Supplemental Document for 2nd Quarter of FY2017

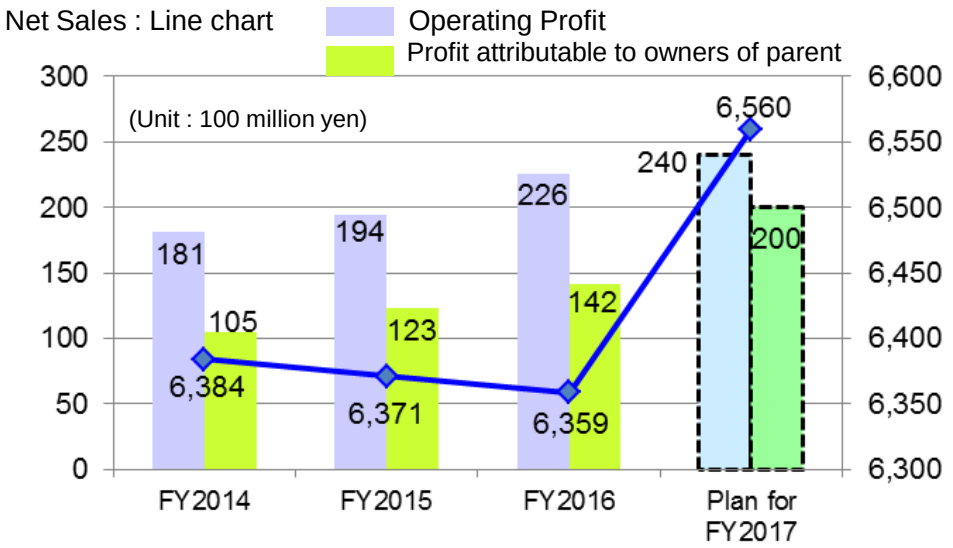
November 2, 2017
Nippon Suisan Kaisha, Ltd.

Overview of the 2nd Quarter of FY2017

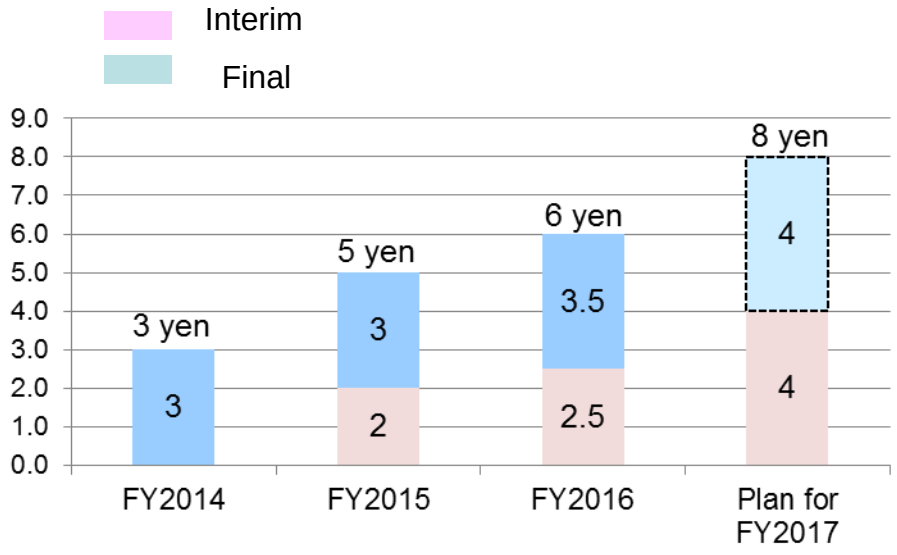
◆ Net sales increased by 9% year-on-year, and operating profit and profit attributable to owners of parent broke the previous records thanks to the significant recovery of the salmon/trout farming business, which suffered losses in the previous year, and to the sales of securities.
Despite uncertainties such as the market prices of marine products, record profits are also expected for the full year.
Interim dividend was 4.0 yen per share, an increase of 1.5 yen compared with the previous year, as planned.

(Unit : 100 million yen)	2Q of FY2017	2Q of FY2016	Increase/Decrease (Y-on-Y) (Amount)	(%)	Annual Plan for FY2017	Progress rate (%)
Net Sales	3,328	3,037	290	109.6	6,560	50.7
Operating Profit	130	98	32	132.7	240	54.3
Ordinary Profit	133	92	40	144.1	260	51.2
Profit attributable to owners of parent	92	46	45	197.0	200	46.2

Net Sales / Operating Profit / Profit attributable to owners of parent



Dividend per share



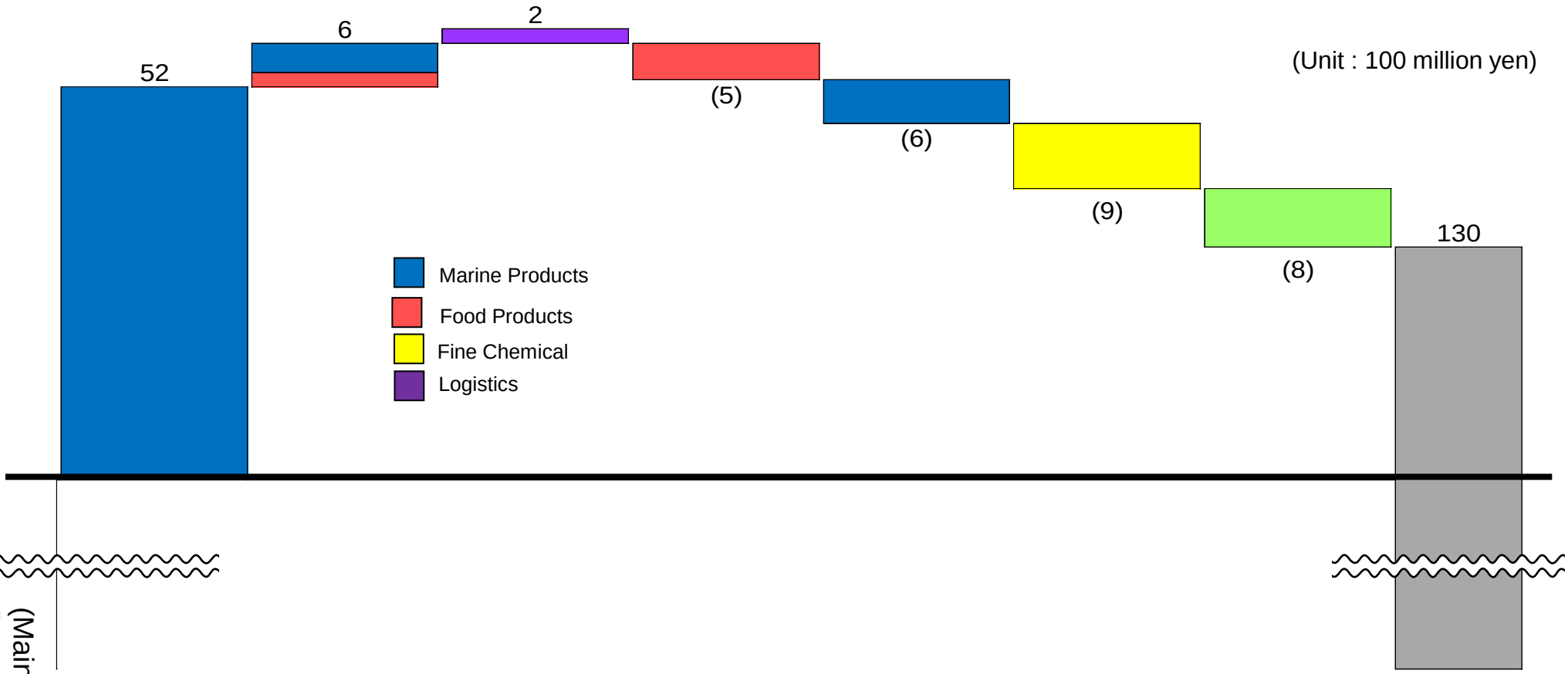
Overview of the 2nd Quarter of FY2017 by Segments

◆ Revenue increased in Marine and Food Products Business. Income increased thanks to Marine Products Business.

(Unit : 100 million yen)	2Q of FY2017	2Q of FY2016	Increase/Decrease (Amount)	Increase/Decrease (%)	Plan for FY2017	Progress rate (%)
Net Sales	3,328	3,037	290	109.6	6,560	50.7
Marine Products Business	1,374	1,210	164	113.6	2,686	51.2
Food Products Business	1,633	1,502	131	108.7	3,164	51.6
Fine Chemicals Business	127	124	2	102.0	289	44.0
Logistics	82	78	3	104.1	162	50.7
Others	111	121	(10)	91.4	259	43.0
Operating Profit	130	98	32	132.7	240	54.3
Marine Products Business	59	20	38	283.8	105	56.5
Food Products Business	62	61	0	100.7	114	54.7
Fine Chemicals Business	8	17	(9)	46.5	22	37.0
Logistics	9	7	2	129.2	19	52.2
Others	5	4	1	144.7	9	64.3
Common Costs	(15)	(13)	(1)	110.3	(29)	53.0
Ordinary Profit	133	92	40	144.1	260	51.2
Profit attributable to owners of parents	92	46	45	197.0	200	46.2

Main Causes of fluctuations

◆ Salmon/Trout aquaculture business in South America made a huge contribution to income as sales prices rose and farming performance was strong. Costs increased in the Fine Chemicals Business due to up-front investments.



(Main causes of fluctuation)

Overseas		Domestic				Elimination between group companies	Result of 2Q of FY2017
<South America>	<North America>	<Logistics>	<Food Products Business>	<Marine Products Business>	<Fine Chemicals Business>		
Sales price of salmon/trout rose, and farming performance was strong	Marine Products Business: Increase in revenue from Pollock roe and reduction of labor costs, etc. Food Products Business Increase in income of frozen foods for retail	Revenue increased at Oosaka-Maishima Logistics Center and warehousing volume at existing cold storages increased.	Increase in production costs of chilled foods business	Fishery Business: Decrease in catch of yellowtail, etc. and increases in repair expenses and depreciation cost of new vessels Aquaculture Business: Decline in sales price of Bluefin Tuna	Increase in depreciation cost of new plant, increase in promotion cost of on-line business		

Consolidated Income Statement (Y-on-Y)

◆ Income increased in both operating profit and profit.

(Unit : 100 milliion yen)

	2Q of FY2017	%	2Q of FY2016	%	Increase /Decrease	%
Net Sales	3,328		3,037		290	9.6
Gross Profit	715	21.5	643	21.2	71	11.2
SGA expenses	585		545		39	
Operating profit	130	3.9	98	3.2	32	32.7
Non-Operating Income	14		19		(5)	
Non-Operating Expenses	11		24		(13)	
Ordinary Income	133	4.0	92	3.0	40	44.1
Extraordinary Income	21		1		20	
Extraordinay Losses	11		8		2	
Income before taxes	143	4.3	84	2.8	58	69.4
Income taxes - current	49		27		22	
Income taxes - deferred	(2)		7		(10)	
Profit	96		49		46	
Profit attributable to non-controlling interests	3		2		1	
Profit attributable to owners of parent	92	2.8	46	1.5	45	97.0

Breakdown of Main Causes

<Extraordinary income/losses>

✓ FY2017 (Current Fiscal Year)

- Gain on sales of investment securities
  Approx. 1,200 million yen

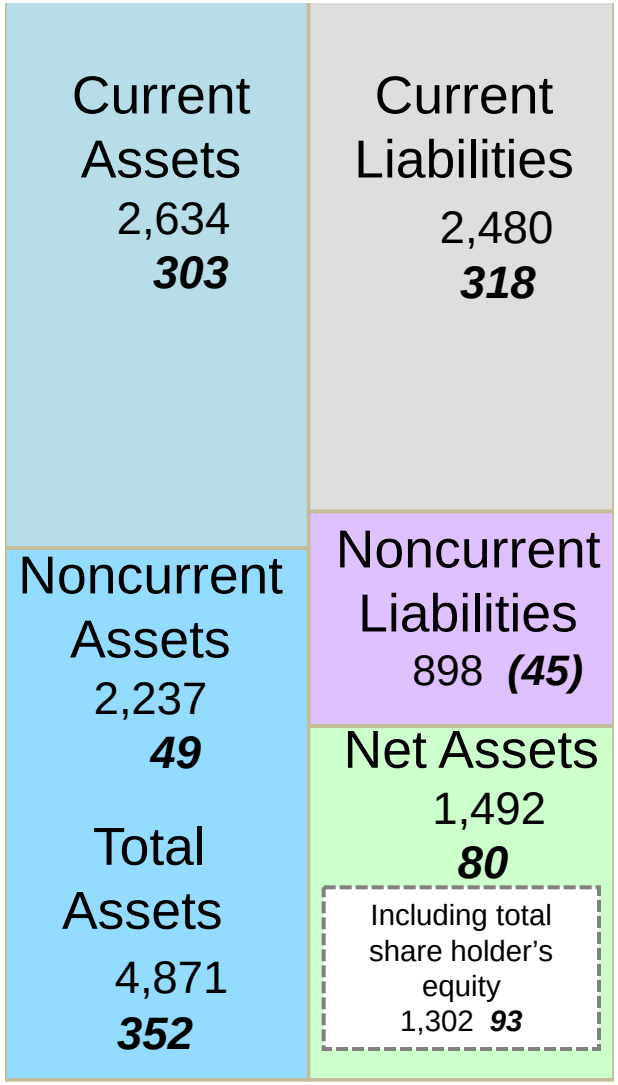
✓ FY2016 (Previous Fiscal Year)

- Loss on valuation of investment securities
  Approx. 300 million yen

Consolidated Balance Sheet (Y-on-Y)

◆ Total Assets increased due to increase of note and accounts receivable and inventory.

(Unit : 100 million yen)



Equity ratio
26.7%

Main Causes of fluctuations

(Unit : 100 million yen)

Assets	352	Current Assets	303	Cash and deposit Accounts receivable Merchandise and finished goods	55 111 77
		Noncurrent Assets	49	Property, plant and equipment Investments and other assets	56 (5)
Liabilities	272	Current Liabilities	318	Accounts payable Short-term loans payable	94 185
		Noncurrent Liabilities	(45)	Long-term loans payable Deferred tax liabilities Net defined benefit liability	(40) 12 (24)
		Net Assets	80	Retained earnings Valuation difference on securities Foreign currency adjustment Profit attributable to non-controlling interests	81 7 (4) (12)

The Italic and bold figures means increase/decrease, compared to 4Q of FY2016.

Consolidated Cash-Flow Statement (Y-on-Y)

◆ Operating cash flow decreased along with increase in working capital.

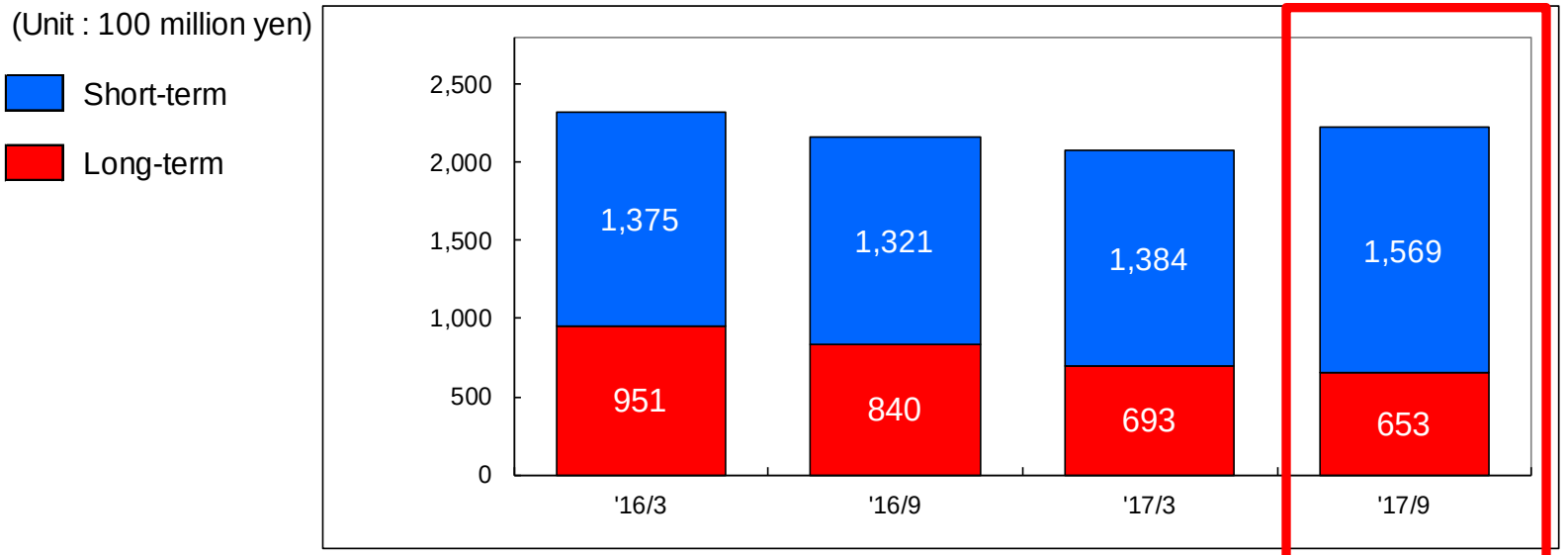
(Unit : 100 million yen)

	Result of 2Q of FY2017	Result of 2Q of FY2016	Increase /Decrease
・Income before income taxes	143	84	58
・Depreciation & Amortization	84	80	3
・Working Capital	(103)	(9)	(93)
・Income taxes paid	(30)	(27)	(3)
・Others	(53)	(8)	(45)
Net cash provided by operating activities	40	119	(79)
・Investment on (Purchase of) plant and equipment	(122)	(114)	(7)
・Others	12	(2)	15
Net cash provided by investment activities	(109)	(117)	7
・Increase(Decrease) in short-term loans payable	222	7	215
・Increase(Decrease) in long-term loans payable	(72)	(116)	43
・Proceeds from issuance of common shares	-	139	(139)
・Others	(23)	(11)	(11)
Net cash provided by financial activities	126	18	107
Cash and cash equivalent at end of period	309	156	

Consolidated Loan Payable and Net Interest Cost

◆ Short-tem loans payable increased while operating cash flow decreased.

(Unit : 100 million yen)



Comparison with 4Q of FY2016

185

(40)

Total Debt	2,326	2,162	2,077	2,222	145
Short-tem loans payable	1,375	1,321	1,384	1,569	185
Long-term loans payable	951	840	693	653	(40)
Net Interest	13.8	5.0	10.4	5.0	
Ratio of Net Interest Cost on Operating Income	7%	5%	5%	4%	
Interest expenses	26.5	11.0	21.7	10.3	
Interest income	3.3	1.2	2.3	1.6	
Dividend income	9.3	4.6	8.8	3.6	
Exchange rate (=US$1.00)	@120.61(End of Dec)	@102.91(End of Jun)	@116.49(End of Dec)	@112(End of Jun	

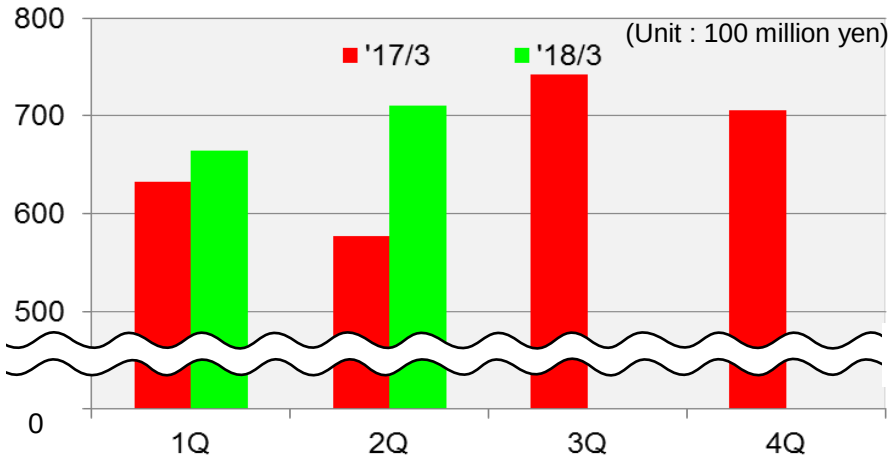
- Impact of exchange conversion
  - Comparison with 4Q of FY2016
    -300 million yen
  - Comparison with 2Q of FY2016
    + 3,700 million yen

Marine Products Business

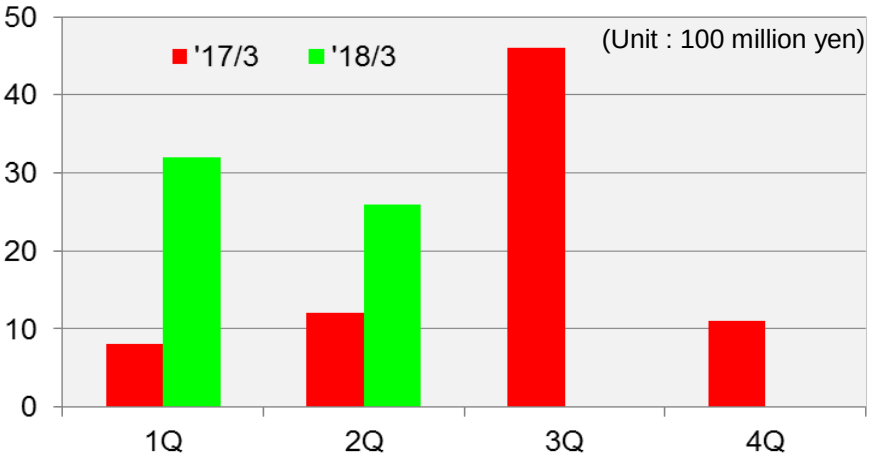
◆ Both revenue and income increased mainly as a result of big improvement of Salmon/Trout business in South America

(Unit : 100 million yen)	Result of 2Q of FY2017	Result of 2Q of FY2016	Increase/Decrease (Amount)	Increase/Decrease (%)	Plan for FY2017	Progress rate (%)
Net Sales	1,374	1,210	164	113.6	2,686	51.2
Operating Profit	59	20	38	283.8	105	56.5

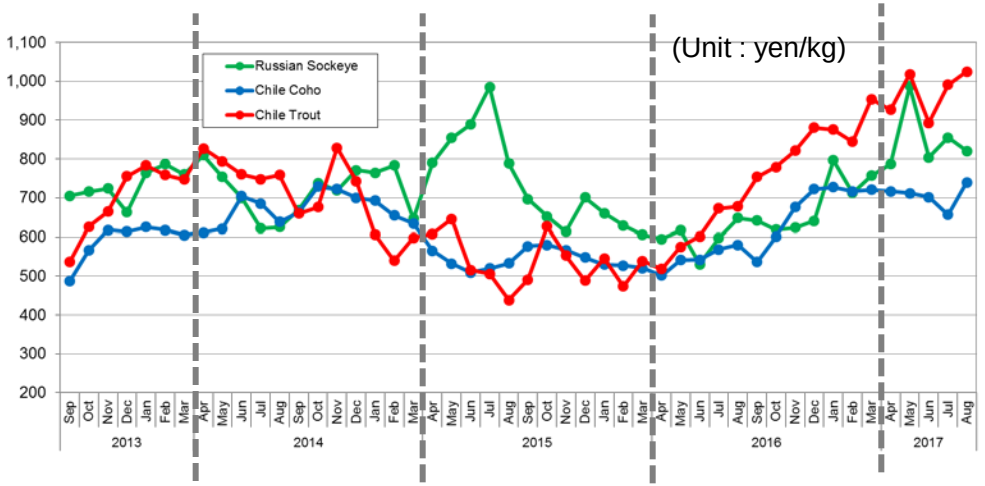
Net Sales



Operating Profit



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



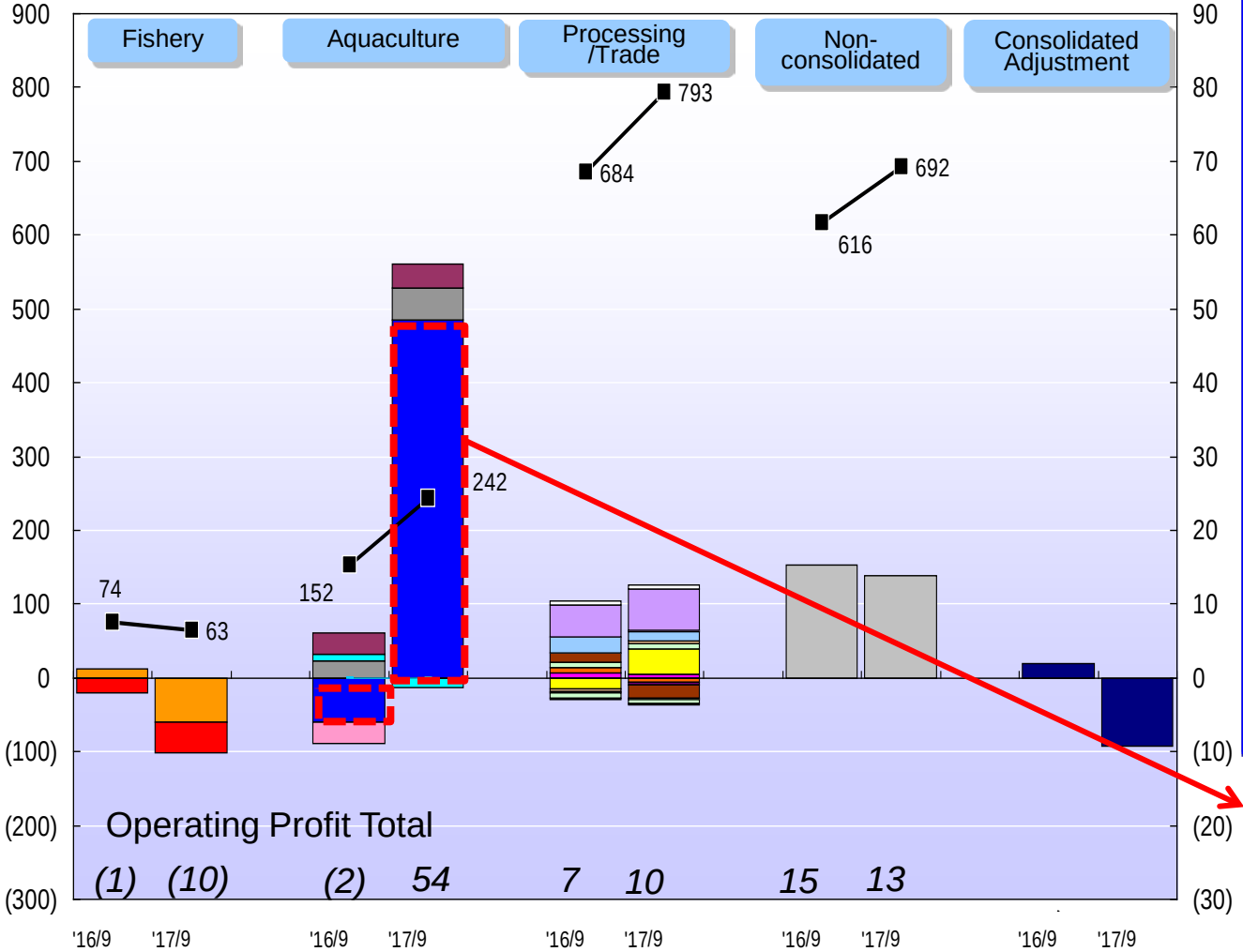
<Salmon/Trout aquaculture business in South America (Trout)(Five Star brand)>





Marine Products Business
Net Sales & Operating Profit (Y-on-Y)

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



Major Causes of fluctuation

<Fishery> (Decrease both in revenue and income)

- Japan :
  - Decrease in catch of yellowtail, etc. and increase in repair expenses and depreciation costs of new vessels

<Aquaculture> (Increase both in revenue and income)

- Salmon/Trout business in Chile:
  - Significant increase in both revenue and income due to rise in sales price of salmon/trout and strong farming performance.
- Domestic business:
  - Increase in sales volume of yellowtail
  - Rise in sales price of salmon/trout (Coho Salmon) and decline in sales price of Bluefin Tuna due to increased production

<Processing/Trade>(Increase both in revenue and income)

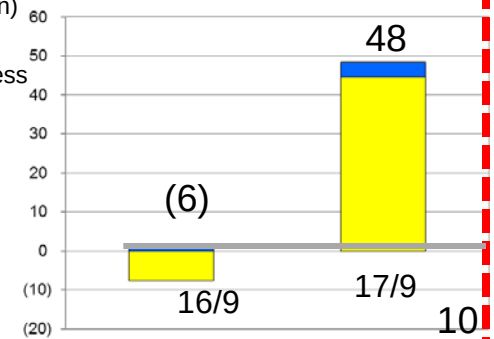
- North America
  Increase in revenue of Pollock roe and effect of cost reduction
- Europe :
  Steady sales thanks to initiatives towards new business

(Unit : 100 million yen)

<Salmon/Trout aquaculture business in Chile>

Profit or loss on business

Valuation of fish in the ponds (Valuation by IFRS



- 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.

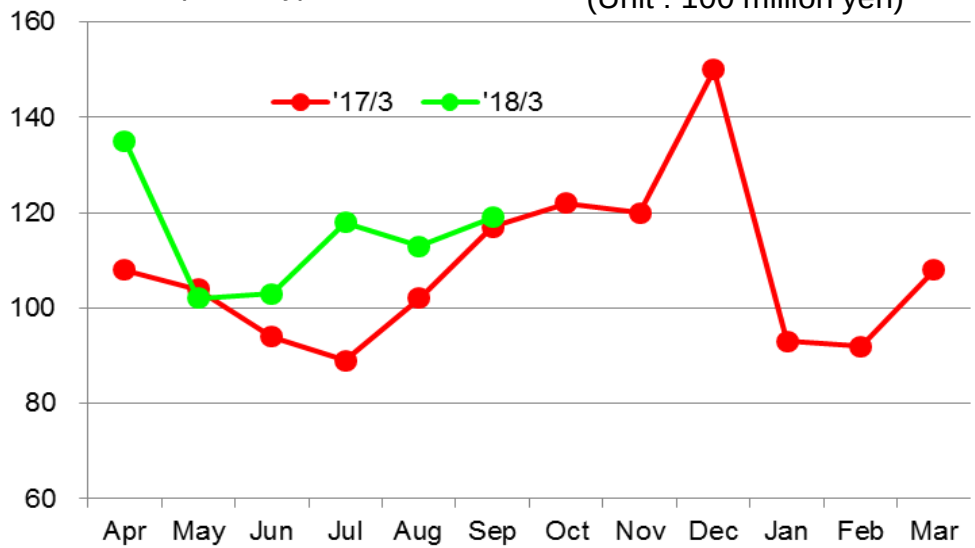
Valuation of fish in the ponds is calculated every quarter based on IFRS, included in Marine Products Business ' Operating Profit.

Marine Products Business (Y-on-Y)
Non-consolidated

◆ Income decreased as costs of feed and fat business increased while sales price of Salmon/Trout increased.

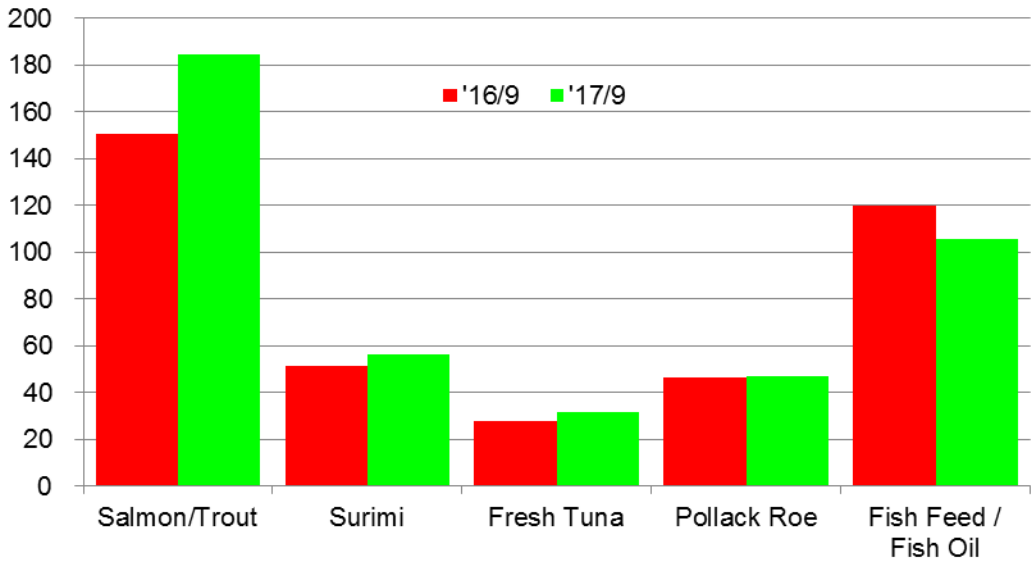
<Net Sales (Monthly)>

(Unit : 100 million yen)



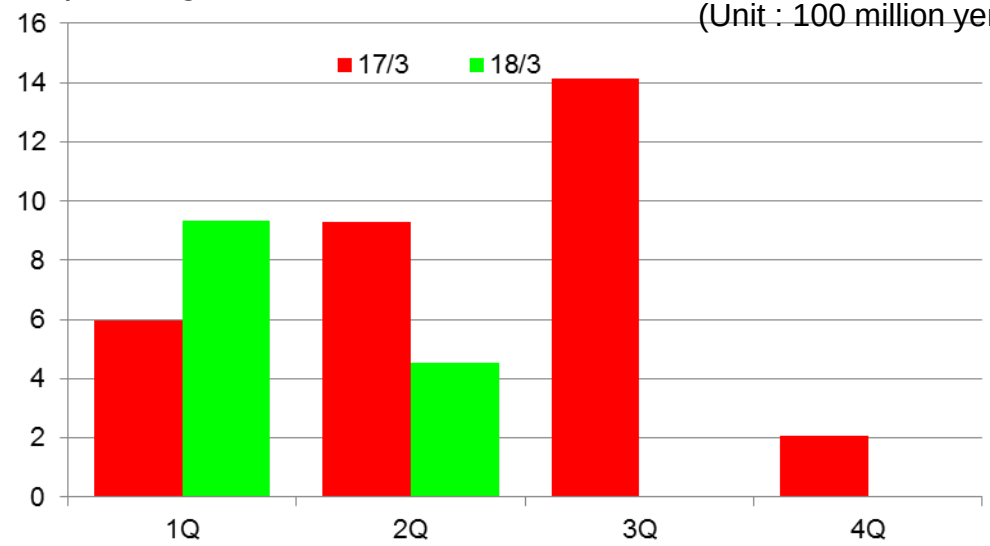
<Sales by Main Species (Y-on-Y)>

(Unit : 100 million yen)



<Operating Profit (Quarterly)>

(Unit : 100 million yen)

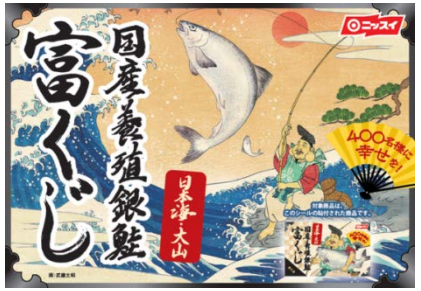


<Promotion plan for Coho farming business in Japan>

Broadcast commercial during harvest period



Consumer promotion for frozen sale

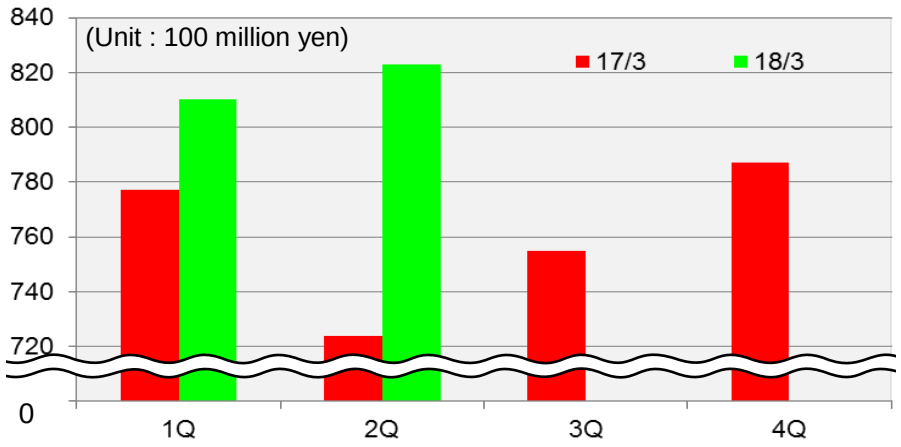


Food Products Business

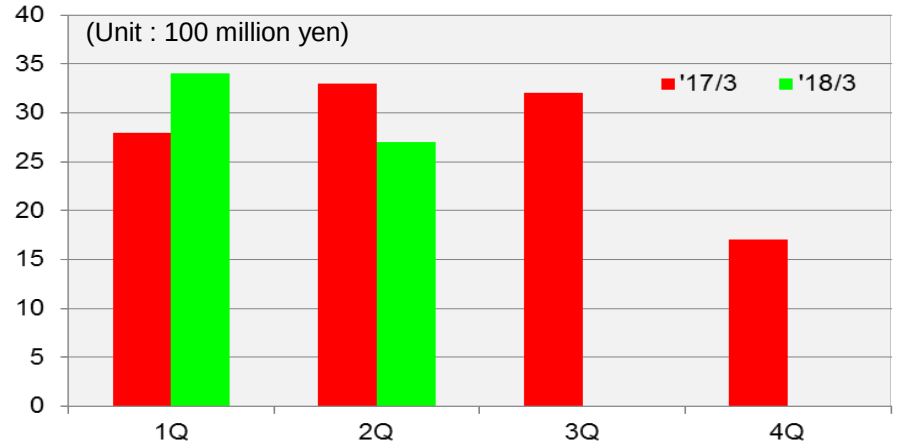
◆ Steady sales of frozen foods in Europe, and strong frozen foods and fish sausage sales in Japan contributed to the increase in both revenue and income.

(Unit : 100 million yen)	Result of 2Q of FY2017	Result of 2Q of FY2016	Increase/Decrease (Amount)	Increase/Decrease (%)	Plan for FY2017	Progress rate (%)
Net Sales	1,633	1,502	131	108.7	3,164	51.6
Operating Profit	62	61	0	100.7	114	54.7

Net Sales



Operating Profit





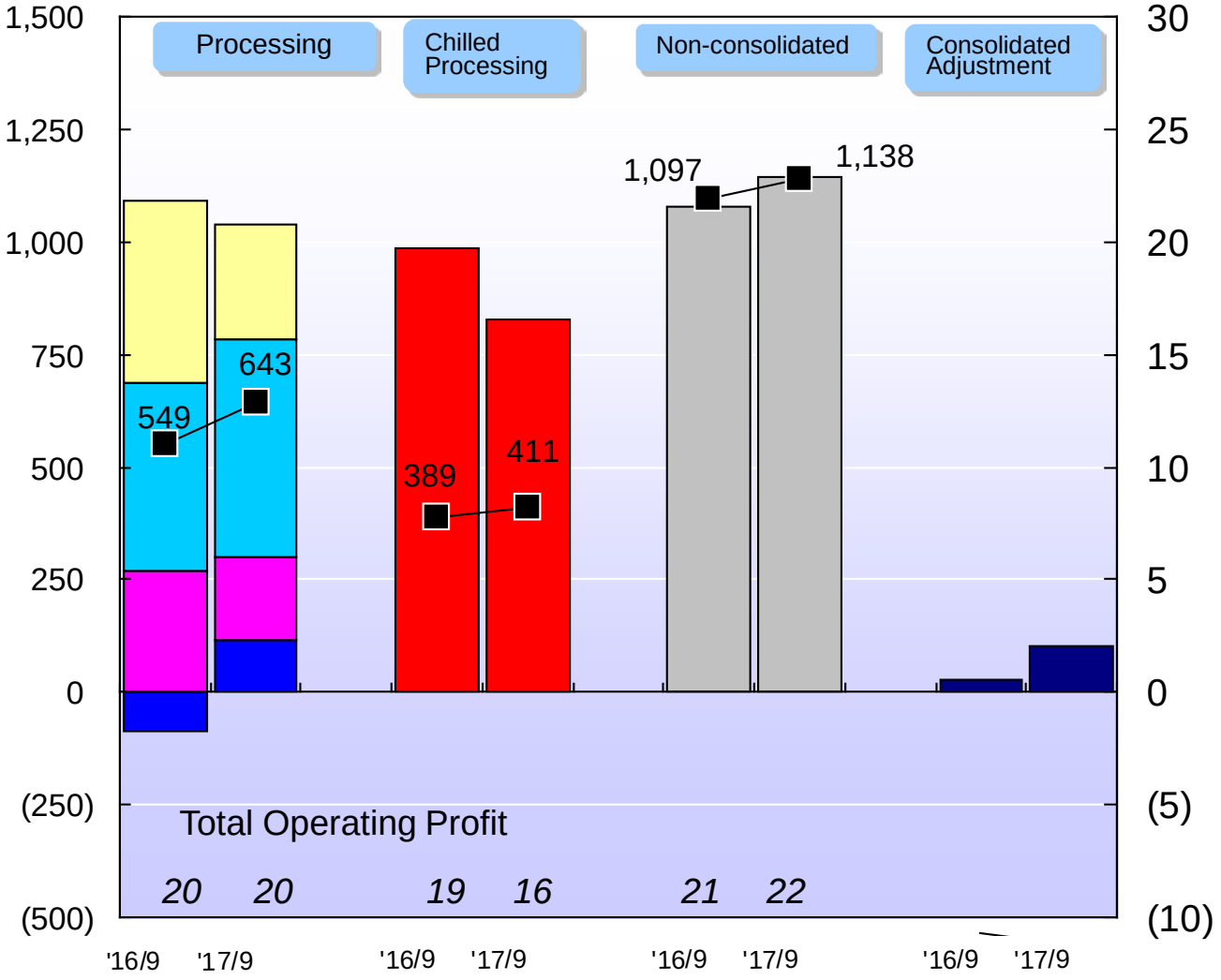




Vegetable steak and Chilled foods
Cite Marine(France)

Food Products Business
Net Sales & Operating Profit (Y-on-Y)

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



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

Major causes of fluctuations

<Processing>(Increase both in revenue and income)

➢ North America
- Frozen foods for household use :
  Revenue increased due to the effects of foreign exchange and income increased due to a revision of SGA costs
- Frozen foods for food services:
  While revenue increased, due to the effects of foreign exchange, income decreased, due to the rise in the cost of major raw materials.

➢ Europe
While raw material costs increased, initiatives towards growing categories contributed to increased income.

<Chilled Processing>(Revenue increased but income decreased)

➢ While sales of deli foods and prepared noodles for convenience stores increased, income decreased due to the effects of increasing production costs, etc.

<Non-consolidated>

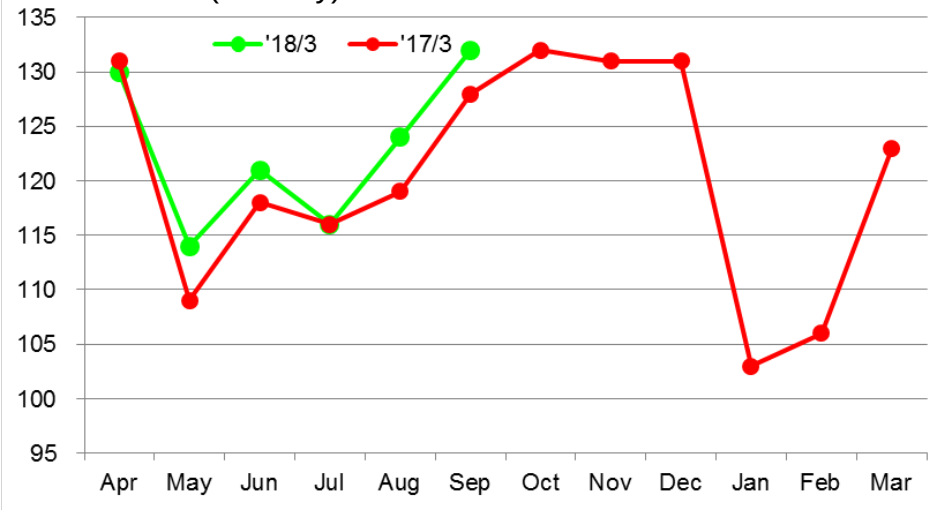
➢ Income increased due to the strong sales of frozen foods and fish sausage.

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

◆ Both revenue and income increased as sales volume of frozen food for household use and fish sausage went strong.

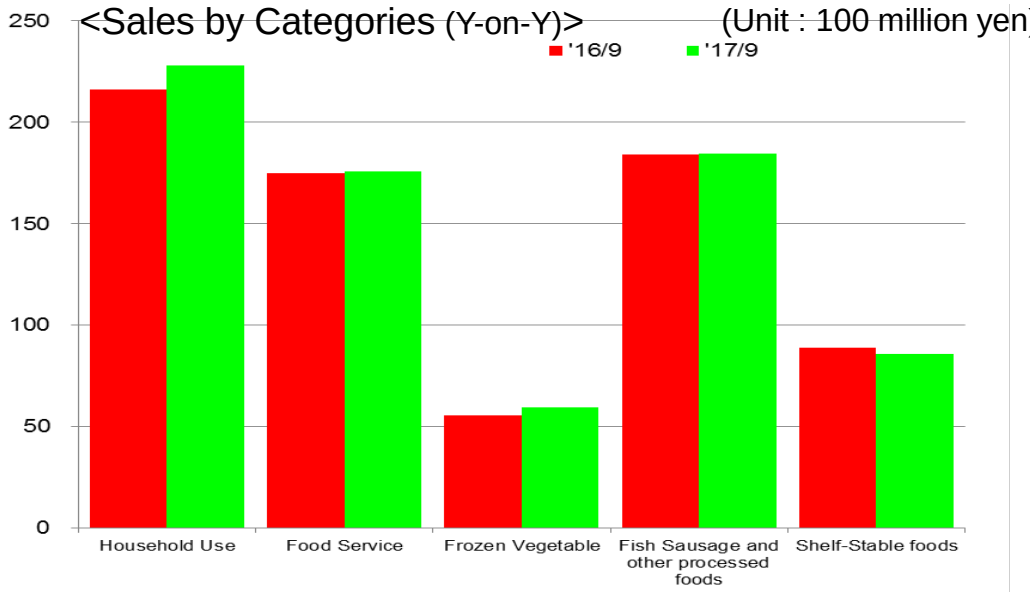
<Net Sales (Monthly)>

(Unit : 100 million yen)



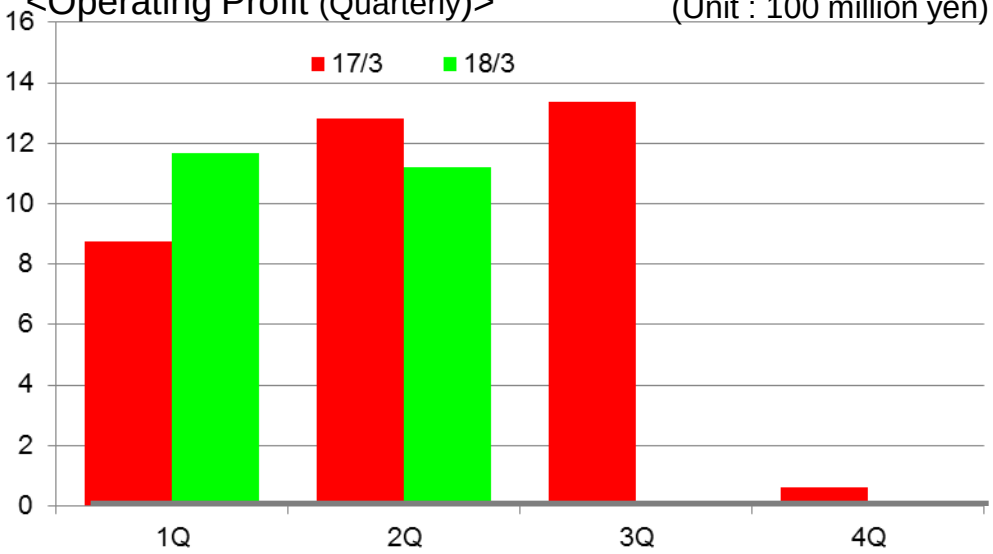
<Sales by Categories (Y-on-Y)>

(Unit : 100 million yen)



<Operating Profit (Quarterly)>

(Unit : 100 million yen)







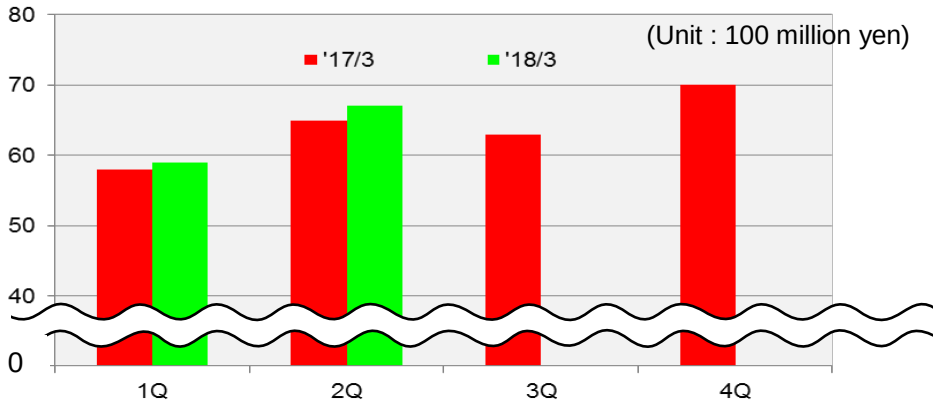
Fine Chemicals Business

◆ Income decreased due to an increase in depreciation cost of newly built plant and an increase of promotion cost to boost on-line business.

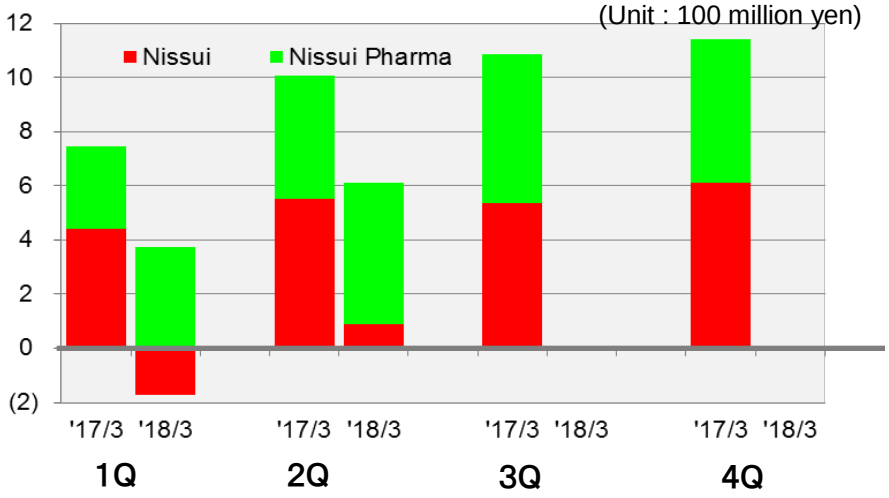
(Unit : 100 million yen)	Result of 2Q of FY2017	Result of 2Q of FY2016	Increase/Decrease (Amount)	Increase/Decrease (%)	Plan for FY2017	Progress rate (%)
Net Sales	127	124	2	102.0	289	44.0
Operating Profit	8	17	(9)	46.5	22	37.0



Net Sales



Operating Profit



Major Causes of fluctuation

<Non-consolidated>
- Depreciation for newly built Kashima plant increased in Pharmaceutical raw material.
- Promotion cost increased to boost on-line business.

<Group Companies>
- Income increased as sales of diagnostic medicine went strong

<Example of banner ad>

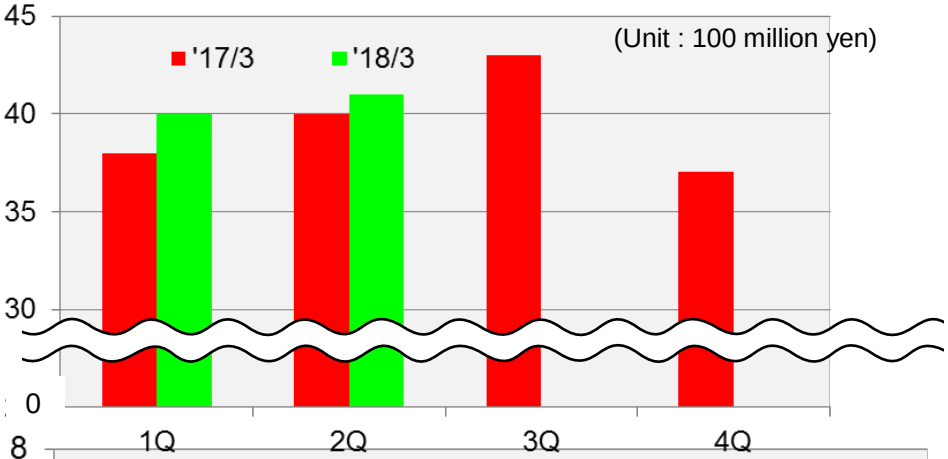


Logistics

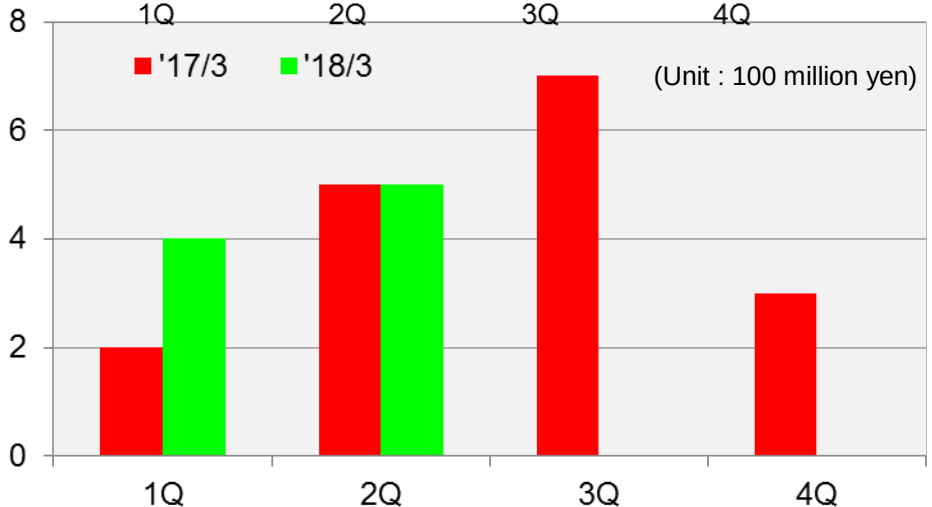
◆ Both revenue and income increased as warehousing volume at existing cold storage increased as well as Oosaka-Maishima Logistics Center opened in previous year performed well.

(Unit : 100 million yen)	Result of 2Q of FY2017	Result of 2Q of FY2016	Increase/Decrease (Amount)	Increase/Decrease (%)	Plan for FY2017	Progress rate (%)
Net Sales	82	78	3	104.1	162	50.7
Operating Profit	9	7	2	129.2	19	52.2

Net Sales



Operating Profit



Major Causes of fluctuation

- Income increased due to Oosaka-Maishima Logistics Center, opened in April 2016.
- Warehousing volume at existing cold storage performed steadily.

<Main refrigerated warehouse of Nissui Logistics>

Kawasaki Logistics Center(44,840MT) Maishima Logistics Center(25,400MT)





Forecast of FY2017(Consolidated)

◆ Despite uncertainties such as the market price of marine products and foreign exchange, the financial results forecast for the full year remains unchanged from the initial plan and record highs are expected for each income item. On pace to exceed the Mid-Term Business Plan.

(Unit : 100 million yen)	Plan for FY2017	Result for FY2016	Compared with FY2016		Mid-term plan for FY2017	Compared with FY2016	
			(Amount)	(%)		(Amount)	(%)
Net Sales	6,560	6,359	200	103.2	6,800	(240)	96.5
Operating Income	240	226	13	106.0	230	10	104.3
Ordinary Income	260	248	11	104.5	245	15	106.1
Profit attributable to owners of parent	200	142	57	140.7	145	55	137.9

Measures to be taken in the 2H of FY2017 (The amounts indicate operating profit "Result of FY2016" →"Plan for FY2017")

Marine Products Business

Operating profit (annual) 7,900 (million yen) → 10,500 (million yen)

- In Japan, focus on sales based on greater turnover in order to avoid market price fluctuation risk.
- Overseas, aim to improve productivity and reduce costs by rebuilding the production line, and ensure stable income.

Food Products Business

Operating profit (annual) 11,100 (million yen) → 11,400 (million yen)

- In Japan, expand sales volume through promotions using TV commercials and campaigns.
- Overseas, continue and expand initiatives towards growing categories in Europe.

Fine Chemicals Business

Operating profit (annual) 3,900 (million yen) → 2,200 (million yen)

- Continue front-up investments that looks towards the future including preparation for exporting EPA pharmaceutical raw materials overseas and reinforcing the on-line business.

Marine Products Business
Initiatives after 3rd Quarter

	Plan for FY2017		Result for FY2016 (Annual)
	2nd Half	Anuual	
Net Sales	1,401	2,686	2,658
Operating Profit	52	105	79

(Unit : 100 million yen)

<Initiatives after 3rd Quarter>

- Salmon/Trout Aquaculture Business in South America
  - Continue to reinforce measures against fish diseases at the fresh water fish farm and make efforts to secure seedlings.
- Business in North America
  - Continue with the restructuring and cut back on labor costs.
  - Make preparations for new production line and continue with initiatives for improved productivity into the new fiscal year.
- Domestic Bluefin Tuna Aquaculture Business
  - By increasing the sales of value-added Bluefin Tuna products, ensure income and make up for the decline in sales price as much as possible.
  - Planning to deliver first completely farmed Bluefin Tuna from this winter.
- Domestic Business (Non-consolidated)
  - Conduct sales promotion campaigns for each type of fish and promote sales towards high-demand season.
  - Continue sales based on greater turnover in order to avoid market price fluctuation risk and thoroughly practice inventory control.



Salmones Antartica (Chile)



UniSea (USA)



Foods Products Business
Initiatives after 3rd Quarter

	Plan for FY2017		Result for FY2016 (Annual)
	2nd Half	Anuual	
Net Sales	1,564	3,164	3,044
Operating Profit	49	114	111

(Unit : 100 million yen)

<Initiatives after 3rd Quarter>

- Business in North America
  - Continue cost reduction measures including purchasing to avoid the risk of fluctuating raw material prices and improving productivity.
- Business in Europe
  - Continue initiatives to further increase sales volume including the restructuring and expansion of the production system through the construction of new plants and M&As.
  - Aim for further expansion of sales in new businesses and new categories.
- Domestic Business (Non-consolidated)
  - Continue to reinforce sales in the noodles and rice categories of frozen foods for household use, and aim to increase sales of agricultural products in both in retail and food services.
  - Avoid a decline in sales and aim for an increase in sales in product groups marked by shortages of raw materials through proposal of alternative products.
- Chilled Foods Business (Domestic)
  - Optimize the production system and aim to lower production costs.







New plant (Fifth plant) of Cite Marine (France)





A product of the company acquired by Cite Marine in April 2017

Fine Chemicals Business
Initiatives after 3rd Quarter

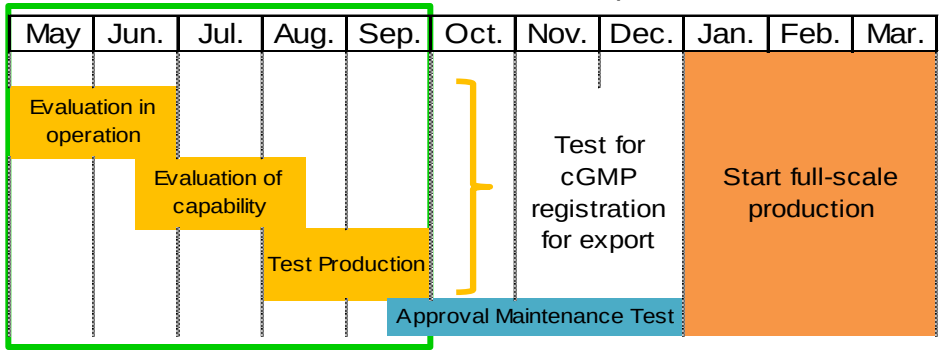
(Unit : 100 million yen)

	Plan for FY2017		Result for FY2016 (Annual)
	2nd Half	Anuual	
Net Sales	151	289	257
Operating Profit	17	22	39

<Initiatives after 3rd Quarter>

- Pharmaceutical Business
  - Kashima Plant : Continue to promptly prepare for the overseas expansion of pharmaceutical materials.
- Online Business
  - Narrow down the most effective advertising media and the customer base to be targeted from the verification results on the effects of advertising and steadily increase “trial customers” and convert them into “regular customers”.

Future schedule of Kashima plant







<Ref.> Comparison of Net Sales by Segment Matrix (Y-on-Y)

◆ Income increased in Japan and Europe

(Unit : 100 million yen)

	Japan		North America		South America		Asia		Europe		Sub Total		Consolidated Adjustment		Grand Total		
Marine Products	1,129	***139***	243	***11***	135	***66***	37	***7***	246	***38***	1,792	***264***	(418)	***(99)***	1,374	***164***	
	990		231		69		29		207		1,528		(318)		1,210		
Food Products	1,721	***63***	293	***33***			32	***4***	167	***57***	2,216	***158***	(582)	***(27)***	1,633	***131***	
	1,658		260				27		110		2,057		(555)		1,502		
Fine Chemicals	138	***5***					2	***1***			140	***6***	(13)	***(3)***	127	***2***	
	132						1				134		(9)		124		
Logistics	149	***7***									149	***7***	(67)	***(4)***	82	***3***	
	142										142		(63)		78		
Others	239	***93***					1	***0***			240	***93***	(129)	***(103)***	111	***(10)***	
	146						0				147		(25)		121		
Sub Total	3,378	***308***	537	***44***	135	***66***	73	***13***	414	***95***	4,539	***529***					
	3,069		492		69		59		318		4,009						
Consolidated Adjustment	(975)	***(188)***	(80)	***14***	(93)	***(48)***	(52)	***(11)***	(8)	***(4)***			(1,211)	***(238)***			
	(786)		(95)		(44)		(41)		(4)				(972)				
Grand Total	2,402	***119***	457	***59***	42	***17***	20	***2***	405	***91***					3,328	***290***	(Note:1)
	2,282		397		24		18		314						3,037		

- The upper columns indicate the result of 2Q of FY2017 and the lower columns indicate that of FY2016. 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) :
  - + 30,800 million yen (Increase in Japan)
  - + 22,000 million yen (Note 2 : Increase among overseas group companies. See the right table.)
  - - 23,800 million yen (Consolidated adjustment)

(Unit :100 million yen)

Currency	Impact of exchange rate	Other than impact of exchange rate	Total
USD	55	56	111
EUR	15	21	36
DKK	26	13	39
Others	8	26	34
Total	104	116	220

(Note: 2)

<Ref.> Comparison of Operating Profit by Segment Matrix (Y-on-Y)

◆ Income increase significantly in Marine Products Segment in 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	14	***(6)***	5	***3***	44	***52***	0	***(1)***	4	***1***			68	***49***	(9)	***(11)***	59	***38***	4.3	***2.6***
	20		1		(8)		1		3				18		2		20		1.7	
Food Products	41	***(5)***	6	***2***			3	***0***	9	***1***			60	***(0)***	2	***1***	62	***0***	3.8	***(0.3)***
	46		3				2		8				61		0		61		4.1	
Fine Chemicals	7	***(9)***					0	***0***					8	***(9)***	0	***(0)***	8	***(9)***	6.4	***(7.7)***
	17						0						17		0		17		14.1	
Logistics	9	***2***											9	***2***	0	***(0)***	9	***2***	12.1	***2.3***
	7												7		0		7		9.7	
Others	10	***6***					0	***0***					10	***6***	(4)	***(4)***	5	***1***	5.2	***1.9***
	3						(0)						3		0		4		3.3	
Common Costs											(15)	***(1)***	(15)	***(1)***	0	***0***	(15)	***(1)***		
											(14)		(14)		0		(13)			
Sub Total	82	***(13)***	11	***6***	44	***52***	4	***0***	14	***2***	(15)	***(1)***	141	***46***						
	96		4		(8)		4		12		(14)		94							
Consolidated Adjustment	(1)	***(3)***	(1)	***(4)***	(6)	***(6)***	0	***0***	(1)	***(0)***	0	***0***			(11)	***(14)***				
	1		2		0		(0)		(0)		0				3					
Grand Total	80	***(16)***	9	***1***	37	***45***	4	***0***	13	***1***	(15)	***(1)***					130	***32***	3.9	***0.7***
	97		7		(8)		3		11		(14)						98		3.2	

・The upper columns indicate the result of 2Q of FY2017 and the lower columns indicate that of FY2016.
The Italic and bold figures mean increase/decrease.
・Consolidated adjustment includes amortization of goodwill and unrealized income in inventory.

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.

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