

# Forecast for the Year Ending March, 2020 and Viewpoints toward Medium-term Management Plan

May 21, 2019



# Forecast for the Year Ending March, 2020

# 1. Forecast for the Year Ending March, 2020

- ◆ Both Net Sales & Operating Income Increase in All Business Segments – Increase fish farming and frozen food sales
- ◆ OP Nudges up with Recovery in Seafood Related Sectors and Meat Trading Market (Fisheries & Aquaculture, Trading)

(Yen in Billions)	March/2020 Forecast	March/2019 Results	Change	% Change
Net Sales	940.0	922.5	17.5	1.9%
Operating Income	25.5	21.8	3.7	17.2%
Ordinary Income	26.5	25.2	1.3	5.0%
Income before Taxes	27.7	26.5	1.2	4.3%
Profit Attributable to Owners of Parent	17.0	16.7	0.3	1.8%

## 2. Forecast by the Business Segments and Units for the Year Ending March, 2020

(JPY in billions)

SEGMENT	UNIT	NET SALES			OPERATING INCOME		
		Mar/20	Mar/19	Change	Mar/20	Mar/19	Change
Fisheries & Aquaculture	Fisheries & Aquaculture	37.7	35.5	2.2	2.3	1.5	0.8
Trading	Marine Products Trading	151.4	151.6	(0.2)	3.5	2.8	0.7
	Marine Products Wholesaling	243.7	239.5	4.2	0.9	0.4	0.5
	Meat & Products Trading	56.3	54.0	2.3	0.7	0.2	0.5
Trading Segment Sub Total		451.4	445.1	6.3	5.1	3.3	1.8
Overseas Business	Overseas Business	60.0	58.3	1.7	5.2	4.1	1.1
	North America Operations	118.9	117.6	1.3	3.6	3.2	0.4
Overseas Business Segment Sub Total		178.9	175.9	3.0	8.8	7.2	1.6
Processing	Consumer Frozen Foods Business	61.6	59.0	2.6	1.4	1.4	0.0
	Consumer Processed Foods Business	39.5	40.3	(0.8)	2.0	2.2	(0.2)
	Institutional Foods Business	123.5	119.2	4.3	1.8	1.1	0.7
	Foods & Fine Chemicals	17.2	17.0	0.2	1.6	1.5	0.1
Processsing Segment Sub Total		241.8	235.5	6.3	6.8	6.3	0.5
Logistics	Logistics	16.7	16.3	0.4	1.9	1.9	0.0
Others		13.5	14.2	(0.7)	0.7	1.1	(0.4)
Common Cost		-	-	-	-	0.4	(0.4)
<b>Total</b>		<b>940.0</b>	<b>922.5</b>	<b>17.5</b>	<b>25.5</b>	<b>21.8</b>	<b>3.7</b>

### 3. Forecast by the Business Segments (Fisheries & Aquaculture)

(JPY in billions)

SEGMENT	UNIT	NET SALES			OPERATING INCOME		
		Mar/20	Mar/19	Change	Mar/20	Mar/19	Change
Fisheries & Aquaculture	Fisheries & Aquaculture	37.7	35.5	2.2	2.3	1.5	0.8

Net Sales increases with more volume of farmed bluefin tuna.

Operating Income increases with streamlining fishing operation including far seas purse seine fishing and strong aquaculture performance driven by more volume in farmed bluefin tuna and positive price development in farmed amberjack and yellowtail.

## 4. Forecast by the Business Segments (Trading)

(JPY in billions)

SEGMENT	UNIT	NET SALES			OPERATING INCOME		
		Mar/20	Mar/19	Change	Mar/20	Mar/19	Change
Trading	Marine Products Trading	151.4	151.6	(0.2)	3.5	2.8	0.7
	Marine Products Wholesaling	243.7	239.5	4.2	0.9	0.4	0.5
	Meat & Products Trading	56.3	54.0	2.3	0.7	0.2	0.5
Trading Segment Sub Total		451.4	445.1	6.3	5.1	3.3	1.8

### <Marine Products Trading Unit>

Purchasing cost in some species are expected to be lower.

Continue promoting VAP.

### <Marine Products Wholesaling Unit>

Nonrecurrence of negative impact from disastrous weather.

Extend business to fringe area such as reprocessing and logistics in mid-to-long term.

### <Meat & Products Trading Unit>

Deal flexibly to the change of meat trading market.

## 5. Forecast by the Business Segments (Overseas Business)

(JPY in billions)

SEGMENT	UNIT	NET SALES			OPERATING INCOME		
		Mar/20	Mar/19	Change	Mar/20	Mar/19	Change
Overseas Business	Overseas Business	60.0	58.3	1.7	5.2	4.1	1.1
	North America Operations	118.9	117.6	1.3	3.6	3.2	0.4
Overseas Business Segment Sub Total		178.9	175.9	3.0	8.8	7.2	1.6

### <Overseas Business Unit>

Thailand: Additional production lines for pet food contribute year round basis.

New Zealand: 2 vessels operation will be stabilized.

Australia: More Patagonian toothfish landings.

### <North America Operation>

Revenue of seafood sales company in Europe increases.

More landings of pink salmon in Alaska will reduce cost and expand profitable processed items.

## 6. Forecast by the Business Segments (Processing)

(JPY in billions)

SEGMENT	UNIT	NET SALES			OPERATING INCOME		
		Mar/20	Mar/19	Change	Mar/20	Mar/19	Change
Processing	Consumer Frozen Foods Business	61.6	59.0	2.6	1.4	1.4	0.0
	Consumer Processed Foods Business	39.5	40.3	(0.8)	2.0	2.2	(0.2)
	Institutional Foods Business	123.5	119.2	4.3	1.8	1.1	0.7
	Foods & Fine Chemicals	17.2	17.0	0.2	1.6	1.5	0.1
Processing Segment Sub Total		241.8	235.5	6.3	6.8	6.3	0.5

### <Consumer Frozen Foods Business Unit>

Increase sales in expanding market.

Offset cost hike with streamlining processing and implement cost controlling approach from both production and sales sides.

### <Consumer Processed Foods Business Unit>

Conservative forecast in canned food with shortage of raw material and recoiling in sales due to price increase.

### <Institutional Foods Business Unit>

Expect strong sales along with social needs such as labor shortage, etc.

Raise sales price.



## 7. Forecast by the Business Segments (Logistics)

(JPY in billions)

SEGMENT	UNIT	NET SALES			OPERATING INCOME		
		Mar/20	Mar/19	Change	Mar/20	Mar/19	Change
Logistics	Logistics	16.7	16.3	0.4	1.9	1.9	0.0

Incorporate high demands in major metropolitan areas.

Offset cost hike with increasing revenue in storage business.

**Viewpoints toward Medium-term Management Plan**  
*Innovation toward 2021*

## 8. Viewpoints toward Medium-term Management Plan *Innovation toward 2021*

	<b>March, 2019 Results</b>	<b>March, 2022 Forecast</b>
<b>Net Sales</b>	<b>JPY 922.5 billion</b>	<b>JPY 1 trillion</b>
<b>Operating Income</b>	<b>JPY 21.8 billion</b>	<b>JPY 31.0 billion</b>
<b>ROA(Ordinary Income)</b>	<b>4.9%</b>	<b>5.7%</b>
<b>D/E Ratio</b>	<b>2.1 x</b>	<b>1.5 x</b>
<b>Equity Ratio</b>	<b>24.1%</b>	<b>30.0%</b>

## 9. Viewpoints toward Medium-term Management Plan *Innovation toward 2021*

(Yen in Billions) SEGMENT	Net Sales			Operating Income		
	Mar, 20	Mar, 22	Change	Mar, 20	Mar, 22	Change
Fisheries & Aquaculture	37.7	41.1	3.4	2.3	3.0	0.7
Trading	451.4	470.8	19.4	5.1	6.6	1.5
Overseas Business	178.9	180.6	1.7	8.8	11.1	2.3
Processing	241.8	275.6	33.8	6.7	8.2	1.5
Logistics	16.7	17.6	0.9	1.9	1.8	(0.1)
Others	13.5	14.3	0.8	0.7	0.4	(0.3)
<b>Total</b>	<b>940.0</b>	<b>1000.0</b>	<b>60.0</b>	<b>25.5</b>	<b>31.0</b>	<b>5.5</b>

# 10. Viewpoints toward Medium-term Management Plan

## *Innovation toward 2021*

SEGMENT	MEASURES
<b>Fisheries &amp; Aquaculture</b>	<p><b>Fisheries:</b> Acquire additional fishing right in NAFO zone and SIAFO zone (start operation in FY2019). Increase Patagonian toothfish capture with renovating fishing vessel (start operation in April, 2020)</p> <p><b>Aquaculture:</b> Increase bluefin tuna. Extend egg-to-harvest farming to amberjack and yellowtail. Increase variety of farming species.</p>
<b>Trading</b>	<p><b>Marine Products Trading:</b> Expand VAP</p> <p><b>Meat &amp; Products Trading:</b> Launch JV for meat processing and sales in North America. Incorporate to rising demand.</p>
<b>Overseas Business</b>	<p><b>THL/pet food:</b> Incorporate to rising demand.</p> <p><b>NZL/fishing:</b> Utilize resource accessibility (adopted 1 fishing vessel in October, 2017)</p> <p><b>AUS/fishing:</b> Renovate 1 toothfish vessel for streamlining (available from January, 2020)</p> <p><b>North America:</b> Factory automation. Enhance sales in Europe(expanding sales areas and adopting VAP.)</p>
<b>Processing</b>	<p>Profit management throughout processing and sales.</p> <p>Improve production efficiency. Increase output of core items.</p> <p>Launch new factory of <i>Yayoi Sunfoods</i> (for institutional foods, to operate from 2020)</p> <p>Integrated product development organization for cross-sectional work.</p> <p>Extend branding strategy.</p>

# Descriptions of the Terms in Previous Page

## **NAFO**

Northwest Atlantic Fisheries Organization

An intergovernmental organization with a mandate to provide scientific advice and management of fisheries in the northwestern part of the Atlantic Ocean.

Member: Japan, Canada, Cuba, Denmark, EU, France(Saint Pierre and Miquelon), Iceland, S.Korea, Norway, Russia, Ukraine and U.S.A.

Species: Greenland halibut, redfish, etc.

## **SIOFA**

Southern Indian Ocean Fisheries Agreement

Member: Australia, Cook Islands, EU, France on behalf of its Indian Ocean Territories, Japan, S. Korea, Mauritius, Seychelles and Thailand.

Species: alfonsino, Patagonian toothfish, orange roughy, etc.

**Thank You**



# MARUHA NICHIRO

For the ocean, for life

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