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Establishment of the Megmilk Snow Brand Group “Group Long-term Vision 2026,”  
“Group Medium-term Management Plan 2019” and Overview of the “Megmilk Snow Brand Values”

Megmilk Snow Brand Group (the “Group”) has established the “Group Long-term Vision 2026,”  
and an implementation plan for its first stage, the “Group Medium-term Management Plan 2019.”  
The details are as follows.

I. “Group Long-term Vision 2026” (FY2017~FY2026)

(1) Vision

As it looks to realize its “Group Corporate Philosophy,” the Group established its vision in 10  
years from now.

Toward “Future Creation Company with Milk” The “three futures,” that is consumers, dairy farmers, and us	
Consumers:	“Create the future of food with milk” We will bring out the unlimited potential of milk and, through “ <i>monozukuri</i> ” (product creation), continue to provide the “joy of food” to people all over the world.
Dairy farmers:	“Contribute to the future of dairy farmers” As a good partner to dairy farmers, we will continue contributing to the sustainable growth of dairy farming and the milk industry.
Us:	“Open up the future for us, the employees” We aim to become a constantly growing corporate group, where diverse people can demonstrate their uniqueness and abilities to the maximum extent possible with ambition and pride.

(2) Concept

<p>Transformation &amp; Renewal</p> <p>&lt;Three Key Points&gt;</p> <p>1) Business Portfolio Transformation = Transformation</p> <p>2) Renewal of the Production Structure to Support Business Growth = Renewal</p> <p>3) Promoting Group Management = Group Management</p>
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In order to implement these concepts, we will reorganize our Group business areas into four business sectors, namely, “dairy products,” “beverages and desserts,” “nutrition,” and “feedstuffs and seed products,” and will strengthen the Group value chain through coordination between Group companies.

(3) Positioning and Role of Each Stage

The Group will implement the “Group Long-term Vision 2026,” spanning the 10-year period from FY2017 to FY2026, in three stages, as follows.

	First Stage (FY2017 to FY2019)	Second Stage (FY2020 to FY2022)	Third Stage (FY2023 to FY2026)
Positioning	Begin transformation ----- Start and promote Group management	Accelerate transformation ----- Strengthen development of Group management	Toward renewal ----- Accelerate and renew Group management
Role	<ul style="list-style-type: none"> <li>• Create multiple earnings bases and Maximize cash flow</li> <li>• Begin renewal of the manufacturing structure</li> </ul>	<ul style="list-style-type: none"> <li>• Establish earnings bases</li> <li>• Begin full-fledged renewal of the production structure</li> </ul>	<ul style="list-style-type: none"> <li>• Stable creation of earnings through four business sectors</li> <li>• Establish procurement and production structure</li> </ul>

(4) 10-year Period Targets (FY2029)

Performance Indicator	Performance Targets (FY2029)
• Consolidated net sales	¥700~800 billion
• Consolidated operating income	¥30~40 billion

With regard to financial indicators after 10 years, we will aim for a consolidated ROE of 8% or more, consolidated equity ratio of 50% or more, and consolidated payout ratio of 30% or more. Total investment over the 10-year period will be set at ¥300~400 billion.

II. “Group Medium-term Management Plan 2019” (FY2017~2019)

(1) Basic Strategies

Based on the basic strategies of the “Group Long-term Vision 2026,” the Group is working on the “Group Management Plan 2019,” as the first stage (FY2017 to FY2019) of the long-term vision.

① Transform the business portfolio

Dairy Products Business Sector	<ul style="list-style-type: none"><li>• Stable supply of butter, and brand strengthening</li><li>• Market expansion through borderless development of cheese (further growth)</li></ul>
Beverages and Desserts Business Sector	<ul style="list-style-type: none"><li>• Strategic expansion of functional yogurt (yogurt based on functionality)</li><li>• Product mix optimization</li></ul>
Nutrition Business Sector	<ul style="list-style-type: none"><li>• Strengthen the competitiveness of the powdered milk business by promoting value</li><li>• Build a growth model for the functional foods business</li></ul>
Feedstuffs and Seed Products Business Sector	<ul style="list-style-type: none"><li>• Strategic expansion of the seed products business</li><li>• Increase profitability by increasing efficiency in the feedstuffs business</li></ul>

## ② Strategies to Support the Business Portfolio Transformation

- i) As we look toward the future (10 years from now), build a strategic procurement and production structure, and secure a competitive base
- ii) Create new value through “*monozukuri*” originating in research and development
- iii) Respect the diversity of people and utilize it to build a highly productive, constantly growing organization  
~Fostering of human resources to support growth and working practice reforms~
- iv) Share and effectively utilize management resources within the Group to maximize competitiveness and comprehensive strength as a corporate group as a whole

### (2) Medium-term Targets (FY2019)

Performance Indicator	Medium-term (As of FY2019)
Consolidated net sales	¥630 billion
Consolidated EBITDA	¥40 billion
Consolidated operating income	¥22 billion

With regard to financial indicators after three years, the Group will aim for a consolidated ROE of 8% or more, consolidated equity ratio of 40% or more, and consolidated payout ratio of 20% or more. Total investment over the three-year period will be set at ¥77 billion.

### III. Overview of the “Megmilk Snow Brand Values”

A shared attitude and sense of values that every officer and employee of the Megmilk Snow Brand Group considers important in acting toward achieving the long-term vision.

Initiative	“Act on my own impulses. For the future I want to realize.”
Challenge	“Enjoy the challenge. For the future I want to embody.”
Teamwork	“Combine our strength. For the future of all of us.”

### IV. Other Notes

Briefing materials on Megmilk Snow Brand Group’s “Group Long-term Vision 2026,” “Group Medium-term Management Plan 2019” and “Megmilk Snow Brand Values” can be found on our website at <http://www.meg-snow.com/ir/strategy/>

Forecasts and other forward-looking statements presented in this document are based on information available to the Company at present and certain assumptions that the Company has deemed reasonable, and the Company provides no assurance that the forecasts will be achieved. Actual results may vary depending upon various factors, such as changes in the business environment.