

Business Results

for the Year Ended March 31, 2017



May 11, 2017 (Thur.)
NH Foods Ltd.

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* I. II. Net sales and operating income of discontinued operations are excluded from the figures of each fiscal year.

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* III. Profit or loss of discontinued operations is stated separately, and reclassified figures are shown for the previous fiscal year.

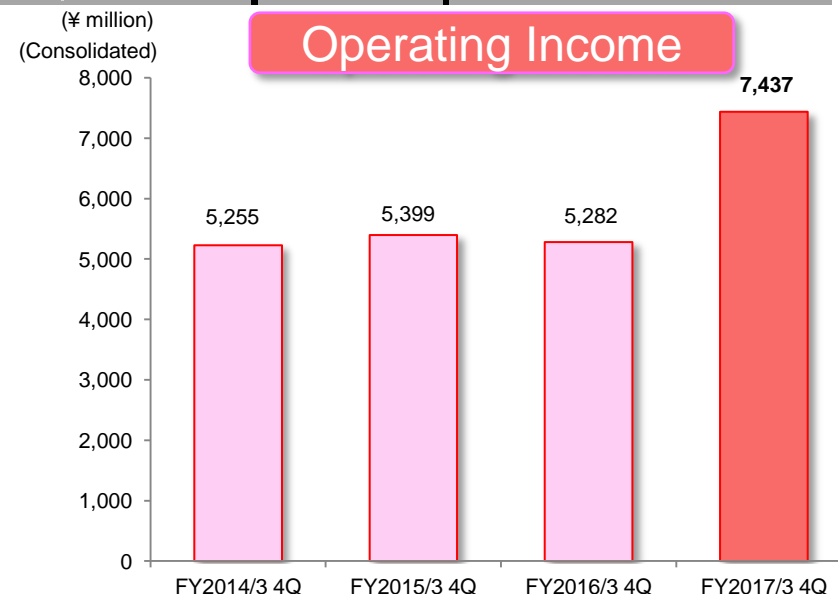
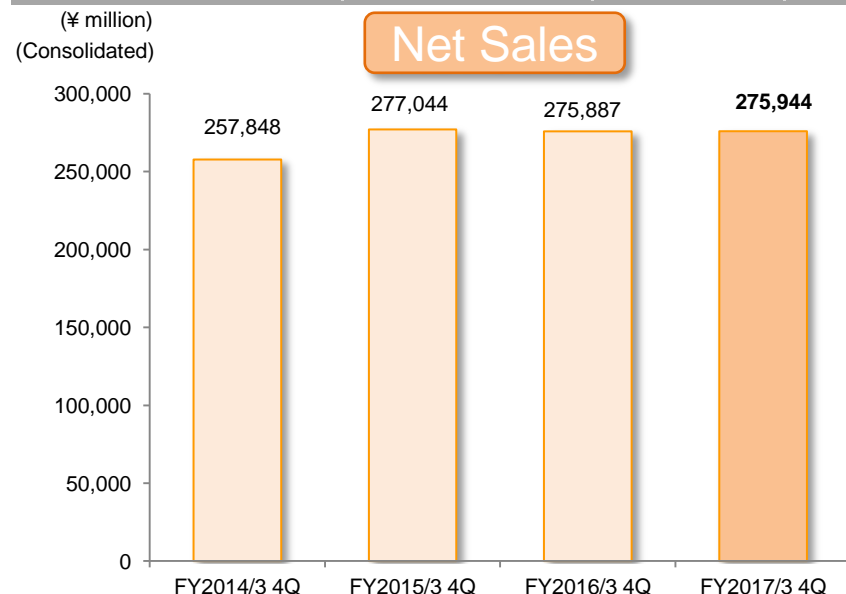
I. Consolidated Business Results for FY2017/3

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

(¥ million)

		FY2014/3 4Q	FY2015/3 4Q	FY2016/3 4Q	FY2017/3 4Q	Variance	Variance (%)
Processed Foods Business Division	Net Sales	75,612	75,216	75,616	78,462	2,846	3.8
	Operating income	(855)	(2,724)	(896)	(651)	245	-
Fresh Meats Business Division	Net Sales	156,253	169,825	171,172	171,331	159	0.1
	Operating income	4,530	7,042	6,726	9,116	2,390	35.5
Affiliated Business Division	Net Sales	32,825	33,186	34,308	34,534	226	0.7
	Operating income	(452)	(599)	228	126	(102)	(44.7)
Overseas Business Division	Net Sales	48,185	55,366	51,153	50,178	(975)	(1.9)
	Operating income	1,891	1,387	(850)	(899)	(49)	-
Eliminations, adjustments and others	Net Sales	(55,027)	(56,549)	(56,362)	(58,561)	(2,199)	-
	Operating income	171	293	74	(255)	(329)	-
Consolidated	Net Sales	257,848	277,044	275,887	275,944	57	0.0
	Operating income	5,255	5,399	5,282	7,437	2,155	40.8



- Net sales by operating segment and net sales (by category) on page 24 of this presentation do not necessarily correspond (due to intersegment transactions).
- Net sales for each segment include intersegment sales.
- Due to the establishment of the Overseas Business Division, figures for past years have been rearranged retroactively and are reclassified accordingly.

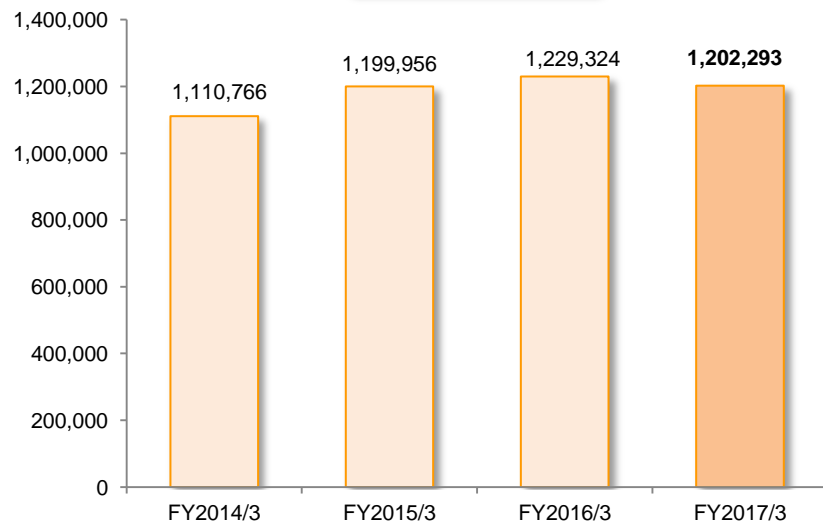
2. Operating Segment Data: Full Year (Apr.–Mar.)

(¥ million)

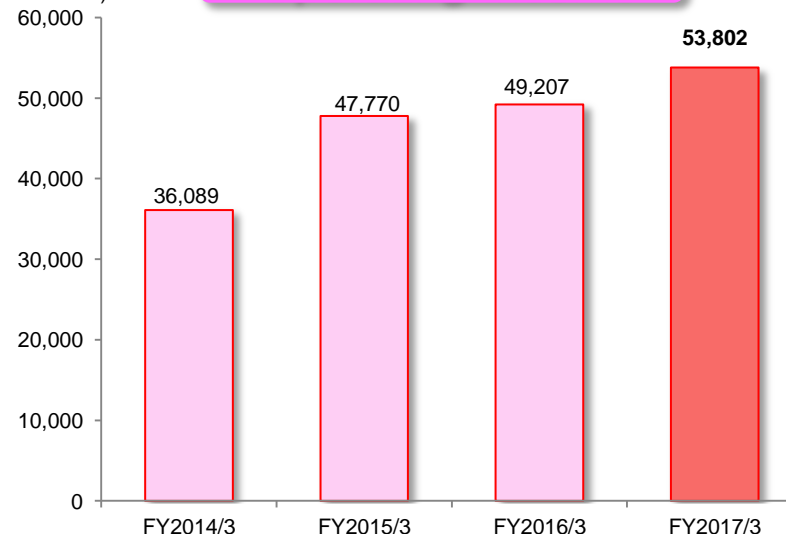
		FY2014/3	FY2015/3	FY2016/3	FY2017/3	Variance	Variance (%)
Processed Foods Business Division	Net sales	335,739	343,472	338,125	348,253	10,128	3.0
	Operating income	6,514	2,180	3,898	7,911	4,013	103.0
Fresh Meats Business Division	Net sales	667,389	726,713	753,934	741,565	(12,369)	(1.6)
	Operating income	20,859	33,022	38,969	43,898	4,929	12.6
Affiliated Business Division	Net sales	147,630	154,621	158,661	159,041	380	0.2
	Operating income	988	265	2,241	3,746	1,505	67.2
Overseas Business Division	Net sales	197,960	240,262	244,694	214,384	(30,310)	(12.4)
	Operating income	6,510	11,677	3,565	(1,251)	(4,816)	-
Eliminations, adjustments and others	Net sales	(237,952)	(265,112)	(266,090)	(260,950)	5,140	-
	Operating income	1,218	626	534	(502)	(1,036)	-
Consolidated	Net sales	1,110,766	1,199,956	1,229,324	1,202,293	(27,031)	(2.2)
	Operating income	36,089	47,770	49,207	53,802	4,595	9.3

 (¥ million)
 (Consolidated)

Net Sales


 (¥ million)
 (Consolidated)

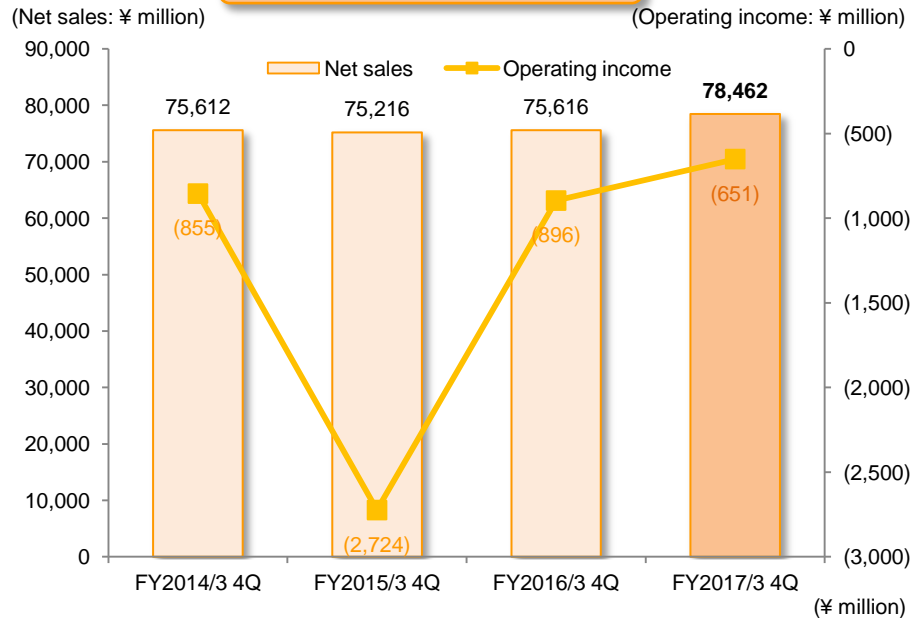
Operating Income



- Net sales by operating segment and net sales (by category) on page 24 of this presentation do not necessarily correspond (due to intersegment transactions).
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3. Operating Segment Data: Processed Foods Business Division (1)

4Q Results (Jan.–Mar.)

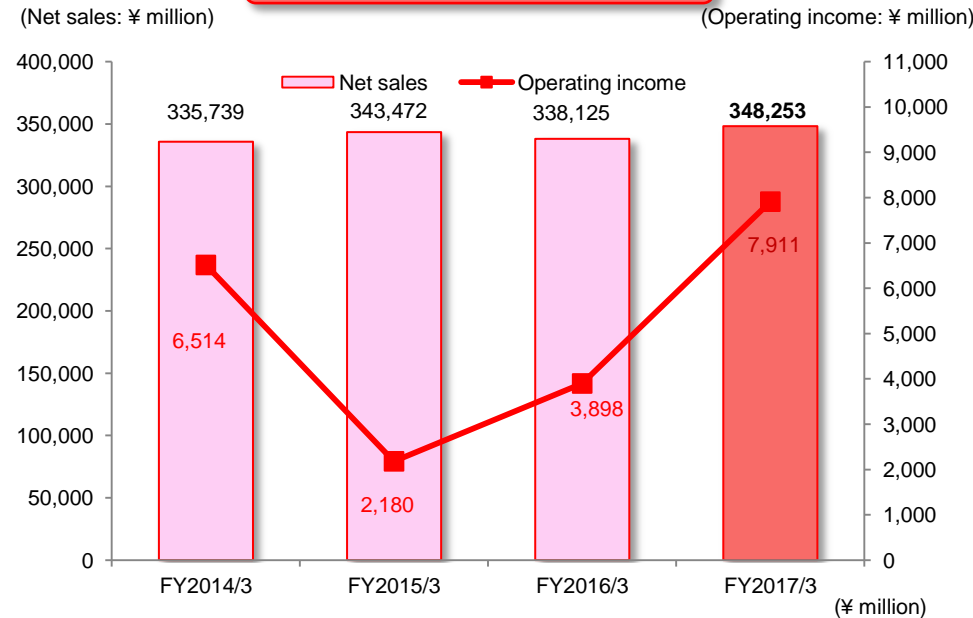


	FY2016/3 4Q	FY2017/3 4Q	Variance	Variance (%)
Net sales	75,616	78,462	2,846	3.8
Operating income	(896)	(651)	245	-
Operating income ratio	(1.2)%	(0.8)%	-	-

Net Sales in FY2017/3 Full year

- Hams and sausages
Sales of consumer products were on a par with last year. This was mainly due to a lower volume of PB products, despite sales growth mainly in NB products such as the strong performance of *SCHAU ESSEN* with aggressive promotional activities with the addition of sales of the new product *Hojun coarse-ground wieners*, and others.
Sales of commercial-use products grew as standard product launches through major restaurant channels progressed.
- Deli and processed foods
As for consumer products, the prefried group grew, including *Kiwami-yaki Hamburg* and *CHIKI-CHIKI Bone* with increased product volume. Revenue from commercial-use products increased with the introduction of major products promoted through CVS channels.

Full Year Results (Apr.–Mar.)



	FY2016/3	FY2017/3	Variance	Variance (%)
Net sales	338,125	348,253	10,128	3.0
Operating income	3,898	7,911	4,013	103.0
Operating income ratio	1.2%	2.3%	-	-

Operating Income in FY2017/3 Full year

- Backed by stable raw material prices, we worked to improve productivity with the introduction of products with strategically-set prices, as well as aggressive sales promotions and higher volume centered on sales campaigns featuring products with increased volume and brand products, which resulted in increased operating income.

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

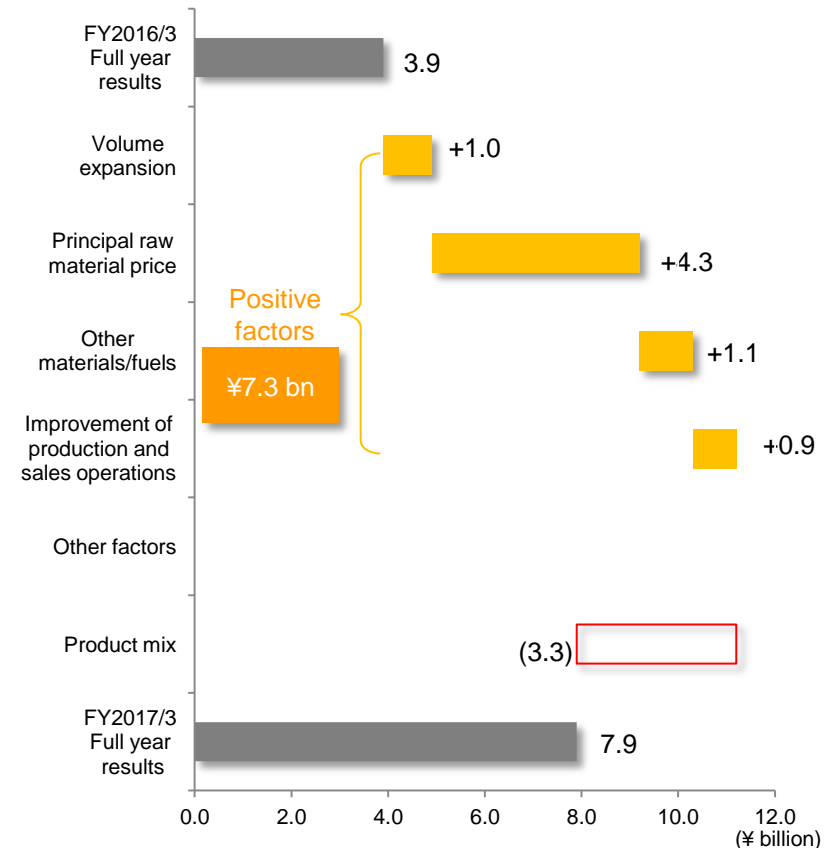
Factor Analysis: Changes in operating income

(¥ billion)

	FY2017/3				
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Volume expansion	0.7	0.3	0.9	1.0	0.1
Profit margin improvement	3.1	(0.1)	3.5	3.0	(0.5)
<i>External factors</i>	4.2	1.2	5.0	5.4	0.4
Principal raw material price	3.4	0.9	4.0	4.3	0.3
Other materials/fuels	0.8	0.3	1.0	1.1	0.1
<i>Internal factors</i>	(1.1)	(1.3)	(1.5)	(2.4)	(0.9)
Product mix (product renewal)	(2.6)	(0.7)	(3.0)	(3.3)	(0.3)
Improvement of production and sales operations	1.5	(0.6)	1.5	0.9	(0.6)
Other factors	0.0	0.0	0.0	0.0	0.0
Total	3.8	0.3	4.4	4.0	(0.4)

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

Factor Analysis Graph: Changes in results (full year)



● Forecasts Variation Factor Analysis (full year)

- Volume expansion: Volume increased favorably, thanks to the sales expansion of branded products including *SCHAU ESSEN* and the rollout of *Hojun coarse-ground wieners*.
- Product mix: Operating income exceeded expectations through initiatives such as products with strategically-set prices and sales promotion increasing product volume which were enabled by the advantageous situation in the external environment.
- Improvement of production and sales operations: While productivity improved due to the higher volumes, personnel expenses increased beyond our expectations, and accordingly operating income did not reach the forecast.

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

● Gift product sales results (full year)

- FY2017/3 full year results: Year on year, unit basis: 104%
- *Utsukushi-no-Kuni* gifts: Year on year, unit basis: 110% (Sales ratio at 24%)

		(thousand)		
		FY2016/3 results	FY2017/3 results	
		Units	Units	Variance
Summer gift-giving season (results)	Overall unit sales	2,069	1,997	97%
	(<i>Utsukushi-no-Kuni</i>)	507	514	101%
Year-end gift-giving season (results)	Overall unit sales	3,878	4,189	108%
	(<i>Utsukushi-no-Kuni</i>)	865	998	115%
Total (results)	Overall unit sales	5,947	6,186	104%
	(<i>Utsukushi-no-Kuni</i>)	1,372	1,512	110%
	Sales ratio	23%	24%	-

● Major brands sales results



SCHAU ESSEN continues to perform favorably



Kiwami-yaki Hamburg Steak, a strong seller

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

Hams and sausages	FY2017/3 results			Deli and processed foods	FY2017/3 results		
	1st half	2nd half	Full year		1st half	2nd half	Full year
SCHAU ESSEN	104%	107%	105%	<i>Ishigama Kobo</i>	99%	96%	98%
<i>Mori-no-Kaori</i> coarse-ground wieners	83%	85%	84%	<i>Chuka Meisai</i>	98%	96%	97%
<i>Irodori Kitchen Series</i>	91%	91%	91%	Prefried	105%	100%	103%
<i>Gourmet Steak</i>	105%	98%	101%	Hamburg and meatball	113%	105%	109%
Yakibutas	87%	95%	91%	Curries	107%	106%	107%
Consumer products total	97%	102%	100%	Consumer products total	104%	102%	103%

● Sales results by channel

1) Consumer products

Sales of hams and sausages were on a par with last year due to a decrease in sales volume of PB products, despite the fact that sales volume of NB products increased due to proactive sales promotions, the Fighters Sale celebrating the team's victory and year-end holiday shopping.

As for deli and processed foods, a new product *Kiwami-yaki Hamburg*, the prefried group including *CHIKICHIKI Bone* and *Chicken Nugget* with increased product volume, and the extended series of *Tenshinkaku* performed strongly.

2) Commercial-use products

Sales of hams and sausages were driven by major standard products for major restaurants, while deli and processed foods for vendors also grew.

Reference: FY2017/3 full year (year-on-year growth in sales by channel)

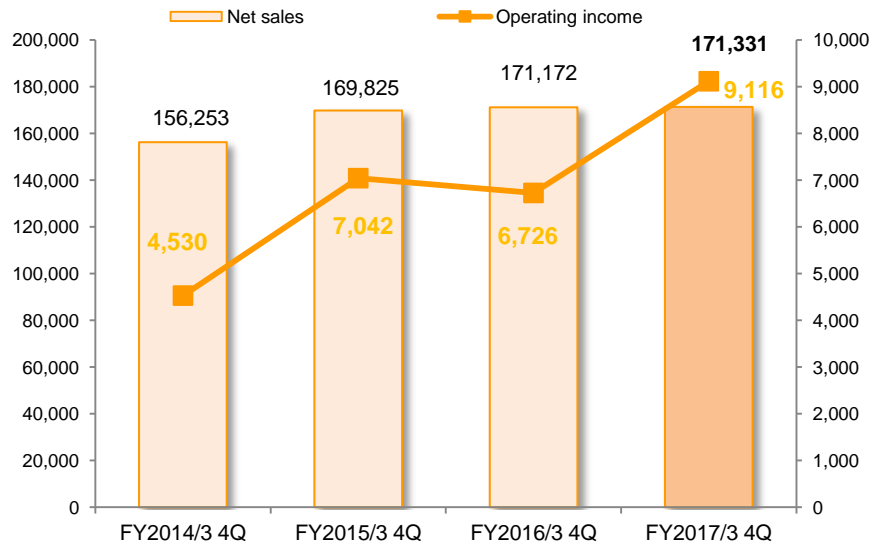
		Volume	Amount
Hams and sausages	Consumer	103%	100%
	Commercial-use	104%	104%
	Total	103%	101%
Deli and processed foods	Consumer	104%	103%
	Commercial-use	109%	106%
	Total	107%	105%

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

4Q Results (Jan-Mar.)

(Net sales: ¥ million)

(Operating income: ¥ million)



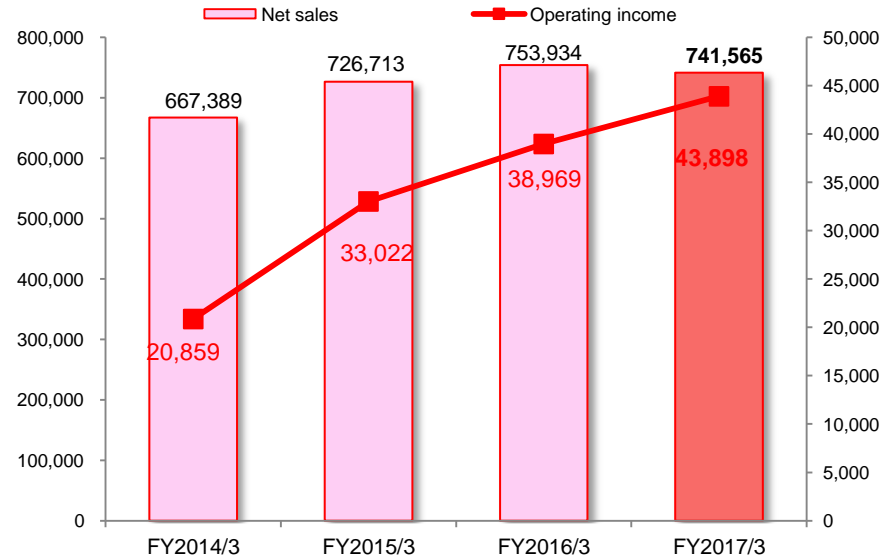
(¥ million)

	FY2016/3 4Q	FY2017/3 4Q	Variance	Variance (%)
Net sales	171,172	171,331	159	0.1
Operating income	6,726	9,116	2,390	35.5
Operating income ratio	3.9%	5.3%	-	-

Full Year Results (Apr.-Mar.)

(Net sales: ¥ million)

(Operating income: ¥ million)



(¥ million)

	FY2016/3	FY2017/3	Variance	Variance (%)
Net sales	753,934	741,565	(12,369)	(1.6)
Operating income	38,969	43,898	4,929	12.6
Operating income ratio	5.2%	5.9%	-	-

Net Sales in FY2017/3 Full Year

Although sales volume grew for both imported beef and domestic chicken, net sales declined due to downward trend in market prices for fresh meats compared to last year, as well as a delay in the recovery of imported chicken prices.

Operating Income in FY2017/3 Full Year

While market prices for fresh meats underperformed compared to last year, we worked to increase production volume and reduce costs in production businesses.

As for sales, operating income increased due to the growth of domestic chicken brand *Sakurahime* and domestic pork brand *Mugikomachi*, as well as increased sales volume overall.

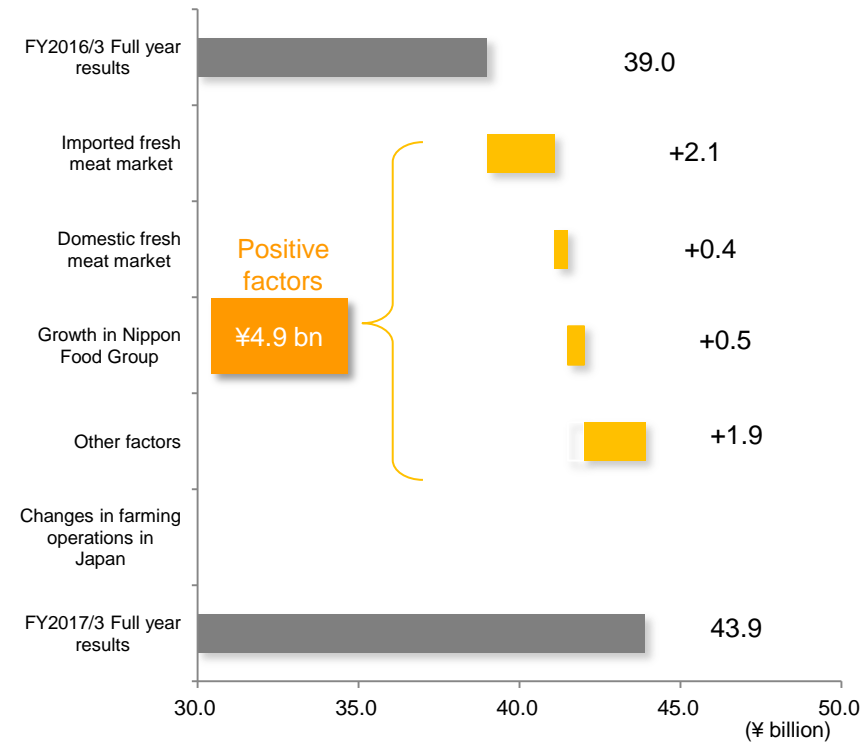
4. Operating Segment Data: Fresh Meats Business Division (2)

Factor Analysis: Changes in operating income (¥ billion)

	FY2017/3				
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Imported fresh meat market	0.6	1.4	1.9	2.1	0.2
Domestic fresh meat market	0.1	0.4	0.2	0.4	0.2
Changes in farming operations in Japan	(1.0)	1.0	(1.2)	0.0	1.3
Growth in Nippon Food Group	1.0	(0.5)	1.0	0.5	(0.5)
Other factors	1.8	0.1	1.0	1.9	0.9
Total	2.5	2.4	2.8	4.9	2.1

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

Factor Analysis Graph: Changes in results (full year)

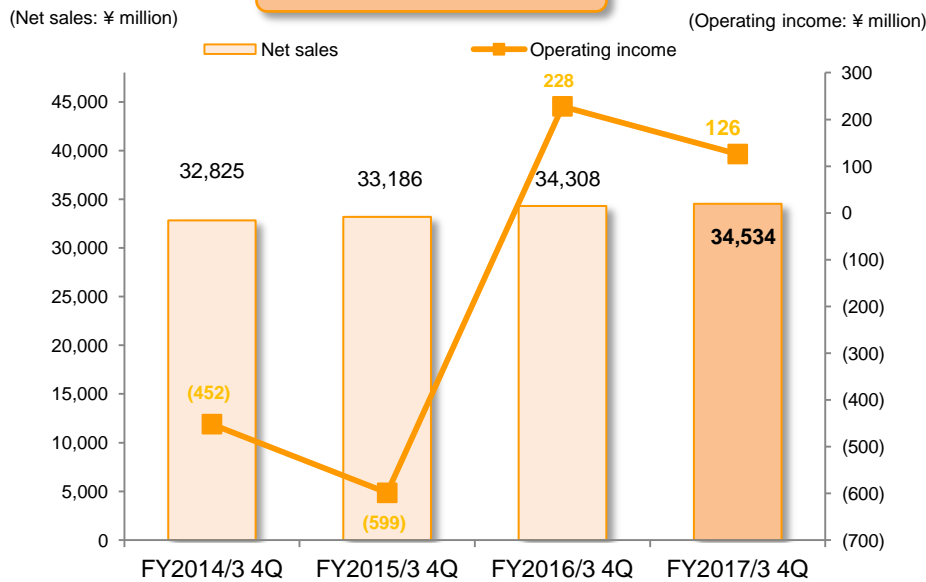


• Forecasts Variation Factor Analysis (Full Year)

- Imported fresh meat market: Operating income exceeded forecasts thanks to the driving force of imported beef in the first half and a recovery in the market for imported chicken in 4Q.
- Changes in farming operations in Japan: Operating income exceeded the forecast because of higher market prices for chicken, breast meat in particular, as well as improved productivity in 4Q.
- Growth in Nippon Food Group: Although sales volume grew, the figure fell short of results in 4Q of last year when volume grew significantly, and operating income fell below the forecast.

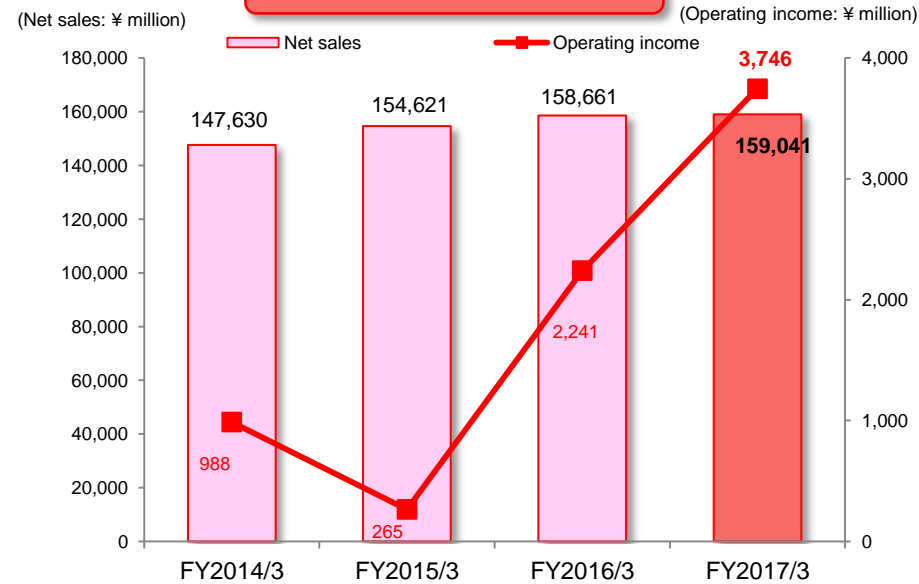
5. Operating Segment Data: Affiliated Business Division

4Q Results (Jan.-Mar.)



(¥ million)

Full Year Results (Apr.-Mar.)



(¥ million)

	FY2016/3 4Q	FY2017/3 4Q	Variance	Variance (%)
Net sales	34,308	34,534	226	0.7
Operating income	228	126	(102)	(44.7)
Operating income ratio	0.7%	0.4%	-	-

	FY2016/3	FY2017/3	Variance	Variance (%)
Net sales	158,661	159,041	380	0.2
Operating income	2,241	3,746	1,505	67.2
Operating income ratio	1.4%	2.4%	-	-

Net Sales in FY2017/3 Full Year

Marine products struggled in a harsh sales environment due to declining catches and decreased supply of raw materials from overseas and the resulting surge in market prices.

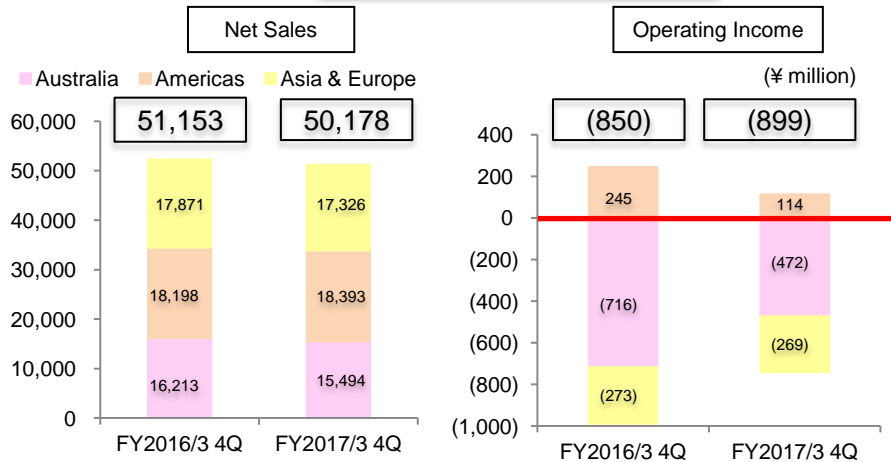
As for dairy products, sales of cheese grew for both commercial-use and consumer products. Regarding yogurt and lactic acid bacteria beverages, there was growth in the mainstay *Vanilla Yogurt* and chilled cup beverages with the rollout of new products.

Operating Income in FY2017/3 Full Year

Operating income from marine products increased as the operating income ratio improved by expanding sales and revising prices of in-house manufactured products. Operating income from dairy products also increased due to sales growth, increased production volume resulting from improved plant operating rates, and settling down of raw material prices.

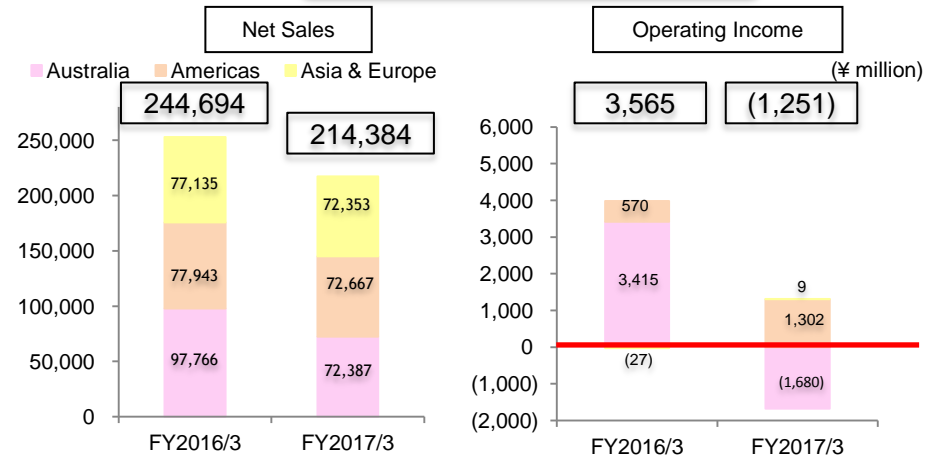
6. Operating Segment Data: Overseas Business Division (1)

4Q Results (Jan.–Mar.)



		FY2016/3 4Q	FY2017/3 4Q	Variance	Variance (%)
Overseas total	Net Sales	51,153	50,178	(975)	(1.9)
	Operating income	(850)	(899)	(49)	-
Australia	Net Sales	16,213	15,494	(719)	(4.4)
	Operating income	(716)	(472)	244	-
Americas	Net Sales	18,198	18,393	195	1.1
	Operating income	245	114	(131)	(53.5)
Asia & Europe	Net Sales	17,871	17,326	(545)	(3.0)
	Operating income	(273)	(269)	4	-

Full Year Results (Apr.–Mar.)



		FY2016/3	FY2017/3	Variance	Variance (%)
Overseas total	Net Sales	244,694	214,384	(30,310)	(12.4)
	Operating income	3,565	(1,251)	(4,816)	-
Australia	Net Sales	97,766	72,387	(25,379)	(26.0)
	Operating income	3,415	(1,680)	(5,095)	-
Americas	Net Sales	77,943	72,667	(5,276)	(6.8)
	Operating income	570	1,302	732	128.4
Asia & Europe	Net Sales	77,135	72,353	(4,782)	(6.2)
	Operating income	(27)	9	36	-

* Amounts for Texas Farm, LLC have been excluded from the figures shown in this presentation because it is a discontinued operation.

* Net sales and operating income amounts prior to consolidation adjustments. (The figures for all overseas segments do not match the overseas total, by reason of the elimination of intersegment transactions.)

Net Sales in FY2017/3 Full Year

- Australia operations
Revenues were affected by a decrease in the number of cattle processed caused by continuing difficulty in collecting cattle livestock.
- Americas operations
While both sales of processed foods and the wholesale business grew in North America, revenues decreased due to the impact of foreign exchange translation.
- Other areas
Sales grew at Ege-Tav in Turkey due in part to market recovery.

Operating Income in FY2017/3 Full Year

- Australia operations
Operating income decreased as cattle livestock prices stayed high.
- Americas operations
Operating income increased due to the contribution of beef and pork exports from North America and sales of processed foods.
- Other areas
Although sales grew at Ege-Tav in Turkey, market conditions were harsh with high costs and other factors.

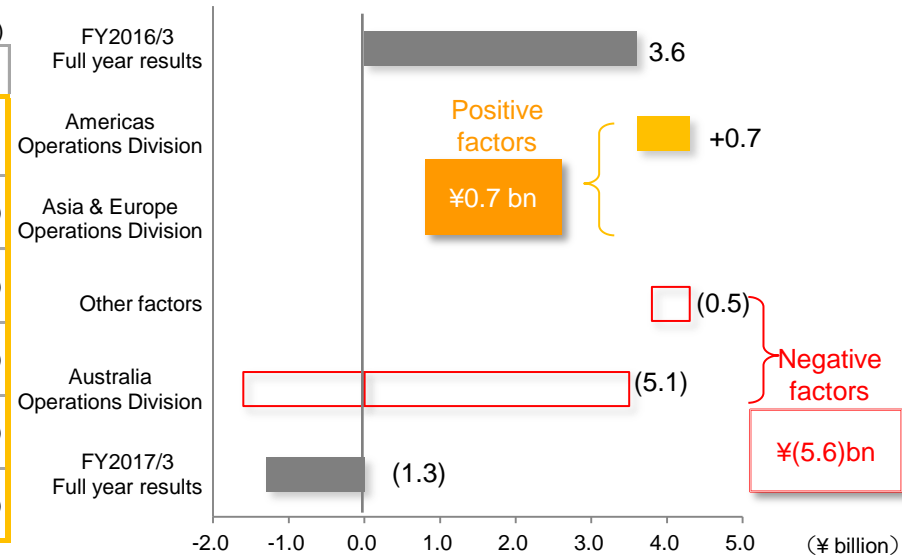
6. Operating Segment Data: Overseas Business Division (2)

Factor Analysis: Changes in operating income

(¥ billion)

	FY2017/3				
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Australia Operations Division	(5.3)	0.2	(4.8)	(5.1)	(0.3)
Americas Operations Division	0.9	(0.1)	0.8	0.7	(0.1)
Asia & Europe Operations Division	0.0	0.0	0.3	0.0	(0.2)
Other factors	(0.3)	(0.2)	(0.4)	(0.5)	(0.1)
Total	(4.8)	(0.1)	(4.2)	(4.8)	(0.7)

Factor Analysis Graph: Changes in results (full year)



Forecasts Variation Factor Analysis

● Australia operations

Operating income fell short of the forecast due to increased cattle livestock prices in 4Q.

● Americas operations

Operating income fell short of the forecast despite contribution from the expanded sales of processed foods by Day-Lee Foods, Inc. in North America as well as fresh meat exports.

● Asia & Europe operations

Ege-Tav in Turkey succeeded in stabilizing sales prices and worked to improve productivity, but its operating income fell short of the forecast.

Although the volume of pork exports from the EU to Japan grew, continuing high market prices led to a harsh environment.

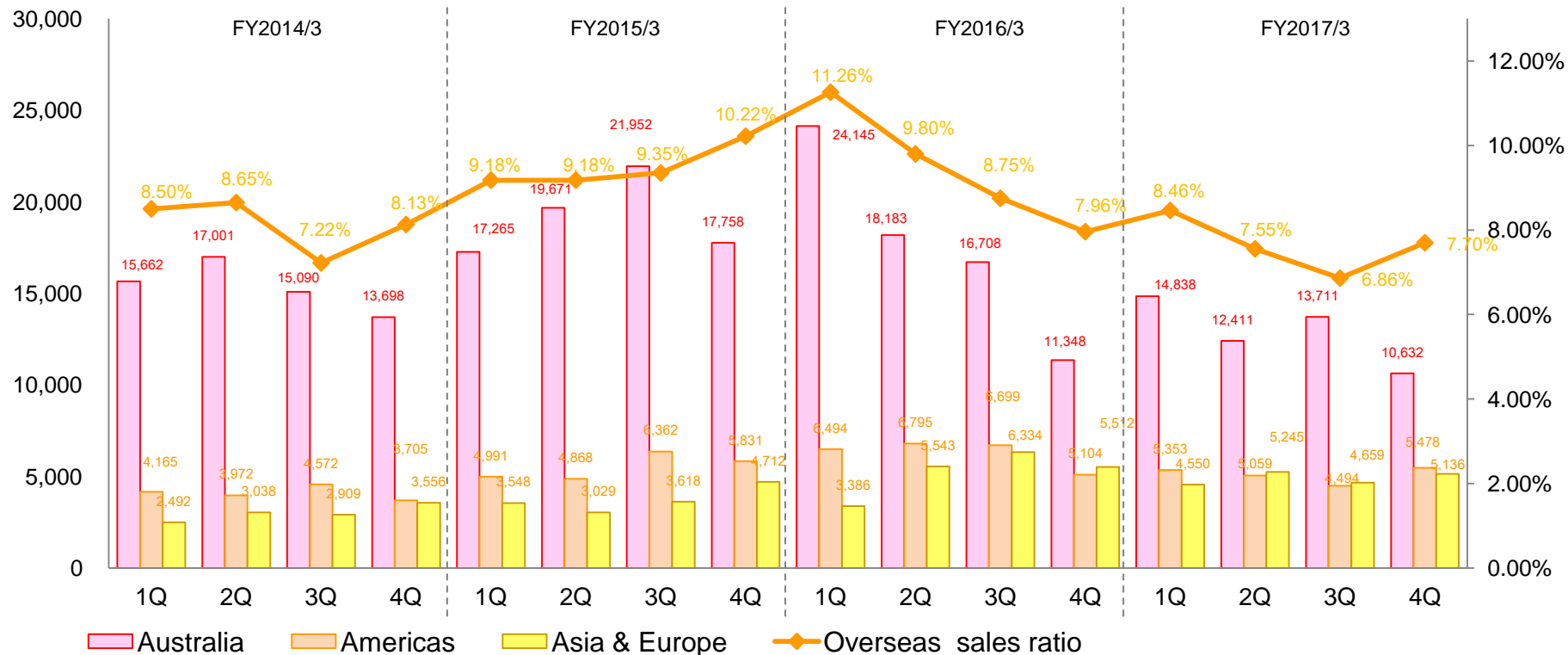
7. External Customer Net Sales Results in Major Overseas Geographical Areas

(¥ million, %)

	FY2014/3	FY2015/3	FY2016/3					FY2017/3				
	Full year	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Australia	61,451	76,646	24,145	18,183	16,708	11,348	70,384	14,838	12,411	13,711	10,632	51,592
Americas	16,413	22,052	6,494	6,795	6,699	5,104	25,092	5,353	5,059	4,494	5,478	20,384
Asia & Europe	11,995	14,907	3,386	5,543	6,334	5,512	20,775	4,550	5,245	4,659	5,136	19,590
Overseas total	89,860	113,605	34,024	30,522	29,741	21,963	116,250	24,742	22,713	22,866	21,245	91,566
Overseas sales ratio	8.09%	9.47%	11.26%	9.80%	8.75%	7.96%	9.46%	8.46%	7.55%	6.86%	7.70%	7.62%

*Net sales figures represent net sales to external customers.

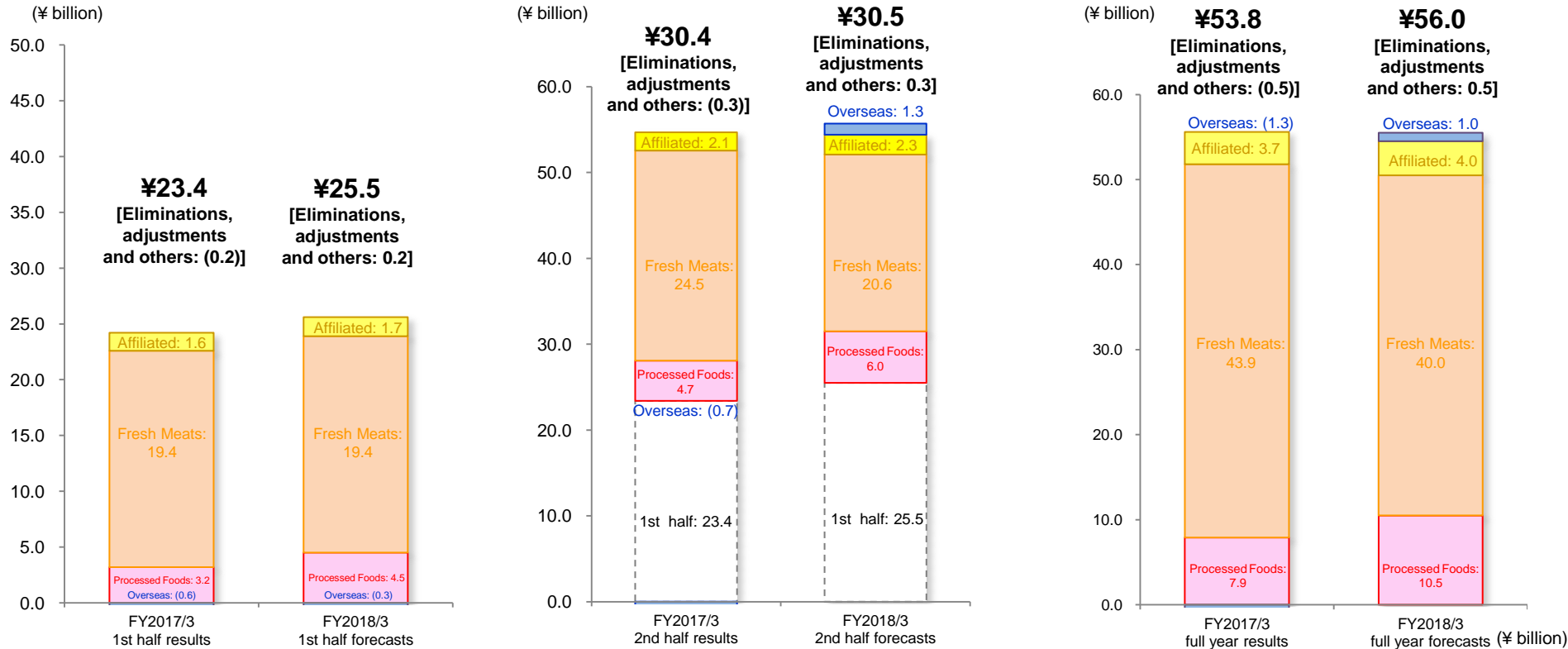
(Net sales: ¥ million)



II. Outlook for FY2018/3

1. **FY2018/3 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. FY2018/3 Operating Income Forecasts (1)



	FY2018/3 1Q			FY2018/3 1st half			FY2018/3 2nd half			FY2018/3 full year		
	FY2017/3 1Q results	Forecasts	Variance	FY2017/3 1st half results	Forecasts	Variance	FY2017/3 2nd half results	Forecasts	Variance	FY2017/3 full year results	Forecasts	Variance
Processed Foods Business Division	1.1	1.7	0.6	3.2	4.5	1.3	4.7	6.0	1.3	7.9	10.5	2.6
Fresh Meats Business Division	8.3	9.2	0.9	19.4	19.4	(0.0)	24.5	20.6	(3.9)	43.9	40.0	(3.9)
Affiliated Business Division	0.6	0.6	0.0	1.6	1.7	0.1	2.1	2.3	0.2	3.7	4.0	0.3
Overseas Business Division	(0.6)	(0.9)	(0.3)	(0.6)	(0.3)	0.3	(0.7)	1.3	2.0	(1.3)	1.0	2.3
Eliminations, adjustments and others	0.2	0.2	(0.0)	(0.2)	0.2	0.4	(0.3)	0.3	0.6	(0.5)	0.5	1.0
Total	9.7	10.8	1.1	23.4	25.5	2.1	30.4	30.5	0.1	53.8	56.0	2.2

2. Processed Foods Business Division: Outlook (1)

● Measures

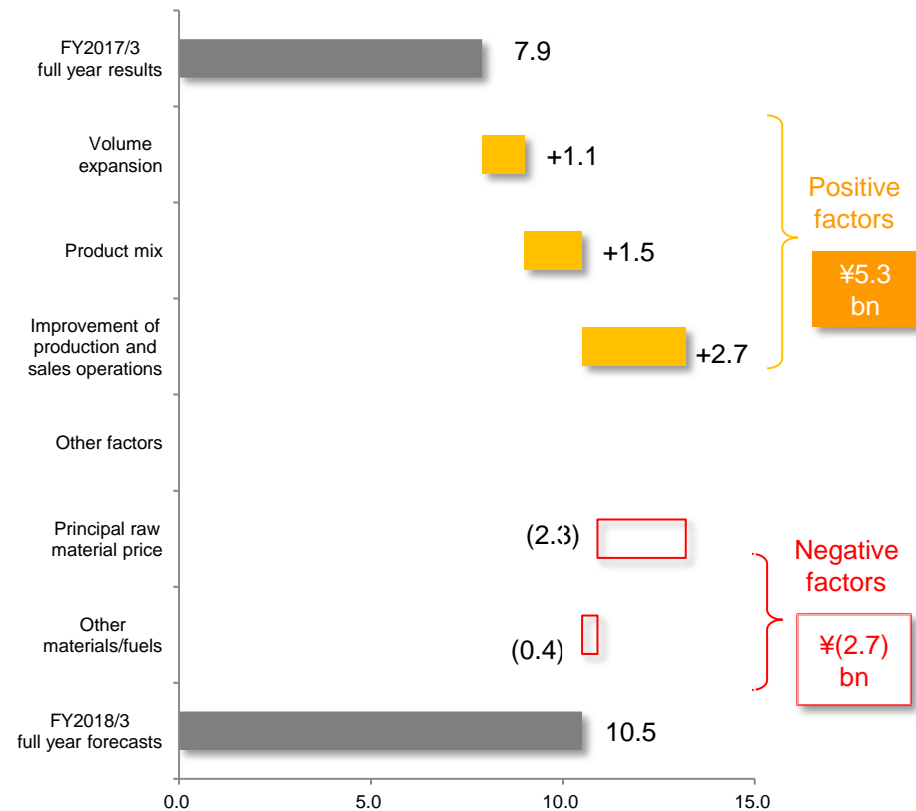
- Expand sales of and develop brand products through aggressive promotion of sales. Increase sales by expanding the coverage of sales area through strengthening the ability to capture customer needs.
- Manage increased sales volume with an optimized production structure mainly in large-scale plants and improve profitability by reducing costs.

Factor Analysis: Changes in operating income

(¥ billion)

	FY2018/3 forecasts		
	1st half forecasts	2nd half forecasts	Full year forecasts
Volume expansion	0.7	0.4	1.1
Profit margin improvement	0.6	0.9	1.5
<i>External factors</i>	(0.6)	(2.1)	(2.7)
Principal raw material price	(0.6)	(1.7)	(2.3)
Other materials/fuels	(0.0)	(0.4)	(0.4)
<i>Internal factors</i>	1.2	3.0	4.2
Product mix (product renewal)	0.2	1.3	1.5
Improvement of production and sales operations	1.0	1.7	2.7
Other factors	0.0	0.0	0.0
Total	1.3	1.3	2.6

Factor Analysis Graph: Changes in forecasts (full year)

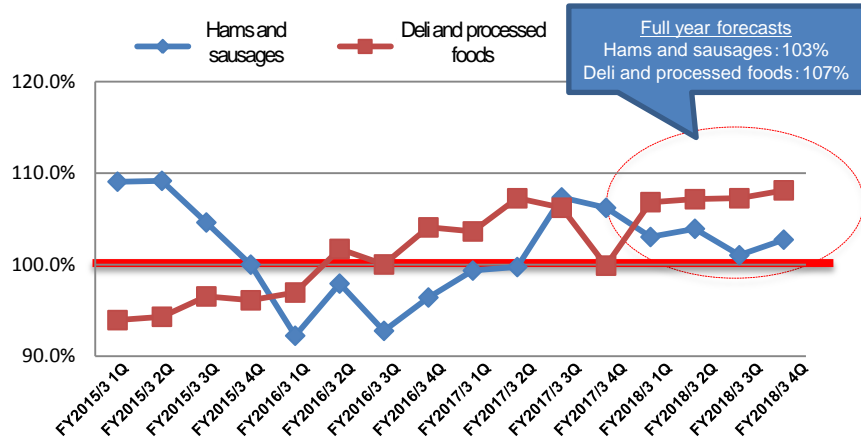


*Due to rounding, item tallies in each division may not match totals.

2. Processed Foods Business Division: Outlook (2)

Measures to expand consumer products sales

Consumer Products: Volume and Amount, FY2018/3 Forecast

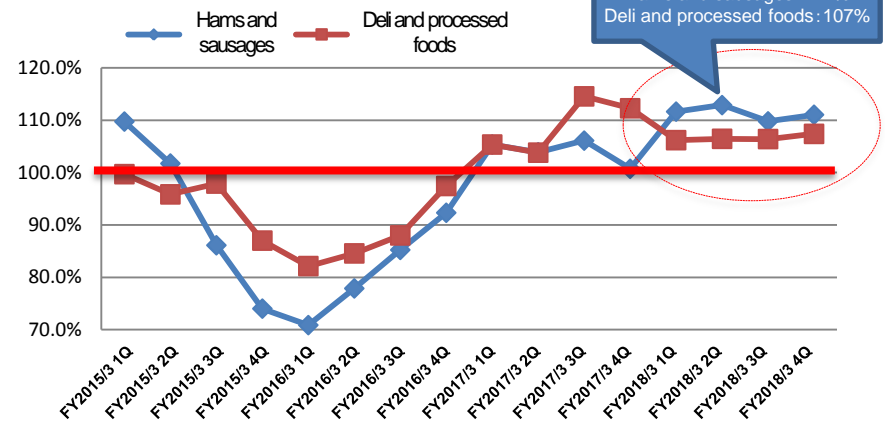


- Promote our brand strategy by strengthening product development with collaboration within the Group.
- Expand our point of sales by proposing new concepts for sales floors compiled in perspectives such as dinner and health.
- Increase sales volume with intensive efforts on *Hojun coarse-ground wieners*.



Measures to expand commercial-use products sales

Commercial-Use Products: Volume and Amount, FY2018/3 Forecast



- Expand sales with an organization specialized in channel-specific proposal-based marketing.
- In CVS channels, expand sales by strengthening area sales in line with changes in our customers and refining standard products.
- In the restaurant channel, cultivate new companies and newly introduce major standard products.

Measures to expand sales of major brands

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

Hams and sausages	FY2018/3 full year forecasts	Deli and processed foods	FY2018/3 full year forecasts
SCHAU ESSEN	103%	Ishigama Kobo	102%
Mori-no-Kaori + Hojun coarse-ground wieners	146%	Chuka Meisai	102%
Loin hams	100%	Prefried	108%
Bacons	104%	Hamburg and meatball	105%
Yakibutas	108%	Curries	108%

Measures to expand sales of gift products

- Target 106% year-on-year sales for year-end gifts.
- Target 108% year-on-year sales for *Utsukushi-no-Kuni*.

Reference: Unit sales of gift products for FY2017/3 results and FY2018/3 forecasts (thousand)

		FY2017/3 results	FY2018/3 forecasts	
		Units	Units	Variance
Summer gift-giving season	Overall unit sales	1,997	2,116	106%
	(Utsukushi-no-Kuni)	514	555	108%
Year-end gift-giving season	Overall unit sales	4,189	4,442	106%
	(Utsukushi-no-Kuni)	998	1,078	108%
Total	Overall unit sales	6,186	6,558	106%
	(Utsukushi-no-Kuni)	1,512	1,633	108%
	Sales ratio	24%	25%	-

3. Fresh Meats Business Division: Outlook (1)

● Measures

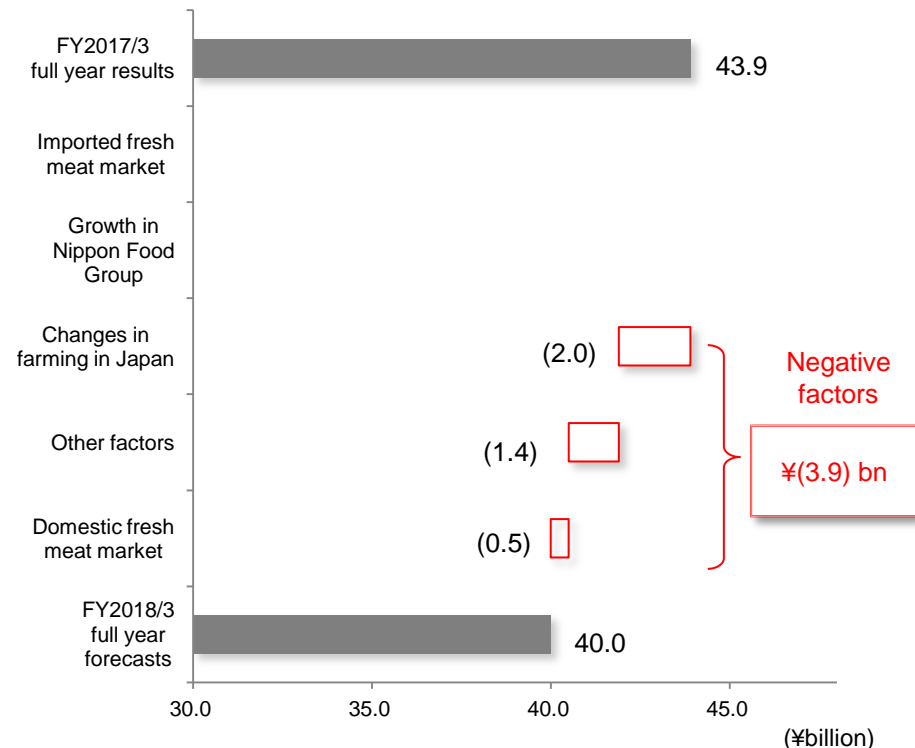
- Domestic production: Increase production mainly of branded fresh meats and strive to improve productivity in order to curb rising expenses.
- Domestic fresh meats: Strive to achieve regular sales of standard products by increasing volume mainly of branded fresh meats of beef, pork, and chicken.
- Imported fresh meats: Promote stronger relationships with overseas suppliers in order to strengthen our procurement ability and strive to increase volume.
- Nippon Food Group: Work to increase revenue by expanding sales volume and cultivating new customers for domestic and imported branded fresh meats, with a focus on volume retailers and restaurant channels.

Factor Analysis: Changes in operating income (¥ billion)

	FY2018/3 forecasts		
	1st half forecasts	2nd half forecasts	Full year forecasts
Imported fresh meat market	0.0	(0.1)	(0.0)
Domestic fresh meat market	0.1	(0.5)	(0.5)
Changes in farming operations in Japan	0.1	(2.0)	(2.0)
Growth in Nippon Food Group	0.0	0.0	0.0
Other factors	(0.2)	(1.3)	(1.4)
Total	(0.0)	(3.9)	(3.9)

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

Factor Analysis Graph: Changes in forecasts (full year)



3. Fresh Meats Business Division: Outlook (2)

- Production businesses in Japan

- 1) Feed prices

- The outlook is uncertain for the grain market, with the risk of rising market prices, as worldwide demand is high despite a rich harvest in the U.S. and South America.

- 2) Farming operations in Japan

- Although market conditions are expected to remain steady throughout the first half, as uncertainty is anticipated in the second half, will work to reduce costs by improving production efficiency.

- Domestic fresh meat market

- Market conditions for pork are expected to be tight in the first half due to delayed recovery of production volume and robust demand.
- Demand for chicken is expected to remain strong especially for breast meat in the first half.

- Imported fresh meat market

- As for beef, the supply of U.S. beef will continue to increase as it did last year, but there will be fewer number of cattle in Australia and beef prices are expected to remain high.
- Production of pork is increasing in the U.S., and market conditions are expected to be stable.
- The supply-demand balance for imported chicken is tight, and market conditions are expected to remain strong throughout the first half.

- Fresh meat sales (food companies)

- As for branded fresh meats, work to expand sales mainly of domestic pork *Mugikomachi*, in addition to domestic chicken *Sakurahime*. As for imported branded fresh meats, work to expand sales of U.S. beef “ANGUS Valley.”
- Strive for regular deliveries to volume retailers and work to cultivate and expand sales to the restaurant channel.

4. Affiliated Business Division: Outlook

● Measures to expand sales of marine products business

(Marine Foods)

- Expand sales with the introduction of TV commercials for targeted areas for in-house manufactured product of Marine Foods, surf clam salad and Kushiro Marusui's *Umami Tako* (tasty octopus).
- Expand sales of ultra high-pressure processed products as commercial-use products, and work to strengthen sales of consumer products.
- Increase net sales by speeding up the development of products for volume retailers.



Mitsu-wan san Hotate Ajillo
Penetrating the growing snack market



Umami Tako (tasty octopus)
Kushiro Marusui Co., Ltd.

(Hoko)

- Expand sales of canned mackerel by utilizing TV commercials for targeted areas and strengthening sales promotions.
- Expand sales channels for *THE BAR* series which captured demand for snacks.

● Measures to expand sales of dairy products business

(Cheese)

- Increase production and expand sales of smoked cheese, in order to respond to the consumer market which shows increasing demand.
- As for commercial-use products, respond to detailed needs and work to expand sales volume.

(Yogurt)

- Expand sales of the mainstay *Vanilla Yogurt*, and work to strengthen sales of chilled cup beverages by continuously introducing new products and conducting sales promotion.
- Strive to improve plant productivity to respond to growing markets.



Vanilla Yogurt



Purple Smoothie
The popular new smoothie series product

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

- Marine product raw material prices are expected to remain high overall as supply volume continues to decrease due to smaller catch volumes and globally increasing demand.
- Raw material prices for cheese are rising due to reduced production of raw milk mainly in the EU, which is likely to affect cheese prices in this fiscal year.
- Prices for skim milk powder, the principal raw material of yogurt, are also expected to rise.

5. Overseas Business Division: Outlook

● Australia Operations Division

- The conditions are expected to improve in the securing of the number of cattle processed from second half.
Expecting to process 480,000 heads of cattle in this fiscal year (Up around 10% year on year)
- Increasing the number of cattle processed by outsourcing and shifting costs to sales price centered on branded beef.
- Expecting a delay in improving revenue due to sustained high prices for cattle livestock.

● Americas Operations Division

- Expecting a 10% increase in sales of processed foods at Day-Lee Foods, Inc.
- As for commercial wholesale in North America, focus on expanding sales of marine products in line with the increase of sales offices.
- Expecting fresh meat exports to Japan of both beef and pork to perform strongly.

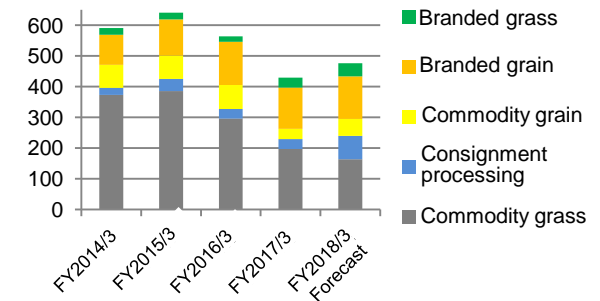
● Asia & Europe Operations Division

- Ege-Tav in Turkey aims to make profits from operation by improving productivity and expanding sales of differentiated value-added products of cut meat.

Reference: FY2017/3 full year Australia operations sales results

Major countries for sales	Volume (ratio breakdown)	Volume (variance year on year)
Japan	29%	106%
United States	12%	36%
South Korea	13%	92%
China	6%	67%
Taiwan	4%	83%
Australia	16%	104%
Others	19%	93%
Total	100%	80%

Thousand heads
Trend of annual number of livestock processed in Australia operations



FY2017/3 Overseas Business Division: Factors for changes and forecasts regarding operating income (¥ billion)

	Factor Analysis: Changes in operating income		
	1st half forecasts	2nd half forecasts	Full year forecasts
Australia Operations Division	0.6	1.5	2.1
Americas Operations Division	(0.2)	0.1	(0.2)
Asia & Europe Operations Division	0.1	0.7	0.8
Other factors	(0.2)	(0.3)	(0.5)
Total	0.3	2.0	2.3

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

	Operating income forecasts (¥ billion)								
	1st half			2nd half			Full year		
	FY2017 results	FY2018 forecasts	Variance	FY2017 results	FY2018 forecasts	Variance	FY2017 results	FY2018 forecasts	Variance
Australia Operations Division	(1.0)	(0.4)	0.6	(0.7)	0.8	1.5	(1.7)	0.4	2.1
Americas Operations Division	0.4	0.2	(0.2)	0.9	1.0	0.1	1.3	1.1	(0.2)
Asia & Europe Operations Division	0.4	0.5	0.1	(0.4)	0.3	0.7	0.0	0.8	0.8
Other factors	(0.4)	(0.6)	(0.2)	(0.5)	(0.8)	(0.3)	(0.9)	(1.4)	(0.5)
Total	(0.6)	(0.3)	0.3	(0.7)	1.3	2.0	(1.3)	1.0	2.3

III. Consolidated Financial Results for FY2017/3

- 1. FY2017/3 Business Results at a Glance and FY2018/3 Forecasts**
- 2. Selling, General and Administrative Expenses / Other Operating Costs and Expenses / Other Income**
- 3. Balance Sheets / Capital Expenditures / Depreciation and Amortization**
- 4. Cash Flows**

1. FY2017/3 Business Results at a Glance and FY2018/3 Forecasts

(¥ million, %)

	FY2017/3 results						FY2018/3 forecasts								
	1st half results	Variance	2nd half results	Variance	Full year results	Variance	1st half forecasts	Variance	Volume growth rate	2nd half forecasts	Variance	Volume growth rate	Full year forecasts	Variance	Volume growth rate
Net sales	593,092	(3.4)	609,201	(1.0)	1,202,293	(2.2)	610,000	2.9	-	640,000	5.1	-	1,250,000	4.0	-
Hams and sausages	68,301	(2.4)	73,061	2.2	141,362	(0.1)	71,400	4.5	5.4	75,200	2.9	4.4	146,600	3.7	4.9
Processed foods	113,331	5.1	115,573	1.8	228,904	3.4	119,400	5.4	6.9	120,200	4.0	8.4	239,600	4.7	7.7
Fresh meats	335,458	(6.1)	338,413	(2.8)	673,871	(4.5)	343,000	2.2	4.1	359,600	6.3	8.2	702,600	4.3	6.1
Beef	136,202	(8.8)	131,017	(6.1)	267,219	(7.5)	142,700	4.8	7.5	152,400	16.3	23.4	295,100	10.4	14.9
Pork	109,436	(0.7)	112,162	0.4	221,598	(0.1)	108,600	(0.8)	1.1	110,200	(1.7)	2.3	218,800	(1.3)	1.7
Chicken	77,297	(8.9)	81,831	(4.3)	159,128	(6.6)	79,100	2.3	4.4	82,600	0.9	5.2	161,700	1.6	4.8
Other fresh meats	12,523	(1.5)	13,403	16.6	25,926	7.1	12,600	0.6	4.6	14,400	7.4	7.6	27,000	4.1	6.2
Marine products	43,527	(3.7)	48,110	(2.8)	91,637	(3.2)	46,600	7.1	3.8	53,800	11.8	6.0	100,400	9.6	5.0
Dairy products	16,473	3.9	16,907	8.8	33,380	6.3	16,500	0.2	(0.6)	16,900	(0.0)	(2.0)	33,400	0.1	(1.3)
Others	16,002	(9.3)	17,137	(1.1)	33,139	(5.2)	13,100	(18.1)	-	14,300	(16.6)	-	27,400	(17.3)	-
Cost of goods sold	481,159	(4.4)	487,836	(2.9)	968,995	(3.6)									
Gross profit	111,933	1.4	121,365	7.1	233,298	4.3									
Gross profit ratio	18.9%	-	19.9%	-	19.4%	-									
SG&A expenses	88,501	1.4	90,995	4.4	179,496	2.9									
Operating income	23,432	1.6	30,370	16.2	53,802	9.3	25,500	8.8		30,500	0.4		56,000	4.1	
Income before income taxes	21,870	(1.2)	27,242	107.0	49,112	39.1	23,000	5.2		28,000	2.8		51,000	3.8	
Income taxes	7,231	38.3	7,299	(7.5)	14,530	10.8	5,500	(23.9)		8,700	19.2		14,200	(2.3)	
Tax rate	33.1%		26.8%		29.6%		23.9%	-		31.1%	-		27.8%		
Profit or loss from discontinued operations	(12)	-	-	-	(12)	-	-	-		-	-		0	-	
Net income attributable to NH Foods Ltd.	14,749	(4.0)	20,255	215.8	35,004	60.7	17,500	18.7		19,500	(3.7)		37,000	5.7	

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

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

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

(¥ million, %)

	SG&A expenses	FY2016/3	FY2017/3		
		Full year results	Full year results	Variance (%)	Variance
★(1)	Selling, general and administrative expenses	174,471	179,496	2.9	5,025
	Personnel	67,496	69,318	2.7	1,822
	Advertising	11,104	10,233	(7.8)	(871)
★(2)	Logistics	52,430	54,726	4.4	2,296
	Others	43,441	45,219	4.1	1,778

Major reasons for increase/decrease

★(1) SG&A expenses: The ratio of SG&A expenses to net sales increased 0.7 points from 14.2% to 14.9%.

★(2) Logistics: Logistics costs increased approximately ¥2.3 billion due to increased freight costs caused by an increase in volume.

(¥ million)

	FY2016/3	FY2017/3	
		Full year results	Variance
★(1)	Other operating costs and expenses (income) - net	11,849	(6,529)
	Fixed assets	11,858	(9,431)
	Special retirement expenses	-	2,895
	Others	(9)	7

	Other income (expenses) - net	(665)	2,435
	Interest and dividends income	1,031	131
	Foreign exchange gains (losses)	(1,706)	1,812
	Others	10	492

Major reasons for increase/decrease

	Interest expense	1,384	(244)
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★(1) Other operating costs and expenses (income) - net: Decrease of approximately ¥6.5 billion as a reaction from impairment loss of goodwill of Ege-Tav in Turkey recorded last year, despite the posting of special retirement expenses.

3. Balance Sheets / Capital Expenditures / Depreciation and Amortization

(¥ million, %)

	Consolidated balance sheets	FY2016/3	FY2017/3	Variance (%)	Variance
		Year-end results	Year-end results		
★(1)	Total assets	682,855	720,276	5.5	37,421
	Cash and cash equivalents	67,321	82,639	22.8	15,318
	Trade notes and accounts receivable	128,285	128,579	0.2	294
★(2)	Inventories	133,518	132,697	(0.6)	(821)
	Property, plant and equipment - at cost, less accumulated depreciation	264,014	283,364	7.3	19,350
	Investments and other assets	40,515	45,172	11.5	4,657
	Deferred income taxes - non-current	9,321	7,627	(18.2)	(1,694)
	Total liabilities	321,495	311,920	(3.0)	(9,575)
	Trade notes and accounts payable	94,276	101,857	8.0	7,581
★(3)	Interest-bearing debt	154,583	138,284	(10.5)	(16,299)
	Liability under retirement and severance program	14,426	13,268	(8.0)	(1,158)
★(4)	Total NH Foods Ltd. Shareholders' equity	356,353	404,126	13.4	47,773
	Noncontrolling interests	5,007	4,230	(15.5)	(777)
	Total equity	361,360	408,356	13.0	46,996

Major reasons for increase/decrease

- ★(1) **Total assets:** Increased approximately ¥37.4 billion due to increases in both current assets and fixed assets.
- ★(2) **Inventories:** Decreased ¥0.8 billion due to thoroughly implemented inventory management, while the market prices were rising towards the end of the fiscal year.
- ★(3) **Interest-bearing debt:** Decreased approximately ¥16.3 billion in total due to conversion of convertible bonds to shares.
- ★(4) **Total NH Foods Ltd. shareholders' equity:** Increased approximately ¥47.8 billion overall from last year, due to conversion of convertible bonds to shares of approximately ¥15.4 billion.

(¥ million, %)

Capital expenditures, depreciation and amortization	FY2016/3	FY2017/3			FY2018/3
	Full year results	Full year forecasts	Full year results	Variance (%)	Variance
Capital expenditures	36,799	52,000	43,765	18.9	6,966
Production facilities	17,065	20,900	16,887	(1.0)	(178)
Marketing and logistics facilities	3,452	8,900	12,430	260.1	8,978
Farms and processing facilities	7,749	10,100	7,849	1.3	100
Overseas business facilities	4,122	6,100	3,590	(12.9)	(532)
Other facilities	4,411	6,000	3,009	(31.8)	(1,402)
Depreciation and amortization	19,445	20,000	19,765	1.6	320

4. Cash Flows

(¥ million)

Consolidated statements of cash flows	FY2016/3	FY2017/3		FY2018/3
	Full year results	Full year results	Variance	Full year forecasts
★(1) Cash flow from operating activities	52,535	65,254	12,719	51,900
★(2) Cash flow from investing activities	(49,139)	(38,271)	10,868	(65,900)
★(3) Cash flow from financing activities	8,182	(11,439)	(19,621)	(13,900)

Major reasons for increase/decrease

★(1) Cash flow from operating activities

Cash provided by operating activities was ¥65.3 billion due mainly to an increase in trade notes and accounts payable and net income.

★(2) Cash flow from investing activities

Cash used in investing activities was ¥38.2 billion overall due to capital expenditures, etc.

★(3) Cash flow from financing activities

Cash used in financing activities was ¥11.4 billion overall due to a borrowings decrease and payment of dividends, etc.

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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.