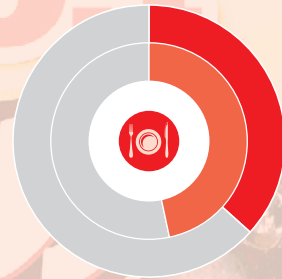


Processed Foods

Percentage of total for Nichirei

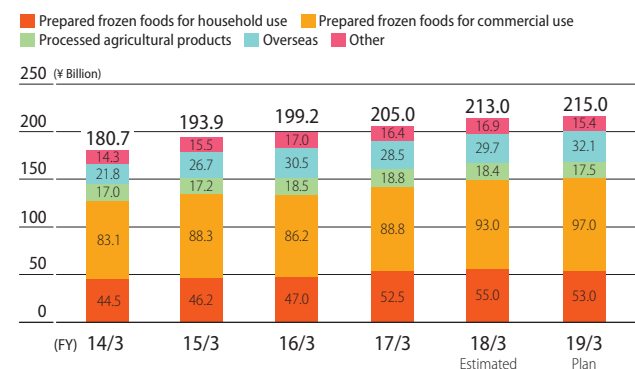
Net Sales | 36.7%
Operating Income | 46.8%



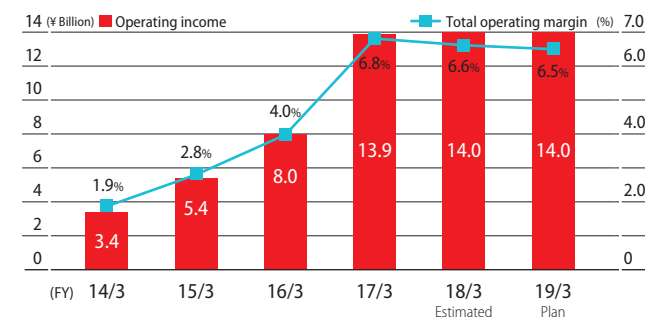
Nichirei will concentrate management resources in mainstay categories, and utilize technology and product development capabilities to expand sales and enhance added value. We will strengthen the earnings base in Japan and overseas to be less susceptible to external economic forces, and seek further sales growth outside Japan.

Progress of Medium-term Business Plan

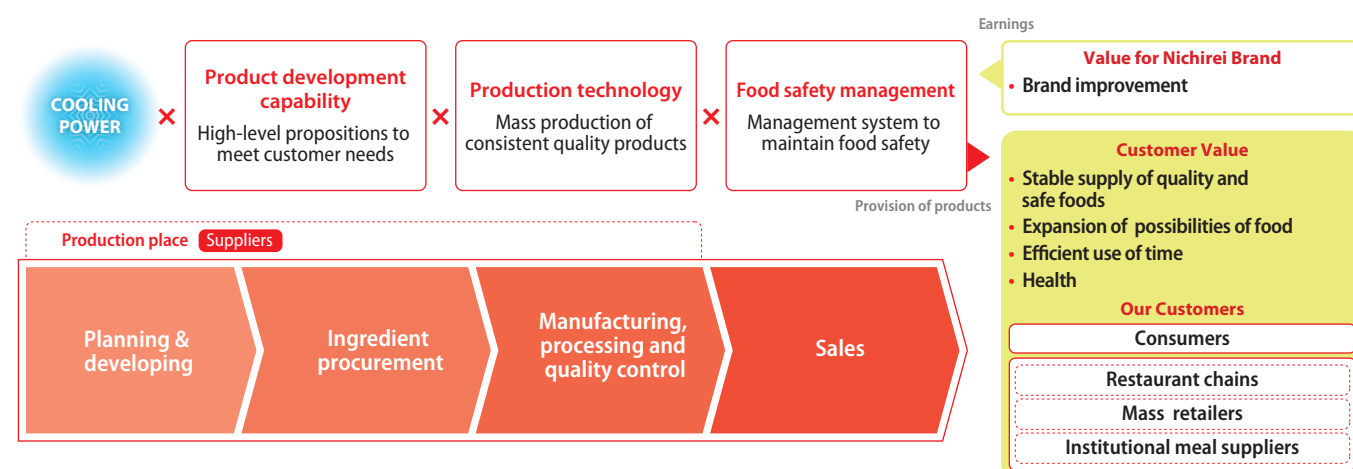
Net sales by sub-segment of Processed Foods business



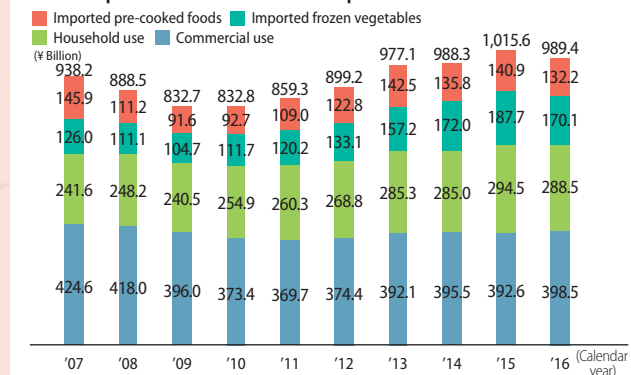
Operating income & total operating margin of Processed Foods business



Value Creation in Processed Foods Business

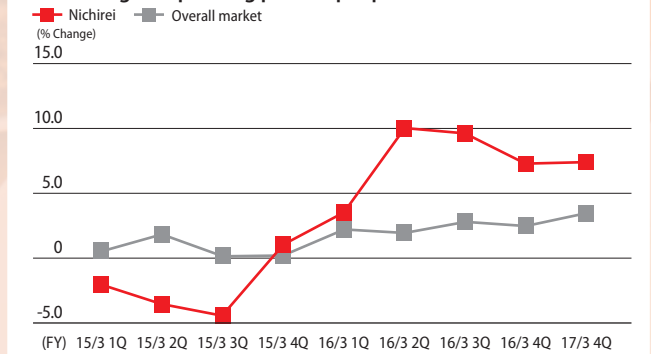


Consumption of frozen foods in Japan



Source: Compiled by Nichirei based on data from the Japan Frozen Food Association

Note: The figure for imported prepared foods is derived from a sampling survey of 29 members of the Japan Frozen Food Association (companies subject to the survey in 2016), and so is not comprehensive. Accordingly, taking into account imports from non-member trading companies and wholesalers, the actual figure is presumably higher.

Consumer panel for household-use prepared frozen foods
YoY 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.)

Operating Environment

The frozen foods market contracted in value terms during the previous fiscal year as a result of the strong yen, but is expanding in volume terms. The household-use market grew by around 3%, and along with the commercial-use market, demand is expected to increase steadily going forward.

Business Strengths and Main Categories

The four main categories, continued from the previous business plan, are rice products, processed chicken products, Chinese deli, and processed agricultural products. Nichirei will further strengthen its position as the leading company in these categories, and increase the value provided.

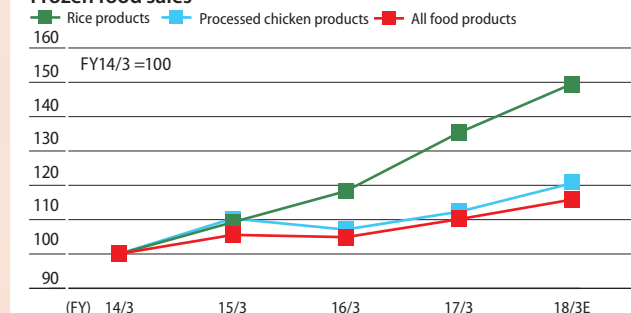
Basic Policy of the Medium-term Plan

In Japan, for mass-production lines and products chosen through selection and concentration, Nichirei is seeking to enhance profitability by pursuing a comprehensive program of asset efficiency. Outside Japan, Nichirei aims to expand its business scale together with earnings. Through these measures we will establish an earnings base less susceptible to external economic forces.

Progress in FY17/3 and Reasons for the Upward Revision

Nichirei announced an upward revision to the medium-term business plan targets at the time of its FY17/3 1H earnings announcement. This was due mainly to expanded sales and cost improvements in strategic categories such as rice products and processed chicken products, which led to profitability gains exceeding expectations. The operating income rate exceeded our long-time target of 5% for the first time, reaching 6.8%. Declines in procurement costs for rice and chicken also contributed to earnings gains.

Frozen food sales



Factors for increase/decrease	YoY, ¥ bn
Increased revenue	+2.5
Improved productivity	+2.4
Effect of results from subsidiaries	+1.3
Decrease in ingredient and product purchasing costs	+1.2
Increase in advertising and sale promotion expenses	-1.5
Total	+5.9



Measures for FY18/3

Nichirei will provide true value in food materials to enhance customer satisfaction, and seek to gain long-term customer loyalty. We will expand production lines at plants in Japan, reconfigure lines to enhance efficiency, and continue to make other investments to boost productivity.



Japan

Household-use products:

Expand frozen rice products:

Nichirei will continue to conduct consumer appeal campaigns, television commercials and other promotions in an effort to expand sales in the mainstay category of rice products (*Honkaku-itame Cha-han* (Authentic Fried Rice), grilled rice balls).

Strengthen the chicken category:

Nichirei will focus on increasing sales of the *Tokukara* series to meet growing demand for processed chicken products, and capture new demand for evening meal products.

Generate new demand:

Product recognition and trial purchases have continued for the *Takumiokazu* series launched in spring 2016. Nichirei will further refine and strengthen the product lineup for single servings and daily foods in order to continue generating new demand.

Commercial-use products:

With demand in the home meal replacement (HMR) market steadily rising, Nichirei will utilize technology development to enhance product appeal and meet category-specific needs, in order to expand sales volume and increase earnings. We will further strengthen product development for the HMR market, expand sales of mainstay processed chicken and other products to major customers, and continue product measures emphasizing profitability.

Frozen vegetables:

Vegetable and fruit prices rose during the summer to fall 2016 as a result of inclement weather, leading to continued strong sales in both the household-use and commercial-use categories for the *Sono Mama Tsukaeru* (Just Thaw and Eat) series, frozen vegetables that can be thawed at room temperature and used without additional preparation. We will continue to improve product quality, and work to establish and expand sales of frozen agricultural produce.

Overseas

The main company for overseas sales is Nichirei's North American subsidiary *InnovAsian Cuisine*. We will aim to expand sales, focusing on the growing market for Asian foods. The competitive environment is becoming harsher, but Nichirei will differentiate its products by highlighting taste and health benefits, and work to transition to a business scale able to make a greater contribution to earnings.

At GFPT Nichirei in Thailand, we will add a fifth production line to meet growing demand for processed chicken products in Japan. The new line is scheduled to begin operations in August 2017.

Changing market for household-use prepared frozen foods

Change in best-selling products

Increase in products for main dishes and sit-down meals

Change in consumption patterns

Increase use for evening meals

Changing social structure

- Decreasing birthrate and aging population
- Changing family composition
- More women entering workforce
- Increase in singles and late marriage

Change in point of sale

Increase in purchases at convenience stores, drug stores, etc.

Change in purchasers

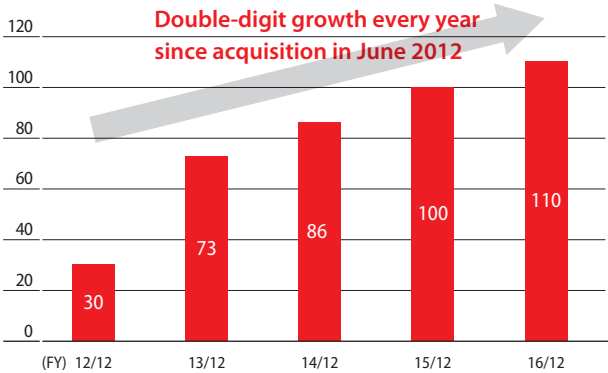
Increase in purchases by working singles, senior singles and couples



InnovAsian Cuisine's net sales

(Millions of US dollars)

140



Notes: 1. FY12/12 is a six-month period.

2. The accounting method was changed from FY16/12 (to exclude from sales a portion of the expenses recorded as selling costs). Figures in the graph, to allow for comparisons with past fiscal years, are prior to the change in accounting method.

Crafting Change to Sustain Growth of Processed Foods Business




Select Ingredients and Adapting Changing Consumption Patterns: Renewal of *Honkaku Yaki-onigiri*

The frozen foods market is growing overall, but the category in which growth has been most pronounced is rice products. Leading this expansion is fried rice, a regularly consumed product that has gained many new users. Stores are enhancing their product lineups, launching rice products in individual portions and in varying standards. Nichirei has adapted to this market with a renewal in spring 2017 of *Honkaku Yaki-onigiri* (Authentic Grilled Rice Ball), one of our mainstay grilled rice ball products. The renewed product is made with 100% brand-name rice from Hokkaido, with a bigger volume per serving to better accompany a sit-down meal. Going forward, Nichirei will utilize carefully selected ingredients and adapt to changing consumption patterns, finding and offering new value in frozen foods.



Renewal of *Honkaku Yaki-onigiri*

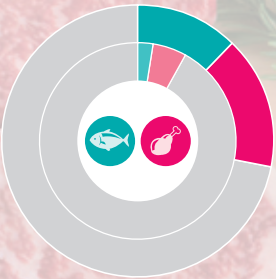
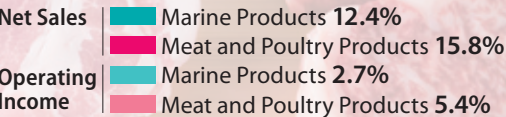
Overview of *InnovAsian Cuisine*

	Household-use	Commercial-use
Strengths	<ul style="list-style-type: none">Product development capabilities based on marketing trends from an American consumer perspectiveSales and reach capabilities to large volume retailers in the U.S.	
Products	<div><p>InnovAsian Most widely recognized family-oriented product line, mainly Chinese foods</p><p>Lemon Grass Kitchen High-end brand of Southeast Asian foods, anticipating consumer trends</p></div>	<div><p>Provides Asian foods and solutions, mainly for delicatessen sections *Menus and presentation methods offered as a program</p></div>
Principal Product Categories	Main dishes (such as processed chicken products), fried rice and other rice products	
Main Sales Channels	Frozen food section of major volume retailers	<ul style="list-style-type: none">Delicatessen section of major volume retailersSchool lunches, restaurant chains, etc.

Marine Products, Meat and Poultry Products

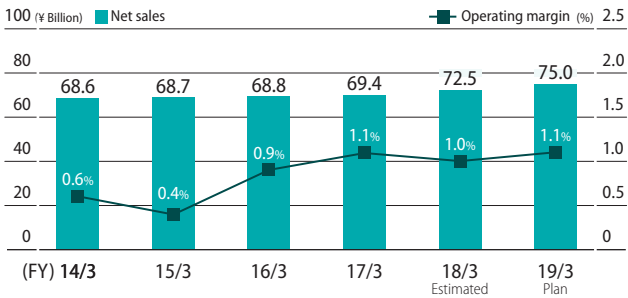
Nichirei will secure stable earnings with “optimal processing” that meets customer needs, with continued profitability as the highest priority. We will concentrate on stable procurement of assets, as well as developing and increasing sales of premium food materials.

Percentage of total for Nichirei

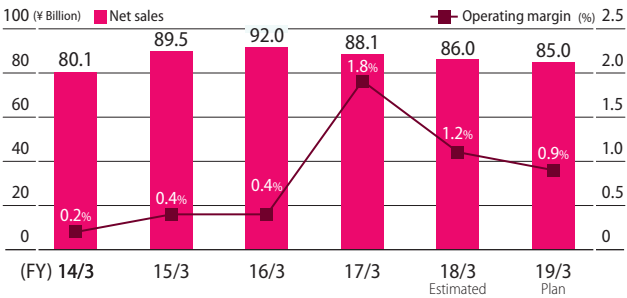


Progress of Medium-term Business Plan

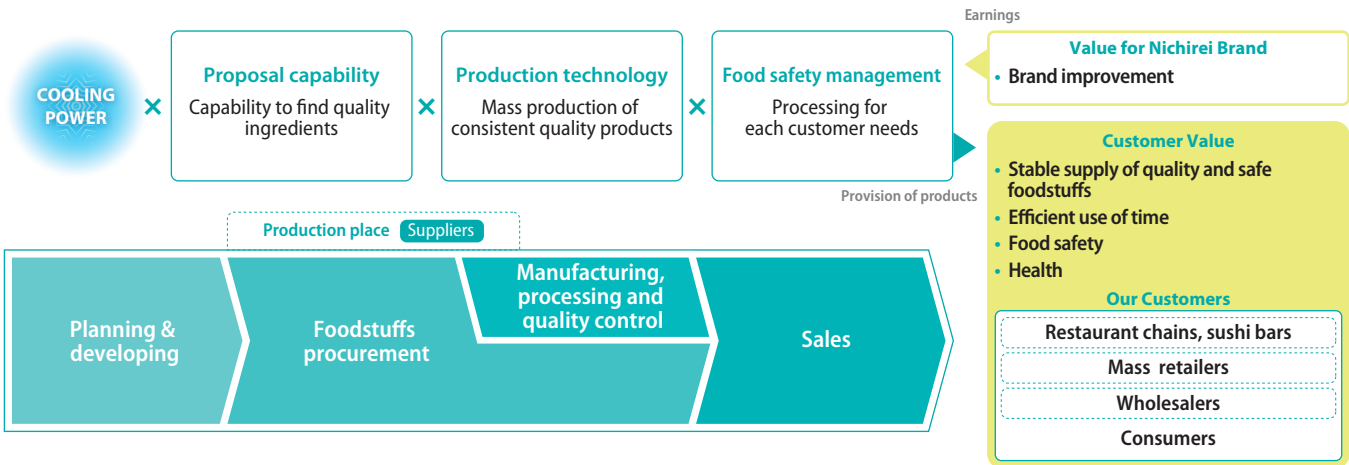
Net sales & operating margin of Marine Products business



Net sales & operating margin of Meat and Poultry Products business



Value Creation in Marine Products, Meat and Poultry Products Businesses



FY17/3 Results

Earnings rose steadily in both the Marine Products and Meat and Poultry Products businesses, with record high operating income in the Meat and Poultry Products business.

Marine Products:

Nichirei's ongoing efforts to cultivate new producing regions, particularly for shrimp, along with successful negotiations to adjust domestic sales prices, made a significant contribution to operating income.

Meat and Poultry Products:

Domestic and imported chicken products contributed significantly to earnings gains. This was due mainly to stable domestic market prices for chicken meat, imports that were unable to keep pace with volume handled, and a focus on sales emphasizing profitability.

Measures for FY18/3

Nichirei will expand the range of original food ingredient materials handled, and expand sales of products optimally processed to meet customer needs, mainly to the restaurant and HMR markets.

Marine Products:

Nichirei will pursue diversification in producing regions and other measures to ensure stable procurement and sales, focusing mainly on shrimp and other seafood for which it has an advantage.

Meat and Poultry Products:

Nichirei will work to strengthen procurement capabilities for domestic meat products, and expand sales. For imports, we will focus on superior products backed by quality controls.

Crafting Change to Sustain Growth of Marine Products, Meat and Poultry Products Business

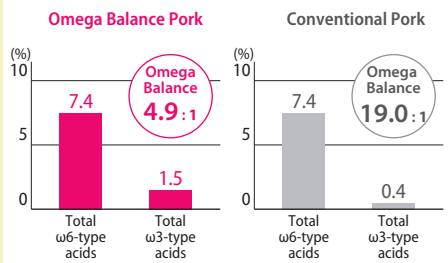
Health-promoting “Omega Balance” Meat

Nichirei Fresh calls its in-house products, cultivated by utilizing the power of nature to the fullest and providing value to both the consumer and the environment, “kodawari” (premium select) products. One example is the “Omega Balance” line of meats, the result of a decade-long effort to develop meat rich in omega-3 fatty acids*. This line of products began with pork, and has been expanded to include beef and chicken.

This innovative concept to provide the omega-3 fatty acids that are lacking in the modern diet through meat is changing meals in Japan.

*Omega-3 fatty acids work to lower lipid concentration in the blood, providing a wide range of benefits including improved circulation, lower cholesterol, and suppressed allergic reactions.

Comparison of Fatty Acid Balances (All Fatty Acids = 100)

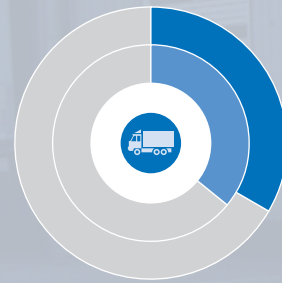


Data: Based on studies by Nichirei

Logistics

Percentage of total for Nichirei

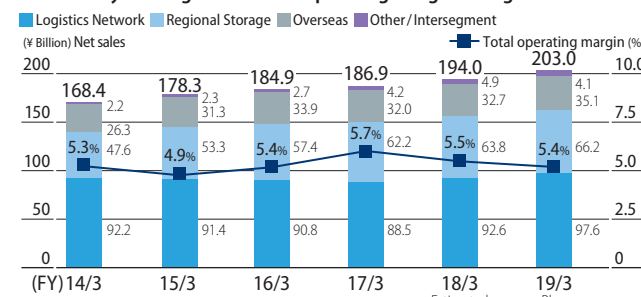
Net Sales	33.5%
Operating Income	35.9%



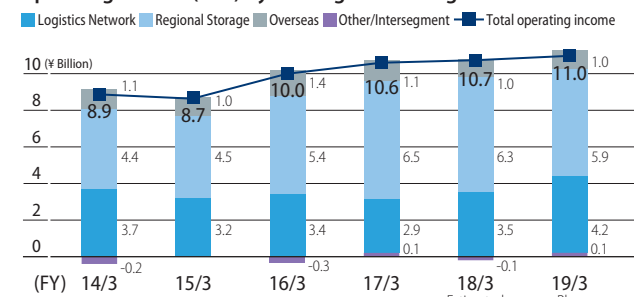
Nichirei will steadily make capital investments, implement measures to address labor shortages and rising energy costs, and strengthen its corporate structure. We will broaden the reach of our logistics network in Japan, and overseas strengthen foundations in Europe.

Progress of Medium-term Business Plan

Net sales by sub-segment & total operating margin of Logistics business

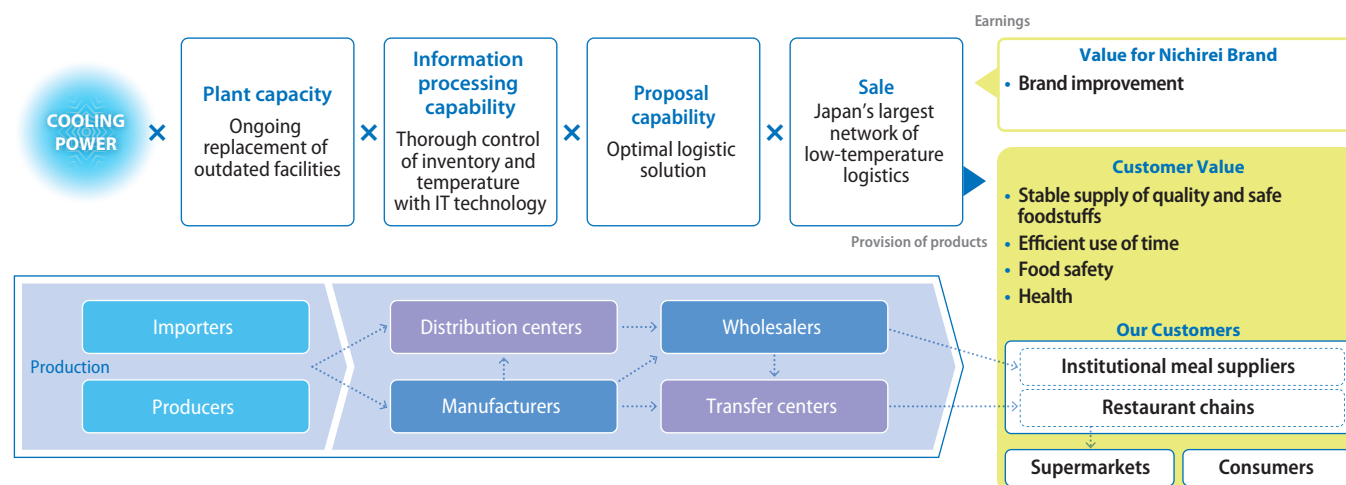


Operating income (loss) by sub-segment of Logistics business

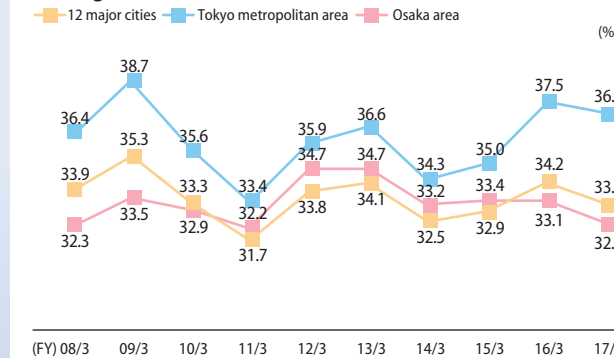


Note: For the fiscal periods from 14/3 to 17/3, a portion of the logistics network business was transferred to the regional storage business.

Value Creation in Logistics Business

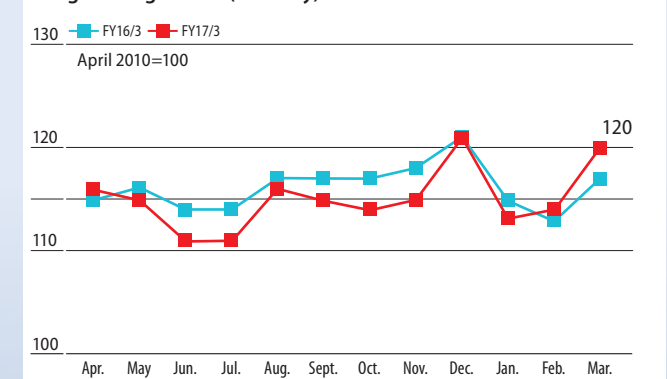


Industry-wide cold storage capacity utilization (Average utilization rate)



Source: Compiled using data from JARW (Japan Association of Refrigerated Warehouses)
Note: The utilization rate is the percentage of total cold storage space being used to store cargo. Total space usually includes half of the space taken up by corridors and work areas where cargo cannot be stored.

Freight charge index (Monthly)



Source: Nichirei, from data published by the Japan Trucking Association
Note: This index is for freight charges recorded on an ICT system of the Japan Trucking Association and therefore does not represent changes in freight charges at Nichirei's Logistics business.

Operating Environment

Worsening personnel shortage: Costs for transport, delivery, and handling in Japan continue to rise. The nationwide labor shortage has made fundamental operational reform a necessary, beyond just greater efficiency at the business office or individual level.

Business Strengths

Storage capacity and cargo pickups:

Nichirei has the top share of storage capacity in Japan (about 10%, 1.45 million tonnes), with warehouses in agricultural regions as well as major metropolitan areas.

Diverse services:

Nichirei utilizes its nationwide storage facilities and transport delivery network to offer a comprehensive service of storage, additional services, and delivery. We have 34 major transfer center service retailers.

Quality controls and trustworthiness:

Building on the trust in its high-quality operational know-how, Nichirei conducts business with around 5,000 companies annually.

Basic Policy of the Medium-term Plan

In Japan, Nichirei will increase the scale of the logistics network business by strengthening the third-party logistics (3PL) business, and expanding the scope of operations and transfer centers (TCs). We also aim to increase earnings by strengthening the storage business in major metropolitan areas, and providing more comprehensive services in regional areas that combines storage and transport. Outside Japan, Nichirei will expand its business base, focusing on Europe.

Progress in FY17/3

Japan

The regional storage business was positive, with Nichirei capturing firm demand in the two major metropolitan areas of Kanto and Kansai, mainly at large-scale centers that were the focus of investment in the previous business plan.

Overseas

In Europe, Nichirei made steady efforts to capture transport demand, including delivery to retail outlets, and expanded cargo pickups for dairy products, meats, fruit juices, and other goods. However, revenue and earnings declined as a result of the negative impact from the weak euro, and revision to the customer makeup in Poland.



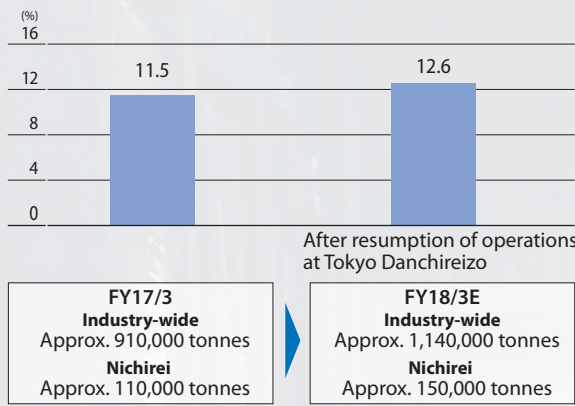
Measures for FY18/3

Japan

Nichirei Logistics Kanto Heiwajima DC
(Within Tokyo Danchireizo)

Nichirei expects to resume operations at Tokyo Danchireizo in March 2018, and commence operations at the Heiwajima Distribution Center (provisional name) located within this facility. The Heiwajima area is the import/export gateway for the Tokyo metropolitan area, a major consumption region, and is considered the most ideal location for logistics in Japan. Nichirei will utilize the advantageous location and additional services to expand pickups of new cargo, and provide optimal placement of stored cargo according to the attributes of the location.

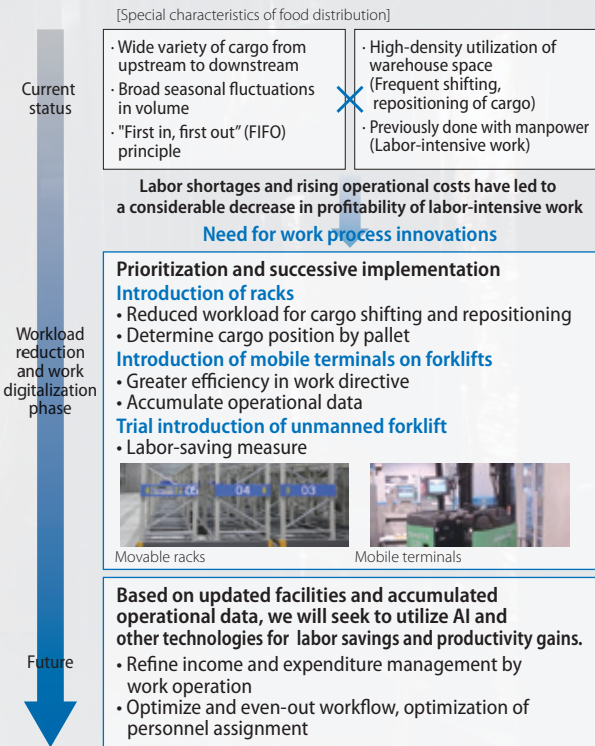
Nichirei's share of facility capacity in the Tokyo Waterfront District



Implementing measures for workflow innovation in warehouses

The labor shortage and higher handling costs is driving workflow process innovation at warehouses, and Nichirei is currently implementing measures including the trial introduction of unmanned forklifts. Going forward, we will utilize artificial intelligence (AI) and other technologies to refine income and expenditure management by work operation, streamline and even-out workflow, and optimize personnel assignments, in an effort to realize labor savings and productivity gains.

Implementing measures for workflow innovation in warehouses



Overseas

Facility investment in Europe to strengthen the business base

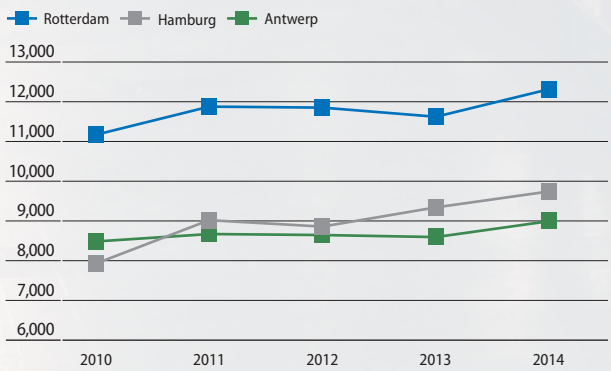
Nichirei has decided to expand refrigerated warehouse capacity at Rotterdam port by 27,000 tonnes in order to enhance its competitive advantage. The expanded facility is scheduled to begin operations in June 2018. Rotterdam has the highest cargo volume in Europe, and Nichirei will increase its market share by providing value-added services, and strengthening its quarantine functions. In Poland, Nichirei will further broaden the scope of storage and transport services to major Polish retail customers.



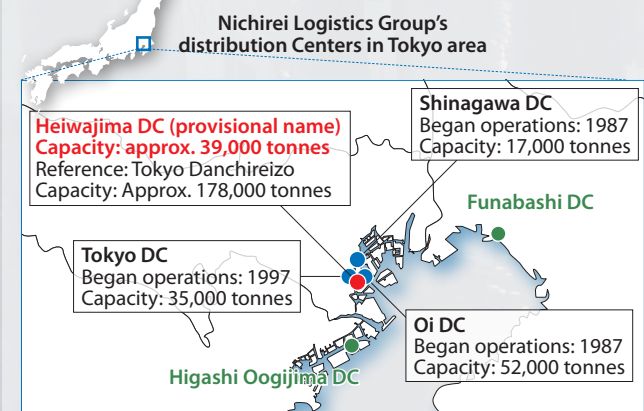
Overview of Eurofrigo B.V.

Location	Maasvlakte district of the Port of Rotterdam
Start of construction	September 2017 (expected)
Completion of construction	June 2018 (expected)
Capacity	27,000 tonnes
Site area	38,945 m ²

Refrigerated/freezer container handling volume at major European ports



Source: International Association of Ports and Harbors [World Container Traffic Data 2015]



Site function	
Storage	Logistics
Heiwajima DC Oi DC Tokyo DC Shinagawa DC	Higashi Oogijima DC Funabashi DC
144,000 tonnes	180,000 tonnes

Nichirei Logistics Kanto Heiwajima DC
(Within Tokyo Danchireizo)



Overview of Nichirei Logistics Kanto Heiwajima DC

Location	Heiwajima, Ota-ku, Tokyo
Start of operations	March 2018 (expected)
Capacity	39,000 tonnes
Structure	Reinforced concrete structure, Seismic isolation structure
Loading berths	22

Crafting Change to Sustain Growth of Logistics Business

Logistics Network Received Top Prize for Modal Shift

Logistics Network, Inc., the main transport and delivery company for the Nichirei Logistics Group, received the "Best Modal Shift Business Entity Award (Grand Prize)" at the 14th Awards Ceremony for Excellent Business Entities Working on Modal Shift, sponsored by the Japan Association for Logistics and Transport. Modal shift is the shifting of truck-based cargo transport to ships and railways as a means to reduce CO₂ emissions. This award recognized Nichirei's ongoing efforts since early 2000 for various types of modal shifts to trunk line transport. The Nichirei Logistics Group plans to further expand modal shift, including as a means to address rising transport costs due to a shortage of drivers.

Achieving a modal shift in the transportation of inventories between warehouses, using JR containers and ferries

