



(Incorporated in Hong Kong with limited liability)

Stock code: 1475

Nissin Foods Delivers Outstanding 2019 Annual Results

***Net profit jumped 22.2% with improved profitability;
Double-digit revenue growth in the PRC for two consecutive years***

Financial Highlights	For the Year Ended 31 December		
	2019	2018	Change
Revenue (HK\$ million)	3,087.8	2,998.8	3.0%
Net Profit (HK\$ million)	251.0	205.4	22.2%
EBITDA (HK\$ million)	455.4	407.7	11.7%
Earnings per share (HK cents)	23.36	19.13	22.1%
Dividend per share (HK cents)	11.7	9.5	23.2%
Dividend payout ratio (%)	50.1	49.7	N/A

(Hong Kong, 19 March 2020) **Nissin Foods Company Limited** (the “Company”, and together with its subsidiaries, the “Group”; Stock code: 1475) today announced its annual results for the year ended 31 December 2019.

Revenue of the Group increased by 3.0% year-on-year (YoY) to HK\$3,087.8 million (2018: HK\$2,998.8 million), attributable primarily to organic growth in sales volume of its premium instant noodles in the PRC throughout the year advanced by expanded geographical coverage. The Group’s EBITDA grew by 11.7% YoY to HK\$455.4 million (2018: HK\$407.7 million) and EBITDA margin was 14.7% for the year (2018: 13.6%).

Profit attributable to owners of the Company increased by 22.2% to HK\$251.0 million (2018: HK\$205.4 million), representing a net profit margin of 8.1% for the year (2018: 6.9%). Profitability improved materially due to the improvement in operational efficiency in production as well as the result of localisation.

Basic earnings per share were 23.36 HK cents (2018: 19.13 HK cents). The Board has resolved to declare a final dividend of 11.7 HK cents (2018: 9.5 HK cents), representing a dividend payout ratio of 50.1% (2018: 49.7%).

Hong Kong Operations

Revenue from Hong Kong operations recorded HK\$1,299.8 million (2018: HK\$1,323.6 million), mainly due to the change in the product portfolio of the MC Marketing & Sales (Hong Kong) Limited (“MCMS”) business, but offset by the positive growth from the core instant noodles business especially in second half year subsequent to the price adjustment in July 2019. The profit of the segment recorded HK\$100.0 million in 2019 (2018: HK\$114.1 million), due to the surge in administrative expenses.

During the year, the Company focused on upgrading its product offerings to customers who demand innovative and better quality products.

As the market leader in the instant noodles segment, both “Cup Noodles” and “Cup Noodles BIG” product lines achieved satisfactory results with extended offerings of western flavours. Meanwhile, the famous “Nissin RAOH” brand was launched in the Hong Kong market with four classic flavours, enabling customers to experience and enjoy restaurant-quality instant noodles at home. In order to enhance its packaged noodles’ portfolio, the Group commenced the production of “Bar Ramen” and “Bar Udon” with its enhanced ramen production line. In addition, “Nissin Frozen Ramen” and “Nissin Frozen Udon” were launched to cater for customers who prefer home-made quality products.

For the non-instant noodles segment, the Group commenced the production and sale of made-in-Hong Kong granola products, which had a steady revenue growth in the reporting period. The “Kagome” brand also contributed meaningfully due to broader channel exposure.

PRC Operations

Revenue from PRC operations increased by 6.7% YoY from HK\$1,675.3 million to HK\$1,788.0 million, mainly attributable to the continual consumption upgrade into the premium instant noodles segment. The Group achieved double-digit revenue growth in RMB for two consecutive years as its signature brands continued to report organic revenue growth with a broader reach in its key operating regions, particularly in Eastern China such as Shanghai, Zhejiang and Jiangsu. The segmental profit increased by 43.0% to HK\$210.6 million (2018: HK\$147.2 million), attributed to the efficiency enhancement in relation to the increment in sales volume, the stringent control in production costs, and the benefits associated with the government stimulus measures introduced in 2019.

The Group used online platforms for its “Cup Noodles” brand by collaborating with a popular Japanese animation series “Sword Art Online” and launched a series of crossover products and online animations that target the youth market, in order to further enrich its brand equity and extend its product offerings. The Group also introduced its “Bar Ramen” under the “Demae Iccho” brand in the PRC for health conscious customers. On the non-instant noodles front, the production and selling of made-in-Hong Kong granola products, as well as “Kagome” vegetable and fruit juices had been commenced in the PRC with satisfactory results in the year.

In 2019, the Group signed an equity transfer agreement with Grandview China Holdings Ltd. to acquire its entire equity interest in 珠海聯智科技有限公司 (UNI-INTEC (Zhuhai) Scientific Technology Co., Ltd.*). The Group intends to invest approximately RMB180 million to build a new production plant in Zhuhai subsequently for manufacturing packaging materials. The construction of the new plant will enable the Group to better mitigate production costs, as well as to have synergies with its existing production facilities and with our controlling shareholder.

Prospects

Looking ahead, although the decrease in number of tourists and the reduction in purchasing power in the coming year will pose increasing pressure for business operation, the Group will continue to ensure stable food supply to the community.

For the PRC operations, the outbreak of the novel coronavirus since January 2020 exerts downward pressure towards most travel, entertainment and retail industries as a whole. Economic growth in the PRC might be dragged severely as a result of the suspension in industrial production and the US-China trade dispute. Nevertheless, the Group will be able to expand coverage further into different geographical areas through a generally upward trend towards consumption upgrade into the premium instant noodles segment. The appeal of “Nissin Brands”, and in particular “Cup Noodles”, would enable the Group’s further expansion into the PRC market.

The Group will continue to maintain its progressive approach in expansion, as well as enhance its brand equity and maintain a premium pricing strategy in the PRC. Additional efforts would be made to further localise the Company to be more responsive to the rapidly changing environment.

Mr. Kiyotaka Ando, Executive Director, Chairman and Chief Executive Officer of Nissin Foods, said, “We continued to deliver an outstanding performance with improved profitability in 2019. It was against the backdrop of continuous social unrest locally and the lingering US-China trade dispute in the global arena. This is testimony to the strength and resilience of the Group and our people in taking on multitude of challenges and embracing the ever-changing market conditions. It also validates our strategic decisions in broadening our distribution channels and geographical landscape with premium products in the PRC while upgrading our product mix in Hong Kong.”

“However, the challenges are not over yet as the year was ended with Hong Kong officially entering into recession, the PRC’s GDP growth at its lowest since 1990, and globally under the threat of the Covid-19 epidemic. Whatever the situation, at Nissin Foods, we humbly take it as part of our corporate social responsibility in ensuring the stable and reliable supply of quality food products at all times. We believe that now is opportune time when our role as the ‘Earth Food Creator’ comes into full play. Thus, we would continue to invest in talent and our businesses to further strengthen our overall competitiveness to attain sustainable business growth,” Mr. Ando said.

*Remark: * for identification purpose*

For complete information, please refer to the company's Annual Results Announcement available on the Hong Kong Stock Exchange website at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0319/2020031900483.pdf>

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Mr. Kiyotaka Ando, Executive Director, Chairman and Chief Executive Officer of Nissin Foods

About Nissin Foods Company Limited

Nissin Foods Company Limited (The “Group”; Stock code: 1475) is a renowned food company in Hong Kong and the PRC with a diversified portfolio of well-known and highly popular brands and the largest instant noodle company in Hong Kong. The Group officially established its presence in Hong Kong in 1984. The Group primarily manufactures and sells instant noodles, frozen foods and other food products under its two core corporate brands, namely “NISSIN (日清)” and “DOLL (公仔)” together with a diversified portfolio of iconic household premium food brands. The Group’s five flagship product brands, namely “Cup Noodles (合味道)”, “Demae Iccho (出前一丁)”, “Doll Instant Noodle (公仔麵)”, “Doll Dim Sum (公仔點心)” and “Fuku (福)” are also among the most popular choices in their respective food product categories in Hong Kong. In the PRC market, the Group has introduced technology innovation in the “ECO Cup” concept into the market and primarily focuses its sales efforts in first- and second-tier cities located in eastern and southern parts of the PRC. For more information, please visit www.nissingroup.com.hk.

For media enquiries:

Nissin Foods Company Limited Public Relations Department

Blanche Wong / Ceci Leung
Email: pr@nissinfoods.com.hk

Strategic Financial Relations Limited

Vicky Lee Tel: (852) 2864 4864
Carven Tsui Tel: (852) 2864 4859
Cara Lau Tel: (852) 2864 4890

For investor enquiries:

Nissin Foods Company Limited Investor Relations Department

Shingo Yamazaki / Peter Kwok
Email: ir@nissinfoods.com.hk

Email: vicky.lee@sprg.com.hk
Email: carvensm.tsui@sprg.com.hk
Email: cara.lau@sprg.com.hk