

Itoham Yonekyu Holdings Inc.

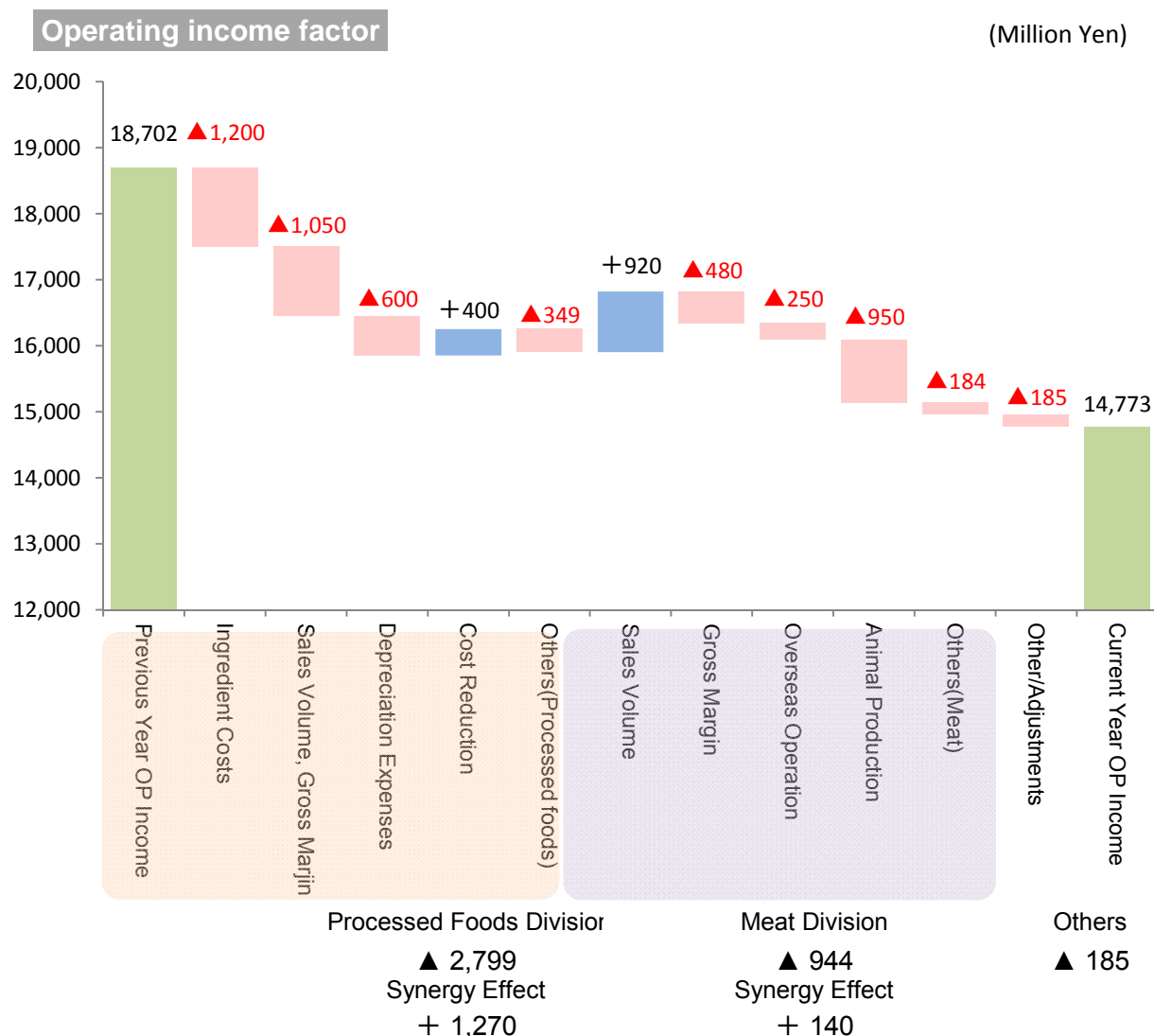
Supplementary Explanation to Financial Results

Third Quarter Year Ending March 2019

1) Summary of Financial Results

(Million Yen, %)

	Actual 2018	% of Sales	Actual 2017	% of Sales	Change	
Sales	659,036		642,932		16,103	2.5
Gross Profit	102,026	15.5	103,392	16.1	▲ 1,365	▲ 1.3
S, G & A Expenses	87,253	13.2	84,690	13.2	2,562	3.0
Operating Income	14,773	2.2	18,702	2.9	▲ 3,928	▲ 21.0
Non-operating Income	1,854		1,279		574	45.0
Non-operating Expenses	△ 839		△ 822		▲ 16	
Equity Method Gain/Loss	56		1,392		▲ 1,336	▲ 96.0
Net Non-operating Gain/Loss	1,071		1,849		▲ 778	▲ 42.1
Ordinary Income	15,845	2.4	20,552	3.2	▲ 4,707	▲ 22.9
Extra-ordinary Gain	1,158		945		212	22.5
Extra-ordinary Loss	△ 534		△ 290		▲ 243	
Net Extra-ordinary Gain/Loss	623		654		▲ 31	▲ 4.7
Income Before Taxes	16,468		21,206		▲ 4,738	▲ 22.3
Net Income	10,860	1.6	14,418	2.2	▲ 3,558	▲ 24.7



2) Segment Information

(1) Operating Segment Information

(Million Yen, %)

		Actual 2018	Actual 2017	Change
Processed Foods Division	Sales	228,455	224,677	3,778
	OP Margin	8,215	11,014	▲ 2,799
	% of Sales	3.6	4.9	▲ 1.3
Meat Division	Sales	427,371	415,047	12,323
	OP Margin	7,050	7,994	▲ 944
	% of Sales	1.6	1.9	▲ 0.3
Others/Adjustments	Sales	3,209	3,207	1
	OP Margin	△ 492	△ 308	▲ 185
Consolidated	Sales	659,036	642,932	16,103
	OP Margin	14,773	18,702	▲ 3,928
	% of Sales	2.2	2.9	▲ 0.7

Operating Income Factors

Processed Foods Division	(Million Yen)
	Change
Ingredient Costs	▲ 1,200
Sales Volume, Gross Margin	▲ 1,050
Depreciation Expenses	▲ 600
Cost Reduction	400
Others	▲ 349
Total	▲ 2,799
Synergy Effect	1,270

Meat Division	(Million Yen)
	Change
Sales Volume	920
Gross Margin	▲ 480
Overseas Operation	▲ 250
Animal Production	▲ 950
Others	▲ 184
Total	▲ 944
Synergy Effect	140

(2) Sales by Market

(Million Yen)

	Actual 2018	Actual 2017	Change
Japan	576,192	567,965	8,228
Asia	26,072	20,874	5,197
North America	20,865	19,055	1,810
Oceania	20,977	19,922	1,054
Europe	12,676	12,261	414
Others	2,252	2,852	▲ 599
Total	659,036	642,932	16,103
Overseas Sales (%)	12.6	11.7	0.9

3) Financial Data

Sales

(Million Yen, %)

	Actual 2018	Actual 2017	Change	
Ham/Sausage	139,291	140,429	▲ 1,138	▲ 0.8
Processed Foods	104,524	98,577	5,947	6.0
Meat	397,646	388,297	9,349	2.4
Others	17,575	15,629	1,946	12.4
Total	659,036	642,932	16,103	2.5

Impact of fluctuations in foreign exchange rates related to ANZCO
▲ 77
▲ 824
▲ 3,342
▲ 4,244

SG & A Expenses

(Million Yen, %)

	Actual 2018	Actual 2017	Change	
Labor Expenses	26,936	27,746	▲ 810	▲ 2.9
Shipping / Handling	25,567	23,200	2,367	10.2
Advertisement	5,855	6,001	▲ 146	▲ 2.4
Sales Fees	5,661	5,796	▲ 135	▲ 2.3
Packing	3,099	2,923	176	6.0
Depreciation	1,223	1,186	37	3.1
Other Expenses	18,909	17,841	1,068	6.0
Total	87,253	84,690	2,562	3.0

Non-Operational G/L

(Million Yen, %)

	Actual 2018	Actual 2017	Change	
Equity Method	56	1,392	▲ 1,336	▲ 96.0
Financing	△ 218	△ 286	68	
Others	1,233	743	490	65.9
Total	1,071	1,849	▲ 778	▲ 42.1

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

	Actual 2018	Actual 2017	Change
MIY	127	1,074	▲ 947
IPC	△ 57	△ 9	▲ 48

Extra-ordinary Gain/Loss

(Million Yen, %)

	Actual 2018	Actual 2017	Change	
Sales of Securities	562	742	▲ 180	▲ 24.3
Others	60	△ 88	148	
Total	623	654	▲ 31	▲ 4.7

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	426,425	9,787	423,575	8,347	850,000	18,135
Operating Income	7,949	▲ 3,485	7,051	▲ 3,077	15,000	▲ 6,562
Non-operating G/L	656	▲ 461	344	▲ 1,400	1,000	▲ 1,861
Ordinary Income	8,605	▲ 3,946	7,395	▲ 4,476	16,000	▲ 8,423
Extra-ordinary G/L	595	391	△ 595	▲ 835	0	▲ 444
Income Before Taxes	9,201	▲ 3,554	6,799	▲ 5,312	16,000	▲ 8,867
Net Income	6,058	▲ 2,359	4,442	▲ 2,924	10,500	▲ 5,284

Dividends Forecasts

	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2017 Actual	17.00	53.22	31.9
2018 Forecast	17.00	35.52	47.9

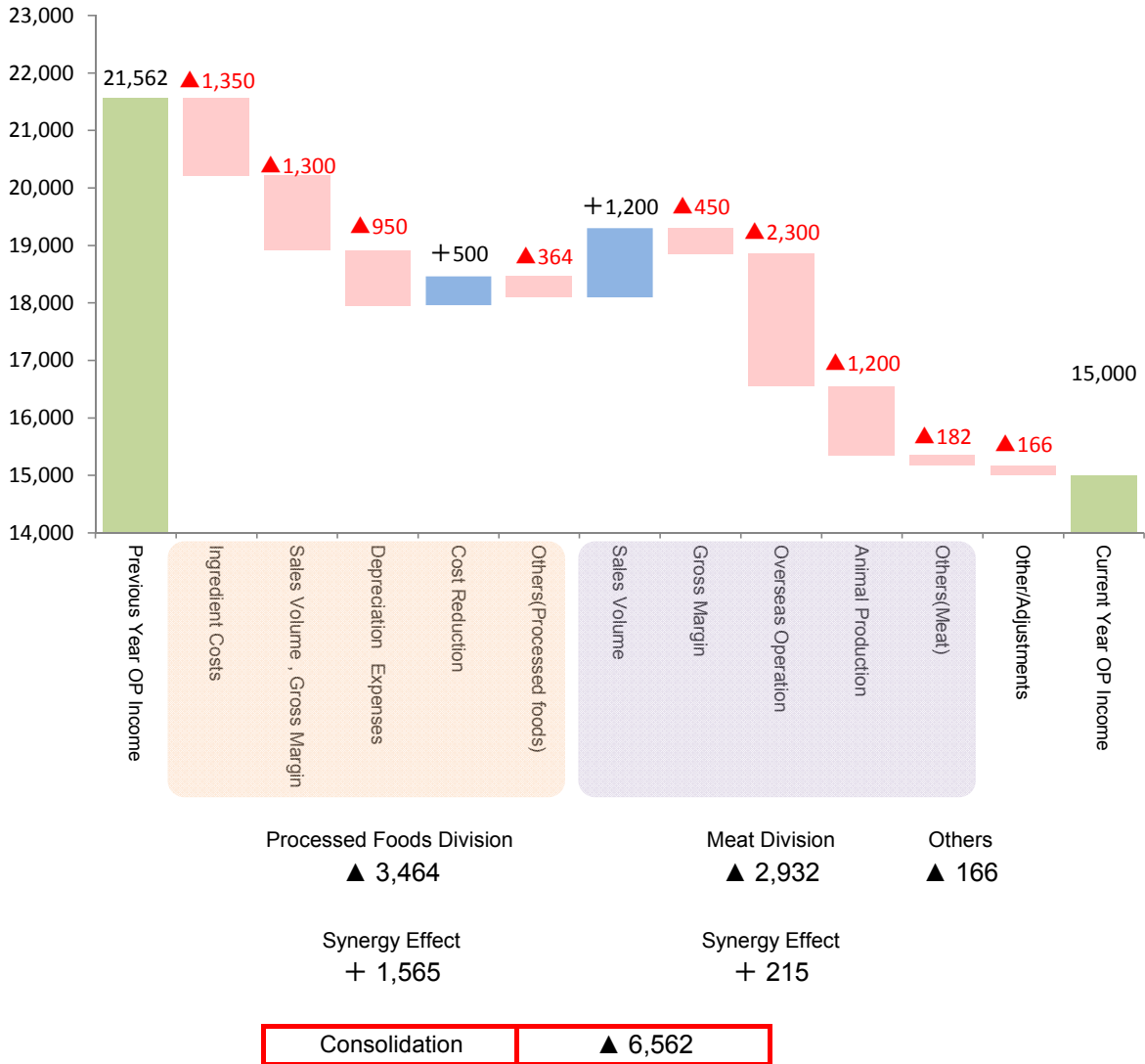
Operating Segment Information Forecast

(Million Yen, %)

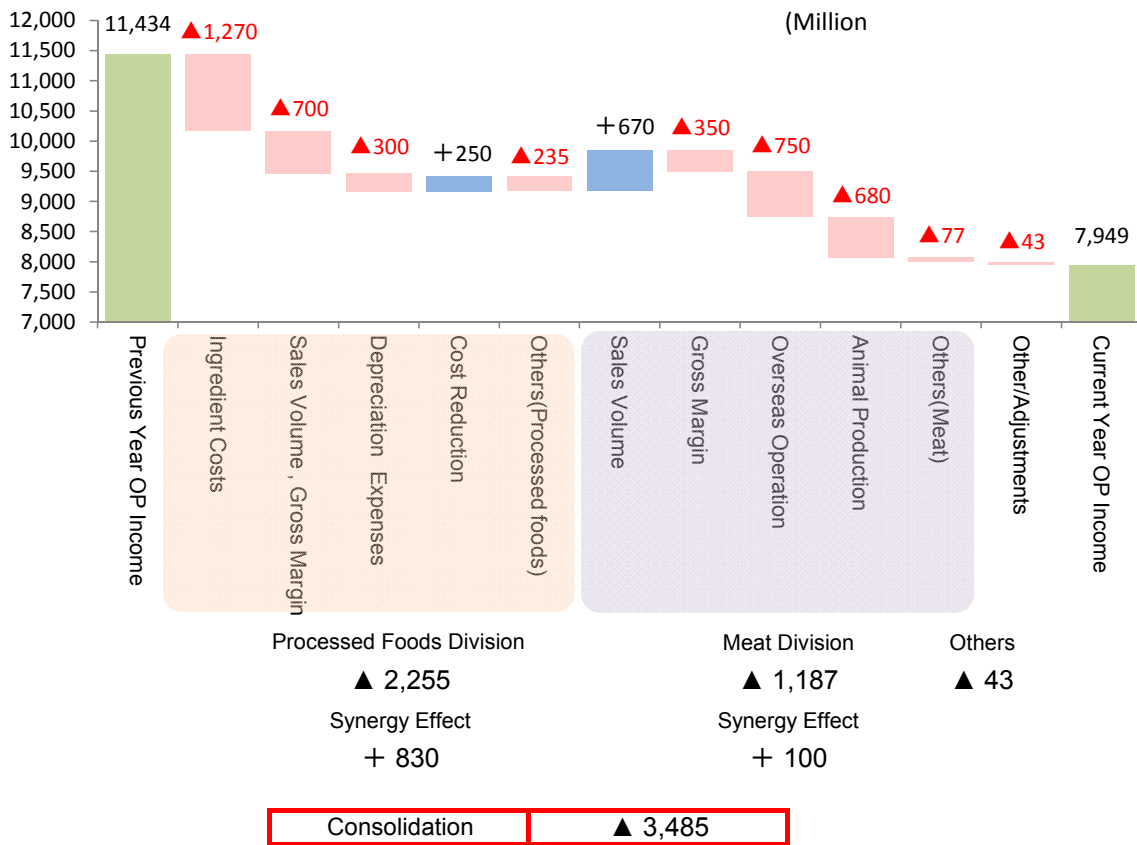
		First Half		Second Half		Year	
		2018 F'cast	Change	2018 F'cast	Change	2018 F'cast	Change
Processed Foods Division	Sales	142,562	2,432	149,438	2,065	292,000	4,498
	OP Margin	3,645	▲ 2,255	3,655	▲ 1,209	7,300	▲ 3,464
	% of Sales	2.6	▲ 1.7	2.4	▲ 0.9	2.5	▲ 1.2
Meat Division	Sales	281,779	7,356	271,721	6,036	553,500	13,393
	OP Margin	4,715	▲ 1,187	3,785	▲ 1,745	8,500	▲ 2,932
	% of Sales	1.7	▲ 0.5	1.4	▲ 0.7	1.5	▲ 0.6
Others/Adjustments	Sales	2,083	▲ 1	2,417	247	4,500	245
	OP Margin	△ 411	▲ 43	△ 389	▲ 123	△ 800	▲ 166
Consolidated	Sales	426,425	9,787	423,575	8,347	850,000	18,135
	OP Margin	7,949	▲ 3,485	7,051	▲ 3,077	15,000	▲ 6,562
	% of Sales	1.9	▲ 0.9	1.7	▲ 0.8	1.8	▲ 0.8

Operating Income Variance (forecast)

(Million Yen)



Operating Income Variance (First Half)



Operating Income Variance (Second Half)

