

**Minutes of the Conference Call for the Third Quarter of the Fiscal Year Ending March 31,
2020 (Main Q&As)**

Date & Time: January 31, 2020 (Friday) 16:00-17:00

Q&A

Q1.

How is the company managing the risks in China, such as those posed by African swine fever (ASF) and the novel coronavirus, and what will be the likely impact on the external environment from the next fiscal year onward?

A1.

- The impact of the novel coronavirus in China needs to be closely monitored, but it is difficult to calculate the impact at this stage. At present, prices of beef for China are falling and it is necessary to monitor the purchasing situation following the Chinese New Year.

Q2.

How are structural reform measures progressing?

A2.

- Regarding restructuring of the Affiliated Business Division, we will review overlapping businesses and capitalize on the product development and sales capabilities of the Processed Foods Business to unleash synergy and improve profitability. Then, over the medium to long term, we will decide the configuration of our businesses in light of ROIC.

The Corporate Planning Division was established with the objective of strengthening formulation and promotion of the management strategy and we will implement various initiatives from the perspective of total optimization. Moreover, we will also enhance operational efficiency and standardize operations through system transformation.

Q3.

What are the external and internal factors that have affected financial performance of the Australia/Uruguay businesses in the third quarter and will do so from the fourth quarter onward?

A3.

- In Australia, amid soaring prices of breeding cattle, we implemented measures, such as reinforcement of feedlots. In the third quarter, financial performance exceeded the forecast because of progress in procurement of cattle due to the impact of drought. From the fourth quarter onward, we will continue our own internal initiatives for improvement, such as

productivity improvement.

Regarding Uruguay, while beef demand in China has declined since the end of last year, Uruguayan beef, a large proportion of which is grass-fed, has become commoditized and is directly affected by the consumption trend.

Q4.

What are the external and internal factors that have affected financial performance of the Fresh Meat Business in the third quarter and will do so from the fourth quarter onward?

A4.

- In the third quarter, the business environment was positive overall, including an improved sales environment due to the decline of domestic beef prices and strengthened chicken production and supply systems and improved productivity. Regarding the imported fresh meat market, business profit exceeded the forecast thanks to the increase in sales prices of chicken at the end of the year.

In the fourth quarter, however, there will be a backlash following the better-than-expected third quarter, and a challenging situation is expected to continue. Moreover, the impact of farming operations is expected to be significant. Although we intend to compensate for the decline in market prices of chicken by strengthening the supply system, the environment is expected to remain challenging. This is expected to be the case also for pork because of a decline in shipments, countermeasures for diseases, etc.

It is to be hoped that the next fiscal year will see an improved environment for domestic fresh meat and expanding demand for American beef.

Q5.

What factors account for the strong performance of the Processed Foods Business?

A5.

- We were able to expand the customer base by executing various measures for *SCHAU ESSEN*, which has been beneficial in terms of the financial performance. We intend to continuously implement initiatives to expand the market share.

Q6.

What factors account for the improved profit of the Affiliated Business in the third quarter?

A6.

- Sales of HOKO-brand commercial-use cheese and *Vanilla Yogurt* were strong. The launch of PB drink-type yogurt products was among the factors that supported the financial performance.