

Results for First Quarter of FY3/10

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Nippon Meat Packers, Inc.**



Contents

- 1. Consolidated Business Results for First Quarter of FY3/10**
- 2. Outlook for FY3/10**
- 3. Summary of Financial Results for First Quarter of FY3/10**

Consolidated Business Results for First Quarter of FY3/10

- 1. First Quarter of FY3/10: Business Results at a Glance**
- 2. First Quarter of FY3/10: Results by Geographical Segment**
- 3. First Quarter of FY3/10: Highlights of Business Results**
- 4. Results by Operating Segment**
- 5. Factor Analysis: Operating Income, Year-on-year Change and Comparison with First Half and Full-term Forecast**
- 6. Operating Segment Data: Processed Foods Business Division**
- 7. Operating Segment Data: Fresh Meats Business Division**
- 8. Operating Segment Data: Affiliated Business Division**
- 9. Business Results in Major Overseas Markets**

First Quarter of FY3/10: Business Results at a Glance

(¥ million, %)

Consolidated	FY3/09 results			FY3/10 results and forecasts					
	1st quarter	1st half	Full term	1st quarter	Difference	1st half	Difference	Full term	Difference
Net sales	265,713	535,705	1,028,449	236,531	(11.0)	532,000	(0.7)	1,060,000	3.1
Hams and sausages	30,674	65,054	138,876	32,017	4.4	69,000	6.1	142,000	2.2
Processed foods	47,142	94,690	187,456	44,586	(5.4)	96,000	1.4	192,000	2.4
Fresh meats	153,546	307,285	566,423	127,890	(16.7)	299,000	(2.7)	585,500	3.4
Beef	56,231	113,950	206,902	48,694	(13.4)	112,000	(1.7)	217,500	5.1
Pork	58,143	115,449	213,838	47,253	(18.7)	114,000	(1.3)	218,500	2.2
Poultry	33,930	66,877	123,874	26,254	(22.6)	62,000	(7.3)	127,500	2.9
Other fresh meats	5,242	11,009	21,809	5,689	8.5	11,000	(0.1)	22,000	0.9
Marine products	19,675	41,438	83,759	19,383	(1.5)	42,000	1.4	86,500	3.3
Dairy products	5,572	10,936	22,215	5,661	1.6	11,000	0.6	23,000	3.5
Others	9,104	16,302	29,720	6,994	(23.2)	15,000	(8.0)	31,000	4.3
Cost of goods sold	214,255	430,975	833,564	190,525	(11.1)				
Gross profit	51,458	104,730	194,885	46,006	(10.6)				
Gross profit ratio	19.4%	19.5%	18.9%	19.5%	0.1				
SG&A expenses	41,720	84,477	173,468	42,369	1.6				
Operating income	9,738	20,253	21,417	3,637	(62.7)	9,000	(55.6)	24,000	12.1
Income before income taxes	11,634	11,379	6,287	4,953	(57.4)	6,000	(47.3)	18,000	186.3
Net income	7,511	6,476	1,657	3,161	(57.9)	3,500	(46.0)	10,000	503.5

* Reclassified amounts that were originally calculated in accordance with U.S. accounting standards

* Operating income is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, in accordance with the Japanese accounting practices.

* Year-on-year comparisons are expressed as % increases/decreases.

First Quarter of FY3/10: Results by Geographical Segment

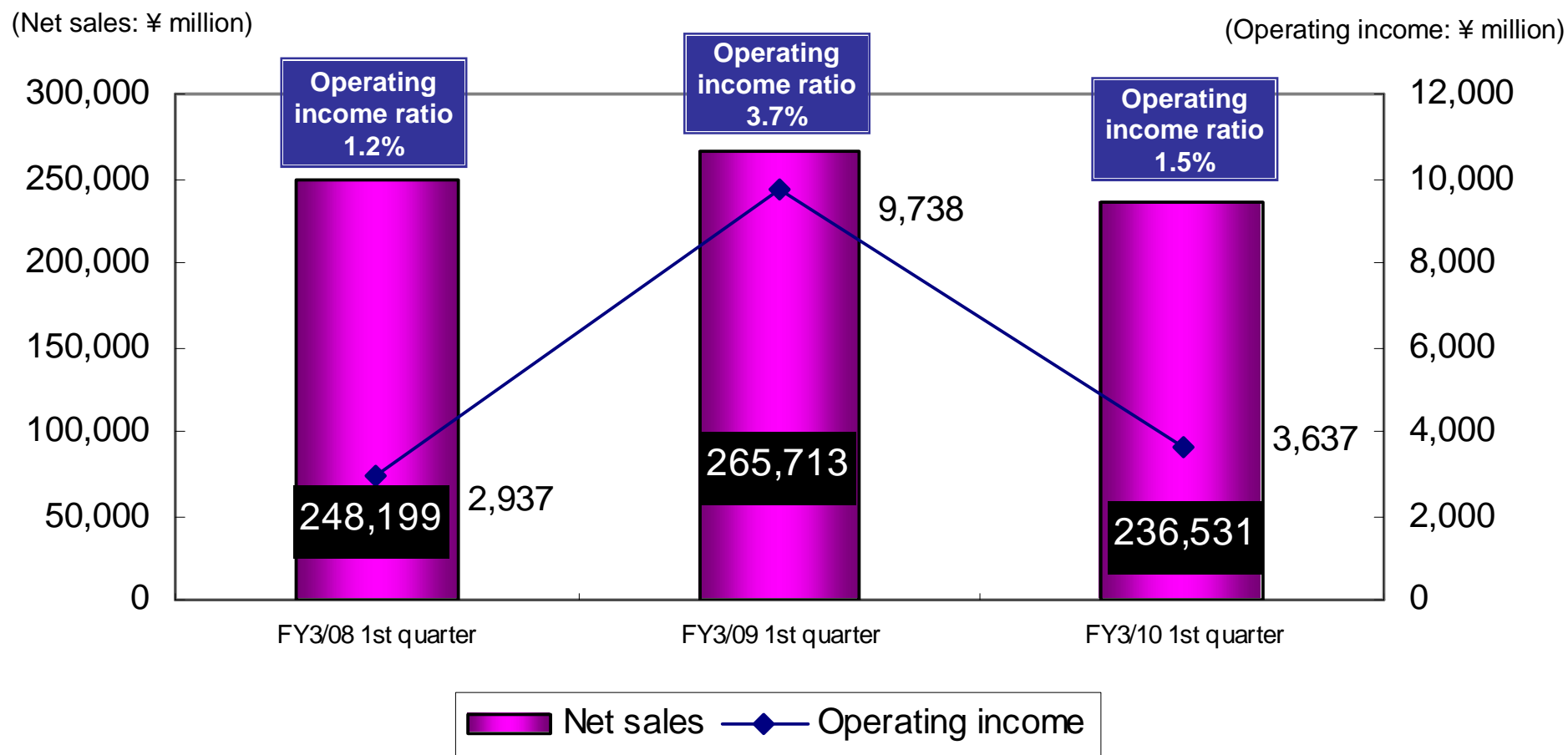
(¥ million, %)

Consolidated	FY3/09 results			FY3/10 results and forecasts					
	1st quarter	1st half	Full term	1st quarter	Difference	1st half	Difference	Full term	Difference
Domestic									
Net sales	241,406	488,595	953,245	219,982	(8.9)	491,500	0.6	981,000	2.9
External customers	241,185	488,098	952,490	219,886	(8.8)	491,000	0.6	980,000	2.9
Intersegment	221	497	755	96	(56.6)	500	0.6	1,000	32.5
Operating income	9,524	19,730	21,248	4,014	(57.9)	-	-	-	-
Operating income ratio	3.9%	4.0%	2.2%	1.8%	(2.1)	-	-	-	-
Overseas									
Net sales	45,405	94,671	161,655	35,438	(22.0)	89,150	(5.8)	172,200	6.5
External customers	24,528	47,607	75,959	16,645	(32.1)	41,000	(13.9)	80,000	5.3
Intersegment	20,877	47,064	85,696	18,793	(10.0)	48,150	2.3	92,200	7.6
Operating income (loss)	130	551	411	(280)	-	-	-	-	-
Operating income ratio	0.3%	0.6%	0.3%	-	-	-	-	-	-

* Sales by geographic segment are before intersegment elimination.

* Year-on-year comparisons are expressed as % increases/decreases.

Net sales and operating income (consolidated)



Results by Operating Segment (Consolidated)

(¥ million, %)

	FY3/09 1st quarter results			FY3/10 1st quarter results		
	Sales	Operating income	Operating income ratio	Sales	Operating income (loss)	Operating income ratio
Processed Foods Business Division	78,657	848	1.1	77,675	1,631	2.1
Fresh Meats Business Division	186,675	8,421	4.5	156,044	1,941	1.2
Affiliated Business Division	32,222	307	1.0	32,174	(115)	-
Elimination and Other Adjustments	(31,841)	162	-	(29,362)	180	-
Total	265,713	9,738	3.7	236,531	3,637	1.5

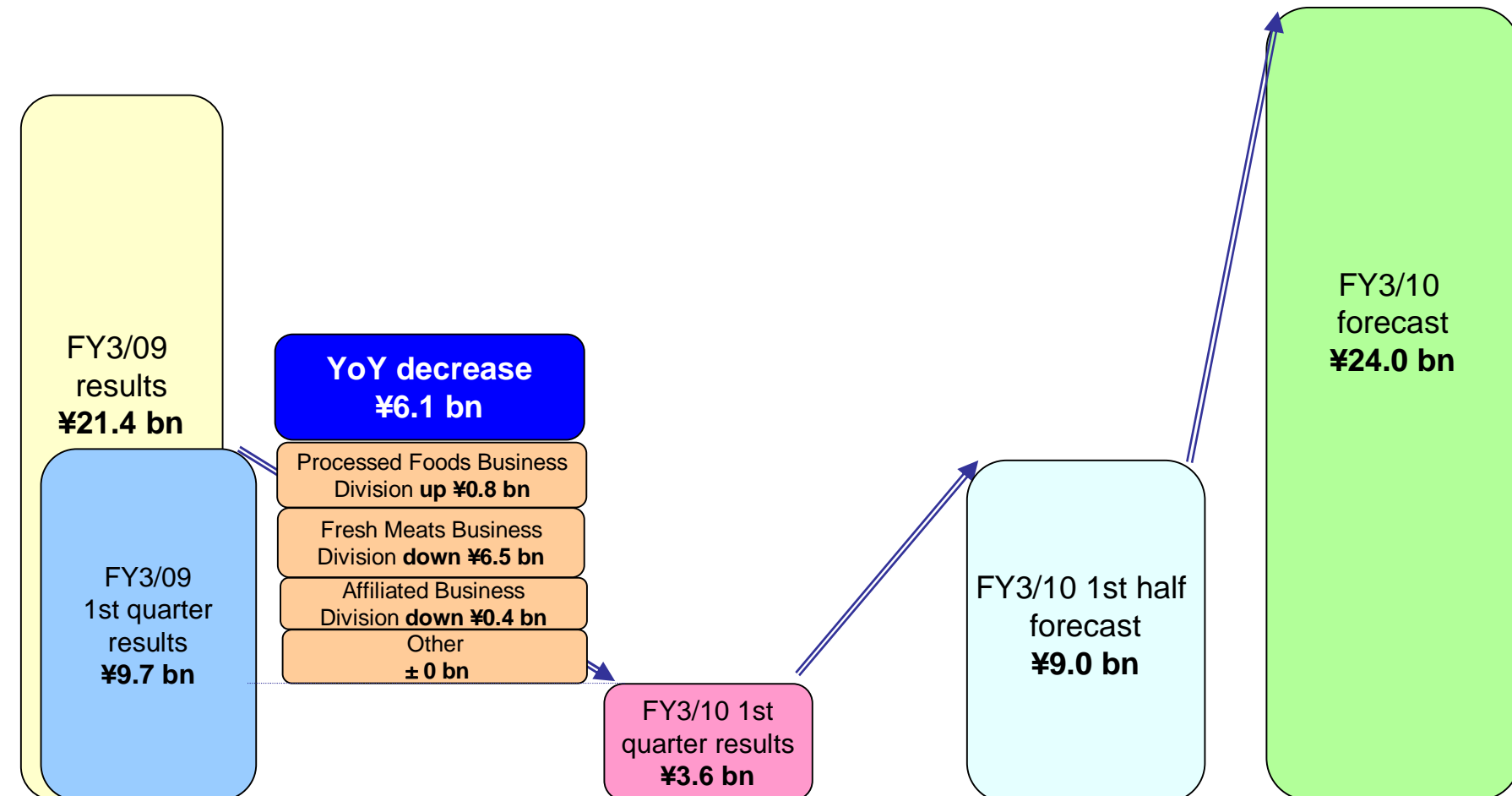
*Sales by operating segment and sales values in Page 3 of this presentation (by category) do not necessarily correspond (due to intersegment transactions).

*Sales for each segment include intersegment sales.

*Previous-year results for each segment are restated to comply with changes in segmentation at certain subsidiaries.

Factor Analysis: Operating Income, Year-on-year Change and Comparison with First Half and Full-term Forecast

Factor analysis: operating income increase for 1st quarter



Processed Foods Business Division

(¥ million)

	FY3/09 1st quarter results	FY3/10 1st quarter results	Difference	Difference (%)
Sales	78,657	77,675	(982)	(1.2)
Operating income	848	1,631	783	92.3

Sales

- Overall sales of ham and sausage products were favorable thanks to expansion in sales of priority mainline products, particularly SCHAU ESSEN, as well as growth in sales of ham products such as Shinsen Seikatsu “ZERO.”
- Meanwhile, consumer sales of other processed foods grew due to the growth in cooking-at-home. Conversely, sales to restaurants, etc. were weak.
- Total sales by the Processed Foods Business Division posted a year on year decline of 1.2%.

Operating income

- As per the start-of-term forecast, we saw the benefits from declines in prices of raw ingredients and materials.
- Aggressive measures were taken to stimulate sales, including TV advertising prior to and during the summer gift-giving season, increase in the volume of certain products, and the launching of new versions.
- Total operating income for the Processed Foods Business Division increased by 92.3% over the previous 1st quarter.

Fresh Meats Business Division

(¥ million)

	FY3/09 1st quarter results	FY3/10 1st quarter results	Difference	Difference (%)
Sales	186,675	156,044	(30,631)	(16.4)
Operating income	8,421	1,941	(6,480)	(77.0)

Sales

- Sales volume in the Japanese market declined only slightly, but falling market prices led to a decline in sales revenue by 11.1% year on year. Overseas, weaker demand caused lower sales volume, leading to a year on year drop of 22.0% in sales revenue.
- Total sales for the Fresh Meats Business Division posted a year on year decrease of 16.4%, due partially to the extraordinarily good performance for the previous year.

Operating income

- As a result of lower livestock market prices both in Japan and overseas, as well as unrealized losses on inventory, the earnings situation was very difficult for both the Group's farm operations and the fresh meats sales business.
- In addition to an overall decline in gross profit due to the fall in sales, the year on year comparison was stark due to last year's strong performance. Overall operating income for the Fresh Meats Business Division plunged 77.0% year on year.

Affiliated Business Division

(¥ million)

	FY3/09 1st quarter results	FY3/10 1st quarter results	Difference	Difference (%)
Sales	32,222	32,174	(48)	(0.1)
Operating income (loss)	307	(115)	(422)	-

Sales

- Marine Foods Corp. increased sales to volume-retailers, but total sales stagnated due to sluggish sales to sushi shops and restaurants.
- Hoko Co., Ltd. worked to grow sales of fresh seafood, but overall sales were down due to decline in sales of processed items.
- Nippon Luna Inc. took steps to expand sales of mainline products such as *vanilla yogurt* and *zero-fat fruit yogurt*, and total sales were roughly the same as the previous 1st quarter.

Operating income

- Hoko Co., Ltd. was still impacted by the high costs of inventories purchased in the previous term such as raw materials for processed cheese and frozen seafood, and profitability was difficult.
- Operating income/loss accounts at other subsidiaries and associated companies posted improvements over previous-year levels, but in total, the Affiliated Business Division posted an operating loss.

Overseas sales by region

(¥ million)

		FY3/09 1st quarter results	FY3/10 1st quarter results	Difference	Difference (%)
Overseas sales	Sales	45,405	35,438	(9,967)	(22.0)
	Operating income	130	(280)	(410)	-
Australia	Sales	20,234	14,085	(6,149)	(30.4)
	Operating income	241	(248)	(489)	-
U.S.	Sales	18,338	15,305	(3,033)	(16.5)
	Operating income	(135)	(458)	(323)	-
Other regions	Sales	7,792	6,921	(871)	(11.2)
	Operating income	34	418	384	-

* Sales figures are prior to consolidation adjustments. (The figures for all overseas segments do not add up to the overseas total, by reason of the elimination of intersegment transactions.)

* Australia and the U.S. account for approximately 80% of overseas sales. Other overseas markets are in East Asia and Europe.

* The U.S. includes Canadian and South American businesses.

Overseas sales by major region

- In Australia, beef selling prices declined due to reduced global demand, while a decreased volume of leather sales also helped pull down total sales.
- In the U.S., domestic market-hog prices remained weak, leading to lower sales.

Operating income by region

- An operating loss was posted in Australia due to a fall in beef selling prices.
- Operating loss widened in the U.S., as market-hog prices failed to recover.
- In Other regions, primarily Asia, an improvement of around ¥400 million was posted, but overall, the overseas segment posted an operating loss of about ¥300 million.



Outlook for FY3/10

- 1. Processed Foods Business Division: Outlook**
- 2. Fresh Meats Business Division: Outlook**
- 3. Affiliated Business Division: Outlook**

Processed Foods Business Division: Outlook

● Measures to increase sales

· Summer gift-giving season sales

Sales of flagship brand **Utsukushi-no-kuni** posted growth thanks to TV advertising, while sales of ZERO-brand gifts benefited from collaboration with consumer sales channel operators. Overall figures were on target.

· Expand sales of major brands and new products

YoY sales comparison of major brand products for 1st quarter of FY3/10

SCHAU ESSEN	107%	Chuka Meisai	101%
Mori no Kaori Wiener	93%	Ishigama Kobo	95%
Hams	118%	Prefried	84%
Bacon	124%	Hamburgers / Meatballs	106%

· Sales by channel

YoY growth in sales by channel for 1st quarter of FY3/10

	Consumer	Commercial-use	Total
Hams and sausages	106%	100%	105%
Processed foods	98%	91%	95%

● Forecast for increases in costs for raw materials and secondary ingredients

· Initial forecast: ¥5 bn in cost cuts for full term



· New forecast as of 1st quarter-end: **no change from initial forecast**

● Factor analysis: Forecasts for change in operating income in FY3/10

· Initial target for FY3/10 Forecast a ¥2.4 bn increase in operating income

· Results for 1st quarter **Increase of around ¥0.8 bn in operating income**

Summer gift sales volume: FY3/09 and targets for FY3/10

(thousands;%)

	Summer gift sales volume
FY3/09	1,694
FY3/10 forecasts	1,860
YoY increase	110%

Sales of **SCHAU ESSEN** remained brisk thanks to a recent TV advertising. Ham sales were also good, led by sales of **Shinsen Seikatsu “ZERO”** products.

Sales of other processed foods benefited from consumers' renewed interest in cooking-at-home, with a recovery in sales of Chuka Meisai series products and hamburgers and meatballs, but sales of prefried foods and the Ishigama Kobo series were sluggish.

Sales of hams and sausages were brisk thanks to the rise of cooking-at-home, while a growth in consumer sales was not enough to offset the fall in commercial sales, particularly to restaurants, on which processed food products depend heavily.

(¥ billion)

	Initial forecast for FY3/10	New estimate as of 1st quarter -end	Results for 1st quarter
Principal raw materials prices	(3.7)	(3.7)	(0.6)
Other materials / logistics costs	(1.3)	(1.3)	(0.3)
Total	(5.0)	(5.0)	(0.9)

· Total cost decrease for 1st quarter: **Approximately ¥0.9 bn**

(¥ billion)

	Initial target for FY3/10	Results for 1st quarter of FY3/10
Total for cost reduction factors	7.2	2.1
Lower principal raw materials prices	3.7	0.6
Lower other materials / logistics costs	1.3	0.3
Manufacturing improvements	1.5	0.9
Restructuring of operations	0.5	0.3
Sales increases	0.2	-
Total for cost increase factors	(4.8)	(1.3)
Sales promotion / product overhauls	(2.5)	(0.5)
TV advertising	(0.5)	(0.4)
Start-up cost for new logistics center	(1.8)	(0.3)
Other factors	-	(0.1)
Total	2.4	0.8

Fresh Meats Business Division: Outlook

Current status of overseas businesses

Australia

Earnings outlook bleak due to sluggish demand worldwide for beef and leather.

U.S.

Earnings outlook bleak despite falling feed prices, due to declining demand (including exports) and falling market-hog prices.

Outlook for overseas businesses

Australia

We will be taking further steps to cut costs and strengthen marketing until the overseas market recovers.

U.S.

We are taking measures to improve productivity at our farms in Texas and to reduce feed prices.

Current status of production businesses in Japan

State of feed prices

Falling at the moment

State of farm operations in Japan

Feed prices are falling, but product prices are also falling, and business will be difficult.

Outlook for production businesses in Japan

Outlook for feed prices

Slight rise seen in 2nd quarter (July-September), but after that prices should stay at the 1st-quarter level.

Outlook for farm operations in Japan

Working to secure cost-competitiveness through improvements in productivity and cost reductions.

Current status of sales businesses in Japan

Sales of imported meat

Sales were completed of imported poultry bought at high prices.

Domestic meat sales

Market prices should be lower than the previous year due to oversupply; sales revenues are also likely to be lower than the previous year.

Current status of sales companies

Now making efforts to expand sales volume to offset decline in selling prices.

Outlook for sales businesses in Japan

Outlook for the fresh meat sales business

Earnings of imported meats business expected to recover in second half of term.

A return to a more balanced supply-and-demand situation is also seen for the domestic fresh meat sales business in the second half of the term and after, and prices are likely to recover.

Outlook for sales companies

Efforts will be made to further increase sales volume and raise market share so as to secure an adequate profit.

Current status of marine products business

- Sales of high-priced products to declined amid a general consumer trend toward cost-saving.
- Price competition intensified in field of lower-priced sushi topping and filling (a main-earner product line) at sushi shops and restaurants. Volume sales channels performed relatively well, thanks partially to a rise in the popularity of cooking-at-home.

- Efforts will be made to achieve a recovery in sushi topping and filling sales volume to bars and restaurants, while also seeking to grow sales through volume sales channels.
- Work is proceeding on developing more high-value-added seafood products at our Mie Plant, thereby improving profitability by raising the capacity utilization rate.

Current status of dairy products business

- Selling prices of cheese are on a downward trend. Due to high price of cheese for processing bought into inventory in the previous term, it will be difficult to secure profits.
- Yogurt sales efforts will focus on main-earner items, and sales revenue remains the same level as the previous year.

- Prices of raw materials for dairy products are expected to remain stable. The effects of the high prices of ingredients for processed cheese products bought-in in the previous term will disappear in the latter half of the term.
- Efforts to be made to expand sales of cheese through restaurant channels so as to raise capacity utilization at the Nishinomiya Plant and improve cost-competitiveness.
- Steps will be taken to strengthen the yogurt marketing network in the Tokyo area, which is the biggest single market.

Trends in raw materials and secondary ingredients

- Results for 1st quarter: **Same level as previous 1st quarter**

- We take a cautious view of prospects for the 2nd quarter and after, and do not expect any major contribution from prices declines in ingredients and materials.



Summary of Financial Results for First Quarter of FY3/10

- 1. SG&A Expenses / Other Income and Expenses**
- 2. Balance Sheets / Property, Plant and Equipment / Depreciation and Amortization**

SG&A Expenses / Other Income and Expenses

(¥ million)

SG&A expenses	FY3/09 1st	FY3/10		
	quarter results	1st quarter results	Difference (%)	Difference
Selling, general and administrative expenses	41,720	42,369	1.6	649
Personnel	17,646	17,509	(0.8)	(137)
Sales promotion	2,825	3,443	21.9	618
Logistics	8,702	8,520	(2.1)	(182)
Other	12,547	12,897	2.8	350

Major reasons for increases/decreases

- SG&A expenses increased ¥600 million year on year, and SG&A expense ratio (SG&A expenses to sales) rose 2.2 point from 15.7% to 17.9%.
 - Sales promotion: Advertising expenses (TV, newspapers and others) rose by approx. ¥600 million.
 - Logistics: A decline of around ¥200 million was recorded thanks to lower transportation charges.

(¥ million)

Other income and expenses	FY3/09 1st	FY3/10		
	quarter results	1st quarter results	Difference (%)	Difference
Other income	3,090	2,898	(6.2)	(192)
Interest and dividends income	363	261	(28.1)	(102)
Foreign exchange gain	2,720	2,626	(3.5)	(94)
Others	7	11	57.1	4

Interest expenses	679	537	(20.9)	(142)
Other expenses	515	1,045	102.9	530
Impairment loss of investment securities	1	810	-	809
Impairment loss of fixed assets	275	66	(76.0)	(209)
Special retirement allowances	110	-	-	(110)
Others	129	169	31.0	40

Major reasons for increases/decreases

- Other income/expenses: Foreign exchange gain mainly consisted of translation gains on yen-denominated loans taken out by overseas subsidiaries.

Balance Sheets / Property, Plant and Equipment / Depreciation and Amortization

(¥ million)

Consolidated balance sheets	FY3/09 results	FY3/10 1st quarter results	% change from previous term-end	Change from previous term-end
Total assets	583,684	587,380	0.6	3,696
Cash and cash equivalents	41,323	40,404	(2.2)	(919)
Trade notes and accounts receivables	102,791	103,959	1.1	1,168
Inventories	115,765	117,625	1.6	1,860
Investments and other assets	29,345	31,369	6.9	2,024
Property, plant and equipment – at cost, less accumulated depreciation	232,862	232,336	(0.2)	(526)
Deferred income taxes - non-current	18,779	18,399	(2.0)	(380)
Total liabilities	311,308	313,842	0.8	2,534
Trade notes and accounts payable	85,377	86,968	1.9	1,591
Interest-bearing debt	168,950	165,164	(2.2)	(3,786)
Liability under retirement and severance program	23,259	22,894	(1.6)	(365)
Shareholders' equity	270,439	271,524	0.4	1,085
Minority interests	1,937	2,014	4.0	77
Total shareholders' equity	272,376	273,538	0.4	1,162

Major reasons for increases/decreases

- Inventories: Despite increases due to seasonal factors, value was down ¥6.4 billion year on year.
- Trade notes and accounts receivables: Despite increases due to seasonal factors, value was down ¥11.4 billion year on year.
- Interest-bearing debt: Declined by ¥3.8 billion due to declines in short-term borrowings held by certain subsidiaries.

(¥ million)

	FY3/09 1st quarter results	FY3/10			FY3/10 forecast
		1st quarter results	Difference (%)	Difference	
Property, plant and equipment	4,705	4,527	(3.8)	(178)	23,500
Production facilities	1,791	1,976	10.3	185	9,400
Marketing and logistics facilities	882	536	(39.2)	(346)	4,000
Farms and processing facilities	346	591	70.8	245	5,200
Overseas operations facilities	717	174	(75.7)	(543)	1,800
Other facilities	969	1,250	29.0	281	3,100
Depreciation and amortization	5,879	5,746	(2.3)	(133)	23,400



Contact
Public & Investor Relations Department
Nippon Meat Packers, Inc.
14F ThinkPark Tower
2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6014
Tel: 81-3-6748-8024 Fax: 81-3-6748-8189

Forward-looking statements

This presentation includes forecasts regarding targets, strategies and earnings. These forecasts are based on information available at the current time and contain certain assumptions about the future. They are subject to numerous external uncertainties in areas such as economic environment, market trends and exchange rates.

Actual performance may differ significantly from the targets in this presentation, and investment decisions should not be based exclusively on them.