

**Minutes of the Analyst Briefing
for the First Half of the Fiscal Year Ending March 31, 2020**

Date & Time: November 5, 2019 (Tuesday) 13:30-15:00

Venue: STATION CONFERENCE TOKYO

Attendees from the Company:

President and Representative Director (President and CEO): *Yoshihide Hata*

Vice President and Representative Director,

General Manager of Fresh Meats Business Division: *Katsumi Inoue*

Director and Managing Executive Officer,

General Manager of Overseas Business Division: *Tetsuhiro Kito*

Director and Managing Executive Officer,

General Manager of Processed Foods Business Division: *Nobuhisa Ikawa*

Executive Officer,

General Manager of Affiliated Business Division: *Kazuhiro Mikuni*

Executive Officer,

In charge of Accounting & Finance Department and Public and Investor Relations

Department, Corporate Management Division: *Masahito Kataoka*

Number of attendees: 68

○ Medium-Term Management Plan 2020: Progress During the First Half of FY2020/3: Explanation

Reference: November 5 “NH Foods Group Medium-Term Management Plan 2020 — Progress During the First Half of FY2020/3”

https://www.nipponham.co.jp/eng/ir/library/briefing_session/pdf/2020/20201105.pdf

○ Business Results for the First Half of FY2020/3: Supplementary explanation

Reference: October 31 “Business Results for the First Half of FY2020/3”

https://www.nipponham.co.jp/eng/ir/library/briefing_session/pdf/2020/20201031_02.pdf

○ Q&A

Q1.

What measures are you implementing to maximize Group synergy and what actions are you taking in pursuit of the optimal business portfolio?

A1.

Regarding maximization of Group synergy, we would like to show the way forward by resolving the issue of overlapping among business divisions during the current medium-term management plan. We aim to optimize management resource allocation through pursuit of the optimal business

portfolio.

Weighted average cost of capital (WACC) is a criterion we use for this. According to our calculation, WACC is slightly less than 4%. We will decide on business downsizing or withdrawal using WACC as a criterion.

In this regard, we should aim at a business profit ratio of 5% or more and return on invested capital (ROIC) of 9% or more. We are continuing our deliberations on the initiatives to be taken with a view to achieving these targets.

Q2.

When will your capital investment peak and what is your plan for investment in the new stadium and returns from it?

A2.

We are currently conducting a meticulous examination of capital investment from now on. Overseas, we will invest to strengthen integration in each geographical area.

Major investment in Japan is expected to be largely completed by the end of the Medium-Term Management Plan 2020. In the next medium-term management plan, beginning from FY2022/3, a certain amount of capital investment for the Processed Foods Business Division and the Fresh Meats Business Division is expected.

The planned amount of investment for the new stadium is 60.0 billion yen. Our financial target is to make the baseball club, which is currently making a loss on a consolidated basis, profitable. We want to enhance Group synergy, going beyond improvement of earnings of the baseball club alone.

Q3.

What are the impacts of African swine fever (ASF) on the overseas and the domestic fresh meat market?

A3.

Overseas, an increase in demand for beef in China led to higher beef prices in the global market, which supported our business in Australia and Uruguay.

In Japan, at present, ASF has no impact on the market price. Going forward, the trend of supply and demand, not only for Japanese pork but also for imported pork, which is affected by the relationship between the U.S. and China, should be monitored amid mounting uncertainty.

There is oversupply of chicken because producers in Japan have been highly motivated. Although demand for chicken will increase from now on due to seasonal factors, a year-on-year increase in demand for chicken is not expected until the next fiscal year.

Q4

What are the external and internal factors concerning recovery of performance of the Overseas Business?

A4

Against the backdrop of positive external factors, our operations in each area are pursuing efficiency and the positive impact is becoming evident. In Australia, besides the support from the external environment, we think about 50% of the favorable impact on performance is attributable to our internal efforts.

Q5.

To what extent do you think the Fresh Meat Business can contribute to profit?

A5.

The business environment concerning supply and demand has changed significantly in recent years and profit has fluctuated. Going forward, our aim is to achieve business profit of 40.0 billion yen as the base.

Q6.

How do you view the level of profit of the Processed Foods Business?

A6.

The business profit ratio was 1.6% for FY2018/3 and is forecast to be around 2.6% for FY2020/3. Although the improvement activities for hams and sausages will go around by the end of the current fiscal year, we will implement similar initiatives for deli and processed foods from the next fiscal year onward with the aim of achieving the business profit ratio of 3% soon. However, the business profit ratio of 3% would still be at a low level and we would like to increase it to 5%. For this purpose, we need to change sales channels and product development. We think this is the largest issue and are taking various actions.