

Processed Foods Business



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Vision

We are increasingly perfecting our skills in order to create new value and establish Nichirei as the world's most trusted name in foods.


Business Overview

Nichirei Foods provides frozen foods for household and commercial use, retort pouch foods and wellness food products that showcase its distinctive product development and quality assurance capabilities.

Chicken, rice, vegetables and spring rolls account for a large share of our domestic sales of frozen foods for both household and commercial use. With the demand limited for commercial-use frozen foods, products for the home meal replacement market and ready-made meals account for a high proportion of domestic sales.

Overseas, we are focusing on the development and sale of Asian food-made products in North America.

With people's livelihoods in mind, we implement initiatives to foster healthy societies through our food products.

 Nichirei Foods Inc.
<https://www.nichireifoods.co.jp>
(Japanese only)

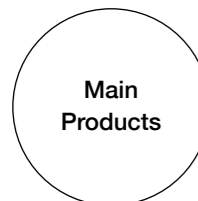
Strengths

We are a pioneer in the frozen foods industry and have a major share of the domestic market, due to our overarching strengths. These strengths are:

- Our product development capabilities and product lineup
- Proprietary flavor-reproduction technology, resulting from our R&D and production expertise
- Cost competitiveness, resulting from our industry-leading production capacity
- An organizational structure that enables us to respond to a wide range of customer needs

Business Scale (as of April 2019)

- Food production factories: 19 facilities (15 in Japan, 4 overseas)
- Subsidiaries: 18 Affiliates: 4
- Nichirei Technology Development Center (R&D Department)



No.1 fried rice product with the most domestic sales in frozen cooked rice category for 18 years in a row*
* INTAGE Inc. SRI (March 2001-February 2019)



Filling volume that meets dinner needs



Frozen vegetable sales have grown due to their quality and ease of preparation



Hamburger steak, one of our main products for commercial use

Medium-term Business Plan (FY2020–2022): WeWill 2021

* Fiscal years (FY) indicate years ended March 31.

Strategies

We will simultaneously elevate our economic and social value in pursuit of a sustainable society. To raise economic value, we focus on strengthening our earnings base and creating new drivers of growth.

The domestic frozen food market is expected to continue growing and we plan to deepen relationships with our business partners, distinguish ourselves through our chicken- and rice-related technologies, cultivate new strategic categories and increase productivity at our independent investment factories.

Overseas, we will continue our business expansion in growth markets, with a particular focus on North America. Under the new management plan, we will absorb increases in depreciation and amortization and achieve 9% average annual profit growth.

In the interests of boosting our economic value, we will create original products and services, designed to help to resolve social issues. We plan to build sustainable supply chains, respond to food waste issues and help reduce our environmental footprint.

In support of our strategies, we will promote work-style and corporate environment reforms, so that our employees can work to the best of their abilities and demonstrate their wide-ranging skills.

■ Three-year sales and operating income targets (Billions of yen)				
Fiscal year	2019	2020	2021	2022
Net sales	226.6	235.0	247.0	263.0
Operating income	14.6	15.9	16.9	18.7

Key Policies

1. Strengthen our earnings base
2. Expand business overseas

Main Measures

- **Japan**
 - Increase added value in our key categories by strengthening technological developments that distinguish us from our competition
 - Create new strategic categories and strengthen initiatives tailored to the specific needs of each business category
 - Increase brand value through ongoing promotions
 - Conduct capital investment aimed at improving production capabilities, increasing efficiency and reducing our environmental impact
- **Overseas**
 - Expand sales of Asian foods in North America
 - Enhance our production capacity and efficiency in Thailand through capital investment
- **ESG**
 - Build a sustainable supply chain
 - Implement initiatives to reduce food waste
 - Reduce environmental impact

External Environment (three-year outlook)

Opportunities

- Increasingly diverse consumer needs
- Expansion in sales channels, including home delivery businesses and e-commerce markets
- Spread of meals prepared or eaten outside the home
- Growing need for new and innovative products (health products, cooking ingredients, etc.)
- Rising demand for frozen foods for commercial use due to higher inbound tourism

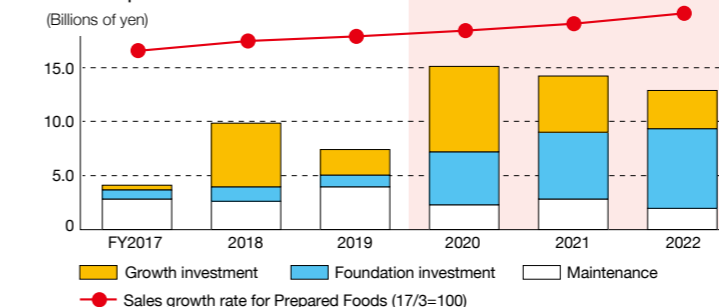
Risks

- Intensified competition due to entry from different industries
- Effect on earnings from rising personnel, ingredient and distribution costs

Investment Plan

- Expand production capacity in response to rising demand and set up an efficient and environmentally responsible production system

Capital Expenditures and the Growth Rate of Prepared Foods



Aiming to increase our capacity to produce processed chicken products, we will add a second factory at GFPT Nichirei (Thailand) Co., Ltd. (Operations are expected to begin in October 2020)



(Conceptual drawing)