

Financial Results Briefing for the Year Ended March 31, 2018

Great taste, great connections

 PRIMAHAM

May 22, 2018

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1-(1).Financial Results for the Year Ended March 31, 2018 1

[Consolidated statements of income]

(millions of yen)

Item	FYE March 2017		FYE March 2018		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	363,336	100.0%	394,534	100.0%	108.6%
Processed Foods Business	244,666	67.3%	269,380	68.3%	110.1%
Fresh Meats Business	118,253	32.5%	124,663	31.6%	105.4%
Other	416	0.1%	491	0.1%	118.0%
Cost of Sales	303,483	83.5%	333,426	84.5%	109.9%
Gross Profit	59,853	16.5%	61,108	15.5%	102.1%
SG&A expenses	44,287	12.2%	47,978	12.2%	108.3%
Operating income	15,565	4.3%	13,129	3.3%	84.3%
Non-operating income	859	-	873	-	-
Non-operating expenses	322	-	356	-	-
Ordinary income	16,102	4.4%	13,646	3.5%	84.7%
Extraordinary income	834	-	1,723	-	-
Extraordinary loss	1,599	-	579	-	-
Income before income taxes	15,337	4.2%	14,790	3.7%	96.4%
Income taxes	4,803	-	4,449	-	-
Minority interests in income	525	-	▲ 72	-	-
Net income	10,009	2.8%	10,413	2.6%	104.0%

[Key Points]

[Net sales by product category] (millions of yen)

•Ham/sausage	86,158 (YOY: 110%)
•Processed Foods	71,584 (YOY: 121%)
•Vendor products	94,739 (YOY: 105%)
•Fresh Meats	141,567 (YOY: 104%)
•Other	491 (YOY: 118%)

[Cost of sales]

•Ratio of raw materials and inventory	Up 0.7%
•Production expenses ratio	Up 0.3%
Cost of sales ratio	⇒ Up 1.0%

[SG&A expenses]

•SG&A expenses (personnel expenses ratio)	Down 0.1%
•SG&A expenses (expense ratio)	Up 0.1%
SG&A expenses to net sales ratio	⇒ 0.0%

Ordinary income to net sales ratio ⇒ Down 1.0%

[Income by business segment]

(millions of yen)

		FYE March 2017		FYE March 2018			Comparison to beginning of medium-term business	Beginning of medium-term business plan
		Results	Net sales ratio	Results	Net sales ratio	YOY		
Net Sales	Processed Foods Business	244,666	-	269,380	-	110.1%	102.9%	261,800
	Fresh Meats Business	118,253	-	124,663	-	105.4%	104.6%	119,200
	Other	416	-	491	-	118.0%	163.7%	300
Operating income	Processed Foods Business	14,511	5.9%	11,687	4.3%	▲ 2,824	287	11,400
	Fresh Meats Business	789	0.7%	1,207	1.0%	418	▲ 293	1,500
	Other	264	63.5%	236	48.1%	▲ 28	7621.2%	160

[Non-consolidated Income]

(millions of yen)

	FYE March 2017		FYE March 2018		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	269,551	100.0%	292,799	100.0%	108.6%
Operating income	9,744	3.6%	10,330	3.5%	586
Ordinary income	10,657	4.0%	11,618	4.0%	961
Income before income taxes	10,188	3.8%	13,059	4.5%	2,871
Net income	7,146	2.7%	9,171	3.1%	2,025

[Income by group company]

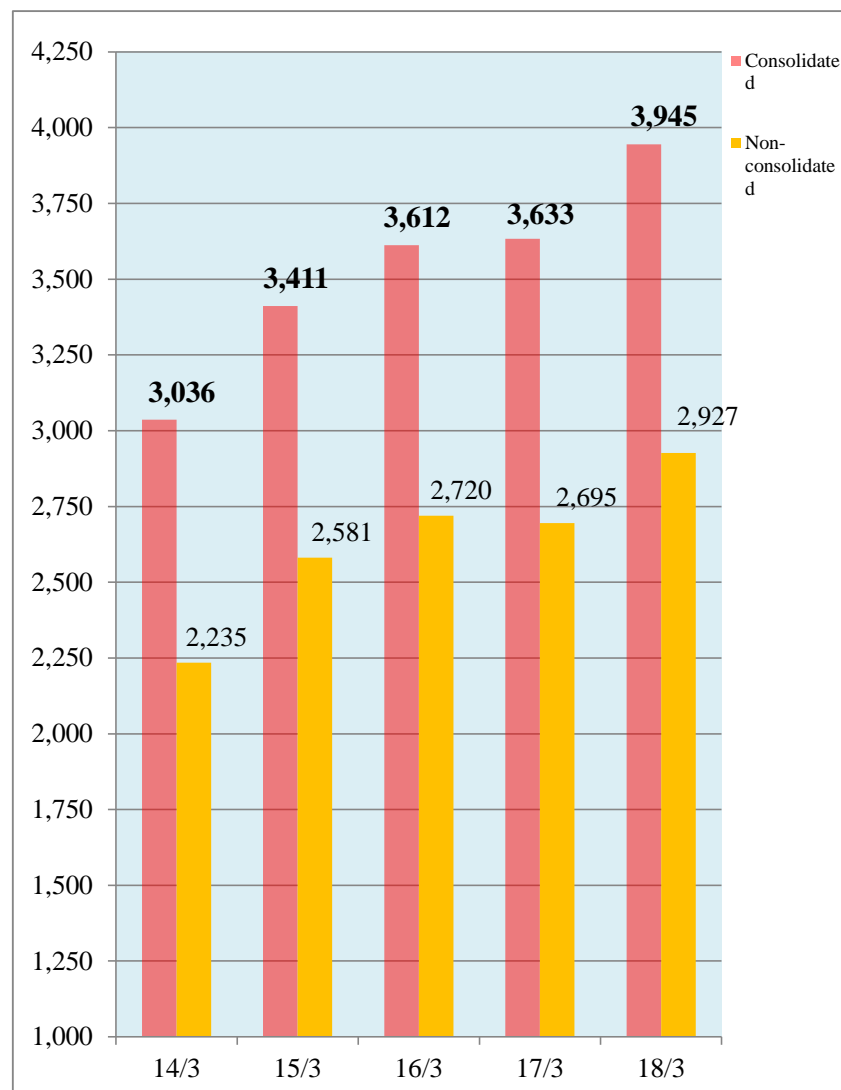
(millions of yen)

		FYE March 2017		FYE March 2018			
		Net sales	Operating income	Net sales	YOY	Operating income	YOY
Prima Meat Packers Ltd.		269,551	9,744	292,799	108.6%	10,330	586
Group Companies	Vendor(s) (1)	84,456	2,349	90,006	106.6%	▲ 180	▲ 2,529
	Other (including amendments for consolidation)	9,329	3,472	11,729	125.7%	2,979	▲ 493
Consolidated Total		363,336	15,565	394,534	108.6%	13,129	▲ 2,436

2. Changes in Net Sales and Operating Income

Net sales

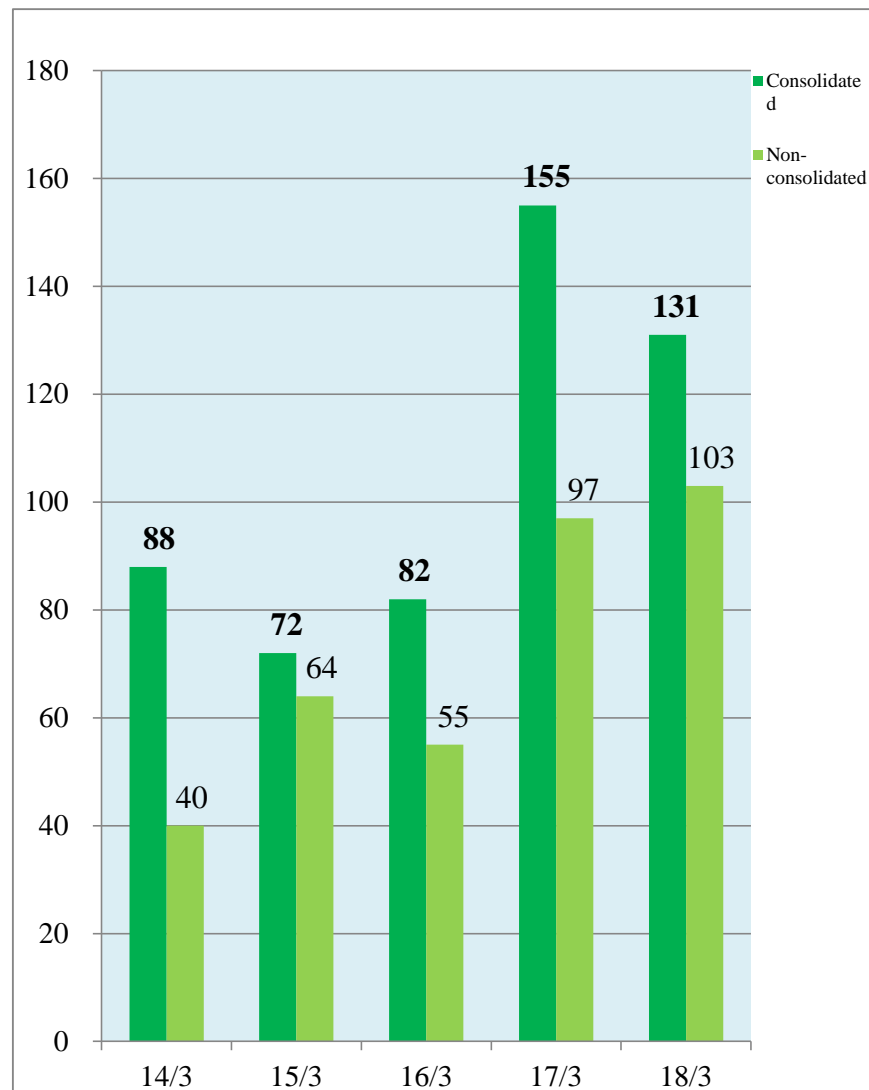
(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen

Operating income

(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen

3-(1). Processed Foods Business in the Year Ended March 2018

Business environment

- Personal consumption→Increase in thriftiness
- Increase in low-price strategies, reflecting consumer environment
- High yen → Weaker yen
Sharp rise in raw material prices
- Changes in employment environment (increase in wages, personnel shortages)
- Unseasonal weather → Vegetable prices remained high



Measures

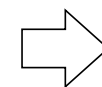
Outcomes

○ Concentrate sales efforts on core products

- Core product sales ratio: 72.8%
- Appropriate management of number of product types

○ Strengthen development of sales promotion strategy

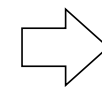
- New customers, customer base expanded (use of LINE)
- "Special present" promotional campaign
Invitation to Precious Night
- Diamond Horseshoe restaurant, Tokyo Disneyland
Private promotional campaign
- Promotional campaign in collaboration with Yoshimoto Kogyo
- Developed promotional campaign utilizing Legoland® Japan



Sales volume of sausages and ham YOY: 112%
Sales volume of processed foods YOY: 121%

○ Promote personnel saving and volume growth

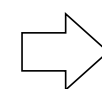
- Man-hour productivity improved in four core plants
- Ibaraki new sausage plant operation contributed
- Mie plant started producing ham cutlets



YOY Up 8%
Ibaraki plant's productivity has increased 10%
and its production volume has increased 20%

○ Enhance production base and improve productivity in vendor plants

- 11 plants across Japan achieve growth in production volume and Increase sales



Sales volume YOY: 106%

3. Processed Foods Business in the Year Ended March 2018 (Reference materials)

(1) Ham/sausage

☆Total<Sales volume of sausages and ham YOY>

Breakdown	FYE March 2017	FYE March 2018	Composition ratio
Ham/sausage Sum	104%	112%	100%
Consumer	109%	115%	69%
Commercial	95%	104%	29%
Gift Products	105%	95%	2%

☆Main Products<Sales volume YOY>

Product name	FYE March 2017	FYE March 2018
Koukun Winner	125%	129%
Tokachi Raw ham	108%	111%
Loin ham group	115%	111%
Bacon group	110%	120%



Koukun Winner

☆Improved of Man-hour productivity YOY

FYE March 2014	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018
12%	15%	6%	6%	8%

(3) Vendor products<Net Sales YOY>

FYE March 2014	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018
110%	103%	106%	105%	106%

(2) Processed Foods

☆Total<Sales volume of Processed Foods YOY>

Breakdown	FYE March 2017	FYE March 2018	Composition ratio
Processed Foods Sum	106%	121%	100%
Consumer	107%	110%	27%
Commercial	110%	135%	41%
Seasoning raw	102%	120%	32%

☆Main Products<Sales volume YOY>

Product name	FYE March 2017	FYE March 2018
Salada Chicken	144%	149%
Spring roll	115%	99%
Range pot	180%	234%
Raw chicken ball	94%	114%

☆Improved of Man-hour productivity YOY

FYE March 2018
6%



Range pot



Salada Chicken

3-(2). Processed Foods Business in the Year Ended March 2018 2

Income

(millions of yen)

	FYE March 2017	FYE March 2018	YOY	Difference
Net sales	244,666	269,380	110.1%	24,714
Operating income	14,511	11,688	80.5%	▲ 2,823
Ordinary income to net sales ratio	5.9%	4.3%		

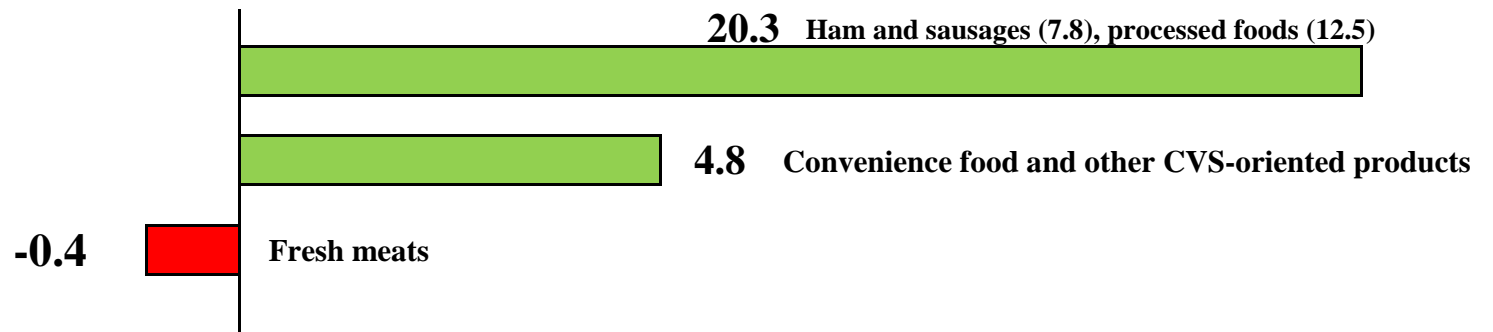


★Sales volume: YOY 129%

Factors behind earnings figures

★Increase in net sales

24.7 billion yen



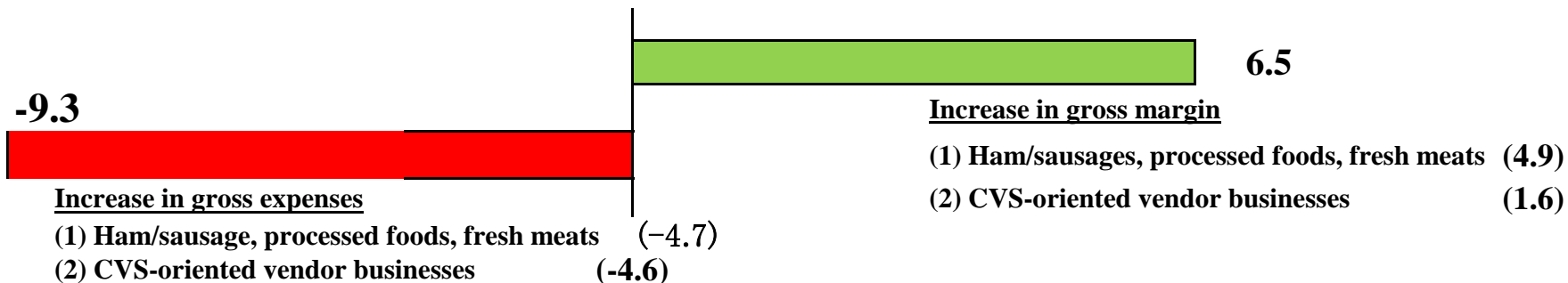
★Decrease in operating income

-2.8 billion yen

Ham/sausages: No change (gross margin down 1.4, sales volume up 3.9, expenses down 2.5)

Vendor Business: Down 3 (PD labor costs down 0.9, general admin down 1.3, other companies down 0.4)

Processed Foods: Up 0.2 (main up 0.9, subsidiaries down 0.7 [mainly in raw materials])



4-(1). Fresh Meats Business in the Year Ended March 2018

Business environment

- Personal consumption→Increase in thriftiness
- High yen → Weaker yen
Sharp rise in raw material prices
- High market prices for Japanese-produced beef, pork, and poultry in first half, but lower prices in second half
- Sluggish demand for Japanese-produced beef
- Japan imposed safeguards on frozen beef imports and signed the CPTPP



HyLife pork®

The Company's imported pork brand

Measures

- **Strengthen sales power**
 - 1) Improve systematic and national-level approaches to chain stores
 - 2) Strengthen sales approaches to regional customers
 - 3) Develop new customers
- **Strengthen merchandise power**
Expand sales of original brands

Outcomes

- -5% Decrease in sales to five major customers
- Gained 54 major clients—a YOY increase of 101%
- 13 new customers gained
- Higher sales volumes for wagyu, Thai-produced rice-fed chicken, etc.
- Expanded sales for Herb Sangenton pork

4-(2). Year Ended March, 2018: Fresh Meats Business 2

Income

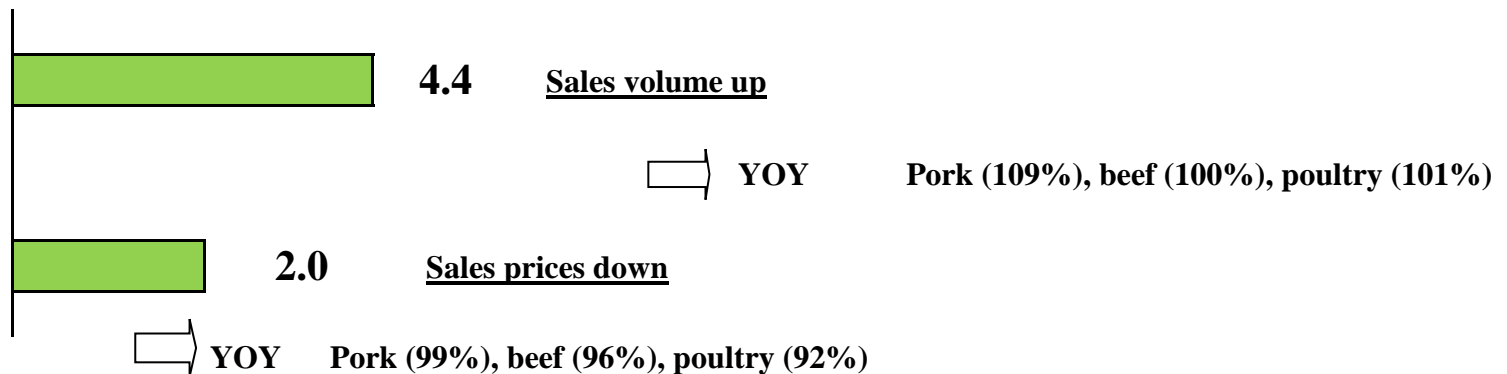
(millions of yen)

	FYE March 2017	FYE March 2018	YOY	Difference
Net Sales	118,253	124,663	105.4%	6,410
Operating incon	789	1,207	153.0%	418
Ordinary income to net sales ratio	0.7%	1.0%		

Factors behind earnings figures

★ Increase in net sales

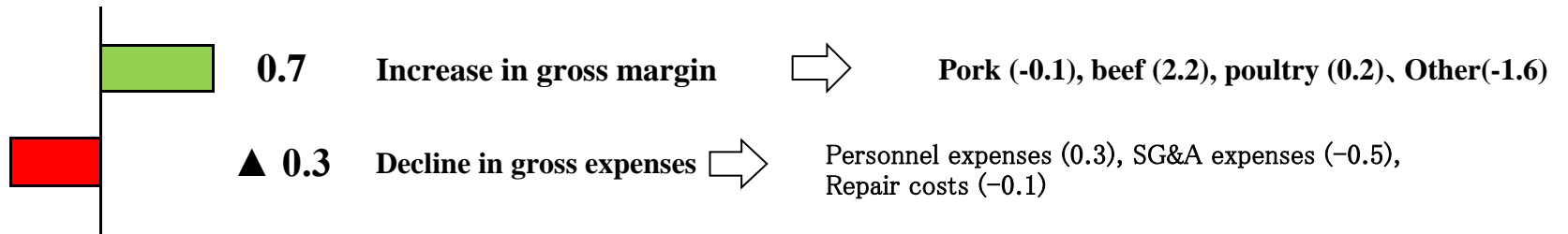
6.4 billion yen



★ Increase in operating income

0.4 billion yen

(200 mn increase in profit price, 400 mn increase in sales volume, -300 mn Increase in expenses, 100 mn in subsidiary profit)



3. Variance from Plan – FYE March 2018

(Millions of yen, %)

Cumulative annual results		Results	Plan	Variance from plan	Revised plan	Variance from revised plan
Processed Foods Business	Net sales	269,380	261,800	102.9%	268,700	100.3%
	Operating income	11,687	11,400	287	13,400	▲ 1,713

Key variances

- **Ham/Sausage, Processed Foods, etc.**
Operating income was 0.5 bn yen less than in revised plan
Ham and sausages achieved strong sales in terms of volume, but this was offset by sales promotion expenses, high raw materials costs, and low sales prices. Ordinary income to net sales ratio was down 0.85% compared to the first half.
→ Operating income down 0.5 bn yen
- **CVS-oriented vendor businesses**
Operating income was 1.2 bn yen less than in revised plan
As compared to the second quarter, Prime Delica's net sales were down 1.2 bn yen—0.9 bn yen due to high raw materials costs, and 0.3 bn yen due to personnel expenses related to staff shortages.

(Millions of yen, %)

Cumulative annual results		Results	Plan	Variance from plan	Revised plan	Variance from revised plan
Fresh Meats Business	Net sales	112,763	119,200	94.6%	126,000	89.5%
	Operating income	1,202	1,500	▲ 298	1,300	▲ 98

Key variances

- **Fresh Meats Business**
Operating income was 0.1 bn yen less than in revised plan
Net sales fell short of target (98% of second half target)

5. Consolidated Balance Sheets for the Year Ended March 2018

(millions of yen)

	FYE March 2017	FYE March 2018	Change
Current assets	78,113	80,212	2,099
Noncurrent assets	92,806	109,959	17,153
Gross assets	170,919	190,171	19,252
Current liabilities	60,413	64,360	3,947
Noncurrent liabilities	31,307	36,266	4,959
Total liabilities	91,721	100,897	9,176
Shareholders' equity	66,335	74,714	8,379
Accumulated other comprehensive income	5,683	6,466	783
Minority interests	7,179	8,094	915
Total net assets	79,198	89,274	10,076
Total liabilities and net assets	170,919	190,171	19,252

[Current assets]

- Cash and deposits -6.631 billion yen
- Increase in notes and accounts receivable-trade 6.804 billion yen
- Increase in inventory assets 4.352 billion yen

[Noncurrent assets]

- Increase in property, plant and equipment 15.871 billion yen

[Total liabilities]

- Increase in long-term loans payable 7.133 billion yen
- Increase in accrued expenses 1.762 billion yen
- Increase in deferred tax liabilities 0.572 billion yen

[Total net assets]

- Increase in retained earnings 8.389 billion yen

6. Cash Flow and Performance Indicators for the Year Ended March 2018

[Consolidated statements of cash flows]

(millions of yen)

	FYE March 2017	FYE March 2018	Change
Cash flows from operating activities	26,003	10,866	-15,137
Cash flows from investing activities	-14,790	-21,373	-6,583
Cash flows from financing activities	1,335	3,187	1,852
Cash and cash equivalents at end of period	19,468	12,168	-7,300

[Cash flows from operating activities]

- Income before income taxes
14.7907 billion yen
- Recording of depreciation and amortization
8.578 billion yen
- Increase in accounts receivable
6.902 billion yen

[Cash flows from investing activities]

- Acquisitions of property, plant and equipment
22.129 billion yen

[Cash flows from financing activities]

- Procurement of long-term loans payable
9.000 billion yen
- Repayment of long-term loans payable
2.7403 billion yen
- Payment of dividends
2.009 billion yen

[Performance indicators]

(millions of yen, %)

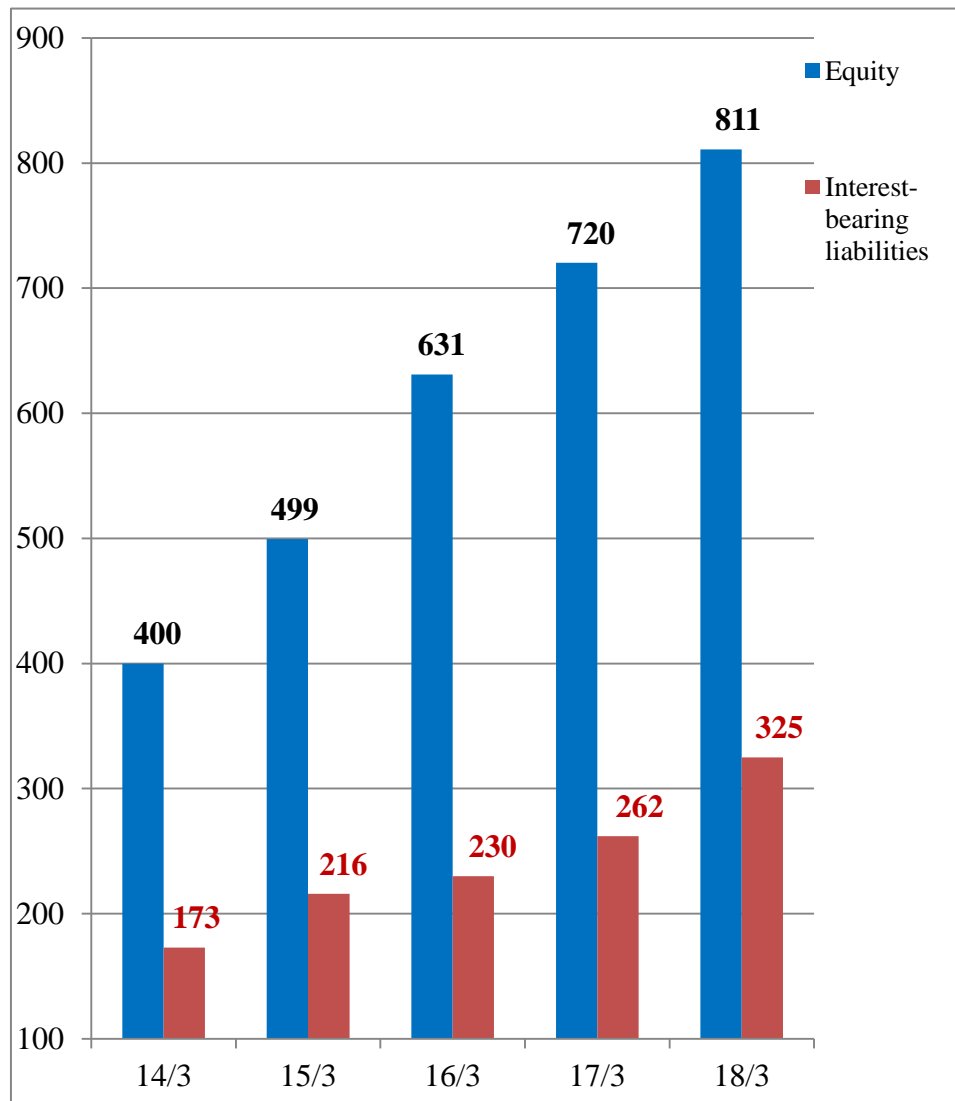
	FYE March 2017	FYE March 2018	Change
Equity	72,019	81,180	9,161
Equity ratio	42.1	42.7	0.6
Interest-bearing liabilities	26,204	32,505	6,301
Debt equity ratio	0.36	0.40	0.04

*Equity is total net assets minus minority interests.

7. Changes in Equity, Interest-bearing Liabilities, and Equity Ratio

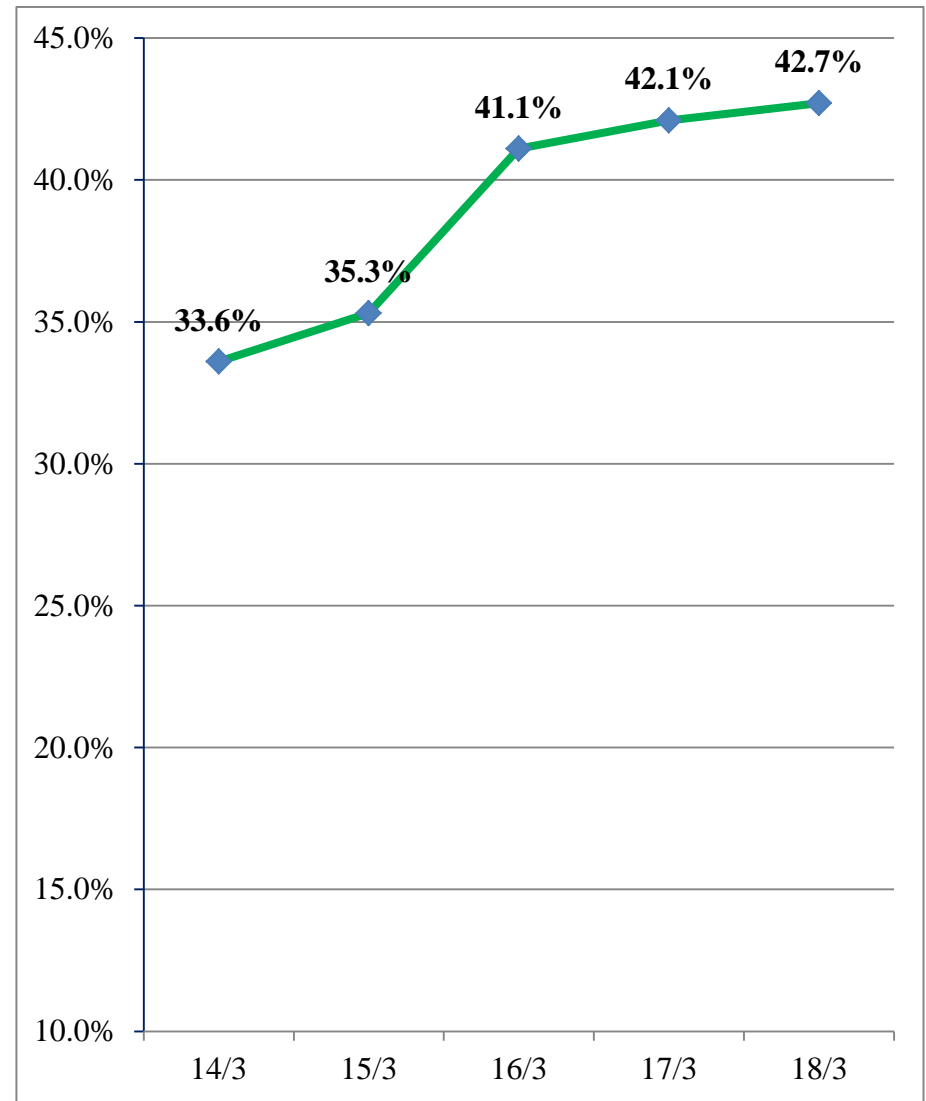
Equity and interest-bearing liabilities

(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen

Equity ratio



I. Financial Results for the Year Ended March 31, 201(P. 2-12)

**II. Medium-term Business Plan (Rolling Plan)
(FY2018-FY2020) (P.15-21)**

III. Referential Materials (P. 22-32)

1. Management Policy

With a view to being a **company that is indispensable** to our customers, we will comprehensively strengthen our sales and development capacities in order to achieve sales growth and thus bolster our revenue base.

In order to achieve continued growth in the future, we will construct a robust corporate structure through proactive capital investment, and achieve the objectives specified in the rolling plan.

○Basic Policy

Make continuous management innovations through strengthening corporate governance and promoting CSR

Continuous strengthening of quality assurance system

Human resources development, legal compliance, environmental conservation, internal control systems

Further expand the territory of the two existing major business segments and further strengthen their revenue bases

Reform cost structure

Strengthen sales capacity

Merchandise policy from consumers' perspective (peace of mind, safe, tasty, healthy)

Create business and develop globally in order to capture growing markets

Business development in Japan and abroad based on collaboration with ITOCHU Corporation

Develop innovative production technology

Strengthen consolidated management among group companies

☆We will aim for a payout ratio of 30% while maintaining an equity ratio of 40% and an ROE of >10%.

2. Consolidated Income Medium-term Business Plan (Rolling Plan)

(Unit: hundred millions of yen)

	Results for FYE March 2018	Forecast for FYE March 2019	Forecast for FYE March 2020	Forecast for FYE March 2021
Consolidated net sales	3,945	4,180	4,360	4,560
Previous medium-term business plan	3,813	4,040	4,250	
Operating income	131	164	165	169
Previous medium-term business plan	130	141	145	
Ordinary income	136	163	163	168
Previous medium-term business plan	131	140	145	
Net income	104	110	110	113
Previous medium-term business plan	90	91	92	
Note) Net income = Net income attributable to owners of parent company				
Capital expenditures	224	158	290	97
Previous medium-term business plan	154	96	158	
Depreciation and amortization	86	79	104	127
Previous medium-term business plan	79	86	102	

3. Forecast for FYE March 2019

Results for FYE March 2018

		Q2 (accumulated)	Full year
Processed Foods Business	Net Sales	121,369	269,380
	Operating income	7,421	11,687

Forecast for FYE March 2019

		Q2 (accumulated)	Full fiscal year	(millions of yen, %)	
					YOY
		143,500	288,600	107.1%	
		7,700	14,300	2,613	

[Points]

- Ham/sausage and processed foods business
→1.0 billion yen



Ham/sausage business 0.3 billion yen, Processed foods business 0.7 billion yen

- Prima Meat Packers (non-consolidated): Gross margin up 3.3 bn yen due to expanded sales, expenses down 3.5 bn yen due to expanded business, depreciation and amortization down 0.7 bn yen due to productivity improvements.

- Subsidiaries→ Up 0.5 bn yen due to improvements in productivity and costs

- CVS-oriented vendor businesses
→1.6 billion yen



Prime Delica: Up 1.6 bn yen→Expanded volumes, better productivity, better employment management

		Q2 (accumulated)	Full fiscal year
Fresh meats Business	Net Sales	57,927	124,663
	Operating income	-66	1,207

		Q2 (accumulated)	Full fiscal year	(millions of yen, %)	
					YOY
		64,200	129,300	103.7%	
		870	1,900	693	

[Points]

- Improved profits for fresh meats business
→0.7 billion yen



Production up 0.5 bn yen→ Acquired 2 equity-method farms as subsidiaries and incorporated their pre-acquisition profits; expanded production business by acquiring other companies as subsidiaries (by purchasing shares therein); such expansion led to improved productivity in processing business

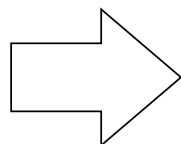
Sales up 0.2 bn yen→ Carefully managed profit margin for each product category, thoroughly supervised all production-related group companies

4-(1). Business Environment and Key Measures (Processed Foods Business) for the Year Ended March 2019

Business environment

- Increasing trend toward high-value added products, health-oriented products, and convenience-oriented products, co-presence of firmly rooted low-end products
- Consolidation/oligopolization of distribution, growth of drug stores
- Greater differentiation of goods, services and quality driven by the intensifying competition among convenience stores
- Rising raw materials prices, rising expenses due to personnel shortages, and trade friction contributing to uncertainty about the future

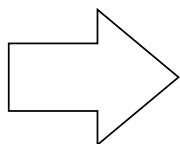
Sales growth, greater market share



Continuously increase sales volumes and expand revenue base

- Select and concentrate strategic sales channels
- Strengthen relationship with key customers through regular promotional campaigns (Win hearts and minds of customers by utilizing Tokyo Disney Resort, booking events at Tokyo Disneyland, utilizing (newly) Legoland® Japan and Yoshimoto comedy shows, etc.)
- Develop products by making use of innovative production technology
- Enhance Vendor Business's development capacity and productivity, and ensure it has the necessary
- Improve sales and sales volumes by implementing marketing strategies that prioritize company-wide profit
- Develop new sales channels by targeting supermarket delicatessens

Reduce costs



Continue to pursue innovative manufacturing and construct a production system that ensures security and safety

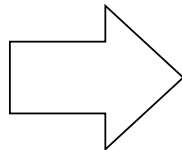
- Develop new technology and reform production processes
- Continue rationalization and personnel-saving investments
- Promote eco-friendly plant design
- Introduce PI into meat processing plants to improve safety, quality, and reduce costs
- Working with plants, develop core products / develop products using new techniques and ma

4-(2). Business Environment and Key Measures (Fresh Meats Business) for the Year Ended March 2019

Business environment

- Businesses making changes to comply with new trade agreements (e.g., CPTPP, Japan-EU EPA)
- Fluctuations in cost balance because of intensifying global procurement competition
- Changes in supply/demand balance and distribution of meats at a global level, including China's rise to prominence
- Consolidation/oligopolization of distribution, diversification of stores/retail forms

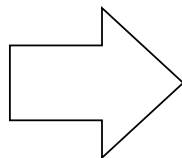
Strengthen sales capacity



Construct sales structure that reflects client changes

- Reform employees' attitudes toward earnings (instill willingness to achieve profit) and make them feel more responsible for sales
- In collaboration with the sales division, expand sales channels for fresh meat products
- Develop sales activities in collaboration with ITOCHU Corporation
- Pursue selective and concentrated marketing to increase market share and expand revenue base
- Educate and train employees in sales skills

Strengthen procurement/development capacities

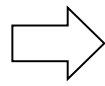


Procurement and product development capable of responding to changes in the business environment

- Expand the Japanese-produced pork integration business, positioning the business at the center of the group
- Capitalizing on expanded production, develop value-added pork brands
- Commercialise and expand sales of value added by-products in the slaughtering fabrication business
- Improve procurement capacity by tightening cooperation with suppliers of Japanese-produced meats and meat imports

5. Initiatives for FY2018 (ending March 2019)

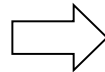
Strategically utilize bases for processing fresh meat



Expand and strengthen the Japanese-produced pork integration

- Expand Japanese-produced pork production business, enhance meat processing
Expand business scale and establish a commensurate production system by acquiring two equity-method farms and Japan Meat Co., Ltd. as subsidiaries
- Raise competitiveness by tightening relationship with major overseas suppliers

Improve productivity of ham/sausage and meat processing plants



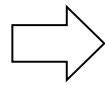
Thoroughly prepare for phase 2 of the Ibaraki plant construction

- Thoroughly manage the schedule with a view to completing construction in March 2019

Develop new products using new techniques and materials, continually look for ways to streamline manufacturing process

Fully introduce and inculcate PI to meat processing plant

Expand vendor businesses



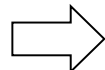
Reform Sagamihara second plant to improve earnings

- Use PI method to boost productivity
- Expand sales area in Kanto

Maintain and improve production capacity by adopting a scrap-and-build approach

Kumamoto Prima Co., Ltd. to change status to vendor business

Expand sales overseas



Expand sales operations in Thailand, China, and surrounding countries

I. Financial Results for the Year Ended March 31, 2018 (P. 2-14)

II. Medium-term Business Plan (Rolling Plan) (P.15-21)
(FY2018-FY2020)

III. Referential Materials (P. 22-32)

Changes in Consolidated Income

[Consolidated statements of income]

(millions of yen)

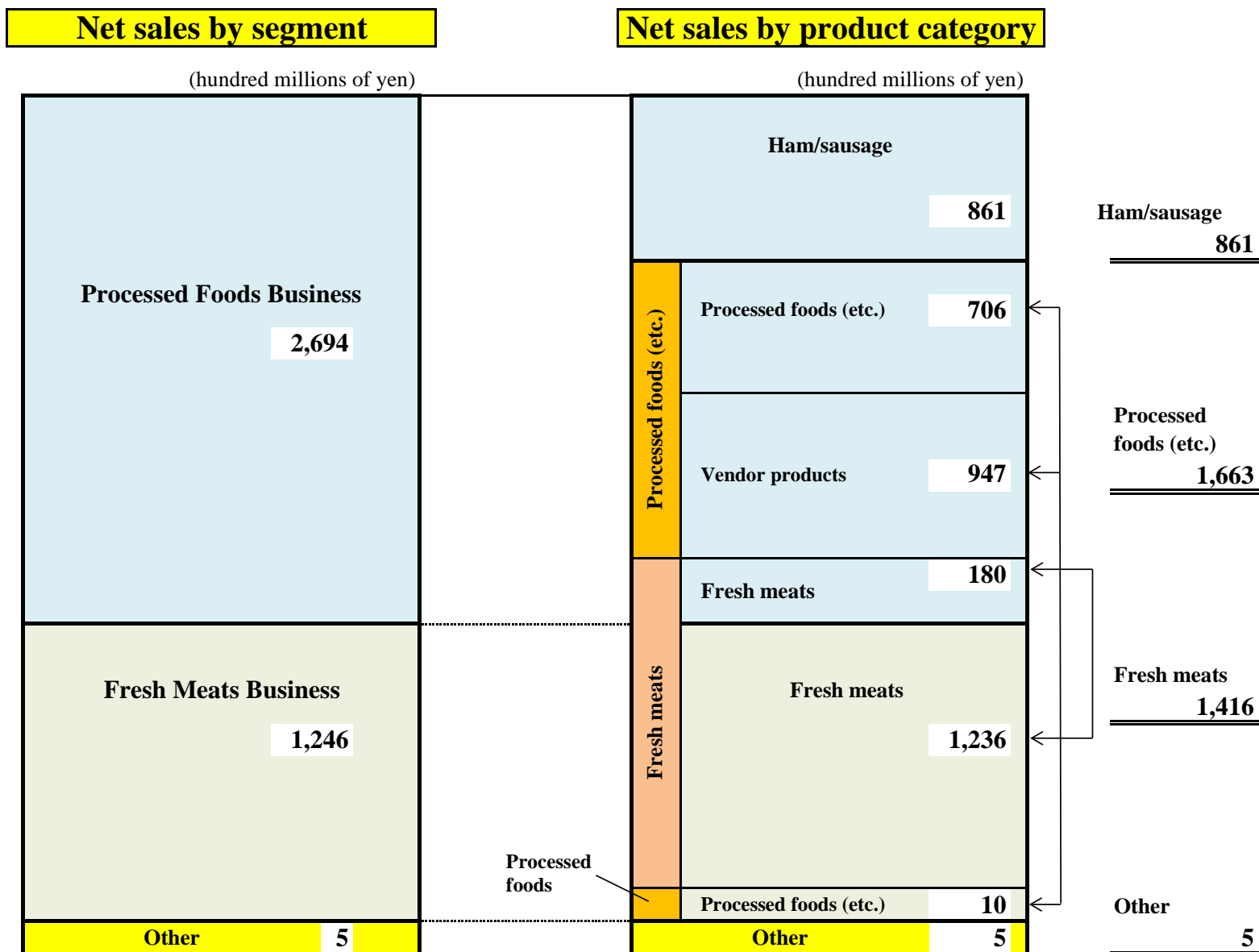
	Segment	FYE March 2016			FYE March 2017			FYE March 2018		
		First half	Second half	Full year	First half	Second half	Full year	First half	Second half	Full year
Net sales	Processed Foods Business	119,349	120,279	239,628	121,368	123,298	244,666	133,028	136,352	269,380
	Fresh Meats Business	62,284	59,022	121,306	57,927	60,326	118,253	62,181	62,482	124,663
	Other business	129	159	288	142	274	416	196	295	491
	Total	181,763	179,460	361,223	179,438	183,898	363,336	195,406	199,128	394,534
	Cost of Sales	156,404	154,467	310,871	150,164	153,319	303,483	164,768	168,658	333,426
	Gross Profit	24,848	25,503	50,351	29,274	30,579	59,853	30,637	30,471	61,108
	Selling, general and adminis	20,955	21,149	42,104	21,828	22,459	44,287	23,433	24,545	47,978
	Operating income	4,403	3,844	8,247	7,446	8,119	15,565	7,203	5,926	13,129
	Non-operating loss	298	231	529	266	271	537	269	248	517
	Ordinary income	4,701	4,075	8,776	7,712	8,390	16,102	7,473	6,173	13,646
	Extraordinary income	306	947	1,253	12	▲ 777	▲ 765	▲ 87	1,231	1,144
	Income before income taxes	5,007	5,022	10,029	7,724	7,613	15,337	7,386	7,404	14,790
	Net income	2,847	3,582	6,429	4,775	5,234	10,009	4,931	5,482	10,413

(Reference) Net sales by product category

(millions of yen)

	Product category	FYE March 2016			FYE March 2017			FYE March 2018		
		First half	Second half	Full year	First half	Second half	Full year	First half	Second half	Full year
Net sales	Ham/sausage	39,763	36,429	76,192	39,416	38,931	78,347	43,024	43,134	86,158
	Processed foods (70,169	72,527	142,696	72,571	76,495	149,066	81,801	84,518	166,319
	Fresh meats	71,703	70,344	142,047	67,309	68,198	135,507	70,384	71,183	141,567
	Other	129	159	288	142	274	416	197	294	491
	Total	181,763	179,460	361,223	179,438	183,898	363,336	195,406	199,129	394,535

5. Net Sales Comparison (by segment and by product category) for the Year Ended March 2018



Changes in Consolidated Balance Sheets

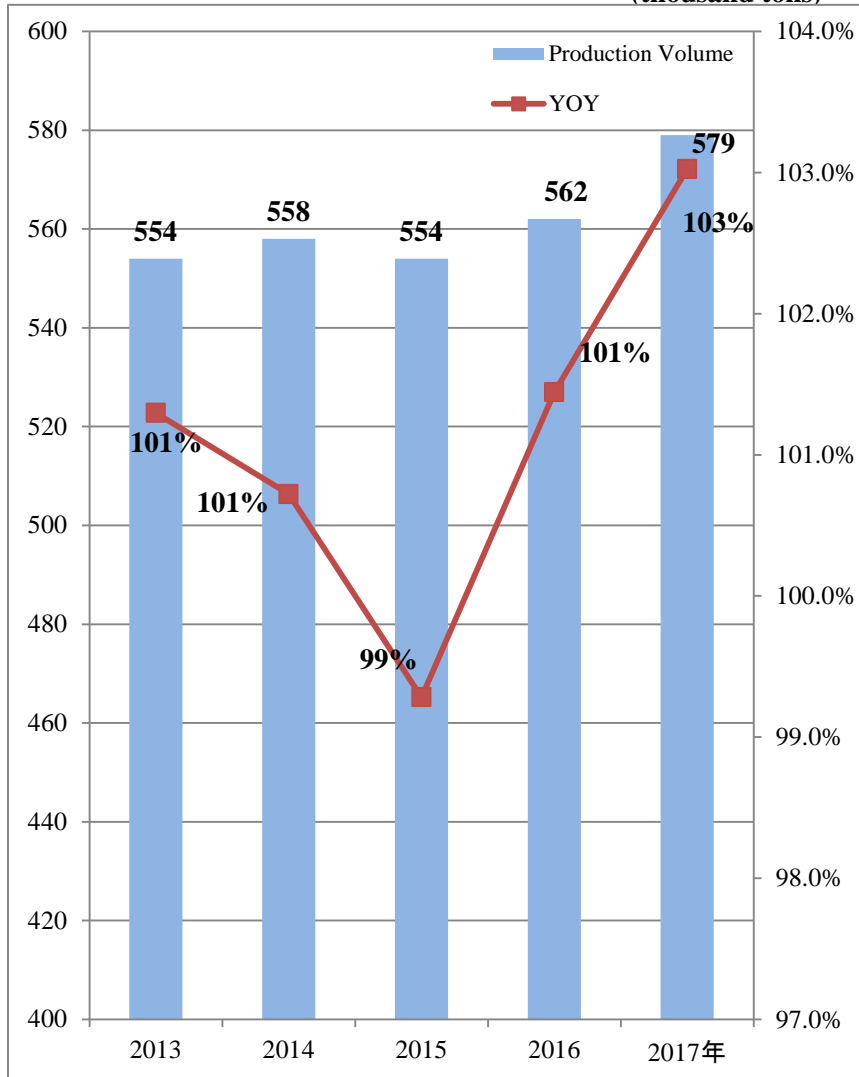
[Consolidated Balance Sheets]

(millions of yen)

	FYE March 2016		FYE March 2017		FYE March 2018	
	End of first half	End of year	End of first half	End of year	End of first half	End of year
Current assets	69,770	69,241	69,030	78,113	69,030	80,212
Noncurrent assets	81,946	84,270	88,013	92,806	88,013	109,959
Gross assets	151,716	153,511	157,043	170,919	157,043	190,171
Current liabilities	60,423	58,669	55,616	60,413	55,616	64,630
Noncurrent liabilities	23,432	24,812	27,072	31,307	27,072	36,266
Total liabilities	83,856	83,481	82,689	91,721	82,689	100,897
Shareholders' equity	54,201	57,276	61,584	66,335	61,584	74,714
Accumulated other	6,925	5,881	5,524	5,683	5,524	6,466
Minority interests	6,732	6,871	7,245	7,179	7,245	8,094
Total net assets	67,860	70,030	74,354	79,198	74,354	89,274
Total liabilities and ne	151,716	153,511	157,043	170,919	157,043	190,171
Equity	61,127	63,158	67,109	72,019	76,151	81,180
Equity ratio(%)	40.3	41.1	42.7	42.1	40.6	42.7

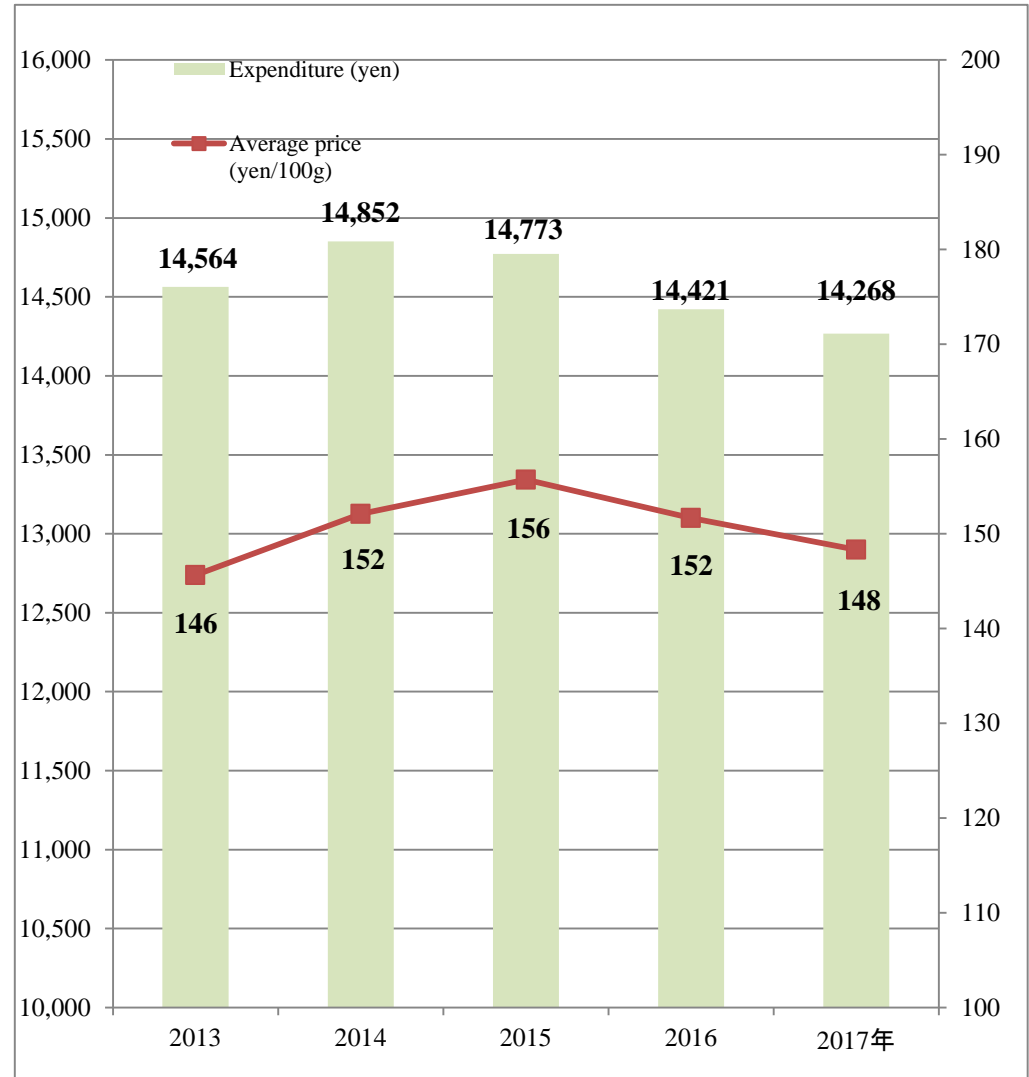
Data on Industry Trends

(1) Change in Production Volume of ham/sausages (Japan)
(thousand tons)



(Note) Data from Japan Ham & Sausage Processors Cooperative Association

(2) Household Expenditure on Ham/sausages (annual figures, taxes excluded)

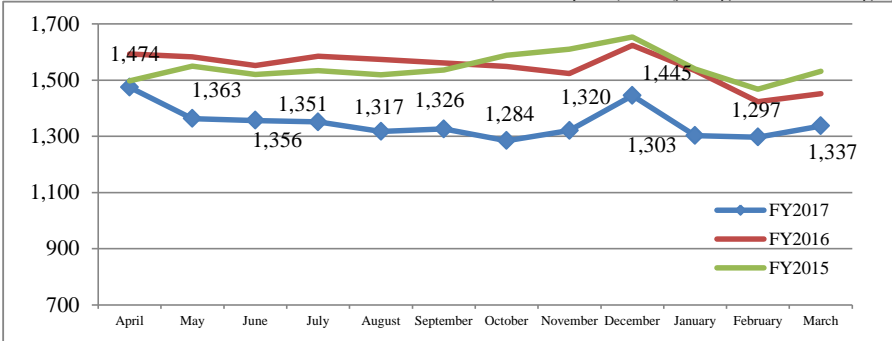


Report on the Family Income and Expenditure Survey, Bureau of Statistics (a nationwide survey of households with two or more members)

Data on Industry Trends 2

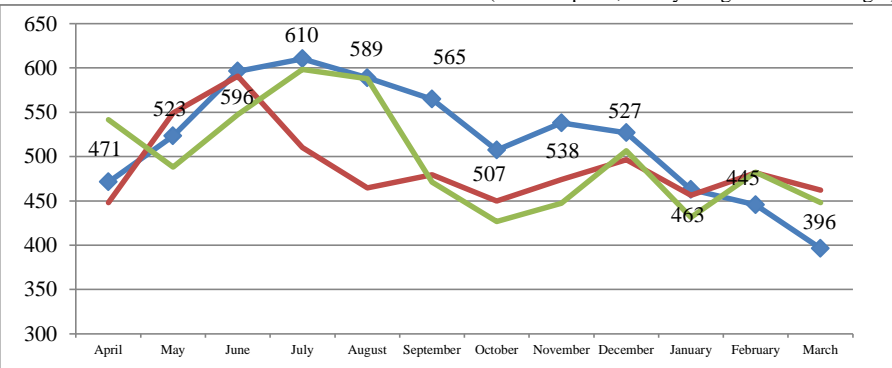
(1) Tax-excluded wholesale price (Tokyo) of B-3 crossbred steers

(Dressed price; unit: yen/kg of carcass weight)



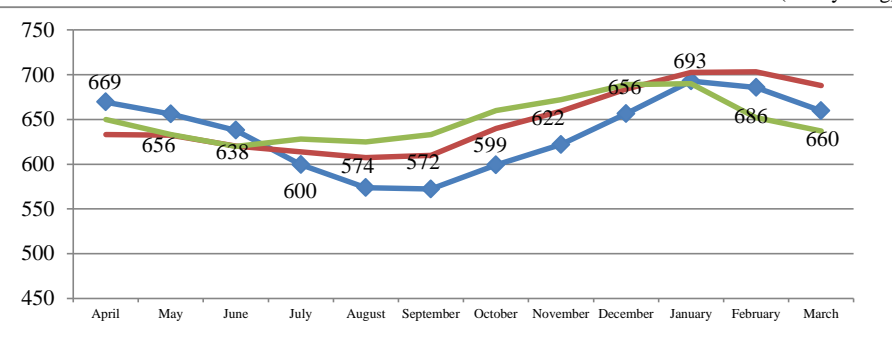
(2) Tax-excluded wholesale price of pork (Tokyo, ministerial ordinance)

(Dressed price; unit: yen/kg of carcass weight)



(3) Tax-excluded wholesale price (Tokyo) of chicken (leg)

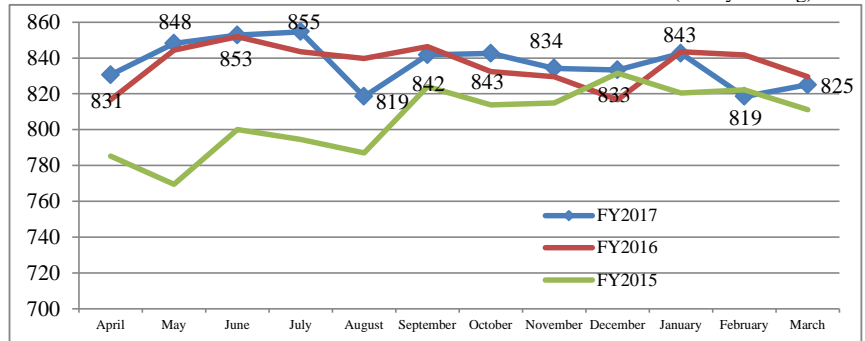
(unit: yen/kg)



Ministry of Agriculture, Forestry and Fisheries (Survey on Meat Distribution)

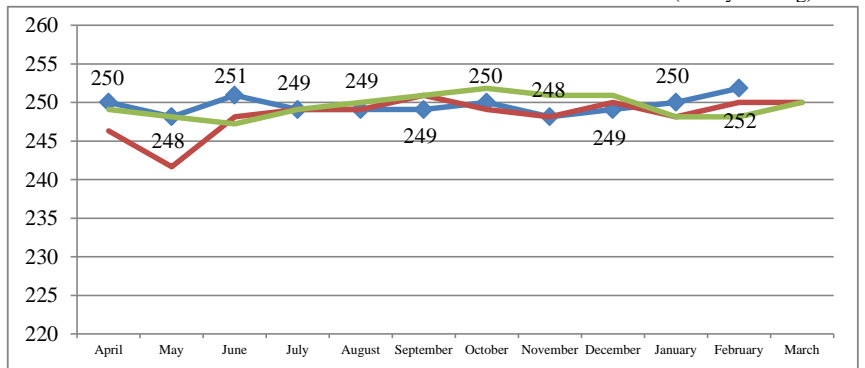
(4) Tax-excluded retail price of Japanese-produced beef loin (Tokyo)

(unit: yen/100g)



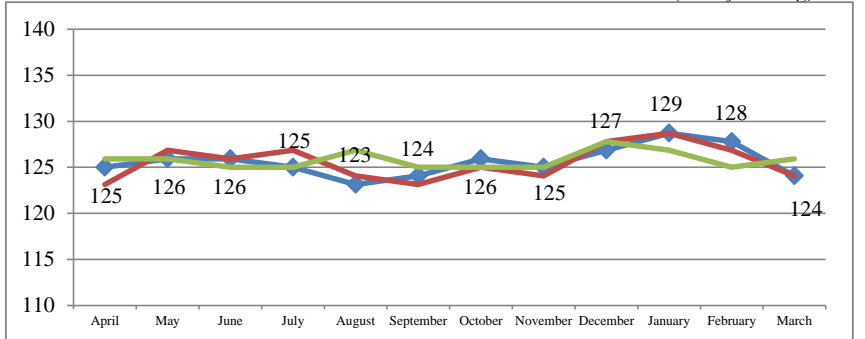
(5) Tax-excluded retail price of Japanese-produced pork loin (Tokyo)

(unit: yen/100g)



(6) Tax-excluded wholesale price (Tokyo) of Japanese-produced chicken (leg)

(unit: yen/100g)



Ministry of Internal Affairs and Communications (Report on the Retail Price Survey)

Profile

(As of March 31, 2016)

■ Corporate data

Head office	Shinagawa Seaside West Tower, 4-12-2 Higashi-Shinagawa, Shinagawa-ku, Tokyo		
Representative	Tetsuya Matsui, President and Representative Director		
Detail of business	Manufacture and sale of hams and sausages, fresh meats, processed foods, and other products		
Established	July 9, 1948		
Capital	7,908 million yen		
Fiscal year-end	March 31		
Number of employees	1814 (declined by 123)		
Business sites	Sales bases	6 branch offices	24 sales offices
	Production bases	4 plants	
Number of group companies	32		
	Consolidated subsidiaries	27	
	Companies accounted for using the equity method	5	
Number of employees across corporate group	14197 (increased by 1085)		
Group bases	Production bases	25 plants (in Japan) 5 bases (overseas)	

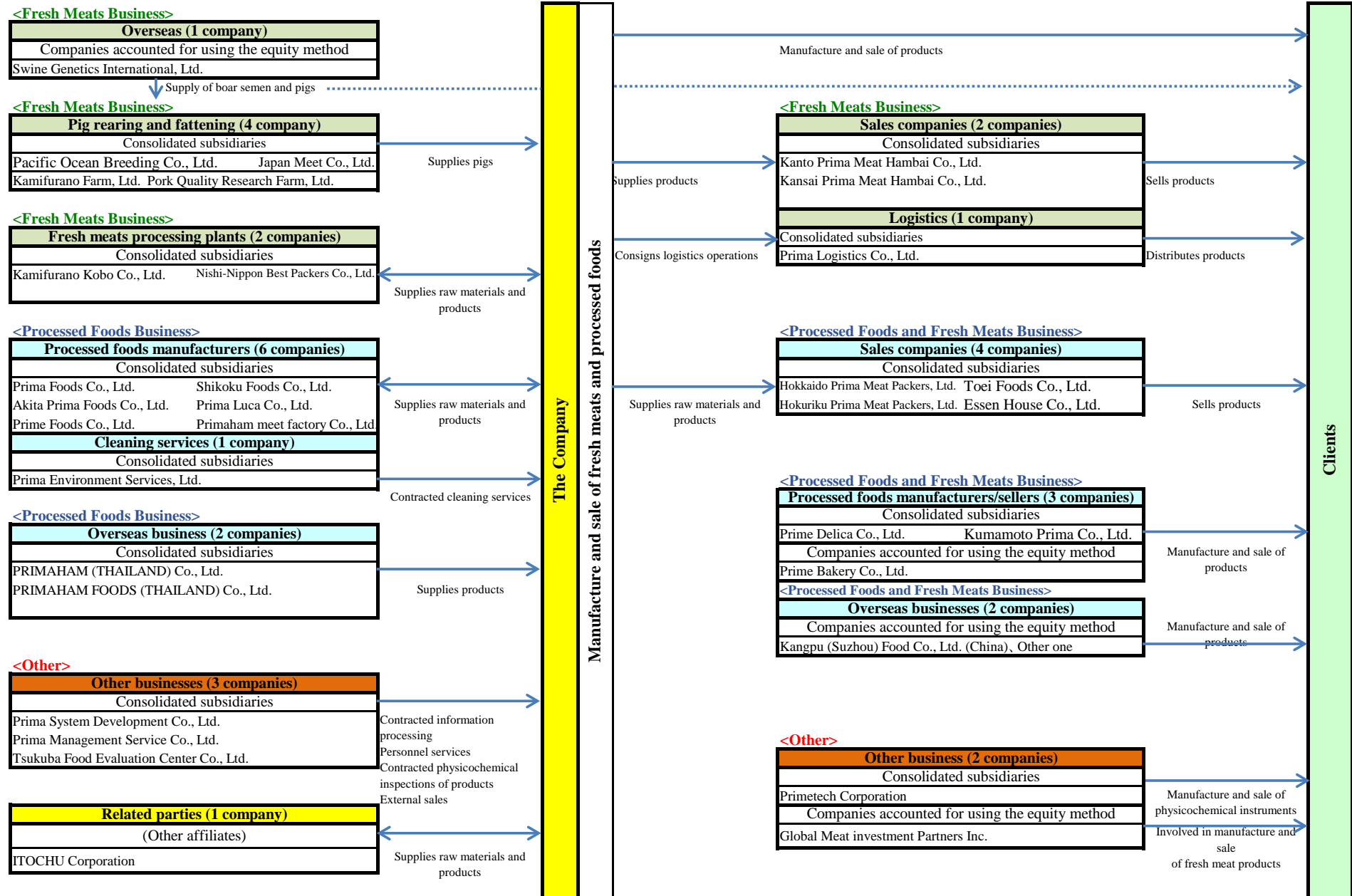
(Note)

1. Increase/decrease is in comparison to the end of the previous fiscal year (as of March 31, 2017)

■ Company history

September 1931	Takegishi Ham Company founded in Kanazawa
July 1948	Takegishi Livestock Co., Ltd. founded in Takaoka
August 1962	Listed on the first sections of the Tokyo Stock Exchange and Osaka Securities Exchange
May 1965	Name of company changed to Prima Meat Packers, Ltd.
March 1984	Becomes official sponsor of Tokyo Disneyland
April 2004	Mie plant gains ISO14001 certification
March 2005	Becomes official silver sponsor of professional baseball team Tohoku Rakuten Golden Eagles
April 2005	Head office and other production plants gain ISO14001 certification
May 2007	Four plants across Japan (ham/sausage) gain ISO22000 certification
July 2008	Processed foods plants and distribution centers gain ISO22000 certification (total of 26 business centers)
April 2010	Becomes official gold sponsor of professional baseball team Tohoku Rakuten Golden Eagles
September 2011	80th anniversary of company's foundation
December 2016	Sign an official sponsor contract with LEGOLAND® Japan

Corporate Group Data (as of April 1, 2018)



Prima Group's Environmental Activities (1)

Environmental policy:

Regarding environmental protection as a top priority, we contribute toward a sustainable society by **cutting carbon emissions and minimizing our burden on the environment** in general. We adopt environmental management practices that will lead to a society of low-emissions, recycling, and symbiosis with nature.

Ibaraki Sausage Plant eco-friendly equipment 1

1. Super-cooled thermal storage system

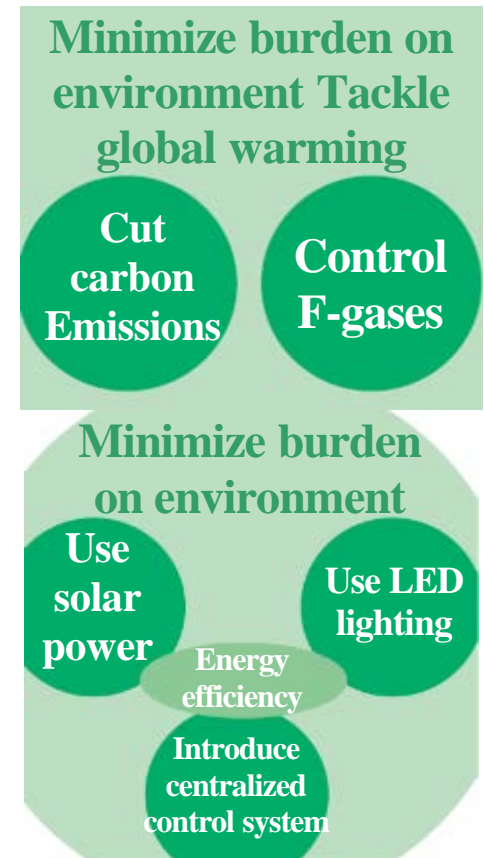
The packing room (15°C) uses an air conditioning system. 240 tons of slushy coolant is prepared in an ice tank during the night (when electricity rates are lower), and this coolant is then pumped through the system during the day to reduce energy consumption. **Energy consumption is now down 20%** compared to before the system was introduced.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases

2. Heating system

Switched fuel from heavy oil to propane, which is more energy-efficient. Switched fans from damper type to inverter type, resulting in **75% reduction in energy consumption**.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases



Prima Group's Environmental Activities (2)

Ibaraki Sausage Plant eco-friendly equipment 2

3. EcoCute

EcoCute heats water efficiently using leftover heat from refrigeration units. The heated water is pumped throughout the plant. It is also pumped into a heating tank. With this system, the plant is **30% more energy efficient** than before.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases

4. Refrigeration units (NewTon)

Eight units are used to cool heated water following heat treatment. The plant controls the amount of the units it operates according to the load, resulting in a **30% reduction in energy consumption** on a unit to unit basis and a **35% reduction in auxiliary power consumption outside the refrigeration units and refrigeration unit power consumption** compared to before.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases

5. Compressors

The plant uses six 37-kw oil-free screw compressors and controls the amount in operation according to the load, thus cutting unnecessary power. This system enables a **25% reduction in energy consumption** compared to before.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases



Solar power system

F-gas emissions

	FY2016	FY2015	Change
Prima Meat Packers	15,169	27,674	-12,505
Hokkaido Plant	289	54	235
Ibaraki Plant	2,617	3,037	-420
Mie Plant	5,769	6,364	-595
Kagoshima Plant	6,132	17,459	-11,327
Sales offices	362	760	-398

Management Vision

Great taste, great connections

Valuing the bonds we share with our customers, we will forge a cheerful and abundant future through the great taste of our products and the great connections between people.

Management philosophy - The basics -

- Be honest and dedicated
- The lifeblood of Prima is its products and quality
- Contribute to customers' lives by continuously innovating

Management vision

1. Each and every one of us shall use our imaginative faculties and come up with creative ideas and proposals
2. We shall utilize our exceptional productive development skills and technical prowess in a comprehensive effort to provide our customers with great tasting food and information related to such; in this way, we shall contribute toward an abundant and healthy dietary life.
3. We shall resolutely pursue self-improvement with a view to becoming a highly profitable comprehensive food business

Precautionary Notes

The projected figures used in this document are the results of the company's assessments and predictions based on currently available information, and they are subject to various risks and uncertainties.

Therefore, the actual performance may differ from the projected figures.

Inquiries

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