



Supplemental Documents for 2nd Quarter of FY2018

November 5, 2018
Nippon Suisan Kaisha

Overview of the 2nd Quarter of FY2018

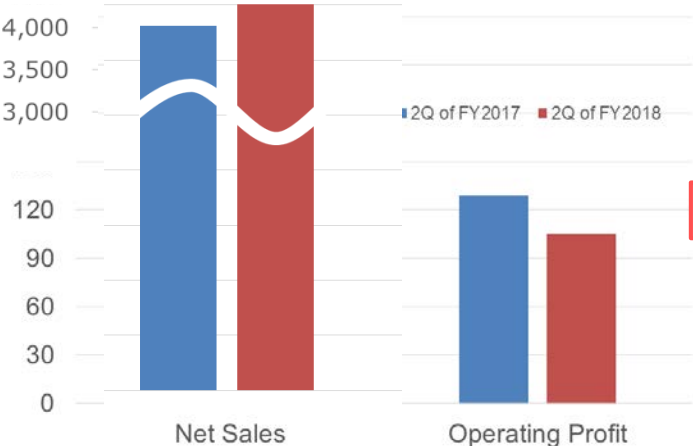


◆ Although income decreased year-on-year due to the death of Juvenile in the previous year in Salmon Trout business in South America, it was within our expectation. So far we're running smoothly against the annual plan and dividend is paid according to the plan.

(Unit : 100 million yen)	2Q of FY2018	Increase/Decrease		Annual Plan for FY2018	
		(Amount)	(%)	(Amount)	Progress rate
Net Sales	3,504	193	105.8	6,980	50.2
Operating Profit	105	(24)	81.4	220	48.0
Ordinary Profit	119	(13)	90.1	235	50.9
Profit attributable to owners of parent	69	(23)	74.4	160	43.2

Net Sales / Operating Profit

(Unit : 100 million yen)



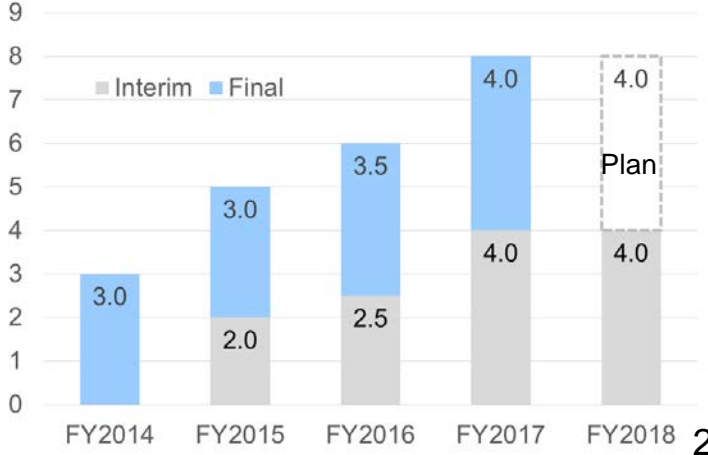
Progress rate to annual plan

(Unit : %)



Dividend

(Unit : yen)



Overview of the 2nd Quarter of FY2018 by Segments

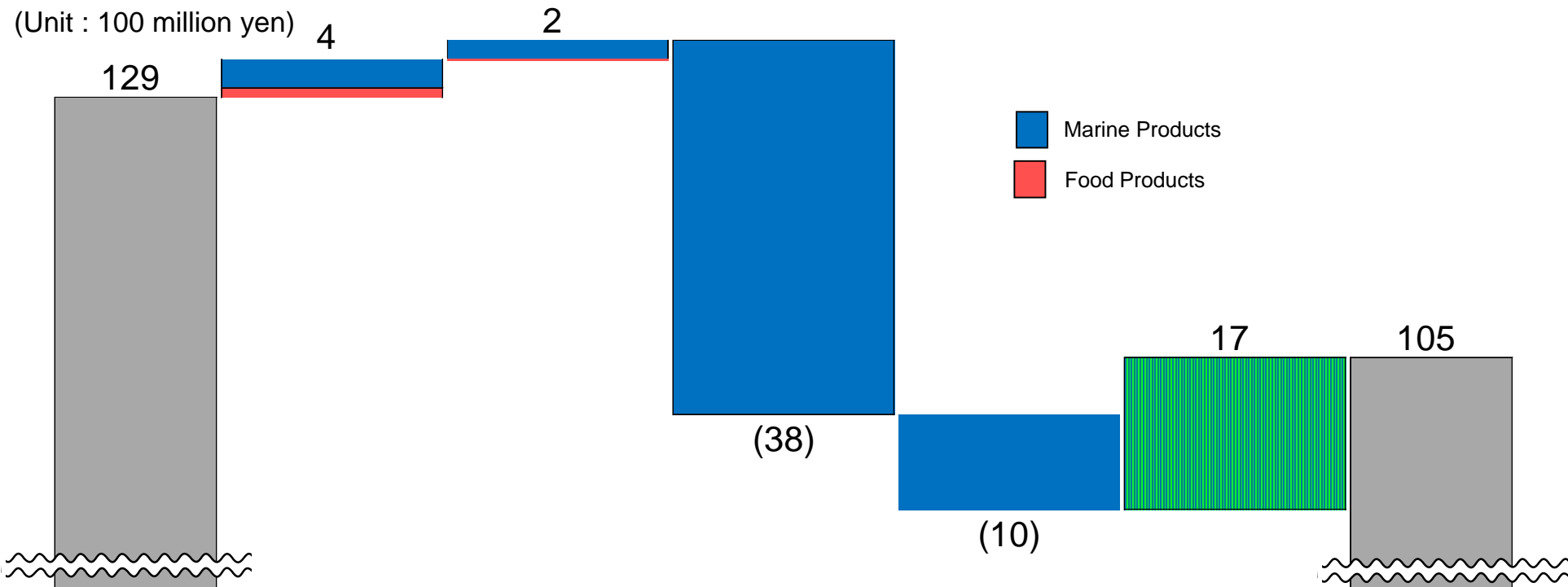


◆ Revenue increased in all the Businesses while income decreased in Marine Business.

(Unit : 100 million yen)	2Q of FY2018	2Q of FY2017	Increase/Decrease (Y-on-Y)		Annual Plan for FY2018	Progress rate (%)
			(Amount)	(%)		
Net Sales	3,504	3,311	193	105.8	6,980	50.2
Marine Products Business	1,397	1,364	33	102.5	2,772	50.4
Food Products Business	1,729	1,626	103	106.3	3,401	50.9
Fine Chemicals Business	128	127	1	101.2	276	46.6
General Distributions	83	82	1	101.9	167	50.1
Others	165	111	53	148.5	364	45.3
Operating Profit	105	129	(24)	81.4	220	48.0
Marine Products Business	37	64	(26)	58.5	101	37.3
Food Products Business	72	72	(0)	99.3	118	61.4
Fine Chemicals Business	11	9	1	120.4	29	40.2
General Distributions	9	9	(0)	93.4	20	46.3
Others	6	5	0	104.1	12	51.3
Common Costs	(31)	(33)	1	95.1	(60)	52.6
Ordinary Profit	119	132	(13)	90.1	235	50.9
Profit attributable to owners of parent company	69	92	(23)	74.4	160	43.2
EPS (Net profit per share)	22.22 yen	29.84 yen	-	-	51.42 yen	-

Main Causes of fluctuations

◆ While business went strong in North America and Europe, Marine Business in South America and Domestic struggled. As a result, income decreased despite positive unrealized income included in inventories.



Main Causes of fluctuations)

Result of 2Q of FY2017	Overseas			Domestic	Marine Products : Consolidated Adjustment	Result of 2Q of FY2018
	<North America>	<Europe>	<South America>	<Marine>		
	Marine Products : Sales price of Surimi and pollock roe increased, in addition to labor cost reduction Food Products : cost reduction	Marine Products : Revenue increase as sales area expanded Food Products : Sales increase mainly in chilled foods	In addition to the large decrease in sales volume due to the death of juvenile in previous year, sales price went down	Non-consolidated : Sales volume decrease in Salmon/Trout business and sales price decrease in shrimp	Unrealized income in inventory, etc.	

◆ There aren't big changes from the last period, while we have some purchase for year-end shopping season.

The Italic and bold figures means increase/decrease, compared to 4Q of FY2017.

(Unit : 100 million yen)

Current Assets 2,593 <i>62</i>		Current Liabilities 2,183 <i>54</i>	
Cash and deposit	148 <i>(78)</i>	Notes and accounts payable	516 69
Notes and accounts receivable	905 58	Short-term loans payable	1,199 49
Inventory	1,293 <i>70</i>	Others	119 <i>(49)</i>
Non-current Assets 2,334 <i>43</i>		Non-current Liabilities 1,102 <i>(20)</i>	
Property, plant and equipment	1,314 <i>(13)</i>	Long-term loans payable	847 <i>(40)</i>
Intangible assets	108 <i>(7)</i>	Net Assets 1,642 <i>71</i>	
Investments and other assets	911 64	Shareholder's Equity	1,449 72
Total Assets 4,928 <i>105</i>		Equity Ratio	
		'18/3 28.6% ⇒ '18/9 29.4%	

◆ Free cash flow improved year-on-year

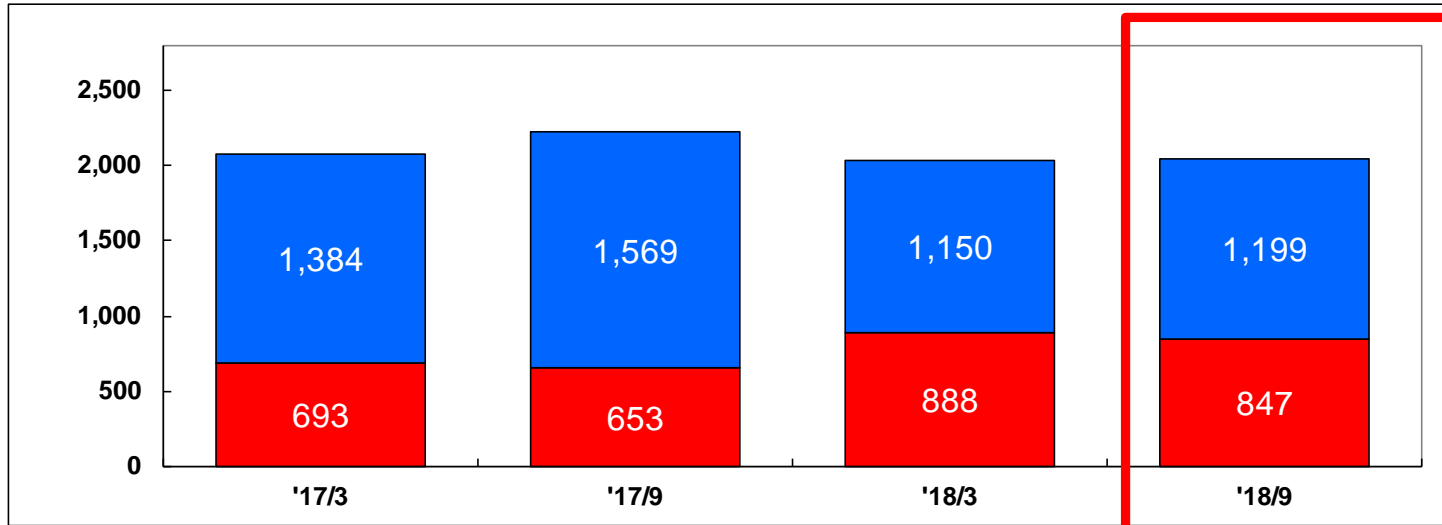
(Unit : 100 million yen)

	2Q of FY2018	2Q of FY2017	Increase /Decrease
• Income before income taxes	120	143	(22)
• Depreciation & Amortization	88	84	4
• Working Capital	(81)	(103)	21
• Income tax paid	(44)	(30)	(13)
• Others	(40)	(54)	13
Net cash provided by operating activities	42	39	2
• Investment on (Purchase of) plant and equipment	(91)	(121)	30
• Others	43	12	31
Net cash provided by investment activities	(47)	(109)	61
• Increase (Decrease) in short-term loans payable	59	222	(162)
• Increase (Decrease) in long-term loans payable	(40)	(73)	32
• Others	(20)	(23)	3
Net cash provided by financial activities	(1)	125	(126)
Cash and cash equivalent at end of term	235	309	

◆ Net cash burden decreased as debt decreased

(Unit : 100 million yen)

Short-term
Long-term



Comparison wi
2Q of FY2017

(369)

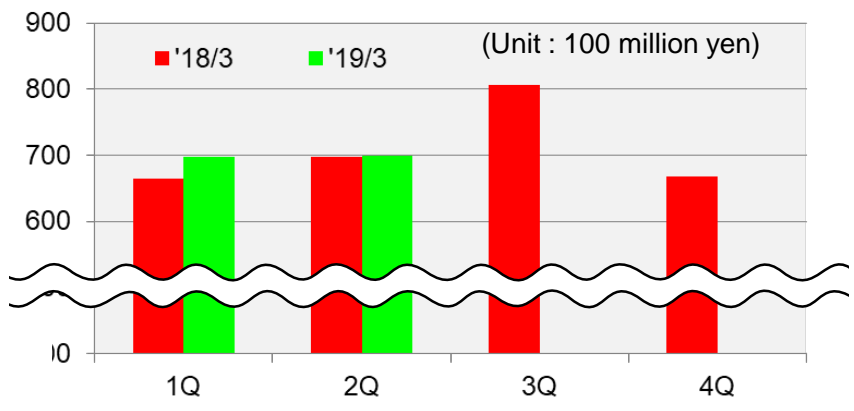
194

Total Debt	2,077	2,222	2,038	2,047	(175)
Short-term loans payable	1,384	1,569	1,150	1,199	(369)
Long-term loans payable	693	653	888	847	194
Net Interest	10.4	5.0	8.8	3.6	
Ratio of Net Interest Cost on Operating Profit	5%	4%	4%	3%	
Interest expenses	21.7	10.3	20.0	9.0	
Interest income	2.3	1.6	3.5	1.2	
Dividend income	8.8	3.6	7.6	4.1	
Exchange rate (=US\$1.00)	@116.49(End of Dec)	@112.00(End of Jun)	@113.00(End of Dec)	@110.54(End of Jun)	

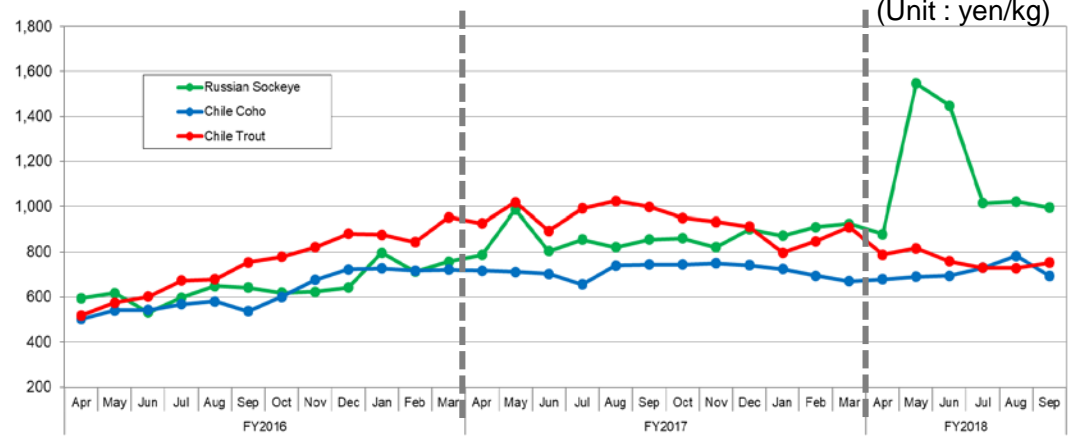
◆ Income decreased due to struggle in non-consolidated and cost increase in domestic aquaculture business excluding buri yellow tail, in addition to weak farming operation in Salmon/Trout business in South America. Revenue and income increased in domestic fishery and European business.

(Unit : 100 million yen)	Result of 2Q of FY2018	Result of 2Q of FY2017	Increase/Decrease		Annual plan for FY2018	Progress rate (%)
			(Amount)	(%)		
Net Sales	1,397	1,364	33	102.5	2,772	50.4
Operating Profit	37	64	(26)	58.5	101	37.3

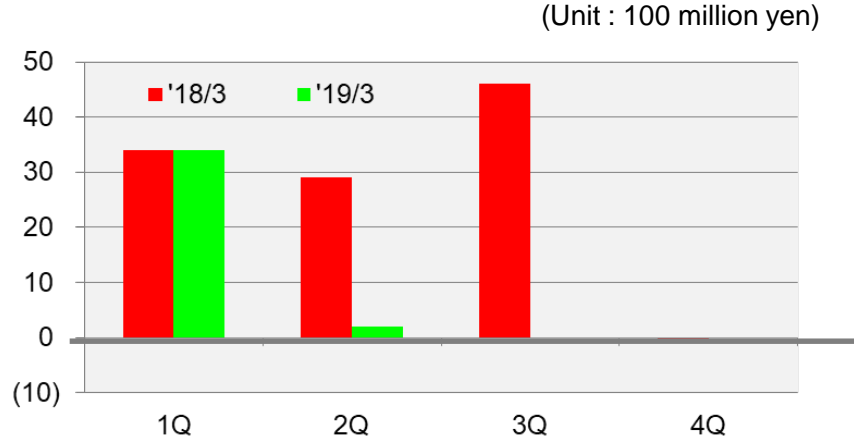
Net Sales



<Domestic market condition of marine products (salmon/trout)>

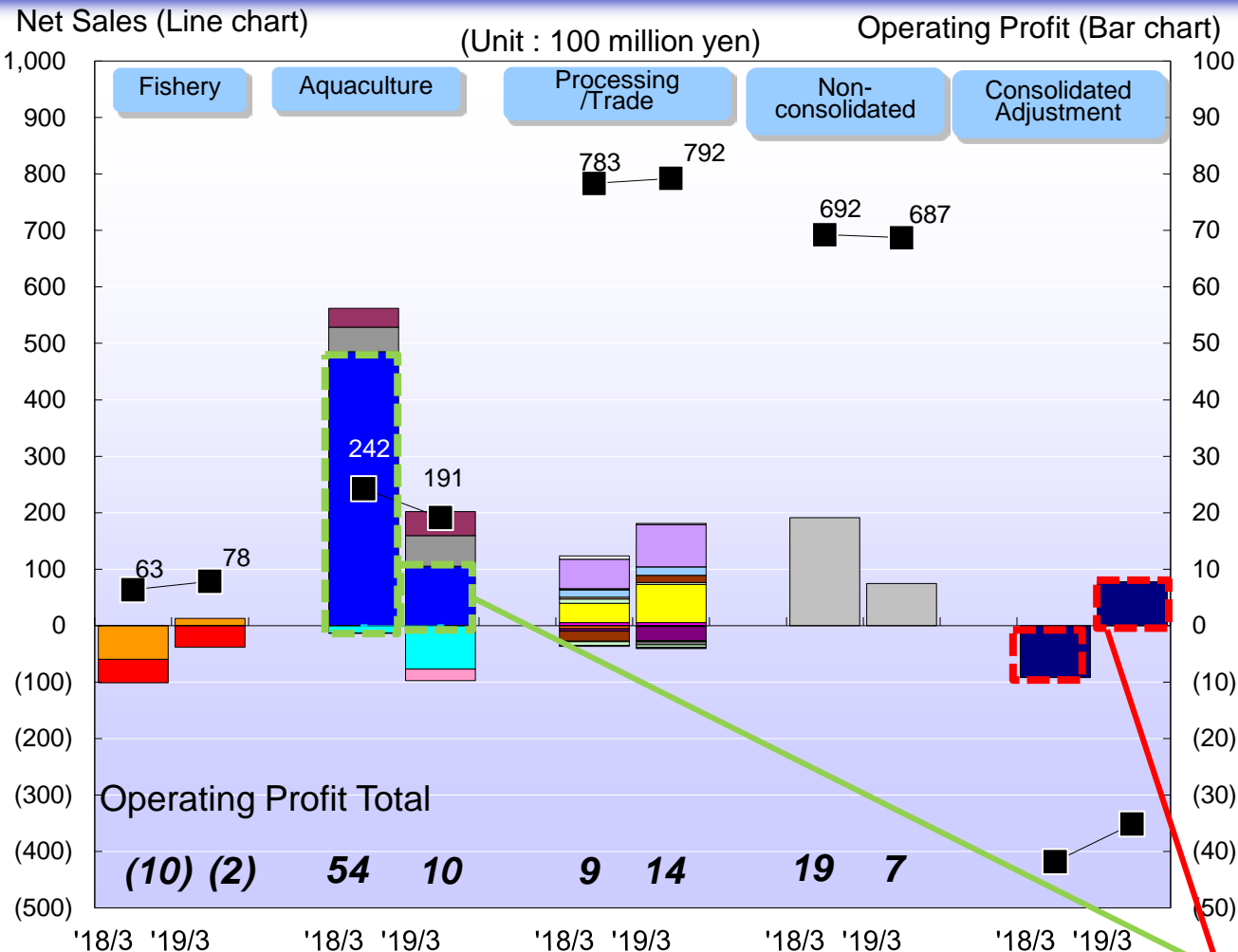


Operating Profit



Marine Products Business

Net Sales & Operating Profit (Y-on-Y)



Main Causes of fluctuations

<Fishery>(Increase both in revenue and income)

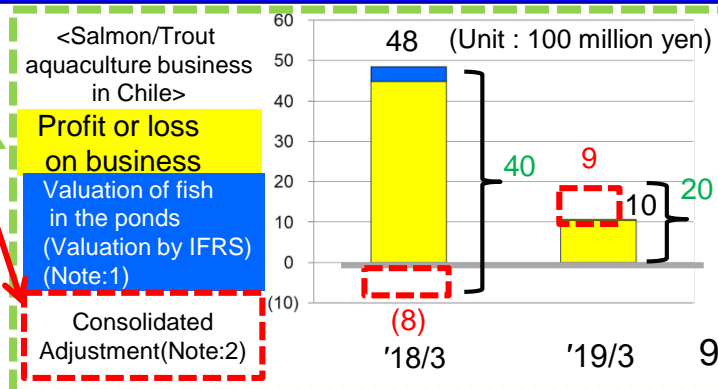
- Japan
 - Good catch in bonito and mackerel, etc.

<Aquaculture>(Decrease both in revenue and income)

- Domestic aquaculture business
 - ✓ Buri yellow tail : Increase in sales volume and sales price
 - ✓ Tuna : Sales price went down and damage by red tide
 - ✓ Salmon (Coho) : Production cost increased
- Salmon/Trout aquaculture business in South America
 - ✓ Decrease in sales volume and sales price

<Processing/Trade>(Increase in revenue and decrease in income)

- USA Pollock business : Income increased thanks to sales price increased and cost reduction
- Non-consolidated
 - Struggling in Salmon/Trout business (sales volume went down and purchase cost increased) and in shrimp (Sales price down)



➢ The Italic figures in the lower part of this chart show the accumulation of the bar (Operating Profit)

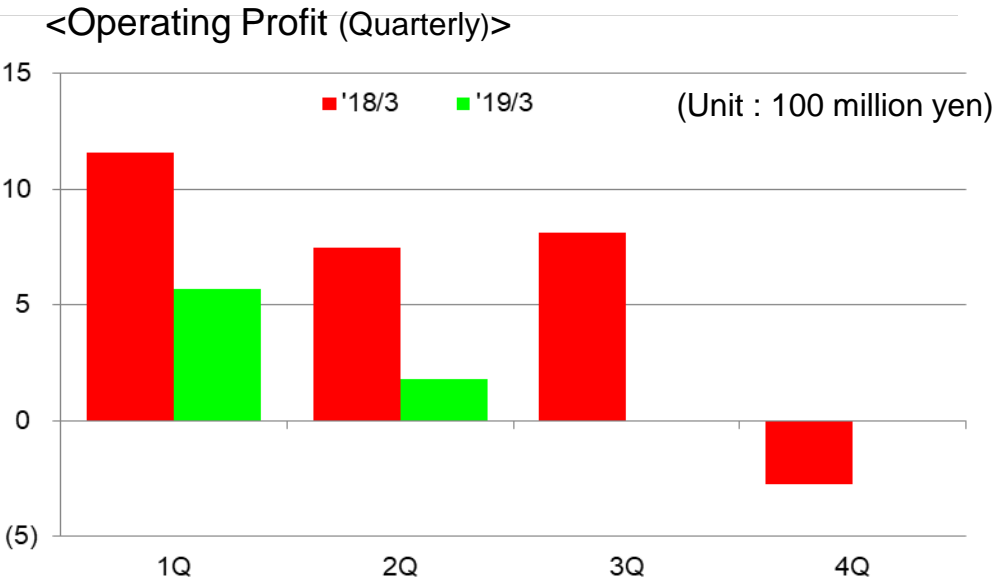
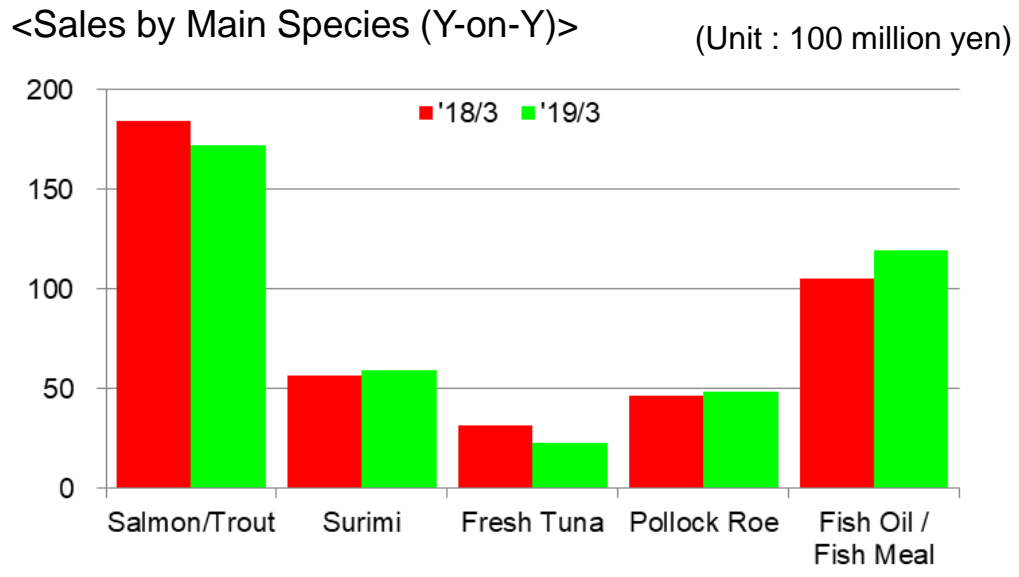
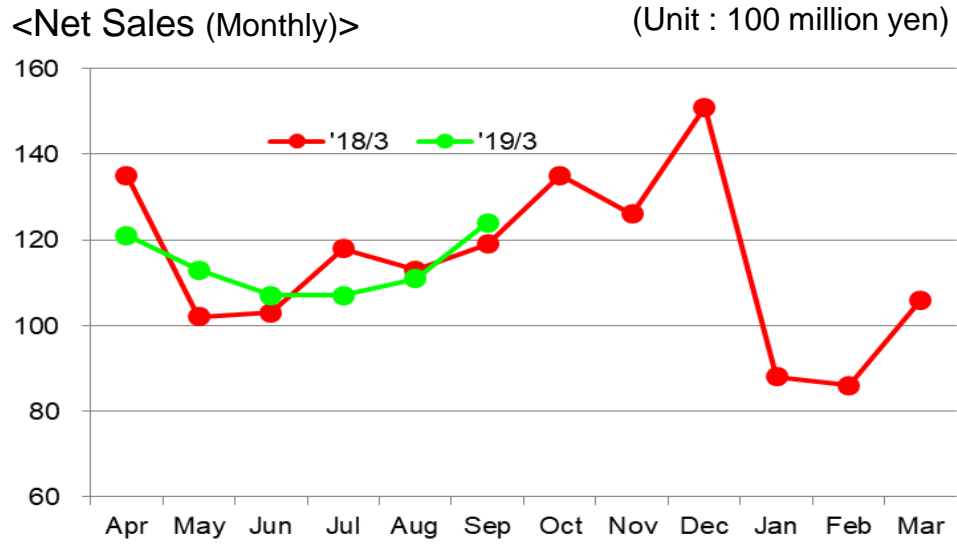
➢ Consolidated Adjustment of net sales and Operating Profit includes the amortization of goodwill and unrealized income in inventory.

(Note1) Valuation of fish in the ponds is calculated every quarter based on IFRS, included in Marine Products Business' Operating Profit.

(Note2) Adjustment of unrealized income in inventory including in the inventory of Salmon/Trout business in South America



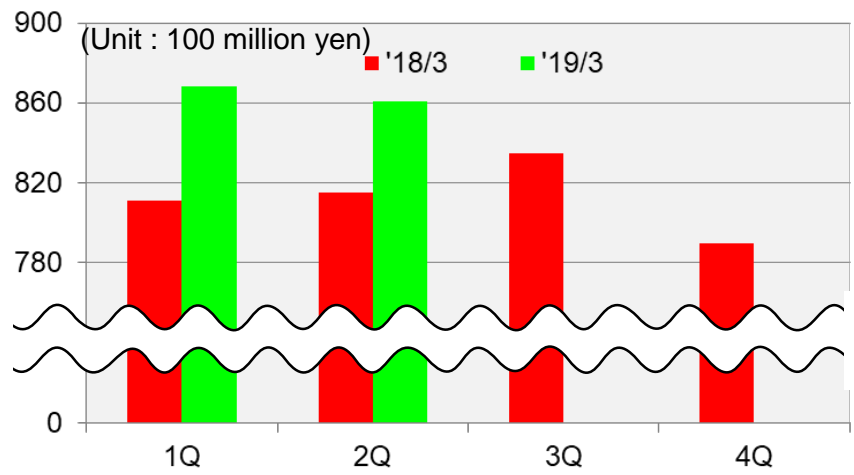
◆ Income decreased as the sales volume of Salmon/Trout decreased and the sales price of shrimp went down.



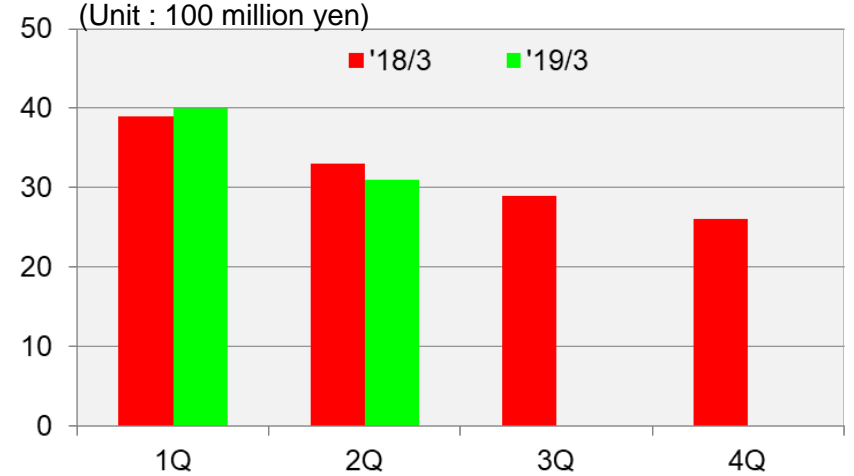
◆ Income increased in North America and Europe. Chilled business went strong in Japan but start to show the influence by increased cost of raw materials.

(Unit : 100 million yen)	Result of 2Q of FY2018	Result of 2Q of FY2017	Increase/Decrease		Annual plan for FY2018	Progress rate (%)
			(Amount)	(%)		
Net Sales	1,729	1,626	103	106.3	3,401	50.9
Operating Profit	72	72	(0)	99.3	118	61.4

Net Sales



Operating Profit



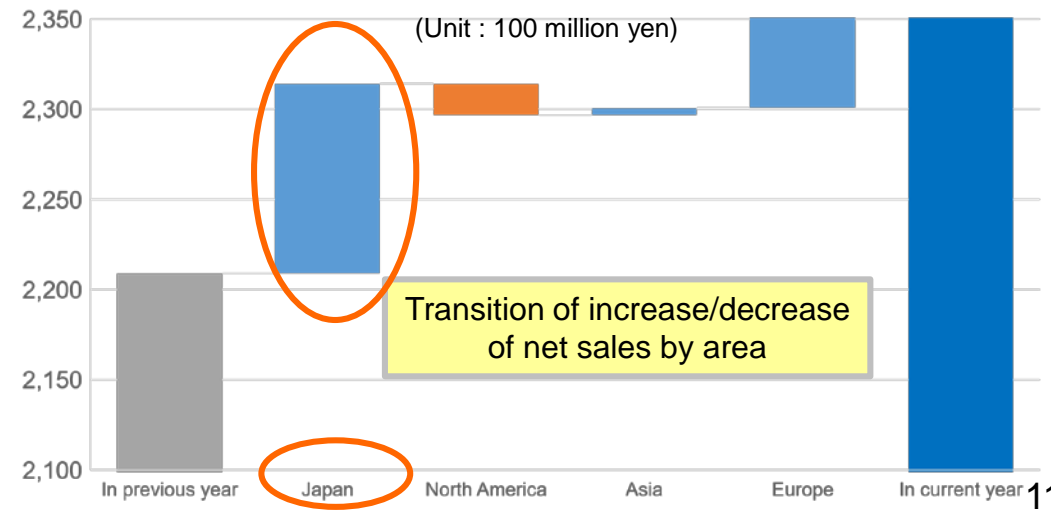
Microwavable food (Frozen food for household use company in North America)



Vegetable steak (Frozen and chilled food company in Europe)

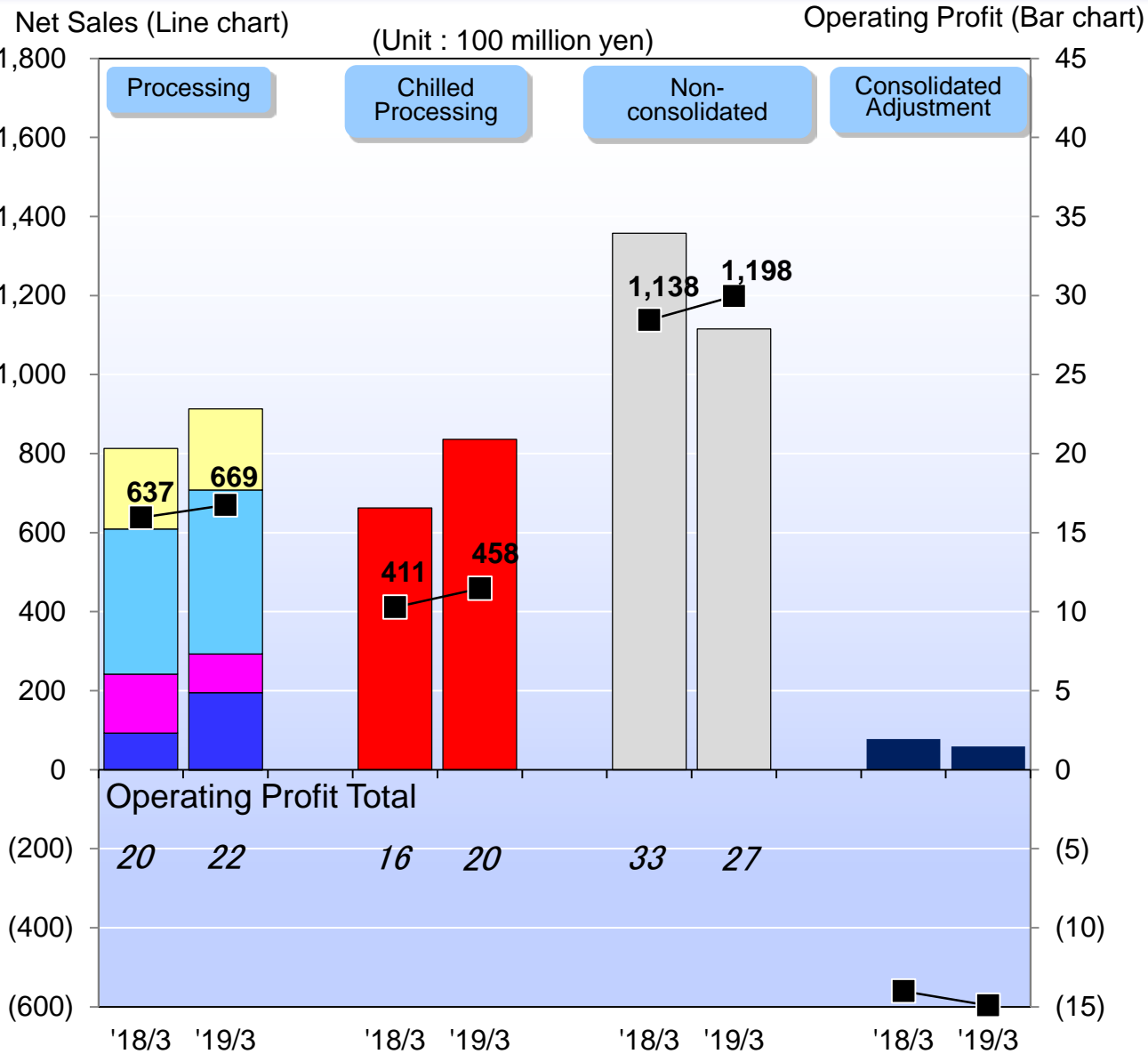


Frozen cooked rice (Non-consolidated)



Food Products Business

Net Sales & Operating Profit (Y-on-Y)



Major causes of fluctuations

<Processing>(Increase in revenue but decrease in income)

- North America :
 - Revenue decreased due to negative foreign exchange effect, but income increased thanks to cost reduction in frozen food for household use.
- Europe :
 - Production system for market expansion progressed and revenue increased mainly in chilled food products.
- Japan
 - Strong business in frozen food business in cooked rice and vegetable category, but stagnant business in fish sausage and struggling in increasing raw material costs.

<Chilled Processing>(Increase both in revenue and income)

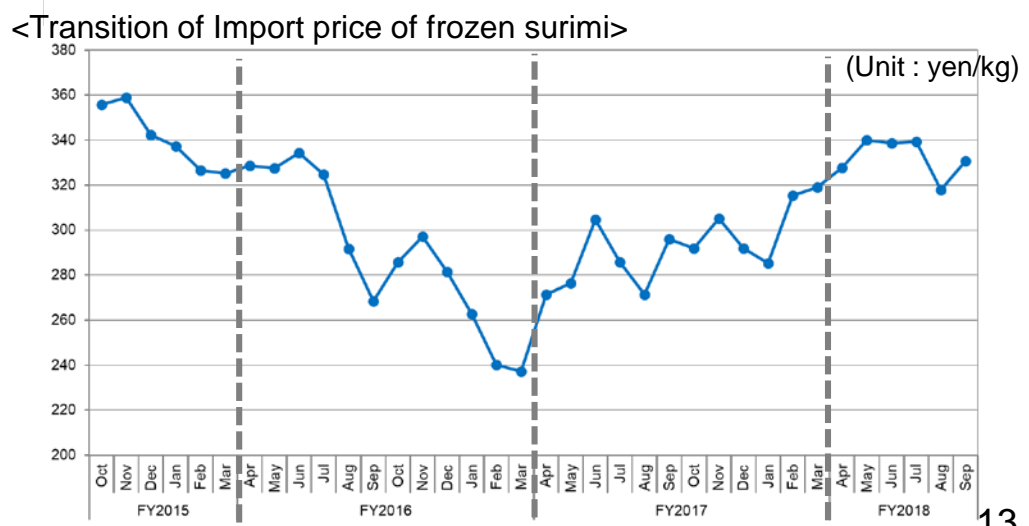
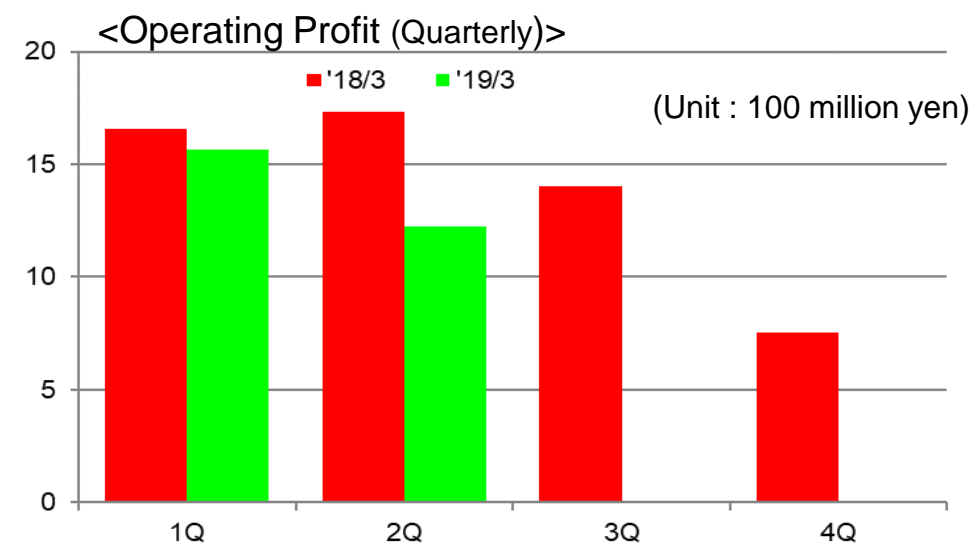
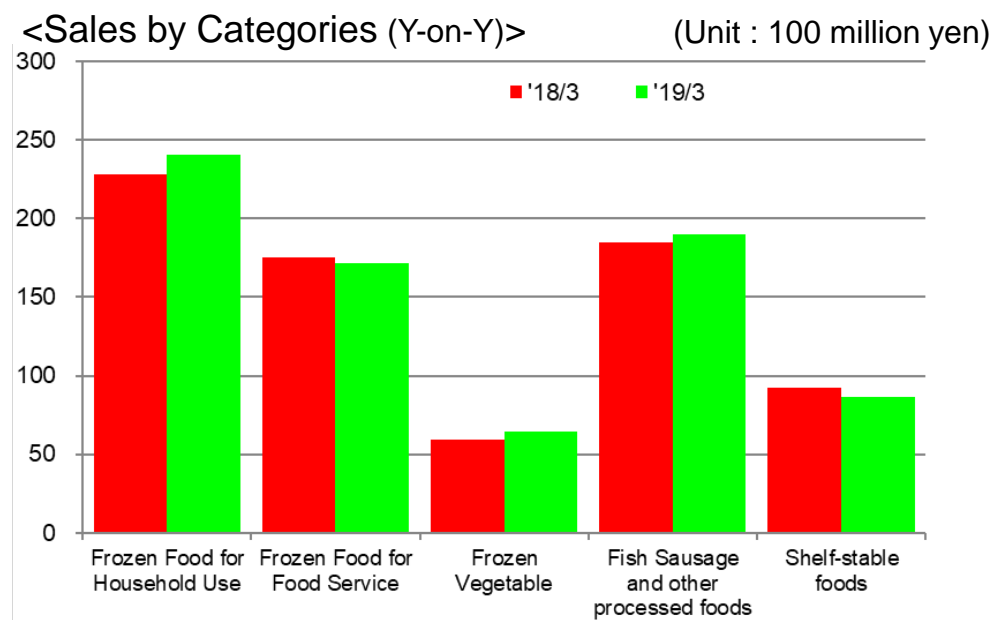
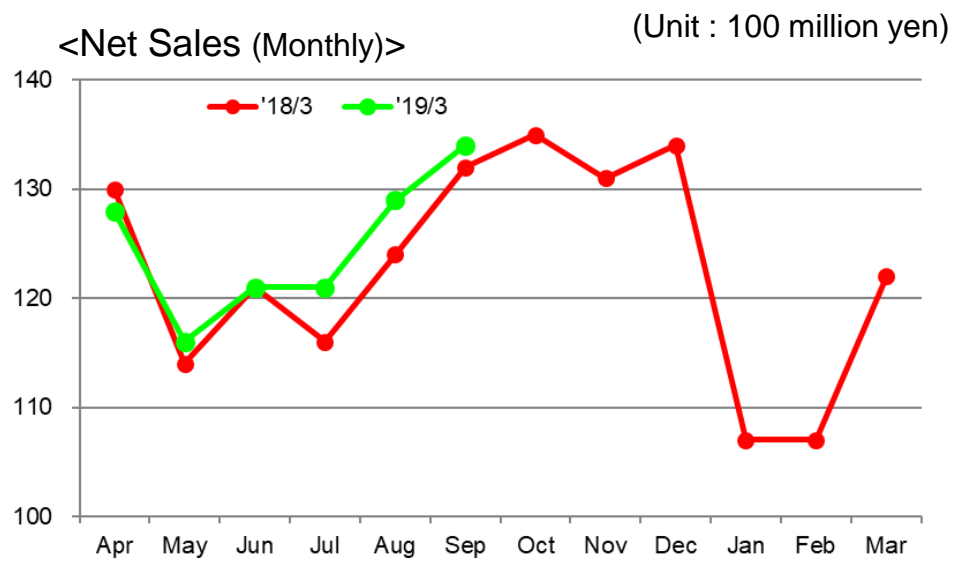
- In addition to the increase in the number of stores which caused by convenience store industry reform, sales of rice and noodle categories increased.

➤ The Italic figures in the lower part of this chart show the accumulation of the bar (Operating Profit).

Food Products Business Non-consolidated (Y-on-Y)



◆ Income decreased as raw material cost increase despite strong sales in frozen food and fish paste.

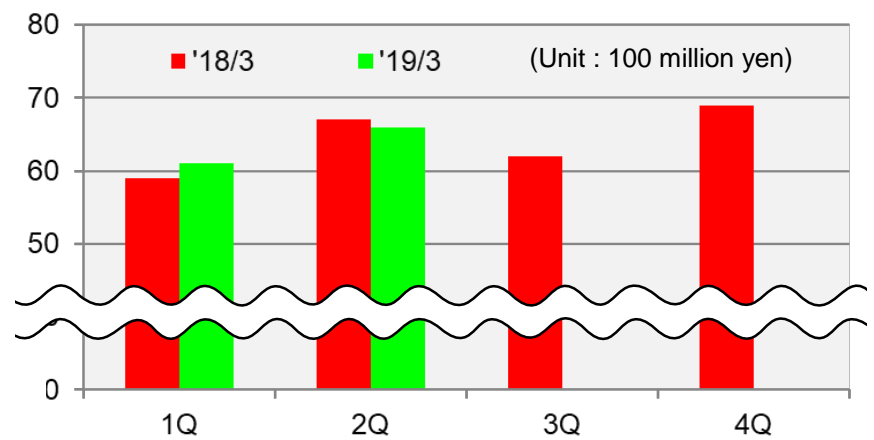


◆ Income increased thanks to the growing functional material business in Japan and overseas as well as using ad expense efficiently.

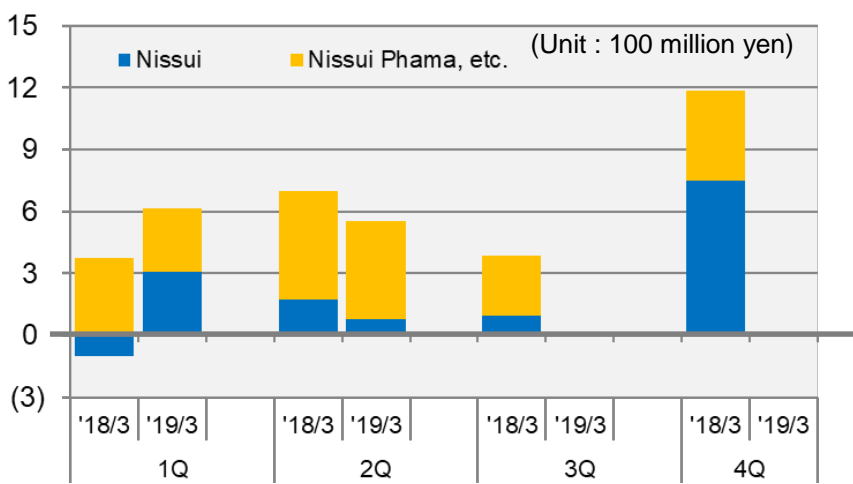
(Unit : 100 million yen)	Result of 2Q of FY2018	Result of 2Q of FY2017	Increase/Decrease		Annual plan for FY2018	Progress rate (%)
			(Amount)	(%)		
Net Sales	128	127	1	101.2	276	46.6
Operating Profit	11	9	1	120.4	29	40.2



Net Sales



Operating Profit



Main causes of fluctuations

<Nissui Non-consolidated>

- Pharmaceutical raw material : Struggled due to measures to promote the use of generic
- Functional Raw Material : Sales volume increased both Japan and overseas
- Functional Food : Reduction in advertising expenses in on-line sales

<Group companies>

Decrease income due to the review of business structure (sale of cosmetic business) while good sales in overseas

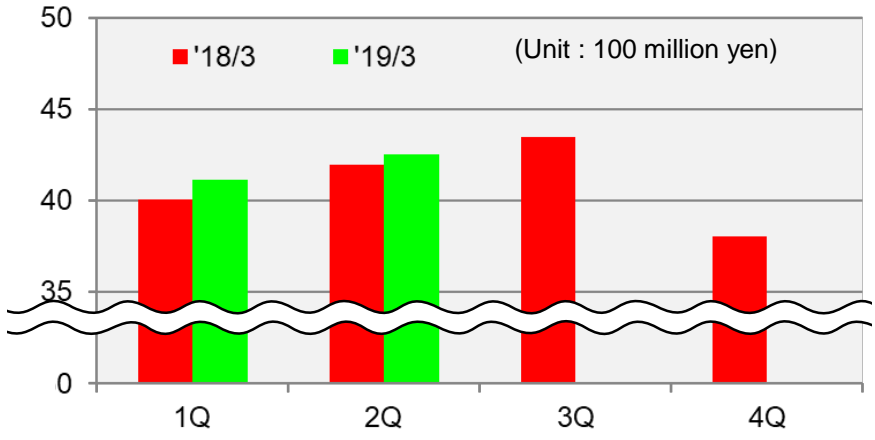
<EPA awareness campaign>

Appealing performance by sponsoring competition

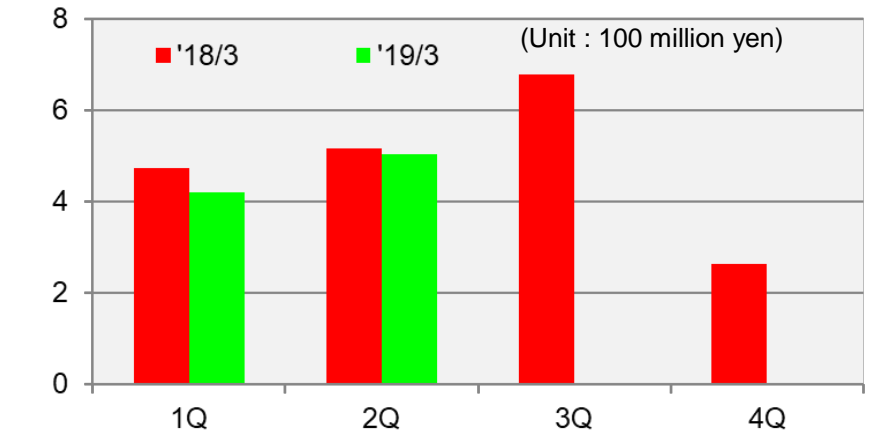
◆ Increase in revenue thanks to the resumption of Heiwajima Cold Storage

(Unit : 100 million yen)	Result of 2Q of FY2018	Result of 2Q of FY2017	Increase/Decrease		Annual plan for FY2018	Progress rate (%)
			(Amount)	(%)		
Net Sales	83	82	1	101.9	167	50.1
Operating Profit	9	9	(0)	93.4	20	46.3

Net Sales



Operating Profit



Main causes of fluctuation

- Increase in revenue thanks to the resumption of Heiwajima Cold Storage.
- Rise in cost including labor and electricity cost

<Heiwajima Logistics Center, Nissui Logistics>
Resumed in March, 2018 after renewed



◆ The performance of all businesses has been going as planned in 1st Half of FY2018. No change in profit plan despite some challenges including raw material mark ups, but annual plan for net sales has been revised based on the 1st Half performance.

(Unit : 100 million yen)	Revised plan for FY2018	Result of FY2017	Increase/Decrease		Original Plan for FY2018	Increase /Decrease to Original Plan
			(Amount)	(%)		
Net Sales	7,065	6,772	292	104.3	6,980	85
Marine Products Business	2,882	2,838	43	101.5	2,772	110
Food Products Business	3,382	3,252	129	104.0	3,401	(19)
Fine Chemicals Business	265	258	6	102.5	276	(11)
General Distributions	166	163	2	101.5	167	(1)
Others	370	259	110	142.6	364	6
Operating Profit	220	232	(12)	94.7	220	0
Marine Products Business	98	110	(12)	88.9	101	(3)
Food Products Business	124	129	(5)	96.0	118	6
Fine Chemicals Business	29	25	3	114.0	29	0
General Distributions	19	19	(0)	98.4	20	(1)
Others	12	12	(0)	93.2	12	0
Common Costs	(62)	(64)	2	95.9	(60)	(2)
Ordinary Profit	235	245	(10)	95.6	235	0
Profit attributable to owners of parent company	160	172	(12)	92.8	160	0

(Unit : 100 million yen)	Plan for 2H of FY2018	Annual Plan for FY2018	Result of FY2017
Net Sales	1,484	2,882	2,838
Operating Profit	60	98	110

Marine Business Operating profit

1st Half 3.7 billion yen
2nd Half 6.0 billion yen
Total 9.8 billion yen

In addition to the recovery of Salmon/Trout business in South America, following initiatives will be implemented

Improve farming business

Sophisticate farming technology (Buri yellow tail)
→ Improve productivity by automation and labor saving

Strengthen processing (Tuna)
→ Increase processing ratio for profitability

Improve in-house breeding and egg ratio (Coho)
→ Stabilize farming business and differentiate it from competitors

Improve non-consolidated

Promotion of profitable items for year-end shopping season in order to increase income.



Consumer campaign (Salmon/Trout) (Argentina shrimp)

(Unit : 100 million yen)	Plan for 2H of FY2018	Annual Plan for FY2018	Result of FY2017
Net Sales	1,652	3,382	3,252
Operating Profit	51	124	129

Food Products Operating profit

1st Half 7.2 billion yen
2nd Half 5.1 billion yen
Total 12.4 billion yen

Following initiatives will be implemented while raw material cost will increase.

Cope with changing life style

→ Meet demands for Time saving, Ready-to-eat, Health-conscious in worldwide

Ex) Easy-to-cook, Surimi, Canned mackerel, white fish

Further Growth

→ Production volume increase with 5 plants in FY2017 and expand new categories including value-added shrimp. (Europe)

→ Expand and sophisticate chilled business (Japan)

Easy-to-cook
Oven-ready products

Easy-to-cook
Frozen pasta with soup

Easy-to-cook seafood
Simmered yellowtail (Kurose) with Japanese radish

Easy-to-cook
Minced white fish

Health-conscious
Surimi

Health-conscious
Canned mackerel

Expand categories

Add new products (shrimp) in Europe

New factory for chilled food (Start running in Jan. 2019)

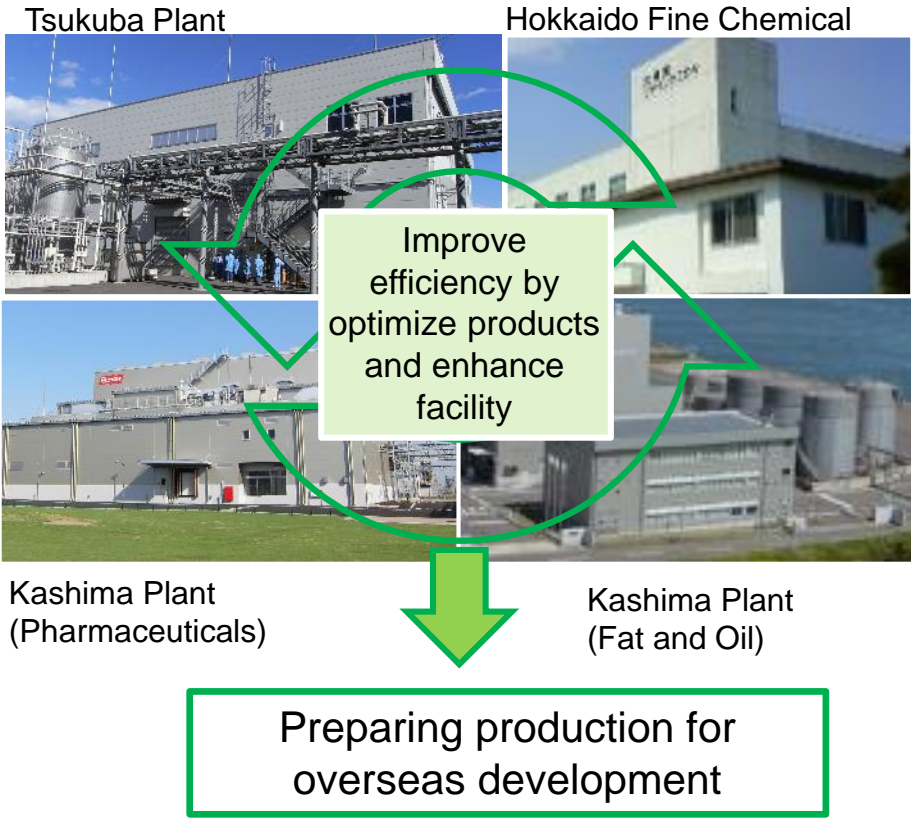
(Unit : 100 million yen)	Plan for 2H of FY2018	Annual Plan for FY2018	Result of FY2017
Net Sales	136	265	258
Operating Profit	17	29	25

Fine Chemicals 1st Half 1.1 billion yen
Operating profit 2nd Half 1.7 billion yen
Total 2.9 billion yen

Expecting pharmaceutical EPA market growth in USA
Having pharmaceutical EPA in combination with cholesterol-lowering drugs proved to reduce risk of cardiovascular disease by massive clinical trial.

Establish material production system
Maximize profitability by realizing efficient supply of material production of EPA and DHA

Cope with functional material demand in Europe
Expand sales volume coping with mandatory addition of DHA to infant formula in 2020.

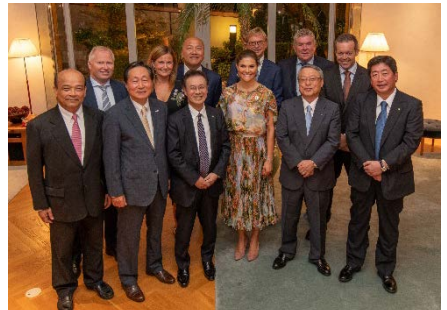


Contribute to secure sustainability by linkage with affiliates

Participation in SeaBOS

(Seafood Business for Ocean Stewardship)

3rd Meeting in Japan on Sep. 3 and 4
 Discussion among top of major seafood companies



Swedish Embassy, Said Karlsson

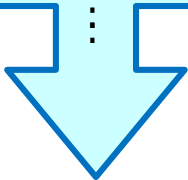
Disclose the result of survey of sustainability
 Nissui Group's procured (September 28, 2018)

Resource condition of wild catch fish the Nissui Group procured

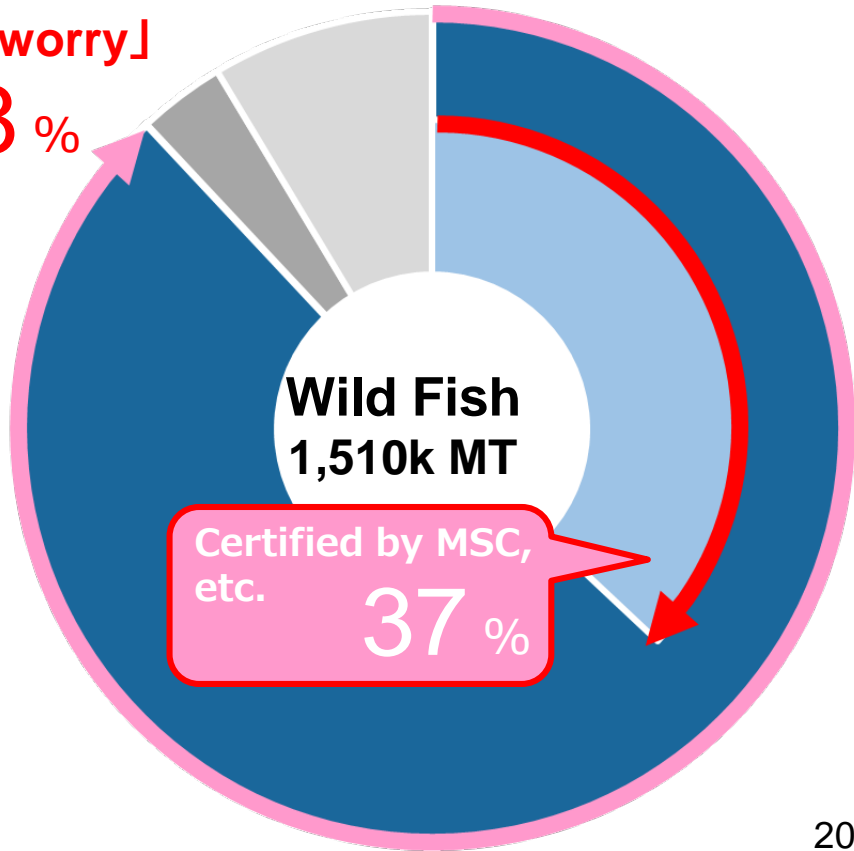
「No worry」
88 %

Future Efforts

- continuing survey
- Stop handling resources with concern

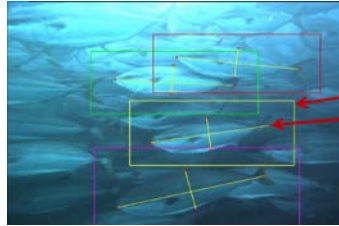


The Nissui Group aims to
In 2030 All the species procured by the Nissui Group is confirmed to be from sustainable marine resources



Marine Apr.

Automatic weighing system of farmed fish co-developed with NEC



CSR Jun.

Selected as "SNAM Sustainability Index"



Food, etc. Aug.

Tie-up with Saba-ya Group



Marine May

Released that acquiring stake of Seafarms Group



Food, etc. Jul.

New products for Fall and Winter



CSR Sep.

Participating in SeaBOS (Held in Tokyo on Sep. 3 and 4)



Photo provided by Swedish Embassy,

◆ Revenue increased but income decreased year-on-year.

(Unit : 100 million yen)	Result of FY2018	Result of FY2017	Increase/Decrease	Main Causes of fluctuations
Net Sale	3,504	3,311	193	
Gross Profit	695	713	(18)	
SGA Expenses	590	584	5	
Operating Profit	105	129	(24)	
Non-operating profit	23	14	9	
Non-operating expenses	9	11	(1)	
Ordinary Profit	119	132	(13)	
Extraordinary Profit	4	21	(17)	Gain on sales of investment securities (12)
Extraordinary expenses	2	10	(7)	Loss on disaster (6)
Income before income taxes	120	143	(22)	
Income taxes-current	36	49	(13)	
Income taxes-deferred	11	(2)	14	
Profit	72	96	(23)	
Profit attributable to non-controlling interest	3	3	(0)	
Profit attributable to owners of parent	69	92	(23)	

(Note) Since we have changed the way of converting to Yen from using spot exchange rate as of accounting closing date to average exchange rate during the period regarding income and cost of overseas subsidiaries, comparison between current fiscal year and previous year is conducted by using figures recalculated retrospectively.

◆ While there are increase/decrease by area and currency, increase slightly in total.

Exchange rate among overseas subsidiaries	2Q of FY2018		2Q of FY2017		Increase/Decrease		Breakdown (Unit : 100 million yen)	
	Local Currency	JPY (100 million yen)	Local Currency	JPY (100 million yen)	Local Currency	JPY (100 million yen)	Local Currency	Impact of exchange rate
USD(Million Dollar)	542	587	605	679	(63)	(91)	(70)	(21)
EUR(Million Euro)	132	173	114	140	18	33	22	11
DKK(Million Krone)	1,568	274	1,432	235	135	39	22	17
Other Currency	—	116	—	87	—	28	26	2
Total		1,152		1,142		9	0	9

<Ref: Exchange rate>

	2Q of FY2018	2Q of FY2017	Variation
USD	108.50	112.14	(3.2)%
EUR	130.65	122.22	6.9%
DKK	17.54	16.43	6.7%

◆ Increase in Japan and Europe

(Unit : 100 million yen)

	Japan		North America		South America		Asia		Europe		Sub Total		Consolidated Adjustment		Grand Total	
Marine Products	1,128	<i>(1)</i>	222	<i>(21)</i>	85	<i>(50)</i>	37	<i>(0)</i>	275	39	1,749	(33)	(351)	66	1,397	33
	1,129		243		135		37		235		1,782		(418)		1,364	
Food Products	1,826	105	276	<i>(17)</i>			35	4	216	54	2,355	146	(625)	<i>(43)</i>	1,729	103
	1,721		294				31		161		2,209		(582)		1,626	
Fine Chemicals	139	1					2	0			141	1	(13)	<i>(0)</i>	128	1
	138						2				140		(13)		127	
General Distribution	156	6									156	6	(72)	<i>(5)</i>	83	1
	149										149		(67)		82	
Others	206	<i>(33)</i>					0	0			207	<i>(33)</i>	(42)	87	165	53
	239						0				240		(129)		111	
Sub Total	3,457	78	499	<i>(38)</i>	85	<i>(50)</i>	76	4	491	94	4,610	88				
	3,378		538		135		71		396		4,521					
Consolidated Adjustment	(913)	62	(74)	6	(53)	40	(55)	<i>(4)</i>	(8)	<i>(0)</i>			(1,105)	104		
	(975)		(80)		(93)		(51)		(8)				(1,210)			
Grand Total	2,544	141	425	<i>(32)</i>	32	<i>(9)</i>	20	<i>(0)</i>	482	94					3,504	193
	2,402		457		42		20		388						3,311	

(Note:1)

- The upper columns indicate the result of 2Q of FY2018 and the lower columns indicate that of FY2017. The Italic and bold figures mean increase/decrease.
- Consolidated adjustment include elimination between the group companies.
- The breakdown of the increase in sales (Y-on-Y)(Note: 1) :
 - + 7,800 million yen (Increase in Japan)
 - + 900 million yen (Note 2 : Increase among overseas group companies. See Page 23.)
 - +10,400 million yen (Consolidated adjustment)

◆ Income decreased in Japan and South America

(Unit : 100 million yen)

	Japan	North America	South America	Asia	Europe	Common Costs	Sub Total	Consolidated Adjustment	Grand Total	Ratio of Operating Profit to Net Sales
Marine Products	8 <i>(10)</i>	8 3	6 <i>(38)</i>	(0) <i>(0)</i>	7 2		29 <i>(43)</i>	7 17	37 <i>(26)</i>	2.7 <i>(2.0)</i>
	19	5	44	(0)	4		73	(9)	64	4.7
Food Products	49 <i>(2)</i>	7 1		4 1	9 0		71 0	1 <i>(0)</i>	72 <i>(0)</i>	4.2 <i>(0.3)</i>
	52	6		3	9		70	2	72	4.5
Fine Chemicals	10 2			0 <i>(0)</i>			11 1	0 0	11 1	9.1 1.4
	8			0			9	0	9	7.6
General Distribution	9 <i>(0)</i>						9 <i>(0)</i>	0 <i>(0)</i>	9 <i>(0)</i>	11.1 <i>(1.0)</i>
	9						9	0	9	12.1
Others	6 <i>(4)</i>			0 <i>(0)</i>			6 <i>(4)</i>	(0) 4	6 0	3.7 <i>(1.6)</i>
	10			0			10	(4)	5	5.3
Common Costs						(31) 1	(31) 1	0 <i>(0)</i>	(31) 1	
						(33)	(33)	0	(33)	
Sub Total	84 <i>(16)</i>	15 4	6 <i>(38)</i>	5 1	16 2	(31) 1	96 <i>(44)</i>			
	100	11	44	4	13	(33)	140			
Consolidated Adjustment	0 2	(0) 1	9 16	(0) <i>(1)</i>	(0) 1	(0) <i>(0)</i>		9 20		
	(1)	(1)	(6)	0	(1)	0		(11)		
Grand Total	84 <i>(13)</i>	15 6	15 <i>(21)</i>	4 <i>(0)</i>	16 4	(31) 1			105 <i>(24)</i>	3.0 <i>(0.9)</i>
	98	9	37	4	12	(33)			129	3.9

• The upper columns indicate the result of 2Q of FY2018 and the lower columns indicate that of FY2017.

The Italic and bold figures mean increase/decrease.

• Consolidated adjustment includes amortization of goodwill and unrealized income in inventory.

• In order to understand segments results in more appropriate manner, criteria of distribution of SGA expenses has been reviewed from the first quarter of the consolidated fiscal year.

Disclaimer regarding forward-looking statements



This presentation contains forward-looking statements regarding Nissui's business projections for the current term and future terms. All forward-looking statements are based on rational judgment of management derived from the information currently available to it, and the Company provides no assurances that these projections will be achieved.

Please be advised that the actual business performance may differ from these business projections due to changes of various factors. Significant factors which may affect the actual business performance includes but are not limited to the changes in the market economy and product demand, foreign exchange rate fluctuations, and amendments to various international and Japanese systems and laws.

Accordingly, please use the information contained in this presentation at your own discretion. The Company assumes no liability for any losses that may arise as a result through use of this presentation.

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