

August 1, 2017

FY18/3 First Quarter Presentation Material



(Stock code: 2871)

1. Consolidated Group Results

Steady Growth Centered on Mainstay Businesses

(Billions of Yen)

	Result	First quarter			Forecast	Full year			
		Y o Y		Progress rate for full-year forecasts		Y o Y		Compared to previous Forecast	
		Variance	% change			Variance	% change	Previous forecast	Variance
Net Sales	139.0	6.8	5%	25%	556.0	16.3	3%	556.0	0.0
Processed Foods	57.0	6.1	12%	27%	213.0	8.0	4%	213.0	0.0
Marine Products	16.9	0.6	4%	23%	72.5	3.1	5%	72.5	0.0
Meat and Poultry	21.5	-0.1	-1%	25%	86.0	-2.1	-2%	86.0	0.0
Logistics	46.4	0.4	1%	24%	194.0	7.1	4%	194.0	0.0
Real Estate	1.2	0.0	3%	28%	4.3	-0.3	-7%	4.3	0.0
Other	1.0	0.1	6%	17%	5.5	1.0	23%	5.5	0.0
Adjustment	-5.0	-0.3	—	—	-19.3	-0.4	—	-19.3	0.0
Operating Profit	7.9	0.4	6%	28%	28.5	-0.8	-3%	28.5	0.0
Processed Foods	4.4	0.1	1%	32%	14.0	0.1	1%	14.0	0.0
Marine Products	0.1	-0.2	-55%	19%	0.7	-0.1	-12%	0.7	0.0
Meat and Poultry	0.3	0.2	148%	34%	1.0	-0.6	-38%	1.0	0.0
Logistics	2.7	0.3	14%	25%	10.7	0.1	1%	10.7	0.0
Real Estate	0.5	0.0	0%	26%	2.1	-0.0	-1%	2.1	0.0
Other	0.1	0.0	51%	17%	0.6	-0.0	-1%	0.6	0.0
Adjustment	-0.3	-0.0	—	—	-0.6	-0.3	—	-0.6	0.0
Ordinary Profit	8.1	0.5	7%	29%	28.2	-0.9	-3%	28.2	0.0
Profit Attributable to Owners of Parent	5.0	-0.2	-4%	27%	18.5	-0.3	-1%	18.5	0.0

	Exchange Rates	
	USD/JPY	EUR/JPY
FY 18/3 full year (forecast)	116.00	122.00
FY 18/3 first quarter (actual*)	113.64	121.08
FY 17/3 first quarter (actual*)	115.45	127.18

* Exchange rate figure is the average for the January–March period.

1. Net sales increased, led by Processed Foods.
2. Operating profit rose on contribution from Logistics and Meat and Poultry businesses.
3. Full-year forecasts are unchanged from those announced on May 9, 2017.

2. Processed Foods Business

Earnings on a Par with the Previous Fiscal Year, as Increases in Food Material and Procurement Costs Absorbed by Revenue Gains

(Billions of Yen)

	First quarter				Full year				
	Result	YoY		Progress rate for full-year forecasts	Forecast	YoY		Compared to previous forecast	
		Variance	% change			Variance	% change	Previous forecast	Variance
Net Sales	57.0	6.1	12%	27%	213.0	8.0	4%	213.0	0.0
Household-use Prepared Foods	13.3	1.0	8%	24%	55.0	2.5	5%	55.0	0.0
Commercial-use Prepared Foods	25.9	4.2	19%	28%	93.0	4.2	5%	93.0	0.0
Processed Agricultural Products	4.8	-0.1	-1%	26%	18.4	-0.4	-2%	18.4	0.0
Overseas	8.3	0.6	8%	28%	29.7	1.2	4%	29.7	0.0
Other	4.6	0.5	11%	27%	16.9	0.5	3%	16.9	0.0
Operating Profit	4.4	0.1	1%	32%	14.0	0.1	1%	14.0	0.0

1. Household-use Prepared Foods: Sales of processed chicken products rose sharply with the launch of the new Tokukara series in spring 2017, along with gains in rice products.
Commercial-use Prepared Foods: Revenue increased on expanded sales of mainstay processed chicken products, mainly to the home meal replacement (HMR) market.
Overseas: Continued positive sales of Asian foods through U.S. subsidiary InnovAsian Cuisine..

2. Operating profit was on a par with the same period of the previous fiscal year, as increases in food material and procurement costs for such items as rice and chicken were offset by higher sales of prepared frozen foods, and productivity improvements.

Earnings Gains as Rising Costs Offset by Various Measures

(Billions of Yen)

	First quarter				Full year				
	Result	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y		Compared to previous forecast	
		Variance	% change			Variance	% change	Previous forecast	Variance
Net Sales	46.4	0.4	1%	24%	194.0	7.1	4%	194.0	0.0
Japan Subtotal	37.9	0.7	2%	24%	156.4	5.7	4%	156.4	0.0
Logistics Network	22.2	0.4	2%	24%	92.6	4.1	5%	92.6	0.0
Regional Storage	15.7	0.4	2%	25%	63.8	1.6	3%	63.8	0.0
Overseas	8.0	0.1	1%	24%	32.7	0.7	2%	32.7	0.0
Other/Intersegment*	0.5	-0.4	-45%	11%	4.9	0.7	17%	4.9	0.0
Operating Profit	2.7	0.3	14%	25%	10.7	0.1	1%	10.7	0.0
Japan Subtotal	2.7	0.5	20%	28%	9.8	0.4	4%	9.8	0.0
Logistics Network	0.9	0.3	41%	25%	3.5	0.6	20%	3.5	0.0
Regional Storage	1.8	0.2	12%	29%	6.3	-0.2	-4%	6.3	0.0
Overseas	0.2	0.0	8%	19%	1.0	-0.1	-11%	1.0	0.0
Other/Intersegment*	-0.3	-0.1	—	—	-0.1	-0.2	—	-0.1	0.0

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

- Japan: Earnings rose amid continued cost increases, due mainly to efforts to enhance operational efficiency, acceptance of appropriate charges, and expansion of cargo pickups mainly in the Tokyo and Osaka metropolitan areas.
- Overseas: Earnings were on a par with the previous fiscal year overall, as the decline in inventory levels at refrigerated warehouses in the Netherlands was offset by stable storage and delivery operations in Poland.

Stable Earnings despite Rising Costs for both Marine Products and Meat and Poultry

(Billions of Yen)

		First quarter				Full year				
		Result	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y		Compared to previous forecast	
			Variance	% change			Variance	% change	Previous forecast	Variance
Marine Products	Net Sales	16.9	0.6	4%	23%	72.5	3.1	5%	72.5	0.0
	Operating Profit	0.1	-0.2	-55%	19%	0.7	-0.1	-12%	0.7	0.0
Meat and Poultry	Net Sales	21.5	-0.1	-1%	25%	86.0	-2.1	-2%	86.0	0.0
	Operating profit	0.3	0.2	148%	34%	1.0	-0.6	-38%	1.0	0.0

1. Marine Products: Revenue increased on expanded sales volume of octopus and fish roe. Operating profit declined as the profitability of mainstay product shrimp fell due a rise in the procurement cost.

2. Meat and Poultry: Sales were on a par with the previous fiscal year. Earnings rose overall on improvement in margins for imported beef, offsetting the negative impact from a rebound decline in chicken from the previous year stemming from a rise in procurement costs.

Nichirei Included in New GPIF-selected ESG Indices for Japanese equities

➤ **Selected for three new indices from MSCI and FTSE Russell**

Nichirei was selected for inclusion in all three ESG indices offered by Japan’s Government Pension Investment Fund (GPIF)

Name	FTSE Blossom Japan Index	MSCI Japan ESG Select Leaders Index	MSCI Japan Empowering Women Index (WIN)
Index Content	Companies in Japan and overseas with exceptional responsiveness to environmental, social and governance (ESG) factors	Companies with superior ESG performance	Companies selected by calculating a multi-faceted gender diversity score based on data regarding employment of women
Index Target	Selected from among the top 500 Japanese companies by market capitalization, and FTSE4Good	Selected from among the top 500 Japanese companies by market capitalization	
Scope of Selection	ESG overall	ESG overall	Data regarding employment of women
No. of Components	151	251	212
Nichirei’s Evaluation	3.2 (ESG Score)	A (ESG Rating)	8.0(Gender Diversity Score)
Index Weight	0.16%	0.18%	0.27%

Note:

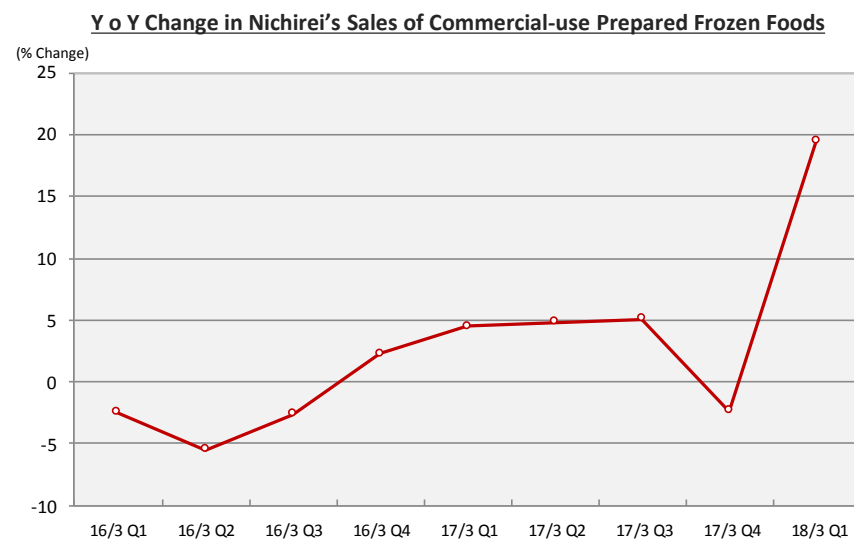
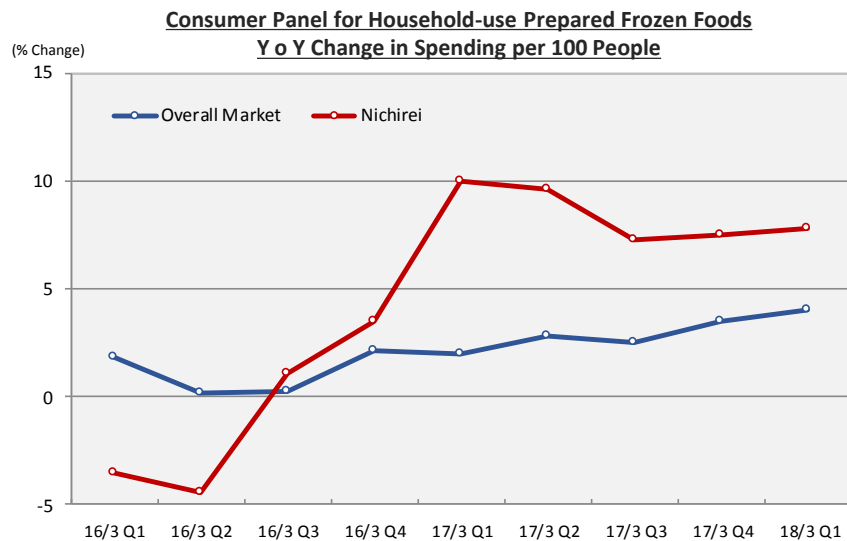
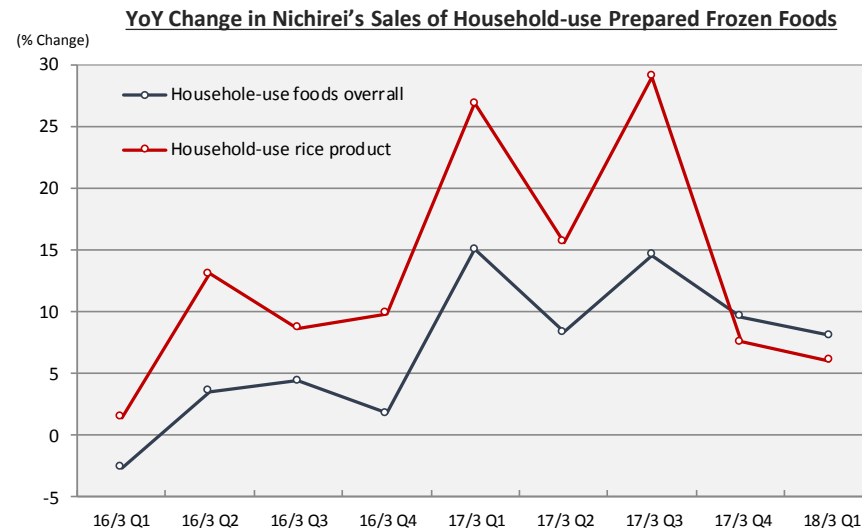
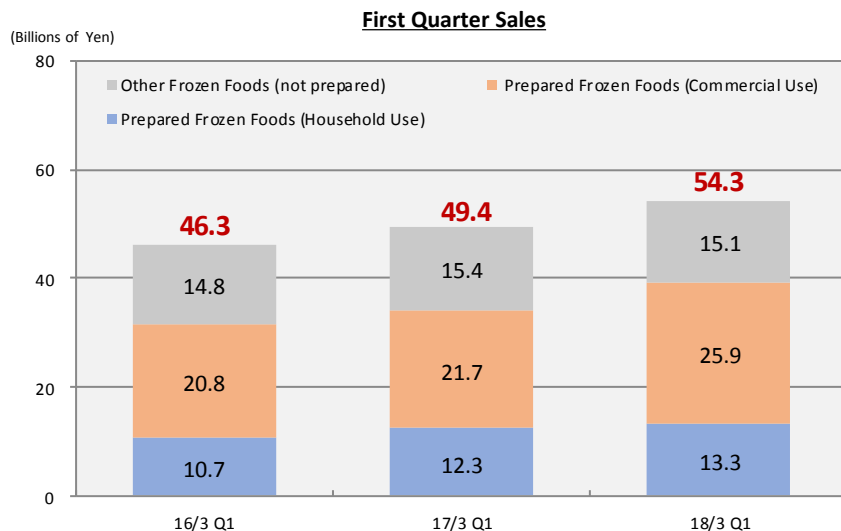
1. Content as of June 2017

2. No. of companies selected for all three indices: 66

Reference Materials

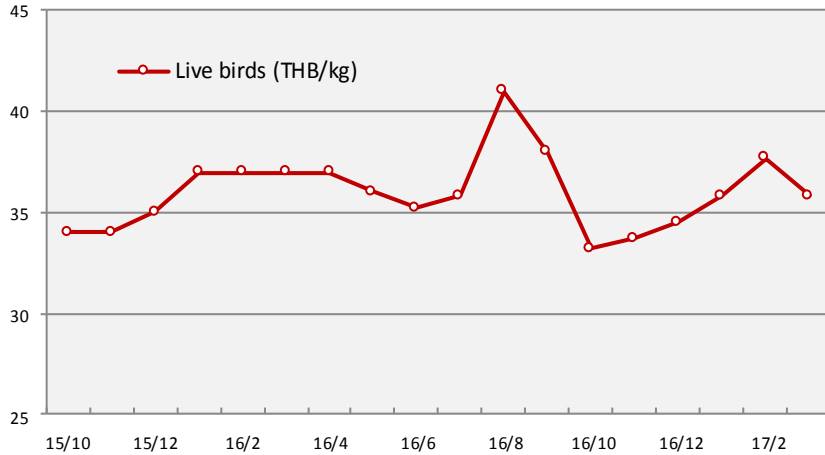
[Nichirei Group's Frozen Food Sales*]

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



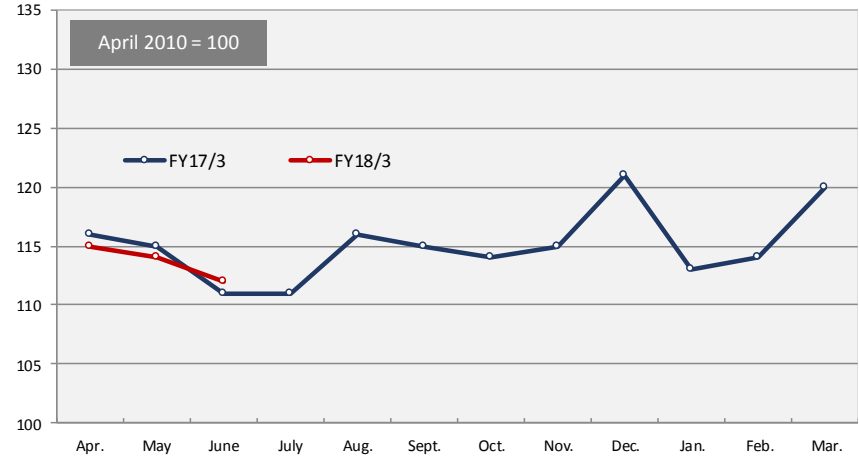
Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

Wholesale Price of Chicken in Thailand



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

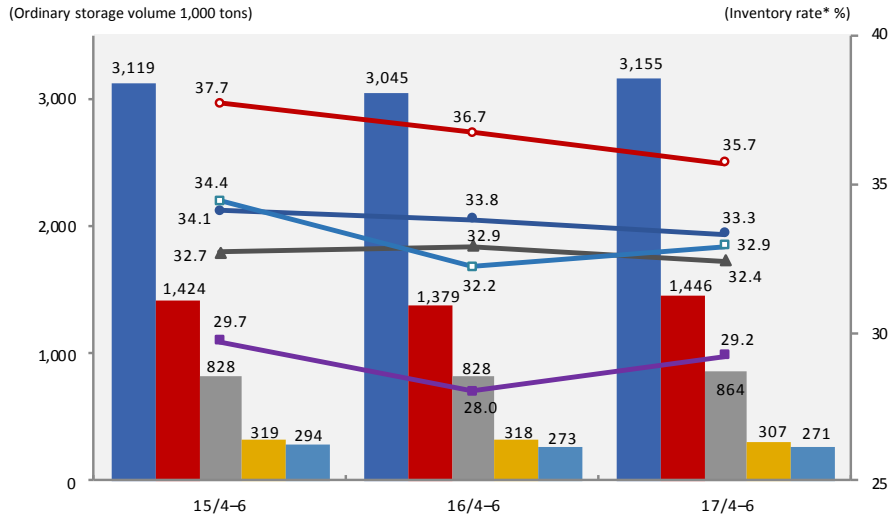
Freight Charge Index (Monthly)



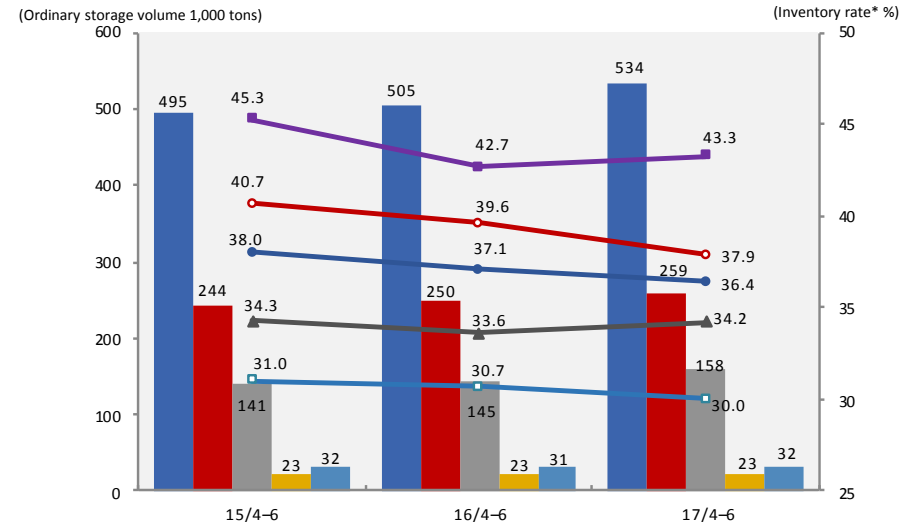
Source: Nichirei, from data published by the Japan Trucking Association, which includes all temperature bands, including dry cargo.

[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

* 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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