

Overview of the Nippon Ham Group

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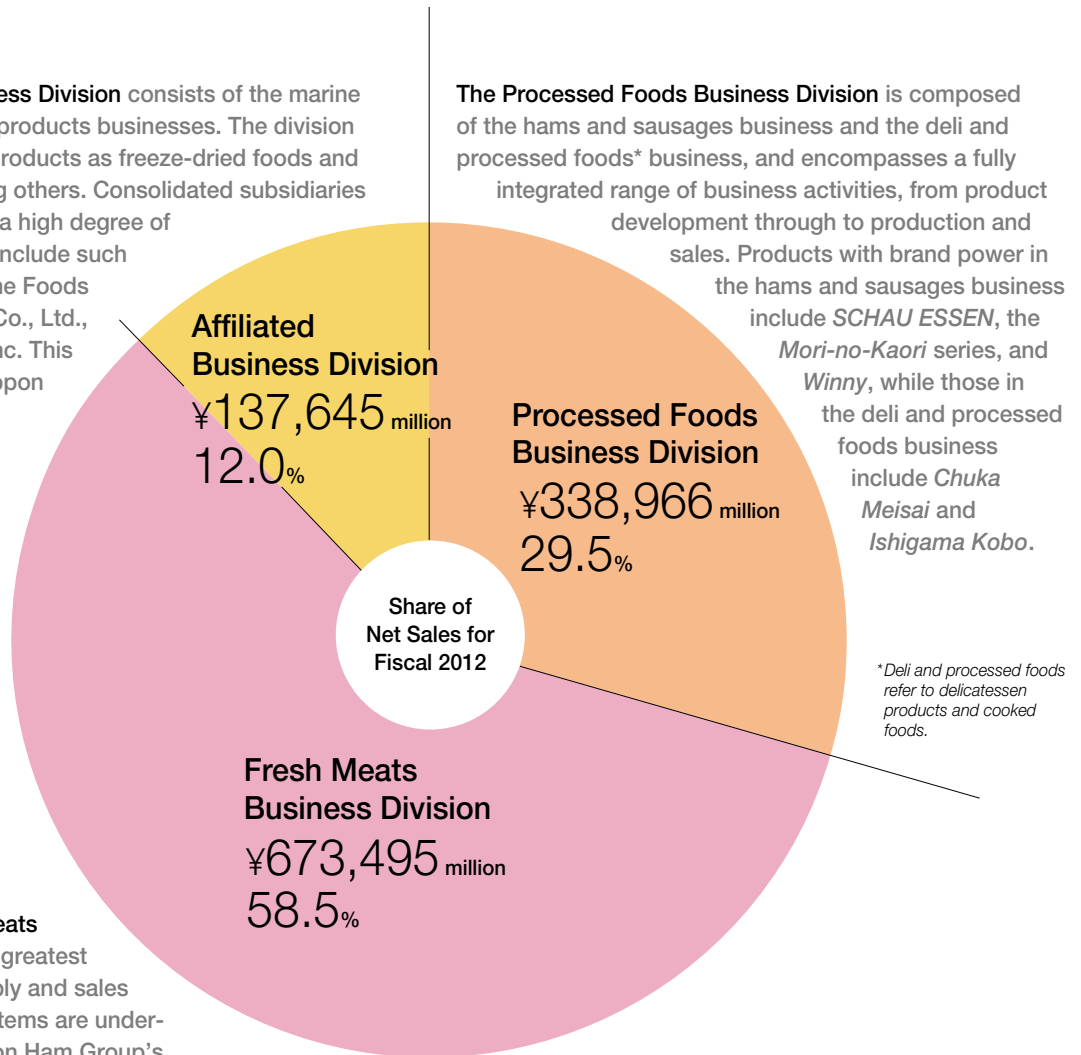


Business Segment

After starting out in hams and sausages, the Nippon Ham Group expanded into processed foods, fresh meats, dairy products, marine products and health foods.

The **Affiliated Business Division** consists of the marine products and dairy products businesses. The division also handles such products as freeze-dried foods and health foods, among others. Consolidated subsidiaries in the division have a high degree of specialization, and include such companies as Marine Foods Corporation, Hoko Co., Ltd., and Nippon Luna, Inc. This ensures that the Nippon Ham Group can continue to provide decisive responses to the increasingly diverse needs of customers.

The **Processed Foods Business Division** is composed of the hams and sausages business and the deli and processed foods* business, and encompasses a fully integrated range of business activities, from product development through to production and sales. Products with brand power in the hams and sausages business include *SCHAU ESSEN*, the *Mori-no-Kaori* series, and *Winnie*, while those in the deli and processed foods business include *Chuka Meisai* and *Ishigama Kobo*.



One of the **Fresh Meats Business Division's** greatest strengths is its supply and sales systems. These systems are underpinned by the Nippon Ham Group's integrated production system, which encompasses all aspects of the fresh meats business from production through to sales. The division will primarily develop fresh meat brands.

*Deli and processed foods refer to delicatessen products and cooked foods.

Note: Net sales figures above are for operating segments and include intersegment transactions.

Business Models

Processed Foods Business Division

Product development

- Employing proprietary consumer monitoring systems, such as the Consumer Delegate Committee System and storefront information.
- Establishing a product development research facility within every core plant to develop technologies and products.
- Allocating chefs at plants to match professional tastes.
- Swift product development.



Production

- 23 domestic and 6 overseas plants.
- Securing Hazard Analysis and Critical Control Point (HACCP) system and ISO certifications and maintaining strict quality management.
- Implementing proprietary ham and sausage skill testing.
- Maintaining quality improvement committees at each plant.



Distribution and sales

- Fine-tuning deliveries through 15 distribution centers nationwide.
- Managing fridge and freezer facilities around the clock.
- Inventory management system that confirms information on inventories and shipments in real time.
- Approximately 70 sales bases in Japan.
- Allocating specialists for supermarkets, convenience stores, restaurants, and other customers.
- Deploying promotions to support sales.
- Constructed in-store information system that channels direct feedback from dialogue between sales representatives and customers to relevant departments.



Main Products

Hams and Sausages Business



SCHAU ESSEN



Utsukushi-no-Kuni



Winny

Deli and Processed Foods Business



Ishigama Kobo
Pizza Margherita



Chuka Meisai
Sweet and sour pork



Chicken nuggets

Fresh Meats Business Division

Farms

Japan:

Chicken: Ships 64 million chickens annually

Pork: Ships 640,000 hogs a year

Overseas:

Pork: Ships 810,000 hogs a year (U.S.)

Beef: Ships 120,000 cattle a year (Australia)



Packing Plants

15 plants in Japan*

Skilled processing and cutting technologies accommodating various needs.

3 plants overseas

First in the industry to provide traceability for each cut of meat.

*Twelve plants are operated by the Fresh Meats Business Division, and three plants are operated by the Processed Foods Business Division.

Distribution Centers

- Established a just-in-time in-house sales and logistics system.
- Constructed a nationwide distribution system.
- One of Asia's largest freezer and refrigerator capacities, at 120,000 metric tons.

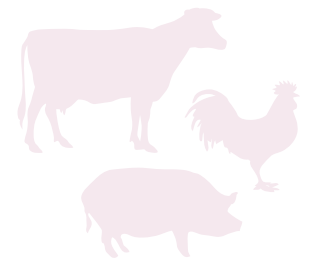
Sales Offices

- Approximately 120 sales offices and 1,300 trucks across the nation.
- A sales network encompassing all of Japan's major cities.



Main Products

Imported Fresh Meats Business

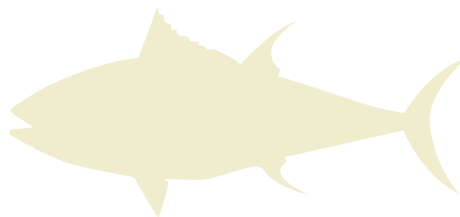


Domestic Fresh Meats Business



Affiliated Business Division

Marine Products Business



Production and sales of processed marine products

- **Marine Foods Corporation** Procures seafood for sushi and processed marine products from Japan and overseas, supplying volume retailers and restaurants through approximately 50 sales offices in Japan. Delivers fresher, tastier products by developing and producing at its own plants and engages in tuna aquaculture in Japan.
- **Hoko Co., Ltd.** Sells raw marine materials in Japan and maintains an export business. Sells canned and frozen foods manufactured under strict quality management at in-house plants.

Dairy Products Business

Production and sales of cheese and other dairy products

- **Hoko Co., Ltd.** Manufactures cheeses with a variety of shapes, tastes, and functions using natural cheese sourced from all over the world. Sells to restaurants, bakeries, and other commercial channels and also markets to consumers.

Production and sales of yogurt and lactic acid probiotic beverages

- **Nippon Luna, Inc.** Develops products from customer perspectives and supplies unique offerings through volume retailers and convenient stores.



Other Businesses

Production and sales of freeze-dried foods

- **Nippon Dry Foods Co., Ltd.** Develops and manufactures ingredients for soups and instant foods, drawing on freeze-dried technologies offering outstanding convenience and storage stability.



Production and sales of health foods

- **Nippon Ham Health Creation Co., Ltd.** Maintains a mail-order business for health foods, including supplements and beverages made using functional materials derived mainly from animal products developed by the Research and Development Center of Nippon Meat Packers.

Main Products

Marine Products Business



Seafood for sushi



Aomori no Shojiki Chub Mackerel

Dairy Products Business



ROLF Baby Cheese



Vanilla Yogurt

Other Businesses



Onion Soup Incorporating Domestically Grown Onions and Camembert Cheese



Glucosamine Chondroitin

Fresh Meats Industry (World)



Major Global Fresh Meats Companies based on Net Sales	Net Sales (Millions of Yen)	Headquarters	Fiscal Year Reported
JBS S.A.	3,521,410	Brazil	Year ended December 2012
Tyson Foods, Inc.	3,162,076	U.S.A.	Year ended September 2012
Brasil Foods S.A.	1,326,611	Brazil	Year ended December 2012
Smithfield Foods, Inc.	1,244,220	U.S.A.	Year ended April 2012
Charoen Pokphand Foods PCL.	1,171,535	Thailand	Year ended December 2012
VION Food Group (non-listed)	1,159,963	Netherlands	Year ended December 2011
Marfrig Alimentos S.A.	1,103,752	Brazil	Year ended December 2012
Nippon Meat Packers, Inc.	1,022,839	Japan	Year ended March 2013
Danish Crown Group	931,058	Denmark	Year ended September 2012
Hormel Foods Corporation	782,078	U.S.A.	Year ended October 2012

Food Industry (Japan)



Major Domestic Food Companies based on Net Sales	Millions of Yen		Fiscal Year Reported
	Net Sales	Operating Income	
Kirin Holdings Co., Ltd.	2,186,177	153,022	Year ended December 2012
Japan Tobacco Inc.	2,120,196	532,360	Year ended March 2013
Suntory Holdings Ltd. (non-listed)	1,851,567	107,744	Year ended December 2012
Asahi Group Holdings, Ltd.	1,579,076	108,437	Year ended December 2012
Ajinomoto Co., Inc.	1,172,442	71,232	Year ended March 2013
Meiji Holdings Co., Ltd.	1,126,520	25,859	Year ended March 2013
Nippon Meat Packers, Inc.	1,022,839	28,021	Year ended March 2013
Yamazaki Baking Co., Ltd.	951,502	24,754	Year ended December 2012
Maruha Nichiro Holdings, Inc.	809,789	11,996	Year ended March 2013
Morinaga Milk Industry Co., Ltd.	591,197	10,166	Year ended March 2013

Fresh Meats Industry (Japan)

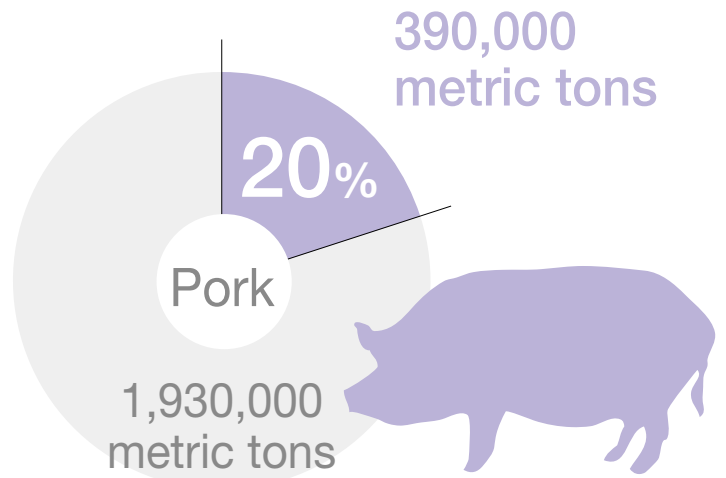
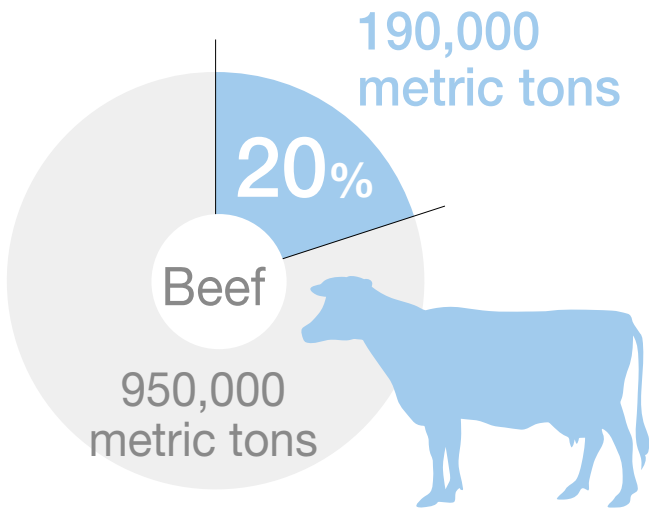


Major Domestic Fresh Meats Companies based on Net Sales	Millions of Yen		Fiscal Year Reported
	Net Sales	Operating Income	
Nippon Meat Packers, Inc.	1,022,839	28,021	Year ended March 2013
Itoham Foods Inc.	438,827	5,659	Year ended March 2013
Prima Meat Packers, Ltd.	275,647	7,259	Year ended March 2013
Starzen Co., Ltd.	254,124	1,830	Year ended March 2013
Marudai Food Co., Ltd.	207,009	3,314	Year ended March 2013
S Foods Inc.	148,097	5,166	Year ended February 2013
Yonekyu Co., Ltd.	142,372	484	Year ended February 2013
Hayashikane Sangyo Co., Ltd.	45,482	319	Year ended March 2013
Takizawa Ham Co., Ltd.	28,130	(27)	Year ended March 2013
Fukutome Meat Packers, Ltd.	27,843	327	Year ended March 2013

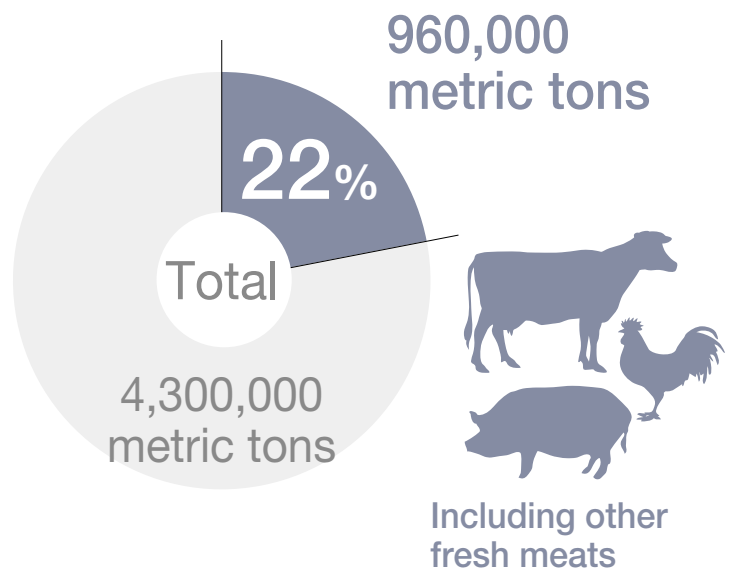
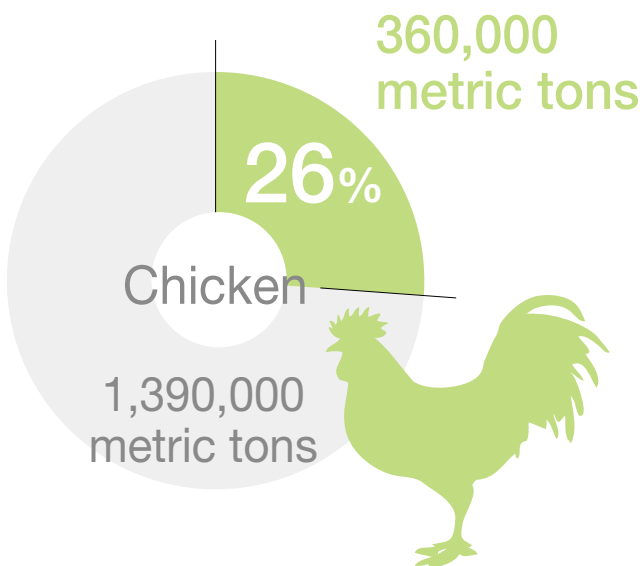
- Notes: 1. Operating results are taken from published financial data for the most recent fiscal year, with the exception of JBS S.A. and Brasil Foods S.A., for which pro forma figures are used for comparison purposes only.
 2. Net sales for companies outside of Japan are translated into yen at the closing rate as of March 31, 2013.
 3. Japan Tobacco Inc. uses International Financial Reporting Standards (IFRS).
 4. Based on Nippon Meat Packers data.

*Domestic market shares by sales volume in fresh meats (domestic and imported)

Top Integrator in All Three Key Livestock Species

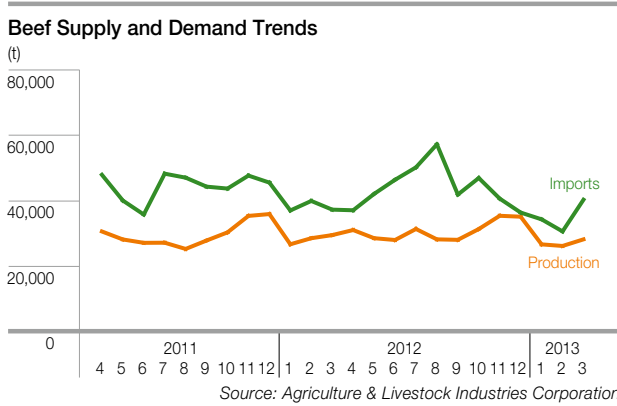


Top Market Share

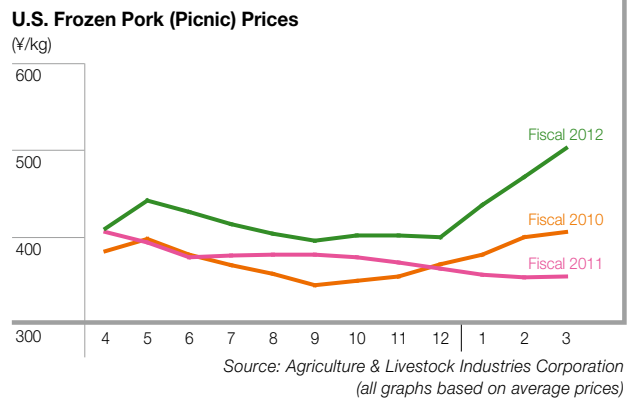
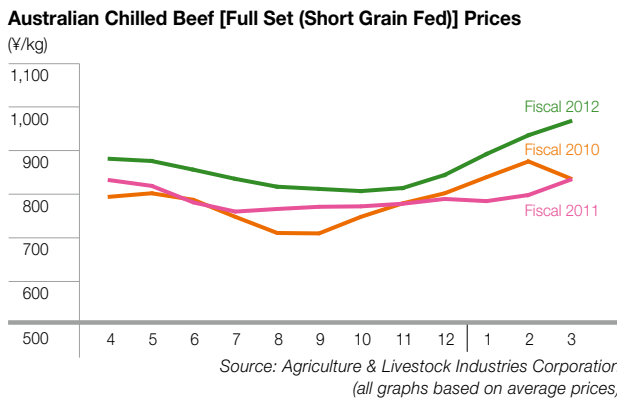
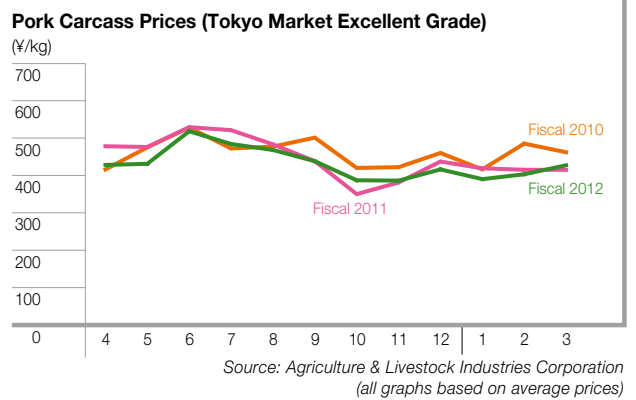
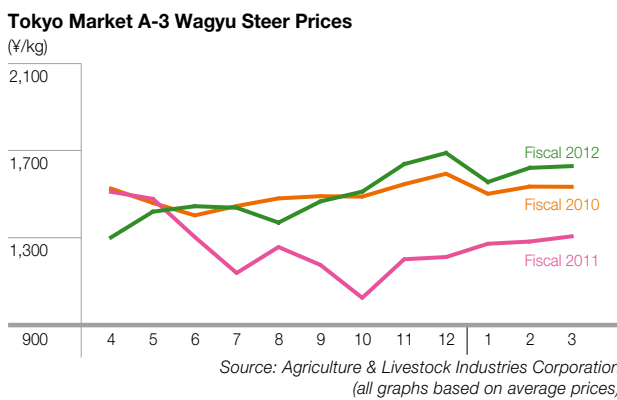
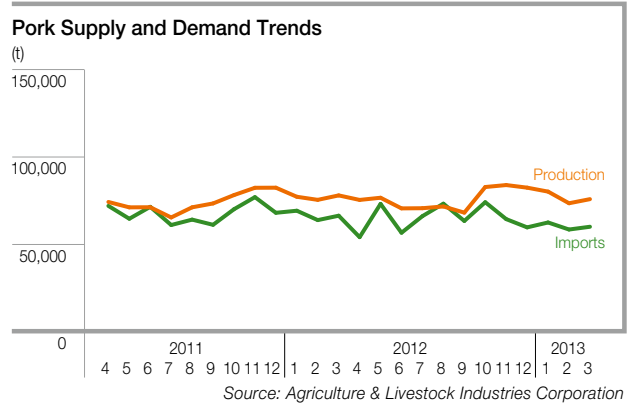


The Nippon Ham Group produces and sells fresh meats worldwide. As such, its operating results are affected by such factors as fluctuations in meat supply and demand. This page looks at key meat and feed market trends in Japan.

Prices and Supply/Demand for Beef



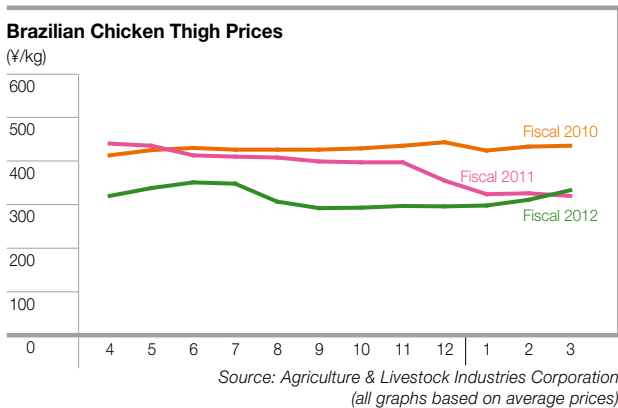
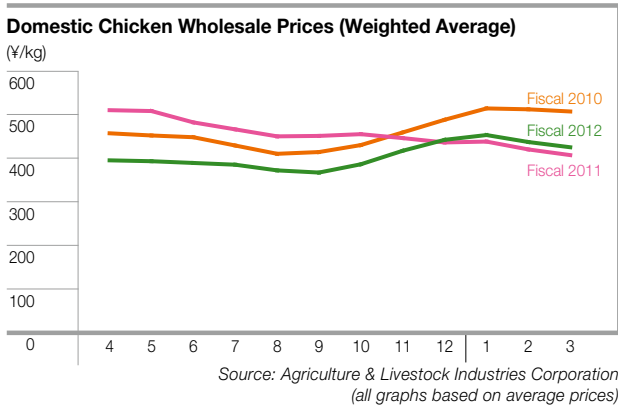
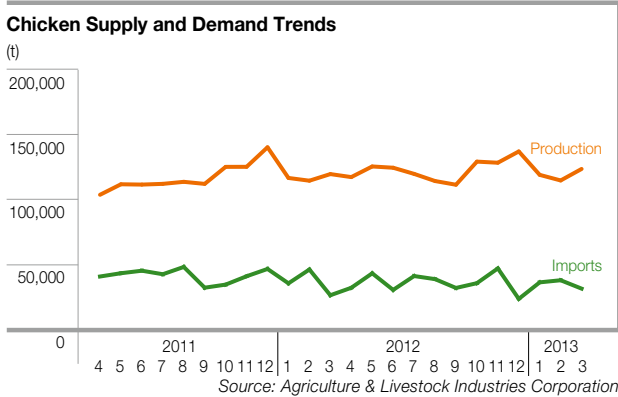
Prices and Supply/Demand for Pork



- Domestic beef market prices were high, as demand recovered from the impact of cesium contamination issues, while the number of head of cattle shipped trended downward.
- Australian beef prices surged in the second half owing to the yen's depreciation. Import volumes were around the same as in previous years, reflecting a licensee attitude toward the relaxation of the ages of U.S.-produced beef.

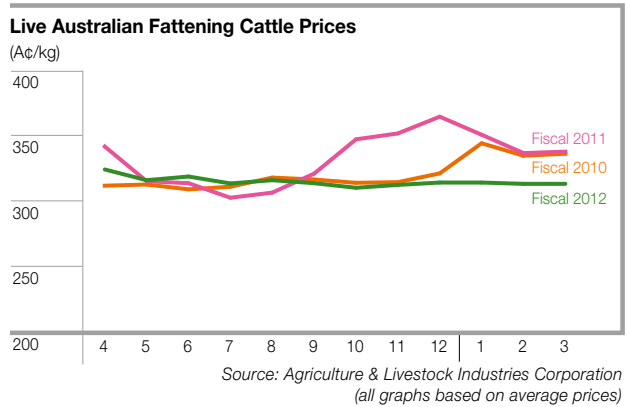
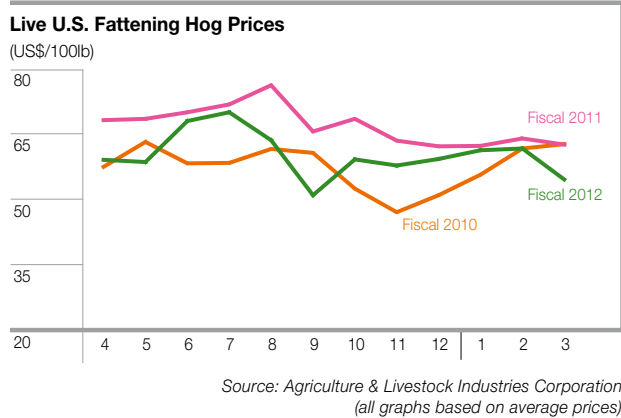
- Domestic pork prices were relatively low because of favorable production. Prices trended upward with those of imported pork from the start of the year.
- Market prices were high as customs-cleared volumes of imported pork declined throughout the year, while the yen declined in the second half.

Prices and Supply/Demand for Chicken



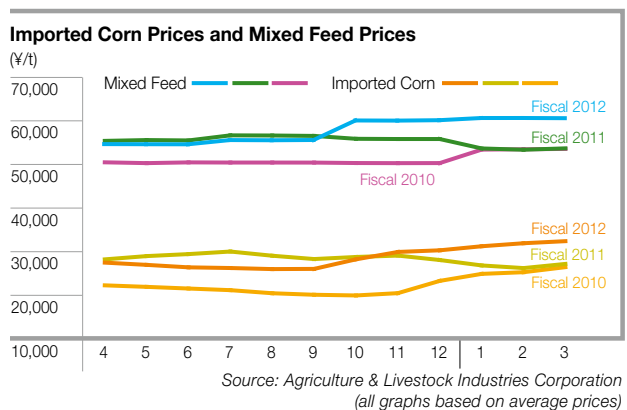
- Domestic chicken volumes rose on favorable production, and prices remained low from the second half of fiscal 2010 and throughout fiscal 2012.
- Chicken imports were low as a result of surplus inventories in the market, but rose from the start of this year amid increasing local prices and the yen's decline.

Overseas Livestock Prices



- The American live hog market was relatively weak, as a drought failed to translate into higher prices.
- The Australian market for fattening cattle was stable, reflecting stable prices for breeding stock.

Feed Prices



- Corn prices remained high owing to a drought in the U.S. Midwest. Feed prices soared from the second half of the fiscal year as the yen declined.

The Early Days

- 1942**
● **March** Yoshinori Okoso founded the Tokushima Meat Processing Plant located in Terashima-honcho, Tokushima-shi, Japan.
- 1945**
● **July** Tokushima Meat Processing Plant burned down during the war.
- 1948**
● **August** Operations restarted with the opening of a new plant in Bandai-cho, Tokushima-shi, Japan.
- 1951**
● **December** Reorganized the company to form Tokushima Ham Co., Ltd.
- 1952**
● **January** Osaka office upgraded to branch status. Offices also opened in Kobe, Okayama, and Takamatsu.
- 1956**
● **May** Osaka Plant opened.
- 1961**
● **October** Listed on the 2nd Section of the Osaka Securities Exchange.
- 1962**
● **February** Listed on the 2nd Section of the Tokyo Stock Exchange.
- 1963**
● **April** Ibaraki Plant opened.



Opened branches in Kobe, Okayama, and Takamatsu



Listed on the 2nd Section of the Osaka Securities Exchange

The Creation of Nippon Ham

- 1963**
● **August** Merged with Torisei Ham Co., Ltd., and renamed Nippon Meat Packers, Inc.
- 1964**
● **February** Businesses integrated under the Nippon Ham brand, with advertising starting nationwide.
- 1966**
● **February** Launched *Winny* brand nationwide.
- 1967**
● **December** Stock listing changed to the 1st section of both the Osaka Securities Exchange and Tokyo Stock Exchange.
- 1968**
● **February** Established a consumer service office.
- **March** Entered the farm business with establishment of Nippon Broiler Co., Ltd. as a joint company.
- 1969**
● **September** Introduced Consumer Delegate Committee System
- 1973**
● **April** Implemented an integrated production system of fresh meats with establishment of Nippon Pork Co., Ltd. (now Nippon Food Packer Kagoshima, Inc.)



Merger agreement signing ceremony for Tokushima Ham and Torisei Ham



Plant interior at the time

Progressing toward Tomorrow

- 1973**
● **November** Pro baseball team Nippon-Ham Fighters Baseball Club, established.
- 1977**
● **March** Began development of distribution and sales setup of fresh meats with establishment of Sendai Food, Co., Ltd.
- **March** Began overseas expansion with acquisition of Day-Lee Meats, Inc., of Los Angeles, USA (now Day-Lee Foods, Inc.).
- 1979**
● **April** Full entry into the processed foods business with establishment of Nippon Ham Shokuhin Co., Ltd.
- 1981**
● **July** Entered the marine foods processing business with acquisition of the Marine Foods Corporation.
- 1984**
● **March** Entered freeze-dried foods business with establishment of Nippon Dry Foods Co., Ltd.
- 1988**
● **July** Implemented an integrated system from production to marketing of fresh meats overseas with purchase of the Whyalla Feedlot (Australia).
- 1992**
● **July** Entered the lactic acid bacterial beverages business with acquisition of Kansai Luna, Inc. (now Nippon Luna, Inc.).
- 1993**
● **December** Participated in the establishment and operation of Osaka Football Club Co., Ltd., team Cerezo Osaka.
- 1995**
● **February** Entered the hog farming business in the USA with the establishment of Texas Farm, LLC in Perryton, Texas.
- **March** Established Nippon Pure Food, Inc. to bolster natural flavoring business.
- 1999**
● **November** Ono Plant is the first in the industry to receive ISO 14001 certification.
- 2002**
● **August** A scandal was exposed within the Nippon Ham Group.
- 2003**
● **July** Purchased shares in Hoko Co., Ltd. (formerly Hoko Suisan Co., Ltd.) to strengthen the company's position in the marine foods and dairy products businesses.
- 2004**
● **August** Purchased shares in Maruwa & Co., Inc. (now Nippon Ham Health Creation Co., Ltd.) to strengthen the company's position in the health foods business.
- 2010**
● **January** Started carbon footprint labeling on ham and sausage products.
- 2012**
● **March** The Nippon Ham Group celebrated its 70th anniversary.



Taking over the business of Marine Foods



Purchasing Kansai Luna (now Nippon Luna)



Established Texas Farm



Ono Plant received the first ISO 14001 certification in industry