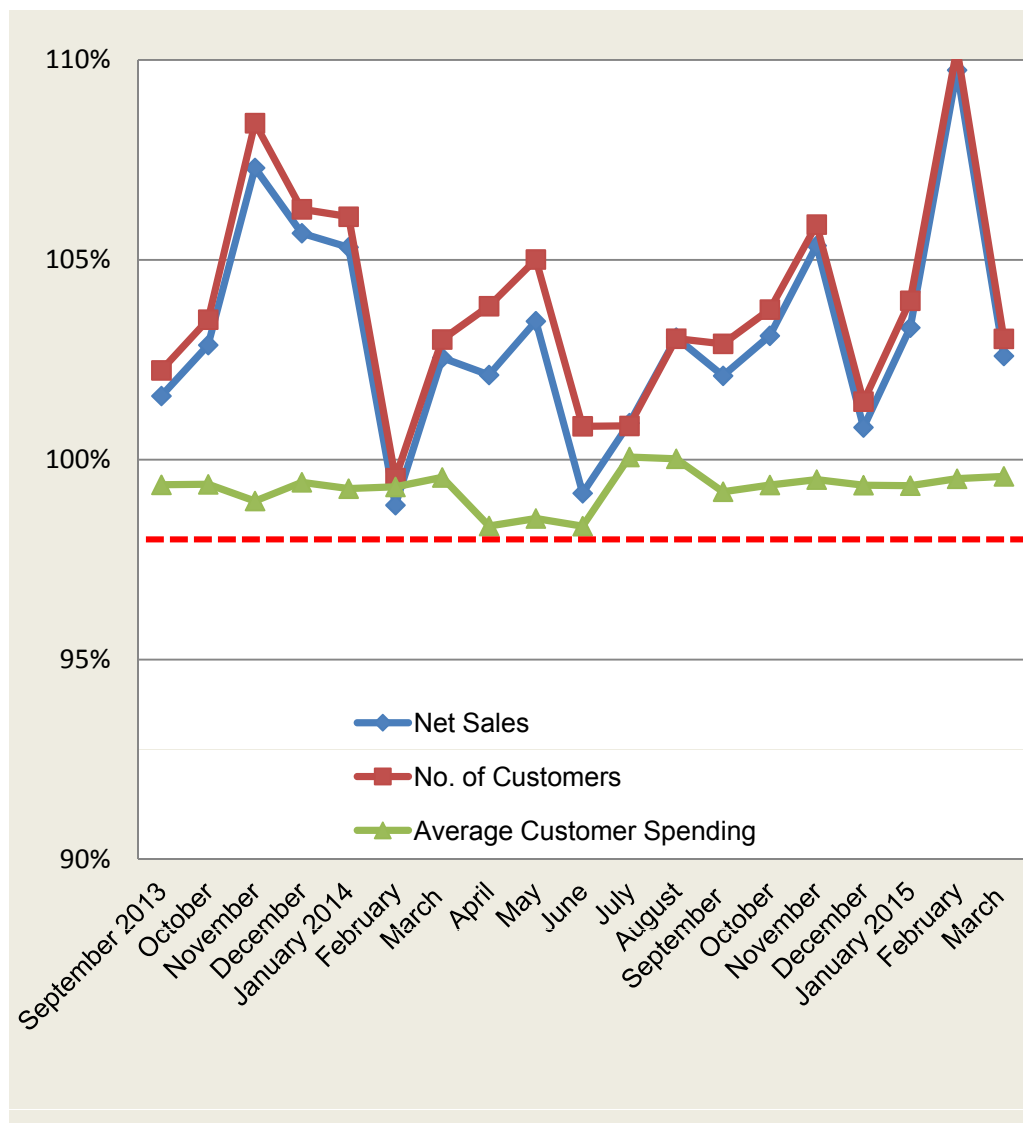
Total overseas sales	4.3billion yen	(46.7p)
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New outlets	3.23	
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Existing outlets	1.36	
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Closure of outlets	-0.29	
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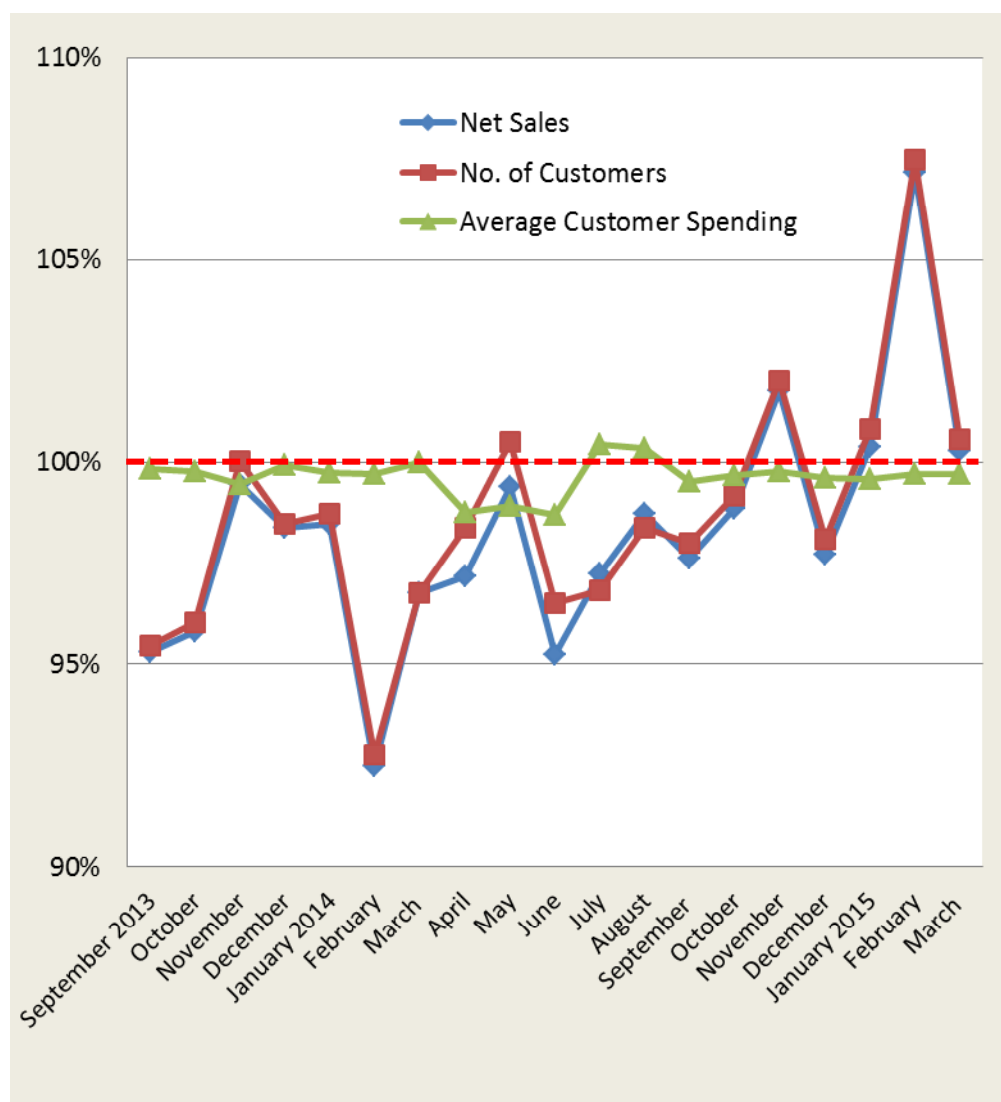
Net Sales, Number of Customers, Average Customer Spending for All Outlets



	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%
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%
Cumulative Total Results for 42nd term	102.7%	103.5%	99.2%
September	102.1%	102.9%	99.2%
October	103.1%	103.8%	99.4%
November	105.4%	105.9%	99.5%
December	100.8%	101.5%	99.4%
January 2015	103.3%	104.0%	99.4%
February	109.7%	110.3%	99.5%
First-half Cumulative Results for 43rd Term	103.9%	104.5%	99.4%
March 2015	102.6%	103.0%	99.6%

Note: 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

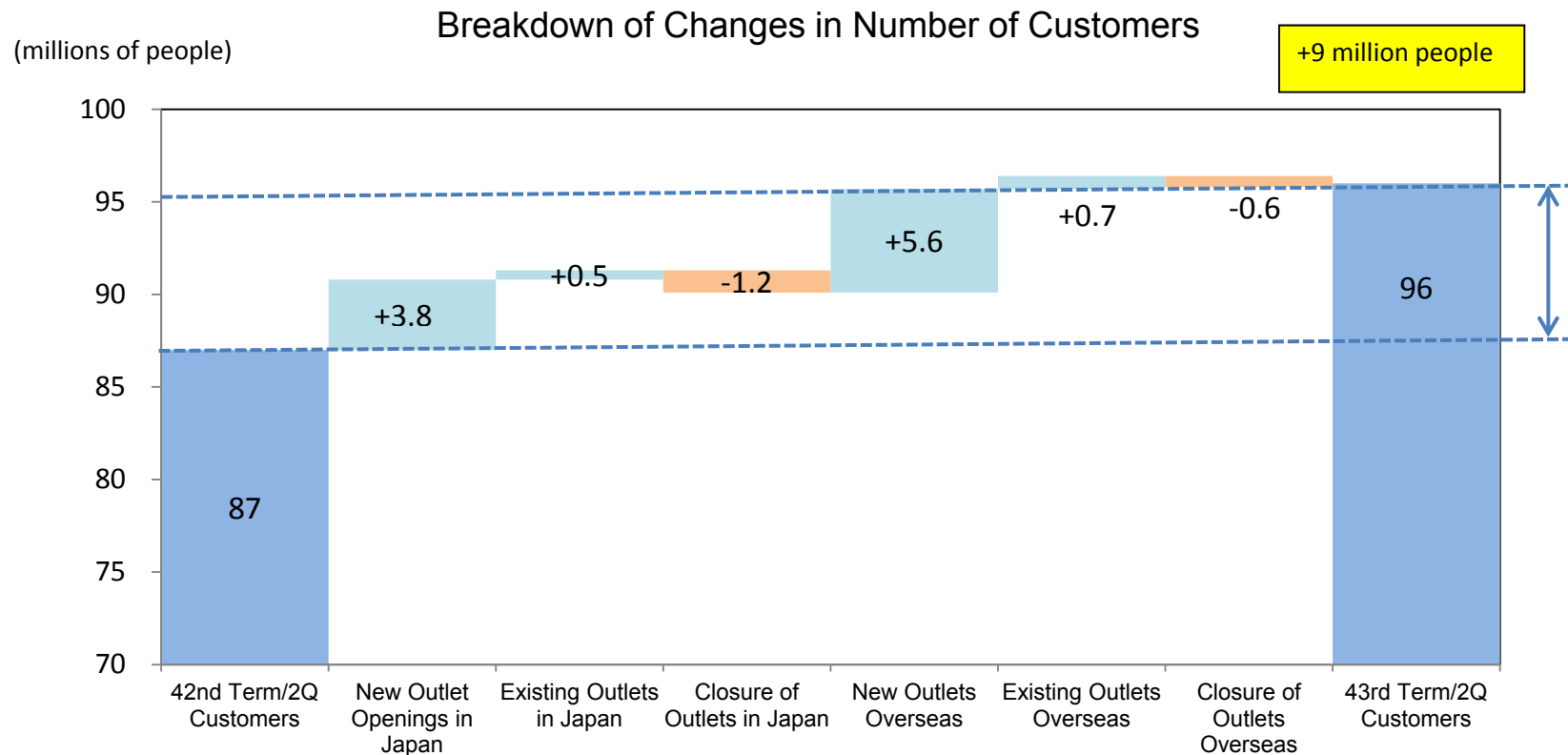


	Net Sales	No. of Customers	Average Customer Spending
September 2013	95.3%	95.5%	99.8%
October	95.8%	96.0%	99.8%
November	99.4%	100.0%	99.4%
December	98.4%	98.5%	99.9%
January 2014	98.5%	98.7%	99.7%
February	92.5%	92.8%	99.7%
March	96.7%	96.7%	100.0%
April	97.2%	98.4%	98.8%
May	99.4%	100.5%	98.9%
June	95.2%	96.5%	98.7%
July	97.2%	96.8%	100.4%
August	98.7%	98.4%	100.3%
Cumulative Total Results for 42nd term	97.1%	97.4%	99.6%
September	97.6%	98.0%	99.5%
October	98.8%	99.2%	99.7%
November	101.8%	102.0%	99.8%
December	97.7%	98.1%	99.6%
January 2015	100.4%	100.8%	99.6%
February	107.2%	107.5%	99.7%
First-half Cumulative Results for 43rd Term	100.4%	100.8%	99.6%
March 2015	100.3%	100.5%	99.7%

Note: 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: 96 million people
Increased by 9 million people Compared to Previous Term**

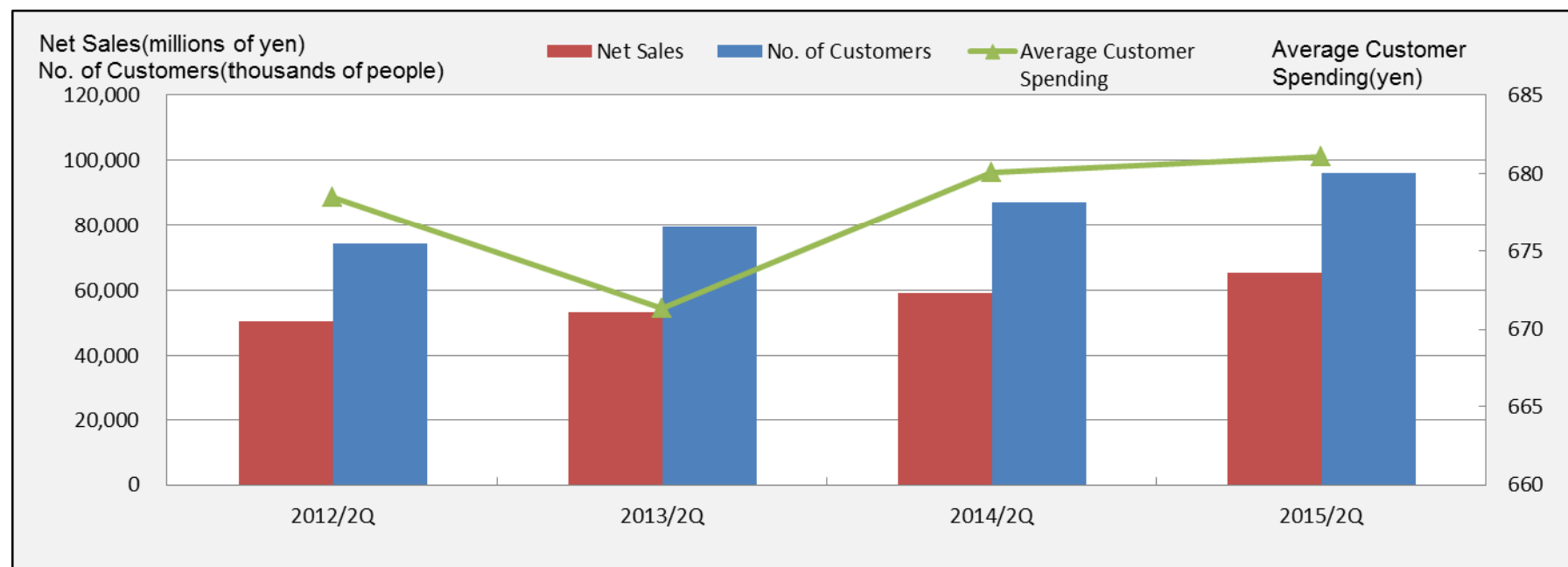


There were a total of 96 million customers, setting a new record high.
Total overseas customers: 23 million people, percentage of overseas customers: 24.6%

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

Term	2012/2Q	2013/2Q	2014/2Q	2015/2Q
Net Sales (millions of yen)	50,505	53,374	59,243	65,448
No. of Customers (thousands of people)	74,441	79,504	87,111	96,091
Average Customer Spending (yen)	678	671	680	681

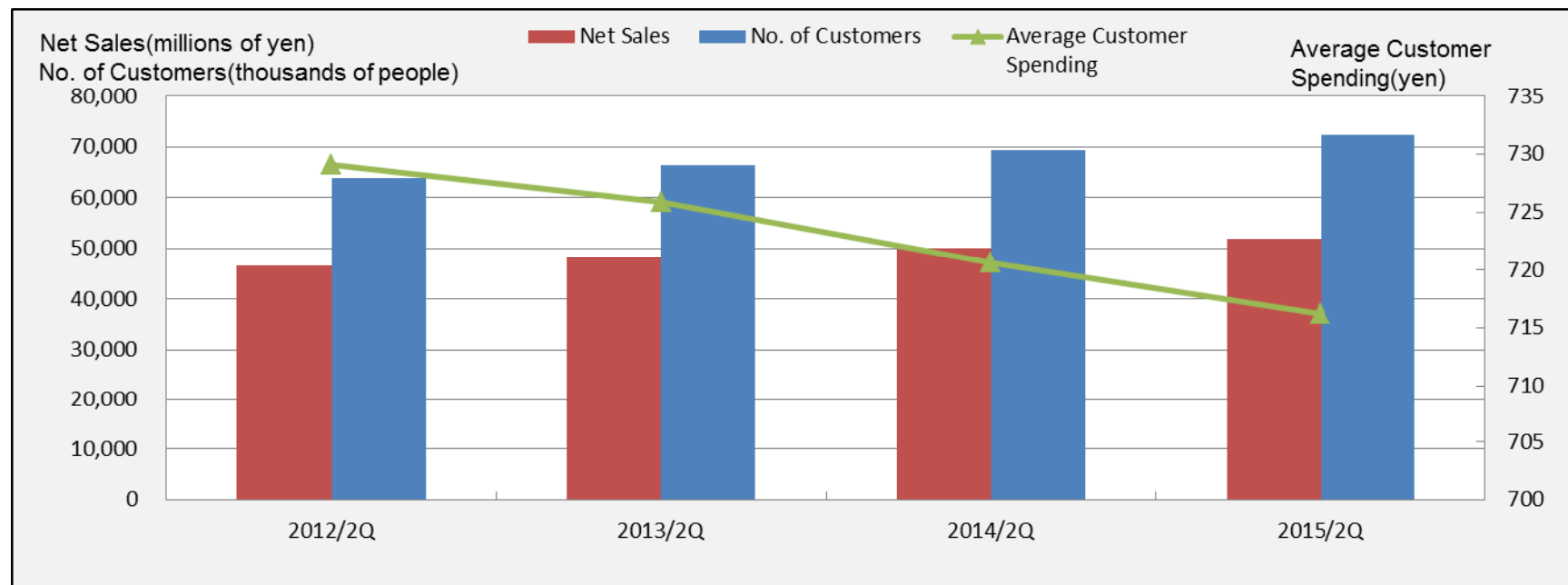
Note: The above figure indicates consolidated value.



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

Term	2012/2Q	2013/2Q	2014/2Q	2015/2Q
Net Sales (millions of yen)	46,604	48,198	49,956	51,913
No. of Customers (thousands of people)	63,919	66,398	69,324	72,482
Average Customer Spending (yen)	729	726	721	716

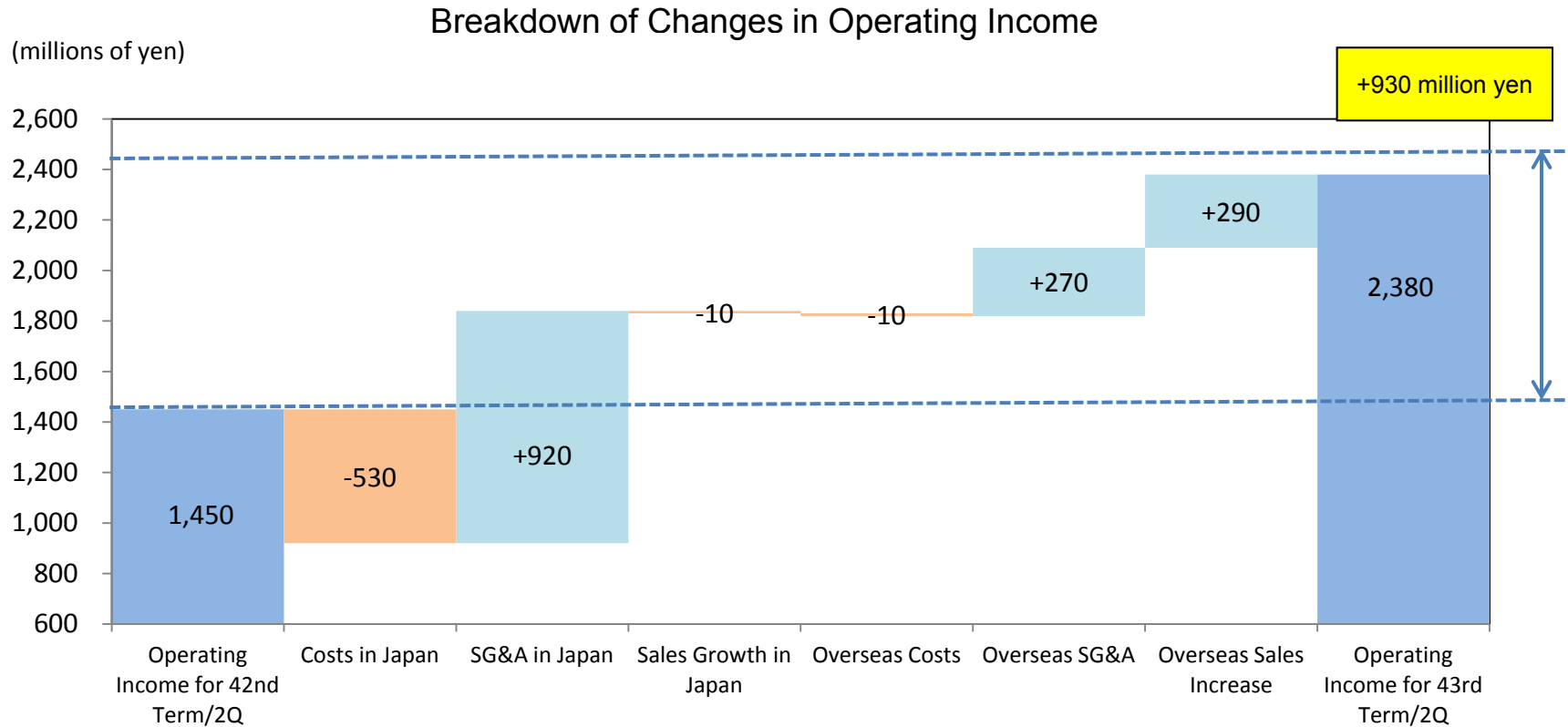
*The above figure indicates numerical value for Japanese outlets.



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

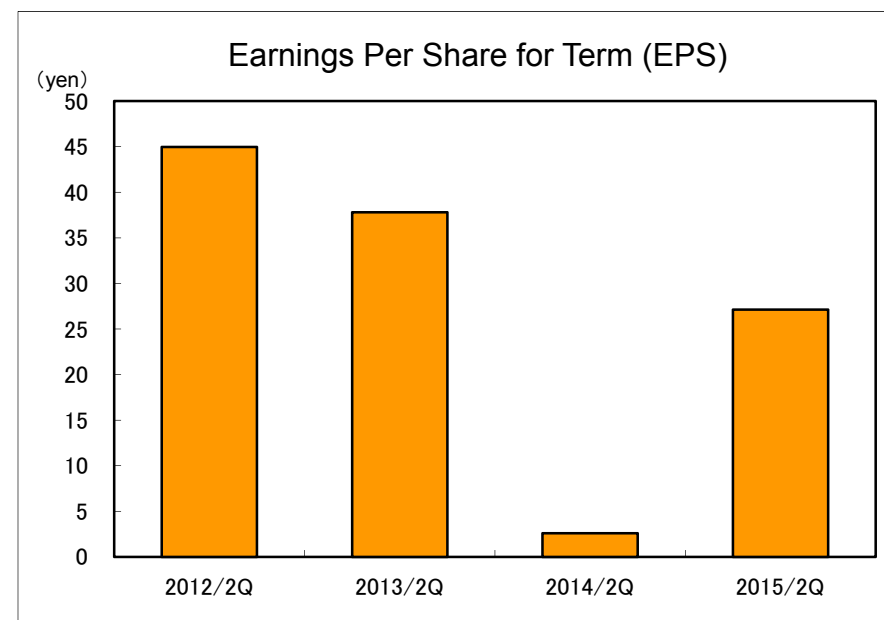
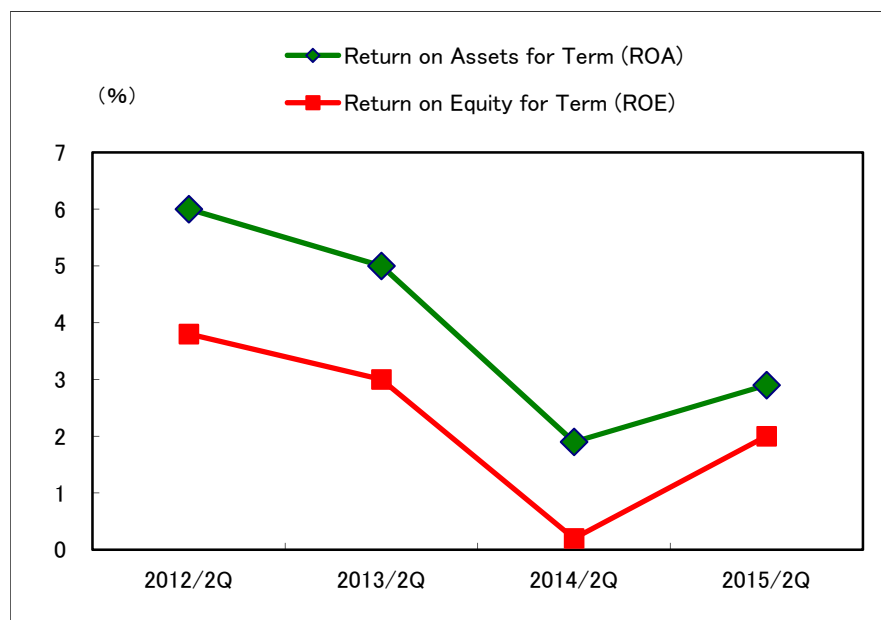
164% Y-o-Y, +930 million



Impact Amount (Japan)	370million yen
Cost of Sales (Japan)	-530million yen
Increase in purchase costs due to foreign exchange rates	-140
Increase in prices of ingredients (shrimp, chicken, cheese, etc.)	-270
Other	-120
Selling, General and Administrative Expenses (Japan)	920million yen
Labor costs	40million yen
Productivity improvements, change in start of hiring activities	
Facilities costs	660million yen
Decline in depreciation costs, etc.	
Utility costs	100million yen
Decline in gas unit prices, drop in volume of electricity used	
Other expenses	120million yen
Amount of Increase in Sales (Japan)	-10million yen
Impact Amount (Overseas)	550million yen
Cost of Sales (Overseas)	-10million yen
Selling, General and Administrative Expenses (Overseas)	270million yen
Labor costs	30
Facilities costs	20
Utility costs	-0.0
Other expenses	40
Amount of Increase in Sales (Overseas)	290million yen
Increase in Operating Income	930million yen

3. Trends in Major Financial Indicators

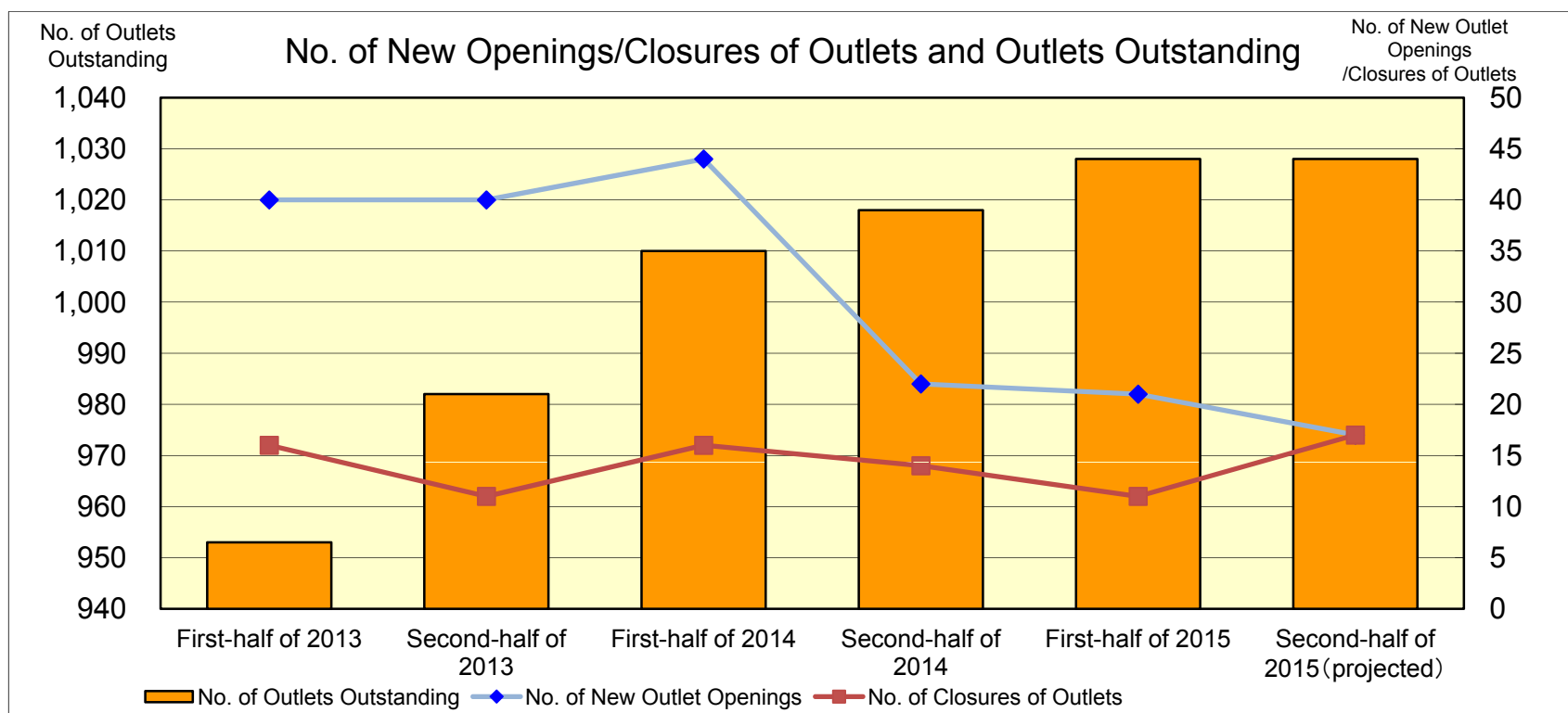
Classification		2012/2Q	2013/2Q	2014/2Q	2015/2Q
Return on Assets for Term (ROA)	(%)	6.0	5.0	1.9	2.9
Total Assets Turnover	(No. of times)	0.7	0.6	0.7	0.7
Earnings Per Share for Term (EPS)	(yen)	45.0	37.8	2.6	27.1
Book-value Per Share (BPS)	(yen)	1,191.3	1,294.5	1,332.7	1,385.7
Capital Adequacy Ratio	(%)	82.7	80.5	79.5	75.8
Return on Equity for Term (ROE)	(%)	3.8	3.0	0.2	2.0



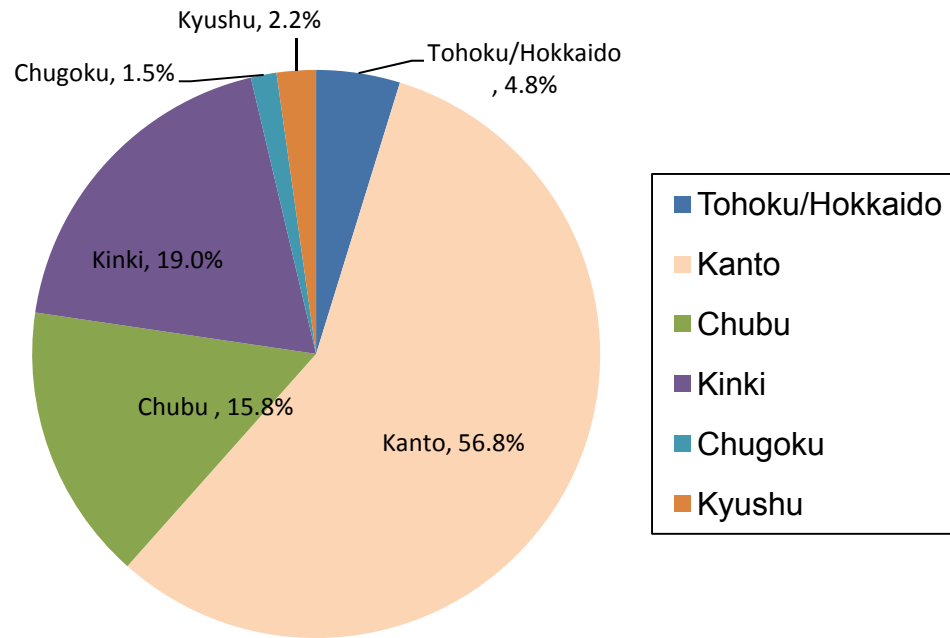
4. Trends in Number of New Outlet Openings and Closures of Outlets, Outlets Outstanding

FY	First-half of 2013	Second-half of 2013	First-half of 2014	Second-half of 2014	First-half of 2015	Second-half of 2015 (projected)
No. of New Outlet Openings	40	40	44	22	21	17
No. of Closures of Outlets	16	11	16	14	11	17
No. of Outlets Outstanding	953	982	1,010	1,018	1,028	1,028

Note: The figures above indicates only the number of outlets including all businesses of the group in Japan.



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	584	56.8%	Tokyo	213
			Kanagawa	115
			Chiba	111
			Saitama	91
			Ibaraki	29
			Tochigi	16
			Gunma	9
			Chubu	162
Shizuoka	26			
Niigata	13			
Gifu	12			
Nagano	13			
Ishikawa	10			
Yamanashi	7			
Toyama	4			
Fukui	3			
Kinki	195	19.0%		
			Hyogo	46
			Kyoto	20
			Mie	19
			Shiga	9
			Nara	9
			Wakayama	3
			Chugoku	15
Hiroshima	10			
Yamaguchi	1			
Kyushu	23	2.2%	Fukuoka	23
Total	1,028	100.0%		1,028

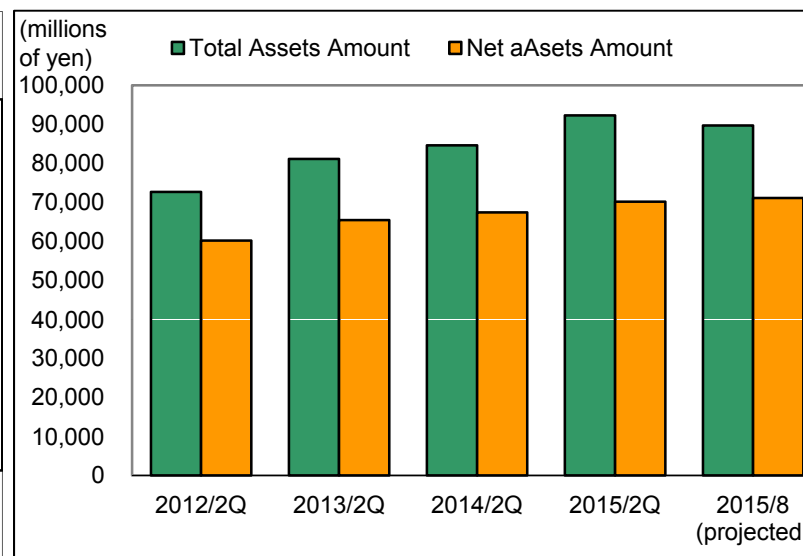
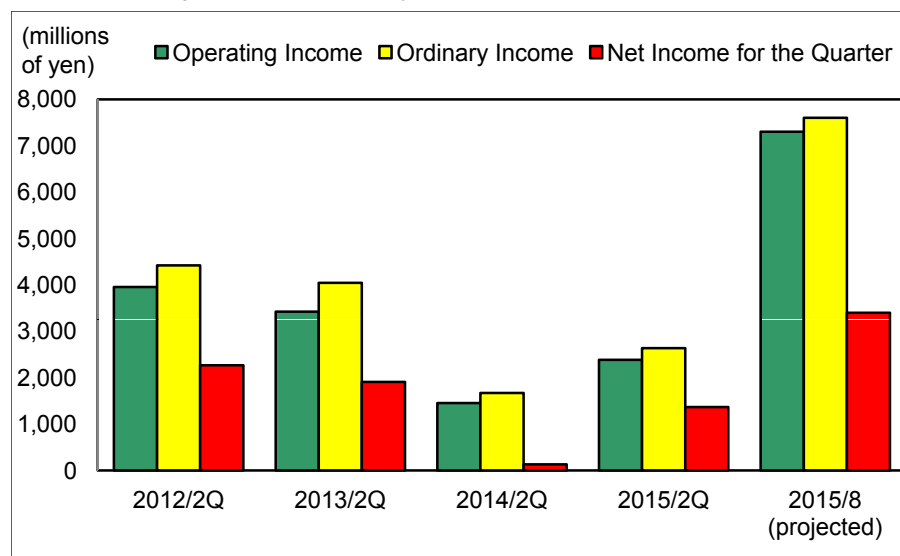
6. Trends in Financial Results

(millions of yen)

Fiscal Year Classification	2012/2Q		2013/2Q		2014/2Q		2015/2Q		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	49,226	103.6%	51,669	105.0%	59,243	114.7%	65,448	110.5%	136,800	108.9%
Selling, General and Administrative Expenses (SG&A)	29,035	106.8%	30,910	106.5%	35,929	116.2%	38,342	106.7%	78,400	106.1%
Operating Income	3,955	78.4%	3,422	86.5%	1,453	42.5%	2,384	164.0%	7,300	133.0%
Ordinary Income	4,420	83.8%	4,044	91.5%	1,672	41.3%	2,636	157.6%	7,600	128.4%
Net Income for the Quarter	2,268	99.1%	1,909	84.2%	131	6.9%	1,368	1,043.3%	3,400	285.0%
Total Assets Amount	72,672	100.6%	81,123	111.6%	84,616	104.3%	92,262	109.0%	89,700	102.8%
Net Assets Amount	60,185	108.0%	65,436	108.7%	67,418	103.0%	70,165	104.1%	71,100	103.6%

Note1: Totals may not tally as figures are rounded down to nearest million yen.

Note2: Figures for 2015/8 (projected) are estimated values.



7. Segment Performance

(1) Segment Performance

(millions of yen)

Corporation	Net Sales			Operating Income		
	2014/2Q Previous term	2015/2Q Current term	% Year-on-Year Ratio	2014/2Q Previous term	2015/2Q Current term	% Year-on-Year Ratio
Saizeriya	49,956	51,913	103.9%	818	1,193	145.7%
Saizeriya Australia	2,099	1,959	93.4%	55	-46	—
Overseas outlets (Asia)	9,209	13,516	146.8%	599	1,183	197.6%
Consolidation Elimination	-2,020	-1,941	—	-19	53	—
Total	59,243	65,448	110.5%	1,453	2,384	164.0%

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

(2) Breakdown of Financial Results by Overseas Outlets (Asia)

(millions of yen)

Corporation	Net Sales			Operating Income		
	2014/2Q Previous term	2015/2Q Current term	% Year-on-Year Ratio	2014/2Q Previous term	2015/2Q Current term	% Year-on-Year Ratio
Saizeriya Shanghai	2,867	4,136	144.2%	155	358	230.2%
Saizeriya Guangzhou	3,056	4,368	142.9%	241	452	187.4%
Saizeriya Beijing	1,295	1,893	146.2%	78	139	177.5%
Saizeriya Taiwan	219	358	163.5%	-55	-14	-
Saizeriya Hong Kong	1,397	2,120	151.7%	192	246	128.3%
Saizeriya Singapore	373	638	171.1%	-14	-0	-
Overseas outlets (Asia) Total	9,209	13,516	146.8%	599	1,183	197.6%

(3) Development of Overseas Outlets (Asia)

Region	2014/8	First-half of 2015			Second-half of 2015		
		New Outlet Opening	Closure of Outlets	2014/8	New Outlet Opening (projected)	Closure of Outlets (projected)	2015/8 (projected)
Shanghai	82	7	3	86	23	1	108
Guangzhou	78	14	3	89	17	0	106
Beijing	38	6	1	43	14	2	55
Hong Kong	17	2	0	19	7	0	26
Taiwan	8	0	0	8	6	0	14
Singapore	7	3	0	10	2	0	12
Overseas Total	230	32	7	255	69	3	321

Note1: For Shanghai, Guangzhou, Beijing, Hong Kong, and Taiwan:
Calculated based on the period from July 2014 to December 2014.

Note2: Net increase for full 42nd term: 68 outlets

Note3: Net increase for full 43rd term: 91 outlets (Projected)

8. Trends in Capital Expenditure and Cash Flow

(millions of yen)

	2013/2Q	2013/8	2014/2Q	2014/8	2015/2Q	2015/8(projected)
New Outlet Openings	2,409	4,966	2,878	4,239	1,280	2,800
Renovation of Existing Outlets	421	2,038	159	622	93	1,000
Yoshikawa Plant	27	33	1	1	-	62
Kanagawa Plant	94	105	606	608	1	171
Fukushima Plant	0	2	0	0	1	24
Hyogo Plant	39	122	3	5	4	170
Chiba Plant	4,416	4,569	12	40	2	99
Head Office and Others	900	962	104	116	24	860
Subsidiaries	420	903	1,378	3,029	1,238	3,415
Capital Expenditure (=A)	8,726	13,700	5,142	8,660	2,643	8,601
Cash Flow (=B)	3,126	8,003	2,143	6,281	3,232	8,677
Depreciation	2,125	4,974	2,920	5,996	2,772	6,385
Balance (=B-A)	-5,600	-5,697	-2,999	-2,379	589	76

Note1: Totals may not tally as figures are rounded down to nearest million yen. Figures for 2015/8 (projected) are estimated values.

Note2: The figures above in the Cash Flow row are approximately calculated and therefore do not match those in our cash flow statement.



9. Revisions to Consolidated Business Performance Projections

(millions of yen)

	2015/8 Revised Projection		2015/8 Initial Projection		Changes	Percentage change
	Amount	Sales Ratio	Amount	Sales Ratio		
Net Sales	136,800	100.0%	135,500	100.0%	1,300	1.0%
Operating Income	7,300	5.3%	7,100	5.2%	200	2.8%
Ordinary Income	7,600	5.6%	7,400	5.5%	200	2.7%
Net Income for This Year	3,400	2.5%	3,200	2.4%	200	6.3%

* We have revised the projected business performance for the fiscal year ending August 31, 2015, because some changes occurred as a result of projecting based on recent performance trends.

10. Projected Consolidated Business Performance

	First Half (Results)	Full Year (Projected)	Rate of Progress	(millions of yen)
Net Sales	65,400	136,800	47.8%	
Operating Income	2,300	7,300	32.7%	
Net Income	1,300	3,400	40.2%	

Note: Figures are rounded down to nearest 100 million yen.

■ Net sales

Japan: 107.9 billion yen, overseas: 28.9 billion yen

Net increase in Japan: 10 outlets, overseas net increase: 91 outlets

Existing outlets in Japan compared to previous year: 100%

■ Operating income

Japan: 4.6 billion yen, Asia: 2.6 billion yen, Australia: 0.1 billion yen

Gross income percentage in Japan: 62.2%

Foreign exchange rates AUD: 93.17, EUR: 133.65, USD: 119.27

■ Net income

Japan: 1.2 billion yen, Asia: 2.1 billion yen, Australia: 0.1 billion yen

Classification		2015/8 (projected)
Return on Assets for Term (ROA)	(%)	8.6
Total Assets Turnover	(No. of times)	1.5
Earnings Per Share for Term (EPS)	(yen)	67.4
Book-value Per Share (BPS)	(yen)	1,409.4
Capital Adequacy Ratio	(%)	79.0
Return on Equity for Term (ROE)	(%)	4.9

Agenda for Second-half of 43rd Term

1. Advance internal projects, including the information system project
2. Promote the menu development project to boost the appeal of offerings
3. Enhance profitability of existing outlets, boost quality of outlets
4. Review strategies for opening new outlets and closing outlets
5. Further enhancement of employee education and creation of foundation for education
6. Leverage production technologies and consider renovation of plants in Japan
7. Build overseas business model
8. Promote development of new business as the second main pillar of business in Japan
9. Propose new values through research and development

