

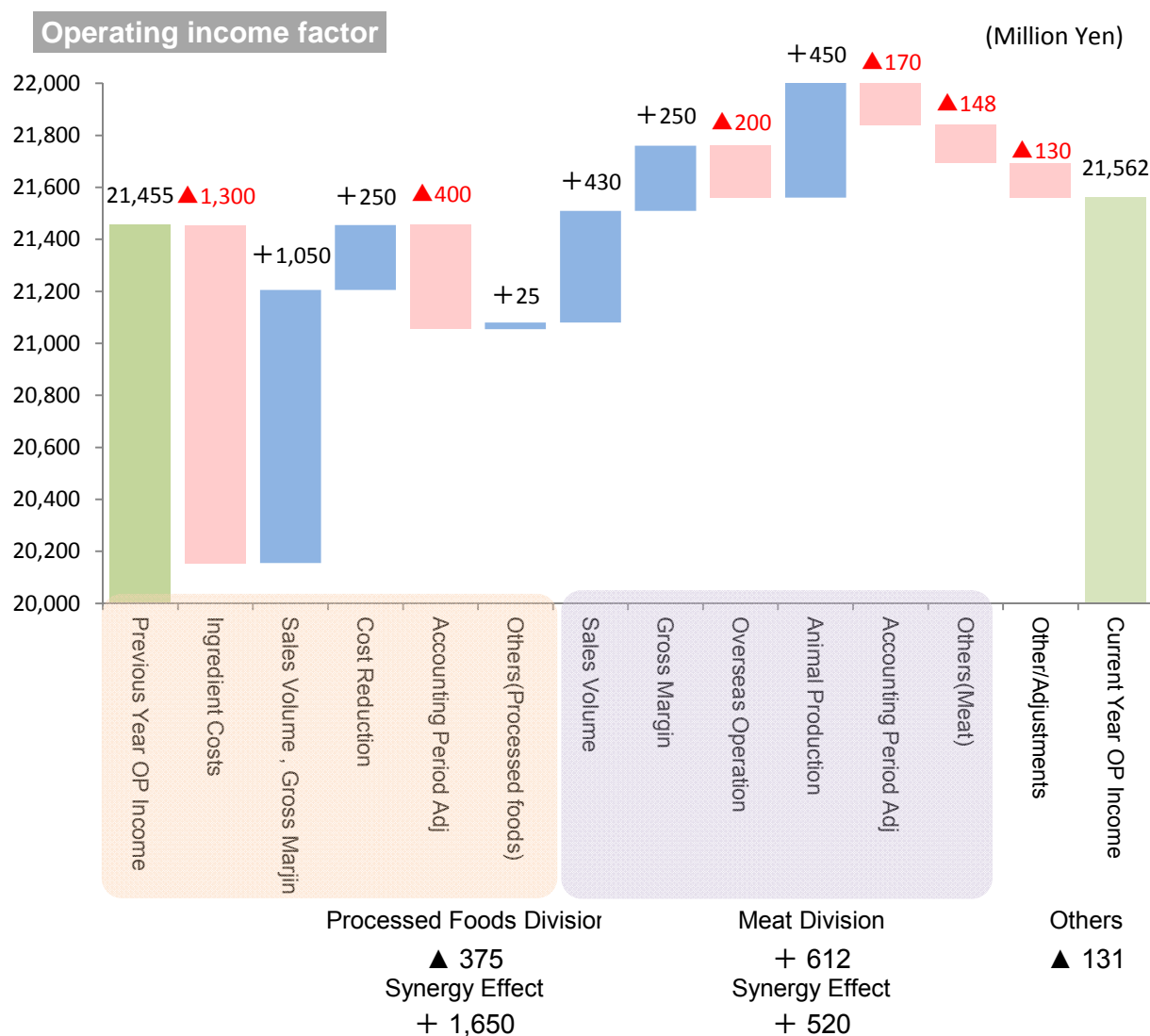
Itoham Yonekyu Holdings Inc.

Supplementary Explanation to Financial Results

Fiscal Year Ended March 31, 2018

1) Summary of Financial Results

	Actual 2017	% of Sales	Actual 2016	% of Sales	Change	
Sales	831,865		792,564		39,300	5.0
Gross Profit	130,649	15.7	128,212	16.2	2,437	1.9
S, G & A Expenses	109,087	13.1	106,756	13.5	2,330	2.2
Operating Income	21,562	2.6	21,455	2.7	106	0.5
Non-operating Income	1,765		1,942		▲ 177	▲ 9.1
Non-operating Expenses	△ 1,359		△ 1,454		94	
Equity Method Gain/Loss	2,455		2,939		▲ 484	▲ 16.5
Net Non-operating Gain/Loss	2,861		3,428		▲ 567	▲ 16.5
Ordinary Income	24,423	2.9	24,884	3.1	▲ 460	▲ 1.9
Extra-ordinary Gain	1,084		2,731		▲ 1,647	▲ 60.3
Extra-ordinary Loss	△ 640		△ 1,589		949	
Net Extra-ordinary Gain/Loss	444		1,142		▲ 698	▲ 61.1
Income Before Taxes	24,867		26,027		▲ 1,159	▲ 4.5
Net Income	15,784	1.9	18,038	2.3	▲ 2,253	▲ 12.5



2) Segment Information

(1) Operating Segment Information

(Million Yen, %)

		Actual 2017	Actual 2016	Change
Processed Foods Division	Sales	287,502	277,295	10,207
	OP Margin	10,764	11,139	▲ 375
	% of Sales	3.7	4.1	▲ 0.4
Meat Division	Sales	540,107	511,067	29,040
	OP Margin	11,432	10,820	612
	% of Sales	2.1	2.1	▲ 0.0
Others/Adjustments	Sales	4,255	4,201	53
	OP Margin	△ 634	△ 504	▲ 131
Consolidated	Sales	831,865	792,564	39,300
	OP Margin	21,562	21,455	106
	% of Sales	2.6	2.7	▲ 0.1

Operating Income Factors

Processed Foods Division	(Million Yen)
	Change
Ingredient Costs	▲ 1,300
Sales Volume , Gross Margin	1,050
Cost Reduction	250
Accounting Period Adj	▲ 400
Others	25
Total	▲ 375
Synergy Effect	1,650

Meat Division	(Million Yen)
	Change
Sales Volume	430
Gross Margin	250
Overseas Operation	▲ 200
Animal Production	450
Accounting Period Adj	▲ 170
Others	▲ 148
Total	612
Synergy Effect	520

(2) Sales by Market

(Million Yen)

	Actual 2017	Actual 2016	Change
Japan	733,926	701,122	32,804
Asia	27,485	23,852	3,633
North America	24,100	23,130	970
Oceania	26,985	24,335	2,650
Europe	15,340	15,726	▲ 386
Others	4,026	4,396	▲ 370
Total	831,865	792,564	39,300
Overseas Sales (%)	11.8	11.5	0.2

3) Financial Data

Sales

(Million Yen, %)						
	Actual 2017	Actual 2016	Change		Impact of fluctuations in foreign exchange rates related to ANZCO	
Ham/Sausage	176,931	172,914	4,017	2.3		13
Processed Foods	129,851	121,720	8,131	6.7		817
Meat	510,622	483,555	27,067	5.6		4,973
Others	14,459	14,375	84	0.6		
Total	831,865	792,564	39,300	5.0		5,804

SG & A Expenses

(Million Yen, %)				
	Actual 2017	Actual 2016	Change	
Labor Expenses	36,329	35,943	386	1.1
Shipping / Handling	30,222	28,798	1,424	4.9
Advertisement	7,526	7,061	465	6.6
Sales Fees	6,626	6,536	90	1.4
Packing	3,389	3,336	54	1.6
Depreciation	1,588	1,674	▲ 85	▲ 5.1
Other Expenses	23,407	23,409	▲ 1	▲ 0.0
Total	109,087	106,756	2,330	2.2

Non-Operational G/L

(Million Yen, %)				
	Actual 2017	Actual 2016	Change	
Equity Method	2,455	2,940	▲ 485	▲ 16.5
Financing	△ 436	△ 517	81	
Others	842	1,005	▲ 164	▲ 16.2
Total	2,861	3,428	▲ 567	▲ 16.5

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

	Actual 2017	Actual 2016	Change
MIY	968	1,558	▲ 590
IPC	1,340	1,150	190

Extra-ordinary Gain/Loss

(Million Yen, %)				
	Actual 2017	Actual 2016	Change	
Sales of Securities	746	1,977	▲ 1,231	▲ 62.2
Others	△ 302	△ 834	532	
Total	444	1,143	▲ 698	▲ 61.2

4) Forecast of Business Results and Dividends

Business Results Forecast

(Million Yen)

	First Half		Second Half		Year	
	2018 F'cast	Change	2018 F'cast	Change	2018 F'cast	Change
Sales	425,000	8,363	425,000	9,772	850,000	18,135
Operating Income	11,000	▲ 434	12,000	1,872	23,000	1,438
Non-operating G/L	1,000	▲ 117	1,000	▲ 744	2,000	▲ 861
Ordinary Income	12,000	▲ 552	13,000	1,129	25,000	577
Extra-ordinary G/L	300	96	△ 300	▲ 540	0	▲ 444
Income Before Taxes	12,300	▲ 456	12,700	589	25,000	133
Net Income	8,000	▲ 418	8,500	1,134	16,500	716

Dividends Forecasts

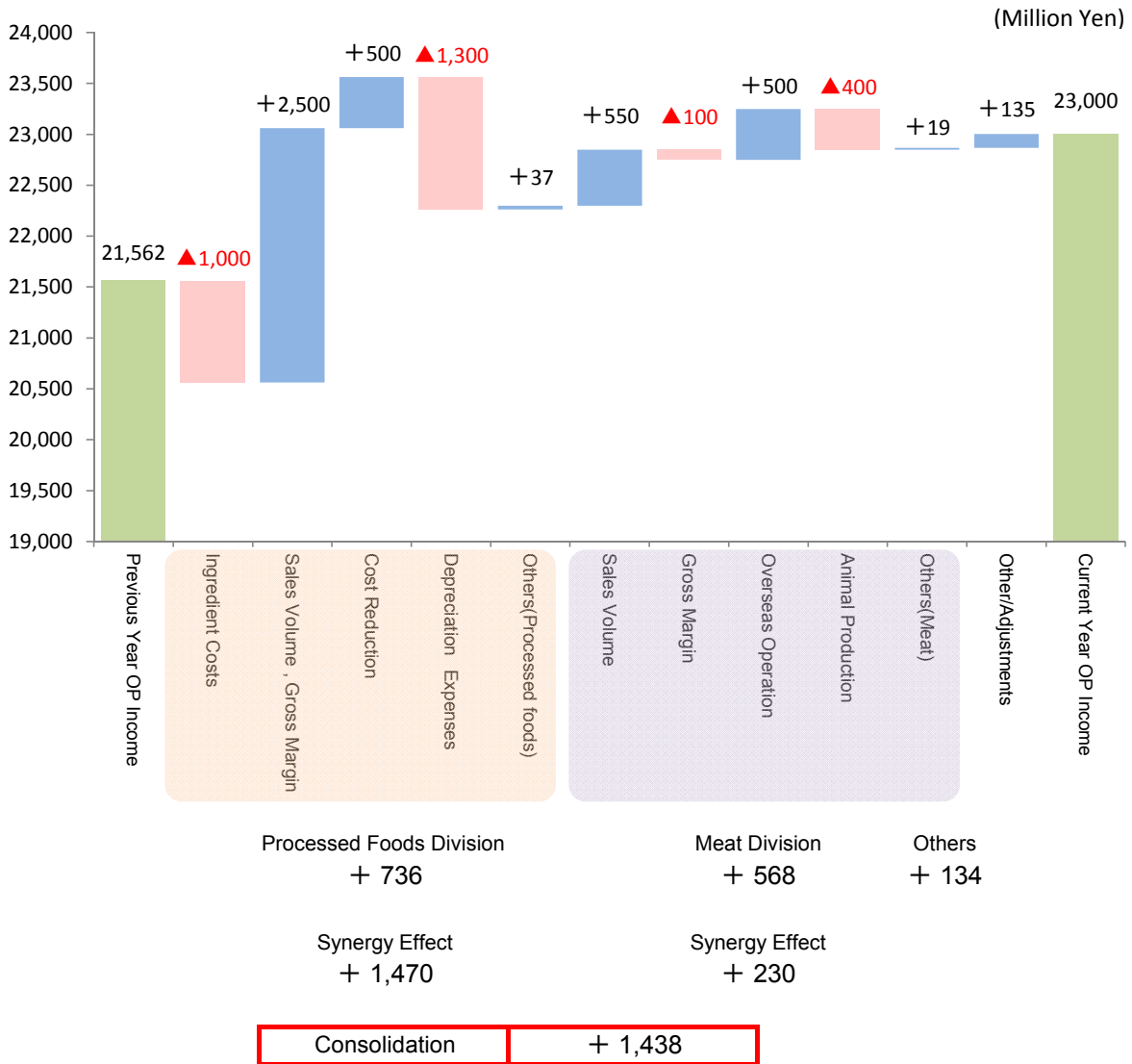
	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2017 Actual	17.00	53.22	31.9
2018 Forecast	17.00	55.63	30.6

Operating Segment Information Forecast

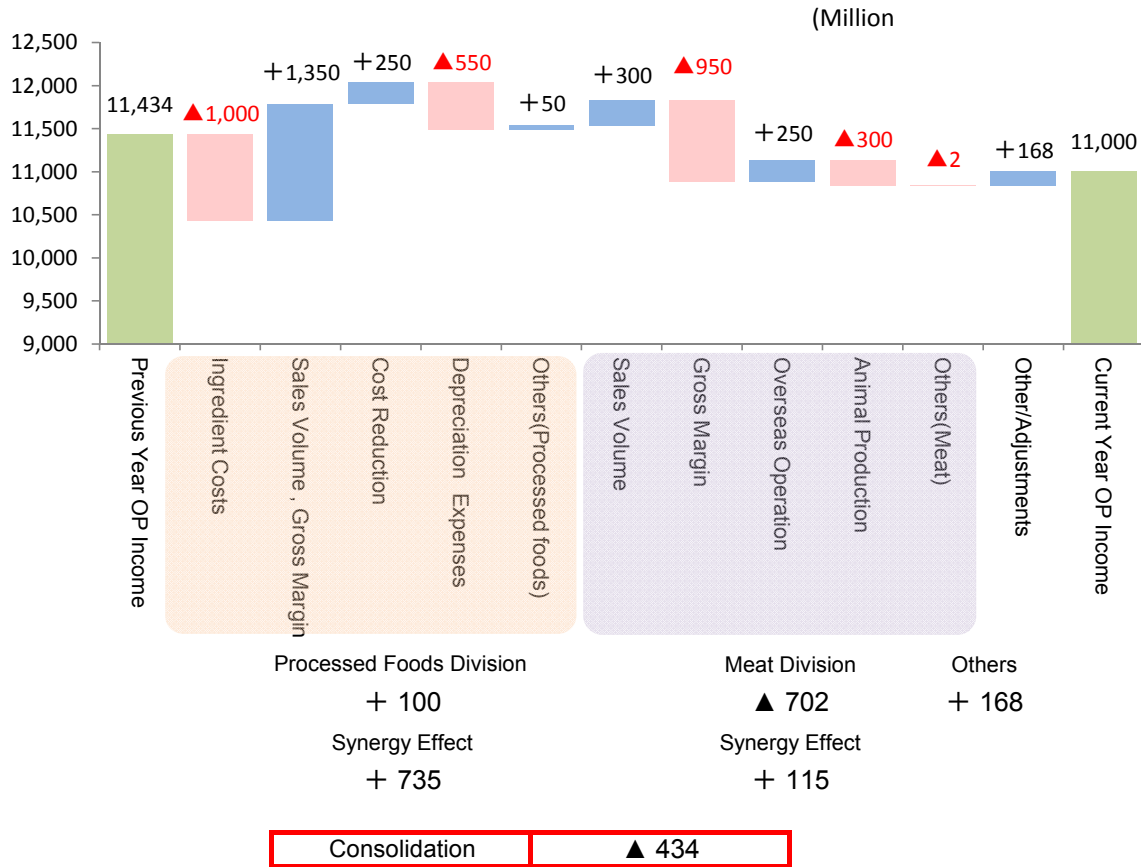
(Million Yen, %)

		First Half		Second Half		Year	
		2018 F'cast	Change	2018 F'cast	Change	2018 F'cast	Change
Processed Foods Division	Sales	146,700	6,571	153,300	5,927	300,000	12,498
	OP Margin	6,000	100	5,500	636	11,500	736
	% of Sales	4.1	▲ 0.1	3.6	0.3	3.8	0.1
Meat Division	Sales	276,000	1,578	269,500	3,815	545,500	5,393
	OP Margin	5,200	▲ 702	6,800	1,270	12,000	568
	% of Sales	1.9	▲ 0.3	2.5	0.4	2.2	0.1
Others/Adjustments	Sales	2,300	215	2,200	30	4,500	245
	OP Margin	△ 200	168	△ 300	▲ 34	△ 500	134
Consolidated	Sales	425,000	8,363	425,000	9,772	850,000	18,135
	OP Margin	11,000	▲ 434	12,000	1,872	23,000	1,438
	% of Sales	2.6	0.0	2.8	0.0	2.7	0.0

Operating Income Variance (forecast)



Operating Income Variance (First Half)



Operating Income Variance (Second Half)

