



November 18, 2018

Company name: MEGMILK SNOW BRAND Co., Ltd.  
Representative: Keiji Nishio, Representative Director and President  
(Stock code: 2270, TSE 1<sup>st</sup> Section/SSE)  
Contact: Shigeru Watanabe  
General Manager  
Public Relations & Investor Relations Department  
(Phone: +81-3-3226-2124)

## Notification of the Development of Megmilk Snow Brand's Production Structure in the Chubu (Central Japan) Region

Megmilk Snow Brand Co., Ltd. (hereinafter "the Company") announces that we resolved to implement strategic capital investment called the "Chubu Region Production Structure Development" (hereinafter "the Investment Plan") at the Board of Directors' meeting we held today. This is to promote the business strategy in the "Megmilk Snow Brand Group Medium-term Management Plan 2019 (FY2017 to FY2019)" (announced on May 11, 2017; hereinafter "the Medium-term Management Plan").

### 1. Purpose of the Investment Plan

The Company is working toward achieving this plan having stated that business portfolio transformation is a priority item based on our "Group Long-term Vision 2026." We are aiming to strengthen our revenue base in the Beverages and Desserts business by strategically expanding functional yogurts and optimizing our product mix through the enhancement to the product appeal of desserts. At the same time, we will promote structural transformation to business that drives growth by achieving an evolution of our production structure.

We will implement capital investment relating to the production of chilled milk and milk beverages in our Toyohashi Plant that currently produces LL creams and LL desserts to build an efficient production structure in the Chubu Region based on this concept. Meanwhile, we will end production at our Nagoya Plant. This initiative will realize concentration of our management resources and high productivity through the consolidation of production functions. We will then promote structural transformation of the Company's Beverages and Desserts business to achieve the creation of value in milk and an increase in demand for milk and milk products. This will contribute to reinforcement to the foundations of dairy farming production in Japan and its sustainable development.

### 2. Overview of the Capital Investment

The Company currently has two plants (Toyohashi Plant and Nagoya Plant) serving as our production functions in the Chubu region. We will expand some of the manufacturing buildings in Toyohashi Plant. We will also utilize existing empty space to consolidate the production functions for milk and milk beverages of Nagoya Plant. An overview of the amount of investment and schedule of the Investment Plan is given below.

### Overview of the Investment Plan

Item	Content
Applicable plant	Toyohashi Plant (Toyokawa, Aichi)
Amount of investment	Approx. 4 billion yen
Content of the capital investment	Expansion of existing buildings and consolidation of the production functions in the Chubu region
Start of construction (scheduled)	March 2019
Start of operation of the new buildings (scheduled)	April 2020

### 3. End of Production at Nagoya Plant

The Company will end production at Nagoya Plant with the consolidation of production functions in the Chubu region. We will use Nagoya Plant as a delivery base for our chilled products for the time being.

### Overview of Nagoya Plant

Item	Content
Address	3-1601 Koshin, Moriyama-ku, Nagoya, Aichi
Site area	23,224 m <sup>2</sup>
Year in which operation started	1958
No. of employees*	64
Main production items	Milk and milk beverages
End of production (scheduled)	We aim to end production at the end of March 2020 to coincide with the start of the operation of our milk and milk beverage production line in Toyohashi Plant

\*Number of employees as of October 1, 2018

### 4. Earnings Forecast

The impact on our consolidated earnings forecast for the current term due to the determination of the Investment Plan will be minor.

This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.