

# ***Kikkoman Corporation***

***Business Performance Presentation  
for the Year ended March 31, 2019***

***April 24, 2019***

- 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 2019 and Forecast for Fiscal 2020**

**Takao Kamiyama**  
**Executive Corporate Officer and CFO**

- **Progress of Medium-Term Management Plan**

**Noriaki Horikiri**  
**President and CEO**

## **Performance in Fiscal 2019 and Forecast for Fiscal 2020**

**Takao Kamiyama**  
**Executive Corporate Officer and CFO**

## (1) Performance in Fiscal 2019

## (2) Forecast for Fiscal 2020

### 1-1. Performance in Fiscal 2019

#### Consolidated P/L Results (Compared with Previous Year)

Full-year actual results

(Unit: billion yen)

	Fiscal 2019	Fiscal 2018	Change increase / decrease	%	Breakdown of change		
					Translation difference	Actual difference	%
Net Sales	453.6	430.6	23.0	105.3	(1.9)	24.9	105.8
Japan	183.8	181.4	2.4	101.3		2.4	101.3
Overseas	273.0	252.1	20.9	108.3	(1.9)	22.8	109.0
Operating Profit	38.4	36.5	1.9	105.2	(0.2)	2.1	105.7
Japan	12.4	11.9	0.5	104.4		0.5	104.4
Overseas	27.1	25.8	1.4	105.3	(0.2)	1.5	105.9
Kikkoman (Holding Company)	7.3	6.3	1.0	115.9		1.0	115.9
Eliminations	(8.4)	(7.4)	(1.0)			(1.0)	
Ordinary Profit	37.9	36.0	1.9	105.4	(0.1)	2.1	105.8
Profit before Income Taxes	37.6	36.0	1.6	104.4	(0.1)	1.7	104.8
Profit Attributable to Owners of Parent	26.0	23.8	2.1	109.0	(0.1)	2.3	109.4

Exchange rate (¥/US\$)	110.7	110.8	(0.1)
(¥/EUR)	128.4	129.5	(1.0)

## 1-2. Performance in Fiscal 2019

### Net Sales in Japan (Compared with Previous Year)

#### Full-year actual results

(Unit: billion yen)

			Fiscal 2019	Fiscal 2018	Change increase / decrease	%
Japan	Soy Sauce		49.8	50.2	(0.4)	99.3
	Food Products		60.2	58.9	1.3	102.2
	Beverages		53.7	50.7	3.0	105.9
	Liquor and Wine		11.1	12.9	(1.7)	86.5
	Eliminations		(0.2)	(0.2)		
	Foods—Manufacturing and Sales		174.7	172.4	2.2	101.3
	Others		21.4	21.1	0.3	101.3
	Eliminations		(12.3)	(12.2)	(0.1)	
<b>Total</b>			<b>183.8</b>	<b>181.4</b>	<b>2.4</b>	<b>101.3</b>

- 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 derivative products sold well.
- Beverages: Sales of soy milk and Del Monte beverages both remained steady.

## 1-3. Performance in Fiscal 2019

### Net Sales Overseas (Compared with Previous Year)

#### Full-year actual results

(Unit: billion yen)

		Fiscal 2019	Fiscal 2018	Change increase / decrease	%	Breakdown of change			
						Translation difference	Actual difference	%	
Overseas	North America	197.9	185.5	12.5	106.7	(0.6)	13.0	107.0	
	Foods—Manufacturing and Sales	59.8	57.9	2.0	103.4	(0.2)	2.2	103.8	
	Foods—Wholesale	146.6	135.6	11.0	108.1	(0.4)	11.3	108.4	
	Europe	31.2	27.9	3.3	111.9	(0.4)	3.7	113.3	
	Foods—Manufacturing and Sales	13.2	12.2	1.0	108.4	(0.1)	1.1	109.2	
	Foods—Wholesale	20.6	18.1	2.5	113.7	(0.3)	2.8	115.4	
	Asia & Oceania	37.7	35.6	2.0	105.7	(0.9)	3.0	108.3	
	Foods—Manufacturing and Sales	20.0	18.8	1.1	106.0	(0.1)	1.3	106.7	
	Foods—Wholesale	18.0	17.1	0.9	105.4	(0.8)	1.7	110.1	
	Others	42.5	37.9	4.6	112.2		4.6	112.2	
	Eliminations	(36.3)	(34.8)	(1.6)			(1.5)		
	<b>Total</b>		<b>273.0</b>	<b>252.1</b>	<b>20.9</b>	<b>108.3</b>	<b>(1.9)</b>	<b>22.8</b>	<b>109.0</b>

Exchange rate (¥/US\$)	110.7	110.8	(0.1)
(¥/EUR)	128.4	129.5	(1.0)

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

## 1-4. Performance in Fiscal 2019

### (Consolidated Operating Profit (Compared with Previous Year))

#### Full-year actual results

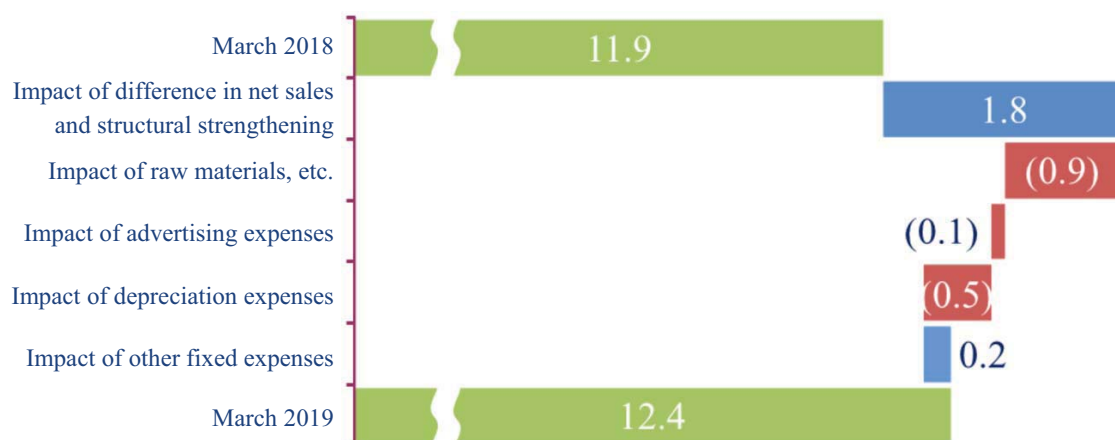
(Unit: billion yen)

		Fiscal 2019	Fiscal 2018	Change increase / decrease	%	Breakdown of change		
						Translation difference	Actual difference	%
Japan	Foods—Manufacturing and Sales	10.6	10.4	0.2	102.0		0.2	102.0
	Others	1.8	1.5	0.3	121.0		0.3	121.0
	<b>Total</b>	<b>12.4</b>	<b>11.9</b>	<b>0.5</b>	<b>104.4</b>		<b>0.5</b>	<b>104.4</b>
Overseas	North America	18.1	17.5	0.6	103.6	(0.1)	0.7	104.2
	Europe	4.6	4.1	0.5	111.3		0.5	111.5
	Asia & Oceania	2.6	2.5	0.1	102.7		0.1	103.3
	Others	1.9	1.8	0.1	108.4		0.1	108.4
	<b>Total</b>	<b>27.1</b>	<b>25.8</b>	<b>1.4</b>	<b>105.3</b>	<b>(0.2)</b>	<b>1.5</b>	<b>105.9</b>
Kikkoman (Holding Company)		7.3	6.3	1.0	115.9		1.0	115.9
Eliminations		(8.4)	(7.4)	(1.0)			(1.0)	
<b>Consolidated Total</b>		<b>38.4</b>	<b>36.5</b>	<b>1.9</b>	<b>105.2</b>	<b>(0.2)</b>	<b>2.1</b>	<b>105.7</b>
Exchange rate (¥/US\$)		110.7	110.8	(0.1)				
(¥/EUR)		128.4	129.5	(1.0)				

## 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 +¥1.4 billion

(Unit: billion yen)



## 1-7. Change in Consolidated Balance Sheets

(Unit: billion yen)

<b>a. Total Assets = 362.1</b>	<b>(Compared with 2018.3)</b>	<b>+18.2</b>
<b>b. Translation Difference</b>		<b>+1.5</b>
<b>Actual Difference (a. - b.)</b>		<b>+16.7</b>

Assets	+16.7	Liabilities and net assets	+16.7
<b>Current assets</b>	<b>+11.9</b>	<b>Liabilities</b>	<b>+0.6</b>
Cash and deposits	+8.1	Interest bearing debt	+0.4
Notes and accounts receivable	+1.9	Notes and accounts payable	+1.7
Inventories	+4.7	Income taxes payable	(0.2)
Other	(2.8)	Net defined benefit liability	+0.7
		Deferred tax liabilities	+0.5
<b>Non-current assets</b>	<b>+4.8</b>	Other	(2.5)
Property, plant and equipment	+12.5	<b>Net assets</b>	<b>+16.1</b>
Intangible assets	(0.1)	Retained earnings	(12.7)
[Goodwill]	(0.1)	Valuation difference on available-for-sale securities	(3.4)
Investments and other assets	(7.5)	Foreign currency translation adjustments	+2.0
[Investment securities]	(5.9)	Non-controlling interests	(0.2)
[Deferred tax assets]	+0.2	Other	+30.5

## 1-8. Consolidated Cash Flows

**Net CF (a + b + c + d) = +4.5**

(Unit: billion yen)

<b>a. Cash Flows from Operating Activities</b>	<b>+37.0</b>	<b>b. Cash Flows from Investing Activities</b>	<b>(25.7)</b>
Profit before income taxes	+37.6	2' Purchase of property, plant, equipment and intangible assets	(27.6)
Depreciation and amortization	+13.3	2' Proceeds from sales of property, plant and equipment	+0.8
Decrease (increase) in notes and accounts receivable-trade	(1.5)	Purchase of investment securities	(2.6)
Decrease (increase) in inventories	(4.6)	Decrease (increase) in operating loans receivable	(0.9)
Increase (decrease) in notes and accounts payable-trade	+0.6	Proceeds from sales of investment securities	+3.2
Income taxes paid	(9.2)	Other	+1.4
Other	+0.8		
<b>a.+2' Free Cash Flows</b>		<b>+10.3</b>	
<b>b.-2' Cash Flows from Investing Activities (Excluding Purchase of Property, Plant and Equipment)</b>		<b>+1.0</b>	
<b>c. Cash Flows from Financing Activities</b>	<b>(7.0)</b>	<b>d. Effect of Exchange Rate</b>	<b>+0.2</b>
Increase (decrease) in short-term loans payable	+0.1		
Increase (decrease) in long-term loans payable	+0.3		
Cash dividends paid	(7.4)		
Purchase of treasury stock	(0.0)		
Other	(0.0)		

## 2-1. Forecast for Fiscal 2020

### Assumptions Made for Full-Year Forecasts

#### ➤ Exchange rates

**Full year: ¥110.0/US\$, ¥125.0/EUR**

#### ➤ Impact of raw materials, etc.

##### Consolidated total

**Full year: ¥0.6 billion decrease in profit**

**Japan ¥(0.5) billion, Overseas ¥(0.1) billion**

## 2-2. Forecast for Fiscal 2020

### Consolidated P/L Results (Compared with Previous Year)

#### Full-year forecasts

(Unit: billion yen)

	Forecast	Fiscal 2019	Change increase / decrease	%	Breakdown of change		
					Translation difference	Actual difference	%
Net Sales	473.5	453.6	19.9	104.4	(3.0)	23.0	105.1
Japan	189.3	183.8	5.5	103.0		5.5	103.0
Overseas	287.6	273.0	14.6	105.3	(3.0)	17.6	106.4
Operating Profit	39.7	38.4	1.3	103.3	(0.4)	1.7	104.3
Japan	12.5	12.4	0.1	100.8		0.1	100.8
Overseas	28.9	27.1	1.8	106.6	(0.3)	2.1	107.8
Kikkoman (Holding Company)	7.3	7.3		100.3			100.3
Eliminations	(9.0)	(8.4)	(0.6)			(0.6)	
Ordinary Profit	38.9	37.9	1.0	102.6	(0.3)	1.3	103.5
Profit before Income Taxes	38.3	37.6	0.7	101.9	(0.3)	1.0	102.8
Profit Attributable to Owners of Parent	26.9	26.0	0.9	103.5	(0.3)	1.2	104.5
Exchange rate (¥/US\$)	110.0	110.7	(0.7)				
(¥/EUR)	125.0	128.4	(3.4)				

## 2-3. Forecast for Fiscal 2020

### Net Sales in Japan (Compared with Previous Year)

#### Full-year forecasts

(Unit: billion yen)

		Forecast	Fiscal 2019	Change increase / decrease	%
Japan	Soy Sauce	49.9	49.8	0.1	100.2
	Food Products	62.4	60.2	2.2	103.7
	Beverages	56.5	53.7	2.8	105.2
	Liquor and Wine	11.4	11.1	0.3	102.3
	Eliminations	(0.2)	(0.2)		
	Foods—Manufacturing and Sales	180.0	174.7	5.3	103.1
	Others	22.0	21.4	0.6	102.7
	Eliminations	(12.7)	(12.3)	(0.4)	
Total		189.3	183.8	5.5	103.0



## 2-4. Forecast for Fiscal 2020

### Net Sales Overseas (Compared with Previous Year)

#### Full-year forecasts

(Unit: billion yen)

		Forecast	Fiscal 2019	Change increase / decrease	%	Breakdown of change		
						Translation difference	Actual difference	%
Overseas	North America	209.7	197.9	11.8	105.9	(1.5)	13.3	106.7
	Foods—Manufacturing and Sales	62.3	59.8	2.5	104.1	(0.4)	2.9	104.8
	Foods—Wholesale	156.4	146.6	9.8	106.7	(1.2)	11.0	107.5
	Europe	33.2	31.2	2.0	106.3	(0.8)	2.7	108.7
	Foods—Manufacturing and Sales	14.1	13.2	0.9	107.1	(0.4)	1.3	110.0
	Foods—Wholesale	21.9	20.6	1.3	106.4	(0.4)	1.8	108.6
	Asia & Oceania	40.0	37.7	2.3	106.2	(0.8)	3.1	108.3
	Foods—Manufacturing and Sales	21.1	20.0	1.1	105.4	(0.6)	1.7	108.3
	Foods—Wholesale	19.3	18.0	1.3	107.0	(0.2)	1.5	108.1
	Others	41.5	42.5	(1.0)	97.7		(1.0)	97.7
Eliminations	(36.8)	(36.3)	(0.5)			(0.5)		
<b>Total</b>		<b>287.6</b>	<b>273.0</b>	<b>14.6</b>	<b>105.3</b>	<b>(3.0)</b>	<b>17.6</b>	<b>106.4</b>
Exchange rate (¥/US\$)		110.0	110.7	(0.7)				
(¥/EUR)		125.0	128.4	(3.4)				

## 2-5. Forecast for Fiscal 2020

### Consolidated Operating Profit (Compared with Previous Year)

#### Full-year forecasts

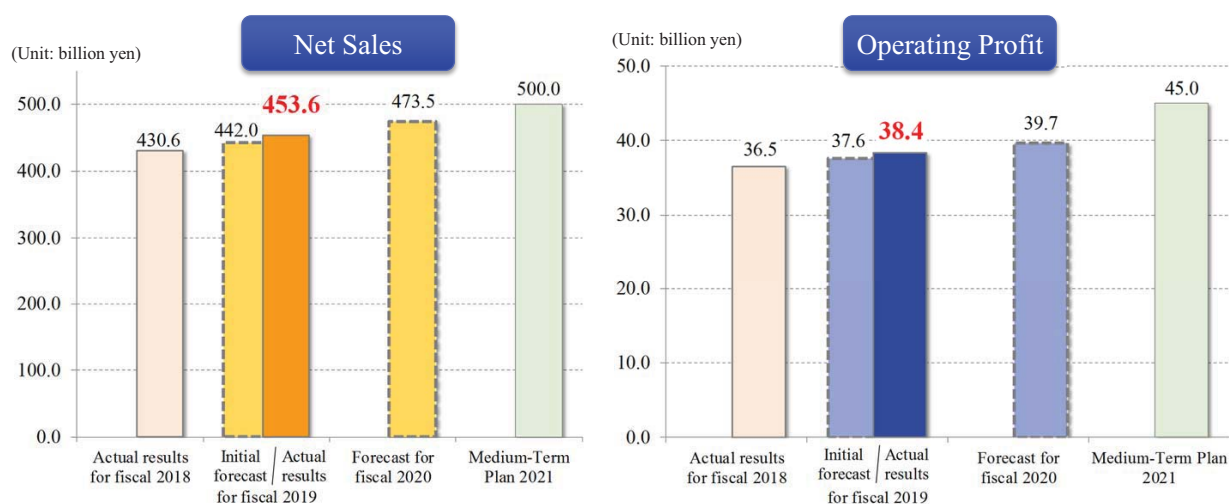
(Unit: billion yen)

		Forecast	Fiscal 2019	Change increase / decrease	%	Breakdown of change		
						Translation difference	Actual difference	%
Japan	Foods—Manufacturing and Sales	10.7	10.6	0.1	101.0		0.1	101.0
	Others	1.8	1.8		101.5			101.5
	<b>Total</b>	<b>12.5</b>	<b>12.4</b>	<b>0.1</b>	<b>100.8</b>		<b>0.1</b>	<b>100.8</b>
Overseas	North America	19.3	18.1	1.2	106.4	(0.1)	1.3	107.2
	Europe	5.0	4.6	0.4	108.5	(0.1)	0.5	111.4
	Asia & Oceania	2.8	2.6	0.2	107.5	(0.1)	0.3	110.3
	Others	1.9	1.9	(0.1)	97.2		(0.1)	97.2
	<b>Total</b>	<b>28.9</b>	<b>27.1</b>	<b>1.8</b>	<b>106.6</b>	<b>(0.3)</b>	<b>2.1</b>	<b>107.8</b>
Kikkoman (Holding Company)		7.3	7.3		100.3			100.3
Eliminations		(9.0)	(8.4)	(0.6)			(0.6)	
<b>Consolidated Total</b>		<b>39.7</b>	<b>38.4</b>	<b>1.3</b>	<b>103.3</b>	<b>(0.4)</b>	<b>1.7</b>	<b>104.3</b>
Exchange rate (¥/US\$)		110.0	110.7	(0.7)				
(¥/EUR)		125.0	128.4	(3.4)				

# Progress of Medium-Term Management Plan

Noriaki Horikiri  
President and CEO

## Medium-Term Management Plan: Consolidated Targets and Progress



	Actual results for fiscal 2018	Initial forecast for fiscal 2019	Actual results for fiscal 2019	Forecast for fiscal 2020	Target for fiscal 2021	Average annual growth (excl. exchange difference)
Net sales	¥430.6 billion	¥442.0 billion	¥453.6 billion	¥473.5 billion	¥500.0 billion	+5.8%
Operating profit	¥36.5 billion	¥37.6 billion	¥38.4 billion	¥39.7 billion	¥45.0 billion	+8.1%
Operating profit margin	8.5%	8.5%	8.5%	8.4%	9.0%	—
ROE	9.8%	(-)%	10.1%	(-)%	10% or higher	—
Foreign exchange	US Dollar	¥110.8	¥105.0	¥110.7	¥110.0	—
	Euro	¥129.5	¥130.0	¥128.4	¥125.0	—

## Breakdown by Segment

(Unit: billion yen)

		Actual results for fiscal 2018	Initial forecast for fiscal 2019	Actual results for fiscal 2019	Forecast for fiscal 2020	Target for fiscal 2021	Average annual growth (excl. exchange difference)	
Japan	Net sales	181.4	185.2	183.8	189.3	201.5	3.6%	
	Operating profit	11.9	12.1	12.4	12.5	16.0	10.5%	
	Operating profit margin (%)	6.5	6.5	6.7	6.6	8.0	—	
Overseas	North America	Net sales	185.5	187.0	197.9	209.7	212.6	6.5%
		Operating profit	17.5	17.7	18.1	19.3	20.1	6.6%
		Operating profit margin (%)	9.4	9.5	9.2	9.2	9.5	—
	Europe	Net sales	27.9	31.1	31.2	33.2	37.7	10.4%
		Operating profit	4.1	4.6	4.6	5.0	5.8	11.8%
		Operating profit margin (%)	14.8	14.8	14.7	15.1	15.3	—
	Asia & Oceania	Net sales	35.6	39.2	37.7	40.0	46.9	8.6%
		Operating profit	2.5	2.8	2.6	2.8	3.6	12.0%
		Operating profit margin (%)	7.0	7.1	6.8	6.9	7.6	—
Total	Net sales	252.1	259.7	273.0	287.6	301.0	7.3%	
	Operating profit	25.8	26.7	27.1	28.9	31.5	8.2%	
	Operating profit margin (%)	10.2	10.3	9.9	10.0	10.5	—	
Kikkoman (Holding Company) and Eliminations	Net sales	(2.9)	(2.9)	(3.2)	(3.4)	(2.5)	—	
	Operating profit	(1.1)	(1.2)	(1.1)	(1.7)	(2.6)	—	
Consolidated	Net sales	430.6	442.0	453.6	473.5	500.0	5.8%	
	Operating profit	36.5	37.6	38.4	39.7	45.0	8.1%	
	Operating profit margin (%)	8.5	8.5	8.5	8.4	9.0	—	
* Exchange rate (¥/US\$)		110.8	105.0	110.7	110.0	105.0		
(¥/EUR)		129.5	130.0	128.4	125.0	130.0		

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

### Increasing Profitability and Maintaining Growth

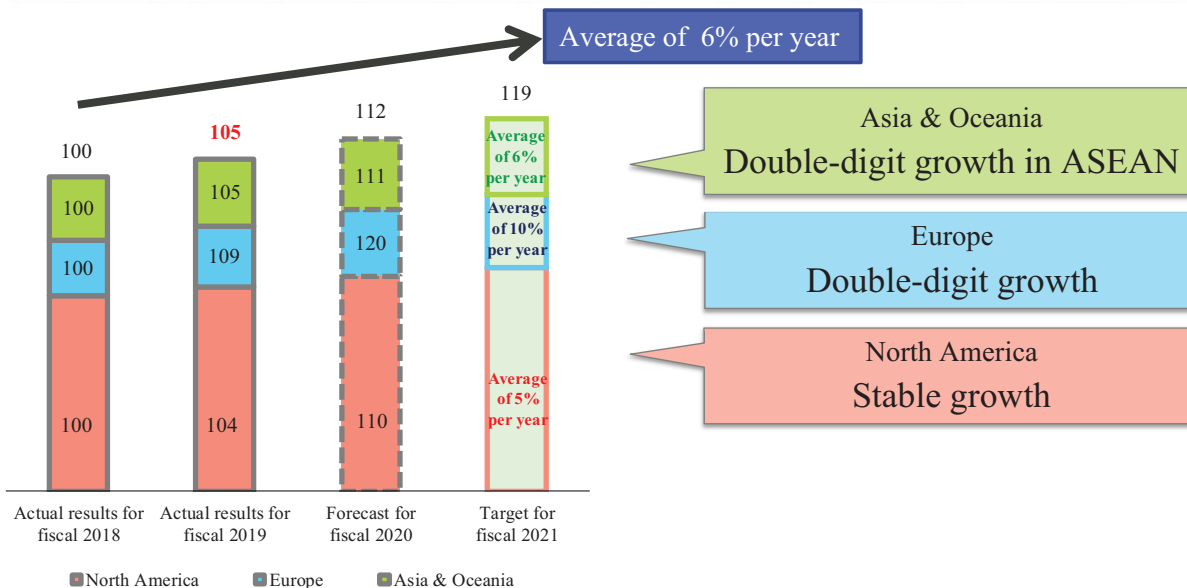
Creating higher added value

Improving productivity

Building a new pillar

## Overseas Soy Sauce Business: Targets and Progress

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



\* Index that uses the amount of net sales in fiscal 2018 as 100 (on a local currency basis)

## Overseas Soy Sauce Business: Targets and Progress

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

### □ North America

- Adding high value-added products (less sodium, gluten free, etc.)
- Responding meticulously to customers of industrial- and foodservice-use products
- Promotional activities using social media

### □ Europe

- Raising recognition and strengthening the brand through TV ads, online advertising, etc.
- Creating recipes to match 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

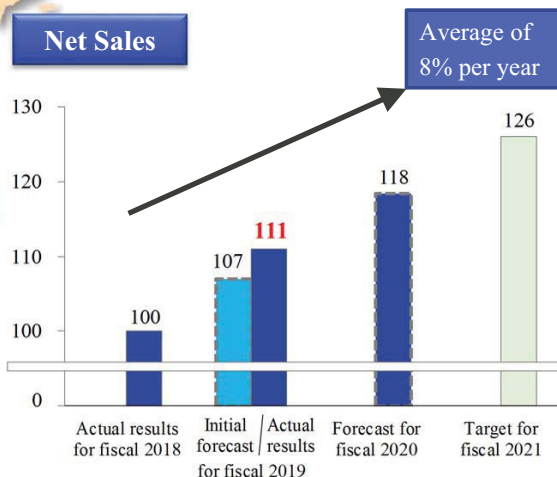


## Oriental Food Wholesale Business: Targets and Progress

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



- Improve network of business locations
- Strengthen logistics systems
- Increase product procurement capacity



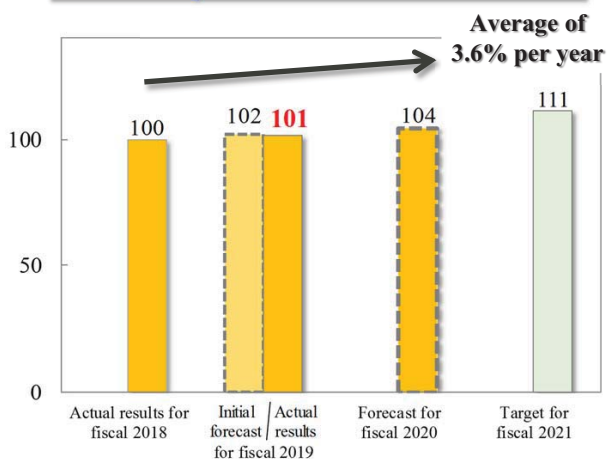
\* Index that uses the amount of net sales in fiscal 2018 as 100 (on a local currency basis)

## Business in Japan: Targets and Progress

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

**Net Sales**

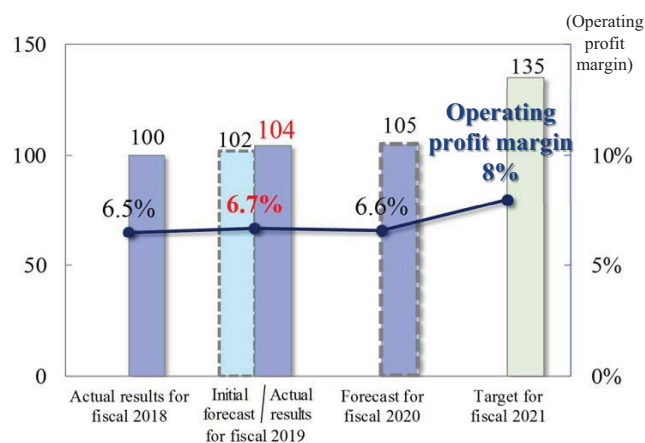
**Sales growth target  
Average of 3.6% per year**



\* Index that uses the results of fiscal 2018 as 100

**Operating Profit**

**Operating profit margin target  
8%**



\* Operating profit is an index that uses the results of fiscal 2018 as 100

## Business in Japan: Causes of Changes in Operating Income and Strategies

			Medium-Term Management Plan for Fiscal 2019–2021
Positive factor	Sales growth and structural strengthening	<ul style="list-style-type: none"> <li>● Increase in high value-added products</li> <li>● Growth of soymilk businesses</li> <li>● Organization and improvement of low-profit products</li> <li>● Reduced cost</li> <li>● Higher efficiency of sales and distribution expenses</li> </ul>	+¥9.5 billion
Negative factor	Increase in cost	<ul style="list-style-type: none"> <li>● Higher cost of raw materials, distribution expenses, personnel expenses, etc.</li> </ul>	(¥2.9 billion)
	Depreciation expenses	<ul style="list-style-type: none"> <li>● Increase in capital expenditure</li> </ul>	(¥1.6 billion)
	Advertising	<ul style="list-style-type: none"> <li>● Increase in advertising investments</li> </ul>	(¥0.9 billion)
<b>Total</b>			<b>+¥4.1 billion</b>

## Business in Japan: Efforts

### Expand high value-added product line

Expand the high value-added product line in each category

#### □ Soy sauce and Food products—soy sauce derivative products

- ✓ Expand the *Itsudemo Shinsen* (always fresh) series
  - Increase the product range - *Tokusen Marudaizu Maroyaka Hakko*, *Dashi* soy sauce
  - Strengthen less- and low-sodium products
    - Use sales promotions and TV ads
- ✓ Expand “soy sauce in a broad sense” including *Tsuyu* (soy sauce soup base) and *Tare* (dipping sauce for meat)
  - home-use products
    - Promote value-added products such as *Hakko Dashi*, ease of use, and ingredients
    - Improve communication using TV ads and social media
  - Industrial- and foodservice-use products
    - Propose solutions and respond to needs such as less sodium
    - Improve product development and the sales system



## Business in Japan: Efforts

### Expand high value-added product line

Expand the high value-added product line in each category

#### □ Del Monte seasonings

- ✓ Expansion of the *Lycopene-rich* series
  - Continuously use TV ads and the internet
  - Extend the series to condiments other than tomato ketchup
- ✓ Promote added value such as health, ease of use, and ingredients

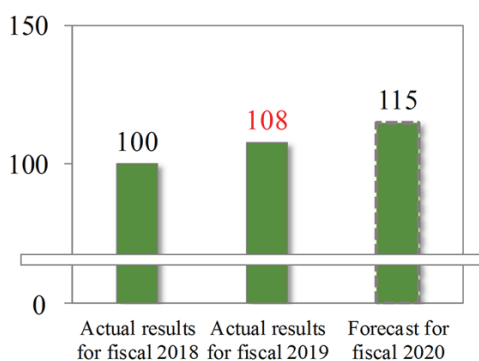
#### □ Del Monte beverages

- ✓ Expansion of the *Lycopene-rich* series
  - Continuously use TV ads and the internet
  - Expand the series from tomato beverages to vegetable beverages
- ✓ Selling food products with functional claims  
Sodium-free tomato juice and vegetable juices
- ✓ Efforts to develop products in small containers and expansion to new markets



## Business in Japan: Efforts

### Growth of soymilk business



\*Index that uses the amount of net sales in fiscal 2018 as 100

Sale of differentiated products

Stimulation of demand using TV ads, etc.



