

Teleconference - February 2, 2016

Teleconference Presentation Material FY16/3 Q3



(Stock code: 2871)

1. Consolidated Results Summary

Our Two Core Businesses Continue to Perform Well

(Billions of Yen)

	Q3			Q3 (Cumulative)			Full Year						
	Result	Y o Y		Result	Y o Y		Forecast	Y o Y		Compared to Previous Forecast		Compared to Business Plan	
		Variance	% Change		Variance	% Change		Variance	% Change	Previous forecast	Variance	Business Plan	Variance
Net Sales	144.0	5.7	4%	409.3	14.6	4%	527.1	7.1	1%	527.1	0	491.2	35.9
Processed Foods	51.3	1.0	2%	151.3	4.5	3%	198.5	4.6	2%	198.5	0	184.2	14.3
Marine Products	21.7	1.3	6%	55.8	0.6	1%	68.9	0.2	0%	68.9	0	65.0	3.9
Meat and Poultry	25.2	1.0	4%	70.2	4.0	6%	88.1	-1.4	-2%	88.1	0	73.5	14.6
Logistics	48.0	2.0	4%	139.7	4.7	4%	182.0	3.7	2%	182.0	0	179.0	3.0
Real Estate	1.2	0.0	4%	3.5	-0.1	-3%	4.7	-0.0	-1%	4.7	0	4.8	-0.1
Other	1.5	0.4	39%	3.8	1.0	35%	4.9	0.5	12%	4.9	0	4.5	0.4
Adjustment	-4.9	-0.0	—	-15.0	-0.1	—	-20.0	-0.4	—	-20.0	0	-19.8	-0.2
Operating Income	8.3	2.4	41%	18.7	5.2	38%	20.0	2.6	15%	20.0	0	20.4	-0.4
Processed Foods	3.1	1.4	80%	6.5	2.7	70%	6.8	1.4	26%	6.8	0	8.2	-1.4
Marine Products	0.6	0.4	188%	0.7	0.3	62%	0.4	0.2	63%	0.4	0	0.7	-0.3
Meat and Poultry	0.3	0.1	79%	0.7	0.3	67%	0.6	0.2	60%	0.6	0	0.7	-0.1
Logistics	3.5	0.5	15%	8.8	1.6	23%	10.0	1.3	15%	10.0	0	9.0	1.0
Real Estate	0.6	-0.0	-0%	1.7	0.1	5%	2.1	-0.0	-1%	2.1	0	2.1	0.0
Other	0.3	0.1	84%	0.6	0.4	140%	0.6	0.0	6%	0.6	0	0.5	0.1
Adjustment	0.0	-0.1	—	-0.3	-0.2	—	-0.5	-0.5	—	-0.5	0	-0.8	0.3
Ordinary Income	8.3	2.5	43%	18.7	5.2	39%	19.4	2.5	15%	19.4	0	19.7	-0.3
Net Income	5.4	1.9	55%	11.7	4.0	52%	12.0	2.5	26%	12.0	0	12.0	0.0

Exchange Rates	FY 16/3 (forecast)	FY 16/3 (actual)	FY 15/3 (actual)
USD/JPY	122.00	120.90	102.96
EUR/JPY	135.00	134.77	139.54

ROE (return on equity)	8.9%	1.4%		8.9%	—	8.8%	0.1%
EPS	42yen	9yen	26%	42yen	—		

1. Net sales increased, with steady gains in the mainstay Processed Foods and Logistics businesses.
2. Operating income increased sharply on gains in our two core businesses, and positive earnings in the Marine Products business.
3. Full-year forecasts are unchanged from those announced on October 30, 2015.

Notes

1. Net income refers to “Net income attributable to owners of parent.”
2. From FY16/3, Nichirei has changed its accounting policy regarding the recording of sales in the Processed Foods business. (Promotional expenses that were previously recorded as selling cost are now deducted from net sales.) Accordingly, figures for previous fiscal years have been retroactively restated. See P7 for details.
3. Exchange rate figure is the average for the January-September period.
4. In this page, ROE is defined as Net income to Shareholder’s equity, which does not include Accumulated other comprehensive income or Minority interests.
5. The comments in this presentation material, unless otherwise indicated, refer only to Q3 results.

Focus on Measures Emphasizing Profitability Leads to Expanded Earnings Gain

(Billions of Yen)

	Q3			Q3 (Cumulative)			Full Year				
	Result	Y o Y		Result	Y o Y		Forecast	Y o Y		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change		Variance	% Change	Previous forecast	Variance
Net Sales	51.3	1.0	2%	151.3	4.5	3%	198.5	4.6	2%	198.5	0
Household-use Prepared Foods	12.2	0.5	4%	35.0	0.6	2%	46.9	0.7	2%	46.9	0
Commercial-use Prepared Foods	23.5	-0.3	-1%	65.7	-1.8	-3%	86.6	-1.7	-2%	86.6	0
Processed Agricultural Products	4.5	0.2	4%	14.5	1.1	8%	18.3	1.0	6%	18.3	0
Overseas	7.5	0.6	9%	22.8	3.5	18%	30.0	3.3	13%	30.0	0
Other	3.5	-0.0	-1%	13.4	1.1	9%	16.7	1.1	7%	16.7	0
Operating Income	3.1	1.4	80%	6.5	2.7	70%	6.8	1.4	26%	6.8	0

Notes

1. From FY16/3, Nichirei has changed its accounting policy regarding the recording of sales in the Processed Foods business. (Promotional expenses that were previously recorded as selling cost are now deducted from net sales.) Accordingly, figures for previous fiscal years have been retroactively restated. See P7 for details.
2. Full-year forecasts are unchanged from those announced on October 30, 2015.

1. Household-use Prepared Foods: Sales rose on growth in mainstay rice products.
Commercial-use Prepared Foods: Revenue declined with the continued focus on product measures emphasizing profitability. However, segment operating income increased as a result of profit improvement measures, including price revisions implemented in the previous fiscal year, along with contributions from product line aggregation and greater efficiency following strengthening of the domestic production structure.

2. Overseas: Revenue increased on continued healthy sales at U.S. subsidiary InnovAsian Cuisine. GFPT Nichirei (Thailand) recorded a sales decline mainly as a result of the sluggish domestic market, but operating income was boosted by improved profitability from exports through the weak Thai baht, along with cost reductions, and the subsidiary is on track to meet full-year forecasts.

3. Marine Products & Meat and Poultry

Marine Products and Meat and Poultry Businesses Both Ahead of Plan

(Billions of Yen)

		Q3			Q3 (Cumulative)			Full Year				
		Result	Y o Y		Result	Y o Y		Forecast	Y o Y		Compared to Previous Forecast	
			Variance	% Change		Variance	% Change		Variance	% Change	Previous forecast	Variance
Marine Products	Net Sales	21.7	1.3	6%	55.8	0.6	1%	68.9	0.2	0%	68.9	0.0
	Operating Income	0.6	0.4	188%	0.7	0.3	62%	0.4	0.2	63%	0.4	0.0
Meat and Poultry	Net Sales	25.2	1.0	4%	70.2	4.0	6%	88.1	-1.4	-2%	88.1	0.0
	Operating Income	0.3	0.1	79%	0.7	0.3	67%	0.6	0.2	60%	0.6	0.0

Notes:

Full-year forecasts are unchanged from those announced on October 30, 2015.

1. Marine Products: Higher sales volume for shellfish contributed to a sales gain. Earnings were boosted considerably by the improvement in profitability of processed shrimp products, stemming from diversification of procurement sites.
2. Meat and Poultry: Sales of processed products through the home meal replacement (HMR) channel were steady. Higher prices for domestically raised chicken and beef due to supply shortages also contributed to strong performance, with gains in both revenue and earnings.

Domestic Performance Steady, Revenue and Earnings Gains Overseas

(Billions of Yen)

	Q3			Q3 (Cumulative)			Full Year				
	Result	Y o Y		Result	Y o Y		Forecast	Y o Y		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change		Variance	% Change	Previous forecast	Variance
Net Sales	48.0	2.0	4%	139.7	4.7	4%	182.0	3.7	2%	182.0	0.0
Japan Subtotal	38.8	1.1	3%	113.3	2.4	2%	146.5	1.8	1%	146.5	0.0
Logistics Network	23.5	-0.1	-0%	69.1	-0.6	-1%	89.7	-1.7	-2%	89.7	0.0
Regional Storage	15.3	1.1	8%	44.2	3.0	7%	56.8	3.5	7%	56.8	0.0
Overseas	8.8	0.9	11%	25.1	2.3	10%	33.0	1.7	5%	33.0	0.0
Other/Intersegment	0.4	0.1	26%	1.2	0.0	3%	2.5	0.2	10%	2.5	0.0
Operating Income	3.5	0.5	15%	8.8	1.6	23%	10.0	1.3	15%	10.0	0.0
Japan Subtotal	3.1	0.4	14%	8.0	1.5	23%	9.2	1.5	19%	9.2	0.0
Logistics Network	1.1	-0.1	-6%	3.1	0.6	22%	3.8	0.6	19%	3.8	0.0
Regional Storage	2.0	0.4	28%	4.9	1.0	24%	5.4	0.9	19%	5.4	0.0
Overseas	0.4	0.1	50%	1.0	0.2	30%	1.1	0.1	9%	1.1	0.0
Other/Intersegment	-0.0	-0.0	—	-0.2	-0.1	—	-0.3	-0.3	—	-0.3	0.0

Notes

1. Portions of the Logistics Network operations have been integrated into Regional Storage.
2. Full-year forecasts are unchanged from those announced on October 30, 2015.

1. Japan: Revenue rose on positive performance in the transfer center (TC) business, along with higher sales from the Sakishima Distribution Center, which commenced operations in the second half of the previous fiscal year. Operating income also increased on steadily high inventory volumes for cargo storage, mainly in the Tokyo metropolitan area.

2. Overseas: Revenue increased in Europe on continued expansion in transport volume. Operating income also rose as a result of an increase in processing of imported fruit juice, along with expansion in handling of dairy products.

Consolidated Balance Sheet

(Billions of Yen)

Item	As of March 2015	As of December 2015	Variance	
[Assets]				
Current assets	138.7	155.3	16.5	(1)
Fixed assets	203.2	202.9	-0.3	
Total assets	342.0	358.2	16.2	
[Liabilities / Owner's equity]				
Current liabilities	89.7	108.9	19.1	(2)
Long-term liabilities	99.9	90.5	-9.4	(3)
Total liabilities	189.7	199.4	9.6	
Net assets	152.2	158.8	6.5	
(Owner's equity)	130.3	138.9	8.5	
Interest-bearing debt	107.6	105.4	-2.1	
(Excluding lease obligations)	87.3	85.7	-1.5	
Item	As of December 2014	As of December 2015	Variance	
Capital investments	17.8	12.2	-5.5	(4)
(Excluding leased assets)	16.1	9.7	-6.3	
Depreciation and amortization	11.4	12.2	0.8	
(Excluding leased assets)	8.6	9.3	0.7	

Notes

1. Amounts less than 100 million yen are omitted.
2. Capital investments include intangible fixed assets.

Main Factors

- (1) Notes and accounts receivable +¥17.3bn
(Sales gain and seasonal factors from year-end demand)
- (2) Current portion of bonds +¥10.0bn
(Transfer from long-term to short-term)
Accounts payable +¥5.6bn
(Seasonal factors)
- (3) Bonds -¥10.0bn
(Transfer from long-term to short-term)
- (4) Breakdown of main capital investments
Processed Foods:
Installation of processing line for commercial-use spring rolls at the Shiroishi Plant
Installation of fourth processing line at GFPT Nichirei
Logistics:
Partial rebuilding of the Funabashi Distribution Center

Non-operating Income and Expenses / Extraordinary Income or Loss

(Billions of Yen)

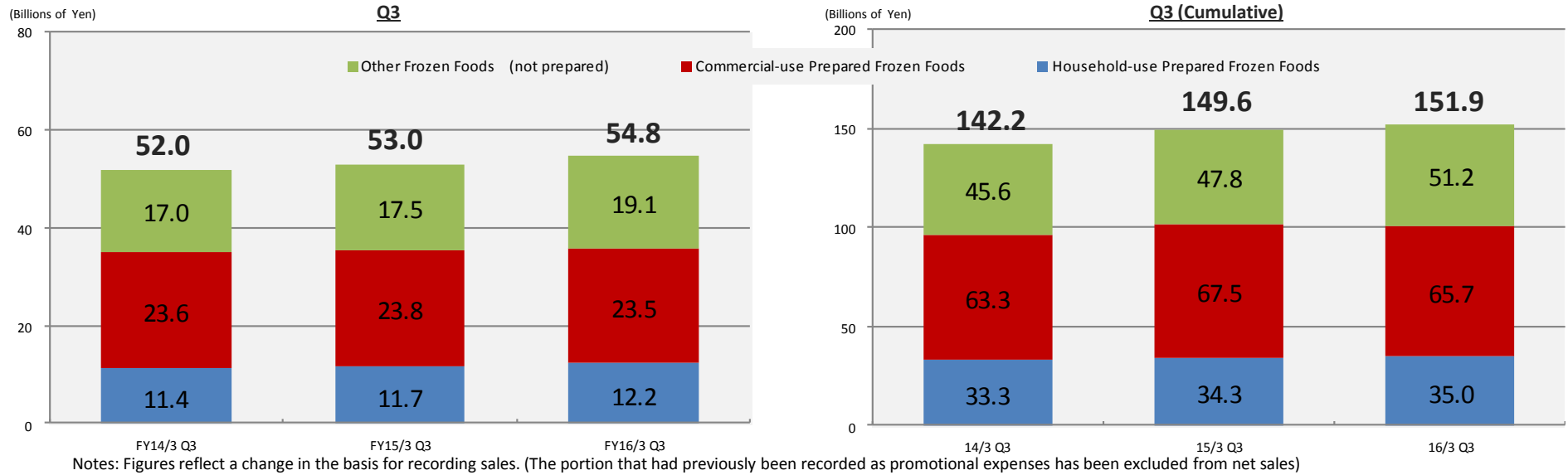
	FY15/3 Q3 (Cumulative)	FY16/3 Q3 (Cumulative)	Variance	FY15/3 Full year	FY16/3 Full year forecast	Variance
Non-operating Income and Expenses	-0.1	-0.0	0.0	-0.5	-0.6	-0.0
(Main items)						
Financial account balance	-0.3	-0.2	0.0	-0.5	-0.5	-0.0
Equity in (earnings) losses of affiliates	0.1	0.0	-0.0	0.1	-0.0	-0.2
Extraordinary Income or Loss	-0.7	-0.6	0.0	-1.0	-0.7	0.2
(Main items)						
Loss on sales and retirement of noncurrent assets	-0.8	-0.3	0.4	-1.0	-0.5	0.5
Loss on business location closure	—	-0.2	-0.2	—	-0.2	-0.2

Effect of Change in Recording Standards for Processed Foods Sales

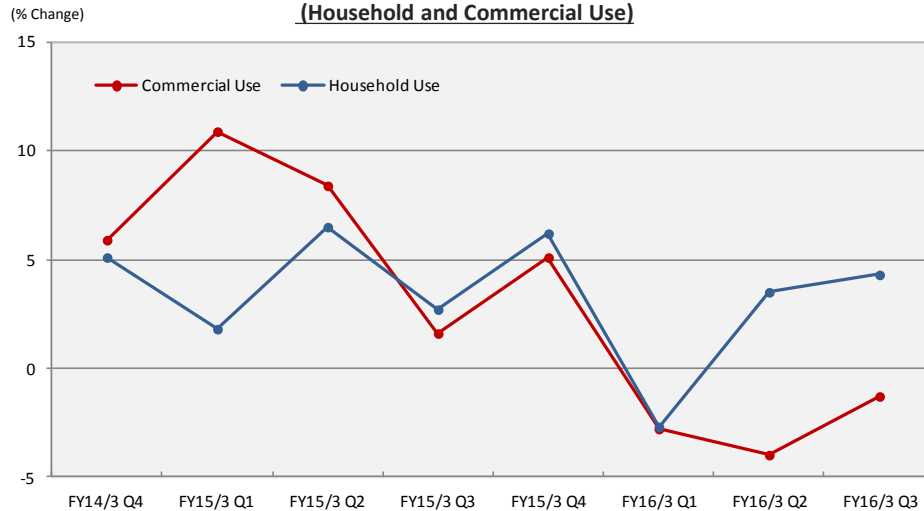
(Billions of Yen)

	After the Change			Prior to the Change			Variance due to Change		
	FY2014			FY2014			FY2014		
	3Q	Q3 (Cumulative)	Full Year	3Q	Q3 (Cumulative)	Full Year	3Q	Q3 (Cumulative)	Full Year
Net Sales Total	138.2	394.7	519.9	144.6	413.8	545.2	-6.4	-19.1	-25.3
Processed Food Total	50.2	146.8	193.9	56.6	165.9	219.2	-6.4	-19.1	-25.3
Household-use Prepared Foods	11.7	34.3	46.2	15.1	44.3	59.7	-3.4	-10.0	-13.5
Commercial-use Prepared Foods	23.8	67.5	88.3	25.9	74.0	96.5	-2.1	-6.5	-8.2
Processed Agricultural Products	4.3	13.4	17.2	4.9	15.2	19.7	-0.6	-1.8	-2.5
Overseas	6.9	19.3	26.7	6.9	19.3	26.7	0.0	0.0	0.0
Other	3.5	12.3	15.5	3.8	13.1	16.6	-0.3	-0.8	-1.1
Operating Income	5.9	13.6	17.4	6.0	13.7	17.6	-0.1	-0.1	-0.2
Processed Food	1.7	3.8	5.4	1.8	3.9	5.6	-0.1	-0.1	-0.2
Net Income	3.5	7.7	9.5	3.5	7.8	9.7	-0.1	-0.1	-0.2

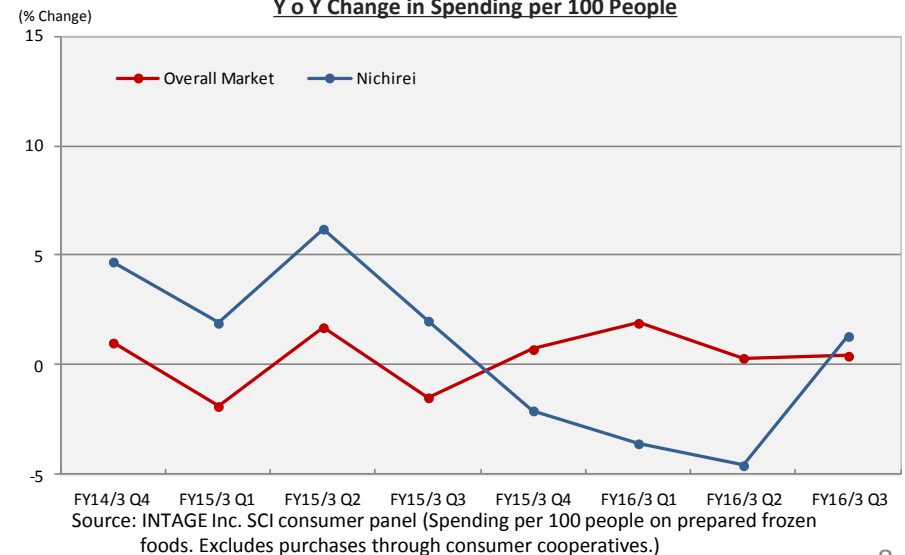
[Frozen Food Sales in Japan] (As per the definition of the Japan Frozen Food Association, includes meat, poultry and marine products as well as processed foods)



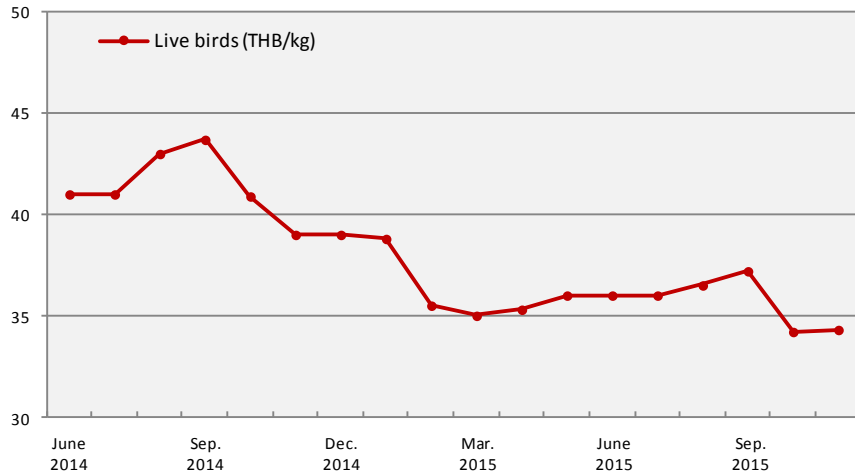
Y o Y Change in Nichirei's Sales of Prepared Frozen Foods (Household and Commercial Use)



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

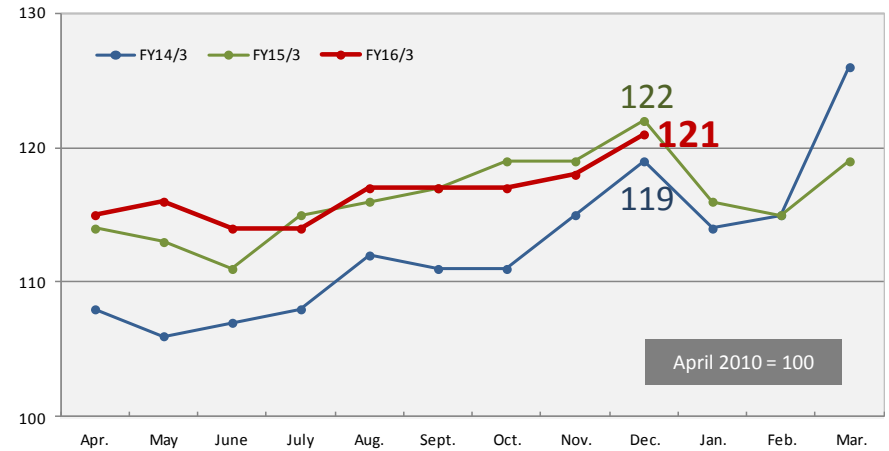


Wholesale Price of Chicken in Thailand



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

Freight Charge Index (Monthly)



Source: Nichirei, from data published by the Japan Trucking Association, which includes all temperature bands, including dry cargo.

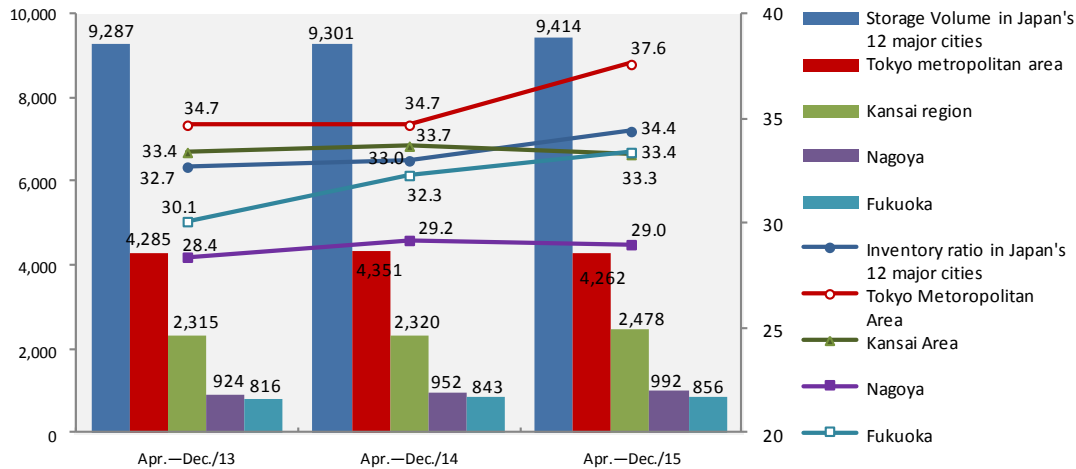
Note: This index is for freight charges recorded on an ICT system of the Japan Trucking Association, and therefore does not represent changes in freight charges at Nichirei's Logistics Business.

[Cold Storage Capacity Utilization]

(Ordinary storage volume 1,000 tons)

Industry-Wide Cold Storage Capacity Utilization

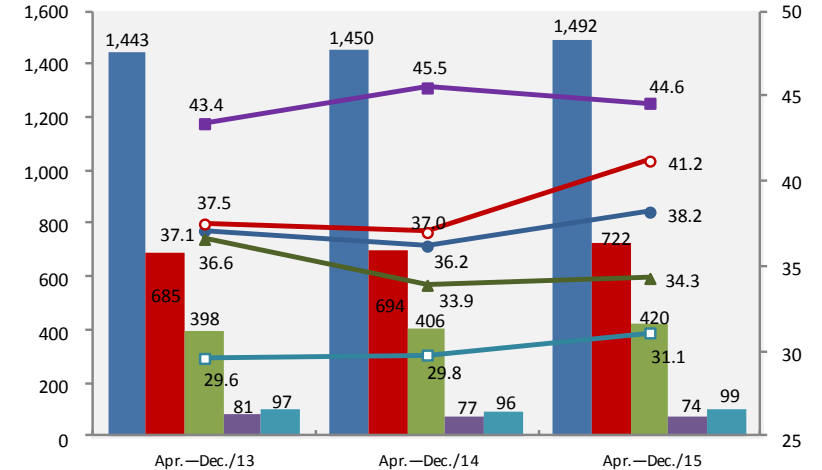
(Inventory rate %)



(Ordinary storage volume 1,000 tons)

Nichirei Group's Cold Storage Capacity Utilization

(Inventory rate %)



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.

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.

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Nichirei Corporation

Tel: (+81-3) 3248-2167

E-mail: irinfo@nichirei.co.jp

URL: <http://www.nichirei.co.jp/english/ir/index.html>