



# HUB Co., Ltd.

JASDAQ 3030

Financial Results for  
the Fiscal Year Ended  
February 2014

***Corporate Presentation  
HUB CO., LTD.***



**2013 Review**

**Results in  
Previous Years**

**2014 Plan**

**Medium-Term  
Management Plan**



## 2013 Management Policy



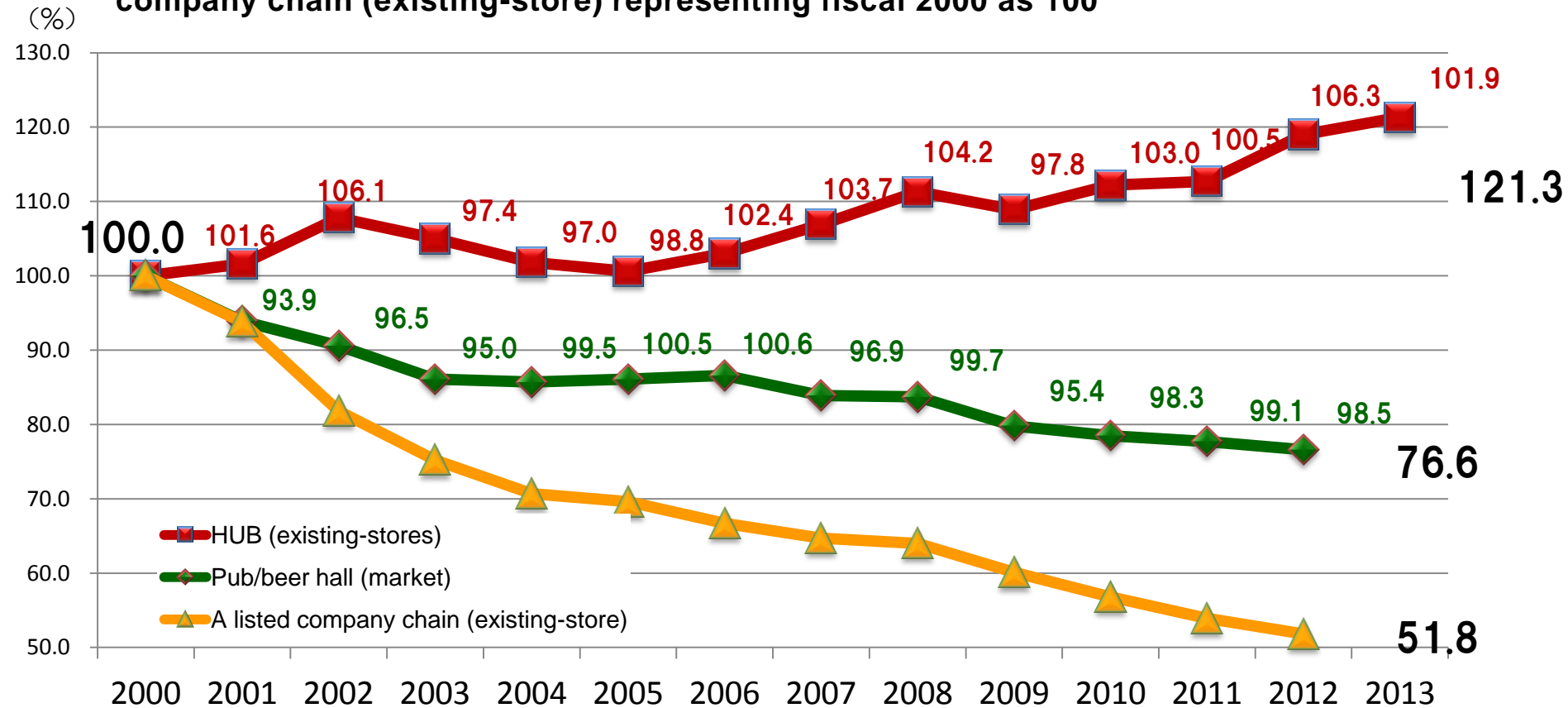
### Pursuit and Challenge

Pursue the essence by keep thinking “why” “why” and aim to become a powerful group that challenges a higher hurdle



## Business Environment

### Changes in sales of HUB (existing-stores) and pub and beer hall (market) and a listed company chain (existing-store) representing fiscal 2000 as 100

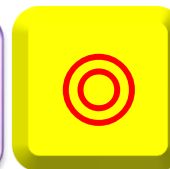


Source: Foodservice Industry Research Institute website, a listed company website



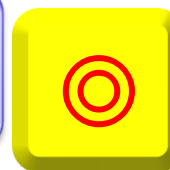
## Highlights

Achieved increases in sales and profits!

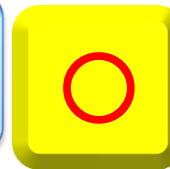


- Net sales 8,478 million yen (up 100.7% vs. plan)
- Ordinary income 707 million yen (up 104.7% vs. plan)

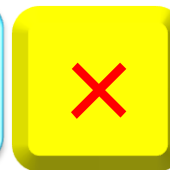
Existing-store sales up 101.9% YoY



Membership exceeded 170,000 people



Opened 7 new restaurants (Initial plan 10 restaurants)







## Efforts in 2013: Human Resources Development

### Restaurant

$$V = \frac{Q \cdot S \cdot C \cdot A}{P}$$

#### ◆ Improvement in restaurant operation

- 5 restaurants/1 AM system → OJT
- HUB University → Off-JT
- COD Project
- Re-education of basic service

V: Value  
 Q: Quality  
 S: Service  
 C: Cleanliness  
 A: Atmosphere  
 P: Price



### Headquarter

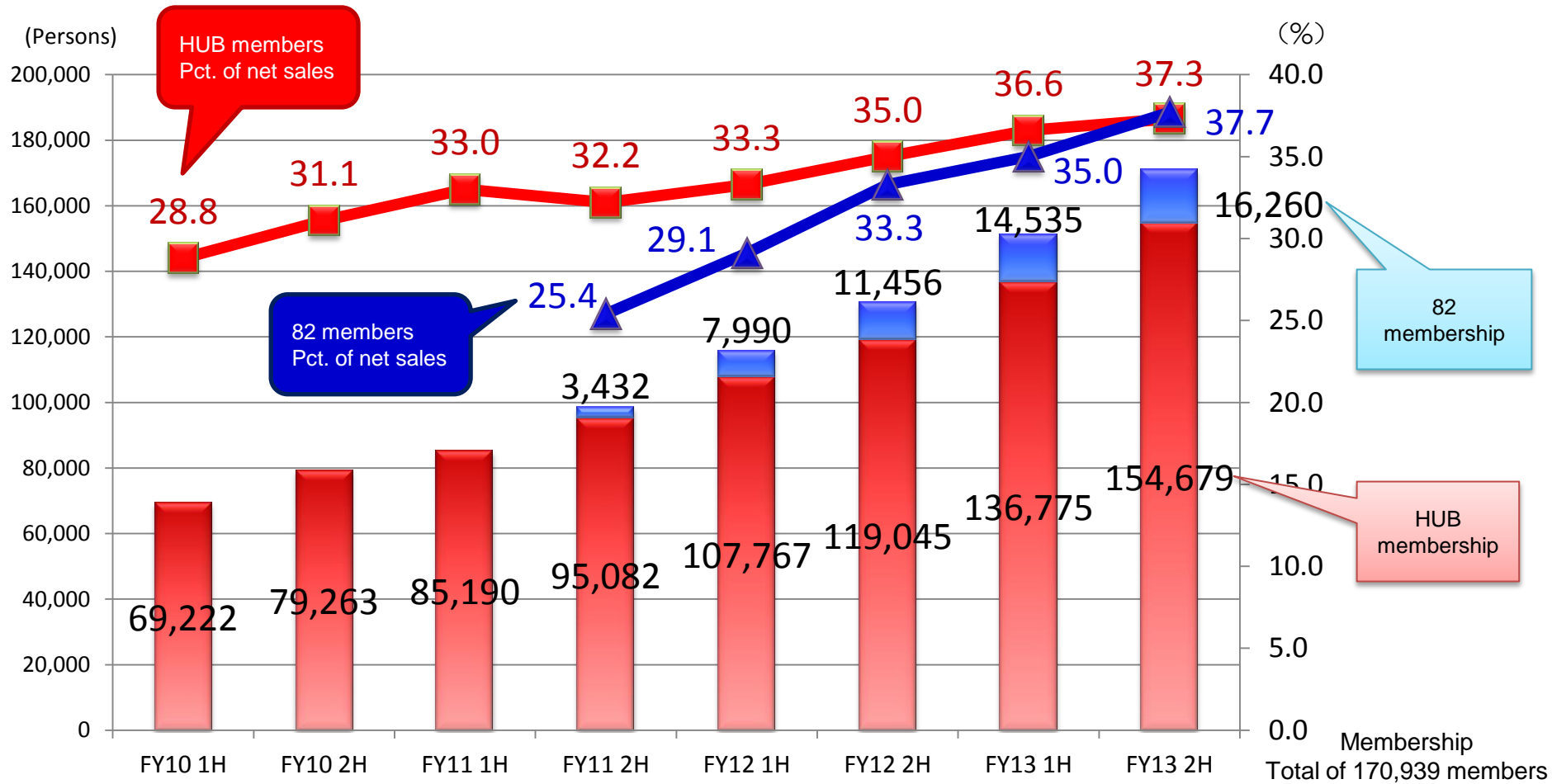
#### Training of managers and section chiefs

- ◆ Further enhanced the trainings of managers and section chiefs from 2013 to build a headquarter system capable of supporting 100 restaurants





## Efforts in 2013: Membership card





## Efforts in 2013: New Restaurant Openings

- March 12 HUB Sagamiono restaurant
- March 19 HUB Omiya Nishiguchi restaurant
- March 28 HUB Ochanomizu restaurant
- July 31 HUB Keihan Kyobashi restaurant
- October 22 HUB Kyoto Yodobashi restaurant
- November 27 HUB Sendai Nakakecho restaurant  
\*First restaurant in the Tohoku region
- December 28 HUB Ueno Showadori restaurant



HUB Sagamiono



HUB Ochanomizu



Keihan Kyobashi



HUB Kyoto Yodobashi restaurant



HUB Ueno Showadori restaurant



HUB Sendai Nakakecho restaurant



HUB Omiya Nishiguchi restaurant





## 2013 Summary of Operating Results: P/L

(Million yen)

	2012	Plan	2013 actual	YoY	Vs. plan
Net sales	7,586	8,420	8,478	111.8%	100.7%
Cost of sales	2,062	-	2,316	112.3%	-
Cost rate	27.2%	-	27.3%	+0.1P	-
SG&A expenses	4,896	-	5,502	112.4%	-
SG&A expense ratio	64.5%	-	64.9%	+0.4P	-
Operating income	662	685	703	106.2%	102.6%
Operating margin	8.7%	8.1%	8.3%	▲0.4P	+0.2P
Ordinary income	659	675	707	107.3%	104.7%
Ordinary income margin	8.7%	8.0%	8.3%	▲0.4P	+0.3P
Net income	357	380	427	119.6%	112.4%
Net income per share	¥286.95	-	¥341.90	+¥54.95	-
Dividends	¥79	¥81	¥84	+¥5	+¥3
No. of restaurants	7	10	7	±0	▲3

\*HUB conducted a 100-for-1 stock split and adopted a unit share system which sets a share-trading unit as 100 shares effective September 1, 2013. Accordingly, net income per share and dividends are presented assuming that the stock split was conducted at the beginning of the previous fiscal year.



## 2013 Summary of Operating Results: B/S, CF

BS	2012	2013	Difference
Current assets	1,512	1,658	+146
Total fixed assets	2,414	2,644	+230
Total	3,927	4,302	+375

Current liabilities	1,160	1,147	▲13
Fixed liabilities	622	676	+54
Total liabilities	1,783	1,823	+40
Total net assets	2,144	2,478	+334
Total	3,927	4,302	+375

(Million yen)

CF	2012	2013
Cash flows from operating activities	652	768
Cash flows from investing activities	▲253	▲377
Cash flows from financing activities	▲292	▲250
Cash and cash equivalents at end of year	1,163	1,303

■ Fixed assets: Investment in new restaurants

■ Net assets: Net income & Dividends paid



**2013 Review**

**Results in  
Previous Years**

**2014 Plan**

**Medium-Term  
Management Plan**

## Medium-Term Management Plan 2011 - 2013

2017 vision (2008 – 2017) \*Established in 2008

Since the company is spreading the British Pub culture nationwide, a business model was established and building of foundation has been completed

◆Operations: Net sales ¥10.0 billion, ordinary income ¥800 million, No. of restaurants 130

Medium-Term  
Management Plan  
2011 – 2013

Build a chain store system led by a manager toward the 2017 vision  
(A chain store system in which a manager can achieve self-realization through self-imposed responsibilities, self-sufficiency and self-responsibility)

Medium-Term  
Management Plan  
2014 – 2016

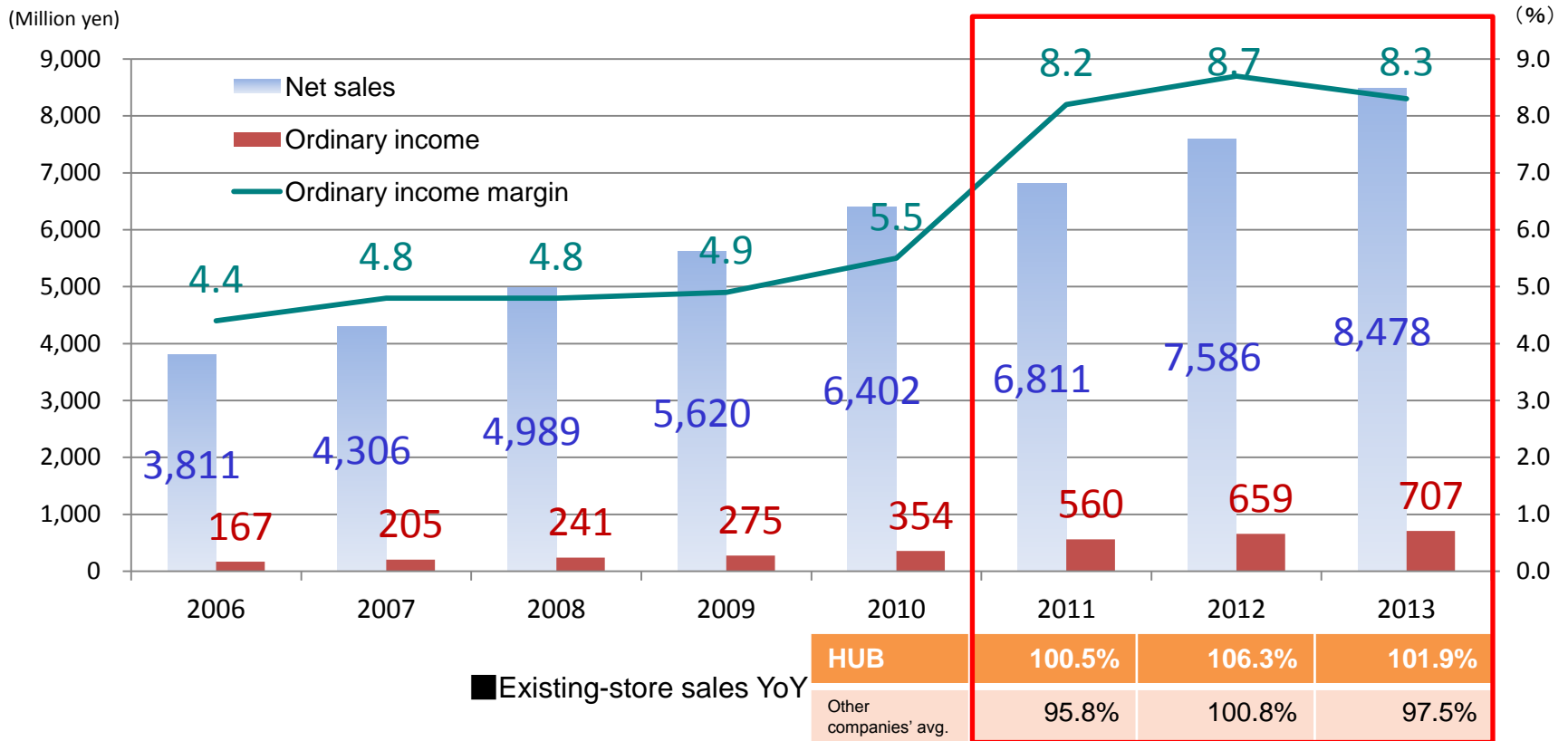
Securing and development of strong human resources to pursue the realization of management philosophy  
(Building of a strong business base to support a 100 restaurant system)

2017



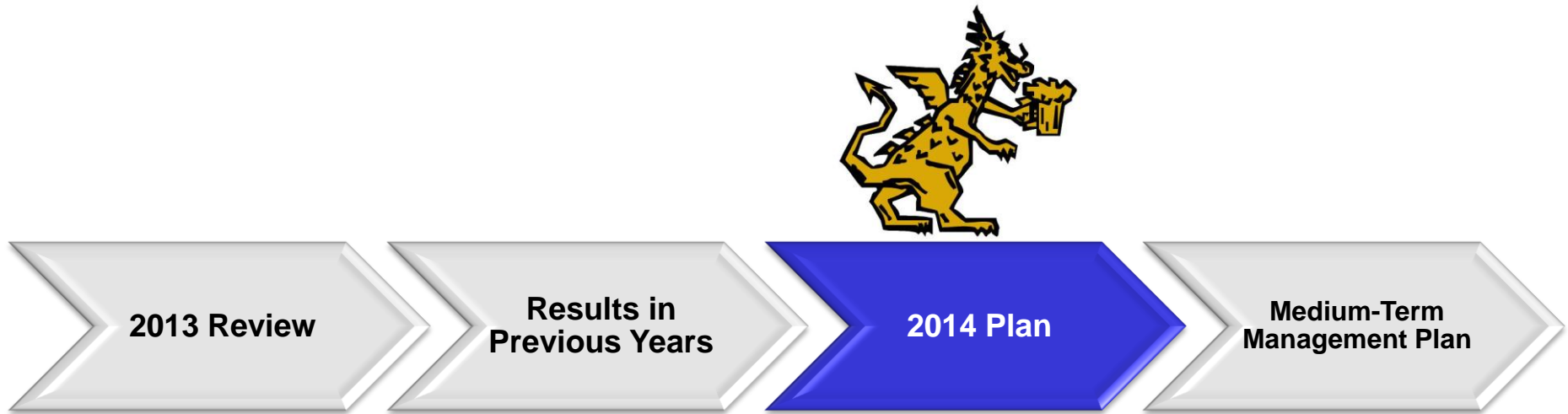
## Changes in Business Results

- 2011 ○Reduced unnecessary expenses after the earthquake  
Restaurant operation, evaluation and improvement of standard shift → Ordinary income margin 8%
- 2012 ○Maintain an ordinary income margin of 8% by changing improve productivity to a mechanism  
○Successful sports events
- 2013 ○Opened HUB's first restaurant in the Tohoku region (Sendai)



\*HUB's research based on each company's websites







## 2014 Management Policy

### Motion

Take initiative as a professional by clarifying our role and responsibilities to gain a foothold





## 2014 Priority Issue

### 1. Towards the highest standards of treatment in the industry (securing of excellent human resources)

→ Aim for the highest standards of treatment in the industry to realize management focusing on employees

#### ● Revision of personnel system

- Basic wage hike
- Revised bonus

Effect of expenses 36 million yen

⇒ Realization of managers' annual income of 5.5 million yen

#### ● Revision of hourly wage

- Up 50 yen in 23 wards

Effect of expenses 23 million yen



# 2014 Priority Issue

## 2. Repair and renovation of existing restaurants (total capital investment 175 million yen)

→ Do maintenance of existing restaurants that weren't previously done and have a 100 restaurant system with all restaurants well prepared

### ● Do maintenance of restaurants of more than 10 years

- Maintenance of 18 restaurants
- Full-scale renovation of 1 restaurant

Effect of expenses 65 million yen

Amount of capital investment in repair and renovation of existing restaurants (Million yen)

	2013	2014	Difference
Amount of capital investment	34	175	+141
Assets posted	34	110	+76
Expenses posted	—	65	+65



## 2014 Priority Issue

### 3. Retain selling prices (excluding increased tax)

→ Create a more attractive menu while maintaining the selling prices

● Improvement in popular product (Fish & Chips)

● Soaring raw material prices

- Alcohol
- Meet
- Cheese
- Cod (Fish & Chips)
- Oil

Effect of expenses 34 million yen





# 2014 Priority Issue

## 4. Closing due to rebuilding (HUB Shinjuku Yasukunidori + 2 other restaurants)

→Due to the closing of HUB Shinjuku Yasukunidori restaurant, HUB plans to open HUB Shinjuku Kuyakushodori restaurant (tentative name)



Effect of profit 105 million yen  
HUB Shinjuku Yasukunidori restaurant



Open a restaurant, which is within 1 minute walk on a larger scale







**HUB Shinjuku Yasukunidori restaurant 204.96㎡ (110 seats)**



**HUB Shinjuku Kuyakushodori restaurant (tentative name) 294.21㎡ (180 seats)**



## New Restaurant Openings

	2012 actual		2013 actual		2014 plan	
	 BRITISH PUB	 ALE HOUSE	 BRITISH PUB	 ALE HOUSE	 BRITISH PUB	 ALE HOUSE
Tokyo area	2	4	4		2	
Kansai	1		2		1	
Sendai			1		1	
<b>Reopen</b>	-		-		1✕	
<b>Closing due to rebuilding</b>	-		1✕		3	
<b>No. of restaurants at end of year</b>	78		84		86	



HUB Shinjuku Yasukunidori restaurant  
2 others

\*Temporarily closed due to rebuilding of HUB Shinjuku Nishi-guchi O-guard restaurant from March 2013. Plan to reopen in December 2014.



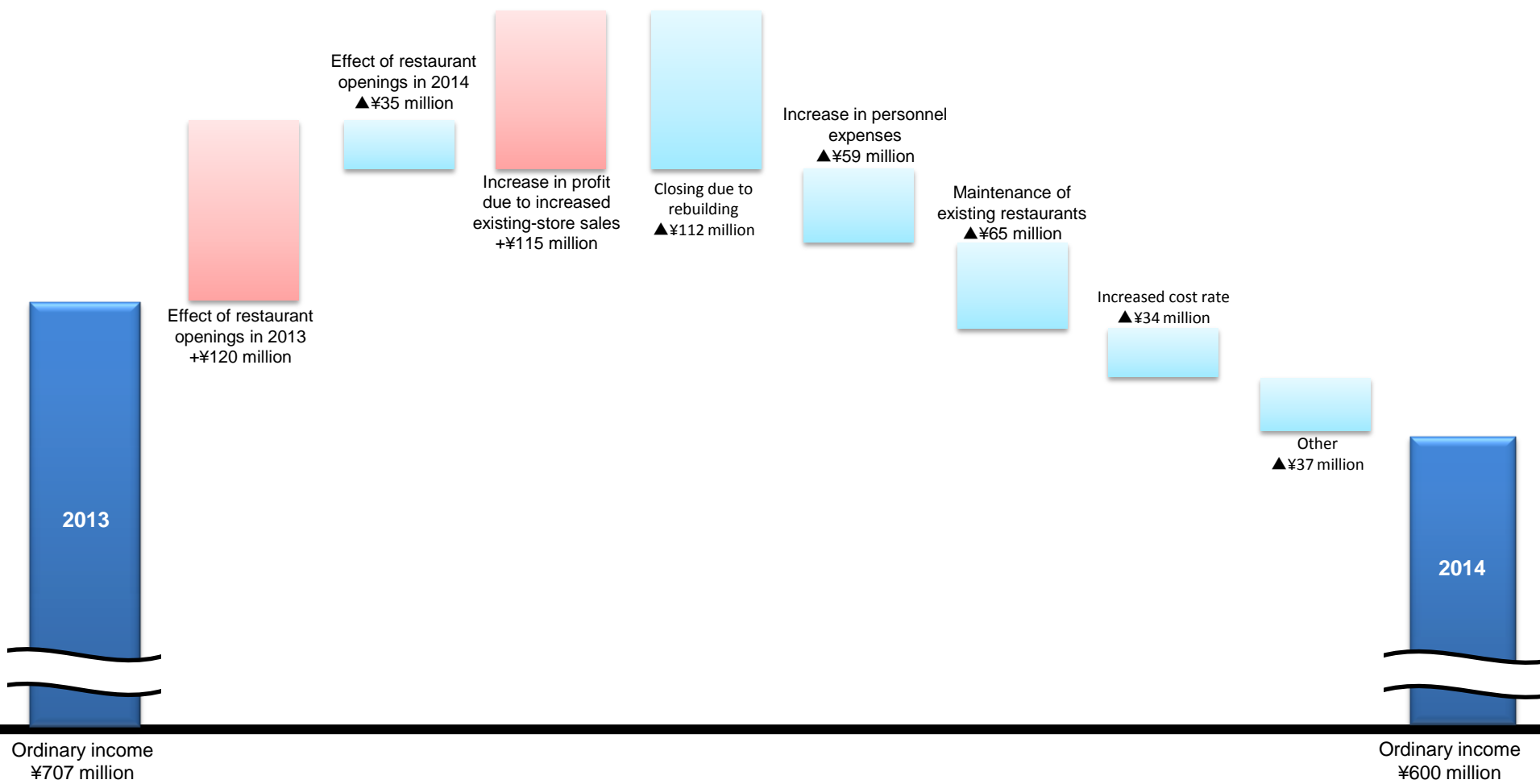
## 2014 Planned Figures

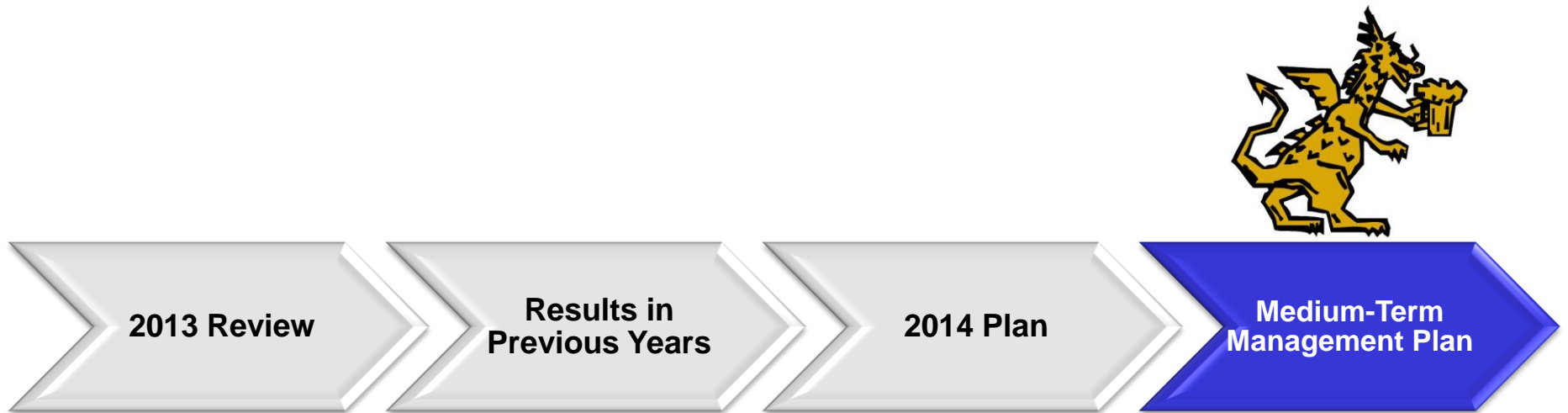
	2013 actual	2014 plan	(Million yen) YoY
Net sales	8,478	9,000	106.2%
FL ratio	59.2%	60.4%	+1.3P
Operating income	703	604	85.9%
Operating margin	8.3%	6.7%	▲1.6P
Ordinary income	707	600	84.9%
Ordinary income margin	8.3%	6.7%	▲1.6P
Net income	427	360	84.3%
Net income per share	¥341.90	¥287.81	▲¥54.30
Dividends	¥84	¥84	±¥0
Existing-store sales YoY	101.9%	102.6%	-
New restaurants	7	4	▲3
Capital investment	560	600	107.1%

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## 2014 Ordinary Income Analysis



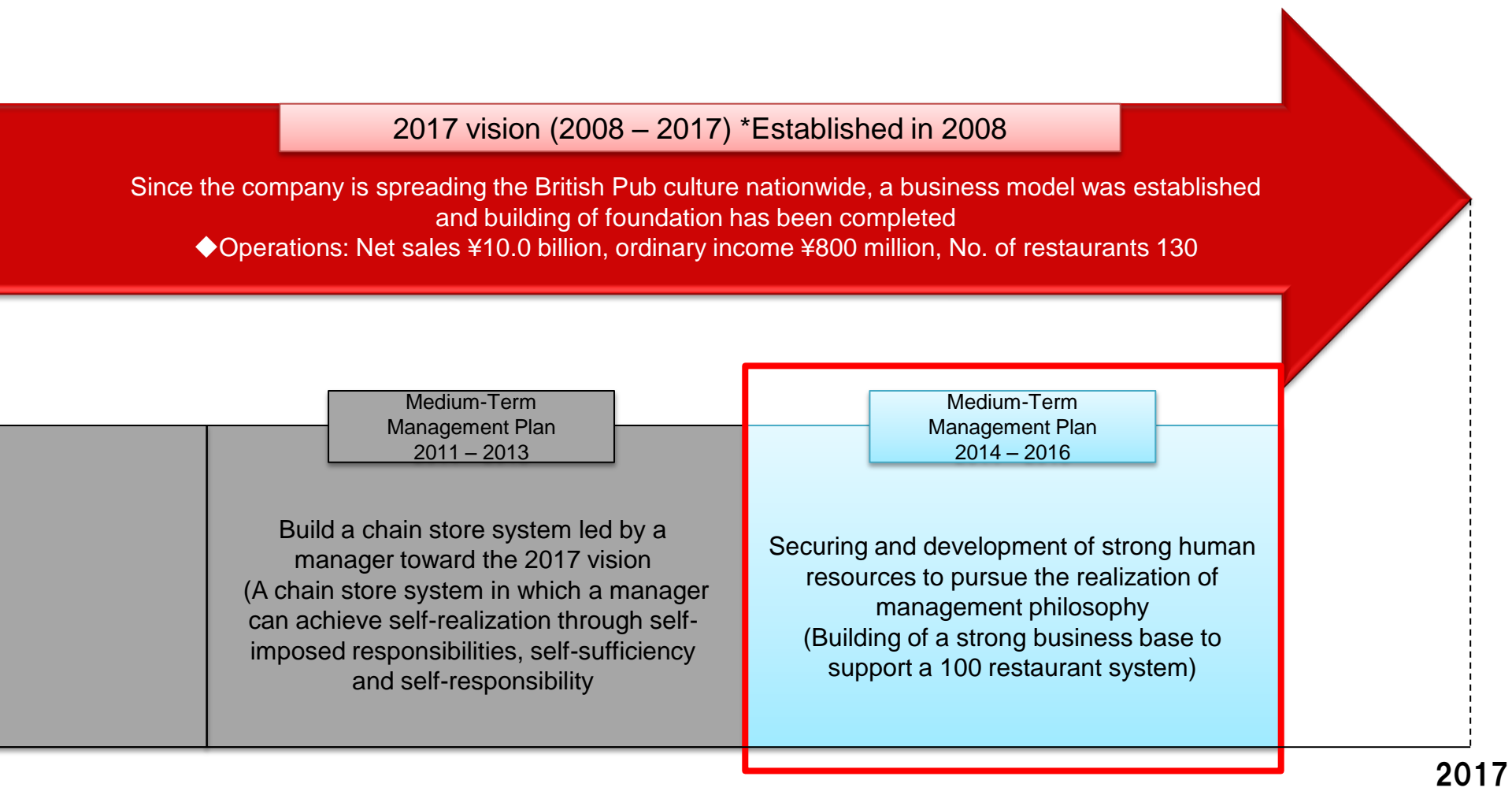




Medium-Term Management  
2014 – 2016  
(FY2/15 – FY2/17)



## Medium-Term Management Plan 2014 – 2016





## Basic Policy and Priority Issues

### Basic policy

Securing and development of strong human resources to pursue the realization of management philosophy

(Building of a strong business base to support a 100 restaurant system)

### Priority issues

1. Acquire human resources
2. Repair and renovation of existing restaurants
3. Creation of value of menu items
4. Improvement of brand
5. Review of sales system



## Priority issue 1. Acquire human resources

To create a 100 restaurant system, HUB will strengthen recruitment activities to acquire necessary human resources strategically and achieve “the highest standards of treatment in the industry” to become a more attractive company

### ● **Achievement of the highest standards of treatment in the industry**

- Increase in remuneration, increase in vacations
- Increase in basic personnel, improvement in work environment due to revision of hourly wage

⇒ **Acquire human resources, which is HUB’s strength in a planned manner by becoming a more attractive company**



## Priority issue 2. Repair and renovation of existing restaurants

Do maintenance of existing restaurants that weren't previously done  
Build a mechanism for regular maintenance

### ● Spend 3 years to renovate all existing restaurants

- Renovate mainly old facilities and raise them to the standards of new restaurants

(Million yen)

	2014	2015	2016	Total
	<ul style="list-style-type: none"> <li>• Maintenance of more than 10 years old restaurants</li> <li>• Full-scale renovation of 1 restaurant</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of 9 – 7 years old restaurants</li> <li>• Full-scale renovation of 1 restaurant</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of 6 - 4 years old restaurants</li> </ul>	
Amount of capital investment	175	125	50	350
Assets posted	110	65	10	185
Expenses posted	65	60	40	165

⇒ Have a 100 restaurant system with all existing restaurants well prepared

### ● Curb the number of new restaurants and open by selecting properties

	2014	2015	2016
No. of restaurants opened	4 restaurants	7 restaurants	8 restaurants



## Priority issue 3. Creation of value of menu items

Reduce purchase cost and improve the ability to procure to realize magazine price and develop killer menu items creating even more attractive menu items

- **Maintenance and reduction of purchase cost**
- **Development of killer menu items**
- **Improvement of magazine price menu items**
  - ⇒ **Reduce purchase cost through continuous negotiation and increased amount of material and improve the value of menu items**



## Priority issue 4. Improvement of brand

By strengthening its brand, HUB will continue to attract new customers as well as existing customers

- **Number of existing customers up 101% YoY  
(aim for 101% every year)**
- **Percentage of sales from members 40%**





## Priority issue 5. Review of sales system

Aim to establish an appropriate sales system to develop managers with ability to operate restaurants

- **Gradually expand area managers' restaurants**
- **Development of strong managers due to the establishment of best manager system**
- **Improvement in sales per man-hour**



## Summary

(Million yen)

	Results in previous years						Medium-term management plan		
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net sales	4,989	5,620	6,402	6,811	7,586	8,478	<b>9,000</b>	<b>9,300</b>	<b>10,000</b>
Cost rate	28.0%	28.1%	27.9%	27.5%	27.2%	27.3%	<b>28.0%</b>	<b>28.0%</b>	<b>28.0%</b>
SG&A expense ratio	3,377 67.7%	3,788 67.4%	4,287 67.0%	4,401 64.6%	4,896 64.5%	5,502 64.9%	<b>5,922</b> <b>65.8%</b>	<b>6,072</b> <b>65.3%</b>	<b>6,444</b> <b>64.4%</b>
FL ratio	59.9%	60.8%	60.8%	60.3%	59.6%	59.2%	<b>60.4%</b>	<b>60.1%</b>	<b>59.6%</b>
Ordinary income margin	241 4.8%	275 4.9%	354 5.5%	560 8.2%	659 8.7%	707 8.3%	<b>600</b> <b>6.7%</b>	<b>670</b> <b>7.2%</b>	<b>800</b> <b>8.0%</b>
Net income	125	154	199	274	357	427	<b>360</b>	<b>400</b>	<b>480</b>
Dividends	¥34	¥34	¥47	¥67	¥79	¥84	<b>¥84</b>	<b>¥84</b>	<b>¥95</b>
No. of restaurants	7	7	6	5	7	7	<b>4</b>	<b>7</b>	<b>8</b>
Reopen	1	-	-	-	-	-	<b>1</b>	<b>-</b>	<b>1</b>
Closing due to rebuilding (scheduled)	-	-	-	-	-	1	<b>3</b>	<b>1</b>	<b>-</b>
No. of restaurants at end of year	53	60	66	71	78	84	<b>86</b>	<b>92</b>	<b>101</b>

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## Achievement of 2017 vision

2017 vision (Established in 2008)

Net sales ¥10.0 billion Ordinary income ¥800 million (No. of restaurants 130)

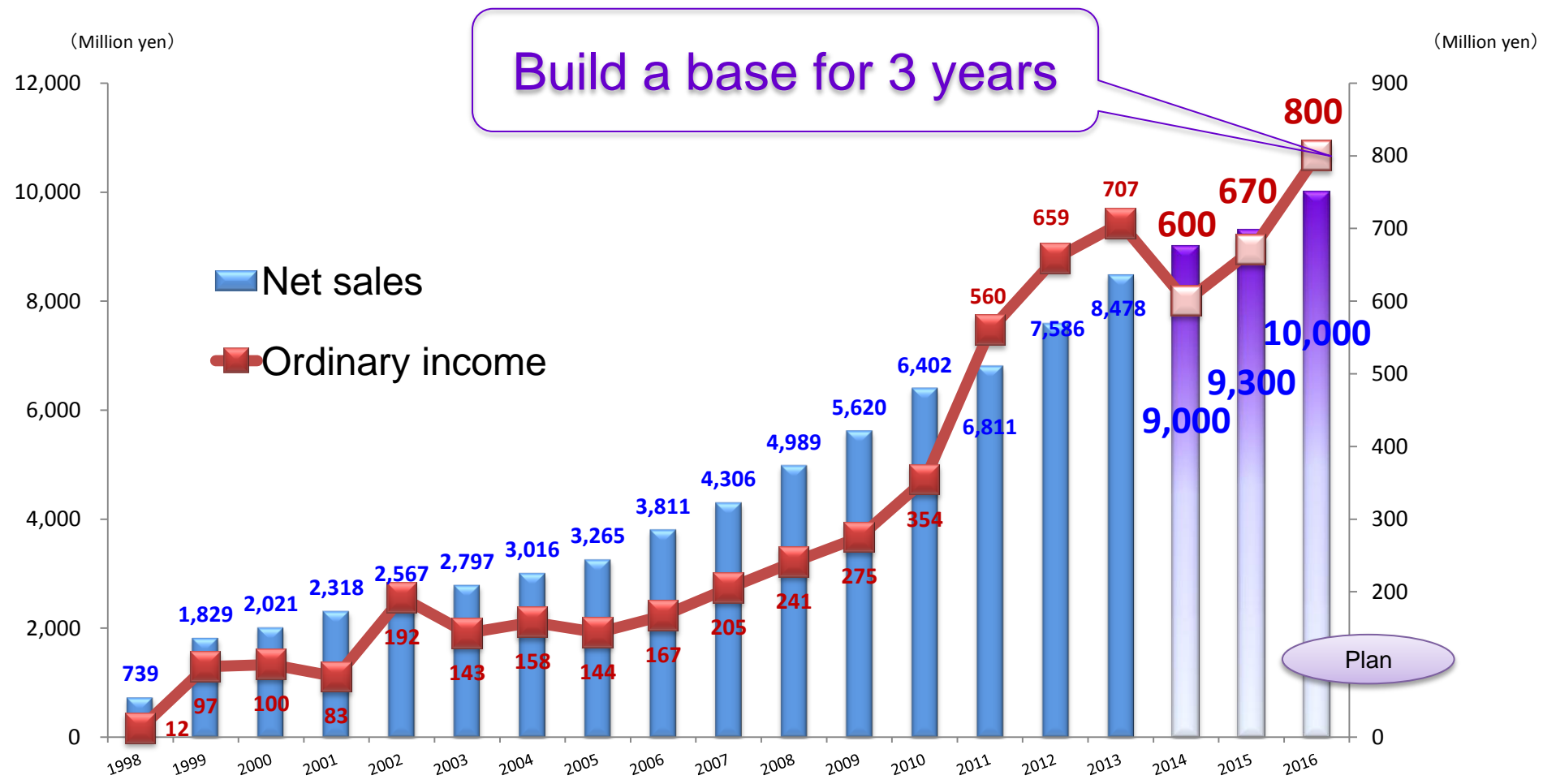
Plan to achieve one year ahead  
of schedule

2016

Net sales ¥10.0 billion Ordinary income ¥800 million (No. of restaurants 101)



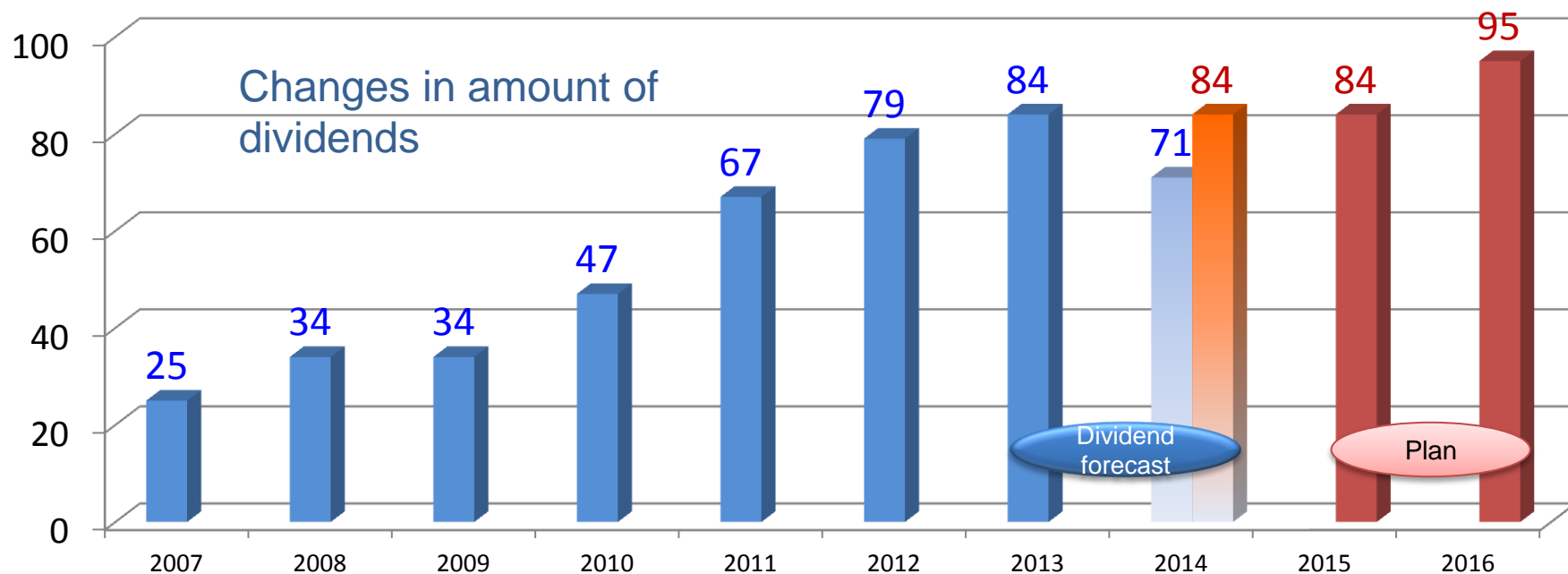
## Changes in Business Results



## Dividend Policy

While securing a certain amount of retained earnings to positively develop business and to prepare for unforeseen business risk, total amount of dividend will be about 15% of ordinary income and a dividend payout ratio of less than 50%.

Dividend for 2014 will be 71 yen when calculating based on the estimated ordinary income of 600 million yen but the company plans to pay 84 yen.



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Thank you for your attention.



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