Mid-Term Business Plan "MVIP2017"

Nippon Suisan Kaisha Ltd. (Nissui) announces that it completes developing a new Mid-Term Business plan for three years starting from fiscal year 2015 (FY2015).

<Preceding Mid-Term Business Plan "MVIP 2014" (FY2012~2014)>

Nissui had been implementing 4 measures including, ①generate results from what we set out to do through preceding Mid-Term Business Plan, new TGL Plan, ②increase the volume and breadth of peripheral business, while placing vertically integrated business as its core, ③enhance the image of the Nissui Brand, and ④improve the financial strength to prepare the leap from 2015, in order to be "a manufacturer that brings tastiness, fun, health and beauty from the earth and the sea by concentrating management resources on reinforcement of the function of Global Links* as growth thrust.

As a result, Nissui realized growth in the business in which unique technology could be utilized. However, due to the slight delay in dealing with significant environmental changes more than expected including the effect in the pharmaceutical business stemming from government-led measures to promote the use of generic drugs, Nissui fell short in meeting its profit goal.

*Global Links is a network of companies that share the mission of the Nissui Group and create value through a "win-win" relationship.

<Major Indexes of preceding Mid-Term Business Plan "MVIP 2014" >

	MVIP2014	Revised FY2014 forecast on Nov 5, 2014
Consolidated net sales	more than 600,000 million yen	610,000 million yen
Consolidated operating income	more than 23,000 million yen	17,500 million yen

<New Mid-Term Business Plan "MVIP 2017" (FY2015~2017)>

1. Forecast of Environmental Change

Nissui forecasts environmental changes during the period of New Mid-Term Business Plan as follows;

For the time being, slump in consumption due to the consumption tax hike is expected to continue, and in the midterm run, domestic consumption is expected to pick up gradually through the improvement of consumer confidence by the wage increase and so on. However, since aging of population and decrease in size of household in terms of demographic trend will not change and the growth of domestic consumption will not be

anticipated, business activities to expand global business are necessary.

In addition, ratio of farmed seafood against total seafood production has been increasing in the field of marine resource access, in which Nissui has the advantage, and expectations for the companies with farming technology and capability are rising. Nissui aims to achieve growth by fully utilizing its production functions, facilities and technologies and by developing new technologies of market conscious.

Based on these thoughts, New Mid-Term Business Plan follows the directions that preceding mid-term plan aimed, and Nissui put the title as MVIP without changing it.

MVIP 2017

Inherit the concept of preceding mid-term plan & achieve growth placing seafood as its core

Make Value through Innovative Plan.	We will make value through innovation.
Most Valuable Impressive Player.	We hope that each of us will become a valued existence for society and company, for whom people will feel sympathy.

2. Basic Principle and KPI (Key Performance Indicator)

1) What Nissui is aiming for

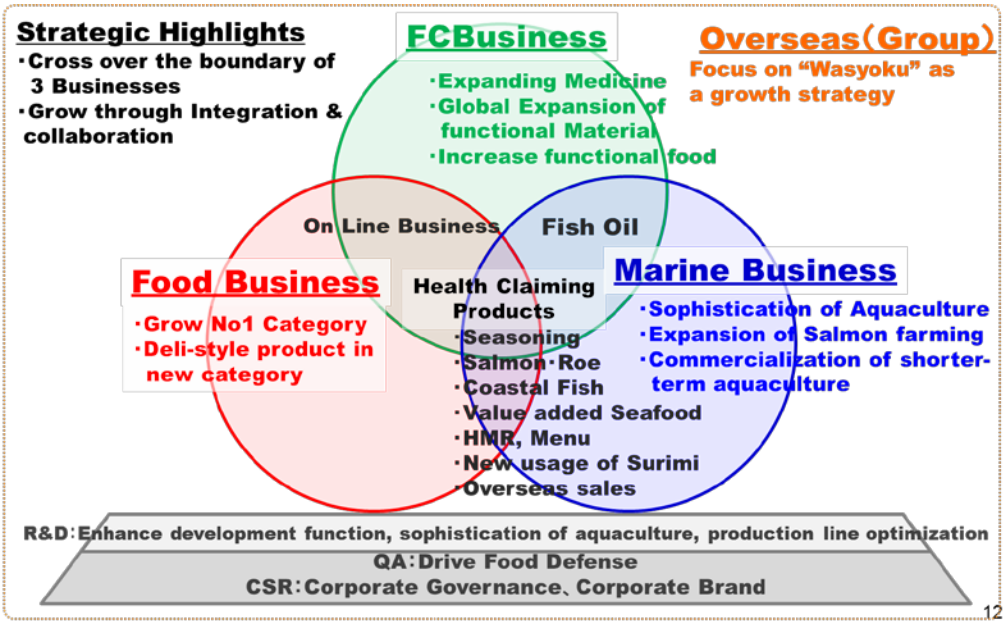
Nissui aims to be a manufacturer with unique technological capability which can differentiate in response to environmental changes. Therefore, Nissui addresses 4 measures, ①invest positively for the growth, ②reinforce the capability for marine resource access, ③provide health functional and high-value-added products, and ④ expand its business into overseas market (focus on North American and European market, followed by Asian market).

In addition, Nissui promotes management based on CSR and contributes widely to the society, as well as increases the corporate value by improving financial strength, under the 5 DNA Nissui has been inheriting since its foundation including mission, innovation, hand-on approach, global, and customer-orientation.

2) Major Business Initiatives

In addition to reinforcing each 3 business including Marine Products, Food Products, and Fine Chemicals, Nissui aim for a higher result by fusing 3 businesses in boundary regions.

Along with refining Fine Chemical Business further, Nissui aim to achieve growth through strengthening the collaboration between Food Business and Marine Products, placing Marine Products business, fostered for a long time, as its core.



Key Factor	Food	Marine	Fine Chemical
Upgrading and expanding of EPA business and challenge of new application and medicine	○		○
Utilization of functional lipid material	○	○	○
Evolution and deepening of deli-style product and ｴ value added seafood products	○	○	
Highly-developing aquaculture	○	○	
Expansion of Seasoning and seafood extract business	○	○	○
Growth in overseas market	○	○	○

3) Figures to reach for in Mid-Term Business Plan "MVIP 2017" (KPI)

	Target figure in FY2017
Consolidated net sales	more than 680,000 million yen
Consolidated operating income	more than 23,000 million yen
EBITDA	more than 41,500 million yen
Equity ratio	more than 25%
ROA	more than 3.5%
Interest-bearing debt	less than 240,000 million

*Exchange rate: US$1=120 yen, EUR1=146 yen

*ROA = {Net income + Interest expense * (1 - effective tax rate)}/ {(Total asset in the end of previous fiscal year +Total asset in the end of this fiscal year)/ 2}

3. Major Initiatives of MVIP 2017

1) Marine Products Business

- Enhance resource access ability and maximize value
- Evolve into the business structure producing stable profit

2) Food Products Business

- Explore the field for growth based on our fundamental strength with more robust profit base

3) Fine Chemical Business

- Show the significant presence in health food with competitive Functional Lipid R&D technology and EPA information assets

4) Group Management

- Enhance governance as a group while respect each company's strategy
- Reinforce progress management system by setting specialized unit.

5) R&D

- Promote development based on the unique technology with competitive advantage and differentiation
- Build a R&D promotion structure with a high regard for mid and long-term development.

4. Finance and Dividend Policy

1) Investment plan

During the period of new Mid-Term Business Plan, Nissui plants to make following investments to strategic businesses in order to realize growth.

Total: 70,000 million yen (Non-consolidated 23,000million, Group 47,000 million)

Marine Products Business	22,000 million yen
Food Products Business	19,400 million yen
Fine Chemical Business	10,900 million yen
Logistic Business	7,000 million yen
Other Business	10,900 million yen

Depreciation: 53,500 million yen

2) Finance Strategy

Nissui will improve adequacy of equity capital as well as decrease interest-bearing debt by improving efficiency of asset utilization through strengthening inventory

control and so on in order to build financial strength which enable to response to the changes of business climate. In addition, Nissui reinforce the investment management including of group companies based on ROA. Meanwhile, Nissui plans large-scale investments and will continue studying the way of raising fund.

(Investment in growing field and shareholder return)

Cash flow	・Operating activities: target 85,000 million yen/ 3 years ・Free cash flow: target 18,000 million yen/ 3 years
Investment in growing field	67,000 million yen/ 3 years, mainly for growth driver (70,000 million yen investment as complete base)
Shareholder return	More than 30% from consolidated dividend ratio is future target, while 10-15% is aimed during MVIP 2017
Interest-bearing debt	Aiming at less than 240,000 million yen
Consolidatated equity ratio	More than 25%

5. Sales and operating income plan by business segment (indicate by omission of consolidated adjustment)

Sales (million yen)	Japan	North America	South America	Asia	Europe	Total
Marine Products	221,500	56,400	36,800	11,700	58,000	288,000
Food Products	323,000	70,600		7,700	25,800	312,000
Fine Chemicals	38,200			4 00		36,000
Logistics	27,200					17,000
Others	34,100					27,000
Total	478,000	103,000	9,000	7,000	83,000	680,000

Operating income (million yen)	Japan	North America	South America	Asia	Europe	Common cost	計
Marine Products	4,600	800	2,600	100	1,100		8,500
Food Products	4,800	2,400		200	1,700		8,900
Fine Chemicals	6,200						5,400
Logistics	1,900						2,000
Others	900						800
Common cost						▲2,500	▲2,600
Total	16,200	3,500	2,700	400	2,800	▲2,600	23,000

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 judgement 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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