

Second Quarter Financial Results for the Year Ended March 31, 2019

Great taste, great connections

 PRIMAHAM

Nov 14, 2018

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Second Quarter

Financial Results for the Year Ended March 31, 2019

1-(1). Second Quarter Financial Results for the Year Ended March 31, 2019

[Consolidated statements of income]

(millions of yen)

Item	FYE March 2018		FYE March 2019		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	195,406	100.0%	204,867	100.0%	104.8%
Processed Foods Business	133,028	68.1%	139,903	68.3%	105.2%
Fresh Meats Business	62,181	31.8%	64,724	31.6%	104.1%
Other	196	0.1%	238	0.1%	121.4%
Cost of Sales	164,768	84.3%	172,892	84.4%	104.9%
Gross Profit	30,637	15.7%	31,974	15.6%	104.4%
SG&A expenses	23,433	12.0%	24,730	12.1%	105.5%
Operating income	7,203	3.7%	7,243	3.5%	100.6%
Non-operating income	415	-	539	-	-
Non-operating expenses	146	-	259	-	-
Ordinary income	7,473	3.8%	7,524	3.7%	100.7%
Extraordinary income	303	-	375	-	-
Extraordinary loss	390	-	101	-	-
Income before income taxes	7,386	3.8%	7,797	3.8%	105.6%
Income taxes	2,331	-	2,623	-	-
Minority interests in income	124	-	417	-	-
Net income	4,931	2.5%	4,757	2.3%	96.5%

[Key Points]

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

•Ham/sausage	45,106 (YOY: 105%)
•Processed Foods	35,445 (YOY: 1003%)
•Vendor products	50,088 (YOY: 108%)
•Fresh Meats	73,990 (YOY: 105%)
•Other	238 (YOY: 121%)

[Cost of sales]

•Ratio of raw materials and inventory	Down 1.1%
•Production expenses ratio	Up 1.2%
Cost of sales ratio	⇒ Up 0.1%

[SG&A expenses]

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

Ordinary income to net sales ratio ⇒ **Down 0.2%**

1-(2).Second Quarter Financial Results for the Year Ended March 31, 2019

[Income by business segment]

(millions of yen)

		FYE March 2018		FYE March 2019			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	133,028	-	139,903	-	105.2%	97.5%	143,500
	Fresh Meats Business	62,181	-	64,724	-	104.1%	100.8%	64,200
	Other	196	-	238	-	121.4%	-	90
Operating income	Processed Foods Business	6,901	5.2%	6,286	4.5%	▲ 615	▲ 1,414	7,700
	Fresh Meats Business	205	0.3%	857	1.3%	652	-13	870
	Other	98	-	100	-	2	0	100

[Non-consolidated Income]

(millions of yen)

	FYE March 2018		FYE March 2019		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	151,977	100.0%	154,862	100.0%	101.9%
Operating income	5,234	3.4%	4,933	3.2%	-301
Ordinary income	6,144	4.0%	5,532	3.6%	-612
Income before income taxes	6,939	4.6%	5,773	3.7%	-1,166
Net income	4,893	3.2%	4,016	2.6%	-877

[Income by group company]

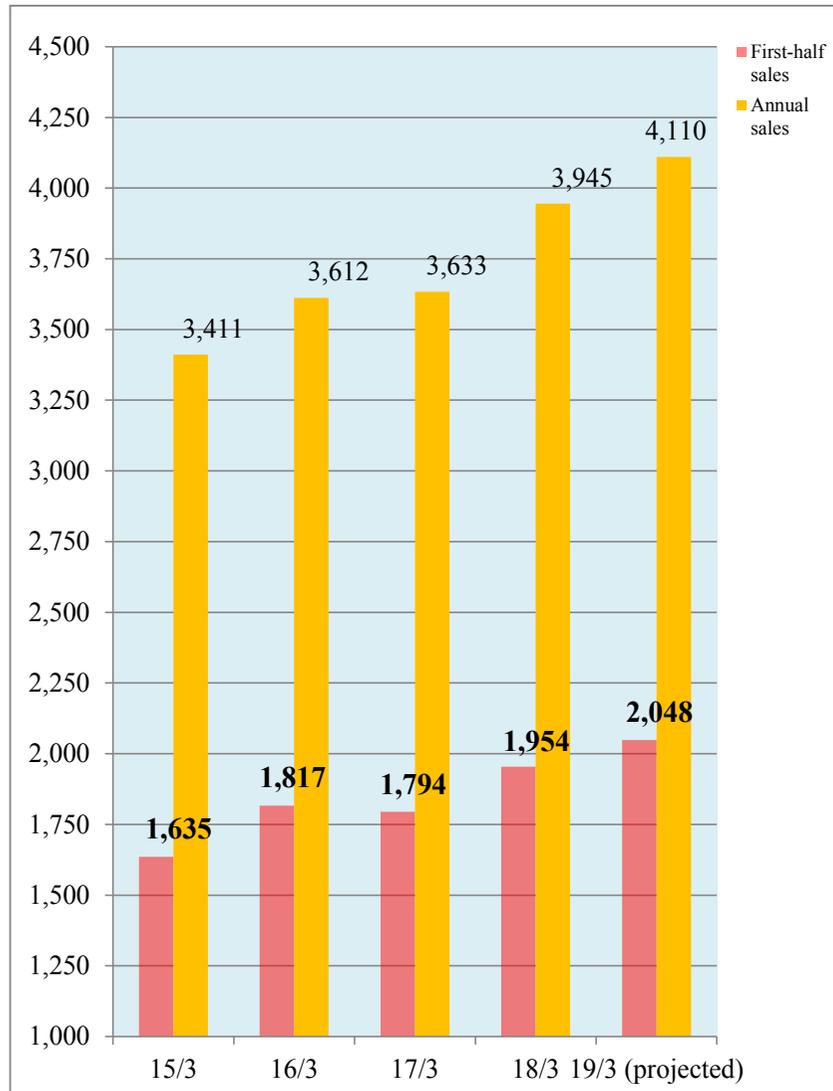
(millions of yen)

		FYE March 2018		FYE March 2019			
		Net sales	Operating income	Net sales	YOY	Operating income	YOY
Prima Meat Packers Ltd.		151,977	5,234	154,862	101.9%	4,933	-301
Group Companies	Vendor(s) (1)	43,667	635	48,104	110.2%	856	221
	Other (including amendments for consolidation)	-238	1,334	1,902	-	1,454	120
Consolidated Total		195,406	7,203	204,867	104.8%	7,243	40

2. Changes in Net Sales and Operating Income

Net sales

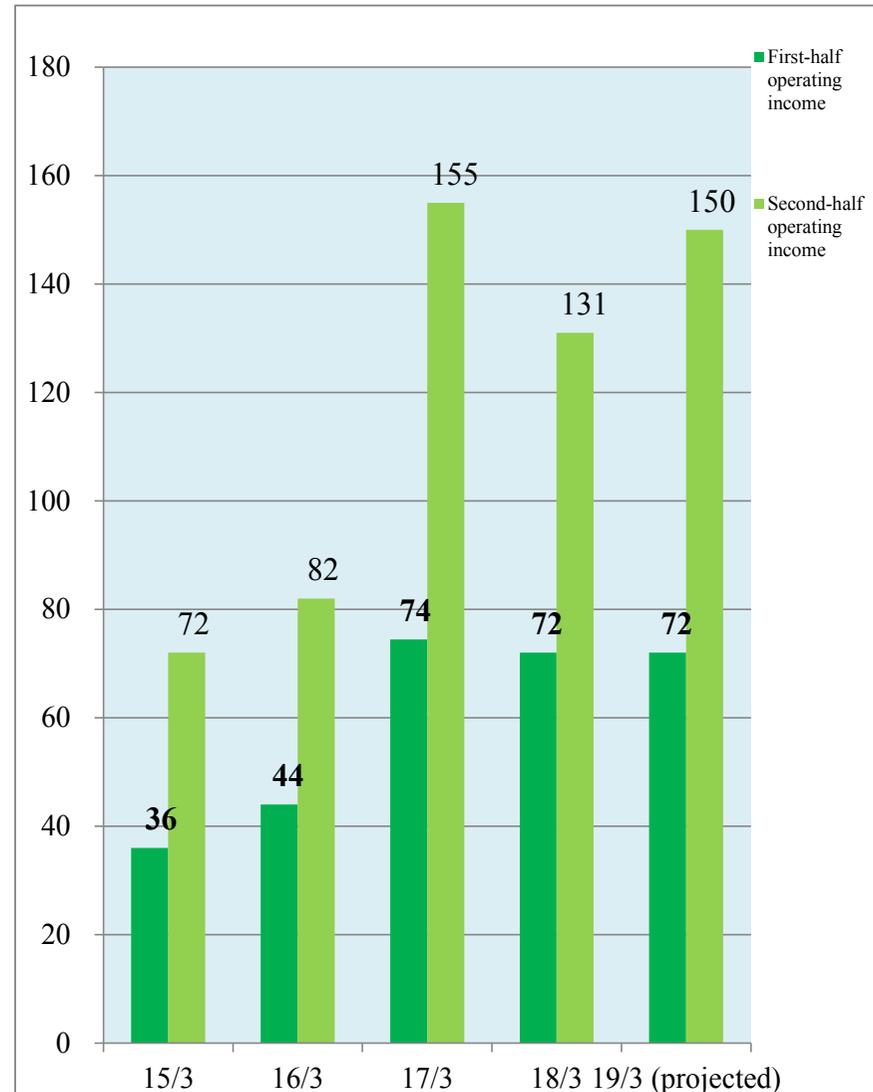
(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen
The figures for March 2019 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 2019

Business environment

- Personal consumption→Increase in thriftiness
- Increase in low-price strategies, reflecting consumer environment
- Chronic labor shortage has made it harder to recruitment staff
- The spate of natural disasters across Japan has slowed economic recovery
- Trump’s antagonistic trade policies have prompted uncertainty in the global economy



12.07 million friends gained

Measures

Outcomes

○Concentrate sales efforts on core products

•Core product sales ratio: 73.7%

Sales volume of sausages and ham

YOY: 106%

Consumer: 105%

Commercial: 107%

○Strengthen development of sales promotion strategy

- New customers, customer base expanded (use of LINE)
- "Special present" promotional campaign
Invitation to Precious Night (October 12 booking at Tokyo Disney Sea)
- Diamond Horseshoe restaurant, Tokyo Disney Land
Private promotional campaign

Sales volume of processed foods

YOY: 101%

Consumer: 96%

Commercial: 105%

○Promote personnel saving and volume growth

- Man-hour productivity improved in four core plants
- PI in group plants

YOY

Up 5%

○Enhance production base and improve productivity in vendor plants

- Expansion of the "Sagamihara second plant" operation
- Introduction of innovative facilities led to improvement in quality/sanitary control and productivity

Sales volume

YOY: 110%

3. Processed Foods Business– First Half, Year Ended March 2019

(1) Ham/sausage

☆Total<Sales volume of sausages and ham YOY>

Breakdown	FYE March 2017	FYE March 2018	First Half (Results)	Composition ratio
Ham/sausage Sum	104%	112%	106%	100%
Consumer	109%	115%	105%	75%
Commercial	95%	104%	107%	23%
Gift Products	105%	95%	92%	2%

☆Main Products<Sales volume YOY>

Product name	FYE March 2017	FYE March 2018	First Half (Results)
Koukun Winner	125%	129%	113%
Tokachi Raw ham	108%	111%	103%
Loin ham group	115%	111%	103%
Bacon group	110%	120%	102%



Koukun Winner

☆Improved of Man-hour productivity YOY

FYE March 2014	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	First Half (Results)
12%	15%	6%	6%	8%	5%

(3) Vendor products<Net Sales YOY>

FYE March 2014	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	First Half (Results)
110%	103%	106%	105%	106%	110%

(2) Processed Foods

☆Total<Sales volume of Processed Foods YOY>

Breakdown	FYE March 2017	FYE March 2018	First Half (Results)	Composition ratio
Processed Foods Sum	106%	121%	101%	100%
Consumer	107%	110%	96%	34%
Commercial	110%	135%	105%	40%
Seasoning raw	102%	120%	101%	26%

☆Main Products<Sales volume YOY>

Product name	FYE March 2017	FYE March 2018	First Half (Results)
Salada Chicken	144%	149%	101%
Spring roll	115%	99%	92%
Range pot	180%	234%	217%
Raw chicken ball	94%	114%	93%

☆Improved of Man-hour productivity YOY

FYE March 2018	First Half (Results)
6%	-3%



Range pot



Salada Chicken



3-(2). Processed Foods Business – First Half, Year Ended March 2019 2

Income

(millions of yen)

	FYE March 2018	FYE March 2019	YOY	Difference
Net sales	133,028	139,904	105.2%	6,876
Operating income	6,901	6,286	91.1%	▲ 615

Ordinary income to net sales ratio 5.2% 4.5%

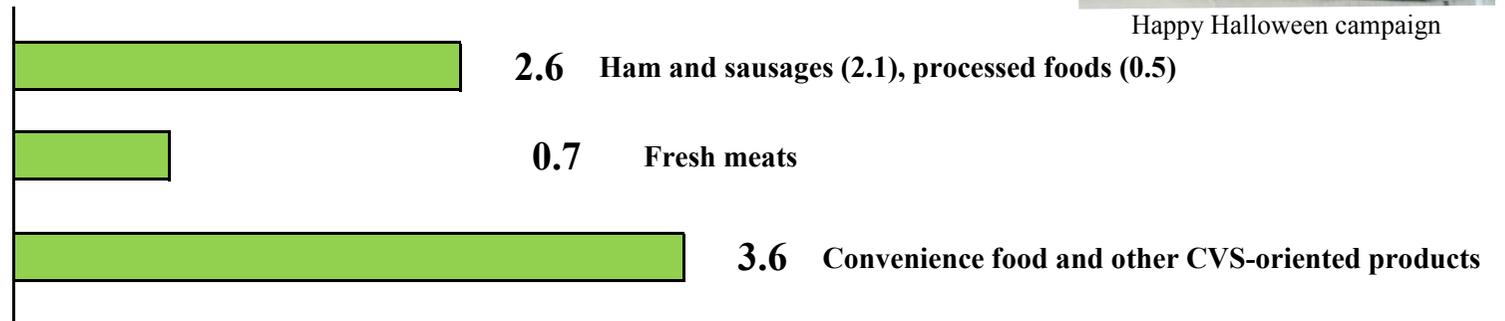


Happy Halloween campaign

Factors behind earnings figures

★ Increase in net sales

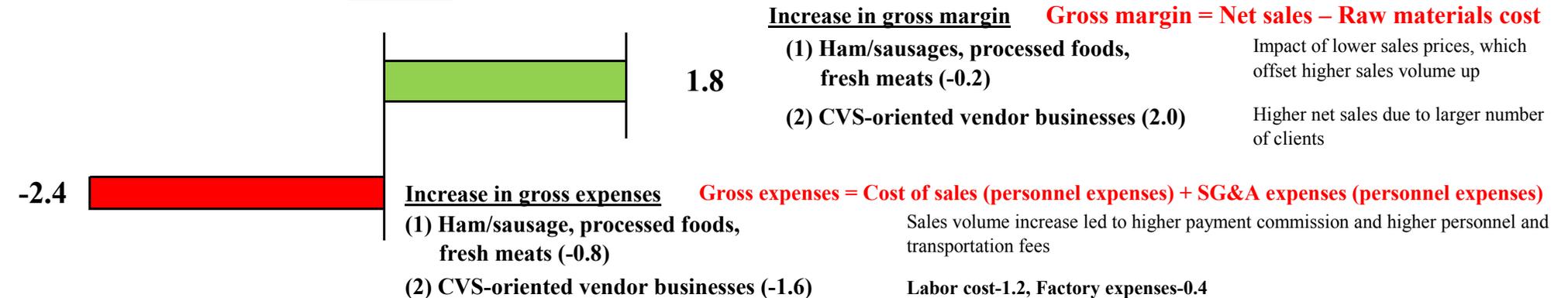
6.8 billion yen



★ Decrease in operating income

-0.6 billion yen

(Ham/sausage 0, Processed Foods -1.0, Vendor Businesses 0.4)



Increase in gross margin Gross margin = Net sales – Raw materials cost

(1) Ham/sausages, processed foods, fresh meats (-0.2) Impact of lower sales prices, which offset higher sales volume up
(2) CVS-oriented vendor businesses (2.0) Higher net sales due to larger number of clients

Increase in gross expenses Gross expenses = Cost of sales (personnel expenses) + SG&A expenses (personnel expenses)

Sales volume increase led to higher payment commission and higher personnel and transportation fees
Labor cost-1.2, Factory expenses-0.4

4. Fresh Meats Business – First Half, Year Ending March, 2019

Business environment

- Personal consumption → Increase in thriftiness
- Increase in low-price strategies, reflecting consumer environment
- Chronic labor shortage has made it harder to recruitment staff
- The spate of natural disasters across Japan has slowed economic recovery
- Trump's antagonistic trade policies have prompted uncertainty in the global economy
- Need to respond to TPP-11's lower tariffs (which will enter into force in 30 December)



Measures

- Strengthen the Japanese-produced pork integration business (expand production)
- Strengthen sales capacity
 - 1) Reform employees' attitudes toward earnings
 - 2) Pursue selective and concentrated marketing to increase market share and expand revenue base
 - 3) Train sales team, strengthen management skills
- Strengthen merchandise power
 - * Expand sales of original brands
- Improve management and logistics
 - 1) Head office to coordinate and control all operations
 - 2) Consolidate distribution channels to improve efficiency and minimize costs

Outcomes

- Gained two limited farm companies as subsidiaries
- Acquired Japan Meat Co., Ltd, and Yukizawa
 - The companies ship 270–240 thousand pigs a year
- Employees feel more responsible for earnings, and have consequently achieved better sales
- Original brands sales volume:
 - Up 67% YOY
- Overseas posts are now better staffed and managed more tightly
- Closer relationship with major suppliers
 - e.g., High Life, Prime Pork
- After establishing our brand, market share increase
- Tighter control of transportation fees

4-(2). Fresh Meats Business – First Half, Year Ending March, 2019

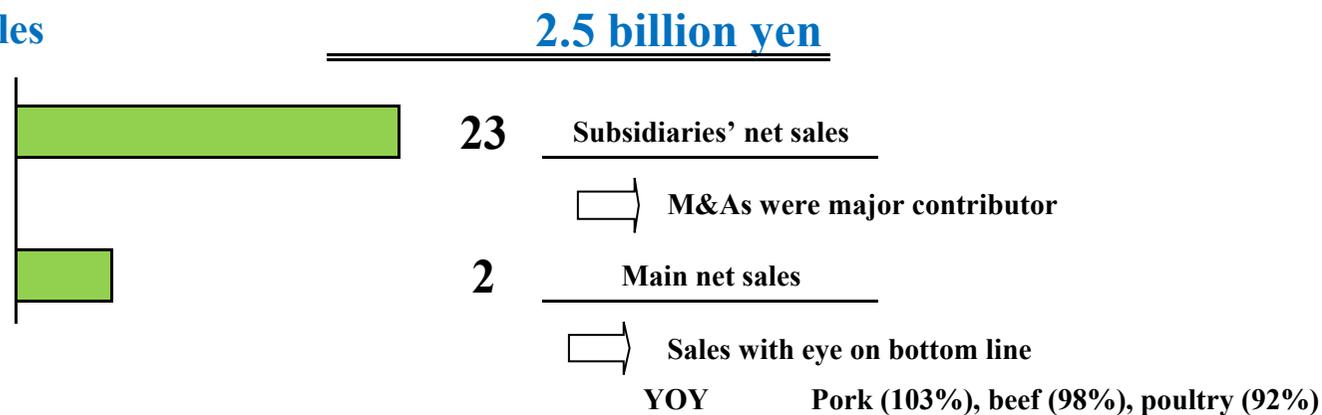
Income		(millions of yen)	
	FYE March 2018	FYE March 2019	YOY
Net sales	62,181	64,725	104.1%
Operating income	205	857	418.0%
Ordinary income to net sales ratio	0.3%	1.3%	



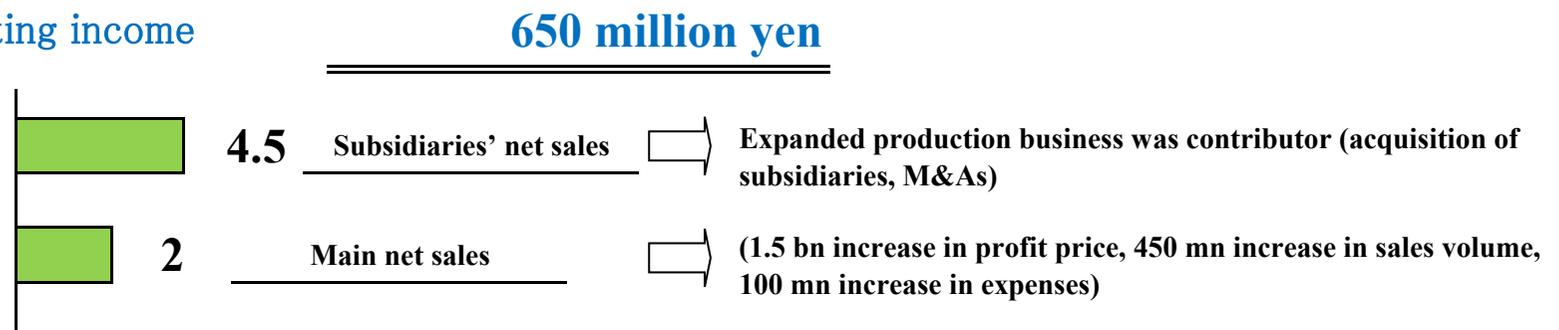
Roast pork prepared using Kagoshima Black Pig

Factors behind earnings figures

★ Increase in net sales



★ Increase in operating income



3. Variance from Plan – First Half, Year Ended March, 2019

(millions of yen, %)

Q2 (accumulated)		Results	Plan	Variance	Last year	Year-on-year change
Processed Foods Business	Net sales	139,904	143,500	97.5%	133,028	105.2%
	Operating income	6,286	7,670	-1,384	6,901	-615

[Key variances]

- Ham/sausage and processed foods business
Operating margin variance: -1.6 bn



Ham/sausage: Sales volume = 101% of planned figure, → Operating income = -600mn,
 Production sec.: 0.3% Deterioration of cost of sales ratio (raw materials 1.0% ×, personnel expenses 0.9% ✓, non-personnel expenses 0.2% ×)、0.2% improvement in SGA ratio
 →0.5% Deterioration of the operating margin → -0mn
 Sales sec.: With volumes exceeding planned level, SG&A expenses (loading fees, payment commission, transportation fees, etc.) increased → Operating income = -500mn
 Processed foods: Sales volume =97.2% of planned figure → Operating income = -1.0bn
 Subsidiary income down 400 mn, sales volume and sales price down → Down 600 mn

- CVS-oriented vendor businesses
Operating margin variance: +200 mn



Vendor business 1's net sales at 101% of planned figure, vendor business 2's at 115%
 Vendor business 1's operating income 50 mn above planned figure, vendor business 2's 150 mn above

(millions of yen, %)

Q2 (accumulated)		Results	Plan	Variance	Last year	Year-on-year change
Fresh Meats Business	Net sales	64,724	64,200	100.8%	62,181	104.1%
	Operating income	857	870	-13	205	652

[Key variances]

- Fresh Meats Business
Operating margin variance: -13 mn



Production business will compensate for sales division's target shortfall

5. Consolidated Balance Sheets for the Year Ended March 2019 First Half

(millions of yen)

	FYE March 2018	FY March 2019/1H	Change
Current assets	79,329	91,315	8,152
Noncurrent assets	110,422	116,757	3,697
Gross assets	189,751	208,073	18,322
Current liabilities	64,630	78,588	13,958
Noncurrent liabilities	35,846	36,746	22
Total liabilities	100,477	115,305	14,828
Shareholders' equity	74,714	77,684	2,970
Accumulated other comprehensive income	6,466	6,569	-1,379
Minority interests	8,094	8,513	419
Total net assets	89,274	92,767	13,509
Total liabilities and net assets	189,751	208,073	18,322

[Current assets]

• Cash and deposits	5.303 billion yen
• Increase in notes and accounts receivable	3.973 billion yen
• Increase in inventory assets	2.991 billion yen

[Noncurrent assets]

• Increase in property, plant and equipment	4.619 billion yen
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[Total liabilities]

• Increase in notes payable accounts payable	14.661 billion yen
• Increase in long-term loans payable	1.0639 billion yen

[Total net assets]

• Increase in retained earnings	3.19 billion yen
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6. Cash Flow and Performance Indicators for the Year Ended March 2019 First Half

[Consolidated statements of cash flows]

(millions of yen)

	FYE March 2018/1H	FYE March 2019/1H	Change
Cash flows from operating activities	13,124	17,331	4,207
Cash flows from investing activities	-8,750	-9,836	-1,086
Cash flows from financing activities	-2,854	-2,326	528
Cash and cash equivalents at end of period	21,002	17,350	-3,652

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

•Recording of quarterly net income before income taxes 7.797 billion yen	•Acquisitions of property, plant and equipment -7.911	•Procurement of long-term loans payable -2.551 billion yen
•Recording of depreciation and amortization 4.112 billion yen	•Expenditure transfer of business -1.199	•Payment of dividends -1.506 billion yen
•Increase in trade payables 13.794 billion yen	•Acquisition of subsidiaries -1.084	

[Performance indicators]

(millions of yen, %)

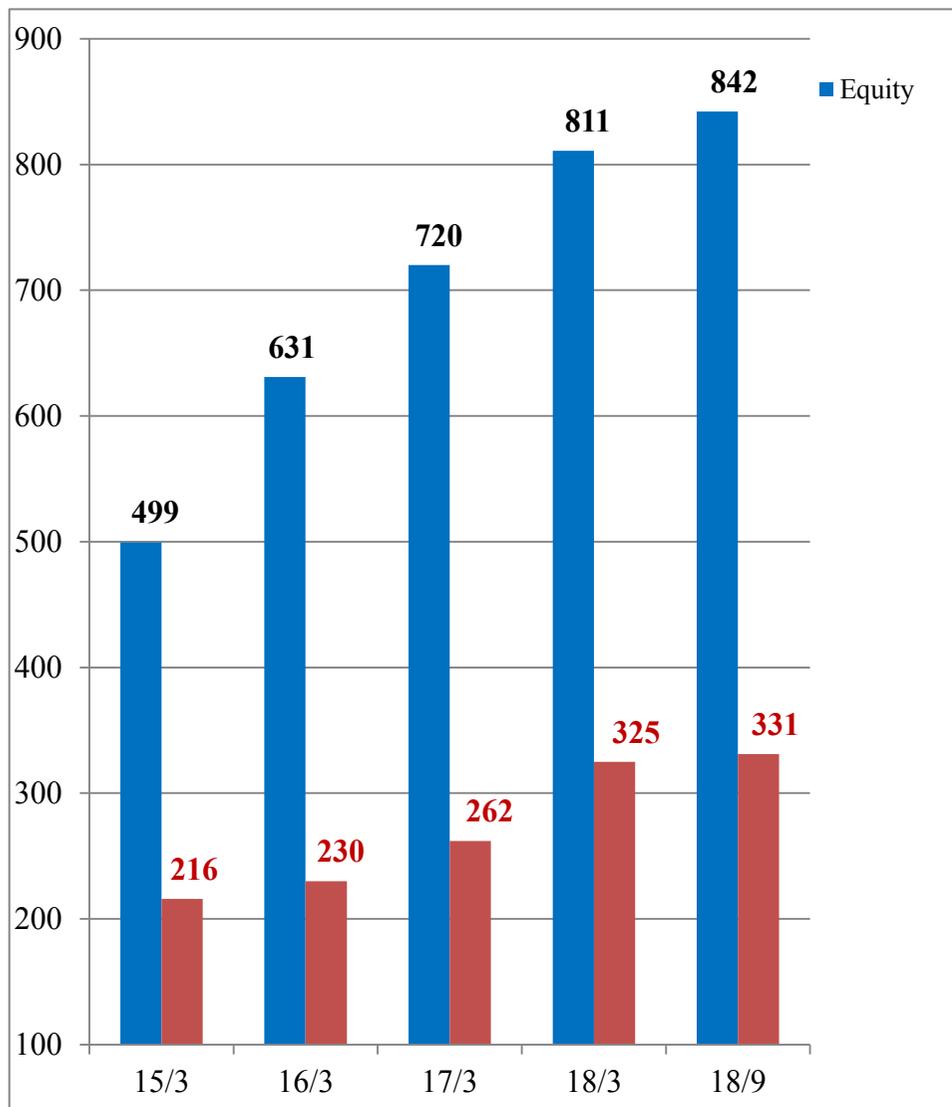
	FYE March 2018	FYE March 2019/1H	Change
Equity	81,180	84,254	3,074
Equity ratio	42.8	40.5	-2.3
Interest-bearing liabilities	32,505	33,129	624
Debt equity ratio	0.49	0.39	-0.10

*Equity is total net assets minus minority interests.

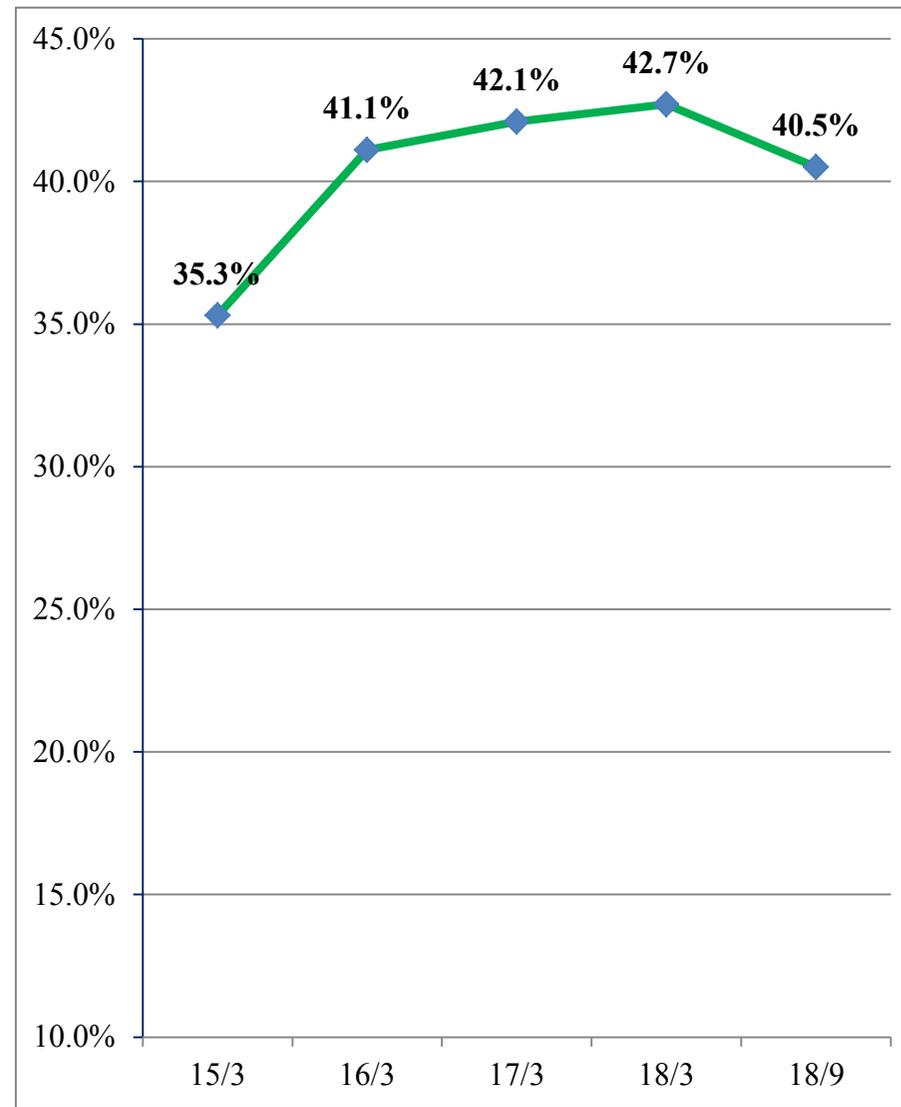
7. Changes in Equity, Interest-bearing Liabilities, and Equity Ratio

Equity and interest-bearing liabilities

(hundred millions of yen)



Equity ratio



(Note) rounded down to the nearest hundred million yen

Forecast for FYE March 2019

1. Initiatives of the Processed Foods Business for the Second Half of FYE March 2019

<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 and LINE for "Koukun Wiener" product → Secure and expand sales
- Develop promotional campaigns (Halloween Party, etc.)
- Expansion of health-conscious products "Sugar zero"
- Expansion of the Sagamihara second plant operation
- Bolster year-end gift lineup by further enhancing "Takumi no Zen / Takumi Ippin" series and "Kodawari Ippin" Aim for at least +110% 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 2019

Business Environment/Challenges

- Procurement prices remain high
 - Australian cattle prices remain high
 - With strong demand in the US, prices remain high
 - Demand is concentrated on hotpot items
- Effects of upcoming TPP-11 and Japan-EU EPA
- Intense competition over sales resulting in lower profit margins
- Japanese livestock businesses continue to downsize

Measures

- Focus sales efforts on group products, original brand products, and value-added products
- Work with partners to minimize production costs
- Diversify supply sources to reduce procurement costs
- Secure profits by marketing differentiated group products and original brand products
- Enhance processing of byproducts, open new sales channels
- Reorganize distribution to improve efficiency and minimize costs
- Streamline workflows to enable control of indirect expenses
- Expand group's production business
- Strengthen relationships with partners to secure stable supply

3. Forecast for FYE March 2019

【Consolidated profit and loss】

(millions of yen)

	Results for FYE March 2018	Forecast for FYE March 2019	YOY	Year plan
Net Sales	394,534	411,000	104.2%	418,000
Gross Profit	13,129	15,000	114.3%	16,400
Operating Income	13,646	15,400	112.9%	16,300
Net Income	10,413	10,000	96.0%	11,000

【First Half and Second Half】



(millions of yen)

	First Half (Results)	Second Half (Forecast)
Net Sales	204,867	206,133
Gross Profit	7,244	7,756
Operating Income	7,524	7,876
Net Income	4,758	5,242

(millions of yen)

Second Half (Plan)	Planning ratio
210,300	98.0%
7,800	▲ 44
7,700	176
5,400	▲ 158

【Income by business segment】

(millions of yen)

	Results for FYE March 2018	Forecast for FYE March 2019	YOY	
Net Sales	Processed Foods Business	269,380	280,900	104.3%
	Fresh Meats Business	124,663	129,800	104.1%
	Other	491	300	61.1%
Gross Profit	Processed Foods Business	11,688	12,900	110.4%
	Fresh Meats Business	1,207	1,900	-
	Other	236	200	-

(millions of yen)

Year plan	Planning ratio
288,600	97.3%
129,300	100.4%
100	300.0%
14,300	-1,400
1,900	0
200	0

4. Topics

1. Investment for sustainable growth

(1) Construction of new ham and bacon plant in Ibaraki Plant

- • Aim to complete construction by March 2019
- The plant is designed to be ecologically sustainable and productive

(2) Expansion of Kanto Logistics Center

- • Distribution structures are being expanded and streamlined. □
- This is necessary to accommodate an expanded production capacity following the construction of the ham and bacon plant coupled with ongoing production increases at Ibaraki

2. Payout ratio

- • FYE March 2015: 7.0% FYE March 2018: 24.2%
- FYE March 2016: 15.2% FYE March 2019: Forecast
- FYE March 2017: 15.1% →25.2%

3. Change in share unit, reverse stock split

October 1, 2018: Number of shares constituting 1 unit changed from 1,000 to 100, and every 5 shares grouped into 1 share



Ibaraki Plant (left: ham and bacon plant under construction; right: sausage



Kanto Logistics Center under construction

Referential Materials

Changes in Consolidated Income

【Consolidated statements of income】

(millions of yen)

		FYE March 2017			FYE March 2018			FYE March 2019 (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	121,368	123,298	244,666	133,028	136,352	269,380	68,146	71,758	139,904	140,996	280,900
	Fresh Meats Business	57,927	60,326	118,253	62,181	62,482	124,663	32,430	32,295	64,725	65,075	129,800
	Other business	142	274	416	196	295	491	113	126	239	61	300
Total		179,438	183,898	363,336	195,406	199,128	394,534	100,690	104,177	204,867	206,133	411,000
Cost of Sales		150,164	153,319	303,483	164,768	168,658	333,426	84,635	88,257	172,892		
Gross Profit		29,274	30,579	59,853	30,637	30,471	61,108	16,055	15,920	31,975		
Selling, general and admin		21,828	22,459	44,287	23,433	24,545	47,978	12,120	12,611	24,731		
Operating income		7,446	8,119	15,565	7,203	5,926	13,129	3,934	3,310	7,244	7,756	15,000
Non-operating loss		266	271	537	269	248	517	164	116	280		
Ordinary income		7,712	8,390	16,102	7,473	6,173	13,646	4,097	3,427	7,524	7,876	15,400
Extraordinary income		12	▲ 777	▲ 765	▲ 87	1,231	1,144	▲ 270	544	274		
Income before income taxes		7,724	7,613	15,337	7,386	7,404	14,790	4,367	3,431	7,798		
Net income		4,775	5,234	10,009	4,931	5,482	10,413	2,601	2,157	4,758	5,242	10,000

【Reference】 Net sales by product category

(millions of yen)

		FYE March 2017			FYE March 2018			FYE March 2019 (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	39,416	38,931	78,347	43,024	43,134	86,158			45,106	45,394	90,500
	Processed foods (etc.)	72,571	76,495	149,066	81,801	84,518	166,319			85,533	92,477	178,010
	Fresh meats	67,309	68,198	135,507	70,384	71,183	141,567			73,990	68,200	142,190
	Other	142	274	416	197	294	491			238	62	300
Total		179,438	183,898	363,336	195,406	199,129	394,535			204,867	206,133	411,000

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

Net sales by segment	Net sales by product category																					
(hundred millions of yen)	(hundred millions of yen)																					
Processed Foods Business <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">1,399</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #e0f2f1;">Ham/sausage</td> <td style="text-align: right;">451</td> <td style="text-align: right;">Ham/sausage <u>451</u></td> </tr> <tr> <td style="background-color: #ffeb3b;">Processed foods (etc.)</td> <td style="text-align: right;">353</td> <td style="text-align: right;">← Processed foods (etc.) <u>856</u></td> </tr> <tr> <td style="background-color: #e0f2f1;">Vendor products</td> <td style="text-align: right;">501</td> <td style="text-align: right;">←</td> </tr> <tr> <td style="background-color: #ffe0b2;">Fresh meats</td> <td style="text-align: right;">95</td> <td style="text-align: right;">← Fresh meats <u>740</u></td> </tr> <tr> <td style="background-color: #e0f2f1;">Fresh meats</td> <td style="text-align: right;">645</td> <td style="text-align: right;">←</td> </tr> <tr> <td style="background-color: #ffe0b2;">Processed foods</td> <td style="text-align: right;">2</td> <td style="text-align: right;">← Other <u>2</u></td> </tr> <tr> <td style="background-color: yellow;">Other</td> <td style="text-align: right;">2</td> <td style="text-align: right;">←</td> </tr> </table>	Ham/sausage	451	Ham/sausage <u>451</u>	Processed foods (etc.)	353	← Processed foods (etc.) <u>856</u>	Vendor products	501	←	Fresh meats	95	← Fresh meats <u>740</u>	Fresh meats	645	←	Processed foods	2	← Other <u>2</u>	Other	2	←
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Fresh Meats Business <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">647</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #e0f2f1;">Fresh meats</td> <td style="text-align: right;">645</td> <td style="text-align: right;">←</td> </tr> <tr> <td style="background-color: #ffe0b2;">Processed foods</td> <td style="text-align: right;">2</td> <td style="text-align: right;">←</td> </tr> <tr> <td style="background-color: yellow;">Other</td> <td style="text-align: right;">2</td> <td style="text-align: right;">←</td> </tr> </table>	Fresh meats	645	←	Processed foods	2	←	Other	2	←												
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Other	2	←																				

Changes in Consolidated Balance Sheets

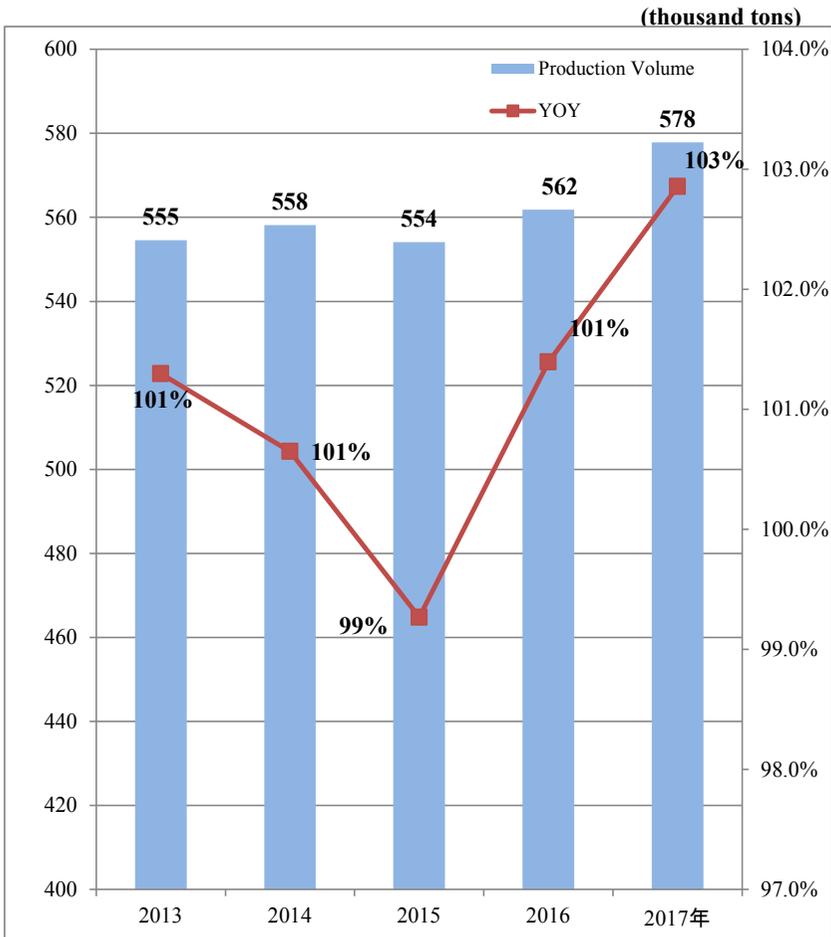
[Consolidated Balance Sheets]

(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 comprehensive income	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 net assets	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)

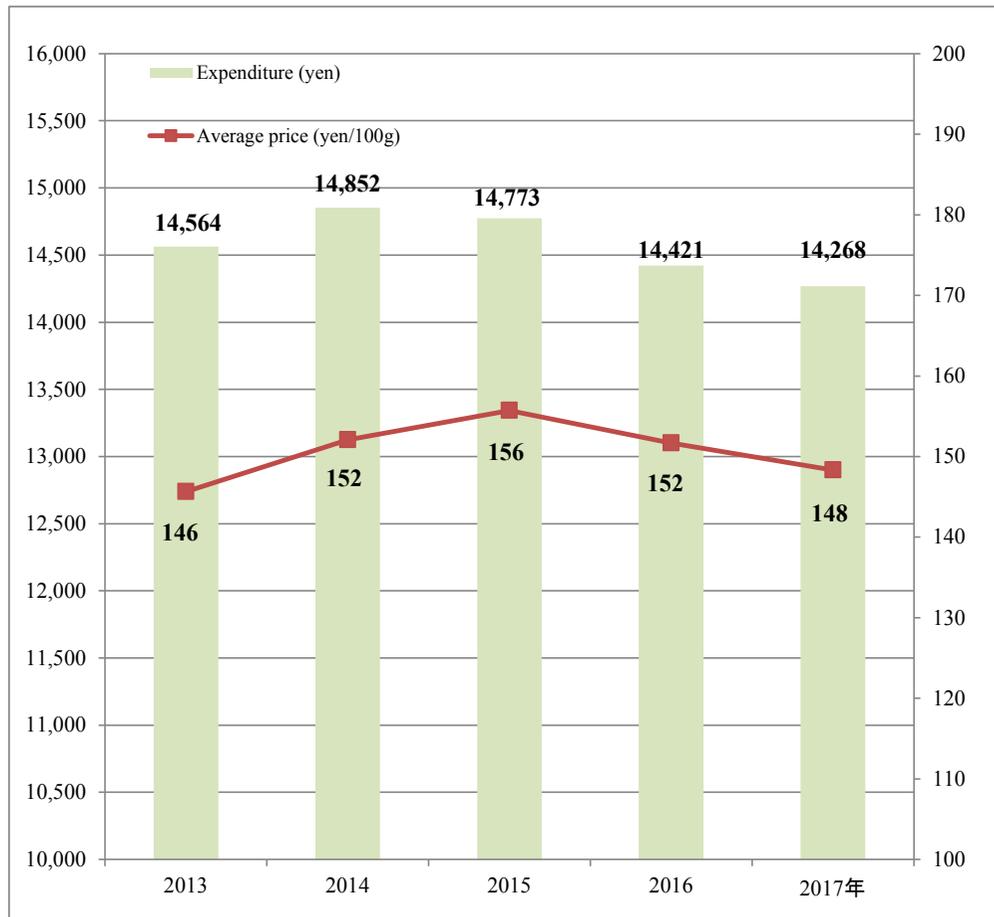


(Note) Data from Japan Ham & Sausage Processors Cooperative Association

2018 (1-8) (t)

	Production Volume	YOY
Sausage	209,773	101.9%
Ham	72,349	102.1%
Bacon	63,231	101.9%
Pressed ham	17,886	87.9%
Roasted pork	13,558	96.5%

(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)

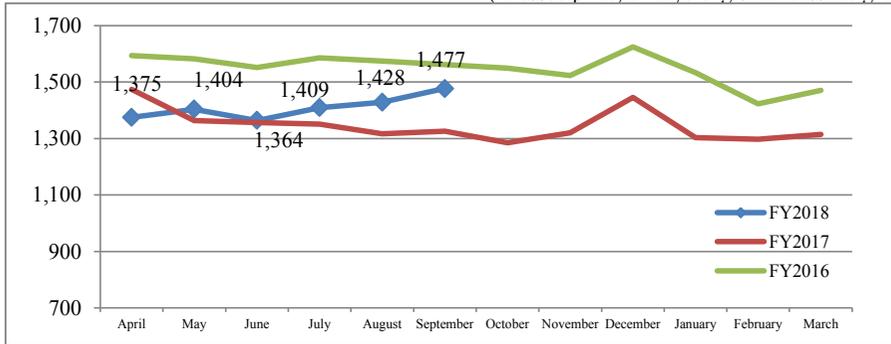
2018 (1-9)

	family consumption	YOY
Volume (g)	6,882	99.2%
price(yen)	9,956	97.8%
avarege price (yen/100g)	144.7	98.6%

Data on Industry Trends 2

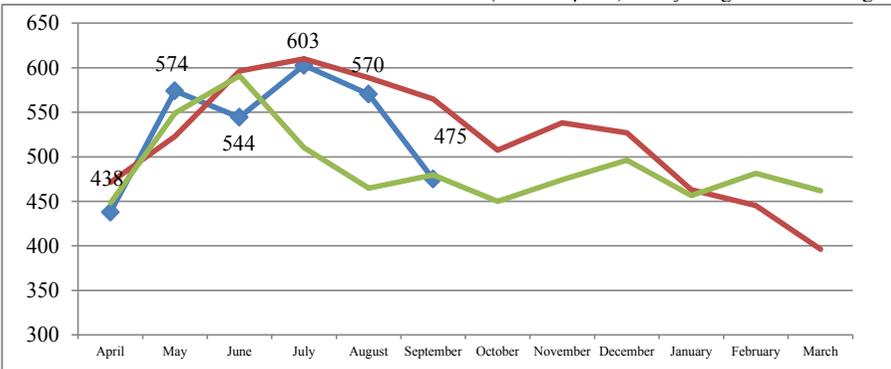
(1) Tax-excluded wholesale price (Tokyo) of B-3 crossbreed steers

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



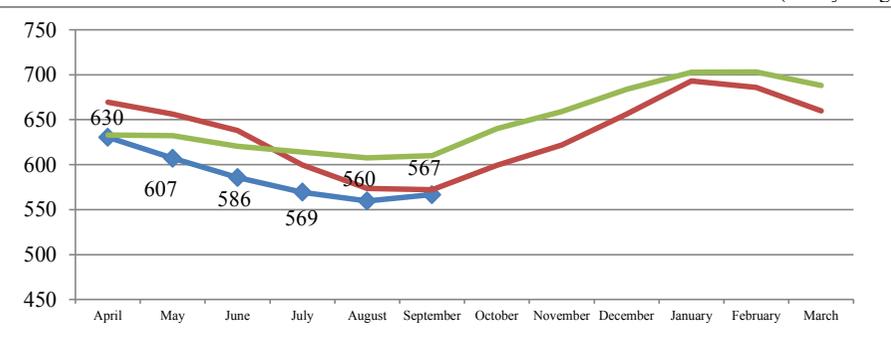
(2) Tax-excluded wholesale price of pork (Tokyo, ministerial ordinance)

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



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

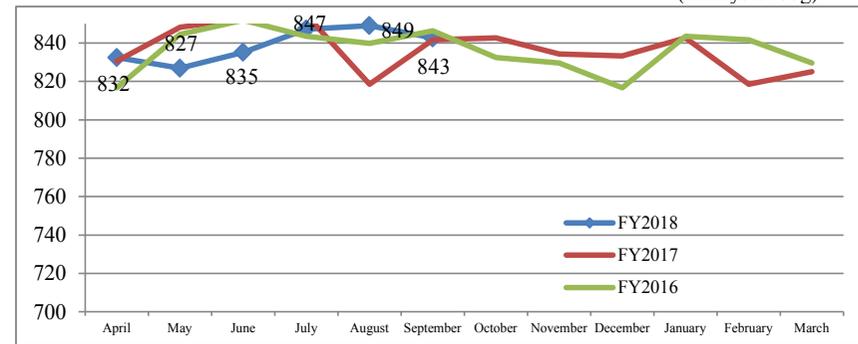
(unit: yen/kg)



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

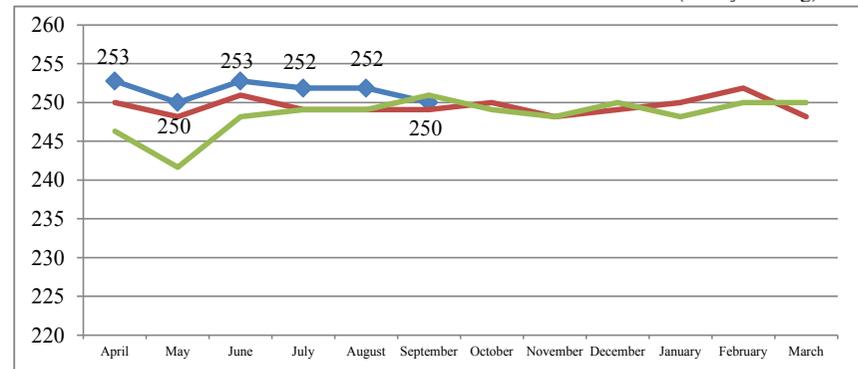
(4) Tax-excluded retail price of Japanese-produced beef loin (Tokyo)

(unit: yen/100g)



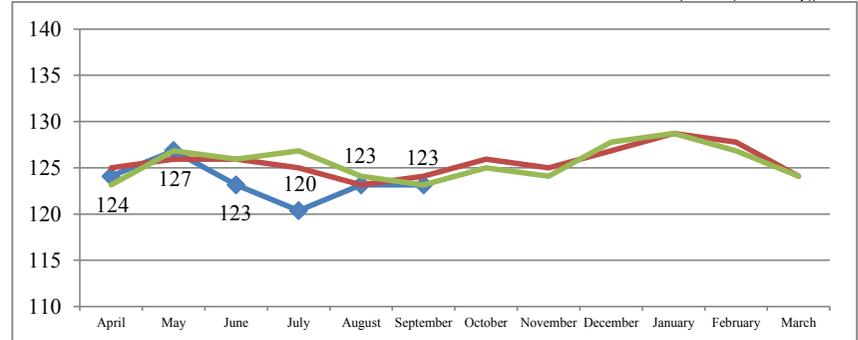
(5) Tax-excluded retail price of Japanese-produced pork loin (Tokyo)

(unit: yen/100g)



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

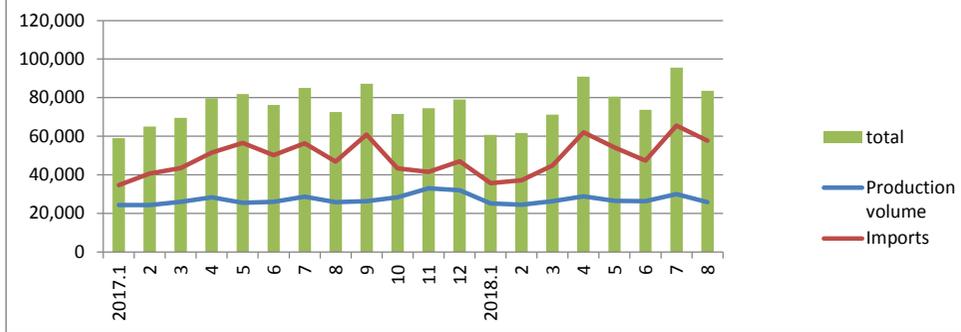
(unit: yen/100g)



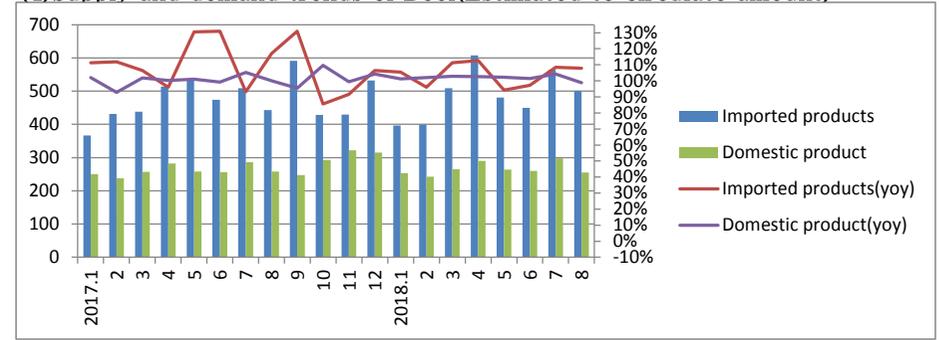
Ministry of Internal Affairs and Communications (Report on the Retail Price Survey)

Data on Industry Trends 3

(1) Beef supply and demand table (Production volume•Imports) (ton)



(4) Supply and demand trends of Beef (Estimated to circulate amount)

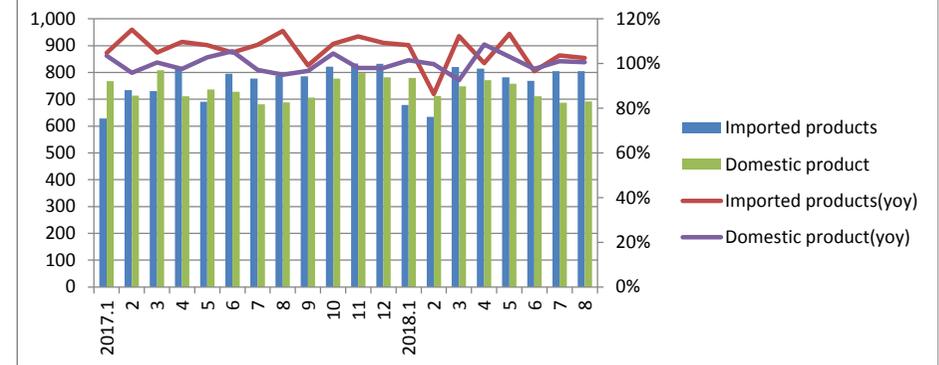


(One hundred tons/%)

(2) Pork supply and demand table (Production volume•Imports) (ton)

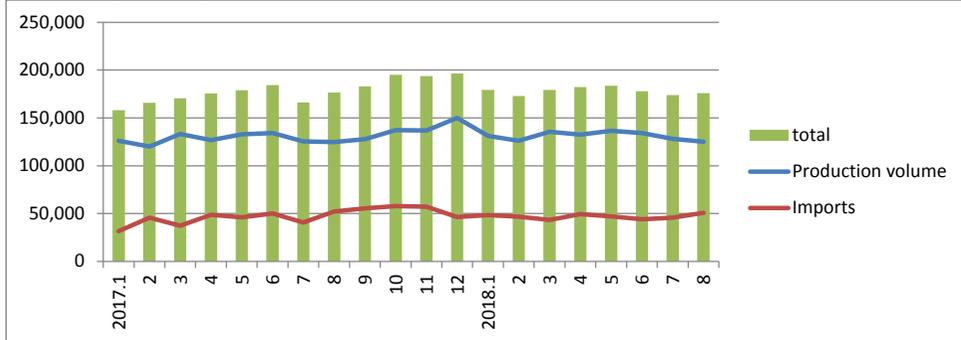


(5) Supply and demand trends of Pork (Estimated to circulate amount)

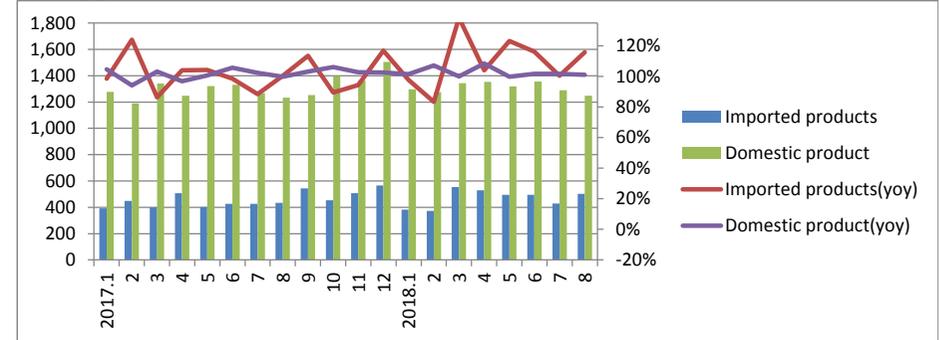


(One hundred tons/%)

(3) Poultry supply and demand table (Production volume•Imports) (ton)



(6) Supply and demand trends of Chicken (Estimated to circulate amount)



(One hundred tons/%)

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	1,854 (increased by 407)		
Business sites	(note)	Sales bases	6 branch offices 25 sales offices Production bases 4 plants
Number of group companies	(note)	35	
		Consolidated subsidiaries	30
		Companies accounted for using the equity method	5
Number of employees across corporate group	15,222 (increased by 1,025)		
Group bases	Production bases	24 plants (in Japan) 4 bases (overseas)	

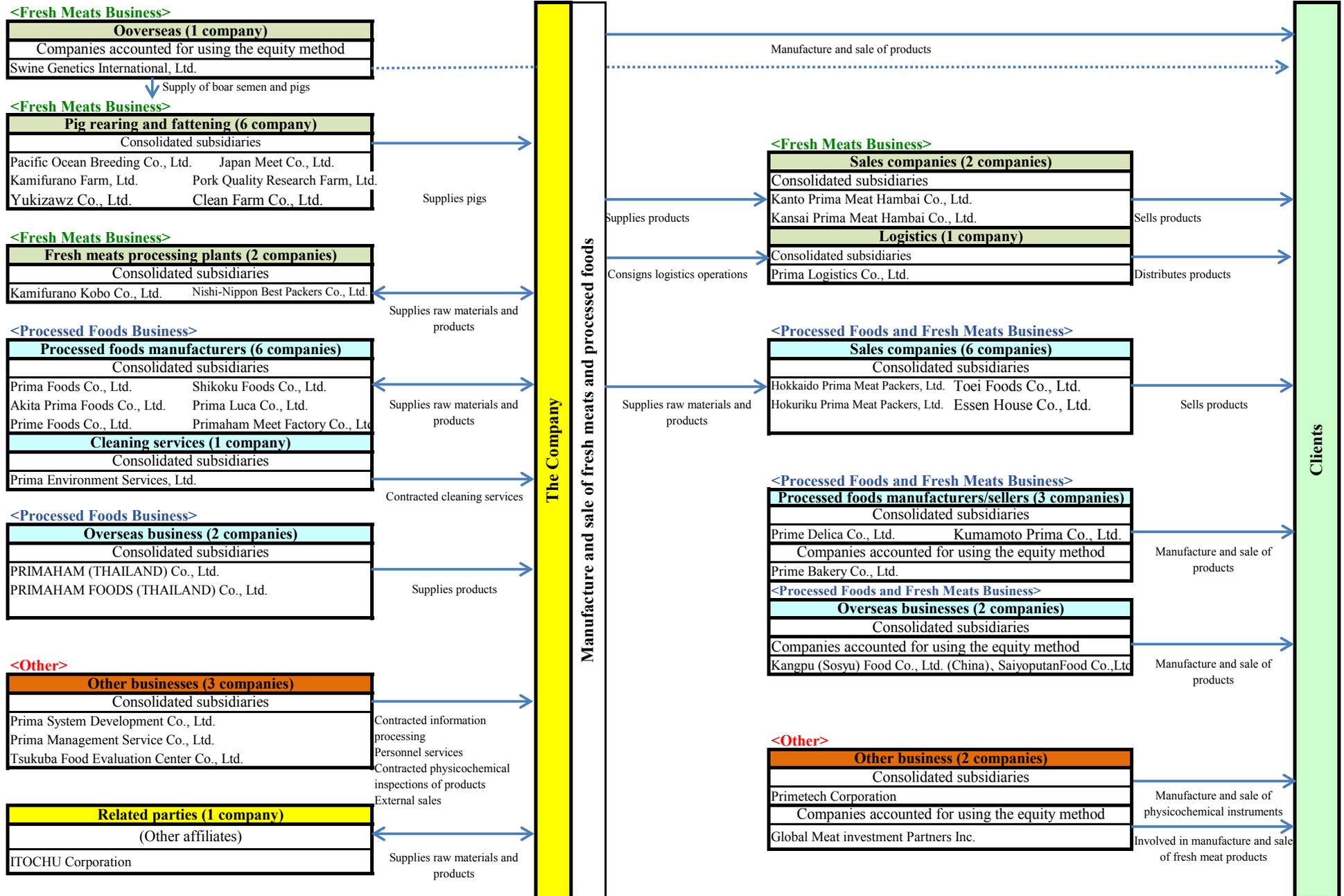
(Note)

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
June 2016	Ibaraki sausage plant completed, operations commenced

Corporate Group Data (as of Sept 30, 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

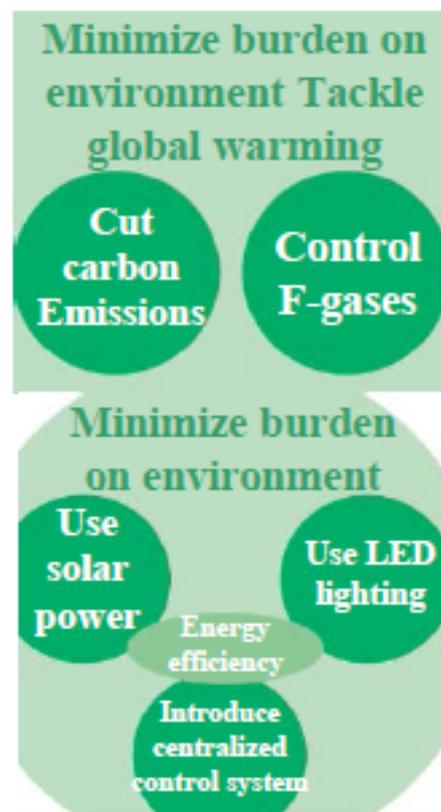
The packing room (15°C) uses an air conditioning system. 240 tons of slushy coolant is prepared in an ice tank during the night (when electricity rates are lower), and this coolant is then pumped through the system during the day to reduce energy consumption. **Energy consumption is now down 20%** compared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

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-tonkw 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



Prima Group's CSR activities

Prima Group supports the United Nations World Food Programme (WFP)

In Japan, the Japan Association for the World Food Programme aims to raise awareness about hunger and how the WFP provides food assistance. It also aims to extend the opportunities and means for individuals to get involved and thus significantly boost the level of Japan's material and immaterial support. Prima Group supports these aims and participates in WFP campaigns.



- Red Cup Campaign
→The Red Cup Campaign is a WFP program that supports school meals. We donate a percentage of the profits from sales of our products.
- Walk the World in Kanto and Kansai
→Walk the World is a WFP charity walk event that helps to end child hunger in developing countries. We donate a portion of the participation fees.

Forestry program that began in 2006

Under the direction of Saitama Norin, an agricultural association in Saitama Prefecture, we engage in afforestation, tree felling, and other forestry work. We continue to participate in the program, as we believe that it helps tackle the causes of climate change. We also engage in other forestry programs.



Participation in a cleanup event that connects us with the local community



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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FAX. 03-5462-1701

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