

May 11, 2016

# New Medium-term Business Plan Presentation Material



(Stock code: 2871)

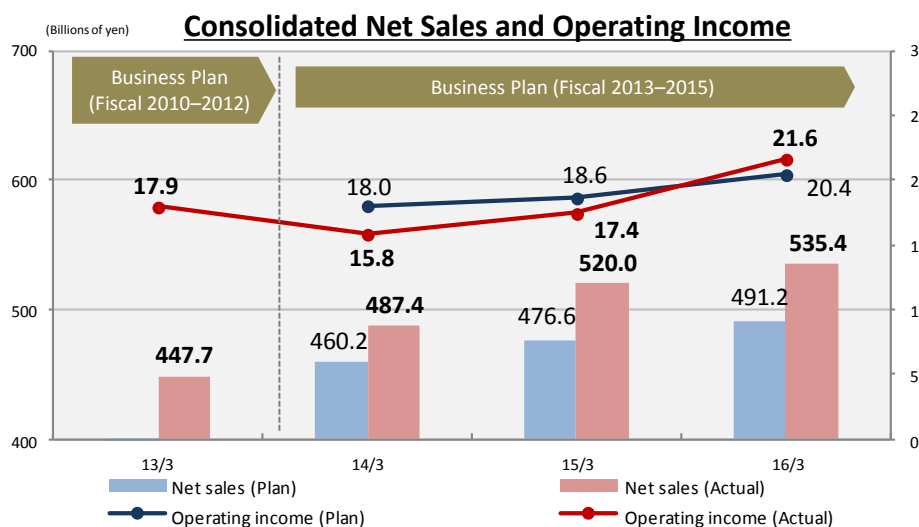
## Highlights of the New Medium-term Business Plan

# 1. General Overview—Consolidated Group—

## Review of the Previous Medium-term Business Plan (Fiscal 2013—2015)

	Result	FY16/3	
		Y o Y Variance	Compared to Plan Variance
<b>Net Sales</b>	<b>535.4</b>	<b>15.4</b>	<b>44.2</b>
Processed Foods	199.2	5.3	15.0
Marine Products	68.8	0.1	3.8
Meat and Poultry	92.0	2.6	18.5
Logistics	184.9	6.5	5.9
Real Estate	4.6	-0.1	-0.2
Other	5.2	0.8	0.7
Adjustment	-19.4	0.1	0.4
<b>Operating Income</b>	<b>21.6</b>	<b>4.2</b>	<b>1.2</b>
Processed Foods	8.0	2.6	-0.2
Marine Products	0.7	0.4	-0.0
Meat and Poultry	0.4	0.0	-0.3
Logistics	10.0	1.2	1.0
Real Estate	2.2	0.1	0.1
Other	0.9	0.3	0.4
Adjustment	-0.5	-0.5	0.3
<b>Ordinary Income</b>	<b>21.4</b>	<b>4.5</b>	<b>1.7</b>
<b>Net Income</b>	<b>13.5</b>	<b>4.0</b>	<b>1.5</b>
<b>ROE (Return on equity)</b>	<b>9.1%</b>	<b>2.2pt</b>	<b>0.4pt</b>

Note: Net sales in the Processed Foods business reflects the effects of the change in the basis for recording sales.



### 1. Results

#### i. Corporate Group Overall

- Investments for growth made in the Processed Foods and Logistics businesses.
- Expansion in overseas sales.

#### ii. Processed Foods

- Production structure strengthened for company-owned plants in Japan.
- Expanded business scale in the U.S.

#### iii. Logistics

- Introduction of large refrigerated warehouses in the Tokyo and Osaka areas.
- Increased sales in Europe, business operations launched in Thailand.

### 2. Issues

#### i. Corporate Group Overall

- Stable and sustainable earnings growth.

#### ii. Processed Foods

- Respond promptly to changes in the external business environment, and raise profitability.

#### iii. Marine Products, Meat and Poultry

- Maintain a stable level of earnings.

#### iv. Logistics

- Respond to rising costs due to labor shortage in Japan.

# 1. General Overview—Consolidated Group—

## Main Points of the New Medium-term Business Plan

(Billions of Yen)

	FY16/3 Result	New Business Plan (Fiscal 2016–2018)	
		FY19/3P	Compared to FY16/3 Variance
<b>Net Sales</b>	<b>535.4</b>	<b>560.0</b>	<b>24.6</b>
Processed Foods	199.2	208.0	8.8
Marine Products	68.8	75.0	6.2
Meat and Poultry	92.0	85.0	-7.0
Logistics	184.9	203.0	18.1
Real Estate	4.6	4.5	-0.1
Other	5.2	6.1	0.9
Adjustment	-19.4	-21.6	-2.2
<b>Operating Income</b>	<b>21.6</b>	<b>23.6</b>	<b>2.0</b>
Processed Foods	8.0	9.0	1.0
Marine Products	0.7	0.8	0.1
Meat and Poultry	0.4	0.8	0.4
Logistics	10.0	11.0	1.0
Real Estate	2.2	2.0	-0.2
Other	0.9	0.6	-0.3
Adjustment	-0.5	-0.6	-0.1
<b>Ordinary Income</b>	<b>21.4</b>	<b>23.3</b>	<b>1.9</b>
<b>Net Income</b>	<b>13.5</b>	<b>14.7</b>	<b>1.2</b>

Note: Assumed exchange rates ¥118/\$ and ¥130/€

### 1. Groupwide Strategies

- Concentrate management resources in mainstay Processed Foods and Logistics businesses.
- Sustainable growth and greater capital efficiency.
- Expand the scale of overseas business.  
Overseas sales: FY16/3 ¥75.6bn → FY19/3 ¥81.9bn

### 2. Main Measures for Each Business

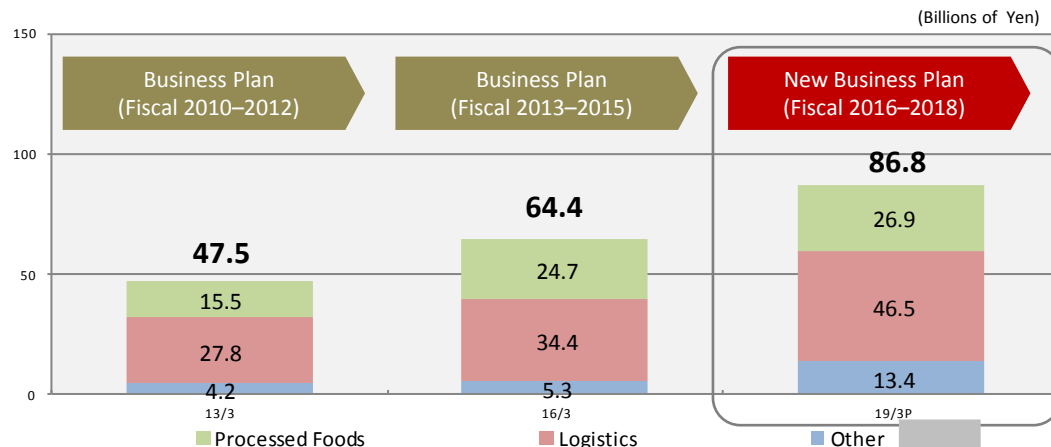
- Processed Foods
  - Japan: Continue measures to improve profitability.
  - Overseas: Further expand business scale, focusing on the U.S. market.  
Overseas sales: FY16/3 ¥30.4bn → FY19/3 ¥32.1bn
- Marine Products, Meat and Poultry
  - Raise profitability and improve asset turnover.
- Logistics
  - Japan: Expand the scale of the logistics network business.
  - Overseas: Strengthen and expand the business base through proactive investment in Europe.  
Overseas sales: FY16/3 ¥33.9bn → FY19/3 ¥35.1bn

### 3. ROE Target: 9% or greater (FY19/3)

# 1. General Overview—Consolidated Group(Capital Investment)—

## Along with Investments for Growth, Strengthen Investment in Base Infrastructure to Provide Sustainable Growth

### Capital Investment including Leasing (Three-Year Cumulative Plan)



Note: Capital investment includes investments in intangible fixed assets.

1. Plan for proactive investments exceeding the previous medium-term business plan, centered on the mainstay Processed Foods and Logistics businesses.
2. Strengthen investments in base infrastructure to maintain competitiveness over the longer term, such as seismic reinforcement and CFC regulation compliance.
3. Expand investment in overseas businesses to establish it as a growth driver centered on logistics.
4. Increase IT investment to enhance operational efficiency and productivity, such as renewing the corporate group's enterprise system.

### Main Capital Investments in the New Medium-term Business Plan

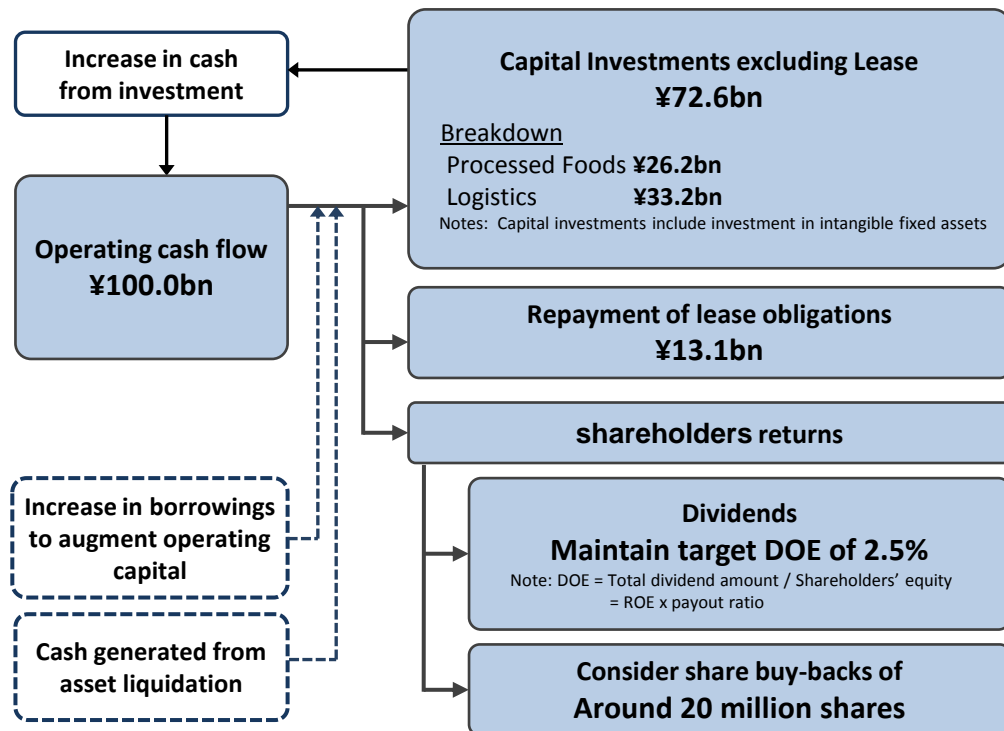
(Billions of Yen)

	Total	Japan	Overseas	Japan	overseas
<b>Group Total</b>	86.8	68.8	18.0		
Processed Foods	26.9	21.3	5.6	<ul style="list-style-type: none"> <li>• Production line investment</li> <li>• Base infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Base infrastructure</li> </ul>
Logistics	46.5	34.5	12.0	<ul style="list-style-type: none"> <li>• New and expanded refrigerated warehouses</li> <li>• New transfer centers</li> <li>• Base infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• New and expanded refrigerated warehouses in Europe</li> <li>• Base infrastructure</li> </ul>
Other	13.4	13.0	0.4	<ul style="list-style-type: none"> <li>• Base infrastructure: Marine Product, and Meat and Poultry ¥4.4bn, Bioscience ¥3.7bn, Holding company ¥3.4bn</li> </ul>	

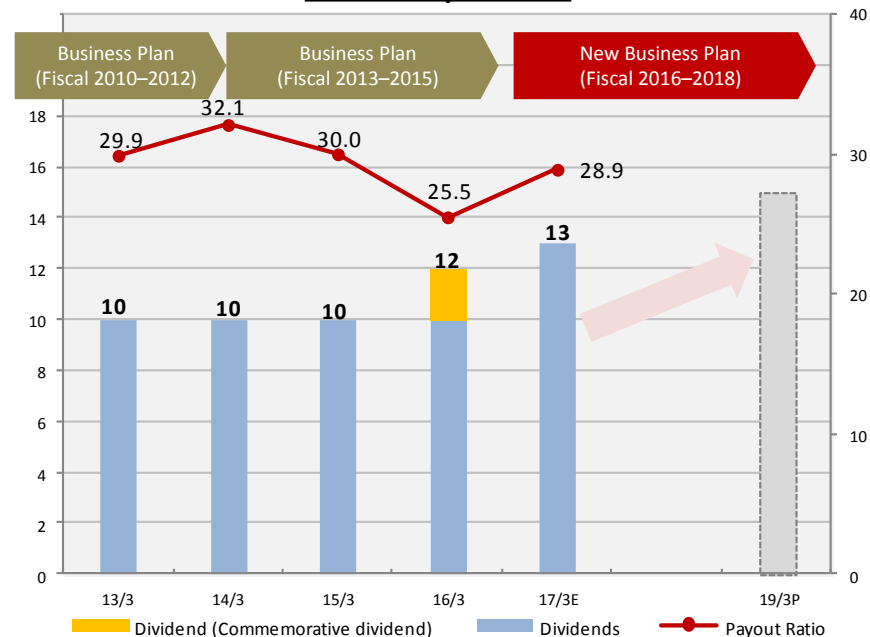
# 1. General Overview—Consolidated Group(Financial Strategy)—

## Ensure Sustainable Earnings Growth and Greater Capital Efficiency

**Distribution of Operating Cash Flow (3-year cumulative)**



**Dividends per Share**



Note:

1. The payout ratio for FY16/3 includes a ¥2 commemorative dividend for the Company's 70th anniversary.

2. Figures are based on the number of shares prior to the stock consolidation scheduled for October 1, 2016.

1. Maintain ROE (return on equity) of 8% or higher throughout the plan period, while ensuring financial soundness.

2. Increase shareholder returns.

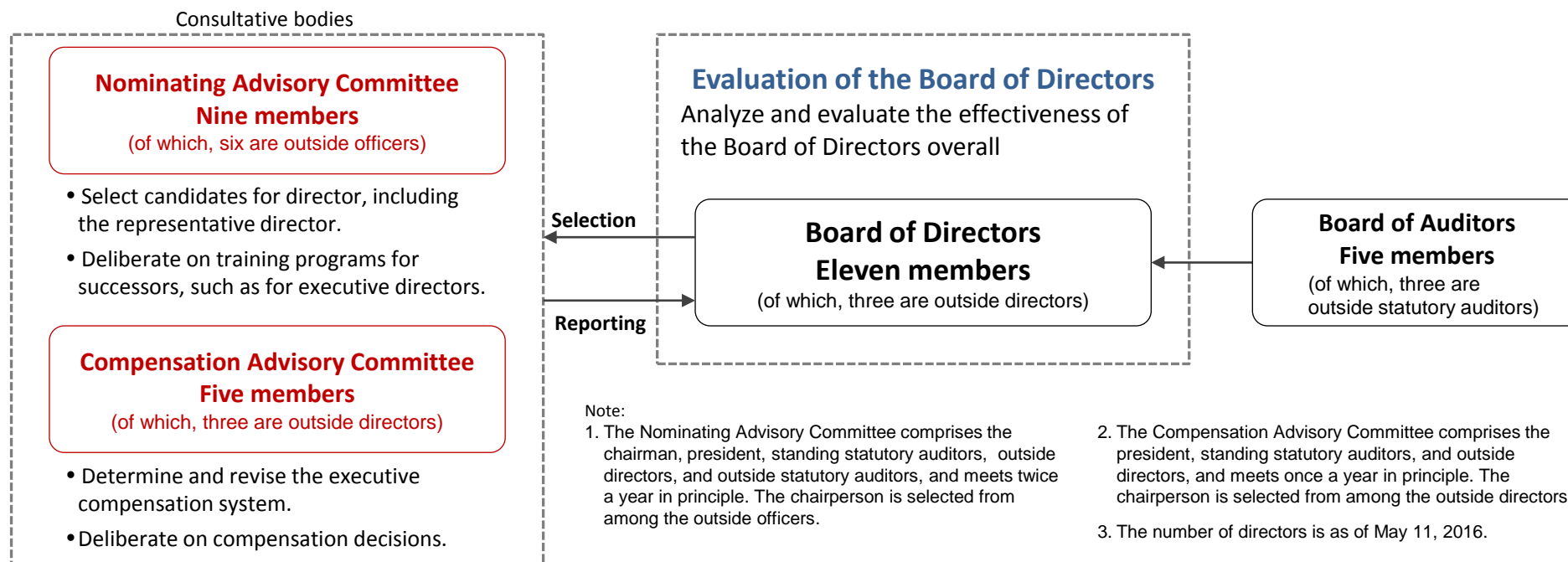
- Maintain stable dividends with a target DOE (dividend on equity) of 2.5%, increase ordinary dividends by ¥3 per share in FY17/3 for an annual dividend of ¥13 per share.

ii. Share buy-backs of around 20 million shares (approx. 7% of total issued shares) planned for the plan period, with partial implementation from March 2016, prior to the plan period.

Reference: The Company plans to lower the minimum investment amount from October 1, 2016.

# 1. General Overview—Consolidated Group(Corporate Governance)—**NICHIREI**

## Nichirei's Corporate Governance Structure

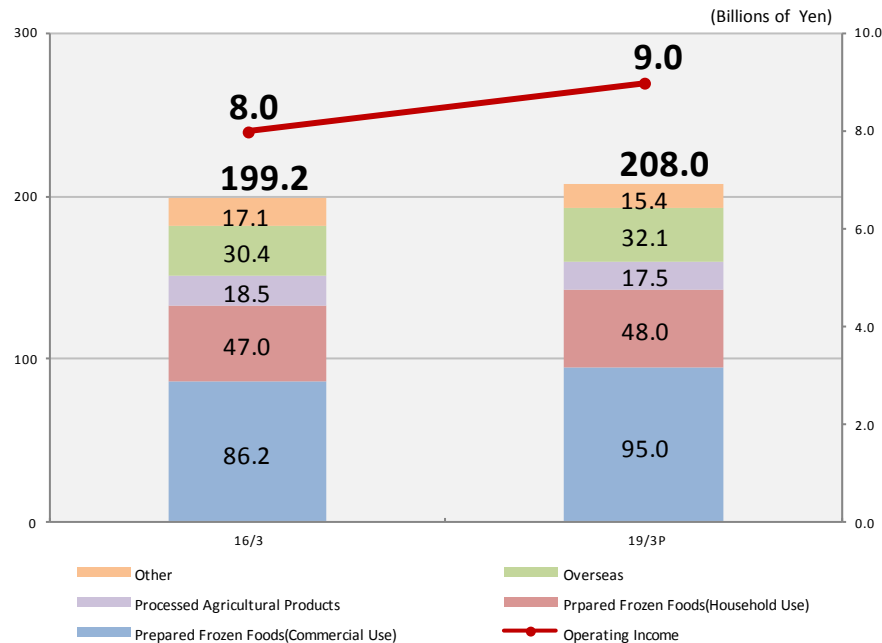


- Nichirei has had a structure with three independent, outside directors since 2005, and from 2012 a structure with three outside statutory auditors.
- Under the “company with board of statutory auditors” structure, advisory committees for nominations and compensation have been newly established to function as consultative bodies for the Board of Directors.
- An effectiveness evaluation of the Board of Directors is being conducted for the first time in order to ensure the efficacy of decision-making. A summary of the results is planned for disclosure during the first quarter period.

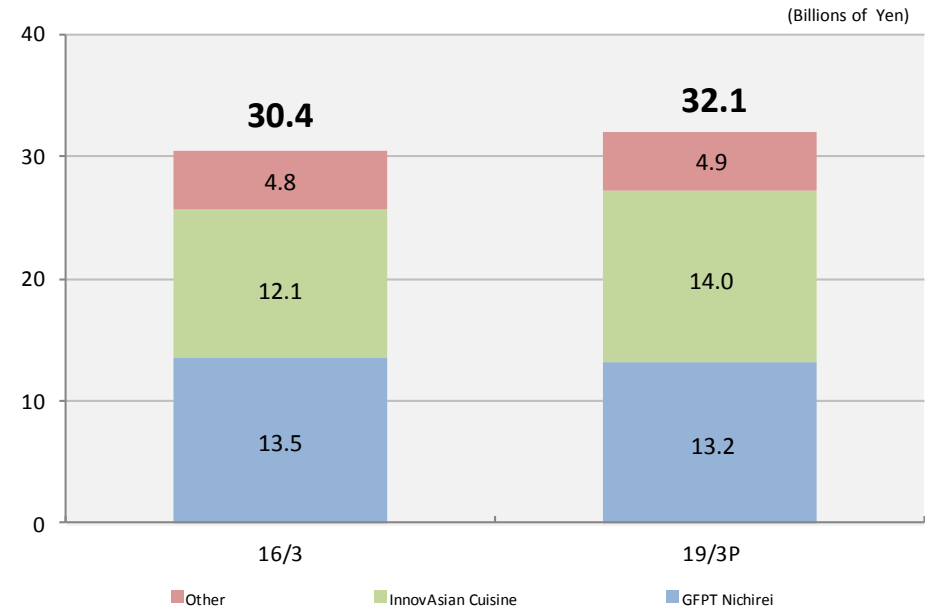
## 2. Processed Foods

### Increase Profitability in Japan, and Expand Business Scale Overseas

Net Sales and Operating Income for Processed Foods



Overseas Sales



#### 1. Increase profitability of Japan business

- i. Optimize the production structure for company-owned plants in Japan.
  - Full utilization of production lines provided by investments under the previous business plan.
  - Optimal placement of existing lines based on profitability of each product line, and emphasizing growth potential.

#### ii. Pursue customer value by strengthening links between R&D, production, and sales.

- Further strengthen product development in core categories and expand sales.
- Introduce differentiated products that respond to diversification in consumption patterns.

#### 2. Expand scale of the overseas business

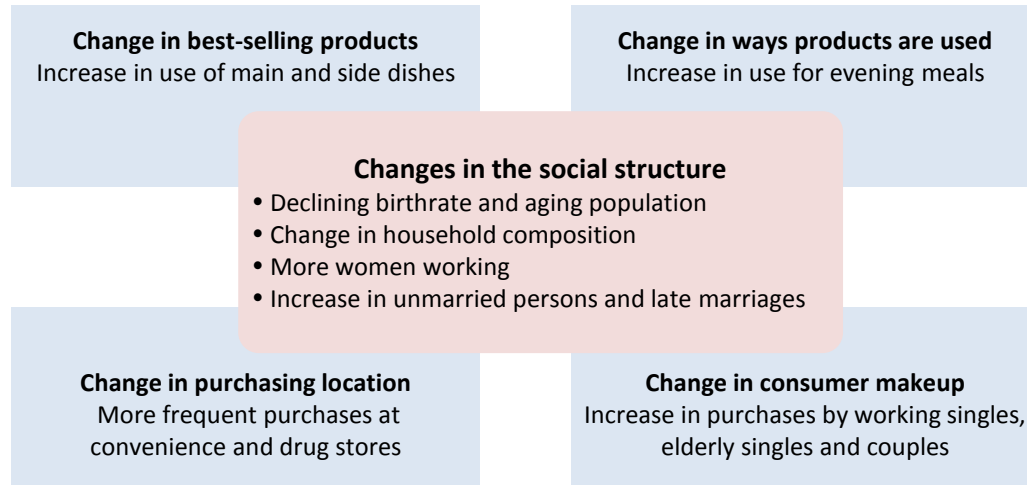
- i. Accelerate sales growth in the U.S. Asian foods market.



## 2. Processed Foods (Japan)

### Strengthen Core Products, and Expand Range of Products to Respond to Diversification in Consumption Patterns

#### The Changing Business Environment for Household-Use Prepared Frozen Foods



#### Nichirei's Household-Use Prepared Frozen Foods

Mainstay rice products



Takumiokazu series aimed at seniors



#### 1. Household-use prepared frozen foods

- Strengthen product development and sales of mainstay rice products, concentrating on fried rice and grilled rice balls.
- Expand range of single-serving products for singles, and products for evening meals aimed at elderly couples.

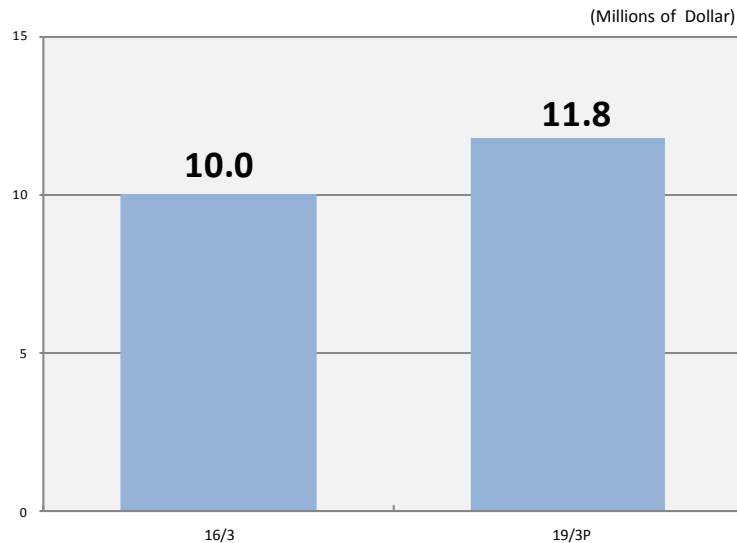
#### 2. Commercial-use prepared frozen foods

- Further strengthen product development for the home meal replacement market, and expand sales of products such as mainstay processed chicken to major users, while continuing with product measures emphasizing profitability.
- Promote product development linked to simpler and faster on-site preparation, helping to alleviate the labor shortage.

## 2. Processed Foods (Overseas)

### Accelerate Sales Growth in the U.S. Asian Foods Market

InnovAsian Cuisine's Net Sales



InnovAsian Cuisine's Household-Use Products

Mid-priced InnovAsian brand



High-priced Lemon Grass Kitchen brand



#### 1. InnovAsian Cuisine

- Household-use products: Improve the store turnover rate, and develop the high-end brand Lemon Grass Kitchen to achieve growth.
- Commercial-use products: Develop new sales channels, such as school cafeterias and restaurant chains.

#### 2. GFPT Nichirei

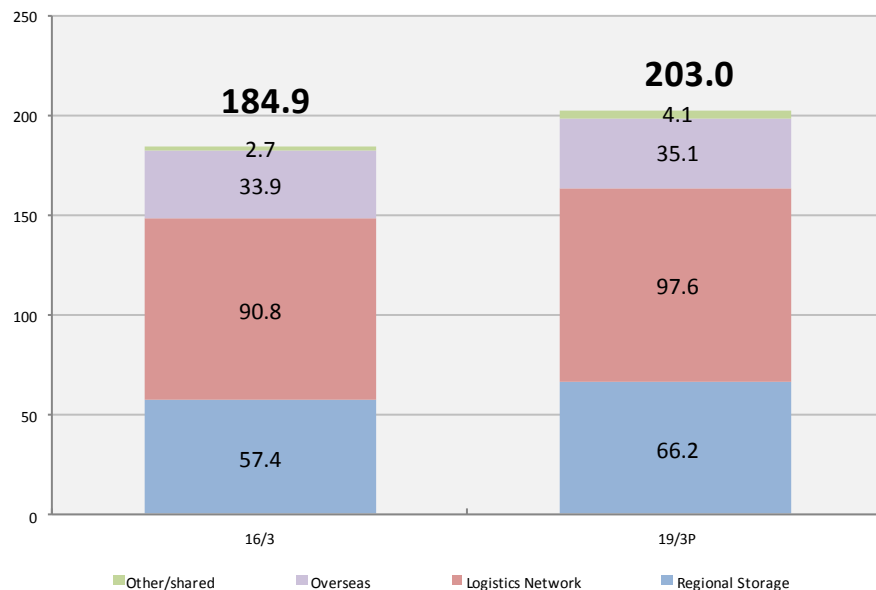
- Develop and introduce differentiated products to promote both high added value and lower costs.

# 3. Logistic

## Expand the Logistics Network Business in Japan, and the Business Base in Europe

Sales for Logistics

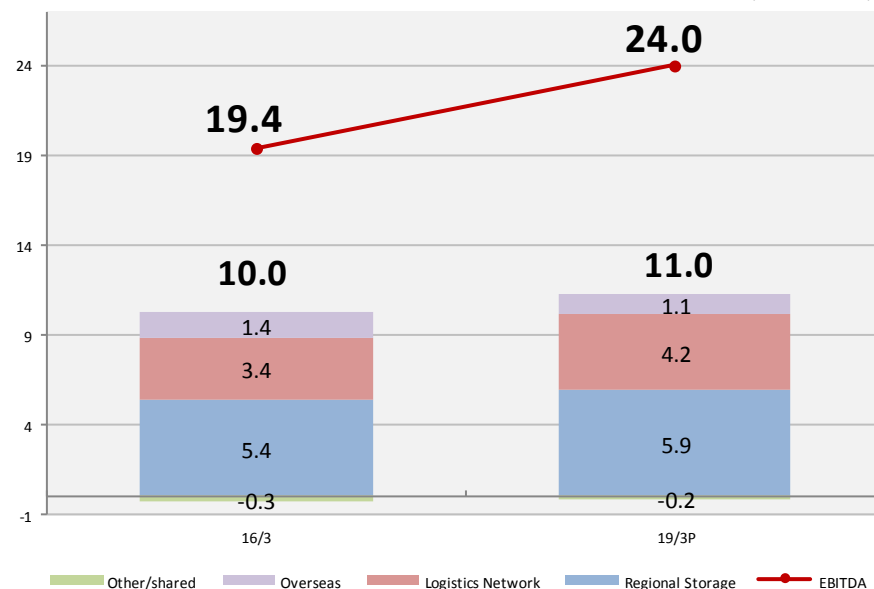
(Billions of Yen)



Note: In FY17/3, a portion of the operations in the logistics network business was transferred to the regional storage business.

Operating Income and EBITDA for the Logistics Business

(Billions of Yen)



### 1. Japan

#### i. Expand the scale of the logistics network business.

- Strengthen the organizational structure for the third-party logistics business, and broaden the scope of the transfer center business.

#### ii. Strengthen the storage business in metropolitan areas, and unify the storage and transport businesses in regional areas to stimulate local freight demand.

#### iii. Strengthen cost responsiveness in response to

deterioration in the external business environment.

- Promote operational efficiency in response to rising handling, transport/delivery, and electricity costs, and set appropriate rates.

#### iv. Explore and cultivate new areas for growth.

### 2. Overseas

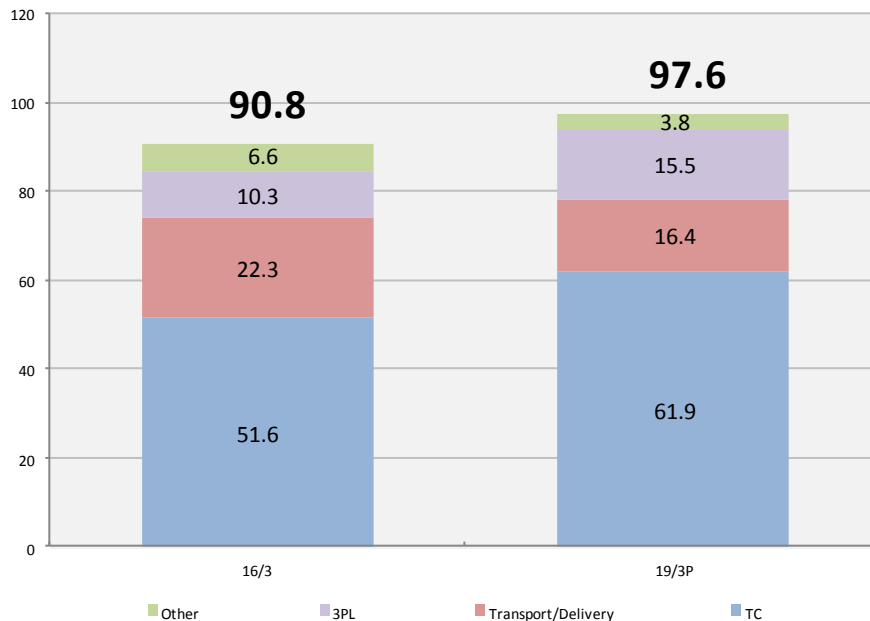
#### i. Further expand the business foundations in Europe.

### 3. Logistic (Japan: logistic Network Business)

#### Strengthen Logistics Solutions to Promote New Customer Development

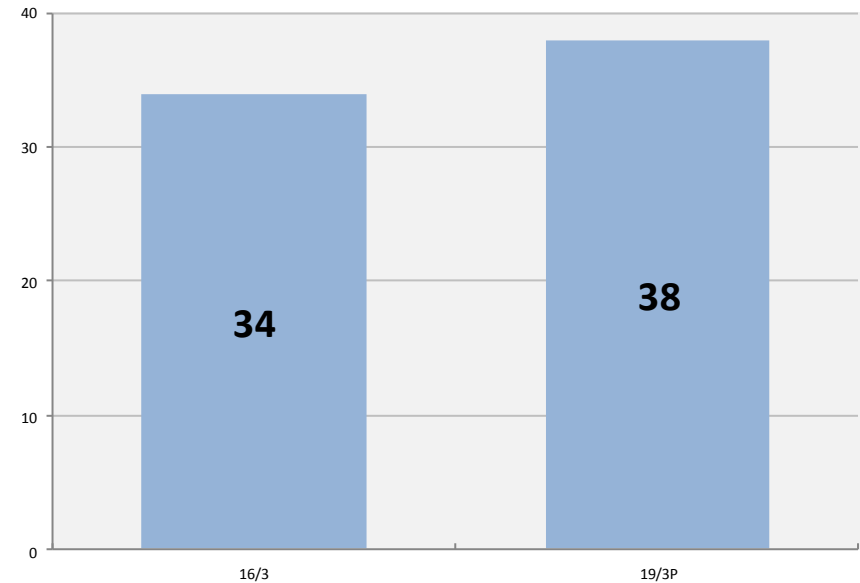
Net Sales by Division in the Logistics Network Business

(Billions of Yen)



Note: In FY17/3, a portion of the “Transport/Delivery” and “Other” operations in the logistics network business was transferred to the regional storage business.

No. of Transfer Center Locations



1. Integrate businesses of the two Group companies handling third-party logistics (3PL) to augment business capabilities. Combining the solution proposal capabilities and assets of each company will enhance logistics efficiency, and allow Nichirei to capture demand for stable and consistent logistics services, which has increased amid the labor shortage.

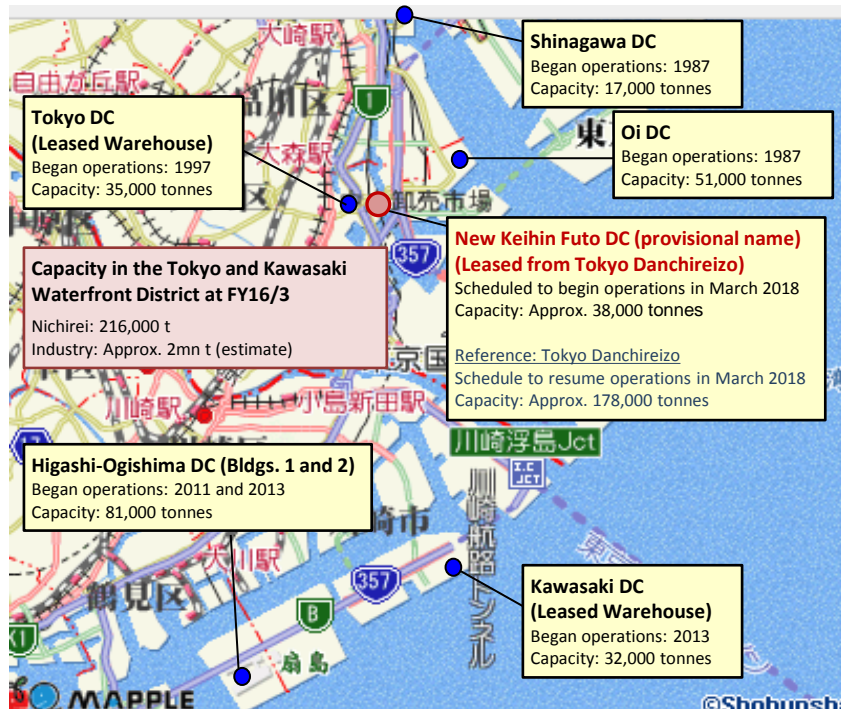
2. In the transfer center business, expand service area and temperature bands for existing major customers, and gain new business from major regional supermarkets.

Note: See Page 21 for an overview of the logistics network business

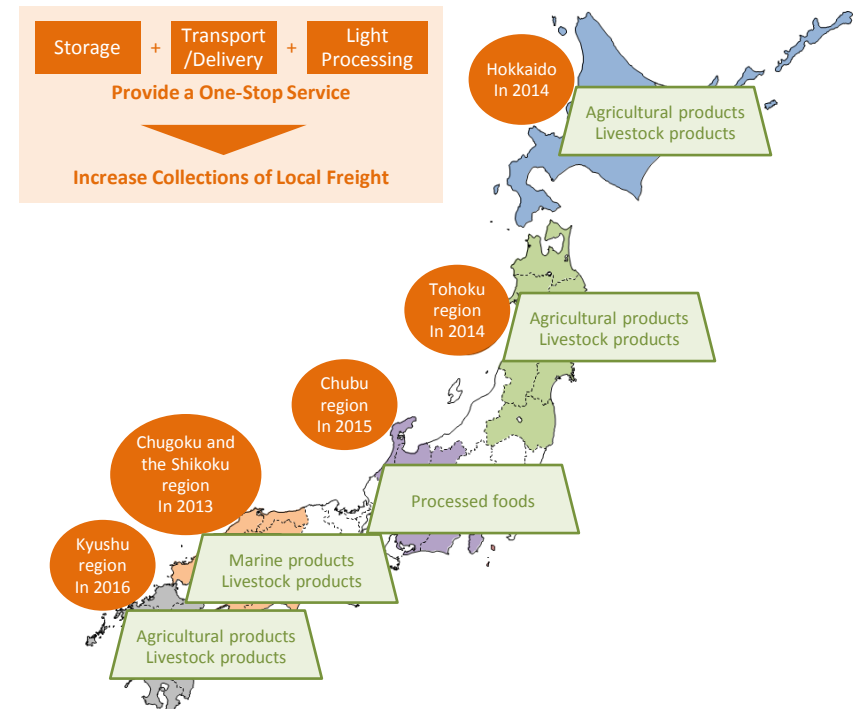
### 3. Logistic (Japan: Regional Storage Business)

## Strengthen the Storage Business in Urban Areas, and Expand Transport/Delivery in Regional Areas

#### Nichirei Logistics Group's Facility Network in the Tokyo Waterfront District



#### Transition to a Regional Network Structure in Local Areas

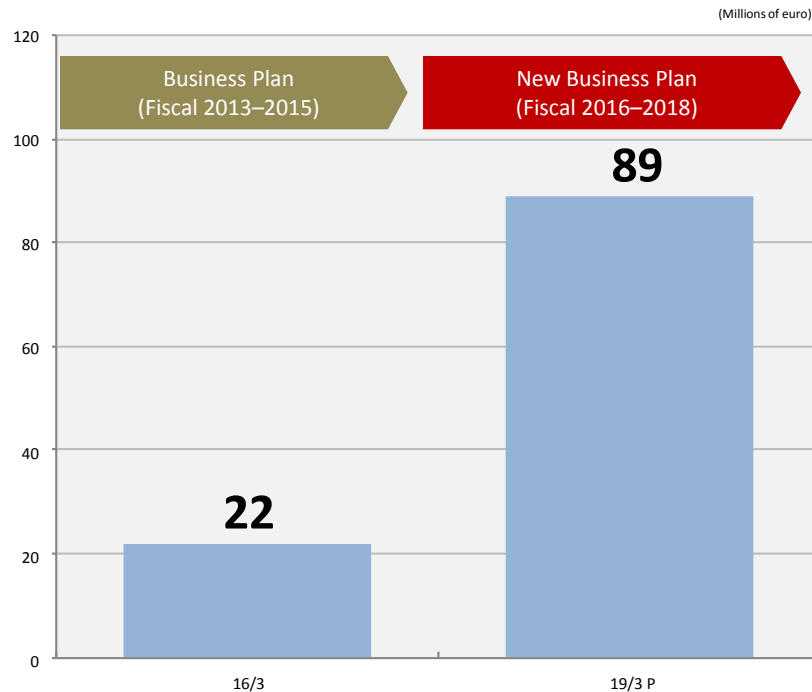


1. Fully utilize the new facilities in the Tokyo and Osaka areas that began operating under the previous management plan, and strengthen the storage business. In the Tokyo area, pursue optimal allocation of stored cargo and new customer acquisition ahead of the resumption of operations by Tokyo Danchireizo scheduled for 2018.

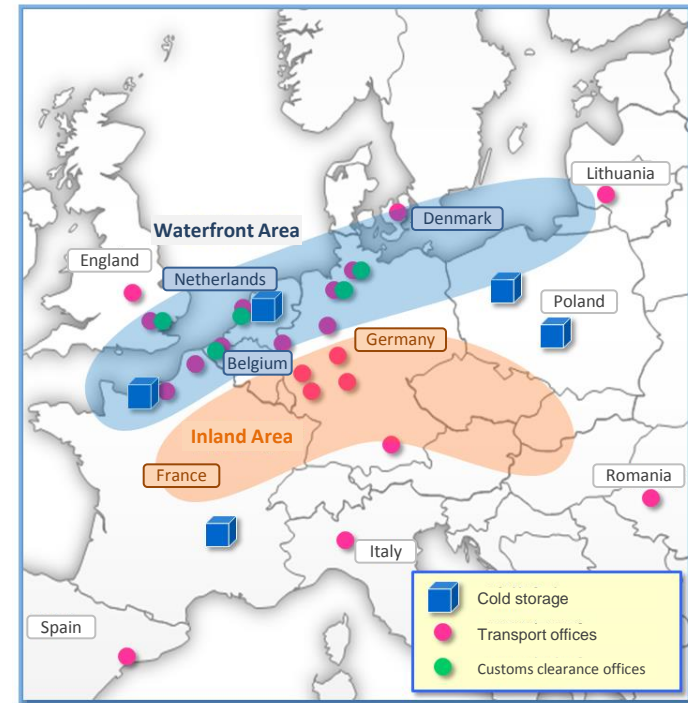
2. In regional areas, further promote a consolidated logistics service combining storage with transport and delivery. Also, provide light processing services such as washing and freezing in order to expand handling of produce and other regional products, which are expected to be in higher demand in the future.

## Proactive Investment in Europe to Expand the Business Base

Capital Expenditure in Europe on a Local Currency Basis



Business Development in Europe



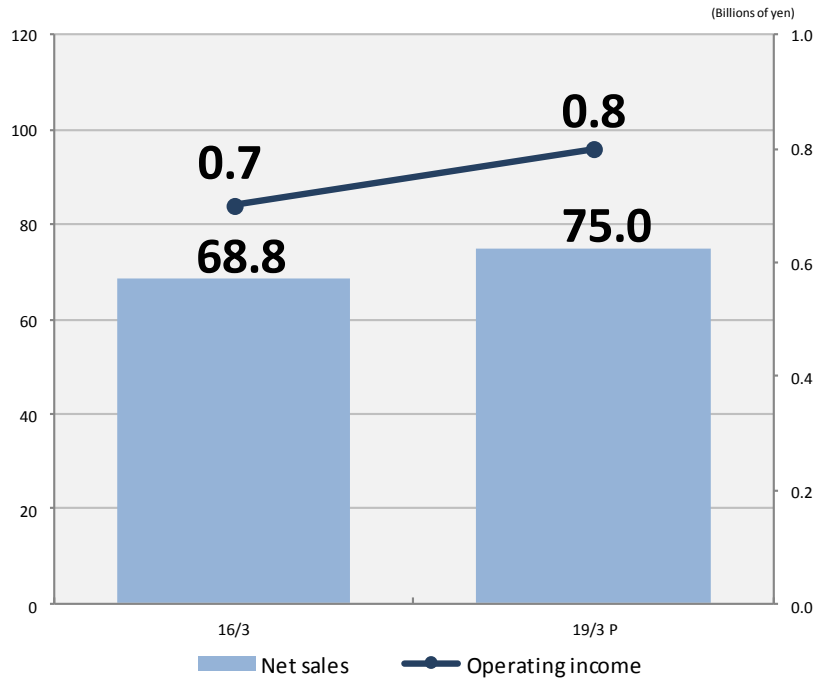
1. Pursue wide-area expansion of consolidated logistics services combining customs clearance, storage, and cross-border transport, along with proactive investment in facility infrastructure in undeveloped areas in order to further expand the business base. Specifically, Nichirei will diversify the range of products handled, and expand its service area with new refrigerated warehouses and other facilities.

2. In Poland, transition from a business structure overly reliant on products for which volume fluctuates greatly by season, in favor of expansion of the retail business, and products providing year-round stability.

## 4. Marine Products, Meat and Poultry

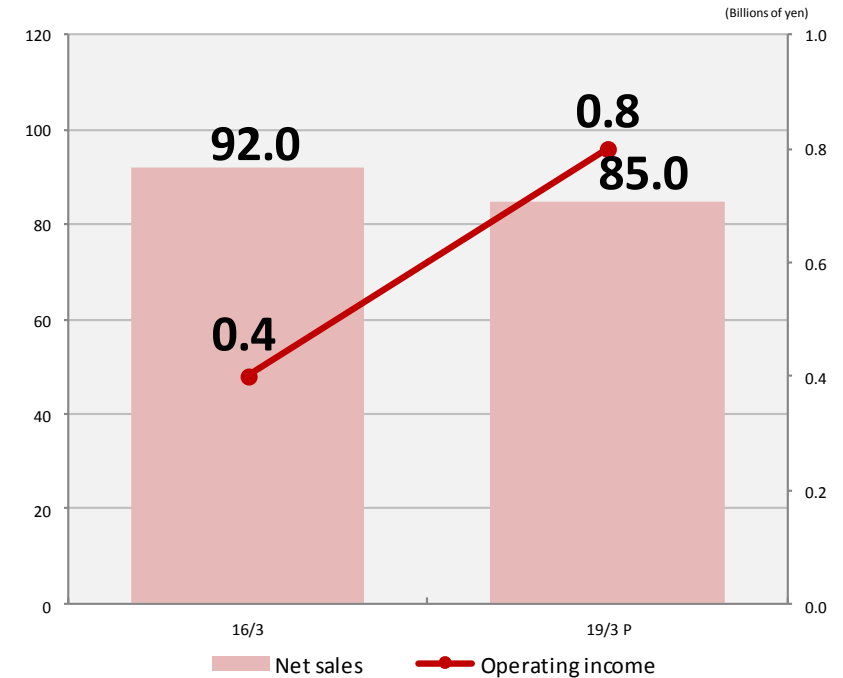
### Enhance Asset Efficiency and Establish a Stable Earnings Base

Net Sales and Operating Income for Marine Product



1. Increase use of distinctive ingredients, and continue to expand sales of optimally processed products to meet customer needs, focusing on the restaurant and home meal replacement (HMR) channels. Also, enhance efficiency by focusing on business operations emphasizing profitability and inventory turnover.

Net Sales and Operating Income for Meat and Poultry



2. Marine Products: Focus on seafood varieties such as shrimp where Nichirei has an advantage, strengthen procurement capabilities and link to stable sales.
3. Meat and Poultry: Focus on domestically produced items where Nichirei has an advantage in cargo collection, and strengthen sales of processed products to the steadily growing HMR channel.

Forecast for FY2016



# 1. Consolidated Group Results

## First Year of New Plan to Solidify the Base for Future Growth

	Result	FY16/3						Forecast	FY17/3	
		Y o Y		Compared to Previous Forecast		Compared to Business Plan			Y o Y	
		Variance	% Change	Previous forecast	Variance	Business Plan	Variance		Variance	% Change
Net Sales	535.4	15.4	3%	527.1	8.3	491.2	44.2	535.7	0.3	0%
Processed Foods	199.2	5.3	3%	198.5	0.7	184.2	15.0	203.0	3.8	2%
Marine Products	68.8	0.1	0%	68.9	-0.1	65.0	3.8	70.0	1.2	2%
Meat and Poultry	92.0	2.6	3%	88.1	3.9	73.5	18.5	86.0	-6.0	-7%
Logistics	184.9	6.5	4%	182.0	2.9	179.0	5.9	187.0	2.1	1%
Real Estate	4.6	-0.1	-2%	4.7	-0.1	4.8	-0.2	4.5	-0.1	-3%
Other	5.2	0.8	19%	4.9	0.3	4.5	0.7	4.9	-0.3	-6%
Adjustment	-19.4	0.1	—	-20.0	0.6	-19.8	0.4	-19.7	-0.3	—
Operating Income	21.6	4.2	24%	20.0	1.6	20.4	1.2	21.7	0.1	1%
Processed Foods	8.0	2.6	48%	6.8	1.2	8.2	-0.2	8.0	0.0	1%
Marine Products	0.7	0.4	166%	0.4	0.3	0.7	-0.0	0.6	-0.1	-8%
Meat and Poultry	0.4	0.0	2%	0.6	-0.2	0.7	-0.3	0.6	0.2	57%
Logistics	10.0	1.2	14%	10.0	-0.0	9.0	1.0	10.3	0.3	4%
Real Estate	2.2	0.1	4%	2.1	0.1	2.1	0.1	2.0	-0.2	-9%
Other	0.9	0.3	60%	0.6	0.3	0.5	0.4	0.6	-0.3	-34%
Adjustment	-0.5	-0.5	—	-0.5	0.0	-0.8	0.3	-0.4	0.1	—
Ordinary Income	21.4	4.5	27%	19.4	2.0	19.7	1.7	21.2	-0.2	-1%
Net Income	13.5	4.0	42%	12.0	1.5	12.0	1.5	12.8	-0.7	-5%

Exchange Rates	FY 17/3 (forecast)	FY 16/3 (actual)
USD/JPY	118.00	121.05
EUR/JPY	130.00	134.32

Note:

1. Net income represents "Profit attributable to owners of parent"
2. Exchange rate figure for FY16/3 is the average for the January-December period.

1. Net sales are expected to be on a par with the previous fiscal year, with declines in Meat and Poultry offset by gains in core businesses.

2. Operating income, despite earnings gains in the Logistics business, is expected to be on a par with the previous fiscal year overall.

## 2. Processed Foods

### Operating Income at Same Level as Previous Year on Expansion in Sales of Core Products

(Billions of Yen)

	Result	FY16/3				Forecast	FY17/3	
		Y o Y		Compared to Previous Forecast			Y o Y	
		Variance	% Change	Previous forecast	Variance		Variance	% Change
Net Sales	199.2	5.3	3%	198.5	0.7	203.0	3.8	2%
Household-Use Prepared Frozen Foods	47.0	0.8	2%	46.9	0.1	47.5	0.5	1%
Commercial Use Prepared Frozen Foods	86.2	-2.1	-2%	86.6	-0.4	90.2	4.0	5%
Processed Agricultural Products	18.5	1.2	7%	18.3	0.2	17.5	-1.0	-5%
Overseas	30.4	3.7	14%	30.0	0.4	30.4	0.0	0%
Other	17.1	1.5	10%	16.7	0.4	17.4	0.3	2%
Operating Income	8.0	2.6	48%	6.8	1.2	8.0	0.0	1%

1. Household-Use Prepared Foods: Continued positive performance expected, led by sales of mainstay rice-based products.
2. Commercial-Use Prepared Foods: Revenue gains expected from expanded sales of core products to the home meal replacement channel, while continuing product measures emphasizing profitability.

3. Operating income is forecast to be on a par with the previous fiscal year, with earnings declines at certain overseas affiliates that recorded strong performance in the previous fiscal year offset by the benefits from revenue gains in prepared frozen foods, and productivity improvements.

## Higher Earnings Expected on Continued Growth in the Japan Business

(Billions of Yen)

	FY16/3					FY17/3		
	Result	Y o Y		Compared to Previous Forecast		Forecast	Y o Y	
		Variance	% Change	Previous forecast	Variance		Variance	% Change
<b>Net Sales</b>	<b>184.9</b>	6.5	4%	182.0	2.9	<b>187.0</b>	2.1	1%
Japan Subtotal	<b>148.2</b>	3.5	2%	146.5	1.7	<b>150.8</b>	2.6	2%
Logistics Network	<b>90.8</b>	-0.6	-1%	89.7	1.1	<b>87.9</b>	-2.9	-3%
Regional Storage	<b>57.4</b>	4.1	8%	56.8	0.6	<b>62.9</b>	5.5	10%
Overseas	<b>33.9</b>	2.6	8%	33.0	0.9	<b>32.6</b>	-1.3	-4%
Other/Intersegment	<b>2.7</b>	0.5	21%	2.5	0.2	<b>3.6</b>	0.9	31%
<b>Operating Income</b>	<b>10.0</b>	1.2	14%	10.0	-0.0	<b>10.3</b>	0.3	4%
Japan Subtotal	<b>8.8</b>	1.1	15%	9.2	-0.4	<b>9.4</b>	0.6	6%
Logistics Network	<b>3.4</b>	0.2	6%	3.8	-0.4	<b>3.5</b>	0.1	3%
Regional Storage	<b>5.4</b>	0.9	20%	5.4	0.0	<b>5.9</b>	0.5	8%
Overseas	<b>1.4</b>	0.4	35%	1.1	0.3	<b>1.0</b>	-0.4	-27%
Other/Intersegment	<b>-0.3</b>	-0.3	—	-0.3	0.0	<b>-0.1</b>	0.2	—

Note: In FY17/3, a portion of the operations in the logistics network business is transferred to the regional storage business.

1. Japan: Revenue growth expected from the newly built transfer centers (TC). In terms of earnings, despite continually rising transport and delivery costs amid the chronic labor shortage, earning growth is anticipated as a result of greater transport efficiency and operational improvements.

2. Overseas: Declines in both revenue and earnings expected as a result of a temporary falloff in sales stemming from business restructuring in Poland, and the negative impact from exchange rate fluctuations.

## 4. Factors for increase/decrease in operating income

### Factors for increase/decrease in operating income (FY15/3-FY17/3)

#### Processed Foods

(Billions of Yen)

<b>FY15/3 Operating Income</b>	<b>5.4</b>
<b>Factors for increase</b>	<b>8.0</b>
Costs absorbed through price revisions and improved product mix	4.5
Strengthening of the domestic production structure	1.6
Increased revenue	1.1
Consolidation/streamlining	1.0
Increased depreciation	-0.5
Effect of results from subsidiaries (excluding GFPT Nichirei)	0.7
Improved productivity	0.4
Greater efficiency in logistics	0.4
Increased revenue	0.2
Other	0.2
<b>Factors for decrease</b>	<b>-5.4</b>
Higher ingredient and purchasing costs due to weak yen	-4.2
Financial impact from business results of GFPT Nichirei	-0.9
Rise in ingredient and purchasing costs	-0.3
<b>FY16/3 Operating Income</b>	<b>8.0</b>
<b>Factors for increase</b>	<b>1.1</b>
Increased revenue	0.6
Improved productivity	0.5
<b>Factors for decrease</b>	<b>-1.1</b>
Effect of results from subsidiaries (excluding GFPT Nichirei)	-0.4
Rise in ingredient and purchasing costs	-0.3
Other	-0.4
<b>FY17/3 Operating Income Forecast</b>	<b>8.0</b>

#### Logistics

(Billions of Yen)

<b>FY15/3 Operating Income</b>	<b>8.7</b>
<b>Factors for increase</b>	<b>2.7</b>
Earnings gain from new facilities	0.5
Streamlining of transport business	0.3
Operational improvements	0.6
Effect of changes in electricity rates	0.3
Effect of results from inventory increases in major metropolitan areas	0.5
Financial impact from European business results	0.5
<b>Factors for decrease</b>	<b>-1.4</b>
Increased depreciation from new facilities	-0.6
Increase in transport and delivery costs (net)	-0.3
Increase in work outsourcing costs (net)	-0.2
Foreign exchange	-0.1
Other	-0.2
<b>FY16/3 Operating Income</b>	<b>10.0</b>
<b>Factors for increase</b>	<b>1.3</b>
Operational improvements	0.5
Streamlining of transport business	0.4
Effect of results from inventory increases in major metropolitan area	0.4
<b>Factors for decrease</b>	<b>-1.0</b>
Financial impact from European business results	-0.3
Increased depreciation from new facilities	-0.2
Increase in transport and delivery costs (net)	-0.2
Effect of changes in electricity rates	-0.1
Increase in work outsourcing costs (net)	-0.1
Foreign exchange	-0.1
<b>FY17/3 Operating Income Forecast</b>	<b>10.3</b>

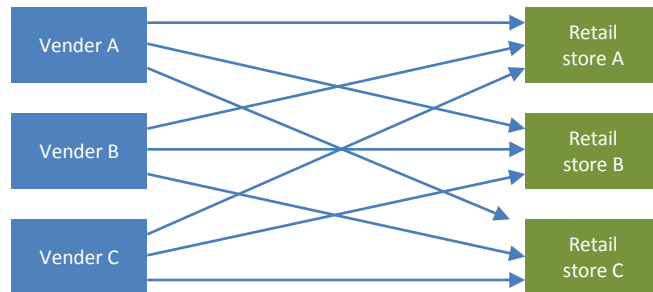
## Reference Materials

## Overview of the Logistics Network

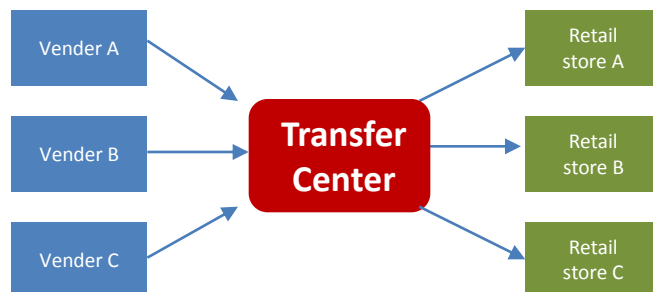
### Transfer Center (TC) Business

- Support for logistics efficiency centered on the retail industry
- Handles chilled products such as perishable and daily foods

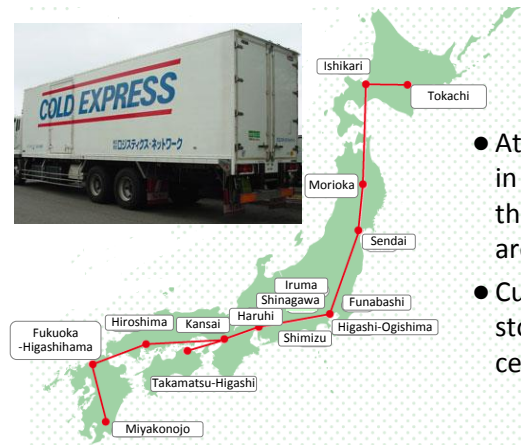
High transport cost / Complicated shipping



Low transport costs / More efficient shipping



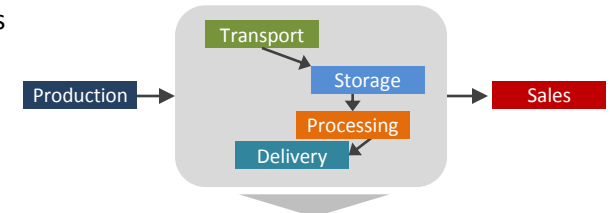
### Transport and Delivery (Trunk Line Transport)



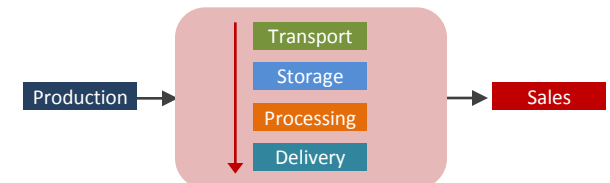
- At the request of the shipper, products in small to large lots are picked up from the designated consignor (producing area), and transported nationwide.
- Customer needs satisfied by utilizing storage functions at various transfer centers.

### Third-Party Logistics (3PL) Business

- Emphasis on optimal logistics for individual shipments generates inefficiencies between transport and delivery.



- Focus on optimal logistics in general provides greater efficiency and logistics quality.



## Consolidated Balance Sheet

(Billions of Yen)

Item	15/3	16/3	Variance
<b>[Assets]</b>			
Current assets	138.7	<b>139.3</b>	0.6
Fixed assets	203.2	<b>199.1</b>	(1) -4.1
<b>Total assets</b>	<b>342.0</b>	<b>338.4</b>	-3.5
<b>[Liabilities / Owner's equity]</b>			
Current liabilities	89.7	<b>95.2</b>	(2) 5.4
Long-term liabilities	99.9	<b>87.7</b>	(3) -12.1
<b>Total liabilities</b>	<b>189.7</b>	<b>182.9</b>	-6.7
Net assets	152.2	<b>155.5</b>	3.2
(Owner's equity)	130.3	<b>139.6</b>	9.2
Interest-bearing debt	107.6	<b>94.6</b>	(4) -13.0
(Excluding lease obligations)	87.3	<b>75.4</b>	-11.8
<b>Item</b>	<b>15/3</b>	<b>16/3</b>	<b>Variance</b>
Capital investments	24.1	<b>16.1</b>	(5) -7.9
(Excluding leased assets)	19.7	<b>13.2</b>	-6.5
Depreciation and amortization	15.6	<b>16.4</b>	0.8
(Excluding leased assets)	11.8	<b>12.6</b>	0.7

Note: Capital investments include investment in intangible fixed assets.

## Main Factors

- (1) Tangible fixed assets -¥3.7bn  
(Effect of depreciation of capital investments made through previous year end; Exchange rate fluctuations)
- (2) Accrued expenses +¥3.3bn, Income taxes payable+¥1.5bn
- (3) Corporate bonds -¥10.0bn  
(Transfer from long-term to short-term)
- (4) Interest-bearing debt -¥13.0bn  
(Repayment of short-term loans; Redemption of commercial paper)
- (4) Main capital investments
  - Processed Foods  
Installation of processing line for commercial-use spring rolls at the Shiroishi Plant
  - Logistics  
Partial rebuilding of the Funabashi Distribution Center

## Non-operating Income and Expenses / Extraordinary Income of Loss

(Billions of Yen)

	FY16/3			FY17/3	
	Result	Y o Y	Compared to Previous Forecast	Forecast	Y o Y
		Variance	Variance		Variance
<b>Non-operating Income and Expenses</b>	-0.1	0.3	0.4	-0.5	-0.3
(Main items)					
Financial account balance	-0.3	0.1	0.1	-0.4	-0.0
Equity in (earnings) losses of affiliates	0.1	-0.0	0.1	0.0	-0.1
<b>Extraordinary Income or Loss</b>	-0.7	0.2	-0.0	-1.3	-0.5
(Main items)					
Gain on sales of investment securities	0.1	0.1	0.1	—	-0.1
Loss on sales and retirement of noncurrent assets	-0.6	0.4	-0.1	-1.0	-0.3
Loss on closing of offices	-0.2	-0.2	-0.0	—	0.2



## FY16/3 Consolidated Cash Flows

(Billions of Yen)

	FY15/3	FY16/3	Variance
Cash flows from operating activities	27.8	37.0	(1) 9.2
Cash flows from investing activities	-22.3	-14.4	(2) 7.8
Cash flows from financing activities	-6.0	-20.3	-14.2
Cash and cash equivalents at end of period	11.8	13.1	1.3
Free cash flow	5.4	22.5	17.0

### Main Factors

- |  |  |
|--|--|
| <p>(1) Decrease in operating capital +¥2.9bn (Decrease in accounts receivable ¥3.9bn; Increase in inventories -¥2.6bn; Increase in notes and accounts payable-trade +¥1.7bn); Increase in ordinary income +¥4.4bn; Increase in depreciation and amortization +¥0.8bn</p> | <p>(2) Decrease in purchase of property, plant and equipment +¥8.0bn</p> |
|--|--|

## Results during Business Plan Periods

(Billions of Yen)

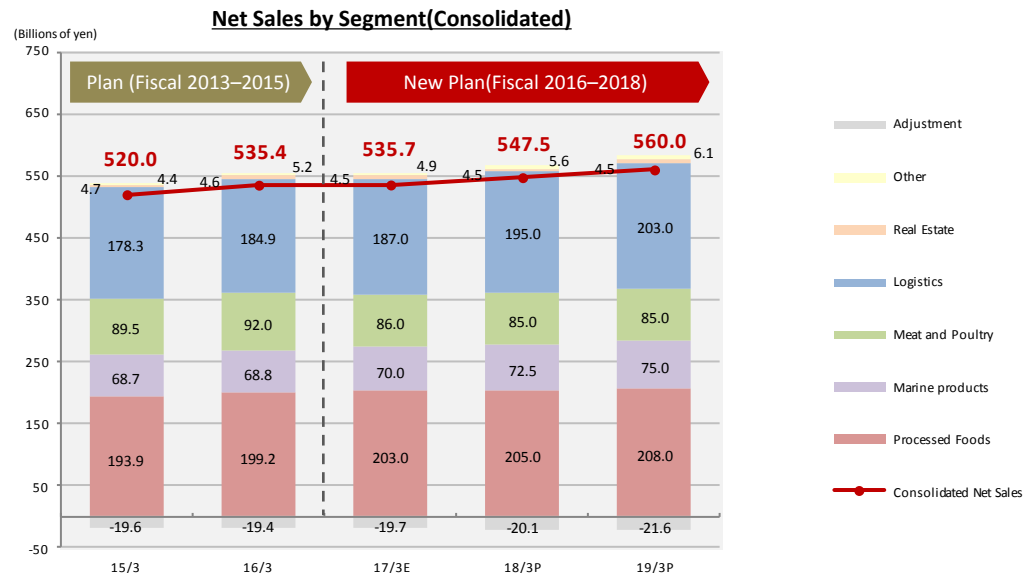
		Business Plan (FY08/3-FY10/3)			Business Plan (FY11/3-13/3)			Business Plan (FY14/3-16/3)			New Business Plan (FY17/3-19/3)		
		08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3E	18/3P	19/3P
<b>Net Sales</b>		<b>463.6</b>	<b>474.5</b>	<b>438.1</b>	<b>437.8</b>	<b>454.9</b>	<b>447.7</b>	<b>487.4</b>	<b>520.0</b>	<b>535.4</b>	<b>535.7</b>	<b>547.5</b>	<b>560.0</b>
	Processed Foods	175.0	174.0	162.1	161.9	174.2	161.6	180.7	193.9	199.2	203.0	205.0	208.0
	Marine Products	74.7	76.1	67.2	66.8	65.7	63.7	68.6	68.7	68.8	70.0	72.5	75.0
	Meat and Poultry	83.9	92.5	77.6	78.3	75.6	75.5	80.1	89.5	92.0	86.0	85.0	85.0
	Logistics	138.7	142.3	139.0	139.4	149.5	156.4	168.4	178.3	184.9	187.0	195.0	203.0
	Real Estate	7.5	7.4	7.0	6.6	4.9	4.7	5.0	4.7	4.6	4.5	4.5	4.5
	Other	6.3	6.6	6.9	6.2	6.0	5.8	3.7	4.4	5.2	4.9	5.6	6.1
	Adjustment	-22.6	-24.4	-21.7	-21.5	-21.0	-20.0	-19.1	-19.6	-19.4	-19.7	-20.1	-21.6
<b>Operating Income</b>		<b>17.4</b>	<b>15.1</b>	<b>16.8</b>	<b>16.7</b>	<b>16.2</b>	<b>17.9</b>	<b>15.8</b>	<b>17.4</b>	<b>21.6</b>	<b>21.7</b>	<b>22.5</b>	<b>23.6</b>
	Processed Foods	4.1	2.0	2.6	4.6	5.2	6.0	3.4	5.4	8.0	8.0	8.5	9.0
	Marine Products	-0.5	0.3	0.9	0.6	0.2	0.1	0.4	0.2	0.7	0.6	0.7	0.8
	Meat and Poultry	0.6	-0.0	0.7	0.4	0.5	0.5	0.1	0.4	0.4	0.6	0.6	0.8
	Logistics	8.5	8.2	7.9	7.3	7.4	8.6	8.9	8.7	10.0	10.3	10.6	11.0
	Real Estate	4.3	4.0	3.7	3.6	2.4	2.3	2.4	2.1	2.2	2.0	2.0	2.0
	Other	0.2	0.2	0.4	0.4	0.5	0.4	0.4	0.6	0.9	0.6	0.7	0.6
	Adjustment	0.1	0.4	0.7	-0.2	0.0	0.0	0.1	0.0	-0.5	-0.4	-0.6	-0.6
<b>Ordinary Income</b>		<b>16.9</b>	<b>14.2</b>	<b>15.5</b>	<b>16.1</b>	<b>15.3</b>	<b>17.2</b>	<b>14.4</b>	<b>16.9</b>	<b>21.4</b>	<b>21.2</b>	<b>21.8</b>	<b>23.3</b>
<b>Profit attributable to owners of parent</b>		<b>9.6</b>	<b>6.0</b>	<b>9.1</b>	<b>4.0</b>	<b>7.9</b>	<b>9.8</b>	<b>8.9</b>	<b>9.5</b>	<b>13.5</b>	<b>12.8</b>	<b>13.5</b>	<b>14.7</b>
<b>Amount of capital investment</b>	including leased assets	—	14.9	24.4	22.1	12.2	13.2	24.0	24.2	16.2	26.9	25.8	34.1
	excluding leased assets	7.8	12.8	18.0	18.1	9.4	10.7	21.2	19.8	13.2	22.9	22.0	27.7
<b>Interest-bearing debt</b>	including leased debt	—	110.5	85.8	97.0	97.8	96.9	106.1	107.7	94.7			
	excluding leased debt	66.1	87.9	60.9	72.5	74.8	75.4	85.7	87.3	75.5			
<b>D/E ratio (times)</b>	including leased debt	—	1.0	0.7	0.8	0.8	0.8	0.8	0.7	0.6			
	excluding leased debt	0.6	0.8	0.5	0.6	0.6	0.6	0.6	0.6	0.5			
<b>Capital adequacy ratio (%)</b>		44.3	38.6	43.1	40.4	40.2	41.3	41.9	43.0	44.4			
<b>ROE (%)</b>		8.5	5.3	7.9	3.4	6.8	8.2	6.9	6.8	9.1	At least 8%		At least 9%

### Notes

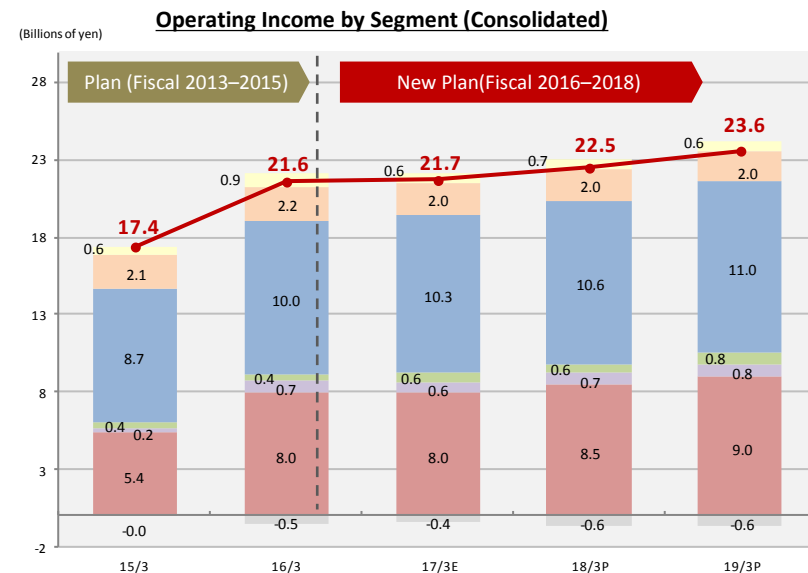
1) In accordance with a change in lease accounting standards, from FY09/3 lease assets and lease obligations are recorded on the balance sheets.

2) Capital investments include intangible fixed assets.

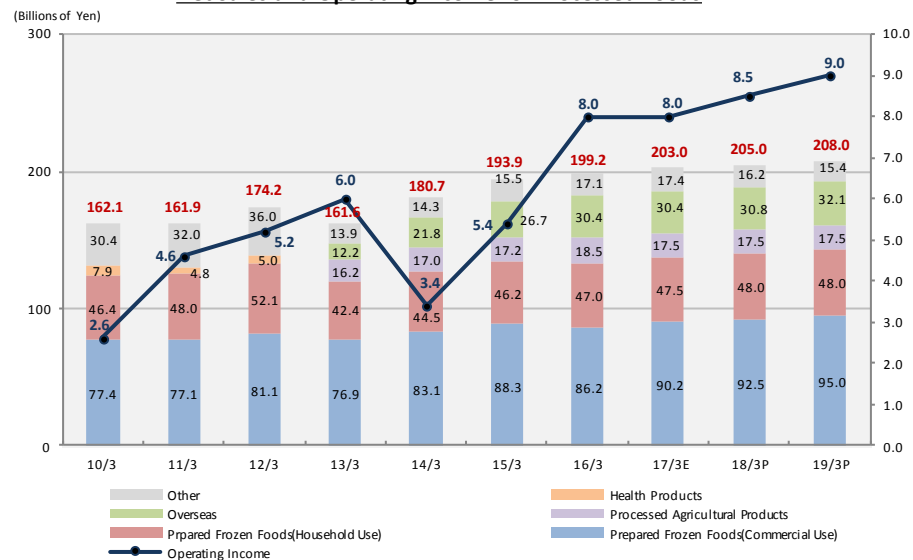
3) Figures from FY13/3 reflect a change in the basis for recording sales in the Processed Foods business. (The portion that had previously been recorded as promotional expenses has been excluded from net sales.)



Note: Figures reflect a change in the basis for recording sales in the Processed Foods business. (The portion that had previously been recorded as promotional expenses has been excluded from net sales.)

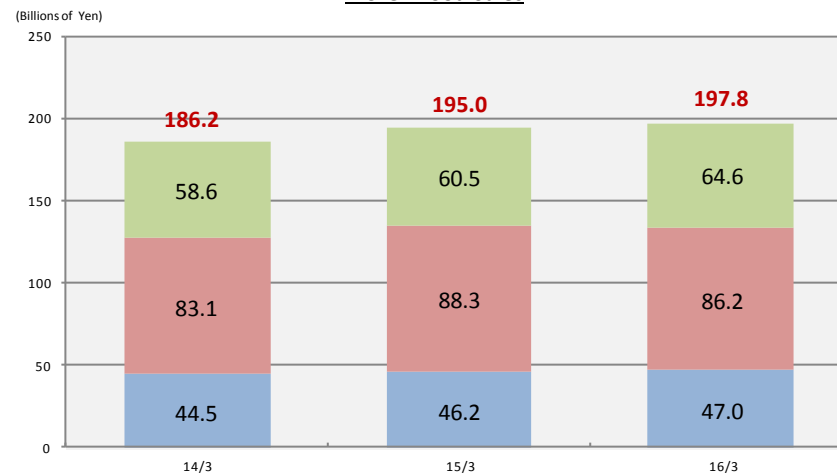


**Net Sales and Operating Income for Processed Foods**



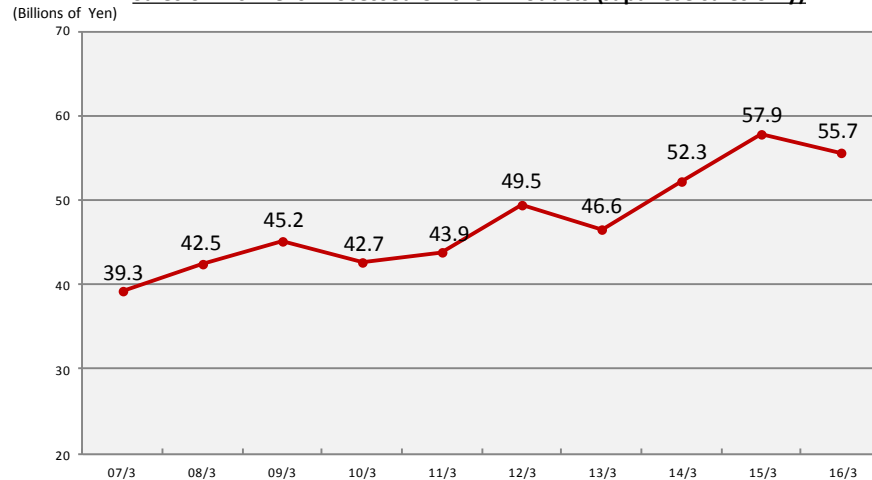
Note: Figures from FY13/3 reflect a change in the basis for recording sales in the Processed Foods business. (The portion that had previously been recorded as promotional expenses has been excluded from net sales.)

**Frozen Food Sales**



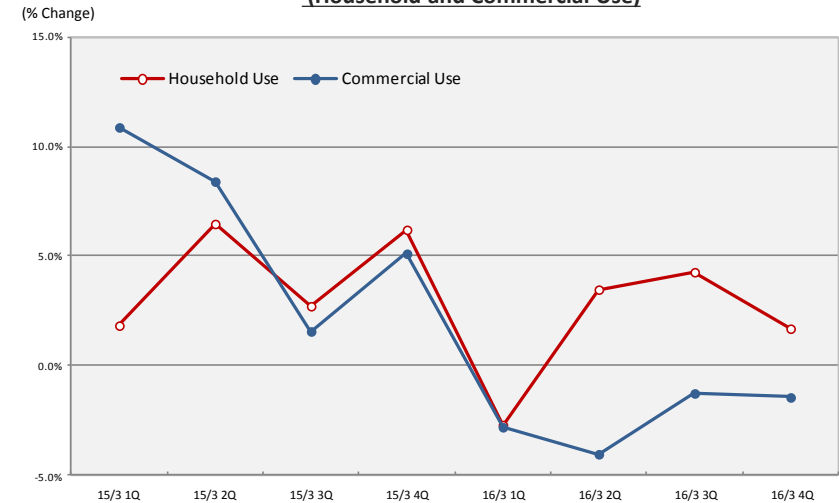
Note: Includes sales of marine products and meat as well as processed foods, based on definitions from the Japan Frozen Food Association

**Sales of Nichirei's Processed Chicken Products (Japanese sales only)**

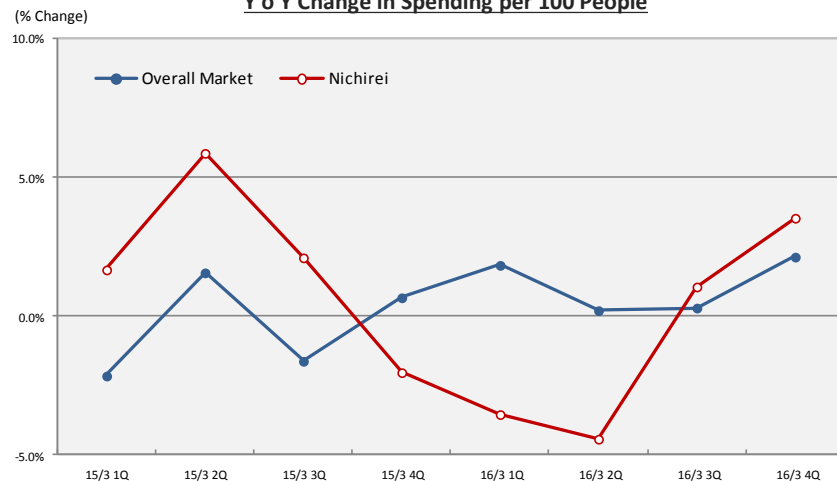


Note: Figures from FY13/3 reflect a change in the basis for recording sales in the Processed Foods business. (The portion that had previously been recorded as promotional expenses has been excluded from net sales.)

**Y o Y Change in Nichirei's Sales of Prepared Frozen Foods (Household and Commercial Use)**

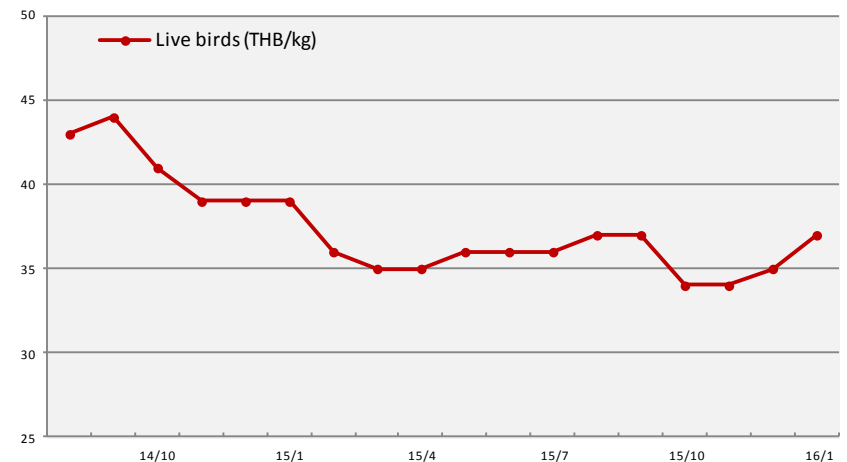


**Consumer Panel for Household-use Prepared Frozen Foods Y o Y Change in Spending per 100 People**



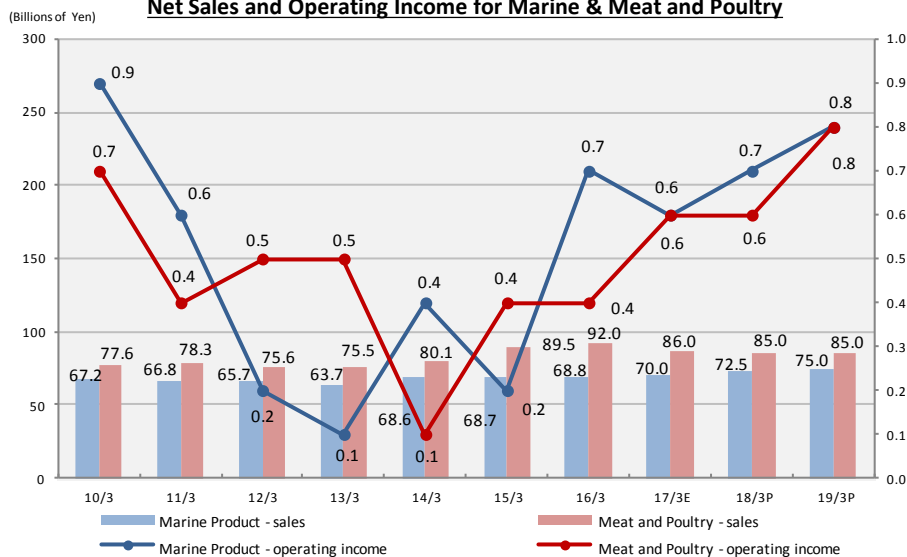
Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

**Wholesale Price of Chicken in Thailand**

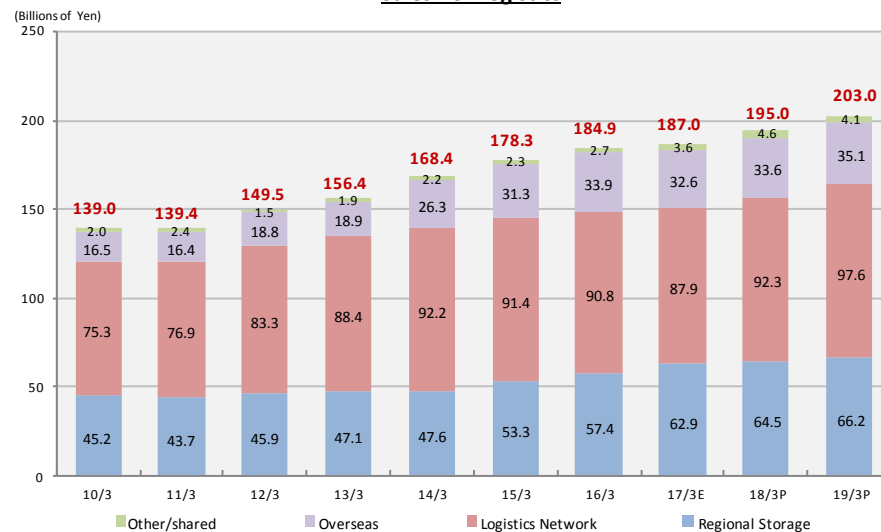


Source: Nichirei, from data published by the Agriculture & Livestock Industries Corporation (alic)

## Net Sales and Operating Income for Marine & Meat and Poultry

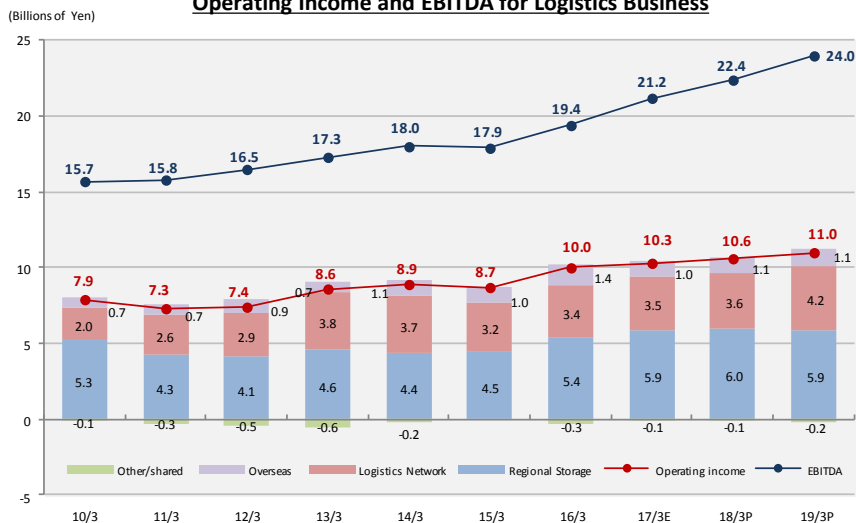


## Sales for Logistics



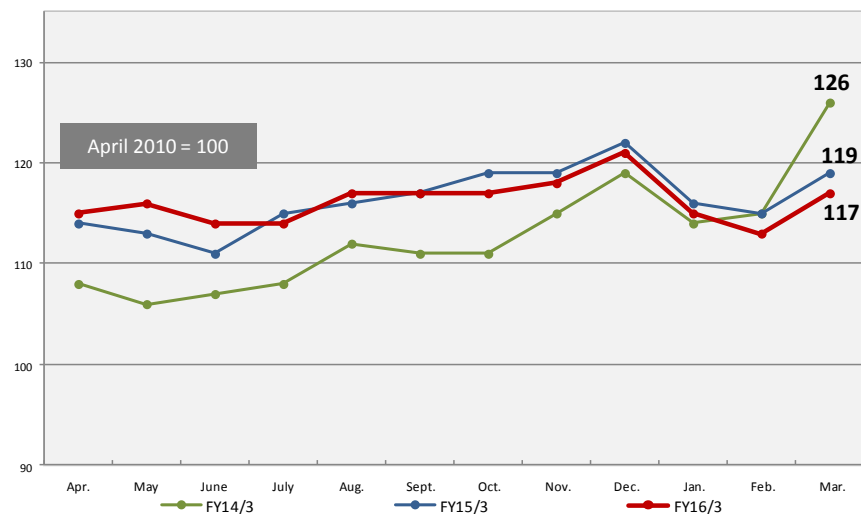
Note: For the fiscal periods from 14/3 to 17/3E, a portion of the logistics network business was transferred to the regional storage business.

## Operating Income and EBITDA for Logistics Business



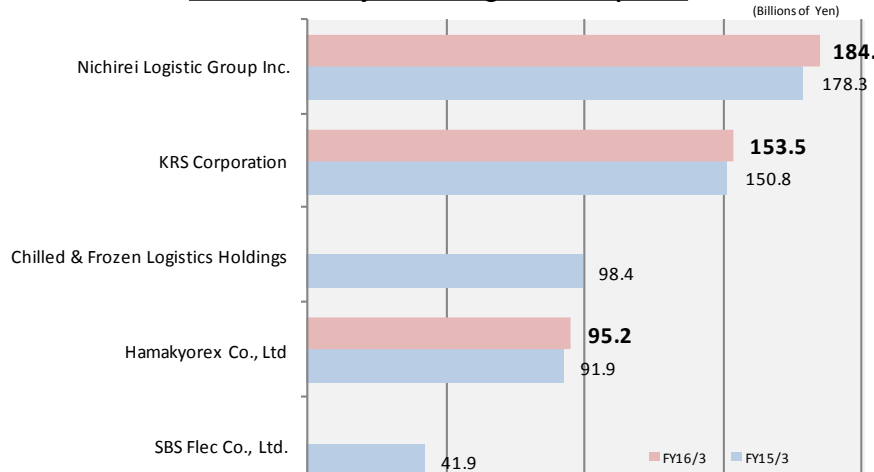
Note: For the fiscal periods from 14/3 to 17/3E, a portion of the logistics network business was transferred to the regional storage business.

## Freight Charge Index (Monthly)



Source: Nichirei, from data published by the Japan Trucking Association  
Note: This index is for freight charges recorded on an ICT system of the Japan Trucking Association, and therefore does not represent changes in freight charges at Nichirei's Logistics Business.

## Net Sales of Major Food Logistics Companies



Note:

- Fiscal 2014 figures for C&F Logistics are a simple addition of Meito Transportation and Hutech Norin.
- Fiscal 2015 figures are only shown for companies that announced results as of May 9, 2016.

## Top 20 Companies in Terms of Cold Storage Capacity (Japan)

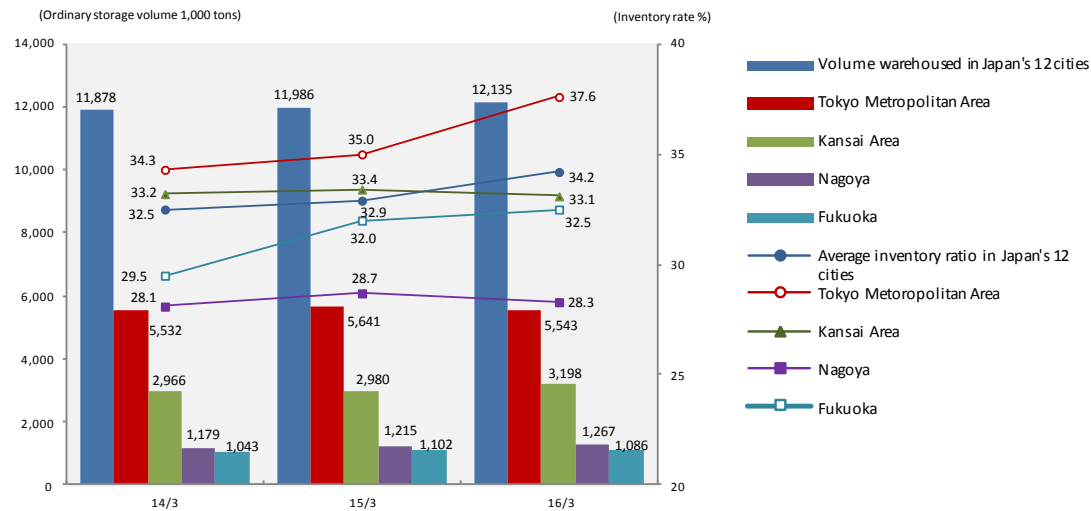
(As of January 1, 2016)

Ranking	Name	Capacity (thousand of tonnes)	Variance from Jan.2014	share	Main operating region
1	Nichirei Group	1,430	0	14%	Nationwide
2	Yokohama Reito	790	20	8%	Nationwide
3	Maruha-Nichiro Holdings	580	-20	6%	Nationwide
4	Toyo Suisan Group	470	-10	5%	Nationwide
5	Chilled & Frozen Logistics Holdings	400	10	4%	Nationwide
6	Nippon Suisan Group	370	-10	4%	Nationwide
7	Matsuoka	240	0	2%	Kanto, Kansai, Kyushu
8	Futaba Group	230	20	2%	Kanto
9	Igarashi Reizo Group	230	10	2%	Kanto
10	Nippon Logistic Center	170	0	2%	Kanto, Kansai
11	HYOSHOKU	170	0	2%	Kansai
12	K.R.S. Corporation	160	30	2%	Nationwide
13	Konoike Transport	160	0	2%	Nationwide
14	HOHSUI	140	0	1%	Kanto
15	Hosen Cold Storage	140	0	1%	Kansai
16	Yamate Reizo	100	-10	1%	Kanto
17	Kowan Reizo	100	0	1%	Kanto, Kansai, Kyushu
18	Kamigumi	70	0	1%	Nationwide
19	Tsujino	70	0	1%	Kanto, Tohoku, Kyushu
20	Tokyo Toyomi Reizo	60	-10	1%	Kanto
Other		4,250	-70	41%	
Total		10,330	-60	100%	

Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses documents (Includes partial estimates)

Note: Created with data only from members of the Japan Association of Refrigerated Warehouses

## Industry-Wide Cold Storage Capacity Utilization

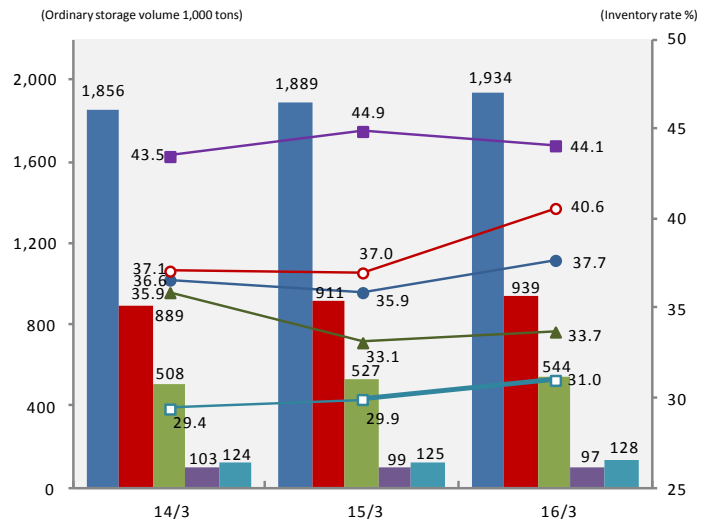


Source: Industry figures calculated by Nichirei from Japan Association of Refrigerated Warehouses data

Note: The inventory ratio is the proportion of stored goods to total cold storage space. Typically, around half of the total space is areas where goods cannot be stored, such as aisles and workspaces.

## [Cold Storage Capacity Utilization]

## Nichirei Group's Cold Storage Capacity Utilization



## Top Ten Companies Worldwide in the Refrigerated Warehouse Industry by Capacity

Ranking	Company/Group Name	Capacity (thousand of tonnes)	Main Countries of Business
1	Americold Logistics	11,240	USA, etc.
2	Lineage Logistics	6,800	USA
3	Swire Group	3,780	USA, etc.
4	Preferred Freezer Services	2,920	USA, etc.
5	Nichirei Logistics Group, Inc.	1,730	Japan, etc.
6	Kloosterboer	1,410	Netherlands, etc.
7	VersaCold Logistics Services	1,350	Canada
8	Partner Logistics (ICSH B.V.)	1,140	Netherlands, etc.
9	Interstate Warehousing, Inc.	930	USA
10	AGRO Merchants Group, LLC	910	USA, etc.

As of March 31, 2015

Source: Compiled by Nichirei based on International Association of Refrigerated Warehouses document "Global Top 25 List"

## Top Ten Companies of Europe in the Refrigerated Warehouse Industry by Capacity

Ranking	Company/Group Name	Capacity (thousand of tonnes)	Main Countries of Business
1	Kloosterboer	1,350	Netherlands, etc.
2	Partner Logistics (ICSH B.V.)	1,140	Netherlands, etc.
3	MUK Logistik GmbH	690	Germany
4	Gruppo Marconi Logistica Integrata	620	Italy
5	Bring Frigo	510	Sweden, etc.
6	Nichirei Logistics Group, Inc.	380	Netherlands, etc.
7	AGRO Merchants Group, LLC	380	Netherlands, etc.
8	Claus Sørensen A/S	290	Denmark
9	Frigolanda Cold Logistics	210	Germany, etc.
10	Reed Boardall Cold Storage Ltd.	200	The U.K.

As of March 31, 2015

Source: Compiled by Nichirei based on International Association of Refrigerated Warehouses document "European Top 25 List" of

## Forward-Looking Statements

Aside from historical facts, Nichirei's present plans, forecasts and strategies as outlined in this publication consist of forward-looking statements about future business performance. These forecasts of future business performance and explanations of future business activities may or may not include words such as "believe," "expect," "plan," "strategy," "estimate," "anticipate" or other similar expressions. These statements are based on the information available to Nichirei management at the time of publication. Actual results may differ significantly from these forecasts for a variety of reasons, and readers are therefore advised to refrain from making investment decisions based solely on these forward-looking statements. Nichirei will not necessarily revise its forward-looking statements in accordance with new information, future events, and other results. Risks and uncertainties that could affect Nichirei's actual business results include, but are not limited to:

- (1) Changes in the economic conditions and business environment that may affect the Nichirei Group's business activities.
- (2) Foreign exchange rate risks, especially as regards the US dollar and the euro.

- (3) Risks associated with the practicability of maintaining quality controls throughout the process from product development, procurement of raw materials, production, and sale.
- (4) Risks associated with the practicability of development of new products and services.
- (5) Risks associated with the practicability of growth strategies and implementation of low-cost systems.
- (6) Risks associated with the practicability of achieving benefits through alliances with outside companies.
- (7) Contingency risks.

However, factors that may affect the performance of the Nichirei Group are not limited to those listed above. Further, risks and uncertainties include the possibility of future events that may have a serious and unpredictable impact on the Group. This publication is provided for the sole purpose of enhancing the reader's understanding of the Nichirei Group, and should not be taken as a recommendation regarding investment decisions.

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