



Briefing Session on Business Results
for the First Half of Fiscal Year
Ending March 31, 2015 (FY2015)

November 17, 2014



First Half of FY2015
Performance Overview and Outlook

November 17, 2014

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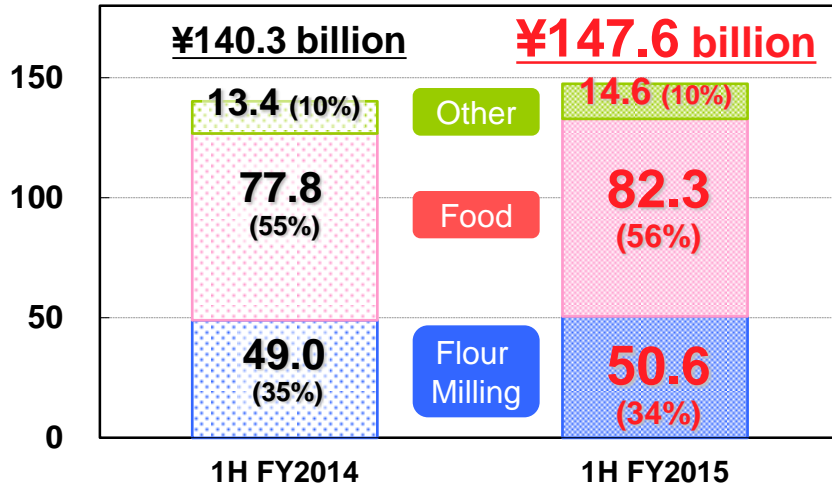
5 Promotion of CSR Management

First Half of FY2015 Performance Overview

Consolidated Business Results for 1H FY2015

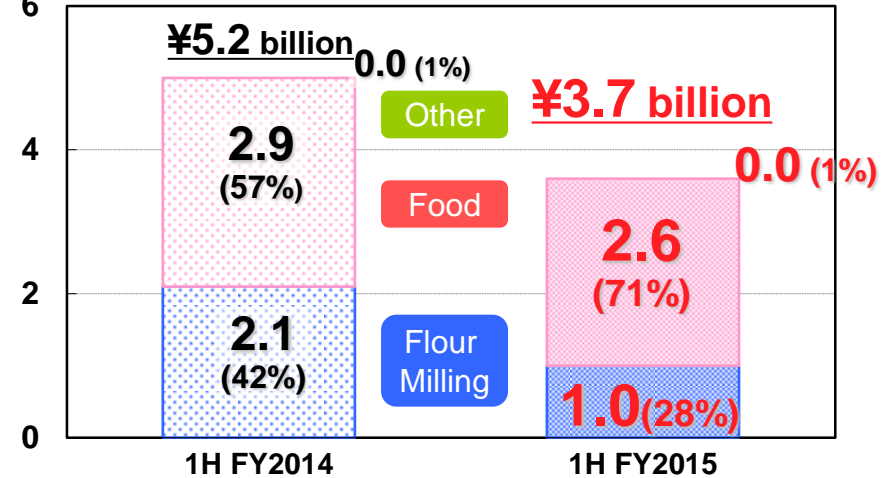
Net Sales

(Billions of yen)



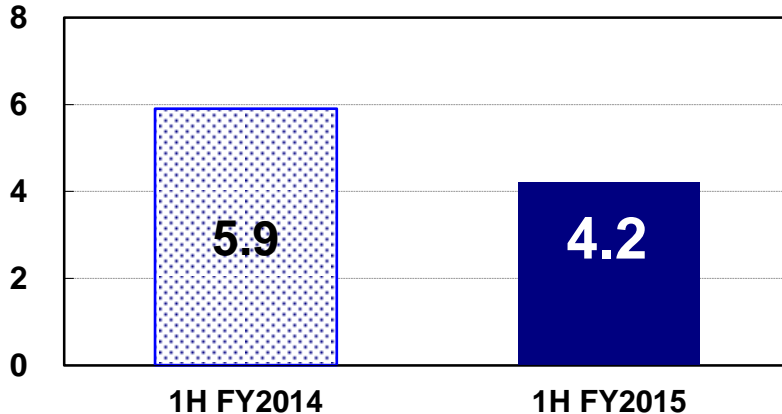
Operating Income

(Billions of yen)



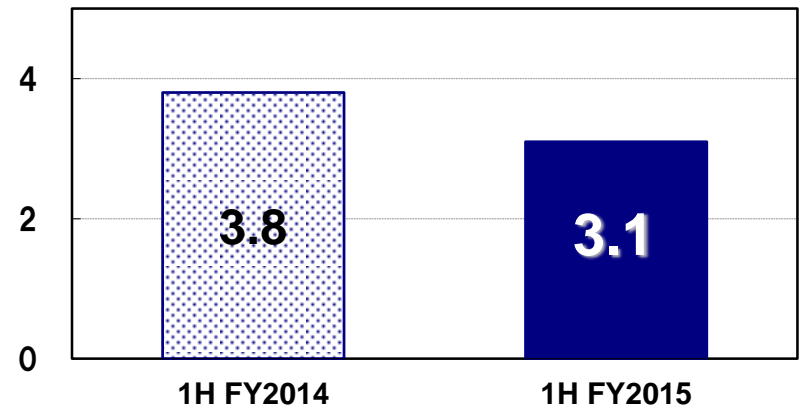
Ordinary Income

(Billions of yen)



Net Income

(Billions of yen)



(Less than hundred million Japanese yen cutting off)

FY2015 Policy on Group Management

FY2015 Policy on Group Management

- Promote low-cost operations throughout business fields
- Re-establish the business structure and business portfolio
- Step up management for total optimization of the Group's operations
- Promote CSR management

Quantitative Targets for FY2015

(Millions of yen)

	FY2014	FY2015	Change	Change (%)
Net Sales	287,109	305,000	17,891	6.2%
Operating Income	10,808	8,500	(2,308)	(21.4)%
Ordinary Income	12,248	9,500	(2,748)	(22.4)%
Net Income	7,810	6,300	(1,510)	(19.3)%

Change in Group's Business Environment

Recognition of Operating Environment (1) Japanese economy

Characteristics of the Japanese economy

- Poor in natural resources
- Technology-oriented
- With good human resources
- Decreasing population



Characteristics of economic environment in the 21st century

- Change (structural)
- Innovation (technological, management)
- Globalization (market)
- Information society (Internet, real time)
- Personalization (diversification of needs)

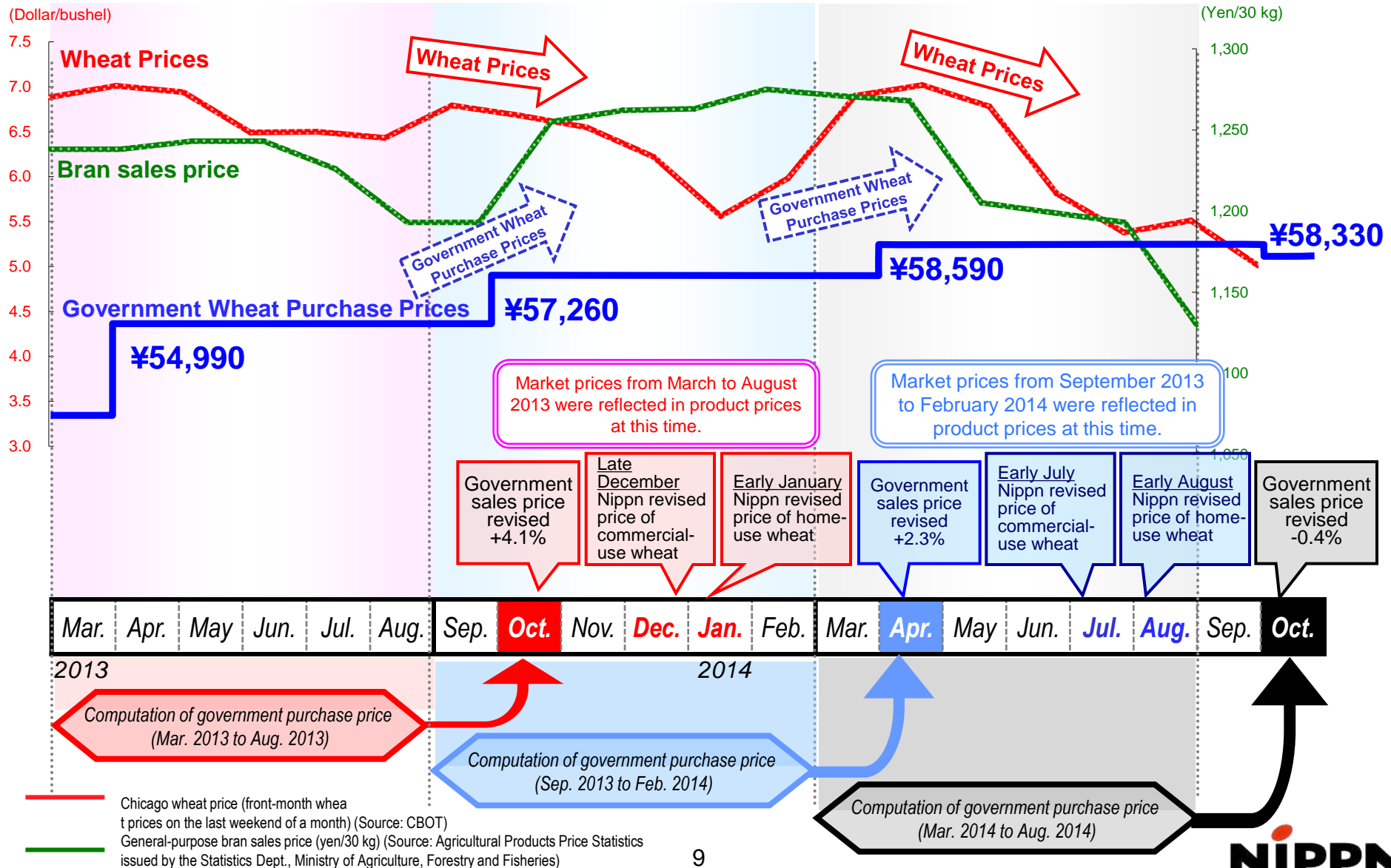


Dynamic change in the business environment

- Consumption structure Diversification of customer needs, higher quality and safety requirements, declining total demand, deflation, budget-minded, growth of new markets (healthcare, nursing)
- Economic structure More M&A/consolidation, wheat system reform, sharp rise in raw material costs, rising prices of daily necessities, shift of the center of gravity of the world economy from developed to emerging-market countries, change in the financing environment, intensifying sales competition, rising labor costs overseas, TPP, JAEPA, tax reform (consumption tax, corporation tax)
- Retail structure Trend toward mega-retailers and concentration on leading retailers, advent of new retail formats



Recognition of Operating Environment (2) Change in wheat-related prices

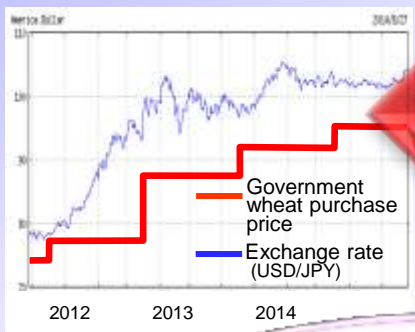


Recognition of Operating Environment (3) Significant change in the food market

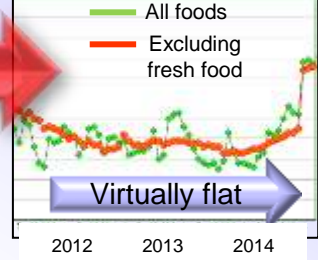
Change in society

Increasing costs (inflation)

- Increase in raw materials cost (yen depreciation)
- Increase in labor cost
- Increase in electricity cost, etc.



Consumer price index



Change in the food market

- Continuing deflation (preference for low prices)
- Market shrinkage reflecting low birthrate

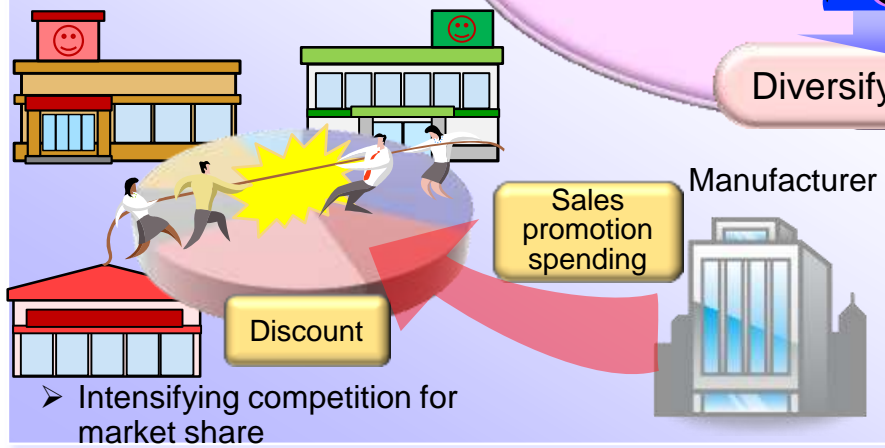


Change in consumers

- Aging
- Greater participation of women in society
- Rise in the number of single-person households

Diversifying needs

Change in competition



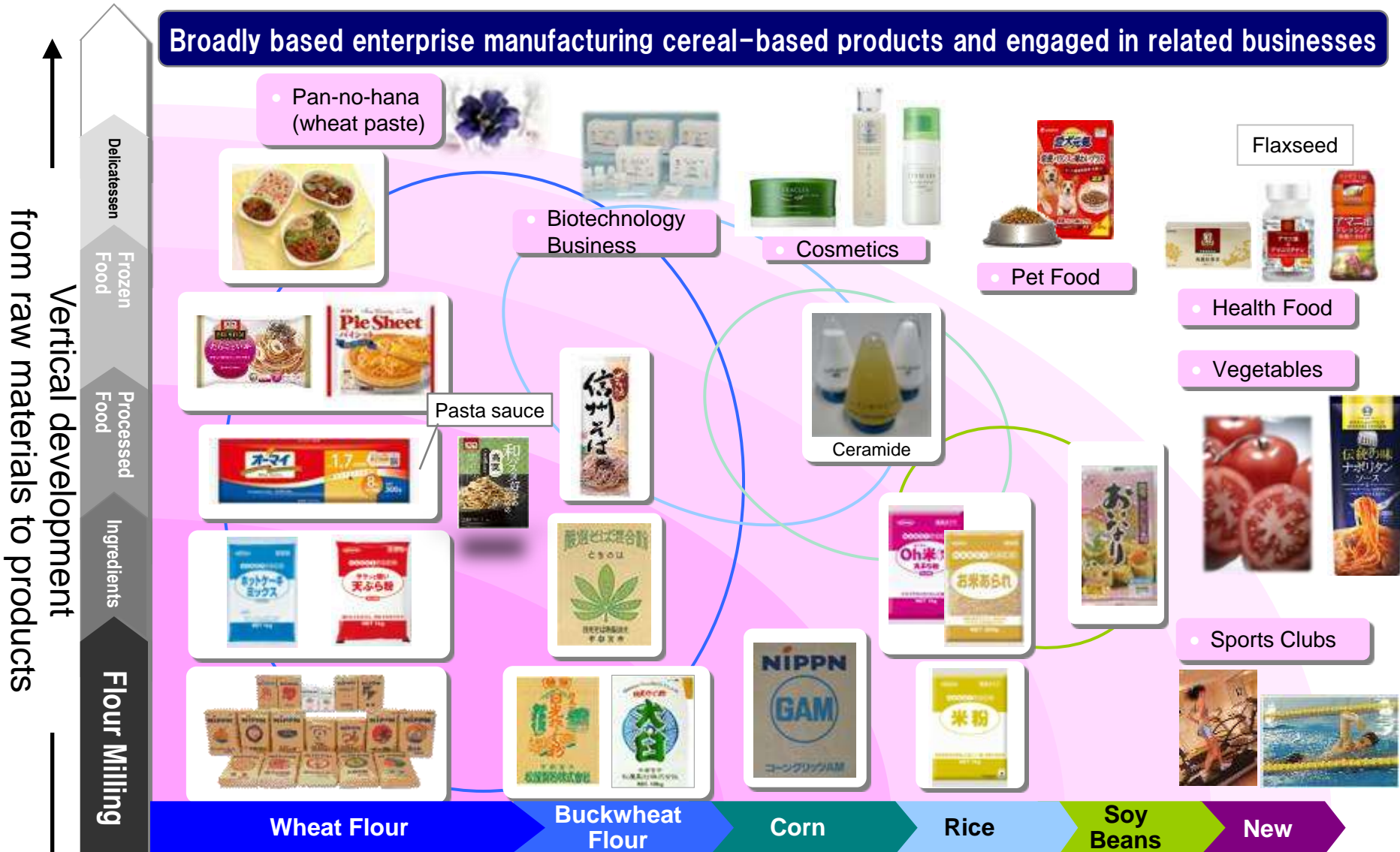
Change in products



Nippon Flour Mills Group's Strengths

Nippon Flour Mills Group's Strengths (1)

Broadly based enterprise manufacturing cereal-based products and engaged in related businesses



Horizontal development of technologies to utilize ingredients

Nippon Flour Mills Group's Strengths (2)

Quality (technological capabilities)



Offering top-quality products in Japan and overseas

Cost competitiveness



Kobe-Konan Mill renowned for high productivity

Vibrant human resources



Workplace improvement/training

Relationships with major customers



Brand and product development capabilities



Extensive product lineup

Customer satisfaction (CS)

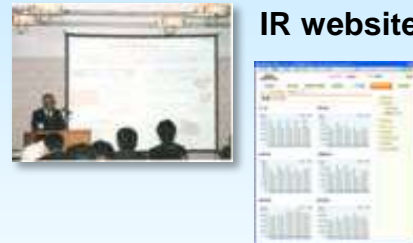
Customer Center Engineering Center



After-sales service and follow-up to enhance CS

High degree of transparency

IR briefing IR website



Vigorous disclosure

Product proposal capabilities



Proposals of products meeting distinctive customer needs

Proximity to customers

Strategy for Sustainable Growth

Response to Changing Business Environment

1. Promote low-cost operations

2. Respond to the market

3. Step up management for total optimization of the Group's operations

4. Foster new businesses

5. Overseas business

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Promote Low-cost Operations

■ Upgrade and expand own raw material wheat silos

[Outline]

- Four mills: Chiba, Fukuoka, Kobe-Konan, and Chita (new)
- Current capacity of 200,000 tons to 300,000 tons, an increase of 50%
- Approximate investment of ¥10 billion

[Objectives]

- Respond to Japan's strategic wheat reserve scheme
- Reduce costs of using third-party silos, promote rationalization

[Progress]

- March 2014: Completion of Chiba Mill (25,000 tons)
- December 2014: Construction of Fukuoka Mill to start (20,000 tons)



Response to Changing Business Environment

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Respond to the Market (1) Market-oriented proposal-driven sales

■ Achieve customer satisfaction by proposal-driven sales → Appropriate sales prices



Grasping of market needs

Wheat flour for professional use



National sales strategy

Regional sales strategy

Sales strategy for emerging markets

Customers operating nationwide

Bakery

Noodles

Confectionery

Convenience stores
Mass merchandisers

Restaurants etc.

Proposals of new products, proposals for price and quality improvement, proposals for facilities, introduction of agents/distributors & suppliers, provision of various types of information, etc.

Regional customers

Major regional customers

Wholesalers etc.

Proposals of new products, proposals for price and quality improvement, advice on management, provision of various types of information, etc.

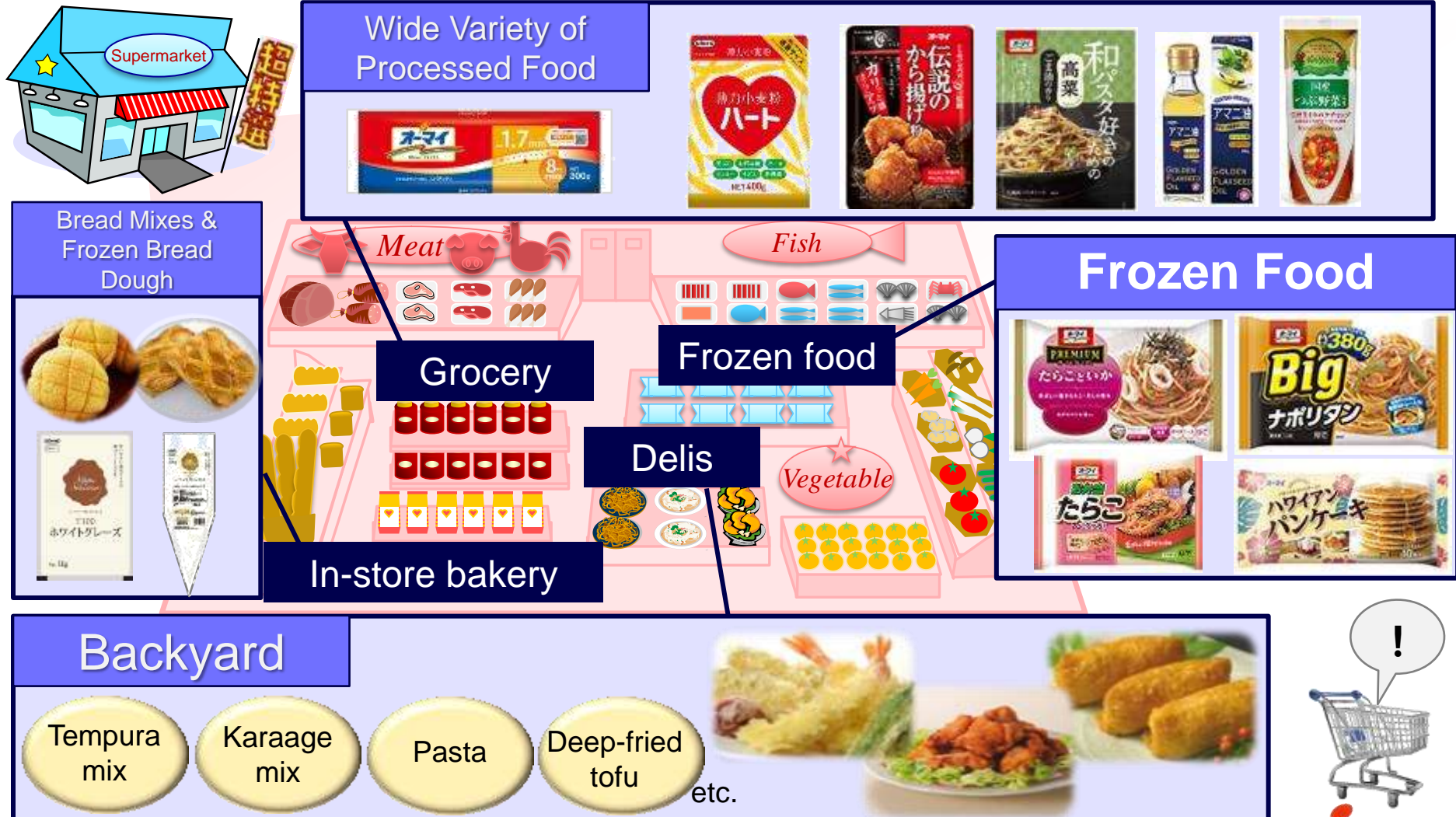
New customers

Narrowing of target markets

Proposals of new products, introduction of agents/distributors, advice on management, provision of various types of information, etc.

Respond to the Market (2) Company-wide marketing to mass merchandisers

- Provide wide-ranging products for a range of store operations to ensure profit



Response to Changing Business Environment

1. Promote low-cost operations

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Step up Management for Total Optimization of the Group's Operations (1)

- Tofuku Flour Mills Co., Ltd. becomes a consolidated subsidiary

[Profile]



- Established: October 1932
- Paid-in capital: 500 million yen
- President: Eiichi Nogami
- Listed: Second Section of Tokyo Stock Exchange and Fukuoka Stock Exchange
- Sales: 3.3 billion yen (Year to September 2013)



Head Office Plant of Tofuku Flour Mills (Chuo-ku, Fukuoka City)

[Outline]

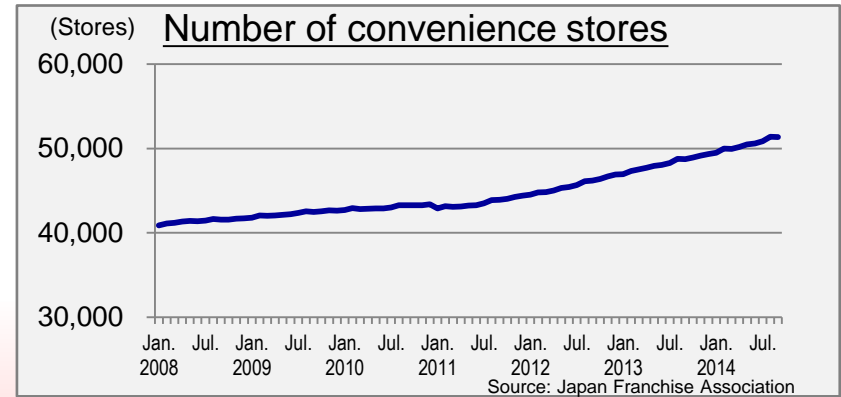
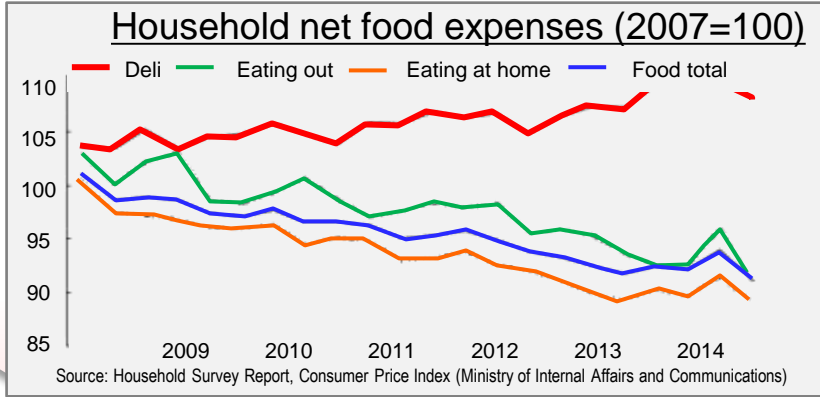
- TOB in July 2014
- Nippon's ownership increased to 51%. Tofuku Flour Mills, previously an equity-method company, has become a consolidated subsidiary

[Main objectives]

- Strengthen competitiveness
- Integrate resources
- Promote collaboration among manufacturing, sales, and logistics
- Strengthen presence in Kyushu

Step up Management for Total Optimization of the Group's Operations (2)

Business environment of the deli market: Booming CVSs and backyard operations



Nippon Flour Mills established Deli Foods Business Dept.

Strengthen sales of various ingredients for the deli market where demand is growing

Fast Foods Holdings Co., Ltd. established

Enhance competitiveness throughout operations by reinforcement and development



Offer the Group's complete product portfolio (ingredients) to the deli market



Wheat flour



Pasta



Premix



Deep-fried tofu



Tomato sauce

Corn flour
Buckwheat flour
Rice flour, etc.

Response to Changing Business Environment

1. Promote low-cost operations

2. Respond to the market

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5. Overseas business

Foster New Businesses

■ Develop technology for continuous production of high-purity ceramides

Patent pending

- Joint development with National Agriculture and Food Research Organization (NARO) and Organo Corporation
- Developed the world's first technology for continuous industrial production of high-purity ceramides (95% purity or higher) from rice bran

Anticipated benefits of ceramides

- Skin moisturizing by ingestion
- Easing of atopic dermatitis
- Immunostimulation
- Whitening effect etc.

Plans and expectations

- Development of highly effective ceramide products
- Expectations of cosmetic and pharmaceutical applications

Scale of plant-based ceramides market



Market as functional ingredients for various foods



Response to Changing Business Environment

1. Promote low-cost operations

2. Respond to the market

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Overseas Business

■ Established PT. NIPPON FOODS INDONESIA in Indonesia

PT. NIPPON FOODS INDONESIA

Name: PT. NIPPON FOODS INDONESIA
Paid-in capital: USD 500,000
Established: April 2014
Business: Import and sales of
 premixes manufactured
 in Thailand



Sites in Thailand

NIPPON (Thailand) Co., Ltd.

- Manufacture and sale of premix products
- Acquired HACCP, HALAL, and other certifications
- Expansion of sales channels in Thailand and adjacent countries

Nippon Flour Mills (Thailand) Ltd.

- Sales of business-use ingredients and processed foods

Keywords for cultivating the Indonesian market

- Japan: Pro-Japanese, high popularity of Japanese brands
- Affordability: Expanding middle class in line with rising incomes
- Healthy: Increasingly health conscious

Indonesia

Population: 250 million
(4th largest in the world)
Working-age population: 67%
Rising population and
economic growth
Religion: Muslim 88%, country with
the world's largest Muslim
population

New business development

- Sales of professional-use ingredients and processed foods to the expanding restaurant industry
- Sales of products responding to local needs



Summary of the Growth Strategy

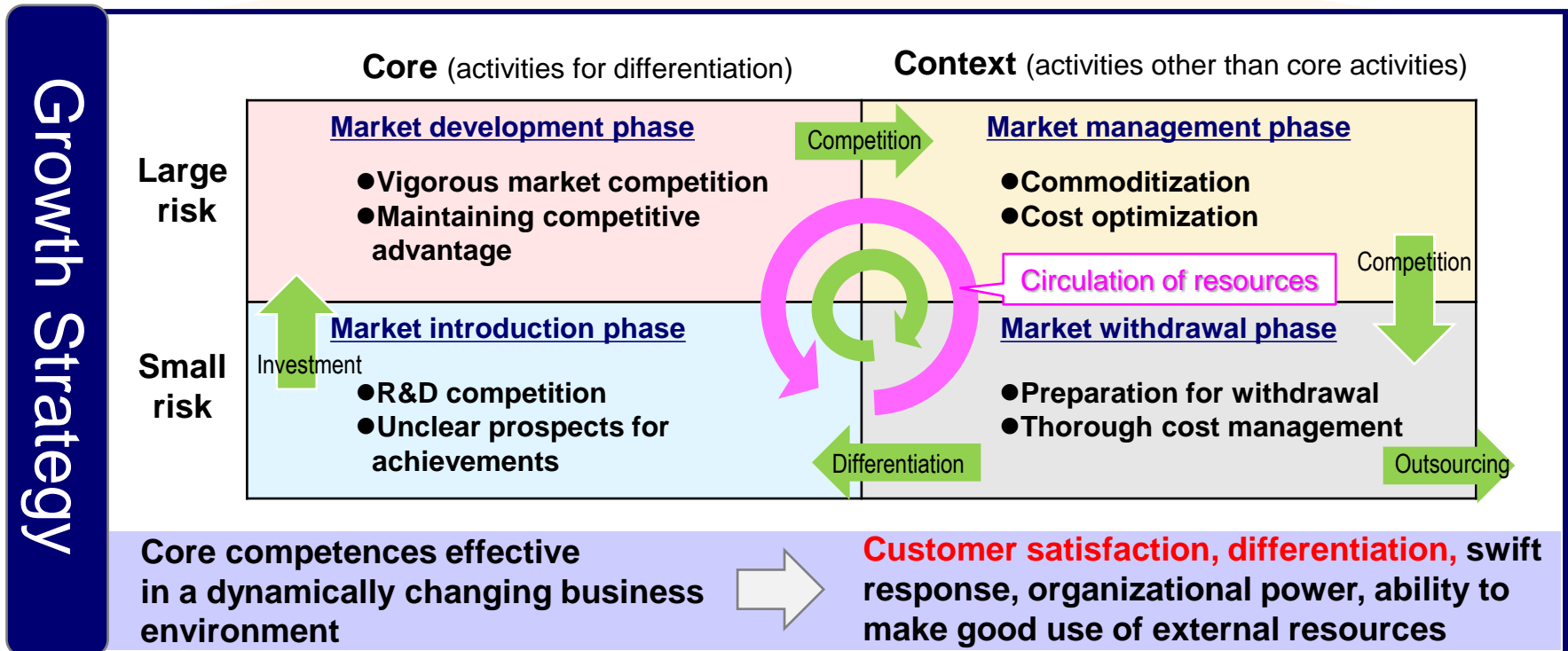
FY2015 objectives and strategy

- Group with net sales of ¥305 billion and operating income of ¥8.5 billion
- Respond swiftly and appropriately to the rapidly changing business environment
- Reduce costs, promote total optimization of management, foster new businesses and overseas business

Expansion, growth, and evolution of the businesses

Enhancement of corporate value

Cash flow maximization

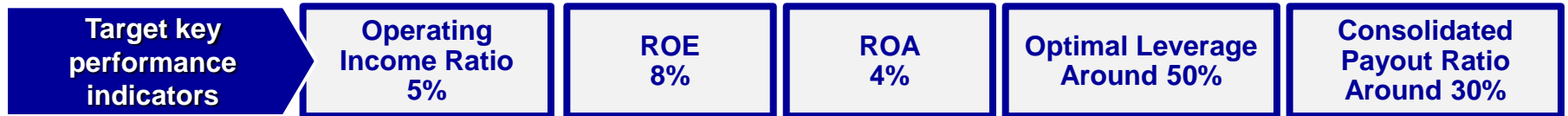
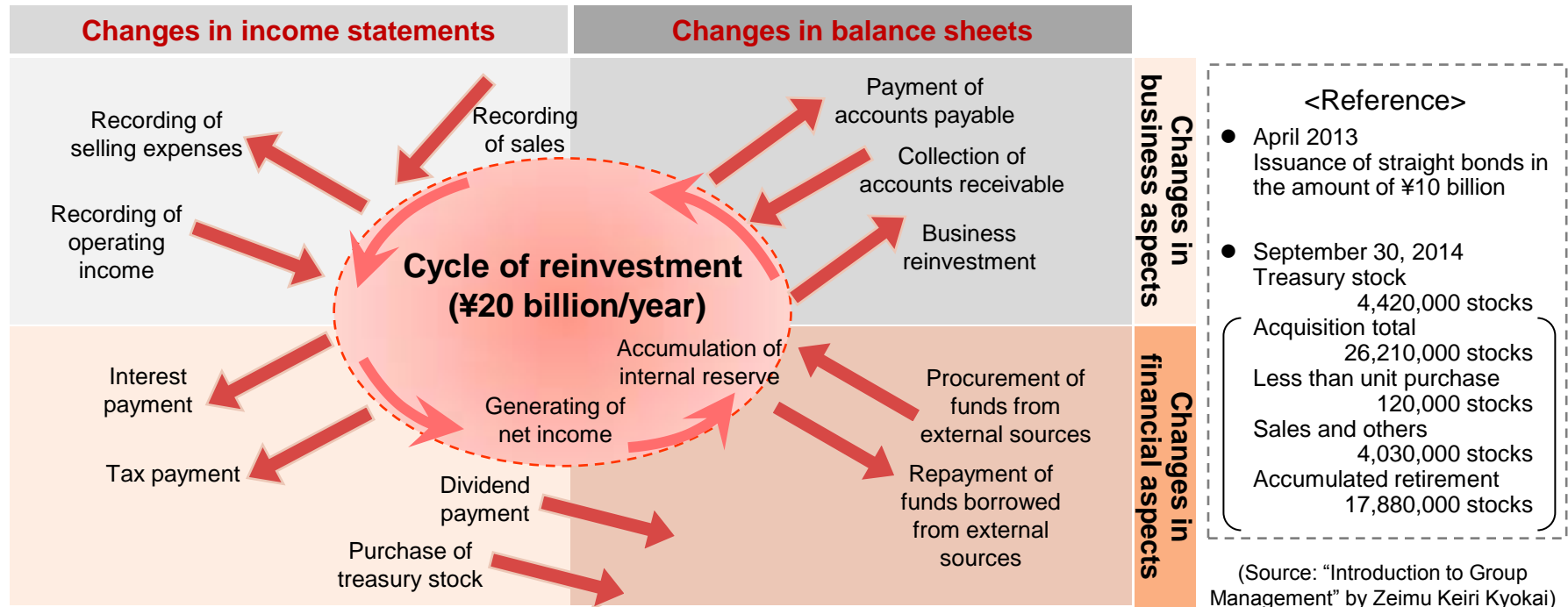


Promotion of CSR Management

Steps to Strengthen the Group's Financial Position

Basic policies

- Optimally allocate stable CF from operations through sustainable growth by strategic investment
- Realize the optimum capital structure by enhancing asset efficiency to maintain/improve the rating
- Establish the financial condition capable of continually returning profit to shareholders (including acquisition of treasury stock)



Returning Profits to Shareholders

- NIPPN maintains a prudent approach toward its internal reserves taking into consideration the need to strengthen its corporate structure, prepare for future business development, and respond to changes in its operating environment.
- Every effort is made to ensure the stable and continuous payment of dividends.
- The payment of dividends is based on a thoroughgoing assessment of NIPPN consolidated performance and financial position.

Shareholder benefit (for domestic shareholders)

We have a shareholder benefit program to facilitate shareholders' understanding of the business.



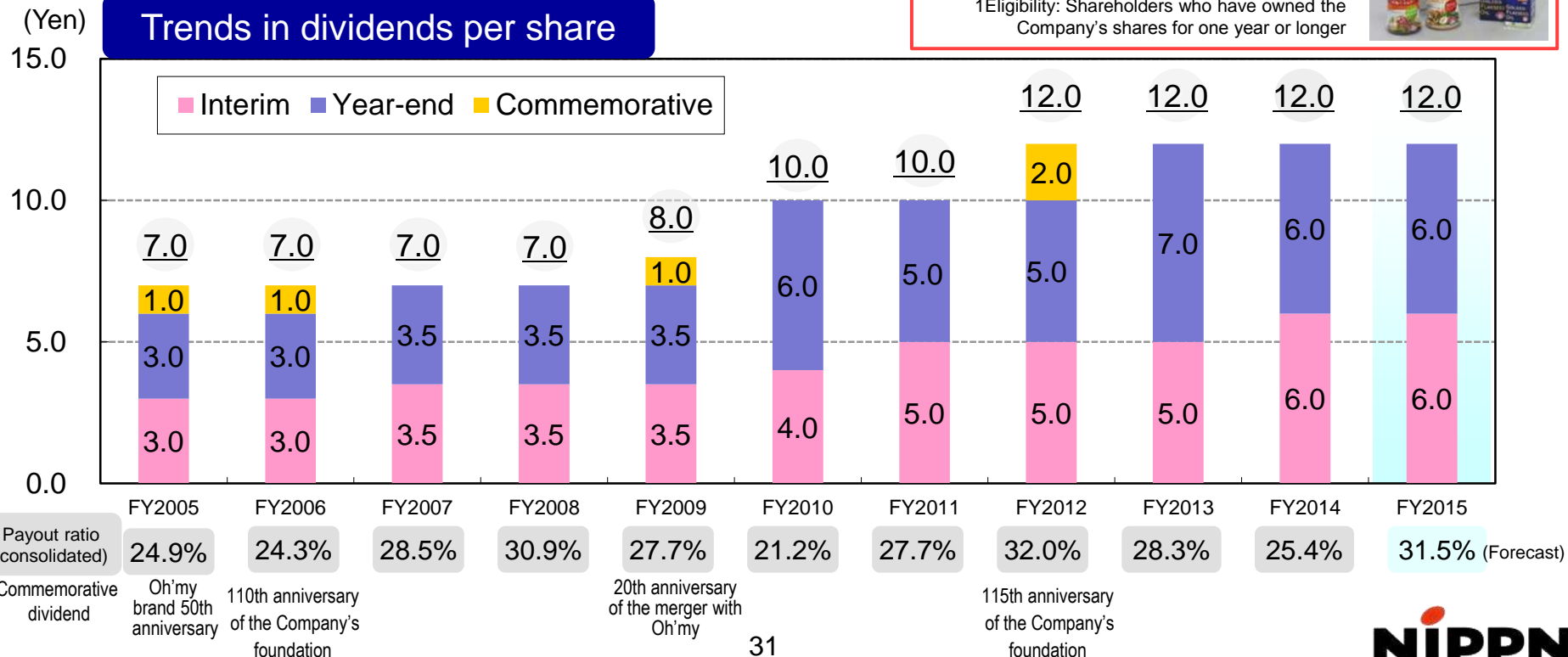
March

《Company's products worth 3,000 yen》

To be newly established for the first six-month period of fiscal 2015 and applied thereafter **September**

《Company's products worth 1,500 yen》

¹Eligibility: Shareholders who have owned the Company's shares for one year or longer





Overview of First Half of Fiscal Year ending March 31, 2015
(FY2015) Business Results and FY2014 Future Forecasts

November 17, 2014

Consolidated Statements of Income

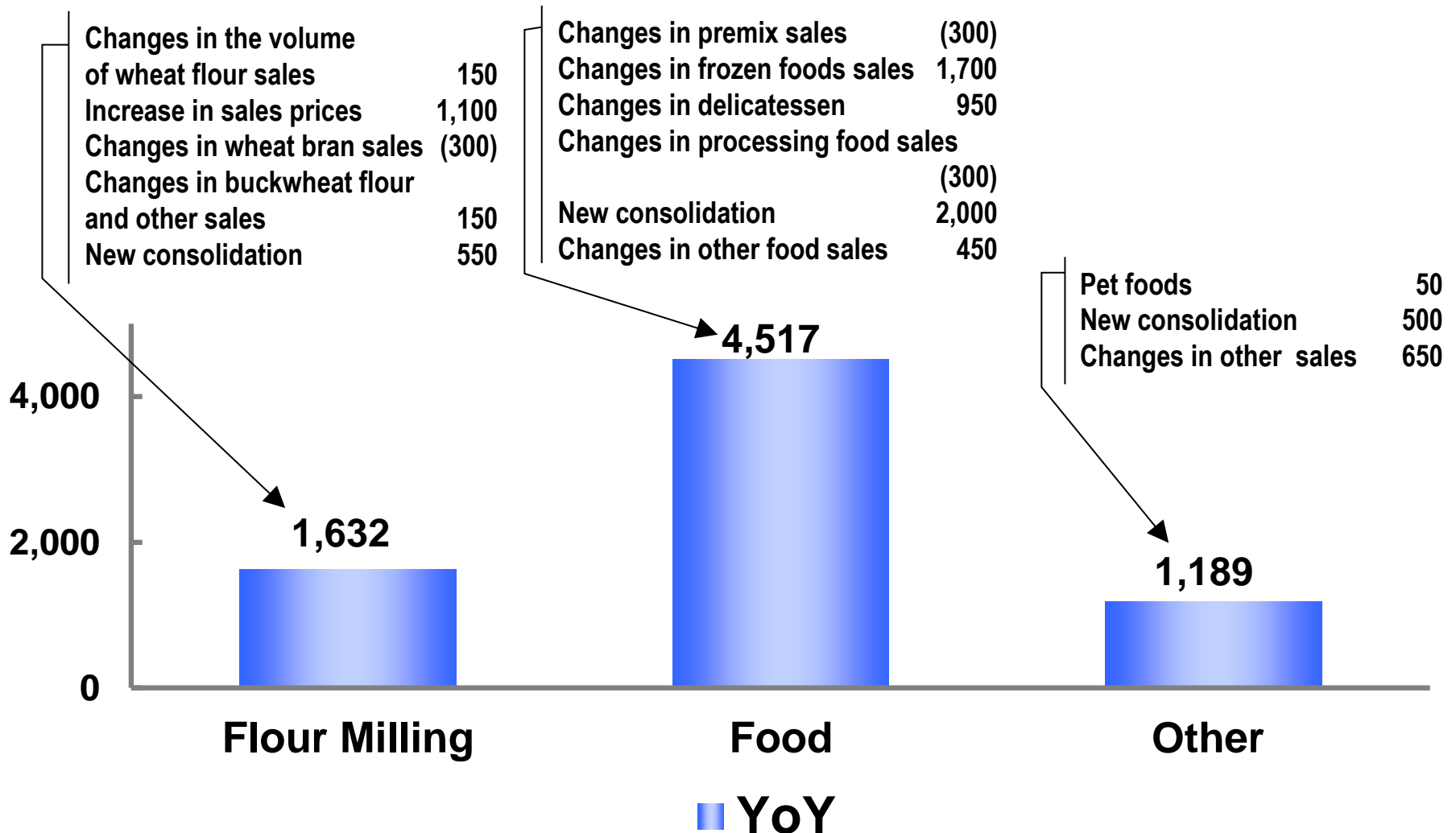
(Millions of yen)

		1H FY2014		1H FY2015		YoY	
		(2013.4~9)	Vs. net sales	(2014.4~9)	Vs. net sales	Change	Change
Net sales	Flour Milling	49,020	34.9%	50,652	34.3%	1,632	3.3%
	Food	77,853	55.5%	82,371	55.8%	4,517	5.8%
	Other	13,438	9.6%	14,627	9.9%	1,189	8.8%
	Total	140,312	100.0%	147,650	100.0%	7,338	5.2%
Operating income	Flour Milling	2,177	4.4%	1,036	2.0%	(1,140)	(52.4)%
	Food	2,996	3.8%	2,665	3.2%	(331)	(11.1)%
	Other	66	0.5%	50	0.3%	(16)	(24.3)%
	Total	5,241	3.7%	3,752	2.5%	(1,488)	(28.4)%
Ordinary income		5,992	4.3%	4,247	2.9%	(1,744)	(29.1)%
Net income		3,848	2.7%	3,135	2.1%	(713)	(18.5)%
ROE		3.4%		2.6%		(0.8)p	
EPS		¥23.27		¥18.97		¥(4.30)	

Analysis of Factors for Changes in Net Sales

◆ Factors for changes in net sales (overall increase of ¥7,338 million)

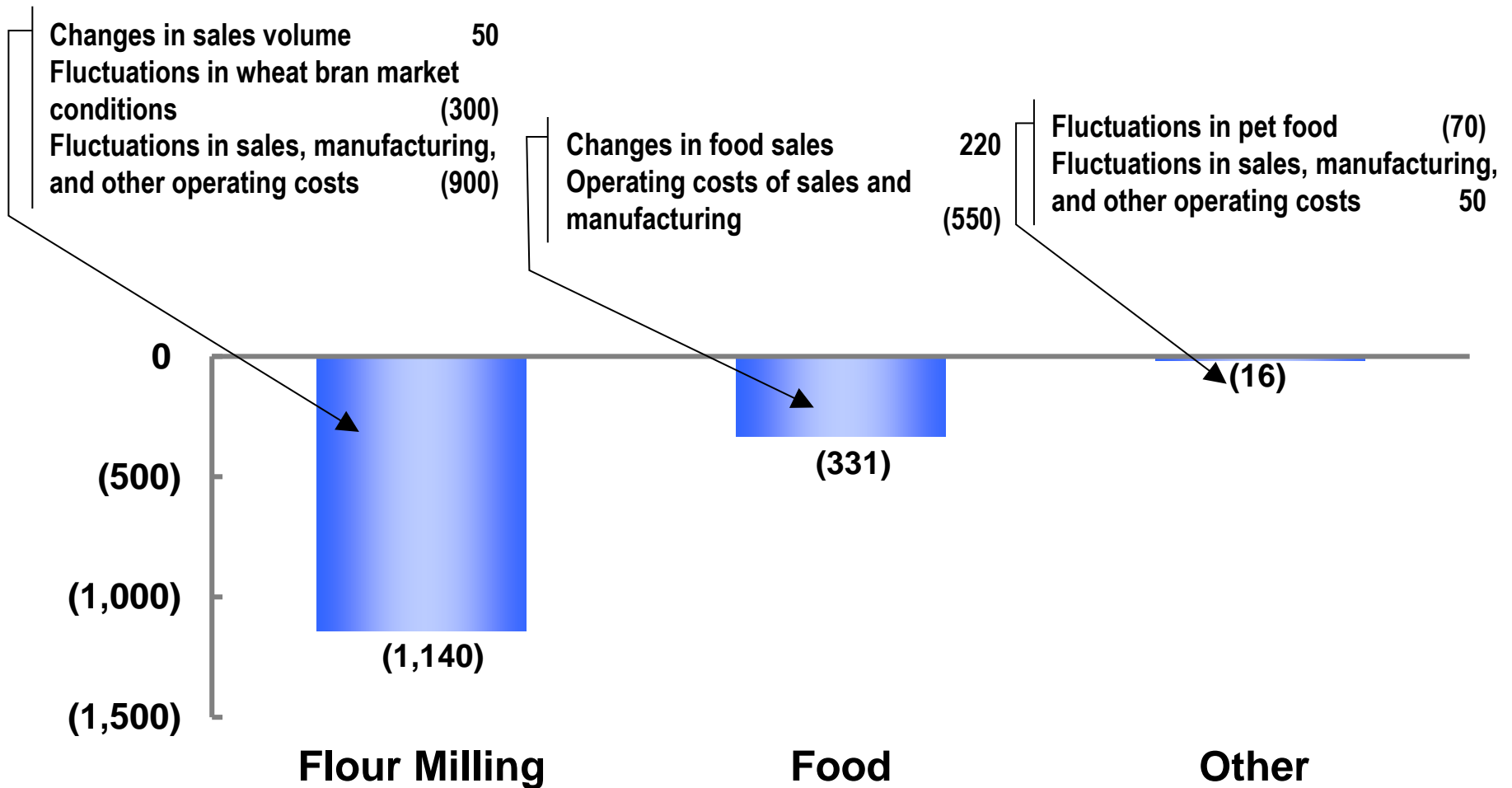
(Millions of yen)



Analysis of Factors for Changes in Operating Income

◆ Factors for changes in operating income (overall decrease of ¥1,488 million)

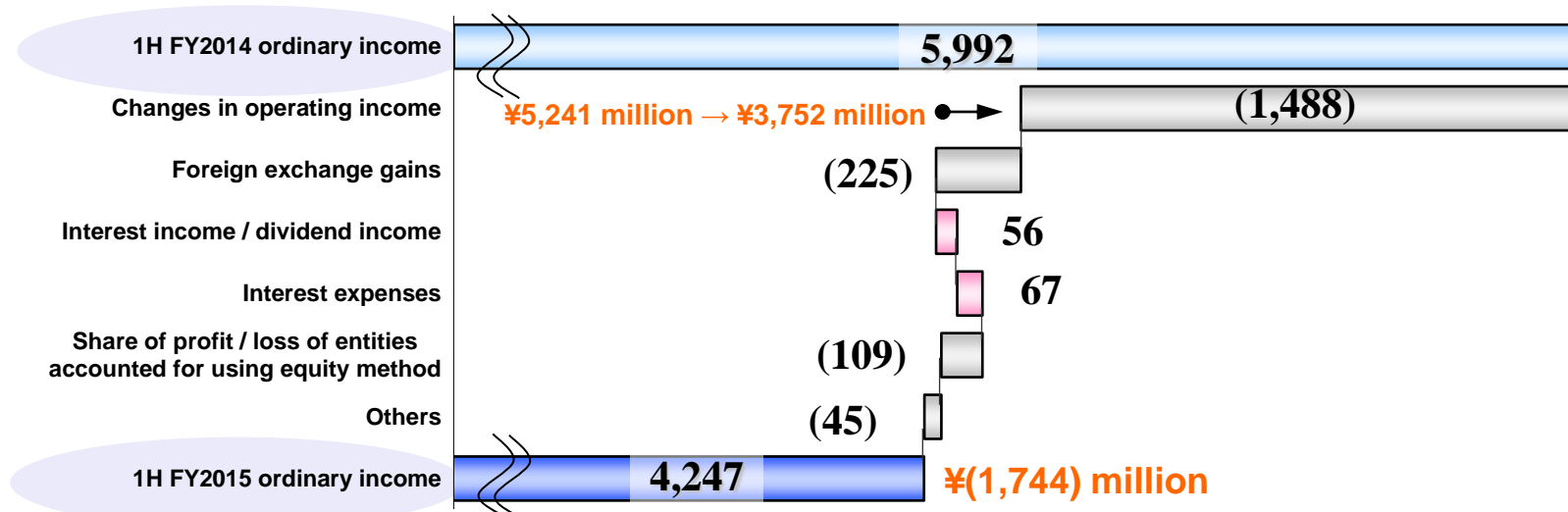
(Millions of yen)



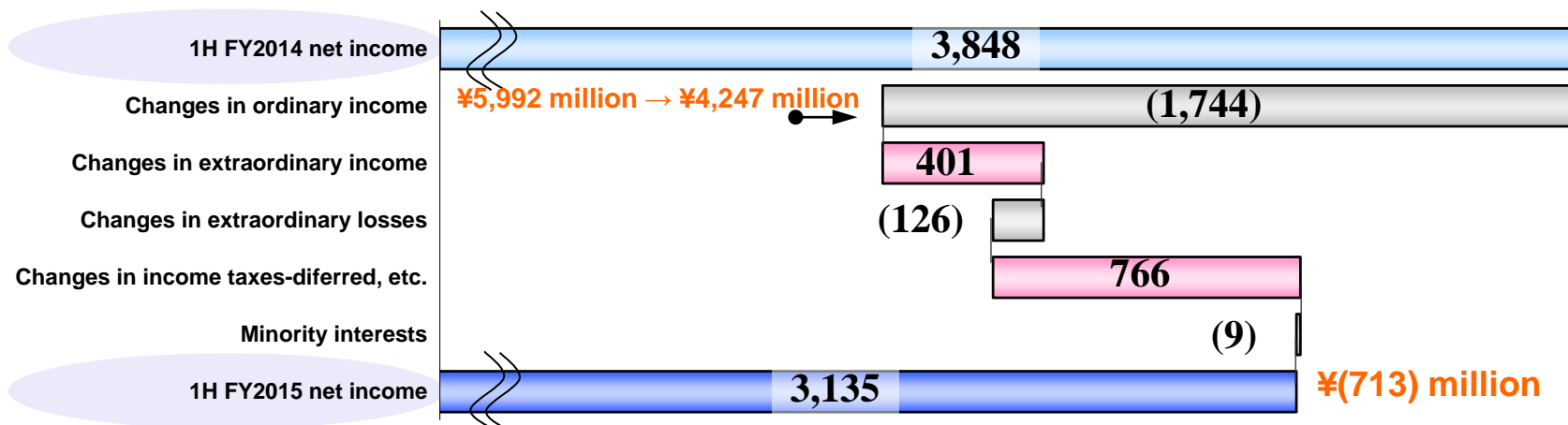
Analysis of Factors for Changes in Ordinary Income/ Net Income

◆Factors for changes in ordinary income

(Millions of yen)



◆Factors for changes in net income



Consolidated Balance Sheets (Assets)

(Millions of yen)

	FY2014		1H FY2015		Change		Factors for changes
	(As of Mar. 31, 2014)	Component ratio	(As of Sep. 30, 2014)	Component ratio			
Current assets	87,520	38.6%	94,382	39.4%	6,861	0.8p	Raw materials and supplies
Tangible assets	85,042	37.5%	86,474	36.0%	1,432	(1.5)p	
Intangible assets	1,543	0.7%	1,346	0.6%	(196)	(0.1)p	
Investments and other assets	52,698	23.2%	57,647	24.0%	4,948	0.8p	Valuation of investment securities
Fixed assets	139,283	61.4%	145,467	60.6%	6,184	(0.8)p	
Total assets	226,803	100.0%	239,849	100.0%	13,046	-	

Consolidated Balance Sheets (Liabilities and Net Assets)

(Millions of yen)

		FY2014		1H FY2015		Change		Factors for changes
		(As of Mar. 31, 2014)	Component ratio	(As of Sep. 30, 2014)	Component ratio			
Current liabilities		62,370	27.5%	68,858	28.7%	6,488	1.2p	
Long-term liabilities		42,796	18.9%	43,620	18.2%	823	(0.7)p	
Total liabilities		105,167	46.4%	112,478	46.9%	7,311	0.5p	
Shareholders' equity	Common stock	12,240	5.4%	12,240	5.1%	-	(0.3)p	
	Additional capital surplus	10,666	4.7%	10,666	4.4%	0	(0.3)p	
	Retained earnings	83,519	36.8%	85,536	35.7%	2,017	(1.1)p	
	Treasury stock, at cost	(1,607)	(0.7)%	(1,608)	(0.7)%	(0)	-	
Accumulated other comprehensive income		13,539	6.0%	15,781	6.6%	2,241	0.6p	Valuation difference on available-for-sale securities
Minority interests		-	-	15	0.0%	15	0.0p	
Total net assets		3,278	1.4%	4,738	2.0%	1,460	0.6p	
Total liabilities and net assets		121,636	53.6%	127,371	53.1%	5,734	(0.5)p	
Current liabilities		226,803	100.0%	239,849	100.0%	13,046	-	

Consolidated Statements of Cash Flows

(Millions of yen)

	1H FY2014	1H FY2015	Change
Cash flows from operating activities	8,544	3,390	(5,154)
Cash flows from investing activities	(2,440)	(3,487)	(1,046)
Cash flows from financing activities	8,572	2,929	(5,643)
Effect of exchange rate changes on cash and cash equivalents	201	(68)	(270)
Increase (decrease) in cash and cash equivalents	14,877	2,763	(12,114)
Cash and cash equivalents at beginning of the year	10,000	12,202	2,202
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(60)	-	60
Cash and cash equivalents at end of the year	24,816	14,966	(9,850)

- Major factors contributing to changes in cash flows from operating activities =Increases in accounts receivable-trade and inventories, etc.
- Major factors contributing to changes in cash flows from investing activities =Increase in payments of loans receivable
- Major factors contributing to changes in cash flows from financing activities = Increase due to issuance of bonds (1H FY2014)

FY2015 Forecasts

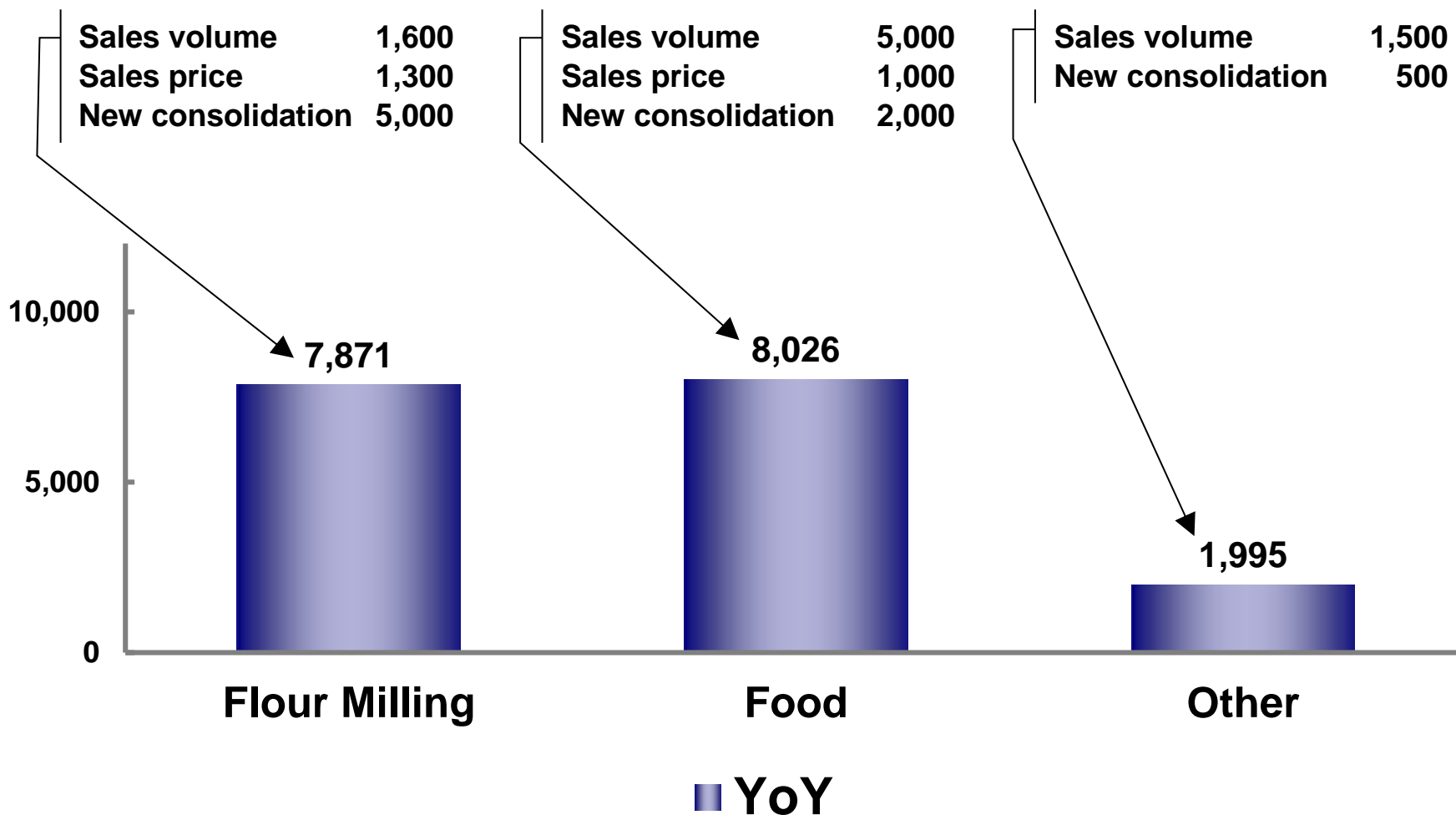
(Millions of yen)

		FY2014		FY2015 (Forecasts)		YoY	
		Result	Vs. net sales	Forecasts	Vs. net sales	Change	Change
Net sales	Flour Milling	100,129	34.9%	108,000	35.4%	7,871	7.9%
	Food	158,974	55.4%	167,000	54.8%	8,026	5.0%
	Other	28,005	9.7%	30,000	9.8%	1,995	7.1%
	Total	287,109	100.0%	305,000	100.0%	17,891	6.2%
Operating income	Flour Milling	4,148	4.1%	2,500	2.3%	(1,648)	(39.7)%
	Food	6,191	3.9%	5,700	3.4%	(491)	(7.9)%
	Others	468	1.7%	300	1.0%	(168)	(35.9)%
	Total	10,808	3.8%	8,500	2.8%	(2,308)	(21.4)%
Ordinary income		12,248	4.3%	9,500	3.1%	(2,748)	(22.4)%
Net income		7,810	2.7%	6,300	2.1%	(1,510)	(19.3)%
ROE		6.8%		5.1%		(1.7)p	
EPS		¥47.23		¥38.10		¥(9.13)	

Analysis of Factors for Changes in Net Sales Forecasts

◆ Factors for changes in net sales forecasts (overall increase of ¥17,891 million)

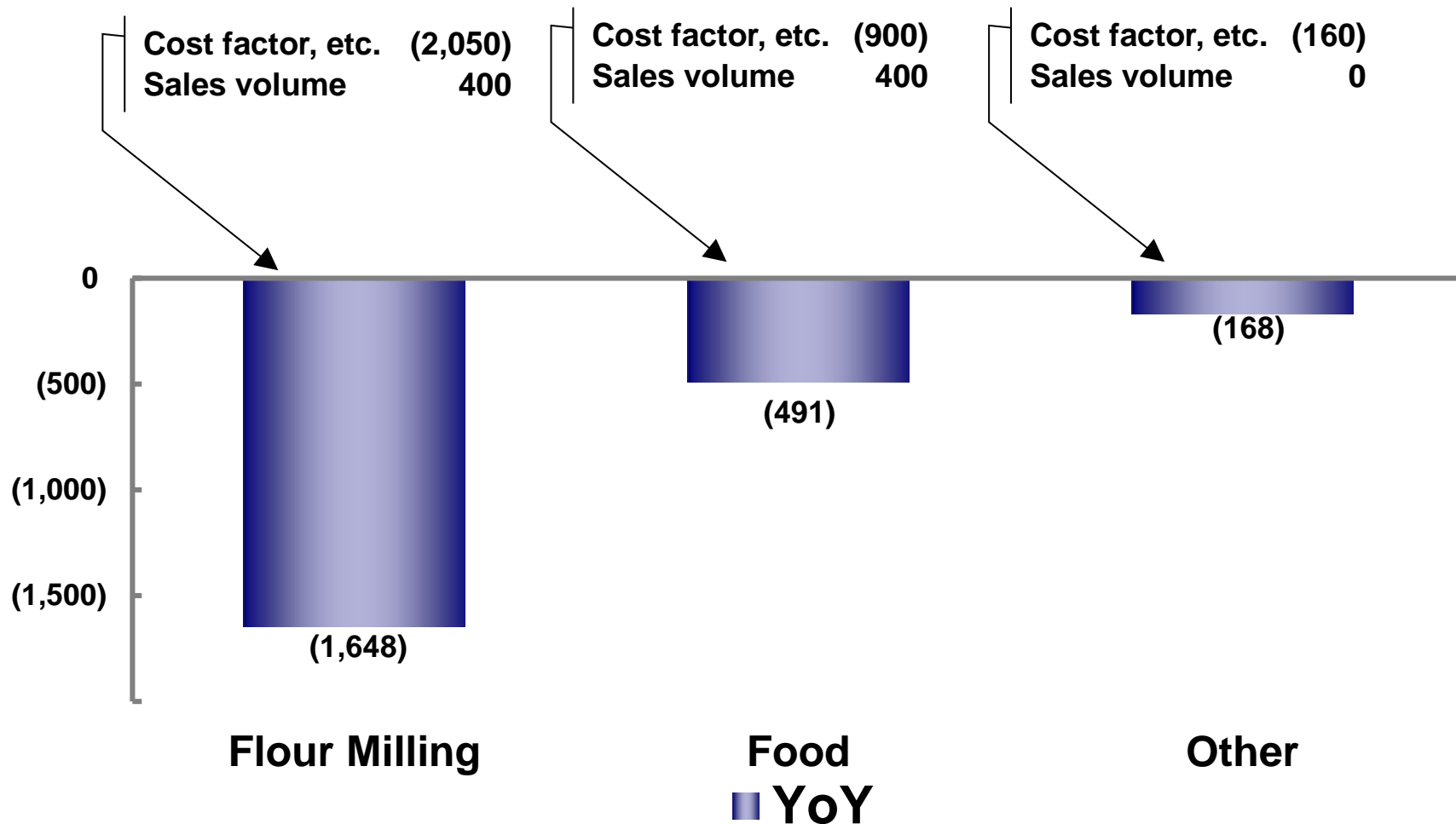
(Millions of yen)



Analysis of Factors for Changes in Operating Income Forecasts

◆ Factors for changes in net sales forecasts (overall decrease of ¥2,308 million)

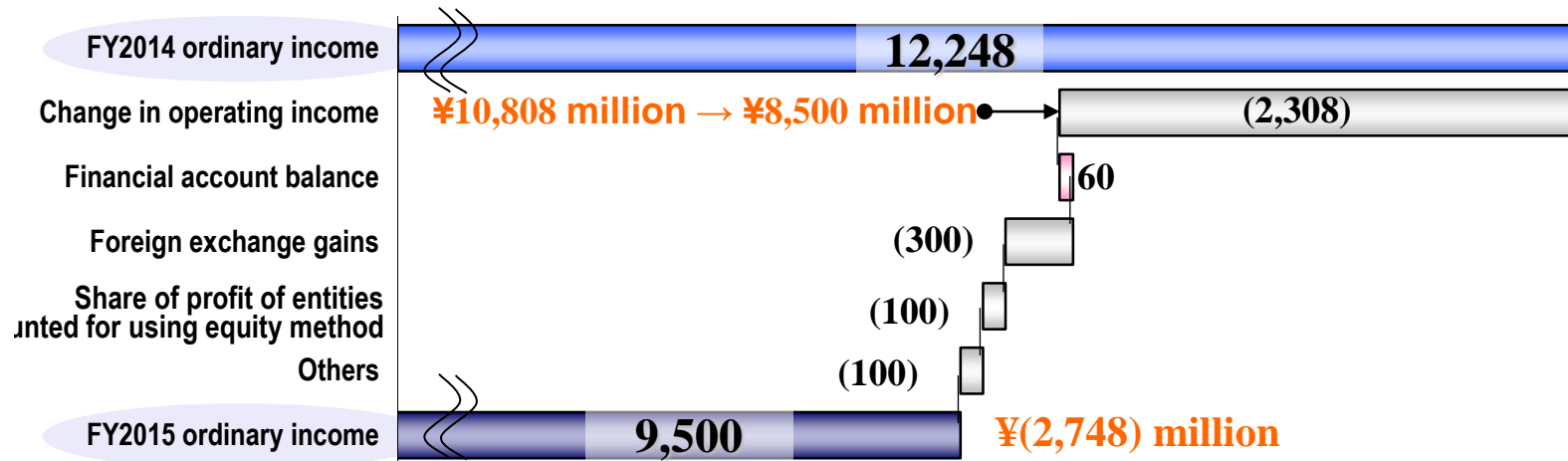
(Millions of yen)



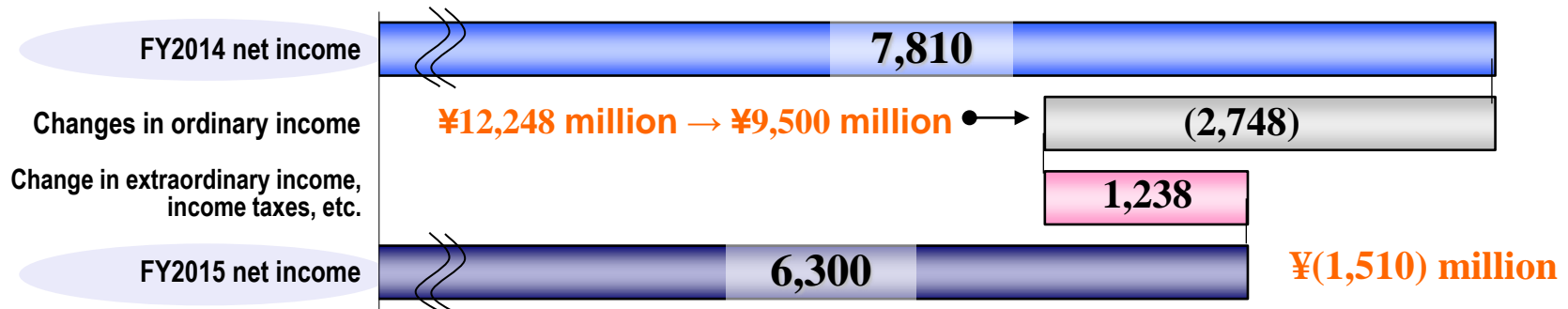
Analysis of Factors for Changes in Ordinary Income/ Net income Forecasts

(Millions of yen)

◆ Factors for changes in ordinary income forecasts



◆ Factors for changes in net income forecasts



Inquiries

This document includes details of the Company's current plans and performance forecasts. These future plans and forecast figures are based on information currently available as well as the Company's plans and projections. Actual results and performance may differ materially from these plans and forecast figures due to a variety of conditions and factors. This document does not represent a definitive commitment or guarantee by the Company to achieve stated plans and forecast figures.

Investor Relations Office
Accounting and Finance Div.
Nippon Flour Mills Co., Ltd.