

FY2018 Financial Results

April 1, 2017–March 31, 2018

May 11, 2018



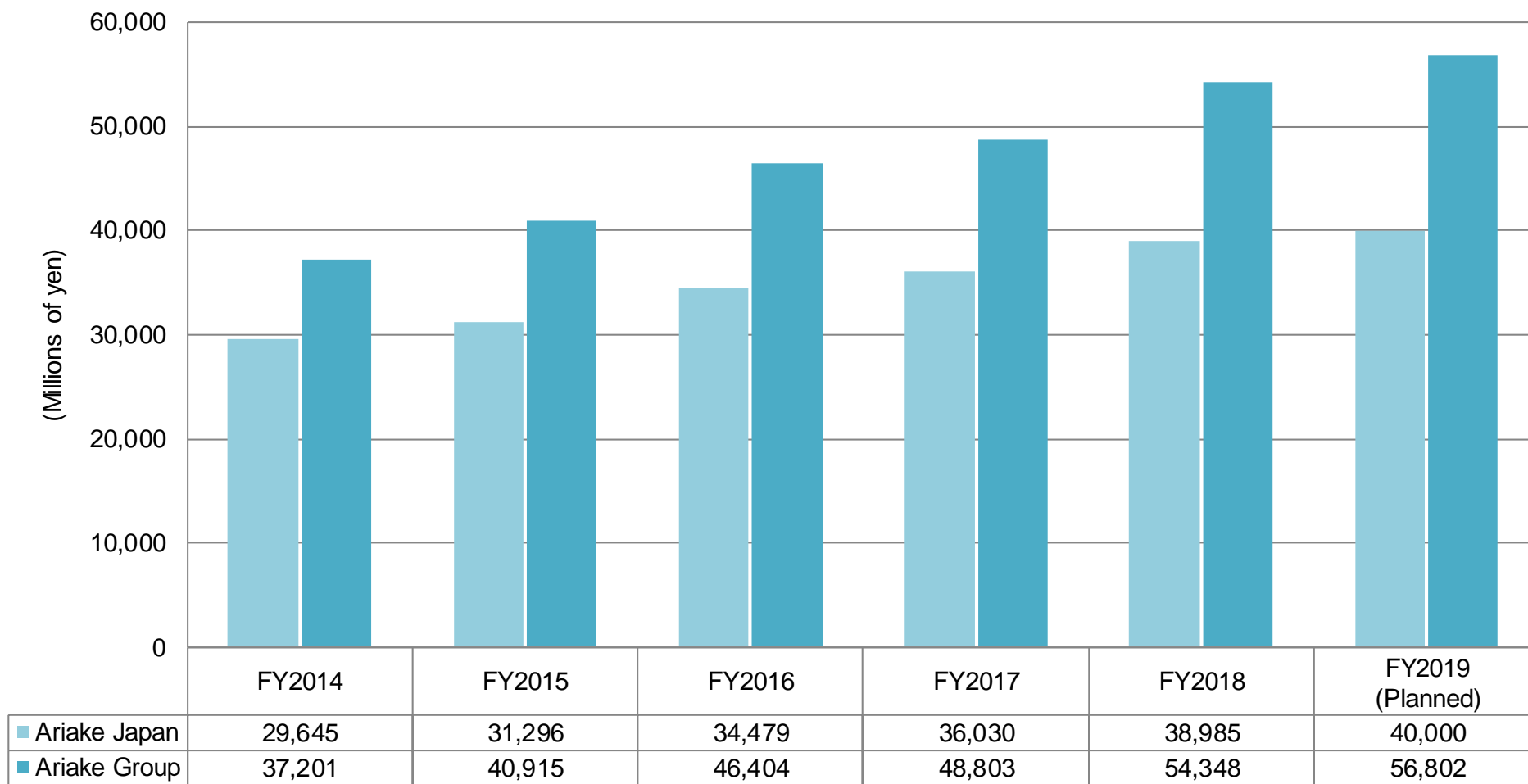
ARIAKE JAPAN Co., Ltd.

Code number: 2815

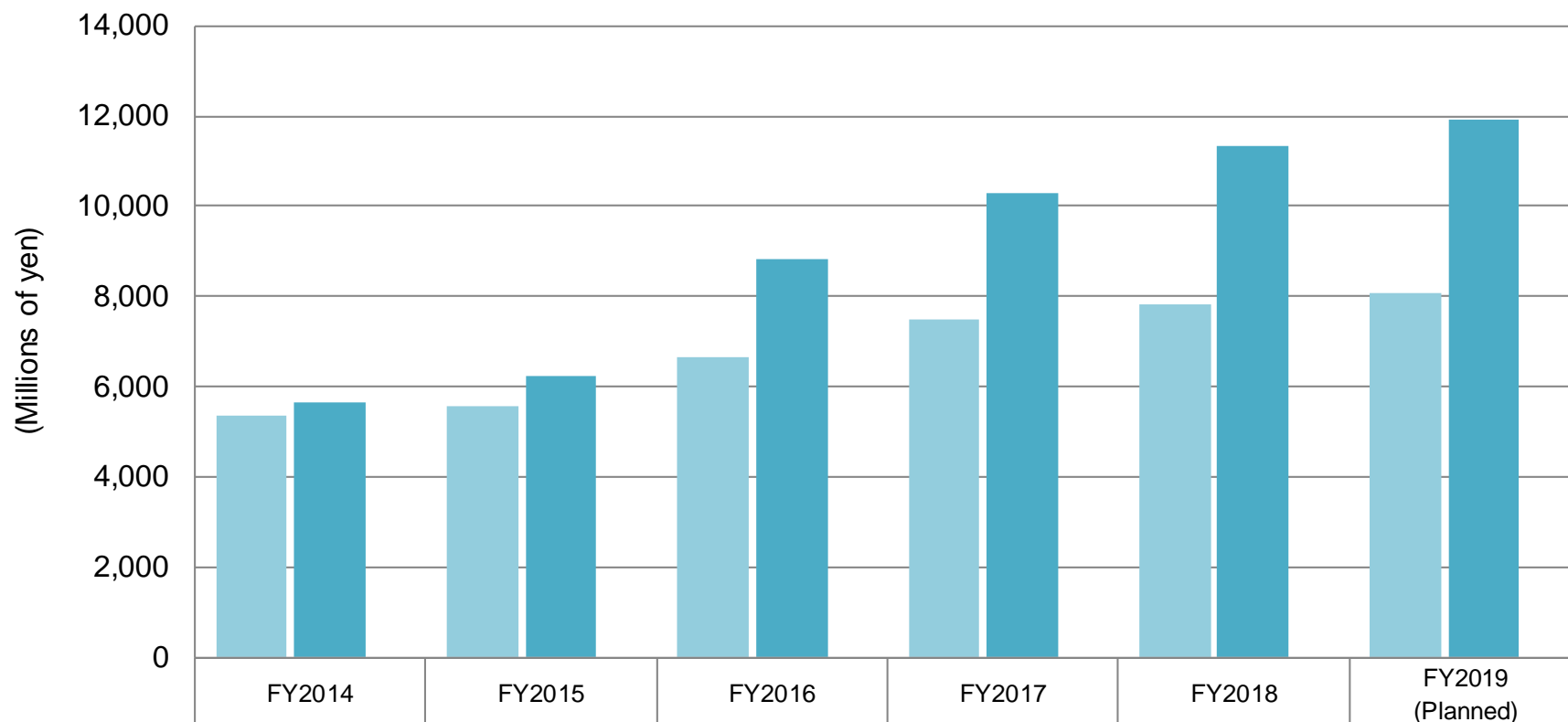
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Consolidated and Non-consolidated Net Sales

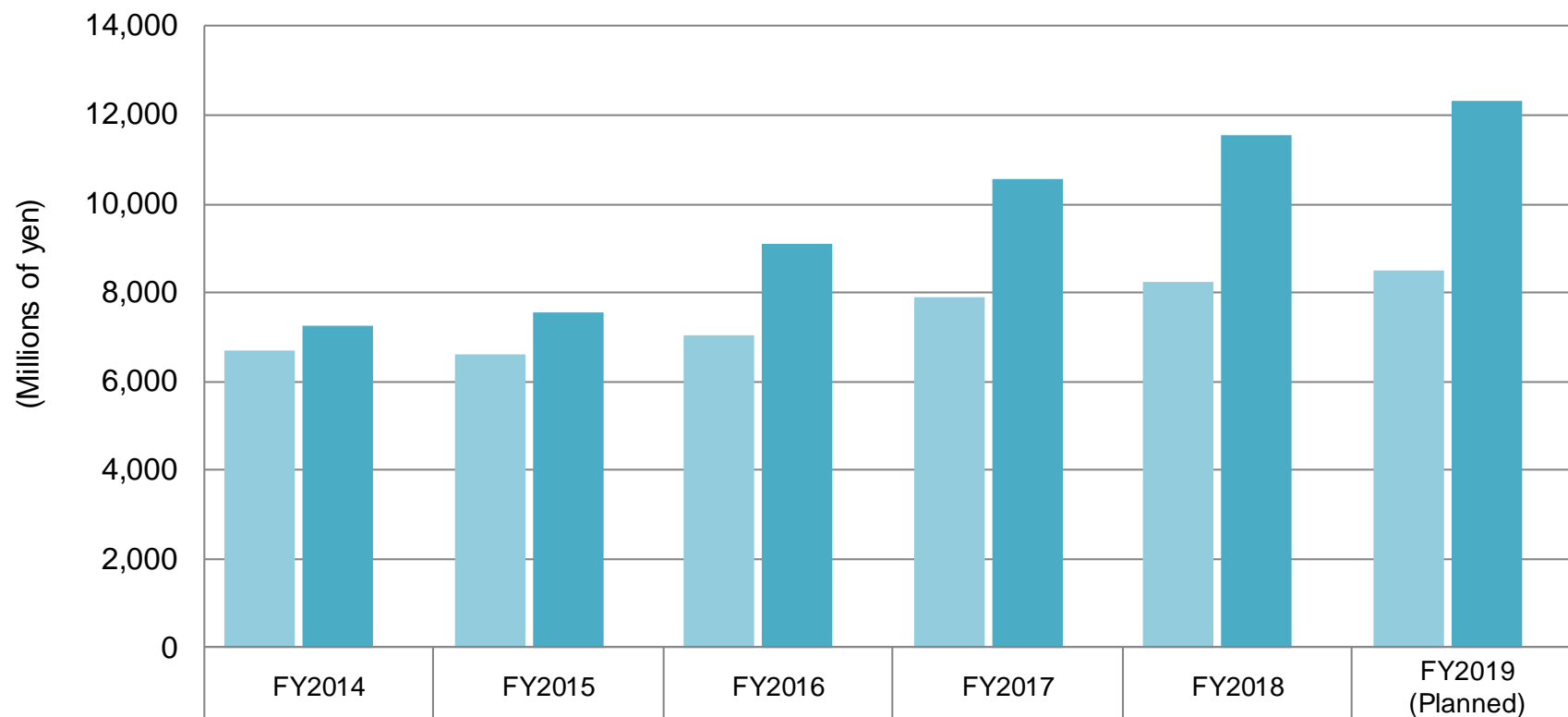


Consolidated and Non-consolidated Operating Income



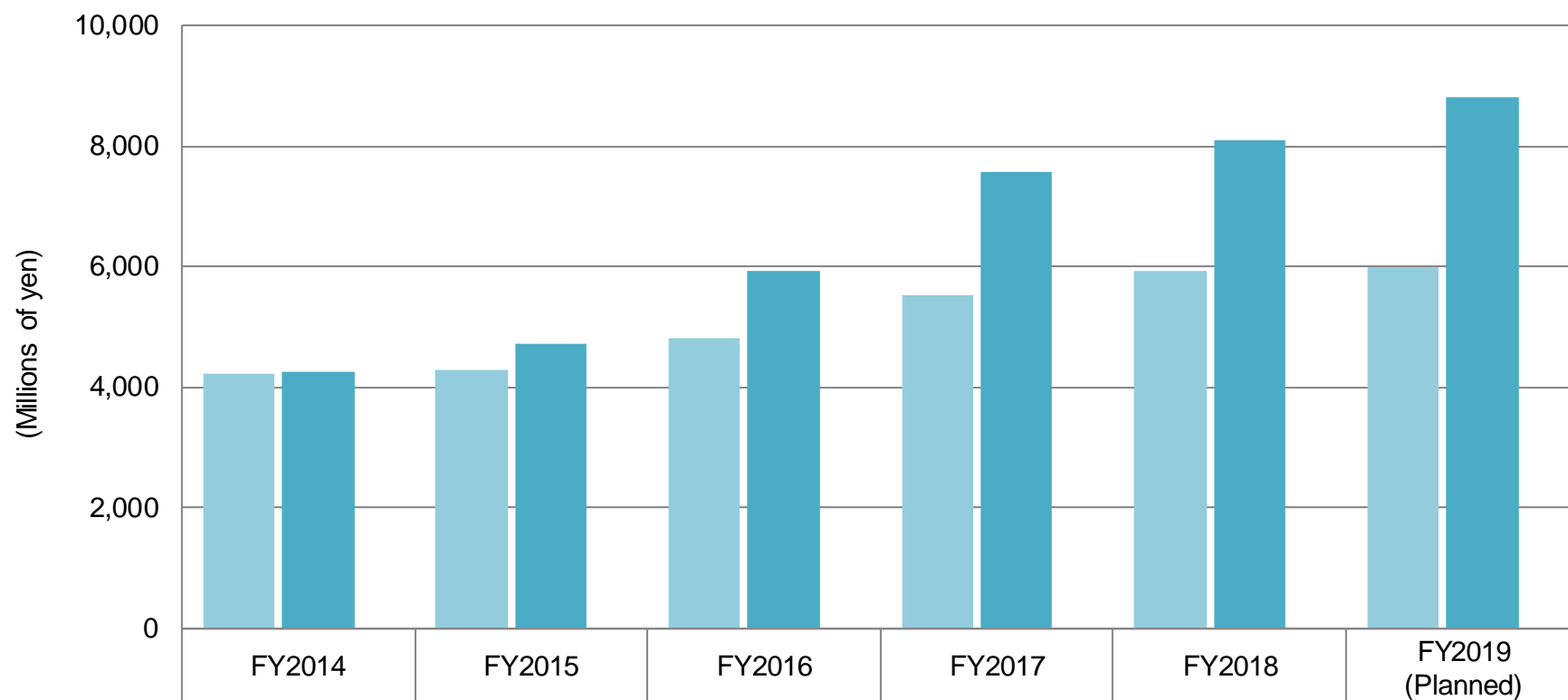
■ Ariake Japan	5,349	5,556	6,669	7,495	7,838	8,080
Operating income margin	18.0%	17.8%	19.3%	20.8%	20.1%	20.2%
■ Ariake Group	5,639	6,251	8,836	10,273	11,329	11,922
Operating income margin	15.2%	15.3%	19.0%	21.1%	20.8%	21.0%

Consolidated and Non-consolidated Ordinary Income



■ Ariake Japan	6,701	6,592	7,060	7,912	8,224	8,520
Ordinary income margin	22.6%	21.1%	20.5%	22.0%	21.1%	21.3%
■ Ariake Group	7,236	7,562	9,081	10,579	11,570	12,315
Ordinary income margin	19.5%	18.5%	19.6%	21.7%	21.3%	21.7%

Consolidated and Non-consolidated Net Income Attributable to Shareholders of Parent Company



■ Ariake Japan	4,224	4,299	4,798	5,541	5,926	6,000
Net income margin	14.3%	13.7%	13.9%	15.4%	15.2%	15.0%
■ Ariake Group	4,252	4,725	5,939	7,585	8,099	8,828
Net income margin	11.4%	11.5%	12.8%	15.5%	14.9%	15.5%

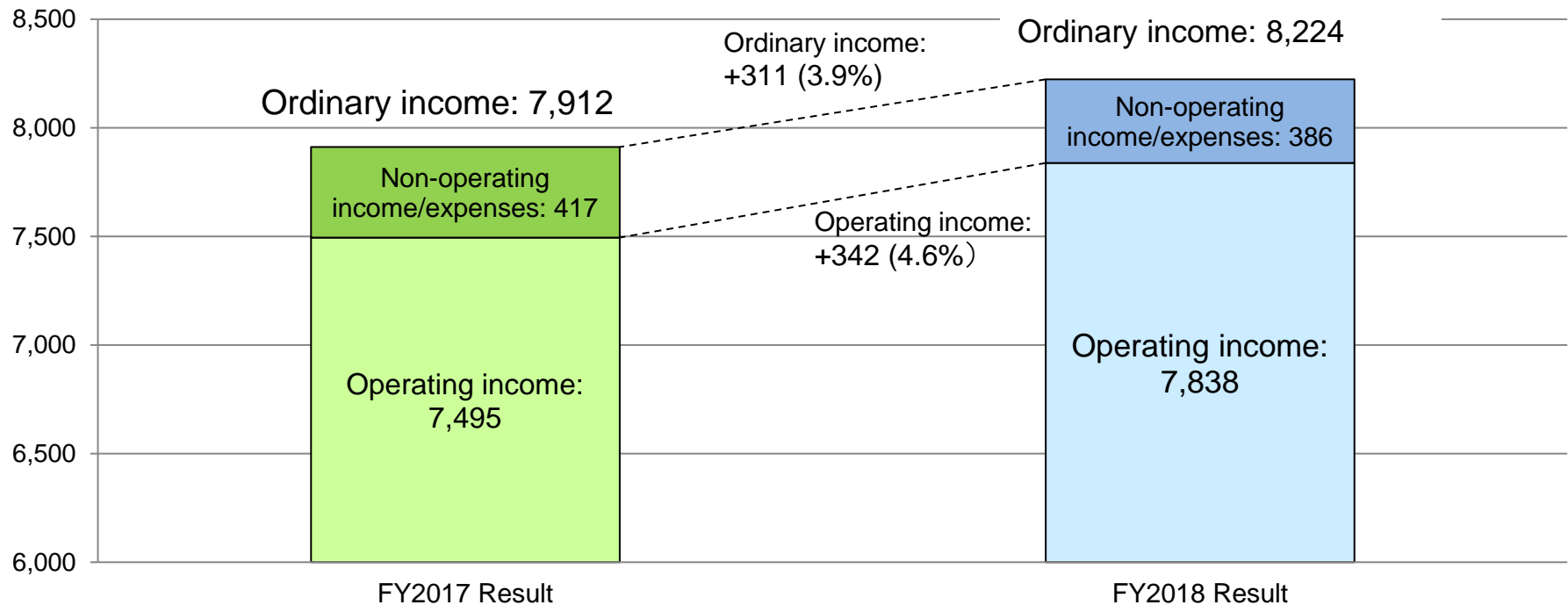
[Comparison with FY2017 Results] Non-consolidated Business Summary

■ Net sales

Non-consolidated net sales increased by ¥2,955 million (8.2%) year-on-year, to ¥38,985 million.

■ Income

(Millions of yen)

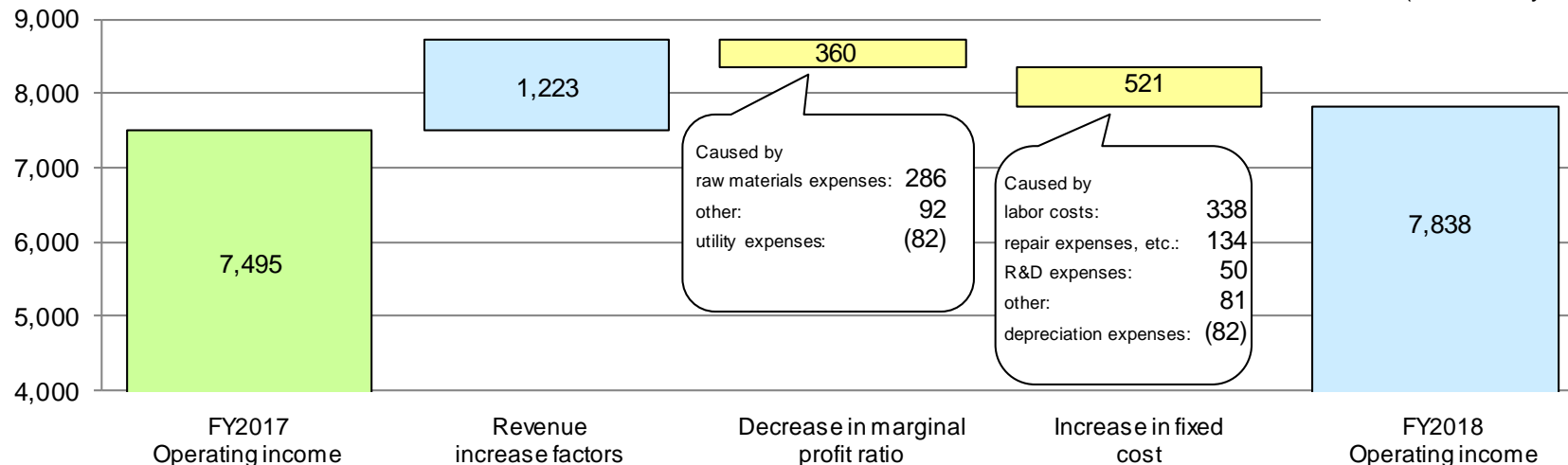


[Comparison with FY2017 Results]

Non-consolidated Business Summary (Income Change Factors)

■ **Operating income: ¥7,838 million** Year-on-year increase of ¥342 million (4.6%)

(Millions of yen)



■ **Ordinary income: ¥8,224 million** Year-on-year increase of ¥311 million (3.9%)

(Millions of yen)

Increase factors	Increase in operating income	342
	Dividend income, etc.	133
Decrease factors	Revaluation of foreign currency-denominated loans, etc.	(73)
	Loss on valuation of derivatives	(63)
	Revaluation of foreign currency deposits	(15)
	Interest income	(13)
Total		311

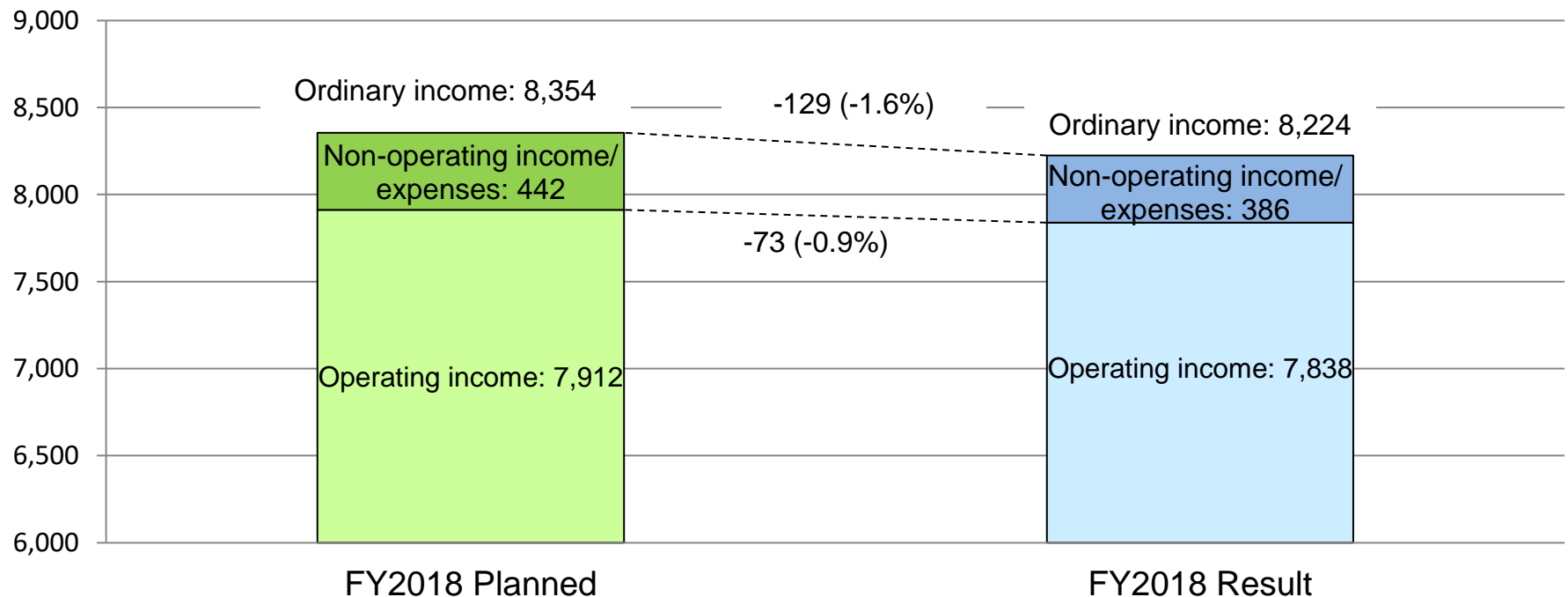
[Comparison with FY2018 Plan] Non-consolidated Business Summary

■ Net sales

Non-consolidated net sales exceeded the plan by ¥955 million.

■ Income

(Millions of yen)

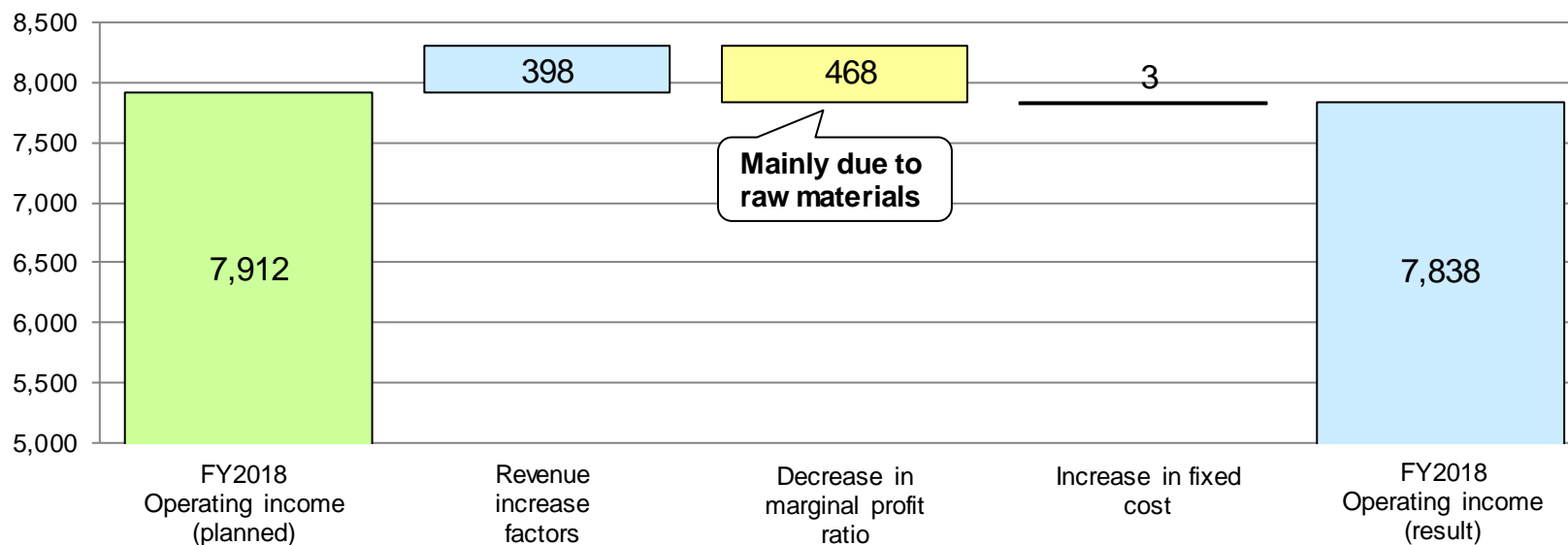


[Comparison with FY2018 Plan]

Non-consolidated Business Summary (Income Change Factors)

■ **Operating income: ¥7,838 million** Fell short of the plan by ¥73 million (-0.9%)

(Millions of yen)

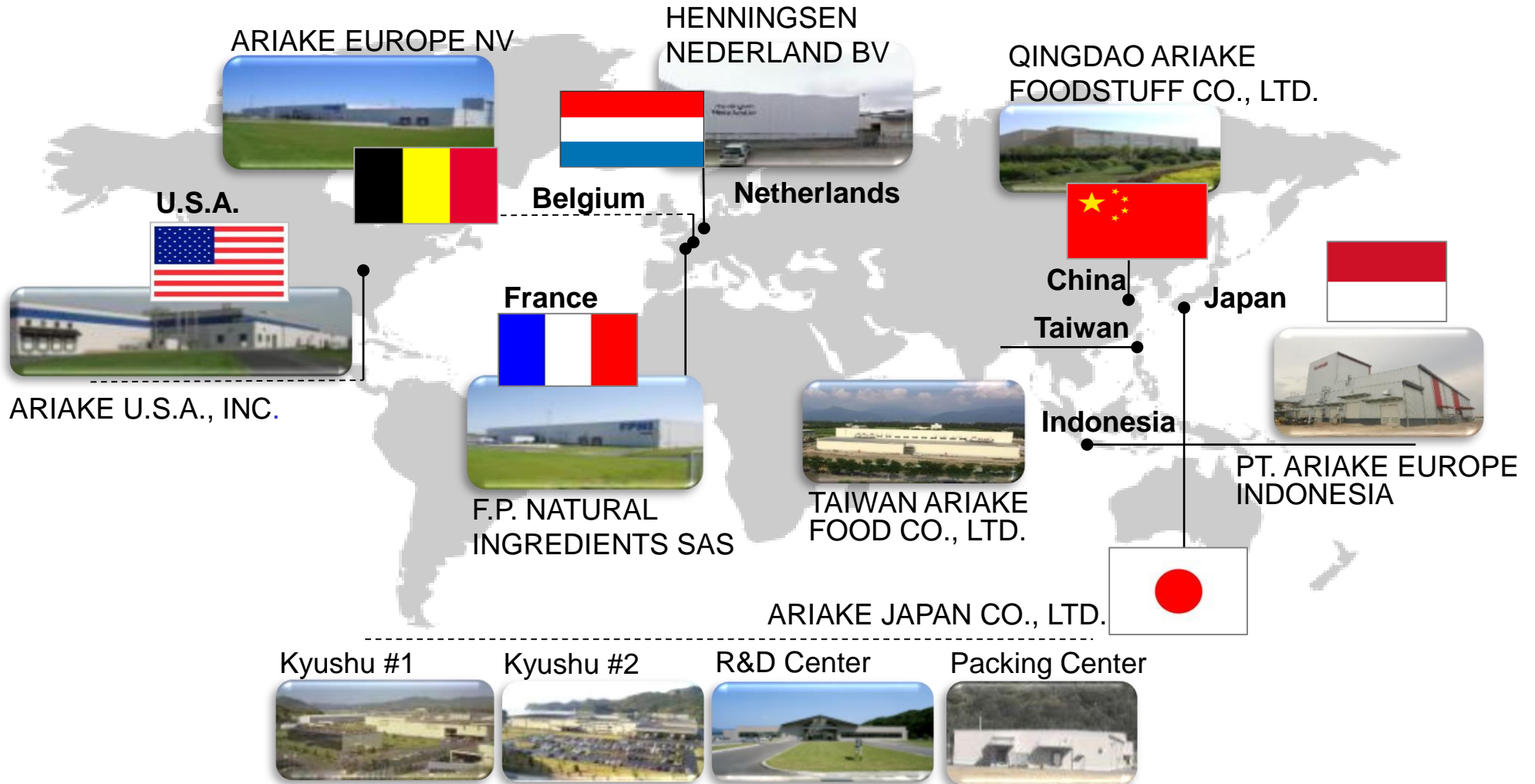


■ **Ordinary income: Fell short of the plan by ¥129 million (-1.6%)**

(Millions of yen)

Increase factors	Dividend income	126
Decrease factors	Loss on valuation of derivatives	(123)
	Decrease in operating income	(73)
	Foreign exchange losses, etc.	(59)
	Total	(129)

Ariake Group's Global Eight-Pillar System



Business Summary of Major Subsidiaries

□ Major subsidiaries

(Local currency)

◆ U.S.

The net sales increase was driven by increased orders from existing food-processing companies. Increased sales in the U.S. absorbed rises in labor costs and raw material expenses, significantly contributing to an improvement in profit.

◆ Asia

Both net sales and operating income in China increased due to an increase in orders from existing processed food manufacturers and food service companies.

In Taiwan, sales grew because of increased orders from the existing restaurant industry, while profits fell as costs increased due to the launch of a new factory.

In Indonesia, the construction of a new factory was completed in early 2018 and it is scheduled to begin full scale operations in June 2018.

◆ Europe

Both net sales and profits increased as cooperation between three locations in Belgium, France and the Netherlands contributed to an increase in sales in Europe.

Consolidated Financial Results and Comparison with FY2017 Results and FY2018 Plan by Geographical Area

* Subsidiaries' figures are after consolidation adjustments

(Billions of yen)

	Net sales					Operating income (loss)				
	FY2018 Results (A)	FY2017 Results (B)	Difference (A-B)	FY2018 Planned (C)	Difference (A-C)	FY2018 Results (A)	FY2017 Results (B)	Difference (A-B)	FY2018 Planned (C)	Difference (A-C)
Ariake Japan	38.99	36.03	2.96	38.03	0.96	7.84	7.50	0.34	7.91	(0.07)
Subsidiaries total*	15.36	12.77	2.59	14.06	1.30	3.49	2.77	0.71	3.14	0.35
U.S.	5.41	4.48	0.93	5.07	0.34	1.49	1.11	0.38	1.25	0.24
Asia	6.22	5.05	1.17	5.73	0.49	1.63	1.42	0.21	1.42	0.21
Europe	3.42	2.90	0.52	2.95	0.47	0.33	0.23	0.10	0.46	(0.13)
Japan	0.31	0.34	(0.03)	0.32	(0.01)	0.04	0.02	0.02	0.01	0.03
Total	54.35	48.80	5.55	52.09	2.26	11.33	10.27	1.06	11.05	0.28

USD	113.0	116.5	-3.5	110.0	+3.0
EUR	134.9	122.7	+12.2	120.0	+14.9

Consolidated Financial Plan by Geographical Area for FY2019

* Subsidiaries' figures are after consolidation adjustments

(Billions of yen)

	Net sales			Operating income (loss)		
	FY2019 Planned (A)	FY2018 Results (B)	Difference (A-B)	FY2019 Planned (A)	FY2018 Results (B)	Difference (A-B)
Ariake Japan	40.00	38.99	1.01	8.08	7.84	0.24
Subsidiaries total*	16.80	15.36	1.44	3.84	3.49	0.35
U.S.	5.76	5.41	0.35	1.49	1.49	0.00
Asia	7.31	6.22	1.09	1.83	1.63	0.20
Europe	3.41	3.42	(0.01)	0.51	0.33	0.18
Japan	0.32	0.31	0.01	0.01	0.04	(0.03)
Total	56.80	54.35	2.45	11.92	11.33	0.59

USD 108.0 113.0

EUR 132.0 134.9

Business Plan

(Billions of yen)

		Result				Planned		
		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	Ariake Japan	31.3	34.5	36.0	39.0	40.0	42.0	44.0
	Consolidated subsidiaries	12.4	14.4	15.3	18.0	19.4	21.5	23.6
	Consolidation adjustments	(2.8)	(2.5)	(2.5)	(2.7)	(2.6)	(3.0)	(3.4)
	Consolidated net sales	40.9	46.4	48.8	54.3	56.8	60.5	64.2
Operating income (loss)	Ariake Japan	5.6	6.7	7.5	7.8	8.1	8.6	9.0
	Consolidated subsidiaries	0.7	2.1	2.8	3.5	3.8	4.5	4.9
	Consolidated operating income (loss)	6.3	8.8	10.3	11.3	11.9	13.1	13.9

Business Plan

In FY2021, three years from now, we aim to achieve an operating income margin of over 21% toward the goal of consolidated net sales of ¥65 billion. We will carry out “selection and concentration” for markets where we will be able to achieve sustainable growth.

□ Non-consolidated business (Ariake Japan Co., Ltd.)

Gain greater market share in existing markets, launch newly developed products and develop new markets

□ U.S.

Bolster sales by adding production lines and improving production capacity

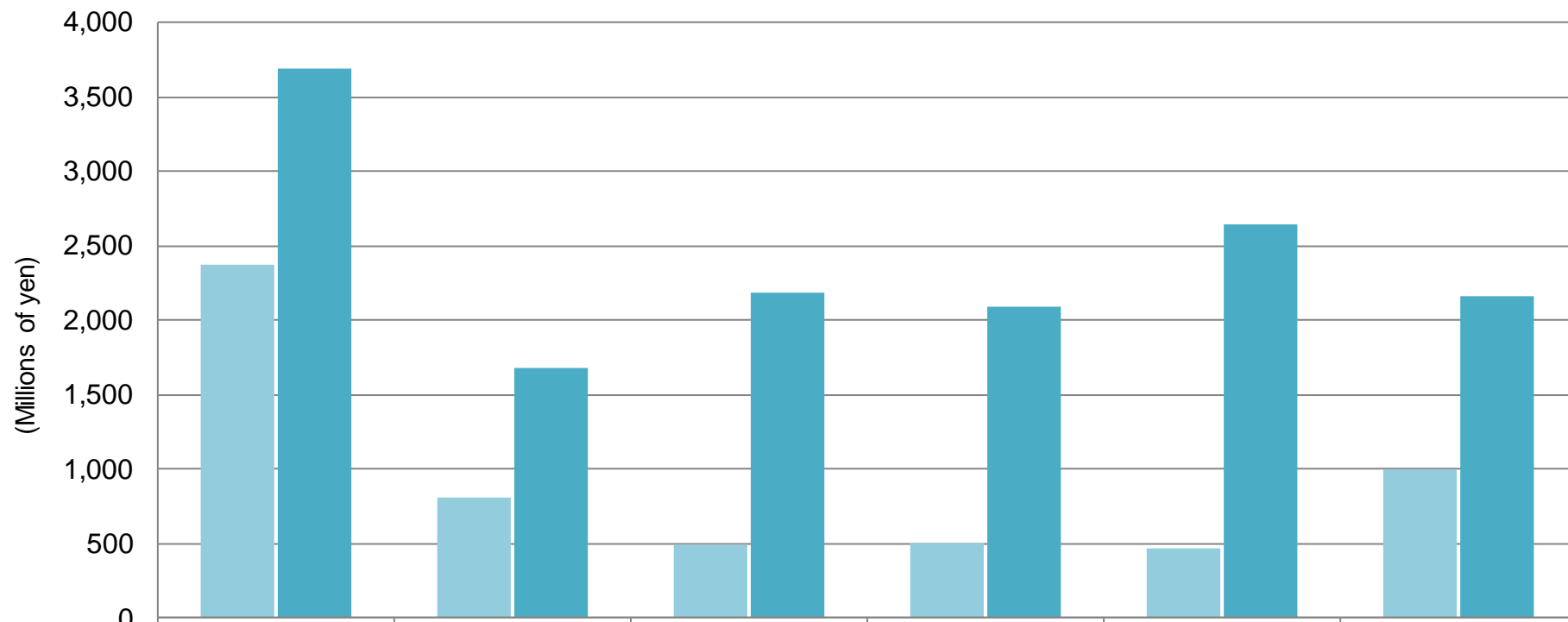
□ Asia

- Reinforce sales in the China and Taiwan markets, where sales are expected to expand further
- Over the medium term, enter and develop the ASEAN markets, especially in Indonesia

□ Europe

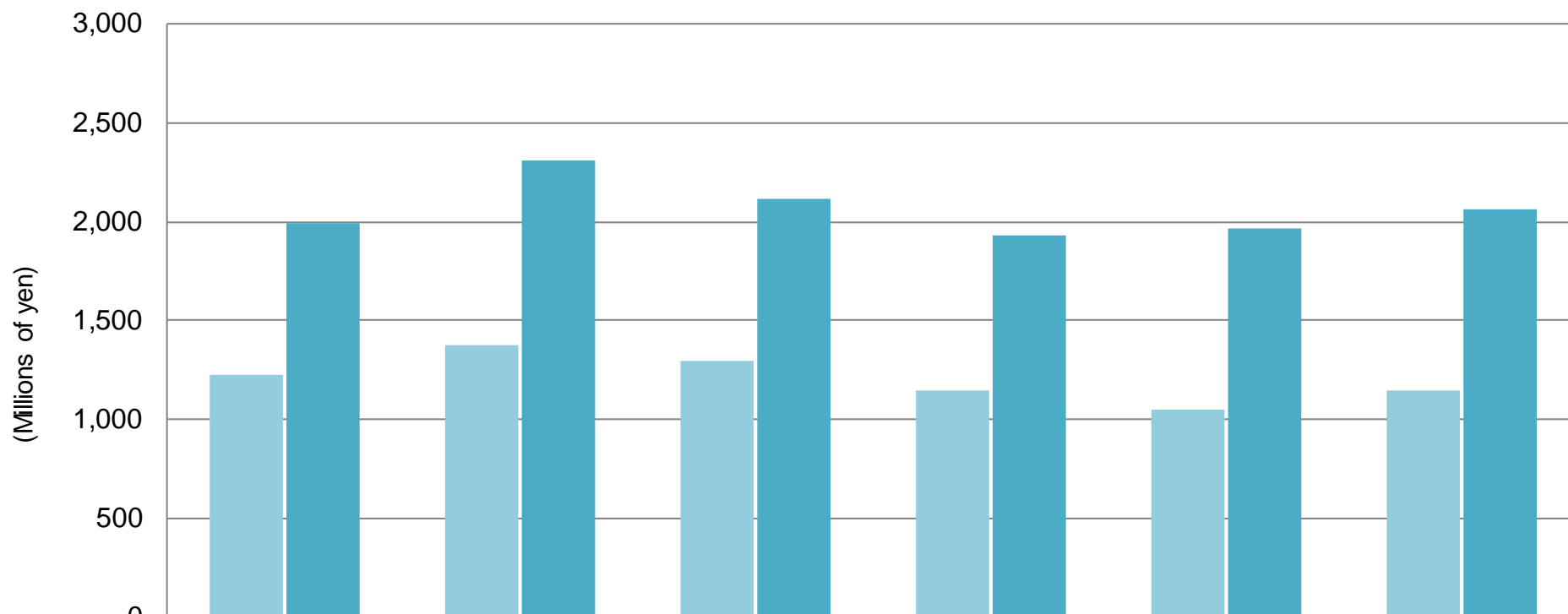
Enhance sales in Europe by launching newly developed products and increase supplies of raw materials to Japan

Consolidated and Non-consolidated Capital Expenditures



■ Ariake Japan	2,374	815	499	500	472	1,000
■ Ariake Group	3,693	1,678	2,190	2,098	2,650	2,170

Consolidated and Non-consolidated Depreciation Expenses



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 (Planned)
■ Ariake Japan	1,223	1,379	1,296	1,142	1,052	1,148
■ Ariake Group	1,995	2,312	2,115	1,932	1,968	2,060

This presentation material is a tool to understand our business and is not intended to solicit investment.

Descriptions regarding the future, including financial forecasts contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed to be reasonable. However, actual business results may significantly vary due to a variety of factors.

Thank you for your attention.