

Minutes of the Institutional Investor/Analyst Briefing for the First Quarter of the Fiscal Year Ended March 31, 2015

NH Foods Ltd.

Date & Time:	August 4, 2014 (Monday) – 10:00-11:00
Attendees:	Director and Managing Executive Officer, (General Manager of Corporate Management Division, in charge of Accounting and Finance Department and IT Strategy Department): <i>Yoshihide Hata</i> General Manager of Public and Investor Relations Department, Corporate Management Division: <i>Shigeru Nakajima</i>

[Q&A]

Overall

- Q) How certain are you of achieving operating income of ¥40 billion for the full year?
- A) Based on first quarter results and second quarter outlook, for the Processed Foods Business Division and Affiliated Business Division, we revised our forecasts downward due to sharply rising raw material prices, and for Fresh Meats Business Division we revised our forecast upward. We will reexamine the forecasts based on second quarter results.
- Q) Looking ahead, what are your thoughts about operating income?
- A) First, the operating income ratio should be around 4% or 5%. Challenges to achieving that are the operating income ratio of the Processed Foods Business Division, increasing profitability of overseas businesses and among others.
- Q) What are your thoughts on share buy-backs?
- A) From the standpoint of share price, we are not considering a share buy-back. We will consider that based on ROE, optimal capital structure, financial position, and other factors.
- Q) What challenges are you facing in carrying out the New Medium-Term Management Plan Part IV?

- A) We will have to accelerate our efforts to expand business overseas through aggressive investment. We will also continue to create products with strong power of the brand

Fresh Meats Business

- Q) What is the status of the Australian business in the first and second quarters?
- A) Purchase costs have gone up, but sales to the United States and other countries are favorable. Overall, we have raised sales prices. We expect this situation to continue in the second half.
- Q) What do you expect for the Australian business in the third quarter and after?
- A) We foresee a decline MLA (Meat & Livestock Australia) expects annual shipments to decrease about 8%) in sales volume for the full year. Securing live cattle is expected to become difficult and purchase costs are expected to increase further, thus the situation is uncertain at this stage.
- Q) What about market price trends for fresh meats?
- A) The market price for domestic chicken meat, which is affected by high beef and pork prices, is expected to remain high. The domestic market price for pork, which is affected by hog shortages caused by PED (Porcine Epidemic Diarrhea), is expected to remain high and above last year's prices until the end of the year.

Processed Foods Business

- Q) Are you seeking to raise profits in the Processed Foods Business?
- A) We are taking steps to raise the operating income ratio of the hams and sausages business by improving the availability rate of the high-productivity line at Nipponham Factory Ltd. (Ibaraki Plant No. 1) and building an optimal production system. Moreover, the Deli & Processed Foods Division is working to increase sales volume and raise its operating income ratio through stronger sales promotion of mainstay brands, strengthening its frozen food business, and developing new product categories.
- Q) What's driving *SCHAU ESSEN* growth?
- A) We are now strengthening our 30th anniversary sales promotions and will continue to fortify sales thoroughly.

- Q) What cost improvement effects were there in the Processed Foods Business?
- A) Cost improvement results were above target due to regular cost cutting, passing on costs to product prices for commercial products, increasing volumes of hams and sausages, and other measures. We will continue to pursue these efforts.