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FY2014 1st Quarter Supplementary Material for Financial Results

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DyDo DRINCO, Incorporated

May 26, 2014

1. Consolidated Income Statements

■Results

Units: millions of yen

	FY2013 1st quarter results	FY2014 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	30,160	30,083	(0.3%)	(76)	
OEM Beverage Production Division	2,749	2,724	(0.9%)	(25)	
Food Production and Sales Division	2,646	2,756	4.2%	110	
Adjustment figure (company-wide / elimination)	(149)	(163)	-	(13)	
Net sales	**35,407**	**35,401**	**(0.0%)**	**(5)**	
Beverage Sales Division	63	200	214.2%	136	
OEM Beverage Production Division	355	398	11.9%	42	
Food Production and Sales Division	(49)	(78)	-	(29)	
Adjustment figure (company-wide / elimination)	1	(2)	-	(4)	
Operating income	**372**	**518**	**39.2%**	**145**	
Non-operating income or expenses	51	(36)	-	(88)	
Ordinary income	**424**	**481**	**13.6%**	**57**	
Extraordinary income or expenses	-	-	-	-	
Income before taxes	**424**	**481**	**13.6%**	**57**	
Income taxes, etc.	295	451	52.8%	155	
Minority interests	50	26	(48.6%)	(24)	
Net income	**78**	**4**	**(94.0%)**	**(73)**	

■Full year forecast

Units: millions of yen

	FY2013 Results	FY2014 Forecast	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	130,400	130,700	0.2%	299	
OEM Beverage Production Division	10,857	10,200	(6.1%)	(657)	
Food Production and Sales Division	14,299	15,000	4.9%	700	
Adjustment figure (company-wide / elimination)	(728)	(900)	-	(171)	
Net sales	**154,828**	**155,000**	**0.1%**	**171**	
Beverage Sales Division	4,578	4,100	(10.5%)	(478)	
OEM Beverage Production Division	1,227	930	(24.2%)	(297)	
Food Production and Sales Division	205	210	2.4%	5	
Adjustment figure (company-wide / elimination)	(6)	(40)	-	(33)	
Operating income	**6,004**	**5,200**	**(13.4%)**	**(804)**	
Non-operating income or expenses	(41)	(200)	-	(158)	
Ordinary income	**5,962**	**5,000**	**(16.1%)**	**(962)**	
Extraordinary income or expenses	-	-	-	-	
Income before taxes	**5,962**	**5,000**	**(16.1%)**	**(962)**	
Net income	**3,712**	**3,000**	**(19.2%)**	**(712)**	

2. Consolidated Balance Sheets

■Results

Units: millions of yen

	FY2013	FY2014	Year on year		Comment
	End of term results	1st quarter results	Difference (%)	Difference (amount)	
Cash and cash equivalent	33,498	36,539	9.1%	3,041	
Notes receivable and accounts receivable	14,474	17,042	17.7%	2,568	
Securities	24,425	21,765	(10.9%)	(2,659)	
Inventories	6,270	8,371	33.5%	2,100	
Other	2,835	2,750	(3.0%)	(85)	
Current assets	81,503	86,469	6.1%	4,965	
Tools, equipment and machinery (net amount)	17,426	19,346	11.0%	1,919	
Lease assets	7,368	6,875	(6.7%)	(492)	Shift to own-company purchasing of vending machines
Other (net amount)	9,667	9,602	(0.7%)	(64)	
Tangible fixed assets	34,461	35,823	4.0%	1,361	
Intangible fixed assets	11,709	11,668	(0.4%)	(41)	
Investment securities	12,563	10,850	(13.6%)	(1,712)	
Other	6,241	5,960	(4.5%)	(280)	
Investments and other assets	18,805	16,811	(10.6%)	(1,993)	
Fixed assets	64,976	64,303	(1.0%)	(672)	
Assets total	146,479	150,773	2.9%	4,293	

	FY2013	FY2014	Year on year		Comment
	End of term results	1st quarter results	Difference (%)	Difference (amount)	
Notes payable and accounts payable	16,514	18,368	11.2%	1,854	
Short term loans	4,693	5,459	16.3%	766	
Short term lease obligations	4,124	3,676	(10.9%)	(448)	
Accounts payable	11,298	15,281	35.3%	3,983	
Accrued income taxes	1,826	347	(81.0%)	(1,479)	
Accrued expenses	2,012	1,576	(21.7%)	(435)	
Accrued bonuses	1,032	1,725	67.1%	693	
Other	1,120	713	(36.3%)	(406)	
Current liabilities	42,623	47,149	10.6%	4,525	
Long term loans	12,820	14,130	10.2%	1,310	
Long term lease obligations	3,115	2,859	(8.2%)	(256)	
Other	5,365	4,833	(9.9%)	(531)	
Fixed liabilities	21,302	21,823	2.4%	521	
Liabilities total	63,925	68,973	7.9%	5,047	
Capital stock	1,924	1,924	0.0%	-	
Capital surplus	1,464	1,464	0.0%	-	
Retained earnings	76,472	75,979	(0.6%)	(492)	
Treasury stock	(4)	(4)	-	-	
Shareholders equity total	79,856	79,364	(0.6%)	(492)	
Total other comprehensive income	866	631	(27.1%)	(234)	
Minority interests	1,831	1,804	(1.5%)	(27)	
Net assets total	82,554	81,799	(0.9%)	(754)	
Liabilities / net assets total	146,479	150,773	2.9%	4,293	

3. Details on Sales Increase/Decrease

■Sales results by sectors

Units: millions of yen

	FY2013	FY2014	Year on year		Comment
	1st quarter results	1st quarter results	Difference (%)	Difference (amount)	
Coffee beverages	18,129	18,492	2.0%	363	Bottled coffee performing well
Tea-flavored beverages	4,478	4,097	(8.5%)	(380)	Black tea-flavored beverages faring poorly
Fruit beverages	2,056	1,788	(13.0%)	(268)	Staggering of release dates for renewal products
Carbonated beverages	2,085	2,178	4.5%	93	
Mineral water types	655	849	29.6%	194	Renewal of miu performing well
Functional beverages	471	419	(11.0%)	(51)	
Drinkable preparations	428	409	(4.4%)	(19)	
Other beverages	1,854	1,847	(0.4%)	(7)	
Total of Beverage Sales Division	**30,160**	**30,083**	**(0.3%)**	**(76)**	
Total of OEM Beverage Production Division	**2,609**	**2,575**	**(1.3%)**	**(33)**	
Total of Food Production and Sales Division	**2,637**	**2,742**	**4.0%**	**104**	
Total	**35,407**	**35,401**	**(0.0%)**	**(5)**	

■Sales results by channels

Units: millions of yen

	FY2013	FY2014	Year on year		Comment
	1st quarter results	1st quarter results	Difference (%)	Difference (amount)	
Vending machine channels	25,756	25,529	(0.9%)	(227)	
Other	4,403	4,554	3.4%	151	
Total of Beverage Sales Division	**30,160**	**30,083**	**(0.3%)**	**(76)**	

4. Volume of Sales Results

■Results for volume of sales by sectors

Units: 1000s of cases

	FY2013	FY2014	Year on year		Comment
	1st quarter results	1st quarter results	Difference (%)	Difference (amount)	
Coffee beverages	8,042	8,326	3.5%	283	
Tea-flavored beverages	2,214	2,015	(9.0%)	(198)	
Fruit beverages	1,033	870	(15.8%)	(163)	
Carbonated beverages	1,165	1,235	5.9%	69	
Mineral water types	343	466	36.0%	123	
Functional beverages	225	200	(11.3%)	(25)	
Drinkable preparations	102	100	(2.0%)	(2)	
Other beverages	630	600	(4.7%)	(29)	
DyDo DRINCO (non-consolidated) total	**13,758**	**13,815**	**0.4%**	**57**	

■Results for volume of sales by channels

Units: 1000s of cases

	FY2013	FY2014	Year on year		Comment
	1st quarter results	1st quarter results	Difference (%)	Difference (amount)	
Vending machine channels	11,730	11,698	(0.3%)	(32)	
Other	2,027	2,116	4.4%	89	
DyDo DRINCO (non-consolidated) total	**13,758**	**13,815**	**0.4%**	**57**	

5. Consolidated Highlights

Units: millions of yen

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013
Net sales	151,048	151,369	147,404	148,902	154,828
Cost of sales	70,981	68,927	67,284	67,976	70,553
Cost of sales ratio (%)	47.0	45.5	45.6	45.7	45.6
Gross profit margin (%)	53.0	54.5	54.4	54.3	54.4
SG&A expenses to net sales (%)	49.0	50.2	49.5	49.0	50.6
Operating income	6,060	6,539	7,295	7,934	6,004
Operating margin (%)	4.0	4.3	4.9	5.3	3.9
Ordinary income	5,518	5,809	6,687	7,725	5,962
Ordinary margin (%)	3.7	3.8	4.5	5.2	3.9
Net income	705	2,691	2,351	4,410	3,712
Profit margin on net sales (%)	0.5	1.8	1.6	3.0	2.4
Earnings per share (yen)	42.61	162.45	141.91	266.22	224.08
Cash flow from operating activities	19,650	14,911	17,540	16,491	14,764
Cash flow from investing activities	(8,390)	(3,252)	(8,274)	(6,704)	(16,580)
Cash flow from financing activities	(13,539)	(11,964)	(11,016)	(219)	(469)
Cash and cash equivalent at end of year	21,533	21,174	19,424	29,051	26,874
Total assets	125,326	125,497	128,550	140,487	146,479
Total asset turnover (times)	1.2	1.2	1.1	1.1	1.1
Net assets	71,020	73,049	74,788	79,097	82,554
Capital adequacy ratio (%)	55.6	57.0	56.9	55.1	55.1
Inventories	6,190	6,321	5,768	6,601	6,270
Inventory turnover (times)	24.0	24.2	24.4	24.1	24.1
Current ratio (%)	167.8	178.2	184.3	165.2	191.2
Fixed ratio (%)	82.2	79.5	74.2	90.1	80.5
Total liabilities	54,305	52,448	53,762	61,390	63,925
Debt ratio (%)	77.9	73.3	73.5	79.3	79.2
Net assets per share (yen)	4,208.25	4,321.26	4,416.66	4,670.18	4,872.53
Total dividends	828	828	828	994	994
Dividend per share (yen)	50	50	50	60	60
Dividend payout ratio	117.4	30.8	35.2	22.5	26.8
Numbers of shares outstanding (thousands)	16,568	16,568	16,568	16,568	16,568
Number of employees	3,281	3,149	2,936	2,916	2,770
Net sales per employee	46.03	48.06	50.20	51.06	55.89
Depreciation expenses	12,487	12,747	12,350	11,202	12,080
Capital expenditure	1,184	1,481	6,839	16,833	14,376

6. Segment Information

■Beverage Sales Division Units: millions of yen

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013
Sales to external customers	142,400	142,287	137,897	131,671	130,400
Segment profit	-	4,726	5,930	6,363	4,578
Segment profit margin (%)	-	3.3%	4.3%	4.8%	3.5%
Capital expenditure	-	-	-	-	13,741
Depreciation expenses	-	12,240	11,683	10,275	10,961

■OEM Beverage Production Division Units: millions of yen

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013
Sales to external customers	8,647	9,082	9,507	10,612	10,154
Segment profit	-	1,813	1,359	1,558	1,227
Segment profit margin (%)	-	20.0%	14.3%	14.7%	12.1%
Capital expenditure	-	-	-	-	337
Depreciation expenses	-	507	667	640	530

■Food Production and Sales Division Units: millions of yen

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013
Sales to external customers	-	-	-	6,617	14,273
Segment profit	-	-	-	3	205
Segment profit margin (%)	-	-	-	0.0%	1.4%
Capital expenditure	-	-	-	-	297
Depreciation expenses	-	-	-	287	588
Goodwill amortization value	-	-	-	153	306

*The segment breakdowns for "Profits by segments," "Depreciation expenses," and "Goodwill amortization value" are disclosed from FY2010

*The segment breakdown for "Capital expenditure" is disclosed from FY2013

7. Main Sales Expenses and Ordinary Management Costs (Consolidated)

Units: millions of yen

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013
Shipping costs	4,271	4,123	3,940	4,213	4,607
Advertising costs	2,671	3,978	4,159	6,167	6,697
Sales promotion costs	18,811	19,965	20,103	21,101	23,203
Salary and other allowances	13,435	12,804	11,861	11,526	11,281