

## FY3/18 Q3 Financial Results Briefing Summary of Q&A Session

(February 6, 2018, Tokyo)

### Nichirei Group Overall

**Q. What is the current status of the capital investment plan in the medium-term management plan?**

A. We revised the capital investment plan for the current fiscal year at the Q2 mark, and are forecasting ¥28.8 billion. We have invested ¥12.4 billion through Q3, leaving ¥16.4 billion. Investment in some targets is delayed, and we don't expect to use the entire amount in Q4. At the same time, investments in infrastructure improvements such as to comply with fluorocarbon regulations, and investments in production lines for processed foods, are proceeding according to plan, and we anticipate expenditures during the current fiscal year. We are currently formulating the investment plan for the next fiscal year, and will announce it in May with the year-end financial results.

### Processed Foods

**Q. Sales of household-use prepared foods seem to have remained positive in Q3. Would you please provide a little more detail, such as the current state of the household-use market, and which of your products are contributing to performance? Also, are there any promising new products for this spring in the pipeline?**

A. The market continues to grow steadily. For Nichirei, processed chicken products such as the *Tokukara* series, and rice products such as *Honkaku-itame Cha-han* (Authentic Fried Rice) have contributed significantly to revenue growth. We have eight new household-use products launching this spring. The product concepts are “promote measures for strong categories” and “efforts to create new demand.” The most promising product is “Sliced Salad Chicken” produced by GFPT Nichirei. The product is pre-sliced, making it more convenient to use in cooking. The launch is planned for March.

**Q. Your forecast for the second half included a ¥0.9 billion decrease in operating profit on effect of results from subsidiaries. What is the current status during Q3?**

A. We believe the effects of the ¥0.9 billion year-on-year decrease during the second half continued for nearly the duration of the Q3 period. The effects were from the strong value of the baht, and rising prices for chicken in Thailand.

**Q. The fifth production line at GFPT Nichirei in Thailand began operating in August 2017. What has been the effect on results?**

A. That was Q3 in Thailand, and the line had only been operating for around a month. Accordingly, the effect on Q3 results is minimal.

**Q. What is the current status of the competitive environment for frozen foods?**

A. As an example, Nichirei's rice products sold well during Q3, and in the market as a whole, sales increased for all the leading companies. Accordingly, our assessment is that rather than competition over market share, the market itself continues to expand. We feel that consumer preferences for frozen foods continue to increase.

**Logistics**

**Q. You stated that Nichirei is steadily making preparations to begin operations at Heiwajima DC in March. Are you saying that cargo will begin arriving immediately from the start of operations? Please provide a little more detail.**

A. In order to fill cargo space as quickly as possible, we are increasing cargo pickups utilizing assets of other companies. We have no particular concerns at this point.

END

Note: This document is not a complete record of the Q&A session from the results briefing, and has been edited by Nichirei.