

Itoham Yonekyu Holdings Inc.

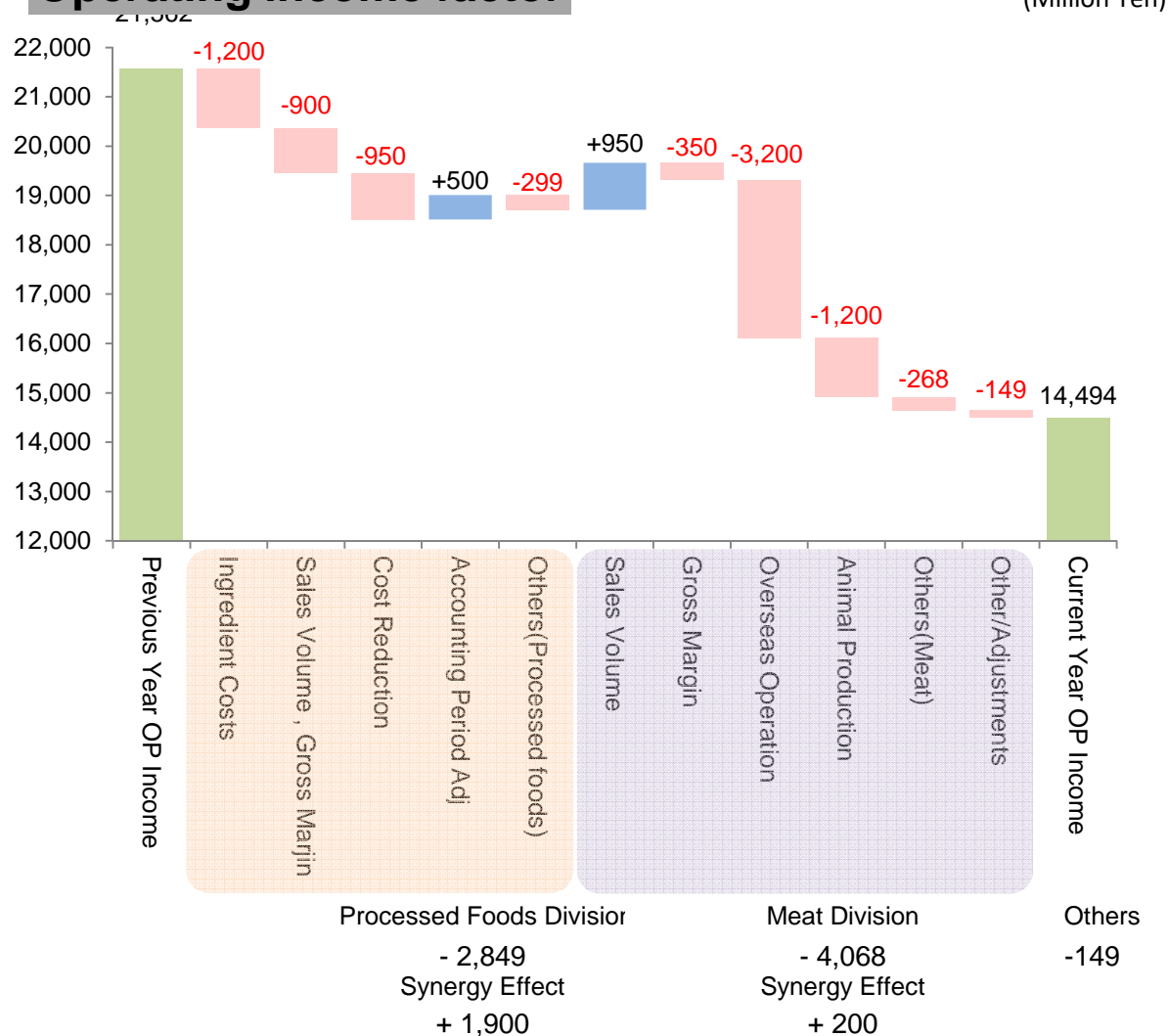
## **Supplementary Explanation to Financial Results**

Fiscal Year Ended March 31, 2019

## 1) Summary of Financial Results

	(Million Yen, %)					
	Actual 2018	% of Sales	Actual 2017	% of Sales	Change	
Sales	850,721		831,865		18,856	2.3
Gross Profit	126,821	14.9	130,649	15.7	- 3,828	- 2.9
S, G & A Expenses	112,326	13.2	109,087	13.1	3,239	3.0
Operating Income	14,494	1.7	21,562	2.6	- 7,067	- 32.8
Non-operating Income	2,530		1,765		764	43.3
Non-operating Expenses	- 1,023		- 1,359		335	
Equity Method Gain/Loss	- 321		2,455		- 2,776	
Net Non-operating Gain/Loss	1,184		2,861		- 1,676	- 58.6
Ordinary Income	15,679	1.8	24,423	2.9	- 8,744	- 35.8
Extra-ordinary Gain	1,348		1,084		263	24.4
Extra-ordinary Loss	- 723		- 640		- 83	
Net Extra-ordinary Gain/Loss	624		444		180	40.5
Income Before Taxes	16,304		24,867		- 8,563	- 34.4
Net Income	10,588	1.2	15,784	1.9	- 5,196	- 32.9

### Operating income factor



## 2) Segment Information

### (1) Operating Segment Information

(Million Yen, %)

		Actual 2018	Actual 2017	Change
Processed Foods Division	Sales	291,939	287,502	4,436
	OP Margin	7,914	10,764	- 2,849
	% of Sales	2.7	3.7	- 1.0
Meat Division	Sales	554,576	540,107	14,469
	OP Margin	7,364	11,432	- 4,068
	% of Sales	1.3	2.1	- 0.8
Others/Adjustments	Sales	4,206	4,255	- 49
	OP Margin	- 784	- 635	- 149
Consolidated	Sales	850,721	831,865	18,856
	OP Margin	14,494	21,562	- 7,067
	% of Sales	1.7	2.6	- 0.9

### Operating Income Factors

Processed Foods Division (Million Yen)		Meat Division (Million Yen)	
	Change		Change
Ingredient Costs	- 1,200	Sales Volume	950
Sales Volume , Gross Margin	- 900	Gross Margin	- 350
Cost Reduction	- 950	Overseas Operation	- 3,200
Accounting Period Adj	500	Animal Production	- 1,200
Others	- 299	Others	- 268
Total	- 2,849	Total	- 4,068
Synergy Effect	1,900	Synergy Effect	200

### (2) Sales by Market

(Million Yen)

	Actual 2018	Actual 2017	Change
Japan	743,947	733,926	10,020
Asia	34,510	27,485	7,024
Oceania	27,157	26,985	171
North America	26,568	24,100	2,467
Europe	15,469	15,340	129
Others	3,069	4,026	- 957
Overseas Sales Total	106,774	97,938	8,835
All Total	850,721	831,865	18,856

### 3) Financial Data

#### Sales

(Million Yen, %)						
	Actual 2018	Actual 2017	Change		Impact of fluctuations in foreign exchange rates related to ANZCO	
Ham/Sausage	174,829	176,932	- 2,103	- 1.2		- 100
Processed Foods	136,779	129,884	6,895	5.3		- 357
Meat	516,987	504,957	12,030	2.4		- 4,233
Others	22,127	20,092	2,035	10.1		- 664
Total	850,721	831,865	18,856	2.3		- 5,353

#### SG & A Expenses

(Million Yen, %)				
	Actual 2018	Actual 2017	Change	
Labor Expenses	35,515	36,329	- 814	- 2.2
Shipping / Handling	33,143	30,222	2,921	9.7
Advertisement	7,332	7,526	- 194	- 2.6
Sales Fees	6,401	6,626	- 225	- 3.4
Packing	3,602	3,390	212	6.3
Depreciation	1,638	1,588	50	3.1
Other Expenses	24,693	23,403	1,290	5.5
Total	112,326	109,087	3,239	3.0

#### Non-Operational G/L

(Million Yen, %)				
	Actual 2018	Actual 2017	Change	
Equity Method	- 321	2,455	- 2,776	
Financing	- 294	- 436	142	
Others	1,801	842	959	113.9
Total	1,184	2,861	- 1,676	- 58.6

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

	Actual 2018	Actual 2017	Change
IPC	- 288	1,340	- 1,628
ABC	- 105	- 18	- 87

#### Extra-ordinary Gain/Loss

(Million Yen, %)				
	Actual 2018	Actual 2017	Change	
Sales of Securities	693	746	- 53	- 7.1
Others	- 68	- 301	233	
Total	624	444	180	40.5

#### 4) Forecast of Business Results and Dividends

##### Business Results Forecast

(Million Yen)

	First Half		Second Half		Year	
	2019 F'cast	Change	2019 F'cast	Change	2019 F'cast	Change
Sales	440,000	13,575	440,000	15,704	880,000	29,279
Operating Income	10,000	2,051	8,000	1,455	18,000	3,506
Non-operating G/L	1,000	344	1,000	472	2,000	816
Ordinary Income	11,000	2,395	9,000	1,926	20,000	4,321
Extra-ordinary G/L	0	- 595	0	- 29	0	- 624
Income Before Taxes	11,000	1,799	9,000	1,897	20,000	3,696
Net Income	7,700	1,642	6,300	1,770	14,000	3,412

##### Dividends Forecasts

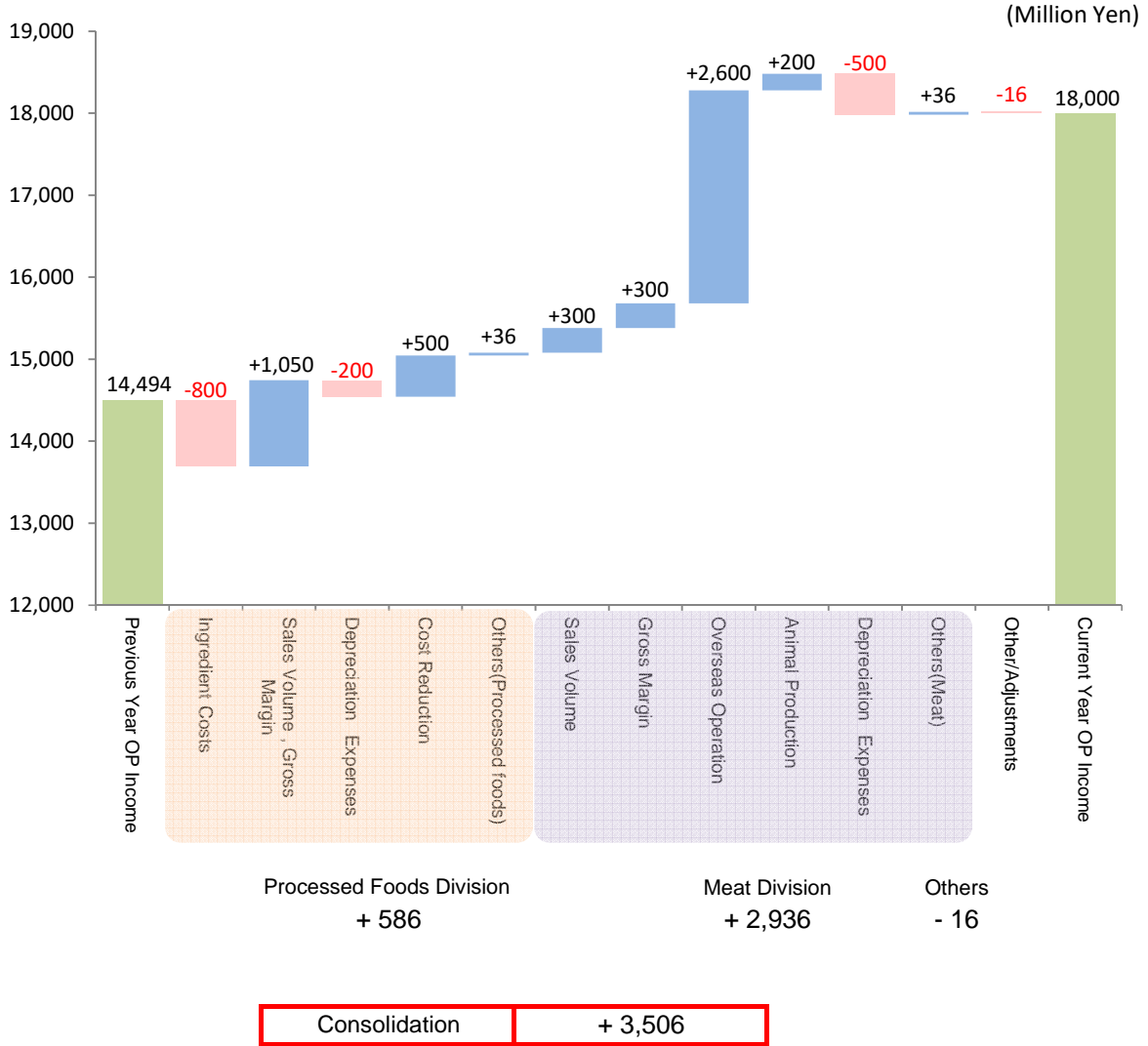
	End of Year Yen	EPS F'cast Yen	Payout Ratio %
2018 Actual	17.00	35.82	47.5
2019 Forecast	17.00	47.40	35.9

##### Operating Segment Information Forecast

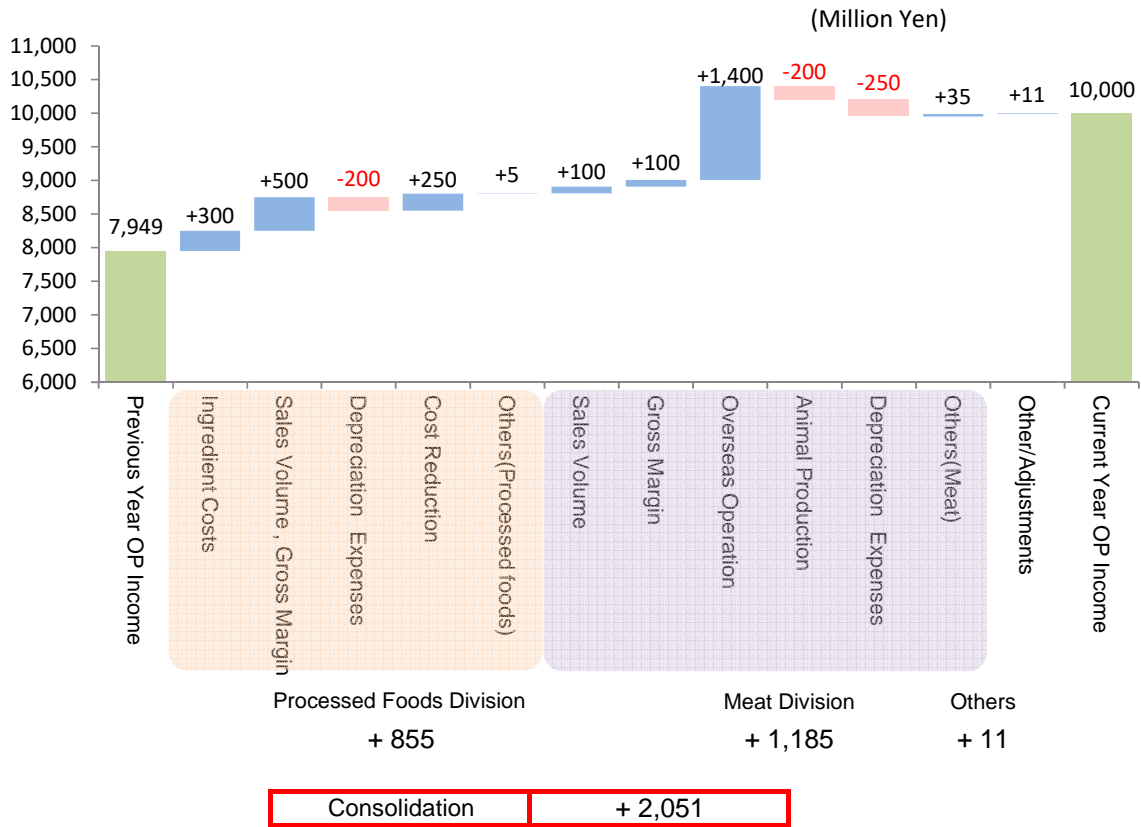
(Million Yen, %)

		First Half		Second Half		Year	
		2019 F'cast	Change	2019 F'cast	Change	2019 F'cast	Change
Processed Foods Division	Sales	146,700	4,138	153,300	3,923	300,000	8,061
	OP Margin	4,500	855	4,000	- 269	8,500	586
	% of Sales	3.1	0.5	2.6	- 0.2	2.8	0.1
Meat Division	Sales	291,000	9,221	284,500	11,703	575,500	20,924
	OP Margin	5,900	1,185	4,400	1,751	10,300	2,936
	% of Sales	2.0	0.4	1.5	0.6	1.8	0.5
Others/Adjustments	Sales	2,300	217	2,200	77	4,500	294
	OP Margin	- 400	11	- 400	- 27	- 800	- 16
Consolidated	Sales	440,000	13,575	440,000	15,704	880,000	29,279
	OP Margin	10,000	2,051	8,000	1,455	18,000	3,506
	% of Sales	2.3	0.4	1.8	0.3	2.0	0.3

**Operating Income Variance (forecast)**



### Operating Income Variance (First Half)



### Operating Income Variance (Second Half)

