

Fiscal 2015 Financial Meeting
(Period ended November 30, 2015)

Sustainable Domestic Growth and Dramatic Overseas Growth



January 8, 2016
Kewpie Corporation
(<http://www.kewpie.co.jp/english/ir/>)

* Figures less than the units indicated have been rounded off.
Also, percentages and differences are calculated in units of one million yen.

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Fiscal 2015 Results



Fiscal 2015 Results

Net sales increased by 24.8 billion yen and operating income increased by 2.1 billion yen year on year

	11/14	11/15 Results	Change YoY	Increase (Decrease)	Plan Comparison
Net Sales	553.4 ¥bn	578.2 ¥bn	4.5 %	24.8 ¥bn	5.2 ¥bn
Domestic	521.8	539.6	3.4	17.8	4.7
Overseas	31.6	38.6	22.1	7.0	0.5
Operating Income	24.3 ¥bn	26.4 ¥bn	8.6 %	2.1 ¥bn	0.4 ¥bn
Domestic	21.6	22.4	3.8	0.8	(0.3)
Overseas	2.8	4.0	46.1	1.3	0.8
Operating Income Ratio	4.4 %	4.6 %	—	0.2 %	0.0 %
Ordinary Income	25.4 ¥bn	27.3 ¥bn	7.7 %	1.9 ¥bn	0.6 ¥bn
Net income	13.4 ¥bn	17.0 ¥bn	27.4 %	3.7 ¥bn	1.2 ¥bn
ROE (Return on equity)	7.0 %	8.3 %	—	1.3 %	0.5 %
ROA (Return on assets)	7.3 %	7.5 %	—	0.2 %	0.2 %
EBITDA (Operating income + Depreciation expenses)	40.5 ¥bn	45.5 ¥bn	12.3 %	5.1 ¥bn	(0.1) ¥bn

* Plan comparison indicates difference for figures announced in July 2015.

Fiscal 2015 Summary of Sales

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

	11/14	11/15 Results	Change YoY	Increase (Decrease)
Sales	553.4 ¥bn	578.2 ¥bn	4.5%	24.8 ¥bn
Condiments Products	151.5	157.1	3.7	5.6
Egg Products	99.5	104.8	5.3	5.3
Delicatessen Products	102.2	109.1	6.7	6.9
Processed Foods	57.2	62.3	8.9	5.1
Fine Chemical Products	10.7	11.3	5.5	0.6
Distribution System	126.8	127.7	0.8	1.0
Common Business Operations	5.5	5.9	7.3	0.4

■ Sales by Segment

Condiments Products	Overseas sales increased further and domestic sales of salad condiments were firm, leading to higher revenue.
Egg Products	Revenue grew as a result of higher sales of value-added products utilizing soft-boiled egg techniques and frozen eggs for restaurants, as well as the effect of price revisions.
Delicatessen Products	Revenue grew due to an expansion into new sales routes, such as home delivery routes, and a reinforced production system.
Processed Foods	Revenue was up due to making Aohata Corporation a consolidated subsidiary and growth in cooking sauces and baby food.
Fine Chemical Products	Sales of EPA for medical use slowed, but revenue was up due to making a mail order company a consolidated subsidiary and the solid performance of hyaluronic acid.
Distribution System	Revenue grew mainly as a result of an expansion in the area entrusted by existing customers and the acquisition of new customers.

Fiscal 2015 Summary of Operating Income

Higher income due to overseas expansion and growth in sales of products for ready-made food market, as well as cost improvements.

	11/14	11/15 Results	Change YoY	Increase (Decrease)
Operating Income	24.3 ¥bn	26.4 ¥bn	8.6%	2.1 ¥bn
Condiments Products	11.5	12.5	9.0	1.0
Egg Products	3.8	5.4	43.7	1.6
Delicatessen Products	3.3	2.7	(16.2)	(0.5)
Processed Foods	0.2	(0.3)	—	(0.4)
Fine Chemical Products	1.0	0.4	(66.0)	(0.7)
Distribution System	3.6	4.8	31.7	1.1
Common Business Operations	1.0	0.9	(8.4)	(0.1)

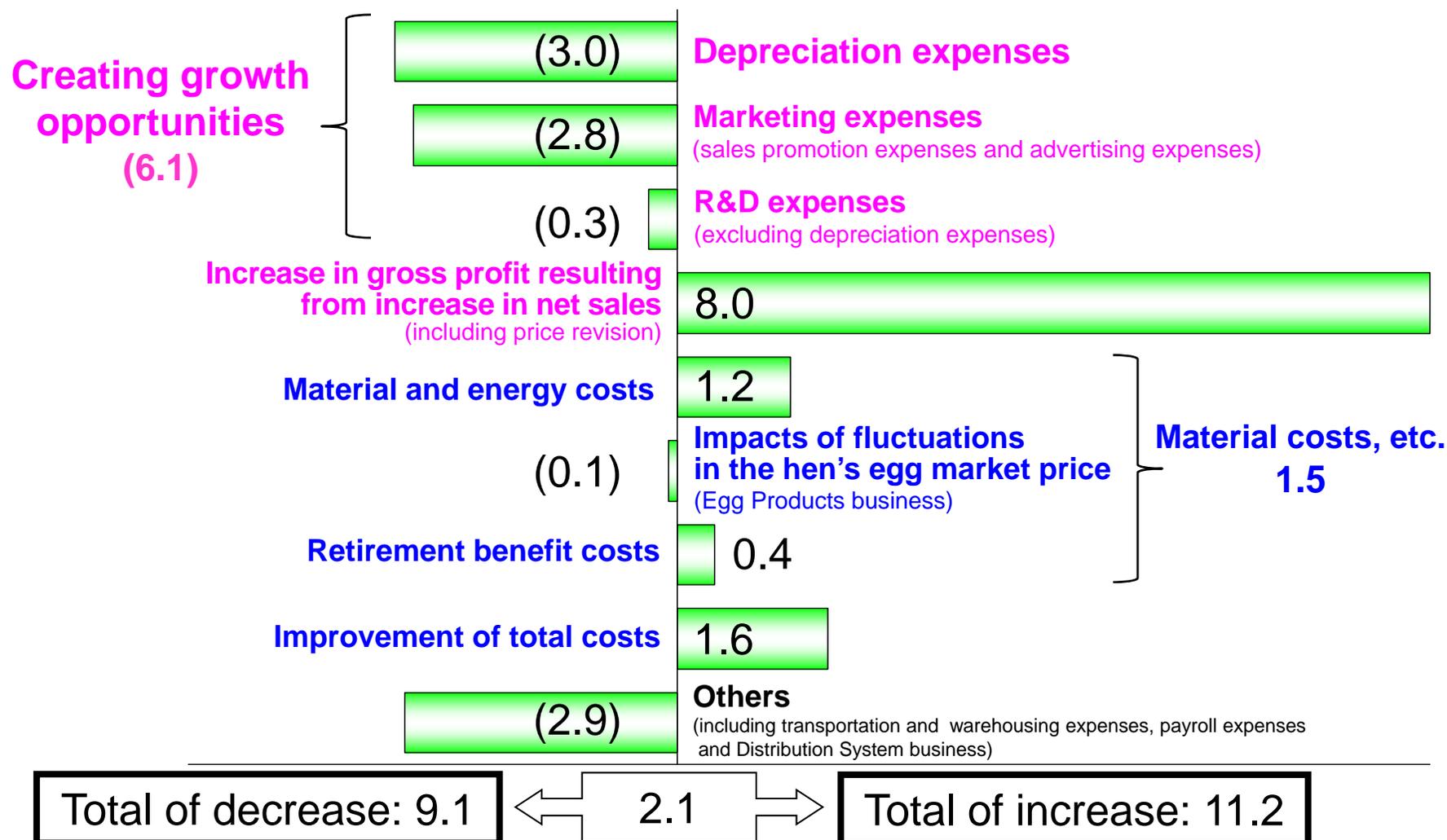
■ Operating Income by Segment

Condiments Products	Sales promotion expenses increased due to aggressive initiatives to stimulate demand, but income increased due to the effect of higher revenue and cost improvements.
Egg Products	Income was up due to growth in value-added products and the effect of price revisions, in addition to the strong performance of US subsidiaries.
Delicatessen Products	Sales expanded, but income was down due to higher costs, such as depreciation expenses.
Processed Foods	Despite progress in elimination and consolidation of unprofitable products, income was down resulting from the cost increase due to the impact of making a company a consolidated subsidiary.
Fine Chemical Products	Income decreased due to lower sales of EPA for medical use and higher costs resulting from making a mail-order company a consolidated subsidiary.
Distribution System	Income rose mainly due to the effect of higher revenue, improved costs, and lower fuel costs.

Factors Causing Increase (Decrease) in Operating Income

(¥bn)

	11/14	11/15 Result	Difference
Operating Income	24.3	26.4	2.1



Key Points of Non-operating Income (Expenses) and Extraordinary Gains (Losses)

	(¥bn)			
	11/14	11/15 Results	Increase (Decrease)	
Operating Income	24.3	26.4	2.1	
Non-operating Income (Expenses)	1.0	0.9	(0.2)	<Key Points of Non-operating Income (Expenses)> Increase in equity in earnings of affiliates 0.2 Increase in foreign exchange losses (0.2)
Ordinary Income	25.4	27.3	1.9	
Extraordinary Gains (Losses)	(0.8)	1.4	2.1	<Key Points of Extraordinary Gains (Losses)> Increase in extraordinary gains due to making Aohata Corporation a consolidated subsidiary and merger with Aohata Corporation's subsidiaries 2.9
Income before Income Taxes and Minority Interests	24.6	28.7	4.1	
Income Taxes and Minority Interests	11.2	11.6	0.4	<Key Points of Income Taxes and Minority Interests> Decrease in income taxes due to impact of reduction in tax rate (0.3) Increase in minority interests due to making Aohata Corporation a consolidated subsidiary 0.7
Net Income	13.4	17.0	3.7	

Key Points of Balance Sheet



Comparison with Fiscal 2014

Decrease in current assets

- Decrease in cash and deposits (5.0)
- Decrease in securities (5.0)
- Increase in inventories 5.5

(6.7) ¥bn

Decrease in liabilities

- Decrease in notes and accounts payable – trade (8.6)
- Decrease in accounts payable – other (6.1)

(10.1) ¥bn

Increase in fixed assets

- Increase resulting from purchases of tangible and intangible fixed assets 29.9
- Decrease resulting from depreciation (19.1)
- Increase in tangible and intangible fixed assets resulting from making Aohata Corporation a consolidated subsidiary 3.7

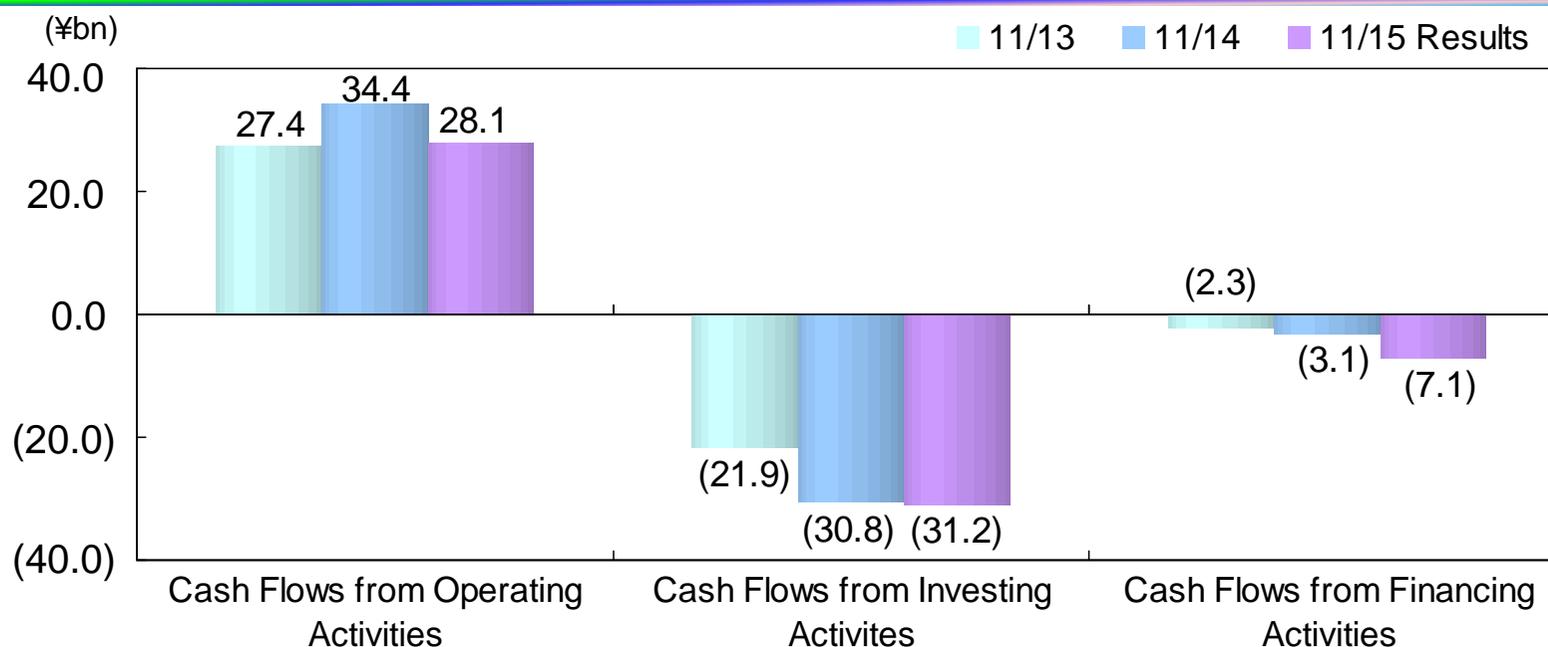
22.1 ¥bn

Increase in net assets

- Increase in earned surplus 13.1
- Increase in minority interests 6.5

25.5 ¥bn

Key Points of Cash Flows



Comparison with Fiscal 2014

Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities	
• Increase in income before income taxes and minority interests	4.1	• Increase in purchases of tangible and intangible fixed assets	(2.1)	• Decrease in loans payable	(2.8)
• Decrease in notes and accounts receivable – trade	12.3	• Decrease in purchases of shares of subsidiaries and affiliates	2.2	• Increase in purchase of treasury shares of subsidiaries	(0.6)
• Decrease in notes and accounts payable – trade	(15.3)				
• Increase in income taxes paid	(4.0)				

Review of 2013-2015 Medium-term Business Plan



2013-2015 Medium-term Business Plan: Performance

Net sales increased by 73.2 billion yen and operating income increased by 3.1 billion yen compared to fiscal 2012

	11/12	11/15 Results	Change (%)	Increase (Decrease)	Plan Comparison
Net Sales	505.0 ¥bn	578.2 ¥bn	14.5%	73.2 ¥bn	18.2 ¥bn
Domestic	486.6	539.6	10.9	53.0	19.6
Overseas	18.4	38.6	109.8	20.2	(1.4)
Operating Income	23.4 ¥bn	26.4 ¥bn	12.8%	3.1 ¥bn	(0.1) ¥bn
Domestic	22.6	22.4	(0.9)	(0.2)	(1.5)
Overseas	0.8	4.0	400.0	3.2	1.4
Operating Income Ratio	4.6%	4.6%	—	0.0%	(0.1)%
Ordinary Income	24.5 ¥bn	27.3 ¥bn	11.4%	2.8 ¥bn	0.4 ¥bn
Net Income	12.3 ¥bn	17.0 ¥bn	38.2%	4.7 ¥bn	2.9 ¥bn
ROE (Return on equity)	7.4%	8.3%	—	0.9%	0.3%
ROA (Return on assets)	8.4%	7.5%	—	(0.9)%	(0.9)%
EBITDA (Operating income + Depreciation expenses)	37.5 ¥bn	45.5 ¥bn	21.3%	8.0 ¥bn	0.9 ¥bn

* Plan comparison indicates the difference with the 2013-2015 Medium-term Business Plan released in January 2013.

2013-2015 Medium-term Business Plan: Priority Themes

Steady growth in both Japan and overseas

【Sustainable growth in five domestic food segments】

Increase in sales 2010-2012: 24.7 ¥bn



2013-2015: 41.2 ¥bn

(Average growth rate: 3.5%)

【Dramatic overseas growth】

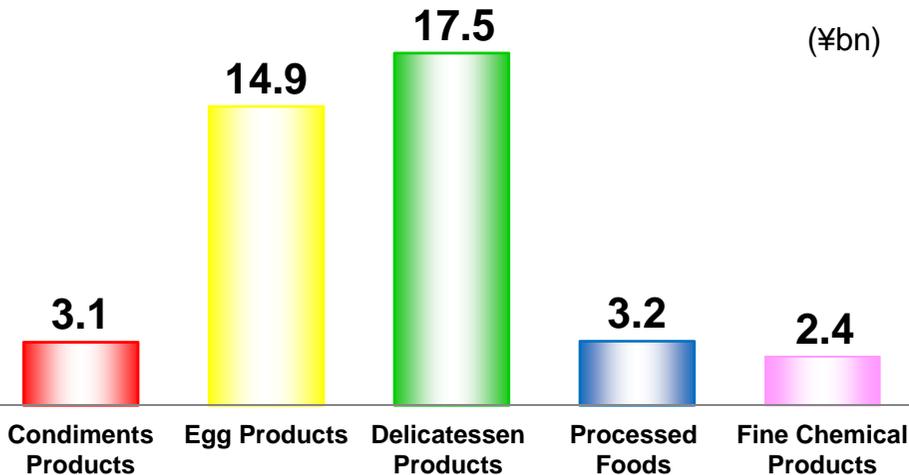
Increase in sales 2010-2012: 5.3 ¥bn



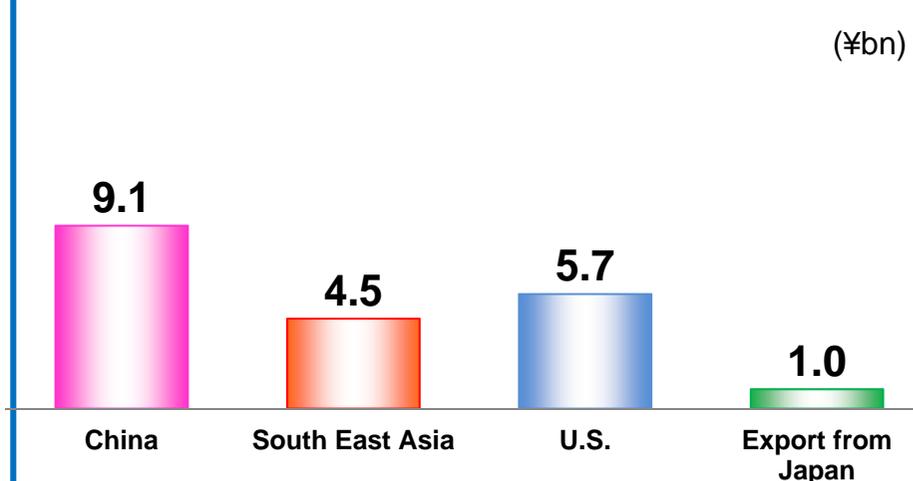
2013-2015: 20.2 ¥bn

* Impact of exchange rate: 10.8 ¥bn
(Average growth rate: 28.0%)

2013-2015 Increase in sales 【Domestic】



2013-2015 Increase in sales 【Overseas】



Issues in 2013-2015 Medium-term Plan
【Five domestic food segments】

**10% decline in operating income
over fiscal 2012 due to higher costs**

Issues in 2013-2015 Medium-term Plan
【Overseas】

Exports from Japan failed to meet target

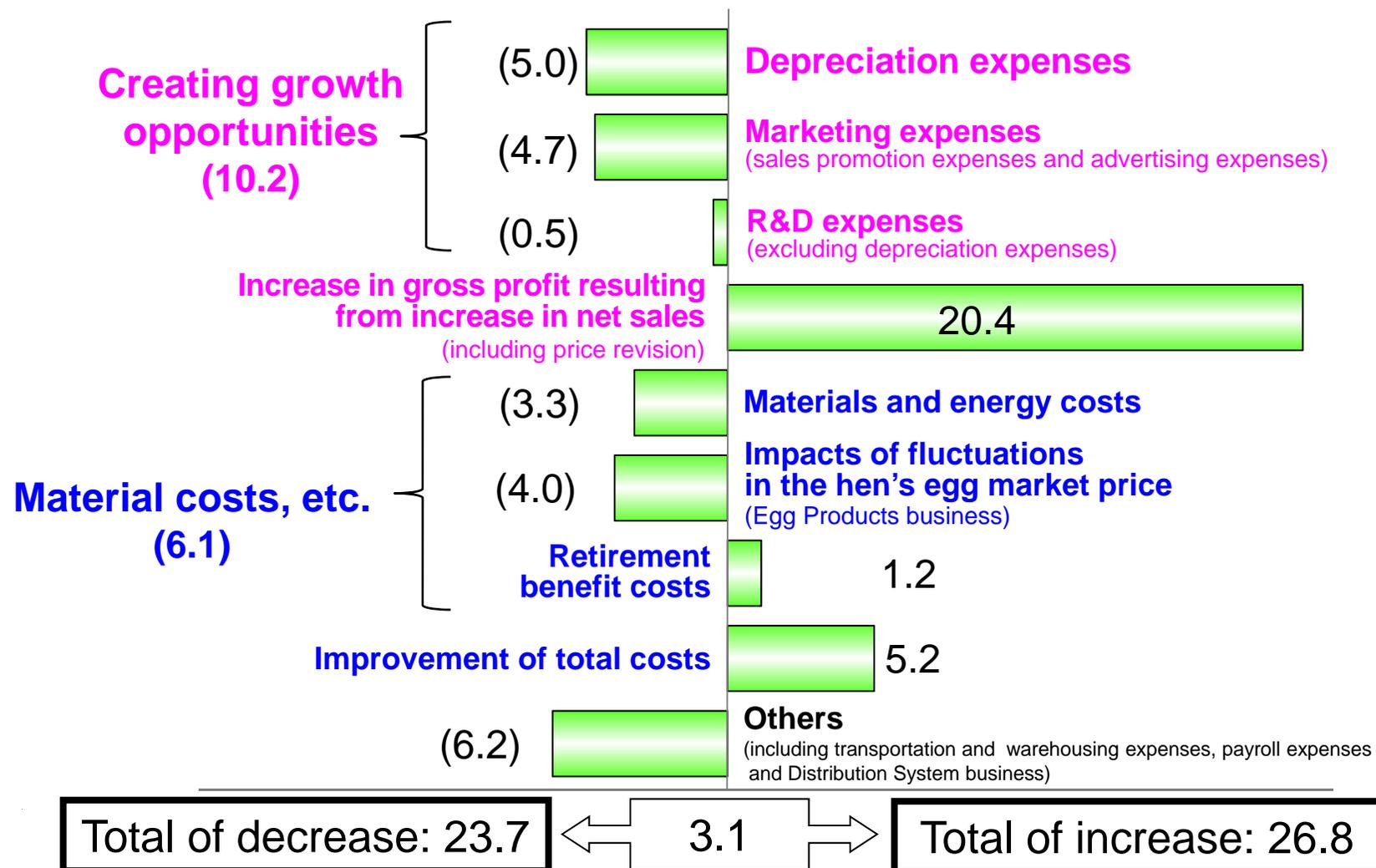
Reference Materials



Reference: Factors Behind Increase (Decrease) in Operating Income in 2013-2015 Medium-term Business Plan

(¥bn)

	11/12	11/15 Result	Difference
Operating Income	23.4	26.4	3.1



Reference: Performance Trends

	(¥bn)					
	11/12	11/13	11/14	11/15 Results	11/15 Plan	2013-2015 Medium-term Plan
Condiments Products	138.6	145.4	151.5	157.1	158.5	167.0
	11.5	11.5	11.5	12.5	12.6	11.6
Egg Products	85.6	91.2	99.5	104.8	103.0	94.0
	4.9	3.4	3.8	5.4	4.9	5.0
Delicatessen Products	91.6	98.0	102.2	109.1	107.0	100.0
	3.1	3.5	3.3	2.7	3.0	3.5
Processed Foods	59.1	58.4	57.2	62.3	62.5	63.0
	(1.0)	(0.9)	0.2	(0.3)	(0.2)	0.0
Fine Chemical Products	8.3	9.7	10.7	11.3	12.5	14.0
	1.0	0.9	1.0	0.4	0.5	2.2
Distribution System	115.7	120.3	126.8	127.7	124.0	116.0
	3.2	3.2	3.6	4.8	4.1	3.6
Common Business Operations	6.2	7.6	5.5	5.9	5.5	6.0
	0.8	0.8	1.0	0.9	1.1	0.6
Total	505.0	530.5	553.4	578.2	573.0	560.0
	23.4	22.4	24.3	26.4	26.0	26.5

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

* 11/15 plan refers to the plan released in July 2015.

* 2013-2015 Medium-term Plan refers to the 2013-2015 Medium-term Business Plan released in January 2013.

Reference: Capital Investments, Main SG&A Expenses and
Non-operating Income (Expenses) / Extraordinary Gains (Losses)

	(¥bn)					
	11/12	11/13	11/14	11/15 Results	11/15 Plan	2013-2015 Medium-term Plan
Capital Investments	20.9	27.1	30.1	32.4	41.2	19.5
Depreciation Expenses	14.1	14.6	16.1	19.1	19.6	18.1
Sales Promotion Expenses	19.5	20.5	21.4	23.5	22.5	22.1
Advertising Expenses	7.9	7.9	8.0	8.7	8.8	8.3
Transportation and Warehousing Expenses	28.9	30.5	32.0	33.3	33.2	32.2
Payroll Expenses	24.3	25.4	26.5	28.7	28.7	26.5
R&D Expenses	3.4	3.7	3.9	4.2	4.6	4.9

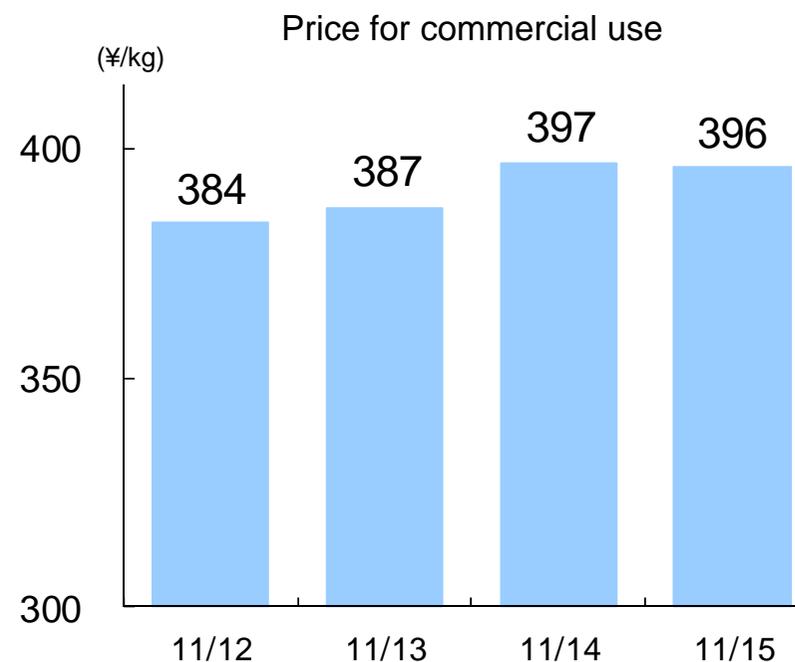
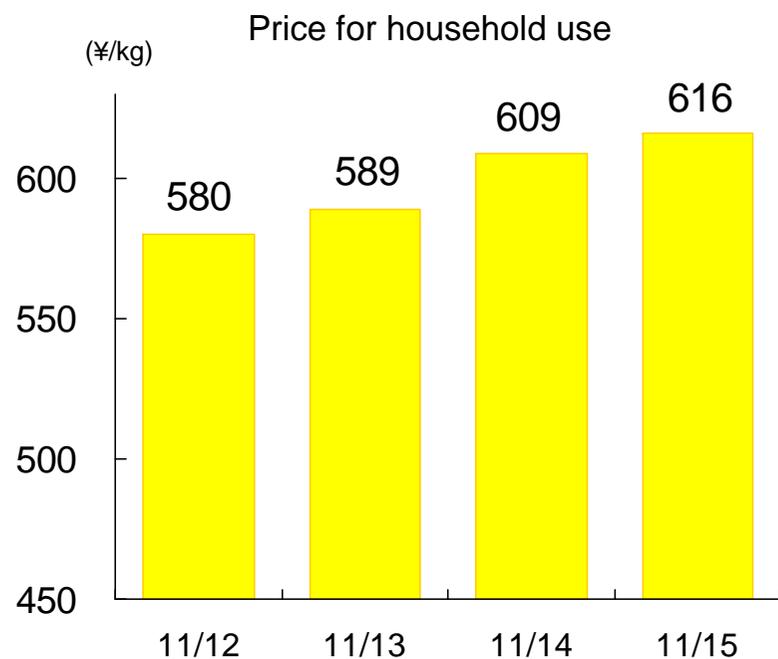
	11/14	11/15 Results	Breakdown of Increase/Decrease (Comparison between 11/14 and 11/15)	
Non-operating Income (Expenses)	1.0	0.9	Increase in equity in earnings of affiliates Increase in foreign exchange losses	0.2 (0.2)
Extraordinary Gains (Losses)	(0.8)	1.4	Increase in extraordinary gains due to making Aohata Corporation a consolidated subsidiary and merger with Aohata Corporation's subsidiaries	2.9

* 11/15 plan refers to the plan released in July 2015.

* 2013-2015 Medium-term Plan refers to the 2013-2015 Medium-term Business Plan released in January 2013.

Reference: Results of Salad Condiments by Category Type in Japan

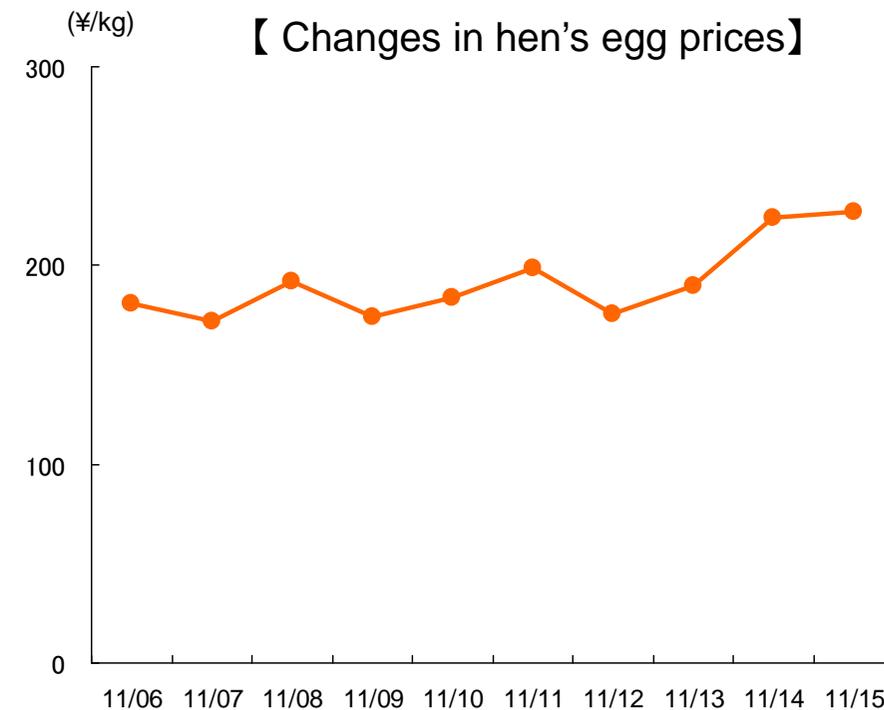
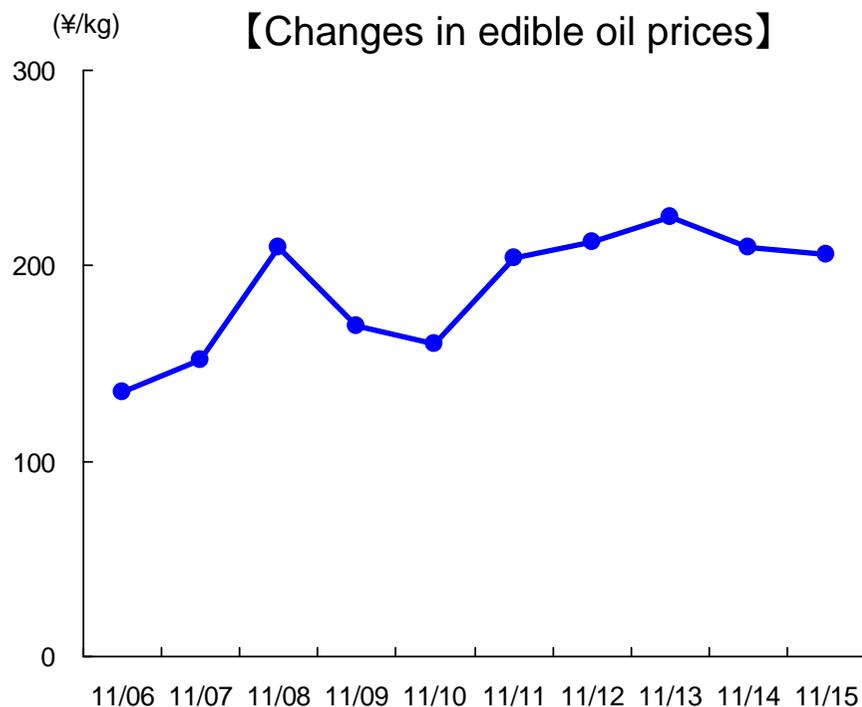
		11/12	11/13	11/14	11/15 Results	Change YoY
For household use	Volume (1,000 t)	127	128	125	126	0.6%
	Amount (¥bn)	73.8	75.4	76.1	77.3	1.6%
For commercial use	Volume (1,000 t)	107	107	105	106	0.5%
	Amount (¥bn)	40.9	41.5	41.8	42.0	0.4%
Total	Volume (1,000 t)	234	235	230	232	0.5%
	Amount (¥bn)	114.7	116.9	117.9	119.3	1.2%



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

	(¥)									
	11/06	11/07	11/08	11/09	11/10	11/11	11/12	11/13	11/14	11/15 Results
Average Price of Institutional Use (Tank Truck Base) for Processed Oil and Fats (per kg)	135	152	209	169	160	204	212	225	209	206
Medium-Sized Egg, Tokyo Market Average Price (per kg)	181	172	192	174	184	199	176	190	224	227

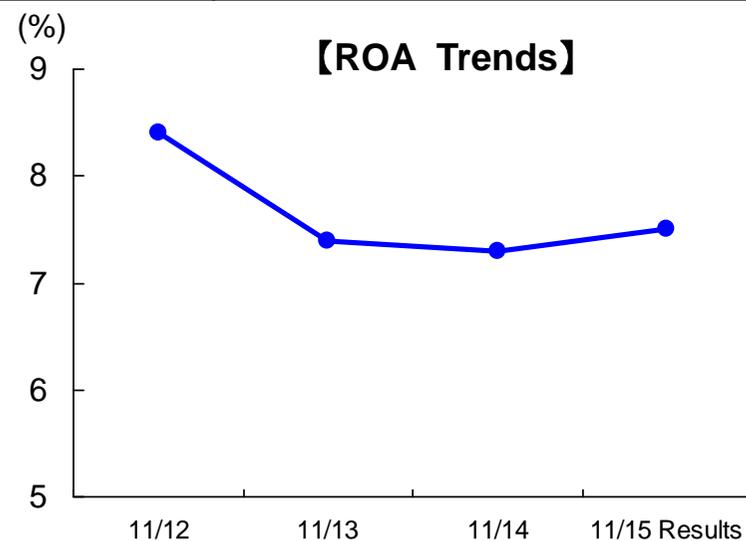
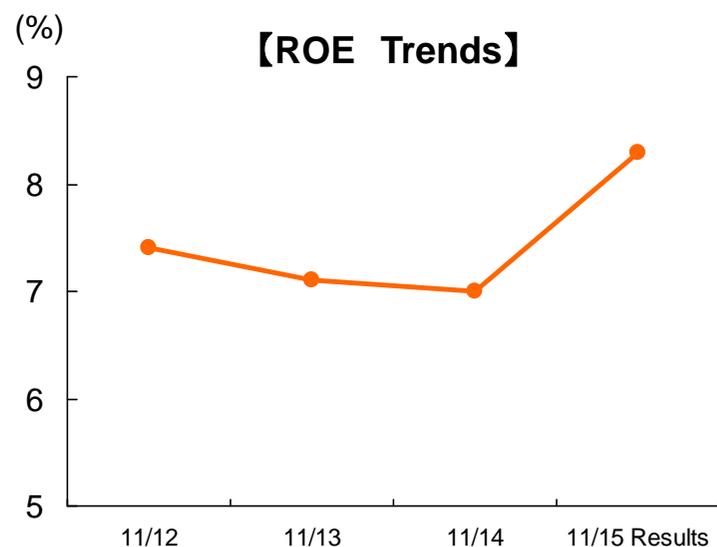
(Average in period from December to November of the following year)



Reference: ROE・ROA Trends

(%)

	11/12	11/13	11/14	11/15 Results	11/15 Plan	2013-2015 Medium-term Plan
ROE (Return on equity)	7.4	7.1	7.0	8.3	7.8	8.0
ROA (Return on assets)	8.4	7.4	7.3	7.5	7.3	8.4



(¥bn)

	11/12	11/13	11/14	11/15 Results
Net income	12.3	12.6	13.4	17.0
Shareholders' equity	170.9	184.2	195.1	214.1

(¥bn)

	11/12	11/13	11/14	11/15 Results
Ordinary income	24.5	23.7	25.4	27.3
Total assets	306.5	334.7	357.0	372.4

* 11/15 plan refers to the plan released in July 2015.

* 2013-2015 Medium-term Plan refers to the 2013-2015 Medium-term Business Plan released in January 2013.

Note:

With the exception of historical events, information in Kewpie Corporation's present plan, forecast, strategy, and beliefs reported in this handout refers to forecasts of future performance. It is reported based on judgments made by the management of Kewpie Corporation, referring to available information as of the date hereof. Readers are asked not to rely completely on performance forecasts contained herein.

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