

Business Results

for the First Quarter of FY2016/3

August 4, 2015 (Tue.)
NH Foods Ltd.

Contents

- I. Consolidated Business Results for FY2016/3 1Q (Apr.–Jun.)**
- II. Outlook for FY2016/3**
- III. Consolidated Financial Results for FY2016/3 1Q (Apr.–Jun.)**

I. Consolidated Business Results for FY2016/3 1Q (Apr.–Jun.)

- 1. Operating Segment Data: 1Q (Apr.–Jun.)**
- 2. Operating Segment Data: Processed Foods Business Division**
- 3. Operating Segment Data: Fresh Meats Business Division**
- 4. Operating Segment Data: Affiliated Business Division**
- 5. Business Results in Major Overseas Geographical Areas**
- 6. External Customer Net Sales Results in Major Overseas Geographical Areas**

1. Operating Segment Data: 1Q (Apr.–Jun.)

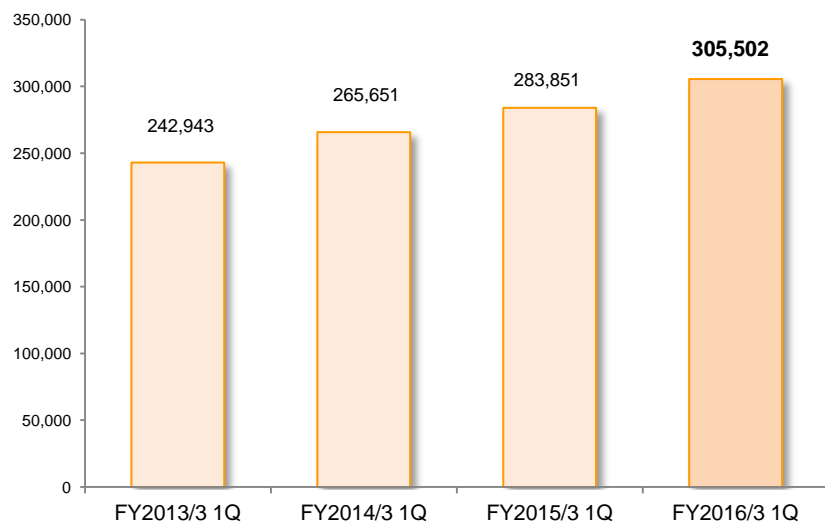
(¥ million)

| | | FY2013/3 1Q | FY2014/3 1Q | FY2015/3 1Q | FY2016/3 1Q | Variance | Variance (%) |
|--------------------------------------|------------------|-------------|-------------|-------------|--------------------|----------|--------------|
| Processed Foods Business Division | Net sales | 78,775 | 82,241 | 86,071 | 84,124 | (1,947) | (2.3) |
| | Operating income | 1,819 | 513 | 906 | 122 | (784) | (86.5) |
| Fresh Meats Business Division | Net sales | 162,561 | 185,283 | 199,918 | 223,637 | 23,719 | 11.9 |
| | Operating income | 2,905 | 3,394 | 8,798 | 11,593 | 2,795 | 31.8 |
| Affiliated Business Division | Net sales | 32,514 | 33,865 | 35,542 | 37,077 | 1,535 | 4.3 |
| | Operating income | 246 | (31) | (46) | 196 | 242 | — |
| Eliminations, adjustments and others | Net sales | (30,907) | (35,738) | (37,680) | (39,336) | (1,656) | — |
| | Operating income | 192 | 600 | 264 | (34) | (298) | — |
| Consolidated | Net sales | 242,943 | 265,651 | 283,851 | 305,502 | 21,651 | 7.6 |
| | Operating income | 5,162 | 4,476 | 9,922 | 11,877 | 1,955 | 19.7 |

(¥ million)

Net Sales

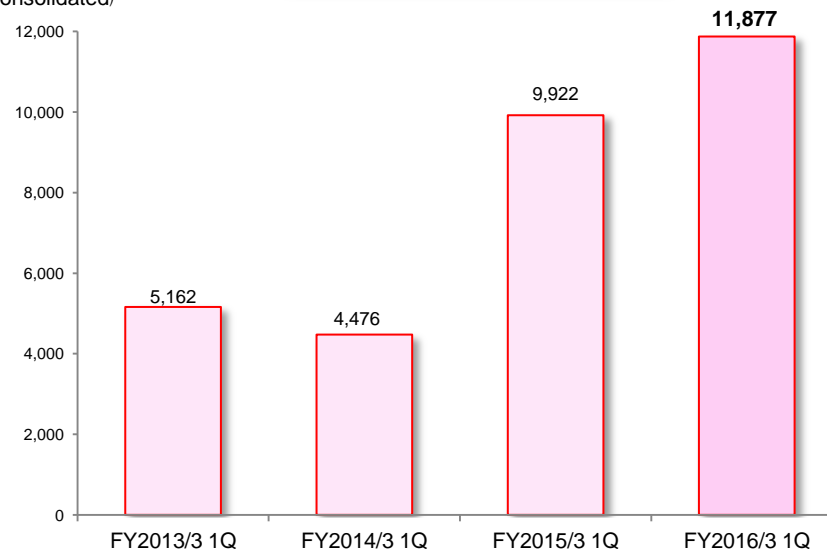
(Consolidated)



(¥ million)

Operating Income

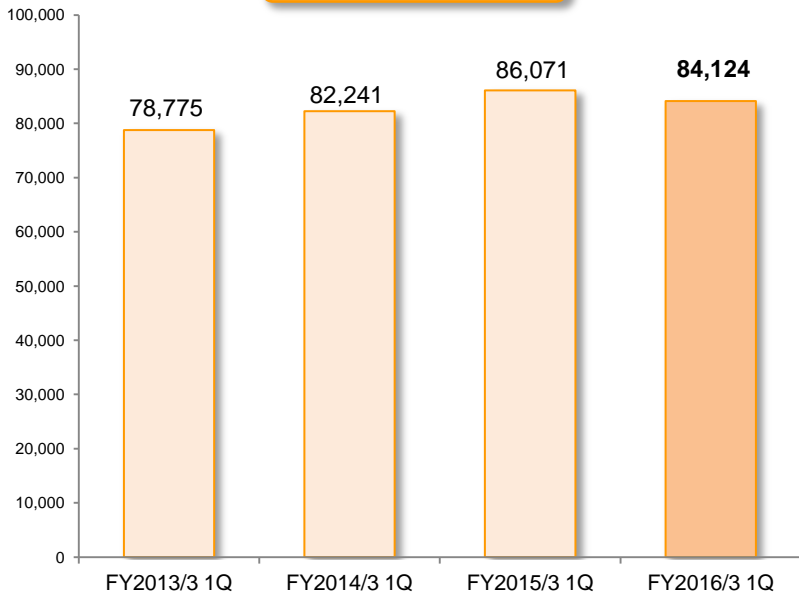
(Consolidated)



- Net sales by operating segment and net sales (by category) on page 21 of this presentation do not necessarily correspond (due to intersegment transactions).
- Net sales for each segment include intersegment sales.

(Net sales: ¥ million)

Net Sales



(¥ million)

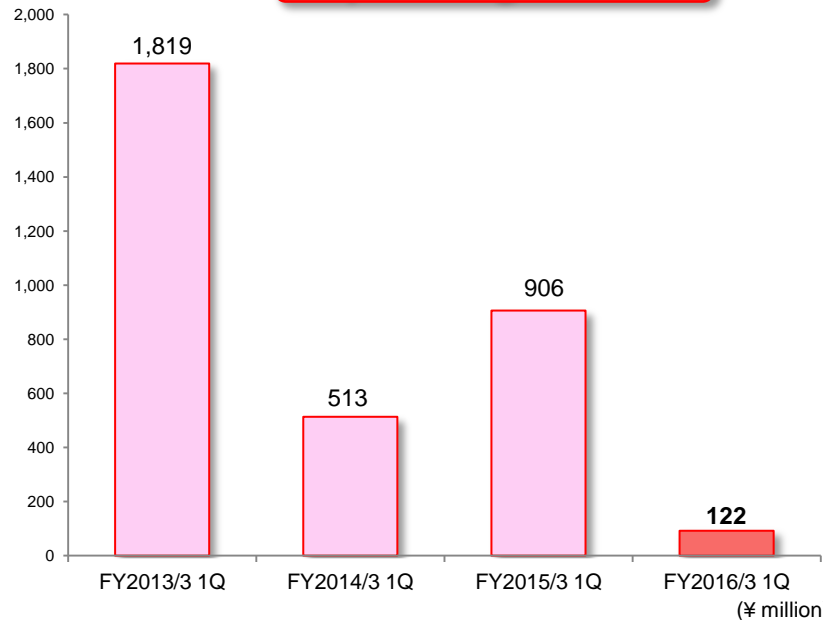
| | FY2015/3 1Q | FY2016/3 1Q | Variance | Variance (%) |
|-----------|-------------|-------------|----------|--------------|
| Net sales | 86,071 | 84,124 | (1,947) | (2.3) |

Net Sales in FY2016/3 1Q (Apr.–Jun.)

- Revenues decreased due to a decline in other NB products and a falling-off in commercial-use products, despite growth in *SCHAU ESSEN* and recovery in *Chuka Meisai*.

(Operating income: ¥ million)

Operating Income



(¥ million)

| | FY2015/3 1Q | FY2016/3 1Q | Variance | Variance (%) |
|------------------------|-------------|-------------|----------|--------------|
| Operating income | 906 | 122 | (784) | (86.5) |
| Operating income ratio | 1.1% | 0.1% | - | - |

Earnings in FY2016/3 1Q (Apr.–Jun.)

- Although an increase in raw material costs was covered by price revisions and cost-cutting effect, operating income decreased as sales volume did not recover, particularly in commercial-use products.

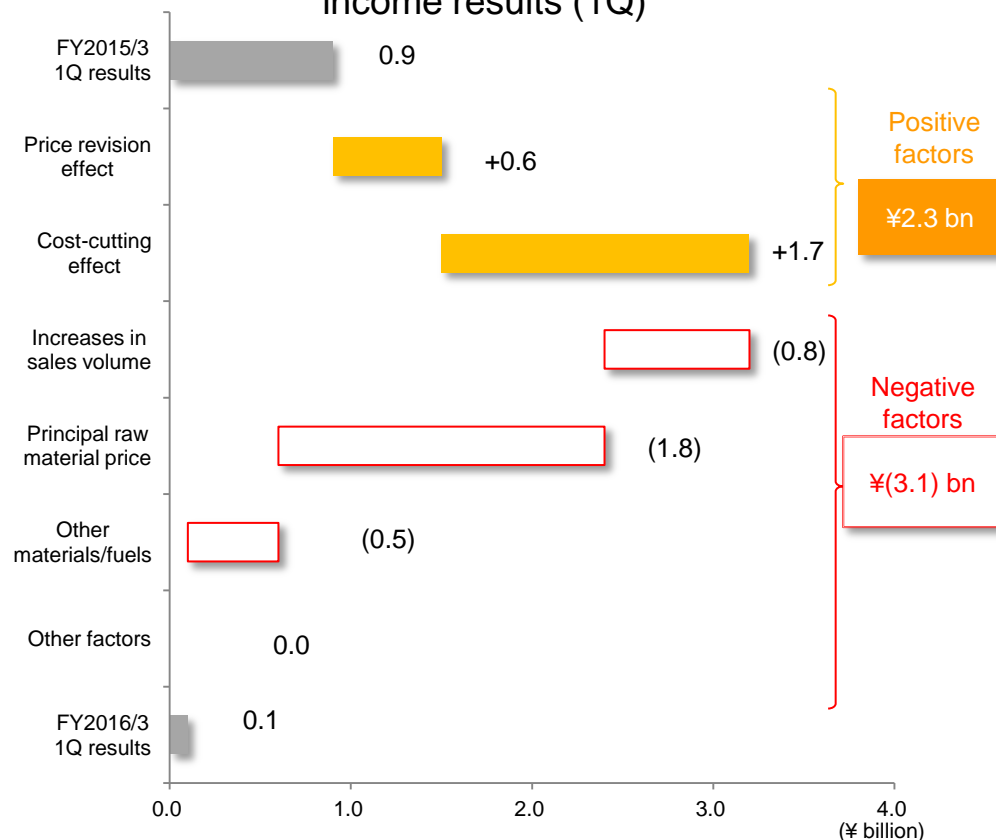
Factor Analysis: Changes in operating income

(¥ billion)

| | FY2016/3 | | |
|--------------------------------------|--------------|--------------|--------------|
| | 1Q forecasts | 1Q results | Variance |
| Price revision effect | 0.6 | 0.6 | 0.0 |
| Cost-cutting effect | 1.1 | 1.7 | 0.6 |
| Increases in sales volume | 0.1 | (0.8) | (0.9) |
| Principal raw /other material prices | (2.4) | (2.3) | 0.1 |
| Principal raw material price | (1.9) | (1.8) | 0.1 |
| Other materials/fuels | (0.5) | (0.5) | 0.0 |
| Other factors | 0.0 | 0.0 | 0.0 |
| Total | (0.6) | (0.8) | (0.2) |

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

Factor Analysis Graph: Changes in operating income results (1Q)



● Forecasts Variation Factor Analysis (FY2016/3 1Q)

[Principal raw/other material prices and price revision/cost-cutting effects]

- Increase in principal raw material price was covered by price revision and cost-cutting effect.

[Increases in sales volume]

- Sales volume recovery fell significantly below the forecast, mainly in commercial-use products.

● Major brands sales results



“SCHAU ESSEN”



“Chuka Meisai” series

Reference: Year-on-year sales comparison of major brand products

| Hams and sausages | FY2016/3 | Deli and processed foods | FY2016/3 |
|--|------------|--------------------------|------------|
| | 1Q results | | 1Q results |
| SCHAU ESSEN | 103% | Ishigama Kobo | 110% |
| Mori-no-Kaori coarse-ground wieners | 92% | Chuka Meisai | 100% |
| Hams | 100% | Prefried | 95% |
| Bacons | 94% | Hamburg and meatball | 98% |
| Yakibutas | 93% | Curries | 91% |

● Sales results by channel

1) Consumer products

Although sales of SCHAU ESSEN, Ishigama Kobo and others were firm, other NB products failed to reach the forecast by a wide margin.

2) Commercial-use products

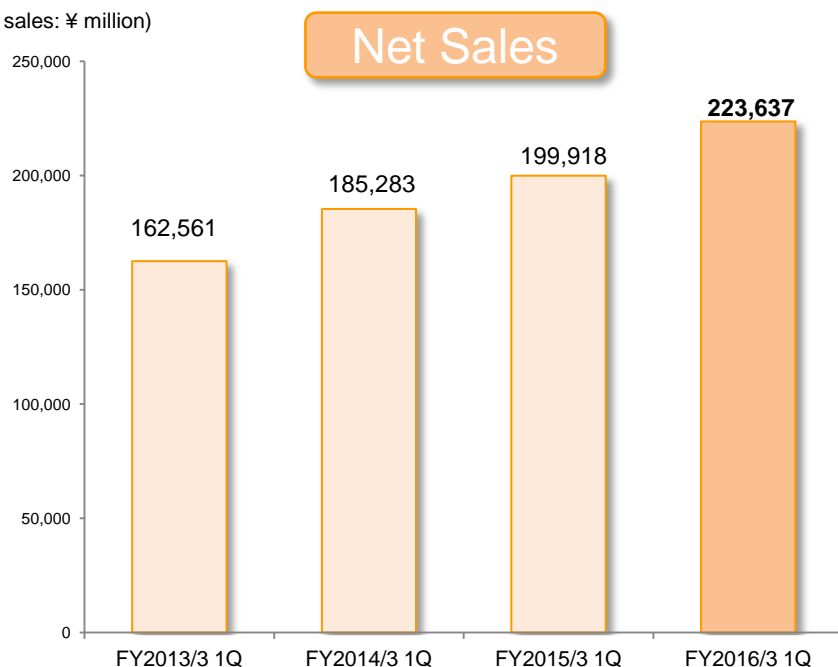
In addition to a decrease in sales of existing products, we were unable to acquire new proposals, and sales fell significantly below those of last year.

Reference: FY2016/3 1Q (year-on-year growth in sales by channel)

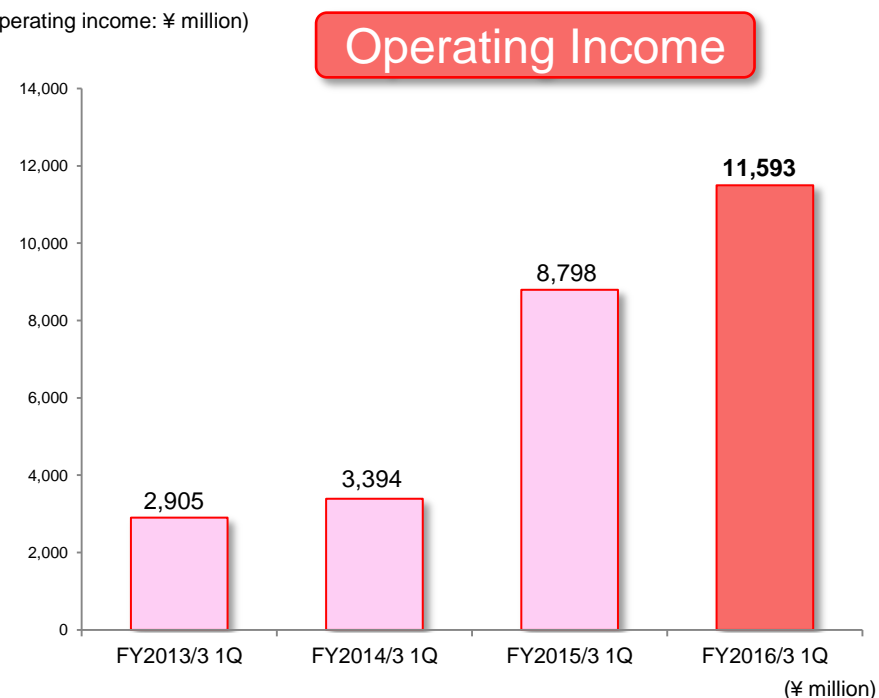
| | | Volume | Amount |
|--------------------------|----------------|--------|--------|
| Hams and sausages | Consumer-use | 92% | 97% |
| | Commercial-use | 71% | 77% |
| | Total | 86% | 93% |
| Deli and processed foods | Consumer-use | 98% | 98% |
| | Commercial-use | 81% | 85% |
| | Total | 89% | 92% |

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

(Net sales: ¥ million)



(Operating income: ¥ million)



| | (¥ million) | | | |
|-----------|-------------|-------------|----------|--------------|
| | FY2015/3 1Q | FY2016/3 1Q | Variance | Variance (%) |
| Net sales | 199,918 | 223,637 | 23,719 | 11.9 |

| | FY2015/3 1Q | FY2016/3 1Q | Variance | Variance (%) |
|------------------------|-------------|-------------|----------|--------------|
| Operating income | 8,798 | 11,593 | 2,795 | 31.8 |
| Operating income ratio | 4.4% | 5.2% | - | - |

Net Sales in FY2016/3 1Q (Apr.–Jun.)]

- Revenues grew due to increased sales volume of imported chicken and higher sales prices mainly for beef and chicken.

Earnings in FY2016/3 1Q (Apr.–Jun.)]

- Operating income increased, reflecting rising sales prices for fresh meats and higher market prices, improved productivity at domestic farms, and strong performance in the Australian business.

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

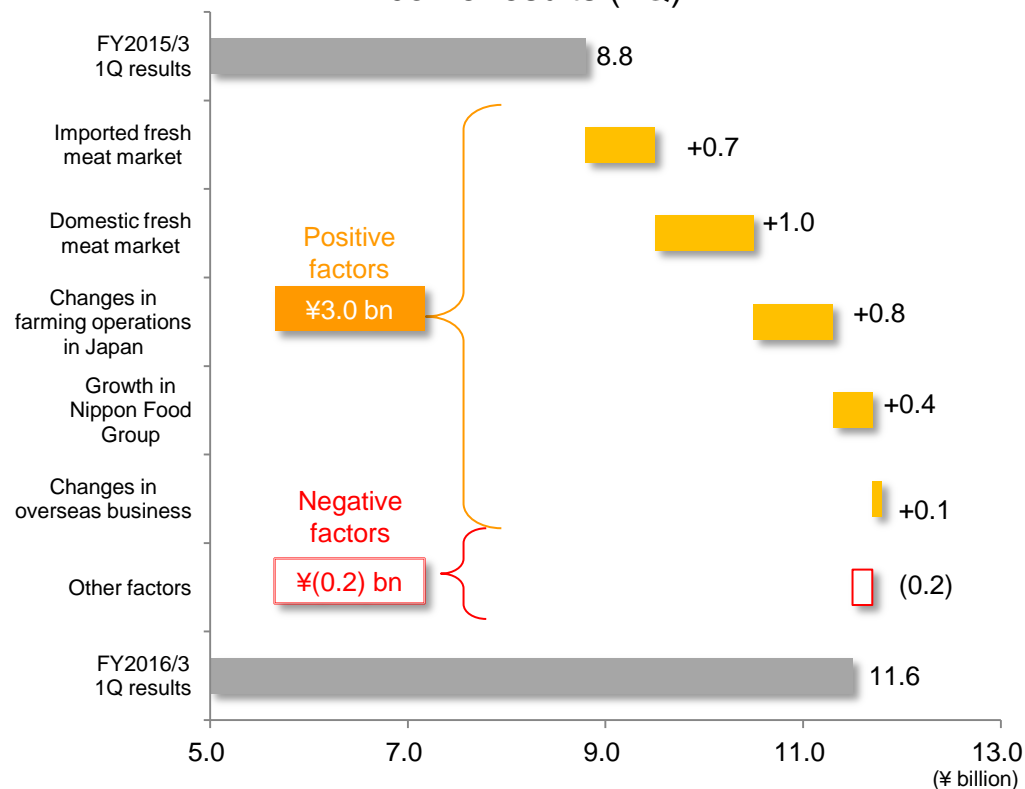
Factor Analysis: Changes in operating income

(¥ billion)

| | FY2016/3 | | |
|--|--------------|------------|------------|
| | 1Q forecasts | 1Q results | Variance |
| Imported fresh meat market | (0.3) | 0.7 | 1.0 |
| Domestic fresh meat market | 0.1 | 1.0 | 0.8 |
| Changes in farming operations in Japan | 0.1 | 0.8 | 0.7 |
| Growth in Nippon Food Group | 0.2 | 0.4 | 0.3 |
| Changes in overseas business | (2.2) | 0.1 | 2.3 |
| Other factors | 0.0 | (0.2) | (0.2) |
| Total | (2.1) | 2.8 | 4.9 |

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

Factor Analysis Graph: Changes in operating income results (1Q)



● Forecasts Variation Factor Analysis (FY2016/3 1Q)

[Domestic fresh meat market and imported fresh meat market]

⇒ Operating income exceeded the forecast due to increased sales volume for pork and chicken, and higher sales prices for all types of livestock.

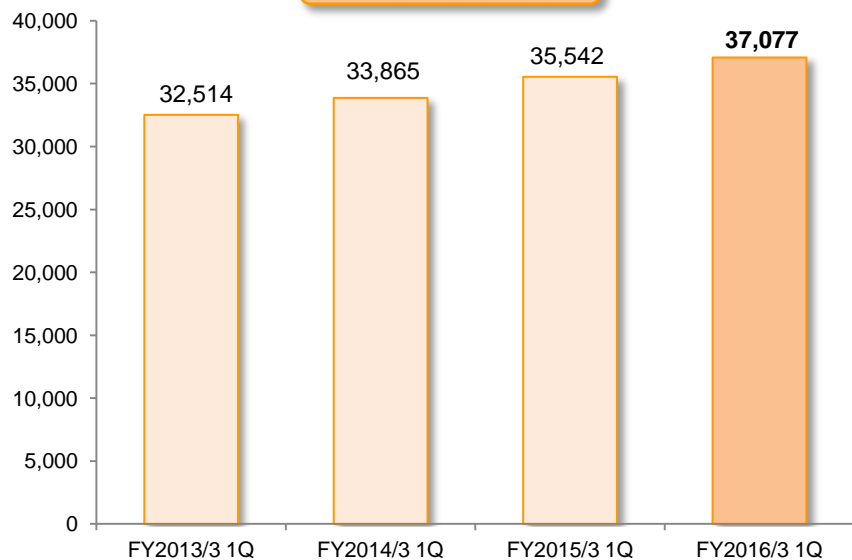
[Changes in overseas business]

⇒ Operating income exceeded the forecast since sales in the Australian business were firm, although the hog-raising business in Americas had a tough time.

4. Operating Segment Data: Affiliated Business Division

(Net sales: ¥ million)

Net Sales



(¥ million)

| | FY2015/3 1Q | FY2016/3 1Q | Variance | Variance (%) |
|-----------|-------------|-------------|----------|--------------|
| Net sales | 35,542 | 37,077 | 1,535 | 4.3 |

Net Sales in FY2016/3 1Q (Apr.–Jun.)

(Marine products business)

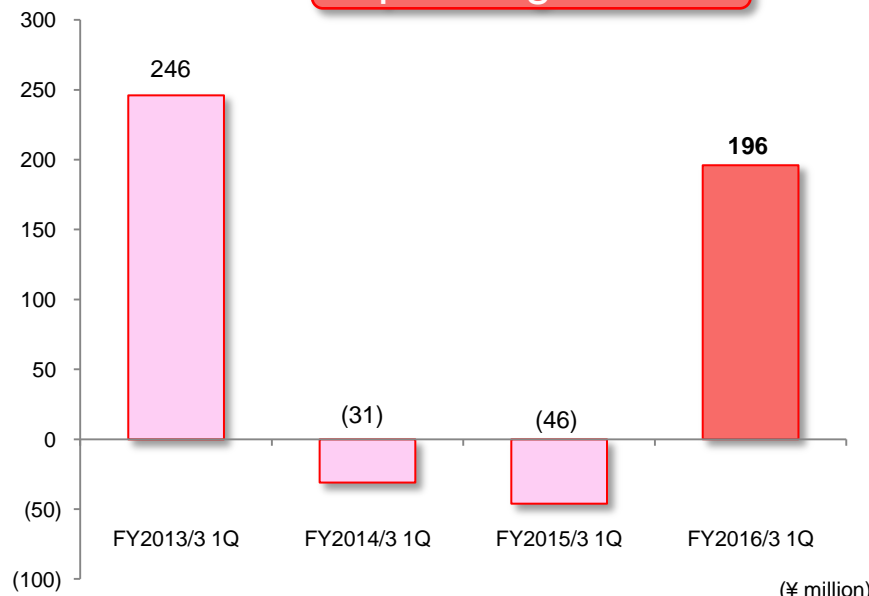
- Revenues increased due to recovery in sales aimed at marine products markets and prepared delicatessen markets at volume retailers.

(Dairy products business)

- Revenues increased, reflecting solid sales of mainstay yogurt products for CVS channels.
- Revenues increased due to favorable sales of cheese products for consumers.

(Operating income: ¥ million)

Operating Income



(¥ million)

| | FY2015/3 1Q | FY2016/3 1Q | Variance | Variance (%) |
|------------------------|-------------|-------------|----------|--------------|
| Operating income | (46) | 196 | 242 | - |
| Operating income ratio | (0.1)% | 0.5% | - | - |

Earnings in FY2016/3 1Q (Apr.–Jun.)

(Marine products business)

- Operating income increased due to growth of both sales revenues amount and volume for own factory products with high profit margins.

(Dairy products business)

- Operating income increased, reflecting improvement in the income ratio due to growth in sales volume and revenues amount for both yogurt and cheese, combined with the price revision effect and stabilization of the raw material prices.

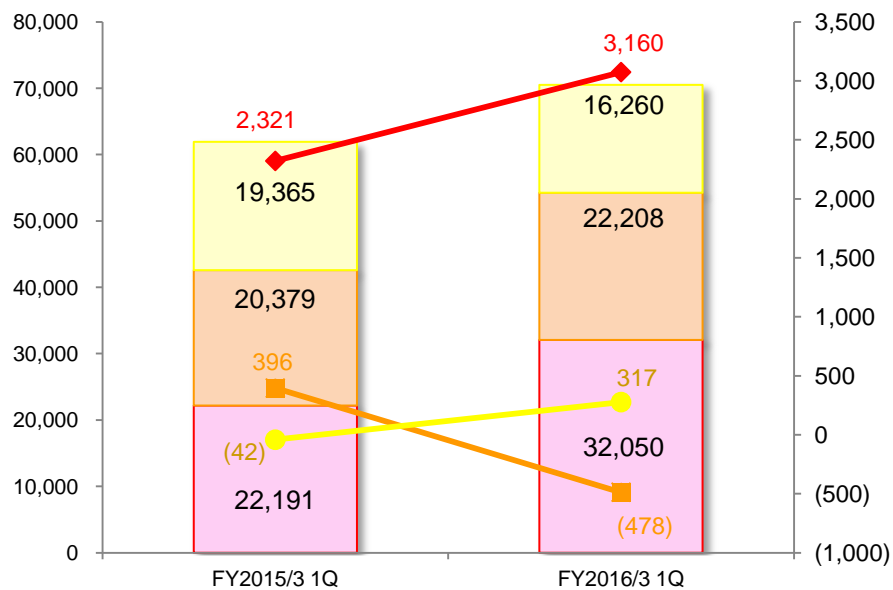
5. Business Results in Major Overseas Geographical Areas

1Q Results (Apr.–Jun.)

(Net sales: ¥ million)

(Operating income: ¥ million)

(¥ million)



| | | FY2015/3 1Q | FY2016/3 1Q | Variance | Variance (%) |
|----------------|------------------|-------------|-------------|----------|--------------|
| Overseas total | Net Sales | 60,183 | 68,162 | 7,979 | 13.3 |
| | Operating income | 2,617 | 3,027 | 410 | 15.7 |
| Australia | Net Sales | 22,191 | 32,050 | 9,859 | 44.4 |
| | Operating income | 2,321 | 3,160 | 839 | 36.1 |
| Americas | Net Sales | 20,379 | 22,208 | 1,829 | 9.0 |
| | Operating income | 396 | (478) | (874) | - |
| Other regions | Net Sales | 19,365 | 16,260 | (3,105) | (16.0) |
| | Operating income | (42) | 317 | 359 | - |

- Sales revenues 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 regions are in Asia and Europe.
- Americas include businesses in North and South America.

FY2016/3 1Q (Apr.–Jun.)

(Australia)

- Sales and operating income increased, since performance were firm mainly in exports to the USA.

(Americas)

- Operating income decreased as sales prices fell due to recovery in the number of hogs shipped.

(Other regions)

- Operating income increased due to favorable performance in Europe.

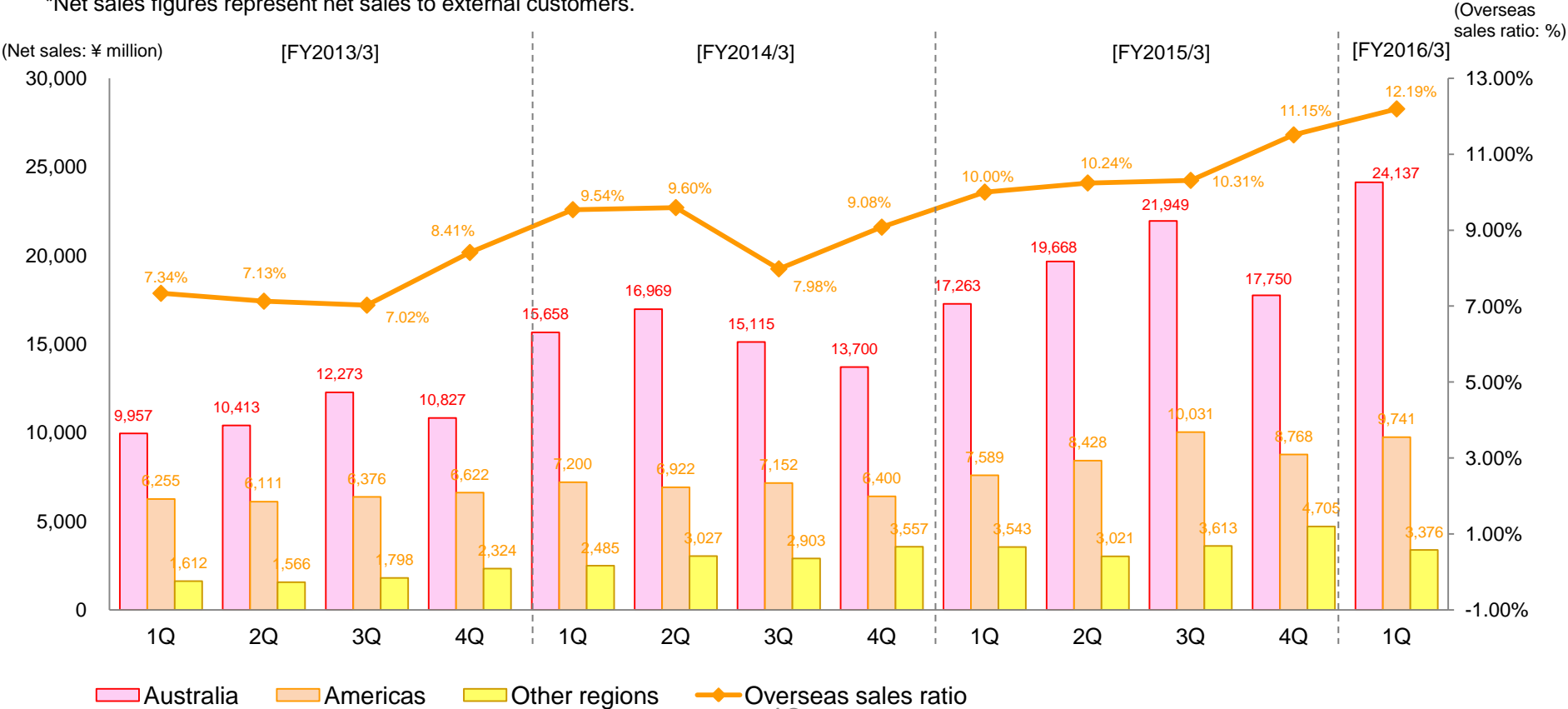
6. External Customer Net Sales Results in Major Overseas Geographical Areas



(¥ million)

| | FY2013/3 | FY2014/3 | FY2015/3 | | | | FY2016/3 | |
|----------------------|-----------|-----------|----------|--------|--------|--------|-----------|--------|
| | Full year | Full year | 1Q | 2Q | 3Q | 4Q | Full year | 1Q |
| Australia | 43,470 | 61,442 | 17,263 | 19,668 | 21,949 | 17,750 | 76,630 | 24,137 |
| Americas | 25,364 | 27,674 | 7,589 | 8,428 | 10,031 | 8,768 | 34,816 | 9,741 |
| Other regions | 7,300 | 11,972 | 3,543 | 3,021 | 3,613 | 4,705 | 14,882 | 3,376 |
| Overseas total | 76,134 | 101,088 | 28,395 | 31,117 | 35,593 | 31,223 | 126,328 | 37,254 |
| Overseas sales ratio | 7.44% | 9.01% | 10.00% | 10.24% | 10.31% | 11.15% | 10.42% | 12.19% |

*Net sales figures represent net sales to external customers.

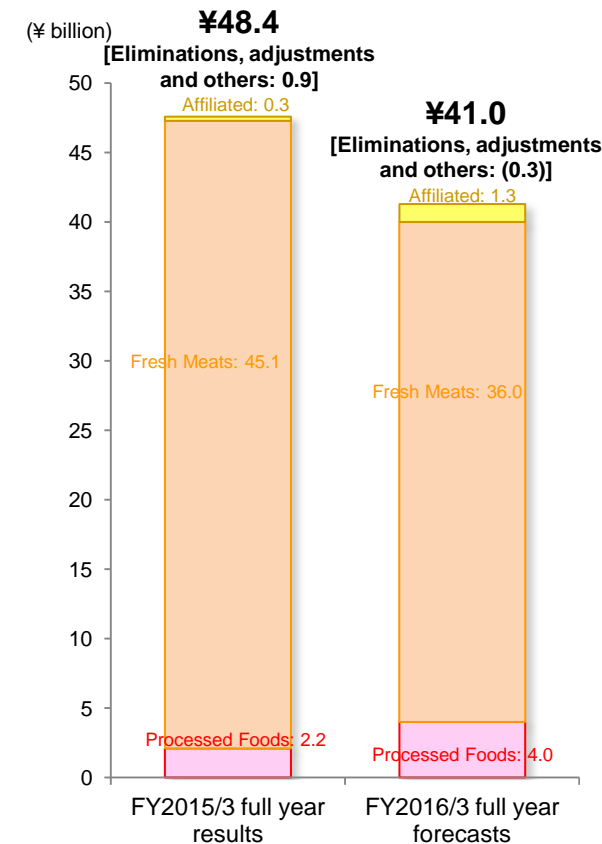
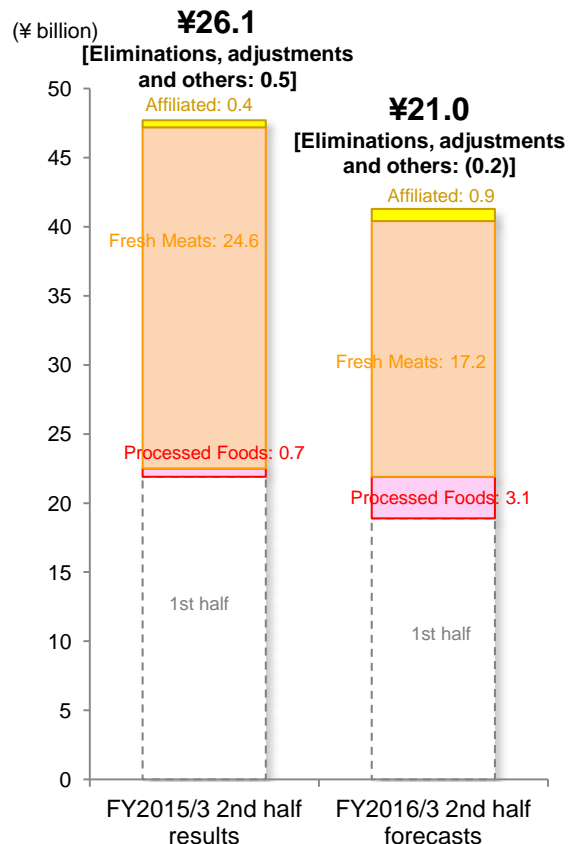
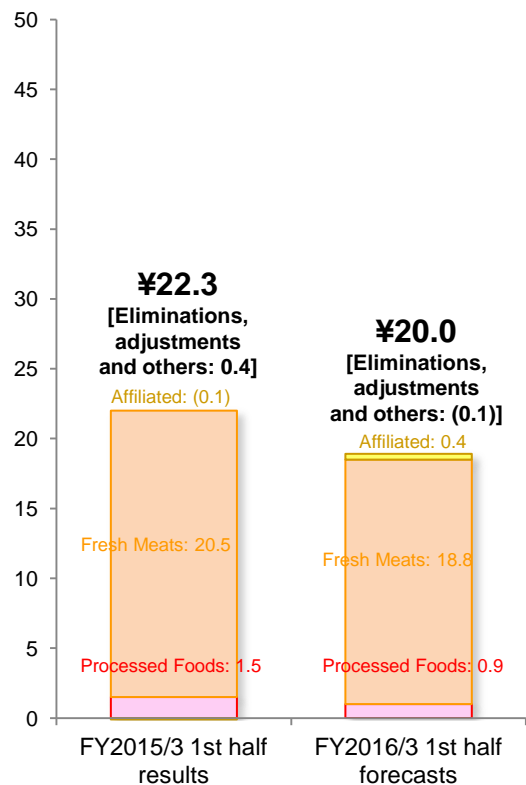


II. Outlook for FY2016/3

- 1. FY2016/3 Operating Income Forecasts**
- 2. Processed Foods Business Division: Outlook**
- 3. Fresh Meats Business Division: Outlook**
- 4. Affiliated Business Division: Outlook**
- 5. Group Marketing: Outlook**

1. FY2016/3 Operating Income Forecasts (1)

(¥ billion)



| | FY2016/3 1st half forecasts | | | FY2016/3 2nd half forecasts | | | FY2016/3 full year forecasts | | |
|--------------------------------------|-----------------------------|--------------|----------|-----------------------------|--------------|----------|------------------------------|--------------|----------|
| | FY2015/3 1st half results | | Variance | FY2015/3 2nd half results | | Variance | FY2015/3 full year results | | Variance |
| Processed Foods Business Division | 1.5 | 0.9 | (0.6) | 0.7 | 3.1 | 2.5 | 2.2 | 4.0 | 1.9 |
| Fresh Meats Business Division | 20.5 | 18.8 | (1.7) | 24.6 | 17.2 | (7.4) | 45.1 | 36.0 | (9.1) |
| Affiliated Business Division | (0.1) | 0.4 | 0.5 | 0.4 | 0.9 | 0.5 | 0.3 | 1.3 | 1.0 |
| Eliminations, adjustments and others | 0.4 | (0.1) | (0.5) | 0.5 | (0.2) | (0.7) | 0.9 | (0.3) | (1.2) |
| Total | 22.3 | 20.0 | (2.3) | 26.1 | 21.0 | (5.1) | 48.4 | 41.0 | (7.4) |

1. FY2016/3 Operating Income Forecasts (2)

Variance from initial forecasts

* Forecasts for the 1st half, 2nd half, and full year are the forecasts revised in the 1st quarter.

(¥ billion)

| | FY2016/3 1Q results | | | FY2016/3 1st half forecasts | | | FY2016/3 2nd half forecasts | | | FY2016/3 full year forecasts | | |
|--------------------------------------|---------------------|-------------|----------|-----------------------------|--------------|----------|-----------------------------|--------------|----------|------------------------------|--------------|----------|
| | Initial forecasts | | Variance | Initial forecasts | | Variance | Initial forecasts | | Variance | Initial forecasts | | Variance |
| Processed Foods Business Division | 0.3 | 0.1 | (0.2) | 1.4 | 0.9 | (0.5) | 2.6 | 3.1 | 0.5 | 4.0 | 4.0 | 0.0 |
| Fresh Meats Business Division | 6.7 | 11.6 | 4.9 | 15.4 | 18.8 | 3.4 | 20.6 | 17.2 | (3.4) | 36.0 | 36.0 | 0.0 |
| Affiliated Business Division | 0.0 | 0.2 | 0.2 | 0.1 | 0.4 | 0.3 | 0.9 | 0.9 | 0.0 | 1.0 | 1.3 | 0.3 |
| Eliminations, adjustments and others | 0.0 | 0.0 | 0.0 | 0.1 | (0.1) | (0.2) | (0.1) | (0.2) | (0.1) | 0.0 | (0.3) | (0.3) |
| Total | 7.0 | 11.9 | 4.9 | 17.0 | 20.0 | 3.0 | 24.0 | 21.0 | (3.0) | 41.0 | 41.0 | 0.0 |

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

(¥ billion)

(¥ billion)

| Processed Foods Business Division | Variance from initial forecasts | | | | | |
|-------------------------------------|---------------------------------|----------|-----------|----------|-----------|----------|
| | 1st half | | 2nd half | | Full year | |
| | Forecasts | Variance | Forecasts | Variance | Forecasts | Variance |
| Price revision effect | 0.6 | 0.0 | 0.0 | 0.0 | 0.6 | 0.0 |
| Cost-cutting effect | 3.1 | 1.0 | 1.0 | (0.2) | 4.1 | 0.8 |
| Increases in sales volume | (0.9) | (1.4) | 1.0 | 0.5 | 0.1 | (0.9) |
| Principal raw/other material prices | (3.4) | (0.1) | 0.4 | 0.1 | (3.0) | 0.0 |
| Principal raw material price | (2.5) | (0.2) | 1.0 | 0.0 | (1.5) | (0.2) |
| Other materials/fuels | (0.8) | 0.1 | (0.6) | 0.1 | (1.5) | 0.2 |
| Other factors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | (0.6) | (0.5) | 2.5 | 0.5 | 1.9 | 0.0 |

| Fresh Meats Business Division | Variance from initial forecasts | | | | | |
|--|---------------------------------|----------|-----------|----------|-----------|----------|
| | 1st half | | 2nd half | | Full year | |
| | Forecasts | Variance | Forecasts | Variance | Forecasts | Variance |
| Changes in farming operations in Japan | 1.7 | 1.2 | (2.0) | (0.3) | (0.3) | 0.9 |
| Imported fresh meat market | (0.5) | (0.1) | 0.5 | (0.8) | 0.0 | (0.9) |
| Changes in overseas business | (3.6) | 1.1 | (4.3) | (1.8) | (7.8) | (0.7) |
| Growth in Nippon Food Group | 0.4 | 0.4 | 0.0 | 0.0 | 0.4 | 0.4 |
| Domestic fresh meat market | 0.5 | 0.9 | (1.3) | 0.0 | (0.9) | 0.9 |
| Other factors | (0.2) | (0.1) | (0.3) | (0.4) | (0.5) | (0.5) |
| Total | (1.7) | 3.4 | (7.4) | (3.4) | (9.1) | 0.0 |

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

2. Processed Foods Business Division: Outlook

● Measures to expand sales of Gift products

- Target 103% sales in both summer and year-end gifts (year-on-year, unit basis)
- Capture volume zones through strengthened product capabilities
- Increase loyalty for flagship brand *Utsukushi-no-Kuni*. (target 120% year-on-year sales for *Utsukushi-no-Kuni*)

(Unit: thousands)

| | | FY2015/3 results | | FY2016/3 forecasts | |
|-----------------------------|------------------------------|------------------|----------|--------------------|----------|
| | | Units | Variance | Units | Variance |
| Summer gift-giving season | Overall unit sales | 2,116 | 102% | 2,180 | 103% |
| | (<i>Utsukushi-no-Kuni</i>) | 431 | 114% | 518 | 120% |
| Year-end gift-giving season | Overall unit sales | 4,442 | 95% | 4,575 | 103% |
| | (<i>Utsukushi-no-Kuni</i>) | 826 | 106% | 990 | 120% |
| Total | Overall unit sales | 6,558 | 97% | 6,755 | 103% |
| | (<i>Utsukushi-no-Kuni</i>) | 1,257 | 109% | 1,508 | 120% |

● Measures to expand sales of major brands

1) Hams and sausages

- Establish *SCHAU ESSEN* market share and brush up and strengthen sales for priority brands *Mori-no-Kaori* and *Irodori Kitchen*.

2) Deli and processed foods

- Boost sales of core products in a focused manner by proposing new eating occasions using new *Ishigama Kobo* products, and by carrying out strengthened sales promotions for *Chuka Meisai* and other products.

Reference: Year-on-year sales comparison of major brand products and forecasts

| Hams and sausages | FY2016/3 full year forecasts | Deli and processed foods | FY2016/3 full year forecasts |
|--|------------------------------|--------------------------|------------------------------|
| <i>SCHAU ESSEN</i> | 103% | <i>Ishigama Kobo</i> | 105% |
| <i>Mori-no-Kaori coarse-ground wieners</i> | 150% | <i>Chuka Meisai</i> | 105% |
| Hams | 105% | Prefried | 105% |
| Bacon | 105% | Hamburg and meatball | 104% |
| Yakibutas | 102% | Curries | 105% |

● Measures to expand sales by channel

1) Consumer products

- Expand sales of major brands in hams and sausages, and deli and processed foods

2) Commercial-use products

- Boost sales mainly for convenience stores and restaurant chains through menu proposals for priority category products.

Reference: Year-on-year sales forecasts by channel

| FY2016/3 full year forecasts | | Amount |
|------------------------------|----------------|--------|
| Hams and sausages | Consumer | 103% |
| | Commercial-use | 100% |
| | Total | 102% |
| Deli and processed foods | Consumer | 104% |
| | Commercial-use | 100% |
| | Total | 102% |

3. Fresh Meats Business Division: Outlook

● Production businesses in Japan

1) Feed prices

- Although overseas corn prices are stabilizing, prices are expected to rise this fiscal year accompanying the weakening yen.

2) Domestic farm businesses

- Pork market prices are expected to decrease from the previous year, reflecting recovery in the number of hogs shipped among other factors.
- In the chicken market, although breast meat prices are higher than the previous year, chicken market prices are expected to decrease year on year in the second half.

● Overseas businesses

1) Australia

- The situation is becoming difficult with regard to securing beef livestock from Australian farms.
- Deals from the USA for Australian beef remain firm.

2) Americas

- Strengthen internal local sales, including marine products and processed products, by opening new sales bases in Seattle.
- At Texas Farm, LLC, market prices are expected to fall due to recovery in the number of hogs shipped.

3) Others (Asia and Europe)

- Strengthen procurement of branded pork from Europe. Cultivate customers in Asia.

Reference: FY2016/3 1Q Australian business sales results

| Major countries for sales | Volume (ratio breakdown) | Volume (variance year on year) |
|---------------------------|--------------------------|--------------------------------|
| Japan | 21% | 139% |
| United States | 30% | 160% |
| South Korea | 10% | 102% |
| China | 7% | 114% |
| Taiwan | 4% | 78% |
| Australia | 12% | 63% |
| Others* | 16% | 183% |
| Total | 100% | 121% |

*Others: EU, Indonesia, the Middle East, etc.

● Domestic and imported fresh meat sales (food companies)

- Implement Group sales strategy for 7 priority brands in fresh meat.

[Domestic products] *Megumi no Kuni* (Beef), *Mugikomachi* (Pork), *Sakurahime* (Chicken)

[Imported products] *Whyalleaf*, *Cody's Beef* (Beef), *Sukoyaka Sangen Pork*, *Dolce Porco* (Pork)



Actively promoted *Sakurahime* with the introduction of TV commercial in July.

4. Affiliated Business Division: Outlook

● Measures to expand sales of marine products business

(Marine Foods)

- Develop proprietary products based on customer viewpoint, and develop and expand sales of individual meals, instant meals, and easy-to-cook products for the elderly and single-person households.
- Strengthen promotions, menu proposals and so on in retail stores.
- Strengthen full-year stable operations at Kushiro Marusui Co., Ltd. and procurement of raw materials through the company; set up “Hokkaido product” stations and hold “Hokkaido fairs” at volume retailers, etc.



Kushiro Marusui
“Umami Tako”

(Hoko)

- Increase production of products at Hachinohe Factory and strengthen sales promotion, particularly of canned mackerel.

● Measures to expand sales of dairy products business

(Cheese)

- Increase sales of products for consumers by introducing new items in baby cheese and increasing production of smoked cheese, etc.
- Capture the needs of commercial-use customers through accurate proposals and gathering of information.

(Yogurt)

- Strengthen proposals for new ways of eating and product promotion using retail stores, the web, etc.
- Develop products for CVS channels.



Nippon Luna
“Coconut-yogurt
Bowl”



ROLF
“Baby Cheese for
Adults with raw ham”

● Trends in principal raw and other material prices

- Contract unit prices for cheese ingredients are expected to trend downward toward the second half of the fiscal year as production expansion in countries of origin and demand growth in emerging countries settles down. Domestic ingredient prices are rising due to a shortage of raw milk.
- Prices for yogurt ingredients are expected to remain high due to a shortage of raw milk in Japan despite weakening in overseas markets.

5. Group Marketing: Outlook

● Nipponham Group All-Star Fair held

The Group campaign was held under the name “Nipponham Group All-Star Fair(“Group Fair”),” featuring products of NH Foods Ltd. and its subsidiaries (Nippon Pure Food, Inc., The Marine Foods Corporation, Hoko Co., Ltd., and Nippon Luna, Inc.).

- Period: July 1 – July 31, 2015
- Release of TV commercials: Ran commercials promoting “Group Fair” in product commercials for *SCHAU ESSEN*, *Mori-no-Kaori*, *Chuka Meisai* (sweet-and-sour pork), *Irodori Kitchen*, *Sakurahime*, and *Vanilla Yogurt*.
 - * Commercials released from July 1 to July 14.
- Group sales markets were set up in conjunction with “Group Fair”.



じつは
アレも!
コレも!

ニッポンハムグループ
オールスターフェア
開催中!!

Nipponham Group
人様く、食の未来

応募して、
ニッポンハムグループ商品を
当てよう!

III. Consolidated Financial Results for FY2016/3 1Q (Apr.–Jun.)

- 1. FY2016/3 Business Results at a Glance and Full Year Forecasts**
- 2. Growth Rate by Sales Category and Geographical Segment Information**
- 3. Selling, General and Administrative Expenses / Other Operating Costs and Expenses / Other Income**
- 4. Balance Sheets / Capital Expenditures / Depreciation and Amortization**

1. FY2016/3 Business Results at a Glance and Full Year Forecasts

(¥ million, %)

| | FY2015/3 results | | | | FY2016/3 results and forecasts | | | | | |
|--|------------------|----------|------------------|-------------------|--------------------------------|----------|--------------------|----------|---------------------|----------|
| | 1Q results | Variance | 1st half results | Full year results | 1Q results | Variance | 1st half forecasts | Variance | Full year forecasts | Variance |
| Net Sales | 283,851 | 6.9 | 587,623 | 1,212,802 | 305,502 | 7.6 | 620,000 | 5.5 | 1,260,000 | 3.9 |
| Hams and sausages | 35,402 | 10.8 | 73,608 | 150,103 | 33,263 | (6.0) | 72,000 | (2.2) | 152,000 | 1.3 |
| Processed foods | 51,898 | 3.6 | 105,285 | 212,413 | 51,811 | (0.2) | 105,000 | (0.3) | 214,000 | 0.7 |
| Fresh meats | 160,289 | 7.4 | 332,163 | 691,072 | 182,702 | 14.0 | 363,000 | 9.3 | 732,900 | 6.1 |
| Beef | 62,869 | 2.6 | 133,108 | 277,673 | 76,526 | 21.7 | 145,000 | 8.9 | 293,600 | 5.7 |
| Pork | 56,728 | 7.1 | 116,964 | 240,660 | 57,927 | 2.1 | 119,500 | 2.2 | 244,300 | 1.5 |
| Chicken | 35,000 | 15.6 | 69,845 | 147,203 | 41,938 | 19.8 | 85,000 | 21.7 | 169,000 | 14.8 |
| Other fresh meats | 5,692 | 19.1 | 12,246 | 25,536 | 6,311 | 10.9 | 13,500 | 10.2 | 26,000 | 1.8 |
| Marine products | 20,659 | 3.3 | 44,592 | 94,396 | 21,317 | 3.2 | 46,000 | 3.2 | 96,500 | 2.2 |
| Dairy products | 7,191 | 8.1 | 14,495 | 28,564 | 7,879 | 9.6 | 16,000 | 10.4 | 30,500 | 6.8 |
| Others | 8,412 | 9.9 | 17,480 | 36,254 | 8,530 | 1.4 | 18,000 | 3.0 | 34,100 | (5.9) |
| Cost of goods sold | 232,551 | 5.8 | 481,482 | 993,023 | 250,552 | 7.7 | | | | |
| Gross profit | 51,300 | 11.6 | 106,141 | 219,779 | 54,950 | 7.1 | | | | |
| Gross profit ratio | 18.1% | - | 18.1% | 18.1% | 18.0% | - | | | | |
| SG&A expenses | 41,378 | (0.2) | 83,796 | 171,335 | 43,073 | 4.1 | | | | |
| Operating Income | 9,922 | 121.7 | 22,345 | 48,444 | 11,877 | 19.7 | 20,000 | (10.5) | 41,000 | (15.4) |
| Income before income taxes | 8,931 | 94.9 | 20,947 | 44,544 | 11,378 | 27.4 | 19,000 | (9.3) | 39,000 | (12.4) |
| Net income attributable to NH Foods Ltd. | 6,592 | 106.2 | 15,067 | 31,048 | 8,598 | 30.4 | 13,500 | (10.4) | 27,000 | (13.0) |

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

* Variance: Year-on-year comparisons are expressed as % increases/decreases

Growth Rate by Sales Category

| Category | FY2015/3 1Q (Year-on-year comparison) | | FY2016/03 1Q (year-on-year comparison) | |
|-------------------|---------------------------------------|--------|--|--------|
| | Sales volume | Amount | Sales volume | Amount |
| Hams and sausages | 7.4 | 10.8 | (13.8) | (6.0) |
| Processed foods | (2.1) | 3.6 | (3.6) | (0.2) |
| Fresh meats | (6.4) | 7.4 | 8.0 | 14.0 |
| Beef | (8.6) | 2.6 | 2.0 | 21.7 |
| Pork | (14.1) | 7.1 | 6.1 | 2.1 |
| Chicken | 4.5 | 15.6 | 14.9 | 19.8 |
| Other fresh meats | 2.8 | 19.1 | 5.6 | 10.9 |

Geographical Segment

| | FY2015/3 results | | | FY2016/3 results and forecasts | | | | | |
|------------------------|------------------|------------------|-------------------|--------------------------------|----------|--------------------|----------|---------------------|----------|
| | 1Q results | 1st half results | Full year results | 1Q results | Variance | 1st half forecasts | Variance | Full year forecasts | Variance |
| Domestic sales | 255,735 | 528,673 | 1,087,832 | 268,551 | 5.0 | 546,200 | 3.3 | 1,111,400 | 2.2 |
| External customers | 255,456 | 528,111 | 1,086,474 | 268,248 | 5.0 | 545,600 | 3.3 | 1,110,000 | 2.2 |
| Intersegment | 279 | 562 | 1,358 | 303 | 8.6 | 600 | 6.8 | 1,400 | 3.1 |
| Operating income | 7,131 | 15,306 | 35,769 | 9,001 | 26.2 | 16,100 | 5.2 | 35,400 | (1.0) |
| Operating income ratio | 2.8% | 2.9% | 3.3% | 3.4% | - | 2.9% | - | 3.2% | - |
| Overseas sales | 60,183 | 126,369 | 252,985 | 68,162 | 13.3 | 141,400 | 11.9 | 280,000 | 10.7 |
| External customers | 28,395 | 59,512 | 126,328 | 37,254 | 31.2 | 74,400 | 25.0 | 150,000 | 18.7 |
| Intersegment | 31,788 | 66,857 | 126,657 | 30,908 | (2.8) | 67,000 | 0.2 | 130,000 | 2.6 |
| Operating income | 2,617 | 7,195 | 12,835 | 3,027 | - | 3,900 | (45.8) | 5,600 | (56.4) |
| Operating income ratio | 4.3% | 5.7% | 5.1% | 4.4% | - | 2.8% | - | 2.0% | - |

* Sales by geographical segment are before intersegment elimination.

* Variance: Year-on-year comparisons are expressed as % increases/decreases.

3. Selling, General and Administrative Expenses / Other Operating Costs and Expenses / Other Income

(¥ million, %)

| | FY2015/3 1Q results | FY2016/3 | | |
|---|------------------------|------------|--------------|----------|
| | | 1Q results | Variance (%) | Variance |
| ★(1) Selling, general and administrative expenses | 41,378 | 43,073 | 4.1 | 1,695 |
| Personnel | 16,625 | 17,197 | 3.4 | 572 |
| ★(2) Advertising | 2,748 | 2,634 | (4.1) | (114) |
| ★(3) Logistics | 12,126 | 12,654 | 4.4 | 528 |
| Others | 9,879 | 10,588 | 7.2 | 709 |

Major reasons for increase/decrease

★(1) **SG&A expenses:** The ratio of SG&A expenses to net sales decreased 0.5 point from 14.6% to 14.1%.

★(2) **Advertising:** Advertising expenses decreased ¥0.1 billion due mainly to sales promotion expenses.

★(3) **Logistics:** Logistics costs increased ¥0.5 billion due to higher transportation expenses resulting from an upswing in sales volume.

(¥ million)

| | FY2015/3 1Q results | FY2016/3 | | FY2015/3 Full year results |
|---|------------------------|------------|----------|-------------------------------|
| | | 1Q results | Variance | |
| Other operating costs and expenses (income) - net | 269 | 285 | 16 | 4,231 |
| Fixed assets | 269 | 285 | 16 | 4,239 |
| Others | - | - | - | (8) |
| ★(1) Other income (expenses) - net | (334) | 80 | 414 | 1,678 |
| Interest and dividends income | 403 | 402 | (1) | 1,151 |
| Foreign exchange gains (losses) | (734) | (310) | 424 | (88) |
| Others | (3) | (12) | (9) | 615 |
| Interest expense | 388 | 294 | (94) | 1,347 |

Major reasons for increase/decrease

★(1) **Other income (expenses) – net:** Improved by approximately ¥0.4 billion due mainly to foreign exchange gains and losses

(¥ million, %)

| Consolidated balance sheets | | FY2015/3 year-end | FY2016/3 1Q results | Variance (%) | Variance |
|-----------------------------|---|----------------------|------------------------|--------------|----------|
| ★(1) | Total assets | 661,567 | 701,265 | 6.0 | 39,698 |
| | Cash and cash equivalents | 57,404 | 54,375 | (5.3) | (3,029) |
| ★(2) | Trade notes and accounts receivable | 127,273 | 128,127 | 0.7 | 854 |
| ★(3) | Inventories | 143,107 | 161,622 | 12.9 | 18,515 |
| | Property, plant and equipment - at cost, less accumulated depreciation | 252,537 | 261,336 | 3.5 | 8,799 |
| | Investments and other assets | 41,170 | 43,033 | 4.5 | 1,863 |
| | Deferred income taxes - non-current | 7,067 | 7,119 | 0.7 | 52 |
| | Total liabilities | 305,143 | 339,365 | 11.2 | 34,222 |
| | Trade notes and accounts payable | 94,212 | 111,329 | 18.2 | 17,117 |
| ★(4) | Interest-bearing debt | 136,806 | 153,252 | 12.0 | 16,446 |
| | Liability under retirement and severance program | 12,075 | 12,308 | 1.9 | 233 |
| | Total NH Foods Ltd. Shareholders' equity | 353,664 | 354,549 | 0.3 | 885 |
| | Noncontrolling interests | 2,760 | 7,351 | 166.3 | 4,591 |
| | Total equity | 356,424 | 361,900 | 1.5 | 5,476 |

Major reasons for
increase/decrease

- ★(1) **Total assets:** Increased by approximately ¥39.7 billion including (2) and (3)
- ★(2) **Trade notes and accounts receivable:** Increased by approximately ¥0.9 billion from the end of the previous fiscal year due to higher sales.
- ★(3) **Inventories:** Increased by approximately ¥18.5 billion from the end of the previous fiscal year mainly owing to an increase in fresh meats.
- ★(4) **Interest-bearing debt:** Increased by approximately ¥16.4 billion due to an increase in bank loans.

(¥ million, %)

| Capital expenditures and depreciation | FY2015/3 1Q results | FY2016/3 | | | FY2016/3 Full year forecasts |
|--|------------------------|------------|--------------|----------|---------------------------------|
| | | 1Q results | Variance (%) | Variance | |
| Capital expenditure | 8,153 | 10,981 | 34.7 | 2,828 | 59,100 |
| Production facilities | 5,977 | 5,826 | (2.5) | (151) | 20,700 |
| Marketing and logistics facilities | 612 | 771 | 26.0 | 159 | 8,100 |
| Farms and processing facilities | 782 | 927 | 18.5 | 145 | 12,500 |
| Overseas businesses facilities | 558 | 739 | 32.4 | 181 | 13,400 |
| Other facilities | 224 | 2,718 | - | 2,494 | 4,400 |
| Depreciation and amortization | 4,640 | 4,662 | 0.5 | 22 | 21,000 |

Contact

Public & Investor Relations Department

NH Foods Ltd.

14F ThinkParkTower

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 significantly from the targets in this presentation, and investment decisions should not be based exclusively on them.