

[Notes of caution]

This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.



Glico Group Financial Results

For the Second Quarter of Fiscal Year Ending March 31, 2019

November 14, 2018

Ezaki Glico Co., Ltd.

Securities Code - 2206

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I . FYE March 2019 Second Quarter Earnings Report and Progress Report on FYE March 2019 Initiatives

Status of Net Sales and Income



- Net sales : Double-digit YoY growth for overseas business. Overall, consolidated revenues were down YoY due to lower YoY revenues for domestic business.
- Operating income : Income decreased YoY due to aggressive investments in Japan and overseas.

(Unit:100 million yen)

	FYE March'18 1H	FYE March'19 1H					
	Results	Forecast	Results	Change from Previous period		Change from Forecast	
				Amount	Change (%)	Amount	Change (%)
Net sales	1,876	1,920	1,860	-16	-0.9	-60	-3.1
Operating income	155	115	129	-26	-17.0	14	11.9
Ordinary income	167	125	147	-20	-11.8	22	17.6
Net income	114	88	99	-14	-12.5	11	12.9

Note 1) Forecasts are figures released on May 14 , 2018 . Latest forecasts are figures released on October 31 , 2018 (same applies to all slides).

Status of Operating Income



(Unit:100 million yen)

	FYE March'18 1H		FYE March'19 1H			
	Results	%	Forecast	%	Results	%
Net sales	1,876	100.0	1,920	100.0	1,860	100.0
Cost of sales	986	52.6	1,015	52.9	975	52.4
Gross profit	890	47.4	905	47.1	884	47.6
Freight and charges	162	8.6	166	8.6	161	8.6
Sales promotion	281	15.0	295	15.4	283	15.2
Advertising expenses	67	3.6	75	3.9	74	4.0
Salaries and benefits	140	7.4	142	7.4	142	7.6
Expenses and depreciation	85	4.5	112	5.8	96	5.2
SGA Total	735	39.1	790	41.1	756	40.7
Operating income	155	8.3	115	6.0	129	6.9

Factors of increases (decreases) in operating income

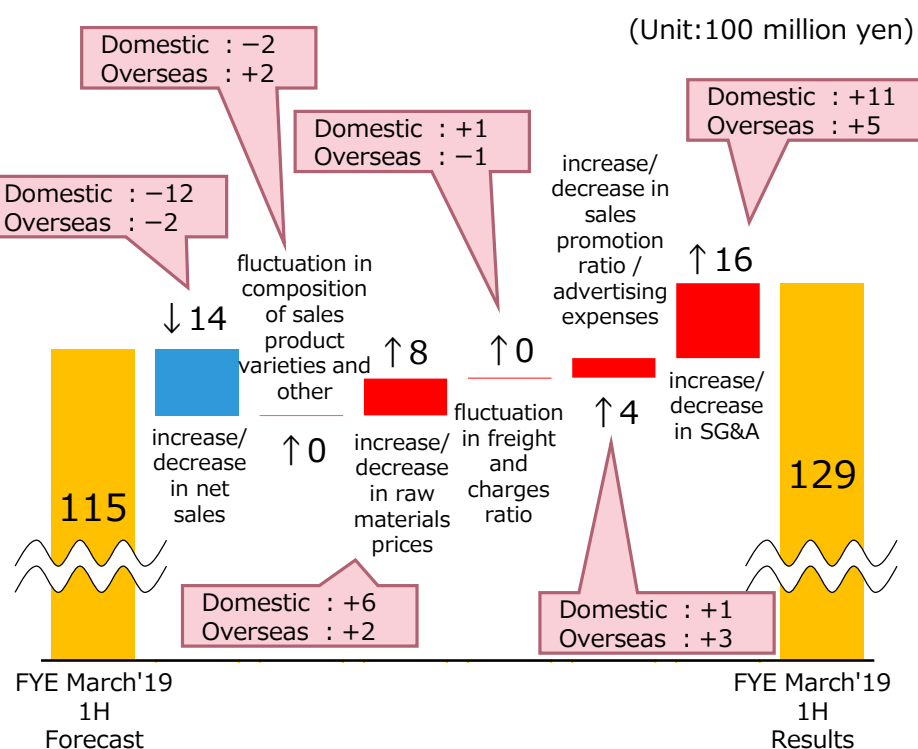
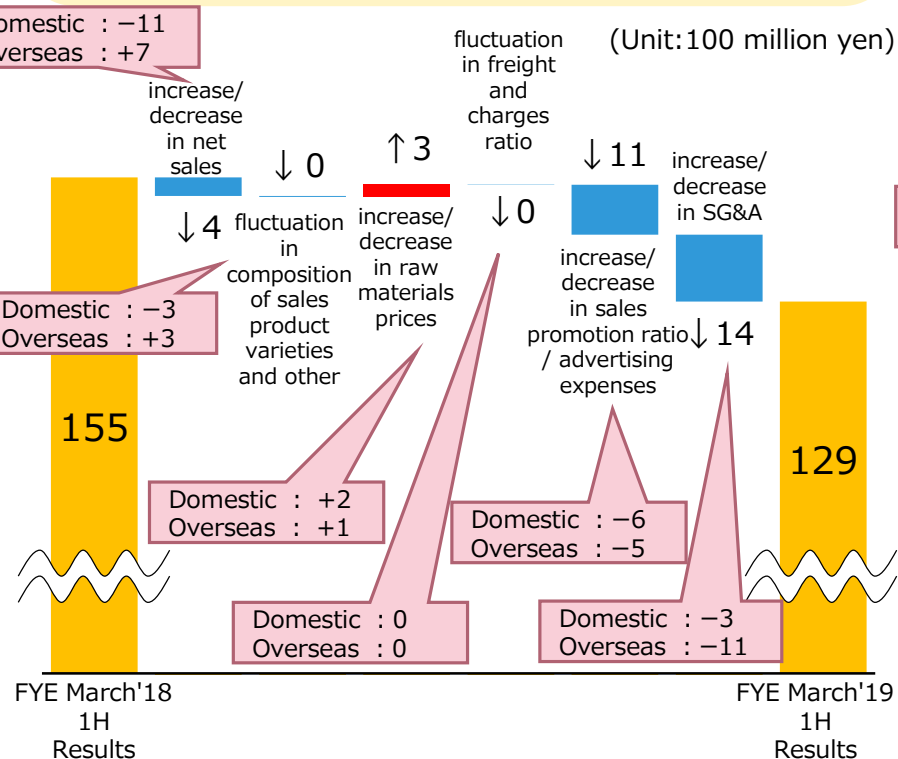


vs. Previous period

- ✓ Domestic income declined by 1.1 billion yen due to lower sales in Japan, but this was partially offset by increased overseas income of 0.7 billion yen.
- ✓ Due to aggressive investments in Japan and overseas, the rate of sales promotion expenses and advertising expenses resulted in decreased income of 1.1 billion yen and SG&A expenses resulted in decreased income of 1.4 billion yen.

vs. Forecast

- ✓ Income decreased by 1.4 billion yen mainly due to domestic net sales underperforming plans.
- ✓ Income increased by 1.6 billion yen due to SG&A expenses planned for 1H were pushed back to 2H.



Status of Net Sales by Segment



(Unit:100 million yen)

	FYE March'18 1H	FYE March'19 1H					
	Results	Forecast	Results	Change from Previous period		Change from Forecast	
				Amount	Change	Amount	Change
Total	1,876	1,920	1,860	-16	-0.9	-60	-3.1
Confectioneries and Food Products	446	457	431	-16	-3.5	-26	-5.6
(Of which, is confectioneries)	350	356	335	-14	-4.1	-20	-5.7
(Of which, is Food Products)	97	101	95	-1	-1.3	-6	-5.6
Ice Cream	566	567	556	-10	-1.8	-11	-2.0
Milk and Dairy Products	502	502	477	-25	-5.0	-25	-4.9
Food Products	60	61	58	-2	-2.7	-3	-4.8
Overseas business	220	248	242	22	10.1	-6	-2.4
Other	81	85	95	14	17.3	11	12.6

<Reference> Results and forecasts are calculated by using the rates indicated below.

FYE March '18 1H Results	FYE March '19 1H Forecast	FYE March '19 1H Results
1CNY = ¥ 16.49	1CNY = ¥ 17.14	1CNY = ¥ 16.66
1THB = ¥ 3.29	1THB = ¥ 3.43	1THB = ¥ 3.33
1USD = ¥ 112.00	1USD = ¥ 109.00	1USD = ¥ 110.54

Status of Operating Income by Segment



(Unit:100 million yen)

	FYE March'18 1H	FYE March'19 1H					
	Results	Forecast	Results	Change from Previous period		Change from Forecast	
				Amount	Change	Amount	Change
Total	155	115	129	-26	-17.0	14	12.0
Confectioneries and Food Products	27	24	22	-6	-20.9	-3	-11.6
(Of which, is confectioneries)	23	20	19	-4	-19.0	-1	-4.6
(Of which, is Food Products)	4	5	3	-1	-31.2	-2	-40.3
Ice Cream	74	64	68	-6	-8.5	4	6.7
Milk and Dairy Products	29	18	19	-11	-36.6	1	5.5
Food Products	8	6	5	-2	-27.4	-1	-11.5
Overseas business	18	6	14	-4	-21.9	8	152.7
Other	-1	-2	1	2	-	4	-

<Reference> Results and forecasts are calculated by using the rates indicated below.

FYE March '18 1H Results	FYE March '19 1H Forecast	FYE March '19 1H Results
1CNY = ¥ 16.49	1CNY = ¥ 17.14	1CNY = ¥ 16.66
1THB = ¥ 3.29	1THB = ¥ 3.43	1THB = ¥ 3.33
1USD = ¥ 112.00	1USD = ¥ 109.00	1USD = ¥ 110.54

Status of Progress by Category



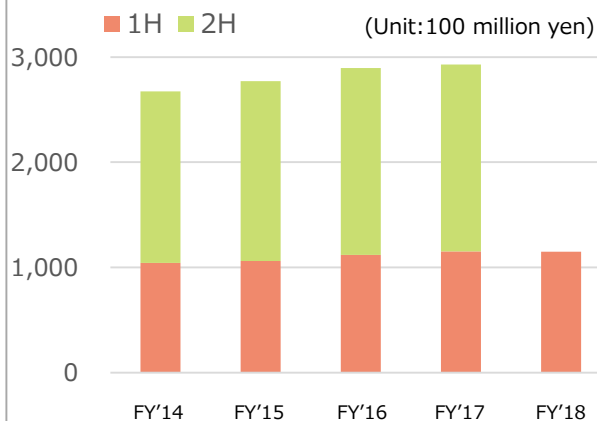
Category	FYE March'19 1H	
	Net sales (YoY)	Results
Chocolate	¥ 18.6 billion (97.4%)	Sales were favorable for our mainstay products Caplico, the newly launched series product Kobe Roasted Chocolate, and the functional food products GABA and Libera. However, sales of Pocky and other products were sluggish, resulting in a slight YoY decrease in revenues.
Cookies	¥ 13.2 billion (93.6%)	Bisco continued to record favorable sales. However, net sales declined YoY by approx. 6% due to sluggish sales of Pretz and Collon.
Ice cream	¥ 55.6 billion ^{*1} (98.2%)	Sales of mainstay products such as Papico, Giant Cone, and Ice no Mi were favorable. Overall revenues declined slightly YoY due to a downturn in sales of commercial products.
Yogurt	¥ 12.0 billion (91.7%)	Sales for Both BifiX Yogurt and Choushoku ringo Yogurt declined YoY.
Drinking milk	¥ 16.1 billion (95.4%)	Although commercial products contributed to sales, sales of our mainstay Cafe au Lait product struggled, resulting in YoY decline.
Infant formula	¥ 2.2 billion (103.1%)	Revenues from follow-up formula decreased on lower inbound demand, but sales growth for balance formula resulted in a YoY increase in net sales.
Health Business	¥ 6.7 billion (128.4%)	Mainstay products SUNAO and Almond Koka recorded favorable sales with double-digit growth.

Status of Progress by Category

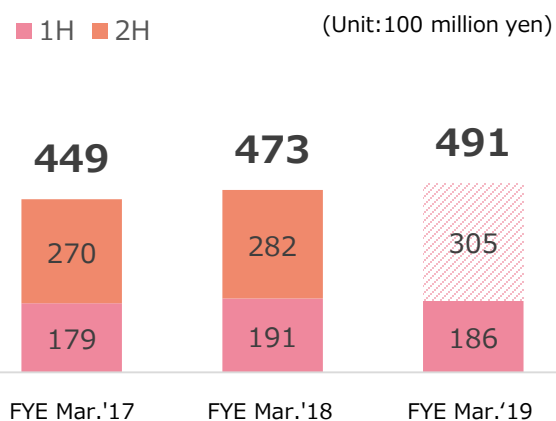


Chocolate category

Chocolate Market
(Intage SRI)

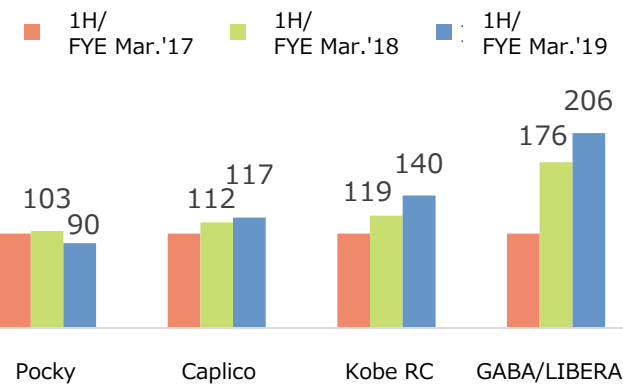


Net sales and forecast
-Chocolate category total-



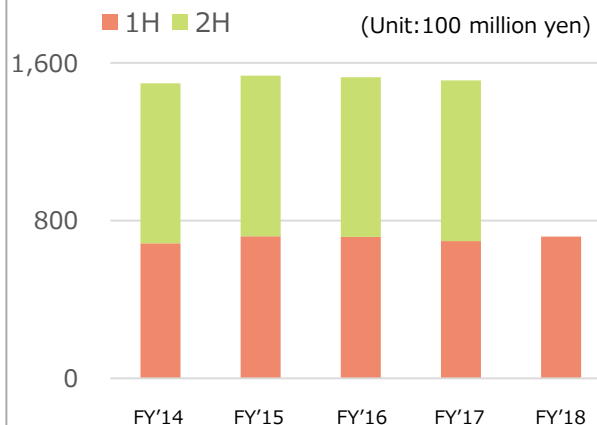
Brand-specific transitions in net sales

(If 1H/FYE Mar. '17 results are set as 100)

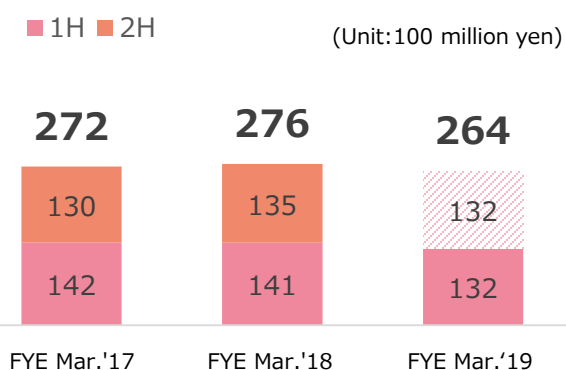


Cookies category

Cookies Market
(Intage SRI)



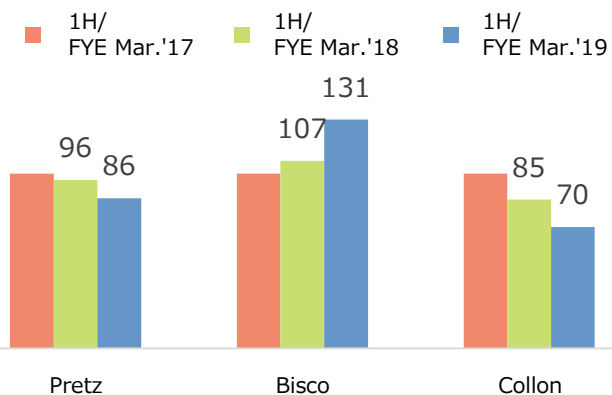
Net sales and forecast
-Cookies category total-



*including gum and candy

Brand-specific transitions in net sales

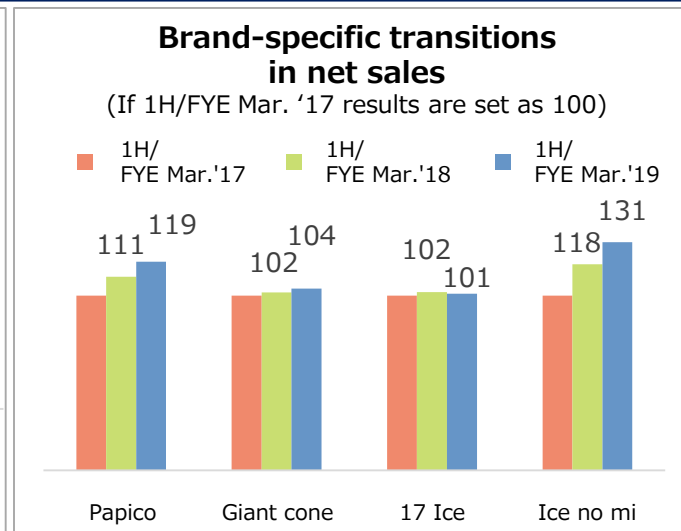
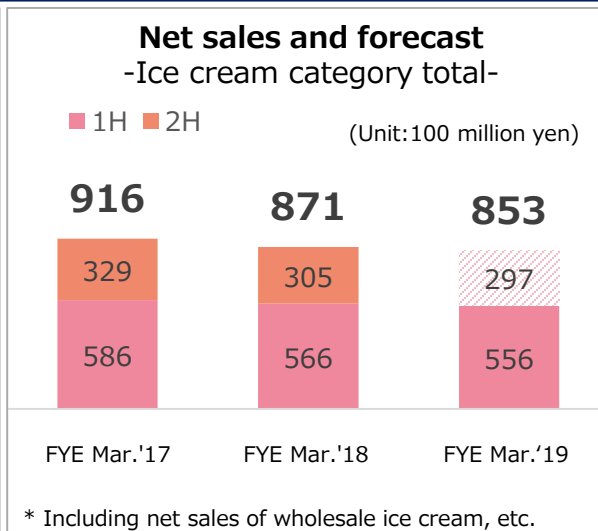
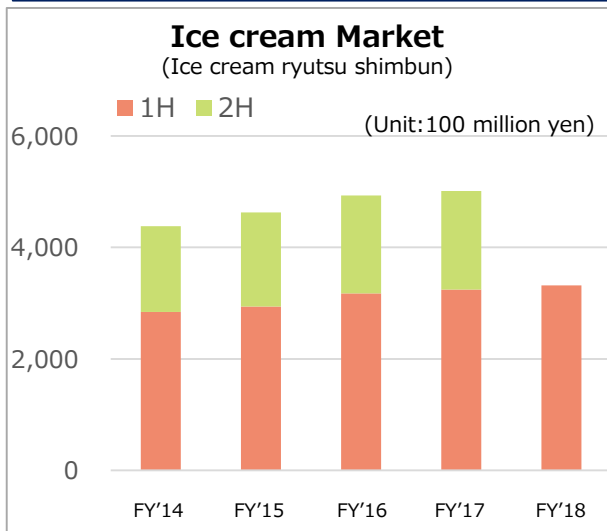
(If 1H/FYE Mar. '17 results are set as 100)



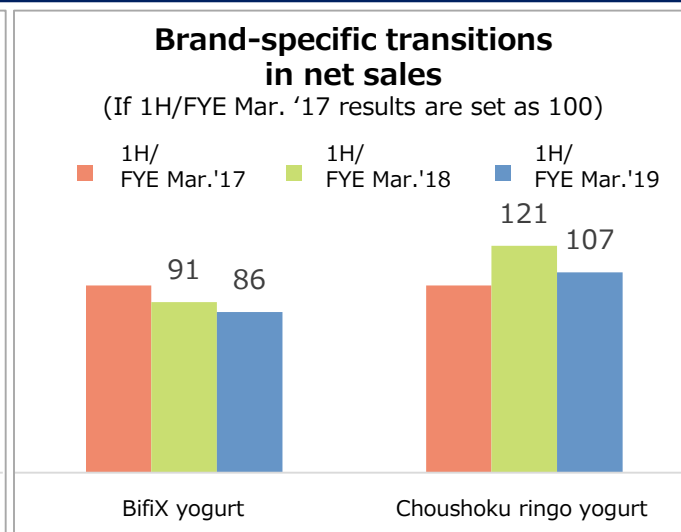
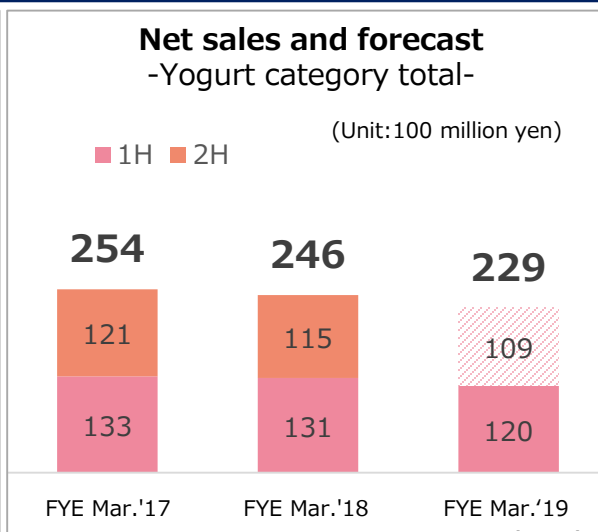
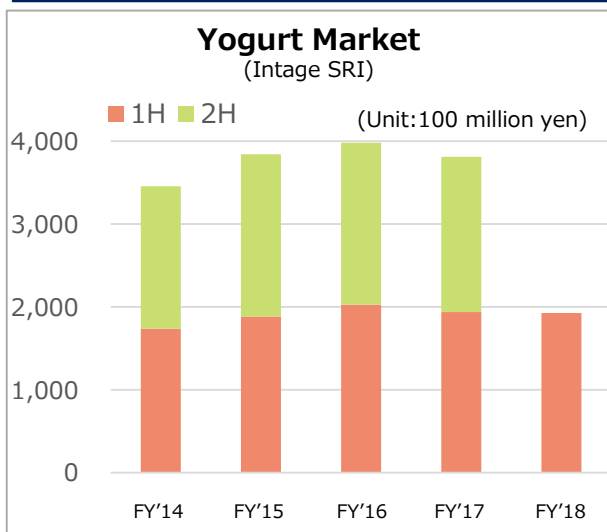
Status of Progress by Category



Ice cream category



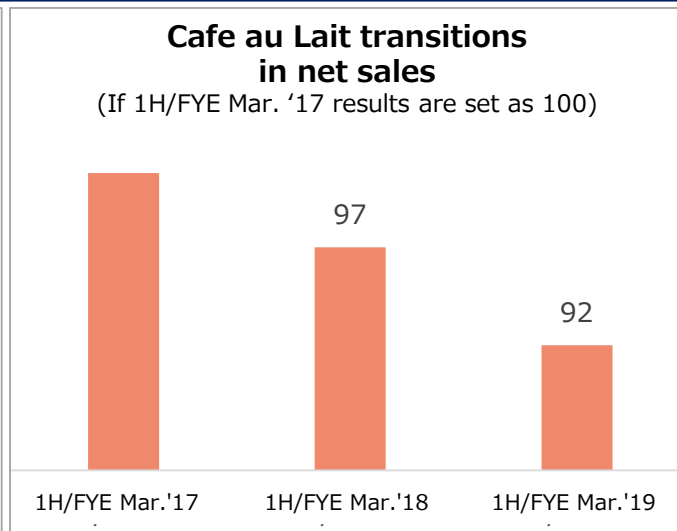
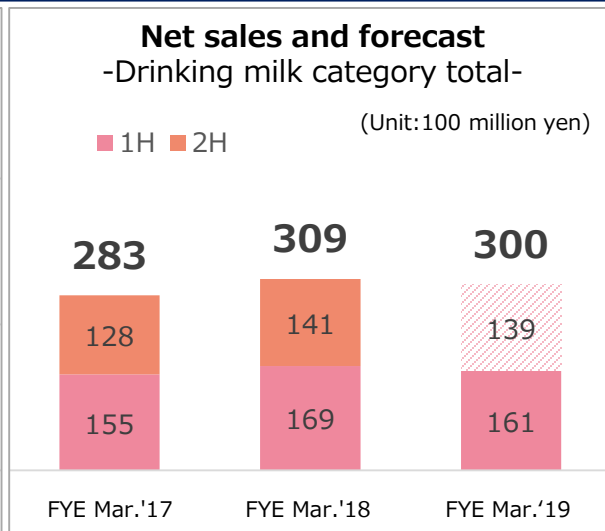
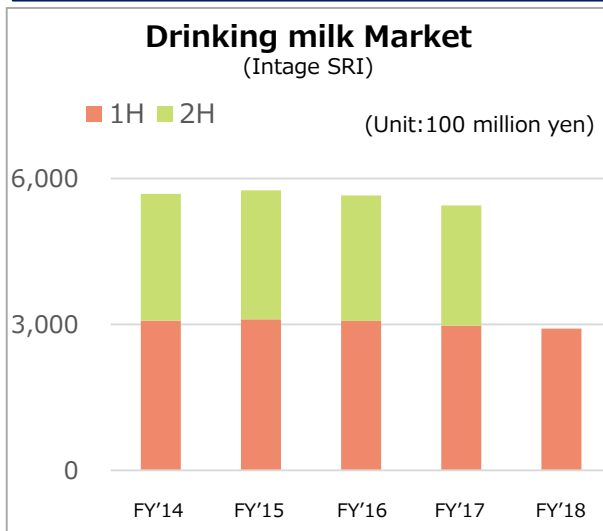
Yogurt category



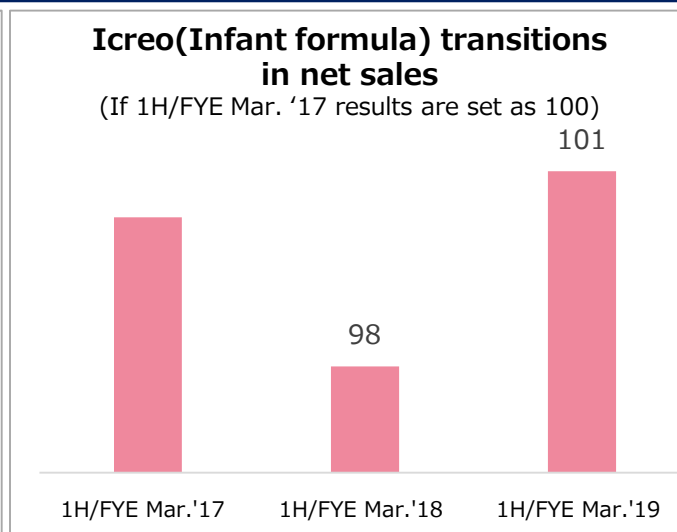
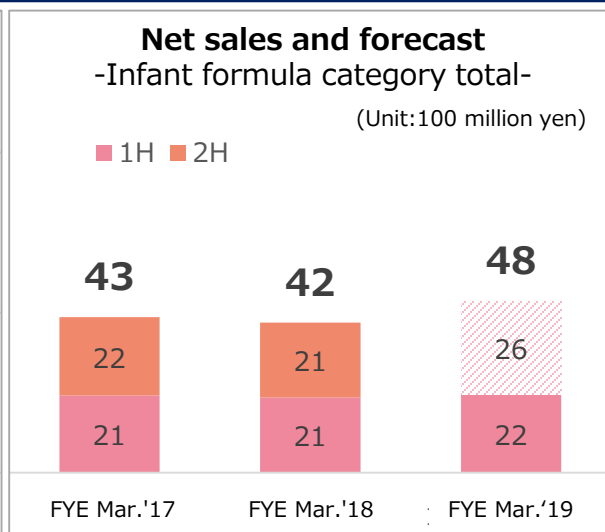
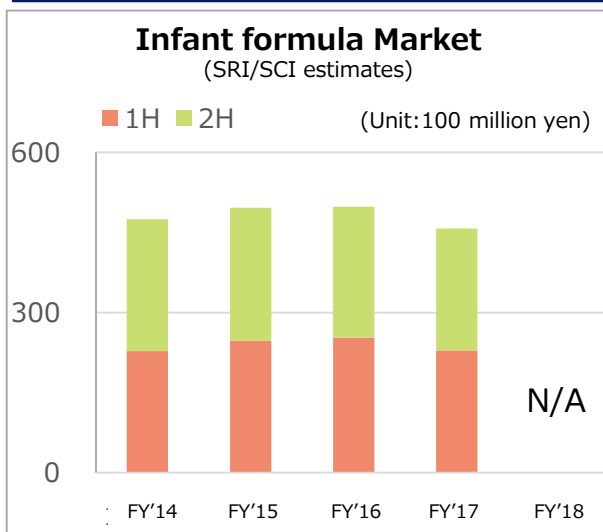
Status of Progress by Category



Drinking milk category



Infant formula category



Impact of Raw Material Price Fluctuations on Costs



- FYE March 2019 1H Results: While juice and fruit costs increased, decreased prices for cacao beans and cocoa butter resulted in decreased raw materials costs for the Group overall.
- FYE March 2019 Full year targets: While dairy prices are expected to rise, decreased prices for cacao beans and fats and oils are expected to result in decreased raw materials costs for the Group overall.

(Unit:100 million yen)

	FYE March'19 1H Results	FYE March'19 Full year Latest Forecast	
	Change from Previous period*1	Change from Previous period*2	Change from Forecast*3
Group total (including overseas subsidiaries)	-3	-7	-13

Note) includes impact of currency

*1) (1H/FY2018 actual prices - 1H/FY2017 actual prices) x 1H/FY2018 volume used

*2) (FY2018 full-year price forecasts - FY2017 full-year actual prices) x FY2018 full-year projected volume

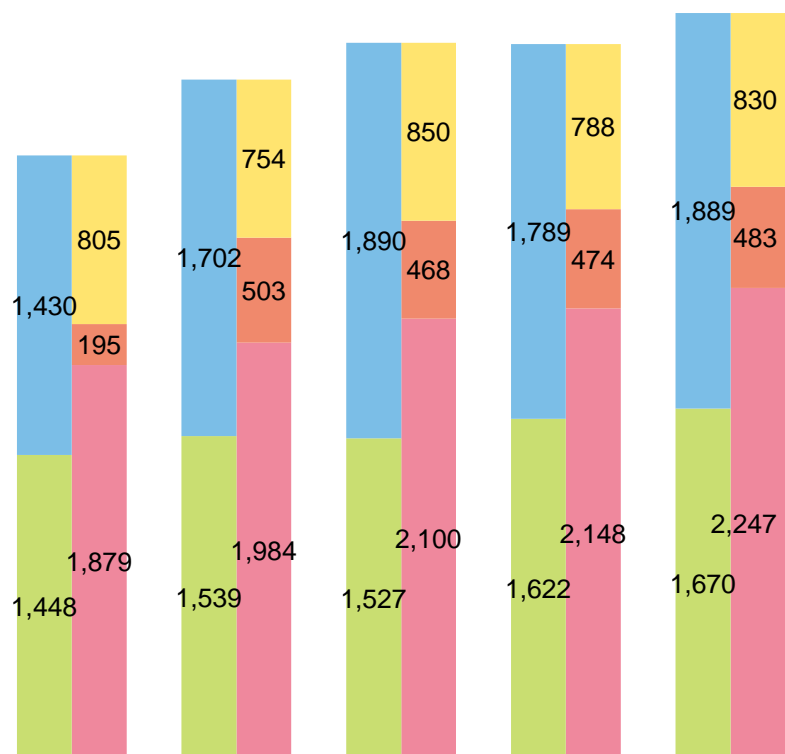
*3) (FY2018 full-year price forecasts - FY2018 full-year original price forecast) x FY2018 full-year projected volume

Status of Balance Sheet



◆ Net worth ratio (%): 61.1%(Mar.'18) → 61.3% (Sep.'18)

(Unit:100 million yen)



Sep.'16 Mar.'17 Sep.'17 Mar.'18 Sep.'18

Current assets Non-current assets Current liabilities Non-current liabilities Net assets

○Non-current assets – Major account items

	Sep.'17	Mar.'18	Sep.'18	Vs Sep. '17	Vs Mar.'18
Cash and deposits	1,068	1,043	1,103	35	60
Notes and accounts receivable-trade	457	414	444	-13	30
Securities	65	22	16	-48	-6
Inventories	268	275	288	20	13

○Non-current assets – Major account items

	Sep.'17	Mar.'18	Sep.'18	Vs Sep. '17	Vs Mar.'18
Property, plant and equipment	879	918	929	49	10
Intangible assets	56	96	92	36	-5
Investment securities	415	430	469	54	40

○Current liabilities – Major account items

	Sep.'17	Mar.'18	Sep.'18	Vs Sep. '17	Vs Mar.'18
Notes and accounts payable- trade	397	339	386	-11	48
Short-term loans payable					
Current portion of long-term loans payable	13	8	2	-11	-7

○Non-current liabilities – Major account items

	Sep.'17	Mar.'18	Sep.'18	Vs Sep. '17	Vs Mar.'18
Convertible Bond	301	301	301	-0	-0
Long-term loans payable	5	4	3	-2	-1

○Net assets – Major account items

	Sep.'17	Mar.'18	Sep.'18	Vs Sep. '17	Vs Mar.'18
Shareholders' equity	1,900	1,927	2,007	107	80

II . Overseas Business Earnings Report

Region-specific net sales and operating income



◆ China

(Unit: 1 million CNY)

	FYE Dec'17		FYE Dec'18						
	1H	Full year	1H			Full year			
	Results	Results	Forecast	Results	Change from Previous period	Forecast	Latest Forecast	Change from Previous period	
								Amount	%
Net sales	670	1,394	736	768	14.7	1,526	1,581	187	13.4
Operating income	46	60	54	36	-20.2	54	54	-6	-9.7

◆ ASEAN

(Unit: 1 million USD)

	FYE Dec'17		FYE Dec'18						
	1H	Full year	1H			Full year			
	Results	Results	Forecast	Results	Change from Previous period	Forecast	Latest Forecast	Change from Previous period	
								Amount	%
Net sales	51	101	57	52	3.1	122	112	11	10.8
Operating income	-1	-5	-3	0	-	-13	-13	-8	-

◆ USA * Ezaki Glico USA

(Unit: 1 million USD)

	FYE Dec'17		FYE Dec'18						
	1H	Full year	1H			Full year			
	Results	Results	Forecast	Results	Change from Previous period	Forecast	Latest Forecast	Change from Previous period	
								Amount	%
Net sales	23	48	25	26	14.4	54	56	8	17.1
Operating income	3	5	3	4	25.3	4	4	-1	-15.7

China: Market environment and response to offline market

■ The Chinese biscuit market (offline) for the cumulative six month period between January and June 2018 was 105% YoY. Net sales were 111.1% YoY, which outpaced market growth.

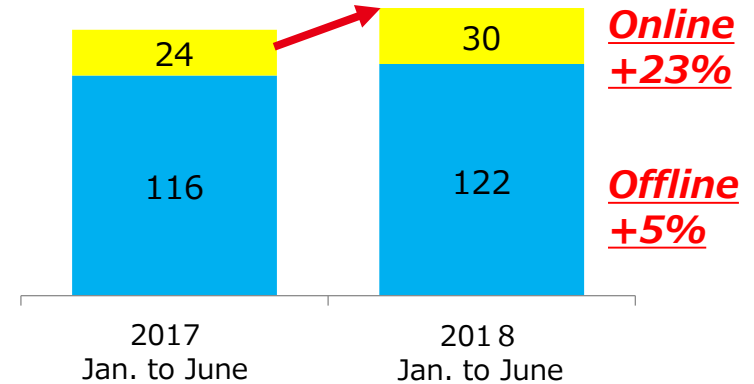
■ Looking at market share by manufacturer (offline) as of August, we hold a No. 2 share of the biscuit market at 6.9%.

■ We launched a Key Accounts (KA) Sales Department to begin client-specific sales management. Net sales from KA clients nationwide was 123% YoY, which outpaced growth of 103% for non-KA clients.

(1) Transitions in biscuit market (offline/online) scope (100 million CNY)

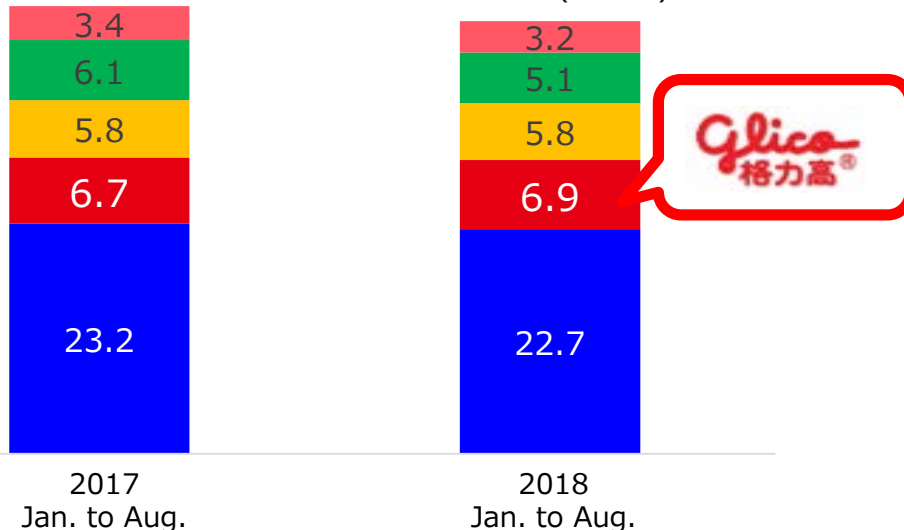
(Source)Glico research

Market overall: +8.2%

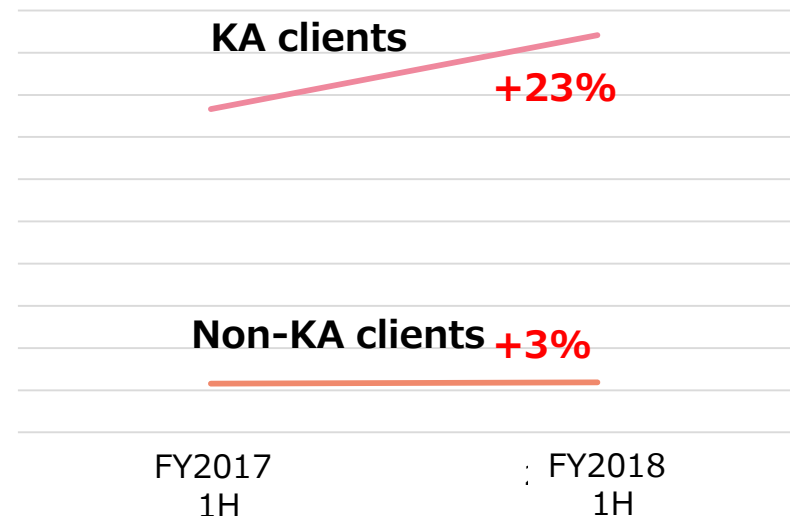


(2) China cookie market share by manufacturer (offline)

(Source)Glico research



(3) Net sales growth rate (offline) for direct transaction sales for KA and non-KA clients



China: Strengthen online market initiatives



- The Chinese biscuit market has seen dramatic EC market growth in recent years, 123% YoY for the cumulative six months between January and June 2018.
- Initiatives to reverse our delayed engagement in the EC market resulted in nearly 800% YoY growth in EC net sales as online sales grew to represent 3.6% of all net sales.
- In addition to an EC pre-release for Ultra-thin Pretz, we also began offering Pejoy <Rose Lychee Flavor> as an EC-limited product.

(1) Online net sales ratio (%)



FY2017
Full year

FY2018
1Q

FY2018
1H

FY2018
Full year
(Latest Forecast)

(2) Sakura Pocky exclusive for T-Mall



(3) Pre-release and limited release sales on EC markets



(left) EC-only sales of Ultra-thin Pretz (flagship store)

(right) Pejoy <Rose Lychee Flavor> as an EC-limited product(T-Mall Super)

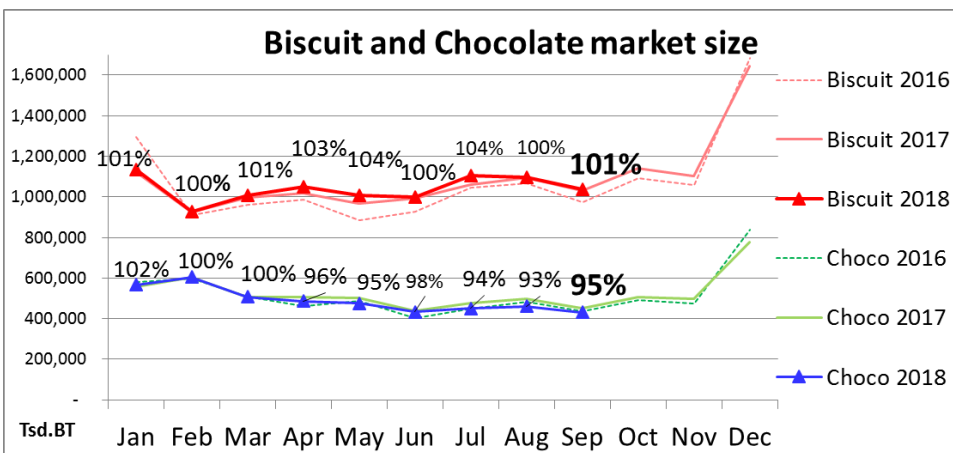
ASEAN : Status of Thai confectionery/ice cream, Indonesia confectionery



[Thai confectionery]

- The Thai biscuit market for the cumulative six month period between January and June 2018 grew by 1.6% YoY.
- Conducted review of cost effectiveness for sales promotion expenses on the modern trade market. Limiting sales promotion expenditures during 1H resulted in a YoY decline in 1H sales, but income improved.
- For 2H, we plan to implement aggressive marketing strategies on the modern trade market to grow sales. We also will continue with aggressive strategies to grow sales on the traditional trade market.

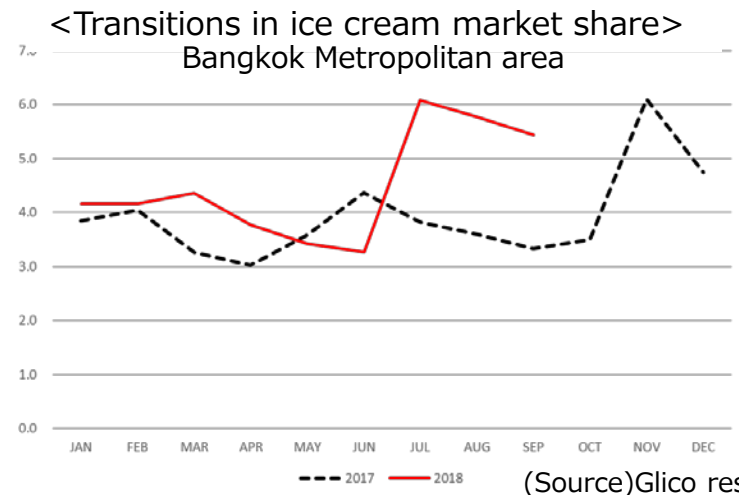
<Transitions in Thailand biscuit/chocolate market scope>



(Source)Glico research

[Thai ice cream]

- The Thai ice cream market for the cumulative six month period between January and June 2018 grew by 4.6% YoY.
- Through aggressive marketing investments, market share increased YoY for all brands.
- During 2H, we will continue to invest and implement measures to further expand sales.



[Indonesia confectionery]

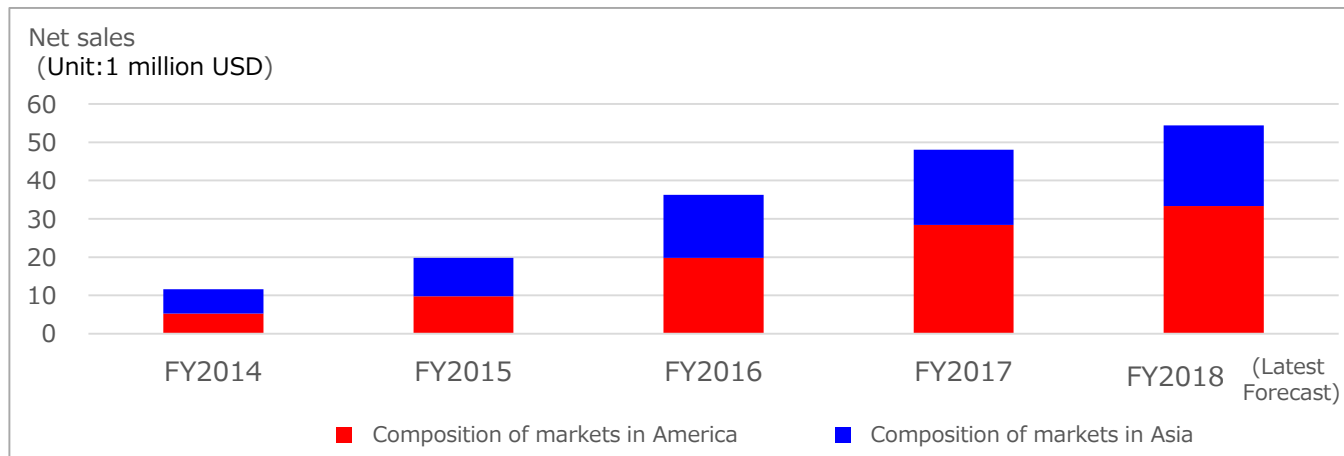
- The Indonesia biscuit market for the cumulative six month period between January and June 2018 grew by 7.4% YoY.
- Adding Pocky Cookie & Cream launched at the end of the previous fiscal year grew Pocky share from 0.9% to 1.2%.
- Aggressive marketing investments, including television commercials, elevated our domestic market presence to increase net sales.

Confectionery business in America (Ezaki Glico USA)



- Net sales from the members club channel Costco grew on shipments to a greater number of stores and higher turnover. Supermarket channels also performed favorably.
- Our net sales projection for the year is 56 million dollars, and we plan to increase sales by four-fold compared to four years prior (FY2014).

【Transitions in Ezaki Glico USA net sales】



Sales promotions at Costco, a major channel



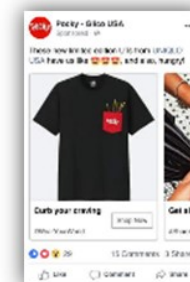
Costco stores delivered to:
521 stores *As of September 9

Promotional activities using SNS and collaborations with other companies

(1) Facebook and Instagram posts featuring Pocky



(2) UNIQLO × Pocky UT Collaboration Campaign



Ⅲ. FYE March 2019 Full-Year Earnings Forecast

Domestic : Initiatives for health-related brands



■ Based on our corporate philosophy of "a wholesome life in the best of taste", we are strengthening initiatives related to the health business.

⇒ Health-related brand net sales grew significantly to 114% YoY. Will continue working to grow sales.

<Main health-related brands>

Confectioneries



GABA



LIBERA



Bisco

Milk and Dairy Products



BifiX Yogurt



BifiX1000a

Other(Health Business Category)



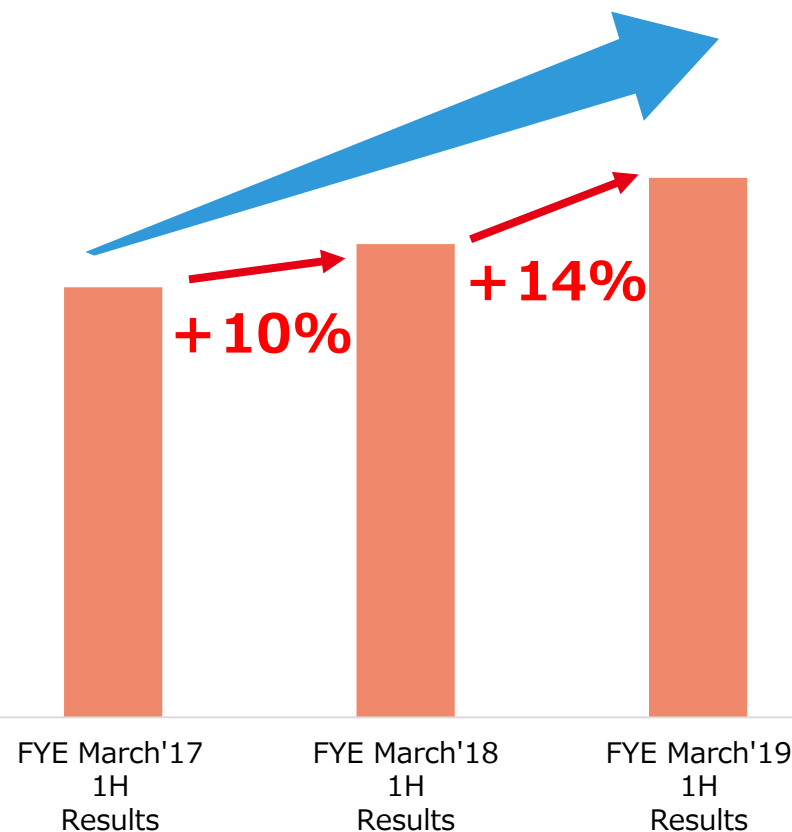
SUNAO



Almond Koka



[Net sales for main health-related brands]



Overseas : Accelerate growth of overseas business



■ "Establish growth platform for overseas business and promote growth of global brand", one of the basic policies of the Mid-Term Business Plan

⇒ Overseas net sales growth during the previous fiscal year was only 2% YoY when converted for local currency, but this fiscal year we are projecting 12% growth.

China



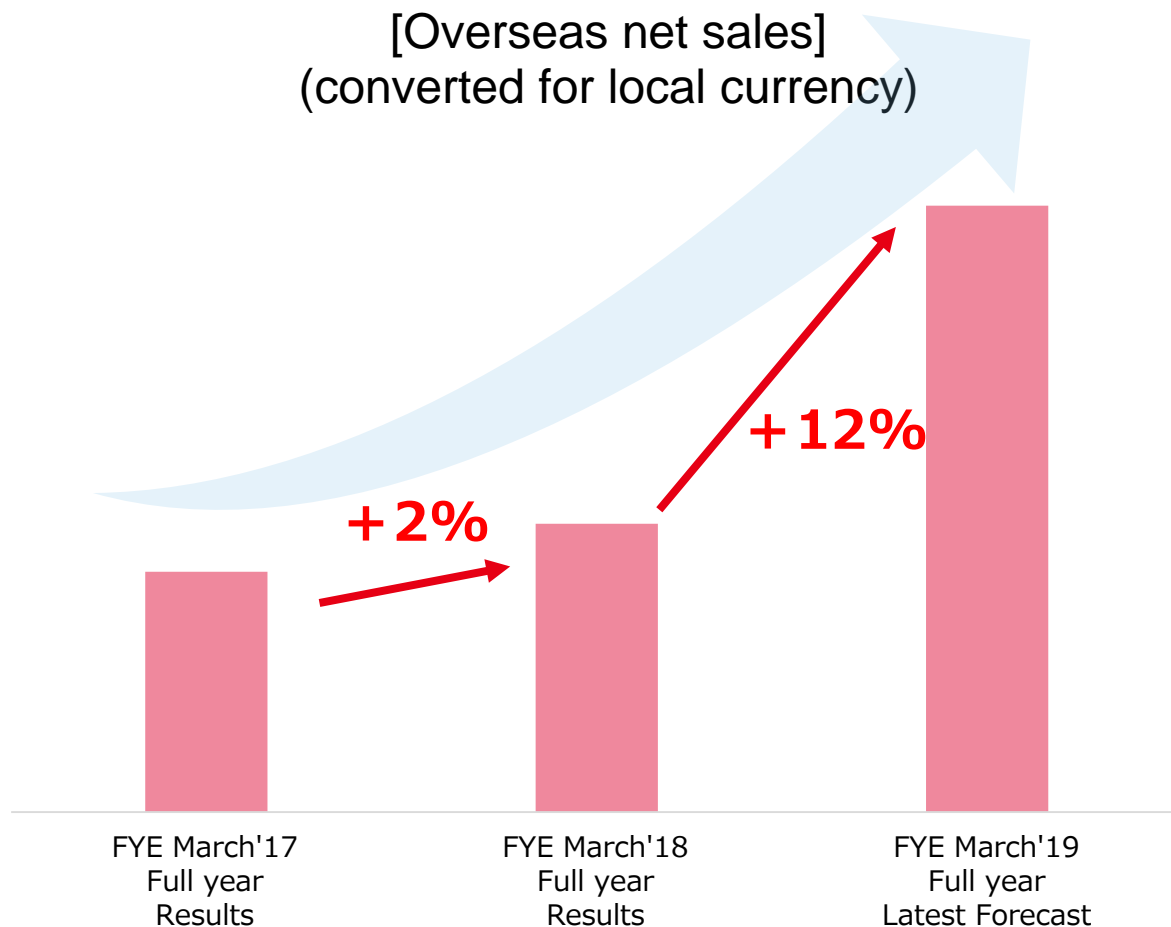
ASEAN



USA



[Overseas net sales]
(converted for local currency)



Full-Year Plan and Forecast



(Unit:100 million yen)

	FYE March'18 Full year	FYE March'19 Full year					
	Results	Previous Forecast	Latest Forecast	Change from Previous period		Change from Forecast	
				Amount	Change(%)	Amount	Change(%)
Net sales	3,534	3,640	3,580	46	1.3	-60	-1.6
Operating income	204	180	180	-24	-11.7	0	0.0
Ordinary income	220	199	199	-21	-9.5	0	0.0
Net income	152	136	136	-16	-10.6	0	0.0

Operating Income Forecast



(Unit:100 million yen)

	FYE March'18 Full year		FYE March'19 Full year			
	Results	%	Previous Forecast	%	Latest Forecast	%
Net sales	3,534	100.0	3,640	100.0	3,580	100.0
Cost of sales	1,872	53.0	1,930	53.0	1,877	52.4
Gross profit	1,662	47.0	1,710	47.0	1,703	47.6
Freight and charges	300	8.5	310	8.5	308	8.6
Sales promotion	555	15.7	580	15.9	567	15.8
Advertising expenses	136	3.9	146	4.0	151	4.2
Salaries and benefits	281	7.9	289	7.9	288	8.0
Expenses and depreciation	187	5.3	205	5.6	209	5.8
SGA Total	1,459	41.3	1,530	42.0	1,523	42.5
Operating income	204	5.8	180	4.9	180	5.0

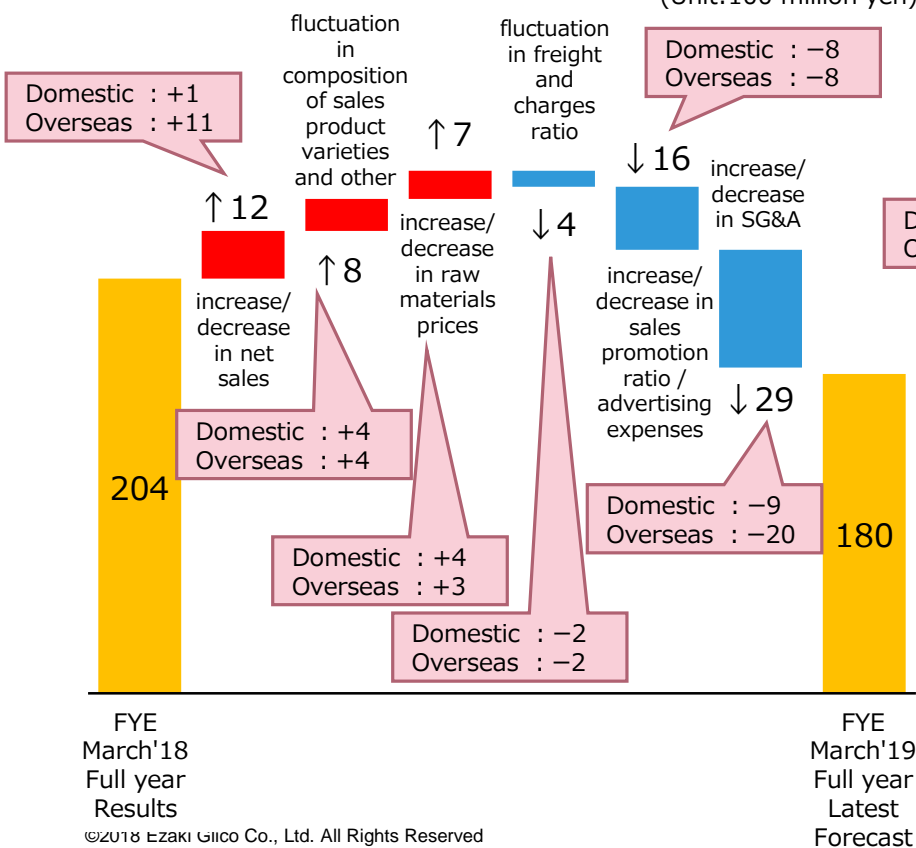
Factors of increases (decreases) operating income



vs. Previous period

- ✓ Income increased by 1.2 billion yen on higher net sales
- ✓ Income decreased on 1.6 billion yen for increased sales promotion expenses and advertising expenses, and 2.9 billion yen for increased SG&A expenses

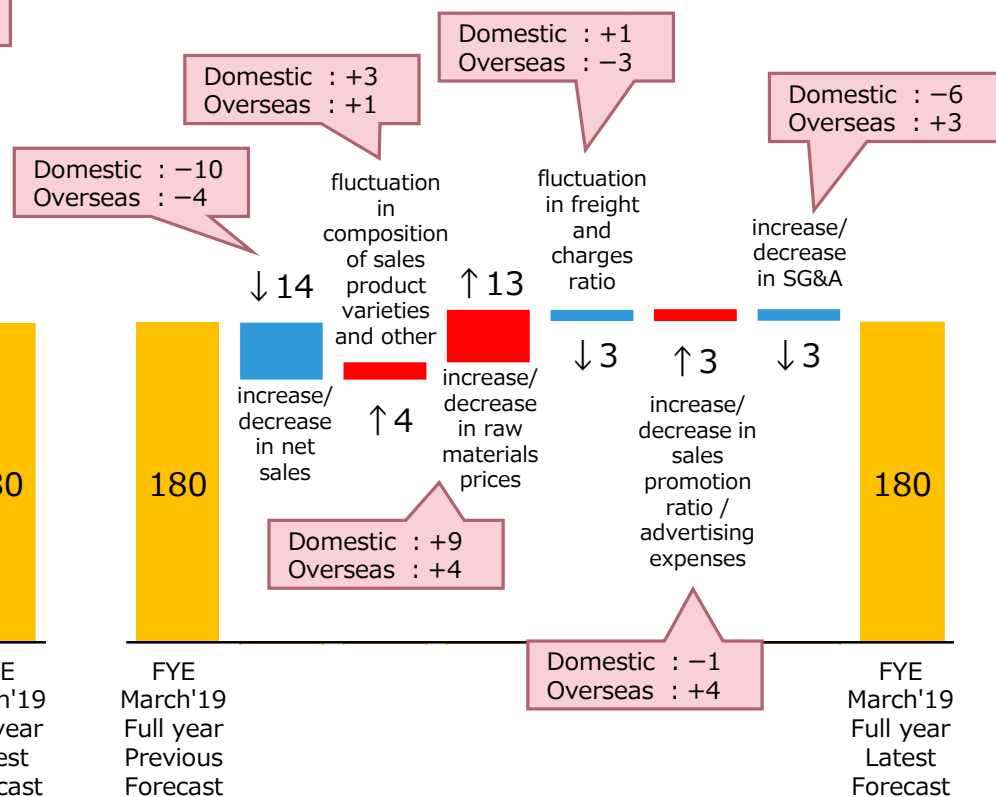
(Unit:100 million yen)



vs. Previous Forecast

- ✓ Income decreased by 1.4 billion yen due to net sales underperforming plans
- ✓ Changes in sales product composition resulted in increased income of 0.4 billion yen and fluctuations in raw materials prices resulted in increased income of 1.3 billion yen

(Unit:100 million yen)



Net Sales Forecast by Segment



(Unit:100 million yen)

	FYE March'18 Full year	FYE March'19 Full year					
	Results	Previous Forecast	Latest Forecast	Change from Previous period		Change from Forecast	
				Amount	Change	Amount	Change
Total	3,534	3,640	3,580	46	1.3	-60	-1.6
Confectioneries and Food Products	993	1,009	1,002	9	0.9	-7	-0.7
(Of which, is confectioneries)	788	804	794	6	0.7	-10	-1.2
(Of which, is Food Products)	205	205	208	3	1.5	3	1.3
Ice Cream	871	880	853	-18	-2.1	-27	-3.1
Milk and Dairy Products	936	948	908	-28	-3.0	-40	-4.3
Food Products	107	109	111	3	3.1	2	1.7
Overseas business	477	531	518	41	8.6	-13	-2.5
Other	150	163	189	39	25.7	26	15.9

<Reference> Results and forecasts are calculated by using the rates indicated below.

FYE March '18 Results	FYE March '19 Previous Forecast	FYE March '19 Latest Forecast
1CNY = ¥17.29	1CNY = ¥17.14	1CNY = ¥16.50
1THB = ¥3.45	1THB = ¥3.43	1THB = ¥ 3.50
1USD = ¥113.00	1USD = ¥109.00	1USD = ¥113.57

Operating Income Forecast by Segment



(Unit:100 million yen)

	FYE March'18 Full year	FYE March'19 Full year					
	Results	Previous Forecast	Latest Forecast	Change from Previous period		Change from Forecast	
				Amount	Change	Amount	Change
Total	204	180	180	-24	-11.7	0	0.0
Confectioneries and Food Products	81	77	78	-3	-4.0	1	1.4
(Of which, is confectioneries)	73	69	70	-4	-4.9	1	1.6
(Of which, is Food Products)	8	8	8	0	3.7	-0	-0.9
Ice Cream	66	73	69	3	4.3	-4	-5.2
Milk and Dairy Products	38	43	34	-5	-12.4	-10	-22.4
Food Products	12	11	13	2	16.4	2	22.5
Overseas business	21	0	6	-15	-70.5	6	-
Other	-14	-24	-20	-6	40.0	4	-

<Reference> Results and forecasts are calculated by using the rates indicated below.

FYE March '18 Results	FYE March '19 Previous Forecast	FYE March '19 Latest Forecast
1CNY = ¥17.29	1CNY = ¥17.14	1CNY = ¥16.50
1THB = ¥3.45	1THB = ¥3.43	1THB = ¥ 3.50
1USD = ¥113.00	1USD = ¥109.00	1USD = ¥113.57

TTM Currency Rate



		USD	EUR	THB	CNY	100KRW	100IDR
2015	Mar.	120.17	130.32	3.70	19.36	10.87	0.92
	June	122.45	137.23	3.62	19.73	10.94	0.92
	Sep.	119.96	134.97	3.29	18.96	10.06	0.82
	Dec.	120.61	131.77	3.34	18.36	10.33	0.88
2016	Mar.	112.68	127.70	3.19	17.39	9.86	0.85
	June	102.91	114.39	2.93	15.46	8.96	0.79
	Sep.	101.12	113.36	2.91	15.14	9.17	0.78
	Dec.	116.49	122.70	3.24	16.76	9.68	0.87
2017	Mar.	112.19	119.79	3.26	16.29	10.04	0.84
	June	112.00	127.97	3.29	16.49	9.81	0.84
	Sep.	112.73	132.85	3.38	16.96	9.89	0.84
	Dec.	113.00	134.94	3.45	17.29	10.62	0.84
2018	Mar.	106.24	130.52	3.40	16.92	9.99	0.78
	June	110.54	127.91	3.33	16.66	9.88	0.77
	Sep.	113.57	132.14	3.50	16.50	10.23	0.76
	Dec.						

Net Sales by Category



(Unit: 100 million yen)

Segment	Category	FYE March'18	FYE March'19			
		Results	Previous Forecast	Latest Forecast	Change from Previous period	
					Amount	Change
Confectioneries and Food Products	Chocolate (including Pocky)	473	484	491	18	3.9
	Cookies (including Pretz)	276	280	264	-12	-4.3
	Food Products	205	205	208	3	1.5
	Other	40	40	39	-1	-1.8
	Total	993	1,009	1,002	9	0.9
Ice Cream	Ice cream, Wholesale subsidiaries	871	880	853	-18	-2.1
	Total	871	880	853	-18	-2.1
Milk and Dairy Products	Yogurt	246	253	229	-17	-7.1
	Drinking milk	309	311	300	-9	-3.0
	Fruit juices, Carbonated drinks	225	225	222	-2	-1.1
	Western confections	106	109	101	-5	-5.1
	Infant formula	42	43	48	6	13.7
	Other	7	7	7	1	11.4
	Total	936	948	908	-28	-3.0
Food Ingredients	Food Ingredients	107	109	111	3	3.1
	Total	107	109	111	3	3.1
Overseas business	Overseas subsidiaries・Export	477	531	518	41	8.6
	Total	477	531	518	41	8.6
Other	Office glico, Health Business,etc.	150	163	189	39	25.7
	Total	150	163	189	39	25.7
Total		3,534	3,640	3,580	46	1.3

[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.

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