

July 31, 2018

FY19/3 First Quarter Presentation Material



(Stock code: 2871)

1. Consolidated Group Results

Business Measures Being Implemented to Achieve the Full-year Plan

(Billions of Yen)

	First quarter				Full year		
	Result	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y	
		Variance	% change			Variance	% change
Net Sales	141.3	2.3	2%	24%	586.0	18.0	3%
Processed Foods	56.0	-1.0	-2%	24%	229.0	8.3	4%
Marine Products	16.7	-0.2	-1%	22%	75.0	3.5	5%
Meat and Poultry	22.6	1.0	5%	25%	92.0	1.6	2%
Logistics	48.8	2.4	5%	24%	200.0	4.9	3%
Real Estate	1.2	-0.0	-1%	25%	4.8	-0.1	-1%
Other	1.1	0.2	17%	20%	5.7	0.4	7%
Adjustment	-5.0	-0.1	—	—	-20.5	-0.6	—
Operating Profit	6.6	-1.3	-17%	21%	31.0	1.1	4%
Processed Foods	3.3	-1.2	-26%	22%	15.0	0.4	3%
Marine Products	0.0	-0.1	-79%	3%	0.7	0.4	129%
Meat and Poultry	0.3	-0.0	-1%	24%	1.4	0.1	8%
Logistics	2.7	0.0	0%	23%	11.5	0.2	2%
Real Estate	0.5	-0.0	-2%	24%	2.2	0.0	2%
Other	0.1	-0.0	-29%	9%	0.8	-0.0	-1%
Adjustment	-0.3	-0.0	—	—	-0.6	-0.1	—
Ordinary Profit	6.9	-1.2	-15%	22%	31.0	0.3	1%
Profit Attributable to Owners of Parent	4.6	-0.4	-8%	23%	19.8	0.7	4%

Exchange Rates

	FY 19/3 full year (forecast)	FY 19/3 first quarter (actual)*	FY 18/3 first quarter (actual)*
USD/JPY	108.00	108.30	113.64
EUR/JPY	130.00	133.23	121.08
THB/JPY	3.45	3.43	3.24

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

1. Net sales rose 2% from the same period of the previous fiscal year on steady growth in the Logistics and Meat and Poultry businesses, offsetting a rebound decline in the Processed Foods business from the significant increase a year earlier.
2. Operating profit fell 17% overall due to the decline in the Processed Foods business, but we will steadily implement business measures from 2Q, and expect to meet our full-year plan.
3. Full-year forecasts are unchanged from the figures announced on May 8.

Expanded Sales and Productivity Improvements to Achieve the Full-year Plan

(Billions of Yen)

	First quarter				Full year		
	Result	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y	
		Variance	% change			Variance	% change
Net Sales	56.0	-1.0	-2%	24%	229.0	8.3	4%
Household-use Prepared Foods	14.6	1.2	9%	24%	59.8	2.6	5%
Commercial-use Prepared Foods	24.6	-1.4	-5%	24%	101.7	4.4	4%
Processed Agricultural Products	4.9	0.0	0%	24%	20.0	0.6	3%
Overseas	7.7	-0.6	-7%	25%	31.1	0.6	2%
Other	4.2	-0.3	-6%	26%	16.4	0.1	1%
Operating Profit	3.3	-1.2	-26%	22%	15.0	0.4	3%

1. Household-use Prepared Foods: Revenue increased on expanded sales of mainstay products, including *Honkaku-itame Cha-han* (authentic fried rice) and the *Tokukara* series. Going forward, we will strengthen our product appeal, and create new demand for such products as *Precut! Salad Chicken*.

Commercial-use Prepared Foods: Revenue declined on the rebound from expansion in sales volume to major users in the previous fiscal year. We will continue to expand sales of mainstay processed chicken products, mainly to the home meal replacement (HMR) market, where demand remains firm.

Overseas: Sales declined at U.S. subsidiary InnovAsian Cuisine, but we will secure revenue gains from 2Q by expanding sales channels for existing products, and launching new products for single servings.

2. Operating profit declined as a result of the strong Thai baht and a fall in the sales price of chicken by-products. The effects are expected to remain through the first half, but as of the end of June the rise in the baht has stabilized, and the market for chicken by-products has begun to recover.

Going forward, Nichirei expects to achieve its full-year plan through expanded sales of mainstay household-use products and recovery in commercial-use products, along with improved productivity and lower costs.

Boost from Increased Revenue and Cost Absorption Measures to Achieve the Full-year Plan

(Billions of Yen)

	First quarter				Full year		
	Result	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y	
		Variance	% change			Variance	% change
Net Sales	48.8	2.4	5%	24%	200.0	4.9	3%
Japan Subtotal	39.0	1.1	3%	25%	156.3	2.1	1%
Logistics Network	22.8	0.6	3%	25%	91.4	0.9	1%
Regional Storage	16.2	0.6	4%	25%	64.9	1.2	2%
Overseas	9.2	1.3	16%	25%	37.4	2.1	6%
Other/Intersegment	0.5	-0.0	-3%	8%	6.3	0.8	14%
Operating Profit	2.7	0.0	0%	23%	11.5	0.2	2%
Japan Subtotal	2.6	-0.2	-6%	24%	10.5	0.2	2%
Logistics Network	0.9	0.0	4%	25%	3.7	0.1	2%
Regional Storage	1.6	-0.2	-10%	24%	6.8	0.1	2%
Overseas	0.2	0.0	7%	19%	1.1	0.1	8%
Other/Intersegment	-0.1	0.2	—	—	-0.1	-0.0	—

1. Japan

- Revenue increased on expanded cargo pickups, backed by robust storage demand at the Heiwajima DC and other major metropolitan areas, as well as in regional areas.
- Operating profit declined from the same period of the previous fiscal year, though this was in line with plan. We expect to achieve the full-year plan through expanded cargo pickups and collecting of appropriate fees, as well as enhanced operational efficiency and other measures to absorb costs.

2. Overseas

- The decrease in chicken inventory in the Netherlands continues to have an impact, but revenue and earnings rose on positive results for transport and delivery operations, and increased business volume for fruit juice.

Marine Products Steady on Improvement in Shrimp, Meat and Poultry Growing Steadily

(Billions of Yen)

		First quarter				Full year		
		Result	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y	
			Variance	% change			Variance	% change
Marine Products	Net Sales	16.7	-0.2	-1%	22%	75.0	3.5	5%
	Operating Profit	0.0	-0.1	-79%	3%	0.7	0.4	129%
Meat and Poultry	Net Sales	22.6	1.0	5%	25%	92.0	1.6	2%
	Operating profit	0.3	-0.0	-1%	24%	1.4	0.1	8%

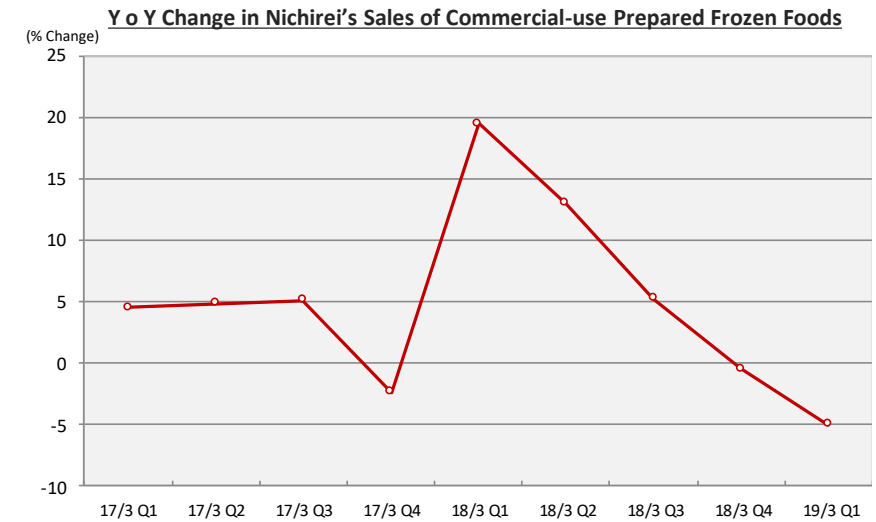
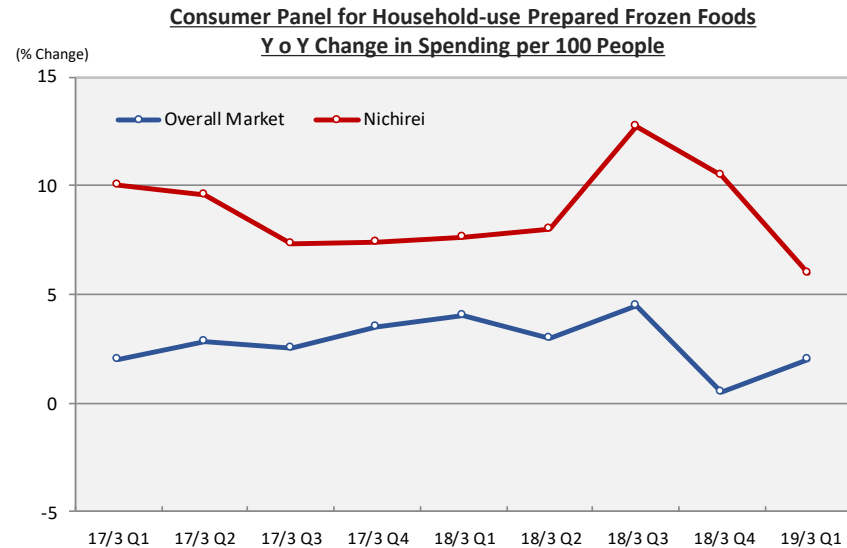
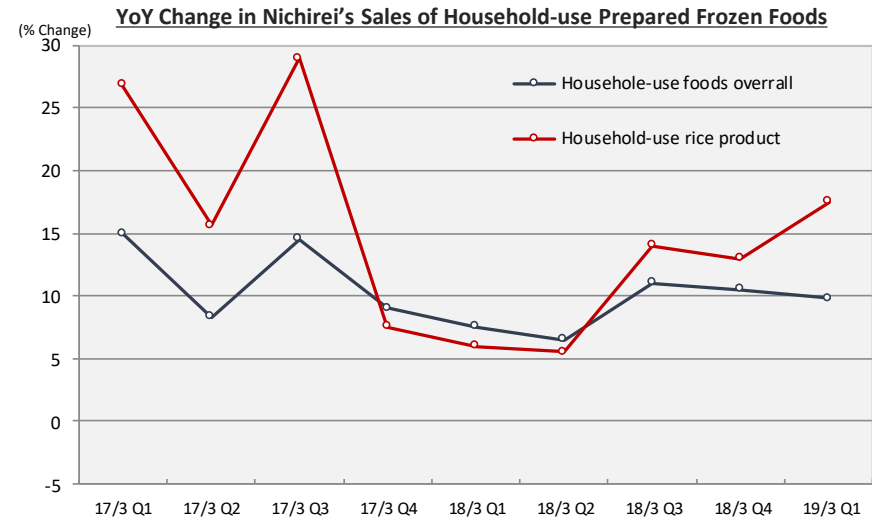
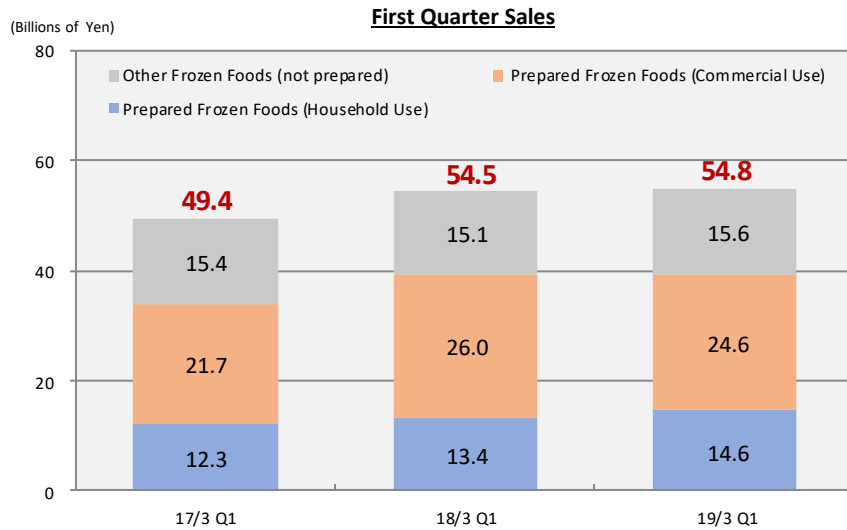
1. Marine Products: Sales were on a par with the same period of the previous fiscal year, with rising sales prices for fish roe and octopus. Operating profit declined but is in line with plan, with improved profitability for shrimp.

2. Meat and Poultry: Revenue was boosted by increased sales volume to the home meal replacement (HMR) and restaurant markets. We secured earnings on a par with the previous fiscal year, and are on track to meet our full-year forecasts.

Reference Materials

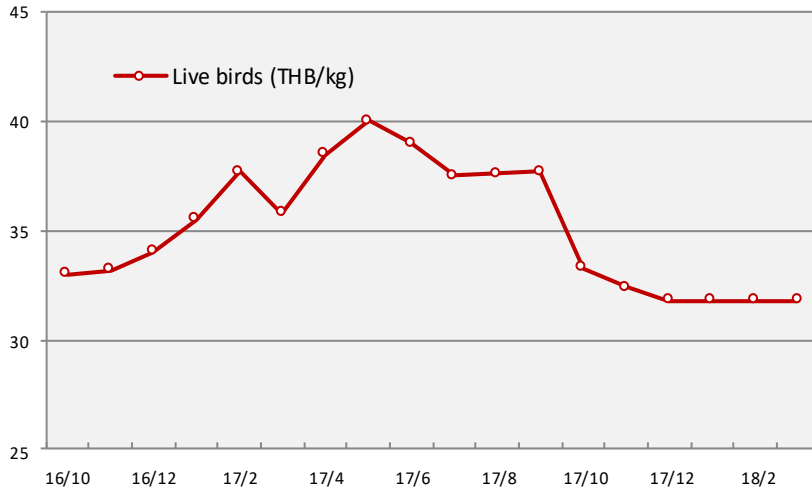
Nichirei Group's Frozen Food Sales*

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



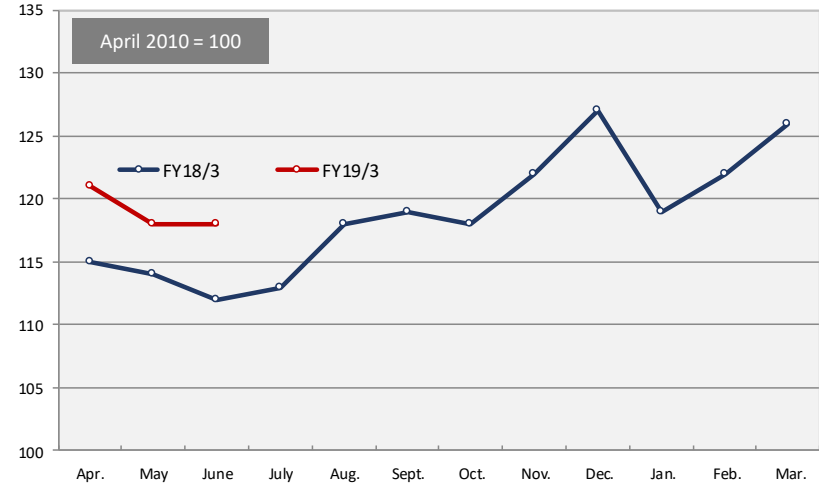
Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

Wholesale Price of Chicken in Thailand



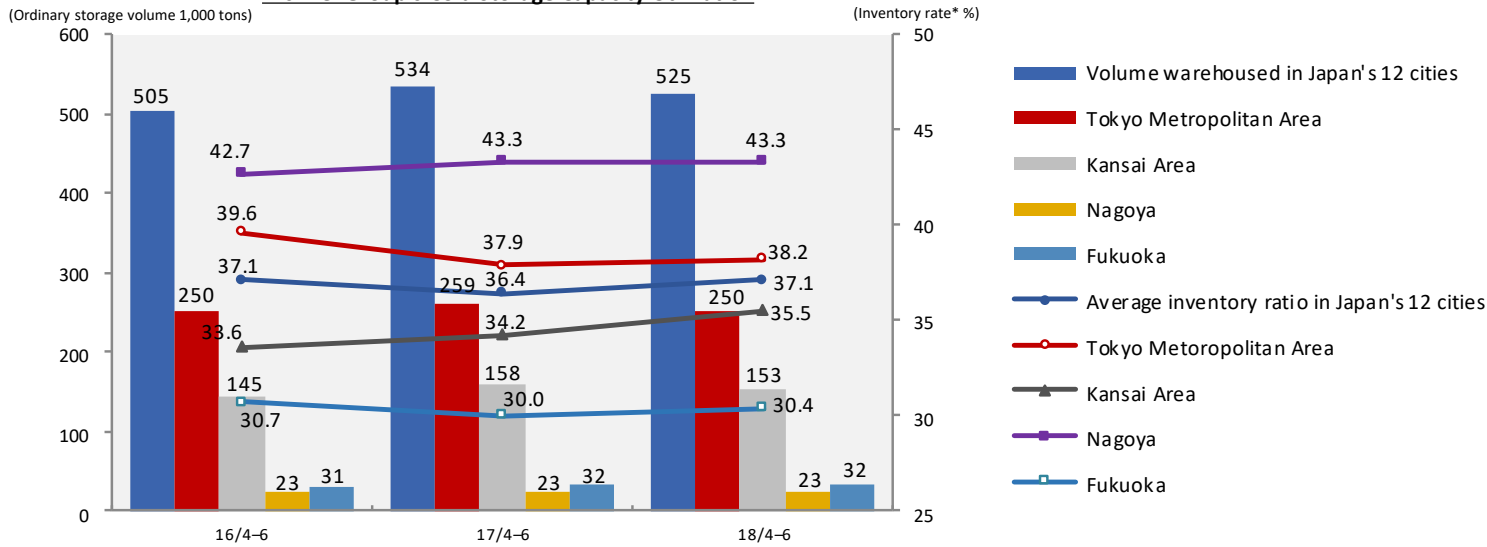
Source: Nichirei, from data published by the Agriculture & Livestock Industries Corporation (alic)

Freight Charge Index (Monthly)



Source: Nichirei, from data released by the Japan Trucking Association. Figures include all temperature bands, including ordinary temperature.

Nichirei Group's Cold Storage Capacity Utilization



* 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>