

# *Kikkoman Corporation*

*Business Performance Presentation  
for the Six-Month Period Ended September 30, 2014*

*November 5, 2014*

- *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 the Six Months Ended September 30, 2014 and Forecast for the Second Half*

*Shozaburo Nakano*

*Executive Corporate Officer and CFO*

- *Progress of the Medium-Term Management Plan and Outlook for the Coming Years*

*Noriaki Horikiri*

*President and CEO*

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# Performance in the Six Months Ended September 30, 2014 and Forecast for the Second Half

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Shozaburo Nakano  
Executive Corporate Officer and CFO

## *Today's Agenda*

*(1) Performance in the First Half of FY2015*

*(2) Forecast for the Second Half of FY2015*

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

**1<sup>st</sup> half actual**

(Unit: billion yen)

	Six months ended Septemer 30, 2014	Six months ended Septemer 30, 2013	Change Increase / Decrease	%	Breakdown of change		
					Translation Difference	Actual Difference	%
<b>Net Sales</b>	<b>178.8</b>	<b>168.4</b>	<b>10.4</b>	<b>106.2</b>	<b>4.9</b>	<b>5.5</b>	<b>103.3</b>
Japan	84.9	85.3	(0.4)	99.5		(0.4)	99.5
Overseas	95.0	84.1	10.9	113.0	4.9	6.0	107.1
<b>Operating Income</b>	<b>12.3</b>	<b>12.7</b>	<b>(0.4)</b>	<b>97.1</b>	<b>0.5</b>	<b>(0.9)</b>	<b>92.9</b>
Japan	2.1	3.2	(1.1)	64.9		(1.1)	64.9
Overseas	9.7	8.9	0.7	108.2	0.5	0.3	102.9
<b>Kikkoman (Holding company)</b>	<b>3.2</b>	<b>3.2</b>		<b>100.7</b>			<b>100.7</b>
<b>Eliminations</b>	<b>(2.7)</b>	<b>(2.7)</b>			<b>0.1</b>	<b>(0.1)</b>	
<b>Ordinary income</b>	<b>11.7</b>	<b>11.3</b>	<b>0.5</b>	<b>104.1</b>	<b>0.5</b>		<b>99.8</b>
<b>Income before income taxes and minority interests</b>	<b>11.7</b>	<b>11.3</b>	<b>0.4</b>	<b>103.6</b>	<b>0.5</b>	<b>(0.1)</b>	<b>99.4</b>
<b>Net Income</b>	<b>7.8</b>	<b>7.2</b>	<b>0.6</b>	<b>108.8</b>	<b>0.3</b>	<b>0.3</b>	<b>104.2</b>
Exchange Rate (¥/US\$)	103.5	98.0	5.5				
(¥/EUR)	139.1	128.8	10.3				

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

**1<sup>st</sup> half actual**

(Unit: billion yen)

		Six months ended September 30, 2014	Six months ended September 30, 2013	Change Increase / Decrease	%
<b>Japan</b>	Soy Sauce	22.3	22.8	(0.5)	97.9
	Food Products	29.8	30.3	(0.5)	98.4
	Beverages	22.5	21.6	0.9	104.2
	Sake and Wine	5.9	6.0	(0.1)	97.7
	Eliminations	(0.1)	(0.1)		
	Foods-Manufacturing and sales	80.5	80.7	(0.2)	99.8
	Others	10.3	10.2	0.1	100.6
	Eliminations	(5.9)	(5.6)	(0.3)	
<b>Total</b>	<b>84.9</b>	<b>85.3</b>	<b>(0.4)</b>	<b>99.5</b>	

- A decline in sales in reaction to last-minute demand ahead of the consumption tax hike: ¥2.2 bn
- Soy sauce: Sales exceeded the forecast thanks to the strong sales of the “*Itsudemo Shinsen*” (always fresh) series.
- Food products: Sales of *tsuyu* fell partly due to the effect of unseasonable weather.
- Beverage products: Sales of soy milk rose, and sales of Del Monte beverages declined.

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

**1<sup>st</sup> half actual**

(Unit: billion yen)

		Six months ended September 30, 2014	Six months ended September 30, 2013	Change Increase / Decrease	%	Breakdown of change		
						Translation Difference	Actual Difference	%
Overseas	North America	71.4	63.1	8.3	113.1	3.7	4.5	107.2
	Foods-Manufacturing and sales	24.0	21.5	2.6	111.9	1.4	1.2	105.4
	Foods-Wholesale	50.6	44.5	6.0	113.6	2.5	3.5	107.9
	Europe	10.5	9.1	1.4	115.9	0.9	0.6	106.2
	Foods-Manufacturing and sales	4.9	4.3	0.6	114.8	0.4	0.3	106.3
	Foods-Wholesale	6.4	5.4	1.0	118.6	0.6	0.4	108.0
	Asia & Oceania	11.1	9.9	1.2	111.9	0.4	0.8	108.1
	Foods-Manufacturing and sales	5.4	4.9	0.6	111.9	0.2	0.3	106.8
	Foods-Wholesale	5.7	5.1	0.6	111.8	0.1	0.5	109.2
	Others	14.6	13.4	1.2	108.8		1.2	108.8
Eliminations	(12.6)	(11.5)	(1.2)		(0.1)	(1.1)		
<b>Total</b>	<b>95.0</b>	<b>84.1</b>	<b>10.9</b>	<b>113.0</b>	<b>4.9</b>	<b>6.0</b>	<b>107.1</b>	
Exchange Rate (¥/US\$)		103.5	98.0	5.5				
(¥/EUR)		139.1	128.8	10.3				

### <Explanations of changes excluding translation differences>

- Soy sauce: Sales in North America were strong.  
Sales in Europe and Asia & Oceania rose.
- Foods-Wholesale: Growth continued in each area.

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

**1<sup>st</sup> half actual**

(Unit: billion yen)

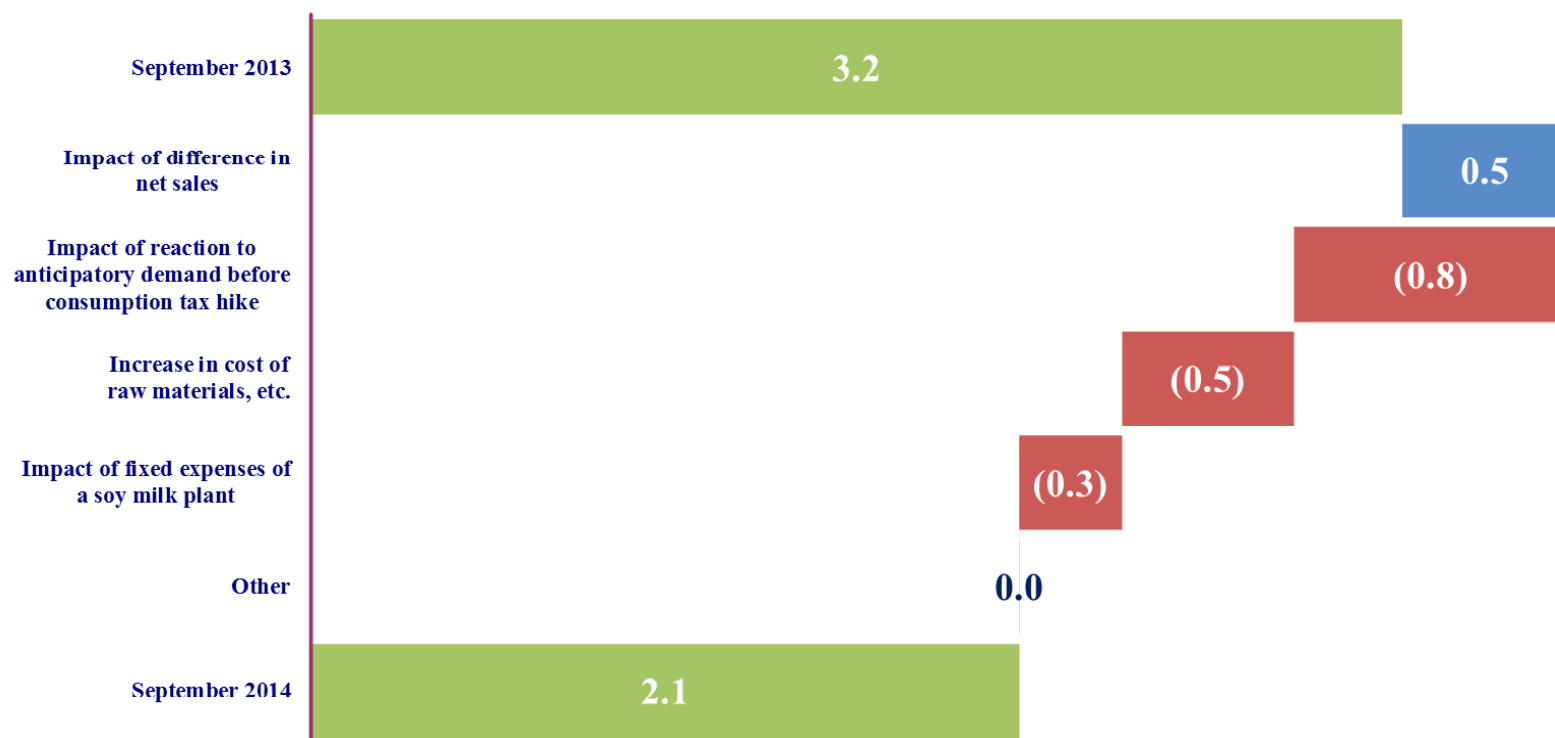
		Six months ended September 30, 2014	Six months ended September 30, 2013	Change Increase / Decrease	%	Breakdown of change		
						Translation Difference	Actual Difference	%
Japan	Foods-Manufacturing and sales	1.5	2.6	(1.0)	60.1		(1.0)	60.1
	Others	0.5	0.6	(0.1)	84.7		(0.1)	84.7
	<b>Total</b>	<b>2.1</b>	<b>3.2</b>	<b>(1.1)</b>	<b>64.9</b>		<b>(1.1)</b>	<b>64.9</b>
Overseas	North America	6.5	5.9	0.5	108.8	0.3	0.2	103.3
	Europe	1.5	1.4	0.1	109.0	0.1		100.1
	Asia & Oceania	1.0	1.0		103.5			99.6
	Others	0.7	0.7		105.6			105.6
	<b>Total</b>	<b>9.7</b>	<b>8.9</b>	<b>0.7</b>	<b>108.2</b>	<b>0.5</b>	<b>0.3</b>	<b>102.9</b>
Kikkoman(Holding Company)		3.2	3.2		100.7			100.7
Eliminations		(2.7)	(2.7)			0.1	(0.1)	
<b>Consolidated Total</b>		<b>12.3</b>	<b>12.7</b>	<b>(0.4)</b>	<b>97.1</b>	<b>0.5</b>	<b>(0.9)</b>	<b>92.9</b>
Exchange Rate (¥/US\$)		103.5	98.0	5.5				
(¥/EUR)		139.1	128.8	10.3				

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

Japan (¥1.1 billion)

(Unit: billion yen)



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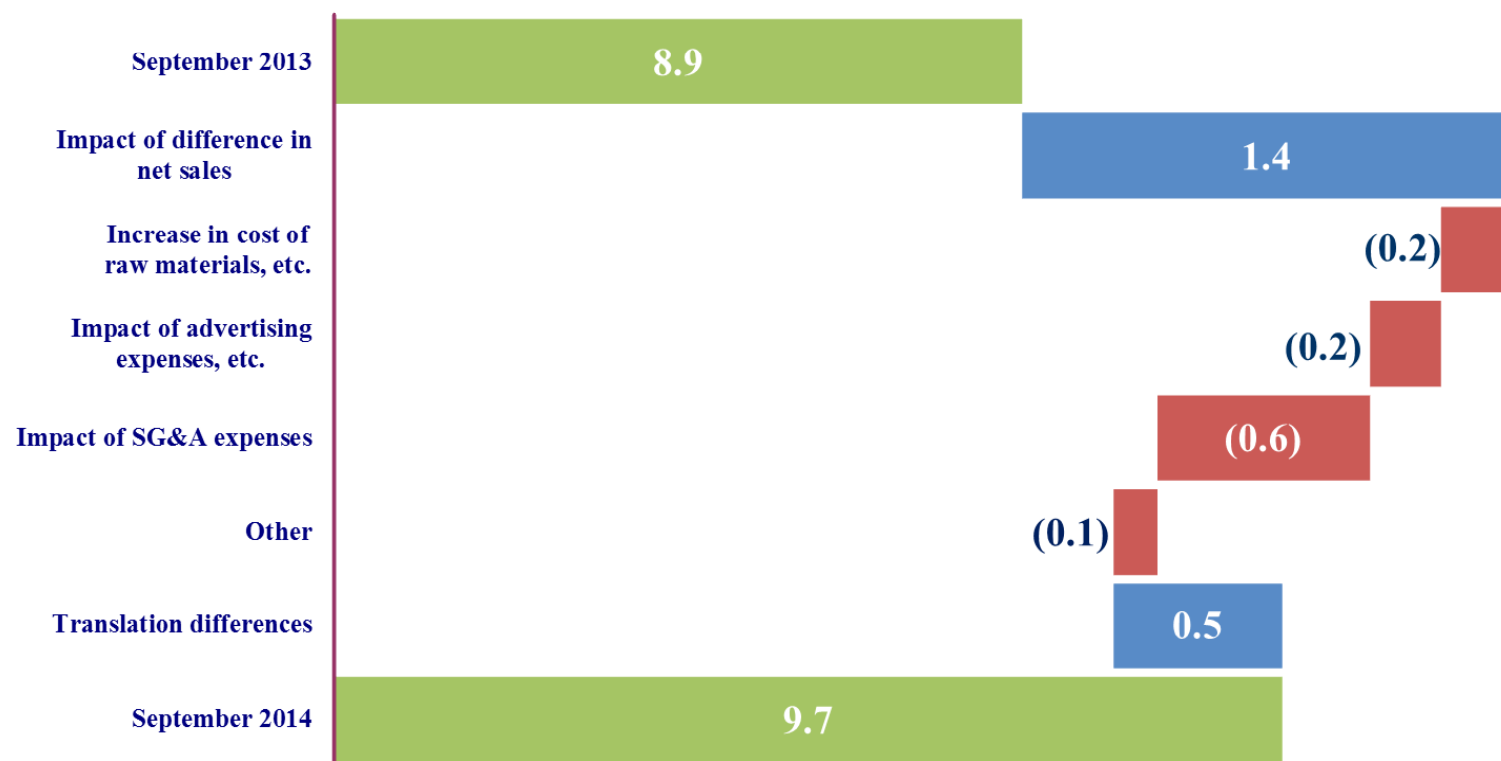
## 1-6. Major Factors for Changes in Operating Income Overseas

**Overseas** ¥+0.7 billion

YoY changes in overseas soy sauce sales (%)

	1st quarter Actual Apr. – Jun.	2nd quarter Actual Jul. – Sep.	1st half Actual Apr. – Sep.
North America	105	104	104
Europe	106	99	103
Asia & Oceania	101	123	113

(Unit: billion yen)



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

**1<sup>st</sup> half actual**

(Unit: billion yen)

	Actual Performance for Fiscal 2015 1H	Forecast for Fiscal 2015 1H	Change Increase / Decrease	%	Breakdown of Change		
					Translation Difference	Actual Difference	%
Net Sales	178.8	179.1	(0.3)	99.8	2.3	(2.6)	98.6
Japan	84.9	88.8	(3.9)	95.6		(3.9)	95.6
Overseas	95.0	91.3	3.7	104.0	2.3	1.4	101.5
Operating Income	12.3	12.3		100.0	0.1	(0.1)	98.8
Japan	2.1	2.3	(0.2)	91.6		(0.2)	91.6
Overseas	9.7	9.7		99.7	0.1	(0.2)	98.4
Kikkoman (Holding company)	3.2	2.4	0.9	138.1		0.9	138.1
Eliminations	(2.7)	(2.0)	(0.7)			(0.7)	
Ordinary income	11.7	11.6	0.1	101.2	0.1		100.2
Income before income taxes and minority interests	11.7	11.6	0.1	100.6	0.1	(0.1)	99.6
Net Income	7.8	7.2	0.6	108.1	0.1	0.5	107.1
Exchange Rate (¥/US\$)	103.5	100.0	3.5				
(¥/EUR)	139.1	140.0	(0.9)				

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## 1-8. Change in Consolidated Balance Sheets

<b>a. Total Asset = 360.5</b>	<b>(Compared with 2014.3)</b>	<b>+11.4</b>
<b>b. Translation Difference</b>		<b>+3.7</b>
<b>Actual Difference (a.-b.)</b>		<b>+7.7</b>

(Unit: billion yen)

<b>Assets</b>	<b>+7.7</b>	<b>Liabilities and net assets</b>	<b>+7.7</b>
<b>Current assets</b>	<b>+3.3</b>	<b>Liabilities</b>	<b>+7.2</b>
Cash and deposits	(0.2)	Interest bearing debt	+7.5
Notes and accounts receivable	+0.7	Notes and accounts payable	+0.4
Inventories	+3.1	Income taxes payable	(2.0)
Deferred tax assets	+0.1	Net defined benefit liability	(0.2)
Other	(0.3)	Deferred tax liabilities	+1.3
		Other	+0.2
<b>Non-current assets</b>	<b>+4.4</b>	<b>Net assets</b>	<b>+0.5</b>
Property, plant and equipment	+0.4	Retained earnings	+4.4
Intangible assets	(0.5)	Valuation difference on available-for-sale securities	+2.6
Investments and other assets	+4.4	Foreign currency translation adjustments	+2.6
		Minority interests	+0.6
		Other	(9.7)

## *2-1. Forecast for Fiscal 2015 Assumptions Made for Full-Year Forecasts*

### ➤ **Exchange rates**

**2nd half: ¥105.0/US\$, ¥135.0/EUR**

**Full year: ¥104.2/US\$, ¥137.2/EUR**

### ➤ **Cost increase in raw materials, etc.**

**Consolidated total**

**2nd half: ¥0.1 billion (Japan ¥0.1 billion, Overseas ¥0.0 billion)**

**Full year: ¥0.8 billion (Japan ¥0.6 billion, Overseas ¥0.2 billion)**

**(Underlying assumptions for 2nd half)**

**Soybeans (market price)      \$9-\$11/bushel**

**Wheat (market price)          \$5-\$7/bushel**

**Crude oil (market price)      \$80-\$90/barrel**

## 2-2. Forecast for the Second Half of FY2015 Consolidated P/L Results (Compared with Previous Year)

**2<sup>nd</sup> half forecast**

(Unit: billion yen)

	Forecast for Fiscal 2015 2H	Actual Performance for Fiscal 2014 2H	Change Increase / Decrease	%	Breakdown of Change		
					Translation Difference	Actual Difference	%
<b>Net Sales</b>	<b>184.2</b>	<b>174.8</b>	<b>9.4</b>	<b>105.4</b>	<b>2.3</b>	<b>7.1</b>	<b>104.1</b>
Japan	85.7	85.4	0.3	100.4		0.3	100.4
Overseas	99.3	90.4	8.9	109.9	2.3	6.6	107.4
<b>Operating Income</b>	<b>12.4</b>	<b>11.2</b>	<b>1.2</b>	<b>110.9</b>	<b>0.2</b>	<b>1.0</b>	<b>109.1</b>
Japan	2.2	2.1	0.1	104.5		0.1	104.5
Overseas	9.8	8.6	1.2	114.4	0.2	1.0	112.2
Kikkoman (Holding company)	1.7	1.9	(0.2)	91.1		(0.2)	91.1
Eliminations	(1.3)	(1.4)	0.1				
<b>Ordinary income</b>	<b>11.8</b>	<b>11.4</b>	<b>0.4</b>	<b>103.2</b>	<b>0.2</b>	<b>0.2</b>	<b>101.7</b>
<b>Income before income taxes and minority interests</b>	<b>11.8</b>	<b>11.0</b>	<b>0.8</b>	<b>107.4</b>	<b>0.2</b>	<b>0.6</b>	<b>105.9</b>
<b>Net Income</b>	<b>6.7</b>	<b>5.4</b>	<b>1.3</b>	<b>124.3</b>	<b>0.1</b>	<b>1.2</b>	<b>122.1</b>
Exchange Rate (¥/US\$)	105.0	102.4	2.7				
(¥/EUR)	135.0	140.1	(5.1)				

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## 2-3. Forecast for the Second Half of FY2015 Net Sales in Japan (Compared with Previous Year)

**2<sup>nd</sup> half forecast**

(Unit: billion yen)

		Forecast for Fiscal 2015 2H	Actual Performance for Fiscal 2014 2H	Change Increase / Decrease	%
<b>Japan</b>	Soy Sauce	24.7	25.3	(0.6)	97.5
	Food Products	29.3	29.1	0.2	100.6
	Beverages	19.6	19.4	0.2	101.1
	Sake and Wine	7.6	7.4	0.2	102.8
	Eliminations		(0.1)		
	<b>Foods-Manufacturing and sales</b>	<b>81.1</b>	<b>81.1</b>		<b>100.0</b>
	Others	10.2	10.0	0.2	101.7
	Eliminations	(5.6)	(5.8)	0.1	
	<b>Total</b>	<b>85.7</b>	<b>85.4</b>	<b>0.3</b>	<b>100.4</b>

- A decline in sales in reaction to last-minute demand ahead of the consumption tax hike: ¥2.2 bn



## 2-4. Forecast for the Second Half of FY2015 Net Sales Overseas (Compared with Previous Year)

**2<sup>nd</sup> half forecast**

(Unit: billion yen)

		Forecast for Fiscal 2015 2H	Actual Performance for Fiscal 2014 2H	Change Increase / Decrease	%	Breakdown of Change		
						Translation Difference	Actual Difference	%
Overseas	North America	73.8	68.4	5.4	108.0	2.1	3.4	104.9
	Foods-Manufacturing and sales	23.7	22.2	1.4	106.5	0.7	0.7	103.2
	Foods-Wholesale	53.3	49.0	4.2	108.7	1.4	2.8	105.7
	Europe	11.2	10.4	0.8	107.9	(0.1)	1.0	109.3
	Foods-Manufacturing and sales	5.3	5.0	0.3	106.5	(0.1)	0.4	109.0
	Foods-Wholesale	6.7	6.1	0.5	109.0		0.6	109.7
	Asia & Oceania	13.9	10.4	3.4	132.9	0.4	3.0	129.0
	Foods-Manufacturing and sales	7.6	5.1	2.5	148.0	0.3	2.2	142.8
	Foods-Wholesale	6.4	5.4	0.9	117.5	0.1	0.8	114.8
	Others	13.5	12.7	0.8	106.0		0.8	106.0
Eliminations	(13.1)	(11.5)	(1.5)		(0.1)	(1.5)		
<b>Total</b>	<b>99.3</b>	<b>90.4</b>	<b>8.9</b>	<b>109.9</b>	<b>2.3</b>	<b>6.6</b>	<b>107.4</b>	

Exchange Rate (¥/US\$)	105.0	102.4	2.7
(¥/EUR)	135.0	140.1	(5.1)

<Explanations of changes, excluding translation differences>

- The effect of the inclusion of a soy sauce sales company in Shanghai and a soy sauce manufacturing company in Taiwan in the scope of consolidation: ¥2.0 bn

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## 2-5. Forecast for the Second Half of FY2015 Consolidated Operating Income (Compared with Previous Year)

### 2<sup>nd</sup> half forecast

(Unit: billion yen)

		Forecast for Fiscal 2015 2H	Actual Performance for Fiscal 2014 2H	Change Increase / Decrease	%	Breakdown of Change		
						Translation Difference	Actual Difference	%
Japan	Foods-Manufacturing and sales	1.6	1.8	(0.1)	91.6		(0.1)	91.6
	Others	0.6	0.3	0.3	185.9		0.3	185.9
	<b>Total</b>	<b>2.2</b>	<b>2.1</b>	<b>0.1</b>	<b>104.5</b>		<b>0.1</b>	<b>104.5</b>
Overseas	North America	6.3	5.6	0.7	112.8	0.2	0.5	109.7
	Europe	1.7	1.5	0.2	114.0		0.2	116.4
	Asia & Oceania	1.2	0.9	0.3	131.4		0.2	126.4
	Others	0.6	0.6		105.5			105.5
	<b>Total</b>	<b>9.8</b>	<b>8.6</b>	<b>1.2</b>	<b>114.4</b>	<b>0.2</b>	<b>1.0</b>	<b>112.2</b>
Kikkoman(Holding Company)		1.7	1.9	(0.2)	91.1		(0.2)	91.1
Eliminations		(1.3)	(1.4)	0.1				
<b>Consolidated Total</b>		<b>12.4</b>	<b>11.2</b>	<b>1.2</b>	<b>110.9</b>	<b>0.2</b>	<b>1.0</b>	<b>109.1</b>

Exchange Rate (¥/US\$)	105.0	102.4	2.7
(¥/EUR)	135.0	140.1	(5.1)

## 2-6. Forecast for Fiscal 2015 Consolidated P/L Results (Compared with Original Forecast)

### Full-year forecasts

(Unit: billion yen)

	Fiscal 2015 Revised Forecast	Original Forecast	Change Increase / Decrease	%	Breakdown of Change		
					Translation Difference	Actual Difference	%
Net Sales	363.0	361.0	2.0	100.6	5.3	(3.3)	99.1
Japan	170.6	175.3	(4.7)	97.3		(4.7)	97.3
Overseas	194.3	187.7	6.6	103.5	5.3	1.3	100.7
Operating Income	24.7	24.7		100.0	0.4	(0.4)	98.2
Japan	4.3	5.1	(0.9)	83.3		(0.9)	83.3
Overseas	19.5	19.0	0.6	102.9	0.4	0.1	100.7
Kikkoman (Holding Company)	5.0	4.0	1.0	125.3		1.0	125.3
Eliminations	(4.0)	(3.3)	(0.7)			(0.7)	
Ordinary income	23.5	23.5		100.0	0.4	(0.4)	98.4
Income before income taxes and minority interests	23.5	23.5		100.0	0.4	(0.4)	98.4
Net Income	14.5	14.5		100.0	0.2	(0.2)	98.3
Exchange Rate (¥/US\$)	104.2	100.0	4.2				
(¥/EUR)	137.2	140.0	(2.8)				

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# Progress of the Medium-Term Management Plan and Outlook for the Coming Years

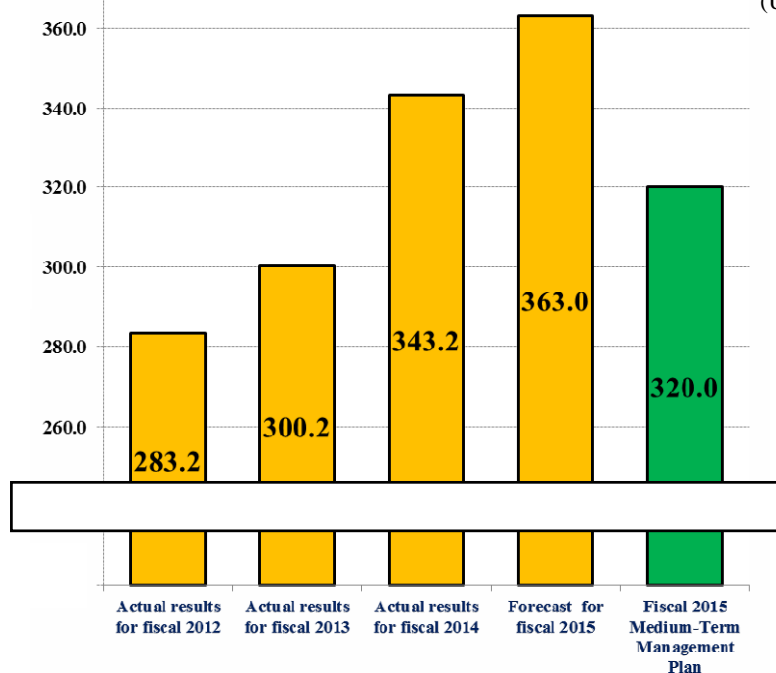
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Noriaki Horikiri  
President and CEO

## Medium-Term Management Plan Consolidated Targets

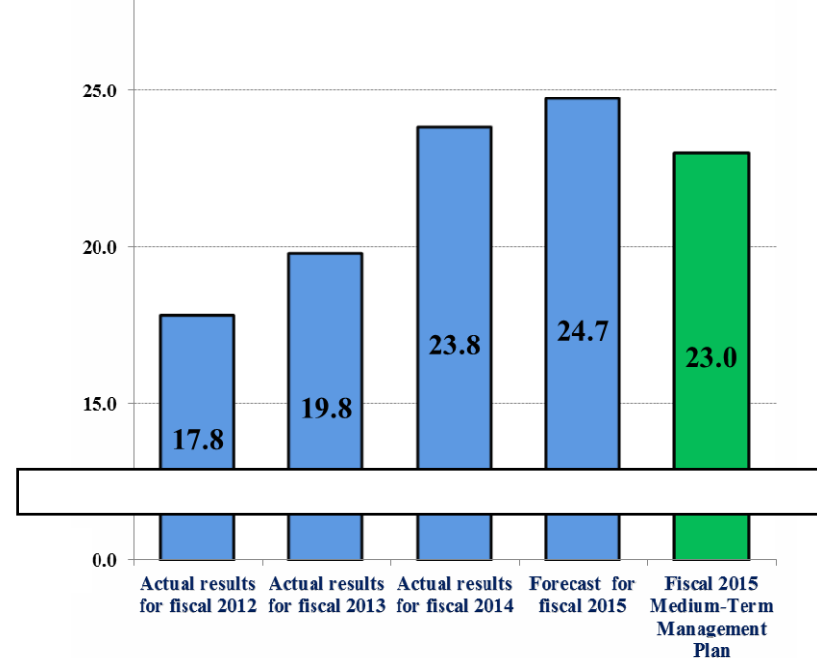
### Net Sales

(Unit: billion yen)



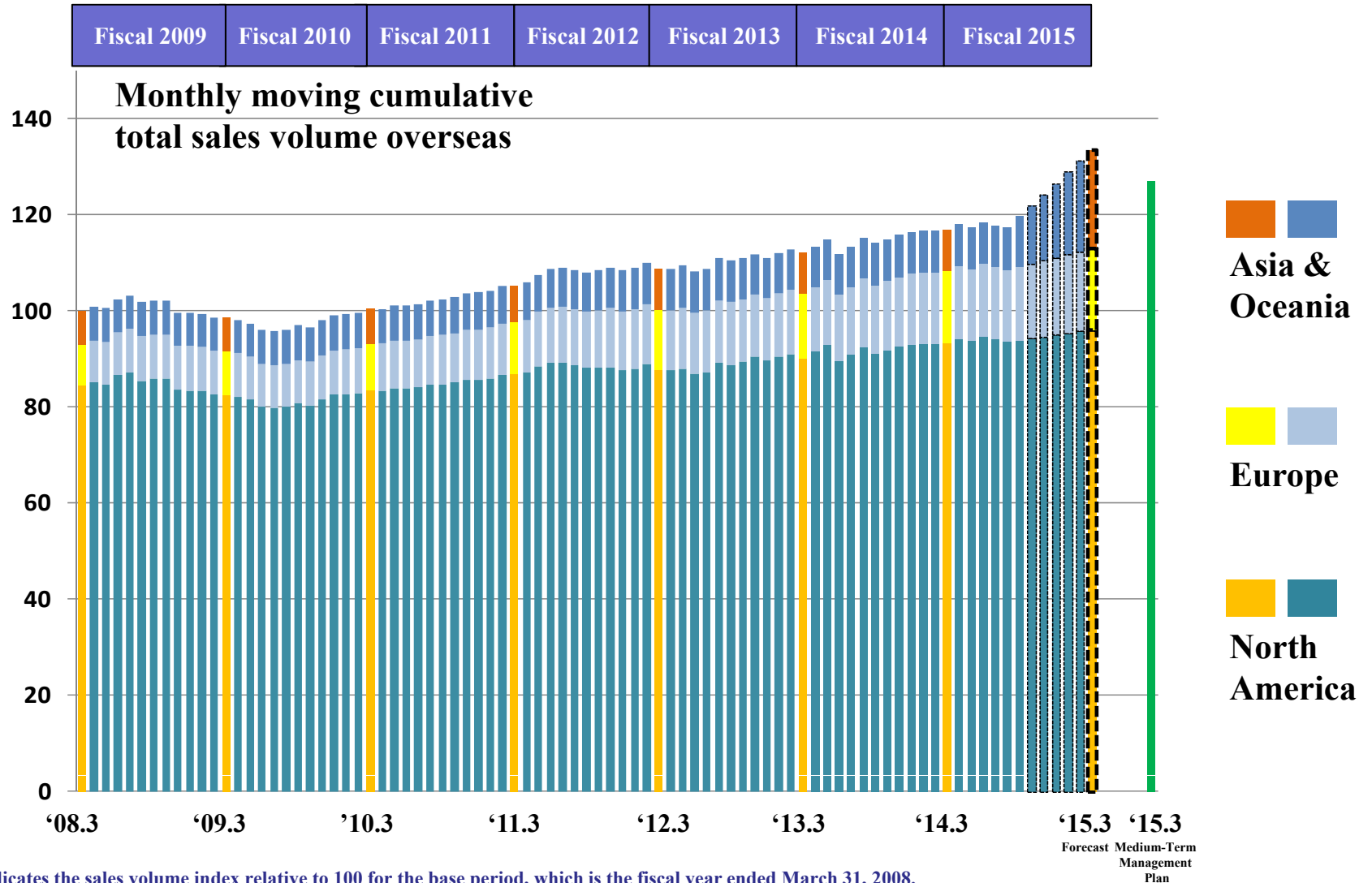
### Operating Income

(Unit: billion yen)



		Actual results for fiscal 2012	Actual results for fiscal 2013	Actual results for fiscal 2014	Forecast for fiscal 2015	Fiscal 2015 Medium-Term Management Plan
Operating income ratio		6.3%	6.6%	6.9%	6.8%	7.2%
ROA		4.8%	5.6%	6.6%	(No published forecast)	7.0%
Foreign exchange rates	Dollar	¥79.3	¥83.2	¥100.0	¥104.2	¥78.0
	Euro	¥110.2	¥107.6	¥134.0	¥137.2	¥100.0

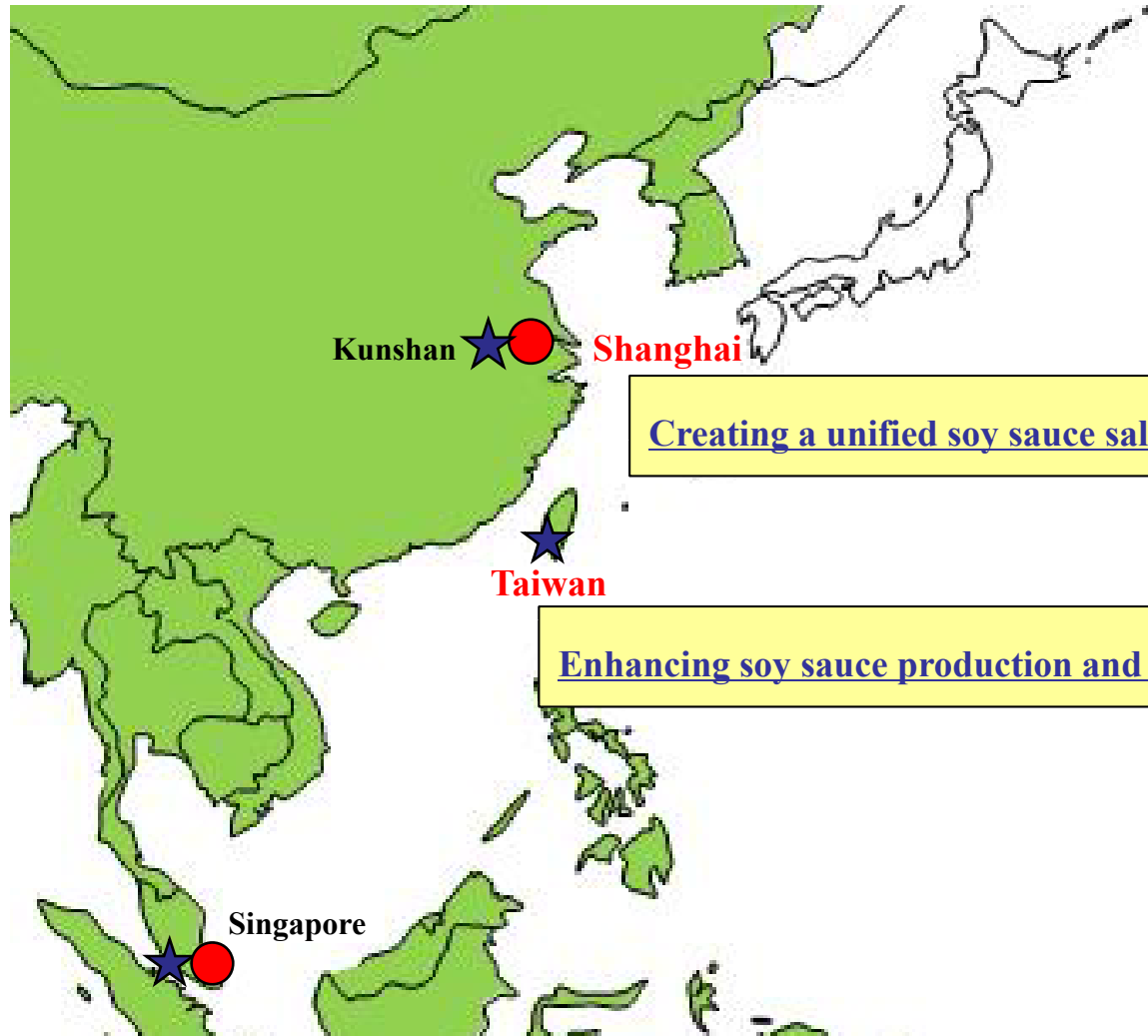
## Overseas: Maintain Growth – Soy Sauce



Note: The above indicates the sales volume index relative to 100 for the base period, which is the fiscal year ended March 31, 2008. Sales volumes for the fiscal year ending March 31, 2015 show our forecast for fiscal 2015. Target figures in the medium-term management plan are also shown for reference purposes. Sales volumes for the fiscal year ending March 31, 2015 includes sales volumes of soy sauce under the brand names of joint venture partners in China and Taiwan that have been newly consolidated.

## *Overseas Soy Sauce Business: Asia*

**Strengthening business structure for further growth in the Chinese and Taiwanese markets**



Creating a unified soy sauce sales structure in the Chinese market

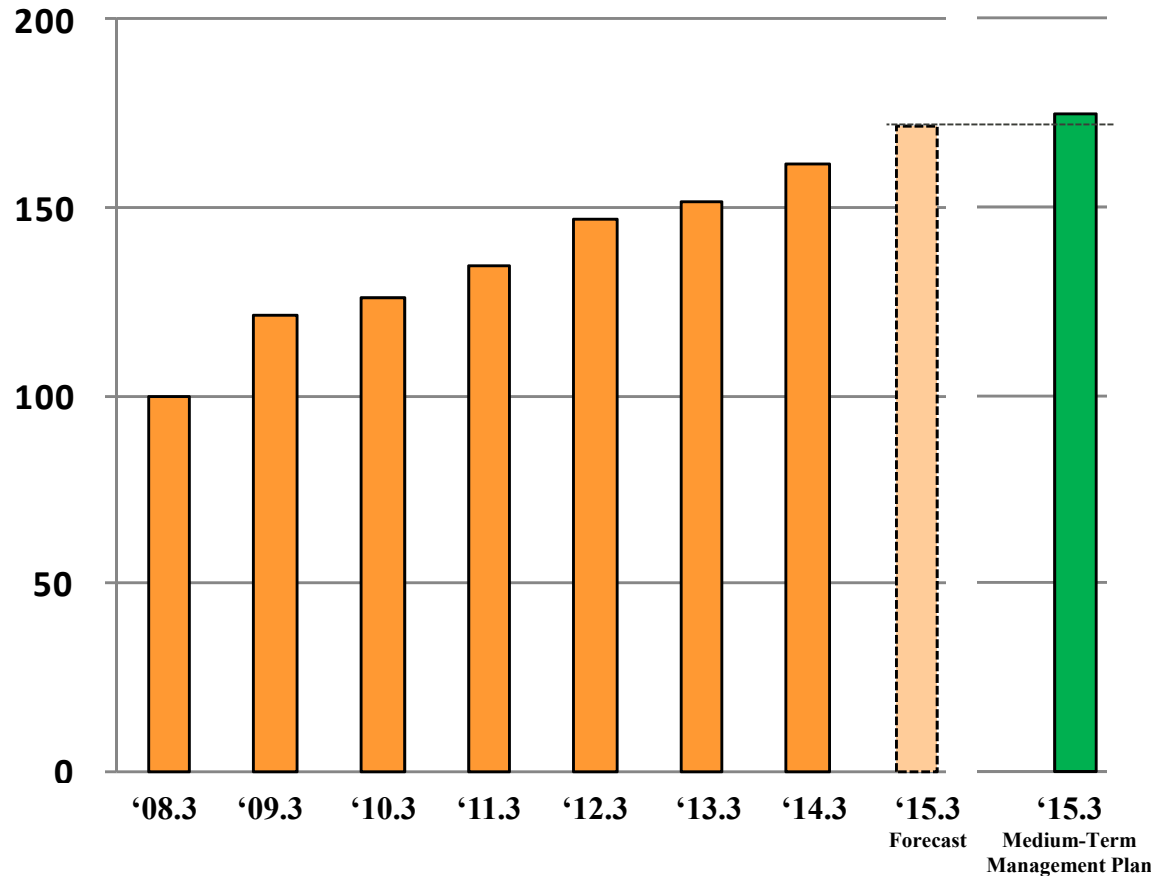
Enhancing soy sauce production and quality control in Taiwan

- ★ Soy sauce production base
- Soy sauce sales base

## Overseas: Maintain Growth – Oriental Foods Wholesale Business



**Change in consolidated net sales in the Oriental Foods Wholesale Business**



**North America:**  
**Cultivating existing market**  
 Boost sales at general supermarkets and restaurants, expanding the range of products and utilizing local bases

**Europe and Asia & Oceania:**  
**Development of new markets**  
 Maintain high growth, opening new bases

Note: Net sales are indexed with 100 representing the level in the fiscal year ended March 31, 2008. Net changes excluding translation differences are shown on local currency bases. The sales volume for the fiscal year ending March 31, 2015 shows our forecast for fiscal 2015. Target figures in the medium-term management plan are also shown for reference purposes.



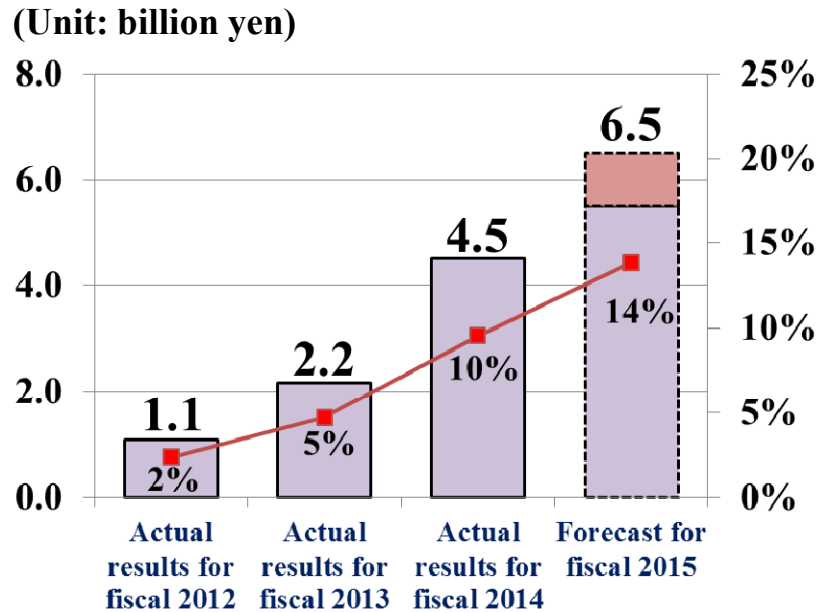


# Japan: Increase Earnings Power – Shift to High-Profit Businesses and Products

## Soy Sauce

The “*Itsudemo Shinsen*” (always fresh) series sold well. The annual sales target has been revised from ¥5.5bn to ¥6.5bn.

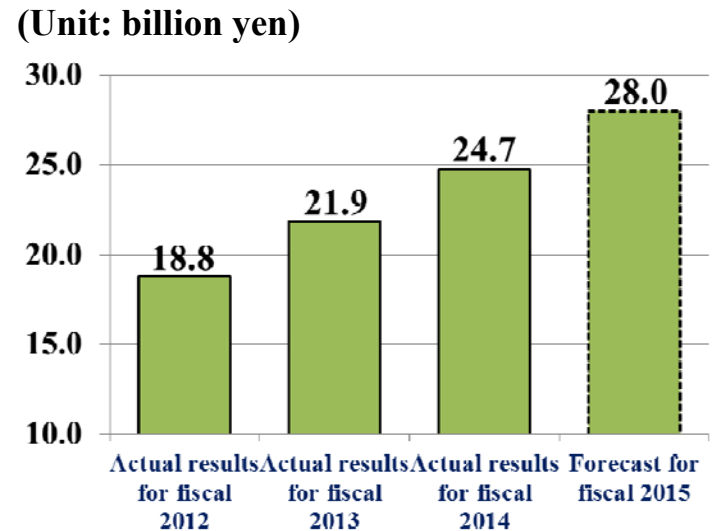
**Trends of sales of the “*Itsudemo Shinsen*” series and the percentage of the sales to total sales of the entire Kikkoman Soy Sauce Division**



## Soy milk:

The full-year forecast (¥28.0bn) remains the target.

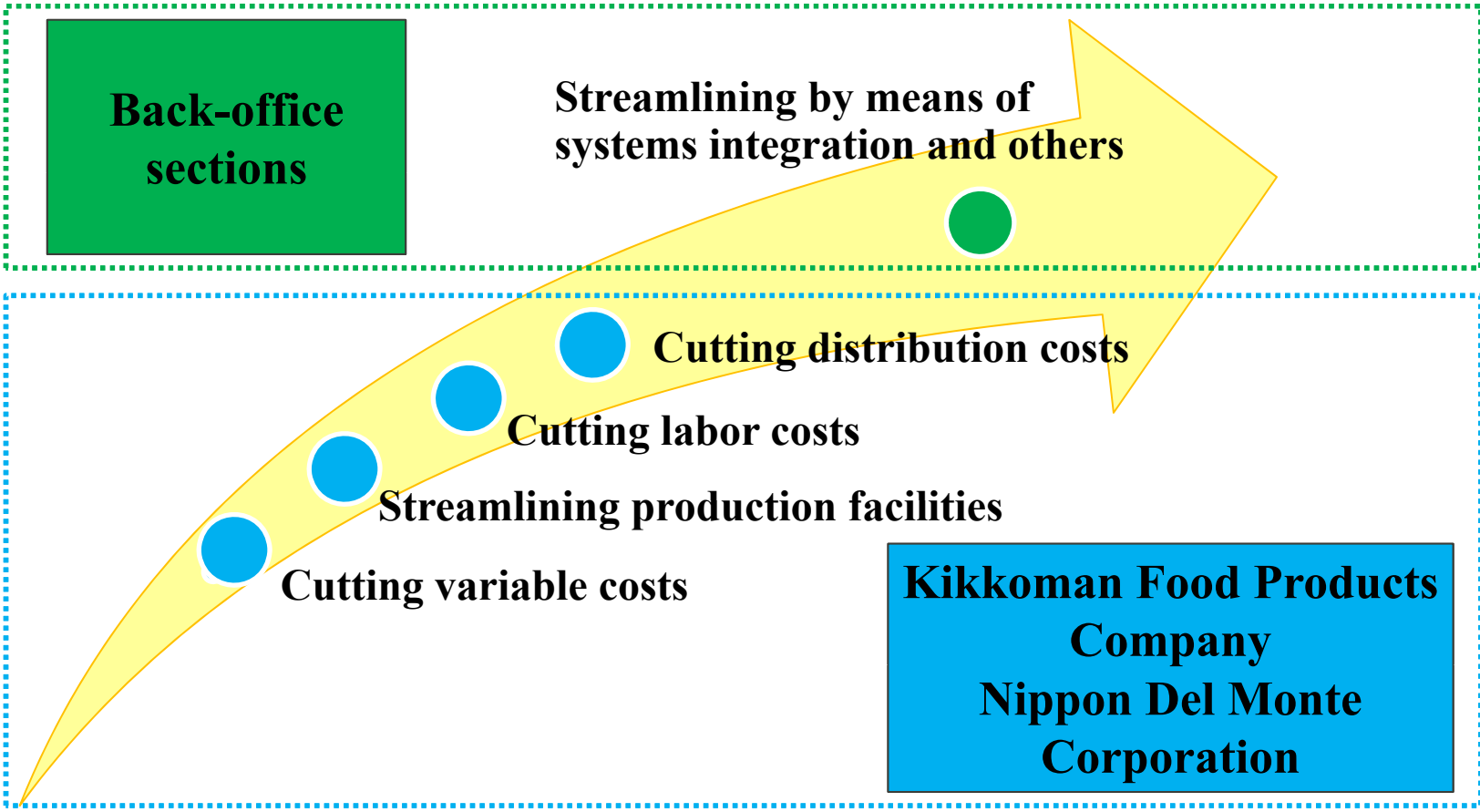
**Trends of annual sales of soy milk**



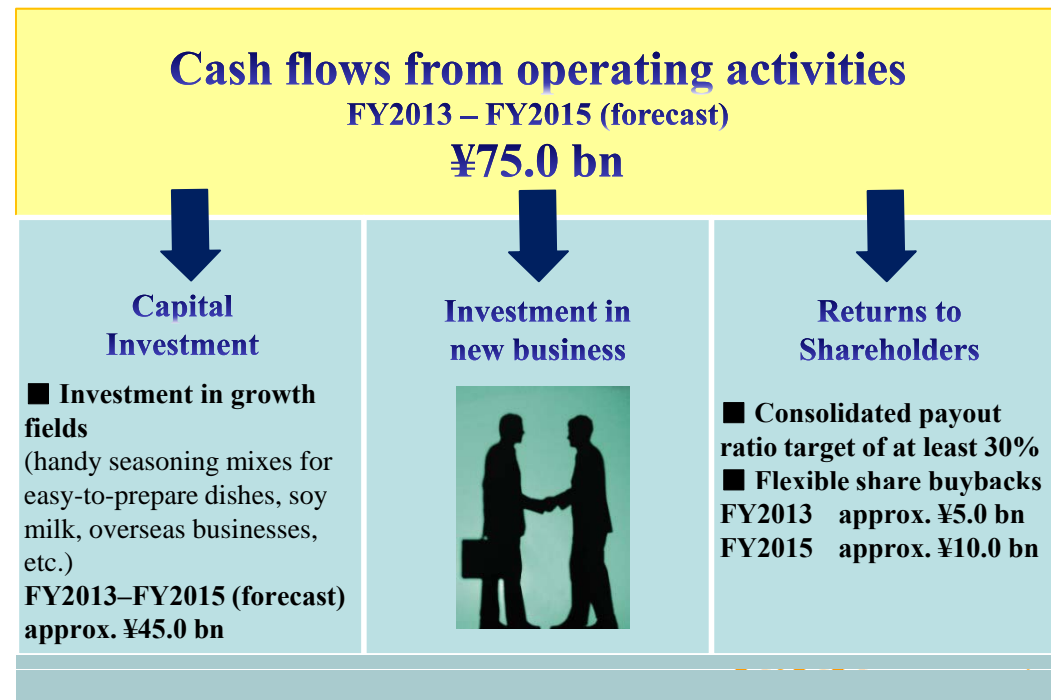
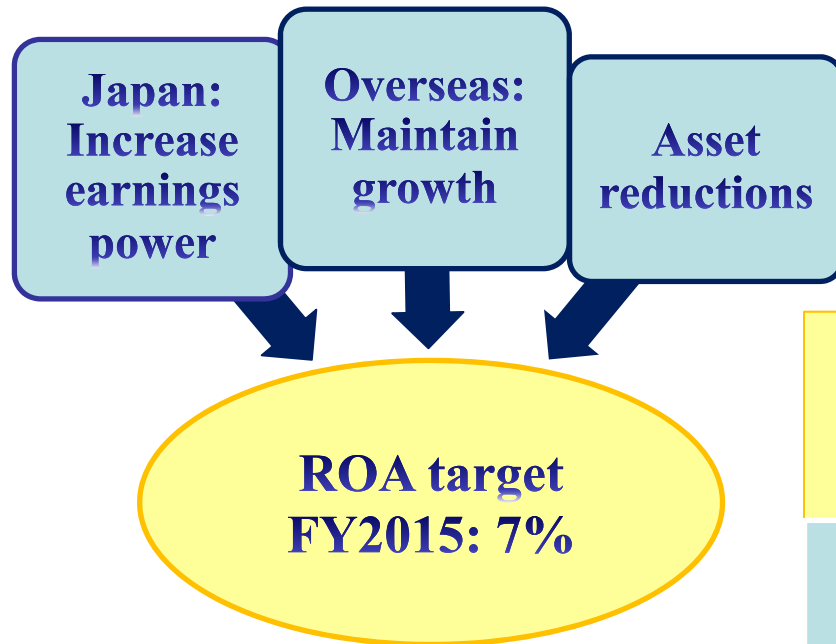
(Note) The actual results of fiscal 2014 and the forecast for fiscal 2015 include the effect of Kikkoman Daily Company, which has been included in the scope of consolidation since August 2013.

*Japan: Increase Earnings Power – Strengthen the Profit Structure*

**Structural improvement and reform in the domestic business**



## Efficient use of assets and cash flows



## *Towards the Next Medium-Term Management Plan*

### Goals of Global Vision 2020

**Make Kikkoman soy sauce a truly global seasoning.**

**Be a company that supports healthy lifestyles through food.**

**Be a company whose existence is meaningful to global society.**



### Direction of the medium-term management plan from FY2016 to FY2018

#### Maintain growth overseas

Growth rate

Operating income  
ratio

#### Increase earnings power in Japan

Operating income  
ratio

Growth rate

#### Streamlining in management

ROE

#### Emphasis on return to shareholders

Consolidated payout  
ratio

Share buybacks

**kikkoman** 

**kikkoman**   
seasoning your life

**kikkoman** 

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