

Itoham Yonekyu Holdings Inc.

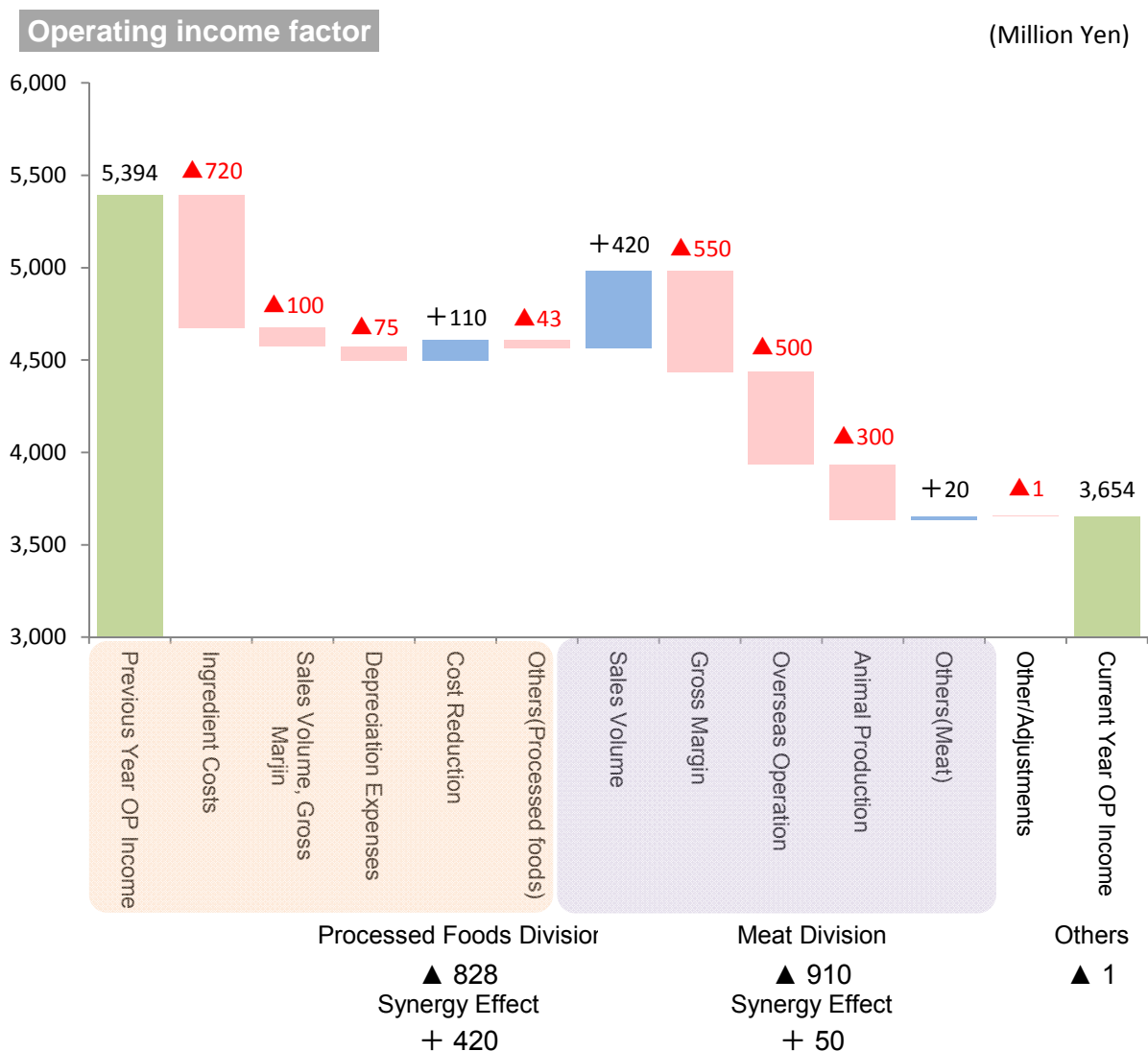
Supplementary Explanation to Financial Results

First Quarter Year Ending March 2019

1) Summary of Financial Results

(Million Yen, %)

	Actual 2018	% of Sales	Actual 2017	% of Sales	Change	
Sales	208,615		201,879		6,736	3.3
Gross Profit	30,471	14.6	31,579	15.6	▲ 1,108	▲ 3.5
S, G & A Expenses	26,816	12.9	26,184	13.0	631	2.4
Operating Income	3,654	1.8	5,394	2.7	▲ 1,739	▲ 32.3
Non-operating Income	572		441		131	29.7
Non-operating Expenses	△ 272		△ 296		23	
Equity Method Gain/Loss	170		290		▲ 120	▲ 41.4
Net Non-operating Gain/Loss	469		436		33	7.6
Ordinary Income	4,124	2.0	5,830	2.9	▲ 1,706	▲ 29.3
Extra-ordinary Gain	724		45		679	1,508.9
Extra-ordinary Loss	△ 66		△ 79		13	
Net Extra-ordinary Gain/Loss	657		△ 34		692	
Income Before Taxes	4,782		5,796		▲ 1,013	▲ 17.5
Net Income	3,162	1.5	3,936	1.9	▲ 774	▲ 19.7



2) Segment Information

(1) Operating Segment Information

(Million Yen, %)

		Actual 2018	Actual 2017	Change
Processed Foods Division	Sales	68,912	67,172	1,740
	OP Margin	2,136	2,964	▲ 828
	% of Sales	3.1	4.1	▲ 1.0
Meat Division	Sales	138,666	133,677	4,988
	OP Margin	1,817	2,727	▲ 910
	% of Sales	1.3	2.0	▲ 0.7
Others/Adjustments	Sales	1,036	1,029	7
	OP Margin	△ 298	△ 297	▲ 1
Consolidated	Sales	208,615	201,879	6,736
	OP Margin	3,654	5,394	▲ 1,741
	% of Sales	1.8	2.7	▲ 0.9

Operating Income Factors

Processed Foods Division	(Million Yen)
	Change
Ingredient Costs	▲ 720
Sales Volume, Gross Margin	▲ 100
Depreciation Expenses	▲ 75
Cost Reduction	110
Others	▲ 43
Total	▲ 828
Synergy Effect	420

Meat Division	(Million Yen)
	Change
Sales Volume	420
Gross Margin	▲ 550
Overseas Operation	▲ 500
Animal Production	▲ 300
Others	20
Total	▲ 910
Synergy Effect	50

(2) Sales by Market

(Million Yen)

	Actual 2018	Actual 2017	Change
Japan	178,723	174,384	4,339
Asia	9,536	8,002	1,534
North America	7,814	6,589	1,225
Oceania	7,216	6,881	335
Europe	4,709	4,820	▲ 111
Others	614	1,201	▲ 588
Total	208,615	201,879	6,736
Overseas Sales (%)	14.3	13.6	0.7

3) Financial Data

Sales

(Million Yen, %)

	Actual 2018	Actual 2017	Change		Impact of fluctuations in foreign exchange rates related to ANZCO
Ham/Sausage	40,898	41,822	▲ 924	▲ 2.2	
Processed Foods	32,465	29,680	2,785	9.4	▲ 108
Meat	131,184	126,444	4,740	3.7	▲ 693
Others	4,067	3,933	134	3.4	
Total	208,615	201,879	6,736	3.3	▲ 807

SG & A Expenses

(Million Yen, %)

	Actual 2018	Actual 2017	Change	
Labor Expenses	9,042	9,255	▲ 213	▲ 2.3
Shipping / Handling	7,507	7,116	391	5.5
Advertisement	1,790	1,919	▲ 129	▲ 6.7
Sales Fees	996	1,033	▲ 37	▲ 3.6
Packing	688	613	75	12.2
Depreciation	401	399	2	0.5
Other Expenses	6,390	5,849	541	9.2
Total	26,816	26,184	631	2.4

Non-Operational G/L

(Million Yen, %)

	Actual 2018	Actual 2017	Change	
Equity Method	170	290	▲ 120	▲ 41.4
Financing	△ 84	△ 74	▲ 10	
Others	383	219	164	74.9
Total	469	436	33	7.6

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

	Actual 2018	Actual 2017	Change
MIY	53	△ 91	144
IPC	47	293	▲ 246

Extra-ordinary Gain/Loss

(Million Yen, %)

	Actual 2018	Actual 2017	Change
Sales of Securities	513	0	512
Others	143	△ 35	178
Total	657	△ 34	692

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

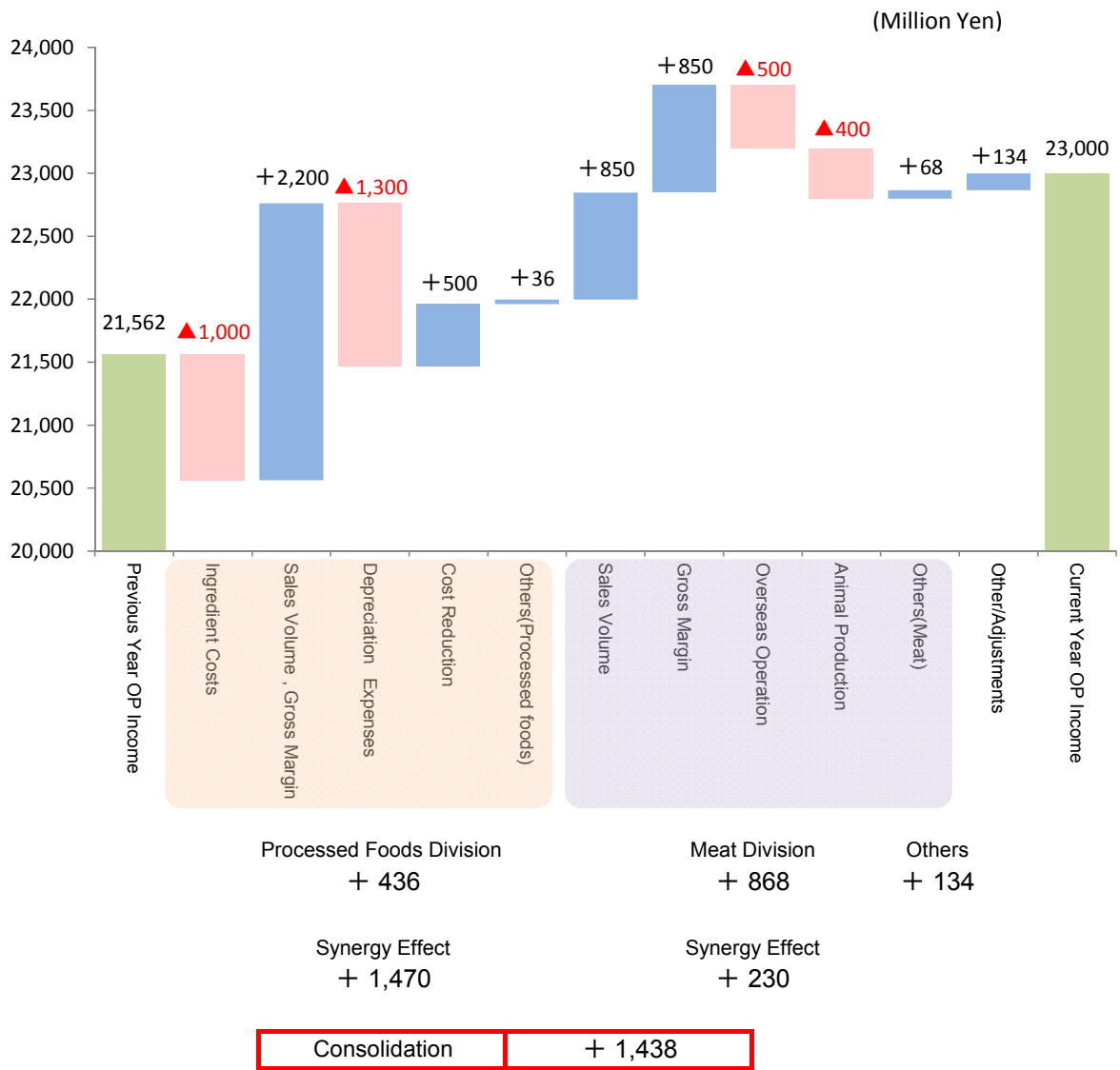
	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2017 Actual	17.00	53.22	31.9
2018 Forecast	17.00	55.81	30.5

Operating Segment Information Forecast

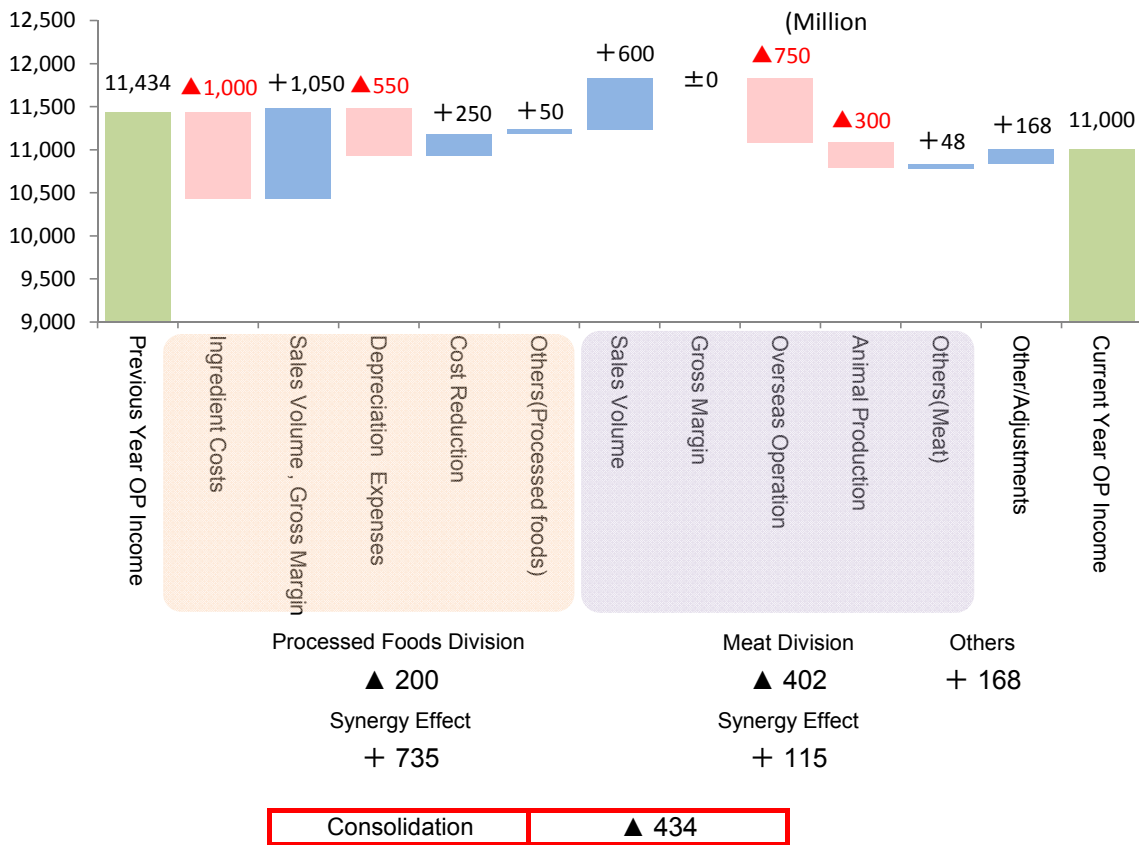
(Million Yen, %)

		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	5,700	▲ 200	5,500	636	11,200	436
	% of Sales	3.9	▲ 0.3	3.6	0.3	3.7	▲ 0.0
Meat Division	Sales	276,000	1,578	269,500	3,815	545,500	5,393
	OP Margin	5,500	▲ 402	6,800	1,270	12,300	868
	% of Sales	2.0	▲ 0.2	2.5	0.4	2.3	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)

