

# Business Results for the Third Quarter of FY3/12

**February 2, 2012 (Thu.)**

**Nippon Meat Packers, Inc.**

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## **I . Consolidated Business Results for FY3/12 Q1-Q3 (Apr. - Dec.)**

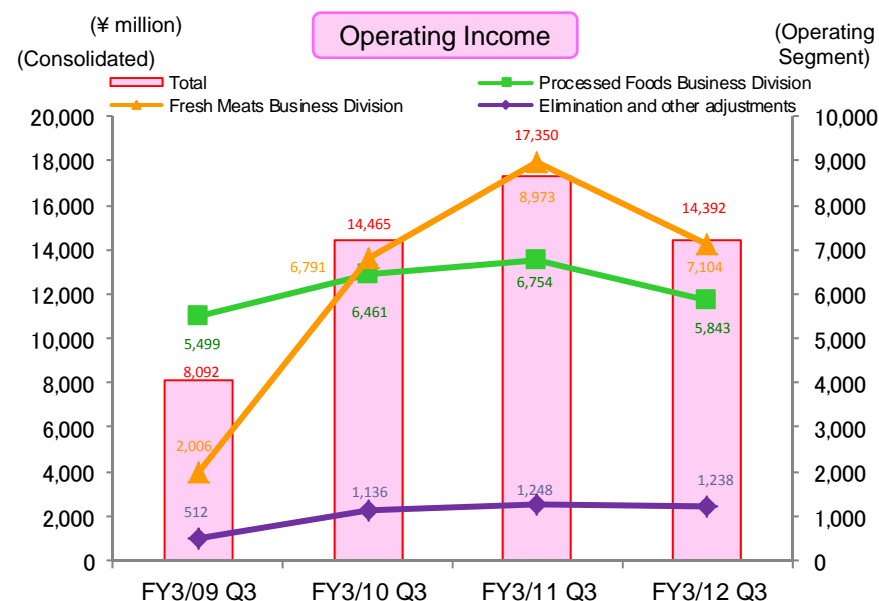
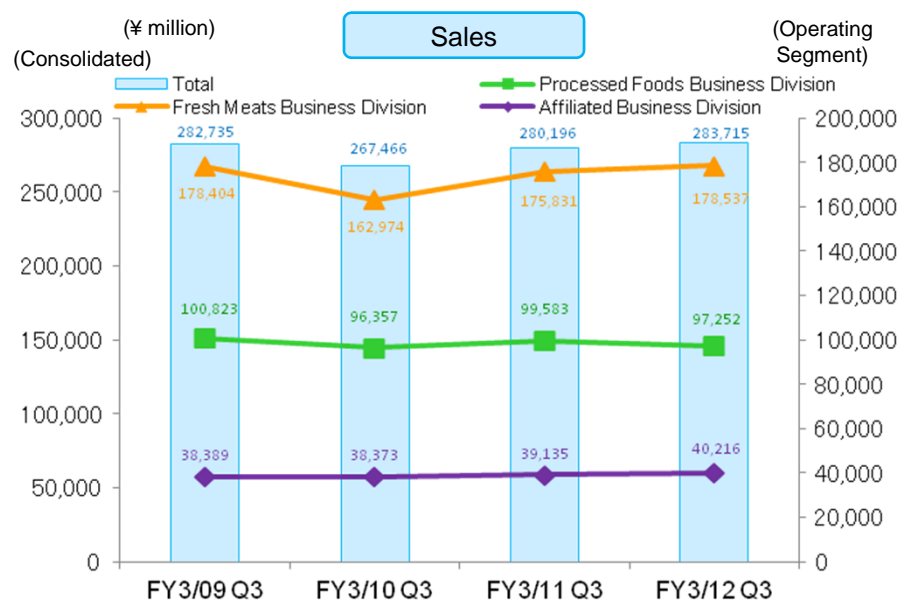
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# 1. Business Results by Operating Segment: FY3/12 Q3 (Oct. - Dec.)

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(¥ million)

		FY3/09 Q3	FY3/10 Q3	FY3/11 Q3	FY3/12 Q3
Processed Foods Business Division	Sales	100,823	96,357	99,583	97,252
	Operating income	5,499	6,461	6,754	5,843
Fresh Meats Business Division	Sales	178,404	162,974	175,831	178,537
	Operating income	2,006	6,791	8,973	7,104
Affiliated Business Division	Sales	38,389	38,373	39,135	40,216
	Operating income	512	1,136	1,248	1,238
Elimination and other adjustments	Sales	(34,881)	(30,238)	(34,353)	(32,290)
	Operating income	75	77	375	207
Consolidated	Sales	282,735	267,466	280,196	283,715
	Operating income	8,092	14,465	17,350	14,392



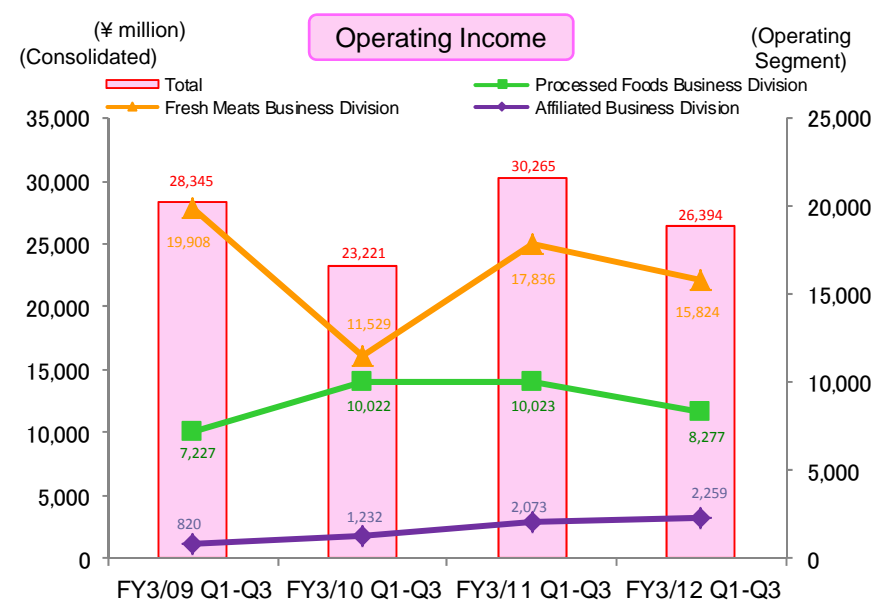
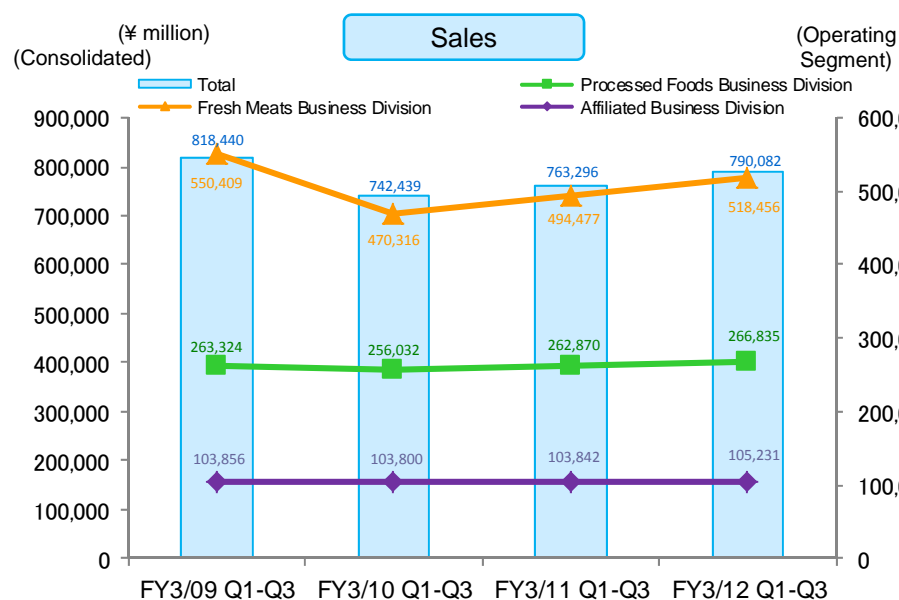
- Sales by operating segment and sales values in Page 18 of this presentation (by category) do not necessarily correspond (due to intersegment transactions)
- Sales for each segment include intersegment sales
- Previous-year results for each segment are restated to comply with changes in segmentation at certain subsidiaries

## 2. Business Results by Operating Segment: FY/12 Q1-Q3 (Apr. - Dec.)

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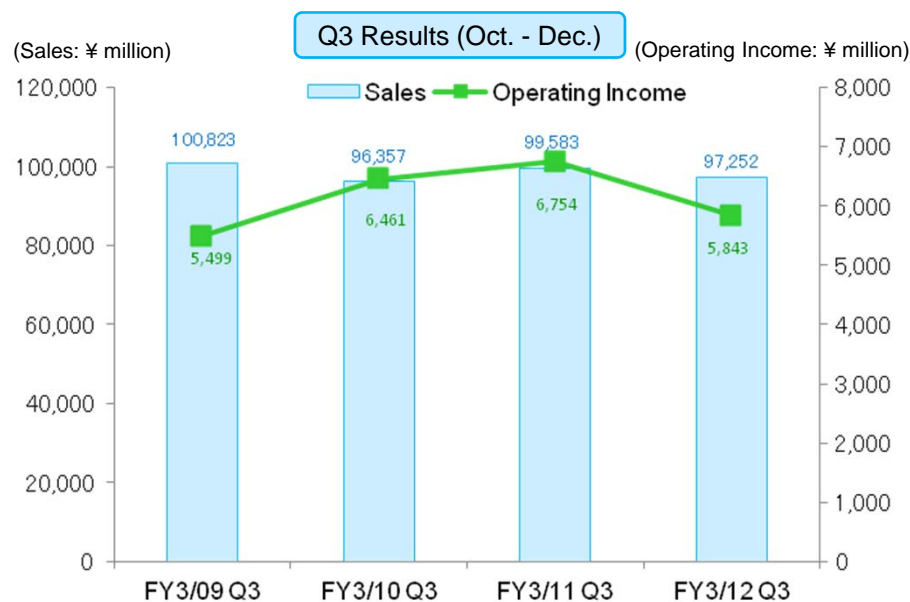
(¥ million)

		FY3/09 Q1-Q3	FY3/10 Q1-Q3	FY3/11 Q1-Q3	FY3/12 Q1-Q3
Processed Foods Business Division	Sales	263,324	256,032	262,870	266,835
	Operating income	7,227	10,022	10,023	8,277
Fresh Meats Business Division	Sales	550,409	470,316	494,477	518,456
	Operating income	19,908	11,529	17,836	15,824
Affiliated Business Division	Sales	103,856	103,800	103,842	105,231
	Operating income	820	1,232	2,073	2,259
Elimination and other adjustments	Sales	(99,149)	(87,709)	(97,893)	(100,440)
	Operating income	390	438	333	34
Consolidated	Sales	818,440	742,439	763,296	790,082
	Operating income	28,345	23,221	30,265	26,394



- Sales by operating segment and sales values in Page 18 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

### 3. Operating Segment Data: Processed Foods Business Division 1



(¥ million)

	FY3/11 Q3	FY3/12 Q3	Variance	Variance (%)
Sales	99,583	97,252	(2,331)	(2.3)
Operating income	6,754	5,843	(911)	(13.5)
Operating income ratio	6.8%	6.0%	-	-

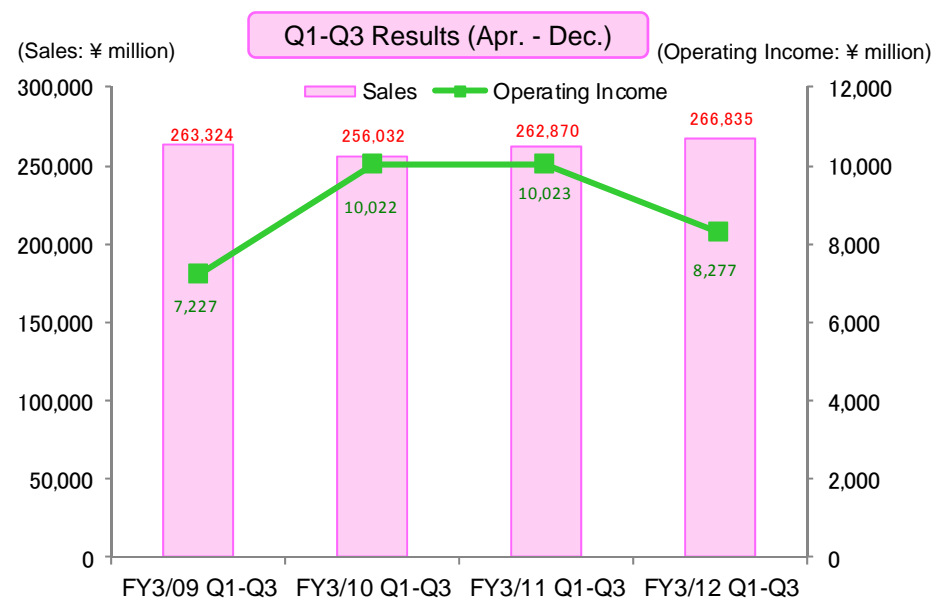
#### FY3/12 Q3 (Oct. - Dec.)

##### (Sales)

- Consumer-use products — hams and sausages — posted volume and sales growth, but overall sales were down, due partly to a temporary supply disruption of commercial-use products from Thailand

##### (Operating Income)

- Decreased due to soaring raw materials and fuel prices and the impact of flooding in Thailand



(¥ million)

	FY3/11 Q1-Q3	FY3/12 Q1-Q3	Variance	Variance (%)
Sales	262,870	266,835	3,965	1.5
Operating income	10,023	8,277	(1,746)	(17.4)
Operating income ratio	3.8%	3.1%	-	-

#### FY3/12 Q1-Q3 (Apr. - Dec.)

##### (Sales)

- Rose on a focus on two leading new product brands, “*Mori-no-Kaori*” coarse-ground wieners and “*Irodori Kitchen*”

##### (Operating Income)

- Decreased due to failure to offset soaring raw materials and fuel prices through cost-cutting, and the impact of flooding in Thailand

#### ● Topics Q1-Q3 (Apr. - Dec.)

Impact on operating income due to higher prices for raw materials and ingredients

⇒ The major factors were soaring prices for pork and poultry. Prices for sheep casing also continued to soar in the second half, but we expect to offset the impact of high principal raw materials and fuel prices

Total operating income in the Processed Foods Business Division

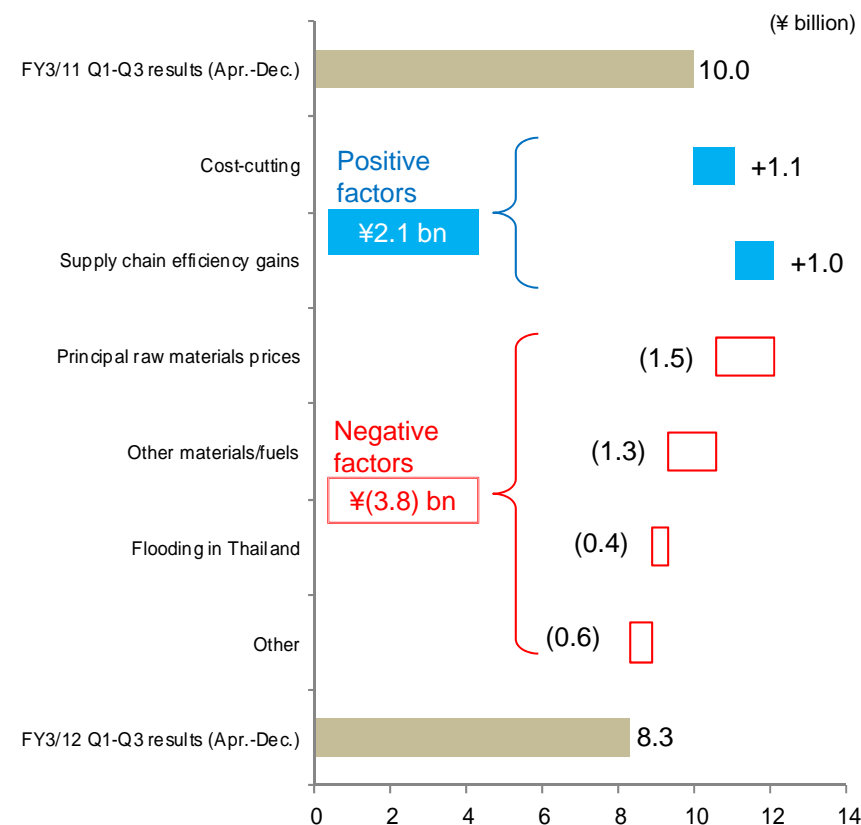
⇒ Earnings declined due to failure to offset soaring raw materials and fuel prices through more efficient supply chain management and cost-cutting, and the impact of flooding in Thailand

#### Factor Analysis: Changes in operating income

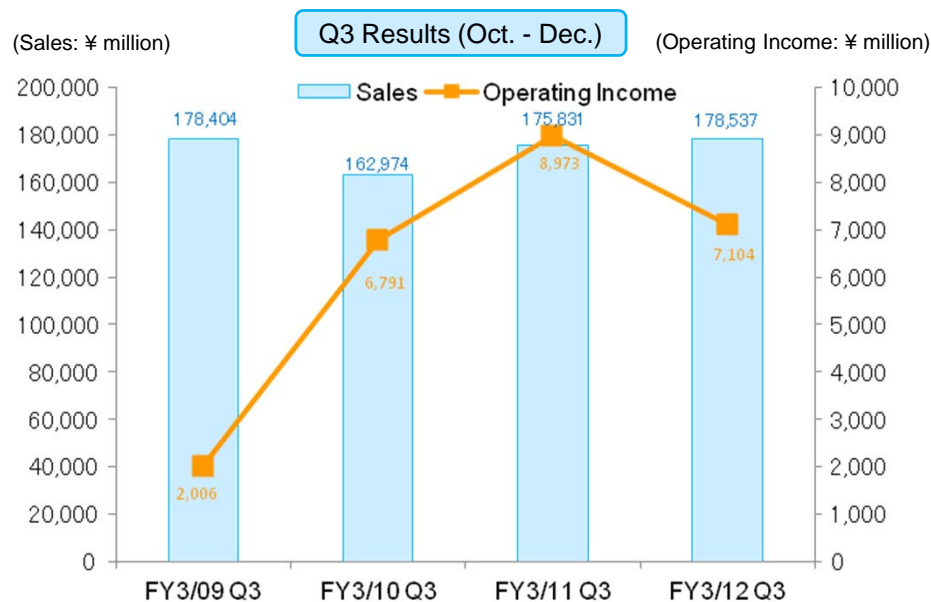
(¥ billion)

	FY3/12				
	1st half	Q3 (Oct.-Dec.)	Q1-Q3 (Apr.-Dec.)	Q4 forecasts	Full year forecasts
Cost-cutting	0.8	0.3	1.1	0.5	1.6
Supply chain efficiency gains	0.8	0.2	1.0	0.2	1.2
Principal raw/other materials prices					
Principal raw materials prices	(1.2)	(0.3)	(1.5)	(0.2)	(1.7)
Other materials/fuels	(0.8)	(0.5)	(1.3)	(0.4)	(1.7)
Flooding in Thailand		(0.4)	(0.4)	(0.6)	(1.0)
Other	(0.4)	(0.2)	(0.6)	0.2	(0.4)
<b>Total</b>	<b>(0.8)</b>	<b>(0.9)</b>	<b>(1.7)</b>	<b>(0.3)</b>	<b>(2.0)</b>

\*Due to rounding, item tallies in each division may not match totals.



# 4. Operating Segment Data: Fresh Meats Business Division 1



(¥ million)

	FY3/11 Q3	FY3/12 Q3	Variance	Variance (%)
Sales	175,831	178,537	2,706	1.5
Operating income	8,973	7,104	(1,869)	(20.8)
Operating income ratio	5.1%	4.0%	-	-

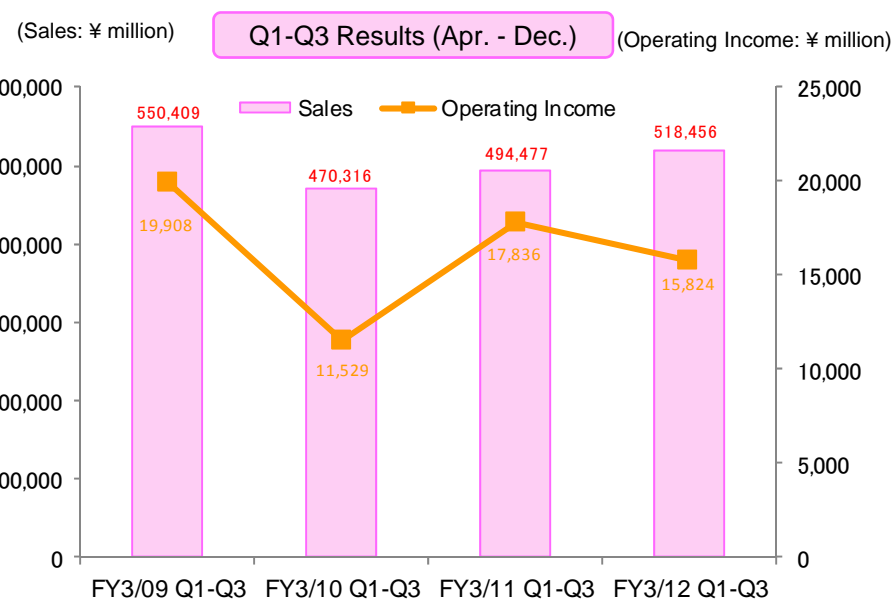
## FY3/12 Q3 (Oct. - Dec.)

(Sales)

- Increased due to higher pork volumes, etc.

(Operating Income)

- Profitability worsened on imported poultry due to falling market prices
- Earnings declined due to declining market prices across the board in domestic production businesses



(¥ million)

	FY3/11 Q1-Q3	FY3/12 Q1-Q3	Variance	Variance (%)
Sales	494,477	518,456	23,979	4.8
Operating income	17,836	15,824	(2,012)	(11.3)
Operating income ratio	3.6%	3.1%	-	-

## FY3/12 Q1-Q3 (Apr. - Dec.)

(Sales)

- Increased due to rising market prices in the first half and increased volumes overseas

(Operating Income)

- Decreased due to falling market prices for domestically produced fresh meats since the summer and worsening profitability in Australian businesses



## ● Topics Q1-Q3 (Apr. - Dec.)

Fresh meat (Japan-produced): Although poultry sales were hit by the lag in the takeoff of *nabe* (casserole) demand due to the unseasonably warm November weather, pork sales were robust due partly to special promotions at volume retailers

Fresh meat marketing: Sales through volume retailers increased for Nippon Food Group companies, by 1.4% year-on-year overall in the nine months between April and December 2011, with December volumes increasing 3.0% year-on-year

Domestic production: In the first half, market prices remained high, but earnings declined due to falling market prices amid increased supply from the beginning of summer

Imported fresh meat: Profitability worsened due to increased imports of poultry from Brazil and falling market prices amid weak demand due to the warm November weather

Overseas businesses: In Australia, export profitability worsened due partly to the strong Australian dollar (against the US dollar). Margins improved from the beginning of the second half

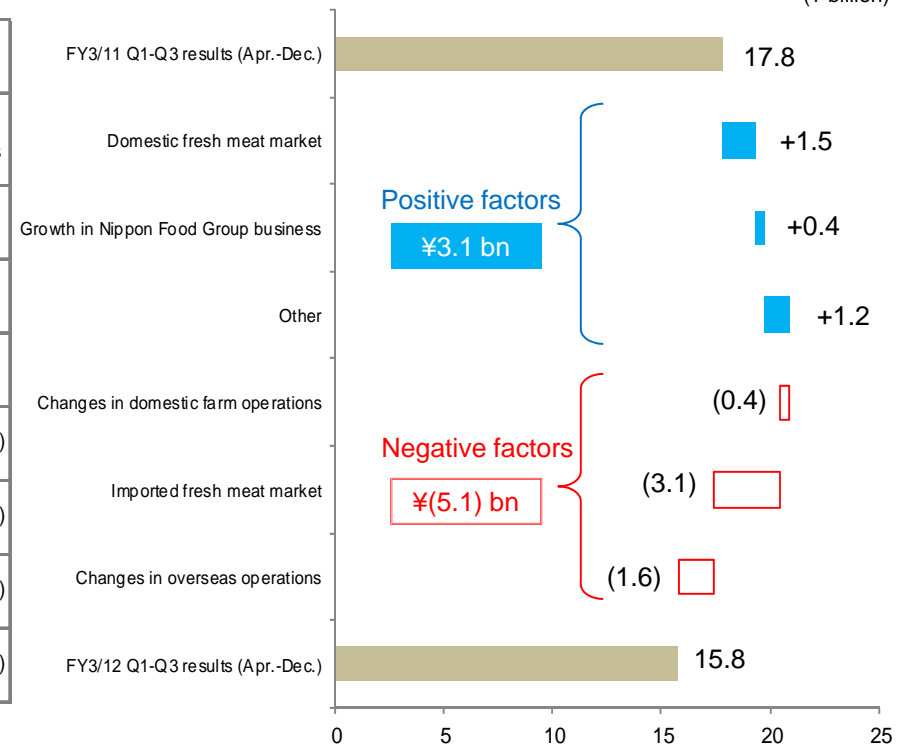
## Factor Analysis: Changes in operating income

(¥ billion)

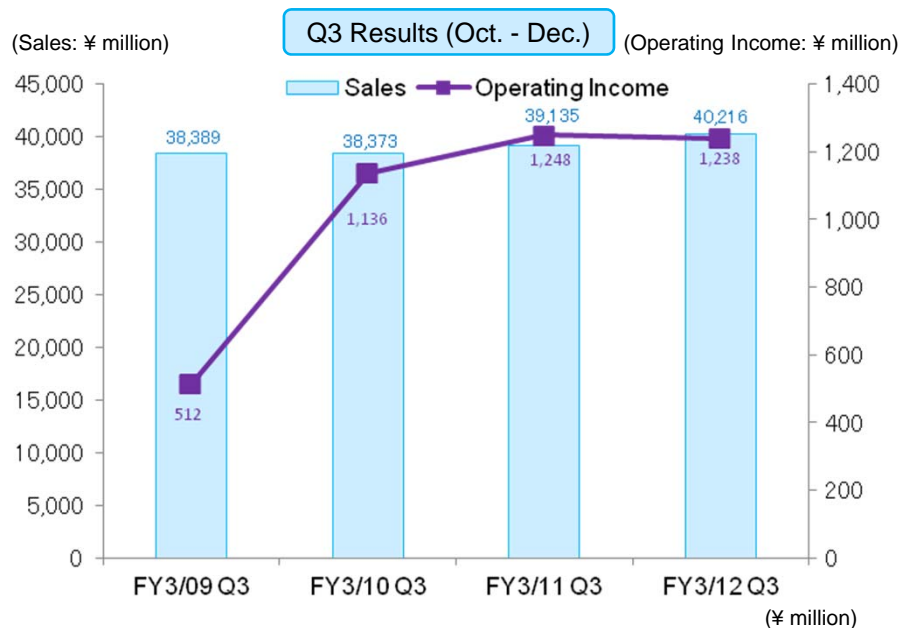
	FY3/12				
	1st half	Q3 (Oct.-Dec.)	Q1-Q3 (Apr.-Dec.)	Q4 forecasts	Full year forecasts
Domestic fresh meat market	1.0	0.5	1.5	0.3	1.8
Growth in Nippon Food Group business	0.2	0.2	0.4	0.1	0.5
Other	0.4	0.8	1.2	0.0	1.2
Changes in domestic farm operations	0.6	(1.0)	(0.4)	0.0	(0.4)
Imported fresh meat market	(0.6)	(2.5)	(3.1)	(3.3)	(6.4)
Changes in overseas operations (Australia, U.S.)	(1.7)	0.1	(1.6)	(1.1)	(2.7)
<b>Total</b>	<b>(0.1)</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>(4.0)</b>	<b>(6.0)</b>

\*Due to rounding, item tallies in each division may not match totals

(¥ billion)



# 5. Operating Segment Data: Affiliated Business Division



	FY3/11 Q3	FY3/12 Q3	Variance	Variance (%)
Sales	39,135	40,216	1,081	2.8
Operating income	1,248	1,238	(10)	(0.8)
Operating income ratio	3.2%	3.1%	-	-

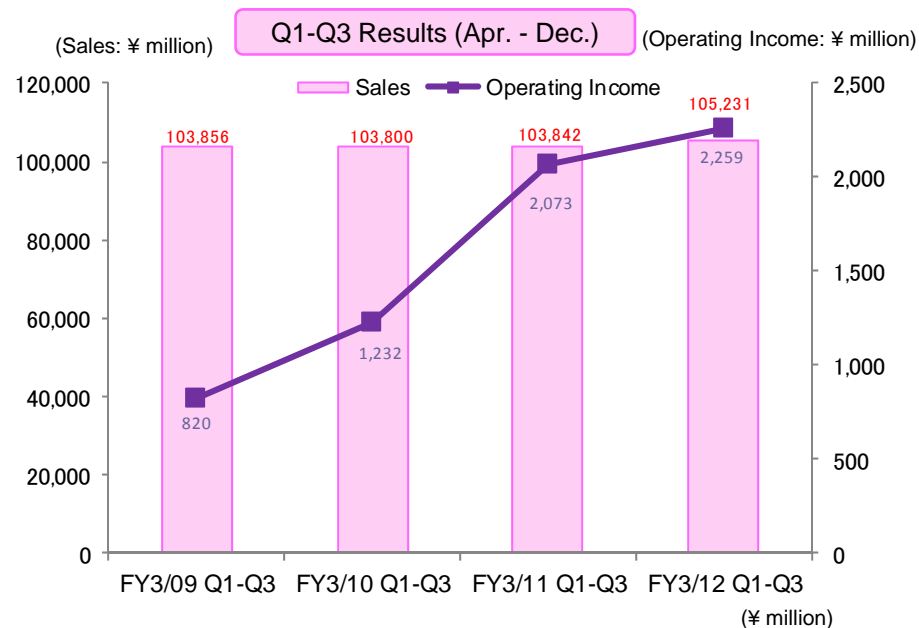
## FY3/12 Q3 (Oct. - Dec.)

### (Sales)

- In marine products, Marine Foods Corporation grew sales of crab and other luxury items, as well as prawns and salmon and other major ingredients, in the year-end sales campaign
- In dairy products, yogurt beverages improved dramatically at convenience stores, despite a weak performance at volume retailers. Cheese continued to do well, due partly to a rebound in sales through bakery shops

### (Operating Income)

- Although dairy products (cheese and yogurt) earnings were up year-on-year, marine products earnings fell due to falling gross profit amid rising raw materials costs



	FY3/11 Q1-Q3	FY3/12 Q1-Q3	Variance	Variance (%)
Sales	103,842	105,231	1,389	1.3
Operating income	2,073	2,259	186	9.0
Operating income ratio	2.0%	2.1%	-	-

## FY3/12 Q1-Q3 (Apr. - Dec.)

### (Sales)

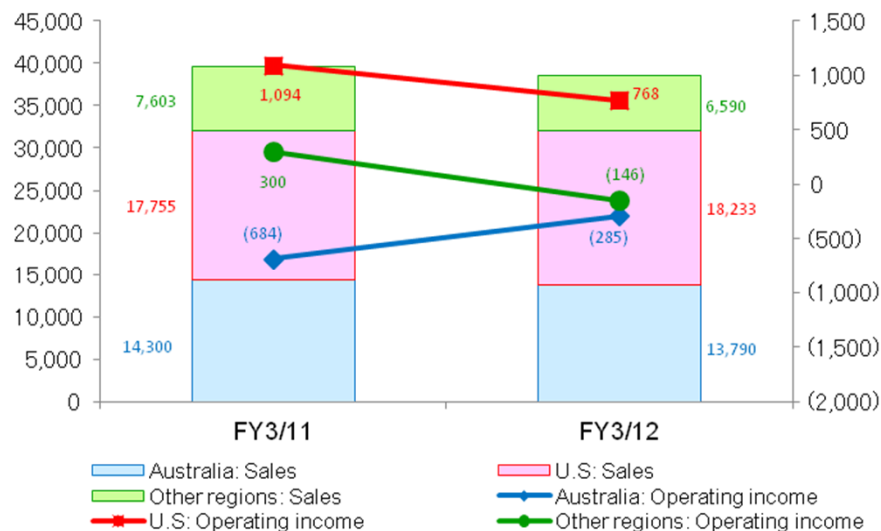
- In marine products, sales grew on marketing drives by Marine Foods Corporation targeting volume retailers
- In dairy products, the cheese business posted steady growth, on sales to food producers and a focus on consumer-use products. The business made a full-scale entry into this market during the period

### (Operating Income)

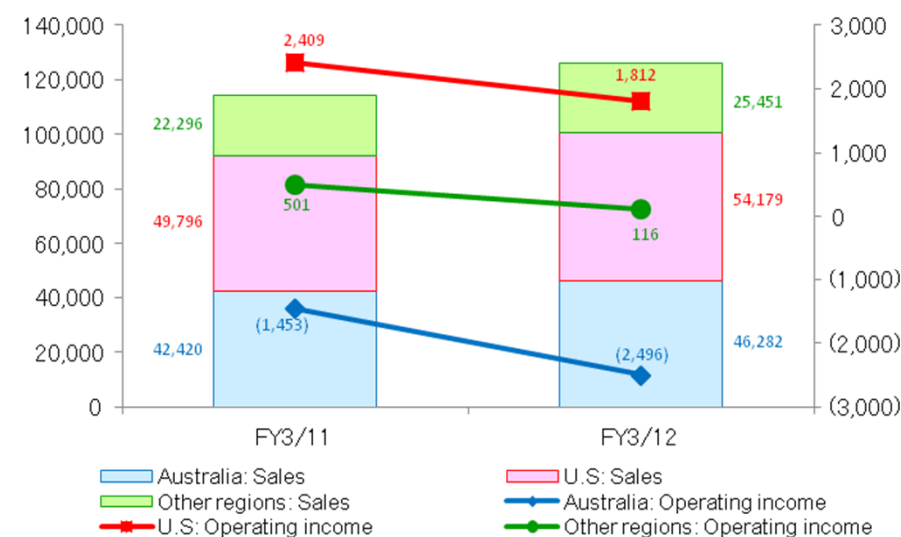
- The operating income ratio narrowed in marine products amid rising costs due to global demand-supply imbalances
- In dairy products, earnings improved for yogurts due to revised marketing terms with retailers and more focused product targeting

# 6. Business Results in Major Overseas Markets

(Sales: ¥ million) **Q3 Results (Oct. - Dec.)** (Operating Income: ¥ million)



(Sales: ¥ million) **Q1-Q3 Results (Apr. - Dec.)** (Operating Income: ¥ million)



		¥million			
		FY3/11 Q3	FY3/12 Q3	Variance	Variance (%)
Overseas total	Sales	39,165	38,200	(965)	(2.5)
	Operating income	734	329	(405)	(55.2)
Australia	Sales	14,300	13,790	(510)	(3.6)
	Operating income	(684)	(285)	399	-
U.S.	Sales	17,755	18,233	478	2.7
	Operating income	1,094	768	(326)	(29.8)
Other regions	Sales	7,603	6,590	(1,013)	(13.3)
	Operating income	300	(146)	(446)	-

		¥million			
		FY3/11 Q1-Q3	FY3/12 Q1-Q3	Variance	Variance (%)
Overseas total	Sales	112,236	124,096	11,860	10.6
	Operating income	1,451	(565)	(2,016)	-
Australia	Sales	42,420	46,282	3,862	9.1
	Operating income	(1,453)	(2,496)	(1,043)	-
U.S.	Sales	49,796	54,179	4,383	8.8
	Operating income	2,409	1,812	(597)	(24.8)
Other regions	Sales	22,296	25,451	3,155	14.2
	Operating income	501	116	(385)	(76.8)

• Sales revenues represent amounts prior to consolidation adjustments.

(The figures for all overseas segments do not match the overseas sales total, by reason of the elimination of intersegment transactions.)

• The U.S. includes Canadian and South American businesses. Other overseas markets are in East Asia and Europe.

## FY3/12 Q3 (Oct. - Dec.)

(Australia)

• The decline in earnings narrowed due to slight improvement in exchange-rate trends

(U.S.)

• In pig farming, earnings declined, reflecting soaring market prices for grain

(Asia)

• Rebuilding continues at facilities affected by the flooding disaster for early resumption of operation (with relaunch scheduled for the coming fiscal year)

## FY3/12 Q1-Q3 (Apr. - Dec.)

(Australia)

• Earnings fell due partly to the high Australian dollar (against the US dollar)

(U.S.)

• Earnings fell in the pig farming operations due to soaring market prices for grain

(Asia)

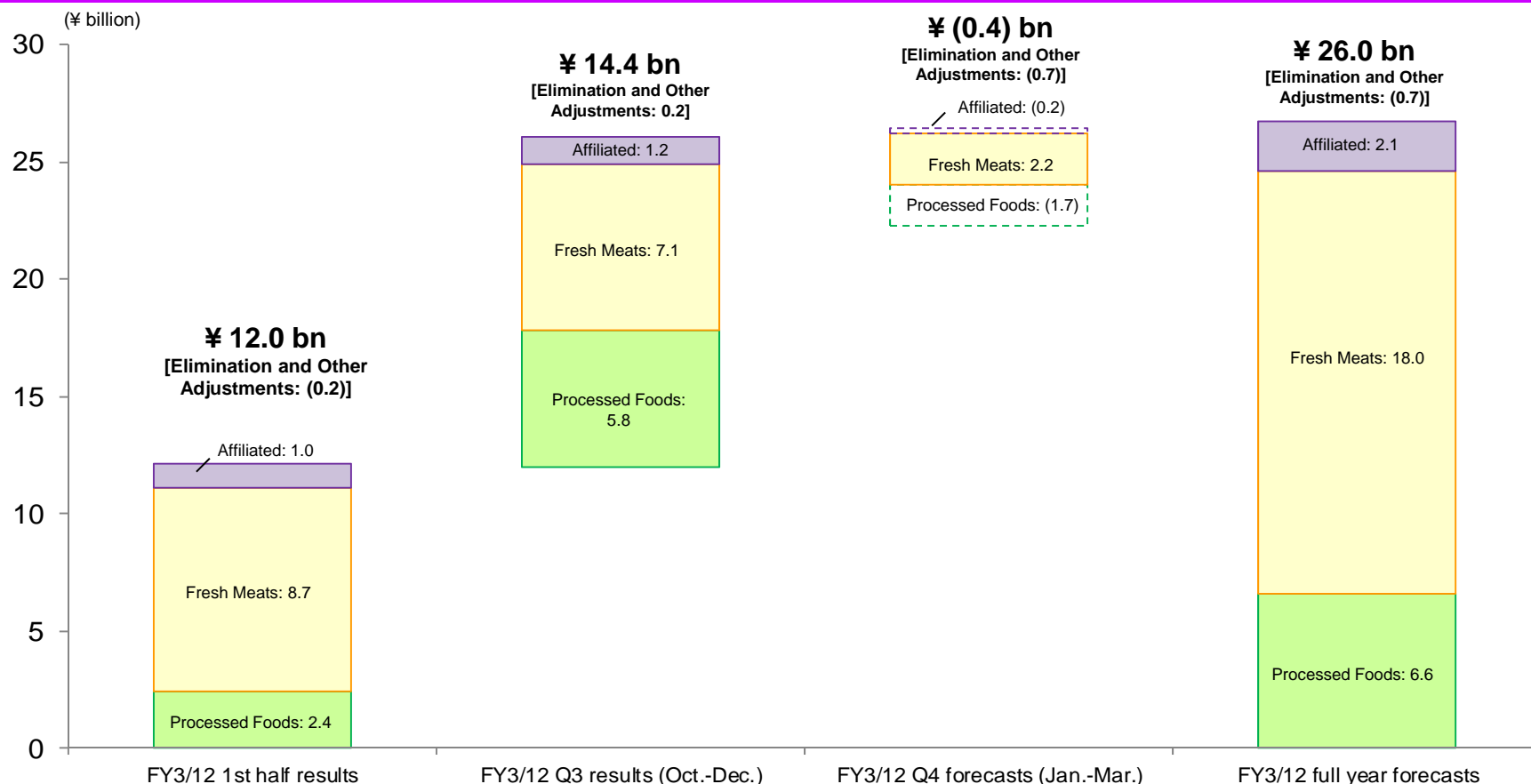
• Earnings fell across the Asian region due to the flooding in Thailand

## **Ⅱ . Outlook for FY3/12 Q4 and Beyond**

- 1. Operating income in FY3/12 Q3 (Oct.-Dec.) and full year forecasts**
- 2. Outlook (Processed Foods Business Division)**
- 3. Outlook (Fresh Meats Business Division)**
- 4. Outlook (Affiliated Business Division)**

# 1. Operating income in FY3/12 Q3 (Oct.-Dec.) and full year forecasts

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	FY3/12 1st half results			FY3/12 Q3 results			FY3/12 Q4 forecasts			FY3/12 full year forecasts		
	FY3/11 1st half results		Variance	FY3/11 Q3 results		Variance	FY3/11 Q4 results		Variance	FY3/11 full year results		Variance
Processed Foods Business Division	3.3	<b>2.4</b>	down 0.8	6.8	<b>5.8</b>	down 0.9	(1.4)	<b>(1.7)</b>	down 0.3	8.6	<b>6.6</b>	down 2.0
Fresh Meats Business Division	8.9	<b>8.7</b>	down 0.1	9.0	<b>7.1</b>	down 1.9	6.2	<b>2.2</b>	down 4.0	24.0	<b>18.0</b>	down 6.0
Affiliated Business Division	0.8	<b>1.0</b>	up 0.2	1.2	<b>1.2</b>	no change	(0.4)	<b>(0.2)</b>	up 0.2	1.7	<b>2.1</b>	up 0.4
Elimination and Other Adjustments	(0.0)	<b>(0.2)</b>	down 0.1	0.4	<b>0.2</b>	down 0.2	(1.5)	<b>(0.7)</b>	up 0.8	(1.1)	<b>(0.7)</b>	up 0.4
Total	12.9	<b>12.0</b>	down 0.9	17.4	<b>14.4</b>	down 3.0	2.9	<b>(0.4)</b>	down 3.3	33.2	<b>26.0</b>	down 7.2

\*Due to rounding, item tallies in each division may not match totals

### ● Sales of gift sets

- Year-end gift sets came in at 4.8 million packs, down 2.2% year-on-year
- The flagship brand “*Utsukushi-no-Kuni*” saw sales jump 20% year-on-year (11.5% of total gift sales)
- Average unit prices remained in line year-on-year

(Reference)

- Summer gift sets reached 2.0 million packs (up 2.0% year-on-year)

Reference: Gift-giving season sales volume

(Unit: 1,000)

	FY3/11 results		FY3/12 Q1-Q3 results (Apr.-Dec.)	
	Volume	Variance FY3/10	Volume	Variance FY3/11
Summer gift-giving season	1,956	102%	2,003	102%
Year-end gift-giving season	4,905	102%	4,799	98%
Total	6,861	102%	6,802	99%

\*Figures for FY3/12 include delicatessen gifts, a product launched in the current fiscal year

### ● Measures to expand sales of major brands and new products

#### 1) Hams and sausages

- Expand sales and improve earnings for two major new products (“*Mori-no-Kaori*” coarse-ground wieners and “*Irodori Kitchen*” items) and “*SCHAU ESSEN*”

#### 2) Processed foods

- Improve earnings through focus on priority brands and product upgrades

Reference: Year-on-year growth in sales of major brand products for FY3/12 Q1-Q3 (Apr.-Dec.)

Hams and sausages	FY3/12 Q1-Q3 results (Apr.-Dec.)	Processed foods	FY3/12 Q1-Q3 results (Apr.-Dec.)
SCHAU ESSEN	99%	Ishigama Kobo	98%
Mori-no-Kaori coarse-ground wieners	127%	Chuka Meisai	101%
Irodori Kitchen (high-end hams)	140%	Prefried	96%
Hams	107%	Hamburgers / Meatballs	105%
Bacons	111%	Curries	112%

### ● Measures to expand sales, by channel

#### 1) Consumer-use

- In hams and sausages, grow sales by focusing on expanded marketing of three brands, the “*SCHAU ESSEN*”, “*Mori-no-Kaori*” and “*Irodori Kitchen*” ranges
- In processed foods, expand sales by focusing on leading brands

#### 2) Commercial-use

- In processed foods, improve earnings by raising production line efficiency

Reference: Year-on-year growth in sales by channel for FY3/12 Q1-Q3 (Apr.-Dec.)

	Consumer-use	Commercial-use	Total
Hams and sausages	103%	97%	101%
Processed foods	100%	100%	100%

#### ● Outlook for overseas businesses

##### 1) Australia

- Exchange-rate trends are likely to remain discouraging despite the weakening of the Australian dollar against the US dollar compared with the first half
- Improve the operating income ratio by continuing to cut the cost of sales and increase sales to Russia and Asia

##### 2) U.S.

- Earnings to decline in the pig farming operations due to falling market prices and soaring feed costs. We will continue breeding improvement measures and production cost reductions

#### ● Outlook for production businesses in Japan

##### 1) Feed prices

- Likely to remain flat

##### 2) Farming operations in Japan

###### Pig farming

- We expect improved profitability due to lower production costs. However, we see pork market prices softening due to the large number of hog shipments expected

###### Poultry

- We expect low market prices for the moment while supply volumes are set to increase due to improved productivity

#### ● Outlook for 100% subsidiaries (Nippon Food Group)

- Further strengthen sales to volume retailers (which grew by 7% year-on-year in volume terms in December) and expand volumes through marketing of domestically produced beef

### ● Measures to increase marine product sales

(Marine Foods Corporation)

- Improve operating income ratio by expanding sales of items produced in-house in Japan
- Grow share by expanding sales of prawn products, a priority category
- Grow sales through proposal-based marketing to volume retailers

(Hoko Co., Ltd.)

- Grow sales by strengthening marketing of raw materials to volume retailers and the food service sector
- Strengthen production systems through expansion of in-house facilities in room-temperature (canned) product businesses

Reference: Marine Foods Corporation, sales growth for items produced in-house

	FY3/12 Q1-Q3 results (Apr.-Dec.)
Items produced in-house	6,712 tons
Year-on-year comparison	102%

Reference: Marine Foods Corporation, sales growth by channel

	Year-on-year comparison
	FY3/12 Q1-Q3 results (Apr.-Dec.)
Volume retailers	105%
Food service (restaurants)	99%

### ● Measures to increase dairy product sales

(Cheese)

- Increase sales by strengthening proposal-based marketing through mainstay channels
- Expand sales of consumer-use products by strengthening product lineups

(Yogurt)

- Expand production of yogurt beverages and grow sales to convenience stores
- Expand sales of new products presented at our product exhibitions. In particular, expand the lineup of mainstay vanilla yogurt products (BIG range) targeting volume retailers and co-operative store channels

Reference: Dairy products, sales growth by product

	Year-on-year comparison
	FY3/12 Q1-Q3 results (Apr.-Dec.)
Cheese	107%
Yogurt	96%

### ● Trends in principal raw and other materials

- Cheese ingredient prices are set to remain firm due to stable production volumes in producer countries
  - Prices for yogurt ingredients are trending upward, as production volumes for fat-free milk powder made in Japan decline year-on-year
- In overseas-sourced raw materials, we expect prices to remain firm due to stable production



### **Ⅲ. Consolidated Financial Results for FY3/12 Q1-Q3 (Apr. - Dec.)**

- 1. FY3/12 Q1-Q3 Business Results at a Glance**
- 2. Business Results: Growth Rate by Sales Category, and by Geographical Segment**
- 3. Selling, General and Administrative Expenses / Other Income and Expenses**
- 4. Balance Sheets / Property, Plant and Equipment / Depreciation and Amortization**

# 1. FY3/12 Q1-Q3 Business Results at a Glance

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(¥ million, %)

	FY3/11 results				FY3/12 results and forecasts					
	1st half	Variance	Q1-Q3 (Apr.-Dec.)	Full year	1st half	Variance	Q1-Q3 (Apr.-Dec.)	Variance	Full year	Variance
Net Sales	483,100	1.7	763,296	989,308	506,367	4.8	790,082	3.5	1,020,000	3.1
Hams and sausages	64,654	(3.0)	107,845	134,941	65,628	1.5	108,858	0.9	137,000	1.5
Processed foods	97,438	5.2	150,514	197,745	99,980	2.6	154,434	2.6	202,000	2.2
Fresh meats	259,688	3.7	405,697	530,154	277,107	6.7	422,889	4.2	550,000	3.7
Beef	93,422	(1.9)	148,572	192,383	101,883	9.1	155,865	4.9	201,000	4.5
Pork	97,314	4.6	148,984	195,757	101,123	3.9	153,609	3.1	201,000	2.7
Poultry	56,791	13.1	90,221	119,257	62,009	9.2	95,568	5.9	125,000	4.8
Other fresh meats	12,161	0.8	17,920	22,757	12,092	(0.6)	17,847	(0.4)	23,000	1.1
Marine products	38,963	(2.4)	63,581	80,435	39,135	0.4	64,973	2.2	83,000	3.2
Dairy products	10,941	(3.6)	16,708	21,903	11,343	3.7	17,510	4.8	23,000	5.0
Others	11,416	(18.1)	18,951	24,130	13,174	15.4	21,418	13.0	25,000	3.6
Cost of goods sold	386,773	1.7	603,519	785,878	411,093	6.3				
Gross profit	96,327	1.9	159,777	203,430	95,274	(1.1)				
Gross profit ratio	19.9%	-	20.9%	20.6%	18.8%	-				
SG&A expenses	83,412	(2.7)	129,512	170,255	83,272	(0.2)				
Operating income	12,915	47.5	30,265	33,175	12,002	(7.1)	26,394	(12.8)	26,000	(21.6)
Income before income taxes	11,358	33.3	27,774	29,523	9,577	(15.7)	23,829	(14.2)	25,500	(13.6)
Net income attributable to Nippon Meat Packers, Inc.	6,782	25.5	16,118	16,731	4,799	(29.2)	10,930	(32.2)	11,000	(34.3)

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

\* Variance: Year-on-year comparisons are expressed as % increases/decreases

## 2. Business Results: Growth Rate by Sales Category, and by Geographical Segment

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### Growth Rate by Sales Category

(%)

Category	FY3/11 (Year-on-year comparison)				FY3/12 (Year-on-year comparison)			
	Q3 (Oct.-Dec.)		Q1-Q3 (Apr.-Dec.)		Q3 (Oct.-Dec.)		Q1-Q3 (Apr.-Dec.)	
	Sales volume	Sales revenue	Sales volume	Sales revenue	Sales volume	Sales revenue	Sales volume	Sales revenue
Hams and sausages	(0.1)	(0.5)	0.7	(2.0)	2.3	0.1	1.9	0.9
Processed foods	2.7	(0.1)	8.1	3.3	0.7	2.6	1.8	2.6
Fresh meats	5.7	10.0	4.1	5.9	1.2	(0.2)	2.4	4.2
Beef	20.5	12.8	5.8	3.1	(4.1)	(2.1)	6.2	4.9
Pork	(1.3)	5.2	0.3	4.8	4.8	1.6	3.1	3.1
Poultry	3.9	13.6	8.2	13.3	0.8	0.4	(1.4)	5.9
Other fresh meats	0.8	7.9	(0.4)	3.0	4.5	(0.1)	(0.1)	(0.4)

### FY3/11 Business Results at a Glance and FY3/12 Forecasts by Geographical Segment

(¥ million, %)

	FY3/11 results			FY3/12 results and forecasts					
	1st half	Q1-Q3 (Apr.-Dec.)	Full year	1st half	Variance	Q1-Q3 (Apr.-Dec.)	Variance	Full year	Variance
Domestic	448,901	711,302	919,433	464,720	3.5	728,723	2.4	941,000	2.3
External customers	448,638	710,928	918,888	464,279	3.5	728,145	2.4	940,000	2.3
Intersegment	263	374	545	441	67.7	578	54.5	1,000	83.5
Operating income	11,840	28,396	29,885	12,746	7.7	26,871	(5.4)	26,400	(11.7)
Operating income ratio	2.6%	4.0%	3.3%	2.7%	-	3.7%	-	2.8%	-
Overseas	73,071	112,236	148,981	85,896	17.6	124,096	10.6	162,000	8.7
External customers	34,462	52,368	70,420	42,088	22.1	61,937	18.3	80,000	13.6
Intersegment	38,609	59,868	78,561	43,808	13.5	62,159	3.8	82,000	4.4
Operating income	717	1,451	2,966	(894)	-	(565)	(138.9)	(500)	(116.9)
Operating income ratio	1.0%	1.3%	2.0%	-1.0%	-	-0.5%	-	-0.3%	-

\* Sales by geographic segment are before intersegment elimination

\* Variance: Year-on-year comparisons are expressed as % increases/decreases

### 3. Selling, General and Administrative Expenses / Other Income and Expenses

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(¥ million, %)

SG&A expenses	FY3/11	FY3/12		
	Q1-Q3 (Apr.-Dec.)	Q1-Q3 (Apr.-Dec.)	Variance (%)	Variance
★① Selling, general and administrative expenses	129,512	129,084	(0.3)	(428)
Personnel	50,275	49,634	(1.3)	(641)
★② Advertising	9,211	8,618	(6.4)	(593)
★③ Logistics	29,070	29,968	3.1	898
Others	40,956	40,864	(0.2)	(92)

Major reasons for increases/decreases

- ★① SG&A expenses: The ratio of SG&A expenses to sales decreased 0.7 percentage point from 17.0% to 16.3%
- ★② Advertising: Decreased by some ¥0.6 billion due partly to more efficient marketing promotion
- ★③ Logistics: Increased by some ¥0.9 billion as a rise in transportation costs of ¥1.3 billion due to higher sales volumes outweighed a ¥0.4 billion decline in cold storage costs

(¥ million, %)

	FY3/11	FY3/12		
	Q1-Q3 (Apr.-Dec.)	Q1-Q3 (Apr.-Dec.)	Variance (%)	Variance
Other income	811	1,314	62.0	503
Interest and dividends income	443	701	58.2	258
Others	368	613	66.6	245

Interest expenses	1,612	1,375	(14.7)	(237)
★① Other expenses	1,690	2,504	48.2	814
Impairment loss on investment securities	631	220	(65.1)	(411)
Impairment loss on fixed assets	559	1,132	102.5	573
Special retirement allowances	-	15	-	15
Foreign exchange losses	399	1,101	175.9	702
Others	101	36	(64.4)	(65)

Major reasons for increases/decreases

- ★① Other expenses: Increased by approximately ¥0.8 billion due to impairment loss on fixed assets and foreign exchange losses

(¥ million, %)

Consolidated balance sheets		FY3/11 year-end	FY3/12 End of Dec.	Variance (%)	Variance
★①	<b>Total assets</b>	590,688	610,330	3.3	19,642
	Cash and cash equivalents	51,409	35,808	(30.3)	(15,601)
★②	Trade notes and accounts receivable	104,501	155,210	48.5	50,709
★③	Inventories	107,599	118,590	10.2	10,991
	Property, plant and equipment - at cost, less accumulated depreciation	219,324	212,309	(3.2)	(7,015)
	Investments and other assets	27,764	27,458	(1.1)	(306)
	Deferred income taxes - non-current	15,993	13,519	(15.5)	(2,474)
	<b>Total liabilities</b>	307,484	320,885	4.4	13,401
	Trade notes and accounts payable	90,317	114,370	26.6	24,053
★④	Interest-bearing debt	155,263	153,596	(1.1)	(1,667)
	Liability under retirement and severance programs	17,581	17,646	0.4	65
	<b>Total Nippon Meat Packers, Inc. shareholders' equity</b>	281,067	287,210	2.2	6,143
	Noncontrolling interests	2,137	2,235	4.6	98
	<b>Total equity</b>	283,204	289,445	2.2	6,241

Major reasons for increases/decreases

- ★① Total assets: Increased by some ¥19.6 billion including ② and ③
- ★② Trade notes and accounts receivable: Increased by some ¥50.7 billion year-on-year due chiefly to seasonal factors
- ★③ Inventories: Increased by some ¥11.0 billion year-on-year due chiefly to seasonal factors
- ★④ Interest-bearing debt: Declined by some ¥1.7 billion due to repayment of bank loans

(¥ million, %)

Capital expenditures and depreciation	FY3/11	FY3/12		FY3/12 Forecasts
	Q3 (Oct.-Dec.)	Q3 (Oct.-Dec.)	Variance (%)	
Property, plant and equipment	12,266	12,031	(1.9)	(235)
Production facilities	5,848	5,762	(1.5)	(86)
Marketing and logistics facilities	1,370	1,913	39.6	543
Farms and processing facilities	2,519	2,561	1.7	42
Overseas operations facilities	1,428	860	(39.8)	(568)
Other facilities	1,101	935	(15.1)	(166)
Depreciation and amortization	17,877	17,682	(1.1)	(195)

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### **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.**