

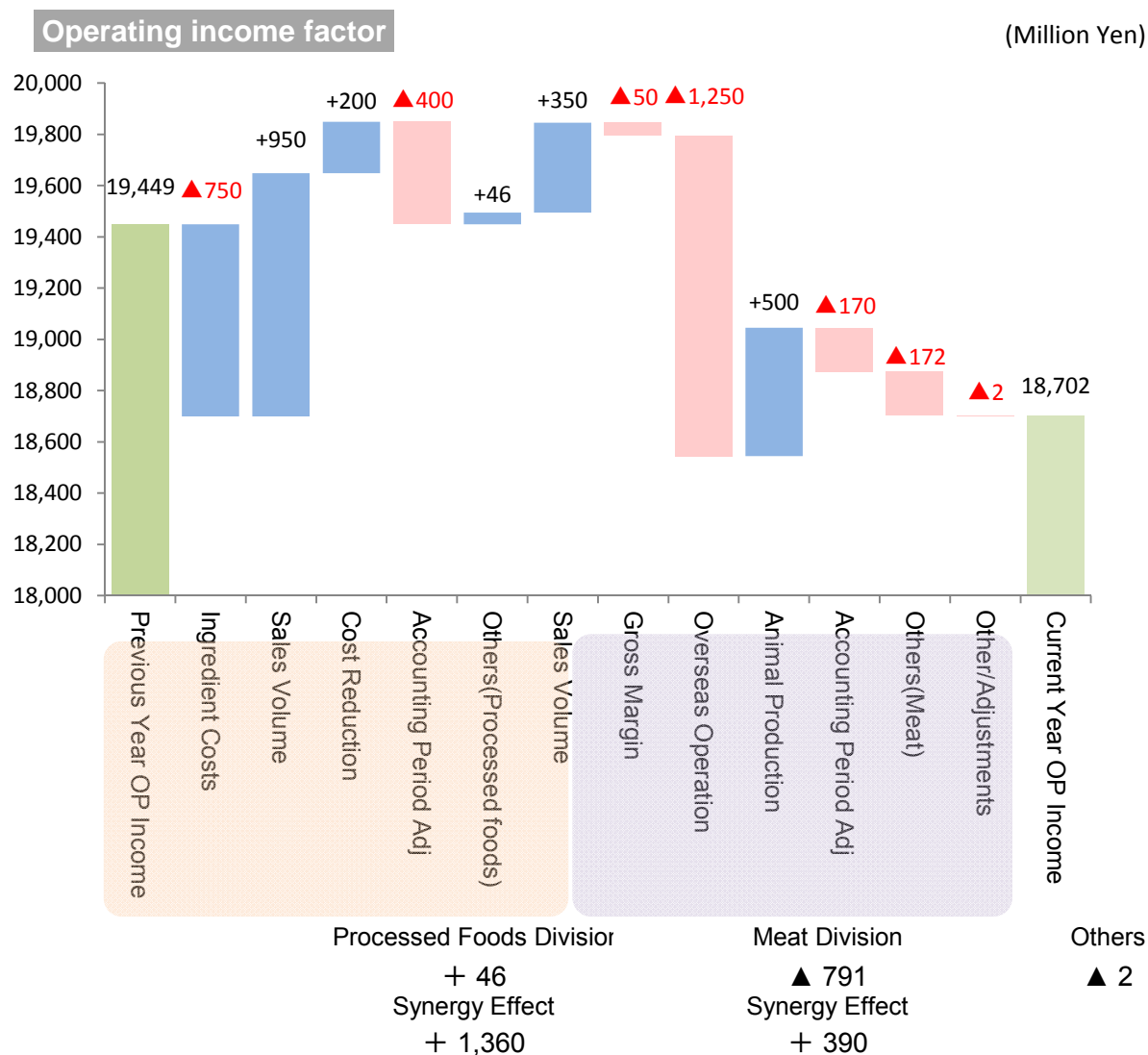
Itoham Yonekyu Holdings Inc.

## **Supplementary Explanation to Financial Results**

Third Quarter Year Ending March 2018

## 1) Summary of Financial Results

	(Million Yen, %)				
	Actual 2017	% of Sales	Actual 2016	% of Sales	Change
Sales	642,932		612,411		30,521 5.0
Gross Profit	103,392	16.1	102,040	16.7	1,352 1.3
S, G & A Expenses	84,690	13.2	82,590	13.5	2,100 2.5
Operating Income	18,702	2.9	19,449	3.2	▲ 746 ▲ 3.8
Non-operating Income	1,279		1,407		▲ 128 ▲ 9.1
Non-operating Expenses	△ 822		△ 1,164		342
Equity Method Gain/Loss	1,392		2,856		▲ 1,464 ▲ 51.3
Net Non-operating Gain/Loss	1,850		3,100		▲ 1,250 ▲ 40.3
Ordinary Income	20,552	3.2	22,549	3.7	▲ 1,997 ▲ 8.9
Extra-ordinary Gain	945		2,468		▲ 1,523 ▲ 61.7
Extra-ordinary Loss	△ 290		△ 413		123
Net Extra-ordinary Gain/Loss	655		2,054		▲ 1,399 ▲ 68.1
Income Before Taxes	21,206		24,604		▲ 3,398 ▲ 13.8
Net Income	14,418	2.2	17,263	2.8	▲ 2,844 ▲ 16.5



## 2) Segment Information

### (1) Operating Segment Information

(Million Yen, %)

		Actual 2017	Actual 2016	Change
Processed Foods Division	Sales	224,677	216,869	7,808
	OP Margin	11,014	10,968	46
	% of Sales	4.9	5.1	▲ 0.2
Meat Division	Sales	415,047	392,330	22,717
	OP Margin	7,994	8,786	▲ 791
	% of Sales	1.9	2.2	▲ 0.3
Others/Adjustments	Sales	3,207	3,212	▲ 4
	OP Margin	△ 307	△ 305	▲ 2
Consolidated	Sales	642,932	612,411	30,521
	OP Margin	18,702	19,449	▲ 746
	% of Sales	2.9	3.2	▲ 0.3

### Operating Income Factors

Processed Foods Division	(Million Yen)
	Change
Ingredient Costs	▲ 750
Sales Volume	950
Cost Reduction	200
Accounting Period Adj	▲ 400
Others	46
Total	46
Synergy Effect	1,360

Meat Division	(Million Yen)
	Change
Sales Volume	350
Gross Margin	▲ 50
Overseas Operation	▲ 1,250
Animal Production	500
Accounting Period Adj	▲ 170
Others	▲ 172
Total	▲ 791
Synergy Effect	390

### (2) Sales by Market

(Million Yen)

	Actual 2017	Actual 2016	Change
Japan	567,965	540,859	27,106
Asia	20,874	19,605	1,269
North America	19,055	19,980	▲ 925
Oceania	19,922	15,706	4,216
Europe	12,261	12,888	▲ 627
Others	2,852	3,372	▲ 520
Total	642,932	612,411	30,521
Overseas Sales (%)	11.7	11.7	▲ 0.0

### 3) Financial Data

#### Sales

(Million Yen, %)						
	Actual 2017	Actual 2016	Change		Impact of fluctuations in foreign exchange rates related to ANZCO	
Ham/Sausage	140,428	136,901	3,527	2.6		6
Processed Foods	98,548	92,875	5,673	6.1		604
Meat	392,999	372,106	20,894	5.6		5,099
Others	10,955	10,532	423	4.0		
<b>Total</b>	<b>642,932</b>	<b>612,411</b>	<b>30,521</b>	<b>5.0</b>		<b>5,709</b>

#### SG & A Expenses

(Million Yen, %)				
	Actual 2017	Actual 2016	Change	
Labor Expenses	27,746	27,558	188	0.7
Shipping / Handling	23,200	22,094	1,106	5.0
Advertisement	6,000	5,617	383	6.8
Sales Fees	5,796	5,712	84	1.5
Packing	2,923	2,923	0	0.0
Depreciation	1,179	1,229	▲ 50	▲ 4.1
Other Expenses	17,846	17,457	389	2.2
<b>Total</b>	<b>84,690</b>	<b>82,590</b>	<b>2,100</b>	<b>2.5</b>

#### Non-Operational G/L

(Million Yen, %)				
	Actual 2017	Actual 2016	Change	
Equity Method	1,392	2,856	▲ 1,464	▲ 51.3
Financing	△ 286	△ 349	63	
Others	744	593	151	25.5
<b>Total</b>	<b>1,850</b>	<b>3,100</b>	<b>▲ 1,250</b>	<b>▲ 40.3</b>

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

	Actual 2017	Actual 2016	Change
MIY	113	583	▲ 1,454
IPC	1,074	580	97

#### Extra-ordinary Gain/Loss

(Million Yen, %)				
	Actual 2017	Actual 2016	Change	
Sales of Securities	742	1,971	▲ 1,228	▲ 62.3
Others	△ 88	83	▲ 172	
<b>Total</b>	<b>655</b>	<b>2,054</b>	<b>▲ 1,399</b>	<b>▲ 68.1</b>

#### 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	416,637	17,759	423,363	29,677	825,000	32,436
Operating Income	11,434	922	11,066	123	20,500	▲ 955
Non-operating G/L	1,117	▲ 328	1,383	▲ 600	2,500	▲ 928
Ordinary Income	12,552	595	12,448	▲ 479	23,000	▲ 1,884
Extra-ordinary G/L	204	▲ 1,755	△ 204	613	600	▲ 542
Income Before Taxes	12,756	▲ 1,160	12,244	133	23,600	▲ 2,427
Net Income	8,418	▲ 1,108	8,082	▲ 430	16,500	▲ 1,538

##### Dividends Forecasts

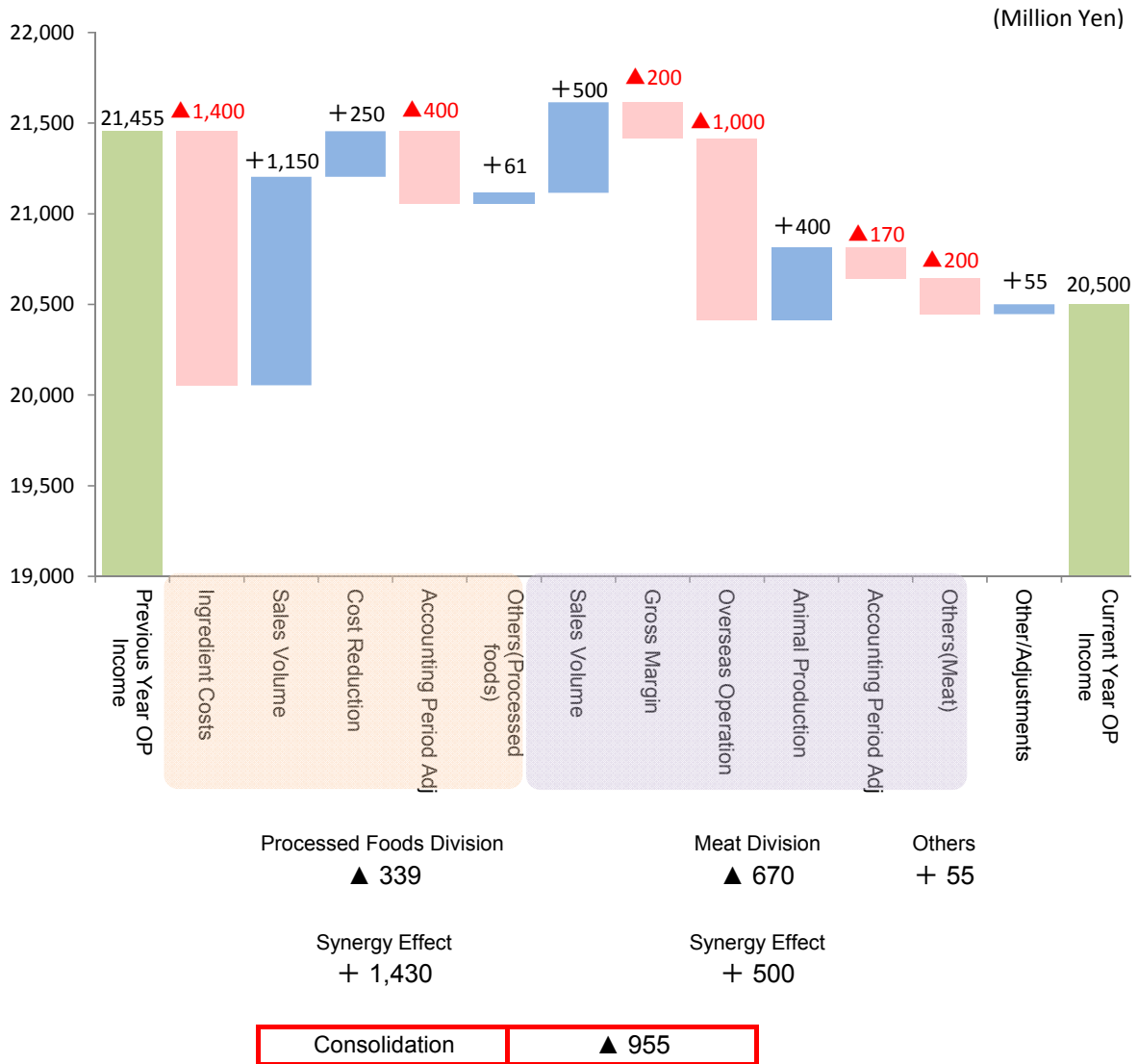
	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2016 Actual	17.00	60.67	28.0
2017 Forecast	17.00	55.60	30.6

##### Operating Segment Information Forecast

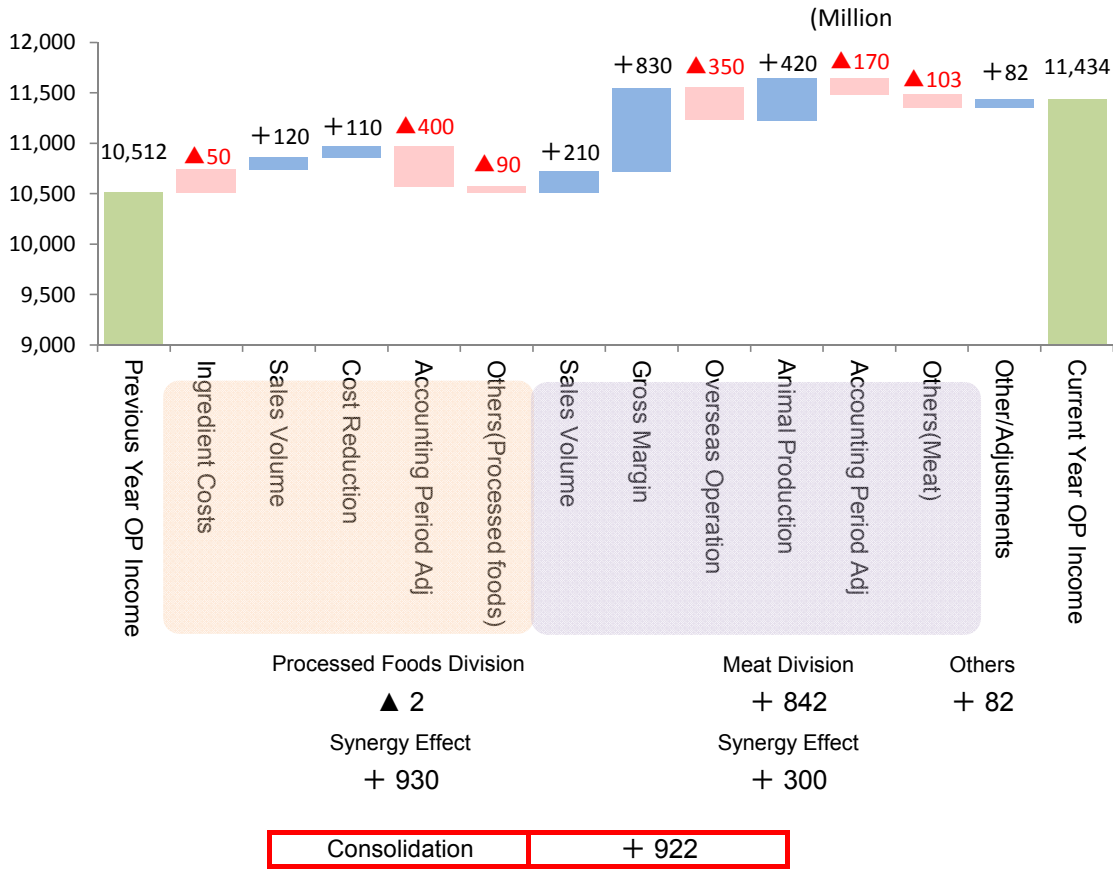
(Million Yen, %)

		First Half		Second Half		Year	
		2017 F'cast	Change	2017 F'cast	Change	2017 F'cast	Change
Processed Foods Division	Sales	140,129	4,740	147,271	5,365	287,400	10,105
	OP Margin	5,900	▲ 2	4,900	▲ 337	10,800	▲ 339
	% of Sales	4.2	▲ 0.1	3.3	▲ 0.4	3.8	▲ 0.3
Meat Division	Sales	274,422	13,044	258,178	8,489	532,600	21,533
	OP Margin	5,902	842	4,248	▲ 1,512	10,150	▲ 670
	% of Sales	2.2	0.2	1.6	▲ 0.7	1.9	▲ 0.2
Others/Adjustments	Sales	2,085	▲ 27	2,915	826	5,000	799
	OP Margin	△ 368	82	△ 82	▲ 27	△ 450	55
Consolidated	Sales	416,637	17,759	408,363	14,677	825,000	32,436
	OP Margin	11,434	922	9,066	▲ 1,877	20,500	▲ 955
	% of Sales	2.7	0.0	2.2	0.0	2.5	0.0

**Operating Income Variance (forecast)**



### Operating Income Variance (First Half)



### Operating Income Variance (Second Half)

