

Business Results

for the Third Quarter of FY2018/3

February 5, 2018 (Mon.)
NH Foods Ltd.

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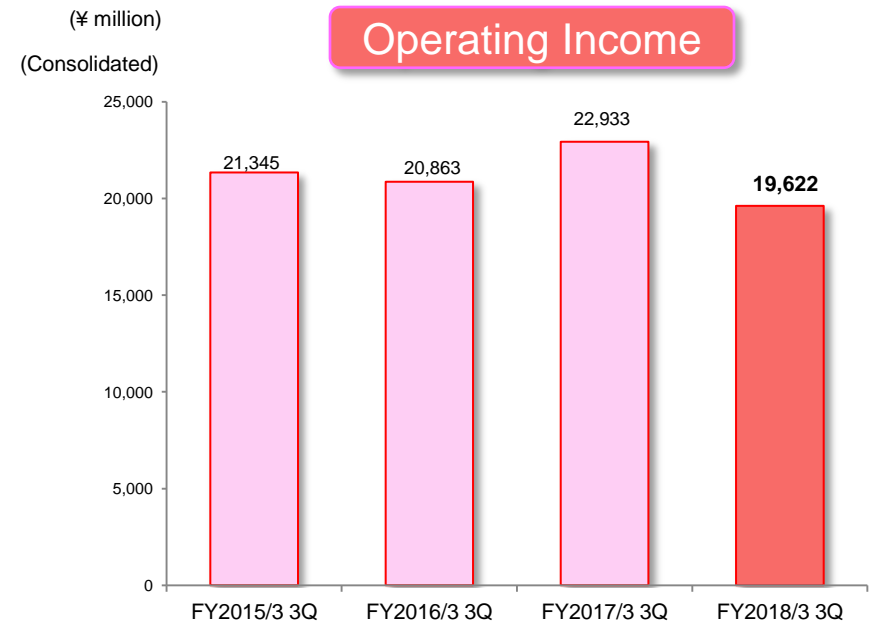
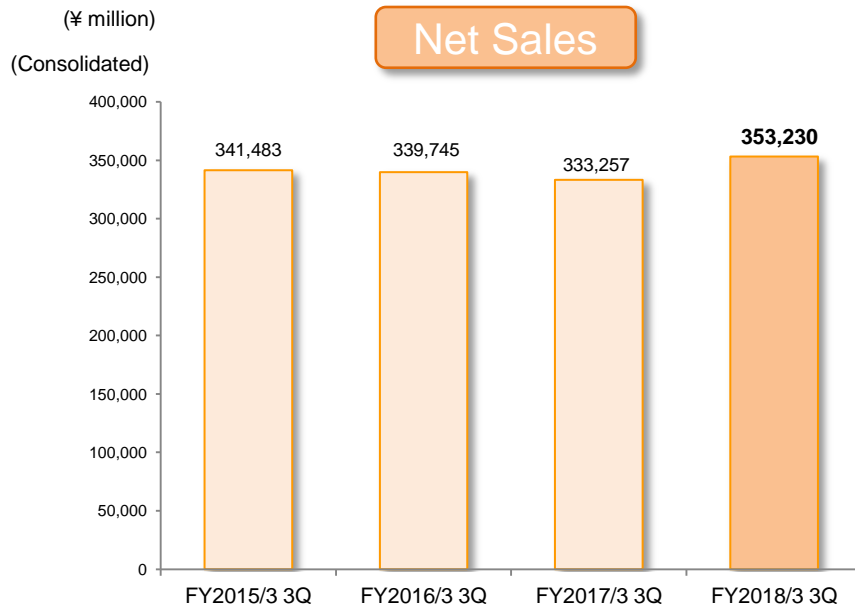
I. Consolidated Business Results for FY2018/3 3Q

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1. Operating Segment Data: 3Q (Oct.-Dec.)

(¥ million)

		FY2015/3 3Q	FY2016/3 3Q	FY2017/3 3Q	FY2018/3 3Q	Variance	Variance (%)
Processed Foods Business Division	Net sales	98,699	96,105	100,701	102,196	1,495	1.5
	Operating income	3,303	4,342	5,326	4,920	(406)	(7.6)
Fresh Meats Business Division	Net sales	201,419	205,827	199,573	211,681	12,108	6.1
	Operating income	11,975	13,590	15,363	13,616	(1,747)	(11.4)
Affiliated Business Division	Net sales	46,846	47,261	46,807	48,509	1,702	3.6
	Operating income	931	1,581	2,018	1,402	(616)	(30.5)
Overseas Business Division	Net sales	64,667	63,929	54,981	67,708	12,727	23.1
	Operating income	5,057	901	247	(394)	(641)	-
Eliminations, adjustments and others	Net sales	(70,148)	(73,377)	(68,805)	(76,864)	-	-
	Operating income	79	449	(21)	78	-	-
Consolidated	Net sales	341,483	339,745	333,257	353,230	19,973	6.0
	Operating income	21,345	20,863	22,933	19,622	(3,311)	(14.4)



- 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.

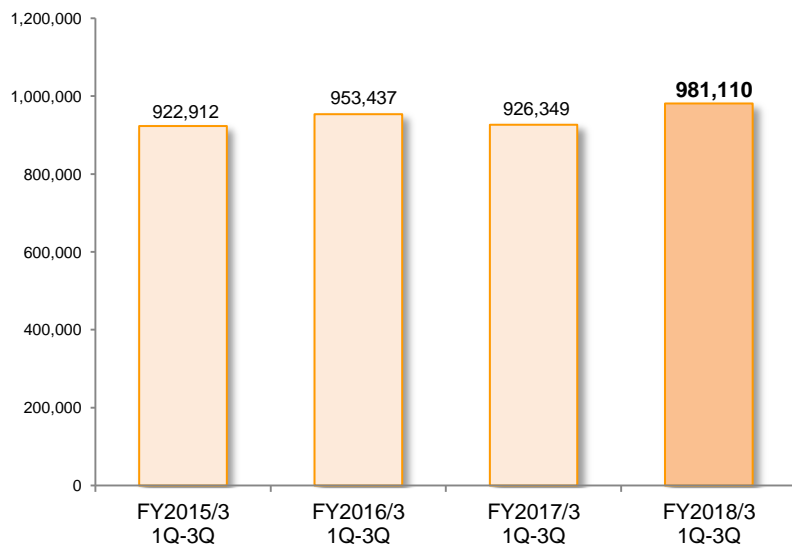
2. Operating Segment Data: 1Q-3Q (Apr.-Dec.)

(¥ million)

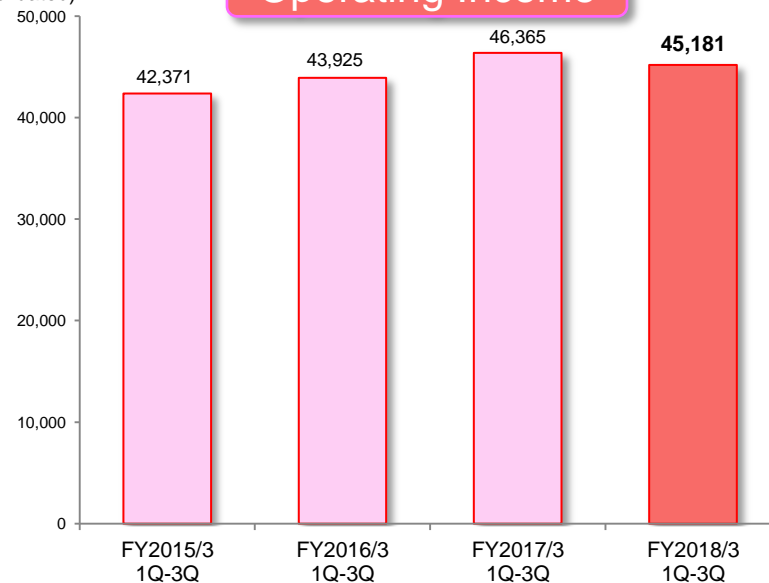
		FY2015/3 1Q-3Q	FY2016/3 1Q-3Q	FY2017/3 1Q-3Q	FY2018/3 1Q-3Q	Variance	Variance (%)
Processed Foods Business Division	Net sales	268,256	262,509	269,791	274,709	4,918	1.8
	Operating income	4,904	4,794	8,562	7,124	(1,438)	(16.8)
Fresh Meats Business Division	Net sales	556,888	582,762	570,234	601,273	31,039	5.4
	Operating income	25,980	32,243	34,782	38,113	3,331	9.6
Affiliated Business Division	Net sales	121,435	124,353	124,507	128,437	3,930	3.2
	Operating income	864	2,013	3,620	2,321	(1,299)	(35.9)
Overseas Business Division	Net sales	184,896	193,541	164,206	193,093	28,887	17.6
	Operating income	10,290	4,415	(352)	(2,922)	(2,570)	-
Eliminations, adjustments and others	Net sales	(208,563)	(209,728)	(202,389)	(216,402)	-	-
	Operating income	333	460	(247)	545	-	-
Consolidated	Net sales	922,912	953,437	926,349	981,110	54,761	5.9
	Operating income	42,371	43,925	46,365	45,181	(1,184)	(2.6)

 (¥ million)
 (Consolidated)

Net Sales


 (¥ million)
 (Consolidated)

Operating Income



- 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.

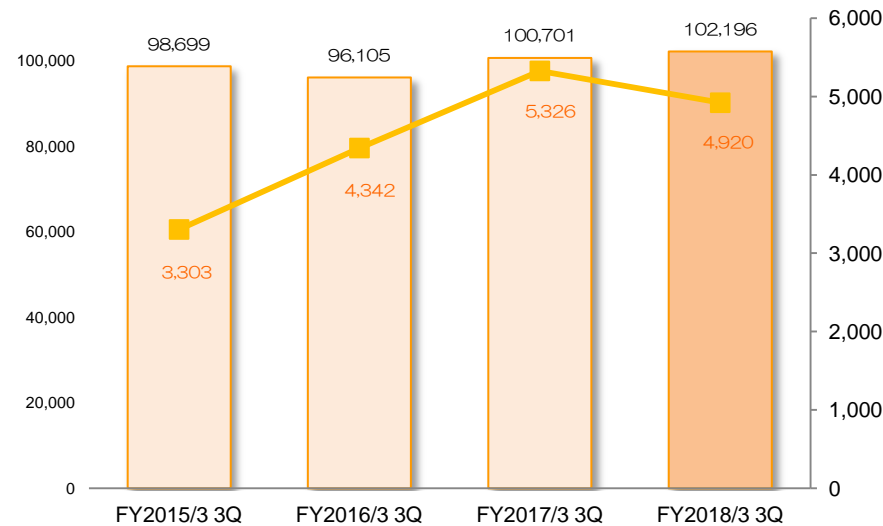
3. Operating Segment Data: Processed Foods Business Division (1)

3Q Results (Oct.-Dec.)

(Net sales: ¥ million)

(Operating income: ¥ million)

Net sales Operating income

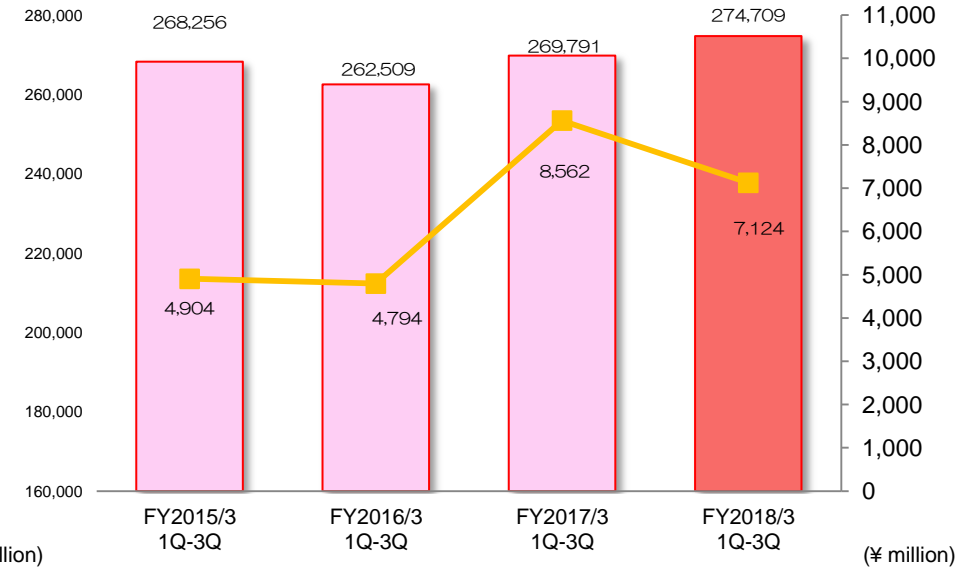


1Q-3Q Results (Apr.-Dec.)

(Net sales: ¥ million)

(Operating income: ¥ million)

Net sales Operating income



	FY2017/3 3Q	FY2018/3 3Q	Variance	Variance (%)
Net sales	100,701	102,196	1,495	1.5
Operating income	5,326	4,920	(406)	(7.6)
Operating income ratio	5.3%	4.8%	-	-

	FY2017/3 1Q-3Q	FY2018/3 1Q-3Q	Variance	Variance (%)
Net sales	269,791	274,709	4,918	1.8
Operating income	8,562	7,124	(1,438)	(16.8)
Operating income ratio	3.2%	2.6%	-	-

Net Sales in FY2018/3 1Q-3Q (Apr.-Dec.)

In hams and sausages, sales of consumer products performed strongly as a result of enhanced sales promotion using popular characters. Meanwhile, net sales from commercial-use products declined slightly, falling below the previous year result, due to a fall in supply of products in the CVS channel. In deli and processed foods, although mainstay product *Chuka Meisai* was on a recovery track due to the introduction of TV commercials, sales of mainstay product *Ishigama Kobo* struggled. Revenue from commercial-use products increased as products for both the CVS and restaurant channels sustained strong performance due to expanded menus and the introduction of new products.

Operating Income in FY2018/3 1Q-3Q (Apr.-Dec.)

Operating income decreased due to an increase in personnel expenses against the backdrop of labor shortages in production and logistics operations, rising raw material prices, and slow growth in unit sales of gift products, despite contributions from reduced costs in sales operations.

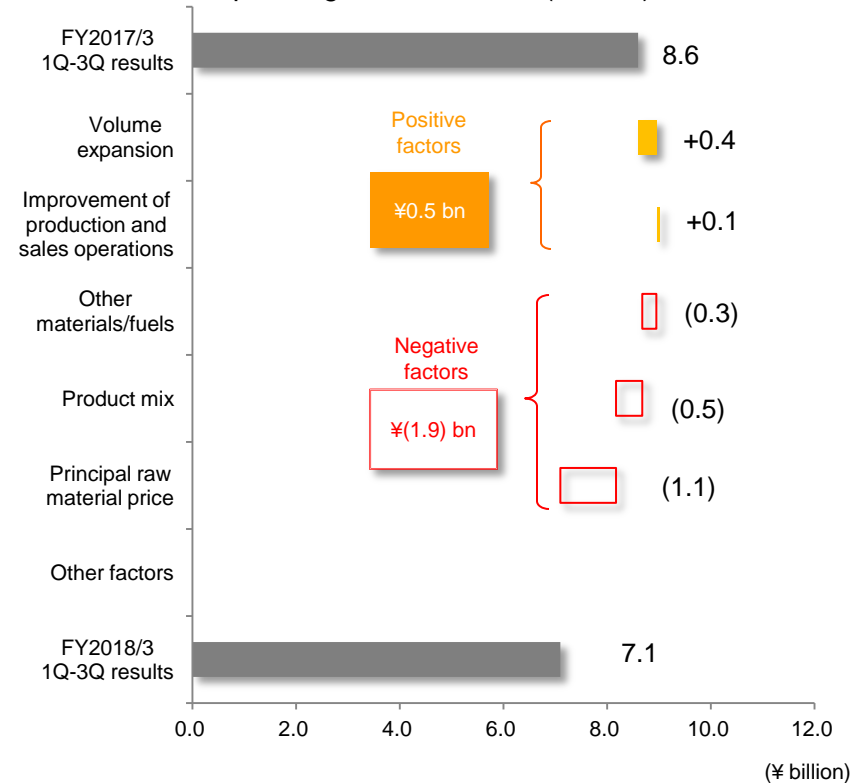
3. Operating Segment Data: Processed Foods Business Division (2)

Factor Analysis: Changes in operating income (¥ billion)

	FY2018/3				
	1st half results	3Q results	1Q-3Q forecasts	1Q-3Q results	Variance
Volume expansion	0.4	0.0	0.5	0.4	(0.1)
Profit margin improvement	(1.4)	(0.4)	(0.9)	(1.8)	(0.9)
<i>External factors</i>	(0.4)	(0.9)	(1.3)	(1.3)	(0.0)
Principal raw material price	(0.4)	(0.7)	(1.0)	(1.1)	(0.0)
Other materials/fuels	(0.0)	(0.3)	(0.3)	(0.3)	0.0
<i>Internal factors</i>	(1.0)	0.5	0.4	(0.5)	(0.8)
Product mix (product renewal)	(0.7)	0.2	(0.8)	(0.5)	0.3
Improvement of production and sales operations	(0.3)	0.3	1.2	0.1	(1.1)
Other factors	0.0	0.0	0.0	0.0	0.0
Total	(1.0)	(0.4)	(0.5)	(1.4)	(1.0)

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

Factor Analysis Graph: Changes in operating income results (1Q-3Q)



● Forecasts Variation Factor Analysis (FY2018/3 1Q-3Q)

- Volume expansion: Operating income did not meet the forecast, despite stronger growth than last year due to enhanced sales promotions and proposals.
- Product mix: Operating income exceeded the forecast mainly due to a renewal in commercial-use products.
- Improvement of production and sales operations: Despite reduced costs through structural reform in sales operations and elimination of expenses associated with the start of operations at the new plant in the previous fiscal year, operating income fell short of the forecast since our optimization efforts did not bear fruit due to struggling sales of gift products and the failure to meet the sales volume target.

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

● Gift product sales results

- FY2018/3 year-end gift-giving season results: Year on year, unit basis: 93%
Utsukushi-no-Kuni gifts: Year on year, unit basis: 101% (Sales ratio at 26%)
- FY2018/3 results: Year on year, unit basis: 95%
Utsukushi-no-Kuni gifts: Year on year, unit basis: 102% (Sales ratio at 26%)

FY2018/3 Gift product unit sales (Unit: thousands)

		FY2017/3 results	FY2018/3 results	
		Units	Units	Variance
Summer gift-giving season (results)	Overall unit sales	1,997	1,979	99%
	<i>(Utsukushi-no-Kuni)</i>	513	538	105%
Year-end gift-giving season (results)	Overall unit sales	4,189	3,889	93%
	<i>(Utsukushi-no-Kuni)</i>	998	1,006	101%
Total (results)	Overall unit sales	6,186	5,868	95%
	<i>(Utsukushi-no-Kuni)</i>	1,511	1,544	102%
	Sales ratio	24%	26%	-

● Major brands sales results

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



Performance has been steady for *Hojun*, which is approaching the first anniversary of its launch



Sales of *Chuka Meisai* have recovered since 3Q

Hams and sausages	FY2018/3 results			Deli and processed foods	FY2018/3 results		
	1st half	3Q	1Q-3Q		1st half	3Q	1Q-3Q
<i>SCHAU ESSEN</i>	100%	100%	100%	<i>Ishigama Kobo</i>	93%	93%	93%
<i>Mori-no-Kaori + Hojun coarse-ground wieners</i>	145%	158%	150%	<i>Chuka Meisai</i>	96%	107%	99%
Loin hams	88%	95%	90%	Prefried	100%	98%	99%
Bacons	96%	91%	94%	Hamburg and meatball	100%	105%	102%
Yakibutas	100%	101%	100%	Curries	106%	100%	104%
Consumer products total	100%	101%	100%	Consumer products total	96%	99%	97%

● Sales results by channel

Reference: FY2018/3 1Q-3Q year-on-year growth in sales by channel

1) Consumer products

In hams and sausages, sales were on par year on year due to sluggish sales for mainstay product *Irodori Kitchen*, despite strong performance by *SCHAU ESSEN*, in addition to efforts to bolster sales of *Hojun coarse-ground wieners* through in-store sales promotion. In deli and processed foods, sales amounts were down year on year due to struggling sales for mainstay product *Ishigama Kobo*, despite favorable performance by *Tenshinkaku*, thanks to expanded items, and a recovery trend for *Chuka Meisai* owing to the introduction of TV commercials.

2) Commercial-use products

In hams and sausages, sales in the restaurant channel were strong due to introduction of standard menus and campaigns for major restaurant chains, while sales in the CVS channel declined year on year. Sales of deli and processed foods were favorable in both the CVS and restaurant channels as a result of expanded menus and introduction of new products.

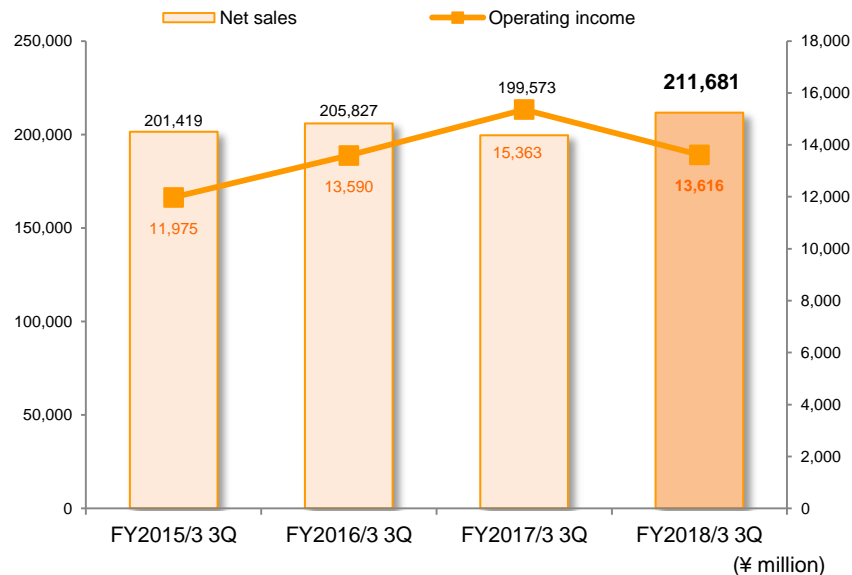
		Volume	Amount
Hams and sausages	Consumer	103%	100%
	Commercial-use	100%	95%
	Total	102%	99%
Deli and processed foods	Consumer	99%	97%
	Commercial-use	107%	109%
	Total	103%	102%

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

3Q Results (Oct.-Dec.)

(Net sales: ¥ million)

(Operating income: ¥ million)



	FY2017/3 3Q	FY2018/3 3Q	Variance	Variance (%)
Net sales	199,573	211,681	12,108	6.1
Operating income	15,363	13,616	(1,747)	(11.4)
Operating income ratio	7.7%	6.4%	-	-

Net Sales in FY2018/3 1Q-3Q (Apr.-Dec.)

Both sales volume and amounts grew for domestic pork and chicken as market prices remained high.

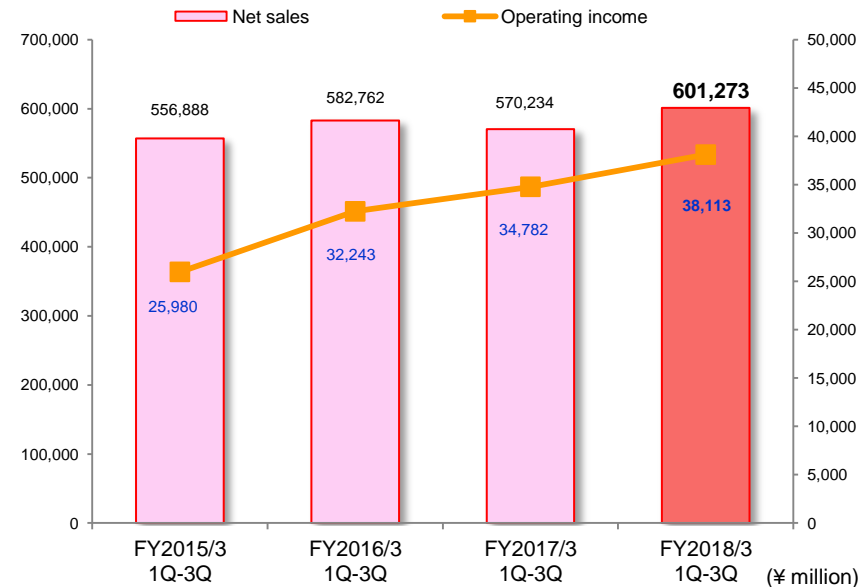
In particular, sales of domestic chicken increased significantly year on year, supported by firm demand mainly for breast meat. Sales grew for imported chicken due to a rebound from the previous fiscal year, despite a decrease in sales volume.

As a result, sales increased year on year for all stock categories, and accordingly revenue was up.

1Q-3Q Results (Apr.-Dec.)

(Net sales: ¥ million)

(Operating income: ¥ million)



	FY2017/3 1Q-3Q	FY2018/3 1Q-3Q	Variance	Variance (%)
Net sales	570,234	601,273	31,039	5.4
Operating income	34,782	38,113	3,331	9.6
Operating income ratio	6.1%	6.3%	-	-

Operating Income in FY2018/3 1Q-3Q (Apr.-Dec.)

An increase in cumulative operating income from imported fresh meats was secured thanks to focusing efforts on sales that emphasize profitability, despite weakening market prices due to an increase in imported chicken inventory from the beginning of 3Q. However, operating income from imported beef decreased due to the impact of a continuing rise in procurement prices.

Operating income increased overall, driven mainly by the impact of robust market prices for domestic chicken, lower feed prices, and improvement in productivity due to increased production, which contributed greatly to income.

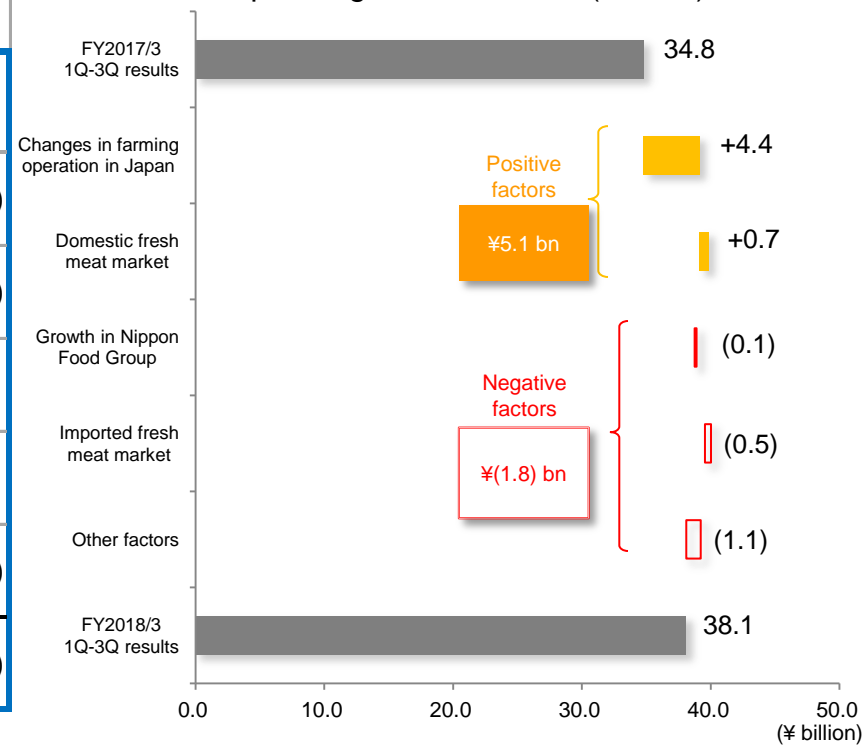
4. Operating Segment Data: Fresh Meats Business Division (2)

Factor Analysis: Changes in operating income (¥ billion)

	FY2018/3				
	1st half results	3Q results	1Q-3Q forecasts	1Q-3Q results	Variance
Imported fresh meat market	1.2	(1.6)	0.7	(0.5)	(1.2)
Domestic fresh meat market	0.9	(0.2)	0.8	0.7	(0.1)
Changes in farming operation in Japan	3.0	1.4	3.9	4.4	0.5
Growth in Nippon Food Group	(0.2)	0.0	(0.4)	(0.1)	0.2
Other factors	0.2	(1.4)	(0.9)	(1.1)	(0.2)
Total	5.1	(1.8)	4.1	3.3	(0.8)

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

Factor Analysis Graph: Changes in operating income results (1Q-3Q)



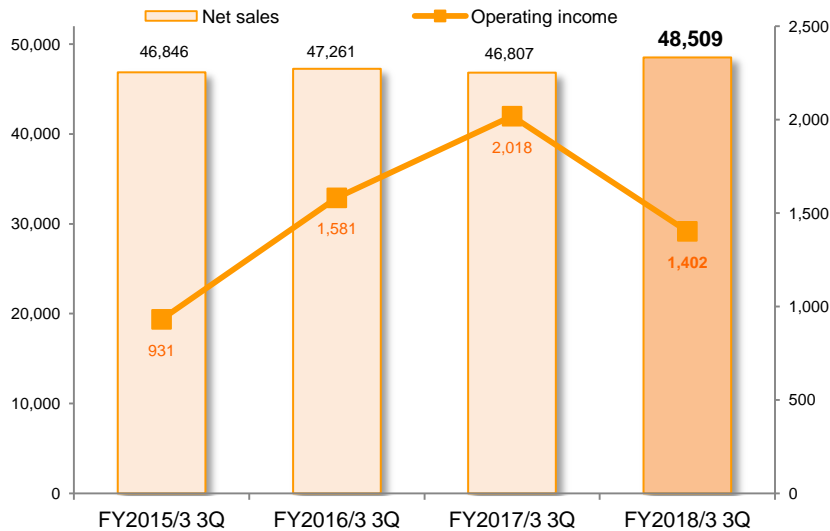
● Forecasts Variation Factor Analysis (FY2018/3 1Q-3Q)

- Imported fresh meat market: Operating income fell below forecasts due to weakening prices as a result of an above-expected increase in market inventories of imported chicken.
- Changes in farming operations in Japan: Operating income exceeded forecasts as market prices remained strong for both pork and chicken, and chicken productivity improved mainly due to an increase in the number of chickens processed.
- Growth in Nippon Food Group: In spite of sluggish performance owing to high market prices for imported beef and domestic pork, operating income exceeded forecasts as a result of growth in branded fresh meats for domestic chicken due to the effect of TV commercials.

5. Operating Segment Data: Affiliated Business Division

3Q Results (Oct.-Dec.)

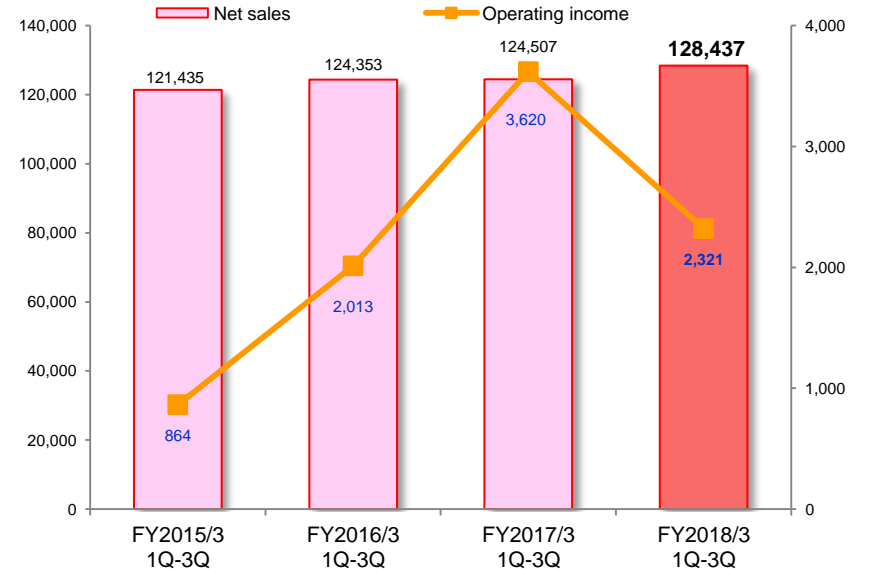
(Net sales: ¥ million)



(Operating income: ¥ million)

(Net sales: ¥ million)

1Q-3Q Results (Apr.-Dec.)



(Operating income: ¥ million)

(¥ million)

	FY2017/3 3Q	FY2018/3 3Q	Variance	Variance (%)
Net sales	46,807	48,509	1,702	3.6
Operating income	2,018	1,402	(616)	(30.5)
Operating income ratio	4.3%	2.9%	-	-

(¥ million)

	FY2017/3 1Q-3Q	FY2018/3 1Q-3Q	Variance	Variance (%)
Net sales	124,507	128,437	3,930	3.2
Operating income	3,620	2,321	(1,299)	(35.9)
Operating income ratio	2.9%	1.8%	-	-

Net Sales in FY2018/3 1Q-3Q (Apr.-Dec.)

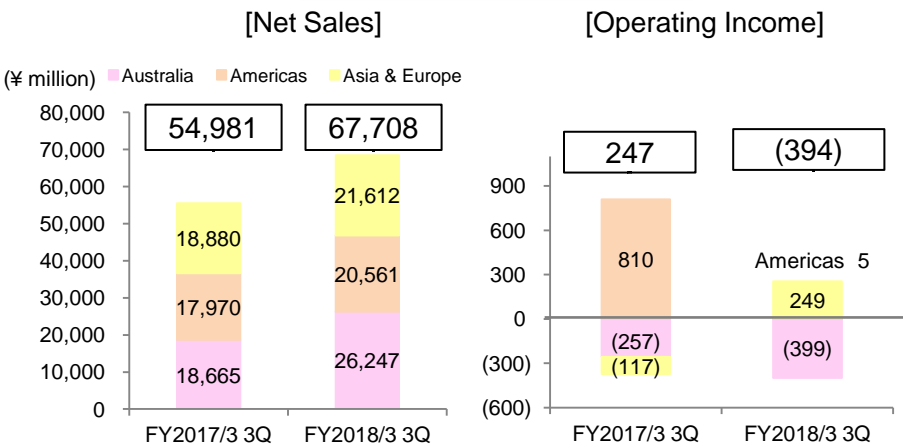
- Marine products business
Revenue increased due to strong sales to volume retailers and restaurants, in addition to the impact of price revisions of high-unit-priced items for year-end season.
- Dairy products business
Although sales of yogurt struggled amid a definite slowdown in the market, revenue increased due to strong sales growth of lactic probiotic beverages. The cheese market expanded, and revenue from cheese was up due to growth in both consumer and commercial-use products.

Operating Income in FY2018/3 1Q-3Q (Apr.-Dec.)

- Marine products business
Despite implementation of price revisions, operating income decreased as raw material prices soared due to growing global demand and unstable catches for some fish species including autumn-run salmon and squid in Japan.
- Dairy products business
Operating income decreased due to rising prices for raw materials.

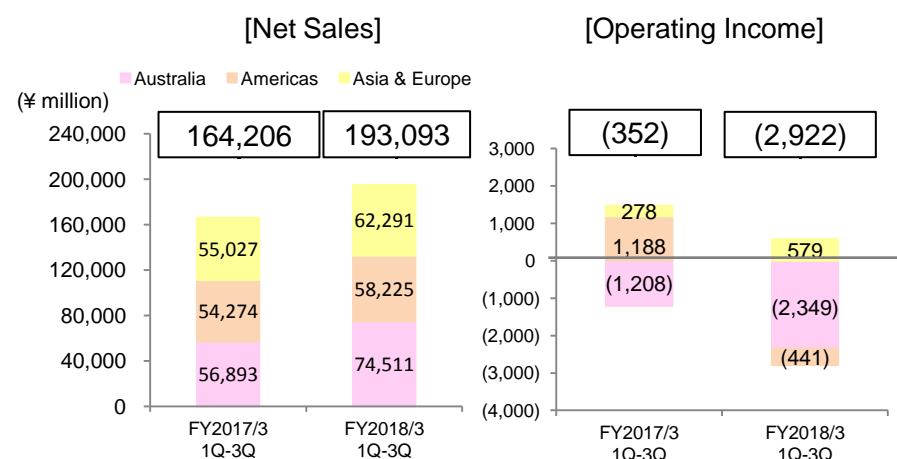
6. Operating Segment Data: Overseas Business Division (1)

3Q Results (Oct.-Dec.)



		FY2017/3 3Q	FY2018/3 3Q	Variance	Variance (%)
Overseas total	Net sales	54,981	67,708	12,727	23.1
	Operating income	247	(394)	(641)	-
Australia (including Uruguay)	Net sales	18,665	26,247	7,582	40.6
	Operating income	(257)	(399)	(142)	-
Americas	Net sales	17,970	20,561	2,591	14.4
	Operating income	810	5	(805)	(99.4)
Asia & Europe	Net sales	18,880	21,612	2,732	14.5
	Operating income	(117)	249	366	-

1Q-3Q Results (Apr.-Dec.)



		FY2017/3 1Q-3Q	FY2018/3 1Q-3Q	Variance	Variance (%)
Overseas total	Net sales	164,206	193,093	28,887	17.6
	Operating income	(352)	(2,922)	(2,570)	-
Australia (including Uruguay)	Net sales	56,893	74,511	17,618	31.0
	Operating income	(1,208)	(2,349)	(1,141)	-
Americas	Net sales	54,274	58,225	3,951	7.3
	Operating income	1,188	(441)	(1,629)	-
Asia & Europe	Net sales	55,027	62,291	7,264	13.2
	Operating income	278	579	301	108.3

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

Net Sales in FY2018/3 1Q-3Q (Apr.-Dec.)

- Australia operations
Revenue in the Australia operations was up due to the addition of net sales of BPU in Uruguay from this fiscal year, as well as an increase in the number of cattle processed in Australia and an upturn in sales prices of high-end parts such as loins in 3Q, in addition to recovery of exports to China.
- Americas operations
Revenue was up due to an increase in sales volume thanks to the increase in the number of offices in the local wholesale business and an increased volume of fresh meat exports to Japan.

Operating Income in FY2018/3 1Q-3Q (Apr.-Dec.)

- Australia operations
Although sales prices rose, operating income decreased because shipments of high-cost cattle procured in 1Q continued to 3Q. Profitability improved for BPU in Uruguay as livestock prices dropped.
- Americas operations
Operating income declined in the processed foods business due to higher costs resulting from a surge in principal raw material prices and an increase in sales promotion expenses. Operating income also decreased in exports to Japan due to soaring procurement prices and a harsh currency exchange market condition signified by a strong dollar.

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

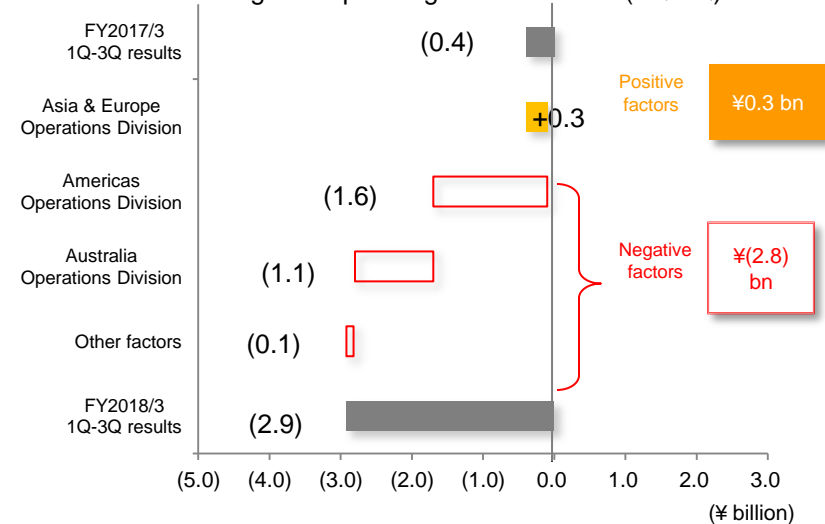
Factor Analysis: Changes in operating income

(¥ billion)

	FY2018/3				
	1st half results	3Q results	1Q-3Q forecasts	1Q-3Q results	Variance
Australia Operations Division	(1.0)	(0.1)	(1.6)	(1.1)	0.5
Americas Operations Division	(0.8)	(0.8)	(1.2)	(1.6)	(0.4)
Asia & Europe Operations Division	(0.1)	0.4	0.3	0.3	0.0
Other factors	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)
Total	(1.9)	(0.6)	(2.7)	(2.6)	0.1

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

Factor Analysis Graph: Changes in operating income results (1Q-3Q)



Forecasts Variation Factor Analysis

● Australia operations

Australia operations struggled as shipments continued for high-procurement-price cattle in inventory procured in 1Q, despite a downward trend in livestock prices.

● Americas operations

North America: Day-Lee Foods, Inc. struggled due to the impact of soaring fresh meat procurement prices and raw materials prices for processed products as well as the stronger dollar compared to the previous fiscal year.

● Asia & Europe operations

Turkey: Ege-Tav performed in line with the plan due to robust demand in Turkey and an upswing in sales prices.

Europe: Struggled with a continued rise in procurement prices of fresh meat for exports to Japan.

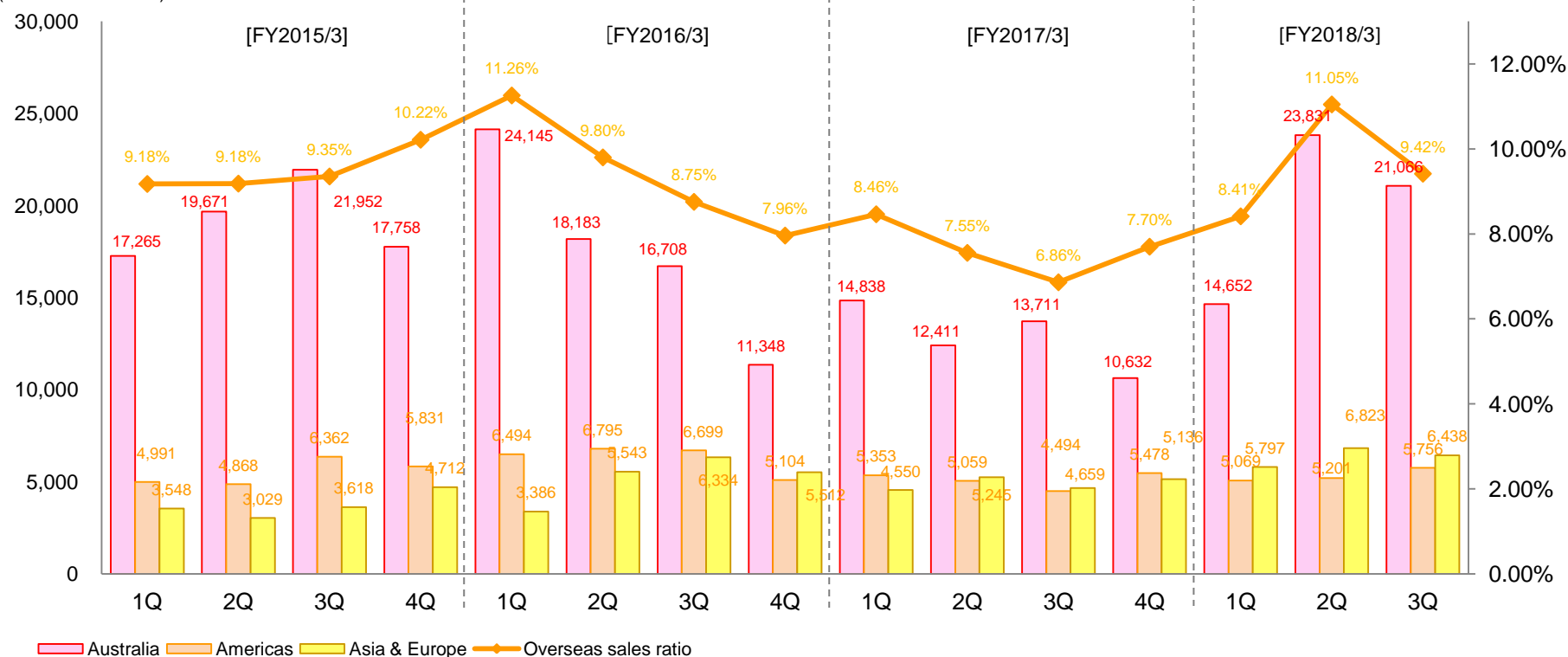
7. External Customer Net Sales Results in Major Overseas Geographical Areas

(¥ million, %)

	FY2015/3	FY2016/3	FY2017/3				FY2018/3			
	Full year	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q
Australia	76,646	70,384	14,838	12,411	13,711	10,632	51,592	14,652	23,831	21,066
Americas	22,052	25,092	5,353	5,059	4,494	5,478	20,384	5,069	5,201	5,756
Asia & Europe	14,907	20,775	4,550	5,245	4,659	5,136	19,590	5,797	6,823	6,438
Overseas total	113,605	116,250	24,742	22,713	22,866	21,245	91,566	25,518	35,855	33,260
Overseas sales ratio	9.47%	9.46%	8.46%	7.55%	6.86%	7.70%	7.62%	8.41%	11.05%	9.42%

*Net sales figures represent net sales to external customers.

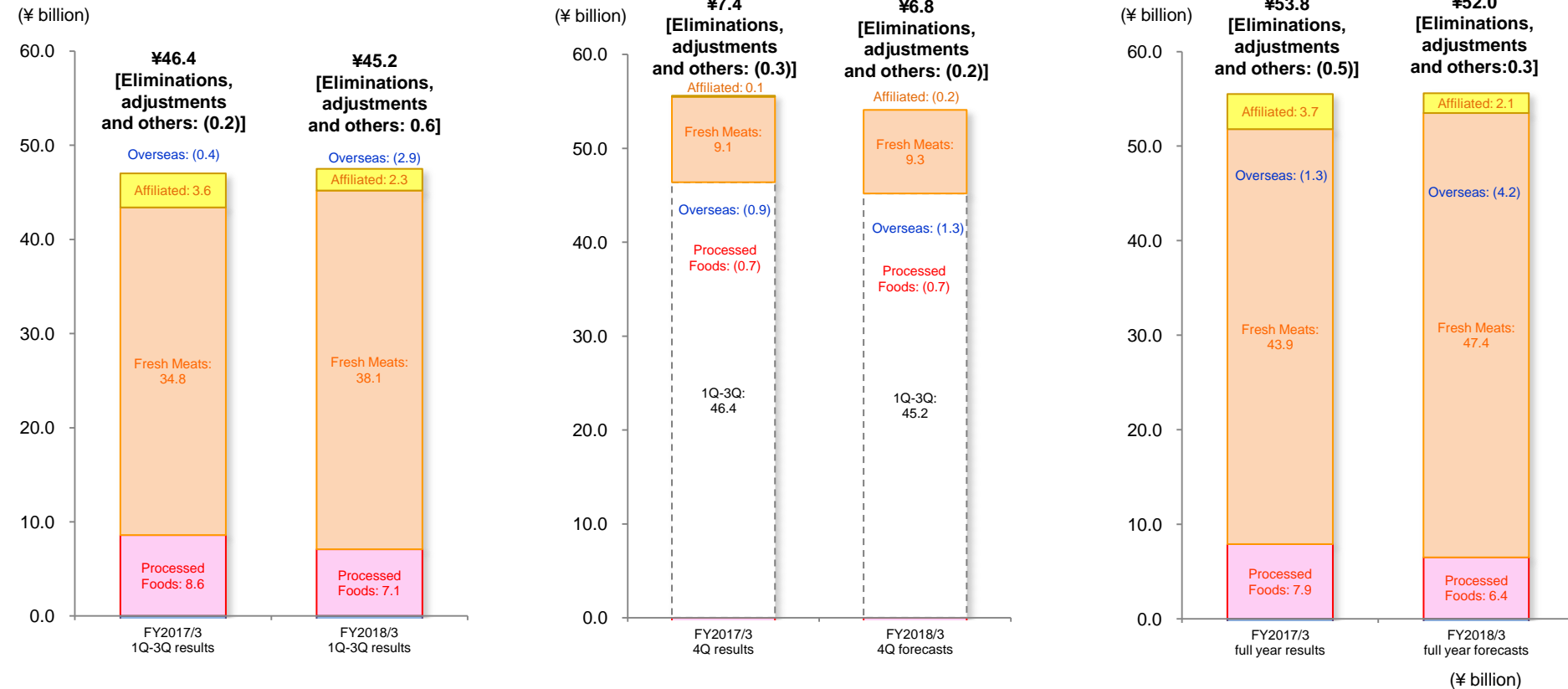
(Net sales: ¥ million)



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-3Q			FY2018/3 4Q			FY2018/3 full year		
	FY2017/3 1Q-3Q results	Results	Variance	FY2017/3 4Q results	Forecasts	Variance	FY2017/3 full year results	Forecasts	Variance
Processed Foods Business Division	8.6	7.1	(1.4)	(0.7)	(0.7)	0.0	7.9	6.4	(1.5)
Fresh Meats Business Division	34.8	38.1	3.3	9.1	9.3	0.2	43.9	47.4	3.5
Affiliated Business Division	3.6	2.3	(1.3)	0.1	(0.2)	(0.4)	3.7	2.1	(1.6)
Overseas Business Division	(0.4)	(2.9)	(2.6)	(0.9)	(1.3)	(0.4)	(1.3)	(4.2)	(2.9)
Eliminations, adjustments and others	(0.2)	0.6	0.8	(0.3)	(0.2)	0.0	(0.5)	0.3	0.8
Total	46.4	45.2	(1.2)	7.4	6.8	(0.6)	53.8	52.0	(1.8)

1. FY2018/3 Operating Income Forecasts (2)

Variance from the forecasts announced at 2Q

* Forecasts for the 4Q and full year are the forecasts revised after the 3Q. (¥ billion)

	FY 2018/3 3Q			FY 2018/3 4Q			FY 2018/3 2nd half			FY 2018/3 full year forecasts		
	Forecasts announced at 2Q	Results	Variance	Forecasts announced at 2Q	Forecasts	Variance	Forecasts announced at 2Q	Forecasts	Variance	Forecasts announced at 2Q	Forecasts	Variance
Processed Foods Business Division	5.9	4.9	(1.0)	(0.1)	(0.7)	(0.6)	5.8	4.2	(1.6)	8.0	6.4	(1.6)
Fresh Meats Business Division	14.4	13.6	(0.8)	8.9	9.3	0.4	23.3	22.9	(0.4)	47.8	47.4	(0.4)
Affiliated Business Division	1.6	1.4	(0.2)	0.1	(0.2)	(0.3)	1.7	1.2	(0.5)	2.6	2.1	(0.5)
Overseas Business Division	(0.5)	(0.4)	0.1	0.2	(1.3)	(1.5)	(0.3)	(1.7)	(1.4)	(2.8)	(4.2)	(1.4)
Eliminations, adjustments and others	0.0	0.1	0.1	(0.1)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	0.4	0.3	(0.1)
Total	21.4	19.6	(1.8)	9.0	6.8	(2.2)	30.4	26.4	(4.0)	56.0	52.0	(4.0)

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

Factor Analysis: Changes in operating income forecasts

(¥ billion)

Processed Foods Business Division	4Q			2nd half			Full year		
	Forecasts announced at 2Q	Forecasts	Variance	Forecasts announced at 2Q	Forecasts	Variance	Forecasts announced at 2Q	Forecasts	Variance
Volume expansion	0.3	0.1	(0.3)	0.4	0.1	(0.4)	0.8	0.4	(0.4)
Profit margin improvement	0.2	(0.1)	(0.4)	0.7	(0.6)	(1.2)	(0.7)	(1.9)	(1.2)
External factors	(0.9)	(0.9)	0.0	(1.8)	(1.8)	(0.0)	(2.2)	(2.2)	(0.0)
Principal raw material price	(0.7)	(0.7)	0.0	(1.3)	(1.4)	(0.0)	(1.7)	(1.8)	(0.0)
Other materials/fuels	(0.2)	(0.2)	0.0	(0.4)	(0.4)	0.0	(0.5)	(0.5)	0.0
Internal factors	1.1	0.7	(0.4)	2.5	1.2	(1.2)	1.5	0.3	(1.2)
Productmix (productrenewal)	0.0	0.4	0.4	(0.1)	0.6	0.6	(0.8)	(0.2)	0.6
Improvement of production and sales operations	1.1	0.4	(0.8)	2.5	0.7	(1.9)	2.3	0.4	(1.9)
Other factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.6	(0.1)	(0.6)	1.1	(0.5)	(1.6)	0.1	(1.5)	(1.6)

(¥ billion)

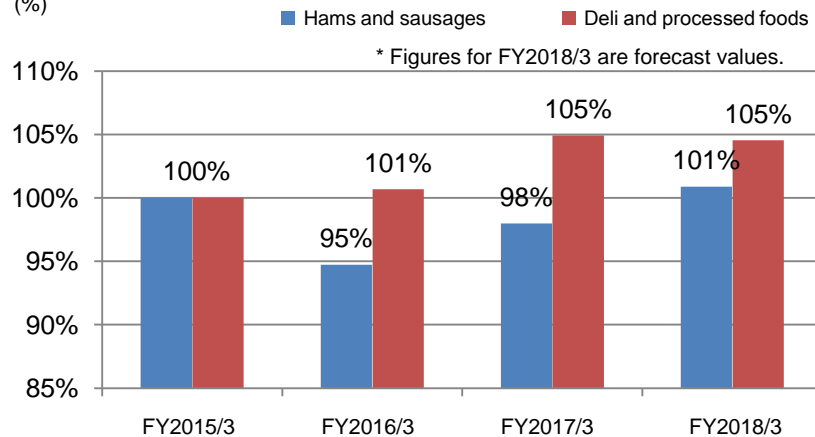
Fresh Meats Business Division	4Q			2nd half			Full year		
	Forecasts announced at 2Q	Forecasts	Variance	Forecasts announced at 2Q	Forecasts	Variance	Forecasts announced at 2Q	Forecasts	Variance
Imported fresh meat market	0.1	(0.5)	(0.6)	(0.4)	(2.1)	(1.8)	0.8	(1.0)	(1.8)
Domestic fresh meat market	(0.2)	0.0	0.2	(0.2)	(0.1)	0.1	0.7	0.7	0.1
Changes in farming operations in Japan	0.0	0.4	0.4	0.9	1.8	0.9	3.9	4.8	0.9
Growth in Nippon Food Group	(0.1)	0.0	0.1	(0.3)	0.0	0.3	(0.5)	(0.1)	0.3
Other factors	(0.1)	0.2	0.3	(1.2)	(1.2)	0.1	(1.0)	(0.9)	0.1
Total	(0.2)	0.2	0.4	(1.2)	(1.6)	(0.4)	3.9	3.5	(0.4)

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

2. Processed Foods Business Division: Outlook

● Measures to promote consumer products sales

Consumer Products: Comparison by Year of Sales Volume with FY2015/3, the Previous Medium-Term Management Plan's Final Year, as the Reference (%)



■ In deli and processed foods, sales were strong, thanks to measures such as expanding items and brushing up existing items, but is weak in this fiscal year. In hams and sausages, sales struggled in PB and formed hams, but achieved a recovery in sales volume thanks to aggressive sales promotion and introduction of new branded products.

■ For 4Q:

- In hams and sausages, aim to expand sales volume by carrying out in-store tastings and increasing product volume to mark the first anniversary of the launch of *Hojun coarse-ground wieners*, in addition to introducing TV commercials for *SCHAU ESSEN*.
- In deli and processed foods, aim to increase sales volume by reintroducing the well-received TV commercials for *Chuka Meisai*, and promoting greater efficiency for *Ishigama Kobo* through investment in production lines, while introducing new commercials featuring a young actor.
- Move ahead with cultivation of markets by promoting marketing that addresses concerns and solves problems from the customer's viewpoint.



Sale of *Hojun coarse-ground wieners* in zipper bags convenient for storage



Ishigama Kobo series aimed to recover sales volume by introduction of TV commercials



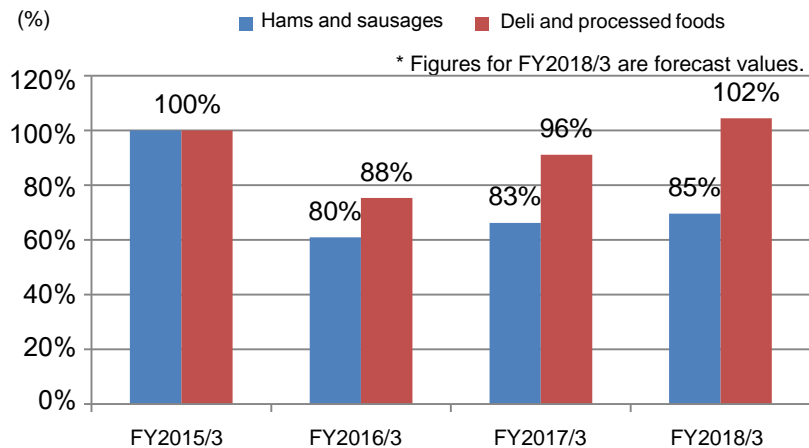
Kiri Otoshi Shredded Beef can be used in a wide range of menus



Entier twin pack that caters to single serving needs

● Measures to promote commercial-use products sales

Commercial-Use Products: Comparison by Year of Sales Volume with FY2015/3, the Previous Medium-Term Management Plan's Final Year, as the Reference (%)



■ In deli and processed foods, sales volume expanded in the CVS and restaurant channels, thanks to measures such as proposing menus, but sales of hams and sausages remained on a gradual recovery due to a decrease in products produced overseas.

■ For 4Q:

- In the CVS channel, aim to expand sales of prefried products for snack counters, which are performing well, while increasing products for vendors by expanding items as well as proposing menus and value-added products.
- In the restaurant channel, introduce campaigns for major restaurant chains as well as differentiated menus that features reduced work load in back room, against the backdrop of labor shortage.



Steamed Pork offers ease and simplicity



Bo-hirekatsu (long pork fillet cutlet) with rich texture

3. Fresh Meats Business Division: Outlook

● Domestic production business

- Feed prices are up in 4Q, due to the weaker yen and other factors, despite a drop in forward prices.
- Production of pork is stabilizing, and hog shipments nationwide are on a recovery trend.
- Regarding avian influenza, the system for infectious disease prevention will be rigorously implemented as the situation remains unpredictable.

● Domestic fresh meat market

- Beef prices settled down from the beginning of January 2018, and are expected to remain steady at high levels on par with the previous year. There are significant differences depending on place of origin and grade.
- Pork prices have returned to stability after fluctuating dramatically at the end of the previous year, and are expected to be on par with those of the previous year.
- Regarding chicken prices, strong demand is expected to continue mainly for breast meat, although demand for thigh meat is predicted to decline year on year, and the weighted average is expected to be down slightly from the previous year.

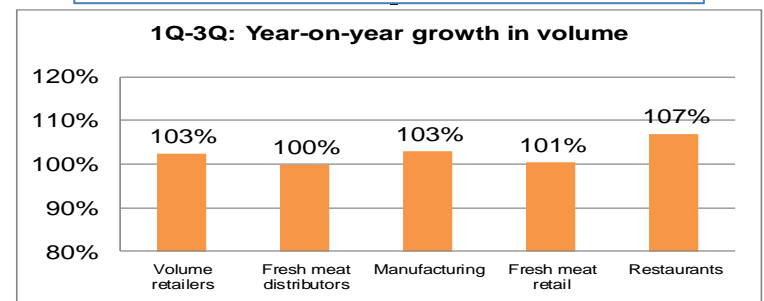
● Imported fresh meat market

- Market prices for beef are expected to weaken due to the impact of safeguards and high local prices.
- For pork, the domestic import volume from Canada and other countries is trending toward restraint, and market prices are expected to remain weak.
- Market inventories are heavy for chicken and market prices are weakening. Domestic inventories are not expected to be cleared out until the next year or later.

● Fresh meat sales (food companies)

- Work on standard deliveries of Angus Beef products, and to further expand sales of domestic chicken brand *Sakurahime* and domestic pork brand *Mugikomachi*.
- Continue to develop sales to volume retailers while stabilizing sales to restaurants and other channels.

1Q-3Q Results: Overall volume growth of 103%



4. Affiliated Business Division: Outlook

● Measures to expand sales of marine products business

(Marine Foods)

- While striving to secure raw materials, continue to develop sales of sushi toppings to the strongly performing restaurant channel, in order to achieve revenue growth.
- Expand sales with the addition of *Kimi Shoyu* (soy sauce with egg yolk) and *Uni Ran'o Sauce* (egg yolk sauce with sea urchin) to the existing *Ran'o Sauce* (egg yolk sauce) in the line of sauces using ultra-high-pressure heat processing machines.

(Hoko)

- Expand sales of canned mackerel, which is experiencing a rise in demand largely associated with last year's exposure on a television show and also due to the rise in healthy eating.

● Measures to expand sales of dairy products business

(Cheese)

- Expand sales by enhancing the lineup of baby cheese in consumer cheeses, which are performing strongly.
- Strengthen the production structure of plants in the east and west regions to respond to the expanding cheese market.



Introduce area commercials to expand sales of *Vanilla Yogurt*



Expand lineup to increase sales of *Krémas* series

(Yogurt)

- Expand sales mainly in the mainstay *Vanilla Yogurt* and the smoothie series, which continues to perform well.
- Increase in-store exposure by introducing new products for the Greek yogurt launched last year.
- In commercial-use products, strive to expand sales of yogurt sauce by strengthening proposal-based sales.

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

- Marine product prices remain high and the harsh sales environment is expected to continue.
- While there are expectations for increased production in the EU, cheese ingredient prices are expected to remain high for some time since there are no plans to increase production in Oceania.
- In yogurt, prices are expected to remain high due to a shortage of domestic skim milk powder.

5. Overseas Business Division: Outlook

● Australia Operations Division

- As high-cost livestock shipments continue in this fiscal year, elimination of the deficit is expected to be in the next fiscal year.
- Although the harsh environment continues, the business environment is expected to recover gradually.

● Americas Operations Division

- Local market prices for fresh meats are higher than those in the previous year, and the harsh environment for fresh meat exports to Japan is expected to continue.
- Aim to improve profitability of processed foods by improving productivity via capital expenditures and shifting the rise in raw material prices to sales prices.

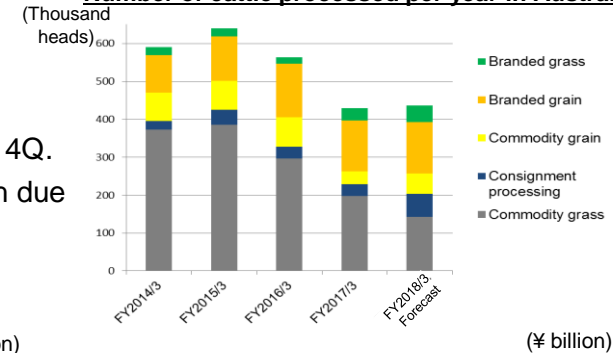
● Asia & Europe Operations Division

- Ege-Tav in Turkey is expected to slow down as it enters a weak demand season in 4Q.
- Exports of processed chicken products from Thailand to Japan continue to be harsh due to appreciation of local currency and a rise in raw material prices.

Reference: FY2018/3 1Q-3Q Australia operations sales results

Major countries for sales	Volume (ratio breakdown)	Volume (variance year on year)
Japan	28%	101%
United States	12%	102%
South Korea	10%	77%
China	10%	149%
Taiwan	4%	80%
Australia	23%	143%
Others	14%	72%
Total	100%	101%

Number of cattle processed per year in Australia



FY2018/3 Overseas Business Division: Factors for changes and operating income forecasts

Overseas Business Division	Factor Analysis: Changes in operating income (¥ billion)								
	4Q			2nd half			Full year		
	Forecasts announced at 2Q	Forecasts	Variance	Forecasts announced at 2Q	Forecasts	Variance	Forecasts announced at 2Q	Forecasts	Variance
Australia Operations Division	0.7	0.0	(0.7)	0.1	(0.1)	(0.2)	(0.9)	(1.1)	(0.2)
Americas Operations Division	0.1	(0.3)	(0.4)	(0.3)	(1.1)	(0.8)	(1.1)	(2.0)	(0.8)
Asia & Europe Operations Division	0.3	(0.1)	(0.3)	0.6	0.3	(0.3)	0.6	0.3	(0.3)
Other factors	(0.1)	(0.1)	0.0	(0.1)	(0.1)	(0.0)	(0.1)	(0.2)	(0.0)
Total	1.1	(0.4)	(1.5)	0.4	(1.0)	(1.4)	(1.6)	(3.0)	(1.4)

Operating income forecasts (¥ billion)					
4Q		2nd half		Full year	
Forecasts announced at 2Q	Forecasts	Forecasts announced at 2Q	Forecasts	Forecasts announced at 2Q	Forecasts
0.3	(0.4)	(0.6)	(0.8)	(2.6)	(2.8)
0.2	(0.2)	0.6	(0.2)	0.2	(0.6)
0.0	(0.3)	0.2	(0.1)	0.6	0.3
(0.3)	(0.3)	(0.6)	(0.6)	(1.0)	(1.0)
0.2	(1.3)	(0.3)	(1.7)	(2.8)	(4.2)

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

III. Consolidated Financial Results for FY2018/3 3Q

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

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

(¥ million, %)

	FY2017/3 results			FY2018/3 results and forecasts								
	1Q-3Q results	4Q results	Full year results	1Q-3Q results	Variance	Volume growth rate	4Q forecasts	Variance	Volume growth rate	Full year forecasts	Variance	Volume growth rate
Net sales	926,349	275,944	1,202,293	981,110	5.9	-	288,890	4.7	-	1,270,000	5.6	-
Hams and sausages	112,308	29,054	141,362	111,177	(1.0)	1.5	29,923	3.0	4.0	141,100	(0.2)	2.0
Processed foods	174,829	54,075	228,904	182,370	4.3	3.8	56,730	4.9	3.9	239,100	4.5	3.9
Fresh meats	516,324	157,547	673,871	556,145	7.7	5.0	167,755	6.5	12.4	723,900	7.4	6.7
Beef	209,493	57,726	267,219	228,277	9.0	17.3	68,423	18.5	46.0	296,700	11.0	23.1
Pork	167,432	54,166	221,598	175,677	4.9	1.3	53,323	(1.6)	1.9	229,000	3.3	1.4
Chicken	120,181	38,947	159,128	133,407	11.0	1.8	39,393	1.1	7.5	172,800	8.6	3.1
Other fresh meats	19,218	6,708	25,926	18,784	(2.3)	(8.8)	6,616	(1.4)	(17.8)	25,400	(2.0)	(11.1)
Marine products	72,260	19,377	91,637	75,660	4.7	4.2	19,640	1.4	(4.0)	95,300	4.0	1.8
Dairy products	25,406	7,974	33,380	27,361	7.7	7.6	8,439	5.8	1.0	35,800	7.2	6.0
Others	25,222	7,917	33,139	28,397	12.6	-	6,403	(19.1)	-	34,800	5.0	-
Cost of goods sold	744,283	224,712	968,995	795,147	6.8							
Gross profit	182,066	51,232	233,298	185,963	2.1							
Gross profit ratio	19.7%	18.6%	19.4%	19.0%	-							
SG&A expenses	135,701	43,795	179,496	140,782	3.7							
Operating income	46,365	7,437	53,802	45,181	(2.6)		6,819	(8.3)		52,000	(3.3)	
Income before income taxes	42,527	6,585	49,112	45,006	5.8		5,994	(9.0)		51,000	3.8	
Income taxes	12,964	1,566	14,530	12,602	(2.8)		1,998	27.6		14,600	0.5	
Tax rate	30.5%	23.8%	29.6%	28.0%	-		33.3%	-		28.6%	-	
Profit or loss from discontinued operations	(12)	-	(12)	-	-		-	-		-	-	
Net income attributable to NH Foods Ltd.	29,633	5,371	35,004	32,923	11.1		4,077	-		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	FY2017/3		FY2018/3	
		1Q-3Q results	1Q-3Q results	Variance (%)	Variance
★(1)	Selling, general and administrative expenses	135,701	140,782	3.7	5,081
	Personnel	51,932	52,841	1.8	909
	Advertising	7,907	7,496	(5.2)	(411)
★(2)	Logistics	41,713	44,265	6.1	2,552
	Others	34,149	36,180	5.9	2,031

Major reasons for increase/decrease

★(1) **SG&A expenses:** Although SG&A expenses increased by ¥5.1 billion, the ratio of SG&A expenses decreased by 0.3 points from 14.6% to 14.3%.

★(2) **Logistics:** Higher transportation costs caused logistics expenses to rise by ¥2.6 billion.

	FY2017/3 1Q-3Q results	FY2017/3 Full year results	FY2018/3		
			1Q-3Q results	Variance	
Other operating costs and expenses (income) - net	3,164	5,320	1,407	(1,757)	
★(1)	Fixed assets	325	2,427	1,381	1,056
	Special retirement expenses	2,839	2,895	26	(2,813)
	Others	-	(2)	-	-
Other income (expenses) - net	198	1,770	(117)	(315)	
	Interest and dividends income	867	1,162	961	94
	Foreign exchange gains (losses)	(1,127)	106	(208)	919
	Others	458	502	(870)	(1,328)
	Transfer fee for a professional baseball player	-	-	2,273	2,273
	Interest expense	872	1,140	924	52

Major reasons for increase/decrease

★(1) **Special retirement expenses:** Significantly decreased due to the elimination of special extra payment for the transferred employees incurred in the previous fiscal year.

(¥ million, %)

Consolidated balance sheets		FY2017/3 Year-end results	FY2018/3 3Q results	Variance (%)	Variance
★(1)	Total assets	720,276	765,861	6.3	45,585
	Cash and cash equivalents	82,639	39,958	(51.6)	(42,681)
★(2)	Trade notes and accounts receivable	128,579	192,660	49.8	64,081
	Inventories	132,697	139,892	5.4	7,195
	Property, plant and equipment - at cost, less accumulated depreciation	283,364	298,207	5.2	14,843
	Investments and other assets	45,172	49,886	10.4	4,714
	Deferred income taxes - non-current	7,627	11,405	49.5	3,778
	Total liabilities	311,920	322,274	3.3	10,354
★(3)	Trade notes and accounts payable	101,857	138,666	36.1	36,809
★(4)	Interest-bearing debt	138,284	117,175	(15.3)	(21,109)
	Liability under retirement and severance program	13,268	13,937	5.0	669
	Total NH Foods Ltd. Shareholders' equity	404,126	438,345	8.5	34,219
	Noncontrolling interests	4,230	5,242	23.9	1,012
	Total equity	408,356	443,587	8.6	35,231

Major reasons for increase/decrease

- ★(1) Total assets: Increased by ¥45.6 billion due to increases in trade notes and accounts receivable, capital expenditures, and an increase in fixed assets resulting from the acquisition of BPU in Uruguay.
- ★(2) Trade notes and accounts receivable: Increased by ¥64.1 billion due to a seasonal increase in sales volume.
- ★(3) Trade notes and accounts payable: Increased by ¥36.8 billion due to seasonal factors.
- ★(4) Interest-bearing debt: Decreased by ¥21.1 billion due mainly to repayments of debt and conversion of convertible bonds to shares.

(¥ million, %)

Capital expenditures, depreciation and amortization	FY2017/3	FY2018/3		Variance	FY2018/3
	3Q results	3Q results	Variance (%)		Full year forecasts
Capital expenditures	26,697	23,613	(11.6)	(3,084)	40,000
Production facilities	12,005	11,526	(4.0)	(479)	21,000
Marketing and logistics facilities	4,377	3,199	(26.9)	(1,178)	5,000
Farms and processing facilities	5,160	5,867	13.7	707	9,000
Overseas business facilities	2,679	2,585	(3.5)	(94)	4,000
Other facilities	2,476	436	(82.4)	(2,040)	1,000
Depreciation and amortization	14,657	15,590	6.4	933	21,000

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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.

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