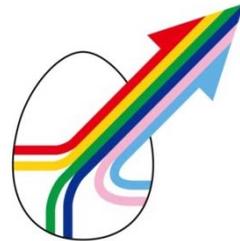


Fiscal 2017 Interim Financial Meeting
The Group's New Challenges
Lead to Dramatic Growth

2nd Stage Interim Report



July 4, 2017

Kewpie Corporation

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Fiscal 2017 Interim Results

Fiscal 2017 Interim Results

Net sales increased by 3.8 billion yen and operating income increased by 0.6 billion yen (year on year)

	5/16	5/17 Results	Change YoY	Increase (Decrease)	Plan Comparison
Net Sales	273.4 ¥bn	277.2 ¥bn	1.4%	3.8 ¥bn	(1.8) ¥bn
Domestic	254.2	257.5	1.3	3.2	—
Overseas	19.2	19.7	2.8	0.5	—
Operating Income	14.2 ¥bn	14.8 ¥bn	4.4%	0.6 ¥bn	(0.8) ¥bn
Domestic	12.2	13.8	13.4	1.6	—
Overseas	2.0	1.0	(51.2)	(1.0)	—
Operating Income Ratio	5.2%	5.3%	—	0.2%	(0.3)%
Ordinary Income	14.8 ¥bn	15.2 ¥bn	3.1%	0.5 ¥bn	(0.9) ¥bn
Profit Attributable to Owners of Parent	8.2 ¥bn	8.0 ¥bn	(1.6)%	(0.1) ¥bn	(0.6) ¥bn

* Overseas figures are for the period from October through March. Exports from Japan are included (exports from Japan cover the period from December through May).

Increase (Decrease) for overseas figures include the impact of the exchange rate (which reduced net sales by 1.6 billion yen and operating income by 0.1 billion yen).

* Plan comparison indicates a difference for figures announced in January 2017.

Fiscal 2017 Interim Summary of Sales

Sales gains due to strong performance of Condiments Products business, Delicatessen Products business and Distribution System business

	5/16	5/17 Results	Change YoY	Increase (Decrease)
Sales	273.4 ¥bn	277.2 ¥bn	1.4 %	3.8 ¥bn
Condiments Products	71.8	74.0	3.0	2.2
Egg Products	51.9	49.9	(3.7)	(1.9)
Delicatessen Products	54.1	56.8	5.1	2.8
Processed Foods	25.7	23.2	(9.5)	(2.5)
Fine Chemical Products	5.3	5.1	(4.0)	(0.2)
Distribution System	62.3	64.2	3.1	1.9
Common Business Operations	2.5	3.9	60.8	1.5

■ Sales by Segment

Condiments Products	Revenue increased, driven by growth in overseas sales of mayonnaise and dressings.
Egg Products	Despite an increase in sales of value-added products, revenue decreased due in part to the effects of a decline in the US hen's egg market.
Delicatessen Products	Revenue grew from increased sales of cut vegetables and delicatessen foods, as well as an expansion into new sales routes, such as home delivery and restaurants.
Processed Foods	Revenue decreased due to the suspension of Aohata Tokachi corn sales and review of unprofitable products.
Fine Chemical Products	Revenue decreased due to a decline in EPA shipments for medical use, but products for mail order sales showed a strong performance.
Distribution System	Revenue increased as a result of progresses made in the expansion of service areas with existing customers as well as the acquisition of new customers.

Fiscal 2017 Interim Summary of Operating Income

Despite negative effects from the US hen's egg market, income increased thanks to sales growth in high value-added products

	5/16	5/17 Results	Change YoY	Increase (Decrease)
Operating Income	14.2 ¥bn	14.8 ¥bn	4.4 %	0.6 ¥bn
Condiments Products	6.2	7.3	18.4	1.1
Egg Products	3.2	2.0	(35.6)	(1.1)
Delicatessen Products	1.5	1.7	11.4	0.2
Processed Foods	0.3	0.3	(11.9)	(0.0)
Fine Chemical Products	0.6	0.1	(77.3)	(0.5)
Distribution System	2.1	2.9	35.9	0.8
Common Business Operations	0.3	0.5	66.2	0.2

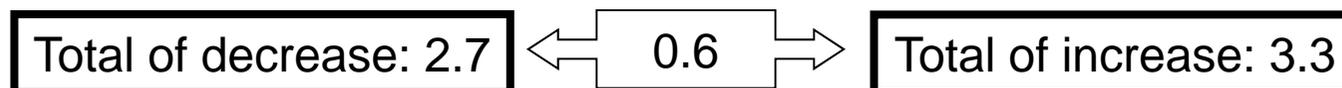
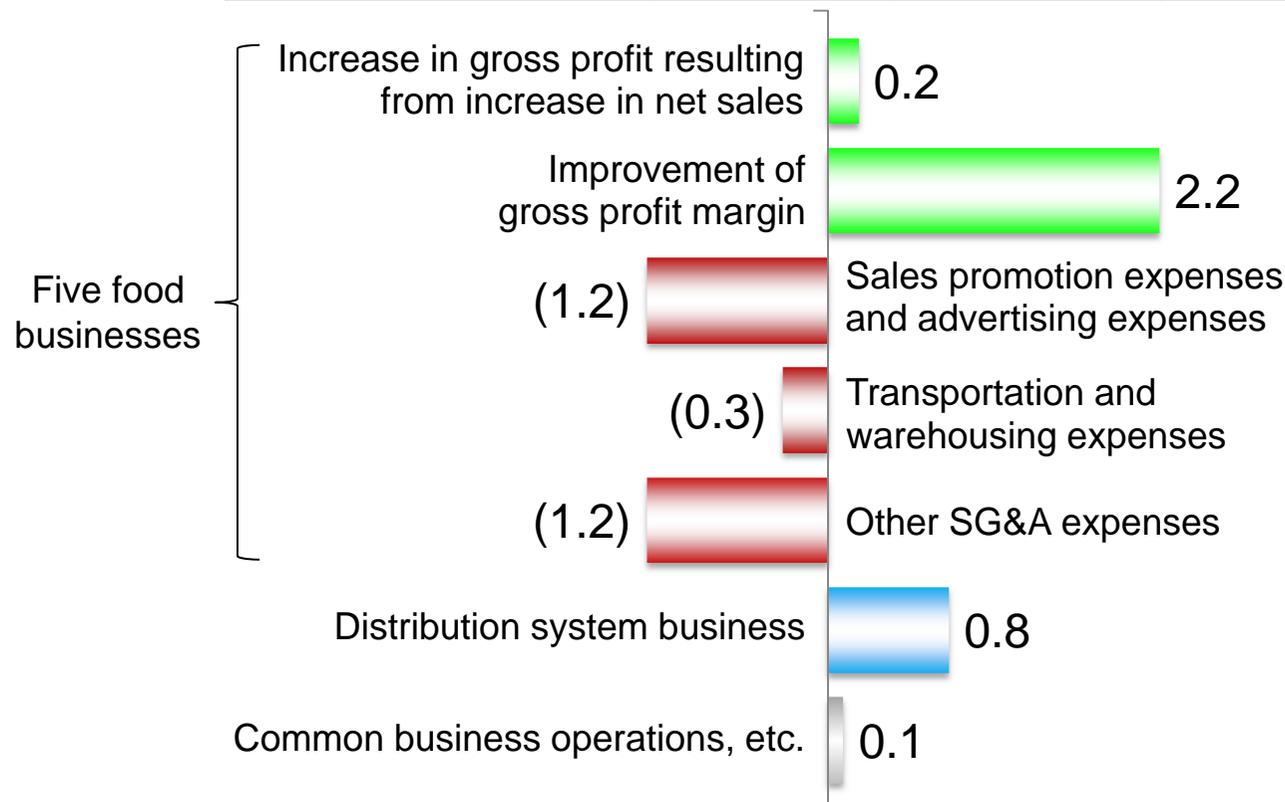
■ Operating Income by Segment

Condiments Products	Income increased, reflecting growth in dressings and other value-added products as well as a decrease in depreciation and amortization.
Egg Products	Income decreased due in part to the effects of a decline in the US hen's egg market.
Delicatessen Products	Income increased due to sales growth, as well as a strength in cut vegetables and other value-added products.
Processed Foods	Despite growth in value-added products, led by "Marugoto Kajitsu", and progress in the review of unprofitable products, income fell due to factors such as the suspension of corn product sales.
Fine Chemical Products	Income decreased as a result of a decline in sales and a rise in advertising expenses.
Distribution System	Although there were negative effects from a rise in costs attributable to the operations of new distribution locations, income increased notably as a result of efforts to streamline storage and transportation, and a decrease in depreciation and amortization.

Fiscal 2017 Interim Factors Causing Increase (Decrease) in Operating Income

(¥bn)

	5/16	5/17 Results	Difference
Operating Income	14.2	14.8	0.6



* Impacts of the one-time write-off residual book value that occurred in the previous fiscal year are included as an increase of 1.9 billion yen in "Improvement of gross profit margin," an increase of 0.7 billion yen in "Distribution system business" and an increase of 0.1 billion yen in "Common business operations, etc."

Fiscal 2017 Interim Main Contents of Factors Causing Increase (Decrease) in Operating Income

【 Increase in gross profit resulting from increase in net sales 】 [0.2] (¥bn)

Impact on net sales	0.2	Increase and decrease in the sales of existing products・ Launch of new products	0.7
		Impact of Tokachi corn sales suspension	(0.3)
		Impact of decline in the US hen's egg market	(0.2)

【 Improvement of gross profit margin 】 [2.2]

Raising added value	0.4	Developing and strengthening products, shifting to value-added products	0.4
Improvement of costs	0.6	Lowering costs at production sites	0.3
		Improvements to unprofitable categories	0.3
Others	1.2	Decrease in depreciation and amortization (one-time write-off depreciation in previous fiscal year, new acquisitions)	1.5
		Effect of major raw material costs (salad condiments)	0.9
		Impact of decline in the US hen's egg market	(0.7)

【 Sales promotion expenses and advertising expenses 】 [(1.2)]

Increase in advertising expenses	(1.0)	Increase in advertisements of dressings and mail order sales	(1.0)
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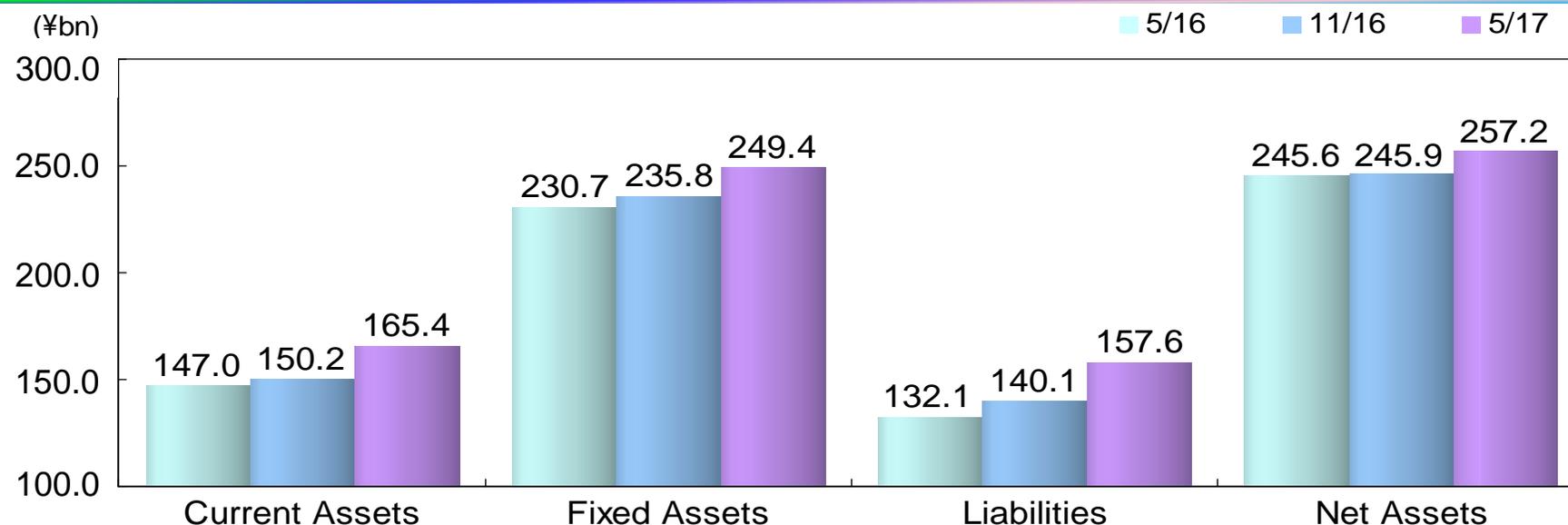
【 Other SG&A expenses 】 [(1.2)]

Increase in payroll expenses	(0.7)	Personnel increase due to business expansion with an increase in retirement benefit costs and social insurance premiums	(0.7)
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Key Points of Non-operating Income (Expenses) and Extraordinary Gains (Losses)

	(¥bn)			
	5/16	5/17 Results	Increase (Decrease)	
Operating income	14.2	14.8	0.6	<Key Points of Non-operating Income (Expenses)> Decrease in equity in earnings of affiliates (0.1) Increase in business commencement expenses (0.1)
Non-operating income (expenses)	0.6	0.5	(0.2)	
Ordinary income	14.8	15.2	0.5	<Key Points of Extraordinary Gains (Losses)> Decrease in gains on sales of investment securities (0.2) Increase in losses on disposal of fixed assets (0.2)
Extraordinary gains (losses)	(0.6)	(0.8)	(0.3)	
Profit before income taxes	14.2	14.4	0.2	<Key Points for Income Taxes and Profit Attributable to Non-controlling Interests> Increase in profit attributable to K. R. S. Corporation and other non-controlling interests 0.4
Income taxes, and profit attributable to non-controlling interests	6.0	6.4	0.3	
Profit attributable to owners of parent	8.2	8.0	(0.1)	

Key Points of Balance Sheet



Comparison with Fiscal 2016

Increase in current assets

15.3 ¥bn

- Decrease in cash and deposits (4.5)
- Increase in notes and accounts receivable – trade 4.8
- Increase in securities 13.0

Increase in fixed assets

13.7 ¥bn

- Increase resulting from purchases of tangible and intangible fixed assets 13.1
- Decrease resulting from depreciation (8.1)
- Increase in goodwill 3.0
- Increase in investment securities 3.9

Increase in liabilities

17.6 ¥bn

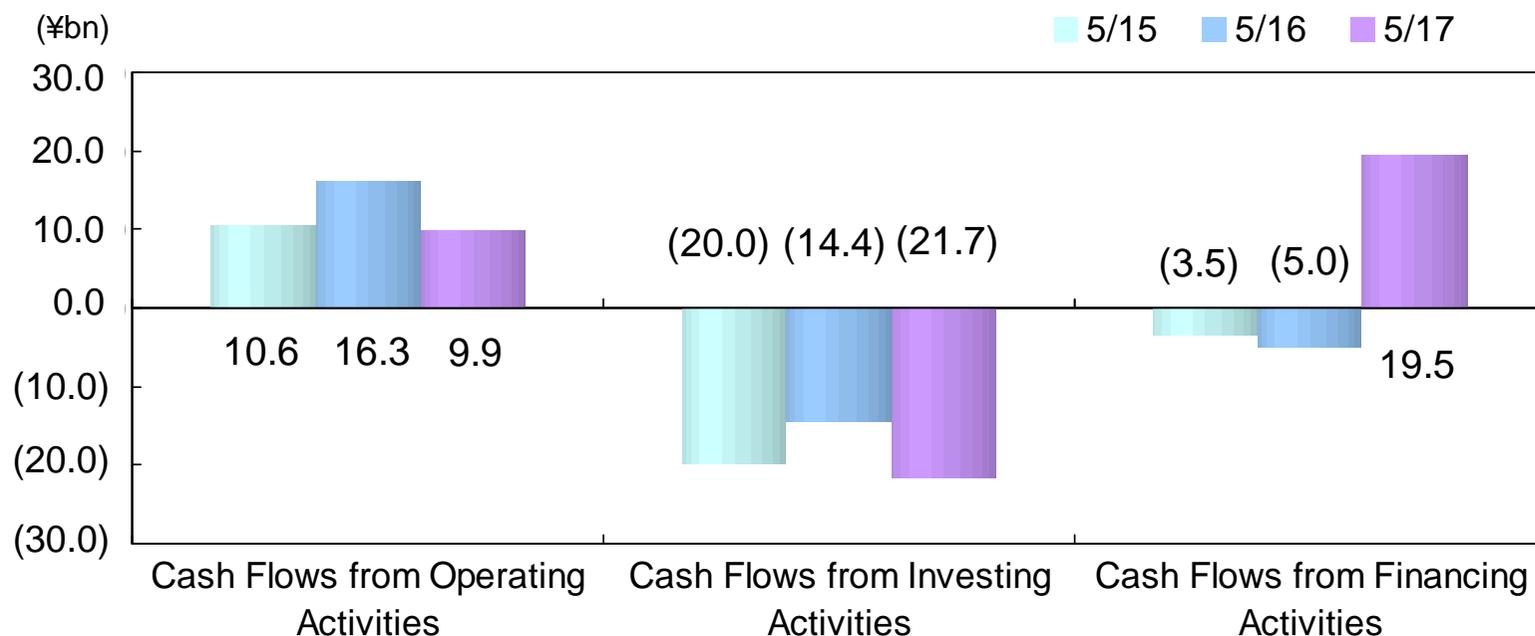
- Decrease in accounts payable – facilities (4.6)
- Decrease in accrued expenses (2.5)
- Increase in loans payable 24.7

Increase in net assets

11.3 ¥bn

- Increase in earned surplus 3.2
- Decrease in treasury stock 2.8
- Increase in unrealized holding gains (losses) on securities 2.1
- Increase in foreign currency translation adjustments 1.9

Key Points of Cash Flows



Comparison with Fiscal 2016 Interim

Cash Flows from Operating Activities

- Decrease in depreciation and amortization (2.3)
- Increase in notes and accounts receivable – trade (2.9)
- Increase in income taxes paid (2.8)

Cash Flows from Investing Activities

- Increase in purchases of tangible fixed assets (1.2)
- Increase in payments for acquisition of business (4.4)

Cash Flows from Financing Activities

- Increase in loans payable 20.7
- Decrease in repurchase of shares 4.7

Conditions in capital investments

5/17 Results	11/17 Plan
16.2 ¥bn	31.4 ¥bn

Fiscal 2017 Plans

Fiscal 2017 Plans

Net sales to increase by 7.7 billion yen and
operating income to increase by 1.2 billion yen

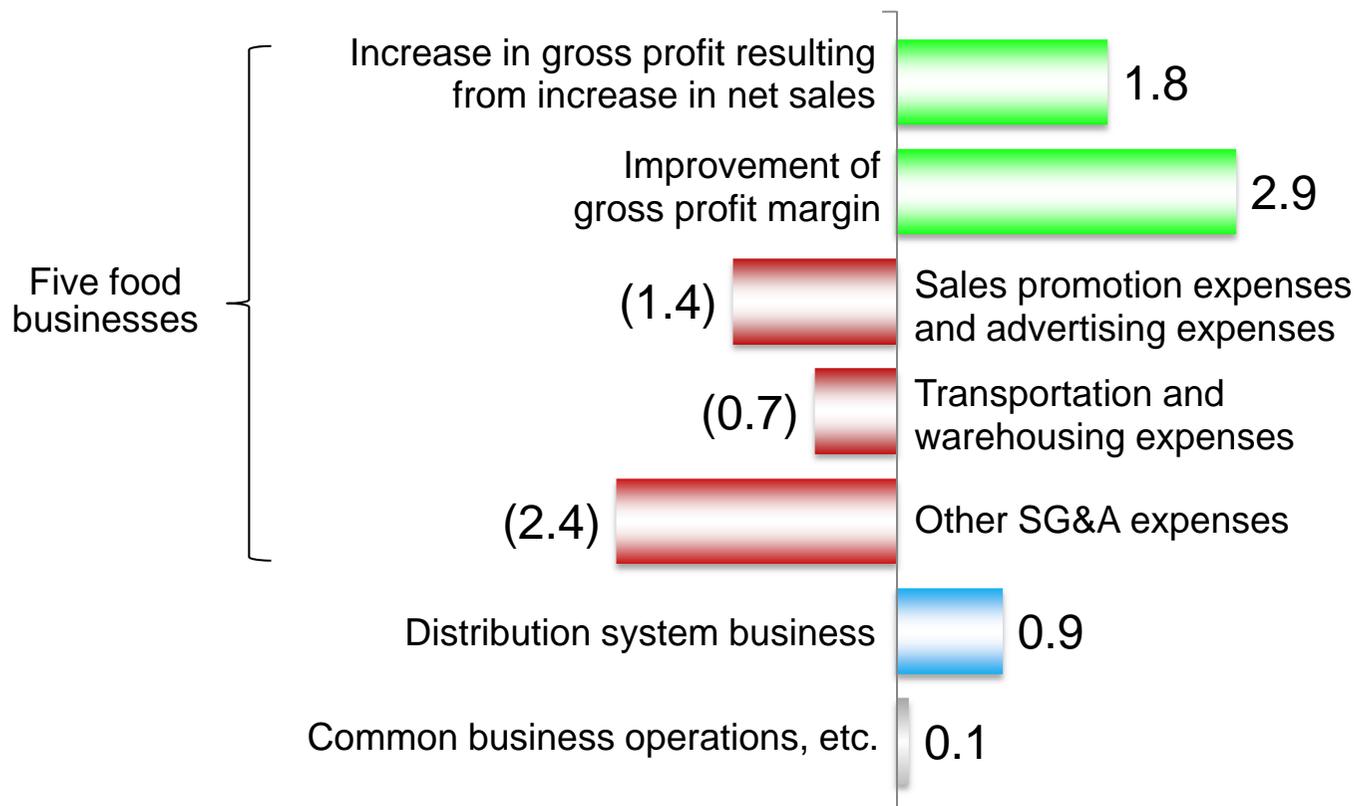
	11/16	11/17 Plan	Change YoY	Increase (Decrease)
Net Sales	552.3 ¥bn	560.0 ¥bn	1.4%	7.7 ¥bn
Domestic	514.5	518.3	0.7	3.8
Overseas	37.8	41.7	10.4	3.9
Operating Income	29.8 ¥bn	31.0 ¥bn	4.0%	1.2 ¥bn
Domestic	26.5	28.8	8.7	2.3
Overseas	3.3	2.2	(34.2)	(1.1)
Operating Income Ratio	5.4%	5.5%	—	0.1%
Ordinary Income	31.4 ¥bn	32.0 ¥bn	2.0%	0.6 ¥bn
Profit Attributable to Owners of Parent	17.1 ¥bn	17.4 ¥bn	1.8%	0.3 ¥bn
ROE (Return on equity)	8.0%	8.0%	—	0.0%
ROA (Return on assets)	8.3%	7.9%	—	(0.4)%
EBITDA (Operating income + Depreciation expenses)	48.1 ¥bn	47.8 ¥bn	(0.6)%	(0.3) ¥bn

* Overseas figures are for the period from October through September. Exports from Japan are included (exports from Japan cover the period from December through November). Increase (Decrease) for overseas figures include the impact of the exchange rate (which reduced net sales by 0.9 billion yen and operating income by 0.1 billion yen).

Fiscal 2017 Factors Causing Increase (Decrease) in Operating Income

(¥bn)

	11/16	11/17 Plan	Difference
Operating Income	29.8	31.0	1.2



* Impacts of the one-time write-off residual book value that occurred in the previous fiscal year are included as an increase of 1.9 billion yen in "Improvement of gross profit margin," an increase of 0.7 billion yen in "Distribution system business" and an increase of 0.1 billion yen in "Common business operations, etc."

Fiscal 2017 Main Contents of Factors Causing Increase (Decrease) in Operating Income

【Increase in gross profit resulting from increase in net sales】 [1.8] (¥bn)

Impact on net sales	1.8	Increase and decrease in the sales of existing products・ Launch of new products	2.6
		Impact of Tokachi corn sales suspension	(0.5)
		Impact of decline in the US hen's egg market	(0.3)

【Improvement of gross profit margin】 [2.9]

Raising added value	1.0	Developing and strengthening products, shifting to value-added products	1.0
Improvement of costs	1.7	Lowering costs at production sites	0.8
		Improvements to unprofitable categories	0.9
Others	0.2	Decrease in depreciation and amortization (one-time write-off depreciation in previous fiscal year, new acquisitions)	1.2
		Effect of major raw material costs (salad condiments)	0.2
		Impact of decline in the US hen's egg market	(1.1)

【 Sales promotion expenses and advertising expenses 】 [(1.4)]

Increase in advertising expenses	(1.0)	Increase in advertisements of dressings and mail order sales	(1.0)
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【 Other SG&A expenses 】 [(2.4)]

Increase in payroll expenses	(1.1)	Personnel increase due to business expansion with an increase in retirement benefit costs and social insurance premiums	(1.1)
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Main Initiatives by Business Segment

Fiscal 2017 Plans by Segment

(¥bn)

	Net Sales by Segment			Operating Income by Segment		
	11/16	11/17 Plan	Increase (Decrease)	11/16	11/17 Plan	Increase (Decrease)
Total	552.3	560.0	7.7	29.8	31.0	1.2
Condiments Products	144.1	149.6	5.5	13.7	15.0	1.3
Egg Products	102.2	102.2	(0.0)	5.5	4.2	(1.3)
Delicatessen Products	111.8	116.4	4.6	3.5	4.1	0.6
Processed Foods	51.3	46.1	(5.2)	0.5	0.3	(0.2)
Fine Chemical Products	10.9	10.4	(0.5)	1.0	0.8	(0.2)
Distribution System	126.9	129.6	2.7	4.9	5.8	0.9
Common Business Operations	5.2	5.7	0.5	0.8	0.8	0.0

Condiments Products Business

(¥bn)	11/17 Plan	11/16 Difference
Net Sales	149.6	5.5
Operating Income	15.0	1.3
Operating Income Ratio	10.0%	0.5%

【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/17 Results (H1)	11/17 Plan (Annual)
Increase in gross profit resulting from increase in net sales	0.6	1.7
Improvement of gross profit margin	1.7	1.6
Sales promotion expenses and advertising expenses	(0.6)	(0.7)
Transportation and warehousing expenses	0.2	0.3
Other SG&A expenses, etc.	(0.7)	(1.6)
Total	1.1	1.3

【Main Initiatives in the Second Half】

* Figures in parentheses indicate the differences in operating income between the 11/17 H2 plan and 11/16 H2 results (¥bn)

◇ Be a leader in the domestic market

Develop and expand existing products [0.8]

- Increase demand for dressings by concurrent simultaneous development of home foods, ready-made foods, and the restaurant markets in collaboration with media.
- Expand menus using mayonnaise as a versatile condiment.
- Cultivate a market for commercial use of hearty condiments that capture the market needs.

Create value-added products [0.1]

- Secure new demand with the “functionality” of condiments that respond to health-conscious consumer needs.
- Set out on building a satellite production system for the creation of future value-added products.

◇ Enhance overseas expansion [0.1]

- Cultivate markets in East Asia, particularly China, while expanding sales channels in the US and Europe.

* Impact of the rise in major domestic raw materials costs in the 11/17 H2 plan is a decrease of 0.7 billion yen (which is not reflected in the year-on-year changes above).

* “Improvement of gross profit margin” includes a 0.9 billion yen increase due to the impact of the one-time write-off residual book value.

Condiments Products Business (Develop and Expand Existing Products)

Strengthen collaboration with media and
accelerate promotion in the entire food service market

Home Foods

【Use of SNS】

- TV commercial broadcasting
- Collaboration with cooking websites
- SNS campaigns

TVCM



SNS

Restaurants

**Acceleration of
menu penetration**

**Ready-Made
Foods**

Menu proposals (examples)

All year round
Power Salad



Fruit Vinegar
Dressing

Summer
Cobb Salad



Cobb Salad
Dressing

Summer/Autumn
Cooked Salad



Black Vinegar
Onion Dressing

Egg Products Business

(¥bn)	11/17 Plan	11/16 Difference
Net Sales	102.2	(0.0)
Operating Income	4.2	(1.3)
Operating Income Ratio	4.1%	(1.3)%

* US subsidiary had a (1.5) ¥bn impact on net sales and a (1.4) ¥bn impact on operating income. (11/16 difference)

【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/17 Results (H1)	11/17 Plan (Annual)
Increase (decrease) in gross profit resulting from increase (decrease) in net sales	(0.2)	0.4
Changes in gross profit margin	(0.5)	(0.8)
Sales promotion expenses and advertising expenses	(0.1)	0.0
Transportation and warehousing expenses	(0.1)	(0.5)
Other SG&A expenses, etc.	(0.2)	(0.4)
Total	(1.1)	(1.3)

* “Changes in gross profit margin” includes a 0.4 billion yen increase due to the impact of the one-time write-off residual book value.

【Main Initiatives in the Second Half】

* Figures in parentheses indicate the differences in operating income between the 11/17 H2 plan and 11/16 H2 results (¥bn)

◇ Expand demand for egg products in the domestic market [0.3]

- Propose new menus with products that use original ingredients.
- Use the Group’s diverse sales channels to promote proposals that capture customers’ needs.

◇ Improve profitability [0.2]

- Review sales pricing linked to the hen’s egg market.
- Reduce costs through horizontal deployment of labor-saving technologies in each factory.

◇ Expand business in North America [(0.4)]

- Review raw material procurement and cut down costs through production streamlining.
- Promote proposals for dried meat usage to attract new customers.

* Impact of the rise in domestic raw materials costs in the 11/17 H2 plan is a decrease of 0.2 billion yen (which is not reflected in the year-on-year changes above).

Egg Products Business (Promotion of original ingredient - Egg with a Difference)

【Egg with a Difference】

Effective in bringing out taste and color



Precious Egg
(strengthens
the egg flavor)



Egg Royal
(brings flavor and tone out
of the ingredient)



Pure White
(turns white
when cooked)



Deep Red
(emphasizes the red
tone)



Cream buns with a richer flavor



Rolled cakes in cherry blossom color

Brand new menu creations

Delicatessen Products Business

(¥bn)	11/17 Plan	11/16 Difference
Net Sales	116.4	4.6
Operating Income	4.1	0.6
Operating Income Ratio	3.5%	0.4%

【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/17 Results (H1)	11/17 Plan (Annual)
Increase in gross profit resulting from increase in net sales	0.5	0.9
Improvement of gross profit margin	0.3	0.8
Sales promotion expenses and advertising expenses	(0.1)	(0.2)
Transportation and warehousing expenses	(0.2)	(0.1)
Other SG&A expenses, etc.	(0.4)	(0.8)
Total	0.2	0.6

* “Improvement in gross profit margin” includes a 0.1 billion yen increase due to the impact of the one-time write-off of residual book value.

【Main Initiatives in the Second Half】

◇ Cut vegetables [0.4]

- Cultivate the Salad Club brand
Strengthen packaged salad promotions to follow up the launch in the second half of a new TV commercial version.
- Expand the product lineup that use vegetables rich in nutrients.
- Packaged salads – challenges to put in place automated production lines.
Test line to be installed in 11/17 ⇒ full implementation in 11/18

* Figures in parentheses indicate the differences in operating income between the 11/17 H2 plan and 11/16 H2 results (¥bn)



“Kewpie logo” on all products



New product “Beets Salad”

* Impact of the rise in raw materials costs in the 11/17 H2 plan is a decrease of 0.1 billion yen (which is not reflected in the year-on-year changes on the left.).

◇ Delicatessen foods [0.1]

- Responses to price surge and supply shortage of potato material
Control the impacts by making changes to ingredient combination, use of frozen materials, and other measures.
- Open new channels such as restaurants and offices
Strengthen proposals that respond to shortage of manpower and consumers’ health awareness.

◇ Cooked rice [0.1]

- Expand channels to mass-merchandise stores and home delivery routes

Processed Foods Business

(¥bn)	11/17 Plan	11/16 Difference
Net Sales	46.1	(5.2)
Operating Income	0.3	(0.2)
Operating Income Ratio	0.7%	(0.3)%

Impacts of corn sales suspension and change in Aohata's closing month were a decrease of 5.0 billion yen in net sales and a decrease of 0.6 billion yen in operating income.

【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/17 Results (H1)	11/17 Plan (Annual)
Decrease in gross profit resulting from decrease in net sales	(0.7)	(1.4)
Improvement of gross profit margin	0.7	1.3
Sales promotion expenses and advertising expenses	(0.0)	(0.3)
Transportation and warehousing expenses	0.2	0.3
Other SG&A expenses, etc.	(0.2)	(0.1)
Total	(0.0)	(0.2)

* "Improvement of gross profit margin" includes a 0.4 billion yen increase due to the impact of the one-time write-off residual book value.

【Main Initiatives in the Second Half】

* Figures in parentheses indicate the differences in operating income between the 11/17 H2 plan and 11/16 H2 results (¥bn)

◇ Set up a unit dedicated to food for the elderly and strengthen the structure [0.1]

- Expand variations of "soft food" with frozen product offerings, increase demand by taking advantage of the Group's sales channels.
- Strengthen medical foods business with "endoscopy diet", the goodwill of which will be additionally acquired.

◇ Promotion of cooking sauces for household use [0.1]

- Increase demand through proposals of new categories and an expansion of product lineups.



New product
"European-Style Rice Sauce"



New product
"One-Pot Pasta"



Addition of product lineup
"Tossed Pasta, Savory Scent Type"

◇ Strengthen jam products [0.1]

- Promote "55 Jam" through TV commercials and consumer marketing campaigns.
- Continue to offer new proposals for enjoying "Marugoto Kajitsu."

* In the 11/17 H2 plan, the impacts of corn sales suspension were a decrease of 0.3 billion yen, and that of the rise in raw materials costs was a decrease of 0.1 billion yen (both of which are not reflected in the year-on-year changes above).

Fine Chemical Products Business

(¥bn)	11/17 Plan	11/16 Difference
Net Sales	10.4	(0.5)
Operating Income	0.8	(0.2)
Operating Income Ratio	7.7%	(1.8)%

【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/17 Results (H1)	11/17 Plan (Annual)
Increase in gross profit resulting from increase in net sales	0.1	0.2
Improvement of gross profit margin	0.0	0.1
Sales promotion expenses and advertising expenses	(0.4)	(0.2)
Transportation and warehousing expenses	(0.0)	(0.1)
Other SG&A expenses, etc.	(0.1)	(0.2)
Total	(0.5)	(0.2)

* “Improvement of gross profit margin” includes a 0.1 billion yen increase due to the impact of the one-time write-off residual book value.

【Main Initiatives in the Second Half】

* Figures in parentheses indicate the differences in operating income between the 11/17 H2 plan and 11/16 H2 results (¥bn)

◇ Focus on sales of value-added raw materials

- Strengthen hyaluronic acid for medical use [0.1]
 - Improve cost competitiveness and manufacturing capacity by expanding production facilities.
 - Taking export growth to China as a model example, apply the experience laterally to accelerate expansion in overseas markets.

◇ Initiatives with BtoC route

- Promptly put mail order sales subsidiary on track [0.2]
 - Seek to stabilize number of regular customers* through enhanced efforts in raising customer retention.



Mainstay mail order product “Hyalomisture 240”

* Number of regular customers was 40,000 for the fiscal 2017 interim (an increase of 10,000 year-on-year).

- Strengthen messages to target customers for value conveyance [0.0]
 - Seek to establish the superiority of “Yoitoki” in the market by creating opportunities for new targets to use the product.

Distribution System Business

(¥bn)	11/17 Plan	11/16 Difference
Net Sales	129.6	2.7
Operating Income	5.8	0.9
Operating Income Ratio	4.5%	0.6%

【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/17 Results (H1)	11/17 Plan (Annual)
Improvement of earning capacity	1.3	2.2
New expansion, strengthening of transportation and storage functions	1.0	1.6
Impact of transportation costs (vehicle procurement, impact of fuel costs, etc.)	(0.4)	(0.6)
Operating costs, labor costs, SG&A costs, etc.	0.1	(0.5)
Decrease in existing transactions, etc.	(1.2)	(1.8)
Total	0.8	0.9

* “Operating costs, labor costs, SG&A costs, etc.” includes a 0.7 billion yen increase due to the impact of the one-time write-off residual book value.

【Main Initiatives in the Second Half】

◇ Joint distribution

- Strengthen earning capacity
 - Strengthen marketing in all areas and improve the efficiency of storage and distribution.
- Rebuild transportation function
 - Strengthen long-distance transportation capacity and push forward with modal shift.
- New expansion aimed at growth
 - Stable operation of new chilled logistics company.



Railway container with Kewpie and Kewso-Bin logos

◇ Dedicated distribution

- Expansion of dedicated distribution centers
 - Expansion of service areas for convenience stores and mass-merchandise stores.
 - Stabilize revenue by improving productivity of distribution centers.

◇ Improvement in distribution quality and technical skills

- Create an appealing workplace
 - Maintain a good office space environment, refreshment rooms, etc.
- Engage in local community activities, enhance safe driving, and improve driving techniques
 - Organize traffic safety classes and driver contests.

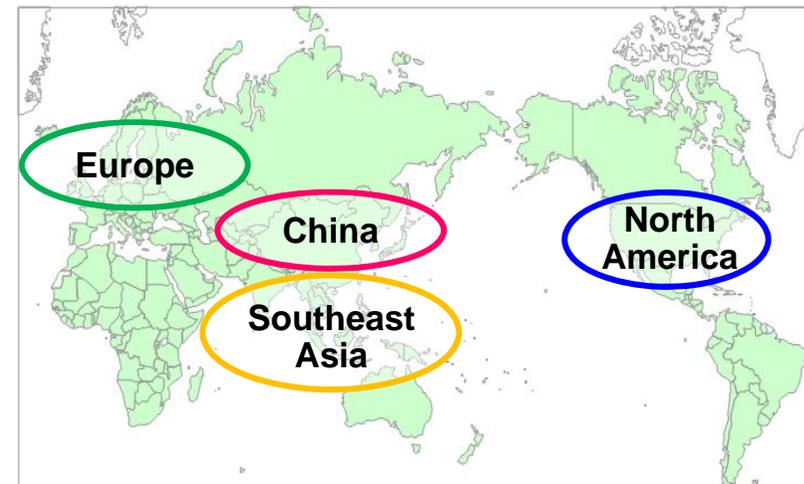
Overseas Expansion Themes and Main Initiatives

Major Themes for Overseas Expansion

Develop market focus on KEWPIE brand mayonnaise and dressings

Seek infiltration of the eating salad culture with proposals tailored to the needs of each area

Expand processed egg product sales with focus on Asian markets by making use of know-how developed in Japan



【Net Sales】	5/17 Results	Increase (Decrease)	Change YoY	Local Currency Change YoY
Overseas Total	19.7 ¥bn	0.5 ¥bn	3%	11%
Condiments Products Total	16.7	1.9	13	23
Egg Products and others	3.0	(1.4)	(32)	(29)

【Operating Income】	5/17 Results	Increase (Decrease)	Change YoY	Local Currency Change YoY
Overseas Total	1.0 ¥bn	(1.0) ¥bn	(51)%	(42)%
Condiments Products Total	1.2	(0.0)	(3)	8
Egg Products and others	(0.2)	(1.0)	—	—

11/17 Plan	Increase (Decrease)	Change YoY	Local Currency Change YoY
41.7 ¥bn	3.9 ¥bn	10%	13%
35.8	5.0	16	19
5.9	(1.1)	(15)	(16)

11/17 Plan	Increase (Decrease)	Change YoY	Local Currency Change YoY
2.2 ¥bn	(1.1) ¥bn	(34)%	(22)%
3.1	0.1	3	8
(0.9)	(1.2)	—	—

Overseas Expansion in the Second Half - Major Initiatives by Area

Expand condiments in all areas, and strengthen new categories in China and Southeast Asia

【China】

Strengthen new categories with operation of Nantong Kewpie



Production of processed egg products, vinegar, and long-life salads

Strengthen proposals of salads that adapt to changes in purchase locations



Cut vegetables with dressing in a small pack

Salad menu for Chinese dishes

【North America】

Expand retail outlets for sesame dressings



Promote sales at leading mass merchandisers

Strengthen sales promotion of dressings for household use



Infiltration through taste-testing

【Southeast Asia】

Reinforce sales promotions and advertising for dressings



Run TV commercials in Thailand and Indonesia



Promotion with specially-designed store fixtures

Develop new categories also in Southeast Asia



Market Indonesia-made whip cream in other Southeast Asian countries

【 Europe and Exports 】

Start of production and sales in Poland



Mayonnaise



New corporate logo

Export success stories in Japan to overseas markets



Horizontal promotion of menus in overseas markets

Overseas Expansion: Fiscal 2017 Interim Results and Fiscal 2017 Plans

【Net Sales】	5/16	5/17	Increase (Decrease)	Change YoY	Local Currency Change YoY	11/17 Plan	Increase (Decrease)	Change YoY	Local Currency Change YoY
Overseas Total	19.2 ¥bn	19.7 ¥bn	0.5 ¥bn	3%	11%	41.7 ¥bn	3.9 ¥bn	10%	13%
China	7.4	8.3	0.9	12	26	18.2	2.5	16	21
Southeast Asia	3.9	4.1	0.2	5	11	8.5	0.9	12	12
North America	6.3	5.2	(1.1)	(17)	(12)	10.3	(1.6)	(13)	(13)
Condiments Products	3.0	3.2	0.2	7	12	6.2	(0.1)	(2)	(2)
Egg Products	3.4	2.1	(1.3)	(38)	(35)	4.0	(1.5)	(27)	(27)
Exports and New	1.5	2.1	0.6	35	35	4.8	2.1	79	79

【Operating Income】	5/16	5/17	Increase (Decrease)	Change YoY	Local Currency Change YoY	11/17 Plan	Increase (Decrease)	Change YoY	Local Currency Change YoY
Overseas Total	2.0 ¥bn	1.0 ¥bn	(1.0) ¥bn	(51)%	(45)%	2.2 ¥bn	(1.1) ¥bn	(34)%	(22)%
China	0.9	0.9	0.1	6	19	2.5	0.3	12	18
Southeast Asia	0.1	0.1	0.0	4	13	0.3	0.1	52	55
North America	0.7	(0.3)	(0.9)	—	—	(0.8)	(1.4)	—	—
Condiments Products	0.2	0.2	0.0	3	10	0.4	(0.0)	(1)	(2)
Egg Products	0.5	(0.5)	(0.9)	—	—	(1.2)	(1.4)	—	—
Exports and New	0.3	0.1	(0.1)	(50)	(50)	0.3	(0.1)	(33)	(33)

* “Exports and New” refers primarily to exports from Japan to each European company. Figures other than exports from Japan cover the period from October to March in the first half, and from October to September for the full year.

* Exchange rates pushed down net sales by 1.6 billion yen and the operating income by 0.1 billion yen, compared to the same period in the fiscal 2017 interim. Exchange rates are estimated to push down net sales by 0.9 billion yen and operating income by 0.1 billion yen compared to the same period in fiscal 2017.

Reference Materials

Reference: Performance Trends

(¥bn)

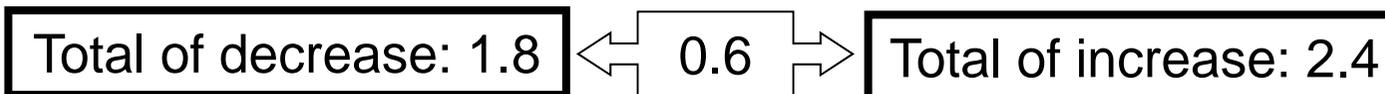
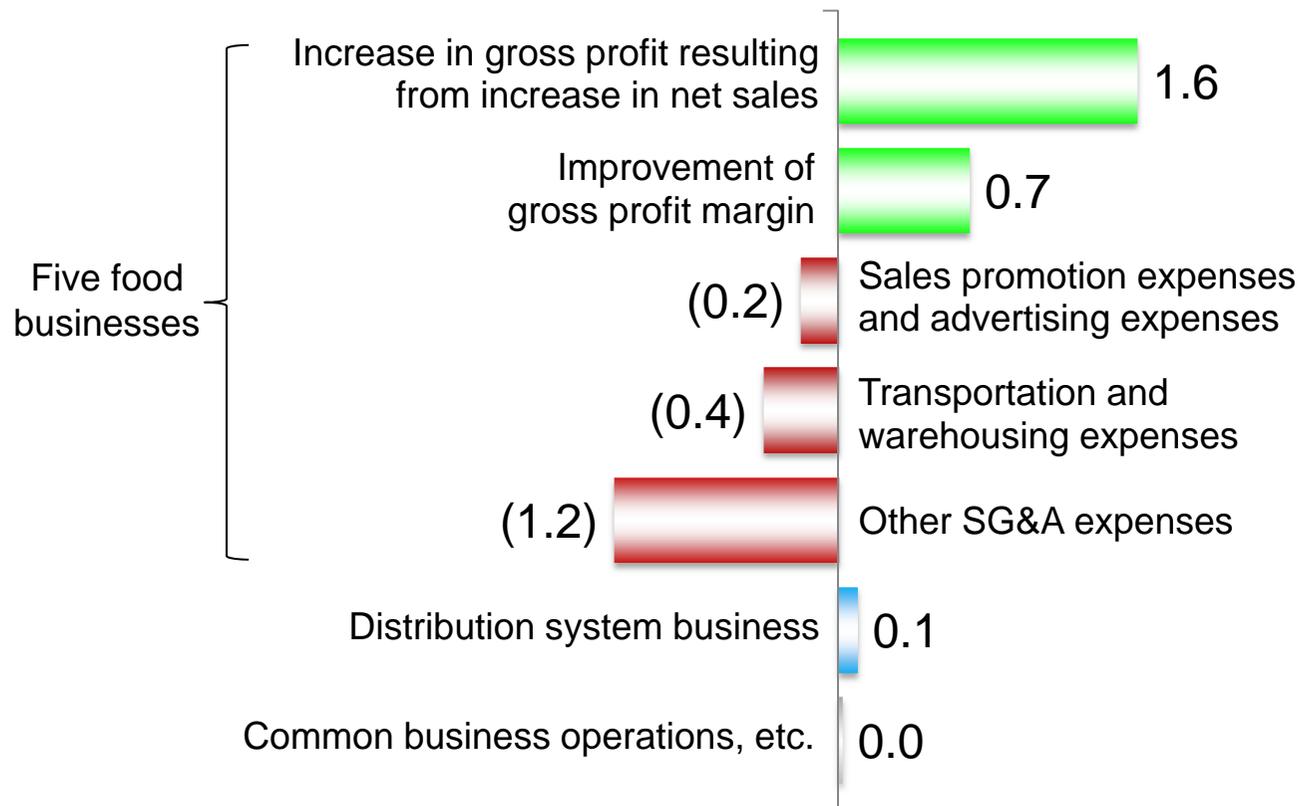
	11/13	11/14	11/15	11/16	11/17 Plan
《 New Accounting Method 》					
Condiments Products			142.2	144.1	149.6
			12.5	13.7	15.0
Egg Products			104.6	102.2	102.2
			5.4	5.5	4.2
Delicatessen Products			100.4	111.8	116.4
			2.8	3.5	4.1
Processed Foods			57.5	51.3	46.1
			(0.3)	0.5	0.3
Fine Chemical Products			11.3	10.9	10.4
			0.4	1.0	0.8
Distribution System			127.7	126.9	129.6
			4.8	4.9	5.8
Common Business Operations			5.9	5.2	5.7
			0.9	0.8	0.8
Total			549.8	552.3	560.0
			26.4	29.8	31.0
《 Former Accounting Method 》					
Condiments Products	145.4	151.5	157.1		
	11.5	11.5	12.5		
Egg Products	91.2	99.5	104.8		
	3.4	3.8	5.4		
Delicatessen Products	98.0	102.2	109.1		
	3.5	3.3	2.7		
Processed Foods	58.4	57.2	62.3		
	(0.9)	0.2	(0.3)		
Fine Chemical Products	9.7	10.7	11.3		
	0.9	1.0	0.4		
Distribution System	120.3	126.8	127.7		
	3.2	3.6	4.8		
Common Business Operations	7.6	5.5	5.9		
	0.8	1.0	0.9		
Total	530.5	553.4	578.2		
	22.4	24.3	26.4		

* Figures in the upper column are net sales, and those in the lower column are operating income.

Reference: Fiscal 2017 2H Factors Causing Increase (Decrease) in Operating Income

(¥bn)

	11/16 2H	11/17 2H Plan	Difference
Operating Income	15.7	16.2	0.6



Reference: Capital Investments and Main SG&A Expenses

(¥bn)

		5/13	5/14	5/15	5/16	5/17	11/16	11/17 Plan
Capital Investments		14.8	16.3	20.5	15.1	16.2	33.0	31.4
Depreciation Expenses		6.8	7.6	9.0	10.3*	8.1	18.3	16.8
Sales Promotion Expenses	New accounting method			1.7	1.7	1.9	3.7	4.1
	Former accounting method	9.7	10.1	11.2				
Advertising Expenses		4.2	4.1	4.3	4.2	5.2	8.7	9.7
Transportation and Warehousing Expenses	New accounting method			12.5	12.5	12.7	25.0	25.7
	Former accounting method	14.8	15.7	16.4				
Payroll Expenses		12.3	13.0	14.0	14.5	15.5	29.8	31.3
R&D Expenses		1.7	1.8	1.9	1.8	1.9	4.0	4.3

* The depreciation method for fixed assets was changed from a declining balance basis to a straight-line basis from the fiscal 2016 interim.

Reference: Fiscal 2017 Interim Factors Causing Increase (Decrease)
in Operating Income by Segments

(¥bn)

	Increase (Decrease) in gross profit resulting from increase (decrease) in net sales	Changes in gross profit margin	Sales promotion expenses and advertising expenses	Transportation and warehousing expenses	Other SG&A expenses	Increase (Decrease) in operating income
Condiments Products Business	0.6	1.7	(0.6)	0.2	(0.7)	1.1
Egg Products Business	(0.2)	(0.5)	(0.1)	(0.1)	(0.2)	(1.1)
Delicatessen Products Business	0.5	0.3	(0.1)	(0.2)	(0.4)	0.2
Processed Foods Business	(0.7)	0.7	(0.0)	0.2	(0.2)	(0.0)
Fine Chemical Products Business	0.1	0.0	(0.4)	(0.0)	(0.1)	(0.5)
Consolidation Adjustments	—	—	—	(0.3)	0.3	—
Total	0.2	2.2*	(1.2)	(0.3)	(1.2)	(0.3)

* The total for "Changes in gross profit margin" includes a 1.9 billion yen increase due to the impact of the one-time write-off residual book value.

Reference: Fiscal 2017 Plan Factors Causing Increase (Decrease) in Operating Income by Segments

(¥bn)

	Increase (Decrease) in gross profit resulting from increase (decrease) in net sales	Changes in gross profit margin	Sales promotion expenses and advertising expenses	Transportation and warehousing expenses	Other SG&A expenses	Increase (Decrease) in operating income
Condiments Products Business	1.7	1.6	(0.7)	0.3	(1.6)	1.3
Egg Products Business	0.4	(0.8)	0.0	(0.5)	(0.4)	(1.3)
Delicatessen Products Business	0.9	0.8	(0.2)	(0.1)	(0.8)	0.6
Processed Foods Business	(1.4)	1.3	(0.3)	0.3	(0.1)	(0.2)
Fine Chemical Products Business	0.2	1.0	(0.2)	(0.1)	(0.2)	(0.2)
Consolidation Adjustments	—	—	—	(0.6)	0.6	—
Total	1.8	2.9*	(1.4)	(0.7)	(2.4)	0.2

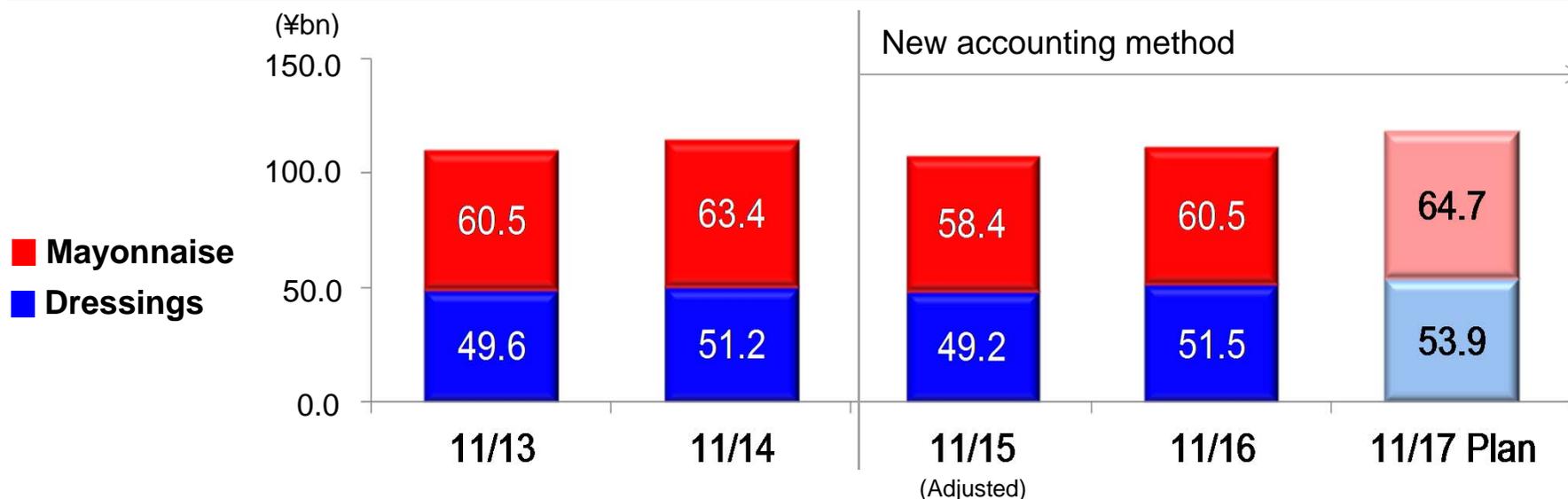
* The total for "Changes in gross profit margin" includes a 1.9 billion yen increase due to the impact of the one-time write-off residual book value.

Reference: Results of Salad Condiments by Category Type in Japan

			5/13	5/14	5/15	5/16	5/17
For household use	Volume (1,000 t)		65	64	63	65	64
	Amount (¥bn)	New accounting method			32.1	32.5	32.8
		Former accounting method	37.7	38.7	38.8		
For commercial use	Volume (1,000 t)		53	53	53	53	54
	Amount (¥bn)	New accounting method			20.6	20.4	20.3
		Former accounting method	20.3	21.0	20.8		
Total	Volume (1,000 t)		118	117	116	118	118
	Amount (¥bn)	New accounting method			52.7	52.9	53.1
		Former accounting method	58.0	59.7	59.5		

Reference: Mayonnaise/Dressings Changes in Net Sales (including overseas)

	(¥bn)				
	11/13	11/14	11/15	11/16	11/17 Plan
《New accounting method》					
Mayonnaise			58.4	60.5	64.7
Dressings			49.2	51.5	53.9
Total			107.6	112.0	118.6
《Former accounting method》					
Mayonnaise	60.5	63.4	67.5		
Dressings	49.6	51.2	54.0		
Total	110.1	114.6	121.5		



* Changes to accounting standards for recording net sales took effect from fiscal 2016.

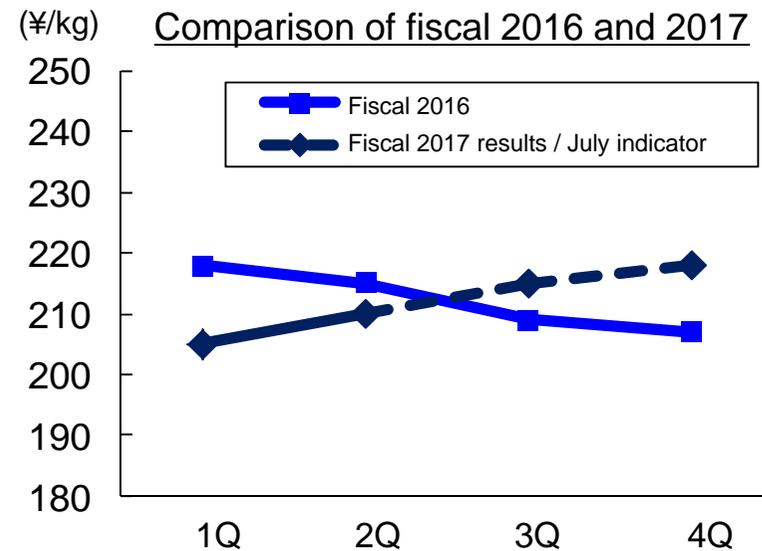
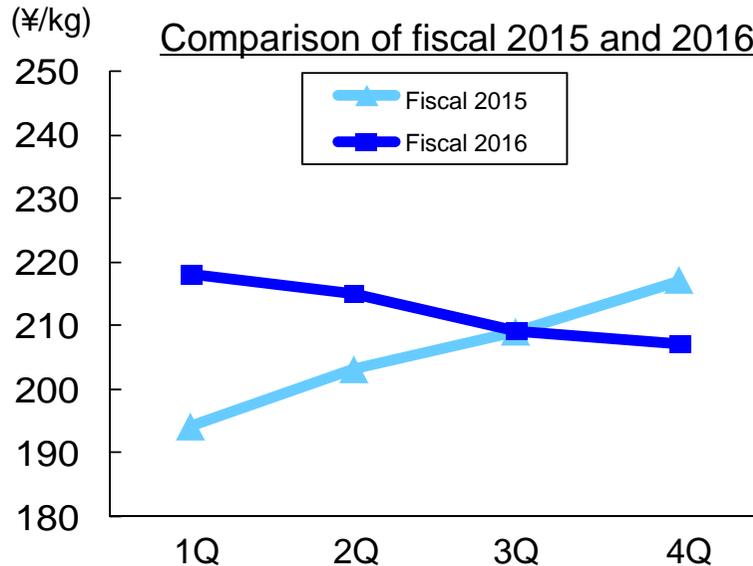
Reference: Results and Indicators for Main Markets

	5/16	5/17 Results	11/16	11/17 Beginning of 2017 indicator	11/17 July indicator
Average Price of Institutional Use (Tank Truck Base) for Processed Oil and Fats (per kg)	216	207	212	206	212
Medium-Sized Egg, Tokyo Market Average Price (per kg)	213	214	206	206	210
US\$ exchange rates (average over fiscal year) (per 1 \$)	118	112	112	111	112
RMB exchange rates (average over fiscal year) (per 1 RMB)	18.3	16	17	16	16

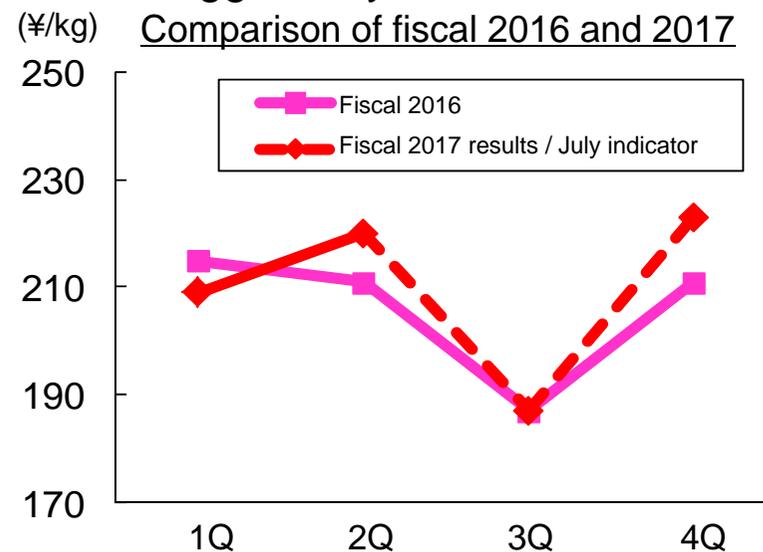
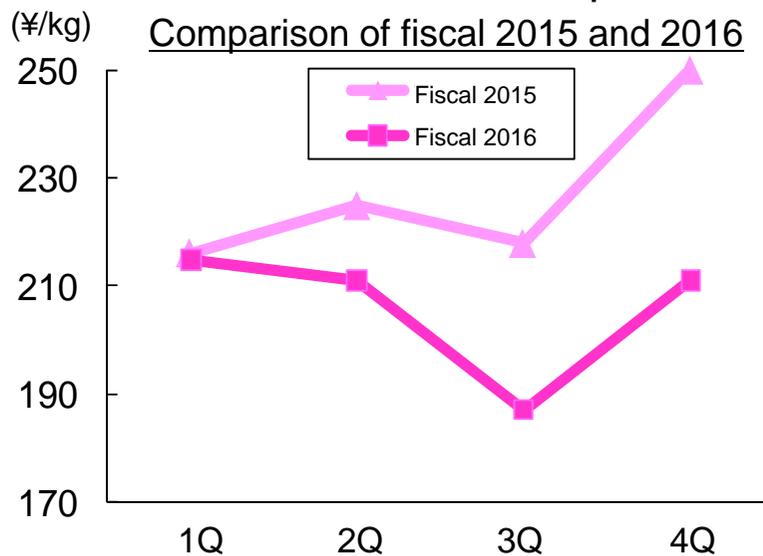
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Reference: Conditions in Markets for Major Raw Materials

【Average price of institutional use (tank truck base) for refined soybean and colesed oils for processed oil and fats】



【Benchmark price for medium-sized eggs, Tokyo market】

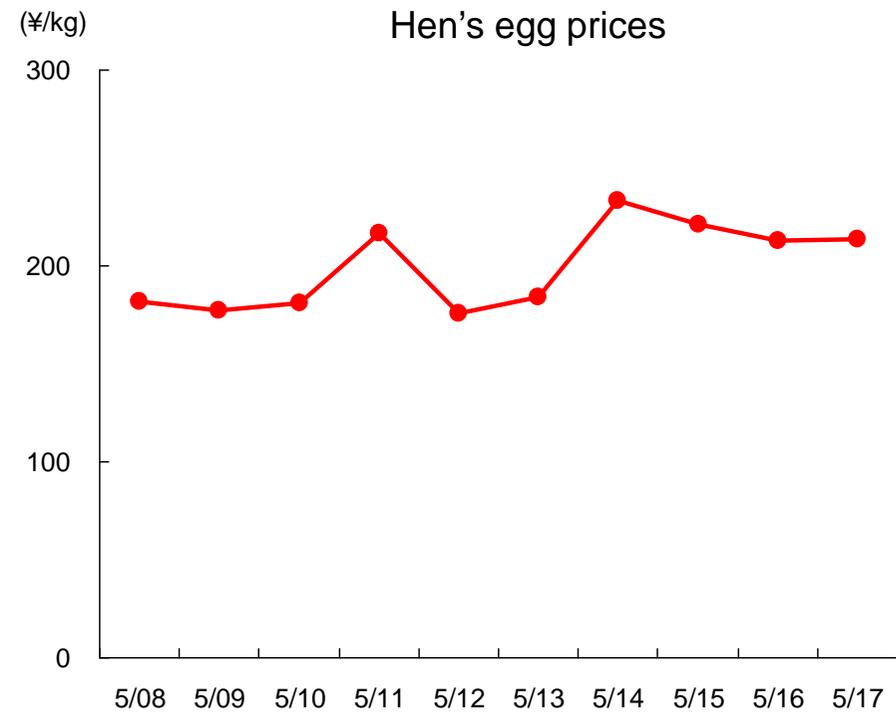
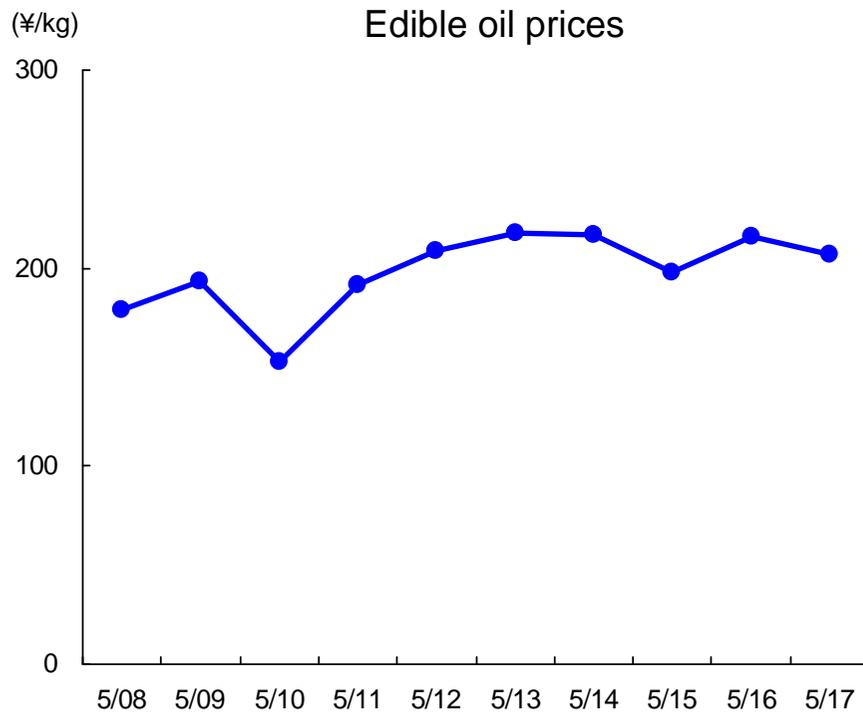


Reference: Movement in Edible Oil and Hen's Egg Prices

(¥)

	5/08	5/09	5/10	5/11	5/12	5/13	5/14	5/15	5/16	5/17
Average Price of Institutional Use (Tank Truck Base) for Processed Oil and Fats (per kg)	179	193	153	192	209	218	217	198	216	207
Medium-Sized Egg, Tokyo Market Average Price (per kg)	182	177	181	217	176	184	233	221	213	214

(Average in period from December to May of the following year)



Note:

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