

Saizeriya Co., Ltd. Financial Results Briefing Session for the Fiscal Year Ended August 31, 2018

(46th term: from September 1, 2017 to August 31, 2018)



Code No. 7581

Thursday, October 11, 2018



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

Amounts are rounded down to the nearest one million yen, so totals may not exactly match.

1. Financial Results for the Year Ended August 31, 2017 (consolidated)

(1) Financial Highlights

(millions of yen)

	Financial Results	Previous Year	Year-on-Year Ratio	Budget	Percentage of Budget
Net Sales	154,063	148,306	103.9%	156,500	98.4%
Gross Net Sales	97,795	95,777	102.1%	99,600	98.2%
Operating Income	8,640	11,216	77.0%	9,600	90.0%
Ordinary Income	8,895	11,885	74.8%	9,900	89.9%
Net Income for This Year	5,074	7,496	67.7%	6,200	81.8%

Increased revenue and decreased profit

Budget reflects the financial forecast announced on April 11, 2018.

Net sales and gross net sales exceeded the previous year.

Operating income and other results were less than the previous year and the budget.

1. Financial Results for the Year Ended August 31, 2017 (consolidated)

(2) Sales Ratio (Year-on-Year)

(millions of yen)

	Year Ended August 31, 2018		Year Ended August 31, 2017		Ratio Difference
	Amount	Net Sales Ratio	Amount	Net Sales Ratio	
Net Sales	154,063	100.0%	148,306	100.0%	-
Sales Cost	56,268	36.5%	52,528	35.4%	1.1%
Gross Net Sales	97,795	63.5%	95,777	64.6%	-1.1%
Selling, General and Administrative Expenses (SG&A)	89,154	57.9%	84,561	57.0%	0.9%
Operating Income	8,640	5.6%	11,216	7.6%	-2.0%
Ordinary Income	8,895	5.8%	11,885	8.0%	-2.2%
Net Income for This Year	5,074	3.3%	7,496	5.1%	-1.8%

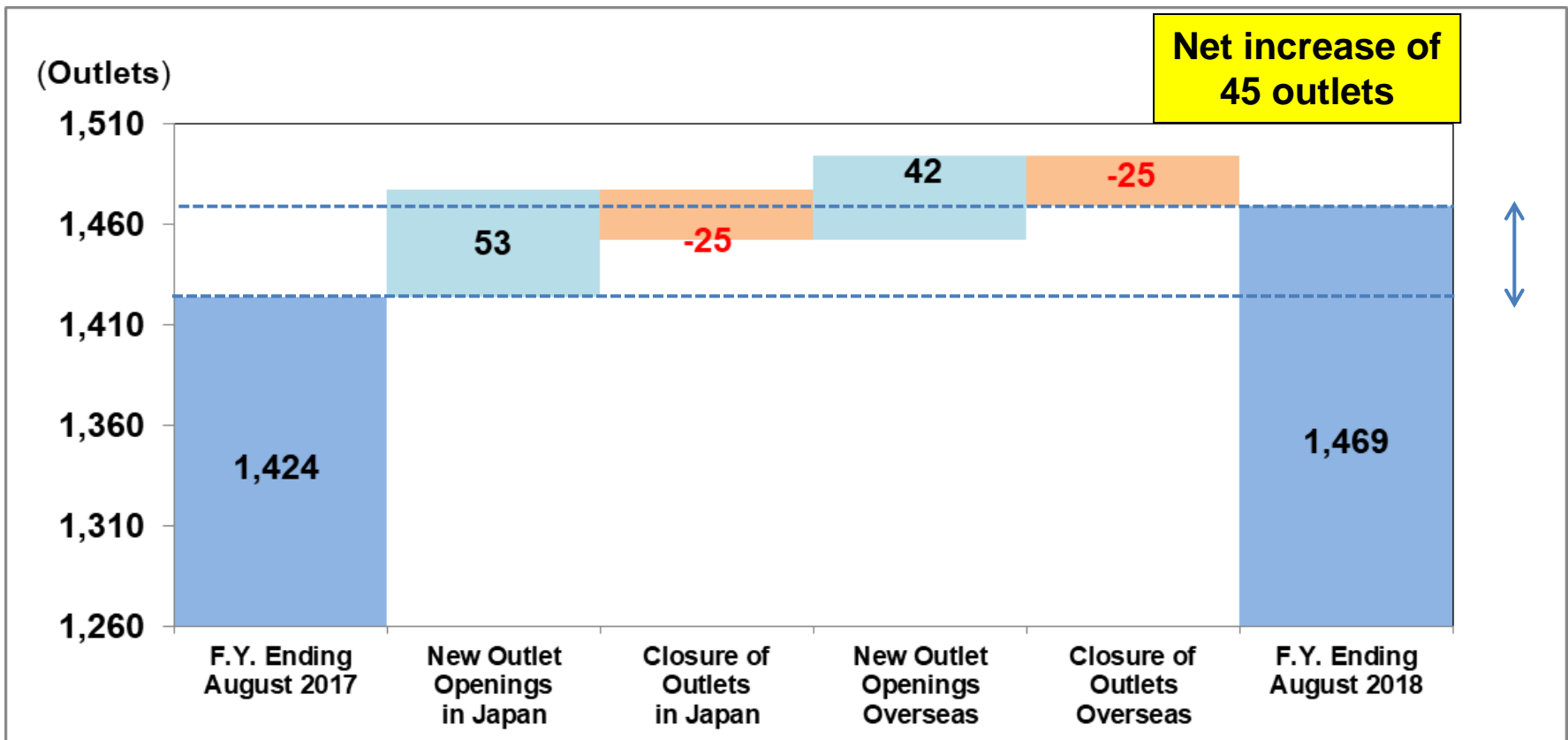
The cost of sales ratio increased by 1.1 points and the selling, general and administrative expenses ratio increased by 0.9 points.

Operating income ratio declined by 2.0 points.

2. Major Factors Lifting Business Performance

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

Number of outlets 1,469, net increase of 45 outlets



There was a net increase of 45 outlets (a net increase of 28 outlets in Japan and a net increase of 17 outlets overseas) since the end of August 2017.

The total number of domestic outlets is 1,085, and the total number of overseas outlets is 384.

The ratio of overseas outlets is 26.1%.

2. Major Factors Lifting Business Performance

(1) Net Sales - Number of outlets

Number of outlets 1,469, net increase of 45 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	53	48	25	19	1,085	1,057
Shanghai	8	15	9	9	125	126
Guangzhou	10	6	9	3	117	116
Beijing	12	11	5	5	73	66
Hong Kong	5	4	1	0	32	28
Taiwan	2	0	0	1	13	11
Singapore	5	5	1	1	24	20
Total	95	89	50	38	1,469	1,424

Consolidated net increase of 45 outlets (net increase in Japan: 28, overseas: 17) as the cumulative total for the F.Y. ending August 2018.

Consolidated net increase of 51 outlets (net increase in Japan: 29, overseas: 22) as the cumulative total for the F.Y. ending August 2017.

The total number of overseas outlets is 384. The ratio of overseas outlets is 26.1%.

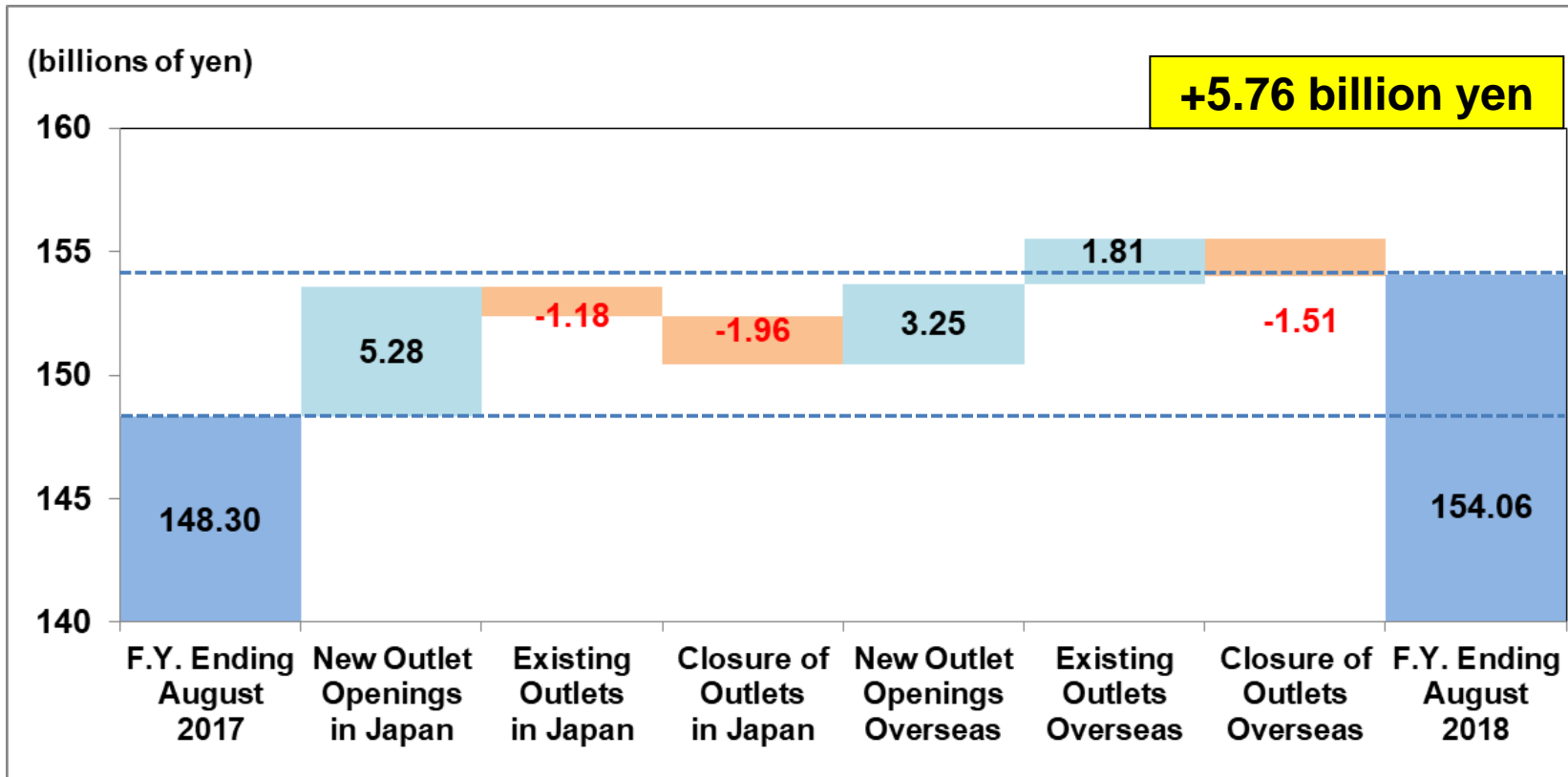
For Shanghai, Guangzhou, Beijing, Hong Kong, and Taiwan: Calculated based on the period from July 2017 to June 2018.

For Japan and Singapore: Calculated based on the period from September 2017 to August 2018.

2. Major Factors Lifting Business Performance

(1) Net Sales

Year-on-Year Ratio: 103.9% (+5.76 billion yen)



2.14 billion yen net increase in domestic net sales

3.54 billion yen net increase in overseas net sales

2. Major Factors Lifting Business Performance

(1) Net Sales

Year-on-Year Ratio: 103.9% (+5.76 billion yen)

Consolidated net sales amounted to 154 billion yen.

Domestic sales amounted to 119.4 billion yen, and overseas sales amounted to 34.5 billion yen. Percentage of overseas sales: 22.4%

Primary factors contributing to net sales growth

Total consolidated sales 5.76 billion yen (103.9%)

Total sales in Japan 2.14 billion yen (101.8%)

New outlets Increased by 5.28 billion yen

Existing outlets **Decreased by 1.18 billion yen**

Closure of outlets **Decreased by 1.96 billion yen**

Total overseas sales 3.54 billion yen (111.4%)

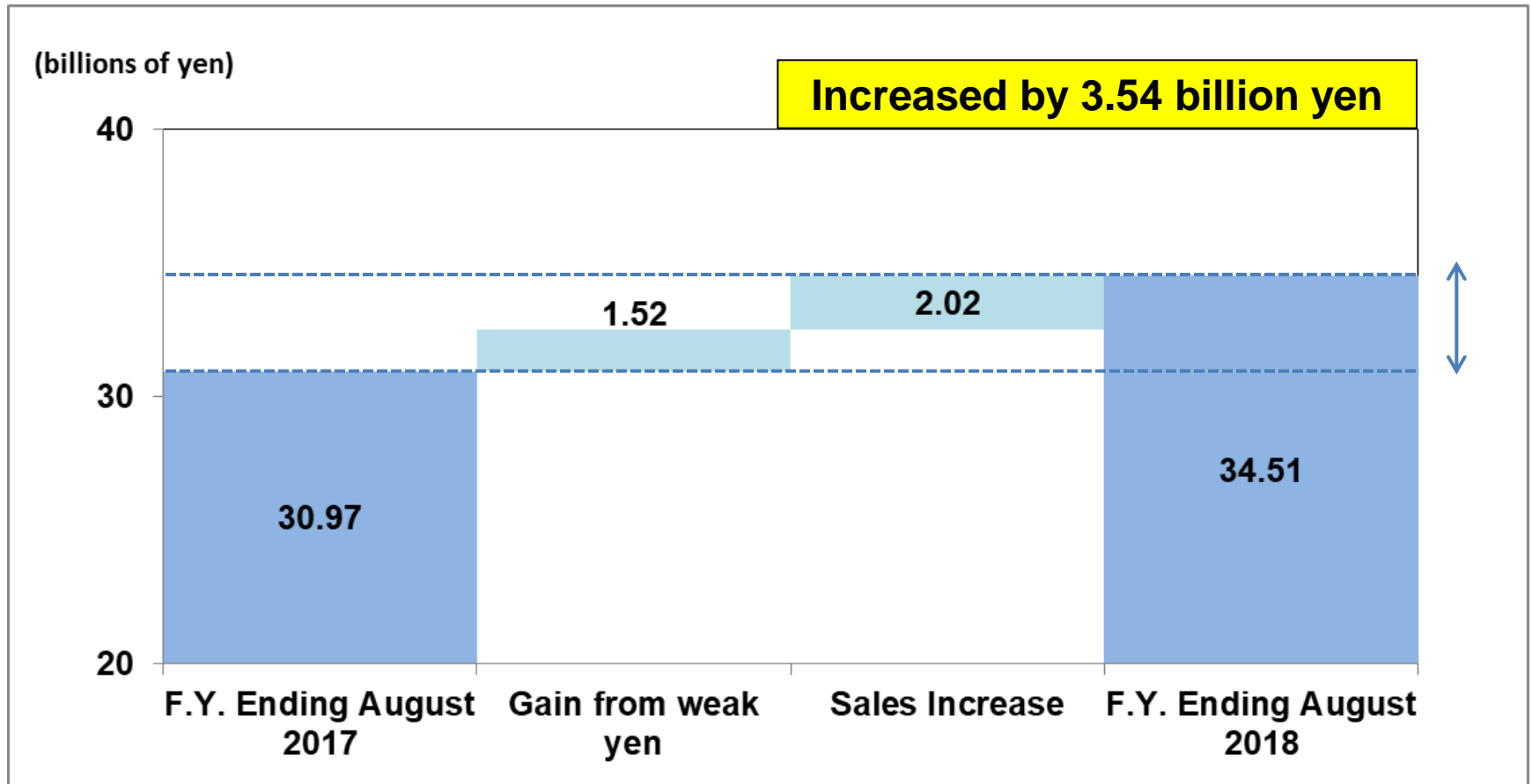
New outlets Increased by 3.25 billion yen

Existing outlets Increased by 1.81 billion yen

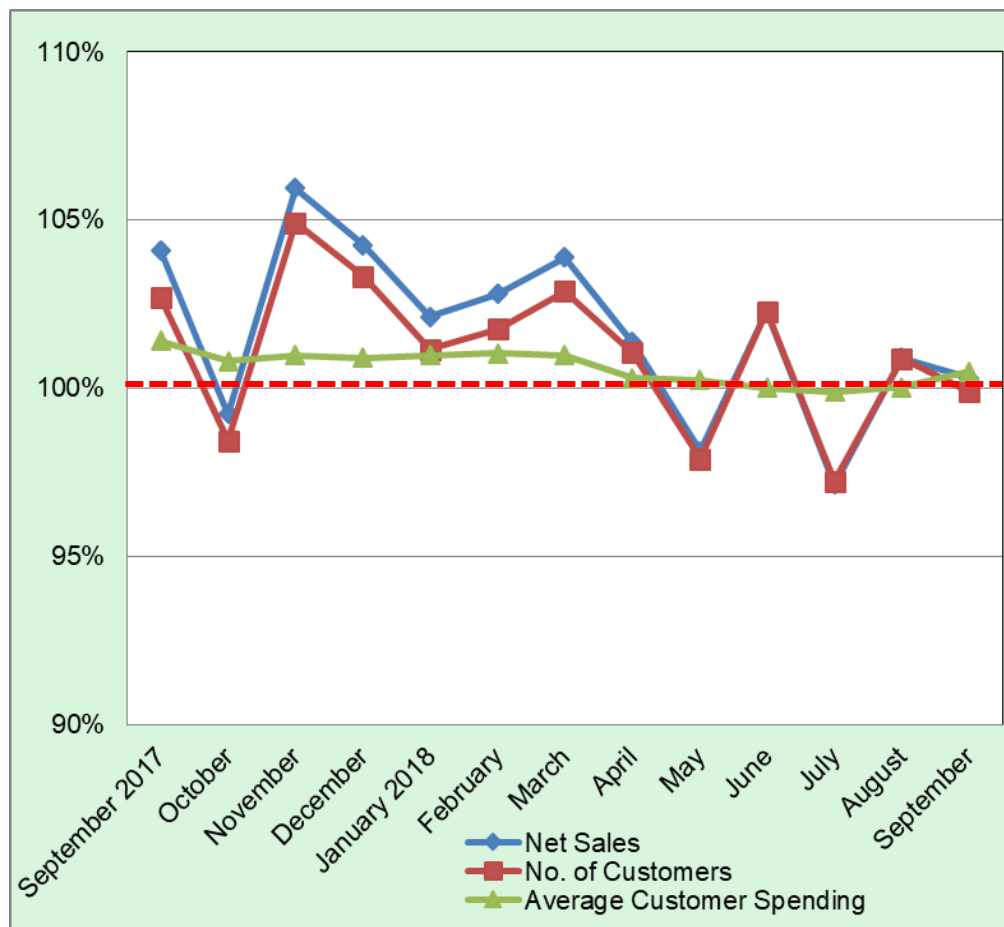
Closure of outlets **Decreased by 1.51 billion yen**

Figures in parentheses indicate year-on-year changes

Breakdown of Sales Result Fluctuation in Overseas Outlets



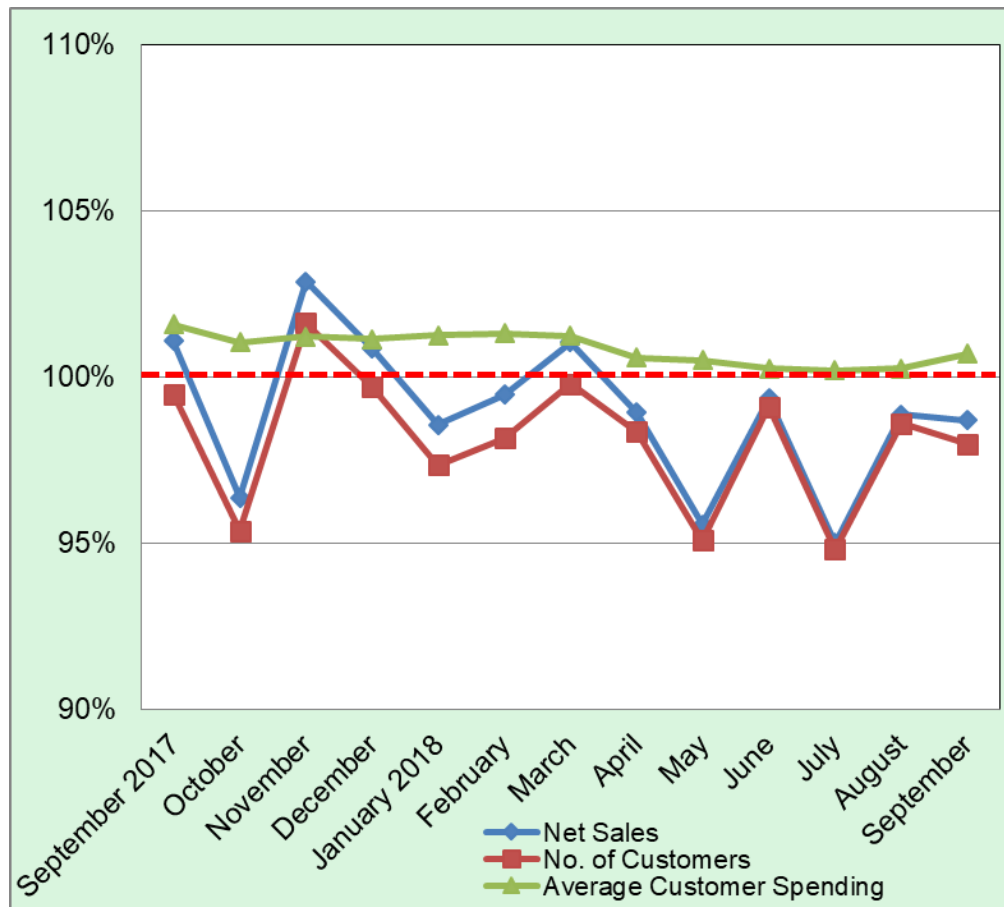
Net Sales, Number of Customers, Average Customer Spending for All Outlets in Japan



	Net Sales	No. of Customers	Average Customer Spending
September 2017	104.1%	102.7%	101.4%
October	99.2%	98.4%	100.8%
November	106.0%	104.9%	101.0%
December	104.3%	103.3%	100.9%
January 2018	102.1%	101.2%	101.0%
February	102.8%	101.8%	101.0%
First-Half Cumulative Results	103.0%	102.0%	101.0%
March	103.9%	102.9%	101.0%
April	101.4%	101.1%	100.3%
May	98.1%	97.9%	100.2%
June	102.3%	102.3%	100.0%
July	97.1%	97.2%	99.9%
August	100.9%	100.9%	100.0%
Second-Half Cumulative Results	100.6%	100.3%	100.2%
Cumulative Total Results for 46th term	101.8%	101.1%	100.6%
September 2018	100.3%	99.9%	100.5%

* 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 in Japan

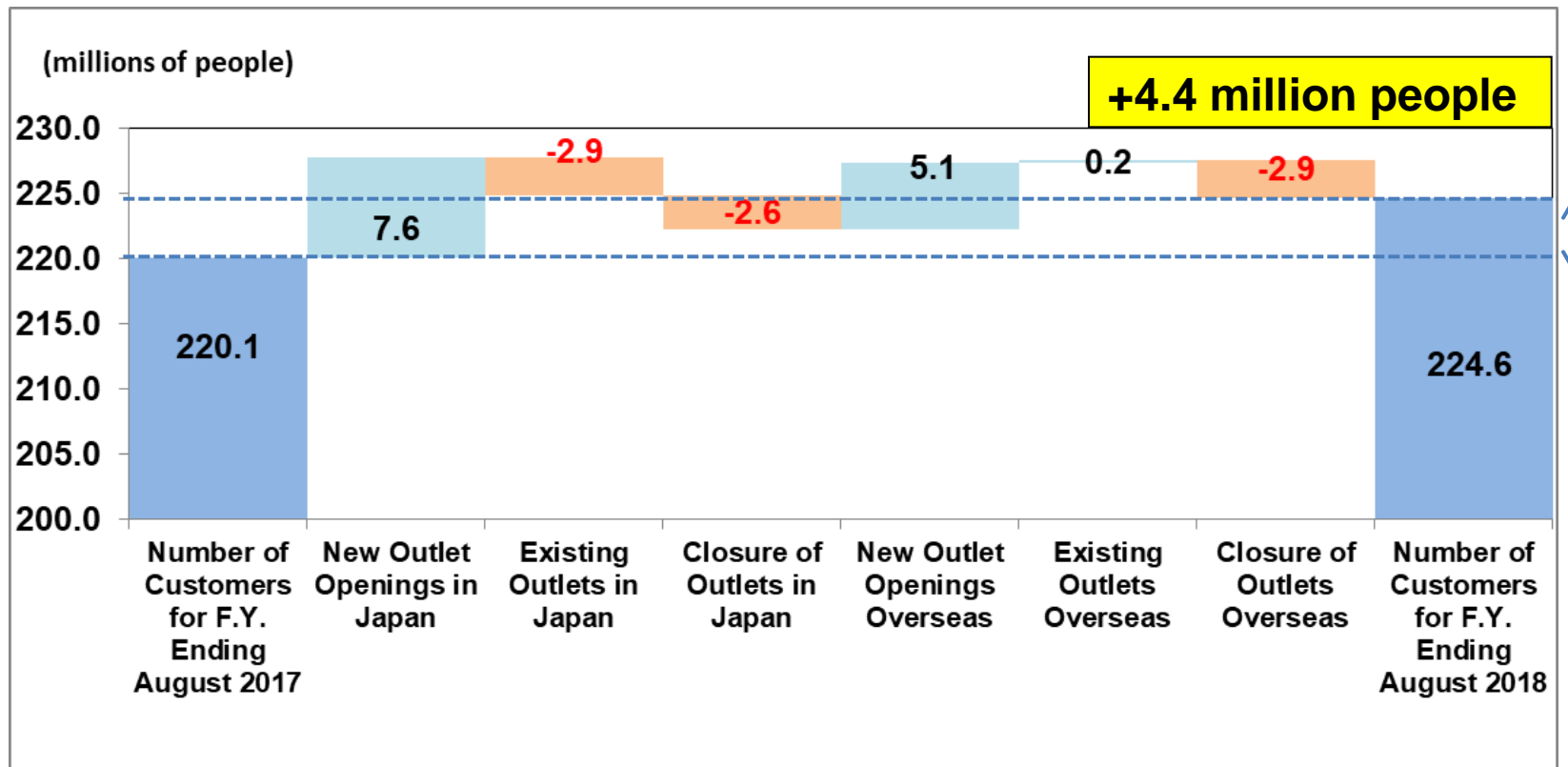


	Net Sales	No. of Customers	Average Customer Spending
September 2017	101.1%	99.5%	101.6%
October	96.4%	95.4%	101.1%
November	102.9%	101.6%	101.2%
December	100.9%	99.7%	101.2%
January 2018	98.6%	97.4%	101.3%
February	99.5%	98.2%	101.3%
First-Half Cumulative Results	99.8%	98.6%	101.3%
March	101.1%	99.8%	101.3%
April	98.9%	98.4%	100.6%
May	95.6%	95.1%	100.5%
June	99.4%	99.1%	100.3%
July	95.0%	94.8%	100.2%
August	98.9%	98.6%	100.3%
Second-Half Cumulative Results	98.1%	97.6%	100.5%
Cumulative Total Results for 46th term	99.0%	98.1%	100.9%
September 2018	98.7%	98.0%	100.7%

* 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: 224.6 million people
Increased by 4.4 million people Compared to Previous Term**



The total number of customers per year achieved a record high of 224.6 million people.

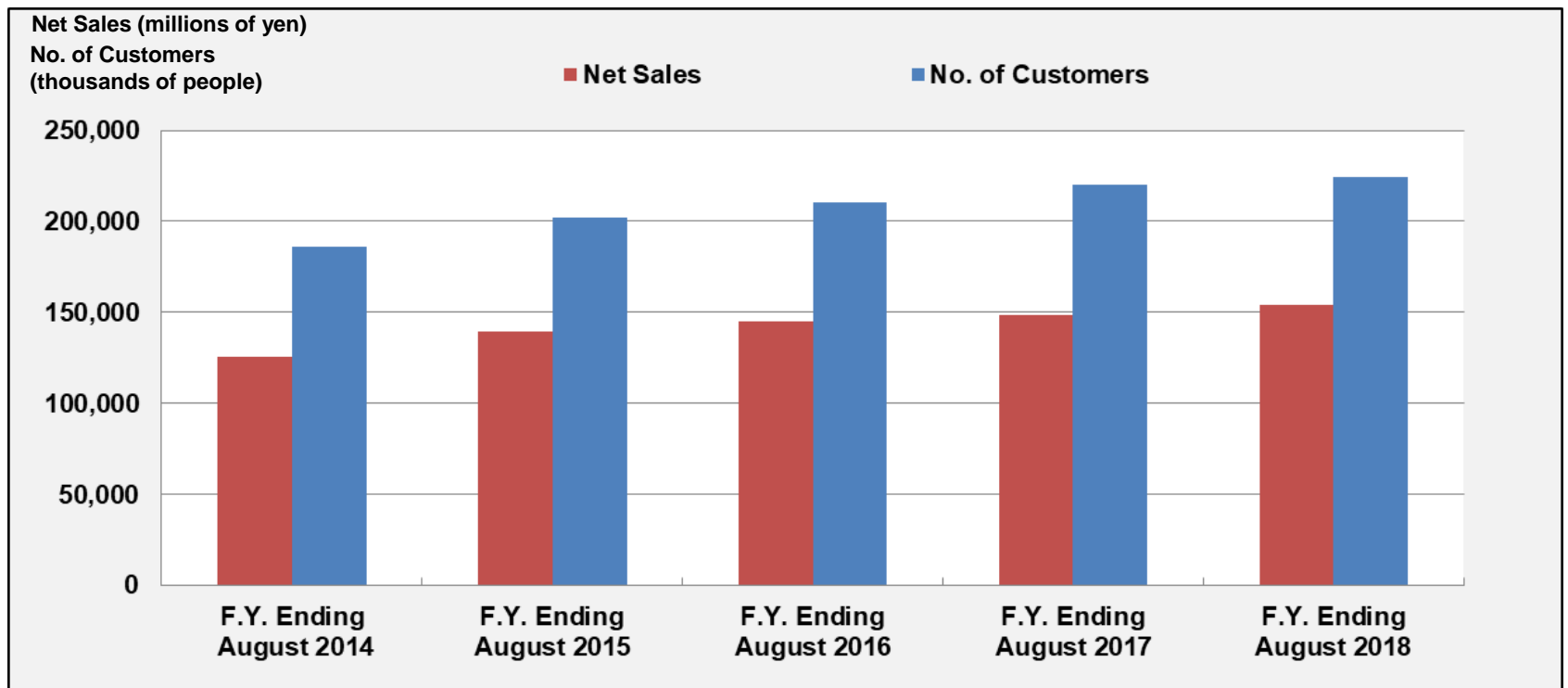
The number of customers in Japanese outlets: 163.6 million people, percentage of customers in Japan: 72.8%

Total overseas customers: 61.0 million people, percentage of overseas customers: 27.2%

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

Term		F.Y. Ending August 2014	F.Y. Ending August 2015	F.Y. Ending August 2016	F.Y. Ending August 2017	F.Y. Ending August 2018
Net Sales	(millions of yen)	125,618	139,277	144,961	148,306	154,063
No. of Customers	(thousands of people)	186,029	202,261	210,655	220,153	224,636
Average Customer Spending	(yen)	675	689	688	674	686

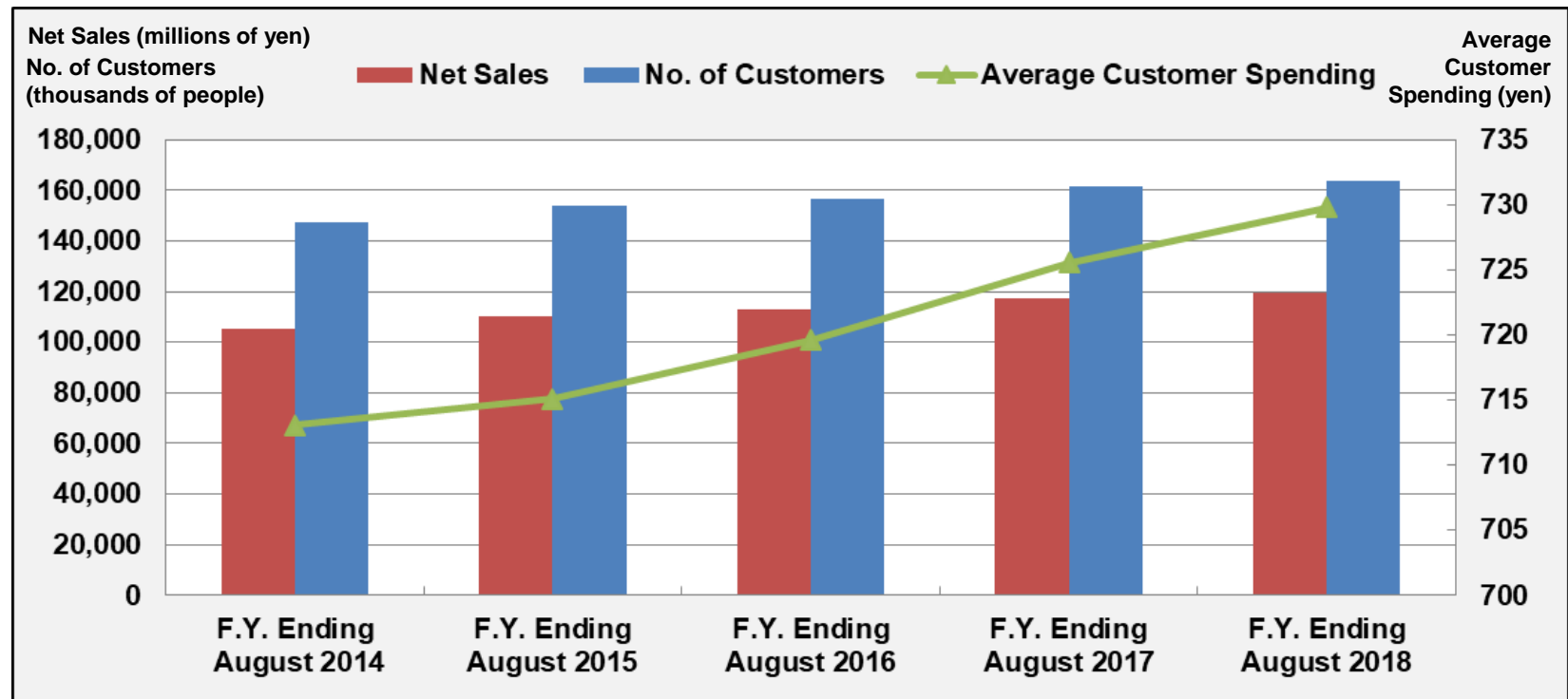
*The above figure indicates the consolidated value.



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

Term		F.Y. Ending August 2014	F.Y. Ending August 2015	F.Y. Ending August 2016	F.Y. Ending August 2017	F.Y. Ending August 2018
Net Sales	(millions of yen)	105,049	109,927	112,865	117,259	119,405
No. of Customers	(thousands of people)	147,326	153,722	156,845	161,611	163,618
Average Customer Spending	(yen)	713	715	720	726	730

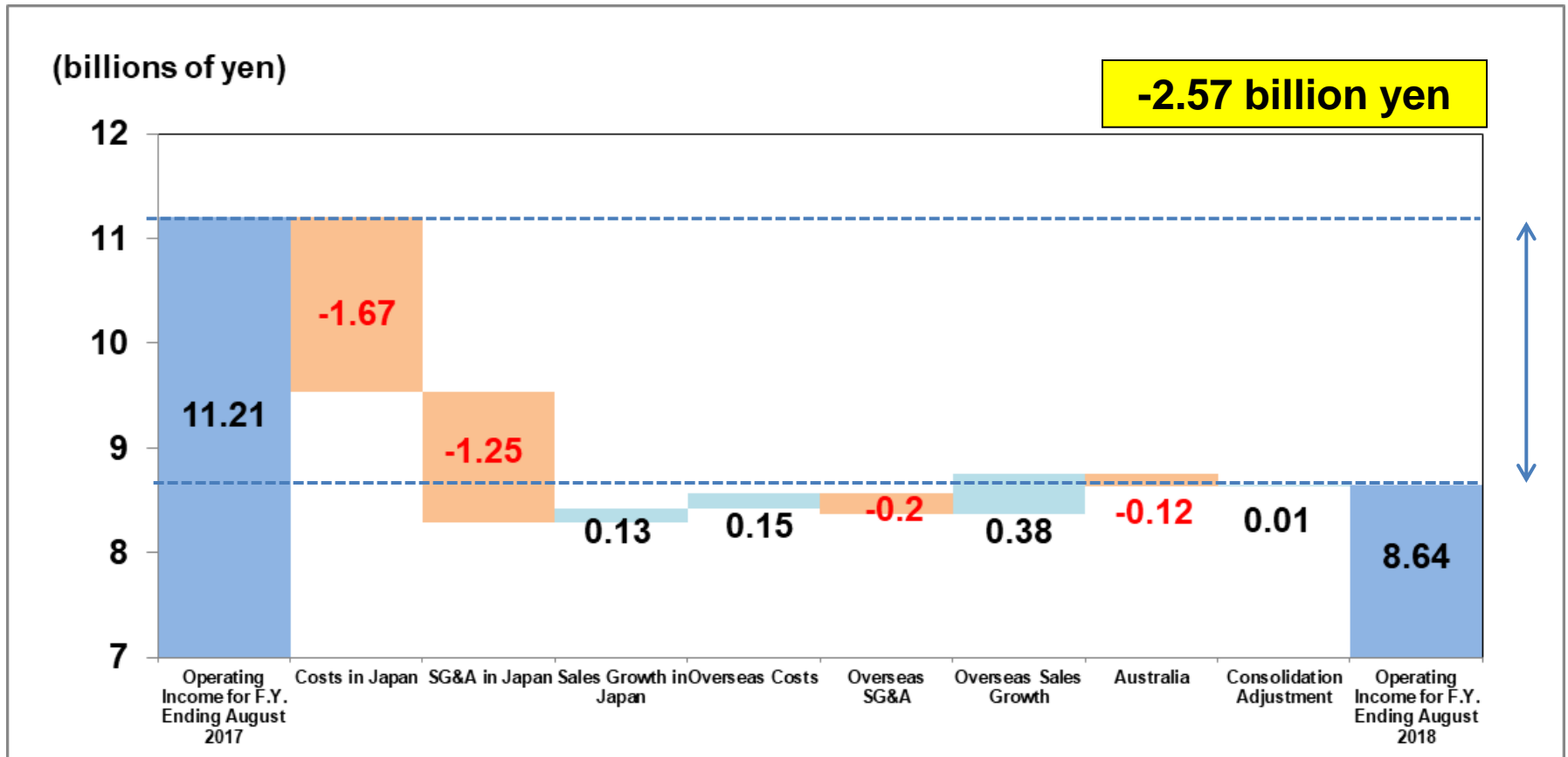
*The above figure indicates the domestic value.



2. Major Factors Lifting Business Performance

(2) Operating Income

Year-on-Year Ratio: 77.0 % (-2.57 billion yen)

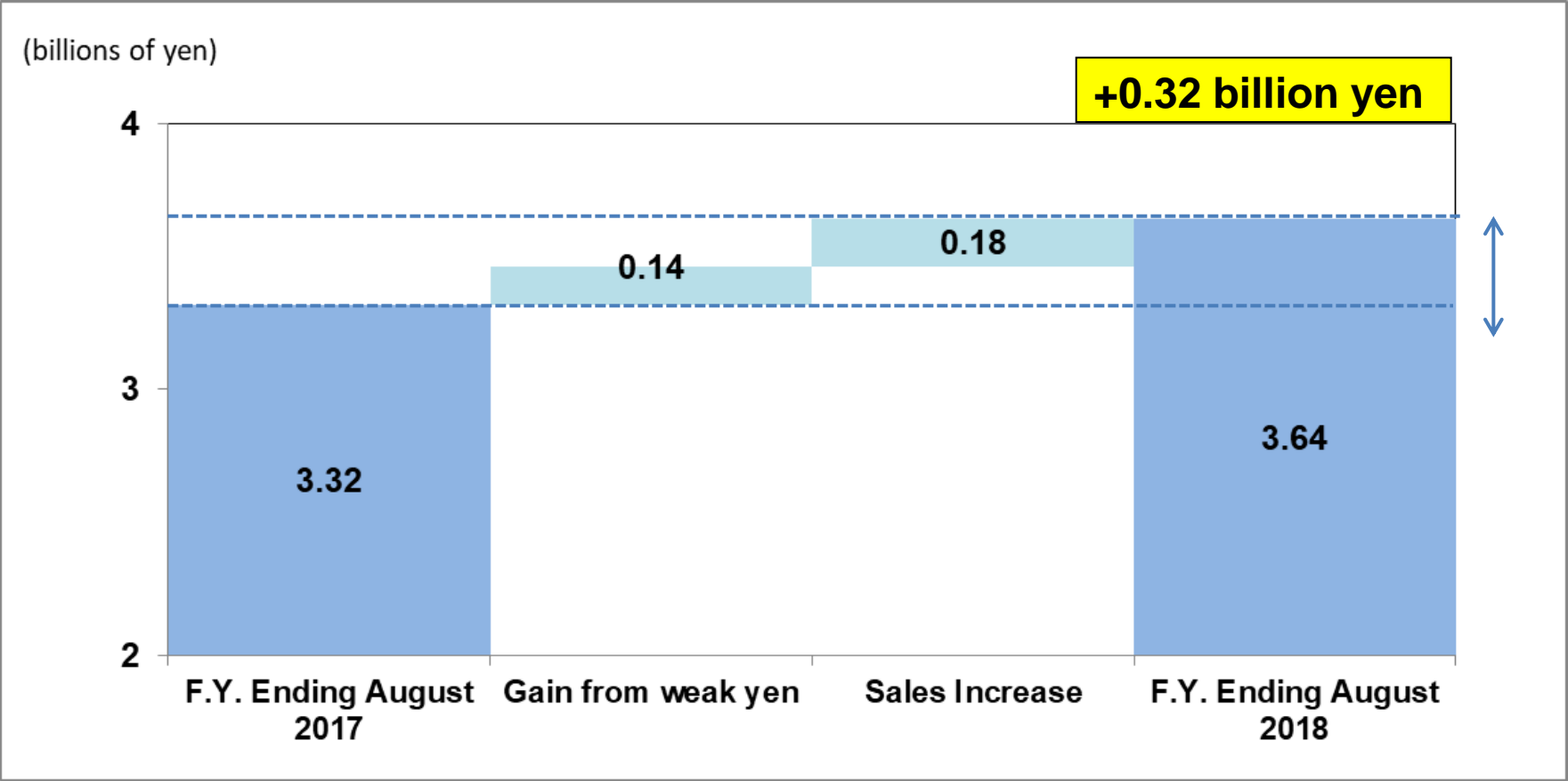


F.Y. ending August 2017: Operating income 11.21 billion yen, the operating income ratio 7.6%.

F.Y. ending August 2018: Operating income 8.64 billion yen, the operating income ratio 5.6%.

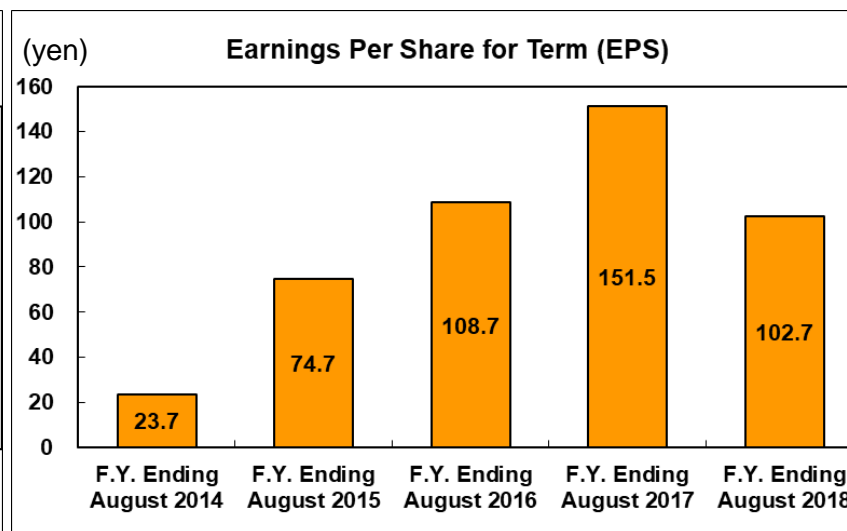
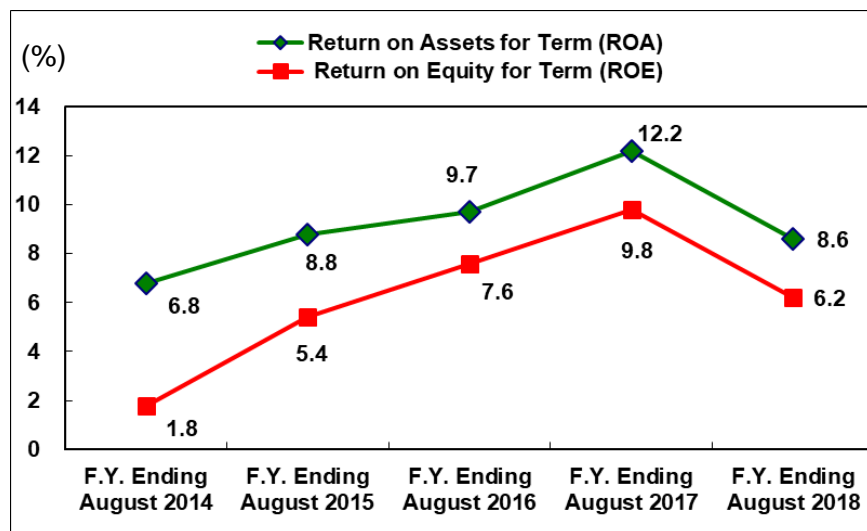
Impact Amount (Japan)	-2,790 million yen
Cost of Sales	-1,670 million yen
Foreign exchange rates knock-on effects	-570
Prices of ingredients (increases in lettuce, etc., decreases in sweet shrimp, chicken, and tomatoes)	-780
Logistics cost	-160
Other	-160
Selling, General and Administrative Expenses	-1,250 million yen
Labor costs (increase in temporary staff wages and uniform cost)	-590
Facilities costs (increase in depreciation cost, asset retirement obligations, and fixtures)	-520
Utility costs (Increase in gas unit price, drop in volume of electricity used for energy saving)	-100
Other expenses	-40
Amount of Increase in Sales	130 million yen
Impact Amount (Overseas)	330 million yen
Costs	150 million yen
Selling, General and Administrative Expenses	-200 million yen
Labor costs	-230
Facilities costs	-20
Utility costs	-10
Other expenses	50
Amount of Increase in Sales	380 million yen
Australia Impact	-120 million yen
Consolidation Adjustment	10 million yen
Increase in Operating Income	-2,570 million yen

Breakdown of Operating Income Fluctuation in Overseas Outlets



3. Trends in Major Financial Indicators (consolidated)

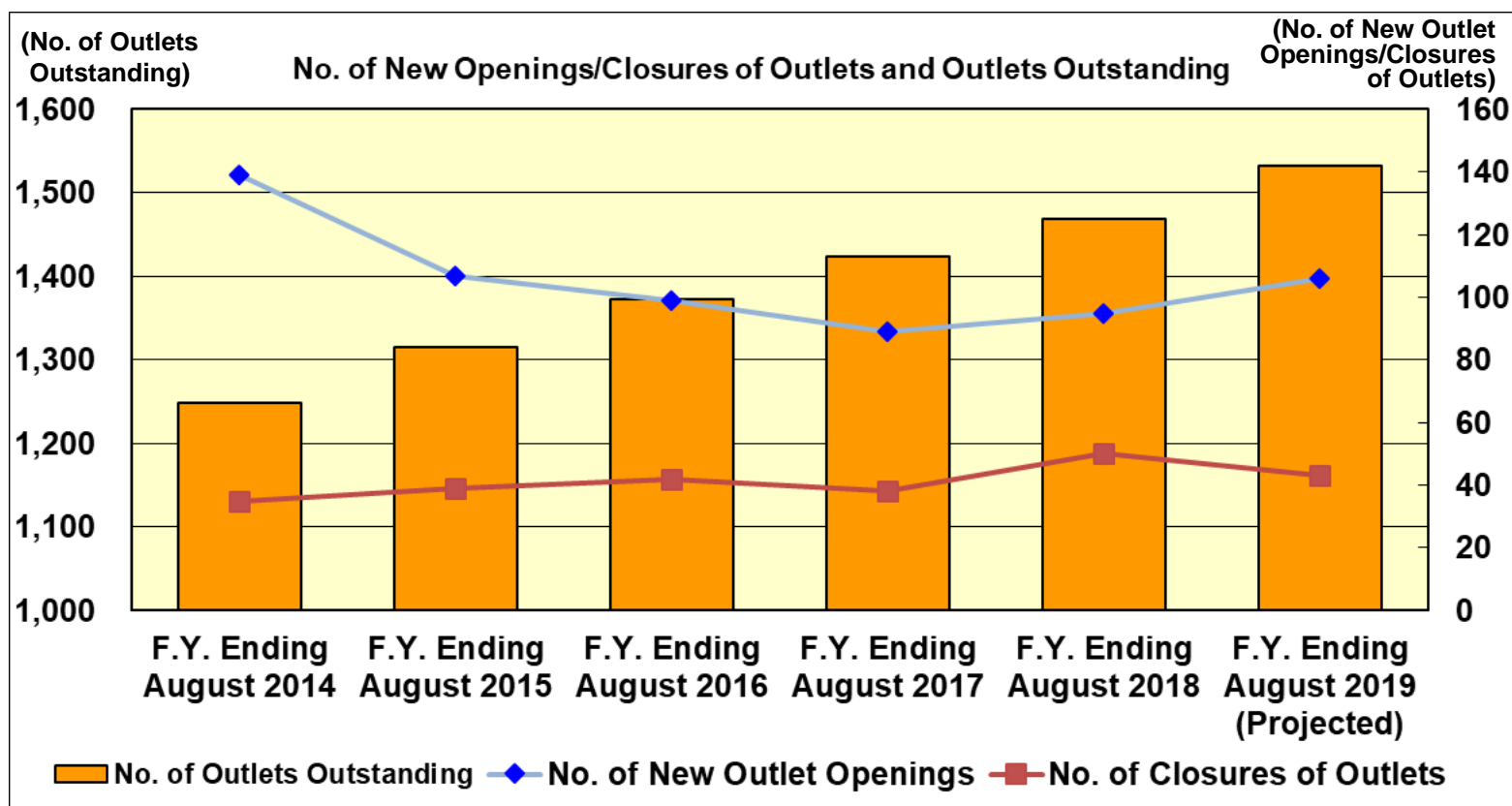
Classification		F.Y. Ending August 2014	F.Y. Ending August 2015	F.Y. Ending August 2016	F.Y. Ending August 2017	F.Y. Ending August 2018
Return on Assets for Term (ROA)	(%)	6.8	8.8	9.7	12.2	8.6
Total Assets Turnover	(No. of times)	1.4	1.5	1.5	1.5	1.5
Earnings Per Share for Term (EPS)	(yen)	23.7	74.7	108.7	151.5	102.7
Book-value Per Share (BPS)	(yen)	1,356.7	1,423.3	1,441.1	1,618.6	1,681.9
Capital Adequacy Ratio	(%)	78.5	75.7	78.4	78.1	79.1
Return on Equity for Term (ROE)	(%)	1.8	5.4	7.6	9.8	6.2



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

Fiscal Year	F.Y. Ending August 2014	F.Y. Ending August 2015	F.Y. Ending August 2016	F.Y. Ending August 2017	F.Y. Ending August 2018	F.Y. Ending August 2019 (Projected)
No. of New Outlet Openings	139	107	99	89	95	106
No. of Closures of Outlets	35	39	42	38	50	43
No. of Outlets Outstanding	1,248	1,316	1,373	1,424	1,469	1,532

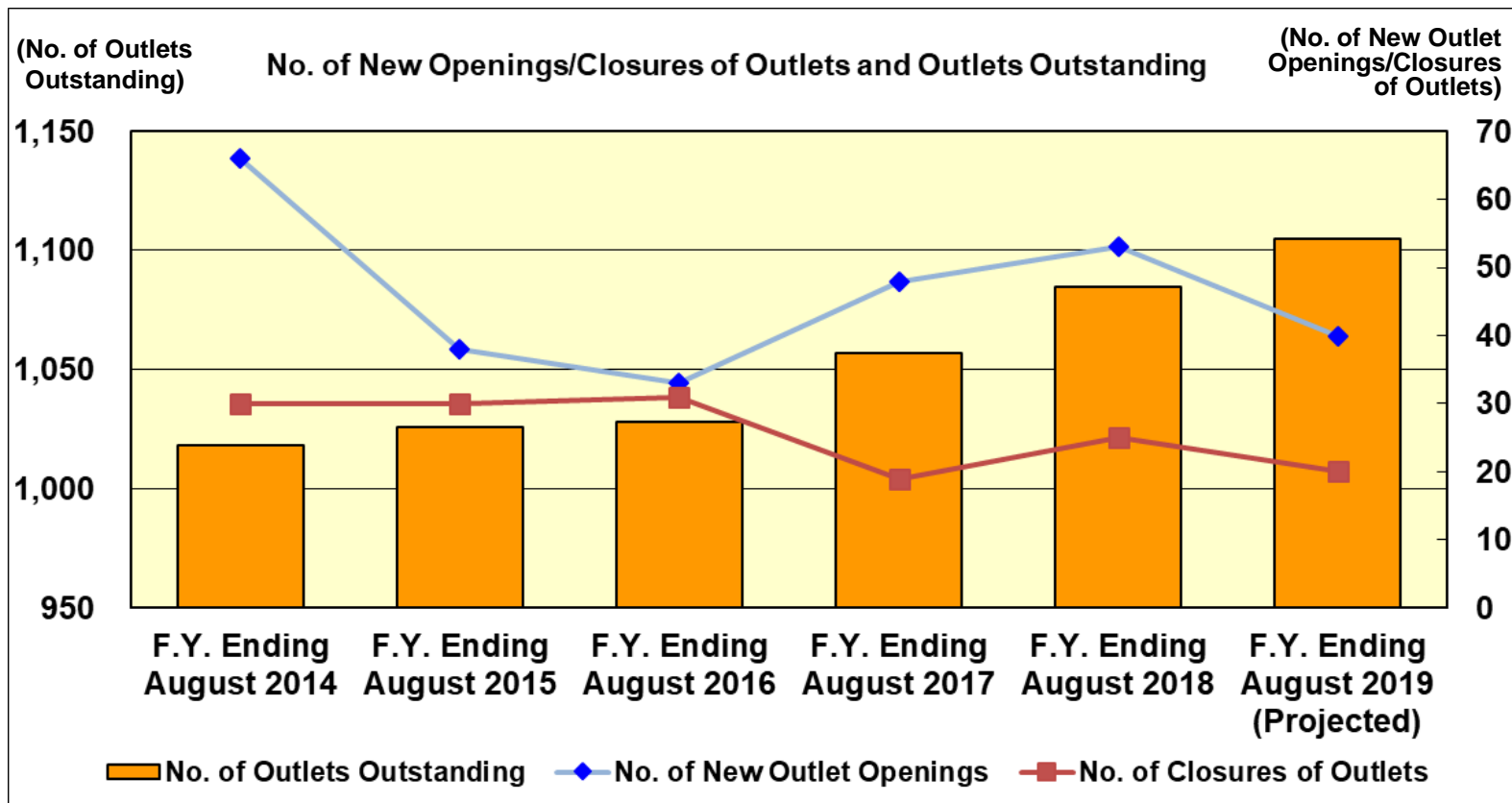
* A net increase of 63 outlets is projected for FY 2019.



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

Fiscal Year	F.Y. Ending August 2014	F.Y. Ending August 2015	F.Y. Ending August 2016	F.Y. Ending August 2017	F.Y. Ending August 2018	F.Y. Ending August 2019 (Projected)
No. of New Outlet Openings	66	38	33	48	53	40
No. of Closures of Outlets	30	30	31	19	25	20
No. of Outlets Outstanding	1,018	1,026	1,028	1,057	1,085	1,105

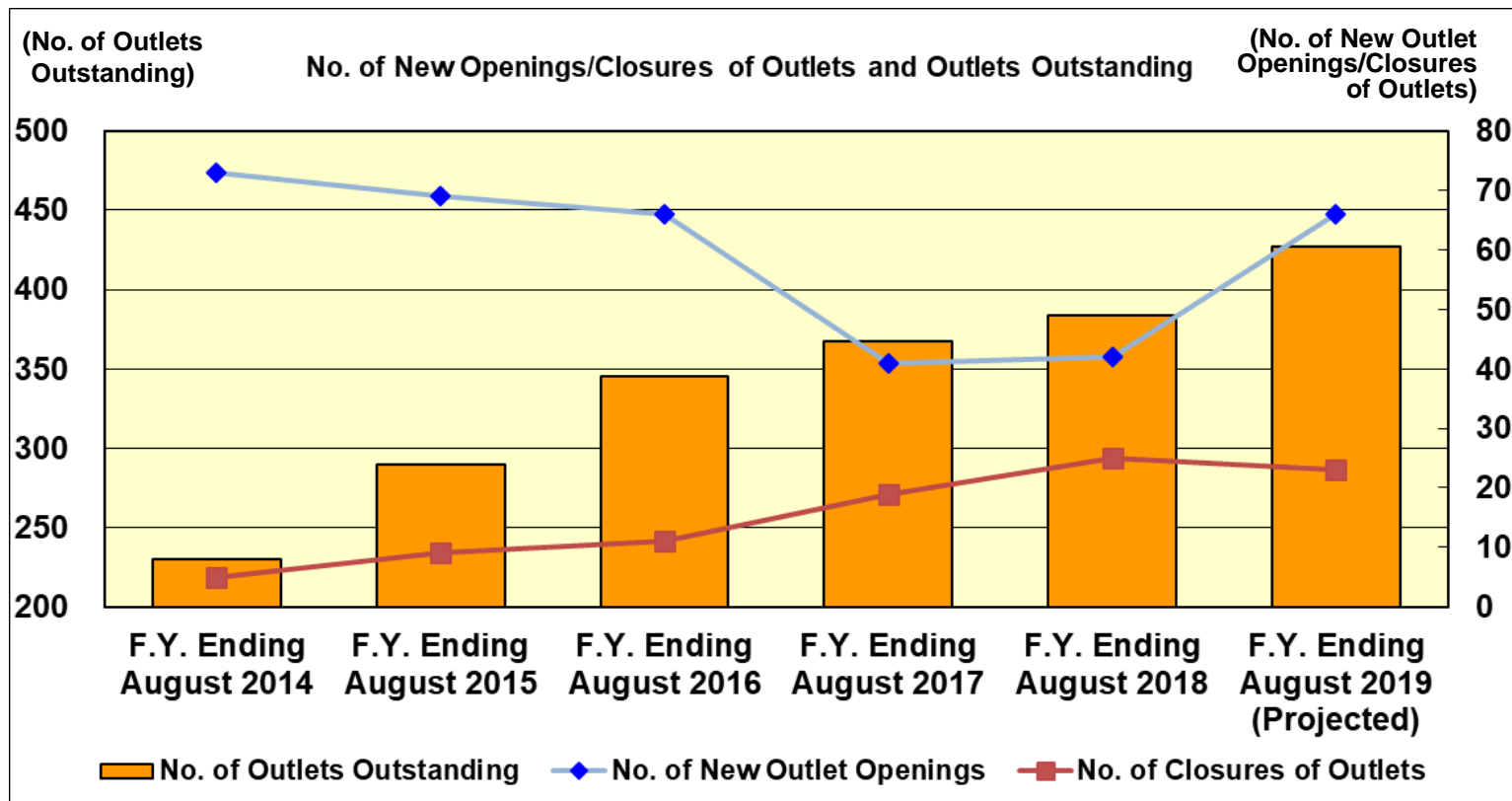
* A net increase of 20 outlets is projected for FY 2019.



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

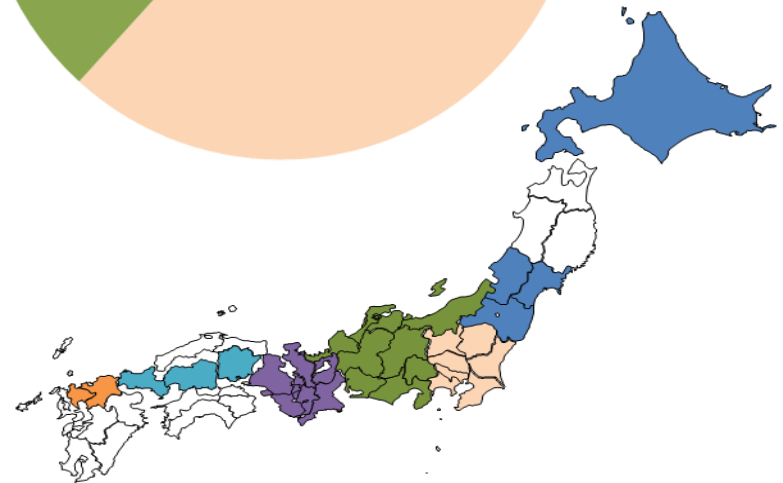
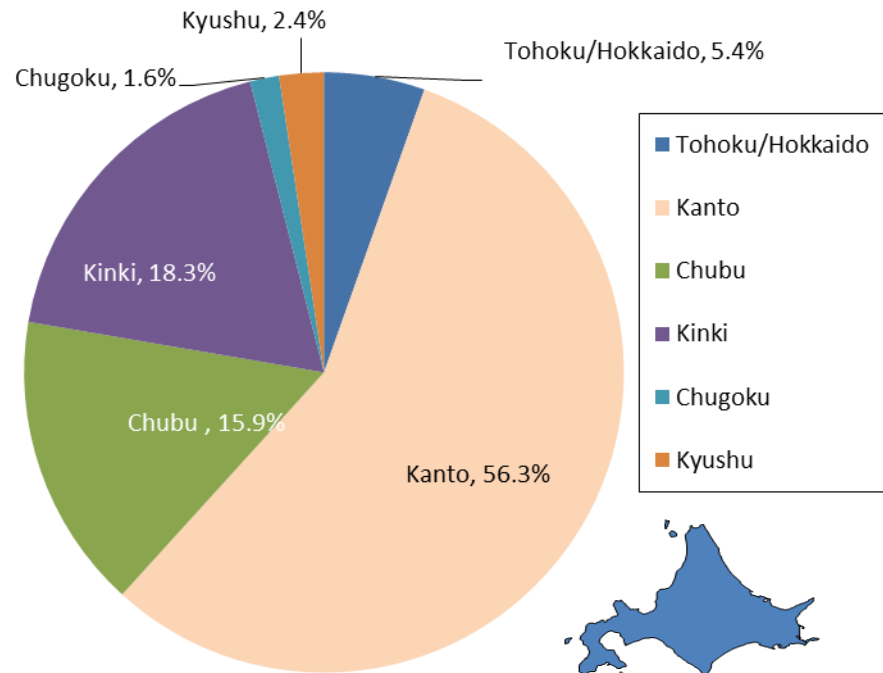
Fiscal Year	F.Y. Ending August 2014	F.Y. Ending August 2015	F.Y. Ending August 2016	F.Y. Ending August 2017	F.Y. Ending August 2018	F.Y. Ending August 2019 (Projected)
No. of New Outlet Openings	73	69	66	41	42	66
No. of Closures of Outlets	5	9	11	19	25	23
No. of Outlets Outstanding	230	290	345	367	384	427

* A net increase of 43 outlets is projected for FY 2019.



5. Number of Outlets in Japan by Region

Region	Subtotal	Ratio to total	Prefecture	No. of outlets	Opened outlets	Closed outlets
Tohoku/Hokkaido	59	5.4%	Hokkaido	16	1	
			Miyagi	22		
			Fukushima	15	2	
			Yamagata	6		
Kanto	611	56.3%	Tokyo	216	6	4
			Kanagawa	129	10	3
			Chiba	118	6	1
			Saitama	92	7	2
			Ibaraki	30	1	
			Tochigi	17	1	1
			Gunma	9	1	
Chubu	173	15.9%	Aichi	81	3	
			Shizuoka	27	2	2
			Niigata	11		1
			Gifu	14		
			Nagano	12	1	3
			Ishikawa	13		
			Yamanashi	6		
			Toyama	5		
			Fukui	4		
			Kinki	199	18.3%	Osaka
Hyogo	50	5				2
Kyoto	21					
Mie	18					1
Shiga	10	1				1
Nara	9					
Wakayama	4					
Chugoku	17	1.6%	Okayama	4		1
			Hiroshima	11		
			Yamaguchi	2	1	
Kyushu	26	2.4%	Fukuoka	24	1	
			Saga	2	2	
Total	1,085	100.0%		1,085	53	25



Number of prefectures with outlets: 32
Number of prefectures without outlets: 15
 Aomori, Iwate, Akita, Tottori, Shimane, Kagawa, Kochi, Tokushima
 Ehime, Oita, Miyazaki, Kumamoto, Nagasaki, Kagoshima, Okinawa

6. Trends in Financial Results (consolidated)

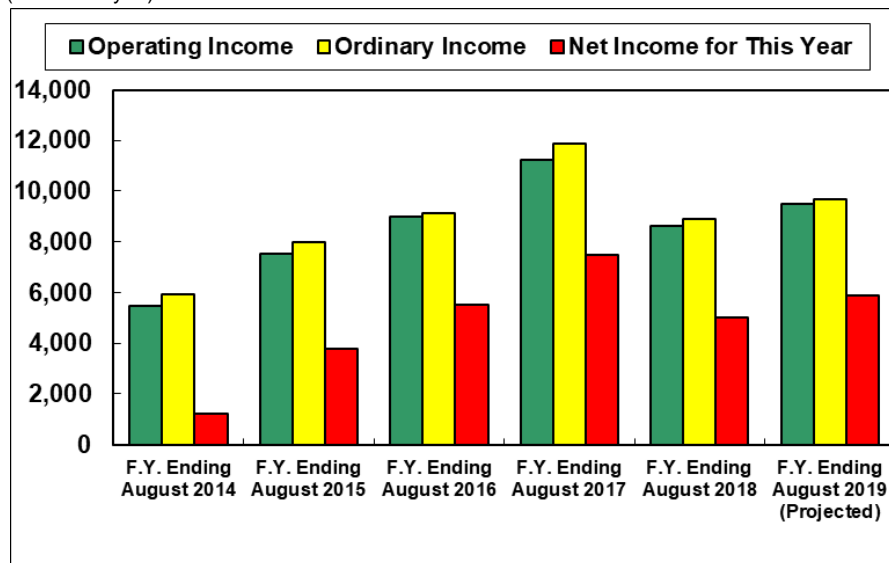
(millions of yen)

Fiscal Year	August 2014		August 2015		August 2016		August 2017		August 2018		August 2019 (Projected)	
	F.Y. Ending Results	Year-on-Year Ratio	F.Y. Ending Results	Year-on-Year Ratio	F.Y. Ending Results	Year-on-Year Ratio	F.Y. Ending Results	Year-on-Year Ratio	F.Y. Ending Results	Year-on-Year Ratio	Plan	Year-on-Year Ratio
Net Sales	125,618	113.8%	139,277	110.9%	144,961	104.1%	148,306	102.3%	154,063	103.9%	159,800	103.7%
Selling, General and Administrative Expenses (SG&A)	73,914	114.4%	79,707	107.8%	82,557	103.6%	84,561	102.4%	89,154	105.4%	92,100	103.3%
Operating Income	5,488	72.7%	7,511	136.9%	9,006	119.9%	11,216	124.5%	8,640	77.0%	9,500	109.9%
Ordinary Income	5,917	70.0%	8,004	135.3%	9,134	114.1%	11,885	130.1%	8,895	74.8%	9,700	109.0%
Net Income for This Year	1,193	30.3%	3,774	316.4%	5,505	145.9%	7,496	136.2%	5,074	67.7%	5,900	116.3%
Total Assets Amount	87,224	99.7%	95,485	109.5%	92,463	96.8%	102,731	111.1%	104,896	102.1%	109,900	104.8%
Net Assets Amount	68,643	101.9%	72,424	105.5%	72,663	100.3%	80,412	110.7%	83,396	103.7%	88,400	106.0%

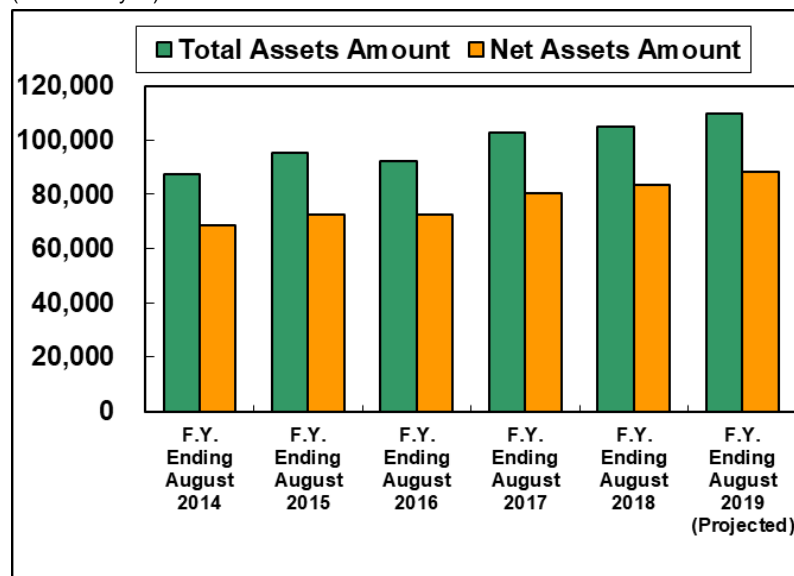
* Totals may not tally as figures are rounded down to nearest million yen.

* Figures for 2019/8 (projected) are estimated values.

(millions of yen)



(millions of yen)



7. Financial Results for Subsidiaries

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

(millions of yen)

Corporation	Net Sales			Operating Income		
	F.Y. Ending August 2018 Current term	F.Y. Ending August 2017 Previous term	% Year-on-Year Ratio	F.Y. Ending August 2018 Current term	F.Y. Ending August 2017 Previous term	% Year-on-Year Ratio
Saizeriya	119,405	117,259	101.8%	4,938	7,731	63.9%
Australia	4,608	4,502	102.4%	44	164	26.9%
Overseas Outlets (Asia)	34,514	30,973	111.4%	3,643	3,318	109.8%
Consolidation Elimination	-4,465	-4,429	100.8%	13	1	784.2%
Total	154,063	148,306	103.9%	8,640	11,216	77.0%

(2) Asia Breakdown

(millions of yen)

Corporation	Net Sales			Operating Income		
	F.Y. Ending August 2018 Current term	F.Y. Ending August 2017 Previous term	% Year-on-Year Ratio	F.Y. Ending August 2018 Current term	F.Y. Ending August 2017 Previous term	% Year-on-Year Ratio
Shanghai	9,646	8,775	109.9%	993	987	100.6%
Guangzhou	8,849	8,386	105.5%	857	865	99.0%
Beijing	5,076	4,400	115.4%	438	451	97.0%
Hong Kong	6,627	5,843	113.4%	1,044	826	126.4%
Taiwan	1,326	1,171	113.2%	52	56	94.3%
Singapore	2,987	2,395	124.7%	257	130	196.6%
Overseas Outlets Total (Asia)	34,514	30,973	111.4%	3,643	3,318	109.8%

(3) Development of Overseas Outlets (Asia)

Region	F.Y. Ending August 2017	F.Y. Ending August 2018			F.Y. Ending August 2019 (Projected)		
		New Outlet Opening	Closure of Outlets	F.Y. 2018/End	New Outlet Opening (Projected)	Closure of Outlets (Projected)	F.Y. 2019/End (Projected)
Shanghai	126	8	9	125	18	8	135
Guangzhou	116	10	9	117	20	8	129
Beijing	66	12	5	73	14	4	83
Hong Kong	28	5	1	32	7	1	38
Taiwan	11	2	0	13	3	1	15
Singapore	20	5	1	24	4	1	27
Overseas outlet total (Asia)	367	42	25	384	66	23	427

*For Shanghai, Guangzhou, Beijing, Hong Kong, and Taiwan: Calculated based on the period from July 2017 to June 2018

*For Singapore: Calculated based on the period from September 2017 to August 2018.

*Net increase for the F.Y. ended August 2018: 17 outlets

*Net increase for the F.Y. ending August 2019 (projected): 43 outlets

8. Trends in Capital Expenditure and Cash Flow

(millions of yen)

	F.Y. Ending August 2015	F.Y. Ending August 2016	F.Y. Ending August 2017	F.Y. Ending August 2018	F.Y. Ending August 2019 (Projected)
New Outlet Openings	2,303	1,819	2,759	2,921	2,874
Renovation of Existing Outlets	211	460	1,338	2,158	2,287
Yoshikawa Plant	0	3	0	3	470
Kanagawa Plant	41	10	63	600	479
Fukushima Plant	11	0	26	122	408
Hyogo Plant	4	0	0	236	611
Chiba Plant	8	80	77	67	26
Head Office and Others	671	503	191	136	954
Consolidated Subsidiaries	2,722	2,568	1,481	1,743	2,492
Capital Expenditure (=A)	5,970	5,442	5,935	7,986	10,601
Cash Flow (=B)	8,813	10,447	12,402	10,467	11,775
Depreciation	5,947	5,856	5,812	6,297	6,775
Balance (=B-A)	2,843	5,005	6,467	2,481	1,174

* Figures for 2019/8 (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	Second Half of Term	Year-on-Year Ratio	Full Year	Year-on-Year Ratio
Net Sales	77.1	103.0%	82.7	104.4%	159.8	103.7%
Operating Income	4.0	107.5%	5.5	111.8%	9.5	109.9%
Net Income	2.5	109.9%	3.4	121.5%	5.9	116.3%

(billions of yen)

■ Net Sales

- Japan: 121.5 billion yen, overseas: 38.3 billion yen
- Net increase in Japan: 20 outlets, overseas net increase: 43 outlets
- Existing outlets in Japan compared to previous year: 100.0%
- Existing overseas outlets compared to previous year: 103.7%

■ Operating income

- Japan: 5.2 billion yen, Asia: 4.1 billion yen, Australia: 0.1 billion yen
- Gross income percentage in Japan: 63.2%
- Foreign exchange rates AUD: 80.59, EUR: 129.56, USD: 111.06

■ Net Income for this year

- Japan: 3.1 billion yen, Asia: 2.6 billion yen, Australia: 0.2 billion yen

Classification		F.Y. Ending August 2019 (Projected)
Return on Assets for Term (ROA)	(%)	9.0
Total Assets Turnover	(No. of times)	1.5
Earnings Per Share for Term (EPS)	(yen)	119.4
Book-value Per Share (BPS)	(yen)	1,792.0
Capital Adequacy Ratio	(%)	80.0
Return on Equity for Term (ROE)	(%)	6.9

Agenda for Fiscal Year 2019

Refurbish existing outlets (restore functionality at 50 stores at a cost of 750 million yen)

Comfortable space (introduce completely non-smoking outlets and a new type of toilet)

Improve safety (introduce plastic glasses in all outlets)

Improve human resources system (implement a new staff system)

Rebuild domestic factories (renovation of Chiba and Hyogo factories)

Develop products that attract customers (introduce new technologies, new production methods)

**Introduce combinations that can be customized by customers
(MYF: Seasonings, Mocktail: Drink bar)**

Advance New Business Development

■ **Veggie spaghetti (food court)**

Opened on September 27: Mariano Aeon Style Minamisuna

■ **Café station (fresh & natural) *Offers panini sandwiches and espresso**

Opened on September 30: Rifresca Meijiza-mae

Develop new marketing approach through R&D (brain science research)

Bolster foundations of overseas business (implement measures that match the lifecycle of business)

Thank you.

