

FY3/19 Q1 Financial Results Briefing Summary of Q&A Session

(July 31, 2018, Tokyo)

Nichirei Group Overall

Q. Earnings declined in Q1. What is your view on the progress of the corporate group overall?

A. Earnings in Processed Foods declined, but we expect a recovery going forward. Results in the Logistics and Meat and Poultry businesses were steady.

Processed Foods

Q. What are the factors for the ¥1.2 billion year-on-year variation in Q1 operating profit?

A. There were few positive factors, but the main negative factors were ¥0.7 billion in effect of results from subsidiaries and associates, ¥0.2 billion in increase in depreciation, and ¥0.1 billion in advertising and promotional expenses. The remainder was for system-related costs and repair expenses.

Q. How do you plan to regain the 1Q losses from Q2 and beyond?

A. We will regain lost ground with expanded sales of household-use and commercial-use products, improved productivity, and efficient use of marketing expenditures. We also expect slight improvements in food material and procurement costs.

Q. In your business plan, do you expect earnings in Thailand to increase in the second half?

A. The impact from the earnings decline in Thailand will remain through the first half. We do not break down the operating profit in the Processed Foods business by first and second half, but we are bullish regarding second half earnings for the current fiscal year.

Q. What are the factors for the positive results in household-use prepared foods?

A. This is likely due to measures to strengthen the category, and recognition of product appeal. Well-timed advertising and promotion also provided a multiplier effect.

Q. Revenue from commercial-use prepared foods declined. What is your forecast going forward?

A. Nothing has changed structurally. In the previous fiscal year sales were weighted in the first half, and have leveled out in the current fiscal year. We will continue to work to expand sales, focusing on the home meal replacement (HMR) market.

Logistics

Q. What is the current status of the Logistics business?

A. Demand for storage is firm, and the Heiwajima DC is operating smoothly. Overall, the business is being affected by rising costs, mainly for personnel, but these have been absorbed by expanded cargo pickups and greater operational efficiency, and the business is progressing steadily.

End

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