



SATO
RESTAURANT
SYSTEMS GROUP

FY03/2015 Briefing session on the financial results



Sato Restaurant Systems Co., Ltd.
Listed on TSE 1st section: 8163

Thank you very much

Sato-Shabu

since June, 2009

only **5 years** from debut

**over 10
million
orders**

1 in 10
Japanese
people

12,173,572

orders

as of March 31, 2015

Table of Contents

FY03/2015 Actual Performance

Highlights	4
Current situation:	5
Opening new restaurants	
Current situation:	6
Progress in various measures	
Profit & Loss sheet (PL)	8
Profit & Loss sheet (PL): 5 years	9
Balance Sheet (BS)	1 0
Cash Flow Statement	1 1
5 years transition charts	1 2
FY03/2015: Performance	1 3
transition of existing Washoku	
Sato restaurants	

Washoku Sato & Sato-Shabu

<Washoku Sato>		Menu comparison of all-you-can-eat style Shabu-Shabu restaurants	2 8
Aiming to be the restaurant that brings the highest customer satisfaction	1 6	Principle of premium course	2 9
Basic data	1 7	Gross profit & Sato-Shabu sales counts at Washoku Sato	3 0
<Sato-Shabu>		Business reform	3 1
Basic data	1 9	Effects of Business reform	3 2
Development background	2 0	Big change in Sato-Shabu customer demographic!	3 3
<Greatness of Sato-Shabu>		Working environment	3 4
Greatness	2 2		
Greatness: 1	2 3		
Greatness: 2	2 4		
Greatness: 3	2 5		
Greatness: 4	2 6		
Greatness: 5	2 7		

Mid-term management plan / Others

Towards realization of "Sato Pyramid"	3 6	<Plan>	
<SRS Group restaurants composition>		Mid-term management plan:	3 9
current	3 7	Numerical targets	
Evolution phase 1: Near-future shape	3 8	Performance forecasts for FY03/2016	4 0
		Measures & Planned opening new restaurants for the next term (FY03/2016)	4 1
		Most recent topics	4 2

Increase in revenue for 5 consecutive terms



Increase in profit for 2 consecutive terms



- 1 **Net sales: 37,969 million yen increase by 15.9% & 5,206 million yen (YOY)**

Business performance of Foodsnet Corporation having been owned by the Company since July, 2013 contributed to a great extent.

Influence on sales that was concerned due to retroaction of rush demand and a substantive decline in disposable income, caused by raising consumption tax rate, was limited.

- 2 **Operating profit: up 33.1%** **Ordinary profit: up 57.2%**

In addition to increase in income, effects of proper control over SG&A expenses and foreign exchange gains have helped increase in profit.

- 3 **Newly opened 16 restaurants**
- | | | |
|-------------------------------|-------------------------------|-----------------------------|
| 【Washoku Sato】 DM: 1 | 【Sushihan】 DM: 1 | 【Santen】 DM: 6 |
| 【Nigiri CHOJIRO】 DM: 2 | 【Nigiri CHUJIRO】 DM: 1 | DM: directly managed |
| 【Katsuya】 DM: 1 FC: 4 | | FC: franchise chain |

In addition to the above, contracts have been entered into for opening 13 new restaurants (as of March 31, 2015).

- 4 **Group total (domestic & overseas): 329 restaurants**

DM restaurants: total 292

• Washoku Sato	1 9 8
• Sushihan	1 4
• Santen	1 2
• Nigiri CHOJIRO	5 2
• Miyakobito	1
• Nigiri CHUJIRO	3
• Katsuya	1 2

Group FC restaurants: total 31

• Miyakobito	2 0
• Katsuya	1 1

Overseas: total 6

• Taiwan	4
• Indonesia	1
• Thailand	1



Newly opened 16 restaurants achievement rate: 45.7%

Current situation: Opening new restaurants

Renovation

	Planned 35	Actual (full term) 16	Progress rate 45.7%	※Contra cted 13	Total (opened + contracted) 29	Actual (full term) 17
Total						
Washoku Sato	3	1	33.3%	2	3	9
Sushihan	0	1	—	0	1	1
Santen	11	6	54.5%	6	12	—
Santen FC	2	0	0%	0	0	—
Nigiri CHOJIRO	3	2	66.6%	0	2	6
Nigiri CHUJIRO	0	1	—	0	1	—
Katsuya	6	1	16.6%	2	3	1
Katsuya FC	10	4	40.0%	3	7	—

Contracted: already contracted for opening

**Plan for the
next term**

46
restaurants

<Issues>Accelerated opening new restaurants

- Aggregate property information for "Santen" and "Katsuya" restaurants for wider selection
- Enhanced and more accurate property information

<Approaches for FY03/2016>

- 1) Reorganization of group restaurants development division to include development of restaurants operated by Sato Arcland Food Service Co., Ltd.
- 2) Expansion of areas for opening new "Santen"
- 3) More staff put into group restaurants development division

Establishing revenue base and taking on challenges for growing phase

A period of growth and development

Measures		Progress (full term)
① Integration of logistics with Foodsnet Corporation → to be started in October	▶ Done	Systems for logistics and ordering from restaurants have been renovated, and were put into operation in October.
② Full-blown operation of store support system	▶ Done	Management by in-store PC for planning staff rotation and sales/budget has been adopted at every restaurant. Staff attendance management system that uses vein authentication terminals was completely renovated and has been adopted at every restaurant since April, 2015.
③ Table order system is to be completely adopted at every Washoku Sato restaurant by the end of July.	▶ Done	This was entirely adopted in July.
④ Updating the core system To start the project aiming for adopting in FY03/2017	▶ Cont.	Continued development of accounting/purchasing/logistic systems
⑤ Making complete Santen FC format	▶ Done	FC format was complete. Offering will start during FY03/2016.
⑥ Carrying on experiment of the new category "Home delivery Sushi - Nigiri CHUJIRO"	▶ Cont.	Nijoujou-Kita branch was opened in March, as the 3rd store.
⑦ Sales promotion measures using official mascot characters of Washoku-Sato and Santen	▶ Done	CM broadcasting using "Wassho-kun" started. Awarded as the 10th place of enterprise sector in "Yuru-Kyara Grand Prix" (popularity contest of mascot characters)
⑧ Sales promotion making use of "LINE@" application → in effect since April in Shizuoka area	▶ Cont.	This has been adopted at every Washoku Sato restaurant since March 12, 2015. In total 140,000 members have joined.



FY03/2015

Actual performance

Sales ↑ Operating profit ↑ Ordinary profit ↑

(million yen)

	2014_3	2015_3		
	Amount	Amount	+/- (amount)	+/- (%)
Net sales	32,762	37,969	5,206	15.9%
Operating profit	888	1,183	294	33.1%
Operating profit rate	2.7%	3.1%		
Ordinary profit	846	1,330	483	57.2%
Ordinary profit rate	2.6%	3.5%		
Net profit	513	840	326	63.5%
Net profit rate	1.6%	2.2%		

Increase in revenue for 5 consecutive terms 

Increase in profit for 2 consecutive terms 

(million yen; consolidated)

	2011_3			2012_3			2013_3			2014_3			2015_3		
	Amount	+/- (amount)	+/- (%)	Amount	+/- (amount)	+/- (%)	Amount	+/- (amount)	+/- (%)	Amount	+/- (amount)	+/- (%)	Amount	+/- (amount)	+/- (%)
Net sales	24,646			25,368	721	2.9%	25,783	414	1.6%	32,762	6,979	27.1%	37,969	5,206	15.9%
Operating profit	866			937	70	8.2%	655	△281	△30.0%	888	233	35.5%	1,183	294	33.1%
Ordinary profit	682			797	115	16.9%	561	△235	△29.5%	846	284	50.6%	1,330	483	57.2%
Net profit	170			△2,825	△2,995	-	320	3,145	-	513	193	60.3%	840	326	63.5%

plus/minus amounts are those relative to previous year
percentages refer to plus/minus relative to previous year

The Company endeavors to grow continuously.

Balance Sheet (BS)

(million yen)

	FY03/2014	FY03/2015	+/- (amount)
Total current assets	7,315	7,526	211
Total fixed assets	16,495	16,742	247
Total assets	23,816	24,272	455
Total current liabilities	6,851	7,284	432
Total fixed liabilities	7,397	6,530	△866
Total liabilities	14,248	13,815	△433
Total shareholders' equity	9,951	10,707	755
Minority shareholders' equity	129	135	5
Total net assets	9,567	10,456	889
Total liabilities and net assets	23,816	24,272	455

△ means decrease

Cash Flow Statement

(million yen)

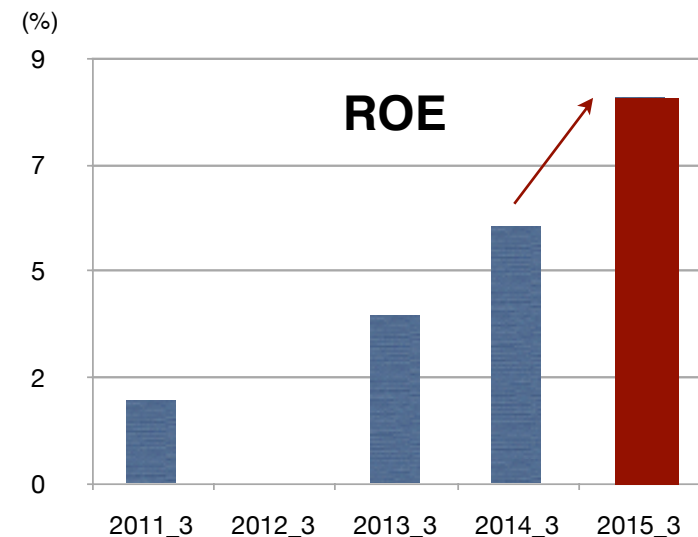
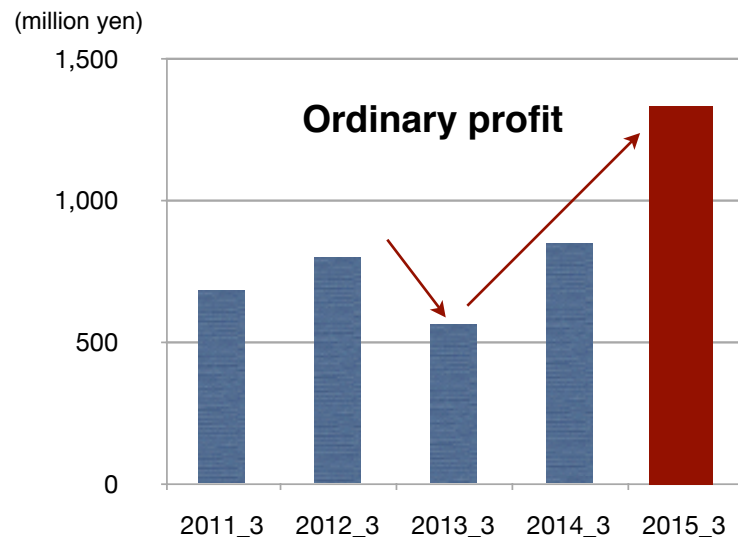
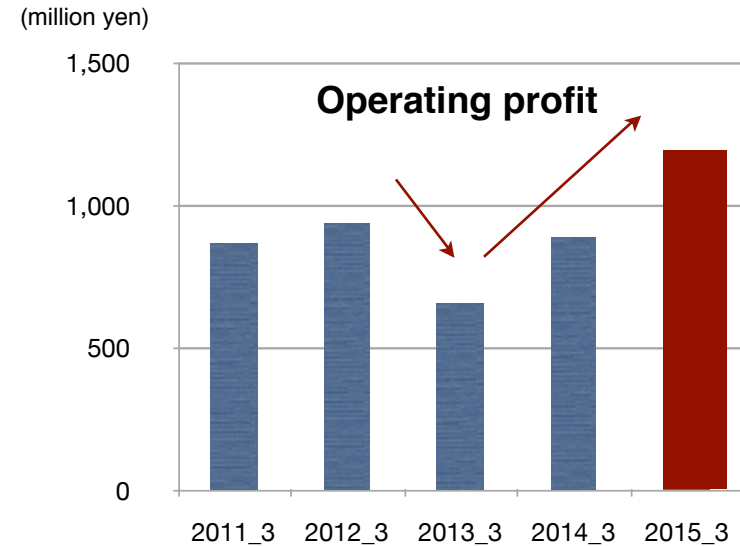
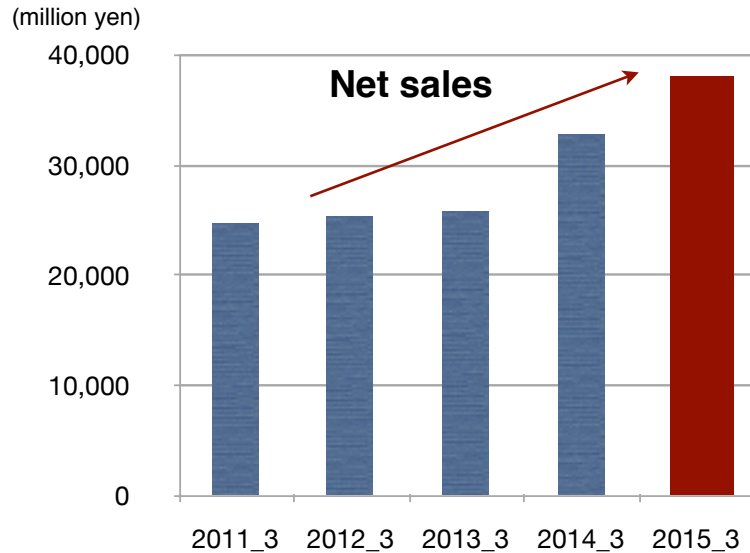
	FY03/2014	FY03/2015	+/- (amount)
	2013.4.1 ~2014.3.31	2014.4.1 ~2015.3.31	
CF from operating activities	1,157	2,721	1,563
CF from investments	△2756	△1,220	1,536
CF from financial activities	1,604	△1,597	△3,201
Balance of cash and cash equivalents at the end of the period	5,533	5,532	0

△ means decrease

5 years transition charts

Sales Increased for 5 consecutive terms ↑

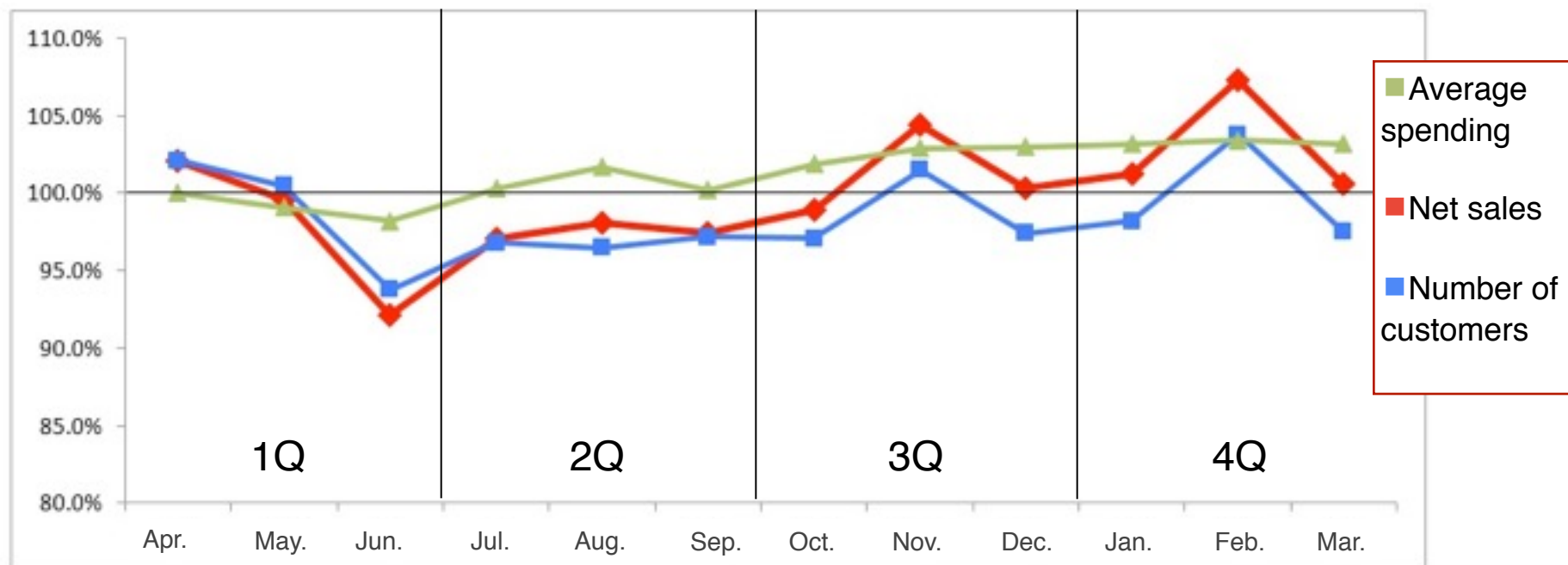
Operating profit & Ordinary profit Increased for 2 consecutive terms ↑ ROE increased ↑



FY03/2015: Performance transition of existing Washoku Sato restaurants

FY03/2015: Performance transition of existing Washoku Sato restaurants

Except for retroaction to the effects of TV appearance during FY03/2014 and for impact of bad weather, the Company could keep solid performance all through.



1Q

Washoku Sato appeared on several TV shows during FY03/2014 leading to rapid increase in sales, and for the current term retroaction to such increase resulted in decrease in sales at existing restaurants as compared to the previous year. Influence that was concerned due to raising consumption tax rate was minimal, and except for impact of appearance on TV shows existing restaurants could keep solid performance.

2Q

Bad weather impacted on sales at existing restaurants which stayed lower level. Each of typhoons No. 8 in July and No. 11 in August have led to decrease by about 1 - 3%.

3Q

In October, approaching typhoon caused negative impact of about -4%. In November, weather conditions became stable so existing restaurants could keep solid sales. Also In November, calendar peculiarity brought about positive effect of about +5%.

4Q

From January, sales on weekdays could remain solid as well. Performance in February was up about 3% from previous year impacted by heavy snow.
From March, solid performance could be kept due to sales promotion with LINE@ application and starting CM broadcast featuring popular talents.



Washoku Sato





To be the restaurant that brings the highest customer satisfaction



Suburban Japanese restaurants that serve a number of menu, mainly Japanese cuisine, favored by men and women, young or old, where families, friends, couples, and even a single guest may spend happy hours for both lunch and dinner. (With sufficient parking areas at every restaurant)

Number of restaurants

**No. 1 in Japanese
food family restaurants**



Basic data as of March 31, 2015

198 restaurants

Distribution

Kansai (60%) 118
Chubu (20%) 40
Kanto (20%) 40

Staff

Full-time 665
Part-time 6,214
as of March 31, 2015

**Square
measure**

**ca. 250 m²
(standard)**

Investment

**90 ~ 100
million yen**

**Average
spending**

**1,200 ~ 1,300
yen**



lunch : dinner

**Number of
customers 5 : 5**

Sales amount 4 : 6

Sato-Shabu

You can choose "Ingredients," "Dashi soup",
and "Dishes" as you like.

Sato-Shabu

Sato-Shabu
"all-you-can-eat"

120 min.

Debut

June, 2009

Sato-Shabu

Basic data

all-you-can-eat style Shabu-Shabu, 120 min. course

2 courses of Sato-Shabu

Sato-Shabu course

**30
items**

1,990 yen

30 items are available for all-you-can-eat system including meat (beef chuck roll, pork loin, pork back rib, chicken thigh, chicken ball) and various hot pot ingredients.

Premium course

largest in the trade

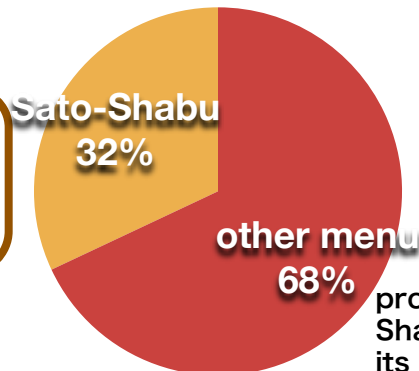
2,490 yen

**75
items**

Entire menu comprising 75 items is available for all-you-can-eat system including, besides meat and hot pot ingredients for the 30 items of Sato-Shabu course, seasonal cuisine such as Sushi and fried foods, grilled chicken, cutlet skewers, and a variety of special choices.

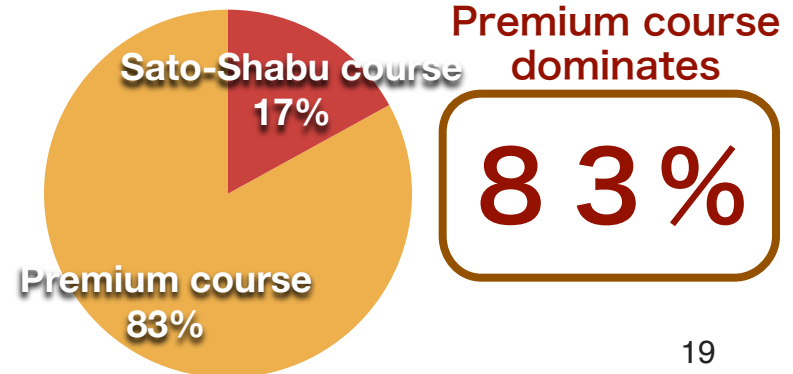
proportion of Sato-Shabu sales

3 2 %



proportion of Sato-Shabu sales during its offering hours

Sato-Shabu course vs Premium course

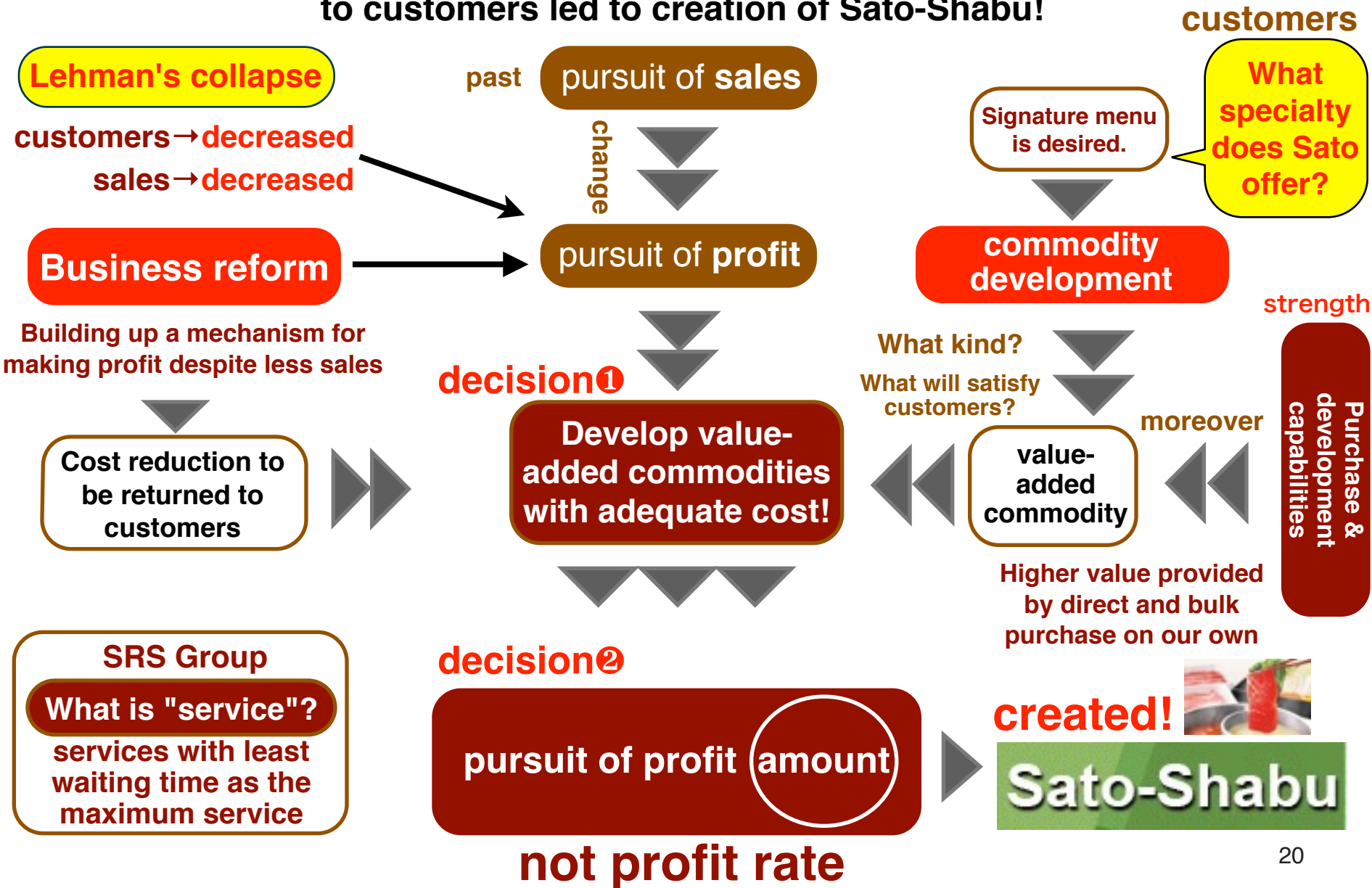


Premium course dominates

8 3 %

Sato-Shabu Development background

A policy that cost reduction achieved by business reform should be returned to customers led to creation of Sato-Shabu!





Greatness of Sato-Shabu

Greatness

Sato-Shabu

Thank you very much

since June, 2009

only **5 years** from debut

**over 10
million
orders**

1 in 10
Japanese
people

12,173,572

orders

as of March 31, 2015

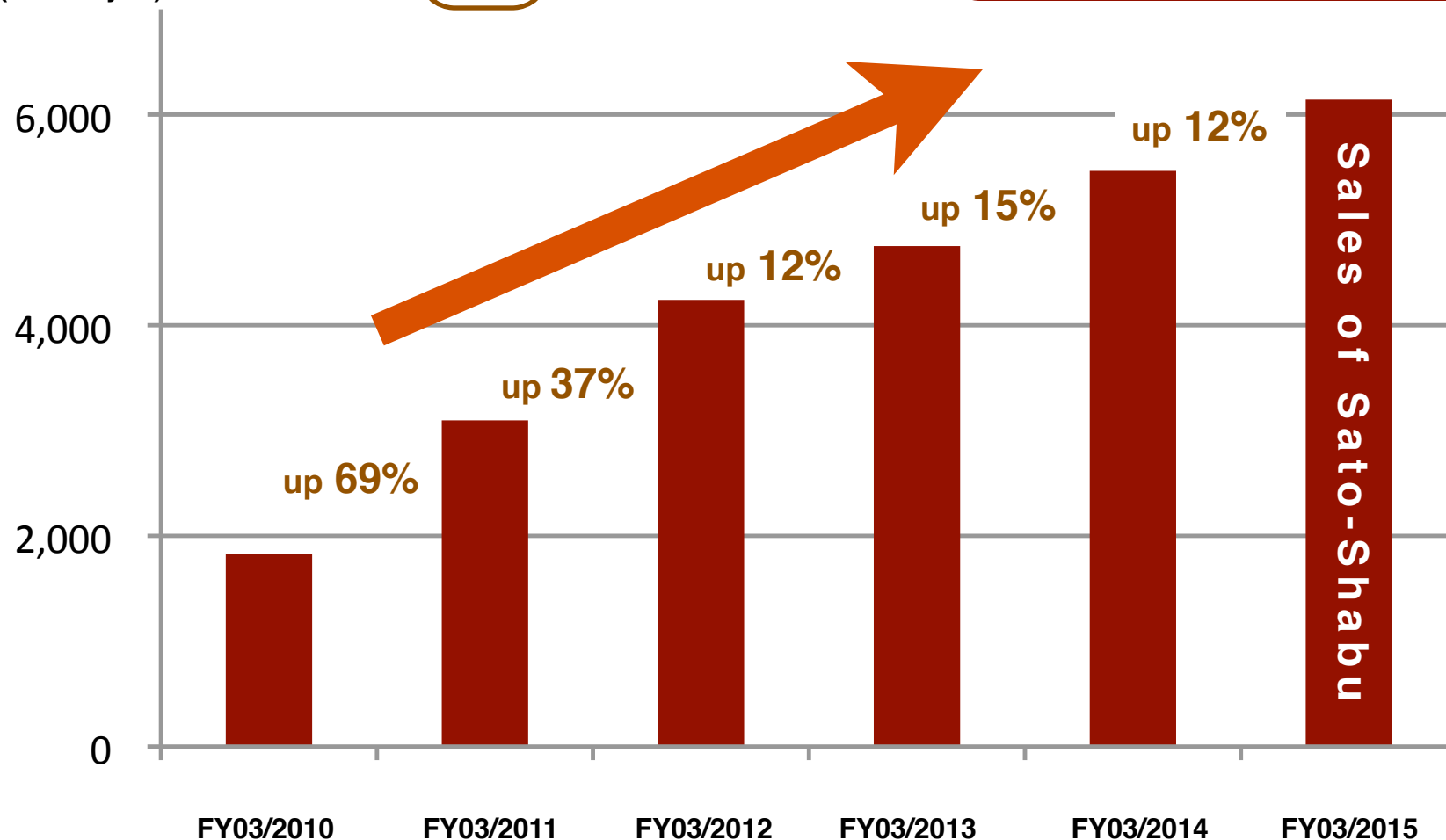
Greatness: 1

Sato-Shabu

Sato-Shabu

Sales still keep increasing by more than 10% every year!

(million yen)



Greatness: 2

Sato-Shabu

Sato-Shabu

Sales

share

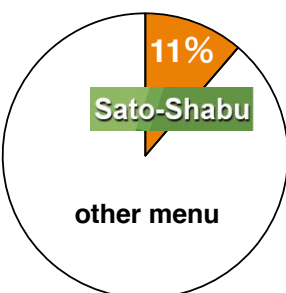
exceeded

FY03/2015

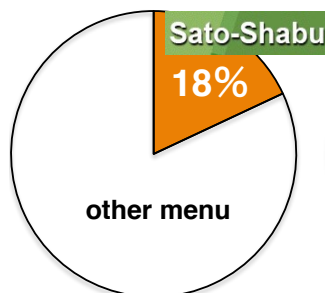
30% !

exceeded
30%

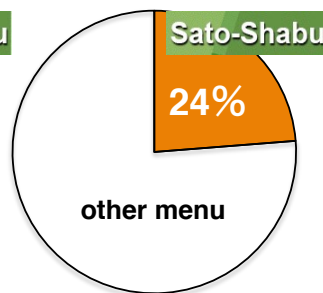
FY03/2010



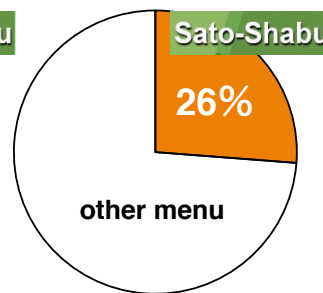
FY03/2011



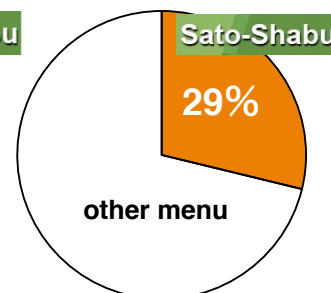
FY03/2012



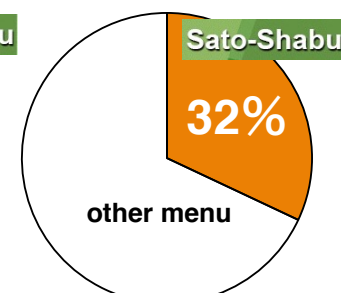
FY03/2013



FY03/2014



FY03/2015



increasing every year

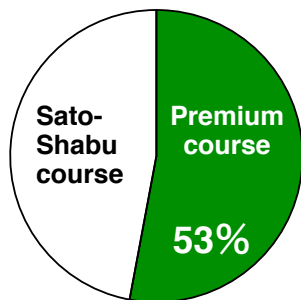
Greatness: 3

Sato-Shabu

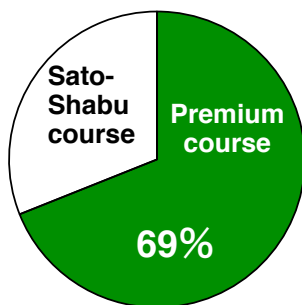
80% of customers ordering **Sato-Shabu**
choose **Premium course**

exceeded
80%

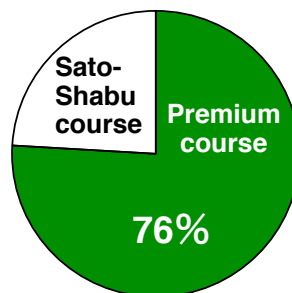
FY03/2011



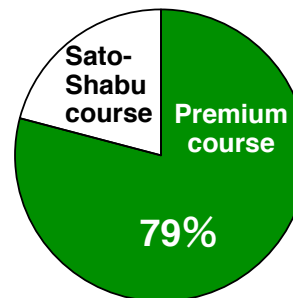
FY03/2012



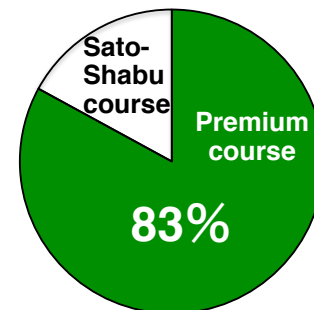
FY03/2013



FY03/2014



FY03/2015



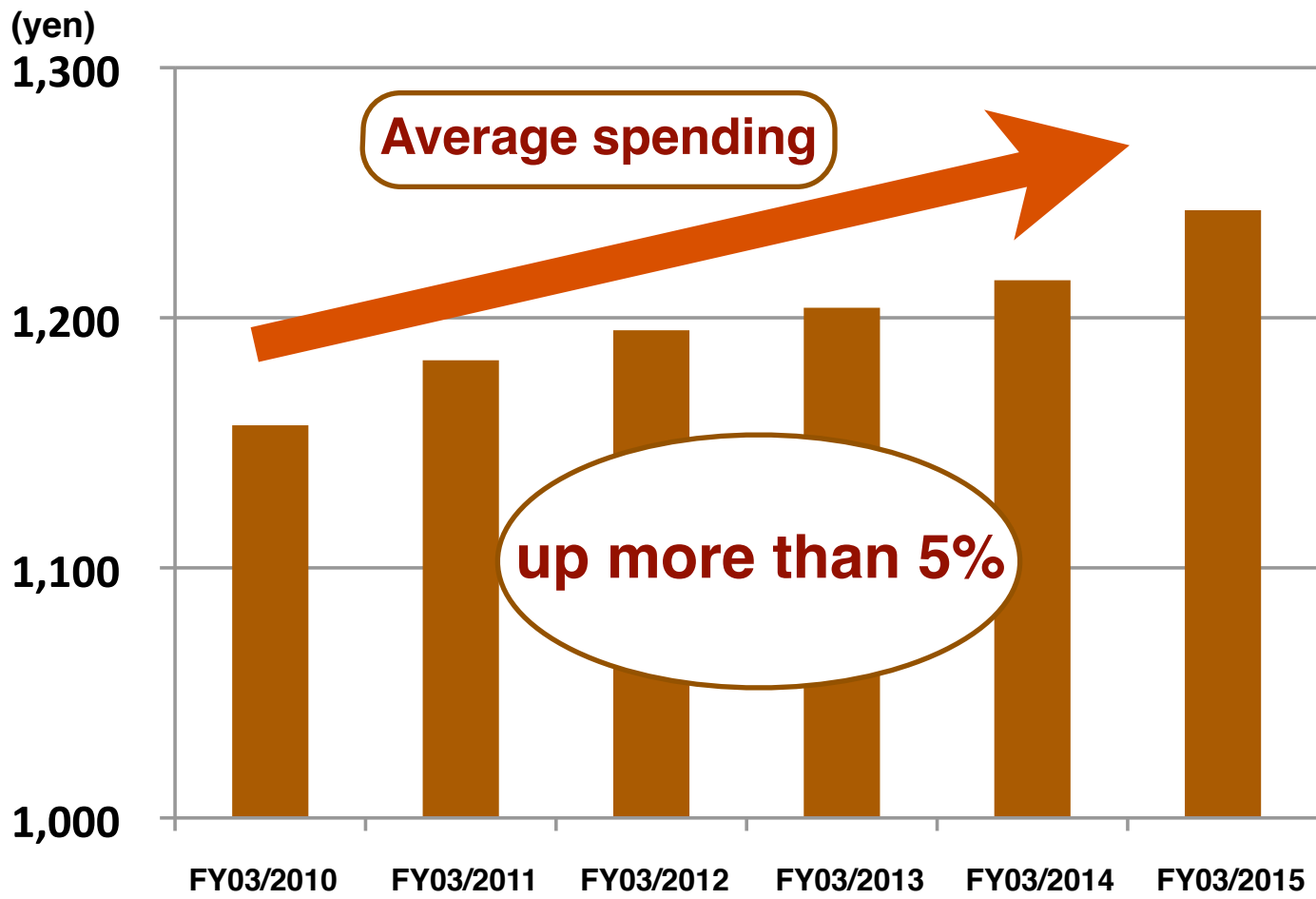
increasing every year

Average spending at



increased by more than 5%.

driven by Sato-Shabu



Greatness: 5

Sato-Shabu



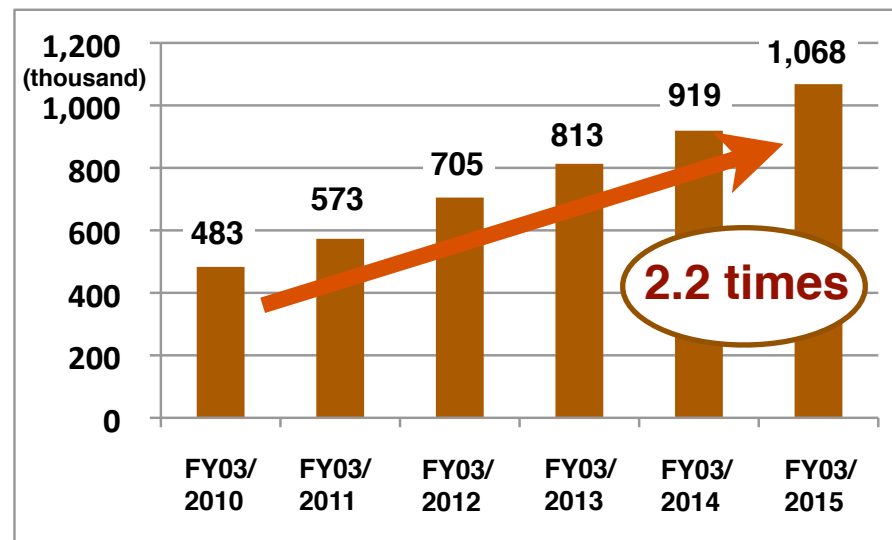
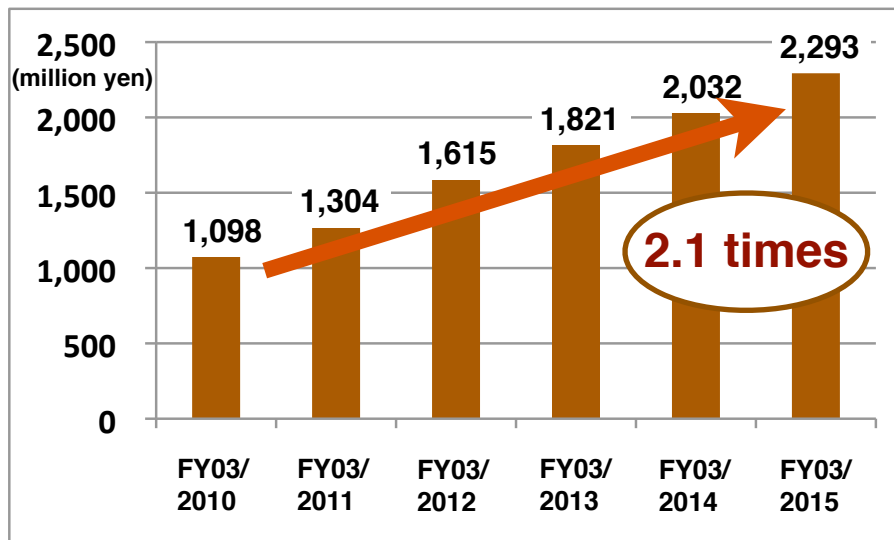
Sales from booking

Number of customers
from booking

more than double

Sales
from booking

**Number of
customers**
from booking



Menu comparison of all-you-can-eat style Shabu-Shabu restaurants

(lowest priced courses which include beef)

differentiation with Premium course

combined

conventional Japanese cuisine + Shabu-Shabu (all-you-can-eat)

specialized

Shabu-Shabu (all-you-can-eat) only

extra 500 yen gives all-you-can-eat style Sushi, seasonal cuisine, etc.

Kagonoya

2,980 yen

Hanayayohei

2,680 yen

Yumean

1,980 yen

extra 400 yen gives 24 all-you-can-eat style items such as fried fish and Takoyaki



extra 500 yen gives 45 all-you-can-eat style items such as Sushi, Tempura, steak, etc.

1,990 yen

3,980 yen

Kinnobuta

including all-you-can-eat style side menu such as salad

3,480 yen

Yuzuan

including all-you-can-eat style side menu such as salad, fried chicken and dessert

3,000 yen

2,780 yen

Shabu-Shabu Onyasai

including all-you-can-eat style snacks, appetizers, etc.

2,640 yen

Don-tei

extra +480 yen gives all-you-can-eat style Sushi, snacks, etc.

2,200 yen

Nabe-zo

2,000 yen

1,999 yen

Shabu-sai

Syabu-yo

1,999 yen

1,000 yen

adapted from "Foodbiz vol.73" published on Jan. 31, 2015
Special prices limited to weekdays and to lunch hours are not included.

Principle of premium

largest in
the trade

75
items

specialization

Premium course

extra charge

customers

company

wide variety of menu

diversified items

more pleasure for choice

balanced order

higher frequency and
average spending

easy cost adjustment

higher sales

**controlled gross
profit rate**

X

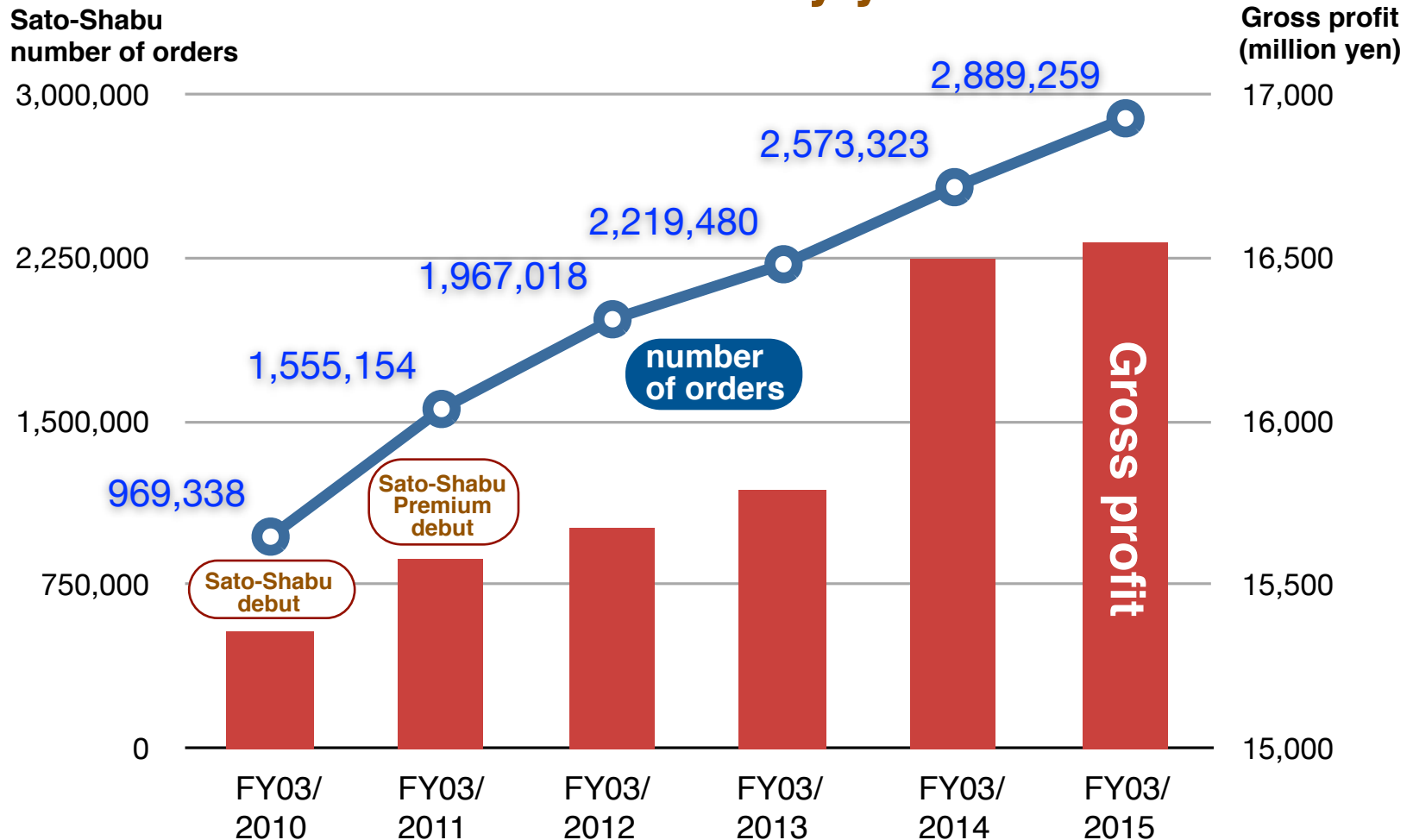
higher gross profit

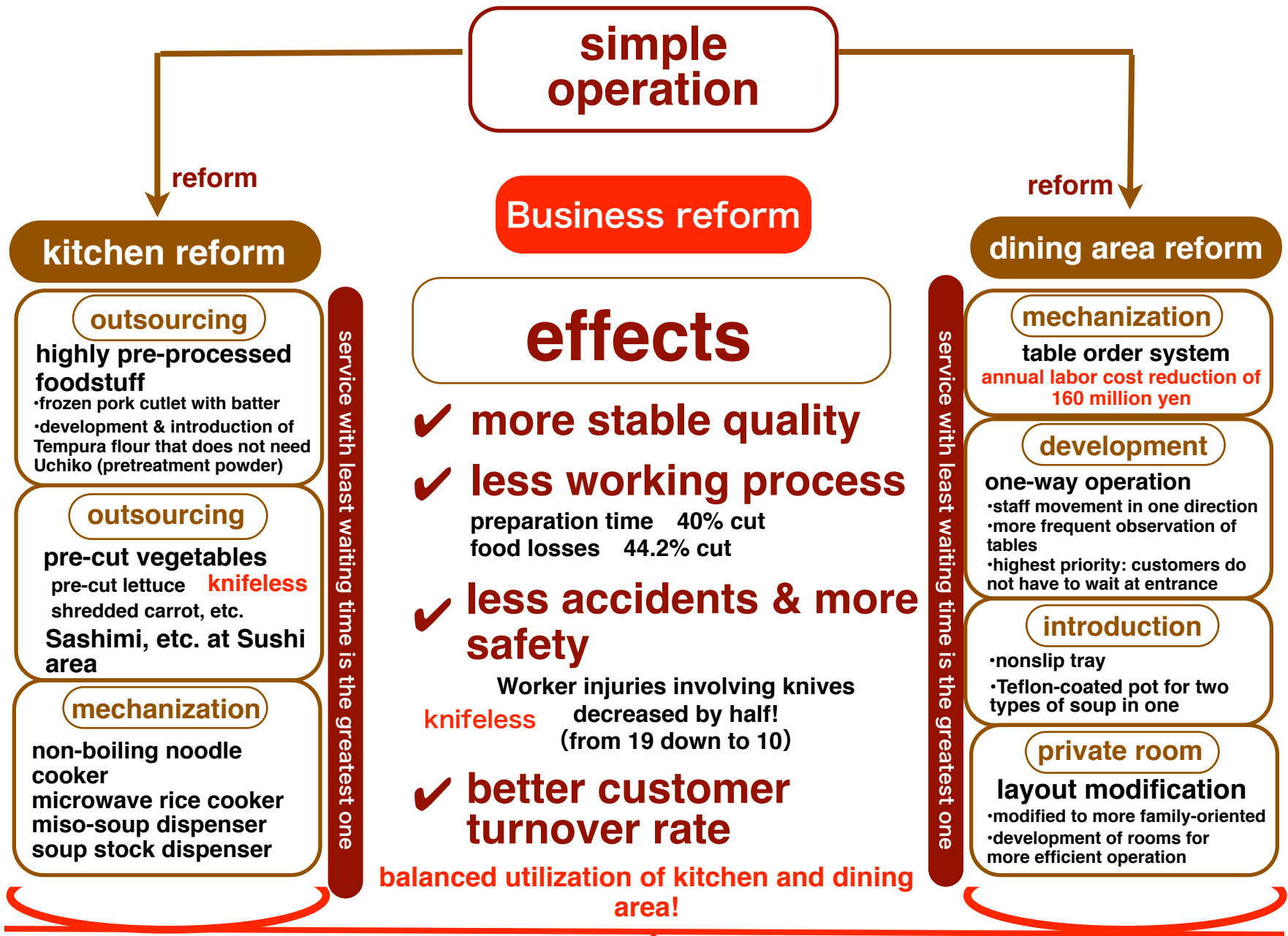
Gross profit of Washoku Sato & number of orders of Sato-Shabu since debut of Sato-Shabu



Sato-Shabu

Gross profit increasing every year
number of orders increasing by more than 10% every year

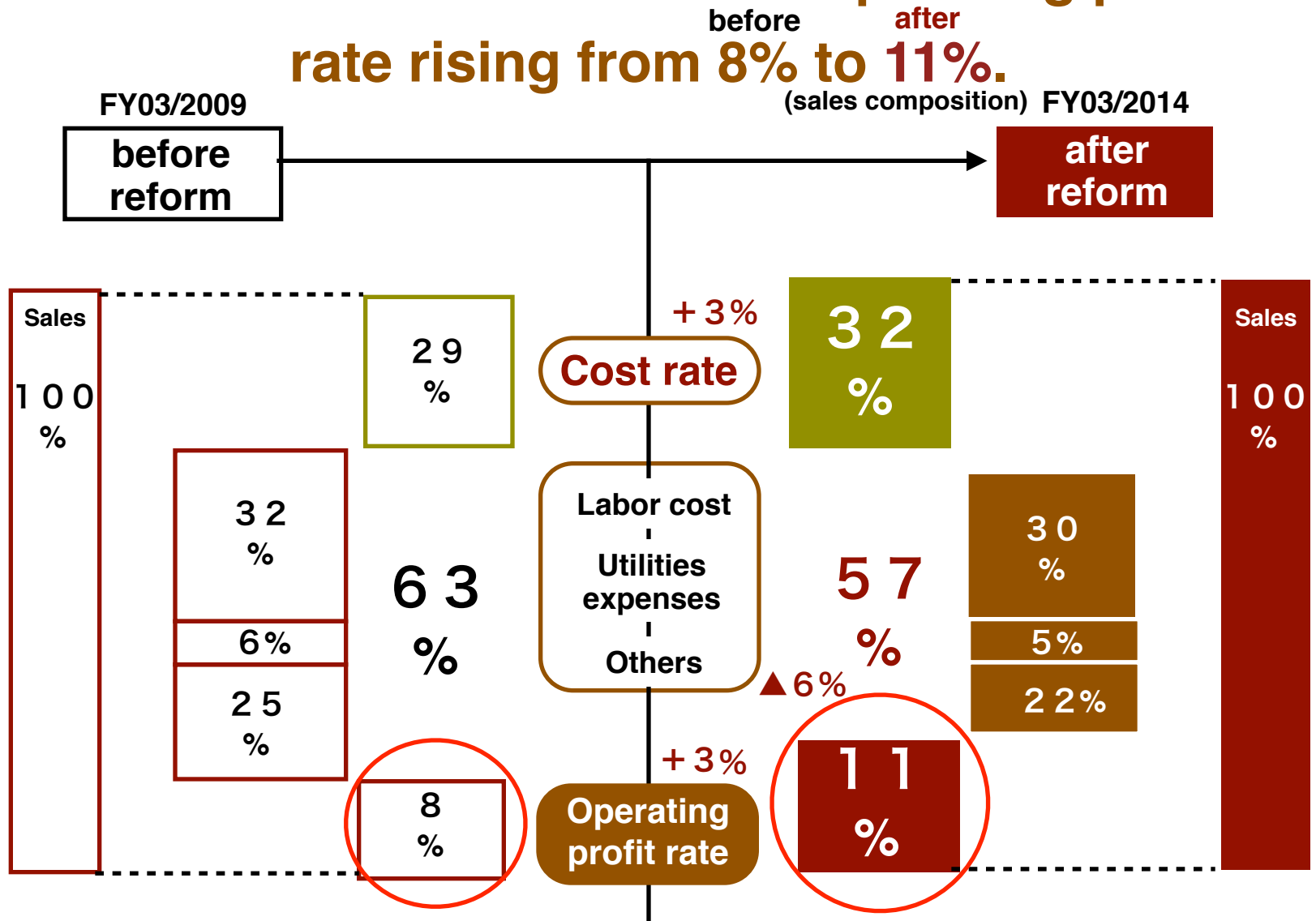




Effects of

Business reform

Business reform resulted in operating profit rate rising from 8% to 11%.



Big change in customer demographic by **Sato-Shabu** !

Aging and decreasing of customers were braked,
successfully stimulating new customer segments.

before
introduction

Japanese cuisine = elderly adults



after
introduction

Young families

overwhel
ming
popularity

19 ~ 39 yrs

weekday lunch

[before] 19%

[after] 33%

holiday dinner

[before] 41%

[after] 57%

policy

**We do not make
profit from children.**

Sato-Shabu course

3 yrs or younger: free
preschool children: 490 yen

Premium course

primary school or younger:
extra charge not required



Children take their parents.

That's why



reasons
of
popularity

[full stomach]

Children will get full with meat!

[pleasure for choice]

It's a pleasure to choose freely among wide variety of all-you-can-eat style menu (75 items)!

[relaxing private room]

You don't have to care about other guests, and may use Tatami mat in the private room to lay down children!



value provision There are values and strength, including pleasure, that only food service industry can offer.

Working environment

In addition to establishing our business brands, it is further important to create more comfortable working environment and more rigorous food safety control!

Staff attendance management by vein authentication

adopted

Overtime pay is counted in minutes.

One week consecutive leave scheme

achieved 100% taken

Shift to regular employees

achieved

300 part-time employees shifted to regular employees

Low job turnover rate

actual job turnover rate: 5.2%

average in lodging / food service industries: 30.4%

source: Statistics Bureau of Japan, "Hiring rates and turnover rates of full-time workers by industry (2013)"

NO 24 hours operation

Full five-day workweek

promoting 100% achievement

Our employees feel comfortable to work.

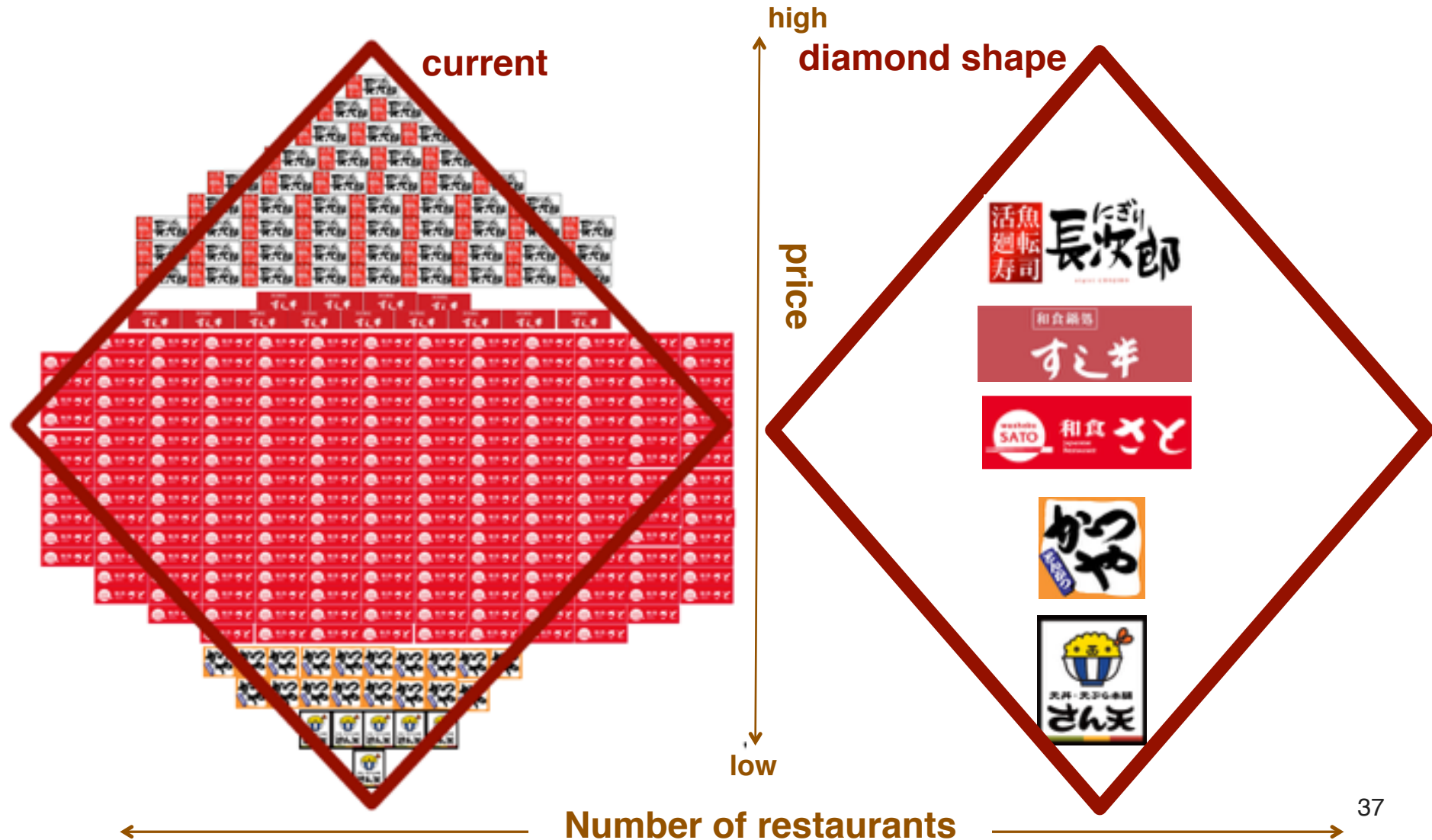


Mid-term management plan

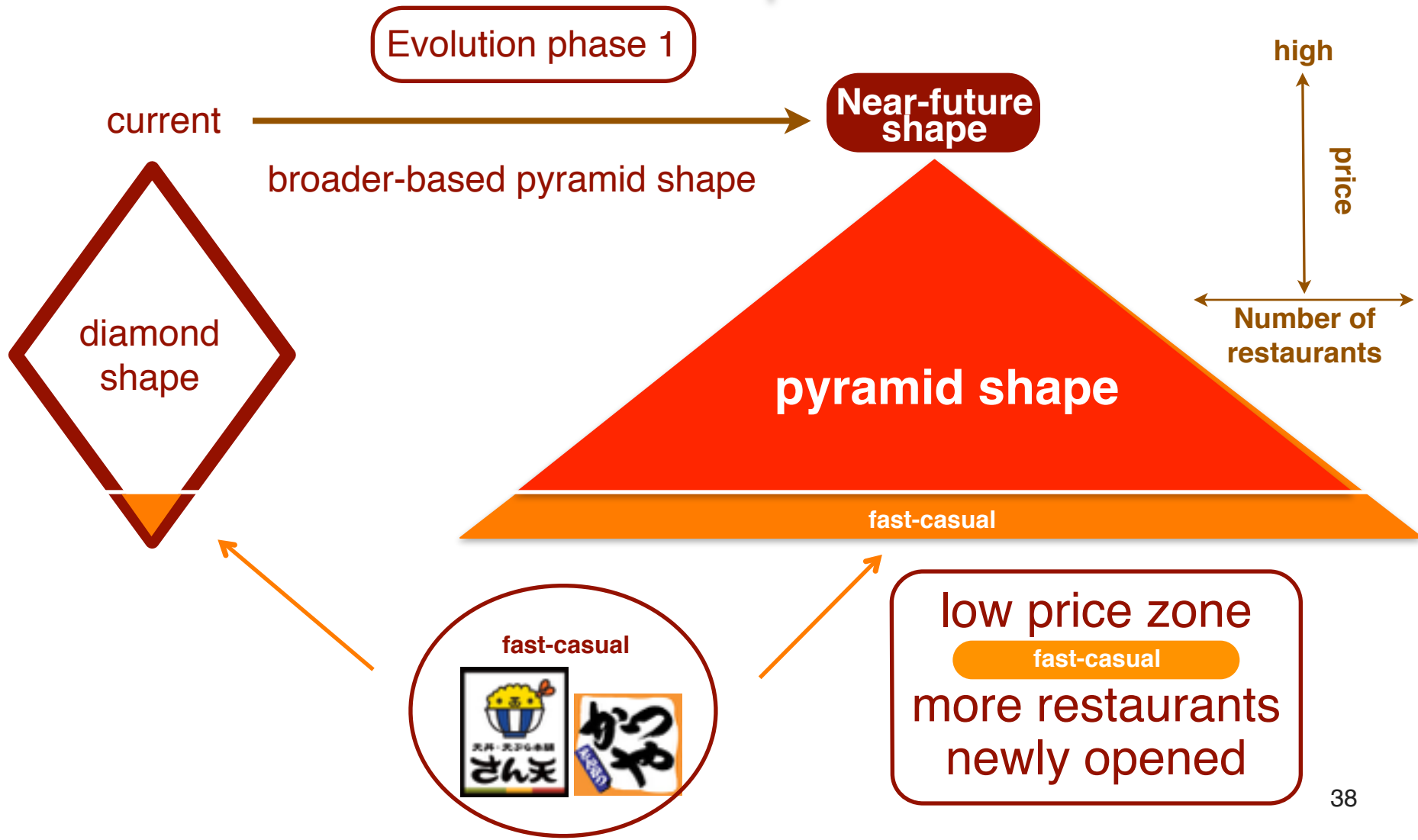
Towards realization of "Sato Pyramid"



SRS group restaurants composition: Diamond shape

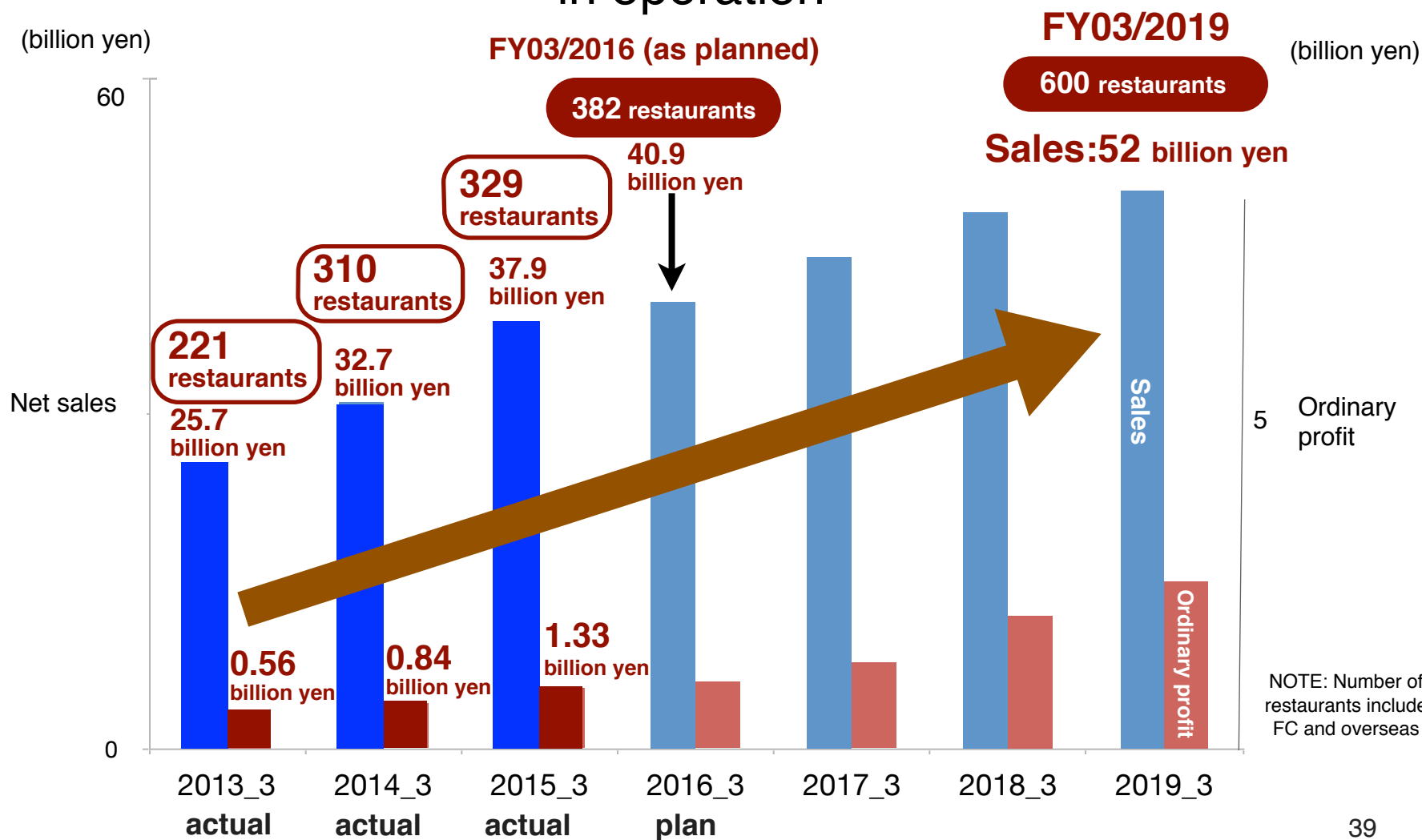


Diamond shape to pyramid shape



FY03/2019

Aiming at sales of 52 billion yen and 600 restaurants
in operation



Increases in income and in operating profit are anticipated also for FY03/2016.

(million yen)

	2015_3			2016_3 (forecast)		
	Amount	+/- (amount)	+/- (%)	Amount	+/- (amount)	+/- (%)
Net sales	37,969			40,900		
		5,206	15.9%		2,930	7.7%
Operating profit	1,183			1,260		
		294	33.1%		76	6.5%
Ordinary profit	1,330			1,220		
		483	57.2%		△110	△8.3%
Net profit attributable to shareholders of parent company	840			490		
		326	63.5%		△350	△41.7%

Measures & Planned opening new restaurants for the next term (FY03/2016)

Measures

- ① Improved purchasing power by using foodstuff shared with Foodsnet Corporation
- ② Full-blown operation of staff attendance management system using vein authentication terminals
- ③ Outsourcing payroll-related operations, including those in response to the forthcoming My Number system
- ④ Updating the core system: to start testing operation aiming for adoption in FY03/2017
- ⑤ FC development of Santen restaurants
- ⑥ Carrying on experiment and store development of "Home delivery Sushi - Nigiri CHUJIRO"
- ⑦ Enhancing promotion activities making use of popular talents, official mascot characters and SNS
- ⑧ Opening new restaurants more widely overseas

Planned

Planned

46 new
restaurants

Washoku Sato	3
Santen	16
Santen (FC)	4
Nigiri CHOJIRO	4
Nigiri CHUJIRO	3
Katsuya	6
Katsuya (FC)	10

Newly opened restaurants <domestic>

February Takaida branch of Santen (Osaka pref.)



Asagiri branch of Nigiri CHOJIRO (Hyogo pref.)



March Nijoujou-Kita branch of Nigiri CHUJIRO (Kyoto Pref.)



April Kyoto-Kumiyama branch of Katsuya (Kyoto Pref.)



Chayashinden branch of Washoku Sato (Aichi Pref.)



Newly opened restaurants <overseas>

February JinShan branch (Taipei)



May Second branch in Indonesia



はじめました。



Topics

February Our "short-time regular employee system" was introduced in a TV program "Kansai Netsu Shisen" produced by NHK (Kansai area); and "Cast" produced by Asahi Broadcasting Co. highlighted a topic "all-you-can-eat style Sato-Shabu goes to Thailand!!" (Kansai area).

March Sales promotion activities using LINE@ application started at every restaurant. CM broadcast featuring Black Mayonnaise (a popular comedian) started.

April Staff attendance management system using vein authentication terminals was adopted.



Contact

Sato Restaurant Systems Co., Ltd.
Management Planning HQ. (Tanaka, Okamoto, Okada)
TEL: +81-6-7709-9977
email: 873@sato-rs.jp

Earnings forecasts and other descriptions concerning the future contained in this document are based on information currently available to the Company. This includes largely uncertain elements and therefore actual business performance and other elements may differ substantially due to various factors. We would appreciate that you should understand the abovementioned presumptions and make decisions on any investment according to your own judgement.