

May 10, 2016
Nichirei Corporation

Nichirei Group Announces Its New Medium-term Business Plan (Fiscal 2016–2018)

Nichirei Corporation (“the Company”) announces that it has formulated a new medium-term business plan for the Nichirei Group covering the period from fiscal 2016 through fiscal 2018. This plan aims to further strengthen core businesses, and ensure steady growth even under difficult business conditions.

I. Review of the Previous Medium-Term Business Plan (Fiscal 2013–2015)

The previous medium-term business plan focused on the steady implementation of capital investments in core businesses, including expanding the domestic production structure in the Processed Foods business and adding new logistics facilities in major urban areas in the Logistics business, in order to adapt the Company’s operations to changing business conditions. In fiscal 2015, the Company’s earnings exceeded the initial consolidated target figures in the plan. However, the Processed Foods business continues to face the issue of an earnings structure susceptible to fluctuations in exchange rates and food material costs.

Results for the Final Fiscal Year (Fiscal 2015) of the Previous Plan

(Billions of yen)

	Results Fiscal 2015	Variance Compared to fiscal 2012	Variance Compared to plan
Consolidated net sales*	535.3	87.6	44.1
Overseas sales	75.5	39.1	17.5
Consolidated operating income	21.5	3.6	1.1
Consolidated ordinary income	21.3	4.1	1.6
Consolidated net income	13.4	3.6	1.4

*After change in standard for recording sales

II. Summary of the New Medium-term Business Plan

1. General Strategy

Considering the mounting instability in the global economy, we expect that fluctuations in exchange rates, energy prices, and other costs will continue. In Japan, we anticipate that labor shortages will become more severe due to demographic changes, while consumption patterns will diversify with changes in family composition.

The new business plan aims to contribute to the resolution of social issues through business expansion, while accurately gauging the changes in the operating environment to ensure stable and steady growth. It will continue capital expenditures in the Processed Foods and Logistics businesses as the previous plan did, and enhance enterprise value by strengthening the foundations for the growth of the corporate group.

- (1) Ensure sustainable earnings growth and raise capital efficiency.
- (2) Pursue continued expansion in scale for overseas business.
- (3) Further enhance the Nichirei Group's capabilities for quality assurance.
- (4) Continue to strengthen corporate governance and other ESG-related efforts.
- (5) Focus more intently on utilizing diverse personnel

Nichirei Group's Consolidated Target Figures

	Target Fiscal 2018	(Billions of yen) Variance Compared to Fiscal 2015
Consolidated net sales	560.0	24.6
Overseas sales	81.9	6.3
Consolidated operating income	23.6	2.0
Consolidated net income	14.7	1.2

Note: Three-year total capital investment (including leases): ¥ 86.8 billion

2. Financial Strategy

Capital from operating cash flow and asset liquidation will be utilized for investments for growth and strengthening business foundations, and for shareholder returns through dividends and stock buy-backs.

The basic policy for shareholder returns is to emphasize maintaining a stable dividend based on the consolidated dividend on equity (DOE) ratio, and to conduct flexible share buy-backs in consideration of capital efficiency.

- Maintain a return on equity (ROE) ratio of at least 8%.
- Provide a continual, stable dividend with a target DOE of 2.5%.
- Consider share buy-backs of around 20 million shares (approx. 7% of total issued shares).*

* Based on the number of total issued shares prior to the share consolidation, which is planned as of October 1, 2016. Also, a partial advance buy-back already started in March 2016.

3. Strategies for Operating Companies

(1) Processed Foods (Nichirei Foods Group)

- Optimize the domestic production structure to raise asset efficiency and profit margins.
- Develop products and expand sales activities to meet diversifying consumption patterns.
- Expand business operations overseas, concentrating mainly on North America.

(2) Marine Products and Meat & Poultry Products (Nichirei Fresh Group)

- Establish a stable earnings structure centered on differentiated merchandise and optimally processed products.

(3) Logistics (Nichirei Logistics Group)

- Expand the scale of the logistics network business.
- Increase earnings by maximizing utilization of principal storage facilities in major urban areas, and of transport functions in regional areas.
- Expand the business foundation overseas, mainly on Europe.

(4) Biosciences (Nichirei Biosciences)

- Accelerate development of molecular diagnostic agents for cancer.

Fiscal 2018 Sales and Operating Income by Segment

(Billions of yen)

	Net sales	Operating income
Processed Foods	208.0	9.0
Marine Products	75.0	0.8
Meat and Poultry Products	85.0	0.8
Logistics	203.0	11.0
Real Estate	4.5	2.0
Other	6.1	0.6
Adjustments	(21.6)	(0.6)
Consolidated	560.0	23.6

III. Inquiries

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For details, see “The New Medium-Term Plan (FY 17/3 through 19/3) Presentation.”

Note: 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.