

# Business Results and Progress in the Medium-Term Management Plan Part IV

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NH Foods Ltd.  
President and Representative Director  
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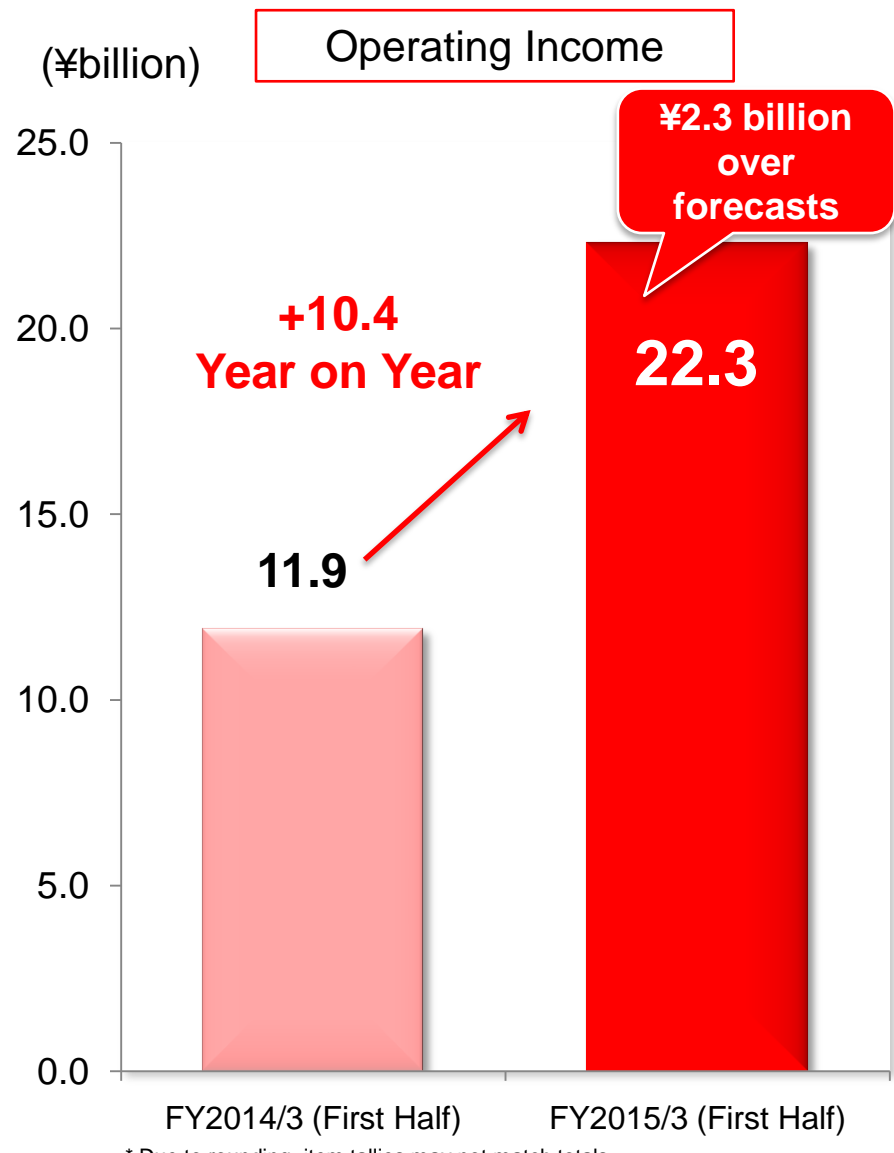
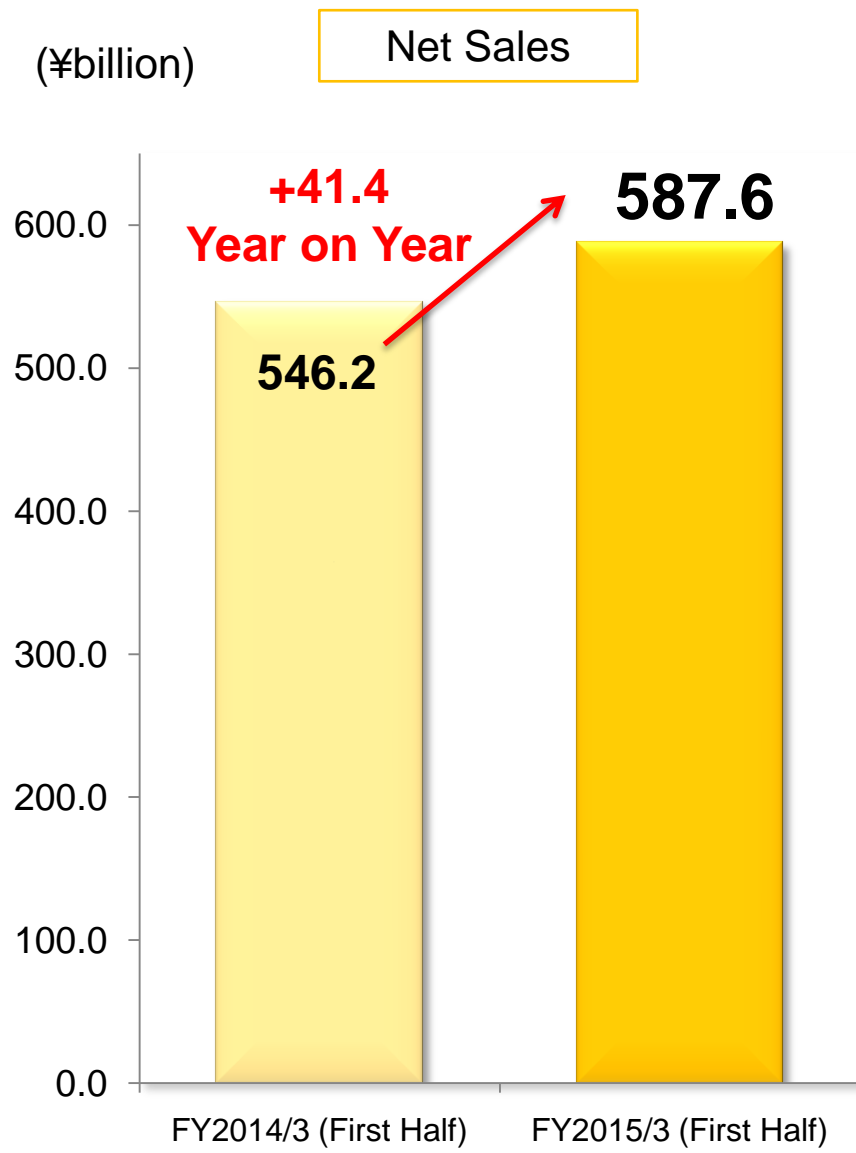
1. First Half of FY2015/3 Results Overview
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Notice of change in the corporate names

In order to enhance group brand value, changing the name of the company from Nippon Meat Packers, Inc. to NH Foods Ltd. was decided at an ordinary general meeting of shareholders held on June 26, 2014. In accompany with this, we have also changed the trade names of certain of our consolidated subsidiaries. As used in this material, the “Group” refers to NH Foods Ltd. and its subsidiaries unless the context otherwise indicates.

# 1. First Half of FY2015/3 Results Overview

Both sales and revenue forecasts achieved. Higher sales and operating income.



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

# 1. First Half of FY2015/3 Results Overview

## Operating Income Target and Reasons for Differences

\* Forecasts are those that were revised as of the First quarter.

(¥billion)

Business Division	Forecasts	Result	Variance	Reason
<b>Processed Foods Business Division</b>	2.2	1.5	(0.7)	<ul style="list-style-type: none"> <li>- Failure to reach cost improvement targets</li> <li>- Greater-than-expected price rises for raw materials</li> </ul>
<b>Fresh Meats Business Division</b>	17.0	20.5	3.5	<ul style="list-style-type: none"> <li>- Strong performance of North America and Australian businesses</li> <li>- Improvement in domestic production and sales businesses</li> </ul>
<b>Affiliated Business Division</b>	0.2	(0.1)	(0.3)	<ul style="list-style-type: none"> <li>- Price increases for raw materials</li> <li>- A fall in gross profit due to reduced sales volumes</li> </ul>
<b>Eliminations, Adjustments and Others</b>	0.6	0.4	(0.2)	
<b>Total</b>	20.0	22.3	2.3	

**Within  
reach**

## Operating Income Forecast

# ¥43.0 billion

## (+¥7.3 billion year on year)

**Aim to achieve the targets in the medium-term management plan  
and a record high income**

Segment	Full year forecast (After the interim review)	Year-on-year variance	Differences in reviewed forecasts in 1Q
Processed Foods Business Division	¥6.5 billion	±¥0.0 billion	(¥2.5 billion)
Fresh Meats Business Division	¥36.0 billion	+¥9.2 billion	+¥6.5 billion
Affiliated Business Division	¥0.8 billion	(¥0.2 billion)	(¥0.7 billion)

**Net income: ¥26.0 billion (¥4.0 billion above New  
Medium-Term Management Plan)**

### Factors for an operating income of ¥3.0 billion higher than the revised forecast in 1Q

- Higher sales prices of fresh meats due to an increase in global demand
- Processed Foods Business Division ¥(2.5) billion:
  - Failure to reach cost improvement targets
  - Greater-than-expected price increases for raw materials
- Fresh Meats Business Division +¥6.5 billion:
  - Strong performance of Australian and Americas businesses
  - Strong performance of farm business
  - Firm performance of fresh meat sales business
- Affiliated Business Division ¥(0.7) billion:
  - Price increases for raw materials

### 3. Challenges and Measures in Second Half of the Final Fiscal Year

#### Processed Foods Business Division:

- Failure to reach cost improvement targets due to smaller sales volumes
- ⇒ Continue to grow sales of hams and sausages and strengthen sales promotions for delicatessen.

#### Fresh Meats Business Division:

- Higher purchasing costs in Australia and the pig-farming business environment in the Americas
- Increase of sales share and expansion of sales volumes
- ⇒ Strengthen procurement capabilities and expand production and sales of branded products.

#### Affiliated Business Division:

- A fall in gross profit due to smaller sales volumes
- ⇒ Develop and sell distinct products, taking advantage of our own factories.

## Processed Foods Business Division

- Construction of a new building at the Ibaraki Plant  
(the new first plant has begun operation)

[Investment: approximately ¥7.0 billion, completion in April 2014]

→ High-productivity lines adopted

(Production capability)

New line increase 6,000 tons/year

(After new building begins operation)

Overall Nipponham Factory Co., Ltd.'s Ibaraki Plant  
42,000 tons/year



(Picture) Nipponham factory's new building of Ibaraki Plant



Targets, including production volumes, were not reached enough in the first half because of the beginning of introduction.

⇒ Plan to achieve the targets in the second half by implementing measures to improve productivity, reviewing product categories, etc.



## Processed Foods Business Division

- New business area (enter OEM business for CVS)  
[Investment: Approx. ¥8.5 billion for two factories, Completed in June 2014]  
→ Manufacture products for convenience stores.



Kansai Factory (completed in June 2014)



Illustration of completed Chubu Factory (will be completed in April 2015)



At the Kansai Factory, shipments started in July.

- ⇒ Increase productivity further in second half.
- ⇒ The Chubu Factory is also expected to start operating in the next fiscal year.

## Processed Foods Business Division

- Event celebrating the 30th anniversary of the launch of *SCHAU ESSEN*
  - *SCHAU ESSEN* Travel Cafe Roppongi
  - KidZania Koshien



Both the cafe and the KidZania exhibition won great popularity.

Turn the cafe and KidZania exhibition into opportunities to rediscover the deliciousness of *SCHAU ESSEN*



SCHAU ESSEN Travel Cafe



Exhibition at KidZania

## Processed Foods Business Division

### ● Promote No. 1 strategy with *SHAU ESSEN*

(Since the launch in 1985) **Achieve ¥1 trillion in total net sales**

Due to sales promotions, the cumulative total of sales in first half:

Increased 13% year on year in terms of volume.

Increased 18% year on year in terms of value.

⇒ **Double-digit increase throughout the first half.**



**Aim to achieve annual sales of ¥60.0 billion (on a retail basis).**



## Fresh Meats Business Division

### ● Overseas operations

- **Australian business**: Higher purchasing costs due to smaller purchasing volumes

(The amount of livestock is expected to decline about 9% in Australia as a whole (MLA)) \* MLA: Meat & Livestock Australia



**Increase sales prices through selection of sales destination**  
(Strengthen sales in the U.S. and ASEAN, expand sales of our own branded beef)

- **Americas business**: Unstable pork market prices  
(Stronger sense of tightening in the supply quantity, declining grain market prices)



**Firm prices at high levels are still expected due to the sense of shortage in supply worldwide.**

## Fresh Meats Business Division

### ● Domestic business

- Expansion of sales volumes (shares) in Japan  
(Sales volumes are on a declining trend due to higher sales prices)



Expansion of branded products and acquisition of regular products at volume retailers

(Increase volumes, taking advantage of our strong branded power and procurement capabilities)

- Strength of procurement capabilities in Japan



Expansion of slaughterhouses, stable supply from producers

## Affiliated Business Division

- Expansion of sales of high value-added products and distinct products manufactured in our own factories
  - Marine foods: Sales expansion of products manufactured in Mie and Kushiro Factories
  - Hoko: Sales expansion of products manufactured in ROLF Nishinomiya and Yamato Factories
  - Nippon Luna: Sales expansion of top-cup and drink yogurt products



Kushiro Marusui Co., Ltd.  
"Umami Tako"



Nippon Luna  
"Yogurt & Mix Granola"



ROLF "Baby  
Cheese for Adults  
(Tomato & Basil)"



#### 4. For further growth

### Enhance the Group brand value

- Held a Group Fair (in August and September)



Leverage the unparalleled comprehensive strength of the Group nothing like any other groups.

#### 4. For further growth

### Enhance the Group brand value

- Set up a booth at SIAL Paris Exhibition held (in October)



Increased the overseas appeal of the versatile foods and business domains of the Group.



## Overseas expansion of the Nippon Ham Group

United Kingdom  
Germany

Japan  
63 companies

China  
Taiwan  
Hong Kong  
Singapore  
Thailand  
Vietnam  
Philippines  
South Korea

Overseas 32 companies  
in 16 countries

Canada  
United States  
Mexico

Chili  
Brazil

Going forward...

Australia

Myanmar  
Indonesia  
Russia  
Middle East

**Aim to achieve a 10% overseas  
sales ratio!**

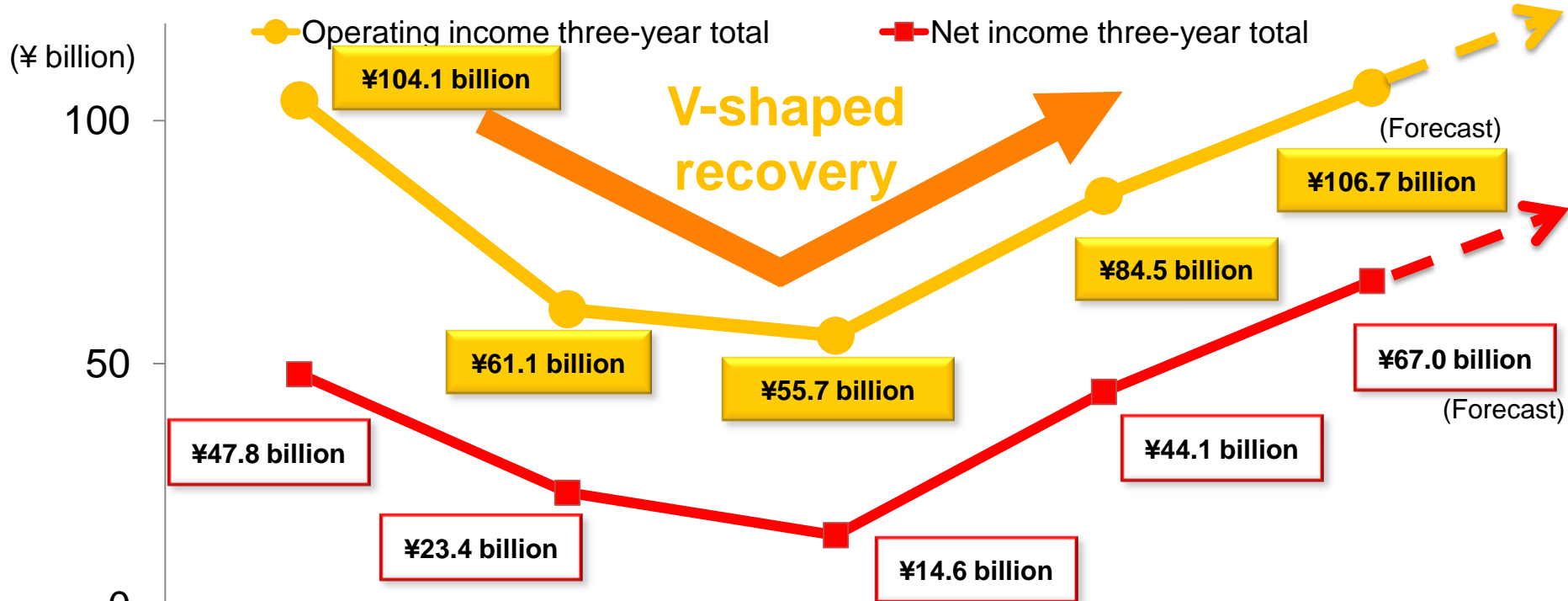
Continue Shareholder-focused management and promote capital strategy

- Shareholder returns targeting consolidated dividend payout ratio of 30%  
→ Continue to deliver shareholder returns that are linked to revenue
- Flexible acquisition of treasury stock  
→ Increase the total return ratio
- Focus on ROE  
→ Expand revenue and enhance capital efficiency

# 4. For further growth

Chart showing changes in operating income in New Medium-Term Management Plan Parts I-IV

Aim to be among the top five food companies in Japan and the top three fresh meat companies globally.



	Medium-Term Management Plan Part VI (complete) FY2001/03 - FY2003/03	New Medium-Term Management Plan Part I FY2004/03 - FY2006/03	New Medium-Term Management Plan Part II FY2007/03 - FY2009/03	New Medium-Term Management Plan Part III FY2010/03 - FY2012/03	New Medium-Term Management Plan Part IV Forecasts FY2013/03 - FY2015/03
Net Sales	¥2,765.7 billion	¥2,821.9 billion	¥3,033.6 billion	¥2,960.7 billion	¥3,304.9 billion
Operating Income	¥104.1 billion	¥61.1 billion	¥55.7 billion	¥84.5 billion	¥106.7 billion
Net Income	¥47.8 billion	¥23.4 billion	¥14.6 billion	¥44.1 billion	¥67.0 billion

# And the Group is



## The World Leader in Delivering the "Joy of Eating"





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## 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 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.