

# **Glico Group Financial Results**

## **For the Fiscal Year ended March 31,2016**

**May 25, 2016**  
**Ezaki Glico Co., Ltd.**  
**Securities Code - 2206**

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# **I. FYE March 2016 Earnings Report**

# Status of Net Sales and Income

(Unit:100 million yen)

	FYE March'15	FYE March'16					
	Results	Forecast	Results	Change from Previous period		Change from Forecast	
				Amount	Change (%)	Amount	Change (%)
Net sales	3,194	3,433	3,384	190	6.0	-49	-1.4
Operating income	142	155	171	29	20.1	16	10.4
Ordinary income	176	180	192	16	9.2	12	6.8
Net income	211	130	139	-72	-34.0	9	6.9

Note 1) Forecasts are figures released on October 30, 2015 (same applies to all slides).

# FYE March 2016 Earnings Report

## Status of Operating Income

(Unit:100 million yen)

	FYE March'15		FYE March'16			
	Results	%	Forecast	%	Results	%
Net sales	3,194	100.0	3,433	100.0	3,384	100.0
Cost of sales	1,778	55.7	1,874	54.6	1,839	54.3
Gross profit	1,416	44.3	1,559	45.4	1,545	45.7
Freight and charges	279	8.7	307	8.9	300	8.9
Sales promotion	482	15.1	551	16.0	521	15.4
Advertising expenses	109	3.4	129	3.8	122	3.6
Salaries and benefits	257	8.1	269	7.8	282	8.3
Expenses and depreciation	146	4.6	147	4.3	150	4.4
Total	1,274	39.9	1,404	40.9	1,374	40.6
Operating income	142	4.5	155	4.5	171	5.1

Factors behind change in operating income	Vs. 15/3	Vs. Forecast
<b>Total</b>	<b>29</b>	<b>16</b>
(1) Change due increase/decrease in net sales	39	-10
(2) Change due to fluctuation in cost-to-sales ratio	45	9
(3) Change due to fluctuation in freight and charges ratio	-4	3
(4) Change due to increase/decrease in sales promotion ratio / advertising expenses	-23	30
(5) Change due to increase/decrease in SG&A	-29	-15

Calculation method
(1) Change in sales x marginal income ratio
(2) Net sales x difference in cost-to-sales ratio
(3) Net sales x difference in freight and charges ratio
(4) Net sales x difference in sales promotion ratio + advertising expenses
(5) Increase/decrease in SG&A
(Note) Loss (negative number) if % for each expense item increases or expense amount increases

# FYE March 2016 Earnings Report

## Status of Net Sales by Segment

(Unit:100 million yen)

	FYE March'15	FYE March'16					
	Results	Forecast	Results	Change from Previous period		Change from Forecast	
				Amount	Change (%)	Amount	Change (%)
Total	3,194	3,433	3,384	190	6.0	-49	-1.4
Confectioneries	1,138	1,246	1,212	74	6.5	-34	-2.8
(Of which, is domestic confectioneries)	728	790	765	37	5.1	-25	-3.1
Ice Cream	738	794	810	72	9.7	16	2.0
Milk and Dairy Products	944	997	978	34	3.6	-19	-1.9
Food Products	223	221	202	-21	-9.5	-19	-8.7
Food Ingredients	95	105	102	8	8.2	-3	-2.5
Other	57	70	80	24	41.8	10	14.7

\*Above figures for domestic and non-domestic segments

Total	3,194	3,433	3,384	190	6.0	-49	-1.4
Domestic	2,785	2,977	2,938	153	5.5	-39	-1.3
Overseas	409	456	446	38	9.2	-10	-2.2

<Reference>

China & Thailand results and forecasts are calculated using the rates indicated to the right

	FYE March '15 Results	FYE March '16 Forecast	FYE March '16 Results
China	1CNY = ¥19.35	1CNY = ¥18.96	1CNY = ¥18.36
Thailand	1THB = ¥3.67	1THB = ¥3.29	1THB = ¥3.34

## FYE March 2016 Earnings Report

### Status of Operating Income by Segment

(Unit:100 million yen)

	FYE March'15	FYE March'16					
	Results	Forecast	Results	Change from Previous period		Change from Forecast	
				Amount	Change (%)	Amount	Change (%)
Total	142	155	171	29	20.1	16	10.4
Confectioneries	82	75	92	10	12.7	17	23.5
(Of which, is domestic confectioneries)	44	41	55	10	23.5	13	31.5
Ice Cream	30	45	55	24	80.3	9	20.8
Milk and Dairy Products	23	28	45	22	96.3	17	59.2
Food Products	7	4	1	-6	-83.3	-3	-73.3
Food Ingredients	3	5	5	2	84.3	-0	-0.4
Other	-2	-2	-27	-25	—	-25	—

\*Above figures for domestic and non-domestic segments

Total	142	155	171	29	20.1	16	10.4
Domestic	105	122	134	29	27.3	12	9.6
Overseas	38	33	38	-0	0.0	4	13.4

<Reference>

China & Thailand results and forecasts are calculated using the rates indicated to the right

	FYE March '15 Results	FYE March '16 Forecast	FYE March '16 Results
China	1CNY = ¥19.35	1CNY = ¥18.96	1CNY = ¥18.36
Thailand	1THB = ¥3.67	1THB = ¥3.29	1THB = ¥3.34

## FYE March 2016 Earnings Report

# Impact of Employee Stock Ownership Plan (ESOP) Closing

◆In July 2016, we plan to retire the Employee Stock Ownership Plan introduced in July 2011. The Glico stock price rose during the ESOP period and we expect that residual assets will be distributed to plan members.

◆An ESOP distribution allowance allocation amount of 1,366 million yen to be recorded as expenses related to trust liquidation during FYE March 2016(\*)

### <Employee Stock Ownership Plan Summary>

①Trust period: July 7, 2011 – July 31, 2016

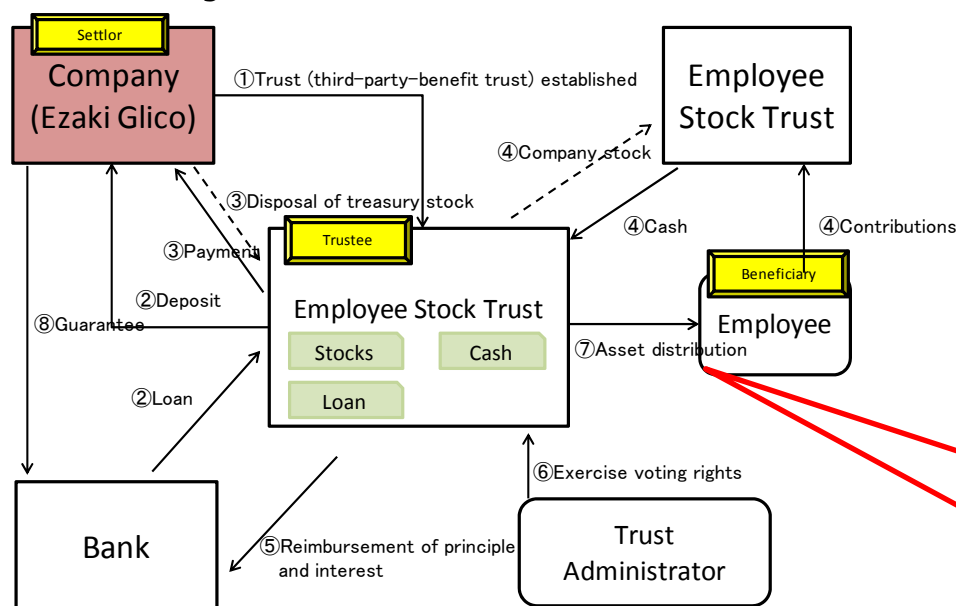
②Trust amount: 999,780,000 yen

⇒With the incorporation of this system, we conducted the batch disposal of treasury stock to the stock ownership trust (No. of shares disposed: 1,140,000 shares, disposal amount: 877 yen per share)

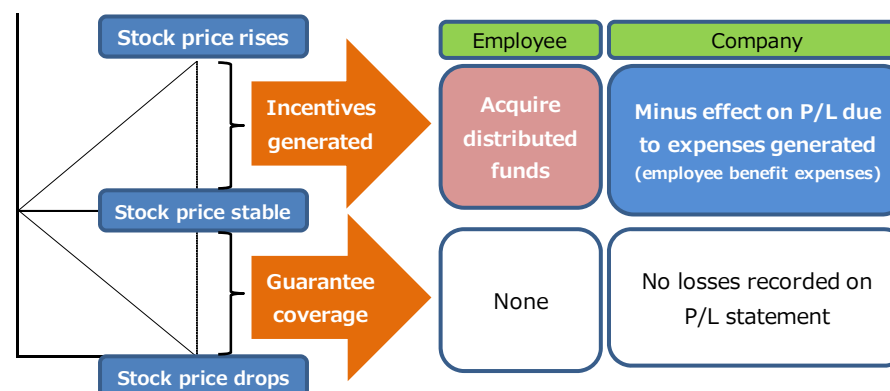
\*No. of disposed shares based on values prior to stock merger

(\*) Current accounting standards, etc. do not recognize expenses when distributing residual assets but we incorporated this plan prior to the application of current accounting standards, etc., thus have recorded expenses in accordance with the previously applied method.

### <Scheme diagram>



### <Final image depending on stock price fluctuations>



### Asset distribution

Upon conclusion of the trust and after using the sale of remaining company stock to repay debts, any residual assets left in the stock ownership trust will be distributed as cash to trust members.



## FYE March 2016 Earnings Report

### Capital Investments, Depreciation, and R&D Expenditures

◆FYE March 2016 capital expenditures increased by 6.4 billion yen compared to FYE March 2015. Approximately as planned.

◆Planning to increase FYE March 2017 capital expenditures by 4.9 billion yen compared to FYE March 2016.

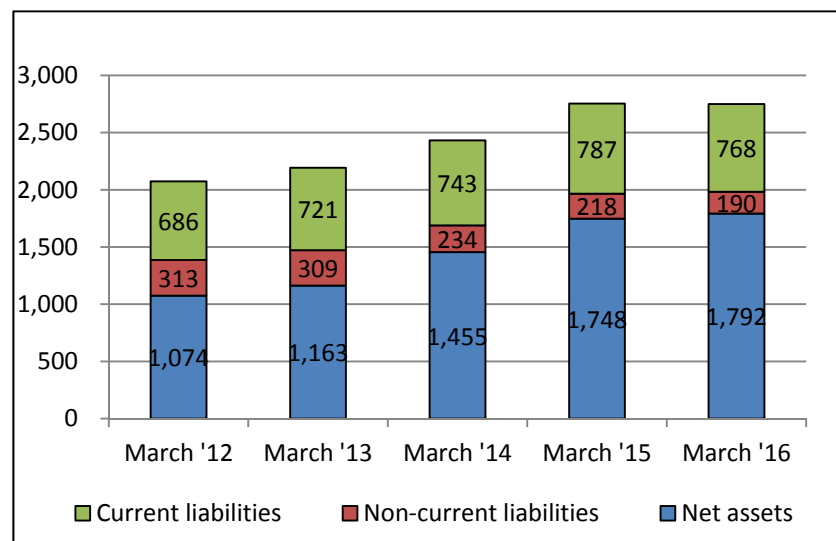
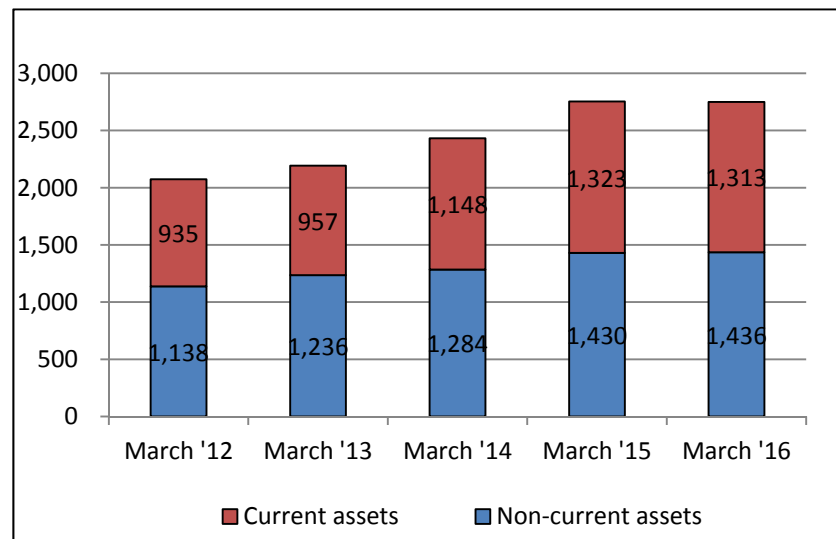
(Unit:100 million yen)

	FYE March'15	FYE March'16		FYE March'17	Total (FYE March'16~FYE March'18)		
	Results	Forecast	Results	Forecast	Previous forecast	Results + Forecast	Change from Previous forecast
Confectioneries - Domestic	22	28	32	36	106	119	13
Confectioneries - Overseas	21	13	9	23	124	111	-12
Ice Cream - Domestic	27	72	76	123	359	342	-17
Ice Cream - Overseas	—	—	2	1	—	11	11
Milk and Dairy Products	24	21	18	25	77	78	1
Food Products	1	2	2	3	7	6	-1
Food Ingredients	0	0	1	2	5	4	-1
Other	6	27	26	2	23	28	6
Capital investment	102	167	166	215	700	700	0
Unconsolidated subsidiaries •investment and lending	—	9	9	8			
Depreciation	111	112	108	100			
R&D expenditures	45	50	51	58			

# FYE March 2016 Earnings Report

## Status of Balance Sheet

- ◆ Partial repayment of debts using available capital
- ◆ Increase in income surplus saw equity ratio rise from 61.5% to 63.1%



### ○ Current assets – Major account items (Unit: 100 million yen)

	March 2015	March 2016	
		Amount	YoY
Cash and deposits	371	509	138
Notes and accounts receivable-trade	331	351	20
Securities	292	114	-179
Inventories	251	269	18

### ○ Non-current assets – Major account items

	March 2015	March 2016	
		Amount	YoY
Property, plant and equipment	727	826	99
Intangible assets	32	41	9
Investment securities	475	379	-96

### ○ Current liabilities – Major account items

	March 2015	March 2016	
		Amount	YoY
Notes and accounts payable- trade	296	284	-12
Short-term loans payable			
Current portion of long-term loans payable	116	57	-59

### ○ Non-current liabilities – Major account items

	March 2015	March 2016	
		Amount	YoY
Long-term loans payable	13	5	-8

### ○ Net assets – Major account items

	March 2015	March 2016	
		Amount	YoY
Shareholders' equity	1,532	1,640	108

## FYE March 2016 Earnings Report

### Status of Cash flows

◆Increases in operating capital and capital expenditures caused free cash flow to decline by 12.7 billion yen compared to FYE March 2015

◆Cash and cash equivalents declined by 7.4 billion yen compared to FYE March 2015 (Unit:100 million yen)

	FYE March'12	FYE March'13	FYE March'14	FYE March'15	FYE March'16			
	Results	Results	Results	Results	Results	YoY	Main reasons for gains/losses	YoY
Cash flows from operating activities	102	145	225	245	177	-68	Decline in net income before income taxes Decline in depreciation expenses Decline in gains on sale of fixed assets Increase in losses on currency fluctuations Increase in operating capital Increase in amount of corporate taxes paid	-102 -2 120 21 -61 -54
Cash flows from investing activities	-119	-114	-149	-79	-138	-59	Increase in transfers to term deposits Increase in sales of market securities, etc. Increase in acquisition of tangible fixed assets Decrease in sales of tangible fixed assets Decrease in acquisition of investment properties	-31 45 -64 -128 101
Free cash flows	-17	31	76	166	39	-127		
Cash flows from financing activities	59	-11	-89	-132	-101	31	Decrease in debt repayment Increase in dividend payments	43 -13
Cash and cash equivalents at end of year	324	353	542	594	520	-74		

## **II. Review of FYE March 2016 Core Initiatives and FYE March 2017 Targets**

## Review of FYE March 2016 Core Initiatives

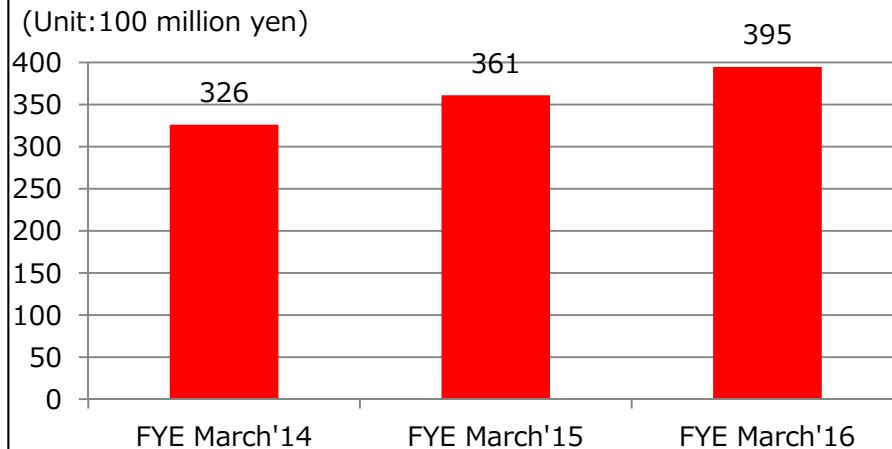
### Review of FYE March 2016 Core Initiatives

	Plan	Results
Chocolate	<p>Continue concentrated investments and aim to capture solid market share.</p> <p>Aim for sales of 38.9 billion yen, a YoY increase of 107.8%.</p>	<ul style="list-style-type: none"><li>• Achieved targets by recording net sales of 39.5 billion yen, 109.3% YoY.</li><li>• Strengthened sales with focus on mainstay brands. Pocky, Caplico, Kobe Roasted Chocolate, etc., all increased YoY.</li></ul>
Ice cream	<p>Strengthen development of mainstay items, use sales of series products to strengthen brand and aim for industry NO. 1 share of personal market.</p>	<ul style="list-style-type: none"><li>• Significantly increase revenues with net sales of 81.0 billion yen, 109.7% YoY.</li><li>• In the winter, we launched the “Otona Series” that brings added value to existing brands. Sales were favorable. Losses were reduced significantly in the second half.</li><li>• However, we remain third in market share.</li></ul>
Yogurt	<p>Focus on Breakfast BifiX series and aim for sales of 25 billion yen.</p>	<ul style="list-style-type: none"><li>• Achieved targets by recording net sales of 25.1 billion yen, 111.0% YoY.</li><li>• Last year in September, we re-released 4 products from our Breakfast BifiX series as functional food products to meet consumer health needs. (In April of this year, all Breakfast BifiX products will be re-released as functional food products.)</li></ul>

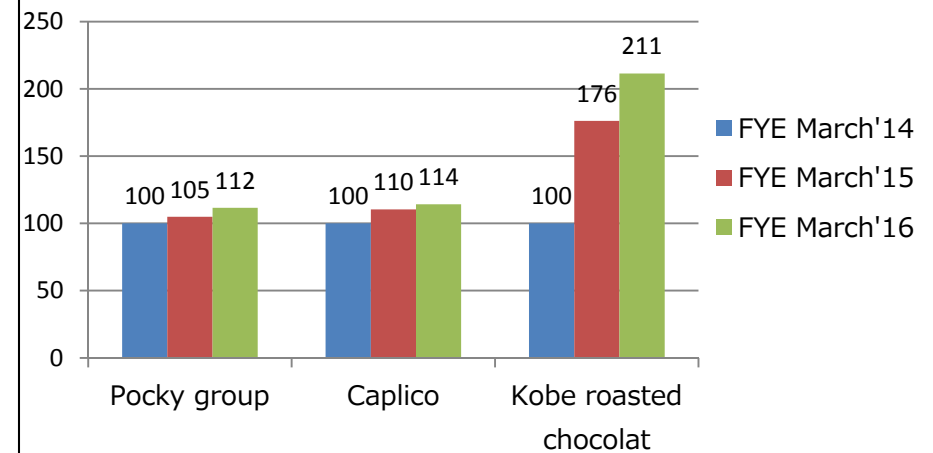
# Review of FYE March 2016 Core Initiatives

## Chocolate Category

### Transitions in Net Sales Glico Totals for Chocolate Category

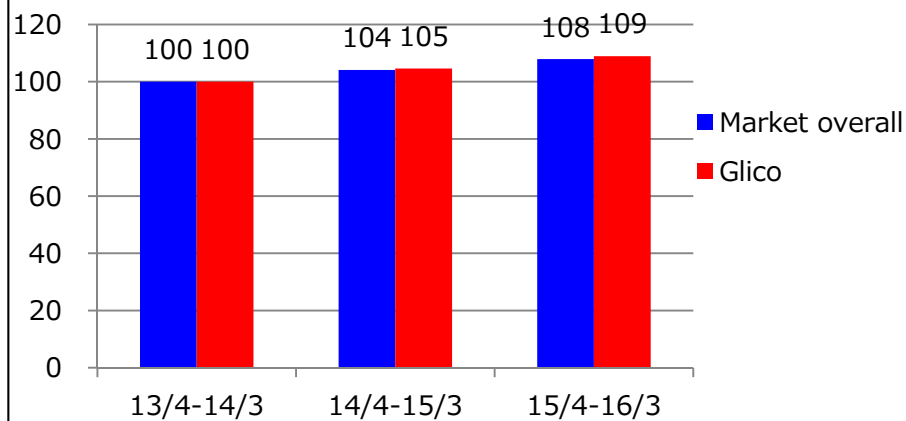


### Transitions in Net Sales by Brand (When FYE March 2014 net sales are set as 100.)



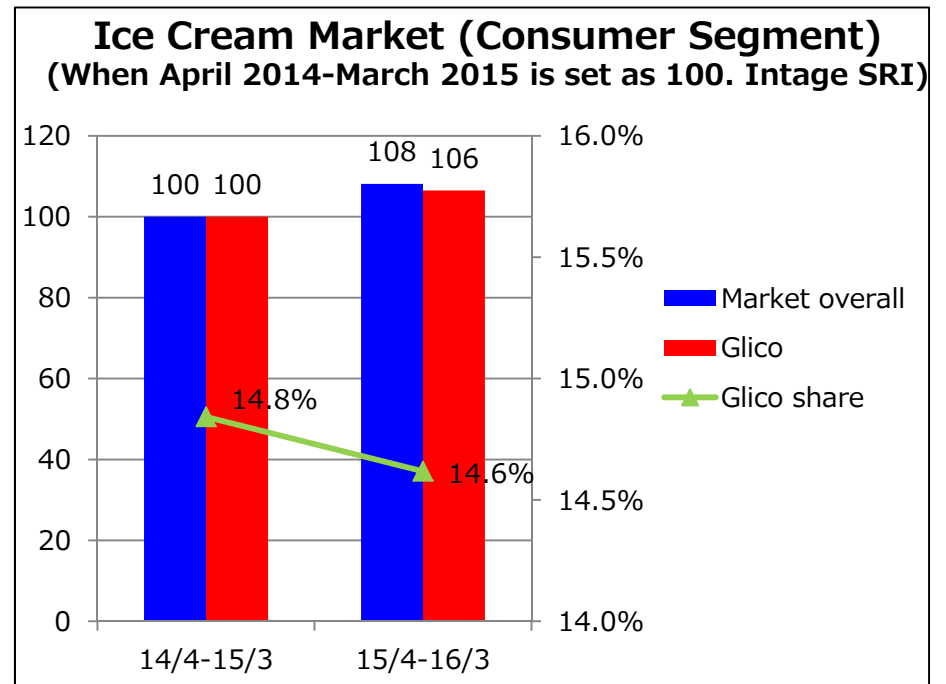
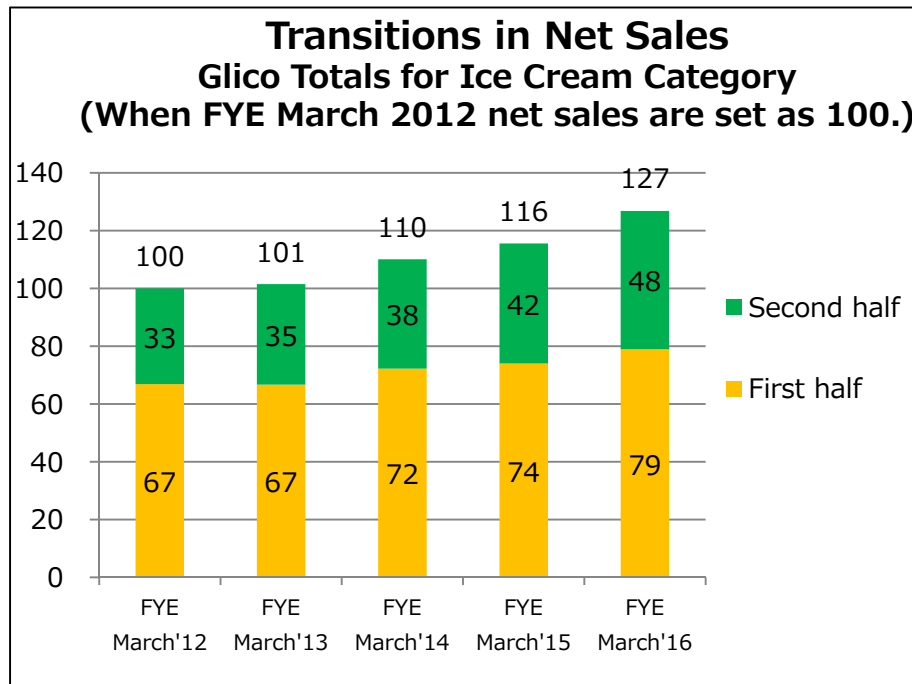
### Chocolate Market

(When April 2013-March 2014 is set as 100. Intage SRI)



## Review of FYE March 2016 Core Initiatives

### Ice Cream Category



<Released Otona Series with higher added value>



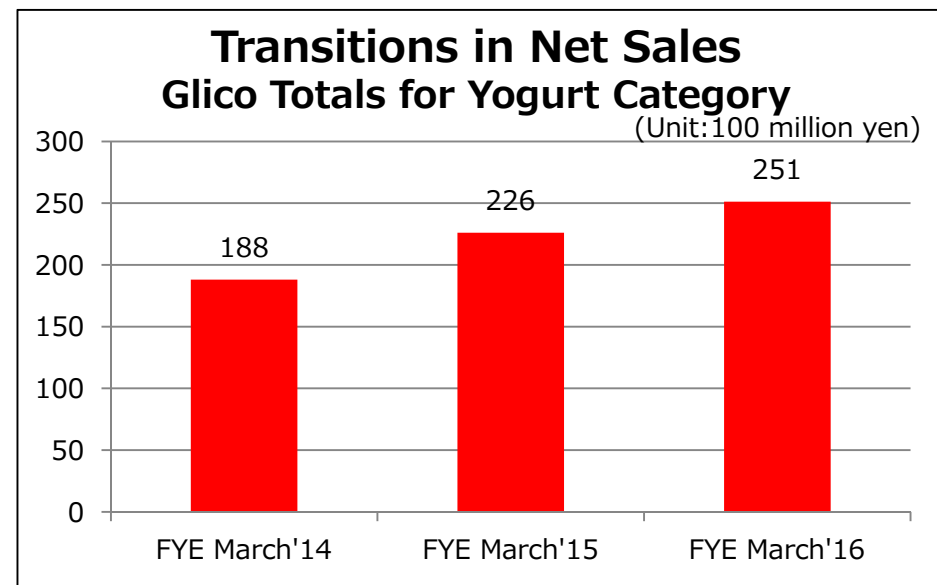
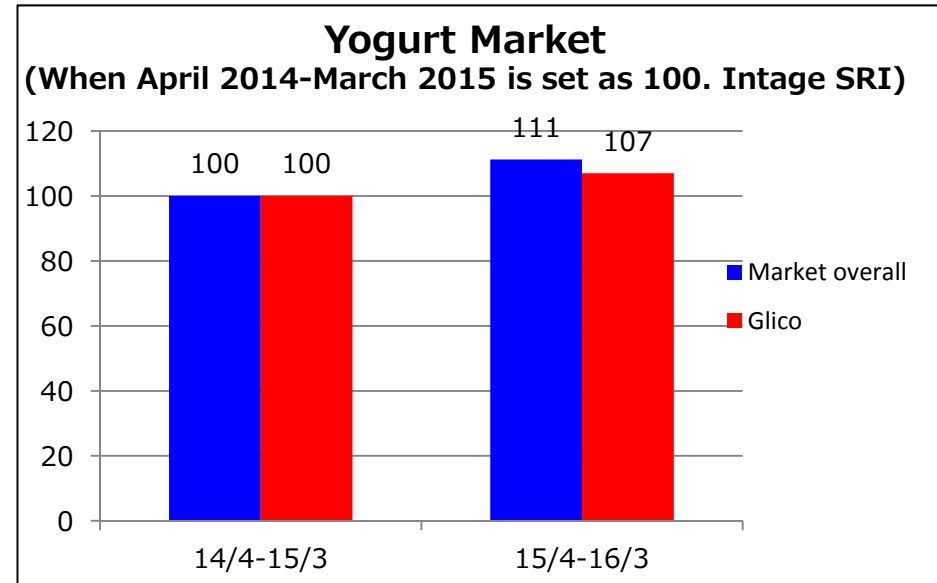


# Review of FYE March 2016 Core Initiatives

## Yogurt Category



<All BifiX products re-released as functional food products>





## Review of FYE March 2016 Core Initiatives and FYE March 2017 Targets

### Domestic business: FYE March 2017 Target Points

Category	Awareness of market environment / business environment	Policies for FYE March 2017
<b>Chocolate</b>	<ul style="list-style-type: none"> <li>• Market size: FY2013: 256.8B &gt; FY2015: 277.0B*<sub>1</sub></li> <li>• Position: No. 3</li> <li>• Rising health awareness among consumers in relation to chocolate</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance mainstay brands (Pocky, Caplico, Kobe Roasted Chocolate, etc.)</li> <li>• Grow existing brands (Peak, Bitte, Van Houten, etc.)</li> <li>• Launched first functional food products in chocolate category in March of this year. Increase presence on health-conscious chocolate</li> </ul>
<b>Cookies</b>	<ul style="list-style-type: none"> <li>• Market size: FY2013: 144.0B &gt; FY2015: 153.2B*<sub>1</sub></li> <li>• Position: No. 6</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance mainstay brands (Pretz, Bisco, Colon, etc.)</li> <li>• Rejuvenate snack brands such as Cheeza, Cratz, etc.</li> </ul>
<b>Ice cream</b>	<ul style="list-style-type: none"> <li>• Market size: FY2013: 436.0B &gt; FY2015: 463.0B*<sub>2</sub></li> <li>• Position: No. 2</li> <li>• Winter sales of ice cream increasing</li> <li>• Transition towards high added-value products</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance mainstay brands (Giant Cone, Papico, 17 Ice, etc.)</li> <li>• Grow existing brands (Panapp, Ice no Mi, Bokujo Shibori, etc.)</li> <li>• Promote Otona Series, increase added value</li> <li>• Implement marketing strategy to achieve profitability in second half.</li> <li>• Focus on stable operations at new plant.</li> </ul>
<b>Yogurt/ Drinking milk</b>	<p>&lt;Yogurt&gt;</p> <ul style="list-style-type: none"> <li>• Market size: FY2013: 342.6B &gt; FY2015: 384.1B*<sub>1</sub></li> <li>• Position: No. 5</li> </ul> <p>&lt;Drinking milk&gt;</p> <ul style="list-style-type: none"> <li>• Position: No. 4</li> </ul>	<ul style="list-style-type: none"> <li>• Promote income management by implementing category management</li> </ul> <p>&lt;Yogurt&gt;</p> <p>Re-released all BifiX products as functional food products. Enhance sales by promoting functionality.</p> <p>&lt;Milk, dairy beverages&gt;</p> <p>Invest resources with focus on Cafe Ole series as core brand.</p>
<b>Western confections</b>	<ul style="list-style-type: none"> <li>• Market size: FY2013: 70.1B &gt; FY2015: 65.6B*<sub>1</sub></li> <li>• Position: No. 2</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance sales of mainstay brands with focus on Puccin Pudding and Torori Cream On.</li> <li>• Rejuvenate Dororich brand</li> </ul>

\*1 Source: Intage SRI, \*2 Source: Ice Cream Ryutsu Shimbun

## FYE March 2017 Targets

### Earnings Targets for Next Two Years

◆ In the Mid-term Business Plan released on May 21, 2015, we announced an FYE March 2018 operating income target of 18.0 billion yen

- Actual operating income for FYE March 2016 was 17.1 billion yen. During FYE March 2017, we plan to outperform the Mid-Term Business Plan targets one year in advance.
- For the next two years, each year we will release our full-year earnings forecasts.

### Mid-Term Business Plan Targets (Announced on May 21, 2015)

		FYE March'15 Results	FYE March'16 Forecast	FYE March'18 Forecast
Operating income	Total	142	150	180
	Domestic	105	119	136
	Overseas	38	31	44

### FYE March 2017 Targets

		FYE March'15 Results	FYE March'16 Results	FYE March'17 Forecast
Operating income	Total	142	171	200
	Domestic	105	134	171
	Overseas	38	38	29



## FYE March 2017 Targets

### Income Distribution Basic Policy

1. We will prioritize growth investments and aim for the long-term maximization of corporate value.
2. Dividends will focus on stable and sustainable returns with due consideration given to our free cash flow levels.  
\*Considerations of free cash flow levels will also reflect investments in nonconsolidated affiliates (essentially capital expenditures).
3. We prefer to maintain and improve stock market fluidity rather than returns based on the buyback of treasury stock.

Summary of cash flow plan during the Mid-term Business Period (FYE March 2016-FYE March 2018)>

Cash flow from operating activities
Cash flow from operating activities (3-year period) 53.7 billion yen
Cash flow from investment activities
Capital expenditures (3-year period) 71.7 billion yen *including investments in nonconsolidated affiliates

◆For the 3-year period (FYE March 2016-FYE March 2018) we are planning for cash flow from operating activities of 53.7 billion yen against cash flow from investment activities of 71.7 billion yen (free cash flow of -18.0 billion yen)

⇒Based on our growth strategy, we will conduct forward-looking investments to focus on improving our long-term corporate value.

In accordance with our exiting policy, dividends will focus on stable and sustainable returns with due consideration given to our free cash flow levels.

## Review of FYE March 2016 Core Initiatives and FYE March 2017 Targets

### Impact of Raw Material Price Fluctuations on Costs

◆ **Review of FYE March 2016:** Although raw material prices for items such as chocolate and almonds increased, the impact of declines in the cost of milk products and materials resulted in overall reductions in raw material costs for the Group.

◆ **FYE March 2017 targets:** Although the price of chocolate raw materials is expected to rise, we forecast costs will be largely unchanged for the Group due to declines in prices for almonds, materials, etc.

(Unit: one million yen)

	FYE March'16 Results		FYE March'17 Forecast
	Change from Previous period*1	Change from Forecast*2	Change from Previous period*3
Group total (including overseas subsidiaries)	-94	-1,978	-3

Note) includes impact of currency

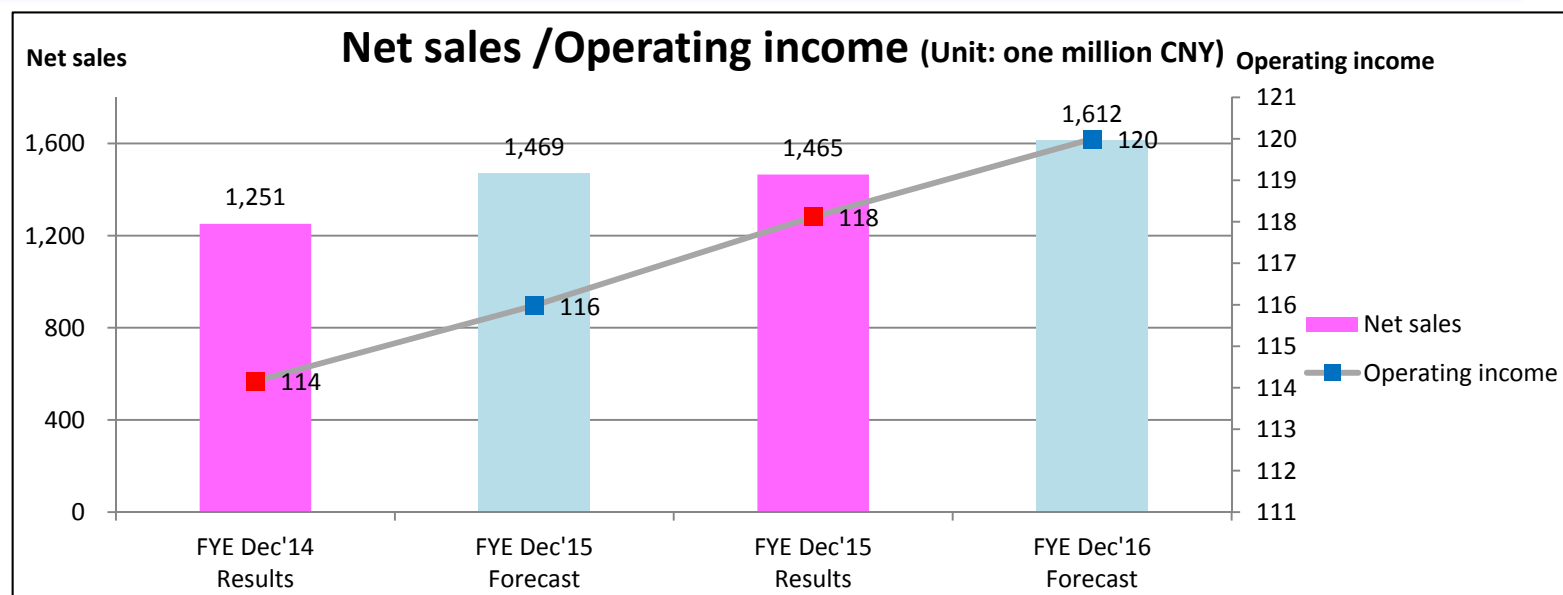
\*1 (FY15 actual costs – FY14 actual costs) x FY15 actual consumption volume

\*2 (FY15 actual costs – FY15 projected costs) x FY15 actual consumption volume

\*3 (FY16 projected costs – FY15 actual costs) x FY16 projected consumption volume

# Review of FYE March 2016 Core Initiatives and FYE March 2017 Targets

## China(Glico Shanghai) : Status of Net Sales and Income



(Unit: one million CNY)

	FYE Dec'14	FYE Dec'15						FYE Dec'16			
	Full year	Full year						First half	Full year		
	Results	Forecast	Results	Change from Previous period		Change from Forecast		Forecast	Forecast	Change from Previous period	
				Amount	(%)	Amount	(%)			Amount	(%)
Net sales	1,251	1,469	1,465	214	17.1	-4	-0.3	787	1,612	147	10.0
Operating income	114	116	118	4	3.5	2	1.8	72	120	2	1.6
Ordinary income	116	128	122	6	4.9	-6	-4.8	71	119	-3	-2.3
Net income	100	96	98	-1	-1.4	2	2.4	76	101	3	2.8

\*Figures based on local accounting. Refer to ending notes regarding currency rates.

## Review of FYE March 2016 Core Initiatives and FYE March 2017 Targets

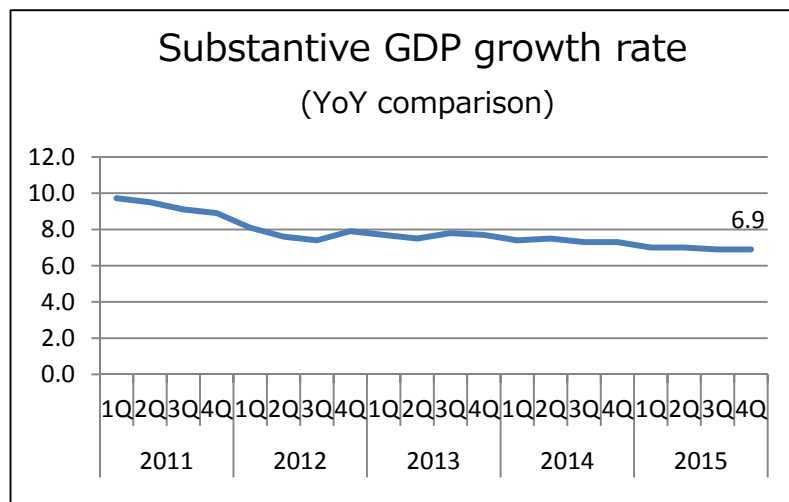
### China(Glico Shanghai): Accelerating Development of Inland China

■ Substantive GDP growth rate in 2015 was 6.9%. Target economic growth rate for 2016 is set at 6.5% - 7.0% as the country aims for stable growth.

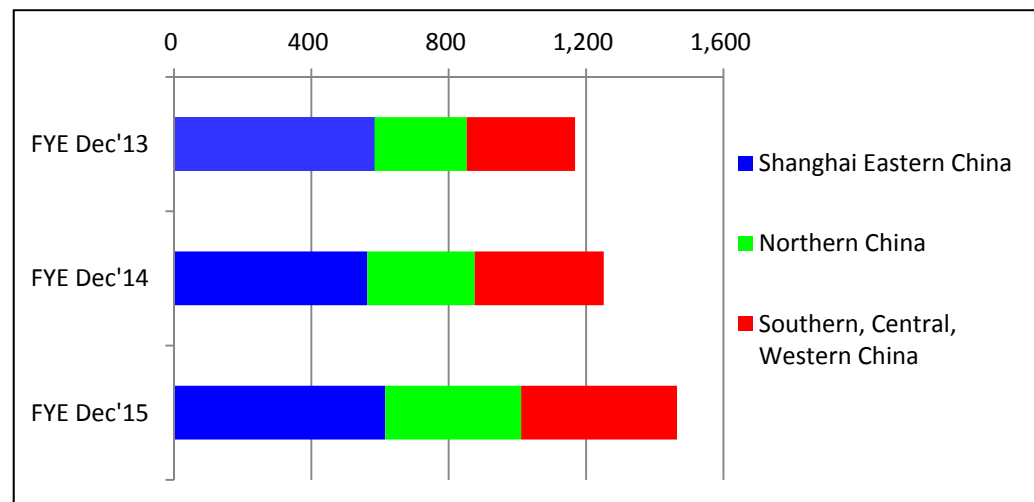
■ Increases in average wages resulting in decline in low-income earners and increase in middle-class population.

■ Amid such an environment, Glico Shanghai net sales were 117.1% YoY. While continuing to increase sales in the core region of East China, we will expanding sales in the rural areas of China, including Northern, Southern, Central, and Western China, to achieve balances sales in each region.

<Net sales in China by region>



Source: China National Bureau of Statistics



# Review of FYE March 2016 Core Initiatives and FYE March 2017 Targets

## China (Glico Shanghai): Enhancing Pocky, Pretz, and Pejoy

■ We focused enhancement and development activities on 3 mainstay brands of Pocky, Pretz, and Pejoy to achieve favorable sales. Ratio of sales represented by these 3 brands increased from 70% in FY12 to 88% in FY15.

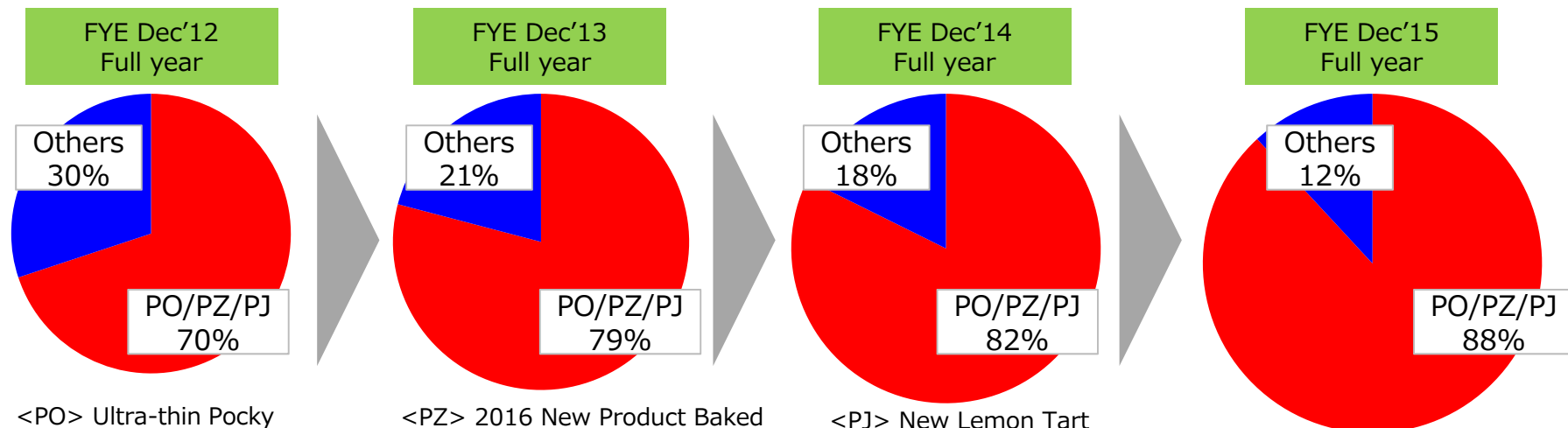
■ POCKY: Released Ultra-thin Pocky (chocolate) in June 2015, and added milk and strawberry flavors in September. Launched Winter Mousse Pocky as a Chunky Pocky product that offers seasonal aromas and cool flavor.

■ PRETZ: Planning to launched Baked Aroma Pretz offering the flavor of baked western bread in June 2016.

■ PEJOY:

Launched CM promoting an refined perspective. Succeeded in improving brand image and increasing sales. Released new Lemon Tart flavor in March 2016.

< Sales composition trends for Pocky (PO), Pretz (PZ), and Pejoy (PJ) >



<PO> Ultra-thin Pocky



<PZ> 2016 New Product Baked Aroma Pretz

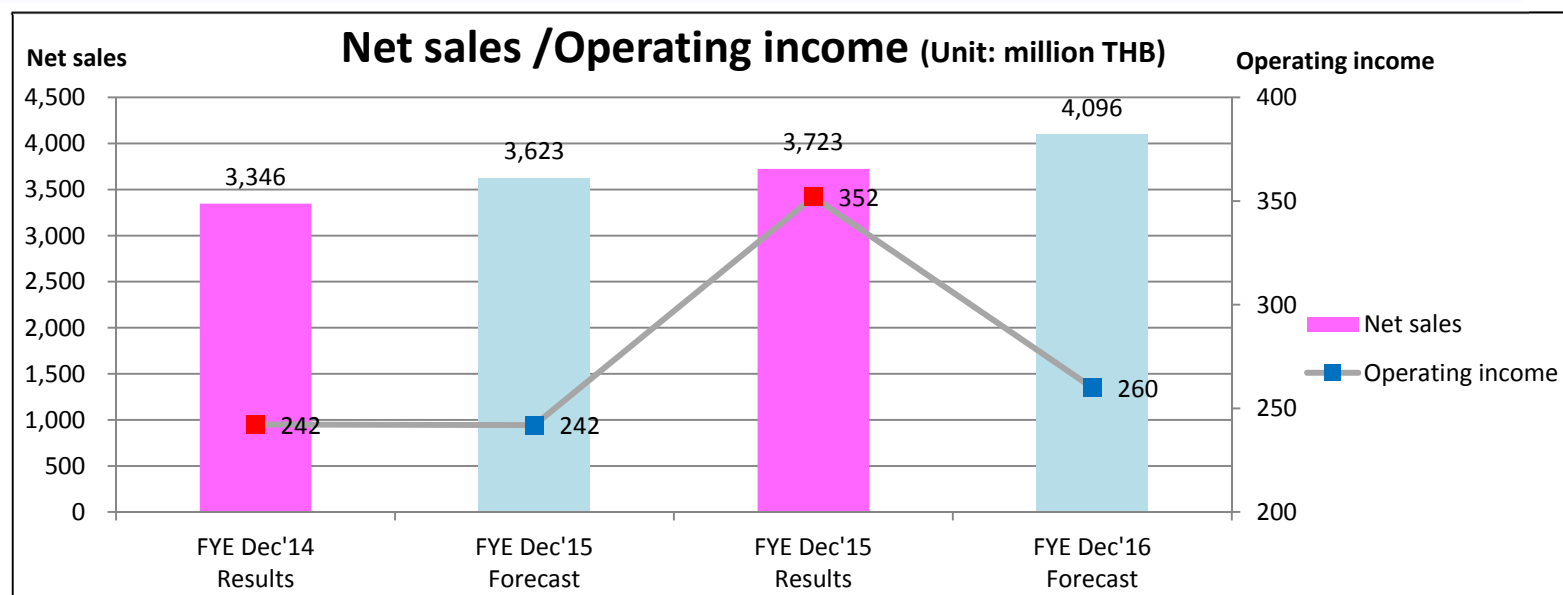


<PJ> New Lemon Tart



# Review of FYE March 2016 Core Initiatives and FYE March 2017 Targets

## Thailand(Glico Thailand): Status of Net Sales and Income



(Unit: one million THB)

	FYE Dec'14	FYE Dec'15						FYE Dec'16			
	Full year	Full year						First half	Full year		
	Results	Forecast	Results	Change from Previous period		Change from Forecast		Forecast	Forecast	Change from Previous period	
				Amount	(%)	Amount	(%)			Amount	(%)
Net sales	3,346	3,623	3,723	378	11.3	100	2.8	2,137	4,096	373	10.0
Operating income	242	242	352	110	45.3	110	45.5	107	260	-92	-26.1
Ordinary income	950	255	385	-566	-59.5	130	50.9	88	225	-160	-41.6
Net income	950	255	365	-586	-61.6	110	43.0	66	180	-185	-50.7

\*Includes exports to Indonesia and other nearby countries

\*Figures based on local accounting. Refer to ending notes regarding currency rates.



## Review of FYE March 2016 Core Initiatives and FYE March 2017 Targets

### Thailand(Glico Thailand): Maintained Double-digit Growth Amid Low Economic Growth

- While Thailand shows signs of economic recovery following last year's political changes, the economic environment is severe due to draught and other factors. Government growth rate forecasts were revised downward from 3%-4% to 2.8%-3.8%.
- Amid such an environment, sales in Thailand, where we hold the No. 2 share in biscuits, grew 6.6% YoY thanks to the further development of sales through our main channels CVS and the supermarkets/hypermarkets as well as mom & pop shops in rural areas.
- Outside Thailand, Malaysia indicated YoY sales growth of around 135%, with overall Glico Thailand net sales at 111.3% YoY.
- In light of an increasing rate of sales promotions expenses to maintain double-digit growth in an environment of low economic growth, we will target an operating margin of 6.3% in FY16.

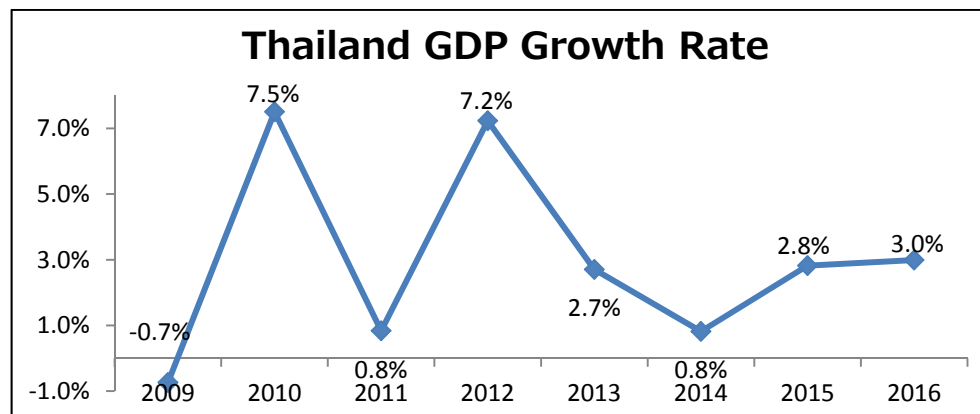
Thailand: From left, for Valentine's Day, chilled before eating, various Pocky types for Pocky Day



Malaysia: Sales from a Pocky Wagon



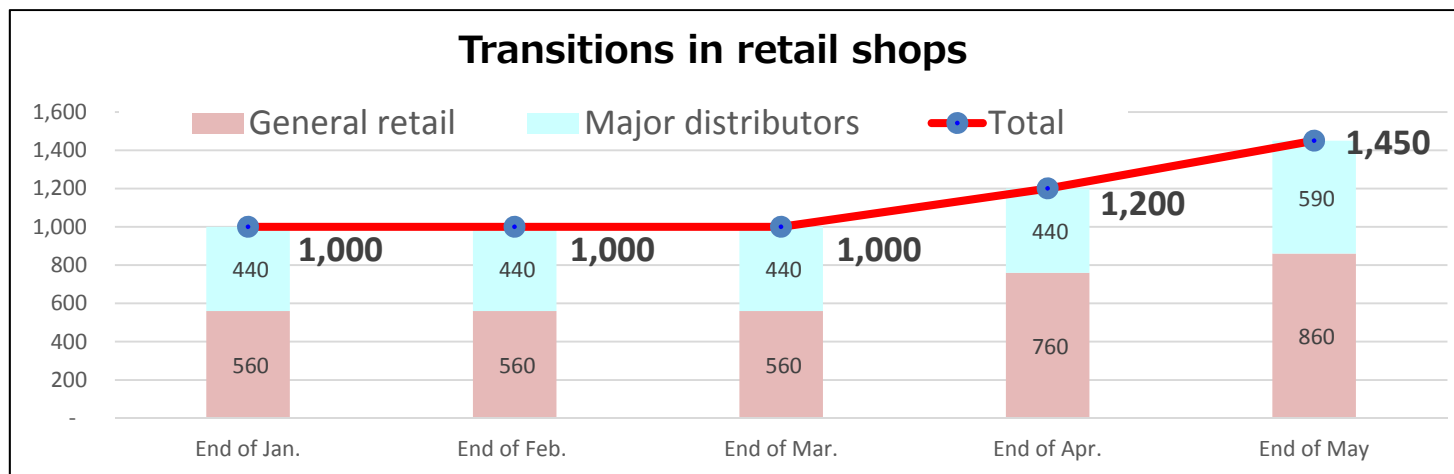
Source: IMF World Economic Outlook



## Review of FYE March 2016 and FYE March 2017 Targets

# Overseas Business: Asia – Ice Cream (Thailand)

- In January 2016, we released 8 types of ice cream across 4 brands, “Giant Cone,” “Palitte,” “Panapp,” and “17 Ice” to much popularity.
- By the end of May, we are planning to sell products in 1,450 stores in Bangkok and surrounding areas. (General retail shops: 860, major distribution chains: 590).



1/19 Press Conference



Local Poster



Customers following product purchase



## Review of FYE March 2016 and FYE March 2017 Targets

### Overseas Business: Asia – Ice Cream (Indonesia)

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- We established Glico-Wings in Indonesia with the intention of launching sales in April 2016. However, construction delays have caused a delay in production and sales start schedule.
- We forecast being able to launch production and sales this fiscal year after receiving a plant permit from the local FDA (Food & Drug Administration) as well as various other permits.



## **III. FYE March 2017 Full-Year Earnings Forecast**

## FYE March 2017 Full-Year Earnings Forecast

### Full-Year Plan and Forecast

(Unit:100 million yen)

	FYE March'15	FYE March'16	FYE March'17			
	Full year	Full year	First half	Full year		
	Results	Results	Forecast	Forecast	Change from Previous period	
					Amount	Change (%)
Net sales	3,194	3,384	1,945	3,700	316	9.3
Operating income	142	171	127	200	29	16.9
Ordinary income	176	192	133	210	18	9.2
Net income	211	139	95	140	1	0.7

## FYE March 2017 Full-Year Earnings Forecast

### Operating Income Forecast

	FYE March'15		FYE March'16		FYE March'17	
	Results	%	Results	%	Forecast	%
Net sales	3,194	100.0	3,384	100.0	3,700	100.0
Cost of sales	1,778	55.7	1,839	54.3	2,018	54.5
Gross profit	1,416	44.3	1,545	45.7	1,682	45.5
Freight and charges	279	8.7	300	8.9	332	9.0
Sales promotion	482	15.1	521	15.4	576	15.6
Advertising expenses	109	3.4	122	3.6	135	3.6
Salaries and benefits	257	8.1	282	8.3	282	7.6
Expenses and depreciation	146	4.6	150	4.4	158	4.3
Total	1,274	39.9	1,374	40.6	1,482	40.1
Operating income	142	4.5	171	5.1	200	5.4

Factors behind change in operating income	Vs. 15/3	Vs. 16/3
<b>Total</b>	<b>58</b>	<b>29</b>
(1) Change due increase/decrease in net sales	104	68
(2) Change due to fluctuation in cost-to-sales ratio	42	-7
(3) Change due to fluctuation in freight and charges ratio	-9	-4
(4) Change due to increase/decrease in sales promotion ratio / advertising expenses	-43	-19
(5) Change due to increase/decrease in SG&A	-36	-8

Calculation method
(1) Change in sales x marginal income ratio
(2) Net sales x difference in cost-to-sales ratio
(3) Net sales x difference in freight and charges ratio
(4) Net sales x difference in sales promotion ratio + advertising expenses
(5) Increase/decrease in SG&A
(Note) Loss (negative number) if % for each expense item increases or expense amount increases



## FYE March 2017 Full-Year Earnings Forecast

### Net Sales Forecast by Segment

(Unit: 100 million yen)

	FYE March'15	FYE March'16	FYE March'17			
	Full year	Full year	First half	Full year		
	Results	Results	Forecast	Forecast	Change from Previous period	
					Amount	Change (%)
Total	3,194	3,384	1,945	3,700	316	9.3
Confectioneries	1,138	1,212	591	1,295	83	6.9
(Of which, is domestic confectioneries)	728	765	352	800	35	4.6
Ice Cream	738	810	583	904	94	11.6
(Of which, is domestic ice cream)	738	810	579	896	86	10.6
Milk and Dairy Products	944	978	543	1,048	70	7.1
Food Products	223	202	104	205	3	1.6
Food Ingredients	95	102	63	118	16	15.2
Other	57	80	61	130	50	61.9

\*Above figures for domestic and non-domestic segments

Total	3,194	3,384	1,945	3,700	316	9.3
Domestic	2,785	2,938	1,702	3,197	259	8.8
Overseas	409	446	243	503	57	12.7

<Reference>

China & Thailand results and forecasts are calculated using the rates indicated to the right

	FYE March '15 Full year Results	FYE March '16 Full year Results	FYE March '17 First half Forecast	FYE March '17 Full year Forecast
China	1CNY = ¥19.35	1CNY = ¥18.36	1CNY = ¥17.00	1CNY = ¥17.00
Thailand	1THB = ¥3.67	1THB = ¥3.34	1THB = ¥3.20	1THB = ¥3.20

## FYE March 2017 Full-Year Earnings Forecast

### Operating Income Forecast by Segment

(Unit: 100 million yen)

	FYE March'15	FYE March'16	FYE March'17			
	Full year	Full year	First half	Full year		
	Results	Results	Forecast	Forecast	Change from Previous period	
					Amount	Change (%)
Total	142	171	127	200	29	16.9
Confectioneries	82	92	39	93	1	1.0
(Of which, is domestic confectioneries)	44	54	22	61	7	13.8
Ice Cream	30	55	60	56	1	2.2
(Of which, is domestic ice cream)	30	55	62	59	3	6.0
Milk and Dairy Products	23	45	26	46	1	1.9
Food Products	7	1	1	2	1	78.6
Food Ingredients	3	5	6	8	3	62.6
Other	-2	-27	-5	-5	22	81.4

\*Above figures for domestic and non-domestic segments

Total	142	171	127	200	29	16.9
Domestic	105	134	111	171	37	28.1
Overseas	38	38	16	29	-9	-22.9

<Reference>

China & Thailand results and forecasts are calculated using the rates indicated to the right

	FYE March '15 Full year Results	FYE March '16 Full year Results	FYE March '17 First half Forecast	FYE March '17 Full year Forecast
China	1CNY = ¥19.35	1CNY = ¥18.36	1CNY = ¥17.00	1CNY = ¥17.00
Thailand	1THB = ¥3.67	1THB = ¥3.34	1THB = ¥3.20	1THB = ¥3.20



## The Philosophy of Glico

### <The Philosophy of Glico>

#### **"A WHOLESOME LIFE IN THE BEST OF TASTE"**

Be inspired by tastefulness!  
Provide delight through wholesomeness!  
Glory in the resplendence of life!  
At Glico,  
we are inspired to contribute  
to a tastefully wholesome delight  
in the resplendence of human life.



### <The Glico Spirit>

#### **ACHIEVE... INNOVATION! CHEERFULNESS! THE THRILL OF THE POSITIVE!**

Taking full pleasure in innovation,  
Let us boldly undertake all actions.  
Through that which is interesting,  
That which is fresh,  
That which is delightful,  
That which is excellent and  
That which challenges ingenuity.  
We will experience the thrill of the positive.  
Even more, everyone will experience the thrill of the positive.

## Ideal Situation in FY2020

- Goal (1): Aim to secure stable operating profit margin domestic and overseas.
  - Domestic: Operating profit margin of 5% and higher – Overseas: Operating profit margin of 10% and higher
- Goal (2): Aim to maintain ROE of 10% and higher (excluding extraordinary gains or losses).
- Initiatives to Achieve Goals

①  
Strong product  
categories  
(Create growth engines)

- Categories that will drive future growth > Brand strategy
- Concentrate investments to secure strong business scope



Chocolate



Ice Cream



Cookies



Western confections



Yogurt



Health field



















②  
Aggressive overseas  
expansion

- Promote overseas expansion with focus on Asia

- (1) Expand and solidify position in East Asia, Southeast Asia, Europe, and America
- (2) Target overseas net sales of 100 billion yen (including nonconsolidated affiliates)
- (3) Secure stable operating income overseas

## Supplemental Materials

# Glico Group Overview

Segment	Category	Main products	Main group company
Confectioneries	Chocolate (including Pocky)	    	<div>THAI GLICO CO.,LTD.</div> <div>SHANGHAI EZAKI GLICO FOODS CO.,LTD.</div>
	Cookies (including Pretz)		
	Gum,caramel,candy		
	Overseas		
	Other		
Ice Cream	Personal,multi,vending machine,etc.	     	<div>EZAKI GLICO CO.,LTD.</div> <div>Wholesale subsidiaries - 3 companies</div> <div>GLICO FROZEN (THAILAND) ,LTD.</div>
	Overseas		
Milk and Dairy Products	Western confections	   	<div>ICREO CO., LTD.</div>
	Yogurt		
	Drinking milk		
	Fruit juices, carbonated drinks		
	Infant formula		
	Other		
Food Products	Roux and boil-in-bag	 	EZAKI GLICO CO.,LTD.
	Other		
Food Ingredients	Gluten,starch,dyes,etc.		GLICO NUTRITION CO.,LTD.
Other	Sport foods,office glico,etc.		

## Supplemental Materials

# Net Sales by Category

(Unit:100 million yen)

Segment	Category	FYE March'14	FYE March'15	FYE March'16	FYE March'17		
		Results	Results	Results	Forecast	Change from Previous period	
						Amount	Change
Confectioneries	Chocolate (including Pocky)	326	361	395	407	13	3.2
	Cookies (including Pretz)	233	248	273	290	17	6.2
	Gum,caramel,candy	50	48	45	43	-2	-5.1
	Overseas	327	409	446	495	48	10.8
	Other	74	71	52	60	8	14.6
	Total	1,011	1,138	1,212	1,295	83	6.9
Ice Cream	Personal,multi,vending machine,etc.	703	738	810	896	86	10.6
	Overseas	-	-	-	8	8	-
	Total	703	738	810	904	94	11.6
Milk and Dairy Products	Western confections	134	118	109	126	17	15.3
	Yogurt	188	226	251	280	29	11.5
	Drinking milk	323	322	322	355	33	10.1
	Fruit juices, carbonated drinks	233	228	246	236	-10	-4.0
	Infant formula	29	33	45	47	2	5.0
	Other	10	16	4	4	-1	-19.0
	Total	917	944	978	1,048	70	7.1
Food Products	Roux and boil-in-bag	225	223	202	205	3	1.6
	Total	225	223	202	205	3	1.6
Food Ingredients	Gluten,starch,dyes,etc.	91	95	102	118	16	15.2
	Total	91	95	102	118	16	15.2
Other	Sport foods,office glico,etc.	55	57	80	130	50	61.9
	Total	55	57	80	130	50	61.9
Total		3,154	3,194	3,384	3,700	316	9.3

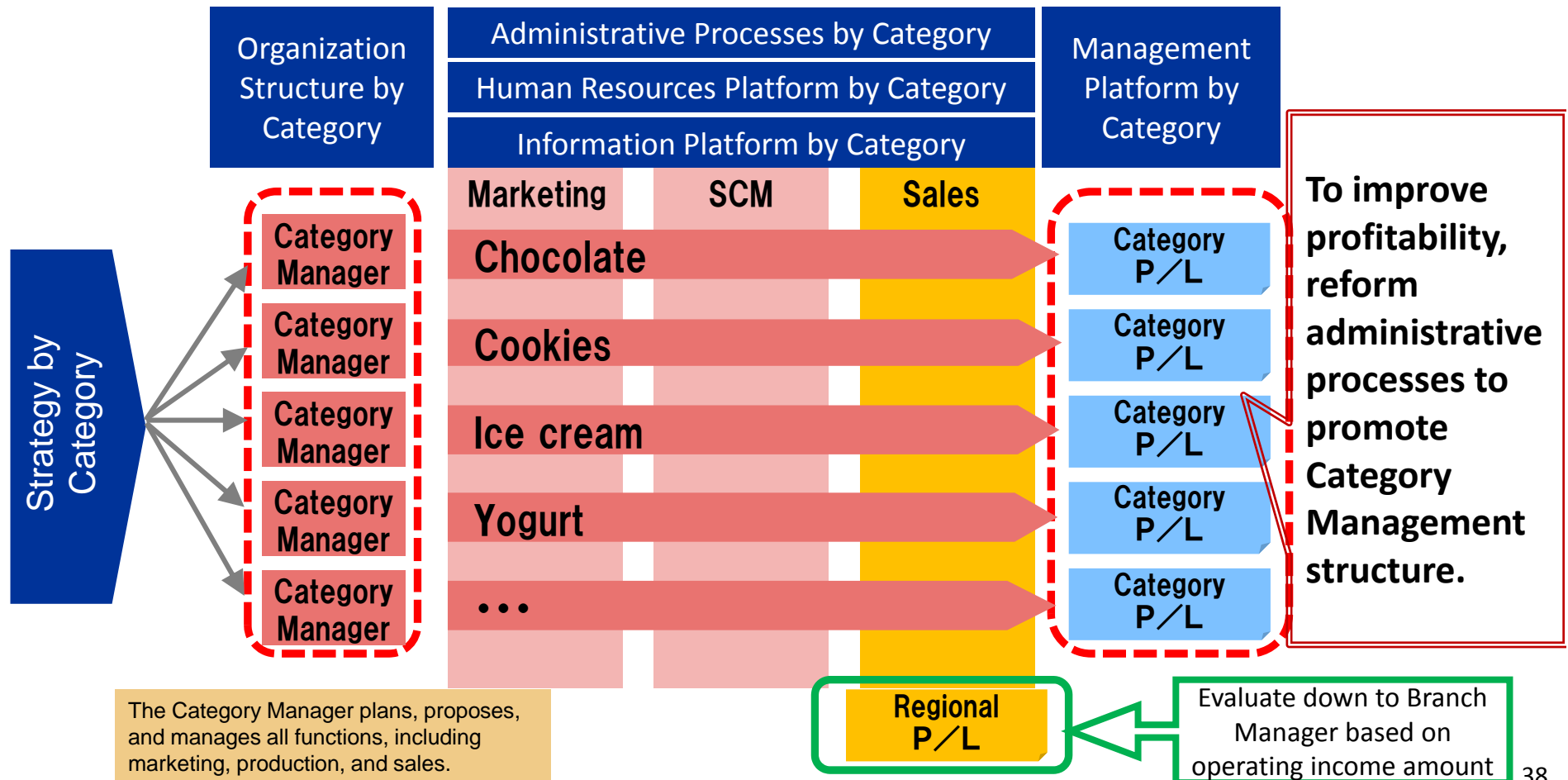
## Supplemental Materials

### TTM Currency Rate

		USD	EUR	THB	CNY	100KRW	100IDR
2012	3/31	82.19	109.80	2.67	13.06	7.25	-
	6/30	79.31	98.74	2.49	12.55	6.88	0.85
	9/30	77.60	100.24	2.52	12.33	6.99	0.82
	12/31	86.58	114.71	2.82	13.91	8.10	0.90
2013	3/31	94.05	120.73	3.20	15.16	8.48	0.98
	6/30	98.59	128.53	3.16	16.05	8.62	1.00
	9/30	97.75	131.87	3.11	15.98	9.09	0.85
	12/31	105.39	145.05	3.20	17.36	10.00	0.86
YoY as of Dec. 31		121.73%	126.45%	113.48%	124.80%	123.46%	95.56%
2014	3/31	102.92	141.65	3.17	16.59	9.67	0.91
	6/30	101.36	138.31	3.12	16.32	10.02	0.85
	9/30	109.45	138.87	3.38	17.73	10.38	0.90
	12/31	120.55	146.54	3.67	19.35	10.98	0.97
YoY as of Dec. 31		114.38%	101.03%	114.69%	111.46%	109.80%	112.79%
2015	3/31	120.17	130.32	3.70	19.36	10.87	0.92
	6/30	122.45	137.23	3.62	19.73	10.94	0.92
	9/30	119.96	134.97	3.29	18.96	10.06	0.82
	12/31	120.61	131.77	3.34	18.36	10.33	0.88
YoY as of Dec. 31		100.05%	89.92%	91.01%	94.88%	94.08%	90.72%

# Category management

- (1) Category operating income amount is the highest priority business management target.
- (2) Manage sales and promotion expenses, advertising expenses, etc. based on percentage of net sales.
- (3) Expand income-based sales activities and business management to regional level (each branch)
- (4) Concentrate management resources required for categories and brands to be enhanced on a Group-wide level in order to strengthen profitability.



**[Notes of caution]**

\*Current Glico and Glico Group plans, forecasts, and initiatives indicated in these materials reflect determinations made based on information available at the time. As such, this information may include major risks and uncertainties. Please note that actual performance may differ significantly from these predictions due to a number of factors.

\*Examples of such factors include economic decline, currency rate fluctuations, changes in legal code or administrative systems, pressure from competitor pricing or product strategies, decline in the marketability of new or existing Glico products, production stoppages, an infringement of Glico intellectual property rights, sudden technological innovation, unfavorable decisions in major lawsuits, and other factors. However, factors that influence earnings are not limited to these factors.