



Fiscal Year Ended March 31, 2017

Financial Results

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

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**Forecast of Consolidated Financial Results
for the Fiscal Year Ending March 31, 2018**

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

2

**Forecast of Consolidated Financial Results
for the Fiscal Year Ending March 31, 2018**

Fiscal Year Ended March 31, 2017



Consolidated Financial Results (Operating Results and Dividends)

(Billion yen, %)

■ Operating Results ■

	Year ended March 31, 2016	Year ended March 31, 2017	Change	Year on year
Net sales	578.3	587.9	+9.6	101.7
Operating income	14.0	18.7	+4.7	133.9
Ordinary income	14.2	20.2	+6.0	142.5
Profit*	15.0	12.9	(2.0)	86.3

*Profit attributable to owners of parent

■ Dividends ■

Ordinary dividend	40 yen	Consolidated payout ratio	20.9%
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Fiscal Year Ended March 31, 2017



Consolidated Financial Results (Breakdown by Segment)

(Billion yen, %)

	Dairy products		Beverages and desserts		Feedstuffs and seed products		Other	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY
Net sales	232.3	102.4	277.4	103.0	43.0	93.6	35.0	97.3
Operating income	11.7	123.9	4.6	201.2	1.2	145.9	1.1	83.1

Main measures

1. Business expansion in growth sectors (cheese and yogurt)
2. Maximum leveraging of strategic capital expenditure
3. Reforming beverages and desserts business

- ✓ Effective utilization of advertisement and promotion expenses
- ✓ Proactive promotion activities
- ✓ Enhancing production capacity (Increasing the capacity of the small bottle drink-type yogurt line)
- ✓ Product mix improvement

Fiscal Year Ended March 31, 2017

Breakdown of Factors Affecting Changes in Consolidated Operating Income

Year ended March 31, 2016	Year ended March 31, 2017	Change
14.0 billion yen	18.7 billion yen	+ 4.7 billion yen

Reasons for profit increase (total)	+ 8.0	Reasons for profit decrease (total)	(3.3)
Profit increase due to a rise in sales volume	+ 2.4	Increase in advertisement and promotion expenses	(1.3)
Product mix difference	+ 2.0	Increase in depreciation and amortization	(1.0)
Material unit price, etc. difference	+ 2.0	Other	(1.0)
Energy unit price difference	+ 0.9		
Cost reduction	+ 0.7		

For breakdown by segment, please refer to the supplemental information in the Consolidated Financial Results for the Year Ended March 31, 2017 (page 65).

Consolidated Balance Sheets

(Billion yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Change
Current assets	141.9	138.6	(3.2)
Non-current assets	202.2	202.8	+ 0.5
Total assets 341.5 billion yen [year on year (2.6) billion yen]			

	Year ended March 31, 2016	Year ended March 31, 2017	Change
Current liabilities	131.9	121.0	(10.8)
Non-current liabilities	79.8	74.9	(4.8)
Total net assets	132.4	145.4	+13.0

Change factors

[Current assets]

- Inventories: (3.9) billion yen

[Non-current assets]

- Property, plant and equipment: (1.5) billion yen
- Investment securities: +1.6 billion yen

[Current liabilities]

- Short-term loans payable: (5.2) billion yen
- Income taxes payable: (3.5) billion yen

[Non-current liabilities]

- Long-term loans payable: (6.0) billion yen

[Net assets]

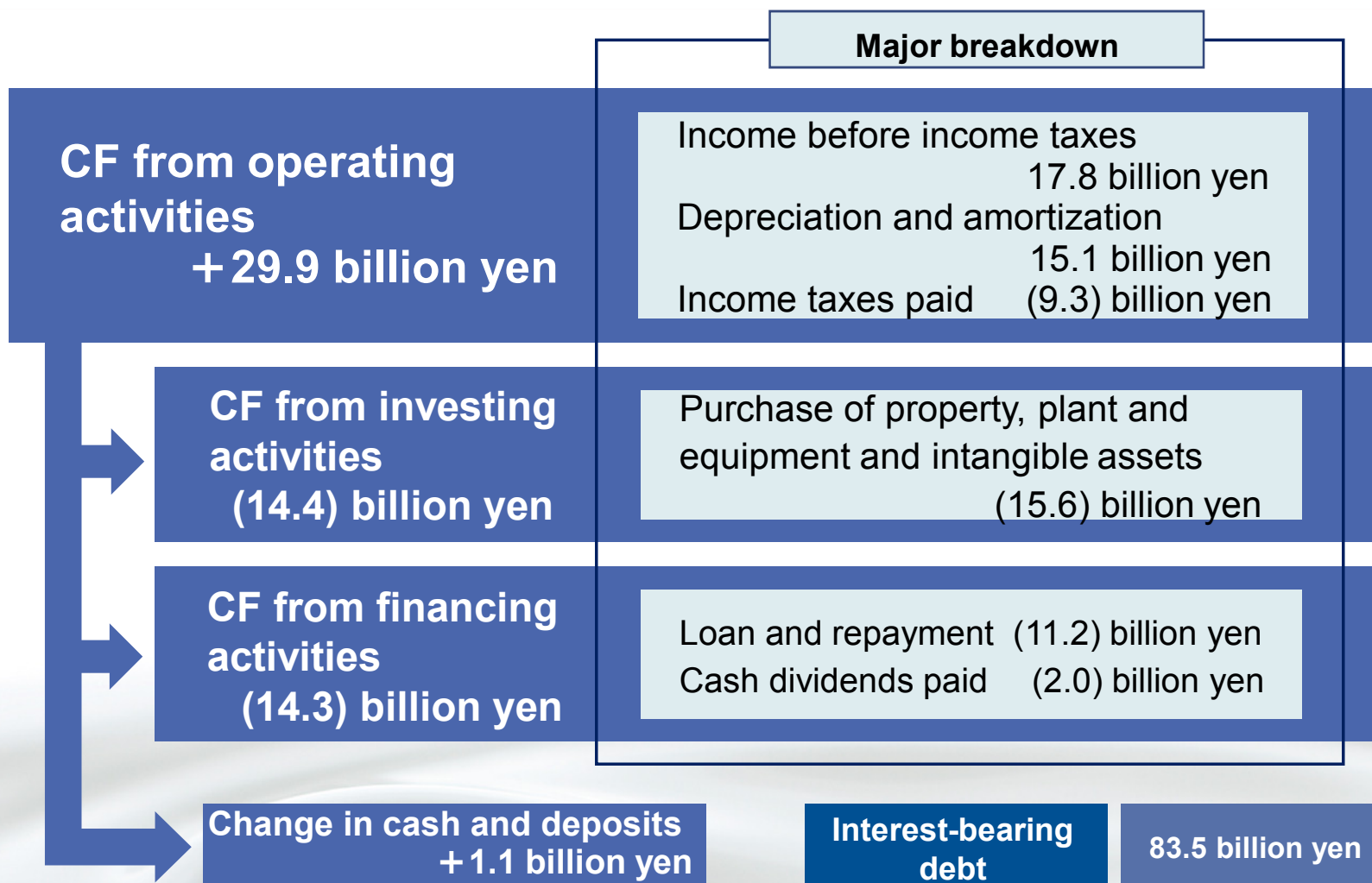
- Shareholders' equity: + 11.0 billion yen

Equity ratio

41.9%



Consolidated Statements of Cash flows



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Consolidated Financial Results for the Fiscal
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**Forecast of Consolidated Financial Results
for the Fiscal Year Ending March 31, 2018**



Forecast of Consolidated Financial Results (Operating Results and Dividends)

(Billion yen, %)

■ Operating Results ■

	Year ended March 31, 2017	Year ending March 31, 2018	Change	Year on year
Net sales	587.9	600.0	+12.0	102.1
Operating income	18.7	19.5	+0.7	104.0
Ordinary income	20.2	20.5	+0.2	101.1
Profit*	12.9	13.0	+0.0	100.1

*Profit attributable to owners of parent

■ Dividends ■

Dividend	40 yen	Consolidated payout ratio	20.9%
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Forecast of Consolidated Financial Results (Breakdown by Segment)

(Billion yen, %)

	Dairy products		Beverages and desserts		Feedstuffs and seed products		Other	
	Forecast	YoY	Forecast	YoY	Forecast	YoY	Forecast	YoY
Net sales	237.5	102.2	284.2	102.4	42.1	97.9	36.2	103.2
Operating income	11.2	95.6	6.1	131.9	1.0	79.7	1.2	108.9

Nutrition business

of the dairy products segment

Net sales	21.6	113.7
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Breakdown of Factors Affecting Changes in Consolidated Operating Income

Year ended March 31, 2017	Year ending March 31, 2018	Change
18.7 billion yen	19.5 billion yen	+ 0.7 billion yen

Reasons for profit increase (total)	+ 7.0	Reasons for profit decrease (total)	(6.3)
Profit increase due to a rise in sales volume	+ 3.8	Increase in advertisement and promotion expenses	(2.3)
Product mix difference	+ 2.4	Material unit price, etc. difference	(1.6)
Sales unit price difference	+ 0.5	Milk price difference	(0.8)
Cost reduction	+ 0.3	Increase in depreciation and amortization	(0.5)
		Energy unit price difference	(0.4)
		Other	(0.7)

For breakdown by segment, please refer to the supplemental information in the Consolidated Financial Results for the Year Ended March 31, 2017 (page 69).

Priority Initiatives

Strengthening the Group's earnings base



1. Dairy products business sector



2. Beverages and desserts business sector



3. Nutrition business sector



4. Feedstuffs and seed products business sector

Priority Initiatives (1)



1. Establishing earnings base by expanding our share of cheese

- ✓ Enhancing promotion of 6P Cheese
- ✓ Strengthening the Yukijirushi Hokkaido 100 brand

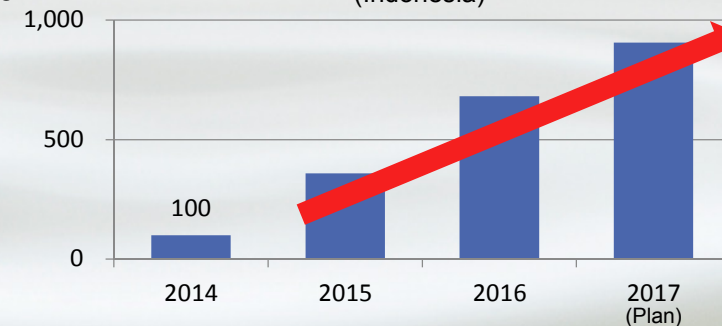


2. Promoting overseas expansion

- ✓ Expanding the cheese market (in Indonesia) and promoting exports to neighboring countries
- ✓ Promoting exports from Japan



Sales volume trends based on the 2014 volume as 100 (Indonesia)



Priority Initiatives (2)



1. Strengthening efforts in the yogurt business

- ✓ Expanding the “Lactobacillus gasseri SBT2055” product lineup
- ✓ Promoting intensive resource investment



Reinforce production facilities
at the Ebina Plant



2. Optimizing the product mix

- ✓ Strengthening promotions of “BOTTLATTE”
and our core brands



Priority Initiatives (3)



1. Expanding business scale through strengthening investment in marketing

- ✓ Strengthening the business with a focus on “MBP®”



2. Reforming business structure in the powdered milk category

- ✓ Expanding powdered milk for adults and pregnant women in the Asian market



For infants

+



For adults



For pregnant women

Priority Initiatives (4)



1. Expanding sales in the seed products business

- ✓ Expanding sales of pasture, green manure crops, etc.
- ✓ Strengthening seed production and procurement system



2. Increasing profits in the feedstuffs business

- ✓ Promoting comprehensive proposal-based sales
- ✓ Building an efficient procurement, production and distribution system





Quantitative Goals

- Operating income
- Depreciation and amortization
- Net sales

Consolidated net sales
600.0 billion yen

Consolidated operating income
19.5 billion yen

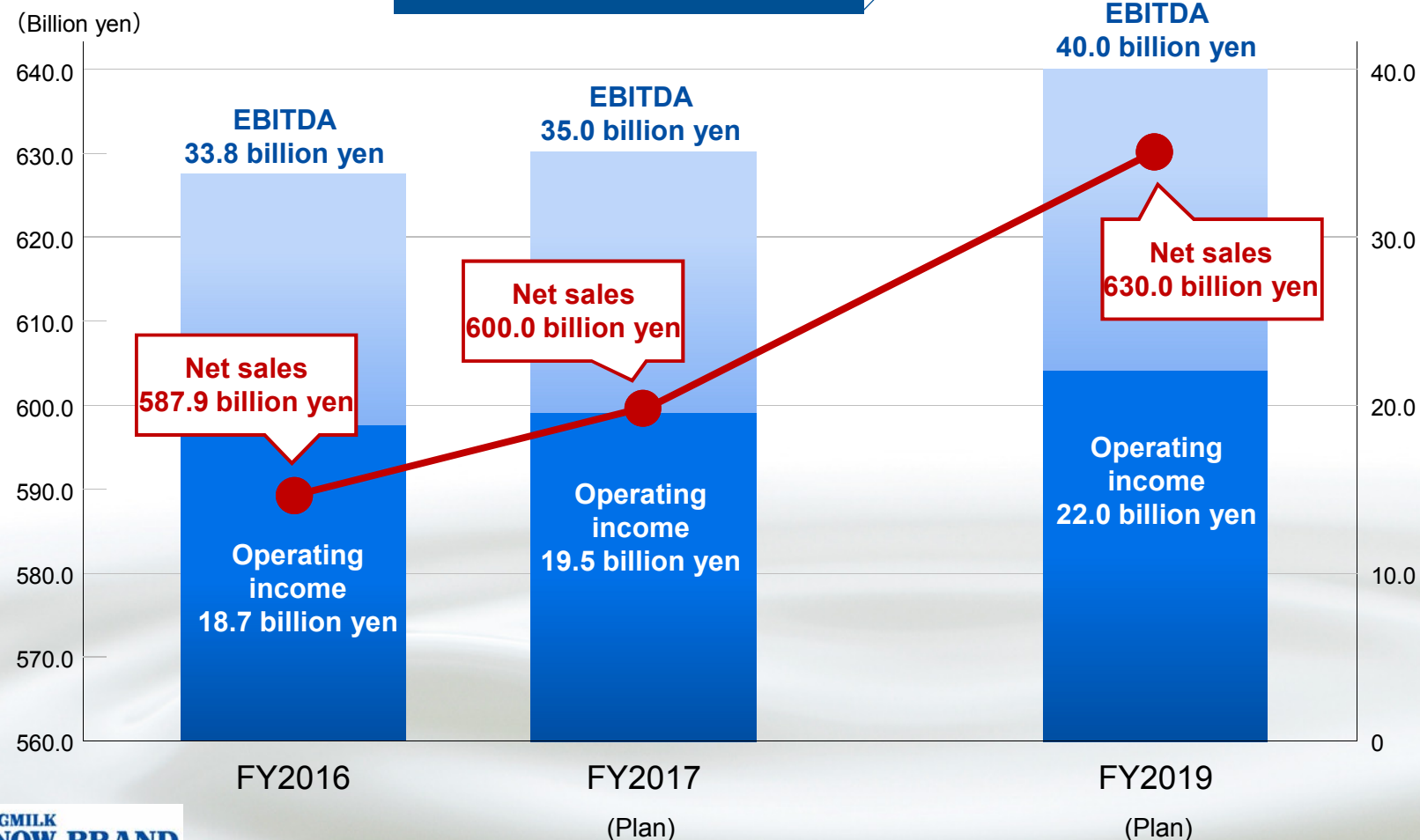
Consolidated EBITDA
35.0 billion yen

Year Ending March 31, 2020
(Final year targets)

Consolidated net sales 630.0 billion yen

Consolidated operating income
22.0 billion yen

Consolidated EBITDA 40.0 billion yen



Make the Future with Milk.



Forward-looking statements such as performance forecasts contained in this document are based on management's expectations and assumptions in light of information currently available and are not the commitment by the Company. Actual results may differ from the forecasts in this document due to change in the business environment and other factors.