

Itoham Yonekyu Holdings Inc.

Supplementary Explanation to Financial Results

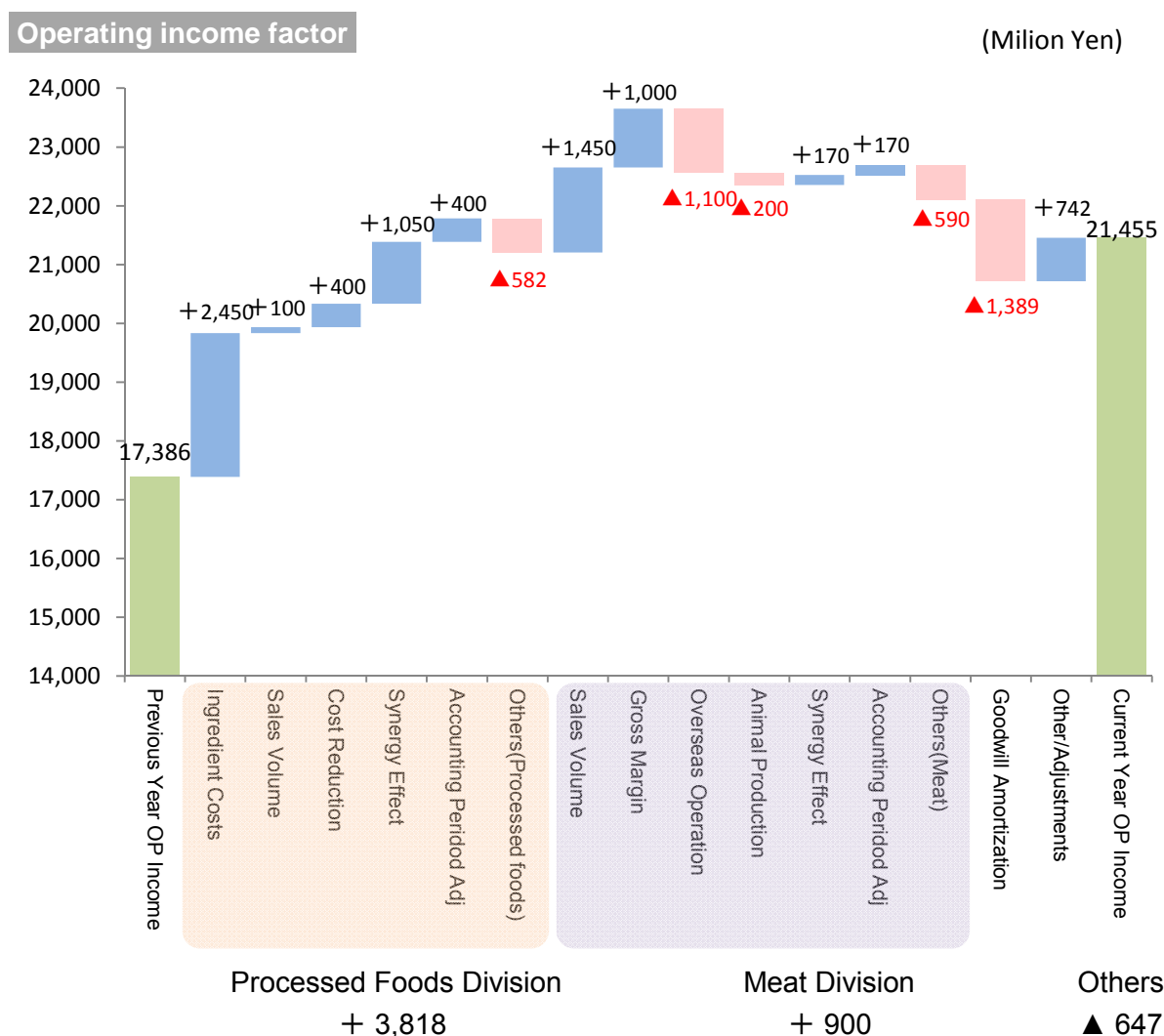
Year Ending March 2017

※Fiscal year for Yonekyu ended Feb 2015 and March 2016. 2016/03 for Yonekyu was a 13 months fiscal year
※Financial results for 2016/03 derived by simply adding the results for Itoham and Yonekyu

1) Summary of Financial Results

(Million Yen, %)

	Actual 2016	% of Sales	Actual 2015	% of Sales	Change	
Sales	792,564		817,450		▲ 24,886	▲ 3.0
Gross Profit	128,212	16.2	122,127	14.9	6,085	5.0
S, G & A Expenses	106,756	13.5	104,741	12.8	2,015	1.9
Operating Income	21,455	2.7	17,386	2.1	4,069	23.4
Non-operating Income	1,942		1,935		7	0.4
Non-operating Expenses	△ 1,454		△ 1,700		246	
Equity Method Gain/Loss	2,939		658		2,281	346.7
Net Non-operating Gain/Loss	3,428		893		2,535	283.9
Ordinary Income	24,884	3.1	18,279	2.2	6,605	36.1
Extra-ordinary Gain	2,731		2,862		▲ 131	▲ 4.6
Extra-ordinary Loss	△ 1,589		△ 1,376		▲ 213	
Net Extra-ordinary Gain/Loss	1,142		1,485		▲ 343	▲ 23.1
Income Before Taxes	26,027		19,765		6,262	31.7
Net Income	18,038	2.3	12,577	1.5	5,461	43.4



2) Segment Information

(1) Operating Segment Information

(Million Yen, %)

		Actual 2016	Actual 2015	Change
Processed Foods Division	Sales	281,404	276,326	5,078
	OP Margin	11,536	7,718	3,818
	% of Sales	4.1	2.8	1.3
Meat Division	Sales	511,067	539,787	▲ 28,720
	OP Margin	10,844	9,944	900
	% of Sales	2.1	1.8	0.3
Others/Adjustments	Sales	93	1,336	▲ 1,243
	OP Margin	△ 924	△ 277	▲ 647
Consolidated	Sales	792,564	817,450	▲ 24,886
	OP Margin	21,455	17,386	4,069
	% of Sales	2.7	2.1	0.6

Operating Income Factors

Processed Foods Division	(Million Yen)
	前年差
Ingredient Costs	2,450
Sales Volume	100
Cost Reduction	400
Synergy Effect	1,050
Accounting Period Adj	400
Others	▲ 582
Total	3,818

Meat Division	(Million Yen)
	前年差
Sales Volume	1,450
Gross Margin	1,000
Overseas Operation	▲ 1,100
Animal Production	▲ 200
Synergy Effect	170
Accounting Period Adj	170
Others	▲ 590
Total	900

(2) Sales by Market

(Million Yen)

	Actual 2016	Actual 2015	Change
Japan	701,120	703,973	▲ 2,853
North America	23,130	25,437	▲ 2,307
Asia	23,833	35,699	▲ 11,866
Oceania	24,378	24,871	▲ 493
Europe	15,719	21,005	▲ 5,286
Others	4,381	6,464	▲ 2,083
Total	792,564	817,450	▲ 24,886
Overseas Sales (%)	11.5	13.9	▲ 2.3

3) Financial Data

Sales

(Million Yen, %)						
	Actual 2016	Actual 2015	Change		Impact of accounting period change at Yonekyu	Impact of fluctuations in foreign exchange rates related to ANZCO
Ham/Sausage	172,861	174,238	▲ 1,377	▲ 0.8	▲ 3,854	▲ 54
Processed Foods	121,857	112,134	9,723	8.7	▲ 1,608	▲ 856
Meat	483,823	520,095	▲ 36,272	▲ 7.0	▲ 7,712	▲ 12,946
Others	14,022	10,983	3,039	27.7		
Total	792,564	817,450	▲ 24,886	▲ 3.0	▲ 13,174	▲ 13,857

SG & A Expenses

(Million Yen, %)				
	Actual 2016	Actual 2015	Change	
Labor Expenses	35,943	36,549	▲ 606	▲ 1.7
Shipping / Handling	28,798	27,697	1,101	4.0
Advertisement	7,061	7,007	54	0.8
Sales Fees	6,536	6,926	▲ 390	▲ 5.6
Packing	3,336	3,369	▲ 33	▲ 1.0
Depreciation	1,674	1,591	83	5.2
Other Expenses	23,409	21,602	1,807	8.4
Total	106,756	104,741	2,015	1.9

Non-Operational G/L

(Million Yen, %)				
	Actual 2016	Actual 2015	Change	
Equity Method	2,940	657	2,283	347.5
Financing	△ 517	△ 845	328	
Others	1,005	1,080	▲ 75	▲ 6.9
Total	3,428	893	2,535	283.9

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

	Actual 2016	Actual 2015	Change
MIY	1,558	△ 463	1,908
IPC	1,150	401	600

Extra-ordinary Gain/Loss

(Million Yen, %)				
	Actual 2016	Actual 2015	Change	
Sales of Securities	1,977	2,066	▲ 89	▲ 4.3
Others	△ 834	△ 581	▲ 253	
Total	1,143	1,485	▲ 342	▲ 23.0

4) Forecast of Business Results and Dividends

Business Results Forecast

(Million Yen)

	First Half		Second Half		Year	
	2017 F'cast	Change	2017 F'cast	Change	2017 F'cast	Change
Sales	422,000	23,122	418,000	24,314	840,000	47,436
Operating Income	11,000	488	11,500	557	22,500	1,045
Non-operating G/L	1,000	▲ 445	1,500	▲ 483	2,500	▲ 928
Ordinary Income	12,000	43	13,000	73	25,000	116
Extra-ordinary G/L	0	▲ 1,959	0	817	0	▲ 1,142
Income Before Taxes	12,000	▲ 1,916	13,000	889	25,000	▲ 1,027
Net Income	7,500	▲ 2,026	9,000	488	16,500	▲ 1,538

Dividends Forecasts

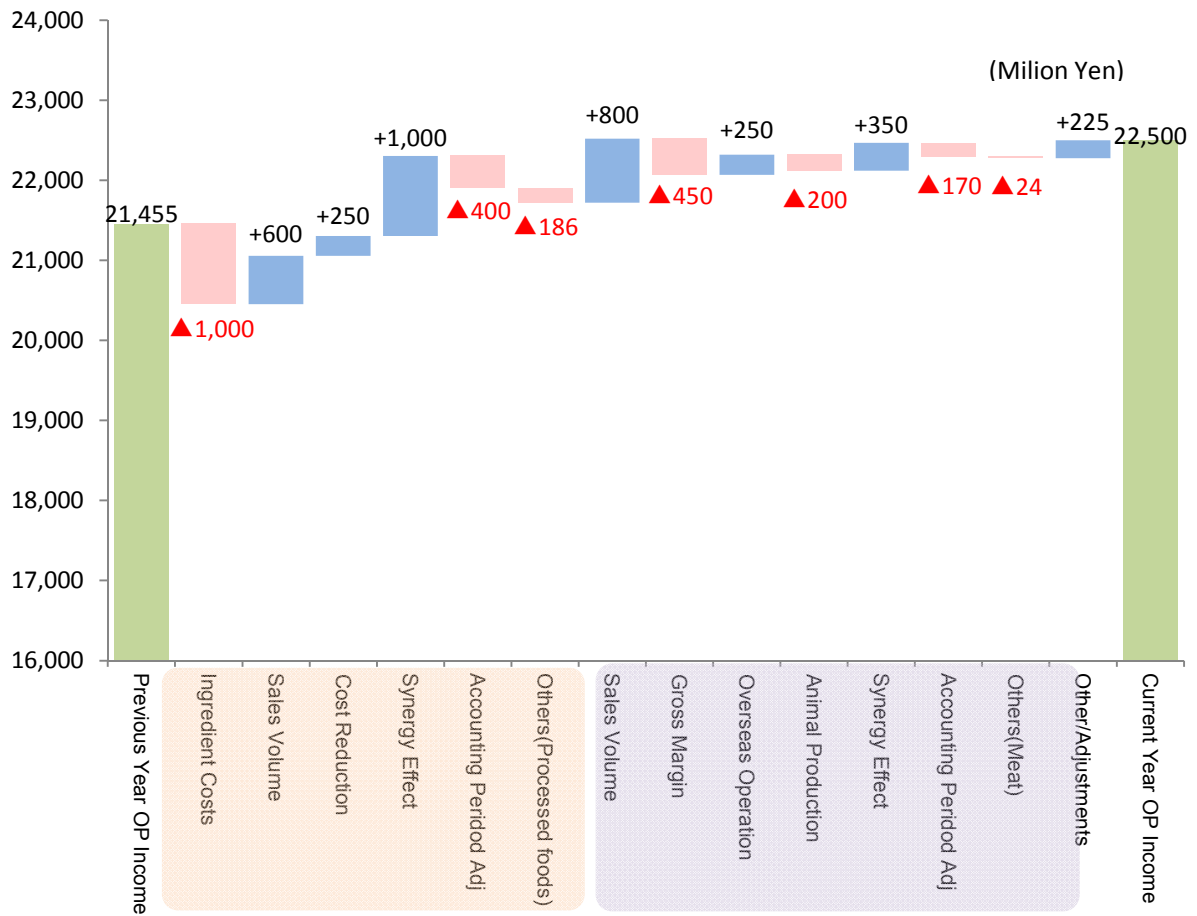
	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2016 Actural	17.00	60.67	28.0
2017 Forecast	17.00	55.49	30.6

Operating Segment Information Forecast

(Million Yen, %)

		First Half		Second Half		Year	
		2017 F'cast	Change	2017 F'cast	Change	2017 F'cast	Change
Processed Foods Division	Sales	146,500	9,070	154,500	10,526	301,000	19,596
	OP Margin	6,150	85	5,650	179	11,800	264
	% of Sales	4.2	▲ 0.2	3.7	▲ 0.1	3.9	▲ 0.2
Meat Division	Sales	273,000	11,623	261,000	11,310	534,000	22,933
	OP Margin	5,300	227	6,100	329	11,400	556
	% of Sales	1.9	0.0	2.3	0.0	2.1	0.0
Others/Adjustments	Sales	2,500	2,430	2,500	2,477	5,000	4,907
	OP Margin	△ 450	176	△ 250	49	△ 700	225
Consolidated	Sales	422,000	23,122	418,000	24,314	840,000	47,436
	OP Margin	11,000	488	11,500	557	22,500	1,045
	% of Sales	2.6	0.0	2.8	0.0	2.7	0.0

Operating Income Variance (forecast)



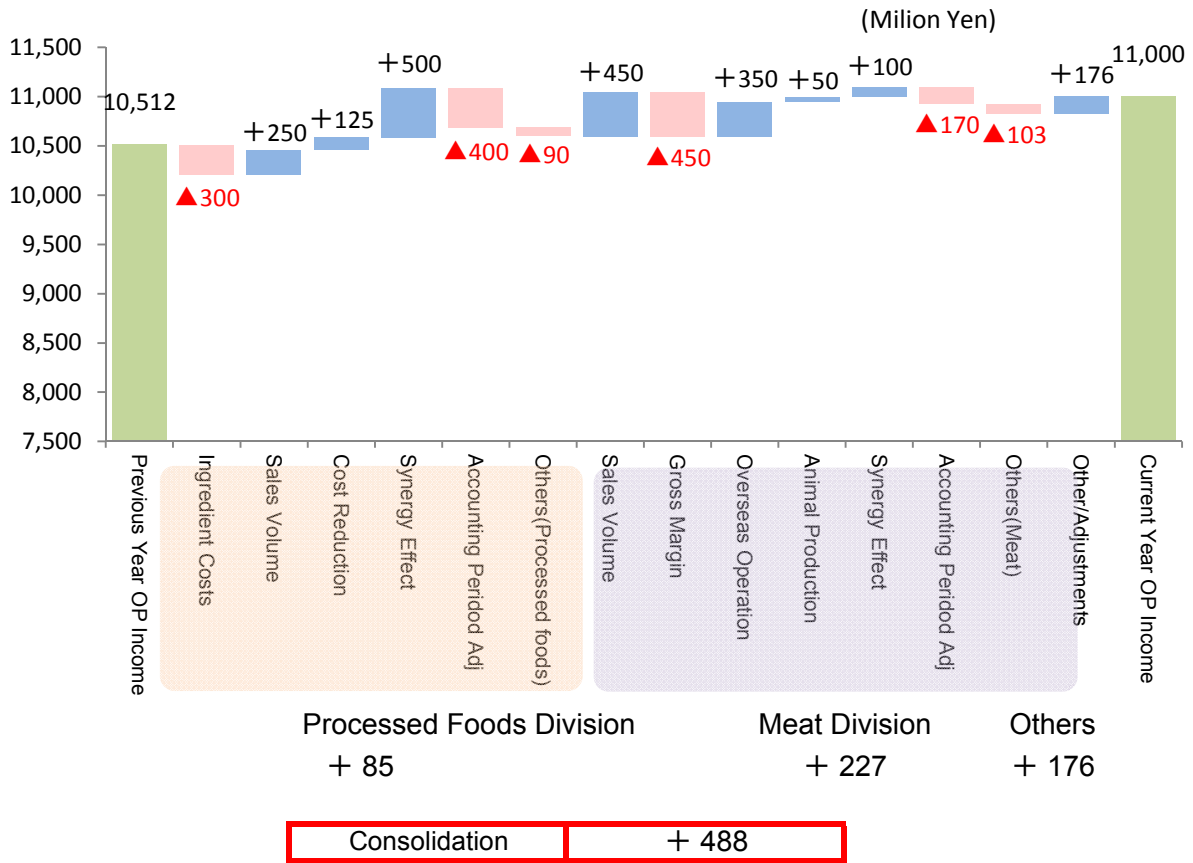
Processed Foods Division
+ 264

Meat Division
+ 556

Others
+ 225

Consolidation	+ 1,045
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Operating Income Variance (First Half)



Operating Income Variance (Second Half)

