

Financial Results for the Three Months  
of the Fiscal Year Ended March 31, 2020  
Announced on August 7, 2019

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

Stock Code: 2897

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- My name is Yukio Yokoyama, and I am the CFO of Nissin Foods Holdings.
- I would like to report on the consolidated results for the first three months of the fiscal year, which we disclosed at 1:15 p.m. today via the Timely Disclosure Network of Tokyo Stock Exchange and our official website.
- Please be ready to look at the “Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2019 [Prepared under IFRS],” “Supplemental Data for the First Quarter (Three Months) ended June 30, 2019,” and the Presentation Material for the “Financial Results for the Three Months of the Fiscal Year Ended March 31, 2020.”
- I would now like to outline our performance for the three months under review by using the Presentation Material for the “Financial Results for the Three Months of the Fiscal Year Ended March 31, 2020.”

## Executive Summary

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<b>FY2020 Mgmt. Policy</b>	<p style="text-align: center; color: #0070C0;"><u>Steadily implement measures in response to changing market environment and work to strengthen profitability</u></p> <p>Domestic: - Seek to stabilize earnings base by hitting back at headwind of higher costs with price revisions. - Aim to expand revenues and profits through highly unique brand strategy. - Quickly achieve higher productivity at the Kansai Plant (NISSIN FOOD PRODUCTS) and use this as basis for future profits.</p> <p>Overseas: - Quickly improve profits in the U.S. by carrying out structural reforms (price revisions, cost reductions, and review of product portfolio). - Maintain stable growth in China. - Aim to make businesses in India and Indonesia profitable quickly by focusing on strengthening brands and profitability.</p> <p>Group-wide: - Make group-wide efforts to reduce costs and strengthen the financial position.</p>
<b>FY2020 1Q Results</b>	<p>Consolidated: Revenue increased and operating profit and profit attributable to owners of parent decreased * Excluding the impact of the gain on sale of non-current assets recorded in the first quarter of the previous fiscal year, operating profit increased</p> <p>Domestic: Revenue decreased slightly and operating profit decreased</p> <ul style="list-style-type: none"><li>• Instant noodles business: Revenue increased at both NISSIN FOOD PRODUCTS and MYOJO FOODS partly due to increased sales in April and May despite sales promotion control and price revisions in June. Operating profit decreased, reflecting higher depreciation due to the start of operations at NISSIN FOOD PRODUCTS Kansai Plant in addition to rising raw material costs and distribution costs. Results for both revenue and operating profit were in line with expectations under the initial business plan.</li><li>• Chilled and frozen foods and Confectionary and beverages businesses: Both revenue and operating profit decreased slightly. The businesses made a slow start.</li><li>• The decreased operating profit of domestic business is largely attributable to the impact of a gain on sale of non-current assets of 5.2 billion yen recorded in the first quarter of the previous fiscal year.</li></ul> <p>Overseas: Both revenue and operating profit increased</p> <ul style="list-style-type: none"><li>• Americas: The U.S. business improved. The Brazil and Mexico businesses continued to perform strongly and both revenue and operating profit increased sharply.</li><li>• China region: Both revenue and operating profit increased. In particular, increased revenue in mainland China contributed to profit growth.</li><li>• Asia region: Revenue and operating profit increased, largely due to the contributions of Thailand and Indonesia. Gain on investments accounted for using the equity method also contributed to profit growth.</li></ul>
<b>Summary of 1Q</b>	<p><b>Overall, consolidated results were strong.</b></p> <p>In domestic business, price revisions have filtered down as planned. Domestic businesses refrained from sales promotions in June to firmly establish prices but will conduct sales promotions at new sale prices from the second quarter with the aim of recovery in units sold.</p> <p>Overseas business was strong, driven by key businesses.</p>

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- Please look at Slide 1, which shows the executive summary.
- This fiscal year, we are striving to achieve a V-shaped recovery by increasing profitability through a rapid response to changes in the market environment and the steady implementation of necessary measures.
- In the domestic instant noodles business, prices were revised in June to offset the effect of increasing costs. We will strive to stabilize the earnings base on the back of the price revisions. In the first quarter, revenue increased but operating profit decreased. The results were roughly in line with the initial forecasts.
- In overseas businesses, we are aiming for a recovery in the U.S., steady growth in China and Brazil, and an improvement in results in Asia. We are concerned about the U.S. business, but the results were in the black in the first quarter as in the fourth quarter of the previous fiscal year.
- Overall, consolidated revenue increased and profit fell in the first quarter. Profit would have increased except for the effect of a gain on sales of non-current assets posted in the first quarter of the previous fiscal year. Overall consolidated results were favorable.

(bil. yen)

	FY2020			FY2019 3 Months Results
	3 Months Results	YoY Change	YoY Change(%)	
Revenue	105.9	+2.5	+2.4%	103.4
Operating profit	8.6	-4.2	-32.8%	12.8
Profit attributable to owners of parent	5.8	-2.5	-29.9%	8.3
OP margin	8.1%	-4.3pt	/	12.4%
Profit attributable to owners of parent margin	5.5%	-2.5pt		8.0%

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- Please look at Slide 2, which shows a summary of the results for the first three months.
- Revenue increased 2.5 billion yen year on year, to 105.9 billion yen.
- Operating profit stood at 8.6 billion yen, declining 4.2 billion yen year on year, reflecting the effect of a gain on sale of real estate of 5.2 billion yen posted in the previous fiscal year.
- Profit attributable to owners of parent decreased 2.5 billion yen from the year-ago level, to 5.8 billion yen.

## Revenue Results by Segment

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(bil. Yen)

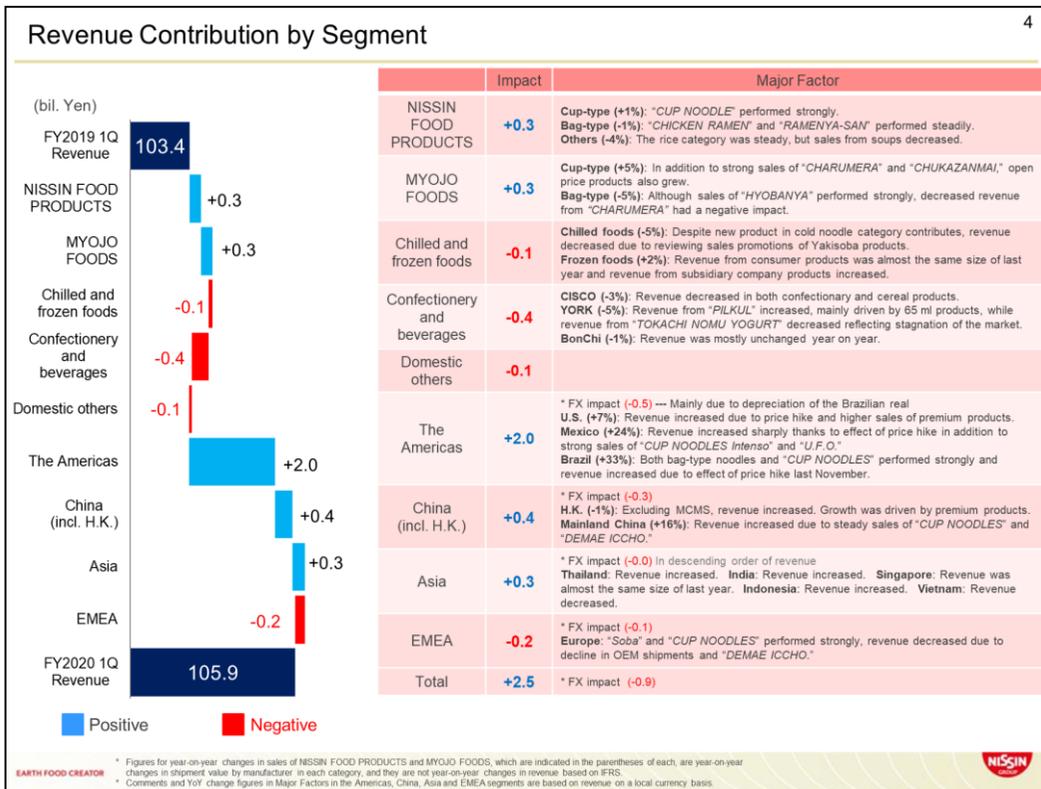
	FY2020			FY2019
	3 Months Results	YoY Change	YoY Change(%)	3 Months Results
Instant noodles	51.8	+0.5	+1.0%	51.3
NISSIN FOOD PRODUCTS	43.4	+0.3	+0.6%	43.1
MYOJO FOODS	8.4	+0.3	+3.2%	8.1
Chilled and frozen foods	13.6	-0.1	-0.6%	13.7
Confectionery and beverages	10.5	-0.4	-3.6%	10.9
Domestic others	1.0	-0.1	-5.7%	1.0
<b>Domestic total</b>	<b>76.9</b>	<b>-0.0</b>	<b>-0.0%</b>	<b>76.9</b>
The Americas	15.1	+2.0	+15.5%	13.1
China (incl. H.K.)	9.6	+0.4	+4.4%	9.2
Asia	2.7	+0.3	+12.3%	2.4
EMEA	1.5	-0.2	-13.1%	1.8
<b>Overseas total</b>	<b>29.0</b>	<b>+2.5</b>	<b>+9.4%</b>	<b>26.5</b>
<b>Consolidated revenue</b>	<b>105.9</b>	<b>+2.5</b>	<b>+2.4%</b>	<b>103.4</b>

\* The results in China (including H.K.) are based on the consolidation policy of NISSIN FOODS HOLDINGS. Disclosure may differ from that of NISSIN FOODS CO., LTD. (located in H.K.).

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- Please look at Slide 3, which shows the revenue results by segment.
- Revenue from domestic businesses stood at 76.9 billion yen, remaining roughly flat year on year. Revenue from overseas businesses increased 2.5 billion yen, to 29.0 billion yen.
- Excluding the effect of exchange rates, revenue rose 3.4 billion yen year on year.



- Please look at Slide 4, where major factors for the changes in sales in each segment are stated in detail.
- Comments on sales of major brands and categories for NISSIN FOOD PRODUCTS and MYOJO FOODS are made based on the value of shipments from the manufacturers.
- Sales of NISSIN FOOD PRODUCTS increased 0.3 billion yen year on year, to 43.4 billion yen. Sales of cup-type instant noodle products grew 1% year on year due to strong sales of "CUP NOODLE" and "U.F.O.," major brands. Revenue from bag-type instant noodle products fell 1% year on year although "CHICKEN RAMEN" and "RAMENYA-SAN" brands performed well. Revenue from products in the "Others" category, which consists of the rice and soup categories, decreased year on year despite steady sales in the rice category, particularly "CURRY MESHU".
- The revenue of MYOJO FOODS increased 0.3 billion yen from the year-ago level, to 8.4 billion yen. The revenue of cup-type instant noodle products rose 5% year on year, reflecting strong sales of "CHARUMERA", "CHUKAZANMAI", and open-price products. The revenue of bag-type instant noodle products decreased 5% year on year chiefly due to a fall in revenue from "CHARUMERA", which more than offset favorable sales of "HYOBANYA".
- In the chilled and frozen foods segment, sales particularly of cold Chinese noodles (Hiyashi-Chuka) in the chilled food business were weak due to weather in June and July. Revenue in the business fell 5% year on year, reflecting also a review of sales promotions of Yakisoba products. Revenue from frozen food climbed 2% year on year. Revenue from consumer products was almost the same as the year-ago level, and revenue from subsidiary company products increased. As a result, sales in this segment fell 0.1 billion, to 13.6 billion yen.
- In the confectionery and beverages segment, NISSIN CISCO saw a decline in both confectionery and cereal products. NISSIN YORK enjoyed steady sales of "PILKUL", the key brand, but its overall revenue dropped 5% as revenue from "TOKACHI NOMU YOGURT" was adversely affected by stagnation in the market.
- The revenue of BonChi was mostly unchanged year on year. Revenue in this segment fell 0.4 billion yen, to 10.5 billion yen.
- Revenue in the Americas increased 2.0 billion yen, to 15.1 billion yen. Excluding the impact of the foreign exchange rate, which was 0.5 billion yen, it increased 2.5 billion yen year on year. In the United States, revenue increased, reflecting price hikes and an increase in the sales quantity of high-priced premium products. Revenue in Mexico rose significantly thanks to strong sales of "CUP NOODLES Intenso" and "U.F.O." and the effect of price hikes. In Brazil, bag-type instant noodle products and "CUP NOODLES" sold well. Revenue in Brazil increased, reflecting that and the effect of price hikes in November last year.

## Operating Profit Results by Segment

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(bil. Yen)

	FY2020			FY2019
	3 Months Results	YoY Change	YoY Change(%)	3 Months Results
Instant noodles	5.3	-1.3	-20.3%	6.6
NISSIN FOOD PRODUCTS	4.7	-1.2	-20.6%	5.9
MYOJO FOODS	0.6	-0.1	-18.5%	0.8
Chilled and frozen foods	0.7	+0.1	+8.6%	0.7
Confectionery and beverages	0.6	-0.2	-22.3%	0.8
Domestic others	0.3	-5.2	-95.3%	5.5
Domestic total	6.9	-6.7	-49.4%	13.5
The Americas	1.4	+1.7	-	(0.3)
China (incl. H.K.)	0.8	+0.4	+102.4%	0.4
Asia	0.8	+0.4	+74.7%	0.5
EMEA	0.2	+0.0	+13.6%	0.1
Overseas total	3.2	+2.5	+347.0%	0.7
Other reconciliations	(0.1)	+0.0	-	(0.1)
Group expenses	(1.3)	-0.0	-	(1.3)
Consolidated operating profit	8.6	-4.2	-32.8%	12.8

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- Sales in China including Hong Kong increased 0.4 billion yen, to 9.6 billion yen. Excluding the impact of the foreign exchange rate, which was 0.3 billion yen, revenue actually grew by 0.7 billion yen. Revenue in Hong Kong declined 1%, but revenue excluding MCMS in the wholesale business rose, driven by sales of high-priced products. Revenue in Mainland China grew year on year thanks to steady sales of mainstay products, such as “CUP NOODLES” and “DEMAE ICCHO”.
- Sales in Asia increased 0.3 billion yen year on year, to 2.7 billion yen. The impact of the foreign exchange rate was minor and insignificant. Revenue in Asia was driven particularly by 10-baht bag-type noodles that continued to sell well in Thailand. In India, both bag-type noodles and “CUP NOODLES” sold well, due to the strengthening of the sales system, among other factors, and the strong sales contributed to the increase in revenue. Revenue in Singapore was on a par with the year-ago level. In Indonesia, revenue rose, reflecting an increase in the sales quantity of “Nissin Ramen” and “U.F.O.”.
- Sales in EMEA declined 0.2 billion yen, to 1.5 billion yen. Excluding the impact of the foreign exchange rate, 0.1 billion yen, revenue decreased 0.1 billion yen. In Europe, “Soba” and “CUP NOODLES” continued to sell well. However, revenue in Europe fell due to a decline in “DEMAE ICCHO” and OEM shipments to the U.K.
- We will now move on to operating profit by segment. Please look at Slide 5.
- Profit from domestic businesses fell 6.7 billion yen year on year, to 6.9 billion yen, reflecting special factors, including a gain on sales of real estate of 5.2 billion yen recorded in the first quarter of the previous fiscal year and a reversal gain from the liquidation of an affiliate of 0.5 billion yen posted this fiscal year.
- Operating profit from overseas businesses rose 2.5 billion yen, to 3.2 billion yen.
- Adjustments between Group companies were negative 1.4 billion yen. Including this amount, operating profit in the first quarter stood at 8.6 billion yen.



## Major Factors for Difference in Operating Profit (Impact of Non-Recurring Income and Expenses) <sup>7</sup>

	FY2020 3 Months Results	FY2019 3 Months Results	Difference in operating profit	Difference in non-recurring income and expenses	Main items of non-recurring income and expenses
NISSIN FOOD PRODUCTS	4.7	5.9	-1.2	+0.1	
MYOJO FOODS	0.6	0.8	-0.1	-0.0	
Chilled and frozen foods	0.7	0.7	+0.1	+0.5	(FY2020) Impact of liquidation of associate +0.5
Confectionery and beverages	0.6	0.8	-0.2	+0.1	
Domestic others	0.3	5.5	-5.2	-5.2	(FY2019) Gain on sales of real estate +5.2
<b>Domestic total</b>	<b>6.9</b>	<b>13.5</b>	<b>-6.7</b>	<b>-4.7</b>	
The Americas	1.4	(0.3)	+1.7	-0.0	
China (incl. H.K.)	0.8	0.4	+0.4	+0.1	
Asia	0.8	0.5	+0.4	+0.0	
EMEA	0.2	0.1	+0.0	+0.0	
<b>Overseas total</b>	<b>3.2</b>	<b>0.7</b>	<b>+2.5</b>	<b>+0.1</b>	
Other reconciliations	(0.1)	(0.1)	+0.0	-0.0	
Group expenses	(1.3)	(1.3)	-0.0	-	
<b>Consolidated operating profit</b>	<b>8.6</b>	<b>12.8</b>	<b>-4.2</b>	<b>-4.6</b>	

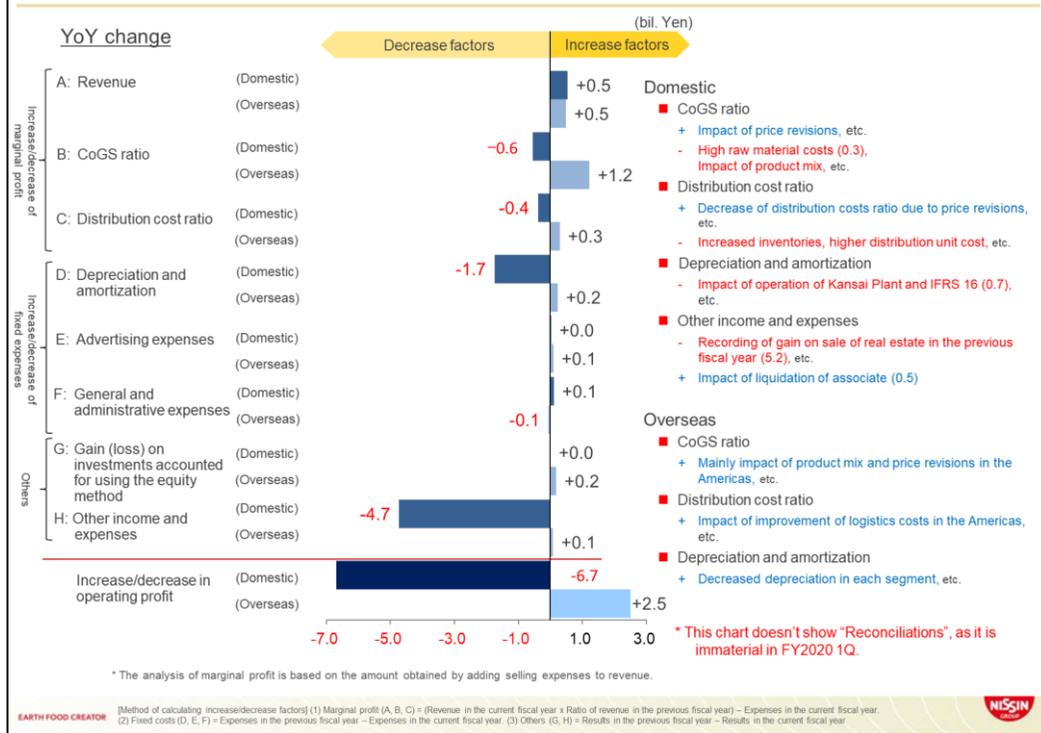
\* + and - figures of "Main items of non-recurring income and losses" represent gain and loss.

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- Profit in Brazil rose year on year because of an increase in profit due to a rise in sales and a refund of taxes for previous years.
- Operating profit in China, including Hong Kong, increased 0.4 billion yen, to 0.8 billion yen. The effect of exchange rates was minor and insignificant. Many of the core products are growing steadily in both Hong Kong and Mainland China, and profit rose in both areas.
- Operating profit in Asia increased 0.4 billion yen, to 0.8 billion yen. The impact of the foreign exchange rate was minor and insignificant. In Thailand, 10-baht bag-type noodle products continued to sell well and the operating rate at the plant as a production base in Asia was stable, which resulted in a rise in profit. In Singapore, profit also rose. Profit in Indonesia was in the black. Profit was in the red in Vietnam and India. Profit (loss) of investments accounted for using equity method in this segment was in positive territory.
- Operating profit in EMEA rose slightly year on year, to 0.2 billion yen. The currency exchange impact was minor and insignificant. In Europe, profit declined, but profit rose in Russia, where the equity method is applied. Profit in the entire segment climbed slightly.
- Slide 7 shows operating profit impacted by non-recurring income and losses. There are two comments, which have been already described.

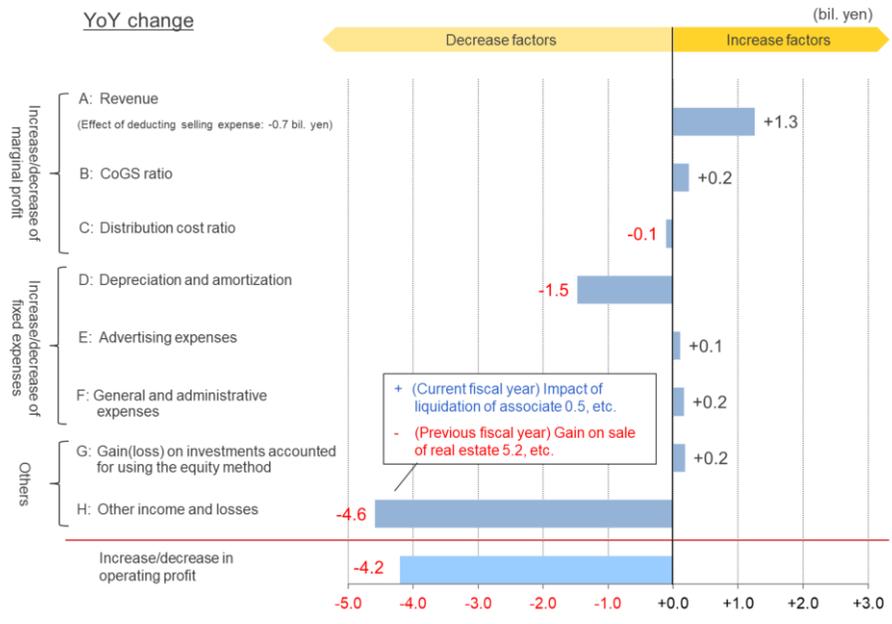
## FY2020 Three Months Analysis of Operating Profit: Consolidated (Domestic / Overseas)<sup>8</sup>



- Next, I will explain the analysis of operating profit by expense. Please look at Slide 8.
- Let me describe our analysis for the domestic businesses first.
- Profit rose 0.5 billion yen due to an increase in sales. A change in the cost of goods sold ratio led to a 0.6 billion fall in profit. Raw material costs in the domestic businesses rose around 0.3 billion. The impact of the product mix was large.
- A change in the distribution cost ratio resulted in an increase in expenses of 0.4 billion yen. This was because of a rise in inventory storage fees and an increase in distribution unit cost, which more than offset the effect of a decrease in the distribution cost ratio due to price revisions.
- Depreciation and amortization rose 1.7 billion yen. Of that amount, 0.7 billion yen is attributable to the effect of the application of IFRS 16, and actual costs did not increase 0.7 billion yen. The increase in depreciation and amortization led to a decrease in the cost of goods sold and general and administrative expenses.
- Lastly, in "Other income and expenses," profit fell 4.7 billion yen due to the effect of a gain on sale of real estate of 5.2 billion yen posted in the previous fiscal year and a reversal gain from the liquidation of associate of 0.5 billion yen posted this fiscal year. "Other income and expenses" other than those factors were on a par with the year-ago level.
- Let me explain overseas results now.
- Higher revenue resulted in an increase in profit of 0.5 billion yen.
- A change in the cost of goods sold ratio led to an increase in profit of 1.2 billion yen. This was mainly owing to the effects of the product mix and price revisions in the Americas.
- The fall in the distribution cost ratio resulted in a rise in profit of 0.3 billion yen chiefly due to the effect of an improvement in logistics expenses in the Americas.
- Depreciation and amortization was reduced 0.2 billion yen, reflecting a reduction in depreciation and amortization in each segment.
- This concludes our explanation of the summary of financial results for the first three months of the fiscal year ending March 31, 2020. Please refer to FY2020 Three Months Analysis of Operating Profit: Overall Group in Appendix for further information.
- Lastly, we will continue to make every effort from the second quarter to execute initiatives to achieve the target in our initial business plan. We hope we can count on your continued support.
- This concludes our presentation.

# APPENDIX

# FY2020 Three Months Analysis of Operating Profit: Overall Group



\* The analysis of marginal profit is based on the amount obtained by adding selling expenses to revenue.

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[Method of calculating increase/decrease factors] (1) Marginal profit (A, B, C) = (Revenue in the current fiscal year × Ratio of revenue in the previous fiscal year) - Expenses in the current fiscal year.  
 (2) Fixed costs (D, E, F) = Expenses in the previous fiscal year - Expenses in the current fiscal year. (3) Others (G, H) = Results in the previous fiscal year - Results in the current fiscal year



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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.
- FY2020 generally means the fiscal year from April 1, 2019 to March 31, 2020.
- The same  $\pm$  notation as used in the Summary of Consolidated Financial Statements has been applied to percentage change in revenue and profit.
- The average foreign exchange rates for the period have been applied to translating revenues and expenses at associates overseas.
- The results in China (including H.K.) are based on the consolidation policy of NISSIN FOODS HOLDINGS. Disclosure may differ from that of NISSIN FOODS CO., LTD. (located in H.K.). The business plan for the China segment specifies targets set solely by NISSIN FOODS HOLDINGS.



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