

Saizeriya Co., Ltd. Financial Results Briefing Session for the Second Quarter of the Fiscal Year Ended August 31, 2016

(44th term: from September 1, 2015 to February 29, 2016)



Code No. 7581

Thursday, April 14, 2016



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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, 2016

(1) Financial Highlights

(millions of yen)

	Financial Results	Previous Year	Year-on-Year Ratio	Budget	Percentage of Budget
Net Sales	70,783	65,448	108.2%	69,900	101.3%
Gross Net Sales	44,086	40,726	108.3%	43,400	101.6%
Operating Income	3,216	2,384	134.9%	3,200	100.5%
Ordinary Income	3,369	2,636	127.8%	3,300	102.1%
Net Income for the Quarter	1,971	1,368	144.1%	1,800	109.6%

Increased revenue and increased profit

Budget reflects the financial forecast announced on October 14, 2015.

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

(millions of yen)

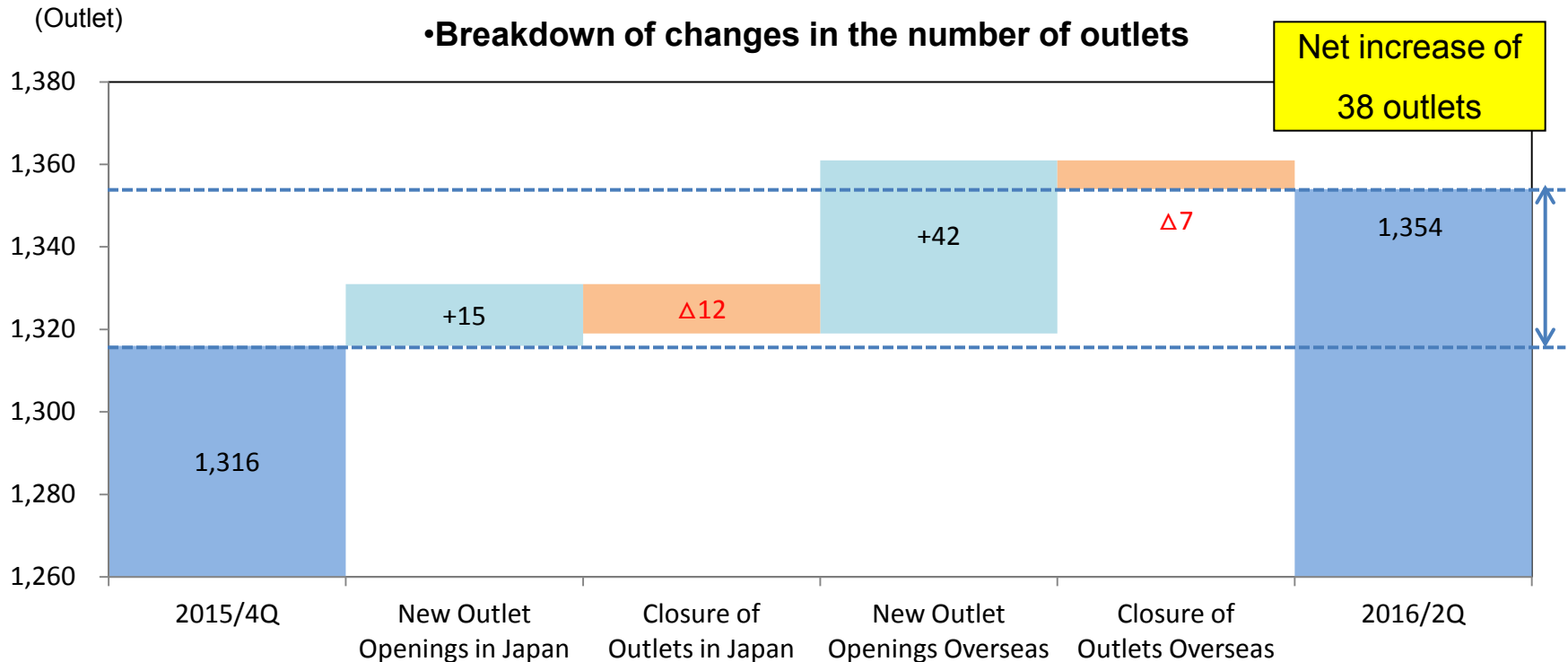
	Year Ended August 31, 2016 2Q		Year Ended August 31, 2016 2Q		Ratio Difference
	Amount	Net Sales Ratio	Amount	Net Sales Ratio	
Net Sales	70,783	100.0%	65,448	100.0%	-
Sales Cost	26,696	37.7%	24,721	37.8%	-0.1%
Gross Net Sales	44,086	62.3%	40,726	62.2%	0.1%
Selling, General and Administrative Expenses (SG&A)	40,870	57.7%	38,342	58.6%	-0.8%
Operating Income	3,216	4.5%	2,384	3.6%	0.9%
Ordinary Income	3,369	4.8%	2,636	4.0%	0.7%
Net Income for the Quarter	1,971	2.8%	1,368	2.1%	0.7%

The cost of sales decreased by 0.1 points and Selling, General and Administrative Expenses (SG&A) decreased by 0.8 points.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets

Number of outlets

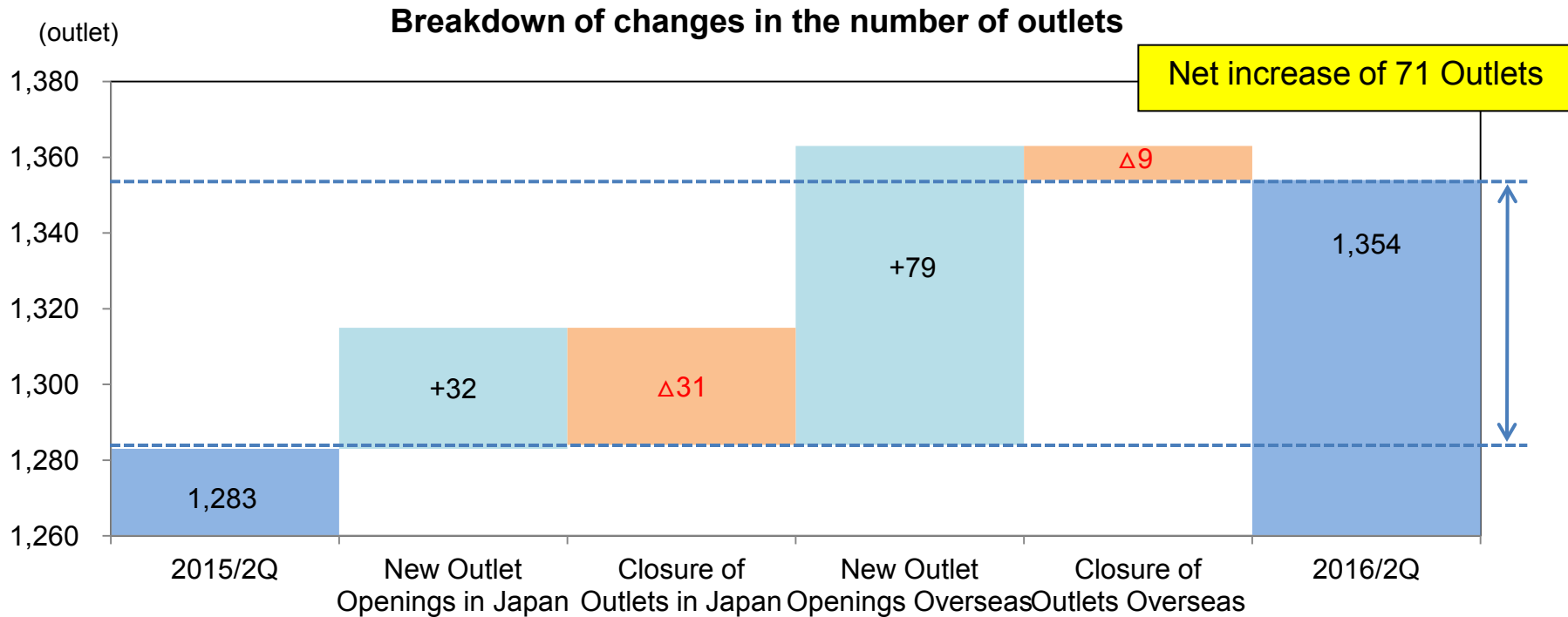


The total number of outlets is 1,354 (Domestic: 1,029; Overseas: 325).
 There was a net increase of 38 outlets since 2015/4Q. There was a net increase of 3 outlets in Japan and a net increase of 35 outlets overseas.
 The ratio of overseas outlets is 24.0%, and the influence of overseas outlets has grown larger.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets

Number of outlets



The total number of outlets is 1,354 (Domestic: 1,029; Overseas: 325).

There was a net increase of 71 outlets since 2015/2Q. There was a net increase of 1 outlet in Japan and a net increase of 70 outlets overseas.

The ratio of overseas outlets is 24.0%, and the influence of overseas outlets has grown larger.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets

Number of outlets

	No. of New Outlet Openings		No. of Closures of Outlets		No. of Outlets Outstanding	
	2016/2Q	2015/2Q	2016/2Q	2015/2Q	2016/2Q	2015/2Q
Japan	15	21	12	11	1,029	1,028
Shanghai	16	7	6	3	110	86
Guangzhou	16	14	0	3	114	89
Beijing	7	6	0	1	53	43
Hong Kong	1	2	1	0	22	19
Taiwan	0	0	0	0	11	8
Singapore	2	3	0	0	15	10
Total	57	53	19	18	1,354	1,283

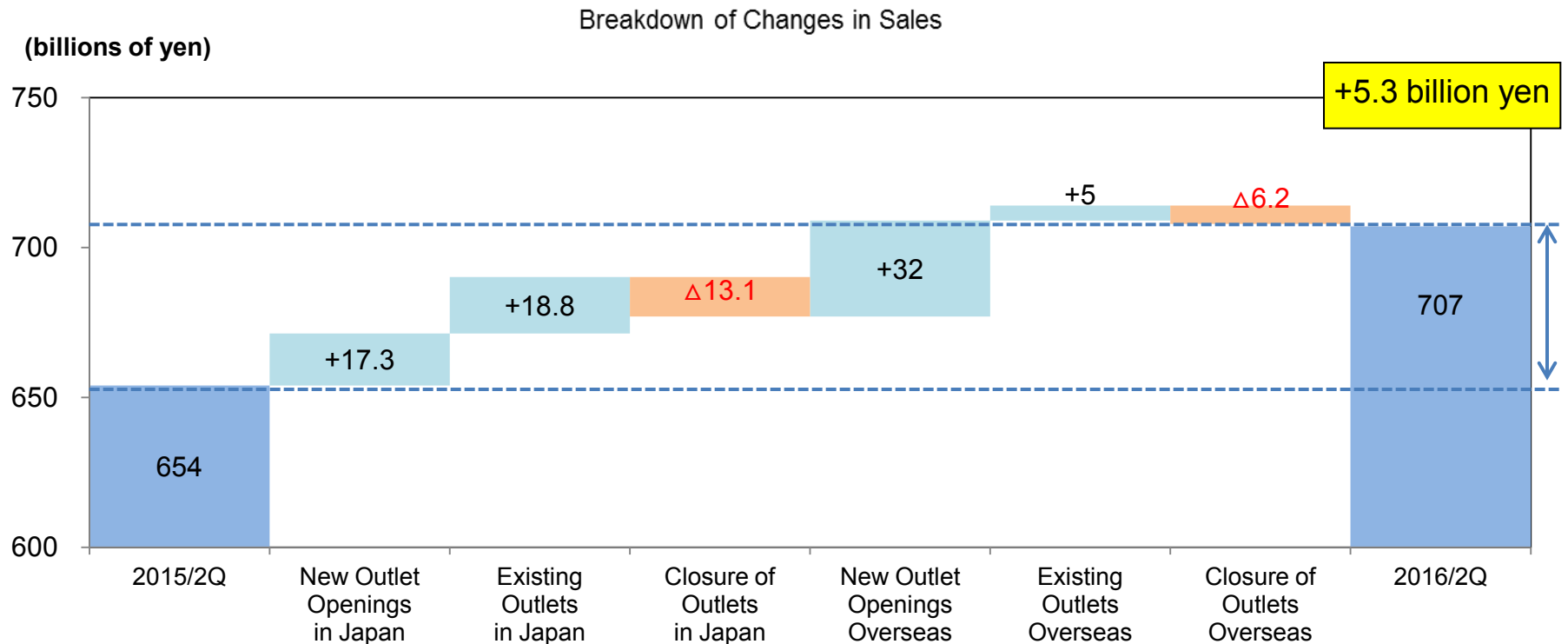
For Shanghai, Guangzhou, Beijing, Hong Kong and Taiwan, data for the period between July and December are used. For Japan and Singapore, data for the period between September and February are used.

The total number of overseas outlets is 325. The ratio of overseas outlets is 24.0%, and the influence of overseas outlets has grown larger.

2. Major Factors Lifting Business Performance

(1) Net Sales

Year-on-Year Ratio: 108.2% (+5.3 billion yen)



Consolidated net sales amounted to 70.7 billion yen, registering a record-high level.

Overseas sales were 16.6 billion yen, with an overseas sales ratio of 23.4%. The impact of overseas operations has grown larger.

2. Major Factors Lifting Business Performance

(1) Net Sales

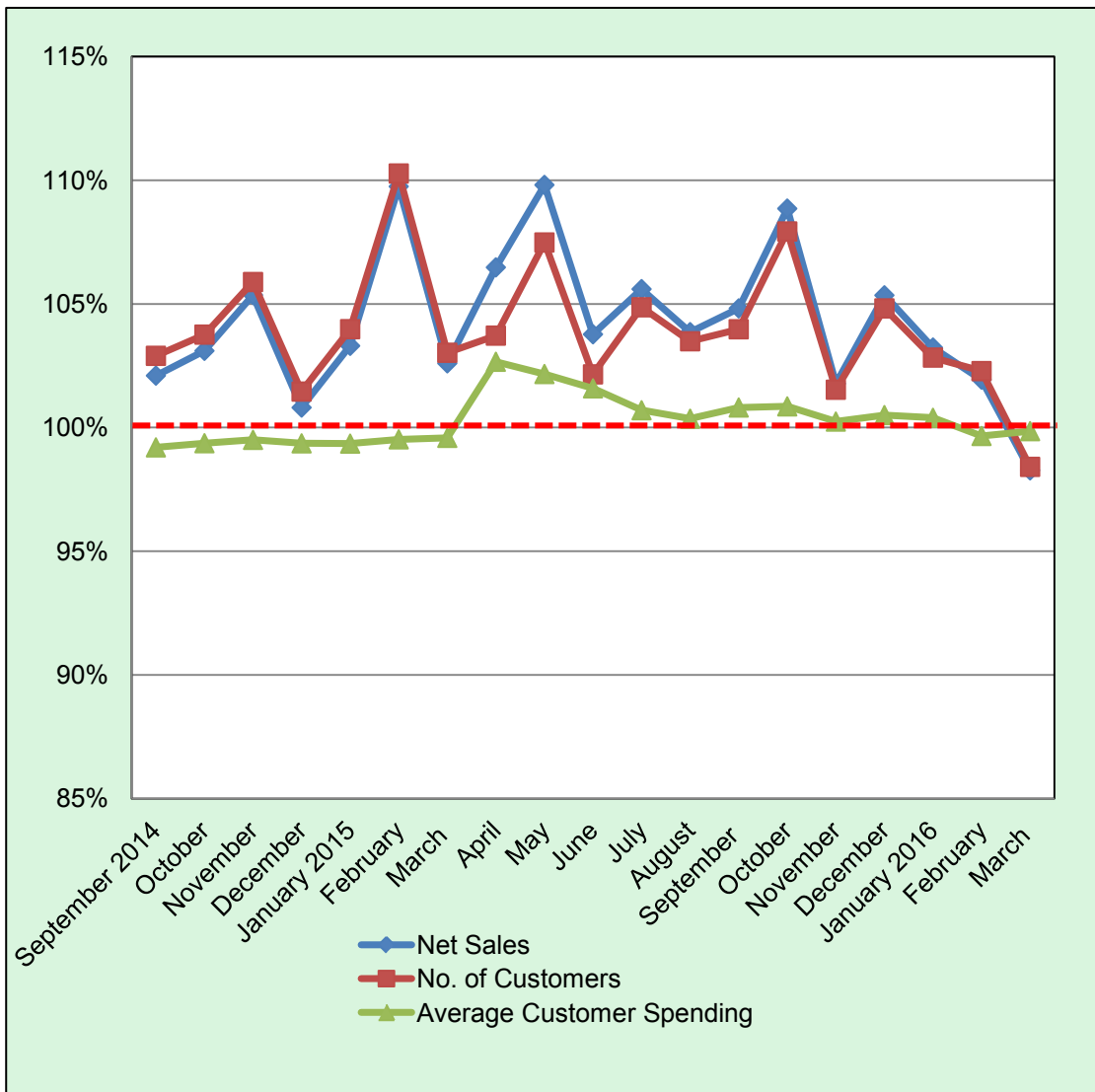
Year-on-Year Ratio: 108.2% (+5.3 billion yen)

Consolidated net sales amounted to 70.7 billion yen, registering a record-high level. Overseas sales amounted to 16.6 billion yen. Percentage of overseas sales: 23.4%

Primary factors contributing to net sales growth

Total consolidated sales	5.38 billion yen (+8.2 pts)
Total sales in Japan	2.3 billion yen (+4.3 pts)
New outlets	Increased by 1.73 billion yen
Existing outlets	Increased by 1.88 billion yen
Closure of outlets	Decreased by 1.31 billion yen
Total overseas sales	3.08 billion yen (+22.8 pts)
New outlets	Increased by 3.2 billion yen
Existing outlets	Increased by 0.5 billion yen
Closure of outlets	Decreased by 0.62 billion yen

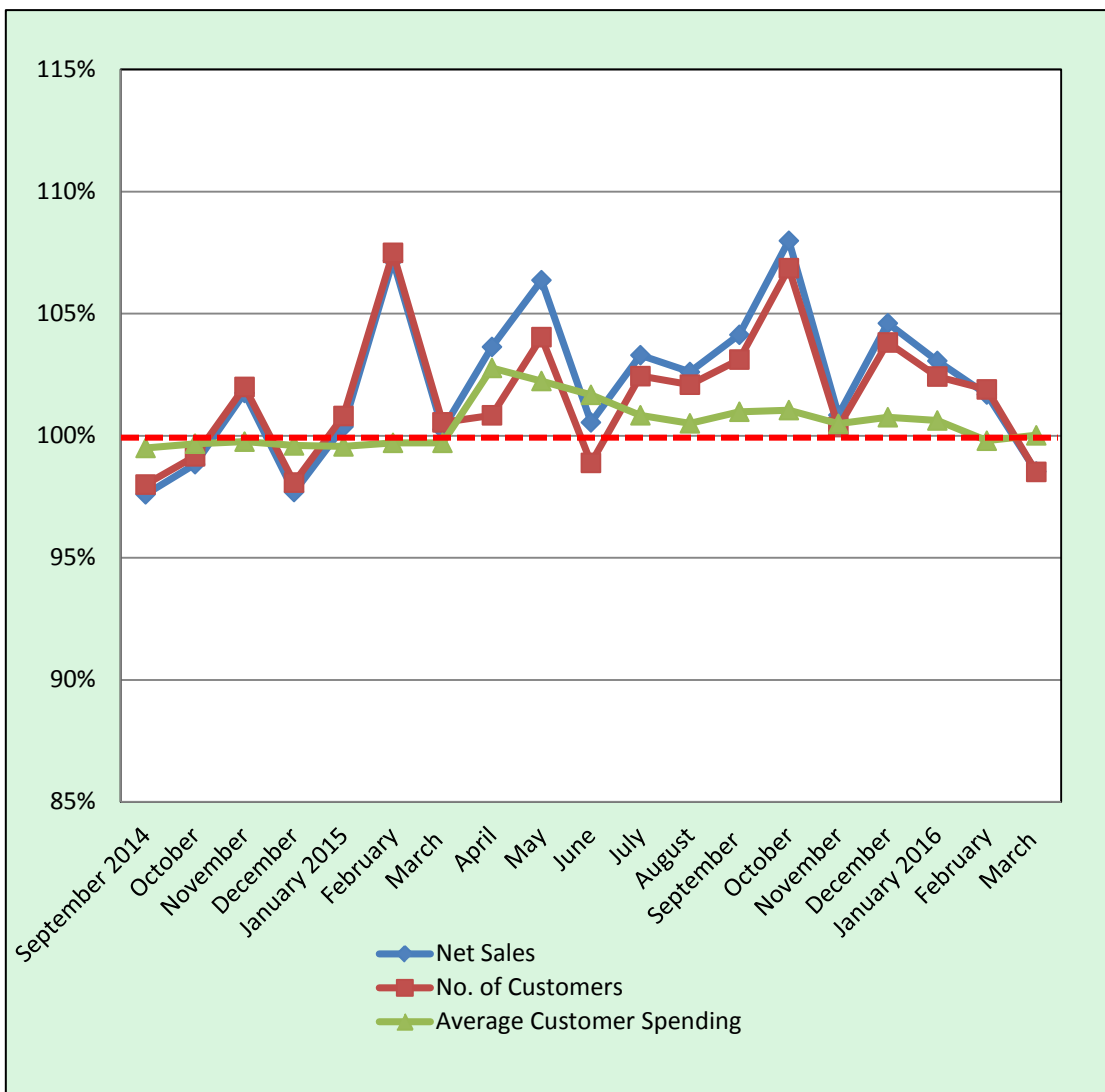
Net Sales, Number of Customers, Average Customer Spending for All domestic outlets



	Net Sales	No. of Customers	Average Customer Spending
September 2014	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%
March	102.6%	103.0%	99.6%
April	106.5%	103.7%	102.7%
May	109.8%	107.5%	102.2%
June	103.8%	102.2%	101.6%
July	105.6%	104.9%	100.7%
August	103.9%	103.5%	100.4%
Cumulative Total Results for 43rd term	104.6%	104.3%	100.3%
September 2015	104.8%	104.0%	100.8%
October	108.9%	107.9%	100.9%
November	101.8%	101.5%	100.2%
December	105.3%	104.8%	100.5%
January 2016	103.2%	102.8%	100.4%
February	101.9%	102.3%	99.7%
Cumulative Total Results for 44th First-Half term	104.3%	103.9%	100.4%
March	98.3%	98.4%	99.9%
Cumulative Total Results for 44th term	103.3%	103.0%	100.3%

* 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 Domestic Outlets

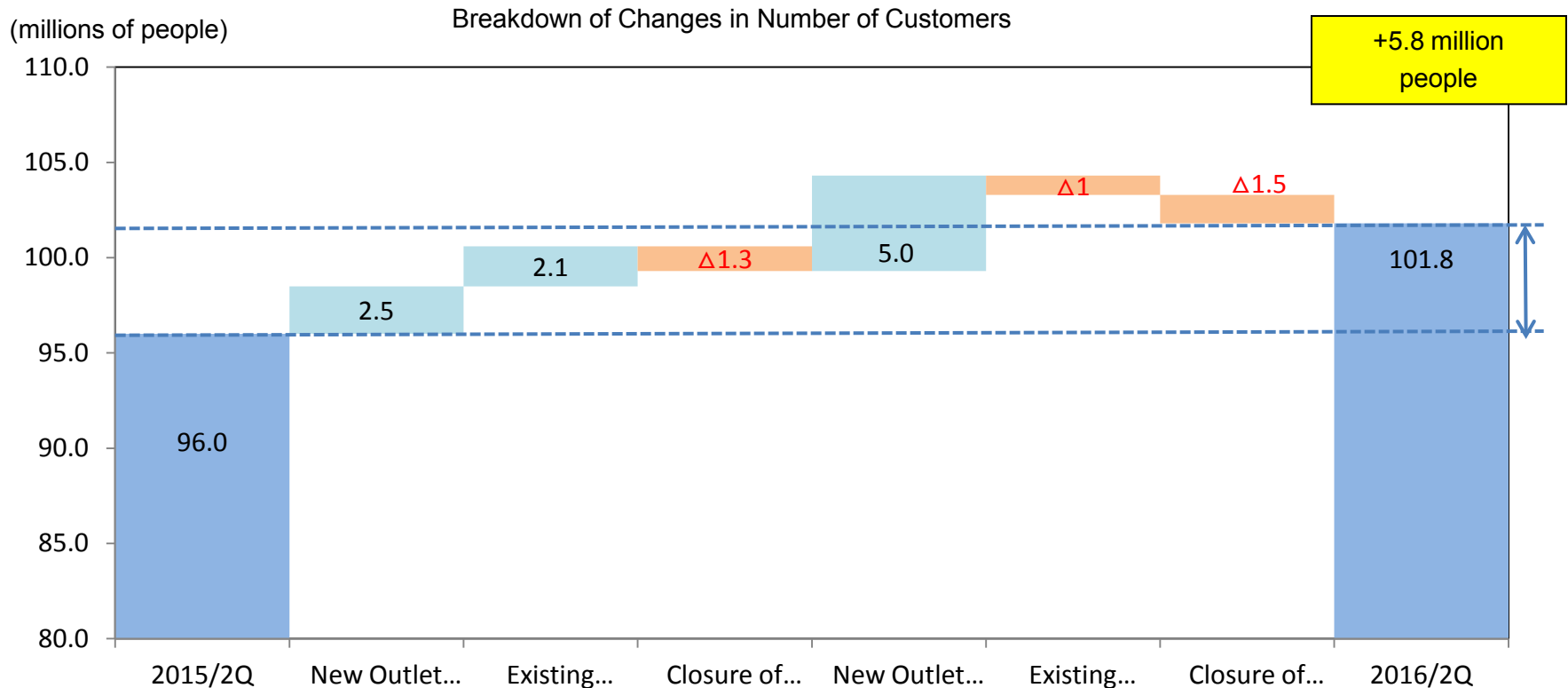


	Net Sales	No. of Customers	Average Customer Spending
September 2014	97.6%	98.0%	99.5%
October	98.8%	99.2%	99.7%
November	101.8%	102.0%	99.8%
December	97.7%	98.1%	99.6%
January 2015	100.4%	100.8%	99.6%
February	107.2%	107.5%	99.7%
March	100.3%	100.5%	99.7%
April	103.6%	100.8%	102.8%
May	106.4%	104.0%	102.2%
June	100.5%	98.9%	101.7%
July	103.3%	102.4%	100.8%
August	102.6%	102.1%	100.5%
Cumulative Total Results for 43rd term	101.6%	101.2%	100.5%
September 2015	104.1%	103.1%	101.0%
October	108.0%	106.9%	101.1%
November	100.8%	100.4%	100.5%
December	104.6%	103.8%	100.8%
January 2016	103.1%	102.4%	100.6%
February	101.7%	101.9%	99.8%
Cumulative Total Results for 44th First-Half term	103.7%	103.1%	100.6%
March	98.5%	98.5%	100.0%
Cumulative Total Results for 44th term	102.9%	102.3%	100.5%

* 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: 101.8 million people
Increased by 5.8 million people Compared to Previous Term**



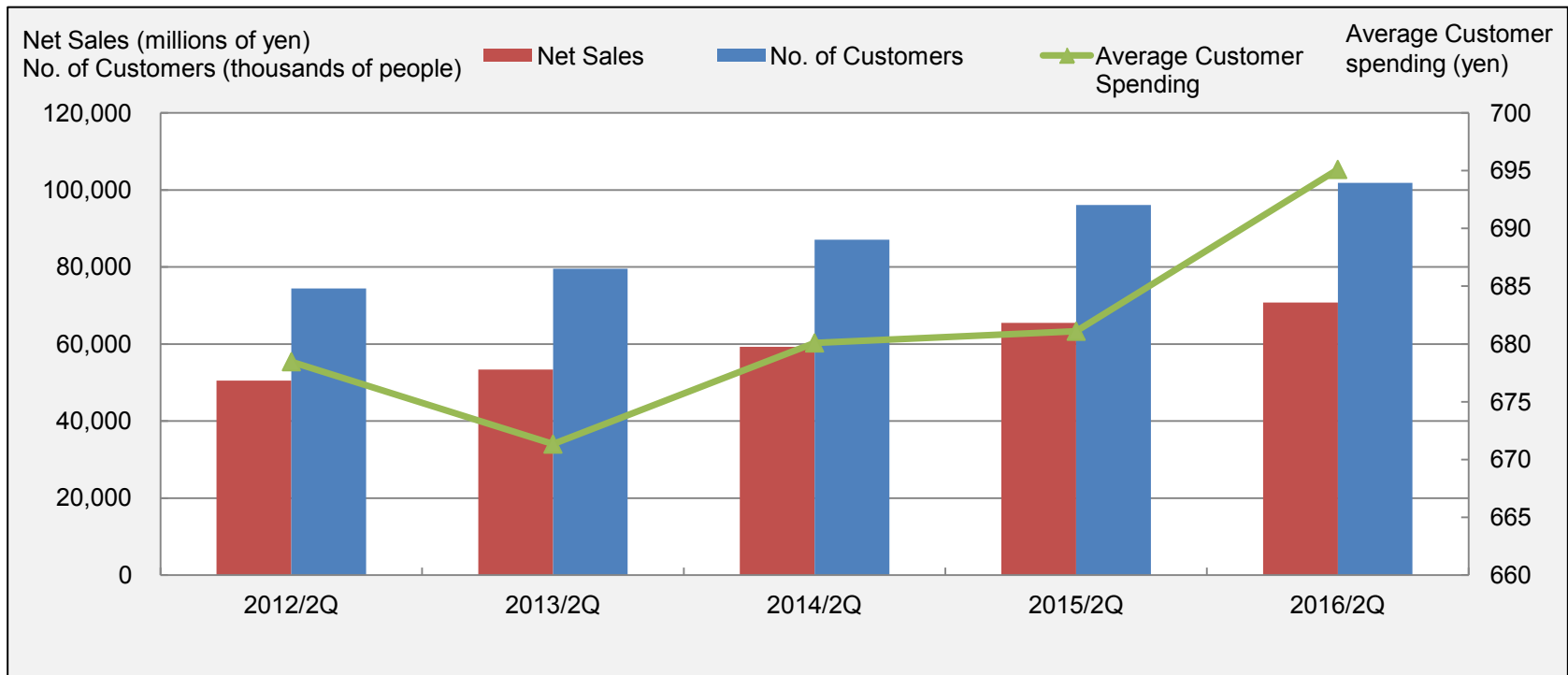
The total number of customers per year achieved a record high of 101.8 million people.

Total domestic customers: 75.3 million people, Total overseas customers: 26.5 million people, percentage of overseas customers: 26.0%

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

Term		2012/2Q	2013/2Q	2014/2Q	2015/2Q	2016/2Q
Net Sales	(millions of yen)	50,505	53,374	59,243	65,448	70,783
No. of Customers	(thousands of people)	74,441	79,504	87,111	96,091	101,830
Average Customer Spending	(yen)	678	671	680	681	695

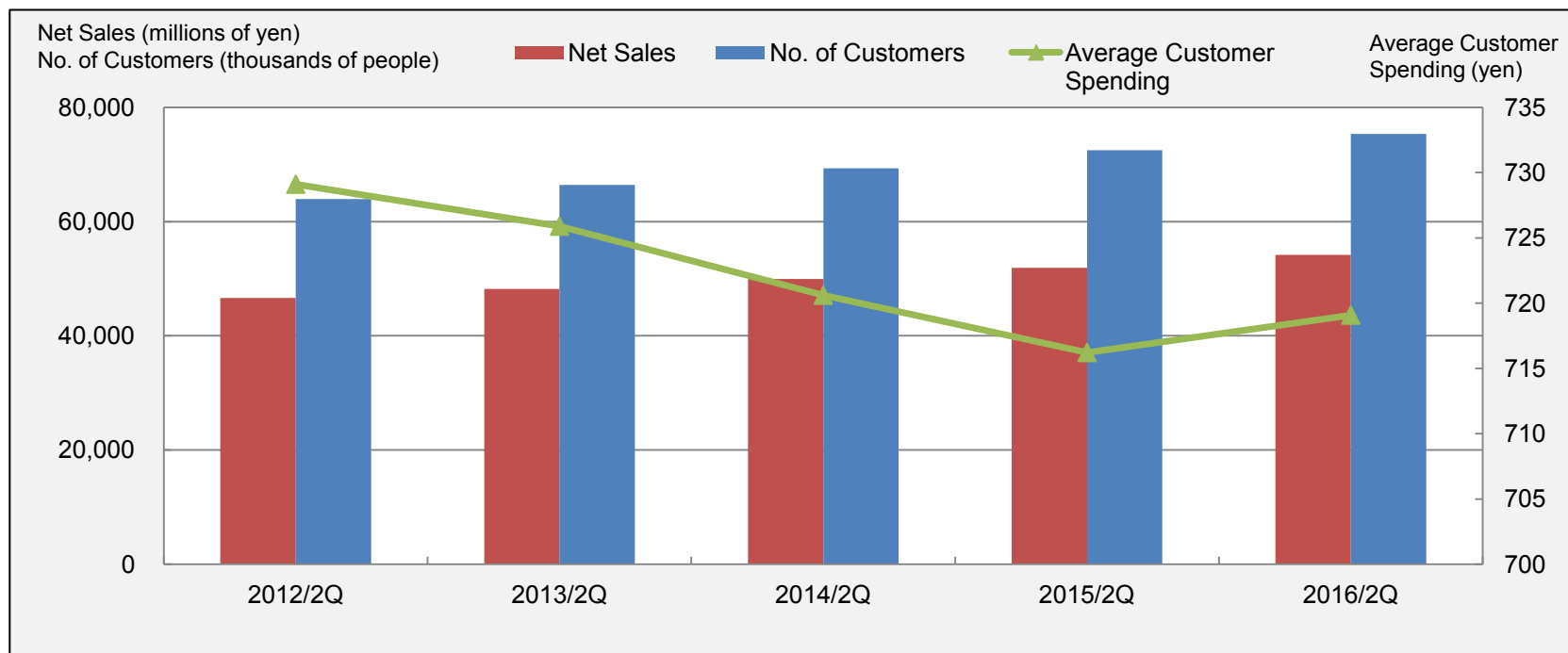
*The above figure indicates consolidated value.



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

Term	2012/2Q	2013/2Q	2014/2Q	2015/2Q	2016/2Q
Net Sales (millions of yen)	46,604	48,198	49,956	51,913	54,166
No. of Customers (thousands of people)	63,919	66,398	69,324	72,482	75,326
Average Customer Spending (yen)	729	726	721	716	719

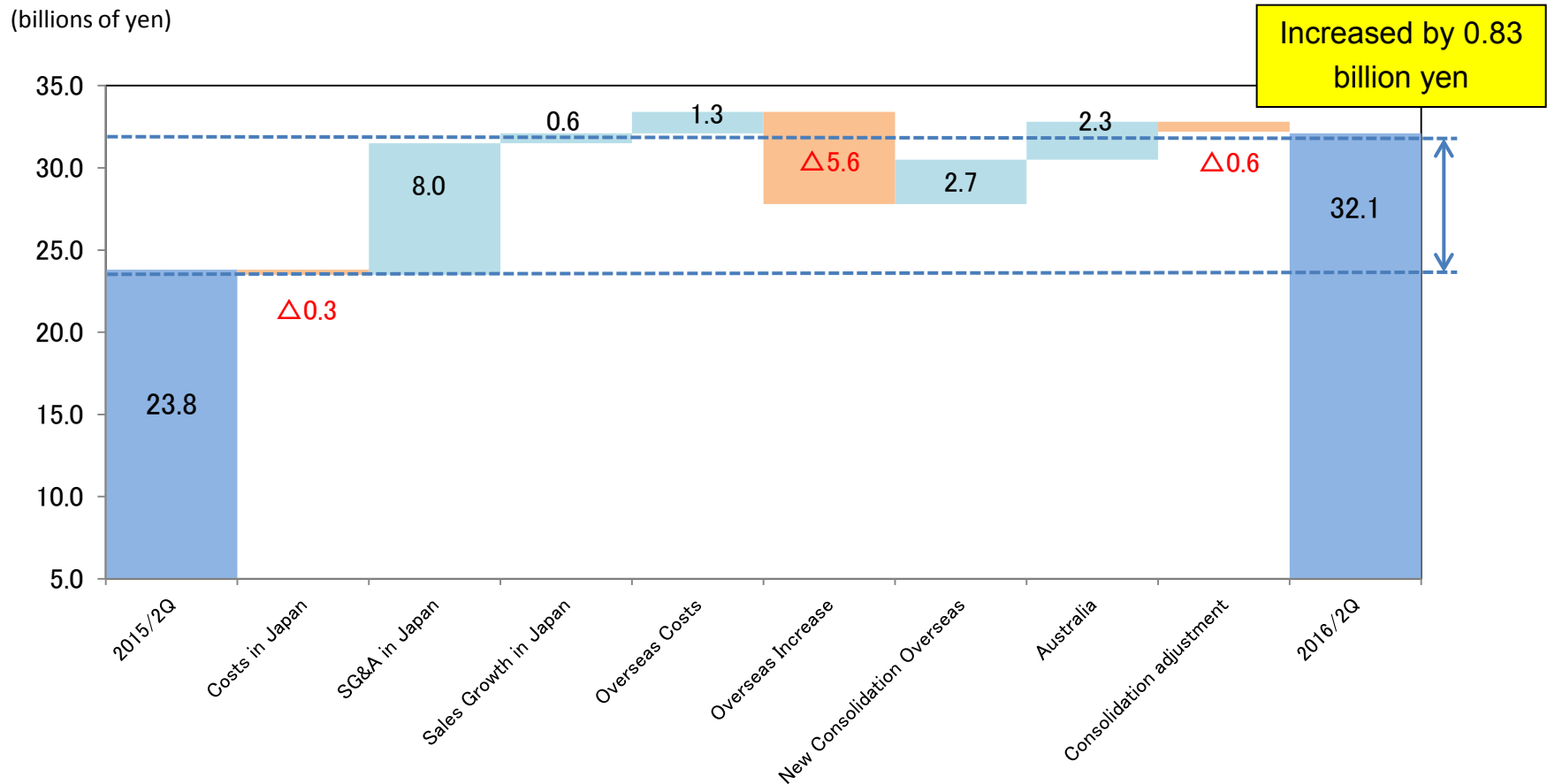
*The above figure indicates numerical value for each unit.



(2) Operating Income

Year-on-Year Ratio: 134.9% (+0.83 billion yen)

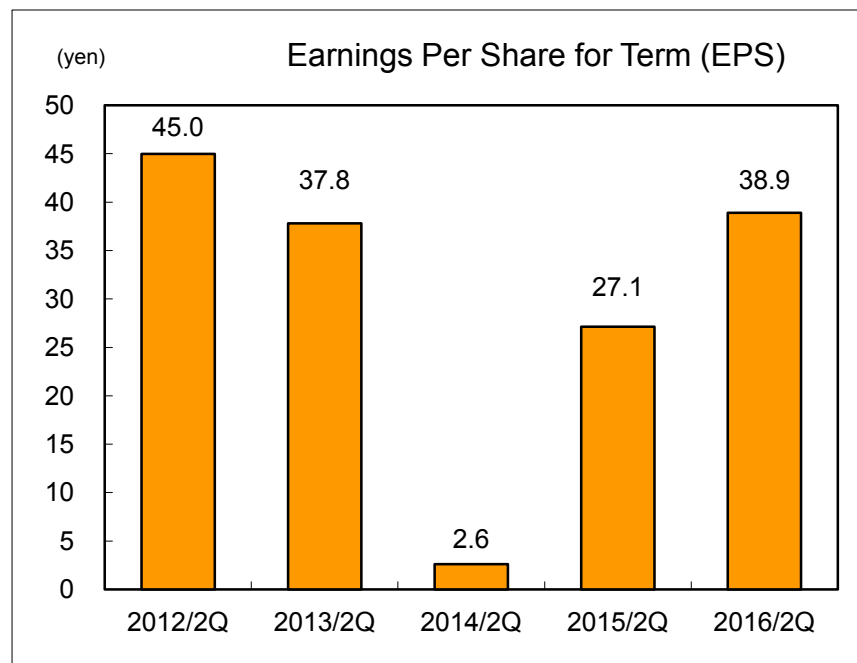
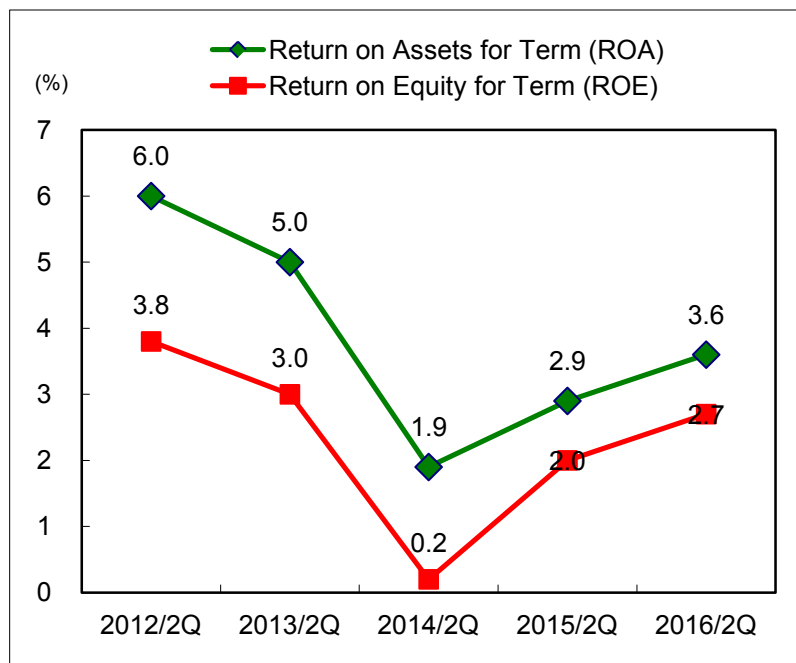
Breakdown of Changes in Operating Income



Impact Amount (Japan)	830 million yen	Primary causes of income decrease indicated in red
Cost of Sales	-30 million yen	
Foreign exchange rates knock-on effects	320 million yen	
Increase in purchase costs (shrimp, chicken, cheese, steak, etc.)	-580 million yen	
Other	230 million yen	
Selling, General and Administrative Expenses	800 million yen	
Labor costs (Productivity decreased, recruitment expenses increased)	-140 million yen	
Facilities costs (Decrease in new outlet openings and depreciation cost)	630 million yen	
Utility costs (Decline in gas unit prices, drop in volume of electricity used)	380 million yen	
Other expenses	-70 million yen	
Amount of Increase in Sales	60 million yen	
Impact Amount (Overseas)	-160 million yen	
Cost of Sales	130 million yen	
Selling, General and Administrative Expenses	-560 million yen	
Labor costs	-370 million yen	
Facilities costs	-270 million yen	
Utility costs	-20 million yen	
Other expenses	90 million yen	
Amount of Increase in Sales	270 million yen	
Australia Impact Amount	230 million yen	
Consolidation adjustment	-60 million yen	
Increase in Operating Income	830 million yen	

3. Trends in Major Financial Indicators (Consolidated)

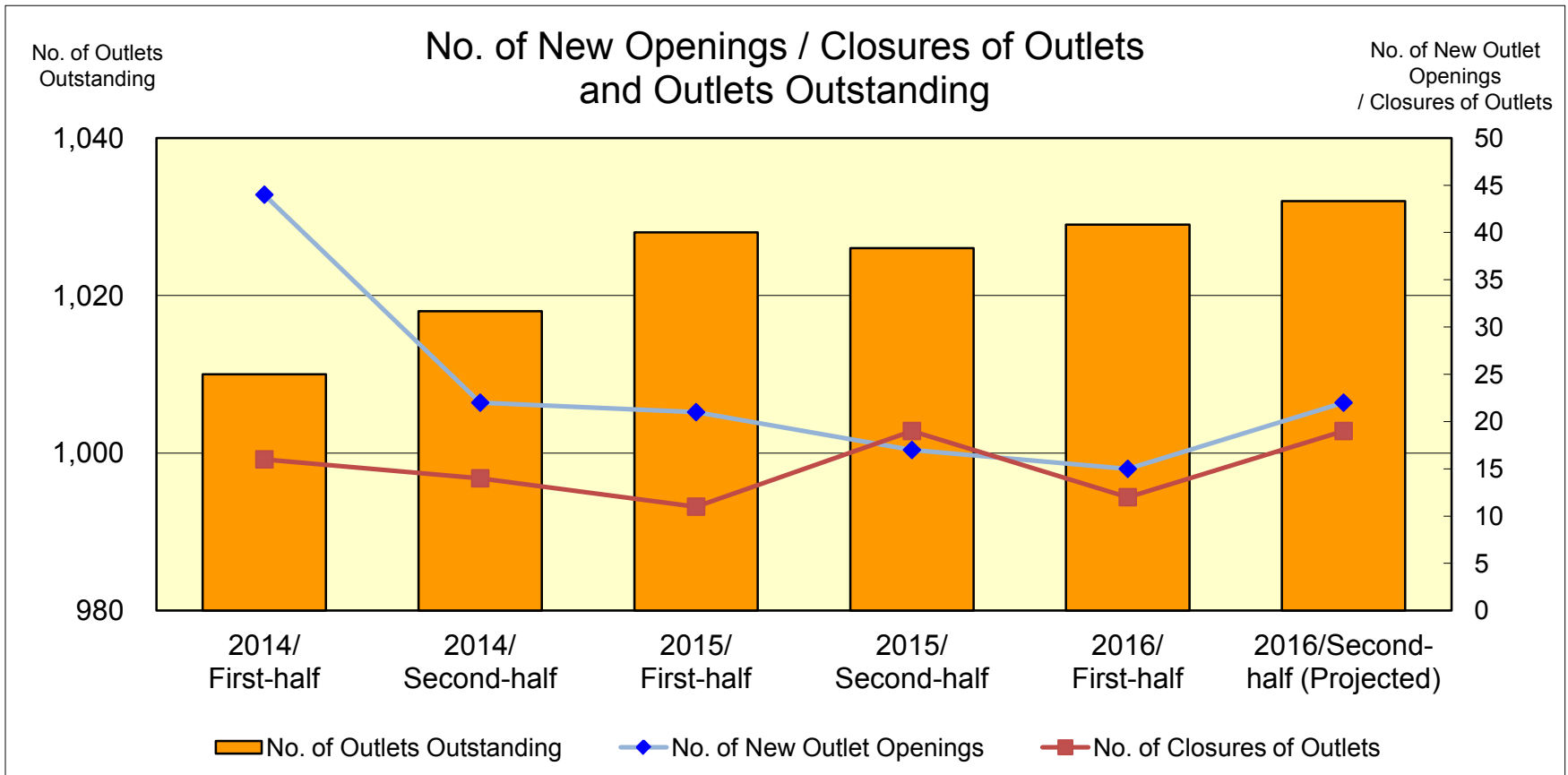
Classification		2012/2Q	2013/2Q	2014/2Q	2015/2Q	2016/2Q
Return on Assets for Term (ROA)	(%)	6.0	5.0	1.9	2.9	3.6
Total Assets Turnover	(No. of times)	0.7	0.6	0.7	0.7	0.8
Earnings Per Share for Term (EPS)	(yen)	45.0	37.8	2.6	27.1	38.9
Book-value Per Share (BPS)	(yen)	1,191.3	1,294.5	1,332.7	1,385.7	1,417.4
Capital Adequacy Ratio	(%)	82.7	80.5	79.5	75.8	79.0
Return on Equity for Term (ROE)	(%)	3.8	3.0	0.2	2.0	2.7



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

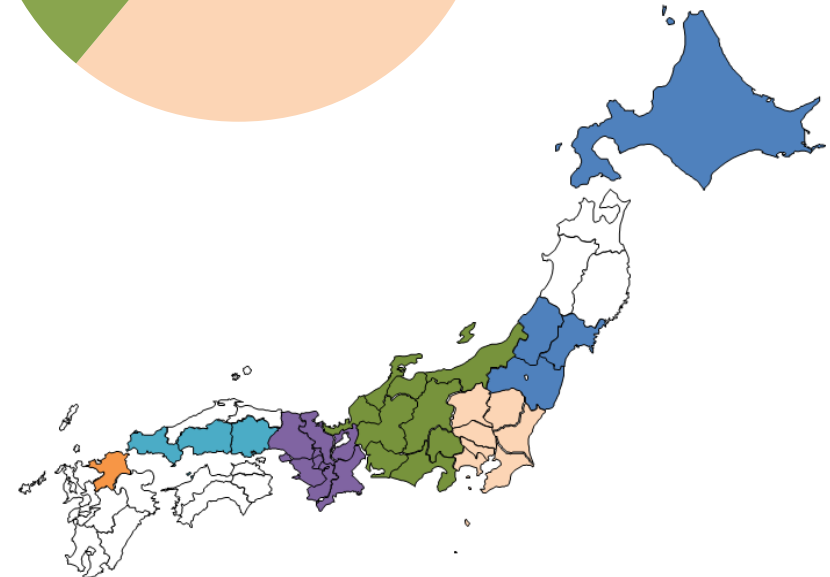
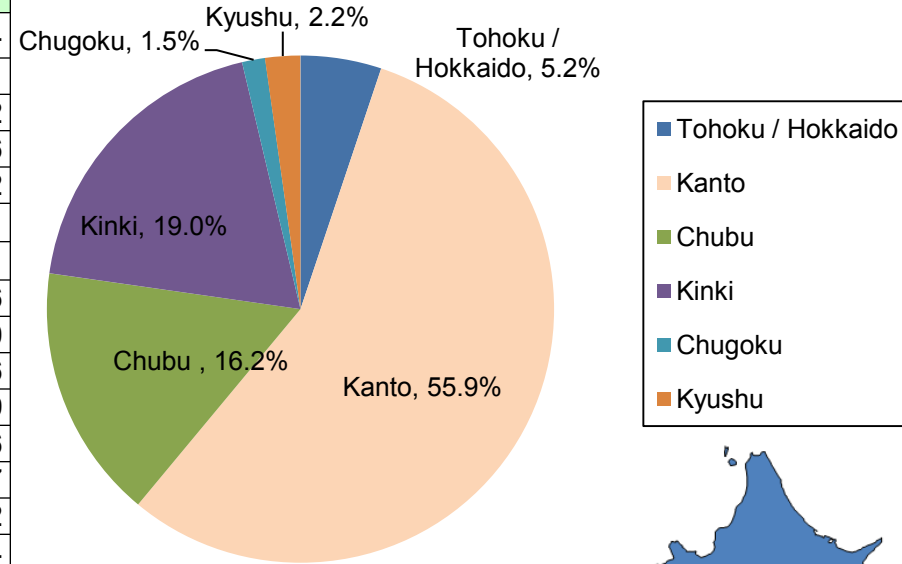
FY	2014/ First-half	2014/ Second-half	2015/ First-half	2015/ Second-half	2016/ First-half	2016/ Second-half (Projected)
No. of New Outlet Openings	44	22	21	17	15	22
No. of Closures of Outlets	16	14	11	19	12	19
No. of Outlets Outstanding	1,010	1,018	1,028	1,026	1,029	1,032

Note: The figures above indicates only the number of outlets in Japan



5. Number of Outlets in Japan by Region

Tohoku / Hokkaido	Subtotal	Ratio to total	Prefecture	No. of outlets
Tohoku / Hokkaido	53	5.2%	Hokkaido	14
			Miyagi	21
			Fukushima	12
			Yamagata	6
Kanto	575	55.9%	Tokyo	212
			Kanagawa	111
			Chiba	111
			Saitama	86
			Ibaraki	30
			Tochigi	16
			Gunma	9
Chubu	167	16.2%	Aichi	76
			Shizuoka	27
			Niigata	12
			Gifu	14
			Nagano	13
			Ishikawa	11
			Yamanashi	6
			Toyama	5
			Fukui	3
Kinki	196	19.0%	Osaka	90
			Hyogo	45
			Kyoto	20
			Mie	19
			Shiga	9
			Nara	9
			Wakayama	4
Chugoku	15	1.5%	Okayama	4
			Hiroshima	10
			Yamaguchi	1
Kyushu	23	2.2%	Fukuoka	23
Total	1,029	100.0%		1,029



Number of prefecture: 31
Number of prefectures without outlets: 16
 Akita, Aomori, Ehime, Iwate, Kagawa, Kagoshima, Kochi, Kumamoto, Miyazaki, Nagasaki, Oita, Okinawa, Saga, Shimane, Tokushima, Tottori

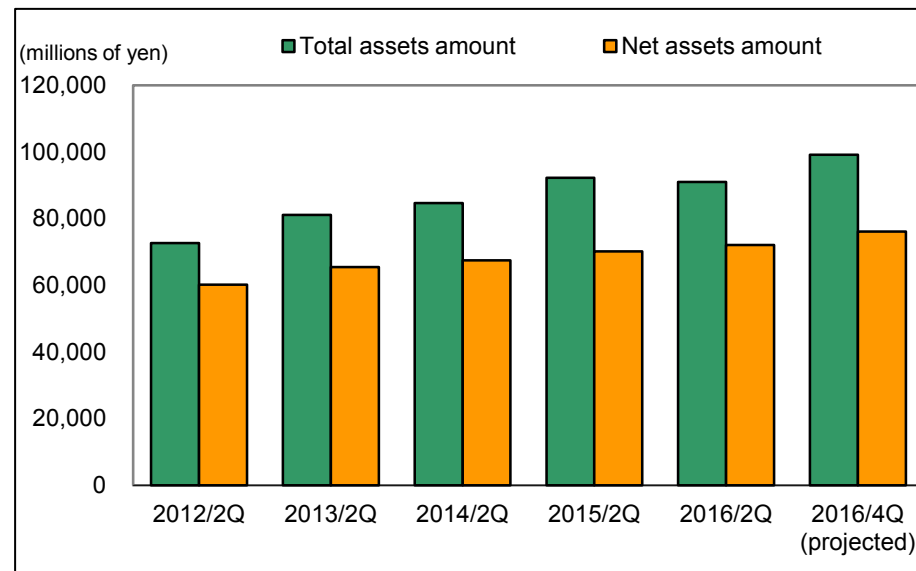
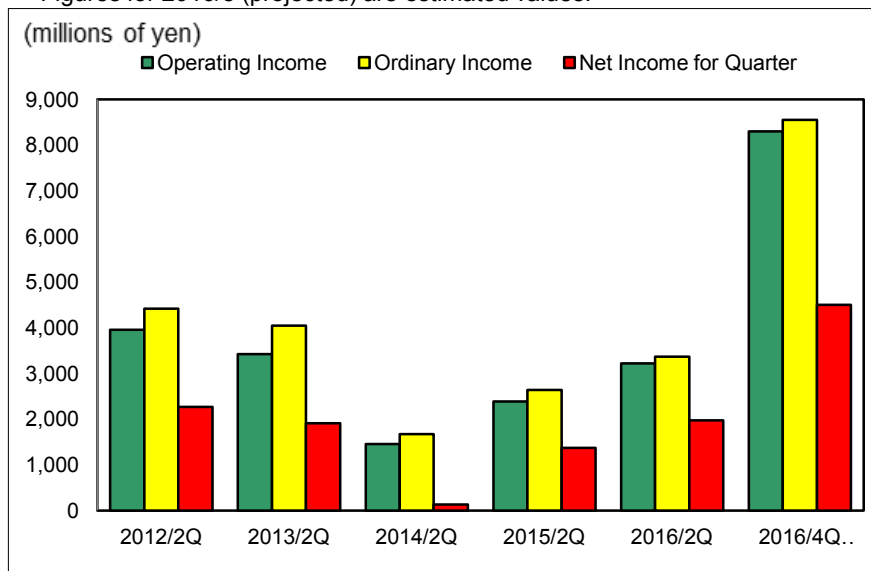
6. Trends in Financial Results (Consolidated)

(millions of yen)

Fiscal Year Classification	2012/2Q		2013/2Q		2014/2Q		2015/2Q		2016/2Q		2016/8 (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	Results	Year-on-Year Ratio
Net Sales	49,226	103.6%	51,669	105.0%	59,243	114.7%	65,448	110.5%	70,783	108.2%	147,400	105.8%
Selling, General and Administrative Expenses (SG&A)	29,035	106.8%	30,910	106.5%	35,929	116.2%	38,342	106.7%	40,870	106.6%	83,200	104.4%
Operating Income	3,955	78.4%	3,422	86.5%	1,453	42.5%	2,384	164.0%	3,216	134.9%	8,400	111.8%
Ordinary Income	4,420	83.8%	4,044	91.5%	1,672	41.3%	2,636	157.6%	3,369	127.8%	8,600	107.4%
Net Income for the Quarter	2,268	99.1%	1,909	84.2%	131	6.9%	1,368	1,043.3%	1,971	144.1%	4,600	121.9%
Total Assets Amount	72,672	100.6%	81,123	111.6%	84,616	104.3%	92,262	109.0%	91,018	98.7%	99,100	103.8%
Net Assets Amount	60,185	108.0%	65,436	108.7%	67,418	103.0%	70,165	104.1%	72,022	102.6%	76,100	105.1%

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

* Figures for 2016/8 (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		
	2016/2Q Current term	2015/2Q Previous term	% Year-on-Year Ratio	2016/2Q Current term	2015/2Q Previous term	% Year-on-Year Ratio
Saizeriya	54,166	51,913	104.3%	2,023	1,193	169.5%
Saizeriya Australia	2,177	1,959	111.1%	181	-46	-
Overseas outlets (Asia)	16,596	13,516	122.8%	1,023	1,183	86.5%
Consolidation Elimination	-2,156	-1,941	-	-11	53	-
Total	70,783	65,448	108.2%	3,216	2,384	134.9%

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

Shanghai, Guangzhou, Beijing, Hong Kong, Taiwan: July 2015 to December 2015
Domestic & Singapore: September 2015 to February 2016

(2) Overseas Outlets Breakdown (Asia)

(millions of yen)

Corporation	Net Sales			Operating Income		
	2016/2Q Current term	2015/2Q Previous term	% Year-on-Year Ratio	2016/2Q Current term	2015/2Q Previous term	% Year-on-Year Ratio
Saizeriya Shanghai	4,973	4,136	120.2%	233	358	64.9%
Saizeriya Guangzhou	5,086	4,368	116.4%	322	452	71.2%
Saizeriya Beijing	2,262	1,893	119.5%	99	139	71.3%
Saizeriya Taiwan	519	358	144.8%	-17	-14	-
Saizeriya Hong Kong	2,814	2,120	132.8%	385	246	156.2%
Saizeriya Singapore	939	638	147.2%	0	0	-
Overseas outlets (Asia) Total	16,596	13,516	122.8%	1,023	1,183	86.5%

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

Shanghai, Guangzhou, Beijing, Hong Kong, Taiwan: July 2015 to December 2015

Domestic & Singapore: September 2015 to February 2016

(3) Development of Overseas Outlets (Asia)

Region	2015/8	2016 / First-half			2016 / Second-half		
		New Outlet Opening	Closure of Outlets	2016/2	New Outlet Opening (projected)	Closure of Outlets (projected)	2016/8 (projected)
Shanghai	100	16	6	110	10	2	118
Guangzhou	98	16	0	114	2	2	114
Beijing	46	7	0	53	7	1	59
Hong Kong	22	1	1	22	3	0	25
Taiwan	11	0	0	11	1	0	12
Singapore	13	2	0	15	0	0	15
Overseas Total	290	42	7	325	23	5	343

*For Shanghai, Guangzhou, Beijing, Hong Kong, and Taiwan: Calculated based on the period from July 2015 to December 2015, Singapore: from September 2015 to February 2016.

*Net increase for full 43rd term: 60 outlets

*Net increase for full 44th term: 53 outlets (planned)

8. Trends in Capital Expenditure and Cash Flow

(millions of yen)

	2014/2Q	2014/8	2015/2Q	2015/8	2016/2Q	2016/8 (projected)
New Outlet Openings	2,878	4,239	1,280	2,303	805	2,400
Renovation of Existing Outlets	159	622	93	211	170	2,000
Yoshikawa Plant	1	1	-	0	3	55
Kanagawa Plant	606	608	1	41	10	350
Fukushima Plant	0	0	1	11	0	95
Hyogo Plant	3	5	4	4	0	60
Chiba Plant	12	40	2	8	0	350
Head Office and Others	104	116	24	671	476	450
Consolidated Subsidiaries	1,378	3,029	1,238	2,722	1,590	3,600
Capital Expenditure (=A)	5,142	8,660	2,643	5,970	3,054	9,360
Cash Flow (=B)	2,143	6,281	3,232	8,813	3,958	9,579
Depreciation	2,920	5,996	2,772	5,947	2,900	5,887
Balance (=B-A)	-2,999	-2,379	589	2,843	903	219

* Totals may not tally as figures are rounded down to nearest million yen. Figures for 2016/8 (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 (Results)	Year-on-Year Ratio	Full Year (Budget)	Year-on-Year Ratio	(millions of yen)
Net Sales	70,700	108.2%	1,47400	105.8%	
Operating Income	3,200	134.9%	8400	111.8%	
Net Income	1,900	144.1%	4600	121.9%	

■ Net sales

Japan:112 billion yen→112.8 billion yen, overseas: 35.4 billion yen→34.6 billion yen
 Net increase in Japan:15 outlets→5 outlets, overseas net increase: 85 outlets→53 outlets,
 Existing outlets in Japan compared to previous year: 101.5%

■ Operating income

Japan: 5 billion yen→5.4 billion yen, Asia: 3.2 billion yen→2.8 billion yen, Australia: 0.2 billion yen
 Gross income percentage in Japan: 62.2%
 Foreign exchange rates AUD: 86.55, EUR: 136.06, USD: 121.18

■ Net income

Japan: 1.8 billion yen→2.3 billion yen, Asia: 2.6 billion yen→2.1 billion yen, Australia: 0.2 billion yen

Classification		2016/8 (projected)
Return on Assets for Term (ROA)	(%)	8.8
Total Assets Turnover	(No. of times)	1.5
Earnings Per Share for Term (EPS)	(yen)	91.0
Book-value Per Share (BPS)	(yen)	1,497.8
Capital Adequacy Ratio	(%)	76.7
Return on Equity for Term (ROE)	(%)	6.2

10. Agenda for Second Half of 44th Term

Improve existing outlet facilities, and maintain/improve service quality

Redefinition of Chinese operations

Enhance product development from the customer's perspective
(Revision of lunch menu, quality improvement for hamburger steak)

Data analysis using data warehouse

Research and develop a new marketing approach

Further enhancement of employee education and creation of foundation for education
(Drastic overhaul of the new employee training program)

Leverage production technologies and consider renovation of plants in Japan

Promote development of new business as the second main pillar of business in Japan

Thank you.

