



(Incorporated in Hong Kong with limited liability)  
 Stock code: 1475

## Nissin Foods Delivers Resilient 2020 Interim Results

**Revenue surges 15.9% year-on-year to HK\$1,735.4 million;  
 Net profit up 34.3% with improved margin**

Financial Highlights	For the Six Months Ended 30 June		
	2020	2019	Change
Revenue (HK\$ million)	1,735.4	1,497.9	15.9%
Net Profit (HK\$ million)	178.4	132.9	34.3%
Gross Profit Margin	33.9%	32.2%	1.7pp.
Net Profit Margin	10.3%	8.9%	1.4pp.
EBITDA (HK\$ million)	310.7	230.3	34.9%
Earnings per share (HK cents)	16.61	12.37	34.3%

(Hong Kong, 31 August 2020) **Nissin Foods Company Limited** (the “Company”, and together with its subsidiaries, the “Group”; Stock code: 1475) has today announced its interim results for the six months ended 30 June 2020 (“the reporting period”).

Revenue of the Group increased by 15.9% year-on-year (YoY) to HK\$1,735.4 million (2019: HK\$1,497.9 million), primarily attributable to the increase in demand for most types of instant noodles and frozen food products in Hong Kong, as well as the improvement in sales volume of cup-type instant noodles and the made-in-Hong Kong bag-type instant noodles in the PRC. This reflects the additional demand generated from the “stay-at-home” economy spurred by the COVID-19 pandemic. In the reporting period, the new joint venture distribution business in Shanghai commenced operation in April 2020 as scheduled and also began contributing to the Group’s growth in revenue. Gross profit margin increased by 1.7 percentage point to 33.9% (2019: 32.2%), mainly attributable to the reduction in utility overheads, the relatively stable price for key raw-materials year-on-year and the shift of product mix in Hong Kong.

The Group’s EBITDA grew by 34.9% YoY to HK\$310.7 million (2019: HK\$230.3 million) and the EBITDA margin was 17.9% for the reporting period (2019: 15.4%). Profit attributable to owners of the Company was HK\$178.4 million, representing an increase of 34.3% YoY from HK\$132.9 million for the corresponding period of 2019 and a net profit margin of 10.3% for the period (2019: 8.9%). This was mainly due to the boost in sales among the Group’s operating regions and the better control in the operating and non-operating expenses. Basic earnings per share increased by 34.3% to 16.61 HK cents (2019: 12.37 HK cents).

As of 30 June 2020, the Group’s cash and cash equivalent was HK\$1,492.3 million and the gearing ratio was zero. The strong financial position enables the Group to weather the challenges and continue to deliver results in uncertain times like this.

### **Hong Kong Operations**

Revenue from Hong Kong operations increased by 13.1% to HK\$708.6 million (2019: HK\$626.4 million), mainly attributable to the surge in demand for most types of instant noodles and frozen food products fuelled by the growth of the stay-at-home economy under the pandemic. Segment results increased significantly by 66.8% to HK\$97.9 million (2019: HK\$58.7 million), mainly due to the surge in revenue and reduced deployment in advertising and promotion during the reporting period.

The Group takes it as part of its corporate social responsibility to ensure a timely replenishment of instant noodles and frozen food products in the market. Hence, the Group had promptly adjusted its production schedule and related procurement and logistics arrangement to meet the sudden surge in demand in the reporting period, and continues to keep a close dialogue with distributors, wholesalers and retailers under the pandemic.

At the same time, the Group has made an effort to expedite new product launch across the family of brands under Nissin Foods to enrich customer experience. The signature items are: the New Japan Ramen Shop Style Cup Series of “Demae Iccho”, which features authentic Japanese taste with a thick soup base; new Southeast Asian flavours for “Cup Noodles; “U.F.O.” Kewpie Salad and Kewpie Dan Dan Flavour Stir Noodles and others. Under the non-fried instant noodles category, Nissin Frozen Ramen has collaborated with four popular ramen shops to launch various signature ramen packs. The Group has also further developed a 40g small-pack Granola series this year to bring higher convenience to consumers to enjoy the crispy and tasty cereal puff with fruit mix.

Furthermore, to broaden the income stream as well as enhance the healthy options to customers, the Group has made an initial investment of approximately HK\$7.1 million this year to set up its first production line on pre-packaged ready-to-eat fresh-cut vegetables in Hong Kong situated in the Group’s chilled and frozen food production plant in Tai Po Industrial Estate. The Group will utilise Japanese state-of-the-art production and management expertise to offer a healthy, fresh, delicious and yet convenient and affordable choice for health-conscious customers, and production will commence in December 2020.

### **PRC Operations**

Revenue from PRC operations increased by 17.8% (in local currency: 23.8%) from HK\$871.5 million to HK\$1,026.8 million for the reporting period. The cup-type instant noodles, especially the “Cup Noodles” brand, continued to be the dominant growth driver in the PRC, recording good sales momentum across different regions. Our signature made-in-Hong Kong bag-type instant noodles under the “Demae Iccho” brand has also recorded substantial growth in Southern and Eastern China due to increasing brand awareness and customer trial under the pandemic. The Group continued to record double-digit revenue growth (in local currency) for its key operating regions and was especially satisfactory in Eastern China. Segment profit has increased by 43.7% to HK\$142.8 million (2019: HK\$99.4 million), mainly due to the solid performance of organic revenue growth, coupled with the reduction in the advertising and promotional expenses.

The Group has witnessed good sales pick-up from its customers amidst the pandemic. On top of regular purchase by existing customers, the Group received support from new customers through product trial under the pandemic to “Cup Noodles” and the made-in-Hong Kong “Demae Iccho” bag-type noodles.

In addition, the Group is committed to expanding its business presence in the PRC market and further enlarging its customer base. The Group has formed a joint venture company in January 2020, which would engage in import and sale of Japanese-branded food and beverage products in Shanghai and other first-tier cities in the PRC. It has already commenced operation since the second quarter of 2020, and this trading platform would enable other Japanese manufacturers to enter the region, as well as to help the Group's products to further penetrate across the PRC in the long run.

### **Prospects**

Looking ahead, the unpredictable nature of the COVID-19 pandemic would inevitably continue to affect the global economy. The Group would keep monitoring the situation and ensure a stable supply of its products to its customers in Hong Kong and the PRC. The Group would also continue to inject fresh momentum into its business along with new product launches and geographical expansion in the PRC.

Furthermore, the Group has been selected as a constituent of Hang Seng family of indexes effective Monday, 7 September 2020. The Group will be included to Hang Seng Composite Index, Hang Seng Consumer Goods & Services Index, Hang Seng Stock Connect Hong Kong Index and other indexes. The inclusion as a constituent stock in the Hang Seng family of indexes enable Mainland-based investors to trade directly in the securities of the Group via Stock Connect scheme. This represents continual capital market's recognition of the Group and is expected to expand shareholder base and increase trading liquidity of the Group.

**Mr. Kiyotaka ANDO, Executive Director, Chairman and Chief Executive Officer of Nissin Foods**, said, "In the first half of 2020, we recorded a resilient performance in Hong Kong and the PRC despite the outbreak of the pandemic. As the leading food manufacturer, it is of the utmost importance for us to ensure a stable and reliable supply of food products to cater for the changing needs of the customers in good and bad times. As the Group strives to reinforce its position in the industry, we are very honoured to be included on the Hang Seng family of indexes, enabling trading via the southbound Stock Connect. This demonstrates the capital market's recognition of the Group's performance and business outlook. Going forward, we will continue to look for new innovation in order to enrich the existing product portfolio and broaden the customer base of the Group. This will broaden our revenue stream and enhance our overall competitiveness, thus create value for all our stakeholders."

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### **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 through the “ECO Cup” concept into the market and primarily focuses its sales efforts in first- and second-tier cities located in the eastern and southern parts of the PRC. For more information, please visit [www.nissingroup.com.hk](http://www.nissingroup.com.hk).

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