

Second Quarter Financial Results for the Year Ended March 31, 2017

**Great taste, great connections**



**Prima Meat Packers**

**Nov 16, 2016**

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March 31, 2017**

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## **Second Quarter**

**Financial Results for the Year Ended March 31, 2017**

## 1-(1). Second Quarter Financial Results for the Year Ended March 31, 2017 1

### [Consolidated statements of income]

(millions of yen)

Item	FYE March 2016		FYE March 2017		
	Results	Net sales ratio	Results	Net sales ratio	YOY
<b>Net sales</b>	181,763	100.0%	<b>179,438</b>	100.0%	98.7%
Processed Foods Business	119,349	65.7%	<b>121,368</b>	67.6%	101.7%
Fresh Meats Business	62,284	34.3%	<b>57,927</b>	32.3%	93.0%
Other	129	0.1%	<b>142</b>	0.1%	109.9%
Cost of Sales	156,404	<b>86.0%</b>	<b>150,164</b>	<b>83.7%</b>	96.0%
<b>Gross Profit</b>	25,359	14.0%	<b>29,274</b>	16.3%	115.4%
SG&A expenses	20,955	<b>11.5%</b>	<b>21,828</b>	<b>12.1%</b>	104.2%
<b>Operating income</b>	4,403	<b>2.4%</b>	<b>7,446</b>	<b>4.1%</b>	169.1%
Non-operating income	505	-	<b>421</b>	-	-
Non-operating expenses	206	-	<b>155</b>	-	-
<b>Ordinary income</b>	4,701	2.6%	<b>7,712</b>	4.3%	164.1%
Extraordinary income	633	-	<b>106</b>	-	-
Extraordinary loss	328	-	<b>94</b>	-	-
<b>Income before income taxes</b>	5,007	2.8%	<b>7,724</b>	4.3%	154.3%
Income taxes	2,005	-	<b>2,381</b>	-	-
Minority interests in income	154	-	<b>567</b>	-	-
<b>Net income</b>	2,847	1.6%	<b>4,775</b>	2.7%	167.7%

### [Key Points]

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

•Ham/sausage	39,416 (YOY: 99%)
•Processed Foods	72,571 (YOY: 103%)
•Fresh Meats	67,309 (YOY: 94%)
•Other	142 (YOY: 110%)

#### [Cost of sales]

•Ratio of raw materials and inventory	Down 2.3%
•Production expenses ratio	0.0%
<b>Cost of sales ratio</b>	⇒ <b>Down 2.3%</b>

#### [SG&A expenses]

•SG&A expenses (personnel expenses ratio)	Up 0.1%
•SG&A expenses (expense ratio)	Up 0.5%
<b>SG&amp;A expenses to net sales ratio</b>	⇒ <b>Up 0.6%</b>

**Ordinary income to net sales ratio** ⇒ **Up 1.7%**

## 1-(2).Second Quarter Financial Results for the Year Ended March 31, 2016 2

### [Income by business segment]

(millions of yen)

		FYE March 2016		FYE March 2017			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	119,349	-	<b>121,369</b>	-	101.7%	96.3%	126,000
	Fresh Meats Business	62,284	-	<b>57,927</b>	-	93.0%	90.5%	64,000
	Other	129	-	<b>142</b>	-	110.1%	-	0.0%
Operating income	Processed Foods Business	4,838	4.1%	<b>7,421</b>	6.1%	2,583	3,321	4,100
	Fresh Meats Business	▲ 481	-0.8%	<b>-66</b>	-0.1%	415	-666	600
	Other	46	35.7%	<b>91</b>	64.1%	45	0	0

### [Non-consolidated Income]

(millions of yen)

	FYE March 2016		FYE March 2017		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	136,897	100.0%	<b>133,632</b>	100.0%	97.6%
Operating income	3,388	2.5%	<b>4,414</b>	3.3%	1,026
Ordinary income	4,670	3.4%	<b>5,023</b>	3.8%	353
Income before income taxes	4,898	3.6%	<b>5,001</b>	3.7%	103
Net income	3,369	2.5%	<b>3,591</b>	2.7%	222

### [Income by group company]

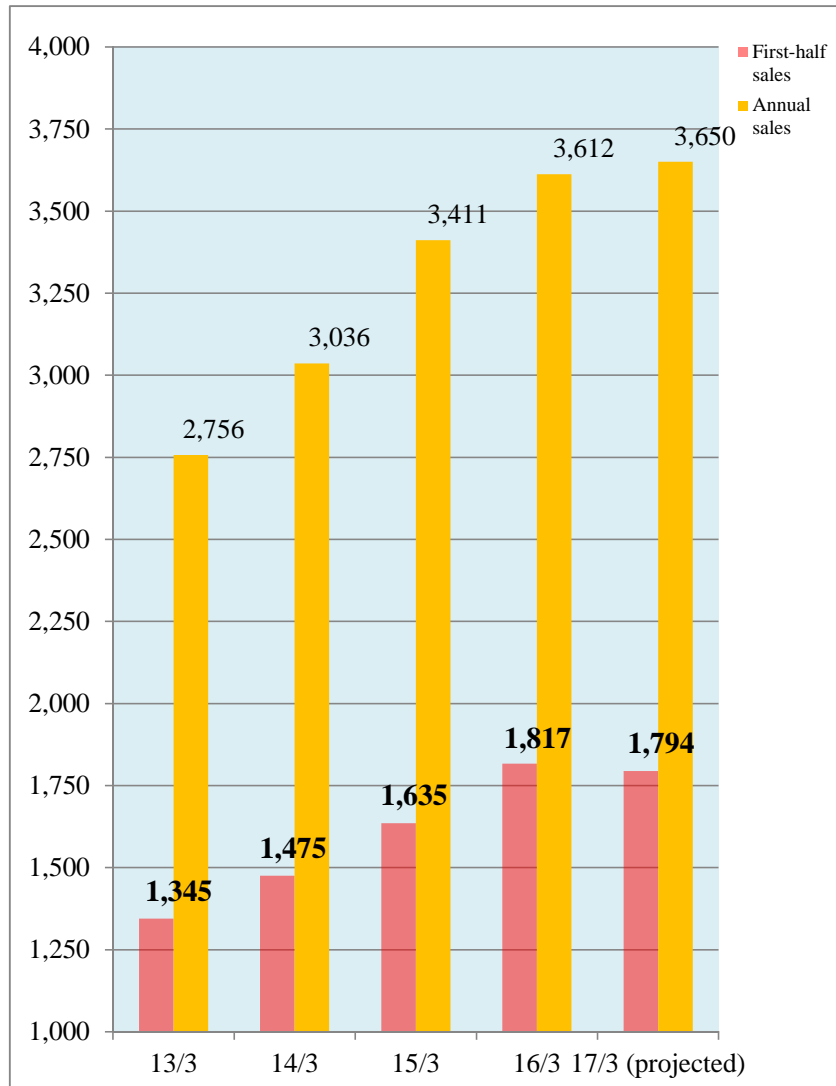
(millions of yen)

		FYE March 2016		FYE March 2017			
		Net sales	Operating income	Net sales	YOY	Operating income	YOY
Prima Meat Packers Ltd.		136,897	3,388	<b>133,632</b>	97.6%	<b>4,414</b>	1,026
Group Companies	Vendor(s) (1)	40,383	350	<b>41,436</b>	102.6%	<b>1,640</b>	1,290
	Other (including amendments for consolidation)	4,483	665	<b>4,370</b>	97.5%	<b>1,392</b>	727
Consolidated Total		181,763	4,403	<b>179,438</b>	98.7%	<b>7,446</b>	3,043

## 2. Changes in Net Sales and Operating Income

### Net sales

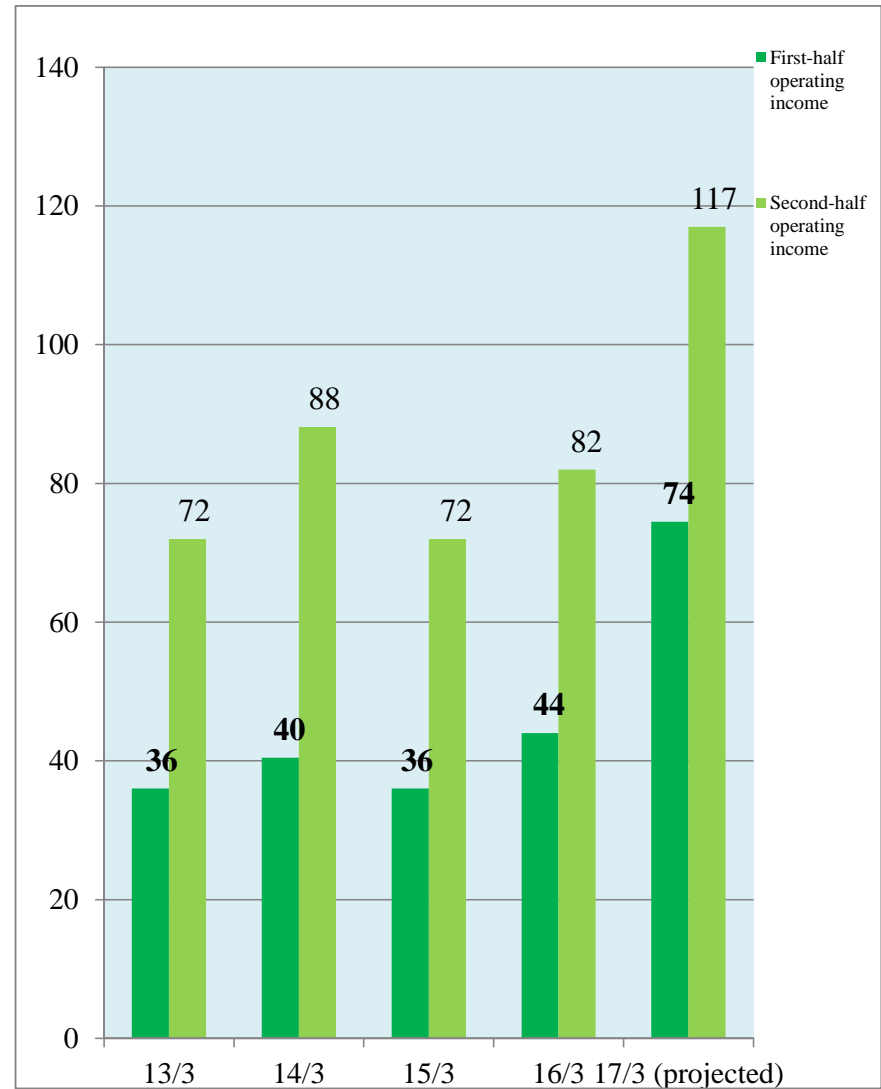
(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen  
The figures for March 2017 are projected figures.

### Operating income

(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen

### 3-(1). Processed Foods Business– First Half, Year Ended March 2017

## Business environment

- Personal consumption→Increase in thriftiness
- Increase in low-price strategies, reflecting consumer environment
- High yen→Stable prices among import goods, raw materials, and packaging materials, etc.
- Changes in employment environment (increase in wages, personnel shortages)
- WHO report on carcinogenicity



8.9 million friends gained

### Measures

### Outcomes

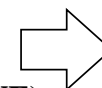
○ Concentrate sales efforts on core products

• Core product sales ratio: 75.6%

YOY: 101.8%  
Sales volume of sausages and ham

○ Strengthen development of sales promotion strategy

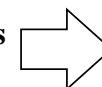
- New customers, customer base expanded (use of LINE)
- "Special present" promotional campaign  
Invitation to Precious Night (October 14 booking at Tokyo Disney Land)
- Diamond Horseshoe restaurant, Tokyo Disney Land  
Private promotional campaign



Consumer: 104%  
Commercial: 91%  
Sales volume of processed foods  
YOY: 109%

○ Promote personnel saving and volume growth

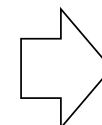
- Man-hour productivity improved in four core plants
- Positive effect of the commencement of operations at Ibaraki sausage plant



YOY  
Up 5%

○ Enhance production base and improve productivity in vendor plants

- Raw materials prices stable, production volume expanded
- Introduction of innovative facilities led to improvement in quality/sanitary control and productivity



Sales volume  
YOY: 102.6%

### 3-(2). Processed Foods Business – First Half, Year Ended March 2016 2

#### Income

(millions of yen)

	FYE March 2016	FYE March 2017	YOY	Difference
Net sales	119,349	121,369	101.7%	2,020
Operating income	4,838	7,421	153.4%	2,583

Ordinary income to net sales ratio      4.1%      6.1%

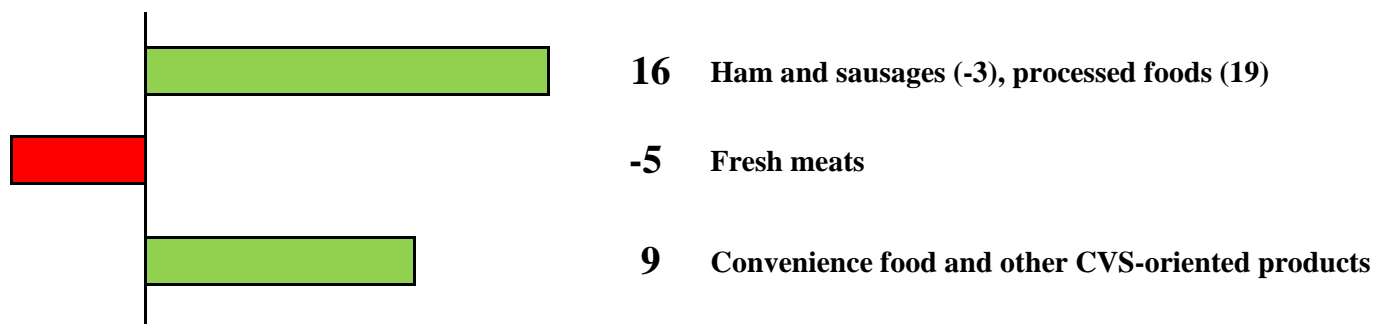


★Sales volume: YOY 119%

#### Factors behind earnings figures

##### ★Increase in net sales

20 hundred millions of yen



##### ★Increase in operating income

26 hundred millions of yen (Ham/sausage 2, Processed Foods 12, Vendor Businesses 12)





## 4-(1).Fresh Meats Business – First Half, Year Ended March, 2017

### Business environment

- Personal consumption→Increase in thriftiness
- Decline in sales prices due to high yen
- Low market prices for pork and poultry
- Decline in supply of Japanese-produced beef
- Excessive stocks of broiler meat



Imported original pork brands

### Measures

### Outcomes

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>● <b>Strengthen sales capacity</b> <ol style="list-style-type: none"> <li>1) Strengthen approaches to regional chains at an organizational and national level</li> <li>2) Strengthen sales to regional clients</li> <li>3) Develop new clients</li> </ol> </li> <li>● <b>Strengthen appeal of products</b> <ul style="list-style-type: none"> <li>* Expand sales of original brands</li> </ul> </li> <li>● <b>Improve management and logistics</b> <ul style="list-style-type: none"> <li>* Control logistics costs</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Sales up 5% year-on-year among total of five major clients</li> <li>• Transactions commenced with 17 new clients</li> <li>• Increased trade in Japanese-produced beef, Thai-produced rice-fed chicken, etc.</li> <li>• 200 million yen saved in transportation and storage-related costs</li> </ul> |
|---|--|

## 4-(2). Fresh Meats Business – First Half, Year Ended March, 2017 2

<b>Income</b>		(millions of yen)		
	FYE March 2016	FYE March 2017	YOY	Difference
Net Sales	62,284	57,927	93.0%	-4,357
Operating income	-481	-66	13.7%	415
Ordinary income to net sales ratio	-0.8%	-0.1%		



### Factors behind earnings figures

#### ★Decrease in net sales

**-44** hundred millions of yen

Imported original pork brands

#### Low sales prices

**-30**

Pork: Market price of Japanese-produced pork decreased (-6); affected by this trend, import pork decreased (-2)

Beef: Market price of Japanese-produced beef increased (+8); imported low-cost beef handling rate increased (-26), Poultry, etc.: Decreased (-4)

#### Sluggish sales volume

**-14**

Pork: Cargo collection of Japanese-produced pork unstable (-2); demand shifts to Japanese-produced pork following decline in prices, consequently (imported pork -5)  
 Beef: Slight reduction in Japanese-produced beef (-1), narrowing of imported sales (-13)  
 Poultry: Expansion in handling, consequently, imported poultry increased (+6) and Japanese-produced poultry increased (+1).

#### ★Increase in operating income

**4.0** hundred millions of yen

**+4**

Gross profit margin (+1), costs savings (+3)

## 5. Consolidated Balance Sheets for the Year Ended March 2017 First Half

(millions of yen)

	FYE March 2016	FY March 2017/1H	Change
<b>Current assets</b>	61,088	<b>69,241</b>	8,152
<b>Noncurrent assets</b>	80,572	<b>84,270</b>	3,697
<b>Gross assets</b>	141,661	<b>153,511</b>	11,850
<b>Current liabilities</b>	60,350	<b>58,669</b>	-1,681
<b>Noncurrent liabilities</b>	24,783	<b>24,806</b>	22
<b>Total liabilities</b>	85,134	<b>83,475</b>	-1,659
<b>Shareholders' equity</b>	42,686	<b>57,282</b>	14,596
<b>Accumulated other comprehensive income</b>	7,261	<b>5,881</b>	-1,379
<b>Minority interests</b>	6,578	<b>6,871</b>	293
<b>Total net assets</b>	56,526	<b>70,036</b>	13,509
<b>Total liabilities and net assets</b>	141,661	<b>153,511</b>	11,850

### [Current assets]

- Cash and deposits 4.683 billion yen
- Decrease in inventory assets 5.087 billion yen

### [Noncurrent assets]

- Increase in property, plant and equipment 3.250 billion yen

### [Total liabilities]

- Repayment of short-term loans 3.607 billion yen
- Increase in long-term loans payable 3.055 billion yen

### [Total net assets]

- Increase in retained earnings 4.27 billion yen

## 6. Cash Flow and Performance Indicators for the Year Ended March 2017 First Half

### [Consolidated statements of cash flows]

(millions of yen)

	FYE March 2016/1H	FYE March 2017/1H	Change
Cash flows from operating activities	5,120	13,184	8,064
Cash flows from investing activities	-4,591	-7,072	-2,481
Cash flows from financing activities	6,279	-1,355	-7,634
Cash and cash equivalents at end of period	10,943	11,611	668

### [Cash flows from operating activities] [Cash flows from investing activities] [Cash flows from financing activities]

- Recording of quarterly net income before income taxes 7.724 billion yen
- Acquisitions of property, plant and equipment 6.563
- Procurement of long-term loans payable 3.001 billion yen
- Recording of depreciation and amortization 3.217 billion yen
- Repayment of short-term loans 3.582 billion yen

### [Performance indicators]

(millions of yen, %)

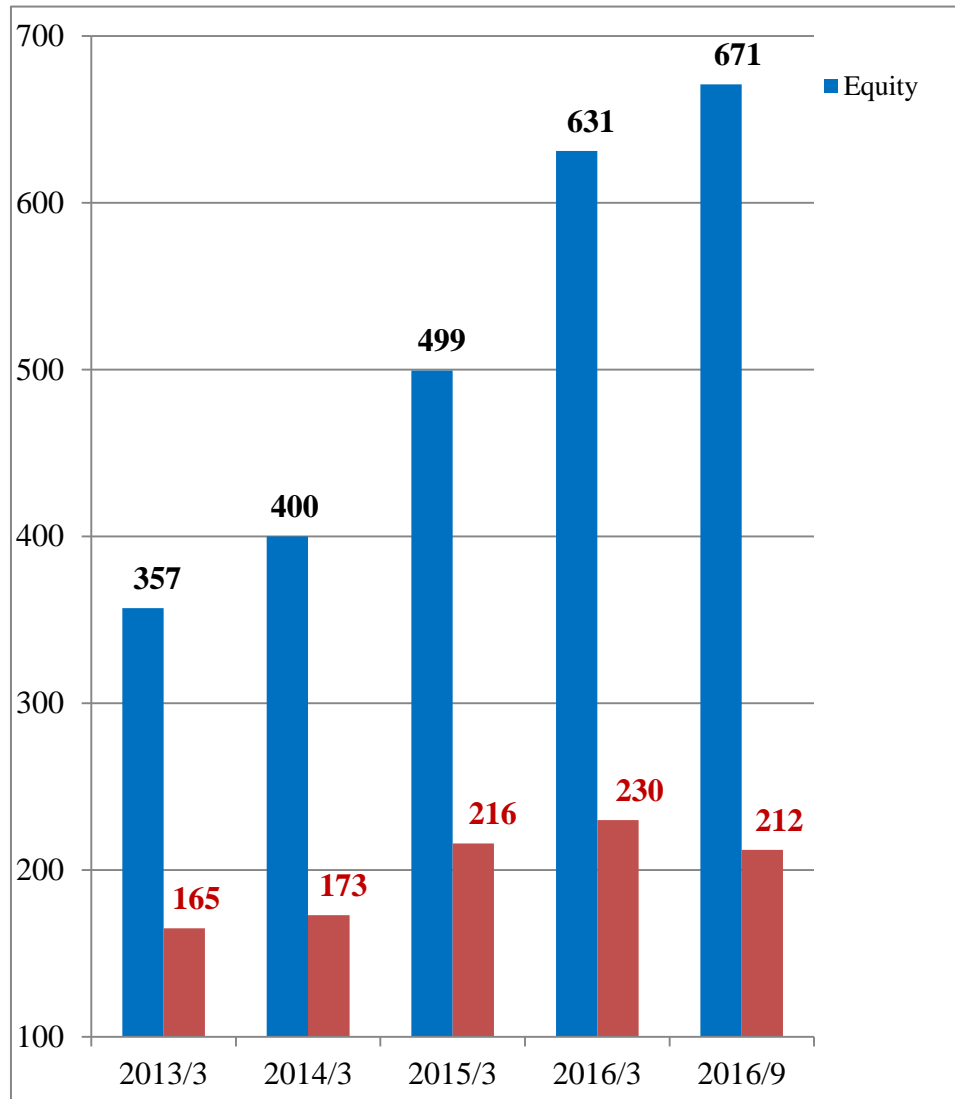
	FYE March 2016	FYE March 2017/1H	Change
Equity	63,158	67,109	3,951
Equity ratio	41.1	42.7	1.6
Interest-bearing liabilities	23,025	21,243	-1,782
Debt equity ratio	0.35	0.32	-0.03

\*Equity is total net assets minus minority interests.

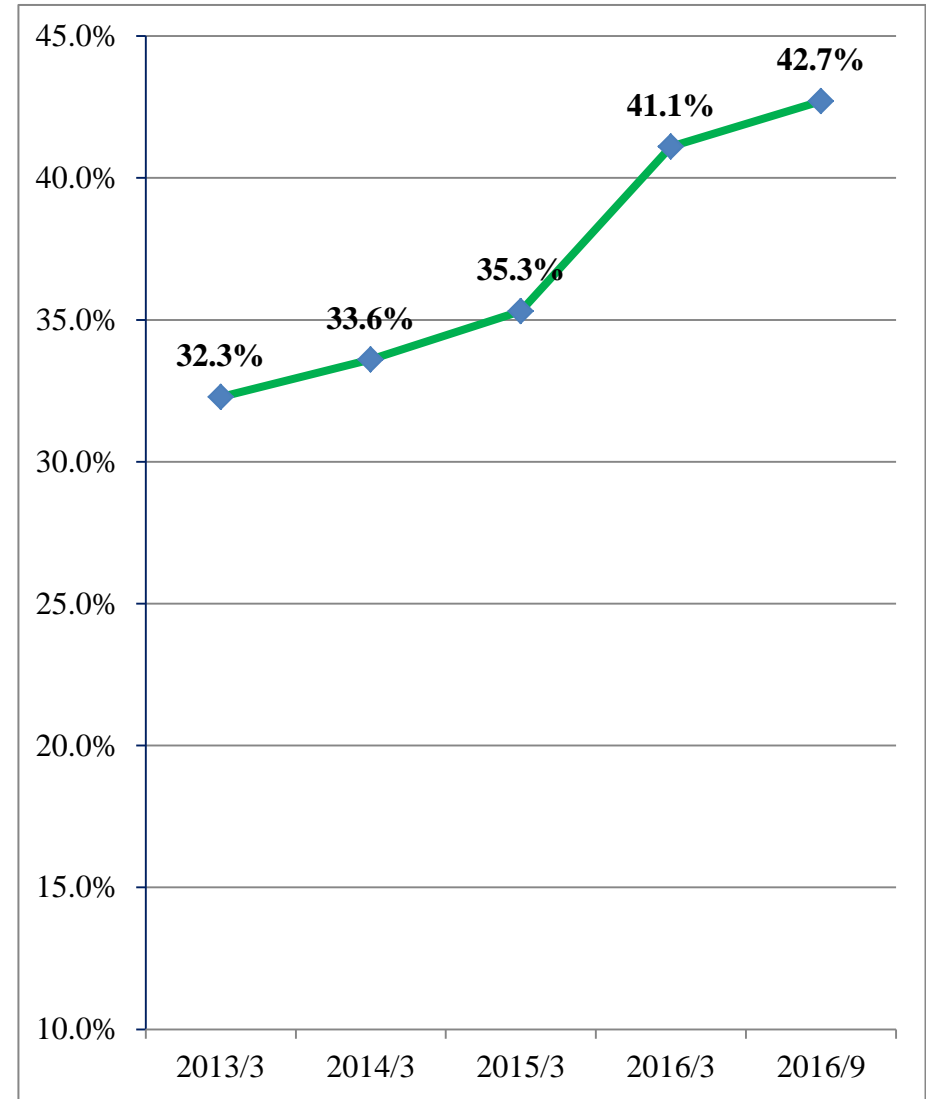
## 7. Changes in Equity, Interest-bearing Liabilities, and Equity Ratio

### Equity and interest-bearing liabilities

(hundred millions of yen)



### Equity ratio



(Note) rounded down to the nearest hundred million yen

# **Forecast for FYE March 2017**

# 1. Initiatives of the Processed Foods Business for the Second Half of FYE March 2017

## <Business Environment/Challenges>

- Intensification in competition for thrifty consumers



- Revive year-end gifts, secure profits in fourth quarter



## <Measures>

- Concentrate sales effort on core products, aim to expand vendor businesses and sales area development
- Expand sales by proactive sales proposal strategy
- Continue efforts to cut costs and increase efficiency
- Improve man-hour productivity
- Launch nationwide TV commercial for "Koukun Wiener" product  
→ Secure and expand sales
- Develop promotional campaigns (Halloween Party, etc.)
- Gain new consumers by utilizing LINE
- Timely commencement of operations at Second Sagamihara Factory
- Bolster year-end gift lineup by further enhancing "Takumi no Zen / Takumi Ippin" series and "Kodawari Ippin"  
Aim for at least +105% year-on-year
- Expand sales of winter-oriented produces (nabe/hot pot materials, etc.)



## 2. Initiatives of the Fresh Meats Business for the Second Half of FYE March 2017

### <Business Environment/Challenges>

- **Decline in sales prices**
  - Low market prices for Japanese-produced pork and poultry
  - Excessive stocks of imported broiler meat resulting in poor market prices for products
  - Decline in sales price for imported poultry due to high yen
- **Intense competition over sales resulting in lower profit margins**
- **Increase in procurement costs due to competition with other importing countries**
- **Need to deal with disease risks**

### <Measures>

- **Diversify composition of sales channel**
- **Expand sales volume by strengthening proposal-based sales efforts**
- **Expand profits by increasing sales share of original brands**
  - Japanese-produced Beef: Increase share from 10% to 30%
  - Imported beef (chilled): Increase Australian beef's share from 30-35% to 50%  
Increase U.S. beef's share to 30% by introducing new original brands
  - Japanese-produced pork: Increase share from 25% to 30-35%
  - Imported pork (chilled): Increase present share of 60% by launching a fourth original brand
- **Strengthen and expand original brands**
- **Engage with suppliers that have established integration systems**
- **Develop new suppliers (Europe, South America)**





### 3. Forecast for FYE March 2017

#### 【Consolidated profit and loss】

(millions of yen)

	Results for FYE March 2016	Forecast for FYE March 2017	YOY	Year plan
<b>Net Sales</b>	361,223	<b>365,000</b>	101.0%	381,000
<b>Gross Profit</b>	8,247	<b>11,700</b>	141.9%	9,000
<b>Operating Income</b>	8,776	<b>11,400</b>	129.9%	8,600
<b>Net Income</b>	6,429	<b>7,100</b>	110.4%	5,400

#### 【First Half and Second Half】



(millions of yen)

	First Half (Results)	Second Half (Forecast)
Net Sales	179,438	185,562
Gross Profit	7,446	4,254
Operating Income	7,712	3,688
Net Income	4,775	2,325

(millions of yen)

Second Half (Plan)	Planning ratio
191,000	97.2%
4,300	▲ 46
3,700	▲ 12
2,400	▲ 75

#### 【Income by business segment】

(millions of yen)

	Results for FYE March 2016	Forecast for FYE March 2017	YOY	
<b>Net Sales</b>	<b>Processed Foods Business</b>	239,628	<b>246,200</b>	102.7%
	<b>Fresh Meats Business</b>	121,306	<b>118,600</b>	97.8%
	<b>Other</b>	288	<b>200</b>	69.4%
<b>Gross Profit</b>	<b>Processed Foods Business</b>	10,438	<b>10,780</b>	103.3%
	<b>Fresh Meats Business</b>	▲ 2,289	<b>790</b>	-
	<b>Other</b>	99	<b>130</b>	-

(millions of yen)

Year plan	Planning ratio
253,000	97.3%
128,000	92.7%
0	-
7,500	3,280
1,500	▲ 710
0	130

## 4. Topics

### 1. Investment for sustainable growth

- ① Ibaraki sausage plant completed, operations commenced (June 2016)
  - Production volume 1,800t/month (1.5 times previous scale)
  - Linear production structure focusing on productivity
  - Eco-friendly (CO<sub>2</sub> reduction, anti-fluorocarbon measures, energy-saving)
- ② Second Sagamihara Factory, Prime Delica Co., Ltd., under construction (scheduled to be completed in February 2017)
  - Introduction of innovative facilities leading to improvement in quality/sanitary control and productivity
  - Efficient operations, share expansion, and better profits in Tokyo area
- ③ Commencement of Ibaraki ham and bacon plant scheme

### 2. Allocation of interim dividend for FYE March 2017 (resolved on November 2)

In line with our policy of prioritizing our shareholders and based on a comprehensive consideration of a range of factors, including our future investment plan, consolidated performance, and internal reserves, we resolved to provide a dividend of 2 yen per common share of the company

### 3. Compliance with Corporate Governance

Revised edition released on TDnet and company website on July 11



New sausage plant in Ibaraki



Second Sagamihara Factory under construction

# **Referential Materials**

## Changes in Consolidated Income

### 【Consolidated statements of income】

(millions of yen)

		FYE March 2015			FYE March 2016			FYE March 2017 (Forecast)				
	Segment	First half	Second half	Full year	First half	Second half	Full year	1Q	2Q	First half	Second half (Forecast)	Full year (Forecast)
Net sales	Processed Foods Business	109,872	117,526	<b>227,398</b>	119,350	120,279	<b>239,629</b>	58,695	62,674	121,369	124,831	246,200
	Fresh Meats Business	53,548	59,959	<b>113,507</b>	62,285	59,021	<b>121,306</b>	28,886	29,041	57,927	60,673	118,600
	Other business	128	149	<b>277</b>	129	159	<b>288</b>	73	69	142	58	200
Total		163,549	177,634	<b>341,183</b>	181,763	179,460	<b>361,223</b>	87,655	91,783	179,438	185,562	365,000
Cost of Sales		139,724	153,548	<b>293,272</b>	156,404	154,467	<b>310,871</b>	76,955	73,209	150,164		
Gross Profit		23,824	24,087	<b>47,911</b>	25,358	24,993	<b>50,351</b>	13,698	15,576	29,274		
Selling, general and admin		3,676	37,022	<b>40,698</b>	20,955	21,149	<b>42,104</b>	10,610	11,219	21,829		
Operating income		3,676	3,537	<b>7,213</b>	4,403	3,844	<b>8,247</b>	3,087	4,359	7,446	4,254	11,700
Non-operating loss		388	134	<b>522</b>	298	231	<b>529</b>	144	122	266		
Ordinary income		4,064	3,671	<b>7,735</b>	4,701	4,075	<b>8,776</b>	3,231	4,481	7,712	3,688	11,400
Extraordinary income		▲ 20	324	<b>304</b>	306	947	<b>1,253</b>	61	▲ 49	12		
Income before income taxes		4,044	3,995	<b>8,039</b>	5,007	5,022	<b>10,029</b>	3,292	4,432	7,724		
Net income		2,188	4,204	<b>6,392</b>	2,847	3,582	<b>6,429</b>	1,906	2,869	4,775	2,325	7,100

### 【Reference】 Net sales by product category

(millions of yen)

		FYE March 2015			FYE March 2016			FYE March 2017 (Forecast)				
	Product category	First half	Second half	Full year	First half	Second half	Full year			First half	Second half (Forecast)	Full year (Forecast)
Net sales	Ham/sausage	35,996	36,542	<b>72,538</b>	39,763	36,429	<b>76,192</b>			39,416	40,584	80,000
	Processed foods (etc.)	64,881	67,331	<b>132,212</b>	70,169	72,527	<b>142,696</b>			72,571	75,229	147,800
	Fresh meats	62,544	73,611	<b>136,155</b>	71,703	70,344	<b>142,047</b>			67,309	69,691	137,000
	Other	128	149	<b>277</b>	129	159	<b>288</b>			142	58	200
Total		163,549	177,634	<b>341,183</b>	181,763	179,460	<b>361,223</b>			179,438	185,562	365,000

## 5. Net Sales Comparison (by segment and by product category) for the Year Ended March 2017 First Half

Net sales by segment	Net sales by product category																																
(hundred millions of yen)	(hundred millions of yen)																																
<b>Processed Foods Business</b> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-top: 10px;">1,214</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px;"></td> <td style="text-align: center;">Ham/sausage</td> <td style="text-align: right;">394</td> <td style="width: 20px;"></td> </tr> <tr> <td rowspan="2" style="background-color: orange; text-align: center; writing-mode: vertical-rl; transform: rotate(180deg);">Processed foods (etc.)</td> <td style="text-align: center;">Processed foods (etc.)</td> <td style="text-align: right;">285</td> <td style="width: 20px;"></td> </tr> <tr> <td style="text-align: center;">Vendor products</td> <td style="text-align: right;">439</td> <td style="width: 20px;"></td> </tr> <tr> <td rowspan="2" style="background-color: orange; text-align: center; writing-mode: vertical-rl; transform: rotate(180deg);">Fresh meats</td> <td style="text-align: center;">Fresh meats</td> <td style="text-align: right;">96</td> <td style="width: 20px;"></td> </tr> <tr> <td style="text-align: center;">Fresh meats</td> <td style="text-align: right;">577</td> <td style="width: 20px;"></td> </tr> <tr> <td style="text-align: center;">Processed foods</td> <td style="text-align: center;">Processed foods (etc.)</td> <td style="text-align: right;">2</td> <td style="width: 20px;"></td> </tr> </table>		Ham/sausage	394		Processed foods (etc.)	Processed foods (etc.)	285		Vendor products	439		Fresh meats	Fresh meats	96		Fresh meats	577		Processed foods	Processed foods (etc.)	2											
	Ham/sausage	394																															
Processed foods (etc.)	Processed foods (etc.)	285																															
	Vendor products	439																															
Fresh meats	Fresh meats	96																															
	Fresh meats	577																															
Processed foods	Processed foods (etc.)	2																															
<b>Fresh Meats Business</b> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-top: 10px;">579</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px;"></td> <td style="text-align: center;">Ham/sausage</td> <td style="text-align: right;">394</td> <td style="width: 20px;"></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;"><u>394</u></td> <td style="width: 20px;"></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">Processed foods (etc.)</td> <td style="width: 20px;"></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;"><u>726</u></td> <td style="width: 20px;"></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">Fresh meats</td> <td style="width: 20px;"></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;"><u>673</u></td> <td style="width: 20px;"></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">Other</td> <td style="width: 20px;"></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;"><u>1</u></td> <td style="width: 20px;"></td> </tr> </table>		Ham/sausage	394				<u>394</u>				Processed foods (etc.)				<u>726</u>				Fresh meats				<u>673</u>				Other				<u>1</u>	
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	Other	1																															

## Changes in Consolidated Balance Sheets

### [Consolidated Balance Sheets]

(millions of yen)

	FYE March 2014		FYE March 2015		FYE March 2016	
	End of first half	End of year	End of first half	End of year	End of first half	End of year
Current assets	51,832	<b>51,814</b>	57,728	<b>61,088</b>	69,770	<b>69,241</b>
Noncurrent assets	60,033	<b>67,447</b>	75,682	<b>80,572</b>	81,946	<b>84,270</b>
Gross assets	111,865	<b>119,261</b>	133,411	<b>141,661</b>	151,716	<b>153,511</b>
Current liabilities	49,511	<b>50,275</b>	58,744	<b>60,350</b>	60,423	<b>58,669</b>
Noncurrent liabilities	18,336	<b>21,678</b>	24,619	<b>24,783</b>	23,432	<b>24,806</b>
Total liabilities	67,848	<b>71,953</b>	83,363	<b>85,134</b>	83,856	<b>83,475</b>
Shareholders' equity	33,375	<b>36,178</b>	38,349	<b>42,686</b>	54,201	<b>57,282</b>
Accumulated other comprehensive income	3,523	<b>3,908</b>	4,507	<b>7,261</b>	6,925	<b>5,881</b>
Minority interests	7,118	<b>7,220</b>	7,190	<b>6,578</b>	6,732	<b>6,871</b>
Total net assets	44,017	<b>47,307</b>	50,047	<b>56,526</b>	67,860	<b>70,036</b>
Total liabilities and net assets	111,865	<b>119,261</b>	133,411	<b>141,661</b>	151,716	<b>153,511</b>

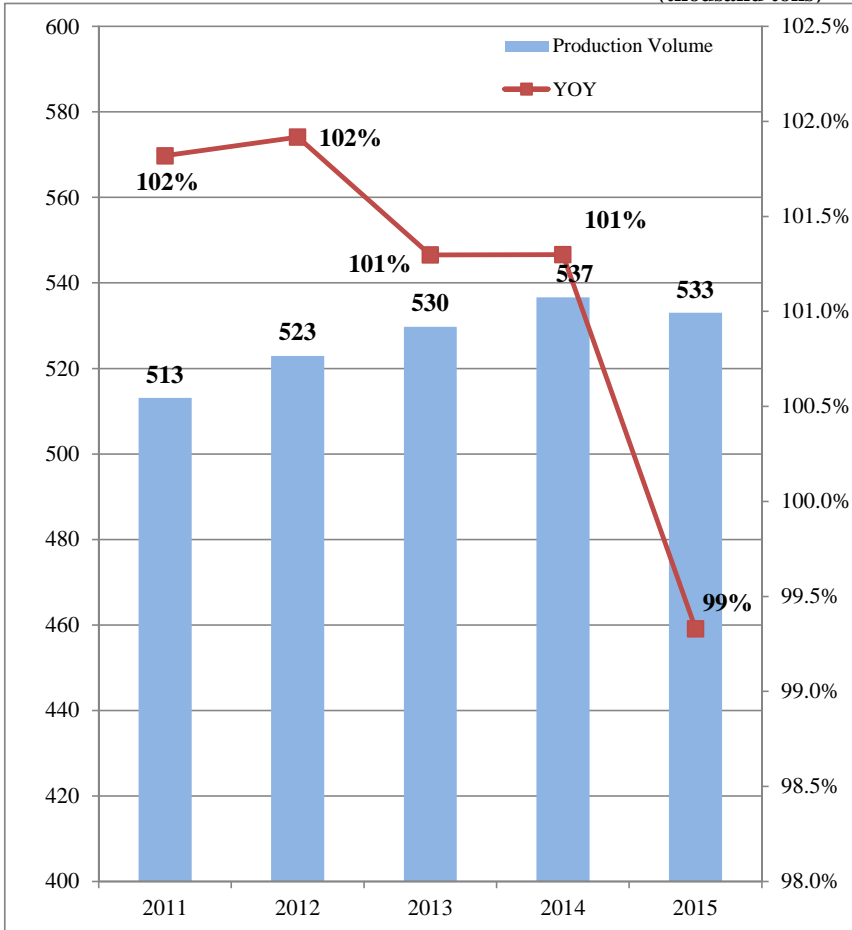
(millions of yen, %)

Equity	36,899	<b>40,086</b>	42,856	<b>49,948</b>	61,127	<b>63,158</b>
Equity ratio	33.0	<b>33.6</b>	32.1	<b>35.3</b>	40.3	<b>41.1</b>

# Data on Industry Trends

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

(thousand tons)



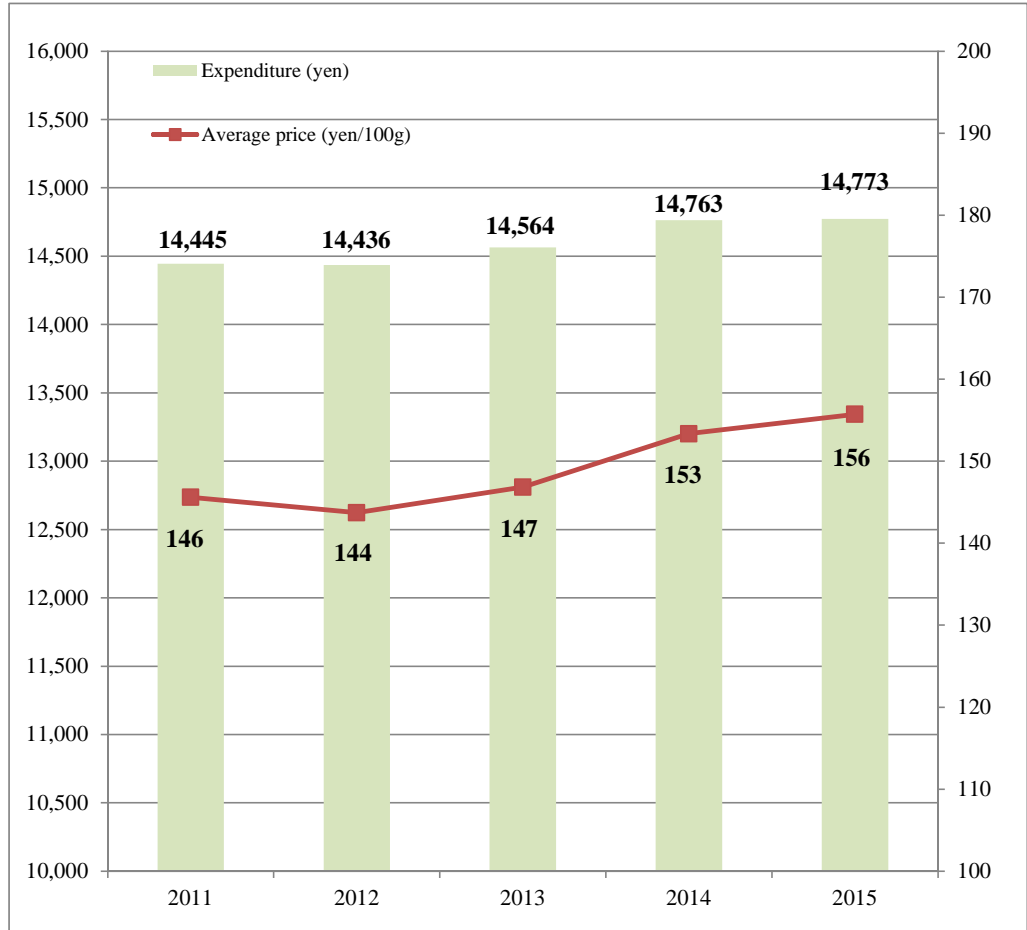
(Note) Data from Japan Ham & Sausage Processors Cooperative Association

### 2016 (1-8)

(t)

	Production Volume	YOY
Sausage	202,221	100.7%
Ham	66,735	98.5%
Bacon	59,468	102.8%
Pressed ham	21,269	96.3%

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



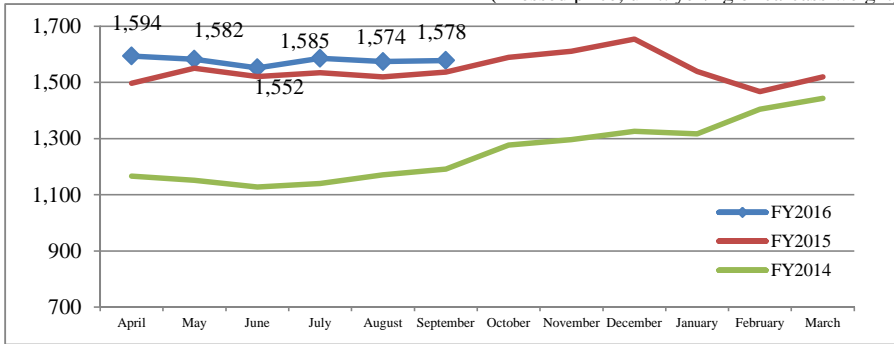
Report on the Family Income and Expenditure Survey, Bureau of Statistics (a nationwide survey of households with two or more members)

### 2016 (1-9)

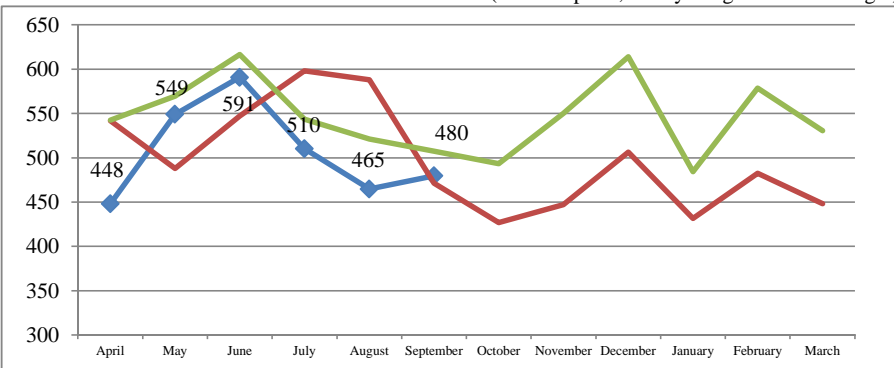
	family consumption	YOY
Volume (g)	6,877	99.3%
price(yen)	10,391	97.7%
avarege price (yen/100g)	151	98.4%

## Data on Industry Trends 2

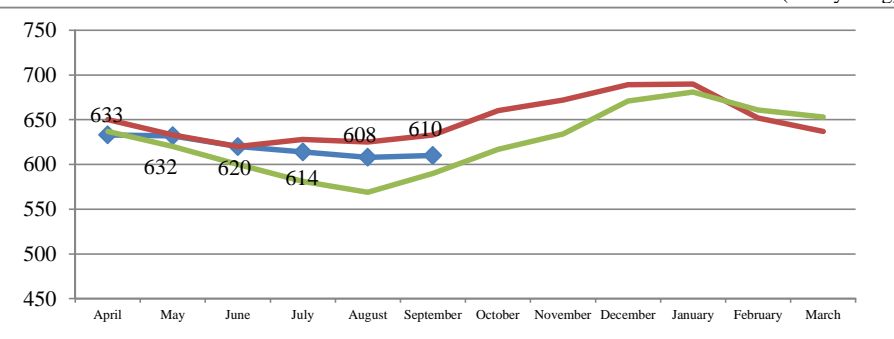
(1) Tax-excluded wholesale price (Tokyo) of B-3 crossbred steers  
(Dressed price; unit: yen/kg of carcass weight)



(2) Tax-excluded wholesale price of pork (Tokyo, ministerial ordinance)  
(Dressed price; unit: yen/kg of carcass weight)

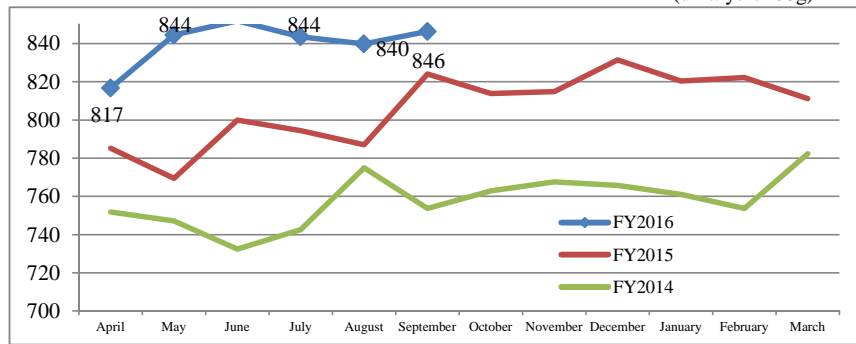


(3) Tax-excluded wholesale price (Tokyo) of chicken (leg)  
(unit: yen/kg)

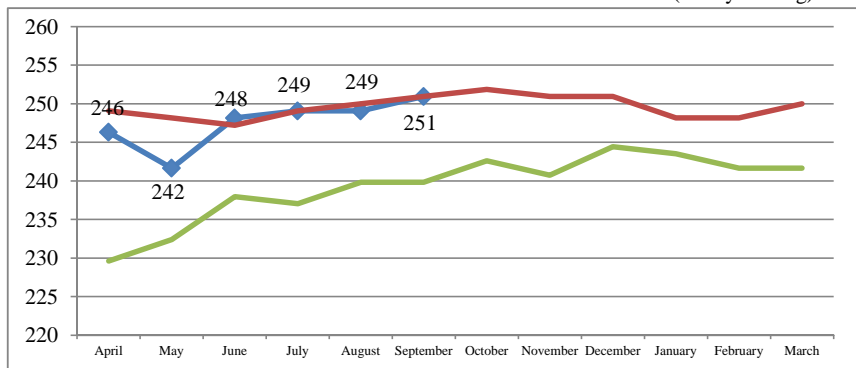


Ministry of Agriculture, Forestry and Fisheries (Survey on Meat Distribution)

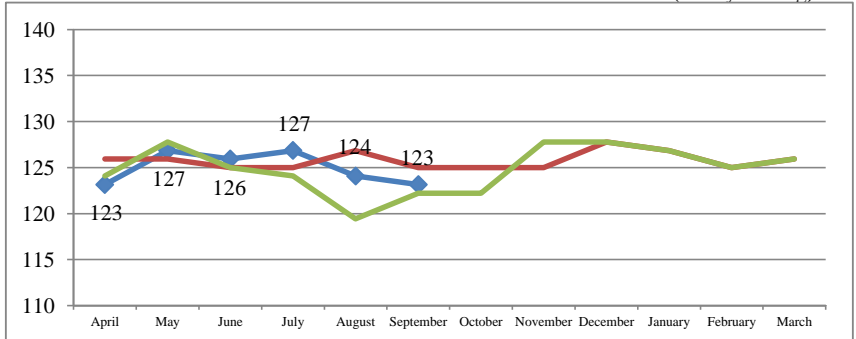
(4) Tax-excluded retail price of Japanese-produced beef loin (Tokyo)  
(unit: yen/100g)



(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 Sept 30, 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	1980 (declined by 37)		
Business sites	(note)	Sales bases	6 branch offices 25 sales offices Production bases 4 plants
Number of group companies	(note)	35 ( $\pm 0$ ) Consolidated subsidiaries 28 (declined by 1) Companies accounted for using the equity method 7 (increased by 1)	
Number of employees across corporate group	13634 (increase of 215)		
Group bases	Production bases	25 plants (in Japan) 5 bases (overseas)	

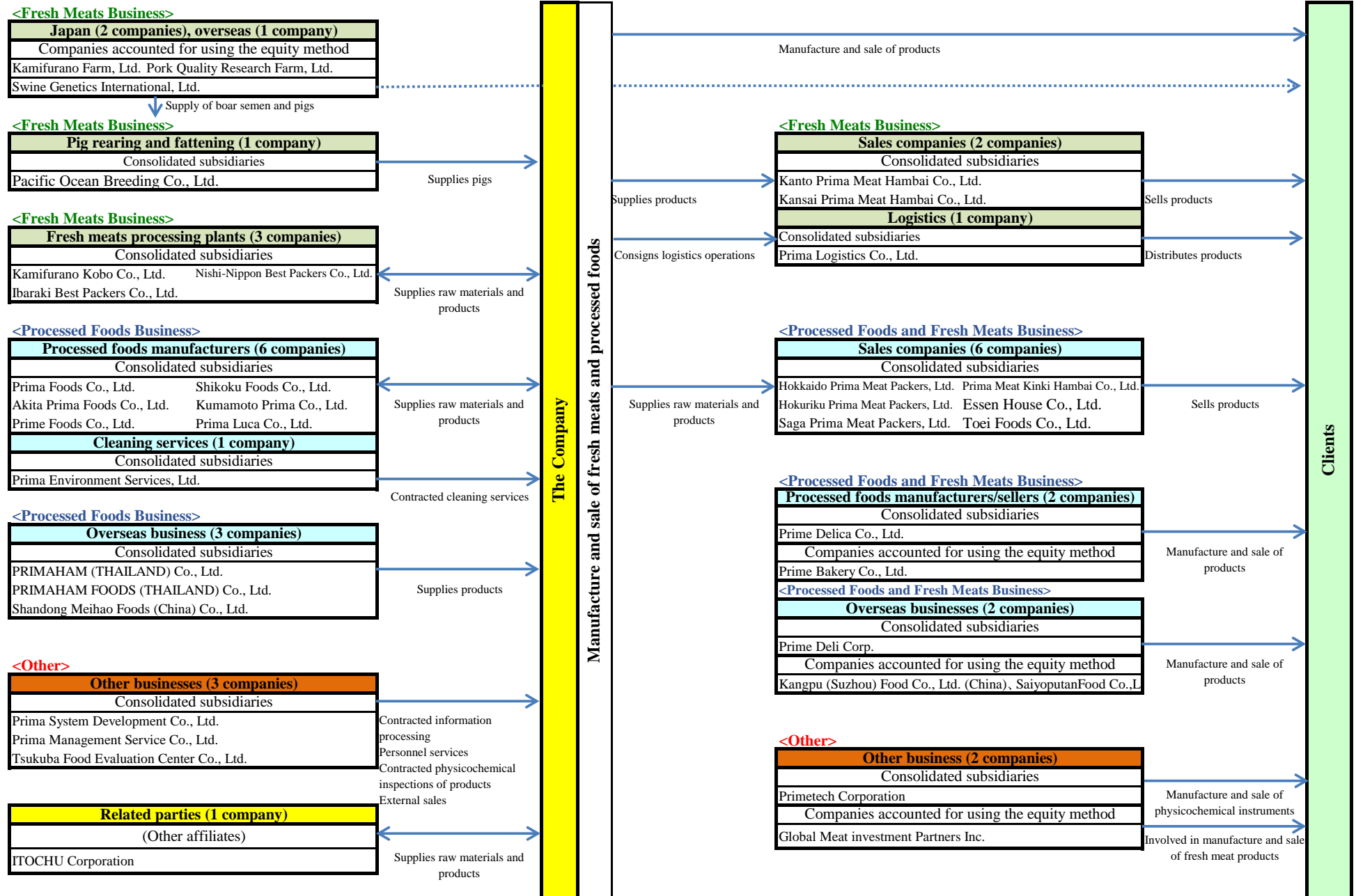
(Note)

1. Increase/decrease is in comparison to the end of the previous fiscal year (as of March 31, 2016)

## ■ 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
June 2016	Ibaraki sausage plant completed, operations commenced

# Corporate Group Data (as of Sept 30, 2016)



## 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

**General Affairs/Public Relations Department, Prima Meat Packers, Ltd.**

**TEL.           03-6386-1800**

**FAX.           03-5462-1701**

**Website (Japanese)       <http://www.primaham.co.jp/>**