

2016-2018 Kewpie Group's Medium-term Business Plan

# **Achieve Dramatic Growth by Taking on New Group Challenges**



January 8, 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. 2016-2018 Medium-term Business Plan

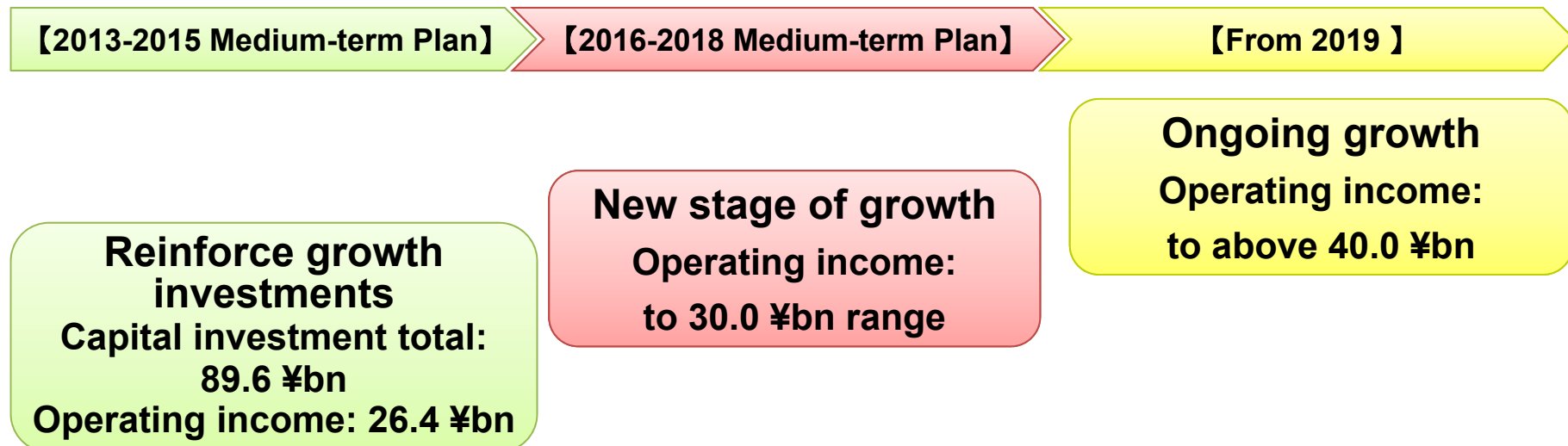
- Group Management Policies
- Performance Targets
- Domestic Expansion and Overseas Expansion
- Performance Targets and Strategies by Business Segment
- Investments and Return to Shareholders

## 2. Fiscal 2016 Plan

## 3. Reference Materials

# 2016-2018 Medium-term Business Plan

**Build on growth investment in 2013-2015 Medium-term Business Plan to achieve higher income**



# Group Management Policies

## Group's new challenges leads to dramatic growth



### <Concept for 2016-2018 (Eighth) Medium-term Business Plan>

Total	Address seventh and eighth plans as a set and speed up Group cooperation
Domestic	Solidify Condiments Products Business and enhance capacity of other businesses to generate income
Overseas	Lay a foundation for growth in new areas while accelerating growth in China and Southeast Asia
Investment	Focus on domestic Condiments Products Business and overseas expansion

# Performance Targets

625.0 billion yen in net sales and 35.5 billion yen in operating income

	11/15	11/18 Target	Increase (Decrease)	Annual average growth rate
Net Sales	*1 552.0 ¥bn	625.0 ¥bn	73.0 ¥bn	4.2%
Domestic	514.3	560.5	46.2	2.9
Overseas *2	37.7	64.5	26.8	19.6
Operating Income	26.4 ¥bn	35.5 ¥bn	9.1 ¥bn	10.4%
Domestic	22.4	28.4	6.0	8.2
Overseas *2	4.0	7.1	3.1	21.1
Operating Income Ratio	4.8%	5.7%	0.9%	—
Ordinary Income	27.3 ¥bn	36.3 ¥bn	9.0 ¥bn	10.0%
Net income attributable to parent company shareholders	17.0 ¥bn	20.2 ¥bn	3.2 ¥bn	5.9%
ROE (Return on equity)	8.3%	8.5%	0.2%	—
ROA (Return on assets)	7.5%	8.6%	1.2%	—
EBITDA (Operating income + Depreciation expenses)	45.5 ¥bn	53.0 ¥bn	7.5 ¥bn	5.2%

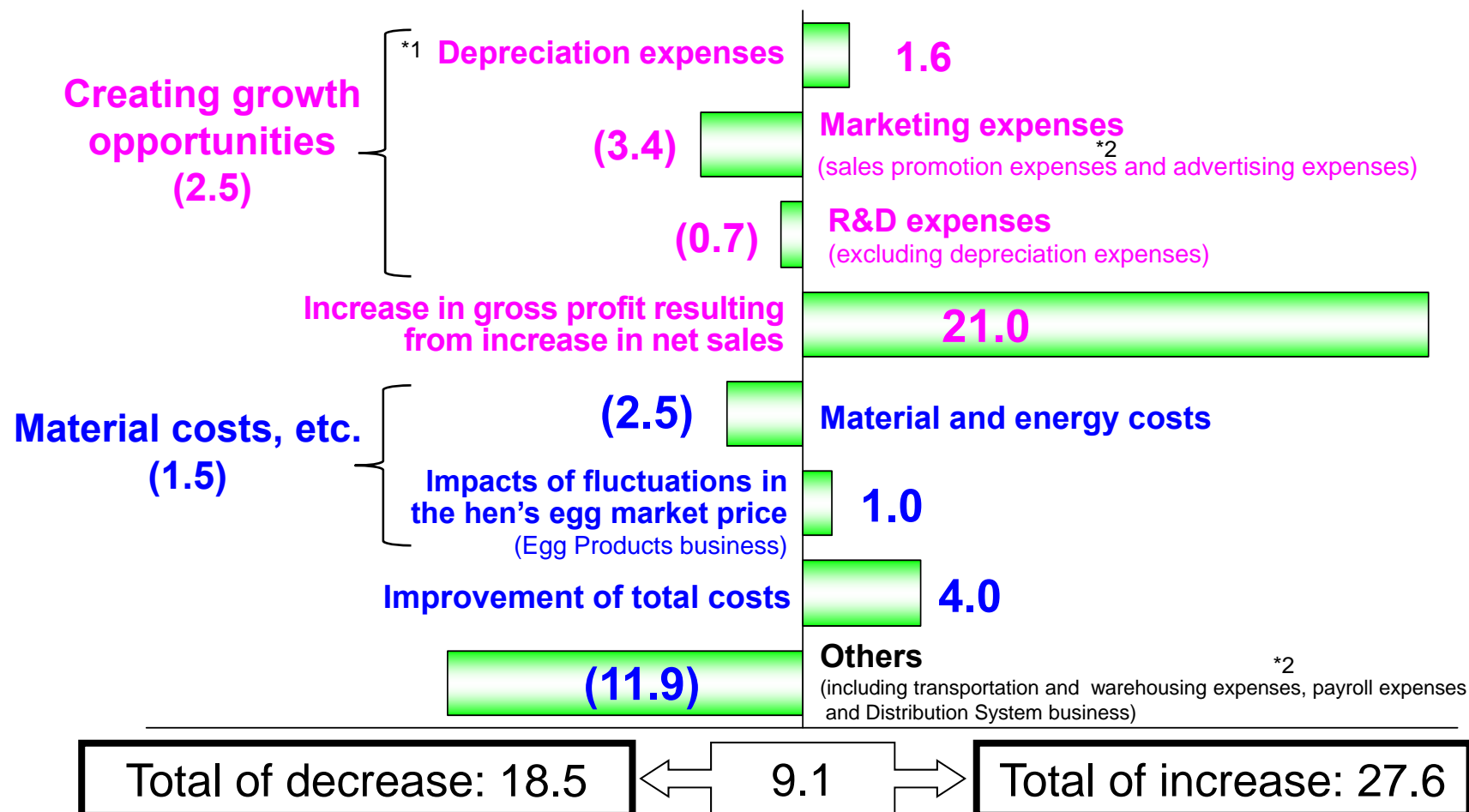
\*1. The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

\*2. Overseas figures cover the period from October through September and include exports from Japan (exports from Japan cover the period from December through November).

# Factors Causing Increase (Decrease) in Operating Income

(¥bn)

	11/15	11/18 Target	Difference
Operating Income	26.4	35.5	9.1



\*1. The impact due to changes in the depreciation method amounts to 2.8 billion yen.

\*2. The figures used for sales promotion expenses and transportation and warehousing expenses for fiscal 2015 have been corrected by excluding sales.

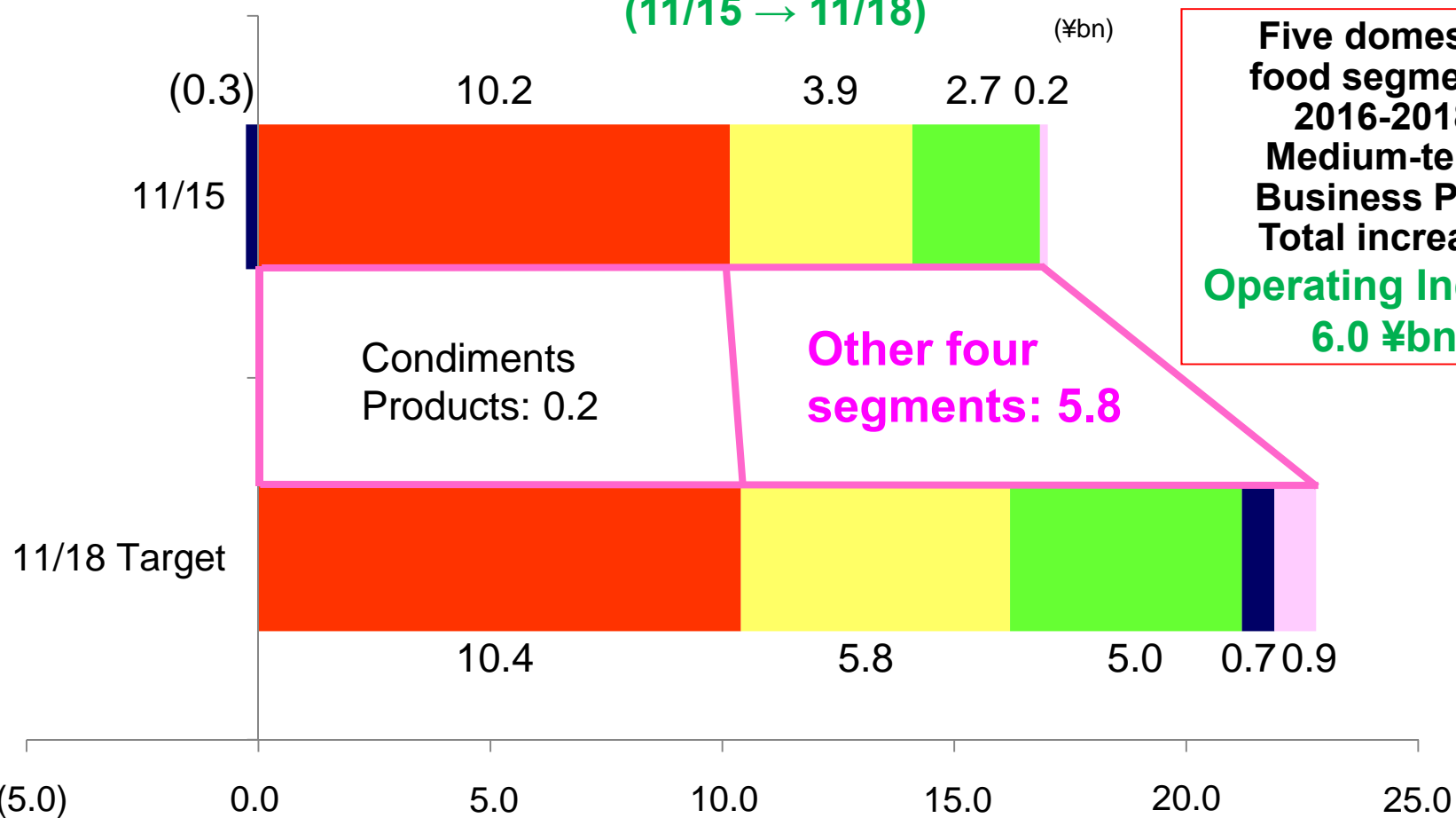
# Key Points in Income Generation (Increase in Income for Five Domestic Food Segments)

## Solidify Condiments Products business and enhance capacity of other segments to generate income

【Operating income from five domestic food segments】

(11/15 → 11/18)

(¥bn)



■ Condiments Products ■ Egg Products ■ Delicatessen Products ■ Processed Foods ■ Fine Chemical Products

# Domestic Expansion

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## Strengthen income-generating capacity in Japan through Group cooperation

【Themes for domestic expansion】

### Group cooperation

Maximize Group strengths and create value

【Main initiatives for domestic expansion】

#### Create added value

Generate value tailored to needs

Utilize and open up sales channels

Strengthen proposals for core products

#### Enhance cost competitiveness

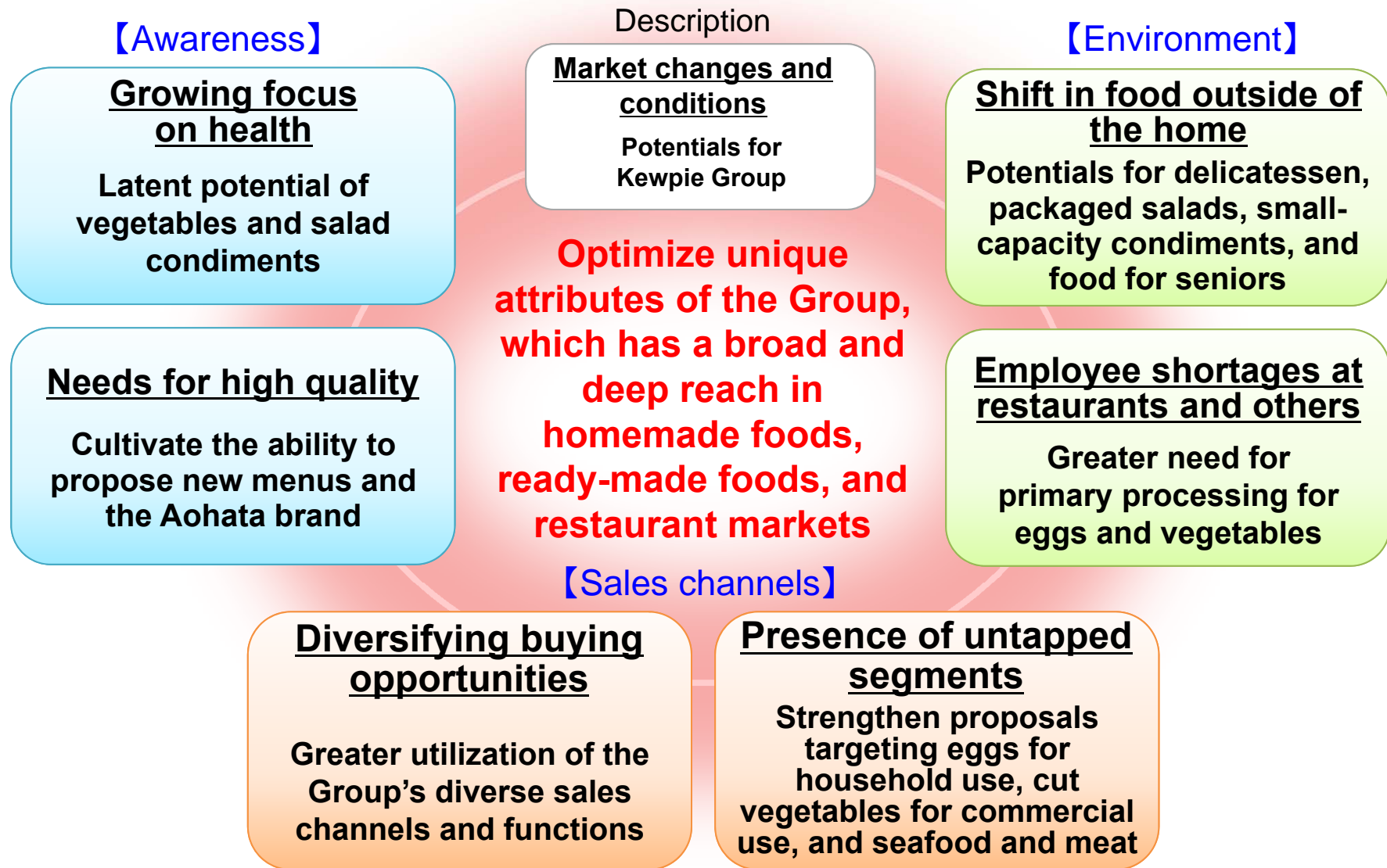
Improve efficiency of production, sales, and distribution

Technological innovation in manufacturing

Strengthen procurement capacity for raw materials



# Potential in Domestic Expansion



**Utilize investments and foundations made in 2013-2015 Medium-term Business Plan and take up challenges with Group cooperation**

# Overseas Expansion

## Lay a foundation for growth in new areas while accelerating growth in China and Southeast Asia

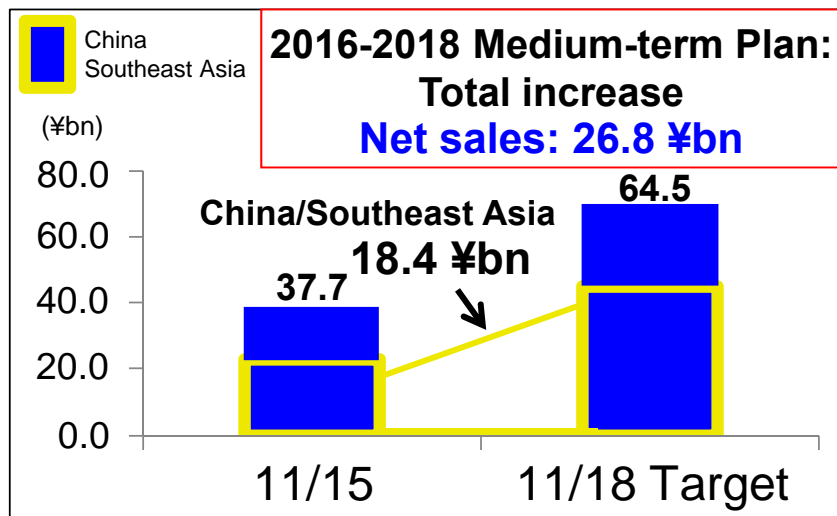
Expand sales of mayonnaise and dressing with ability to make proposals that capture area needs

Utilize the technology built up in Japan to expand new categories

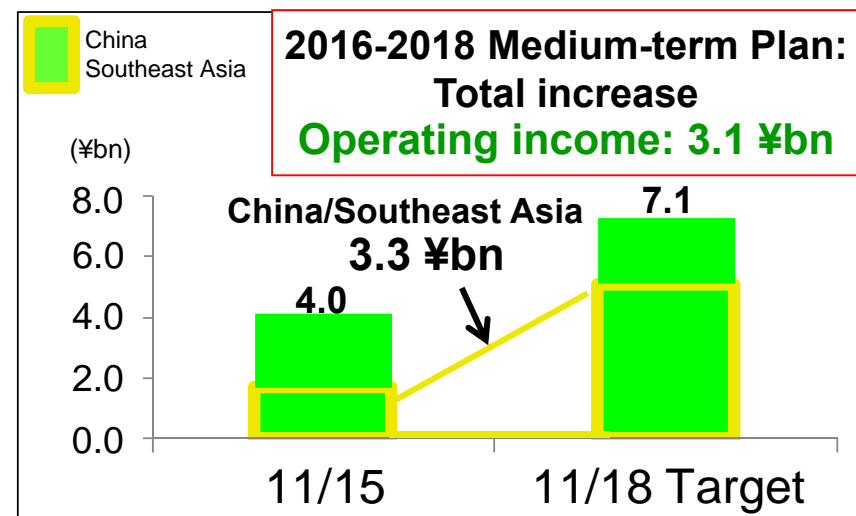
**Popularize the Kewpie brand**

Strengthen initiatives in expansion area through exports

**【Overseas expansion: Net sales】 (11/15 →11/18)**



**【Overseas expansion: Operating income】 (11/15 →11/18)**



\* The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

\* Overseas figures cover the period from October through September and include exports from Japan (exports from Japan cover the period from December through November).

# Main Initiatives by Overseas Area

## Achieve growth with “expansion in China, Southeast Asia and North America” and “reinforcement of expansion area with exports”

### 【China】

- ◇ Cultivate consumer market with new food scene proposals and product expansion tailored for each area
  - Reinforce sales promotions through events and advertising
  - Expand products tailored to area needs
- ◇ Cultivate each business category with solution proposals and expand products aimed at the food service business
  - Capturing Chinese food business
  - Capturing global restaurant chains
- ◇ Accelerate development of new categories
  - Expand development of processed egg products
  - Launch initiatives with salads

11/18	Net sales 26.6 ¥bn (12.4 ¥bn)
Target	Operating income 4.2 ¥bn (2.5 ¥bn)

### 【Southeast Asia】

- ◇ Increase number of stores at which Kewpie has highest share of sales floor
- ◇ Speed up expansion into global restaurant chains
- ◇ Expand exports to neighboring countries, Oceania, and the Middle East

11/18	Net sales 13.9 ¥bn (6.0 ¥bn)
Target	Operating income 0.8 ¥bn (0.8 ¥bn)

### 【North America】

- ◇ Expand sales channels for Kewpie brand products
- ◇ Expand sales channels in Egg Products business

11/18	Net sales 18.9 ¥bn (6.0 ¥bn)
Target	Operating income 1.4 ¥bn ((0.5) ¥bn)

### 【Exports and new】

- ◇ Expand sales of condiments products in Europe in stages
- ◇ Use strategic products to strengthen expansion in 40 countries to which Kewpie already exports

11/18	Net sales 5.1 ¥bn (2.4 ¥bn)
Target	Operating income 0.6 ¥bn (0.3 ¥bn)

\* The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

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

\* The figures in parentheses indicate the total increase/decrease in the 2016-2018 Medium-term Business Plan (difference between 11/18 target and 11/15 result).

# Performance Targets and Strategies by Business Segment

# Performance Targets by Business Segment

Delicatessen Products Business and overseas expansion  
drive increases in sales and income

(¥bn)

	Sales by Segment			Operating Income by Segment		
	11/15 (Corrected)	11/18 Target	Increase (Decrease)	11/15	11/18 Target	Increase (Decrease)
Total	552.0	625.0	73.0	26.4	35.5	9.1
Condiments Products	142.7	178.0	35.3	12.5	16.2	3.7
Egg Products	104.8	114.0	9.2	5.4	6.6	1.2
Delicatessen Products	101.9	125.0	23.1	2.7	5.0	2.3
Processed Foods	57.7	55.0	(2.7)	(0.3)	0.7	1.0
Fine Chemical Products	11.3	12.5	1.2	0.4	1.3	0.9
Distribution System	127.7	135.0	7.3	4.8	5.5	0.7
Common Business Operations	5.9	5.5	(0.4)	0.9	0.2	(0.7)

\* The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

# 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)	11/18 Target	Increase (Decrease)
Net Sales	178.0	*1 35.3
Operating Income	16.2	3.7
Operating Income Ratio	9.1%	0.3%

Factors behind changes in operating income (11/15 difference) (¥bn)	
(2.2)	Growth costs (depreciation expenses, etc.)
13.2	Increase in gross profit resulting from increase in net sales
(1.6)	Material costs, etc. (raw materials, energy, etc.)
1.5	Improvement of total costs
(7.2)	Others (including transportation and warehousing expenses, payroll expenses and Distribution System business)

\*1. The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

\*2. The numbers in parentheses refer to the difference in **Operating income** between the 11/18 target and the 11/15 result. Figures are expressed in units of billion yen.

## 【Lead market in Japan and overseas】 (3.3)

### ◇ Sustainable growth of domestic markets

- Develop new food style by the Group, spread this new style in the homemade foods, ready-made foods, and restaurant businesses, and expand the market
- Improve ability to generate profits by raising competitiveness of core products and rigorously distinguishing between items

### ◇ Build on overseas expansion

- Cultivate markets with proposals tailored to area needs

## 【Create new demand】 (0.4)

- Meet new needs for small-volume products and expand developed fields and sales channels
- Cultivate new condiments products such as Asian products with test marketing

## 【Operate production and distribution based on demand】

- Improve production efficiency of core products through concentrated production and meet diverse needs through a multiproduct variable quantity production line (Kobe Factory to begin operating in January 2017)
- Accurately ascertain production, sales, and distribution information and appropriately manage the inventory

# Condiments Products Business (Expand Demand With New Salad Styles)

**New ways of eating tailored to needs  
make it fun to eat delicious vegetables**

Healthy food

New menu

Simple cooking

**Custom-made**

Salad made by combining ingredients to  
suit one's own preferences



**Dip**

Eat vegetables easily by  
topping with a sauce



**Four new  
salad styles**

**One plate**

Vegetables in a wide  
variety of menus



**Pickles**

Pickle seasonal and  
colorful vegetables



Romaine lettuce

Encourage consumers to  
eat unfamiliar ingredients in  
a wide range of menus

**Simultaneously deploy menus consistent in the homemade foods, ready-made foods and restaurant markets, and expand demands for mayonnaise and dressings**



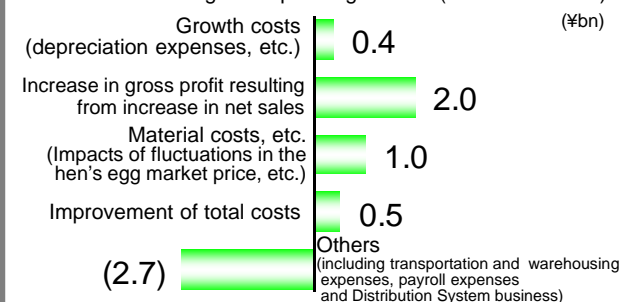
# Egg Products Business

## 【2016-2018 Medium-term Themes】

**Continue to enhance the value of the Egg Products Business worldwide through innovation**

(¥bn)	11/18 Target	Increase (Decrease)
<b>Net Sales</b>	114.0	*1 9.2
<b>Operating Income</b>	6.6	1.2
<b>Operating Income Ratio</b>	5.8%	0.7%

Factors behind changes in operating income (11/15 difference) (¥bn)



\*1. The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

\*2. The numbers in parentheses refer to the difference in **Operating income** between the 11/18 target and the 11/15 result. Figures are expressed in units of billion yen.

### 【Expand existing businesses】 (1.0)

#### ◇ Utilize new plant as much as possible and cultivate commercial shell egg market

- Use the new plant's functions to find ways to meet customer needs and create optimal products
- Utilize the Group's sales channels and strengthen expansion into growing markets

#### ◇ Further reinforce core products with innovations in production methods

- Establish production methods emphasizing delicious taste and ease of use

### 【Expand into household-use market】 (0.2)

- Create products offering new value such as delicious taste, convenience, and uniqueness

### 【Strengthen operating base】

- Build domestic and overseas systems that are not vulnerable to market fluctuations
- Pursue cost reductions through versatile workers and streamlining

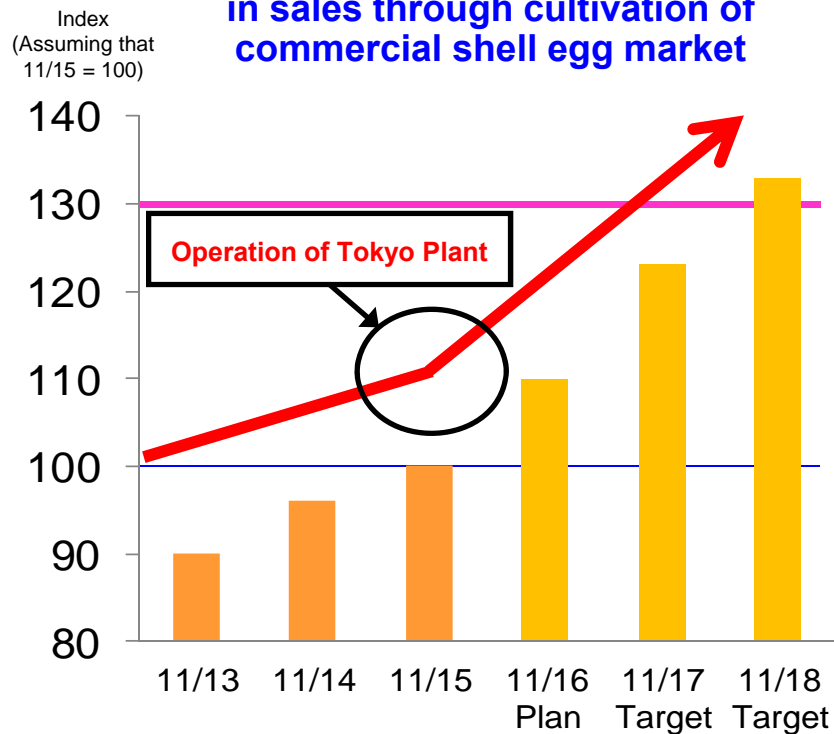


# Egg Products Business (Expand Existing Businesses)

## Extensively cultivate commercial shell egg market

Target sales growth of more than 130% by utilizing new factory

### Changes and forecasts in sales through cultivation of commercial shell egg market



## Expand into household-use market

Target sales growth exceeding 500% by expanding sales channels and launching new products

### Changes and forecasts in sales to household-use market



# 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)	11/18 Target	Increase (Decrease)
<b>Net Sales</b>	125.0	*1 23.1
<b>Operating Income</b>	5.0	2.3
<b>Operating Income Ratio</b>	4.0%	1.3%

Factors behind changes in operating income (11/15 difference) (¥bn)	
(0.2)	Growth costs (depreciation expenses, etc.)
4.3	Increase in gross profit resulting from increase in net sales
(0.5)	Material costs, etc. (raw materials, energy, etc.)
1.0	Improvement of total costs
(2.4)	Others (including transportation and warehousing expenses, payroll expenses and Distribution System business)

\*1. The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

\*2. The numbers in parentheses refer to the difference in **Operating income** between the 11/18 target and the 11/15 result. Figures are expressed in units of billion yen.

## 【Accelerate growth in three areas】

### ◇ Cut vegetables (1.1)

- Drive the household-use market by creating new value and improving cost competitiveness
- In commercial-use market, identify customer needs and develop differentiated products

### ◇ Delicatessen foods (0.3)

- Expand delivery route on a nationwide scale
- Cultivate new sales channels such as restaurants and offices

### ◇ Cooked rice (0.9)

- Cooked rice for mass retail stores shifts to full-fledged development

## 【Take up the challenge of entering new fields】

- Expand salad demand by opening up restaurant specializing in salads

## 【Structural reforms in businesses】

- Break away from labor-intensive model (labor-saving, automation)
- Strengthen cooperative system with others in the same industry
- Strengthen ability to procure raw materials through affiliations with producers

# Delicatessen Products Business (Business Structural Reforms)

## Build a new model for the Delicatessen Products Business for the future

Break away from labor-intensive model

### Build a new line of cut vegetables



Productivity doubles

Energy consumption  
Down 25%

Grade improves by  
reducing damage to  
vegetables

### Use of robots

Use of robots for work requiring labor



Robot loading products



Robot loading onigiri

Strengthen cooperative system with others in the same industry

### Share production and focus on areas of strength

#### Sales

Deria Foods

#### Production

Each company of  
Delicatessen Products Business

Salad

Cooperating  
companies

Cooperating  
companies

Cooperating  
companies

Simmered dish

Noodles

Fried foods

Establish a quality assurance system  
that includes cooperating companies

#### Merits

- Concentrates on areas of strength, and raise productivity
- Strengthens product line-up and enables production increase
- Cooperating companies use sales route for Deria Foods

**Build an efficient supply system  
and revitalize the market**

# Processed Foods Business

<p><b>【2016-2018 Medium-term Themes】</b></p> <p><b>Refine techniques and enhance business value</b></p> <p><b>Businesses that offer good taste, kindness, and convenience with technology</b></p>	(¥bn)	11/18 Target	Increase (Decrease)	<p>Factors behind changes in operating income (11/15 difference) (¥bn)</p> <p>(0.1) Growth costs (depreciation expenses, etc.)</p> <p>Increase in gross profit resulting from increase in net sales 0.3</p> <p>(0.4) Material costs, etc. (raw materials, energy, etc.)</p> <p>Improvement of total costs 1.0</p> <p>Others (including transportation and warehousing expenses, payroll expenses and Distribution System business) 0.2</p>
	<b>Net Sales</b>	55.0	*1 (2.7)	
	<b>Operating Income</b>	0.7	1.0	
	<b>Operating Income Ratio</b>	1.3%	—	

\*1. The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

\*2. The numbers in parentheses refer to the difference in **Operating income** between the 11/18 target and the 11/15 result. Figures are expressed in units of billion yen.

## 【New growth for processed foods】

### ◇ Strengthen Aohata structure (0.5)

- Refine taste and strengthen sales with innovations to core products
- Focus in on industry-use sauce products that can be differentiated
- Product development utilizing the strengths of new products developed by Kewpie

### ◇ Group expansion into senior food market (0.1)

- Raise name recognition and expand sales channels for “Yasashii Kondate” (Gentle Menu) and soft food for the elderly at home
- Expand frozen “Yawaraka Okazu” (Soft Food) for nursing home food

## 【Develop existing products】 (0.1)

- Incorporate sales promotion methods utilizing the Internet and other means and raise name recognition for upcoming products
- Create new value with an emphasis on the quality of raw materials and production methods

## 【Strengthen revenue foundation of businesses】 (0.3)

- Bring unprofitable categories into the black again or pull out
- Raise productivity by concentrating production lines and optimizing lines overall

# Processed Foods Business (Strengthen Aohata's Structure)

## Revitalize the market with the development of new 55 jams

All 55 jam products to be updated in spring 2016



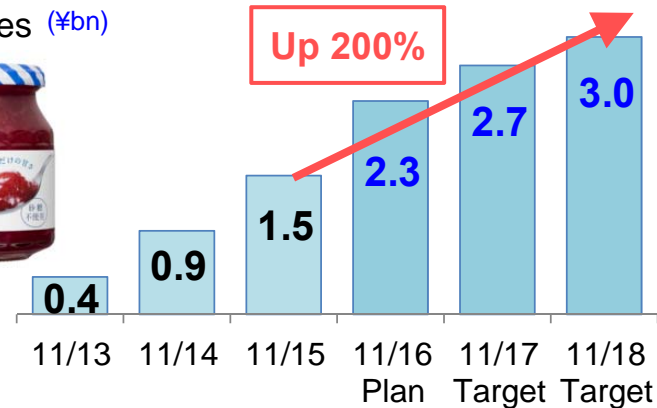
- Flavor that users will never get tired of
- Shift to volumes that can easily be used up
- Overhaul of design



Consistent cap design for all items

## Steady growth of “Marugoto Kajitsu” products

Net Sales (¥bn)



## Develop new variety ideal for processing, Yume Tsuzuki (“Continuing Dream”)



- Still have a good smell even processed
- Able to enjoy every last grain
- Easy to harvest
- High disease resistance

Improved taste and productivity  
Applications announced in July 2015

Expand into production regions and prepare for new product development

## Strengthen ability to procure imported raw materials



Strawberry fields owned by raw material company in Chile, a subsidiary of Aohata

Improved productivity with the development of a device for hulling strawberries



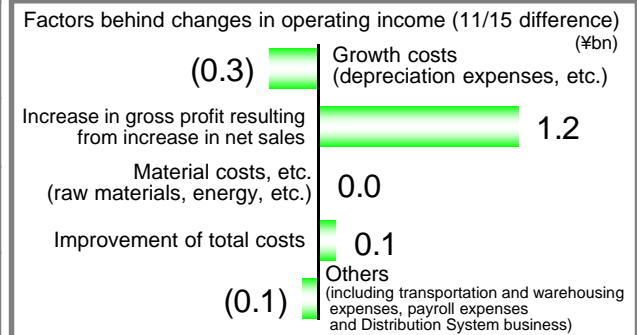


# Fine Chemical Products Business

## 【2016-2018 Medium-term Themes】

**Achieve 10% of operating income ratio by rebuilding revenue foundation**

(¥bn)	11/18 Target	Increase (Decrease)
<b>Net Sales</b>	12.5	*1 1.2
<b>Operating Income</b>	1.3	0.9
<b>Operating Income Ratio</b>	10.0%	6.9%



\*1. The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

\*2. The numbers in parentheses refer to the difference in **Operating income** between the 11/18 target and the 11/15 result. Figures are expressed in units of billion yen.

### 【Specialize in value-added products】

(0.2)

- Speed up expansion of hyaluronic acid by strengthening overseas sales system
- Create new value of ingredients and reinforce proposal capacity
- Begin formulation development targeting the medical field with the aim of beginning sales in fiscal 2018

### 【Strengthen sales on BtoC route】 (0.3)

- Expand customer base by cultivating sales channels
- Endeavour to spread awareness of product functionality by using multiple advertising media

### 【Rebuild raw material procurement system】

(0.4)

- Reduce risk of fluctuations in raw material prices by setting up multiple purchasing systems globally
- Improve procurement costs by strengthening efforts with raw material suppliers

# Fine Chemical Products Business (Specialize in Value-added Products and Strengthen Sales on BtoC route)

## 【Specialize in value-added products】

### 【New value creation for ingredients】

- Add new functions to shell membrane with new production methods
- Develop anti-norovirus ingredients (derived from egg whites)
- Develop new market based on functions of acetic acid bacteria

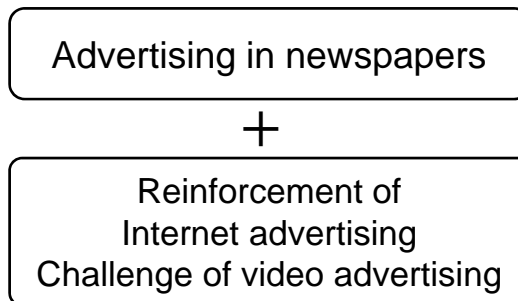
### 【Formulations of proprietary ingredients】

- Develop formulations in medical field, primarily using hyaluronic acid and egg yolk lecithin, and begin sales on a full scale



## 【Strengthen sales on BtoC route】

- Reinforcement by expanding into video advertising



**Hiarmoisture 240**  
(Food with function claims launched in June 2015)

- New initiatives targeting young people through new products



**Hiarobeauty**  
(Food with function claims to be launched in March 2016)

# Distribution System Business

<b>【2016-18 Medium-term Themes】</b> <b>Shift to new growth stage, using strengthened operating base</b> <b>Aim for sustainable improvements to profitability by cultivating existing businesses</b>	(¥bn)	11/18 Target	Increase (Decrease)	Factors behind changes in operating income (11/15 difference) (¥bn)	
	<b>Net Sales</b>	135.0	7.3	Depreciation expenses, etc.	0.1
	<b>Operating Income</b>	5.5	0.7	Contributions to income from growth areas	0.5
	<b>Operating Income Ratio</b>	4.0%	0.3%	(0.3) Energy, etc. (fuel, electricity)	
				Improvements in streamlining	1.3
				(0.9) Others (reorganization, etc.)	

\*The numbers in parentheses refer to the difference in **Operating income** between the 11/18 target and the 11/15 result. Figures are expressed in units of billion yen.

\*Operating income in the Distribution System business is included in "Others" for factors causing increase (decrease).

## 【Further strengthen operating base】

(0.6)

### ◇ Strengthen earning capacity

- Reinforce competitiveness by thoroughly reducing costs
- Reduce and discontinue supplemental work and collect appropriate fees

### ◇ Reorganize base network

- Strengthen area function
- Attract demand in Tokyo metropolitan area and Kansai area

### ◇ Rebuild transportation function

- Strengthen trunk line transportation capacity
- Optimize small-lot transport

## 【Improve distribution quality and technology capacity】

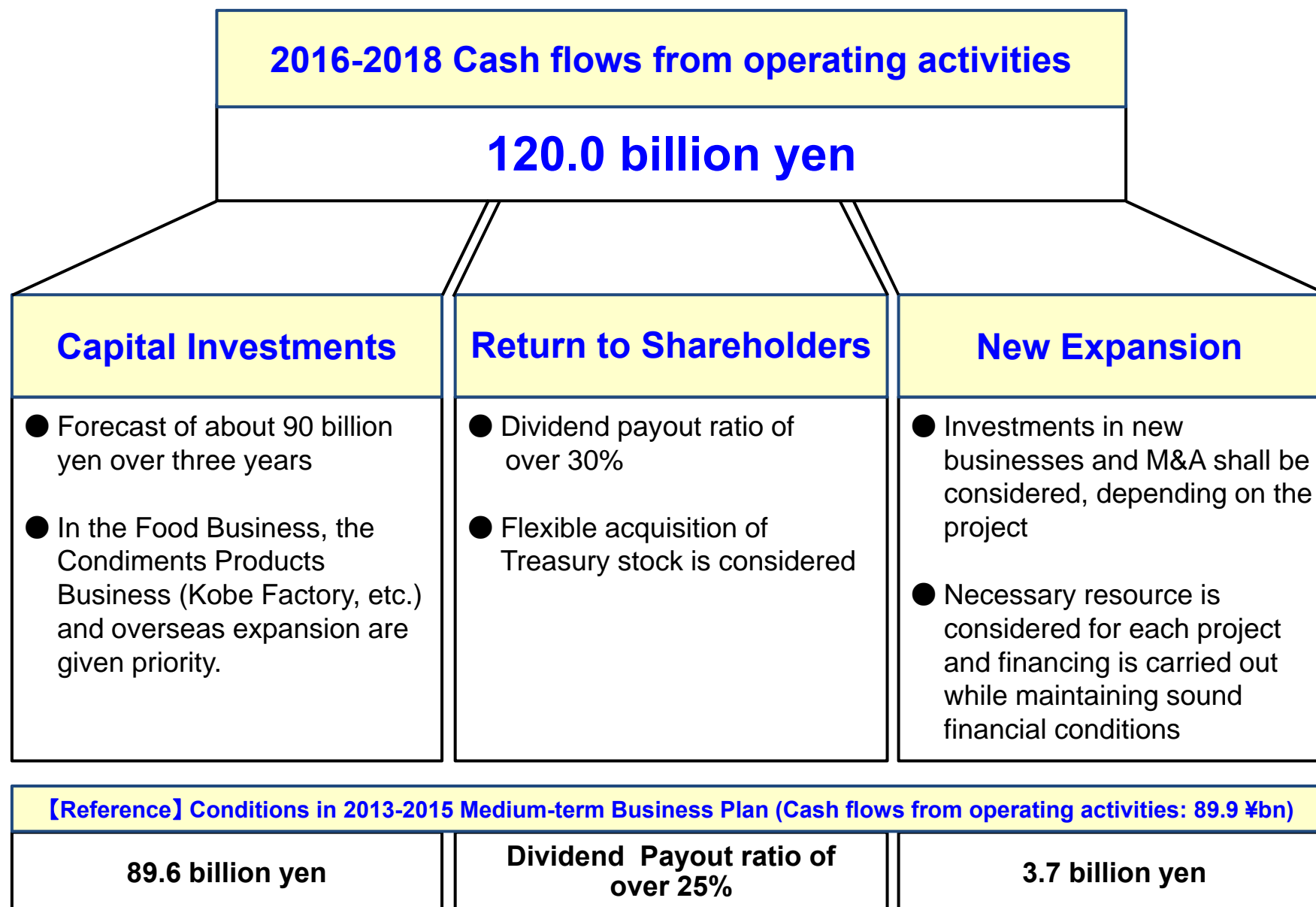
- Create an appealing workplace/strengthen staff hiring and development
- Create unique services and technology
- Introduce and expand quality management indicators

## 【New developments for growth】 (0.1)

- Comprehensive outsourcing for customers' operations
- Strengthen consulting services (domestic and overseas)



# Investments and Return to Shareholders



# Standard for Dividend Decisions and Policy on Return to Shareholders

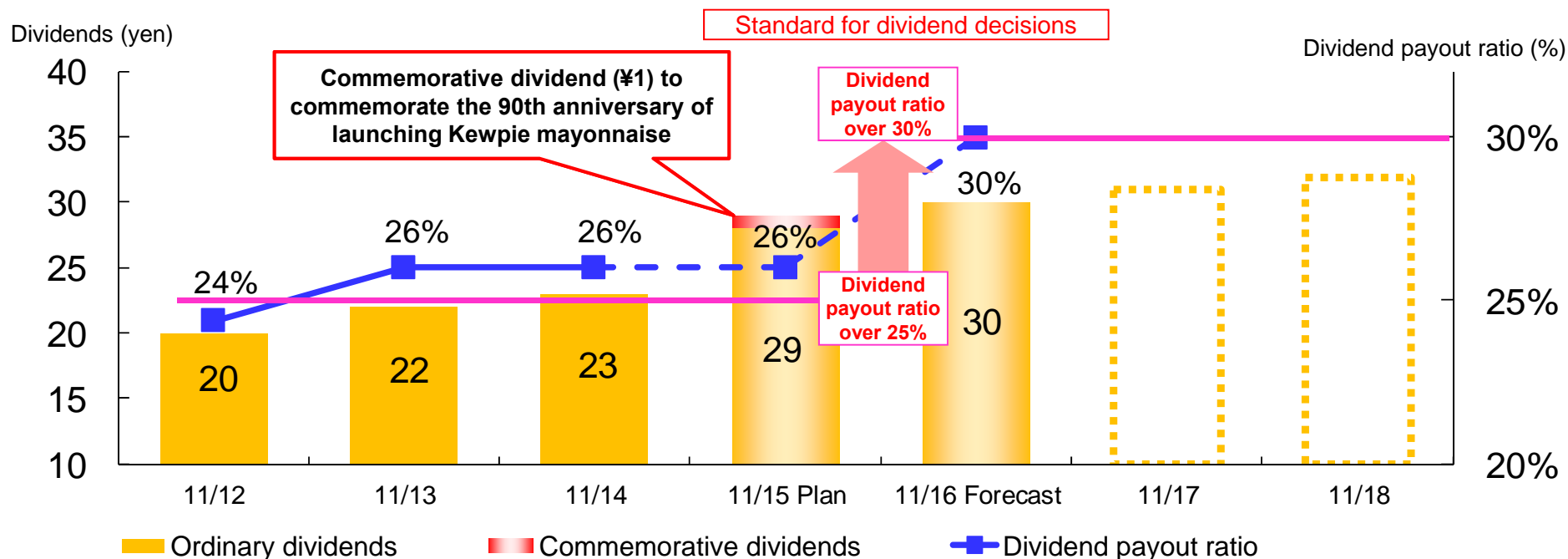
## 【Policy on Return to Shareholders】

- Dividends are our top priority, and we aim to continue providing stable dividends.
- The acquisition and retirement of Treasury stock is considered as necessary while considering the stock price movements and the financial conditions.

## 【Standard for dividend decisions】

**Dividend payout ratio of over 25% ⇒ Over 30%**

**(DOE of over 1.8% ⇒ Target of 2.2%)**



# Fiscal 2016 Plan

# Fiscal 2016 Plan

23 billion yen increase in net sales and 1.6 billion yen increase in operating income

	11/15	11/16 Plan	Change YoY	Increase (Decrease)
Net Sales	*1 552.0 ¥bn	575.0 ¥bn	4.2%	23.0 ¥bn
Domestic	514.3	530.5	3.1	16.1
Overseas *2	37.7	44.5	18.2	6.9
Operating Income	26.4 ¥bn	28.0 ¥bn	5.9%	1.6 ¥bn
Domestic	22.4	23.7	5.6	1.3
Overseas *2	4.0	4.3	7.6	0.3
Operating Income Ratio	4.8%	4.9%	—	0.1%
Ordinary Income	27.3 ¥bn	29.1 ¥bn	6.6%	1.8 ¥bn
Net income attributable to parent company shareholders	17.0 ¥bn	15.0 ¥bn	(11.9)%	(2.0) ¥bn
ROE (Return on equity)	8.3%	6.8%	—	(1.5)%
ROA (Return on assets)	7.5%	7.6%	—	0.1%
EBITDA (Operating income + Depreciation expenses)	45.5 ¥bn	46.1 ¥bn	1.3%	0.5 ¥bn

\*1. The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

\*2. Overseas figures cover the period from October through September and include exports from Japan (exports from Japan cover the period from December through November).

# Fiscal 2016 Plan by Business Segment

Despite higher primary raw material costs, we expect the Delicatessen Products Business to lead growth in sales and income

(¥bn)

	Net sales by business segment			Operating income by business segment		
	11/15 (Corrected)	11/16 Plan	Increase (Decrease)	11/15	11/16 Plan	Increase (Decrease)
Total	552.0	575.0	23.0	26.4	28.0	1.6
Condiments Products	142.7	153.0	10.3	12.5	12.6	0.1
Egg Products	104.8	110.0	5.2	5.4	5.5	0.1
Delicatessen Products	101.9	114.0	12.1	2.7	4.1	1.4
Processed Foods	57.7	52.5	(5.2)	(0.3)	(0.2)	0.1
Fine Chemical Products	11.3	12.0	0.7	0.4	0.7	0.3
Distribution System	127.7	128.5	0.8	4.8	5.0	0.2
Common Business Operations	5.9	5.0	(0.9)	0.9	0.3	(0.6)

Condiments Products	The cost of raw materials is rising, but we stimulate demand to increase, particularly for dressings, and expect income to grow.
Egg Products	We expect sales and income growth as a result of a shift to value-added products and the expansion into the household-use market.
Delicatessen Products	We expect higher sales and income by increasing sales from the utilization of the new plant, as well as labor-saving achieved with the production line.
Processed Foods	We will continue to work to improve income in unprofitable categories while expanding sales of bread-related products and nursing care foods.
Fine Chemical Products	Income will be improved through growth in hyaluronic acid sales and mail-order sales and the rebuilding of a raw material procurement system.
Distribution System	In addition to setting up a base network, we will work to curb distribution costs, etc.

\* The figure used for fiscal 2015 sales has been corrected for the impact of the new accounting method.

# Reference Materials

## 【Changes to standards for recording net sales】

From first quarter of the fiscal year ending November 2016

**【Before change】** Sales promotion expenses etc. were posted as “marketing costs” when the cost was finalized.

**【After change】** When sales are posted, it is deduced from “net sales”  
(previously recorded and disclosed under net sales and sales promotion expenses [including some distribution expenses]).

**Impact in fiscal year ended November 2015** Net sales: (26.2) ¥bn Operating income: 0.0 ¥bn

Figures after reclassification of results in fiscal year ended November 2015 may change since the audit has not yet been completed and retroactive application has only been partially completed. The finalized figures will be released when the first quarter results are announced.

## 【Changes to depreciation method for fixed assets】

From first quarter of the fiscal year ending November 2016

**【Before change】** Declining balance method

**【After change】** Straight-line method

(Methods for evaluating useful life and residual value have also been reviewed.)

**Impact on profit/loss compared to previous method**

**Fiscal year ending November 2016: Operating income: 2.0 ¥bn**

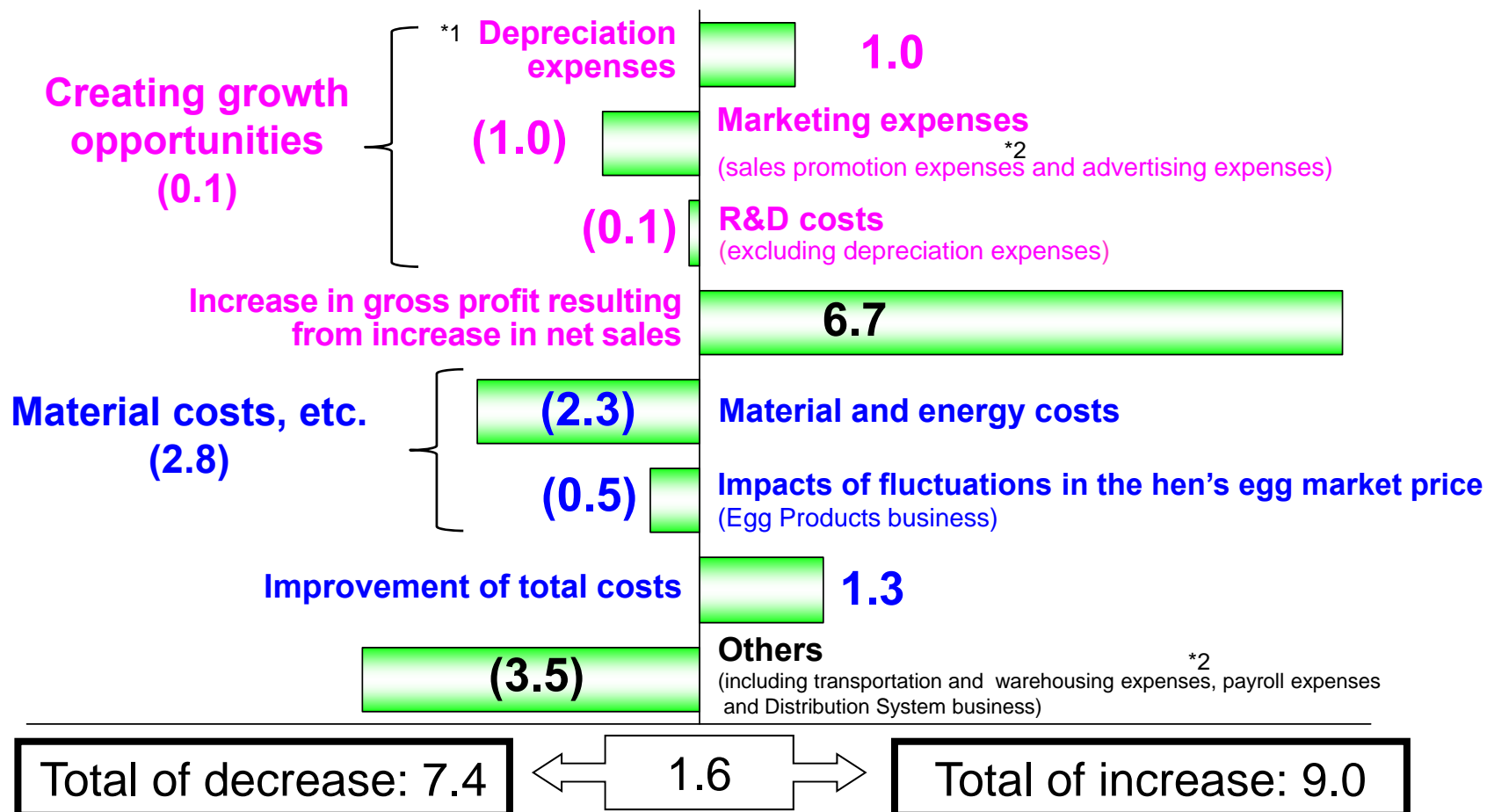
**Fiscal year ending November 2018: Operating income: 2.8 ¥bn**

However, these figures may change depending on investment conditions.

# Reference: Factors Causing Increase (Decrease) in Operating Income in Fiscal 2016

(¥bn)

	11/15	11/16 Plan	Difference
<b>Operating Income</b>	<b>26.4</b>	<b>28.0</b>	<b>1.6</b>

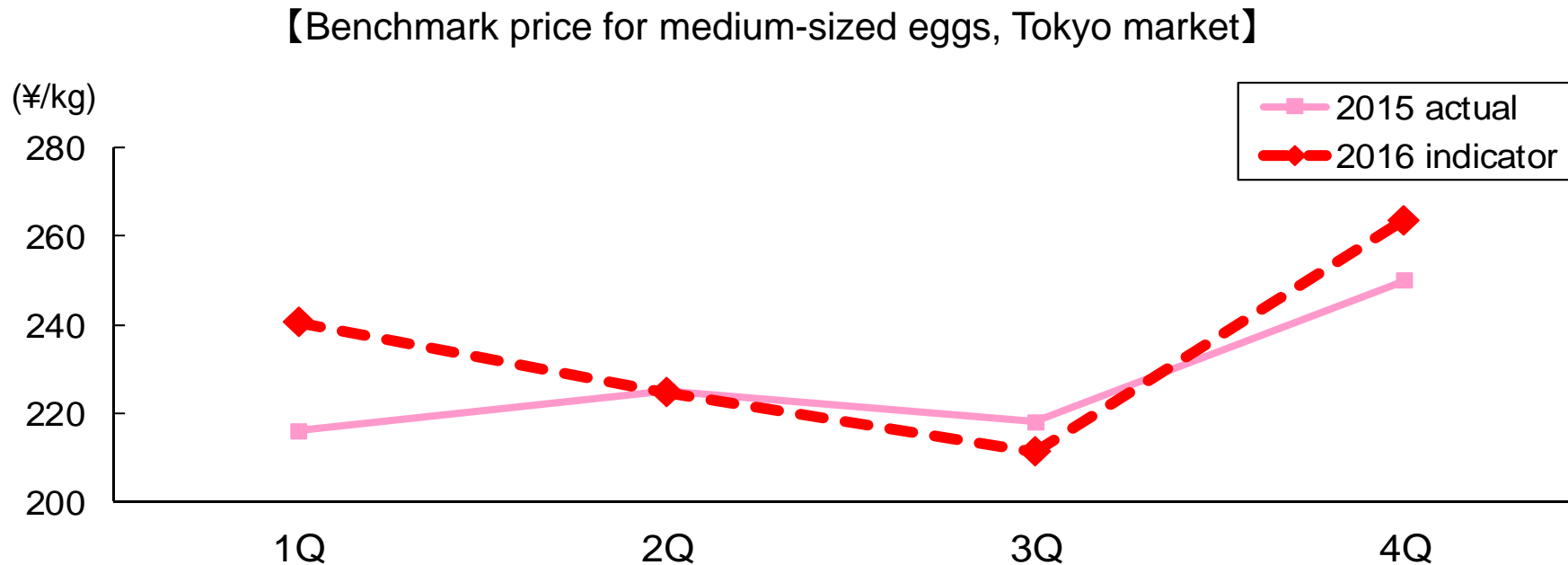
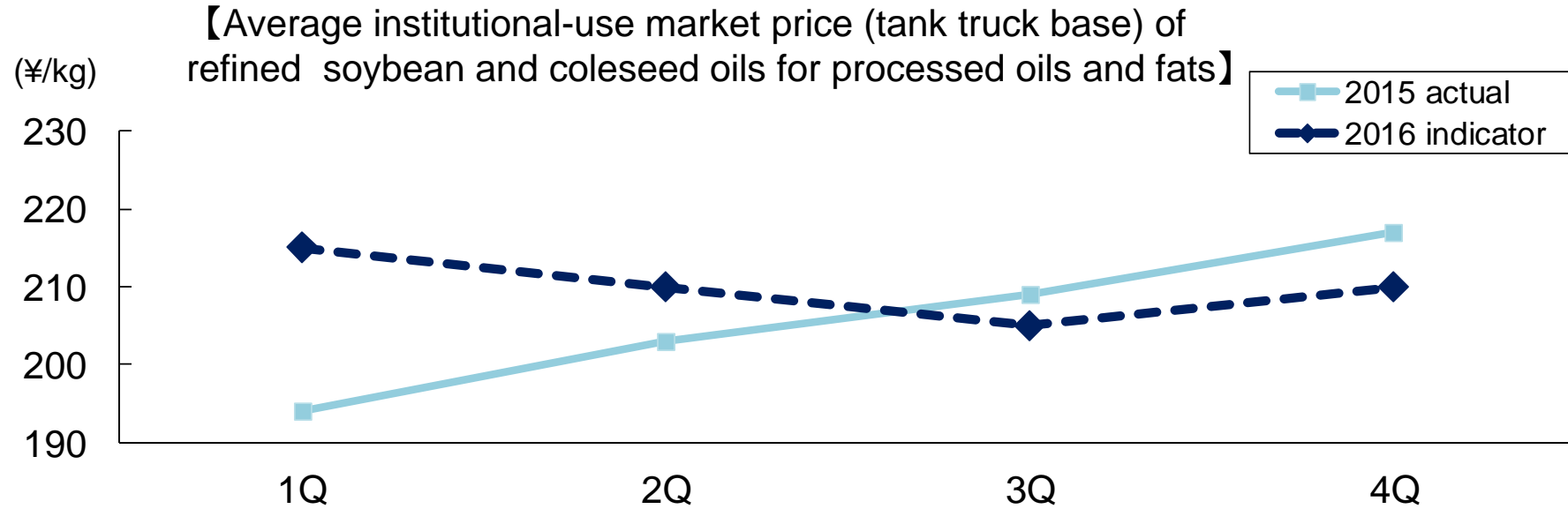


\*1. The impact due to changes in the depreciation method amounts to 2.0 billion yen.

\*2. The figures used for sales promotion expenses and distribution expenses for fiscal 2015 have been corrected by excluding sales.



# Reference: Conditions in Markets for Major Raw Materials



# Reference: Performance Trends

(¥bn)

	11/12	11/13	11/14	11/15	11/16 Plan	11/18 Target
《New accounting method》						
Condiments Products				142.7	153.0	178.0
				12.5	12.6	16.2
Egg Products				104.8	110.0	114.0
				5.4	5.5	6.6
Delicatessen Products				101.9	114.0	125.0
				2.7	4.1	5.0
Processed Foods				57.7	52.5	55.0
				(0.3)	(0.2)	0.7
Fine Chemical Products				11.3	12.0	12.5
				0.4	0.7	1.3
Distribution System				127.7	128.5	135.0
				4.8	5.0	5.5
Common Business Operations				5.9	5.0	5.5
				0.9	0.3	0.2
Total				552.0	575.0	625.0
				26.4	28.0	35.5
《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		

Note: The figures for net sales are shown in the upper row and the figures for operating income are shown in the lower row.

# Reference: Capital Investments and Main SG&A Expenses

(¥bn)

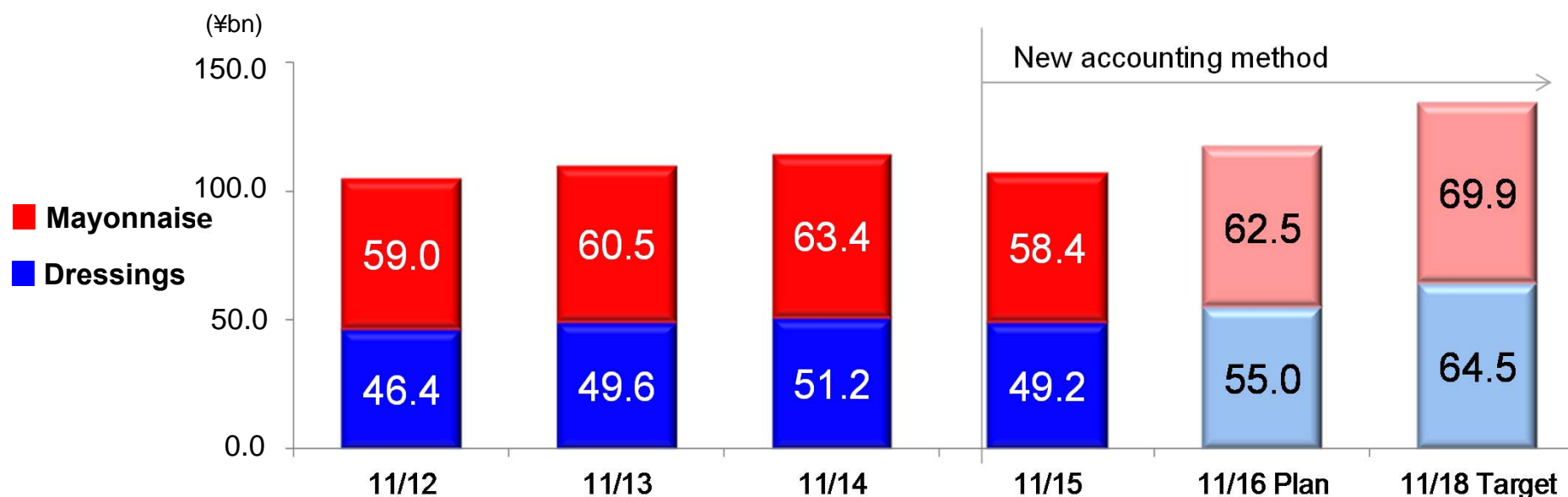
		11/12	11/13	11/14	11/15	11/16 Plan	11/18 Target
Capital Investments		20.9	27.1	30.1	32.4	39.1	22.4
Depreciation Expenses		14.1	14.6	16.1	19.1	18.1	17.5
Sales Promotion Expenses	New accounting method				4.1	4.8	7.2
	Former accounting method	19.5	20.5	21.4	23.5		
Advertising Expenses		7.9	7.9	8.0	8.7	9.0	9.0
Transportation and Warehousing Expenses	New accounting method				26.5	28.4	32.3
	Former accounting method	28.9	30.5	32.0	33.3		
Payroll Expenses		24.3	25.4	26.5	28.7	30.4	34.3
R&D Expenses		3.4	3.7	3.9	4.2	4.3	5.0

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

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

(¥bn)

	11/12	11/13	11/14	11/15	11/16 Plan	11/18 Target
<b>《New accounting method》</b>						
Mayonnaise				58.4	62.5	69.9
Dressings				49.2	55.0	64.5
Total				107.6	117.4	134.4
<b>《Former accounting method》</b>						
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		



\* The graph for fiscal 2015 uses figures corrected for the impact due to the new accounting method.

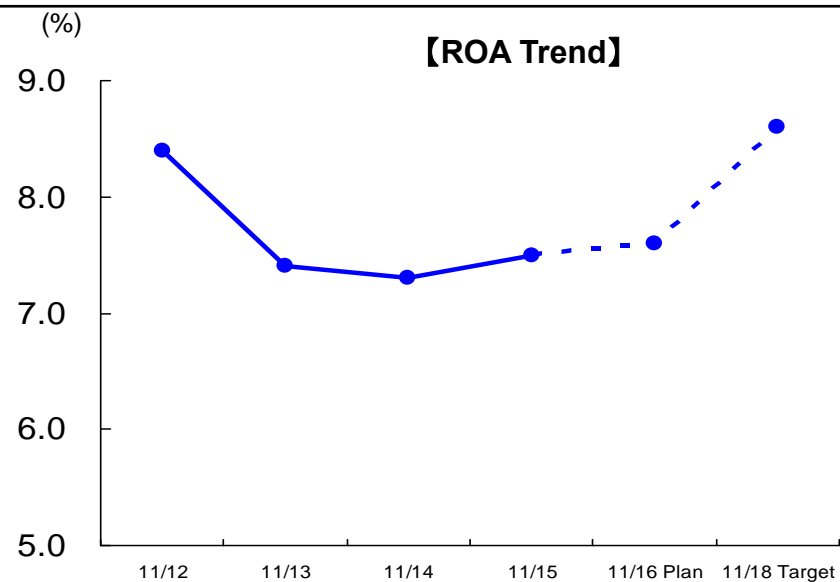
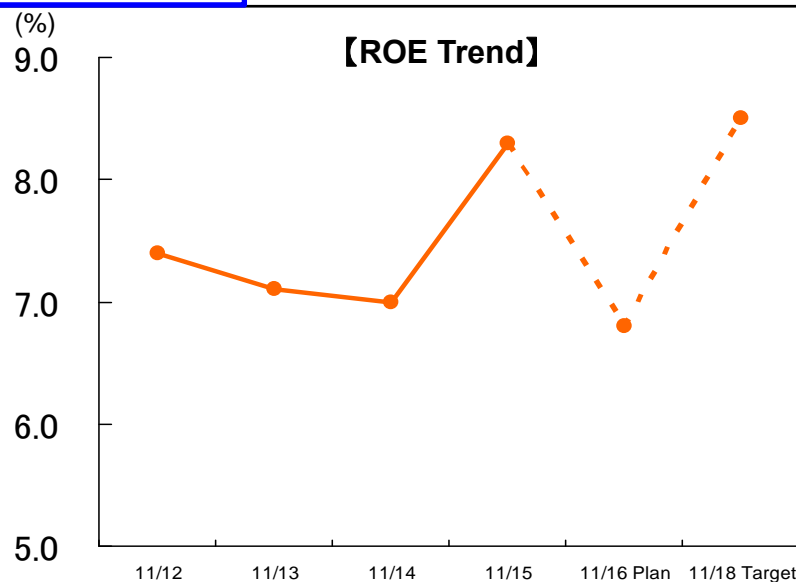
## Reference: Results and Indicators in Major Markets

	(¥)		
	11/15	11/16	11/18
	Results	Indicators	Indicators
Average Price of Institutional Use (Tank Truck Base) for Processed Oil and Fats (per kg)	206	210	215
Medium-Sized Egg, Tokyo Market Average Price (per kg)	227	235	205
USD exchange rate (average during period) (per \$1)	119	125	130
RMB exchange rate (average during period) (per RMB1)	19	20	20

# Reference: ROE/ROA Trends

(%)

	11/12	11/13	11/14	11/15	11/16 Plan	11/18 Target
<b>ROE</b> (Return on equity)	7.4	7.1	7.0	8.3	6.8	8.5
<b>ROA</b> (Return on assets)	8.4	7.4	7.3	7.5	7.6	8.6



(¥bn)	11/12	11/13	11/14	11/15	11/16 Plan
Net income	12.3	12.6	13.4	17.0	15.0
Shareholders' equity	170.9	184.2	195.1	214.1	225.8

(¥bn)	11/12	11/13	11/14	11/15	11/16 Plan
Ordinary income	24.5	23.7	25.4	27.3	29.1
Total assets	306.5	334.7	357.0	372.4	392.0

\* 11/16 Plan for the net income is the net income attributable to parent company shareholders.

# Reference: Social and Environmental Activities

As a member of the local community, we are involved in a wide range of activities

## Food education activities

Conveying the enjoyment and importance of food

### Mayonnaise class

"On-site" classes aimed at teaching the enjoyment of food and the importance of consuming vegetables



Learn about vegetables and mayonnaise and experience the difference with factory products by making mayonnaise

Held in 400 elementary schools in fiscal 2015, with about 20,000 children participating

### Open kitchen (factory tour)

We have offered factory tours since 1961 in the belief that the factory is just an extension of the family kitchen



Approximately 100,000 visitors came in fiscal 2015, including the Mayoterrace (tour facility)

## Social contributions

Ongoing activities continued for the long term

### Support for Tohoku's reconstruction

Expansion from support activities to help restore area affected by earthquake taken just after the earthquake to activities aimed at restoring the community



Hold cooking classes using local foods to build community in areas affected by the earthquake (Minamisanriku)

### Bellmark campaign (educational support)

Assist the Bellmark campaign which supports a wide range of social education activities



Sympathized with the Bellmark campaign's purpose, we have expanded sponsoring and educational support for the affected regions since the campaign's start in 1960.

## Environmental conservation

Appreciate the blessings of nature and value resources

### Efficient use of food leftovers

Reuse of leftovers such as egg shells and vegetables remaining after manufacturing process



Egg shells used in calcium supplement foods



Potato skins used in livestock feed



Leftover vegetables used in cloth dyes

### Kewpie Forest (forest conservation)

Forest conservation activities in Fujihokuroku, Fujiyoshida, Yamanashi Prefecture, where a Group factory is located



The forest has been thinned and trees have been planted since 2007, and forest conservation activities aim at developing a rich source of water

Note:

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

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