

November 12, 2013

# Consolidated Financial Results

Q2, FY2014 For The 3 Months Ended September 30, 2013

The logo for ZENSHO, featuring the word "ZENSHO" in a bold, blue, sans-serif font. The letter "Z" is significantly larger than the other letters and has a small blue line above it that extends to the right, resembling a stylized "Z" or a checkmark.

ZENSHO HOLDINGS CO., LTD.

# Disclaimer

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This presentation contains current plans, expectations and strategies, which include forward-looking statements on future operating performance that are not historical facts. Forward-looking statements are based on judgements made by the management of ZENSHO HOLDINGS' , based on information that is currently available to it. Since these forward-looking statements are subject to various risks and uncertainties, and actual business results may vary substantially from the forecasts in forward-looking statements, investors are cautioned not to place undue reliance on forward-looking statements. ZENSHO HOLDINGS disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings. The information contained in this presentation does not constitute or form solicitation or invitation to buy or subscribe for any securities. All investment decisions should be made by the investors themselves.

Q2, FY2014

# Income Statement

(Hundred millions of yen)

|                         | FY2013 | FY2014       |       |         |
|-------------------------|--------|--------------|-------|---------|
|                         | Q2     | Q2           |       |         |
|                         | Act.   | Act.         | YoY   |         |
| <b>Sales</b>            | 2,056  | <b>2,276</b> | + 220 | +10.7%  |
| <b>Cost of Sales</b>    | 746    | <b>903</b>   | + 157 | +21.2%  |
| (%)                     | 36.3%  | 39.7%        |       |         |
| <b>SGA</b>              | 1,220  | <b>1,329</b> | + 108 | +8.9%   |
| (%)                     | 59.4%  | 58.4%        |       |         |
| <b>Operating Profit</b> | 89     | <b>43</b>    | ▲ 45  | ▲ 51.3% |
| (%)                     | 4.3%   | 1.9%         |       |         |
| <b>Ordinary Profit</b>  | 81     | <b>41</b>    | ▲ 40  | ▲ 49.4% |
| (%)                     | 4.0%   | 1.8%         |       |         |
| <b>Net Profit</b>       | 31     | <b>4</b>     | ▲ 27  | ▲ 87.3% |
| (%)                     | 1.5%   | 0.2%         |       |         |

|                  |                   |               |
|------------------|-------------------|---------------|
| ■ Sales          | 227.6 billion yen | (YoY + 10.7%) |
| Operating Profit | 4.3 billion yen   | (YoY ▲51.3%)  |
| Net Income       | 0.4 billion yen   | (YoY ▲87.3%)  |

■ Comparable Store Sales (YoY)

|   |                   |        |
|---|-------------------|--------|
| } | Cons.             | 96.9%  |
|   | Gyudon            | 93.6%  |
|   | Family Dinning    | 99.8%  |
|   | Fast Food Service | 100.1% |

■ Prices of Ingredients and Electricity have stayed high

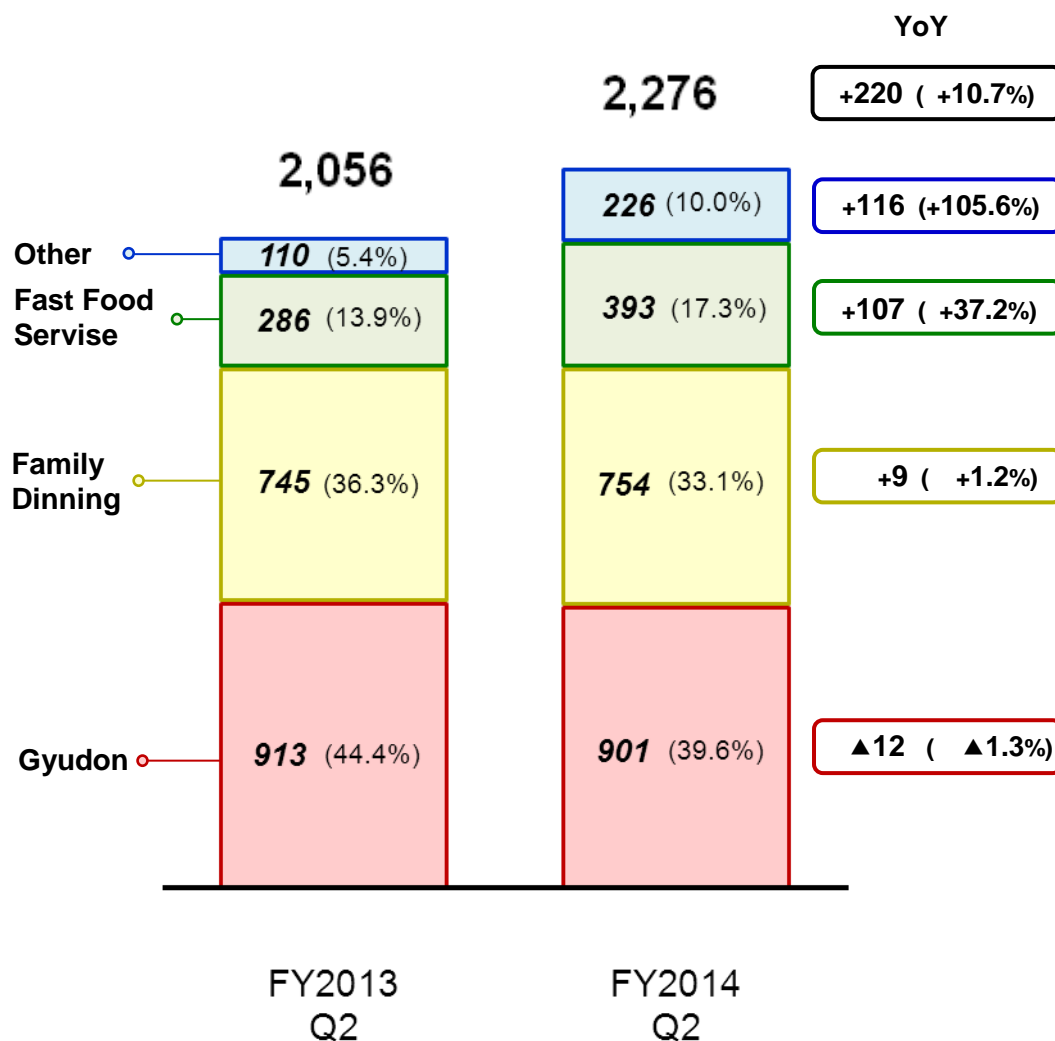
■ New Store Opening

|   |          |            |
|---|----------|------------|
| } | Cons.    | 114 stores |
|   | Japan    | 102 stores |
|   | Overseas | 12 stores  |

# YoY Analysis by Category | Sales

( ) Composition

(Hundred millions of yen)



**Gyudon**

*Main Factor*

- Decrease of Comparable Store Sales

**Family Dinning**

*Main Factor*

- Increase of Sales of Catalina Restaurant Inc. in the U.S. by Foreign Exchange

**Fast Food Service**

*Main Factor*

- Increase of Sales of Hamasushi due to New Store Opening and Increase of Comparable Store Sales

**Other**

*Main Factor*

- New Consolidation of Maruya Co., Ltd.,

Q2, FY2014

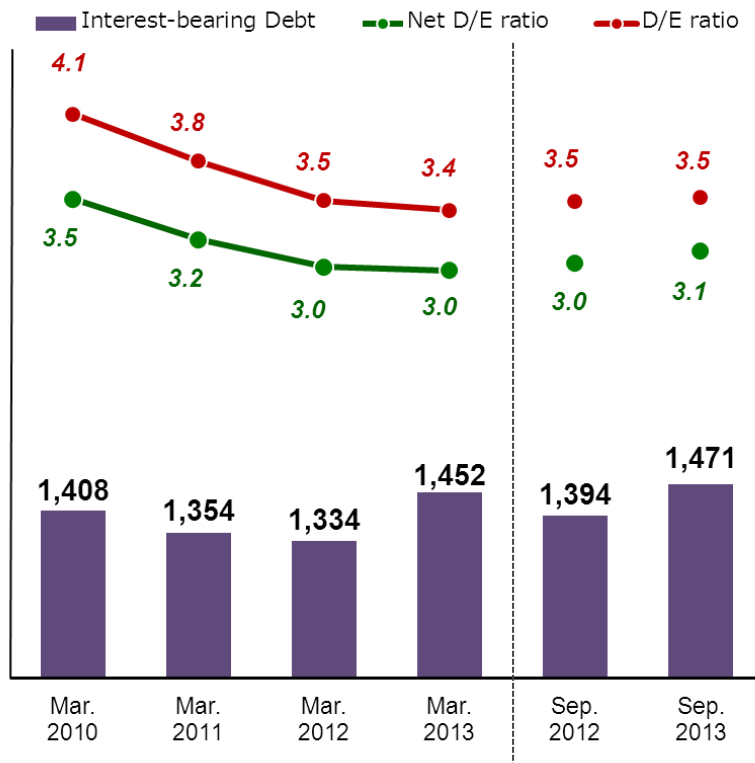
# Balance Sheet

(Hundred millions of yen)

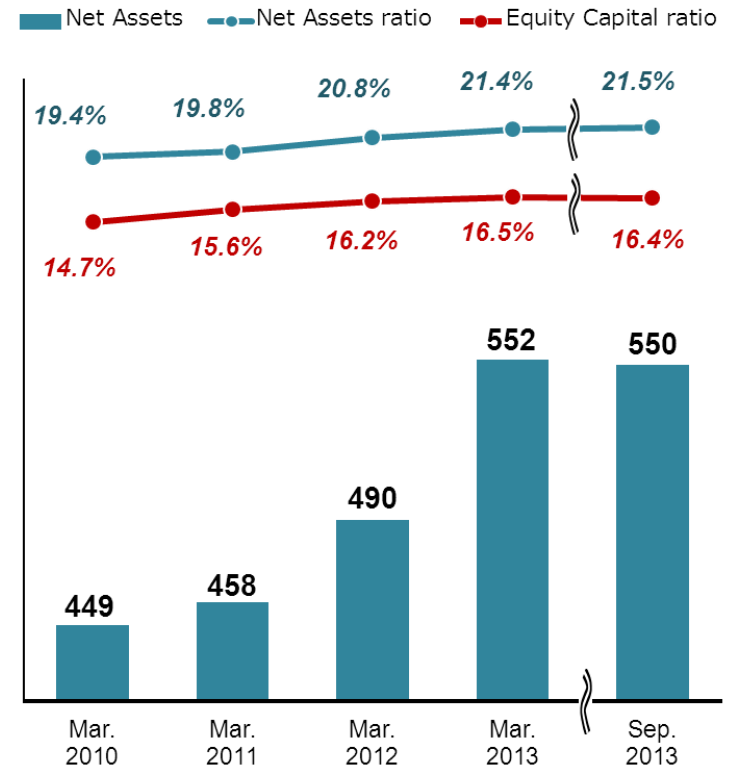
|                        | Mar. 31<br>/ 2013 | Sep. 31<br>/ 2013 | Increase<br>(Decrease<br>) |  | Mar. 31<br>/ 2013 | Sep. 31<br>/ 2013 | Increase<br>(Decrease<br>) |
|------------------------|-------------------|-------------------|----------------------------|--|-------------------|-------------------|----------------------------|
| <b>Current Assets</b>  | 498               | 453               | ▲44                        | <b>Interest-bearing Debt</b>           | 1,452             | 1,471             | +18                        |
| Cash and Equivalents   | 186               | 164               | ▲22                        | Other Liabilities                      | 580               | 534               | ▲45                        |
| Other Current Assets   | 311               | 288               | ▲22                        | <b>Liabilities</b>                     | 2,032             | 2,006             | ▲26                        |
| <b>Fixed Assets</b>    | 2,084             | 2,102             | +17                        | <b>Shareholders' Equity</b>            | 465               | 457               | ▲7                         |
| Tangible Fixed Assets  | 1,244             | 1,279             | +34                        | Retained Earnings                      | 258               | 250               | ▲7                         |
| Intangible Assets      | 174               | 187               | +13                        | Accumulated Other Comprehensive Profit | ▲39               | ▲38               | +1                         |
| Other Fixed Assets     | 665               | 635               | ▲30                        | Minority Interest                      | 126               | 131               | +4                         |
| <b>Deffered Assets</b> | 1                 | 1                 | ▲0                         | <b>Net Assets</b>                      | 552               | 550               | ▲1                         |
| <b>Assets</b>          | 2,585             | 2,557             | ▲28                        | <b>Liabilities &amp; Net Assets</b>    | 2,585             | 2,557             | ▲28                        |

(Hundred millions of yen)

## ● Interest-bearing Debt / DE ratio



## ● Net Assets ratio, Equity Capital ratio



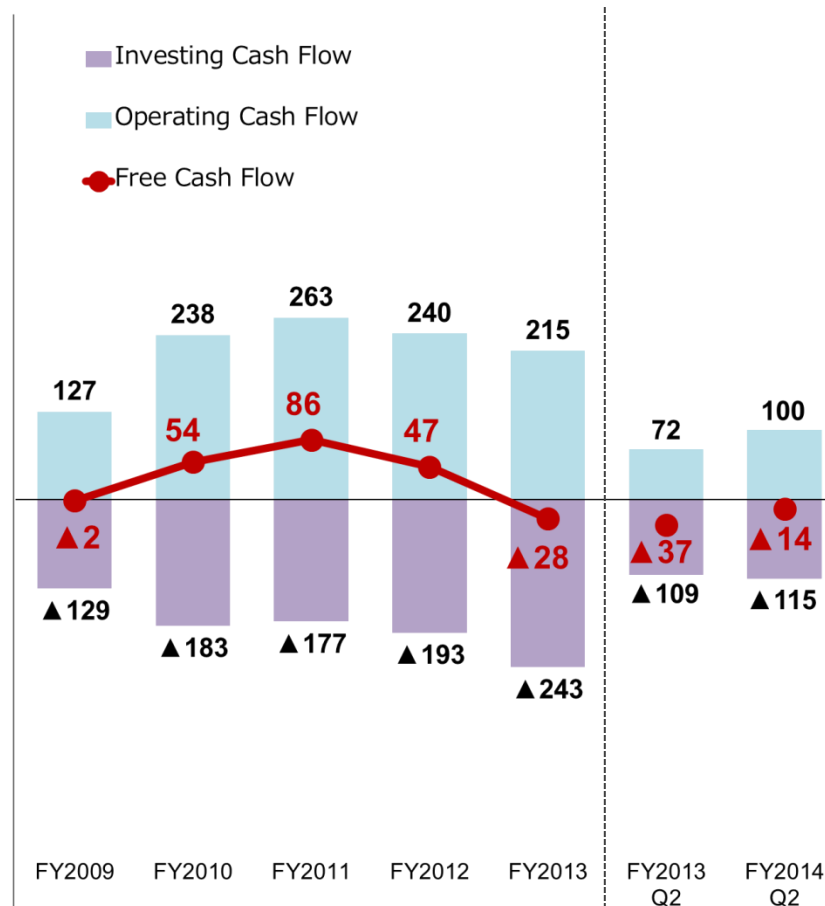
# Q2, FY2014

## Cash Flows



(Hundred millions of yen)

|   | FY2014<br>Q2 |
|---|--------------|
| <b>Operating Cash Flow</b>                  | <b>100</b>   |
| Net Profit before Tax                       | 37           |
| Depreciation                                | 91           |
| Others                                      | ▲28          |
| <b>Investing Cash Flow</b>                  | <b>▲115</b>  |
| New Store Opening                           | ▲126         |
| Others                                      | 11           |
| <b>Free Cash Flow</b>                       | <b>▲14</b>   |
| <b>Financing Cash Flow</b>                  | <b>▲12</b>   |
| Increase(Decrease) of Interest-bearing debt | 17           |
| Payment of dividends                        | ▲10          |
| Others                                      | ▲19          |





FY2014

## Forecast for FY2014

ZÉNSHO

(Hundred millions of yen)

|                         | FY2013 | FY2014       |              |       |         |
|-------------------------|--------|--------------|--------------|-------|---------|
|                         | Act.   | Initial Est. | Current Est. | YoY   |         |
| <b>Sales</b>            | 4,175  | 4,739        | <b>4,544</b> | + 368 | +8.8%   |
| <b>Cost of Sales</b>    | 1,549  | 1,837        | <b>1,798</b> | + 248 | +16.1%  |
| (%)                     | 37.1%  | 38.8%        | 39.6%        |       |         |
| <b>SGA</b>              | 2,478  | 2,713        | <b>2,662</b> | + 183 | +7.4%   |
| (%)                     | 59.4%  | 57.3%        | 58.6%        |       |         |
| <b>Operating Profit</b> | 147    | 188          | <b>83</b>    | ▲ 64  | ▲ 43.5% |
| (%)                     | 3.5%   | 4.0%         | 1.8%         |       |         |
| <b>Ordinary Profit</b>  | 138    | 172          | <b>74</b>    | ▲ 64  | ▲ 46.3% |
| (%)                     | 3.3%   | 3.6%         | 1.6%         |       |         |
| <b>Net Profit</b>       | 50     | 62           | <b>5</b>     | ▲ 44  | ▲ 88.7% |
| (%)                     | 1.2%   | 1.3%         | 0.1%         |       |         |

|                  |                   |      |          |
|------------------|-------------------|------|----------|
| ■ Sales          | 454.4 billion yen | (YoY | + 8.8%)  |
| Operating Profit | 8.3 billion yen   | (YoY | ▲ 43.5%) |
| Net Income       | 0.5 billion yen   | (YoY | ▲ 88.7%) |

■ Comparable Store Sales (YoY)

|   |                   |        |
|---|-------------------|--------|
| [ | Cons.             | 98.0%  |
|   | Gyudon            | 94.2%  |
|   | Family Dinning    | 101.3% |
|   | Fast Food Service | 100.2% |

■ Assumed Exchange Rate

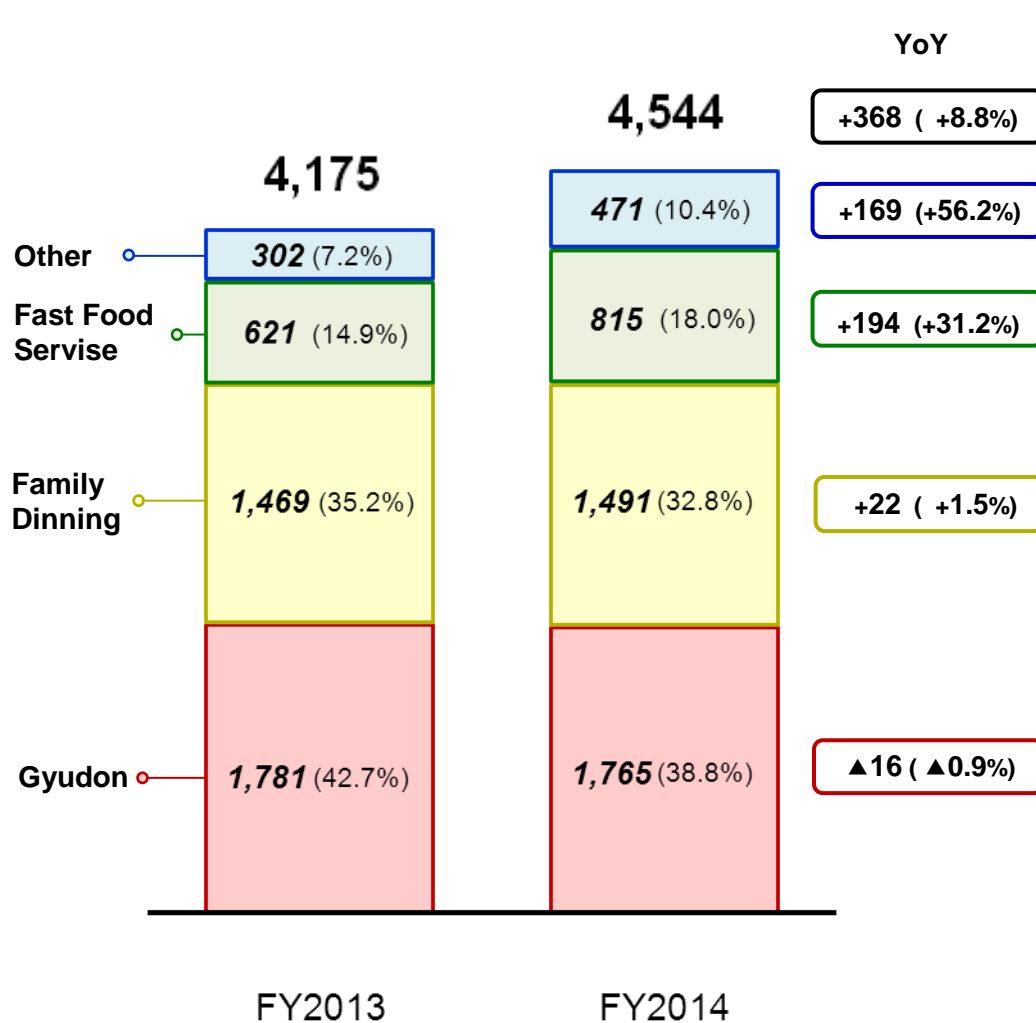
|   |           |                        |
|---|-----------|------------------------|
| [ | Full-Year | 99.3yen to the dollar  |
|   | 2H        | 100.0yen to the dollar |

■ New Store Opening

|   |          |            |
|---|----------|------------|
| [ | Cons.    | 211 stores |
|   | Japan    | 185 stores |
|   | Overseas | 26 stores  |

( ) Composition

(Hundred millions of yen)



**Gyudon**

*Main Factor*

- Decrease of Comparable Store Sales

**Family Dining**

*Main Factor*

- Increase of Sales of Catalina Restaurant Inc. in the U.S. by Foreign Exchange

**Fast Food Service**

*Main Factor*

- Increase of Sales of Hamasushi due to New Store Opening and Increase of Comparable Store Sales

**Other**

*Main Factor*

- New Consolidation of Maruya Co., Ltd.,

FY2014

# Sales and Consolidated Store Counts ZÉNSHO

(Store, Hundred millions of yen)

