



**MEGMILK
SNOW BRAND**

Fiscal Year Ended March 31, 2019

Financial Report

May 13, 2019

FY3/2019

Consolidated Operating Results

(Billion yen)

	FY3/2018	FY3/2019	YoY change
Net Sales	596.1	603.3	+7.2
Operating Profit	19.3	17.2	(2.1)
Non-operating profit and loss	+1.6	+1.7	+0.1
Ordinary Profit	20.9	19.0	(1.9)
Extraordinary profit and loss	(1.9)	(3.7)	(1.8)
Profit before income tax	19.0	15.2	(3.7)
Profit ※	13.3	10.7	(2.6)

※Profit attributable to owners of parent

Changes factors

【Non-operating profit and loss】

- Financial expenses※ : +0.2 billion yen, Equity in earning of affiliates : +0.9 billion yen

【Extraordinary profit and loss】

- Impairment loss: (1.6) billion yen, Losses due to natural disasters: (0.5) billion yen

※Financial expenses = Interest income + Dividend income - Interest expenses

Dividends

Dividend

40 yen

Payout ratio

25.2%

FY3/2019

Breakdown of Factors Affecting Changes in Consolidated Operating Profit

FY3/2018	FY3/2019	Change
19.3 billion yen	17.2 billion yen	(2.1) billion yen

Changes in major segments		
Dairy products	Beverages and desserts	Feedstuffs and seed products
(0.3) billion yen	(1.5) billion yen	(0.1) billion yen

(Billion yen)

Reasons for profit increase (total)	+4.6
Changes in sales unit price	+3.5
Changes in product composition	+0.8
Decreased in advertisement and promotion expenses	+0.3
Reasons for profit decrease (total)	(6.7)
Increased operating costs	(2.0)
Decreased profit on decreased sales volume	(1.7)
Increased fixes costs	(1.6)
Increased raw materials costs	(1.0)
Others	(0.4)

+4.3	0	+0.3
+3.2	0	+0.3
+0.3	+0.5	0
+0.8	(0.5)	0
(4.6)	(1.5)	(0.4)
(0.7)	(1.3)	0
(2.2)	+0.7	(0.3)
(0.7)	(0.8)	0
(0.8)	0	(0.1)
(0.2)	(0.1)	0

(Note) Major factors indicated. Refer to the earnings summary supplemental information for a detailed breakdown.

FY3/2019 | Consolidated Balance Sheets

(billion yen)

	FY3/2018	FY3/2019	Change
Current assets	142.1	148.8	+6.7
Non-current assets	209.1	210.5	+1.4
Total assets 359.4 billion yen (year on year +8.2 billion yen)			

	FY3/2018	FY3/2019	Change
Current liabilities	140.6	117.9	(22.7)
Current liabilities	53.2	72.7	19.5
Net assets	157.3	168.7	+11.4

Change factors

【Current assets】

- Receivables : +5.4 billion yen
- Inventories : +1.7 billion yen

【Non-current assets】

- Investment securities : +6.1 billion yen

【Current liabilities】

- Short-term loans payable : (21.8) billion yen

【Non-current liabilities】

- Bonds payable : +10.0 billion yen
- Long-term loans payable : +8.7 billion yen

【Net assets】

- Shareholders' equity : +11.2 billion yen

Equity ratio

46.3%

FY3/2019

Consolidated Statements of Cash flows

	Major breakdown	FY3/2018
CF from operating activities +21.9 billion yen	Profit before income taxes 15.2 billion yen Depreciation and amortization 15.9 billion yen Impairment loss 1.6 billion yen Increase of receivables (5.5) billion yen Increase in inventories (2.1) billion yen	+22.8 billion yen
CF from investing activities (14.2) billion yen	Purchase of property, plant and equipment and intangible assets (15.8) billion yen	(11.7) billion yen
CF from financing activities (7.3) billion yen	Bonds payable +9.9 billion yen Loan and repayment (13.1) billion yen Cash dividends paid (2.7) billion yen	(12.9) billion yen
Change in cash and deposits +0.4 billion yen	Interest-bearing debt	71.7 billion yen

FY3/2020

Forecast Consolidated Statements of Income

Forecast

(billion yen)

	FY3/2019	FY3/2020	YoY change
Net Sales	603.3	615.0	+11.6
Operating Profit	17.2	18.0	+0.7
Ordinary Profit	19.0	19.5	+0.4
Profit ※	10.7	12.0	+1.2

※Profit attributable to owners of parent

Dividends

Dividend

40 yen

Payout ratio

22.6%

FY3/2020

Breakdown of Factors Affecting Changes in Consolidated Operating Profit (Forecast)

FY3/2019	FY3/2020	Change
17.2 billion yen	18.0 billion yen	+0.7 billion yen

Changes in major segments		
Dairy products	Beverages and desserts	Feedstuffs and seed products
+0.3 billion yen	+0.7 billion yen	(0.2) billion yen

(Billion yen)

Reasons for profit increase (total)	+9.9
Changes in sales unit price	+6.1
Changes in product composition	+2.2
Increase profit on increase sales volume	+1.6
Reasons for profit decrease (total)	(9.2)
Increase raw materials costs	(3.8)
Increase in fixed costs	(2.9)
Increase operating costs	(1.0)
Increase in advertisement and promotion expenses	(1.0)
Others	(0.5)

+3.5	+5.8	0.4
+0.4	+5.7	0
+0.9	+1.3	0
+2.2	(1.2)	+0.4
(3.2)	(5.1)	(0.6)
(0.7)	(2.4)	(0.6)
(1.4)	(1.3)	0
(0.1)	(0.9)	0
(0.6)	(0.4)	0
(0.4)	(0.1)	0

(Note) Major factors indicated. Refer to the earnings summary supplemental information for a detailed breakdown.

FYE March 2019 plan currency rate assumptions 1 USD = 111 yen
Currency sensitivity (based on operating profit) appreciation of 1 yen = +150 million yen

FY3/2020

Forecast of Consolidated Statements of Cash flows

Basic Policy

To improve corporate value

- (1) Financial health
- (2) capital efficiency
- (3) shareholder returns

We will implement strategies with focus on optimal balance for these three factors.

◆ Policy of medium-term management plan

Business investments

- Generate cash flow
- Strategic investments in high-value-added categories

Financial discipline

- Establish financial health (Equity ratio of 40% or higher)
- Generate surplus for investments through internal reserves

shareholder returns

- Maintain stable dividends
- Dividend payout ratio of 20% or higher

CF from operating activities
+ 31.0 billion yen

CF from investing activities
(23.0) billion yen

CF from financing activities
(7.0) billion yen

Interest-bearing debt

67.5 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.

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