

February 6, 2018

FY18/3 Third Quarter Presentation Material



(Stock code: 2871)

I. General Overview—Results for FY18/3 (Consolidated Group)

Performance in Line with Full-Year Forecast

(Billions of Yen)

	Third Quarter			Third Quarter (cumulative)				Full Year				
	Result	YoY		Result	YoY		Progress rate for full-year forecasts announced on October. 31	Forecast	YoY		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	152.3	7.7	5%	435.1	20.4	5%	77%	567.0	27.3	5%	567.0	—
Processed Foods	57.2	3.6	7%	171.1	14.0	9%	77%	222.3	17.3	8%	222.3	—
Marine Products	22.2	1.0	4%	57.9	1.7	3%	79%	73.0	3.6	5%	73.0	—
Meat and Poultry	24.8	0.9	4%	68.7	1.4	2%	77%	89.0	0.9	1%	89.0	—
Logistics	50.2	2.1	4%	145.0	3.4	2%	75%	192.5	5.6	3%	192.5	—
Real Estate	1.2	0.1	7%	3.6	0.2	5%	75%	4.8	0.2	4%	4.8	—
Other	1.7	0.3	23%	3.9	0.6	17%	76%	5.2	0.7	16%	5.2	—
Adjustment	-5.1	-0.3	—	-15.2	-0.9	—	—	-19.8	-0.9	—	-19.8	—
Operating Profit	9.4	-0.9	-9%	25.6	-0.7	-3%	84%	30.5	1.2	4%	30.5	—
Processed Foods	4.0	-0.3	-6%	12.5	-0.6	-5%	85%	14.7	0.8	6%	14.7	—
Marine Products	0.3	-0.3	-48%	0.5	-0.7	-55%	76%	0.7	-0.1	-12%	0.7	—
Meat and Poultry	0.5	-0.3	-37%	1.1	-0.2	-17%	81%	1.4	-0.2	-13%	1.4	—
Logistics	3.8	-0.0	-0%	9.5	0.7	8%	83%	11.5	0.9	8%	11.5	—
Real Estate	0.5	-0.0	-3%	1.6	0.0	1%	76%	2.1	-0.0	-1%	2.1	—
Other	0.3	0.1	33%	0.7	0.3	84%	99%	0.7	0.1	16%	0.7	—
Adjustment	-0.1	-0.1	—	-0.4	-0.3	—	—	-0.6	-0.3	—	-0.6	—
Ordinary Profit	9.6	-0.7	-7%	26.0	-0.2	-1%	85%	30.6	1.5	5%	30.6	—
Profit attributable to owners of parent	6.1	-0.4	-6%	16.3	-0.8	-5%	84%	19.5	0.7	4%	19.5	—

	Exchange Rates	
	USD/JPY	EUR/JPY
FY 18/3 full year (forecast)	112.00	125.00
FY 18/3 third Quarter (actual)	111.93	124.55
FY 17/3 third Quarter (actual)	108.71	121.21

Note:

1. Net income represents “Profit attributable to owners of parent”
2. Exchange rate figure is the average for the January–September period (used for converting the financial statements of foreign subsidiaries).

1. Third Quarter (cumulative)

- 1) Net sales increased on continued steady growth in mainstay Processed Foods and Logistics.
- 2) Operating profit declined for Processed Foods and Marine Products, but overall was in line with plan.

2. Full Year (forecast)

Increases in revenue and earnings expected overall on steady gains in mainstay businesses.

Negative Impact from Rising Costs, but Increase in Earnings Expected for Full Year Period

(Billions of Yen)

	Third Quarter			Third Quarter (cumulative)				Full Year				
	Result	YoY		Result	YoY		Progress rate for full-year forecasts announced on October. 31	Forecast	YoY		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	57.2	3.6	7%	171.1	14.0	9%	77%	222.3	17.3	8%	222.3	—
Household-use Prepared Foods	15.3	1.4	10%	42.5	3.4	9%	75%	56.6	4.1	8%	56.6	—
Commercial-use Prepared Foods	25.7	1.3	5%	76.6	8.4	12%	77%	99.0	10.2	12%	99.0	—
Processed Agricultural Products	5.1	0.2	4%	14.9	0.1	1%	80%	18.6	-0.2	-1%	18.6	—
Overseas	7.7	1.0	14%	23.6	1.6	7%	77%	30.5	2.0	7%	30.5	—
Other	3.5	-0.2	-5%	13.5	0.5	4%	77%	17.6	1.2	7%	17.6	—
Operating Profit	4.0	-0.3	-6%	12.5	-0.6	-5%	85%	14.7	0.8	6%	14.7	—

1. Third Quarter (cumulative)

- 1) Household-use Prepared Foods: Sales rose on contributions from the *Tokukara* series, and rice products such as *Honkaku-itame Cha-han* (Authentic Fried Rice). Commercial-use Prepared Foods: Growth in sales of hamburg and processed chicken products to the home meal replacement (HMR) market.
- 2) Operating profit declined as a result of rising food material and procurement costs, and lackluster results at affiliates.

2. Full Year (forecast)

Increases in revenue and earnings expected overall on steady gains in mainstay businesses.

Continued Steady Growth in Japan, Increases in Revenue and Earnings

(Billions of Yen)

	Third Quarter			Third Quarter (cumulative)				Full Year				
	Result	YoY		Result	YoY		Progress rate for full-year forecasts announced on October. 31	Forecast	YoY		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	50.2	2.1	4%	145.0	3.4	2%	75%	192.5	5.6	3%	192.5	—
Japan Subtotal	40.5	0.9	2%	117.8	2.6	2%	77%	153.8	3.1	2%	153.8	—
Logistics Network	23.6	0.6	2%	68.7	1.4	2%	76%	90.2	1.7	2%	90.2	—
Regional Storage	16.9	0.4	2%	49.1	1.2	2%	77%	63.6	1.4	2%	63.6	—
Overseas	9.3	1.5	19%	25.6	1.5	6%	76%	33.6	1.6	5%	33.6	—
Other/Intersegment*	0.5	-0.3	-41%	1.5	-0.7	-30%	30%	5.1	0.9	22%	5.1	—
Operating Profit	3.8	-0.0	-0%	9.5	0.7	8%	83%	11.5	0.9	8%	11.5	—
Japan Subtotal	3.7	0.2	5%	9.3	1.2	14%	86%	10.8	1.4	14%	10.8	—
Logistics Network	1.3	0.2	14%	3.2	0.7	27%	88%	3.6	0.7	24%	3.6	—
Regional Storage	2.4	0.0	1%	6.2	0.5	9%	85%	7.2	0.7	10%	7.2	—
Overseas	0.2	-0.0	-9%	0.6	-0.1	-16%	64%	1.0	-0.1	-11%	1.0	—
Other/Intersegment*	-0.1	-0.2	—	-0.5	-0.4	—	—	-0.3	-0.4	—	-0.3	—

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

1. Third Quarter (cumulative)

- 1) Japan: Revenue and earnings rose amid continued increases in personnel and other costs, due mainly to efforts to enhance operational efficiency, acceptance of appropriate charges, and expansion of cargo pickups mainly in major metropolitan areas.
- 2) Overseas: Earnings were down from the same period of the previous fiscal year as a result of falling inventory levels for chicken, and higher transport and delivery costs.

2. Full Year (forecast)

- 1) We expect continued steady growth in Japan. Overseas, we will pursue expanded cargo pickups and greater efficiency.
- 2) The Heiwajima DC in Tokyo Danchireizo is scheduled to begin operations in March 2018. We will focus on a smooth launch, and pursue an optimum arrangement for stored cargo in the Tokyo waterfront area.

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

(Billions of Yen)

		Third Quarter			Third Quarter (cumulative)				Full Year				
		Result	YoY		Result	YoY		Progress rate for full-year forecasts announced on October. 31	Forecast	YoY		Compared to Previous Forecast	
			Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Marine Products	Net Sales	22.2	1.0	4%	57.9	1.7	3%	79%	73.0	3.6	5%	73.0	—
	Operating Profit	0.3	-0.3	-48%	0.5	-0.7	-55%	76%	0.7	-0.1	-12%	0.7	—
Meat and Poultry	Net Sales	24.8	0.9	4%	68.7	1.4	2%	77%	89.0	0.9	1%	89.0	—
	Operating profit	0.5	-0.3	-37%	1.1	-0.2	-17%	81%	1.4	-0.2	-13%	1.4	—

1. Marine Products

- 1) Operating profit declined as the profitability of mainstay product shrimp fell due to a rise in the procurement cost.
- 2) We will continue measures to improve profitability, including shifting cost increases onto sales prices.

2. Meat and Poultry

- 1) Results were mostly in line with plan, despite depressed earnings due to a rebound decline from positive results in the previous year, mainly for chicken.
- 2) We will focus on price revisions corresponding to higher procurement costs, and sales of processed products, in an effort to achieve full-year forecasts.

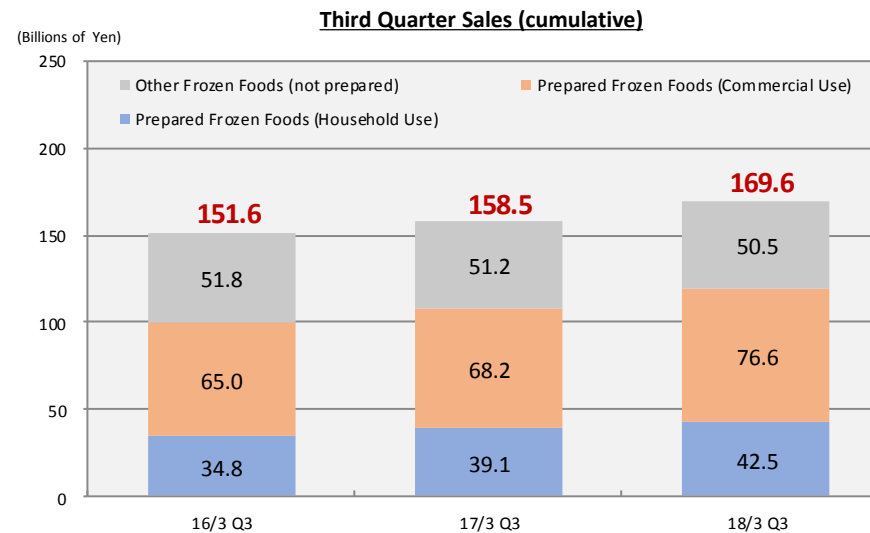
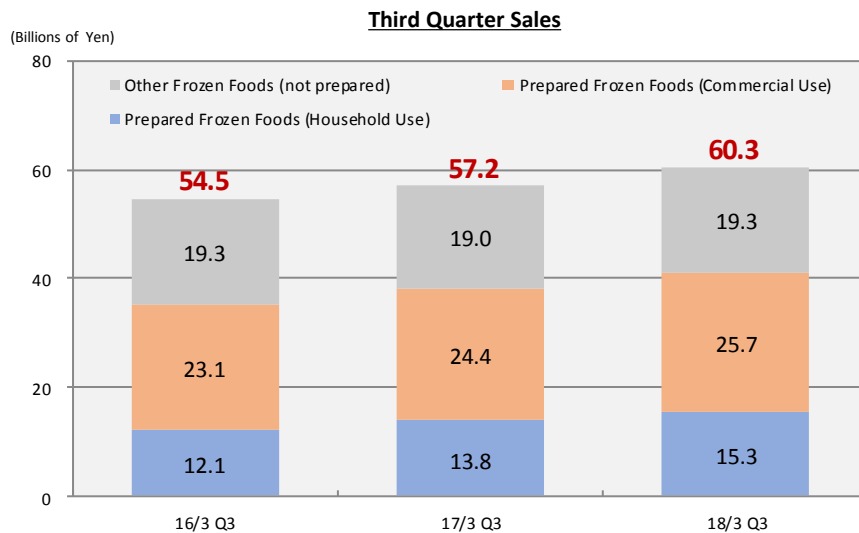
Reference Materials

Non-operating Income and Expenses / Extraordinary Income of Loss

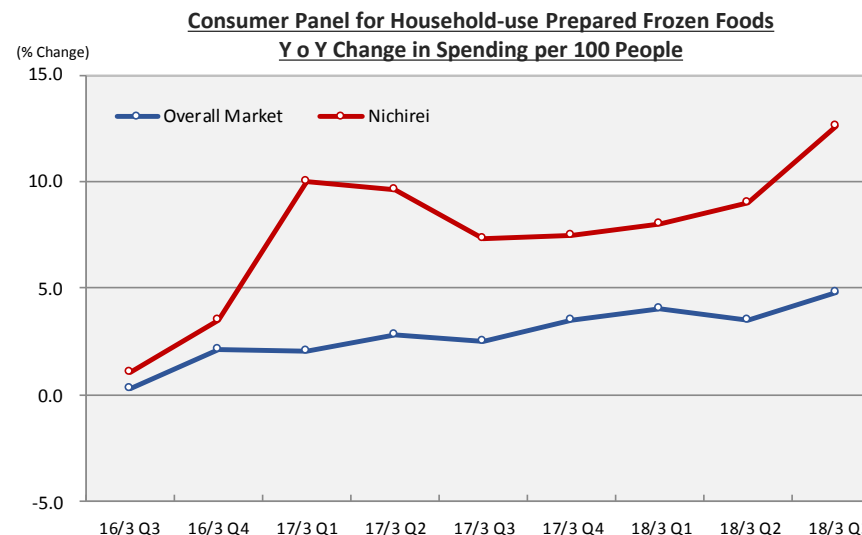
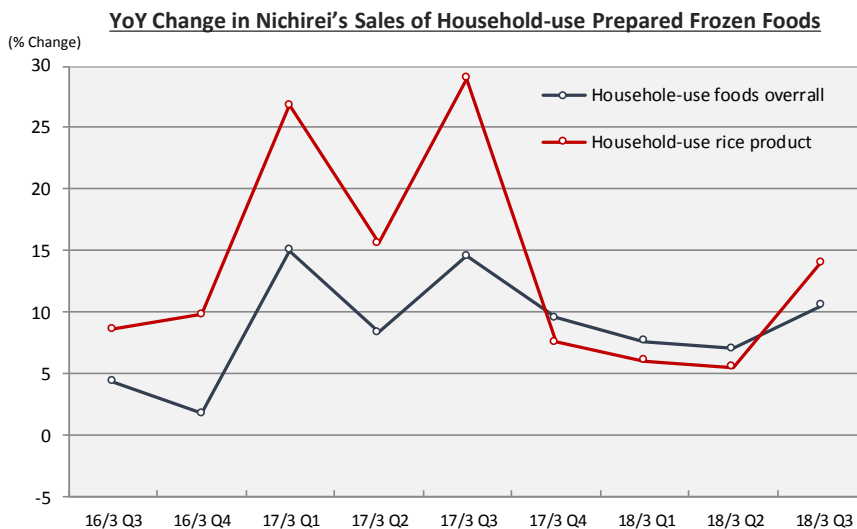
(Billions of Yen)

	FY17/3 Q3 (cumulative)	FY18/3 Q3 (cumulative)	Variance	FY17/3 Full year	FY18/3 Full year forecast	Variance
Non-operating Income and Expenses	-0.0	0.4	0.5	-0.2	0.1	0.3
(Main items)						
Financial account balance	-0.0	0.0	0.1	-0.2	-0.1	0.1
Share of (profit) loss of entities accounted for using equity method	0.2	0.3	0.0	0.2	0.1	-0.1
Extraordinary Income or Loss	-0.1	-0.7	-0.5	-1.2	-0.9	0.3
(Main items)						
Gain on sales of non-current assets	0.3	0.0	-0.3	0.4	0.0	-0.3
Loss on sales and retirement of non-current assets	-0.4	-0.7	-0.2	-0.8	-0.8	-0.0
Loss on revision of retirement benefit plan	—	—	—	-0.2	—	0.2
Impairment loss	-0.0	-0.0	0.0	-0.2	—	0.2

[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

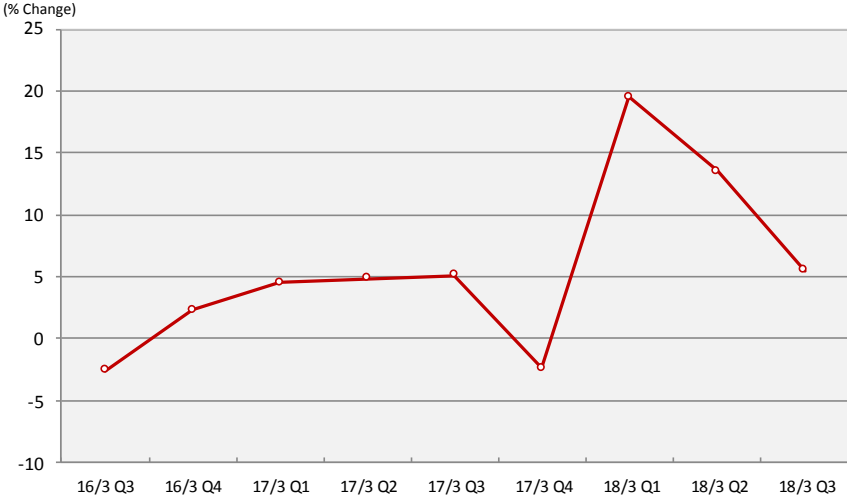


Note: Figures reflect a change in the basis for recording sales in the Processed Foods business. (The portion that had previously been recorded as promotional expenses has been excluded from net sales.)

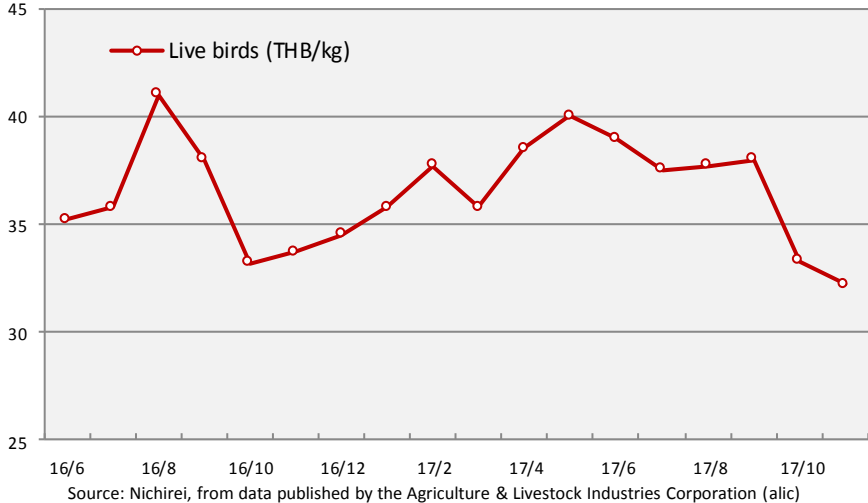


Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

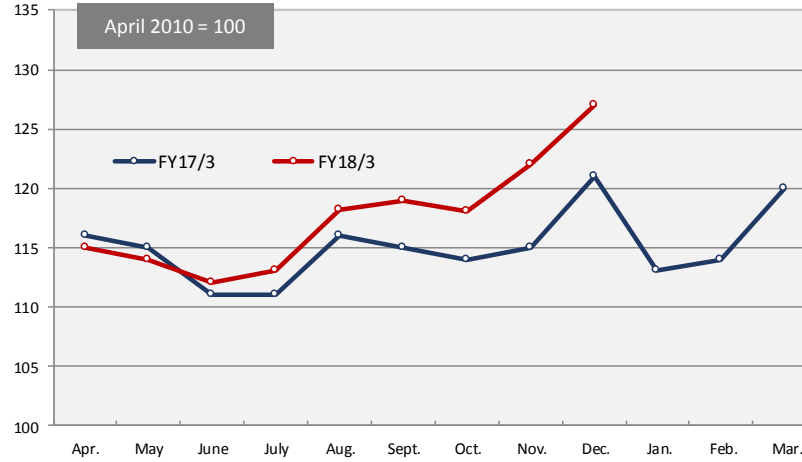
Y o Y Change in Nichirei's Sales of Commercial-use Prepared Frozen Foods



Wholesale Price of Chicken in Thailand



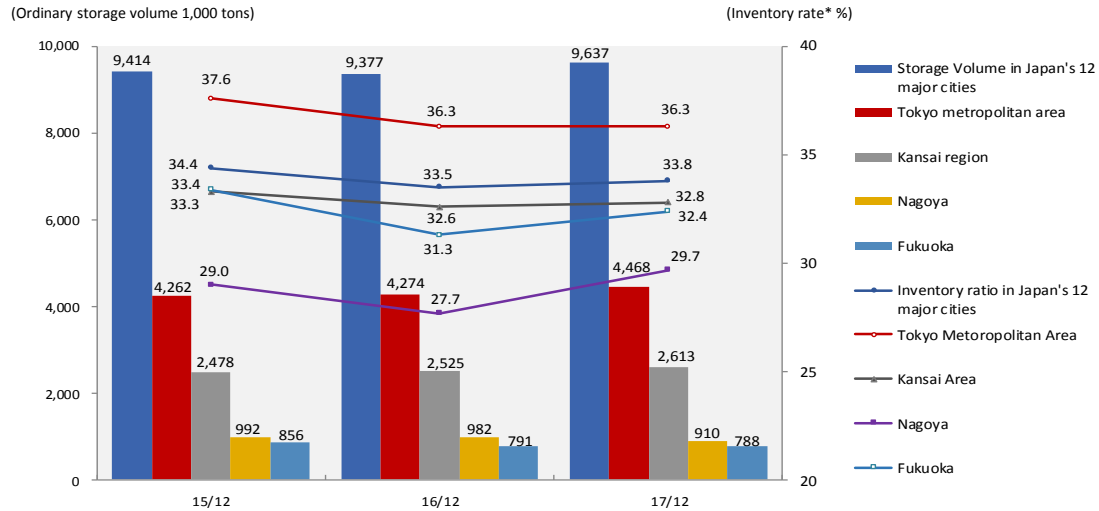
Freight Charge Index (Monthly)



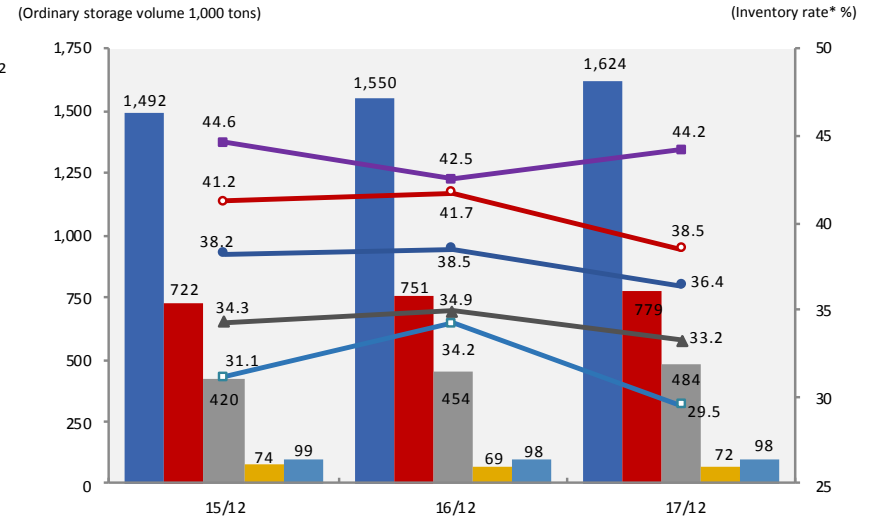
Source: Nichirei, from data published by the Japan Trucking Association, which includes all temperature bands, including dry cargo.

[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.

Nichirei Corporation

Tel: (+81-3) 3248-2167

E-mail: irinfo@nichirei.co.jp

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