

Business Results

for the First Quarter of FY2020/3

August 1, 2019 (Thu.)
NH Foods Ltd.

Contents

I. Consolidated Business Results for FY2020/3 1Q

II. Outlook for FY2020/3

III. Consolidated Financial Results for FY2020/3 1Q

*The Company has adopted IFRS since FY2019/3.

Accordingly, we have retroactively revised all figures up to FY2019/3.

*For the purpose of clarifying income derived from business activities, NH Foods Ltd. and its subsidiaries (the “Group”) uses business profit instead of operating income from forecast of consolidated business results for the year ending March 31, 2020 onward. Business profit is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and making adjustments of foreign exchange gains and losses determined by the Group, adjustments in accordance with international financial reporting standards (“IFRS”), and adjustments of non-recurring items.

I. Consolidated Business Results for FY2020/3 1Q

- 1. Segment Data: 1Q (Apr.-Jun.)**
- 2. Segment Data: Processed Foods Business Division**
- 3. Segment Data: Fresh Meats Business Division**
- 4. Segment Data: Affiliated Business Division**
- 5. Segment Data: Overseas Business Division**
- 6. External Customer Net Sales Results in Major Overseas Geographical Areas**

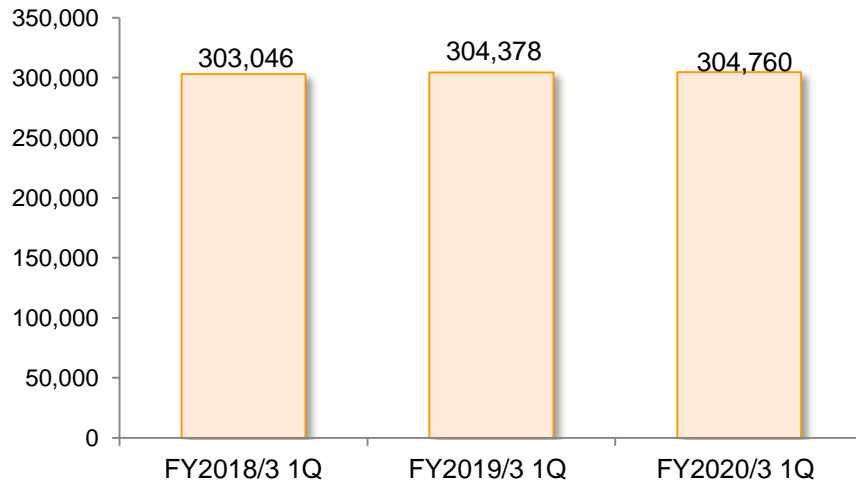
1. Segment Data: 1Q (Apr.-Jun.)

(¥ million)

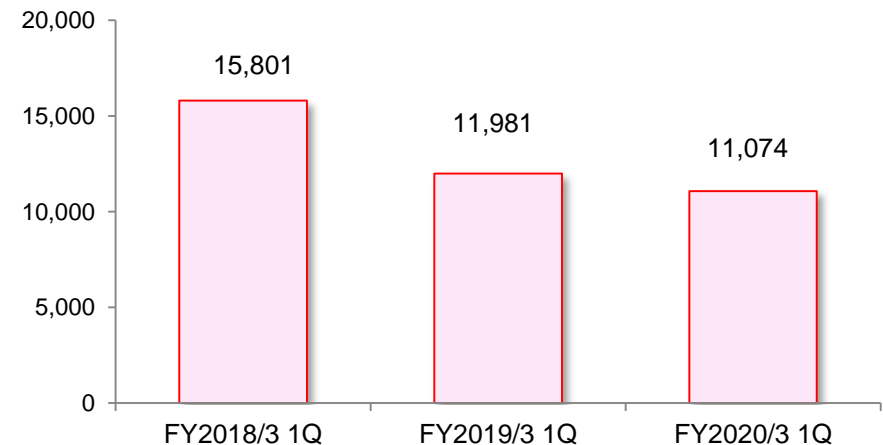
		FY2018/3 1Q	FY2019/3 1Q	FY2020/3 1Q	Variance	Variance (%)
Processed Foods Business Division	Net sales	83,228	84,332	83,970	(362)	(0.4)
	Business profit	1,332	1,333	2,208	875	65.6
Fresh Meats Business Division	Net sales	193,101	189,228	193,013	3,785	2.0
	Business profit	13,690	9,757	7,795	(1,962)	(20.1)
Affiliated Business Division	Net sales	38,282	36,544	33,795	(2,749)	(7.5)
	Business profit	670	18	(89)	(107)	-
Overseas Business Division	Net sales	57,010	64,158	64,792	634	1.0
	Business profit	(167)	(57)	786	843	-
Eliminations, adjustments and others	Net sales	(68,575)	(69,884)	(70,810)	(926)	-
	Business profit	276	930	374	(556)	-
Consolidated	Net sales	303,046	304,378	304,760	382	0.1
	Business profit	15,801	11,981	11,074	(907)	(7.6)

 (¥ million)
 (Consolidated)

Net Sales

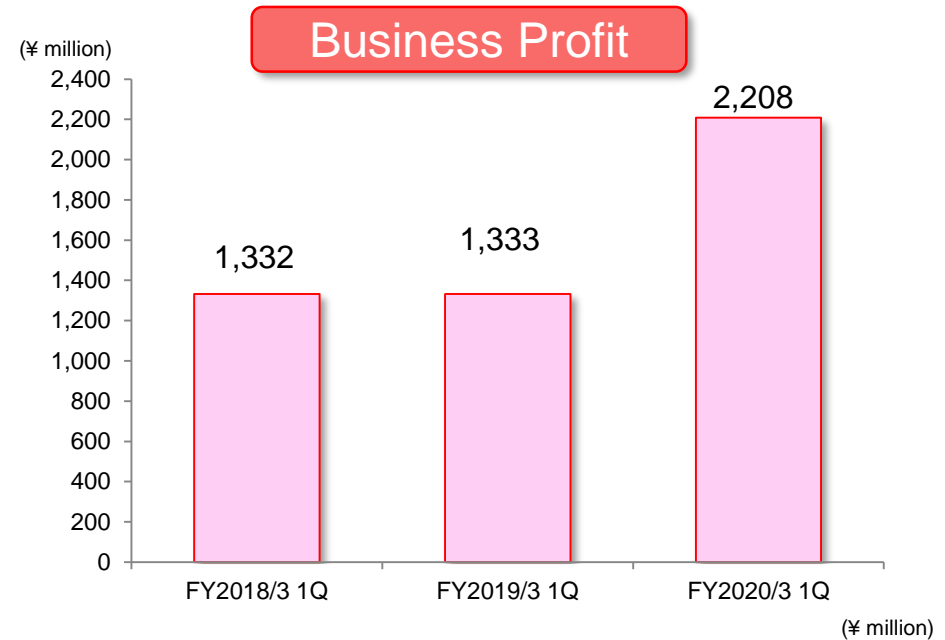
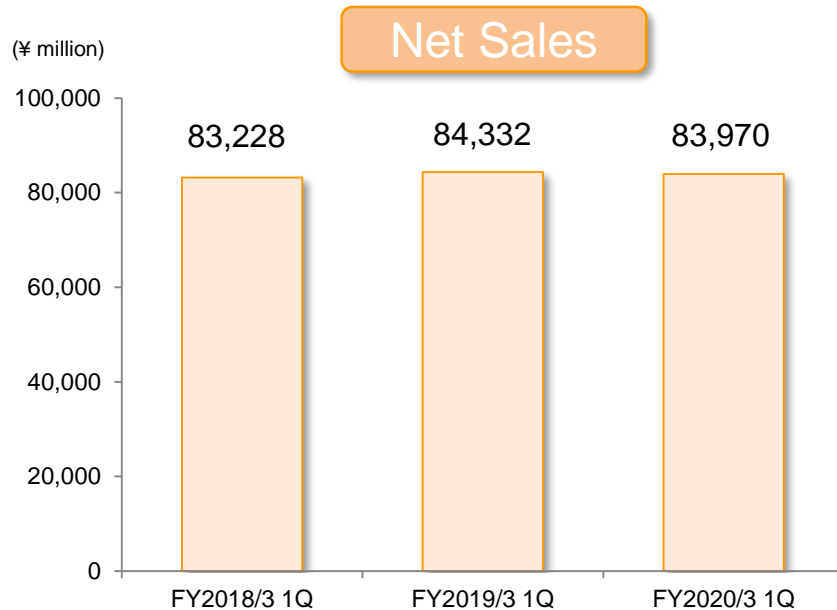

 (¥ million)
 (Consolidated)

Business Profit



- Net sales by 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. Segment Data: Processed Foods Business Division (1)



(¥ million)				
	FY2019/3 1Q	FY2020/3 1Q	Variance	Variance (%)
Net sales	84,332	83,970	(362)	(0.4)

(¥ million)				
	FY2019/3 1Q	FY2020/3 1Q	Variance	Variance (%)
Business profit	1,333	2,208	875	65.6
Business profit ratio	1.6%	2.6%	-	-

Net Sales in FY2020/3 1Q (Apr.-Jun.)

- Existing businesses (hams, sausages, and deli and processed foods)
 - Sales of consumer products exceeded the previous year due to strong sales of our core brands driven by the active introduction of new products and online promotions.
 - Sales of commercial-use products fell short of the previous year due to decreased sales to major restaurants, etc.
- Vendor, consumer frozen foods, and logistics businesses
 - Although our frozen foods business struggled, revenue increased due to proposals to develop new products in the vendor business and acquisition of new customers in the logistics business.

Business Profit in FY2020/3 1Q (Apr.-Jun.)

- Existing businesses (hams, sausages, and deli and processed foods)
 - Business profit increased primarily thanks to improved gross profit margin from rising unit prices associated with core brand growth, as well as the effective use of sales promotion expenses and efforts to save labor in manufacturing operations.
 - Vendor, consumer frozen foods, and logistics businesses
 - Business profit improved due to the effective use of sales promotion expenses in our frozen foods business, as well as the introduction of new products in the vendor business.
- In addition, business profit increased thanks to progress made in shifting higher costs to sales prices in the logistics business.

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

Factor Analysis: Changes in business profit

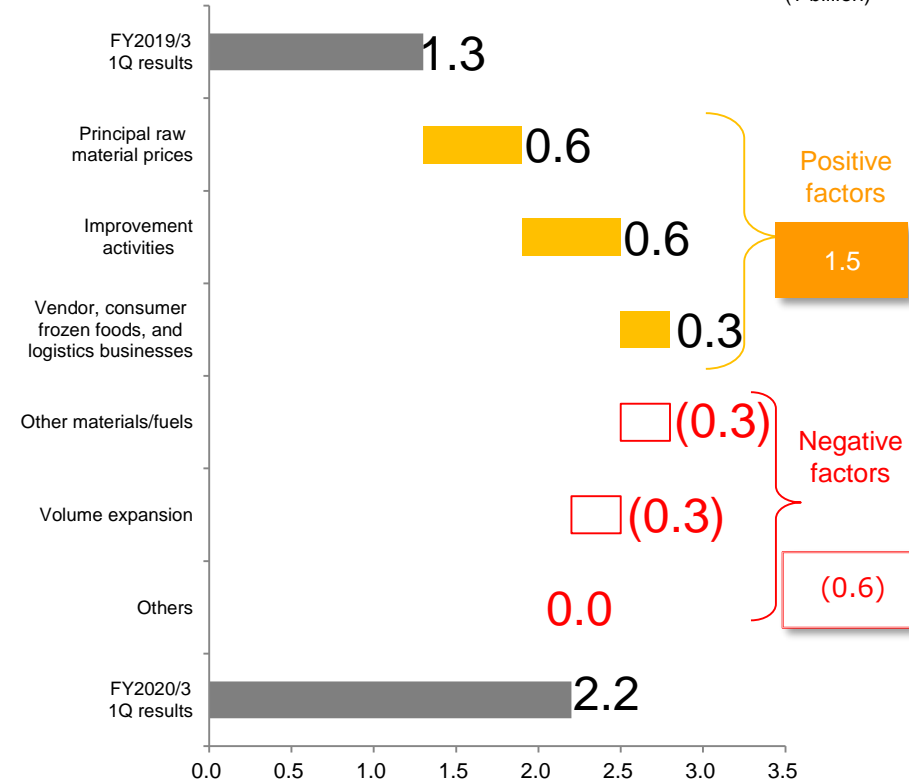
(¥ billion)

	FY2020/3		
	1Q forecasts	1Q results	Variance
Existing businesses	0.5	0.7	0.2
<i>External factors</i>	(0.2)	0.4	0.5
Principal raw material price	0.4	0.6	0.2
Other materials/fuels	(0.6)	(0.3)	0.3
<i>Internal factors</i>	0.7	0.3	(0.3)
Volume expansion	(0.1)	(0.3)	(0.2)
Improvement activities	0.7	0.6	(0.1)
Vendor, consumer frozen foods, and logistics businesses	0.1	0.3	0.1
Others	(0.0)	(0.0)	0.0
Total	0.6	0.9	0.3

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

Factor Analysis Graph: Changes in business profit results (1Q)

(¥ billion)



● Forecasts Variation Factor Analysis (FY2020/3 1Q)

Existing businesses

Principal raw materials/other materials: Exceeded forecasts because the impact from market prices was less than expected.

Volume expansion:

Consumer products were as forecasted, but commercial-use products struggled and fell short of forecasts.

Improvement activities:

Gross profit unit price was improved, exceeding forecasts, by increased sales unit price due to growth of core brand products.

Expenses fell short of forecasts because rising logistics expenses and labor savings did not proceed as planned, despite using sales promotions expenses more effectively.

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

● Sales results by channel

1) Consumer products

- Ham and sausages performed strongly due to the introduction of *SCHAU ESSEN Hot Chili* to our core brand *SCHAU ESSEN* this spring, as well as online promotions.
- Deli products performed strongly due to the introduction of new products to celebrate the start of the Reiwa era in our core brand *Ishigama Kobo*, as well as the added benefit of the new flavor *Chikichiki Bone Lemon* to our brand *Chikichiki Bone*.

2) Commercial-use products

- Ham and sausages as well as deli products both fell short of the previous year due to decreased sales to major restaurant chains and decreased sales to side dish and ready-made meal chains.

Reference: FY2020/3 1Q year-on-year growth in sales by channel

		Volume	Amount
Hams and sausages	Consumer	101%	101%
	Commercial-use	90%	90%
	Total	98%	99%
Deli and processed foods	Consumer	100%	102%
	Commercial-use	90%	89%
	Total	94%	95%

● Major consumer products sales results

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



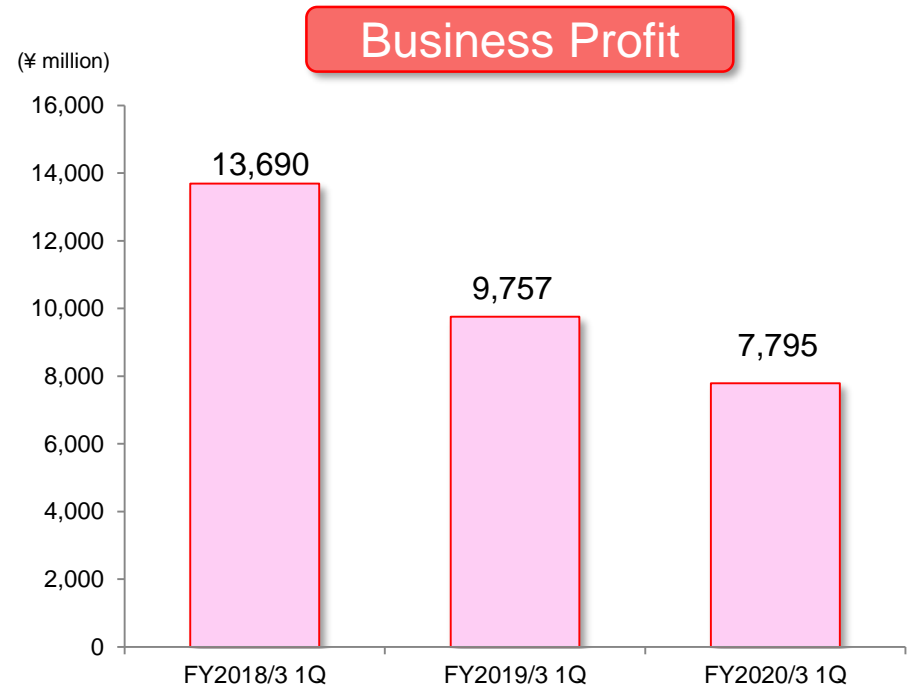
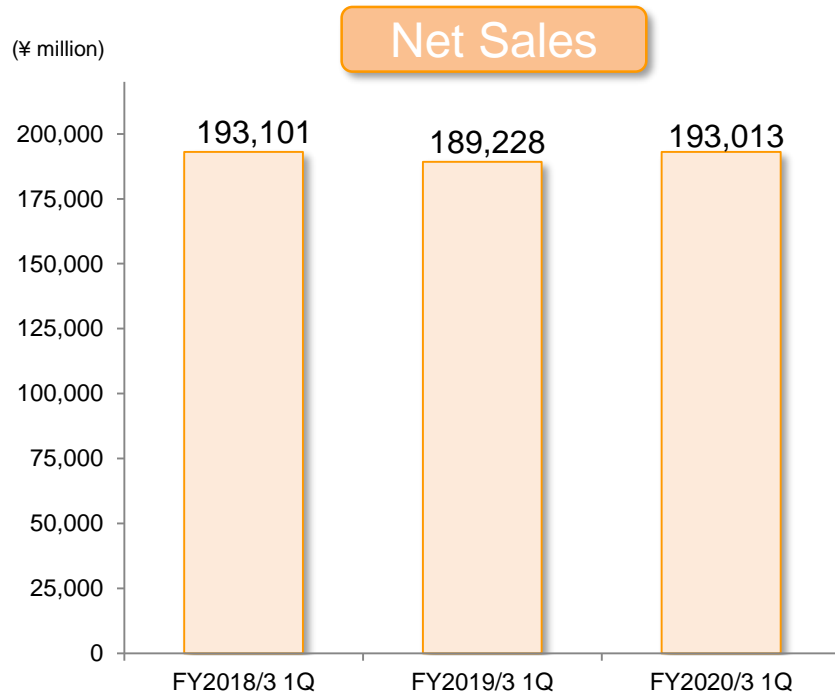
SCHAU ESSEN Hot Chili contributed to sales of our wiener product line



Ishigama Kobo series maintained steady sales

Hams and sausages	FY2020/3 1Q results	Deli and processed foods	FY2020/3 1Q results
Wieners	100%	Chilled bakery	108%
Loin hams	110%	Chilled dish	95%
Bacon	99%	Fried chicken	100%
Yakibutas	94%	Hamburg and meatball	105%
Consumer products total	101%	Consumer products total	102%

3. Segment Data: Fresh Meats Business Division (1)



(¥ million)

	FY2019/3 1Q	FY2020/3 1Q	Variance	Variance (%)
Net sales	189,228	193,013	3,785	2.0

(¥ million)

	FY2019/3 1Q	FY2020/3 1Q	Variance	Variance (%)
Business profit	9,757	7,795	(1,962)	(20.1)
Business profit ratio	5.2%	4.0%	-	-

Net Sales in FY2020/3 1Q (Apr.-Jun.)

Sales exceeded the previous year thanks to enhanced sales promotion of the branded fresh meats such as *Sakurahime* and *Mugikomachi*, conducting the “Cherry blossom viewing present campaign” held during the cherry blossom season, as well as major growth in sales volume of imported beef, chicken, and processed meat products during periods of high demand in extended holidays in May.

Business Profit in FY2020/3 1Q (Apr.-Jun.)

The production operations had lower business profit mainly due to the stagnant market price of domestic chicken, despite working to improve breeding performance. The sales operations also had reduced business profit in the business division overall due to sluggish movement of domestic pork and chicken and rising logistics costs, despite increased profit from high market prices of imported chicken.

3. Segment Data: Fresh Meats Business Division (2)

Factor Analysis: Changes in business profit

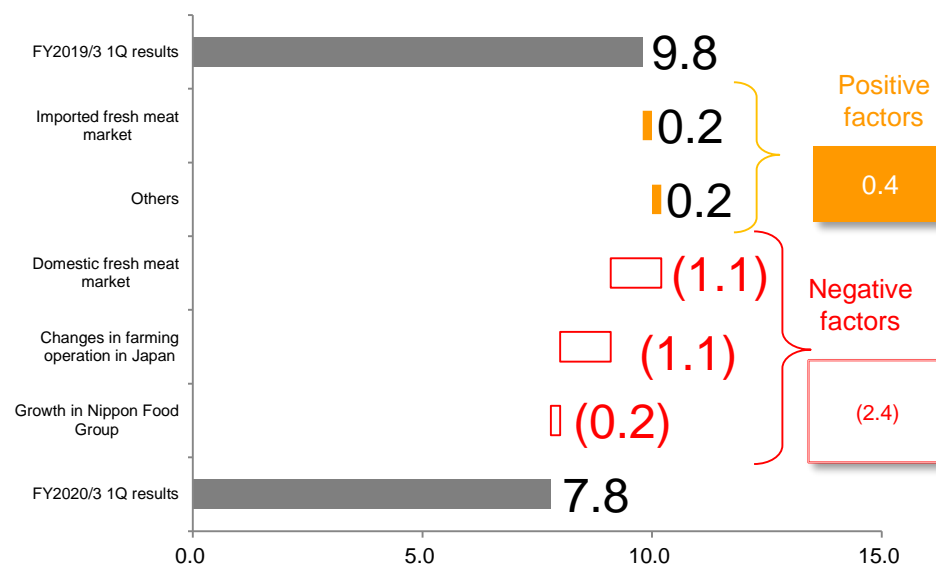
(¥ billion)

	FY2020/3		
	1Q forecasts	1Q results	Variance
Imported fresh meat market	0.0	0.2	0.2
Domestic fresh meat market	0.2	(1.1)	(1.3)
Changes in farming operation in Japan	(1.1)	(1.1)	(0.0)
Growth in Nippon Food Group	(0.1)	(0.2)	(0.2)
Others	0.2	0.2	0.1
Total	(0.8)	(2.0)	(1.2)

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

Factor Analysis Graph: Changes in business profit results (1Q)

(¥ billion)

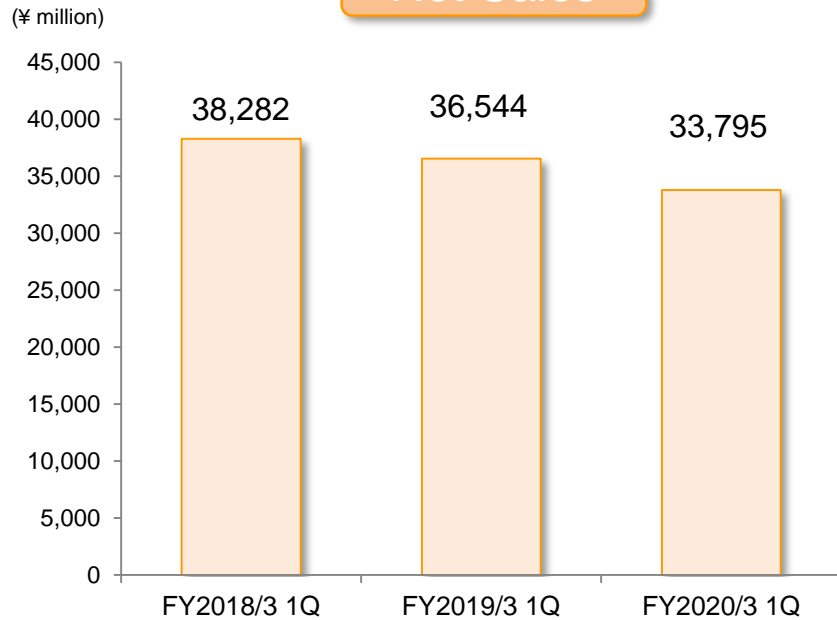


● Forecasts Variation Factor Analysis (FY2020/3 1Q)

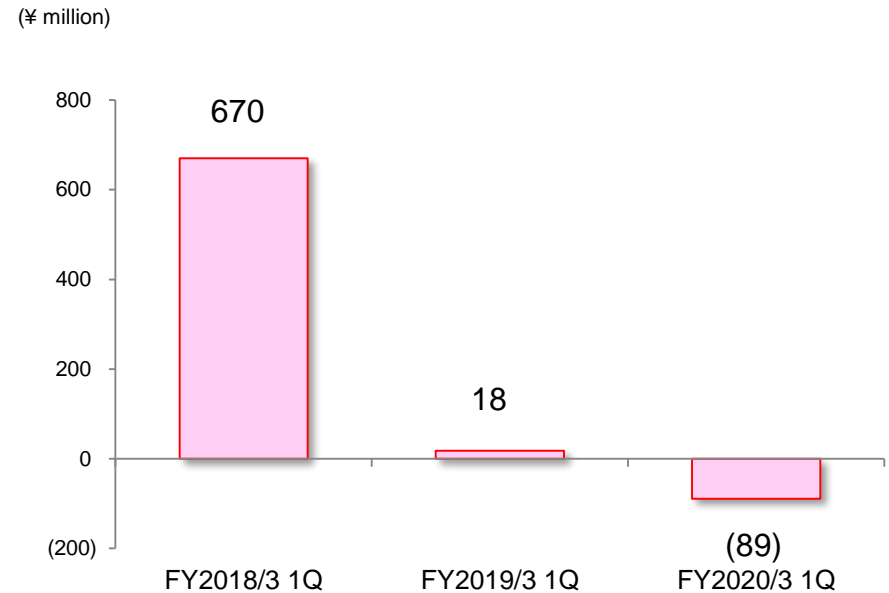
- Imported fresh meat market: Business profit exceeded the forecast due to the strong performance of the market for imported chicken and growth in sales volume.
- Domestic fresh meat market: Business profit fell short of the forecast significantly due to stagnant consumption of domestic pork and chicken after the extended holidays in May.
- Changes in farming operations in Japan: Business profit remained in line with the forecast mainly due to improved productivity even as the market for chicken stagnated.
- Growth in Nippon Food Group: Business profit fell short of the forecast due to prices for domestic beef and imported beef remaining high, causing sales volume to remain sluggish.

4. Segment Data: Affiliated Business Division

Net Sales



Business Profit



(¥ million)

(¥ million)

	FY2019/3 1Q	FY2020/3 1Q	Variance	Variance (%)
Net sales	36,544	33,795	(2,749)	(7.5)

	FY2019/3 1Q	FY2020/3 1Q	Variance	Variance (%)
Business profit	18	(89)	(107)	-
Business profit ratio	0.0%	(0.3)%	-	-

Net Sales in FY2020/3 1Q (Apr.-Jun.)

- Marine products business

Revenue decreased due to the impact of falling market prices for roe and decreased sales of major types of seafood, including tuna and sea urchin.

- Dairy products business

Revenue decreased due to declining sales of probiotic beverages, despite our core product *Vanilla Yogurt* performing strongly. Sales of cheese increased due to strong sales of commercial-use products to restaurants and convenience stores and consumer-use cupcakes.

Business Profit in FY2020/3 1Q (Apr.-Jun.)

- Marine products business

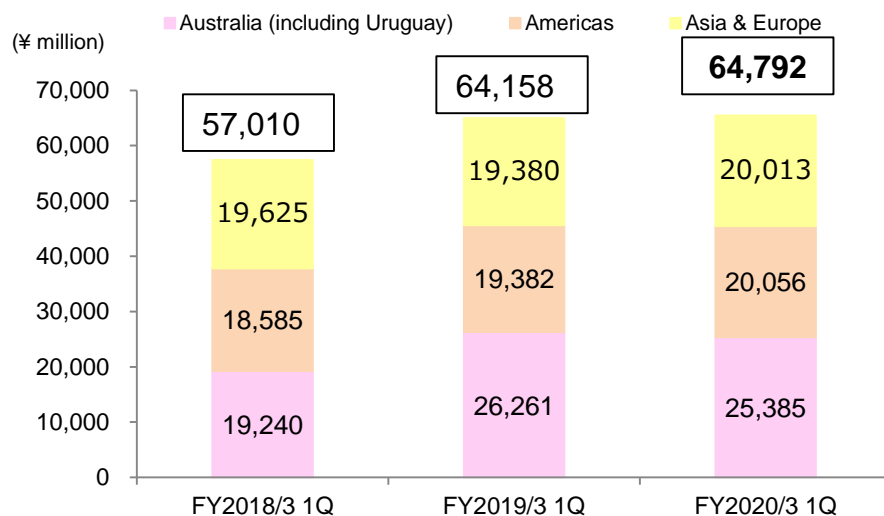
Business profit increased due to our improved gross profit margin caused by reduction of unprofitable items and revision of prices of canned mackerel, as well as increased production of octopus products.

- Dairy products business

Business profit from yogurt decreased due to sluggish sales of probiotic beverages and rising expenses caused by the operation of our new plant. Business profit from cheese increased due to higher gross profit caused by increased sales.

5. Segment Data: Overseas Business Division (1)

Net Sales



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

(¥ million)

	FY2019/3 1Q	FY2020/3 1Q	Variance	Variance (%)
Net sales	64,158	64,792	634	1.0

Net Sales in FY2020/3 1Q (Apr.-Jun.)

• Australia operations (including Uruguay)

Revenue decreased due to a lower number of cattle processed overall in Australia, despite higher sales prices in Australia and Uruguay due mainly to increased demand for beef because of the impact of African swine cholera in China.

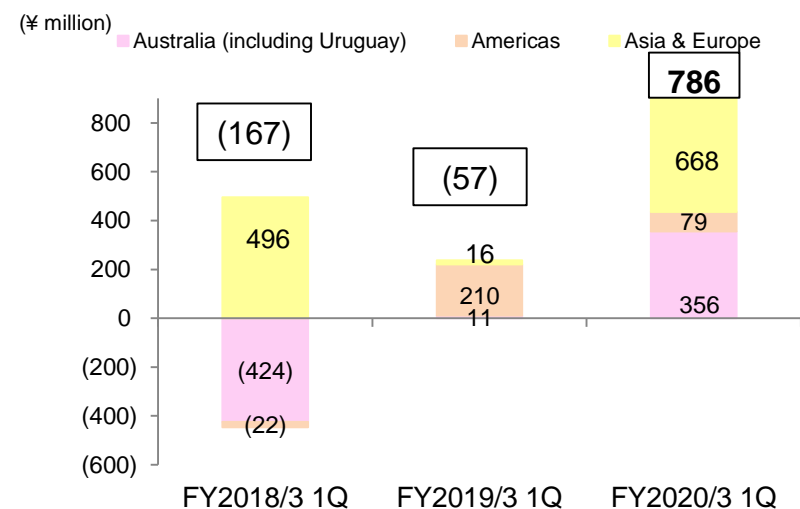
• Americas operations

Revenue increased thanks to strong performance of exports to Japan and sales in Americas.

• Asia & Europe operations

Revenue exceeded the previous year due to the growth of sales of chicken by Ege-Tav in Turkey, as well as sales of processed food products in China and Taiwan.

Business Profit



(¥ million)

	FY2019/3 1Q	FY2020/3 1Q	Variance	Variance (%)
Business profit	(57)	786	843	-
Business profit ratio	(0.1)%	1.2%	-	-

Business Profit in FY2020/3 1Q (Apr.-Jun.)

• Australia operations (including Uruguay)

Business profit increased due to steady livestock procurement and improved productivity in Australia, despite Uruguay struggling to cope with rising procurement prices.

• Americas operations

Business profit decreased due to lower margins for exports to Japan caused by rising fresh meat prices, despite strong performance due to price hikes of processed foods in North America.

• Asia & Europe operations

Business profit increased thanks to rising sales unit prices and stable feed prices at Ege-Tav in Turkey.

5. Segment Data: Overseas Business Division (2)

Factor Analysis: Changes in business profit

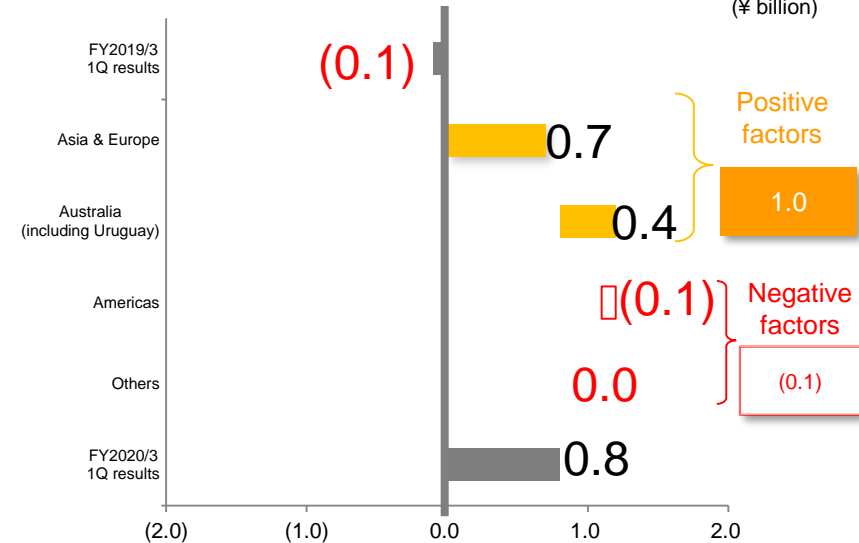
(¥ billion)

	FY2020/3		
	1Q forecasts	1Q results	Variance
Australia (including Uruguay)	(0.2)	0.4	0.6
Americas	(0.1)	(0.1)	(0.0)
Asia & Europe	0.1	0.7	0.5
Others	(0.1)	(0.0)	0.1
Total	(0.3)	0.8	1.2

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

Factor Analysis Graph: Changes in business profit results (1Q)

(¥ billion)



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

● Forecasts Variation Factor Analysis (FY2020/3 1Q)

Australia operations:

Uruguay struggled because of rising procurement prices. Meanwhile, business profit exceeded the forecast in Australia, because we were able to maintain stable sales prices, as well as due to steady livestock procurement and improved productivity.

Americas operations:

Business profit fell short of the forecast due to struggles with rising fresh meat procurement prices and poor catches of marine products in South America, despite strong performance from price hikes of processed food products in North America.

Asia & Europe operations:

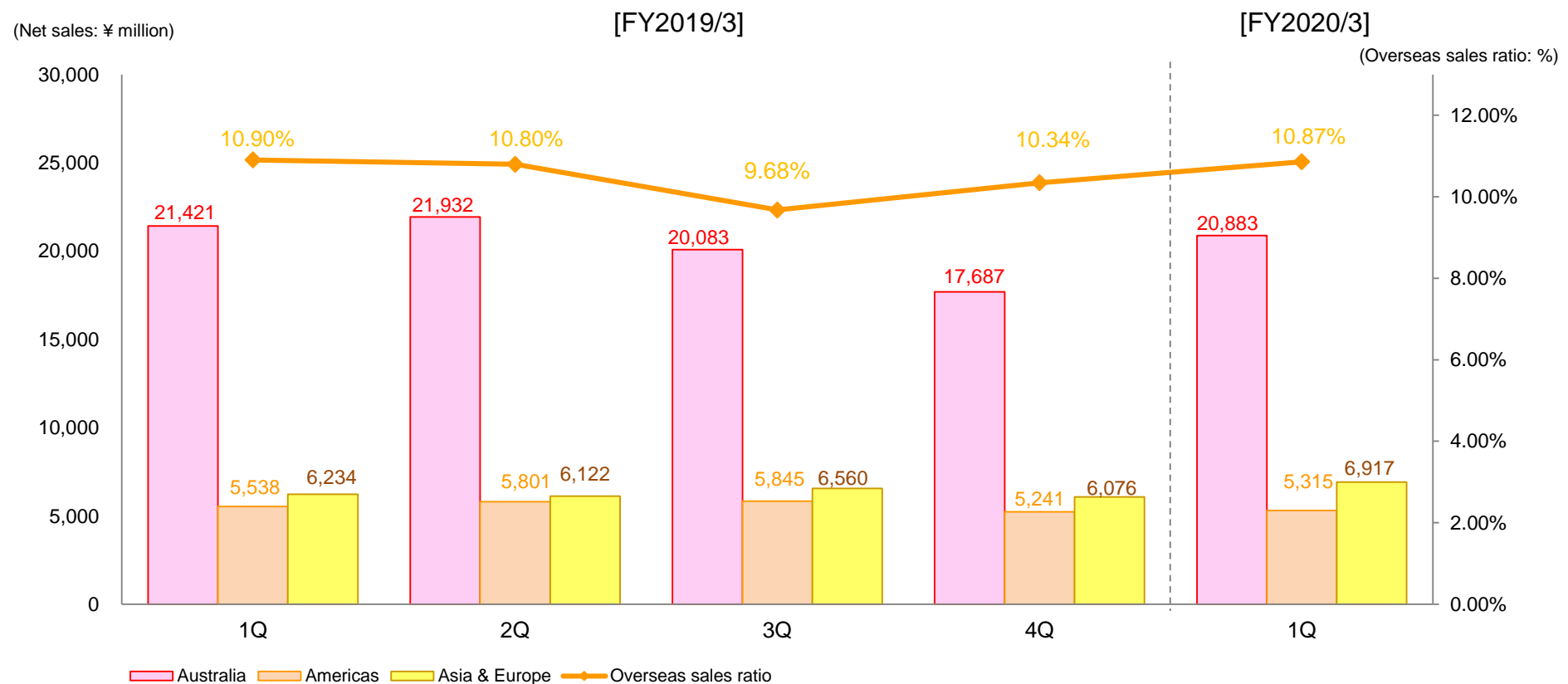
Profit increased due to higher sales volume of processed food products exported from Thailand to Japan, as well as rising sales unit prices and stable feed prices at Ege-Tav in Turkey.

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

*Net sales figures represent net sales to external customers.

(¥ million, %)

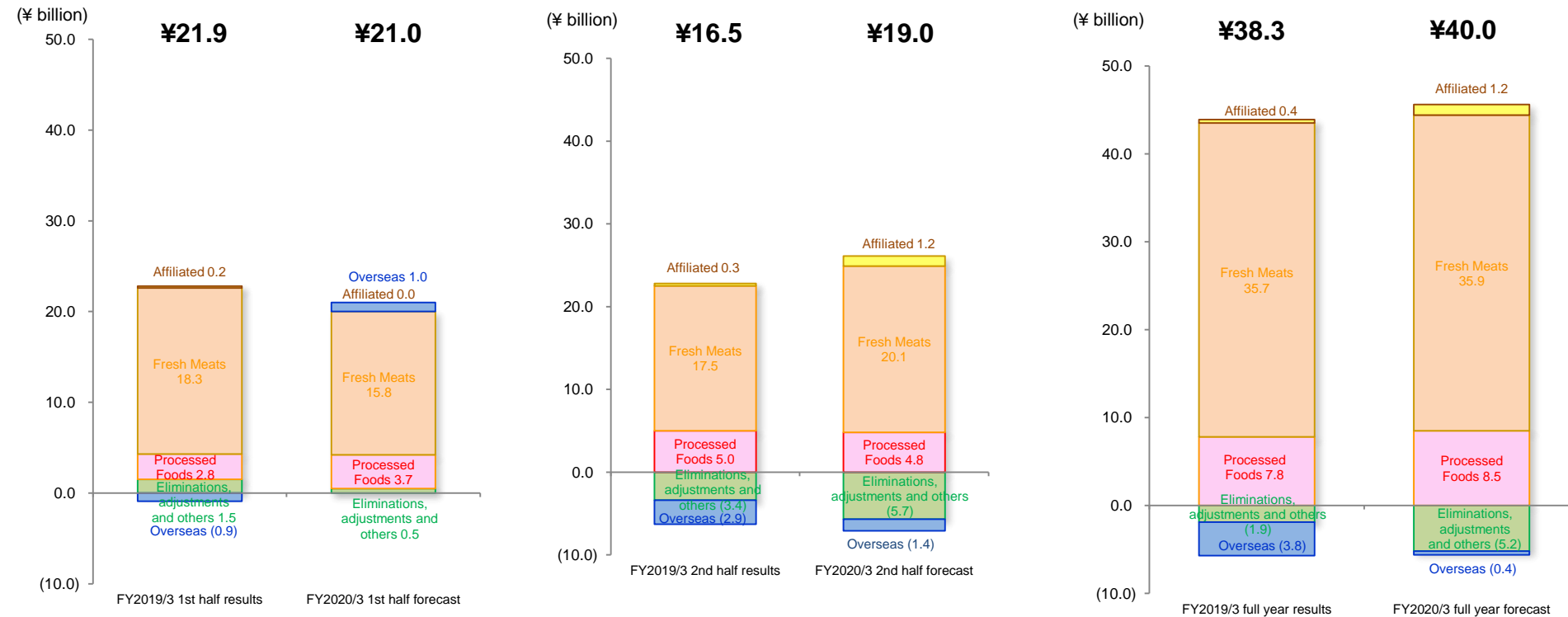
	FY2019/3					FY2020/3
	1Q	2Q	3Q	4Q	Full year	1Q
Australia (including Uruguay)	21,421	21,932	20,083	17,687	81,123	20,883
Americas	5,538	5,801	5,845	5,241	22,425	5,315
Asia & Europe	6,234	6,122	6,560	6,076	24,992	6,917
Overseas total	33,192	33,857	32,487	29,004	128,540	33,116
Overseas sales ratio	10.90%	10.80%	9.68%	10.34%	10.42%	10.87%



II. Outlook for FY2020/3

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

1. FY2020/3 Business Profit Forecasts (1)



	FY2020/3 1st half			FY2020/3 2nd half			FY2020/3 full year		
	FY2019/3 1st half results	Forecasts	Variance	FY2019/3 2nd half results	Forecasts	Variance	FY2019/3 results	Forecasts	Variance
Processed Foods Business Division	2.8	3.7	1.0	5.0	4.8	(0.2)	7.8	8.5	0.7
Fresh Meats Business Division	18.3	15.8	(2.5)	17.5	20.1	2.6	35.7	35.9	0.2
Affiliated Business Division	0.2	0.0	(0.2)	0.3	1.2	1.0	0.4	1.2	0.8
Overseas Business Division	(0.9)	1.0	1.9	(2.9)	(1.4)	1.5	(3.8)	(0.4)	3.4
Eliminations, adjustments and others	1.5	0.5	(1.0)	(3.4)	(5.7)	(2.3)	(1.9)	(5.2)	(3.3)
of which value creation expenses	(0.0)	(0.5)	(0.5)	(0.0)	(1.0)	(1.0)	(0.0)	(1.5)	(1.5)
of which profit or loss of baseball club (consolidated)	1.7	1.4	(0.3)	(3.4)	(4.1)	(0.7)	(1.7)	(2.7)	(1.0)
of which others	(0.2)	(0.4)	(0.2)	0.0	(0.6)	(0.6)	(0.2)	(1.0)	(0.8)
Total	21.9	21.0	(0.9)	16.5	19.0	2.6	38.3	40.0	1.7

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

1. FY2020/3 Business Profit Forecasts (2)

Variance from initial forecasts

* Forecasts for the 2Q, 1st half, and full year are the forecasts revised in the 1Q.

(¥ billion)

	FY2020/3 1Q			FY2020/3 2Q			FY2020/3 1st half			FY2020/3 full year		
	Initial forecasts	Results	Variance	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance
Processed Foods Business Division	1.9	2.2	0.3	1.8	1.5	(0.3)	3.7	3.7	0.0	8.5	8.5	0.0
Fresh Meats Business Division	9.0	7.8	(1.2)	8.9	8.0	(0.9)	17.9	15.8	(2.1)	38.0	35.9	(2.1)
Affiliated Business Division	0.0	(0.1)	(0.1)	0.3	0.1	(0.2)	0.3	0.0	(0.3)	1.5	1.2	(0.3)
Overseas Business Division	(0.4)	0.8	1.2	(0.2)	0.2	0.4	(0.6)	1.0	1.6	(2.0)	(0.4)	1.6
Eliminations, adjustments and others	0.3	0.4	0.1	(0.6)	0.1	0.7	(0.3)	0.5	0.8	(6.0)	(5.2)	0.8
of which value creation expenses	(0.2)	(0.1)	0.2	(0.8)	(0.5)	0.4	(1.0)	(0.5)	0.5	(2.0)	(1.5)	0.5
of which profit or loss of baseball club (consolidated)	0.9	0.7	(0.2)	0.6	0.7	0.1	1.5	1.4	(0.1)	(2.6)	(2.7)	(0.1)
of which others	(0.4)	(0.2)	0.2	(0.4)	(0.1)	0.3	(0.8)	(0.4)	0.4	(1.4)	(1.0)	0.4
Total	10.8	11.1	0.3	10.2	9.9	(0.3)	21.0	21.0	0.0	40.0	40.0	0.0

* Structural reform expenses are allocated to each segment, and we expect to generate ¥1.6 billion annually as per our initial forecast.

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

1. FY2020/3 Business Profit Forecasts (3)

Factor Analysis: Changes in business profit forecasts

○ Processed Foods Business Division

(¥ billion)

Processed Foods Business Division	Variance from initial forecasts								
	2Q			1st half			Full year		
	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance
Total existing businesses	0.4	0.2	(0.2)	0.8	0.9	0.0	0.6	0.6	0.0
External factors	(0.3)	0.2	0.4	(0.4)	0.5	1.0	(1.1)	(0.2)	1.0
Principal raw material price	0.2	0.4	0.3	0.5	1.1	0.5	0.1	0.6	0.5
Other materials/fuels	(0.4)	(0.2)	0.2	(0.9)	(0.5)	0.4	(1.2)	(0.8)	0.4
Internal factors	0.6	0.0	(0.6)	1.3	0.3	(0.9)	1.7	0.8	(0.9)
Volume expansion	0.2	(0.1)	(0.3)	0.1	(0.3)	(0.5)	0.2	(0.2)	(0.5)
Improvement activities	0.4	0.1	(0.3)	1.1	0.7	(0.5)	1.5	1.0	(0.5)
Vendor, consumer frozen foods, and logistics businesses	0.1	(0.0)	(0.1)	0.2	0.2	0.0	0.4	0.4	0.0
Others	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.0)	(0.3)	(0.3)	(0.0)
Total	0.4	0.1	(0.3)	1.0	1.0	0.0	0.7	0.7	0.0

○ Fresh Meats Business Division

(¥ billion)

Fresh Meats Business Division	Variance from initial forecasts								
	2Q			1st half			Full year		
	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance
Imported fresh meat market	(0.1)	0.1	0.2	(0.1)	0.3	0.4	1.6	2.0	0.4
Domestic fresh meat market	0.8	(0.1)	(0.9)	0.9	(1.2)	(2.2)	1.4	(0.7)	(2.2)
Changes in farming operation in Japan	(0.7)	(0.8)	(0.1)	(1.7)	(1.8)	(0.1)	(1.7)	(1.8)	(0.1)
Growth in Nippon Food Group	0.4	0.2	(0.2)	0.4	(0.0)	(0.4)	0.7	0.3	(0.4)
Others	0.0	0.1	0.1	0.2	0.3	0.1	0.2	0.4	0.1
Total	0.4	(0.5)	(0.9)	(0.4)	(2.5)	(2.1)	2.3	0.2	(2.1)

○ Overseas Business Division

(¥ billion)

Overseas Business Division	Variance from initial forecasts								
	2Q			1st half			Full year		
	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance
Australia (including Uruguay)	0.3	0.4	0.2	0.1	0.8	0.7	1.2	2.0	0.7
Americas	0.3	0.4	0.1	0.2	0.3	0.1	0.8	0.9	0.1
Asia & Europe	0.2	0.3	0.1	0.4	0.9	0.6	0.5	1.1	0.6
Others	(0.2)	(0.1)	0.1	(0.3)	(0.1)	0.2	(0.8)	(0.5)	0.2
Total	0.6	1.0	0.4	0.3	1.9	1.6	1.8	3.4	1.6

Business profit forecasts

(¥ billion)

Business profit forecasts	Business profit								
	2Q			1st half			Full year		
	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance	Initial forecasts	Forecasts	Variance
Australia (including Uruguay)	(0.2)	(0.1)	0.2	(0.4)	0.3	0.7	(0.9)	(0.2)	0.7
Americas	0.1	0.1	0.1	0.1	0.2	0.1	0.4	0.5	0.1
Asia & Europe	0.4	0.5	0.1	0.6	1.1	0.6	0.4	1.0	0.6
Others	(0.5)	(0.4)	0.1	(0.9)	(0.7)	0.2	(1.9)	(1.7)	0.2
Total	(0.2)	0.2	0.4	(0.6)	1.0	1.6	(2.0)	(0.4)	1.6

2. Processed Foods Business Division: Outlook

● Sales promotion measures by channel

- 1) Consumer products
 - Expand sales mainly of core brands using online and in-store sales promotions. Expand sales and improve revenue and profit by introducing new autumn and winter 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)

FY2020/3 full year forecasts (1Q revision)		Amount
Hams and sausages	Consumer	102%
	Commercial-use	98%
	Total	101%
Deli and processed foods	Consumer	101%
	Commercial-use	94%
	Total	98%

● Sales promotion measures for major consumer products

- 1) For hams 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 *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	101%	Chilled bakery	103%
Loin hams	111%	Chilled dish	101%
Bacon	102%	Fried chicken	103%
Yakibutas	100%	Hamburg and meatball	104%
Total consumer products	102%	Total consumer products	101%

● Sales promotion measures for gift products

- 1) Existing measures
 - Enhance *Utsukushi-no-Kuni* gift items and renew the *Honkakuha* gift lineup.
- 2) New measures
 - Introduce new gifts supervised by chefs from famous Japanese restaurants and expand the side dish gift lineup.

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%	-



Utsukushi-no-Kuni block and slice stacked boxes



The *tonari Kurogi* line, a new brand of side dishes

3. Fresh Meats Business Division: Outlook

● Domestic production business

- Feed prices have been stable because of the strong Japanese yen, but from the second half, it will be necessary to monitor the state of production in the United States.
- Fully implement disease control measures in the production of pork, and continue to improve performance by reducing the rate of accidents.
- The supply of chicken meat has stabilized due to increased number of chickens processed and increased weight of mature chickens by producers in Japan.
From the second half, we expect that production will recover mainly for brand chicken, which has declined due to Hokkaido Eastern Iburi earthquake last year.

● Domestic fresh meat market

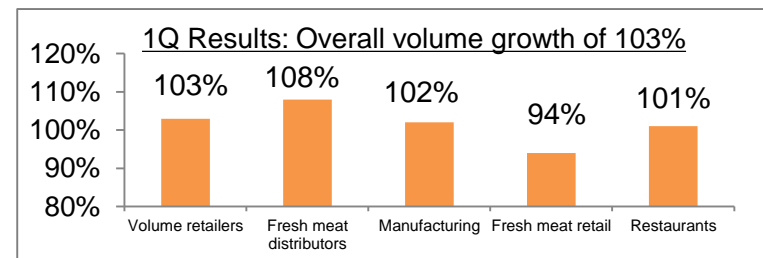
- We are struggling to secure revenue and profit from beef due to continued high prices. It seems this trend will continue until the end of the year.
- Diseases such as cholera have occurred among Japanese domestically raised hogs, but impact is limited. From now on, it will be necessary to closely watch the trends in diseases including African swine cholera.
- Although the market for chicken meat is experiencing a slight glut, it is expected that the market price of breast meat will start rising due to seasonal factors in the future.

● Imported fresh meat market

- Although this will depend somewhat on demand in China, the price of beef is expected to remain high, supported by steady global demand.
- It will be necessary to monitor pork, as it is dependent on demand in China from the summer onwards.
- Chicken prices remained high both in Brazil and Thailand, but the future remains unclear.

● Fresh meat sales (Nippon Food Group)

- Volume growth of our food companies was 103%. To reach our goal of 105%, we will strengthen promotions of the domestically produced chicken such as *Sakurahime* and seek to make them a regular and standard product offered by volume retailers in each area, to achieve increased sales volume.
- Secure procurement from many different countries of origin, and work to achieve stable deliveries and enhanced profitability of brand fresh meat and other products.



● Measures for marine products business

- Establish a raw materials procurement network both inside and outside Japan, including farmed salmon procurement in Turkey and efforts to raise yellowtail in Ehime.
- Secure overseas production bases, such as building processing plants in Vietnam, and build a supply system for in-house products using raw materials procured in-house.
- Acquire new customers with dedicated teams, and strengthen sales to the restaurant market.
- Expand capacity and improve productivity of canned foods by studying the rebuilding of our production lines in order to expand sales of canned fish including mackerel, saury, and sardines.



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

● Measures for dairy products business

(Cheese)

- Increase our share of commercial-use products by developing new products using processing technology.
- Work to further expand sales by strengthening our line of consumer-use cupcakes, one of our strongest products.
- Expand production capacity and improve productivity by renovating production facilities.

(Yogurt)

- Increase the operation rate of the Takasaki Factory, which has automated, unmanned production lines, in order to improve cost competitiveness.
- Expand sales by renewing products and actively introducing new products.



Vanilla Yogurt, a core
product of Nippon Luna Inc.

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

- Global demand is rising for marine products, so prices are expected to remain high for major types of fish including tuna, salmon, and trout.
- Raw material prices for cheese are expected to remain high because of high demand globally and unseasonable weather. The benefits of free trade agreements are expected to be offset.

●Australia

- Fattening: The environment for procuring cattle will become more difficult from the second half, so prices are expected to rise. Feed prices are also expected to rise gradually.
- Processing: Continue to improve revenue and profit by refining our operations. Although we expect early shipments due to drought contributing to the environment gradually becoming more severe, we expect to proceed as initially forecasted for the full year.
- Sales: The currency exchange environment is favorable, so sales are expected to remain strong.

●Uruguay

- Prices are expected to remain high in the cattle procurement environment. Although the external environment remains harsh, including weak currencies in competing countries, our losses are expected to decrease due to internal improvements as a result of stronger management.

●Americas

- The outlook for fresh meat exports remains uncertain, despite the market price settling down after soaring due to the impact of African swine cholera.
- Aim to improve revenue and profit from processed food products by raising prices of core products and improving manufacturing expenses.

●Asia & Europe

- The sales price of chicken in Turkey, which had risen suddenly, is expected to stable. We will strengthen our brands and work to increase sales of value added products. In addition, we will reduce feed costs with full scale operation of our new feed plant.
- In Europe, we will maintain price advantage and stable supply by expanding our procurement area for fresh meat and securing procurement sources.
- In ASEAN, we will increase our sales by collaborating with distributors in each area.

III. Consolidated Financial Results for FY2020/3 1Q

- 1. FY2020/3 Business Results at a Glance and Full Year Forecasts**
- 2. Balance Sheets / Capital Expenditures / Depreciation and Amortization**

1. FY2020/3 Business Results at a Glance and Full Year Forecasts

(¥ million, %)

	FY2019/3 results			FY2020/3 results and forecasts						
	1Q results	1st half results	Full year results	1Q results	Variance	Volume growth rate	1st half forecasts	Variance	Full year forecasts	Variance
Net sales	304,378	618,000	1,234,180	304,760	0.1	-	640,000	3.6	1,280,000	3.7
Hams and sausages	30,494	62,653	128,356	30,332	(0.5)	(1.7)	62,800	0.2	129,100	0.6
Processed foods	55,533	115,107	233,655	55,713	0.3	(3.2)	118,000	2.5	239,700	2.6
Fresh meats	176,197	353,222	703,557	179,247	1.7	1.5	371,500	5.2	740,900	5.3
Beef	75,030	150,455	297,583	76,311	1.7	(4.8)	148,900	(1.0)	296,100	(0.5)
Pork	54,905	111,937	221,157	55,643	1.3	2.0	119,800	7.0	239,800	8.4
Chicken	39,575	77,259	160,821	41,677	5.3	7.4	88,800	14.9	180,200	12.1
Other fresh meats	6,687	13,571	23,996	5,616	(16.0)	(22.8)	14,000	3.2	24,800	3.4
Marine products	19,557	42,116	88,138	18,162	(7.1)	(11.6)	42,300	0.4	89,700	1.8
Dairy products	8,559	17,058	33,270	8,506	(0.6)	(2.9)	19,000	11.4	37,600	13.0
Others	14,038	27,844	47,204	12,800	(8.8)	-	26,400	(5.2)	43,000	(8.9)
Cost of goods sold	250,029	514,481	1,033,577	251,384	0.5	-	-	-	-	-
Gross profit	54,349	103,519	200,603	53,376	(1.8)	-	-	-	-	-
Gross profit ratio	17.9%	16.8%	16.3%	17.5%	-	-	-	-	-	-
SG&A expenses	40,549	82,097	168,338	40,836	0.7	-	-	-	-	-
Other income and expenses	1,594	2,717	(782)	5	(99.7)	-	(8,400)	-	(11,200)	-
Finance income and costs	(306)	(1,611)	(2,134)	(267)	-	-	(400)	-	(1,800)	-
Share of profit (loss) in investments accounted for the using equity method	180	645	918	66	(63.3)	-	800	24.0	1,000	8.9
Profit before tax	15,268	23,173	30,267	12,344	(19.2)	-	14,000	(39.6)	26,000	(14.1)
Income tax expense	4,223	7,051	11,250	3,591	(15.0)	-	4,200	(40.4)	7,800	(30.7)
Tax rate	27.7%	30.4%	37.2%	29.1%	-	-	30.0%	-	30.0%	-
Profit attributable to owners of parent	11,105	16,371	19,561	8,651	(22.1)	-	10,000	(38.9)	18,500	(5.4)
Business profit	11,981	21,871	38,311	11,074	(7.6)	-	21,000	(4.0)	40,000	4.4

★ The expansion of the optional retirement system will incur additional special payments of approximately ¥8.2 billion. Expenses related to this are included in the first half and full year forecasts for FY2020/3 as approximately ¥8.0 billion in “Other income and expenses.”

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

(¥ million, %)

Consolidated balance sheets		FY2019/3 Year-end results	FY2020/3 1Q results	Variance (%)	Variance
★(1)	Total assets	741,388	774,946	4.5	33,558
	Cash and cash equivalents	48,108	50,458	4.9	2,350
	Trade and other receivables	153,260	151,440	(1.2)	(1,820)
★(2)	Inventories	113,415	126,503	11.5	13,088
	Property, plant and equipment	289,898	312,001	7.6	22,103
	Other financial assets - non-current	34,125	33,297	(2.4)	(828)
	Deferred tax assets	28,004	26,946	(3.8)	(1,058)
	Total liabilities	336,030	372,206	10.8	36,176
	Trade and other payables	111,573	119,228	6.9	7,655
★(3)	Interst-bearing liabilities	147,009	175,061	19.1	28,052
	Total equity attributable to owners of parent	401,014	398,239	(0.7)	(2,775)
	Non-controlling intertests	4,344	4,501	3.6	157
	Total equity	405,358	402,740	(0.6)	(2,618)

Major reasons for increase/decrease

- ★(1) Total assets: Increased by approximately ¥33.6 billion due to an increase in inventories and an increase in property, plant and equipment due to changes in accounting standards for leases.
- ★(2) Inventories: Increased from fresh meat and marine products, mainly including pork and chicken.
- ★(3) Interest-bearing liabilities: Increased due to the impact of changes in accounting standards for leases.

(¥ million, %)

Capital expenditures, depreciation and amortization	FY2019/3 1Q results	FY2020/3			FY2020/3 Full year forecasts
		1Q results	Variance (%)	Variance	
Capital expenditures	9,355	5,827	(37.7)	(3,528)	76,700
Processed Foods Business Division	1,822	2,001	9.8	179	23,000
Fresh Meats Business Division	3,752	1,920	(48.8)	(1,832)	30,200
Affiliated Business Division	2,502	177	(92.9)	(2,325)	4,200
Overseas Business Division	832	1,066	28.1	234	8,200
Other facilities	447	663	48.3	216	11,100
Depreciation and amortization	5,322	8,032	50.9	2,710	28,300

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.