

Financial Results for the Nine Months  
of the Fiscal Year Ending March 31, 2020  
Announced on February 5, 2020

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

Stock Code: 2897

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- My name is Yokoyama, CFO of NISSIN FOODS HOLDINGS.
- I would like to report on the financial results for the third quarter announced on the timely disclosure of information on the Tokyo Stock Exchange and our website at 1:15 p.m. today.
- Please be ready to look at “Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2019 [IFRS] (consolidated)”, “Third Quarter (Nine Months) ended December 31, 2019 Supplemental Data”, and “Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2020”.
- I would now like to outline our performance for the nine months under review by using the Presentation material for the “Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2020”.

## Executive Summary

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FY2020  
Mgmt.  
Policy

### [Steadily implement measures in response to changing market environment and work to strengthen profitability](#)

- 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.
- Overseas: Quickly improve profits in the U.S. by carrying out structural reforms (price review, 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.
- Group-wide: Make group-wide efforts to reduce costs and strengthen the financial position.

FY2020  
3Q  
Results

- Consolidated: Increased in revenue and operating profit and profit attributable to owners of parent
- Domestic: Increased in revenue and decreased in operating profit
- Instant noodles business: Revenue rose in both NISSIN FOOD PRODUCTS and MYOJO FOODS due to smooth penetration of price revisions in June. Operating profit rose, reflecting higher raw material costs and distribution costs, as well as higher depreciation and amortization due to the start of operations at the Kansai Plant. Both revenues and operating profits were in line with initial plans.
  - Chilled and frozen foods : Revenue increased and operating profit decreased.
  - Confectionery and beverages : Both revenue and operating profit decreased.
  - The main factor behind the decline in operating profits in the domestic business was the 5.2 billion yen gain on sales of property recorded in the first quarter of the previous fiscal year.
- Overseas: Both revenue and operating profit increased
- Americas: The U.S. business's performance recovered. Continued strong performance in Brazil and Mexico, leading to higher revenue and significant operating profit growth.
  - China: Both revenue and operating profit increased. Higher revenue, particularly in Mainland China, contributed to higher operating profit.
  - Asia: Revenue increased due to contributions from Thailand. Operating profit rose due to contributions from Thailand and Indonesia. Gain on investments accounted for using the equity method also contributed to operating profit growth.

Summary  
of 3Q

- Strong performance on a consolidated basis.
- Strong performance of instant noodles business in domestic business.
- Revenue and operating profits increased in all overseas segments.

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- Please turn to Slide 1. This is an executive summary.
- In the current 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 business, revenues rose in the instant noodles business, reflecting the steady penetration of price revisions. In addition, the instant noodles business absorbed increases in raw material costs and distribution costs, depreciation expenses due to the start of operations at the Kansai Plant in NISSIN FOOD PRODUCTS, resulting in an increase in operating profit. As a result, both revenue and operating profit were in line with our initial plan.
- In the overseas business, revenues and operating profits increased in all segments due to the recovery of business performance in U.S., stable growth in China and Brazil, and improved performance in the Asian region.
- As a result, the consolidated results for the third quarter of the fiscal year showed an increase in both revenue and operating profit, and the results were favorable.

(bil. yen)

	FY2020			FY2019 9 Months Results
	9 Months Results	YoY Change	YoY Change(%)	
Revenue	348.0	+11.3	+3.4%	336.8
Operating profit	35.5	+0.8	+2.2%	34.8
Profit attributable to owners of parent	25.6	+0.9	+3.8%	24.7
OP margin	10.2%	-0.1pt	/	10.3%
Profit attributable to owners of parent margin	7.4%	+0.0pt		7.3%

- Please turn to Slide 2.
- This is a summary of the results for the third quarter of the fiscal year ending March 31, 2020.
- Revenue increased 11.3 billion yen year on year to 348.0 billion yen.
- Operating profit increased 0.8 billion yen year on year to 35.5 billion yen, partly due to the recording of a 5.2 billion yen gain on sales of real estate in the previous fiscal year.
- Profit attributable to owners of parent increased 0.9 billion yen year on year to 25.6 billion yen.

## Revenue Results by Segment

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(bil. yen)

	FY2020			FY2019
	9 Months Results	YoY Change	YoY Change(%)	9 Months Results
Instant noodles	177.7	+7.4	+4.3%	170.3
NISSIN FOOD PRODUCTS	150.8	+5.3	+3.6%	145.5
MYOJO FOODS	27.0	+2.1	+8.5%	24.9
Chilled and frozen foods	42.9	+0.9	+2.0%	42.0
Confectionery and beverages	30.9	-1.2	-3.8%	32.1
Domestic others	3.2	+0.1	+2.2%	3.1
<b>Domestic total</b>	<b>254.7</b>	<b>+7.1</b>	<b>+2.9%</b>	<b>247.6</b>
The Americas	48.5	+2.5	+5.4%	46.0
China (incl. H.K.)	31.2	+0.8	+2.7%	30.3
Asia	8.5	+0.8	+11.1%	7.6
EMEA	5.2	+0.0	+0.8%	5.2
<b>Overseas total</b>	<b>93.3</b>	<b>+4.2</b>	<b>+4.7%</b>	<b>89.1</b>
<b>Consolidated revenue</b>	<b>348.0</b>	<b>+11.3</b>	<b>+3.4%</b>	<b>336.8</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.).

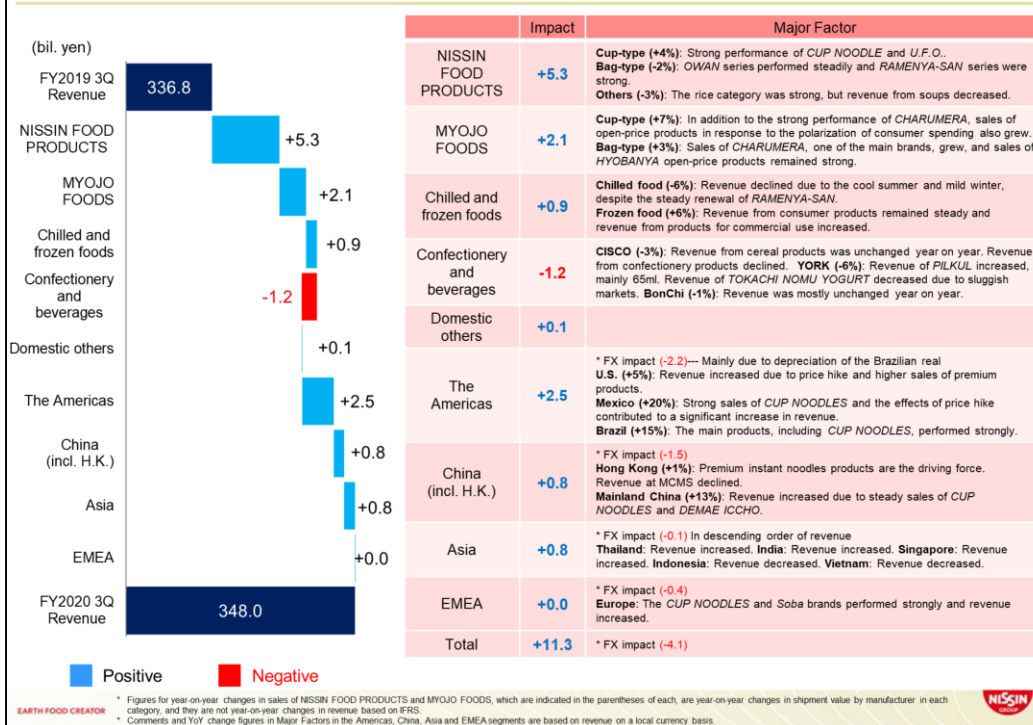
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- Please turn to Slide 3. It shows the revenue results by segment.
- Revenue from domestic business increased by 7.1 billion yen to 254.7 billion yen, while revenue from overseas business increased by 4.2 billion yen to 93.3 billion yen. Excluding the impact of foreign exchange rates, revenue increased 8.3 billion yen.

## Revenue Contribution by Segment

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- Please turn to Slide 4. It shows major factors for the changes in revenues in each segment in detail.
- NISSIN FOOD PRODUCTS recorded revenue of 150.8 billion yen, an increase of 5.3 billion yen from the previous fiscal year. In cup-type instant noodles products, sales of the major brands *CUP NOODLE* and *U.F.O.* were firm, resulting in a year-on-year increase of 4%. In bag-type instant noodles products, although sales of the *OWAN* series remained firm, sales of bag-type instant noodles products as a whole were down 2% year on year. In “others” category, sales of rice categories such as *CURRY MESHI* were strong, but sales declined when combined with soup category.
- Revenue of MYOJO FOODS increased 2.1 billion yen year on year to 27.0 billion yen. In cup-type instant noodles products, sales rose 7% year on year due to strong sales of *CHARUMERA* and growth in sales of discretionary price products. In bag-type instant noodles products, sales of *CHARUMERA* grew, and sales of *HYOBANYA* discretionary price products remained strong. As a result, bag-type instant noodles products as a whole rose 3% year on year.
- In the chilled and frozen foods segment, revenue in the chilled food business declined 6% due to the unusually cool summer and mild winter, despite the strong performance of the renewal of *RAMENYA-SAN*. Revenue of frozen food business increased 6%, reflecting strong sales of consumer products and increased sales of commercial-use products. As a result, segment revenue increased 0.9 billion yen to 42.9 billion yen.
- In the confectionery and beverages segment, while NISSIN CISCO's cereal business was on a par with the previous fiscal year, sales in the confectionery business declined, resulting in a 3% decrease in sales. NISSIN YORK posted a 6% decline in revenue, mainly due to a decrease in sales of *TOKACHI NOMU YOGURT* which was adversely affected by stagnation in the market, despite steady sales of the core brand *PILKUL*. BonChi sales were roughly on par with the previous fiscal year. Revenue in this segment as wholes saw 1.2 billion yen decline to 30.9 billion yen.
- Revenue in the Americas increased 2.5 billion yen to 48.5 billion yen. Excluding the 2.2 billion yen impact of foreign exchange rates, substantial increase was 4.6 billion yen. Revenue in the U.S. increased, reflecting price hikes and an increase in sales quantity of high-priced premium products. In Mexico, revenue rose significantly due to strong sales of *CUP NOODLES Intenso* and *U.F.O.* and the effects of price hikes. Revenue in Brazil rose due to strong sales of main products, such as *CUP NOODLES*.

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## Operating Profit Results by Segment

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(bil. yen)

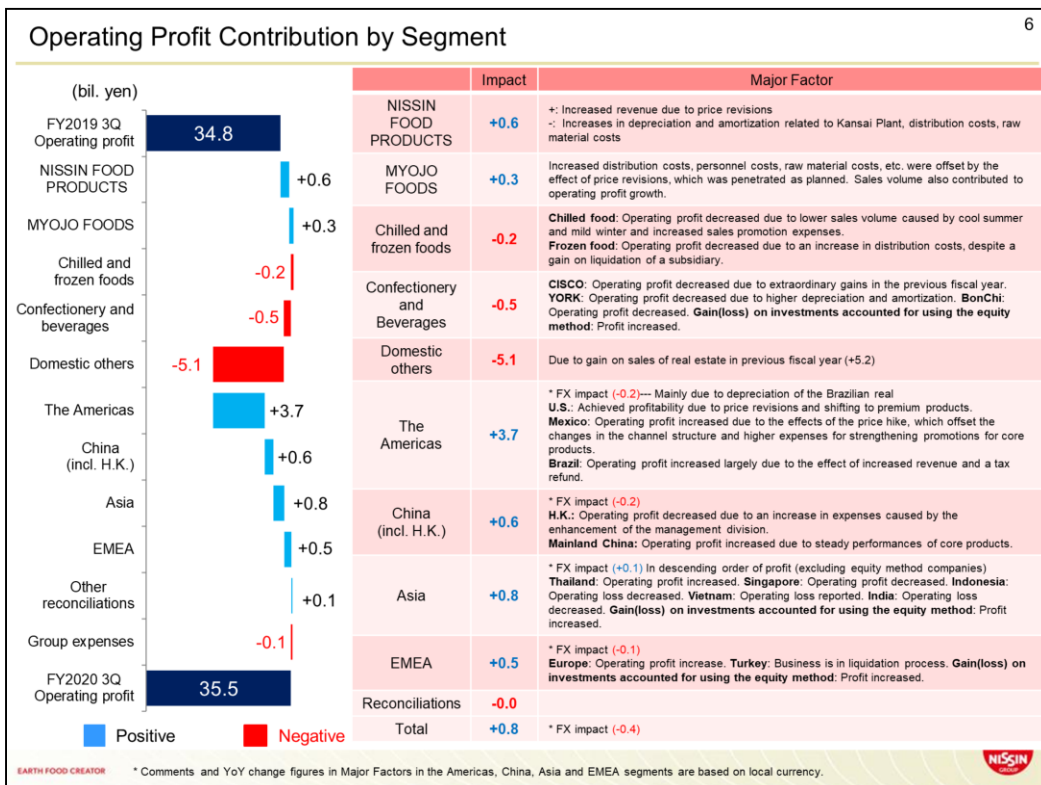
	FY2020			FY2019
	9 Months Results	YoY Change	YoY Change(%)	9 Months Results
Instant noodles	24.8	+1.0	+4.0%	23.9
NISSIN FOOD PRODUCTS	22.4	+0.6	+3.0%	21.8
MYOJO FOODS	2.4	+0.3	+14.4%	2.1
Chilled and frozen foods	1.5	-0.2	-11.7%	1.7
Confectionery and beverages	1.6	-0.5	-24.9%	2.1
Domestic others	1.3	-5.1	-80.3%	6.4
Domestic total	29.2	-4.9	-14.4%	34.1
The Americas	3.6	+3.7	-	(0.1)
China (incl. H.K.)	3.0	+0.6	+26.4%	2.4
Asia	2.7	+0.8	+42.6%	1.9
EMEA	1.2	+0.5	+74.0%	0.7
Overseas total	10.5	+5.7	+117.1%	4.9
Other reconciliations	(0.1)	+0.1	-	(0.2)
Group expenses	(4.0)	-0.1	-	(3.9)
Consolidated operating profit	35.5	+0.8	+2.2%	34.8

\* 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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- In the China including Hong Kong, the revenue increased by 0.8 billion yen to 31.2 billion yen. Excluding the foreign exchange impact of 1.5 billion yen, substantial increase was 2.3 billion yen. Revenue in Hong Kong rose 1% overall due to lower MCMS sales in the wholesale business, despite increased sales of high-priced instant noodles products. In Mainland China, revenue grew 13% year on year thanks to steady sales of mainstay products such as *CUP NOODLES* and *DEMAE ICCHO*.
- In the Asian region, revenue increased by 0.8 billion yen to 8.5 billion yen. The impact of foreign exchange rates was negligible. In particular, products of 10-baht bag-type noodles in Thailand continued to be strong, leading the Asian region. In India, sales of both bag-type instant noodles and *CUP NOODLES* were strong, partly due to the strengthening of the sales system. Revenue in Singapore rose, while revenues in Indonesia and Vietnam declined.
- Revenues in EMEA were about the same as in the previous fiscal year at 5.2 billion yen. The substantial increase was 0.4 billion yen, excluding the foreign exchange impact of 0.4 billion yen. In Europe, sales of *CUP NOODLES* and *Soba* remained strong, resulting in an increase in revenue. Meanwhile, the segment as a whole was on a par with the previous fiscal year due to the liquidation of the Turkish business and the impact of foreign exchange rates.
- Please see Slide 5 for operating profit by segment.
- Operating profit from domestic businesses increased by 4.9 billion yen to 29.2 billion yen. This included a 5.2 billion yen of gain on sales of real estate in domestic others in the first quarter of the previous fiscal year as well as 0.4 billion yen of impairment loss of property and 0.5 billion yen of gain on liquidation of an associate recorded in chilled and frozen foods segment for the third quarter of the fiscal year.
- Operating profit from overseas rose 5.7 billion yen to 10.5 billion yen.
- Combined with a negative 4.1 billion yen in adjustments between Group companies and other expenses, operating profit totaled 35.5 billion yen for the third quarter of the fiscal year.



- Next, I am going to explain the operating profit contribution by segment. Please turn to Slide 6.
- Operating profit of NISSIN FOOD PRODUCTS increased 0.6 billion yen, to 22.4 billion yen, due to the positive impact of the price revision implemented in June, despite the impact of higher depreciation costs of the Kansai Plant, soaring distribution costs and raw material costs.
- Similarly, MYOJO FOODS's operating profit rose 0.3 billion yen to 2.4 billion yen due to steady price revisions in June, which offset increases in distribution costs, personnel costs, and raw material costs.
- In chilled and frozen foods segment, sales volume in the chilled foods business declined due to the cool summer and mild winter, and sales promotion expenses rose. As a result, operating profit declined. Frozen food business recorded a decrease in profit due to an increase in distribution costs and other factors, despite the impact of a 0.5 billion yen of gain from liquidation of a subsidiary. Segment operating profit was 1.5 billion yen, a decrease of 0.2 billion yen.
- In confectionery and beverages segment, operating profit for NISSIN CISCO declined due to a reaction to the recording of extraordinary income in the previous fiscal year. Operating profit for NISSIN YORK and BonChi decreased due in part to an increase in depreciation and amortization. Gain (loss) on investments accounted for using the equity method also increased. Segment operating profit was 1.6 billion yen, a decrease of 0.5 billion yen.
- In the domestic and others, a 5.2 billion yen of gain on the sale of real estate in the previous fiscal year and a 0.4 billion yen of impairment loss at subsidiaries in the current fiscal year resulted in a 5.1 billion yen decrease in operating profit to 1.3 billion yen.
- Americas recorded an increase of 3.7 billion yen and operating profit of 3.6 billion yen. Excluding the foreign exchange impact of 0.2 billion yen, the substantial increase is 4.0 billion yen.
- In the U.S., operating profit was continuously in the black due to the effects of price hike and the shift to premium products, and cost-cutting efforts.
- In Mexico, the effects of the price hike offset changes in the sales channel structure and higher expenses for strengthening promotions for key products, resulting in increased operating profits.
- In Brazil, operating profit rose due to higher sales and tax refunds for previous years.


(Go on to the next page.)

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

(bil. yen)

	FY2020 9 Months Results	FY2019 9 Months Results	Difference in operating profit	Difference in non-recurring income and expenses	Main items of non-recurring income and expenses
NISSIN FOOD PRODUCTS	22.4	21.8	+0.6	-0.0	
MYOJO FOODS	2.4	2.1	+0.3	-0.0	
Chilled and frozen foods	1.5	1.7	-0.2	+0.5	(FY2020) Impact of liquidation of associate +0.5
Confectionery and beverages	1.6	2.1	-0.5	+0.1	
Domestic others	1.3	6.4	-5.1	-5.6	(FY2019) Gain on sales of real estate +5.2 (FY2020) Impairment loss of property -0.4
<b>Domestic total</b>	<b>29.2</b>	<b>34.1</b>	<b>-4.9</b>	<b>-5.1</b>	
The Americas	3.6	(0.1)	+3.7	-0.0	
China (incl. H.K.)	3.0	2.4	+0.6	+0.1	
Asia	2.7	1.9	+0.8	-0.3	(FY2019) Gain on sales of property +0.3
EMEA	1.2	0.7	+0.5	+0.1	
<b>Overseas total</b>	<b>10.5</b>	<b>4.9</b>	<b>+5.7</b>	<b>-0.0</b>	
Other reconciliations	(0.1)	(0.2)	+0.1	-0.0	
Group expenses	(4.0)	(3.9)	-0.1	-	
<b>Consolidated operating profit</b>	<b>35.5</b>	<b>34.8</b>	<b>+0.8</b>	<b>-5.2</b>	

\* Figures in the "Main items of non-recurring income and expenses": + Income, - Loss

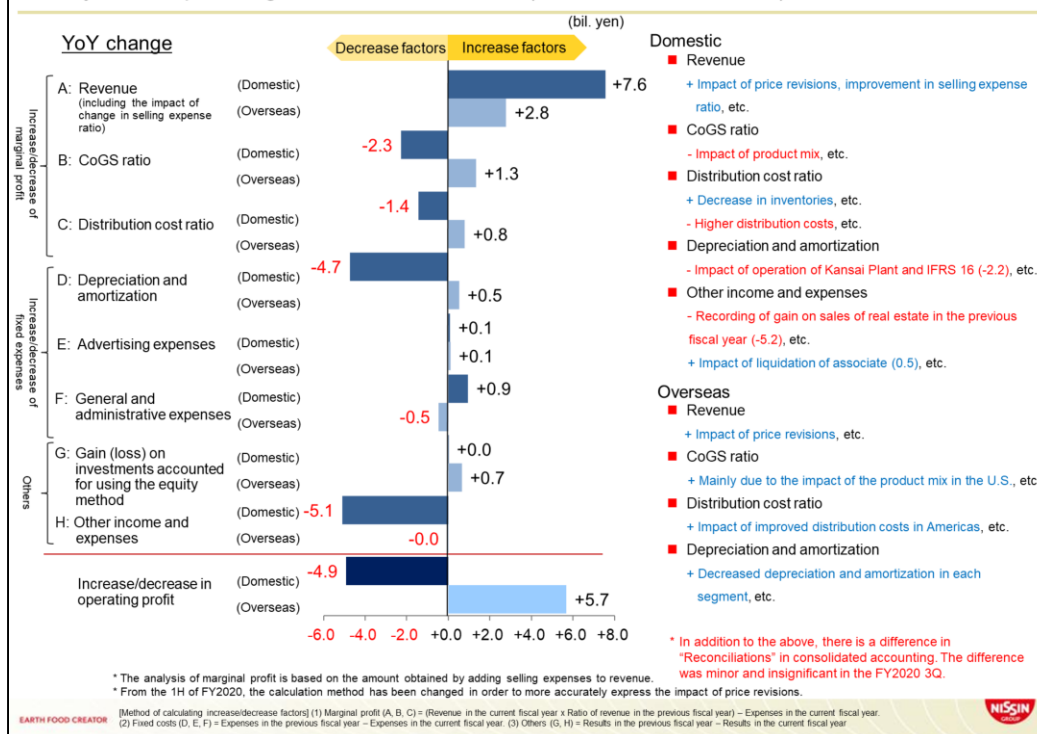
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- Operating profit in the China including Hong Kong rose 0.6 billion yen to 3.0 billion yen. Excluding the foreign exchange impact of 0.2 billion yen, the substantial increase is 0.8 billion yen. In both Hong Kong and mainland China, many of our mainstay products have grown steadily, with profits increasing in mainland China. However, operating profit in Hong Kong declined due to higher costs resulting from the strengthening of the management division.
- Operating profit in Asia rose by 0.8 billion yen year on year, to 2.7 billion yen. The impact of foreign exchange rates was negligible. In Thailand in particular, sales of 10-baht bag type instant noodles products remained strong, and plant operations as a production base in the Asia also stabilized, leading to higher profits. Operating profit in Singapore declined due to a gain on the sale of real estate in the previous fiscal year, while operating loss in Indonesia and India narrowed. Vietnam is in the red. Gain (loss) on investments accounted for using the equity method also increased.
- Operating profit in EMEA rose 0.5 billion yen to 1.2 billion yen. The impact of foreign exchange rates is negligible. In addition to the European business, the Russian business, which is accounted for by the equity method, recorded higher profits.
- Please also check the status of the share of profit (loss) of investments accounted for using equity method as described on page 5 of the supplementary materials.
- For Slide 7, we have prepared materials that take into account the impact of non-recurring income and expenses. We have added four comments. The content is basically as explained before.



## Analysis of Operating Profit: Consolidated (Domestic / Overseas)

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- We will continue to analysis of operating profit by expense. Please turn to Slide 8.
- First, I will explain from the domestic businesses.
- The increase in revenues due to the impact of price revisions and an improvement in the selling expenses ratio contributed to a 7.6 billion yen increase in profit. The changes in the cost of sales ratio caused a 2.3 billion yen decrease in profit.
- The impact of the change in distribution costs ratio was a 1.4 billion yen increase in expenses due to higher inventories and higher distribution costs.
- Depreciation and amortization increased 4.7 billion yen. Of this amount, 2.2 billion yen was attributable to the adoption of IFRS16, which did not increase the actual amount by 2.2 billion yen, but also decreased the cost of goods sold and general and administrative expenses.
- Finally, changes in other income and expenses decreased by 5.1 billion yen, which was mainly due to the 5.2 billion yen of gain on sales of real estate recorded in the previous fiscal year and the 0.5 billion yen of gain on liquidation of an associate recorded in the current fiscal year. All other items were on a par with the previous fiscal year.
- Next, I will explain overseas result.
- The 2.8 billion yen increase in revenues contributed to the increase in operating profit. The main reason for this increase was the impact of the price revision in Americas.
- The effect of the change in the cost of goods sold ratio was an increase of 1.3 billion yen. The increase was primarily attributable to the impact of the product mix in U.S.
- The 0.8 billion yen decrease in distribution costs ratio was primarily due to the impact of improved distribution costs at Americas.
- The 0.5 billion yen decrease in depreciation and amortization was due to a decrease in depreciation and amortization in each segment.
- I am pleased to conclude the briefing on the financial results for the third quarter of the fiscal year ending March 31, 2020.

Information in this material is not intended to solicit sales or purchase of NISSIN FOODS HOLDINGS stock shares. The comments and estimates in this document are based on the company's judgment at the time of publication and their accuracy is not guaranteed. They are subject to change without notice in the future. The company and its officers and representatives hold no responsibility for any damage or inconvenience that may be caused by any part of this material.

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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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