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DyDo

FY2016 2nd Quarter Financial Highlights

Challenge

Next Stage

August 29, 2016

DyDo DRINCO, Incorporated

(First Section of the Tokyo Stock Exchange: 2590)

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1. Trends in the Beverages Industry

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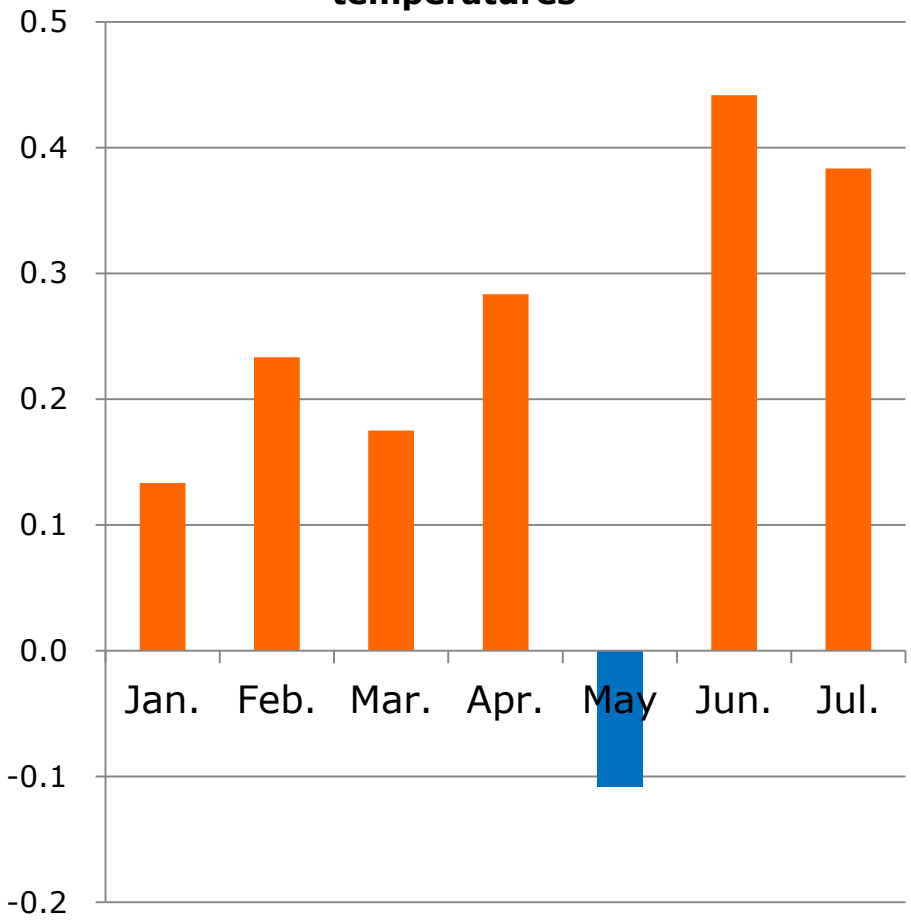
Next Stage

Trends in the Beverages Industry

Next Stage

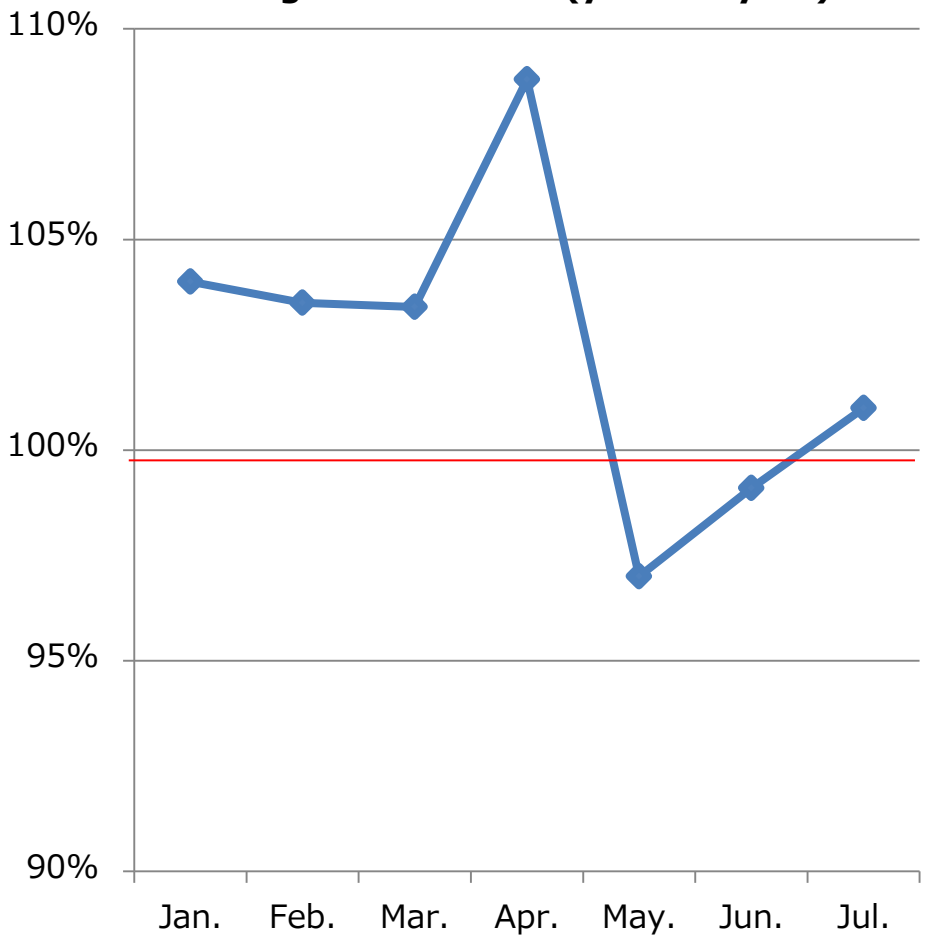
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Year-on-year difference in average temperatures



* **Graph: Compiled by DyDo based on statistical data released by the Japan Meteorological Agency (calculated using average values for key locations)**

Beverage sales trends (year-on-year)



* **Graph: Compiled by DyDo**

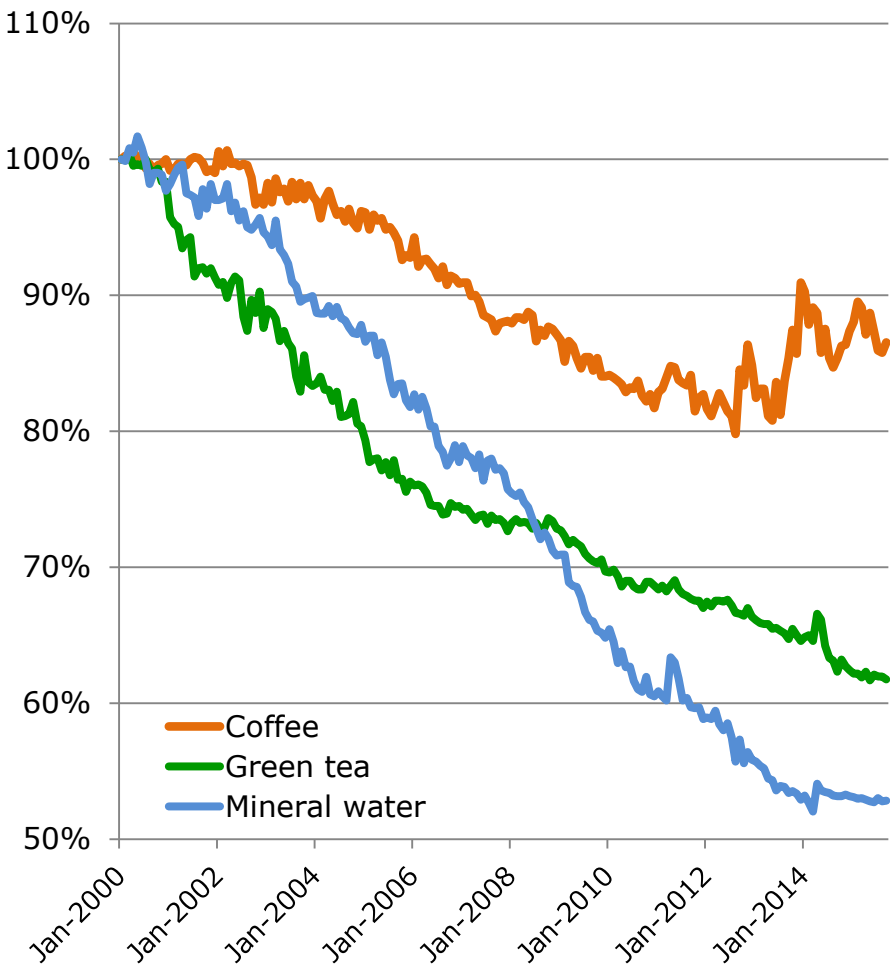
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Trends in the Beverages Industry

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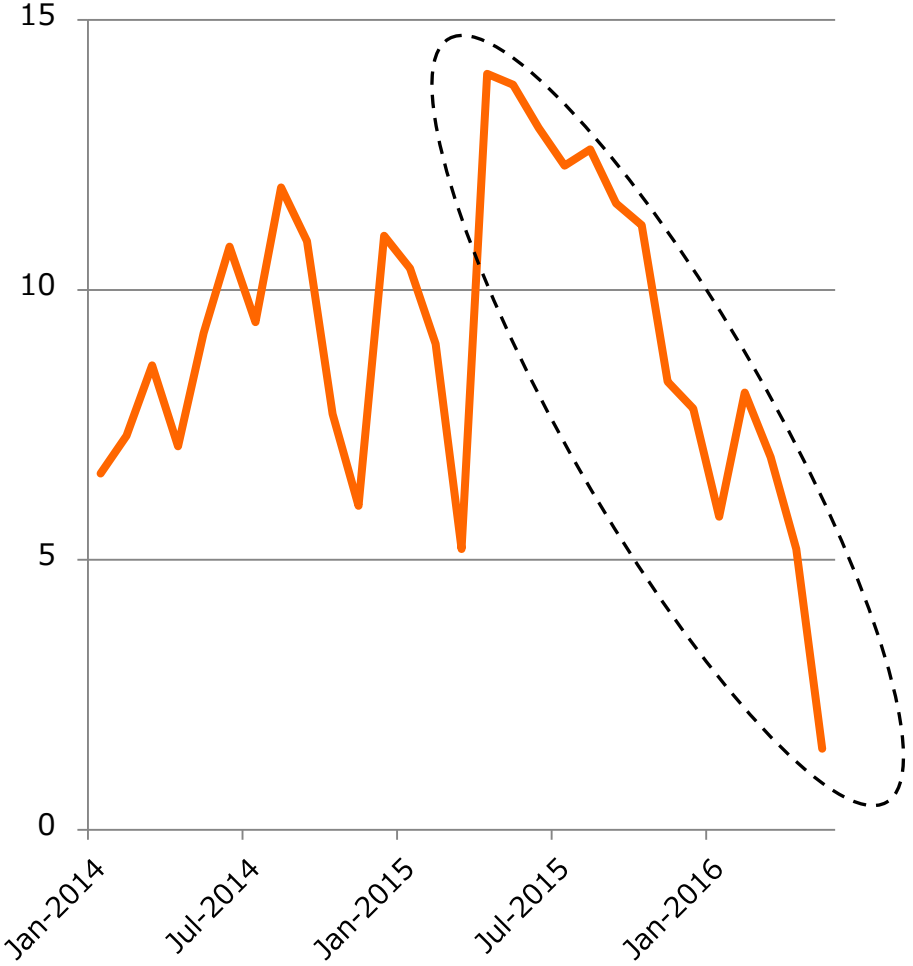
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Changes in the Consumer Price Index



Source: Compiled by DyDo from Consumer Price Index from statistical data of the Statistics Bureau, MIC

Changes in supermarket sales price DI



Source: Compiled by DyDo based on supermarket survey data

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2. FY2016 2nd Quarter Financial Highlights

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Overview of consolidated financial highlights for 2nd quarter FY2016

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- Net sales increased 11.762 billion yen on solid sales and orders in each division
- Five overseas beverage subsidiaries (four in Turkey, one in Malaysia) were added to our consolidated accounting and contributed to a significant increase in net sales
- Net sales growth effects and initiatives aimed at reducing costs helped secure profits that exceeded the initial plan
- A negative goodwill gain of 494 million yen was booked as extraordinary income, and quarterly net income attributable to owners of parent rose to 1.145 billion yen

(Millions of yen)

	2nd quarter (Jan 21 - Jul 20)									
	FY2015 results		FY2016 forecast		FY2016 results					
		Component ratio		Component ratio		Component ratio	Year-on-year		Vs. forecast as of May 30	
							%	Amount	%	Amount
Net sales	74,375	100.0%	85,300	100.0%	86,138	100.0%	15.8%	11,762	1.0%	838
Operating income	1,715	2.3%	1,350	1.6%	2,280	2.6%	32.9%	564	68.9%	930
Ordinary income	1,545	2.1%	1,250	1.5%	2,218	2.6%	43.5%	672	77.5%	968
Quarterly net income attributable to owners of parent	779	1.0%	670	0.8%	1,925	2.2%	146.9%	1,145	187.4%	1,255
EPS	47.08 yen		40.44 yen		116.23 yen		146.9%	69.15 yen	187.4%	75.79 yen
Dividend per share	30 yen		30 yen		30 yen		0.0%	-	0.0%	-

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Trends in monthly sales volume for the Beverage Sales Division (existing business) for 2nd quarter of FY2016

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- Sales volume during the 1st half of FY2016 rose 4% compared to the previous period
- The "World's Top Barista" series delivered contributions, and bottle-shaped can coffee products performed well
- Sales to Kirin Beverage Co., Ltd., also contributed from April
- Efforts to strengthen our brand power by expanding points of interaction with our customers delivered results

Monthly sales volume (year-on-year basis)

	February (Jan 21 - Feb 20)	March (Feb 21 - Mar 20)	April (Mar 21 - Apr 20)	May (Apr 21 - May 20)	June (May 21 - Jun 20)	July (Jun 21 - Jul 20)	Cumulative 1st half results (Jan 21 - Jul 20)
	%	%	%	%	%	%	%
Coffee beverages	(2.6%)	7.9%	17.6%	2.1%	(1.5%)	8.4%	5.3%
Other beverages	(3.3%)	0.4%	9.0%	(10.3%)	(0.8%)	20.0%	2.4%
Total	(2.9%)	5.0%	14.1%	(3.9%)	(1.2%)	13.8%	4.0%
No. of working days compared to previous period	(1)	±0	+2	(2)	(1)	+1	(1)

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Beverage Sales Division

(Millions of yen)

	2nd quarter (Jan 21 - Jul 20)									
	FY2015 results		FY2016 forecast		FY2016 results					
		Component ratio		Component ratio		Component ratio	Year-on-year		Vs. forecast as of May 30	
							%	Amount	%	Amount
Existing business	61,060	100.0%	62,400	88.0%	63,479	88.1%	4.0%	2,419	1.7%	1,079
New consolidated subsidiaries	–	–	8,500	12.0%	8,542	11.9%	–	8,542	0.5%	42
Net sales	61,060	100.0%	70,900	100.0%	72,022	100.0%	18.0%	10,962	1.6%	1,122
Existing business	891	1.5%	740	1.0%	1,792	2.5%	101.0%	900	142.3%	1,052
New consolidated subsidiaries	–	–	–	–	(316)	–	–	(316)	–	(316)
Operation income	891	1.5%	740	1.0%	1,475	2.0%	65.5%	583	99.4%	735

[Reference: exchange rates]

	FY2015 results	FY2016 forecast	FY2016 results		
				Year-on-year	Vs. forecast as of May 30
				Amount	Amount
Turkish lira (TRY)	–	¥37.00	¥38.43	–	¥1.43
Malaysian ringgit (MYR)	–	¥27.50	¥27.58	–	¥0.08

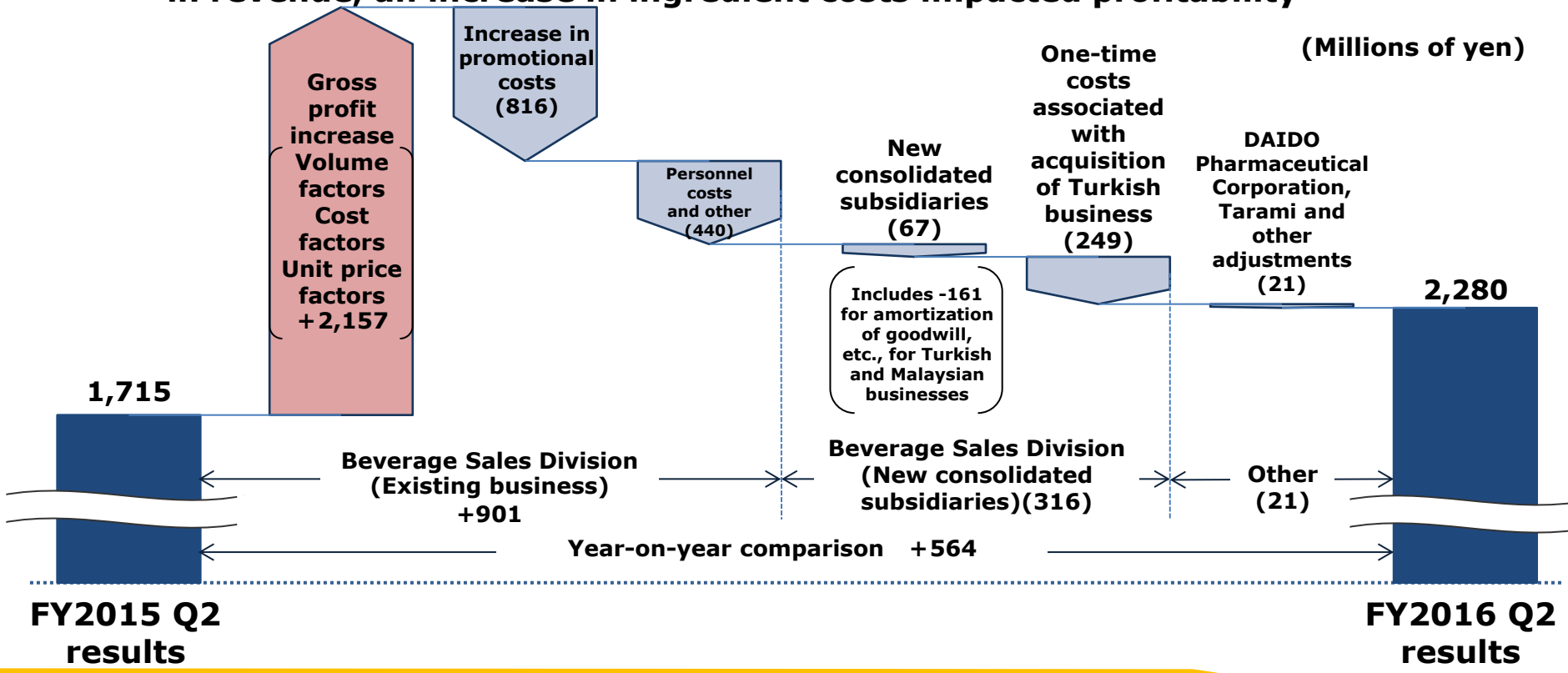
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Factors driving increases/decreases in operating income (losses) for 2nd quarter of FY2016
- Year-on-year comparison -

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- Profits were helped by increased sales volume and cost reductions in the Beverage Sales Division
- The costs associated with the acquisition of the Turkish beverage business were fully recognized in the 1st half
- 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 revenue, an increase in ingredient costs impacted profitability



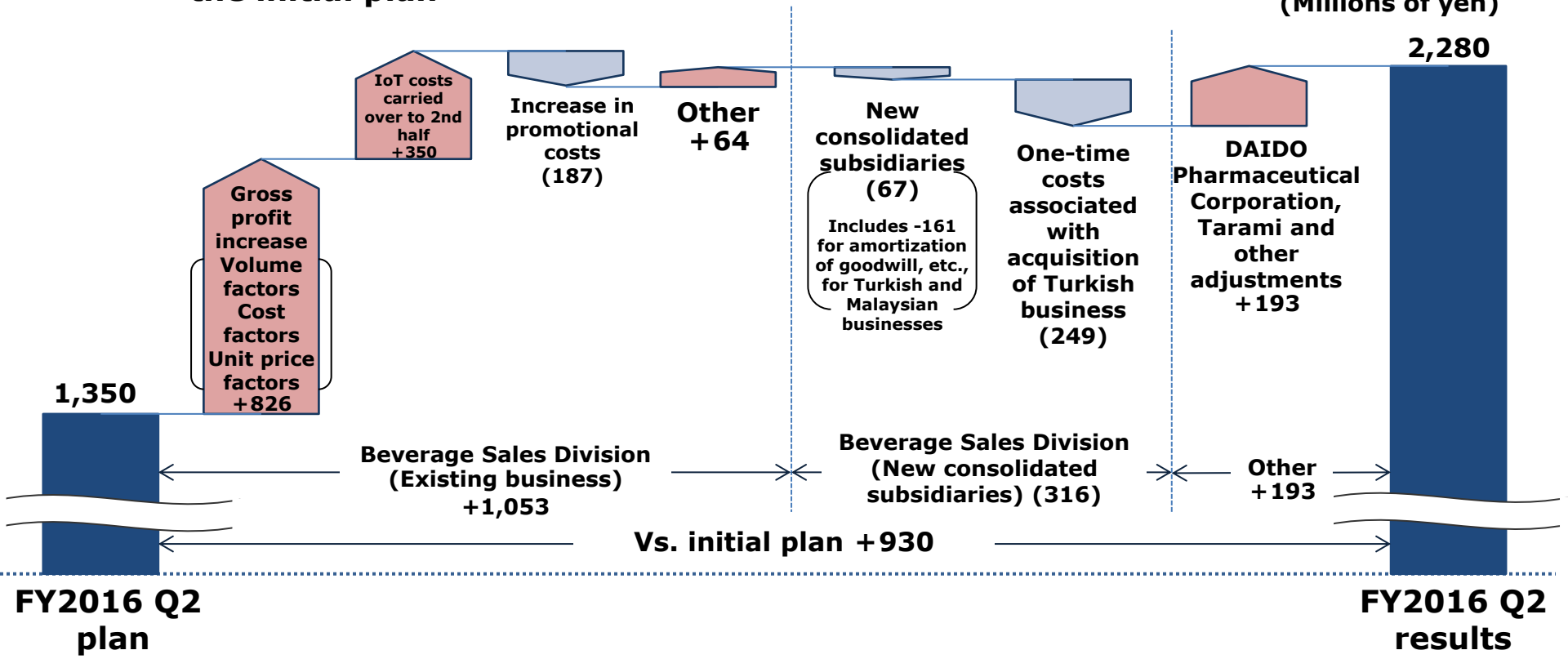
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Factors driving increases/decreases in operating income (losses) for 2nd quarter of FY2016
- Vs. initial plan -

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- The Beverage Sales Division posted results that exceeded the initial plan owing to growth in sales volume and cost reductions
- Costs related to IoT will be carried over to the 2nd half of FY2016
- Profits at the OEM Beverage Production Division received contributions from beauty health drinks for overseas markets
- The Food Production and Sales Division delivered results that exceeded the initial plan

(Millions of yen)



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Overview by Business Divisions -Beverage Sales Division: Existing Business - Next Stage

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Beverage Sales Division - Existing Business -

*Figures prior to consolidated adjustment (Millions of yen)

	2nd quarter (Jan 21 - Jul 20)									
	FY2015 results		FY2016 forecast		FY2016 results					
		Component ratio		Component ratio		Component ratio	Year-on-year		Vs. forecast as of May 30	
							%	Amount	%	Amount
Net sales	61,060	100.0%	62,400	100.0%	63,479	100.0%	4.0%	2,419	1.7%	1,079
Operating income	891	1.5%	740	1.2%	1,792	2.8%	101.0%	900	142.3%	1,052

Overview of the 1st half

- Aggressive initiatives to secure premium locations, and preservation of existing locations
- Contributions from sales to Kirin Beverage Co., Ltd., from April
- Steady reduction in costs through control over the container composition and other factors

FY2016 2nd half policy

- Initiatives to further strengthen the DyDo Blend brand
- Promotion of new step for Smile STAND (deployment phase)
- Initiatives to curb soaring distribution costs



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Overview by business divisions
- Beverage Sales Division: Existing Business - <Initiatives in 2nd half of FY2016>

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Challenge to enhance product strength

- **Strengthen the "DyDo Blend" brand**
  - **Capture customers for new "UMAMI" Blend among younger generations**
  - **Change packaging ahead of the autumn and winter periods**



Launched on Aug 22



Move to packaging that further emphasizes the appeal of the savory flavor, which is the result of a whole drip from coffee beans and the flesh of the coffee cherry

- **Strengthen TV commercials and YouTube video commercials for our lineup of three "DyDo Blends"**



UMAMI Blend



World's Top Barista series



Demitasse series

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Challenge to enhance product strength

Expand sales channels for "DyDo Blend" lineup

- Continue to sell two "DyDo Blend" products through vending machines of Kirin Beverage Co., Ltd.

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KIRIN





- For DyDo vending machines, switch "Gogo-no-Kocha" English tea to a hot item before the genuine hot-drink season kicks in (no change in item number: 2 items)

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Challenge to grow existing businesses

■ Wide-scale deployment of "Smile STAND"

◆New smartphone-based service that connects customers and vending machines



Smile STAND

Looking forward to tomorrow, every day.

Contents currently on offer



"LINE Gift Code" exchange service



Smile SLOT (reward service)



DyDo work experience (app that provides an experience of professional occupation)

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Beverage Sales Division - New Consolidated Subsidiaries -

*Figures prior to consolidated adjustment (Millions of yen)

	2nd quarter (Jan 21 - Jul 20)									
	FY2015 results		FY2016 forecast		FY2016 results					
		Component ratio		Component ratio		Component ratio	Year-on-year		Vs. forecast as of May 30	
							%	Amount	%	Amount
Net sales	–	–	8,500	100.0%	8,542	100.0%	–	–	–	–
Operating income	–	–	–	–	*94	1.1%	–	–	–	–

* Not include amortization of goodwill, etc., and one-time costs associated with acquisition of Turkish business

Overview of the 1st half

- Secured new operating bases in the Islamic world
- Developed framework to aim for rapid top-line growth overseas
- Earnings trended firm despite political developments in Turkey and exchange rate fluctuations



FY2016 2nd half policy

- Strengthened management and administration systems as well as operating systems in each area
- Strengthen existing brands and develop new brands
- Consider utilizing product development capabilities of Japan DyDo



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- **Finalizing goodwill and negative goodwill amounts associated with acquisition of Turkish beverage business**

<Positive goodwill>

- **Amount of goodwill generated**
  TRY 73,305,000

- **Amortization method and period**
  Straight-line amortization over 15 years

<Negative goodwill>

- **Amount of negative goodwill generated**
  Bahar Su Sanayi ve Ticaret A.Ş.
  TRY (12,011,000)

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Overview by Business Divisions
-OEM Beverage Production Division-

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ドリンク剤の受託製造 DAIDO PHARMACEUTICAL CORPORATION

OEM Beverage Production Division

*Figures prior to consolidated adjustment (Millions of yen)

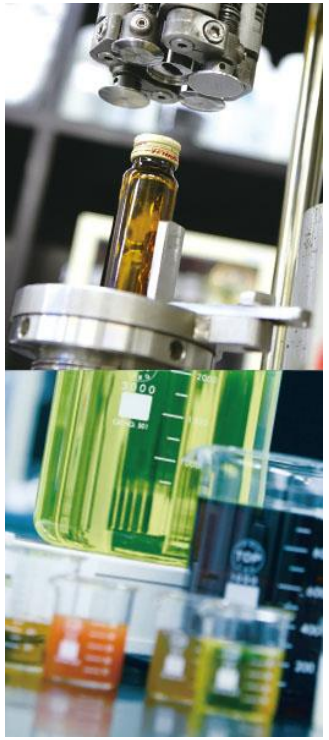
	2nd quarter (Jan 21 - Jul 20)									
	FY2015 results		FY2016 forecast		FY2016 results					
		Component ratio		Component ratio		Component ratio	Year-on-year		Vs. forecast as of May 30	
							%	Anount	%	Amount
Net sales	4,548	100.0%	4,700	100.0%	4,641	100.0%	2.0%	92	(1.2%)	(58)
Operating income	487	10.7%	380	8.1%	508	11.0%	4.3%	21	33.9%	128

Overview of the 1st half

- The energy drink market faced a difficult environment
- Overseas orders for beauty health drinks trended firm and contributed to profits
- Conducted ongoing initiatives to reduce production costs

FY2016 2nd half policy

- Organizational proposal-based sales and development of original proposal ingredients
- Cultivate new business fields geared toward medium to long-term business development
- Strengthen earnings structure through production efficiency gains and cost reductions



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Overview by Business Divisions
-Food Production and Sales Division-

Next Stage

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Food Production and Sales Division

*Figures prior to consolidated adjustment (Millions of yen)

	2nd quarter (Jan 21 - Jul 20)									
	FY2015 results		FY2016 forecast		FY2016 results					
		Component ratio		Component ratio		Component ratio	Year-on-year		Vs. forecast as of May 30	
							%	Amount	%	Amount
Net sales	9,104	100.0%	9,970	100.0%	9,808	100.0%	7.7%	703	(1.6%)	(161)
Operating income	524	5.8%	410	4.1%	475	4.8%	(9.4%)	(49)	15.9%	65

Summary of the 1st half

- The "Torokeru Ajiwai (Melting Flavor)" series and other new products continue to trend firm
- Further uptake in convenience store market and mass merchandising store markets
- Amid initiatives to reform the company-wide earnings structure, a surge in ingredient costs depressed earnings

FY2016 2nd half policy

- Shift to business model that generates stable profits during a phase of sustained high costs
- Development of products that respond to the multifaceted needs of users
- Strengthening and enhancement of quality management system



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Challenge

3. FY2016 Full-year Financial Forecast

Next Stage

FY2016 Full-year financial Forecast

Next Stage

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- **We expect a negative goodwill gain to boost net income attributable to parent company shareholders by 600 million yen from our original forecast**
- **Sales have trended firm thus far, putting us on track to achieve our full-year guidance**
- **We are conducting advance investments geared toward top-line growth and improved profitability**

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of parent	Net income per share
Prior forecast (A) (Announced on May 30)	171,000	5,000	4,800	2,900	175.05 yen
Revised forecast (B) (Announced on Aug 17)	171,000	5,000	4,800	3,500	211.27 yen
Difference (B - A)	–	–	–	600	
Percentage (%)	–	–	–	20.7	
(For ref.) Consolidated figures for FY2015	149,856	4,988	4,262	2,347	141.68 yen

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

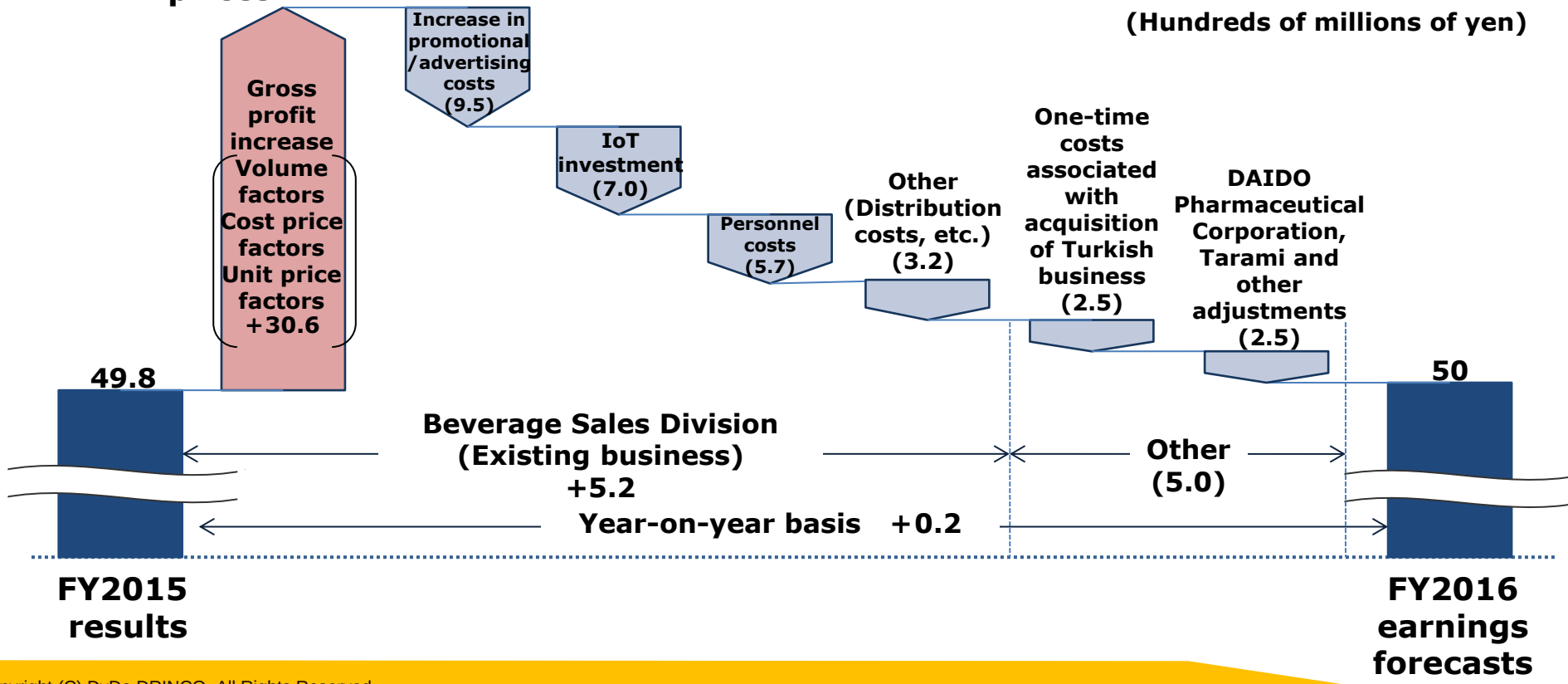
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FY2016 Full-year Forecast
Factors driving increases/decreases in operating income
- Year-on-year basis -

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- The Beverage Sales Division projects a 3.06 billion yen increase in gross profit supported by sales volume growth and effects from cost reductions
- With the aim of increasing our top-line, we projects premium locations for our vending machines, and conducted advance investment in an IoT platform for vending machines
- While an expanded operation structure for vending machines will result in higher personnel costs, it will also contribute to an improvement in sales prices



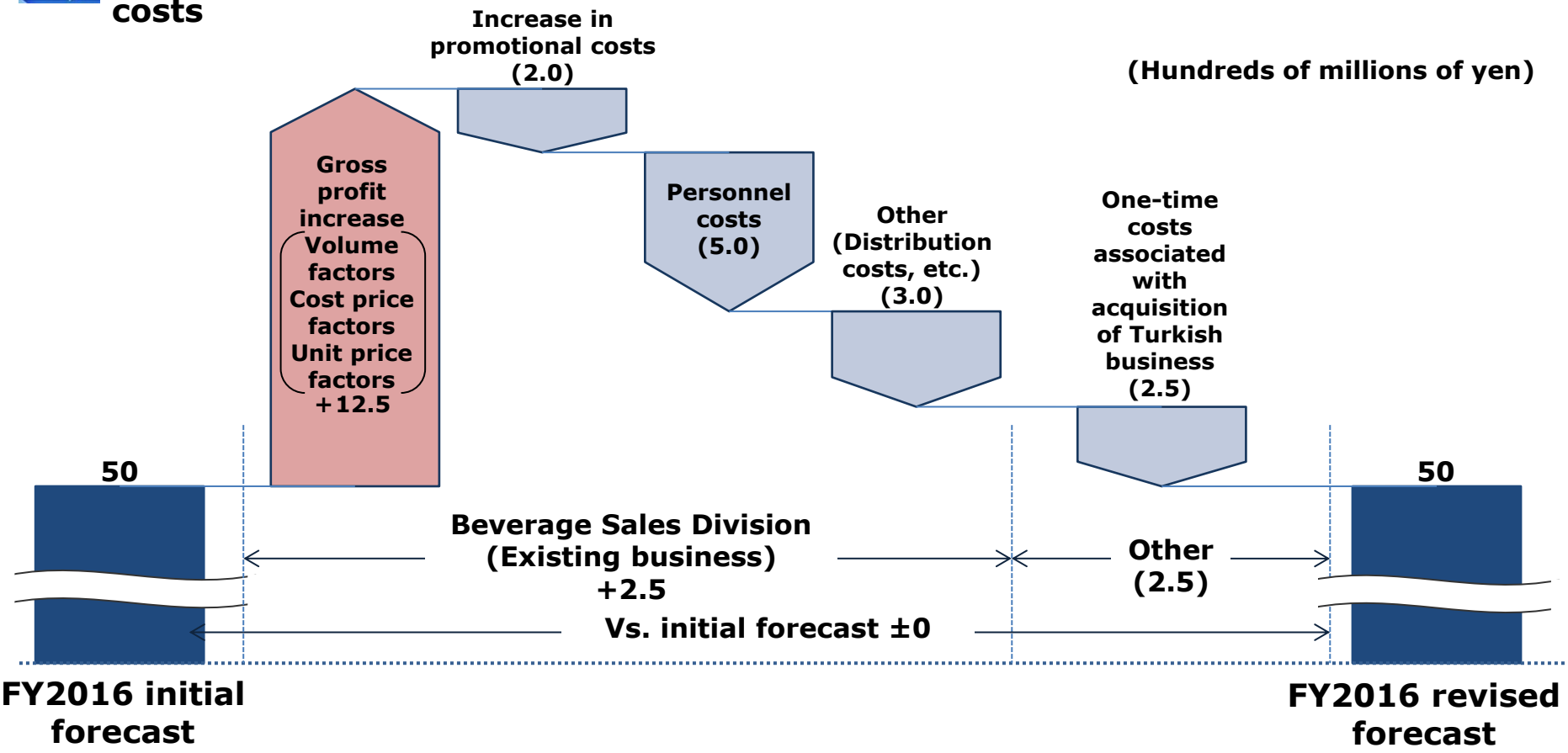
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FY2016 Full-year Forecast
Factors driving increases/decreases in operating income
- Vs. initial forecast -

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- The Beverage Sales Division on track to beat initial plan due to increase in gross profit
- Increase in advertising and promotion costs geared toward further strengthening "DyDo Blend" brand
- One-time costs to arise in connection with efforts to curb future distribution costs



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4. Status of Initiatives Carried out Under Mid-term Business Plan

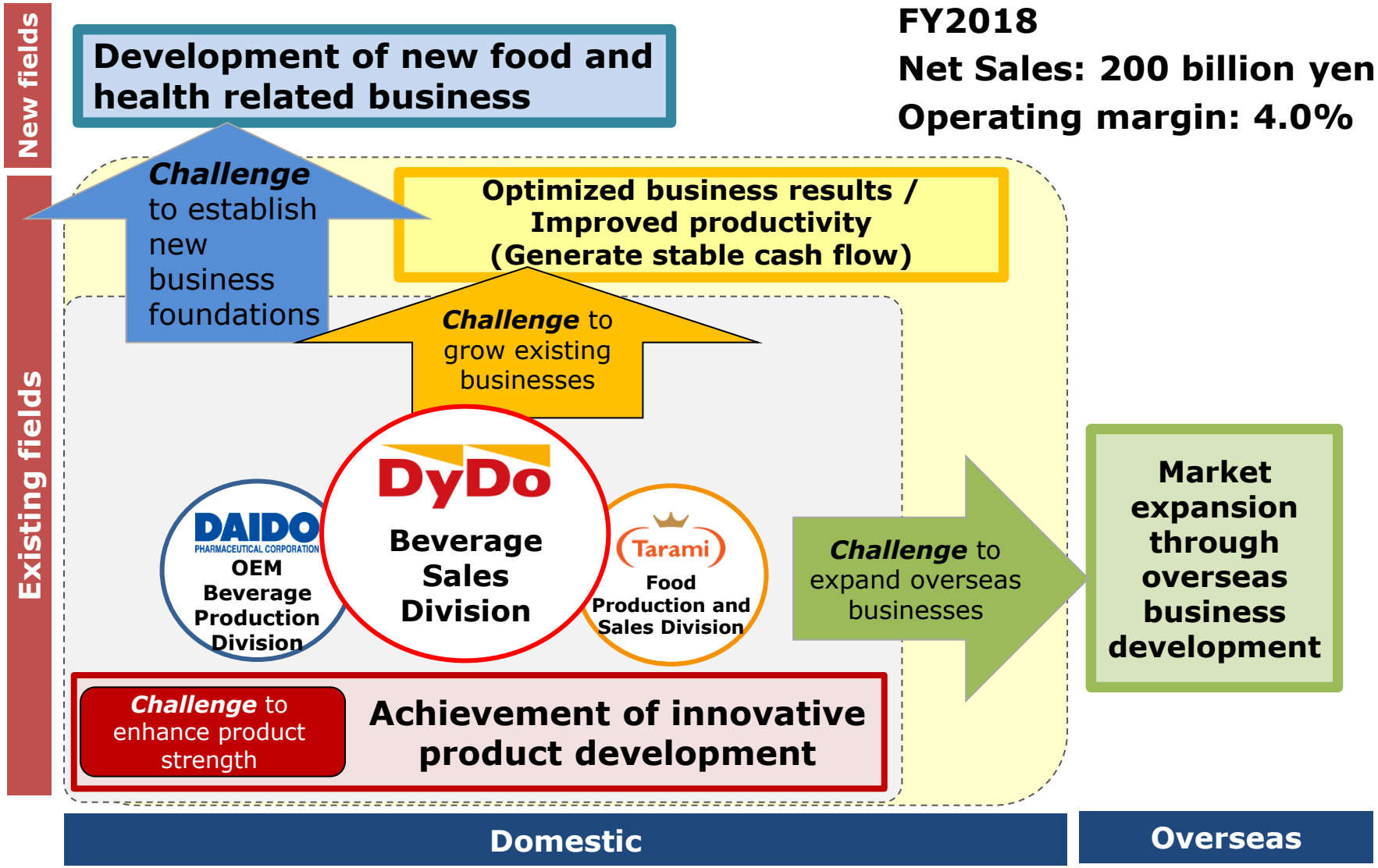
Challenge

Next Stage

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

Next Stage

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FY2018

Net Sales: 200 billion yen

Operating margin: 4.0%

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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

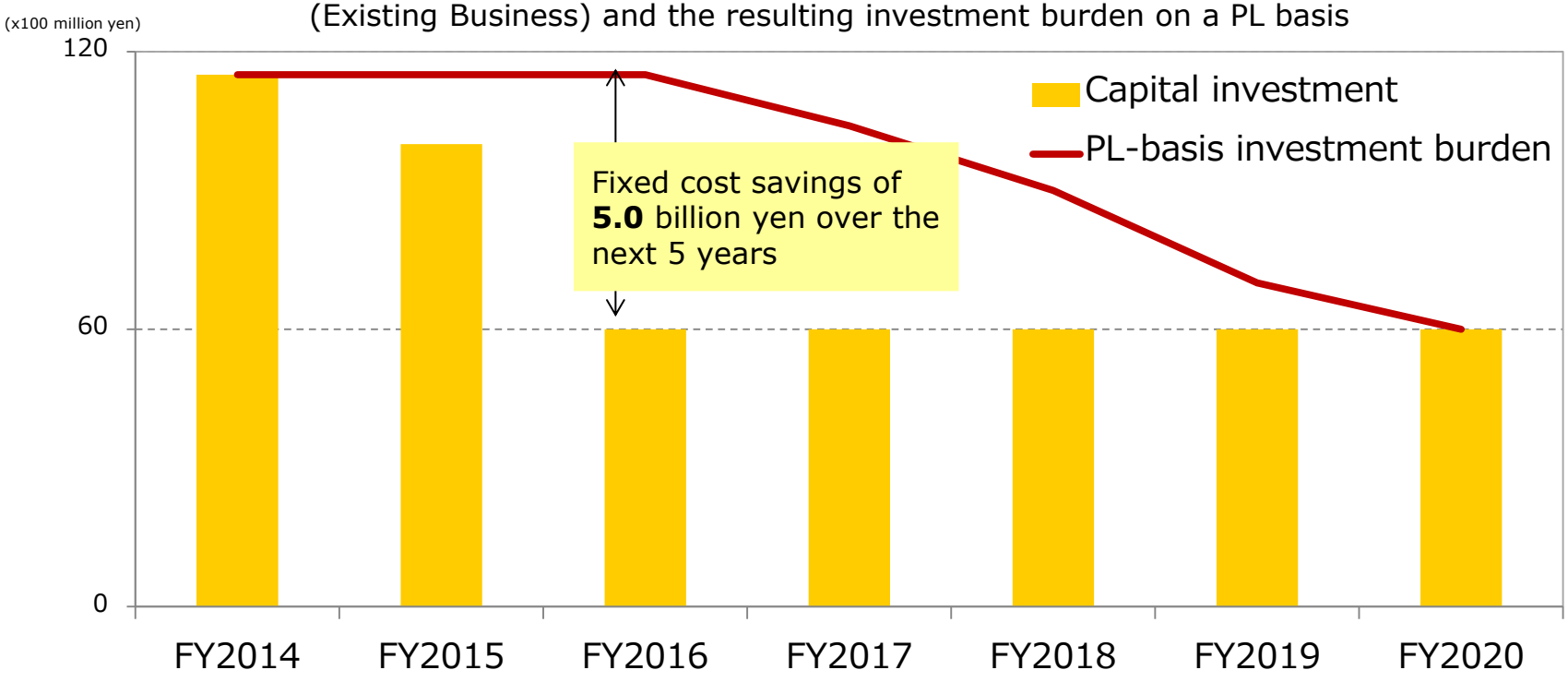
Establish new profit centers through an M&A strategy

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◆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 (Existing Business) and the resulting investment burden on a PL basis



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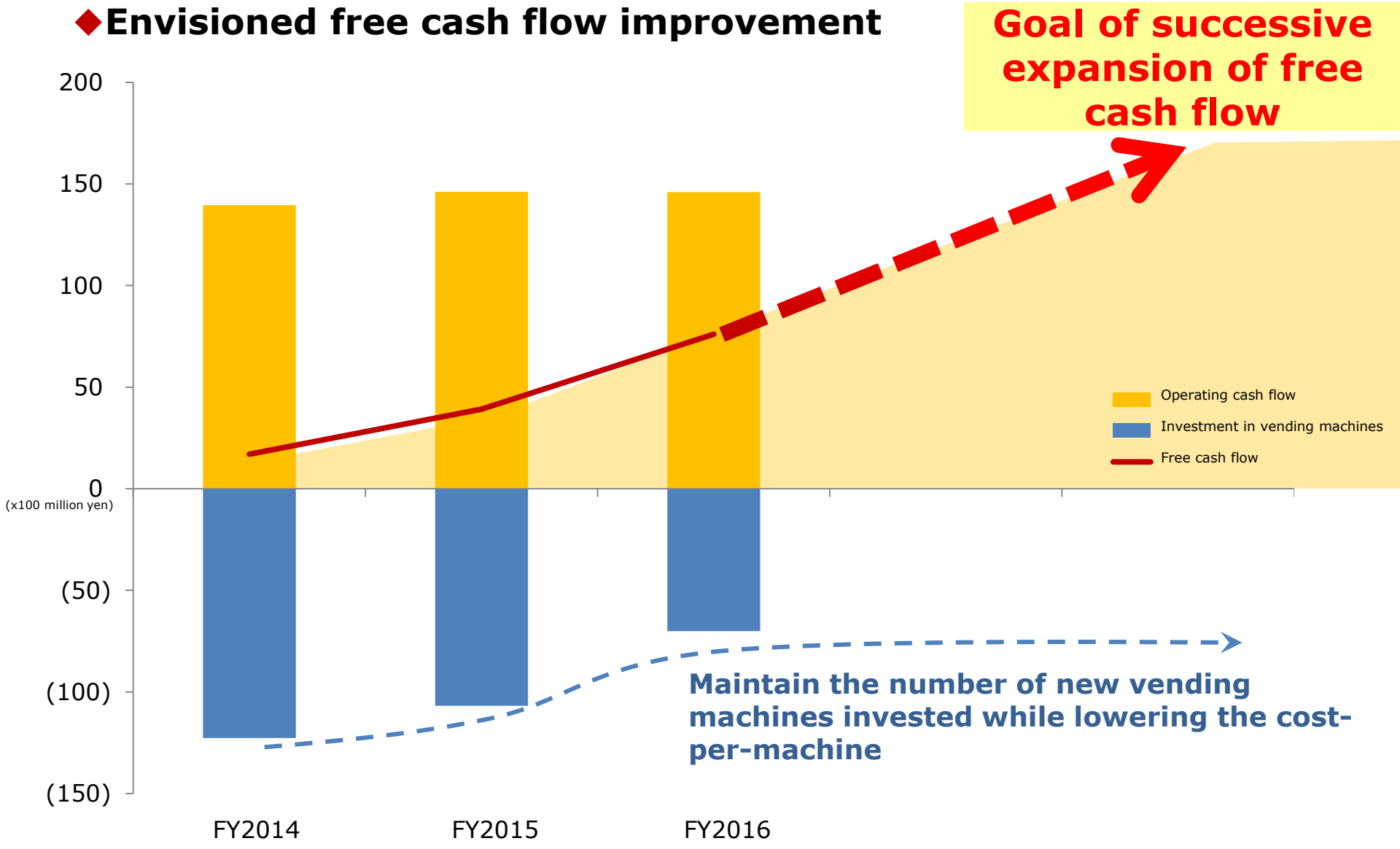
Challenge to grow existing businesses

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

Next Stage

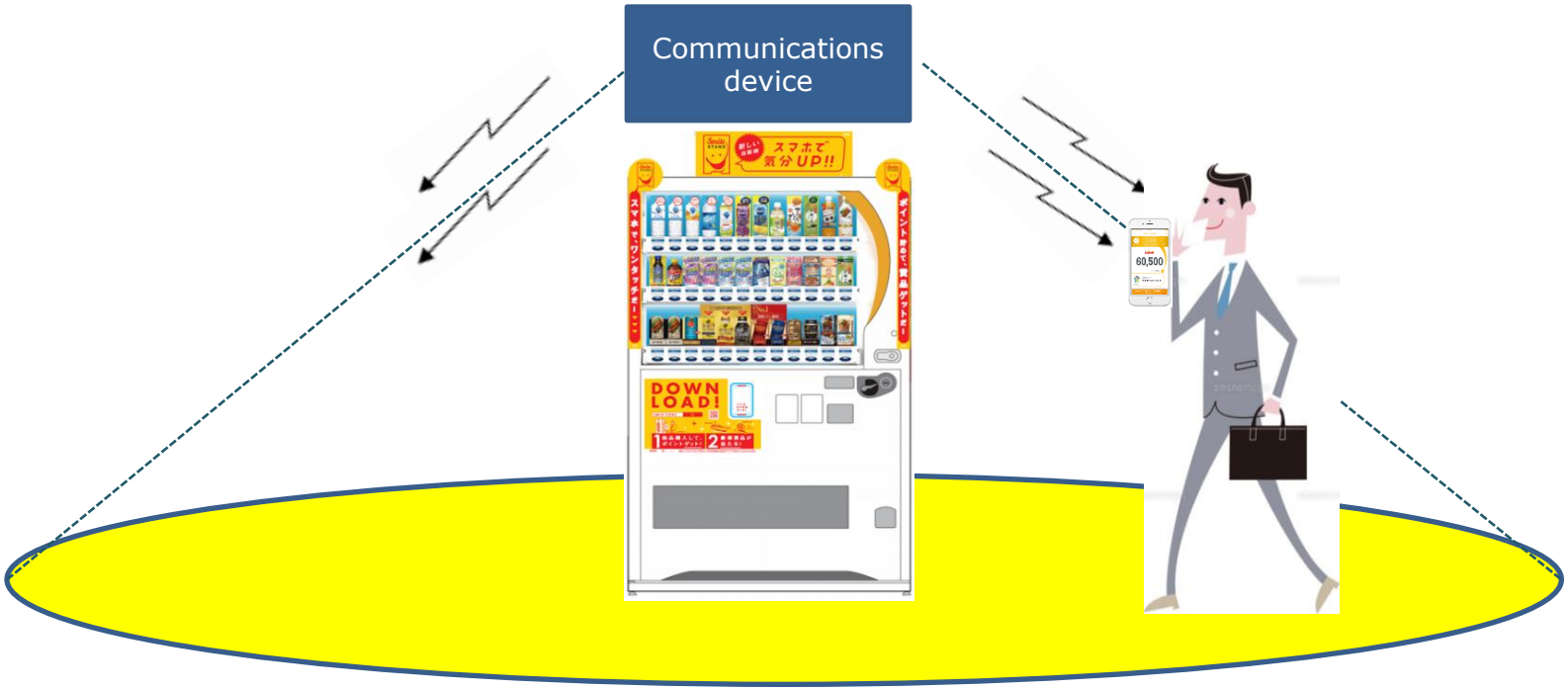
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◆Envisioned free cash flow improvement



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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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Challenge to grow existing businesses

Cyclical business model for vending machines

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(1) Achieve resource and energy efficiency, (2) generate added value through ideas and technology

FY2018 free cash flow

Improvement of roughly 6 billion yen from FY2014

"Speaking function"

New service "Smile STAND" utilizing IoT technology

Top-line growth

Free cash flow

Wide-scale launch of "Frontier Vendors" that deliver combination of environmental consideration and cost reductions

Creation of new way of relating to people, society and vending machines

FY2014

FY2016

FY2018

Amount of vending machine investment

Install new cooling systems with energy-saving function

Annual power consumption

1,720 kWh/y

Roughly 57% reduction

748 kWh/y

2009 standard model

Frontier Vendors

Update over 50% of vending machine parts to enable reuse

Roughly JPY6B

Recycling
- Steel, copper, etc.

Materials to be appropriately discarded
- CFC's and other gases

Reduction in discarded units

While keeping the number of newly launched vending machines unchanged, reduce procurement cost per unit

Roughly JPY11B

FY2018 consumption of steel resources

Roughly 25% reduction from FY2014

* Graph displays conceptual image

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Blend is Beautiful.

- Persistent pursuit of blends and tireless challenge -

The core of DyDo DRINCO: the desire to bring happiness and wonder.





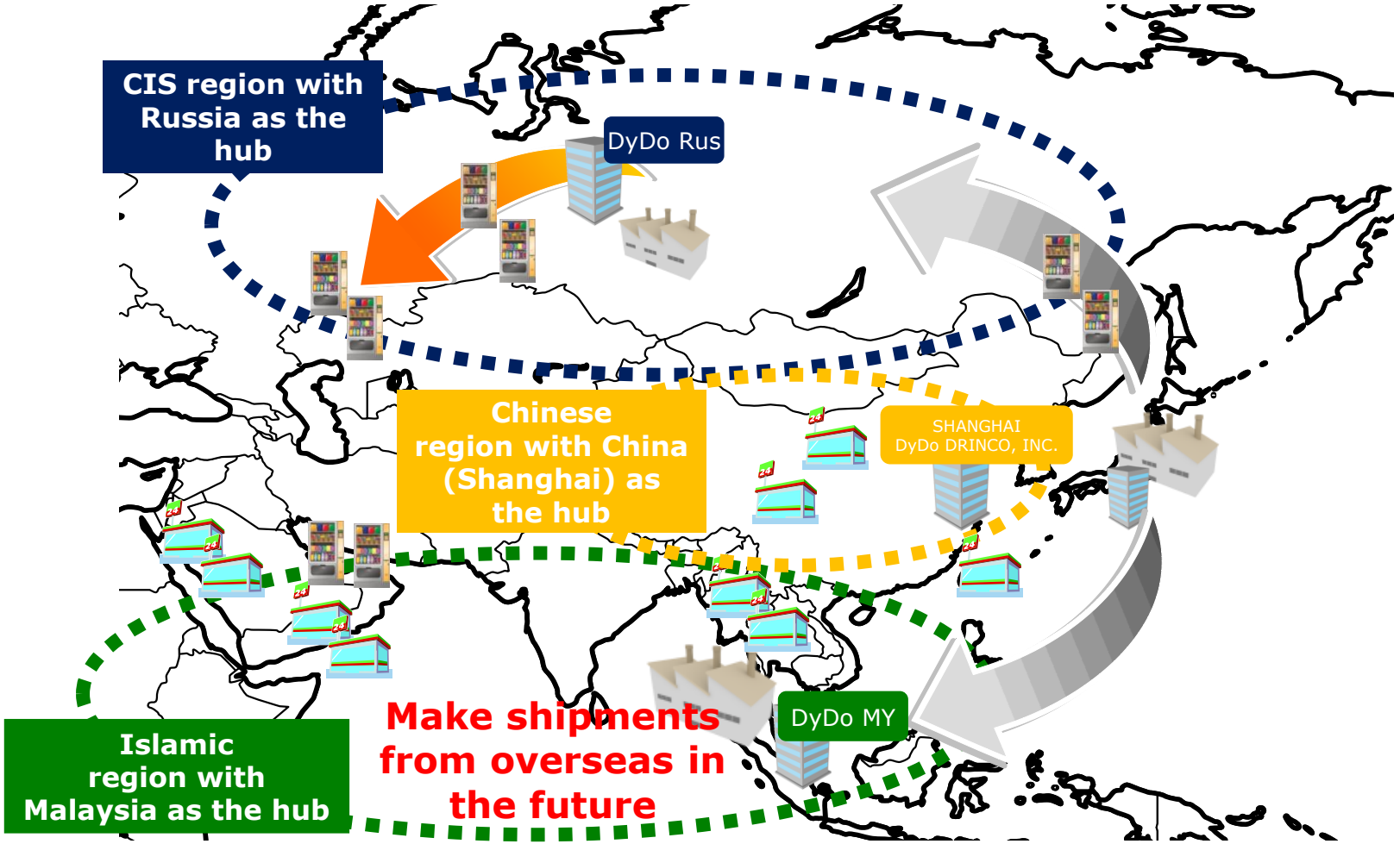
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Future image of overseas deployment

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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.**



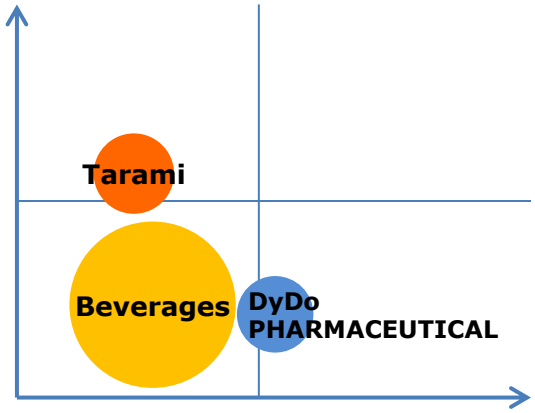
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Establishing new profit centers through an M&A strategy

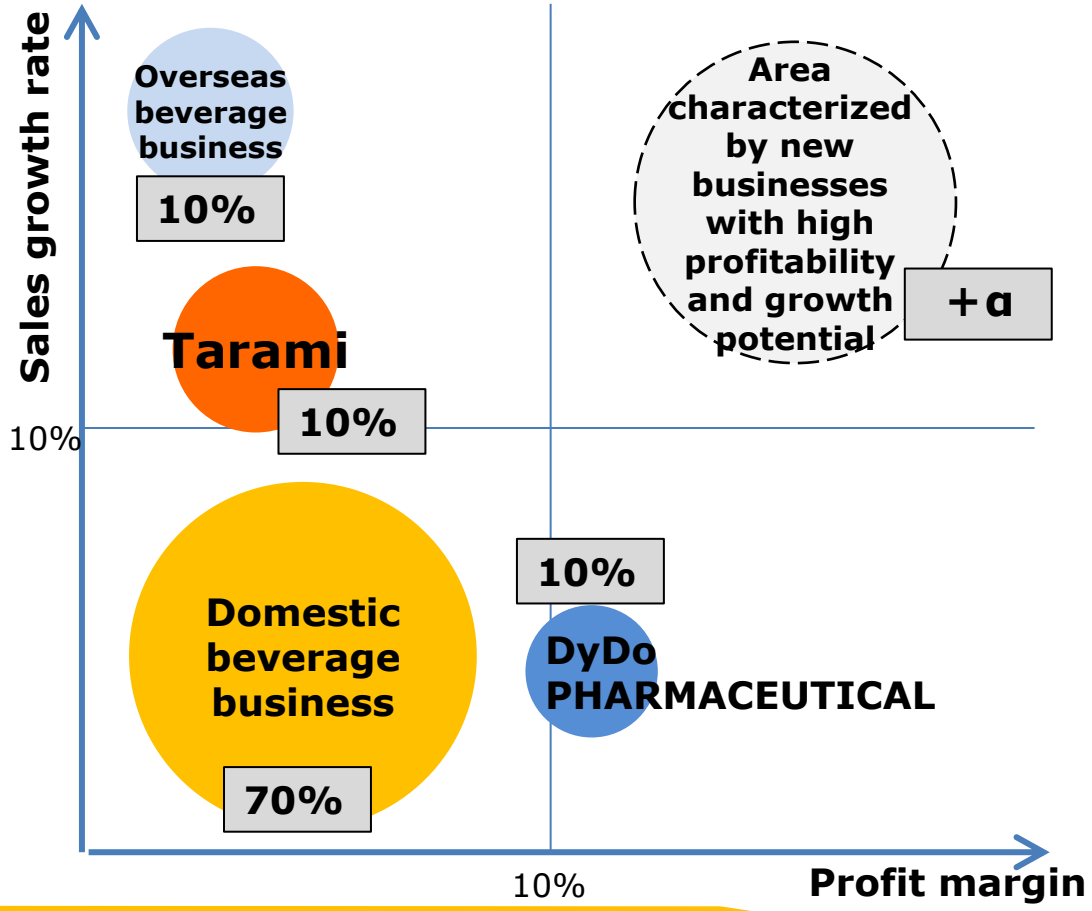
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Beverage business-centric portfolio



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



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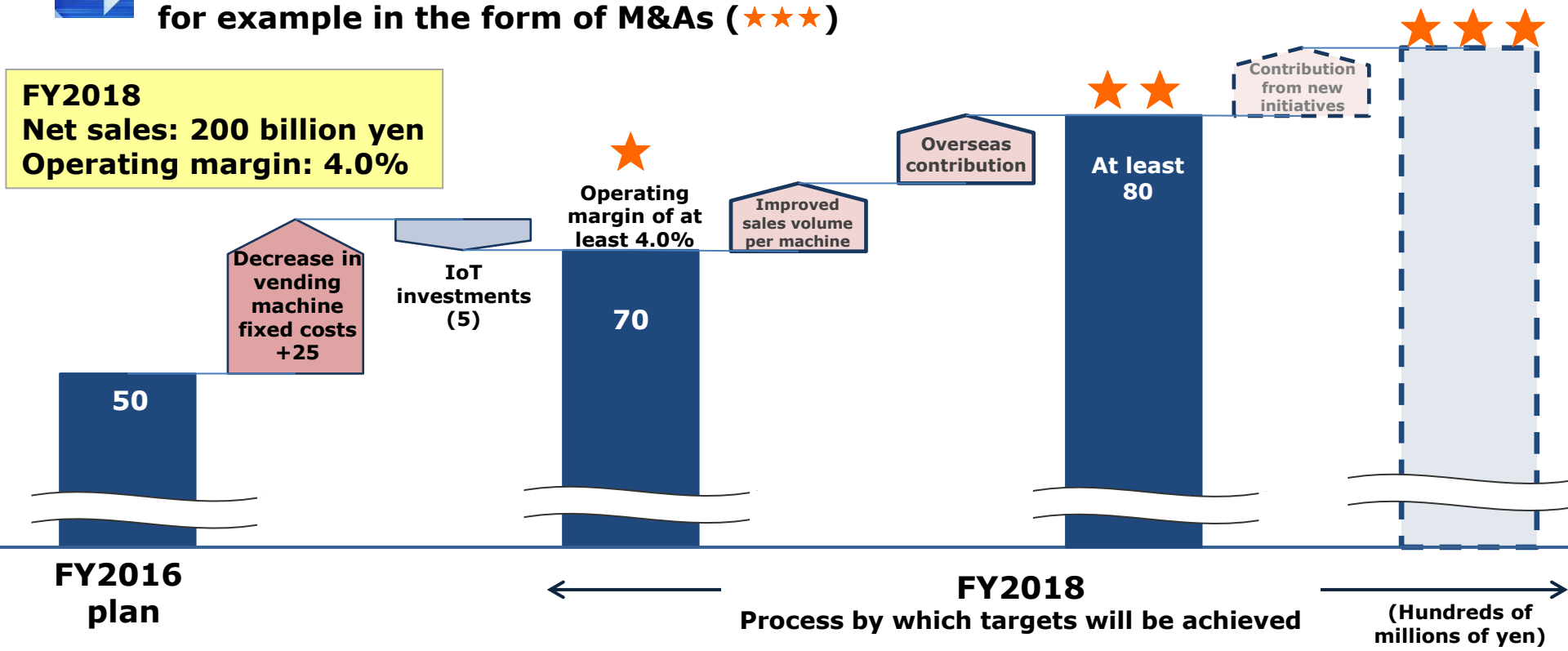
Initiatives for achieving our mid-term management plan from FY2016 to FY2018

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 (★★★)

FY2018
Net sales: 200 billion yen
Operating margin: 4.0%



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Transition to a holding company structure

Next Stage

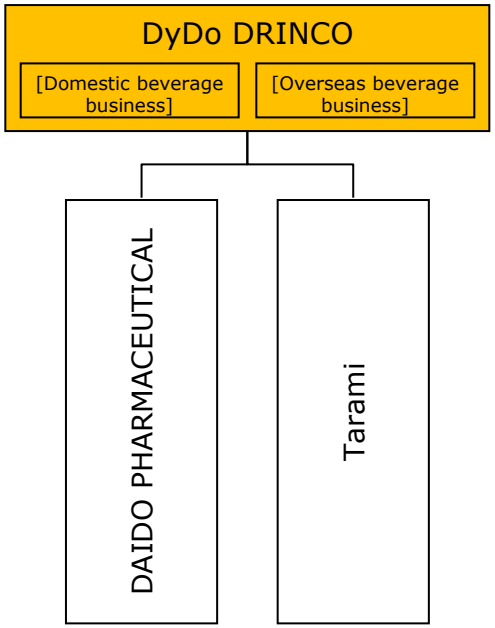
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- **Transition date**

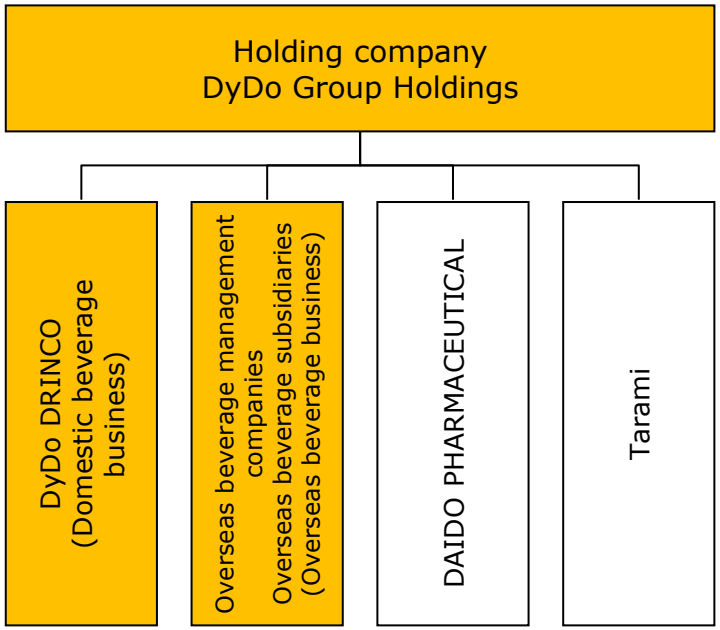
  January 21, 2017 (planned)
- **Objective**

  To enable us to better embrace the challenge of achieving the goals set forth in our mid-term business plan and creating corporate value for the next generation
- **Corporate structure after the transition to holding company structure**

[Current structure]



[After the transition to a holding company structure]



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On capital policy and returns to shareholders

Next Stage

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Returns to shareholders

Realizing sustainable, profitable growth

Effective use of capital

Establishing a new business foundation via strategic investment

Maintaining fiscal soundness

Improving cash creation capacity in existing businesses

	Basic approach
Effective use of capital	・Internal reserves are given priority in appropriation for strategic business investment for sustained profits/growth and improving capital efficiency
Maintaining fiscal soundness	・Improve stable cash creation capacity via existing businesses ・Maintain financial foundation enabling ongoing strategic business investment
Returns to shareholders	・Continue to maintain stable dividends despite the severe earnings environment ・Aim to realize ongoing profit/growth for mid-term increased dividends

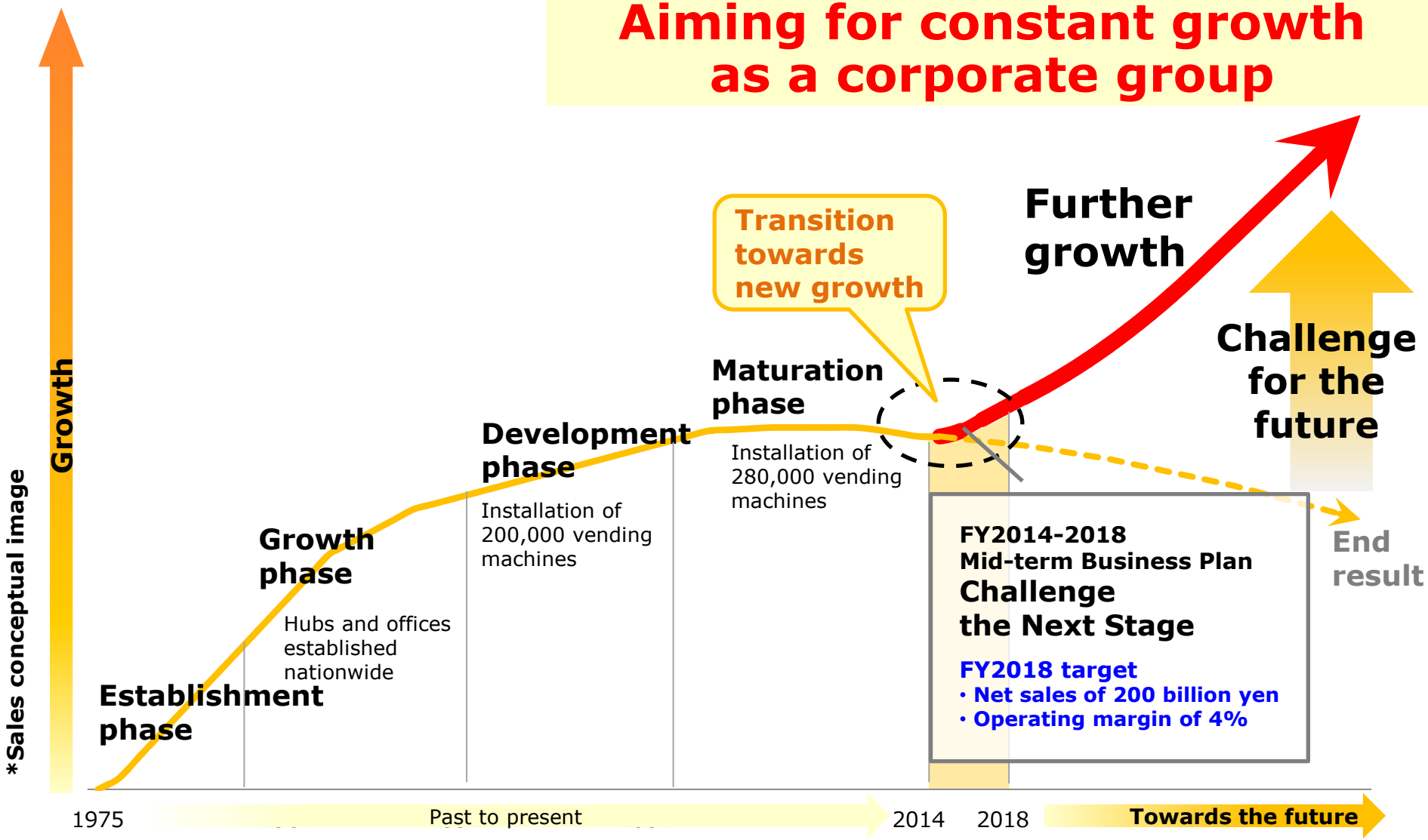
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Aiming for constant growth as a corporate group

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Aiming for constant growth as a corporate group



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Challenge

APPENDIX

Next Stage

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	47,933	–	–	–

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	34,011	–	–	–

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	2,352	–	–	–

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	6,091	–	–	–

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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)	2,682	–	–	–

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)	1,958	–	–	–

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	256	–	–	–

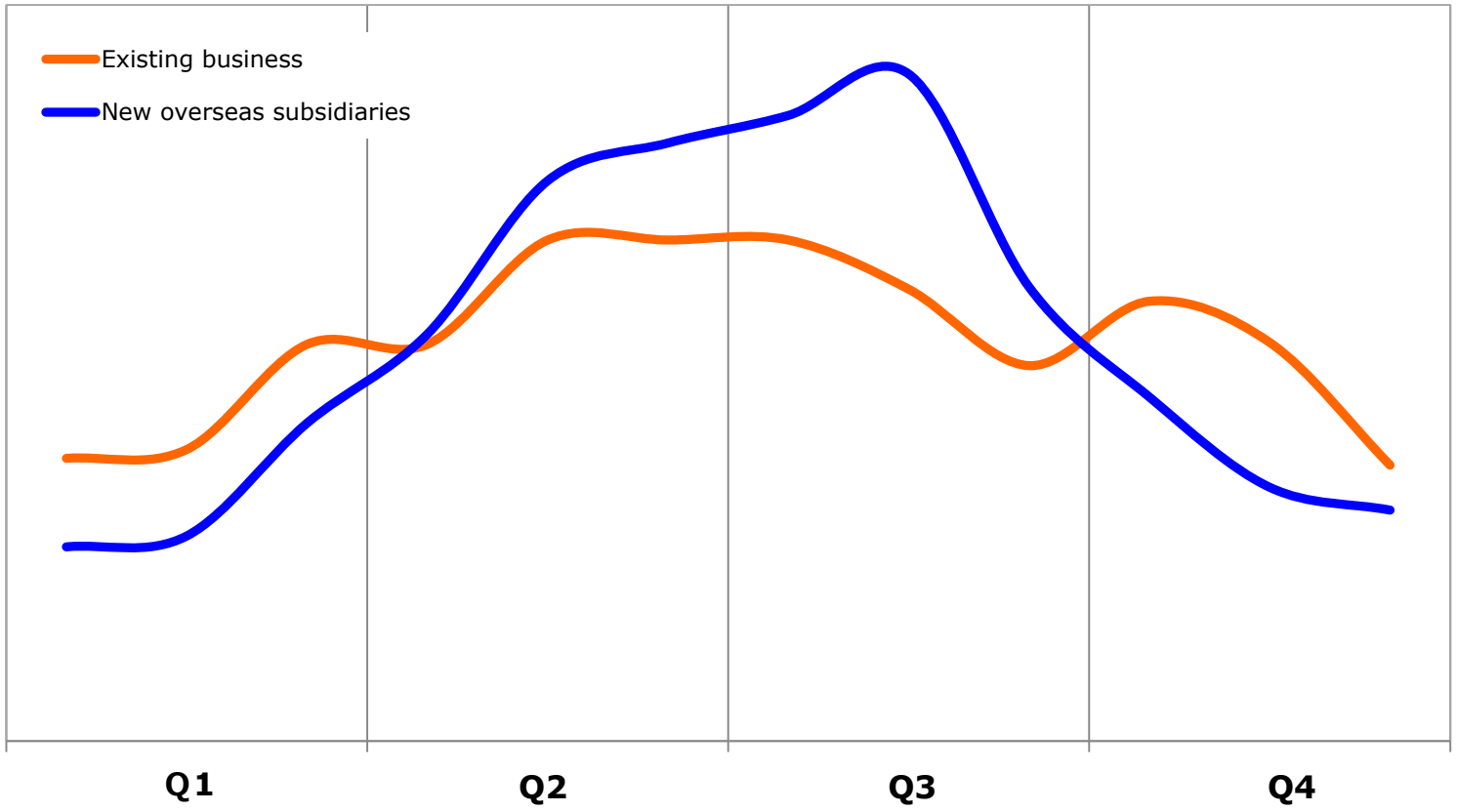
Food Production and Sales Division

	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)	535	–	–	–

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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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FY2016 full-year financial forecast by segments

Beverage Sales Division

*Figures prior to consolidated adjustment
(Millions of yen)

	FY2015 results	(Prior: Figures announced on May 30) FY2016 forecast	(New: Figures announced on August 17) FY2016 forecast	Year-on-year		Vs. previous forecast	
				%	Amount	%	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	144,200	144,200	16.1%	20,008	–	–
Existing business	3,745	4,020	4,270	14.0%	525	6.2%	250
New consolidated subsidiaries	–	–	(250)	–	(250)	–	(250)
Operation income	3,745	4,020	4,020	7.3%	275	–	–

[Reference: exchange rates]

(JPY)	(Reference) Results for first half of FY2016	(Prior: Figures announced on May 30) FY2016 forecast	(New: Figures announced on August 17) FY2016 forecast	Year-on-year	Vs. previous forecast
				Amount	Amount
Turkish lira (TRY)	38.43 yen	37.00 yen	37.00 yen	–	–
Malaysian ringgit (MYR)	27.58 yen	27.50 yen	27.50 yen	–	–

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FY2016 full-year financial forecast by segments

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*Figures prior to consolidated adjustment
(Millions of yen)

DAIDO PHARMACEUTICAL CORPORATION OEM Beverage Production Division

	FY2015 results	(Prior: Figures announced on May 30) FY2016 forecast	(New: Figures announced on August 17) FY2016 forecast	Year-on-year		Vs. previous forecast	
				%	Amount	%	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	(Prior: Figures announced on May 30) FY2016 forecast	(New: Figures announced on August 17) FY2016 forecast	Year-on-year		Vs. previous forecast	
				%	Amount	%	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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DyDo Group Business Model

Challenge

Next Stage

Evolution of the DyDo Group

Next Stage

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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

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- Establishment of Dydo Drinco, Inc. 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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The Business Model of DyDo Group

◆ 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



OEM* Beverage Production Division





Food Production and Sales Division





* Original Equipment Manufacturer

Forming a strong financial footing based on steady cash flow

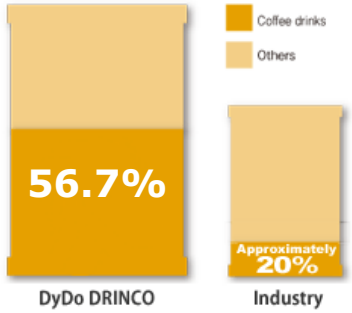
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Key features / strengths of DyDo DRINCO

Next Stage

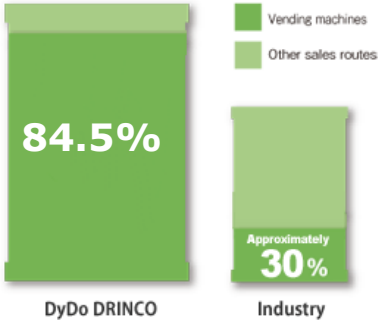
Securing steady profit with coffee × vending machines

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%

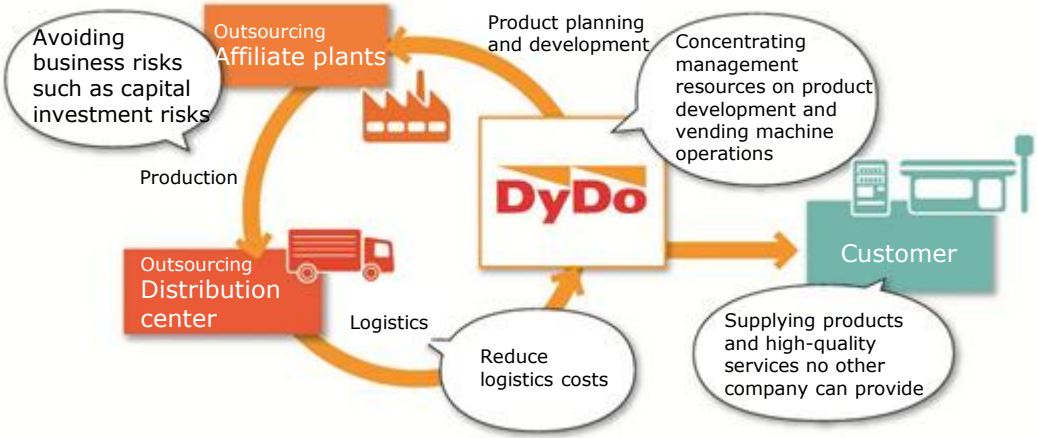
Vending Machine Sales account for 85% of Sales

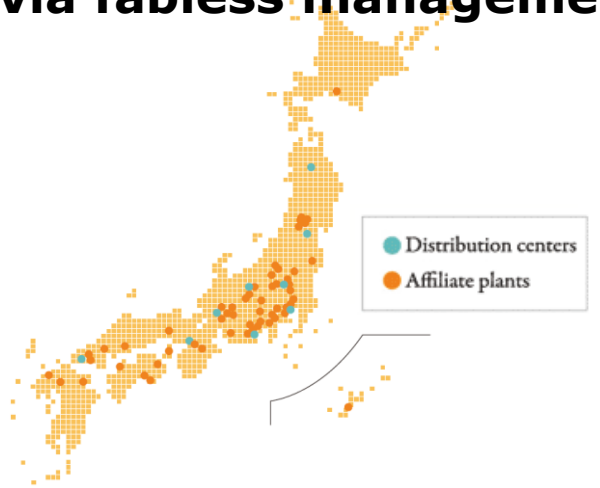


The Vending machine business market in Japan is 30%

*DyDo DRINCO results:
Percentage at 3rd quarter, FY2015

Effective use of management resources via fabless management





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Group Philosophy / Vision / Sloga Formulation

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DyDo Group corporate philosophy

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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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Challenge to expand overseas businesses

Challenge – Status of initiatives in each area –

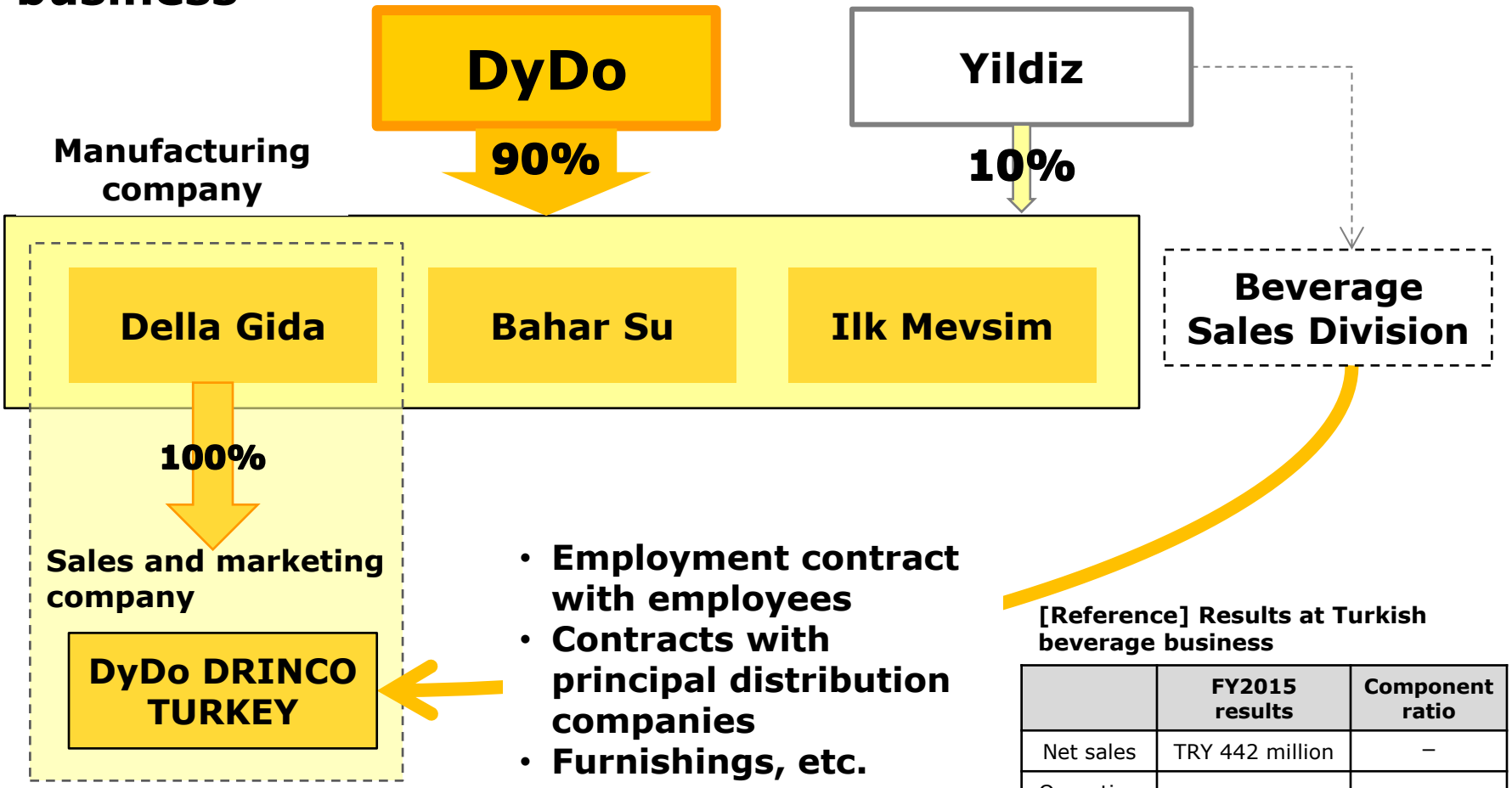
Next Stage

Structure of the DyDo's Turkish beverage business

Next Stage

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◆ Structure image of the DyDo's Turkish beverage business



[Reference] Results at Turkish beverage business

	FY2015 results	Component ratio
Net sales	TRY 442 million	–
Operating income	TRY 14 million	3.3%

*** Calculated based on Turkish accounting standards**

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Structure of the DyDo's Turkish beverage business

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◆ Beverage business major brand products



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Structure of the DyDo's Turkish beverage business

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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 Doğal Mineralli Su The most profitable brand A good fit with the trend in Turkey toward healthy living (high pH level)	ijim Link	贅沢香茶 EXTRA RICH TEA	
cola turka A cola brand that has long been loved by the Turkish people				
Mattana	Flavored miu レモン&オレンジ	ごち和果		

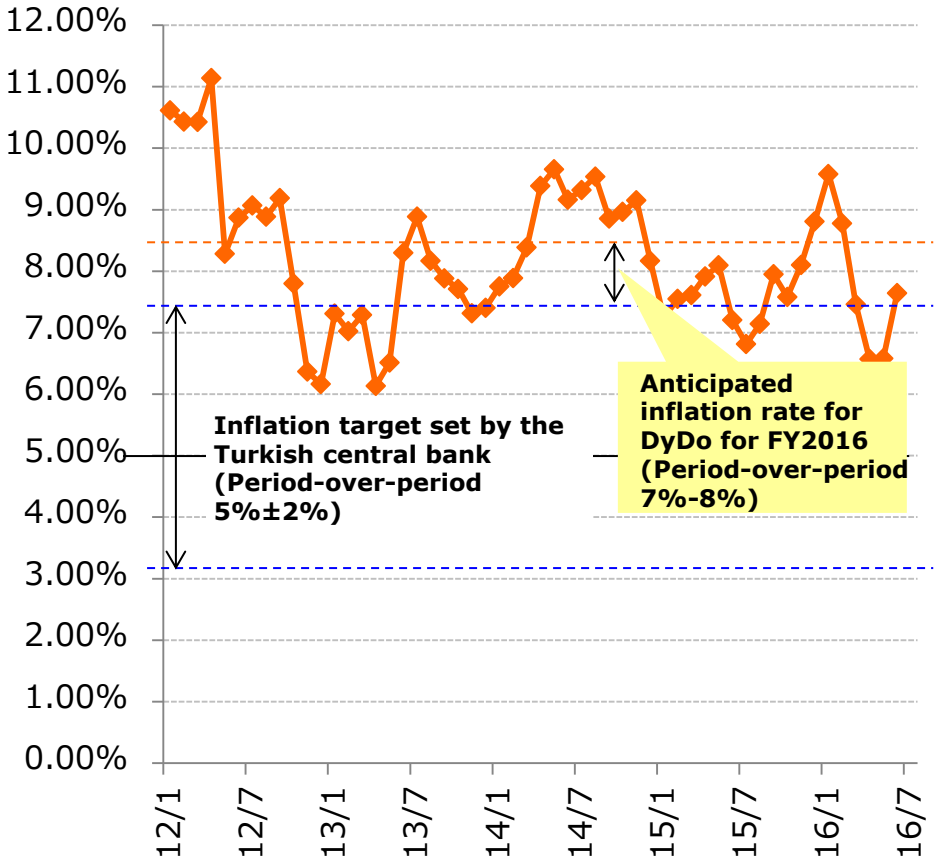
Acquired brands

DyDo product line (partial)

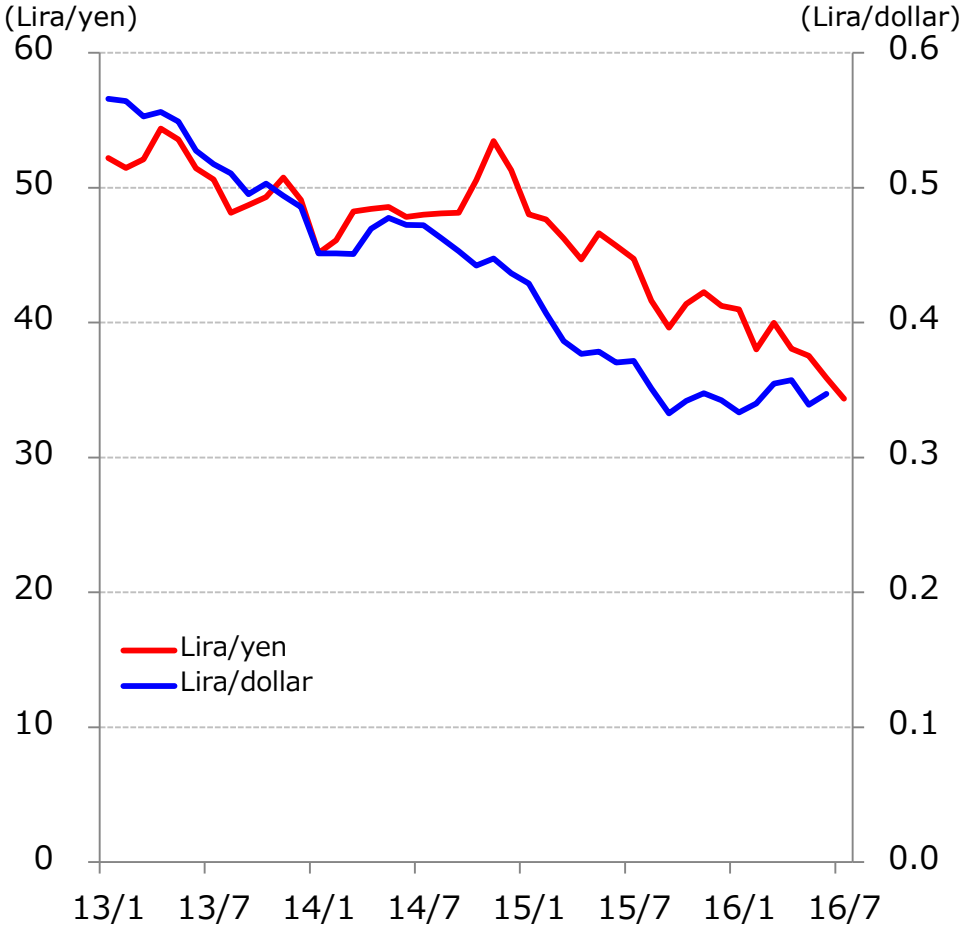
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Risk factors are a high inflation rate and the fluctuating exchange rate of the lira

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



Change in Turkish lira exchange rate



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

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Entry into the Malaysian market

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



Mamee-Double Decker(M) Sdn. Bhd.

MAMEE

Business Overview:
Manufacture and sale of snacks and confectionery, instant noodles, beverages, and chilled drinks

Pacific Food Products Sdn. Bhd.

. . .

Manufacturing company MDD Beverage Sdn. Bhd.

Sales companies DyDo Mamee Distribution Sdn. Bhd.

49% equity

51% equity

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Mamee's growth strategy revolves around its beverage business.

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Entry into the Malaysian market

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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

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



Gas station



Bus terminal



Train station



Cinema

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