

Kikkoman Corporation

***Business Performance Presentation
for the Year ended March 31, 2018***

April 26, 2018

- *The information in this presentation is based on Kikkoman's best knowledge at the time it was prepared.*
- *This presentation does not constitute a promise or guarantee that the company will achieve its numerical targets or necessarily implement the strategies outlined.*

Today's Agenda

- *Performance in Fiscal 2018 and Forecast for Fiscal 2019*

*Takao Kamiyama
Executive Corporate Officer and CFO*

- *New Long-Term Vision “Global Vision 2030”
and New Medium-Term Management Plan*

*Noriaki Horikiri
President and CEO*

**Performance in Fiscal 2018 and
Forecast for Fiscal 2019**

**Takao Kamiyama
Executive Corporate Officer and CFO**

(1) Performance in Fiscal 2018

(2) Forecast for Fiscal 2019

**1-1. Performance in Fiscal 2018
Consolidated P/L Results (Compared with Previous Year)**

Full-year actual results

(Unit: billion yen)

	Fiscal 2018	Fiscal 2017	Change Increase / Decrease	%	Breakdown of change		
					Translation Difference	Actual Difference	%
Net Sales	430.6	402.2	28.4	107.1	6.2	22.2	105.5
Japan	181.4	176.4	5.0	102.8		5.0	102.8
Overseas	252.1	228.5	23.7	110.4	6.2	17.4	107.6
Operating Income	36.5	32.8	3.7	111.1	0.8	2.9	108.7
Japan	11.9	9.8	2.1	121.5		2.1	121.5
Overseas	25.8	23.8	2.0	108.4	0.7	1.3	105.4
Kikkoman (Holding Company)	6.3	5.2	1.1	121.6		1.1	121.6
Eliminations	(7.4)	(5.9)	(1.6)		0.1	(1.6)	
Ordinary income	36.0	32.0	3.9	112.3	0.7	3.2	110.1
Income before income taxes	36.0	27.1	8.9	132.9	0.7	8.2	130.4
Net income attributable to owners of parent	23.8	23.8		100.1	0.5	(0.4)	98.2

Exchange Rate (¥/US\$)	110.8	109.0	1.8
(¥/EUR)	129.5	119.4	10.1

1-2. Performance in Fiscal 2018 Net Sales in Japan (Compared with Previous Year)

Full-year actual results

(Unit: billion yen)

		Fiscal 2018	Fiscal 2017	Change Increase / Decrease	%
Japan	Soy Sauce	50.2	50.5	(0.3)	99.4
	Food Products	58.9	57.8	1.1	101.9
	Beverages	50.7	46.0	4.7	110.2
	Liquor and wine	12.9	13.3	(0.4)	97.1
	Eliminations	(0.2)	(0.2)		
	Foods-Manufacturing and Sales	172.4	167.3	5.1	103.0
	Others	21.1	21.0	0.1	100.5
	Eliminations	(12.2)	(12.0)	(0.2)	
Total		181.4	176.4	5.0	102.8

- Soy sauce: The *Itsudemo Shinsen* (“always fresh”) series performed well.
- Food products: Soy sauce derivative products sold well.
- Beverages: Sales of soy milk and Del Monte beverages were both strong.

1-3. Performance in Fiscal 2018 Net Sales Overseas (Compared with Previous Year)

Full-year actual results

(Unit: billion yen)

		Fiscal 2018	Fiscal 2017	Change Increase / Decrease	%	Breakdown of change			
						Translation Difference	Actual Difference	%	
Overseas	North America	185.5	170.5	14.9	108.8	3.2	11.7	106.9	
	Foods-Manufacturing and Sales	57.9	55.4	2.4	104.4	1.0	1.5	102.7	
	Foods-Wholesale	135.6	122.5	13.2	110.8	2.4	10.8	108.8	
	Europe	27.9	23.0	4.9	121.3	1.9	3.0	113.0	
	Foods-Manufacturing and Sales	12.2	10.2	1.9	118.6	0.9	1.0	109.4	
	Foods-Wholesale	18.1	14.4	3.7	125.7	1.1	2.6	117.8	
	Asia & Oceania	35.6	29.9	5.7	119.2	1.2	4.5	115.0	
	Foods-Manufacturing and Sales	18.8	15.5	3.3	121.5	0.6	2.7	117.5	
	Foods-Wholesale	17.1	14.7	2.5	116.8	0.6	1.8	112.5	
	Others	37.9	35.1	2.8	108.0		2.8	108.0	
	Eliminations	(34.8)	(30.1)	(4.7)		(0.1)	(4.6)		
	Total		252.1	228.5	23.7	110.4	6.2	17.4	107.6

Exchange Rate(¥/US\$) 110.8 109.0 1.8
(¥/EUR) 129.5 119.4 10.1

- Actual sales, excluding the effect of exchange rates, rose from the previous year in all regions and segments.

1-4. Performance in Fiscal 2018 (Consolidated Operating Income (Compared with Previous Year))

Full-year actual results

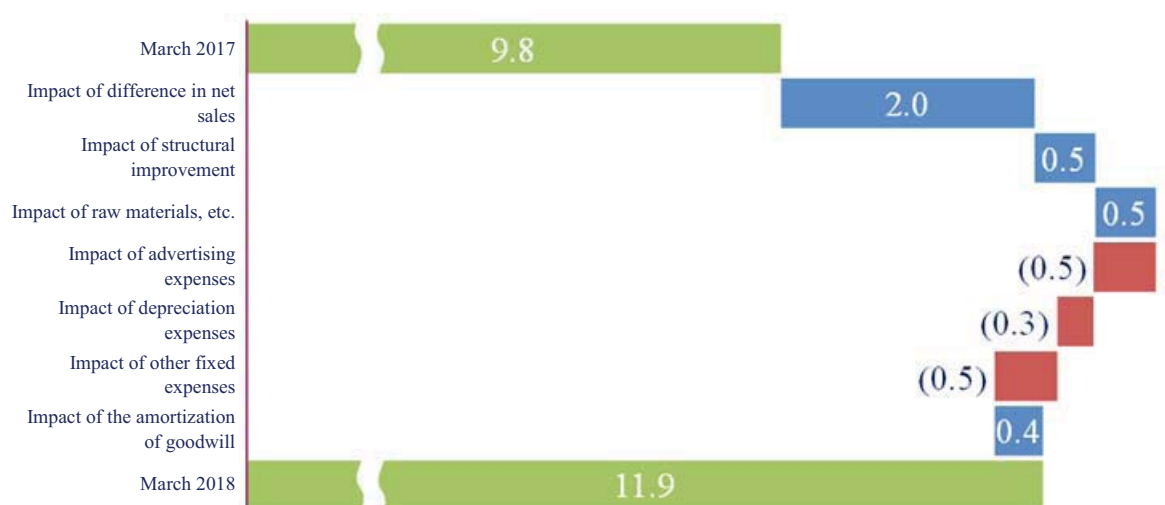
(Unit: billion yen)

		Fiscal 2018	Fiscal 2017	Change Increase / Decrease	%	Breakdown of change		
						Translation Difference	Actual Difference	%
Japan	Foods-Manufacturing and Sales	10.4	8.3	2.1	125.0		2.1	125.0
	Others	1.5	1.4		101.5			101.5
	Total	11.9	9.8	2.1	121.5		2.1	121.5
Overseas	North America	17.5	16.6	0.9	105.6	0.3	0.6	103.6
	Europe	4.1	3.4	0.8	123.3	0.3	0.5	114.7
	Asia & Oceania	2.5	2.2	0.2	111.0	0.1	0.2	106.8
	Others	1.8	1.5	0.2	114.9		0.2	114.9
	Total	25.8	23.8	2.0	108.4	0.7	1.3	105.4
Kikkoman (Holding Company)		6.3	5.2	1.1	121.6		1.1	121.6
Eliminations		(7.4)	(5.9)	(1.6)		0.1	(1.6)	
Consolidated Total		36.5	32.8	3.7	111.1	0.8	2.9	108.7
Exchange Rate(¥/US\$)		110.8	109.0	1.8				
(¥/EUR)		129.5	119.4	10.1				

1-5. Major Factors for Changes in Operating Income in Japan

Japan +¥2.1 billion

(Unit: billion yen)



1-6. Major Factors for Changes in Operating Income Overseas

Overseas +¥2.0 billion

(Unit: billion yen)



1-7. Change in Consolidated Balance Sheets

(Unit: billion yen)

a. Total Asset = 346.9	(Compared with 2017.3)	(14.3)
b. Translation Difference		(2.7)
Actual Difference (a. - b.)		(11.7)

Assets	(11.7)	Liabilities and net assets	(11.7)
Current assets	(16.7)	Liabilities	(22.3)
Cash and deposits	(22.9)	Interest bearing debt	(29.4)
Notes and accounts receivable	+4.2	Notes and accounts payable	+1.7
Inventories	+5.1	Income taxes payable	+1.6
Deferred tax assets	+0.0	Net defined benefit liability	+0.4
Other	(3.1)	Deferred tax liabilities	+1.3
		Other	+2.2
Non-current assets	+5.0	Net assets	+10.6
Property, plant and equipment	+4.6	Retained earnings	+15.5
Intangible assets	(1.1)	Valuation difference on available-for-sale securities	+0.7
[Goodwill]	(0.7)	Foreign currency translation adjustments	(2.3)
Investments and other assets	+1.5	Non-controlling interests	+0.8
[Investment securities]	+1.8	Other	(4.0)
[Deferred tax assets]	(1.1)		

1-8. Consolidated Cash Flows

Net CF (a + b + c + d) = (21.7)

(Unit: billion yen)

a. Cash flows from operating activities	+37.6	b. Cash flows from investing activities	(14.6)
Income before income taxes	+36.0	2' Purchase of property, plant, equipment and intangible assets	(17.2)
Depreciation and amortization	+13.2	2' Proceeds from sales of property, plant and equipment	+1.6
Decrease (increase) in notes and accounts receivable-trade	(4.0)	Purchase of investment securities	(3.5)
Decrease (increase) in inventories	(4.5)	Decrease (increase) in operating loans receivable	(0.2)
Increase (decrease) in notes and accounts payable-trade	+0.6	Proceeds from sales of investment securities	+4.6
Income taxes paid	(3.9)	Other	+0.1
Other	+0.3		
a.+2' Free Cash Flows		+22.1	
b.-2' Cash Flows from Investing Activities (Excluding Purchase of Property, Plant and Equipment)		+0.9	
c. Cash flows from financing activities	(44.0)	d. Effect of exchange rate	(0.7)
Increase (decrease) in short-term loans payable	+0.5		
Redemption of bonds	(31.7)		
Cash dividends paid	(7.8)		
Purchase of treasury stock	(5.0)		
Others	(0.0)		

2-1. Forecast for Fiscal 2019

Assumptions Made for Full-Year Forecasts

➤ Exchange rates

Full year: ¥105.0/US\$, ¥130.0/EUR

➤ Impact of raw materials, etc.

Consolidated total

Full year: ¥1.3 billion decrease in profit

(Japan -¥0.6 billion, Overseas -¥0.7 billion)

Forecast Assumptions	Forecast Assumptions for FY2019	(Ref.) Forecast Assumptions at Beginning of FY2018
Soybeans (market price) (US\$/bushel)	10.00-12.00	8.50-11.50
Wheat (market price) (US\$/bushel)	5.50-7.00	4.50-6.50
Crude oil (market price) (US\$/barrel)	60-80	40-60

2-2. Forecast for Fiscal 2019

Consolidated P/L Results (Compared with Previous Year)

Full-year forecasts

(Unit: billion yen)

	Forecast	Fiscal 2018	Change Increase / Decrease	%	Breakdown of change		
					Translation Difference	Actual Difference	%
Net Sales	442.0	430.6	11.4	102.6	(8.7)	20.0	104.7
Japan	185.2	181.4	3.8	102.1		3.8	102.1
Overseas	259.7	252.1	7.6	103.0	(8.7)	16.2	106.4
Operating Income	37.6	36.5	1.1	103.0	(0.9)	2.0	105.5
Japan	12.1	11.9	0.2	101.8		0.2	101.8
Overseas	26.7	25.8	0.9	103.7	(0.9)	1.8	107.0
Kikkoman (Holding Company)	6.7	6.3	0.4	105.9		0.4	105.9
Eliminations	(7.9)	(7.4)	(0.4)		(0.1)	(0.4)	
Ordinary income	36.2	36.0	0.2	100.6	(0.8)	1.1	102.9
Income before income taxes	36.2	36.0	0.2	100.6	(0.8)	1.0	102.9
Net income attributable to owners of parent	25.5	23.8	1.7	106.9	(0.6)	2.3	109.6
Exchange Rate(¥/US\$)	105.0	110.8	(5.8)				
(¥/EUR)	130.0	129.5	0.6				

2-3. Forecast for Fiscal 2019

Net Sales in Japan (Compared with Previous Year)

Full-year forecasts

(Unit: billion yen)

		Forecast	Fiscal 2018	Change Increase / Decrease	%
Japan	Soy Sauce	50.6	50.2	0.4	100.9
	Food Products	60.9	58.9	2.0	103.4
	Beverages	53.0	50.7	2.2	104.4
	Liquor and wine	11.9	12.9	(1.0)	92.4
	Eliminations	(0.2)	(0.2)		
	Foods-Manufacturing and Sales	176.1	172.4	3.7	102.1
	Others	21.3	21.1	0.2	100.7
	Eliminations	(12.2)	(12.2)		
Total		185.2	181.4	3.8	102.1

2-4. Forecast for Fiscal 2019

Net Sales Overseas (Compared with Previous Year)

Full-year forecasts

(Unit: billion yen)

						Breakdown of change		
		Forecast	Fiscal 2018	Change Increase / Decrease	%	Translation Difference	Actual Difference	%
Overseas	North America	187.0	185.5	1.5	100.8	(9.7)	11.2	106.0
	Foods-Manufacturing and Sales	56.7	57.9	(1.2)	98.0	(3.3)	2.2	103.7
	Foods-Wholesale	138.3	135.6	2.7	102.0	(6.8)	9.4	107.0
	Europe	31.1	27.9	3.2	111.4	0.3	2.9	110.4
	Foods-Manufacturing and Sales	13.4	12.2	1.2	110.3	0.1	1.2	109.8
	Foods-Wholesale	20.3	18.1	2.2	112.2	0.2	2.0	110.9
	Asia & Oceania	39.2	35.6	3.6	110.0	0.7	2.9	108.1
	Foods-Manufacturing and Sales	20.5	18.8	1.7	108.8	0.4	1.3	106.9
	Foods-Wholesale	19.1	17.1	2.0	111.6	0.3	1.6	109.6
	Others	38.1	37.9	0.2	100.5		0.2	100.5
Eliminations	(35.7)	(34.8)	(0.9)		0.1	(0.9)		
Total	259.7	252.1	7.6	103.0	(8.7)	16.2	106.4	
Exchange Rate(¥/US\$)		105.0	110.8	(5.8)				
(¥/EUR)		130.0	129.5	0.6				

2-5. Forecast for Fiscal 2019

Consolidated Operating Income (Compared with Previous Year)

Full-year forecasts

(Unit: billion yen)

						Breakdown of change		
		Forecast	Fiscal 2018	Change Increase / Decrease	%	Translation Difference	Actual Difference	%
Japan	Foods-Manufacturing and sales	10.8	10.4	0.4	103.5		0.4	103.5
	Others	1.4	1.5	(0.1)	92.1		(0.1)	92.1
	Total	12.1	11.9	0.2	101.8		0.2	101.8
Overseas	North America	17.7	17.5	0.2	101.1	(0.9)	1.1	106.5
	Europe	4.6	4.1	0.5	111.2		0.4	110.6
	Asia & Oceania	2.8	2.5	0.3	112.4	0.1	0.3	110.1
	Others	1.8	1.8		99.6			99.6
	Total	26.7	25.8	0.9	103.7	(0.9)	1.8	107.0
Kikkoman (Holding Company)		6.7	6.3	0.4	105.9		0.4	105.9
Eliminations		(7.9)	(7.4)	(0.4)		(0.1)	(0.4)	
Consolidated Total		37.6	36.5	1.1	103.0	(0.9)	2.0	105.5
Exchange Rate(¥/US\$)		105.0	110.8	(5.8)				
(¥/EUR)		130.0	129.5	0.6				

New Long-Term Vision “Global Vision 2030” and Medium-Term Management Plan

Noriaki Horikiri
President and CEO

Global Vision 2030

- Striving with passion to create new values -



Striving with passion to create new values

Goals

- 1 Make Kikkoman Soy Sauce a truly global seasoning
- 2 Create new delicious experiences around the world, and contribute to richer, healthier lifestyles
- 3 Become a company whose presence in global society is ever more meaningful, through activities unique to Kikkoman

Challenges toward 2030

Offering No.1 values

- 1 Global No.1 strategy
- 2 Area No.1 Strategy
- 3 Creating new businesses

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Del Monte
Quality

Del Monte

キッコーマン
Soy Milk

MANN'S WINES
Wine

Biotechnology

Area No.1

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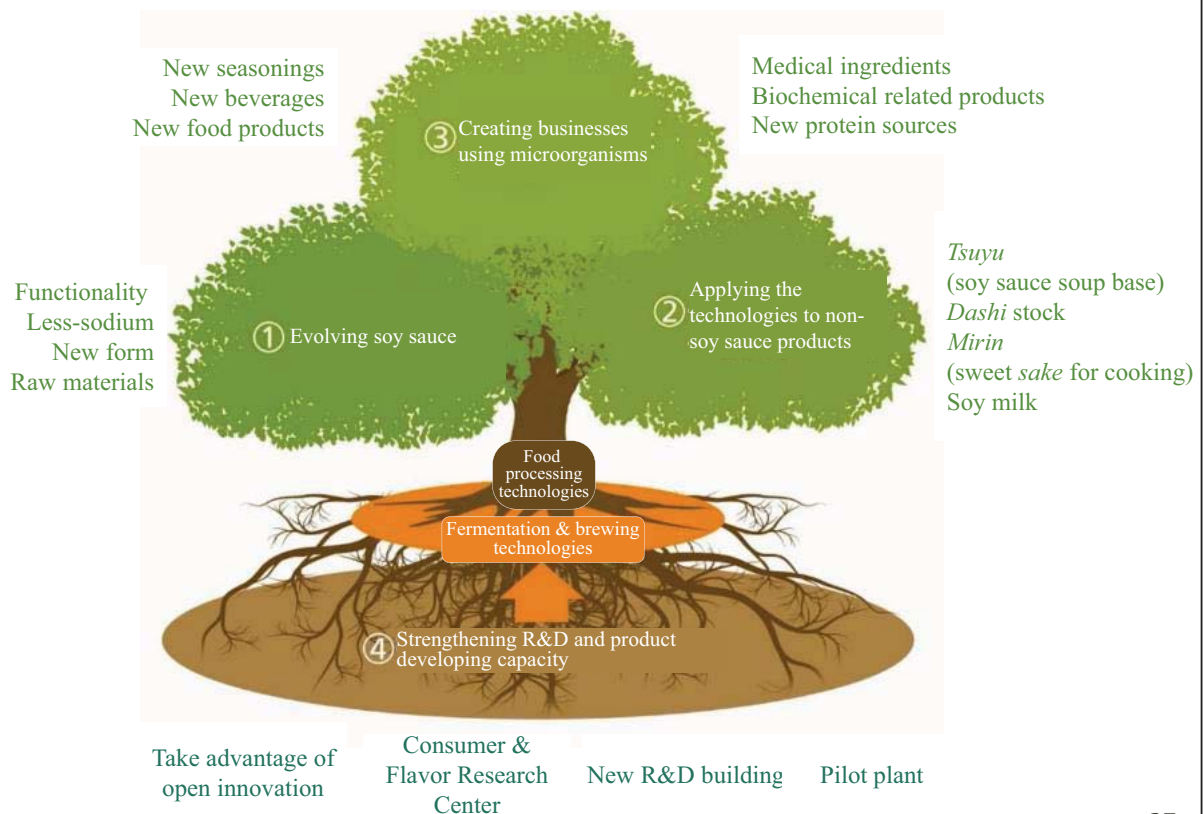
Challenges toward 2030

Utilizing management resources

Fermentation and brewing technologies
Human resources, information, and cash flow

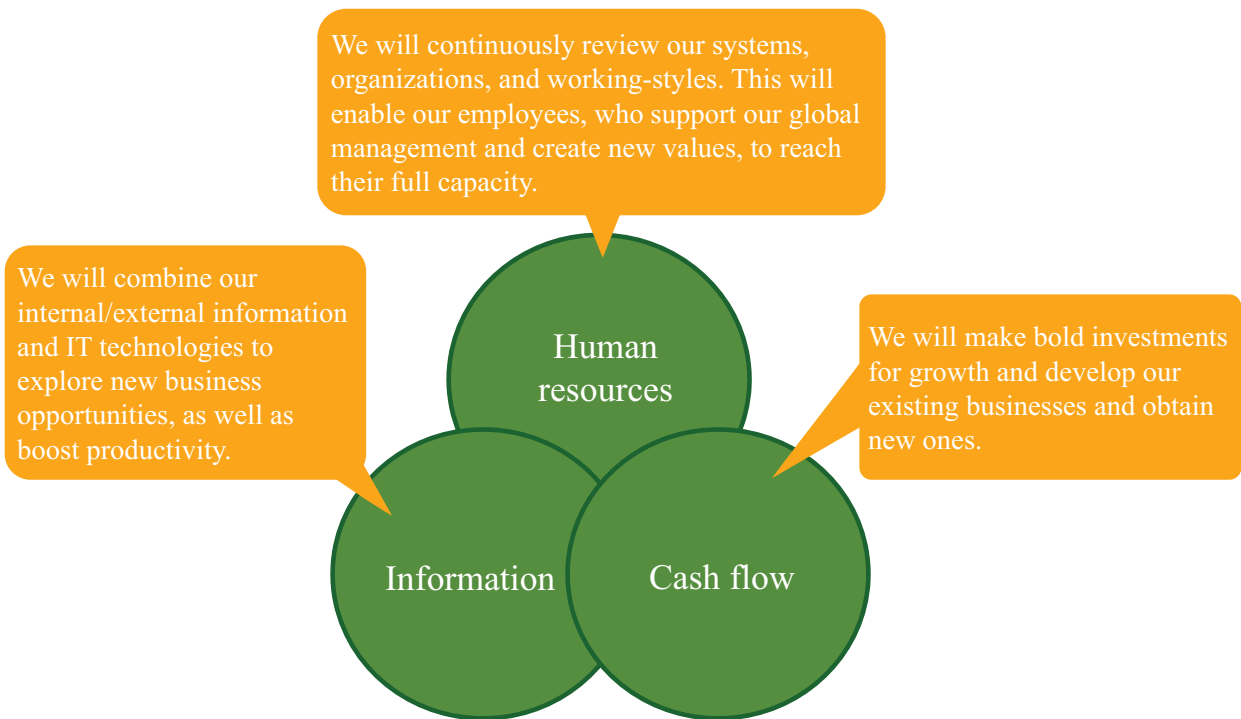
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Further take advantage of fermentation and brewing technologies



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Human resources, information, and cash flow



Global Vision 2030

Striving with passion to create new values

Goals

- 1 Make Kikkoman Soy Sauce a truly global seasoning
- 2 Create new delicious experiences around the world, and contribute to richer, healthier lifestyles
- 3 Become a company whose presence in global society is ever more meaningful, through activities unique to Kikkoman

Challenges toward 2030

Offering No.1 values

Utilizing management resources

New Medium-Term Management Plan

Results of Previous Medium-Term
Management Plan

Previous Medium-Term Management Plan: Consolidated Financial Results



	Actual results for fiscal 2015	Actual results for fiscal 2016	Actual results for fiscal 2017	Actual results for fiscal 2018	Target for fiscal 2018
Net sales	¥371.3 billion	¥408.4 billion	¥402.2 billion	¥430.6 billion	¥440.0 billion
Operating income	¥25.4 billion	¥32.6 billion	¥32.8 billion	¥36.5 billion	¥36.0 billion
Operating income ratio	6.8%	8.0%	8.2%	8.5%	8.2%
ROE	6.9%	8.7%	10.3%	9.8%	9% or more
Foreign exchange	US Dollar	¥110.0	¥120.2	¥109.0	¥115.0
	Euro	¥138.7	¥132.4	¥119.4	¥125.0

Comparison between FY2018 Results and Previous Medium-Term Management Plan: Results by Segment and Analysis of Differences

Sales in Japan came very close to the target. In addition to increasing profitability by strengthening growth categories and structural improvement, operating income and the operating income ratio reached the targets thanks in part to the reduced costs of raw materials. Both overseas net sales and operating income reached the targets, excluding the impact of foreign exchange.

(Unit: billion yen)

	Actual results for fiscal 2018	Target for fiscal 2018	Difference	Translation difference	Actual difference (excl. translation difference)	
Consolidated	Net sales	430.6	440.0	(9.4)	(13.1)	3.7
	Operating income	36.5	36.0	0.5	(0.8)	1.3
	Operating income ratio (%)	8.5	8.2	0.3	-	-
Japan	Net sales	181.4	183.8	(2.4)	-	(2.4)
	Operating income	11.9	9.1	2.8	-	2.8
	Operating income ratio (%)	6.5	5.0	1.5	-	-
Overseas	Net sales	252.1	258.4	(6.3)	(13.1)	6.9
	Operating income	25.8	26.4	(0.6)	(0.7)	0.1
	Operating income ratio (%)	10.2	10.2	0.0	-	-

* Foreign exchange

Dollar (¥/US \$)	110.8	115.0	(4.2)
Euro (¥/EUR)	129.5	125.0	4.5

Overview of New Medium-Term Management Plan

< FY2019 - FY2021 >

New Medium-Term Management Plan: Consolidated Targets

Aim for an operating income ratio of 9% and ROE of 10% or more.

	Actual results for fiscal 2018	Target for fiscal 2021	Average annual growth (excl. exchange difference)
Net sales	¥430.6 billion	¥500.0 billion	+5.8%
Operating income	¥36.5 billion	¥45.0 billion	+8.1%
Operating income ratio	8.5%	9%	—
ROE	9.8%	10% or more	—

* Exchange Rate (¥/US\$)
(¥/EUR)

¥110.8
¥129.5

¥105.0
¥130.0

Medium-Term Management Plan: Consolidated Targets by Segment

(Unit: billion yen)

			Actual results for fiscal 2018	Target for fiscal 2021	Average annual growth (excl. exchange difference)
Japan	Foods- Manufacturing and sales	Net Sales	172.4	190.6	3.4%
		Operating Income	10.4	14.2	11.0%
		Operating income ratio (%)	6.0	7.5	-
	Others	Net Sales	21.1	23.3	3.3%
		Operating Income	1.5	1.8	7.1%
		Operating income ratio (%)	6.9	7.7	-
	Total	Net Sales	181.4	201.5	3.6%
		Operating Income	11.9	16.0	10.5%
		Operating income ratio (%)	6.5	8.0	-
Ovrseas	North America	Net Sales	185.5	212.6	6.5%
		Operating Income	17.5	20.1	6.6%
		Operating income ratio (%)	9.4	9.5	-
	Europe	Net Sales	27.9	37.7	10.4%
		Operating Income	4.1	5.8	11.8%
		Operating income ratio (%)	14.8	15.3	-
	Asia & Oceania	Net Sales	35.6	46.9	8.6%
		Operating Income	2.5	3.6	12.0%
		Operating income ratio (%)	7.0	7.6	-
	Total	Net Sales	252.1	301.0	7.3%
		Operating Income	25.8	31.5	8.2%
		Operating income ratio (%)	10.2	10.5	-
Kikkoman (Holding Company) Elimination	Net Sales	(2.9)	(2.5)	-	
	Operating Income	(1.1)	(2.6)	-	
Consolidated	Net Sales	430.6	500.0	5.8%	
	Operating Income	36.5	45.0	8.1%	
	Operating income ratio (%)	8.5	9.0	-	
* Exchange Rate (¥/US\$)			110.8	105.0	
(¥/EUR)			129.5	130.0	

New Medium-Term Management Plan: Key Objectives of Kikkoman Group

Increasing Profitability and Maintaining Growth

Creating higher added value

Improving productivity

Building a new pillar

Overseas Soy Sauce Business: Targets and Strategies

Sales growth target: Average of 6% per year (in local currencies)

	Sales growth target (in local currencies)	Strategy
North America	Stable growth Average of 5% per year	<ul style="list-style-type: none"> □ Cultivating the major markets <ul style="list-style-type: none"> • Approach to consumers who have never used soy sauce before • Increase higher value-added products □ Developing new markets <ul style="list-style-type: none"> • Raise brand recognition • Improve product development • Build a sales system suited to the market
Europe	Double-digit growth Average of 10% per year	
Asia & Oceania	Double-digit growth in ASEAN Average of 6% per year	

Build a foundation to develop emerging markets

Oriental Food Wholesale Business: Targets and Strategies

Sales growth target: Average of 8% per year (in local currencies)

Aim for sustainable growth through the continuous development of new business locations and the improvement of existing locations and system.



Improve network of business locations

Strengthen logistics systems

Increase product procurement capacity

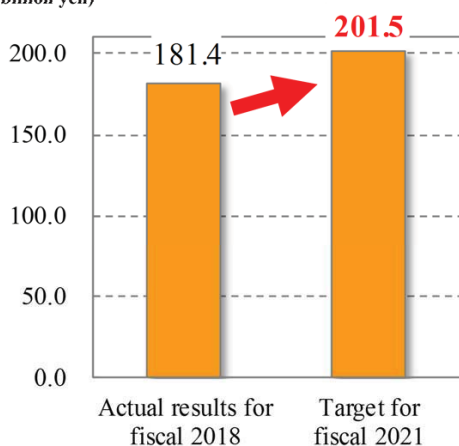
Business in Japan: Targets

Expand high value-added product line and increase both sales and profitability.

Net Sales

Sales growth target
Average of 3.6% per year

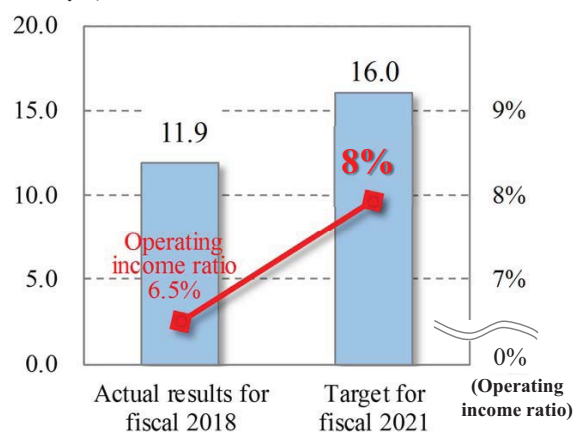
(Unit: billion yen)



Net Sales

Operating income ratio target
8%

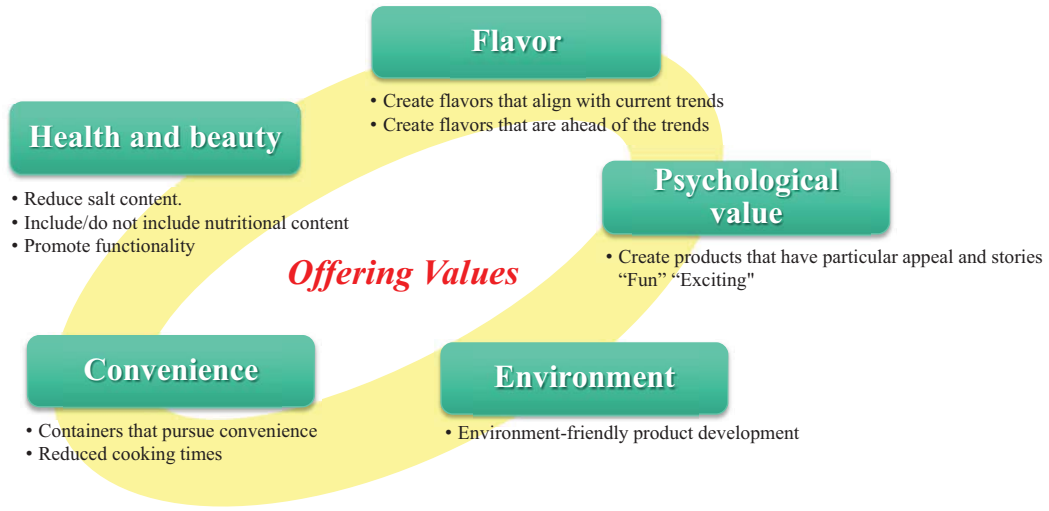
(Unit: billion yen)



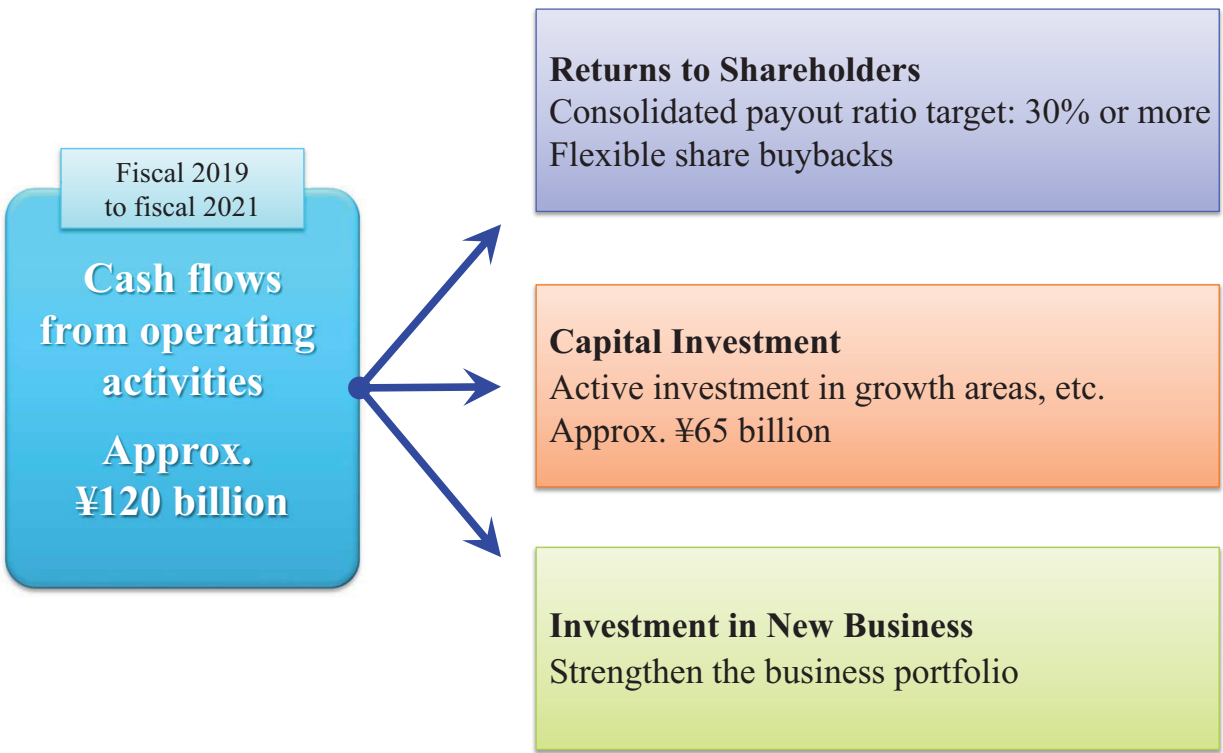
Business in Japan: Causes of Changes in Profit and Strategies

Positive factor	<p>Sales growth and structural strengthening</p> <p>¥9.5 billion</p>	<ul style="list-style-type: none"> ● Increase in high value-added products ● Growth of soymilk businesses ● Organization and improvement of low-profit products ● Reduced cost ● Higher efficiency of sales and distribution expenses
	<p>Increase in cost</p> <p>(¥2.9 billion)</p>	<ul style="list-style-type: none"> ● Higher cost of raw materials, distribution expenses, personnel expenses, etc.
Negative factor	<p>Depreciation expenses</p> <p>(¥1.6 billion)</p>	<ul style="list-style-type: none"> ● Increase in capital expenditure
	<p>Advertising</p> <p>(¥0.9 billion)</p>	<ul style="list-style-type: none"> ● Increase in advertising investments
Total	¥4.1 billion	

Create high added values in all categories



Financial Strategy



Responses to Social Issues

Global Vision 2030 [Goal 3] Become a company whose presence in global society is ever more meaningful, through activities unique to Kikkoman

Contribute to solve global issues through activities unique to Kikkoman so that the company will be valued by people around the world.

Activities unique to Kikkoman

Economic values
(sales, profit, etc.)

×

Social values
(food culture, health, etc.)

Contribute

Opportunities

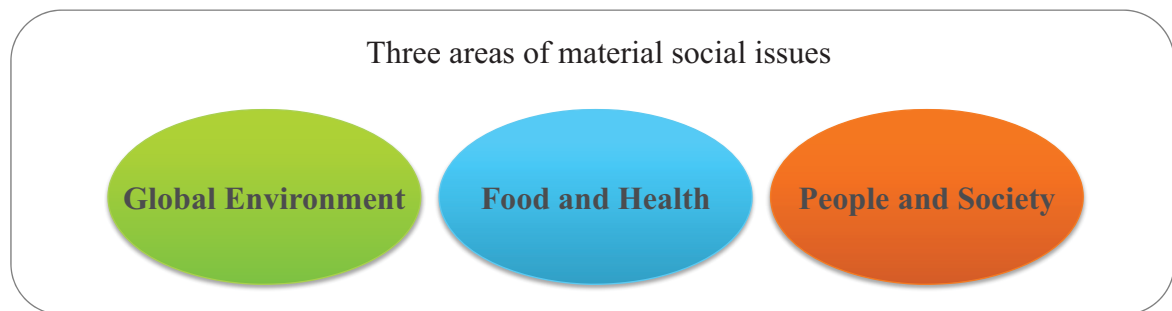
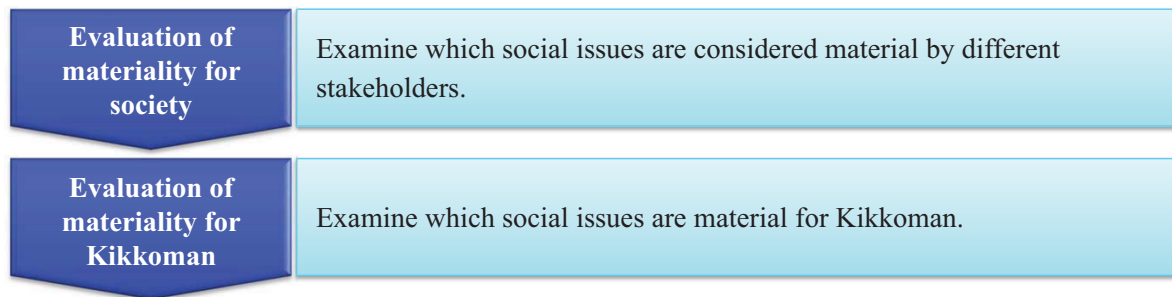
Social issues



Become a company whose presence in global society is ever more meaningful

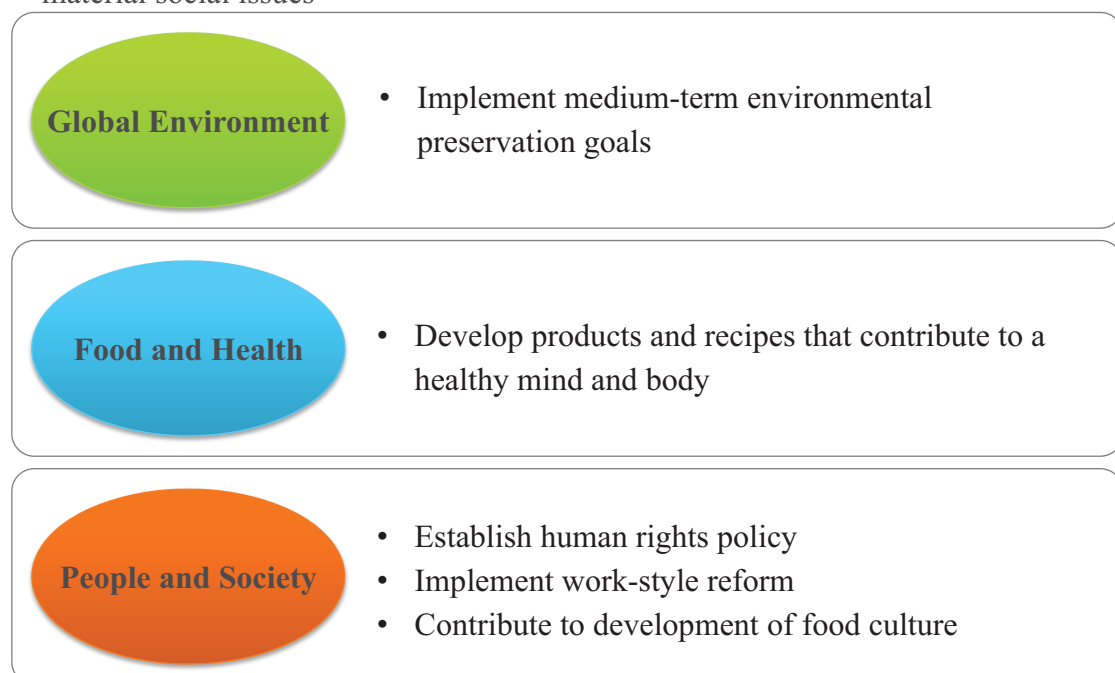
Three Areas of Social Issues Material to Kikkoman Group

Evaluate the materiality of social issues from the perspectives of both society and Kikkoman to identify three key areas.



Medium-Term Direction of Activities

Three areas of material social issues



kikkoman 
seasoning your life
