



NISSUI

# Financial Result for 2<sup>nd</sup> Quarter of Fiscal Year 2018



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November 12, 2018

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# Overview of 2<sup>nd</sup> Quarter of FY2018

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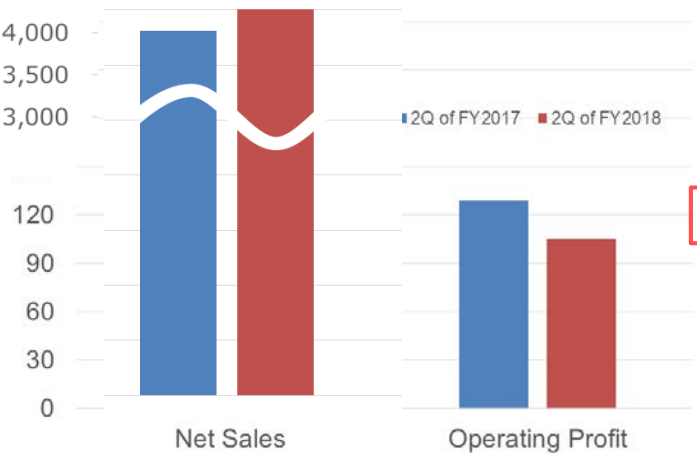


◆ Although income decreased year-on-year due to the death of Juvenile in the previous year in Salmon Trout business in South America, it was within our expectation. So far we're running smoothly against the annual plan and dividend is paid according to the plan.

(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

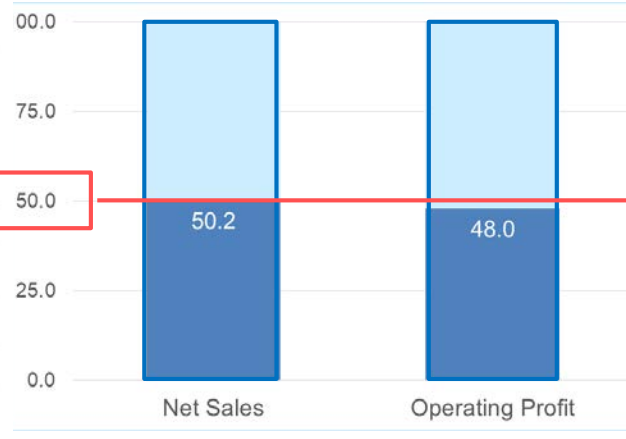
Net Sales / Operating Profit

(Unit : 100 million yen)



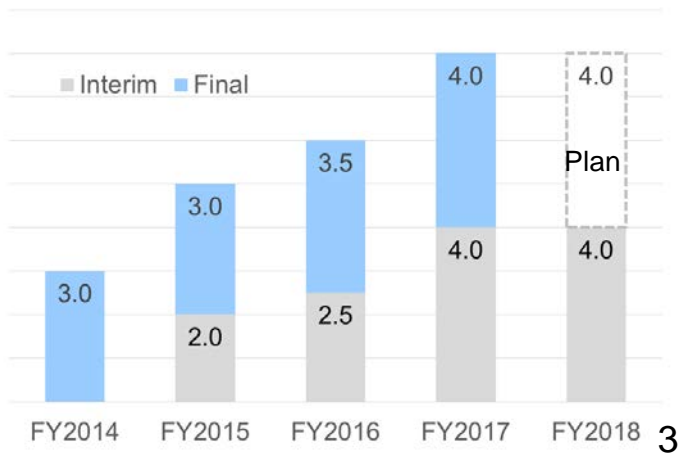
Progress rate to annual plan

(Unit : %)



Dividend

(Unit : yen)



# Overview of the 2<sup>nd</sup> Quarter of FY2018 by Segments

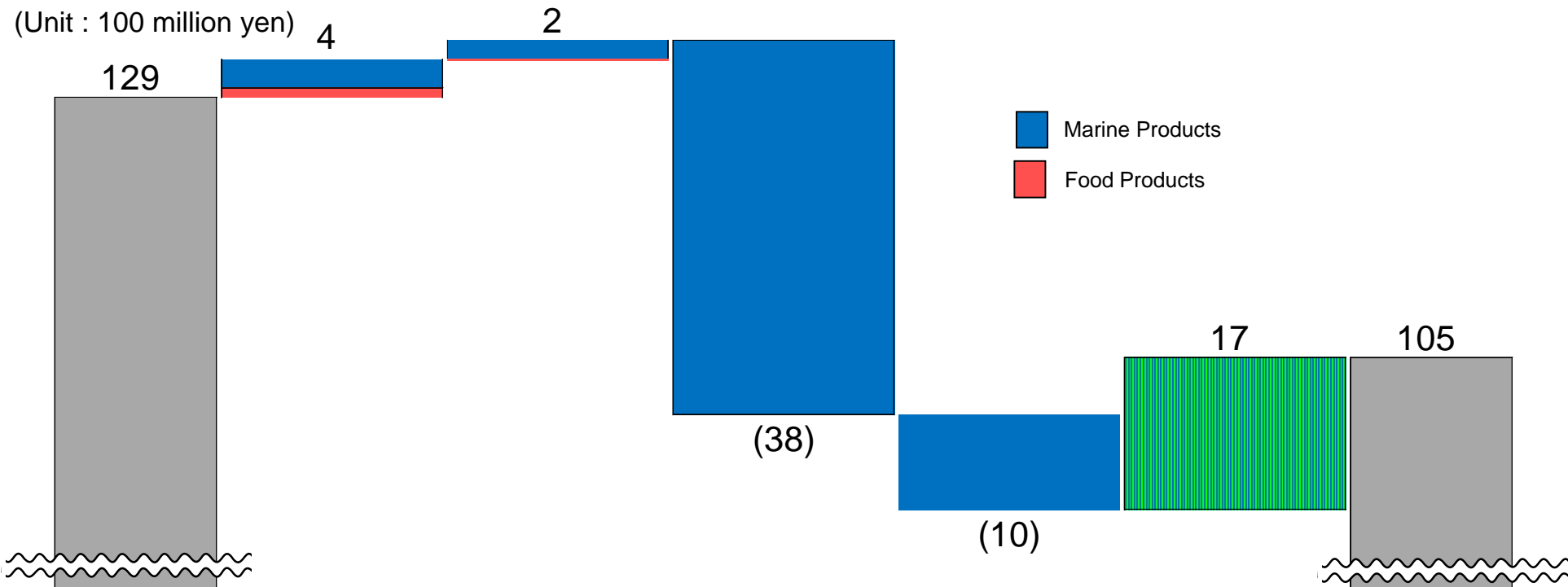


◆ Revenue increased in all the Businesses while income decreased in Marine Business.

(Unit : 100 million yen)	2Q of FY2018	2Q of FY2017	Increase/Decrease (Y-on-Y)		Annual Plan for FY2018	Progress rate (%)
			(Amount)	(%)		
Net Slaes	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 Unrealized income in inventory, etc.	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		

◆ 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)

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

## ◆ Free cash flow improved year-on-year

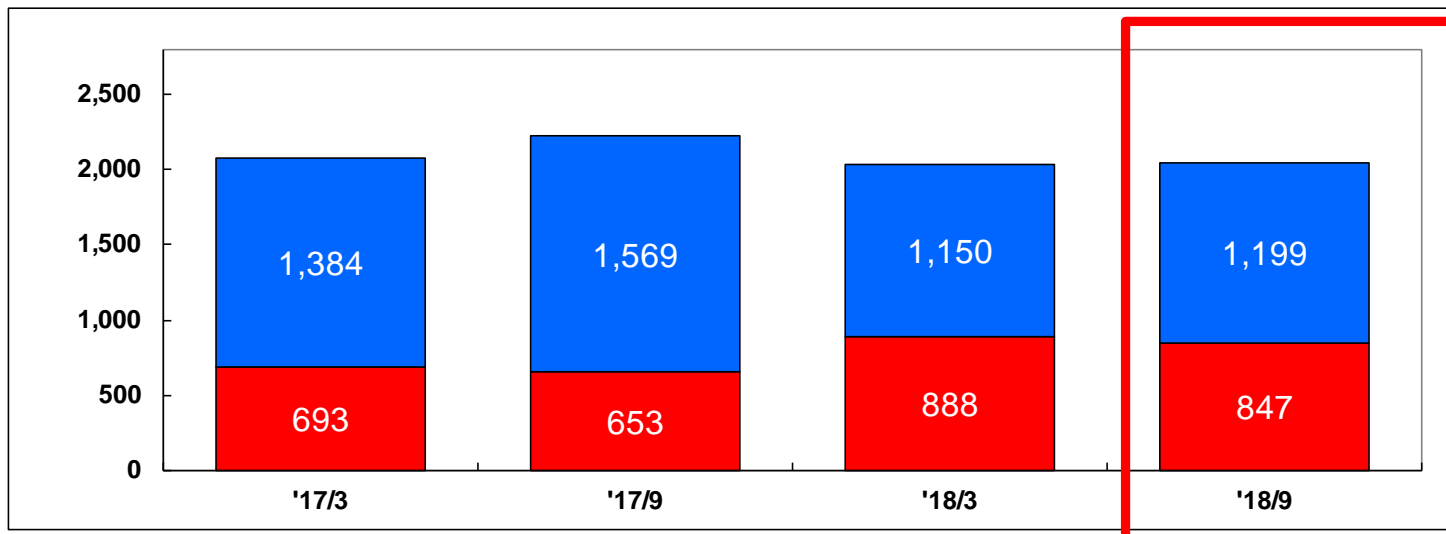
(Unit : 100 million yen)

	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
<b>Net cash provided by operating activities</b>	<b>42</b>	<b>39</b>	<b>2</b>
• Investment on (Purchase of) plant and equipment	(91)	(121)	30
• Others	43	12	31
<b>Net cash provided by investment activities</b>	<b>(47)</b>	<b>(109)</b>	<b>61</b>
• Increase (Decrease) in short-term loans payable	59	222	(162)
• Increase (Decrease) in long-term loans payable	(40)	(73)	32
• Others	(20)	(23)	3
<b>Net cash provided by financial activities</b>	<b>(1)</b>	<b>125</b>	<b>(126)</b>
<b>Cash and cash equivalent at end of term</b>	<b>235</b>	<b>309</b>	

◆ Net cash burden decreased as debt decreased

(Unit : 100 million yen)

Short-term  
Long-term



Comparison wi  
2Q of FY2017

(369)

194

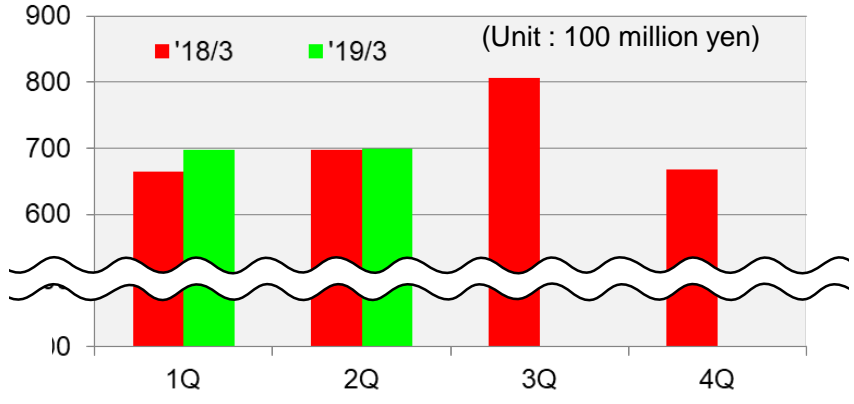
Total Debt	2,077	2,222	2,038	2,047	(175)
Short-term loans payable	1,384	1,569	1,150	1,199	(369)
Long-term loans payable	693	653	888	847	194
Net Interest	10.4	5.0	8.8	3.6	
Ratio of Net Interest Cost on Operating Profit	5%	4%	4%	3%	
Interest expenses	21.7	10.3	20.0	9.0	
Interest income	2.3	1.6	3.5	1.2	
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)	



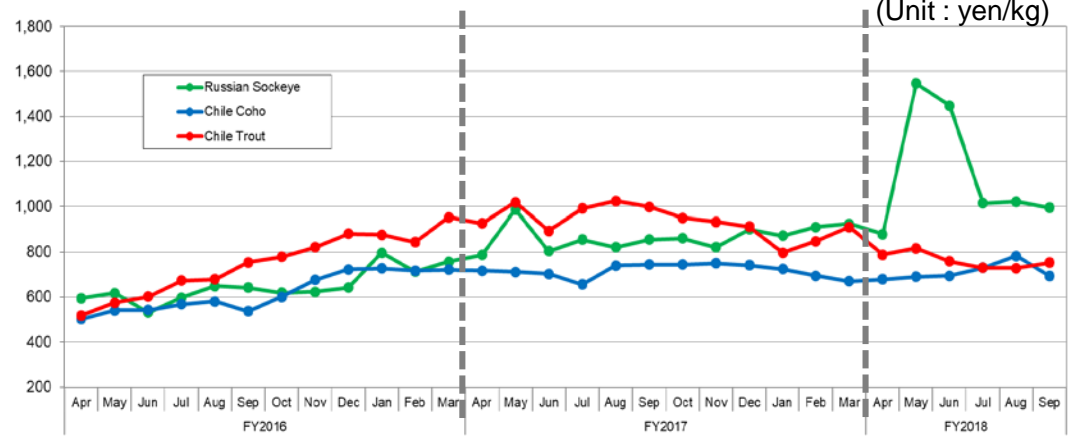
◆ Income decreased due to struggle in non-consolidated and cost increase in domestic aquaculture business excluding buri yellow tail, in addition to weak farming operation in Salmon/Trout business in South America. Revenue and income increased in domestic fishery and European business.

(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

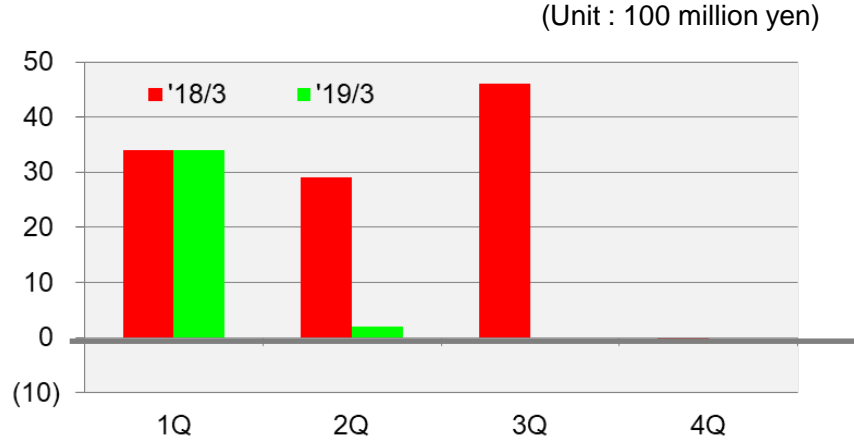
Net Sales



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



Operating Profit



Fishery trading company based in European countries

**NORDIC SEAFOOD®**

Kurose "Waka buri"

**KUROSE**

黒瀬の若ぶり

旬の若取り!

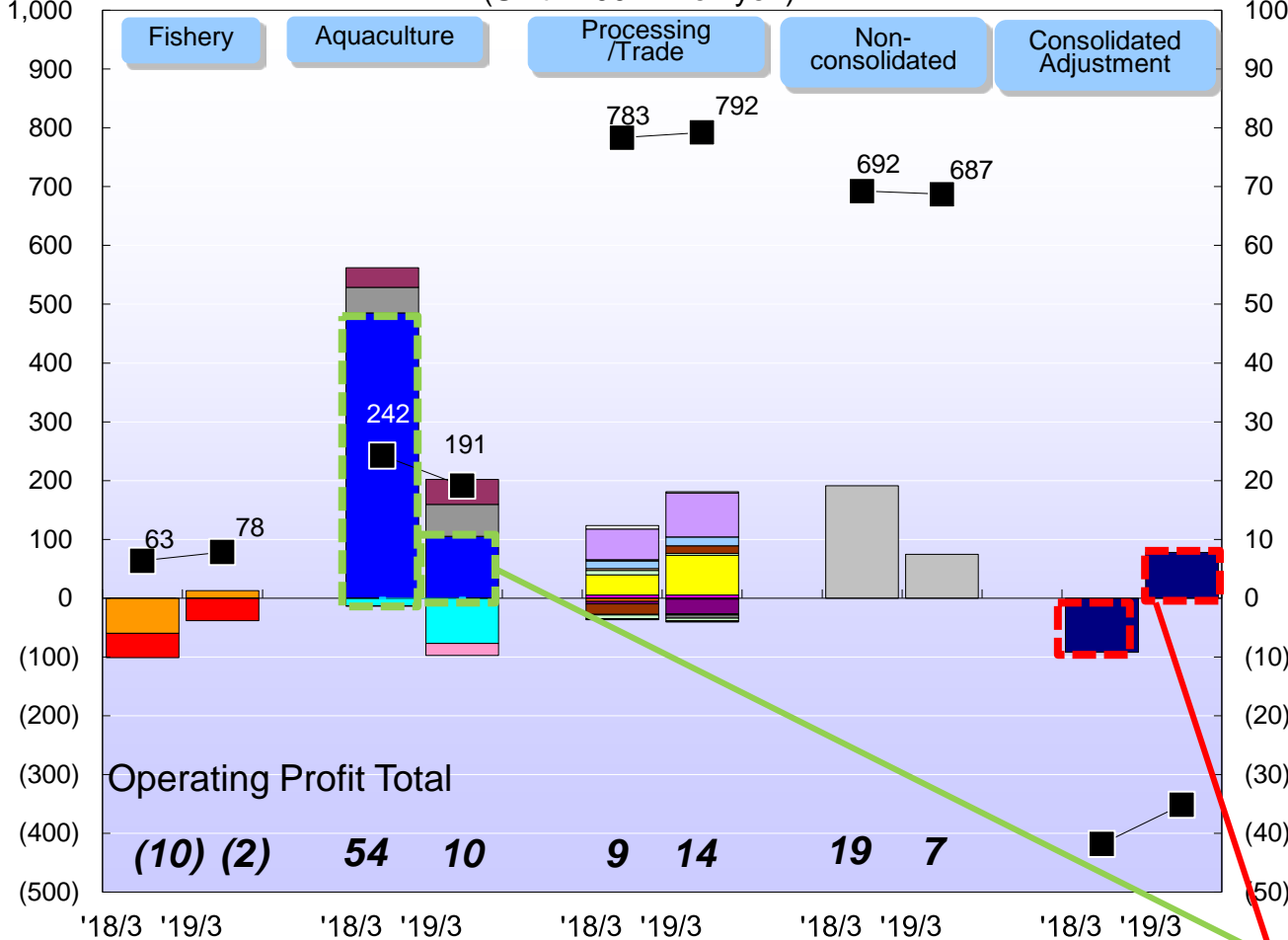
夏だから美味しい!新物 黒瀬の若ぶりを食べて下さい

# Marine Products Business

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



Net Sales (Line chart) (Unit : 100 million yen) Operating Profit (Bar chart)



**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)**

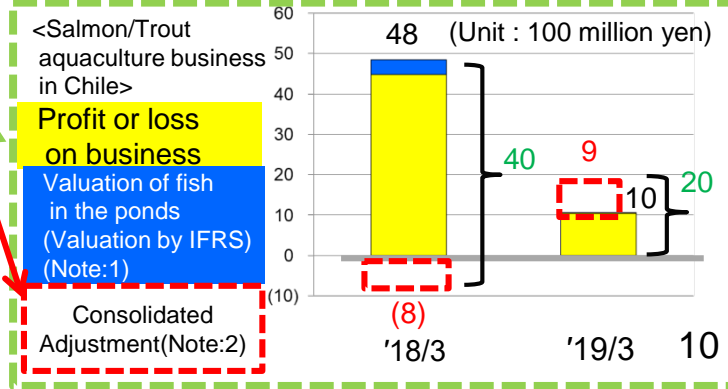
- USA Pollock business : Income increased thanks to sales price increased and cost reduction
- Non-consolidated
  - Struggling in Salmon/Trout business (sales volume went down and purchase cost increased) and in shrimp (Sales price down)

➢ 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.

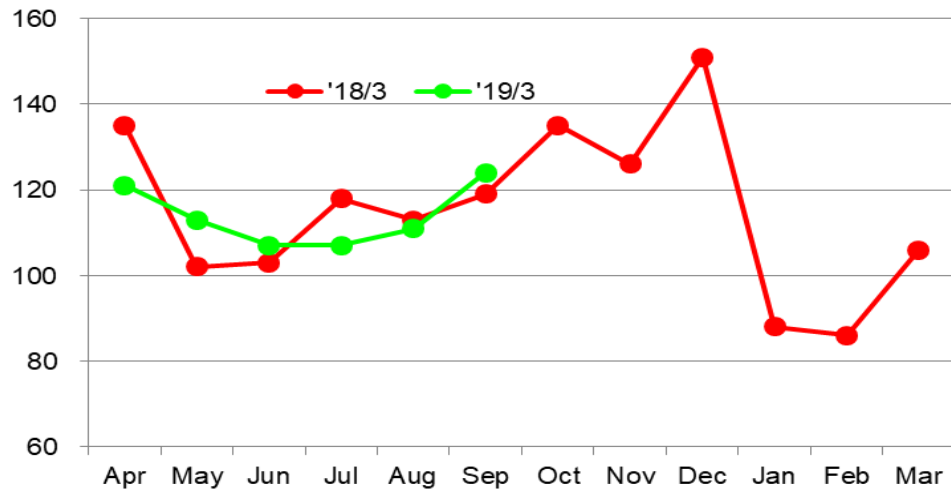
(Note1) Valuation of fish in the ponds is calculated every quarter based on IFRS, included in Marine Products Business' Operating Profit.

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

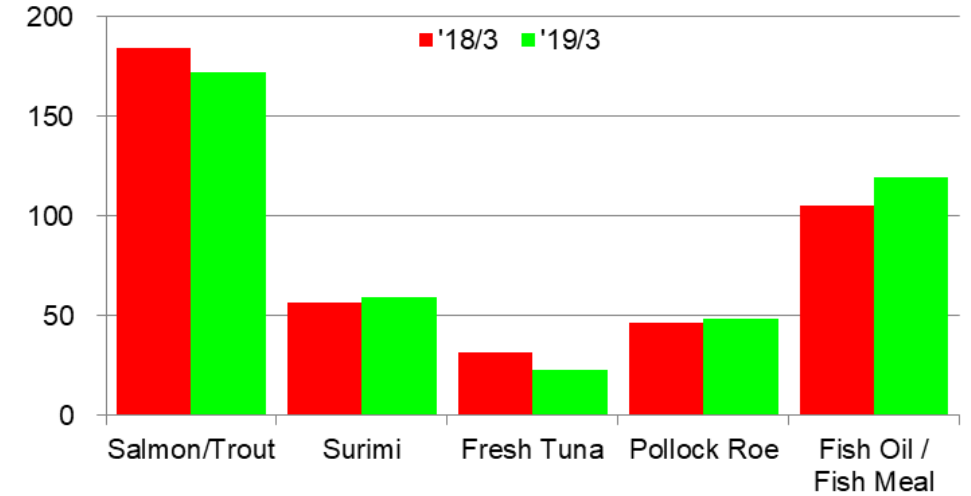


◆ Income decreased as the sales volume of Salmon/Trout decreased and the sales price of shrimp went down.

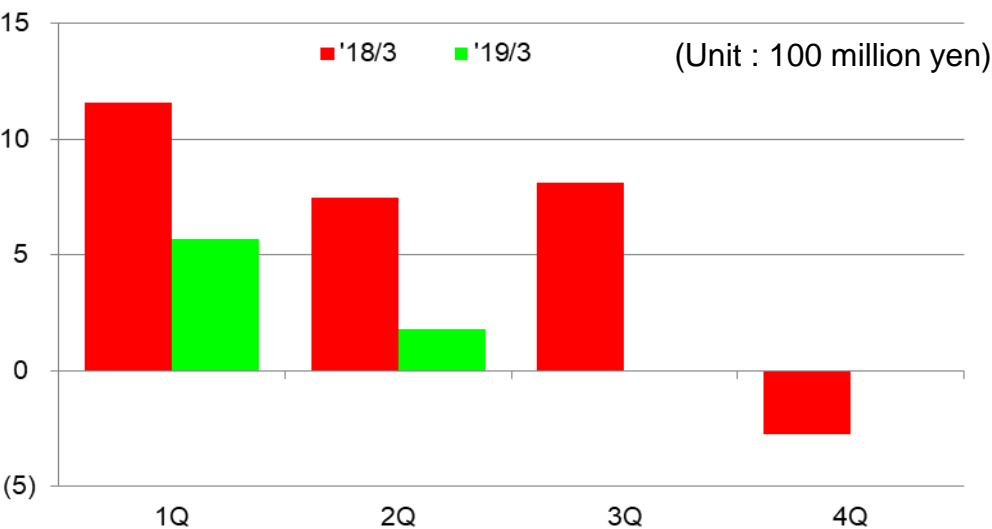
<Net Sales (Monthly)> (Unit : 100 million yen)



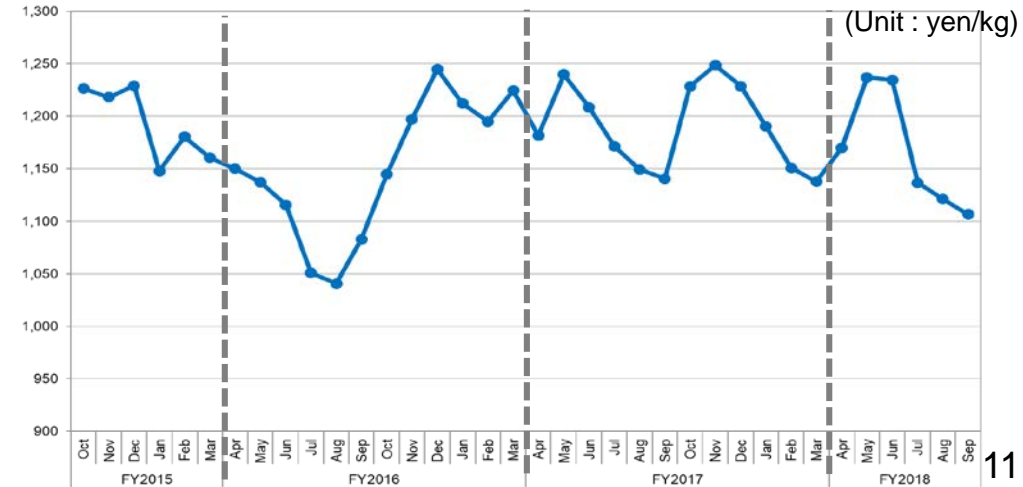
<Sales by Main Species (Y-on-Y)> (Unit : 100 million yen)



<Operating Profit (Quarterly)>



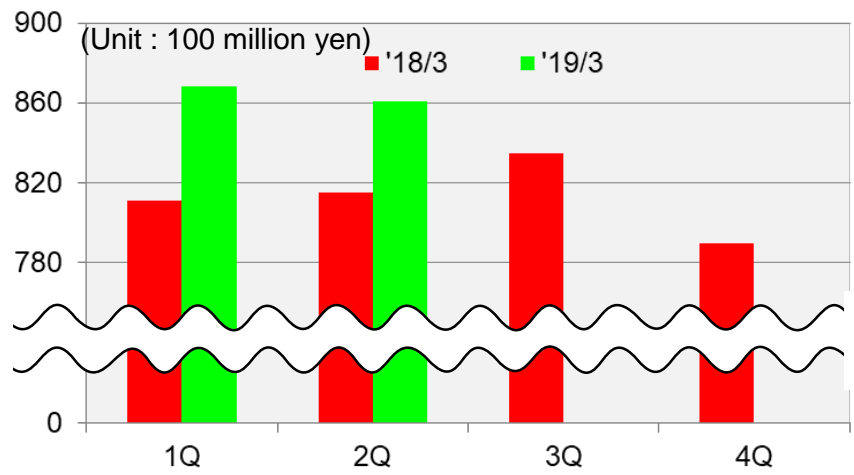
<Transition of Import price of frozen shrimp>



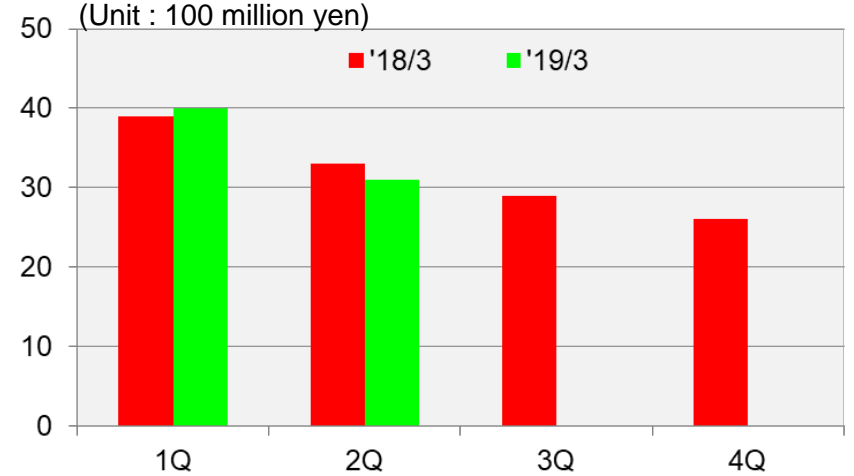
◆ Income increased in North America and Europe. Chilled business went strong in Japan but start to show the influence by increased cost of raw materials.

(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



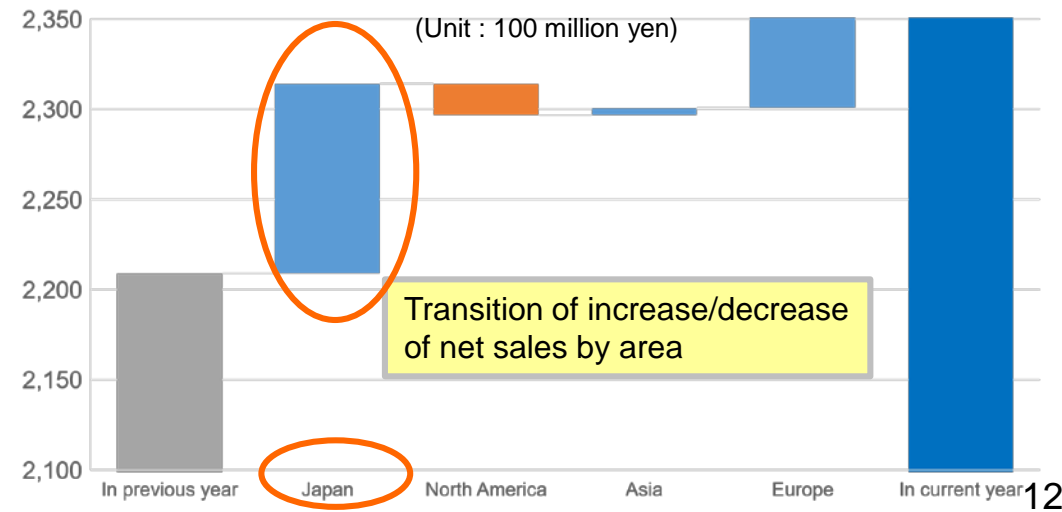
Microwavable food (Frozen food for household use company in North America)



Vegetable steak (Frozen and chilled food company in Europe)

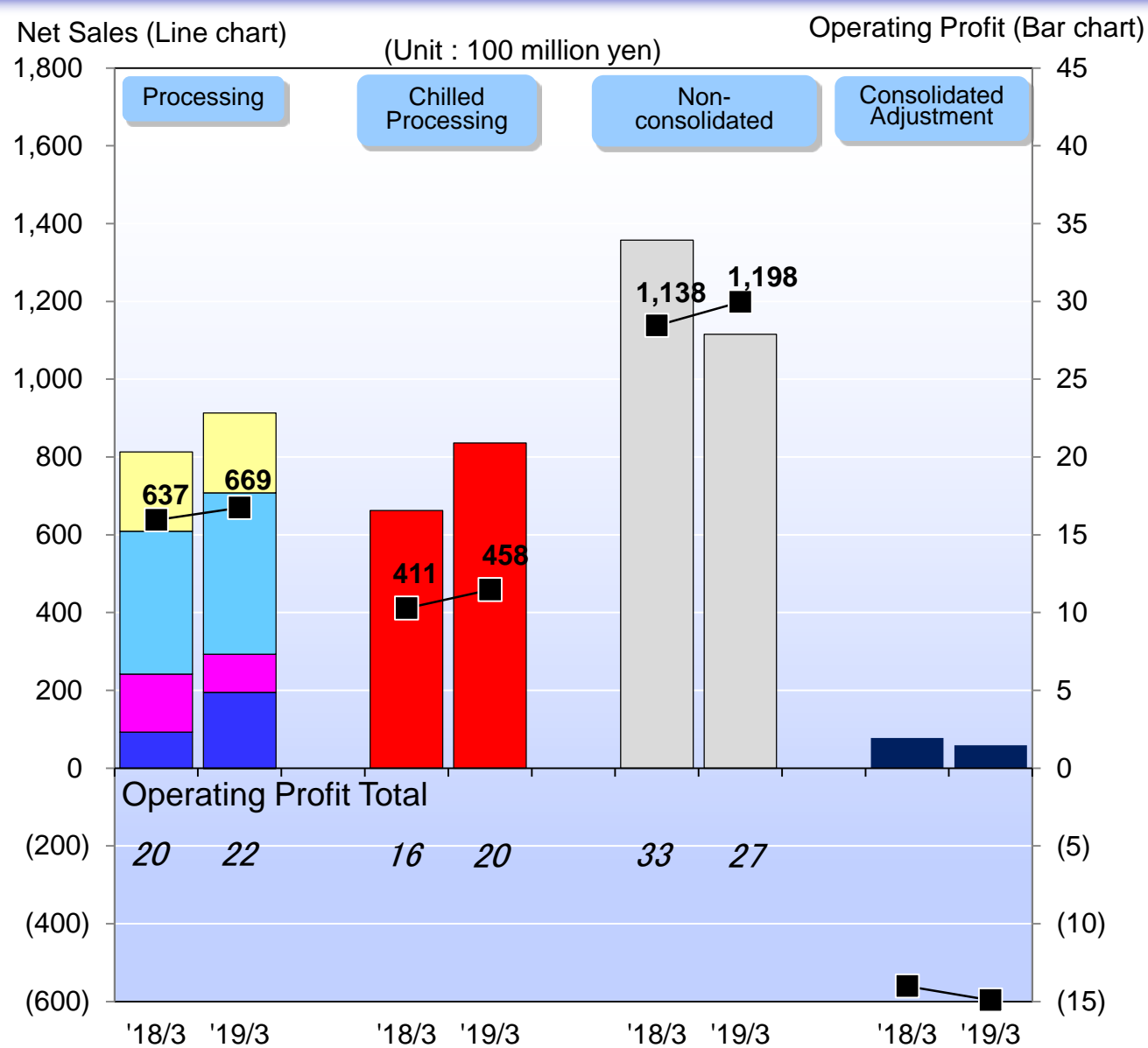


Frozen cooked rice (Non-consolidated)



# 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.

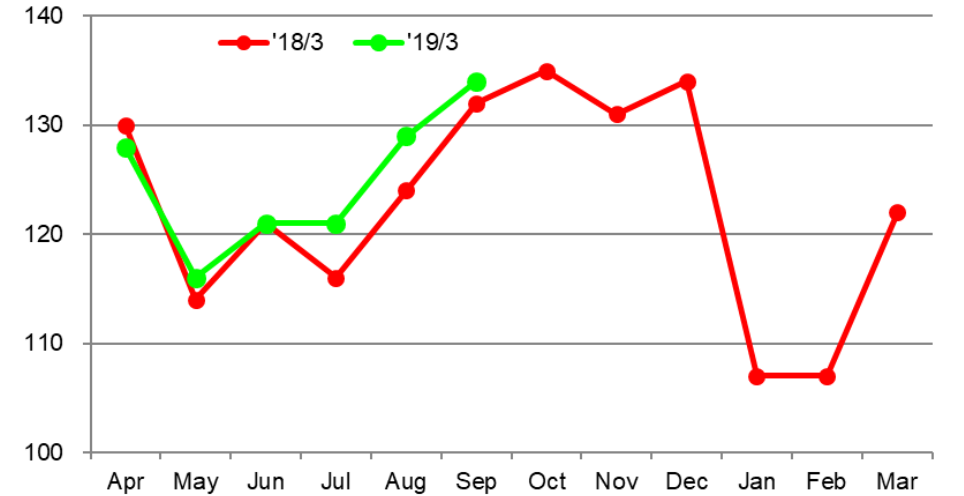
➤ The Italic figures in the lower part of this chart show the accumulation of the bar (Operating Profit).

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

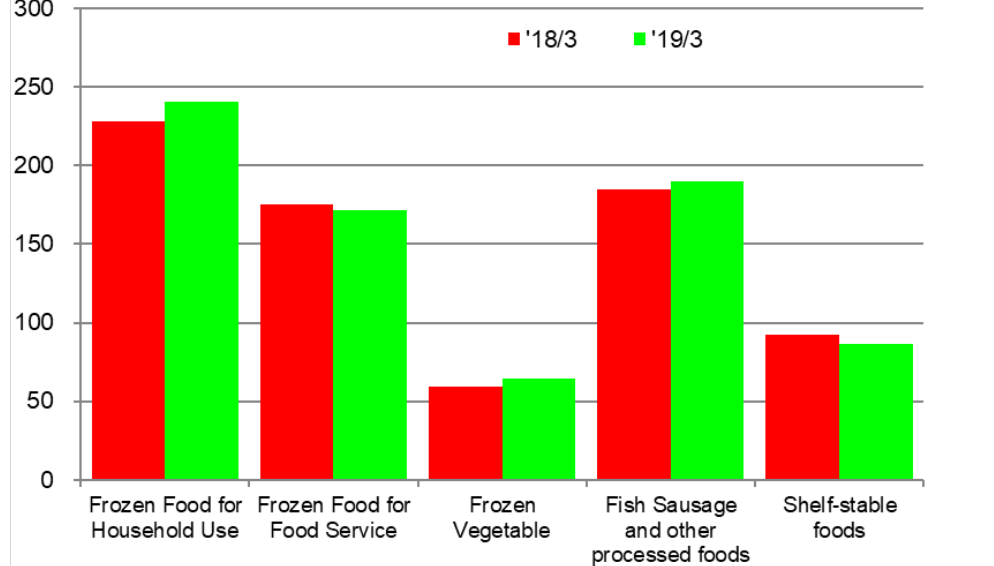


◆ Income decreased as raw material cost increase despite strong sales in frozen food and fish paste.

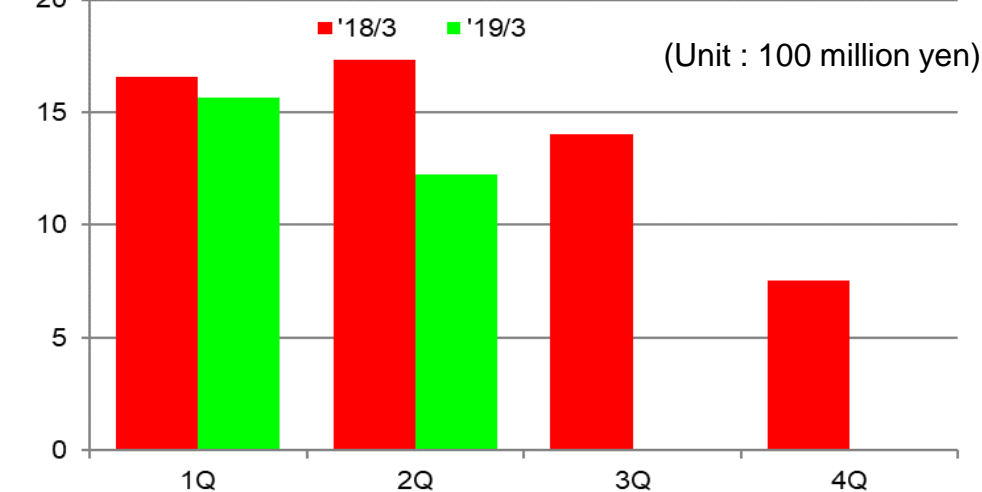
<Net Sales (Monthly)> (Unit : 100 million yen)



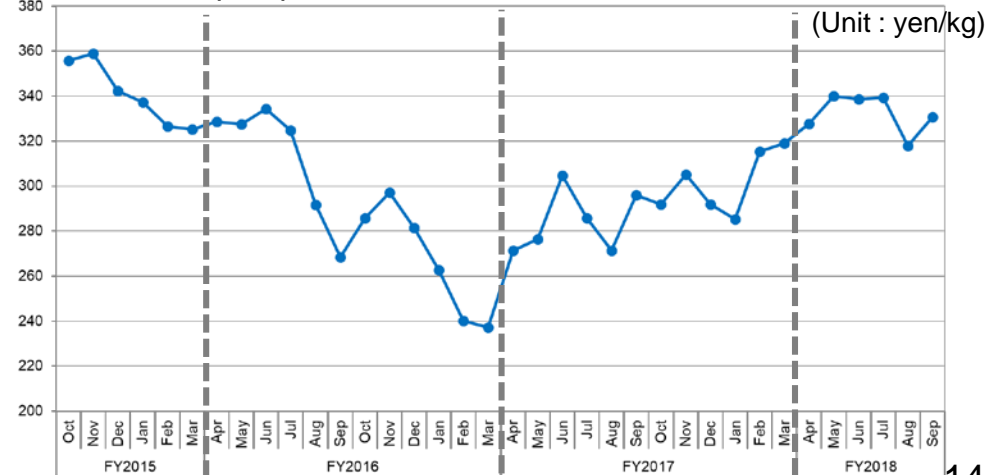
<Sales by Categories (Y-on-Y)> (Unit : 100 million yen)



<Operating Profit (Quarterly)>



<Transition of Import price of frozen surimi>

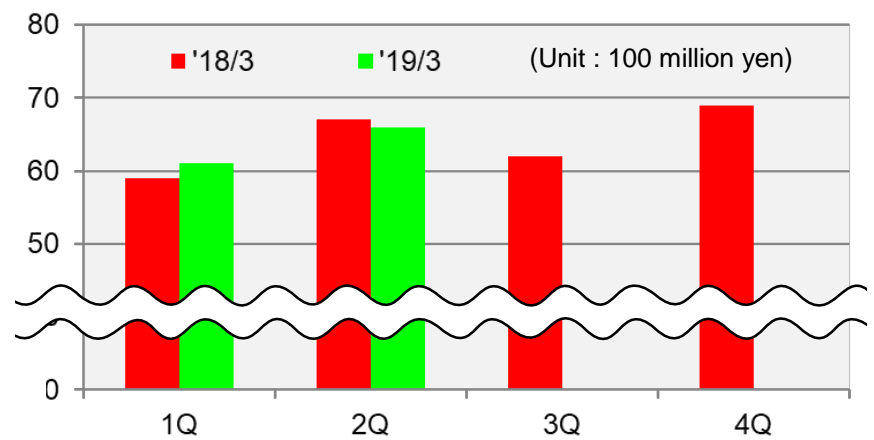


◆ Income increased thanks to the growing functional material business in Japan and overseas as well as using ad expense efficiently.

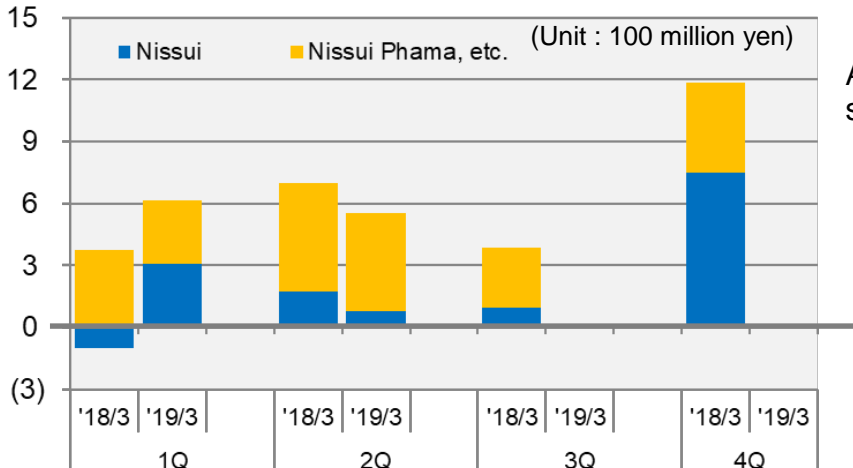
(Unit : 100 million yen)	Result of 2Q of FY2018	Result of 2Q of FY2017	Increase/Decrease		Annual plan for FY2018	Progress rate (%)
			(Amount)	(%)		
Net Sales	128	127	1	101.2	276	46.6
Operating Profit	11	9	1	120.4	29	40.2



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>**

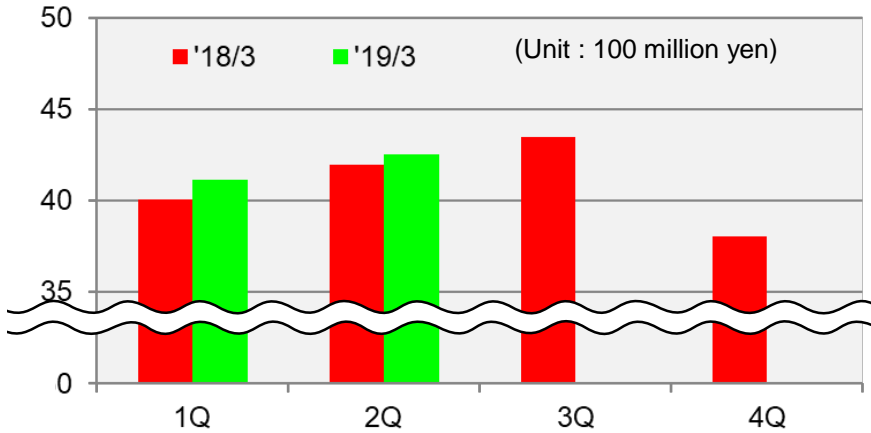
Appealing performance by sponsoring competition



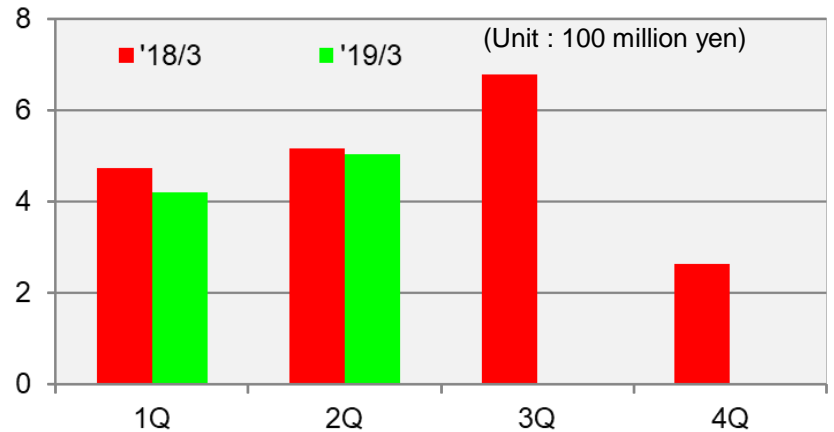
◆ Increase in revenue thanks to the resumption of Heiwajima Cold Storage

(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 1<sup>st</sup> 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 1<sup>st</sup> 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

1<sup>st</sup> Half 3.7 billion yen  
2<sup>nd</sup> 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 seafood**

Minced white fish



**Health-conscious**

Surimi



**Health-conscious**

Canned mackerel



Expand categories



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

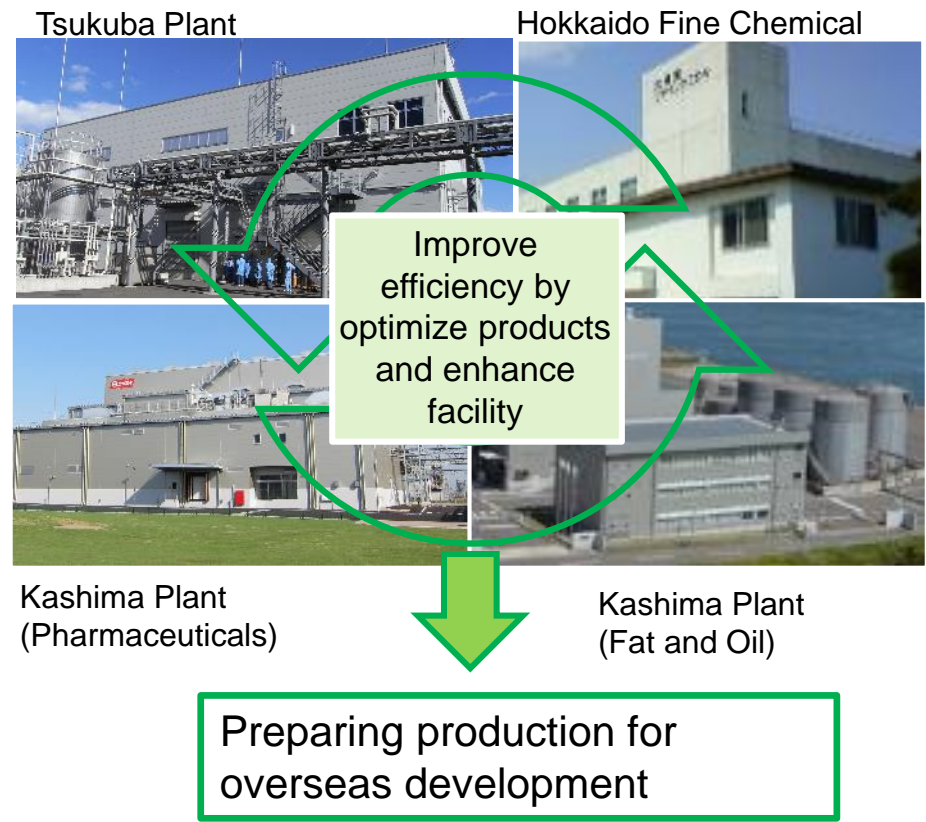
(Unit : 100 million yen)	Plan for 2H of FY2018	Annual Plan for FY2018	Result of FY2017
Net Sales	136	265	258
Operating Profit	17	29	25

**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.



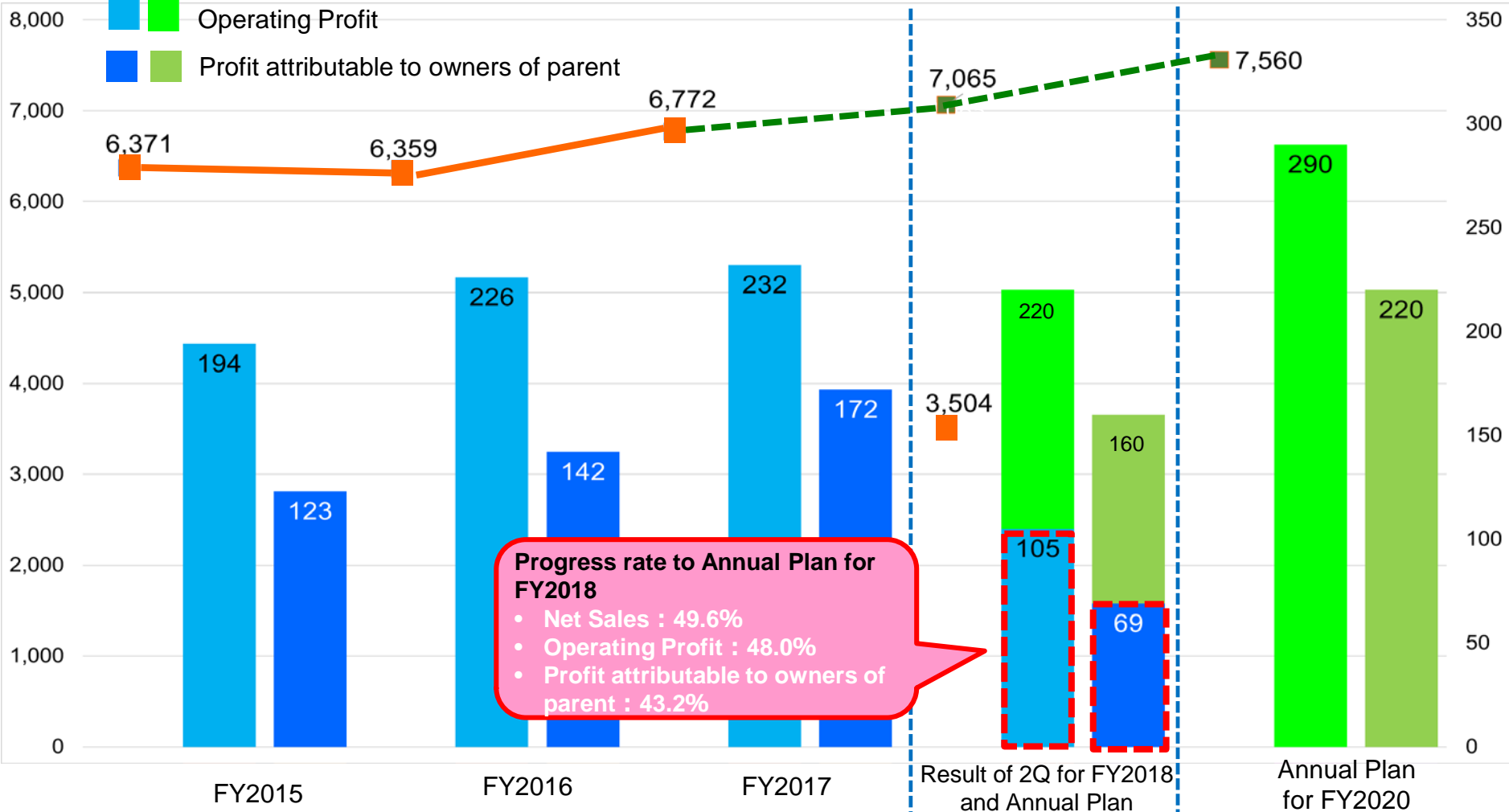
# Progress of MVIP+ 2020 (Mid-Term Business Plan) and Future Effort



◆ The Mid-Term Business Plan has made a smooth start.

Net Sales (Line chart)

(Unit : 100 million yen)



**Progress rate to Annual Plan for FY2018**

- Net Sales : 49.6%
- Operating Profit : 48.0%
- Profit attributable to owners of parent : 43.2%

Last Mid-Term Business Plan (FY2015-FY2017)

Current Mid-Term Business Plan

We will champion the sustainable use of marine resources and the preservation of the earth environment, continue to create diverse value from marine resources and address to solve social agenda through business activities.

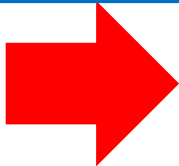
- **Sophistication and expansion of aquaculture business**
  - Differentiation by sophisticating aquaculture business (Complete/On-shore farming)
  - Diversifying risk by expanding aquaculture species and increase profitability
  
- **Coping with changing lifestyle**
  - Transforming into the business structure coping with global ready-to-eat/easy-to-cook needs and health conscious trend
  
- **Overseas development of pharmaceutical raw material business**

# Sophistication and expansion of aquaculture business (Complete farming)



Preserve the bounty of the sea and promote the usage and procurement of sustainable marine resources

Social agenda  
Sustainability of marine resources



- Promote sustainable use by reducing the effect to natural resources
- Realize stable supply and high value-adding

Yellow tail, received world 1<sup>st</sup> ASC certificate



Mackerel



Black skipjack



Salmon/Trout



Coho Salmon



Bluefin Tuna



Promoting the study of complete farming cycle of Octopus



Succeeded in the production of octopus juvenile



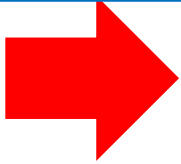


# Sophistication and expansion of aquaculture business (On-shore farming)



Preserve the bounty of the sea and promote the usage and procurement of sustainable marine resources

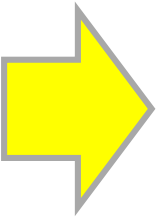
Social agenda  
Sustainability of marine resources



- Reduce environment burden of drainage water
- Increase profitability by controlling traceability, freshness and parasite

<Vannamei Shrimp>  
Ensure perfect traceability

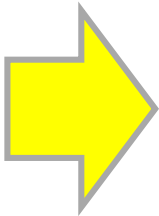
<Farming pond>  
Covered by plastic greenhouse to keep farming temperature



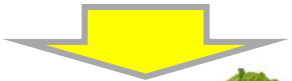
Expand species of on-shore farming including Mackerel

<Coho farming>  
Raise fish in fresh water up to delivery size

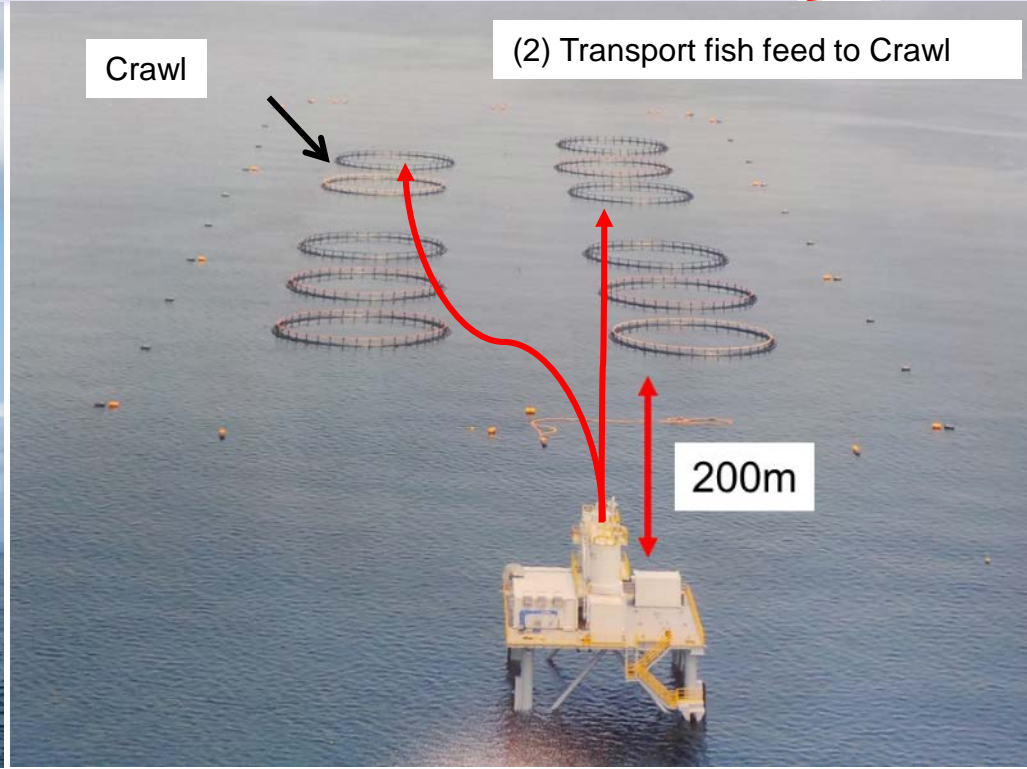
Fresh water  
Coho Salmon  
farming site



Efforts to realize  
anisakis-free fish by  
on-shore farming



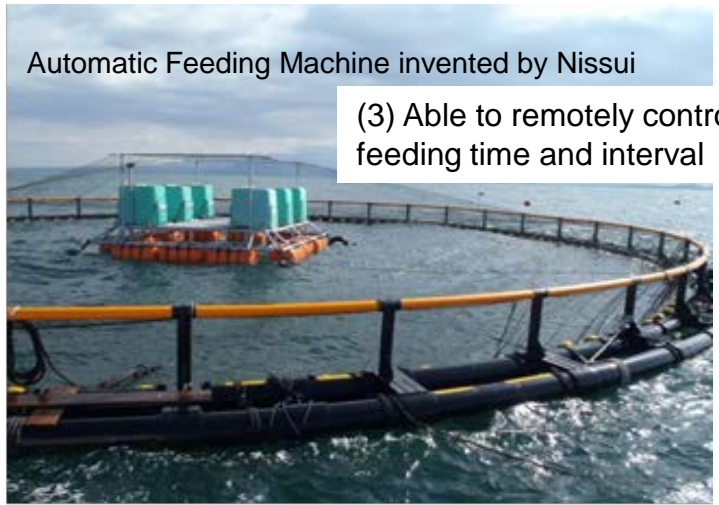
# Sophistication and expansion of aquaculture (Example)



**[Objective]** Coastal farming sites become saturated  
=> Seek **off-shore farming** potential

- [Experiment]**
- (1) Technology of big scale storage of fish feed at sea
  - (2) Long-range transportation technology of fish feed from shortage tank to Crawl
  - (3) Examine appropriate feeding control technology at distant farming site

**[Benefit]**  
Enabling stable feeding under long-time rough water condition with zero waste and keep the ocean clean  
=> Reinforce profitability and environment-friendly





Adding value by processing into various products



Ready-Made Chilled



Consume Vegetable casually with Just-Thawed-out



Ready-to-eat without bone



Microwavable Shrimp Risotto



Easy-to-Cook with Oven Seafood Cake



Vegetal pate



MSC Products



Frozen food with low-sodium technology



Increase UMAMI by dipping technology

# Coping with changing lifestyle (Transform/Strengthen production system)



<France>  
5 plant system since FY2018.  
Aim to increase production volume and productivity.



<Japan>  
Strengthen chilled food business  
Start production in January 2019

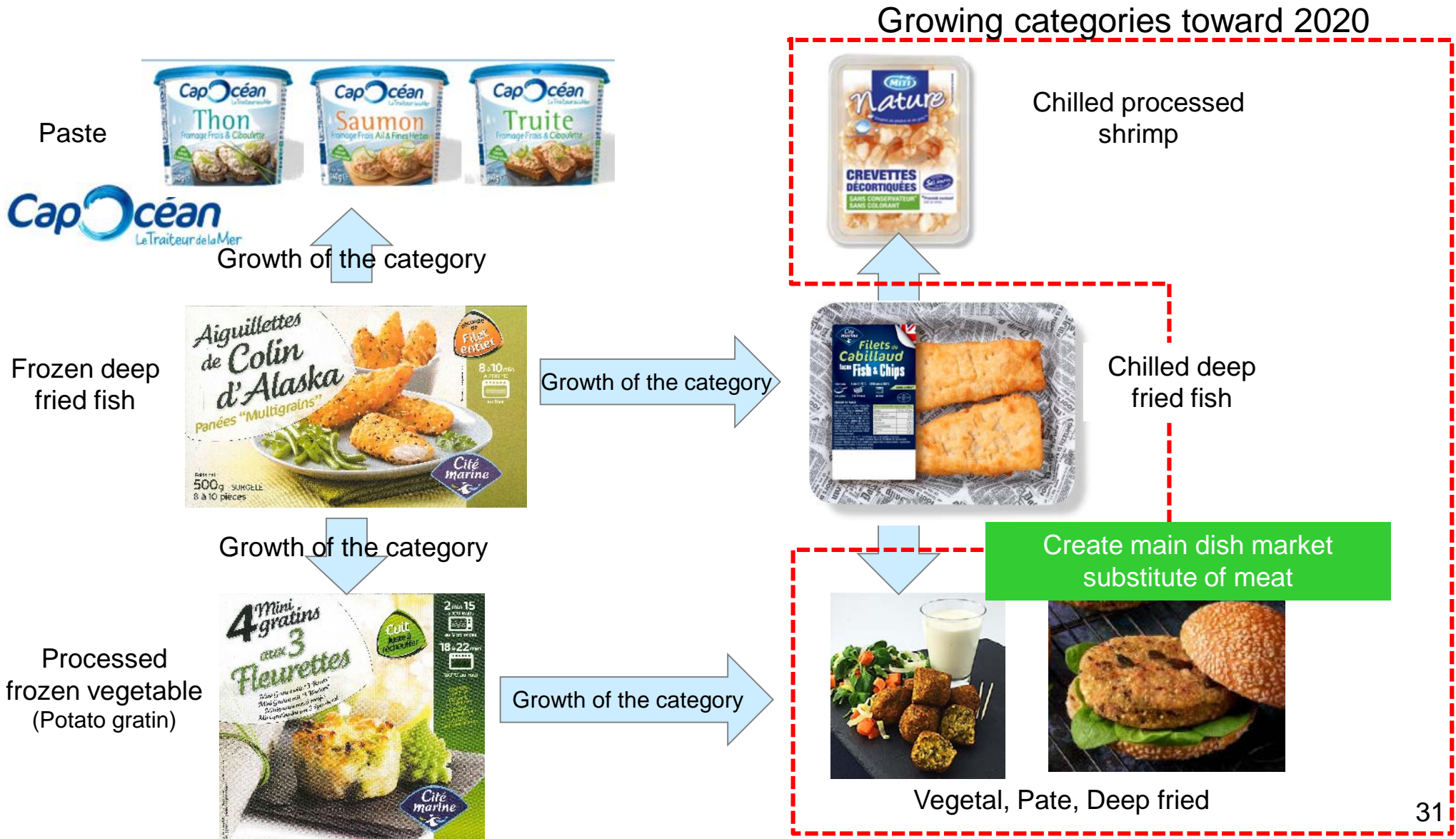


<Taiwan>  
Strengthen frozen vegetable business  
Start production in November 2018.



<Thailand>  
Strengthen frozen food business  
for Hong Kong, Singapore and  
Korean market  
Start production in FY2020

## Easy-to-cook category to various temperature sales space with various raw materials

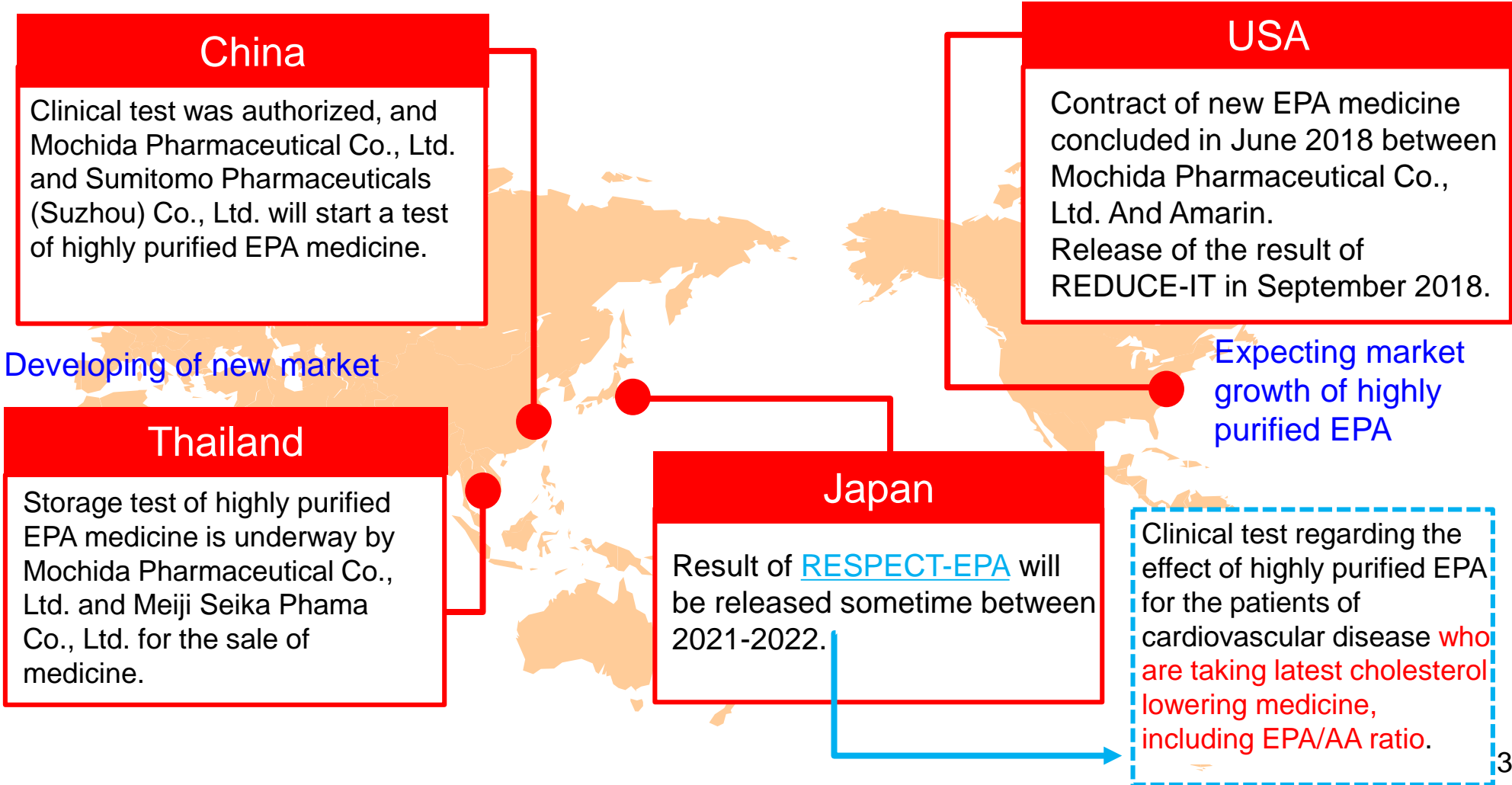


# Overseas development of pharmaceutical raw material business

## (Highly purified EPA market)



- Japan and the US are the only market in the world to use highly purified EPA as medicine.
- US highly purified EPA for medicine market is still rather small, but is expected to grow thanks to the result of REDUCE-IT.





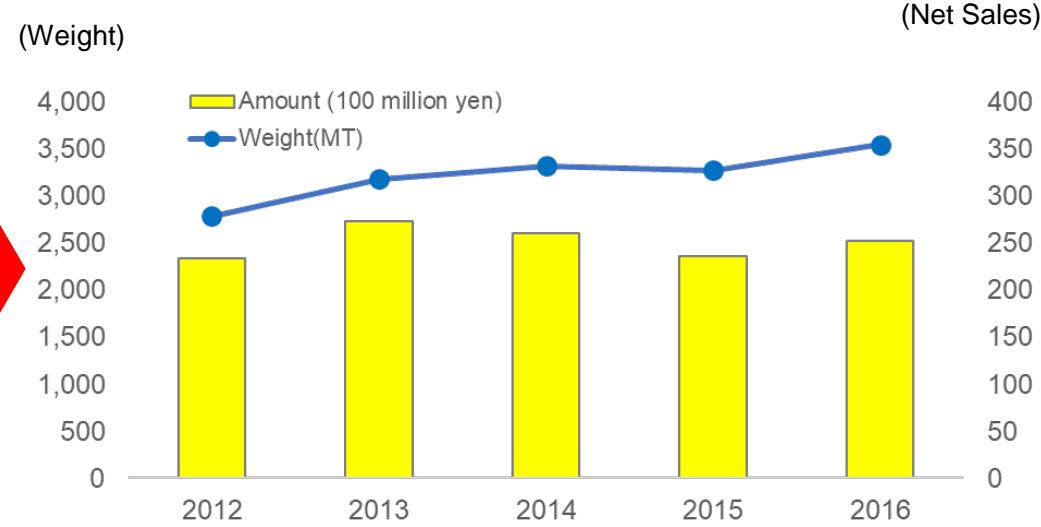
Mandatory addition of DHA to infant formula from 2020 in EU



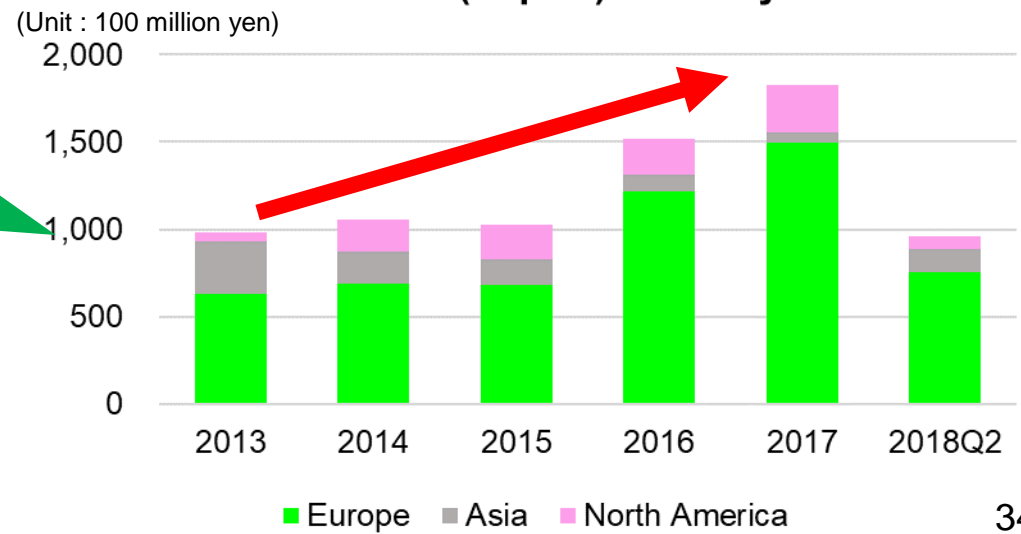
Expecting market growth of material for infant formula market

EPA /DHA for the material of infant formula is growing globally. Functional lipids (DHA for infant formula) for European market increase rapidly at Nissui as well.

<Market size of EPA/DHA for infant formula in the world>



Functional Oil Overseas (Export) trend by area



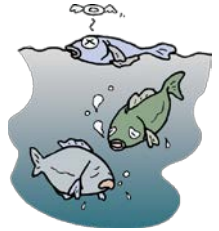
# CSR



# CSR Action Declaration and 3 Materiality

We will pursue CSR-driven management based on the “five genes” carried forward since the company’s foundation and make every effort to solve social agenda through business activity.

Preserve bountiful sea & promote the sustainable usage of marine resources and the procurement



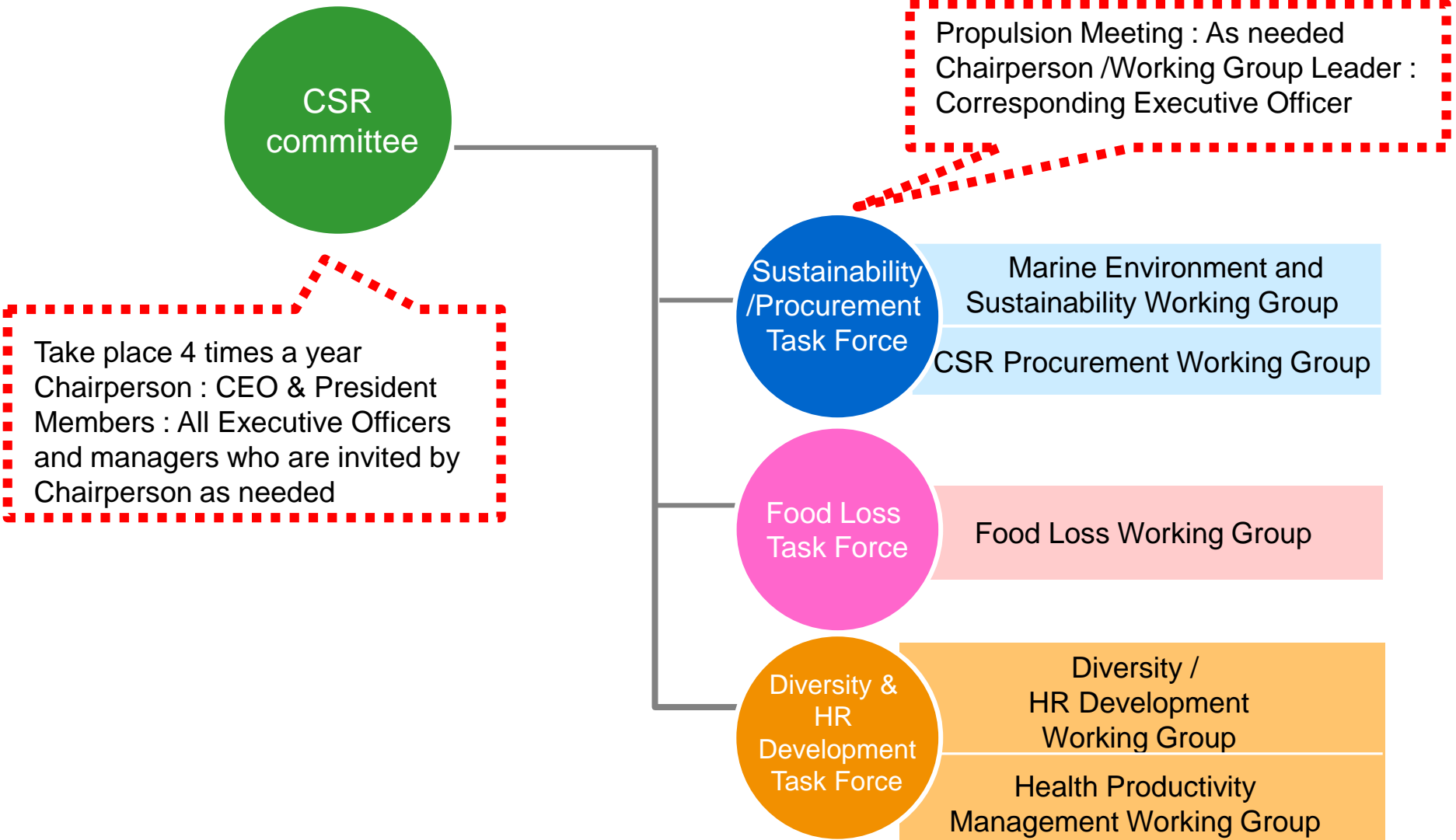
Contribute to healthy lifestyle with safety and security



Aim to be the company where diverse human resources play an important role to address the social agenda



Working Groups have been set by 3 task forces under CSR committee and promoting activities.



We will link growth strategy and CSR activities and make efforts to solve social agenda through business activities.

Our Priority (Materiality)

In 2020

In 2030

Preserve bountiful sea & promote the sustainable usage of marine resources and the procurement

Sustainable Resource Access  
CSR Procurement

Sophistication of Aquaculture / On-shore Aquaculture  
New Species  
Overseas Development



Contribute to healthy lifestyle with safety and security

ASC / MSC certificates

Products Line-up of Health Claim

Overseas Development of Pharmaceutical Material



Aim to be the company where diverse human resources play an important role to address the social agenda

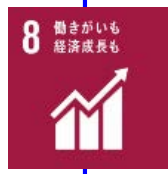
Cope with Changing Life-Style

Health & Productivity Management  
Work Style Reforms

Strengthening Process Manufacturing Function

Sophistication of EPA Extraction

Overseas Development (Marine & Food Products)

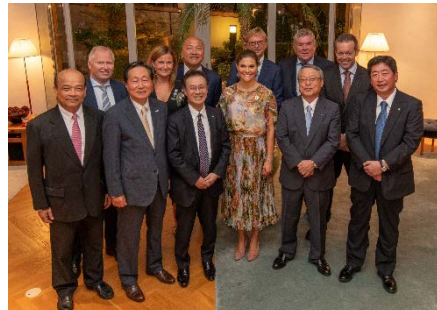


Contribute to secure sustainability by linkage with affiliates

Participation in SeaBOS

(Seafood Business for Ocean Stewardship)

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



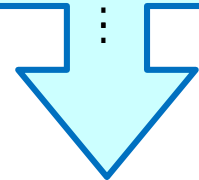
Swedish Embassy, Said Karlsson

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

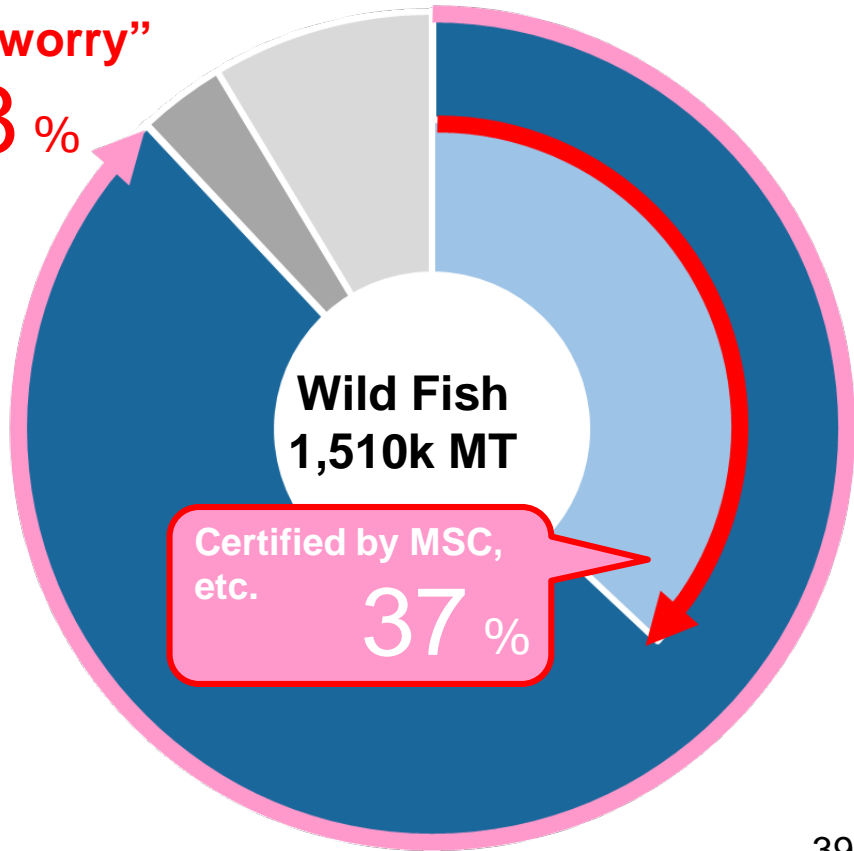
Resource condition of wild catch fish the Nissui Group procured

**"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**



# Aiming to be the company diverse human resources play important roles (Health Productivity Management)

Increase productivity by creating environment enabling employees to fulfill their potential with their health

## 1. Improve EPA/AA ratio

Monitoring all employees' EPA/AA ratio by regular medical checkup

**EPA challenge**

Had EPA drink/EPA jelly for 50 days

**383 participants**

## 2. Health promoting campaign

Number of applications  
**Cumulative total 543**  
**(Achievement rate :56%)**

10,000 steps per day	Fish-oriented-diet	Regular tooth wash
<b>143</b>	<b>151</b>	<b>152</b>

## 3. Support childcare, nursing care and health

**2,075 applications in 1st Half**  
**<Example>**

Child care and Nursing care support		Medical expenses support

## 4. Stop smoking program



- Support for smoking cessation clinic treatment

Future Effort

Continue working to promote good health of employees by increasing EPA/AA ratio and strengthening anti-smoking measures

## 5. Trial of company-wide tele-work

働く、を  
変える日

2018年7月  
23, 24, 25, 26, 27

テレワーク・デイズ

Applications in 1st Half: 366  
**Cumulative implementation: 525**

Preserve bountiful sea and promote sustainable usage and procurement of marine resources.

- I. Efforts aiming at “In 2030, all the marine products procured by the Nissui Group are confirmed to be from sustainable resources”  
=> Continue survey of sustainability of procured marine products
- II. Promote procurement caring human rights and environment together with suppliers based on CSR procurement policy and supplier guideline

Contribute to the healthy lifestyle with safety and security

- III. Efforts to reduce food loss  
Reduce food wastes at production stage, extend the expiration date and indicate expiration month only

Aim to be the company which diverse human resources play an important role to address social agenda

- I. Health productivity management / Diversity : Efforts to change a corporate culture

◆ 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 <b>(12)</b>
Extraordinary expenses	2	10	(7)	Loss on disaster <b>(6)</b>
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)	<b>(91)</b>	<b>(70)</b>	<b>(21)</b>
EUR(Million Euro)	132	173	114	140	18	<b>33</b>	<b>22</b>	<b>11</b>
DKK(Million Krone)	1,568	274	1,432	235	135	<b>39</b>	<b>22</b>	<b>17</b>
Other Currency	—	116	—	87	—	<b>28</b>	<b>26</b>	<b>2</b>
<b>Total</b>		<b>1,152</b>		<b>1,142</b>		<b>9</b>	<b>0</b>	<b>9</b>

<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	<b>39</b>	1,749	<b>(33)</b>	(351)	<b>66</b>	1,397	<b>33</b>
	1,129		243		135		37		235		1,782		(418)		1,364	
Food Products	1,826	<b>105</b>	276	<i>(17)</i>			35	<b>4</b>	216	<b>54</b>	2,355	<b>146</b>	(625)	<i>(43)</i>	1,729	<b>103</b>
	1,721		294				31		161		2,209		(582)		1,626	
Fine Chemicals	139	<b>1</b>					2	<b>0</b>			141	<b>1</b>	(13)	<i>(0)</i>	128	<b>1</b>
	138						2				140		(13)		127	
General Distribution	156	<b>6</b>									156	<b>6</b>	(72)	<i>(5)</i>	83	<b>1</b>
	149										149		(67)		82	
Others	206	<i>(33)</i>					0	<b>0</b>			207	<i>(33)</i>	(42)	<b>87</b>	165	<b>53</b>
	239						0				240		(129)		111	
Sub Total	3,457	<b>78</b>	499	<i>(38)</i>	85	<i>(50)</i>	76	<b>4</b>	491	<b>94</b>	4,610	<b>88</b>				
	3,378		538		135		71		396		4,521					
Consolidated Adjustment	(913)	<b>62</b>	(74)	<b>6</b>	(53)	<b>40</b>	(55)	<i>(4)</i>	(8)	<i>(0)</i>			(1,105)	<b>104</b>		
	(975)		(80)		(93)		(51)		(8)				(1,210)			
Grand Total	2,544	<b>141</b>	425	<i>(32)</i>	32	<i>(9)</i>	20	<i>(0)</i>	482	<b>94</b>					3,504	<b>193</b>
	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 <b>3</b>	6 <i>(38)</i>	(0) <i>(0)</i>	7 <b>2</b>		29 <i>(43)</i>	7 <b>17</b>	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 <b>1</b>		4 <b>1</b>	9 <b>0</b>		71 <b>0</b>	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 <b>2</b>			0 <i>(0)</i>			11 <b>1</b>	0 <b>0</b>	11 <b>1</b>	9.1 <b>1.4</b>
	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) <b>4</b>	6 <b>0</b>	3.7 <i>(1.6)</i>
	10			0			10	(4)	5	5.3
Common Costs						(31) <b>1</b>	(31) <b>1</b>	0 <i>(0)</i>	(31) <b>1</b>	
						(33)	(33)	0	(33)	
Sub Total	84 <i>(16)</i>	15 <b>4</b>	6 <i>(38)</i>	5 <b>1</b>	16 <b>2</b>	(31) <b>1</b>	96 <i>(44)</i>			
	100	11	44	4	13	(33)	140			
Consolidated Adjustment	0 <b>2</b>	(0) <b>1</b>	9 <b>16</b>	(0) <i>(1)</i>	(0) <b>1</b>	(0) <i>(0)</i>		9 <b>20</b>		
	(1)	(1)	(6)	0	(1)	0		(11)		
Grand Total	84 <i>(13)</i>	15 <b>6</b>	15 <i>(21)</i>	4 <i>(0)</i>	16 <b>4</b>	(31) <b>1</b>			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.

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November 12, 2018

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