

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

Date & Time: August 1, 2019 (Thursday) 14:00-15:00

○Q&A○

Q1.

What are the impacts of African swine fever on the global market and on NH Foods' financial performance?

A1.

- Although prices increased in the global market in the spring, reflecting purchases by China, the global market is currently stable. It is a fact that China is facing shortages of pork and some observers expect buy-side demand in China will increase from the autumn onward, but it is unclear what the impact will be.
- If increases in prices in the global market were to extend to the Japanese market, the Company's financial performance would be greatly affected, but we do not expect this to happen until late this year at the earliest.

Q2.

What was the sales situation of domestic fresh meat, which was challenging in 1Q, and how do you view the prospects from now on?

A2.

- The variation from the forecast was the greatest for pork and carcass prices increased, reflecting concerns about supply because of disease. Moreover, the shift of storefront sales to imported products and other meat because of weak demand from end consumers also had an impact.
- Although demand for chicken is not so weak as that for pork, prices of chicken have been soft because of the large supply. An increase in chicken prices is expected owing to seasonal factors.
- Demand for beef increased during the 10 consecutive public holidays in April/May but prices have remained high, making beef difficult to sell.

Q3.

Regarding the Processed Foods Business, although sales of consumer products were brisk, sales of commercial-use products have been tough. Do you intend to change the strategy for 2Q onward?

A3.

- The Processed Foods Business recorded higher profit due to improvement of the product mix. In 2Q, we will continue efforts to stimulate consumption through introduction of new products under the core brands and effective marketing. Regarding commercial-use products, there are opportunities corresponding to each season and menu. We will address every opportunity to achieve recovery.

Q4. Regarding the Overseas Business, why was performance in Turkey so strong and how do you view the prospects of the Australia operations including Uruguay?

A4.

- Factors contributing to the strong performance in Turkey were the increase in the sales prices of chicken in the country from April onward and the stable feed prices. Although the sales prices are expected to stabilize from 2Q onward, we expect that the business in Turkey will grow greatly compared with the previous year.
- Increases in livestock procurement prices in Uruguay have at last halted but it will take time for them to settle down. In Australia, the absolute number of cattle has been decreasing and the procurement environment is expected to remain challenging for the next two or three years. On the other hand, sales have been very strong centering on sales for China and demand may further increase.