1Q 2015 Results

May 14, 2015

おかげさまで

45th

Anniversary

Café レストラン ガスト

Jonathan's

CHINESE RESTAURANT バーミヤン

夢庵

STEAK ステーキガスト

PASTA & PIZZA グラッチェ ガーデンズ

藍屋

魚屋路

クイック・レストラン ガスト

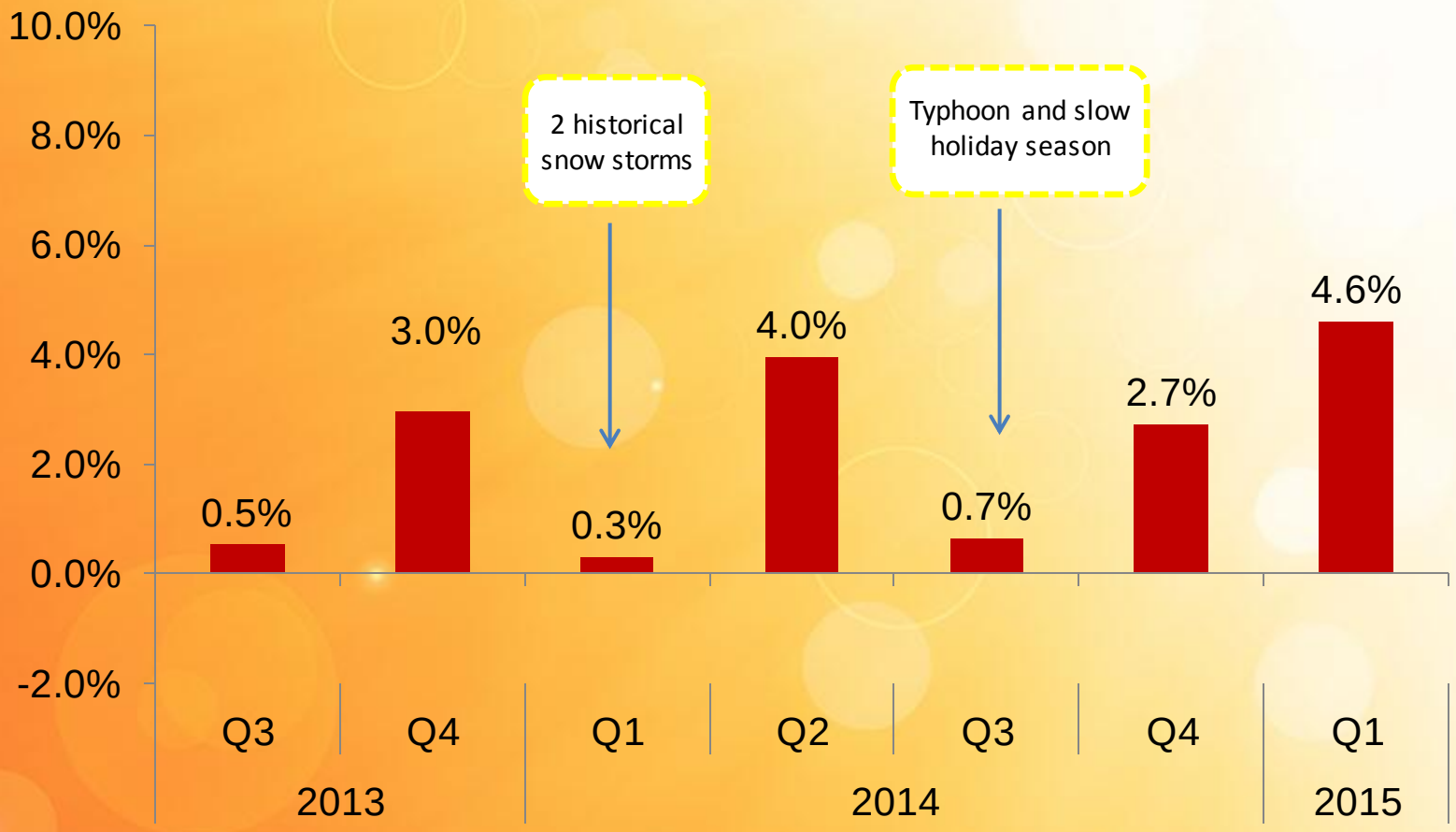
おはしCafé ガスト

NILAX

Tomato &

FLO

Achieved SSS growth for 7 consecutive quarters



Note: Same store sales (SSS) consist of total (per day) per restaurant at restaurants that have been in operation for at least 13 months. In addition, same-store-sales are net of consumption tax and include stores which underwent brand conversion

Highlights of 1Q 2015 results

	1Q 2015	%YoY
Sales	JPY 86.2bn	+5.0%
SSS Growth	YoY +4.6% (ATP* +4.5%)	—
Adjusted EBITDA*	JPY 10.4bn	+26.8%
Net Income	Net Income JPY 3.6bn Adj.Net Income* JPY 3.6bn	+96.9% +77.2%
Adjusted ROE*	17.4%	
Store Footprint	8 new openings, 45 conversions*, and 69 remodels	

Note: ATP = Average Ticket Price

Adjusted EBITDA = EBITDA + Loss on disposal of fixed assets + Impairment loss of non-financial assets + Advisory fees in accordance with the BCPL management agreement (including periodic payments) (*1) + IPO-related expenses (including special bonus for initial public offering)

Adjusted net income = Net income + Advisory fees in accordance with the BCPL management agreement (including periodic payments) (*1) + IPO-related expenses (including special bonus for initial public offering) + Tax effects of adjustments

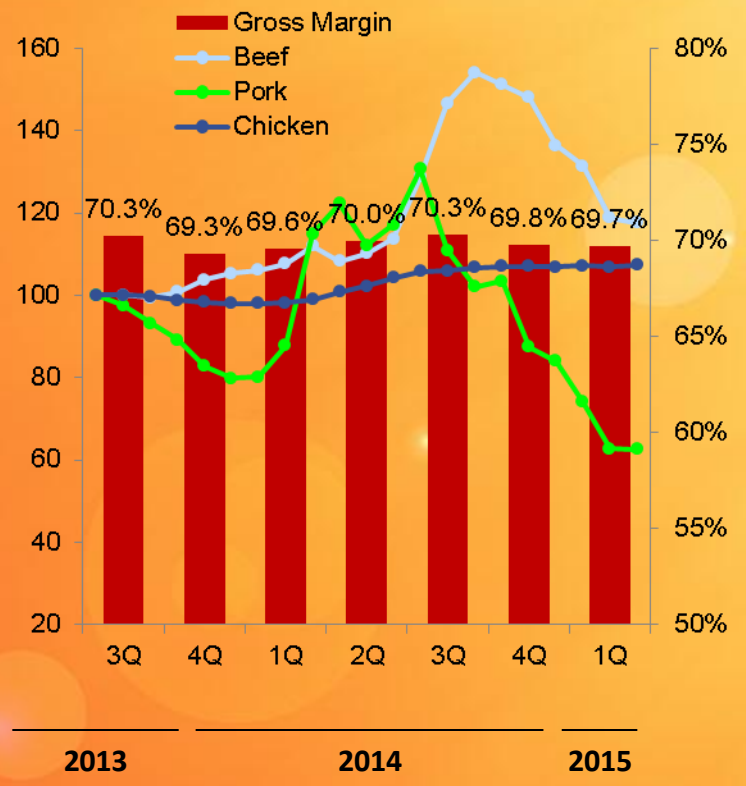
(*1) The BCPL management agreement represents the management agreement between the Company and Bain Capital Partners LLC.

Adjusted ROE : Last 12 months base

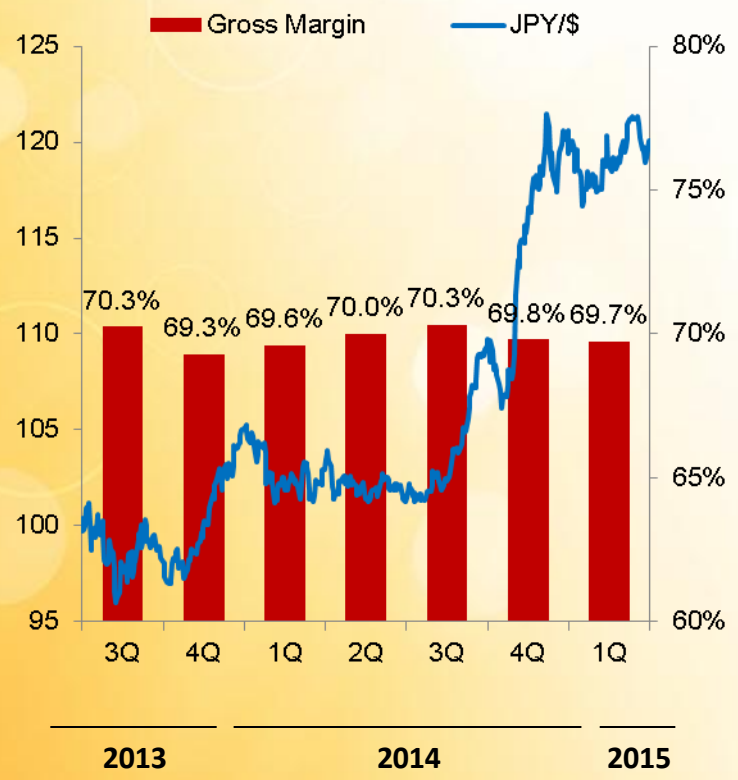
45 conversions include 8 stores which are temporarily closed for the conversion construction

Stable, Strong Gross Margins

Commodity prices vs. Gross margin



Exchange rate vs. Gross margin



Note:
Beef: Australian, and New Zealand 85% lean fores, CIF, U.S. import price, US cents per pound. Data obtained from IMF – Primary Commodity Prices
Swine (pork), 51 – 52% lean hogs, U.S. price, US cents per pond. Data obtained from IMF – Primary Commodity Prices
Poultry (chicken), whole bird spot price, ready-to-cook, whole, iced, Georgia docks, US cents per pound. Data obtained from IMF – Primary Commodity Prices

Sales growth strategy: Jan-Mar Actual

Menu Innovation	● Very strong sales were achieved in limited-time offer menus. Beef grill, hot pot and fresh avocado all performed above expectations and generated a strong average check ● Continued to attract women and senior customers through fresh avocado and Japanese set meal options ● Improvement in side dishes and desserts helped to further increase in average check
Marketing	● Attracted price-sensitive customers through effective couponing via mobile apps and paper-based couponing. This strategy has helped maintain the average check and overall improvement in gross margin ● Promoted time periods with excess capacity such as morning and teatime (extended lunch) ● Improvement in new kids' toys to encourage families with children
Remodeling & Brand Conversions	● Remodelings: 69 ● Brand conversions: 45 (including 8 stores temporarily closed for construction)
Delivery Service	● Increased delivery sales by 8% YoY ● Meet growing demand from seniors and women in workforce
New Restaurant Openings	● Opened 8 restaurants mainly in city center, station-front areas

Topics for 2015: from April onwards

Menu Innovation	● In Q2 limited time offer menus will focus on increasing the average check through menu items such as flat iron steak (Misuji) and promoting premium domestic ingredients including beef, noodles and fish
Marketing	In Q2 several promotions will focus on increasing customer count ● We are planning a 3-week ¥399 “cheese-in-hamburg” promotion for June ● Throughout the summer several ¥99 beer promotions are planned ● Given the recent success in kids’ toys there are plans for further innovations and improvements on kids’ toys
New brand developments	● Opened our first café restaurant Musashino no Mori Coffee in March ● Expanded into shopping centers with new brands Miwami and chawan in April







Key Financials

Key Financial Indicators	Unit	Q1,2015	Q1,2014	Variance
Company Sales	JPY Billion	86.2	82.1	+4.1
Sales Growth	%	+5.0%	+0.6%	+4.4%
Same Store Sales Growth *	%	+4.6%	+0.3%	+4.3%
Same Store ATP Growth *	%	+4.5%	+1.5%	+3.0%
Same Store GC Growth *	%	+0.0%	(1.2)%	+1.2%
Gross Margin per Sales	%	69.7%	69.6%	+0.1%
EBITDA	JPY Billion	9.6	7.7	+2.0
Net Income	JPY Billion	3.6	1.8	+1.8
Adjusted EBITDA	JPY Billion	10.4	8.2	+2.2
Adjusted EBITDA Margin	%	12.1%	10.0%	+2.1%
Adjusted EBITDA Growth	%	+26.8%	(10.6)%	+37.4%
Adjusted Net Income	JPY Billion	3.6	2.0	+1.6
Adjusted Net Income Growth	%	+77.2%	(9.2)%	+86.4%
Adjusted Free Cash Flow	JPY Billion	3.2	2.0	+1.2
EPS	JPY	18.35	9.51	+8.84
ROE *	%	13.2%	7.9%	+5.3%
Adjusted ROE *	%	17.4%	11.5%	+5.9%

* New definition of Same Store Sales: 13month existing stores/including brand conversion/including delivery guests (calculated by Delivery Sales divided by the average Eat In ATP)
SSS consist of total (per day) per restaurant at restaurants that have been in operation for at least 13 months. In addition, same-store-sales are net of consumption tax and include stores which underwent brand conversion
* ROE/Adjusted ROE : Last 12 months base. Not audited numbers

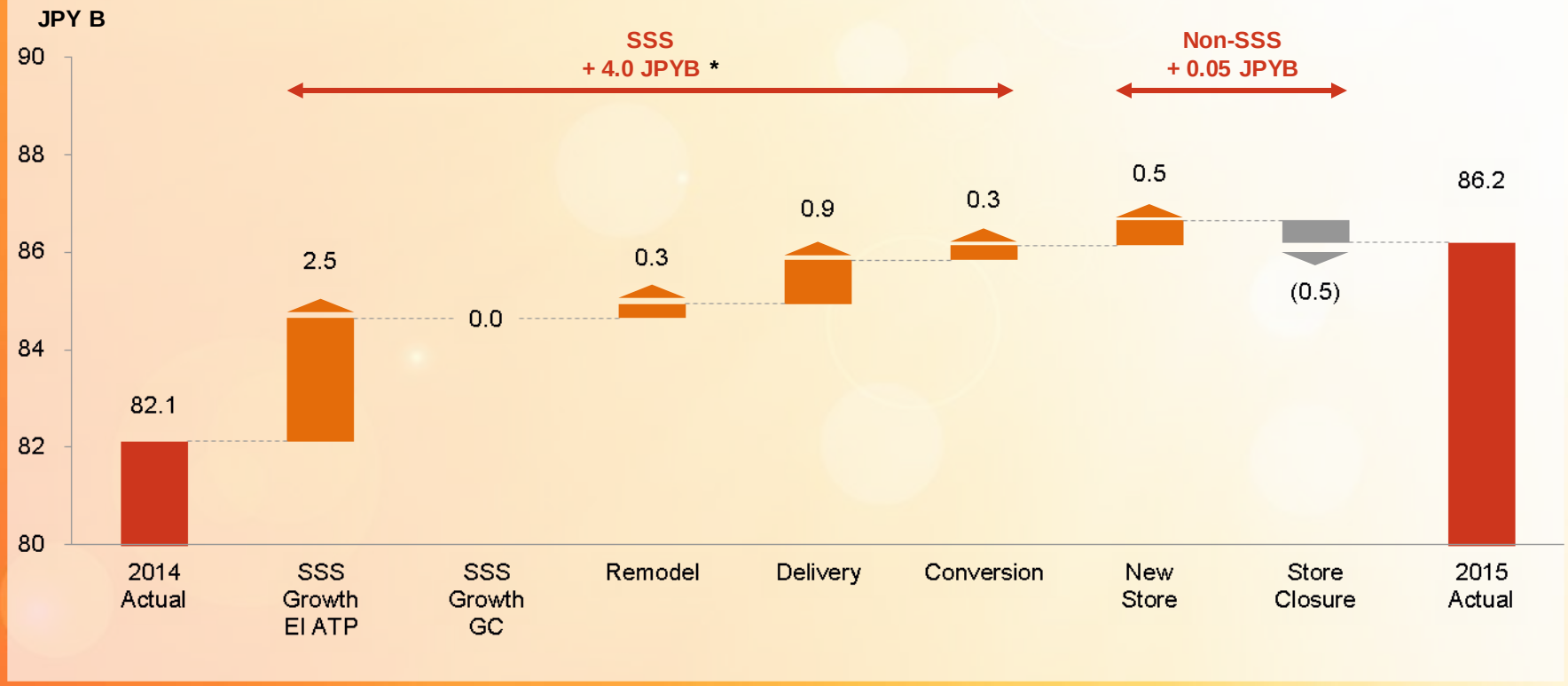
PL Summary FY2015 Q1

P / (L)

	2015 Q1		2014 Q1		Diff		
	JPY B	% of Sales	JPY B	% of Sales	JPY B	% of Sales	YoY
Sales	86.2	-	82.1	-	4.1	-	5.0%
COGS	26.1	30.3%	25.0	30.4%	(1.1)	0.1%	(4.3)%
Gross Margin	60.1	69.7%	57.1	69.6%	3.0	0.1%	5.2%
Labor Cost	*27.4*	*31.7%*	*26.8*	*32.7%*	*(0.5)*	*1.0%*	*(1.9)%*
Other Cost	*26.4*	*30.6%*	*25.8*	*31.4%*	*(0.6)*	*0.8%*	*(2.3)%*
EBIT	6.4	7.4%	4.5	5.5%	1.9	1.9%	40.7%
Financing Cost	*0.7*	*0.9%*	*1.3*	*1.6%*	*0.6*	*0.8%*	*80.3%*
PBT	5.6	6.5%	3.2	3.9%	2.4	2.6%	76.2%
Tax Expense	*2.1*	*2.4%*	*1.4*	*1.7%*	*(0.7)*	*(0.7)%*	*(32.8)%*
Net Income	3.6	4.1%	1.8	2.2%	1.8	1.9%	97.0%
EBITDA	9.6	11.2%	7.7	9.3%	1.9	1.8%	25.7%
Adjusted EBITDA	10.4	12.1%	8.2	10.0%	2.2	2.1%	26.8%
Adjusted Net Income	3.6	4.2%	2.0	2.5%	1.6	1.7%	77.2%

Sales Result

Comparison between Q1 2014 Actual and Q1 2015 Actual



* FY15 1Q SSS +4.6% / GC +0.% / ATP +4.5%
* SSS GC includes the reversal of heavy snow impact of Feb.'14

Store Development

Progress and Improvement

# of Stores Brand		Dec.'14	New	Conversion * (+)	Conversion * (-)	Closures	Mar.'15	Remodeled
	Gusto	1,353	2	16	(1)	(4)	1,366	**40**
	Jonathan's	300	1	-	-	(1)	300	**16**
	Bamiyan	342	1	1	(1)	(1)	342	**3**
	Steak Gusto	143	-	1	(2)	-	142	**-**
	Yumean	168	2	7	-	(1)	176	**-**
Others		708	2	12	(41)	(7)	674	**10**
Total		**3,014**	**8**	**37**	**(45)**	**(14)**	**3,000**	**69**

*Conversion includes brand conversion only (excludes conversion to franchise and vice versa)
*45 stores of brand conversion included 38 stores of Ohashi café Gusto to other brands.
Conversions (+) / total stores of Mar 15 doesn`t include 8 stores which are temporarily closed for the conversion construction

Adjusted EBITDA

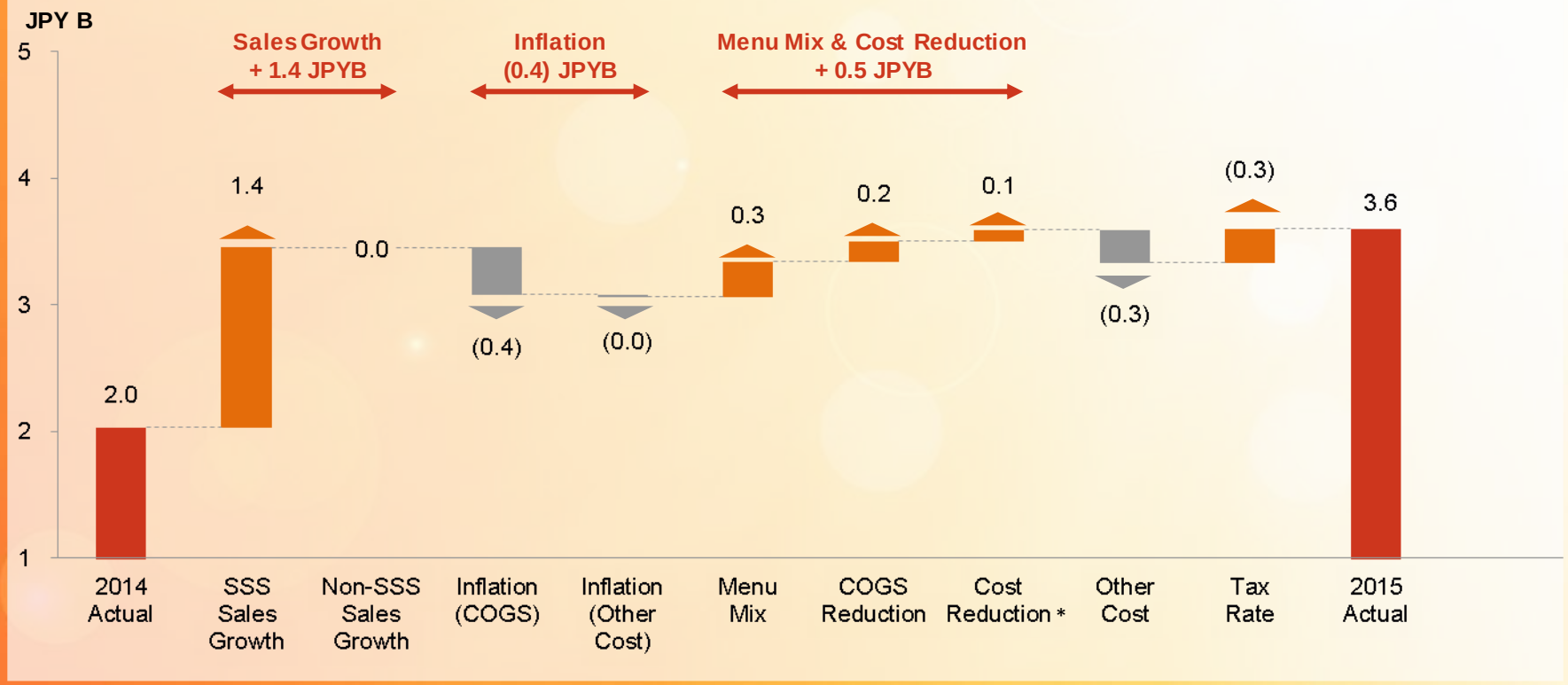
Comparison between Q1 2014 Actual and Q1 2015 Actual



* Cost reduction includes cost saving and avoidance

Adjusted Net Income

Comparison between Q1 2014 Actual and Q1 2015 Actual



* Cost reduction includes cost saving and avoidance

Adjusted Items

(JPY B)	2014Q1	2015Q1	Diff
EBITDA	7.7	9.6	2.0
Non-Cash Items			
(+) Loss on disposal of fixed assets	0.1	0.4	0.3
(+) Impairment loss	0.1	0.3	0.3
(+) Other non-cash items			
Non-Recurring Items			
(+) Bain Capital management fee	0.2	0	(0.2)
(+) IPO expense	0.2	0.1	(0.1)
Adjusted EBITDA	8.2	10.4	2.2
Net Income	1.8	3.6	1.8
Non-Recurring Items			
(+) Bain Capital management fee	0.2	0	(0.2)
(+) IPO expense	0.2	0.1	(0.1)
(+) Amendment fee (One time write off of old LBO loan refinancing cost)	0	0	
Total adjustment before tax	0.4	0.1	(0.3)
Marginal tax rate	38.0%	35.6%	-2.4%
Total adjustment after tax	0.2	0	(0.2)
Adjusted Net Income	2.0	3.6	1.6

Q1 2015 Cash Flow/ Free Cash Flow

(JPY B)	2014Q1	2015Q1	Diff
Adjusted Net Income	2.0	3.6	1.6
Free cash flow (FCF)			
Cash flow from Operation	3.7	7.1	3.3
Capital Expenditure (CAPEX)	(2.1)	(4.2)	(2.1)
Free cash flow	1.7	2.9	1.2
(+) Bain Capital management fee	0.2	0	(0.2)
(+) IPO expense	0.1	0.2	0.1
Total adjustment before tax	0.3	0.2	(0.1)
Marginal tax rate	38.0%	35.6%	-2.4%
Total adjustment after tax	0.2	0.1	(0.1)
(-) Payment of lease deposits and guarantee deposits	(0.2)	(0.2)	0
(+) Proceeds from collection of lease deposits and guarantee deposits	0.3	0.3	0
Adjusted Free cash flow	2.0	3.2	1.2

Loan Amendment/Interest Rate Swap

Loan Amendment:

- On April 3, 2015, have amended the senior facility loan, aiming to reduce the interest expenses.

Interest Rate Swap:

- On March 31, 2015, have terminated the interest rate swap agreement with the notional amount of JPY 30B and the maturity date of June 2019.

- Entered into new interest rate swap agreement with the notional amount of JPY 149.2B and the maturity date of June 2019 to mitigate the volatility of TIBOR in the senior facility loan.

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