



FY2013 Results Briefing for the First Half

November 7, 2013

 *House* House Foods Group Inc.

URL <http://housefoods-group.com>

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(History of businesses / Major new products and varieties for the autumn and winter 2013 / Trends of cost reductions and capital investment / Breakdowns of non-operating income and expenses and extraordinary income and loss / Targeted performance and management indexes for the final year of the fourth medium-term business plan / Content of business segments



FY2013 First-Half Results

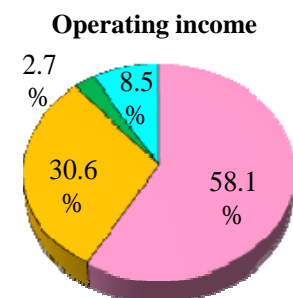
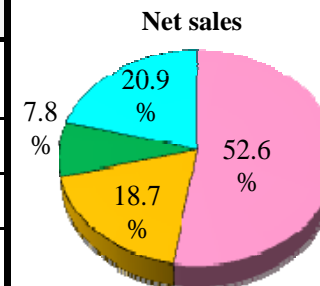
Despite the struggle in the domestic core business, the aggressive expansion of the International Business and the integration of Vox Trading Co., Ltd. into the Group contributed to increased sales.

Income remained the same as FY2012 first-half owing to the effects of the reduced burden of goodwill amortization, offsetting increased promotion expenses due to intensified competition in the domestic business and increased costs for the International Business (a steep rise in U.S. soybean prices and up-front investment expenses in Southeast Asia).

FY2013 H1 Consolidated Income (Loss)/ Performance by Business Segment

(Million yen)	FY2012 H1 performance	FY2013 H1 initial target	FY2013 H1 performance	Year on year (%)	Comparison with initial target (%)	ROS (%)
Net sales	103,831	115,000	114,571	10,739 (110.3)	-429 (99.6)	-
<i>Spice / Seasoning / Processed Food Business</i>	59,991	61,000	60,262	271 (100.5)	-738 (98.8)	-
<i>Health Food Business</i>	23,112	23,300	21,393	-1,720 (92.6)	-1,908 (91.8)	-
<i>International Business</i>	6,654	8,780	8,985	2,331 (135.0)	206 (102.3)	-
<i>Transport and Other Businesses</i>	14,074	21,920	23,931	9,857 (170.0)	2,011 (109.2)	-
Operating income	4,658	5,900	4,660	2 (100.0)	-1,240 (80.0)	4.1
<i>Spice / Seasoning / Processed Food Business</i>	2,689	3,200	2,707	18 (100.7)	-493 (84.6)	4.5
<i>Health Food Business</i>	1,003	1,800	1,427	424 (142.3)	-374 (79.3)	6.7
<i>International Business</i>	536	200	126	-409 (23.6)	-73 (63.3)	1.4
<i>Transport and Other Businesses</i>	428	700	398	-30 (93.0)	-301 (56.9)	1.7
Non-operating income (expenses)	800	700	865	65 (108.1)	165 (123.5)	-
Ordinary income	5,458	6,600	5,525	67 (101.2)	-1,075 (83.7)	-
Extraordinary income (loss)	-398	-100	-138	260 (-)	-38 (-)	-
Net income	3,014	4,100	3,416	402 (113.4)	-684 (83.3)	-

Breakdown by segment



- Amortization of the goodwill of House Wellness Foods Corporation: ¥673m in FY2012 H1 (This amortization was completed in the first half.)
- See “Breakdowns of non-operating income and expenses and extraordinary income and loss” below.

● Breakdown of sales by Business Segment (Million yen)	FY2013 H1 performance	Year on year (%)	Comparison with initial target (%)
Spice / Seasoning / Processed Food Business	60,262	+271 (100.5)	-738 (98.8)
Curry roux	18,609	-250 (98.7)	-523 (97.3)
Stew roux	4,590	+120 (102.7)	-135 (97.1)
Hashed beef sauce roux	2,123	-28 (98.7)	-76 (96.5)
Spice	8,784	+439 (105.3)	+452 (105.4)
Retort pouched curry	6,934	+306 (104.6)	-89 (98.7)
Packaged noodles	2,777	-257 (91.5)	-223 (92.6)
Snack	3,861	+41 (101.1)	+61 (101.6)
Dessert	1,873	-153 (92.4)	+73 (104.1)
Food service products	7,950	-107 (98.7)	-550 (93.5)
Health Food Business	21,393	-1,720 (92.6)	-1,908 (91.8)
Ukon No Chikara	6,164	-1,020 (85.8)	-628 (90.8)
Mega Shaki	1,408	+382 (137.2)	+19 (101.4)
C1000	9,655	-582 (94.3)	-1,592 (85.8)
International Business	8,985	+2,331 (135.0)	+206 (102.3)
House Foods America	4,343	+930 (127.3)	+141 (103.4)
Shanghai House Foods	961	+337 (154.0)	+57 (106.3)
Restaurants in Asia (China, Taiwan, South Korea)	1,882	+749 (166.2)	+146 (108.4)
Southeast Asia (Thailand, Vietnam)	360	+283 (465.0)	-118 (75.3)
Transport and Other Businesses	23,931	+9,857 (170.0)	+2,011 (109.2)
House Logistics Service (consolidated)	6,994	+153 (102.2)	-101 (98.6)
Delica Chef (convenience store vendors)	7,041	+28 (100.4)	-80 (98.9)
Vox Trading Co., Ltd.	9,452	+9,452 (-)	+2,076 (128.2)
Consolidated sales	114,571	+10,739 (110.3)	-429 (99.6)

Major sales trends in the first half of FY2013

Spice / Seasoning / Processed Food Business

- ◆ Sales of curry roux products declined, affected by competition among menus, although its proportion in the category increased owing to the renewal of *Kokumaro Curry* and the 50th anniversary campaign for *Vermont Curry*.
- ◆ In the stew roux products, the full-line strategy by price, such as *Hokkaido Stew*, worked well.
- ◆ Sales of spice products increased owing to an increase in the number of stores offering them, the growth of *Neri Spice* products, and the strong performance of *Papan*.
- ◆ In retort pouched curry products, efforts were focused on the growth of mid-priced products. Sales increased owing to the strong performance of *The Hotel Curry*, but the share declined.

Health Food Business

- ◆ Sales of *Ukon No Chikara* continued to decrease due to intensifying competition, etc. However, sales of *Mega Shaki* increased owing to the release of high-priced variety products.
- ◆ Sales of *C1000* series products declined due to the weak performance of *C1000 Lemon Water* offsetting the strong performance of *C1000 Vitamin Lemon*, which has been renewed and is now offered by more suppliers.

International Business

- ◆ Sales in the tofu business in the United States continued to climb thanks to an increase in production capacity, the focus on efforts to gain new customers, and the implementation of aggressive marketing initiatives.
- ◆ In the curry business in China, sales of both household and commercial-use products increased significantly.
- ◆ Sales in the restaurant business in Asia increased thanks to the opening of new restaurants in China, Taiwan and other countries.
- ◆ In the Southeast Asia business, the trading volume increased steadily in Thailand, and sales also commenced in Vietnam.

Transport and Other Businesses

- ◆ Sales at the House Logistics Service Corporation increased due to the expansion of the logistics operations commissioned by companies outside the Group.
- ◆ Segment sales grew significantly owing to the integration of Vox Trading Co., Ltd. into the Group.

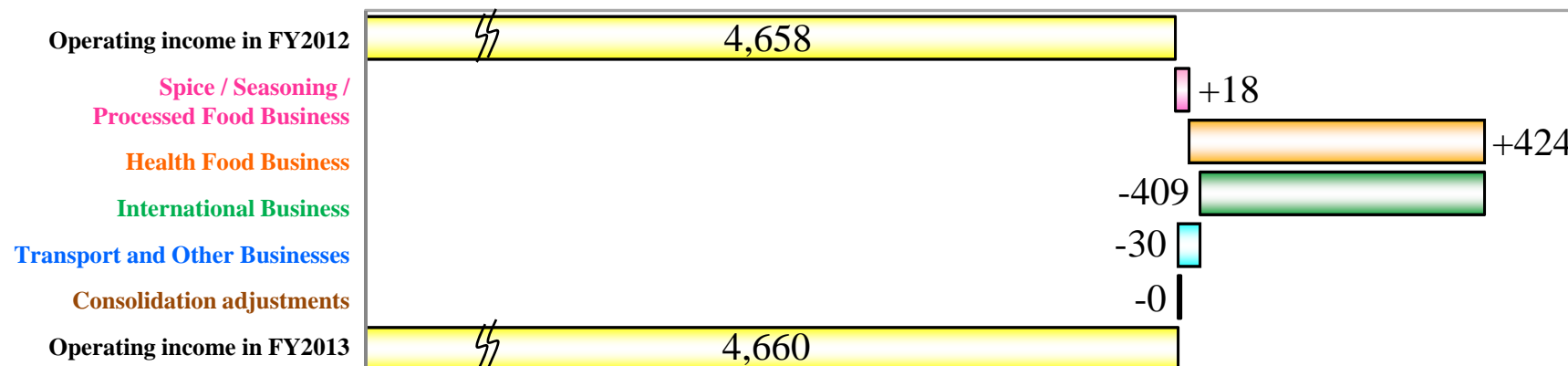
All exports are added to sales in the International Business segment in the breakdown of sales by business segment. However, sales of each product type in the table above include exports.

FY2013 H1 Operating Income Change Analysis

● Changes in operating income by business segment **Increase of ¥2m**

(from FY2012 H1 to FY2013 H1)

(Million yen)



● Factors compared to the previous year by business segment (change in amount)

(Million yen)

<i>Spice / Seasoning / Processed Food Business</i>		<i>Health Food Business</i>		<i>International Business Transport and Other Businesses</i>	
	+20		+420		-440
Change in sales	+0	Change in sales	-700	House Foods America Corporation (Soaring soybean prices, increase in investment amortization, etc.)	-400
Change in cost of sales ratio	+200	Change in cost of sales ratio	-100	Shanghai House Foods Co., Ltd. (Increased income mainly owing to sales expansion and decreased costs)	+100
(Change in and change in the ratio of) marketing costs	-300	(Change in and change in the ratio of) marketing costs	+400	House Foods Vietnam Co., Ltd. (Costs for up-front investment in marketing, etc.)	-100
Change in personnel expenses and other expenses	+100	Change in personnel expenses and other expenses	+100		
		Decrease in burden of goodwill amortization	+700		



Full-Year Plan for FY2013

Because of the adjustment of inventory accumulated for the reform of the roux products production line, temporary costs to be incurred for the switch to a holding company system and the construction of the new Osaka Head Office, and the expected continuation of sales adjustments for *Ukon No Chikara* for some time, the income target has been revised downward for the second half. The full-year target is also revised downward.

FY2013 Full-Year Targets for Consolidated Income (Loss)/ Performance by Business Segment

(Million yen)	FY2012 performance	FY2013 revised target	Year on year (%)	FY2013 H2 (revised full-year target - H1 performance)	Year on year (%)
Net sales	209,784	232,000	22,216 (110.6)	117,429	11,477 (110.8)
<i>Spice / Seasoning / Processed Food Business</i>	123,875	124,900	1,025 (100.8)	64,638	754 (101.2)
<i>Health Food Business</i>	42,766	40,400	-2,366 (94.5)	19,007	-647 (96.7)
<i>International Business</i>	14,700	19,200	4,500 (130.6)	10,215	2,169 (127.0)
<i>Transport and Other Businesses</i>	28,443	47,500	19,057 (167.0)	23,569	9,201 (164.0)
Operating income	11,441	9,500	-1,941 (83.0)	4,840	-1,944 (71.4)
<i>Spice / Seasoning / Processed Food Business</i>	8,157	6,450	-1,707 (79.1)	3,743	-1,724 (68.5)
<i>Health Food Business</i>	1,903	1,900	-3 (99.9)	473	-428 (52.5)
<i>International Business</i>	677	400	-277 (59.1)	274	133 (194.2)
<i>Transport and Other Businesses</i>	701	750	49 (107.0)	352	79 (129.1)
Non-operating income (expenses)	2,004	1,300	-704 (64.9)	435	-769 (36.2)
Ordinary income	13,445	10,800	-2,645 (80.3)	5,275	-2,712 (66.0)
Extraordinary income (loss)	-207	2,530	2,738 (-)	2,669	2,478 (1398.8)
Net income	8,254	8,600	345 (104.2)	5,184	-57 (98.9)

- Amortization of the goodwill of House Wellness Foods Corporation: ¥673m in FY2012 H1 (This amortization was completed in the first half.)

● Breakdown of sales by Business Segment (Million yen)	FY2012 performance	FY2013 revised target	Year on year (%)
Spice / Seasoning / Processed Food Business	123,875	124,900	100.8%
Curry roux	37,142	36,530	98.3
Stew roux	13,390	13,380	99.9
Hashed beef sauce roux	4,016	4,050	100.9
Spice	16,610	17,640	106.2
Retort pouched curry	13,074	13,450	102.9
Packaged noodles	6,671	6,080	91.2
Snack	7,721	7,820	101.3
Dessert	3,729	3,610	96.8
Food service products	15,820	16,410	103.7
Health Food Business	42,766	40,400	94.5%
Ukon No Chikara	15,164	13,170	86.9
Mega Shaki	2,170	3,170	145.9
C1000	17,101	16,100	94.1
International Business	14,700	19,200	130.6%
House Foods America	7,431	8,960	120.6
Shanghai House Foods	1,331	2,150	161.7
Restaurants in Asia (China, Taiwan, South Korea)	2,733	4,010	146.8
Southeast Asia (Thailand, Vietnam)	393	850	217.1
Transport and Other Businesses	28,443	47,500	167.0%
House Logistics Service (consolidated)	13,868	14,200	102.4
Delica Chef (convenience store vendors)	13,840	13,860	100.2
Vox Trading Co., Ltd.	–	19,480	–
Consolidated sales	209,784	232,000	110.6

All exports are added to sales in the International Business segment in the breakdown of sales by business segment. However, sales of each product type in the table above include exports.

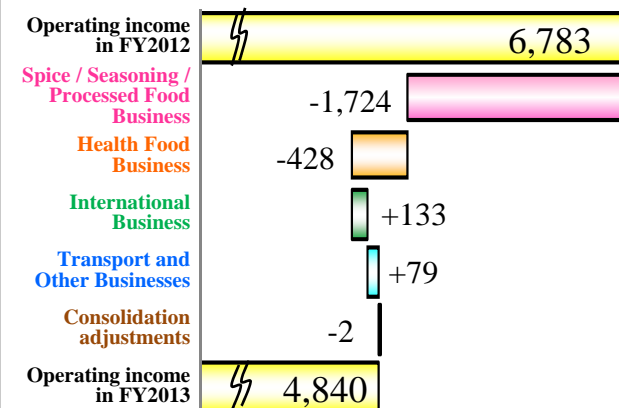
FY2013 Full-Year Operating Income Change Analysis

● Factors compared to the previous year by business segment (change in amount)

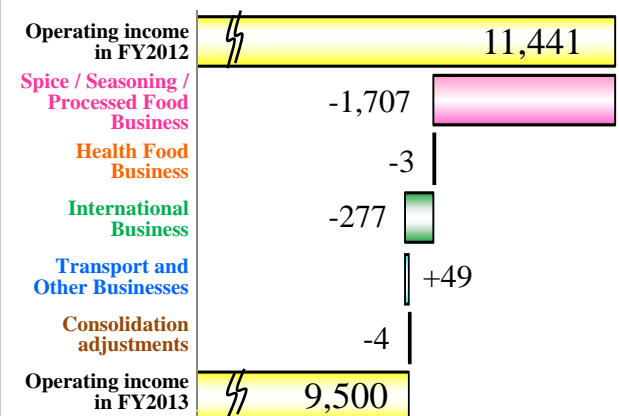
(Million yen)

(Million yen)	FY2013 H1 performance	FY2013 H2 (full-year - H1)	FY2013 revised target	Reasons for full-year change
Spice / Seasoning / Processed Food Business	+20	-1,720	-1,710	
Change in sales	+0	+300	+300	
Change in cost of sales ratio	+200	-800	-600	Effects of change in the sales mix Effects of change in inventory as compared between the first half and the second half
(Change in and change in the ratio of) marketing costs	-300	-500	-800	H1: increase in promotion expenses, etc. H2: increase in advertising expenses (100th anniversary business, etc.)
Change in personnel expenses and other expenses	+100	-700	-600	H2: Cost of ¥500 million exclusively for this fiscal year (100th anniversary business, switch to a holding company system, etc.)
Health Food Business	+420	-430	-0	
Change in sales	-700	-300	-1,000	
Change in cost of sales ratio	-100	+0	-100	
(Change in and change in the ratio of) marketing costs	+400	+0	+400	
Change in personnel expenses and other expenses	+100	-100	+0	H2: Cost of ¥100 million exclusively for this fiscal year (100th anniversary business, switch to a holding company system, etc.)
Decrease in burden of goodwill amortization	+700	-	+700	
International Business Transport and Other Businesses	-440	+210	-230	
House Foods America Corporation	-400	+200	-200	H1: effects of soaring soybean prices, etc. Full-year: increase in investment amortization, etc.
Shanghai House Foods Co., Ltd.	+100	+0	+100	Increase in income mainly owing to sales expansion and decreased costs
House Foods Vietnam Co., Ltd.	-100	-200	-200	Costs for up-front investment in marketing, etc.
Vox Trading Co., Ltd.	+0	+100	+100	Integration into the Group on a consolidated basis
Changes in operating income	+0	-1,940	-1,940	

● Change in operating income in FY2013 H2 Decrease of ¥1,943m



● Change in operating income in FY2013 Decrease of ¥1,941m



*Temporary costs exclusively for this fiscal year: approx. ¥1,200m on a full-year basis (for switch to a holding company, 100th anniversary business, etc.)

FY2013 Revised Full-Year Targets (comparison with initial targets)

(Million yen)	FY2013 revised target	Comparison with initial target (%)	FY2013 H2 (revised full-year target - H1 performance)	Comparison with initial target (%)
Net sales	232,000	-1,000 (99.6)	117,429	-571 (99.5)
<i>Spice / Seasoning / Processed Food Business</i>	124,900	-2,100 (98.3)	64,638	-1,362 (97.9)
<i>Health Food Business</i>	40,400	-3,000 (93.1)	19,007	-1,093 (94.6)
<i>International Business</i>	19,200	800 (104.3)	10,215	595 (106.2)
<i>Transport and Other Businesses</i>	47,500	3,300 (107.5)	23,569	1,289 (105.8)
Operating income	9,500	-3,000 (76.0)	4,840	-1,760 (73.3)
<i>Spice / Seasoning / Processed Food Business</i>	6,450	-1,750 (78.7)	3,743	-1,257 (74.9)
<i>Health Food Business</i>	1,900	- 700 (73.1)	473	-327 (59.1)
<i>International Business</i>	400	- 100 (80.0)	274	-27 (91.1)
<i>Transport and Other Businesses</i>	750	- 450 (62.5)	352	-148 (70.4)
Non-operating income (expenses)	1,300	-200 (86.7)	435	-365 (54.4)
Ordinary income	10,800	-3,200 (77.1)	5,275	-2,125 (71.3)
Extraordinary income (loss)	2,530	2,830 (-)	2,669	2,869 (-)
Net income	8,600	-200 (97.7)	5,184	484 (110.3)

Major Businesses: Strategies and Initiatives

(1)	Spice / Seasoning / Processed Food Business	Core business	Fully developing major categories
(2)	Health Food Business		Maximizing the value of major brands
(3)	International Business	Growing business	U.S. business, businesses in southeast Asia
(4)			China curry business, restaurant business in Asia

(1) Spice / Seasoning / Processed Food Business: Fully developing major categories

Maintain the mainstay product brand power and improve profitability

(Million yen)

Net sales	FY2012 H1 performance	FY2012 performance	FY2013 H1 performance	FY2013 H2 (revised full-year target - H1 performance)	FY2013 revised target
Spice / Seasoning / Processed Food Business	59,991 (93.6)	123,875 (95.8)	60,262 (100.5)	64,638 (101.2)	124,900 (100.8)
Curry roux	18,859 (93.6)	37,142 (96.7)	18,609 (98.7)	17,921 (98.0)	36,530 (98.3)
Retort pouched curry	6,627 (91.4)	13,074 (92.2)	6,934 (104.6)	6,516 (101.1)	13,450 (102.9)
Stew roux	4,470 (90.9)	13,390 (98.0)	4,590 (102.7)	8,790 (98.5)	13,380 (99.9)
Spice	8,344 (98.1)	16,610 (100.0)	8,784 (105.3)	8,856 (107.1)	17,640 (106.2)
Food service products	8,057 (96.7)	15,820 (96.6)	7,950 (98.7)	8,460 (109.0)	16,410 (103.7)

Key points of FY2013 initiatives

Full-line strategy and enhancement of menu appeal

[Curry roux]

- Continue the full-line strategies in each price range to maintain and enhance the brand power
- Implement promotion for enhancing the appeal of the menu and gaining new loyal customers
- Efforts for providing more delicious flavors



[Stew roux]

- Maintain the top brand position in each price range by implementing full-line strategies
- Enhance the appeal of the menu through promotion activities promoting vegetable value
- Launch of new "cheese" version of *Hokkaido Stew*, the top sales product in the mid-and high-priced products, to enhance the brand power and boost the market presence.



Offering of new products satisfying customer needs

- Further promote the spread of new products meeting customer needs for faster-cooking products, easy-cooking products, etc., such as *Papan*, *Mitsuboshi Shokkan*, *Itamete Kaoru Curry Sauce*.



Improvement of profitability

- Improve profitability by effectively allocating the marketing outlays.
- Decrease costs by optimizing the curry roux production bases.
- Reform of logistics bases
<Integration of Okayama HC into Kansai (scheduled for January 2014)>



(2) Health Food Business: Maximizing the value of major brands

Focus on complementary measures for loyal users by improving product performance

(Million yen)

Net sales	FY2012 H1 performance	FY2012 performance	FY2013 H1 performance	FY2013 H2 (revised full-year target - H1 performance)	FY2013 revised target
Health Food Business	23,112 (90.2)	42,766 (93.0)	21,393 (92.6)	19,007 (96.7)	40,400 (94.5)
<i>Ukon No Chikara</i>	7,184 (92.1)	15,164 (92.2)	6,164 (85.8)	7,006 (87.8)	13,170 (86.9)
<i>Mega Shaki</i>	1,026 (125.4)	2,170 (131.8)	1,408 (137.2)	1,762 (153.7)	3,170 (145.9)
<i>C1000</i>	10,238 (85.5)	17,103 (89.7)	9,655 (94.3)	6,445 (93.9)	16,100 (94.1)
Direct retail (mail order) products	279 (92.5)	531 (87.6)	223 (79.9)	367 (143.4)	590 (110.0)

Key points of FY2013 initiatives

Strengthening of operation/development structure

- The Health Food Business, which was previously operated by two companies, will be integrated into House Wellness Foods to strengthen the business development capability.
- Strengthen the operation/development capabilities by limiting the focus business area and compact organizational structure to implement strategies in a prompt manner.



- Re-release *Tamanegi No Chikara* to establish the foundation for the direct retail (mail order) business at an early stage.



Tamanegi No Chikara
(release in October)

Improvement of product performance

[*Ukon No Chikara*]

- Further enhance customer satisfaction in terms of quality and taste by renewing the product in October.
- Renew the TV commercial. Gain sympathy from salarymen/women who are heavy drinkers to expand the share of the top brand.

[*Mega Shaki*]

- Enhance the synergy effect of the entire brand by boosting demand for series products such as *Giga Shaki* and *Mega Shaki Gum*.

[*C1000*]

- Promote the effectiveness of daily vitamin intake to enhance the brand value.
- Expand the offering of the *Vitamin Lemon* series products and improve the profit structure by effectively allocating promotion expenses mainly for *Lemon Water*.

(3) International Business: U.S. business, businesses in southeast Asia

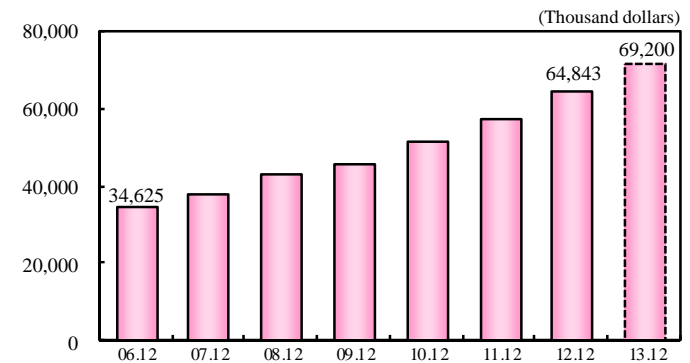
Improve the profit and loss structure in the U.S. tofu business. Establish the Southeast Asia business in the market.

● Businesses in the United States

(Million yen)

Net sales	FY2012 H1 performance	FY2012 performance	FY2013 H1 performance	FY2013 H2 (full-year - H1)	FY2013 revised target
House Foods America Corporation total	3,412 (109.0%)	7,431 (121.4%)	4,343 (127.3%)	4,617 (114.9%)	8,960 (120.6%)
Tofu business	2,571 (113.7%)	5,614 (124.9%)	3,274 (127.3%)	3,546 (116.6%)	6,820 (121.5%)
Restaurant business	512 (96.2%)	1,125 (110.4%)	652 (127.3%)	668 (108.8%)	1,320 (117.2%)
Exchange rate	¥79.31	¥86.58	¥98.59	¥98.59	¥98.59

Sales in U.S. tofu business (Dollars)



House Foods America Corporation runs a tofu business and restaurant business, described above, and imports and sells House Foods Group's products.

Tofu products from House Foods America Corporation



Tofu Shirataki

Products from El Burrrito Mexican Food Products Corporation



A meat alternative product

Key points of FY2013 initiatives

- ◆ In the tofu business, the line at the New Jersey plant was expanded in October 2012 to meet increased demand. The major product prices have been revised since October 2013 in response to soaring soybean prices. The profit and loss structure will be improved through continual cost decrease measures and cost management.
- ◆ Among the tofu-related products whose sales have been expanding, the in-house production of *Tofu Shirataki* will be implemented to improve quality and gain new customers.
- ◆ House Foods America Corporation will commence sales of the products of El Burrrito Mexican Food Products Corporation, strengthening the expansion of the sales channel and store promotion.

● Businesses in Southeast Asia

In August 2013, the ASEAN Center local office was established (in Singapore).

House Osotspa Foods Co., Ltd. (Thailand)

(Million yen)

	FY2013 H1 performance	FY2013 H2 (full-year - H1)	FY2013 revised target
Net sales	341 (440.2%)	359 (115.7%)	700 (179.7%)
Exchange rate	¥3.11	¥3.06	¥3.06

- ◆ Establish the position of vitamin functional drinks including the third flavor *C-vitt* product released in September.



NEW

House Foods Vietnam Co., Ltd. (Vietnam)

(Million yen)

	FY2013 H1 performance	FY2013 H2 (full-year - H1)	FY2013 revised target
Net sales	19 (-%)	131 (-%)	150 (-%)
Exchange rate	¥0.0046	¥0.0047	¥0.0047

- ◆ Promote the market penetration of powdered dessert products, *Purin Mix* and *Sherbic*, and the powdered functional drink, *Fruity Vita*, released in the first half, through tasting sales in key stores, and strengthen operation/sales planning capabilities.



Fruity Vita

(4) International Business: China curry business, restaurant business in Asia

Establish a company to oversee the business in China to improve the system for further business expansion.

● China curry business

(Million yen)

	FY2012 H1 performance	FY2012 performance	FY2013 H1 performance	FY2013 H2 (full-year - H1)	FY2013 revised target
Shanghai House Foods Co., Ltd.	624 (134.5%)	1,331 (131.6%)	961 (154.0%)	1,189 (168.5%)	2,150 (161.7%)
Exchange rate	¥12.52	¥13.91	¥16.05	¥16.05	¥16.05

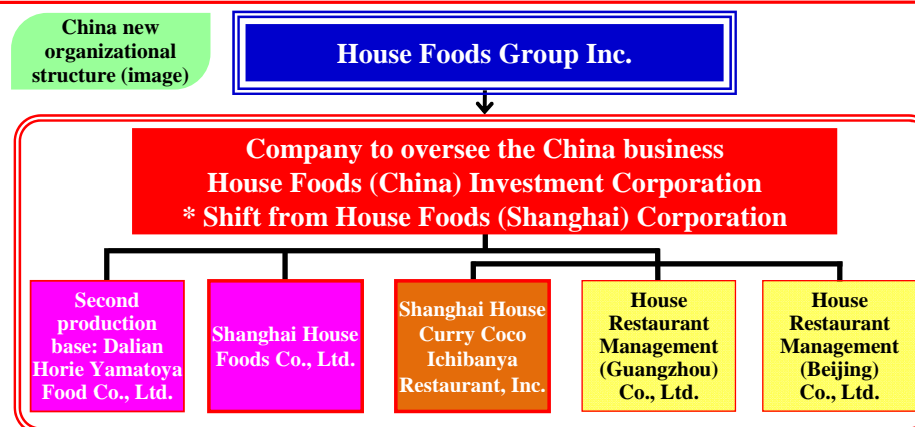
● The restaurant business in Asia

(Million yen)

	FY2012 H1 performance	FY2012 performance	FY2013 H1 performance	FY2013 H2 (full-year - H1)	FY2013 revised target	Number of restaurants
China	669 (159.4%)	1,624 (163.6%)	1,175 (175.6%)	1,355 (142.3%)	2,530 (156.0%)	33
South Korea	178 (105.7%)	385 (123.4%)	172 (96.9%)	198 (96.5%)	370 (96.7%)	19
Taiwan	285 (131.5%)	723 (166.0%)	535 (187.2%)	575 (130.5%)	1,110 (152.9%)	20
Total	1,132 (140.6%)	2,733 (157.0%)	1,882 (166.2%)	2,128 (133.1%)	4,010 (146.8%)	72

(The number of restaurants is as of September 30, 2013)

China new organizational structure (image)



China business products and restaurants



A curry restaurant



Taiwan Take-out store



Key points of FY2013 initiatives








- ◆ In the business in China, the Company will establish a company to oversee the business as the area center to further promote business expansion in December.
That company will oversee the restaurant business in China as well as household and commercial-use products to further promote business expansion.
- ◆ In the curry business in China, efforts will be focused on the promotion of offerings in new areas and by new suppliers with the start of the operation of the second curry roux production base in fall 2014 in view.
At the same time, Shanghai House Foods Co., Ltd. will increase operating income by reducing the cost of raw materials.
- ◆ In its restaurant business in Asia, the Company will establish new companies in North China (Beijing) and South China (Guangzhou), and restaurant operations will be accelerated through these three companies.
In Taiwan, efforts will be focused on the expansion of contacts with customers, such as opening take-out stores.



Supplementary Description

Founded as a company dealing in Chinese medicine and expanded with a focus on curry

● History of businesses

Major business	
1913	Urakami Shoten, an enterprise dealing in herbal medicines, founded
	Spice
1926	Launch of powder curry start
1934	Hashed beef sauce
1960	Curry roux
1964	Dessert
1966	Stew
1970	Retort pouched food (Sun House Foods)
	Transport and warehousing (House Logistics Service)
1973	Instant noodles
1977	Snacks
1983	Restaurants (USA)
	Mineral water
	Tofu (USA)
1985	Products to be cooked in the microwave oven
	Deli products (Delica Chef)
1995	Liquid seasoning
1997	Restaurants (China)
1998	Health foods
2002	Retort pouched curry (China)
2005	Curry roux (China)
2006	Health foods (House Wellness Foods)
2007	Restaurants (South Korea)
2010	Transfer of the mineral water business
2011	Entry into Thailand (House Osotspa Foods Co., Ltd.)
2012	Entry into Vietnam (House Foods Vietnam Co., Ltd.)
2013	Import/sales of foodstuffs (Vox Trading Co., Ltd.)
	Switch to a holding company system (the company name changed to House Foods Group Inc.)
	<u>Vermont Curry</u>  Launched in 1963
	<u>Stew Mix</u>  Launched in 1966
	<u>Kukure Curry</u>  Launched in 1971
	<u>Tongari Corn</u>  Launched in 1978
	<u>Kanjuku Tomato No Hayashi Rice Sauce</u>  Launched in 1996
	<u>Ukon No Chikara</u>  Launched in 2004
	<u>Prime</u>  Launched in 2006

Major new products and varieties for the autumn and winter 2013



● New product

Tax is not included. Prices in parentheses are for reference.

Category	Product	Suggested retail price (reference price)	On-shelf date
Simple curry sauce	Itamete Kaoru Curry Sauce (Chicken Masala Curry No Moto, Beef Pepper Curry No Moto)	Open (¥271)	Aug. 19
Seasoning for specific menus	Mitsuboshi Shokkan (Kawame Paripari Teriyaki Chicken, Koromo Sakusaku Mille-feuille Fu Katsu, Yawaraka Buta No Shogayaki, Koromo Sakusaku Agenai Tonkatsu, Koromo Karikari Agenai Karaage)	Open (¥180)	Aug. 19
Stir-fry paste	Paratto Uma Itame Paste (Torigara Salt and Pepper Taste, Umasa To Koku No Garlic Flavor)	Open (¥325)	Aug. 19
Retort pouched curry	THAI TABLE (Green Curry, Red Curry)	Open (¥246)	Aug. 19
Retort pouched curry	1 Saigoro Karano Vegetable Curry	Open (¥130)	Aug. 19
Retort pouched curry	3 Sai Karano Vegetable Curry	Open (¥130)	Aug. 19
Health drink	C1000 Chotto Koime No Yasashii Lemon	¥140	Sep. 23

● Variety

Stew roux	Hokkaido Stew Cheese	¥275	Aug. 19
Pasta sauce	Kamatama Spa (Wahu Peperonchino, Uni Carbonara)	Open (¥150)	Aug. 19
Spice	Ninniku Zoku (Ajillo No Moto, Ajo Soup No Moto, Garlic Potato No Moto)	Open (¥110)	Aug. 19
Spice	Papan Corn Soup Flavor	¥130	Aug. 19
Spice	Hon Kizami Wasabi	Open (¥200)	Aug. 19
Spice	Hon Kizami Yuzu Kosho	Open (¥200)	Aug. 19
Spice	Shiro Neri Goma	Open (¥160)	Aug. 19
Spice	Kuro Neri Goma	Open (¥160)	Aug. 19
Retort pouched curry	Curry Ya Koku Demi Curry	¥120	Aug. 19

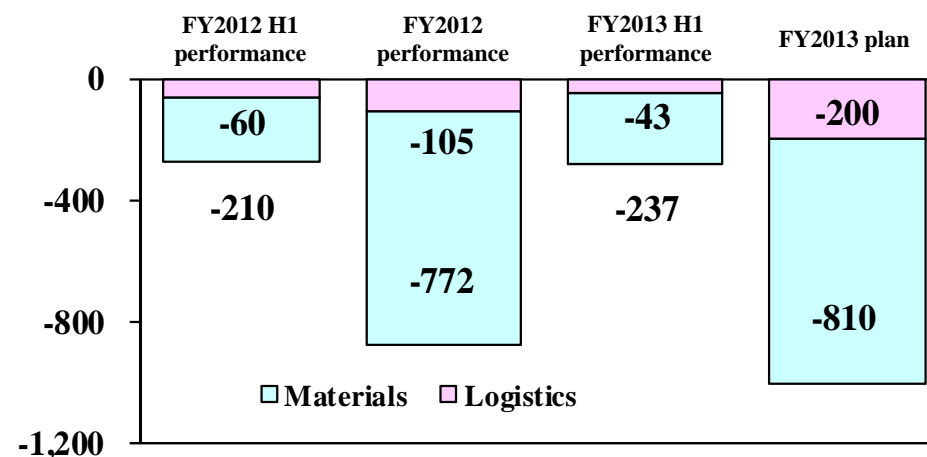
● Renewal

Health drink	Ukon No Chikara (Ukon Extract Drink, Cassis Orange Flavor)	¥190	Oct. 7
Health drink	Ukon No Chikara Super	Open (¥286)	Oct. 7

Trends of cost reductions and capital investment

● Trends of cost reductions (from the year-ago level)

(Million yen)	Cost reductions		
	Materials cost	Logistics cost	Total
FY2012 H1	210	60	270
FY2012	772	105	877
FY2013 H1	237	43	280
FY2013 plan	810	200	1,010



● Trends of capital investment

	Capital investment			Major capital investment	Depreciation and amortization		
	Investment	Leases	Total		Investment	Leases	Total
FY2012 H1	1,907	274	2,181	Upgrade of House Foods America Corporation's building/production facilities Related to House Foods Vietnam plant production facilities	2,396	192	2,588
FY2012	5,684	433	6,117	Replacement of building and production facilities for House Foods America Corporation Construction of new building for the Osaka Head Office	5,020	382	5,402
FY2013 H1	2,973	217	3,190	Construction of new building for the Osaka Head Office Purchase of land for Delica Chef Corporation's plant	2,438	175	2,613
FY2013 plan	9,500	500	10,000	Purchase of land for Delica Chef Corporation's plant and installation of production facilities Investment related to the roux production line for House Foods	5,000	300	5,300

Breakdowns of non-operating income and expenses and extraordinary income and loss

● Non-operating income and expenses

(Million yen)	FY2012 H1	FY2013 H1	Year on year
Interest income	227	269	+42
Dividends income	279	308	+28
Equity in earnings of affiliates	315	249	-66
Foreign exchange gains	–	138	+138
Other (incl. income from leasehold properties)	154	130	-24
Total non-operating income	975	1,095	+119
Interest expenses	21	120	+98
Foreign exchange losses	117	–	-117
Other (incl. expenses for leasehold properties)	37	110	+73
Total non-operating expenses	175	230	+55

● Extraordinary income and loss

(Million yen)	FY2012 H1	FY2013 H1	Year on year
Gain on sales of noncurrent assets	1	8	+7
Reversal of allowance for doubtful accounts	0	–	-0
Gain on sales of investment securities	10	27	+17
Other	1	1	+0
Total extraordinary income	13	37	+24
Loss on retirement of noncurrent assets	111	100	-11
Loss on sales of noncurrent assets	1	1	+0
Loss on valuation of investment securities	256	–	-256
Loss on valuation of membership	29	–	-29
Loss on step acquisitions	–	69	+69
Other	16	6	-10
Total extraordinary loss	411	175	-236

Targeted performance and management indexes for the final year of the Fourth Medium-Term Business Plan

Basic concept and initiatives

- 1) Position the two domestic businesses as core businesses and accelerate overseas expansion by positioning the International Business as a growing business
- 2) Establish an optimal organizational structure for consolidated management to continue growth and expansion
- 3) Continue to bolster initiatives to increase development capability, cost competitiveness and CSR initiatives

● Consolidated net sales and operating income targets for FY2014

Net sales: ¥230bn (107.3% of FY2011 level) **FY2011** **FY2014**
Operating income: ¥18bn (128.1% of FY2011 level) * **Operating margin** **6.6%** → **7.8%**

● Breakdown by business segment: Net sales and operating income targets for the final year (FY2014)

Business segment	Position of the business	Net sales target	Comparison with FY2011	Operating income target	Comparison with FY2011	ROS	Difference from FY2011
Spice / Seasoning / Processed Food Business (incl. the Food Service Business)	Core business	¥132.4bn	102.4%	¥10.5bn	105.7%	7.9%	+0.2
Health Food Business (incl. the Direct Retail (Mail Order) Business)		¥50.0bn	108.7%	¥5.5bn	217.2%	11.0%	+5.5
International Business	Growing business	¥20.0bn	170.0%	¥1.0bn	153.6%	5.0%	-0.5
Transport and Other Businesses		¥27.6bn	101.0%	¥1.0bn	107.0%	3.6%	+0.2

Operating income for the Health Food Business in FY2011 includes goodwill amortization of House Wellness Foods (¥1,345m) (Comparison vs FY2011: 217.2% → Actual comparison: 141.9%)

● Guidelines concerning business investments

Utilize 50 billion yen as business investment funds and aim for growth and expansion of businesses.

Borrow 20 billion yen, which is equivalent to around 10% of shareholders' equity, as necessary, and set 70 billion yen as the upper limit of business investment.

● Guidelines concerning retained earnings

Secure consolidated payout ratio at 30% or higher

Flexibly implement stock buybacks by considering the business environment, capital needs and trends in share prices and the stock market.

Content of business segments (As of September 30, 2013)

Business segment	Main product groups, businesses and companies
Spice / Seasoning / Processed Food Business	<p><Curry roux> <Retort pouched curry> [Sun House Foods Corporation] [Sun Supply Corporation] <Spices> [Asaoka Spice K.K.] [House Ai-Factory Corporation] <Stews> <Hashed beef sauce> <Packaged noodles> <Snacks> <Desserts> <Food service products></p>
Health Food Business	<p><Health foods> (Ukon No Chikara, Mega Shaki) [House Wellness Foods Corporation] <Direct Retail (Mail Order) Business> (Supplements)</p>
International Business	<p>United States [House Foods Holding USA, Inc.] [House Foods America Corporation] [El Burrito Mexican Food Products Corporation] China [Shanghai House Foods Co., Ltd.] [Shanghai House Curry Coco Ichibanya Restaurant, Inc.] [House Foods (Shanghai) Corporation] [House Restaurant Management (Beijing) Co., Ltd.] South Korea [Curry House Korea Corporation] Taiwan [Taiwan Curry House Restaurant, Inc.] Thailand [House Osotspa Foods Co., Ltd.] Vietnam [House Foods Vietnam Co., Ltd.] <Exports of products></p>
Transport and Other Businesses	<p>[House Logistics Service Corporation] [High Net Corporation] [Delica Chef Corporation] [House Food Analytical Laboratory Inc.] [Horie Yamatoya Co., Ltd.] [Dalian Horie Yamatoya Food Co., Ltd.] [Vox Trading Co., Ltd.] [Tim Food Co., Ltd.] [PT. Java Agritech]</p>

<Product group/business> [Group companies]