

Maruha Nichiro Corporation

**Consolidated Financial Results
for 2nd Quarter of the Year Ending
March, 2018**

Shigeru Ito, President

November 16, 2017



1. Business Environment



Domestic Economy

- While the solid development of corporate earnings with improvement in the employment and income environment,
 - concern about cost hikes in labour, distribution, etc. has been generated
 - defensive spending patterns continue due to uncertainty toward future
- Still Unpredictable Situation

Maruha Nichiro Group

- Final FY of the Mid-term 4-year management plan

Challenge toward 2017

- For *Implementation of sustainable growth*
& *Increasing mid/long term corporate value*

- Expanding full-life cycle farming of bluefin tuna
- Enlarging profit in Global domain
- Activating the New Ishinomaki Plant (frozen food)

**Practice of
Growth Initiative**

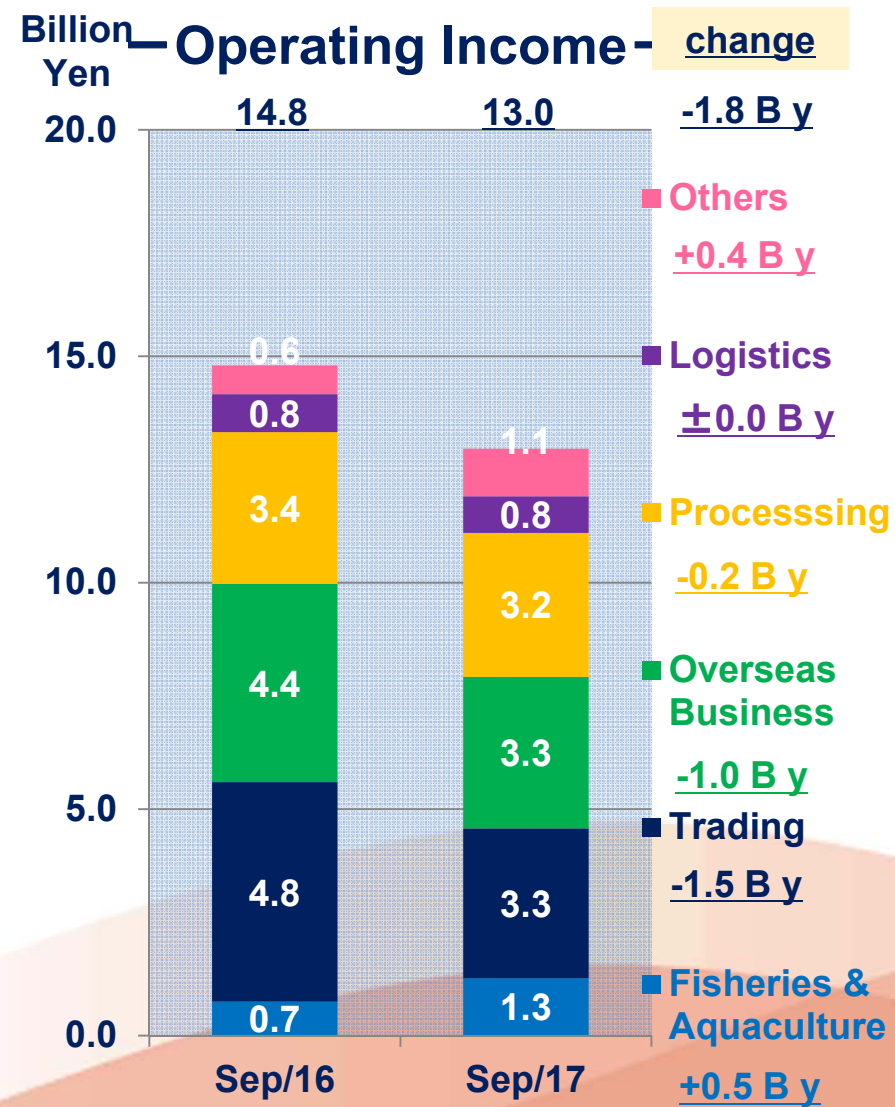
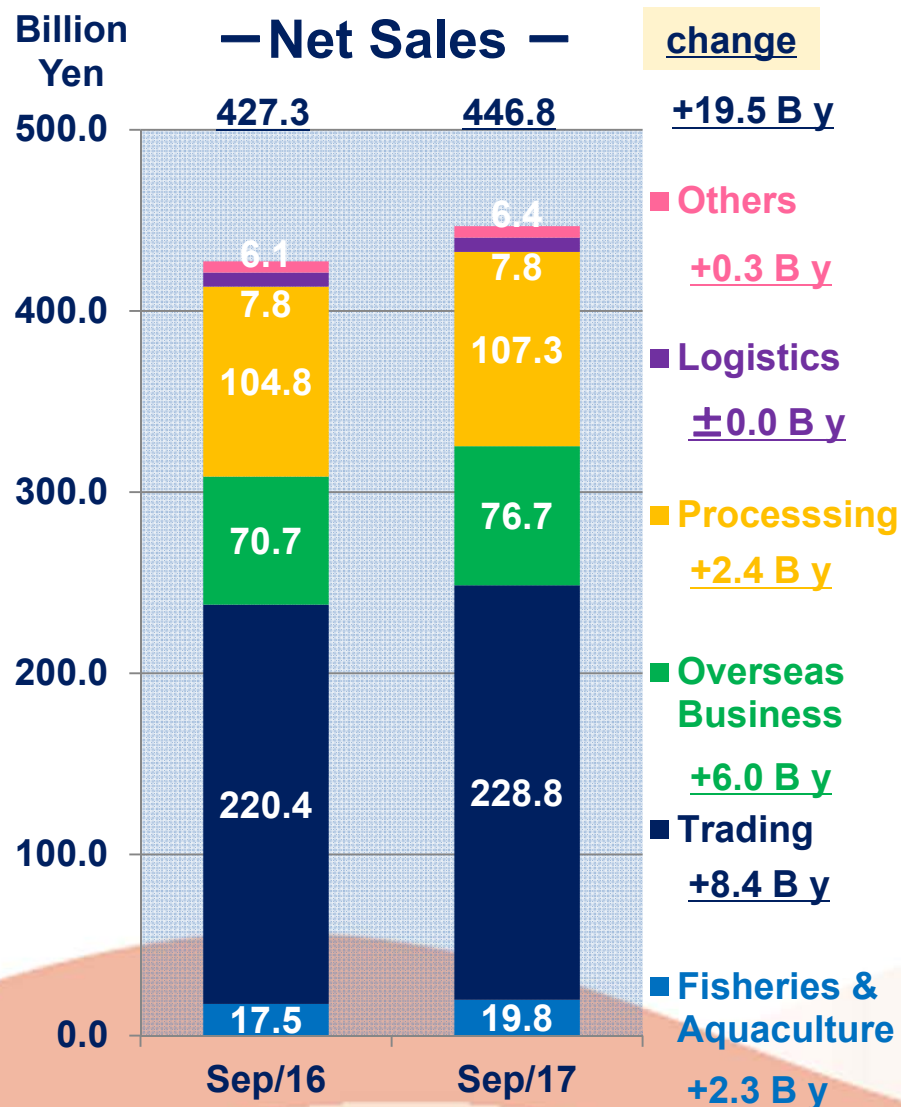
2. Summary of Consolidated Financial Results



- ◆ **Net sales: Record High Since the Merger with 19.5 billion yen Increase Year on Year**
- ◆ **Operating income: Decreased by 1.8 billion yen Year on Year with Cost Hikes with Soared Fish Price, Weak Yen, etc.**
- ◆ **Ordinary Income: Record High Since the Merger with 1.3 billion yen Year on Year Increase due to Improvement of Foreign Exchange Balance.**

(billion yen)	Sep, 2017	Sep, 2016	Change	%Change
Net Sales	446.8	427.3	+19.5	4.6%
Operating Income	13.0	14.8	-1.8	-12.4%
Ordinary Income	15.1	13.8	+1.3	9.5%
Net Income Before Income Taxes and Others	14.5	13.5	+1.0	7.2%
Net Income Attributable to Owners of Parent	9.2	8.8	+0.3	3.7%
Net Income per Share	174.01yen	167.82yen	-	-

3. Net Sales / Operating Income by Business Segments



4. 1st Half-Year Result v.s. Full-year Forecast for the Year Ending March, 2018



- ◆ Net Sales is on the good track to 900 billion yen of Mid-Term Management Plan's target.
- ◆ Operating & Ordinary Income are also on the good track to the forecast which will be over the Mid-Term Management Plan's target.

(Billion Yen)	Sep/17 a	Full year Projection b	Progress		Mar, 2018 Target c
Net Sales	446.8	900.0	50%		900.0
Operating Income	13.0	24.0	54%		20.0
Ordinary Income	15.1	25.0	60%		19.0
Net Income Attributable to Owners of Parent	9.2	13.5	68%		-

5. Progress toward Forecast by Business Segments



- ◆ Net Sales: 50% overall – satisfactory on each Business Segment
- ◆ Operating Income: Fisheries & Aquaculture, Processing and Trading are on good track.

(Billions of Yen)

SEGMENT	NET SALES			OPERATING INCOME		
	Sep/17	Full year Projection	Progress	Sep/17	Full year Projection	Progress
Fisheries & Aquaculture	19.8	36.5	0.1	1.3	1.9	0.1
Trading	228.8	463.4	0.0	3.3	5.4	0.1
Overseas Business	76.7	152.4	0.1	3.3	8.9	0.0
Processing	107.3	218.3	0.0	3.2	4.9	0.1
Logistics	7.8	15.9	0.0	0.8	1.9	0.0
Others	6.4	13.5	0.0	0.6	1.0	0.1
Common Cost	-	0.0	-	0.4	0.0	-
Total	446.8	900.0	0.0	13.0	24.0	0.1

6-1. Business Outlook

<Fisheries & Aquaculture Segment>



(Billions of Yen)

SEGMENT	UNIT	NET SALES					OPERATING INCOME				
		Sep/17	Sep/16	Change	Full year Projection	Progress	Sep/17	Sep/16	Change	Full year Projection	Progress
Fisheries & Aquaculture	Fisheries & Aquaculture	19.8	17.5	2.3	36.5	54%	1.3	0.7	0.5	1.9	68%

[Business Outlook in 2nd half of FY]

- Fisheries; Solid outlook with streamlining.
- Aquaculture; Solid outlook with strong year-end sales.

<Ref.> Farmed Bluefin Tuna Output

	FY2015	FY2016	FY2017E	FY2018E
Quantity Shipped	3,200MT	3,400MT	4,000MT	4,400MT
Amount Sold	10.1 B yen	10.2 B yen	11.3 B yen	13.2 B yen
Full-life cycle farming	4,000pieces	3,000pieces	5,000pieces	10,000pieces

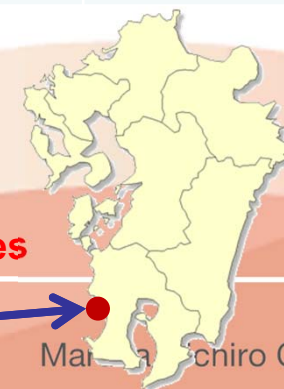


Site in Amami Oshima

☆Topic in Farming Business☆
 Launching new hatchery for full-life cycle
 amberjack in Minami Satsuma
 (starting operation from April, 2018)

→extending artificial hatching to different species

New
Hatchery



Maruha Nichiro Corporation

6-2. Business Outlook <Trading Segment>

(Billions of Yen)

SEGMENT	UNIT	NET SALES					OPERATING INCOME				
		Sep/17	Sep/16	Change	Full year Projection	Progress	Sep/17	Sep/16	Change	Full year Projection	Progress
Trading	Marine Products Trading	39.6	38.5	1.1	77.4	51%	2.1	3.5	-1.4	3.0	70%
	Marine Products Wholesaling	116.9	116.8	0.2	252.3	46%	0.2	0.2	0.1	1.0	20%
	Meat & Products Trading	29.5	23.8	5.7	51.4	57%	0.5	0.6	-0.1	0.8	63%
	Institutional Foods Business (Trading)	42.8	41.3	1.5	82.3	52%	0.5	0.6	-0.1	0.6	83%
Trading Segment Sub Total		228.8	220.4	8.4	463.4	49%	3.3	4.8	-1.5	5.4	61%

[Business Outlook in 2nd half of FY]

- Weak result due to cost hike has been factored in.
- 1H results outperformed the target – positive progress to accomplish full-year forecast.



6-3. Business Outlook <Overseas Segment>



(Billions of Yen)

SEGMENT	UNIT	NET SALES					OPERATING INCOME				
		Sep/17	Sep/16	Change	Full year Projection	Progress	Sep/17	Sep/16	Change	Full year Projection	Progress
Overseas Business	Overseas Business	25.2	23.0	2.2	54.3	46%	2.5	2.8	-0.3	6.6	38%
	North America Operations	51.5	47.8	3.7	98.1	52%	0.8	1.6	-0.8	2.3	35%
Overseas Business Segment Sub Total		76.7	70.7	6.0	152.4	50%	3.3	4.4	-1.0	8.9	37%

[Business Outlook in 2nd half of FY]

- Australia: Steady catch and solid price of Patagonian toothfish and shrimp are expected
- Thailand: While the frozen food business remains brisk, pet food business continues struggling with price hikes of raw materials including skipjack and chicken



[Ref.] Patagonian toothfish quota held by Austral Fisheries

	2014	2015	2016	2017
TAC / World	24,194MT	26,304MT	26,606MT	26,460MT
CCAMLR TAC/Australia	2,730MT	4,410MT	3,405MT	3,405MT
- for Austral Fisheries	-	3,131MT	2,418MT	2,418MT

6-4. Business Outlook <Processing Segment>



(Billions of Yen)

SEGMENT	UNIT	NET SALES					OPERATING INCOME				
		Sep/17	Sep/16	Change	Full year Projection	Progress	Sep/17	Sep/16	Change	Full year Projection	Progress
Processing	Consumer Frozen Foods Business	30.5	29.2	1.3	60.2	51%	0.8	1.1	-0.3	1.0	80%
	Consumer Processed Foods Business	24.7	24.5	0.2	51.0	48%	0.8	0.5	0.3	1.1	73%
	Institutional Foods Business (Processing)	49.3	48.1	1.2	101.2	49%	1.0	1.1	-0.1	2.0	50%
	Foods & Fine Chemicals	2.8	3.0	-0.2	5.9	47%	0.6	0.6	0.0	0.8	75%
Processing Segment Sub Total		107.3	104.8	2.4	218.3	49%	3.2	3.4	-0.2	4.9	65%

[Business Outlook in 2nd half of FY]

■ Consumer Frozen Foods Business:

On the good track to full-year forecast with brisk sales of staple food items such as rice products and gratin, TV ad. effect and sales recovery of AQLI brand.

■ Consumer Processed Foods Business:

- Canned Food
- Dessert
- Fish Sausage
- Long-life Chilled Food

Enhancing sales of species of sufficient landing

Collaborating with CVS and promotion to GMS/SM

Enhancing promotion to key accounts

Steady development by sales increase with expanding variety and cost curtailment



7. Business Outlook

<Improving Slump Business>



◆ Total Loss from Slump BIZs Improved by 1.9 B yen in 1st Six Month

[Reference]

Slump Businesses		OP Mar/2017	OP Sep/2017	Change	Target Mar/2018
1	Salmon/ N. America	-0.7 B yen	-0.4 B yen	0.3 B yen	5
2	AQLI Frozen Food	-0.5 B yen	0	0.5 B yen	-4
3	Fish Sausage	-0.3 B yen	0.1 B yen	0.4 B yen	0
4	Dessert	-0.2 B yen	0.1 B yen	0.3 B yen	0
5	Long Life Chilled Food	-0.7 B yen	-0.3 B yen	0.4 B yen	-1
Total		-2.4 B yen	-0.5 B yen	1.9 B yen	0



**Remarkable
Improvement**

To ZERO Level

Maruha Nichiro Corporation

Appendix

Financial Result and Progress to Forecast



(Billions of Yen)

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Processing Segment Sub Total		107.3	104.8	2.4	218.3	49%	3.2	3.4	-0.2	4.9	65%
Logistics	Logistics	7.8	7.8	0.0	15.9	49%	0.8	0.8	0.0	1.9	42%
Others		6.4	6.1	0.3	13.5	47%	0.6	0.5	0.1	1.0	60%
Common Cost		-	-	-	-	-	0.4	0.1	0.3	0.0	-
Total		446.8	427.3	19.5	900.0	50%	13.0	14.8	-1.8	24.0	54%
Institutional Foods Business Segment Total		92.1	89.3	2.7	183.5	50%	1.5	1.7	-0.2	2.5	60%

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