



**MEGMILK
SNOW BRAND**

Fiscal Year Ended March 31, 2018

Financial Report

March 10, 2018

FY3/2018

Consolidated Operating Results

(Billion yen)

	FY3/2017	FY3/2018	YoY change
Net Sales	587.9	596.1	+8.2
Operating Profit	18.7	19.3	+0.6
Non-operating profit and loss	+1.5	+1.6	+0.1
Ordinary Profit	20.2	20.9	+0.7
Extraordinary profit and loss	(2.4)	(1.9)	+0.4
Profit before income tax	17.8	19.0	+1.2
Profit ※	12.9	13.3	+0.3

※Profit attributable to owners of parent

Changes factors

【Non-operating profit and loss】

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

【Extraordinary profit and loss】

- Impairment loss : +0.5

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

Dividends

Dividend

40 yen

Payout ratio

20.3%

FY3/2018

Breakdown of Factors Affecting Changes in Consolidated Operating Profit

FY3/2017	FY3/2018	Change
18.7 billion yen	19.3 billion yen	+0.6 billion yen

Changes in major segments		
Dairy products	Beverages and desserts	Feedstuffs and seed products
+0.4 billion yen	+0.1 billion yen	+0.0 billion yen

(Billion yen)

Reasons for profit increase (total)	+4.3
Increased profit on increased sales volume	2.0
Cost reduction	1.0
Changes in sales unit price	0.8
Changes in product composition	0.5
Reasons for profit decrease (total)	(3.7)
Increased raw materials costs	(1.3)
Increased operating costs	(1.3)
Increase in advertisement and promotion expenses	(0.8)

+3.5	+0.2	+0.5
+1.8	(0.1)	+0.1
+1.0	+0.0	+0.0
+0.6	(0.1)	+0.4
+0.1	+0.4	+0.0
(3.1)	(0.1)	(0.5)
(1.2)	(0.1)	+0.0
(0.6)	(0.7)	+0.0
(1.7)	+0.9	+0.0

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

(billion yen)

	FY3/2017	FY3/2018	Change
Current assets	138.6	146.5	+7.8
Non-current assets	202.8	206.3	+3.5

**Total assets 352.9 billion yen
(year on year +11.3 billion yen)**

Change factors

【Current assets】

- Inventories : +5.4 billion yen
- Trade receivables : +4.2 billion yen

【Non-current assets】

- Investment securities : +3.3 billion yen

	FY3/2017	2FY3/2018	Change
流動負債	121.0	140.6	+19.6
固定負債	74.9	54.8	(20.0)
純資産	145.4	157.3	+11.8

【Current liabilities】

- Short-term loans payable : +12.4 billion yen
- Trade payables : +4.6 billion yen

【Non-current liabilities】

- Long-term loans payable : (20.2) billion yen

【Net assets】

- Shareholders' equity : +10.7 billion yen

Equity ratio

43.9%

		Major breakdown	FY3/2017
<p>CF from operating activities + 22.8 billion yen</p>		Profit before income taxes 19.0 billion yen Depreciation and amortization 15.1 billion yen Increase in inventories (5.4) billion yen	+ 29.9 billion yen
	→	<p>CF from investing activities (11.7) billion yen</p>	(14.4) billion yen
	→	<p>CF from financing activities (12.9) billion yen</p>	(14.3) billion yen
→		<p>Change in cash and deposits (1.8) billion yen</p>	
		<p>Interest-bearing debt</p>	75.0 billion yen

FY3/2019

Forecast Consolidated Statements of Income

Forecast

(billion yen)

	FY3/2018	FY3/2019	YoY change
Net Sales	596.1	605.0	+8.8
Operating Profit	19.3	19.0	(0.3)
Ordinary Profit	20.9	20.0	(0.9)
Profit ※	13.3	13.5	+0.1

※Profit attributable to owners of parent

Dividends

Dividend

40 yen

Payout ratio

20.1%

FY3/2019

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

FY3/2018	FY3/2019	Change
19.3 billion yen	19.0 billion yen	(0.3) billion yen

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

(Billion yen)

Reasons for profit increase (total)	+8.3
Changes in sales unit price	+3.6
Changes in product composition	+3.1
Increased profit on increased sales volume	+1.3
Cost reduction	+0.3
Reasons for profit decrease (total)	(8.6)
Increase in fixed costs (incl. depreciation and amortization costs)	(2.6)
Increased raw materials costs	(2.3)
Increase in advertisement and promotion expenses	(1.8)
Increased operating costs	(1.1)

4.5	3.7	(0.1)
+3.5	+0.0	+0.0
+0.7	+2.4	+0.0
+0.2	+1.1	(0.1)
+0.1	+0.2	+0.0
(4.7)	(3.6)	(0.2)
(0.8)	(1.6)	(0.1)
(1.8)	(0.5)	+0.0
(1.3)	(0.5)	+0.0
(0.4)	(0.7)	+0.0

FYE March 2019 plan currency rate assumptions 1 USD = 113 yen
 Currency sensitivity (based on operating income) appreciation of 1 yen = +150 million yen

Forecast of Consolidated Statements of Cash flows

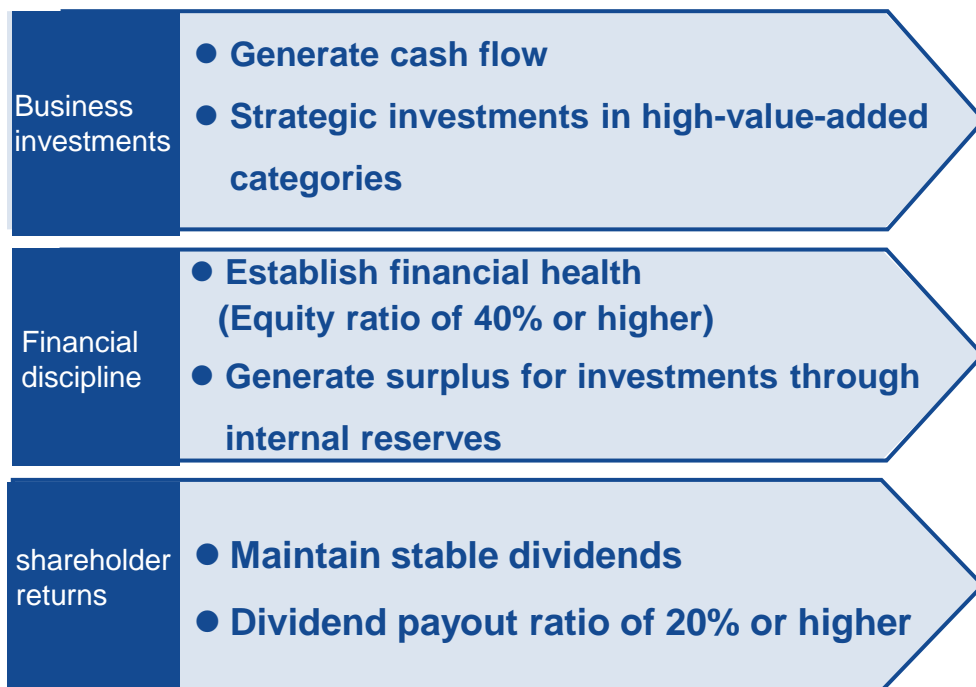
Basic Policy

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



CF from operating activities
+27.1 billion yen

CF from investing activities
(23.0) billion yen

CF from financing activities
(4.6) billion yen

Interest-bearing debt

73.0 billion yen

Consolidated Management Indicators

(billion yen, %)

	FY3/2017	FY3/2018	Change	Mid-term Management plan FY3/2019	Long-term vision FY3/2026
Net Sales	596.1	605.0	+8.8	630.0	700.0-800.0
Operating Profit	19.3	19.0	(0.3)	22.0	30.0-40.0
Operating Margin	3.2%	3.1%	(0.1)%	3.5%	4.3-5.0%
EBITDA	34.5	34.9	+0.3	40.0	—
				Level (goal)	
R O E	9.0%	—	—	8% or higher	8% or higher
Equity Ratio	43.9%	—	—	40% or higher	50% or higher
Payout Raio	20.3%	20.1%	(0.2)%	20% or higher	30% or higher

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