

Business Performance Presentation
for the Three-Month Period Ended June 30, 2019

First Three Months of Fiscal 2020

Kikkoman Corporation

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Forecasts throughout this document were based on the economic environment as of the time they were prepared. Kikkoman therefore wishes to caution readers that actual results may differ materially from forecasts due to a number of unpredictable factors.

I. Major consolidated performance indicators

<i>Consolidated Results</i>		2017.3	2018.3	2019.3	2020.3
		Actual	Actual	Actual	Forecast
Net Sales	millions of yen	402,174	430,602	453,565	473,500
YoY Change	%	(1.5)	7.1	5.3	4.4
Operating Profit	millions of yen	32,842	36,502	38,417	39,700
(Operating Profit Margin)	%	8.2	8.5	8.5	8.4
YoY Change	%	0.7	11.1	5.2	3.3
Ordinary Profit	millions of yen	32,037	35,985	37,925	38,900
(Ordinary Profit Margin)	%	8.0	8.4	8.4	8.2
YoY Change	%	3.2	12.3	5.4	2.6
Profit Attributable to Owners of Parent	millions of yen	23,810	23,846	25,992	26,900
(Ratio of Profit Attributable to Owners of Parent to Net Sales)	%	5.9	5.5	5.7	5.7
YoY Change	%	19.3	0.1	9.0	3.5
Net Assets per Share	yen	1,242.71	1,292.18	1,382.60	-
Earnings per Share	yen	123.28	123.71	135.39	140.12
Diluted Earnings per Share	yen	-	-	-	-
Cash Dividends per Share	yen	34.00	39.00	41.00	42.00
Dividend Payout Ratio (Consolidated)	%	27.6	31.5	30.3	30.0
Total Net Assets	millions of yen	244,437	253,289	270,451	-
Shareholders' Equity	millions of yen	240,009	248,072	265,428	-
Total Assets	millions of yen	361,248	343,929	362,119	-
Shareholders' Equity Ratio	%	66.4	72.1	73.3	-
D/E Ratio	%	21.1	8.6	8.2	-
Dividend on Equity	%	2.8	3.1	3.1	-
Return on Equity	%	10.3	9.8	10.1	-
Ordinary Profit to Total Assets	%	8.8	10.2	10.7	-
Share Price as of Term-end	yen	3,325	4,280	5,430	-
PER	times	27.0	34.6	40.1	-
Cash Flows From Operating Activities	millions of yen	26,136	37,645	37,023	-
Cash Flows From Investing Activities	millions of yen	13,235	(14,640)	(25,698)	-
Cash Flows From Financing Activities	millions of yen	(30,359)	(43,968)	(7,041)	-
Term-end Cash and Cash Equivalents	millions of yen	44,205	22,785	27,509	-
Free Cash Flows	millions of yen	14,536	22,063	10,300	-
Free Cash Flows per Share	yen	75.26	114.46	53.65	-
Interest-bearing Debt	millions of yen	50,570	21,322	21,742	-
Capital Expenditures	millions of yen	12,165	18,180	28,346	28,400
Depreciation and Amortization	millions of yen	12,339	13,159	13,258	14,800
R&D Costs	millions of yen	3,943	3,772	3,816	-
Net Financial Income (Loss)	millions of yen	754	940	1,232	-
Average Term Exchange Rate	yen/US\$	109.03	110.81	110.69	110.00
No. of Employees	people	6,771	7,105	7,100	-
No. of Shares Issued and Outstanding at Term-end	thousand	193,133	191,980	191,977	-

(Notes) 1. Net sales do not include consumption and other taxes.

2. Free cash flows = Cash flows from operating activities – Purchase of property, plant, equipment and intangible assets
+ Sales of property, plant, equipment and intangible assets

3. Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.

4. Net financial income = Interest and dividend income – Interest expense

5. Shareholders' equity is computed by subtracting subscription rights to shares and non-controlling interests from net assets.

6. D/E ratio = Interest-bearing debt / Shareholders' equity

7. No. of shares issued and outstanding at term-end is computed, excluding treasury share.

8. Depreciation and Amortization do not include the amortization of goodwill.

9. Effective from the beginning of fiscal year ended March 31, 2019, "Partial Amendments to Accounting Standard for Tax Effect Accounting" are applied. The results for fiscal year ended 2018.3 are based on figures recalculated after retroactively adopting the said accounting standards.

II. Business performance

1. Scope of consolidation and application of the equity method and exchange rates

[Scope of Consolidation]

Comparison with the same period of the previous year

	2019.6 Actual	2018.6 Actual	Change	Particulars
Consolidated subsidiaries	60	59	1	+ PMAI INTERNATIONAL (CANADA) INC.
Equity-method unconsolidated subsidiaries and affiliates	2	2	0	

Comparison with the fiscal year ended March 31, 2019

	2019.6 Actual	2019.3 Actual	Change	Particulars
Consolidated subsidiaries	60	59	1	+ PMAI INTERNATIONAL (CANADA) INC.
Equity-method unconsolidated subsidiaries and affiliates	2	2	0	

[Exchange Rates]

	2019.6 Actual		2018.6 Actual		Change increase (decrease)			
	Period average (19.4-19.6)	End of term (19.6)	Period average (18.4-18.6)	End of term (18.6)	Period average	%	End of term	%
US\$	110.00	107.79	108.71	110.54	1.29	101.2	(2.75)	97.5
EURO	123.29	122.49	129.39	127.91	(6.10)	95.3	(5.42)	95.8
S\$	80.72	79.68	81.32	80.79	(0.60)	99.3	(1.11)	98.6
A\$	77.02	75.49	81.95	81.16	(4.93)	94.0	(5.67)	93.0

2. Consolidated segment information

Net sales

¥ million

		2019.6 Actual	2018.6 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Soy Sauce	12,148	12,215	(66)	99.5	(66)	99.5
	Food Products	15,924	15,594	329	102.1	329	102.1
	Portion accounted for by soy sauce derivative products	10,054	9,885	169	101.7	169	101.7
	Beverages	15,046	14,060	986	107.0	986	107.0
	Portion accounted for by soy milk beverages	10,621	9,715	905	109.3	905	109.3
	Liquor and Wine	2,475	2,655	(179)	93.2	(179)	93.2
	Eliminations	(44)	(39)	(4)	-	(4)	-
	Foods—Manufacturing and Sales	45,550	44,485	1,064	102.4	1,064	102.4
	Others	5,373	5,202	170	103.3	170	103.3
	Eliminations	(3,198)	(3,047)	(150)	-	(150)	-
Total		47,725	46,640	1,084	102.3	1,084	102.3
Overseas	Soy Sauce	19,547	18,941	606	103.2	752	104.0
	Del Monte	1,133	1,089	44	104.1	45	104.2
	Other Foods	3,043	2,979	63	102.1	28	100.9
	Foods—Manufacturing and Sales	23,724	23,009	714	103.1	825	103.6
	Foods—Wholesale	48,440	46,353	2,087	104.5	2,217	104.8
	Eliminations	(3,352)	(3,393)	40	-	36	-
Total		68,812	65,969	2,842	104.3	3,079	104.7
Kikkoman (Holding Company)		5,808	5,706	101	101.8	101	101.8
Eliminations		(6,703)	(6,542)	(161)	-	(161)	-
Consolidated Total		115,642	111,774	3,867	103.5	4,104	103.7

Operating profit

		2019.6 Actual	2018.6 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods—Manufacturing and Sales	3,151	3,052	98	103.2	98	103.2
	Others	503	372	130	135.0	130	135.0
	Total		3,664	3,433	230	106.7	230
Overseas	Foods—Manufacturing and Sales	4,905	4,972	(67)	98.6	(106)	97.9
	Foods—Wholesale	2,384	1,940	444	122.9	416	121.5
	Total		7,205	6,834	371	105.4	288
Kikkoman (Holding Company)		2,820	2,878	(57)	98.0	(57)	98.0
Eliminations		(3,137)	(3,045)	(92)	-	(87)	-
Consolidated Total		10,553	10,100	452	104.5	374	103.7
Ordinary Profit		11,162	10,034	1,128	111.2	1,045	110.4
Profit before Income Taxes		11,273	10,008	1,265	112.6	1,183	111.8
Profit Attributable to Owners of Parent		7,975	7,102	872	112.3	805	111.3

3. Consolidated segment information in Japan

Net sales

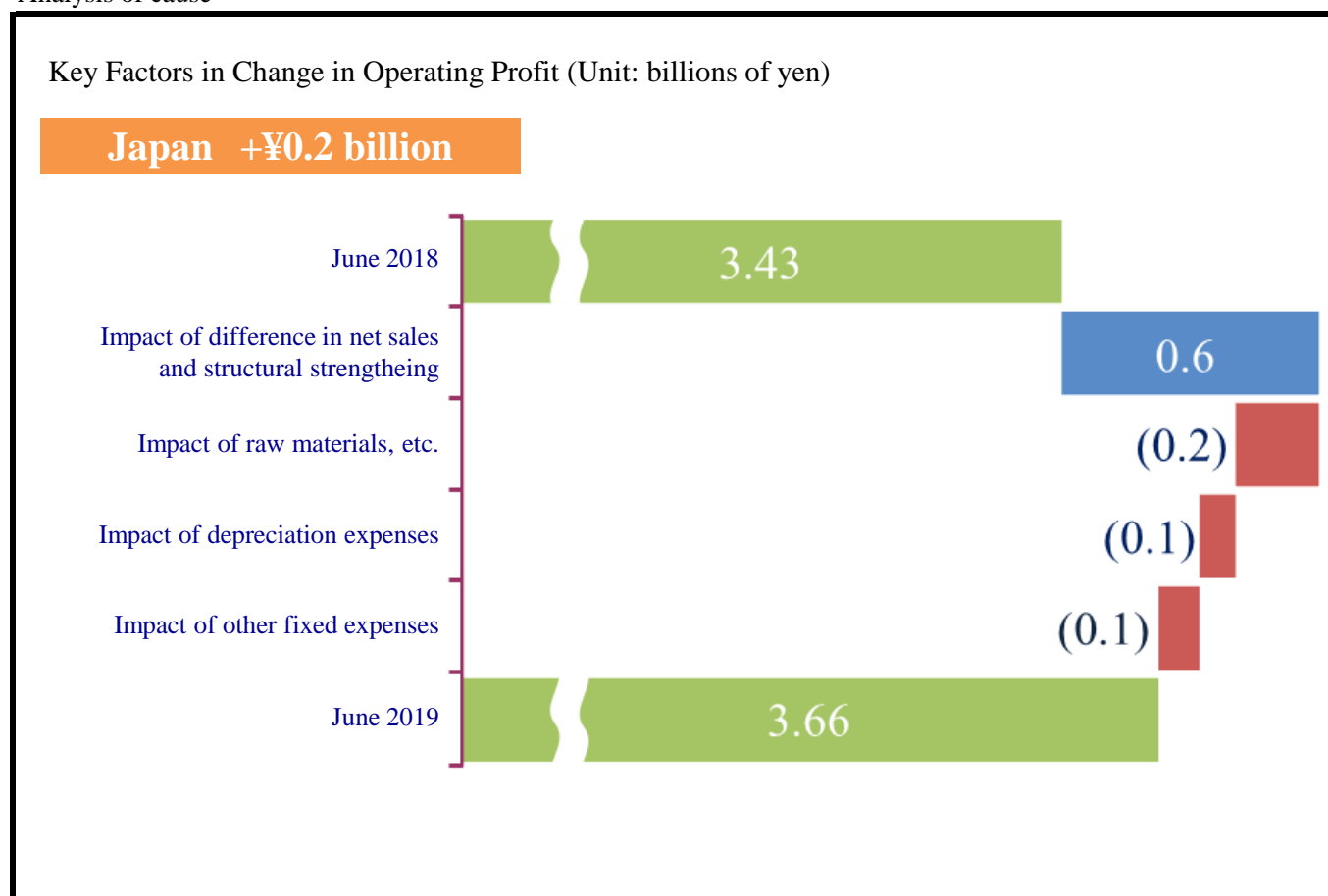
¥ million

		2019.6 Actual	2018.6 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Soy Sauce	12,148	12,215	(66)	99.5	(66)	99.5
	Food Products	15,924	15,594	329	102.1	329	102.1
	Portion accounted for by soy sauce derivative products	10,054	9,885	169	101.7	169	101.7
	Beverages	15,046	14,060	986	107.0	986	107.0
	Portion accounted for by soy milk beverages	10,621	9,715	905	109.3	905	109.3
	Liquor and Wine	2,475	2,655	(179)	93.2	(179)	93.2
	Eliminations	(44)	(39)	(4)	-	(4)	-
	Foods—Manufacturing and Sales	45,550	44,485	1,064	102.4	1,064	102.4
	Others	5,373	5,202	170	103.3	170	103.3
Eliminations	(3,198)	(3,047)	(150)	-	(150)	-	
Total		47,725	46,640	1,084	102.3	1,084	102.3

Operating profit

		2019.6 Actual	2018.6 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods—Manufacturing and Sales	3,151	3,052	98	103.2	98	103.2
	Others	503	372	130	135.0	130	135.0
	Total	3,664	3,433	230	106.7	230	106.7

Analysis of cause



4. Consolidated segment information overseas

Net sales

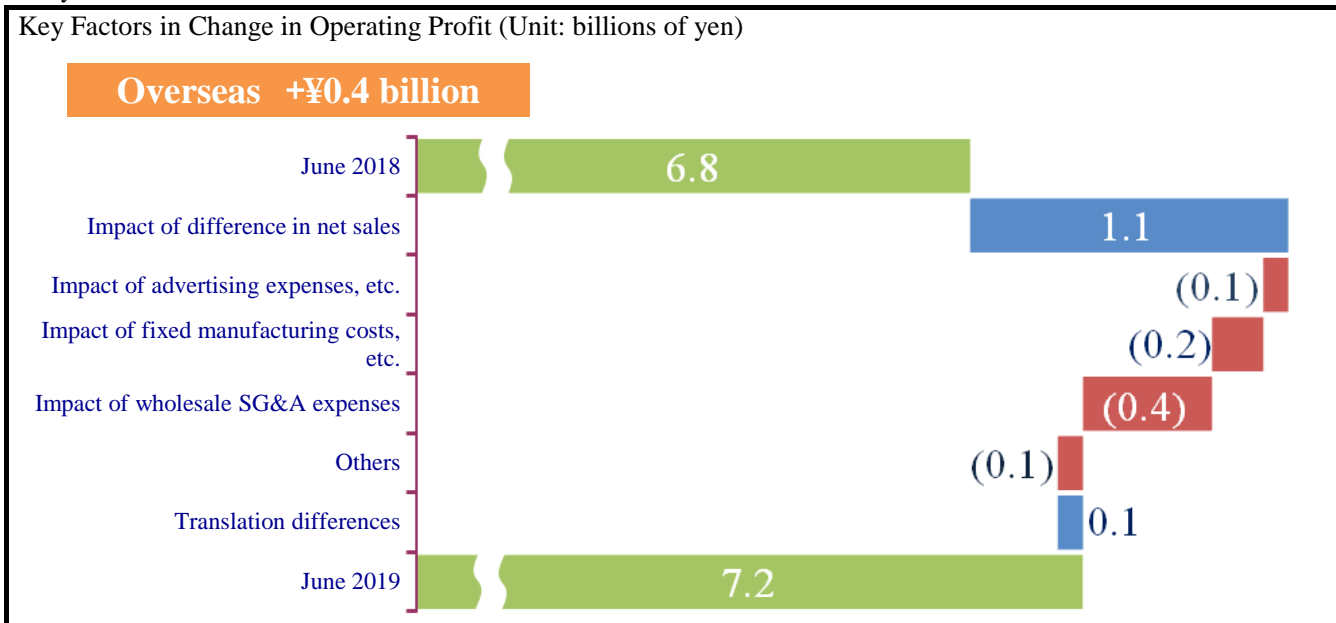
¥ million

			2019.6 Actual	2018.6 Actual	Change increase (decrease)	%	Change excluding translation difference	%	
Overseas	North America	Soy Sauce	12,550	11,826	723	106.1	576	104.9	
		Other Foods	3,043	2,979	63	102.1	28	100.9	
		Foods—Manufacturing and Sales	15,593	14,806	787	105.3	604	104.1	
		Foods—Wholesale	37,625	35,093	2,531	107.2	2,163	106.2	
		Eliminations	(2,325)	(2,382)	56	-	83	-	
	Total			50,893	47,518	3,375	107.1	2,852	106.0
	Europe	Foods—Manufacturing and Sales	3,125	3,289	(163)	95.0	(9)	99.7	
		Foods—Wholesale	5,352	5,039	313	106.2	585	111.6	
		Eliminations	(620)	(667)	47	-	16	-	
	Total			7,858	7,661	196	102.6	592	107.7
	Asia & Oceania	Soy Sauce	3,660	3,652	7	100.2	146	104.0	
		Del Monte	1,133	1,089	44	104.1	45	104.2	
		Foods—Manufacturing and Sales	4,793	4,741	52	101.1	191	104.0	
		Foods—Wholesale	4,623	4,258	364	108.6	585	113.7	
		Eliminations	(76)	(79)	2	-	(1)	-	
Total			9,339	8,920	419	104.7	775	108.7	
Others			9,903	10,356	(453)	95.6	(453)	95.6	
Eliminations			(9,182)	(8,487)	(695)	-	(687)	-	
Total			68,812	65,969	2,842	104.3	3,079	104.7	

Operating profit

			2019.6 Actual	2018.6 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Overseas	North America	Foods—Manufacturing and Sales	3,391	3,286	105	103.2	24	100.7
		Foods—Wholesale	1,765	1,290	475	136.8	459	135.6
		Total	5,072	4,493	578	112.9	467	110.4
	Europe	Foods—Manufacturing and Sales	854	976	(122)	87.5	(80)	91.7
		Foods—Wholesale	231	218	13	106.1	24	111.4
		Total	1,085	1,198	(113)	90.5	(61)	94.9
	Asia & Oceania	Foods—Manufacturing and Sales	552	595	(43)	92.7	(31)	94.8
		Foods—Wholesale	80	32	47	244.8	50	253.3
		Total	636	626	9	101.5	24	103.9
	Others			519	457	61	113.4	61
Total			7,205	6,834	371	105.4	288	104.2

Analysis of cause



5. Non-operating income (expenses) and extraordinary income (loss)

[Consolidated total]

¥ million

	2019.6 Actual	2018.6 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Operating profit	10,553	10,100	452	104.5	374	103.7
Financial income (expenses) and dividends income	401	676	(274)	59.4	(274)	59.4
Equity in earnings (loss) of affiliates	22	50	(28)	44.6	(28)	44.6
Other	184	(793)	978	-	974	-
Total non-operating income (expenses)	609	(66)	675	-	671	-
Ordinary profit	11,162	10,034	1,128	111.2	1,045	110.4
Gain on sales of investment securities	148	-	148		148	
Total extraordinary income	148	-	148	-	148	-
Loss on retirement of noncurrent assets	-	26	(26)		(26)	
Loss on valuation of investment securities	21	-	21		21	
Loss on valuation of golf club membership	15	-	15		15	
Total extraordinary loss	37	26	11	144.4	11	144.4
Total extraordinary income (loss)	111	(26)	137	-	137	-
Profit before income taxes	11,273	10,008	1,265	112.6	1,183	111.8
Income taxes	3,165	2,773	391	114.1	372	113.4
Profit	8,108	7,234	873	112.1	810	111.2
Profit attributable to non-controlling interests	132	131	1	100.9	5	104.0
Profit attributable to owners of parent	7,975	7,102	872	112.3	805	111.3

6. Consolidated balance sheets

As of June 30, 2019 (Compared with 2019.3)

Total Assets =	369,935	+7,816	(¥ million)	
Translation Difference		(3,667)	US\$ 107.79	(3.20)
			EUR 122.49	(2.07)
Actual Difference		+11,484		
Current assets	(2,137)		Liabilities	+12,355
Cash and deposits	(3,250)		Interest-bearing debt	+2,345
Notes and accounts receivable-trade	+1,215		Notes and accounts payable-trade/ accounts payable-other	(4,206)
Inventories	+911		Income taxes payable	+122
Other	(1,013)		Net defined benefit liability	(62)
			Deferred tax liabilities	(931)
Noncurrent assets	+13,622		Lease obligations	+17,214 *
Property, plant and equipment	+17,300		Other	(2,127)
[Tangible lease assets	+16,383]*		Net assets	(871)
Intangible assets	(179)		Retained earnings	+3,637
[Goodwill	(185)]		Valuation difference on available-for-sale securities	(2,399)
Investments and other assets	(3,498)		Foreign currency translation adjustment	(2,171)
[Investment securities	(3,394)]		Non-controlling interests	+154
[Deferred tax assets	+86]		Other	(92)

* Starting from the first three-month period ended June 30, 2019, IFRS 16 "Leases" and ASU 2016-02 "Leases" have been applied at overseas consolidated subsidiaries. With this application, all leases, in principle have been recorded as assets or liabilities on balance sheets. As a result, tangible lease assets and lease obligations have increased 15,925 million yen and 16,741 million yen, respectively, than if the previous accounting standards were applied.