

May 15, 2019

The New Medium-term Business Plan (FY2019–2021) Presentation Material



(Stock code: 2871)

Mission

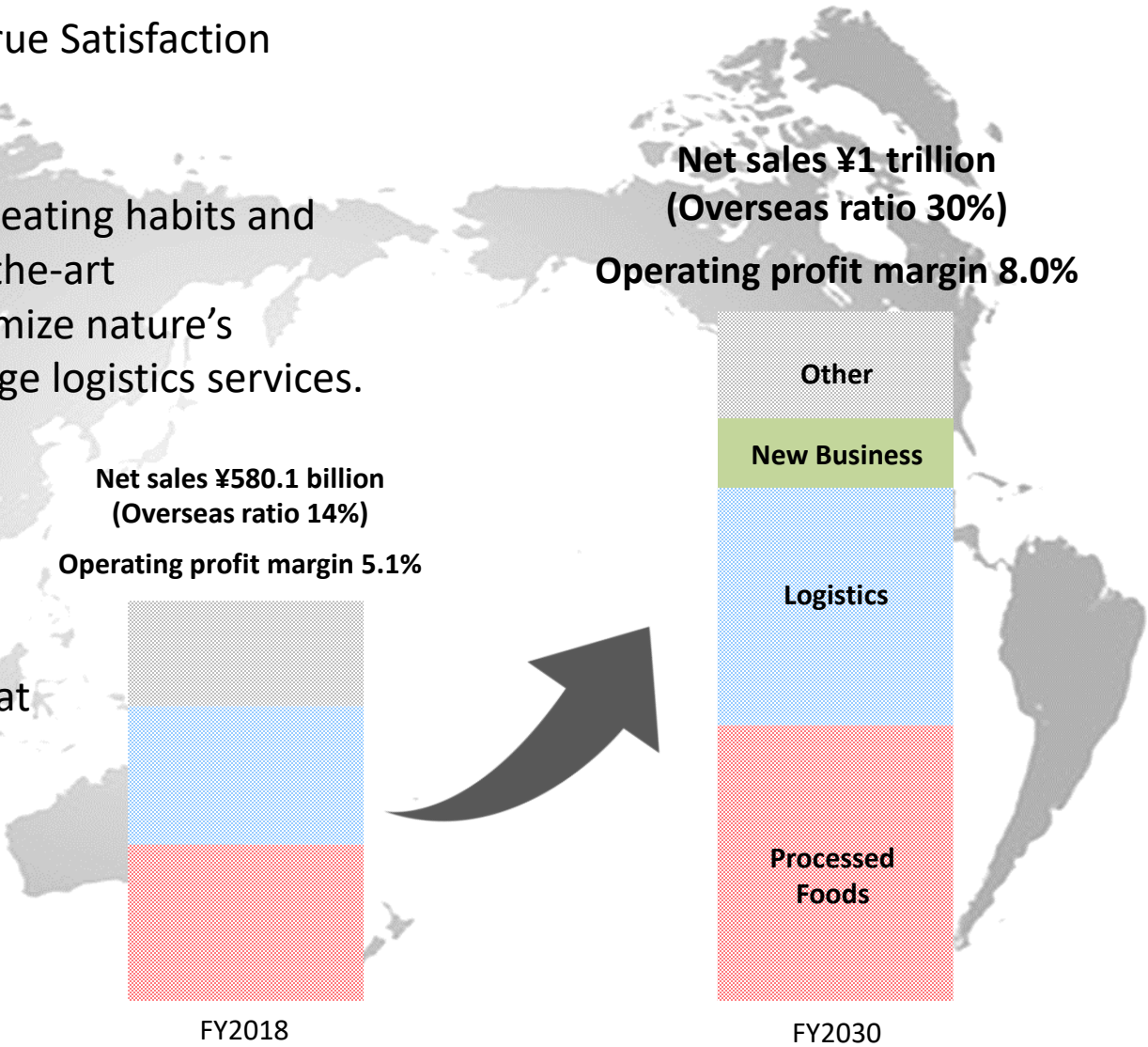
Focus on Lifestyles, and Provide True Satisfaction

Vision

We will continue to support good eating habits and health by leveraging our state-of-the-art manufacturing practices that optimize nature’s bounty, along with our leading-edge logistics services.

Vision towards 2030

The Company will promote innovation to create new value that solves the problems of customers and society, and to contribute to people’s good dietary life and health.



Overview

1. Review of the Previous Medium-term Business Plan (Fiscal 2016–2018) **NICHIREI**

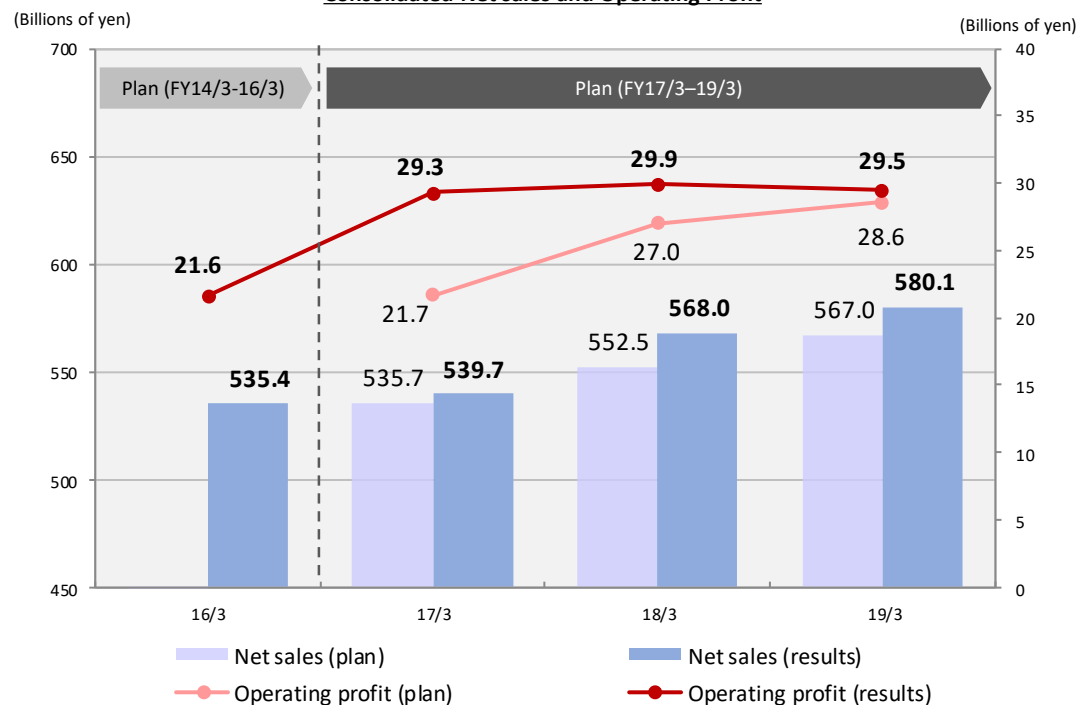
Expanded sales absorbed cost increases, with considerable boost to earnings.

Achievements	Issues
<ul style="list-style-type: none"> ▪ Processed Foods: Improved profitability in Japan on expanded sales of mainstay products. ▪ Logistics: Expanded cargo pickups and improved balance of transport income. ▪ Meat and Poultry Products: Increased earnings. 	<ul style="list-style-type: none"> ▪ Further increase earnings ▪ Respond to changes in the business environment and cost increases. ▪ Expand scale in overseas operations. ▪ Stabilize earnings in Marine Products.

(Billions of yen)

	FY19/3		
	Results	YoY	Compared to business plan
Net Sales	580.1	12.1	13.1
Processed Foods	226.6	5.9	11.6
Marine Products	71.2	-0.3	-3.8
Meat and Poultry	91.1	0.7	6.1
Logistics	201.0	6.0	-2.0
Real Estate	4.8	-0.1	0.3
Other	5.8	0.4	-0.3
Adjustment	-20.4	-0.5	1.2
Operating Profit	29.5	-0.4	0.9
Processed Foods	14.6	0.0	0.6
Marine Products	0.2	-0.1	-0.6
Meat and Poultry	1.5	0.2	0.7
Logistics	11.4	0.1	0.4
Real Estate	2.1	-0.1	0.1
Other	0.3	-0.5	-0.3
Adjustment	-0.6	-0.1	0.0
Ordinary Profit	29.9	-0.8	1.6
Profit attributable to owners of parent	19.9	0.8	1.7

Consolidated Net sales and Operating Profit



2. General Strategy and Consolidated Target Figures

Main Points of the New Medium-term Business Plan

- Sustainable Growth from Raising profitability in Japan and Expanding Overseas Operations.

1. General Strategy

(1) Realize sustainable profit growth.		<u>Main measures</u> i. Continued growth in Processed Foods, and steady expansion in Logistics. ii. Allocate resources to further strengthen competitiveness in mainstay businesses. • Growth investments in Japan and overseas • Investments to strengthen foundations, including environmental measures iii. Reinforce efforts to develop new businesses, conduct R&D, and reform businesses.
Japan	Raise profitability in Japan by strengthening the management foundation and transforming the business structure.	
Overseas	Accelerate the expansion of scale in overseas operations.	
(2) Improve capital efficiency and expand shareholder returns.		<u>Main measures</u> Maintain ROE of 10% or higher, revise dividend standard.
(3) Create new value that supports a good dietary life and health.		<u>Main measures</u> Help communities deal with issues they face through our businesses.

2. Consolidated Target Figures

	FY19/3 results	FY22/3 Business plan	Variance	Annual average growth rate
Net sales	580.1	657.0	76.9	4.2%
Overseas sales	79.2	102.3	23.1	8.9%
Operating profit	29.5	35.0	5.5	5.9%
Operating profit margin	5.1%	5.3%	0.2 pp	–
Profit	19.9	22.0	2.1	3.3%
EBITDA*	47.0	57.6	10.6	7.0%
ROE	11.7%	10% or higher		
EPS	149.7 yen	164.9 yen or higher		

* EBITDA = Operating profit + Depreciation expense (including lease, excluding goodwill)

2. General Strategy and Consolidated Target Figures

Main Points of the New Medium-term Business Plan

- We expect to absorb the increase in depreciation stemming from capital investment, and strategic costs such as research and development, and secure earnings growth of around 6% annually over the plan period, with 7% growth in EBITDA.

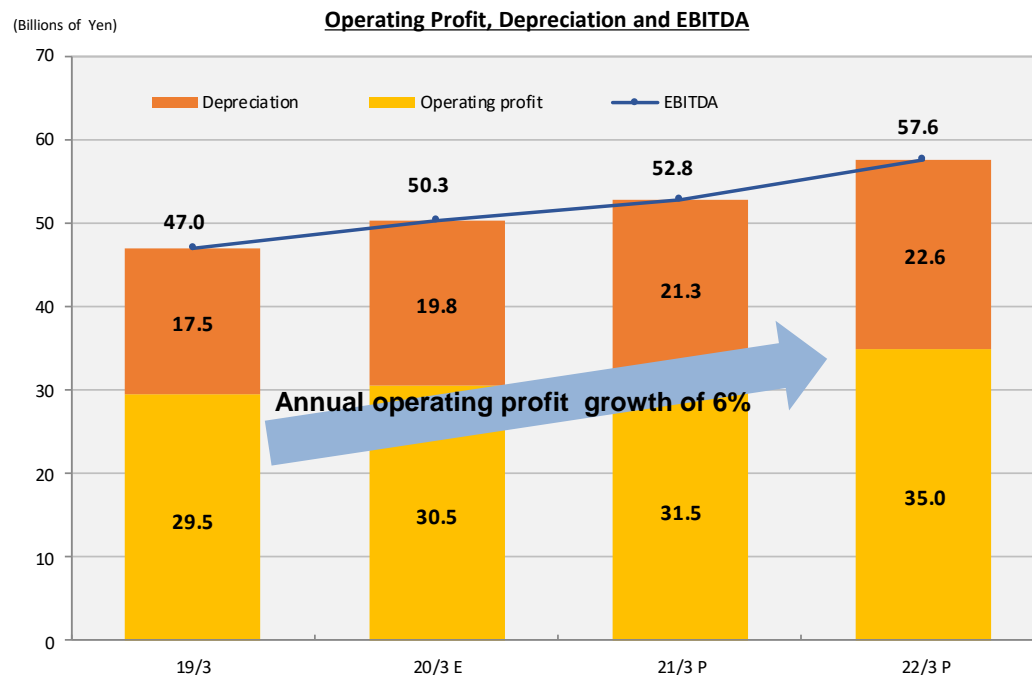
Processed Foods: Increase earnings through expanded sales in Japan and overseas.

Marine Products, Meat and Poultry: Secure stable earnings.

Logistics: Steady earnings growth from expanded cargo collections

Real Estate: Earnings decline due to renovations of certain leased buildings.

Adjustments: Increase in strategic costs such as R&D and IT systems.



Target Figures by Segment

(Billions of Yen)

	FY19/3 results	FY22/3 plan	Variance
Net sales	580.1	657.0	76.9
Processed Foods	226.6	263.0	36.4
Marine Products	71.2	75.0	3.8
Meat and Poultry Products	91.1	103.0	11.9
Logistics	201.0	227.0	26.0
Real Estate	4.8	4.5	-0.3
Other	5.8	8.0	2.2
Adjustments	-20.4	-23.5	-3.1
Operating Profit	29.5	35.0	5.5
Processed Foods	14.6	18.7	4.1
Marine Products	0.2	0.8	0.6
Meat and Poultry	1.5	1.8	0.3
Logistics	11.4	12.7	1.3
Real Estate	2.1	1.8	-0.3
Other	0.3	0.6	0.3
Adjustments	--0.6	-1.4	-0.8
Ordinary Profit	29.9	35.2	5.3
Profit	19.9	22.0	2.1

3. Strategies by Segment

Utilize the Collective Abilities of the Group to Create New Customer Value.

Utilize the Group's Collective Abilities

Processed Foods

- Continued growth for mainstay products.
- Maintain the production base.
- Stabilize earnings in Thailand.
- Business growth in North America.

Logistics

- Maximize earnings in Japan.
- Pursue operational reforms.
- Expand the base for the overseas business.

Marine, Meat and Poultry Products

- Marine Products: Structural reforms
- Meat and Poultry Products: Stable growth

Other (Biosciences)

- Expand business scale to support future growth.

Synergies in the management foundation

Human asset development, R&D, quality assurance, sales network, facilities/IT utilization, overseas business development

Expand existing business and create new growth drivers

Allocate Resources Needed for Sustainable Growth

(1) Proactive capital investments to strengthen competitiveness

- Growth investments in Japan and overseas
- Continue investments to strengthen foundations, including long-term use of facilities and greater efficiency, and environmental measures
- Strengthen measures for operational reforms

(2) Strengthen measures for a long-term perspective

- Focus on R&D and new business development, and work to create new growth drivers.

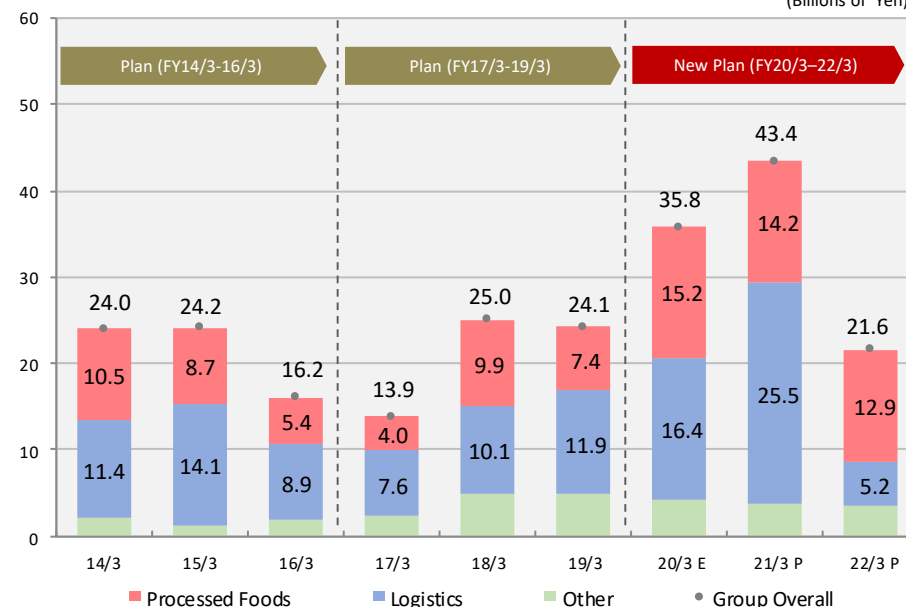
Capital expenditures plan

(Billions of Yen)

	Capital expenditures 3 years cumulative	Main Investment Targets
Processed Foods	42.3	<ul style="list-style-type: none"> • Expand GFPT Nichirei No. 2 Plant. • Expand production lines. • Investments for greater efficiency and environmental measures
Logistics	47.1	<ul style="list-style-type: none"> • Build the Nagoya Minato DC. • New and expanded facilities in Europe • Operational reforms and IT system investments
Group overall	Total: 100.8 (Japan: 69.6 / Overseas: 31.2)	

Capital Expenditures in Each Business Plan

(Billions of Yen)



Revise Dividend Standard and Enhance Shareholder Returns.

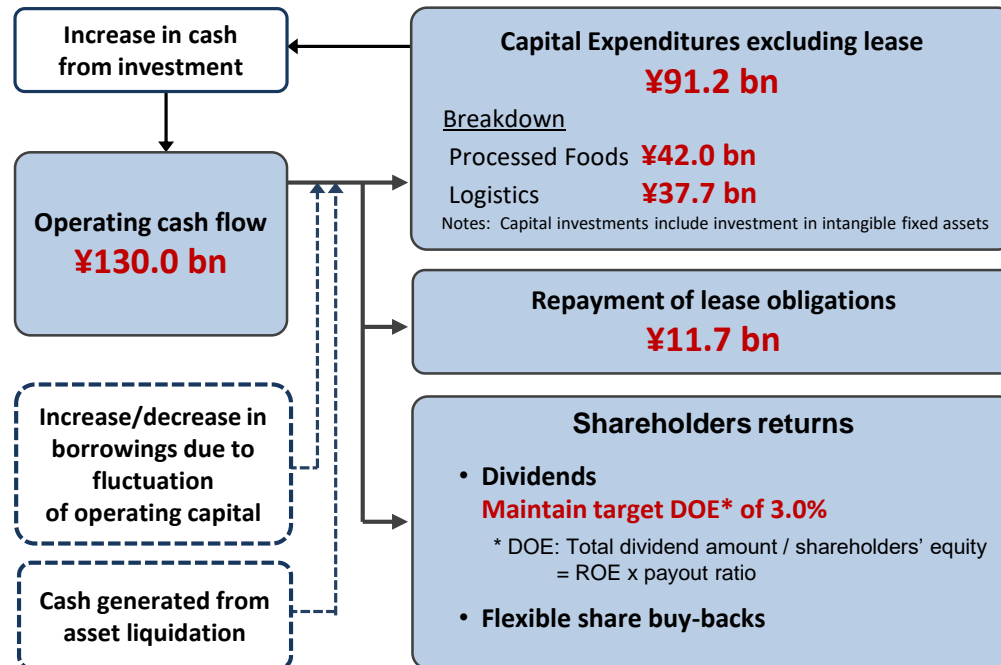
(1) Financial soundness

Secure financial soundness to support proactive investment, and maintain ROE at 10% or higher.

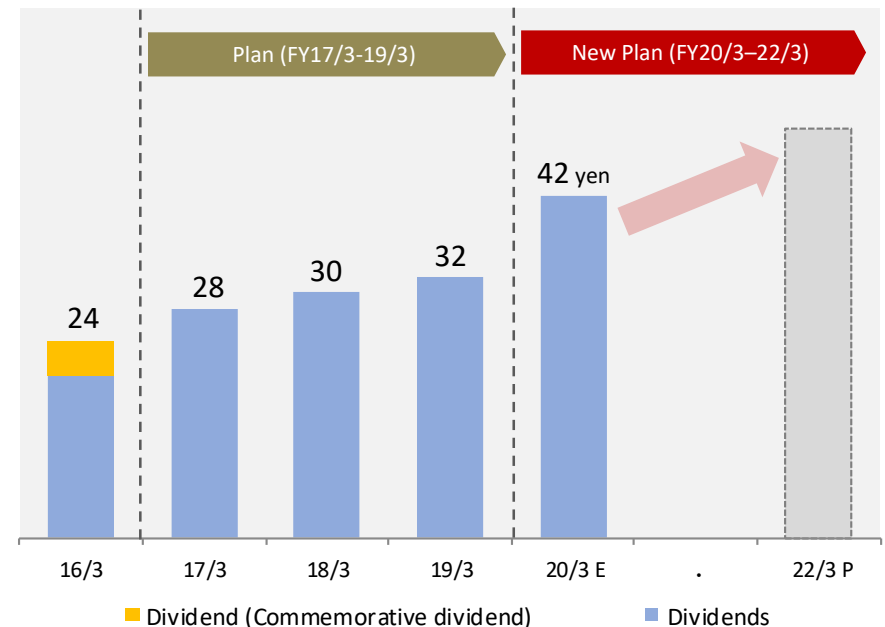
(2) Expanded shareholder returns

Revise dividend standard aiming for 3.0% DOE (dividend on equity) and maintain stable dividend. Consider flexible stock buy-backs based on medium-term outlook for business environment and financial condition.

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



Dividends per Share



Note: Number of shares and dividends per share are revised figures following the stock merger on October 1, 2016.

Measures to help communities deal with issues they face through our businesses.

- The Nichirei Group, based on its CSR policy the “Nichirei Pledge,” through efforts to create new value that supports a good dietary life and health, aims to contribute to solving social problems and makes communities more sustainable.

Main Issues	Main measures
Create new customer value	<ul style="list-style-type: none"> • Provide products optimally processed to meet customer needs. • Support health with nutrient composition control. (calorie-restricted diets) • Offer meals based on mood and preferences. (New business: Conomeal)
Provide safe foods and services	<ul style="list-style-type: none"> • Utilize AI to reduce defective product rate. (reduce food loss) • Meet international quality control standards with introduction of FSSC22000. • Ensure traceability.
Build a sustainable supply chain	<ul style="list-style-type: none"> • Practice human rights due diligence, including with main suppliers. • Introduce sustainable palm oil. (RSPO-certified palm oil)
Reduce the environmental load and respond to climate change	<ul style="list-style-type: none"> • Cut CO₂ emissions with equipment renovations. • Eliminate CFCs by shifting to natural refrigerant freezing units. • Reduce plastic use through development of new products such as thin film packaging.
Enhance corporate governance	<ul style="list-style-type: none"> • Continued improvement through use of Board of Directors evaluations. • Revise the executive compensation system. (introduce share-based payment system)

Processed Foods Business



Utilize Competitive Advantages to Sustain Sales Growth.

Recognition of the business environment

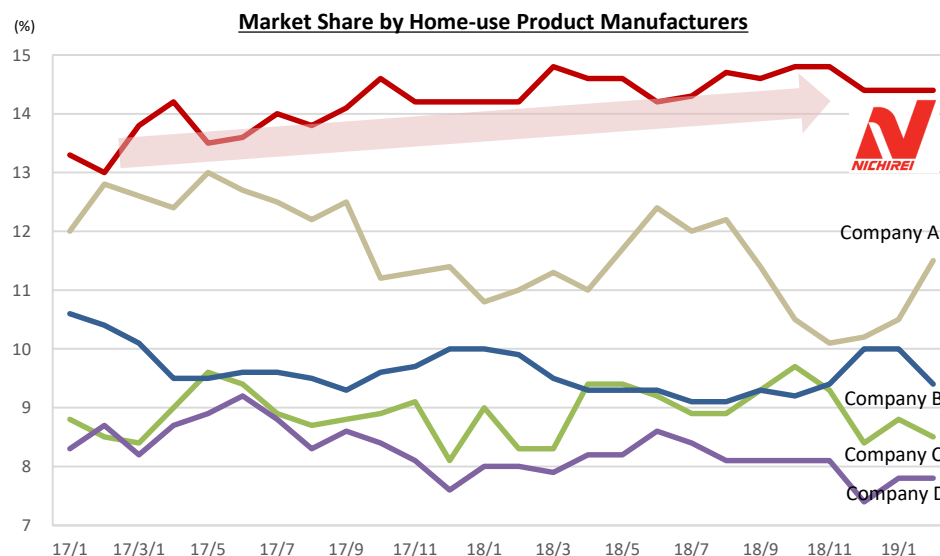
- Demand for frozen foods will steadily rise, reflecting social changes.
 - More meals prepared/eaten outside the home
 - Labor-savings needed to cope with worker shortage
 - Increase in needs for innovative new products (healthy, meal ingredients, etc.)
 - Expanded sales channels, such as convenience stores, e-commerce, delivery, elderly care facilities
- Intensifying competition in growth markets
- Increases in food material, personnel, and other costs

Strategic Direction

- Enhance competitiveness through innovations utilizing Nichirei's strengths, and expand sales

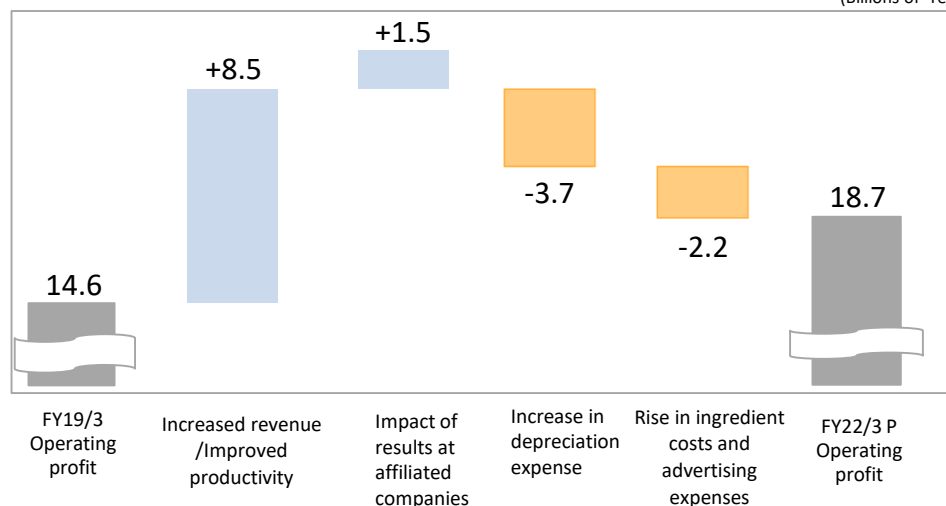
(Our strengths)

- Product development capabilities and product lineup
- Capability to reproduce good taste through R&D and production know-how
- Cost competitiveness utilizing the industry's largest production capacity
- Sales network able to reach all business types
- Quality control structure



Main Factors for Operating Profit Variance in the Medium-term Business Plan

(Billions of Yen)

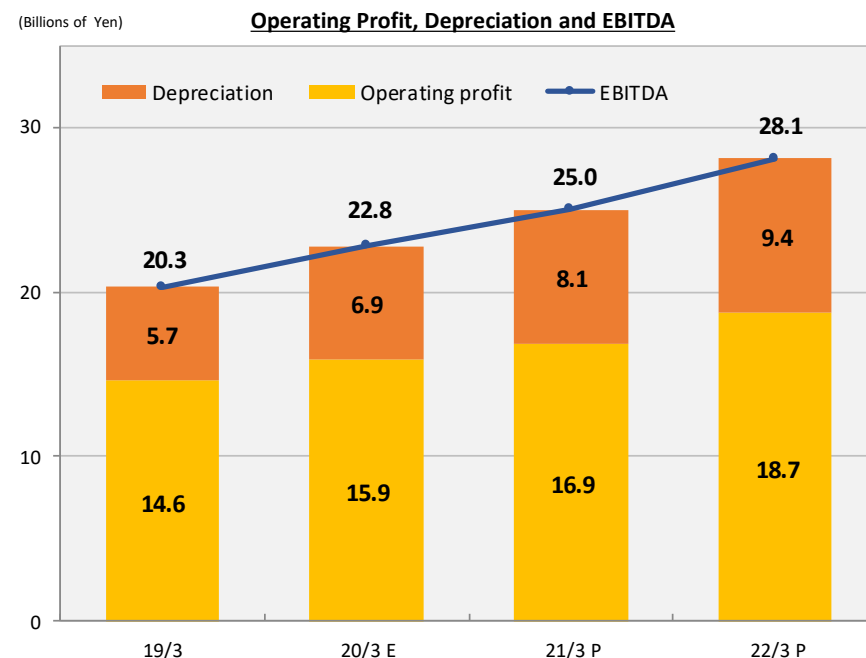


Sustainable Profit Growth from Strengthening the Earnings Base and Overseas Expansion

- Absorb increase in depreciation cost, and aim for 9% annual profit growth during the plan period.

(Billions of Yen)

	FY19/3 results	FY22/3 plan	Compared to FY19/3	
			Variance	% Change
Net Sales	226.6	263.0	36.4	5%
Household-Use Prepared Frozen Foods	60.3	70.3	10.0	5%
Commercial Use Prepared Frozen Foods	98.4	115.2	16.8	5%
Processed Agricultural Products	19.3	22.0	2.7	4%
Overseas	32.6	39.9	7.3	7%
Other	16.0	15.6	-0.4	-1%
Operating Profit	14.6	18.7	4.1	9%



(Main measures)

1. Strengthen the earnings base

- Strengthen technology development and improve the product mix to enhance added value in mainstay categories such as chicken and rice products.
- Create new strategic categories, and strengthen measures to meet needs by business type.
- Enhance the Nichirei brand with strengthening of product capabilities and continual promotion.

- Expand production capacity in Japan and overseas, and make capital investments to enhance efficiency.

2. Accelerate overseas business growth

In the U.S., focus on expanding sales by broadening product categories.

7. Processed Foods

Focus on Continued Growth in Mainstay Categories and Creating New Demand.

Continued growth by further enhancing the quality of mainstay products

Offer products with new ingredients or concepts to develop meal settings and customer categories



Source: CS survey conducted by Nichirei Foods

Strengthen regular items



Develop new menus

RU Gravy Hamburg Steak



Delicious like freshly baked by boiling prep methods

Shift to home meal replacement and restaurants

Various meal settings



Food materials/
support home cooking



Boiling prep methods

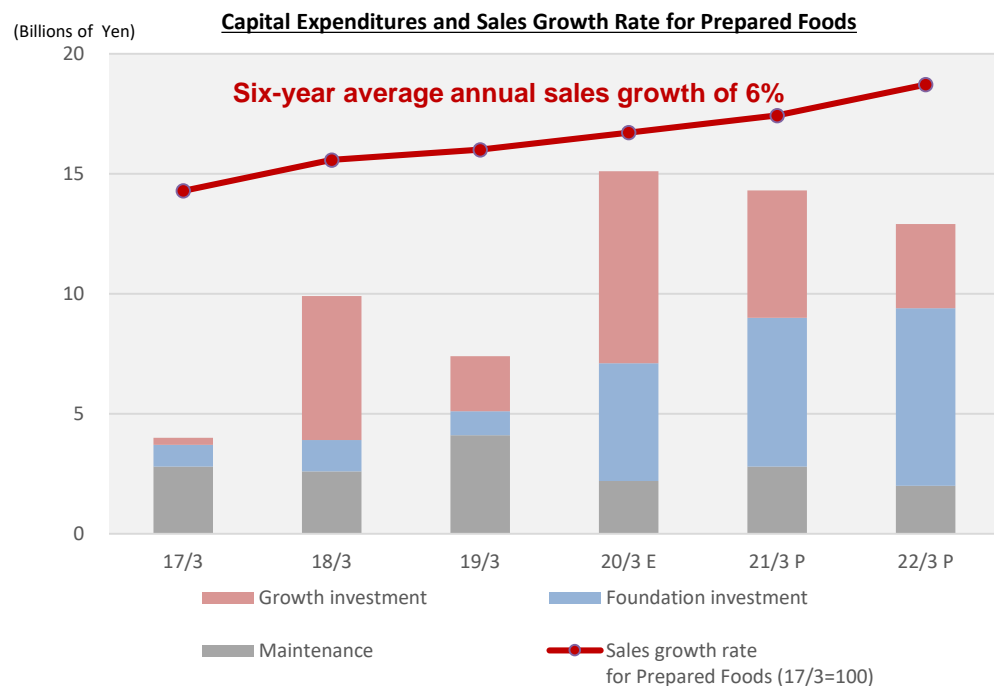
Surprisingly crispy breading even from boiling prep methods



Meals for elderly care facilities

Investments to Expand Production Capacity and Strengthen Foundations

- Bolster the production structure in order to expand production capacity to meet growing demand, enhance efficiency, and implement environmental measures.
 - GFPT Nichirei in Thailand: Stabilize earnings by expanding the No. 2 plant, and producing highly processed products.
 - Enhance productivity through investments to counter the labor shortage, and other measures for greater efficiency.
 - Expand investments necessary for environmental measures, such as reducing CO₂ emissions.



Main Capital Expenditures		
Investment Type	Main Investment Targets	
Growth investment	Expand the GFPT Nichirei No. 2 plant	Increased production capacity for processed foods scheduled to commence operations in October 2020
	Increase production in Japan	Expand production lines for mainstay products
Foundation investment	Enhance efficiency of production plants	Upgrade aging production lines, automation and labor savings
	Environmental measures	Replace freezers, cut CO ₂ emissions

7. Processed Foods Business

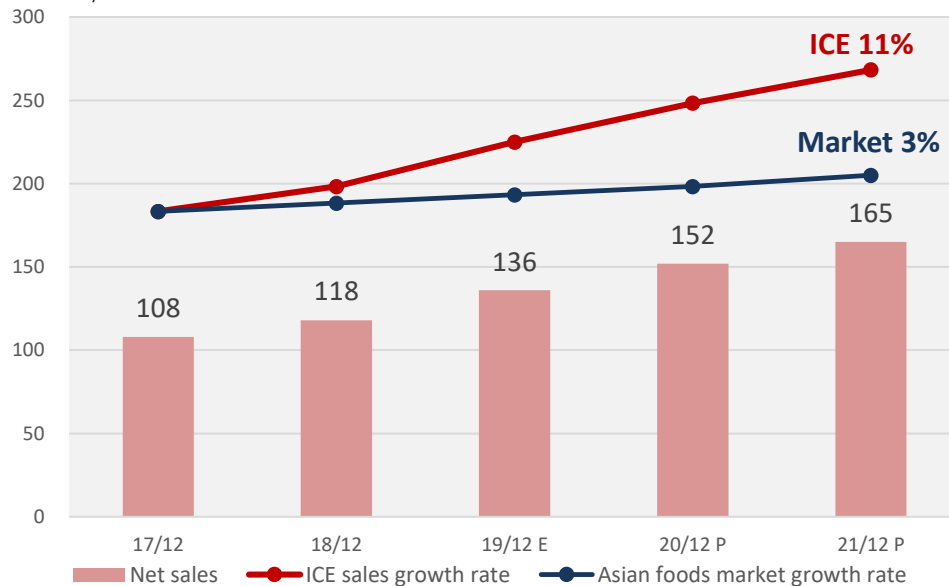
Accelerate Sales Expansion in the U.S. Asian Foods Market.

- Expand categories and market share in growth markets.
 - U.S. firm InnovAsian Cuisine (ICE): Utilize strengths in product development capability, sales network, and production capacity to develop and produce differentiated products.
 - Along with strengths in existing products, focus on category expansion for Asian appetizers.
 - Going forward, consider expansion of production capacity in relation to sales growth, and broaden the Asian foods menu.

Single-serving Products

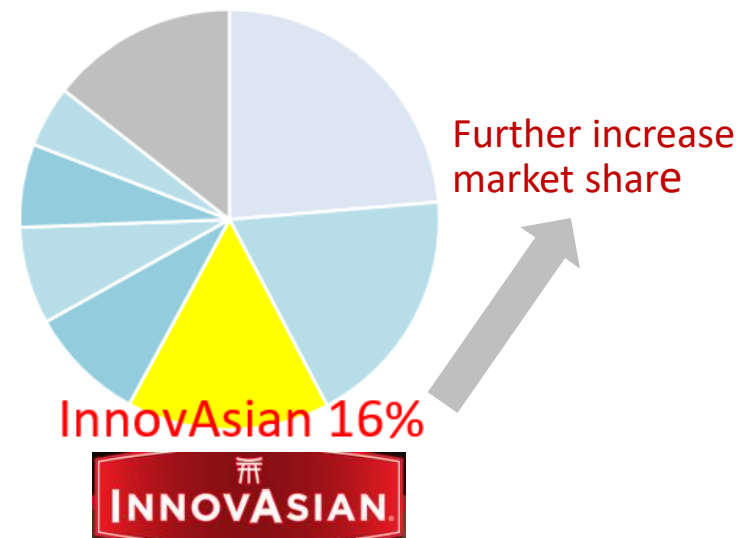


(Millions of dollar) Proportion of Fried Rice's appearance on dinner tables by preparation method



* Both growth rates: FY17/12 = 100

Current Market Share



Logistics Business



Be the Leading Advanced Logistics Brand in Both Service Quality and Earnings

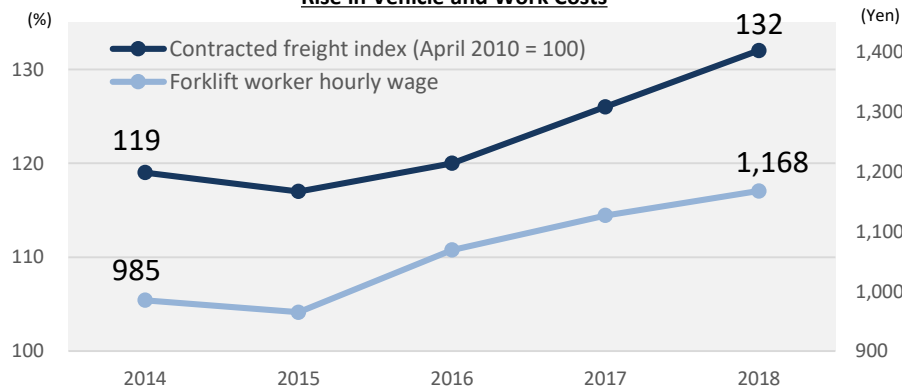
Recognition of the business environment

- Steady growth in logistics demand
 - Increase in frozen foods demand and imported foods
 - Greater need for efficiency to counter higher logistics costs
- Tighter regulations
 - Laws related to working-style reforms, and required recording of driver waiting times
- Rising costs to impact earnings
 - Measures needed to counter increases in labor, energy, and construction costs
- Industry reorganization among major overseas businesses

Strategic Direction

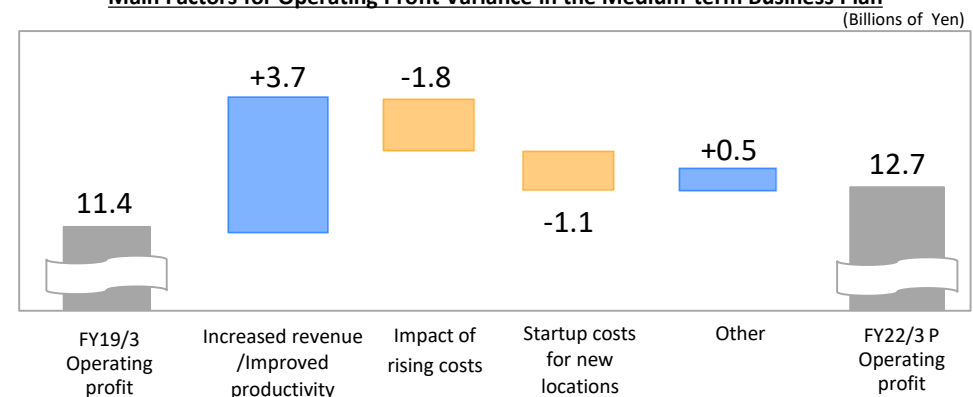
- Steady growth in existing businesses through operational reforms, and expansion of overseas business
 - (1) Expand storage utilizing strengths.
 - Most expansive network in Japan
 - Provide one-stop services utilizing various functions
 - (2) Strengthen logistics solutions function.
 - Optimal proposals utilizing logistics infrastructure overall
 - (3) Pursue efficiency and appropriate service fees.
 - Optimal placement of cargo utilizing location characteristics
 - Operational reforms utilizing IT
 - (4) Accelerate overseas expansion.
 - Proactively invest in Europe, and expand business in China

Rise in Vehicle and Work Costs



Source: Figures calculated by Nichirei from Japan Trucking Association and Recruit Jobs JOBS Research Center data.

Main Factors for Operating Profit Variance in the Medium-term Business Plan

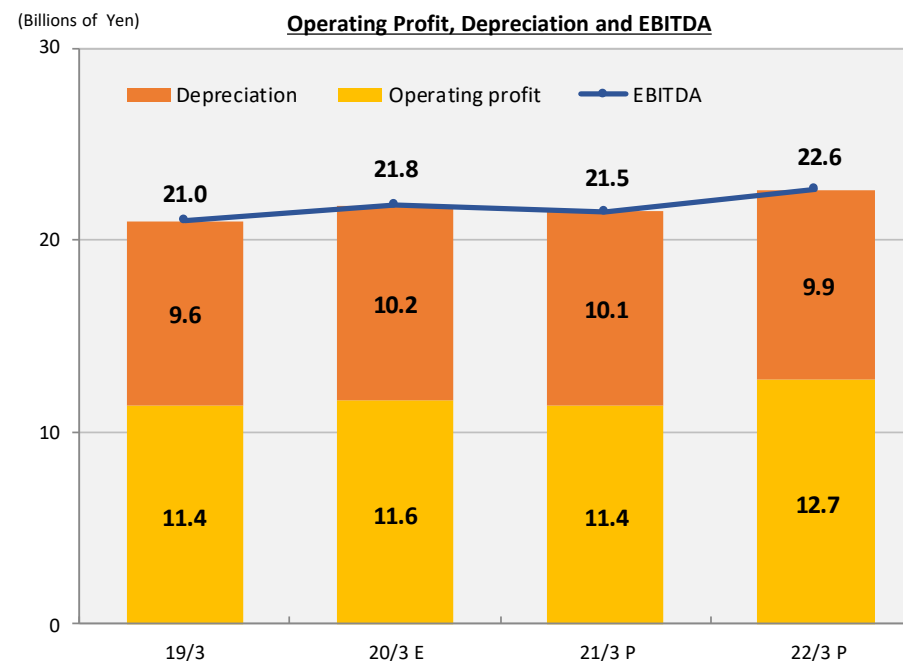


Up-front Capital Expenditures, but Steady Earnings Growth

- Despite one-time costs for new facilities, steady annual operating profit growth of 4% over the plan period.

(Billions of Yen)

	FY19/3 results	FY22/3 plan	Compared to FY19/3	
			Variance	% Change
Net Sales	201.0	227.0	26.0	4%
Japan	159.2	172.5	13.3	3%
Overseas	38.3	48.9	10.6	8%
Other/Intersegment	3.5	5.6	2.1	17%
Operating Profit	11.4	12.7	1.3	4%
Japan	10.3	11.3	1.0	3%
Overseas	1.2	1.5	0.2	6%
Other/Intersegment	-0.1	-0.1	0.1	—



(Main measures)

1. Japan
 - Utilize storage and transport functions in metropolitan and regional areas to the fullest extent possible.
 - Steady expansion in earnings through optimal placement of held cargo, and appropriate charges.
 - Further enhance warehouse operations with operational reforms.
2. Overseas
 - Expand third-party logistics (3PL) business by providing innovative logistics solutions.
 - Europe: Proactive investment to expand the business base
 - China: Focus on expanding scale by strengthening business with major retailers.

Earnings Growth through Stable Expansion in Existing Businesses

1. Maximize earnings centered on major metropolitan areas.

(Main Measures)

	Expanded cargo pickups	Optimal placement of cargo	Responding to higher costs
Kanto area	Focus on improving earnings in Tokyo port area.	Optimize placement by facility according cargo type (food material, processed foods) and temperature band (chilled, frozen).	<ul style="list-style-type: none"> Enhance efficiency through operational reforms. Focus on appropriate charges consistent with cost increases and service content.
Kansai area	Pursue integrated storage and transport.		
Chubu area	Smooth start for Nagoya Minato DC		

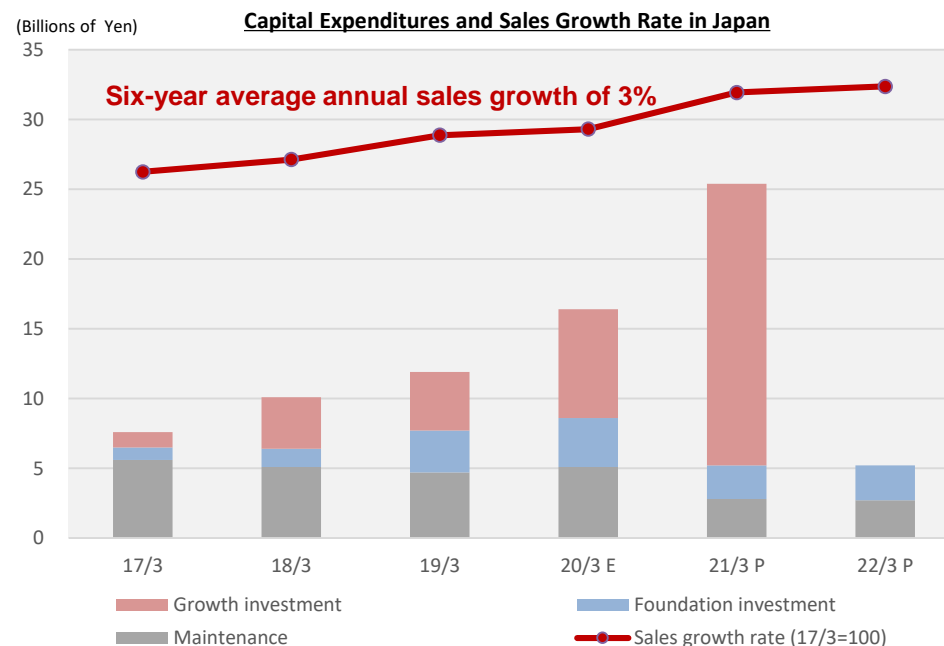
2. Capital expenditures to strengthen future competitiveness

Start of operations at Nagoya Minato DC, a model center for operational reform utilizing labor-saving and other new technologies, and a new (rebuilt) center in Yokohama specializing in processing of goods for distribution such as fruit juice.

Nagoya Minato DC

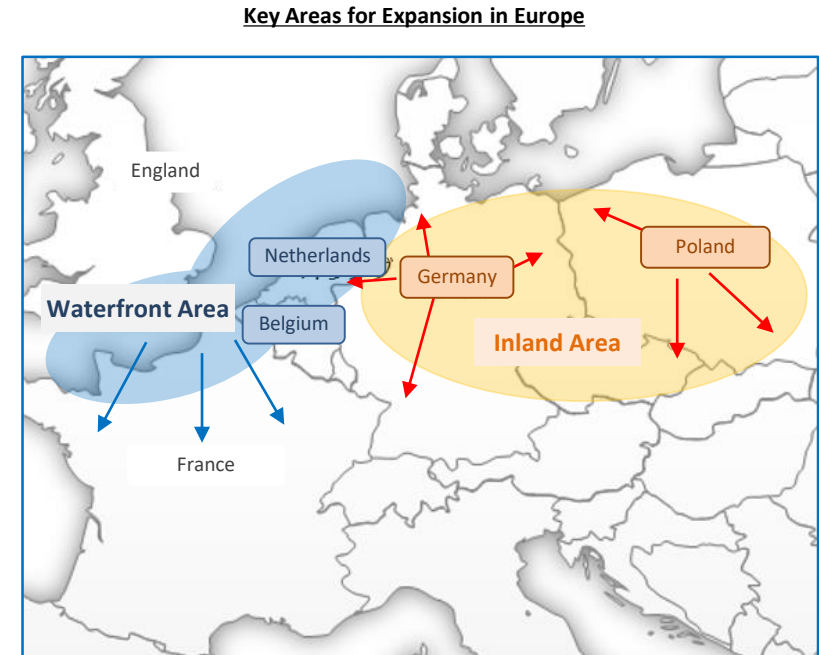
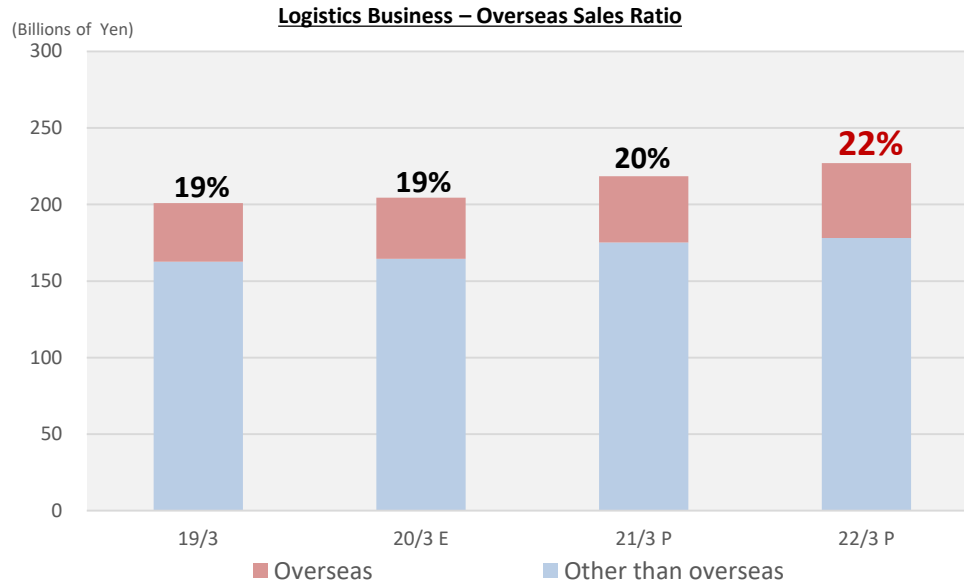


Nagoya Minato DC
 Location: Minato-ku, Nagoya City
 Begin operations:
 April 2020 (scheduled)
 Capacity: 30,635 tonnes
 Total investment amount:
 ¥ 10.1 billion



Further Expand the Business Base in Europe

- Make proactive investments to expand locations.



1. Enlarge warehouses in Port of Rotterdam in the Netherlands, and further increase market share for freight handling with expanded warehouse capacity, and by strengthening quarantine functions.
2. Strengthen storage functions with proactive investments in the U.K. and Germany, and pursue greater business scale by strengthening general logistics services through area expansion.

Steady Progress with Operational Reform Measures

Progress made
under the
previous plan

Digitalization of warehouse operation		Labor savings / Minimal workforce	
Warehouse rack facilities	<ul style="list-style-type: none"> • FY18/3: Approx. 7,000 pallets replaced • FY19/3: Replacement of 16,000 pallets budgeted 	Introduction of robotic process automation (RPA)	<ul style="list-style-type: none"> • Replaced around 20,000 hours annually of clerical work time (work time becomes value creation time)
Forklift on-board terminals	<ul style="list-style-type: none"> • Development completed, in use by pilots 	Driverless forklifts	<ul style="list-style-type: none"> • In operation at Kyokurei Daikoku DC
Tablet inspection terminals	<ul style="list-style-type: none"> • FY19/3: Installed in 30 locations → On-site inspection time down 30% → On-site clerical work time down 50% (Calculated from main locations) 	Truck reservation system	<ul style="list-style-type: none"> • FY19/3: Introduced at 8 locations • FY20/3: Target of 20 locations
Establishment of R&D Center	<ul style="list-style-type: none"> • Established in the Logistics Network Funabashi DC Bldg. No. 8 • Experiments with concentrated introduction of technology • Fostering awareness of process innovation within Nichirei Logistics Group 	Automatic dispatch system	<ul style="list-style-type: none"> • FY19/3: Introduced at 11 locations • FY20/3: Introduction planned at 2 additional locations

Aims of the
new plan

Digitalization of warehouse information

- ✓ Digitalization of a wide range of warehouse information using image recognition, IoT, and other technologies
- ✓ Organization of accumulated data allows for visualization of status.

Streamlining using accumulated data

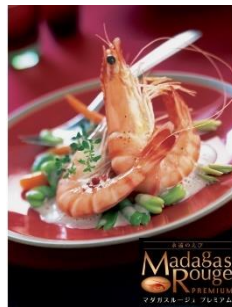
- ✓ People use data to make determinations on work efficiency.
- ✓ Monitoring the progress of warehouse operations allows for optimization of workflow, such as work delays and recovery.

Next period

Automated decision-making

- Autonomous work management using AI
- Reach a level where work can be performed by anyone, without relying on experience or developed skills.

Marine Products, Meat and Poultry Business



Implement Structural Reforms to Create a Stable Earnings Structure.

(Billions of Yen)

		FY19/3 result	New Plan (FY20/3–22/3)		
			FY20/3 expectation	FY21/3 plan	FY22/3 plan
Marine Products	Net Sales	71.2	75.0	75.0	75.0
	Operating Profit	0.2	0.4	0.7	0.8

Trans Pacific Seafood Co., Ltd.



Location: Binh Thuan Province, Vietnam
Production began in October 2018
Products: Shrimp, shellfish, salmon

(Main measures)

1. Shift sales activities to better emphasize marketing

- (1) Expand the product planning function, and restructure the sales department in order to further strengthen sales to growth industries.
- (2) Reduce amount of low-margin products susceptible to changes in market conditions, and increase the ratio of processed products with stable trading volume.

2. Expand overseas sales

Pursue sales of processed marine products produced at Nichirei's new plant in Vietnam, mainly targeting the large markets of China and North America.

10. Meat and Poultry Products

Strengthen Fresh Foods, and Focus on Development of New Products.

(Billions of Yen)

		FY19/3 Result	New Plan (FY20/3–22/3)		
			FY20/3 Expectation	FY21/3 Plan	FY22/3 Plan
Meat and Poultry Products	Net Sales	91.1	94.0	98.0	103.0
	Operating Profit	1.5	1.4	1.6	1.8

Nichirei Uge Farm in Iwate Prefecture



(Main measures)

1. Expand sales of differentiated products

- (1) Expand sales of the “Kodawari” series food materials produced at Nichirei farms, and the “Amani no Megumi” series developed as “meat with health value.”
- (2) For imported products, focus on “Pro select meat” with strict foreign substance controls.

2. Strengthen processing functions

- (1) Expand prepackaging business at processing centers (PC) to serve retailers struggling with labor shortages.
- (2) To meet growing time-saving needs, develop “ready to cook” product lines of authentic and easily prepared meals, and generate new demand.

“Ready to cook” product



* Image is for illustration purposes.

Forecast for FY20/3

11. Consolidated Group Forecast

FY20/3 Forecasts (by Business Segment)

(Billions of Yen)

	FY19/3 result	Y o Y		Compared to Previous forecast		Compared to business plan		FY20/3 forecast	Y o Y	
		Variance	% Change	Previous forecast	Variance	Plan	Variance		Variance	% Change
Net Sales	580.1	12.1	2%	580.0	0.1	567.0	13.1	598.0	17.9	3%
Processed Foods	226.6	5.9	3%	226.9	-0.3	215.0	11.6	235.0	8.4	4%
Marine Products	71.2	-0.3	-0%	72.0	-0.8	75.0	-3.8	75.0	3.8	5%
Meat and Poultry	91.1	0.7	1%	91.0	0.1	85.0	6.1	94.0	2.9	3%
Logistics	201.0	6.0	3%	200.0	1.0	203.0	-2.0	204.4	3.4	2%
Real Estate	4.8	-0.1	-2%	4.8	-0.0	4.5	0.3	4.7	-0.1	-2%
Other	5.8	0.4	8%	5.8	-0.0	6.1	-0.3	6.5	0.7	12%
Adjustment	-20.4	-0.5	—	-20.5	0.1	-21.6	1.2	-21.6	-1.2	—
Operating Profit	29.5	-0.4	-1%	30.0	-0.5	28.6	0.9	30.5	1.0	3%
Processed Foods	14.6	0.0	0%	14.7	-0.1	14.0	0.6	15.9	1.3	9%
Marine Products	0.2	-0.1	-40%	0.3	-0.1	0.8	-0.6	0.4	0.2	119%
Meat and Poultry	1.5	0.2	12%	1.5	-0.0	0.8	0.7	1.4	-0.1	-4%
Logistics	11.4	0.1	1%	11.3	0.1	11.0	0.4	11.6	0.2	2%
Real Estate	2.1	-0.1	-3%	2.2	-0.1	2.0	0.1	1.9	-0.2	-9%
Other	0.3	-0.5	-58%	0.6	-0.3	0.6	-0.3	0.3	-0.0	-11%
Adjustment	-0.6	-0.1	—	-0.6	0.0	-0.6	0.0	-1.0	-0.4	—
Ordinary Profit	29.9	-0.8	-3%	30.5	-0.6	28.3	1.6	30.5	0.6	2%
Profit attributable to owners of parent	19.9	0.8	4%	20.0	-0.1	18.2	1.7	20.0	0.1	0%

Exchange Rates

	FY 20/3 forecast	FY 19/3 actual*
USD/JPY	110.00	110.44
EUR/JPY	130.00	130.42
THB/JPY	3.40	3.42

* Exchange rate figure for FY19/3 is the average for the January-December period.

1. Net sales: Revenue increase overall, led by the mainstay Processed Foods business.

2. Operating profit: Earnings increase, with higher costs absorbed by expansion in Processed Foods.

12. Forecast for Processed Foods

Revenue and Earnings Gains on Expanded Sales of Mainstay Products and Improved Profitability.

(Billions of Yen)

	FY19/3 result	Y o Y		Compared to previous forecast		FY20/3 forecast	Y o Y	
		Variance	% Change	Previous forecast	Variance		Variance	% Change
Net Sales	226.6	5.9	3%	226.9	-0.3	235.0	8.4	4%
Household-use Prepared Foods	60.3	3.1	5%	60.3	0.0	63.6	3.3	5%
Commercial-use Prepared Foods	98.4	1.1	1%	99.1	-0.7	102.0	3.6	4%
Processed Agricultural Products	19.3	-0.1	-0%	20.0	-0.7	20.0	0.7	4%
Overseas	32.6	2.1	7%	31.1	1.5	33.7	1.1	3%
Other	16.0	-0.3	-2%	16.4	-0.4	15.7	-0.3	-2%
Operating Profit	14.6	0.0	0%	14.7	-0.1	15.9	1.3	9%

1. Household-use Prepared Foods: Revenue is forecast to rise on expanded sales of mainstay products such as newly improved rice products and the *Tokukara* series, along with a focus on sales of products to generate new demand.

2. Commercial-use Prepared Foods: Focus on product development to meet needs of different business categories, and increase sales of mainstay products such as processed chicken and hamburger.

3. Operating profit: Despite increase in depreciation expense, earnings rise expected on revenue gains and productivity improvements.

Absorb Cost Increases and Secure Earnings.

(Billions of Yen)

	FY19/3 result	Y o Y		Compared to previous forecast		FY20/3 forecast	Y o Y	
		Variance	% Change	Previous forecast	Variance		Variance	% Change
Net sales	201.0	6.0	3%	200.0	1.0	204.4	3.4	2%
Japan Subtotal	159.2	5.0	3%	156.7	2.5	160.8	1.7	1%
Logistics Network	93.7	3.2	4%	91.7	2.0	96.3	2.6	3%
Regional Storage	65.5	1.8	3%	65.0	0.5	64.6	-0.9	-1%
Overseas	38.3	3.0	8%	39.0	-0.7	39.8	1.5	4%
Other/Intersegment	3.5	-2.0	-36%	4.3	-0.8	3.8	0.2	7%
Operating profit	11.4	0.1	1%	11.3	0.1	11.6	0.2	2%
Japan Subtotal	10.3	0.0	0%	10.5	-0.2	10.6	0.2	2%
Logistics Network	3.9	0.3	7%	3.9	-0.0	4.1	0.2	5%
Regional Storage	6.4	-0.3	-4%	6.6	-0.2	6.5	0.0	1%
Overseas	1.2	0.2	21%	1.2	0.0	1.2	-0.0	-2%
Other/Intersegment	-0.1	-0.1	—	-0.4	0.3	-0.2	-0.0	—

1. Japan: Revenue gain on full utilization of logistics centers and transport network. For earnings, costs continue to increase due to the labor shortage and other factors, but earnings gain expected from operational efficiencies and setting of appropriate charges.

2. Overseas: Revenue increase on expansion of general logistics service in Europe integrating customs, storage, and cross-border transport.

14. Factors for increase/decrease in operating profit (FY18/3-FY20/3)

Processed Foods

(Billions of Yen)

FY18/3 Operating Profit	14.6
Factors for increase	1.8
Increased revenue	1.1
Decrease in food material/procurement cost (including effect of exchange rates)	0.2
Improved productivity	0.5
Factors for decrease	-1.8
Impact of results at affiliated companies	-1.2
Increase in depreciation expense	-0.7
Increase/decrease in advertising and sale promotion expenses	0.5
Other	-0.3
FY19/3 Operating Profit	14.6
Factors for increase	3.0
Increased revenue	2.1
Increase/decrease in food material/procurement cost (including effect of exchange rates)	0.0
Improved productivity	0.5
Impact of results at affiliated companies	0.4
Factors for decrease	-1.7
Increase in depreciation expense	-1.2
Increase/decrease in advertising and sale promotion expenses	-0.4
Other	-0.1
FY20/3 Operating Profit Forecast	15.9

Logistics

(Billions of Yen)

FY18/3 Operating Profit	11.3
Factors for increase	1.7
Effect on results from increase in cargo collection	0.5
Operational improvements	0.6
Streamlining of transport business	0.3
Other	0.3
Factors for decrease	-1.6
BCP-related expenses	-0.4
Increase in transport and delivery costs (net)	-0.3
Increase in electricity charges (net)	-0.3
Increase in work outsourcing costs (net)	-0.4
Impact on earnings from natural disasters	-0.2
FY19/3 Operating Profit	11.4
Factors for increase	1.2
Effect on results from increase in cargo collection	0.4
Operational improvements	0.4
Streamlining of transport business	0.2
Other	0.2
Factors for decrease	-1.0
Increase in transport and delivery costs (net)	-0.3
Increase in work outsourcing costs (net)	-0.2
Increase in electricity charges (net)	-0.2
Startup costs for new locations	-0.2
Other	-0.1
FY20/3 Operating Profit Forecast	11.6

Reference Materials

Non-operating Income and Expenses / Extraordinary Income or Loss

(Billions of Yen)

	FY19/3		FY20/3	
	Results	Y o Y	Forecast	Y o Y
		Variance		Variance
Non-operating Income and Expenses	0.3	-0.3	0.1	-0.1
(Main items)				
Financial account balance	0.0	0.0	0.0	0.0
Share of (profit) loss of entities accounted for using equity method	0.3	-0.3	0.1	-0.2
Extraordinary Income or Loss	-0.3	1.0	-1.0	-0.7
(Main items)				
Gain on sales of non-current assets	0.2	0.1	0.0	-0.1
Gain on sales of investment securities	0.8	0.8	—	-0.8
Loss on sales of non-current assets and retirement of non-current assets	-1.0	0.0	-1.1	-0.0

Results during Business Plan Periods

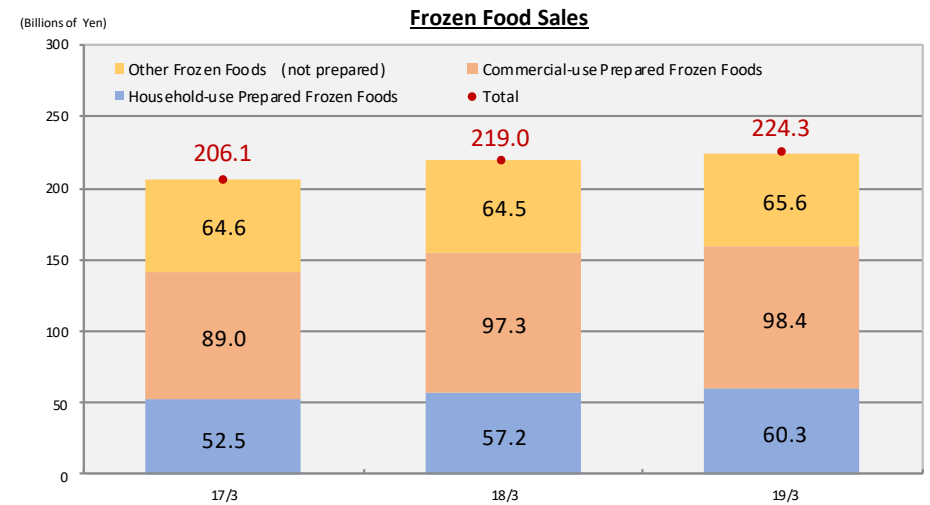
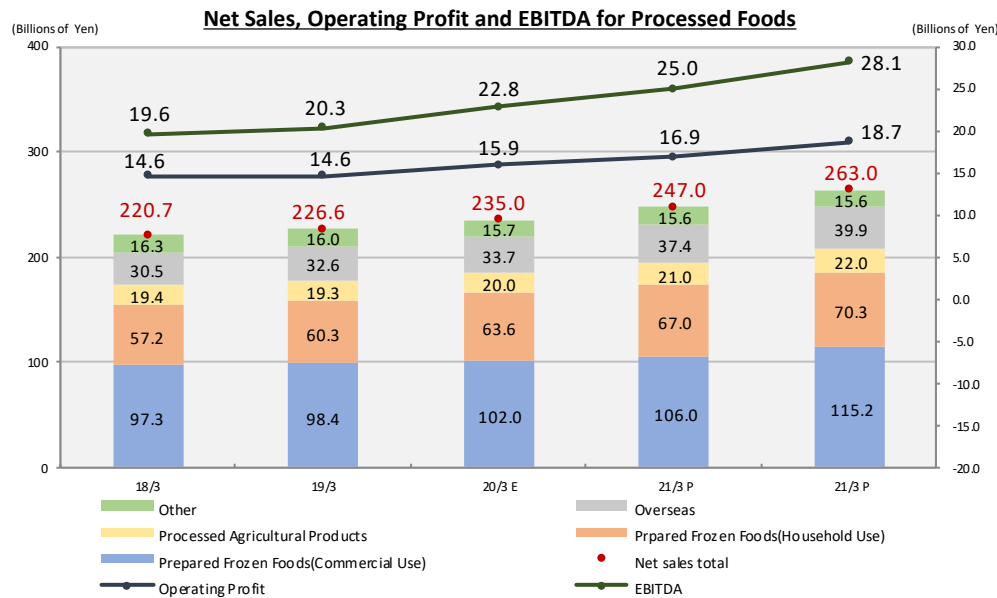
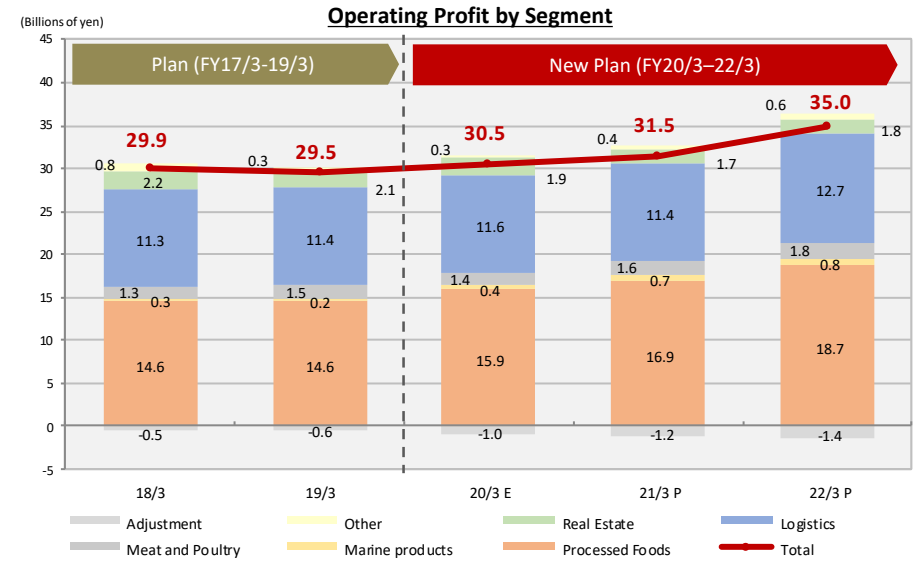
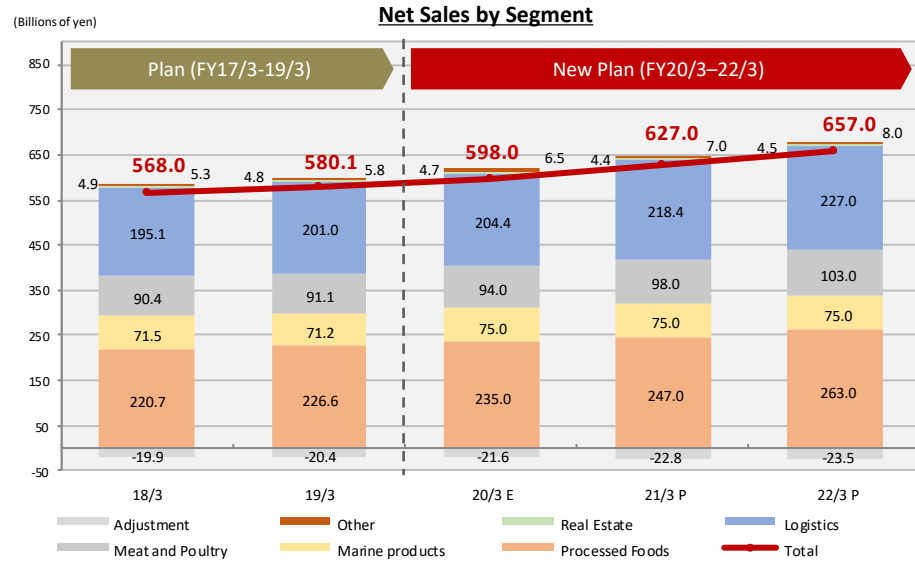
(Billions of Yen)

		Business Plan (FY11/3-FY13/3)			Business Plan (FY14/3-FY16/3)			Business Plan (FY17/3-FY19/3)			New Business Plan (FY20/3-FY22/3)		
		11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3	19/3	20/3E	21/3P	22/3P
Net Sales		437.8	454.9	447.7	487.4	520.0	535.4	539.7	568.0	580.1	598.0	627.0	657.0
	Processed Foods	161.9	174.2	161.6	180.7	193.9	199.2	205.0	220.7	226.6	235.0	247.0	263.0
	Marine Products	66.8	65.7	63.7	68.6	68.7	68.8	69.4	71.5	71.2	75.0	75.0	75.0
	Meat and Poultry	78.3	75.6	75.5	80.1	89.5	92.0	88.1	90.4	91.1	94.0	98.0	103.0
	Logistics	139.4	149.5	156.4	168.4	178.3	184.9	186.9	195.1	201.0	204.4	218.4	227.0
	Real Estate	6.6	4.9	4.7	5.0	4.7	4.6	4.6	4.9	4.8	4.7	4.4	4.5
	Other	6.2	6.0	5.8	3.7	4.4	5.2	4.5	5.3	5.8	6.5	7.0	8.0
	Adjustment	-21.5	-21.0	-20.0	-19.1	-19.6	-19.4	-18.9	-19.9	-20.4	-21.6	-22.8	-23.5
Operating Profit		16.7	16.2	17.9	15.8	17.4	21.6	29.3	29.9	29.5	30.5	31.5	35.0
	Processed Foods	4.6	5.2	6.0	3.4	5.4	8.0	13.9	14.6	14.6	15.9	16.9	18.7
	Marine Products	0.6	0.2	0.1	0.4	0.2	0.7	0.8	0.3	0.2	0.4	0.7	0.8
	Meat and Poultry	0.4	0.5	0.5	0.1	0.4	0.4	1.6	1.3	1.5	1.4	1.6	1.8
	Logistics	7.3	7.4	8.6	8.9	8.7	10.0	10.6	11.3	11.4	11.6	11.4	12.7
	Real Estate	3.6	2.4	2.3	2.4	2.1	2.2	2.1	2.2	2.1	1.9	1.7	1.8
	Other	0.4	0.5	0.4	0.4	0.6	0.9	0.6	0.8	0.3	0.3	0.4	0.6
	Adjustment	-0.2	0.0	0.0	0.1	0.0	-0.5	-0.3	-0.5	-0.6	-1.0	-1.2	-1.4
Ordinary Profit		16.1	15.3	17.2	14.4	16.9	21.4	29.1	30.7	29.9	30.5	31.7	35.2
Profit attributable to owners of parent		4.0	7.9	9.8	8.9	9.5	13.5	18.8	19.1	19.9	20.0	20.5	22.0
Amount of capital expenditures	including leased assets	22.1	12.2	13.2	24.0	24.2	16.2	13.9	25.0	24.1	35.8	43.4	21.6
	excluding leased assets	18.1	9.4	10.7	21.2	19.8	13.2	10.3	22.3	21.3	32.4	38.7	20.1
Interest-bearing debt	including leased debt	97.0	97.8	96.9	106.1	107.7	94.7	89.8	97.7	96.0			
	excluding leased debt	72.5	74.8	75.4	85.7	87.3	75.5	70.9	79.8	78.9			
D/E ratio (times)	including leased debt	0.8	0.8	0.8	0.8	0.7	0.6	0.5	0.6	0.5			
	excluding leased debt	0.6	0.6	0.6	0.6	0.6	0.5	0.4	0.5	0.4			
Capital adequacy ratio (%)		40.4	40.2	41.3	41.9	43.0	44.4	46.0	44.3	46.9			
ROE (%)		3.4	6.8	8.2	6.9	6.8	9.1	12.1	11.9	11.7			

Notes

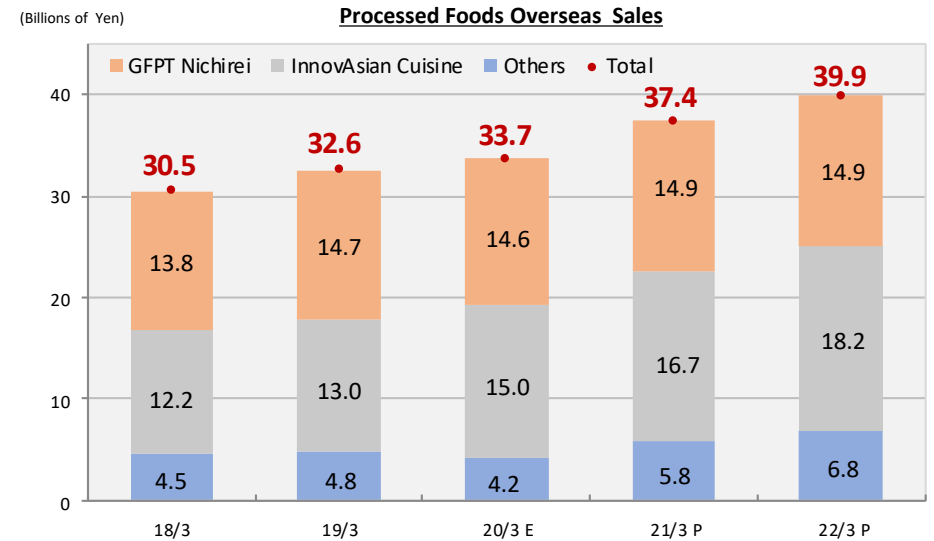
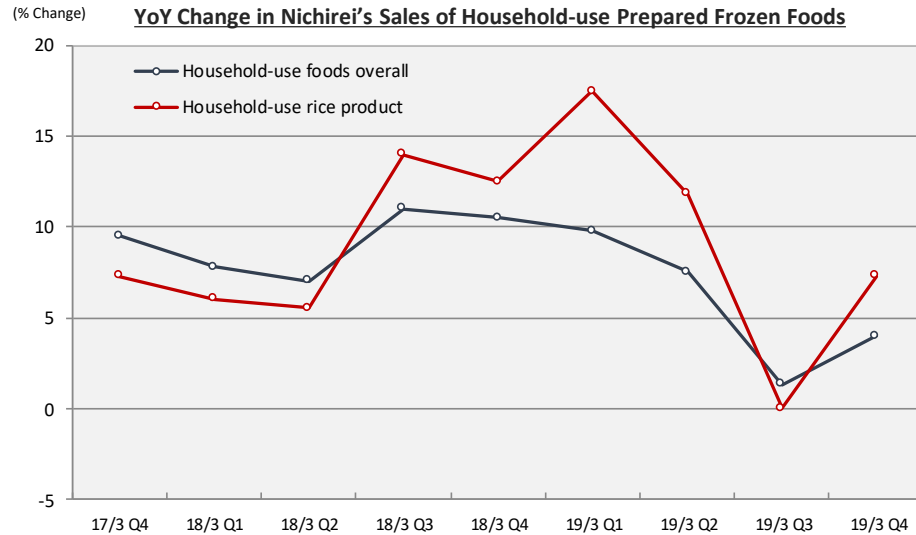
1. Capital expenditures include intangible fixed assets.

2. 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.)

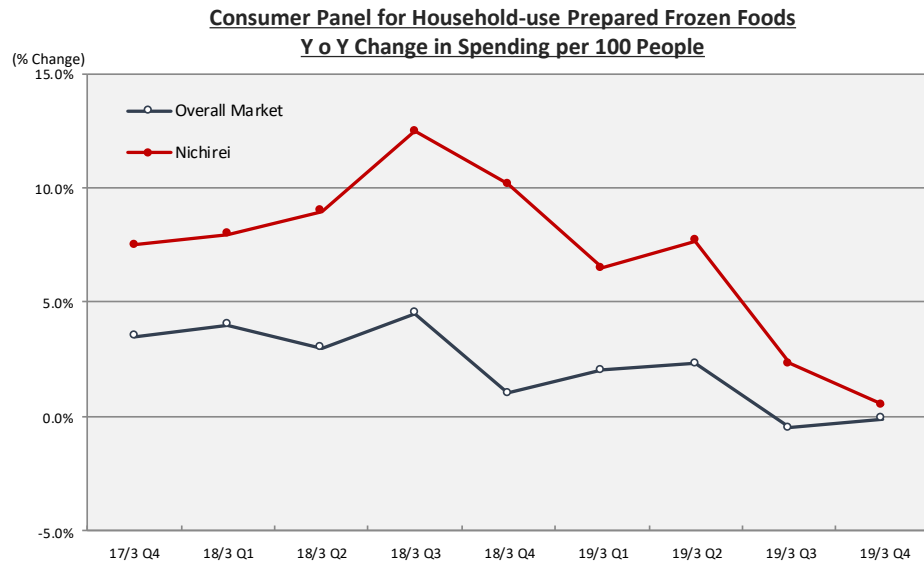


Notes: Figures reflect a change in the basis for recording sales. (The portion that had previously been recorded as promotional expenses has been excluded from net sales)

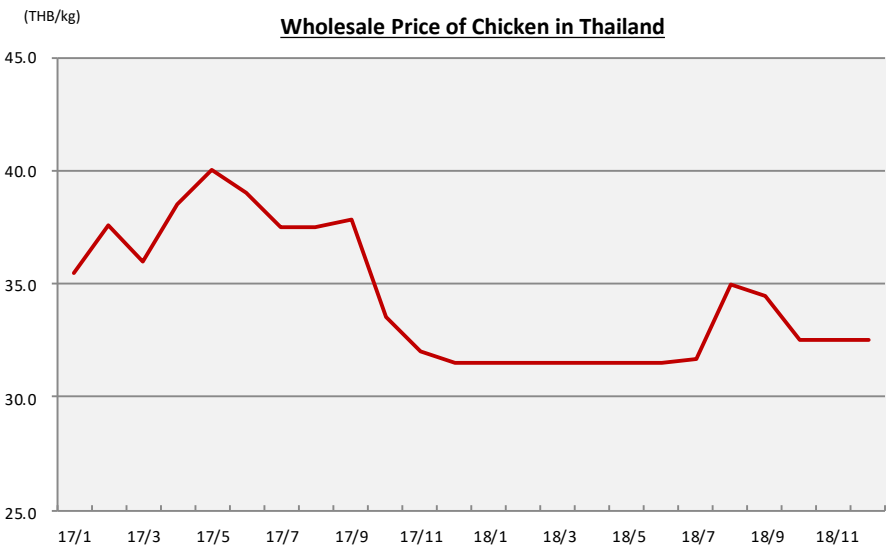
Reference Materials 4



Notes: 1. GFPT Nichirei's sales are the total of sales to Europe and domestically within Thailand.
 2. Figures for InnovAsian Cuisine from FY17/3 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.)

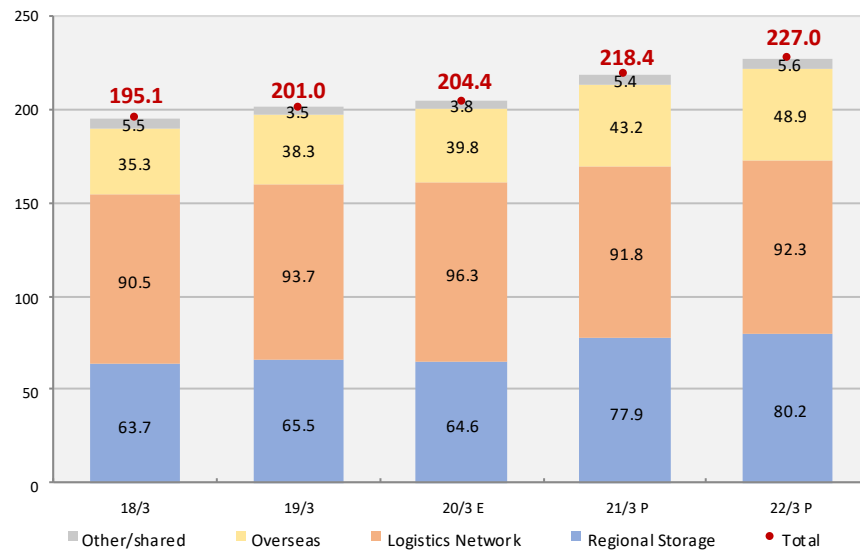


Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

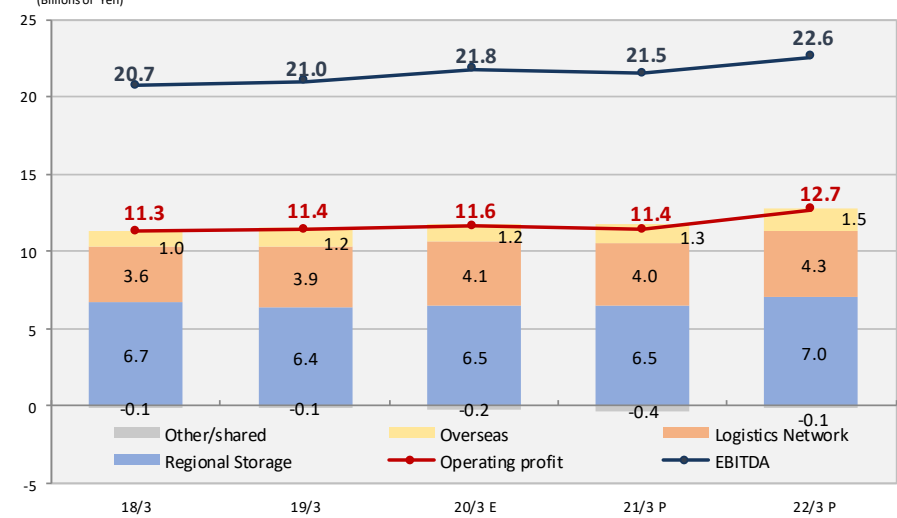


Source: Calculated by Nichirei from data published by Ministry of Commerce (Thailand)

(Billions of Yen) **Sales for Logistics Business**

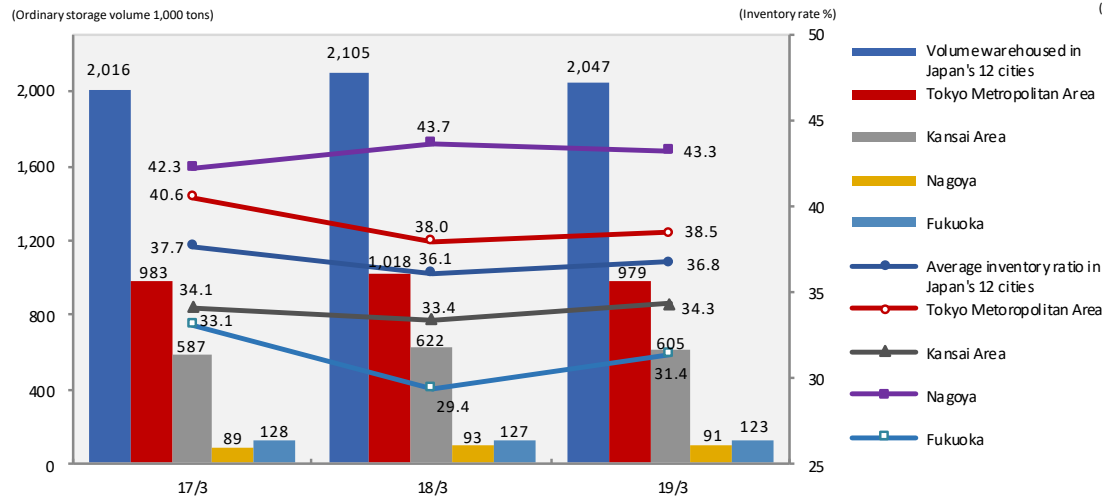


(Billions of Yen) **Operating Profit and EBITDA for Logistics Business**

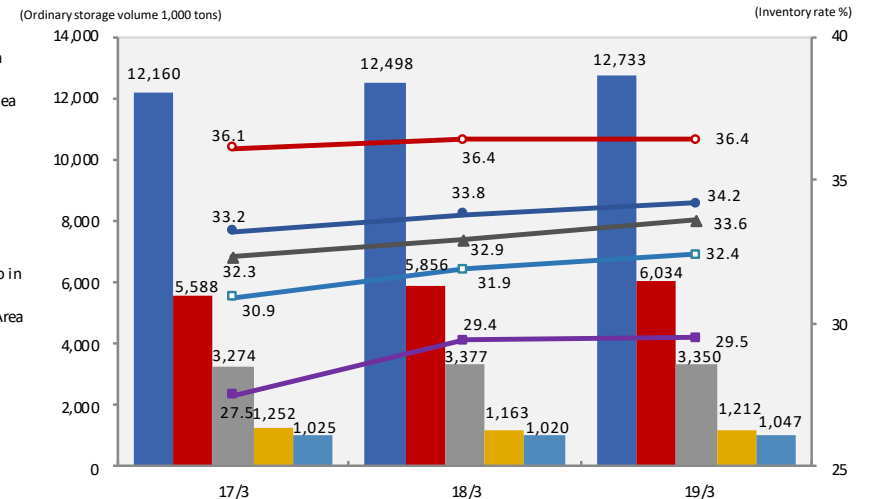


[Cold Storage Capacity Utilization]

Nichirei Group's Cold Storage Capacity Utilization



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.

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

Ranking	Name	Capacity (thousand of tons)	Variance from Apr. 2017	share	Main operating region
1	Nichirei Group	1,510	40	10%	Nationwide
2	Yokohama Reito	860	10	6%	Nationwide
3	Maruha-Nichiro Holdings	660	20	4%	Nationwide
4	Toyo Suisan Group	490	10	3%	Nationwide
5	Chilled & Frozen Logistics Holdings	480	0	3%	Nationwide
6	Nippon Suisan Group	420	10	3%	Nationwide
7	Matsuoka	310	40	2%	Kanto, Kansai, Kyushu
8	K.R.S. Corporation	260	0	2%	Nationwide
9	Konoike Transport	250	0	2%	Nationwide
10	Igarashi Reizo Group	240	20	2%	Kanto
11	Futaba Group	230	10	2%	Kanto
12	Nippon Logistic Center	170	0	1%	Kanto, Kansai
13	Hyoshoku	160	0	1%	Kansai
14	Hohsui	160	0	1%	Kanto
15	Daiichi Storehouse & Refrigeration	160	0	1%	Kanto
16	Fujibayashi Group	160	0	1%	Kansai, Kyushu
17	Runtec	140	40	1%	Kansai
18	Hosen Cold Storage	130	-10	1%	Nationwide
19	Yamate Reizo	110	10	1%	Kanto
20	Kamigumi	110	0	1%	Nationwide
	Other	8,070	90	54%	
	Total	15,060	290	100%	

As of April 2018

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

Note: Created with data from members of the association as well as non-members' data.

Top Ten Companies Worldwide in the Refrigerated Warehouse Industry by Capacity

Ranking	Company/Group Name	Capacity (thousand of tons)	Main Countries of Business
1	Americold Logistics	11,100	USA, etc.
2	Lineage Logistics	10,930	USA, etc.
3	United States Cold Storage	3,530	USA, etc.
4	AGRO Merchants Group, LLC	2,900	USA, etc.
5	Nichirei Logistics Group, Inc.	2,050	Japan, etc.
6	Kloosterboer	1,940	Netherlands, etc.
7	NewCold Advanced Cold Logistics	1,920	Netherlands, etc.
8	VersaCold Logistics Services	1,500	Canada
9	Cloverleaf Cold Storage Co.	1,460	USA
10	Emergent Cold Storage	1,380	Australia, etc

As of April by 2019

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 tons)	Main Countries of Business
1	Lineage Logistics	2,110	Netherlands, etc.
2	Kloosterboer	1,860	Netherlands, etc.
3	NewCold Advanced Cold Logistics	1,380	Netherlands, etc.
4	AGRO Merchants Group, LLC	1,290	Netherlands, etc.
5	Nichirei Logistics Group, Inc.	560	Netherlands, etc.
6	Magnavale Ltd	460	England
7	Stockhabo	430	Belgium
8	Bring Frigo	330	Sweden, etc.
9	Claus Sørensen A/S	320	Denmark
10	Reed Boardall	250	England

As of April 2019

Source: Compiled by Nichirei based on International Association of Refrigerated Warehouses document "European Top 10 List"

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.