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DyDo

FY2016 First Quarter Financial Highlights

Challenge

Next Stage

May 30, 2016

DyDo DRINCO, Incorporated

(First Section of the Tokyo Stock Exchange: 2590)

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1. The Business Model of DyDo Group and Mid-term Business Plan

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The Business Model of DyDo Group

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◆ DyDo Group Three Main Divisions
－Forming an independent business model－

The DyDo Group's slogan is "Offering delicious products for the sound mind and body," under which it seeks to bring deliciousness and healthiness only DyDo can provide to customers, together with wonder and high quality.

Beverage Sales Division

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DAIDO PHARMACEUTICAL CORPORATION

OEM* Beverage Production Division





Tarami

Food Production and Sales Division





* Original Equipment Manufacturer

Forming a strong financial footing based on steady cash flow

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Evolution of the DyDo Group

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(x100 million yen)

◆ New business

2,000

1,000

0

◆ Overseas expansion

- Expansion of vending machine business within Moscow
- Entry into the Turkish and Malaysian markets

Tarami

- Acquisition of Tarami Corporation

DyDo

- Establishment of DAIDO K.K. and launch of DyDo blend coffee
- HOT & COLD vending machine
- Launch of Demitasse Coffee
- Introduction of point card
- Introduction of talking vending machines with different dialects
- Launch of MIU
- Strengthening of the DyDo Blend brand
- Launch of the "Supervised by the World's Top Barista" series
- Smile STAND



















Beverage sales business spun off

DAIDO PHARMACEUTICAL CORPORATION

- Establishment as household pharmaceutical distributor and start of manufacture of drinkable preparations





- Start sales of drinkable preparations and canned coffee at gas station



- Full-scale involvement in OEM following relaxation of regulations for quasi-drugs



2001
- Listed on the Second Section of the Tokyo Stock Exchange

2003
- Designated as a blue-chip stock on the First Section of the Tokyo Stock Exchange



- Expansion of orders of beauty health drink



*Envisioned sales

1950s 1970s 1990s 2010s 2018

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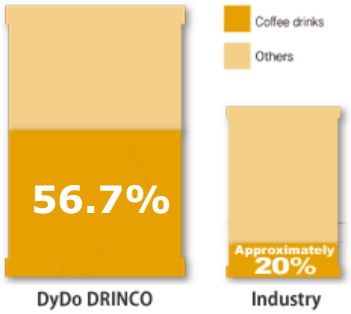
Key features / strengths of DyDo DRINCO

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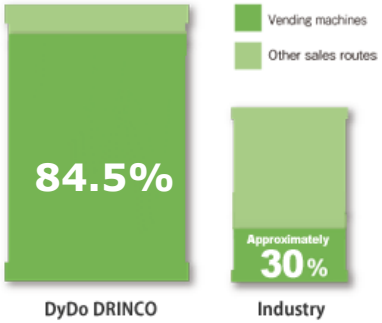
◆ Securing steady profit with coffee × vending machines

Canned Coffee sales account for more than 50% of DyDo Drink company sales.



Out from the coffee and beverage market in Japan, coffee is 20%

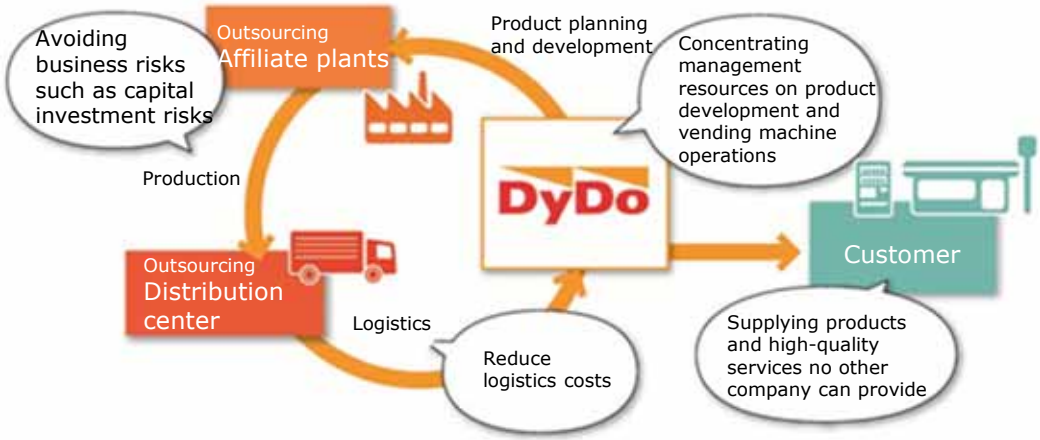
Vending Machine Sales account for 85% of Sales

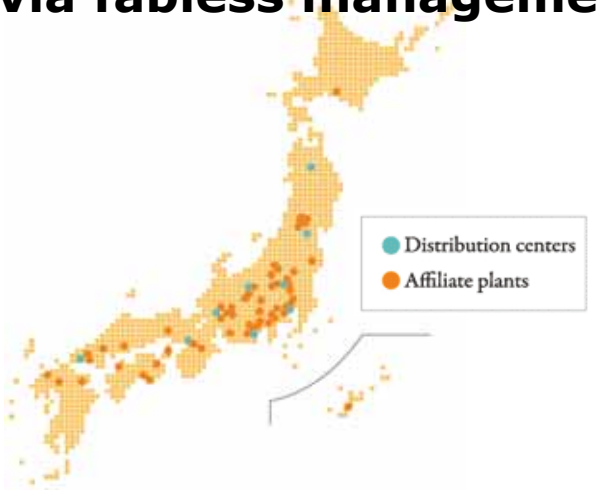


The Vending machine business market in Japan is 30%

* DyDo DRINCO results: Percentage at FY2016

◆ Effective use of management resources via fabless management





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Group Philosophy / Vision / Slogan Formulation

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DyDo Group corporate philosophy

DyDo Group strives to achieve happiness and prosperity together with people and society as a whole.
To realize this, we well continue our dynamic efforts to take on new challenges.

DyDo Group corporate vision

Together with customers	Offering high quality products, adding a surprise to deliver "distinctive DyDo" taste and wellness to customers.
Together with society	"All DyDo" product development and corporate activities involved in the group is committed to build rich and vibrant society.
Together with future generations	Creating "DyDo standards" for the upcoming next generations. To go beyond current framework and values.
Together with people	Endless "DyDo challenging spirit" to bring happiness to all people through our group activities.

Group Slogan

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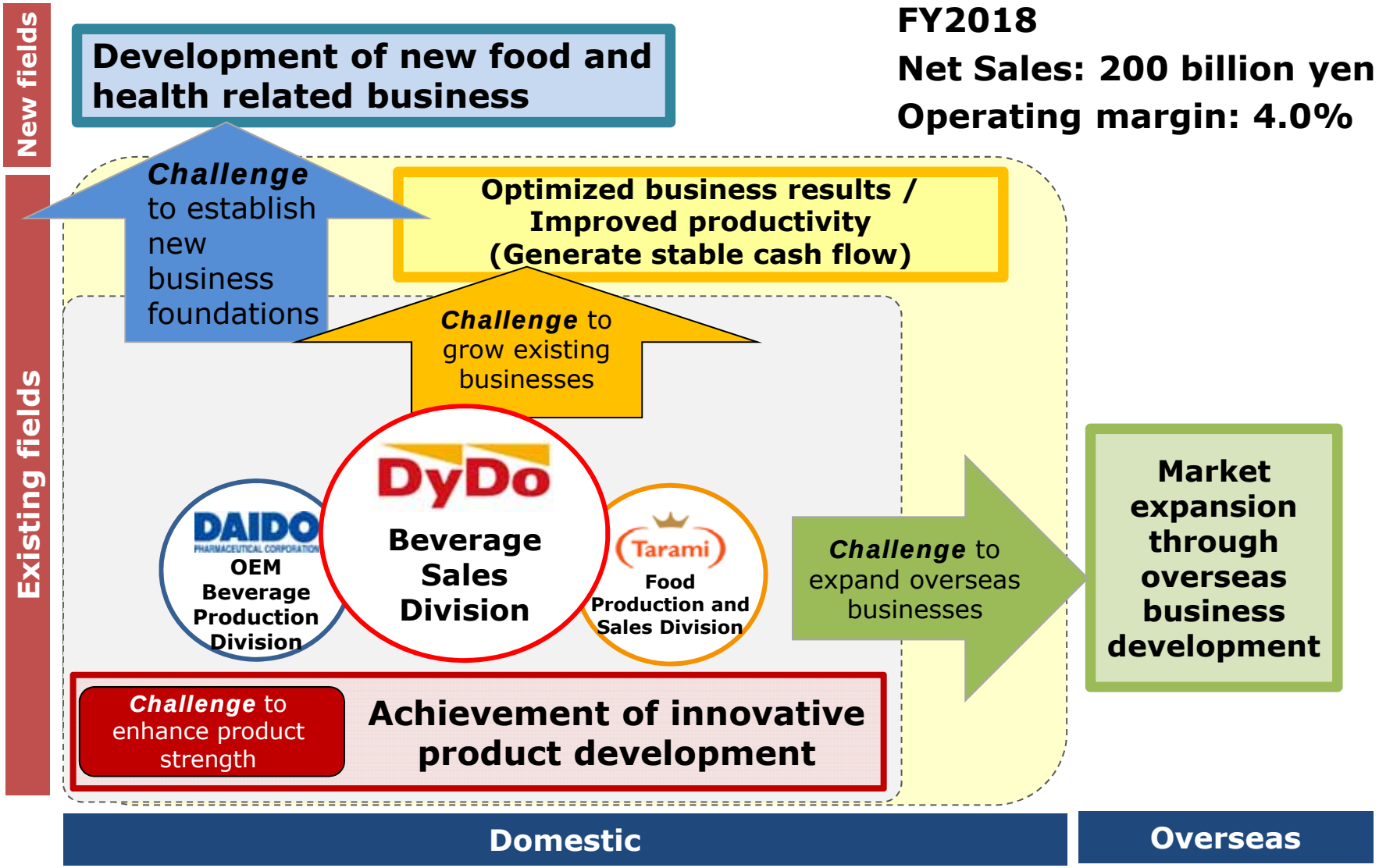
Offering delicious products
for the sound mind and body

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Mid-term Business Plan: "Challenge the Next Stage"
- Four Challenges to the Next Stage -

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2. FY2016 First Quarter Financial Highlights

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Overview of consolidated financial information for 1st quarter FY2016

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- The first quarter saw strong sales and orders in all segments
- Five overseas beverage subsidiaries (four in Turkey, one in Malaysia) were added to our consolidated accounting and contributed to a significant increase in earnings
- Profits were also boosted by increased earnings from existing business
- A negative goodwill gain of 371 million yen* was reported as extraordinary income, and the net income was 354 million yen

(Millions of yen)

	FY2015 results		FY2016 results			
	1st Quarter (Jan 21 - Apr 20)	Component ratio	1st Quarter (Jan 21 - Apr 20)	Component ratio	Difference (%)	Difference
Net sales	33,331	100.0%	38,204	100.0%	14.6%	4,873
Operating income (loss)	(596)	–	(402)	–	–	194
Ordinary income (loss)	(701)	–	(531)	–	–	169
Net income (net loss) attributable to owners of parent	(734)	–	(380)	–	–	354
E P S	(44.35 yen)		(22.96 yen)		–	21.39 yen

* The amount of negative goodwill gain has been calculated on a provisional basis according to all reasonable information currently available, as the allocation of the acquisition price has not been completed.

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First Quarter of FY2016
Steady monthly sales volume for the Beverage Sales Division (existing business)

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- The volume of sales is holding steady since the first quarter
- Sales were healthy for coffee beverages and mineral water
- Sales were boosted in the April financial period by initial shipment of two "DyDo Blend" products for Kirin vending machines

Units: 1000s of cases

	February (Jan 21 - Feb 20)	March (Feb 21 - Mar 20)	April (Mar 21 - Apr 20)	First Quarter Total	
	Difference (%)	Difference (%)	Difference (%)	Sales performance	Difference (%)
Coffee beverages	(2.6%)	7.9%	17.6%	8,121	7.9%
Mineral water beverages	0.1%	14.6%	17.0%	657	11.4%
Other beverages	(3.7%)	(1.4%)	7.9%	4,408	1.4%
Total	(2.9%)	5.0%	14.1%	13,187	5.8%
No. of working days compared to previous period	(1)	±0	+2	+1	–

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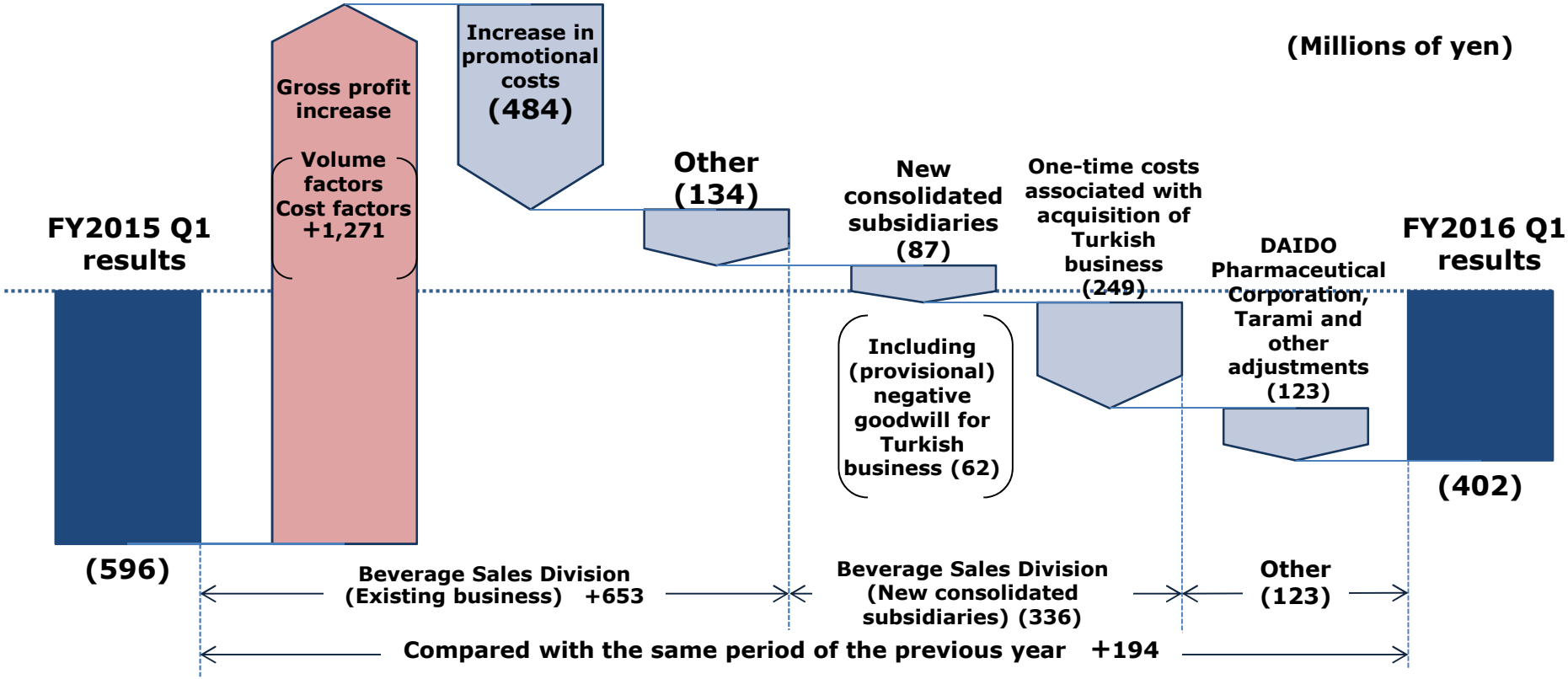
First Quarter of FY2016
Causes for increased / decreased operating income (losses) - Year-on-year comparison -

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- Profits were helped by increased sales volume and cost reductions in the Beverage Sales Division
- Lump-sum accounting in the first quarter was used for the costs required to purchase the Turkish beverage business
- Performance for the OEM beverage production division was almost the same as the year before
- Although the Food Production and Sales Division saw a significant increase in earnings, an increase in material costs impacted profitability.

(Millions of yen)



*With regard to Turkish beverage business, goodwill value has been provisionally calculated, as allocation of acquisition costs is not completed.

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Overview by segments

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*Figures prior to consolidated adjustment
(Millions of yen)

Beverage Sales Division

1st Quarter (Jan 21 - Apr 20)	FY2015 results	FY2016 results		
			Difference (%)	Difference (amount)
Existing business	27,863	29,467	5.8%	1,604
New consolidated subsidiaries	–	2,890	–	2,890
Net sales	27,863	32,358	16.1%	4,494
Existing business	(819)	(165)	–	653
New consolidated subsidiaries	–	(336)	–	(336)
Operating income	(819)	(501)	–	317

OEM Beverage Production Division

1st Quarter (Jan 21 - Apr 20)	FY2015 results	FY2016 results		
			Difference (%)	Difference (amount)
Net sales	2,256	2,288	1.4%	32
Operating income	254	252	(0.9%)	(2)

Food Production and Sales Division

1st Quarter (Jan 21 - Apr 20)	FY2015 results	FY2016 results		
			Difference (%)	Difference (amount)
Net sales	3,369	3,717	10.3%	347
Operating income	64	(60)	–	(125)

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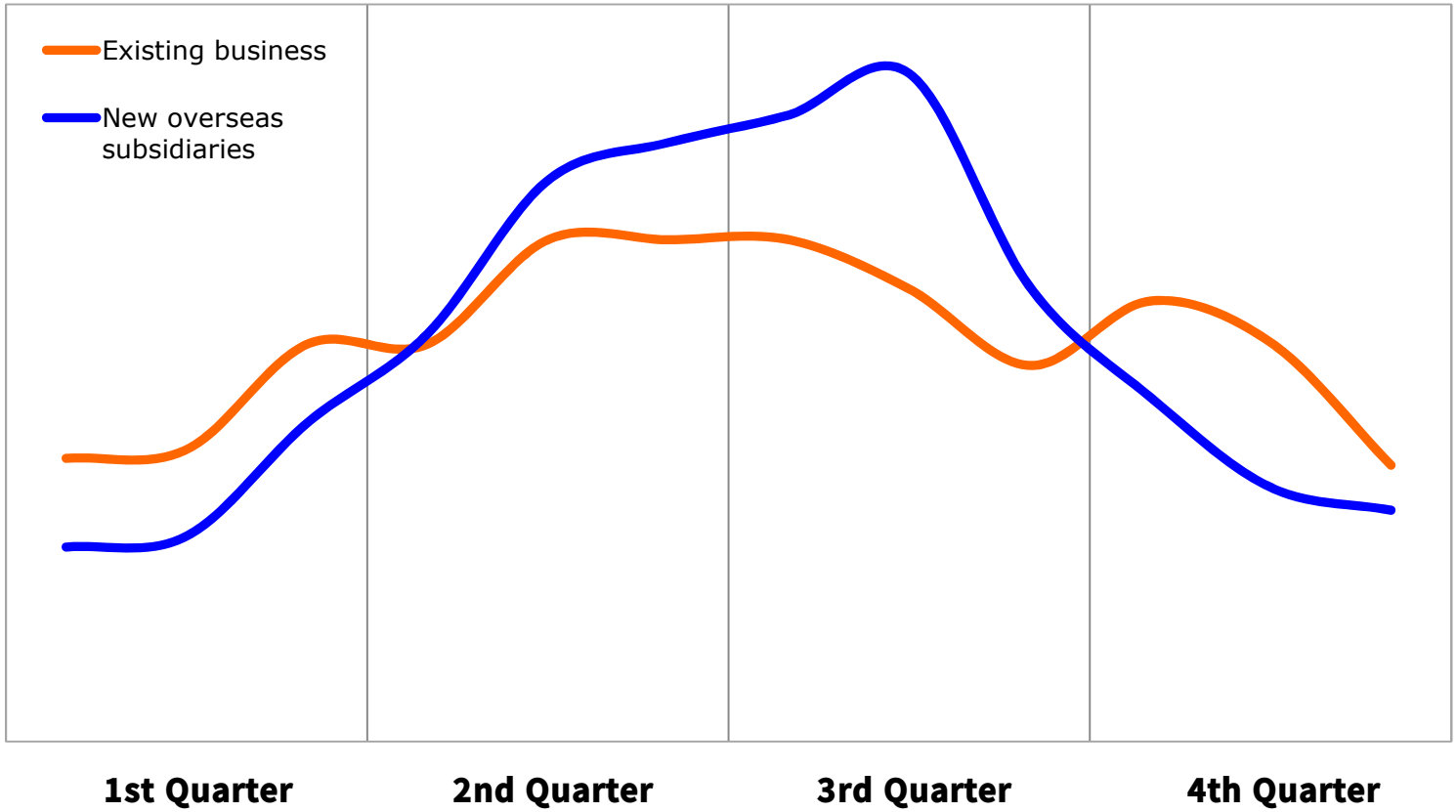
Seasonal variation for the Beverage Sales Division

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Seasonal variation for the new consolidated subsidiaries is larger than that for existing business

Seasonal variation for the Beverage Sales Division



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Seasonal Fluctuations - Sales

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*Figures for each division are prior to consolidated adjustments

(Millions of yen)

[Consolidated]

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
FY2015	33,331	41,044	40,379	35,101	149,856
Ratio of full year (%)	22.2%	27.4%	27.0%	23.4%	100.0%
FY2016	38,204	–	–	–	–

Beverage Sales Division (Existing business)

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
FY2015	27,863	33,196	33,160	29,971	124,192
Ratio of full year (%)	22.5%	26.7%	26.7%	24.1%	100.0%
FY2016	29,467	–	–	–	–

OEM Beverage Production Division

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
FY2015	2,256	2,292	2,332	2,245	9,126
Ratio of full year (%)	24.7%	25.1%	25.6%	24.6%	100.0%
FY2016	2,288	–	–	–	–

Food Production and Sales Division

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
FY2015	3,369	5,735	5,046	3,004	17,155
Ratio of full year (%)	19.7%	33.4%	29.4%	17.5%	100.0%
FY2016	3,717	–	–	–	–

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Seasonal Fluctuations - Operating income

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*Figures for each division are prior to consolidated adjustments

(Millions of yen)

[Consolidated]

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
FY2015	(596)	2,311	2,281	992	4,988
Ratio of full year (%)	–	46.3%	45.7%	19.9%	100.0%
FY2016	(402)	–	–	–	–

Beverage Sales Division (Existing business)

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
FY2015	(819)	1,711	1,865	988	3,745
Ratio of full year (%)	–	45.7%	49.8%	26.4%	100.0%
FY2016	(165)	–	–	–	–

OEM Beverage Production Division

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
FY2015	254	233	239	252	979
Ratio of full year (%)	26.0%	23.8%	24.5%	25.7%	100.0%
FY2016	252	–	–	–	–

Food Production and Sales Division

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
FY2015	64	459	257	(160)	620
Ratio of full year (%)	10.4%	74.0%	41.5%	–	100.0%
FY2016	(60)	–	–	–	–

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3. FY2016 Full-year Earnings Forecast

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Earnings forecast for the entirety of FY2016

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- Net sales projected to fluctuate more than 10% as a result of acquisition of Turkish business
- The impact on consolidated performance results by the goodwill/negative goodwill generated has yet to be determined
- There is no change for the profit figures projected at the beginning of the financial period, but any impact on earnings will be disclosed

(Millions of yen)

[Full Business Year]

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Net income (net loss) attributable to owners of parent	Consolidated current net income per share
Prior announced projections (A)	152,800	5,000	4,800	2,900	175.05 yen
Current revised projections (B)	171,000	5,000	4,800	2,900	175.05 yen
Difference (B - A)	18,200	–	–	–	–
Percentage (%)	11.9	–	–	–	–
(For ref.) Consolidated figures for previous term (FY2015)	149,856	4,988	4,262	2,347	141.68 yen

[Second Quarter]

Prior announced projections (A)	76,800	1,350	1,250	670	40.44 yen
Current revised projections (B)	85,300	1,350	1,250	670	40.44 yen
Difference (B - A)	8,500	–	–	–	–
Percentage (%)	11.1	–	–	–	–
(For ref.) Consolidated figures for previous term (FY2015)	74,375	1,715	1,545	779	47.08 yen

* Assumed exchange rate
1 TRY = 37 JPY
1 MYR = 27.5 JPY

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FY2016 full-year earnings forecast by segments

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DyDo Beverage Sales Division

*Figures prior to consolidated adjustment

(Millions of yen)

	FY2015 results	(Beginning of the period) FY2016 forecast	(Current revision) FY2016 forecast				
				Year-on-Year		Projected comparison for beginning of the period	
				Difference (%)	Difference (amount)	Difference (%)	Difference (amount)
Existing business	124,192	126,000	126,000	1.5%	1,808	–	–
New consolidated subsidiaries	–	–	18,200	–	18,200	–	18,200
Net sales	124,192	126,000	144,200	16.1%	20,008	14.4%	18,200
Existing business	3,745	4,020	4,020	7.3%	275	–	–
New consolidated subsidiaries	–	–	–	–	–	–	–
Operating income	3,745	4,020	4,020	7.3%	275	–	–

The acquisition of four Turkish beverage companies as consolidated subsidiaries resulted in a projected fluctuation of 10% or more in the consolidated performance forecast announced on February 26, 2016; thus, the consolidated net sales earnings forecast figures have been revised.
It should be noted that, although the acquisition of 90% shares in each of the three Turkish beverage manufacturing subsidiaries Della Gıda Sanayi ve Ticaret A.Ş., Bahar Su Sanayi ve Ticaret A.Ş. and İlk Mevsim Meyve Suları Pazarlama A.Ş., has generated goodwill/negative goodwill, the allocation of acquisition costs has not been completed; thus, the impact on consolidated performance is still undetermined. The impact on earnings will be disclosed following the completion of a detailed examination.

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FY2016 full-year earnings forecast by segments

Next Stage

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*Figures prior to consolidated adjustment
(Millions of yen)

DAIDO PHARMACEUTICAL CORPORATION OEM Beverage Production Division

	FY2015 results	(Beginning of the period) FY2016 forecast	(Current revision) FY2016 forecast				
				Year-on-Year		Projected comparison for beginning of the period	
				Difference (%)	Difference (amount)	Difference (%)	Difference (amount)
Net sales	9,126	9,000	9,000	(1.4%)	▲126	–	–
Operating income	979	700	700	(28.5%)	▲279	–	–

Tarami Food Production and Sales Division

	FY2015 results	(Beginning of the period) FY2016 forecast	(Current revision) FY2016 forecast				
				Year-on-Year		Projected comparison for beginning of the period	
				Difference (%)	Difference (amount)	Difference (%)	Difference (amount)
Net sales	17,155	18,270	18,270	6.5%	1,115	–	–
Operating income	620	640	640	3.2%	20	–	–

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FY2017 first half consolidated earnings forecast by segments

Next Stage

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Beverage Sales Division

*Figures prior to consolidated adjustment
(Millions of yen)

First half of the year	FY2015 results	(Beginning of the period) FY2016 forecast	(Current revision) FY2016 forecast	Half-on-Half		Projected comparison for beginning of the period	
				Difference (%)	Difference (amount)	Difference (%)	Difference (amount)
Existing business	61,060	62,400	62,400	2.2%	1,340	–	–
New consolidated subsidiaries	–	–	8,500	–	8,500	–	8,500
Net sales	61,060	62,400	70,900	16.1%	9,840	13.6%	8,500
Existing business	891	740	740	(16.9%)	(151)	–	–
New consolidated subsidiaries	–	–	–	–	–	–	–
Operating income	891	740	740	(16.9%)	(151)	–	–

The acquisition of four Turkish beverage companies as consolidated subsidiaries resulted in a projected fluctuation of 10% or more in the consolidated performance forecast announced on February 26, 2016; thus, the consolidated net sales earnings forecast figures have been revised.
It should be noted that, although the acquisition of 90% shares in each of the three Turkish beverage manufacturing subsidiaries Della Gıda Sanayi ve Ticaret A.Ş., Bahar Su Sanayi ve Ticaret A.Ş. and İlk Mevsim Meyve Suları Pazarlama A.Ş., has generated goodwill/negative goodwill, the allocation of acquisition costs has not been completed; thus, the impact on consolidated performance is still undetermined. The impact on earnings will be disclosed following the completion of a detailed examination.

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FY2017 first half consolidated earnings forecast by segments

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*Figures prior to consolidated adjustment
(Millions of yen)

OEM Beverage Production Division

First half of the year	FY2015 results	(Beginning of the period) FY2016 forecast	(Current revision) FY2016 forecast				
				Half-on-Half		Projected comparison for beginning of the period	
				Difference (%)	Difference (amount)	Difference (%)	Difference (amount)
Net sales	4,548	4,700	4,700	3.3%	152	–	–
Operating income	487	380	380	(22.0%)	(107)	–	–

Food Production and Sales Division

First half of the year	FY2015 results	(Beginning of the period) FY2016 forecast	(Current revision) FY2016 forecast				
				Half-on-Half		Projected comparison for beginning of the period	
				Difference (%)	Difference (amount)	Difference (%)	Difference (amount)
Net sales	9,104	9,970	9,970	9.5%	866	–	–
Operating income	524	410	410	(21.8%)	(114)	–	–

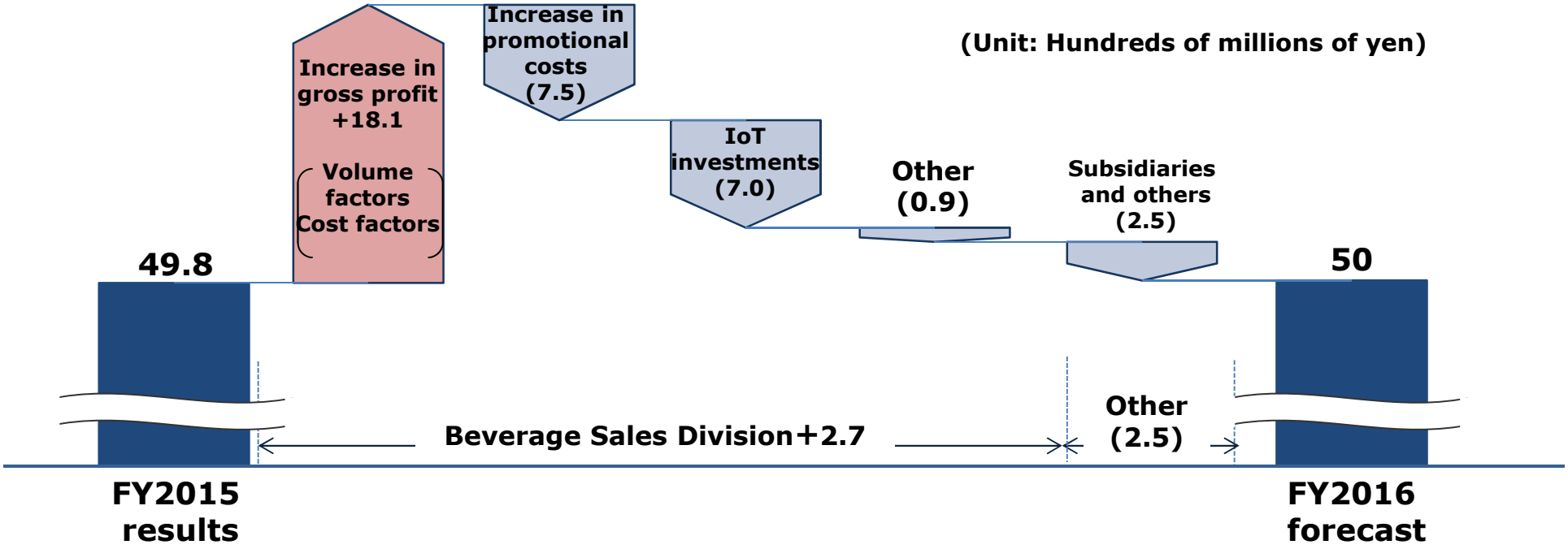
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(Reshown)FY2016 full-year forecast Causes for increasing / decreasing operating income

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- Gross profit for the Beverage Sales Division is expected to grow by about 1.8 billion yen due to increased sales volume and reduced costs
- We will make advance investments in securing the best possible locations for vending machines and in integrating vending machines into an IoT platform in an effort to secure top-line growth
- We expect to start seeing the results of reductions in the vending machine channel's fixed costs in FY2017



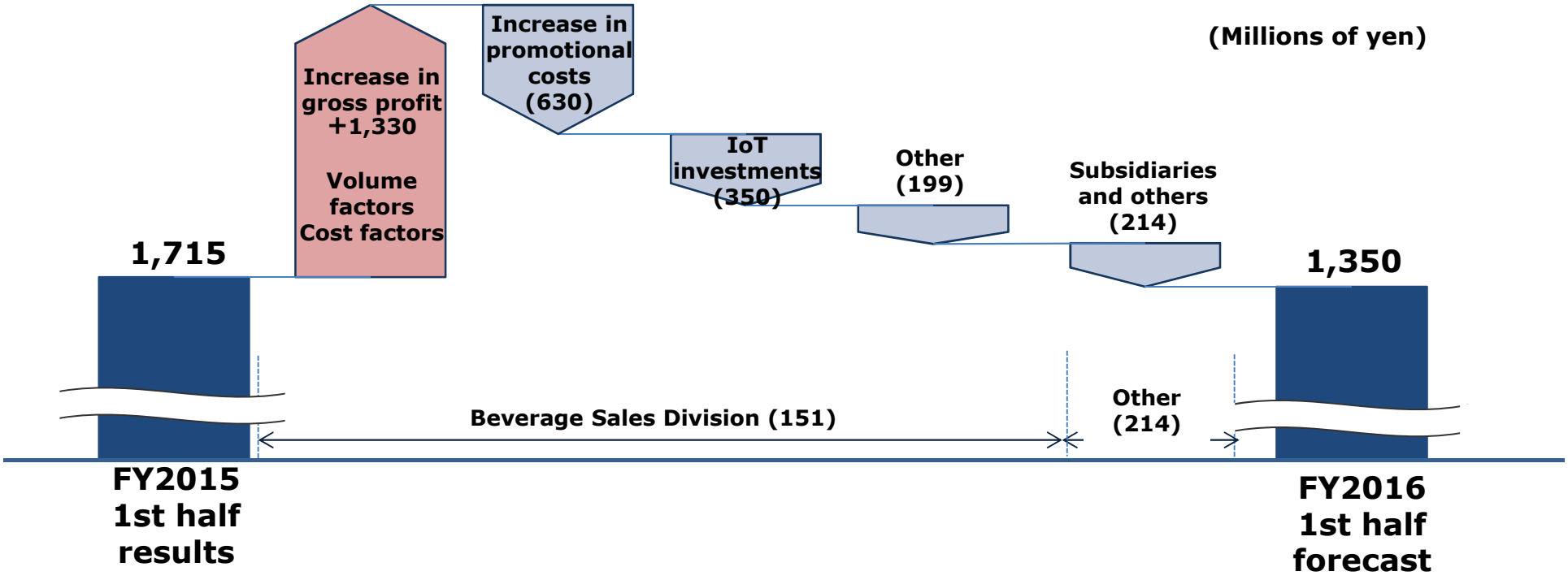
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(Reshown) Factors affecting operating income in the first half of FY2016

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- The Beverage Sales Division expects to see increased sales volume and lower costs
- We will work aggressively to secure the best possible locations for vending machines and make advance investments to integrate vending machines into an IoT platform starting during the first half of the year
- We will lay the groundwork for dramatic profit growth starting during FY2017



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Challenge

DyDo Group Topics

Next Stage

Business Strategy from FY2016

Business Strategy from FY2016
- Challenge to create future-oriented corporate value - Next Stage

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Challenge to grow existing businesses

Work to increase cash flows on an ongoing basis by reforming the vending machine business model

Challenge to enhance product strength

Enhance the DyDo Blend brand and strive to make it the leading brand in its market segment

Challenge to expand overseas businesses

Achieve dramatic, top-line growth by accelerating the development of our overseas businesses

Challenge to establish new business foundations

Establish new profit centers through an M&A strategy

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Continuing to expand cash flows by reforming the vending machine business model

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Continuing to expand cash flows by reforming the vending machine business model

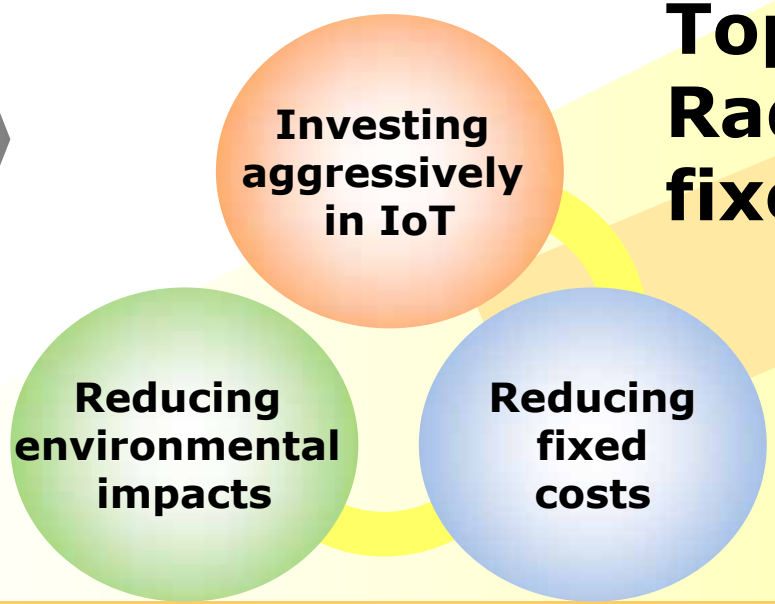
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Continued expansion of cash flows

[External factors]

- Acceleration in CVS openings
- Expansion of low-cost sales
- Decline in sales per machine



Top-line growth
Radical reform of our fixed cost structure

DyDo's technological innovation as a leader in the vending machine business

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Challenge of radically reforming the vending machine channel's fixed cost structure

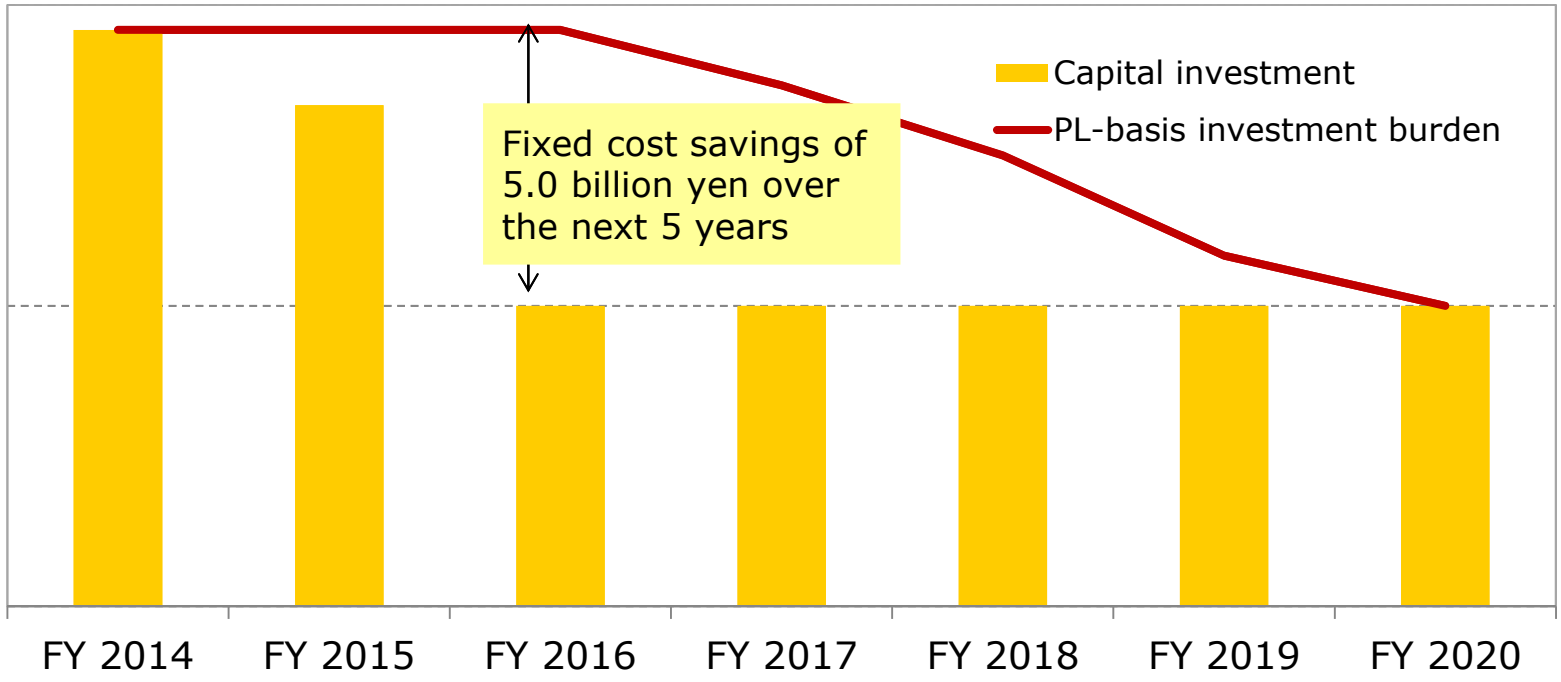
Next Stage

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◆Reducing environmental impacts and establishing cost savings

- **Lowering purchase costs per machine by reassessing the methods by which we procure vending machines**
- **Taking into account environmental considerations, for example by extending the service life of vending machines**

Illustration of reductions in capital investment in the Beverage Sales Division and the resulting investment burden on a PL basis



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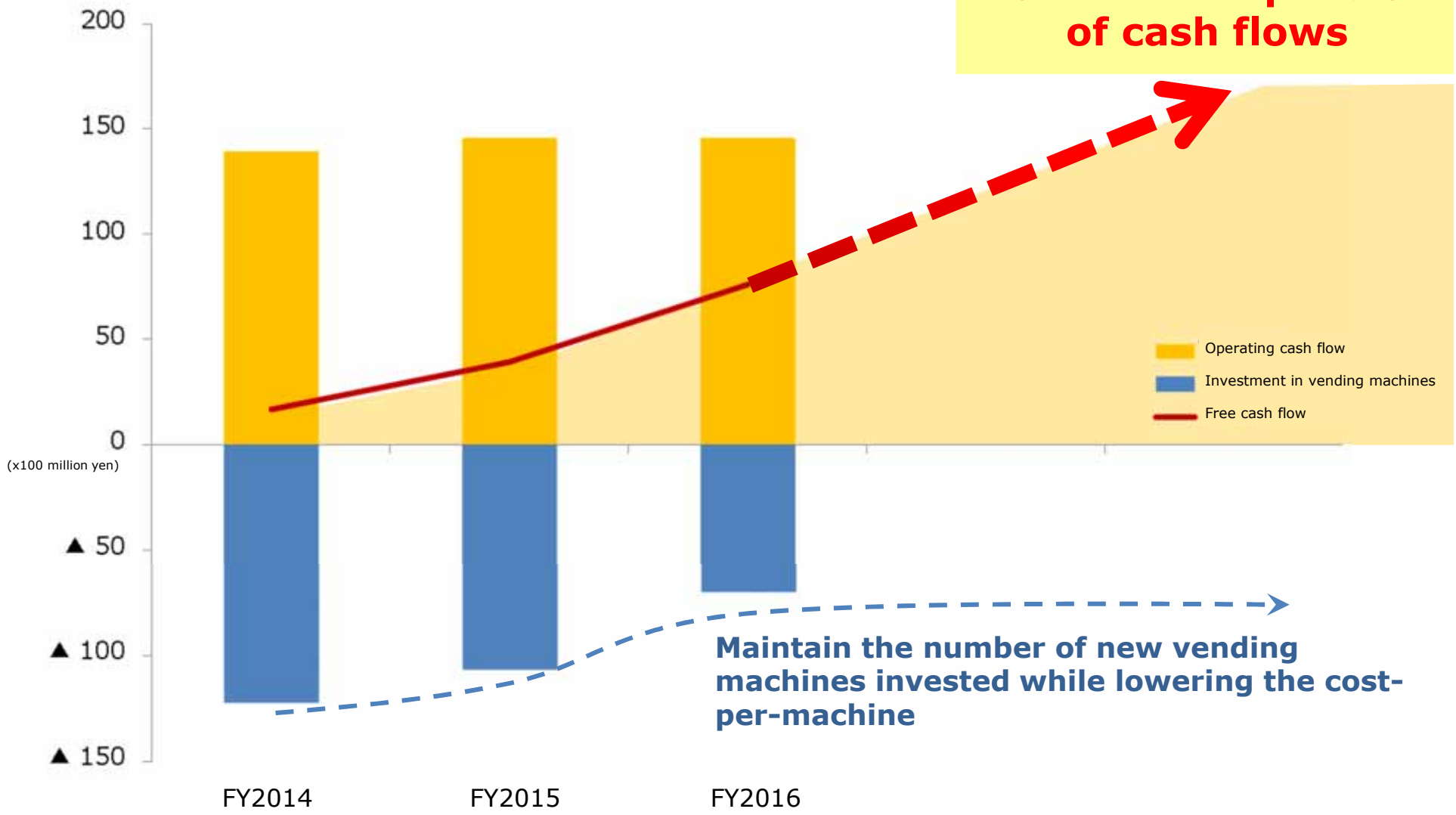
Challenge of fundamentally transforming the fixed cost structure for vending machine channel

Next Stage

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◆Envisioned free cash flow improvement

Continued expansion of cash flows



Maintain the number of new vending machines invested while lowering the cost-per-machine

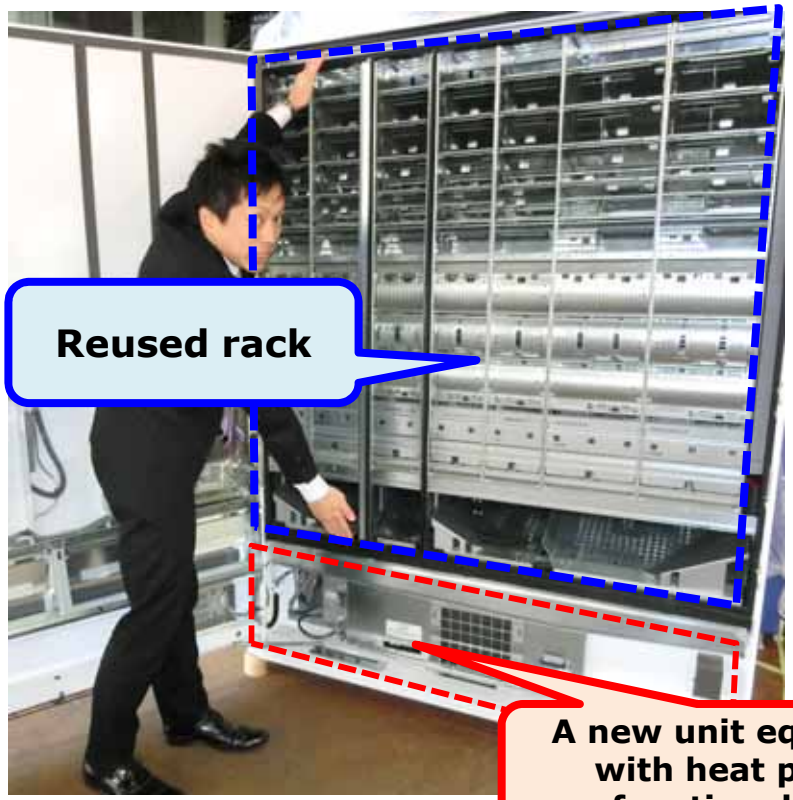
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Challenge of fundamentally transforming the fixed cost structure for vending machine channel

Next Stage

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◆ Extend service life of vending machines via "Frontier Vendor" vending machines

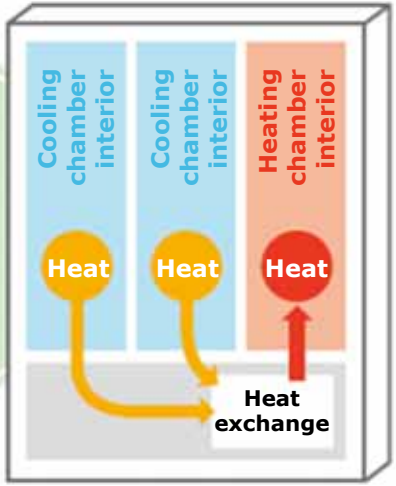


➢ Sticker affixed to the bottom of Frontier Vendor vending machines



➢ Heat pump functionality*

After retrofitting, power consumption reduced by roughly half!



*The heat generated from chilling cold products is effectively utilized to heat up hot products.

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Challenge of creating a platform business using vending machines

Next Stage

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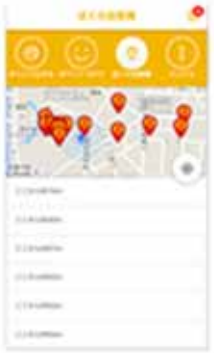




◆ Aggressive IoT investment via “Smile STAND”

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Download	Search	Purchase	Obtain	Use
Download the DyDo Smile STAND application	Search for the nearest Smile STAND	Launch the app and buy your product	Touch your smartphone to the panel and obtain points	Accumulate points to use services











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Challenge of creating a platform business using vending machines

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◆Sequential service roll-out

Smile SLOT (reward service)





DyDo Job Challenge (work experience app)





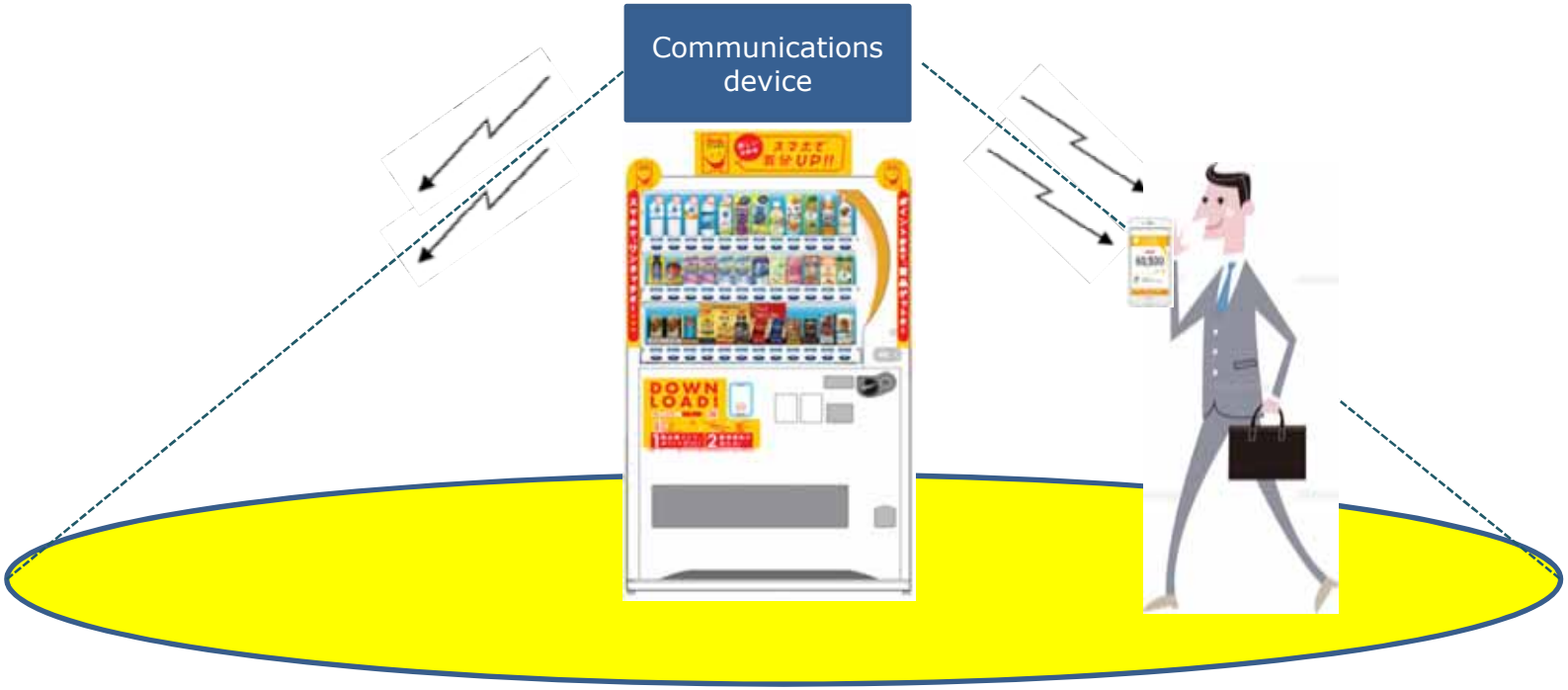
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Challenge of creating a platform business using vending machines

Next Stage

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- Integrating 150,000 vending machines nationwide into an IoT platform by 2018
- Creating new ways for people to interact with vending machines
  - Offering an extensive array of services centered on vending machines
  - Transforming vending machines from machines that only sell beverages into information centers



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Strengthening the DyDo Blend brand

Challenge

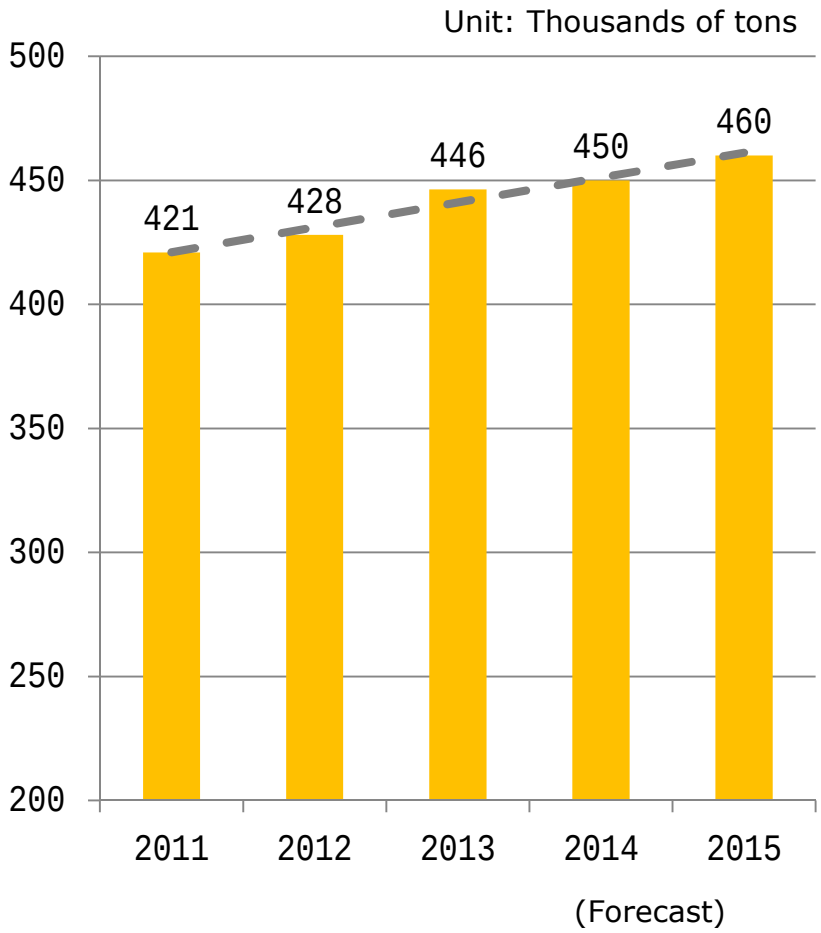
Next Stage

Coffee market trends

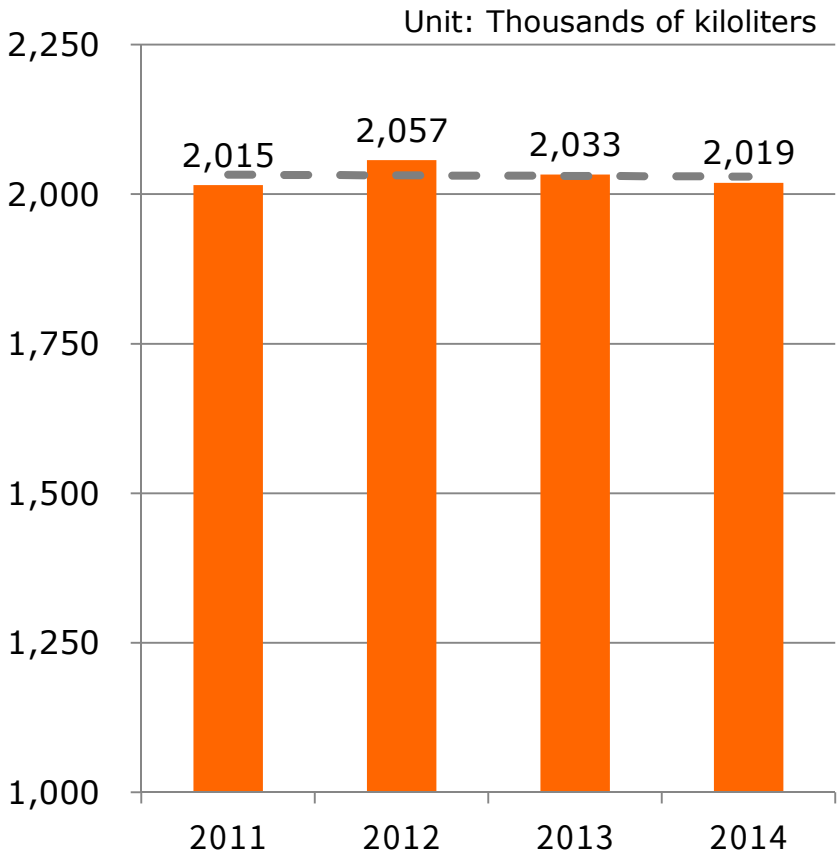
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Coffee consumption in Japan



Canned coffee consumption in Japan



Source: Compiled by DyDo based on *Coffee Statistics* (published by the All Japan Coffee Association).

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Challenge of securing new canned coffee customers

Next Stage

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- **Challenge of securing new canned coffee customers**
  Launching new products that meet the need for an entry-level canned coffee

A new proposal: “UMAMI”



DyDo Blend Savory Blend

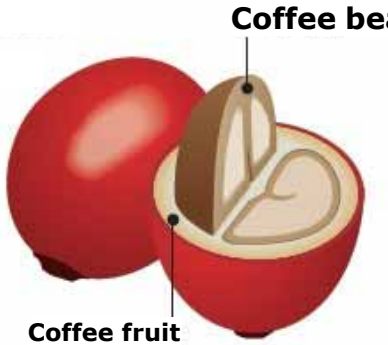
Coming February 29

Prepared using the whole cherry around the bean, which has been wasted until now.

Savory Blend delivers the true savory flavor of coffee by blending carefully selected beans with the fruit of the coffee cherry, which has a delicate sweetness and flowery fragrance. With this product, we were able to create a new level of delicious flavor.



Coffee cherry (fruit)



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Challenge of securing new canned coffee customers

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- **Offering the perfect flavor for every situation: DyDo Blend "Supervised by the World's Top Barista"* series**



* Pete Licata, 2013 World Barista Champion

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Challenge of expanding sales channels beyond existing frameworks

Next Stage

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■ Initiatives to expand the DyDo Blend sales channel

◆In April 2016, Kirin Beverage Co., Ltd., will start selling two DyDo Blend products in its vending machines.

DyDo

KIRIN





◆DyDo vending machines will carry two “Gogo no Kocha” products.

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A distinctive soft drink lineup

Next Stage

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- **Miu brand: The best of flavor and mineral content**



- **"Shake and drink" dessert soft drinks featuring jelly and coconut milk**



- **Rich fragrance and taste: The luxurious flavor of tea leaves**

贅沢香茶 EXTRA RICH TEA



- **High-quality relaxation with refreshing fruit**

和果ごち



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Achieving dramatic, top-line growth by accelerating the development of our overseas businesses

Challenge

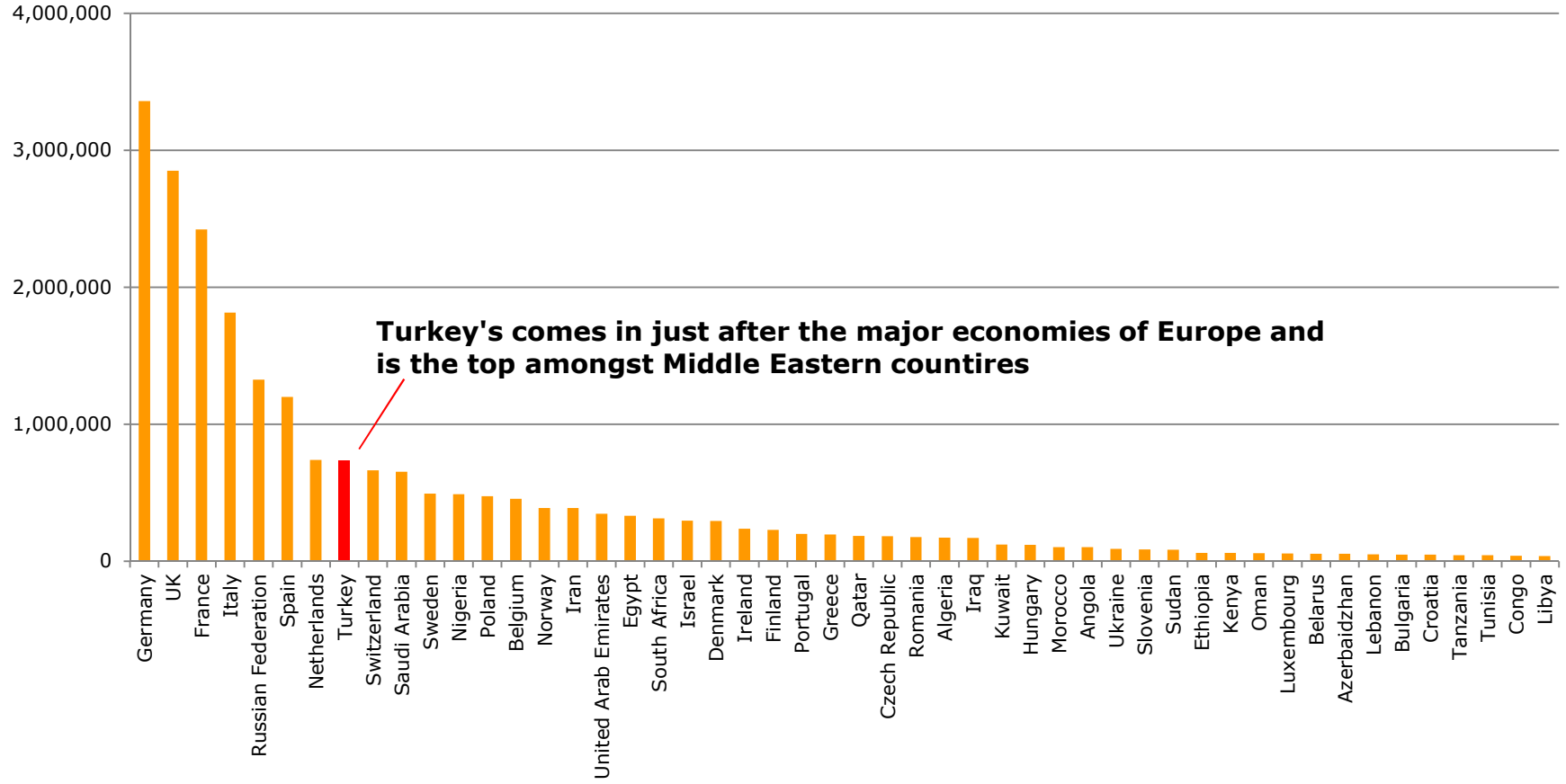
Next Stage

Size of the Turkish market

- **Turkey has the largest market of any country in the Middle East.**

Nominal GDP for Europe, the Middle East and Africa in 2015 (for top 50 countries)

(Unit: USD 1 million)



Source: Compiled by DyDo from the IMF Data

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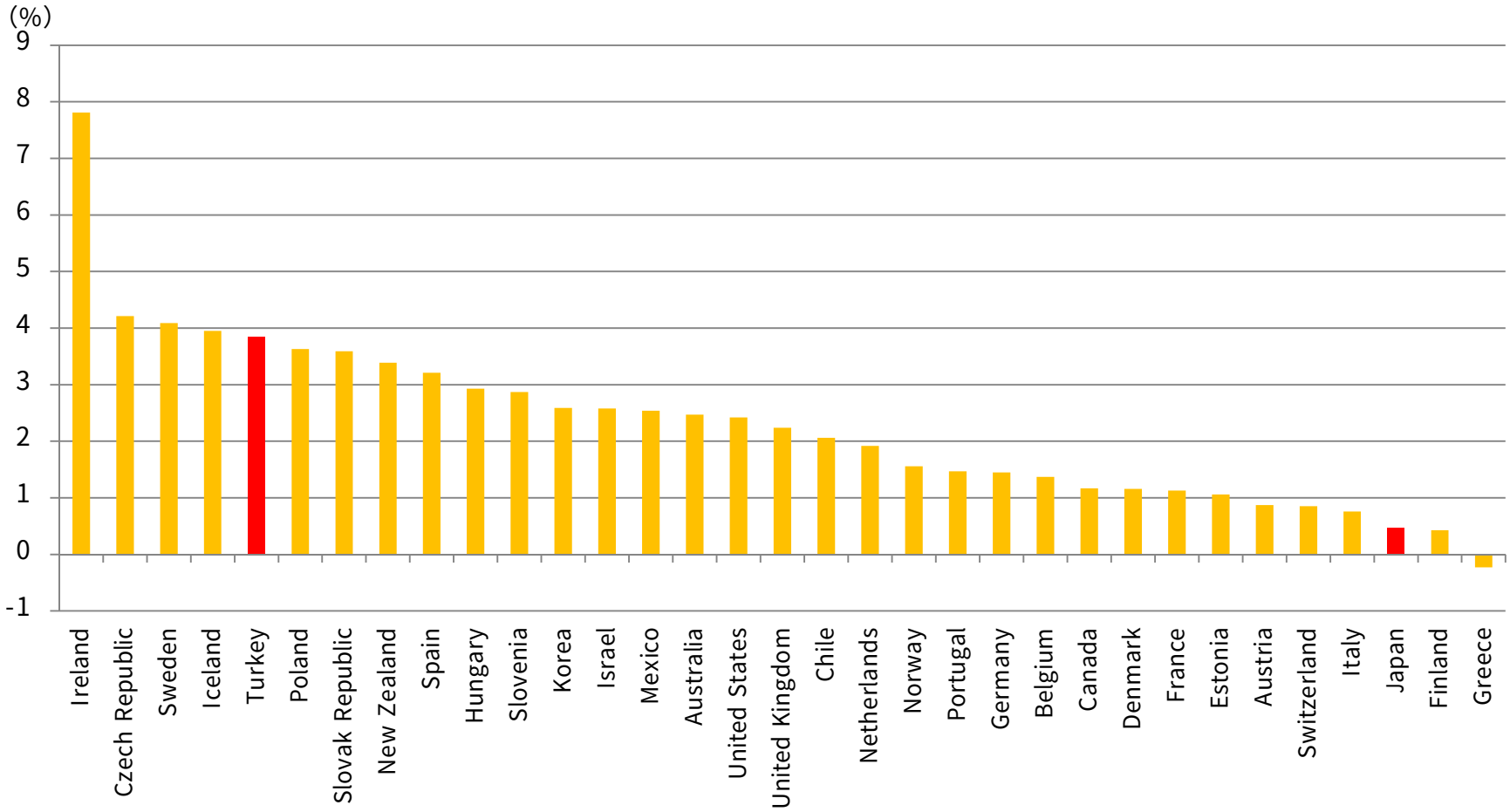
Rate of growth in the Turkish market

Next Stage

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- **The Turkish market is growing at one of the fastest rates of any OECD member country.**

Nominal GDP growth rates of OECD member countries (2015)



Source: Compiled by DyDo from the IMF Data

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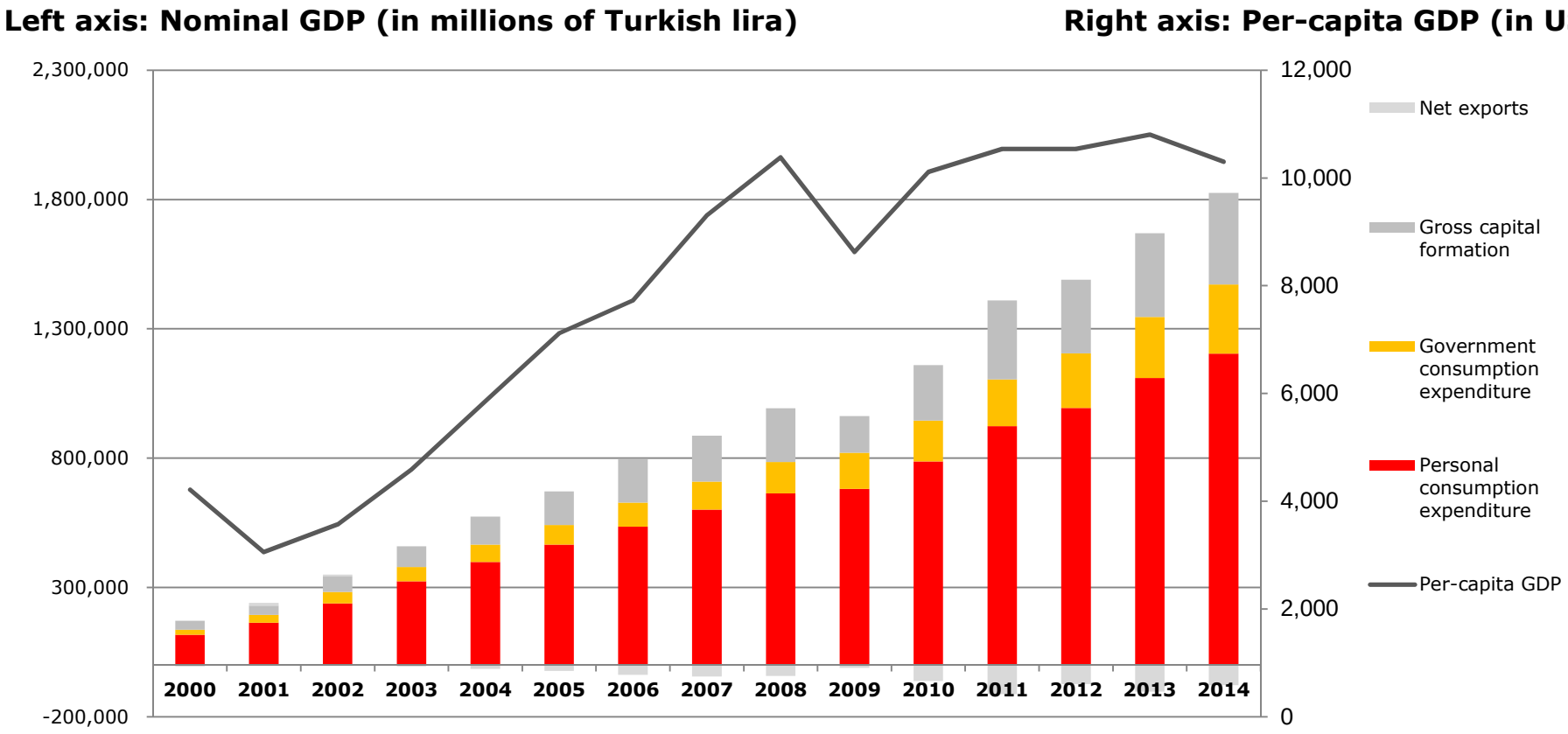
Breakdown of principal components of Turkey's GDP

Next Stage

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- The principal driver of growth in Turkey's GDP is rising consumer spending, which accounts for 70% of GDP.
- The proportion of consumer spending is high despite per capita GDP in excess of $10,000.

Breakdown of Turkey's nominal GDP and shift in per-capita GDP



Source: Compiled by DyDo using UN data

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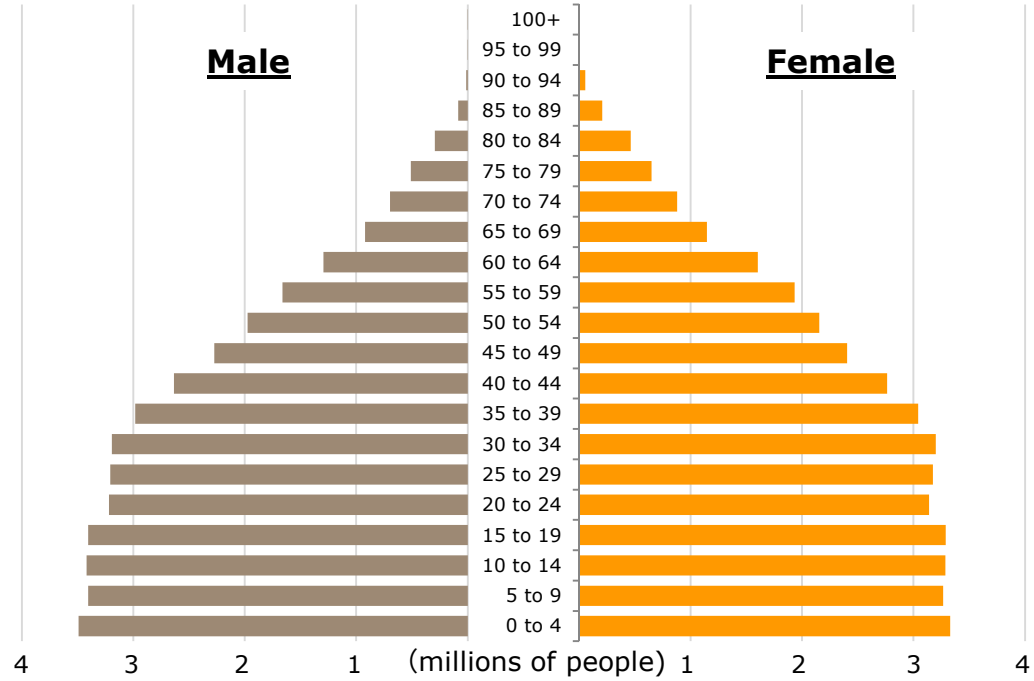
Turkey's population

Next Stage

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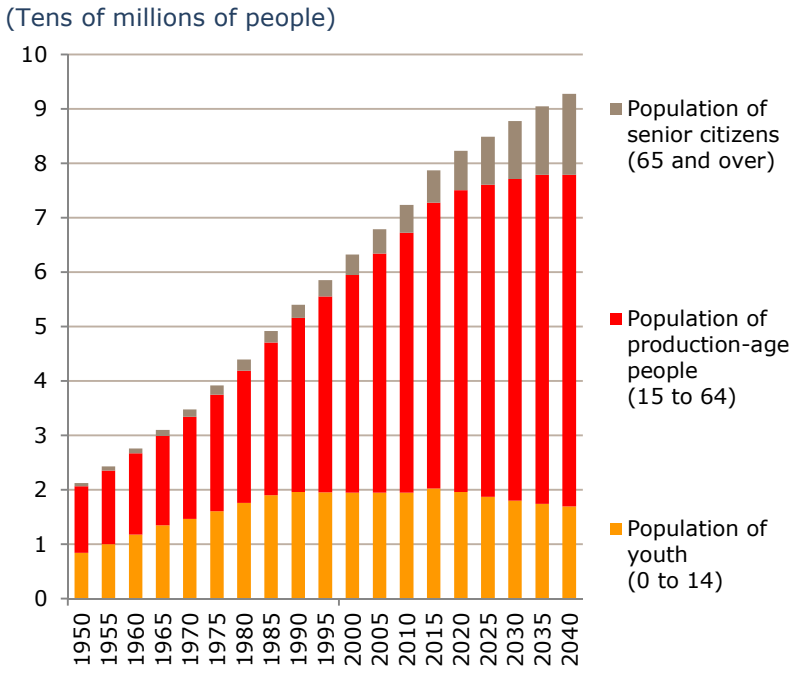
- **Young people make up a large proportion of the population in Turkey, which can be expected to exhibit additional growth in the future.**
  - **Average age in Turkey is 30 (in Japan it is approx. 47)**
  - **Projected population growth of 500,000+ per year (2015-2040)**
  - **Working age population (age 15-64) makes up a large percentage of the total population**
  - **Participation of women in the labor force is rising (at an annual rate of 3.7% [averaged over the last 5 years]).**

Population by gender and age in 2014



Source: Compiled by DyDo using UN data

Trend in population by age group (including outlook)



Source: Compiled by DyDo using UN data

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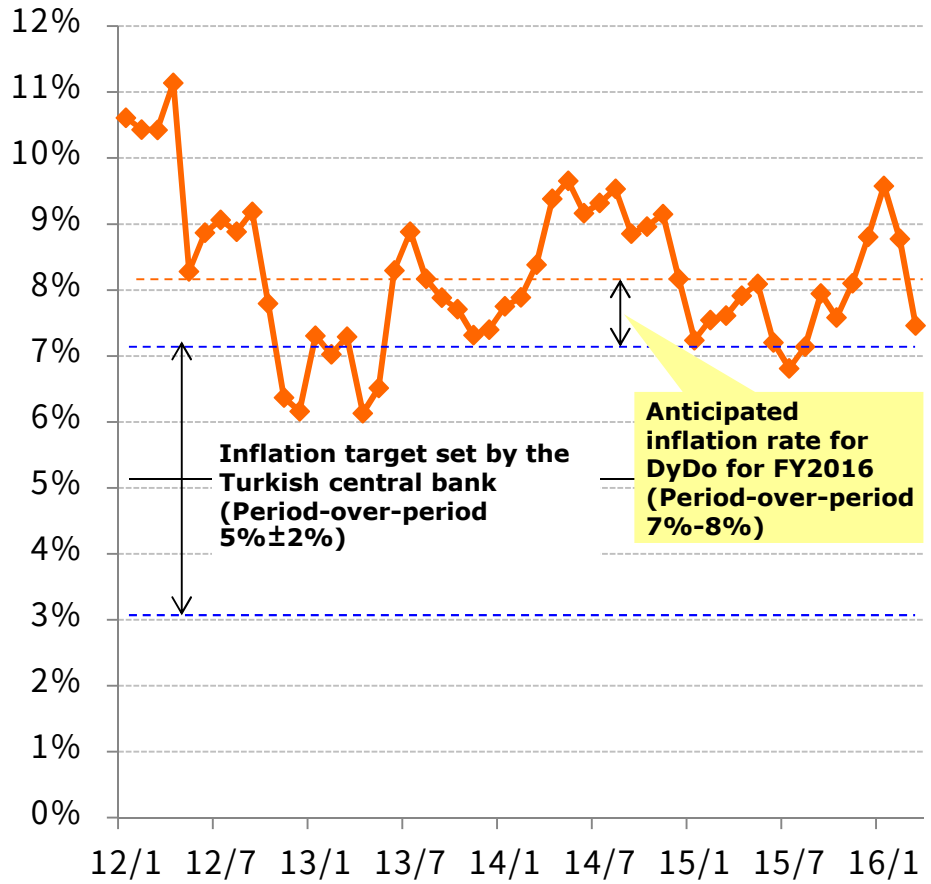
Price in Turkey and market exchange rate for Turkish lira

Next Stage

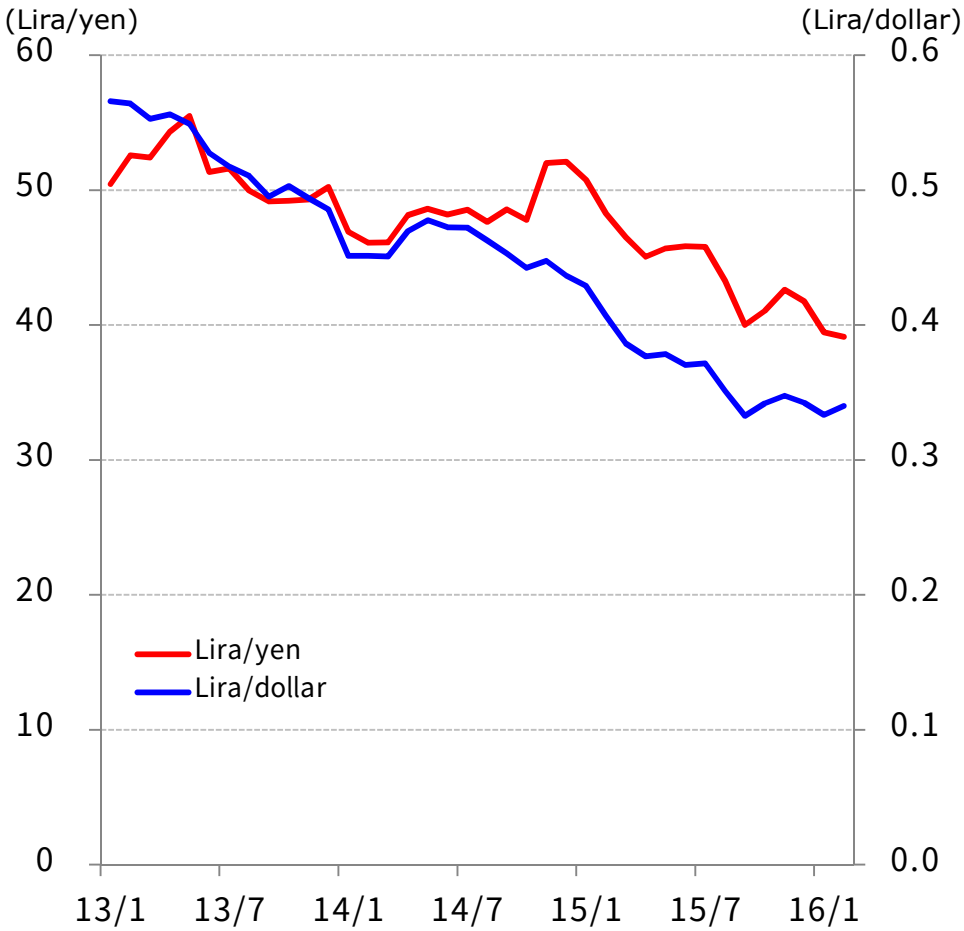
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- **Risk factors are a high inflation rate and the fluctuating exchange rate of the lira**

Change in consumer price index for Turkey (year-over-year)



Change in Turkish lira exchange rate



Source: Compiled by DyDo from data released by the Turkish Statistical Institute

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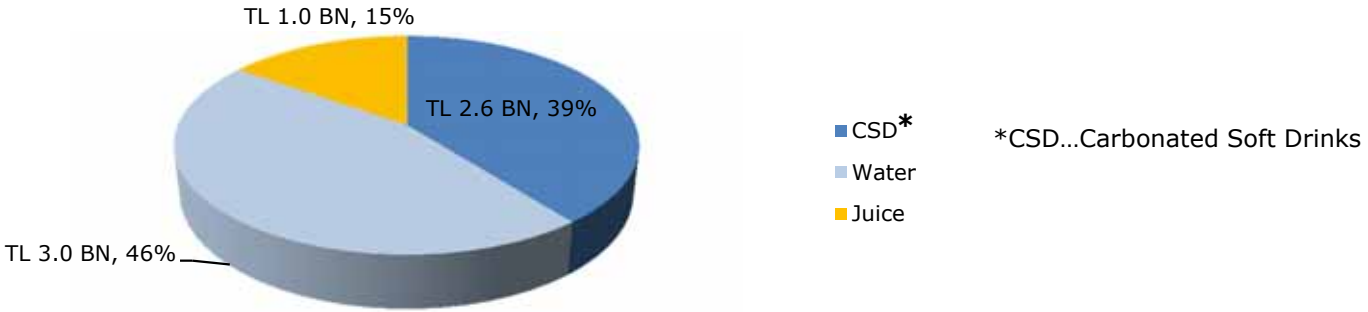
Growth in Turkey's beverage market

Next Stage

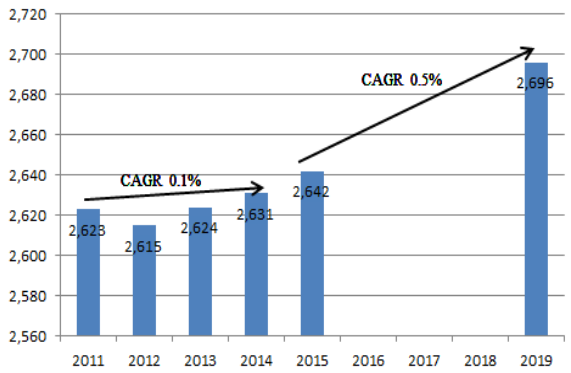
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- **Turkey's beverage market can be expected to continue to grow thanks to support from growth in the larger Turkish market.**
  - **The beverage market has grown at an average annual rate of 2.3% over the last five years.**
  - **The beverage market as a whole is expected to grow at an annual rate of at least 1.9% over the next five years.**

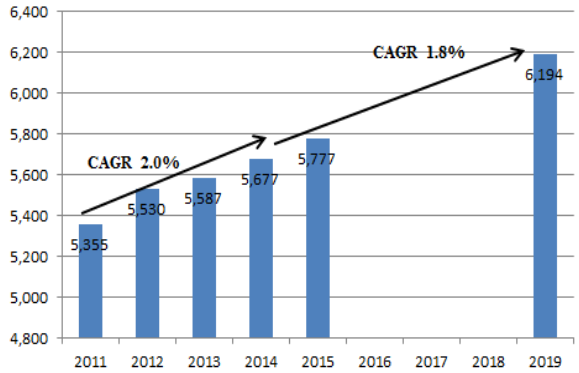
Size of Turkey's beverage market 2014 (billions of Turkish lira)



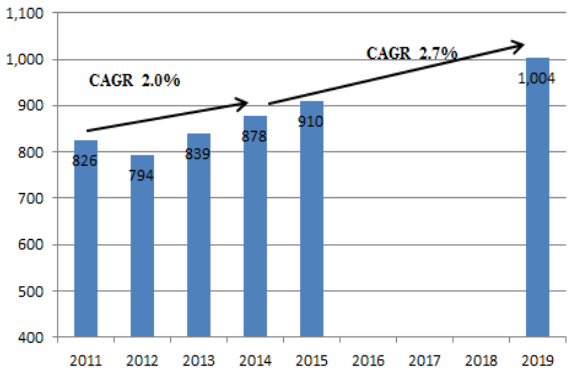
Size of the CSD market (millions of liters)



Size of the water market (millions of liters)



Size of the fruit juice market (millions of liters)



Source: Compiled by DyDo using data provided by Yildiz Holding A.S.

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Overview of Yildiz

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YILDIZ ★ HOLDING

Turkey's largest food products manufacturer
Core business of sweets such as cookies and chocolates
Expanding its business globally by means of an active M&A program

GODIVA
Belgium 1926

Purchased by Yildiz in November 2007

ÜLKER

Turkey's largest manufacturer of sweets and candy with net sales of ¥115.2 billion
(Listed on the Istanbul Stock Exchange)

UB United Biscuits

Net sales of ¥221.6 billion (FY 2014)
Listed on the London Stock Exchange and part of the FTSE 100 Index
⇒ Purchased by Yildiz in November 2014

Yildiz also has group companies that are involved in a broad range of businesses, including containers and packaging, gum, real estate, frozen foods, and IT.

Target business

Beverage business

Broad range of brands with CSD, water, and juice products

Note: Calculated based on exchange rates as of September 18,2015 (TRY 1 = JPY 39.86, GBP 1 = JPY 186.66.
Sources： Ulker 2014 Annual Report、United Biscuits Group Accounts 2014

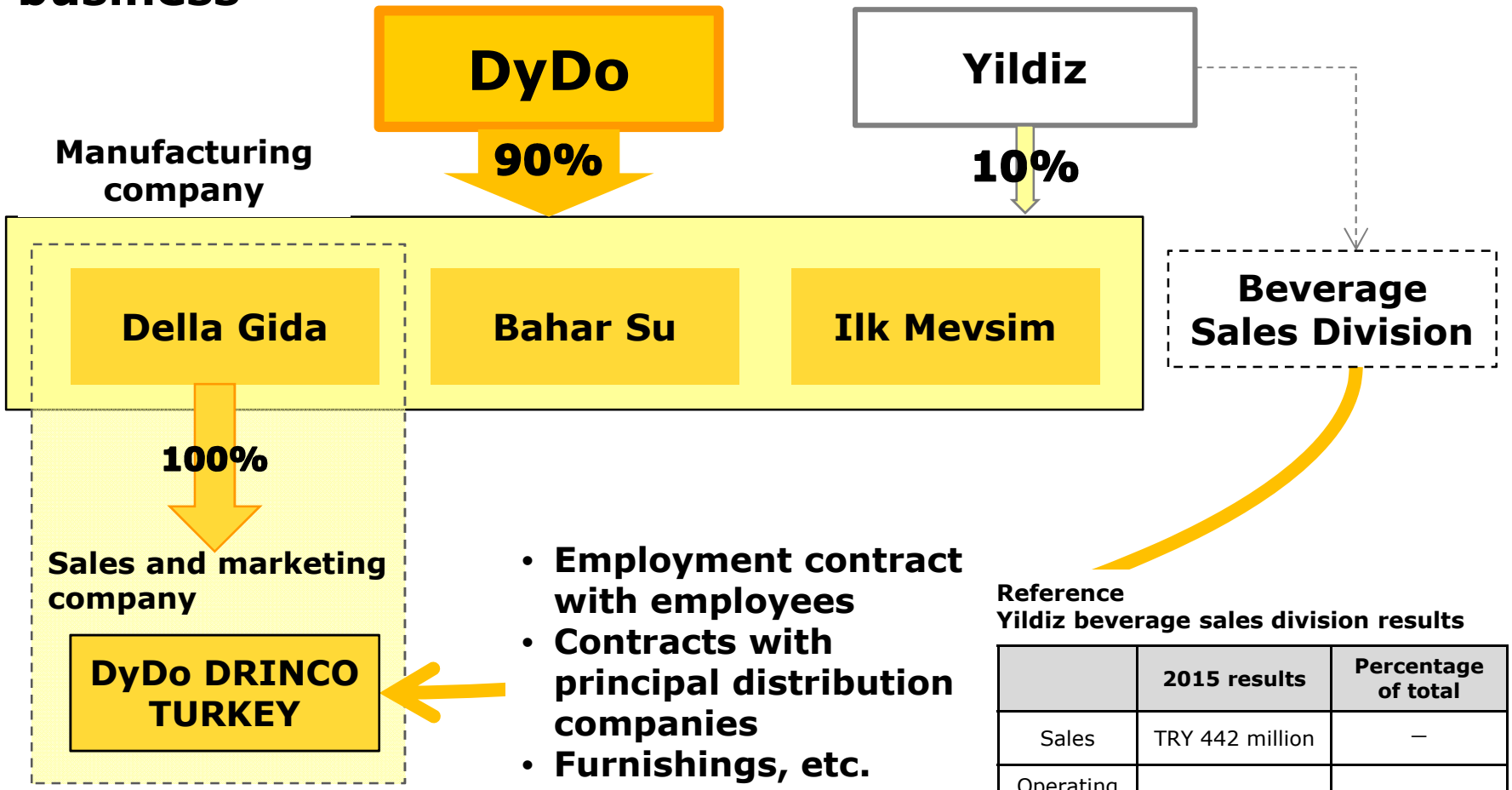
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Structure of the DyDo's Turkish beverage business

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Structure image of the DyDo's Turkish beverage business



- Employment contract with employees
- Contracts with principal distribution companies
- Furnishings, etc.

Reference
Yildiz beverage sales division results

	2015 results	Percentage of total
Sales	TRY 442 million	–
Operating income	TRY 14 million	3.3%

*** Based on Turkish accounting standards**

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Major brand products

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Beverage business major brand products



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Visualization of future brand lineup

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- **The companies whose businesses are being transferred have a strong line of brands fronted by Camlica, one of Turkey's leading beverage brands.**
- **By adding coffee, tea, energy drinks, and other products made possible by its product development capabilities, DyDo will complement and expand the acquired companies' product lines.**

CSD	Water	Fruit Juice	Tea	Other
CAMLICA Turkey's top-selling lemon-lime flavored CSD brand	Saka The most profitable brand A good fit with the trend in Turkey toward healthy living (high pH level)	i:im Link	贅沢香茶 EXTRA RICH TEA	
cola turka A cola brand that has long been loved by the Turkish people				
Mallana	Flavored miu	ごこち 和果		

Acquired brands

DyDo product line (partial)

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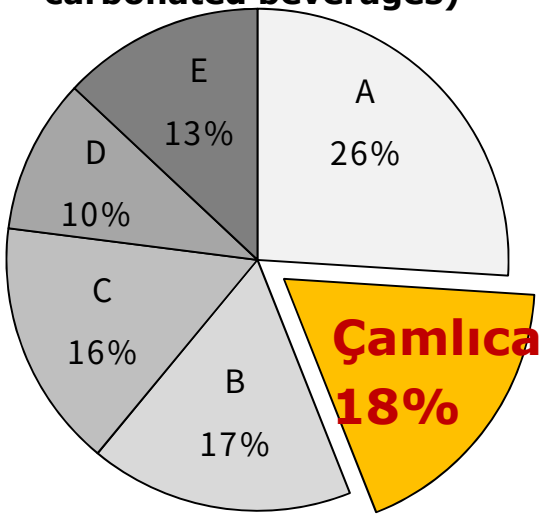
FY2016 marketing plan for clear, carbonated beverages

Next Stage

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- The core Turkish beverage business brand is "Çamlıca"
- During FY2016, aggressive marketing investments of commercials, newspaper advertisements, etc., will be made in the four major media of television, radio, newspapers and magazines
- Increases in sales will be achieved through an expanded lineup with new flavors, new containers, etc., as well as price revisions

Market share (clear, carbonated beverages)



*Market share data: Based on survey conducted by DyDo

Çamlıca 70th Year!



Digital communication



Introduction of new «My World» flavor



Introduction of new container shapes/designs



250ml can / 400ml PET / 400ml PET

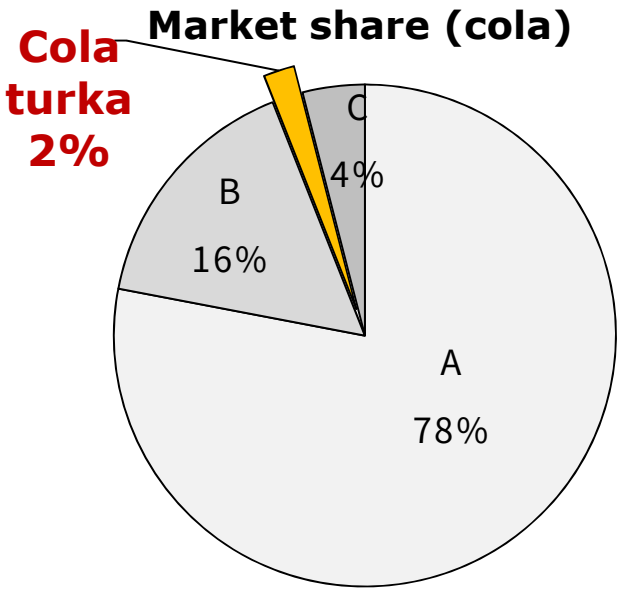
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FY2016 marketing plan for cola

Next Stage

- "Cola Turka" brand has high market awareness in Turkey
- Sales expansion will be achieved in FY2016 via in-store promotions, promotions on social media and other sales promotions

On-pack glass promotion strategy
In-store marketing strategy



*Market share data: Based on survey conducted by DyDo



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FY2016 marketing plan for mineral water

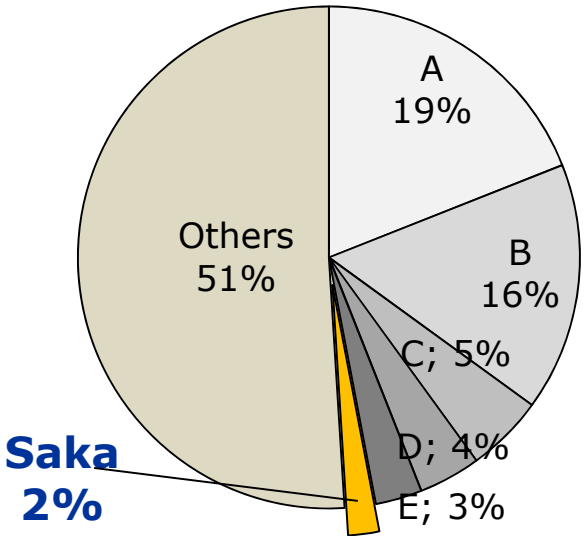
Next Stage

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- "Saka" brand has high market awareness in Turkey
- Market growth is predicted in Turkey
- Sales expansion will be achieved via price revisions capitalizing on brand strength, in-store promotions, promotions on social media and other sales promotions



Market share (mineral water)



*Market share data: Based on survey conducted by DyDo

Utilization of mobile phone apps



In-store sales promotion tools for modern channel



Expansion of lineup capitalizing on brand strength



Sparkling mineral water
Left: Plain
Right: Fruit-flavored

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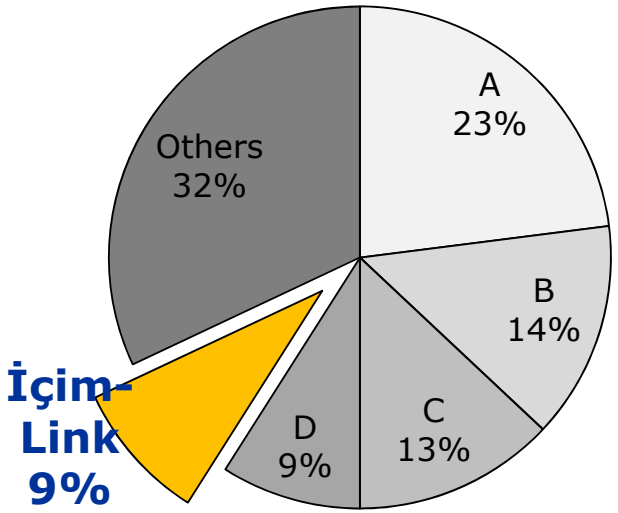
FY2016 marketing plan for fruit juice

Next Stage

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- Market growth is predicted in Turkey
- Sales expansion will be achieved via lineup expansions, in-store promotions, and other sales promotions

Market share (fruit juice)



*Market share data: Based on survey conducted by DyDo

New package designs



Introduction of new flavors



On-pack glass in-store promotion





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FY2016 marketing plan for new brands and categories

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Maltana

- Innovation brand “maltana”
- During FY2016, aggressive marketing investments of commercials, newspaper advertisements, etc., will be made in the four major media of television, radio, newspapers and magazines
- Efforts will be invested in raising brand awareness



Development/expansion of Turkey's first fusion drink: “Fiftea”



Scheduled lineup for launch
Green tea + berry
Ice tea peach + lemonade
Ice tea lemon + lemonade
Ice tea peach + energy

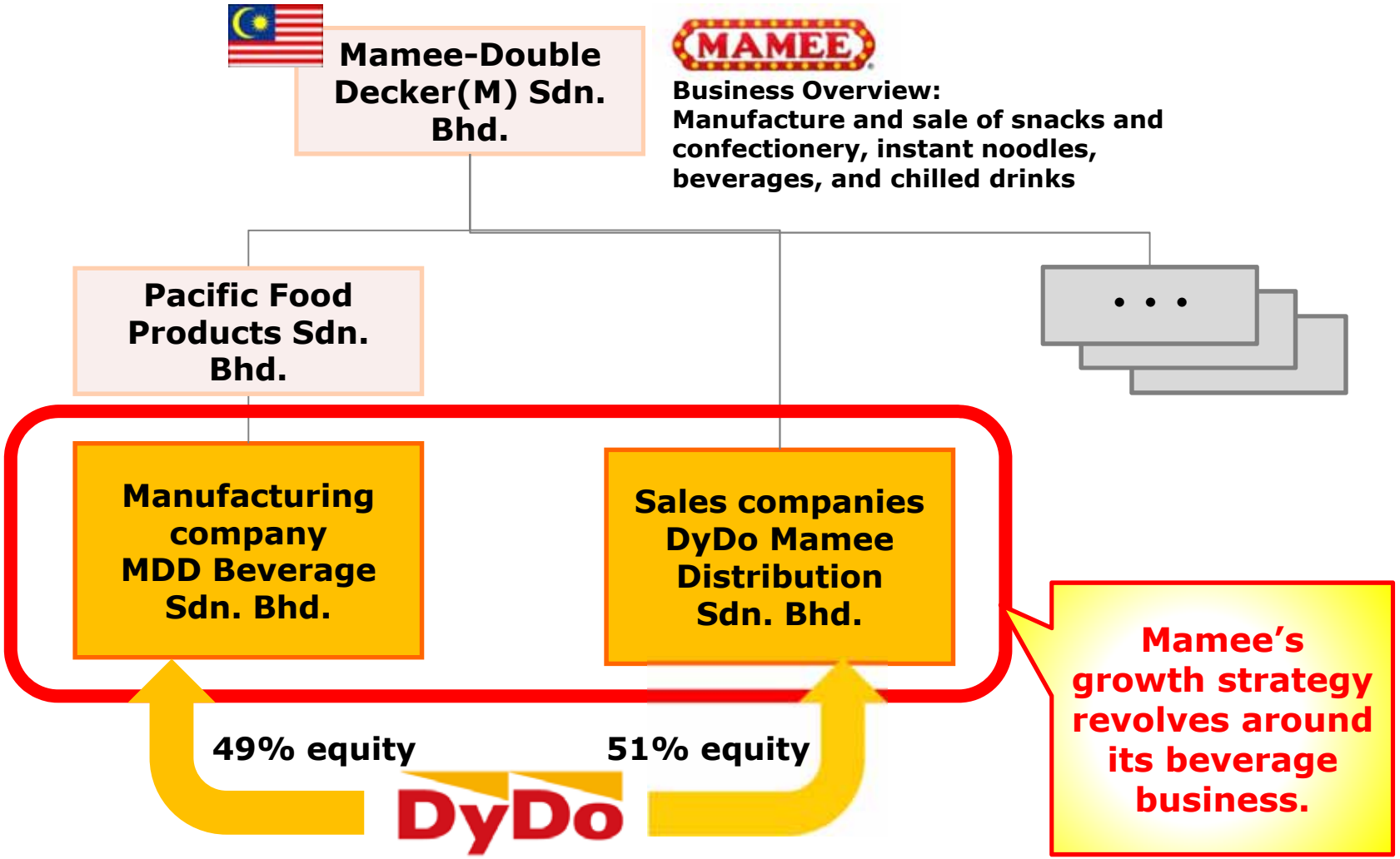
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Entry into the Malaysian market

Next Stage

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Capital participation in the beverages business division of the Malaysian food giant Mamee, making a joint venture company



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Entry into the Malaysian market

Next Stage

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MAMEE COOL TEA
LAGI COOL, LAGI BEST!



nutrigen™
MINUMAN SUSU KULTUR



nutrigen Lite Yo



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Entry into the Russian market

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Promoting the installation of vending machines in Moscow, Russia





DyDo vending machine inside the Aero Express station from Sheremetyevo International Airport, Russia's second-largest airport, to the central city.



Subway



Bus terminal



Gas station



Train station



Cinema

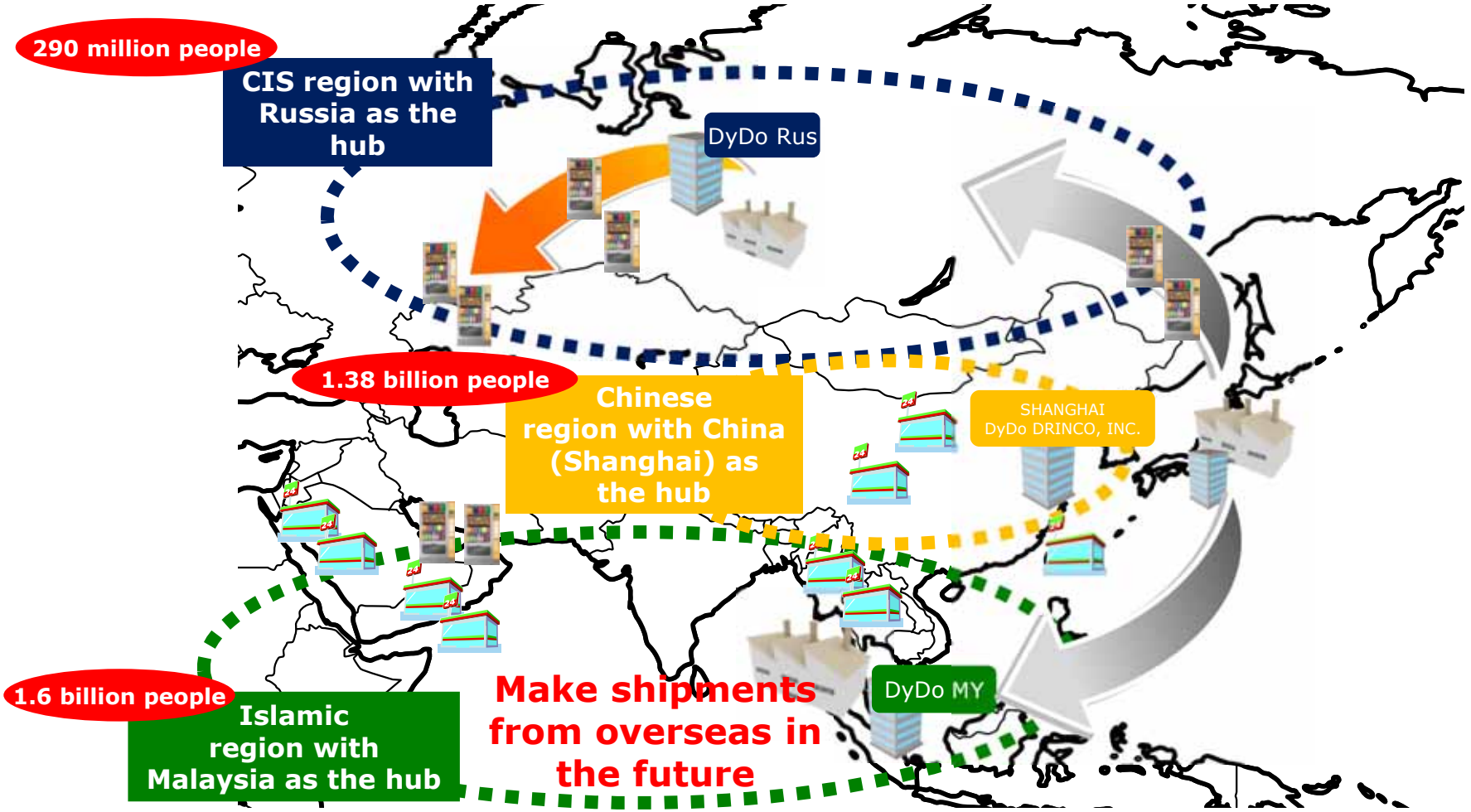
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Future Image of Overseas Deployment

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Expand into **the CIS region with Russia as the hub; the Islamic region with Malaysia as the hub; the Chinese region with Shanghai as the hub.**



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Establishing new profit centers through an M&A strategy

Challenge

Next Stage

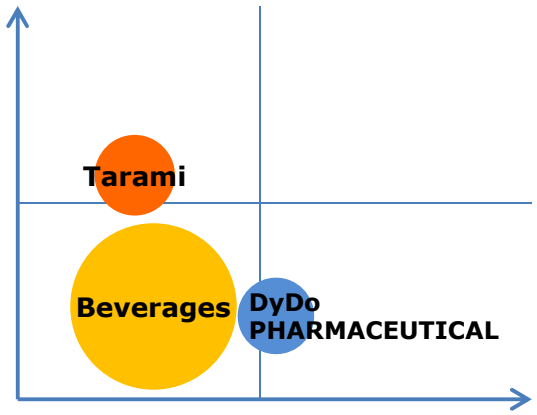
Establishing new profit centers through an M&A strategy

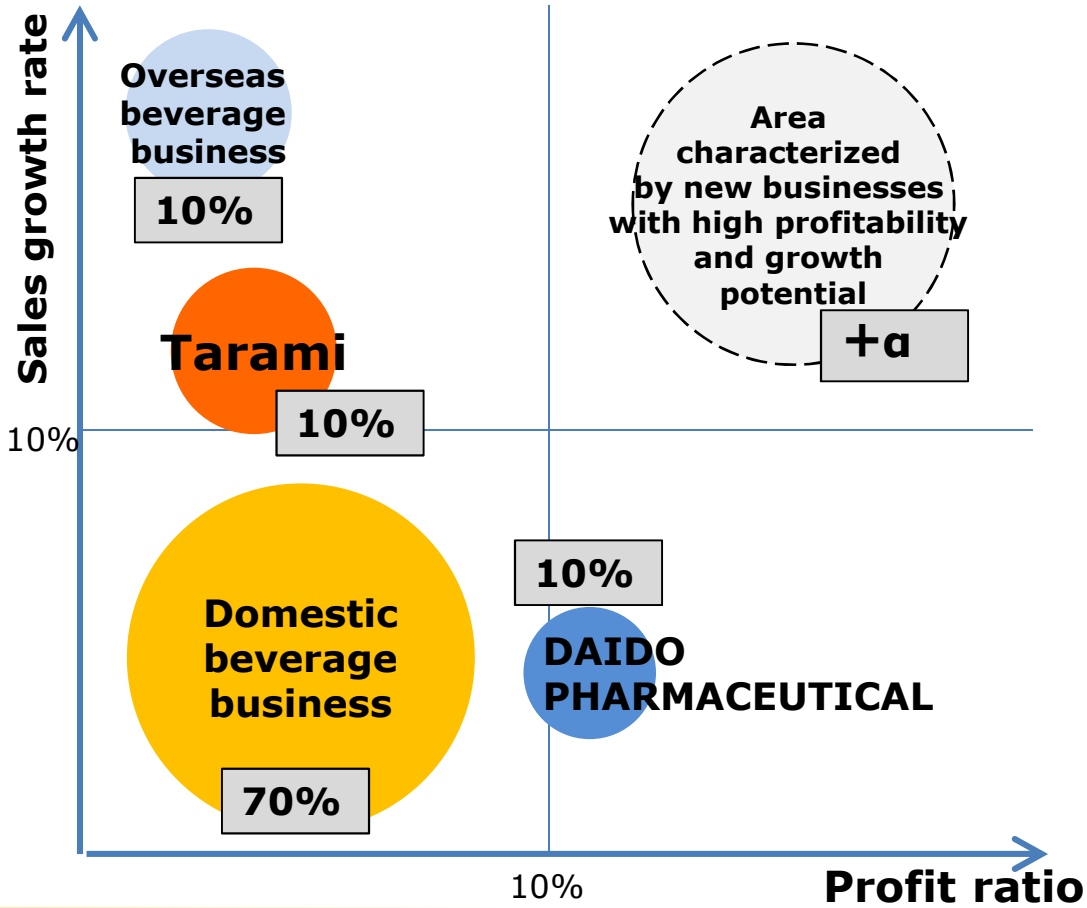
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Acquisition of new high profitability/growth business portfolio in the healthcare sector, etc.

Beverage business-centric portfolio





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Aiming for constant growth as a corporate group

Challenge

Next Stage

Narrative for achieving our mid-term management objectives from FY2016 to FY2018

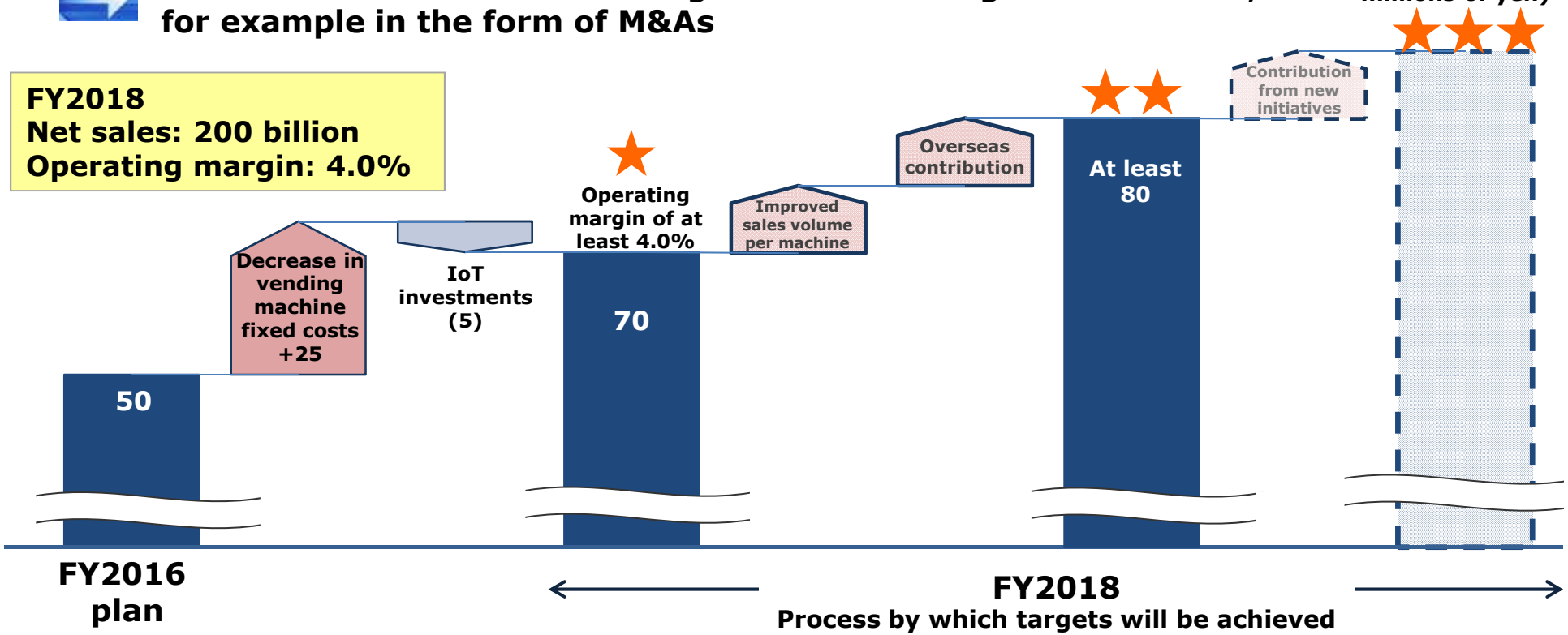
Next Stage

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- We will secure an operating margin of at least 4.0% by means of radical reforms to the vending machine channel's fixed cost structure
- We will strive to achieve operating income of at least 8.0 billion yen by improving sales volume per machine through aggressive IoT investment and through profit contributions from overseas businesses that are included in our consolidated accounting
- We will seek to bolster those figures with strategic investments, for example in the form of M&As

(Unit: Hundreds of millions of yen)

FY2018
Net sales: 200 billion
Operating margin: 4.0%

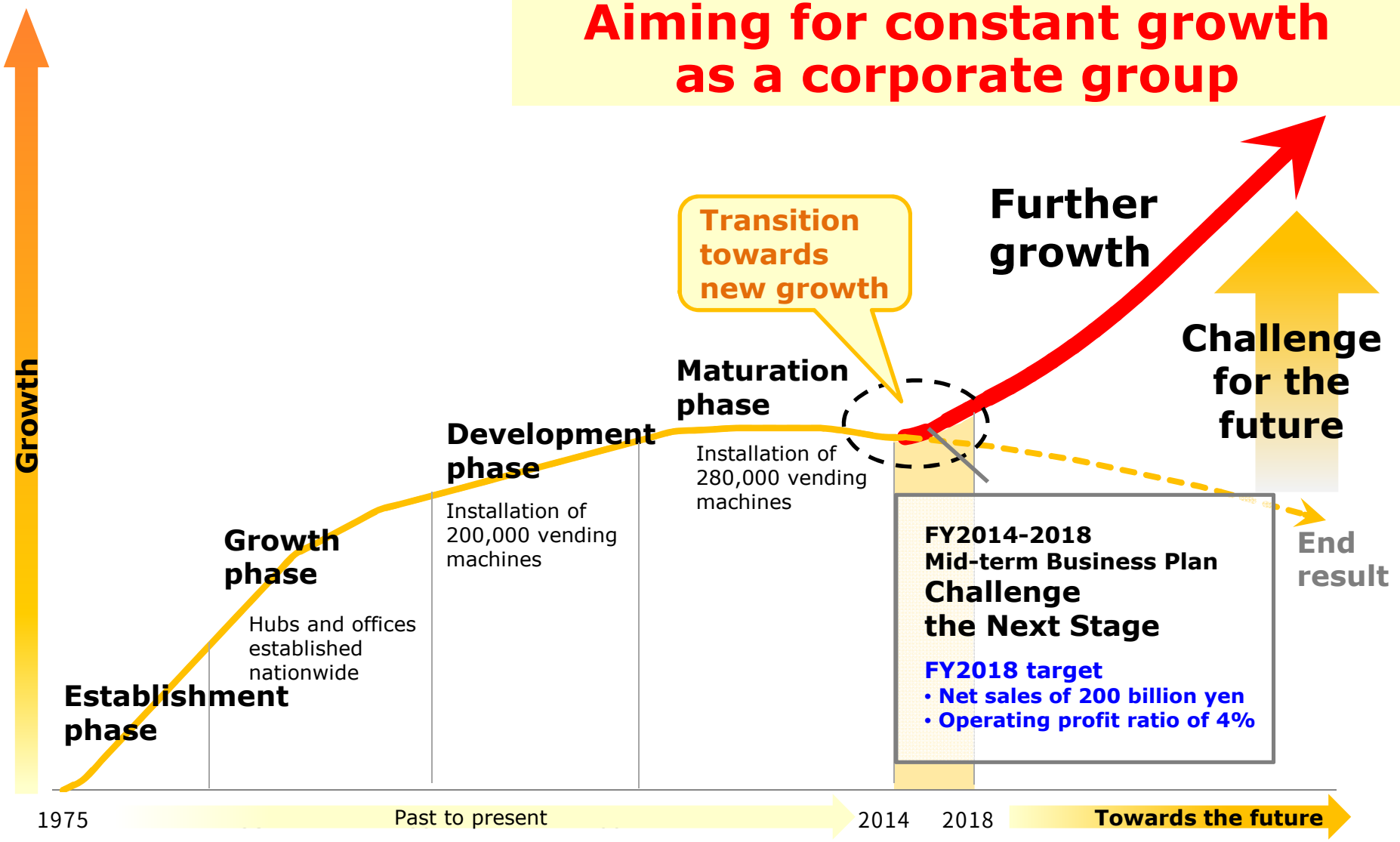


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Aiming for constant growth as a corporate group

Next Stage

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Challenge

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