

Saizeriya Co., Ltd. Financial Results Briefing Session for the Second Quarter of the Fiscal Year Ended August 31, 2017

(45th term: from September 1, 2016 to February 28, 2017)



Code No. 7581

Thursday, April 13, 2017



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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, 2017

(1) Financial Highlights

(millions of yen)

	Financial Results	Previous Year	Year-on-Year Ratio	Budget	Percentage of Budget
Net Sales	70,548	70,783	99.7%	69,900	100.9%
Gross Net Sales	45,409	44,086	103.0%	44,400	102.3%
Operating Income	4,638	3,216	144.2%	3,700	125.4%
Ordinary Income	5,004	3,369	148.5%	3,700	135.3%
Net Income for the Quarter	3,152	1,971	159.9%	2,200	143.3%

Decreased revenue and increased profit.

Budget reflects the financial forecast announced on October 12, 2016.

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

(millions of yen)

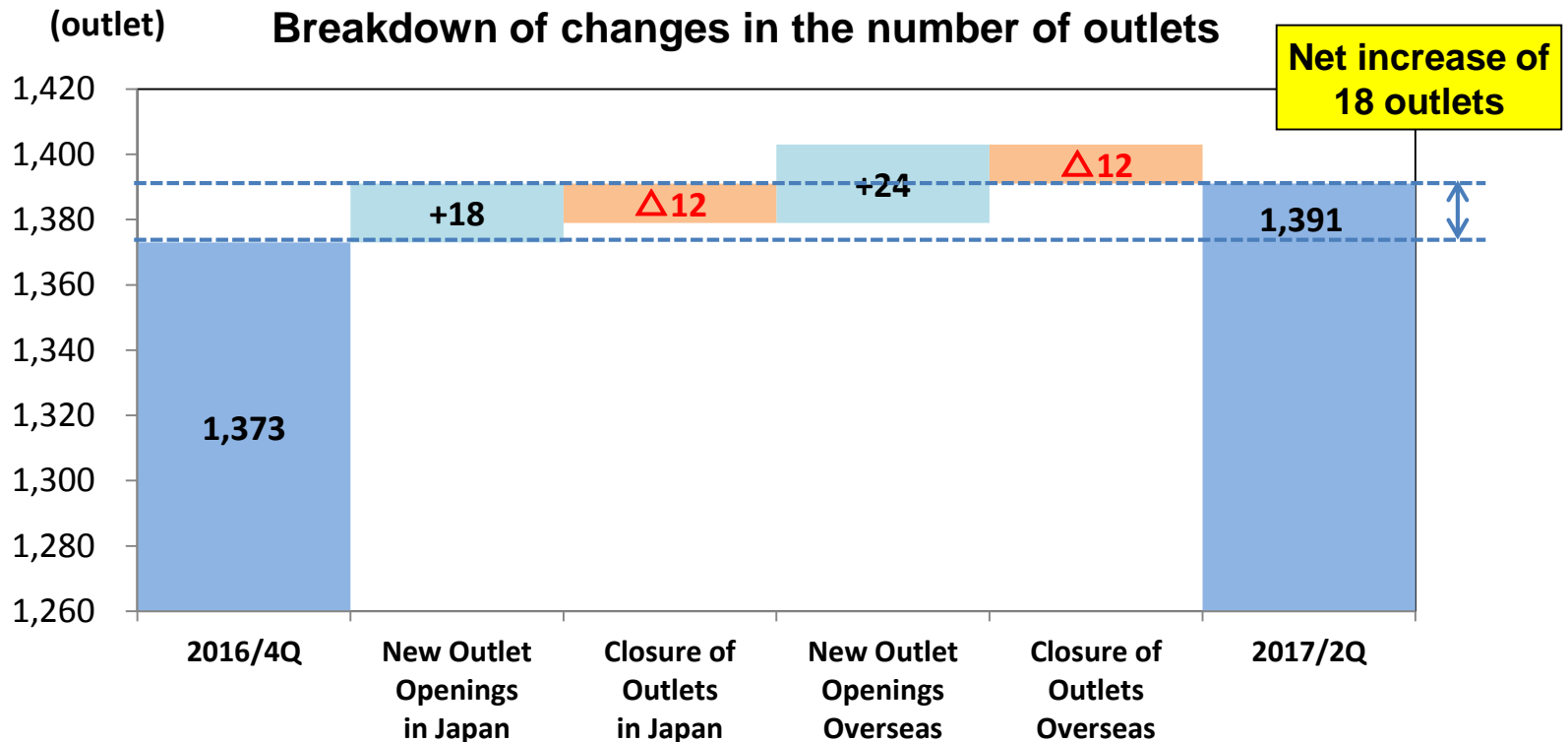
	2017/2Q		2016/2Q		Ratio Difference
	Amount	Net Sales Ratio	Amount	Net Sales Ratio	
Net Sales	70,548	100.0%	70,783	100.0%	-
Sales Cost	25,139	35.6%	26,696	37.7%	-2.1%
Gross Net Sales	45,409	64.4%	44,086	62.3%	2.1%
Selling, General and Administrative Expenses (SG&A)	40,770	57.8%	40,870	57.7%	0.1%
Operating Income	4,638	6.6%	3,216	4.5%	2.0%
Ordinary Income	5,004	7.1%	3,369	4.8%	2.3%
Net Income for the Quarter	3,152	4.5%	1,971	2.8%	1.7%

The cost of sales decreased by 2.1 points and Selling, General and Administrative Expenses (SG&A) increased by 0.1 points.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets (6 months)

Number of outlets: 1,391 outlets – Net increase of 18 outlets



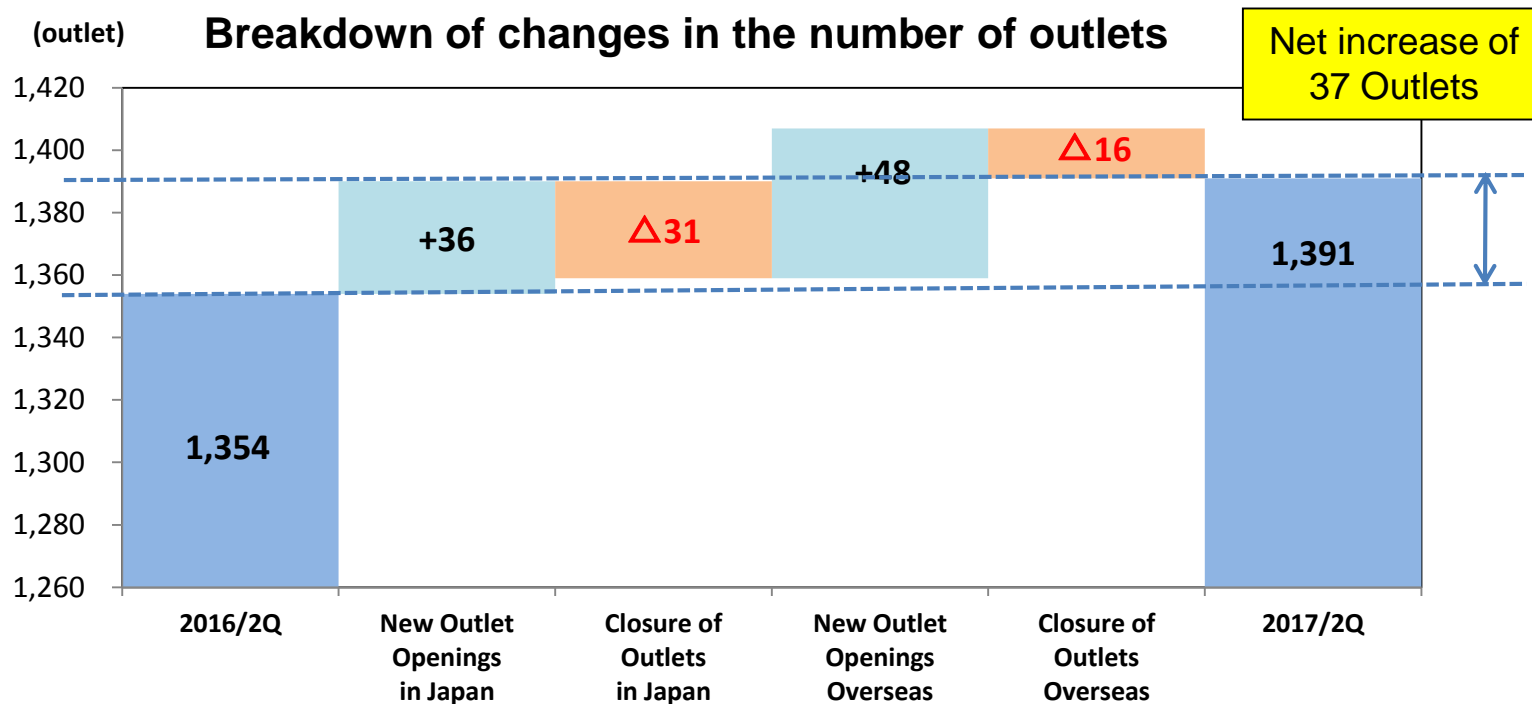
There was a net increase of 18 outlets (a net increase of 6 outlets in Japan and a net increase of 12 outlets overseas) since 2016/4Q.

The total number of domestic outlets is 1,034, and the total number of overseas outlets is 357. The ratio of overseas outlets is 25.7%.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets (12 months)

Number of outlets: 1,391 outlets – Net increase of 37 outlets



There was a consolidated net increase of 37 outlets (a net increase of 5 outlets in Japan and a net increase of 32 outlets overseas) since 2016/2Q.

The total number of domestic outlets is 1,034, and the total number of overseas outlets is 357.

The ratio of overseas outlets is 25.7%.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets

Number of outlets: Net increase of 37 outlets

	No. of New Outlet Openings		No. of Closures of Outlets		No. of Outlets Outstanding	
	2017/2Q	2016/2Q	2017/2Q	2016/2Q	2017/2Q	2016/2Q
Japan	18	15	12	12	1,034	1,029
Shanghai	10	16	4	6	126	110
Guangzhou	5	16	3	0	115	114
Beijing	3	7	4	0	59	53
Hong Kong	3	1	0	1	27	22
Taiwan	0	0	1	0	11	11
Singapore	3	2	0	0	19	15
Total	42	57	24	19	1,391	1,354

There was a consolidated cumulative net increase of 18 outlets (6 outlets in Japan and 12 outlets overseas) for 2017/2Q.

There was a consolidated cumulative net increase of 38 outlets (3 outlets in Japan 35 outlets overseas) for 2016/2Q.

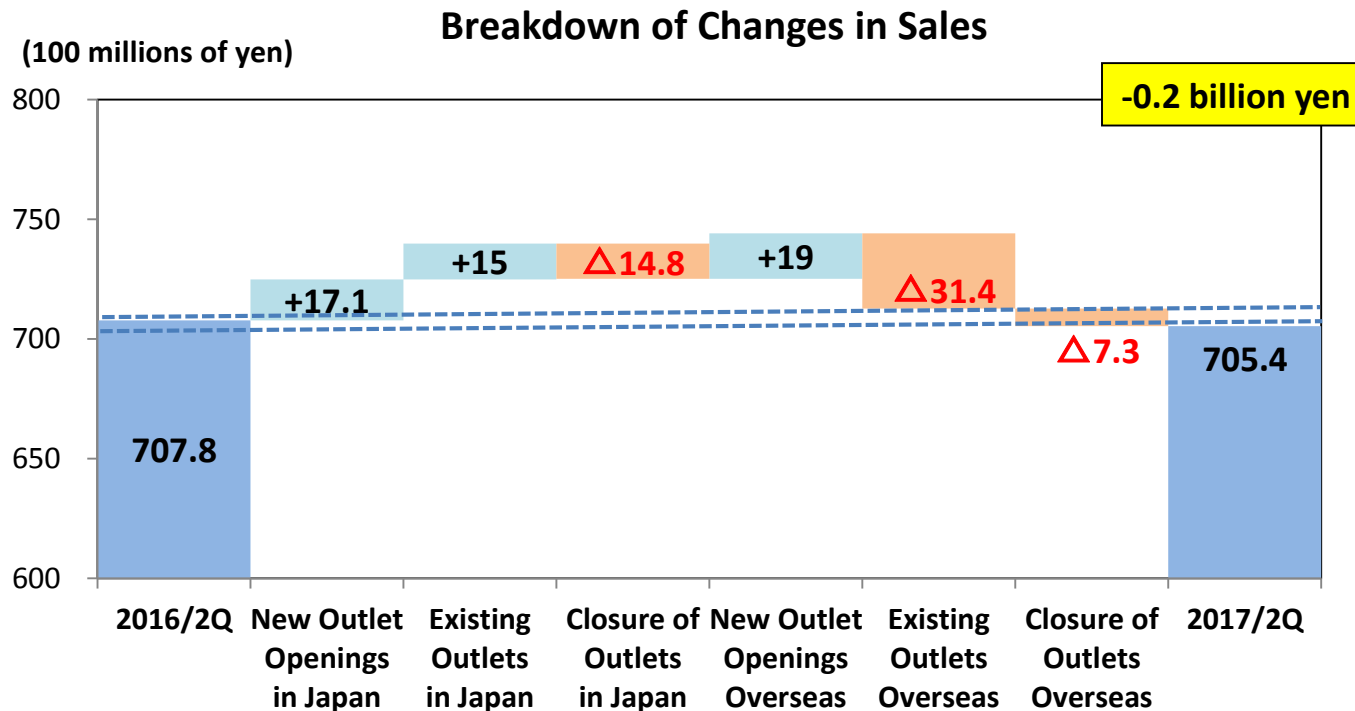
The total number of overseas outlets is 357. The ratio of overseas outlets is 25.7%.

For Shanghai, Guangzhou, Beijing, Hong Kong, Taiwan: period between July and December.
For Japan and Singapore: period between September and February

2. Major Factors Lifting Business Performance

(1) Net Sales

Year-on-Year Ratio: 99.7% (-0.2 billion yen)



Consolidated net sales amounted to 70.5 billion yen.

Domestic sales were 55.9 billion yen, with a domestic sales ratio of 79.3%.

Overseas sales were 14.6 billion yen, with an overseas sales ratio of 20.7%.

2. Major Factors Lifting Business Performance

(1) Net Sales

Year-on-Year Ratio: 99.7% (-0.2 billion yen)

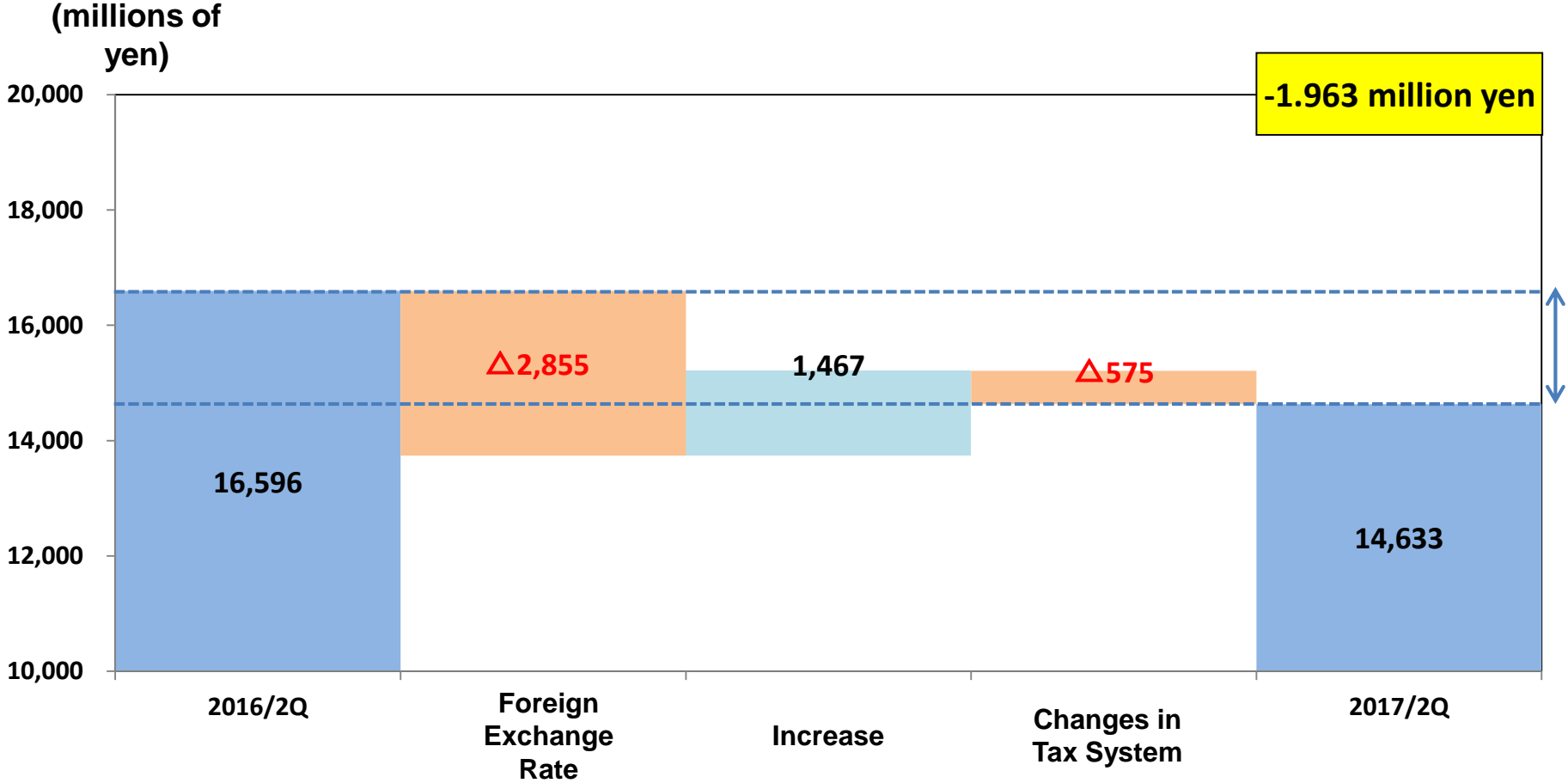
Consolidated net sales amounted to 70.5 billion yen.

Domestic sales amounted to 55.9 billion yen, and overseas sales amounted to 14.6 billion yen. Percentage of overseas sales: 20.7%

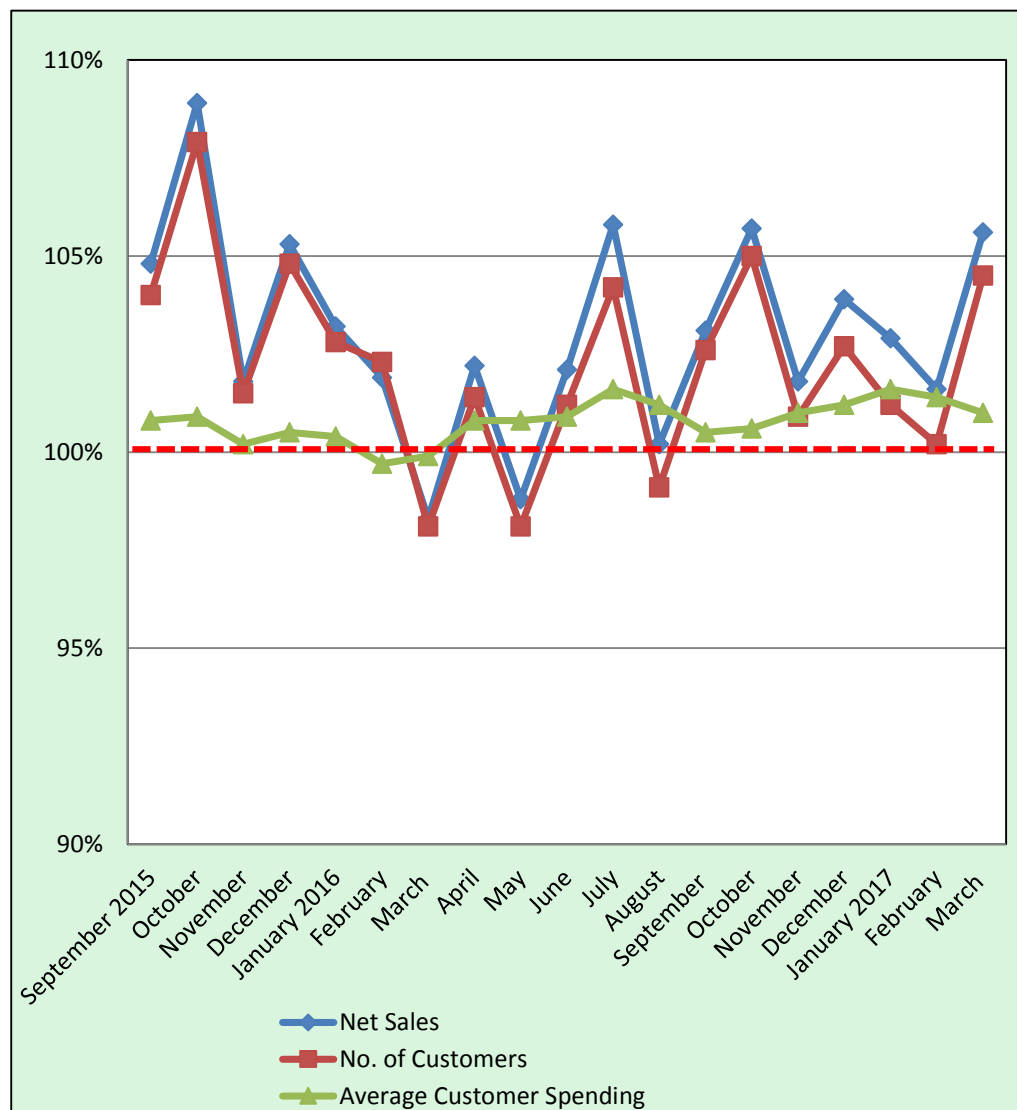
Primary factors contributing to net sales growth

Total consolidated sales	Decreased by 0.2 billion yen (99.7%)
Total sales in Japan	Increased by 1.73 billion yen (103.2%)
New outlets	Increased by 1.71 billion yen
Existing outlets	Increased by 1.5 billion yen
Closure of outlets	Decreased by 1.48 billion yen
Total overseas sales	Decreased by 1.96 billion yen (88.2%)
New outlets	Increased by 1.9 billion yen
Existing outlets	Decreased by 3.14 billion yen
Closure of outlets	Decreased by 0.73 billion yen

Breakdown of Changes in Overseas Sales



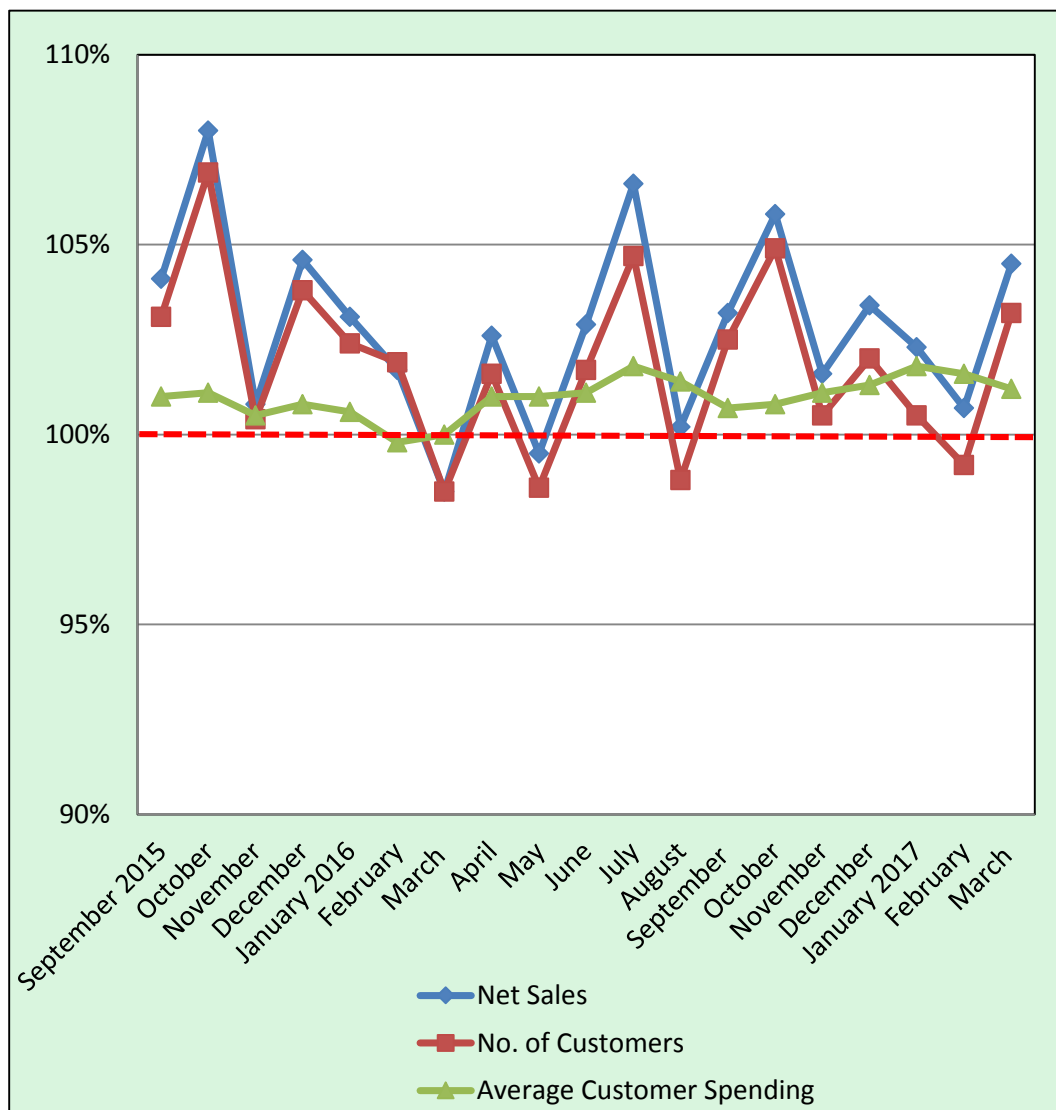
Net Sales, Number of Customers, Average Customer Spending for All domestic outlets



	Net Sales	No. of Customers	Average Customer Spending
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%
March	98.3%	98.4%	99.9%
April	102.2%	101.4%	100.8%
May	98.8%	98.1%	100.8%
June	102.1%	101.2%	100.9%
July	105.8%	104.2%	101.6%
August	100.2%	99.1%	101.2%
Cumulative Total Results for 44th term	102.7%	102.0%	100.6%
September 2016	103.1%	102.6%	100.5%
October	105.7%	105.0%	100.6%
November	101.8%	100.9%	101.0%
December	103.9%	102.7%	101.2%
January 2017	102.9%	101.2%	101.6%
February	101.6%	100.2%	101.4%
Cumulative Total Results for 45th First-Half term	103.2%	102.1%	101.0%
March	105.6%	104.5%	101.0%
Cumulative Total Results for 45th term	103.6%	102.5%	101.0%

* 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 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%
March	98.5%	98.5%	100.0%
April	102.6%	101.6%	101.0%
May	99.5%	98.6%	101.0%
June	102.9%	101.7%	101.1%
July	106.6%	104.7%	101.8%
August	100.2%	98.8%	101.4%
Cumulative Total Results for 44th term	102.6%	101.8%	100.9%
September 2016	103.2%	102.5%	100.7%
October	105.8%	104.9%	100.8%
November	101.6%	100.5%	101.1%
December	103.4%	102.0%	101.3%
January 2017	102.3%	100.5%	101.8%
February	100.7%	99.2%	101.6%
Cumulative Total Results for 45th First-Half term	102.9%	101.6%	101.2%
March	104.5%	103.2%	101.2%
Cumulative Total Results for 45th term	103.1%	101.9%	101.2%

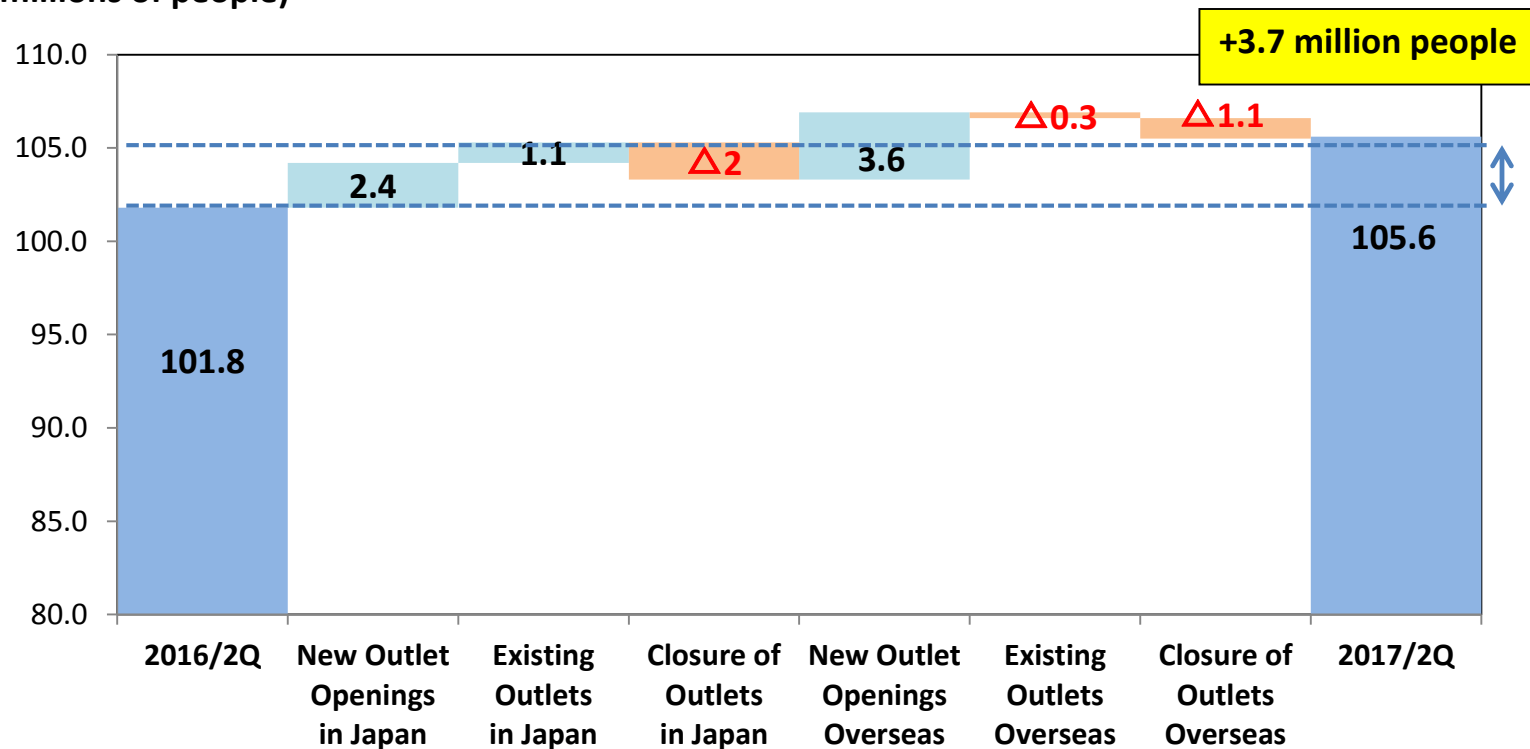
* The graph above reflects only data on Saizeriya's restaurant business, and excludes other businesses of the company.

Number of Customers (consolidated)

Total Number of Customers: 105.6 million people. Increased by 3.7 million people over the same period of the previous year

Breakdown of Changes in Number of Customers

(millions of people)

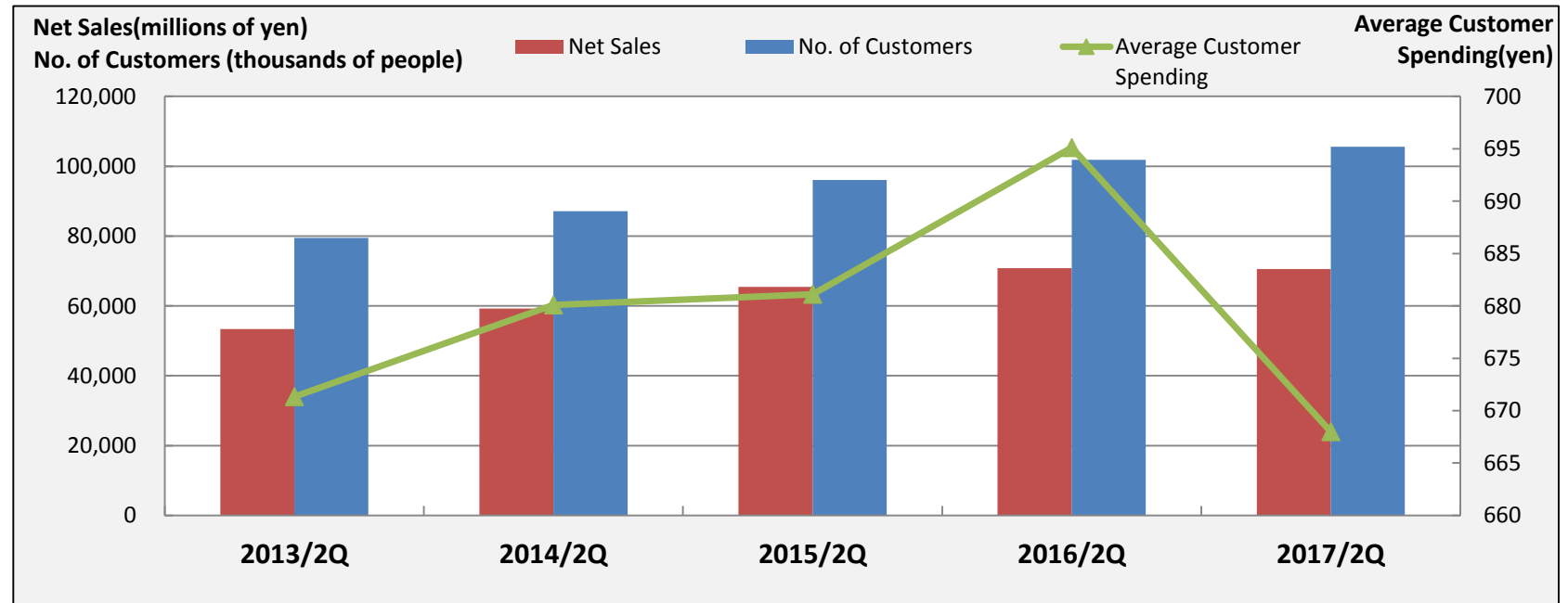


The total number of customers per year achieved a record high of 105.6 million people.
 Total domestic customers: 76.9 million people, percentage of domestic customers: 72.9%
 Total overseas customers: 28.6 million people, percentage of overseas customers: 27.1%

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

	Term	2013/2Q	2014/2Q	2015/2Q	2016/2Q	2017/2Q
Net Sales	(millions of yen)	53,374	59,243	65,448	70,783	70,548
No. of Customers	(thousands of people)	79,504	87,111	96,091	101,830	105,615
Average Customer Spending	(yen)	671	680	681	695	668

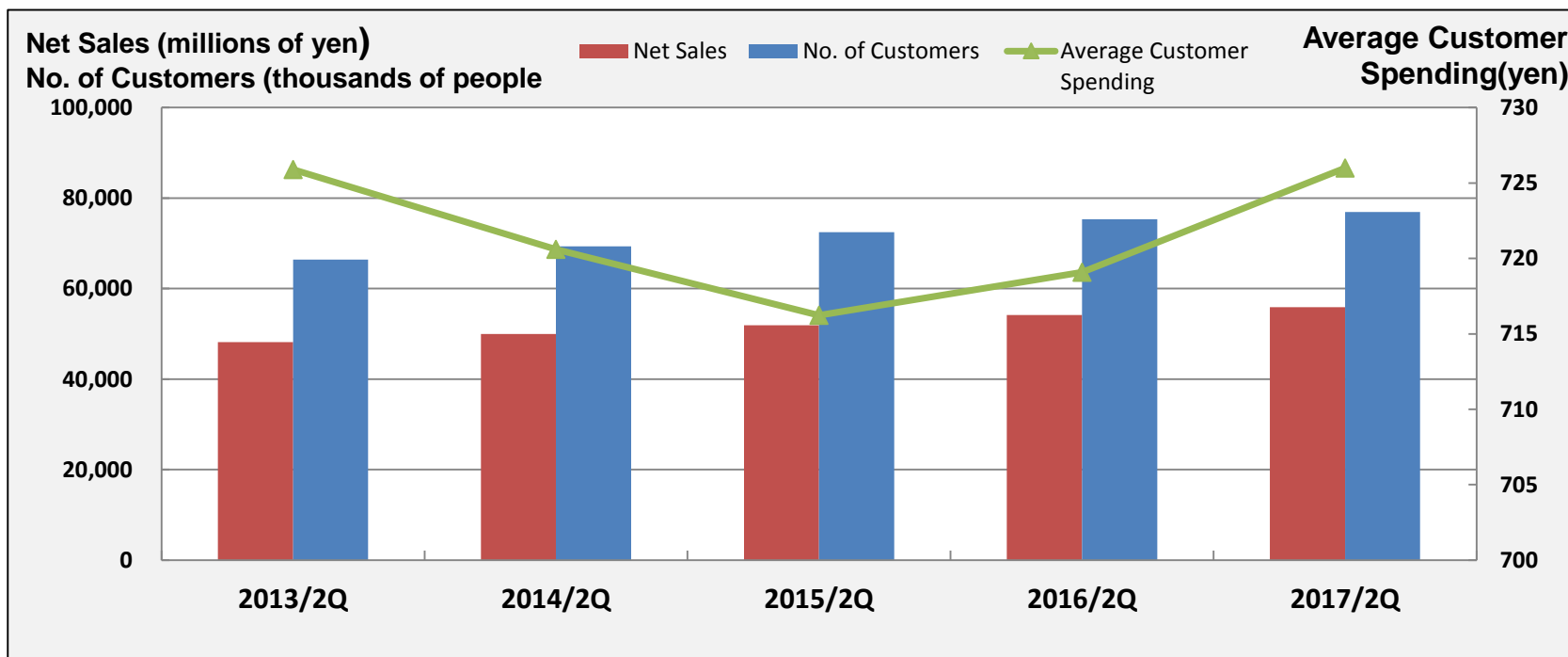
*The above figure indicates consolidated value.



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

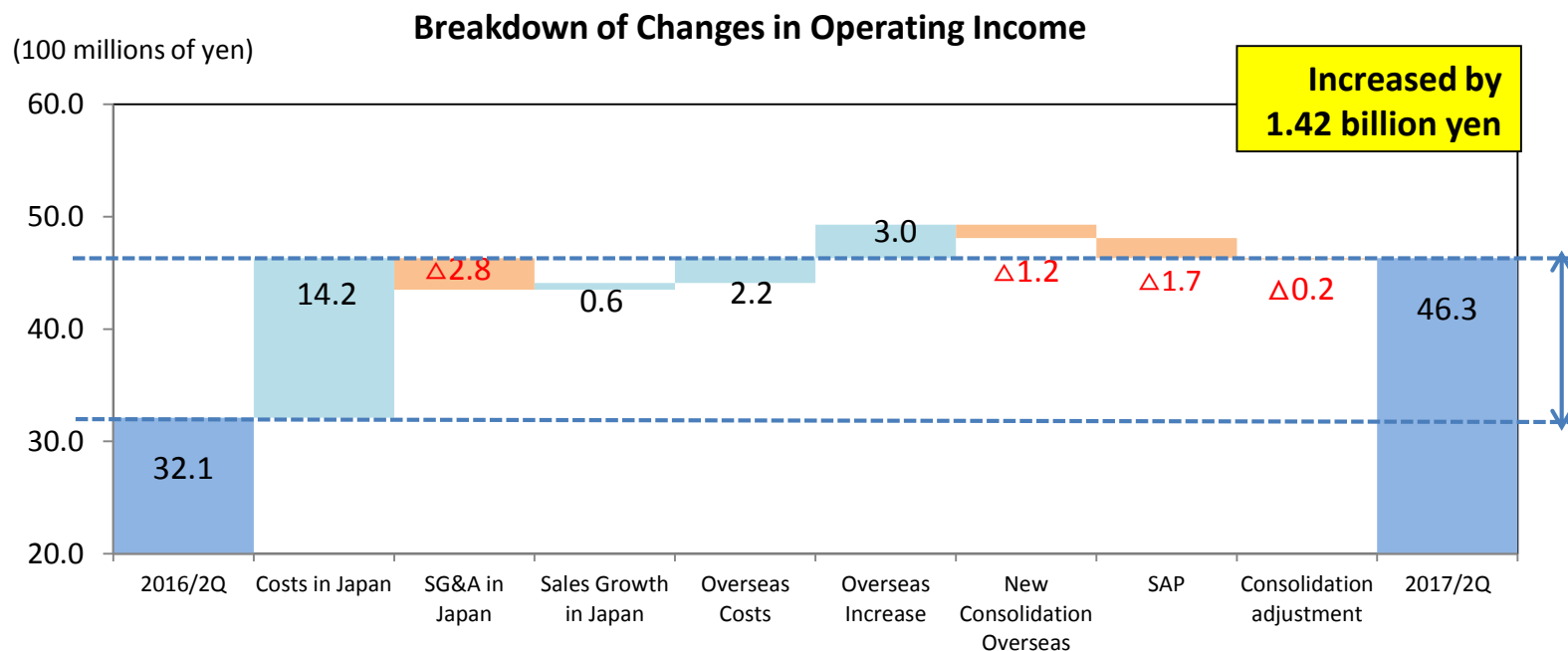
	Term	2013/2Q	2014/2Q	2015/2Q	2016/2Q	2017/2Q
Net Sales	(millions of yen)	48,198	49,956	51,913	54,166	55,902
No. of Customers	(thousands of people)	66,398	69,324	72,482	75,326	76,948
Average Customer Spending	(yen)	726	721	716	719	726

*The above figure indicates numerical value for each unit.



(2) Operating Income

Year-on-Year Ratio: 144.2% (+1.42 billion yen)



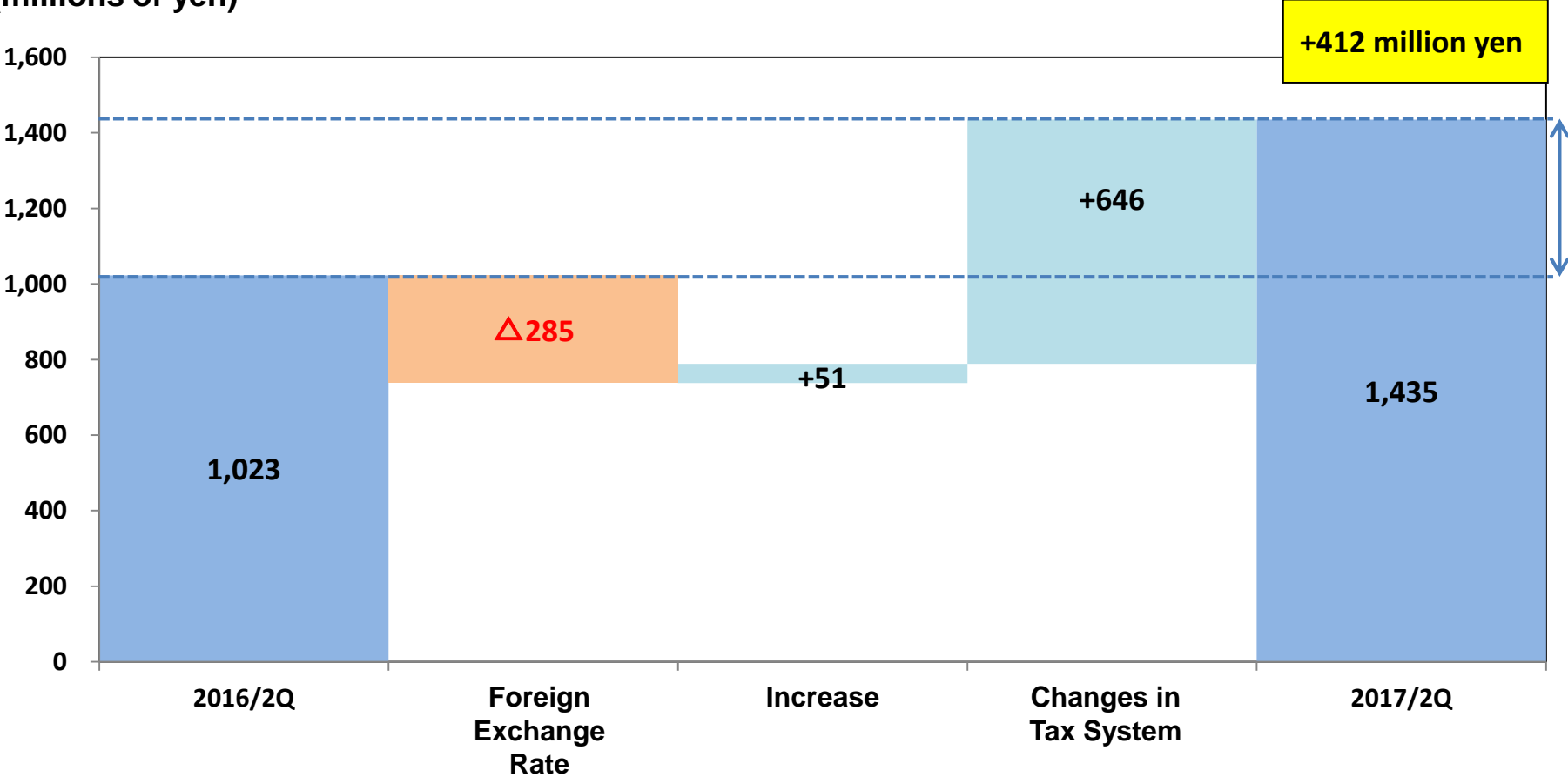
2016/2Q Operating income: 3.21 billion yen, operating margin: 4.5%

2017/2Q Operating income: 4.63 billion yen, operating margin: 6.6%

Impact Amount (Japan)	1,210 million yen	Primary causes of income decrease indicated in red
Cost of Sales	1,420 million yen	
Foreign exchange rates knock-on effects	540 million yen	
Decrease in purchase costs (hamburger steak, white souce, meat sauce, etc.)	510 million yen	
Other	370 million yen	
Selling, General and Administrative Expenses	-280 million yen	
Labor costs (Productivity decreased, temporary staff wages increased)	-350 million yen	
Facilities costs (Decrease in new outlet openings and depreciation cost)	110 million yen	
Utility costs (Decline in gas unit prices, drop in volume of electricity used)	240 million yen	
Other expenses (Amatrice Fund, increased enterprise tax)	-280 million yen	
Amount of Increase in Sales	60 million yen	
Impact Amount (Overseas)	400 million yen	
Cost of Sales	220 million yen	
Selling, General and Administrative Expenses	300 million yen	
Labor costs	-150 million yen	
Facilities costs	-90 million yen	
Utility costs	0 yen	
Other expenses	550 million yen	
Amount of Increase in Sales	-120 million yen	
SAP Impact Amount	-170 million yen	
Consolidation adjustment	-20 million yen	
Increase in Operating Income	1,420 million yen	

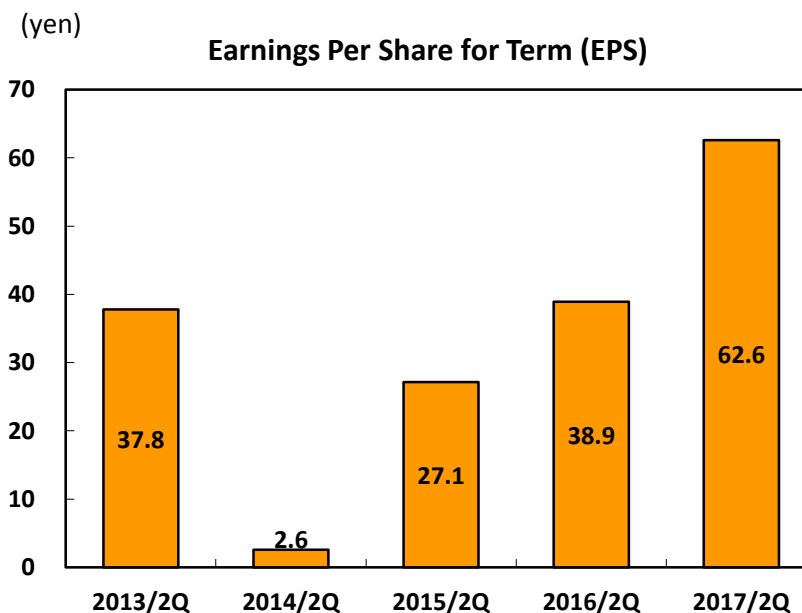
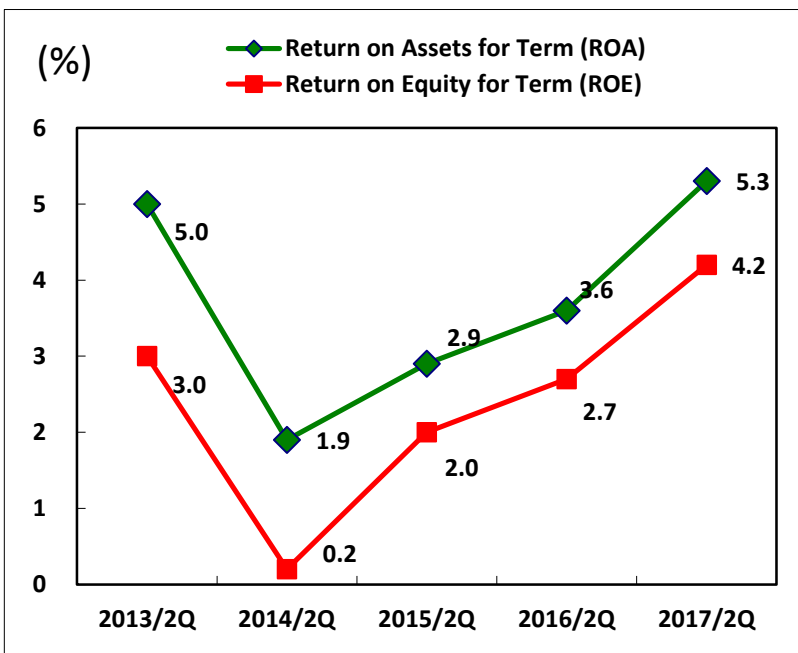
Breakdown of Changes in Overseas Operating Income

(millions of yen)



3. Trends in Major Financial Indicators (Consolidated)

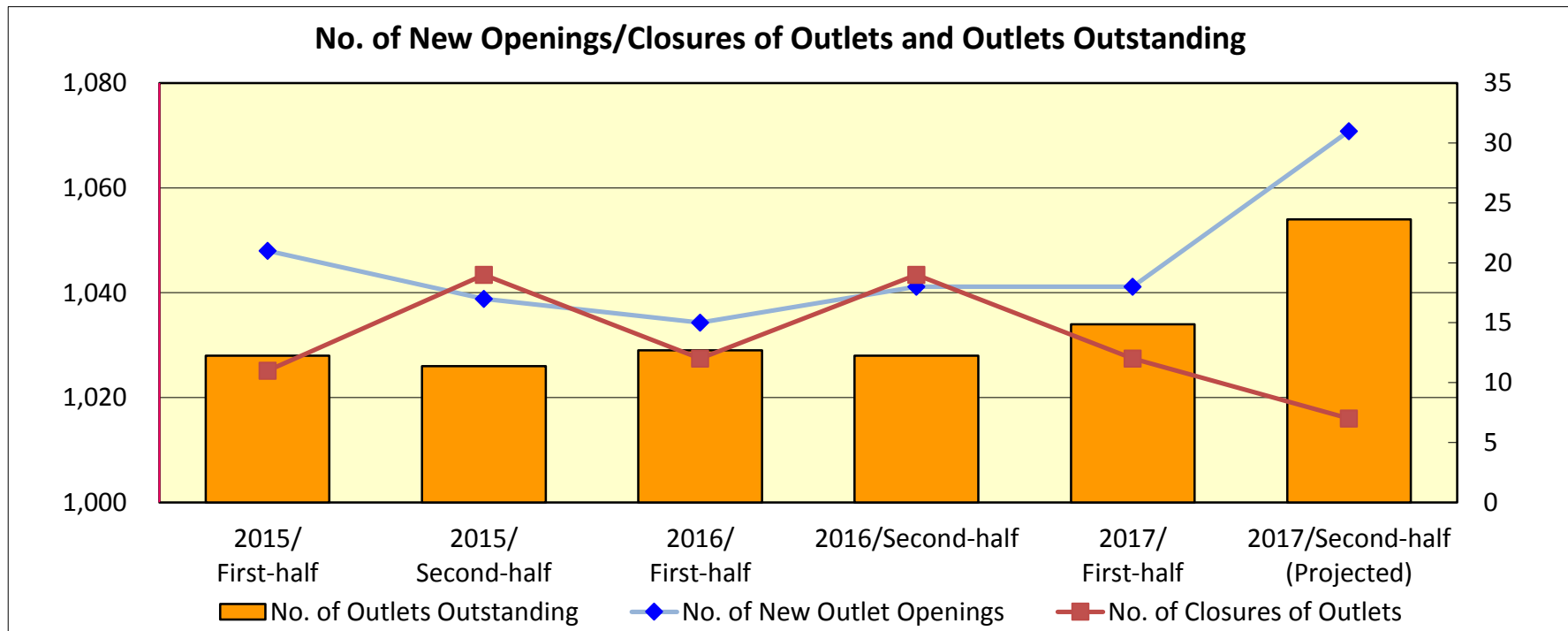
Classification		2013/2Q	2014/2Q	2015/2Q	2016/2Q	2017/2Q
Return on Assets for Term (ROA)	(%)	5.0	1.9	2.9	3.6	5.3
Total Assets Turnover	(No. of times)	0.6	0.7	0.7	0.8	0.8
Earnings Per Share for Term (EPS)	(yen)	37.8	2.6	27.1	38.9	62.6
Book-value Per Share (BPS)	(yen)	1,294.5	1,332.7	1,385.7	1,417.4	1,552.2
Capital Adequacy Ratio	(%)	80.5	79.5	75.8	79.0	80.4
Return on Equity for Term (ROE)	(%)	3.0	0.2	2.0	2.7	4.2



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

FY	2015/ First-half	2015/ Second-half	2016/ First-half	2016/ Second-half	2017/ First-half	2017/Second- half (Projected)
No. of New Outlet Openings	21	17	15	18	18	31
No. of Closures of Outlets	11	19	12	19	12	7
No. of Outlets Outstanding	1,028	1,026	1,029	1,028	1,034	1,054

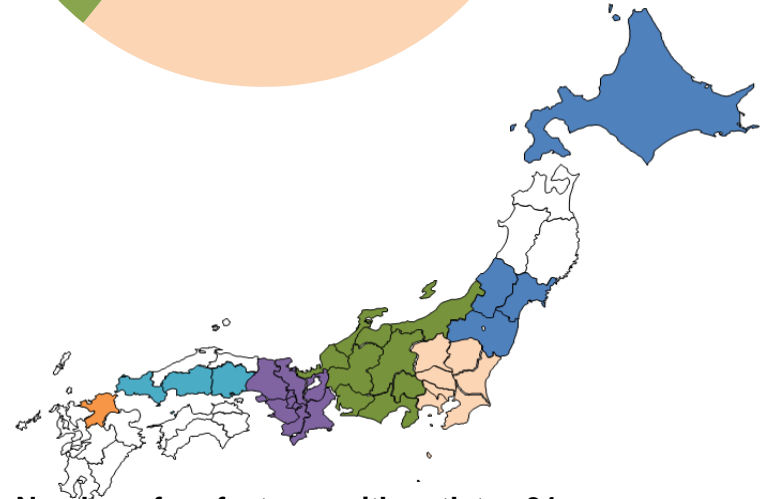
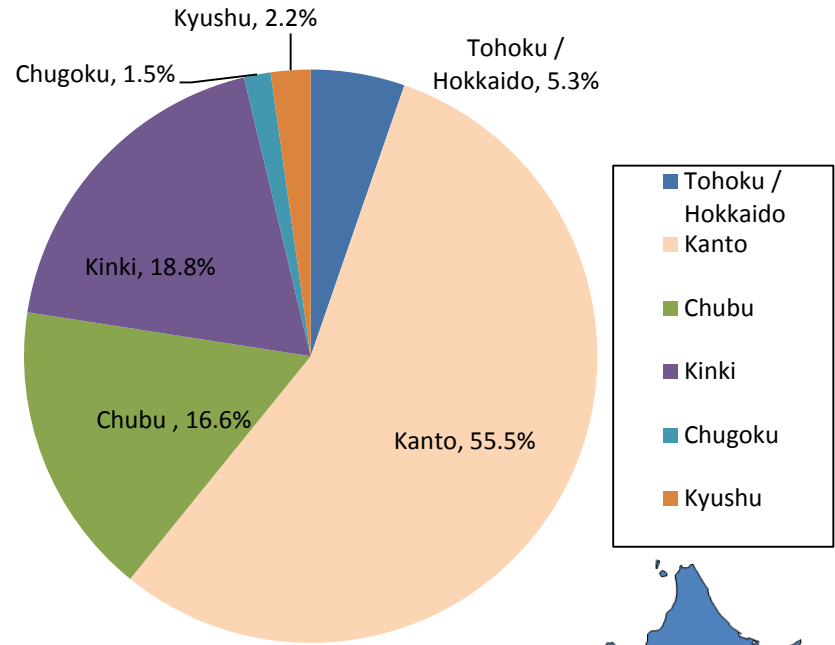
Note: The figures above indicates only the number of outlets in Japan



2017/8 Outlet openings: 45 outlets => Revised to 48 outlets
Outlet closures: 25 outlets => Revised to 19 outlets

5. Number of Outlets in Japan by Region

Region	Sub-total	Ratio to total	Prefecture	No. of outlets	No. of New openings	No. of New Closures
Tohoku / Hokkaido	55	5.3%	Hokkaido	15	1	
			Miyagi	21		
			Fukushima	13		
			Yamagata	6		
Kanto	574	55.5%	Tokyo	210	4	3
			Kanagawa	115	2	1
			Chiba	111	1	
			Saitama	83		3
			Ibaraki	31	1	
			Tochigi	16	1	
			Gunma	8		1
Chubu	172	16.6%	Aichi	78	3	
			Shizuoka	27		
			Niigata	12		
			Gifu	14		
			Nagano	14		
			Ishikawa	12	1	
			Yamanashi	6		
			Toyama	5		
			Fukui	4		
Kinki	194	18.8%	Osaka	87	1	2
			Hyogo	46		1
			Kyoto	20		
			Mie	19		
			Shiga	9	1	1
			Nara	9		
			Wakayama	4		
Chugoku	16	1.5%	Okayama	4		
			Hiroshima	11	1	
			Yamaguchi	1		
Kyushu	23	2.2%	Fukuoka	23	1	
Total	1,034	100.0%		1,034	18	12



Number of prefectures with outlets : 31

Number of prefectures without outlets: 16

Akita, Aomori, Ehime, Iwate, Kagawa, Kagoshima, Kochi, Kumamoto, Miyazaki, Nagasaki, Oita, Okinawa, Saga, Shimane, Tokushima, Tottori

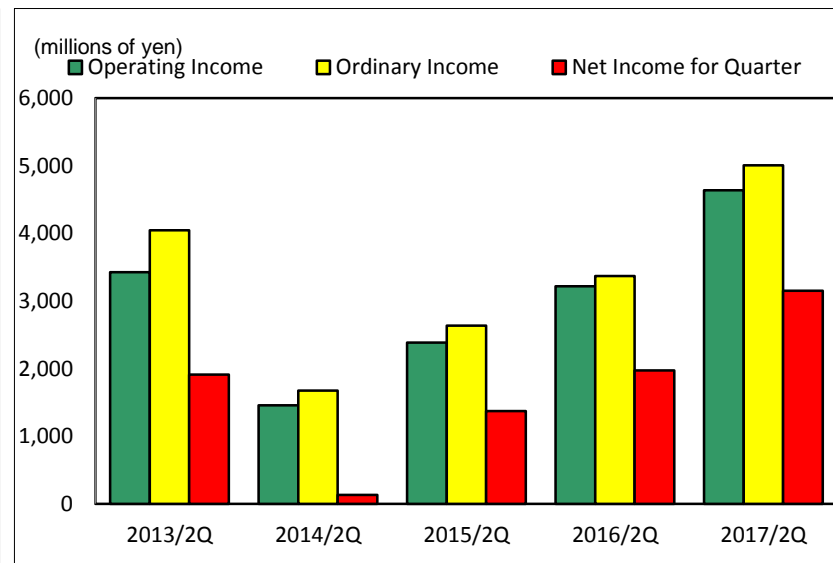
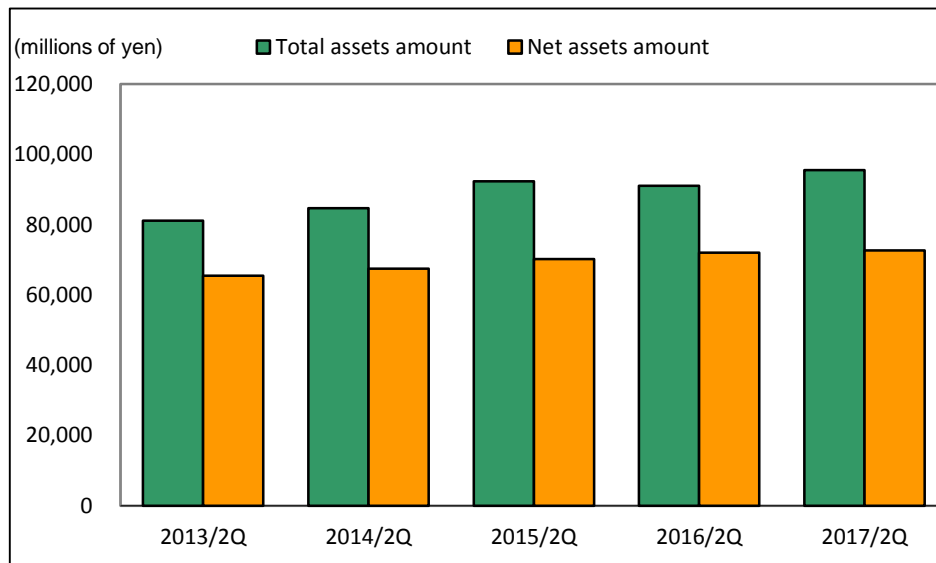
6. Trends in Financial Results (Consolidated)

(millions of yen)

Fiscal Year Classification	2013/2Q		2014/2Q		2015/2Q		2016/2Q		2017/2Q		2017/8 (projected)	
	Results	Year-on-Year Ratio	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	51,669	105.0%	59,243	114.7%	65,448	110.5%	70,783	108.2%	70,548	99.7%	147,200	101.5%
Selling, General and Administrative Expenses (SG&A)	30,910	106.5%	35,929	116.2%	38,342	106.7%	40,870	106.6%	40,770	99.8%	85,500	100.9%
Operating Income	3,422	86.5%	1,453	42.5%	2,384	164.0%	3,216	134.9%	4,638	144.2%	11,000	122.1%
Ordinary Income	4,044	91.5%	1,672	41.3%	2,636	157.6%	3,369	127.8%	5,004	148.5%	11,500	125.9%
Net Income for Quarter	1,909	84.2%	131	6.9%	1,368	1043.3%	1,971	144.1%	3,152	159.9%	7,500	136.2%
Total Assets Amount	81,123	111.6%	84,616	104.3%	92,262	109.0%	91,018	98.7%	95,472	104.9%	99,000	107.1%
Net Assets Amount	65,436	108.7%	67,418	103.0%	70,165	104.1%	72,022	102.6%	72,663	100.9%	79,200	109.0%

* 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		
	2017/2Q Current term	2016/2Q Current term	% Year-on-Year Ratio	2017/2Q Current term	2016/2Q Current term	% Year-on-Year Ratio
Saizeriya	55,902	54,166	103.2%	3,236	2,023	160.0%
Saizeriya Australia	2,121	2,177	97.4%	3	181	2.2%
Overseas outlets (Asia)	14,633	16,596	88.2%	1,434	1,023	140.2%
Consolidation Elimination	-2,107	-2,156	-	-36	-11	-
Total	70,548	70,783	99.7%	4,638	3,216	144.2%

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

(2) Overseas Outlets Breakdown (Asia)

(millions of yen)

Corporation	Net Sales			Operating Income		
	2017/2Q Current term	2016/2Q Current term	% Year-on-Year Ratio	2017/2Q Current term	2016/2Q Current term	% Year-on-Year Ratio
Saizeriya Shanghai	4,127	4,973	83.0%	448	233	192.3%
Saizeriya Guangzhou	4,083	5,086	80.3%	371	322	115.3%
Saizeriya Beijing	2,049	2,262	90.6%	197	99	197.9%
Saizeriya Taiwan	574	519	110.7%	17	-17	-
Saizeriya Hong Kong	2,759	2,814	98.0%	360	385	93.3%
Saizeriya Singapore	1,037	939	110.4%	40	0	-
Overseas outlets Total	14,633	16,569	88.2%	1,434	1,023	140.2%

(3) Development of Overseas Outlets (Asia)

Region	2016/8	2017/First-half			2017/Second-half		
		New Outlet Opening	Closure of Outlets	2017/2	New Outlet Opening (projected)	Closure of Outlets (projected)	2017/8 (projected)
Shanghai	120	10	4	126	12	3	135
Guangzhou	113	5	3	115	11	2	124
Beijing	60	3	4	59	8	1	66
Hong Kong	24	3	0	27	4	1	30
Taiwan	12	0	1	11	2	0	13
Singapore	16	3	0	19	3	1	21
Overseas total	345	24	12	357	40	8	389

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

* For Singapore: Calculated based on the period from September 2016 to February 2017.

*Net increase for full 44th term: 55 outlets

*Net increase for full 45th term: 44 outlets

8. Trends in Capital Expenditure and Cash Flow

(millions of yen)

	2015/2Q	2015/8	2016/2Q	2016/8	2017/2Q	2017/8 (projected)
New Outlet Openings	1,280	2,303	805	1,819	1,134	3,713
Renovation of Existing Outlets	93	211	170	460	659	1,323
Yoshikawa Plant	-	0	3	3	0	0
Kanagawa Plant	1	41	10	10	39	690
Fukushima Plant	1	11	0	0	24	30
Hyogo Plant	4	4	0	0	26	137
Chiba Plant	2	8	0	80	33	110
Head Office and Others	24	671	476	503	37	445
Consolidated Subsidiaries	1,238	2,722	1,590	2,568	804	2,632
Capital Expenditure (=A)	2,643	5,970	3,054	5,442	2,756	9,079
Cash Flow (=B)	3,232	8,813	3,958	10,447	3,754	11,723
Depreciation	2,772	5,947	2,900	5,856	2,741	5,129
Balance (=B-A)	589	2,843	903	5,005	998	2,644

* Totals may not tally as figures are rounded down to nearest million yen. Figures for 2017/8 (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

(millions of yen)

	First Half of Term (Results)	Year-on-Year Ratio	Full Year (Budget)	Year-on-Year Ratio
Net Sales	70.5	99.7%	147.2	101.5%
Operating Income	4.7	149.0%	11.0	122.1%
Net Income	3.1	159.9%	7.5	136.2%

■ Net sales

Japan: 113.6 billion yen→116.7 billion yen, overseas: 32.1 billion yen→30.5 billion yen
 Net increase in Japan: 20 outlets→29 outlets, overseas net increase: 50 outlets→44 outlets,
 Existing outlets in Japan compared to previous year: First half 100.5%→102.9%, second half
 99.5%→101.4%, full year 100.0%→102.1%

■ Operating income

Japan: 7 billion yen→8.1 billion yen, Asia: 2.2 billion yen→2.8 billion yen, Australia: 0.1 billion yen
 Gross income percentage in Japan: First half 63.8%→64.7%, second half 64.2%→64.0%, full year
 64.0%→64.3%
 Foreign exchange rates AUD: 86.37, EUR: 118.98, USD: 112.56

■ Net income

Japan: 3.7 billion yen→5.5 billion yen, Asia: 1.8 billion yen→1.8 billion yen, Australia: 0.1 billion yen

Classification		2017/4Q (Projected)
Return on Assets for Term (ROA)	(%)	12.0
Total Assets Turnover	(No. of times)	1.5
Earnings Per Share for Term (EPS)	(yen)	148.0
Book-value Per Share (BPS)	(yen)	1,573.5
Capital Adequacy Ratio	(%)	79.9
Return on Equity for Term (ROE)	(%)	9.9

10. Agenda for Second Half of 45th Term

Enhance added value by renovating facilities (improve access and convenience)

Enhance the foundation for overseas business (“should-be” level)

Product development by fortifying strengths (improve pasta)

Data warehouse application phase

Research and develop a new marketing approach (Research brain wave activity)

Further enhancement of employee education and creation of foundation for education
(Establish communication center)

Leverage production technologies and consider renovation of plants in Japan

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

Change human resource management system
(introduction of region-specific employee system)

Thank you.

