

# **Business Results for the Third Quarter of FY2013/03**

**February 4, 2013 (Mon.)**

**Nippon Meat Packers, Inc.**

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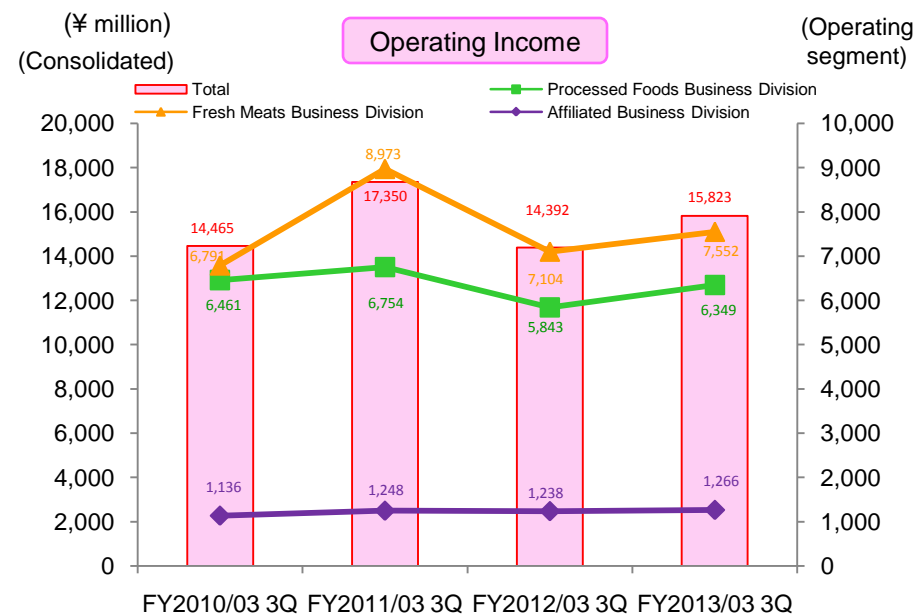
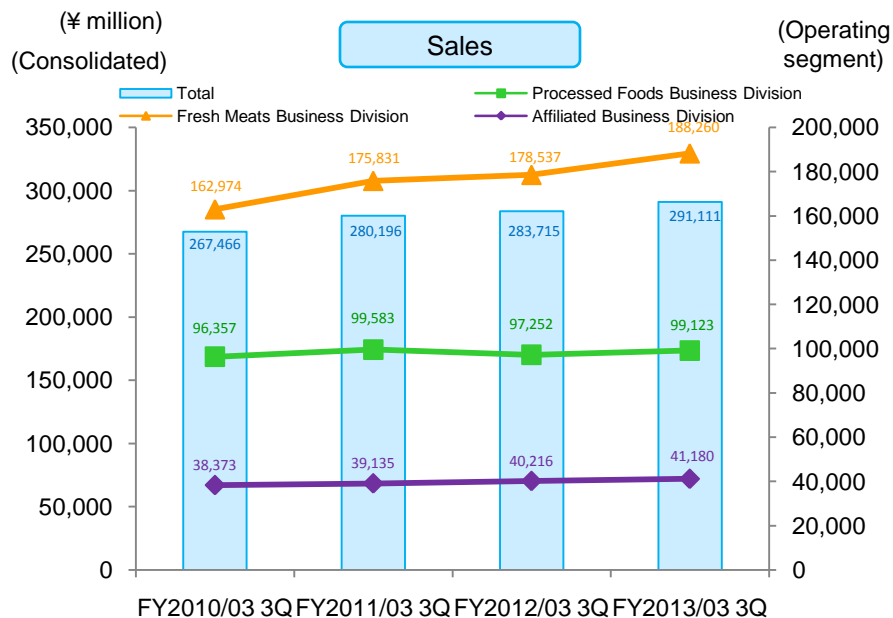
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## **I. Consolidated Business Results for FY2013/03 1Q - 3Q (Apr. - Dec.)**

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# 1. Business Results by Operating Segment: 3Q (Oct. - Dec.)

|                                   |                  | (¥ million)  |              |              |              |
|-----------------------------------|------------------|--------------|--------------|--------------|--------------|
|                                   |                  | FY2010/03 3Q | FY2011/03 3Q | FY2012/03 3Q | FY2013/03 3Q |
| Processed Foods Business Division | Sales            | 96,357       | 99,583       | 97,252       | 99,123       |
|                                   | Operating income | 6,461        | 6,754        | 5,843        | 6,349        |
| Fresh Meats Business Division     | Sales            | 162,974      | 175,831      | 178,537      | 188,260      |
|                                   | Operating income | 6,791        | 8,973        | 7,104        | 7,552        |
| Affiliated Business Division      | Sales            | 38,373       | 39,135       | 40,216       | 41,180       |
|                                   | Operating income | 1,136        | 1,248        | 1,238        | 1,266        |
| Elimination and other adjustments | Sales            | (30,238)     | (34,353)     | (32,290)     | (37,452)     |
|                                   | Operating income | 77           | 375          | 207          | 656          |
| Consolidated                      | Sales            | 267,466      | 280,196      | 283,715      | 291,111      |
|                                   | Operating income | 14,465       | 17,350       | 14,392       | 15,823       |



- Sales by operating segment and sales by category in Page 19 of this presentation do not tally (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

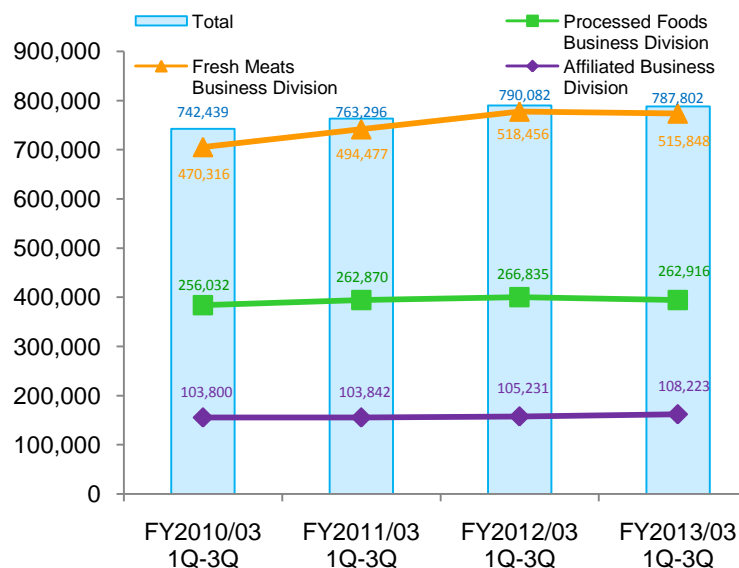
## 2. Business Results by Operating Segment: 1Q - 3Q (Apr. - Dec.)

(¥ million)

|                                   |                  | FY2010/03 1Q-3Q | FY2011/03 1Q-3Q | FY2012/03 1Q-3Q | FY2013/03 1Q-3Q |
|-----------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Processed Foods Business Division | Sales            | 256,032         | 262,870         | 266,835         | 262,916         |
|                                   | Operating income | 10,022          | 10,023          | 8,277           | 9,870           |
| Fresh Meats Business Division     | Sales            | 470,316         | 494,477         | 518,456         | 515,848         |
|                                   | Operating income | 11,529          | 17,836          | 15,824          | 12,698          |
| Affiliated Business Division      | Sales            | 103,800         | 103,842         | 105,231         | 108,223         |
|                                   | Operating income | 1,232           | 2,073           | 2,259           | 1,755           |
| Elimination and other adjustments | Sales            | (87,709)        | (97,893)        | (100,440)       | (99,185)        |
|                                   | Operating income | 438             | 333             | 34              | 1,339           |
| Consolidated                      | Sales            | 742,439         | 763,296         | 790,082         | 787,802         |
|                                   | Operating income | 23,221          | 30,265          | 26,394          | 25,662          |

(¥ million)  
(Consolidated)

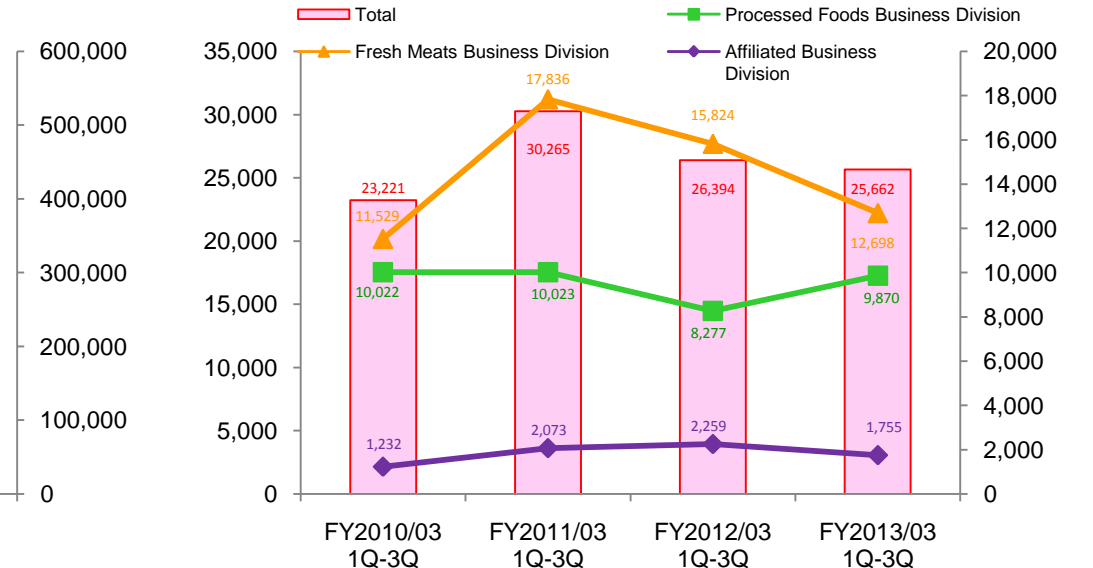
Sales



(Operating segment)

(¥ million)  
(Consolidated)

Operating Income

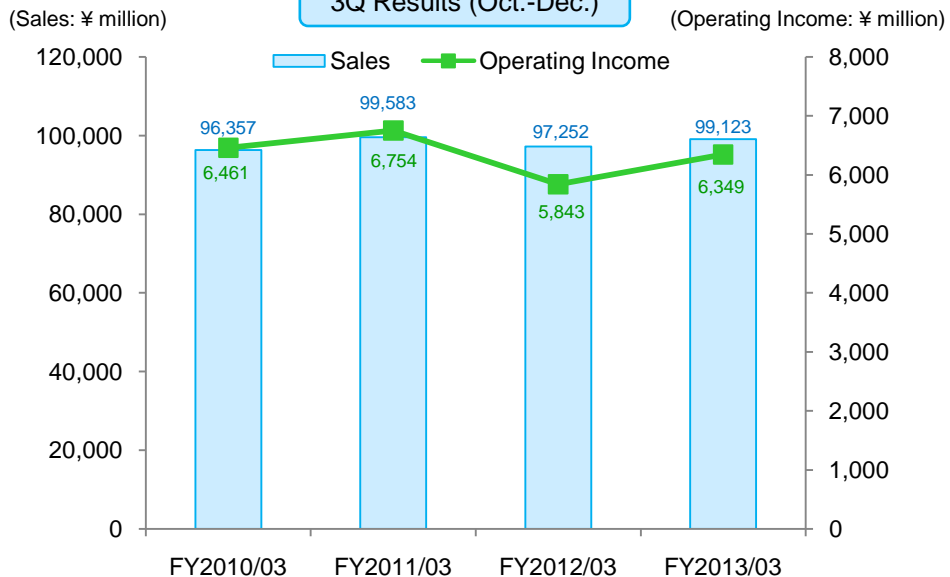


(Operating segment)

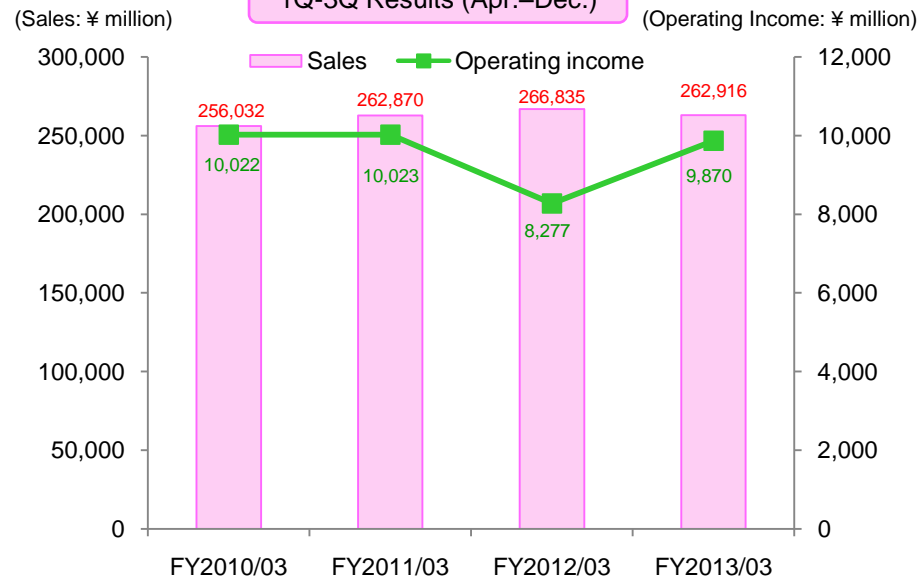
- Sales by operating segment and sales by category in Page 19 of this presentation do not tally (due to intersegment transactions)
- Sales for each segment include intersegment sales
- Previous-year results for each segment are restated to comply with changes in segmentation at certain subsidiaries

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

3Q Results (Oct.-Dec.)



1Q-3Q Results (Apr.-Dec.)



(¥ million, %)

(¥ million, %)

|                        | FY2012/03 3Q | FY2013/03 3Q | Variance | Rate variance |
|------------------------|--------------|--------------|----------|---------------|
| Sales                  | 97,252       | 99,123       | 1,871    | 1.9           |
| Operating income       | 5,843        | 6,349        | 506      | 8.7           |
| Operating income ratio | 6.0          | 6.4          | -        | -             |

|                        | FY2012/03 1Q-3Q | FY2013 1Q-3Q | Variance | Rate variance |
|------------------------|-----------------|--------------|----------|---------------|
| Sales                  | 266,835         | 262,916      | (3,919)  | (1.5)         |
| Operating income       | 8,277           | 9,870        | 1,593    | 19.2          |
| Operating income ratio | 3.1             | 3.8          | -        | -             |

## FY2013/03 3Q (FY2012/03 3Q comparison)

### (Sales)

- Revenues increased thanks to firm sales of consumer-use products (hams and sausages and processed foods)

### (Operating Income)

- Earnings increased on the back of higher revenues from a Nippon Ham Fighters baseball team-related sales campaign and the year-end sales campaign as well as cost-cutting and other measures that offset soaring costs for other materials

## FY2013/03 1Q-3Q (FY2012/03 1Q-3Q comparison)

### (Sales)

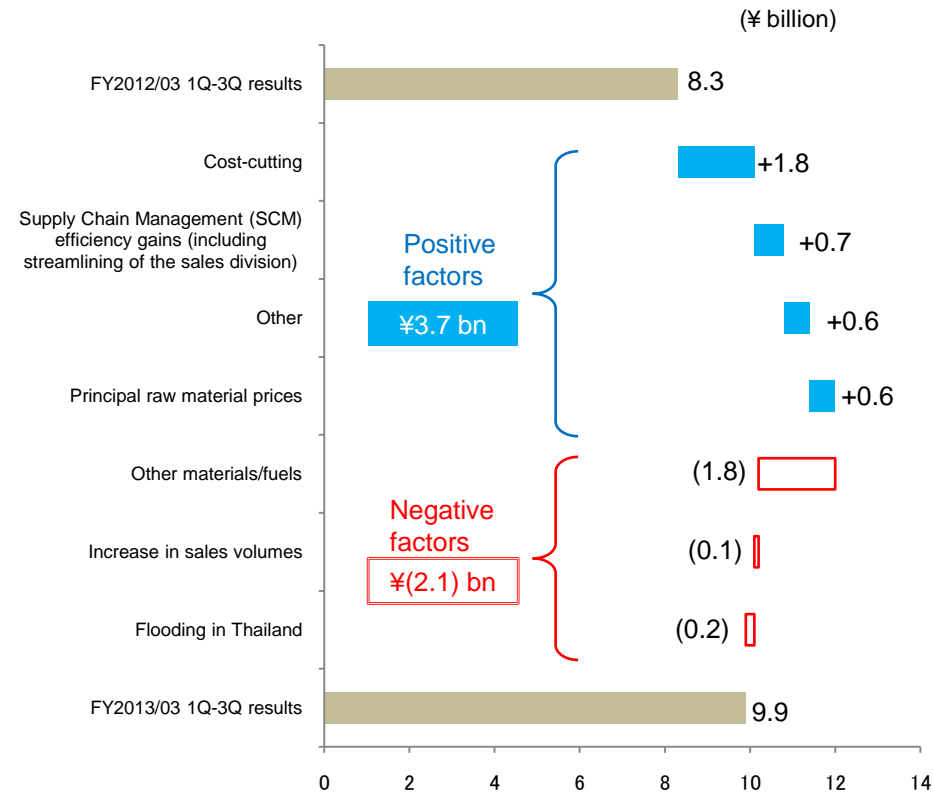
- "SCHAU ESSEN" sausages performed well, reflecting effective year-long marketing efforts. However, overall revenues decreased due to sluggish sales of commercial-use products (processed foods)

### (Operating Income)

- Earnings increased thanks to cost-cutting measures and effective supply chain management

## Factor Analysis: Changes in operating income (¥ billion)

|   | FY2013/03 1Q-3Q target and results |            |              |               |              |
|---|------------------------------------|------------|--------------|---------------|--------------|
|   | 1st half results                   | 3Q results | 1Q-3Q target | 1Q-3Q results | Variance     |
| Cost-cutting  | 1.3                                | 0.5        | 1.9          | 1.8           | (0.1)        |
| Supply Chain Management (SCM) efficiency gains (including streamlining of the sales division) | 0.5                                | 0.2        | 0.6          | 0.7           | 0.1          |
| Principal raw/other material prices   |                                    |            |              |               |              |
| Principal raw material prices   | 0.4                                | 0.2        | 0.4          | 0.6           | 0.2          |
| Other materials/fuels   | (1.3)                              | (0.5)      | (1.6)        | (1.8)         | (0.2)        |
| Increase in sales volumes   | (0.3)                              | 0.2        | 0.2          | (0.1)         | (0.3)        |
| Flooding in Thailand  | (0.3)                              | 0.1        | (0.1)        | (0.2)         | (0.1)        |
| Other   | 0.8                                | (0.2)      | 0.8          | 0.6           | (0.2)        |
| <b>Total</b>  | <b>1.1</b>                         | <b>0.5</b> | <b>2.2</b>   | <b>1.6</b>    | <b>(0.6)</b> |



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

### ● Factor Analysis (1Q - 3Q)

#### Principal raw material prices

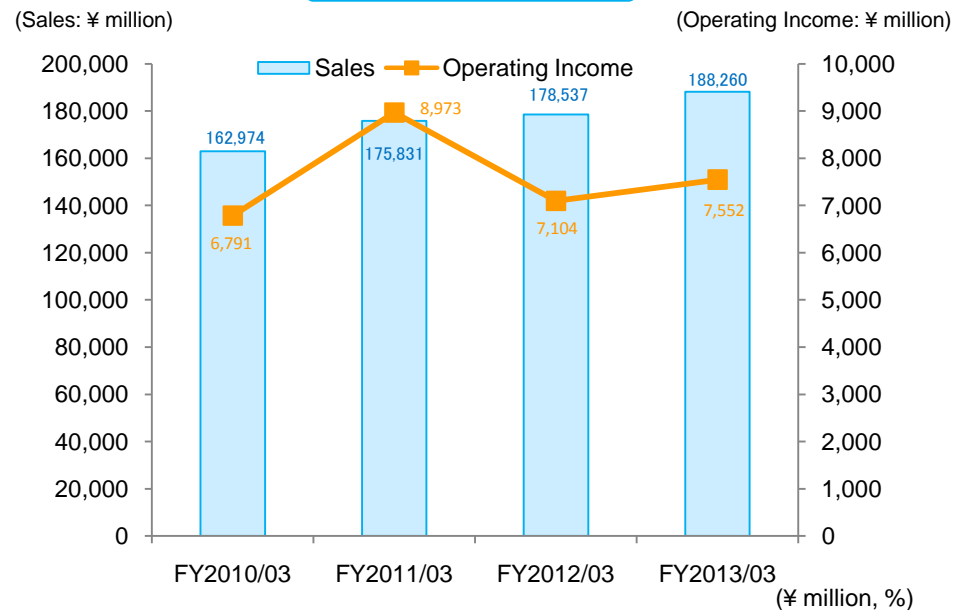
⇒ The effect of lower principal raw material prices is being seen amid weak market prices for pork and poultry

#### Increase in sales volumes

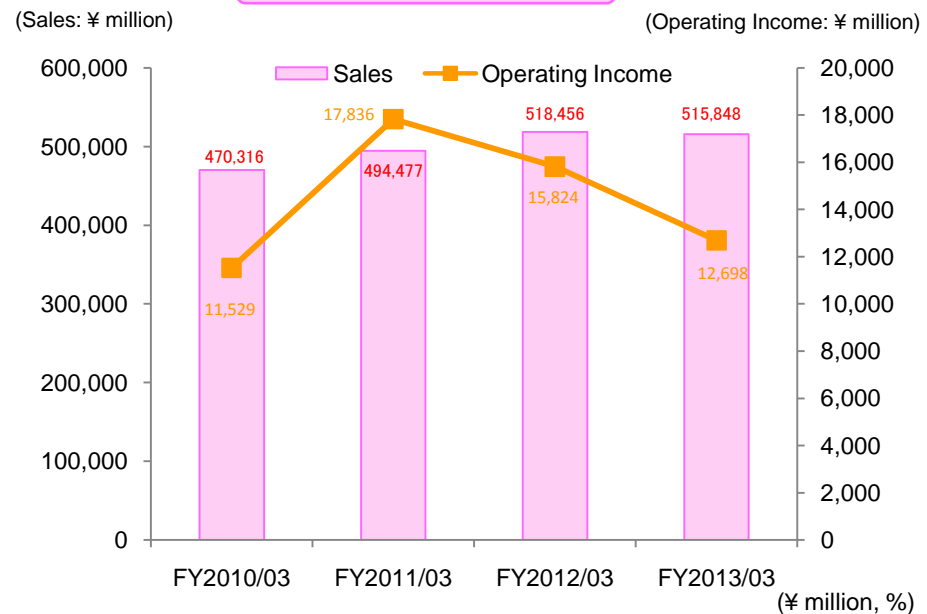
⇒ Hams and sausages experienced sales volume growth, but the Division's sales volume fell short of targets because of a decrease in commercial-use products (processed foods) sales volume

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

3Q Results (Oct. - Dec.)



1Q-3Q Results (Apr. - Dec.)



|                        | FY2012/03 3Q | FY2013/03 3Q | Variance | Rate variance |
|------------------------|--------------|--------------|----------|---------------|
| Sales                  | 178,537      | 188,260      | 9,723    | 5.4           |
| Operating income       | 7,104        | 7,552        | 448      | 6.3           |
| Operating income ratio | 4.0          | 4.0          | -        | -             |

|                        | FY2012/03 1Q-3Q | FY2013/03 1Q-3Q | Variance | Rate variance |
|------------------------|-----------------|-----------------|----------|---------------|
| Sales                  | 518,456         | 515,848         | (2,608)  | (0.5)         |
| Operating income       | 15,824          | 12,698          | (3,126)  | (19.8)        |
| Operating income ratio | 3.1             | 2.5             | -        | -             |

## FY2013/03 3Q (FY2012/03 3Q comparison)

### (Sales)

- Revenues increased thanks to higher Japanese beef unit prices and improved sales volume for domestically produced pork

### (Operating Income)

- The earnings position of imported poultry improved from October 2012 onward
- Earnings decreased for domestically produced fresh meats, due to weak pork and poultry market prices
- Although Australian businesses improved, earnings at Americas-based pig-farming operations decreased due to high feed prices

## FY2013/03 1Q-3Q (FY2012/03 1Q-3Q comparison)

### (Sales)

- Revenues decreased primarily due to stagnant pork and poultry market prices

### (Operating Income)

- Earnings decreased due in particular to the worsening profitability of farming businesses amid stagnant market prices in Japan



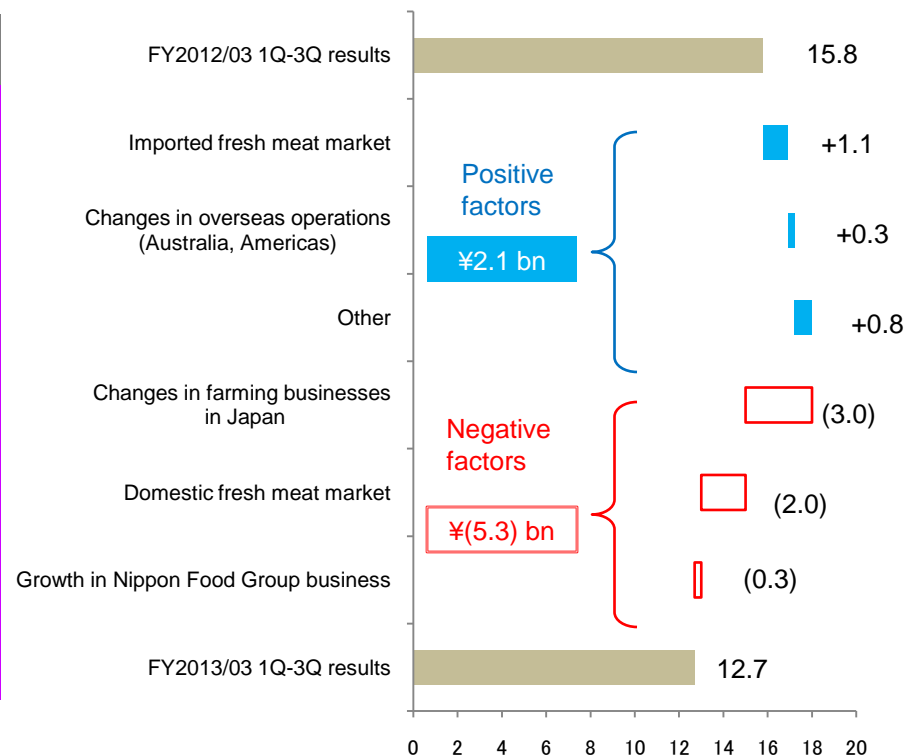
# 4. Operating Segment Data: Fresh Meats Business Division (2)

## Factor Analysis: Changes in operating income

(¥ billion)

|  | FY2013/03 1Q-3Q target and results |            |              |               |              |
|--|------------------------------------|------------|--------------|---------------|--------------|
|  | 1st half results                   | 3Q results | 1Q-3Q target | 1Q-3Q results | Variance     |
| Imported fresh meat market                           | (0.2)                              | 1.3        | 1.6          | 1.1           | (0.5)        |
| Changes in overseas operations (Australia, Americas) | 0.3                                | (0.1)      | 0.3          | 0.3           | 0.0          |
| Changes in farming businesses in Japan               | (2.8)                              | (0.2)      | (3.3)        | (3.0)         | 0.3          |
| Domestic fresh meat market                           | (1.3)                              | (0.8)      | (1.7)        | (2.0)         | (0.3)        |
| Growth in Nippon Food Group business                 | 0.0                                | (0.2)      | (0.1)        | (0.3)         | (0.2)        |
| Other  | 0.4                                | 0.4        | 0.8          | 0.8           | 0.0          |
| <b>Total</b>   | <b>(3.6)</b>                       | <b>0.4</b> | <b>(2.4)</b> | <b>(3.1)</b>  | <b>(0.7)</b> |

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



### ● Factor Analysis (1Q - 3Q)

#### Imported fresh meat market

⇒ Despite improvements in the earnings position of imported poultry from October 2012 onward, earnings fell below projections in the nine months between April and December 2012

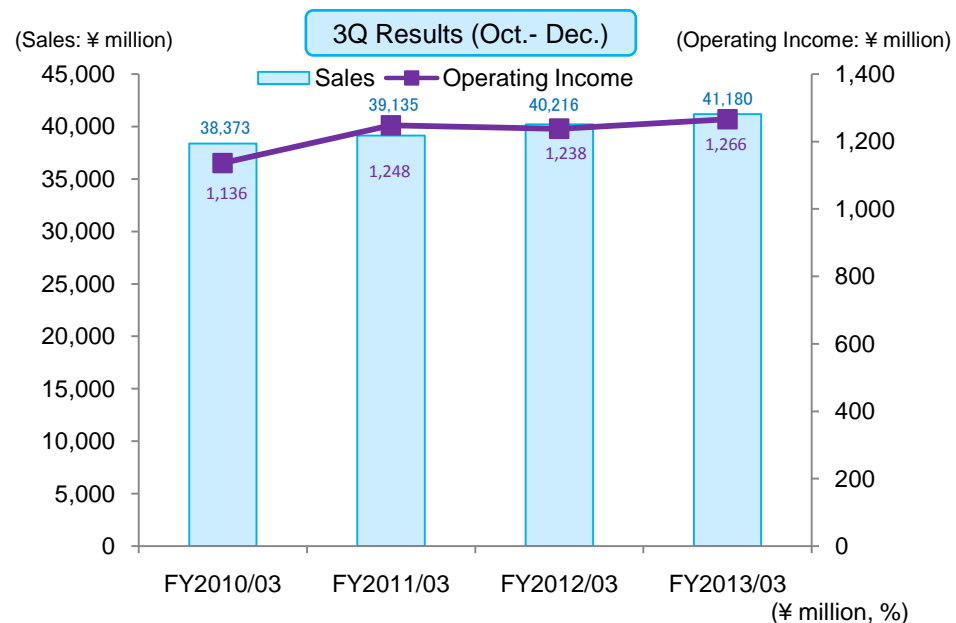
#### Changes in overseas operations

⇒ The earnings position of Australian businesses improved thanks to stable prices for live cattle

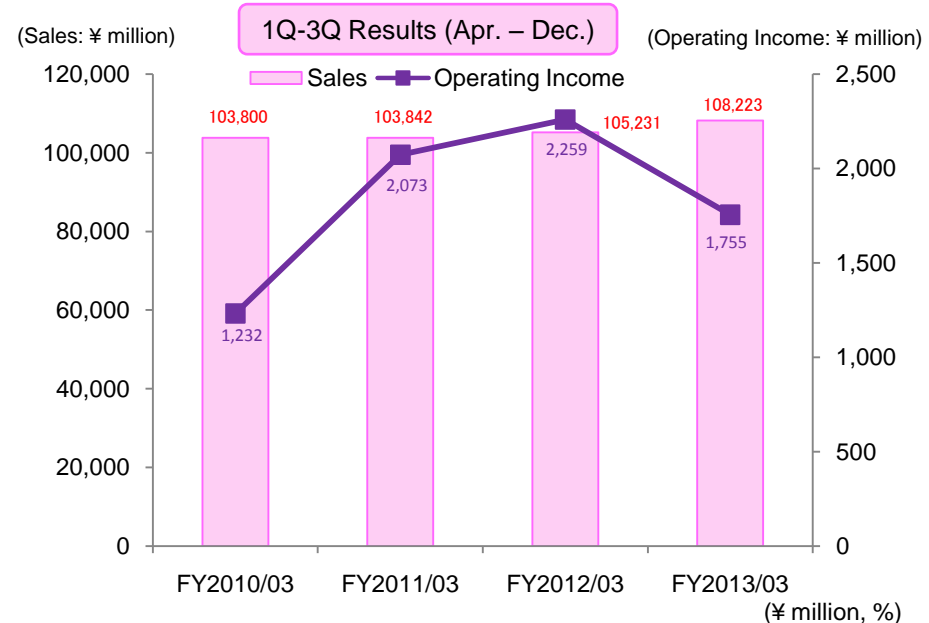
#### Domestic fresh meat market

⇒ Earnings fell short of projections because of a delayed recovery in domestic fresh meat market prices

# 5. Operating Segment Data: Affiliated Business Division



|                        | FY2012/03 3Q | FY2013/03 3Q | Variance | Rate variance |
|------------------------|--------------|--------------|----------|---------------|
| Sales                  | 40,216       | 41,180       | 964      | 2.4           |
| Operating income       | 1,238        | 1,266        | 28       | 2.3           |
| Operating income ratio | 3.1          | 3.1          | -        | -             |



|                        | FY2012/03 1Q-3Q | FY2013/03 1Q-3Q | Variance | Rate variance |
|------------------------|-----------------|-----------------|----------|---------------|
| Sales                  | 105,231         | 108,223         | 2,992    | 2.8           |
| Operating income       | 2,259           | 1,755           | (504)    | (22.3)        |
| Operating income ratio | 2.1             | 1.6             | -        | -             |

## FY2013/03 3Q (FY2012/03 3Q comparison)

### (Sales)

- In marine products, revenues increased slightly on the back of higher sales volume following year-end sales campaign-focused marketing through volume retailers and strengthened Russian roe-related measures
- Dairy product sales increased thanks to strengthened yogurt-related marketing via volume retailers and steady yogurt drink sales to convenience stores

### (Operating Income)

- In marine products, despite higher volume retailer sales volume, earnings decreased due to falling market prices mainly for salmon, trout and crab as well as increased sales costs
- Earnings increased in cheeses, reflecting strong sales of consumer-use products

## FY2013/03 1Q-3Q (FY2012/03 1Q-3Q comparison)

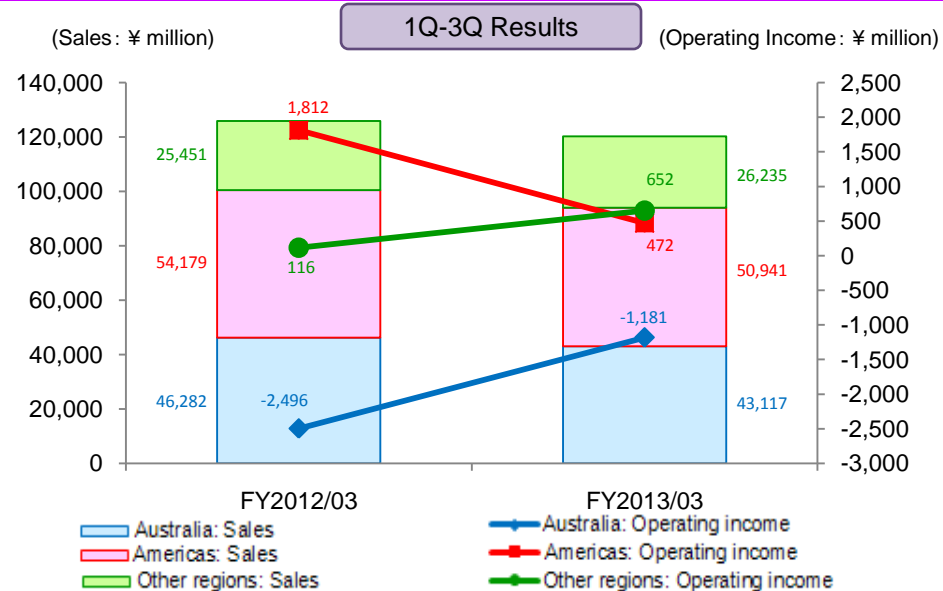
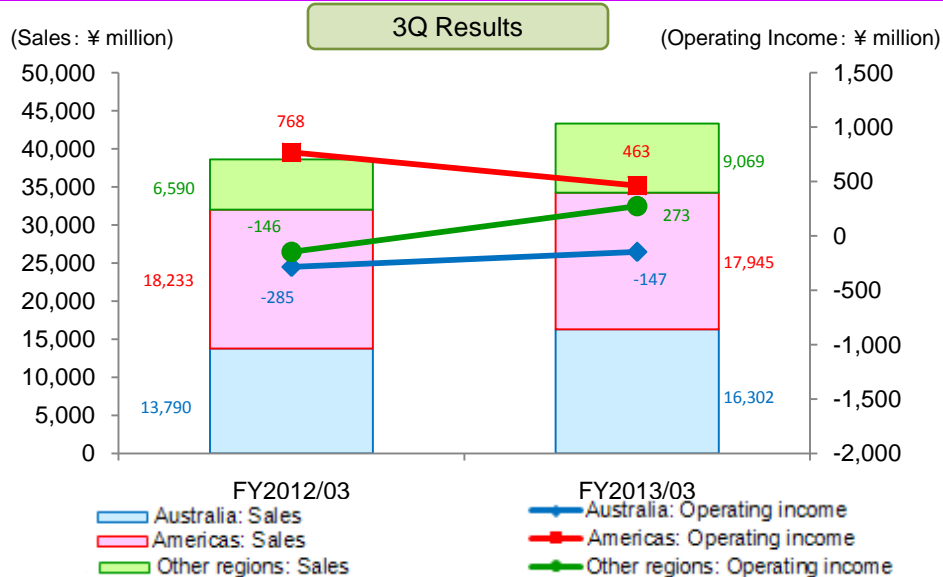
### (Sales)

- In marine products, revenues increased on expanded sales of such priority products as shrimp and salmon as well as stepped-up marketing via volume retailers
- In dairy products, sales of cheese-related consumer-use products centered on "Rolf Baby Cheese" increased while yogurt drink sales were favorable

### (Operating Income)

- In marine products, earnings decreased due to a decline in operating income ratio accompanying steep drops in market prices for certain types of fish (salmon and trout)
- Earnings increased in yogurts on a rise in the operating income ratio in line with higher sales volumes

# 6. Business Results in Major Overseas Geographical Areas



(¥ million, %)

(¥ million, %)

|                |                  | FY2012/03 3Q | FY2013/03 3Q | Variance | Rate Variance |
|----------------|------------------|--------------|--------------|----------|---------------|
| Overseas total | Sales            | 38,200       | 42,074       | 3,874    | 10.1          |
|                | Operating income | 329          | 590          | 261      | 79.3          |
| Australia      | Sales            | 13,790       | 16,302       | 2,512    | 18.2          |
|                | Operating income | (285)        | (147)        | 138      | -             |
| Americas       | Sales            | 18,233       | 17,945       | (288)    | (1.6)         |
|                | Operating income | 768          | 463          | (305)    | (39.7)        |
| Other regions  | Sales            | 6,590        | 9,069        | 2,479    | 37.6          |
|                | Operating income | (146)        | 273          | 419      | -             |

|                |                  | FY2012/03 1Q-3Q | FY2013/03 1Q-3Q | Variance | Rate Variance |
|----------------|------------------|-----------------|-----------------|----------|---------------|
| Overseas total | Sales            | 124,096         | 117,710         | (6,386)  | (5.1)         |
|                | Operating income | (565)           | (78)            | 487      | -             |
| Australia      | Sales            | 46,282          | 43,117          | (3,165)  | (6.8)         |
|                | Operating income | (2,496)         | (1,181)         | 1,315    | -             |
| Americas       | Sales            | 54,179          | 50,941          | (3,238)  | (6.0)         |
|                | Operating income | 1,812           | 472             | (1,340)  | (74.0)        |
| Other regions  | Sales            | 25,451          | 26,235          | 784      | 3.1           |
|                | Operating income | 116             | 652             | 536      | 462.1         |

- 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)
- Other overseas markets are in Asia and Europe
- The Americas include businesses in North and South America

## FY2013/03 3Q (FY2012/03 3Q comparison)

- (Australia)
  - Revenues and earnings increased owing to higher sales volume in the beef businesses
- (Americas)
  - Earnings decreased due to persistently high feed prices on pig-farming operations following drought conditions
- (Asia)
  - Revenues in Thailand increased following repairs to flood-damaged production facilities

## FY2013/03 1Q-3Q (FY2012/03 1Q-3Q comparison)

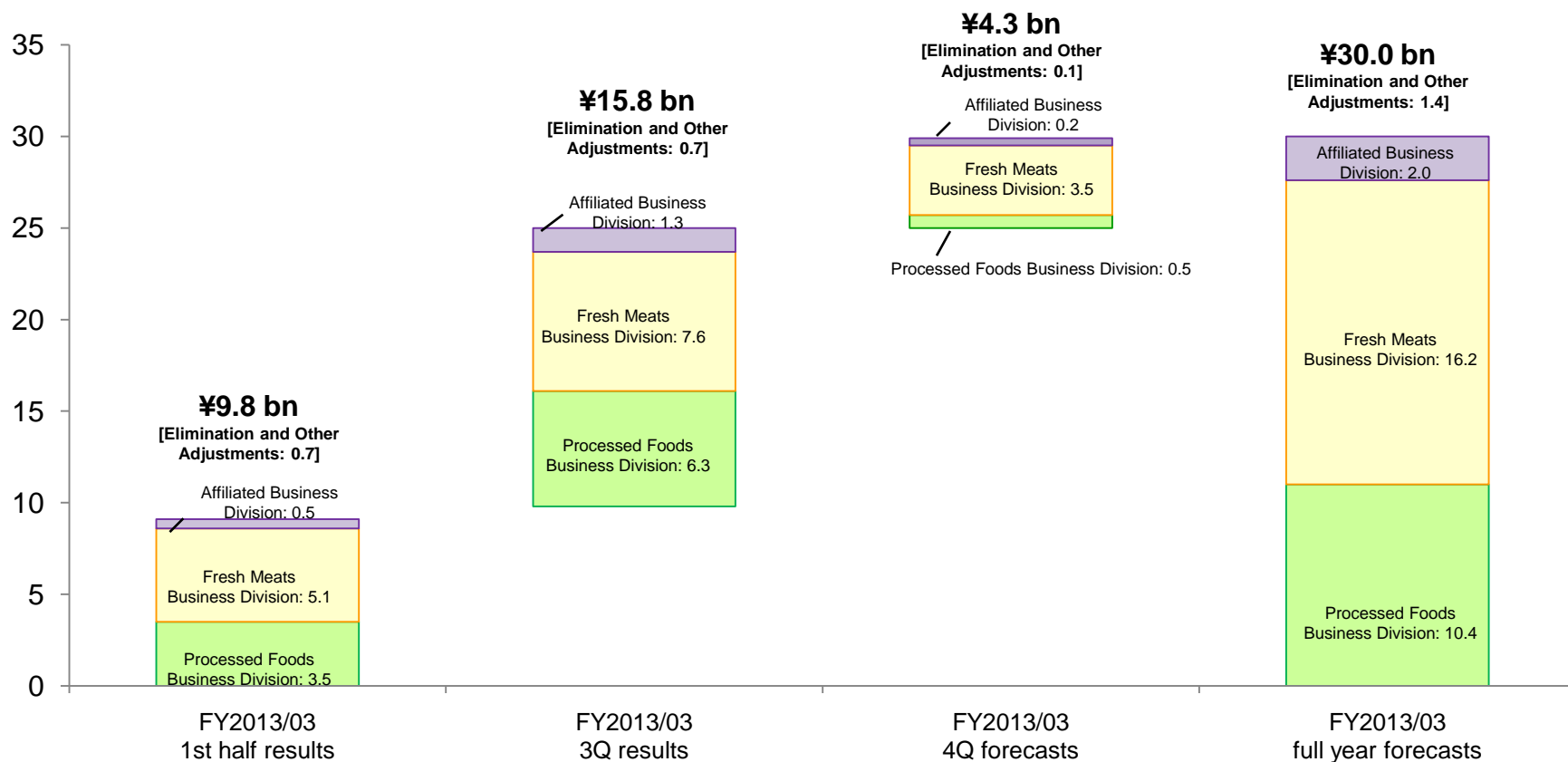
- (Australia)
  - Earnings improved on the back of stabilized live cattle prices
- (Americas)
  - Earnings for pig-farming operations decreased because of high grain prices and weak market prices
- (Asia)
  - Performance slightly improved throughout Asia from the first half onward

## **II. Outlook for FY2013/03**

- 1. FY2013/03 Operating Income Forecasts**
- 2. Processed Foods Business Division: Outlook**
- 3. Fresh Meats Business Division: Outlook**
- 4. Affiliated Business Division: Outlook**

# 1. FY2013/03 Operating Income Forecasts (1)

(¥ billion)



|                                   | FY2013/03 1st half results |            |          | FY2013/03 3Q results |             |          | FY2013/03 4Q forecasts |            |          | FY2013/03 full year forecasts |             |          |
|-----------------------------------|----------------------------|------------|----------|----------------------|-------------|----------|------------------------|------------|----------|-------------------------------|-------------|----------|
|                                   | FY2012/03 1st half         |            | Variance | FY2012/03 3Q results |             | Variance | FY2012/03 4Q results   |            | Variance | FY2012/03 full year           |             | Variance |
| Processed Foods Business Division | 2.4                        | <b>3.5</b> | 1.1      | 5.8                  | <b>6.3</b>  | 0.5      | (0.2)                  | <b>0.5</b> | 0.8      | 8.0                           | <b>10.4</b> | 2.4      |
| Fresh Meats Business Division     | 8.7                        | <b>5.1</b> | (3.6)    | 7.1                  | <b>7.6</b>  | 0.4      | 0.3                    | <b>3.5</b> | 3.2      | 16.2                          | <b>16.2</b> | 0.0      |
| Affiliated Business Division      | 1.0                        | <b>0.5</b> | (0.5)    | 1.2                  | <b>1.3</b>  | 0.0      | (0.3)                  | <b>0.2</b> | 0.5      | 2.0                           | <b>2.0</b>  | 0.0      |
| Elimination and Other Adjustments | (0.1)                      | <b>0.7</b> | 0.8      | 0.3                  | <b>0.7</b>  | 0.4      | 0.3                    | <b>0.1</b> | (0.3)    | 0.4                           | <b>1.4</b>  | 1.0      |
| <b>Total</b>                      | 12.0                       | <b>9.8</b> | (2.2)    | 14.4                 | <b>15.8</b> | 1.4      | 0.1                    | <b>4.3</b> | 4.2      | 26.5                          | <b>30.0</b> | 3.5      |

\* Items may not tally due to rounding. In such cases, figures are adjusted in Elimination and Other Adjustments

# 1. FY2013/03 Operating Income Forecasts (2)

Differences with targets announced in FY2013/03 2Q \*4Q and full-year targets are revised targets disclosed after 2Q

(¥ billion)

|                                   | FY2013/03 3Q results   |             |          | FY2013/03 1Q-3Q results |             |          | FY2013/03 4Q forecasts |            |          | FY2013/03 full year forecasts |             |          |
|-----------------------------------|------------------------|-------------|----------|-------------------------|-------------|----------|------------------------|------------|----------|-------------------------------|-------------|----------|
|                                   | Target announced at 2Q |             | Variance | Target announced at 2Q  |             | Variance | Target announced at 2Q |            | Variance | Target announced at 2Q        |             | Variance |
| Processed Foods Business Division | 7.0                    | <b>6.3</b>  | (0.7)    | 10.5                    | <b>9.9</b>  | (0.6)    | 0.4                    | <b>0.5</b> | 0.2      | 10.9                          | <b>10.4</b> | (0.5)    |
| Fresh Meats Business Division     | 8.3                    | <b>7.6</b>  | (0.7)    | 13.4                    | <b>12.7</b> | (0.7)    | 3.2                    | <b>3.5</b> | 0.3      | 16.6                          | <b>16.2</b> | (0.4)    |
| Affiliated Business Division      | 1.5                    | <b>1.3</b>  | (0.2)    | 2.0                     | <b>1.8</b>  | (0.2)    | 0.3                    | <b>0.2</b> | (0.1)    | 2.3                           | <b>2.0</b>  | (0.3)    |
| Elimination and Other             | (0.4)                  | <b>0.7</b>  | 1.0      | 0.3                     | <b>1.3</b>  | 1.0      | (0.1)                  | <b>0.1</b> | 0.1      | 0.2                           | <b>1.4</b>  | 1.2      |
| Total                             | 16.4                   | <b>15.8</b> | (0.6)    | 26.2                    | <b>25.7</b> | (0.5)    | 3.8                    | <b>4.3</b> | 0.5      | 30.0                          | <b>30.0</b> | 0.0      |

\*Items may not tally due to rounding. In such cases, figures are adjusted in Elimination and Other Adjustments

## Factor analysis: Changes in operating income targets in second half

(¥ billion)

| Processed Foods Business Division   | Differences with targets (original targets) announced in FY2013/03 2Q |            |          |                 |            |          | Fresh Meats Business Division                        | Differences with targets (original targets) announced in FY2013/03 2Q |            |          |                 |            |          |       |
|---|---|------------|----------|-----------------|------------|----------|--|---|------------|----------|-----------------|------------|----------|-------|
|   | 4Q  |            |          | Full year       |            |          |  | 4Q  |            |          | Full year       |            |          |       |
|   | Original target   | New target | Variance | Original target | New target | Variance |  | Original target   | New target | Variance | Original target | New target | Variance |       |
| Cost-cutting  | 0.2   | 0.1        | (0.1)    | 2.0             | 1.9        | (0.1)    | Changes in overseas operations (Australia, Americas) | 0.8   | 1.0        | 0.2      | 1.1             | 1.3        | 0.2      |       |
| Supply Chain Management (SCM) efficiency gains (including streamlining of the sales division) | 0.1   | 0.2        | 0.1      | 0.8             | 0.9        | 0.1      |  | Growth in Nippon Food Group business                                  | 0.1        | (0.1)    | (0.2)           | 0.0        | (0.4)    | (0.4) |
| Principal raw materials/Other materials   |   |            |          |                 |            |          |  | Imported fresh meat market  | 1.6        | 2.0      | 0.4             | 3.1        | 3.0      | (0.1) |
| Principal raw material prices   | (0.2)   | 0.1        | 0.3      | 0.2             | 0.7        | 0.5      |  | Changes in domestic farm operations                                   | 0.4        | 0.2      | (0.2)           | (2.9)      | (2.8)    | 0.1   |
| Other materials/fuels   | (0.2)   | (0.3)      | (0.1)    | (1.8)           | (2.1)      | (0.3)    |  | Domestic fresh meat market  | (0.4)      | (0.3)    | 0.1             | (2.1)      | (2.3)    | (0.2) |
| Sales increases   | 0.1   | 0.2        | 0.1      | 0.3             | 0.0        | (0.3)    |  | Other   | 0.4        | 0.4      | 0.0             | 1.2        | 1.2      | 0.0   |
| Flooding in Thailand  | 0.3   | 0.2        | (0.1)    | 0.3             | 0.1        | (0.2)    |  | Total   | 2.9        | 3.2      | 0.3             | 0.4        | 0.0      | (0.4) |
| Other   | 0.3   | 0.3        | 0.0      | 1.1             | 0.9        | (0.2)    |  |   |            |          |                 |            |          |       |
| Total   | 0.6   | 0.8        | 0.2      | 2.9             | 2.4        | (0.5)    |  |   |            |          |                 |            |          |       |

## 2. Processed Foods Business Division: Outlook

### ● Measures to increase sales of gift products

- Year-end gift sets sold: 4,759,000 (down 0.8%, unit basis)
- “*Utsukushi-no-Kuni*” sets sold: 720,000 (up 34%, unit basis)
- “*Utsukushi-no-Kuni*” increased to 15% of total gift sales

(For next fiscal year’s summer gift sets)

- Aim to improve flagship brand “*Utsukushi-no-Kuni*” set sales 20% year on year (unit basis, net sales)

Reference: Gift-giving season sales volume

(Unit: 1,000)

|                             | FY2012/03 results |                    | FY2013/03 results |                    |
|-----------------------------|-------------------|--------------------|-------------------|--------------------|
|                             | Units             | Variance FY2011/03 | Units             | Variance FY2012/03 |
| Summer gift-giving season   | 2,003             | 102%               | 2,026             | 101%               |
| Year-end gift-giving season | 4,799             | 98%                | 4,759             | 99%                |
| Total                       | 6,802             | 99%                | 6,785             | 100%               |

### ● Measures to expand sales of major brands and new products exhibited at trade shows

#### 1) Hams and sausages

- Expand sales of new products exhibited at trade shows  
(“*Mo Kittemasu Yo!*” series, “*Super Thin Slice*”)

#### 2) Processed foods

- Expand sales volumes for priority products through strengthened marketing via volume retailers and by opening up new sales channels

Reference: Year-on-year growth in sales of major brand products for FY2013/03 1Q-3Q

| Hams and sausages                   | FY2013/03<br>1Q-3Q results | Processed foods        | FY2013/03<br>1Q-3Q results |
|-------------------------------------|----------------------------|------------------------|----------------------------|
| SCHAU ESSEN                         | 104%                       | Ishigama Kobo          | 103%                       |
| Mori-no-Kaori coarse-ground wieners | 85%                        | Chuka Meisai           | 99%                        |
| Irodori Kitchen (high-end hams)     | 96%                        | Prefried               | 90%                        |
| Hams                                | 95%                        | Hamburgers / Meatballs | 125%                       |
| Bacon                               | 105%                       | Curries                | 110%                       |

### ● Measures to expand sales, by channel

#### 1) Consumer-use

- Expand sales centered on priority products, focus on marketing and build up brand power

#### 2) Commercial-use

- Expand product marketing by Thai Nippon Foods Co., Ltd. and target major food-service chains

Reference: Year-on-year growth in sales by channel for FY2013/03 1Q-3Q

|                   |                | Sales volume | Sales revenue |
|-------------------|----------------|--------------|---------------|
| Hams and sausages | Consumer-use   | 103%         | 103%          |
|                   | Commercial-use | 103%         | 104%          |
|                   | Total          | 103%         | 103%          |
| Processed foods   | Consumer-use   | 102%         | 101%          |
|                   | Commercial-use | 95%          | 92%           |
|                   | Total          | 98%          | 97%           |

## 3. Fresh Meats Business Division: Outlook

### ● Production businesses in Japan

#### 1) Feed prices

- Feed prices are forecast to increase next fiscal year due to lower yen rates and higher corn prices

Mixed feed prices are anticipated to stabilize between January and March 2013. However, a decrease in the contingency fund is expected to lead to an increase in the actual payment on mixed feed

#### 2) Farming operations in Japan

##### Pig farming

- An increase in the numbers of pigs shipped is likely to lower pork market prices for the foreseeable future. A rebound in prices throughout the spring and summer is anticipated

##### Poultry

- Recovery momentum in market prices is expected from December 2012 onward. Efforts will be made to lower production costs through productivity improvements

### ● Overseas businesses

#### 1) Restructuring of Australian businesses

- Continue to improve productivity and cut general expenses and cost of goods sold, to improve the profit ratio
- Expand sales of new Whyalleaf (short-fed) Australian beef products for the Japan market

At the same time, strengthen marketing to the Australian domestic market and Asia, while developing new sales channels

#### 2) Americas business

- Harsh conditions are expected in pig farming operations due partly to soaring feed prices

### ● Nippon Food Group (meat product marketing companies)

- Expand sales in Japan of three major livestock categories (beef, pork and poultry) and expand sales volumes

(Sales volume between October and December 2012: up 4% year on year)



## 4. Affiliated Business Division: Outlook

### ● Measures to increase marine product sales

(Marine Foods Corporation)

- Strengthen product development capability and expand sales of items from that company's factories in Japan
- Grow earnings by expanding sales of shrimp, salmon and other priority products
- Increase profit ratio by expanding sales of items produced in that company's domestic factories

(Hoko Co., Ltd.)

- Boost transactions with such major customers as restaurant chains and volume retailers
- In the company's room-temperature (canned) product business, strengthen sales from its Hachinohe Factory, which is reinforcing production capacity in February

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

|                            | FY2013/03 1Q-3Q results |
|----------------------------|-------------------------|
| Items produced in-house    | 6,563 tons              |
| FY2012/03 1Q-3Q comparison | 98%                     |

Reference: Marine Foods Corporation, sales growth by channel

|                            | FY2012/03 1Q-3Q comparison |
|----------------------------|----------------------------|
|                            | FY2013/03 1Q-3Q results    |
| Volume Retailers           | 106%                       |
| Food Service (restaurants) | 93%                        |

### ● Measures to increase dairy product sales

(Cheese)

- Grow sales volumes by stepping up proposal-based marketing through bakery, food-service and other major channels
- Expand sales of consumer-use products through proposal-based marketing tailored to seasonal and special-event demand

(Yogurt)

- Introduce and cultivate into standard items new products showcased at Nippon Meat Packers Group trade shows
- Strengthen the development of national- and private-brand products for volume retailers and convenience stores while increasing sales of yogurt drinks, production for which has been stepped up

### ● Trends in principal raw and other materials

- Cheese ingredient production is likely to remain firm in producer countries in the southern hemisphere. However, import costs are expected to increase due to steady demand primarily in Asia and Middle East as well as the impact of currency exchange rates
- Prices for fat-free milk powder made in Japan for yogurt are likely to remain high due to tight supply conditions

Reference: Dairy products, sales growth by product

|        | FY2012/03 1Q-3Q comparison |
|--------|----------------------------|
|        | FY2013/03 1Q-3Q results    |
| Cheese | 99%                        |
| Yogurt | 123%                       |

### **Ⅲ. Consolidated Financial Results for FY2013/03 1Q-3Q (Apr. - Dec.)**

- 1. FY2013/03 1Q-3Q Business Results at a Glance and FY2013/03 Forecasts**
- 2. Growth Rate by Sales Category, and by Geographical Segment**
- 3. Selling, General and Administrative Expenses / Other Operating Costs and Expenses (Income) / Other Income (Expenses)**
- 4. Balance Sheets / Property, Plant and Equipment / Depreciation and Amortization**

## 1. FY2013/03 1Q-3Q Business Results at a Glance and FY2013/03 Forecasts

(¥ million, %)

| Consolidated  | FY2012/03                        |                  |                                 |                                     | FY2013/03                           |               |                              |               |                                     |               |
|---|----------------------------------|------------------|---------------------------------|-------------------------------------|-------------------------------------|---------------|------------------------------|---------------|-------------------------------------|---------------|
|   | 1st half results<br>(Apr.-Sept.) | Rate<br>variance | 1Q-3Q<br>results<br>(Apr.-Dec.) | Full year<br>results<br>(Apr.-Mar.) | 1st half<br>results<br>(Apr.-Sept.) | Rate variance | 1Q-3Q results<br>(Apr.-Dec.) | Rate variance | Full year<br>targets<br>(Apr.-Mar.) | Rate variance |
| Net sales   | 506,367                          | 4.8              | 790,082                         | 1,017,784                           | 496,691                             | (1.9)         | 787,802                      | (0.3)         | 1,040,000                           | 2.2           |
| Hams and sausages                                       | 65,628                           | 1.5              | 108,858                         | 137,286                             | 67,301                              | 2.5           | 111,514                      | 2.4           | 141,500                             | 3.1           |
| Processed foods   | 99,980                           | 2.6              | 154,434                         | 203,167                             | 100,451                             | 0.5           | 156,272                      | 1.2           | 208,000                             | 2.4           |
| Fresh meats   | 277,107                          | 6.7              | 422,889                         | 544,054                             | 263,175                             | (5.0)         | 413,308                      | (2.3)         | 551,000                             | 1.3           |
| Beef  | 101,883                          | 9.1              | 155,865                         | 197,494                             | 99,101                              | (2.7)         | 157,443                      | 1.0           | 205,000                             | 3.8           |
| Pork  | 101,123                          | 3.9              | 153,609                         | 201,563                             | 98,726                              | (2.4)         | 152,518                      | (0.7)         | 205,000                             | 1.7           |
| Poultry   | 62,009                           | 9.2              | 95,568                          | 122,873                             | 55,664                              | (10.2)        | 88,452                       | (7.4)         | 119,000                             | (3.2)         |
| Other fresh meats                                       | 12,092                           | (0.6)            | 17,847                          | 22,124                              | 9,684                               | (19.9)        | 14,895                       | (16.5)        | 22,000                              | (0.6)         |
| Marine products   | 39,135                           | 0.4              | 64,973                          | 82,836                              | 40,192                              | 2.7           | 66,062                       | 1.7           | 85,500                              | 3.2           |
| Dairy products  | 11,343                           | 3.7              | 17,510                          | 23,261                              | 12,769                              | 12.6          | 19,272                       | 10.1          | 25,500                              | 9.6           |
| Others  | 13,174                           | 15.4             | 21,418                          | 27,180                              | 12,803                              | (2.8)         | 21,374                       | (0.2)         | 28,500                              | 4.9           |
| Cost of goods sold                                      | 411,093                          | 6.3              | 634,604                         | 822,222                             | 404,573                             | (1.6)         | 633,945                      | (0.1)         |                                     |               |
| Gross profit  | 95,274                           | (1.1)            | 155,478                         | 195,562                             | 92,118                              | (3.3)         | 153,857                      | (1.0)         |                                     |               |
| Gross profit ratio                                      | 18.8%                            | -                | 19.7%                           | 19.2%                               | 18.5%                               | -             | 19.5%                        | -             |                                     |               |
| SG&A expenses   | 83,272                           | (0.2)            | 129,084                         | 169,049                             | 82,279                              | (1.2)         | 128,195                      | (0.7)         |                                     |               |
| Operating income  | 12,002                           | (7.1)            | 26,394                          | 26,513                              | 9,839                               | (18.0)        | 25,662                       | (2.8)         | 30,000                              | 13.2          |
| Income before income taxes                              | 9,577                            | (15.7)           | 23,829                          | 26,766                              | 7,946                               | (17.0)        | 24,447                       | 2.6           | 25,500                              | (4.7)         |
| Net income attributable to<br>Nippon Meat Packers, Inc. | 4,799                            | (29.2)           | 10,930                          | 11,655                              | 3,881                               | (19.1)        | 13,899                       | 27.2          | 13,500                              | 15.8          |

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

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

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

### Growth Rate by Sales Category (Consolidated Basis)

| Category          | FY2012/03 (FY2011/03 comparison) |               |                   |               | FY2013/03 (FY2012/03 comparison) |               |                    |               |
|-------------------|----------------------------------|---------------|-------------------|---------------|----------------------------------|---------------|--------------------|---------------|
|                   | 3Q (Oct.-Dec.)                   |               | 1Q-3Q (Apr.-Dec.) |               | 3Q (Oct.-Dec.)                   |               | 1Q-3Q (Apr.- Dec.) |               |
|                   | Sales volume                     | Sales revenue | Sales volume      | Sales revenue | Sales volume                     | Sales revenue | Sales volume       | Sales revenue |
| Hams and sausages | 2.3                              | 0.1           | 1.9               | 0.9           | 5.7                              | 2.3           | 4.6                | 2.4           |
| Processed foods   | 0.7                              | 2.6           | 1.8               | 2.6           | 3.6                              | 2.5           | 1.2                | 1.2           |
| Fresh meats       | 1.2                              | (0.2)         | 2.4               | 4.2           | 5.2                              | 3.0           | 2.5                | (2.3)         |
| Beef              | (4.1)                            | (2.1)         | 6.2               | 4.9           | 7.8                              | 8.1           | (4.1)              | 1.0           |
| Pork              | 4.8                              | 1.6           | 3.1               | 3.1           | 2.6                              | 2.5           | 2.2                | (0.7)         |
| Poultry           | 0.8                              | 0.4           | (1.4)             | 5.9           | 7.7                              | (2.3)         | 9.6                | (7.4)         |
| Other fresh meats | 4.5                              | (0.1)         | (0.1)             | (0.4)         | (8.4)                            | (9.5)         | (8.8)              | (16.5)        |

### FY2012/03 Business Results at a Glance and FY2013/03 Forecasts by Geographical Segment

(¥ million, %)

|                        | FY2012/03 results        |                      |                          | FY2013/03 results and forecasts |                  |                      |                  |                          |                  |
|------------------------|--------------------------|----------------------|--------------------------|---------------------------------|------------------|----------------------|------------------|--------------------------|------------------|
|                        | 1st half<br>(Apr.-Sept.) | 1Q-3Q<br>(Apr.-Dec.) | Full year<br>(Apr.-Mar.) | 1st half<br>(Apr.-Sept.)        | Rate<br>variance | 1Q-3Q<br>(Apr.-Dec.) | Rate<br>variance | Full year<br>(Apr.-Mar.) | Rate<br>variance |
| Domestic               | 464,720                  | 728,723              | 939,524                  | 461,110                         | (0.8)            | 731,936              | 0.4              | 960,000                  | 2.2              |
| External customers     | 464,279                  | 728,145              | 938,846                  | 460,777                         | (0.8)            | 731,441              | 0.5              | 959,000                  | 2.1              |
| Intersegment           | 441                      | 578                  | 678                      | 333                             | (24.5)           | 495                  | (14.4)           | 1,000                    | 47.5             |
| Operating income       | 12,746                   | 26,871               | 27,404                   | 10,824                          | (15.1)           | 25,878               | (3.7)            | 30,000                   | 9.5              |
| Operating income ratio | 2.7%                     | 3.7%                 | 2.9%                     | 2.3%                            | -                | 3.5%                 | -                | 3.1%                     | -                |
| Overseas               | 85,896                   | 124,096              | 157,721                  | 75,636                          | (11.9)           | 117,710              | (5.1)            | 161,000                  | 2.1              |
| External customers     | 42,088                   | 61,937               | 78,938                   | 35,914                          | (14.7)           | 56,361               | (9.0)            | 81,000                   | 2.6              |
| Intersegment           | 43,808                   | 62,159               | 78,783                   | 39,722                          | (9.3)            | 61,349               | (1.3)            | 80,000                   | 1.5              |
| Operating income       | (894)                    | (565)                | (1,397)                  | (668)                           | -                | (78)                 | -                | 0                        | -                |
| Operating income ratio | (1.0)%                   | (0.5)%               | (0.9)%                   | (0.9)%                          | -                | (0.1)%               | -                | 0.0%                     | -                |

\* Sales by geographic segment are before intersegment elimination

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

(¥ million, %)

|    | SG&A expenses                                | FY2012/03         |                   | FY2013/03     |          |
|----|--|-------------------|-------------------|---------------|----------|
|    |  | 1Q-3Q (Apr.-Dec.) | 1Q-3Q (Apr.-Dec.) | Rate variance | Variance |
| ★① | Selling, general and administrative expenses | 129,084           | 128,195           | (0.7)         | (889)    |
|    | Personnel                                    | 49,634            | 49,164            | (0.9)         | (470)    |
|    | Advertising                                  | 8,618             | 8,511             | (1.2)         | (107)    |
| ★② | Logistics                                    | 29,968            | 31,301            | 4.4           | 1,333    |
|    | Others                                       | 40,864            | 39,219            | (4.0)         | (1,645)  |

Major reasons for increases/decreases

- ★① SG&A Expenses: Despite a ¥0.9 billion overall decrease, the ratio of SG&A expenses to sales remained unchanged
- ★② Logistics: The costs of cold storage increased by approximately ¥0.5 billion, and the costs of transportation increased by around ¥0.8 billion

(¥ million, %)

|  | FY2012/03<br>1Q-3Q<br>(Apr.-Dec.) | FY2013/03<br>1Q-3Q<br>(Apr.-Dec.) | FY2013/03     |          |
|--|-----------------------------------|-----------------------------------|---------------|----------|
|  |                                   |                                   | Rate variance | Variance |
| Other operating costs and expenses (income) - net                    | 562                               | 1,094                             | 94.7          | 532      |
| Impairment loss on fixed assets                                      | 1,132                             | 691                               | (39.0)        | (441)    |
| Special retirement allowances  | 15                                | 54                                | 260.0         | 39       |
| Others   | (585)                             | 349                               | -             | 934      |
| ★① Other income (expenses) - net                                     | (628)                             | 1,051                             | -             | 1,679    |
| Interest and dividends income  | 701                               | 806                               | 15.0          | 105      |
| Loss on valuation of securities/<br>Gain/Loss on sales of securities | (200)                             | (82)                              | -             | 118      |
| Foreign exchange gains(losses)                                       | (1,100)                           | 365                               | -             | 1,465    |
| Others   | (29)                              | (38)                              | -             | (9)      |
| Interest expenses  | 1,375                             | 1,172                             | (14.8)        | (203.0)  |

Major reasons for increases/decreases

- ★① Other income (expenses) -net: Foreign exchange gains (losses) improved by approximately ¥1.5 billion

## 4. Balance Sheets / Property, Plant and Equipment / Depreciation and Amortization

(¥ million, %)

| Consolidated balance sheets |   | FY2012/03<br>year-end | FY2013/03<br>End of Dec. | Rate<br>variance | Variance |
|-----------------------------|---|-----------------------|--------------------------|------------------|----------|
| ★①                          | Total assets  | 589,125               | 619,079                  | 5.1              | 29,954   |
|                             | Cash and cash equivalents   | 63,651                | 41,312                   | (35.1)           | (22,339) |
| ★②                          | Trade notes and accounts receivable                                       | 119,959               | 160,625                  | 33.9             | 40,666   |
| ★③                          | Inventories   | 112,516               | 110,161                  | (2.1)            | (2,355)  |
|                             | Property, plant and equipment - at cost, less<br>accumulated depreciation | 213,663               | 218,221                  | 2.1              | 4,558    |
|                             | Investments and other assets  | 28,889                | 28,323                   | (2.0)            | (566)    |
|                             | Deferred income taxes - non-current                                       | 13,368                | 13,861                   | 3.7              | 493      |
|                             | Total liabilities   | 296,857               | 328,440                  | 10.6             | 31,583   |
|                             | Trade notes and accounts payable  | 96,822                | 115,558                  | 19.4             | 18,736   |
| ★④                          | Interest-bearing debt   | 139,187               | 153,511                  | 10.3             | 14,324   |
|                             | Liability under retirement and severance programs                         | 17,170                | 16,631                   | (3.1)            | (539)    |
|                             | Total Nippon Meat Packers, Inc. shareholders' equity                      | 290,020               | 288,231                  | (0.6)            | (1,789)  |
|                             | Noncontrolling interests  | 2,248                 | 2,408                    | 7.1              | 160      |
|                             | Total equity  | 292,268               | 290,639                  | (0.6)            | (1,629)  |

Major reasons for  
increases/decreases

- ★① Total assets: Increased by ¥30.0 billion due to factors ② and ③ below
- ★② Trade notes and accounts receivable: Increased by ¥40.7 billion due to increased sales in third quarter (Oct.-Dec.)
- ★③ Inventories: Decreased by ¥2.4 billion due mainly to decreased fresh meat inventory
- ★④ Interest-bearing debt: Increased by ¥14.3 billion due chiefly to issuance of straight bonds

(¥ million, %)

| Capital expenditures and depreciation | FY2012/03 | FY2013/03 |               | Variance | FY2013/03 |
|---------------------------------------|-----------|-----------|---------------|----------|-----------|
|                                       | 1Q-3Q     | 1Q-3Q     | Rate variance |          | Forecasts |
| Property, plant and equipment         | 12,031    | 19,038    | 58.2          | 7,007    | 43,000    |
| Production facilities                 | 5,762     | 7,927     | 37.6          | 2,165    | 12,600    |
| Marketing and logistics facilities    | 1,913     | 2,204     | 15.2          | 291      | 12,700    |
| Farms and processing facilities       | 2,561     | 5,663     | 121.1         | 3,102    | 8,100     |
| Overseas operations facilities        | 860       | 1,545     | 79.7          | 685      | 4,800     |
| Other facilities                      | 935       | 1,699     | 81.7          | 764      | 4,800     |
| Depreciation and amortization         | 17,682    | 14,288    | (19.2)        | (3,394)  | 22,000    |

## **Contact**

**Public & Investor Relations Department  
Nippon Meat Packers, Inc.  
14F ThinkPark Tower  
2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6014  
Tel: 81-3-4555-8024 Fax: 81-3-4555-8189**

### **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 from the targets in this presentation due to those factors, and investment decisions should not be based exclusively on them.**