

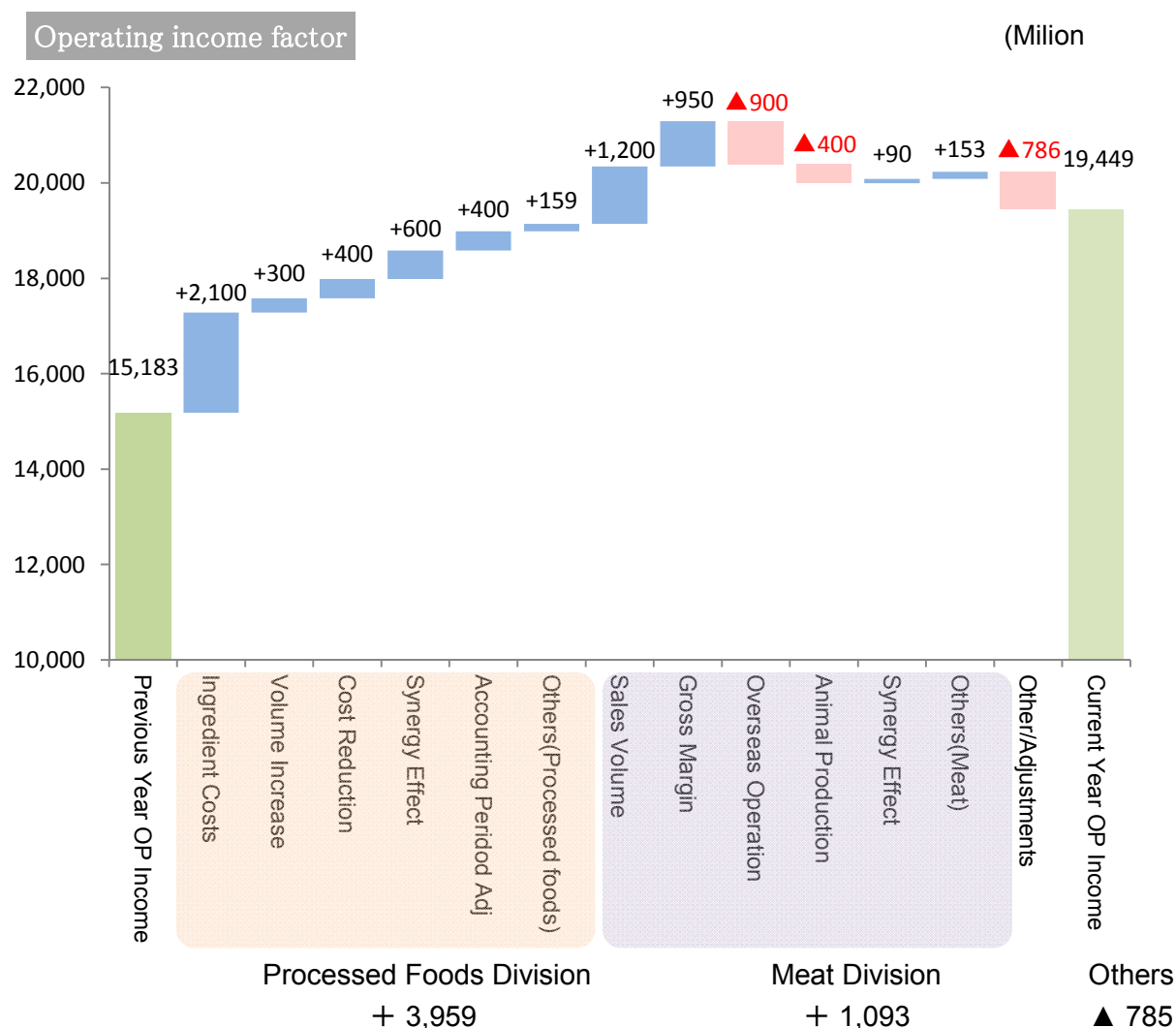
Itoham Yonekyu Holdings Inc.

Supplementary Explanation to Financial Results

Third Quarter Year Ending March 2017

1) Summary of 3Q Financial Results

	Actual 2016	% of Sales	Actual 2015	% of Sales	(Million Yen, %) Change	
Sales	612,411		624,434		▲ 12,023	▲ 1.9
Gross Profit	102,040	16.7	95,639	15.3	6,401	6.7
S, G & A Expenses	82,590	13.5	80,455	12.9	2,135	2.7
Operating Income	19,449	3.2	15,183	2.4	4,266	28.1
Non-operating Income	1,408		2,189		▲ 781	▲ 35.7
Non-operating Expenses	△ 1,164		△ 1,435		271	
Equity Method Gain/Loss	2,856		357		2,499	699.8
Net Non-operating Gain/Loss	3,100		568		2,532	446.0
Ordinary Income	22,549	3.7	15,750	2.5	6,799	43.2
Extra-ordinary Gain	2,556		1,944		612	31.5
Extra-ordinary Loss	△ 502		△ 135		▲ 367	
Net Extra-ordinary Gain/Loss	2,054		1,809		246	13.6
Income Before Taxes	24,604		17,559		7,045	40.1
Net Income	17,263	2.8	11,262	1.8	6,001	53.3



2) Segment Information

(1) Operating Segment Information

(Million Yen, %)

		Actual 2016	Actual 2015	Change
Processed Foods Division	Sales	219,998	211,861	8,137
	OP Margin	11,447	7,488	3,959
	% of Sales	5.2	3.5	1.7
Meat Division	Sales	392,330	411,245	▲ 18,915
	OP Margin	8,805	7,712	1,093
	% of Sales	2.2	1.9	0.4
Others/Adjustments	Sales	82	1,327	▲ 1,245
	OP Margin	△ 803	△ 18	▲ 785
Consolidated	Sales	612,411	624,434	▲ 12,023
	OP Margin	19,449	15,183	4,266
	% of Sales	3.2	2.4	0.7

Operating Income Factors

Processed Foods Division	(Million Yen)
	Change
Ingredient Costs	2,100
Volume Increase	300
Cost Reduction	400
Synergy Effect	600
Accounting Period Adj	400
Others	159
Total	3,959

Processed Foods Division	(Million Yen)
	Change
Sales Volume	1,200
Gross Margin	950
Overseas Operation	▲ 900
Animal Production	▲ 400
Synergy Effect	90
Others	153
合計	1,093

(2) Sales by Market

(Million Yen)

	Actual 2016	Actual 2015	Change
Japan	540,879	533,615	7,264
North America	19,993	28,813	▲ 8,820
Asia	19,161	22,119	▲ 2,958
Oceania	16,202	18,528	▲ 2,326
Europe	12,817	16,250	▲ 3,433
Others	3,357	5,109	▲ 1,752
Total	612,411	624,434	▲ 12,023
Overseas Sales (%)	11.7	14.5	▲ 2.9

3) Financial Data

Sales

(Million Yen, %)

	Actual 2016	Actual 2015	Change	
Ham/Sausage	136,751	136,151	600	0.4
Processed Foods	93,023	83,948	9,075	10.8
Meat	374,186	394,605	▲ 20,419	▲ 5.2
Others	8,449	9,730	▲ 1,281	▲ 13.2
Total	612,411	624,435	▲ 12,024	▲ 1.9

S, G & A Expenses

(Million Yen, %)

	Actual 2016	Actual 2015	Change	
Labor Expenses	27,558	27,384	174	0.6
Shipping / Handling	22,094	20,927	1,167	5.6
Advertisement	5,617	5,593	24	0.4
Sales Fees	5,712	6,099	▲ 387	▲ 6.3
Packing	2,923	2,923	0	0.0
Depreciation	1,229	1,161	68	5.9
Other Expenses	17,457	16,368	1,089	6.7
Total	82,590	80,455	2,135	2.7

Non-Operational G/L

(Million Yen, %)

	Actual 2016	Actual 2015	Change	
Equity Method	2,856	357	2,499	700.0
Financing	△ 349	△ 709	360	
Others	593	919	▲ 326	▲ 35.5
Total	3,100	568	2,532	445.8

*Major G/L(Equity in earnings of affiliates)

	Actual 2016	Actual 2015	Change
MIY	1,568	△ 463	2,031
IPC	977	401	576

Extra-ordinary Gain/Loss

(百万円、%)

	Actual 2016	Actual 2015	Change	
Sales of Securities	1,971	1,575	396	25.1
Others	83	233	▲ 150	▲ 64.4
Total	2,054	1,808	246	13.6

4) Revisions to the Forecast of Business Results and Dividends

Revisions to the Forecast

(Million Yen, %)

	Current Forecast(2/1)			Previous		Preious Year	
	FH	SH	Annual	01-Nov	Change	Annual	Change
Sales	398,878	401,122	800,000	800,000	0	817,450	▲ 17,450
Operarting Income	10,512	10,488	21,000	20,000	1,000	17,385	3,615
Non-operating G/L	1,445	1,555	3,000	2,000	1,000	893	2,107
Ordinary Income	11,957	12,043	24,000	22,000	2,000	18,279	5,721
Extra-ordinary G/L	1,959	△ 459	1,500	1,000	500	1,485	15
Income Before Taxes	13,916	11,584	25,500	23,000	2,500	19,764	5,736
Net Income	9,526	7,974	17,500	15,000	2,500	12,576	4,924

Revisions to Dividends

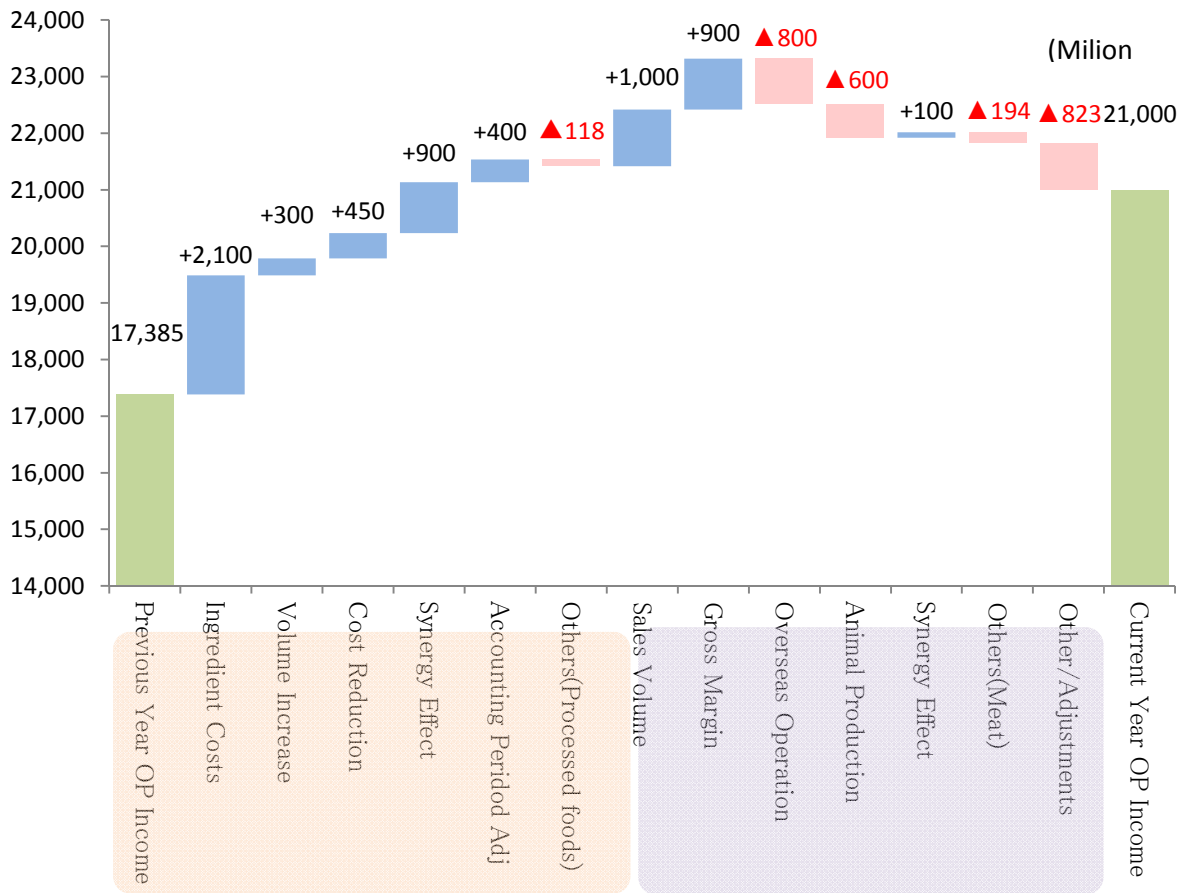
	End of Year Yen	EPS F'cast Yen	Payout Ratio %
Previous Forecat	15.00	50.45	29.70
Current Forecast	17.00	58.85	28.90

Operating Segment Information

(Million Yen, %)

		Forecast	Actual 2015	Change
Processed Foods Divisic	Sales	284,800	276,326	8,474
	OP Margin	11,750	7,718	4,032
	% of Sales	4.1	2.8	1.3
Meat Division	Sales	515,000	539,787	▲ 24,787
	OP Margin	10,350	9,944	406
	% of Sales	2.0	1.8	0.2
Others/Adjustments	Sales	200	1,336	▲ 1,136
	OP Margin	△ 1,100	△ 276	▲ 824
Consolidated	Sales	800,000	817,450	▲ 17,450
	OP Margin	21,000	17,385	3,615
	% of Sales	2.6	2.1	0.5

Operating Income Variance (forecast)



Processed Foods Division
+ 4,032

Meat Division
+ 406

Others
▲ 824