

Itoham Yonekyu Holdings Inc.

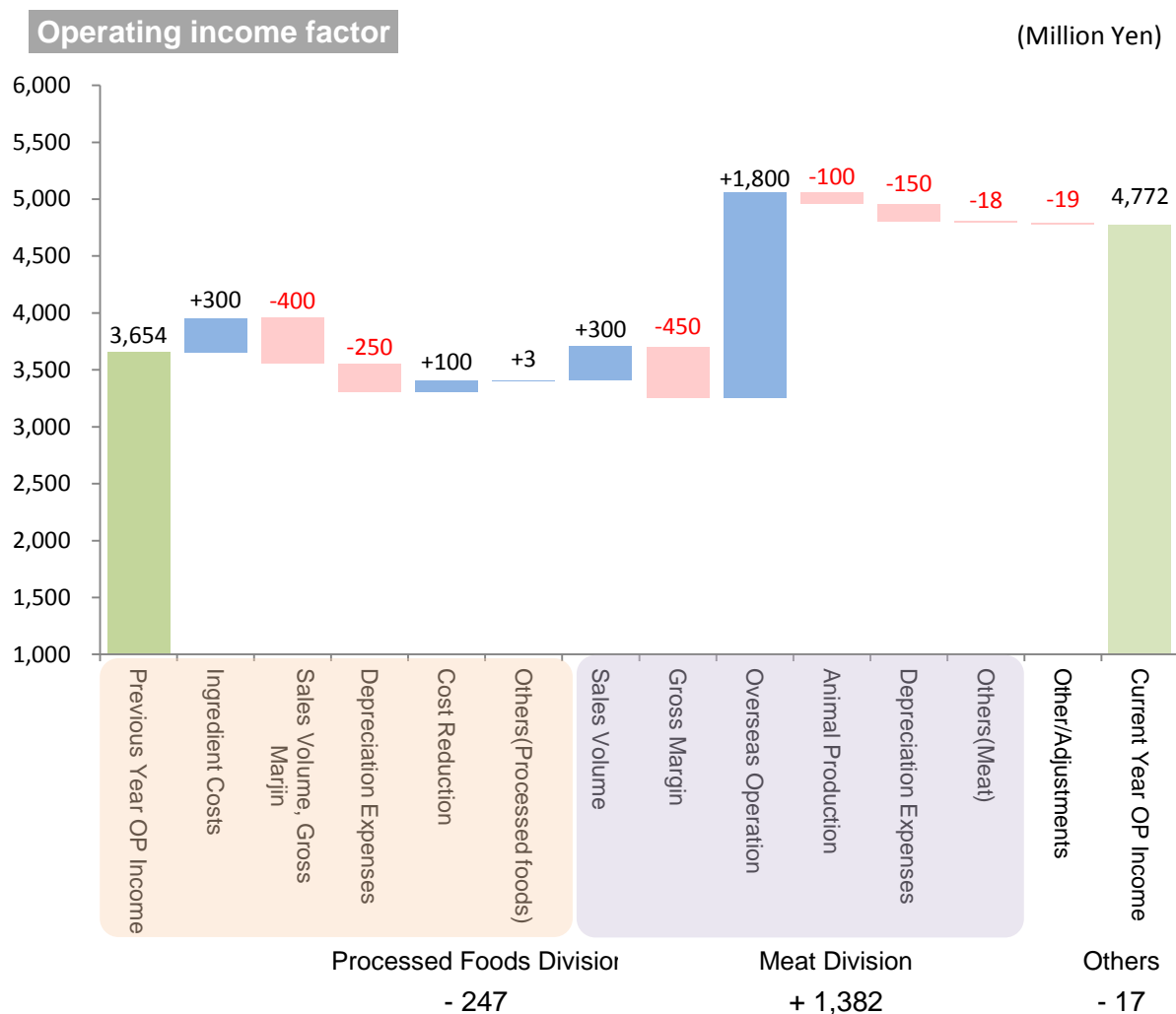
Supplementary Explanation to Financial Results

First Quarter Year Ending March 2020

1) Summary of Financial Results

(Million Yen, %)

	Actual 2019	% of Sales	Actual 2018	% of Sales	Change	
Sales	210,964		208,615		2,349	1.1
Gross Profit	32,138	15.2	30,471	14.6	1,667	5.5
S, G & A Expenses	27,366	13.0	26,816	12.9	549	2.1
Operating Income	4,772	2.3	3,654	1.8	1,117	30.6
Non-operating Income	590		572		17	3.1
Non-operating Expenses	- 279		- 272		- 6	
Equity Method Gain/Loss	142		170		- 27	- 16.5
Net Non-operating Gain/Loss	453		469		- 16	- 3.4
Ordinary Income	5,225	2.5	4,124	2.0	1,101	26.7
Extra-ordinary Gain	140		724		- 584	- 80.7
Extra-ordinary Loss	- 74		- 66		- 7	
Net Extra-ordinary Gain/Loss	66		657		- 591	- 90.0
Income Before Taxes	5,291	2.5	4,782	2.3	509	10.6
Net Income	3,471	1.6	3,162	1.5	309	9.8



2) Segment Information

(1) Operating Segment Information

		(Million Yen, %)		
		Actual 2019	Actual 2018	Change
Processed Foods Division	Sales	70,663	68,912	1,750
	OP Margin	1,889	2,136	- 247
	% of Sales	2.7	3.1	- 0.4
Meat Division	Sales	139,250	138,666	584
	OP Margin	3,199	1,817	1,382
	% of Sales	2.3	1.3	1.0
Others/Adjustments	Sales	1,050	1,036	13
	OP Margin	- 317	- 298	- 17
Consolidated	Sales	210,964	208,615	2,349
	OP Margin	4,772	3,654	1,117
	% of Sales	2.3	1.8	0.5

Operating Income Factors

Processed Foods Division	(Million Yen)
	Change
Ingredient Costs	300
Sales Volume, Gross Margin	- 400
Depreciation Expenses	- 250
Cost Reduction	100
Others	3
Total	- 247

Meat Division	(Million Yen)
	Change
Sales Volume	300
Gross Margin	- 450
Overseas Operation	1,800
Animal Production	- 100
Depreciation Expenses	- 150
Others	- 18
Total	1,382

(2) Sales by Market

		(Million Yen)		
		Actual 2019	Actual 2018	Change
Japan		182,893	178,602	4,291
Asia		10,468	9,414	1,053
North America		7,070	7,409	- 339
Oceania		6,080	7,937	- 1,856
Europe		3,871	4,659	- 787
Others		579	592	- 12
Overseas Subtotal		28,071	30,013	- 1,941
Total		210,964	208,615	2,349
Overseas Sales (%)		13.3	14.4	- 1.1

3) Financial Data

Sales						
(Million Yen, %)						
	Actual 2019	Actual 2018	Change		Impact of fluctuations in foreign exchange rates related to ANZCO	
Ham/Sausage	42,400	40,899	1,502	3.7		- 33
Processed Foods	33,062	32,466	596	1.8		- 98
Meat	130,272	129,429	843	0.7		- 1,327
Others	5,230	5,822	- 591	- 10.2		- 176
Total	210,964	208,615	2,349	1.1		- 1,634

SG & A Expenses				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Labor Expenses	8,773	8,895	- 122	- 1.4
Shipping / Handling	8,742	8,095	647	8.0
Advertisement	1,768	1,791	- 23	- 1.3
Sales Fees	986	995	- 9	- 0.9
Packing	723	688	35	5.1
Depreciation	428	401	27	6.7
Other Expenses	5,943	5,949	- 6	- 0.1
Total	27,366	26,816	549	2.1

Non-Operational G/L				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Equity Method	142	170	- 28	- 16.5
Financing	- 61	- 84	23	
Others	372	383	- 11	- 2.9
Total	453	469	- 16	- 3.4

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

	Actual 2019	Actual 2018	Change
IPC	170	47	123
ABC	- 58	- 11	- 47

Extra-ordinary Gain/Loss				
(Million Yen, %)				
	Actual 2019	Actual 2018	Change	
Sales of Securities	4	513	- 509	- 99.2
Others	62	144	- 82	- 56.9
Total	66	657	- 591	- 90.0

4) Forecast of Business Results and Dividends

Business Results Forecast

(Million Yen)

	First Half		Second Half		Year	
	2019 F'cast	Change	2019 F'cast	Change	2019 F'cast	Change
Sales	440,000	13,575	440,000	15,704	880,000	29,279
Operating Income	10,000	2,051	8,000	1,455	18,000	3,506
Non-operating G/L	1,000	344	1,000	472	2,000	816
Ordinary Income	11,000	2,395	9,000	1,926	20,000	4,321
Extra-ordinary G/L	0	- 595	0	- 29	0	- 624
Income Before Taxes	11,000	1,799	9,000	1,897	20,000	3,696
Net Income	7,700	1,642	6,300	1,770	14,000	3,412

Dividends Forecasts

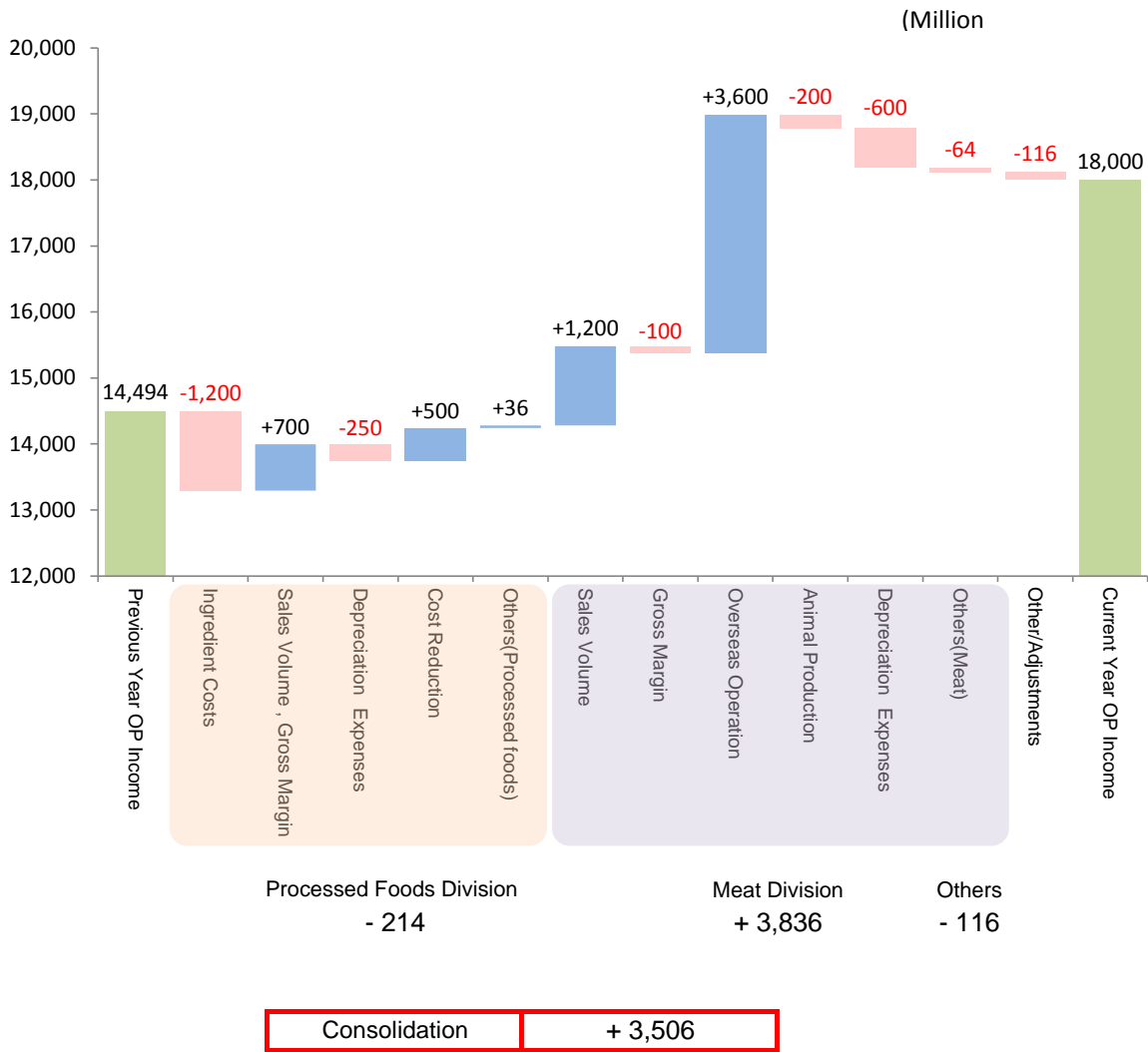
	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2018 Actual	17.00	35.82	47.5
2019 Forecast	17.00	47.40	35.9

Operating Segment Information Forecast

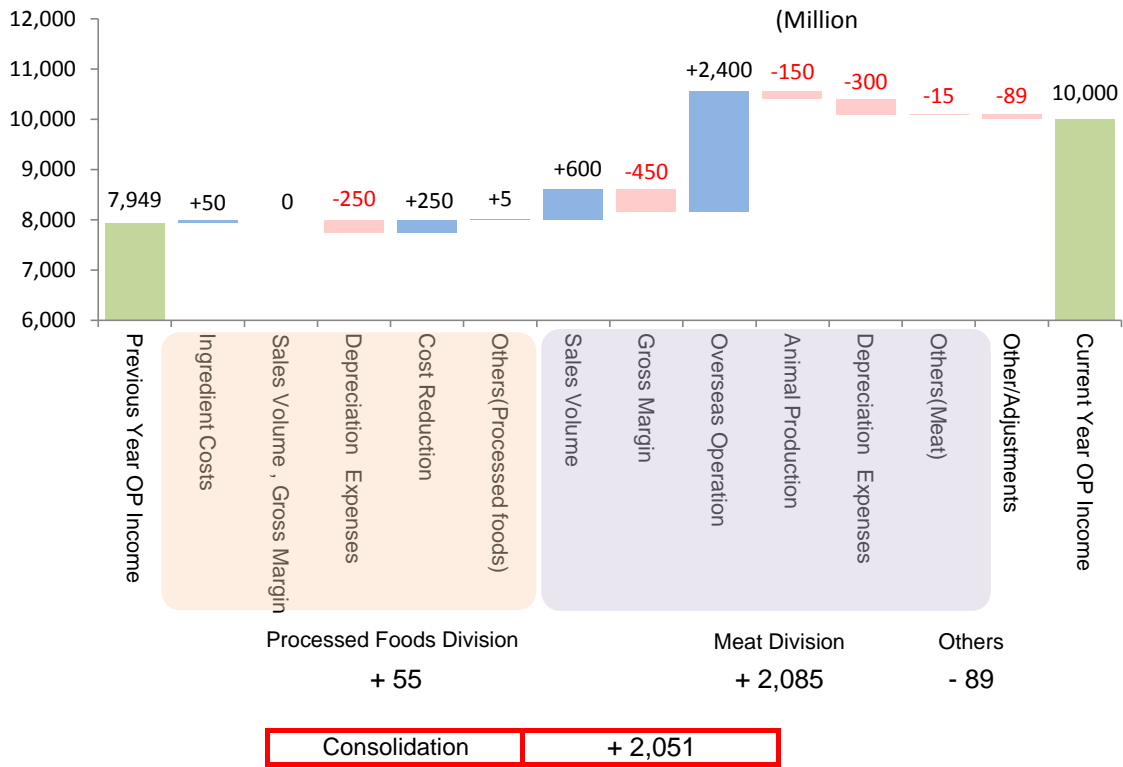
(Million Yen, %)

		First Half		Second Half		Year	
		2019 F'cast	Change	2019 F'cast	Change	2019 F'cast	Change
Processed Foods Division	Sales	146,700	4,138	153,300	3,923	300,000	8,061
	OP Margin	3,700	55	4,000	- 269	7,700	- 214
	% of Sales	2.5	- 0.0	2.6	- 0.2	2.6	- 0.1
Meat Division	Sales	291,000	9,221	284,500	11,703	575,500	20,924
	OP Margin	6,800	2,085	4,400	1,751	11,200	3,836
	% of Sales	2.3	0.7	1.5	0.6	1.9	0.6
Others/Adjustments	Sales	2,300	217	2,200	77	4,500	294
	OP Margin	- 500	- 89	- 400	- 27	- 900	- 116
Consolidated	Sales	440,000	13,575	440,000	15,704	880,000	29,279
	OP Margin	10,000	2,051	8,000	1,455	18,000	3,506
	% of Sales	2.3	0.4	1.8	0.3	2.0	0.3

Operating Income Variance (forecast)



Operating Income Variance (First Half)



Operating Income Variance (Second Half)

