

**Fiscal 2016 Interim Financial Meeting**  
**The Group's New Challenges**  
**Lead to Dramatic Growth**

**1st Stage Interim Report**



July 5, 2016  
Kewpie Corporation

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

## = Contents =

1. Fiscal 2016 Interim Results
2. Fiscal 2016 Plans
3. Main Initiatives by Business Segment
4. Overseas Expansion  
Results and Main Initiatives
5. Dividends
6. Reference Materials

# Fiscal 2016 Interim Results

# Fiscal 2016 Interim Results

Net sales increased by 4.2 billion yen and operating income increased by 1.0 billion yen (year on year)

	5/15 <sup>*1</sup> (Adjusted)	5/16 Results	Change YoY	Increase (Decrease)	Plan Comparison <sup>*3</sup>
Net Sales	269.2 ¥bn	273.4 ¥bn	1.6%	4.2 ¥bn	(9.6) ¥bn
Domestic	251.8	254.2	1.0	2.4	(7.6)
Overseas <sup>*2</sup>	17.4	19.2	10.2	1.8	(2.1)
Operating Income	13.1 ¥bn	14.2 ¥bn	8.0%	1.0 ¥bn	2.4 ¥bn
Domestic	11.3	12.2	8.2	0.9	2.4
Overseas <sup>*2</sup>	1.8	2.0	6.7	0.1	0.1
Operating Income Ratio	4.9%	5.2%		0.3%	1.0%
Ordinary Income	13.5 ¥bn	14.8 ¥bn	9.5%	1.3 ¥bn	2.7 ¥bn
Profit Attributable to Owners of Parent	9.6 ¥bn	8.2 ¥bn	(15.1)%	(1.5) ¥bn	2.5 ¥bn

\*1. In the fiscal 2015 interim, adjusted figures for the impact of changes to accounting standards for recording net sales have been applied.

\*2. Figures for overseas are for the period from October through March. Exports from Japan are included (exports from Japan cover the period from December through May).

\*3. Plan comparison indicates difference for figures announced in January 2016.

# Fiscal 2016 Interim Summary of Sales

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

	5/15 (Adjusted)*	5/16 Results	Change YoY	Increase (Decrease)
Sales	269.2 ¥bn	273.4 ¥bn	1.6%	4.2 ¥bn
Condiments Products	70.0	71.8	2.6	1.8
Egg Products	50.7	51.9	2.2	1.1
Delicatessen Products	48.4	54.1	11.7	5.7
Processed Foods	28.6	25.7	(10.2)	(2.9)
Fine Chemical Products	5.5	5.3	(3.7)	(0.2)
Distribution System	63.1	62.3	(1.3)	(0.8)
Common Business Operations	2.9	2.5	(14.8)	(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	Stability in the hen's egg market was a downside factor for revenue, but revenue grew due to price revisions and growth in frozen eggs for restaurants and the ready-made foods industry.
Delicatessen Products	Revenue grew 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, however sales of jam and baby foods 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 was down due to a decline in existing transactions resulting from changes to the distribution system of business partners.

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

# Fiscal 2016 Interim Summary of Operating Income

Income rose due to the growth of high-value-added products and improved costs

	5/15 (Adjusted)*	5/16 Results	Change YoY	Increase (Decrease)
Operating Income	13.1¥bn	14.2 ¥bn	8.0%	1.0 ¥bn
Condiments Products	6.3	6.2	(1.1)	(0.1)
Egg Products	2.7	3.2	15.3	0.4
Delicatessen Products	1.1	1.5	40.1	0.4
Processed Foods	0.1	0.3	150.1	0.2
Fine Chemical Products	0.1	0.6	378.1	0.5
Distribution System	2.2	2.1	(2.1)	(0.0)
Common Business Operations	0.6	0.3	(55.9)	(0.3)

## ■ Operating Income by Segment

Condiments Products	Income fell due to the impact of changes to the depreciation method, but the overseas expansion contributed to profits.
Egg Products	Income rose due the growth of value-added products and stability in the domestic hen's egg market.
Delicatessen Products	Income increased due to the impact of changes to the depreciation method, in addition to higher income resulting from sales growth.
Processed Foods	Income rose due the growth in jams and the review of unprofitable products.
Fine Chemical Products	Income rose due to growth of hyaluronic acid for medical use and improvements in raw material procurement costs.
Distribution System	Income fell due to a decrease in existing transactions and higher costs attributable to the operation of new bases, but there was progress in streamlining storage and transportation.

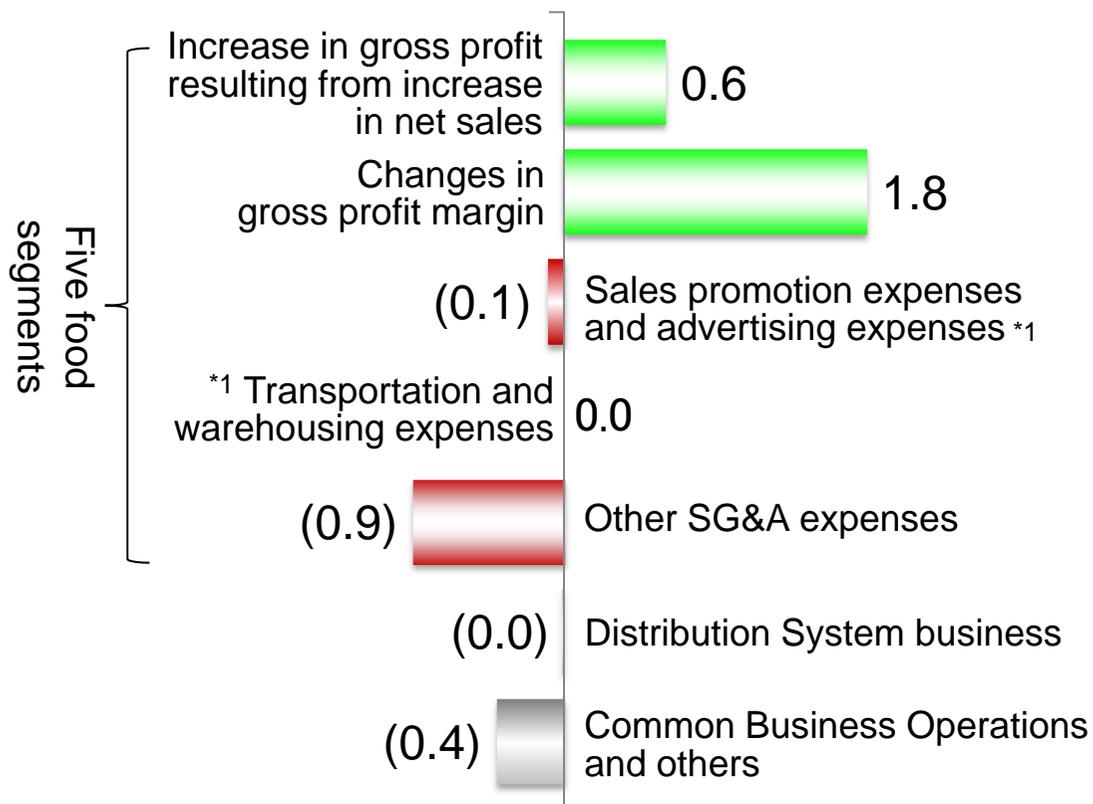
\* In the fiscal 2015 interim, adjusted figures for the impact of changes to accounting standards for recording net sales have been applied.

# Factors Causing Increase (Decrease) in Operating Income

(¥bn)

	5/15 (Adjusted)	5/16 Results	Difference
<b>Operating Income</b>	<b>13.1</b>	<b>14.2</b>	<b>1.0</b>

## Main Contents



### 【Changes in gross profit margin】

- Initiatives aimed at generating income and others 3.3  
(Shift to value-added products, price revisions for egg products, cost improvements, etc.)
- Increase in depreciation and amortization (0.9)<sup>\*2</sup>
- Increase in raw material costs (0.6)

### 【Other SG&A expenses】

- Increase in payroll expenses (0.4)
- Increase in costs due to transfer of headquarters (0.5)

Total of decrease: 1.4

1.0

Total of increase: 2.4

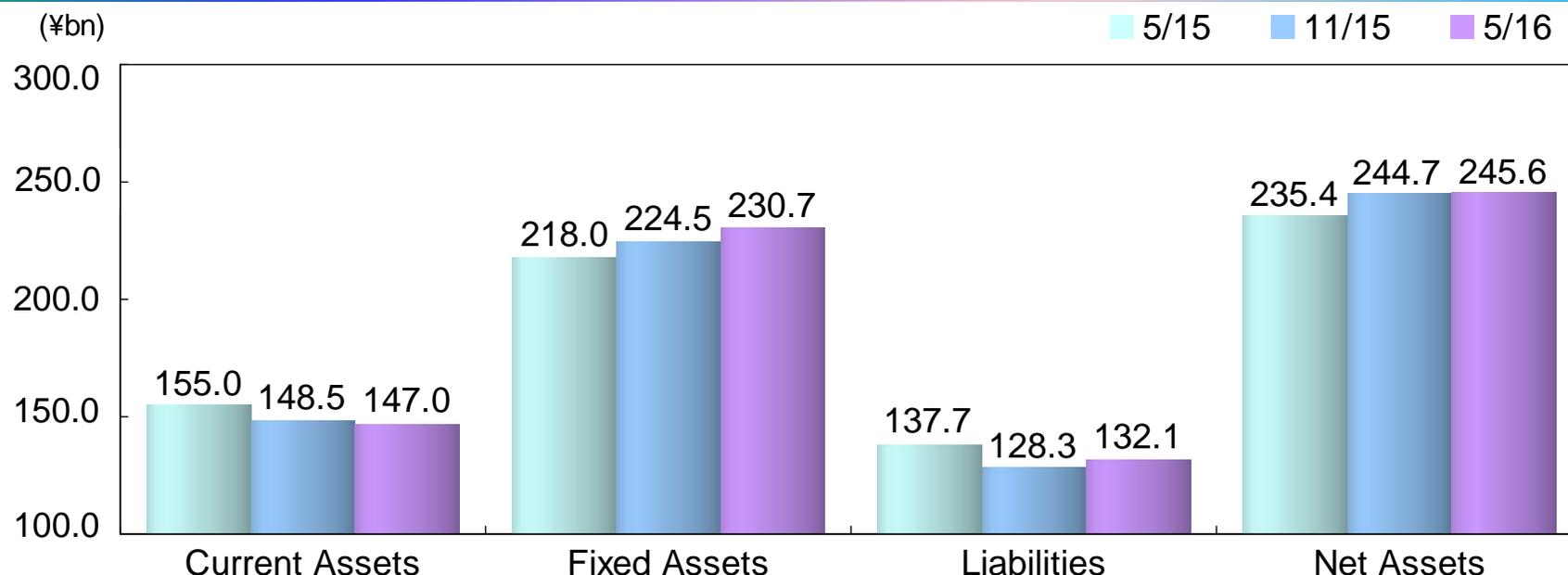
\*1. Sales promotion expenses and transportation and warehousing expenses for the fiscal 2015 interim were adjusted to reflect the amounts deducted from net sales.

\*2. The impact from changing the depreciation method was a decrease of 0.4 billion yen.

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

	(¥bn)			
	5/15 (Adjusted)	5/16 Results	Increase (Decrease)	
Operating income	13.1	14.2	1.0	<Key Points of Non-operating Income (Expenses)>  Increase in equity in earnings of affiliates 0.1
Non-operating income (expenses)	0.4	0.6	0.2	
Ordinary income	13.5	14.8	1.3	<Key Points of Extraordinary Gains (Losses)>  Decrease in extraordinary gains due to Aohata Corporation becoming a consolidated subsidiary (1.9)
Extraordinary gains (losses)	1.5	(0.6)	(2.1)	
Income before income taxes	15.0	14.2	(0.8)	<Key Points for Income Taxes and Profit Attributable to Non-controlling Interests>  Increase due to increase in operating income 0.6
Income taxes, and profit attributable to non-controlling interests	5.4	6.0	0.6	
Profit attributable to owners of parent	9.6	8.2	(1.5)	

# Key Points of Balance Sheet



## Comparison with Fiscal 2015

### Decrease in current assets

**(1.5) ¥bn**

- Decrease in cash and deposits (3.7)
- Increase in notes and accounts receivable – trade 0.7
- Increase in deferred tax assets 0.9

### Increase in fixed assets

**6.2 ¥bn**

- Increase resulting from purchases of tangible and intangible fixed assets 15.0
- Decrease resulting from depreciation (10.3)
- Increase in assets for retirement benefits 0.9

### Increase in liabilities

**3.8 ¥bn**

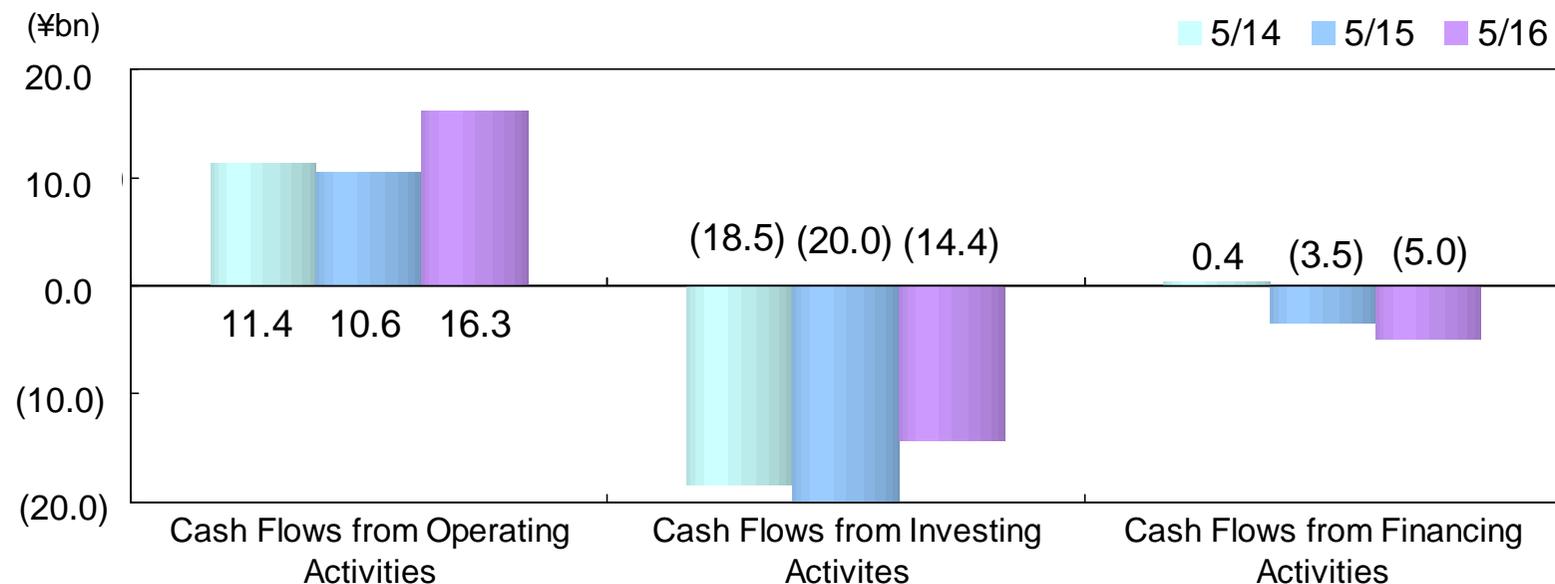
- Increase in accrued income taxes 2.5
- Increase in reserves 1.9
- Decrease in accrued expenses (3.5)
- Increase in loans payable 3.1

### Increase in net assets

**0.9 ¥bn**

- Increase in earned surplus 5.7
- Increase in treasury stock (4.7)

# Key Points of Cash Flows



## Comparison with Fiscal 2015 Interim

Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities	
• Increase in depreciation and amortization	1.4	• Decrease in purchases of tangible fixed assets	5.3	• Increase in loans payable	3.2
• Decrease in inventories	1.8			• Increase in purchase of shares	(4.7)
• Increase in notes and accounts payable – trade	2.9				

## Conditions in capital investments

5/16 Results	11/16 Plan
15.1 ¥bn	39.1 ¥bn

# Fiscal 2016 Plans

# Fiscal 2016 Plans

Net sales to increase by 10.2 billion yen and  
operating income to increase by 2.6 billion yen

	11/15 (Adjusted) *1	11/16 Plan	Change YoY	Increase (Decrease)
Net Sales	549.8 ¥bn	560.0 ¥bn	1.9%	10.2 ¥bn
Domestic	512.1	521.7	1.9	9.6
Overseas *2	37.7	38.3	1.8	0.7
Operating Income	26.4 ¥bn	29.0 ¥bn	10.0%	2.6 ¥bn
Domestic	22.3	25.6	14.6	3.3
Overseas *2	4.0	3.4	(15.1)	(0.6)
Operating Income Ratio	4.8%	5.2%	—	0.4%
Ordinary Income	27.2 ¥bn	30.1 ¥bn	10.6%	2.9 ¥bn
Profit Attributable to Owners of Parent	17.0 ¥bn	15.9 ¥bn	(6.3)%	(1.1) ¥bn
ROE (Return on equity)	8.3%	7.4%	—	(0.9)%
ROA (Return on assets)	7.5%	7.8%	—	0.3%
EBITDA (Operating income + Depreciation expenses)	45.4 ¥bn	47.1 ¥bn	—	1.7 ¥bn

\*1. In the fiscal 2015, adjusted figures for the impact of changes to accounting standards for recording net sales have been applied.

\*2. 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).

# Factors Causing Increase (Decrease) in Operating Income

(¥bn)

	11/15 (Adjusted)	11/16 Plan	Difference
<b>Operating Income</b>	<b>26.4</b>	<b>29.0</b>	<b>2.6</b>

## Main Contents

**【Increase in gross profit resulting from increase in net sales】**

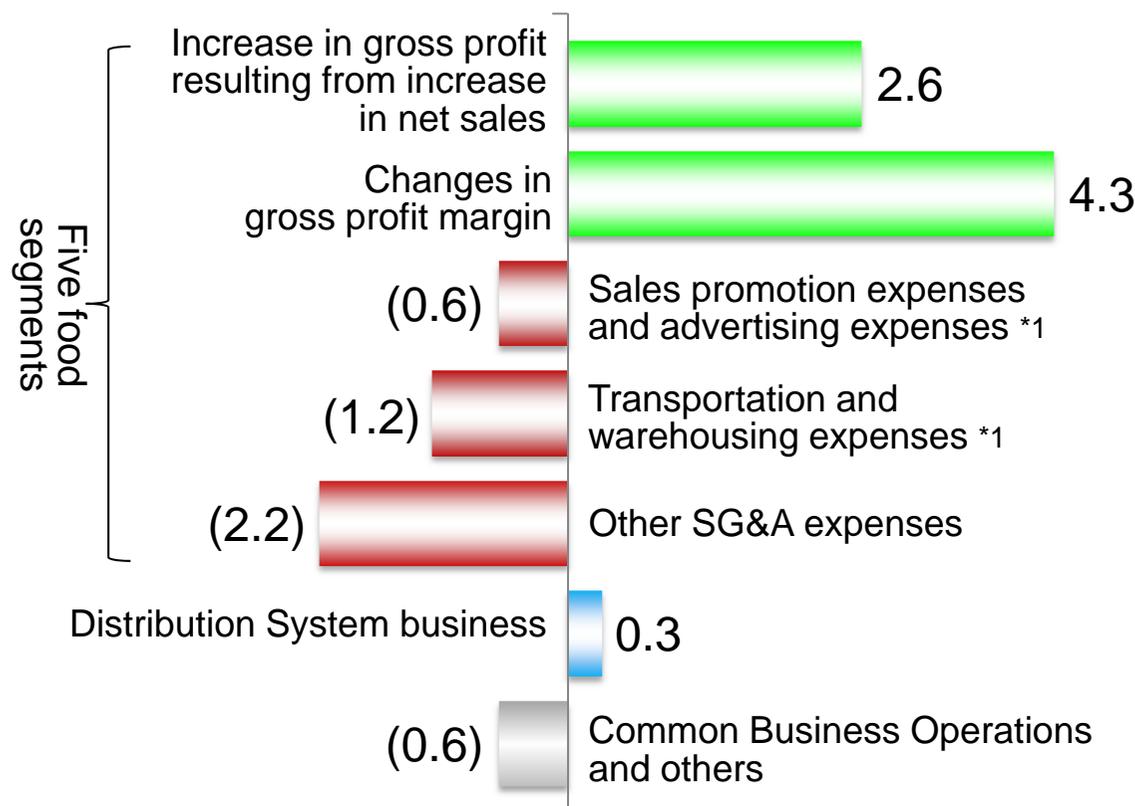
- Growth in domestic sales 1.9  
(Mayonnaise, dressings, cut vegetables)
- Growth in overseas sales 0.7

**【Changes in gross profit margin】**

- Initiatives aimed at generating income and others 4.4  
(Shift to value-added products, price revisions for egg products, cost improvements, etc.)
- Decrease in depreciation and amortization 0.8\*2
- Increase in raw material cost (0.9)

**【Other SG&A expenses】**

- Increase in payroll expenses (1.0)
- Increase in costs due to transfer of headquarters (0.9)



Total of decrease: 4.6

2.6

Total of increase: 7.2

\*1. Sales promotion expenses and transportation and warehousing expenses for the fiscal 2015 were adjusted to reflect the amounts deducted from net sales.

\*2. The impact from changing the depreciation method was an increase of 2.2 billion yen.

# New Initiatives to Generate Profits

---

**Effective product  
development and  
education**

**Improvement in  
distribution efficiency**

**Improvement in  
production efficiency**

# Main Initiatives by Business Segment

# Fiscal 2016 Plans by Segment

(¥bn)

	Sales by Segment			Operating Income by Segment		
	11/15 (Adjusted)*	11/16 Plan	Increase (Decrease)	11/15 (Adjusted)*	11/16 Plan	Increase (Decrease)
Total	549.8	560.0	10.2	26.4	29.0	2.6
Condiments Products	142.2	147.5	5.3	12.5	12.9	0.4
Egg Products	104.6	105.5	0.9	5.4	5.5	0.1
Delicatessen Products	100.4	113.0	12.6	2.8	3.9	1.1
Processed Foods	57.5	52.0	(5.5)	(0.3)	0.4	0.7
Fine Chemical Products	11.3	11.0	(0.3)	0.4	0.9	0.5
Distribution System	127.7	125.5	(2.2)	4.8	5.1	0.3
Common Business Operations	5.9	5.5	(0.4)	0.9	0.3	(0.6)

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

# Condiments Products Business

(¥bn)	11/16 Plan	11/15 Difference
Net Sales	147.5	5.3
Operating Income	12.9	0.4
Operating Income Ratio	8.7%	(0.1)%

## 【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/16 Results (H1)	11/16 Plan (Annual)
Increase in gross profit resulting from increase in net sales	0.5	2.2
Changes in gross profit margin*	(0.3)	(0.5)
Sales promotion expenses and advertising expenses	0.2	(0.1)
Transportation and warehousing expenses	(0.1)	(0.4)
Other SG&A expenses	(0.4)	(0.8)
Total	(0.1)	0.4

\*“Changes in gross profit margin” includes a 0.6 ¥bn decrease in raw material costs in H1 and a 0.9 ¥bn decrease in the annual year.

## 【Main initiatives】

\*The numbers refer to the differences in operating income between the 11/16 plan and the 11/15 results. (¥bn)

### ◇Mayonnaise (Domestic)

[0.2]

- ➔ Foods with function claims were added to the lineup in an effort to expand health-oriented products, particularly half-calorie mayonnaise
- ➔ Utilize SNS to attract young people and boost demand



First mayonnaise product compatible with foods with function claims (500 million yen in net sales of 11/16)

### ◇Dressings (Domestic)

[0.1]

- ➔ Popularize new salad styles and expand demand with new products that meet the customers' needs
- ➔ Product development focused on key products to boost demand



200 ml China  
25 ml Malaysia

Sesame dressing also popular in East Asia

### ◇Overseas expansion

[0.4]

- ➔ Accelerate expansion of mayonnaise and dressings in East Asia, particularly China

# Egg Products Business

(¥bn)	11/16 Plan	11/15 Difference
Net Sales	105.5	0.9
Operating Income	5.5	0.1
Operating Income Ratio	5.2%	0.0%

\*1. Impacts of fluctuations in the hen's egg market price to net sales (0.7) ¥bn, operating income 0.2 ¥bn. (11/15 difference)  
 \*2. US subsidiary had a (1.6) ¥bn impact on net sales and a (1.2) ¥bn impact on operating income. (11/15 difference)

## 【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/16 Results (H1)	11/16 Plan (Annual)
Increase in gross profit resulting from increase in net sales	0.1	(0.1)
Changes in gross profit margin	0.5	0.9
Sales promotion expenses and advertising expenses	0.0	(0.1)
Transportation and warehousing expenses	0.0	(0.2)
Other SG&A expenses	(0.2)	(0.3)
Total	0.4	0.1

## 【Main initiatives】

\*The numbers refer to the differences in operating income between the 11/16 plan and the 11/15 results. (¥bn)

### ◇ Cultivate commercial shell egg market [0.2]

\*Commercial shell egg market is the market for eggs in their shells primarily aimed at restaurants, cafeterias, and the delicatessen sector.

- Expansion of frozen eggs in small packages
- Product development that meets the customers' needs



Frozen eggs in small quantities (20 g) containing soy sauce-flavored stock in the perfect combination for warm rice

### “Customers' needs”

- Functions of eggs (foaming property, color, etc.)
- Reduction in work required to break eggs, small quantities, sanitation, etc.

### ◇ Strengthen earning capacity [1.2]

- Steady penetration of price revisions (effect of price revisions [1.0])
- Reduction in production costs (hard-boiled eggs, egg salads, etc.)

### ◇ Expansion in North America [(1.2)] (Impact from drop in US hen's egg market)

~Initiatives for next fiscal year~

- Strengthen raw material procurement and sales price controls
- Cost improvements due to production streamlining

# Delicatessen Products Business

(¥bn)	11/16 Plan	11/15 Difference
Net Sales	113.0*	12.6
Operating Income	3.9	1.1
Operating Income Ratio	3.5%	0.7%

\*The LL salad transfer had a 6.4 ¥bn impact on net sales.

## 【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/16 Results (H1)	11/16 Plan (Annual)
Increase in gross profit resulting from increase in net sales	0.9	2.1
Changes in gross profit margin	0.7	1.7
Sales promotion expenses and advertising expenses	0.0	(0.3)
Transportation and warehousing expenses	(0.4)	(1.0)
Other SG&A expenses	(0.7)	(1.5)
Total	0.4	1.1

## 【Main initiatives】

\*The numbers refer to the differences in operating income between the 11/16 plan and the 11/15 results. (¥bn)

### ◇Cut vegetables [0.4]

- Expansion of high-value-added products

Packaged salads for households



Kale salad



Quinoa mix  
(Topping for salads)

New sales channels for restaurants



Individual serving in cup format

### ◇Delicatessen foods [0.2]

- Expansion in home delivery routes  
Horizontal expansion nationwide from central Tokyo region
- Open new channels such as restaurants and offices

### ◇Cooked rice [0.5]

- Expand channels to mass-merchandise stores
- Production streamlining through use of robots  
Plans to gradually introduce robots with rice ball-stacking function

# Processed Foods Business

(¥bn)	11/16 Plan	11/15 Difference
Net Sales	52.0*	(5.5)
Operating Income	0.4	0.7
Operating Income Ratio	0.8%	—

\*The LL salad transfer had a (6.9) ¥bn impact on net sales.

## 【Factors Causing Increase (Decrease) in Operating Income】

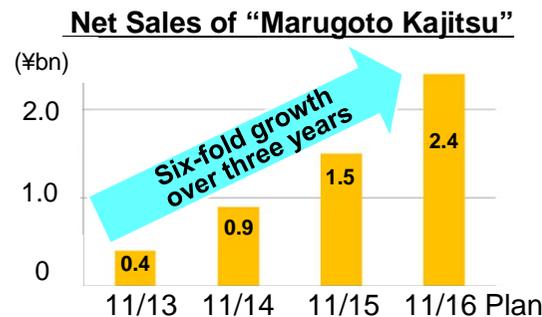
(¥bn)	5/16 Results (H1)	11/16 Plan (Annual)
Increase in gross profit resulting from increase in net sales	(0.9)	(1.5)
Changes in gross profit margin	0.5	1.2
Sales promotion expenses and advertising expenses	0.0	0.0
Transportation and warehousing expenses	0.3	0.5
Other SG&A expenses	0.3	0.5
Total	0.2	0.7

## 【Main initiatives】

\*The numbers refer to the differences in operating income between the 11/16 plan and the 11/15 results. (¥bn)

### ◇ Jams and spreads for households

- Attract new customers with small volume of “Marugoto Kajitsu” [0.1]



Small volume of 125 g  
(1/2 the capacity of existing products)

### ◇ Household nursing care food [0.1]

- In addition to “Porridge agents,” expand lineup of products for stores and mail orders
- Develop new sales channels for home delivery



Soft foods



Porridge agents  
(Released in August)



Health supplements

### ◇ Steadily refine categories [0.3]

- Review of loss-making products and unprofitable categories

# Fine Chemical Products Business

(¥bn)	11/16 Plan	11/15 Difference
Net Sales	11.0	(0.3)
Operating Income	0.9	0.5
Operating Income Ratio	8.2%	4.7%

\* Heightened competition for EPA for medical use pushed sales down by 1.1 ¥ bn and lowered operating income by 0.1 ¥bn.

## 【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/16 Results (H1)	11/16 Plan (Annual)
Increase in gross profit resulting from increase in net sales	0.0	(0.1)
Changes in gross profit margin	0.5	0.9
Sales promotion expenses and advertising expenses	0.0	(0.1)
Transportation and warehousing expenses	0.0	(0.0)
Other SG&A expenses	0.0	(0.1)
Total	0.5	0.5

## 【Main initiatives】

\*The numbers refer to the differences in operating income between the 11/16 plan and the 11/15 results. (¥bn)

- ◇Specialize in value-added products (hyaluronic acid, egg yolk lecithin) [0.5]
  - Continue with cost improvements and rebuilding of raw material procurement system
  - Reinforce sales in Asia and North America

## ◇Strengthen mail order sales [0.1]

- Expand customer numbers by introducing new advertising methods
  - Use of foods with function claims labelling system (Number of regular customers increased 1.5-fold in the six months since November 2015)
  - Strengthen expansion of advertising videos
- Strengthen development of products for young people and gain new customers
  - Expand collaboration with beauty magazines



“Hyalobeautey” targeting women in their 30s (released in June 2016)

# Distribution System Business

(¥bn)	11/16 Plan	11/15 Difference
Net Sales	125.5	(2.2)
Operating Income	5.1	0.3
Operating Income Ratio	4.1%	0.3%

## 【Factors Causing Increase (Decrease) in Operating Income】

(¥bn)	5/16 Results (H1)	11/16 Plan (Annual)
Expansion of new and existing fields	0.9	1.6
Strengthen transportation and storage functions, set appropriate rates	0.9	2.4
Impact of transportation costs (vehicle procurement, impact of fuel costs, etc.)	0.1	0.0
SG&A costs, labor costs, etc.	(0.9)	(2.2)
Decrease in existing transactions (reduction of unprofitable areas, etc.)	(1.0)	(1.5)
Total	(0.0)	0.3

## 【Main initiatives】

### ◇Joint distribution

- Strengthen earning capacity
  - Collect appropriate fees, standardize operations
- Network reorganization
  - Stabilization of revenue after area reorganization (Kansai, Tohoku)
- New expansion aimed at growth
  - Establish joint pastry distribution, build chilled product logistics

### ◇Dedicated distribution

- Construction of dedicated distribution center
  - Greater efficiency through center consolidation
  - Expansion in area entrusted for transactions with convenience stores

### ◇Improvements of distribution quality

- Introduction of eco-friendly equipment
  - Updates to refrigeration equipment with natural refrigerants
- Create appealing workplace
  - Promote utilization of diverse workforce
  - Provide environment in which women can perform

New design for  
“Kewso-Bin”



Enhance branding as company that is friendly to the environment and people

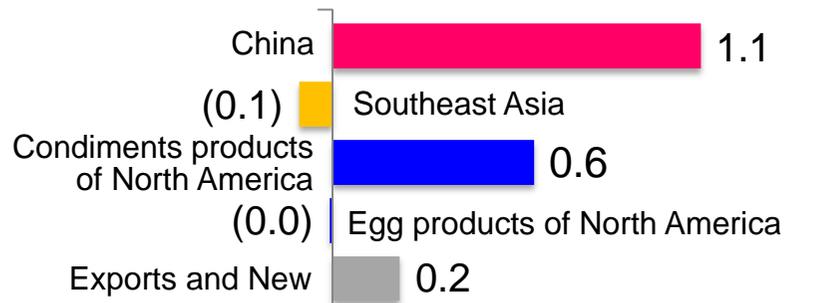
# Overseas Expansion Results and Main Initiatives

# Overseas Expansion Fiscal 2016 Interim Results

## 【Net Sales】

(¥bn)

5/15 (Adjusted) <sup>*3</sup>	5/16 Results	Increase <sup>*1</sup> (Decrease)
17.4	19.2	1.8

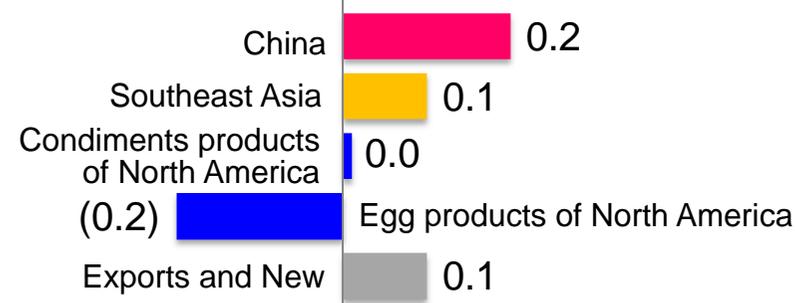


\*1. Includes impact of exchange rate of (0.5) ¥bn.

## 【Operating Income】

(¥bn)

5/15	5/16 Results	Increase <sup>*2</sup> (Decrease)
1.8	2.0	0.1



\*2. Includes impact of exchange rate of (0.0) ¥bn.

(¥bn)	Net Sales <sup>*3</sup>		Local Currency Change YoY
	5/16 Results	Change YoY	
China	7.4	18%	22%
Southeast Asia	3.9	(3)%	6%
North America	6.3	10%	8%
Condiments Products	3.0	24%	22%
Egg Products	3.4	(1)%	(2)%
Exports and New	1.5	14%	-
Overseas Total	19.2	10%	13%

5/16 Results	Change YoY	Local Currency Change YoY
0.9	24%	28%
0.1	144%	173%
0.7	(26)%	(27)%
0.2	5%	4%
0.5	(34)%	(35)%
0.3	66%	-
2.0	7%	9%

\*3. In the fiscal 2015 interim, adjusted figures for the impact of changes to accounting standards for recording net sales have been applied.

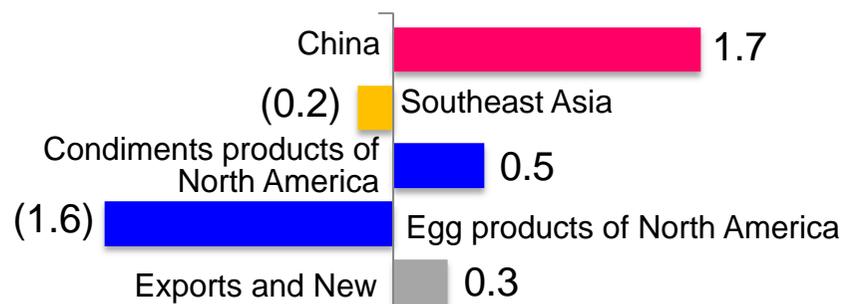
\*4. "Exports and New" refers primarily to exports from Japan. Figures other than exports from Japan cover the period from October to March.

# Overseas Expansion Fiscal 2016 Plan

## 【Net Sales】

(¥bn)

11/15 (Adjusted) <sup>*3</sup>	11/16 Plan	Increase <sup>*1</sup> (Decrease)
37.7	38.3	0.7

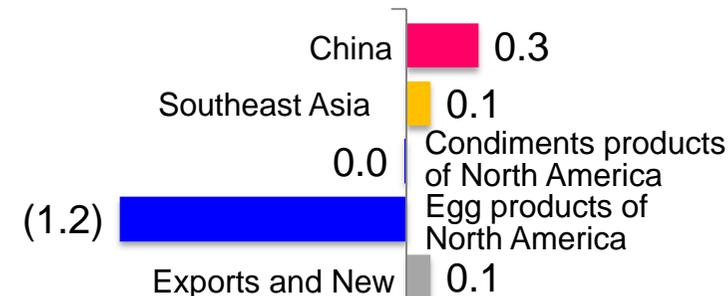


\*1. Includes impact of exchange rate of (2.9) ¥bn.

## 【Operating Income】

(¥bn)

11/15	11/16 Plan	Increase <sup>*2</sup> (Decrease)
4.0	3.4	(0.6)



\*2. Includes impact of exchange rate of (0.3) ¥bn.

(¥bn)	Net Sales <sup>*3</sup>		Local Currency Change YoY	Operating Income		Local Currency Change YoY
	11/16 Plan	Change YoY		11/16 Plan	Change YoY	
China	15.9	12%	22%	2.1	20%	31%
Southeast Asia	7.7	(3)%	9%	0.2	377%	439%
North America	11.8	(9)%	(5)%	0.7	(63)%	(62)%
Condiments Products	5.9	9%	14%	0.4	(9)%	(6)%
Egg Products	5.9	(21)%	(18)%	0.3	(81)%	(80)%
Exports and New	2.9	11%	-	0.5	42%	-
Overseas Total	38.3	2%	9%	3.4	(15)%	(9)%

\*3. In fiscal 2015, adjusted figures for the impact of changes to accounting standards for recording net sales have been applied.

\*4. "Exports and New" refers primarily to exports from Japan. Figures other than exports from Japan cover the period from October to September.

# Main Overseas Initiatives by Area

## China drives growth and profits improving in Southeast Asia

### 【China】

- ◇ Cultivate the consumer market with new food scene proposals and product expansion tailored for each area
  - Expand sales of mayonnaise and dressings by strengthening sales promotions in tandem with events and advertising
  - Release new products tailored to needs and cultivate dressing market
- ◇ Cultivate each business category with solution proposals and expand products aimed at the food service business
  - Reinforce proposals to Chinese food sector and expand the sales of mayonnaise and dressings
- ◇ Accelerate the development of new categories
  - Accelerate expansion of processed egg products ahead of start of operations at Nantong Kewpie Foods Co., Ltd.

11/16 Plan	Operating Income	2.1 ¥bn	[31%]
------------	------------------	---------	-------

### 【Southeast Asia】

- ◇ Expand sales of mayonnaise and dressings
- ◇ Expand sales for the food service sector in Indonesia
- ◇ Expand exports to Singapore and Oceania

11/16 Plan	Operating Income	0.2 ¥bn	[439%]
------------	------------------	---------	--------

### 【North America】

- ◇ Expand sales of KEWPIE dressings
- ◇ Egg subsidiary will begin initiatives aimed at the next fiscal year

11/16 Plan	Operating Income	0.7 ¥bn	[(62%)]
------------	------------------	---------	---------

### 【Exports and New】

- ◇ Strengthen penetration of brand by starting local production in Europe
- ◇ Expand exports of hyaluronic acid to Asia

11/16 Plan	Operating Income	0.5 ¥bn	[42%]
------------	------------------	---------	-------

\* 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. Figures other than exports from Japan cover the period from October to September.

\* Figures in parentheses indicate the year-on-year change based on the local currency, and the year-on-year change in yen for "Exports and New."

# Dividends

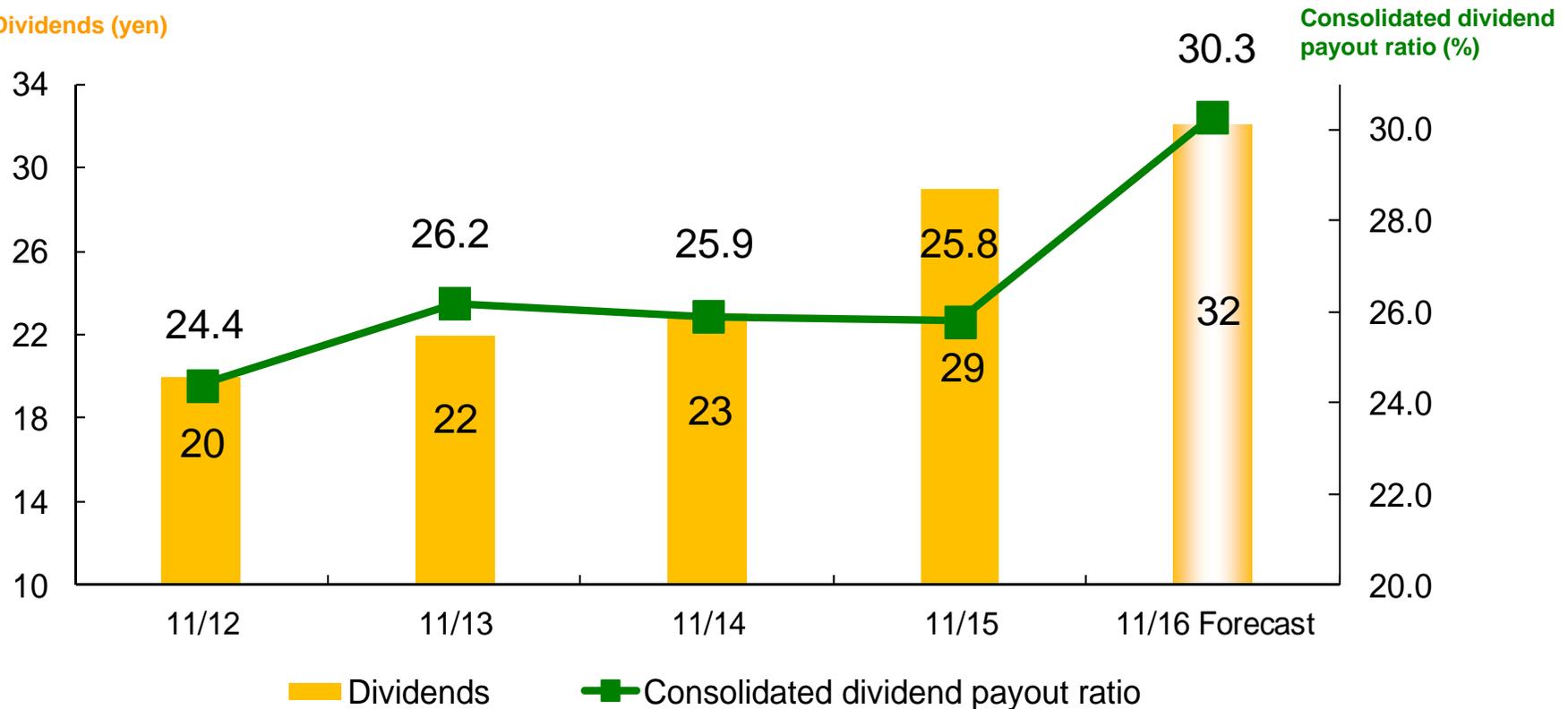
# Dividends

Dividends for fiscal 2016 will be 32 yen, an increase of 3 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%

Dividends (yen)



\*DOE: Consolidated dividends on equity ratio

# Reference Materials

# Reference: Performance Trends

(¥bn)

	11/12	11/13	11/14	11/15	11/16 Plan
《 New Accounting Method 》					
Condiments Products				142.2	147.5
				12.5	12.9
Egg Products				104.6	105.5
				5.4	5.5
Delicatessen Products				100.4	113.0
				2.8	3.9
Processed Foods				57.5	52.0
				(0.3)	0.4
Fine Chemical Products				11.3	11.0
				0.4	0.9
Distribution System				127.7	125.5
				4.8	5.1
Common Business Operations				5.9	5.5
				0.9	0.3
<b>Total</b>				549.8	560.0
				26.4	29.0
《 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	55.0	5.9	
	0.8	0.8	10.0	0.9	
<b>Total</b>	505.0	530.5	553.4	578.2	
	23.4	22.4	24.3	26.4	

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)

		5/12	5/13	5/14	5/15	5/16	11/15	11/16 Plan
Capital Investments		12.1	14.8	16.3	20.5	15.1	32.4	39.1
Depreciation Expenses		6.6	6.8	7.6	9.0	10.3*	19.1	18.1*
Sales Promotion Expenses	New accounting method				1.7	1.7	3.5	4.1
	Former accounting method	9.3	9.7	10.1	11.2			
Advertising Expenses		4.2	4.2	4.1	4.3	4.2	8.7	8.7
Transportation and Warehousing Expenses	New accounting method				12.5	12.5	25.0	26.2
	Former accounting method	14.2	14.8	15.7	16.4			
Payroll Expenses		12.0	12.3	13.0	14.0	14.5	28.7	30.0
R&D Expenses		1.6	1.7	1.8	1.9	1.8	4.2	4.3

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

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

	1Q	2Q	(¥bn) Aggregate for 2Q
Condiments Products	(0.7)	0.3	(0.5)
Egg Products	(0.2)	0.2	0.0
Delicatessen Products	0.1	0.2	0.2
Processed Foods	(0.3)	0.1	(0.2)
Fine Chemical Products	(0.1)	0.1	(0.0)
Distribution System	(0.3)	0.4	0.1
Common Business Operations	(0.1)	0.0	(0.1)
Total	(1.7)	1.2	(0.4)

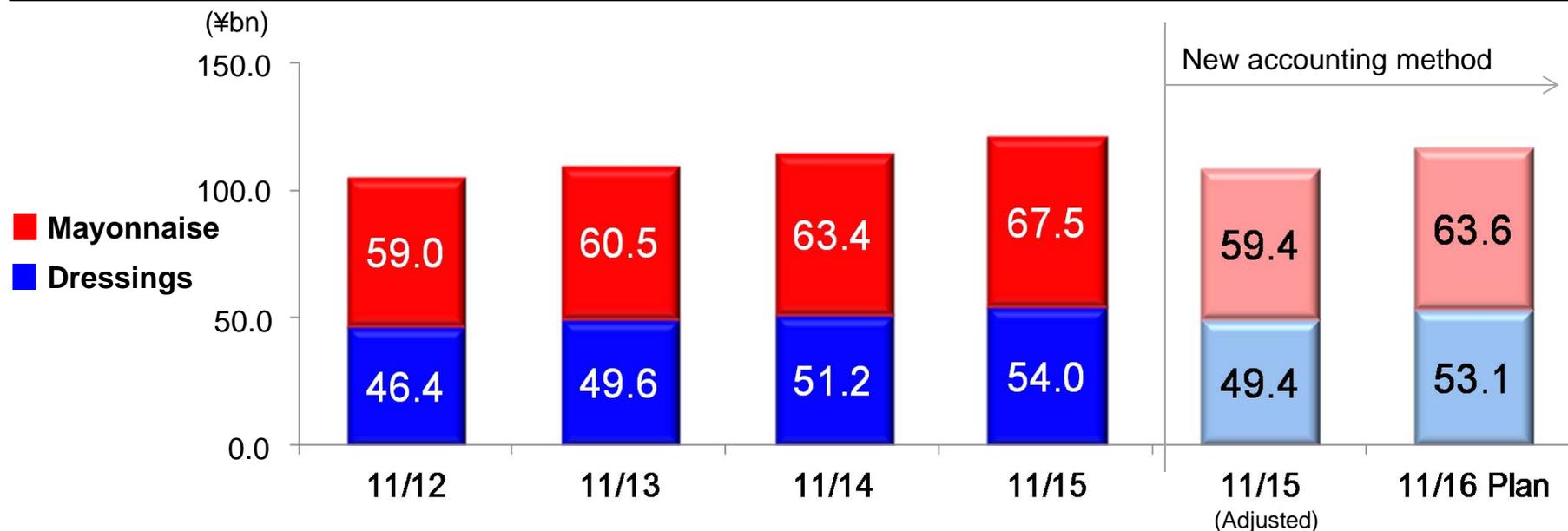
\*The figure for the 1Q includes one-time write-off of residual book value amounting to (2.8) ¥bn.

## Reference: Results of Salad Condiments by Category Type in Japan

			5/12	5/13	5/14	5/15	5/16	Change YoY	
For household use	Volume (1,000 t)		63	65	64	63	65	2.5%	
	Amount (¥bn)	New accounting method					32.1	32.5	1.1%
		Former accounting method	36.5	37.7	38.7	38.8			
For commercial use	Volume (1,000 t)		53	53	53	53	53	0.3%	
	Amount (¥bn)	New accounting method					20.6	20.4	(0.7)%
		Former accounting method	20.0	20.3	21.0	20.8			
Total	Volume (1,000 t)		116	118	117	116	118	1.5%	
	Amount (¥bn)	New accounting method					52.7	52.9	0.4%
		Former accounting method	56.5	58.0	59.7	59.5			

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

	(¥bn)				
	11/12	11/13	11/14	11/15	11/16 Plan
《New accounting method》					
Mayonnaise				59.4	63.6
Dressings				49.4	53.1
Total				108.8	116.7
《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	



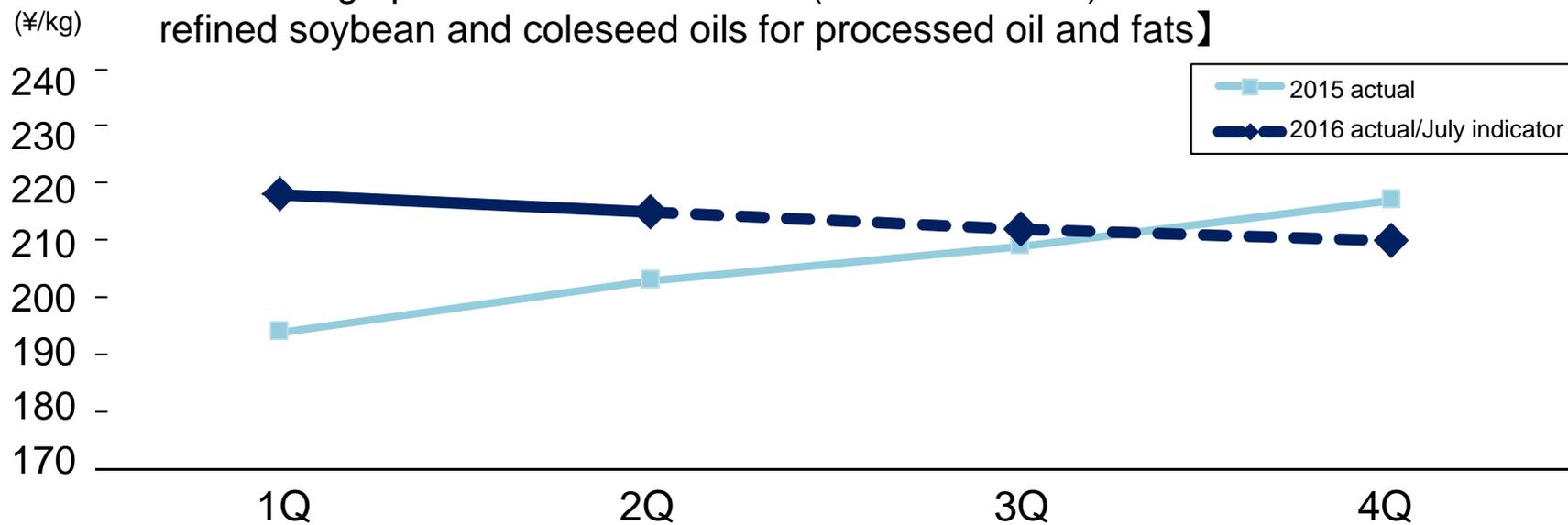
## Reference: Actual Results and Indicators for Main Markets

(¥)

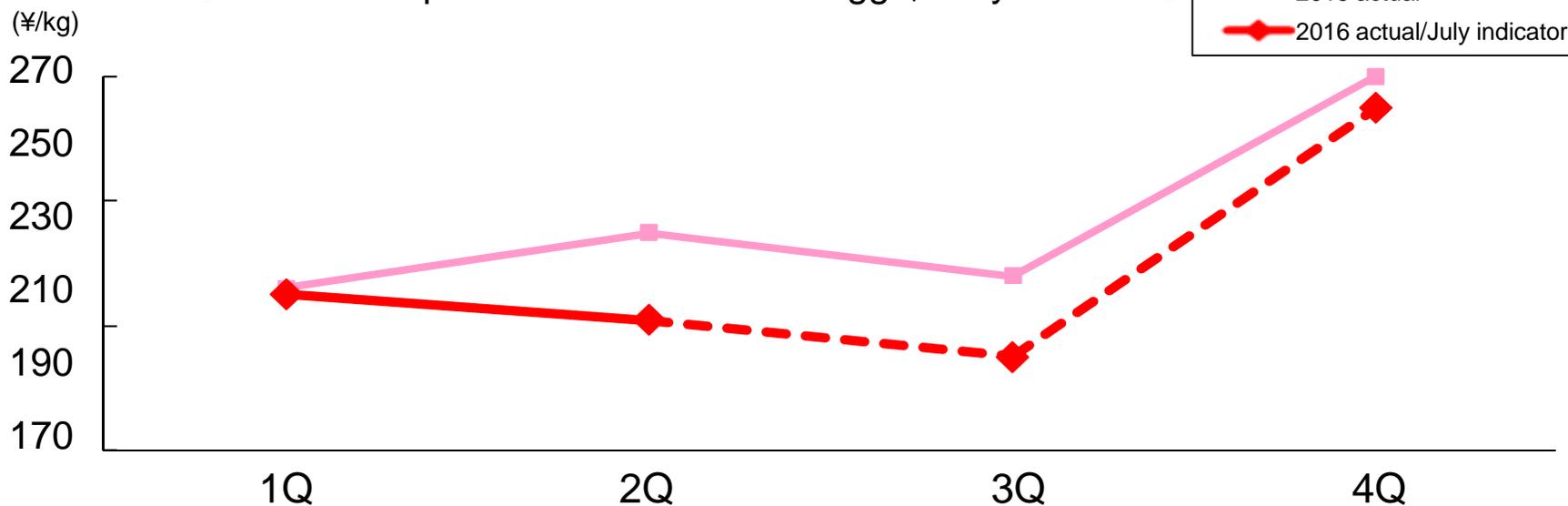
	5/15	5/16 Actual	11/15	11/16 Beginning of 2016 indicator	11/16 July indicator
Average Price of Institutional Use (Tank Truck Base) for Processed Oil and Fats (per kg)	198	216	206	210	214
Medium-Sized Egg, Tokyo Market Average Price (per kg)	221	213	227	235	219
US\$ exchange rates (average over fiscal year) (per 1 \$)	117	118	119	125	114
RMB exchange rates (average over fiscal year) (per 1 RMB)	18.8	18.3	19.0	20.0	17.5

# Reference: Conditions in Markets for Major Raw Materials

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



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

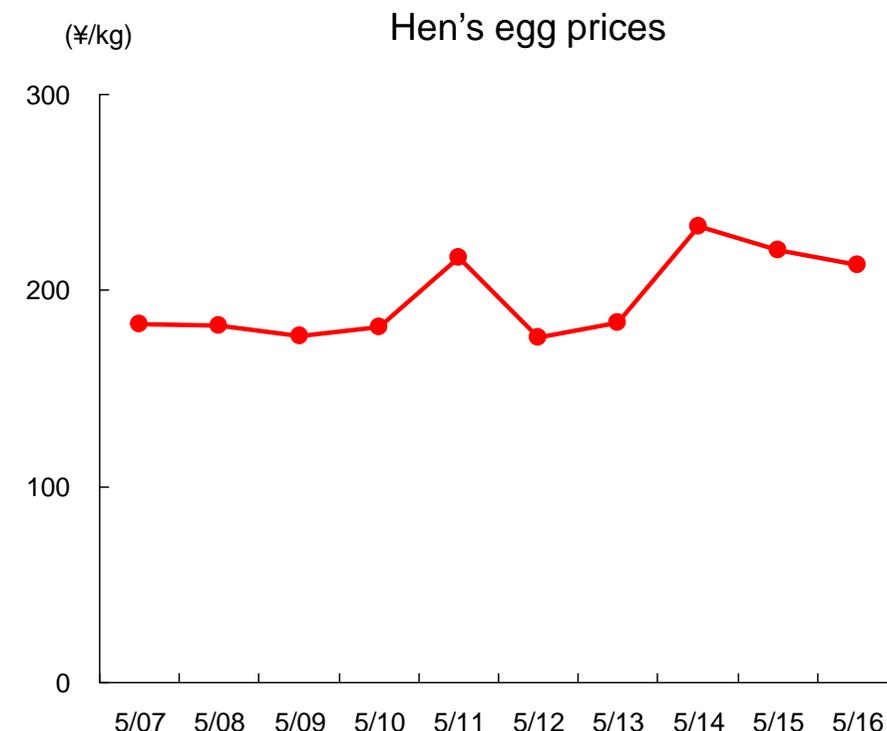
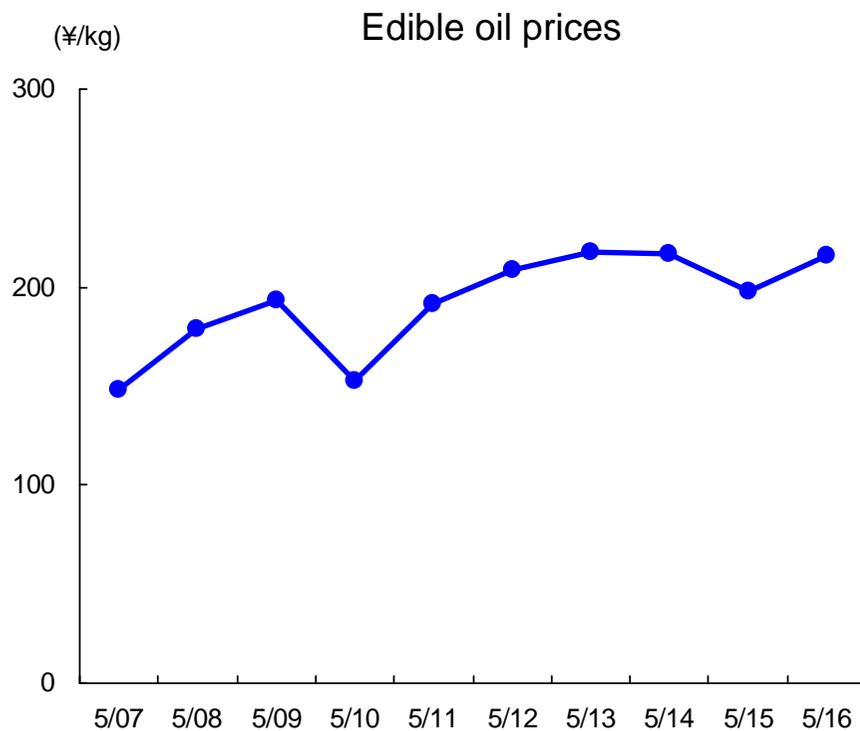


# Reference: Movement in Edible Oil and Hen's Egg Prices

(¥)

	5/07	5/08	5/09	5/10	5/11	5/12	5/13	5/14	5/15	5/16
Average Price of Institutional Use (Tank Truck Base) for Processed Oil and Fats (per kg)	148	179	193	153	192	209	218	217	198	216
Medium-Sized Egg, Tokyo Market Average Price (per kg)	183	182	177	181	217	176	184	233	221	213

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





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.