

Consolidated Results for the First Half of the Fiscal Year ending March 31, 2018 (1H of FY2018)

Announced on November 10, 2017

This material was released on November 14, 2017 for the results briefing



NISSIN FOODS HOLDINGS CO., LTD.

Stock Code : TSE 2897

Overview of Financial Results for the First Half of FY2018

Director, CFO, and Managing Executive Officer
Yukio Yokoyama

FY2018 Mgmt. Policy

Build firmer foundation for sustained growth, while targeting four-year consecutive record-high sales

Domestic: Enhancement of earning power and investment for future mgmt. base

Overseas: Significant increase in sales and increase in OP in each region based on “CUP NOODLES Strategy.”

Review of FY2018 1H

Consolidated: Growth achieved in both sales and profit (operating income, ordinary income, quarterly net income).

Adjusted operating income increased.

Domestic:

- Nissin Food Products Co., Ltd. achieved growth in sales, clearing a high hurdle last year, and growth in operating income. However, some expenses such as advertising expenses are due to be carried forward to the second half.
- Myojo Foods Co., Ltd. achieved growth in profit due to improved profitability in production operations and reduced selling expenses, although sales fell slightly short of the year-ago level.
- The chilled and frozen business achieved growth in sales and profit, driven by the strong performance of the frozen food business.
- The confectionery and beverage business suffered a decline in profit, reflecting the effect of the delayed financial term of Bonchi Co., Ltd. and higher depreciation for Nissin York Co., Ltd., partially offset by the strong sales and operating income achieved by Nissin Cisco Co., Ltd.

Overseas:

- The Americas segment achieved sales growth helped by a good performance in the U.S. Operating income increased with the contribution of higher profits in Brazil.
- The China segment achieved sales growth helped by the contribution from MCMS, which was newly reflected in the consolidated accounts, as well as good sales in mainland China. Operating income declined slightly, mainly due to an increase in depreciation.
- The Asia segment achieved sales growth as higher sales in Thailand and Indonesia offset smaller sales in India. The deficit worsened slightly.
- The EMEA segment saw sales growth in both Europe and Turkey. Operating income moved into the red as new plants took time to stabilize operations.

Summary of FY2018 1H

The first half ended with record sales and profits, reflecting the steady performance of the segments overall, although their performance varied somewhat.

For the full-year, the Company aims to expand sales and profit without changing the initial forecast, regarding it as the minimum requirement.

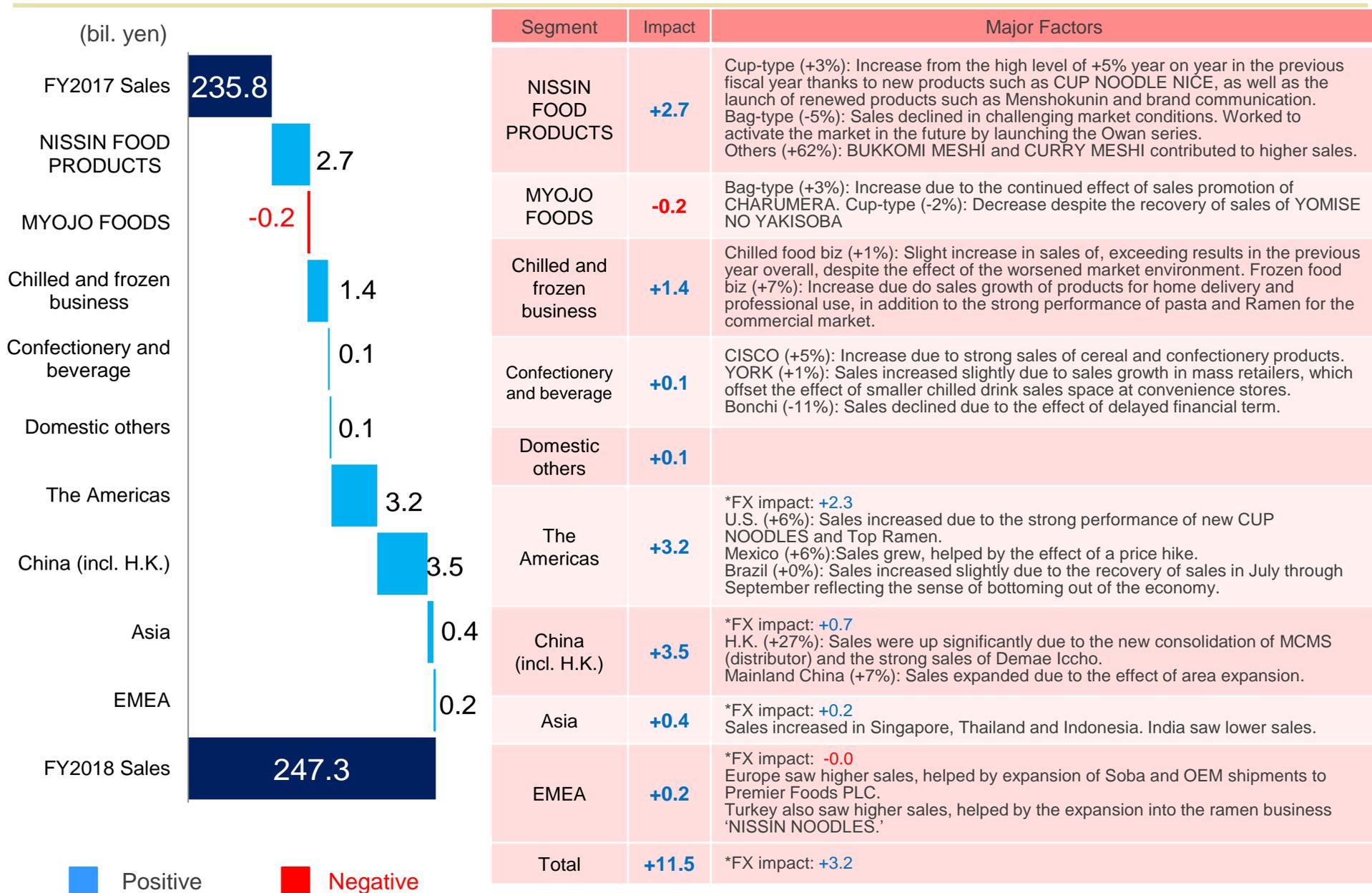
(bil. yen)	FY2018			FY2017
	1H Results	YoY Change	YoY Change (%)	1H Results
Sales	247.3	+11.5	+4.9%	235.8
Operating income	15.3	+3.6	+30.7%	11.7
Adjusted operating income*	15.0	+1.1	+8.0%	13.9
Ordinary income	19.0	+5.2	+38.0%	13.8
Net income attributable to owners of parent	14.1	+1.9	+15.5%	12.2
OP margin	6.2%	-	+1.2pt	5.0%
Ordinary income	7.7%	-	+1.8pt	5.8%
Net income attributable to owners of parent margin	5.7%	-	+0.5pt	5.2%

* Adjusted Operating income = Operating income - Impact from retirement benefit accounting

FY2018 1st Half Results: Sales Results by Segment

(bil. yen)	FY2018			FY2017
	1H Results	YoY Change	YoY Change (%)	1H Results
Instant Noodles	127.8	+2.5	+2.0%	125.3
NISSIN FOOD PRODUCTS	107.9	+2.7	+2.5%	105.2
MYOJO FOODS	19.9	-0.2	-0.9%	20.1
Chilled and frozen business	32.0	+1.4	+4.7%	30.6
Confectionery and beverage	26.4	+0.1	+0.4%	26.3
Domestic others	2.0	+0.1	+6.7%	1.9
Domestic total	188.2	+4.2	+2.3%	184.0
The Americas	30.8	+3.2	+11.6%	27.6
China (incl. H.K.)	21.0	+3.5	+20.2%	17.5
Asia	4.9	+0.4	+9.2%	4.5
EMEA	2.4	+0.2	+7.1%	2.3
Overseas total	59.1	+7.3	+14.1%	51.8
Consolidated sales	247.3	+11.5	+4.9%	235.8

FY2018 1st Half Results: Sales Contribution by Segment



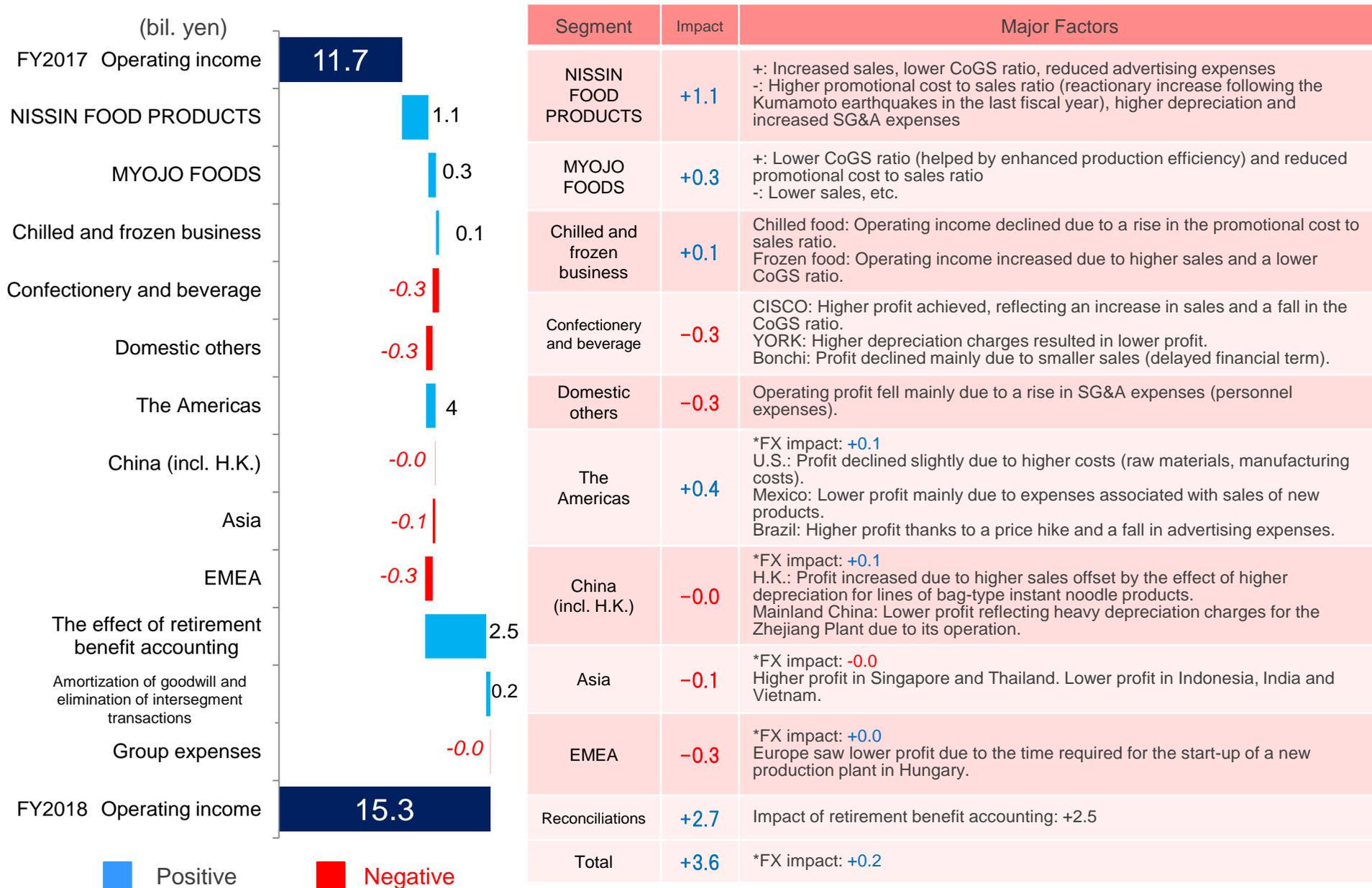
Positive Negative

* Notes: Figures in parentheses in Nissin Food Products and Myojo Foods are YoY change by category (bag or cup). Comments and YoY change figures in Major Factors in the Americas, China, Asia and EMEA segments are based on a local currency.

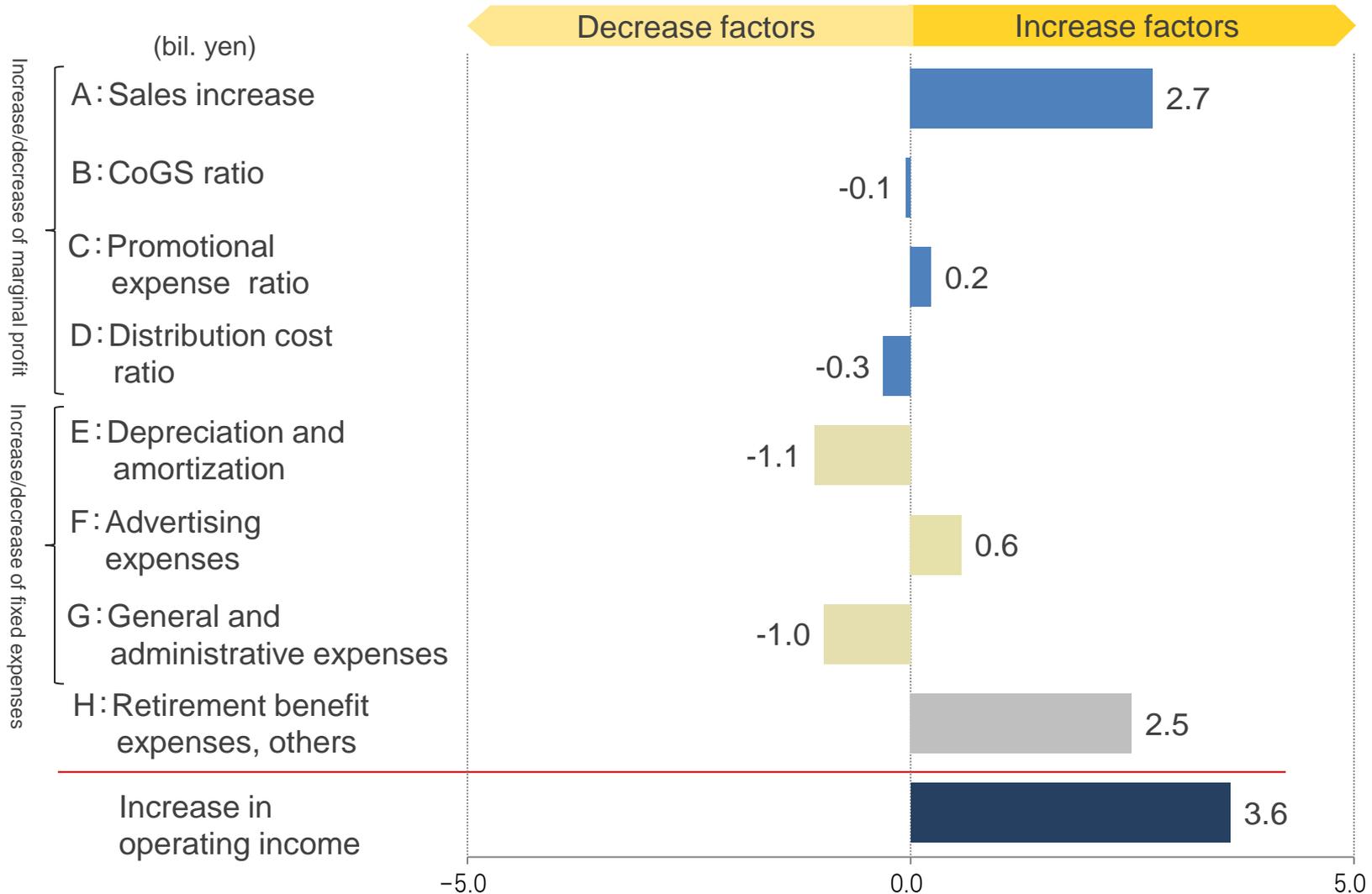
FY2018 1st Half Results: Operating Income Results by Segment

(bil. yen)	FY2018			FY2017
	1H Results	YoY Change	YoY Change (%)	1H Results
Instant Noodles	12.9	+1.4	+12.1%	11.5
NISSIN FOOD PRODUCTS	11.8	+1.1	+10.1%	10.8
MYOJO FOODS	1.0	+0.3	+42.6%	0.7
Chilled and frozen business	1.2	+0.1	+11.5%	1.1
Confectionery and beverage	1.5	-0.3	-15.7%	1.7
Domestic others	0.7	-0.3	-27.7%	0.9
Domestic total	16.2	+1.0	+6.5%	15.2
The Americas	1.1	+0.4	+51.2%	0.7
China (incl. H.K.)	1.8	-0.0	-0.5%	1.8
Asia	(0.6)	-0.1	-	(0.5)
EMEA	(0.2)	-0.3	-	0.1
Overseas total	2.1	-0.0	-2.0%	2.2
Reconciliations	(3.0)	+2.7	-	(5.7)
Consolidated operating income	15.3	+3.6	+30.7%	11.7
(Ref.) Adjusted operating income	15.0	+1.1	+8.0%	13.9

FY2018 1st Half Results: Operating Income Contribution by Segment



Operating Income 15.3 bil yen(vs. FY2017: +3.6 bil yen)



【Calculation method】 (1) Variable costs (A,B,C,D)=(Current FY sales * Previous FY sales ratio)- Current FY costs

(2) Fixed costs (E,F,G)=(Previous FY costs - Current FY costs)

Non-operating Income/Expenses and Extraordinary Gain/Loss

Figures in parentheses are the results of the FY ended Mar. 31, 2016 (bil. yen)

Major reasons

■ Non-operating income

- Interest income 0.5(0.4)
- Dividend income 0.8(0.9)
- Gain from sales of marketable securities 0.9(1.0)
- Equity in earnings of associates 1.3(0.6)
- Others 0.7(0.4)

Revenue recovery at Mareven

■ Non-operating expenses

- Interest expenses 0.2(0.2)
- Foreign exchange loss 0.0(1.0)
- Others 0.2(0.2)

Generation of FX losses (Last year)

■ Extraordinary gain

- Gain on sales of fixed assets 1.0(6.9)
- Gain on sales of investment securities 0.0(0.0)
- Insurance proceeds 0.6(6.8)
- Others 0.4(-)

Sales of shares of Ono pharmaceutical Co., Ltd. (Last year)

Fire at Brazil business

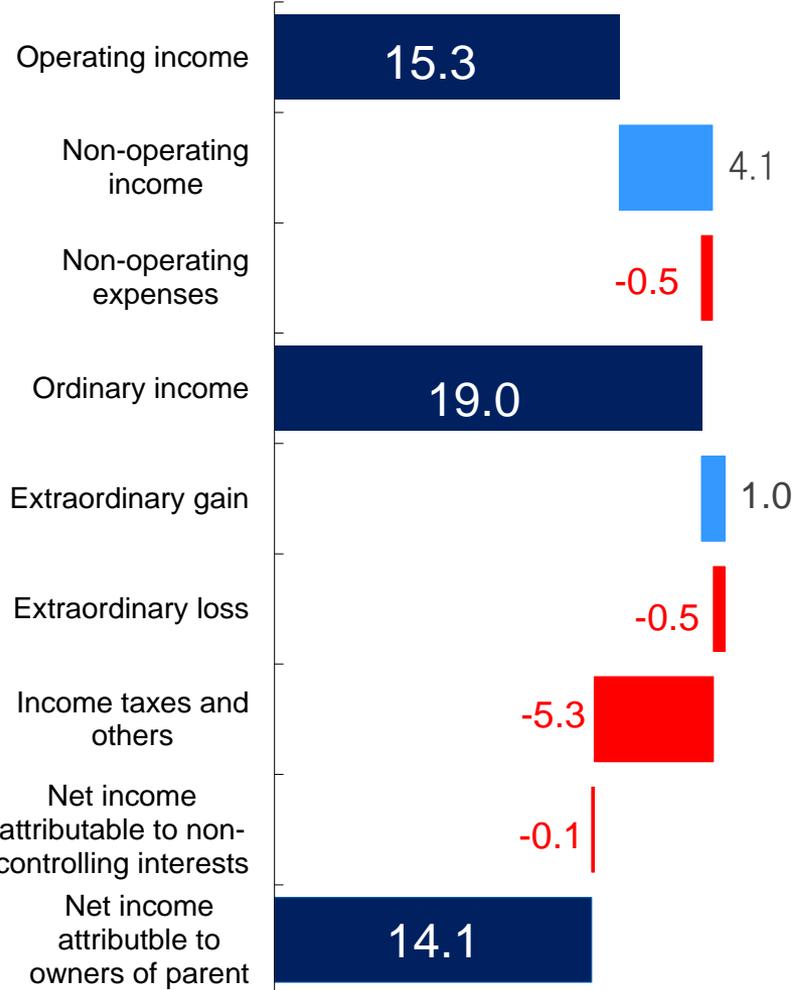
■ Extraordinary loss

- Loss on disposal of fixed assets 0.2(0.1)
- Impairment loss 0.0(0.5)
- Loss due to a fire - (0.5)
- Loss on valuation of shares of subsidiaries and affiliates 0.2(0.4)
- Others 0.1(0.6)

Fire at Brazil business (Last year)

Settlement money due to contract change (Last year)

(bil. yen)



■ Positive ■ Negative

Forecasts for the Current Fiscal Year

Steadily meet targets as initially planned and pave the way for growth in the third year.

(bil. yen)	FY2018			FY2017	
	Forecast	YoY Change	YoY Change (%)	Results	
Sales	520.0	+24.3	+4.9%	495.7	■ FY2018 full-year results forecast
Operating income	34.0	+5.4	+18.8%	28.6	<ul style="list-style-type: none"> • FY2018 full-year forecasts remained unchanged from the initial plan
Adjusted operating income*	33.4	+0.5	+1.6%	32.9	■ Impact from retirement benefit accounting
Ordinary income	37.0	+4.1	+12.6%	32.9	<ul style="list-style-type: none"> • vs. FY17: +4.9 bil. Yen • FY17 Negative 4.3 bil yen, FY18 Plan: Positive 0.6 bil yen
Net income attributable to owners of parent	24.5	+0.9	+4.0%	23.6	■ Increase of depreciation cost
OP margin	6.5%	-	+0.8pt	5.8%	<ul style="list-style-type: none"> • vs. FY17: Anywhere btw. +3.6 and +4.6 bil yen • FY17 Result: 15.4 bil yen, FY18 Plan: Anywhere btw. 19.0 and 20.0 bil yen
Ordinary income	7.1%	-	+0.5pt	6.6%	■ Impact from domestic raw material cost (forecast)
Net income attributable to owners of parent margin	4.7%	-	-0.0pt	4.8%	<ul style="list-style-type: none"> • FY18 1H Result: Cost reduction of approx. 1.1 bil. yen • FY18 2H Forecast: Increase in costs about 300 to 500 mil. yen is expected. • FY18 Forecast: Expected to end with a cost reduction for the full period. • FY18 Initial plan Amount of cost reduction +0 bil. yen
ROE	-	-	-	6.7%	Assumed exchange rate (110 yen /US \$)
Adjusted EPS*(yen)	26.1	+0.8	+3.2%	25.3	■ Capex plan
					<ul style="list-style-type: none"> • FY18 1H Progress: 27.7 bil. yen • FY18 Annual plan: 65 bil. to 75 bil. yen

* Adjusted Operating income = Operating income - Impact from retirement benefit accounting

* Adjusted EPS=Adjusted operating income + Equity method gains or losses + Amortization of goodwill (including equity method companies) /Average number of shares outstanding (After deduction of treasury stocks)

Medium-Term Business Plan 2021 Interim Report in the Second Year

Representative Director, President and CEO
Koki Ando

Setting out KPI based on “earning power through operations” and “value in capital markets” (market capitalization), as requirements for “recognition as a global company”

		FY2016		FY2017		FY2021			
		Results J-GAAP				Reference J-GAAP		Targets IFRS standards	
Earning power through operations	Sales	468.1	bil. yen	495.7	bil. yen	600.0	bil. yen	550.0	bil. yen
	Adjusted Operating Income*1	24.7	bil. yen	32.9	bil. yen	40.0	bil. yen	47.5	bil. yen
Value in capital markets	Market Capitalization*2	570.0	bil. yen	640.0	bil. yen			1	tri. yen
	Net Income*3	26.9	bil. yen	23.6	bil. yen			33.0	bil. yen
	ROE	7.4	%	6.7	%			8	% or higher
	Adjusted EPS*4	196	yen	253	yen	CAGR 10% or higher		330	yen

Payout ratio: 40% or higher on the average for the five-year period
 Budgeted for capex: 150.0 bil. yen
 Budgeted for business investment: 100.0 bil. yen

*1 Adjusted operating income = Operating income – Impact of retirement benefit accounting

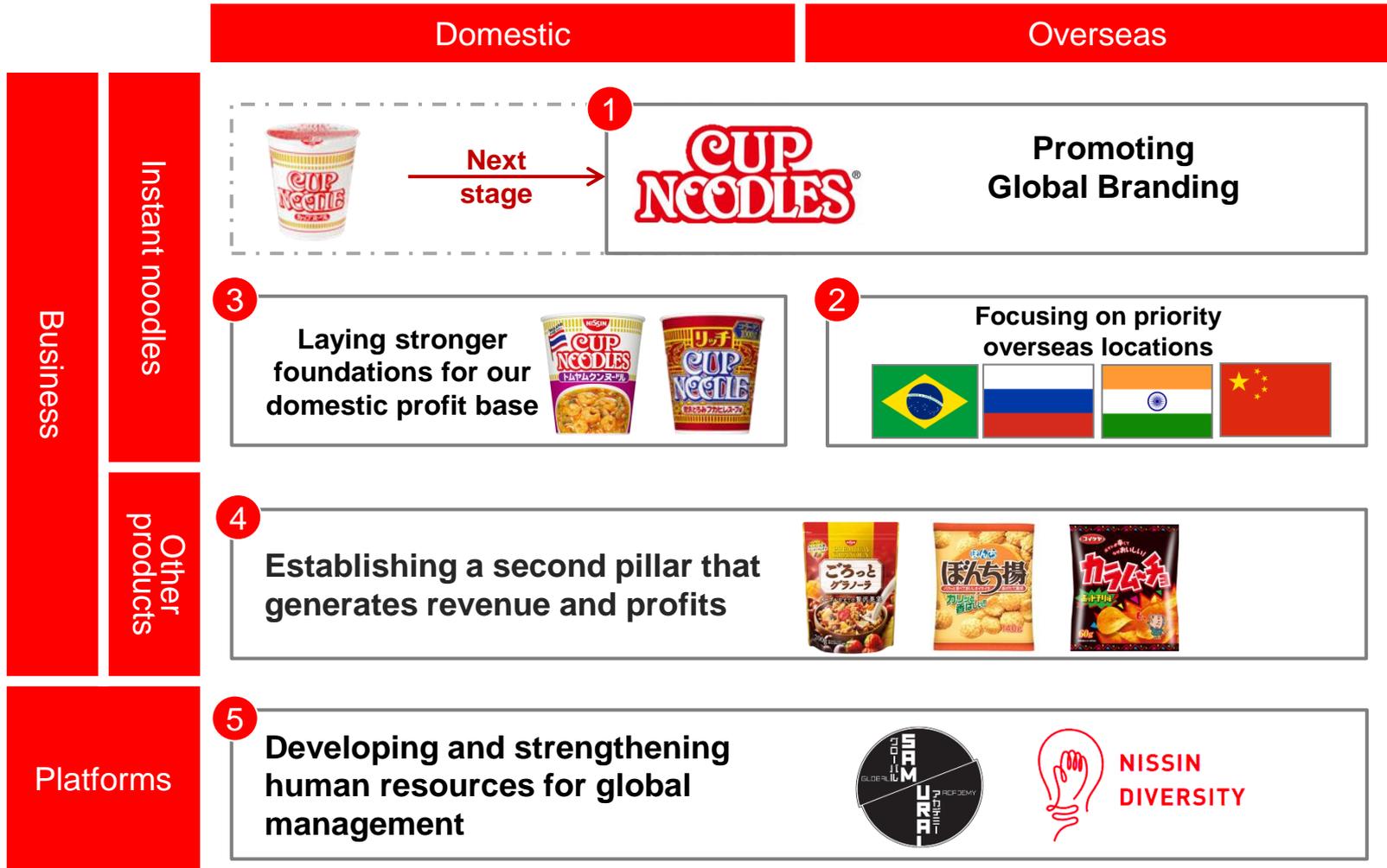
*2 Market capitalization = Share price × Issued shares at end of year (after deduction of treasury shares)

*3 “Net income attributable to owners of parent” under Japanese accounting standards, “profit attributable to owners of the parent” under IFRS standards

*4 Adjusted EPS = Adjusted NOPAT*5 ÷ Average issued shares for the period (after deduction of treasury shares)

*5 Adjusted NOPAT = Adjusted operating income + Equity method gains or losses + Amortization of goodwill (including equity method companies) – Net income attributable to non-controlling interests

- Focusing on five key themes in pursuit of business profitability



Strategies to Achieve the Medium-Term Business Plan:

Creation of a Market for Cup-Type Instant Noodle Products (1)



Promoting Global Branding



PP cup



Shift to paper cup

Europe

NEW

CUP NOODLES
(8Flavors)

€1.09

2017.8 ~



INDIA

NEW

CUP NOODLES
Seafood Curry

INR50

2017.11 ~



Hong Kong

NEW

Hap Mei Do (CUP NOODLES)

樂怡(Light)

HK\$7.5

2017.8 ~



CUP NOODLES

(10 Flavors)

2016.8 ~



USA

NEW

CUP NOODLES

Very Veggie

(3Flavors)

around \$1

2017.8 ~



NEW

CUP NOODLES

SEAFOOD &

CURRY

\$1.5 ~ \$2

2017.10 ~



BRAZIL

NEW

CUP NOODLES

GALINHA CAIPIRA PICANTE

around BRL3.49

2017.11 ~



Global communication of CUP NOODLES

- Developing "7 SAMURAI" as a universal creative for promotion for global branding.

- ✓ BRAZIL ✓ VIETAM
- ✓ JAPAN ✓ INDIA

Development of "Seafood Noodles," a unified international flavor.



VIETNAM



THAILAND



SINGAPORE



INDONESIA



PHILIPPINES



HONG KONG



MAINLAND CHINA



NEW

INDIA

USA

2 Focusing on priority overseas locations



Strategies to Achieve the Medium-Term Business Plan: Situation in Brazil

Market environment

- More than 120,000 retailers have closed since 2016.
- Collecting receivables from retailers by wholesalers is difficult.
- Bankruptcy of consumer credit
- Return from eating-out and single-serving food products to rice, bean and corn-related foodstuff

Deteriorated management and closure of wholesalers, credit insecurity

Stronger risk management

- Stronger credit management of wholesalers
- Reduction of stock at wholesalers

YoY change in sales (April - June) **-4%**

Sales (July - Sept.) **+4%**

The business environment has bottomed out and has now begun to improve.

Situation of CUP NOODLES strategy

Population and wealth are concentrated in the southeastern, southern and southwestern areas.



Area with GDP exceeding 10,000 USD/capita

Per-capita GDP of Brazil
8,727 USD/capita
Data source:
IMF-World Economic
Outlook Databases 2017

Macro environment

* Source: The Central Bank of Brazil, Bloomberg, IMF and World Bank

	2014	2015	2016	2017 June → Sept.	2018E
% GDP growth rate	0.1	-3.8	-3.6	0.3 → 0.8	2.5
% Inflation rate	6.4	10.7	6.3	3.9 → 3.3	4.3
% Base rate (year-end)	11.75	14.25	13.75	9.0 → 7.0	7.00
% Unemployment rate	4.8	6.8	11.3	13.9 → 13.0	12.0

- GDP turned positive, and the inflation rate and the base rate continue to fall.
- Unemployment rate remains high but has improved and fell for the third consecutive month in 11 of 27 states.

<Situation a year after the launch of new CUP NOODLE>

YoY change in purchase in urban areas

More than 130%

(Volume: April – Sept. 2017 vs. April – Sept. 2016)



(Launched in Sept. 2016)



Encourage young people, the target, to eat CUP NOODLES by becoming a sponsor of international events held mainly in large cities.

Strategies to Achieve the Medium-Term Business Plan: Efforts of Bag-Type Noodle Products of Nissin Food Products

Laying stronger foundations for our domestic profit base



* "OWAN DE TABERU" means eat with a bowl.

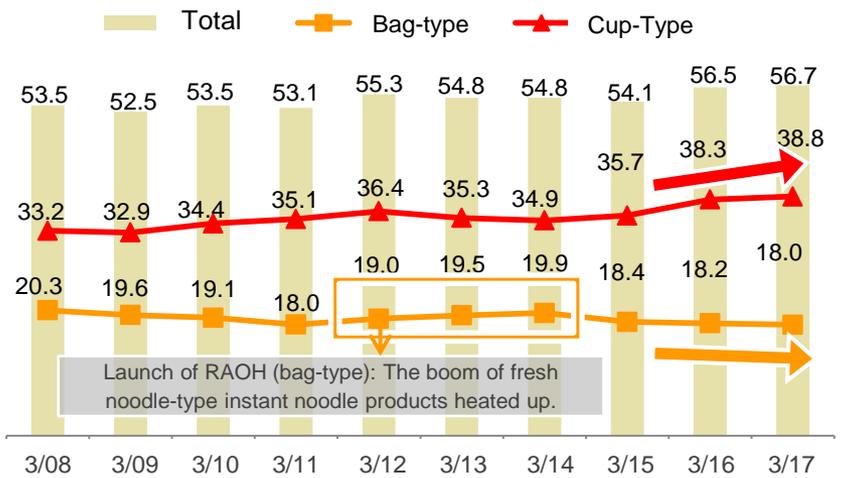


**Eat what you like more wisely.
Right size for one more item!
Small-sized bag-type instant noodles were launched!**

**Bag of three instant noodles
230 yen (tax excluded)**

Propose bag-type instant noodle products based on a new concept for one-person households and senior households with married couple only.

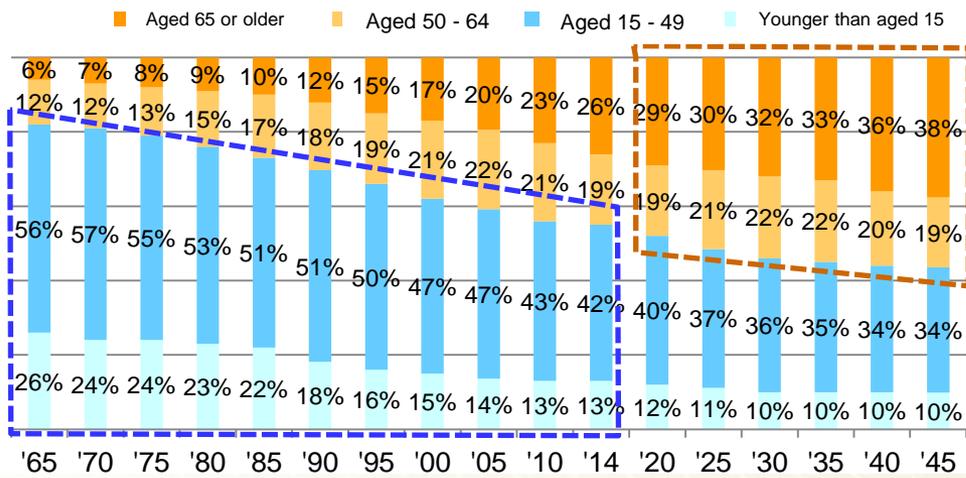
Trends in total production volume of instant noodles (100 mil. servings)



* Source: Japan Convenience Foods Industry Association (JCFA)

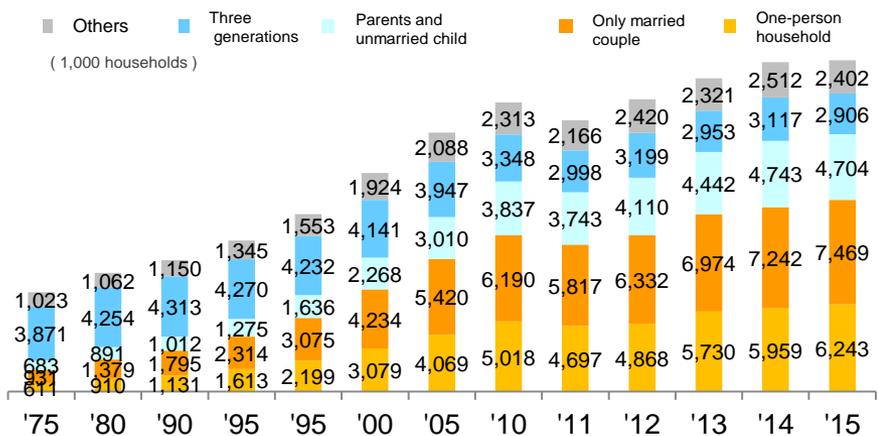
Demographics (age)

The demographics of Japan will **shift its weight to seniors** from young people and families.



Trends in households with a person aged 65 or older by family structure

Many senior households are "one person" or "married couple only," and **the number of people per household is small.**

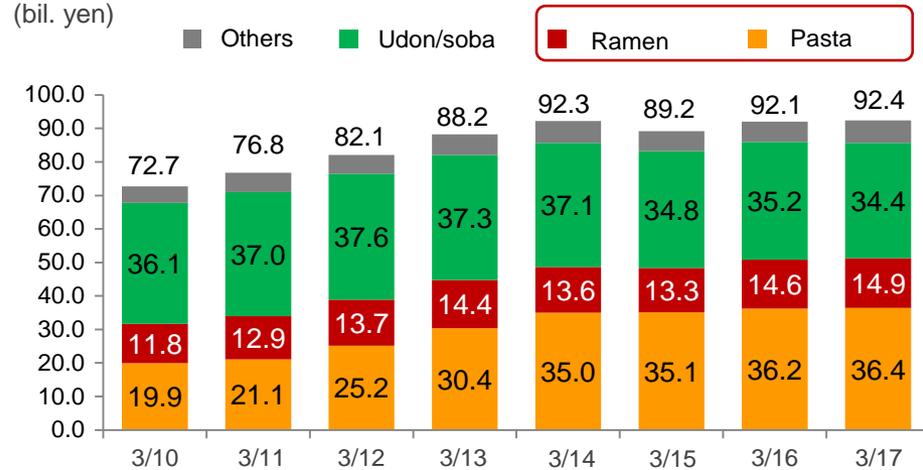


Establishing a second pillar that generates revenue and profits

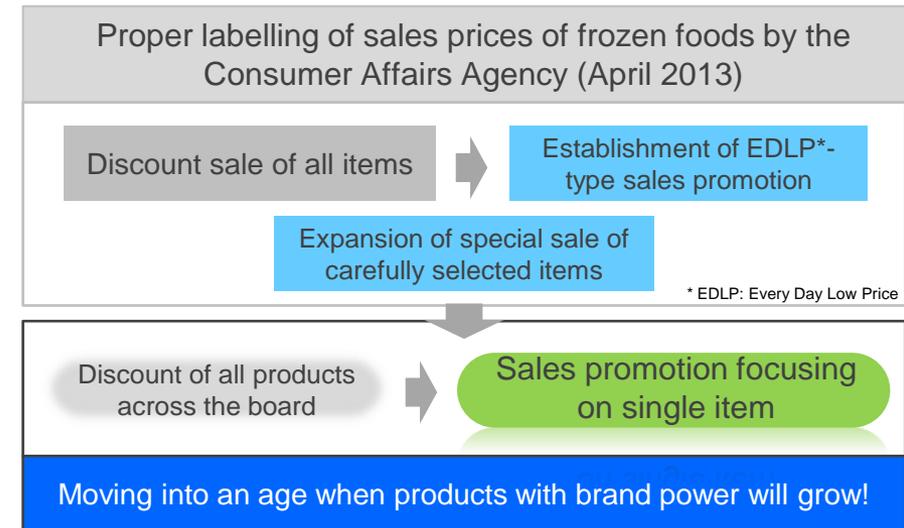


Strategies to Achieve the Medium-Term Business Plan: Growth of Frozen Foods Business

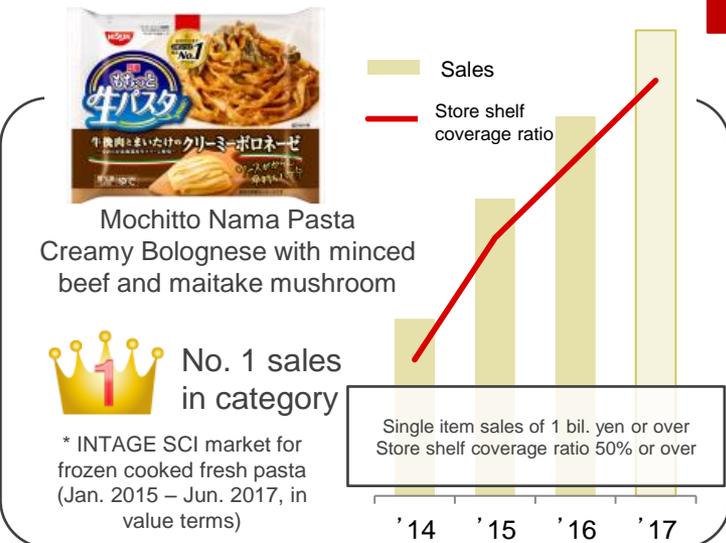
Trends in the market for frozen noodles



Changes in the market environment (sales method)



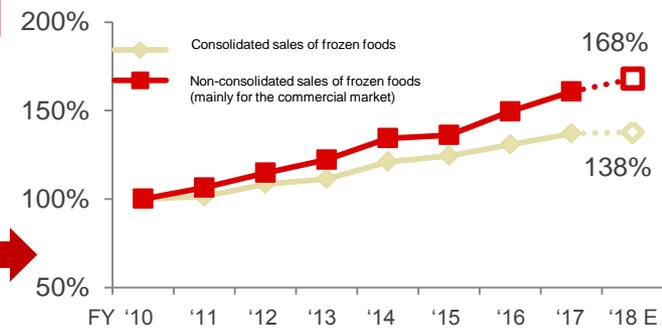
Situation of the frozen foods business



Strengthen appeal as single item



<Sales growth rate of the frozen foods business>



Growth in profitability

- First half: Non-consolidated operating income up 40% year on year
- First half: Consolidated operating income up more than 40% year on year
- Improved efficiency and cost reduction based on volume production



Strategies to Achieve the Medium-Term Business Plan

■ Promote local personnel to senior executives in major overseas areas

- Build local area-based strategies based on management familiar with culture and business customs, etc.

INDO NISSIN FOODS PRIVATE LTD.
President: Gautam Sharma Jan. 2014 -



He has worked for several global consumer goods manufacturers and until recently served as the president of a local Indian subsidiary of a leading U.S. manufacturer. He has enormous connections in India and developing more attractive new products tailored to local tastes.



NISSIN FOODS (U.S.A.) CO., INC.
President: Al Multari Mar. 2015 -

He built his long career in a leading global food company and has most recently served as the head of the Baking division. His background is mainly in marketing and sales. He drove the renewal of CUP NOODLES in FY2016.

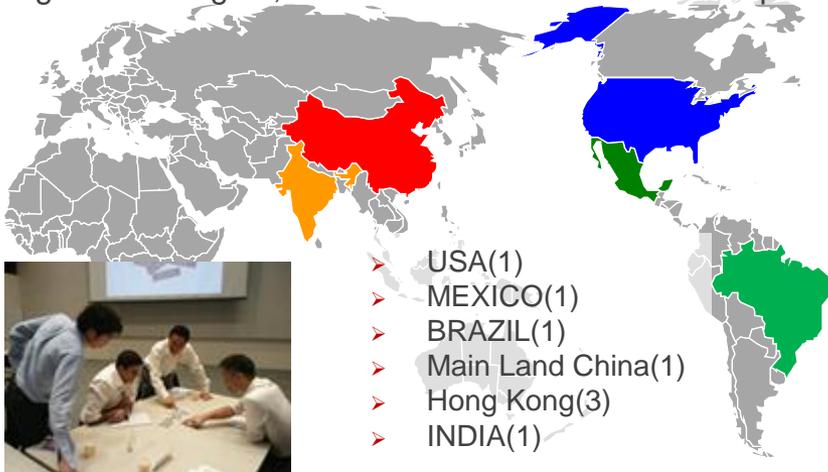
NISSIN FOODS DE MEXICO S.A. DE C.V.
President: Luis Javier Gomez Martinez
Sept. 2017 -



He worked in sales, logistics and marketing for many years at a food and consumer goods manufacturer in Mexico. He also has extensive management experience.

■ “Future Leader Session (FLS)” course (July 12 – 14, 2017)

- Hold selective training in Japan for the purpose of cultivating global managers, for 8 executives at overseas companies.



■ Global training, etc. of the Nissin Foods Group

“Brand marketing in the digital age” (2016 -)

- It consists of three parts: “What is CUP NOODLE?” “Mechanism of brand marketing in the digital age” and “Workshop.”
- We provide the training by visiting Brazil, the United States, India, Mexico and Asia.

“Global IT meeting 2017” (June 13 and 14, 2017)

- Nine employees including those in charge at overseas companies discuss their efforts and issues in sessions related to IT vision, IT strategy and security.

“Survival training on a deserted island” for new management level employees (Sept. 28 – 30, 2017)

- 22 new management-level employees of Group companies in Japan, and 10 management-level employees in local subsidiaries in the China/Hong Kong segment participated in the training on a deserted island for the first time.

“Global Finance meeting 2017” (Nov. 20 – 22, 2017)

- Financial training for 13 employees including those in charge of accounting overseas.

■ Enactment of Nissin Group Policy on Sustainable Procurement

The Nissin Foods Group adopted the Basic Policy on Green Procurement in May 2007 and has been promoting environment-friendly procurement of raw materials. The Group has now adopted the Nissin Group Policy on Sustainable Procurement, which takes the sustainability of the earth into account.

Nissin Group Policy on Sustainable Procurement			
1	Food Security/Food Safety	4	Respect for human rights
2	Compliance with laws and regulations/Ethical acts	5	Co-existence with local communities
3	Earth/Environment		

■ Environmental Conservation



In this forest conservation project, NISSIN FOODS Group employees work with their own hands to thin trees and produce hand-made chopsticks from the timber; an indispensable item when eating Ramen noodles.



■ Participating entities: **8**

■ Total participants: **870**

■ RSPO Membership

By attaining membership in RSPO, NISSIN FOOD PRODUCTS CO., LTD. aims to procure certified palm oil for the prevention of deforestation and the protection of biodiversity as raw materials for its instant noodle business.

* RSPO (Roundtable on Sustainable Palm Oil)

(Nissin Group Initiatives for Certified Palm Oil)

- 2013: NISSIN FOODS (U.S.A.) CO., INC. joined RSPO
- 2016: Nissin Foods Kft. (Hungary) joined RSPO
- Feb. 2016: Nissin Foods Kft. completed the shift to 100% certified palm oil
- Dec. 2016: NISSIN FOODS (U.S.A.) completed the shift to 100% certified palm oil
- Sep. 2017: Nissin Foods Holdings applied for RSPO membership
- Oct. 2017: Nissin Foods Holdings acquired RSPO

■ Initiatives of Diversity Committee



NISSIN DIVERSITY
May. 2015-

A volunteer group of employees has established a platform to support diverse work styles for employees of diverse natures, aiming to achieve an improvement in both competitiveness and productivity for the Company. To begin with, the volunteer group has been taking active steps to address issues related to gender diversity.

- Promotion of Work-life Balance
Introduction of a childcare subsidy program to assist employees in need, promotion of a shortened working hour program, the telework system, a flexible working hour system, childcare leave (aiming to encourage male employees to take childcare leave more easily), etc.
- Establishment of Corporate Culture Promoting Diversity
Hosting company events including the Diversity Award and Family Day
- Career support for female employees
Catalyst training (female leadership development program), career development program for young female employees, Sister-to-sister program, a mentor program designed for female employees, networking activities for female managers, a relationship management program for male leaders with female subordinates, a training program for female sales staff, seminars, etc.



NISSIN FOODS HOLDINGS CO., LTD.



APPENDIX

FY2018 Domestic Businesses: Qualitative Information by Segment - 1

NISSIN FOOD PRODUCTS

Generate cash and enhance profitability

1st Half

Bag-type: YoY -5%; Cup-type: YoY +3%; Products other than instant noodles: YoY +62%; Total: YoY +3%

Profit growth achieved on strong sales and brand enhancement

■ Challenge to be a 100-year brand company

- Maximization of brand value for existing products –

- “CUP NOODLE”, “DNBEI”, “YAKISOBA U.F.O.” achieved further growth in sales, recording even better performance than the excellent results for 1H of FY2017

■ Contribution to growth in the instant rice market

- Excellent performance by “CURRY MESHİ” and “BUKKOMI MESHİ”



CURRY MESHİ



BUKKOMI MESHİ



■ Health conscious products for core customers

- “CUP NOODLE NICE” launched



CUP NOODLE NICE

Well-accepted especially by male consumers aged in their 30s to 50s

■ Development of products attracting female consumers

- “RAOH” cup-type launched. Product renewal for “MENSHOKUNIN”.



RAOH cup-type
YASAI TANMEN



MENSHOKUNIN



2nd Half Management Policy

■ Challenge to be a 100-year brand company

- Maximization of brand value for existing products -

■ Beyond Instant Foods

- Creating new value and new market -

■ Achieve record-high sales for the 3rd consecutive fiscal period.

Revitalization of bag-type noodles



OWAN DE TABERU



Assorted packages for small families

- Needs for one more item
- Needs for compact packaging

FY2018 Domestic Businesses: Qualitative Information by Segment - 2

MYOJO FOODS

Enhance main brands and employ a proposal-type marketing strategy

1st Half

Bag-type: YoY +3%; Cup-type: YoY -2%; Total: YoY -1%

Strong enhancement of main brands

- “Myojo Charumera”
Sales increase due to the effect of successful promotion of Charumera.
- “Ippeichan Yomise-no-Yakisoba”
Recovery in sales from July



Charumera



Ippeichan Yomise-no-Yakisoba

2nd Half Management Policy

- Strong enhancement of main brands
 - Continue to pursue the “Charumera” strategy
 - Revamp sales of “Ippeichan Yomise-no-Yakisoba”
- Nurture new concept products
 - Establish low-carbohydrate noodles category called “Teitoshitsumen”
(Promotion aimed at winning a certain designated spot on store shelves)
- Sales expansion of “Umadashiya”, a Japanese cup-type noodle product
(Introduction of open-price products into the category of large-sized cup-type Japanese noodle products)
- Comprehensive efforts to control marketing expenses



Umadashiya

Nissin Chilled Foods Nurture value-added brands and leverage technologies

Market Trend

The market for chilled noodles remained weaker than last year

- Demand has shifted from low-price items, three servings in a bag to higher added value items, two servings in a bag
- Growing trend toward solitary dining and ready-to-eat food, given the aging population with the decreasing birth rate, the downsizing of families and less time spent on home food preparation.

1st Half

Sales: YoY +1%; OP: YoY Decreased

- Cold food items
 - Sales plunged due to the record number of rainy days in August in East Japan
- Nurture brands with high added value
 - Expand sales of the “Gyoretsu-no-dekiru-mise” series
 - “Futomen Yakisoba” – Entries made by competitors helped to expand the market size



2nd Half Management Policy

Aim to expand sales with comprehensive strength and capabilities to make proposals.

- Accommodating customer demand for easy-to-cook or precooked food
- Renewal of “Ramen-yasan” for to be able to make it with only a pan.
- Stepping up marketing efforts for the “Furaipan Hitotsu-de” series
- Addressing a trend toward single serving
- Introduction of single packaged products with high added value
- More authentic, more savory
 - Marketing “Futomen Yakisoba” with new sauce
 - Product expansion of popular restaurant series



Gyoretsu-no-dekiru-mise



Ramen-yasan



Furaipan Hitotsu de Champon

FY2018 Domestic Businesses: Qualitative Information by Segment - 3

Nissin Frozen Foods

Focus on growth categories, enhance strategic products and develop new sales channels

Market Trend

- The market for spaghetti products will maintain a strong growth rate this year
- The market for Ramen products shows stable growth

1st Half

Sales: YoY+7%; OP: YoY Increased

- Frozen food for the consumer market
 - “Mochitto Nama Pasta” and “Tan Tan Men” remained the main contributors to the sales growth
- Home delivery sales channel
 - Growing home delivery services div.
- Sales channels for business use customers
 - Growing business opportunities with increased supply of Tonkatsu, pork cutlet



Mochitto Nama
Pasta



Lajiao Tan Tan
Men

2nd Half Management Policy

- Strengthen the power of single item
 - Grow items to be the No. 1 brand in each category
- Upselling opportunities
 - Introduction of high-end Ramen products.
- Establish stable profit base by concentration and higher efficiency of production.
 - Planning an expansion of production capacity



Spa-O Premium



Shiru-nashi Tan
Tan Men Omori



Oshimen



Chanpon

Nissin Cisco

Promote growth with the growth business (Cereal) and the starting business (Confectionery) as a pair of wheels

Market Trend

- Market growth for Granola has leveled off following high growth. Market developments have taken a bipolar course toward price competition and value enhancement

1st Half

Sales: YoY +5% ; OP: YoY Increased

- Cereal business
 - Improve brand value for Granola (“Gorotto Granola,” “Super Omugi Granola”) Sales expansion achieved by introducing renewed Ciscorn products
- Confectionery and beverage
 - Excellent performance for “Coconut Sable” and “Choco Flakes”



Ciscorn BIG



Gorotto Granola

2nd Half Management Policy

- Brand value enhancement strategy for Granola
 - Value enhancement strategy focused on quality, functionality and pricing Launched “Ichinichi bun no Super Omugi Granola” series
- Further growth for confectionery business
 - Undertaking aggressive product promotional activities in pursuit of higher quality and enhanced convenience “Kokonattsu 3:20,” “Choco Flakes Petit Pack”



Ichinichi-bunno
Super omugi
Granola



Kokonattsu3:20
(Coconut Sable)

Note: YoY comparisons for the first half are based on the non-consolidated business results of the operating company, exclusive of sales achieved by subsidiaries and internal sales to affiliated companies.

Bonchi

Enhance business in the Kanto area

- The overall confectionery market (except for chocolates) remained weak
- The rice-based snack market also remained weak



Aji Karuta



Six pack seafood-flavored rice snacks

Market Trend

1st Half

Sales: -11%; OP: Decreased
(Jan-Jun in FY2017; Apr-Sep in FY2018)

2nd Half Management Policy

*High demand season (Jan-Mar); Low demand season (Jul-Sep) Sales and profit both plunged, largely affected by differences in financial years for revenue recognition among group companies
YoY change (Apr-Sep)/Sales: -3%; OP: increased

- Launched a marketing campaign for “Aji Karuta” commemorating the 30th anniversary

- Product development in view of the recent trend for single serving and package downsizing
- Sales strategy focused on Six pack rice snacks with flavors of baby sardines, sea urchin, and shrimp (launched in July)

Nissin York

Expand sales to cover the incremental depreciation cost arized from starting new Kanto factory operation

- The fermented milk drinks market has leveled off following a declining trend
- Demand remains on an upward trend for milk-based and lactobacillus drinks



Pilkul Light Pilkul Carbohydrate Off

Market Trend

1st Half

Sales: YoY +1%; OP: YoY Decreased

2nd Half Management Policy

- “Pilkul”
 - Sales growth helped by strong sales at mass merchandisers
- “Tokachi Nomu Yogurt”
 - Sales expansion has leveled off following aggressive marketing efforts focused on offering different flavors
- Other
 - Sales of flavored drinks remained weak due to smaller spots for chilled drinks in convenience store shelf



Pilkul



Tokachi Nomu Yogurt

- Aim for a rapid recovery from the product recall of “Pilkul”
- Product recall (for incorrect flavors) announced on October 18, 2017
- Enhance marketing activities for “Pilkul” and “Tokachi Nomu Yogurt”
- Publicize functional value of “Pilkul” and improve the cover ratio
- To launch “Pilkul Light 1000ml” and “Pilkul Carbohydrate Off 500 ml”
- Increase the number of retail shops carrying “Tokachi Nomu Yogurt”

Domestic others

1st Half

Sales: YoY+7%; OP: YoY -66%

2nd Half Management Policy

Initial forecast remains unchanged

FY2018 Overseas Businesses: Qualitative Information by Segment -1

The Americas

Cater to changes in the market and enhance the CUP NOODLES strategy in Brazil

1st Half

- U.S. Sales: YoY +6%; Operating loss
 - Sales growth achieved by successful product renewal for “CUP NOODLES”
 - “Top Ramen” recorded good sales performance due to successful distribution around the country
 - Higher CoGS (raw materials cost and manufacturing cost) resulted in a slight decline in profit
- Mexico Sales: YoY +6%; OP: YoY Decreased
 - Test marketing undertaken for new products
 - Heavy expenses related to the test marketing for new products resulted in a lower profit
- Brazil Sales: YoY +0%; OP: YoY Increased
 - Aiming to recover from the plunge in sales recorded for 1Q in 2Q
 - “CUP NOODLES” enjoy growth in sales mainly in big cities
 - Profit growth was achieved, reflecting lower costs for advertising and sales promotion activities



CUP NOODLES



CUP NOODLES

2nd Half Management Policy

- U.S.
 - Stepped up marketing activities by implementing product renewal for “Top Ramen”
 - Launched “CUP NOODLES Very Veggie” with a high unit price
 - Launched “SEAFOOD” and “CURRY” positioned as global “CUP NOODLES” flavors
- Mexico
 - Subsequently to the test marketing, conducted sales activities mainly in the northern part of Mexico for “NISSIN PASTA U.F.O.”
- Brazil
 - Step up marketing activities for “CUP NOODLES” in big cities
 - Participation in large social events with the aim of enhancing product recognition
 - Promote in-store food sampling to help consumers actually taste our products



NISSIN PASTA U.F.O.

China

Application made for IPO (Seek faster decision-making and M&A opportunities for the local market)

1st Half

- Hong Kong Sales: YoY +27%; OP: YoY Increased
 - Sales were up 20% yoy, reflecting the consolidation of MCMS
 - Contributed to profitability enhancement for the “Demae Ichcho” brand
 - Launched “CUP NOODLES Light”
- Mainland China Sales: YoY +7%; OP: YoY Decreased
 - Sales growth achieved for “CUP NOODLE” brands, helped by the expansion of the sales area
 - Aiming to achieve sales expansion by launching “RAOH” cup in saturated markets such as Fujian and Guangdong
 - Heavy depreciation expenses associated with the new production plant (Zhejiang Nissin) that became operational in May



CUP NOODLES Light



RAOH

2nd Half Management Policy

- Hong Kong
 - Growth achieved in both sales and profit, reflecting the consolidation of MCMS
 - Sales expansion for “CUP NOODLES Light”
 - Enhance the competitive edge by promoting business diversification (into potato chips and cereals)
- Mainland China
 - Sales growth through expansion of the sales area
 - Enhance brand value through quality improvement for “CUP NOODLES”
 - Sales growth on the strength of “RAOH” Cup
 - Acquire more display space in stores and promote collaborative activities with SNS



FY2018 Overseas Businesses: Qualitative Information by Segment -2

Asia

Quick recovery of India business, focus on growth segments and alliance with Mitsubishi Corp.

1st Half

- India Sales: YoY Decreased; Operating loss: YoY Worsened
 - Suffered a reactionary plunge in sales following significant growth recorded last year, reflecting the results of GST (tax reform initiatives)
 - Incurred higher marketing expenses for sales promotion activities
- Singapore Sales: YoY Increased; OP: YoY Increased
 - Stepped up sales activities for cup-type and bowl-type instant noodles with high profitability
 - Enhancement of TT sales channels (traditional retail system)
- Thailand Sales: YoY Increased; OP: YoY Increased
 - Good sales performance achieved by high-end bag-type noodles (at 10 Baht)
 - Marketed “CUP NOODLES” at retailers including convenience store
- Indonesia Sales: YoY Increased; Operating loss: YoY Worsened
 - Sales promotion activities undertaken for “GEKIKARA” and “MIKUYA”, a bag-type noodle product
 - Incurred higher marketing expenses for sales promotion activities
- Vietnam Sales: YoY Increased; Operating loss: YoY Flat
 - “CUP NOODLES” brand was gradually recognized among consumers in big cities



2nd Half Management Policy

- India
 - Expand sales of “CUP NOODLES” primarily at 8 metropolitans
- Singapore
 - Aims to achieve sales expansions for “CUP NOODLES” and “U.F.O.”
 - Aims to achieve sales growth on the strength of business diversification into potato chips and others
- Thailand
 - Aims to achieve further growth in sales of high-end bag-type noodles (at 10 Baht)
 - Enhancement of marketing channels for “CUP NOODLES”
- Indonesia
 - Enhancement of marketing activities for “GEKIKARA” and “MIKUYA”, a bag-type noodle product
 - Aims to achieve sales expansion for “CUP NOODLES” and “U.F.O.”
- Vietnam
 - To concentrate marketing activities in major hub cities, seeking to ensure operational efficiencies



EMEA

Enhancing the platform for production activities in response to sales expansion

1st Half

- Europe Sales: YoY Increased; Operating Loss
 - “Soba” and “CUP NOODLES” both saw sales growth. Another contributor to the sales growth was the OEM business with Premier Foods PLC in the U.K.
 - Suffered a decline in profit, reflecting an extended start-up period for the new production plant in Hungary
- Turkey Sales: YoY Increased; Operating loss: YoY Improved
 - Sales growth was helped by “NISSIN NOODLES”, a bag-type noodle product

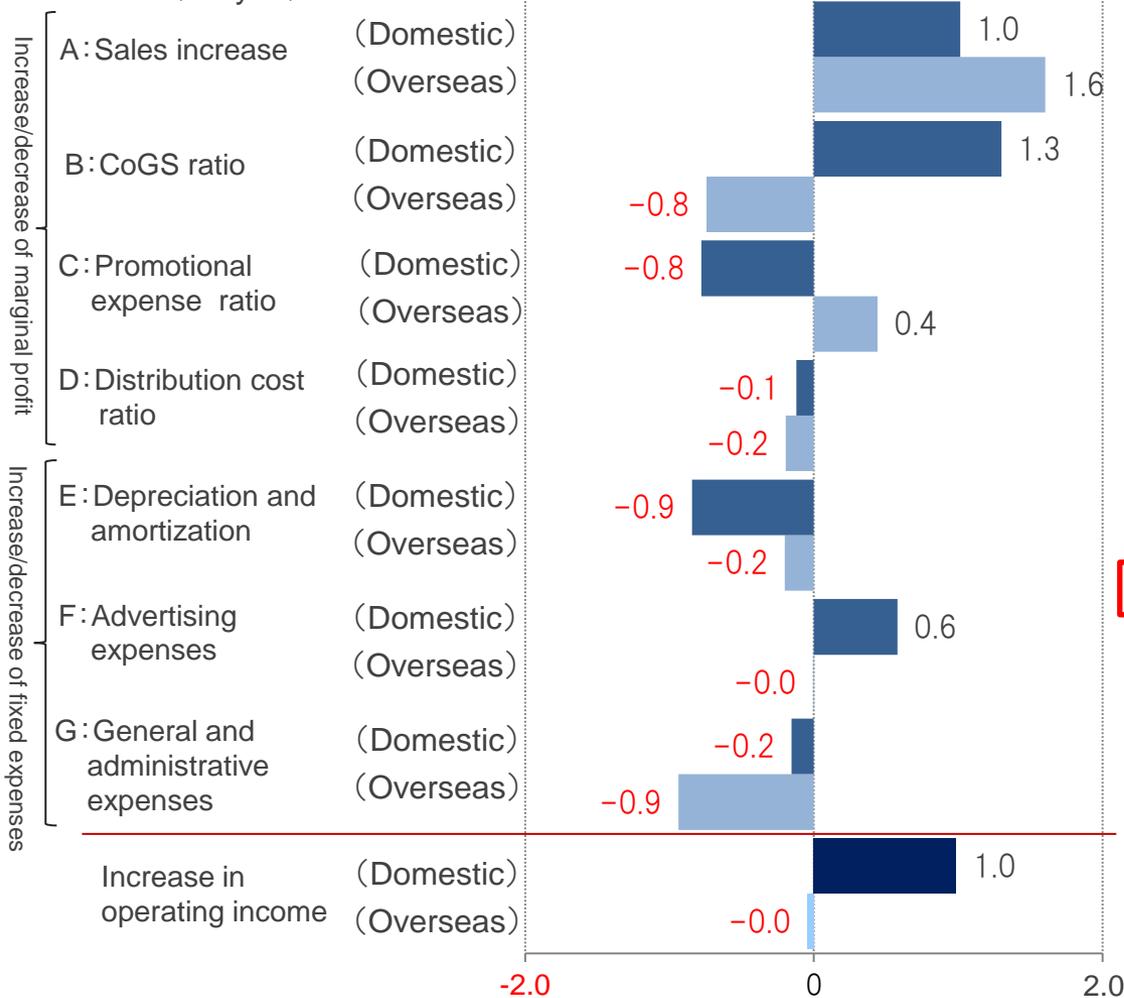
2nd Half Management Policy

- Europe
 - To achieve stable operations for the new production plant in Hungary
 - To expand the sales areas for “Soba” and “CUP NOODLES”
 - Collaboration with Premier Foods PLC in the U.K. (on the strength of the OEM business and local marketing channels owned by the British partner)
- Turkey
 - To expand marketing channels for “NISSIN NOODLES”

Analysis of Operating Income: Consolidated (Domestic/Overseas)

YoY change

(bil. yen)



Domestic

- Change of CoGS ratio
 - + Lower raw materials cost(+1.1)
- Promotional expense ratio
 - Reactionary spike in promotional expenses following a spending cut in the wake of the Kumamoto earthquakes in the last fiscal year
- Depreciation and Amortization
 - Change of depreciation method beginning with the previous year. Increased depreciation expenses for NISSIN YORK's Kanto Plant.
- Lower Advertising Expenses
 - + Delayed recognition of advertising expenses (NISSIN FOOD PRODUCTS CO., LTD.)
- Lower General and Administrative Expenses
 - Increased general & administrative expenses for group

Overseas

- Change of CoGS ratio
 - The consolidation of MCMS (in Hong Kong) has resulted in a higher COGS ratio.
- Promotional Expenses Ratio
 - + The consolidation of MCMS (in Hong Kong) has resulted in a lower ratio.
- General and Administrative Expenses
 - Higher administrative expenses for the local subsidiaries in the Americas and China.

* Consolidation adjustment expenses (up 2.7 bil. yen yoy) have been posted separately.

【Calculation method】 (1) Variable costs (A,B,C,D)=(Current FY sales * Previous FY sales ratio)- Current FY costs

(2) Fixed costs (E,F,G)=(Previous FY costs - Current FY costs)

Nissin Group Policy on Sustainable Procurement

<p>1. Food Security/Food Safety</p> <p>Confidence in food safety leads to a pleasant eating experience. The Nissin Foods Group has redoubled its efforts in food safety, which the Group has considered as a top priority issue since its foundation, by procuring raw materials from the standpoint of sustainability and traceability, providing security and delicious products to consumers.</p>	<ul style="list-style-type: none"> • Analysis and testing of raw materials • Implementing quality assurance system and quality investigation activities • Strict observance of regulations related to products and their production • Provision of product information • Proper transportation and storage
<p>2. Compliance with laws and regulations/Ethical acts</p> <p>The Nissin Foods Group is well aware of the social responsibility of the Company and has adopted a code of ethics in which compliance with applicable laws and regulations in daily operations and actions suitable in terms of social ethics are stipulated. For procurement, the Group complies with laws and regulations in each country and builds a fair, impartial and transparent relationship with partner companies, and ensures appropriate procurement activities. In addition, the Group manages confidential information and personal information related to procurement in an appropriate manner.</p>	<ul style="list-style-type: none"> • Honesty of business • Prohibition of bribery • Corporate governance system • Maintenance of confidentiality, protection of personal information
<p>3. Earth/Environment</p> <p>Environmental issues such as global warming and the depletion of water resources have a huge impact on stable food production. The Nissin Foods Group procures raw materials produced in consideration of the sustainability of the earth and environment, mitigating the burden on the environment (preventing deforestation and global warming, etc.), conserving limited resources, and maintaining the ecosystem (preventing overexploitation, conserving biodiversity, etc.). In addition, the Group strives to reuse limited resources by procuring renewable materials.</p>	<ul style="list-style-type: none"> • Environmental management system • Waste management (promotion of zero emission) • Efficient energy use • Green procurement • Prevention of environmental pollution • Respect for biodiversity
<p>4. Respect for human rights</p> <p>All people are born free and are equal in terms of respect and rights. The Nissin Foods Group procures raw materials produced in consideration of human rights, working environment, and industrial health and safety, promoting the abolishment of forced labor, child labor, discrimination, and inhumane treatment, and fair business with respect for basic human rights.</p>	<ul style="list-style-type: none"> • Prohibition on child labor • Prohibition on forced labor • Prohibition on discrimination • Prohibition on abuse/harassment • Securing of health and safety in work place
<p>5. Co-existence with local communities</p> <p>The Nissin Foods Group works to create prosperous communities through talks with stakeholders. For producers of raw materials to be able to shift to the sustainable production of resources, the Group supports the improvement in the work environment and living standard of producers, contributing to the development and economic independence of local communities. In addition, the Group strives to build favorable relationships with partner companies by strictly ensuring fair procurement/contracts.</p>	<ul style="list-style-type: none"> • Contribution to society and local communities • Fair competition • Proper payment and benefit packages • Encouragement of sustainable activities



NISSIN FOODS HOLDINGS CO., LTD.

(Reference) Notes for this Material

- This presentation material is available in the Financial Statements section of our IR website in PDF format.
URL: https://www.nissin.com/en_jp/ir/library/materials/
- The amounts in this material are rounded to the nearest 100 million yen; totals may not agree with the sums of their components.
- FY2018 in domestic companies means the fiscal year **from April 1, 2017 to March 31, 2018**.
 - * Please note that the financial year for Bonchi Co., Ltd. has been changed from the current fiscal year: FY2017 **covers the period from January 1, 2016 through December 31, 2016**.
- FY2018 in overseas companies means the fiscal year **from April. 1, 2017 to March. 31, 2018**.
 - Please note that **fiscal 2018 means the financial year from January 1, 2017 through December 31, 2017** for local subsidiaries in Thailand, Indonesia, and Turkey.
 - * Please note that a change has been made to the financial year for local subsidiaries in Columbia, Singapore, Vietnam, Germany, and Hungary from the current fiscal year: FY2017 covers **the financial period from January 1, 2016 through December 31, 2016**.
- The same \pm notation as used in the Summary of Consolidated Financial Statements has been applied to percentage change in sales and income
- The average foreign exchange rates for the period have been applied to translating revenues and expenses at affiliates overseas.
- Slide numbers appear at the top of right of each slide.