

Fiscal 2016 Financial Meeting

(Period ended November 30, 2016)

The Group's New Challenges Lead to Dramatic Growth

1st Stage Report



January 12, 2017

Kewpie Corporation

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Fiscal 2016 Results

Fiscal 2016 Results

Net sales increased by 2.5 billion yen and operating income increased by 3.5 billion yen (year on year)

	11/15 (Adjusted)	11/16 Results	Change YoY	Increase (Decrease)	Plan Comparison
Net Sales	549.8 ¥bn	552.3 ¥bn	0.5%	2.5 ¥bn	(7.7) ¥bn
Domestic	512.1	514.5	0.5	2.4	(7.2)
Overseas	37.7	37.8	0.4	0.1	(0.5)
Operating Income	26.4 ¥bn	29.8 ¥bn	13.1%	3.5 ¥bn	0.8 ¥bn
Domestic	22.3	26.5	18.7	4.2	0.9
Overseas	4.0	3.3	(17.8)	(0.7)	(0.1)
Operating Income Ratio	4.8%	5.4%	—	0.6%	0.2%
Ordinary Income	27.2 ¥bn	31.4 ¥bn	15.2%	4.1 ¥bn	1.3 ¥bn
Profit Attributable to Owners of Parent	17.0 ¥bn	17.1 ¥bn	0.7%	0.1 ¥bn	1.2 ¥bn
ROE (Return on equity)	8.3%	8.0%	—	(0.3)%	0.6%
ROA (Return on assets)	7.5%	8.3%	—	0.8%	0.5%
EBITDA (Operating income + Depreciation expenses)	45.4 ¥bn	48.1 ¥bn	5.8%	2.6 ¥bn	1.0 ¥bn

* In fiscal 2015, adjusted figures for the impact of changes to accounting standards for recording net sales have been applied.

* Figures for overseas 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 figures for overseas include the exchange rate impact (which reduced net sales by 3.7 billion yen and operating income by 0.3 billion yen).

* Plan comparison indicates difference for figures announced in July 2016.

Fiscal 2016 Summary of Net Sales

Sales gains due to strong performance of Delicatessen Products business

	11/15 (Adjusted)	11/16 Results	Change YoY	Increase (Decrease)
Net Sales	549.8 ¥bn	552.3 ¥bn	0.5%	2.5 ¥bn
Condiments Products	142.2	144.1	1.4	1.9
Egg Products	104.6	102.2	(2.3)	(2.4)
Delicatessen Products	100.4	111.8	11.3	11.4
Processed Foods	57.5	51.3	(10.9)	(6.3)
Fine Chemical Products	11.3	10.9	(4.0)	(0.4)
Distribution System	127.7	126.9	(0.6)	(0.8)
Common Business Operations	5.9	5.2	(13.1)	(0.8)

■ Sales by segment

Condiments Products	Overseas sales increased further and domestic sales of mayonnaise were firm, leading to higher revenue.
Egg Products	Revenue declined due to a downturn in the hen's egg market in the US and Japan, but value-added products were solid performers.
Delicatessen Products	Revenue increased due to a merchandise transfer from the Processed Foods business and an expansion into new sales routes, such as home delivery and restaurants.
Processed Foods	Revenue fell due to the merchandise transfer to the Delicatessen Products business, but sales of baby foods and others were strong.
Fine Chemical Products	Revenue fell due to a decline in shipments of EPA for medical use, but sales of hyaluronic acid were solid.
Distribution System	Revenue fell due to a decline in existing transactions resulting from changes to the distribution system of business partners.

* In fiscal 2015, adjusted figures for the impact of changes to accounting standards for recording net sales have been applied.

Fiscal 2016 Summary of Operating Income

Income rose due to the shifting to the value-added products and cost improvements

	11/15 (Adjusted)	11/16 Results	Change YoY	Increase (Decrease)
Operating Income	26.4 ¥bn	29.8 ¥bn	13.1%	3.5 ¥bn
Condiments Products	12.5	13.7	9.5	1.2
Egg Products	5.4	5.5	1.6	0.1
Delicatessen Products	2.8	3.5	26.0	0.7
Processed Foods	(0.3)	0.5	—	0.8
Fine Chemical Products	0.4	1.0	194.6	0.7
Distribution System	4.8	4.9	2.7	0.1
Common Business Operations	0.9	0.8	(15.2)	(0.1)

■ Operating Income by Segment

(The impact from changing the depreciation method was an increase of 2.4 billion yen. Refer to the lower half of page 18 for information on the impact by business segment.)

Condiments Products	Income rose due to cost improvements, in addition to the effect of higher revenue.
Egg Products	The downturn in the US's hen's egg market pushed down the income, but income rose due to price revisions in Japan and growth in value-added products.
Delicatessen Products	Income rose due to higher income resulting from sales growth and cost improvements.
Processed Foods	Income rose due to the growth of value-added products and the review of unprofitable products.
Fine Chemical Products	Income rose due to improvements in raw material procurement costs and growth of hyaluronic acid for medical use.
Distribution System	Income rose due to the streamlining of storage and transportation, in spite of the decrease in existing transactions and higher costs attributable to the operation of new bases.

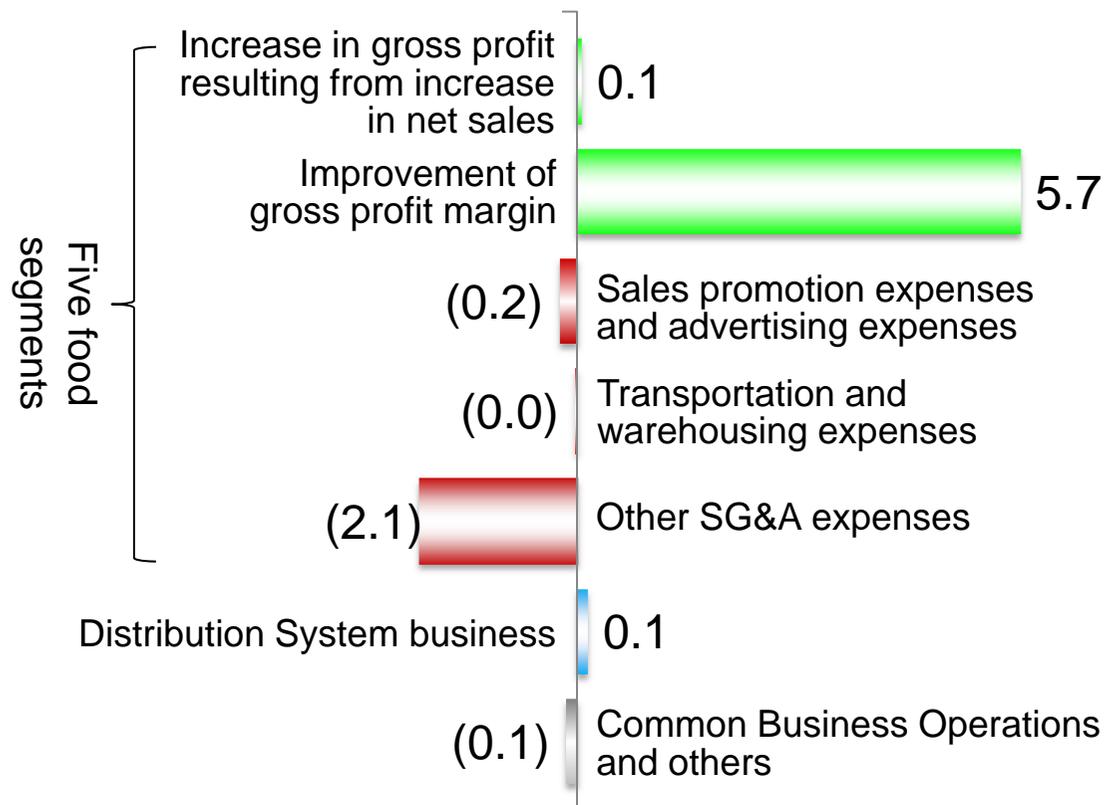
* In fiscal 2015, adjusted figures for the impact of changes to accounting standards for recording net sales have been applied.

Factors Causing Increase (Decrease) in Operating Income

(¥bn)

	11/15 (Adjusted)	11/16 Results	Difference
Operating Income	26.4	29.8	3.5

Main Contents



【Improvement of gross profit margin】

- Initiatives aimed at raising added value 2.9
(Shift to value-added products, developing and strengthening products, price revisions for egg products)
- Initiatives to improve costs 2.3
(Lower costs at production sites, improvements to unprofitable categories, etc.)
- Decrease in depreciation and amortization 0.6
(Changes to straight-line method, one-time write-off, new acquisitions)
- Effect of major raw material costs 0
- Effect of domestic and overseas hen's egg market (0)

【Other SG&A expenses】

- Increase in payroll expenses (0.9)
- Increase in costs due to transfer of headquarters (0.9)

Total of decrease: 2.4

3.5

Total of increase: 5.9

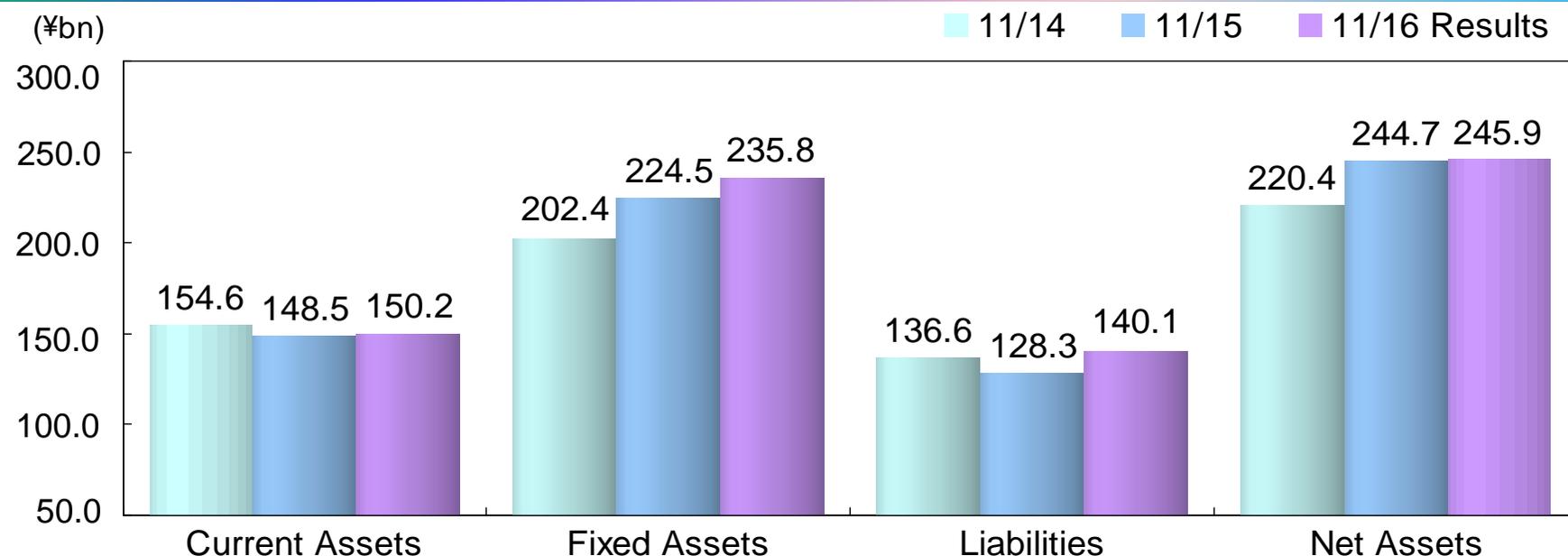
* Sales promotion expenses and transportation and warehousing expenses for fiscal 2015 were adjusted to reflect the amounts deducted from net sales.

* The impact from changing the depreciation method was an increase of 2.4 billion yen. Refer to the lower half of page 18 for the breakdown by business segment.

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

	(¥bn)			
	11/15 (Adjusted)	11/16 Results	Increase (Decrease)	
Operating income	26.4	29.8	3.5	<Key Points of Non-operating Income (Expenses)> Increase in subsidy revenue 0.3 Increase in reversal of allowance for doubtful accounts 0.3
Non-operating income (expenses)	0.9	1.5	0.7	
Ordinary income	27.2	31.4	4.1	<Key Points of Extraordinary Gains (Losses)> Decrease in extraordinary gains due to Aohata Corporation becoming a consolidated subsidiary and merger with Aohata Corporation's subsidiaries (2.8)
Extraordinary gains (losses)	1.4	(1.1)	(2.4)	
Income before income taxes	28.6	30.3	1.7	<Key Points for Income Taxes and Profit Attributable to Non-controlling Interests> Increase due to increase in operating income 1.6
Income taxes, and profit attributable to non-controlling interests	11.6	13.2	1.6	
Profit attributable to owners of parent	17.0	17.1	0.1	

Key Points of Balance Sheet



Comparison with Fiscal 2015

Increase in current assets

1.6 ¥bn

- Increase in cash and deposits 6.0
- Decrease in notes and accounts receivable – trade (3.0)

Increase in fixed assets

11.3 ¥bn

- Increase resulting from purchases of tangible and intangible fixed assets 35.8
- Decrease resulting from depreciation (18.3)
- Decrease in assets for retirement benefits (5.0)

Increase in liabilities

11.8 ¥bn

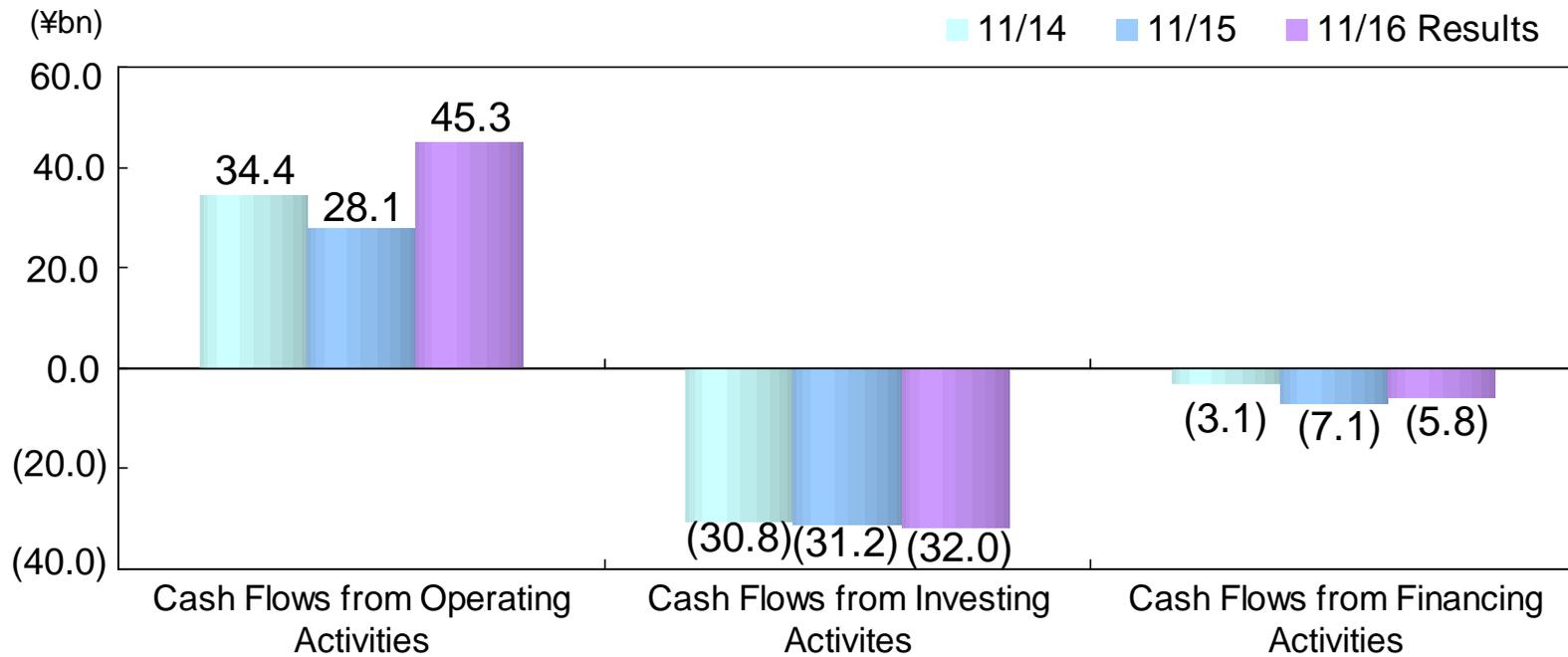
- Increase in accounts payable – other 3.4
- Increase in accrued income taxes 3.1
- Increase in loans payable 5.4

Increase in net assets

1.1 ¥bn

- Increase in earned surplus 12.3
- Increase in treasury stock (4.7)
- Decrease in accumulated other comprehensive income (8.0)

Key Points of Cash Flows



Comparison with Fiscal 2015

Cash flows from operating activities

- Increase in notes and accounts receivable – trade (6.7)
- Decrease in inventories 3.1
- Increase in notes and accounts payable – trade 14.8
- Increase in accounts payable – other 4.7

Cash flows from investing activities

- Increase in purchases of tangible fixed assets (1.1)

Cash flows from financing activities

- Increase in loans payable 6.1
- Increase in repurchase of shares (4.7)

Conditions in capital investments

11/14	11/15	11/16 Results
30.1 ¥bn	32.4 ¥bn	33.0 ¥bn

Fiscal 2017 Plans

Fiscal 2017 Plans

Net sales to increase by 12.7 billion yen and operating income to increase by 3.2 billion yen

	11/16	11/17 Plan	Change YoY	Increase (Decrease)
Net Sales	552.3 ¥bn	565.0 ¥bn	2.3%	12.7 ¥bn
Domestic	514.5	521.9	1.5	7.5
Overseas	37.8	43.1	13.9	5.2
Operating Income	29.8 ¥bn	33.0 ¥bn	10.7%	3.2 ¥bn
Domestic	26.5	29.9	12.8	3.4
Overseas	3.3	3.1	(6.6)	(0.2)
Operating Income Ratio	5.4%	5.8%	—	0.5%
Ordinary Income	31.4 ¥bn	34.1 ¥bn	8.7%	2.7 ¥bn
Profit Attributable to Owners of Parent	17.1 ¥bn	18.0 ¥bn	5.3%	0.9 ¥bn
ROE (Return on equity)	8.0%	8.2%	—	0.2%
ROA (Return on assets)	8.3%	8.4%	—	0.1%
EBITDA (Operating income + Depreciation expenses)	48.1 ¥bn	49.8 ¥bn	3.6%	1.7 ¥bn

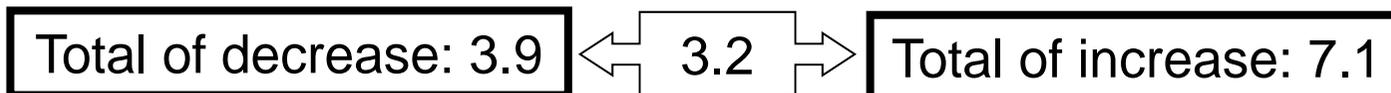
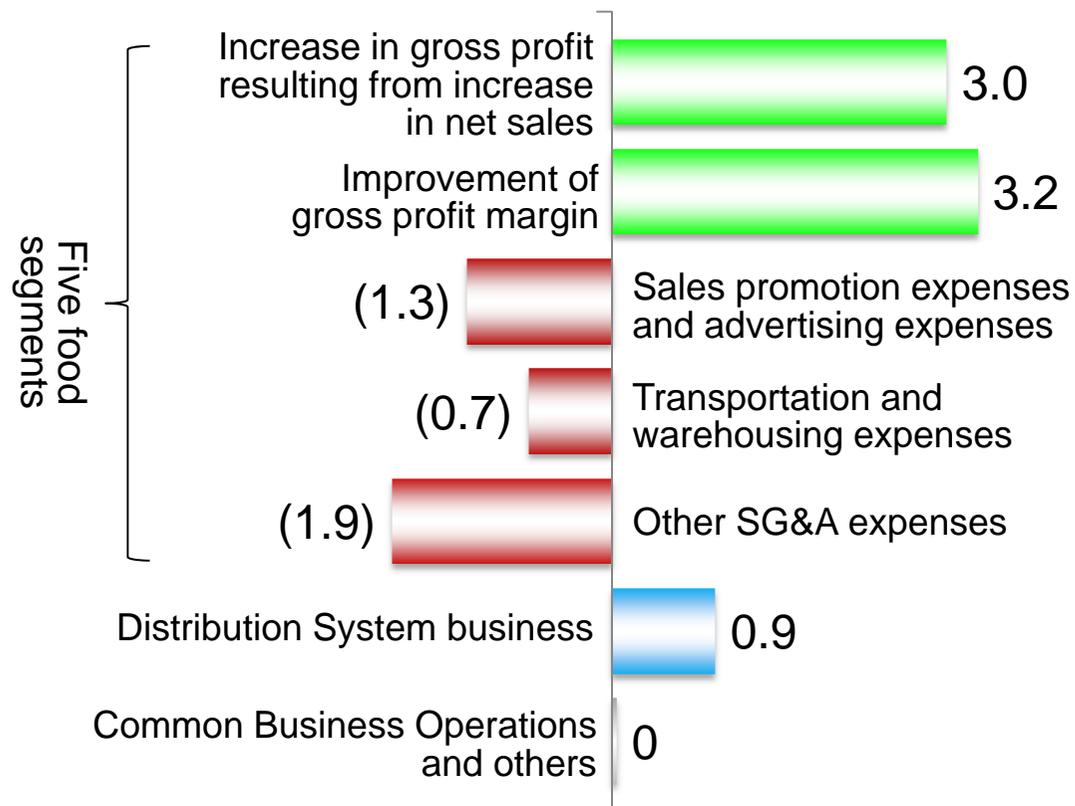
* Figures for overseas are for the period from October through September. Exports from Japan are included (exports from Japan cover the period from December through November).

* Increase (Decrease) for figures for overseas include the exchange rate impact (which reduced net sales by 1.5 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	33.0	3.2



* The impact of one-time write-off of residual book value due to changes in the depreciation method was an increase of 2.8 billion yen.
Refer to the lower half of page 18 for the breakdown by business segment.

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

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

Impact on net sales	3.0	Increase in sales of existing products	2.4
		Launch of new products	0.6

【Improvement of gross profit margin】

Initiatives aimed at raising added value	1.5	Developing and strengthening products, shifting to value-added products	1.5
Initiatives to improve costs	1.3	Lower costs at production sites	0.7
		Improvements to unprofitable categories	0.6
Others	0.4	Decrease in depreciation and amortization (one-time write-off depreciation in previous fiscal year, new acquisitions)	1.2
		Effect of major raw material costs (major raw materials for salad condiments)	(0.2)
		Effect of hen's egg market in the US	(0.5)

【Other SG&A expenses】

Increase in payroll expenses, etc.	(1.9)	Increase in retirement benefit costs, social insurance premiums, etc.	(1.9)
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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	565.0	12.7	29.8	33.0	3.2
Condiments Products	144.1	154.0	9.9	13.7	15.2	1.5
Egg Products	102.2	103.0	0.8	5.5	5.6	0.1
Delicatessen Products	111.8	114.8	3.0	3.5	4.1	0.6
Processed Foods	51.3	46.9	(4.4)	0.5	0.3	(0.2)
Fine Chemical Products	10.9	12.3	1.4	1.0	1.2	0.2
Distribution System	126.9	127.0	0.1	4.9	5.8	0.9
Common Business Operations	5.2	7.0	1.8	0.8	0.8	0.0

Condiments Products Business

【2016-2018 Medium-term Themes】 All dishes with vegetable Drive market and expand revenue with a business model promoting vegetable consumption	(¥bn)	11/17 Plan	11/16 Difference	Factors Causing Increase (Decrease) in Operating Income (¥bn)	11/16 Difference
	Net Sales	154.0	9.9	Increase in gross profit resulting from increase in net sales	2.5
	Operating Income	15.2	1.5	Improvement of gross profit margin	0.8
	Operating Income Ratio	9.9%	0.4%	Sales promotion expenses and advertising expenses	(0.5)
			Transportation and warehousing expenses	(0.3)	
			Other SG&A expenses	(1.0)	
			Total	1.5	

* The numbers in brackets refer to the differences in **operating income** between the fiscal 2017 plan and the fiscal 2016 result. Figures are expressed in units of billion yen.

【 Lead market in Japan 】 [1.1]

◇ Identify changes and lead markets

- Create demand with dressings and new condiments that anticipate changes in tastes
- Develop new salad styles simultaneously for home cooking, ready-made meals and restaurants to expand demand, with a focus on health and happiness
- Promote the use of mayonnaise as an all-purpose condiment with a new menu

◇ Improve competitiveness of core products

- Improve ability to generate income by distinguishing between items and concentrating on development of products

【 Expand overseas development 】 [0.4]

- Cultivate markets in East Asia, mainly in China
- Expand sales network in the US and Europe

【 Operate production and distribution based on demand 】

- Improve efficiency of production and logistics with full-scale operation of Kobe factory, the mother production site in western Japan (full operation in April 2017)
- Build a satellite production system to generate new value

Condiments Products Business (Salad condiments and new salad styles that identify market changes)

【Changes in tastes】 New series that highlights flavors with the natural taste of fruit



(for homemade foods)

Kewpie dressing
“Green cap” series

Fresh flavor of fruit juice and fruit vinegar

Net sales target: 1 billion yen



(for homemade foods)

Kewpie Fruit Vinegar

New salad condiments for enjoyment of the taste of the ingredients

Net sales target: 0.3 billion yen



(for ready-made foods)

Kewpie Grated Carrot Dressing

Making vegetables and fruit juice easy to eat

Net sales target: 0.1 billion yen

【Heightened health needs】

“Fun” customization with a focus on “nutritional balance”

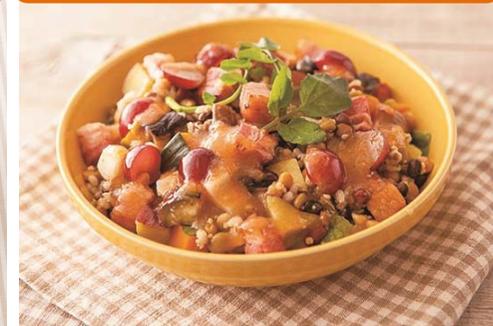
Simultaneous development of “custom salads” offering new salad styles for homemade foods, ready-made foods and restaurant markets to expand demand

Nutritional balance

Protein + Fruits



Beans · Millets



Egg Products Business

【2016-2018 Medium-term Themes】	(¥bn)	11/17 Plan	11/16 Difference	Factors Causing Increase (Decrease) in Operating Income (¥bn)	11/16 Difference
	Continue to enhance the value of the Egg Products Business worldwide through innovation	Net Sales	103.0	0.8	Increase in gross profit resulting from increase in net sales
Operating Income		5.6	0.1	Improvement of gross profit margin	0.3
Operating Income Ratio		5.4%	0.1%	Sales promotion expenses and advertising expenses	(0.0)
				Transportation and warehousing expenses	(0.4)
				Other SG&A expenses	(0.1)
				Total	0.1

* The numbers in brackets refer to the differences in **operating income** between the fiscal 2017 plan and the fiscal 2016 result. Figures are expressed in units of billion yen.

【Expand existing businesses in Japan】 [0.5]

◇ Cultivate commercial shell egg market

- Generate value-added products that meet customers' needs
- Expand demand with menu proposals utilizing value-added products

◇ Expansion in household market

- Create demand by expanding the product lineup and penetration of "Kewpie Egg brand"
- Nationwide expansion of omelets utilizing proprietary soft-boiled egg technology

◇ Further reinforce core products with innovations in production methods

- Use new production method to develop egg salad with refined taste

【Internal reform of the North American subsidiaries】 [(0.4)]

- Lower impact of fluctuations in hen's egg market with raw material procurement techniques
- Strengthen sales of value-added products such as dried meat
- Cost improvements due to production streamlining

【Strengthen operating base】

- Expand labor-saving technology developed by Kewpie into all factories
- Improve costs with concentrated production by consolidating items

◇ Expand added-value products

Expand Pure White

(Pure White: Frozen egg that becomes white when heated)



Example of menu (image)

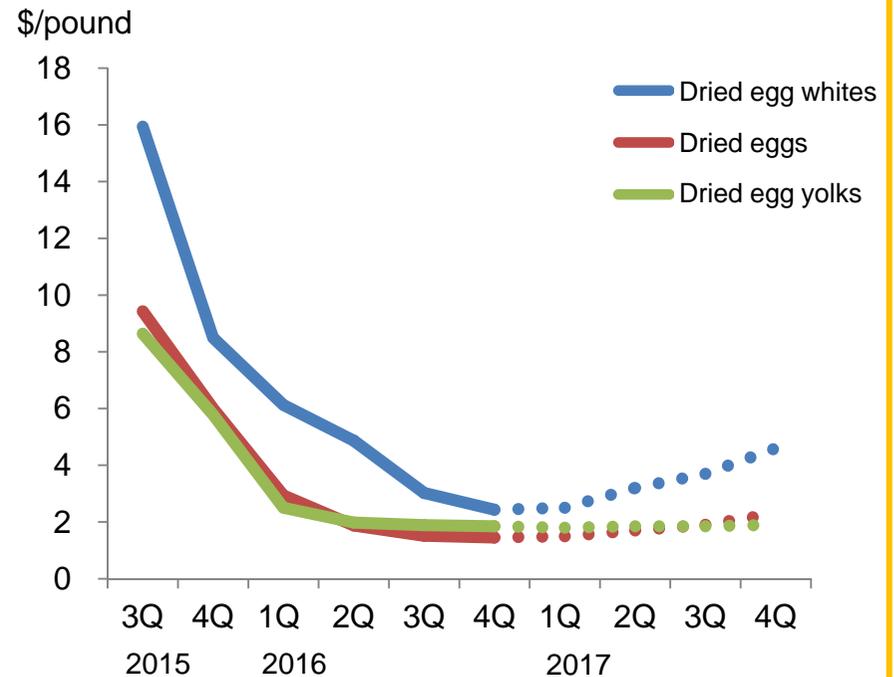
Create unique menus based on eggs

Develop as an Easter menu

Products to strengthen Easter sales (five products)
 Net sales target: 150% (year-on-year increase)

◇ Conditions at North American subsidiaries

US dried egg market



Impact on operating income in fiscal 2017 (0.4 billion yen)

- Decline in US's hen's egg market: (0.5 billion yen)
- Cost improvements, raw material procurement strategies: 0.1 billion yen

Delicatessen Products Business

【2016-2018 Medium-term Themes】 Challenges and reinforcement of system expected 10 years from now Reap the benefits from the results of investments made in line with the 2013-2015 Medium-term Business Plan	(¥bn)	11/17 Plan	11/16 Difference	Factors Causing Increase (Decrease) in Operating Income (¥bn)	11/16 Difference
	Net Sales	114.8	3.0	Increase in gross profit resulting from increase in net sales	0.7
	Operating Income	4.1	0.6	Improvement of gross profit margin	0.6
	Operating Income Ratio	3.6%	0.5%	Sales promotion expenses and advertising expenses	(0.2)
				Transportation and warehousing expenses	(0.2)
			Other SG&A expenses	(0.3)	
			Total	0.6	

* The numbers in brackets refer to the differences in **operating income** between the fiscal 2017 plan and the fiscal 2016 result. Figures are expressed in units of billion yen.

【Accelerate growth in three areas】

- ◆ Cut vegetables [0.4]
 - Develop products using vegetables with high nutritional value and expand peripheral products such as cut vegetables
 - Raise recognition and develop brands
- ◆ Delicatessen foods [0.1]
 - Strengthen salad, a core product (refine production methods, expand store sales promotions)
 - Develop high added-value products and improve gross profit margins by streamlining production
- ◆ Cooked rice [0.1]
 - Expand sales channels and products for mass retailers and create new sales channels such as home delivery

【Take up the challenge of entering new fields】

- Opening up restaurant specializing in salads (Plans to open a restaurant this spring in Minami Aoyama)
 - Publicize information on salads
 - Identify needs and utilize in product development



Example menu (image)

【Structural reforms in businesses】

- Introduce tests of automated lines for cut vegetables to pull out of labor-intensive practices
- Deepen affiliations with producers to strengthen ability to procure raw materials (increase establishment of vegetable plants)

Proposals of new value for Salad Club (cut vegetables for household use)

① Development of cut vegetables with high nutritional value



Kale salad



Watercress salad

② Proposal of unprecedented eating styles



Vegetable pasta (120 grams of vegetables in one meal)

Development Salad Club brand

Introduction of Kewpie logo to all products



Brand penetration at stores



Brand recognition rate for cut vegetables (Salad Club + Kewpie)

Fiscal 2015	Fiscal 2016	Fiscal 2017 Target
6.1%	⇒ 7.8%	⇒ Over 10%

Processed Foods Business

【2016-2018 Medium-term Themes】 Refine techniques and enhance business value Businesses that offer “good taste, kindness, and convenience” with technology	(¥bn)	11/17 Plan	11/16 Difference	Factors Causing Increase (Decrease) in Operating Income (¥bn)	11/16 Difference
	Net Sales	46.9	(4.4)	Increase in gross profit resulting from increase in net sales	(1.3)
	Operating Income	0.3	(0.2)	Improvement of gross profit margin	1.5
	Operating Income Ratio	0.6%	(0.4)%	Sales promotion expenses and advertising expenses	(0.4)
				Transportation and warehousing expenses	0.2
			Other SG&A expenses	(0.3)	
			Total	(0.2)	

* The numbers in brackets refer to the differences in **operating income** between the fiscal 2017 plan and the fiscal 2016 result. Figures are expressed in units of billion yen.

【Development of existing products】 [0.3]

◇ Development of pasta series that can be dressed

- Improve product strengths by raising production efficiency and introducing new products (Net sales target: 110%)

◇ Development of “baby foods”

- Improve ability to respond to markets by strengthening supply capacity for pouch products (Net sales target: 115%)

◇ Expand processed fruit products

- Propose new uses for “Marugoto Kajitsu” and achieve ongoing growth (Net sales target: 110%)
- Attract new customers, particularly young people, with whipped spreads

【New growth and creation】 [0.3]

- Create new demand by using ingredients with high nutritional value
- Use Group sales channels for food for the elderly to create opportunities for use in in-home healthcare



【Rebuild the revenue base】 [0.1]

- Reduce costs and improve ability to respond to market by reallocating production

* Impact of final sales for corn and change to Aohata’s fiscal year (13 months posted in fiscal 2016): Net sales down 5.0 billion yen, operating income down 0.7 billion yen (impact of fixed costs related to corn sales in line with fiscal 2016 levels (about 0.7 billion yen), etc.)

Fine Chemical Products Business

【2016-2018 Medium-term Themes】 Achieve 10% of operating income ratio by rebuilding revenue foundation	(¥bn)	11/17 Plan	11/16 Difference	Factors Causing Increase (Decrease) in Operating Income (¥bn)	11/16 Difference
	Net Sales	12.3	1.4	Increase in gross profit resulting from increase in net sales	0.6
	Operating Income	1.2	0.2	Improvement of gross profit margin	0.0
	Operating Income Ratio	9.8%	0.6%	Sales promotion expenses and advertising expenses	(0.2)
				Transportation and warehousing expenses	(0.0)
Other SG&A expenses				(0.3)	
Total				0.2	

* The numbers in brackets refer to the differences in **operating income** between the fiscal 2017 plan and the fiscal 2016 result. Figures are expressed in units of billion yen.

【Focus on sales of added-value raw materials】 [0.1]

◇ Strengthen hyaluronic acid for medical use

- ➔ Expand export sales by strengthening the overseas marketing system
- ➔ Improve cost competitiveness and manufacturing capacity by expanding production facilities

◇ Create new value with ingredients

- ➔ Acquire and use functional data to enhance appeal of egg yolk lecithin for food use and egg membranes

【Initiatives with B to C route】 [0.1]

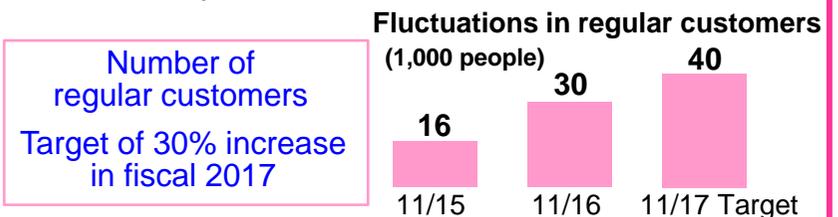
◇ Expand sales by raising awareness of functionality

- ➔ Prevent hangovers with acetic acid bacteria
- ➔ Anti-norovirus effect with egg white



◇ Increase mail order customers by strengthening advertising

- ➔ Continue with newspapers and TV advertising as the focal points for attracting customers
- ➔ Strengthen advertising's appeal to young people and measures to prevent shift to other brands



Distribution System Business

【2016-18 Medium-term Themes】 Shift to new growth stage, using strengthened operating base Aim for sustainable improvements to profitability by cultivating existing businesses	(¥bn)	11/17 Plan	11/16 Difference	Factors Causing Increase (Decrease) in Operating Income (¥bn)	11/16 Difference
	Net Sales	127.0	0.1	Improvement of earning capacity (cost improvement and fee revisions)	2.5
	Operating Income	5.8	0.9	Strengthen new transactions, transportation and storage functions	2.0
	Operating Income Ratio	4.6%	0.7%	Impact of transportation costs (vehicle procurement, impact of fuel costs, etc.)	(0.5)
				SG&A costs, labor costs, etc.	(1.3)
			Decrease in existing transactions	(1.8)	
			Total	0.9	

【 Main initiatives of joint distribution 】

◇ Strengthen earning capacity

- Strengthen marketing in all areas and improve efficiency of storage and distribution
- Collect appropriate fees, promote simplification

◇ Rebuild transportation function

- Reinforce trunk haul capacity and joint distribution functions
- Optimize small-lot distribution, strengthen low-temperature services

◇ New developments for growth

- Operate new chilled logistics company

【 Main initiatives of dedicated distribution 】

- Expansion in area entrusted for convenience stores
- Stabilize revenue by improving productivity at distribution center

【 Improvements of distribution quality and technical capabilities 】

- Address labor shortages, train employees, and create an appealing workplace
- Introduction of eco-friendly equipment

Overseas Expansion Results and Main Initiatives

Overseas Expansion: Fiscal 2016 Results and Fiscal 2017 Plans

[Net Sales]	Fiscal 2015 (Adjusted)	Fiscal 2016	Increase (Decrease)	Change YoY	Local Currency Change YoY	Fiscal 2017 Plan	Increase (Decrease)	Change YoY	Local Currency Change YoY
Overseas Total	37.7 ¥bn	37.8 ¥bn	0.1 ¥bn	0%	10%	43.1 ¥bn	5.2 ¥bn	14%	18%
China	14.2	15.7	1.5	10	24	18.1	2.4	15	22
Southeast Asia	7.9	7.6	(0.3)	(4)	9	8.1	0.5	7	13
North America	12.9	11.8	(1.0)	(8)	(2)	11.4	(0.4)	(4)	(3)
Condiments Products	5.4	6.3	0.9	16	24	6.3	0.0	0	1
Egg Products	7.5	5.5	(1.9)	(26)	(21)	5.1	(0.4)	(8)	(7)
Exports and New	2.7	2.7	0.0	0	0	5.4	2.7	102	102

[Operating Income]	Fiscal 2015	Fiscal 2016	Increase (Decrease)	Change YoY	Local Currency Change YoY	Fiscal 2017 Plan	Increase (Decrease)	Change YoY	Local Currency Change YoY
Overseas Total	4.0 ¥bn	3.3 ¥bn	(0.7) ¥bn	(18)%	(9)%	3.1 ¥bn	(0.2) ¥bn	(7)%	(2)%
China	1.7	2.2	0.5	27	42	2.5	0.3	12	18
Southeast Asia	0.0	0.2	0.1	362	444	0.2	0.0	16	21
North America	1.9	0.6	(1.4)	(71)	(69)	0.1	(0.4)	(79)	(79)
Condiments Products	0.5	0.5	(0.0)	(5)	2	0.5	0.0	2	3
Egg Products	1.5	0.1	(1.4)	(93)	(92)	(0.3)	(0.4)	-	-
Exports and New	0.3	0.4	0.1	19	19	0.3	(0.1)	(18)	(18)

* In fiscal 2015, adjusted figures for the impact of changes to accounting standards for recording net sales have been applied.

* "Exports and New" refers primarily to exports from Japan of each European company. Figures other than exports from Japan cover the period from October to September.

* Exchange rates pushed down net sales by 3.7 billion yen and operating income by 0.3 billion yen compared to the same period in fiscal 2016.

Exchange rates are estimated to push down net sales by 1.5 billion yen and operating income by 0.1 billion yen compared to the same period in fiscal 2017.

Overseas Expansion: Main Initiatives by Area

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

【China】

Cultivate Chinese food sector with solution proposals



Gatherings with Chinese chefs

Use of dressings in Chinese cooking

Fiscal 2016

Accelerate the development of new categories



Long-life salads

Processed egg products

Strengthen new categories with operation of Nantong Kewpie Foods Co., Ltd.

Fiscal 2017

【North America】

Start of manufacturing and sales of KEWPIE mayonnaise



Start of sale of US products

Expansion of sales of products made in Japan

Fiscal 2016

Expand sales of KEWPIE brand products



US-manufactured Kewpie dressings

Fiscal 2017

【Southeast Asia】

Start of full-scale expansion in Indonesia



Products for household use (Mayonnaise, spreads, dressings)

Fiscal 2016

Reinforce sales promotions and advertising for dressings



125ml 500ml
Expand volume to meet needs

Run TV commercials in Thailand and Indonesia

Fiscal 2017

【Exports and New】

Expansion in Europe (start of production in the Netherlands)



Products manufactured in the Netherlands



Use on local menus

Fiscal 2016

Start of production and sales in Poland



Mayonnaise

Expansion of dressings

Fiscal 2017

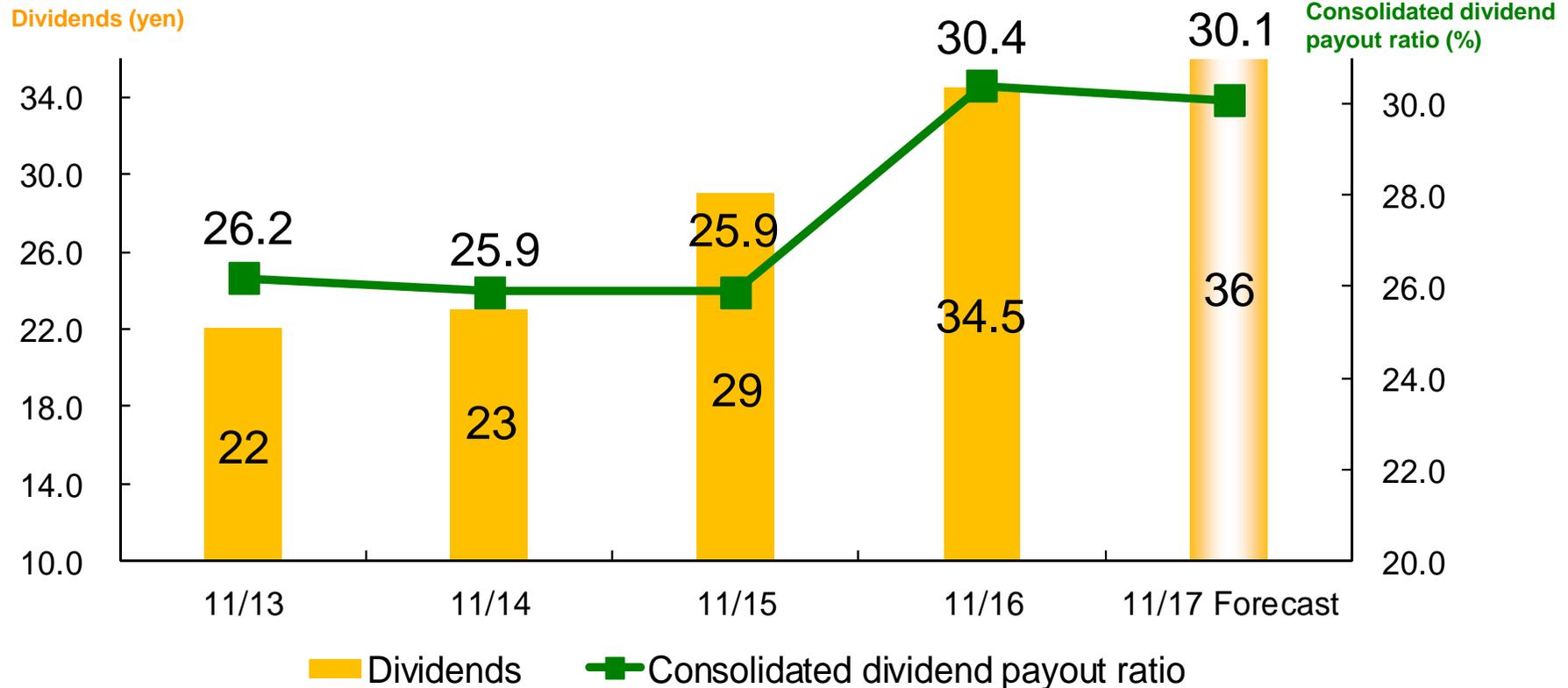
Dividends

Dividends

Dividends for fiscal 2017 will be 36 yen, an increase of 1.5 yen

【Policy on Return to Shareholders】
Dividends are our top priority
 We aim for a steady increase in dividends over the long term

【Standard for Dividend Decisions】
Consolidated dividend payout ratio of over 30%
 Target of DOE 2.2%



*DOE: Consolidated dividends on equity ratio

Reference Materials

Reference: Performance Trends

	(¥bn)					
	11/12	11/13	11/14	11/15	11/16	11/17 Plan
《 New Accounting Method 》						
Condiments Products				142.2	144.1	154.0
				12.5	13.7	15.2
Egg Products				104.6	102.2	103.0
				5.4	5.5	5.6
Delicatessen Products				100.4	111.8	114.8
				2.8	3.5	4.1
Processed Foods				57.5	51.3	46.9
				(0.3)	0.5	0.3
Fine Chemical Products				11.3	10.9	12.3
				0.4	1.0	1.2
Distribution System				127.7	126.9	127.0
				4.8	4.9	5.8
Common Business Operations				5.9	5.2	7.0
				0.9	0.8	0.8
Total				549.8	552.3	565.0
				26.4	29.8	33.0
《 Former Accounting Method 》						
Condiments Products	138.6	145.4	151.5	157.1		
	11.5	11.5	11.5	12.5		
Egg Products	85.6	91.2	99.5	104.8		
	4.9	3.4	3.8	5.4		
Delicatessen Products	91.6	98.0	102.2	109.1		
	3.1	3.5	3.3	2.7		
Processed Foods	59.1	58.4	57.2	62.3		
	(1.0)	(0.9)	0.2	(0.3)		
Fine Chemical Products	8.3	9.7	10.7	11.3		
	1.0	0.9	1.0	0.4		
Distribution System	115.7	120.3	126.8	127.7		
	3.2	3.2	3.6	4.8		
Common Business Operations	6.2	7.6	5.5	5.9		
	0.8	0.8	1.0	0.9		
Total	505.0	530.5	553.4	578.2		
	23.4	22.4	24.3	26.4		

* Beginning in fiscal 2016, the accounting standards for recording net sales and the depreciation method for fixed assets were changed.

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

Reference: Capital Investments and Main SG&A Expenses

(¥bn)

		11/12	11/13	11/14	11/15	11/16	11/17 Plan
Capital Investments		20.9	27.1	30.1	32.4	33.0	31.4
Depreciation Expenses		14.1	14.6	16.1	19.1	18.3	16.8
Sales Promotion Expenses	New accounting method				3.5	3.7	4.0
	Former accounting method	19.5	20.5	21.4	23.5		
Advertising Expenses		7.9	7.9	8.0	8.7	8.7	9.7
Transportation and Warehousing Expenses	New accounting method				25.0	25.0	25.7
	Former accounting method	28.9	30.5	32.0	33.3		
Payroll Expenses		24.3	25.4	26.5	28.7	29.8	31.3
R&D Expenses		3.4	3.7	3.9	4.2	4.0	4.3

* Beginning in fiscal 2016, the accounting standards for recording net sales and the depreciation method for fixed assets were changed.

* Depreciation expenses for fiscal 2016 includes negative 2.8 billion yen for one-time write-off of residual book value.

Reference: Fiscal 2016 Impact on Operating Income Resulting from Changes in Depreciation Method

(¥bn)

	Fiscal 2016			Fiscal 2017 Plan
	Declining balance method ⇒ Straight-line method	One-time write- off of residual book value	Total	
Condiments Products Business	1.1	(0.9)	0.2	0.9
Egg Products Business	0.9	(0.4)	0.5	0.4
Delicatessen Products Business	0.7	(0.1)	0.6	0.1
Processed Foods Business	0.4	(0.4)	(0.0)	0.4
Fine Chemical Products Business	0.2	(0.1)	0.1	0.1
Distribution System Business	1.9	(0.7)	1.1	0.7
Common Business Operations	0.0	(0.1)	(0.1)	0.1
Total	5.2	(2.8)	2.4	2.8

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

(¥bn)

	Increase (Decrease) in gross profit resulting from increase in net sales	Improvement of 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	2.5	0.8	(0.5)	(0.3)	(1.0)	1.5
Egg Products Business	0.3	0.3	(0.0)	(0.4)	(0.1)	0.1
Delicatessen Products Business	0.7	0.6	(0.2)	(0.2)	(0.3)	0.6
Processed Foods Business	(1.3)	1.5	(0.4)	0.2	(0.3)	(0.2)
Fine Chemical Products Business	0.6	0.0	(0.2)	(0.0)	(0.3)	0.2
Total of five food segments	3.0	3.2	(1.3)	(0.7)	(1.9)	2.2

Reference: Results of Salad Condiments by Category Type in Japan

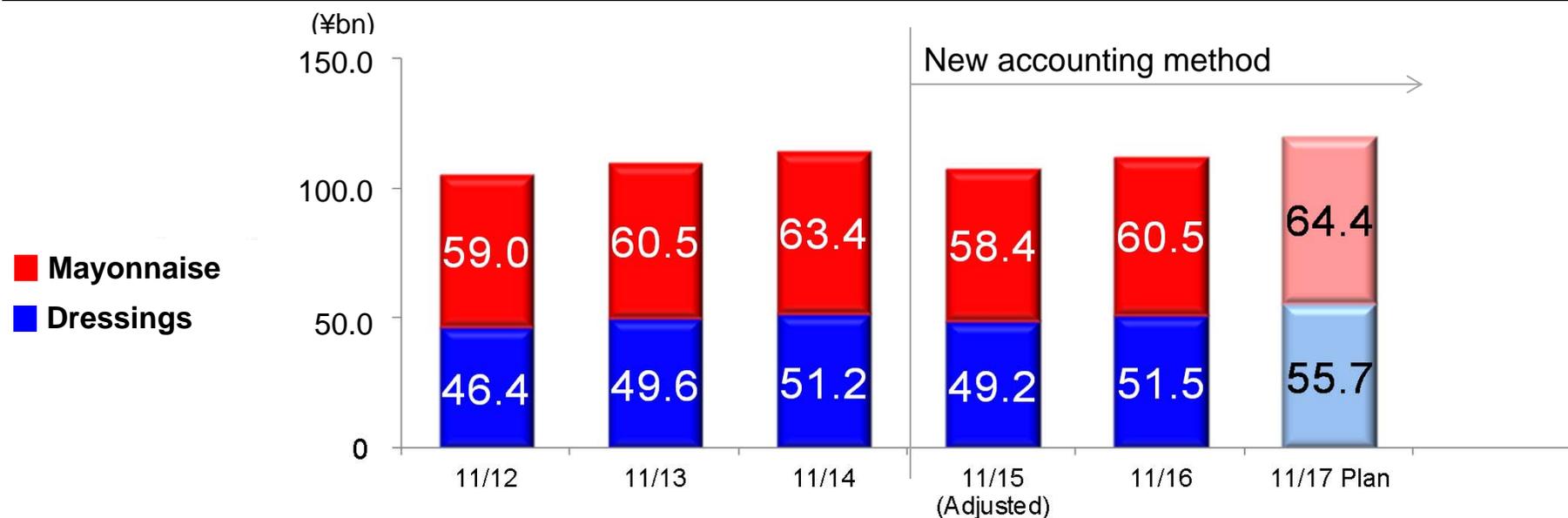
			11/13	11/14	11/15	11/16	Change YoY
For household use	Volume (1,000 t)		128	125	126	126	0.7%
	Amount (¥bn)	New accounting method			63.8	63.9	0.1%
		Former accounting method	75.4	76.1	77.3		
For commercial use	Volume (1,000 t)		107	105	106	107	0.6%
	Amount (¥bn)	New accounting method			41.6	41.3	(0.8)%
		Former accounting method	41.5	41.8	42.0		
Total	Volume (1,000 t)		235	230	232	233	0.6%
	Amount (¥bn)	New accounting method			105.4	105.2	(0.2)%
		Former accounting method	116.9	117.9	119.3		

* Beginning in fiscal 2016, the accounting standards for recording net sales was changed.

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

(¥bn)

	11/12	11/13	11/14	11/15	11/16	11/17 Plan
《New accounting method》						
Mayonnaise				58.4	60.5	64.4
Dressings				49.2	51.5	55.7
Total				107.6	112.0	120.1
《Former accounting method》						
Mayonnaise	59.0	60.5	63.4	67.5		
Dressings	46.4	49.6	51.2	54.0		
Total	105.4	110.1	114.6	121.5		



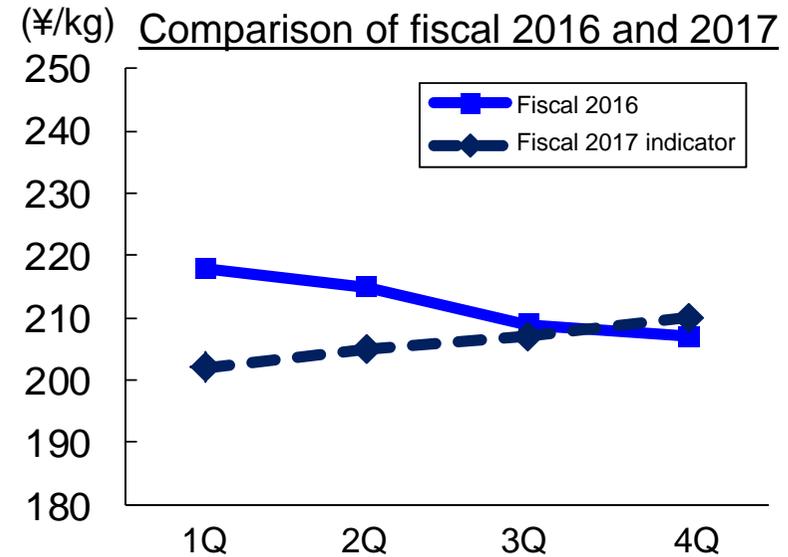
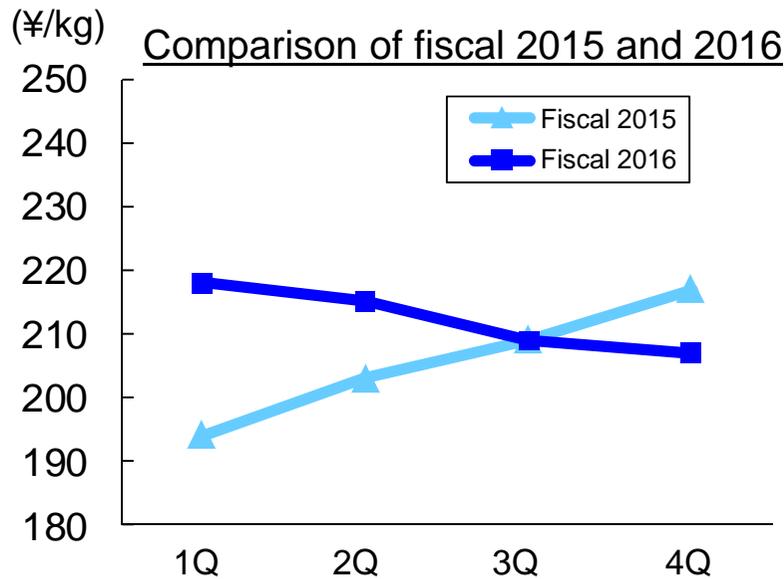
* Beginning in fiscal 2016, the accounting standards for recording net sales was changed.

Reference: Actual Results and Indicators for Main Markets

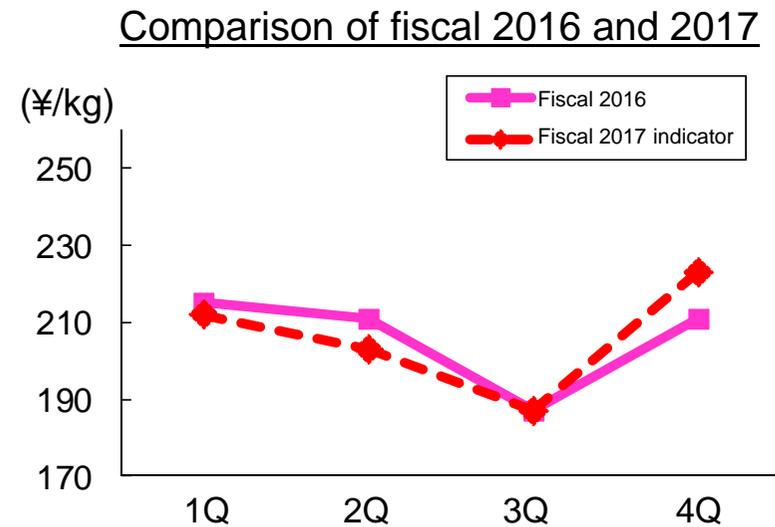
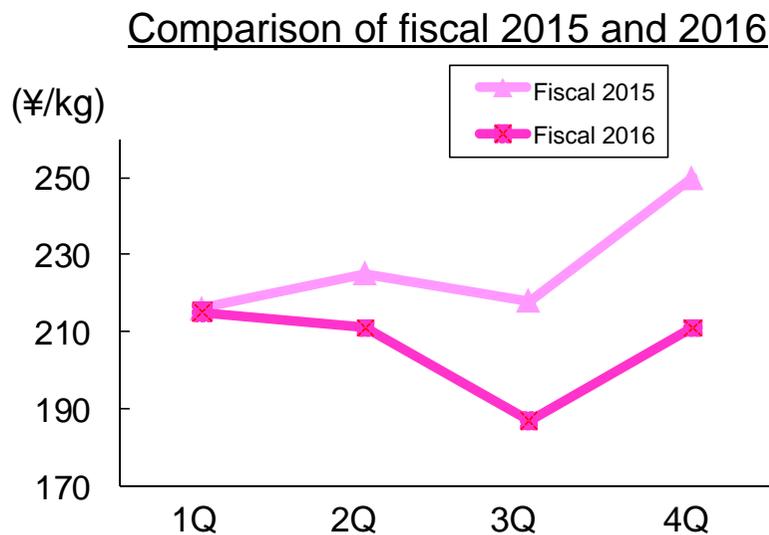
	11/15	11/16	(¥) 11/17 indicator
Average Price of Institutional Use (Tank Truck Base) for Processed Oil and Fats (per kg)	206	212	206
Medium-Sized Egg, Tokyo Market Average Price (per kg)	227	206	206
US\$ exchange rates (average over fiscal year) (per 1 \$)	119	112	111
RMB exchange rates (average over fiscal year) (per 1 RMB)	19	17	16

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】

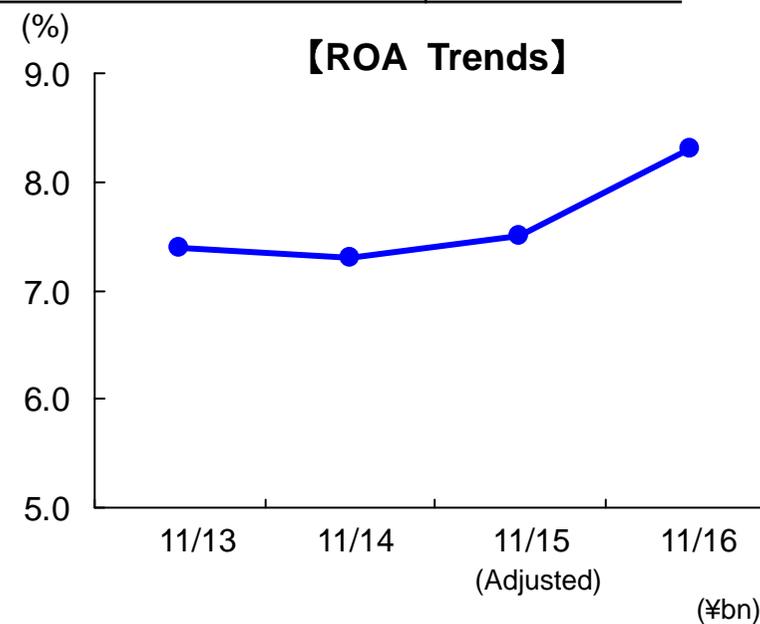
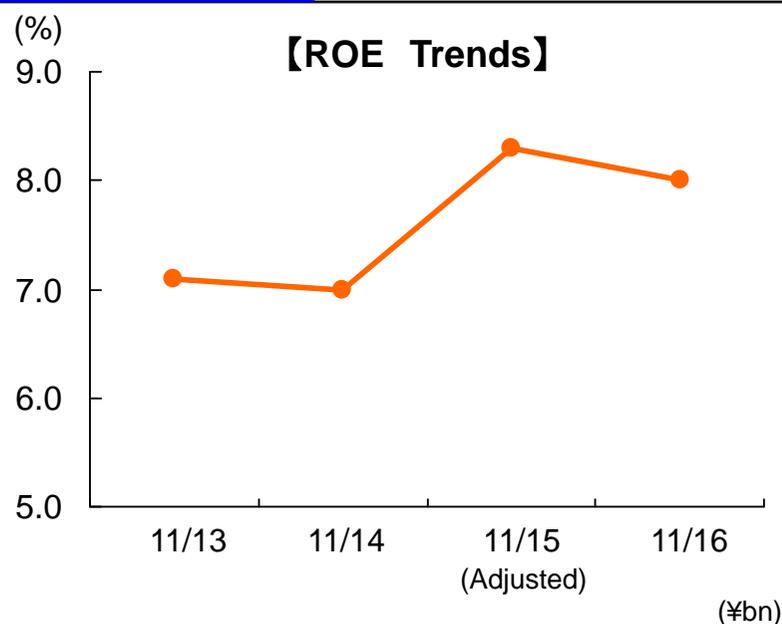


【Benchmark price for medium-sized eggs, Tokyo market】



Reference: ROE・ROA Trends

	(%)				
	11/13	11/14	11/15 (Adjusted)	11/16	11/17 Plan
ROE (Return on equity)	7.1	7.0	8.3	8.0	8.2
ROA (Return on assets)	7.4	7.3	7.5	8.3	8.4



	11/13	11/14	11/15 (Adjusted)	11/16
Net income	12.6	13.4	17.0	17.1
Shareholders' equity	184.2	195.1	212.9	212.6

	11/13	11/14	11/15 (Adjusted)	11/16
Ordinary income	23.7	25.4	27.2	31.4
Total assets	334.7	357.0	373.0	385.9

* Beginning in fiscal 2016, the accounting standards for recording net sales was changed. In fiscal 2015, figures correcting for this impact were used.

* "Net income" of fiscal 2016 is profit attributable to owners of parent.

Reference: Initiatives for society and the environment

Kewpie Corporation carries out a wide range of initiatives as a member of the local community

◆ Dietary education

Mayonnaise classes

On-site classes that conveys the pleasures of food and the importance of consuming vegetables



Held at 405 elementary schools in fiscal 2016, with about 20,000 children participating

Dietary education event

Various events are held at factories and tour facilities



Mothers brought their babies to learn key points about baby food

Establishment of Kewpie Mirai Egg Foundation

(to be established in April 2017)

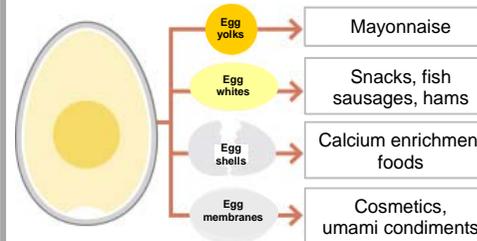
Support for an organization carrying out food education activities and taking measures addressing child poverty

As social issues surrounding “food” become more serious, Kewpie aims to expand the scope of its activities and support ongoing activities with the aim of creating a healthy society in line with Kewpie Group activities.

◆ Activities to reduce environmental impact

Recycling eggs

About 25,000 tons of egg shells were completely recycled



Constructive and effective use of egg shells and egg membranes

Recycling unused parts of vegetables

Potato skins and trimmings used for animal feed

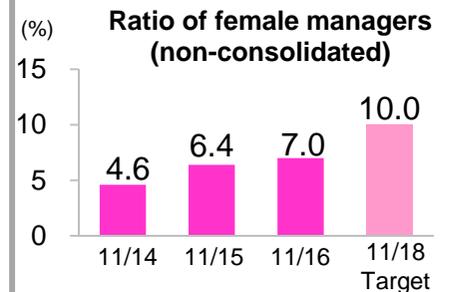


Production of animal feed is about 190 tons/month; this resulted in a 34% reduction in the consigned amount of discharge

◆ Promotion of diversity

Encouraging active role of women

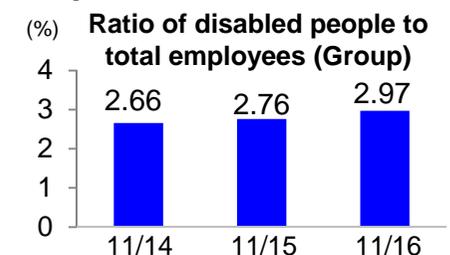
Developing female leaders (Appointment as project leaders)



Targeting 10% overall in fiscal 2018

Promotion of employment of disabled people

Create workplaces in which people can experience the joy and significance of work



Promotion of the employment of disabled people in the Group overall, starting with special subsidiary Kewpie Ai

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.

Although this handout is made with extreme care, we assume no responsibility whatsoever for any damages resulting from possible errors in the contents.

Also, this handout is not intended to solicit investment. Please make any investment decisions according to your own judgment.