
Business Results and Progress in the Medium-Term Management Plan

November 5, 2013

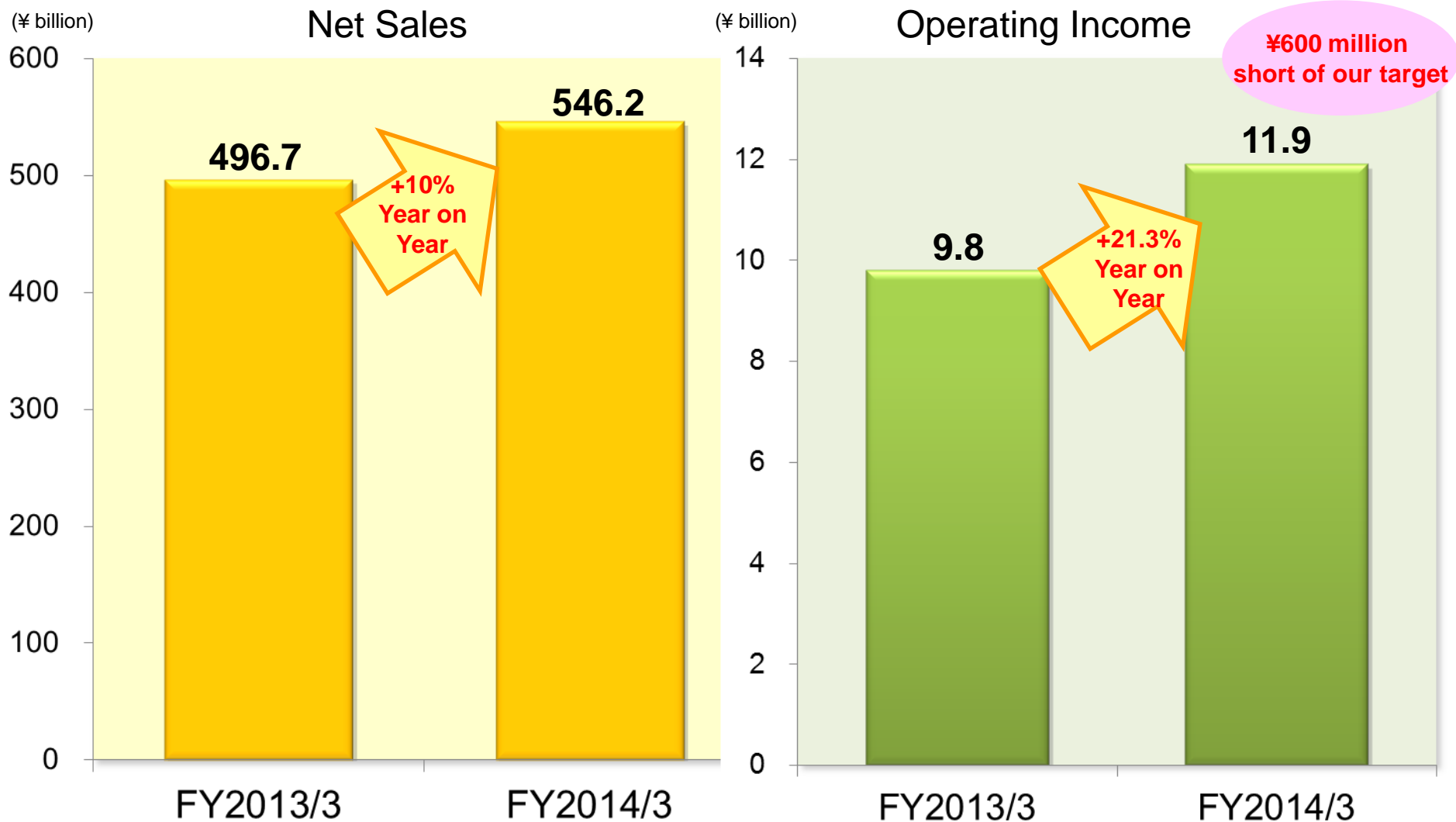
Nippon Meat Packers, Inc.
President and Representative Director

Noboru Takezoe

- 1) First Half of FY2014/3 Results Overview**
- 2) Outlook for FY2014/3 and
the Medium-Term Management Plan**
- 3) New Medium-Term Management Plan Part IV:
Progress and Outlook**
- 4) Key Factors**

1) First Half of FY2014/3 Results Overview

Target unachieved but secured higher revenues and earnings year on year



1) First Half of FY2014/3 Results Overview

Operating Income Target and Reasons for Operating Income Decrease

*Target revised as of the 1st quarter

(¥ billion)

Business Division	Target	Result	Difference	Reason
Processed Foods Business Division	3.0	1.7	(1.3)	<ul style="list-style-type: none">▪ Worsening profitability of products made overseas▪ Higher general expenses due to stepped-up marketing▪ Failure to reach cost-cutting targets
Fresh Meats Business Division	8.3	9.1	0.8	<ul style="list-style-type: none">▪ Significant progress with Australian businesses
Affiliated Business Division	0.4	0.2	(0.2)	<ul style="list-style-type: none">▪ Slowness in passing on price rises for raw materials
Eliminations, Adjustments and Others	0.8	0.9	0.1	
Total	12.5	11.9	(0.6)	

Improvement in Australian businesses

- Expanded sales of Australian beef (reflected in first-half results)

Major sales country	Share by volume	Volume change year-on-year
Japan	21%	96%
U.S.A.	18%	159%
South Korea	11%	158%
China	10%	495%
Taiwan	5%	106%
Australia (domestic)	24%	117%

Overall volume change year-on-year 134%

- Overhaul of marketing platforms, strengthened sales of brand-name products
- Procurement prices for live cattle, exchange rate stabilization (of weak Australian dollar)
- Improved productivity at farm businesses, better capacity utilization at processing plants

Full-Year Operating Income for FY2014/3

(Forecast) **¥34.0 billion**

No change to operating income targets

FY2015/3 (Final year of Plan)

Operating income: ¥43.0 billion

Net income: ¥22.0 billion

● Positive factors

- Fresh Meats: Significant improvement in Australian businesses
Recovery in United States pig-farming operations
Recovery in domestic fresh meat market prices and rise in sales
- Processed Foods: Benefits of price adjustments and higher volumes

● Negative factors

- Processed Foods: Rebound after Nippon-Ham Fighters, pro baseball team, promotion in previous fiscal year
- Affiliated: Persistently high raw material costs

Policy highlights announced in May 2012

(1) Aggressive investment in growth and efficiency strategies

(2) Shareholder-focused management

(3) Capital strategy

(4) Enhance the Group brand value

(1) Aggressive investment in growth and efficiency strategies

● Processed Foods Business Division: **Rebuild Ibaraki Plant**

(facility for commercial-use products)

Investment: Around ¥7.0 billion, completion scheduled for April 2014

→ **Install high-productivity line**

(Production capacity)

New lines: 6,000 tons/year up



(After new facility comes onstream)

Total Ibaraki Plant output:

42,000 tons/year



Nippon Ham Factory Co., Ltd.'s Ibaraki Plant with new facility (artist's impression)

- Processed Foods Business Division:
Rebuild Kamakura Ham Tomioka Co., Ltd.'s plant

Investment: Around ¥2.0 billion,
completion scheduled for September 2015
→ **Strengthen high value-added products**



Refurbished Kamakura Ham Tomioka Co., Ltd.'s Plant
(artist's impression)

- Fresh Meats Business Division:
Strengthen domestic poultry farm businesses

Investment: Around ¥2.0 billion
→ (FY2014/3) **Targeted shipment capacity: 67.5 million birds (up 5%)**

- Affiliated Business Division:

- Relocation and rebuilding of Hoko Co., Ltd.'s Yamato plant for ROLF-brand products**

Investment: Around ¥7.0 billion,
completion scheduled for summer 2015

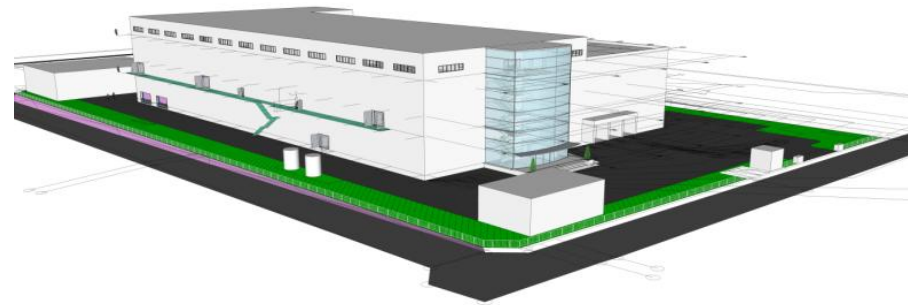
→ **Increase in production capacity**

50% increase in production capacity



(After new facility comes onstream)

Overall output of new Yamato plant
Around 10,000 tons/year



Refurbished Hoko Co., Ltd.'s Yamato plant
for ROLF-brand products (artist's impression)

- Affiliated Business:

- Hoko Co., Ltd.'s Nishinomiya Plant (ROLF)**

Investment: Around ¥500 million

→ **Strengthen ROLF Baby Cheese line**

(2) Shareholder-focused management



Consolidated payout ratio of 30%, improved EPS through acquisition of treasury stock

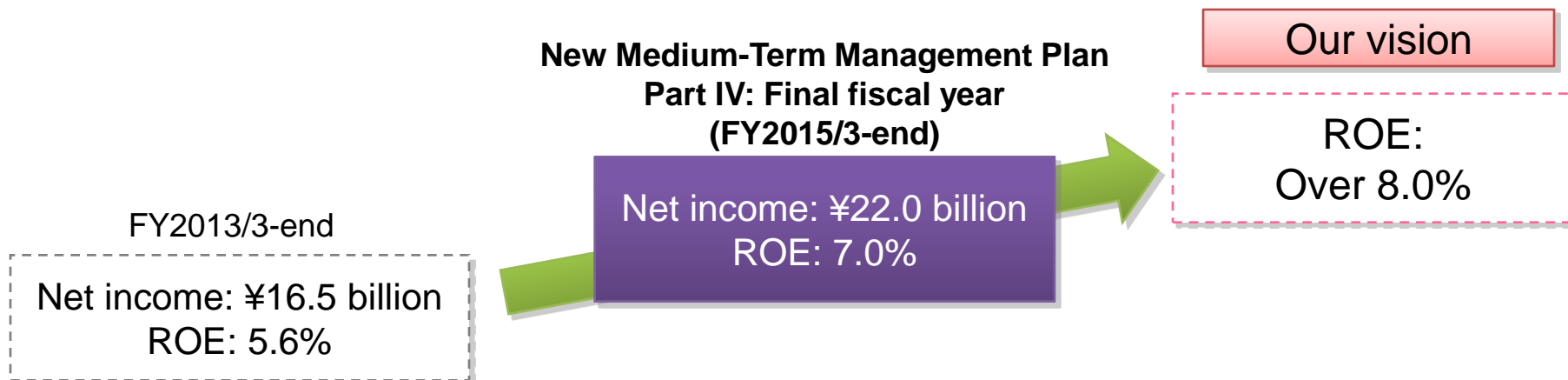
(3) Capital strategy

● Emphasis on FY2014/3 net income

First-half net income target: ¥6.0 billion → Actual result: ¥7.6 billion

● ROE focus

→ Improve ROE while boosting capital efficiency



(4) Enhance the Group brand value

Continue corporate communication activities

● In-store fairs for the Group products (July and August)

- Aim to enhance the Group brand value and publicize the breadth of the Group product range (at 43 chain stores)



● Public relations activities

- Dispatch experts to give hands-on food-preparation lessons
- *Hamrins* food education seminars
- Cookery classes for the visually impaired, etc



Hands-on food-
preparation lesson



Hamrins Food education
seminars

- (1) Measures to expand volumes in Processed Foods**
- (2) Improve profitability of farm businesses in Japan**
- (3) Current state of Australian and Americas businesses**
- (4) Progress in overseas operations**

(1) Measures to expand volumes in Processed Foods

● Second half

→ Step up marketing of priority product groups

(Ahead of 30th anniversary of the *SCHAU ESSEN* sausage next year)



New *SCHAU ESSEN* TV ad

→ Expand sales of year-end gift sets

(Summer gift-giving season:

2% year-on-year increase in 2013; aim for 3% increase at year-end)

(Comparison of number of units year-on-year)



Flagship gift product *Utsukushi-no-Kuni*
Target: 20% year-on-year sales increase (to 18% of all our gift-sets)

(Comparison of number of units year-on-year)



(Market price outlook)

- **Beef:** Persistently high (due to a drop in the number of cattle head in Japan)
- **Pork:** High compared year-on-year
- **Chicken:** Rising (tightness in supplies due to heatwave in Japan in August)



● Measures for second half

- Prospects for improved earnings from farm businesses in Japan
- Aim to increase production of fresh meat brand and improve productivity

Australian businesses

- Rise in live cattle procurement costs due to seasonal factors
- Continue to improve productivity and cut costs
- Continue to develop brands and strengthen marketing



Americas businesses

- (Pig-farming operations) Improvement in earnings, with higher productivity
- (Marketing in Japan) Opening of San Francisco branch to ensure stable earnings by strengthening local marketing

(4) Progress in overseas operations

Vietnam

Establishment of new direct-sales bases (Hanoi, Ho Chi Minh City)
Creation of platform for sales expansion, entry into processed-food product markets

Philippines

Establishment of office in Manila and expansion of sales of Australian beef

Taiwan

Launch of extract business through joint venture with local company (plant to come onstream in March 2014)

Germany

Establishment of office in Düsseldorf and expansion of sales of German pork

Myanmar

Launch of poultry business and preparations for operation of farms from FY2016/3

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 statement

Figures in this presentation are based on information available at the current time and certain assumptions about the future which we consider reasonable. Because they are subject to numerous potential external risks and uncertainties, we cannot guarantee that these targets will be reached or earnings generally meet expectations.

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

The Nippon Ham Group is under no limitations or obligations of any kind regarding future revisions of the plan, regardless of future information that may emerge or future events or their consequences.