

February 5, 2019

FY19/3 Third Quarter Presentation Material



(Stock code: 2871)

1. Consolidated Group Results

Full-year Forecast Revised Due to Slow Progress in Third Quarter

(Billions of Yen)

Exchange Rates

	Q3			Q3 (cumulative)				Full Year				
	Result	YoY		Forecast	YoY		Progress rate for full-year forecasts announced on November 6	Forecast	YoY		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	156.6	4.4	3%	445.6	10.6	2%	76%	580.0	12.0	2%	586.0	-6.0
Processed Foods	58.6	1.4	2%	173.0	1.9	1%	76%	226.9	6.2	3%	229.0	-2.1
Marine Products	22.3	0.2	1%	57.5	-0.4	-1%	77%	72.0	0.5	1%	75.0	-3.0
Meat and Poultry	25.0	0.2	1%	69.7	1.0	2%	76%	91.0	0.6	1%	92.0	-1.0
Logistics	52.9	2.6	5%	152.8	7.8	5%	76%	200.0	4.9	3%	200.0	0.0
Real Estate	1.2	-0.0	-2%	3.6	-0.0	-1%	74%	4.8	-0.1	-1%	4.8	0.0
Other	1.9	0.2	15%	4.5	0.6	15%	79%	5.8	0.5	9%	5.7	0.1
Adjustment	-5.3	-0.2	-	-15.5	-0.3	-	-	-20.5	-0.6	-	-20.5	0.0
Operating Profit	10.0	0.6	6%	23.7	-1.9	-7%	77%	30.0	0.1	0%	31.0	-1.0
Processed Foods	4.5	0.5	12%	10.9	-1.6	-13%	73%	14.7	0.1	1%	15.0	-0.3
Marine Products	0.4	0.1	19%	0.5	-0.0	-7%	70%	0.3	-0.0	-2%	0.7	-0.4
Meat and Poultry	0.6	0.1	17%	1.3	0.1	9%	89%	1.5	0.2	15%	1.4	0.1
Logistics	3.9	0.1	2%	9.4	-0.1	-1%	82%	11.3	0.0	0%	11.5	-0.2
Real Estate	0.5	-0.0	-0%	1.6	0.0	0%	72%	2.2	0.0	2%	2.2	0.0
Other	0.3	-0.1	-25%	0.5	-0.2	-30%	60%	0.6	-0.2	-26%	0.8	-0.2
Adjustment	-0.1	-0.0	-	-0.4	-0.0	-	-	-0.6	-0.1	-	-0.6	0.0
Ordinary Profit	10.2	0.6	7%	24.3	-1.8	-7%	78%	30.5	-0.2	-0%	31.0	-0.5
Profit attributable to owners of parent	6.9	0.8	12%	16.3	-0.0	-0%	82%	20.0	0.9	5%	19.8	0.2

	FY 19/3 full year (forecast)	FY 19/3 third quarter (actual)*	FY 18/3 third quarter (actual)*
USD/JPY	110.00	109.61	111.93
EUR/JPY	130.00	130.97	124.55
THB/JPY	3.42	3.41	3.27

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

1. Third Quarter (cumulative)

Net sales increased on steady growth in mainstay Processed Foods and Logistics, but operating profit was down overall on the impact from the decline in Processed Foods.

2. Full Year (forecast)

Profitability was restored during third quarter, but considering the slow progress toward plan targets, net sales and operating profit forecasts have been revised downward. The forecast for profit, however, has been revised upward due to the recording of extraordinary income.

Despite Plan Revision, Full-year Earnings Increase Expected

(Billions of Yen)

	Q3			Q3 (cumulative)				Full Year				
	Result	YoY		Forecast	YoY		Progress rate for full-year forecasts announced on November 6	Forecast	YoY		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	58.6	1.4	2%	173.0	1.9	1%	76%	226.9	6.2	3%	229.0	-2.1
Household-use Prepared Foods	15.5	0.2	1%	45.0	2.4	6%	73%	60.3	3.1	5%	61.3	-1.0
Commercial-use Prepared Foods	26.4	0.9	3%	75.5	-1.1	-1%	75%	99.1	1.8	2%	100.2	-1.1
Processed Agricultural Products	4.9	-0.2	-5%	15.1	0.2	1%	75%	20.0	0.6	3%	20.0	0.0
Overseas	8.2	0.6	7%	24.2	0.6	3%	78%	31.1	0.6	2%	31.1	0.0
Other	3.6	-0.0	-1%	13.1	-0.3	-2%	80%	16.4	0.1	1%	16.4	0.0
Operating Income	4.5	0.5	12%	10.9	-1.6	-13%	73%	14.7	0.1	1%	15.0	-0.3

1. Third Quarter (cumulative)

- (1) Household-use Prepared Foods: Sales rose on contributions from mainstay products such as *Honkaku-itame Cha-han* (Authentic Fried Rice) and the *Tokukara* series. Commercial-use Prepared Foods: Revenue declined on the lingering effects of a rebound decline from expanded business with major users in the previous year.
- (2) Operating profit: Sales of commercial-use prepared foods increased during 3Q, and results improved at overseas affiliates, but earnings declined in overall as this was insufficient to offset first half declines.

2. Full Year (forecast)

Forecasts for revenue and earnings have been revised, due mainly to sales of prepared foods (despite remaining firm with increases expected) falling short of the initial plan, as well as an increase in depreciation costs.

Owing to Temporary Factors, Full-year Operating Profit on a Par with the Previous Fiscal Year

(Billions of Yen)

	Q3			Q3 (cumulative)				Full Year				
	Result	YoY		Forecast	YoY		Progress rate for full-year forecasts announced on November, 6	Forecast	YoY		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	52.9	2.6	5%	152.8	7.8	5%	76%	200.0	4.9	3%	200.0	0.0
Japan Subtotal	42.1	1.6	4%	121.7	3.9	3%	78%	156.7	2.5	2%	156.7	0.0
Logistics Network	24.6	1.0	4%	71.1	2.4	4%	78%	91.7	1.2	1%	91.7	0.0
Regional Storage	17.5	0.6	4%	50.6	1.5	3%	78%	65.0	1.3	2%	65.0	0.0
Overseas	9.7	0.4	4%	28.6	3.0	12%	73%	39.0	3.7	10%	39.0	0.0
Other/Intersegment	1.1	0.6	122%	2.4	0.9	59%	57%	4.3	-1.2	-22%	4.3	0.0
Operating Income	3.9	0.1	2%	9.4	-0.1	-1%	82%	11.3	0.0	0%	11.5	-0.2
Japan Subtotal	3.5	-0.2	-5%	8.8	-0.6	-6%	83%	10.5	0.2	2%	10.5	0.0
Logistics Network	1.4	0.0	3%	3.4	0.2	6%	91%	3.9	0.3	8%	3.7	0.2
Regional Storage	2.2	-0.2	-9%	5.4	-0.8	-12%	79%	6.6	-0.1	-1%	6.8	-0.2
Overseas	0.3	0.1	40%	0.8	0.2	30%	56%	1.2	0.2	18%	1.5	-0.3
Other/Intersegment	0.1	0.2	-	-0.2	0.2	-	-	-0.4	-0.3	-	-0.5	0.1

1. Third Quarter (cumulative)

- (1) Japan: Revenue rose on positive performance in the transit center (TC) business, and steady growth in storage services both in regional areas and urban centers. Operating profit declined mainly as a result of increases in handling fees and re-storage costs, as well as interim costs from the effects of typhoons and other natural disasters.
- (2) Overseas: Revenue and earnings on continued growth in the robust transport operations business, and expanded handling of fruit juice.

2. Full Year (forecast)

Although earnings gains from expanded cargo pickups and benefits from improvements in business operations were in line with plan, full-year operating profit was revised to reflect the impact from natural disasters.

Marine Products Revised Downward, but Meat and Poultry Revised Upward on Steady Growth

(Billions of Yen)

		Q3			Q3 (cumulative)				Full Year				
		Result	Y o Y		Forecast	Y o Y		Progress rate for full-year forecasts announced on November, 6	Forecast	Y o Y		Compared to Previous Forecast	
			Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Marine Products	Net Sales	22.3	0.2	1%	57.5	-0.4	-1%	77%	72.0	0.5	1%	75.0	-3.0
	Operating Income	0.4	0.1	19%	0.5	-0.0	-7%	70%	0.3	-0.0	-2%	0.7	-0.4
Meat and Poultry	Net Sales	25.0	0.2	1%	69.7	1.0	2%	76%	91.0	0.6	1%	92.0	-1.0
	Operating Income	0.6	0.1	17%	1.3	0.1	9%	89%	1.5	0.2	15%	1.4	0.1

1. Marine Products

- (1) Profitability improved for shrimp and shellfish, but earnings declined on lower trading volumes for octopus and fish roe, for which procurement costs rose.
- (2) Full-year forecasts were revised downward in anticipation of a continued difficult business environment during fourth quarter.

2. Meat and Poultry

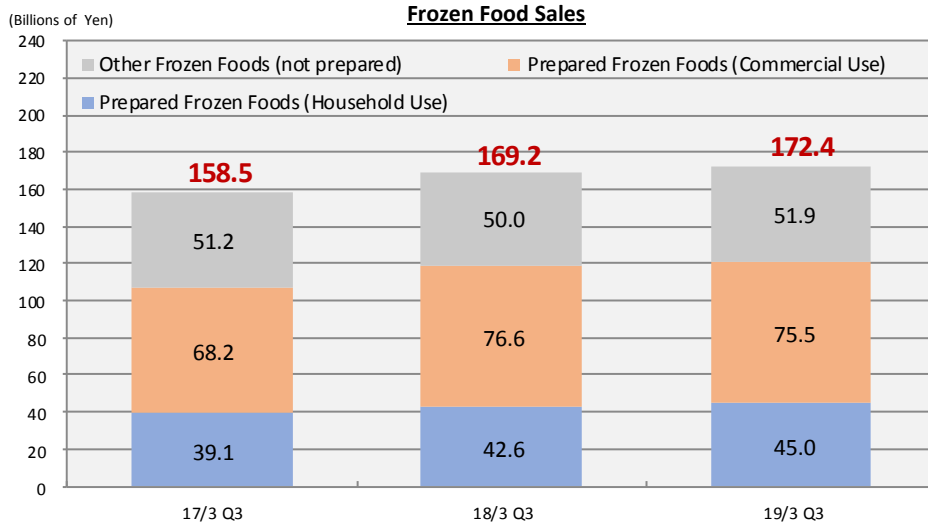
- (1) Revenue and earnings increased on expansion in pork sales volume, and an increase in sales of processed foods for boxed lunches..
- (2) We will continue to focus on sales of processed foods to the home meal replacement (HMR) and restaurant markets, and expect to achieve the full-year earnings plan.

Reference Materials

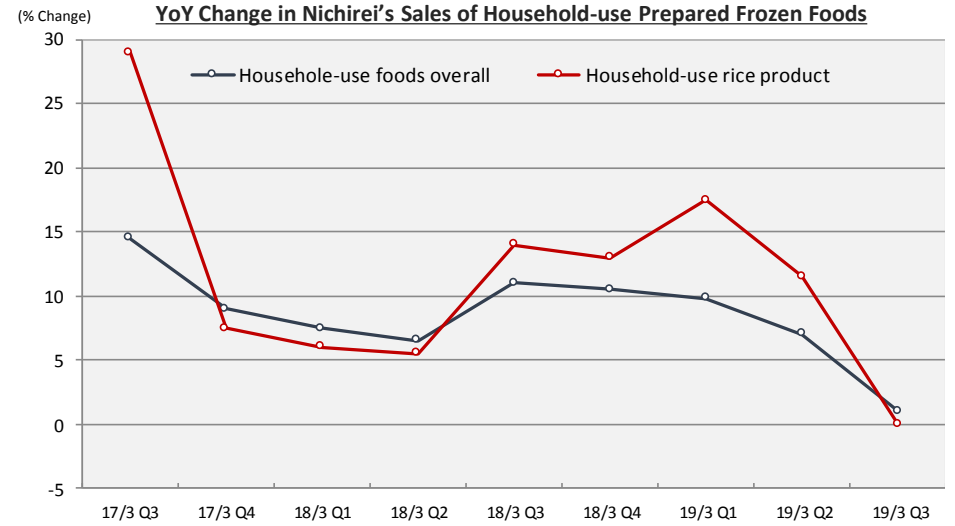
Non-operating Income and Expenses / Extraordinary Income of Loss

(Billions of Yen)

	FY18/3 Q3 (cumulative)	FY19/3 Q3 (cumulative)	Variance	FY18/3 Full year	FY19/3 Full year forecast	Variance
Non-operating Income and Expenses	0.4	0.5	0.1	0.7	0.5	-0.2
(Main items)						
Financial account balance	0.0	0.1	0.0	-0.0	-0.1	-0.0
Share of loss (profit) of entities accounted for using equity method	0.3	0.4	0.0	0.7	0.4	-0.3
Extraordinary Income or Loss	-0.7	-0.0	0.6	-1.4	-0.6	0.8
(Main items)						
Gain on sales of non-current assets	0.0	0.1	0.1	0.0	0.2	0.1
Gain on sales of investment securities	0.0	0.4	0.4	0.0	0.4	0.3
Loss on sales and retirement of non-current assets	-0.7	-0.4	0.2	-1.1	-0.7	0.4
Impairment loss	-0.0	-0.0	-0.0	-0.0	-0.0	0.0

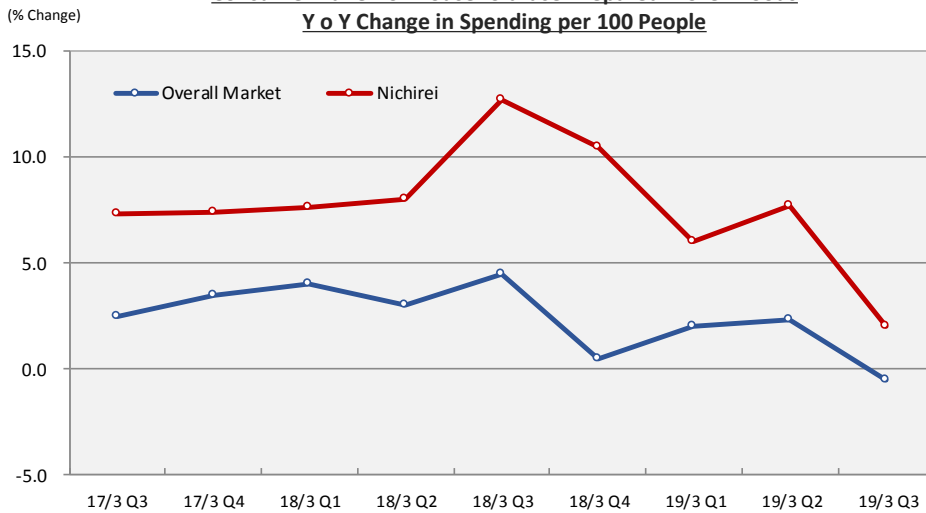


Note: Includes sales of marine products and meat as well as processed foods, based on definitions from the Japan Frozen Food Association



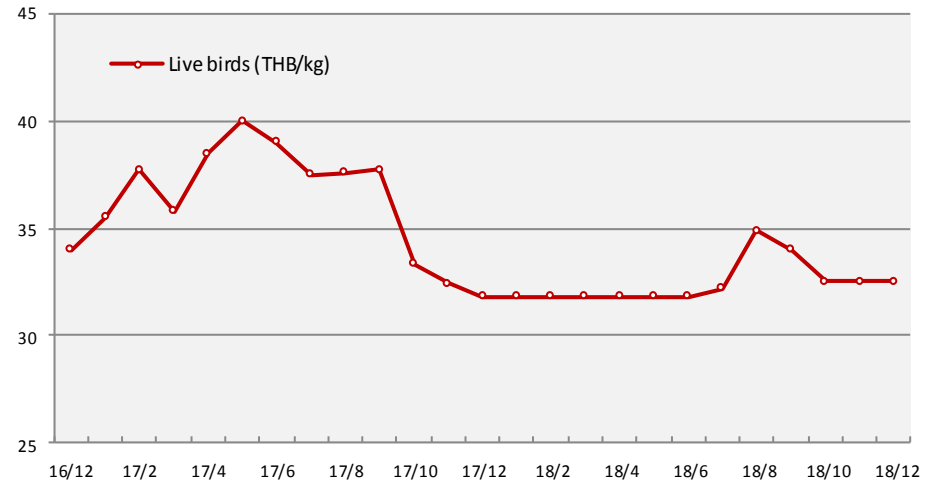
Consumer Panel for Household-use Prepared Frozen Foods

Y o Y Change in Spending per 100 People



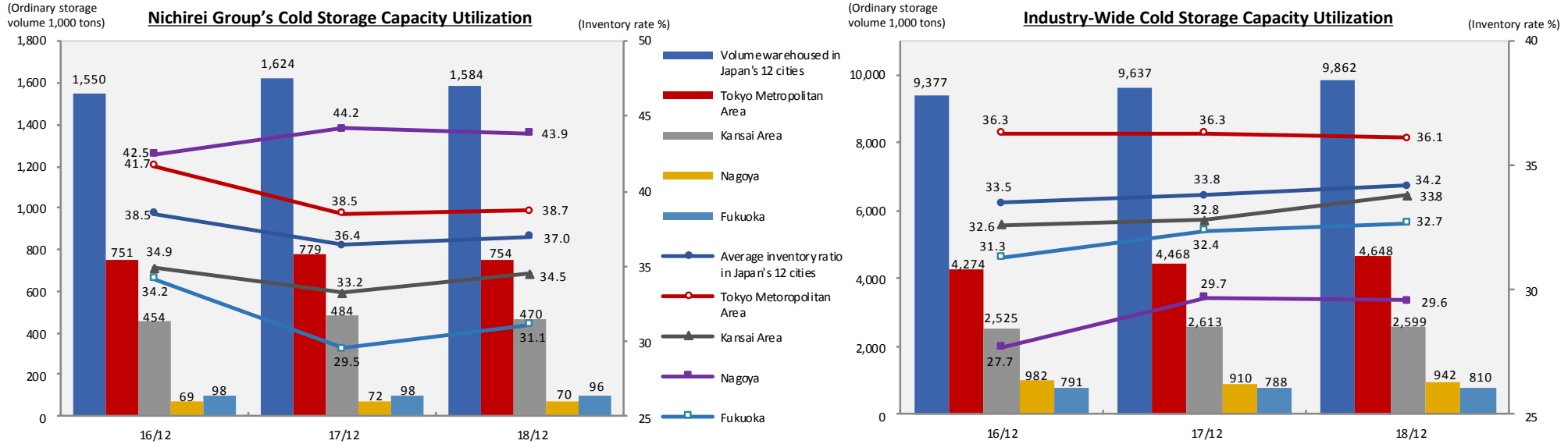
Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

Wholesale Price of Chicken in Thailand



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

[Cold Storage Capacity Utilization]



Source: Industry figures calculated by Nichirei from Japan Association of Refrigerated Warehouses data

Note: 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

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- (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.

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