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Nitta Gelatin Announces Medium-term Management Plan

Nitta Gelatin Inc. today announced a medium-term management plan covering the three-year period from the fiscal year ending March 2014 to the fiscal year ending March 2016.

Since formulating long-term vision CFG2016 in 2011, Nitta Gelatin has successfully listed on the First Section of the Tokyo Stock Exchange and accelerated global business development in Asia and North America.

Meanwhile, the macro-economic environment has witnessed a host of changes. This includes a global economic slowdown caused by fiscal problems in Europe, the U.S. and elsewhere; slowing economic growth in China, India, and other emerging markets in Asia; and rising prices for gelatin raw materials; not to mention energy price hikes, a change of government, the yen's depreciation and higher share prices in Japan.

Given these changes in its operating environment and the upcoming 100th anniversary of its founding in 2018, Nitta Gelatin decided to formulate a new long-term management vision, 100th Year Vision, and a medium-term management plan based on it.

1. Assumed Market Environment and Business Opportunities

Japan continues to see changes in diets and consumption spurred by market maturation and the population aging. Nitta Gelatin believes that diversification in consumer needs amid these changes will present opportunities for creating new applications and markets for the Company's products. Overseas, meanwhile, economic development in emerging markets and population growth should result in market expansion for the Company's products. In the Asian region in particular, which is the Company's home market, rising incomes accompanying economic growth in China, India and elsewhere, are expected to lead to increasingly Westernized and diverse diets. Nitta Gelatin believes that these dynamics will increase demand for the Company's products in the processed food, health food and pharmaceuticals markets and thus create opportunities to expand sales.

2. 100th Year Vision

The slogan for Nitta Gelatin's 100th Year Vision is to "Amaze the World!" Under this slogan, the Company set up three principles for actions: "Be More Dynamic, Quicker, with Team Play".

Anticipating customer and market needs, Nitta Gelatin will work to develop products and applications and quickly provide products and services a step ahead of customers' expectations. In this way, Nitta Gelatin aims to impress customers, garnering even more trust and expanding business.

The Company intends to develop business with the basic strategy of "Win out!! in growing Asian market".

Nitta Gelatin's mainstay products—gelatin, peptides, and casings—are expected to see higher demand in Asia markets experiencing ongoing economic growth. Leveraging the competitive edge of a company that is headquartered in Asia, Nitta Gelatin plans to keep up with this growing Asian market demand to expand business. By doing so, Nitta Gelatin aims to be the "Leader in Asia and a Globally Unique Enterprise" in terms of both business size and uniqueness, as a company centered on gelatin.

The following are Nitta Gelatin's key strategic themes in its 100th Year Vision:

- (1) Achieve globally competitive costs
- (2) Reinforce supply capabilities and expand sales
- (3) Promote development-based sales
- (4) Pursue product development and basic research
- (5) Implement global management and human resource development

3. Medium-term Management Plan

(1) Consolidated Operating Results

(Billions of yen)	Year ended Mar. 2013 (Actual)	Year ending Mar. 2014 (Plan)	Year ending Mar. 2015 (Plan)	Year ending Mar. 2016 (Plan)
Net sales	¥28.7	¥32.7	¥38.6	¥41.0
Operating income	¥1.6	¥1.7	¥2.7	¥4.2
Ordinary income	¥2.0	¥1.8	¥2.6	¥3.8
Net income	¥1.5	¥1.3	¥1.5	¥2.4
Overseas sales ratio	33%	39%	44%	45%

(Note) Planned figures from the fiscal year ending March 31, 2014 assume the following exchange rates: ¥88.0 = US\$1, ¥88.0 = C\$1, ¥13.0 = 1 yuan, and ¥1.5 = 1 Indian rupee

(2) Business Strategies

Collagen Material Business

1) Bolster the gelatin business' global competitiveness and increase supply capabilities

Nitta Gelatin plans to achieve further cost reductions through energy savings and increased production efficiency. With the prices of gelatin raw materials increasing, the Company will step up efforts to strengthen the supply chain of raw materials such as by diversifying the source countries and cultivating new suppliers in order to secure the stable procurement of raw materials. Through these initiatives, the Company believes it can achieve global cost competitiveness. To keep pace with increasing demand in the Asian market and expand sales, the Company intends to ramp up production and secure new supply bases in North America and India to upgrade the Group's supply capabilities. Moreover, Nitta Gelatin will bolster the development of products for meeting customers' needs. In particular, Nitta Gelatin will develop unique products no other companies have, and open up new markets with new applications.

2) Expand the peptide business globally

The Company will push ahead with research into the functional characteristics of collagen peptides, with the view to using the results of this research as the basis for new product and application development to create new markets. Nitta Gelatin will also expand peptide production and sales in China. And at the beginning of the fiscal year ending March 31, 2015, it will bring online a peptide plant under construction in the U.S. to increase supply capabilities. Behind these initiatives is Nitta Gelatin's plans to expand sales by achieving greater penetration of Wellnex as a global brand in Japan, Asian markets, including China, and North America.

3) Expand the casing business

Manufacturing facilities in North America will be revamped and efficiency improved to raise the productivity of collagen casing production as well as quality, which should translate into greater cost competitiveness. At the same time, the Company will expand sales, centered on the North American market. Furthermore, Nitta Gelatin plans to expand business in China, where the processed meat products market is growing fast, by putting in place a production and sales system.

4) Develop the life science business

The medical field is seeing rapid advances in practical research such as regenerative medicine using tissue engineering, iPS cells and ES cells. Gelatin and collagen are in the limelight in this field because of their high physiological compatibility. Nitta Gelatin will commercialize high-quality, safe gelatin and collagen matched to the needs of medical research institutes and medical device manufacturers worldwide. In this way, the Company will contribute to advances in research and practical applications, as it works to build a future business driver worldwide.

Formula Solution Business

1) Expand business by providing food solutions in the food material business

Nitta Gelatin will strengthen the functions of application laboratories in Japan, the U.S., India, China and elsewhere, as it seeks to expand sales by developing new applications and products matched to customer and market needs in each region. Furthermore, the Company will establish production and sales systems in Vietnam and start production and sales of food agents such as gelling agents in Southeast Asia.

2) Transform the adhesives business into a high-profit business

Sealants (high-performance gaskets) are attracting attention as products that can help rationalize the production of smartphones, smart meters, digital cameras and other electronic equipment. The Company plans to offer these sealants in Asian countries, the main production regions of electronic equipment, to grow a future earnings driver. Furthermore, Nitta Gelatin will raise the productivity of hot-melt adhesive, a core product, develop new products, and expand sales. To support these activities, the Company plans to rebuild the Osaka Plant and build application laboratories.

3) R&D strategy

The Company will pursue unlimited possibilities in collagen, gelatin and peptides by stepping up basic and applied research. It will utilize the results of this research to develop next-generation products for the life sciences field.

4) Strengthen the management system

In order to raise management transparency more, the Company plans to strengthen investor relations, as well as turn affiliated companies in India into subsidiaries. Additionally, by creating a Group IT infrastructure, increasing asset efficiency, and developing global human resources, Nitta Gelatin will upgrade its global management system.

5) Capital investment plan

The Company plans to make capital investments totaling around ¥11.0 billion during the period covered by the medium-term management plan. The main planned uses are as follows:

- Construct U.S. peptide plant
- Deploy new facilities in the casing business
- Deploy facilities to boost efficiency at the Osaka Plant
- Increase production capacity at overseas gelatin plants

Nitta Gelatin aims to achieve continuous growth by working quickly as a cohesive group on strategic themes in its medium-term management plan and achieving its goals. Furthermore, by stepping up efforts to save energy, conserve resources and other actions, Nitta Gelatin will answer

society's demands to reduce CO₂ emissions and other environmental demands. This should help raise the Company's corporate value and ensure it can continue contributing to society for many years to come.

Forward-looking Statements

This press release includes forward-looking statements about the Company's and Group companies' assumptions, forecasts, targets, plans and so forth. These forward-looking statements are based on information currently available to the Company and are the basis of forecasts, etc. at the time this press release was prepared. Furthermore, since certain assumptions are used for these statements, they may prove to be inaccurate in the future and may not be attainable. These statements and assumptions are subjective and as such determination of future accuracy is impossible. There are many uncertainties and risks that can cause this situation. Please refer to the latest materials published by the Company, including earnings reports, securities reports and annual reports, for related information. Moreover, statements concerning future information in this press release are as of the time this press release was prepared, as mentioned above. The Company does not have any obligation or policy whatsoever to regularly update such information.