

Maruha Nichiro Group Mid-Term Management Plan *Innovation toward 2021*

March 5, 2018



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1. Summary of Former Mid-Term Management Plan

Challenge toward 2017

Estimated Financial Performance vs. Target

- Operating and recurring income exceeded the target
- The ratio of recurring income from overseas to consolidated recurring income also exceeded the target

(JPY in billions)	FY2017/E A	FY2017/T B	FY2013/R C	Change	
				A - B	A - C
Net Sales	910.0	900.0	851.7	+10	+58.3
Operating Income	24.0	20.0	10.6	+4.0	+13.4
Recurring Income	27.5	19.0	14.0	+8.5	+13.5
Recurring Income Overseas / Consolidated	38.8%	25.0%	20.1%	+13.8pt	+18.7pt
Interest-bearing Debt	270.0	275.0	290.4	-5.0	-20.4
Equity Ratio	22.4%	20.0%	16.2%	+2.4pt	+6.2pt

E: estimate T: target R: result

Estimated Results by Business Segment

Significant profit increase in Overseas Business Segment boosted Consolidated results

(JPY in billions)

Segment	Net Sales					Operating Income				
	FY'17/E A	FY'17/T B	FY'13/R C	Change		FY'17/E A	FY'17/T B	FY'13/R C	Change	
				A - B	A - C				A - B	A - C
Fisheries & Aquaculture	37.7	36.6	34.1	+1.1	+3.6	2.1	2.5	1.0	-0.4	+1.1
Trading	470.1	456.8	451.2	+13.3	+18.9	5.3	5.2	4.3	+0.1	+1.0
Overseas Business	160.0	137.4	123.7	+22.6	+36.3	8.1	3.4	1.8	+4.7	+6.3
Processing	213.5	238.1	214.2	-24.6	-0.7	5.1	6.8	2.0	-1.7	+3.1
Logistics	15.7	16.1	14.7	-0.4	+1.0	1.8	1.1	0.9	+0.7	+0.9
Others	13.0	15.0	13.8	-2.0	-0.8	1.6	1.0	0.6	+0.6	+1.0

Note: Revised segment breakdown per FY2017 definition
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Achievements and Further Challenges

While significant progress has been made in increasing profitability, there are further opportunities for improvement

Achievements in the first two years

“Challenge for REBIRTH & to become ONE-UNIT”

- Enhance business foundation in areas such as *Group Governance, Risk Management, QA Management.*
- Enhance global marine resource assess to support growth

Achievements in following the first two years

“Challenge for Growth”

- Generate over 20 billion JPY operating income stably.
- Accelerated growth in Overseas Business through enhanced access to marine resources.
- Strengthen manufacturing capability and product portfolio for frozen food product expansion.
- Revive underperforming business segments.
- Steady improvement in balance sheet

Further Challenges

- Maintain growth.
- Enhance marine resource accessibility
- Continue to expand overseas business.
- Enhance aquaculture business profitability.
- Accelerate product development to meet shifting consumer demand.
- Improve productivity of food processing business.
- Revitalize production facilities.
- Enhance fine chemicals business structure.

2. Long-Term Corporate Vision

Long-Term Corporate Vision

Business Vision

1. To be a global general food company that produces and sells marine products and other processed food under Maruha Nichiro brand.
2. To maximize profitability through extending leveraging value chain
3. To become the No.1 global seafood supplier.
4. To become the No.1 frozen and nursing care food supplier in Japan.
5. To become a leading manufacturer of marine-based functional products.

Long-term Vision of Sustainability

Goals moving forward

Strive towards a more sustainable corporate Maruha Nichiro Group

Move towards a corporate group that promotes sustainability in internal corporate values and outward social & environmental development

Business Vision Outline

Maruha Nichiro Group's vision for the next decade

Be a global general food company that produces and sells marine products and other processed food under Maruha Nichiro brand

Globally integrated value chain from origin to final sales destination

Maximize profitability through extending and leveraging value chain

- Restructure and simplify value chain, leveraging broader access to marine resources
- Improve operating efficiency

Enhance market positioning, particularly in marine and other food products

No.1 Global Seafood Supplier

- Enhance accessibility to marine resources
- Distribution capacity expansion
- Develop value-added products

No.1 Supplier of Frozen & Nursing Care Food in Japan

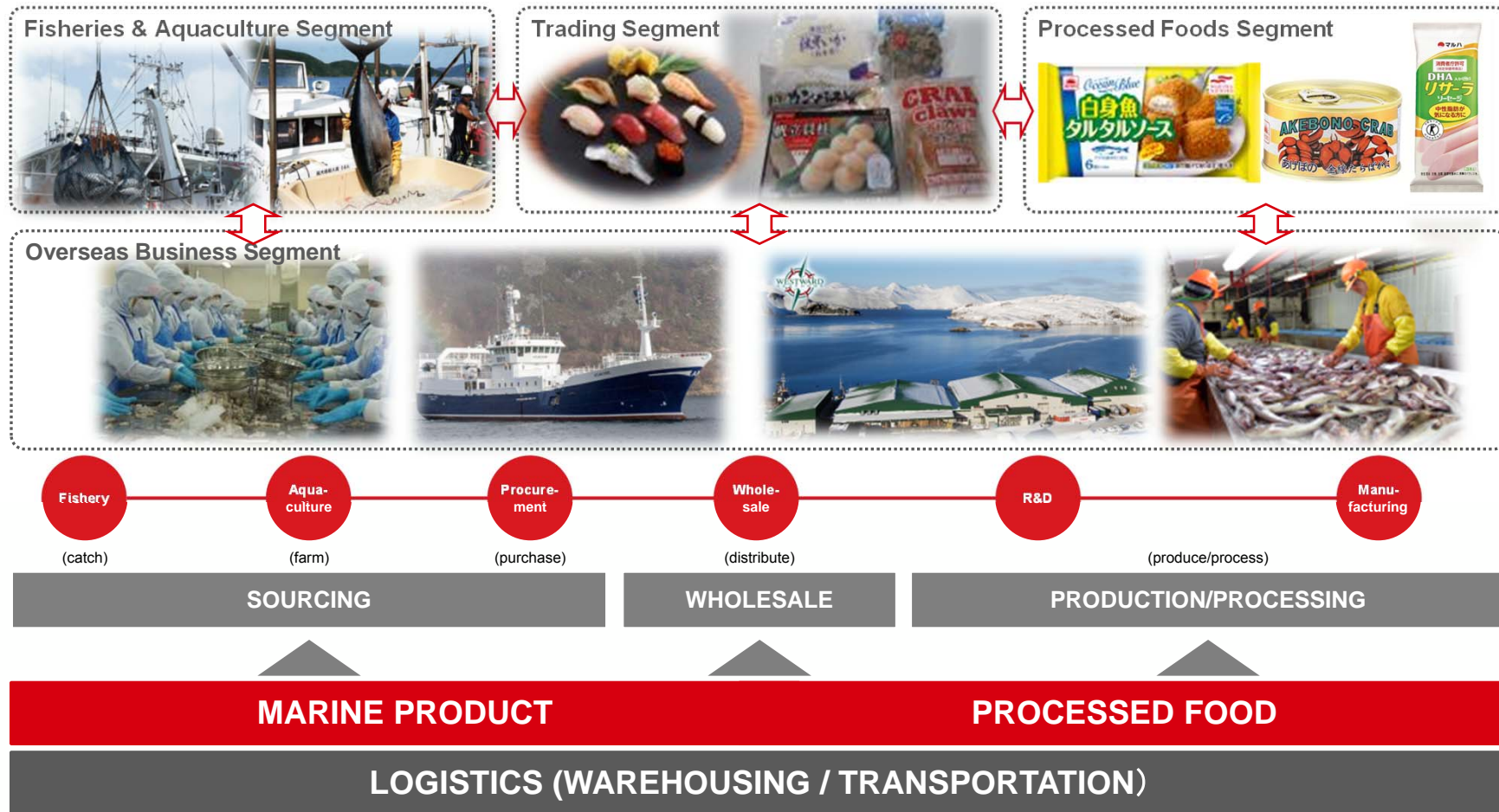
- Develop category best sellers
- Increase domestic market share
- Improve brand awareness

Leading Manufacturer of Functional Marine-Based Products

- Develop new functional marine product materials
- Identify new market opportunities for functional marine products

Refining Business Model

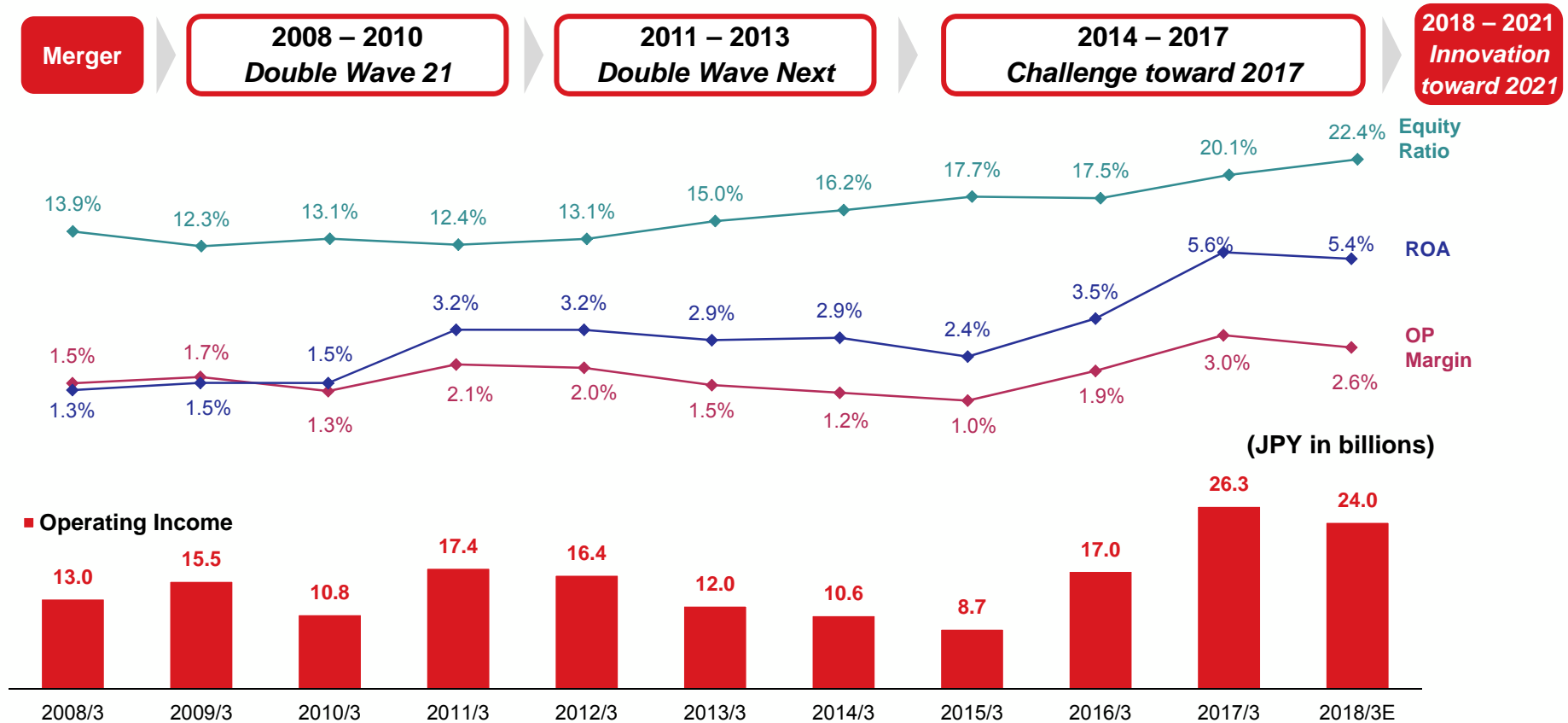
Maximize profit through borderless value chain for marine and other food products



3. New Mid-Term Management Plan *Innovation toward 2021*

Positioning to *Innovation toward 2021*

Steady improvement in financial performance over the 10 years since business merger



Overview of *Innovation toward 2021*

Enhance Enterprise Value and Generate Sustainable growth

Three management strategies in the first 4 years to achieve long-term corporate vision

Further Increase in Profitability

- Optimize value chain, leveraging broader accessibility to marine resources
- Realize cost saving opportunities in processed food business

Invest in Growth

- Extend global seafood value chain
- Invest in processed food manufacturing facilities
- Invest in business areas in line with mid to long-term growth

Strengthen Business Foundation

- Build a strong balance sheet that supports business priorities
- Enhance R&D and technical capability
- Improve human resources, brand management, and IT infrastructure

Further Increase in Profitability

Marine product and processed foods will drive profit growth over next four years

Value chain optimization by leveraging broader accessibility to marine resources

Fisheries & Aquaculture

- Expand egg-to-harvest Bluefin tuna farming
- Launch new farming techniques to add new types of fish

Trading

- Develop value-adding products and brands
- Expand domestic processing capabilities
- Improve cross-border strategy planning and operations
- Integrate value chains across domestic operations of marine product and processed food

Overseas Business

⇒ **10%+ operating income CAGR target**

Increase Profit in Processing Segment

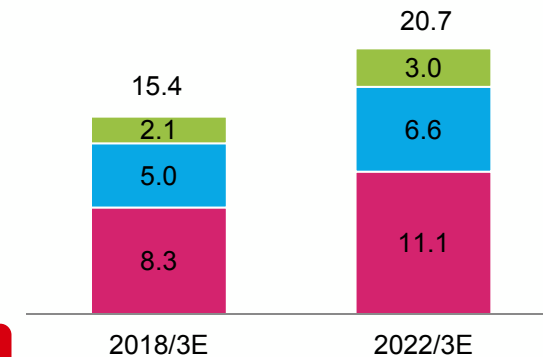
Processing

- Improve profitability through optimizing production
- Reduce production cost (purchasing cost and PD cost)
- Manage for profit across processing and sales & marketing
- Revive underperforming businesses
- Reinforce product development capability

⇒ **10%+ operating income CAGR target**

Fisheries&Aquaculture/ Trading/Overseas OP target by segment

(JPY in billions)



Processing OP target

(JPY in billions)



Note: March/2018 Estimate refers to revised segment breakdown per FY2018 definition.
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Invest in Growth

Increase investment to improve profitability

**Investment in Marine
Product Value Chain in
and out of Japan**

**Trading /
Overseas**

- Acquire further accessibility to marine resources
- Maximize value of existing to marine resources
- Expand global processing and sales operations

**Active Investment in
Frozen Foods**

**Processed
Foods**

- Optimize production facilities
- Expand core-product production capacity
- Optimize with AI and IoT

**Proactive Investment in
Growing Business**

**Fisheries &
Aquaculture**

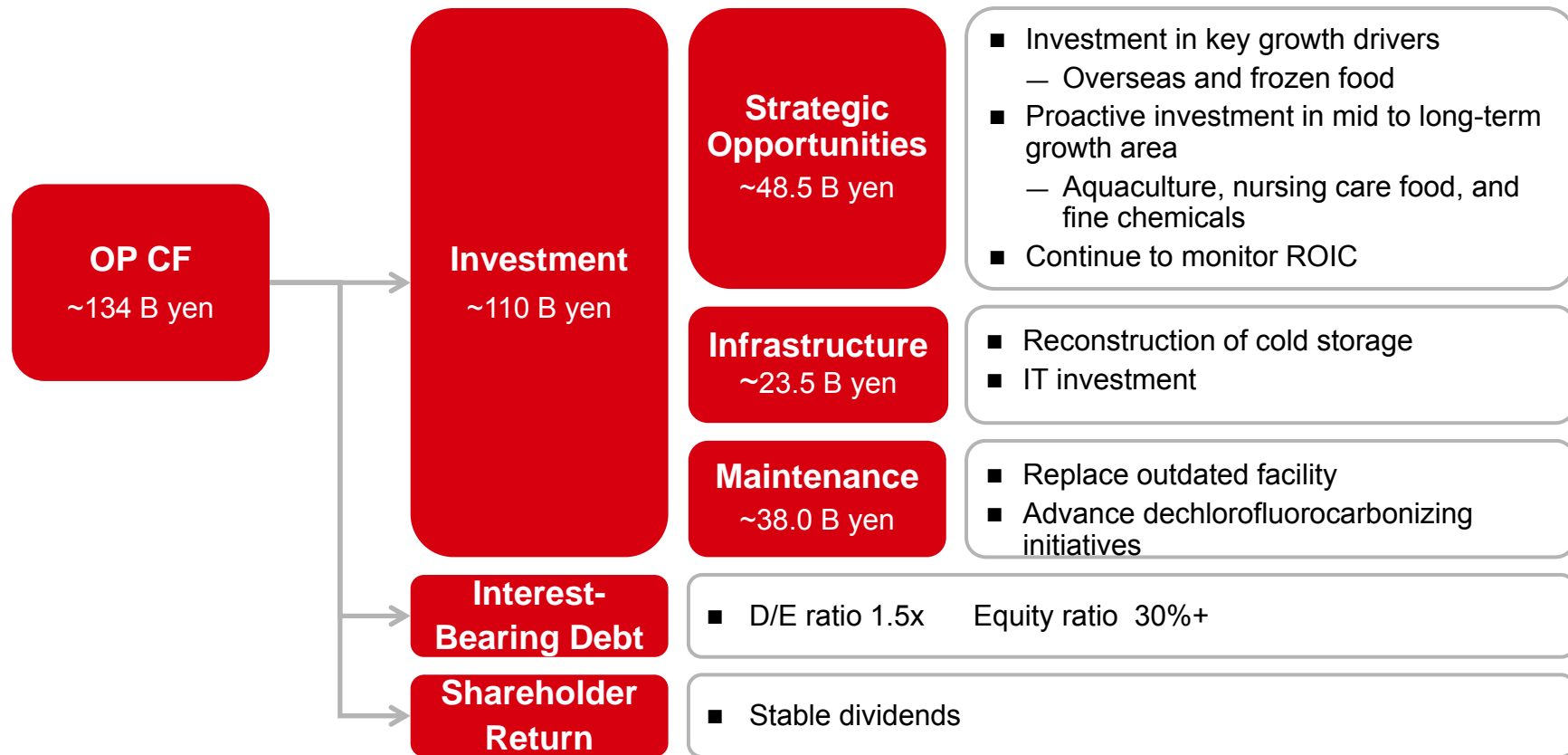
- Expand egg-to-harvest Bluefin tuna farming
- Farm additional fish species and enhance farming techniques
- Deploy land-based farming and overseas farming

**Processed
Foods**

- Expand nursing care food
- Expand fine chemical business

Strengthen Business Foundation

Prioritize investments that improve financial performance



Financial Targets

	FY2021 Target	FY2017 Forecast	Change
Net Sales	1 Trillion Yen	910 Billion Yen	+90 Billion Yen
Operating Income	31 Billion Yen	24 Billion Yen	+70 Billion Yen
ROA	5.7%	5.4%	+0.3pt
D/E Ratio	1.5x	2.4x	-0.9pt
Equity Ratio	30.0%	22.4%	+7.6pt

Note: FY2017 forecast refers to revised segment breakdown per FY2018 definition.

Targets by Segment

Segment	FY2021 Target		FY2017 Forecast		Change
	Net Sales	OP	Net Sales	OP	(JPY in billions) OP
Fisheries & Aquaculture	44.1	3.0	37.7	2.1	+0.9
Trading	470.8	6.6	448.2	5.0	+1.6
Overseas Business	180.6	11.1	164.3	8.3	+2.8
Processing	275.6	8.2	231.1	5.3	+2.8
Logistics	17.6	1.8	15.7	1.8	-
Others	14.3	0.4	13.1	0.8	-0.4
Common Cost	-	-	-	0.7	-0.7
Total	1,000	31.0	910.0	24.0	+7.0

Note: FY2017 forecast refers to revised segment breakdown per FY2018 definition.



APPENDIX

Overview of Former Mid-Term Management Plan

1. Resuming Reliance

- We will swiftly and firmly practice measures to resume our reliance by reminding Maruha Nichiro Group's Philosophy which is "The Maruha Nichiro Group aims to contribute to the betterment of people's daily lives by providing wholesome, safe and healthy food with sincerity and integrity.

2. Practice of Growth Initiative

- With accomplishing integration of the group, we aim to pursue continuous growth.
- The new operating holding company switched from pure holding company take the initiative of the group to have clear accountability and efficiency.
- Structuring a system which prompt execution of growth strategy more practically, strategically and efficiently.
- Prompting entire growth by timely measures such as collaborations among units and strategic investment.

3. Enlarging Profit Globally

- For continuous growth, expansion in the global market, where further demand is expected, is confirmed as a key strategy for our group.

4. Improving Financial Condition

- Reducing interest-bearing debt and increasing equity ratio.

10-Year Year Financial Data

P/L

(JPY in billions)

	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3E
Net Sales	844.8	897.5	82.87	823.4	816.1	809.8	851.7	863.8	884.8	873.3	910.0
Operating Income	13.0	15.5	10.8	17.4	16.4	12.0	10.6	8.7	17.0	26.3	24.0
Ordinary Income	7.3	8.1	7.8	15.1	14.9	13.3	14.0	11.8	17.1	27.9	27.5
Net Income	0.1	(6.3)	1.6	3.6	3.4	5.4	3.2	7.2	4.1	15.4	15.5

B/S

	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3E
Interest-bearing Debt	335.9	333.6	314.7	298.8	291.0	277.9	290.4	289.6	281.4	272.2	270.0
Shareholders' Equity	7.65	64.0	65.6	59.0	61.2	69.6	77.1	88.9	85.2	100.7	113.8
Total Asset	550.7	521.5	501.4	474.3	468.1	462.9	475.2	502.0	486.0	501.3	508.1
Equity Ratio	13.9%	12.3%	13.1%	12.4%	13.1%	15.0%	16.2%	17.7%	17.5%	20.1%	22.4%
D/E Ratio	4.4x	5.2x	4.8x	5.1x	4.8x	4.0x	3.8x	3.3x	3.3x	2.7x	2.4x

Global Seafood Peer Financial Data

(USD in millions)

Company Name	Country	Market Cap	Net Sales	Operating Income	Operating Margin	ROA	ROE	Net D/E
Maruha Nichiro	Japan	1,562	8,163	246	3.0%	5.6%	16.6%	2.57x
Nippon Suisan	Japan	1,497	5,945	212	3.6%	5.6%	13.2%	1.54x
Kyokuyo	Japan	363	2,211	33	1.5%	3.9%	10.2%	1.95x
Thai Union Group	Thailand	3,105	4,286	244	5.7%	5.3%	11.9%	1.50x
Marine Harvest	Norway	9,250	4,355	1,331	30.6%	20.1%	27.2%	0.48x
Dongwon Enterprise	S. Korea	-	4,351	359	8.3%	8.1%	17.6%	1.24x
Austevoll Seafood	Norway	1,725	2,413	585	24.2%	15.8%	18.0%	0.61x
Charoen Pokphand Foods	Thailand	6,057	14,890	941	6.3%	5.0%	11.8%	2.03x

Data: Capital IQ (in USD as of February 15, 2018)

Note: ROA = Ordinary Income / Average of total asset in the period

ROE = Net Income / Average of shareholders' equity in the period

Full-year financial results (Japanese firm: March, 2017 / Foreign firm: December, 2016)



Thank You



MARUHA NICHIRO

For the ocean, for life

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