

FY2015 Results Briefing

May 16, 2016



House

House Foods Group Inc.

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

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Supplementary materials

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History of businesses (Abstract) / Major new products and varieties for the spring and summer 2016 / Fifth Medium-Term Business Plan / Initiatives of the House Foods Group / Amount of amortization of goodwill, etc. for Ichibanya Co., Ltd.

FY2015 Results

Consolidated Performance

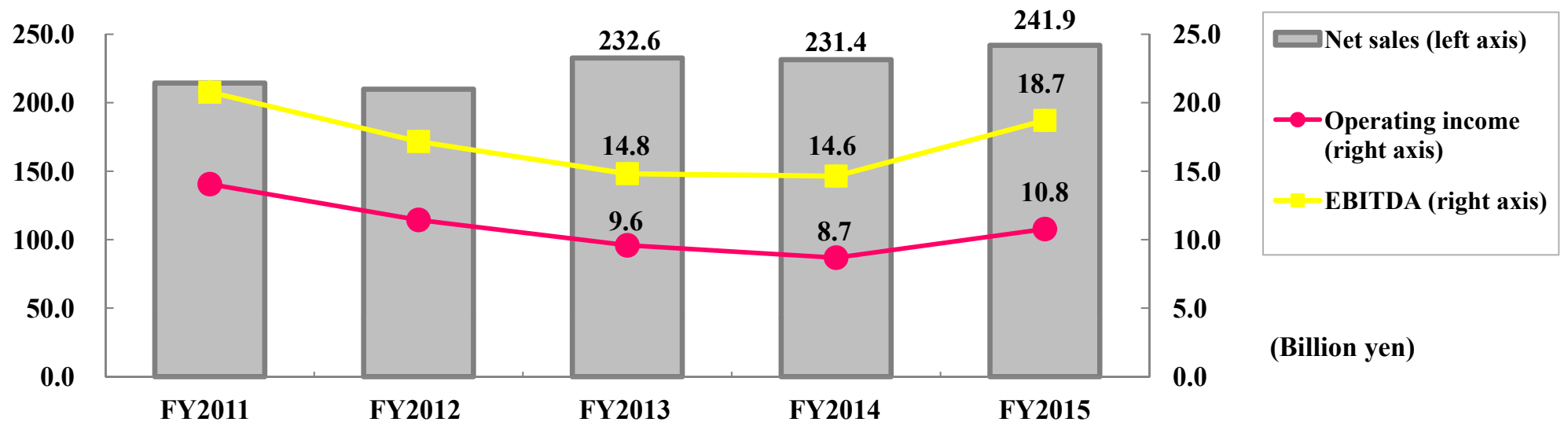


Billion yen	FY2014 performance	FY2015 revised target	FY2015 performance	Year on year (%)	Comparison with revised target (%)	ROS (%)
Net sales	231.4	246.7	241.9	+10.4 (104.5)	-4.8 (98.1)	—
Operating income	8.7	9.7	10.8	+2.1 (124.0)	+1.1 (111.1)	4.5
Ordinary income	11.0	11.3	12.2	+1.2 (110.9)	+0.9 (107.5)	—
Profit attributable to owners of parent	7.0	22.4	22.6	+15.7 (324.6)	+0.2 (101.0)	—
<Reference>						
EBITDA	*1 14.6	—	18.7	+4.1 (127.7)	—	*2 7.7
Profit attributable to owners of parent	*3 7.0	—	8.8	+1.8 (126.0)	—	—

*1 EBITDA = Operating income (before amortization of goodwill, etc.) + Depreciation

*2 EBITDA margin: EBITDA / Net sales

*3 After deduction of gain on step acquisitions arising as a result of additional acquisition of shares of Ichibanya Co., Ltd.



Changes to Method of Disclosing Segment Information



<Establishment of new segment and reclassification of segments>

- Established the Restaurant Business segment after making Ichibanya Co., Ltd. a consolidated subsidiary.
- Transferred control of the overseas restaurant business to the Restaurant Business, and changed name of the International Business to the International Food Business.

<Change in method of categorizing segments>

- All segments: Changed to method of reporting results before elimination of intersegment transactions
- Adjustment (elimination): Represents profit or loss not allocated to segments and eliminations relating to inter-segment transactions

* Hereinafter, segment results have been reclassified based on the new segments.

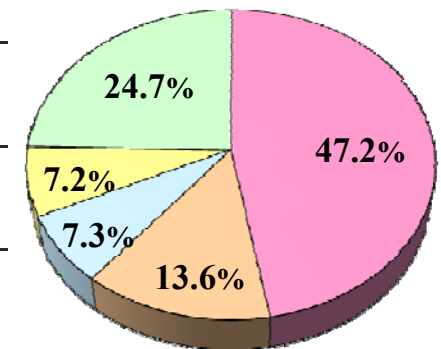
Billion yen	FY2014 performance (Old)	FY2014 performance (New)	Reclassifications	FY2015 revised target (New)
Net sales	231.4	231.4		246.7
Spice / Seasoning / Processed Food Business	122.1	122.7	Export adjustments (+)	123.3
Health Food Business	36.6	37.2	Export adjustments (+)	34.4
International Food Business	24.7	17.8	Overseas restaurant business → Restaurant Business, Export adjustments (-)	19.6
Restaurant Business	–	6.7	Ichibanya Co., Ltd. + Overseas restaurant business	19.1
Other Food Related Business	48.0	58.6	Results before elimination of inter-segment transactions	62.5
Adjustment (elimination)	0.0	-11.6	Eliminations related to inter-segment transactions	-12.2
Operating income	8.7	8.7		9.7
Spice / Seasoning / Processed Food Business	6.6	6.7	Export adjustments (+)	7.7
Health Food Business	0.6	0.7	Export adjustments (+)	1.3
International Food Business	1.1	1.0	Overseas restaurant business → Restaurant Business, Export adjustments (-)	1.4
Restaurant Business	–	-0.1	Ichibanya Co., Ltd. + Overseas restaurant business	-0.4
Other Food Related Business	-0.8	-0.8	Results before elimination of inter-segment transactions	0.2
Adjustment (elimination)	1.2	1.2	Eliminations related to inter-segment transactions	-0.4

Net Sales by Segment



Billion yen	FY2014 performance	FY2015 revised target	FY2015 performance	Year on year (%)	Comparison with revised target (%)
Net sales	231.4	246.7	241.9	+10.4 (104.5)	-4.8 (98.1)
Spice / Seasoning / Processed Food Business	122.7	123.3	120.0	-2.7 (97.8)	-3.3 (97.3)
Health Food Business	37.2	34.4	34.5	-2.7 (92.8)	+0.1 (100.4)
International Food Business	17.8	19.6	18.6	+0.8 (104.4)	-1.0 (94.8)
Restaurant Business	6.7	19.1	18.3	+11.6 (272.9)	-0.8 (95.9)
Other Food Related Business	58.6	62.5	62.7	+4.1 (107.0)	+0.2 (100.3)
Adjustment (elimination)	-11.6	-12.2	-12.3	-0.7 (-)	-0.1 (-)

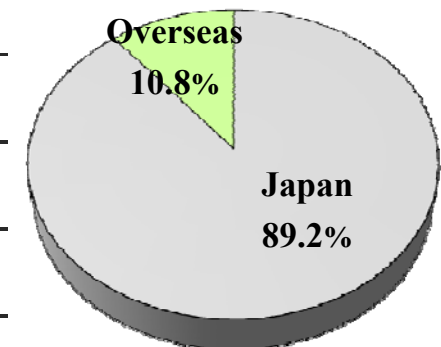
Breakdown by segment
* Before the elimination of inter-segment transactions



◆ Net sales by area

Japan	206.8	-	215.7	+8.9 (104.3)	-
East Asia	10.0	-	11.3	+1.2 (112.0)	-
Southeast Asia	2.2	-	1.9	-0.3 (87.1)	-
United States	12.1	-	12.6	+0.5 (104.5)	-
Other	0.4	-	0.5	+0.1 (112.8)	-

Breakdown by area

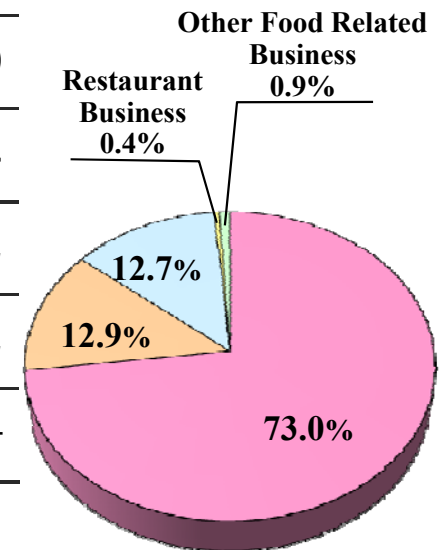


Operating Income by Segment



Billion yen	FY2014 performance	FY2015 revised target	FY2015 performance	Year on year (%)	Comparison with revised target (%)	ROS (%)
Operating income	8.7	9.7	10.8	+2.1 (124.0)	+1.1 (111.1)	4.5
Spice / Seasoning / Processed Food Business	6.7	7.7	7.9	+1.3 (119.0)	+0.2 (102.9)	6.6
Health Food Business	0.7	1.3	1.4	+0.7 (194.9)	+0.1 (107.5)	4.0
International Food Business	1.0	1.4	1.4	+0.4 (138.1)	+0.0 (102.3)	7.4
Restaurant Business	-0.1	-0.4	0.0	+0.1 (-)	+0.4 (-)	0.2
Other Food Related Business	-0.8	0.2	0.1	+0.9 (-)	-0.0 (67.4)	0.2
Adjustment (elimination)	1.2	-0.4	-0.1	-1.2 (-)	+0.3 (-)	-

Breakdown by segment
* Before the elimination of inter-segment transactions



◆ Reference Excluding amortization of goodwill, etc. for Ichibanya Co., Ltd.

Operating income	8.7	-	12.0	+3.3 (138.5)	-	5.0
Restaurant Business	-0.1	-	1.3	+1.4 (-)	-	7.1

Spice / Seasoning / Processed Food Business



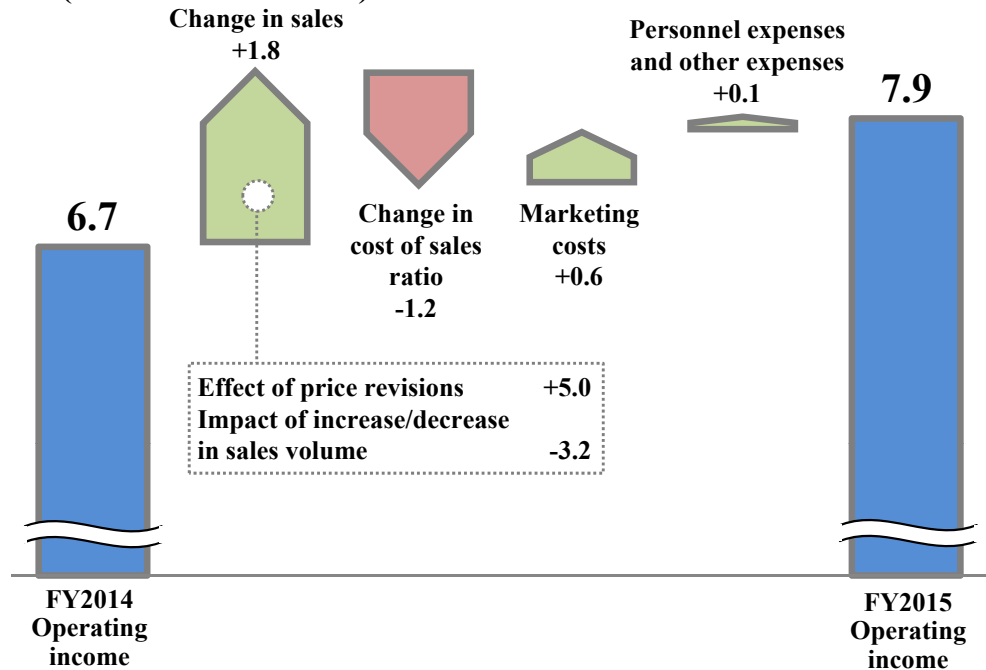
Spice / Seasoning / Processed Food Business	FY2015 performance	Year on year (%)	Comparison with revised target (%)
Net sales	120.0	-2.7 (97.8)	-3.3 (97.3)
Operating income	7.9	+1.3 (119.0)	+0.2 (102.9)

◆ Breakdown of sales (main factors)

Curry roux	37.3	-0.0 (100.0)	-0.2 (99.6)
Stew roux	13.0	+0.2 (101.9)	-0.5 (96.6)
Hashed beef sauce roux	4.2	+0.0 (100.6)	+0.1 (101.5)
Spice	16.9	+0.4 (102.5)	-0.1 (99.3)
Retort pouched curry	11.6	-1.3 (89.6)	-0.3 (97.4)
Packaged noodles	6.4	+0.1 (101.4)	-0.2 (96.9)
Snack	5.4	-1.3 (80.5)	-1.0 (84.9)
Dessert	3.2	-0.2 (95.1)	-0.3 (91.6)
Food service products	16.4	+0.1 (100.5)	-0.4 (97.5)

◆ Analysis of operating income change (FY2014 → FY2015)

(Billion yen)



The main focus was getting new prices widely accepted in the market following price revisions in February 2015. → Results were mixed depending on category.

Curry roux: Partly due to the effects of competition, it took time for new prices to be widely accepted in the market. However, full-year sales were on a par with the previous year.

Retort pouched curry: Products faced an uphill battle due to reduced exposure since the price revisions. Efforts were made to turn the category around through the launch of multi-pack products.

Snack products: Sales declined, as priority was placed on maintaining and improving brand value, including system revisions.

Profitability improved mainly due to the effective investment of marketing costs (advertising expenses, sales promotion expenses, etc.) and the effect of price revisions.

Health Food Business

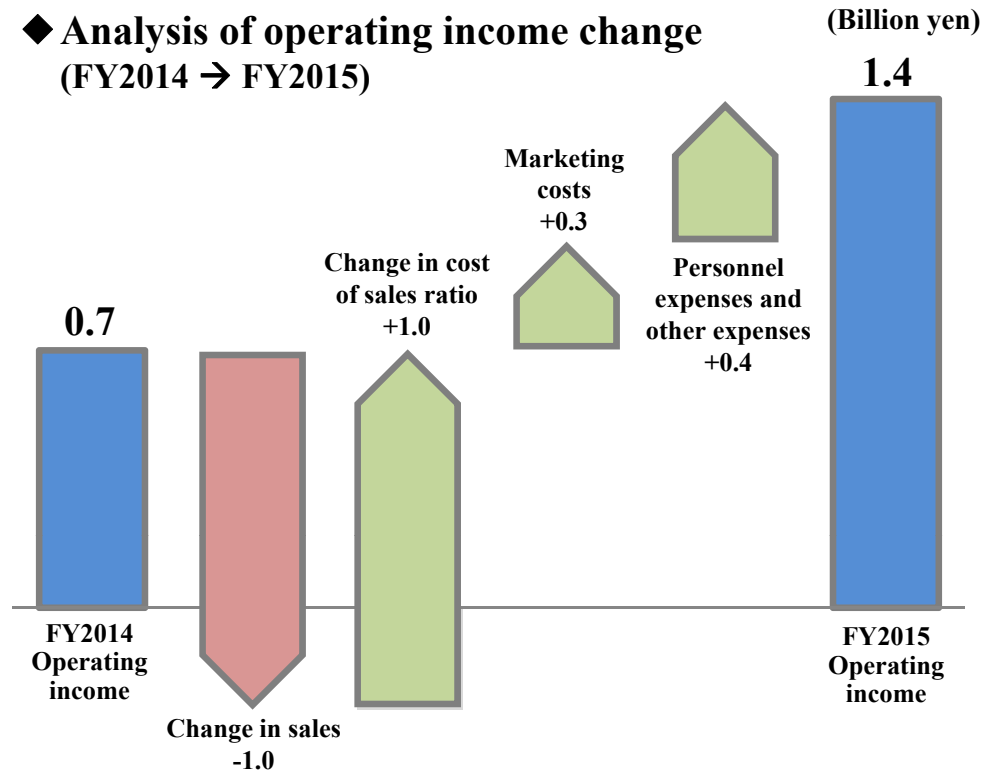


Health Food Business	FY2015 performance	Year on year (%)	Comparison with revised target (%)
Net sales	34.5	-2.7 (92.8)	+0.1 (100.4)
Operating income	1.4	+0.7 (194.9)	+0.1 (107.5)

◆ Breakdown of sales (main factors)

<i>Ukon No Chikara</i>	12.1	-0.6 (94.9)	-0.1 (99.6)
<i>C1000</i>	13.8	+0.3 (102.1)	+0.0 (100.2)
<i>Vitamin Lemon</i>	5.8	+0.5 (109.9)	-0.1 (98.1)

◆ Analysis of operating income change (FY2014 → FY2015)



<Functional spice business>

- *Ukon No Chikara*

Although full-year sales fell year on year, second-half sales were above the year-ago level, reflecting efforts to expand points of contact with customers, focusing on high added value products.



<Vitamin business>

- Response to each channel was strengthened, focusing on *Vitamin Lemon* and *Ichinichi-bun No Vitamin*

<Other>

- Sales fell due to a sharp reduction in products for production and sales consignment and the impact of the termination of some products (impact on profits was limited).

- There was some success in controlling marketing costs.



International Food Business



- The name was changed from the International Business.
- Restaurant Business has been transferred to the Restaurant Business

International Food Business	FY2015 performance	Year on year (%)	Comparison with revised target (%)	Year on year in local currency
Net sales	18.6	+0.8 (104.4)	-1.0 (94.8)	-
Operating income	1.4	+0.4 (138.1)	+0.0 (102.3)	-

◆ Breakdown of sales (main factors)

Business in the United States	10.7	+0.4 (103.4)	-0.2 (98.5)	103.3
Tofu business	9.6	+0.4 (104.5)	-0.1 (99.4)	104.5
Business in China	4.0	+0.6 (117.6)	-0.8 (83.7)	123.9
Businesses in Southeast Asia	1.1	-0.4 (75.0)	-0.1 (91.7)	-
Thailand	1.1	-0.3 (75.3)	-0.1 (93.2)	83.5
Vietnam	0.0	-0.0 (61.4)	-0.0 (53.8)	63.1

- The fiscal-year end for the International Food Business is December.
- The year-on-year comparison for Business in the United States is a comparison with results after transfer of the restaurant business.
- The fiscal-year end for Businesses in Southeast Asia changed from March to December (the settlement of accounts for 9 months in fiscal 2015).
- * The exchange rates of each country are provided in the fact data.

Business in the United States

- High value-added products (organic tofu, etc.) and products for commercial use grew steadily more popular.
- Marketing of menu-type products was strengthened (simple preparation/pasta alternatives).

Business in China

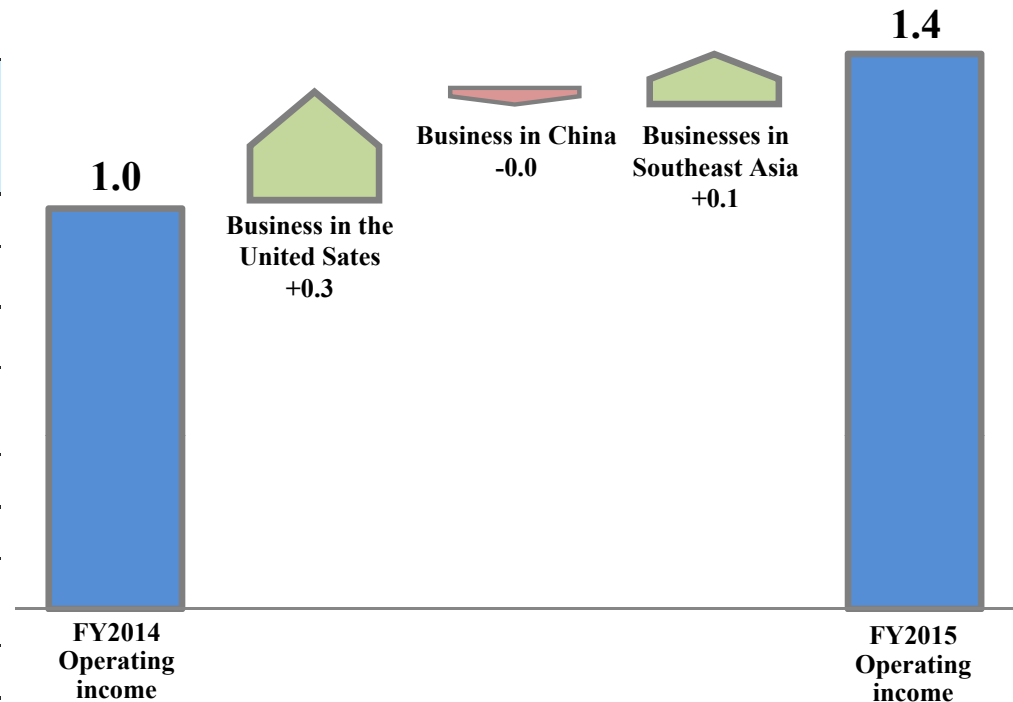
- Following an expansion in production capacity for household use products, production capacity for commercial use products was increased. Growth in products for both household and commercial use was achieved.
- Large-scale promotions to increase recognition in coastal areas and inland areas were conducted.

Businesses in Southeast Asia

- In Thailand, functional drink business continued to grow (net sales were 111.5% of the year-ago level).

◆ Analysis of operating income change (FY2014 → FY2015)

(Billion yen)



International Food Business: Establishment of Third Base in China

Decision was made to establish a third base after Shanghai and Dalian, aiming to promote further growth of the curry business in China.

Name	Zhejiang House Foods Co., Ltd. (provisional name)
Location	Pinghu City, Zhejiang Province
Capital	262,624 thousand yuan
Date of establishment	June 2016
Start of operation	Autumn 2018 (Estimated)



Restaurant Business



◆ Consolidated period

New incorporation into consolidation	Ichibanya Co., Ltd.	December 2015 – February 2016 (3 months)
Segment transfer	Restaurant business (China, Taiwan, South Korea, United States)	January 2015 – December 2015 (12 months)

(Billion yen)

Restaurant Business	FY2015 performance	Year on year (%)	Comparison with revised target (%)	Year on year in local currency
Net sales	18.3	+11.6 (272.9)	-0.8 (95.9)	–
Operating income	0.0	+0.1 (–)	+0.4 (–)	–
Operating income excluding amortization of goodwill, etc.	1.3	+1.4 (–)	–	–

◆ Breakdown of sales (main factors)

Ichibanya Co., Ltd.	11.4	–	-0.0 (99.6)	–
Restaurant business in Asia	5.2	+0.2 (103.4)	-0.7 (88.2)	–
China (51 restaurants)	3.1	+0.1 (101.8)	-0.4 (88.3)	107.3
Taiwan (26 restaurants)	1.7	+0.1 (108.4)	-0.2 (87.7)	112.6
South Korea (24 restaurants)	0.4	-0.0 (97.2)	-0.1 (89.7)	103.3

Number of restaurants in the restaurant business: As of the end of December 2015

* The exchange rates of each country are provided in the fact data.

Ichibanya Co., Ltd.

- Effort put into increasing the appeal of existing restaurants to improve sales. (Improvement of QSC, enhancement of comfort and convenience of restaurants)
- Factors pushing up costs such as rising raw material prices were absorbed.

 - Number of restaurants as of the end of February
 (Japan: 1,270; Overseas: 162)

Restaurant business in Asia

- Competition increased, especially in urban area of China.
 - Effort put into increasing attractiveness of existing restaurants.
 - New restaurants opened in inland areas.
-

New restaurants opened in inland areas of China Wuhan Tiandi Restaurant (opened 2015)



Other Food Related Business



Other Food Related Business	FY2015 performance	Year on year (%)	Comparison with revised target (%)
Net sales	62.7	+4.1 (107.0)	+0.2 (100.3)
Operating income	0.1	+0.9 (-)	-0.0 (67.4)

◆ Breakdown of sales (main factors)

House Logistics Service Corporation	23.0	-0.3 (98.8)	+0.0 (100.1)
Delica Chef Corporation	16.9	+2.1 (114.5)	+0.2 (101.1)
Vox Trading Co., Ltd.	20.2	+2.2 (112.4)	+0.1 (100.3)

House Logistics Service Corporation (transport and warehousing)

The business moved into profit, reflecting efforts to reconstruct the revenue structure.

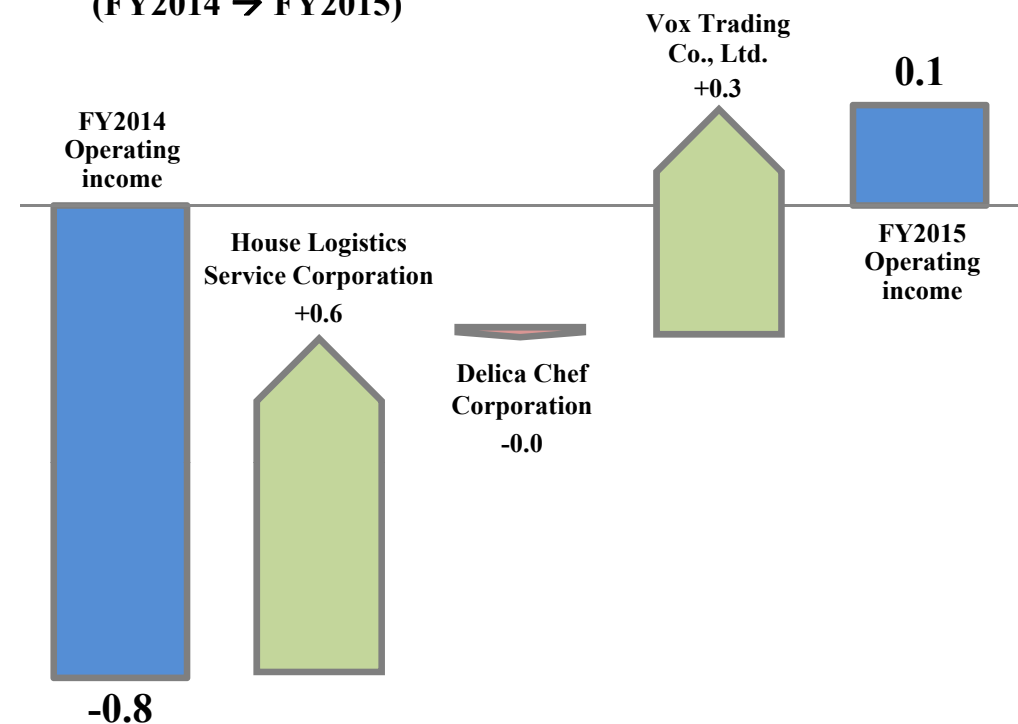
- A comprehensive effort was made to reduce costs.
- Examination of a cross-industry logistics framework began, with a view to building a strong logistics business that is not susceptible to changes in the environment.

Vox Trading Co., Ltd. (import, sales, etc. of foodstuffs)

- Sales rose, partly due to the irregular settlement of accounts for 10 months the previous year.

◆ Analysis of operating income change (FY2014 → FY2015)

(Billion yen)



Delica Chef Corporation (convenience store vendor)

New plant for prepared foods started operation in February 2015 (Kuki City, Saitama Prefecture)

- Initial costs were far higher than first anticipated.
- Although labor expenses and material costs increased, efforts were made to improve productivity, aiming for early recovery to the initially anticipated level.

Delica Chef Corporation
Kuki plant

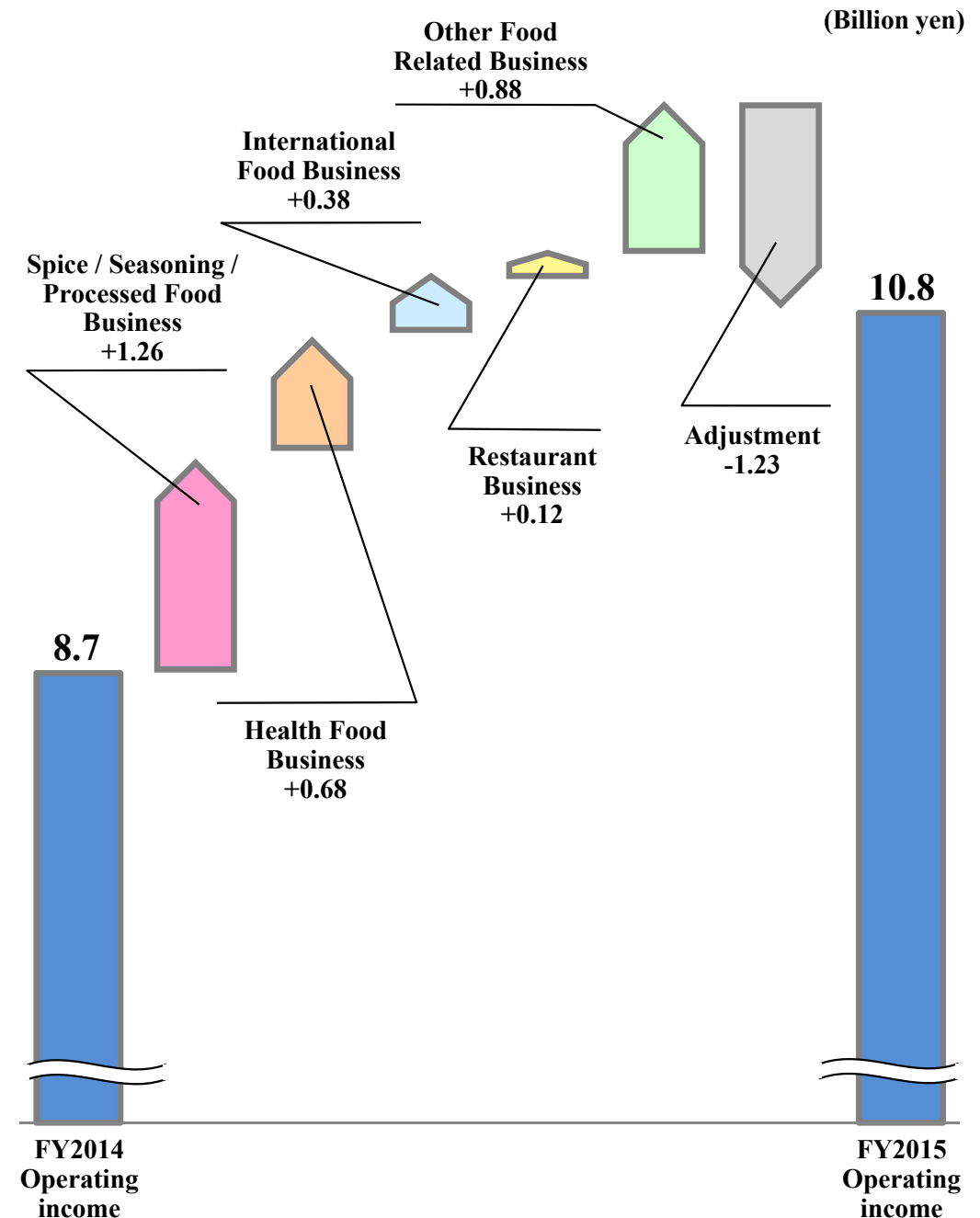


Operating Income Change Analysis



◆ Factors of changes by business segment

	FY2015 performance
Spice / Seasoning / Processed Food Business	+1.26
Change in sales	+1.8
Change in cost of sales ratio	-1.2
Marketing costs	+0.6
Personnel expenses and other expenses	+0.1
Health Food Business	+0.68
Change in sales	-1.0
Change in cost of sales ratio	+1.0
Marketing costs	+0.3
Personnel expenses and other expenses	+0.4
International Food Business	+0.38
Business in the United States (excl. restaurants)	+0.3
Business in China	-0.0
Businesses in Southeast Asia	+0.1
Restaurant Business	+0.12
Ichibanya Co., Ltd.: Effect of consolidation	+1.3
Ichibanya Co., Ltd.: Amortization of goodwill, etc.	-1.3
Restaurant business in Asia	+0.1
Other Food Related Business	+0.88
House Logistics Service Corporation	+0.6
Delica Chef Corporation	-0.0
Vox Trading Co., Ltd.	+0.3
Adjustment	-1.23
Changes in operating income	+2.09



Full-Year Plan for FY2016

Targets for Consolidated Income (Loss)



Billion yen	FY2015 performance	FY2016 target	Year on year (%)	ROS (%)
Net sales	241.9	289.0	+47.1 (119.5)	—
Operating income	10.8	10.2	-0.6 (94.7)	3.5
Ordinary income	12.2	11.2	-1.0 (92.2)	—
Profit attributable to owners of parent	22.6	5.3	-17.3 (23.4)	—
<Reference>				
EBITDA *1	18.7	23.0	+4.3 (123.0)	*2 8.0
Profit attributable to owners of parent *3	8.8	5.3	-3.5 (60.4)	—

*1 EBITDA = Operating income (before amortization of goodwill, etc.) + Depreciation

*2 EBITDA margin: EBITDA / Net sales

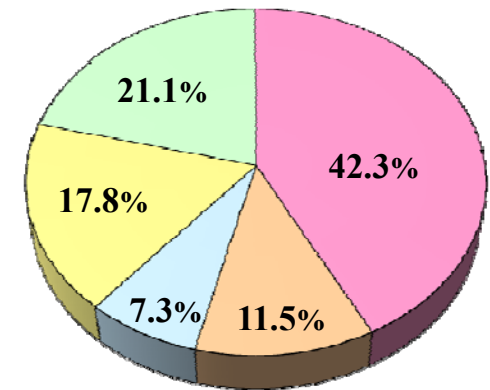
*3 After deduction of gain on step acquisitions arising as a result of additional acquisition of shares of Ichibanya Co., Ltd.

Targets for Net Sales by Segment



Billion yen	FY2015 performance	FY2016 target	Year on year (%)
Net sales	241.9	289.0	+47.1 (119.5)
Spice / Seasoning / Processed Food Business	120.0	128.7	+8.7 (107.2)
Health Food Business	34.5	35.0	+0.5 (101.4)
International Food Business	18.6	22.2	+3.6 (119.5)
Restaurant Business	18.3	54.0	+35.7 (294.9)
Other Food Related Business	62.7	64.0	+1.3 (102.0)
Adjustment (elimination)	-12.3	-14.9	-2.6 (-)

Breakdown by segment
* Before the elimination of inter-segment transactions



Targets for Operating Income by Segment



Billion yen	FY2015 performance	FY2016 target	Year on year (%)	ROS (%)		
Operating income	10.8	10.2	-0.6 (94.7)	3.5	Breakdown by segment * Before the elimination of inter-segment transactions	
Spice / Seasoning / Processed Food Business	7.9	8.0	+0.0 (100.3)	6.2		67.1%
Health Food Business	1.4	1.8	+0.4 (125.2)	5.0		14.8%
International Food Business	1.4	1.6	+0.2 (112.2)	7.0		13.1%
Restaurant Business	0.0	-0.1	-0.1 (-)	(0.1)		-0.4%
Other Food Related Business	0.1	0.7	+0.5 (643.3)	1.0		5.5%
Adjustment (elimination)	-0.1	-1.7	-1.6 (-)	-		

◆ Reference Excluding amortization of goodwill, etc. for Ichibanya Co., Ltd.

Operating income	12.0	15.2	+3.2 (126.5)	5.3
Restaurant Business	1.3	5.0	+3.7 (382.6)	9.2

Spice / Seasoning / Processed Food Business



(Billion yen)

Spice / Seasoning / Processed Food Business	FY2015 performance	FY2016 target	Year on year (%)
Net sales	120.0	128.7	+8.7 (107.2)
Operating income	7.9	8.0	+0.0 (100.3)

◆ Breakdown of sales (main factors)

Curry roux	37.3	38.1	+0.8 (102.2)
Stew roux	13.0	13.7	+0.7 (105.7)
Hashed beef sauce roux	4.2	4.3	+0.1 (102.5)
Spice	16.9	18.3	+1.4 (108.1)
Retort pouched curry	11.6	12.8	+1.2 (110.3)
Packaged noodles	6.4	6.8	+0.4 (106.1)
Snack	5.4	5.9	+0.5 (109.8)
Dessert	3.2	3.4	+0.2 (106.0)
Food service products	16.4	18.0	+1.6 (109.5)

<Roux products>

Maintain and increase brand value and continue efforts to tighten cost control.

<Retort pouched products>

Secure position of low-priced retort pouched curry products and further improve profitability.

<Improvement of profitability>

Thoroughly implement strategies to reduce costs to strengthen the revenue base in the medium-to-long term.



Health Food Business



(Billion yen)

Health Food Business	FY2015 performance	FY2016 target	Year on year (%)
Net sales	34.5	35.0	+0.5 (101.4)
Operating income	1.4	1.8	+0.4 (125.2)
◆ Breakdown of sales (main factors)			
<i>Ukon No Chikara</i>	12.1	12.5	+0.3 (102.6)
<i>C1000</i>	13.8	14.1	+0.3 (102.2)
<i>Vitamin Lemon</i>	5.8	6.0	+0.2 (103.3)

<Functional spice business>

Ukon No Chikara

- Implement marketing plans based on channel-specific and area-specific strategies.
- Execute product measures to further enhance true sense of efficacy.



<Vitamin business>

Ichinichi-bun No Vitamin

- Prepare to make into independent brand (development of product-line-up, marketing).



<Other>

- Focus on acquiring (commercializing) foods with function claims.

International Food Business



(Billion yen)

International Food Business	FY2015 performance	FY2016 target	Year on year (%)	Year on year in local currency
Net sales	18.6	22.2	+3.6 (119.5)	–
Operating income	1.4	1.6	+0.2 (112.2)	–

◆ Breakdown of sales (main factors)

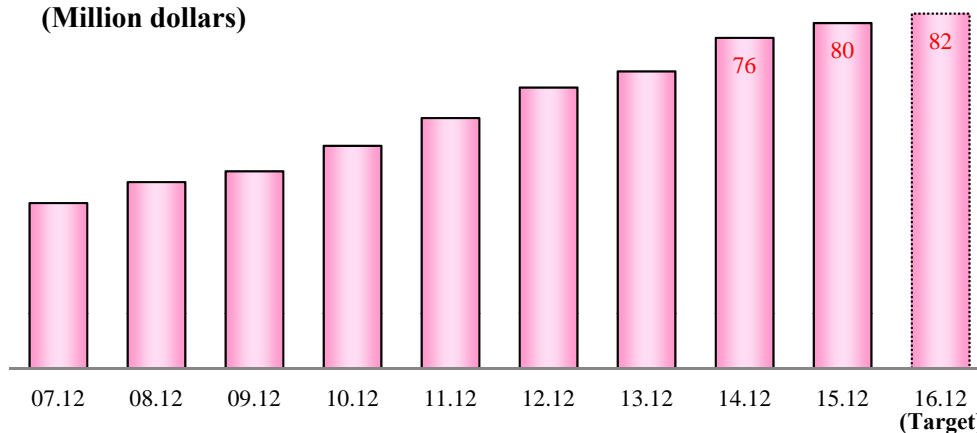
Business in the United States	10.7	11.0	+0.3 (103.0)	103.5%
Tofu business	9.6	9.8	+0.2 (102.2)	102.7%
Business in China	4.0	5.8	+1.7 (142.2)	137.5%
Businesses in Southeast Asia	1.1	1.7	+0.7 (161.8)	–
Thailand	1.1	1.7	+0.6 (157.8)	150.6%
Vietnam	0.0	0.1	+0.1 (339.7)	369.9%

The fiscal-year end for the International Food Business is December. FY2015 for Businesses in Southeast Asia is settlement of accounts for 9 months.

* The exchange rates of each country are provided in the fact data.

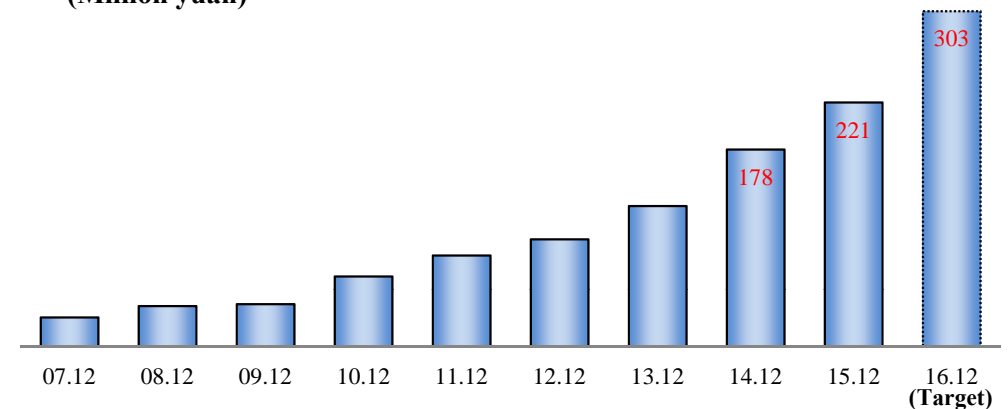
◆ U.S. tofu business sales

(Million dollars)



◆ China business sales

(Million yuan)



International Food Business



◆ Business in the United States

<Plan for expansion amid slowdown in market growth>

- Asian market with population bonus: Expand products for commercial use.
- American market: Acquire new customers by strengthening proposals of high value-added products.

<Efforts on cost and quality>

- Strengthen labor-saving lines and traceability.



◆ Business in China

Curry business

- Expand into more cities, and further strengthen the sales structure.
- Expand promotional activities for curry (coastal areas + inland areas).
 - Make the value of curry more widely known by expanding points of contact.
- Achieve growth in both products for household use and products for commercial use (put effort into flake products for commercial use).
- Expand scale of business ready for start of operation of third base.



◆ Businesses in Southeast Asia

Functional drink business in Thailand

- Invest to expand target and drinking scenes.
- Strengthen proposals to CVS channel and continue approaches to traditional markets.

Work to make Japanese curry popular in Southeast Asia.



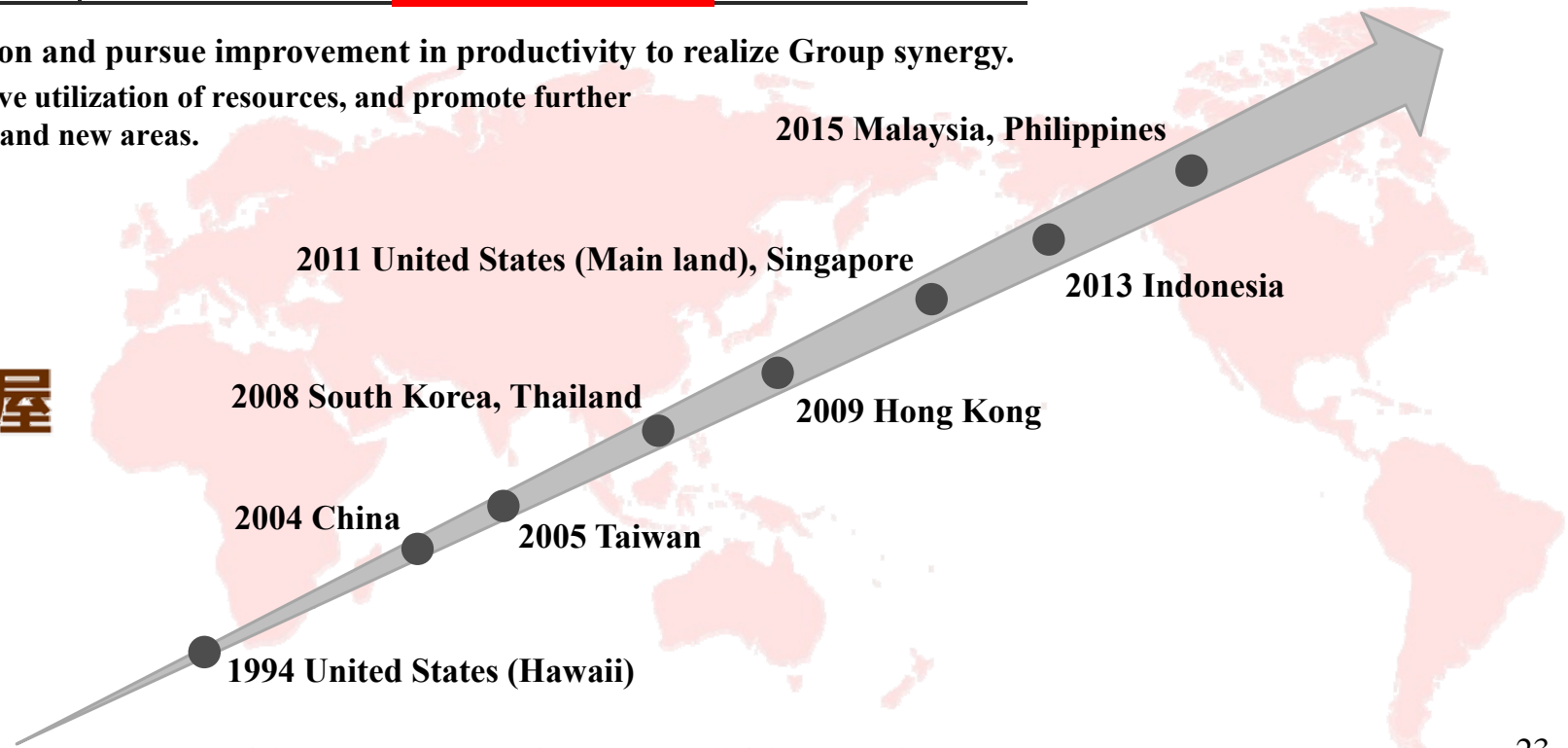
Restaurant Business



(Billion yen)

Restaurant Business	FY2015 performance	FY2016 target	Year on year (%)
Net sales	18.3	54.0	+35.7 (294.9)
Operating income	0.0	-0.1	-0.1 (-)
Operating income excluding amortization of goodwill, etc.	1.3	5.0	+3.7 (382.6)
◆ Breakdown of sales (main factors)			
Ichibanya Co., Ltd.	11.4	45.9	+34.5 (402.2)
Restaurant business in Asia	5.2	6.5	+1.3 (124.8)

- ◆ Accelerate overseas expansion and pursue improvement in productivity to realize Group synergy.
Seek concentration and effective utilization of resources, and promote further expansion of existing business and new areas.



Other Food Related Business



(Billion yen)

Other Food Related Business	FY2015 performance	FY2016 target	Year on year (%)
Net sales	62.7	64.0	+1.3 (102.0)
Operating income	0.1	0.7	+0.5 (643.3)

◆ Breakdown of sales (main factors)

House Logistics Service Corporation	23.0	23.0	+0.0 (100.1)
Delica Chef Corporation	16.9	16.7	-0.2 (98.8)
Vox Trading Co., Ltd.	21.9	23.4	+1.5 (106.8)

* Vox Trading was integrated with Horie Yamaoya Co., Ltd. on April 1, 2016, and figures for FY2015 performance have been replaced accordingly.

◆ House Logistics Service Corporation

- Continue activities to reduce costs.
- Promote construction of food company logistics platform in collaboration with six food companies.

◆ Delica Chef Corporation

- Improve profitability through stable operation of new plant for prepared foods.
- Strengthen profitability by focusing on optimum arrangement of personnel and improvement of productivity.

◆ Vox Trading Co., Ltd.

- Integrate with Horie Yamaoya Co., Ltd.
- Focus on concentrating management resources and strengthening procurement and sales capabilities.

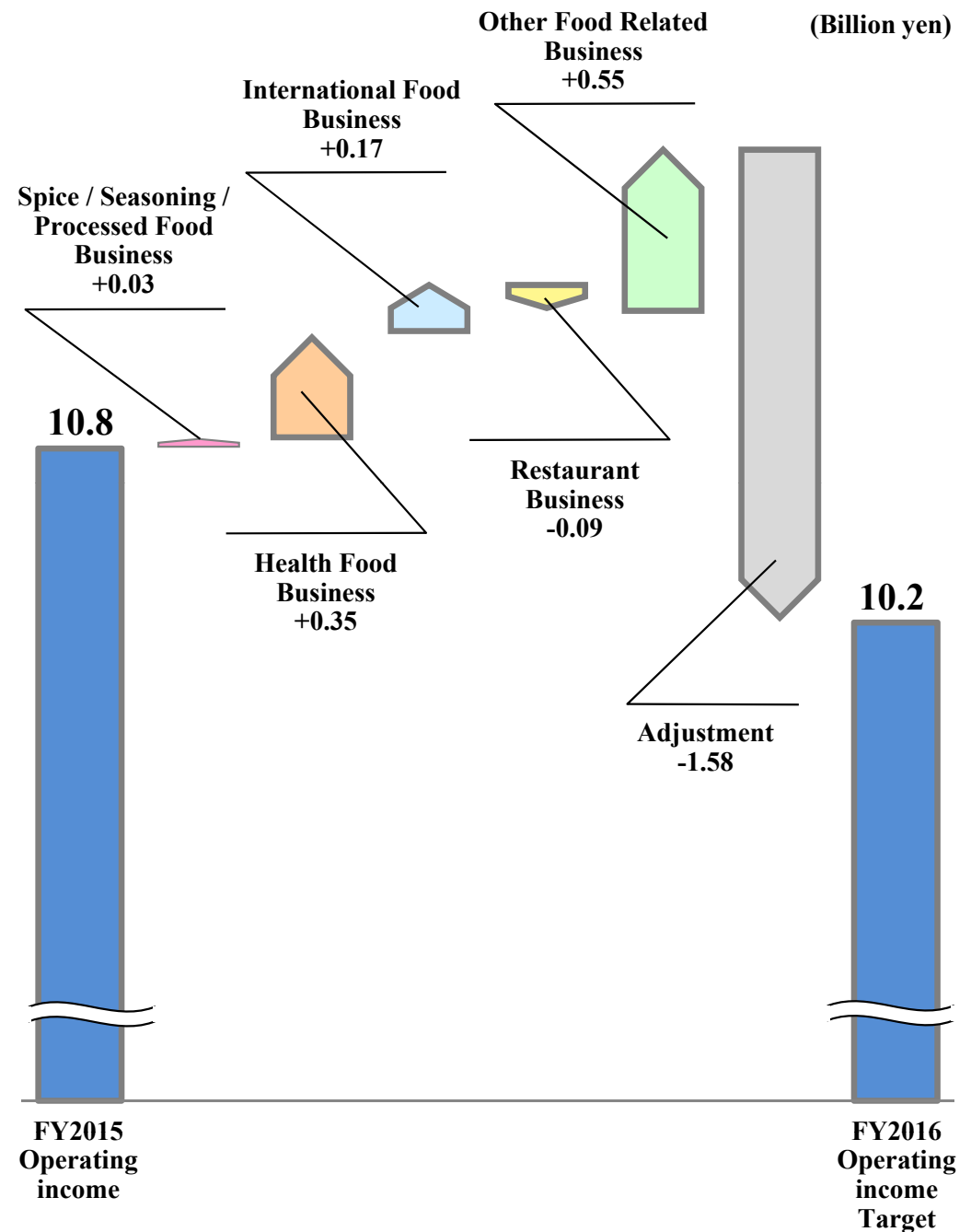


Operating Income Change Analysis



◆ Factors of changes by business segment

	FY2016 target
Spice / Seasoning / Processed Food Business	+0.03
Change in sales	+2.8
Change in cost of sales ratio	-0.8
Marketing costs	-0.3
Personnel expenses and other expenses	-1.7
Health Food Business	+0.35
Change in sales	+0.2
Change in cost of sales ratio	+0.2
Marketing costs	+0.2
Personnel expenses and other expenses	-0.2
International Food Business	+0.17
Business in the United States (excl. restaurants)	+0.0
Business in China	+0.2
Businesses in Southeast Asia	+0.0
Restaurant Business	-0.09
Ichibanya Co., Ltd.: Effect of consolidation	3.5
Ichibanya Co., Ltd.: Amortization of goodwill, etc.	-3.8
Restaurant business in Asia	0.1
Other Food Related Business	+0.55
House Logistics Service Corporation	+0.1
Delica Chef Corporation	+0.4
Vox Trading Co., Ltd.	+0.1
Adjustment	-1.58
Changes in operating income	-0.58



Supplementary Description

History of businesses (Abstract)

-1950s

- 1913 Urakami Shoten, an enterprise dealing in herbal medicines, founded
Spice
- 1926 Launch of powder curry start
- 1934 Hashed beef sauce

1960s-1980s

- 1960 Solid curry roux
- 1964 Dessert
- 1966 Stew
- 1970 Retort pouched food (Sun House Foods)
Transport and warehousing (House Logistics Service)
- 1973 Instant noodles
- 1977 Snack
- 1983 Entry into USA (Restaurant, Tofu)
Mineral water
- 1985 Deli products (Delica Chef)

Vermont Curry



Launched in 1963

Stew Mix



Launched in 1966

tofu (USA)



Launched in 1983

Tongari Corn



Launched in 1978

Kukure Curry



Launched in 1971

1990s

- 1995 Liquid seasoning
- 1997 Entry into China (Restaurants)
Health Foods



C1000
Launched in 1990

2000s

- 2000 Entry into Taiwan (Restaurants)
- 2002 Retort pouched curry (China)
- 2004 Ukon extract drink
- 2005 Curry roux (China)
- 2006 Health foods (House Wellness Foods)
- 2007 Entry into South Korea (Restaurants)



Ukon No Chikara
Launched in 2004



Vermont Curry (China)
Launched in 2005

2010s

- 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.)
- 2015 Ichibanya Co., Ltd. made into a consolidated subsidiary

Major new products and varieties for the spring and summer 2016



◆ New product

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

Category	Product	Suggested retail price (reference price)		On-shelf date
Retort pouched curry	Pro-quality Beef Curry Pack of 4 (Chu-kara/Kara-kuchi)	Open	(¥478)	Feb. 15
Wellness drinks	Vitamin Stretch		¥190	Mar. 7
Wellness drinks	Lemon No Asa		¥200	Mar. 7

◆ Variety

Spice	Spice Cooking (Korean Sesame/Onion and Salt Sauce Cabbage/Namul/ Salt Lemon Tomato/Fried Chicken/Guaiwei Chicken)	Open	(¥110)	Feb. 15
Retort pouched curry	150 g Curry Ya Keema Curry		¥132	Feb. 15
Retort pouched curry	Keema-style Dry Curry	Open	(¥240)	Feb. 15
Retort pasta sauce	Pasta Ya Tarako Cream		¥120	Feb. 15
Dessert	200 g Fruiche Mix (Orange & Mango/Peach & Berry)		¥194	Jan. 25
Dessert	150 g Fruiche Luxury Mix Berry	Open	(¥225)	Jan. 25
Wellness drinks	C1000 Ichinichi-bun No Vitamin Vegetable Fruit Mix Flavor		¥190	Mar. 7
Wellness drinks	C1000 Lemon Water Refresh 280mL		¥115	Mar. 7

◆ Renewal

Curry roux	88 g/140 g Kokumaro Curry (Ama kuchi/Chu-kara/Kara-kuchi)	88 g 140 g	¥140 ¥190	Feb. 15
Curry roux	160 g The Hotel Curry (Kokufukai Chu-kara/Kaoritakai Chu-kara)	Open	(¥246)	Feb. 15
Hashed beef sauce roux	92 g/184 g Kanjuku Tomoto No Hayashi Rice Sauce	92 g 184 g	¥156 ¥297	Feb. 15
Wellness drinks	C1000 Lemon Water 500 mL		¥140	Feb. 1
Wellness drinks	C1000 Ichinichi-bun No Vitamin		¥190	Mar. 7

◆ 2020 Vision

Innovative changes to a quality company that offers health through its foods

◆ Fifth Medium-Term Business Plan Basic Concept

Start up a business model (new business) that offers new value in the mature domestic market, in addition to the core domestic businesses and the overseas core growth businesses.

- **Support the Group's earnings base by further strengthening the brand value of the existing domestic businesses.**
- **Propel the Group's growth by applying the Group's expertise overseas.**
- **Start up business in collaboration with value-chain-type businesses that will offer new value in Japan.**

Enhance the significance of Group's existence in society by fulfilling the "three responsibilities."

- **Aim to realize the Group philosophy by conducting corporate activities based on the "three responsibilities" (for customers, employees and their families and society) we are obligated to fulfill as a corporate citizen.**

Further strengthen the capacity to put functions and plans into practice.

- **Group's PDCA function**
- **R&D function**
- **Cost competitiveness**

Narrow the gap with the target ROE by improving the ROA.

◆ Guidelines concerning business investments

Utilize 50 billion yen for business investment funds.

* Set 70 billion yen as the upper limit if necessary (by borrowing 20 billion yen)

- Actual Business Investment for FY2015	¥30.7 billion
Ichibanya Co., Ltd.	¥30.3 billion
PT. Vox Trading Indonesia	¥0.3 billion
Taiwan House Foods Co., Ltd.	¥0.1 billion

◆ Guidelines concerning profit distribution

New dividend policy

Maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income arising from business combination and the amortization of goodwill as a standard.

- Dividend policy was changed as there will be greater fluctuation in income that is not accompanied by cash in the future due to business investment
→ Old dividend policy: Stable dividends based on payout ratio of 30%.

	FY2014 performance	FY2015 performance	FY2016 plan
Annual dividend per share	¥30	¥30	¥30
Payout ratio	44.4%	13.6%	58.0%
Payout ratio based on new dividend policy	—	32.0%	35.3%

Initiatives of the House Foods Group

A new onion that does not cause the eyes to water and has a mild flavor

Smile Ball

Test sales in first fiscal year were completed successfully.

After a better-than-expected reception, commercialization efforts are now underway.

We named this totally new onion that does not cause a stinging sensation or make the eyes water *Smile Ball*. It was launched at the end of October 2015 in limited quantities and through limited channels.



Smile Ball received a better-than-expected response from many market participants and efforts are now underway to raise recognition of its season, great taste and ways of eating them.

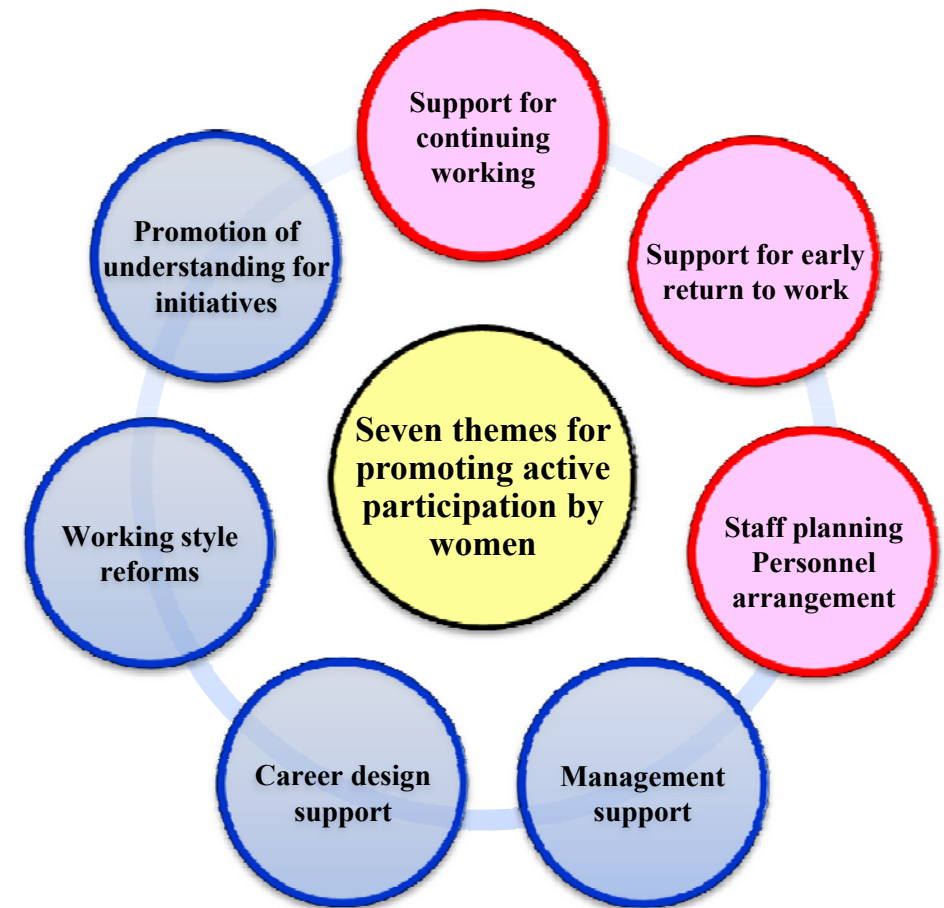


Proposed menu
Raw onion chips

House Foods Group: Diversity

Initiatives to promote active participation by women

The Group is focusing on creating a workplace where employees can fully demonstrate their abilities and actively participate, by implementing seven themes.

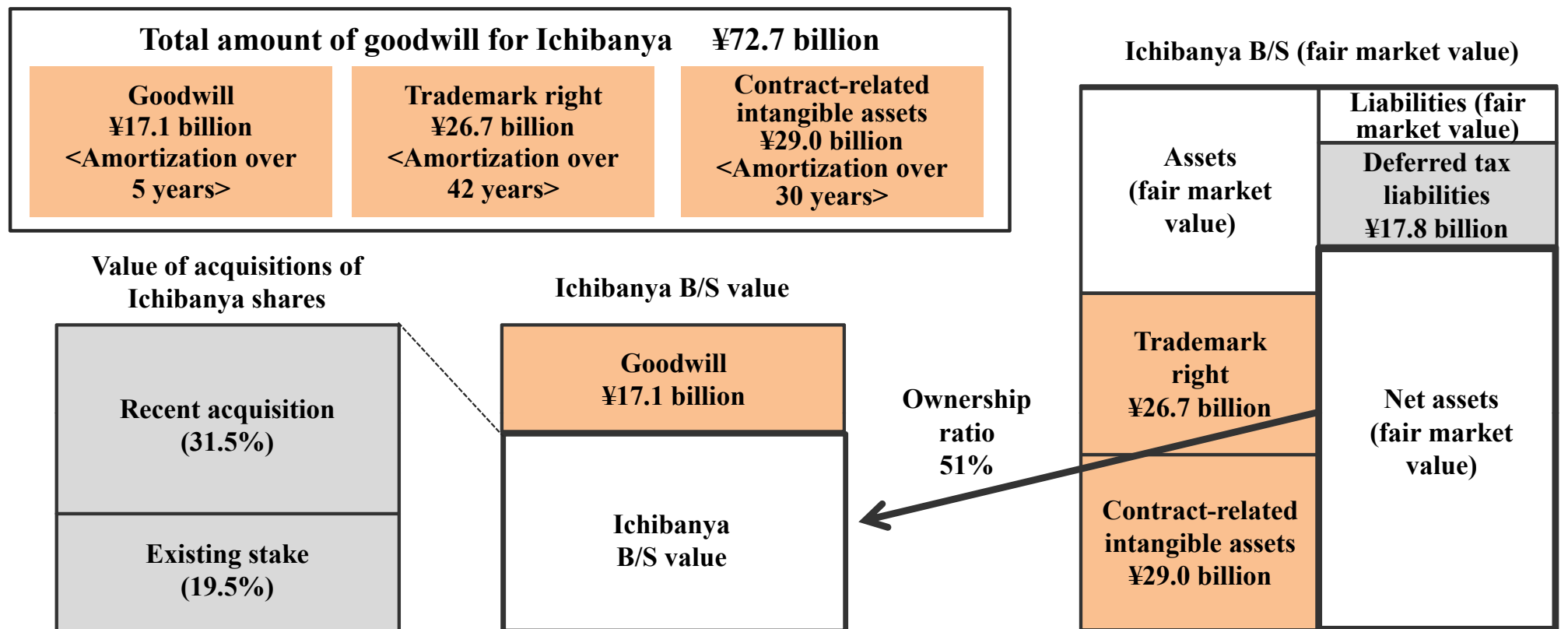


From April 2016

New system: Work at home system

Revised systems: Flex-time system, working system for child care

Amount of amortization of goodwill, etc. for Ichibanya Co., Ltd.



◆ Amount of amortization of goodwill, etc. for Ichibanya

Annual amortization schedule (projection)

(Billion yen)

	Amortization period	FY2015	From FY2016	FY2020	From FY2021	From FY2046
Goodwill	5 years	0.85	3.42	2.56	–	–
Trademark right	42 years	0.16	0.63	0.63	0.63	0.63
Contract-related intangible assets (Franchise agreements)	30 years	0.24	0.97	0.97	0.97	–
Total		1.25	5.02	4.16	1.60	0.63