

February 4, 2020

FY20/3 Third Quarter Presentation Material



(Stock code: 2871)

1. Consolidated Group Results

Mainstay Business Results Positive, On Track to Achieve Full-year Targets

(Billions of yen)

Exchange Rates

	Q3			Q3 (cumulative)				Full Year				
	Result	YoY		Result	YoY		Progress rate for full-year forecasts announced on November 5	Forecast	YoY		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	155.7	-0.9	-1%	447.6	1.9	0%	76%	585.0	4.9	1%	588.0	-3.0
Processed Foods	60.7	2.2	4%	179.3	6.3	4%	76%	235.0	8.4	4%	235.0	0.0
Marine Products	20.8	-1.5	-7%	53.8	-3.7	-6%	79%	66.0	-5.2	-7%	68.0	-2.0
Meat and Poultry	24.0	-1.0	-4%	67.3	-2.4	-3%	74%	88.0	-3.1	-3%	91.2	-3.2
Logistics	52.8	-0.1	-0%	155.5	2.7	2%	76%	206.5	5.5	3%	204.6	1.9
Real Estate	1.2	0.0	0%	3.7	0.2	5%	80%	4.7	-0.1	-2%	4.7	0.0
Other	1.7	-0.3	-13%	4.1	-0.4	-9%	69%	6.0	0.2	4%	6.0	0.0
Adjustment	-5.5	-0.2	-	-16.1	-0.7	-	-	-21.2	-0.8	-	-21.5	0.3
Operating Income	10.7	0.8	8%	25.7	2.0	8%	84%	30.5	1.0	3%	30.5	0.0
Processed Foods	5.5	1.0	22%	13.9	3.0	27%	86%	16.5	1.9	13%	16.2	0.3
Marine Products	0.5	0.1	38%	0.6	0.1	13%	140%	0.4	0.2	119%	0.4	0.0
Meat and Poultry	0.3	-0.3	-53%	0.7	-0.5	-43%	65%	0.9	-0.6	-38%	1.1	-0.2
Logistics	3.9	0.0	1%	9.6	0.2	2%	81%	11.8	0.4	4%	11.8	0.0
Real Estate	0.5	0.0	6%	1.6	0.1	3%	82%	2.0	-0.1	-5%	2.0	0.0
Other	0.1	-0.1	-52%	-0.3	-0.8	-	97%	-0.3	-0.6	-	-0.3	0.0
Adjustment	-0.1	-0.0	-	-0.4	-0.0	-	-	-0.8	-0.2	-	-0.7	-0.1
Ordinary Income	11.0	0.8	8%	26.4	2.1	9%	87%	30.5	0.6	2%	30.5	0.0
Profit attributable to owners of parent	7.5	0.6	9%	17.0	0.7	4%	85%	20.0	0.1	0%	20.0	0.0

	FY 20/3 full year (forecast)	FY 20/3 third quarter (actual)*	FY 19/3 third quarter (actual)*
USD/JPY	110.00	109.15	109.61
EUR/JPY	122.00	122.66	130.97
THB/JPY	3.40	3.49	3.41

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

1. Third Quarter (cumulative)

Net sales increased year on year overall, driven by the Processed Foods and Logistics businesses, and offsetting declines in Marine Products and Meat and Poultry.

Operating income rose on gains in Processed Foods, offsetting declines in Meat and Poultry, and the Other (Bioscience) businesses.

2. Full Year (forecast)

Net sales in mainstay businesses are expected to remain firm, but the forecasts for Marine Products and Meat and Poultry have been revised downward.

The full-year operating income forecasts for Processed Foods and Meat and Poultry have been revised, but the overall forecast is unchanged.

2. Processed Foods Business

Revenue and Earnings Increased on Growth in Mainstay Products and Improved Results at Affiliates

(Billions of yen)

	Q3			Q3 (cumulative)				Full Year				
	Result	YoY		Forecast	YoY		Progress rate for full-year forecasts announced on November 5	Forecast	YoY		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	60.7	2.2	4%	179.3	6.3	4%	76%	235.0	8.4	4%	235.0	0.0
Household-use Prepared Foods	16.7	1.2	8%	47.8	2.7	6%	75%	63.6	3.3	5%	63.6	0.0
Commercial-use Prepared Foods	26.7	0.3	1%	76.9	1.4	2%	75%	100.5	2.1	2%	102.0	-1.5
Processed Agricultural Products	5.0	0.2	4%	15.3	0.2	1%	77%	20.0	0.7	4%	20.0	0.0
Overseas	8.6	0.4	5%	26.3	2.1	9%	78%	35.2	2.6	8%	33.7	1.5
Other	3.7	0.1	2%	13.0	-0.2	-1%	83%	15.7	-0.3	-2%	15.7	0.0
Operating Income	5.5	1.0	22%	13.9	3.0	27%	86%	16.5	1.9	13%	16.2	0.3

1. Third Quarter (cumulative)

- (1) Household-use Prepared Foods: Revenue increased on positive sales results for mainstay products such as *Honkaku-itame Cha-han* (Authentic Fried Rice) and the *Tokukara* series, as well as contributions from sales of new products for diverse meal scenes, such as main dishes and snacks.
- (2) Commercial-use Prepared Foods: Revenue increased on expanded sales of processed chicken products to the home meal replacement (HMR) market, along with development of products to help food-related businesses improve operations.

- (3) Operating income rose on higher sales, and improvement in results at affiliated companies.

2. Full Year (forecast)

- (1) Sales of household-use prepared foods are expected to remain positive, with full-year revenue gains anticipated in commercial-use prepared foods. However, based on the results through the third quarter, forecasts have been revised downward.
- (2) The operating income forecast has been revised upward to reflect improved results at affiliated companies, and enhanced productivity.

New products released in FY20/3



Japan Business Remains Strong, On Track to Achieve Full-year Targets

(Billions of yen)

	Q3			Q3 (cumulative)				Full Year				
	Result	YoY		Forecast	YoY		Progress rate for full-year forecasts announced on November 5	Forecast	YoY		Compared to Previous Forecast	
		Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	52.8	-0.1	-0%	155.5	2.7	2%	76%	206.5	5.5	3%	204.6	1.9
Japan Subtotal	42.9	0.8	2%	125.1	3.4	3%	77%	163.6	4.4	3%	162.4	1.1
Logistics Network	25.8	1.3	5%	75.6	4.5	6%	77%	99.0	5.3	6%	97.9	1.1
Regional Storage	17.1	-0.4	-2%	49.5	-1.1	-2%	77%	64.6	-0.9	-1%	64.6	0.0
Overseas	9.5	-0.2	-2%	28.2	-0.4	-2%	74%	37.9	-0.4	-1%	37.9	0.0
Other/Intersegment	0.4	-0.8	-68%	2.1	-0.3	-12%	50%	5.0	1.5	42%	4.3	0.8
Operating Income	3.9	0.0	1%	9.6	0.2	2%	81%	11.8	0.4	4%	11.8	0.0
Japan Subtotal	3.7	0.2	6%	9.1	0.3	3%	84%	11.0	0.7	7%	10.8	0.2
Logistics Network	1.3	-0.1	-4%	3.4	-0.0	-0%	82%	4.1	0.2	5%	4.1	0.0
Regional Storage	2.4	0.3	12%	5.7	0.3	6%	85%	6.9	0.5	8%	6.7	0.2
Overseas	0.4	0.1	16%	0.9	0.1	8%	76%	1.1	-0.1	-11%	1.2	-0.1
Other/Intersegment	-0.1	-0.2	-	-0.4	-0.2	-	-	-0.3	-0.1	-	-0.2	-0.1

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

1. Third Quarter (cumulative)

- (1) Japan: Revenue rose on steady performance in the transfer center (TC) business, and expanded cargo collections reflecting robust storage demand. Operating income increased on higher sales, and improved results in the Tokyo port area.
- (2) Overseas: Revenue was higher on a local currency basis, but declined due to the effect of the weak exchange rate for the Euro. Operating income increased on success in

gaining new customers, and greater efficiencies in the transport business.

2. Full Year (forecast)

During the fourth quarter we anticipate continued cost increases due to the labor shortage, but are forecasting earnings gains as a result of ongoing measures to set fees appropriate for the costs and service content, as well as steady efforts to capture the robust storage demand.

4. Marine Products, Meat and Poultry Business

Marine Products Business Exceeds Plan, Meat and Poultry Business Forecast Revised Downward

(Billions of yen)

		Q3			Q3 (cumulative)				Full Year				
		Result	YoY		Forecast	YoY		Progress rate for full-year forecasts announced on November 5	Forecast	YoY		Compared to Previous Forecast	
			Variance	% Change		Variance	% Change			Variance	% Change	Previous forecast	Variance
Marine Products	Net Sales	20.8	-1.5	-7%	53.8	-3.7	-6%	79%	66.0	-5.2	-7%	68.0	-2.0
	Operating Income	0.5	0.1	38%	0.6	0.1	13%	140%	0.4	0.2	119%	0.4	0.0
Meat and Poultry	Net Sales	24.0	-1.0	-4%	67.3	-2.4	-3%	74%	88.0	-3.1	-3%	91.2	-3.2
	Operating Income	0.3	-0.3	-53%	0.7	-0.5	-43%	65%	0.9	-0.6	-38%	1.1	-0.2

1. Marine Products

- (1) Revenue declined due to a focus on sales emphasizing profitability, mainly for shrimp, but earnings increased on steady sales of processed foods to the home meal replacement (HMR) and restaurant markets.
- (2) During the fourth quarter, we will continue to steadily implement measures, and aim to achieve full-year operating income targets.

2. Meat and Poultry

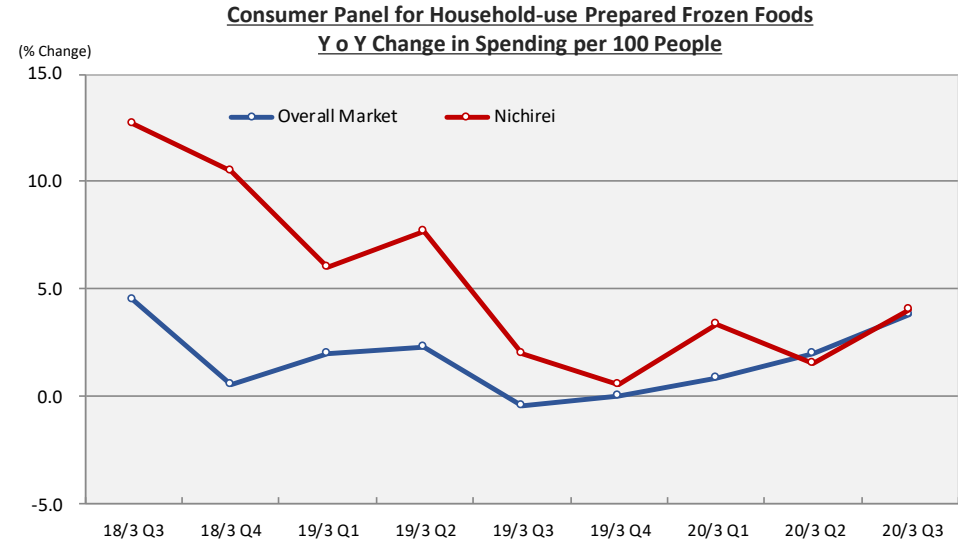
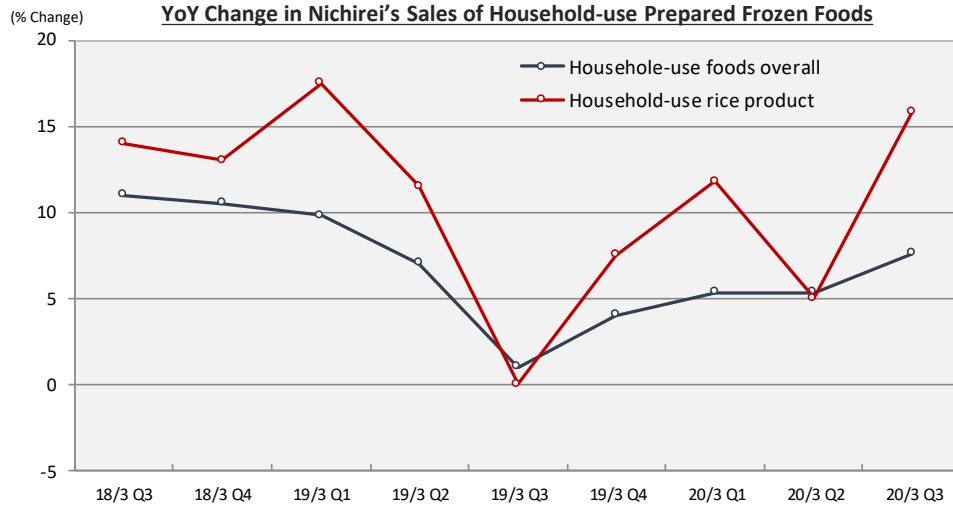
- (1) Sales of processed foods to the HMR and restaurant markets increased, but revenue and earnings declined overall as a result of careful buying of imported pork, and the impact from a softening in the domestic market for chicken.
- (2) Based on the results through the third quarter, forecasts have been revised downward.

Reference Materials

Non-operating Income and Expenses / Extraordinary Income of Loss

(Billions of yen)

	FY19/3 Q3 (cumulative)	FY20/3 Q3 (cumulative)	Variance	FY19/3 Full year	FY20/3 Full year forecast	Variance
Non-operating Income and Expenses	0.5	0.6	0.1	0.3	0.0	-0.2
(Main items)						
Financial account balance	0.1	0.1	0.0	0.0	-0.0	-0.0
Share of loss (profit) of entities accounted for using equity method	0.4	0.3	-0.0	0.3	0.1	-0.2
Extraordinary Income or Loss	-0.0	-0.7	-0.6	-0.3	-1.0	-0.6
(Main items)						
Gain on sales of non-current assets	0.1	0.0	-0.1	0.2	0.0	-0.1
Loss on sales and retirement of non-current assets	-0.4	-0.9	-0.5	-1.0	-1.6	-0.5



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

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- (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.

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