

# Business Results

for the Year Ended March 31, 2019

May 21, 2019 (Tue.)  
NH Foods Ltd.

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\* Regarding notation:

“US” notation means US GAAP.

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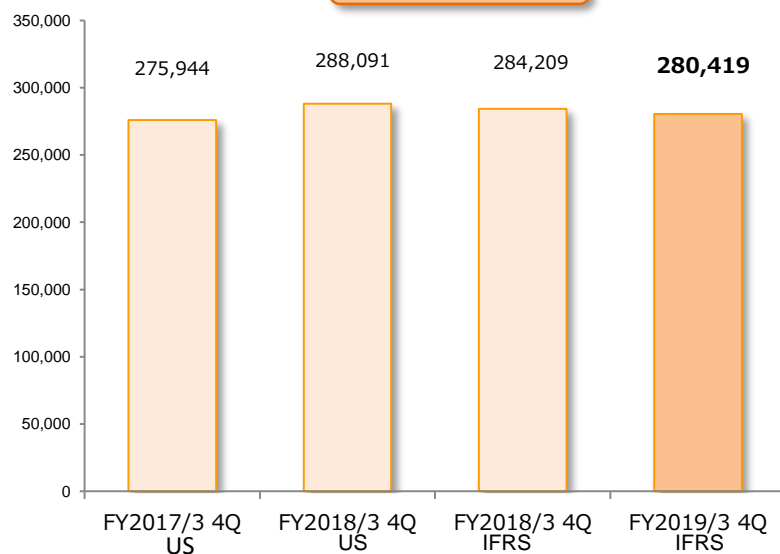
# 1. Segment Data: 4Q (Jan.-Mar.)

(¥ million)

		FY2017/3 4Q(US)	FY2018/3 4Q(US)	FY2018/3 4Q(IFRS)	<b>FY2019/3 4Q(IFRS)</b>	Variance	Variance (%)
Processed Foods Business Division	Net sales	78,462	80,789	80,789	<b>80,045</b>	(744)	(0.9)
	Operating income	(651)	(1,257)	(1,567)	<b>(69)</b>	1,498	-
Fresh Meats Business Division	Net sales	171,331	177,144	177,143	<b>173,731</b>	(3,412)	(1.9)
	Operating income	9,116	8,041	8,456	<b>7,040</b>	(1,416)	(16.7)
Affiliated Business Division	Net sales	34,534	35,111	35,107	<b>33,367</b>	(1,740)	(5.0)
	Operating income	126	(709)	(805)	<b>(627)</b>	178	-
Overseas Business Division	Net sales	50,178	60,748	60,314	<b>57,750</b>	(2,564)	(4.3)
	Operating income	(899)	(1,820)	(1,670)	<b>(1,795)</b>	(125)	-
Eliminations, adjustments and others	Net sales	(58,561)	(65,701)	(69,144)	<b>(64,474)</b>	4,670	-
	Operating income	(255)	(218)	(6,258)	<b>(6,145)</b>	113	-
Consolidated	Net sales	275,944	288,091	284,209	<b>280,419</b>	(3,790)	(1.3)
	Operating income	7,437	4,037	(1,844)	<b>(1,596)</b>	248	-

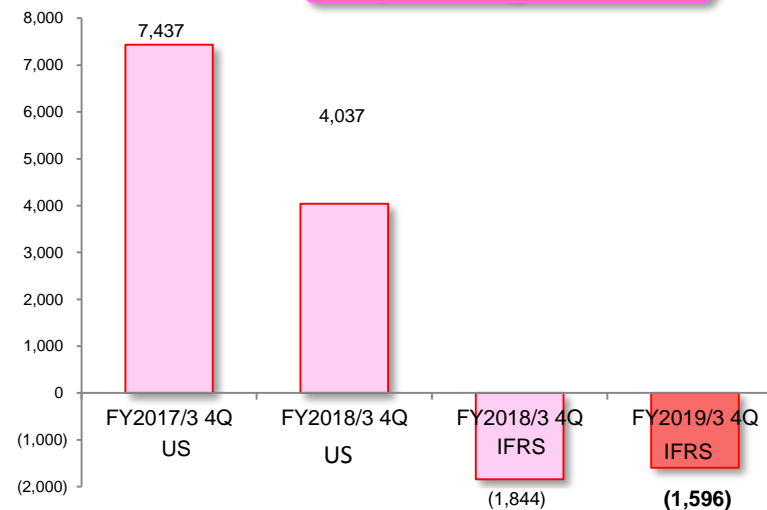
(¥ million)

## Net Sales



(¥ million)

## Operating Income



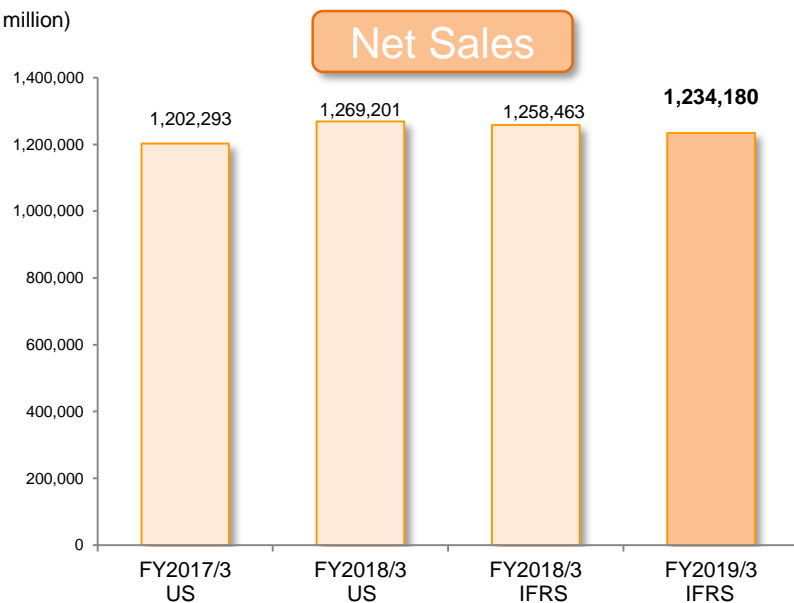
- Net sales by operating segment and net sales (by category) on page 24 of this presentation do not necessarily correspond (due to intersegment transactions).
- Net sales for each segment include intersegment sales.

## 2. Segment Data: Full Year (Apr.-Mar.)

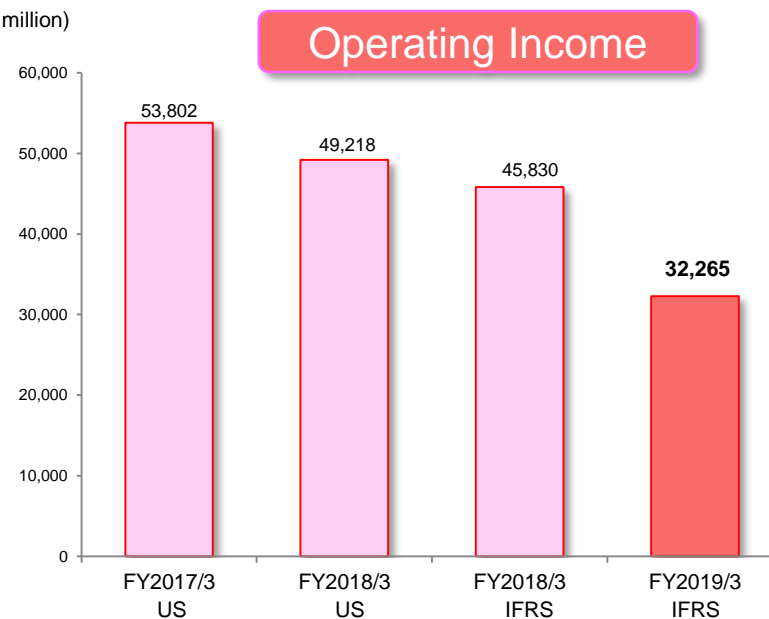
(¥ million)

		FY2017/3 (US)	FY2018/3 (US)	FY2018/3 (IFRS)	<b>FY2019/3 (IFRS)</b>	Variance	Variance (%)
Processed Foods Business Division	Net sales	348,253	355,498	355,498	<b>353,091</b>	(2,407)	(0.7)
	Operating income	7,911	5,867	5,865	<b>7,797</b>	1,932	32.9
Fresh Meats Business Division	Net sales	741,565	778,417	778,422	<b>756,993</b>	(21,429)	(2.8)
	Operating income	43,898	46,154	47,167	<b>35,743</b>	(11,424)	(24.2)
Affiliated Business Division	Net sales	159,041	163,548	163,545	<b>155,073</b>	(8,472)	(5.2)
	Operating income	3,746	1,612	1,651	<b>441</b>	(1,210)	(73.3)
Overseas Business Division	Net sales	214,384	253,841	254,208	<b>255,209</b>	1,001	0.4
	Operating income	(1,251)	(4,742)	(4,703)	<b>(3,753)</b>	950	-
Eliminations, adjustments and others	Net sales	(260,950)	(282,103)	(293,210)	<b>(286,186)</b>	7,024	-
	Operating income	(502)	327	(4,150)	<b>(7,963)</b>	(3,813)	-
Consolidated	Net sales	1,202,293	1,269,201	1,258,463	<b>1,234,180</b>	(24,283)	(1.9)
	Operating income	53,802	49,218	45,830	<b>32,265</b>	(13,565)	(29.6)

(¥ million)



(¥ million)

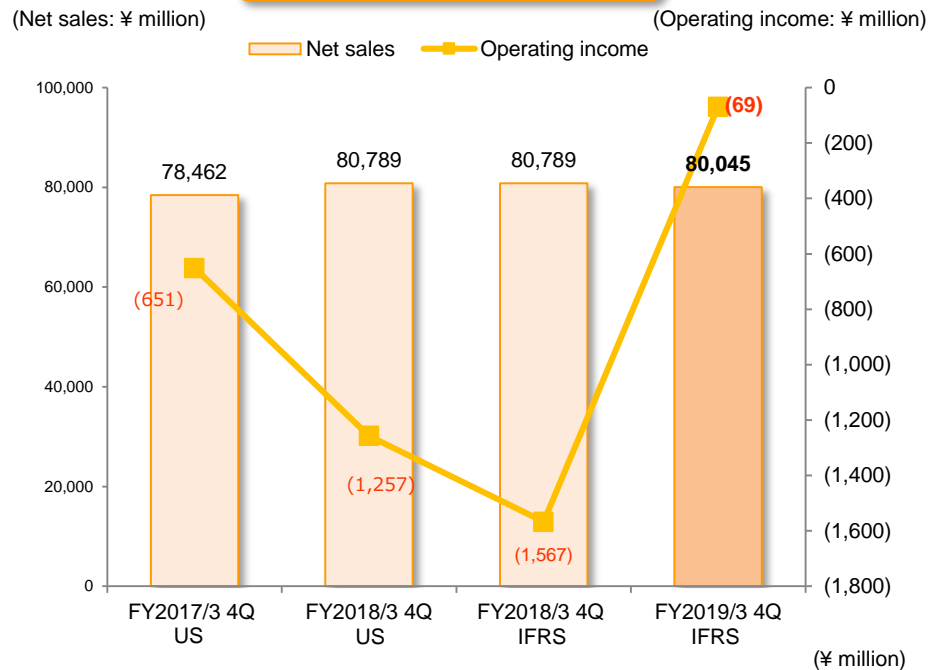


- Net sales by operating segment and net sales (by category) on page 24 of this presentation do not necessarily correspond (due to intersegment transactions).

- Net sales for each segment include intersegment sales.

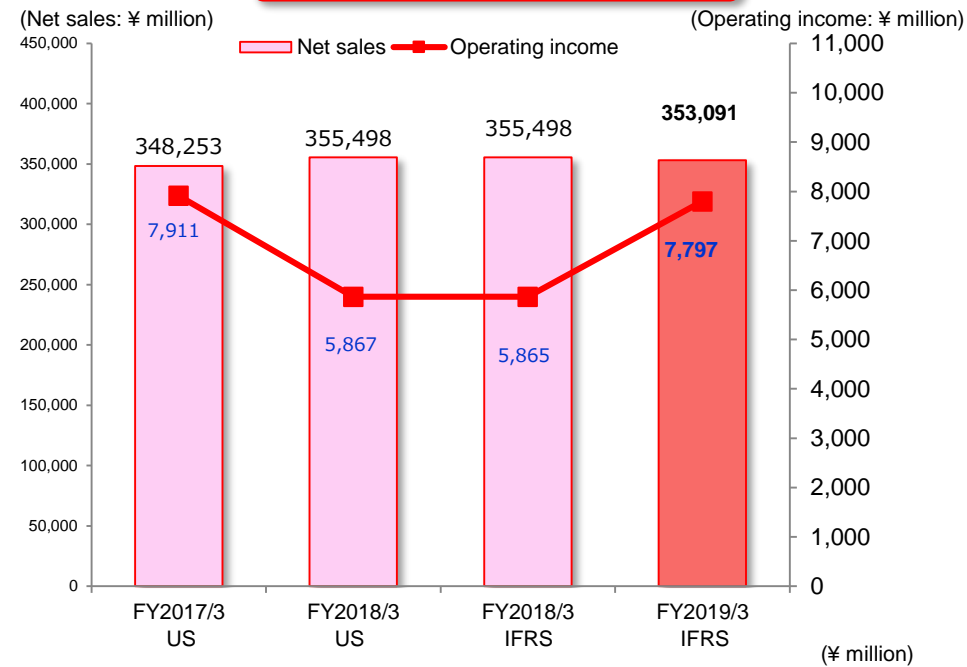
# 3. Segment Data: Processed Foods Business Division (1)

### 4Q Results (Jan.-Mar.)



	FY2018/3 4Q	FY2019/3 4Q	Variance	Variance (%)
Net sales	80,789	80,045	(744)	(0.9)
Operating income	(1,567)	(69)	1,498	-
Operating income ratio	(1.9%)	(0.1%)	-	-

### Full Year Results (Apr.-Mar.)



	FY2018/3	FY2019/3	Variance	Variance (%)
Net sales	355,498	353,091	(2,407)	(0.7)
Operating income	5,865	7,797	1,932	32.9
Operating income ratio	1.6%	2.2%	-	-

#### Net Sales in FY2019/3 Full Year

- Existing businesses (hams, sausages, and deli and processed foods)
    - Sales of consumer products were strong, exceeding the previous year due to the introduction of new products.
    - Sales of commercial-use products struggled due to the revision of product mix.
    - Sales of gift products struggled due to falling sales in the overall market and increased delivery costs, although sales of the core product *Utsukushi-no-Kuni* remained solid.
  - Developing businesses
    - Revenue increased due to acquisition of new customers in the vendor business and logistics business.
- For these reasons, revenue decreased from the previous year in the business division.

#### Operating Income in FY2019/3 Full Year

- Existing businesses (hams, sausages, and deli and processed foods)
    - Although logistics costs and fuel expenses increased, efforts to streamline manufacturing operations and sales growth of core brand products resulted in increased income.
  - Developing businesses
    - In addition to improving profit by introducing new products in the vendor business, streamlining use of sales promotion expenses in frozen foods business resulted in increased income.
- For these reasons, operating income increased from the previous year in the business division.

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

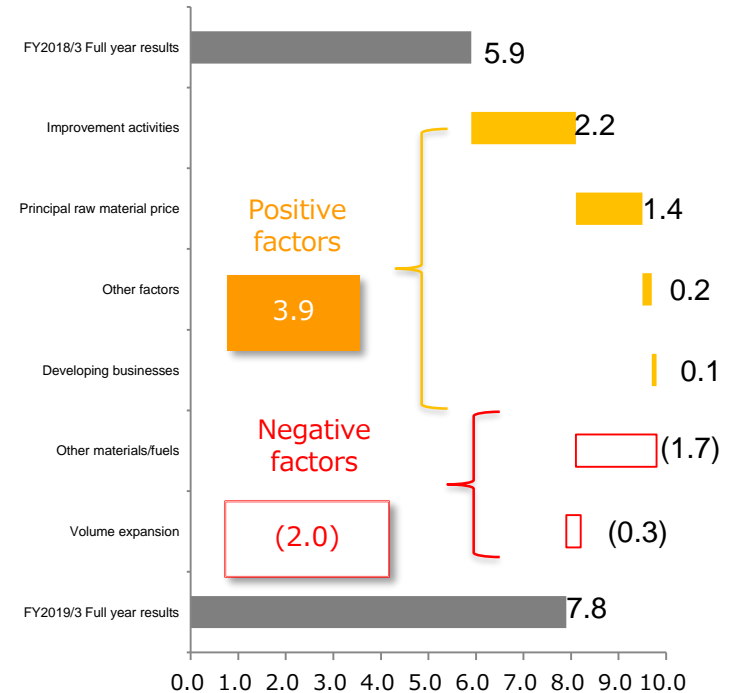
#### Factor Analysis: Changes in operating income

(¥ billion)

	FY2019/3				
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
<b>Existing businesses</b>	1.1	0.5	0.7	1.6	0.9
<i>External factors</i>	(0.5)	0.1	(0.3)	(0.3)	(0.0)
Principal raw material price	0.8	0.7	1.4	1.4	(0.0)
Other materials/fuels	(1.2)	(0.5)	(1.7)	(1.7)	(0.0)
<i>Internal factors</i>	1.5	0.4	1.0	1.9	0.9
Volume expansion	(0.2)	(0.0)	(0.3)	(0.3)	0.0
Improvement activities	1.8	0.4	1.3	2.2	0.9
<b>Developing businesses</b>	(0.0)	0.2	0.1	0.1	(0.0)
<b>Other factors</b>	(0.6)	0.8	0.1	0.2	0.1
<b>Total</b>	0.4	1.5	0.9	1.9	1.0

#### Factor Analysis Graph: Changes in results (full year)

(¥ billion)



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

#### ● Forecasts Variation Factor Analysis (Full Year)

- Improvement activities:** Improved gross profit according to forecast, driven by raising unit price through the introduction of new products and the growth of core brand products.  
 Reduced fixed costs through revision of operating days in manufacturing operations and reduced variable costs beyond the forecast by making more efficient use of sales promotion expenses.
- Developing businesses:** Performed according to the forecast, assisted by supplementing differences from the vendor business with the logistics business and frozen foods business.

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

#### ● Sales results by channel

##### 1) Consumer products

- In ham and sausages, wieners performed strongly driven by our core product *SCHAU ESSEN*, which we promoted as a microwavable food. Similarly, in hams and bacons, sales of NB products were strong, but PB products were sluggish among consumer products overall, and fell short of last year.
- Sales of deli products increased as we expanded the sales areas for them with the introduction of new products for *CHUKA MEISAI* and *Ishigama Kobo*. The baselines of our hamburg and meatball products were also raised by strong sales of PB products combined with growth of NB products.

##### 2) Commercial-use products

- Sales struggled because of revisions to product mix, with both ham and sausage products and deli products falling short of last year.

Reference: Full year year-on-year growth in sales by channel

		Volume	Amount
Hams and sausages	Consumer	100%	99%
	Commercial-use	92%	92%
	<b>Total</b>	<b>97%</b>	<b>97%</b>
Deli and processed foods	Consumer	103%	105%
	Commercial-use	95%	93%
	<b>Total</b>	<b>99%</b>	<b>99%</b>

#### ● Major brands sales results

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



*SCHAU ESSEN Hot Chili*: A new flavor introduced for the first time this year



*Ishigama Kobo* series performed well thanks to TV commercials

Hams and sausages	FY2019/3 results			Deli and processed foods	FY2019/3 results		
	1st half	2nd half	Full year		1st half	2nd half	Full year
Wieners	101%	101%	101%	Chilled bakery	105%	103%	104%
Loin hams	95%	97%	96%	Chilled dish	110%	104%	107%
Bacons	108%	97%	102%	Fried chicken	100%	96%	98%
Yakibutas	101%	94%	98%	Hamburg and meatball	105%	103%	104%
<b>Consumer products total</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>Consumer products total</b>	<b>107%</b>	<b>102%</b>	<b>105%</b>

#### ● Gift product sales results

In addition to the contracting gift market, rising delivery costs caused the sales amount to fall short of last year.



FY2019/3 Gift product unit sales

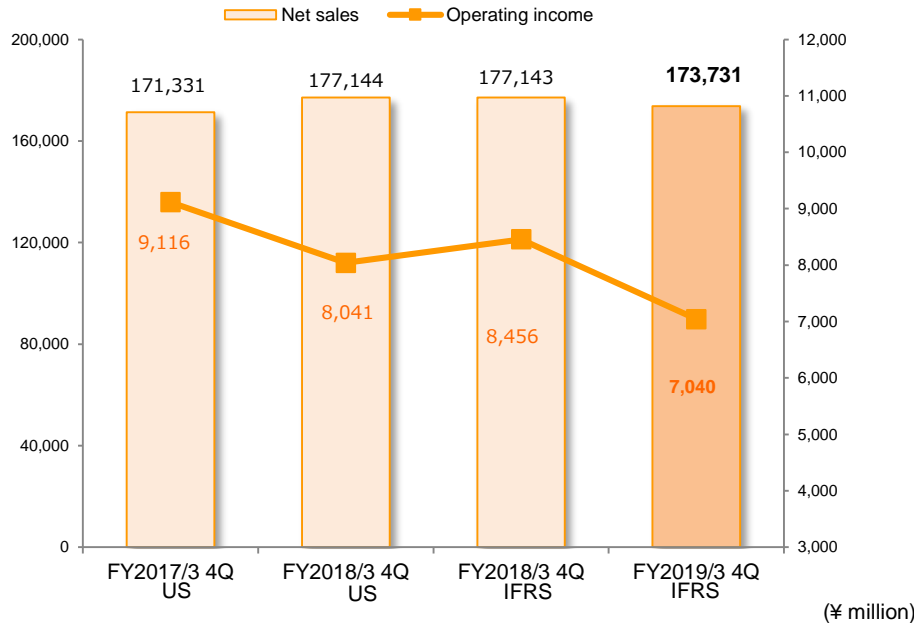
		FY2018/3 results	FY2019/3 results
		Variance	Variance
Summer gift-giving season (results)	Overall unit sales	98%	91%
	(Utsukushi-no-Kuni)	104%	90%
Year-end gift-giving season (results)	Overall unit sales	93%	88%
	(Utsukushi-no-Kuni)	100%	97%
Total (results)	Overall unit sales	95%	89%
	(Utsukushi-no-Kuni)	102%	95%
	(Utsukushi-no-Kuni sales ratio)	32%	34%



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

## 4Q Results (Jan.-Mar.)

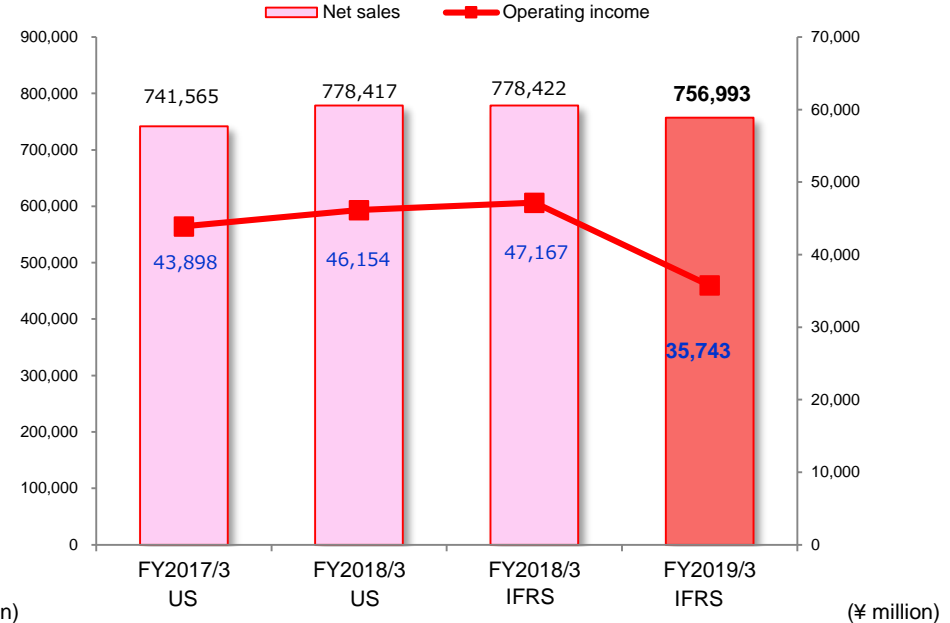
(Net sales: ¥ million) (Operating income: ¥ million)



	FY2018/3 4Q	FY2019/3 4Q	Variance	Variance (%)
Net sales	177,143	173,731	(3,412)	(1.9)
Operating income	8,456	7,040	(1,416)	(16.7)
Operating income ratio	4.8%	4.1%	-	-

## Full Year Results (Apr.-Mar.)

(Net sales: ¥ million) (Operating income: ¥ million)



	FY2018/3	FY2019/3	Variance	Variance (%)
Net sales	778,422	756,993	(21,429)	(2.8)
Operating income	47,167	35,743	(11,424)	(24.2)
Operating income ratio	6.1%	4.7%	-	-

### Net Sales in FY2019/3 Full Year

Despite efforts to expand sales of our branded fresh meats such as *Sakurahime* and *Mugikomachi*, revenue declined due to lower market prices of domestic chicken and pork, decreased sales volume of imported pork for processing ingredients, and the bearish price of imported chicken driven by increased domestic supply.

### Operating income in FY2019/3 Full Year

In the production operations, lower market prices of domestic chicken and pork as well as rising feed prices pushed down income. In the sales operations, operating income fell due to continued high prices of domestic beef and reduced sales price of pork skin. Operating income decreased in the business division overall due to depression of production operations and sales operations, as well as the impact of typhoons and earthquakes.

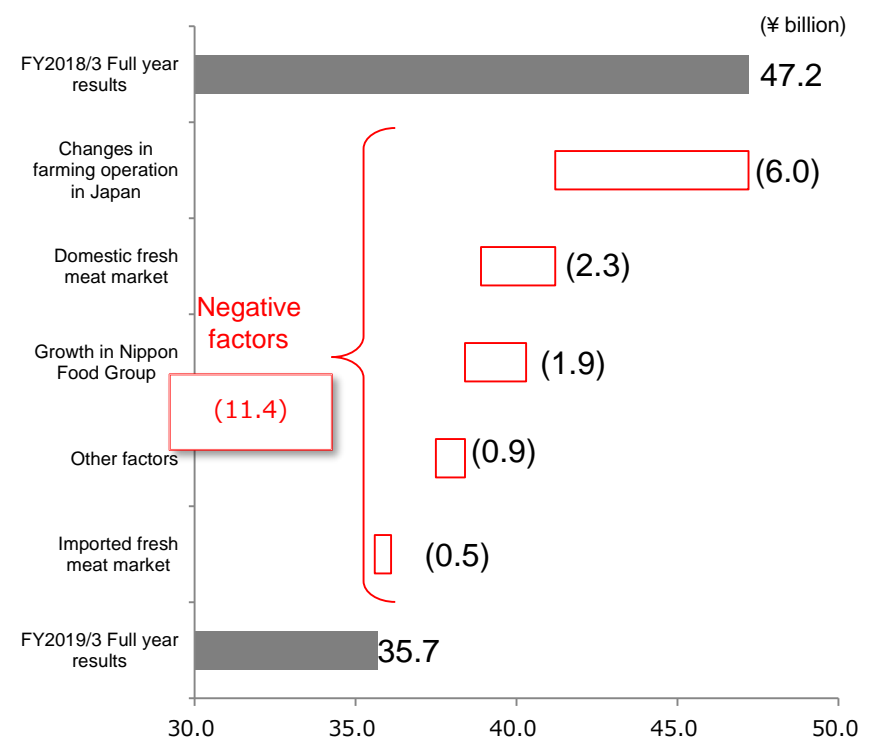
## 4. Segment Data: Fresh Meats Business Division (2)

### Factor Analysis: Changes in operating income

	FY2019/3				
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Imported fresh meat market	(1.3)	0.8	(0.8)	(0.5)	0.3
Domestic fresh meat market	(1.4)	(0.9)	(2.0)	(2.3)	(0.3)
Changes in farming operation in Japan	(4.9)	(1.1)	(6.7)	(6.0)	0.7
Growth in Nippon Food Group	(1.5)	(0.4)	(1.7)	(1.9)	(0.2)
Other factors	(1.0)	0.2	(1.0)	(0.9)	0.2
<b>Total</b>	<b>(10.0)</b>	<b>(1.4)</b>	<b>(12.2)</b>	<b>(11.4)</b>	<b>0.7</b>

\* 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)

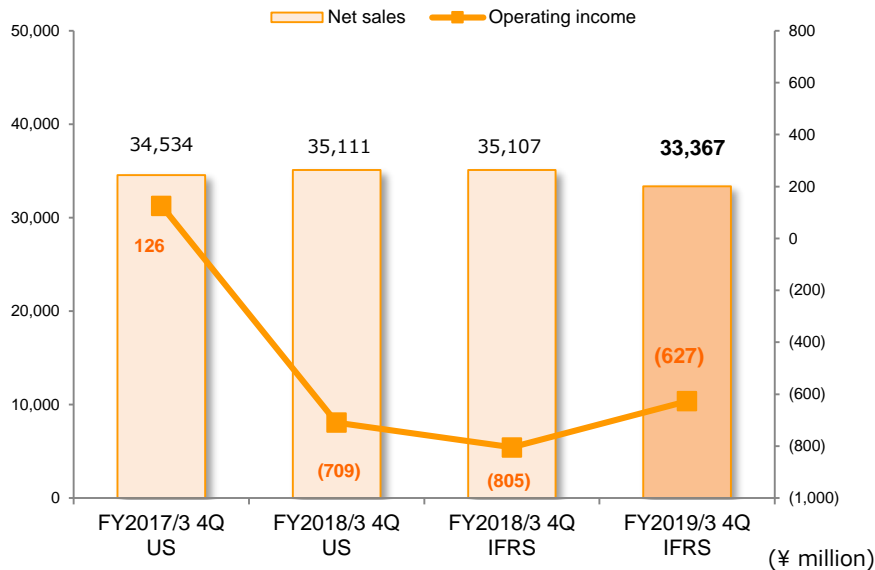
- Imported fresh meat market: Operating income exceeded expectations in 4Q due to decreased domestic stocks of chicken and rising market prices of chicken produced in Brazil due to rising offer price.
- Domestic fresh meat market: Operating income fell short of the forecast in 4Q due to decreased demand caused by concerns about higher market price of domestic pork associated with the spread of swine fever.
- Changes in farming operations in Japan: Operating income exceeded expectations due to higher-than-expected market prices for both pork and chicken.
- Growth in Nippon Food Group: The profit margin of domestic beef fell short of expectations in Nippon Food Group, causing growth to fall short of the forecast.

# 5. Segment Data: Affiliated Business Division

## 4Q Results (Jan.-Mar.)

(Net sales: ¥ million)

(Operating income: ¥ million)



	FY2018/3 4Q	FY2019/3 4Q	Variance	Variance (%)
Net sales	35,107	33,367	(1,740)	(5.0)
Operating income	(805)	(627)	178	-
Operating income ratio	(2.3%)	(1.9%)	-	-

### Net Sales in FY2019/3 Full Year

#### • Marine products business

Revenue decreased due to intensifying competition which resulted in struggling sales of core seafoods including salmon, trout, and shrimp.

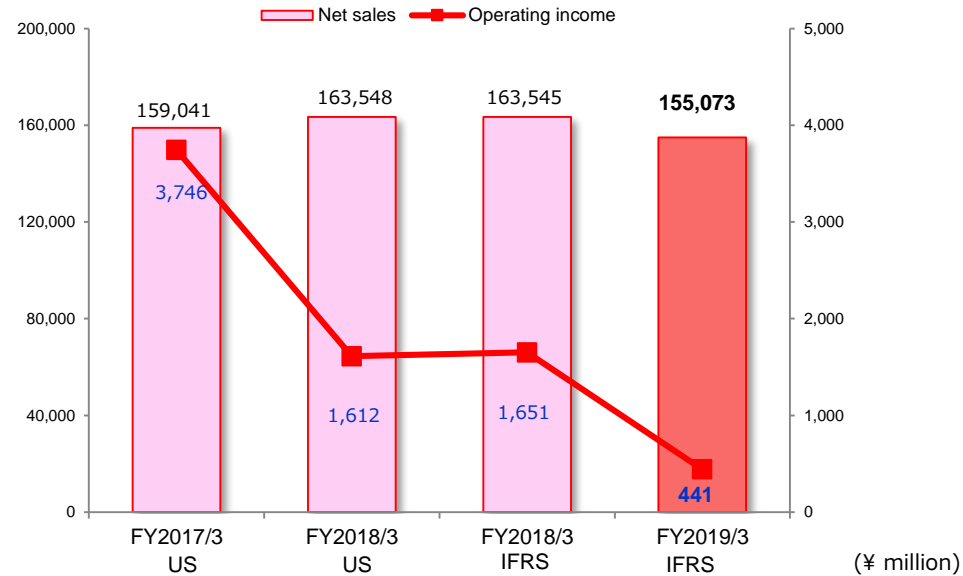
#### • Dairy products business

Sales of the core product *Vanilla Yogurt* performed strongly, but smoothies and other probiotic beverages floundered. Sales of baby cheese grew thanks to capital investment in consumer-use products, but commercial-use products for restaurants and bakeries struggled, resulting in lower net sales.

## Full Year Results (Apr.-Mar.)

(Net sales: ¥ million)

(Operating income: ¥ million)



	FY2018/3	FY2019/3	Variance	Variance (%)
Net sales	163,545	155,073	(8,472)	(5.2)
Operating income	1,651	441	(1,210)	(73.3)
Operating income ratio	1.0%	0.3%	-	-

### Operating income in FY2019/3 Full Year

#### • Marine products business

Operating income decreased due to the effect of decreased sales volume, despite improvement in income structure through reduction of unprofitable items and revision of prices of canned mackerel.

#### • Dairy products business

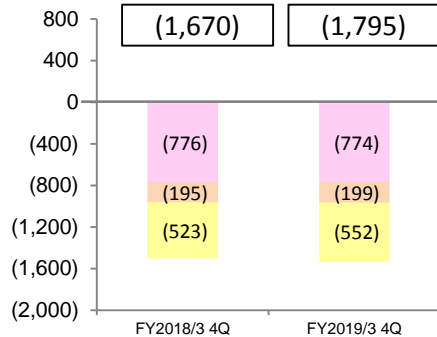
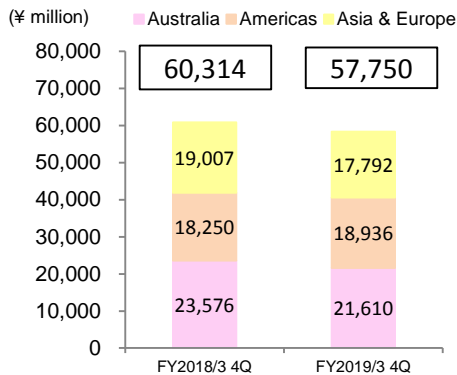
Operating income decreased due to rising prices of raw materials and increased expenses for the construction of a new yogurt plant.

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

## 4Q Results (Jan.-Mar.)

### [Net Sales]

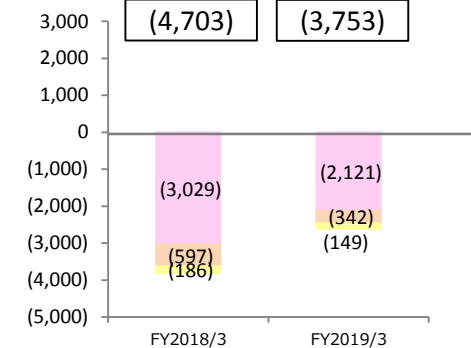
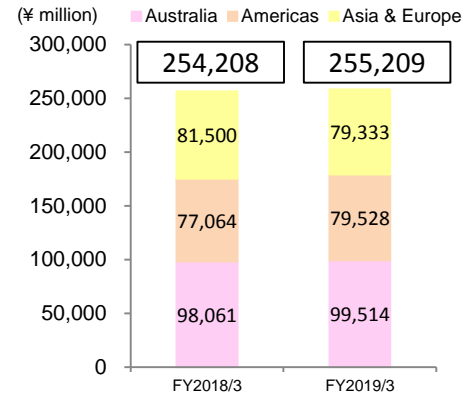
### [Operating Income]



## Full Year Results (Apr.-Mar.)

### [Net Sales]

### [Operating Income]



		FY2018/3 4Q	FY2019/3 4Q	Variance	Variance (%)
Overseas total	Net sales	60,314	57,750	(2,564)	(4.3)
	Operating income	(1,670)	(1,795)	(125)	-
Australia (including Uruguay)	Net sales	23,576	21,610	(1,966)	(8.3)
	Operating income	(776)	(774)	2	-
Americas	Net sales	18,250	18,936	686	3.8
	Operating income	(195)	(199)	(4)	-
Asia & Europe	Net sales	19,007	17,792	(1,215)	(6.4)
	Operating income	(523)	(552)	(29)	-

		FY2018/3	FY2019/3	Variance	Variance (%)
Overseas total	Net sales	254,208	255,209	1,001	0.4
	Operating income	(4,703)	(3,753)	950	-
Australia (including Uruguay)	Net sales	98,061	99,514	1,453	1.5
	Operating income	(3,029)	(2,121)	908	-
Americas	Net sales	77,064	79,528	2,464	3.2
	Operating income	(597)	(342)	255	-
Asia & Europe	Net sales	81,500	79,333	(2,167)	(2.7)
	Operating income	(186)	(149)	37	-

\* 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 FY2019/3 Full Year

- Australia operations (including Uruguay)

Revenue increased due to beef exports to Japan and Asia performing strongly.

- Americas operations

Revenue increased due to fresh meat exports to Japan and sales in Americas performing strongly.

- Asia & Europe operations

Revenue decreased due to decreased sales from Thailand to Japan, despite the growth in sales in Turkey and China.

### Operating Income in FY2019/3 Full Year

- Australia operations (including Uruguay)

Uruguay struggled because of the deteriorating sales environment due to weak currencies of competitor countries, but reduced production costs and steady livestock procurement in Australia resulted in a significantly higher income.

- Americas operations

Income improved thanks to strong performance by fresh meat exports business, despite struggling processed foods business.

- Asia & Europe operations

Ege-Tav in Turkey struggled due to high production costs. However, we achieved higher income in the UK thanks to stable fresh meats procurement costs. As a result, operations in Asia & Europe enjoyed higher income overall.

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

### Factor Analysis: Changes in operating income

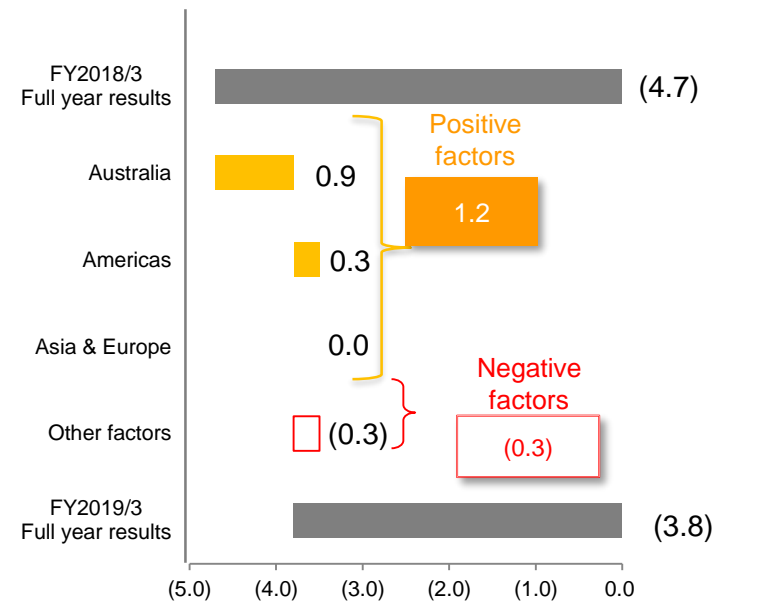
(¥ billion)

	FY2019/3					Variance
	1Q-3Q results	4Q results	Full year forecasts	Full year results		
Australia (including Uruguay)	0.9	0.0	1.4	0.9	(0.5)	
Americas	0.3	0.0	0.3	0.3	(0.1)	
Asia & Europe	0.1	(0.0)	(0.4)	0.0	0.4	
Other factors	(0.2)	(0.1)	(0.2)	(0.3)	(0.0)	
<b>Total</b>	<b>1.1</b>	<b>(0.1)</b>	<b>1.1</b>	<b>0.9</b>	<b>(0.2)</b>	

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

### Factor Analysis Graph: Changes in results (full year)

(¥ billion)



### ● Forecasts Variation Factor Analysis

**Australia operations:** Australia performed mostly as forecast, but Uruguay fell short of the forecast as it struggled because of high livestock procurement costs and the deteriorating sales environment due to weak currencies of competitor countries.

**Americas operations:** North and Central America performed as forecast, but operating income fell short of the forecast because of inadequate fishing catches in the South American marine products business.

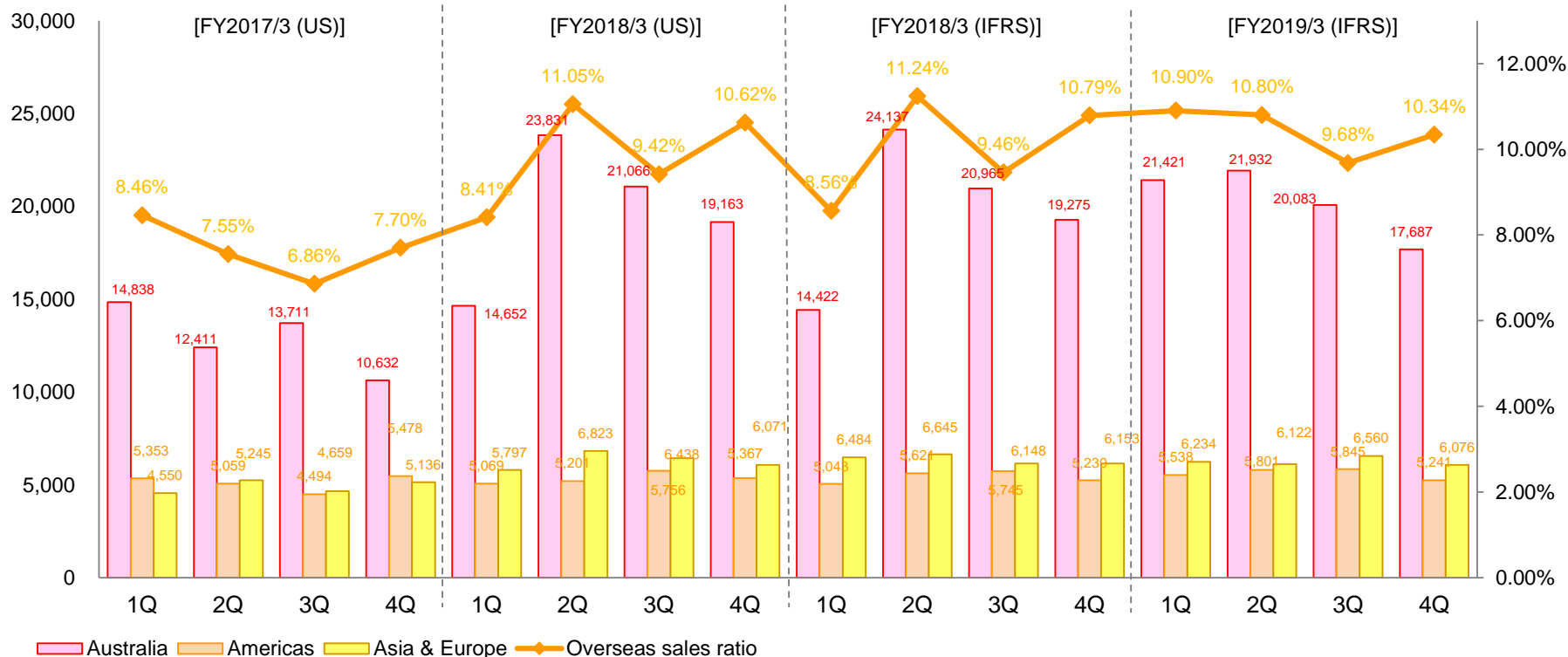
**Asia & Europe operations:** ASEAN fell short of the forecast due to decreased sales from Thailand to Japan, but growth of sales in Turkey resulted in income exceeding the forecast.

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

(¥ million)

	FY2017/3 (US)	FY2018/3 (US)	FY2018/3 (IFRS)					FY2019/3 (IFRS)				
	Full year	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Australia	51,592	78,712	14,422	24,137	20,965	19,275	78,799	21,421	21,932	20,083	17,687	81,123
Americas	20,384	21,393	5,043	5,621	5,745	5,239	21,648	5,538	5,801	5,845	5,241	22,425
Asia & Europe	19,590	25,129	6,484	6,645	6,148	6,153	25,430	6,234	6,122	6,560	6,076	24,992
Overseas total	91,566	125,234	25,949	36,403	32,857	30,668	125,877	33,192	33,857	32,487	29,004	128,540
Overseas sales ratio	7.62%	9.87%	8.56%	11.24%	9.46%	10.79%	10.00%	10.90%	10.80%	9.68%	10.34%	10.42%

\*Net sales figures represent net sales to external customers.



## **II. Outlook for FY2020/3**

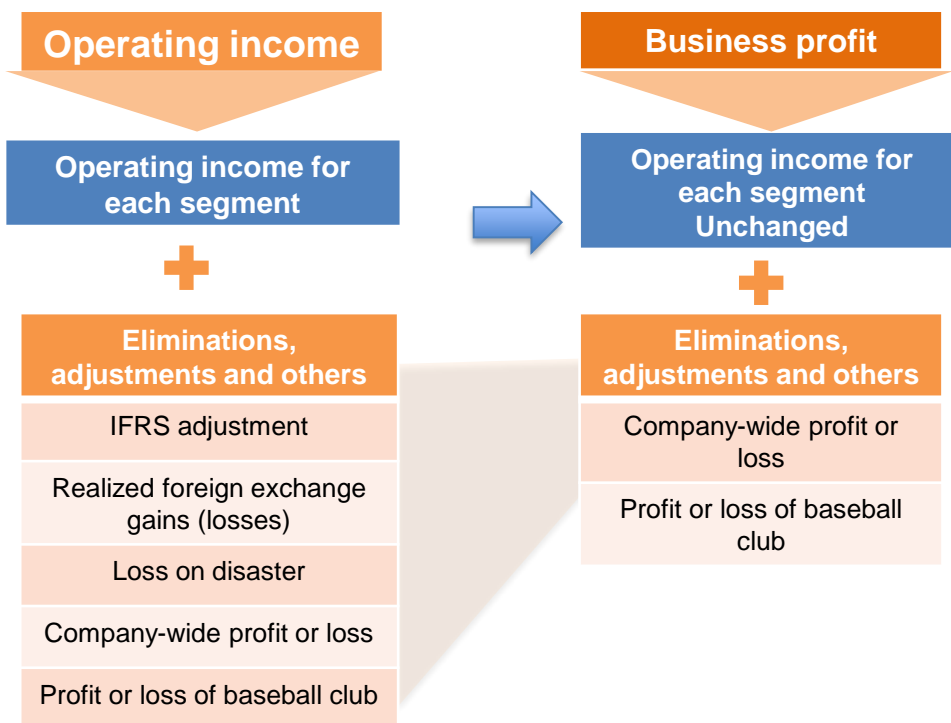
- 1. Business Profit and its Definition**
- 2. FY2020/3 Business Profit Forecasts**
- 3. Processed Foods Business Division: Outlook**
- 4. Fresh Meats Business Division: Outlook**
- 5. Affiliated Business Division: Outlook**
- 6. Overseas Business Division: Outlook**

# 1. Business Profit and its Definition

## ➤ Changing our indicator from operating income to business profit

Application timing: Starting with the FY2020/3 forecast

Reason for application: To state income acquired through business activities more clearly



(¥ billion)

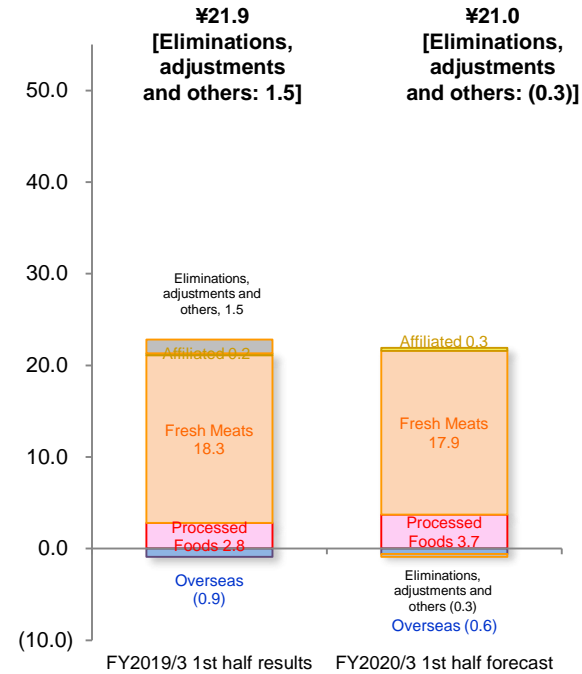
	FY2019/3 Operating income	FY2019/3 Business profit	Variance
Processed Foods Business Division	7.8	7.8	0.0
Fresh Meats Business Division	35.7	35.7	0.0
Affiliated Business Division	0.4	0.4	0.0
Overseas Business Division	(3.8)	(3.8)	0.0
Eliminations, adjustments and others	(8.0)	(1.9)	6.1
of which IFRS adjustment	(2.0)	0.0	2.0
of which realized foreign exchange gains (losses)	(3.1)	0.0	3.1
of which loss on disaster	(1.0)	0.0	1.0
of which company-wide profit or loss	(0.2)	(0.2)	0.0
of which profit or loss of baseball club	(1.7)	(1.7)	0.0
<b>Total</b>	<b>32.3</b>	<b>38.3</b>	<b>6.0</b>

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

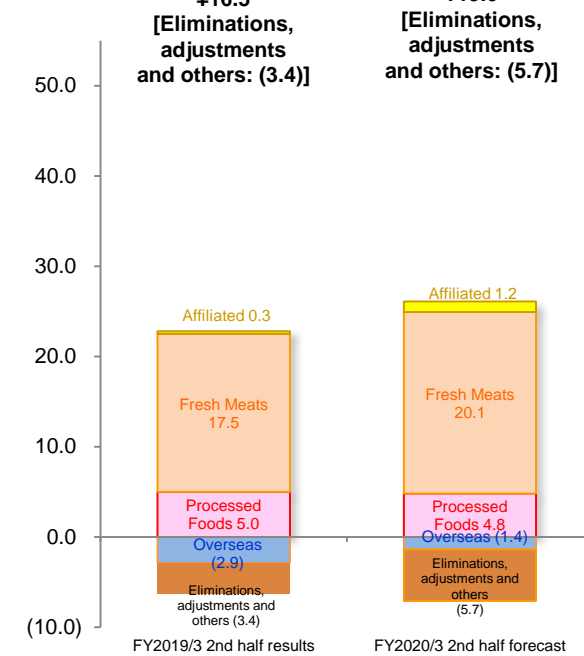


## 2. FY2020/3 Business Profit Forecasts

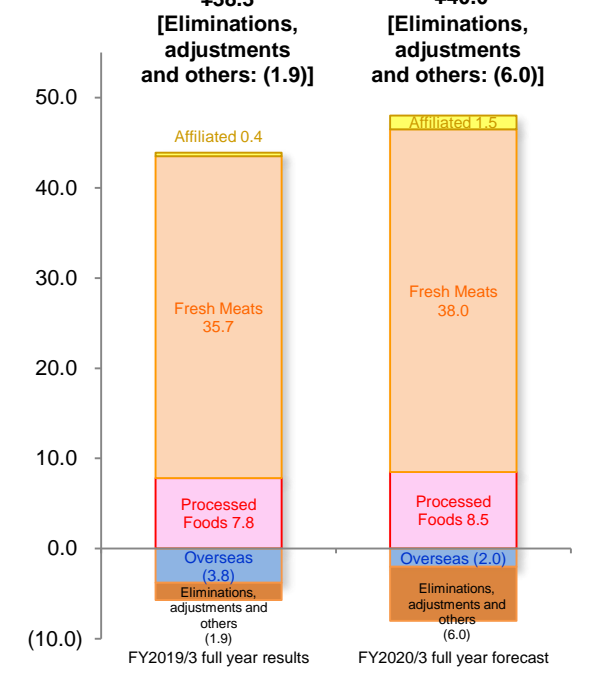
(¥ billion)



(¥ billion)



(¥ billion)



(¥ billion)

	FY2020/3 1Q			FY2020/3 1st half			FY2020/3 2nd half			FY2020/3 full year		
	FY2019/3 1Q results	Forecasts	Variance	FY2019/3 1st half	Forecasts	Variance	FY2019/3 2nd half results	Forecasts	Variance	FY2019/3 results	Forecasts	Variance
Processed Foods Business Division	1.3	1.9	0.6	2.8	3.7	0.9	5.0	4.8	(0.2)	7.8	8.5	0.7
Fresh Meats Business Division	9.8	9.0	(0.8)	18.3	17.9	(0.4)	17.5	20.1	2.6	35.7	38.0	2.3
Affiliated Business Division	0.0	0.0	(0.0)	0.2	0.3	0.1	0.3	1.2	1.0	0.4	1.5	1.1
Overseas Business Division	(0.1)	(0.4)	(0.3)	(0.9)	(0.6)	0.3	(2.9)	(1.4)	1.5	(3.8)	(2.0)	1.8
of which structural reform expenses	0.0	(0.4)	(0.4)	0.0	(0.8)	(0.8)	0.0	(0.8)	(0.8)	0.0	(1.6)	(1.6)
Eliminations, adjustments and others	0.9	0.3	(0.6)	1.5	(0.3)	(1.8)	(3.4)	(5.7)	(2.3)	(1.9)	(6.0)	(4.1)
of which value creation expenses	0.0	(0.2)	(0.2)	(0.0)	(1.0)	(1.0)	(0.0)	(1.0)	(1.0)	(0.0)	(2.0)	(2.0)
of which profit/loss of baseball club (consolidated)	1.3	0.9	(0.4)	1.7	1.5	(0.2)	(3.4)	(4.1)	(0.7)	(1.7)	(2.6)	(0.9)
of which others	(0.4)	(0.4)	0.0	(0.2)	(0.8)	(0.6)	0.0	(0.6)	(0.6)	(0.2)	(1.4)	(1.2)
<b>Total</b>	<b>12.0</b>	<b>10.8</b>	<b>(1.2)</b>	<b>21.9</b>	<b>21.0</b>	<b>(0.9)</b>	<b>16.5</b>	<b>19.0</b>	<b>2.6</b>	<b>38.3</b>	<b>40.0</b>	<b>1.7</b>

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

### Factor Analysis: Changes in business profit forecasts

#### ○ Processed Foods Business Division (¥ billion)

Processed Foods Business Division	Factors for changes in business profit		
	1st half forecasts	2nd half forecasts	Full year forecasts
<b>Total existing businesses</b>	0.8	(0.2)	0.7
External factors	(0.4)	(0.7)	(1.1)
Principal raw material price	0.5	(0.4)	0.1
Other materials/fuels	(0.9)	(0.3)	(1.2)
Internal factors	1.3	0.5	1.8
Volume expansion	0.1	0.1	0.2
Improvement activities	1.1	0.4	1.5
<b>Vendor, logistics, frozen foods businesses</b>	0.2	0.2	0.4
<b>Others</b>	(0.2)	(0.2)	(0.3)
<b>Total</b>	0.9	(0.2)	0.8

#### ○ Fresh Meats Business Division (¥ billion)

Fresh Meats Business Division	Factors for changes in business profit		
	1st half forecasts	2nd half forecasts	Full year forecasts
Imported fresh meat market	(0.1)	1.7	1.6
Domestic fresh meat market	0.9	0.5	1.4
Changes in farming operation in Japan	(1.7)	0.0	(1.7)
Growth in Nippon Food Group	0.4	0.3	0.7
Other factors	0.2	0.0	0.2
<b>Total</b>	(0.4)	2.6	2.3

#### ○ Overseas Business Division (¥ billion)

Overseas Business Division	Factors for changes in business profit		
	1st half forecasts	2nd half forecasts	Full year forecasts
Australia (including Uruguay)	0.1	1.1	1.2
Americas	0.2	0.6	0.8
Asia & Europe	0.4	0.2	0.6
Other factors	(0.3)	(0.4)	(0.8)
<b>Total</b>	0.3	1.5	1.8

#### Business profit forecasts (¥ billion)

Overseas Business Division	Business profit								
	1st half			2nd half			Full year		
	FY2019/3 results	FY2020/3 forecasts	Variance	FY2019/3 results	FY2020/3 forecasts	Variance	FY2019/3 results	FY2020/3 forecasts	Variance
Australia (including Uruguay)	(0.5)	(0.4)	0.1	(1.7)	(0.5)	1.2	(2.1)	(0.9)	1.2
Americas	(0.0)	0.1	0.2	(0.3)	0.3	0.6	(0.3)	0.4	0.8
Asia & Europe	0.2	0.6	0.4	(0.4)	(0.2)	0.2	(0.2)	0.4	0.5
Other factors	(0.6)	(0.9)	(0.3)	(0.6)	(1.0)	(0.4)	(1.1)	(1.9)	(0.8)
<b>Total</b>	(0.9)	(0.6)	0.3	(2.9)	(1.4)	1.5	(3.8)	(2.0)	1.8

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

### 3. Processed Foods Business Division: Outlook

#### ● Sales promotion measures by channel

- 1) Consumer products
  - For existing brand products, expand sales by enhancing online sales promotions and in-store sales promotions.
  - Expand sales and improve revenue and income by introducing new categories and new brand products.
  - Achieve new sales by expanding new sales routes.
- 2) Commercial-use products
  - Expand sales in core categories through sales activities with awareness of line operation by strengthening collaboration between manufacturing and sales.
  - Achieve new sales by developing new menus and new customers.

Reference: Net sales forecasts by channel (year-on-year comparison)

Hams and sausages	Consumer	101%
	Commercial-use	100%
	<b>Total</b>	<b>101%</b>
Deli and processed foods	Consumer	102%
	Commercial-use	100%
	<b>Total</b>	<b>102%</b>

#### ● Sales promotion measures for major consumer products

- 1) For ham and sausages, strengthen our wiener products focused on our core product *SCHAU ESSEN*, revise our sales promotions, and introduce new products all in order to secure a new fan base.
- 2) For deli products, expand sales routes of core products focused on our core brands *CHUKA MEISAI* and *Ishigama Kobo*, and strengthen sales for new markets and new sales areas with microwavable products and shelf-stable products.

Reference: Net sales forecasts of major consumer products (year-on-year comparison)

Hams and sausages	FY2020/3 full year forecasts	Deli and processed foods	FY2020/3 full year forecasts
Wieners	103%	Chilled bakery	102%
Loin hams	109%	Chilled dish	102%
Bacon	103%	Fried chicken	101%
Yakibutas	103%	Hamburg and meatball	104%
<b>Total consumer products</b>	<b>101%</b>	<b>Total consumer products</b>	<b>102%</b>

#### ● Sales promotion measures for gift products

- 1) Existing measures
  - Strengthen *Utsukushi-no-Kuni* gift items.
  - Renew the *Honkakuha* gift lineup.
  - Expand factory setup gift items.
- 2) New measures
  - Introduce new gifts supervised by chefs from famous Japanese restaurants and expand the side dish gift lineup.
  - Expand items as an attempt to break into new temperature ranges.

Reference: Net sales results and forecasts of gift products (year-on-year comparison)

		FY2019/3 results	FY2020/3 forecasts
		Variance	Variance
Summer gift-giving season	Overall unit sales	91%	100%
	( <i>Utsukushi-no-Kuni</i> )	90%	105%
Year-end gift-giving season	Overall unit sales	88%	100%
	( <i>Utsukushi-no-Kuni</i> )	97%	105%
Total	Overall unit sales	89%	100%
	( <i>Utsukushi-no-Kuni</i> )	95%	105%
	(Sales ratio of <i>Utsukushi-no-Kuni</i> )	34%	-

## 4. Fresh Meats Business Division: Outlook

### ● Domestic production business

- Feed prices are forecast to trend similarly to the previous year as grain production is expected to increase in North America.
- Pork and chicken market prices are expected to be similar to the previous year, but there is a chance of price hike of imported pork and chicken making some impact, so the future is uncertain.
- Aim for stable production of pork by working to improve performance, such as reducing the rate of accidents with disease control measures.
- In production of chicken, we will promote support for future increases in the number of chickens, as the number of chickens are rising nationwide.

### ● Domestic fresh meat market

- The supply shortage of beef has continued, and prices are expected to remain high in the future.
- Pork requires more attention, as market prices are rising because of concerns about the spreading cholera among Japanese domestically raised hogs and the rising imported pork prices.
- Although various companies are producing more chicken and supplies are expected to be stable, attention must be given to the rising market price of imported chicken.

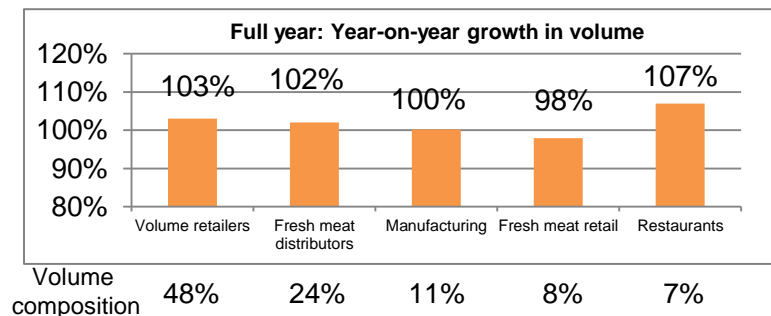
### ● Imported fresh meat market

- Demand for beef in Asian countries is strong, so prices are forecast to remain high.
- There are concerns that pork prices will rise in China due to the African swine cholera situation and progress in the trade friction between the US and China.
- Market prices of chicken are forecast to be strong due to increasing inquiries from China and decreased market inventory.

### ● Fresh meat sales (food companies)

- Work to expand share of domestic sales by further focusing on developing and raising brands, and developing convenient products and overseas processed foods that meet customer needs.
- Raise the standard for sales volume by continuing to work on developing volume retailer channels, which are a major customer for our products, and making more transactions with restaurants and processed food manufacturers.

FY2019/3 Full Year Sales Results:  
Overall volume growth of 103%



## 5. Affiliated Business Division: Outlook

### ● Measures for marine products business

- Establish a proprietary raw materials procurement network for salmon and tuna both in Japan and abroad in order to enhance procurement capability.
- Develop high value added products using new manufacturing technology and equipment in order to improve earning capability.
- Start raising shrimp in Thailand and build sushi fish processing plants in Vietnam in order to improve overseas procurement capability.
- Expand our share of canned products by increasing the production capacity of in-house plants and further improving quality.



*Saba Mizuni*  
 (Water boiled mackerel)  
 made with mackerel  
 caught in Japan

### ● Measures for dairy products business

#### (Cheese)

- Enhance procurement capability by expanding the raw materials procurement network in Europe and North America.
- Expand commercial-use products by improving technologies and developing products with new added features.
- Expand the range of consumer-use products for at-home consumption demand and the growing wine market.

#### (Yogurt)

- Increase income by quickly stabilizing operations of our new Takasaki Factory, which realizes in-house production of containers, and features automated, unmanned production lines.
- Increase sales by enhancing product development and proposals for volume retailers and convenience stores.
- Attempt to develop new market creation products in Japan.



*Vanilla Yogurt containers*  
 are now produced in-  
 house

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

- Marine products will remain at high prices due to increased demand worldwide.
- Raw material prices for cheese will remain high due to increased demand worldwide. Skim milk powder will remain flat as the price has topped out.

## 6. Overseas Business Division: Outlook

### ● Australia

- Fattening: Improve cost competitiveness as grain prices settle and productivity rises.
- Processing: Improve revenue and income with management using KPI.
- Sales: Exports are forecast to remain strong due to the impact of African swine cholera.

### ● Uruguay

- Although the external environment is expected to remain harsh, the deficit is expected to decrease as we improve internally by pushing forward projects and enhancing collaboration with sales channels.

### ● Americas

- Fresh meats exports are expected to struggle due to skyrocketing pork prices in the United States.
- Processed food products are expected to improve due to cost cutting in manufacturing and sales.

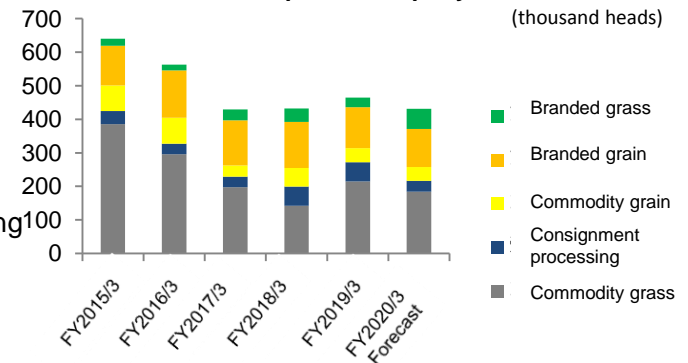
### ● Asia & Europe

- While manufacturing costs are expected to rise in Turkey due to lira remaining weak, sales are expected to continue performing strongly.
- In Thailand, stabilize procurement of raw materials through stronger collaboration with Panus, reduce costs in manufacturing, and enhance sales of products to Japan.

Reference: FY2019/3 full year Australia operations sales results

Major countries for sales	Volume (ratio breakdown)	Volume (variance year on year)
Japan	25%	96%
United States	11%	101%
South Korea	11%	115%
China	11%	121%
Taiwan	3%	99%
Australia	25%	114%
Others	13%	99%
<b>Total</b>	<b>100%</b>	<b>106%</b>

#### Number of cattle processed per year in Australia



## **III. Consolidated Financial Results for FY2019/3**

- 1. FY2019/3 Business Results at a Glance and FY2020/3 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. FY2019/3 Business Results at a Glance and FY2020/3 Forecasts

(¥ million, %)

	FY2019/3 results (IFRS)					
	1st half	Variance	2nd half	Variance	Full year	Variance
Net sales	618,000	(1.4)	616,180	(2.4)	1,234,180	(1.9)
Hams and sausages	62,653	(2.0)	65,703	(4.0)	128,356	(3.1)
Processed foods	115,107	1.8	118,548	(1.2)	233,655	0.2
Fresh meats	353,222	(1.9)	350,335	(1.6)	703,557	(1.8)
Beef	150,455	2.4	147,128	0.6	297,583	1.5
Pork	111,937	(1.2)	109,220	(4.1)	221,157	(2.7)
Chicken	77,259	(10.9)	83,562	(2.5)	160,821	(6.8)
Other fresh meats	13,571	2.7	10,425	2.7	23,996	2.7
Marine products	42,116	(6.8)	46,022	(5.3)	88,138	(6.0)
Dairy products	17,058	(0.3)	16,212	(5.1)	33,270	(2.7)
Others	27,844	1.2	19,360	(8.3)	47,204	(2.9)
Cost of goods sold	514,481	(0.5)	519,096	(2.1)	1,033,577	(1.3)
Gross profit	103,519	(5.7)	97,084	(4.0)	200,603	(4.9)
Gross profit ratio	16.8%	-	15.8%	-	16.3%	-
SG&A expenses	82,097	2.6	86,241	1.3	168,338	1.9
Operating income	21,422	(28.1)	10,843	(32.3)	32,265	(29.6)
Business profit	-	-	-	-	-	-
Other income and expenses	2,717	89.2	(3,499)	-	(782)	-
Finance income and costs	(1,611)	-	(523)	-	(2,134)	-
Equity in earnings (losses) of associated companies	645	18.6	273	(48.0)	918	(14.1)
Income before income taxes	23,173	(24.6)	7,094	(67.9)	30,267	(42.7)
Income tax expense	7,051	(27.5)	4,199	(21.4)	11,250	(25.4)
Tax rate	30.4%	-	59.2%	-	37.2%	-
Profit attributable to owners of parent	16,371	(20.6)	3,190	(81.2)	19,561	(47.9)

FY2020/3 forecasts (IFRS)								
1st half	Variance	Volume growth rate	2nd half	Variance	Volume growth rate	Full year	Variance	Volume growth rate
640,000	3.6		640,000	3.9		1,280,000	3.7	
62,800	0.2	0.3	66,300	0.9	0.4	129,100	0.6	0.4
118,000	2.5	1.0	121,700	2.7	1.7	239,700	2.6	1.4
371,500	5.2	3.4	369,400	5.4	2.5	740,900	5.3	3.0
148,900	(1.0)	(5.9)	147,200	0.0	(1.6)	296,100	(0.5)	(3.8)
119,800	7.0	3.7	120,000	9.9	4.7	239,800	8.4	4.2
88,800	14.9	9.7	91,400	9.4	3.3	180,200	12.1	6.4
14,000	3.2	5.5	10,800	3.6	4.3	24,800	3.4	5.0
42,300	0.4	0.2	47,400	3.0	1.4	89,700	1.8	0.8
19,000	11.4	8.8	18,600	14.7	12.0	37,600	13.0	10.3
26,400	(5.2)		16,600	(14.3)		43,000	(8.9)	
21,000	-		19,000	-		40,000	-	
(8,400)	-		(2,800)	-		(11,200)	-	
(400)	-		(1,400)	-		(1,800)	-	
800	24.0		200	(26.7)		1,000	8.9	
14,000	(39.6)		12,000	69.2		26,000	(14.1)	
4,200	(40.4)		3,600	(14.3)		7,800	(30.7)	
30.0%	-		30.0%	-		30.0%	-	
10,000	-		8,500	-		18,500	-	

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

**★ Other income and expenses for FY2020/3 expects an allowance for special retirement of ¥8.0 billion, which assumes the maximum number of retirees.**



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

(¥ million, %)

	SG&A expenses	FY2018/3	FY2019/3		
		Full year results	Full year results	Variance (%)	Variance
★(1)	Selling, general and administrative expenses	165,155	168,338	1.9	3,183
	Personnel	71,605	72,603	1.4	998
	Advertising	8,442	7,964	(5.7)	(478)
★(2)	Logistics	38,546	40,528	5.1	1,982
	Others	46,562	47,243	1.5	681

Major reasons for increase/decrease

★(1) SG&A expenses: SG&A expenses increased by approximately ¥3.2 billion, and the ratio of SG&A expenses increased by 0.5 points from 13.1% to 13.6%.

★(2) Logistics: Higher delivery costs and other factors caused logistics expenses to rise by approximately ¥2.0 billion.

(¥ million)

	FY2018/3	FY2019/3		
	Full year results	Full year results	Variance	
★(1)	Other income and expenses/finance income and costs	3,626	(2,916)	(6,542)
	Fixed assets	448	(6,106)	(6,554)
	Foreign exchange gains (losses)	1,656	2,923	1,267
	Interest expense	(1,176)	(1,300)	(124)
	Others	2,698	1,567	(1,131)

Transfer fee for a professional baseball player	2,273	-	(2,273)
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Major reasons for increase/decrease

★(1) Other income and expenses/finance income and costs: BPU in Uruguay recorded impairment loss on goodwill of ¥3.8 billion.

### 3. Balance Sheets / Capital Expenditures / Depreciation and Amortization

(¥ million, %)

Consolidated balance sheets		FY2018/3 Year-end	FY2019/3 Year-end	Variance (%)	Variance
★(1)	Total assets	734,528	741,388	0.9	6,860
	Cash and cash equivalents	58,290	48,108	(17.5)	(10,182)
	Trade and other receivables	154,781	153,260	(1.0)	(1,521)
★(2)	Inventories	105,422	113,415	7.6	7,993
	Property, plant and equipment	269,143	289,898	7.7	20,755
	Other financial assets - non-current	40,638	34,125	(16.0)	(6,513)
	Deferred tax assets	24,772	28,004	13.0	3,232
	Total liabilities	311,640	336,030	7.8	24,390
	Trade and other payables	113,984	111,573	(2.1)	(2,411)
★(3)	Interest-bearing debt	111,401	147,009	32.0	35,608
★(4)	Total equity attributable to owners of parent	417,982	401,014	(4.1)	(16,968)
	Non-controlling intertests	4,906	4,344	(11.5)	(562)
	Total equity	422,888	405,358	(4.1)	(17,530)

**Major reasons for increase/decrease**

- ★(1) **Total assets:** Increased by approximately ¥6.9 billion mainly due to increased property, plant and equipment through increase in capital expenditures.
- ★(2) **Inventories:** Increased by approximately ¥8.0 billion mainly due to an increase in fresh meats inventory.
- ★(3) **Interest-bearing debt:** Increased by approximately ¥35.6 billion mainly due to issuing bonds.
- ★(4) **Total equity attributable to owners of parent:** Increased by approximately ¥17.0 billion mainly due to acquisition and cancellation of treasury stocks.

(¥ million, %)

Capital expenditures, depreciation and amortization	FY2018/3	FY2019/3				FY2020/3
	Full year results	Full year forecasts	Full year results	Variance (%)	Variance	Full year forecasts
Capital expenditures	41,201	52,000	47,820	16.1	6,619	76,700
Processed Foods Business Division	13,789	10,200	11,981	(13.1)	(1,808)	23,000
Fresh Meats Business Division	14,738	22,200	19,776	34.2	5,038	30,200
Affiliated Business Division	6,439	11,000	9,107	41.4	2,668	4,200
Overseas Business Division	4,812	6,600	4,903	1.9	91	8,200
Other facilities	1,423	2,000	2,053	44.3	630	11,100
Depreciation and amortization	20,714	22,500	22,417	8.2	1,703	28,300

## 4. Cash Flows

(¥ million)

Consolidated statements of cash flows	FY2018/3	FY2019/3		FY2020/3
	Full year results	Full year results	Variance	Full year forecasts
★(1) Cash flow from operating activities	53,284	30,844	(22,440)	59,100
★(2) Cash flow from investing activities	(48,194)	(45,110)	3,084	(63,200)
★(3) Cash flow from financing activities	(27,110)	2,932	30,042	6,600

### Major reasons for increase/decrease

- ★(1) Cash flow from operating activities: **Net cash inflow of ¥30.8 billion due to profit before tax of ¥30.3 billion and depreciation and amortization of ¥22.9 billion, despite payment of income tax of ¥15.9 billion.**
- ★(2) Cash flow from investing activities: **Although there was a cash inflow from decrease in time deposits of ¥2.8 billion, acquisition of fixed assets of ¥47.5 billion resulted in net cash used in investing activities of ¥45.1 billion.**
- ★(3) Cash flow from financing activities: **Although there was a cash outflow from acquisition of treasury shares of ¥20.0 billion, proceeds from debts of ¥40.9 billion and an increase in short-term bank loans of ¥9.0 billion resulted in a net cash inflow of ¥2.9 billion.**

## Contact

Public & Investor Relations Department

NH Foods Ltd.

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.