

Business Results

for the Year Ended March 31, 2016



May 11, 2016 (Wed.)
NH Foods Ltd.

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I. Consolidated Business Results for FY2016/3

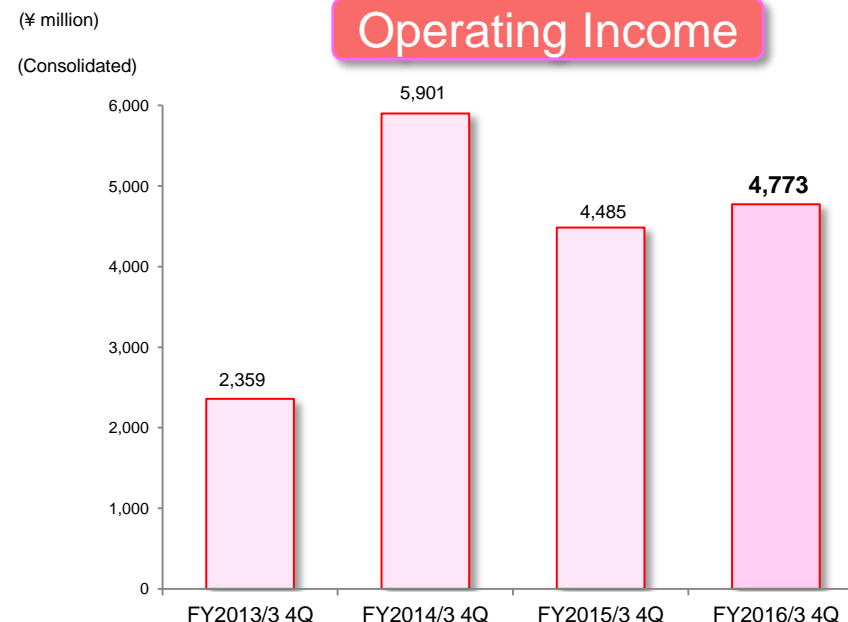
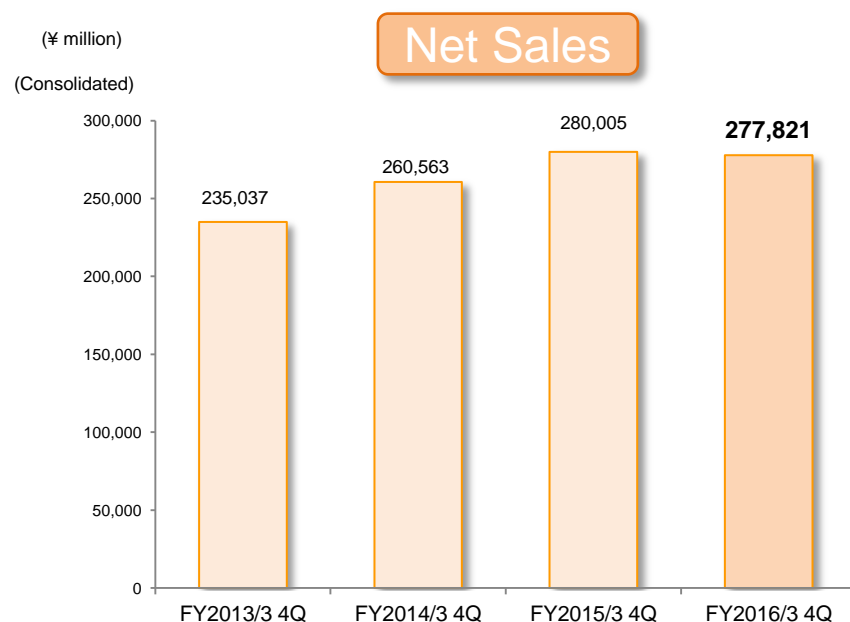
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1. Operating Segment Data: 4Q (Jan.–Mar.)

(¥ million)

		FY2013/3 4Q	FY2014/3 4Q	FY2015/3 4Q	FY2016/3 4Q	Variance	Variance (%)
Processed Foods Business Division	Net sales	76,293	79,941	79,917	79,766	(151)	(0.2)
	Operating income	(293)	(756)	(2,844)	(991)	1,853	-
Fresh Meats Business Division	Net sales	157,588	180,548	199,940	193,795	(6,145)	(3.1)
	Operating income	2,848	6,873	7,670	5,381	(2,289)	(29.8)
Affiliated Business Division	Net sales	29,422	33,214	33,362	34,476	1,114	3.3
	Operating income	(228)	(440)	(584)	249	833	-
Eliminations, adjustments and others	Net sales	(28,266)	(33,140)	(33,214)	(30,216)	2,998	-
	Operating income	32	224	243	134	(109)	-
Consolidated	Net sales	235,037	260,563	280,005	277,821	(2,184)	(0.8)
	Operating income	2,359	5,901	4,485	4,773	288	6.4

*Stated in the segment structure in FY2016/3.



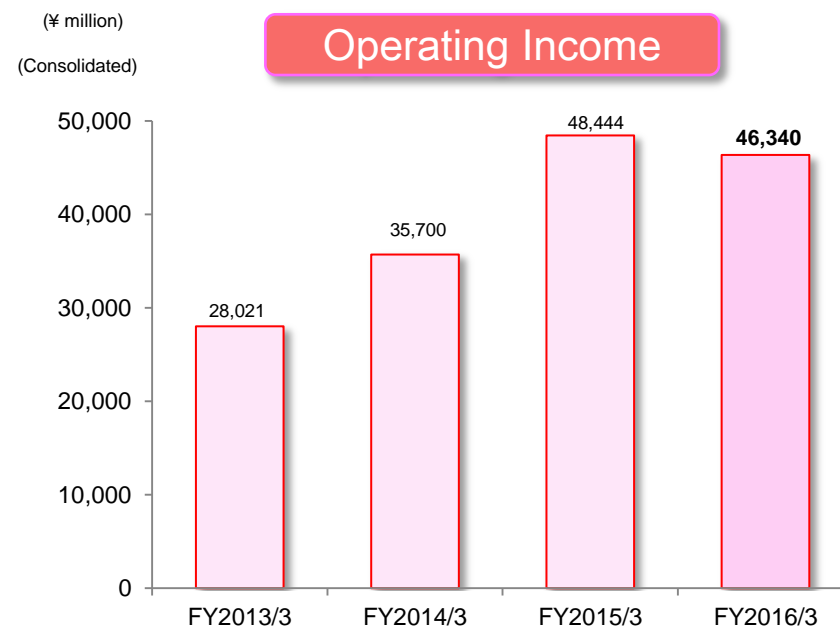
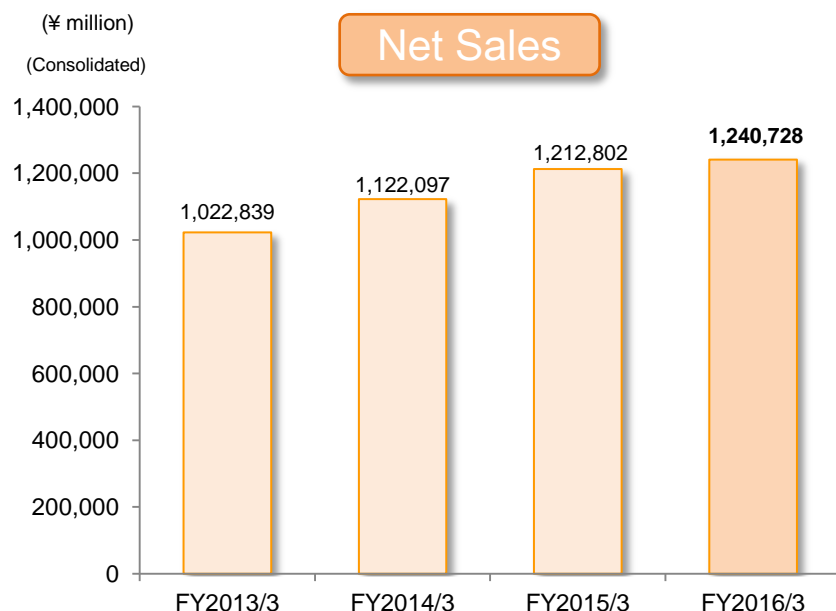
- Net sales by operating segment and net sales (by category) on page 23 of this presentation do not necessarily correspond (due to intersegment transactions).
- Net sales for each segment include intersegment sales.

2. Operating Segment Data: Full Year (Apr.–Mar.)

(¥ million)

		FY2013/3	FY2014/3	FY2015/3	FY2016/3	Variance	Variance (%)
Processed Foods Business Division	Net sales	339,906	353,162	361,481	356,581	(4,900)	(1.4)
	Operating income	9,628	6,543	2,151	4,054	1,903	88.5
Fresh Meats Business Division	Net sales	672,785	765,395	849,320	877,334	28,014	3.3
	Operating income	15,497	26,753	45,121	39,660	(5,461)	(12.1)
Affiliated Business Division	Net sales	137,645	148,138	155,164	159,371	4,207	2.7
	Operating income	1,527	998	287	2,281	1,994	694.8
Eliminations, adjustments and others	Net sales	(127,497)	(144,598)	(153,163)	(152,558)	605	-
	Operating income	1,369	1,406	885	345	(540)	-
Consolidated	Net sales	1,022,839	1,122,097	1,212,802	1,240,728	27,926	2.3
	Operating income	28,021	35,700	48,444	46,340	(2,104)	(4.3)

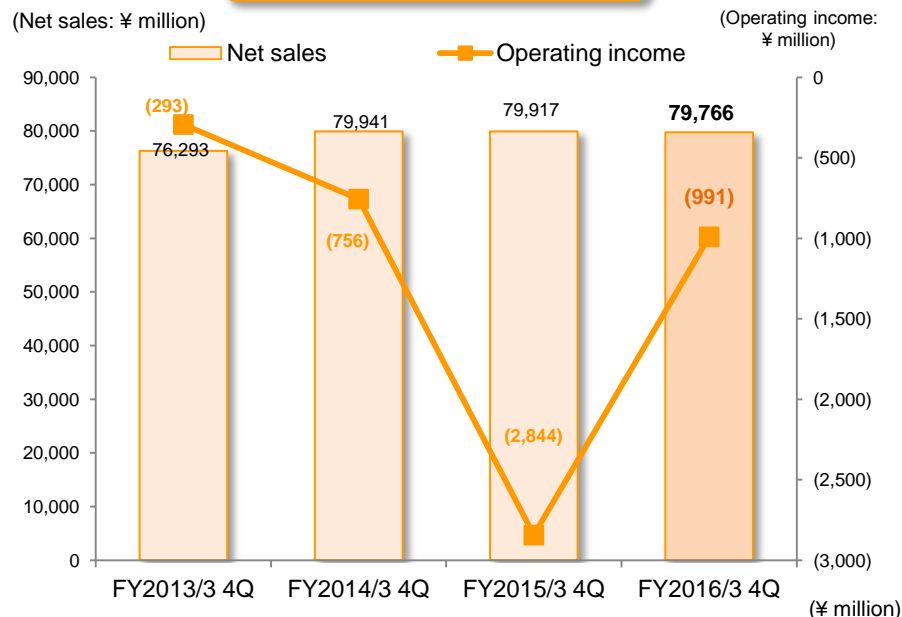
*Stated in the segment structure in FY2016/3.



- Net sales by operating segment and net sales (by category) on page 23 of this presentation do not necessarily correspond (due to intersegment transactions).
- Net sales for each segment include intersegment sales.

3. Operating Segment Data: Processed Foods Business Division (1)

4Q Results (Jan.–Mar.)



	FY2015/3 4Q	FY2016/3 4Q	Variance	Variance (%)
Net sales	79,917	79,766	(151)	(0.2)
Operating income	(2,844)	(991)	1,853	-
Operating income ratio	(3.6)%	(1.2)%	-	-

FY2016/3 4Q (Jan.–Mar.)

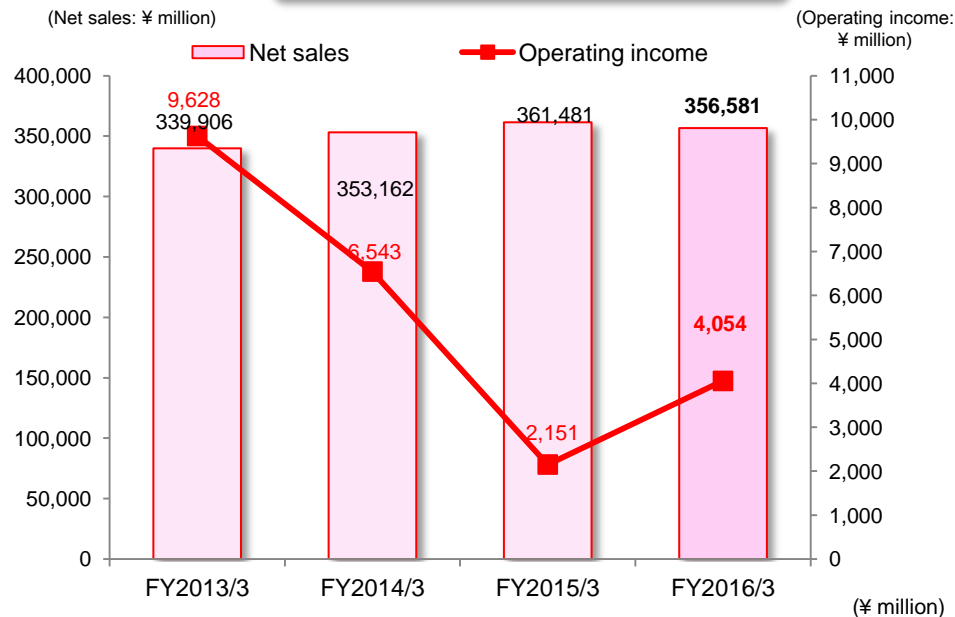
(Net sales)

- Net sales decreased slightly, as sales volume recovery of commercial-use products slowed despite the contribution from the accelerated launch of new consumer products.

(Operating income)

- Operating income steadily recovered thanks to improved gross profits due to the introduction of new products, in addition to improved prices for raw materials and fuels.

Full Year Results (Apr.–Mar.)



	FY2015/3	FY2016/3	Variance	Variance (%)
Net sales	361,481	356,581	(4,900)	(1.4)
Operating income	2,151	4,054	1,903	88.5
Operating income ratio	0.6%	1.1%	-	-

FY2016/3 Full year (Apr.–Mar.)

(Net sales)

- Revenues decreased due to the slow recovery pace of consumer products and commercial-use products, although they were both in a recovery trend.

(Operating income)

- Operating income increased due to the improvement in gross profits resulting from the settling of raw material prices, as well as the revision of the product mix and sales volume recovery in NB products from the second half.

3. Operating Segment Data: Processed Foods Business Division (2)

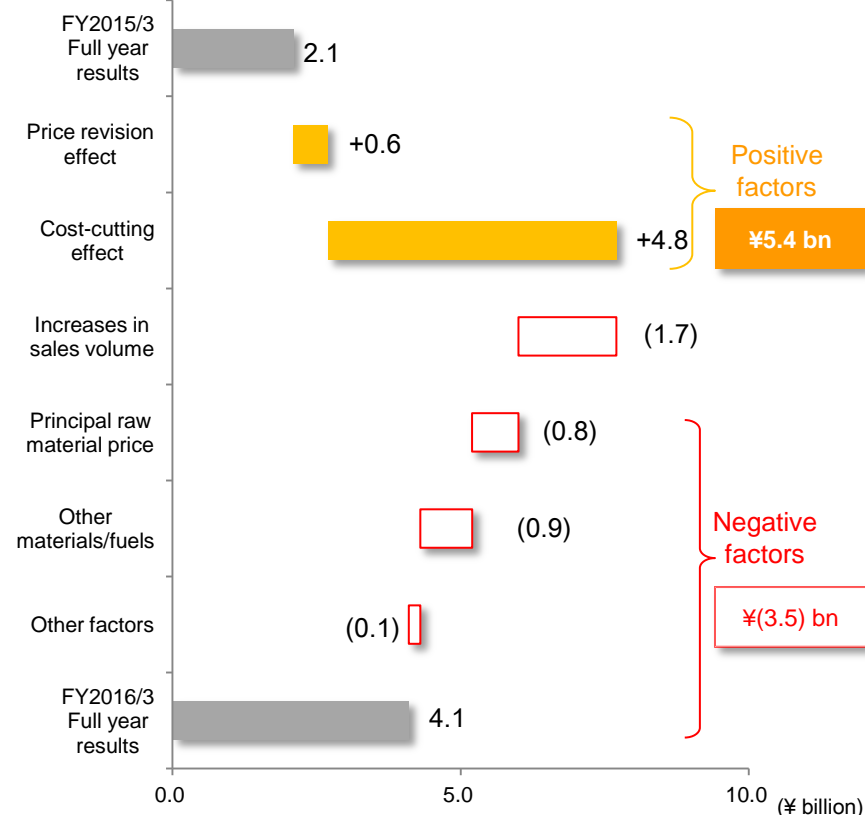
Factor Analysis: Changes in operating income

(¥ billion)

	FY2016/3				
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Price revision effect	0.6	0.0	0.6	0.6	0.0
Cost-cutting effect	4.0	0.8	4.9	4.8	(0.1)
Increases in sales volume	(1.9)	0.2	(1.6)	(1.7)	(0.1)
Principal raw /other material prices	(2.5)	0.8	(2.0)	(1.7)	0.3
Principal raw material price	(1.6)	0.8	(1.0)	(0.8)	0.2
Other materials/fuels	(0.9)	0.0	(1.0)	(0.9)	0.1
Other factors	(0.2)	0.1	(0.1)	(0.1)	0.0
Total	0.0	1.9	1.8	1.9	0.1

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

Factor Analysis Graph: Changes in results (full year)



• Forecasts Variation Factor Analysis (FY2016/3 full year)

- [Cost-cutting effect]** Operating income grew almost as forecast through improvement of gross profit by streamlining the product portfolio and other means.
- [Principal raw material price]** Operating income exceeded the forecast as raw materials prices mainly for pork recovered in the second half.
- [Increases in sales volume]** Operating income was below the forecast due to the slow recovery of sales volume of commercial-use products.

● Gift product sales results (full year)

- FY2016/3 results: Year-on-year variance of 91% on a unit basis due to a drop in the year-end gift market.
- *Utsukushi-no-Kuni*: Year-on-year variance of 105% for the year-end gift-giving season and 109% for the full year. (*Sales ratio increased to 23%)

(Unit: thousands)

		FY2015/3 results	FY2016/3 results	
		Units	Units	Variance
Summer gift-giving season	Overall unit sales	2,116	2,070	98%
	(<i>Utsukushi-no-Kuni</i>)	431	507	118%
Year-end gift-giving season	Overall unit sales	4,442	3,878	87%
	(<i>Utsukushi-no-Kuni</i>)	826	865	105%
Total	Overall unit sales	6,558	5,948	91%
	(<i>Utsukushi-no-Kuni</i>)	1,257	1,372	109%

● Major brands sales results

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



(Photo)
"Mori-no-Kaori"
coarse-ground
wieners



(Photo)
"Ishigama Kobo
Pizza Margherita"

Hams and sausages	FY2016/3 results			Deli and processed foods	FY2016/3 results		
	1st half	2nd half	Full year		1st half	2nd half	Full year
SCHAU ESSEN	104%	98%	101%	Ishigama Kobo	107%	100%	104%
Mori-no-Kaori coarse-ground wieners	107%	109%	108%	Chuka Meisai	100%	97%	99%
Hams	100%	98%	99%	Prefried	101%	114%	108%
Bacons	89%	77%	83%	Hamburg and meatball	99%	103%	101%
Yakibutas	92%	89%	91%	Curries	101%	116%	108%

● Sales results by channel

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

1) Consumer products

Sales of hams and sausages were on a recovery track for NB products as existing products were brushed up, but the recovery of PB products was slow. In deli and processed foods, sales of new products were strong, on par with last year.

2) Commercial-use products

Sales fell below those of last year for hams and sausages, and deli and processed foods, due to the delayed introduction of major products.

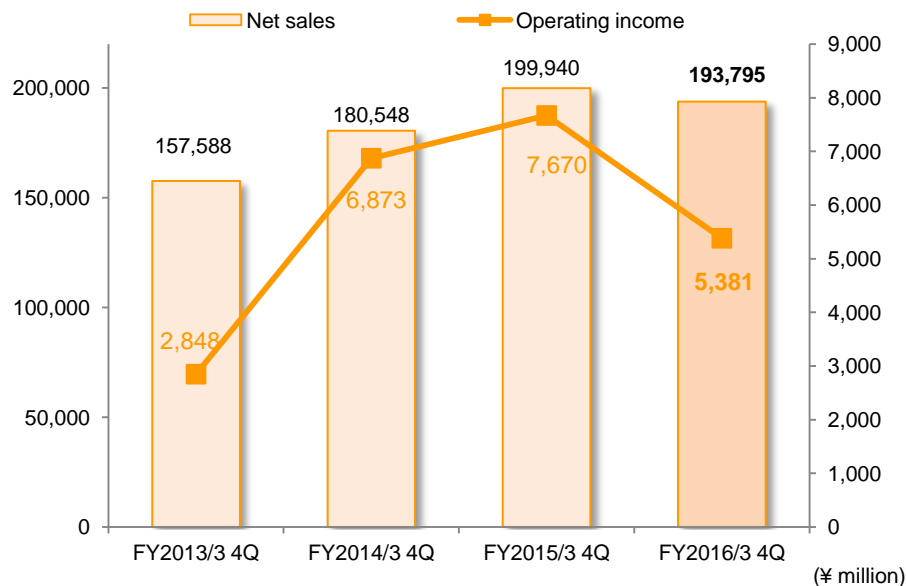
		Volume	Amount
Hams and sausages	Consumer-use	95%	96%
	Commercial-use	81%	85%
	Total	91%	94%
Deli and processed foods	Consumer-use	101%	101%
	Commercial-use	87%	91%
	Total	94%	96%

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

(Net sales: ¥ million)

4Q Results (Jan.-Mar.)

(Operating income:
¥ million)



	FY2015/3 4Q	FY2016/3 4Q	Variance	Variance (%)
Net sales	199,940	193,795	(6,145)	(3.1)
Operating income	7,670	5,381	(2,289)	(29.8)
Operating income ratio	3.8%	2.8%	-	-

FY2016/3 4Q (Jan.-Mar.)

(Net sales)

- Revenues declined due to domestic fresh meat prices being weaker than last year and the impact of decreased sales volume of beef in the Australian business.

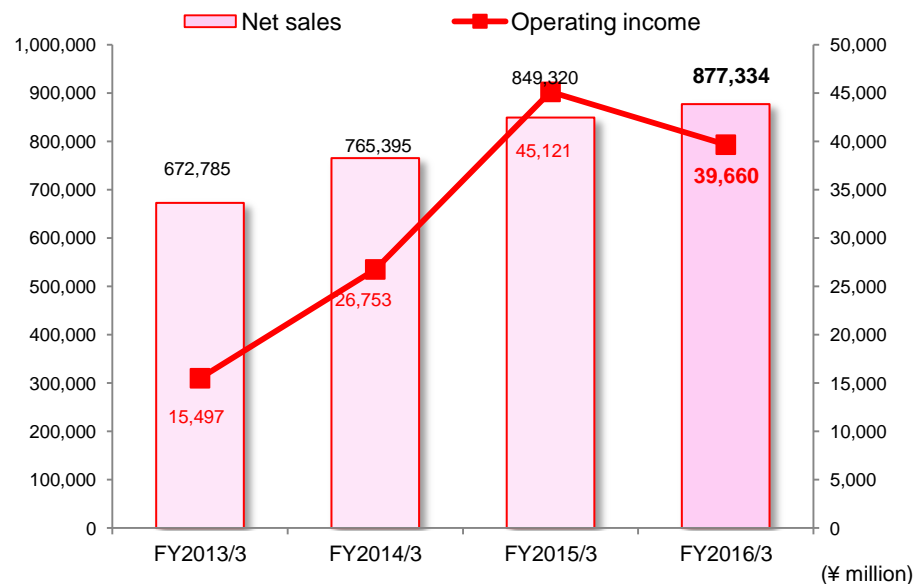
(Operating income)

- Although sales volume and profits at food companies were both strong, operating income decreased due to struggling in the Australian business.

(Net sales: ¥ million)

Full Year Results (Apr.-Mar.)

(Operating income:
¥ million)



	FY2015/3	FY2016/3	Variance	Variance (%)
Net sales	849,320	877,334	28,014	3.3
Operating income	45,121	39,660	(5,461)	(12.1)
Operating income ratio	5.3%	4.5%	-	-

FY2016/3 Full year (Apr.-Mar.)

(Net sales)

- Revenues increased due to a firm domestic market in the first half and increased sales volume at food companies.

(Operating income)

- Although the domestic business set a record high, operating income decreased due to the deterioration in the business environment for the Australian and Americas businesses.

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

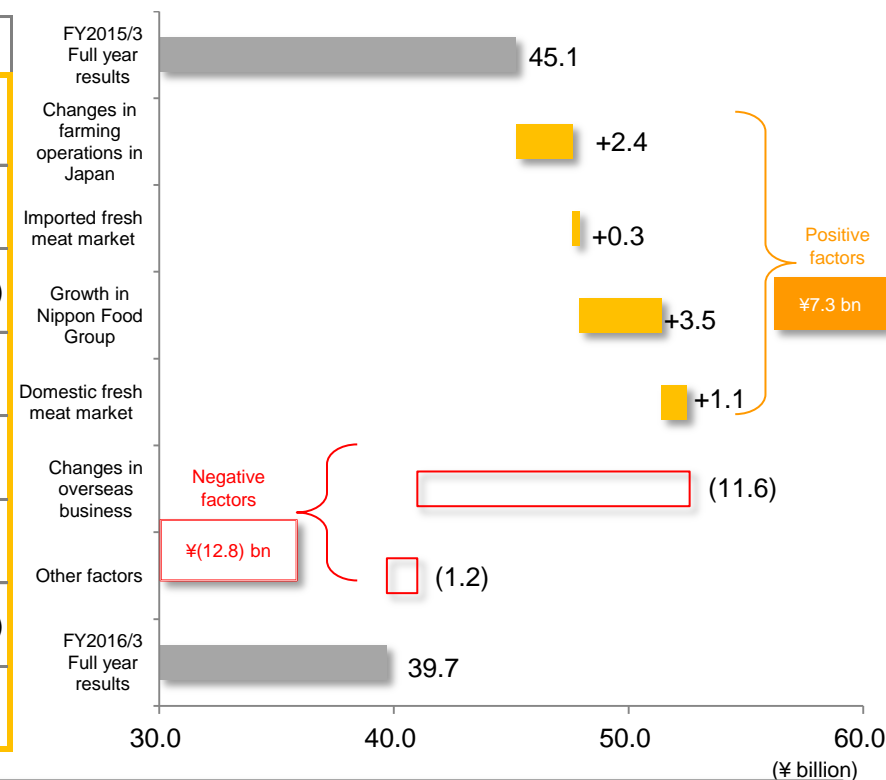
Factor Analysis: Changes in operating income

(¥ billion)

	FY2016/3				
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Changes in farming operations in Japan	3.0	(0.6)	1.7	2.4	0.7
Imported fresh meat market	1.5	(1.2)	1.0	0.3	(0.7)
Growth in Nippon Food Group	2.0	1.5	1.6	3.5	1.9
Changes in overseas business	(10.3)	(1.3)	(11.8)	(11.6)	0.2
Domestic fresh meat market	1.1	0.0	0.8	1.1	0.3
Other factors	(0.5)	(0.7)	(1.0)	(1.2)	(0.2)
Total	(3.2)	(2.3)	(7.6)	(5.5)	2.2

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

Factor Analysis Graph: Changes in results (full year)



• Forecasts Variation Factor Analysis (FY2016/3 full year)

[Changes in farming operations in Japan]

Operating income exceeded the forecast due to strong performance in farming operations in Japan centered on chicken meat production.

[Imported fresh meat market]

Operating income was below the forecast as domestic prices were down due to the impact of excess market inventory of imported chicken meat from the second half.

[Growth in Nippon Food Group]

Operating income significantly exceeded the forecast as the sales volume at food companies grew.

[Changes in overseas business]

Overseas businesses struggled reflecting the deterioration in the environment in the Australian business from 2Q onwards, and a slump in pork prices in the U.S. in the hog-raising business in the Americas.

[Domestic fresh meat market]

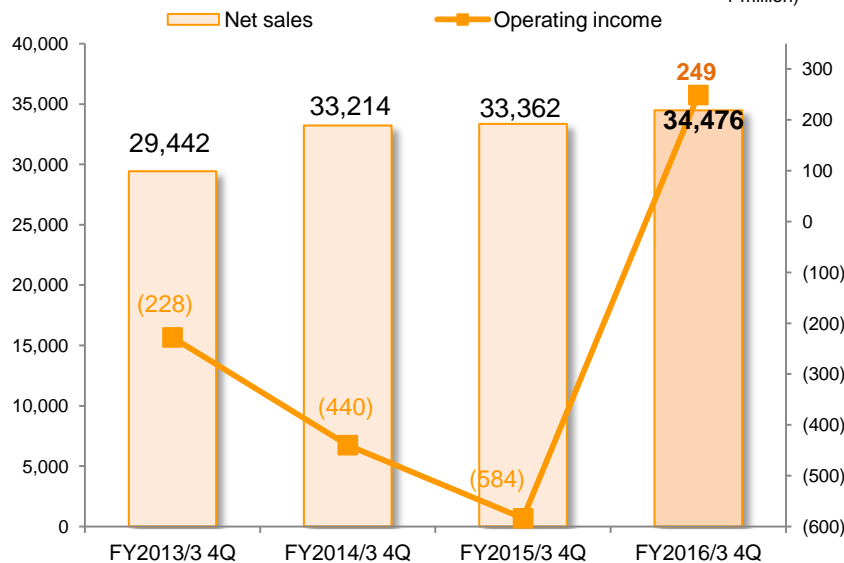
Operating income exceeded the forecast due to the high level of domestic fresh meat prices in Japan in the first half.

5. Operating Segment Data: Affiliated Business Division

4Q Results (Jan.–Mar.)

(Net sales: ¥ million)

(Operating income: ¥ million)

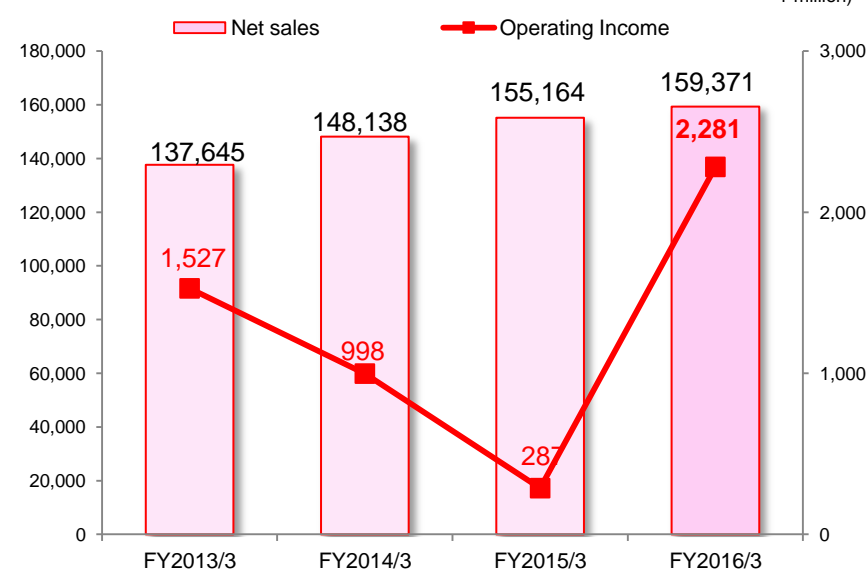


(¥ million)

Full Year Results (Apr.–Mar.)

(Net sales: ¥ million)

(Operating income: ¥ million)



(¥ million)

	FY2015/3 4Q	FY2016/3 4Q	Variance	Variance (%)
Net sales	33,362	34,476	1,114	3.3
Operating income	(584)	249	833	-
Operating income ratio	(1.8)%	0.7%	-	-

	FY2015/3	FY2016/3	Variance	Variance (%)
Net sales	155,164	159,371	4,207	2.7
Operating income	287	2,281	1,994	694.8
Operating income ratio	0.2%	1.4%	-	-

FY2016/3 4Q (Jan.–Mar.)

(Net sales)

- In the marine products business, revenues increased due to sales growth through volume retailer channels of mainstay shrimp, salmon/trout products, and products manufactured in-house. Revenues increased in the dairy products business due to strong performance of yogurt and cheese.

(Operating income)

- Operating income increased in the marine products business due to an increase in sales to volume retailers. Operating income increased in the dairy products business due to a drop in the prices for cheese ingredients and an increase in sales.

FY2016/3 Full year (Apr.–Mar.)

(Net sales)

- Revenues increased in the marine products business due to rising sales prices and increased sales volume. Revenues increased in the dairy product business due to a general increase in sales volume and rising sales prices.

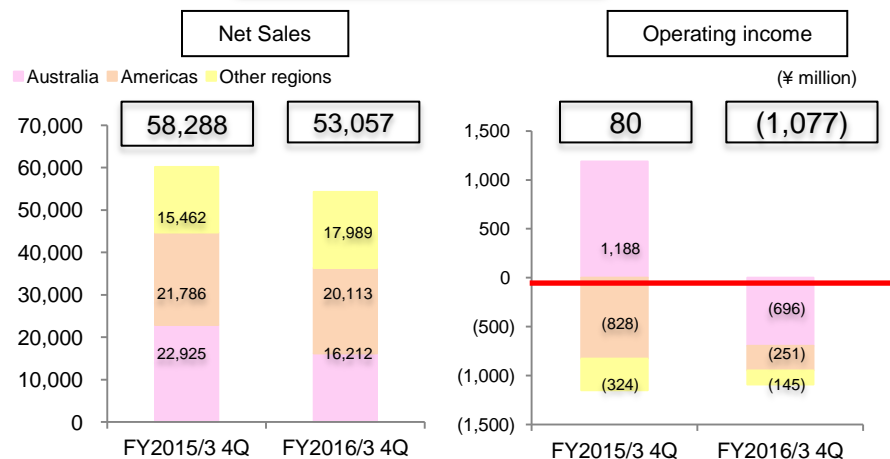
(Operating income)

- Operating income increased both in the marine products business and in the dairy products business resulting from implementation of price revision in addition to increased sales volume.

6. Business Results in Major Overseas Geographical Areas

- 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.)
- Americas include businesses in North and South America. Other overseas markets are in Asia and Europe.

4Q Results (Jan.–Mar.)



		FY2015/3 4Q	FY2016/3 4Q	Variance	Variance (%)
Overseas total	Net Sales	58,288	53,057	(5,231)	(9.0)
	Operating income	80	(1,077)	(1,157)	-
Australia	Net Sales	22,925	16,212	(6,713)	(29.3)
	Operating income	1,188	(696)	(1,884)	-
Americas	Net Sales	21,786	20,113	(1,673)	(7.7)
	Operating income	(828)	(251)	577	-
Other regions	Net Sales	15,462	17,989	2,527	16.3
	Operating income	(324)	(145)	179	-

FY2016/3 4Q (Jan.–Mar.)

(Australia)

- Operating income decreased as purchase costs continued to rise and fallen sales prices did not recover.

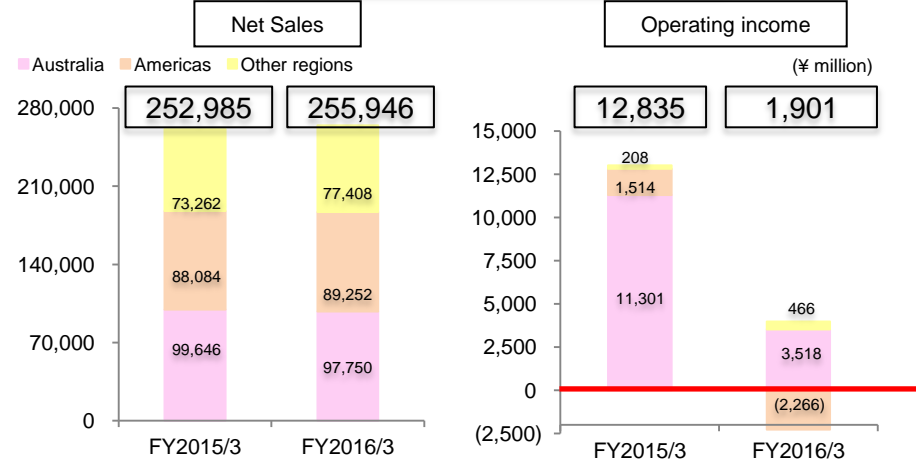
(Americas)

- The Americas business improved as productivity improved in farming operations and American pork prices entered a recovery trend this year.

(Other regions)

- Improvement was seen in sales to Asian markets other than Japan, taking advantage of sales offices in various Asian regions, as well as sales of European pork for the Japanese market.

Full Year Results (Apr.–Mar.)



		FY2015/3	FY2016/3	Variance	Variance (%)
Overseas total	Net Sales	252,985	255,946	2,961	1.2
	Operating income	12,835	1,901	(10,934)	(85.2)
Australia	Net Sales	99,646	97,750	(1,896)	(1.9)
	Operating income	11,301	3,518	(7,783)	(68.9)
Americas	Net Sales	88,084	89,252	1,168	1.3
	Operating income	1,514	(2,266)	(3,780)	-
Other regions	Net Sales	73,262	77,408	4,146	5.7
	Operating income	208	466	258	124.0

FY2016/3 Full year (Apr.–Mar.)

(Australia)

- Revenues and operating income decreased as sales prices for the U.S., which were strong until 1Q, declined from 2Q and purchase costs increased.

(Americas)

- Operating income decreased as pork prices dropped due to the recovery of the shipment of hogs (from the impact of PED) in the hog-raising business.

(Other regions)

- Operating income increased due to the strong performance in sales of European pork for the Japanese market despite the struggle with declined chicken prices due to an outbreak of avian influenza in Turkey.

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

(¥ million)

	2013	2014	FY2015/3					FY2016/3				
	Full year	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Australia	43,470	61,442	17,263	19,668	21,949	17,750	76,630	24,137	18,185	16,699	11,347	70,368
Americas	25,364	27,674	7,589	8,428	10,031	8,768	34,816	9,741	10,116	9,525	7,019	36,041
Other regions	7,300	11,972	3,543	3,021	3,613	4,705	14,882	3,376	5,504	6,353	5,500	20,733
Overseas total	76,134	101,088	28,395	31,117	35,593	31,223	126,328	37,254	33,805	32,577	23,866	127,502
Overseas sales ratio	7.44%	9.01%	10.00%	10.24%	10.31%	11.15%	10.42%	12.19%	10.74%	9.51%	8.59%	10.28%

*Net sales figures represent net sales to external customers.

(Net sales: ¥ million)

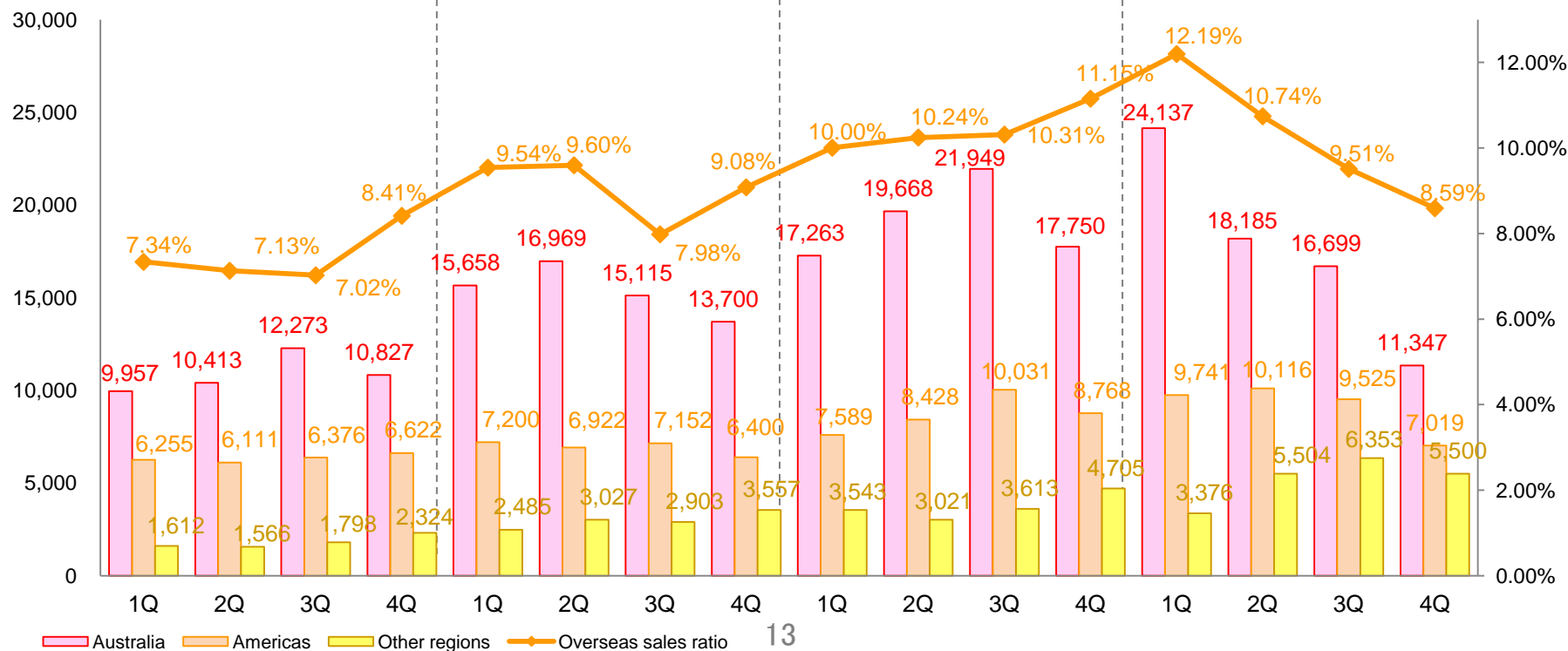
[FY2013/3]

[FY2014/3]

[FY2015/3]

[FY2016/3]

(Overseas sales ratio: %)



II. Outlook for FY2017/3

- 1. FY2017/3 Operating Income Forecasts**
- 2. Processed Foods Business Division: Outlook**
- 3. Fresh Meats Business Division: Outlook**
- 4. Affiliated Business Division: Outlook**
- 5. Overseas Business Division: Outlook**

1. FY2017/3 Operating Income Forecasts

Operating income results in 2016 Comparison between new and old segments

(¥ billion)

	FY2016/3 1Q results			FY2016/3 1st half results			FY2016/3 2nd half results			FY2016/3 full year results		
	Old	New	Variance	Old	New	Variance	Old	New	Variance	Old	New	Variance
Processed Foods Business Division	0.1	0.0	(0.1)	0.5	0.4	(0.1)	3.6	3.4	(0.2)	4.1	3.9	(0.2)
Fresh Meats Business Division	11.6	9.1	(2.5)	20.9	18.6	(2.3)	18.8	20.3	1.5	39.7	38.9	(0.8)
Affiliated Business Division	0.2	0.2	0.0	0.4	0.4	0.0	1.8	1.8	0.0	2.3	2.2	(0.1)
Overseas Business Division	-	2.6	2.6	-	2.2	2.2	-	(1.6)	(1.6)	-	0.6	0.6
Eliminations, adjustments and others	0.0	(0.1)	(0.1)	0.0	0.1	0.1	0.4	0.6	0.2	0.3	0.7	0.4
Total	11.9	11.9	-	21.8	21.8	-	24.6	24.6	-	46.3	46.3	-

Operating income forecasts for 2017 (new segment structure)

(¥ billion)

	FY2017/3 1Q forecasts			FY2017/3 1st half forecasts			FY2017/3 2nd half forecasts			FY2017/3 full year forecasts		
	FY2016/3 1Q results		Variance	FY2016/3 1st half results		Variance	FY2016/3 2nd half results		Variance	FY2016/3 full year results		Variance
Processed Foods Business Division	0.0	1.1	1.1	0.4	2.5	2.1	3.4	5.5	2.1	3.9	8.0	4.1
Fresh Meats Business Division	9.1	8.0	(1.1)	18.6	17.0	(1.6)	20.3	18.5	(1.8)	38.9	35.5	(3.4)
Affiliated Business Division	0.2	0.5	0.3	0.4	1.2	0.8	1.8	1.8	0.0	2.2	3.0	0.8
Overseas Business Division	2.6	(0.1)	(2.7)	2.2	0.3	(1.9)	(1.6)	2.0	3.6	0.6	2.3	1.7
Eliminations, adjustments and others	(0.1)	0.0	0.1	0.1	0.0	0.1	0.6	0.2	(0.4)	0.7	0.2	(0.5)
Total	11.9	9.5	(2.4)	21.8	21.0	(0.8)	24.6	28.0	3.4	46.3	49.0	2.7

2. Processed Foods Business Division: Outlook (1)

•Measures

- Enhance the brand value and expand sales volume by creating new categories and new channels.
- Expand sales volume by developing area offices and introducing area products.

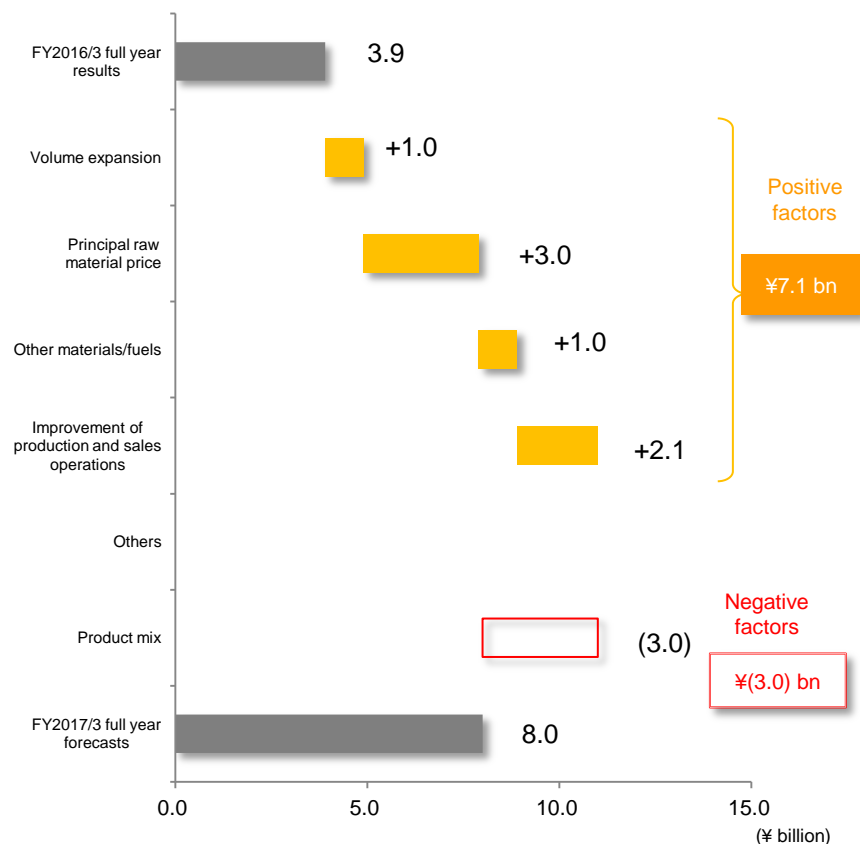
Factor Analysis: Changes in operating income

(¥ billion)

	FY2017/3 forecasts		
	1st half forecasts	2nd half forecasts	Full year forecasts
Volume expansion	0.5	0.5	1.0
Profit margin improvement	1.5	1.6	3.1
External factors	2.4	1.6	4.0
Principal raw material price	2.0	1.0	3.0
Other materials/fuels	0.4	0.6	1.0
Internal factors	(0.9)	0.0	(0.9)
Product mix (product renewal)	(2.0)	(1.0)	(3.0)
Improvement of production and sales operations	1.1	1.0	2.1
Others	0.0	0.0	0.0
Total	2.0	2.1	4.1

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

Factor Analysis Graph: Changes in forecasts (full year)



2. Processed Foods Business Division: Outlook (2)

● Measures to expand sales of gift products

- Target 110% year-on-year sales in summer and year-end gifts combined.
- Target 123% year-on-year sales for *Utsukushi-no-Kuni*. (*Sales ratio is 26%.)
- Respond to a variety of needs.
- Implement advertising to convey the view of our products.

(Unit: thousands)

		FY2016/3 results		FY2017/3 forecasts	
		Units	Variance	Units	Variance
Summer gift-giving season	Overall unit sales	2,070	98%	2,070	100%
	(<i>Utsukushi-no-Kuni</i>)	507	118%	563	111%
Year-end gift-giving season	Overall unit sales	3,878	87%	4,488	116%
	(<i>Utsukushi-no-Kuni</i>)	865	105%	1,125	130%
Total	Overall unit sales	5,948	91%	6,558	110%
	(<i>Utsukushi-no-Kuni</i>)	1,372	109%	1,688	123%

● Measures to expand sales of major brands

- 1) Hams and sausages
 - Further expand *SCHAU ESSEN* market share and enhance sales for brushed up priority brands *Mori-no-Kaori* and *Entier*, among others.
- 2) Deli and processed foods
 - Boost sales of new products and core categories such as *Chuka Meisai* and *Ishigama Kobo*.
- 3) Exploring new categories

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

<i>SCHAU ESSEN</i>	102%	<i>Ishigama Kobo</i>	105%
<i>Mori-no-Kaori</i> coarse-ground wieners	115%	<i>Chuka Meisai</i>	102%
Hams	105%	Prefried	108%
Bacons	105%	Hamburg and meatball	104%
Yakibutas	110%	Curries	102%

● Measures to expand sales by channel

- 1) Consumer products
 - Implement PB measures and sales promotions for hams and sausages as well as for deli and processed foods.
- 2) Commercial-use products
 - Expand sales and sales routes by proposing new products that take advantage of the traits of mainstay product lines through the visualization of production and sales.
- 3) Promotion of area strategy
 - Reinforce community-based sales and implement product development taking into account regional characteristics.

Reference: Year-on-year sales targets by channel

FY2017/3 full year forecasts		Amount
Hams and sausages	Consumer-use	104%
	Commercial-use	106%
	Total	104%
Deli and processed foods	Consumer-use	104%
	Commercial-use	108%
	Total	106%

3. Fresh Meats Business Division: Outlook (1)

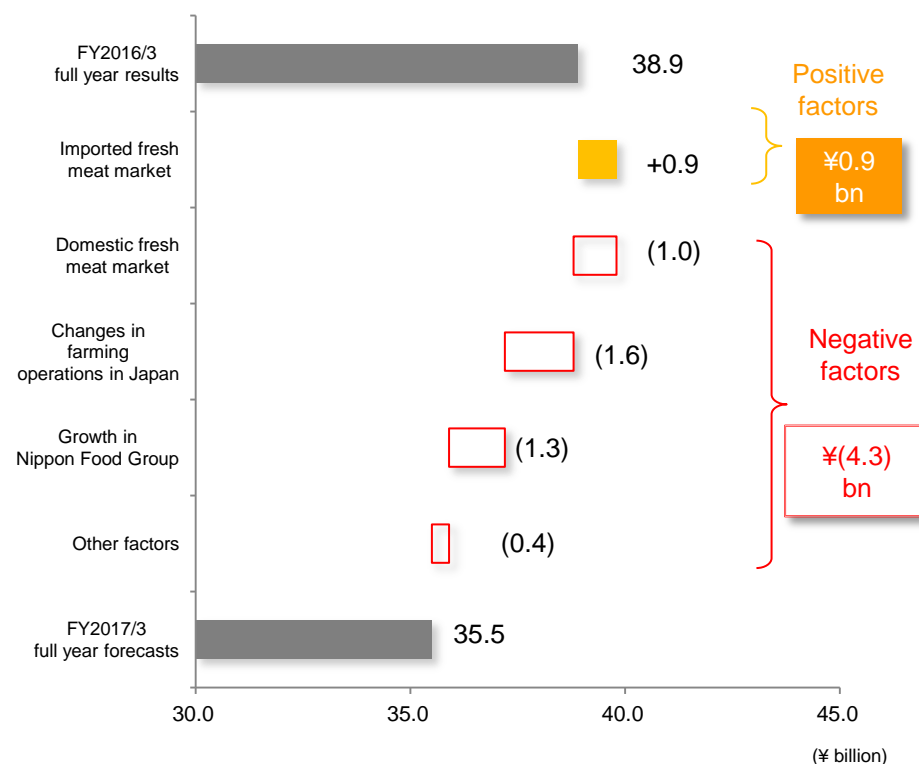
•Measures	
[Domestic production]	Promote cost reduction with increased production and feed centered on branded fresh meats.
[Domestic fresh meats]	Expand sales volume mainly for branded fresh meats of beef, pork, and chicken, and promote regular and established acquisition.
[Imported fresh meats]	Develop CVS channels, expand sales volume by cultivating sales to restaurants, and promote relationships with overseas suppliers.
[Nippon Food Group business]	Expand sales volume of both domestic and import branded fresh meats, centered on volume retailers and restaurant channels.

Factor Analysis: Changes in operating income

(¥ billion)

	FY2017/3 forecasts		
	1st half forecasts	2nd half forecasts	Full year forecasts
Imported fresh meat market	(0.6)	1.6	0.9
Domestic fresh meat market	(0.3)	(0.8)	(1.0)
Changes in farming operations in Japan	(1.0)	(0.5)	(1.6)
Growth in Nippon Food Group	0.6	(1.9)	(1.3)
Other factors	(0.3)	(0.1)	(0.4)
Total	(1.6)	(1.8)	(3.4)

Factor Analysis Graph: Changes in forecasts (full year)



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

3. Fresh Meats Business Division: Outlook (2)

- Production businesses in Japan

- 1) Feed prices

- Although global demand is steady, grain prices remain at the same level or tend to drop slightly due to stable production volume and a stronger yen.

- 2) Domestic farm businesses

- Because the market is expected to settle down to the level of 2 years ago for both pork and chicken, we will reduce costs by increasing the number of hogs and chickens processed.

- Domestic fresh meat market

- Both the pork and the chicken markets are expected to weaken due to the recovery of number of hogs processed and strong production volume expansion of chicken during the first half.

- Imported fresh meat market

- Imported chicken has entered into inventory adjustment and domestic prices are showing signs of reversal.
 - Local prices of pork are currently stable, so it is believed that the environment will continue to be favorable for purchase and sale.

- Fresh meat sales (food companies)

- Expand sales by actively selling branded fresh meats.
 - Advance the development of new markets while also advancing cultivation of sales through volume retailer channels and development of restaurant channels, which still have a low delivery ratio.

4. Affiliated Business Division: Outlook

● Measures to expand sales of marine products business

(Marine Foods)

- Expand sales of Mie Plant products by developing long-life chilled products using ultra-high pressure processing machines and products for new sales channels and brushing up existing products.
- Expand sales of mainstay products such as octopus products by promoting implementation of “Hokkaido fairs,” and develop high value-added products that feature ingredients made in Hokkaido.
- Enhance our ability to procure materials and products through expanding purchase sources and group (NH Foods Chile Y Compania Limitada and Hoko Co. Ltd.) collaboration.

(Hoko)

- Expand sales by enhancing sales promotions and building an increased production system at the Hachinohe plant.

● Measures to expand sales of dairy products business

(Cheese)

- Improve productivity of baby cheese and smoked cheese, and expand our share of the growing commercial cheese market for consumer by establishing an increased production system.
- Further expand our share of commercial-use products by making proposals (product development) using our know-how cultivated over long years to respond to the diversifying needs of new business partners for commercial-use products.

(Yogurt)

- Expand our production capacity by pursuing further improvement of productivity and expanding sales of mainstay products including *Vanilla Yogurt*.
- Enhance product promotion with sales promotions that link advertising in TV commercials, in-store, and on the Web.
- Develop TOP CUP as a pillar product by proposing new ways of enjoying it and continuously introducing new products.

● Trends in the price of principal raw materials and other materials

- Global demand is increasing for marine products, and even if there is a short-term decrease in some fish species, sales will generally rise.
- Prices for cheese ingredients are expected to remain low due to excess supply caused by expanded production in the countries of origin, the slowdown of the Chinese economy, and the continued EU embargo on Russia.
- Low prices for yogurt ingredients (non-fat dry milk) are expected to continue in overseas markets, but prices for domestically produced yogurt will remain high due to the shortage of raw milk in Japan.

5. Overseas Business Division: Outlook

● Australia operations

- Purchase costs are expected to remain high throughout the year due to a shortage of cattle.
- Although sales prices for the U.S. are gradually recovering, severe conditions will continue during the first half.
- Raise the sales ratio of branded beef and promote sales leveraging group offices to stabilize revenues.

● Americas operations

- Reduce the degree of deficit by improving production efficiency in the hog-raising business.
- Pork prices in the U.S. are gradually recovering.

● Asia & Europe operations

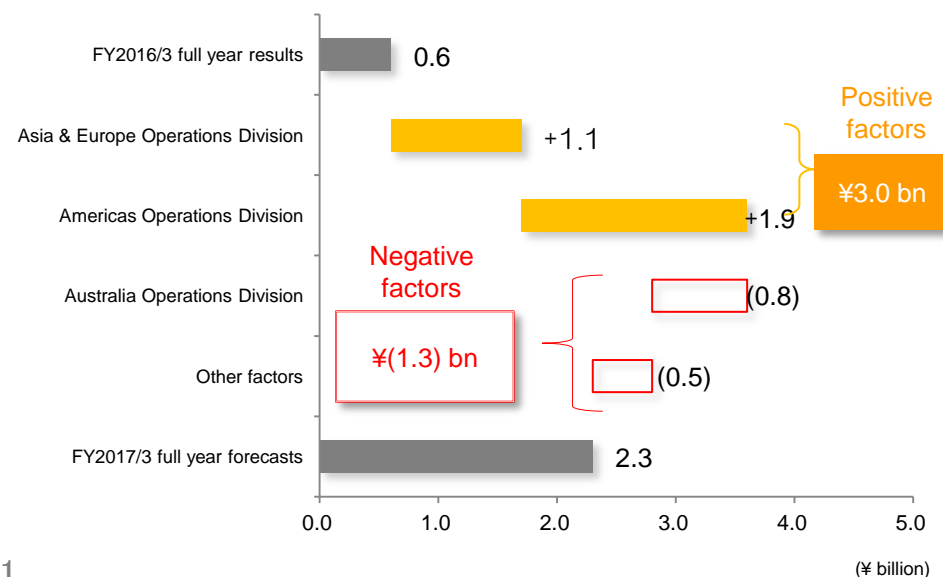
- Enhance procurement of branded pork from Europe. Also expand sales by developing customers in Asia other than Japan, taking advantage of group offices.
- As for Ege-Tav, the Turkish domestic chicken market is on a recovery track. Expand sales by enhancing chicken sales to our end customers such as volume retailers.

Reference: FY2016/3 full year Australia operations sales results

Major countries for sales	Volume (ratio breakdown)	Volume (variance year on year)
Japan	22%	106%
United States	26%	98%
South Korea	11%	99%
China	8%	117%
Taiwan	4%	85%
Australia	12%	63%
Others	17%	127%
Total	100%	97%

Factor Analysis: Changes in operating income (¥ billion)

	FY2017/3 forecasts		
	1st half forecasts	2nd half forecasts	Full year forecasts
Australia Operations Division	(3.0)	2.2	(0.8)
Americas Operations Division	1.0	1.0	1.9
Asia & Europe Operations Division	0.4	0.7	1.1
Other factors	(0.2)	(0.3)	(0.5)
Total	(1.9)	3.6	1.7



III. Consolidated Financial Results for FY2016/3

- 1. FY2016/3 Business Results at a Glance and FY2017/3 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**
- 5. Cash Flows**

1. FY2016/3 Business Results at a Glance and FY2017/3 Forecasts

(¥ million, %)

	FY2016/3 results						FY2017/3 forecasts					
	1st half results	Variance	2nd half results	Variance	Full year results	Variance	1st half forecasts	Variance	2nd half forecasts	Variance	Full year forecasts	Variance
Net Sales	620,309	5.6	620,419	(0.8)	1,240,728	2.3	630,000	1.6	640,000	3.2	1,270,000	2.4
Hams and sausages	69,972	(4.9)	71,487	(6.5)	141,459	(5.8)	73,700	5.3	73,000	2.1	146,700	3.7
Processed foods	107,799	2.4	113,509	6.0	221,308	4.2	117,400	8.9	117,900	3.9	235,300	6.3
Fresh meats	363,854	9.5	353,045	(1.6)	716,899	3.7	362,200	(0.5)	366,100	3.7	728,300	1.6
Beef	149,389	12.2	139,587	(3.4)	288,976	4.1	148,600	(0.5)	151,900	8.8	300,500	4.0
Pork	116,858	(0.1)	116,469	(5.8)	233,327	(3.0)	116,300	(0.5)	117,000	0.5	233,300	(0.0)
Chicken	84,892	21.5	85,496	10.5	170,388	15.8	87,300	2.8	87,200	2.0	174,500	2.4
Other fresh meats	12,715	3.8	11,493	(13.5)	24,208	(5.2)	10,000	(21.4)	10,000	(13.0)	20,000	(17.4)
Marine products	45,191	1.3	49,513	(0.6)	94,704	0.3	47,500	5.1	50,400	1.8	97,900	3.4
Dairy products	15,856	9.4	15,540	10.5	31,396	9.9	16,100	1.5	15,900	2.3	32,000	1.9
Others	17,637	0.9	17,325	(7.7)	34,962	(3.6)	13,100	(25.7)	16,700	(3.6)	29,800	(14.8)
Cost of goods sold	511,068	6.1	508,436	(0.6)	1,019,504	2.7						
Gross profit	109,241	2.9	111,983	(1.5)	221,224	0.7						
Gross profit ratio	17.6%	-	18.0%	-	17.8%	-						
SG&A expenses	87,447	4.4	87,437	(0.1)	174,884	2.1						
Operating Income	21,794	(2.5)	24,546	(6.0)	46,340	(4.3)	21,000	(3.6)	28,000	14.1	49,000	5.7
Income before income taxes	20,743	(1.0)	11,396	(51.7)	32,139	(27.8)	19,000	(8.4)	25,000	119.4	44,000	36.9
Net income attributable to NH Foods Ltd.	15,366	2.0	6,413	(59.9)	21,779	(29.9)	13,500	(12.1)	17,500	172.9	31,000	42.3

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

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

* The additional special payments expected to be paid with respect to the "Transfer Solicitation by Consolidated Subsidiaries of the Company" announced on March 28, 2016 are not taken into consideration

Growth Rate by Sales Category

(%)

Category	FY2015/3 (Year-on-year comparison)				FY2016/3 (Year-on-year comparison)			
	4Q		Full year		4Q		Full year	
	Sales volume	Amount	Sales volume	Amount	Sales volume	Amount	Sales volume	Amount
Hams and sausages	(8.9)	(2.0)	(0.1)	4.6	(4.3)	(4.7)	(8.7)	(5.8)
Processed foods	(5.2)	0.3	(1.9)	2.1	4.2	6.4	1.6	4.2
Fresh meats	(1.3)	12.8	(2.7)	11.6	6.9	(2.7)	6.2	3.7
Beef	(9.6)	16.1	(5.3)	11.3	(2.0)	(5.4)	(5.1)	4.1
Pork	(3.4)	9.7	(8.0)	10.2	3.4	(4.3)	3.5	(3.0)
Chicken	5.6	9.4	4.3	12.0	18.1	6.1	18.9	15.8
Other fresh meats	27.0	32.1	18.3	27.2	(13.9)	(12.2)	(9.1)	(5.2)

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

(¥ million, %)

	SG&A expenses	FY2015/3	FY2016/3		
		Full year results	Full year results	Variance (%)	Variance
★(1)	Selling, general and administrative expenses	171,335	174,884	2.1	3,549
★(2)	Personnel	66,132	67,624	2.3	1,492
	Advertising	11,187	11,104	(0.7)	(83)
	Logistics	51,280	52,583	2.5	1,303
	Others	42,736	43,573	2.0	837

Major reasons for increase/decrease

★(1) SG&A expenses: Although SG&A expenses increased approximately ¥3.5 billion, the ratio of SG&A expenses to net sales was almost unchanged at 14.1%.

★(2) Logistics: Logistics costs increased ¥1.3 billion mainly due to higher transportation expenses resulting from an upswing in sales volume.

(¥ million)

	FY2015/3	FY2016/3	
	Full year results	Full year results	Variance
★(1) Other operating costs and expenses (income) - net	4,231	12,151	7,920
Fixed assets	4,239	12,160	7,921
Others	(8)	(9)	(1)
Other income (expenses) - net	1,678	(664)	(2,342)
Interest and dividends income	1,151	1,032	(119)
Foreign exchange gains (losses)	(88)	(1,706)	(1,618)
Others	615	10	(605)
Interest expense	1,347	1,386	39

Major reasons for increase/decrease

★(1) Other operating costs and expenses (income) - net: Increased approximately ¥7.9 billion mainly due to impairment losses for goodwill of Ege-Tav in Turkey.

4. Balance Sheets / Capital Expenditure / Depreciation and Amortization

(¥ million, %)

	Consolidated balance sheets	FY2015/3 Year-end results	FY2016-3 Year-end results	Variance (%)	Variance
★(1)	Total assets	661,567	682,855	3.2	21,288
	Cash and cash equivalents	57,404	67,321	17.3	9,917
	Trade notes and accounts receivable	127,273	128,352	0.8	1,079
★(2)	Inventories	143,107	137,395	(4.0)	(5,712)
★(3)	Property, plant and equipment - at cost, less accumulated depreciation	252,537	268,172	6.2	15,635
	Investments and other assets	41,170	40,515	(1.6)	(655)
	Deferred income taxes - non-current	7,067	9,321	31.9	2,254
	Total liabilities	305,143	321,495	5.4	16,352
	Trade notes and accounts payable	94,212	94,420	0.2	208
★(4)	Interest-bearing debt	136,806	154,606	13.0	17,800
	Liability under retirement and severance program	12,075	14,426	19.5	2,351
	Total NH Foods Ltd. shareholders' equity	353,664	356,353	0.8	2,689
	Noncontrolling interests	2,760	5,007	81.4	2,247
	Total equity	356,424	361,360	1.4	4,936

Major reasons for increase/decrease

- ★(1) Total assets: Increased by approximately ¥21.3 billion mainly due to an increase in property, plant and equipment – at cost, less accumulated depreciation.
- ★(2) Inventories: Decreased by approximately ¥5.7 billion from the end of the previous fiscal year owing to the enhancement of inventory management.
- ★(3) Property, plant and equipment - at cost, less accumulated depreciation: Increased by approximately ¥15.6 billion mainly due to an increase in capital expenditures.
- ★(4) Interest-bearing debt: Increased by approximately ¥17.8 billion mainly due to an increase in long-term debt.

(¥ million, %)

Capital expenditures, depreciation and amortization	FY2015/3 Full year results	FY2016/3				FY2017/3 Forecasts
		Full year forecasts	Full year results	Variance (%)	Variance	
Capital expenditures	35,694	52,200	36,799	3.10	1,105	62,200
Production facilities	21,762	20,200	17,065	(21.58)	(4,697)	20,500
Marketing and logistics facilities	2,586	6,400	3,452	33.49	866	9,900
Farms and processing facilities	6,943	10,400	7,749	11.61	806	13,400
Overseas businesses facilities	2,764	11,000	4,122	49.13	1,358	10,900
Other facilities	1,639	4,200	4,411	169.13	2,772	7,500
Depreciation and amortization	18,951	20,000	19,445	2.61	494	20,000

5. Cash Flows

(¥ million)

	Consolidated statements of cash flows	FY2015/3	FY2016/3		FY2017/3
		Full year results	Full year results	Variance	Full year forecasts
★(1)	Cash flow from operating activities	29,681	52,535	22,854	52,500
★(2)	Cash flow from investing activities	(31,517)	(49,139)	(17,622)	(56,900)
	Cash flow from financing activities	(17,187)	8,182	25,369	(3,400)

Major reasons for increases/decrease

★(1) Breakdown of major items of cash flow from operating activities

(¥ million)

	FY2015/3	FY2016/3	
	Full year results	Full year results	Variance
Decrease (increase) in trade notes and accounts receivable	(8,929)	(113)	8,816
Decrease (increase) in inventories	(20,259)	5,894	26,153

★(2) Breakdown of major items of cash flow from investing activities

(¥ million)

	FY2015/3	FY2016/3	
	Full year results	Full year results	Variance
Capital expenditures	(34,519)	(37,604)	(3,085)

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.