

## Minutes of Q&A at the Analyst Briefing for the Year Ended March 31, 2016

Date & Time: May 11, 2016 (Wednesday) 9:00-10:30

Venue: Room 501-502, STATION CONFERENCE TOKYO

Attendees from the Company:

President and Representative Director (President and CEO):

*Juichi Suezawa*

Vice President and Representative Director:

*Yoshihide Hata*

Representative Director and Senior Managing Executive Officer, General Manager of Processed Foods Business Division:

*Koji Kawamura*

Director and Senior Managing Executive Officer, General Manager of Overseas Business Division:

*Hiroji Okoso*

Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division:

*Katsumi Inoue*

Director and Managing Executive Officer, General Manager of Affiliated Business Division:

*Kazunori Shinohara*

Director and Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division:

*Tetsuhiro Kito*

Number of attendees: 102

[Q&A]

Q1

I understand that your policy for the Processed Foods Business this fiscal year is to invest funds aimed at increasing sales volume, but isn't there a risk of creating price competition? And does the ham and sausage industry as a whole intend to secure profit?

A1

We intend to secure profit as an industry.

We believe that the recent stabilization of raw materials prices will allow for profit, but there is no change in our policy of providing products of good quality and taste.

The Company has its strengths in the upper category and middle category, but our product share in the volume zone is low. We are aware that price competition is harsh, and we will strive to expand our share by introducing higher quality products than our competitors even in the volume zone.

Q2

Please tell us the details of your brand strategy in the Processed Foods Business.

A2

We will brush up the brand by increasing the volume of consumer products and changing our specifications. To grow our sales volume this fiscal year, we will grow our sales in the volume zone as well.

By increasing sales volume, we will increase our profit margin while simultaneously increasing plant operating rate and securing profit.

Q3

Tell us your thoughts about your commitment to EPS.

A3

We will study measures to be able to firmly control our EPS.

As described in our dividend policy, we will factor in growth investments and the Company's financial position in our efforts to flexibly acquire treasury stocks and the like for purposes such as to boost shareholder value per share.

Q4

The condition of the Processed Foods Business depends heavily on fluctuations in raw materials prices. Are you considering some measures to cope with this?

A4

We believe that we must fundamentally reduce costs.

Currently we are considering introduction of high productivity lines, timely deployment of personnel, and consolidation of manufacturing facilities.

Q5

What about measures for reaching operating income targets in the Australian business?

A5

We plan to continue advancing our strategy of increasing the composition ratio of branded beef including Grass-fed Beef, while simultaneously assessing purchase cost and beef procurement status at processing plants in order to increase operation and reduce costs.

Q6

Some of your competitors have maintained dividends in spite of the impact of impairment losses. What are your thoughts on your dividend policy?

A6

We are aware of examples of how our competitors have handled impairment of goodwill. At the current stage, there are no changes to our basic dividend policy, but we will examine it in light of future circumstances.

Q7

At what timing do you plan to change course toward measures that do not rely on sales volume in the Processed Foods Business?

A7

For the time being, we will take volume from our competitors in the volume zone, where we have a low sales product mix ratio, and expand our ham and sausage share. Moving forward, we will grow our sales volume in processed foods where there is a wider range of categories in order to secure profit, while simultaneously consolidating manufacturing facilities and implementing rationalization such as equipment reform, in order to improve cost competitiveness and secure profits.

Q8

The stock of imported chicken meat has increased, and domestic prices at the end of the fiscal year have fallen, but what is the current situation?

A8

There is still a slight excess of stock, but we believe that the domestic prices are gradually recovering.

Q9

This will be a year that you go aggressive in sales & marketing of the Processed Foods Business, but how is awareness and motivation in the field?

A9

We have stated high voluntary goals called “Challenge 150”, and are making efforts to grow our volume.

We are growing our volume. We have no doubt that motivation in the field is rising.

Q10

What is the future sales strategy for Nippon food companies?

A10

We plan to narrow down our targets, such as major CVS, for imported products in order to spur growth.

As for domestic products, we will enhance our upstream business and secure supply volume while simultaneously spurring growth centered on volume retailers.

Q11

In the Processed Foods Business, you said you will invest in cost in order to increase sales volume, but how do you plan to do this?

A11

We will invest in brushing up existing products such as increasing volume and improving quality, as well as invest in the volume zone products in order to grow our volume. By growing our sales volume we will increase our gross profits. The plant operation rate will also rise, decreasing production costs.