

July 30, 2019

FY20/3 First Quarter Presentation Material



(Stock code: 2871)

1. Consolidated Group Results

Results for the Group Overall in Line with Plan

(Billions of Yen)

	First quarter				Full year		
	Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y	
		Variance	% change			Variance	% change
Net Sales	142.8	1.5	1%	24%	598.0	17.9	3%
Processed Foods	58.2	2.2	4%	25%	235.0	8.4	4%
Marine Products	15.5	-1.2	-7%	21%	75.0	3.8	5%
Meat and Poultry	21.9	-0.6	-3%	23%	94.0	2.9	3%
Logistics	50.0	1.2	2%	24%	204.4	3.4	2%
Real Estate	1.2	0.0	4%	26%	4.7	-0.1	-2%
Other	1.2	0.0	3%	18%	6.5	0.7	12%
Adjustment	-5.2	-0.2	-	-	-21.6	-1.2	-
Operating Profit	6.9	0.3	4%	22%	30.5	1.0	3%
Processed Foods	4.0	0.7	22%	25%	15.9	1.3	9%
Marine Products	-0.0	-0.1	-	-	0.4	0.2	119%
Meat and Poultry	0.3	-0.1	-21%	19%	1.4	-0.1	-4%
Logistics	2.7	0.0	1%	23%	11.6	0.2	2%
Real Estate	0.6	0.0	4%	29%	1.9	-0.2	-9%
Other	-0.3	-0.4	-	-	0.3	-0.0	-11%
Adjustment	-0.3	0.0	-	-	-1.0	-0.4	-
Ordinary Profit	7.1	0.2	2%	23%	30.5	0.6	2%
Profit Attributable to Owners of Parent	4.5	-0.1	-3%	22%	20.0	0.1	0%

Exchange Rates

	FY 20/3 full year (forecast)	FY 20/3 first quarter (actual)*	FY 19/3 first quarter (actual)*
USD/JPY	110.00	110.21	108.30
EUR/JPY	130.00	125.16	133.23
THB/JPY	3.40	3.49	3.43

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

- Net sales increased on steady gains in the mainstay Processed Foods and Logistics businesses.
- Operating profit rose on expanded sales for Processed Foods, and improved performance at affiliates.
- Full-year forecasts are unchanged from the figures announced on May 14.

Sales of Mainstay Products Positive, with Improved Results at Affiliates

(Billions of Yen)

	First quarter				Full year		
	Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y	
		Variance	% change			Variance	% change
Net Sales	58.2	2.2	4%	25%	235.0	8.4	4%
Household-use Prepared Foods	15.4	0.7	5%	24%	63.6	3.3	5%
Commercial-use Prepared Foods	24.4	-0.2	-1%	24%	102.0	3.6	4%
Processed Agricultural Products	5.0	0.1	3%	25%	20.0	0.7	4%
Overseas	9.1	1.4	18%	27%	33.7	1.1	3%
Other	4.3	0.0	1%	27%	15.7	-0.3	-2%
Operating Profit	4.0	0.7	22%	25%	15.9	1.3	9%

1. Net Sales

Household-use Prepared Foods: Revenue increased on expanded sales of mainstay products, such as recently renewed rice products.

Commercial-use Prepared Foods: Revenue declined during the first quarter period, but is expected to increase over the full period on expanded sales of processed chicken products, mainly to the home meal replacement (HMR) market.

Overseas: Revenue increased on steady gains in sales at U.S. subsidiary InnovAsian Cuisine.

- Operating profit increased on the effect of higher sales in household-use prepared foods, and improved performance at overseas affiliates.

Results in Line with Plan, Focused on the Japan Business

(Billions of Yen)

	First quarter				Full year		
	Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y	
		Variance	% change			Variance	% change
Net Sales	50.0	1.2	2%	24%	204.4	3.4	2%
Japan Subtotal	40.4	1.4	4%	25%	160.8	1.7	1%
Logistics Network	24.5	1.7	8%	25%	96.3	2.6	3%
Regional Storage	15.9	-0.3	-2%	25%	64.6	-0.9	-1%
Overseas	9.0	-0.2	-2%	23%	39.8	1.5	4%
Other/Intersegment	0.5	0.0	3%	13%	3.8	0.2	7%
Operating Profit	2.7	0.0	1%	23%	11.6	0.2	2%
Japan Subtotal	2.7	0.1	6%	26%	10.6	0.2	2%
Logistics Network	1.0	0.1	10%	25%	4.1	0.2	5%
Regional Storage	1.7	0.1	4%	26%	6.5	0.0	1%
Overseas	0.2	-0.0	-7%	16%	1.2	-0.0	-2%
Other/Intersegment	-0.2	-0.1	-	-	-0.2	-0.0	-

Note: A portion of the regional storage business was transferred to the logistics network business.

1. Japan

- Revenue increased with steady capturing of storage demand, and positive performance in the Transit Center (TC) business.
- Handling fees and re-warehousing costs increased, but operating profit rose from the previous period as a result of the effect of increased sales, and improved operating efficiency.

2. Overseas

In Europe, performance was affected by a slowdown in the movement of fruit juice and the impact from foreign currency translation due to the weak euro, but we expect to meet the full-year plan with expanded inventory management and capturing of transport demand.

Steady Implementation of Measures to Achieve the Full-Year Plan

(Billions of Yen)

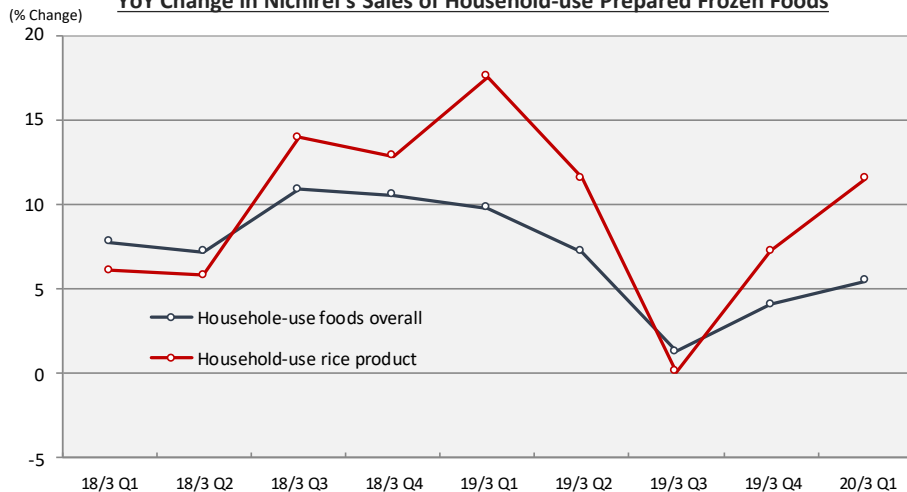
		First quarter				Full year		
		Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y	
			Variance	% change			Variance	% change
Marine Products	Net Sales	15.5	-1.2	-7%	21%	75.0	3.8	5%
	Operating Profit	-0.0	-0.1	-	-	0.4	0.2	119%
Meat and Poultry	Net Sales	21.9	-0.6	-3%	23%	94.0	2.9	3%
	Operating profit	0.3	-0.1	-21%	19%	1.4	-0.1	-4%

1. Marine Products: Sales and earnings declined as a result of lower sales prices in Japan for octopus, but we aim to achieve the full-year plan by continuing to focus on sales to the restaurant and home meal replacement (HMR) markets.

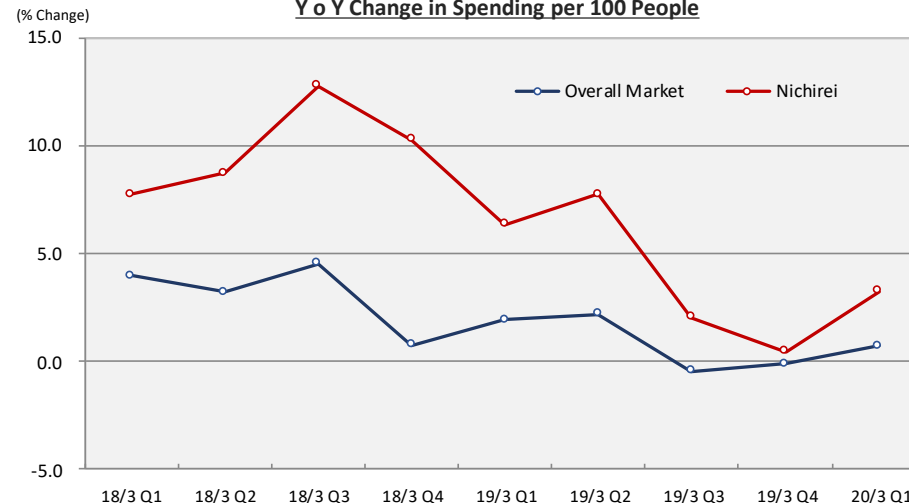
2. Meat and Poultry: Amid the softness in the domestic chicken market, we will focus on purchasing with a close watch on demand trends, and expand sales of processed products.

Reference Materials

YoY Change in Nichirei's Sales of Household-use Prepared Frozen Foods

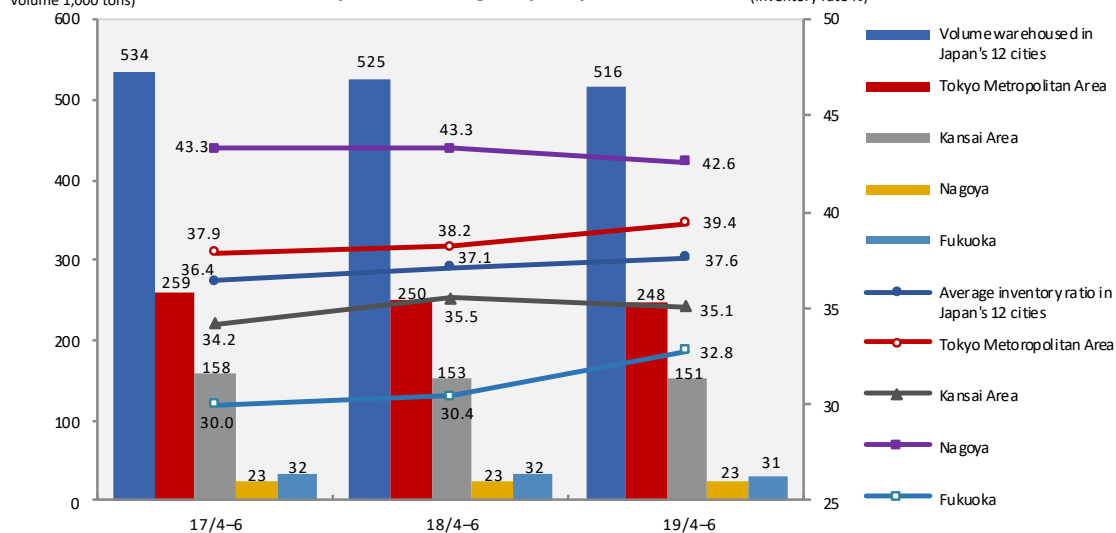


Consumer Panel for Household-use Prepared Frozen Foods Y o Y Change in Spending per 100 People

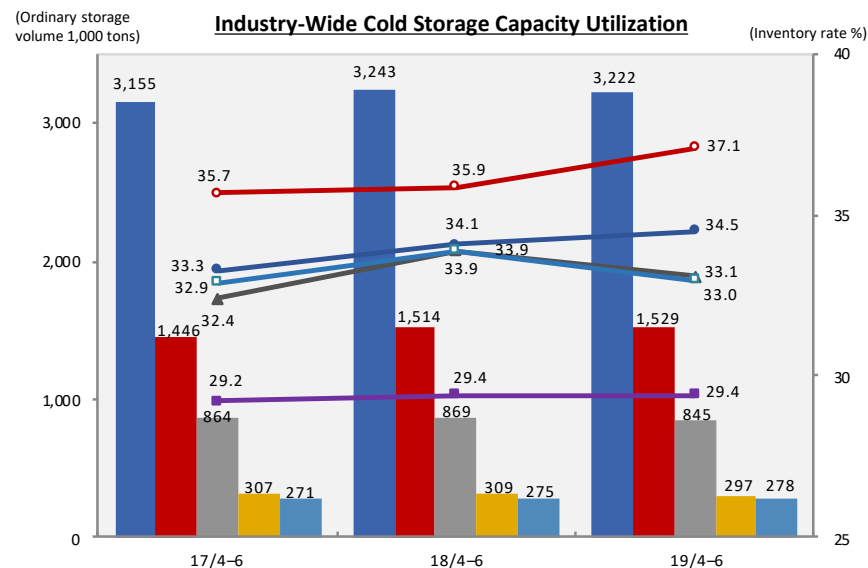


Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Includes purchases through consumer cooperatives.)

Nichirei Group's Cold Storage Capacity Utilization



Industry-Wide 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

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:

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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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