

Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending November 30, 2017 [JAPAN GAAP]

July 3, 2017

Listed company name: Kewpie Corporation
 Listed exchange: Tokyo Stock Exchange
 Securities code: 2809
 URL: <http://www.kewpie.co.jp/english/>
 Representative: Osamu Chonan,
 Representative Director, President and Chief Executive Corporate Officer
 Contact: Masato Shinohara,
 Corporate Officer and General Manager of Operation Promote Department
 Scheduled date for filing quarterly securities report: July 14, 2017
 Scheduled date for dividend payment: August 7, 2017
 Quarterly supplementary data: Yes
 Quarterly results briefing: Yes (for corporate investors and investment analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated business results for the second quarter of the fiscal year ending November 30, 2017 (From December 1, 2016 to May 31, 2017)

(1) Consolidated operating results (Cumulative)

(Percentage figures show changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended May 31, 2017	277,186	1.4	14,791	4.4	15,246	3.1	8,047	(1.6)
Six months ended May 31, 2016	273,422	1.6	14,161	8.0	14,782	9.5	8,182	(15.1)

(Note) Comprehensive income: Six months ended May 31, 2017 ¥14,574 million (Increase of 73.3%)
 Six months ended May 31, 2016 ¥8,412 million (Decrease of 42.8%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Six months ended May 31, 2017	53.69	—
Six months ended May 31, 2016	54.02	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2017	414,845	257,208	53.6
As of November 30, 2016	385,914	245,861	55.1

(Reference) Shareholders' equity: As of May 31, 2017 ¥222,177 million
 As of November 30, 2016 ¥212,620 million

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2. Dividends

	Annual dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
Fiscal year 2016	– Yen	15.00 Yen	– Yen	19.50 Yen	34.50 Yen
Fiscal year 2017	–	18.00			
Fiscal year 2017 (Forecast)			–	18.00	36.00

(Note) Revision to the most recently announced forecast of dividends: None

3. Forecasts of consolidated operating results for the fiscal year ending November 30, 2017 (From December 1, 2016 to November 30, 2017)

(Percentage figures show changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending November 30, 2017	560,000	1.4	31,000	4.0	32,000	2.0	17,400	1.8	115.64

(Note) Revision to the most recently announced forecast of consolidated operating results: Yes

*Notes

- (1) Changes in significant subsidiaries during the six months (Changes in specified subsidiaries resulting in the change in the scope of consolidation): None
- (2) Application of special accounting treatments for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies and estimates, and restatements
 - a) Changes in accounting policies due to revision of accounting standards: None
 - b) Changes in accounting policies due to reasons other than "a)" (above): None
 - c) Changes in accounting estimates: None
 - d) Restatements: None
- (4) Number of issued shares (common stock)
 - a) Number of issued shares at the end of the period (including treasury stock):

May 31, 2017	153,000,000 shares
November 30, 2016	153,000,000 shares
 - b) Number of shares of treasury stock at the end of the period:

May 31, 2017	1,834,803 shares
November 30, 2016	3,333,991 shares
 - c) Average number of shares during the period:

December 1, 2016 to May 31, 2017	149,879,862 shares
December 1, 2015 to May 31, 2016	151,467,232 shares

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***Quarterly financial statements are not subject to quarterly review procedures under the Financial Instruments and Exchange Act.**

***Statement for an appropriate usage of the forecasts of operating results and other special notes**

The forecasts and other forward looking statements contained in this summary are based on the information currently available to the Company and certain assumptions considered reasonable by the Company. Therefore, they are not guaranteed to be achieved by the Company. As a result, the forecasts of operating results may differ significantly from the actual operating results due to various factors.

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I. Quarterly consolidated financial statements and major notes

1. Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of November 30, 2016)	Current second quarter (As of May 31, 2017)
Assets		
Current assets		
Cash and deposits	35,794	31,270
Notes and accounts receivable - trade	75,134	79,908
Securities	5,000	18,000
Purchased goods and products	15,669	15,050
Work in process	972	1,244
Raw materials and supplies	9,229	11,232
Other	8,533	8,915
Allowances for doubtful accounts	(173)	(190)
Total current assets	150,160	165,432
Fixed assets		
Tangible fixed assets		
Buildings and structures	179,789	183,863
Accumulated depreciation	(99,764)	(102,097)
Net book value	80,024	81,765
Machinery, equipment and vehicles	161,169	166,372
Accumulated depreciation	(122,204)	(120,021)
Net book value	38,965	46,351
Land	48,099	48,887
Construction in progress	7,238	2,567
Other	22,922	24,237
Accumulated depreciation	(13,871)	(14,780)
Net book value	9,050	9,457
Total tangible fixed assets	183,378	189,028
Intangible fixed assets		
Goodwill	1,563	4,574
Other	4,112	4,183
Total intangible fixed assets	5,675	8,757
Investments and other assets		
Investment securities	27,408	31,258
Assets for retirement benefits	7,413	8,293
Other	12,092	12,282
Allowances for doubtful accounts	(213)	(207)
Total investments and other assets	46,700	51,626
Total fixed assets	235,754	249,413
Total assets	385,914	414,845

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(Millions of yen)

	Previous fiscal year (As of November 30, 2016)	Current second quarter (As of May 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,050	49,471
Short-term loans payable	8,301	8,753
Accrued income taxes	7,016	5,122
Reserves	2,828	4,749
Other	37,048	26,019
Total current liabilities	102,245	94,115
Non-current liabilities		
Bonds	10,000	10,000
Long-term loans payable	12,498	36,759
Liabilities for retirement benefits	3,893	3,984
Asset retirement obligations	1,112	1,116
Other	10,303	11,660
Total non-current liabilities	37,807	63,521
Total liabilities	140,053	157,637
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	30,300	29,425
Earned surplus	166,765	169,997
Treasury stock	(6,123)	(3,351)
Total shareholders' equity	215,047	220,175
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	8,916	11,029
Unrealized gains (losses) on hedges	79	(1)
Foreign currency translation adjustments	(3,947)	(2,007)
Accumulated adjustments for retirement benefits	(7,474)	(7,018)
Total accumulated other comprehensive income	(2,426)	2,001
Non-controlling interests	33,240	35,031
Total net assets	245,861	257,208
Total liabilities and net assets	385,914	414,845

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2. Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive

Income

(Quarterly Consolidated Statements of Income)

(Six months ended May 31, 2016 and May 31, 2017)

(Millions of yen)

	Previous second quarter (From December 1, 2015 to May 31, 2016)	Current second quarter (From December 1, 2016 to May 31, 2017)
Net sales	273,422	277,186
Cost of sales	213,464	213,885
Gross profit	59,957	63,301
Selling, general and administrative expenses	45,795	48,509
Operating income	14,161	14,791
Non-operating income		
Interest income	29	35
Dividends income	253	304
Equity in earnings of affiliates	194	50
Other	579	571
Total non-operating income	1,056	962
Non-operating expenses		
Interest expenses	157	174
Business commencement expenses	15	137
Other	263	196
Total non-operating expenses	436	507
Ordinary income	14,782	15,246
Extraordinary gains		
Gains on sales of investment securities	265	57
Gains on sales of fixed assets	70	42
Subsidy income	14	35
Total extraordinary gains	350	136
Extraordinary losses		
Losses on disposal of fixed assets	510	691
Losses on impairment of fixed assets	49	222
Other	365	67
Total extraordinary losses	925	981
Profit before income taxes	14,207	14,401
Income taxes	4,752	4,727
Profit	9,454	9,673
Profit attributable to non-controlling interests	1,272	1,626
Profit attributable to owners of parent	8,182	8,047

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(Quarterly Consolidated Statements of Comprehensive Income)
(Six months ended May 31, 2016 and May 31, 2017)

(Millions of yen)

	Previous second quarter (From December 1, 2015 to May 31, 2016)	Current second quarter (From December 1, 2016 to May 31, 2017)
Profit	9,454	9,673
Other comprehensive income		
Unrealized holding gains (losses) on securities	120	2,153
Unrealized gains (losses) on hedges	(13)	(98)
Foreign currency translation adjustments	(1,452)	2,322
Adjustments for retirement benefits	303	523
Total other comprehensive income	(1,042)	4,901
Comprehensive income	8,412	14,574
(Breakdown)		
Comprehensive income attributable to owners of parent	7,332	12,475
Comprehensive income attributable to non-controlling interests	1,080	2,098

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3. Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Previous second quarter (From December 1, 2015 to May 31, 2016)	Current second quarter (From December 1, 2016 to May 31, 2017)
Cash flows from operating activities		
Profit before income taxes	14,207	14,401
Depreciation and amortization	10,326	8,052
Losses on impairment of fixed assets	49	222
Equity in losses (earnings) of affiliates	(194)	(50)
Losses (gains) on valuation of investment securities	166	-
Increase (decrease) in reserves	1,824	1,882
Increase (decrease) in liabilities for retirement benefits	0	17
Decrease (increase) in assets for retirement benefits	(900)	(880)
Interest and dividends income	(282)	(340)
Interest expenses	157	174
Losses (gains) on sales and disposal of fixed assets	448	652
Decrease (increase) in notes and accounts receivable - trade	(1,018)	(3,961)
Decrease (increase) in inventories	260	(501)
Increase (decrease) in notes and accounts payable - trade	871	488
Other	(5,188)	(3,029)
Sub-total	20,729	17,128
Interest and dividends income received	286	347
Interest paid	(156)	(156)
Income taxes paid	(4,605)	(7,436)
Net cash provided by (used in) operating activities	16,253	9,882
Cash flows from investing activities		
Purchases of tangible fixed assets	(14,327)	(15,528)
Purchases of intangible fixed assets	(424)	(480)
Acquisition of subsidiaries' shares resulting in change in scope of consolidation	-	(82)
Purchases of investment securities	(88)	(884)
Net decrease (increase) in short-term loans receivable	32	(181)
Payments of long-term loans receivable	(33)	(251)
Collection of long-term loans receivable	12	114
Payments into time deposits	(3)	(195)
Payments for acquisition of business	-	(4,380)
Other	475	152
Net cash provided by (used in) investing activities	(14,357)	(21,717)

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(Millions of yen)

	Previous second quarter (From December 1, 2015 to May 31, 2016)	Current second quarter (From December 1, 2016 to May 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	100	(464)
Proceeds from long-term loans payable	3,940	25,400
Repayment of long-term loans payable	(915)	(1,130)
Cash dividends paid	(2,504)	(2,918)
Cash dividends paid to non-controlling interests	(295)	(479)
Repurchase of shares	(4,731)	(2)
Proceeds from sales of shares	-	1
Other	(605)	(861)
Net cash provided by (used in) financing activities	(5,012)	19,544
Effects of exchange rate changes on cash and cash equivalents	(590)	571
Increase (decrease) in cash and cash equivalents	(3,706)	8,281
Cash and cash equivalents at the beginning of the period	34,841	40,790
Cash and cash equivalents at the end of the period	31,134	49,072

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4. Notes regarding quarterly consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Notes regarding the significant changes in the amount of shareholders' equity)

Not applicable.

(Additional information)

Application of Guidance on Recoverability of Deferred Tax Assets

From the first quarter, the Company has applied "Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

(Business combination)

Business combination through acquisition

The Company decided to acquire the business of production and sale centered on mayonnaise and other condiments from a condiment production company in Poland, Mosso Kwaśniewscy Sp.J., and a wholly-owned subsidiary of the Company "Mosso Kewpie Poland Sp. z o.o." and Mosso Kwaśniewscy Sp.J. executed a business transfer agreement on September 29, 2016, and thus the business was acquired on January 12, 2017.

(1) Outline of the business combination

(a) Names, and descriptions of businesses, of the companies involved in the business combination

(i) Company to acquire the business

Name: Mosso Kewpie Poland Sp. z o.o.
(consolidated subsidiary of the Company)

Description of the business: Production and sale centered on mayonnaise and other condiments

(ii) Company to transfer the business

Name: Mosso Kwaśniewscy Sp.J.

Description of the business: Production and sale centered on mayonnaise and other condiments

(b) Primary reason for the business combination

The primary reason for the business combination is to accelerate our expansion in Europe by acquiring brands, production centers and sales channels in Eastern Europe.

(c) Date of the business combination

January 12, 2017

(d) Legal form of the business combination

Acquisition by business transfer

(e) Name of the company after the business combination

Mosso Kewpie Poland Sp. z o.o.

(f) Primary basis for determining the acquiring company

Mosso Kewpie Poland Sp. z o.o., a consolidated subsidiary of the Company, acquired the business of production and sale centered on mayonnaise and other condiments in consideration for cash.

(2) Period of the financial results of the acquired business included in the quarterly consolidated statements of income

From January 12, 2017 to March 31, 2017 (the end of the second quarter of the "acquiring company" is March 31)

(3) Cost of acquisition of the acquired business and the breakdown thereof by consideration type

Consideration of acquisition	Cash and deposits	¥4,547 million
Cost of acquisition		¥4,547 million

(4) Details and amount of the principal acquisition-related costs

Remuneration and commissions to advisors	¥191 million
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- (5) Amount of the goodwill recognized, reason for the recognition, and method and period for amortization of the goodwill
- (a) Amount of the goodwill recognized
¥3,051 million
The amount of goodwill is a provisional figure and based on the reasonable information currently available, since the allocation of the acquisition costs has not been finalized.
- (b) Reason for the recognition
The goodwill is recognized from future excess earning power expected to be generated from future business operations
- (c) Method and period for amortization
The goodwill is amortized by the straight-line method over 10 years
- (6) Amounts and primary components of acquired assets and assumed liabilities as of the date of the business combination
- | | |
|-------------------------|----------------|
| Current assets | ¥1,266 million |
| Fixed assets | ¥1,296 million |
| Total assets | ¥2,562 million |
| Current liabilities | ¥1,002 million |
| Non-current liabilities | ¥63 million |
| Total liabilities | ¥1,066 million |
- (7) Approximate amount of impact of the above mentioned business combination on the quarterly consolidated statements of income for the first six months of this fiscal year on the assumption that the business combination was completed at the beginning of the fiscal year.
It is omitted here due to its immateriality. No audit attestation has been received for the provisional calculation of the above mentioned approximate amount.

(Segment information)

[Segment information]

I. Previous second quarter (From December 1, 2015 to May 31, 2016)

1. Information on amounts of net sales and profit or loss by reported segment

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distri- bution system	Common business operations	Total	Adjust- ments	Amount reported on the quarterly consolidated statement of income (Note)
Net sales										
Net sales to outside customers	71,787	51,862	54,061	25,686	5,306	62,268	2,450	273,422	—	273,422
Intersegment net sales or transfers	3,890	3,169	138	1,056	158	12,337	5,090	25,839	(25,839)	—
Total	75,677	55,031	54,199	26,742	5,464	74,605	7,540	299,262	(25,839)	273,422
Segment profit	6,204	3,156	1,486	318	598	2,125	272	14,161	—	14,161

(Note) Adjustments are made between "Segment profit" and "Operating income" reported on the quarterly consolidated statement of income.

2. Information on losses on impairment of fixed assets or goodwill, etc. by reported segment

(Significant losses on impairment of fixed assets)

For the six months ended May 31, 2016, the Company recorded losses on impairment of fixed assets of ¥47 million in the "Distribution system" segment and of ¥2 million in the "Common business operations" segment.

(Significant changes in amount of goodwill)

Not applicable.

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(Significant gains on negative goodwill)

Not applicable.

II. Current second quarter (From December 1, 2016 to May 31, 2017)

1. Information on amounts of net sales and profit or loss by reported segment

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distri- bution system	Common business operations	Total	Adjust- ments	Amount reported on the quarterly consolidated statement of income (Note)
Net sales										
Net sales to outside customers	73,950	49,937	56,824	23,234	5,096	64,203	3,939	277,186	–	277,186
Intersegment net sales or transfers	3,685	3,078	117	1,094	189	13,353	5,842	27,361	(27,361)	–
Total	77,635	53,015	56,941	24,329	5,286	77,557	9,781	304,547	(27,361)	277,186
Segment profit	7,344	2,033	1,655	280	136	2,888	452	14,791	–	14,791

(Note) Adjustments are made between "Segment profit" and "Operating income" reported on the quarterly consolidated statement of income.

2. Information on losses on impairment of fixed assets or goodwill, etc. by reported segment

(Significant losses on impairment of fixed assets)

Not applicable.

(Significant changes in the amount of goodwill)

In the six months ended May 31, 2017, a consolidated subsidiary of the Company recorded goodwill of ¥3,051 million in the "Condiments products" segment following a transfer of business from Mosso Kwaśniewscy Sp.J. The amount of goodwill is provisional and based on rational information that was obtainable, because the allocation of the acquisition cost has not been finalized.

(Significant gains on negative goodwill)

Not applicable.

(Significant subsequent events)

1. Abolishment of a consolidated subsidiary's defined-benefit pension plan

HENNINGSEN FOODS, INC., a consolidated subsidiary of the Company (the end of the second quarter for HENNINGSEN FOODS, INC. is March 31), is proceeding with the abolishment of its defined benefit pension plan, and conducted partial lump-sum payments on June 1, 2017 and June 16, 2017.

The amount of the effect from this event is currently under calculation.

2. Sales of investment securities

The Company resolved, at the meeting of its Board of Directors held on June 26, 2017, to sell a part of the shares of Nakashimato Co., Ltd., an "other affiliated company," held by the Company, and sold such shares on June 30, 2017.

Accordingly, extraordinary gains of ¥1,058 million are expected to be recorded in the financial results for the third quarter of the fiscal year ending November 30, 2017.

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II. Supplementary data

- (Notes) 1. Fraction errors may occur due to rounding figures less than 100 million (excluding “8. Transition of principal management indices”).
2. Planned figures in this supplementary data are figures disclosed on July 3, 2017.
3. The following changes took effect at the beginning of fiscal year 2016.
- ◇ Certain sales promotion expenses and transportation and warehousing expenses were deducted from net sales.
The figures presented for fiscal year 2015 have been adjusted in accordance with the new accounting method applied in fiscal year 2016.
 - ◇ The domestic consolidated subsidiaries have changed the depreciation method from the declining balance basis to the straight-line basis.
The figures for fiscal year 2015 have not been retrospectively adjusted for the change in the depreciation method.

1. Summary of net sales and operating income and factors behind changes in operating income

<Net sales>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2015 (Adjusted)	Condiments products	33.2	36.8	70.0	37.3	107.3	34.9	142.2
	Egg products	24.6	26.2	50.7	25.9	76.6	28.0	104.6
	Delicatessen products	23.2	25.2	48.4	26.5	74.9	25.6	100.4
	Processed foods	13.1	15.5	28.6	14.5	43.1	14.4	57.5
	Fine chemical products	2.4	3.1	5.5	2.8	8.3	3.0	11.3
	Distribution system	31.2	31.9	63.1	32.7	95.8	32.0	127.7
	Common business operations	1.5	1.4	2.9	1.4	4.3	1.7	5.9
	Total	129.2	140.0	269.2	141.1	410.3	139.5	549.8
Fiscal Year 2016 (A)	Condiments products	34.0	37.8	71.8	37.8	109.6	34.5	144.1
	Egg products	25.7	26.1	51.9	24.8	76.7	25.5	102.2
	Delicatessen products	26.0	28.1	54.1	28.8	82.9	28.9	111.8
	Processed foods	12.0	13.6	25.7	12.5	38.1	13.1	51.3
	Fine chemical products	2.7	2.6	5.3	2.8	8.1	2.8	10.9
	Distribution system	30.4	31.8	62.3	32.4	94.7	32.2	126.9
	Common business operations	1.3	1.2	2.5	1.4	3.8	1.3	5.2
	Total	132.1	141.3	273.4	140.5	413.9	138.4	552.3
Fiscal Year 2017 (B)	Condiments products	34.3	39.7	74.0				149.6
	Egg products	24.0	25.9	49.9				102.2
	Delicatessen products	27.5	29.3	56.8				116.4
	Processed foods	11.0	12.3	23.2				46.1
	Fine chemical products	2.3	2.8	5.1				10.4
	Distribution system	31.0	33.2	64.2				129.6
	Common business operations	2.0	2.0	3.9				5.7
	Total	132.1	145.1	277.2				560.0
Change (B) - (A)	Condiments products	0.3	1.9	2.2				5.5
	Egg products	(1.7)	(0.2)	(1.9)				(0.0)
	Delicatessen products	1.6	1.2	2.8				4.6
	Processed foods	(1.1)	(1.4)	(2.5)				(5.2)
	Fine chemical products	(0.4)	0.2	(0.2)				(0.5)
	Distribution system	0.6	1.4	1.9				2.7
	Common business operations	0.7	0.8	1.5				0.5
	Total	(0.1)	3.8	3.8				7.7

- (Notes) 1. Figures of “Year” in Fiscal Year 2017 indicate planned figures disclosed on July 3, 2017.
2. Figures of “2nd quarter” are differences between “2nd quarter (Cumulative)” and “1st quarter.”
3. Figures of “3rd quarter” are differences between “3rd quarter (Cumulative)” and “2nd quarter (Cumulative).”
4. Figures of “4th quarter” are differences between “Year” and “3rd quarter (Cumulative).”

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<Operating income>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2015 (Adjusted)	Condiments products	2.5	3.8	6.3	3.8	10.1	2.4	12.5
	Egg products	1.5	1.3	2.7	1.3	4.0	1.4	5.4
	Delicatessen products	0.3	0.8	1.1	1.0	2.0	0.7	2.8
	Processed foods	(0.2)	0.3	0.1	0.0	0.1	(0.4)	(0.3)
	Fine chemical products	0.0	0.1	0.1	0.1	0.2	0.2	0.4
	Distribution system	1.0	1.2	2.2	1.4	3.6	1.1	4.8
	Common business operations	0.3	0.3	0.6	0.2	0.9	0.0	0.9
	Total	5.4	7.8	13.1	7.8	20.9	5.4	26.4
Fiscal Year 2016 (A)	Condiments products	1.6	4.6	6.2	4.7	10.9	2.8	13.7
	Egg products	1.5	1.7	3.2	1.4	4.6	0.9	5.5
	Delicatessen products	0.3	1.1	1.5	1.1	2.6	0.9	3.5
	Processed foods	(0.2)	0.5	0.3	0.3	0.6	(0.1)	0.5
	Fine chemical products	0.2	0.4	0.6	0.3	0.9	0.1	1.0
	Distribution system	0.9	1.2	2.1	1.4	3.5	1.4	4.9
	Common business operations	0.0	0.2	0.3	0.2	0.4	0.3	0.8
	Total	4.4	9.8	14.2	9.3	23.4	6.4	29.8
Fiscal Year 2017 (B)	Condiments products	2.6	4.8	7.3				15.0
	Egg products	1.0	1.0	2.0				4.2
	Delicatessen products	0.6	1.1	1.7				4.1
	Processed foods	(0.1)	0.3	0.3				0.3
	Fine chemical products	(0.0)	0.1	0.1				0.8
	Distribution system	1.3	1.6	2.9				5.8
	Common business operations	0.2	0.3	0.5				0.8
	Total	5.6	9.2	14.8				31.0
Change (B) - (A)	Condiments products	1.0	0.2	1.1				1.3
	Egg products	(0.4)	(0.7)	(1.1)				(1.3)
	Delicatessen products	0.2	(0.1)	0.2				0.6
	Processed foods	0.2	(0.2)	(0.0)				(0.2)
	Fine chemical products	(0.2)	(0.2)	(0.5)				(0.2)
	Distribution system	0.4	0.4	0.8				0.9
	Common business operations	0.2	0.0	0.2				0.0
	Total	1.2	(0.6)	0.6				1.2

(Notes) 1. Figures of "Year" in Fiscal Year 2017 indicate planned figures disclosed on July 3, 2017.

2. Figures of "2nd quarter" are differences between "2nd quarter (Cumulative)" and "1st quarter."

3. Figures of "3rd quarter" are differences between "3rd quarter (Cumulative)" and "2nd quarter (Cumulative)."

4. Figures of "4th quarter" are differences between "Year" and "3rd quarter (Cumulative)."

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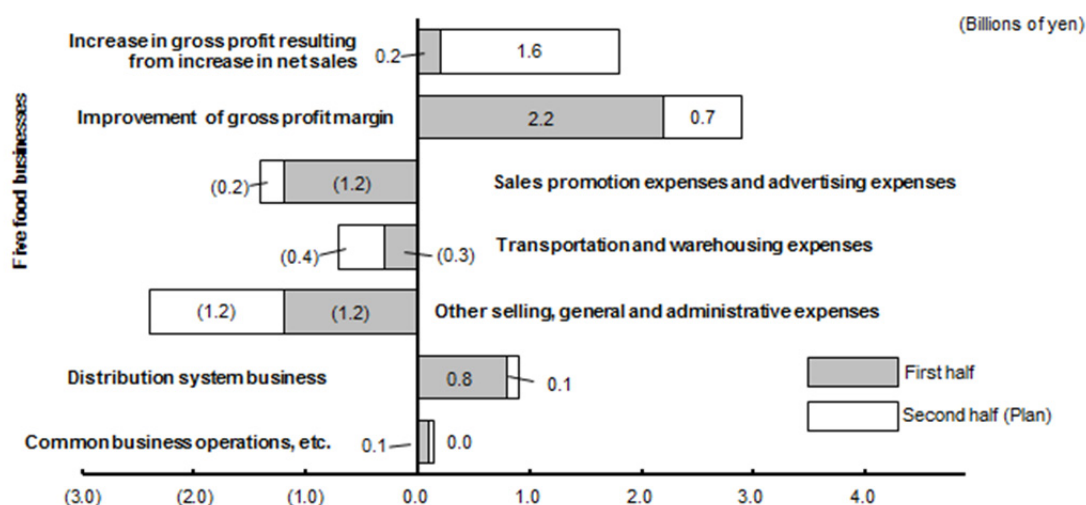
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<Factors behind changes in operating income (comparison with the previous fiscal year)>

(Billions of yen)

	Fiscal year 2016 (A)	Fiscal year 2017 (B)	Change (B) - (A)
First half	14.2	14.8	0.6
Second half (Plan)	15.7	16.2	0.6
Year	29.8	31.0	1.2



* Figures of second half (plan) indicate differences between the whole year and the first half.

* The Company recognized a one-time write-off of residual book value amounting to negative ¥2.8 billion that occurred in the first quarter of fiscal year 2016 as a result of the change to the depreciation method applied in fiscal year 2016.

The above had the effect of increasing operating income by ¥2.8 billion, which is reflected in the above graph.

2. Capital investments and main components of selling, general and administrative expenses

(Billions of yen)

	2nd quarter 2015 (Cumulative) (Adjusted)	2nd quarter 2016 (Cumulative) (A)	2nd quarter 2017 (Cumulative) (B)	Change (B) - (A)	Fiscal year 2015 (Adjusted)	Fiscal year 2016	Fiscal year 2017 (Plan)
Capital investments	20.5	15.1	16.2	1.1	32.4	33.0	31.4
Depreciation expenses	9.0	10.3	8.1	(2.3)	19.1	18.3	16.8
Sales promotion expenses	1.7	1.7	1.9	0.2	3.5	3.7	4.1
Advertising expenses	4.3	4.2	5.2	1.0	8.7	8.7	9.7
Transportation and warehousing expenses	12.5	12.5	12.7	0.3	25.0	25.0	25.7
Payroll expenses	14.0	14.5	15.5	1.0	28.7	29.8	31.3
Research and development expenses	1.9	1.8	1.9	0.1	4.2	4.0	4.3

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3. Domestic sales volume and amount of salads condiments by category type (Kewpie Corporation)

		2nd quarter 2015 (Cumulative) (Adjusted)	2nd quarter 2016 (Cumulative) (A)	2nd quarter 2017 (Cumulative) (B)	Change (B) - (A)	Fiscal year 2015 (Adjusted)	Fiscal year 2016
For household use	Volume (Thousands of ton)	63	65	64	(0)	126	126
	Amount (Billions of yen)	32.1	32.5	32.8	0.3	63.8	63.9
For commercial use	Volume (Thousands of ton)	53	53	54	1	106	107
	Amount (Billions of yen)	20.6	20.4	20.3	(0.1)	41.6	41.3

4. Summary of net sales and operating income in overseas operations

<Net sales>

(Billions of yen)

		2nd quarter 2015 (Cumulative) (Adjusted)	2nd quarter 2016 (Cumulative) (A)	2nd quarter 2017 (Cumulative) (B)	Change (B) - (A)	Fiscal year 2015 (Adjusted)	Fiscal year 2016	Fiscal year 2017 (Plan)
Net sales in overseas operations		17.4	19.2	19.7	0.5	37.7	37.8	41.7
China		6.3	7.4	8.3	0.9	14.2	15.7	18.2
Southeast Asia		4.0	3.9	4.1	0.2	7.9	7.6	8.5
North America	Condiments products	2.4	3.0	3.2	0.2	5.4	6.3	6.2
	Egg products	3.4	3.3	2.1	(1.3)	7.5	5.5	4.0
Export from Japan		1.4	1.5	2.1	0.5	2.7	2.7	4.8

* For overseas subsidiaries, figures of "2nd quarter" are results from October to March, while figures of "fiscal year" are results from October to September.

* The change of "Net sales in overseas operations" includes a 1.6 billion yen reduction caused by the impact of the exchange rate.

<Operating income>

(Billions of yen)

		2nd quarter 2015 (Cumulative)	2nd quarter 2016 (Cumulative) (A)	2nd quarter 2017 (Cumulative) (B)	Change (B) - (A)	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017 (Plan)
Net sales in overseas operations		1.8	2.0	1.0	(1.0)	4.0	3.3	2.2
China		0.7	0.9	0.9	0.1	1.7	2.2	2.5
Southeast Asia		0.1	0.1	0.1	0.0	0.0	0.2	0.3
North America	Condiments products	0.2	0.2	0.2	0.0	0.5	0.5	0.4
	Egg products	0.7	0.5	(0.5)	(0.9)	1.5	0.1	(1.2)
Export from Japan		0.2	0.3	0.1	(0.1)	0.3	0.4	0.3

* For overseas subsidiaries, figures of "2nd quarter" are results from October to March, while figures of "fiscal year" are results from October to September.

* The change of "Net sales in overseas operations" includes a 0.1 billion yen reduction caused by the impact of the exchange rate.

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5. Summary of and principal items of changes in non-operating income (expenses) and extraordinary gains (losses)

(Billions of yen)

	2nd quarter 2015 (Cumulative)	2nd quarter 2016 (Cumulative) (A)	2nd quarter 2017 (Cumulative) (B)	Items of changes [Comparison with 2nd quarter 2016 (cumulative)] (B) - (A)	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017 (Plan)
Non-operating income (expenses), net	0.4	0.6	0.5	Decrease in equity in earnings of affiliates (0.1) Increase in business commencement expenses (0.1)	0.9	1.5	1.0
Extraordinary gains (losses), net	1.5	(0.6)	(0.8)	Decrease in gains on sales of investment securities (0.2) Increase in losses on disposal of fixed assets (0.2)	1.4	(1.1)	(0.9)

6. Summary of and principal items of changes in balance sheets

(Billions of yen)

	Fiscal year 2016 (A)	2nd quarter 2017 (B)	Change (B) - (A)	Items of changes [Comparison with fiscal year 2016]
(Assets)				
Current assets	150.2	165.4	15.3	Decrease in cash and deposits (4.5) Increase in notes and accounts receivable - trade 4.8 Increase in securities 13.0
Fixed assets				
Tangible and intangible fixed assets	189.1	197.8	8.7	Increase resulting from purchases 13.1 Decrease resulting from depreciation (8.1) Increase in goodwill 3.0
Investments and other assets	46.7	51.6	4.9	Increase in investment securities 3.9
(Liabilities)				
	140.1	157.6	17.6	Decrease in accounts payable - facilities (4.6) Decrease in accrued expenses (2.5) Increase in loans payable 24.7
(Net assets)				
	245.9	257.2	11.3	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

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7. Summary of and principal items of changes in cash flows

(Billions of yen)

	2nd quarter 2015 (Cumulative)	2nd quarter 2016 (Cumulative) (A)	2nd quarter 2017 (Cumulative) (B)	Items of changes [Comparison with 2nd quarter 2016 (cumulative)] (B) - (A)	Fiscal year 2015	Fiscal year 2016
Cash flows from operating activities	10.6	16.3	9.9	Decrease in depreciation and amortization (2.3) Increase in notes and accounts receivable - trade (2.9) Increase in Income taxes paid (2.8)	28.1	45.3
Cash flows from investing activities	(20.0)	(14.4)	(21.7)	Increase in purchases of tangible fixed assets (1.2) Increase in payments for acquisition of business (4.4)	(31.2)	(32.0)
Cash flows from financing activities	(3.5)	(5.0)	19.5	Increase in loans payable 20.7 Decrease in repurchase of shares 4.7	(7.1)	(5.8)

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8. Transition of principal management indices

	2nd quarter 2015 (Cumulative)	2nd quarter 2016 (Cumulative)	2nd quarter 2017 (Cumulative)	Fiscal year 2015	Fiscal year 2016
Net sales (millions of yen) *1	269,198	273,422	277,186	549,774	552,306
Operating income (millions of yen)	13,117	14,161	14,791	26,354	29,818
Operating income to net sales (%)	4.9	5.2	5.3	4.8	5.4
Ordinary income (millions of yen)	13,501	14,782	15,246	27,224	31,364
Ordinary income to net sales (%)	5.0	5.4	5.5	5.0	5.7
Profit (millions of yen) *2	9,640	8,182	8,047	16,973	17,093
Ratio of profit to net sales (%) *2	3.6	3.0	2.9	3.1	3.1
Net assets (millions of yen)	235,359	245,626	257,208	244,717	245,861
Total assets (millions of yen)	373,092	377,712	414,845	373,017	385,914
Equity ratio (%)	54.9	56.4	53.6	57.1	55.1
Cash flows from operating activities (millions of yen)	10,596	16,253	9,882	28,094	45,260
Cash flows from investing activities (millions of yen)	(20,006)	(14,357)	(21,717)	(31,181)	(32,046)
Cash flows from financing activities (millions of yen)	(3,478)	(5,012)	19,544	(7,101)	(5,805)
Free cash flow (millions of yen) (operating cash flow + investing cash flow)	(9,410)	1,896	(11,835)	(3,086)	13,213
Cash and cash equivalents at the end of the period (millions of yen)	32,289	31,134	49,072	34,841	40,790
Interest-bearing debt (millions of yen)	30,622	33,920	60,993	30,559	36,066
Net assets per share (yen)	1,349.92	1,423.57	1,469.76	1,403.05	1,420.63
Profit per share (yen) *2	63.51	54.02	53.69	111.82	113.47
Free cash flow per share (yen)	(61.99)	12.52	(78.96)	(20.34)	87.72
Interim (annual) dividend per share (yen)	12.5	15.0	18.0	29.0	34.5
Number of regular full-time employees	13,495	13,941	14,794	13,478	14,095
Average number of temporary employees	11,777	11,254	11,511	11,519	11,150
Stock price at the end of the period (yen)	2,742	2,975	2,890	2,953	2,703

*1 Consumption taxes are not included in net sales.

*2 "Profit" in this chart refers to "profit attributable to owners of parent."