

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

NH Foods Ltd.

Date & Time:	February 2, 2015(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>

[Supplement to the Briefing Materials]

Regarding conversion of convertible bonds

At present, there is a high likelihood that the corporate bonds themselves will be sold-on or managed, and we believe it will take time for them to be converted. We plan to retain our current capital policy with regard to aspects such as shareholder returns and ROE.

[Q&A]

Overall

- Q) Could you talk about the forecast of dividends and ROE?
- A) We usually have not changed the forecast of dividends part during the year. We decide the dividend to achieve payout ratio of around 30% compared to confirmed net income. We are expecting to achieve ROE of just under 9%.

Fresh Meats Business Division

- Q) What direction will the Fresh Meats Business Division take in the next fiscal year?
- A) We will work to increase supply and sales capabilities, and to expand sales of high value added products through branded fresh meats. We establish our vertical integration system in Turkey and other countries.
- Q) What is your take on the fall in market prices for beef in the US?
- A) Due to there is still a continuing supply shortage in the US, we believe the decline will be temporary (impact of dock strikes).
- Q) The dock strike has meant that pork supply has been low. Will this cause shortages in raw material?
- A) The US pork market is recovering and local farmers also seem to be growing interested in producing again. We don't think there will be any impact over the long term.
- Q) What is the reason for the earnings than forecasted in the Australian businesses?
- A) For the first three quarters we recorded a ¥6.2 billion increase in earnings. It owed improved sales prices and steady sales volume among others. The factor of exchange rates accounted for approximately ¥1.5 billion.
- Q) What is your outlook for the Australian business next fiscal year?
- A) We don't believe the strong performance of this year will continue unchanged. We see procurement costs rising for sure, and will continue working to improve sales prices and expand sales volume.

- Q) What is the status of the chicken operation in Turkey?
- A) Up until now, the major business was hatchery operations though, the range of businesses are expanding for acquiring a slaughterhouse. The business will utilize the production and processing expertise of Nippon White Farm Co, Ltd. Moreover, the Turkish chicken market is very large and there is strong potential for market expansion.

Processed Foods Business Division

- Q) What direction will the Processed Foods Business Division take in the next fiscal year?
- A) It may be able to make sooner as next fiscal year though, we will be making some reforms aimed at achieving operating income of ¥10 billion or more. Specifically, we will review our existing operations and expand into new business fields. For new businesses, we seek to strengthen our OEM business for CVS and manufacture and sales of overseas, as well as our initiatives in consumer frozen foods.
- Q) In the Processed Foods Business Division, what measures are you taking against the erosion of prices in consumer chilled products?
- A) We aim to propose high-value added products and increase sales prices.
- Q) What is driving the decline in earnings in the Processed Foods Business Division?
- A) The cost improvement effect at the Ibaraki Plant of Nipponham Factory Ltd. has not been worked as planned. In the hams and sausages business, *SCHAU ESSEN* sales volumes have grown, but the raw materials hike has hit harder than we expected. In the deli and processed foods business, the main factor behind the decline in earnings was faltering sales volumes after the prices revisions.