

Teleconference – February 7, 2017

Teleconference Presentation Material FY17/3 Third Quarter



(Stock code: 2871)

Upward revision to full-year forecasts following positive third quarter results

(Billions of Yen)

	Third quarter			Third quarter (cumulative)				Full year				
	Result	Y o Y		Result	Y o Y		Progress rate for full-year forecasts announced on Nov. 1	Forecast	Y o Y		Compared to previous Forecast	
		Variance	% change		Variance	% change			Variance	% change	Previous forecast	Variance
Net Sales	144.6	0.6	0%	414.6	5.3	1%	77%	540.0	4.6	1%	535.7	4.3
Processed Foods	53.6	2.3	5%	157.1	5.8	4%	77%	205.7	6.5	3%	205.0	0.7
Marine Products	21.2	-0.5	-2%	56.2	0.4	1%	80%	70.0	1.2	2%	70.0	—
Meat and Poultry	23.9	-1.3	-5%	67.3	-2.9	-4%	80%	87.4	-4.6	-5%	84.0	3.4
Logistics	48.2	0.2	0%	141.5	1.9	1%	76%	187.0	2.1	1%	187.0	—
Real Estate	1.1	-0.0	-3%	3.4	-0.0	-1%	76%	4.6	-0.0	-1%	4.5	0.1
Other	1.4	-0.1	-7%	3.4	-0.4	-11%	69%	4.6	-0.6	-12%	4.9	-0.3
Adjustment	-4.8	0.1	—	-14.3	0.7	—	—	-19.3	0.1	—	-19.7	0.4
Operating Income	10.3	1.9	23%	26.3	7.6	41%	101%	29.0	7.4	34%	26.0	3.0
Processed Foods	4.3	1.2	39%	13.1	6.6	102%	109%	14.0	6.0	76%	12.0	2.0
Marine Products	0.6	-0.0	-6%	1.2	0.4	59%	169%	0.8	0.1	23%	0.7	0.1
Meat and Poultry	0.8	0.4	123%	1.4	0.7	108%	153%	1.6	1.2	318%	0.9	0.7
Logistics	3.8	0.3	10%	8.8	0.0	0%	86%	10.5	0.5	6%	10.3	0.2
Real Estate	0.5	-0.0	-4%	1.6	-0.1	-6%	79%	2.0	-0.2	-9%	2.0	—
Other	0.3	-0.0	-11%	0.4	-0.3	-41%	74%	0.5	-0.4	-45%	0.5	—
Adjustment	0.1	0.1	—	-0.1	0.2	—	—	-0.4	0.1	—	-0.4	—
Ordinary Income	10.3	2.0	24%	26.2	7.6	41%	103%	28.7	7.3	34%	25.5	3.2
Profit Attributable to Owners of Parent	6.6	1.2	21%	17.2	5.4	46%	107%	18.0	4.5	34%	16.0	2.0

	Exchange Rates	
	USD/JPY	EUR/JPY
FY 17/3 full year (forecast)	108.00	120.00
FY 17/3 third quarter (actual)	108.71	121.21
FY 16/3 third quarter (actual)	120.90	134.77

Note:

1. Net income represents "Profit attributable to owners of parent"
2. Exchange rate figure for FY17/3 is the average for the January-September period.

1. Net sales increased, led by continued firm growth in mainstay Processed Foods.
2. Operating income rose significantly on positive performance in the Processed Foods, Marine Products, and Meat and Poultry businesses. The Logistics business reversed previous declines for an earnings gain in the third quarter period.
3. Considering the upward revision to full-year forecasts, the year-end dividend forecast has been raised by one yen to 16 yen per share, from 15 yen announced at disclosure of first half results.

Continued strong sales of mainstay products

(Billions of Yen)

	Third quarter			Third quarter (cumulative)				Full year				
	Result	Y o Y		Result	Y o Y		Progress rate for full-year forecasts announced on Nov. 1	Forecast	Y o Y		Compared to previous forecast	
		Variance	% change		Variance	% change			Variance	% change	Previous forecast	Variance
Net Sales	53.6	2.3	5%	157.1	5.8	4%	77%	205.7	6.5	3%	205.0	0.7
Household-use Prepared Foods	13.8	1.8	15%	39.1	4.3	12%	77%	51.9	4.9	10%	51.1	0.8
Commercial-use Prepared Foods	24.3	1.2	5%	68.1	3.0	5%	75%	90.2	4.0	5%	90.2	—
Processed Agricultural Products	4.9	0.5	11%	14.8	0.4	3%	84%	18.2	-0.3	-2%	17.5	0.7
Overseas	6.7	-0.9	-12%	22.0	-1.0	-4%	74%	29.8	-0.6	-2%	29.8	—
Other	3.8	-0.3	-6%	13.1	-1.1	-8%	80%	15.6	-1.5	-9%	16.4	-0.8
Operating Income	4.3	1.2	39%	13.1	6.6	102%	109%	14.0	6.0	76%	12.0	2.0

1. Household-use Prepared Foods: Sales of rice products continued to increase strongly, mainly fried rice, as a result of TV commercials and other measures.

Commercial-use Prepared Foods: Sales expanded for mainstay processed chicken products, mainly to the home meal replacement (HMR) market.

Overseas: U.S. firm InnovAsian Cuisine recorded positive sales of Asian foods, but revenue declined due to the exchange rate conversion from the strong yen.

2. Operating income rose as a result of higher revenue from prepared frozen foods and greater production efficiency, as well as lower food ingredient and procurement costs.

Regional storage business driving business profitability

(Billions of Yen)

	Third quarter			Third quarter (cumulative)				Full year				
	Result	YoY		Result	YoY		Progress rate for full-year forecasts announced on Nov. 1	Forecast	YoY		Compared to previous forecast	
		Variance	% change		Variance	% change			Variance	% change	Previous forecast	Variance
Net Sales	48.2	0.2	0%	141.5	1.9	1%	76%	187.0	2.1	1%	187.0	—
Japan Subtotal	39.5	0.7	2%	115.2	1.9	2%	76%	150.7	2.5	2%	151.5	-0.8
Logistics Network	23.0	-0.5	-2%	67.3	-1.8	-3%	76%	88.6	-2.2	-2%	88.9	-0.3
Regional Storage	16.5	1.2	8%	48.0	3.7	8%	77%	62.1	4.7	8%	62.6	-0.5
Overseas	7.8	-1.0	-11%	24.1	-1.0	-4%	77%	32.2	-1.7	-5%	31.1	1.1
Other/Intersegment	0.9	0.4	106%	2.2	1.0	84%	50%	4.1	1.4	49%	4.4	-0.3
Operating Income	3.8	0.3	10%	8.8	0.0	0%	86%	10.5	0.5	6%	10.3	0.2
Japan Subtotal	3.5	0.4	12%	8.1	0.1	1%	87%	9.5	0.7	7%	9.4	0.1
Logistics Network	1.2	0.1	5%	2.5	-0.6	-20%	80%	3.0	-0.4	-11%	3.1	-0.1
Regional Storage	2.4	0.3	16%	5.7	0.7	15%	90%	6.5	1.1	19%	6.3	0.2
Overseas	0.2	-0.1	-36%	0.8	-0.2	-20%	86%	1.0	-0.4	-27%	0.9	0.1
Other/Intersegment	0.1	0.1	—	-0.1	0.1	—	—	0.0	0.3	—	0.0	—

Note1. In FY17/3, a portion of the operations in the logistics network business was transferred to the regional storage business.

2. The Engineering Business is included in the "Other/Intersegment" segment.

1. Japan: Revenue rose on a boost from a newly built transfer center (TC) that began operations in April 2016. Earnings, which had been declining, rose as a result of proactive efforts to capture the robust demand for storage in the Tokyo metropolitan area, along with stable operations at the new TC. The engineering

business is also receiving construction contracts in line with plan.

2. Overseas: Exchange rate losses due to the weak euro affected both sales and earnings. In Poland, transaction volume expanded for store delivery services to major retail customers.

4. Marine Products, Meat and Poultry Business

Improved profitability for mainstay products in both marine products, and meat and poultry businesses

		Third quarter			Third quarter (cumulative)				Full year (Billions of Yen)				
		Result	Y o Y		Result	Y o Y		Progress rate for full-year forecasts announced on Nov. 1	Forecast	Y o Y		Compared to previous forecast	
			Variance	% change		Variance	% change			Variance	% change	Previous forecast	Variance
Marine Products	Net Sales	21.2	-0.5	-2%	56.2	0.4	1%	80%	70.0	1.2	2%	70.0	—
	Operating Income	0.6	-0.0	-6%	1.2	0.4	59%	169%	0.8	0.1	23%	0.7	0.1
Meat and Poultry	Net Sales	23.9	-1.3	-5%	67.3	-2.9	-4%	80%	87.4	-4.6	-5%	84.0	3.4
	Operating Income	0.8	0.4	123%	1.4	0.7	108%	153%	1.6	1.2	318%	0.9	0.7

1. Marine Products: Transaction volume for mainstay product shrimp steadily increased, significantly contributing to earnings. Diversification in procurement for processed shrimp products implemented in the previous fiscal year also contributed to improved profitability.

2. Meat and Poultry: Earnings rose sharply on the continued focus on sales emphasizing profitability, mainly for imported chicken. Sales also expanded for processed foods to meet diverse customer needs.

Reference Materials

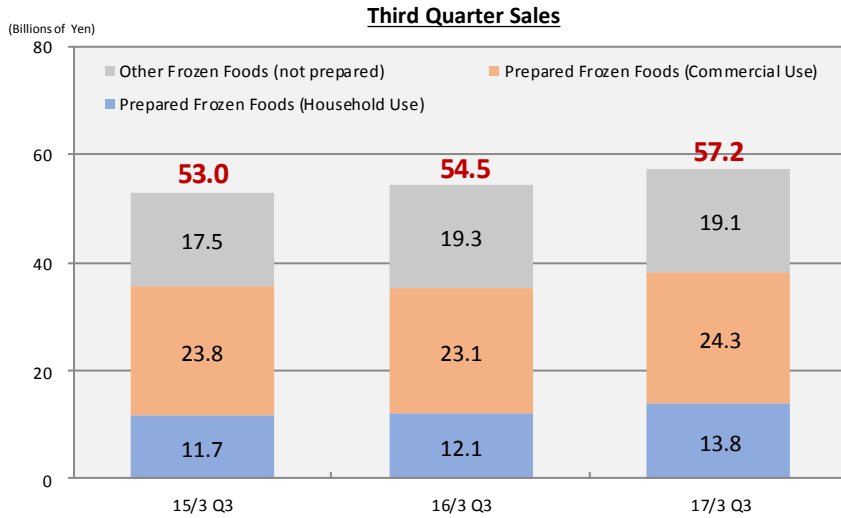
Non-operating Income and Expenses / Extraordinary Income or Loss

(Billions of Yen)

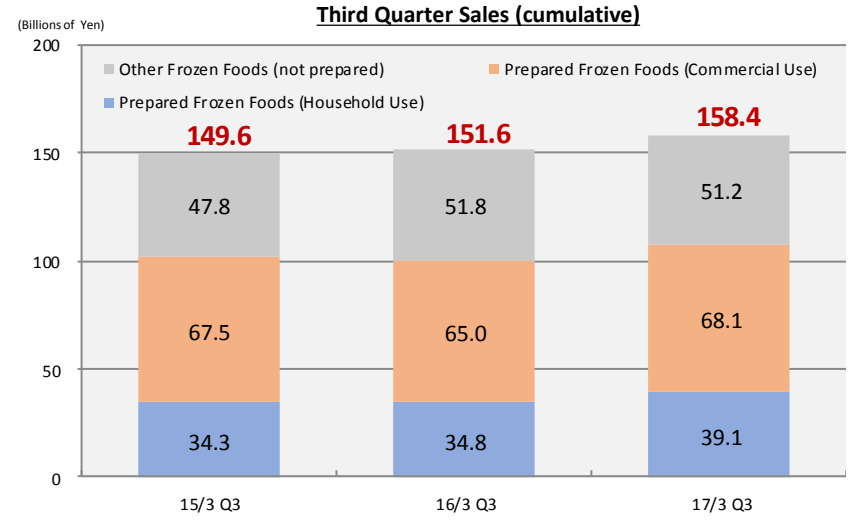
	FY16/3 Third quarter (cumulative)	FY17/3 Third quarter (cumulative)	Variance	FY16/3 Full year	FY17/3 Full year forecast	Variance
Non-operating Income and Expenses	-0.0	-0.0	-0.0	-0.1	-0.3	-0.1
(Main items)						
Financial account balance	-0.2	-0.0	0.1	-0.3	-0.3	0.0
Equity in earnings of affiliates	0.0	0.2	0.1	0.1	0.2	0.1
Extraordinary Income or Loss	-0.6	-0.1	0.4	-0.7	-0.7	0.0
(Main items)						
Gain on sales of non-current assets	0.0	0.3	0.3	0.0	0.3	0.3
Gain on sales of investment securities	0.0	—	-0.0	0.1	—	-0.1
Loss on sales and retirement of non-current assets	-0.3	-0.4	-0.0	-0.6	-0.7	-0.0
Loss on closing of offices	-0.2	—	0.2	-0.2	—	0.2

[Nichirei Group's Frozen Food Sales]

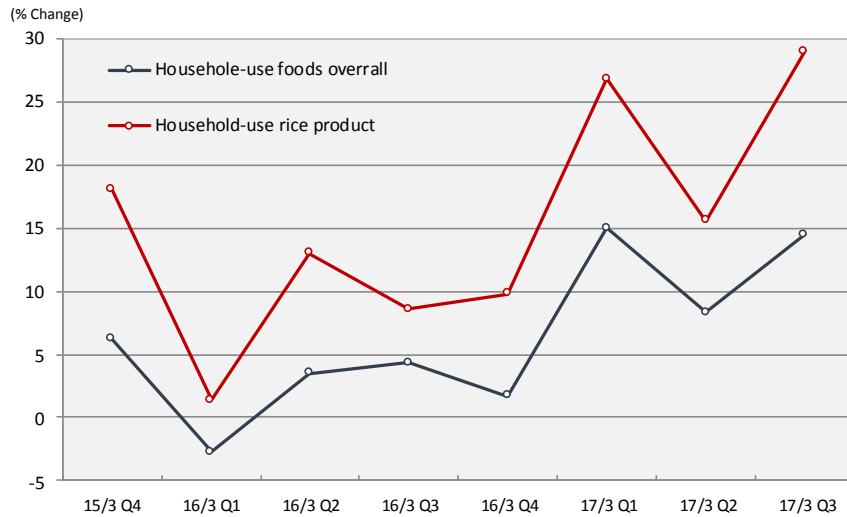
Note: Includes sales of marine products and meat as well as processed foods, based on definitions from the Japan Frozen Food Association



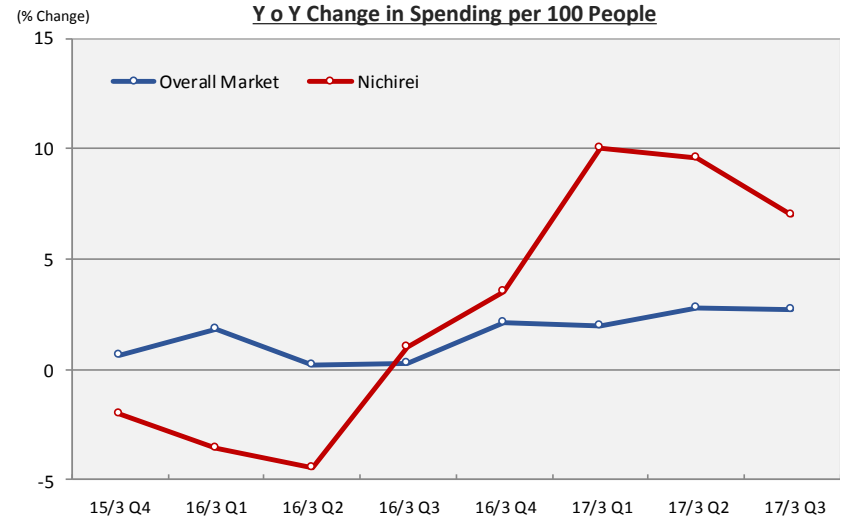
Note: Figures reflect a change in the basis for recording sales in the Processed Foods business. (The portion that had previously been recorded as promotional expenses has been excluded from net sales.)



YoY Change in Nichirei's Sales of Household-use Prepared Frozen Foods

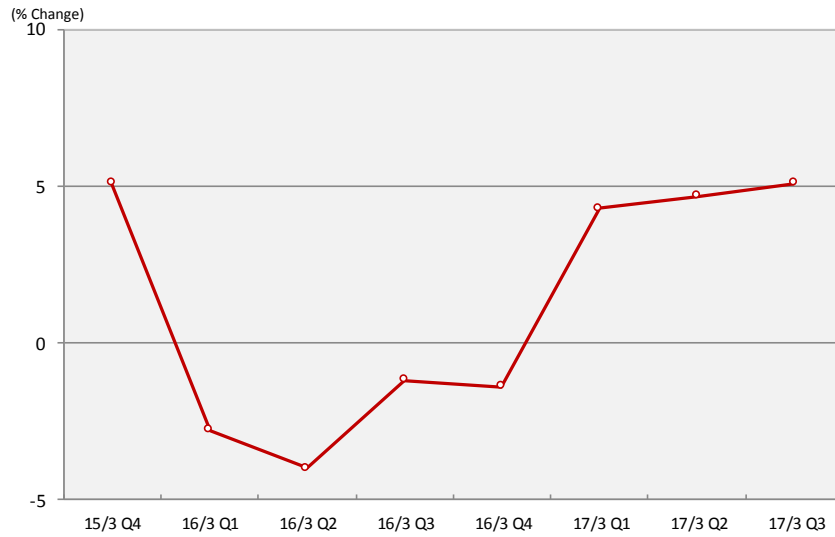


Consumer Panel for Household-use Prepared Frozen Foods

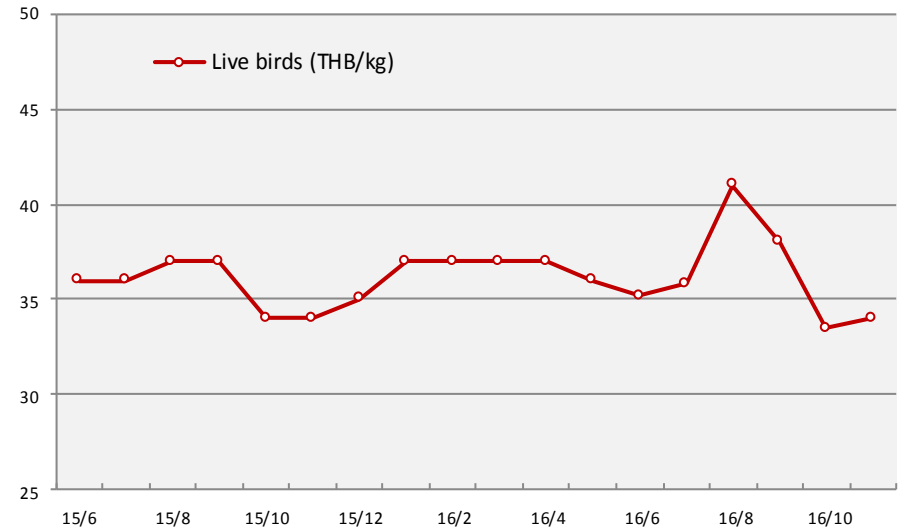


Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

Y o Y Change in Nichirei's Sales of Commercial-use Prepared Frozen Foods

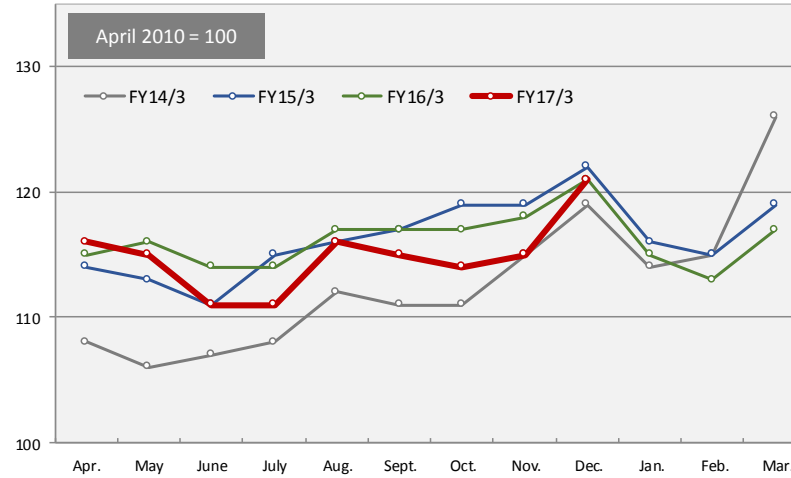


Wholesale Price of Chicken in Thailand



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

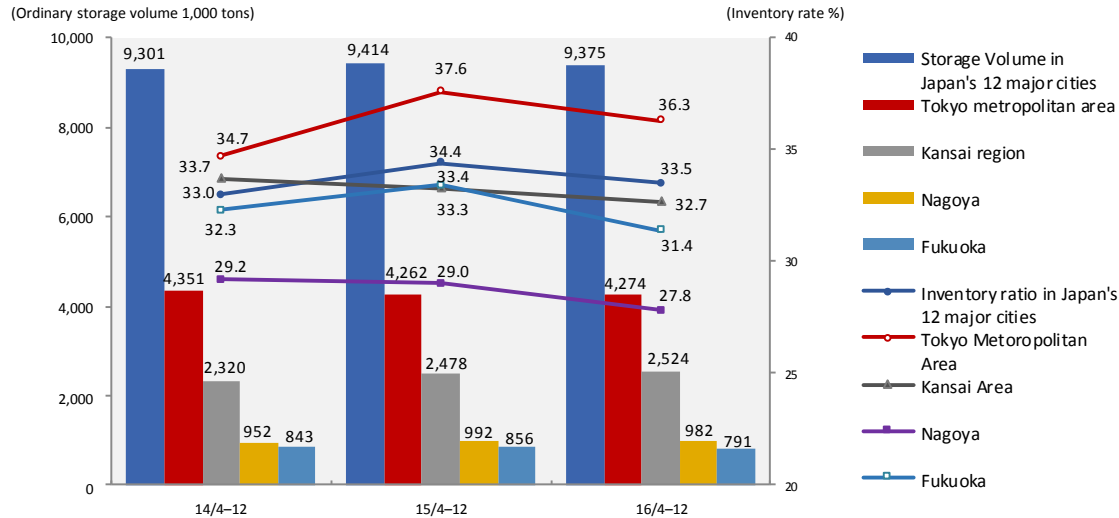
Freight Charge Index (Monthly)



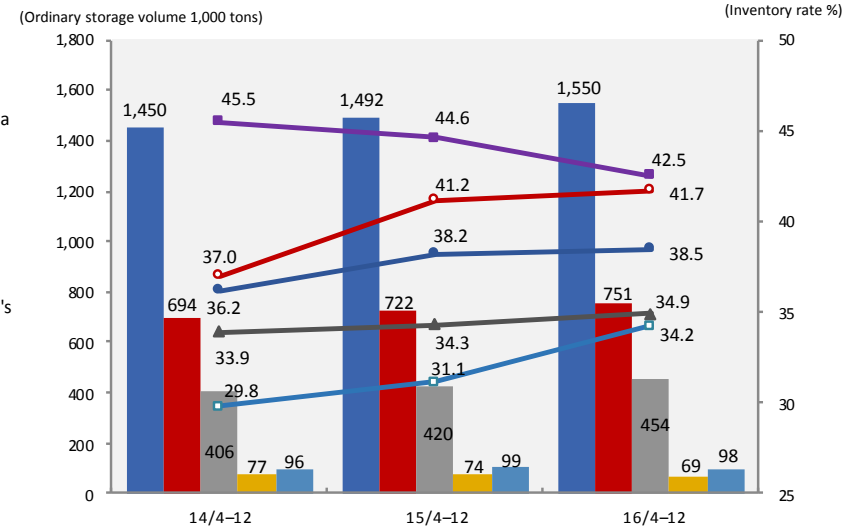
Source: Nichirei, from data published by the Japan Trucking Association, which includes all temperature bands, including dry cargo.

[Cold Storage Capacity Utilization]

Industry-Wide Cold Storage Capacity Utilization



Nichirei Group's 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.

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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