

Business Performance Presentation
for the Nine-Month Period Ended December 31, 2019

First Nine Months of Fiscal 2020

Kikkoman Corporation

Index

	page
I. Major consolidated performance indicators	1
II. Business performance	
1. Scope of consolidation and application of the equity method and exchange rates	2
2. Consolidated segment information	3
3. Consolidated segment information in Japan	4
4. Consolidated segment information overseas	5
5. Non-operating income (expenses) and extraordinary income (loss)	6
6. Consolidated balance sheets	7

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>		Six months ended September 30, 2017	Six months ended September 30, 2018	Six months ended September 30, 2019	2018.3 Actual	2019.3 Actual	2020.3 Forecast
Net Sales	millions of yen	214,473	226,099	231,624	430,602	453,565	465,200
YoY Change	%	9.0	5.4	2.4	7.1	5.3	2.6
Operating Profit	millions of yen	19,070	20,068	20,986	36,502	38,417	39,120
(Operating Profit Margin)	%	8.9	8.9	9.1	8.5	8.5	8.4
YoY Change	%	12.5	5.2	4.6	11.1	5.2	1.8
Ordinary Profit	millions of yen	18,840	19,998	21,554	35,985	37,925	38,400
(Ordinary Profit Margin)	%	8.8	8.8	9.3	8.4	8.4	8.3
YoY Change	%	14.6	6.1	7.8	12.3	5.4	1.3
Profit Attributable to Owners of Parent	millions of yen	12,042	14,333	15,289	23,846	25,992	26,590
(Ratio of Profit Attributable to Owners of Parent to Net Sales)	%	5.6	6.3	6.6	5.5	5.7	5.7
YoY Change	%	(24.8)	19.0	6.7	0.1	9.0	2.3
Net Assets per Share	yen	-	-	-	1,292.18	1,382.60	-
Earnings per Share	yen	62.35	74.66	79.64	123.71	135.39	138.51
Diluted Earnings per Share	yen	-	-	-	-	-	-
Cash Dividends per Share	yen	-	-	-	39.00	41.00	42.00
Dividend Payout Ratio (Consolidated)	%	-	-	-	31.5	30.3	30.3
Total Net Assets	millions of yen	256,579	272,731	273,804	253,289	270,451	-
Shareholders' Equity	millions of yen	251,639	267,671	268,697	248,072	265,428	-
Total Assets	millions of yen	346,079	361,290	377,171	343,929	362,119	-
Shareholders' Equity Ratio	%	72.7	74.1	71.2	72.1	73.3	-
D/E Ratio	%	10.6	8.1	7.6	8.6	8.2	-
Dividend on Equity	%	-	-	-	3.1	3.1	-
Return on Equity	%	4.9	5.6	5.7	9.8	10.1	-
Ordinary Profit to Total Assets	%	5.3	5.7	5.8	10.2	10.7	-
Share Price as of Term-end	yen	3,460	6,760	5,160	4,280	5,430	-
PER	times	-	-	-	34.6	40.1	-
Cash Flows From Operating Activities	millions of yen	17,501	16,885	19,275	37,645	37,023	-
Cash Flows From Investing Activities	millions of yen	(9,007)	(13,351)	(17,222)	(14,640)	(25,698)	-
Cash Flows From Financing Activities	millions of yen	(29,193)	(3,341)	(5,582)	(43,968)	(7,041)	-
Term-end Cash and Cash Equivalents	millions of yen	23,591	23,991	23,432	22,785	27,509	-
Free Cash Flows	millions of yen	10,237	3,702	4,944	22,063	10,300	-
Free Cash Flows per Share	yen	53.01	19.29	25.76	114.46	53.65	-
Interest-bearing Debt	millions of yen	26,640	21,556	20,525	21,322	21,742	-
Capital Expenditures	millions of yen	6,325	12,793	12,768	18,180	28,346	28,900
Depreciation and Amortization	millions of yen	6,380	6,459	8,080	13,159	13,258	16,800
R&D Costs	millions of yen	1,784	1,818	1,929	3,772	3,816	-
Net Financial Income (Loss)	millions of yen	488	743	443	940	1,232	-
Average Term Exchange Rate	yen/US\$	111.42	110.07	109.00	110.81	110.69	108.01
No. of Employees	people	7,043	7,091	7,381	7,105	7,100	-
No. of Shares Issued and Outstanding at Term-end	thousand	193,132	191,979	191,975	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 the six months ended September 30, 2017 and fiscal year ended 2018.3 are based on figures recalculated after retroactively adopting the said accounting standards.

10. Effective from the beginning of fiscal year ending March 31, 2020, overseas subsidiaries applied IFRS 16 "Leases" and ASU 2016-02 and recorded all leases on balance sheets, in principle. For the actual results for the six months ended September 30, 2019 and the forecast for fiscal year ending 2020.3, these accounting standards are applied to the figures.

11. Consolidated performance indicators of the annual and six-month periods of the most recent years are indicated.

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

	2019.12 Actual	2018.12 Actual	Change	Particulars
Consolidated subsidiaries	59	59	0	+ PMAI INTERNATIONAL (CANADA) INC. - NUTRIGOLD SW LIMITED
Equity-method unconsolidated subsidiaries and affiliates	2	2	0	

Comparison with the fiscal year ended March 31, 2019

	2019.12 Actual	2019.3 Actual	Change	Particulars
Consolidated subsidiaries	59	59	0	+ PMAI INTERNATIONAL (CANADA) INC. - NUTRIGOLD SW LIMITED
Equity-method unconsolidated subsidiaries and affiliates	2	2	0	

[Exchange rates]

	2019.12 Actual		2018.12 Actual		Change increase (decrease)			
	Period Average (19.4-19.12)	End of Term (19.12)	Period Average (18.4-18.12)	End of Term (18.12)	Period Average	%	End of Term	%
US\$	109.10	109.56	110.82	111.00	(1.72)	98.4	(1.44)	98.7
EURO	121.46	122.54	129.38	127.00	(7.92)	93.9	(4.46)	96.5
S\$	79.82	81.07	81.67	81.00	(1.85)	97.7	0.07	100.1
A\$	75.31	76.52	81.39	78.18	(6.08)	92.5	(1.66)	97.9

2. Consolidated segment information

Net sales

¥ million

		2019.12 Actual	2018.12 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Soy Sauce	38,700	38,837	(137)	99.6	(137)	99.6
	Food Products	47,625	46,463	1,162	102.5	1,162	102.5
	Portion accounted for by soy sauce derivative products	30,004	29,501	503	101.7	503	101.7
	Beverages	44,862	42,225	2,637	106.2	2,637	106.2
	Portion accounted for by soy milk beverages	31,764	28,991	2,772	109.6	2,772	109.6
	Liquor and Wine	8,313	8,804	(491)	94.4	(491)	94.4
	Eliminations	(141)	(137)	(3)	-	(3)	-
	Foods—Manufacturing and Sales	139,360	136,193	3,166	102.3	3,166	102.3
	Others	16,056	16,236	(179)	98.9	(179)	98.9
	Eliminations	(9,695)	(9,381)	(314)	-	(314)	-
Total		145,722	143,049	2,672	101.9	2,672	101.9
Overseas	Soy Sauce	57,983	56,293	1,690	103.0	3,396	106.0
	Del Monte	4,166	4,130	36	100.9	97	102.4
	Other Foods	9,327	9,174	153	101.7	300	103.3
	Foods—Manufacturing and Sales	71,477	69,598	1,879	102.7	3,794	105.5
	Foods—Wholesale	150,662	142,716	7,945	105.6	11,831	108.3
	Eliminations	(9,582)	(9,527)	(54)	-	(281)	-
Total		212,557	202,786	9,771	104.8	15,343	107.6
Kikkoman (Holding Company)		12,394	12,211	182	101.5	182	101.5
Eliminations		(15,177)	(14,657)	(520)	-	(520)	-
Consolidated Total		355,496	343,390	12,106	103.5	17,679	105.1

Operating profit

		2019.12 Actual	2018.12 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods—Manufacturing and Sales	10,585	9,865	720	107.3	720	107.3
	Others	1,373	1,322	50	103.8	50	103.8
	Total		11,983	11,213	770	106.9	770
Overseas	Foods—Manufacturing and Sales	14,669	14,180	488	103.4	854	106.0
	Foods—Wholesale	6,946	6,061	885	114.6	1,015	116.8
	Total		21,439	20,063	1,375	106.9	1,861
Kikkoman (Holding Company)		3,389	3,654	(264)	92.8	(264)	92.8
Eliminations		(4,200)	(4,070)	(129)	-	(72)	-
Consolidated Total		32,612	30,859	1,752	105.7	2,294	107.4
Ordinary Profit		33,607	31,225	2,381	107.6	2,867	109.2
Profit before Income Taxes		33,095	31,286	1,809	105.8	2,295	107.3
Profit Attributable to Owners of Parent		23,407	22,340	1,067	104.8	1,412	106.3

3. Consolidated segment information in Japan

Net sales

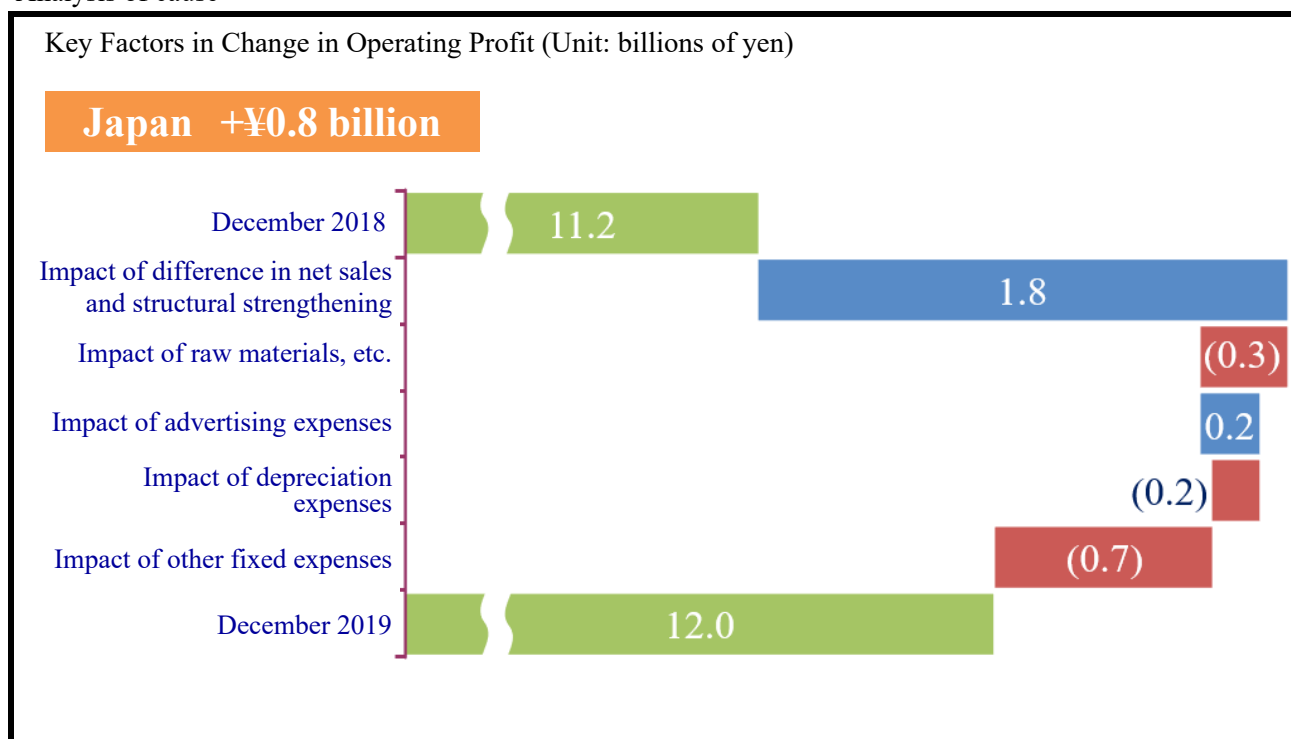
¥ million

		2019.12 Actual	2018.12 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Soy Sauce	38,700	38,837	(137)	99.6	(137)	99.6
	Food Products	47,625	46,463	1,162	102.5	1,162	102.5
	Portion accounted for by soy sauce derivative products	30,004	29,501	503	101.7	503	101.7
	Beverages	44,862	42,225	2,637	106.2	2,637	106.2
	Portion accounted for by soy milk beverages	31,764	28,991	2,772	109.6	2,772	109.6
	Liquor and Wine	8,313	8,804	(491)	94.4	(491)	94.4
	Eliminations	(141)	(137)	(3)	-	(3)	-
	Foods—Manufacturing and Sales	139,360	136,193	3,166	102.3	3,166	102.3
	Others	16,056	16,236	(179)	98.9	(179)	98.9
	Eliminations	(9,695)	(9,381)	(314)	-	(314)	-
Total		145,722	143,049	2,672	101.9	2,672	101.9

Operating profit

		2019.12 Actual	2018.12 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods—Manufacturing and Sales	10,585	9,865	720	107.3	720	107.3
	Others	1,373	1,322	50	103.8	50	103.8
	Total	11,983	11,213	770	106.9	770	106.9

Analysis of cause



4. Consolidated segment information overseas

Net sales

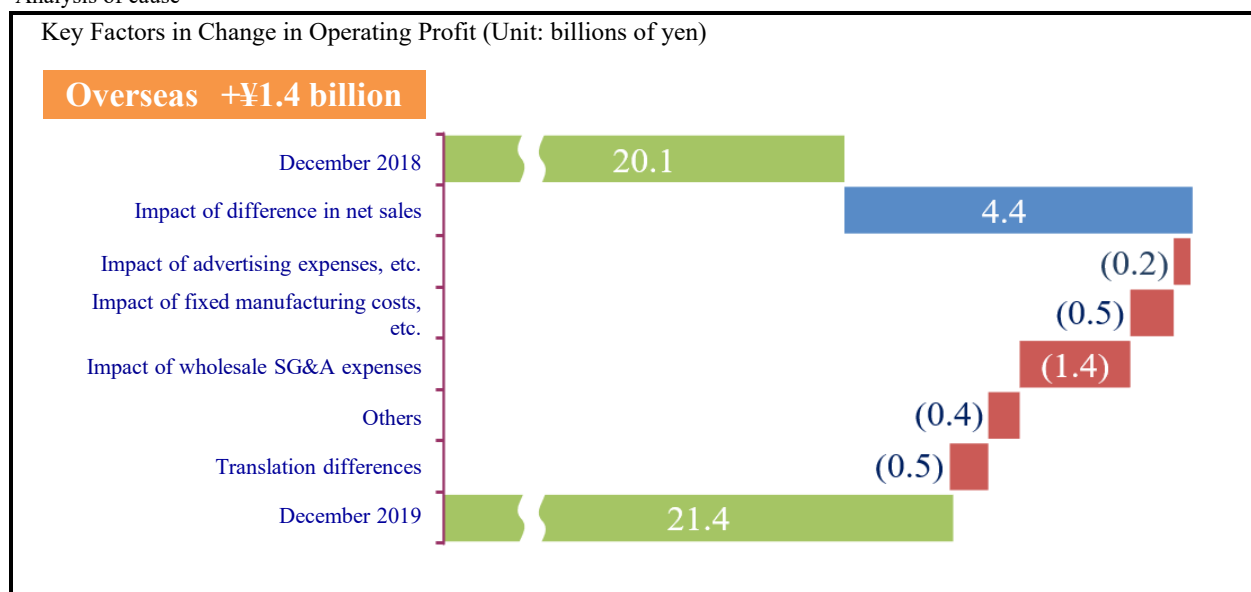
¥ million

		2019.12 Actual	2018.12 Actual	Change increase (decrease)	%	Change excluding translation difference	%	
Overseas	North America	Soy Sauce	37,092	35,537	1,555	104.4	2,140	106.0
		Other Foods	9,327	9,174	153	101.7	300	103.3
		Foods—Manufacturing and Sales	46,420	44,711	1,708	103.8	2,440	105.5
		Foods—Wholesale	114,844	109,029	5,815	105.3	7,727	107.1
		Eliminations	(6,532)	(6,476)	(55)	-	(158)	-
	Total		154,732	147,264	7,468	105.1	10,009	106.8
	Europe	Foods—Manufacturing and Sales	9,627	9,582	44	100.5	672	107.0
		Foods—Wholesale	15,798	15,256	542	103.6	1,575	110.3
		Eliminations	(1,856)	(1,848)	(8)	-	(129)	-
	Total		23,569	22,990	578	102.5	2,118	109.2
	Asia & Oceania	Soy Sauce	10,769	10,721	48	100.5	564	105.3
		Del Monte	4,166	4,130	36	100.9	97	102.4
		Foods—Manufacturing and Sales	14,936	14,851	84	100.6	662	104.5
		Foods—Wholesale	14,622	13,466	1,156	108.6	2,113	115.7
		Eliminations	(266)	(250)	(15)	-	(34)	-
	Total		29,292	28,067	1,225	104.4	2,741	109.8
	Others		33,168	31,877	1,290	104.0	1,290	104.0
Eliminations		(28,205)	(27,414)	(791)	-	(815)	-	
Total		212,557	202,786	9,771	104.8	15,343	107.6	

Operating profit

		2019.12 Actual	2018.12 Actual	Change increase (decrease)	%	Change excluding translation difference	%	
Overseas	North America	Foods—Manufacturing and Sales	9,688	9,388	299	103.2	423	104.5
		Foods—Wholesale	5,014	4,194	819	119.5	906	121.6
		Total	14,525	13,411	1,113	108.3	1,311	109.8
	Europe	Foods—Manufacturing and Sales	2,841	2,705	136	105.0	323	112.0
		Foods—Wholesale	528	610	(81)	86.6	(47)	92.2
		Total	3,379	3,316	62	101.9	286	108.6
	Asia & Oceania	Foods—Manufacturing and Sales	1,731	1,706	24	101.4	88	105.2
		Foods—Wholesale	273	158	114	172.5	131	182.9
		Total	2,004	1,867	137	107.3	218	111.7
	Others		1,587	1,520	66	104.4	66	104.4
Total		21,439	20,063	1,375	106.9	1,861	109.3	

Analysis of cause



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

[Consolidated total]

¥ million

	2019.12 Actual	2018.12 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Operating profit	32,612	30,859	1,752	105.7	2,294	107.4
Financial income (expenses) and dividends income	742	1,153	(410)	64.4	(417)	63.8
Equity in earnings (loss) of affiliates	225	200	24	112.2	24	112.2
Foreign exchange gains (losses) and gain (loss) on valuation of derivatives	1,491	695	796	214.6	761	209.6
Other	(1,464)	(1,683)	219	-	205	-
Total non-operating income (expenses)	994	365	629	272.1	573	256.9
Ordinary profit	33,607	31,225	2,381	107.6	2,867	109.2
Gain on sales of property, plant and equipment	15	393	(378)		(378)	
Gain on sales of investment securities	148	-	148		148	
Total extraordinary income	164	393	(229)	41.6	(229)	41.7
Loss on retirement of noncurrent assets	638	66	571		571	
Loss on valuation of investment securities	20	-	20		20	
Loss on valuation of golf club membership	16	7	9		9	
Provision for environmental measures	-	259	(259)		(259)	
Total extraordinary loss	675	332	342	203.1	342	203.1
Total extraordinary income (loss)	(511)	61	(572)	-	(572)	-
Profit before income taxes	33,095	31,286	1,809	105.8	2,295	107.3
Income taxes	9,331	8,601	729	108.5	858	110.0
Profit	23,764	22,685	1,079	104.8	1,437	106.3
Profit attributable to non-controlling interests	357	345	12	103.6	25	107.3
Profit attributable to owners of parent	23,407	22,340	1,067	104.8	1,412	106.3

6. Consolidated balance sheets

As of December 31, 2019 (Compared with 2019.3)

Total Asset	=	394,486	+32,367	(¥ million)
			(2,440)	US\$ 109.56 (1.43)
				EUR 122.54 (2.02)
		Actual Difference	+34,807	
Current assets		+7,380	Liabilities	+20,492
Cash and deposits		(2,758)	Interest-bearing debt	+5,324
Notes and accounts receivable-trade		+6,567	Notes and accounts payable-trade/ accounts payable-other	(1,808)
Inventories		+1,055	Income taxes payable	+1,390
Other		+2,516	Net defined benefit liability	(163)
			Deferred tax liabilities	+171
Noncurrent assets		+27,427	Lease obligations	+17,259 *
Property, plant and equipment		+24,167	Other	(1,681)
[Tangible lease assets		+16,506]*	Net assets	+14,315
Intangible assets		(466)	Retained earnings	+15,342
[Goodwill		(524)]	Valuation difference on available-for-sale securities	(92)
Investments and other assets		+3,726	Foreign currency translation adjustment	(916)
[Investment securities		+3,534]	Non-controlling interests	+120
[Deferred tax assets		(3)]	Other	(139)

* IFRS 16 “Leases” and ASU 2016-02 “Leases” have been applied at overseas subsidiaries from the first quarter of fiscal 2020. With this application, leases, in principle, record all leases as assets and liabilities on the balance sheets.

In comparison with the case in which the previous accounting standards are applied, “tangible lease assets” and “lease obligations” have increased ¥16,215 million and ¥16,937 million at the end of the third quarter, respectively.