## Supplemental Documents for $1^{\text {st }}$ Quarter of Fiscal Year 2014

August 5, 2014
Nippon Suisan Kaisha, Ltd.

## Overview of the $1^{\text {st }}$ Quarter of FY2014

## Both revenue and income increased year－on－year

【Marine Products business】 Revenue and income increased
In Japan：In spite of a rise in selling prices，gross margins were low，due to a rise in purchase prices There were signs of price weakening among some fish species．
Overseas ：The revenue and income improved，thanks to a rise in the production of roe products in North America，as well as higher fish prices in the salmon／trout aquaculture business and a gain on valuation of fish in the aquaculture ponds in South America

【Food Products business】 Revenue and income increased．
In Japan ：The impact of a rise in the price of surimi began to be felt．
Sales promotion cost rose because of increasingly intensified sales competition．
Overseas ：Loss was reduced，due to a reorganization of poorly－performing businesses，and profitability of North American business improved．

【Fine Chemicals business】Revenue and income decreased．
Sales and gross margin fell，due to the price revision by the National Health Insurance（NHI）． Expenditures for advertisement were made in an effort to increase the sales of functional foods．

While the Group companies fared well，Nissui，on a non－consolidated basis，posted a decrease in income．

Both revenue and income increased in Marine products, Food products and Logistics. Revenue and income decreased in Fine Chemicals business.
(Unit : 100 million yen)

|  | Results of 1Q of <br> FY2014 | Result of 1Q of <br> FY2013 | Increase <br> IDecrease |
| :--- | ---: | ---: | ---: |
| Net Sales | 1,516 | 1,424 | 92 |
| Marine Products Business | 647 | 537 | 109 |
| Food Products Business | 737 | 724 | 13 |
| Fine Business | 60 | 72 | $(12)$ |
| Logistics | 35 | 34 | 1 |
| Others | 35 | 55 | $(19)$ |
| Operating Income | 50 | 26 | 24 |
| Marine Products Business | 21 | 5 | 16 |
| Food Products Business | 20 | 7 | 12 |
| Fine Business | 10 | 19 | $(8)$ |
| Logistics | 4 | 3 | 0 |
| Others | 1 | 1 | $(0)$ |
| Common Cost | $(7)$ | $(11)$ | 3 |
| Ordinary Income | 60 | 37 | 23 |
| Net Income | 24 | 26 | $(1)$ |


| Plan for FY2014 | Result of <br> FY2013 |
| ---: | ---: |
| 6,030 | 6,042 |
| 2,551 | 2,538 |
| 2,843 | 2,826 |
| 293 | 285 |
| 145 | 138 |
| 198 | 252 |
| 155 | 139 |
| 36 | 50 |
| 59 | 27 |
| 68 | 75 |
| 18 | 15 |
| 6 | 12 |
| $(32)$ | $(41)$ |
| 160 | 123 |
| 73 | 37 |

Both revenue and income increased due to the rise in fish prices in the salmon/trout business as well as valuation gains on the fish in the aquaculture ponds in South America.



Marine Product Business
Net Sales and Operating Income (Y-on-Y)


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

Net Sales(Monthly)


Operating Income(Quarterly)
(Unit : 100 million yen)


## Net Sales by Main Fish Species (Y-on-Y)

(Unit : 100 million yen)


Market condition of marine products (Frozen shrimp)


Both revenue and income increased as the result of profitability improved in North America and sales growth in Europe.

| (Unit: 100 <br> million yen) | Result of 1Q of <br> FY2014 | Result of 1 Q of <br> FY2013 | Increase <br> Decrease | Plan for FY2014 | Result of FY2013 |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Net Sales | 737 | 724 | 13 | 2,843 | 2,826 |
| Operating Income | 20 | 7 | 12 | 59 | 27 |




【Overview of the $1^{\text {st }}$ Quarter of FY2014】
> North American profits improved as the result of a readjustment of unprofitable items.
> Sales grew and productivity improved in Europe.
> Sales growth and productivity improvement were achieved in the chilled food business.
> The cost of raw materials such as surimi increased.
> Sales promotion expenses increased.


Cite Marine


Food Products Business
Net Sales and Operating Income（Y－on－Y）

$>$ Each graph（excluding Non－consolidated and Consolidated Adjustment）shows the total of consolidated subsidiaries．
$>$ The Italic figures in the lower part of this chart shows the accumulation of the bar．
Consolidated Adjustment of operating income includes the amortization of goodwill and unrealized income in inventory．


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Main Causes of Fluctuations
\Processing】
> Effects of withdrawals / reorganization
    of unprofitable businesses in Germany
    and China.
North America
    Readjustment of unprofitable items
    Growth of sales to major restaurant chains
\ Europe
    A sales increase, resulting from a new
    product launch and improved productivity.
\Chilled Products】
> Growth in sales of chilled boxed
    lunches and salads
> Improvements in productivity, resulting
    from a review of production processes
\Non-consolidated】
> A response to the impact of cost
    increase of surimi.
> An increase in expenses, due to
    intensified sales competition.
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Food Products Business Non-consolidated (Y-on-Y)


Both revenue and income decreased due to the biennial price revision by NHI

| (Unit : 100 <br> million yen) | Result of 1 Q of <br> FY2014 | Result of 1Q of <br> FY2013 | Increase <br> IDecrease |  | Plan for FY2014 <br> (Per year) |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Net Sales | 60 | 72 | (12) | Result of FY2013 <br> (Per year) |  |
| Operating Income | 10 | 19 | 293 | 285 |  |


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【Overview of the $1^{\text {st }}$ Quarter of FY2014】
> Pharmaceutical raw materials
Sales and gross margins decreased, due to price revision by the National Health Insurance.
$>$ Functional foods
Advertisement expenditures were made with a goal of expanding the mail order business.
$>$ Experience of difficulty in the clinical diagnostic medicines business (group), etc.

<Price Revision by National Health Insurance(NHI)> A NHI's price revision is a full-scale revision of the Minister of Health, Labour and Welfare notifications related to drug prices, based on the results of a drug price survey conducted by the Ministry of Health, Labour and Welfare.
<Impact on the Company>
Unit selling prices of pharmaceutical raw materials are reduced as the result of a drug price revision that occurs biennially.

Impact on the financial results of the first quarter of FY2014 : down by approximately 200 million yen both in sales and gross margin.


Other
> Advertising expenditures aimed at expanding functional foods mail order business
$>$ An impact of a schedule adjustment of production lots for pharmaceutical raw materials.

Both revenue and income increased year-on-year.

| (Unit : 100 million yen) | Result of 1Q of FY2014 | Result of $1 Q$ of FY2013 | Increase/ Decrease | Plan for FY2014 | Result for FY2013 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Net Sales | 35 | 34 | 0 | 145 | 138 |
| Operating Income | 4 | 3 | 0 | 18 | 15 |
| 38 |  |  |  |  |  |

## 【Overview of the $1^{\text {st }}$ Quarter of FY2014】

> The transaction volume increased in the cold storage business.



The first quarter results were generally favorable. Nevertheless, we did not revise our forecast for the following reasons: 1) The marine products market trend is uncertain; 2 ) there is a possibility of wide fluctuations in the valuation of fish in the aquaculture ponds, in the salmon/trout aquaculture business in Chile; and 3) the impact of generics in the Fine Chemicals business.

| <Consolidated> |  |  |  |  | Unit : 100 million yen) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Result for 1Q of FY2014 | \% | $\begin{aligned} & \text { Target disclosed } \\ & \text { in May } \end{aligned}$ | \% | Ratio of progressing | Result of FY2013 |
| Net Sales | 1,516 |  | 6,030 |  | 25.2\% | 6,042 |
| Operating Income | 50 | 3.4\% | 155 | 2.6\% | 32.8\% | 139 |
| Ordinary Income | 60 | 4.0\% | 160 | 2.7\% | 37.8\% | 123 |
| Net Income | 24 | 1.6\% | 73 | 1.2\% | 34.2\% | 37 |

<Non-consolidated>

|  |
| :--- |
| Net Sales |
| Operating Income |
| Ordinary Income |
| Net Income |


| Result for 1Q of <br> FY2014 | $\%$ |
| ---: | :--- |
| 830 |  |
| 7 | $1.0 \%$ |
| 7 | $0.8 \%$ |
| 3 | $0.4 \%$ |


| Target disclosed in May | \% | $\begin{aligned} & \text { Ratio of } \\ & \text { progressing } \end{aligned}$ |
| :---: | :---: | :---: |
| 3,280 |  | 25.3\% |
| 34 | 1.0\% | 23.5\% |
| 51 | 1.6\% | 13.7\% |
| 37 | 1.1\% | 9.0\% |

Unit : 100 million yen)

| Exchange rate among overseas <br> subsidiaries | Actual exchange rate for FY2014 (Yen) <br> (at the end of March 2014) | Planned Exchange rate for <br> FY2014 |
| :---: | :---: | :---: |
| US Dollars | 102.92 | 108 |
| Euro | 141.65 | 145 |
| Denmark Krone | 18.97 | 19 |

> A response to a hint of weakening in the marine products market With thorough inventory controls, we will prevent the generation of bad inventories so as to secure profits.

- A response to a rise in the price of surimi

We will raise the price of fish paste products, and reinforce our efforts to reduce cost and improve productivity.
> A response to the National Health Insurance's price revision We will offset a drug price decrease with productivity improvement.
$>$ Growth of functional foods
We will make a strategic investment in advertisement expenditures, etc. with a medium-to long term for building a growth market.
> Overseas business
We will strengthen our sales in North America, where a revenue and income improvement trend is observed, and in Europe, where business continues to be strong since last year.

| （Unit ： 100 million yen） |  |  |  |  |  |  | Major Causes of Fluctuations【Non－Operating Income】 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Result of $1 Q$ of FY2014 | \％ | Result of $1 Q$ of FY2013 | \％ | Increase／D ecrease | \％ |  |
| Net Sales | 1，516 |  | 1，424 |  | 92 | 6．5\％ | －Foreign Exchange gains： <br> Approx．－ 300 million yen |
| Gross profit | 325 | 21．5\％ | 301 | 21．2\％ | 23 | 7．9\％ | －Subsidy Income： |
| SGA Expenses | 274 |  | 275 |  | （0） |  | Approx．－300 million yen <br> －Gain on sales of investments |
| Operating Income | 50 | 3．4\％ | 26 | 1．9\％ | 24 | 92．1\％ | securities： |
| Non－Operating Income | 17 |  | 19 |  | （2） |  | Approx．+400 million yen and others |
| Non－Operating Expenses | 8 |  | 9 |  | （1） |  |  |
| Ordinary Income | 60 | 4．0\％ | 37 | 2．6\％ | 23 | 62．9\％ | Breakdown |
| Extraordinary Income <br> Extraordinary Expenses | 0 10 |  | 11 1 |  | $(11)$ 9 |  | 【Extraordinary Income（loss）】 FY2013 |
| Income before taxes | 49 | 3．3\％ | 47 | 3．3\％ | 2 | 5．0\％ | －Gain on sales of noncurrent assets |
|  | 13 |  | 12 |  | 1 |  | Approx．＋600 million yen <br> －Reversal of impairment loss |
| Income taxes－deferred | 8 |  | 6 |  | 2 |  | Approx．＋300 million yen |
| Income before minority interest | 27 |  | 28 |  | （1） |  | FY2014 |
| Minority interest in income | 2 |  | 1 |  | 0 |  | unexpected and rapid change in |
| Net Interest | 24 | 1．7\％ | 26 | 1．9\％ | （1） | （7．4\％） | the environment |


| $\begin{gathered} \text { Current Assets } \\ 2,157 \\ (+60) \end{gathered}$ | $\begin{gathered} \text { Current Liabilities } \\ 1,932 \\ (-30) \end{gathered}$ |
| :---: | :---: |
|  | Non-current Liabilities $\begin{aligned} & 1,548 \\ & (+31) \end{aligned}$ |
| Non-current Assets $\begin{gathered} 2,188 \\ (-31) \end{gathered}$ | Net Assets 864 <br> (+27) |
| Total Assets $\begin{aligned} & 4,345 \\ & (+29) \end{aligned}$ | Inc. Total <br> Shareholder's Equity $\begin{gathered} 692 \\ (+29) \end{gathered}$ <br> Ratio of shareholder's equity : 15.9\% |

() indicates the variance to 4Q of FY2013

Breakdown of Increase/Decrease


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

|  | '14/6 | '13/6 | Increase <br> /Decrease | Breakdown | '14/6 | '13/6 | Y-on-Y |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Operating Acitivities | (14) | (33) | 19 | Income before income taxes and minority interests Depreciation and amortization <br> Increase (decrease) in allowance for doubtful accounts Increase (decrease) in provision for retirement benefit Loss on disaster Increase (decrease) on working capital Interest and dividends income received Interest expenses paid Income taxes paid Others | $\begin{array}{r} 49 \\ 37 \\ 0 \\ - \\ 8 \\ (46) \\ 5 \\ (5) \\ (29) \\ (37) \end{array}$ | $\begin{array}{r} 47 \\ 38 \\ (11) \\ (4) \\ - \\ (44) \\ 2 \\ (7) \\ (26) \\ (25) \end{array}$ | $\begin{gathered} \hline 2 \\ (1) \\ 11 \\ 4 \\ 8 \\ (1) \\ 3 \\ 1 \\ (2) \\ (12) \end{gathered}$ |
| Investing activities | 4 | (6) | 11 | Purchase of property, plant and equipment <br> Proceeds from sales of property, plant and equipment <br> Purchase of investment securites <br> Proceeds from sales of investments securities <br> Proceeds from redemption of investment securities <br> Decrease (increase) in short-tem loans receivable | $\begin{array}{r} \hline(31) \\ 0 \\ (25) \\ 27 \\ 30 \\ 4 \end{array}$ | $\begin{gathered} \hline(19) \\ 7 \\ (11) \\ 12 \\ - \\ 4 \end{gathered}$ | $\begin{array}{r} \hline(11) \\ (7) \\ (13) \\ 14 \\ 30 \\ 0 \end{array}$ |
| Financing acitivities | 28 | (24) | 52 | Increase (decrease) in short-term loans payable Proceeds from long-term loans payable <br> Repayment of long-term loans payable | $\begin{array}{r} \hline 18 \\ 50 \\ (37) \\ \hline \end{array}$ | $\begin{gathered} \hline 21 \\ 11 \\ (54) \\ \hline \end{gathered}$ | $\begin{gathered} \hline(2) \\ 38 \\ 17 \end{gathered}$ |
| Cash and cash equivalent at end of period | 155 | 121 | 33 |  |  |  |  |

- "Other" of operating activities includes increase (decrease) in provision for bonus.



## Comparison of Net Income by Segment Matrix (Y-on-Y)

(Unit: 100 million yen)

|  | Japan | North America |  | South America |  | Asia |  | Europe |  | Sub Total |  | Consolidated Adjusment |  | Grand Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Marine Products | 479 (29) | 105 | (9) | 57 | (18) | 45 | (20) | 123 | (35) | 811 | (113) | - 163 | ( $\triangle 4$ ) | 647 | (109) |
|  | 450 | 95 |  | 38 |  | 25 |  | 87 |  | 697 |  | - 159 |  | 537 |  |
| Food Products | 764 (28) | 166 | ( 41 ) |  |  | 12 | ( $\triangle$ 5) | 51 | ( $\triangle$ 7) | 994 | (13) | - 256 | ( $\triangle$ O) | 737 | (13) |
|  | 735 | 167 |  |  |  | 18 |  | 59 |  | 980 |  | - 256 |  | 724 |  |
| Fine Chemicals | 63 ( $\mathbf{\triangle}$ 12) |  |  |  |  |  | (0) |  |  | 64 | ( 1 12) | -4 | (0) | 60 | ( $\triangle$ 12) |
|  | 76 |  |  |  |  | 0 |  |  |  | 77 |  | $\triangle 4$ |  | 72 |  |
| Logistics | 56 (2) |  |  |  |  |  |  |  |  | 56 | (2) | - 20 | ( $\triangle$ O) | 35 | (1) |
|  | 54 |  |  |  |  |  |  |  |  | 54 |  | - 20 |  | 34 |  |
| Other | 49 ( $\triangle$ 14) |  |  |  |  |  | (0) |  |  | 49 | ( 1 14) | - 14 | ( $\triangle$ 5) | 35 | ( $\triangle$ 19) |
|  | 63 |  |  |  |  | 0 |  |  |  | 64 |  | $\triangle 9$ |  | 55 |  |
| Sub Total | 1,413 (33) | 271 | (8) | 57 | (18) | 59 | (15) | 174 | (27) | 1,976 | (102) |  |  |  |  |
|  | 1,380 | 263 |  | 38 |  | 44 |  | 146 |  | 1,873 |  |  |  |  |  |
| Consolidated Adjustment | - 344 ( $\triangle 4$ ) | - 51 | ( 4 2) | - 36 | ( $\triangle$ 6) | - 26 | (1) | -1 | (1) |  |  | - 459 | ( 4 10) |  |  |
|  | - 339 | -49 |  | - 29 |  | - 27 |  | $\triangle 3$ |  |  |  | - 449 |  |  |  |
| Grand Total | 1,069 (28) | 219 | (6) | 21 | (11) | 32 | (16) | 172 | (29) |  |  |  |  | 1,516 | (92) |
|  | 1,041 | 213 |  | 9 |  | 16 |  | 143 |  |  |  |  |  | 1,424 |  |

- The upper columns indicates the result of 1Q of FY2014 and the lower columns indicates that of FY2013. The Italic figures mean increase/decrease.
- Consolidated Adjustment include elimination between the group companies.
- Impact of eliminated and newly-joined companies on a consolidated basis: - 2,100 million yen
- Impact of exchange conversion on net sales (Estimated) : 5,300 million yen

Comparison of Operating Income by Segment Matrix (Y-on-Y)
(Unit : 100 million yen)

|  | Japan | North America | South America | Asia | Europe | Common Costs | Sub Total | Consolidated Adjustment | Grand Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Marine Products | 6 ( $\triangle$ 0) | 6 (0) | 12 (18) | 1 (2) | 2 (1) |  | 29 (23) | - 7 ( $\mathbf{4}$ 6) | 21 (16) |
|  | 6 | 5 | A 6 | $\triangle 0$ | 1 |  | 6 | A1 | 5 |
| Food Products | 10 (2) | 5 (5) |  | $\Delta 0$ ( $\Delta 0$ ) | 4 (5) |  | 20 (13) | 0 ( $\triangle$ O) | 20 (12) |
|  | 7 | 0 |  | $\triangle 0$ | $\triangle 0$ |  | 7 | 0 | 7 |
| Fine Chemicals | 10 ( 4 8) |  |  | 0 ( $\triangle$ O) |  |  | 10 ( $\mathbf{4} 8$ ) | 0 (0) | 10 ( $\mathbf{4} 8)$ |
|  | 19 |  |  | 0 |  |  | 19 | $\triangle 0$ | 19 |
| Logistics | 4 (0) |  |  |  |  |  | 4 (0) | 0 (0) | 4 (0) |
|  | 3 |  |  |  |  |  | 3 | 0 | 3 |
| Other | 1 ( $\triangle$ ) |  |  | 0 (0) |  |  | 1 ( $\triangle$ 0) | $\pm 0 \quad\left(\begin{array}{l}\text { O }\end{array}\right.$ | 1 ( $\triangle$ 0) |
|  | 1 |  |  | 0 |  |  | 1 | 0 | 1 |
| Common Costs |  |  |  |  |  | $\Delta 7 \quad$ (3) | $\Delta 7$ (3) | 0 ( $\mathbf{\Delta}$ ) | $\Delta 7$ (3) |
|  |  |  |  |  |  | - 11 | -11 | 0 | - 11 |
| Sub Total | 32 ( 4 5) | 12 (6) | 12 (18) | 1 (2) | 7 (6) | $\Delta 7 \quad$ (3) | 57 (31) |  |  |
|  | 38 | 5 | - 6 | $\triangle 0$ | 0 | -11 | 25 |  |  |
| Consolidated Adjustment | 0 (0) |  | - 3 ( $\mathbf{4} 4$ | A0 ( $\mathbf{\Delta} 1)$ | $\Delta 1$ ( $\mathbf{\Delta} 0)$ | 0 (0) |  | $\Delta 6$ ( 4 7) |  |
|  | 0 | $\triangle 0$ | 1 | 0 | $\triangle 0$ | $\triangle 0$ |  | 0 |  |
| Grand <br> Total | 33 ( 4 5) | 10 (4) | 8 (13) | 0 (0) | 5 (6) | $\Delta 6$ (4) |  |  | 50 (24) |
|  | 38 | 5 | $\triangle 5$ | $\triangle 0$ | $\triangle 0$ | A11 |  |  | 26 |

- The upper columns indicates the result of 1Q of FY2014 and the lower columns indicates that of 1Q of FY2013. The Italic figures mean increase/decrease.
- Consolidated adjustment includes amortization of goodwill and unrealized income in inventory.
- Impact of eliminated and newly-joined companies on a consolidated basis on operating income : 400 million yen

| (Unit: 100 million yen) |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |

## Disclaimer regarding forward-looking statements

ONISSUI
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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