



## Q2 FY2018-19 Financial Results Briefing

(Supplementary Explanation Material for Financial Results  
2<sup>nd</sup> Quarter of Fiscal Year Ending 31 March, 2019)

- **Q2 FY2018-19 Financial Results**
  - **Consolidated P&L**
  - **Revenue by Segment**
  - **Income by Segment**
  - **Year-Over-Year of Existing Stores**
  - **Consolidated Balance Sheet**
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# FY2018-19 Results of 2<sup>nd</sup> Quarter



Hiroshima, Japan  
IPPUDO ekie Hiroshima Store  
September, 2018

# Consolidated P&L



Unit: Million Yen

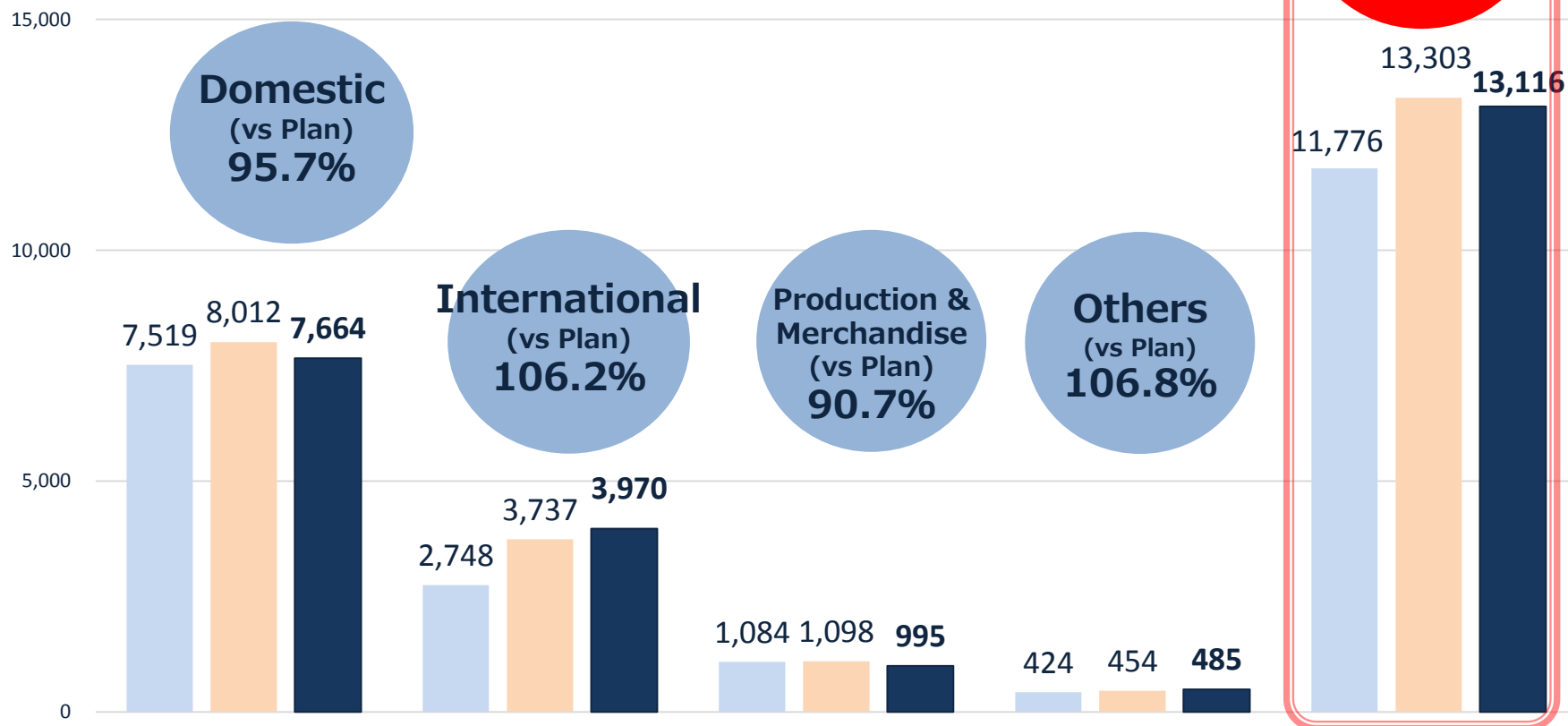
	<b>Current FY Q2 Result</b>	<b>Current FY Q2 Plan (May 10)</b>	<b>Previous FY Q2 Result</b>	<b>Vs Plan (May 10)</b>	<b>Vs Previous FY</b>
Revenue	<b>13,116</b>	<b>13,303</b>	<b>11,776</b>	-1.4%	<b>+11.4%</b>
Gross Margin	<b>9,437</b>	-	<b>8,385</b>	-	<b>+12.5%</b>
SG&A Expenses	<b>9,044</b>	-	<b>8,019</b>	-	<b>+12.8%</b>
Operating Income	<b>393</b>	<b>438</b>	<b>366</b>	-10.2%	<b>+7.4%</b>
Ordinary Income	<b>410</b>	<b>421</b>	<b>409</b>	-2.6%	<b>+0.2%</b>
Pre-Tax Income	<b>399</b>	-	<b>413</b>	-	<b>-3.4%</b>
Profit Attributable to the Company	<b>384</b>	<b>361</b>	<b>362</b>	+6.3%	<b>+6.0%</b>

**Despite the shortfall against the plan, revenue and income both improved compared to the previous year**

# Revenue by Segment

- Previous Fiscal Year (2017-18)
- Plan (Announced May 10, 2018)
- Current Fiscal Year (2018-19)

Unit: Million Yen



**Domestic slightly below plan, whereas International exceeds. Consolidated results roughly in line with the plan. Revenue increase from the previous year by more than 10%.**



## ◆ Domestic Operations

- New stores opened on schedule
- Strengthening of store-level labor and renovation during Q1 and Q2 to increase the number of seats had positive effect on the existing store sales
- The 33<sup>rd</sup> anniversary in October to trigger improved store visits at existing stores, and to re-enforce store performance

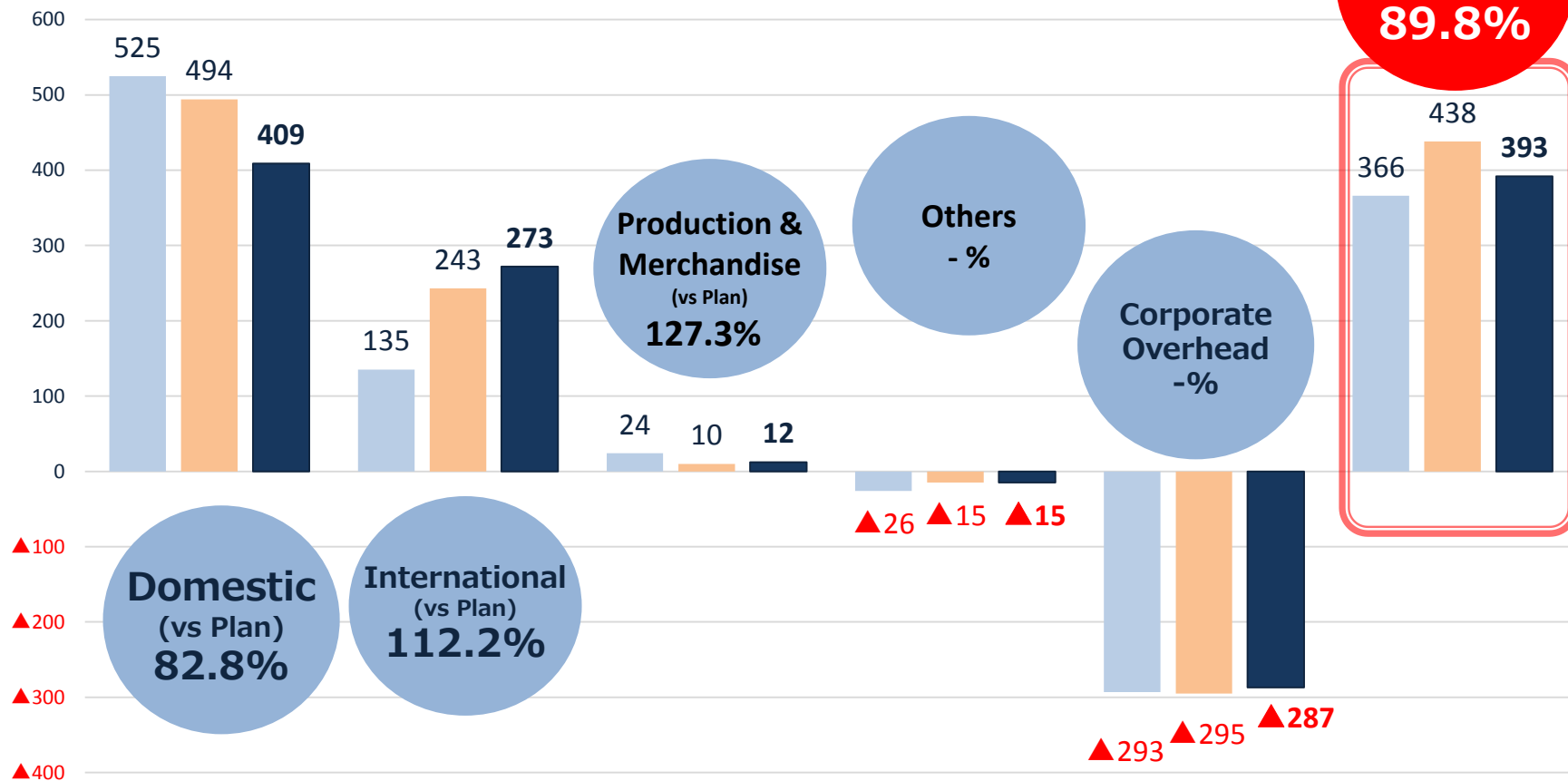
## ◆ International Operations

- All areas showing signs of solid growth especially for existing stores
- Some delays on new store openings in company-owned territories but expected to recover in Q3 and Q4
- Licensed areas opening more stores than planned

# Income by Segment

Unit: Million Yen

- Previous Fiscal Year (2017-18)
- Plan (Announced May 10, 2018)
- Current Fiscal Year (2018-19)



**Despite significant increase from International segment, consolidated income fell slightly short (90%)**



## ◆ Domestic Operations

- Closure of non-performing stores and re-planning of new stores. Impairment charges booked (total 8 stores during Q1+Q2)
- Store margin improving helped by staff retention rate and store level operation
- Continuing logistics restructuring

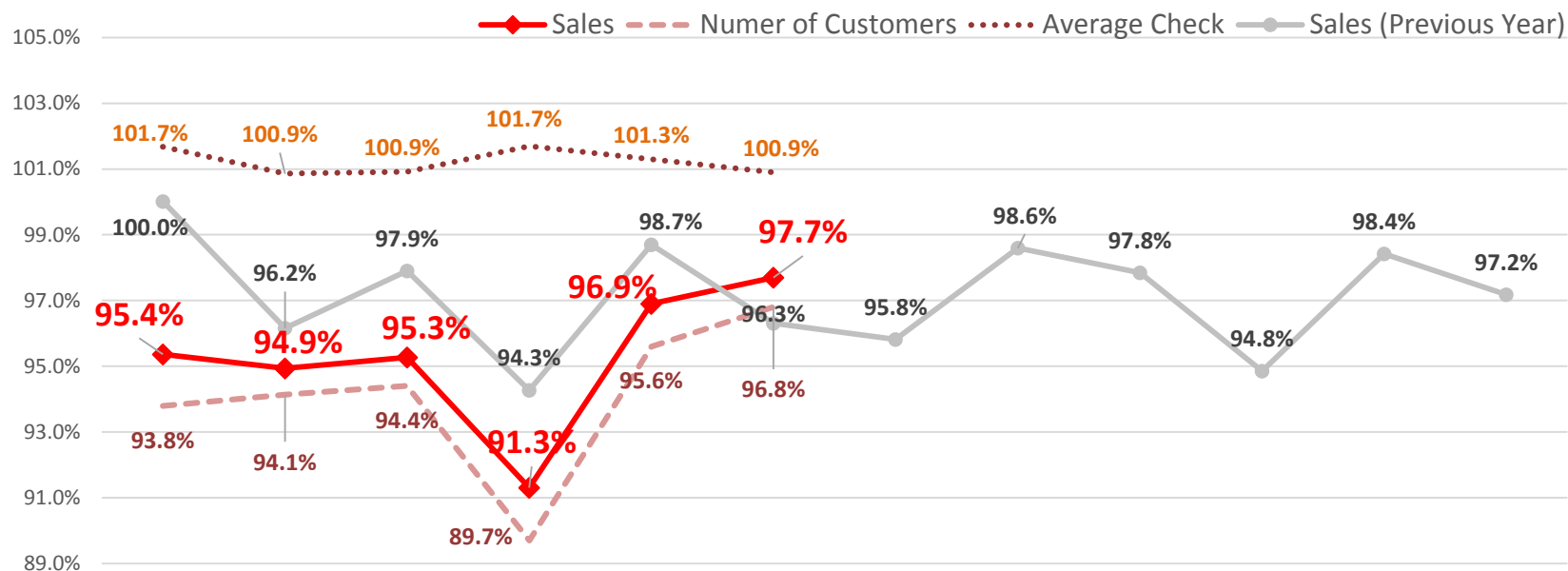
## ◆ International Operations

- Delayed opening of 3 stores in the West Coast of the USA, led to loss of revenue and pre-opening expenses of roughly JPY100 million. This was off-set by improved profitability in other areas
- Growth rate of 101.9% compared to the previous year, maintaining high rate of growth.

# <Domestic> Year-Over-Year of Existing Stores Compared to the Previous Fiscal Year



## □ FY2018-19 Year-Over-Year of Sales/Number of Customers/Average Check



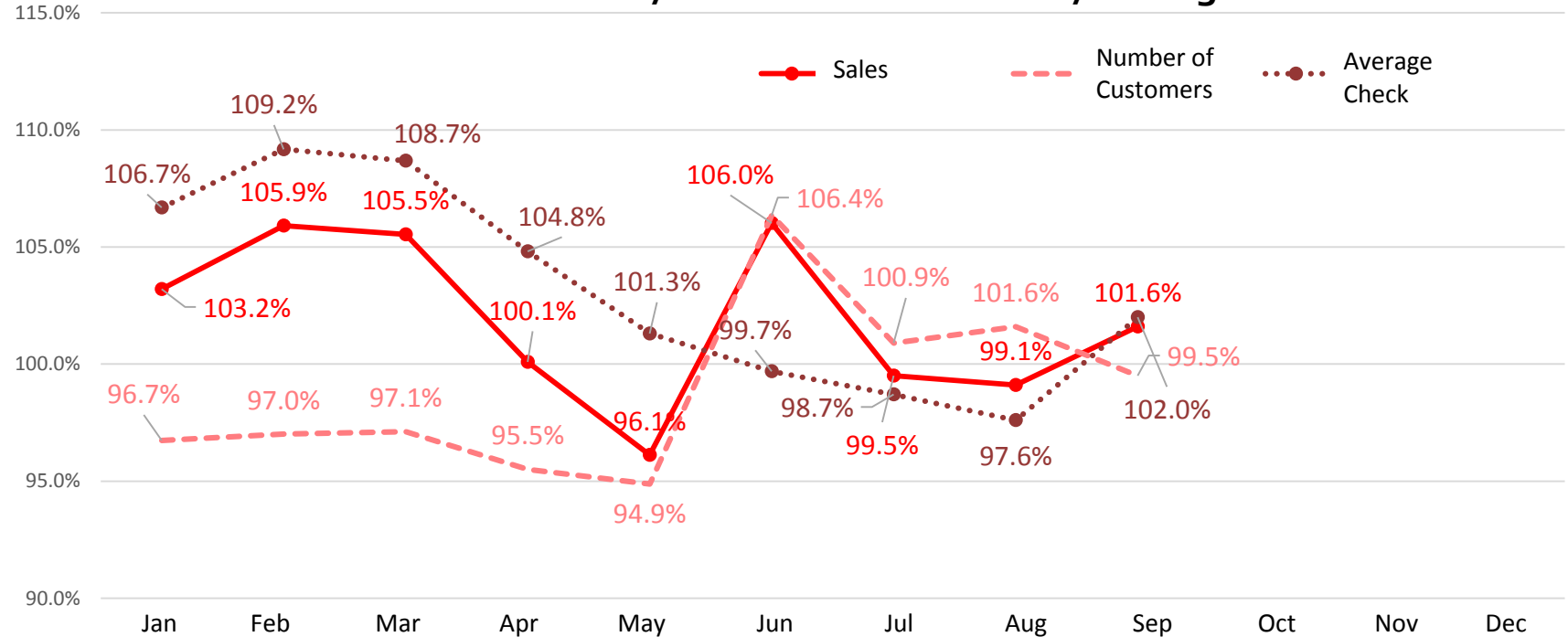
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
<b>Sales</b>	95.4%	94.9%	95.3%	91.3%	96.9%	97.7%							95.2%
<b>Number of Customers</b>	93.8%	94.1%	94.4%	89.7%	95.6%	96.8%							94.1%
<b>Average Check</b>	101.7%	100.9%	100.9%	101.7%	101.3%	100.9%							101.2%

**Allotment, training of store staff, and increased number of seats resulted in improved customer count**

# <International> Year-Over-Year of Existing Stores Compared to the Previous Fiscal Year



## 2018-19 Year-Over-Year of Sales/Number of Customers/Average Check



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Sales</b>	103.2%	105.9%	105.5%	100.1%	96.1%	106.0%	99.5%	99.1%	101.6%				101.8%
<b>Number of Customers</b>	96.7%	97.0%	97.1%	95.5%	94.9%	106.4%	100.9%	101.6%	99.5%				98.9%
<b>Average Check</b>	106.7%	109.2%	108.7%	104.8%	101.3%	99.7%	98.7%	97.6%	102.0%				103.0%

**All the regions are showing positive growth, and with new stores opening, became a driving force for group's overall performance.**

# Consolidated Balance Sheet



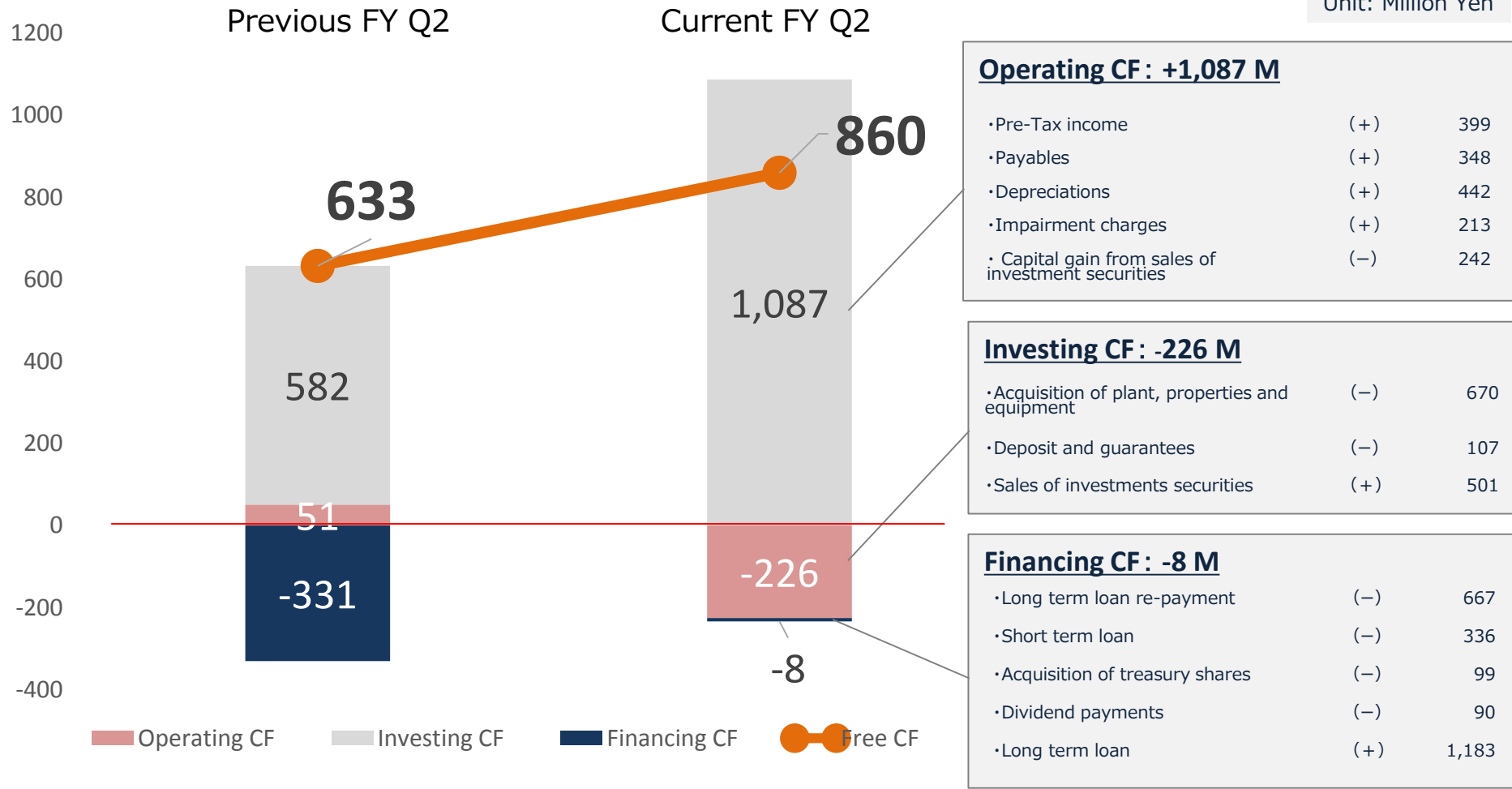
CHIKARANOMOTO

	End of March 2018	End of September 2018	Unit: Million Yen	Assets
			GAP	
Current Assets (cash and deposits)	4,981 (3,064)	5,787 (3,971)	+806 (+907)	<ul style="list-style-type: none"> <li>Cash &amp; deposits +907</li> <li>Leas &amp; guarantee deposits +60</li> <li>Deferred tax assets +96</li> <li>Divesture of investment securities -418</li> </ul>
Tangible Fixed Assets	7,016	7,051	+35	<ul style="list-style-type: none"> <li>Interest-bearing loans +176</li> <li>Accounts payable +454</li> <li>Asset retirement obligations +86</li> </ul>
Intangible Fixed assets	155	207	+52	
Investments & Others	3,147	2,886	-266	
Non-Current Assets	10,319	10,146	-178	<ul style="list-style-type: none"> <li>Retained earnings +384</li> <li>Treasury share -99</li> <li>Valuation of securities -168</li> <li>Dividends payment from retained earnings -93</li> <li>Foreign-exchange adjustment -81</li> <li>Minority Interest -47</li> </ul>
Total Assets	15,300	15,933	+632	
Total Liabilities	10,580	11,296	+716	
Equity	3,642	3,856	+214	
Accumulated Other Comprehensive Income	606	356	-249	
Non-controlling interest	471	423	-47	
Total Net Assets	4,720	4,637	-83	
Total Liabilities and Net Assets	15,300	15,933	+632	

**Equity ratio 26.4% (End of FY2018 27.8%)**

# Consolidated Cash Flow

Unit: Million Yen



**Compared to the previous year  
Free Cash Flow increased by 35.8%**

# Number of stores (Q2 results / Plan)

## Domestic

FY 2018-19 new stores Up to Q2	FY 2018-19 Total planned new stores
<b>11</b>	<b>22</b>

## International

FY 2018-19 New stores Up to Q2	FY 2018-19 Total planed new stores
<b>13</b>	<b>33</b>

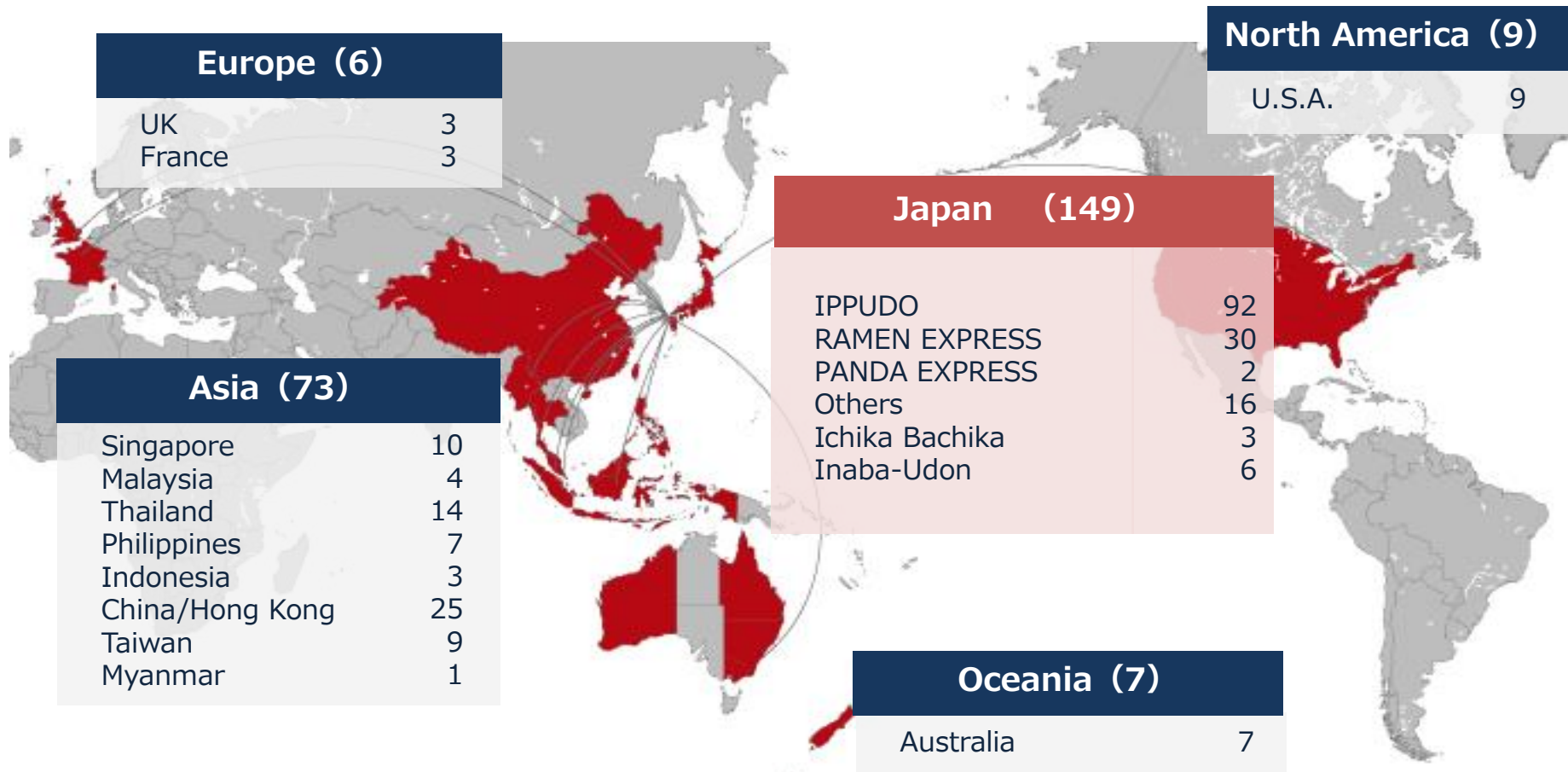
**Domestic stores opened as scheduled.  
Despite delays in fully owned international areas, licensed stores exceeded the target.**

(as of Sept, 2018)

## 244 stores in 13 countries and regions

(+20 stores since end of previous FY)

Domestic 149, International 95





# Other Key Topics



Bangkok, Thailand  
TPPUDO Don Mueang Airport Store  
August, 2018

# New Store Openings



2018	July	August	Sept.
<b>Domestic</b> <b>(4 Stores)</b>	IPPUDO Narita International Airport Store  IPPUDO Toyohashi Store		IPPUDO ekie Hiroshima Store  RAMEN EXPRESS Hakata Ippudo LaLaport NAGOYA minato AQUUS Store
<b>Inter-national</b> <b>(9 Stores)</b>	Gurney Plaza Store, Malaysia  Vertis North Store, Philippines  Rockwell Store, Philippines	Central Rama IX Store, Thailand  Don Mueang Airport Store, Thailand  SHOWTIME Wenxin Store, Taiwan  The Mall Bangkae Store, Thailand	Shenzhen SCP World Plaza Store, China  Central World Store, Thailand

# Mid-term dividends

	Declared dividends	Projected dividends (end of the fiscal year)	Total for the fiscal year
Record date	30 September, 2018	31 March, 2019	—
Dividend per share	4.00 yen	4.00 yen	8.00 yen
Total amount of dividend payments	93 million yen	—	—
Effective date	4 December 2018	—	—

**Mid-term dividend of 4.00 yen per share, end-of-term dividend forecast of 4.00 yen per share. Dividend payout ratio of 28.00% (as per revised plan)**



# IPUUDO 33<sup>rd</sup> Anniversary, October 16



**33 stores offered bowls of ramen free-of-charge. Internationally, many stores offered some form of gratitude towards our customers.**

## Change of representative director of Chikaranomoto Company, operating company of domestic IPPUDO stores (effective 1 January, 2019)

The representative director of Chikaranomoto Holdings, Shigemi Kawahara, the founder of IPPUDO, will be entitled to directly manage the operating company to achieve faster and more customer oriented decisions.

## Cancellation of establishment of a joint venture company

Cancellation of forming of a joint venture with “Ore Company” which operates “Yamamoto no Hamburg restaurants”



## Resolved focus on IPPUDO business



# FY 2018-19 Plan (Revised)



Narita, Chiba  
IPPUDO Narita International Airport Store  
July, 2018

# FY 2018-19 Revised Plan (Consolidated Profit and Loss)

Unit: Million Yen

	Current FY Original Plan (May 10)	Current FY Revised Plan (Sept 14)	Previous FY Result	Revised Plan	
				Vs Original Plan	Vs Previous FY
Revenue	28,077	27,243	24,451	-3.0%	+11.4%
Operating Income	1,150	1,012	905	-12.0%	+11.8%
Ordinary Income	1,100	985	872	-10.4%	+13.0%
Income attributable to the Company	740	668	634	-9.7%	+5.3%

**Revised forecast for existing store sales from 100% to 97%  
(September 14, 2018)**



# FY2018-19 Plan (Revenue)

■ Previous Fiscal Year (2017-2018)

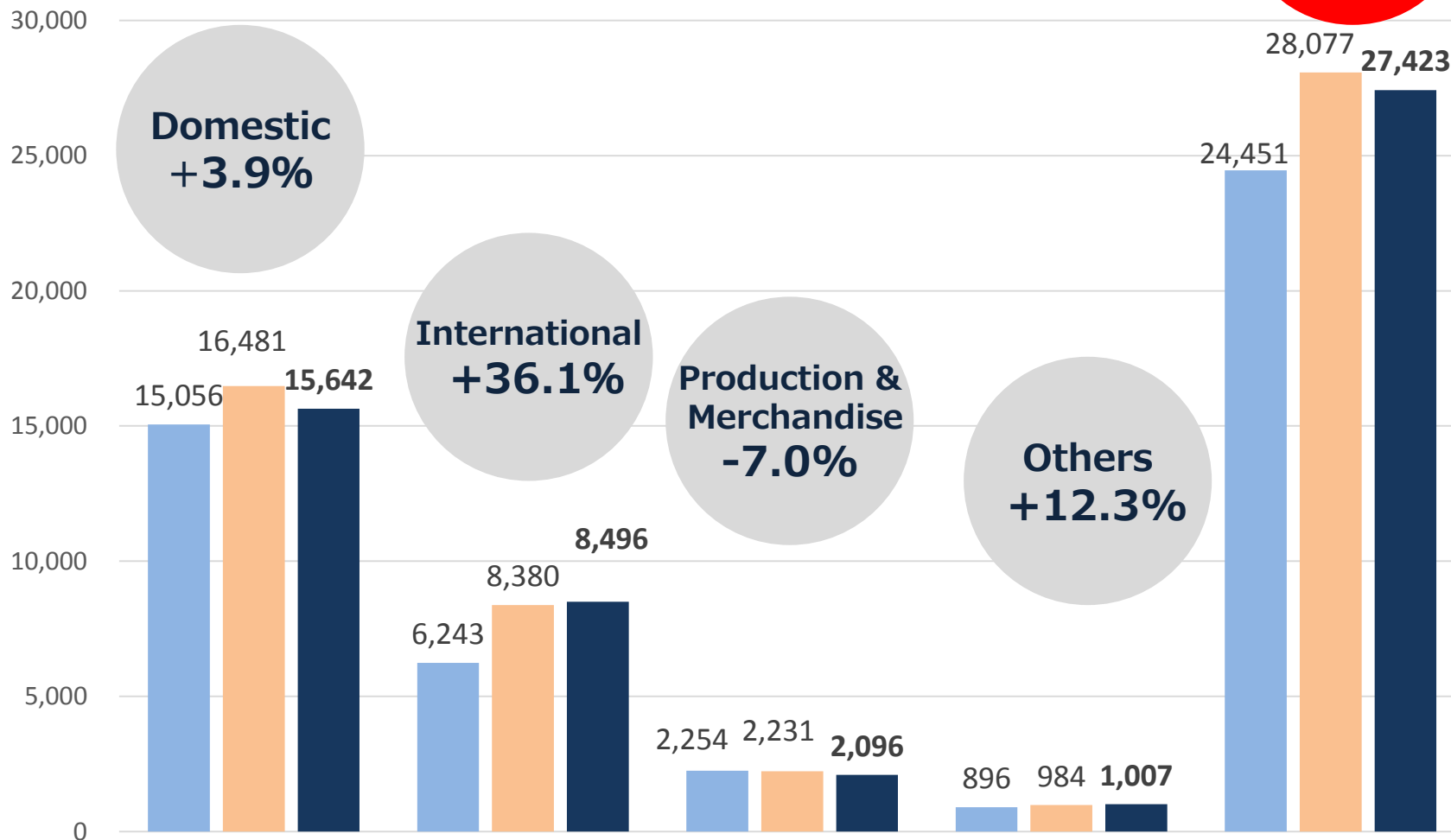
■ Plan (Announced May 10, 2018)

■ Revised Plan (Announced Sept 14, 2018)

Unit : Million Yen

%: Previous FY vs Revised Plan

**Consolidated  
+11.4%**



# FY2019 Plan (Income by Segment)



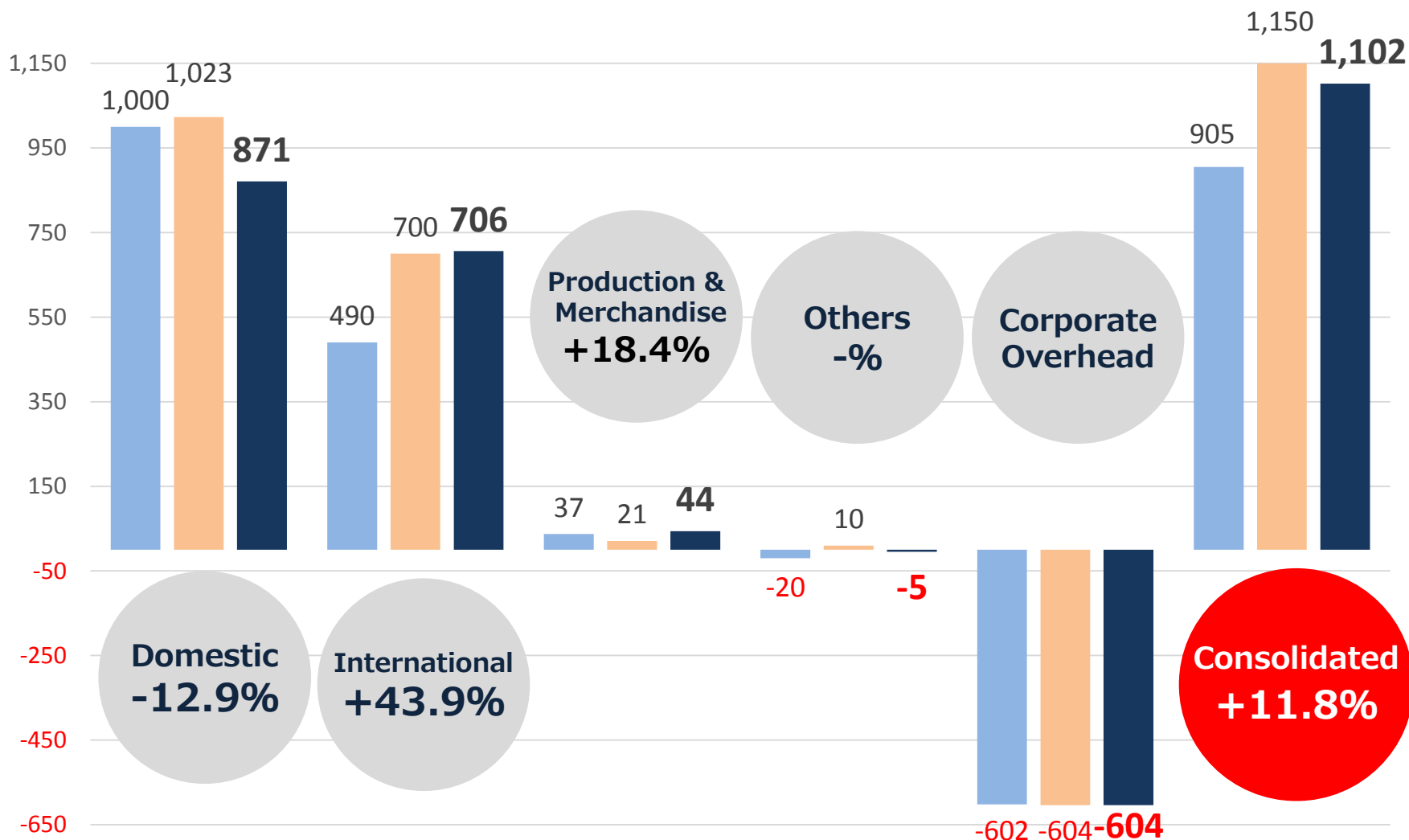
■ Previous Fiscal Year (2017-2018)

■ Plan (Announced May 10, 2018)

■ Revised Plan (Announced Sept 14, 2018)

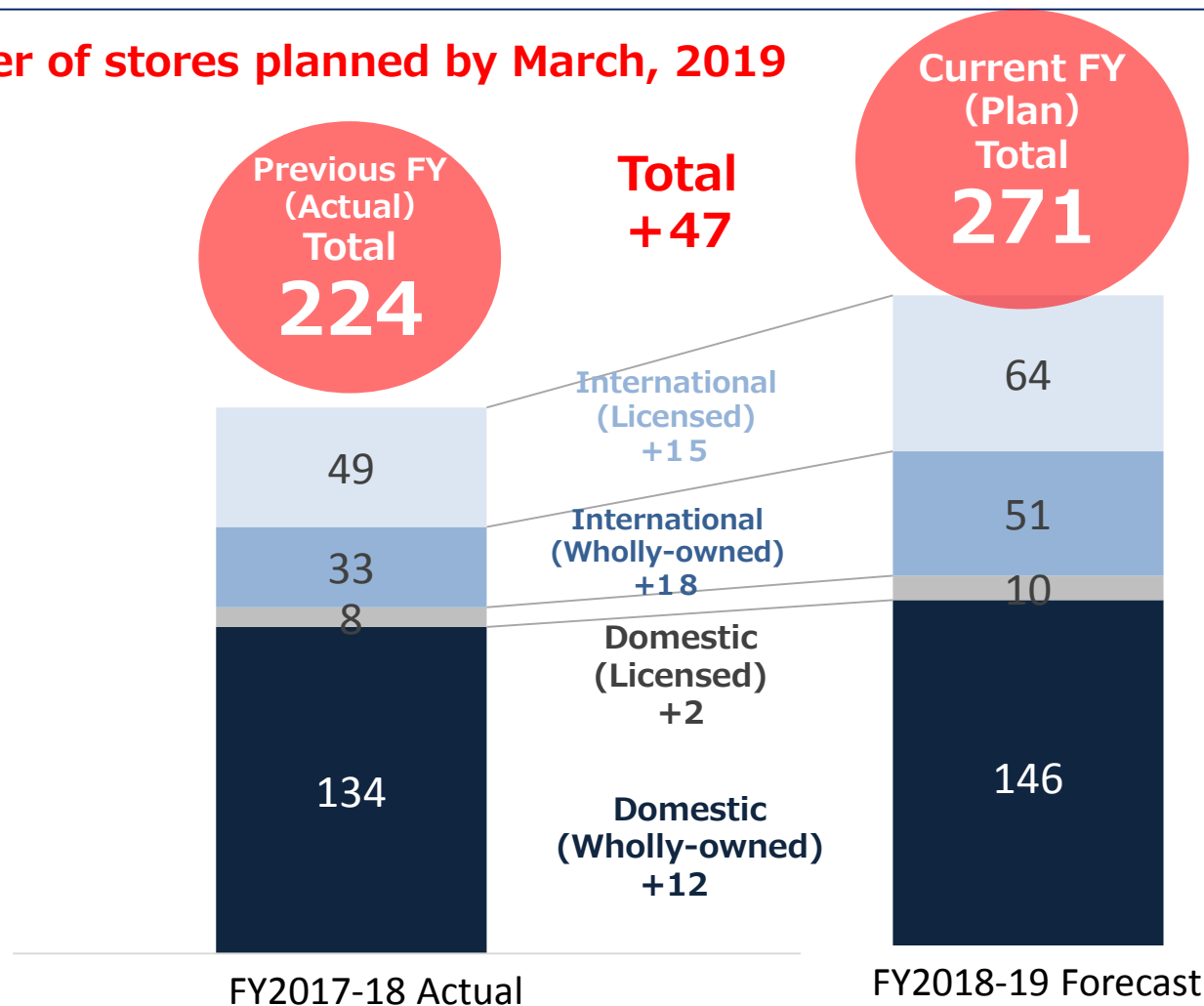
Unit : Million Yen

%: Previous FY vs Revised Plan



# FY2018-19 Plan (Store Count)

## Number of stores planned by March, 2019



**Net increase of 47 stores overall, 271 in total**  
**Japan: 14 net increase (22 new stores (21 owned, 1 licensed) 8 closure/transfer)**  
**International: 33 net increase (all new stores (18 owned, 15 license, no closures))**

# RAMEN IPPUDO

## Appendix



Bangkok, Thailand  
IPPUDO The Mall Bangkae Store  
August, 2018

■ Vision ■

***Keep Changing  
to Remain  
Unchanged***



■ Founding philosophy ■

***We aspire to be a group of people continuously creating new values. We will communicate those values to the whole world through Smile and Arigatou, the highest forms of human communication.***

## Chikaranomoto Holdings Co., Ltd. 【Ticker #: 3561】

- Address Qiz TENJIN 801B, 1-14-45, Daimyo, Chuo ward, Fukuoka city, Fukuoka, Japan
- Date of Establishment 30<sup>th</sup> October, 1986
- Capital Stock 1,250,180,000 JPY (The number of issued shares : 23,476,400 shares)
- Fiscal Term March
- Number of Employee 70 (consolidation 611) ※Excluding temporary employee
- List of Directors
  - Representative Director, Chairman and President Shigemi Kawahara
  - Managing Director and CFO Shinichi Kasuya
  - Director Toshiyuki Kiyomiya
  - Director Yoshiharu Harada
  - Director Hidehiko Nishihama
  - Director (Independent) Katsushi Kaneko
  - Director (Audit Committee) Yasuyoshi Suzuki
  - Director (Audit Committee, Independent) Tetsuya Tsuji
  - Director (Audit Committee, Independent) Shinji Tanabe

As of September, 2018



# Signature Products

原点の一杯  
白丸元味



## *Shiromaru Classic*

Keeping in line with the founding recipe, the *Classic* soup is cooked for over 18 hours and a day of maturation, silky yet high in flavors and fragrance. Ultra-thin noodles, typical of Hakata, accentuates this IPPUDO product.

革新の一杯  
赤丸新味



## *Akamaru Modern*

A modern take on the *Classic*, *Akamaru* adds a slightly spicy *Miso* paste and fragrant oil, to give the senses a gentle kick. Slightly thicker noodles match perfectly with a bowl full of flavors.

刺激の一杯  
風堂から麺



## *Karaka*

Based on the same silky *Tonkotsu* soup, it comes with bold spices such as *Tobanjan*, *Tenmenjan* and *Sansho* peppers. Finished with *Rayu* spicy oil, this one is not for the faint-hearted.

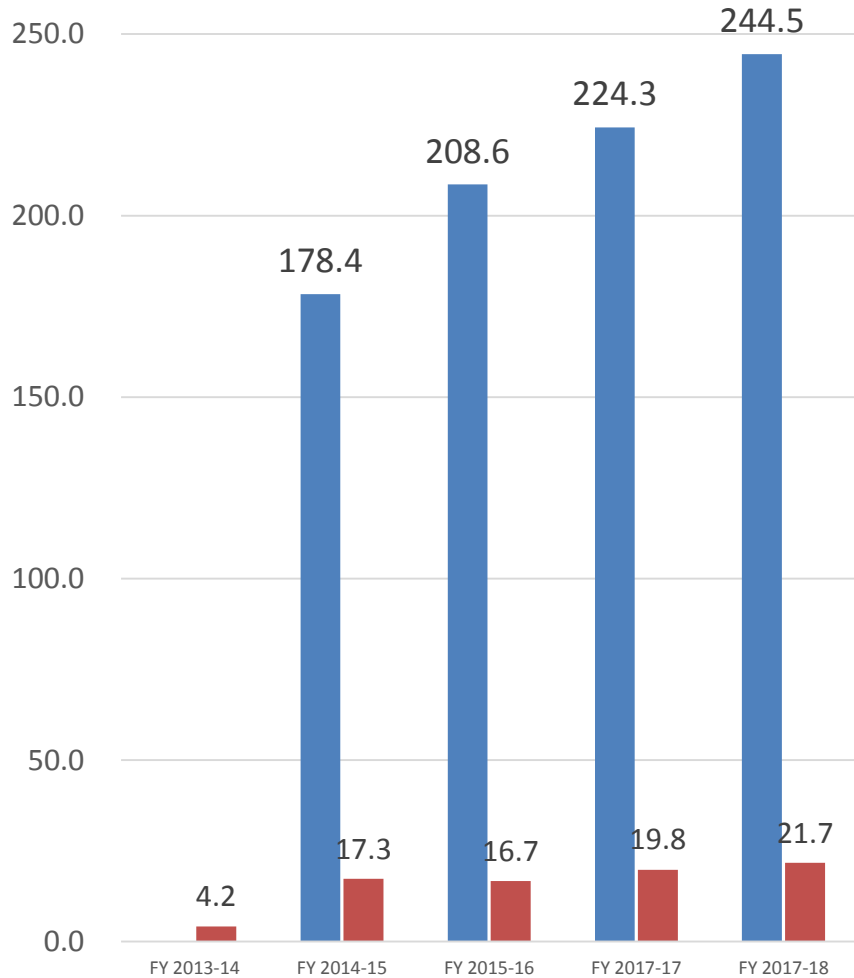


# Historical Performance

## Consolidated Revenue

■ Consolidated  
■ Non-Consolidated

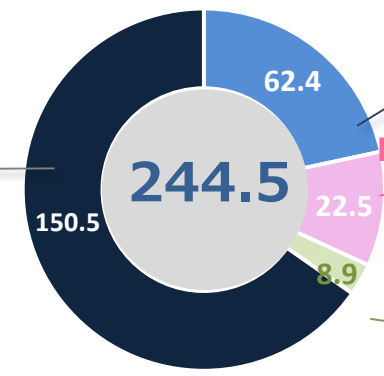
(\* in 100 million JPY)



FY Ending March, 2018  
**244.5**

## Revenue by Segments

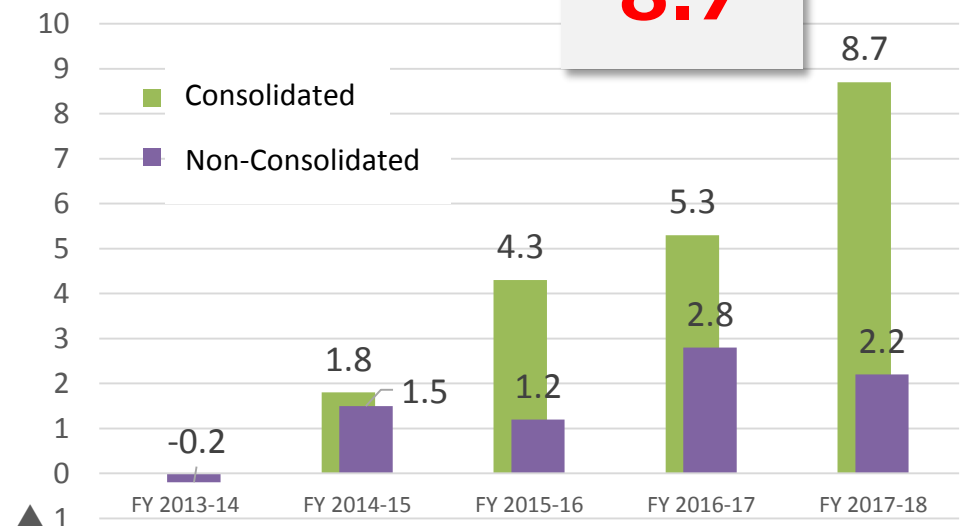
Domestic  
**61.6%**



International  
**25.5%**

## Ordinary Income

■ Consolidated  
■ Non-Consolidated



FY Ending March, 2018  
**8.7**

## 【 Our vision 】

Keep Changing to Remain Unchanged

## 【 Our mission 】

Japanese Wonder To The World

**Domestic 300 stores**  
**International 300 stores**



**2018.3**

**Tokyo Stock Exchange 1<sup>st</sup> Section**

**2017.3**

Listed on the Tokyo Stock Exchange  
MOTHERS section

**2016.2**

IPPUDO Paris  
the 1<sup>st</sup> store in France

**2015.10**

30 years anniversary event

**2014.10**

IPPUDO London, the 1<sup>st</sup> store in Europe

**2009.5**

IPPUDO Singapore, the 1<sup>st</sup> store in Asia

**2008.3**

IPPUDO New York, the 1<sup>st</sup> store in overseas

**1997.1**

Achieved 3 straight championships as Ramen cook on TV show  
“TV Champion”

**1995.4**

IPPUDO Ebisu, the 1<sup>st</sup> store in Tokyo

**1994.3**

Opened a store in Ramen Museum in Yokohama.

**1985.10.16**

**IPPUDO Daimyo. The original restaurant in Fukuoka.**

**1979.11**

Opened a bar “After the Rain” in Fukuoka

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