

Briefing Materials on Consolidated Results for FY2014



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WATABE WEDDING

Overview of Consolidated Results for FY2014

Overview of Consolidated Results

(Millions of yen)

Item	FY2013	FY2014	Year on year change
Net sales	47,710	44,214	-7.3%
Gross profit	31,256	28,638	-8.4%
Gross profit ratio	65.5%	64.8%	—
Selling, general and administrative expenses	32,021	29,335	-8.4%
SG&A ratio	67.1%	66.3%	—
Operating income (loss)	(765)	(696)	—
Operating income ratio	-1.6%	-1.6%	—
Ordinary income (loss)	(814)	(411)	—
Ordinary income ratio	-1.7%	-0.9%	—
Net income (loss)	(3,524)	(1,805)	—

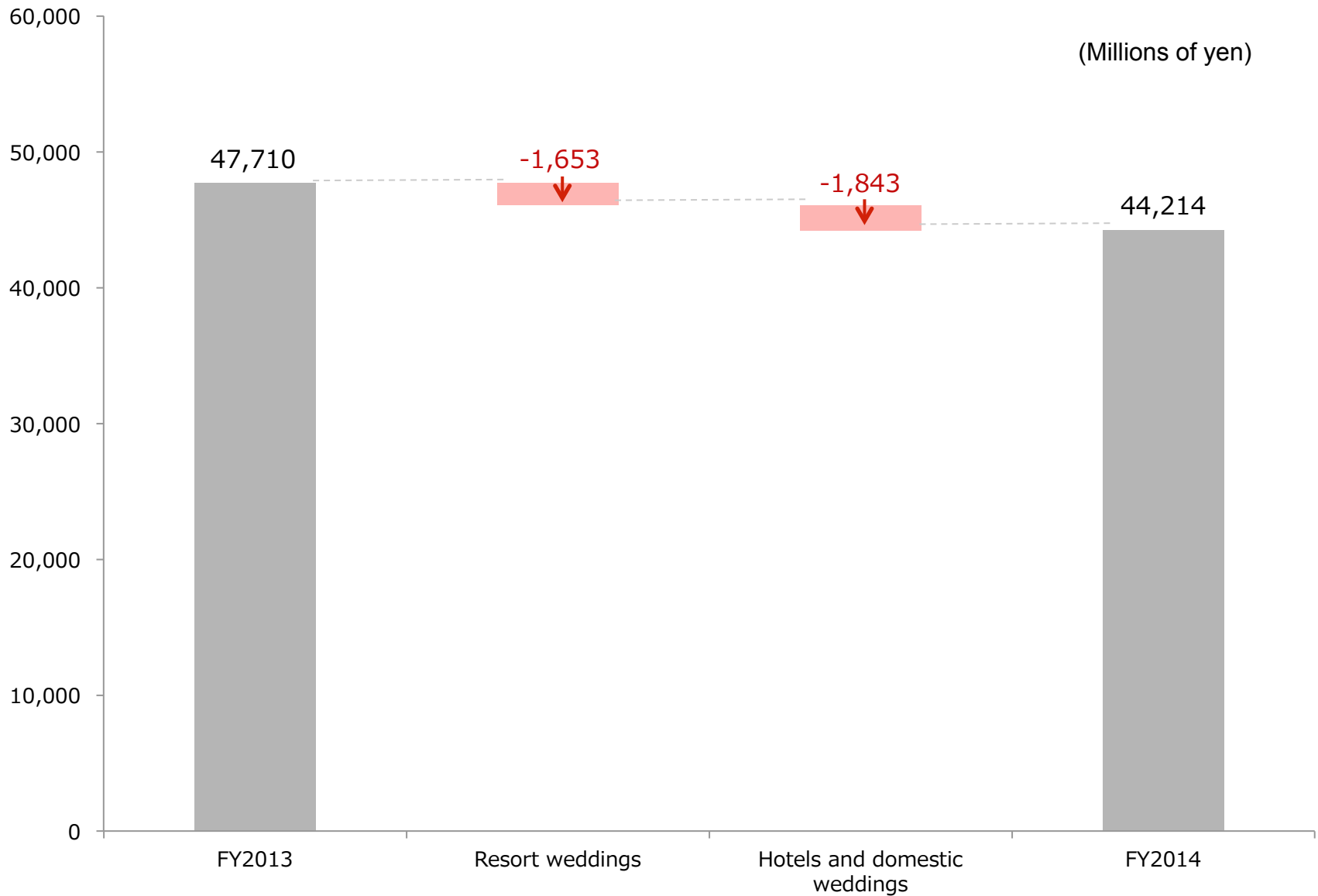
Overview by Business Segment

(Millions of yen)

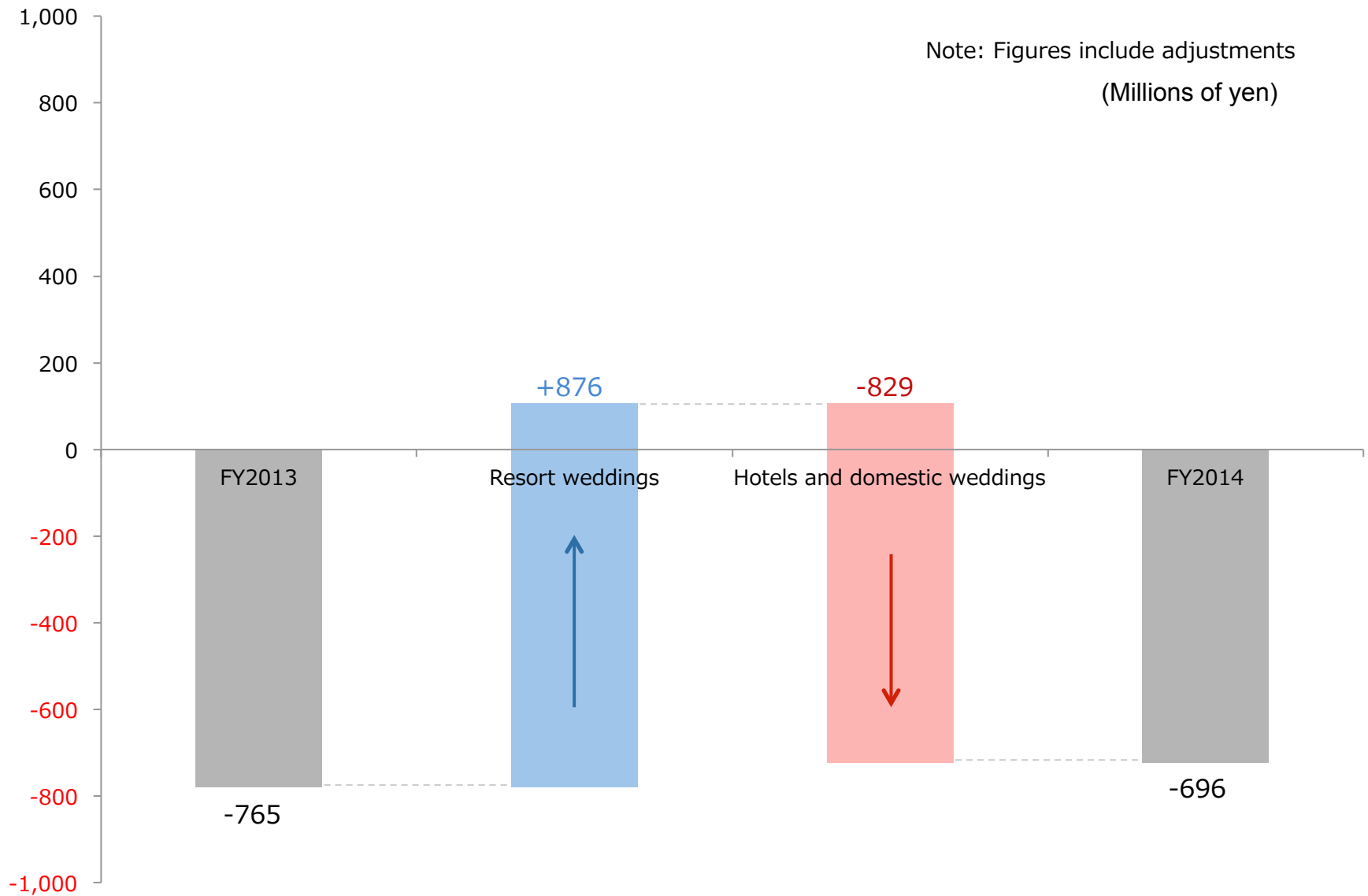
Item	Consolidated		Resort weddings		Hotels and domestic weddings		Adjustments	
	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014
Net sales	47,710	44,214	19,646	17,993	28,063	26,220	0	0
Operating income (loss)	(765)	(689)	(1,121)	(245)	342	(487)	13	36
Operating income ratio	-2%	-2%	-6%	-1%	1%	-2%	—	—

Net sales: Sales to customers

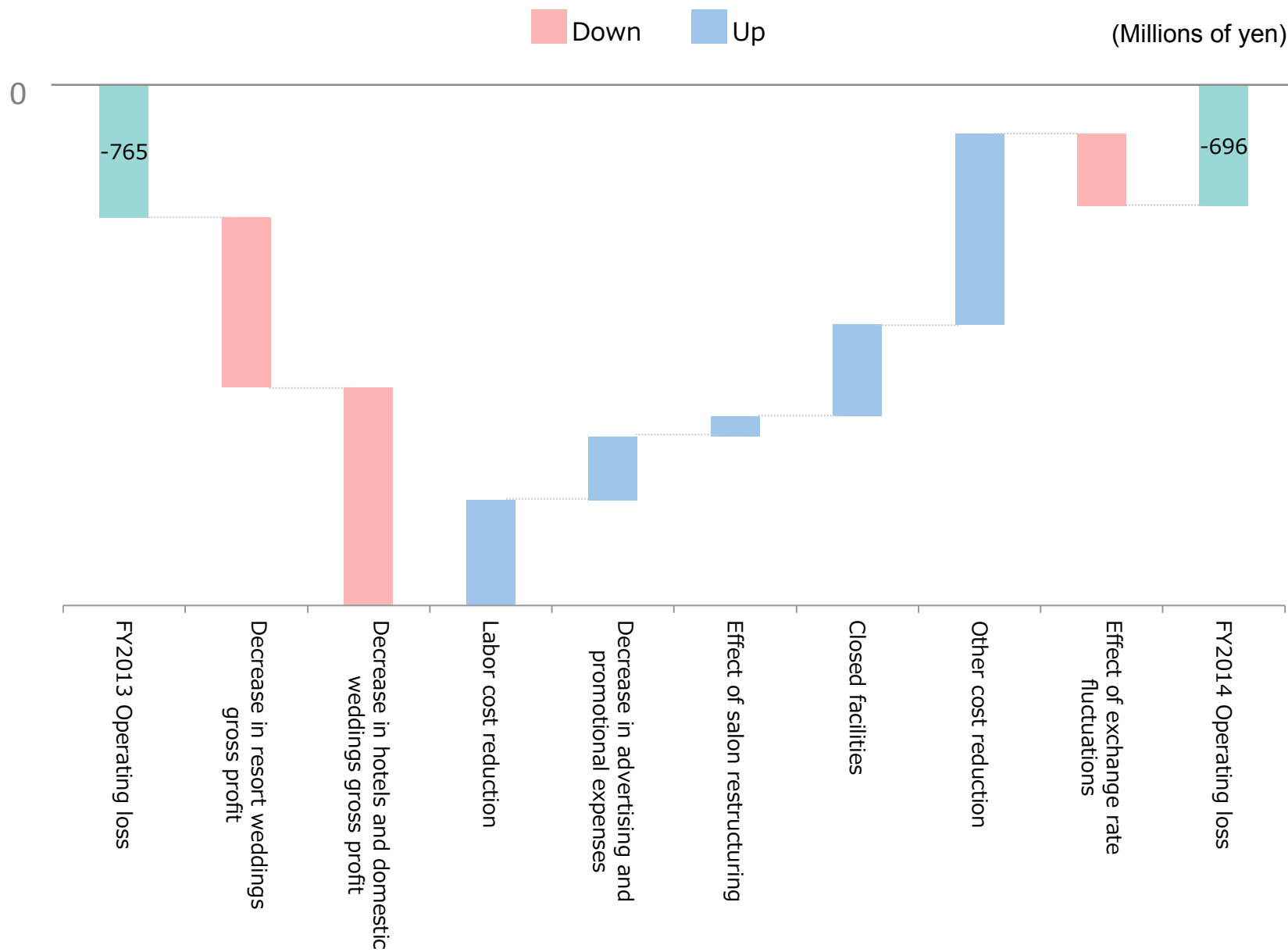
Net Sales Factor Analysis



Segment Income (Loss) Factor Analysis



Operating Income (Loss) Factor Analysis



Exchange Rate Effects

Exchange rates	FY2013	FY2014	Difference
1 U.S. dollar	100.24 yen	108.42 yen	8.18 yen yen depreciation
1 Chinese yuan	15.90 yen	17.01 yen	1.11 yen yen depreciation

Item	Financial impact (Millions of yen)
Net sales	154
Cost	331
Gross profit	(117)
SG&A	240
Operating income (loss)	(417)

Effects on operating income, per-yen basis

U.S. dollar:
40-50 million yen

Chinese yuan:
50-60 million yen

Consolidated Balance Sheets

(Millions of yen)

ASSETS	As of Mar. 31, 2014	As of Mar. 31, 2015	LIABILITIES	As of Mar. 31, 2014	As of Mar. 31, 2015
Current assets			Current liabilities		
Cash and deposits	6,267	4,502	Accounts payable-trade	1,813	1,532
Accounts receivable-trade	1,785	1,626	Short-term loans payable	1,325	625
Other	2,453	2,503	Advances received	2,322	2,363
Total current assets	10,505	8,631	Other	3,349	2,697
Non-current assets			Total current liabilities	8,809	7,217
Property, plant and equipment			Non-current liabilities		
Buildings and structures, net	4,335	4,236	Long-term loans payable	1,075	750
Other	3,657	3,604	Asset retirement obligations	442	579
Total property, plant and equipment	7,992	7,840	Other	1,423	1,222
Intangible assets	854	640	Total non-current liabilities	2,940	2,551
Investments and other assets			Total liabilities	11,750	9,769
Guarantee deposits	2,980	2,845	NET ASSETS		
Other	1,406	774	Shareholders' equity		
Total investments and other assets	4,386	3,619	Capital stock	4,176	4,176
Total non-current assets	13,233	12,100	Capital surplus	4,038	4,038
Total assets	23,739	20,732	Retained earnings	4,344	2,473
			Treasury shares	(0)	(0)
			Total shareholders' equity	12,558	10,687
			Total other comprehensive income (loss)	(606)	223
			Minority interests	37	52
			Total net assets	11,989	10,963
			Total liabilities and net assets	23,739	20,732

(Millions of yen)

Item	FY2013	FY2014
Net cash provided by (used in) operating activities	271	588
Net cash provided by (used in) investing activities	(1,209)	(1,489)
Net cash provided by (used in) financing activities	443	(1,075)
Effect of exchange rate change on cash and cash equivalents	335	240
Net increase (decrease) in cash and cash equivalents	(139)	(1,765)
Cash and cash equivalents at beginning of period	6,403	6,263
Cash and cash equivalents at end of period	6,263	4,497

Major capital investments

- Watabe Wedding Salon Restructuring
 - Newly opened 7 salons
 - Renovated 8 salons
 - Relocated 2 offices
- Made facility improvements at Mielparque
 - Renovated Sendai Banquet
 - Renovated Yokohama Garden Chapel
- Made facility improvement at Meguro Gajoen
 - Renovated main dining hall

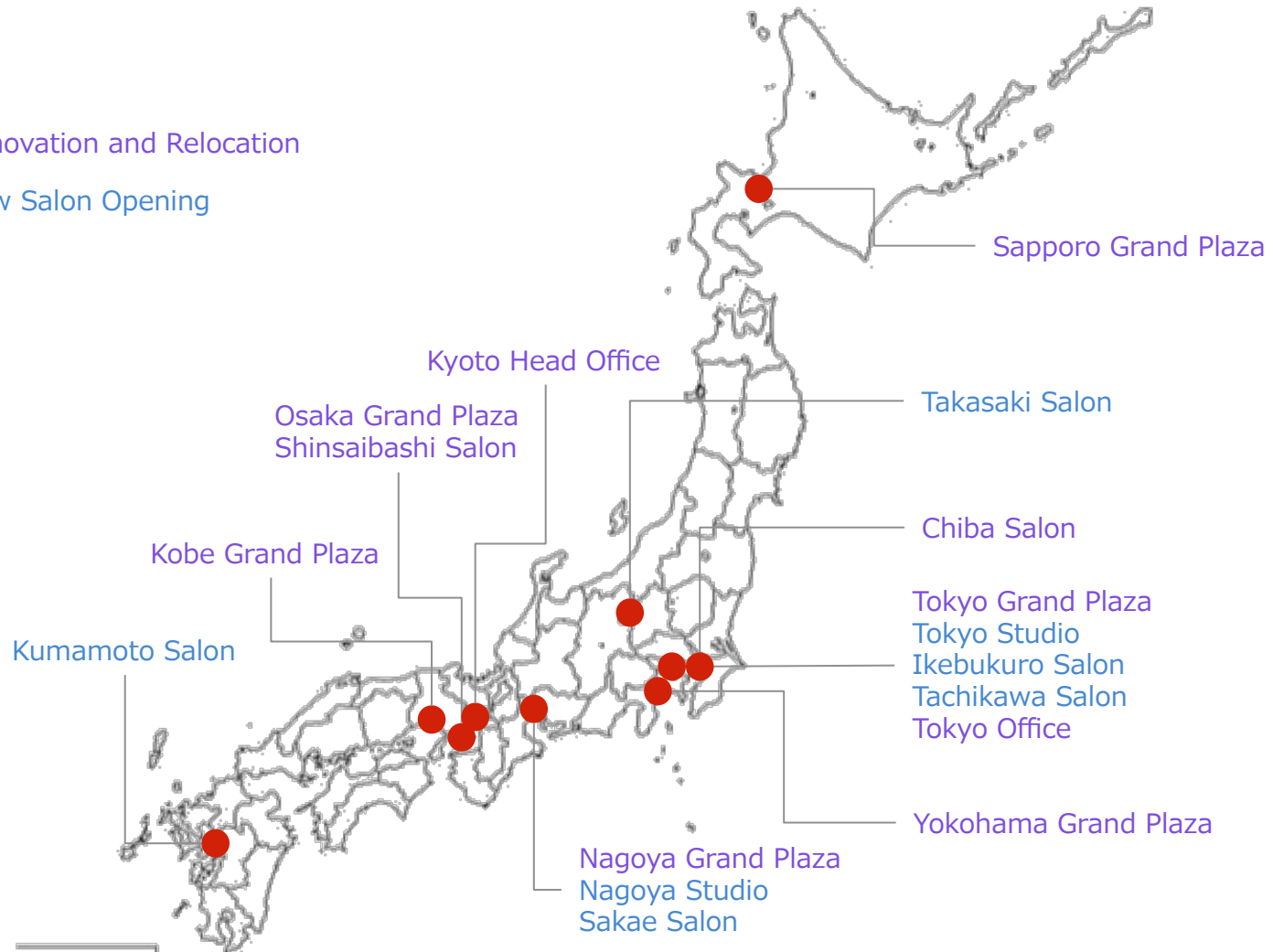
Overview of Measures for FY2014

[Resort Weddings Business] Salon Restructuring Strategy

Over the fiscal year, 17 salons/offices were newly opened, renovated or relocated

■ Renovation and Relocation

■ New Salon Opening



[Resort Weddings Business] Price Shifts Caused by Fluctuating Exchange Rates

Exchange rate risk partially hedged through change in product term and pricing

Change term of products

- Change term of products to six months, from one year, and establish structure to facilitate quick response to fluctuating exchange rates.



- The time lapse between the setting of prices and payment made was reduced by six months.
- Product creation activities, which had increased to twice a year from once a year, were eliminated through enhanced operational efficiency and organizational optimization.

Reflect fluctuating exchange rates in product prices

- Shift some of the risk from fluctuating exchange rates to customers by increasing prices when the yen moves down and decreasing when the yen moves up.



- Changed product pricing to reflect fluctuating exchange rates (yen depreciation).



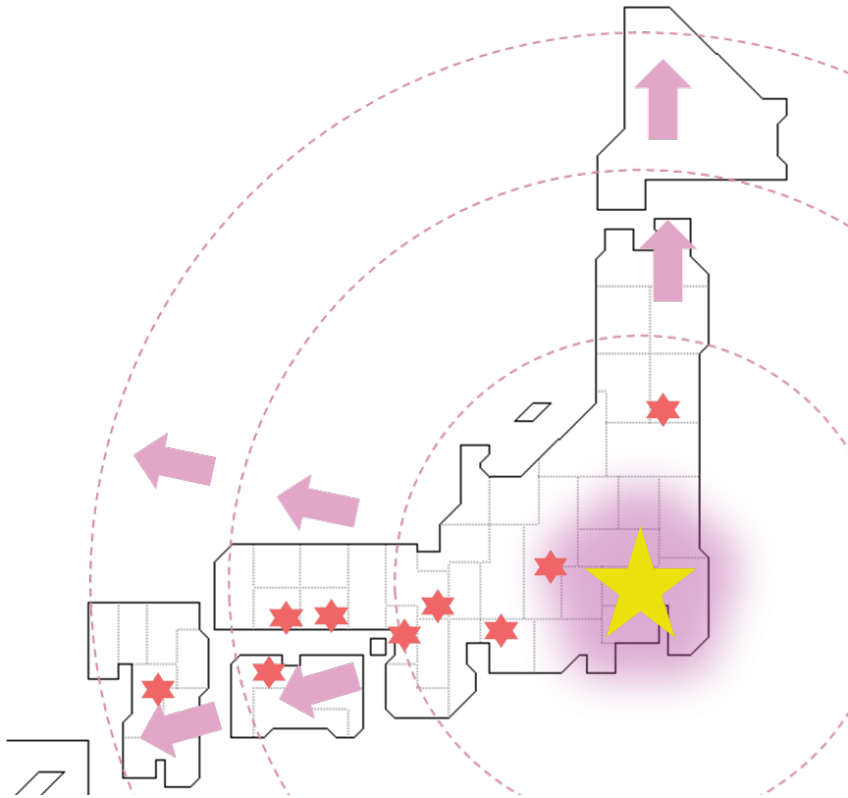
Facility renovations successfully completed, ushering in brisk demand for banquet business



- On expectations that better economic times would lead to more banquet opportunities, the Chinese restaurant Shunyuki—Meguro Gajoen’s main dining hall—was renovated.
- Interior layout changed to create greater sense of privacy, and efforts made to attract greater interest from individuals as well as corporations as a venue for banquets.
- With favorable demand for corporate banquets, particularly at the renovated Shunyuki, banquet division sales rose 7% year on year.

[Mielparque] Establish Tokyo Business Center

Tokyo business center up-and-running, but demand eroded by impact of natural disasters



- Plan was to direct marketing activities toward corporate head offices and travel agency offices in the Tokyo metropolitan area, with the aim of increasing reservations for banquets at facilities throughout Japan.
- The Tokyo business center itself performed consistently, fueled by aggressive marketing activities.
- But natural disasters, notably, deadly landslides in Hiroshima in August 2014 and volcanic eruption on Mount Ontake, in Nagano Prefecture, in September 2014, prompted individuals and corporations in these areas to hold back on banquet events, which led to a 1% year-on-year drop in our banquet business sales.

Business Strategies for FY2015

Consolidated Performance Forecast for FY2015

(Millions of yen)

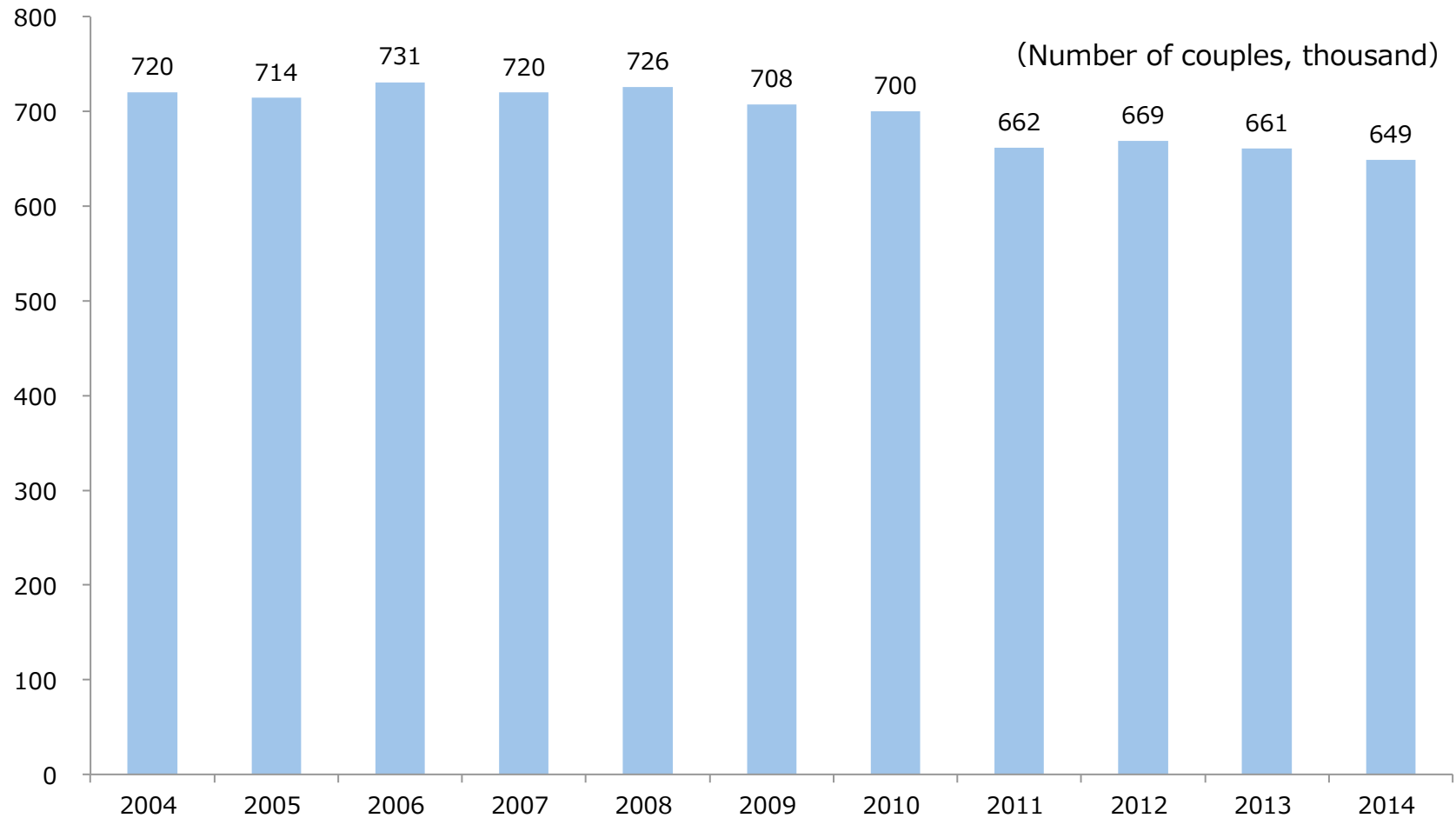
	FY2014	FY2015	Year on year
Net sales	44,214	44,000	-0.5%
Operating income (loss)	(696)	200	+896
Ordinary income (loss)	(411)	260	+671
Net income (loss)	(1,805)	60	+1,865
Net income (loss) per share (Yen)	(182.24)	6.06	+176.18

Status of Wedding Market

—Number of Couples Getting Married

Number of couples getting married is on a gradual downtrend, paralleling a decrease in the number of people of marrying age

Number of Couples Getting Married



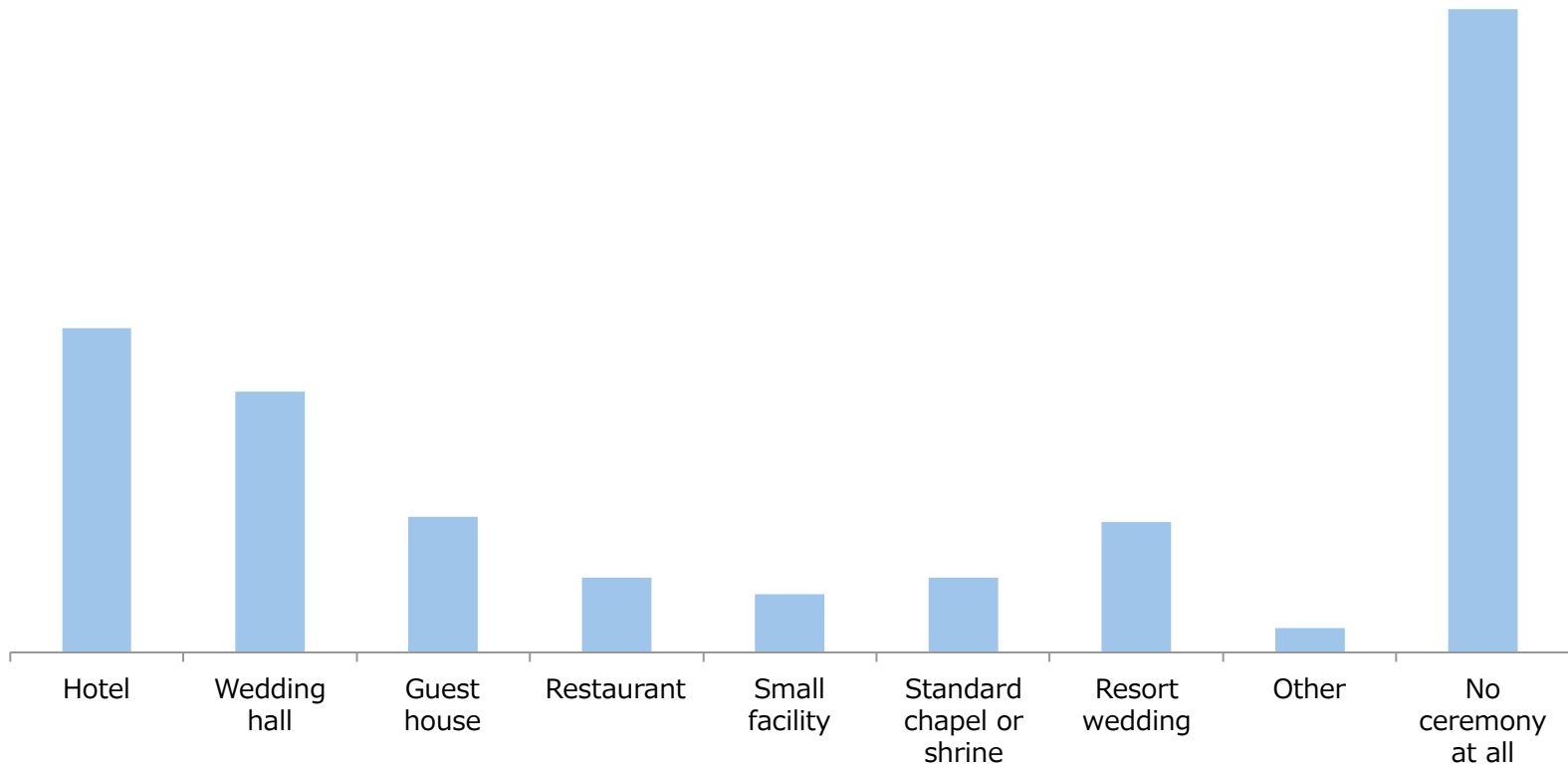
Source: Survey by the Ministry of Health, Labour and Welfare

Status of Wedding Market

—Number of Weddings by Ceremony Venue

In addition to diversifying wedding venues, close to 40% of marrying couples have no ceremony at all

Number of Weddings by Ceremony Venue

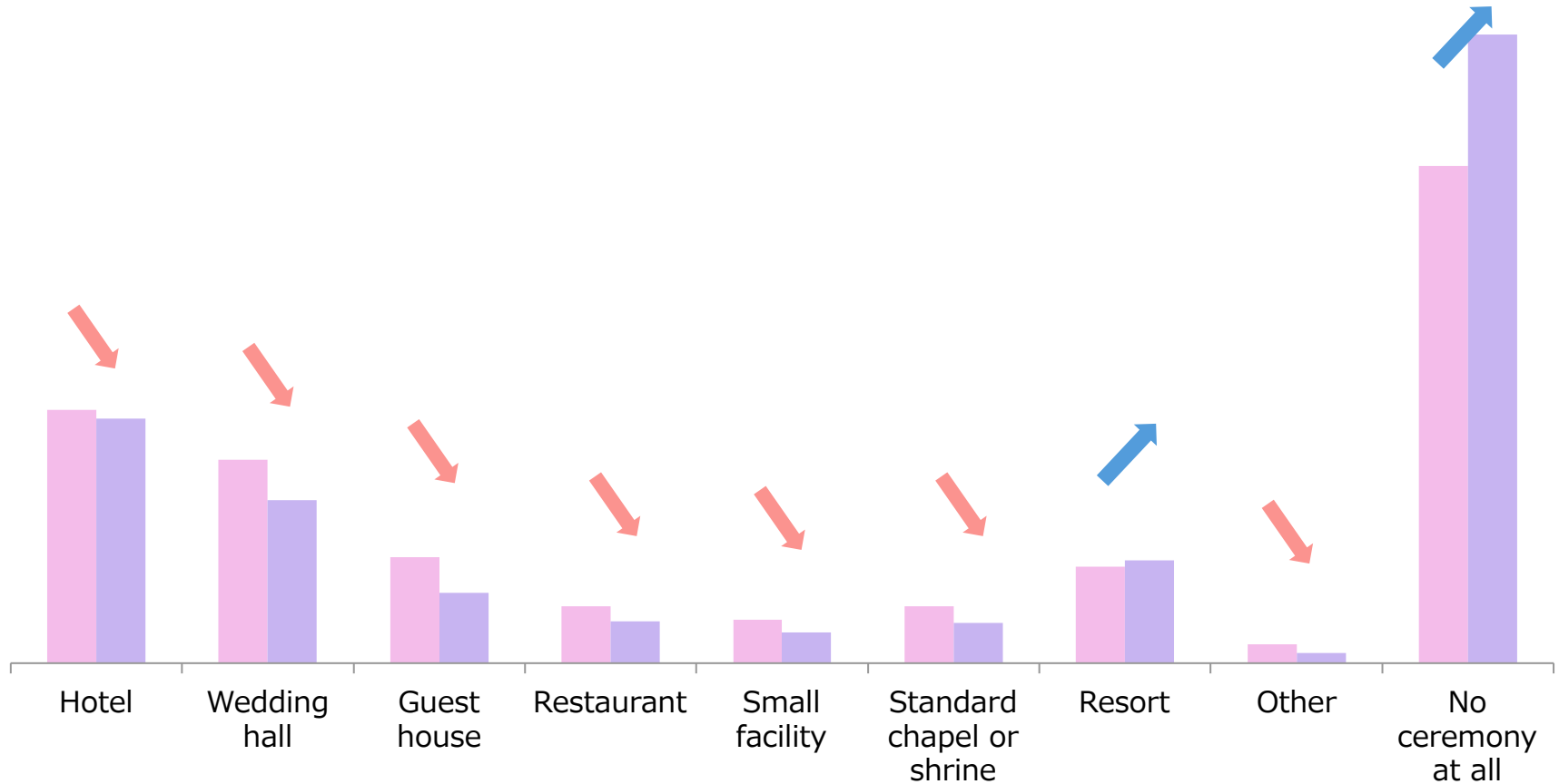


Source: Market research by Watabe Wedding Corporation

Future Wedding Market

—Number of Weddings by Ceremony Venue

Huge increase in marriages where no wedding ceremony is performed, leading to a decrease in weddings at all venues except resorts

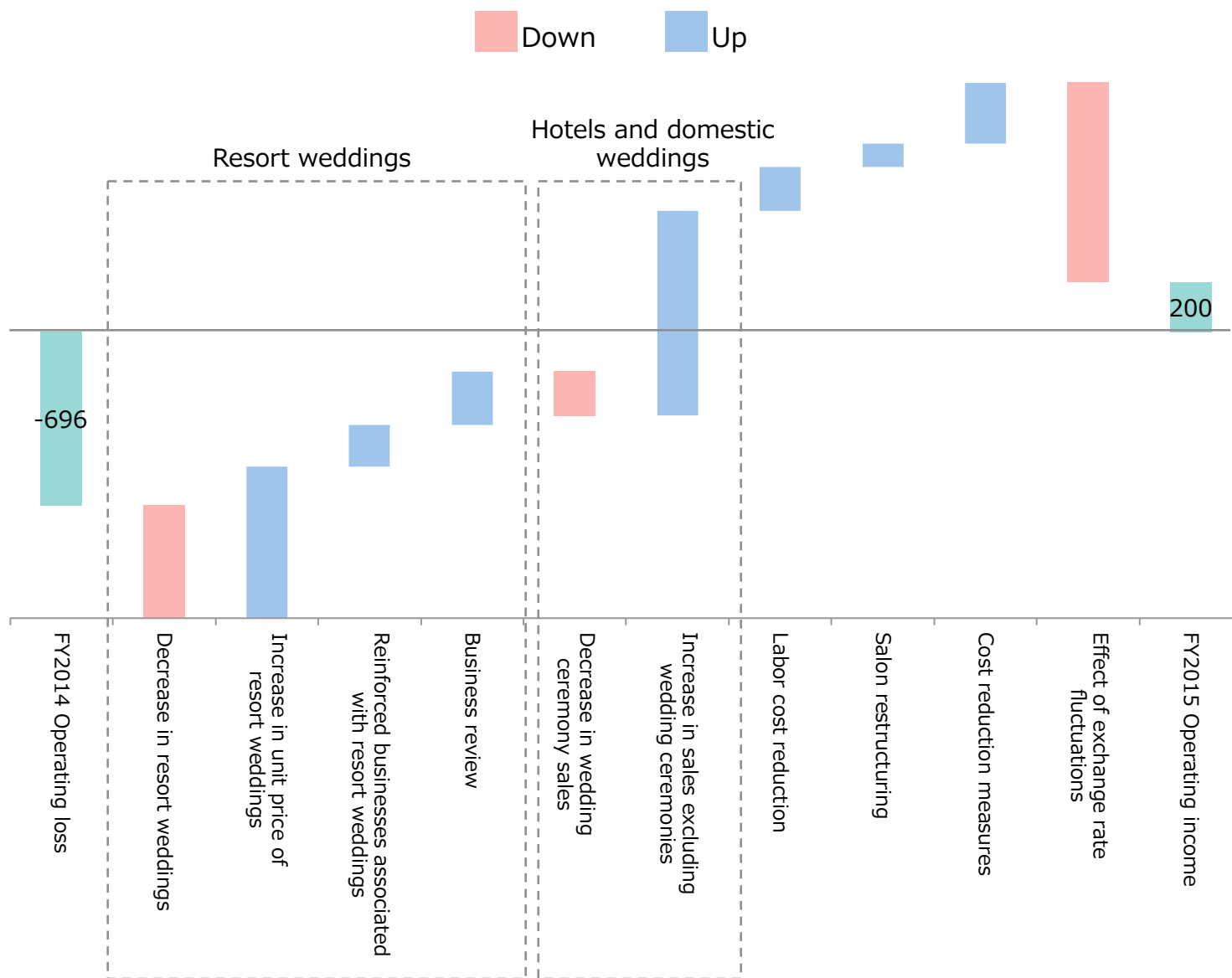


Source: Market research by Watabe Wedding Corporation



Business Strategies for FY2015

—Factors Affecting Operating Income

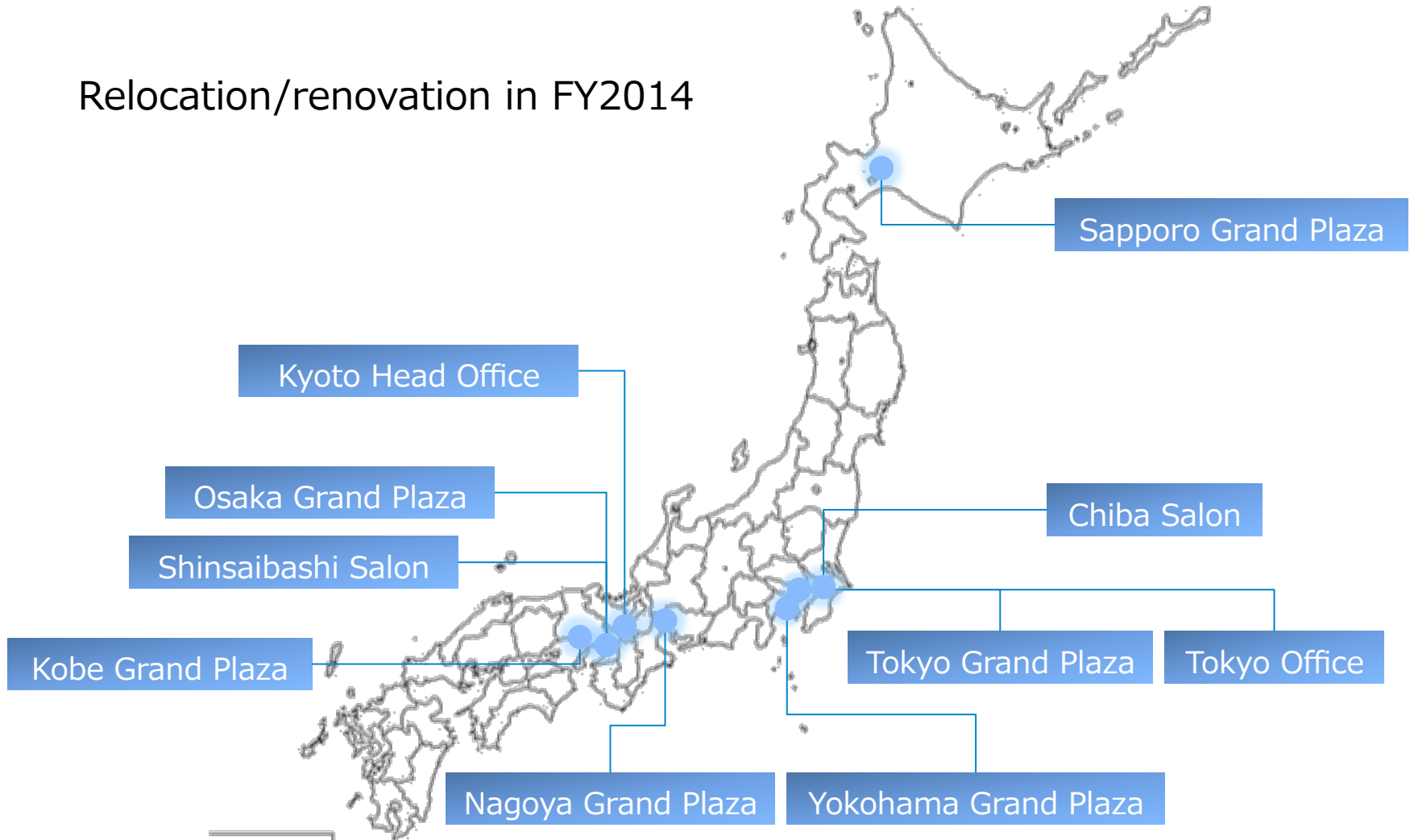


Resort weddings business	Salon restructuring strategy
	Strengthen chapel lineup
	Measures to improve brand value
Hotels and domestic weddings business	Meguro Gajoen Marketing-related business alliances
	Mielparque Use facility renovation to enhance appeal of wedding ceremonies
	Integrate redundant administrative divisions

Resort Weddings Business Salon Restructuring Strategy 1

Cost-cutting effects, including lower rent through salon relocation undertaken in previous fiscal year, will emerge over the full year in FY2014

Relocation/renovation in FY2014



Resort Weddings Business Salon Restructuring Strategy 2

Seeking to attract more customers, we will follow new salon opening activities from last year with additional salon openings

New salon openings in FY2015

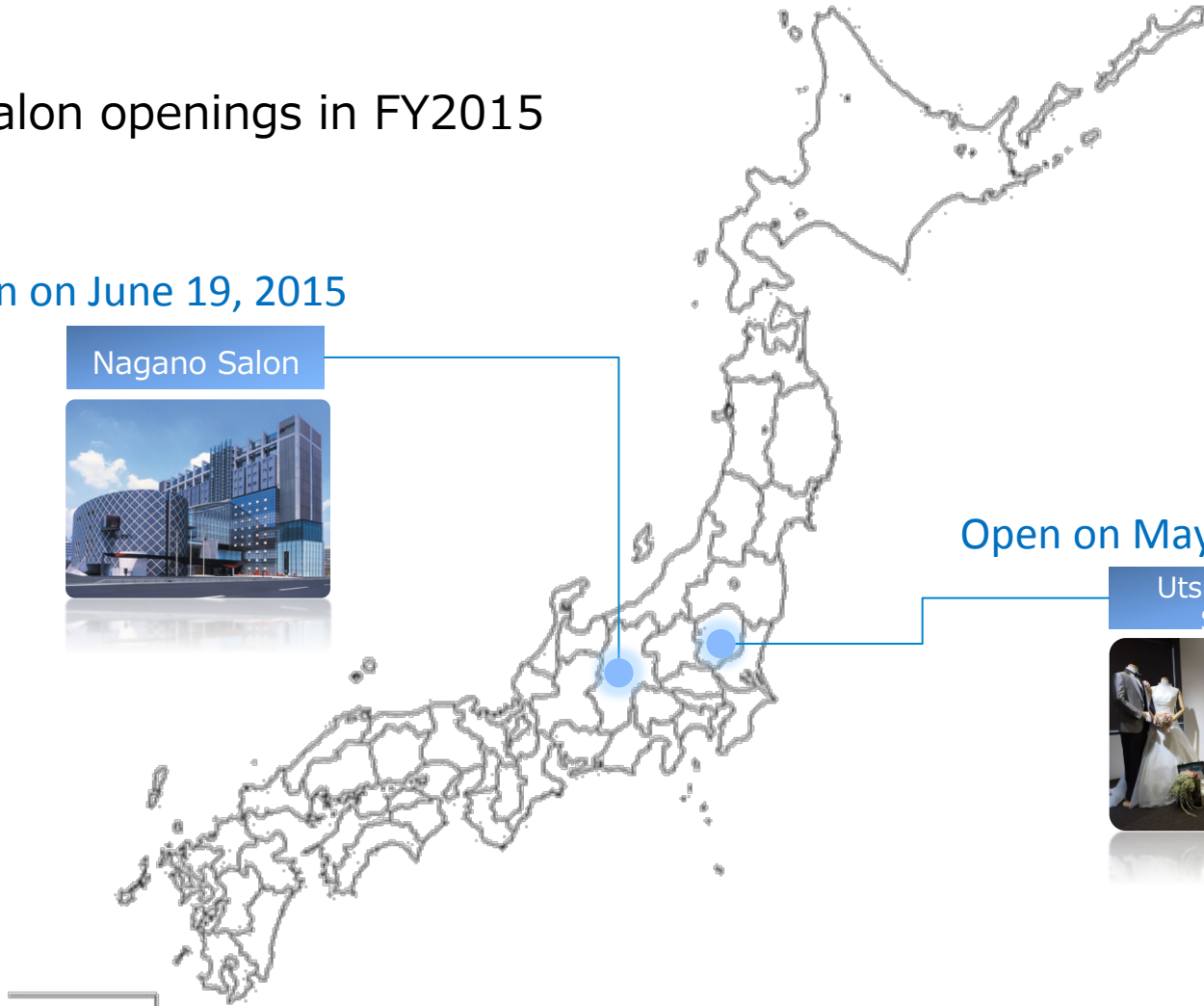
Open on June 19, 2015

Nagano Salon



Open on May 15, 2015

Utsunomiya Salon



Resort Weddings Business Strengthen chapel lineup 1

The new “Luz de Amor Chapel” set to open in Guam in November 2015



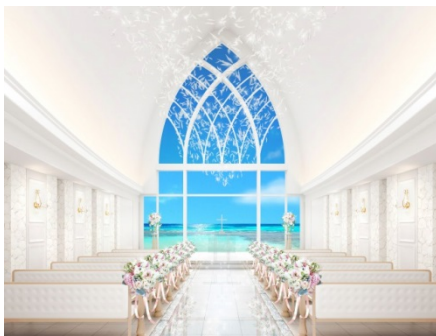
The concept for “Luz de Amor Chapel” is “A chapel that creates a feeling of being at the very edge of the sea and sky in Guam.” The exterior is made of large glass blocks giving a sense of transparency, and the shallow pools of water around the chapel sparkle radiantly in the colors of the sea and sky and create a sense of floating at the water’s edge.

In addition, Wedding Lounge “Te Quiero,” built in conjunction with the chapel, has three banquet rooms—each with a private terrace—to create ocean-front parties with an at-home atmosphere.

Renovated “Aquagrace Chapel” in Okinawa set to reopen in September 2015



“Aquagrace Chapel,” facing Uza Beach, in Yomitan, Okinawa, is designed on the concept of water (aqua) and elegance (grace). The combined wedding and reception venue integrates a stand-alone chapel and banquet rooms. The latest renovation work has turned “Aquagrace Chapel” into an even more refined private space which offers an ambience that couples can enjoy together with their guests.



A special website showcasing the Hawaii wedding of actress Misako Yasuda is available for viewing



Resort Weddings Business

Raise Brand Value of Innovative Resort Weddings

New “alohina” bridal gown designed by Japanese fashion model and actress
Hinano Yoshikawa



Business alliances with Dears Brain, Inc. on marketing activities



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M E G U R O
G A J O E N

Dears Brain, Inc.

Dears Brain, Inc., promotes wedding-related activities at about 20 facilities and wedding halls in Japan, and had been involved in joint operation of Grace Hill, a wedding facility in Taiwan.

We have entered into cooperative arrangements with Dears Brain, as the company's stellar reputation for marketing know-how makes it a good business partner for expanding our hotels and domestic weddings business.

Bolster demand for wedding ceremonies, especially at renovated facilities



Hotel Mielparque Sendai

We welcomed the reopening of VISTA, a reception room where guests can enjoy a huge cityscape panorama of Sendai. The room has its own lobby area that enhances the special atmosphere of each reception.



Hotel Mielparque Yokohama

We opened a rooftop chapel that makes the most of the current trend in garden-style weddings. The venue commands a stunning view of Yokohama's bay area and creates special experiences, such as a balloon release, made possible by the rooftop location.

Centralize and integrate redundant administrative activities among Group companies



Consolidated Performance Forecast for FY2015

(Millions of yen)

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