

**FY2019 H1
Results Briefing
Fact Data**



House Foods Group Inc.

FY2019 H1 Results Briefing Fact Data

1. Consolidated Results

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1	FY2019 Revised target
Net sales	Million yen	283,812	291,897	145,766	296,695	144,634	297,000
Cost of sales	Million yen	159,624	162,497	81,217	165,068	79,166	—
Selling, general and administrative expenses	Million yen	111,875	113,112	55,978	114,068	56,355	—
Operating profit	Million yen	12,312	16,288	8,572	17,559	9,113	18,500
EBITDA *1	Million yen	25,235	28,978	14,725	30,242	15,518	32,300
Ordinary profit	Million yen	13,951	17,207	9,423	19,100	9,997	19,600
Profit attributable to owners of parent	Million yen	8,683	9,353	5,565	13,767	5,207	10,900
Profit per share	Yen	84.53	91.02	54.16	134.32	51.68	108.19
ATO	Times	0.81	0.80	—	0.79	—	—
ROS	%	4.3	5.6	5.9	5.9	6.3	6.2
ROA	%	4.0	4.7	—	5.1	—	—
ROE	%	3.7	3.8	—	5.5	—	—
Annual dividends per share	Yen	32	38	22	44	23	46
Payout ratio	%	37.9	41.7	40.6	32.8	44.5	42.5
Total assets	Million yen	353,888	378,864	383,158	371,025	367,186	—
Net assets	Million yen	266,615	283,719	288,593	279,144	281,754	—
Shareholders' equity	Million yen	235,246	251,814	256,524	247,275	249,647	—
Equity ratio	%	66.5	66.5	67.0	66.6	68.0	—
Net assets per share	Yen	2,289.43	2,450.71	2,496.56	2,454.34	2,477.89	—
Cash flows from operating activities	Million yen	21,298	23,608	6,784	20,913	9,116	—
Cash flows from investing activities	Million yen	-2,169	-13,739	-5,693	-1,008	-7,057	—
Cash flows from financing activities	Million yen	-7,388	-5,317	-2,631	-17,317	-3,848	—

*1 EBITDA = Operating profit (before amortization of goodwill) + Depreciation

(Reference) Operating profit before amortization of goodwill, etc. for Ichibanya Co., Ltd.

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1	FY2019 Revised target
Operating profit	Million yen	17,330	21,306	11,081	22,577	11,622	23,518
ROS	%	6.1	7.3	7.6	7.6	8.0	7.9

(Reference) After deduction of the effects of extraordinary income (loss) arising from business combination and the amortization of goodwill

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1	FY2019 Revised target
Profit attributable to owners of parent	Million yen	10,795	12,859	7,275	17,187	6,720	14,122
ROE	%	4.7	5.3	—	6.9	—	—

(Reference) Payout ratio based on profit distribution policy

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1	FY2019 Revised target
Payout ratio *2	%	30.4	30.4	31.1%	26.2	34.5	32.8

*2 Profit distribution policy: Dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses arising from business combination and the amortization of goodwill.

2. Net Sales and Operating Profit by Business Segment

>> Net sales

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1	FY2019 Revised target
Spice / Seasoning / Processed Food Business	Million yen	132,059	139,937	67,909	141,225	69,123	146,200
Health Food Business	Million yen	33,281	31,599	16,966	30,899	14,978	30,000
International Food Business	Million yen	20,111	22,855	12,233	26,317	14,162	30,300
Restaurant Business	Million yen	51,375	51,974	25,739	52,083	26,497	52,500
Other Food Related Business	Million yen	62,123	61,024	30,757	61,882	23,590	45,300
Adjustment	Million yen	-15,138	-15,492	-7,837	-15,710	-3,717	-7,300

>> Operating profit

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1	FY2019 Revised target
Spice / Seasoning / Processed Food Business	Million yen	9,885	12,081	5,539	12,669	5,890	13,300
Health Food Business	Million yen	1,334	907	1,104	1,421	495	1,200
International Food Business	Million yen	1,681	2,847	1,668	3,584	2,141	4,000
Restaurant Business	Million yen	-424	-406	-142	-561	507	-400
Other Food Related Business	Million yen	719	1,865	1,190	2,045	954	1,800
Adjustment	Million yen	-883	-1,008	-788	-1,599	-872	-1,400

(Reference) Operating profit before amortization of goodwill, etc. for Ichibanya Co., Ltd.

Restaurant Business	Million yen	4,594	4,612	2,367	4,457	3,016	4,618
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3. Net Sales by Geographical Area

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1
Japan	Million yen	254,188	257,218	127,635	258,565	124,615
East Asia	Million yen	12,114	14,202	7,193	14,841	7,534
Southeast Asia	Million yen	3,782	5,469	3,123	7,297	3,866
United States	Million yen	13,192	13,977	7,277	14,886	7,935
Other	Million yen	536	1,031	538	1,106	685

4. Content of Business Segments (As of September 30, 2019)

Business segments	Group company name
Spice / Seasoning / Processed Food Business	House Foods Corporation Gaban Co., Ltd. / Gaban Spice Manufacturing (M) SDN. BHD. Malony Co., Ltd. Sun House Foods Corporation / Sun Supply Corporation House Ai-Factory Corporation Asaoka Spice K.K.
Health Food Business	House Wellness Foods Corporation
International Food Business	House Foods Holding USA, Inc. / House Foods America Corporation / El Burrito Mexican Food Products Corporation House Foods China Inc. / Shanghai House Foods Co., Ltd. / Dalian House Foods Co., Ltd. / Zhejiang House Foods Co., Ltd. House Foods Vietnam Co., Ltd. House Osotspa Foods Co., Ltd. PT House And Vox Indonesia House Foodes Taiwan Corporation
Restaurant Business	Ichibanya Co., Ltd. Ichibanya USA, Inc. Ichibanya Restaurant Management (China) Co., Ltd. / House Restaurant Management (Beijing) Co., Ltd. Taiwan Ichibanya Inc. / Curry House Korea Corporation Ichibanya International Hong Kong Limited / Ichibanya Hong Kong Limited Ichibanya UK Limited
Other Food Related Business	Vox Trading Co., Ltd. Delica Chef Corporation House Logistics Service Corporation House Food Analytical Laboratory Inc. Tim Food Co., Ltd. / PT. Java Agritech
Other	House Foods Group Inc. / House Business Partners Corporation

5. Trends in Net Sales by Business Segment

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1
Spice / Seasoning / Processed Food Business						
House Foods Corporation	Million yen	125,902	129,615	63,065	130,222	64,284
Curry roux	Million yen	38,008	37,051	18,261	36,363	18,684
Stew roux	Million yen	12,583	13,105	4,389	12,336	4,406
Hashed beef sauce roux	Million yen	4,425	4,307	2,217	4,553	2,346
Spice	Million yen	17,827	18,656	9,616	18,899	9,831
Retort pouched curry	Million yen	13,823	15,259	8,078	15,871	8,111
Packaged noodles	Million yen	6,318	6,430	3,021	6,677	3,064
Snack	Million yen	5,523	6,782	3,321	6,749	3,636
Dessert	Million yen	3,138	3,265	1,857	3,528	1,748
Food service products	Million yen	16,838	17,373	8,728	17,444	8,734
Health Food Business						
Ukon No Chikara	Million yen	11,482	10,355	4,312	9,178	3,948
Mega Shaki	Million yen	2,465	2,230	1,111	2,024	1,029
C1000	Million yen	10,762	10,209	6,008	9,306	4,435
Ichinichibun No Vitamin	Million yen	2,952	3,725	2,607	4,564	2,123
International Food Business						
Business in the United States	Million yen	10,926	11,315	5,929	12,222	6,532
Business in China	Million yen	3,918	5,035	2,860	5,801	2,998
Business in ASEAN	Million yen	1,838	2,640	1,513	4,265	2,584
Restaurant Business						
Ichibanya Co., Ltd. (consolidated)	Million yen	44,893	49,472	24,801	50,215	25,680
Other Food Related Business						
House Logistics Service Corporation	Million yen	23,193	21,687	10,254	19,671	511
Delica Chef Corporation	Million yen	16,755	17,035	8,925	17,533	9,040
Vox Trading Co., Ltd.	Million yen	21,195	21,473	11,195	23,926	13,689

6. Number of Group Companies

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1
Consolidated subsidiaries	Companies	36	37	37	36	36
Japan	Companies	14	14	14	14	14
Overseas	Companies	22	23	23	22	22
Equity-method affiliate	Companies	4	4	4	4	4
Japan	Companies	2	2	2	2	2
Overseas	Companies	2	2	2	2	2

7. Change in Number of Consolidated Subsidiaries (FY2018 -> FY2019 H1)

Consolidated subsidiaries	Increase (0 companies)	Increase:
	Decrease (0 companies)	Decrease:
Equity-method affiliate	Increase (0 companies)	Increase:
	Decrease (0 companies)	Decrease:

8. Business Results of Major Subsidiaries

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1
House Foods Corporation						
Net sales	Million yen	125,902	129,615	63,065	130,222	64,284
Operating profit	Million yen	9,399	11,059	5,175	11,500	5,410
House Wellness Foods Corporation						
Net sales	Million yen	33,281	31,599	16,966	30,899	14,978
Operating profit	Million yen	1,329	909	1,103	1,419	492
House Foods America Corporation (Consolidated)						
Net sales	Million yen	12,572	12,776	6,654	13,606	7,132
Operating profit	Million yen	1,153	1,303	600	1,449	785
Ichibanya Co., Ltd. (Consolidated)						
Net sales	Million yen	44,893	49,472	24,801	50,215	25,680
Operating profit	Million yen	4,806	4,713	2,361	4,442	2,997

9. Number of Employees

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1
Number of employees * Excluding those on leave of absence and part-time workers	People	6,248	6,089	6,275	6,066	6,202

10. Capital Investment

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1	FY2019 Plan
Total	Million yen	8,178	10,699	4,922	11,864	9,676	21,000
Capital investment	Million yen	7,708	10,215	4,634	11,320	8,097	20,200
Leases	Million yen	470	484	288	544	1,579	800

11. Depreciation

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1	FY2019 Plan
Total	Million yen	9,691	9,456	4,627	9,661	4,878	10,800
Depreciation	Million yen	9,345	9,126	4,443	9,262	4,696	10,400
Lease payments	Million yen	346	330	184	398	182	400

12. Selling, General and Administrative Expenses

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1
Selling, general and administrative expenses	Million yen	111,875	113,112	55,978	114,068	56,355
Advertising expenses	Million yen	9,869	9,879	4,516	9,739	4,431
Transportation and warehousing expenses	Million yen	9,519	9,919	5,115	10,278	5,747
Sales commission	Million yen	2,455	2,480	806	1,669	826
Promotion expenses	Million yen	30,607	31,234	15,966	32,571	15,809
Personnel expenses	Million yen	29,278	29,694	14,704	29,614	14,461
Research and development expenses	Million yen	3,787	3,955	2,015	4,212	2,162
Amortization of goodwill	Million yen	3,578	3,564	1,710	3,420	1,709

13. Non-Operating Income (Expenses)

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1
Non-operating income	Million yen	2,607	2,296	1,325	2,566	1,562
Interest income	Million yen	395	328	152	329	166
Dividend income	Million yen	762	656	360	679	363
Share of profit of entities accounted for using equity method	Million yen	70	99	24	51	431
Foreign exchange gains	Million yen	238	—	235	154	—
Rental income from buildings	Million yen	758	762	382	757	378
Other	Million yen	384	451	173	597	225
Non-operating expenses	Million yen	969	1,376	474	1,026	678
Interest expenses	Million yen	87	90	40	80	35
Foreign exchange losses	Million yen	—	380	—	—	268
Rental expenses	Million yen	631	616	307	618	311
Other	Million yen	251	291	127	327	65

14. Extraordinary Income (Losses)

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1
Extraordinary income	Million yen	2,008	993	504	4,470	38
Gain on sales of non-current assets	Million yen	178	13	3	6	30
Reversal of allowance for doubtful accounts	Million yen	—	0	0	6	—
Gain on sales of investment securities	Million yen	147	765	376	4,284	—
Gain on bargain purchase	Million yen	1,018	57	—	—	—
Compensation income	Million yen	—	—	37	37	—
Gain on sales of restaurants	Million yen	147	144	84	129	9
Gain on step acquisitions	Million yen	448	—	—	—	—
Other	Million yen	70	13	4	9	0
Extraordinary losses	Million yen	1,488	1,186	331	1,273	682
Loss on sales of non-current assets	Million yen	10	19	5	23	0
Loss on retirement of non-current assets	Million yen	279	222	75	630	293
Loss on sales of membership	Million yen	—	—	—	—	—
Loss on sales of investment securities	Million yen	—	0	—	—	0
Loss on valuation of investment securities	Million yen	0	5	2	2	—
Loss on valuation of membership	Million yen	11	0	—	7	—
Impairment loss	Million yen	1,138	774	241	579	114
Loss on change in equity	Million yen	—	—	—	—	212
Loss on sale of businesses	Million yen	—	—	—	—	42
Other	Million yen	50	166	9	32	21

15. Foreign Exchange Rates

		FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Full year	FY2019 H1	FY2019 Revised target
United States	USD	116.49	113.00	108.50	110.36	109.97	109.97
China	CNY	16.76	17.29	17.01	16.64	16.23	16.23
Taiwan	TWD	3.61	3.79	3.66	3.66	3.55	3.55
South Korea	KRW	0.0968	0.1062	0.1005	0.1004	0.0962	0.0962
Thailand	THB	3.24	3.45	3.41	3.41	3.48	3.48
Vietnam	VND	0.00512	0.00498	0.00476	0.00479	0.00473	0.00473

Reference 1: Domestic Market Size (survey by House Foods Corporation)

		2014	2015	2016	2017	2018
Curry roux	Billion yen	48.5	51.9	50.3	47.4	45.0
Stew roux	Billion yen	18.1	18.7	18.0	18.1	17.0
Hashed beef sauce roux	Billion yen	6.1	6.5	6.3	6.1	6.0
Retort pouched curry	Billion yen	50.8	51.6	53.9	55.9	58.1
Spice	Billion yen	67.4	69.1	70.3	71.5	73.8

Reference 2: Schedule of Amortization of Goodwill, etc. for Ichibanya Co., Ltd.

	Amortization period	Amount (million yen)	FY2017 (million yen)	FY2018 (million yen)	FY2019 (million yen)	FY2020 (million yen)	FY2021 (million yen)	FY2022 (million yen)
Total amortization of goodwill, etc.	—	72,744	5,018	5,018	5,018	4,164	1,601	1,601
Goodwill	5 years	17,083	3,417	3,417	3,417	2,562	—	—
Trademark right	42 years	26,666	635	635	635	635	635	635
Contract-related intangible assets	30 years	28,995	967	967	967	967	967	967

* Amortization began in the fourth quarter of FY2015.