

Kikkoman Corporation

***Business Performance Presentation
for the Six-Month Period Ended September 30, 2018***

November 1, 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.*

Agenda

➤ **Medium-Term Management Plan**

Noriaki Horikiri
President and CEO

➤ **Performance in the Six Months Ended
September 30, 2018 and Forecast for
Fiscal 2019**

Takao Kamiyama
Executive Corporate Officer and CFO

Medium-Term Management Plan

Noriaki Horikiri
President and CEO

Medium-Term Management Plan: Consolidated Targets

Aim for an operating profit margin 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 profit	¥36.5 billion	¥45.0 billion	+8.1%
Operating profit margin	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: 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

Overseas Soy Sauce Business: Efforts Made in Key Markets

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

North America

- Adding high value-added products (less sodium, gluten free, etc.)
- Meticulously responding to customer needs in the foodservice- and industrial-use sectors



Europe

- Raising recognition of soy sauce and strengthening our brand through the media and storefront promotion
- Expanding product lines and developing recipes suited to consumer preferences in each country

Asia & Oceania

- ASEAN countries: Developing new products and recipes suited to consumer preferences and foodstuffs in each country
- China: Promoting the high quality of *Honjozo* (traditional Japanese brewing process) soy sauce

Oriental Food Wholesale Business: Targets and Efforts

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.

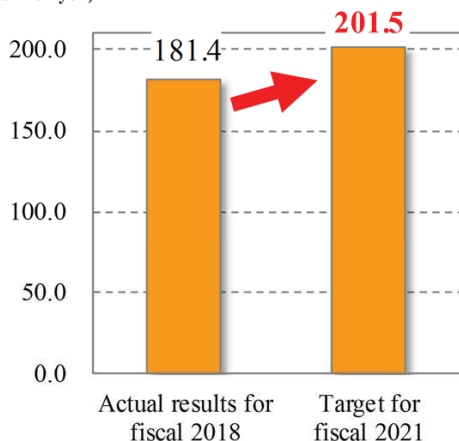
Net Sales

Sales growth target
Average of 3.6% per year

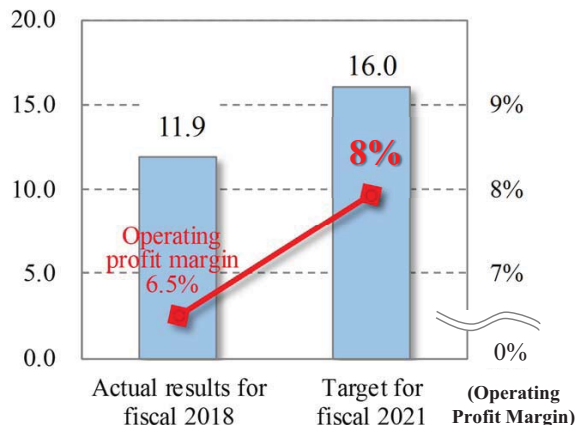
Operating Profit

Operating profit margin target
8%

(Unit: billion yen)



(Unit: billion yen)



Business in Japan: Causes of Changes in Operating Profit and Strategies

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

Business in Japan: Efforts

Expand high value-added product line

Soy sauce and food products

- Expanding high value-added product lines and strengthening sales promotion
- The *Itsudemo Shinsen* (always fresh) series, particularly less sodium soy sauce
- *Koidashi Hon Tsuyu*, *Gumen*, and *Shiboritate Nama Ponzu* in *tsuyu* (soy sauce soup base) products
- *Lycopene-rich Tomato Ketchup*



Beverages

- Focusing on *Lycopene-rich Tomato Beverage*
- Selling food products with functional claims: no sodium tomato juice, vegetable juices

Liquor and wine

- Expanding *Kome Koji Kodawari Jikomi Hon Mirin* and improvement of appeal of regular *Mirin* (sweet sake for cooking) products
- Focusing on Japanese wines

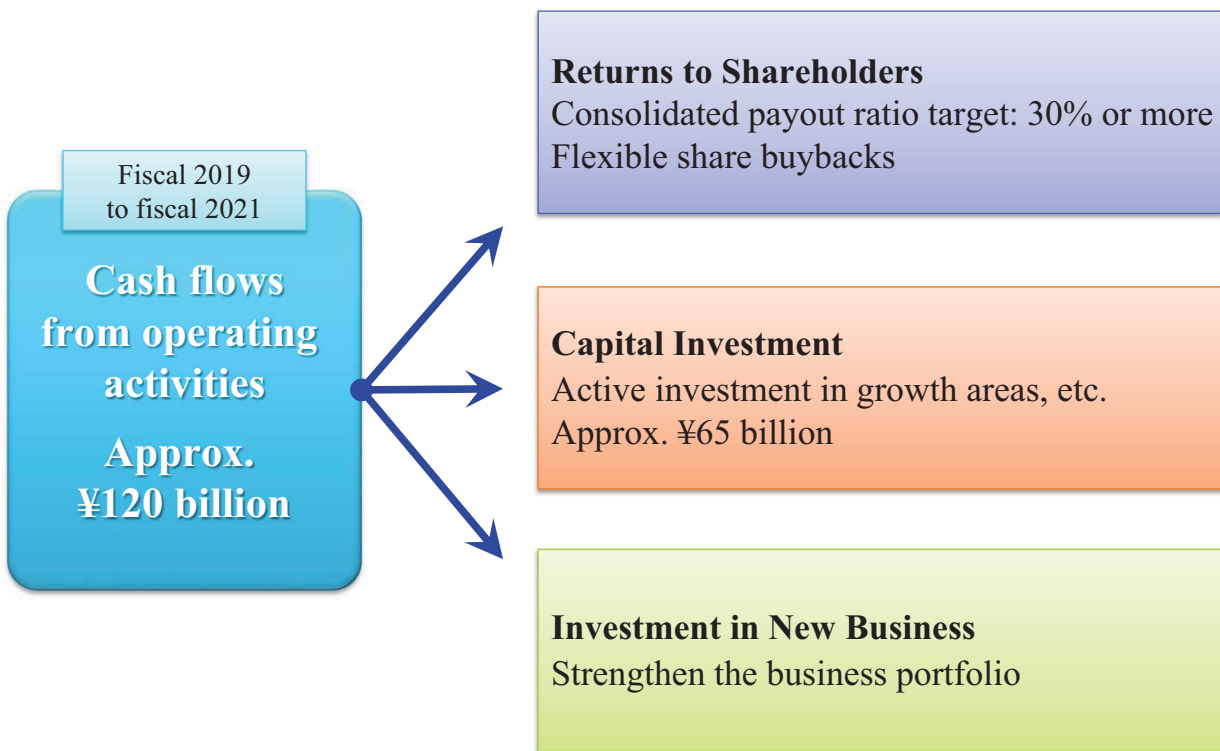
Growth of soymilk business

Sale of differentiated products

Stimulation of demand using TV ads, etc.



Financial Strategy



Performance in the Six Months Ended September 30, 2018 and Forecast for Fiscal 2019

Takao Kamiyama
Executive Corporate Officer and CFO

Agenda

**(1) Performance in the Six Months
Ended September 30, 2018**

(2) Forecast for Fiscal 2019

1-1. Performance in the Six Months Consolidated P/L Results (Compared with Previous Year)

		1 st half actual				(Unit: billion yen)		
		Fiscal 2019	Fiscal 2018	Change Increase / Decrease	%	Breakdown of change		
						Translation Difference	Actual Difference	%
Net Sales		226.1	214.5	11.6	105.4	(1.2)	12.8	106.0
Japan		94.0	92.3	1.7	101.8		1.7	101.8
Overseas		133.7	123.6	10.1	108.2	(1.2)	11.3	109.1
Operating Profit		20.1	19.1	1.0	105.2	(0.1)	1.1	105.6
Japan		7.1	6.7	0.5	107.0		0.5	107.0
Overseas		13.2	12.8	0.4	103.3	(0.1)	0.5	103.9
Kikkoman (Holding Company)		3.8	3.2	0.7	120.9		0.7	120.9
Eliminations		(4.1)	(3.5)	(0.6)			(0.6)	
Ordinary Profit		20.0	18.8	1.2	106.1	(0.1)	1.2	106.5
Profit before income taxes		20.1	18.4	1.7	109.1	(0.1)	1.7	109.5
Profit attributable to owners of parent		14.3	12.0	2.3	119.0	(0.1)	2.3	119.5
Exchange Rate (¥/US\$)		110.1	111.4	(1.4)				
(¥/EUR)		129.9	126.6	3.3				

1-2. Performance in the Six Months Net Sales in Japan (Compared with Previous Year)

		1 st half actual				(Unit: billion yen)	
		Fiscal 2019	Fiscal 2018	Change Increase / Decrease	%		
Japan	Soy Sauce	24.5	24.7	(0.2)	99.2		
	Food Products	30.8	30.0	0.8	102.5		
	Beverages	28.8	27.2	1.6	105.8		
	Liquor and wine	5.3	5.9	(0.6)	90.0		
	Eliminations	(0.1)	(0.1)				
	Foods-Manufacturing and Sales	89.3	87.8	1.5	101.7		
	Others	10.8	10.7	0.1	100.9		
	Eliminations	(6.1)	(6.2)	0.1			
Total		94.0	92.3	1.7	101.8		

- Soy sauce: The *Itsudemo Shinsen* (always fresh) series performed well. Sales of products in conventional plastic bottles and for industrial- and foodservice-use decreased.
- Food products: Soy sauce-related seasonings sold well.
- Beverages: Sales of soy milk and Del Monte beverages both remained steady.

1-3. Performance in the Six Months Net Sales Overseas (Compared with Previous Year)

1st half actual

(Unit: billion yen)

		Fiscal 2019	Fiscal 2018	Change Increase / Decrease	%	Breakdown of change		
						Translation Difference	Actual Difference	%
Overseas	North America	96.4	91.3	5.1	105.6	(1.3)	6.4	107.0
	Foods-Manufacturing and Sales	29.9	29.2	0.6	102.2	(0.4)	1.1	103.7
	Foods-Wholesale	70.9	66.1	4.8	107.2	(0.9)	5.6	108.5
	Europe	15.1	13.0	2.1	115.7	0.3	1.8	113.6
	Foods-Manufacturing and Sales	6.4	5.7	0.7	112.0	0.2	0.5	109.2
	Foods-Wholesale	9.9	8.5	1.5	117.4	0.2	1.3	115.6
	Asia & Oceania	18.5	17.4	1.1	106.5	(0.2)	1.4	107.8
	Foods-Manufacturing and Sales	10.0	9.2	0.8	109.0	0.1	0.7	108.0
	Foods-Wholesale	8.7	8.4	0.3	103.7	(0.3)	0.6	107.6
	Others	21.1	19.1	1.9	110.1		1.9	110.1
Eliminations	(17.4)	(17.3)	(0.1)			(0.1)		
Total		133.7	123.6	10.1	108.2	(1.2)	11.3	109.1
Exchange Rate(¥/US\$)		110.1	111.4	(1.4)				
(¥/EUR)		129.9	126.6	3.3				

Sales grew year on year in all regions including North America, Europe, and Asia & Oceania.

1-4. Performance in the Six Months Consolidated Operating Profit (Compared with Previous Year)

1st half actual

(Unit: billion yen)

		Fiscal 2019	Fiscal 2018	Change Increase / Decrease	%	Breakdown of change		
						Translation Difference	Actual Difference	%
Japan	Foods-Manufacturing and Sales	6.2	5.9	0.3	105.2		0.3	105.2
	Others	9.0	0.7	0.2	121.6		0.2	121.6
	Total	7.1	6.7	0.5	107.0		0.5	107.0
Overseas	North America	8.8	8.9	(0.1)	98.9	(0.2)	0.1	100.7
	Europe	2.2	1.9	0.3	116.6	0.1	0.2	112.6
	Asia & Oceania	1.3	1.3		102.4			101.2
	Others	0.9	0.9		104.9			104.9
	Total	13.2	12.8	0.4	103.3	(0.1)	0.5	103.9
Kikkoman (Holding Company)		3.8	3.2	0.7	120.9		0.7	120.9
Eliminations		(4.1)	(3.5)	(0.6)			(0.6)	
Consolidated Total		20.1	19.1	1.0	105.2	(0.1)	1.1	105.6
Exchange Rate(¥/US\$)		110.1	111.4	(1.4)				
(¥/EUR)		129.9	126.6	3.3				

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

Japan +¥0.5 billion

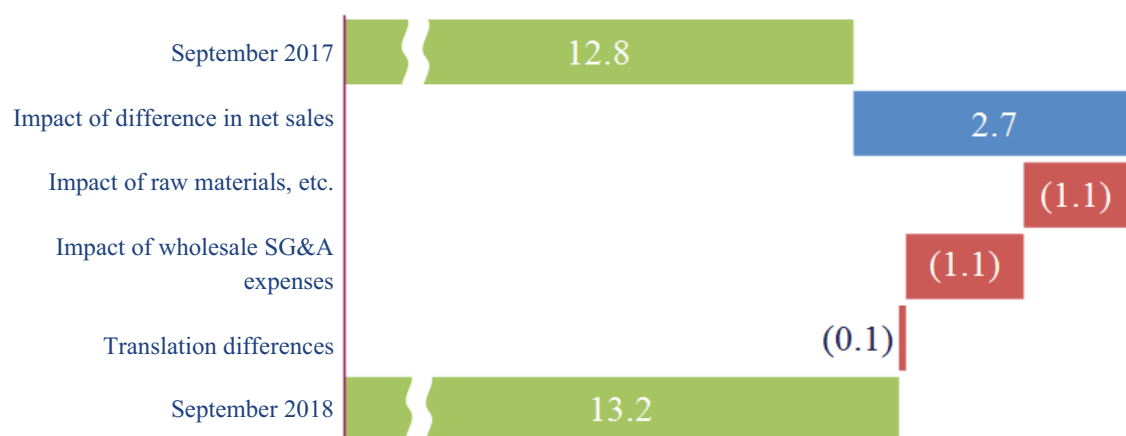
(Unit: billion yen)



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

Overseas +¥0.4 billion

(Unit: billion yen)



1-7. Performance in the Six Months Consolidated P/L Results (Compared with Forecast)

1st half actual

(Unit: billion yen)

	Fiscal 2019	Forecast	Change Increase / Decrease	%	Breakdown of change		
					Translation Difference	Actual Difference	%
Net Sales	226.1	218.7	7.4	103.4	3.2	4.3	102.0
Japan	94.0	93.8	0.2	100.2		0.2	100.2
Overseas	133.7	126.3	7.4	105.8	3.2	4.2	103.3
Operating Profit	20.1	19.5	0.6	103.1	0.3	0.3	101.6
Japan	7.1	6.7	0.5	106.8		0.5	106.8
Overseas	13.2	13.2		100.1	0.3	(0.3)	98.0
Kikkoman (Holding Company)	3.8	3.2	0.6	119.4		0.6	119.4
Eliminations	(4.1)	(3.6)	(0.5)			(0.5)	
Ordinary Profit	20.0	18.6	1.4	107.5	0.3	1.1	106.1
Profit before income taxes	20.1	18.6	1.5	107.8	0.3	1.2	106.3
Profit attributable to owners of parent	14.3	13.2	1.1	108.6	0.2	0.9	107.0
Exchange Rate(¥/US\$)	110.1	105.0	5.1				
(¥/EUR)	129.9	130.0	(0.1)				

1-8. Change in Consolidated Balance Sheets

(Unit: billion yen)

a. Total Assets = 361.3	(Compared with 2018.3)	+17.4
b. Translation Difference		+5.0
Actual Difference (a. - b.)		+12.4

Assets	+12.4	Liabilities and net assets	+12.4
Current assets	+5.8	Liabilities	(3.4)
Cash and deposits	+3.3	Interest bearing debt	+0.2
Notes and accounts receivable-trade	+2.4	Notes and accounts payable	(1.5)
Inventories	+1.7	Accounts payable-other	+0.2
Deferred tax assets	+0.0	Income taxes payable	(0.1)
Other	(1.7)	Net defined benefit liability	+0.2
		Deferred tax liabilities	(2.5)
		Other	
Noncurrent assets	+6.6	Net assets	+15.8
Property, plant and equipment	+6.3	Retained earnings	(20.5)
Intangible assets	+0.4	Valuation difference on available-for-sale securities	+0.5
[Goodwill	+0.3]	Foreign currency translation adjustments	+4.1
Investments and other assets	(0.1)	Non-controlling interests	(0.2)
[Investment securities	(0.6)]	Other	+31.9
[Deferred tax assets	(0.2)]		

1-9. Consolidated Cash Flows

Net CF (a + b + c + d) = +1.0

(Unit: billion yen)

a. Cash flows from operating activities	+16.9	b. Cash flows from investing activities	(13.4)
Profit before income taxes	+20.1	2' Purchase of property, plant, equipment and intangible assets	(13.7)
Depreciation and amortization	+6.5		
Decrease (increase) in notes and accounts receivable-trade	(1.8)	2' Proceeds from sales of property, plant and equipment	+0.5
Decrease (increase) in inventories	(1.6)	Purchase of investment securities	(0.6)
Increase (decrease) in notes and accounts payable-trade	+0.2	Decrease (increase) in operating loans receivable	(0.7)
Income taxes paid	(6.0)	Proceeds from sales of investment securities	+0.0
Other	(0.4)	Other	+1.1
a.+2' Free Cash Flows		+3.7	
b.-2' Cash Flows from Investing Activities (Excluding Purchase of Property, Plant and Equipment)		(0.2)	
c. Cash flows from financing activities	(3.3)	d. Effect of exchange rate	+0.8
Increase (decrease) in short-term loans payable	(0.0)		
Cash dividends paid	(3.5)		
Purchase of treasury stock	(0.0)		
Others	(0.0)		

2-1. Forecast for Fiscal 2019 Assumptions made for Full-Year Forecast

➤ Exchange rates

2nd half: ¥110.0/ US\$, ¥130.0/ EUR

Full year: ¥110.0/ US\$, ¥130.0/ EUR

➤ Impact of raw materials, etc.

Consolidated total

2nd half: ¥0.8 billion decrease in profit

Japan ¥(0.4) billion, Overseas ¥(0.4) billion

Full year: ¥2.2 billion decrease in profit

Japan ¥(0.7) billion, Overseas ¥(1.5) billion

2-2. Forecast for the Second Half of Fiscal 2019 Consolidated P/L Results (Compared with Previous Year)

2nd half forecast

(Unit: billion yen)

	Forecast	Fiscal 2018	Change Increase / Decrease	%	Breakdown of change		
					Translation Difference	Actual Difference	%
Net Sales	224.7	216.1	8.6	104.0	(2.0)	10.6	104.9
Japan	90.5	89.1	1.4	101.6		1.4	101.6
Overseas	135.6	128.5	7.1	105.5	(2.0)	9.1	107.1
Operating Profit	17.5	17.4	0.1	100.6	(0.2)	0.3	101.7
Japan	4.9	5.2	(0.3)	93.4		(0.3)	93.4
Overseas	13.7	13.0	0.7	105.5	(0.2)	0.9	106.9
Kikkoman (Holding Company)	3.1	3.1		100.2			100.2
Eliminations	(4.2)	(3.9)	(0.3)			(0.3)	
Ordinary Profit	16.2	17.1	(0.9)	94.5	(0.2)	(0.8)	95.5
Profit before income taxes	16.1	17.6	(1.5)	91.6	(0.2)	(1.3)	92.6
Profit attributable to owners of parent	11.2	11.8	(0.6)	94.6	(0.1)	(0.5)	95.8
Exchange Rate (¥/US\$)	110.0	110.1	(0.1)				
Exchange Rate (¥/EUR)	130.0	132.7	(2.7)				

2-3. Forecast for the Second Half of Fiscal 2019 Net Sales in Japan (Compared with Previous Year)

2nd half forecast

(Unit: billion yen)

		Forecast	Fiscal 2018	Change Increase / Decrease	%
Japan	Soy Sauce	25.5	25.4	0.1	100.2
	Food Products	29.7	28.8	0.9	103.0
	Beverages	24.8	23.5	1.3	105.7
	Liquor and wine	6.1	7.0	(0.9)	87.2
	Eliminations	(0.1)	(0.1)		
	Foods-Manufacturing and Sales	86.0	84.6	1.3	101.6
	Others	10.5	10.5	0.1	100.6
	Eliminations	(6.0)	(6.0)		
Total		90.5	89.1	1.4	101.6

2-4. Forecast for the Second Half of Fiscal 2019 Net Sales Overseas (Compared with Previous Year)

2nd half forecast

(Unit: billion yen)

		Forecast	Fiscal 2018	Change Increase / Decrease	%	Breakdown of change		
						Translation Difference	Actual Difference	%
Overseas	North America	99.5	94.2	5.3	105.6	(0.9)	6.2	106.6
	Foods-Manufacturing and Sales	30.1	28.6	1.5	105.2	(0.3)	1.7	106.1
	Foods-Wholesale	73.8	69.5	4.3	106.2	(0.6)	5.0	107.2
	Europe	16.3	14.9	1.4	109.6	(0.4)	1.8	112.3
	Foods-Manufacturing and Sales	6.9	6.4	0.5	107.2	(0.1)	0.6	109.2
	Foods-Wholesale	10.8	9.6	1.1	111.7	(0.3)	1.4	114.7
	Asia & Oceania	18.9	18.3	0.6	103.4	(0.8)	1.4	107.8
	Foods-Manufacturing and Sales	9.8	9.7	0.1	101.4	(0.3)	0.5	104.9
	Foods-Wholesale	9.3	8.7	0.6	106.6	(0.5)	1.0	111.9
	Others	18.7	18.7		100.0			100.0
Eliminations	(17.8)	(17.5)	(0.3)			(0.3)		
Total		135.6	128.5	7.1	105.5	(2.0)	9.1	107.1
Exchange Rate (¥/US\$)		110.0	110.1	(0.1)				
(¥/EUR)		130.0	132.7	(2.7)				

2-5. Forecast for the Second Half of Fiscal 2019 Consolidated Operating Profit (Compared with Previous Year)

2nd half forecast

(Unit: billion yen)

		Forecast	Fiscal 2018	Change Increase / Decrease	%	Breakdown of change		
						Translation Difference	Actual Difference	%
Japan	Foods-Manufacturing and Sales	4.3	4.5	(0.1)	96.8		(0.1)	96.8
	Others	0.6	0.7	(0.2)	76.6		(0.2)	76.6
	Total	4.9	5.2	(0.3)	93.4		(0.3)	93.4
Overseas	North America	9.3	8.6	0.6	107.4	(0.1)	0.7	108.1
	Europe	2.3	2.2	0.1	104.3	(0.1)	0.2	107.2
	Asia & Oceania	1.2	1.2		102.2		0.1	106.3
	Others	0.9	0.9	0.1	105.8		0.1	105.8
	Total	13.7	13.0	0.7	105.5	(0.2)	0.9	106.9
Kikkoman (Holding Company)		3.1	3.1		100.2			100.2
Eliminations		(4.2)	(3.9)	(0.3)			(0.3)	
Consolidated Total		17.5	17.4	0.1	100.6	(0.2)	0.3	101.7
Exchange Rate (¥/US\$)		110.0	110.1	(0.1)				
(¥/EUR)		130.0	132.7	(2.7)				

2-6. Forecast for Fiscal 2019 Consolidated P/L Results (Compared with Initial Forecast)

Full-year forecast

(Unit: billion yen)

	Forecast	Initial Forecast	Change Increase / Decrease	%	Breakdown of change		
					Translation Difference	Actual Difference	%
Net Sales	450.8	442.0	8.8	102.0	5.5	3.3	100.7
Japan	184.5	185.2	(0.7)	99.6		(0.7)	99.6
Overseas	269.3	259.7	9.6	103.7	5.5	4.1	101.6
Operating Profit	37.6	37.6		100.0	0.7	(0.7)	98.2
Japan	12.0	12.1	(0.1)	99.2		(0.1)	99.2
Overseas	26.9	26.7	0.2	100.7	0.6	(0.4)	98.4
Kikkoman (Holding Company)	7.0	6.7	0.3	104.5		0.3	104.5
Eliminations	(8.3)	(7.9)	(0.4)			(0.4)	
Ordinary Profit	36.2	36.2		100.0	0.6	(0.6)	98.3
Profit before income taxes	36.2	36.2		100.0	0.6	(0.6)	98.3
Profit attributable to owners of parent	25.5	25.5		100.0	0.5	(0.5)	98.2
Exchange Rate (¥/US\$)	110.0	105.0	5.0				
(¥/EUR)	130.0	130.0					