

Megmilk Snow Brand

Reference Materials Numerical Data

FYE3/2020 Financial Results Group Medium-term Management Plan 2022

May 13, 2020

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Numerical Data

FYE3/2020 Consolidated Financial Results



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FYE3/2020 Consolidated Operating Results

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Consolidated Statements of income (JPY BN)

	FYE3/2019	FYE3/2020	YoY change
Net Sales	603.3	613.4	+10.0
Operating Profit	17.2	17.9	+0.7
Non-operating profit and loss	+1.7	+1.6	(0.1)
Ordinary Profit	19.0	19.6	+0.6
Extraordinary profit and loss	(3.7)	(2.7)	+0.9
Profit before income tax	15.2	16.8	+1.6
Profit ※	10.7	12.1	+1.4

※Profit attributable to owners of parent

Changes factors	[Non-operating profit and loss]
	➢ Financial expenses※ : 0.4BN, Equity in earning of affiliates : 1BN
	[Extraordinary profit and loss]
	➢ Loss on retirement of non-current assets : (1.7)BN, Impairment loss : (0.5)BN, Loss on fire damage : (0.5)BN
	※Financial expenses=Interest income+Dividend income – Interest expenses

Dividends	Ordinary dividends	40 yen	Consolidated payout ratio	22.3%
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Segment Sales / Operating Profit

(JPY BN)

	FY E3 / 2019		FY E3 / 2020		YoY change	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy products	241.0	11.7	249.0	11.5	103.4%	98.3%
Beverages and Desserts	279.7	3.1	283.9	5.2	101.5%	165.0%
Feedstuffs and Seed Products	46.0	1.1	43.7	1.0	94.9%	89.1%
Other	36.6	1.0	36.6	0.1	100.2%	16.1%
Total	603.3	17.2	613.4	17.9	101.7%	104.5%

Breakdown of Factors Affecting Changes in Consolidated Operating Profit

(JPY BN)

FYE3/2019	FYE3/2020	YoY change	Changes in segments			
17.2	17.9	+0.7	Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
			(0.2)	+2.0	(0.1)	(0.8)
Marginal Profit Subtotal		+0.6	(0.5)	+1.8	+0.1	(0.7)
Changes in sales unit price		+7.4	+0.3	+6.9	+0.2	0.0
Decreased profit on decreased in sales volume		(1.8)	(0.5)	(1.6)	(0.3)	0.6
Changes in product composition		+0.1	+0.1	0.0	0.0	0.0
Increased raw materials costs		(2.1)	(0.2)	(1.9)	+0.2	(0.1)
Increased operating costs		(1.8)	(0.2)	(1.6)	0.0	0.0
Increased costs resulting from fire damage (at subsidiary)		(1.2)	0.0	0.0	0.0	(1.2)
Fixed costs and others Subtotal		+0.1	+0.3	+0.2	(0.2)	(0.1)
Decreased in advertising and promotional costs		+1.5	+0.9	+0.6	0.0	0.0
Increased fixed costs		(1.2)	(0.4)	(0.4)	(0.2)	(0.1)
Other		(0.2)	(0.2)	0.0	0.0	0.0

Consolidated Balance Sheets

(JPY BN)

	FYE3/2019	FYE3/2020	YoY change		FYE3/2019	FYE3/2020	YoY change
Current assets	148.8	151.1	+2.3	Current liabilities	117.9	120.3	+2.3
Non-current assets	210.5	219.2	+8.6	Non-Current liabilities	72.7	72.0	(0.7)
Total assets 370.4 (YoY change +10.9)				Net assets	168.7	178.0	+9.3

Change factors

【Current assets】

- Cash and deposits: +1.1 BN
- Receivables : (2.8) BN
- Inventory assets : +3.3 BN

【Non-current assets】

- Property, plant and equipment : +8.7 BN

【Current liabilities】

- Payables : (3.2) BN
- Short-term loans payable : (1.8) BN

【Non-current liabilities】

- Long-term loans payable : (0.7) BN

【Net assets】

- Shareholders' equity : +8.8 BN

Equity ratio

47.3%



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Consolidated Statements of Cash flows

(JPY)

	Major breakdown	YoY change
CF from operating activities + 24.3 BN	Profit before income taxes 16.8 BN	+2.3 BN
	Depreciation and amortization 16.1 BN	
	Decrease of receivables 3.2 BN	
	Increase in inventories (2.8) BN	
	Income taxes paid (3.2) BN	
CF from investing activities (16.6) BN	Purchase of property, plant and equipment and intangible assets (16.7) BN	(2.3) BN
CF from financing activities (6.6) BN	Loan and repayment (2.8) BN	+0.7 BN
	Cash dividends paid (2.7) BN	
Change in cash and deposits +1.0 BN		Interest-bearing debt 69.3 BN



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FYE3/2021 Core Initiatives and Forecast of Consolidated Financial Results



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FYE3/21 Core Initiatives

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Dairy Products Business Sector

- Strategic expansion of Cheese Business
- Develop value-added products and strengthen brand



Beverages and Desserts Business Sector

- Strategic expansion of functional yogurt
- Increase profitability of Milk Business to promote business structural reforms



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Nutrition Business Sector

- Optimize and expand EC business centered on Mainichi Hone Care MBP
- Expand into new markets and new sectors



Feedstuffs and Seed Products Business Sector

- Optimize Feedstuffs Business and increase quality
- Strategic expansion of Seed Products Business



Consolidated Statements of income

(JPY BN)

	FYE3/2020	FYE3/2021 forecast	YoY change
Net Sales	613.4	620.0	+6.5
Operating Profit	17.9	19.0	+1.0
Ordinary Profit	19.6	20.5	+0.8
Profit ※	12.1	13.0	+0.8

※Profit attributable to owners of parent

FYE3/2021 Goal

[Dividends]	Ordinary dividends	40 yen	Consolidated payout ratio	20.8%
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Segment Sales / Operating Profit

(JPY BN)

	FYE3/2020		FYE3/2021 forecast		YoY % change	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy products	249.0	11.5	257.0	12.1	103.2%	104.7%
Beverages and Desserts	283.9	5.2	283.0	5.1	99.7%	97.5%
Feedstuffs and Seed Products	43.7	1.0	43.0	0.9	98.4%	86.8%
Others	36.6	0.1	37.0	0.9	100.9%	528.1%
Total	613.4	17.9	620.0	19.0	101.1%	105.6%

Breakdown of Factors Affecting Changes in Consolidated Operating Profit

(JPY BN)

FY3/2020	FY3/2021	YoY change	Changes in segments			
17.9	19.0	+1.0	Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
			+0.5	(0.1)	(0.1)	0.7
Marginal Profit Subtotal		+4.0	+2.7	+1.2	0.0	+0.1
Changes in sales unit price		+1.0	0.0	+1.0	0.0	0.0
Increase profit on increase in sales volume		+2.7	+2.3	+0.3	0.0	+0.1
Changes in product composition		+1.2	+0.5	+0.7	0.0	0.0
Increase raw materials costs		(0.1)	+0.1	(0.2)	0.0	0.0
Increase operating costs		(0.8)	(0.2)	(0.6)	0.0	0.0
Fixed costs and others Subtotal		(3.0)	(2.2)	(1.3)	(0.1)	+0.6
Increase in advertising and promotional costs		(0.5)	(0.5)	0.0	0.0	0.0
Increase fixed costs		(2.8)	(1.3)	(1.2)	(0.1)	(0.2)
Other		+0.3	(0.4)	(0.1)	0.0	0.8

FYE3/2021 plan currency rate assumptions 1 USD = 108 JPY
 Currency sensitivity (based on operating profit) appreciation of 1 yen = +160 million yen

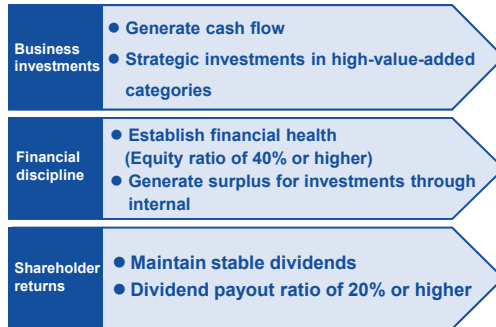
Forecast of Consolidated Statements of Cash flows FYE3/2021

(JPY)

Basic Policy

To improve corporate value, we will implement strategies with focus on optimal balance for following three factors.
 (1) Financial health, (2) Capital efficiency,
 (3) Shareholder returns

◆ Policy of medium-term management plan



CF from operating activities
+ 29.9 BN

CF from investing activities
(30.2) BN

CF from financing activities
+ 8.3 BN

(Cash Balance +8.0 BN)

Interest-bearing debt 78.0 BN



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Group Medium-term Management Plan 2019 Results



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Consolidated Statements of income

(JPY BN, %)

[Results]	FYE3/2018	YoY% change	FYE3/2019	YoY% change	FYE3/2020	YoY% change
Net Sales	596.1	1.4	603.3	1.2	613.4	1.7
Operating Profit	19.3	3.3	17.2	(11.0)	17.9	4.5
Ordinary Profit	20.9	3.6	19.0	(9.4)	19.6	3.5
Profit[※]	13.3	3.1	10.7	(19.7)	12.1	13.1

※Profit attributable to owners of parent

Segment Sales

(JPY BN, %)

[Net Sales]	FYE3/2018	YoY% change	FYE3/2019	YoY% change	FYE3/2020	YoY% change
Dairy products	239.7	3.2	241.0	0.5	249.0	3.4
Beverages and Desserts	275.4	(0.7)	279.7	1.5	283.9	1.5
Feedstuffs and Seed Products	44.7	4.0	46.0	3.0	43.7	(5.1)
Other	36.1	3.2	36.6	1.2	36.6	0.2
Total	596.1	1.4	603.3	1.2	613.4	1.7

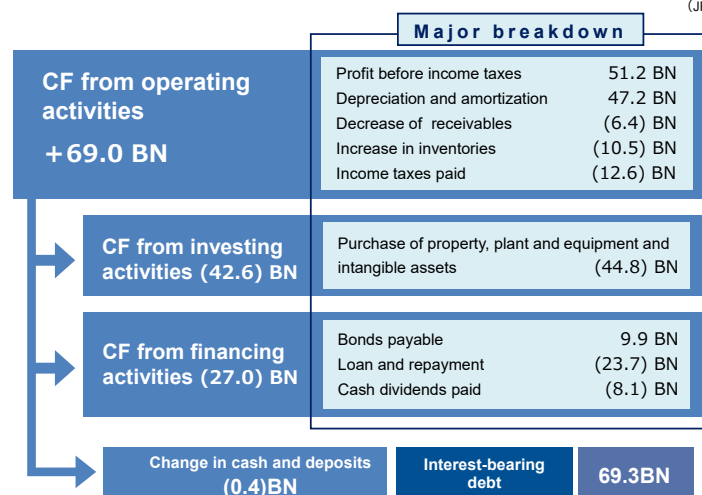
Segment Operating Profit

(JPY BN, %)

[Operating Profit]	FYE3/2018	YoY% change	FYE3/2019	YoY% change	FYE3/2020	YoY% change
Dairy products	12.1	3.6	11.7	(3.1)	11.5	(1.7)
Beverages and Desserts	4.7	3.0	3.1	(33.4)	5.2	65.0
Feedstuffs and Seed Products	1.3	7.6	1.1	(13.8)	1.0	(10.9)
Other	1.1	3.4	1.0	(7.1)	0.1	(83.9)
Total	19.3	3.3	17.2	(11.0)	17.9	4.5

Consolidated Statements of Cash flows FYE3/2018 to FYE3/2020

(JPY)



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Group Medium-term Management Plan 2022 Quantitative Goals



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Group Medium-term Management Plan 2022 Quantitative Goals

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Consolidated Statements of income

(JPY BN, %)

	FYE3/2020 Result	FYE3/2023 Forecast	Change (vs. FYE3/2020)	Growth Rate (vs. FYE3/2020)
Net Sales	613.4	640.0	26.5	104.3
Operating Profit	17.9	22.0	4.0	122.2



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Segment Sales / Operating Profit

(JPY BN)

	FYE3/2020 Result		FYE3/2023 Forecast		Growth Rate (vs. FYE3/2020)	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy products	249.0	11.5	275.0	14.0	110.4%	121.7%
Beverages and Desserts	283.9	5.2	280.0	6.0	98.6%	115.4%
Feedstuffs and Seed Products	43.7	1.0	44.0	1.0	100.7%	100.0%
Other	36.6	0.1	41.0	1.0	112.0%	586.7%
Total	613.4	17.9	640.0	22.0	104.3%	122.2%

Consolidated Target

(JPY)

	MTMP2019 FYE3/2020	MTMP2019 FYE3/2023	Long-term Vision 2026 FYE3/2027
	Results	Goal	
Net Sales	613.4 BN	640.0 BN	700.0-800.0 BN
Operating Profit	17.9 BN	22.0 BN	30.0-40.0 BN
Operating Profit to net sales	2.9%	3.4%	4.3-5.0%
EBITDA	34.1 BN	41.0 BN	—
		Levels (Outlook)	
Capital expenditure amount	approx. 64.0 BN (3-year total)	approx. 86.0 BN (3-year total)	approx. 280.0 BN (10-year total)
R O E	7.1%	8% or more	8% or more
Equity Ratio	47.3%	50% or more	50% or more
Dividend payout ratio	22.3%	20~30%	30% or more
Interest-bearing debt	69.3 BN	approx. 78.0 BN	—

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Topics & Data

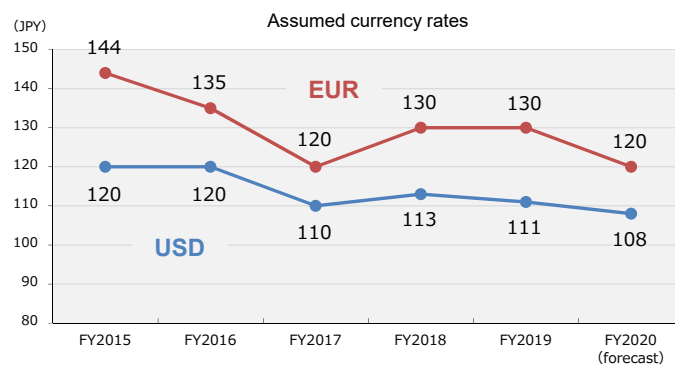


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Topics & Data

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Assumed currency rates



FYE3/2021 plan currency rate assumptions 1USD = 108JPY 1EUR = 120JPY

Currency sensitivity (based on operating profit) appreciation of 1yen = +160 million yen



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Market Analysis

