

(Reference Material)

Consolidated Results for the Nine Months  
of the Fiscal Year Ended March 31, 2018  
Announced on February 6, 2018

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**NISSIN FOODS HOLDINGS CO., LTD.**

Stock Code : TSE 2897

## 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.”

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 sales growth, as cup-type noodle products and rice products continued to drive sales. Operating income rose reflecting increased sales, decreased raw materials cost and advertising expenses.
- MYOJO FOODS Co., Ltd. recorded sales growth, reflecting signs of a recovery in sales of cup-type instant noodles. Operating income increased mainly due to improved profitability in production operations.
- The chilled and frozen foods registered sales growth and a slight increase in profit, reflecting an increase in sales and operating income in the frozen food business.
- The confectionery and beverages business achieved sales growth, reflecting a major contribution by NISSIN CISCO Co., Ltd. Operating income decreased partially due to the impact of increased depreciation in NISSIN CISCO Co., Ltd and NISSIN YORK Co., Ltd.

Overseas:

- The Americas segment attained sales growth helped by foreign exchange impacts and increased sales in the U.S. Operating income rose, driven by good performances in Brazil.
- The China segment registered sales growth, mainly reflecting the contribution of MCMS, which was included in the consolidated accounts, as well as increased sales in Hong Kong and mainland China and the impact of foreign exchange. Operating income increased on the strength of sales growth, which offset an increase in depreciation, among other costs.
- The Asia segment achieved sales growth chiefly because increased sales in Indonesia offset a decline in sales in India. The deficit worsened.
- The EMEA segment recorded sales growth in both Europe and Turkey. Operating income was negative due to the impacts of the delay in the start-up of the plant in Hungary.

## FY2018 3Q Results

The domestic businesses contributed to an increase in sales and income, driven mainly by the instant noodles business, while the overseas businesses grew more slowly than expected, partly due to the impact of market environments. The Group continues its efforts to achieve the initial business plan.

## Summary of 3Q

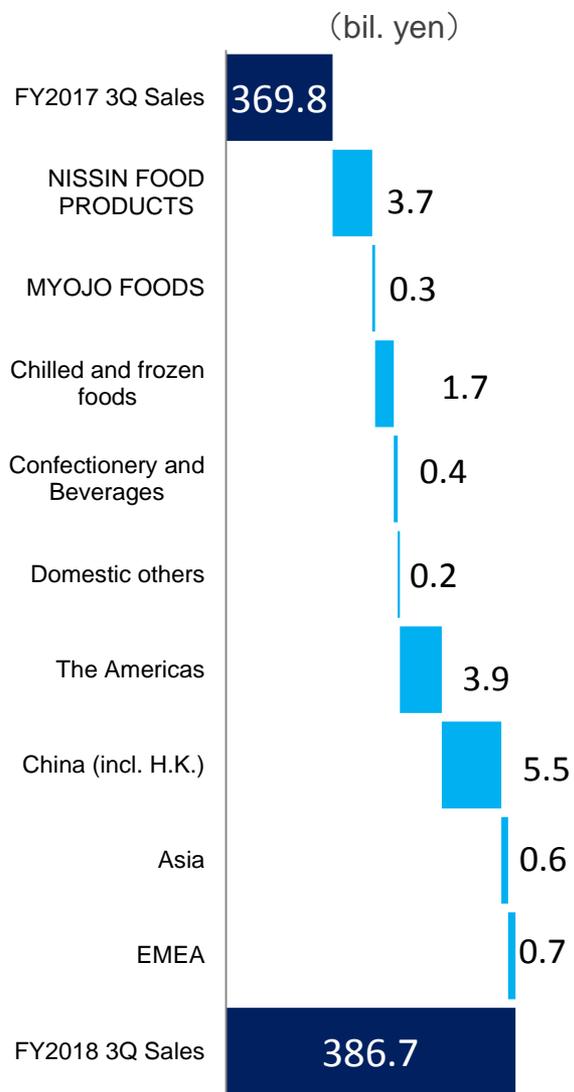
(bil. yen)	FY2018			FY2017
	9 Months Results	YoY Change	YoY Change (%)	9 Months Results
Sales	386.7	+16.9	+4.6%	369.8
Operating income	26.9	+5.2	+23.8%	21.7
Adjusted operating income *	26.4	+1.4	+5.8%	25.0
Ordinary income	32.0	+6.7	+26.5%	25.3
Net income attributable to owners of parent	23.8	+4.0	+19.9%	19.9
OP margin	7.0%	-	+1.1pt	5.9%
Ordinary income margin	8.3%	-	+1.4pt	6.8%
Net income attributable to owners of parent margin	6.2%	-	+0.8pt	5.4%

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

# FY2018 Nine Months Results: Sales Results by Segment

(bil. yen)	FY2018			FY2017
	9 Months Results	YoY Change	YoY Change (%)	9 Months Results
Instant Noodles	206.5	+3.9	+1.9%	202.6
NISSIN FOOD PRODUCTS	175.6	+3.7	+2.1%	172.0
MYOJO FOODS	30.9	+0.3	+0.9%	30.6
Chilled and frozen foods	48.3	+1.7	+3.7%	46.6
Confectionery and Beverages	38.9	+0.4	+0.9%	38.5
Domestic others	3.1	+0.2	+6.6%	2.9
<b>Domestic total</b>	<b>296.7</b>	<b>+6.2</b>	<b>+2.1%</b>	<b>290.5</b>
The Americas	47.1	+3.9	+9.0%	43.2
China (incl. H.K.)	31.6	+5.5	+21.1%	26.1
Asia	7.3	+0.6	+9.2%	6.7
EMEA	4.0	+0.7	+21.3%	3.3
<b>Overseas total</b>	<b>90.0</b>	<b>+10.7</b>	<b>+13.5%</b>	<b>79.3</b>
<b>Consolidated sales</b>	<b>386.7</b>	<b>+16.9</b>	<b>+4.6%</b>	<b>369.8</b>

# FY2018 Nine Months Results: Sales Contribution by Segment



■ Positive ■ Negative

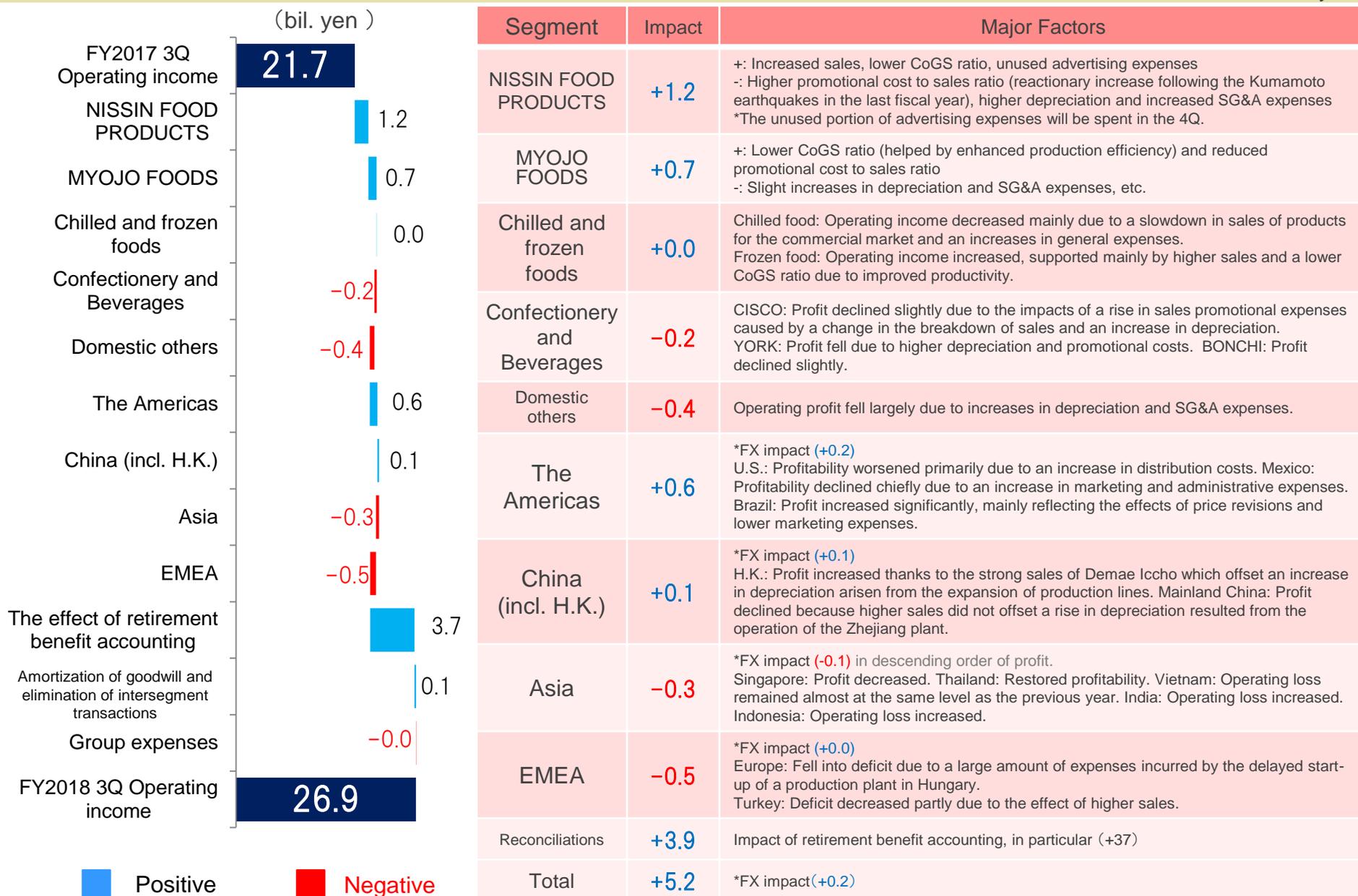
Segment	Impact	Major Factors
NISSIN FOOD PRODUCTS	+3.7	Cup-type (+2%): Increase from the challenging target of +4% year on year in the previous year largely due to new products such as CUP NOODLE NICE as well as the launch of renewed MENSHOKUNIN. Sales of CUP NOODLE and DONBEI also increased year on year. Bag-type (-3%): Suffered a decline of -5% in the first half. However, an increase of +2% was recorded in the Oct-Dec period thanks to the launch of the OWAN series. Others (+50%): Sales of BUKKOMI MESHU and CURRY MESHU increased.
MYOJO FOODS	+0.3	Cup-type (+1%): Signs of recovery in Yomise-no-Yakisoba. Sales were also driven mainly by Charumera Cup and Bubuka. Bag-type (+1%): Sales increased on the back of good performances in the first half.
Chilled and frozen foods	+1.7	Chilled food biz (+0%): Products for the commercial market did not perform well, as anticipated. Even so, sales remained at the same level as the previous year thanks to the growth of products other than those for the commercial market. Frozen food biz (+6%): Sales of products for the commercial market rose because pasta and Ramen continued to show strong performs. Sales of products for home delivery use and professional use also grew.
Confectionery and Beverages	+0.4	CISCO (+3%): Sales increased because cereal and confectionery products continued to perform well. YORK (-1%): Sales declined due to the impact of smaller chilled drink sales spaces at convenience stores. BONCHI (-0%): Sales remained at the same level as the previous year, reflecting the recovery of sales in the Oct-Dec period from the poor performance in the first half.
Domestic others	+0.2	
The Americas	+3.9	*FX impact (+3.0) U.S. (+3%): Sales increased due to higher sales of CUP NOODLES and Top Ramen, respectively. Mexico (+7%): Sales grew, reflecting the effect of a price hike, although the increase in the number of units sold was marginal. Brazil (+0%): Sales remained unchanged from the previous year due to the impact of the launch of the new CUP NOODLES last year.
China (incl. H.K.)	+5.5	*FX impact (+1.2) H.K. (+27%): Sales were up significantly due to the new consolidation of MCMS (distributor). Mainland China (+7%): Sales expanded, contributed mainly by the effect of area expansion.
Asia	+0.6	*FX impact (+0.4) in descending order of sales. India: Sales decreased. Singapore: Sales increased slightly. Thailand: Sales grew. Indonesia: Sales rose significantly. Vietnam: Sales increased.
EMEA	+0.7	*FX impact (+0.2) Europe: Sales grew, reflecting the expansion of Soba and OEM shipments to Premier Foods PLC. Turkey: Sales rose thanks to the expansion into the ramen business.
Total	+16.9	*FX impact (+4.7)

\* Note: Comments and YoY change figures in Major Factors in the Americas, China, Asia and EMEA segments are based on a local currency.

# FY2018 Nine Months Results: Operating Income Results by Segment

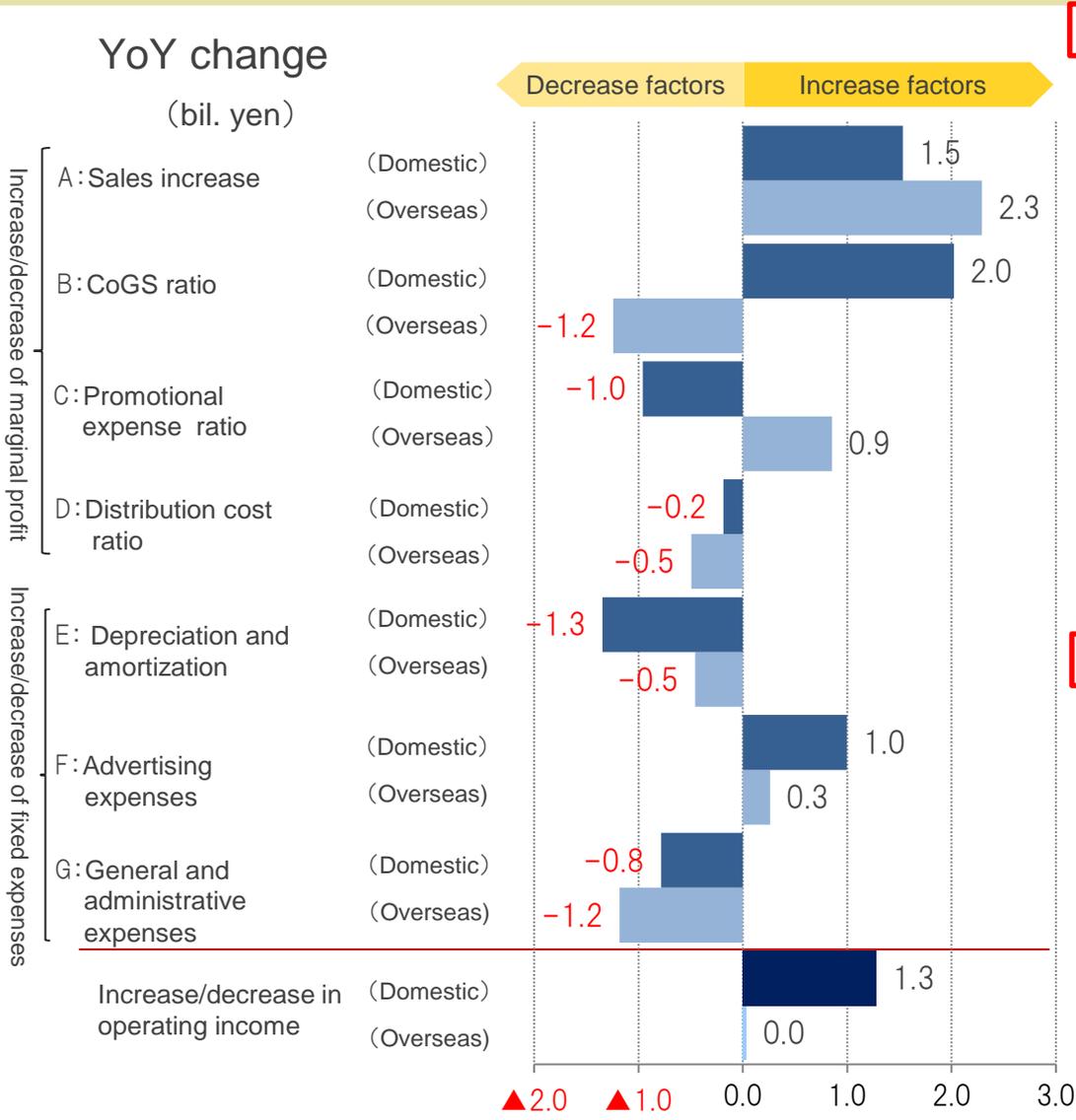
(bil. yen)	FY2018			FY2017
	9 Months Results	YoY Change	YoY Change (%)	9 Months Results
Instant Noodles	24.1	+1.8	+8.3%	22.3
NISSIN FOOD PRODUCTS	22.3	+1.2	+5.4%	21.2
MYOJO FOODS	1.8	+0.7	+62.4%	1.1
Chilled and frozen foods	1.8	+0.0	+1.6%	1.8
Confectionery and Beverages	2.1	-0.2	-8.5%	2.2
Domestic others	0.9	-0.4	-30.7%	1.3
<b>Domestic total</b>	<b>28.8</b>	<b>+1.3</b>	<b>+4.6%</b>	<b>27.6</b>
The Americas	1.7	+0.6	+61.0%	1.1
China (incl. H.K.)	2.3	+0.1	+6.6%	2.2
Asia	(1.0)	-0.3	-	(0.7)
EMEA	(0.4)	-0.5	-	0.1
<b>Overseas total</b>	<b>2.6</b>	<b>+0.0</b>	<b>+1.3%</b>	<b>2.6</b>
Reconciliations	(4.5)	+3.9	-	(8.4)
<b>Consolidated operating income</b>	<b>26.9</b>	<b>+5.2</b>	<b>+23.8%</b>	<b>21.7</b>
(Ref.) Adjusted operating income	26.4	+1.4	+5.8%	25.0

# FY2018 Nine Months Results: Operating Income Contribution by Segment



\* Note: Comments and YoY change figures in Major Factors in the Americas, China, Asia and EMEA segments are based on a local currency.

# FY2018 Nine Months: Analysis of Operating Income: Consolidated (Domestic/Overseas)



## Domestic

- CoGS ratio
  - + Reduction of material costs (+1.8), impacts of change in the breakdown of products by category, etc.
  - Impacts of change in the business portfolio, etc.
- Promotional expense ratio
  - Increase in promotional expenses in reaction to restraint of promotions due to Kumamoto earthquakes in 2016, etc.
- Depreciation and amortization
  - Impacts of the depreciation method revised in the previous year. Increased depreciation for NISSIN YORK's Kanto plant, etc.
- Advertising expenses
  - + Impacts of unused advertising expenses (mainly, NISSIN FOOD PRODUCTS Co., Ltd.), etc.
- General and administrative expenses
  - Increases in administrative expenses at group companies,

## Overseas

- CoGS ratio
  - Higher ratio due to the consolidation of MCMS (in Hong Kong) and losses incurred when the plant in Hungary started operation, etc.
- Promotional expense ratio
  - + Lower ratio mainly due to the consolidation of MCMS (in Hong Kong), etc.
- Distribution cost ratio
  - Impacts of a surge in distribution charges mainly in the United States, etc.
- Depreciation and amortization
  - China (Lines for bag-type noodle products, Zhejiang plant) and the plant in Hungary, etc.
- General and administrative expenses
  - In Brazil, China and the Europe, etc.

Note: The chart above omits the negative impact of 3.9 billion yen from "Reconciliations."

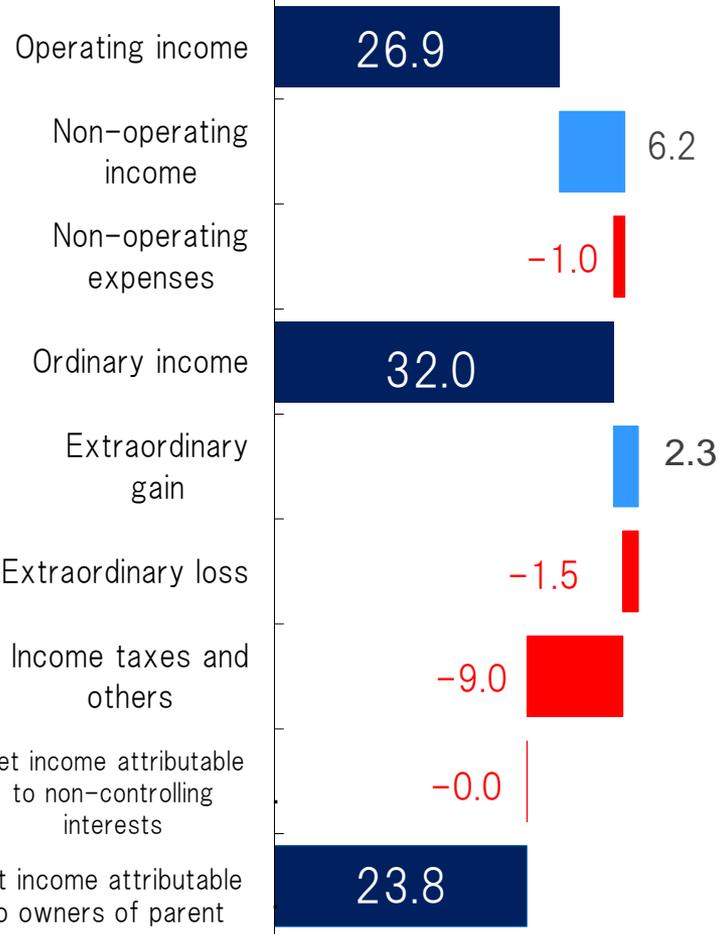
【Calculation method】 (1) Variable costs (A,B,C,D)=(Current FY sales \* Previous FY sales ratio)- Current FY costs

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

# Non-operating Income/Expenses and Extraordinary Gain/Loss

(bil. yen)

(bil. yen)


■ Positive

■ Negative

## Major reasons

Figures in parentheses are the results in the same period of the previous fiscal year

<ul style="list-style-type: none"> <li>■ Non-operating income</li> <li>• Interest income</li> <li>• Dividend income</li> <li>• Gain on sales of marketable securities</li> <li>• Equity in earnings of affiliates</li> <li>• Others</li> </ul>	<ul style="list-style-type: none"> <li>6.2(5.1)</li> <li>0.9(0.6)</li> <li>1.3(1.4)</li> <li>0.9(1.3)</li> <li>2.0(1.2)</li> <li>1.1(0.6)</li> </ul>
<ul style="list-style-type: none"> <li>■ Non-operating expenses</li> <li>• Interest expenses</li> <li>• Foreign exchange loss</li> <li>• Others</li> </ul>	<ul style="list-style-type: none"> <li>1.0(1.5)</li> <li>0.3(0.3)</li> <li>0.0(0.8)</li> <li>0.7(0.4)</li> </ul>
<ul style="list-style-type: none"> <li>■ Extraordinary gain</li> <li>• Gain on sales of fixed assets</li> <li>• Gain on sales of investments in securities</li> <li>• Insurance proceeds</li> <li>• Others</li> </ul>	<ul style="list-style-type: none"> <li>2.3(7.3)</li> <li>0.8(0.1)</li> <li>1.1(6.8)</li> <li>0.4(0.3)</li> <li>0.0(0.1)</li> </ul>
<ul style="list-style-type: none"> <li>■ Extraordinary loss</li> <li>• Loss on sales of fixed assets</li> <li>• Impairment loss</li> <li>• Loss due to a fire</li> <li>• Loss on closing factory</li> <li>• Others</li> </ul>	<ul style="list-style-type: none"> <li>1.5(3.0)</li> <li>0.4(0.1)</li> <li>0.2(0.6)</li> <li>- (0.5)</li> <li>0.1(0.5)</li> <li>0.8(1.3)</li> </ul>

Generation of FX losses (LY)

Sales of shares of Ono pharmaceutical Co., Ltd. (LY)

Fire at Brazil business

Fire at Brazil business(LY)

Shanghai factory (LY)

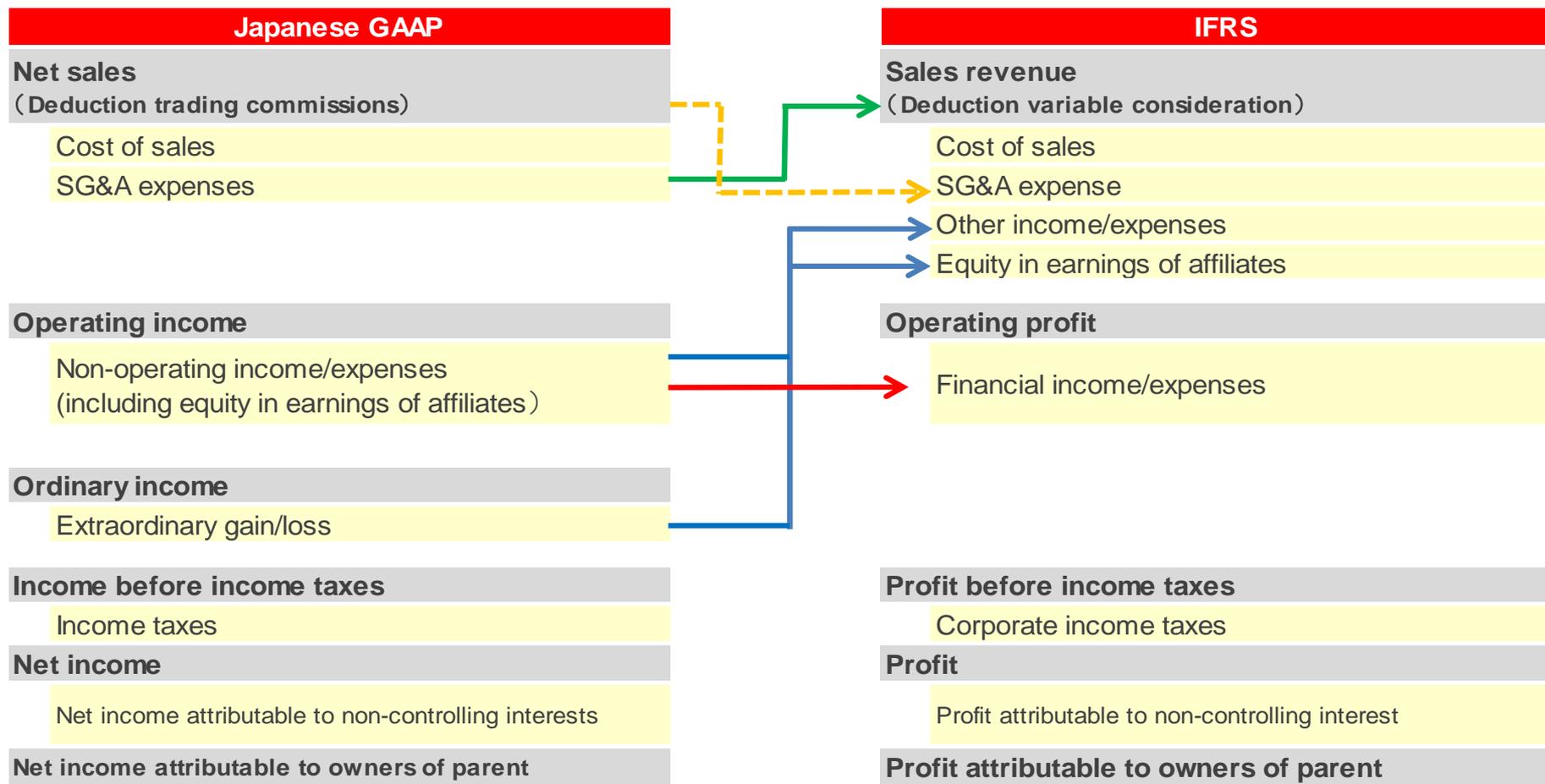
Settlement money due to contract change (LY)

- We are considering adoption of IFRS from 1st quarter of FY2019 at the earliest.

## Major impacts on P&L due to the adoption of IFRS

- Deducting partial variable consideration from sales revenue
- Change in reporting of equity in earnings of affiliates as a component of operating income

### Major Differences of PL between J-GAAP and IFRS



\* This chart shows major adjustment between Japanese GAAP and IFRS.

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## (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/](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.