

# Financial Results Report

for the First Quarter of the Fiscal Year Ending March 31, 2017

August 5, 2016

## MORINAGA MILK INDUSTRY CO., LTD.

(Unit: billion yen)

| First Quarter                              | FYE March<br>2016 | FYE March<br>2017 | Year-on-<br>Year change | Year on Year |
|--|-------------------|-------------------|-------------------------|--------------|
| Net Sales                                  | 156.8             | 153.5             | - 3.3                   | - 2.1%       |
| Operating Income                           | 4.4               | 7.3               | + 2.8                   | + 64.1%      |
| Ordinary Income                            | 4.9               | 7.6               | + 2.8                   | + 56.7%      |
| Profit<br>Attributable to owners of parent | 3.0               | 4.4               | + 1.4                   | + 48.1%      |
| R O S<br>(Operating Income / Net Sales)    | 2.8%              | 4.8%              |                         |              |

(The first part) Net Sales & Operating Income by Business Fields  
 (The second part) Net Sales by Product Fields in B-to-C Business (Non-consolidated)



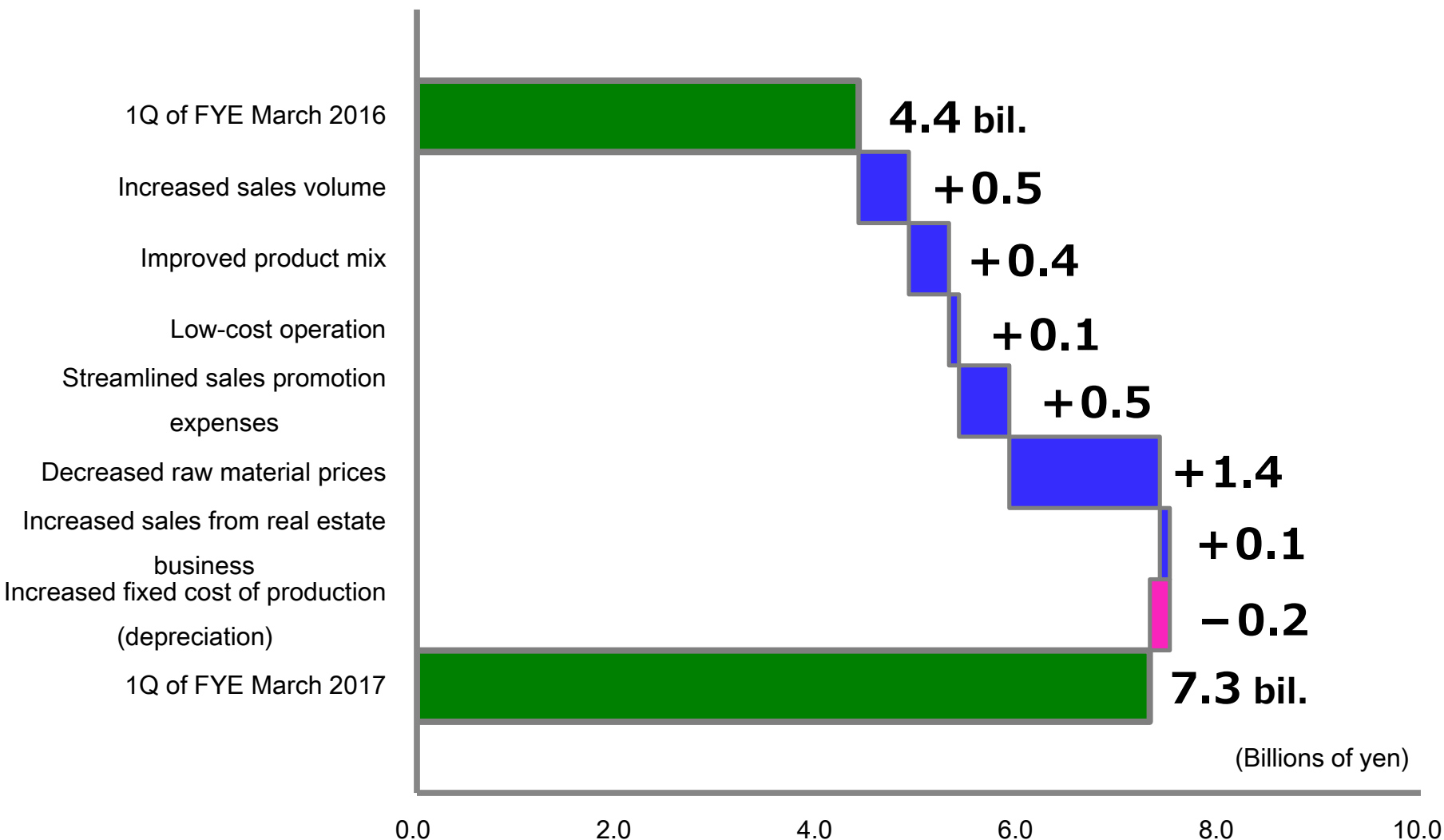
(Unit: billion yen)

| FYE March<br>2017                    | Net Sales     |              |                  |              | Operating Income |                     |                  |                     |
|--------------------------------------|---------------|--------------|------------------|--------------|------------------|---------------------|------------------|---------------------|
|                                      | First Quarter |              | Full Year Target |              | First Quarter    |                     | Full Year Target |                     |
|                                      | Net Sales     | Year on Year | Net Sales        | Year on Year | Operating Income | Year-on-Year Change | Operating Income | Year-on-Year Change |
| B-to-B Business                      | 22.8          | -2%          | 91.8             | +1%          | 1.3              | +0.2                | 5.1              | +0.2                |
| International Business               | 5.6           | -10%         | 22.2             | +2%          | 0.2              | -0.2                | 0.3              | +0.3                |
| Health and Nutritional Food Business | 11.5          | +8%          | 44.9             | +2%          | 0.8              | +0.4                | 2.1              | +0.2                |
| B-to-C Business                      | 88.1          | -6%          | 336.7            | -4%          | 4.4              | +2.2                | 6.9              | +1.0                |
| Other / Deleted                      | 25.5          | +10%         | 94.4             | ±0%          | 0.6              | +0.2                | 2.0              | +0.4                |
| Total                                | 153.5         | -2%          | 590.0            | -2%          | 7.3              | +2.8                | 16.4             | +2.1                |

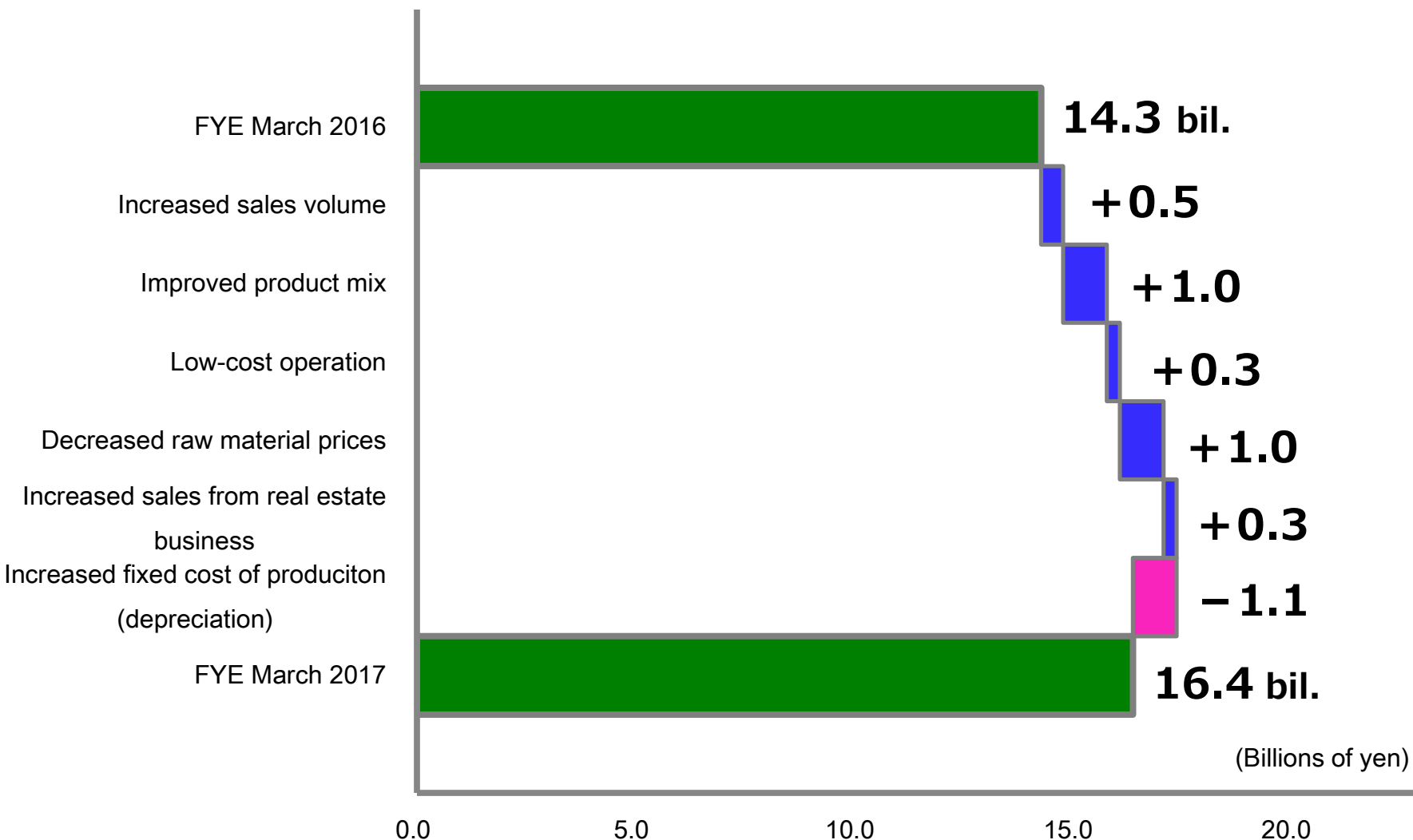
| FYE March<br>2017                 | First Quarter |              |                          | Full Year Target |              |                          |
|-----------------------------------|---------------|--------------|--------------------------|------------------|--------------|--------------------------|
|                                   | Net Sales     | Year on Year | *Adjusted for Change (%) | Net Sales        | Year on Year | *Adjusted for Change (%) |
| Chilled cup-type drinks           | 11.8          | ±0%          | +2%                      | 45.0             | +2%          | +5%                      |
| Chilled tea                       | 3.9           | -11%         | -9%                      | 16.8             | ±0%          | +1%                      |
| Ice cream                         | 13.3          | +3%          | +6%                      | 45.5             | -1%          | +2%                      |
| Yogurt                            | 14.0          | +4%          | +5%                      | 51.1             | +2%          | +3%                      |
| Cheese                            | 8.1           | +4%          | +7%                      | 32.2             | +2%          | +4%                      |
| Milk                              | 15.3          | -4%          | -2%                      | 58.5             | -6%          | -5%                      |
| Chilled desserts                  | 3.8           | -20%         | -19%                     | 15.8             | -10%         | -9%                      |
| Commercial Milk ( delivery, etc.) | 5.7           | -2%          | +1%                      | 22.2             | -2%          | +1%                      |

\*Adjusted for Change (%) is the % change after adjusting for the effect of transferring sales to subsidiaries in Kyushu

# Factors of Changes in Consolidated Operating Income (First Quarter Comparison)



# Outlook of Increases and Decreases in Consolidated Operating Income (FYE March 2017)





**MORINAGA MILK INDUSTRY CO., LTD.**

## **Cautionary Note Regarding Business Forecasts**

Figures for plans, policies and other figures included in this report other than actual past results are forecasts of future business performance, and are calculated based on management's estimates and understanding of the information available to the Company at the time this presentation was prepared.

Accordingly, these forward-looking figures contain elements of risk and uncertainty, and actual results may differ from these forecasts for a variety of reasons. These elements of potential risk and uncertainty include economic conditions in the Company's major markets, trends in demand for the Company's products, exchange rate movements, and regulatory changes and changes in accounting standards and business practices in Japan and other countries.

Monetary amounts in this presentation are shown in billions of yen, with amounts of less than 0.1 billion yen rounded to the nearest 0.1 billion yen, and as a result, total figures may differ from the sum of the corresponding breakdown figures.