

European Business Briefing QA Summary

【Date】

Thursday, 12 June 2025, 4:30 pm – 5:15 pm (JST)

Thursday, 12 June 2025, 9:30 am – 10:15 pm (CEST)

【Attendees】

Olaf Büttner, Managing Director, NISSIN Europe

Akihito Baba, Director, NISSIN Europe

Shehram Saeki, Director, NISSIN Europe

Akihito Tsunose, Director, NISSIN Europe

Yohei Harada, Director, NISSIN Europe

Q. Could you tell us about Nissin's position in European countries?

A. The consumption of instant noodles in Europe varies by country. For example, the UK and Poland have high consumption levels, whereas Mediterranean countries like Spain and Italy have lower consumption. Therefore, we tailor its strategies to each region. In Northern Europe, we offer products for vegans and vegetarians, as there is a high awareness of health and sustainability in these areas. In the UK, France, and Germany, our presence is strong, and Asian food cultures such as sushi and ramen are well-established, so we are expanding our range of value-added cup-type noodles like Soba brand. On the other hand, in Eastern Europe, where income levels are relatively lower, we focus on bag-type noodles. In Southern Europe, including Portugal, Spain and Italy, we are working with local retailers and engaging in OEM collaborations. For instance, we are partnering with players strong in private brands to advance branding initiatives together in Spain. Similarly, in Italy, we are progressing collaborations with retailers. Since instant noodle consumption is still low in these areas, we prioritize working with partners like retailers to stimulate the market.

Q. Does the business negotiation with discounters include not only Europe but also the United States and other regions?

A. We are negotiating separately in the United States, but since major discount channels are large corporations, we are considering whether it is possible to conduct business at a global level. We believe that working with international channels is extremely important in our pursuit of Nissin's globalization.

Q. How does the partnership agreement with discounters differ from the past?

A. In the past, due to lower sales volumes, our products were sometimes replaced by those from other manufacturers. Currently, it has become more difficult for retailers to replace our products by building close partnerships and increasing sales volumes. We aim to enhance

performance with our partners and expand the internationalization of our products. We are gradually expanding our coverage in countries like Germany, France, Poland and the UK. Covering more than 20 countries with a single supplier is an efficient concept for the discounters as well.

Q. As ramen became popular in Europe, could you explain the importance and strategy of Soba brand?

A. Soba, launched in 2013, is our largest brand. It is highly innovative and has gained popularity in Europe. As you mentioned, the ramen culture is indeed expanding in Europe, but it appears to be about ten years behind sushi, with a relatively short history. While ramen products like Demae Iccho brand are also growing, indicating potential for ramen, the ramen culture is still in its early stages. Although Europeans are not deeply immersed in ramen, East Asian cuisine is becoming more widespread, and interest in Asian food is growing. In Hungary, there aren't many ramen restaurants so far, but in cities like Amsterdam and Copenhagen, ramen restaurants are starting to open. We aim to leverage the potential in each region and introduce products accordingly.

Q. Nissin is the No. 2 market share in Europe. Could you share your thoughts on margin comparison with competitors?

A. We aim to leverage our brand strength to expand our volume. The popularity of ramen is gradually increasing, and we believe we can catch up with the No. 1 company in market share. As a Japanese company, we can offer "Authentic" Japanese flavors, providing Europeans with genuine Asian cuisine. Our goal is to become No. 1 in market share.

In terms of our product composition, it's roughly half-and-half between bag-type noodles and cup-type noodles, with a higher cup-type noodle ratio compared to the market ratio. We plan to continue expanding our high-margin cup-type noodle offerings. For example, looking at major snack companies, their average profit margins are relatively low, around 2-6%. The European food market is highly competitive, we believe our profit margin levels are favorable compared to the market. The German market is highly price-sensitive and competitive, but we believe we are managing our expansion well.

Q. What is the target core operating profit margin level for Nissin in Europe?

A. We aim for 10% OPM by 2030. However, the competitive environment in Europe is different from other regions, with average profit margins for food manufacturers being lower and the value chain differing as well, so it is not an easy target.

Q. Why has the concept of Nissin's Authentic Asia become so popular, and what are the possibilities for expanding this strategy?

A. The popularity of Asian food culture is accelerating. In Europe, there are many single-person households, and Generation Z is driving the growth of Asian instant products and convenient items. Europeans often travel to Asia, with Japan being particularly popular. After experiencing Asian cuisine during their travels, they want to enjoy Asian meals at home, which is a favorable trend for us. Additionally, there is a shift in consumption from chilled and frozen foods to instant noodles, driven by price considerations. Instant noodles are very affordable, at around 2 euros, and this aligns with the Asian trend, providing a tailwind. As the younger generation matures and continues to consume Asian food, we believe this trend will persist.

Q. Have there been any changes in strategy compared to 5-10 years ago? Also, which generations will be targeted in the future?

A. Cup-type noodles primarily target younger generations, such as university students. On the other hand, bag-type noodles are often consumed by younger families such as millennials generations. Due to the convenience of adding ingredients, we can also target slightly older generations. In Hungary, it is also eaten by them. With the launch of innovative products like Cup Noodles with Protein, the target can expand further. We can target those who are more health-conscious and those who engage in sports. While instant noodles primarily target low to middle-income consumers, we also aim to reach individuals who are health-conscious and willing to spend money on such products.

Q. I believe the Nissin Foods Group has expertise in efficient facilities. Are there any features that are noteworthy compared to Japan or other countries?

A. We generally use similar production equipment globally. If production issues arise in any country, we share our expertise with Japan and other locations. By sharing various information with HD, our central technology center, it contributes to future development. In Europe, we also pay attention to packaging. From an efficient standpoint, we design cardboard packaging to be easy to open, making it easier to place trays directly on shelves. Additionally, since we need to transport products to distant regions like the UK, transportation efficiency is also a consideration. The way of retailers and logistics are primarily different from Japan.

Q. Could you tell us the composition ratio of large countries like the UK, Germany, and France? Are there differences in growth rates among these countries?

A. The UK, Germany and France account for over 50% of our sales and are performing well. We focus our marketing costs intensively on these countries. We implement marketing strategies through various media, especially utilizing social media to reach younger audiences. Recently,

we collaborated with a company on a game streaming platform, targeting the young audience watching game streams. Strategies vary by country, and competitors differ as well. For example, there are players unique to each country in the UK and France. Within limited marketing resources, we conduct tastings to make consumers notice, know, and buy our products. We believe the growth of the instant noodle category is still ahead.

Q. Besides the three major countries (the UK, France and Germany), which countries or products do you expect to have growth potential?

A. We particularly expect growth in Eastern Europe. The popularity of Asian culture is not yet strong there, so future growth is anticipated. In Poland, there is a gradual shift from bag to cup noodles, and we believe our Soba brand can grow. Currently, we are focusing on quantity growth in Poland, but we expect monetary growth in the future. The UK market is somewhat saturated, with slow growth, but growth is expected in Germany and the Nordic countries. We aim to achieve growth exceeding the market.

Q. You aim to achieve a CAGR of 6% growth by 2030. Could you break it down into quantity and price?

A. It is an ambitious goal, but we aim to grow. We believe we can achieve the target of 600 million servings by 2030. We expect the new factory, operational around 2028, to help achieve this. We aim to grow by expanding high-value-added products.

Q. I noticed there are many Korean products in Poland. How do you plan to respond to the Korean competition?

A. Although not as strong as in the US, Korean companies are strong in Europe, actively using TikTok and investing in marketing. Korean culture is also popular in Europe. We are considering countermeasures and may introduce competing products against Korean products. However, Europe is not a market that readily accepts spicy flavors, so we don't need to be overly sensitive to the Korean competition. Although Korean companies are indeed growing rapidly, our market share has not declined.