

Financial Meeting for the Second Quarter of Fiscal 2009

Reinforce Business Profitability and Shift Focus to Growth Areas
Third Stage-Interim Report

July 2, 2009

Q.P. Corporation (2809)

<http://www.kewpie.co.jp/company/ir/>

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Note: Figures less than units indicated have been rounded off

Fiscal 2009 Interim Results

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Fiscal 2009 Interim Results

Net Sales Decrease 9.1 Billion Yen but Operating Income Increase 0.9 Billion Yen

(Both Year-on-Year)

(¥bn)

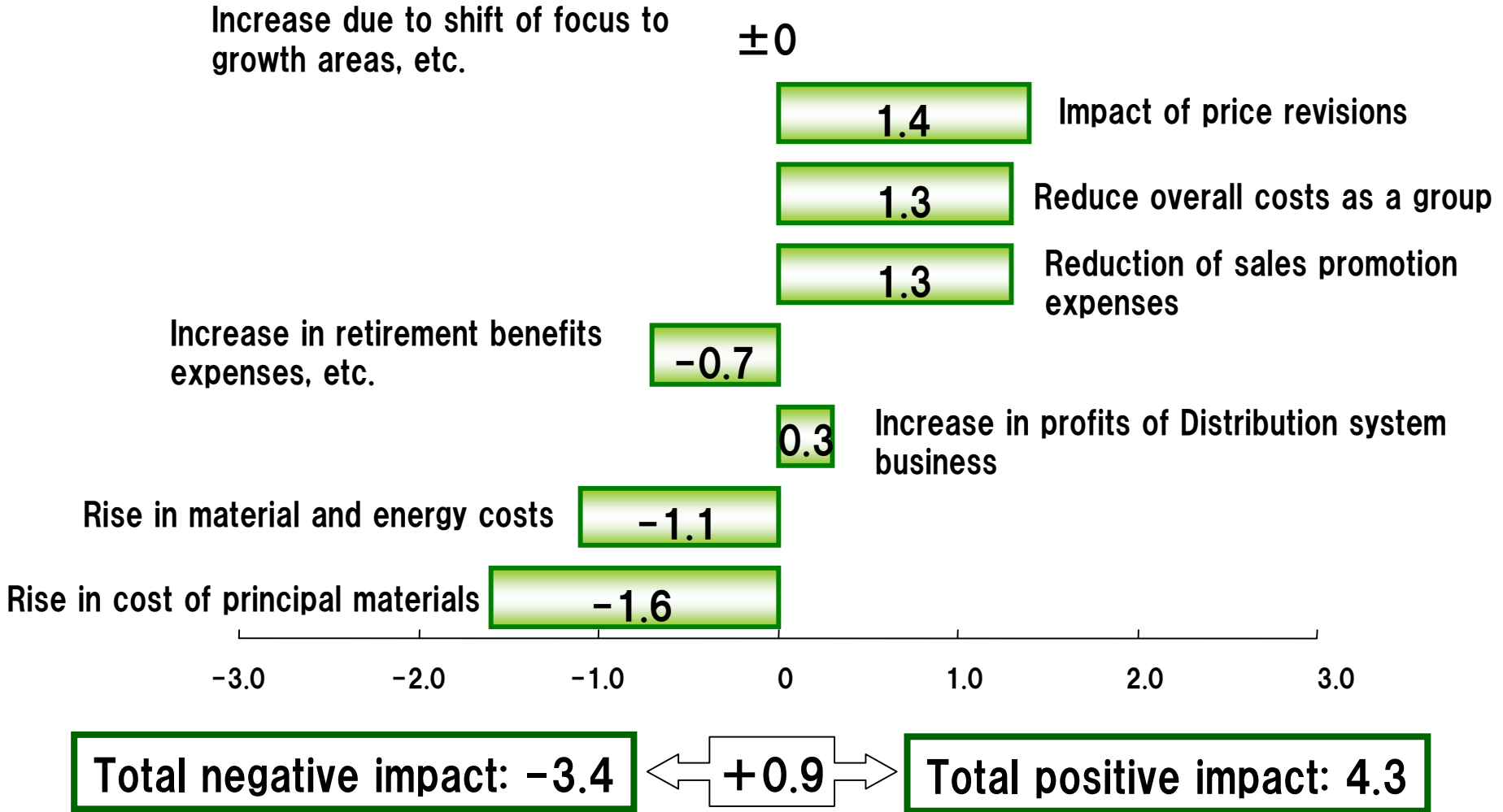
	5/08	5/09	Increase (Decrease)	YoY	Comparison with Plan*
Net sales	235.1	226.0	(9.1)	-3.9%	(12.0)
Foodstuffs	188.1	180.3	(7.8)	-4.1%	—
Distribution	47.0	45.7	(1.3)	-2.8%	—
Operating income	6.7	7.6	0.9	13.4%	1.6
Foodstuffs	8.2	8.9	0.7	8.5%	—
Distribution	0.6	0.9	0.3	50.0%	—
Corporate	(2.1)	(2.2)	(0.1)	4.8%	—
Ordinary income	6.7	7.8	1.1	16.4%	1.8
Net income	3.1	4.1	0.9	32.3%	1.2

*Comparison with plan indicates difference for figures announced on January, 2009

Fiscal 2009 Factors Causing Increase and Decrease in Consolidated Interim Operating Income

(¥bn)

	5/08	5/09	Increase
Operating income	6.7	7.6	0.9



Fiscal 2009 Interim Sales and Operating Income by Segment

Sales (¥bn)	Decrease by 9.1 billion yen, mainly affected by stagnant consumption			
	5/08	5/09	Increase (Decrease)	YoY
		235.1	226.0	(9.1)
Condiments and Processed Foods	89.5	87.5	(2.1)	-2.2%
Health Function Products	8.5	8.7	0.1	2.4%
Egg Products	43.4	40.7	(2.7)	-6.2%
Salad and Prepared Foods	46.6	43.5	(3.2)	-6.7%
Foodstuffs Business Total	188.1	180.3	(7.8)	-4.1%
Distribution Systems	47.0	45.7	(1.3)	-2.8%

Operating income (¥bn)	Increase by 0.9 billion yen, led by the condiments and processed foods and distribution systems segments			
	5/08	5/09	Increase (Decrease)	YoY
		6.7	7.6	0.9
Condiments and Processed Foods	5.1	6.2	1.1	21.6%
Health Function Products	0.3	0.3	0.0	0.0%
Egg Products	2.1	2.0	(0.1)	-4.8%
Salad and Prepared Foods	0.7	0.4	(0.3)	-42.9%
Foodstuffs Business Total	8.2	8.9	0.7	8.5%
Distribution Systems	0.6	0.9	0.3	50.0%
Elimination/Corporate	(2.1)	(2.2)	(0.1)	4.8%

Plans for Fiscal 2009

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Plan for Fiscal 2009

Net sales fall short of plan target but income increase through increased added value and cost reductions

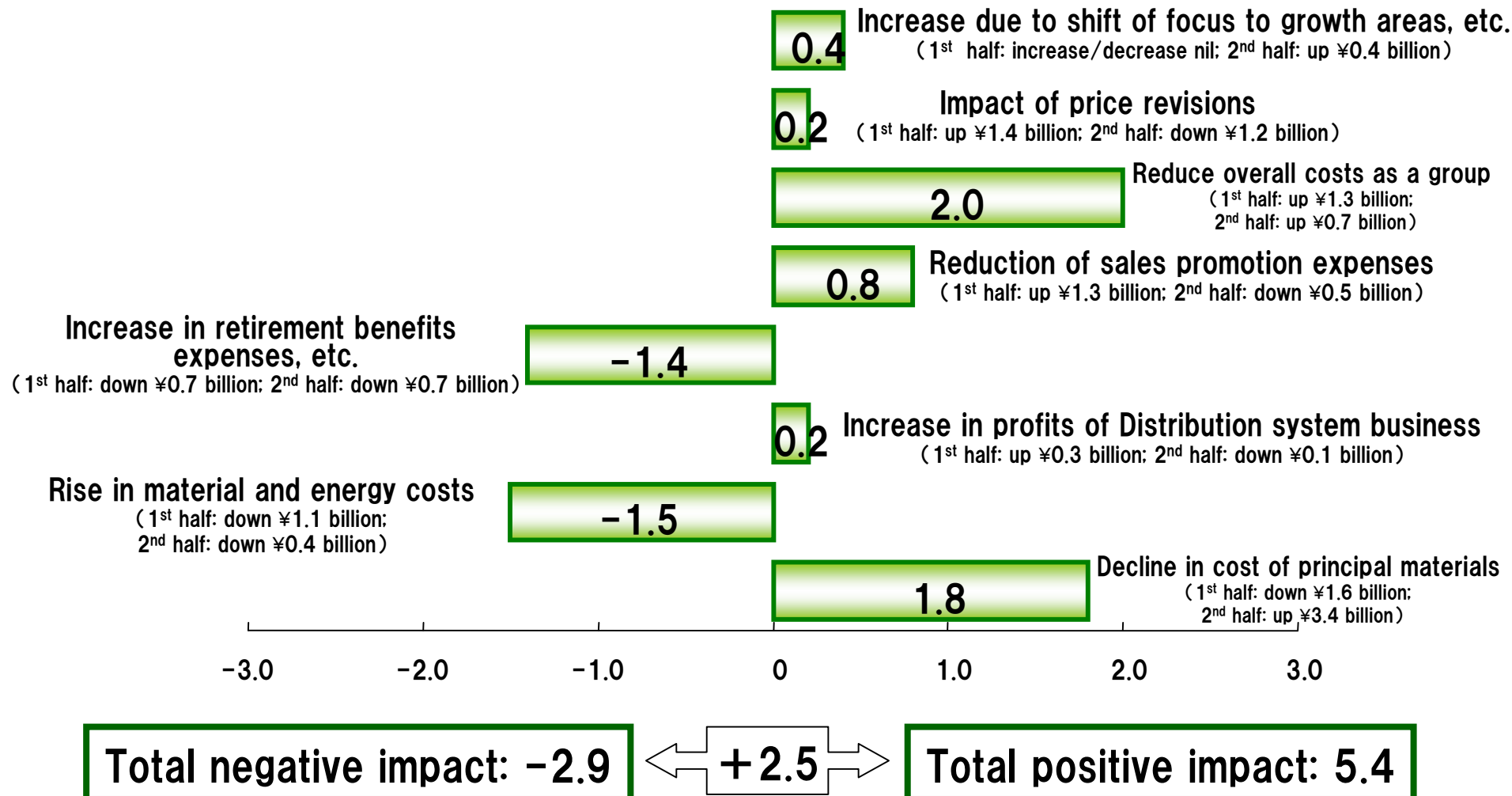
(¥bn)

	11/08	11/09 Plan	Increase (Decrease)	YoY
Net sales	474.0	465.0	(9.0)	-1.9%
Foodstuffs	377.9	371.4	(6.5)	-1.7%
Distribution	96.0	93.6	(2.4)	-2.5%
Operating income	14.0	16.5	2.5	17.9%
Foodstuffs	16.0	18.6	2.6	16.3%
Distribution	1.9	2.1	0.2	10.5%
Corporate	(3.9)	(4.2)	(0.3)	7.7%
Ordinary income	14.2	16.5	2.3	16.2%
Net income	7.7	8.5	0.8	10.4%
ROA	4.9%	5.7%	0.8%	—

Fiscal 2009 Factors Causing Increase and Decrease in Consolidated Interim Operating Income

(¥bn)

	11/08	11/09	Increase
Operating income	14.0	16.5	2.5



Progress Status of Major Challenges

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Fiscal 2009 Major Challenges



Major Challenges-1 Shift to Growth Areas

Status in the first half

Measures to achieve fiscal 2009 targets

Respond to healthcare needs

Develop markets by fully utilizing our proprietary technologies

- ◇Health-conscious salads and Health-conscious types of mayonnaise steadily expanded
- ◇Hyaluronic acid products and casual healthcare products performed strongly

(Total sales: ¥16.1 billion, or year-on-year increase of ¥1.3 billion)

- ◇Reinforce promotion of hyaluronic acid and other original materials
- ◇Continue to expand Health-conscious types of mayonnaise

(Total sales: ¥34.1 billion, or year-on-year increase of ¥3.1 billion)

Strengthen business development in food service market

Promote providing food solutions harnessing all capabilities of the Group

- ◇Health-conscious salads using Kewpie Half sold well
- ◇Affected by stagnant restaurant dining market and shrinking CVS vendors

(Total sales: ¥110.6 billion, or year-on-year decrease of ¥3.4 billion)

- ◇Expand sales to food manufacturers by utilizing Group companies' respective sales channels
- ◇Reinforced proposal efforts to food service chains that are in good shape

(Total sales: ¥229.3 billion, or year-on-year decrease of ¥2.7 billion)

Promote expansion of overseas markets

Accelerate development of condiments for salads and original materials

- ◇Chinese subsidiaries expanded business steadily
- ◇Affected by sale of overseas subsidiary and decreased OEM sales of condiments in the U.S.

(Total sales: ¥6.8 billion, or year-on-year decrease of ¥1.0 billion)

- ◇Continue to expand the commercial market in China
- ◇Continue to expand exports of original materials including hyaluronic acid and condiments for salads

(Total sales: ¥14.2 billion, or year-on-year increase/decrease nil)

(Note) Sales for individual themes may overlap

Major Challenges-2 Reduce overall costs as a group

Status in the first half

Progresses made in cost reduction activities conducted throughout the Group

<Breakdown of increases in costs>

• Principle materials	¥1.6 bn
• Other materials	¥1.1 bn
• Energy, etc.	
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	¥2.7 bn

Achieved slightly lower than assumptions

<Status>

Measures to achieve fiscal 2009 targets

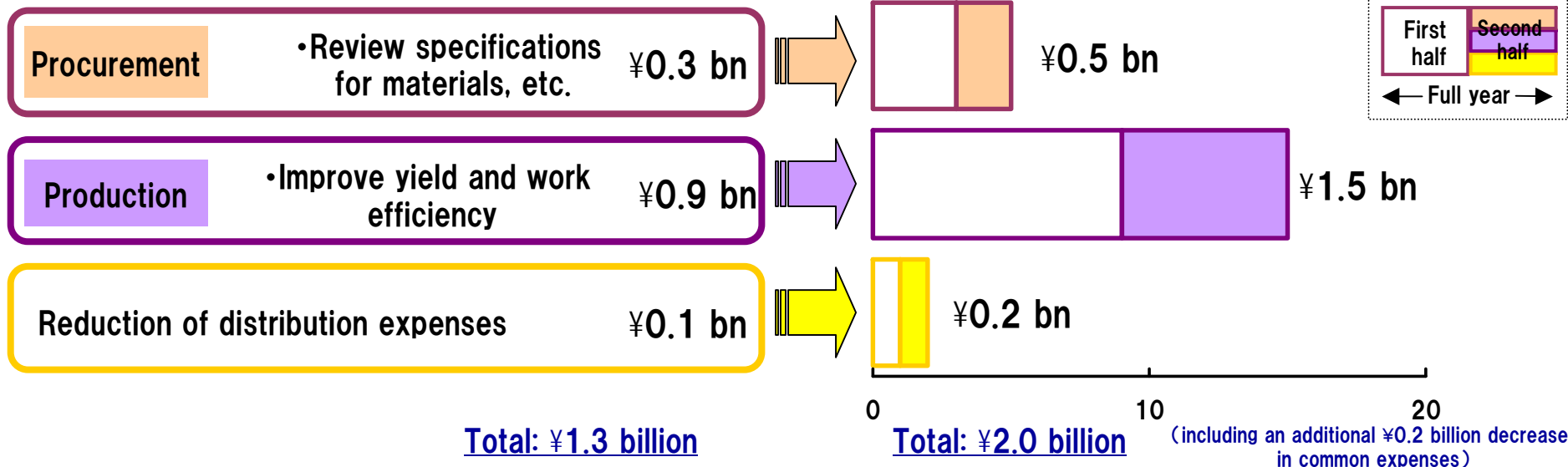
Work to strengthen corporate ability to respond to changing environments

<Breakdown of anticipated decrease and increase in costs>

• Principle materials	-¥1.8 bn	(Initial plan: -¥1.7 bn)
• Other materials	¥1.5 bn	(Initial plan: ¥1.4 bn)
• Energy, etc.		
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	-¥0.3 bn	(Initial plan: -¥0.3 bn)

Annual results to be almost as assumed at beginning of fiscal year

<Targets>

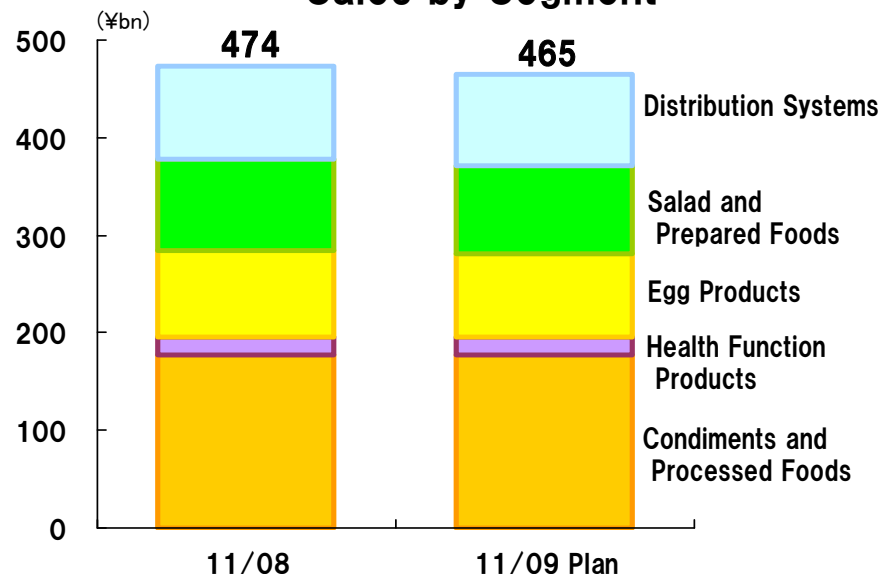


Performance by Business Segment and Plans

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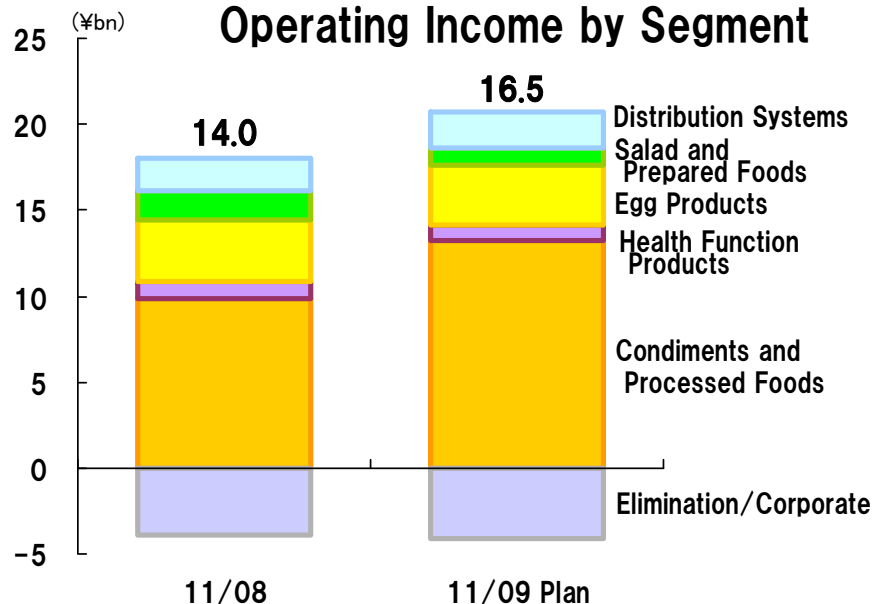
Fiscal 2009 Plans by Segment

Sales by Segment



	11/08	11/09 Plan	Increase (Decrease)
Sales	474.0	465.0	(9.0)
Condiments and Processed Foods	177.6	176.6	(1.0)
Health Function Products	18.2	18.9	0.7
Egg Products	88.3	85.8	(2.5)
Salad and Prepared Foods	93.8	90.1	(3.7)
Foodstuffs Business Total	377.9	371.4	(6.5)
Distribution Systems	96.0	93.6	(2.4)

Operating Income by Segment



	11/08	11/09 Plan	Increase (Decrease)
Operating Income	14.0	16.5	2.5
Condiments and Processed Foods	9.9	13.2	3.3
Health Function Products	0.8	0.9	0.1
Egg Products	3.6	3.5	(0.1)
Salad and Prepared Foods	1.7	1.0	(0.7)
Foodstuffs Business Total	16.0	18.6	2.6
Distribution Systems	1.9	2.1	0.2
Elimination/Corporate	(3.9)	(4.2)	(0.3)

Operation Status of 1st Half and Measures for 2nd Half by Segment

Status in the first half

Measures to achieve fiscal 2009 targets

(Figures at respective segments indicate variations from first half of previous fiscal year)

(Figures at respective segments indicate variations from previous fiscal year)

Condiments and Processed Foods

<Sales decrease by ¥2.1 billion;
operating income increase by ¥1.1 billion>

- (1) Sales of condiments for salads increase as a whole
- (2) Sales remain bleak in food service market, mainly for processed foods, due to stagnant consumption
- (3) Increases in raw material costs covered by reductions in sales promotion expenses and overall costs as a group

<Sales decrease by ¥1.0 billion;
operating income increase by ¥3.3 billion>

- (1) Expand sale of condiments for salads by demonstrating reasonable prices and widely promoting health-conscious type products
- (2) Focus on reinforcing selected categories and concentrate efforts on strong products
- (3) Increase profits by continuing cost reductions across business divisions and reducing raw material costs

Health Function Products

<Sales increase by ¥100 million;
operating income remains stable>

- (1) Sales of hyaluronic acid products expand in and outside Japan
- (2) Sales of medical materials for hyperlipidemia grow
- (3) Sales of baby foods and medical foods decrease resulting from focus on selected products and review of sales methods

<Sales increase by ¥700 million;
operating income increase by ¥100 million>

- (1) Accelerate expansion of original materials, centering on functional hyaluronic acid products, in and outside Japan
- (2) Reinforce product offerings to market of foods suitable for aged people
- (3) Promote cost reductions of hyaluronic acid products

Operation Status of 1st Half and Measures for 2nd Half by Segment

Status in the first half

Measures to achieve fiscal 2009 targets

(Figures at respective segments indicate variations from first half of previous fiscal year)

(Figures at respective segments indicate variations from previous fiscal year)

Egg Products	<p><Sales decrease by ¥2.7 billion; operating income decrease by ¥0.1 billion></p> <ol style="list-style-type: none"> (1) Sales for CVS and restaurant dining market decrease due to stagnant consumption, despite expansion in functional liquid eggs (2) Sales of overseas subsidiary (sold in previous fiscal year) decrease (3) Profits affected by decrease in sales volume and rise in raw material costs 	<p><Sales decrease by ¥2.5 billion; operating income decrease by ¥0.1 billion></p> <ol style="list-style-type: none"> (1) Raise sales level to CVS and restaurant dining market, centering on mainstay products (2) Promote expansion of product sales to bakery and Western-style confectionery market (3) Accelerate expansion of products with added value and cost reduction activities
Salad and Prepared Foods	<p><Sales decrease by ¥3.2 billion; operating income decrease by ¥0.3 billion></p> <ol style="list-style-type: none"> (1) Cut vegetables and health-conscious salads grow as planned (2) Sales decrease due to changes at CVS vendors, review of non-profitable business areas, etc. (3) Profits decrease due to rise in raw material costs, expenses for enhancing business foundations, drop in unit sale prices and other factors 	<p><Sales decrease by ¥3.7 billion; operating income decrease by ¥0.7 billion></p> <ol style="list-style-type: none"> (1) Continue expansion of cut vegetables and health-conscious salads (2) Steadily promote reinforcement of selected products and enhancement of business foundations (3) Accelerate cost reduction activities in respective areas
Distribution Systems	<p><Sales decrease by ¥1.3 billion; operating income increase by ¥0.3 billion></p> <ol style="list-style-type: none"> (1) Sales with existing customers decrease due to stagnant consumption (2) Profits increase due to decrease in unit price of diesel oil and rationalization including reduction in pallet expenses 	<p><Sales decrease by ¥2.4 billion; operating income increase by ¥0.2 billion></p> <ol style="list-style-type: none"> (1) Promote efficient operation of spaces in accordance with reductions in handled cargo (2) Continue reductions in pallet expenses and streamlining of loading work (3) Thoroughly conduct management of revenues and expenses for respective customers

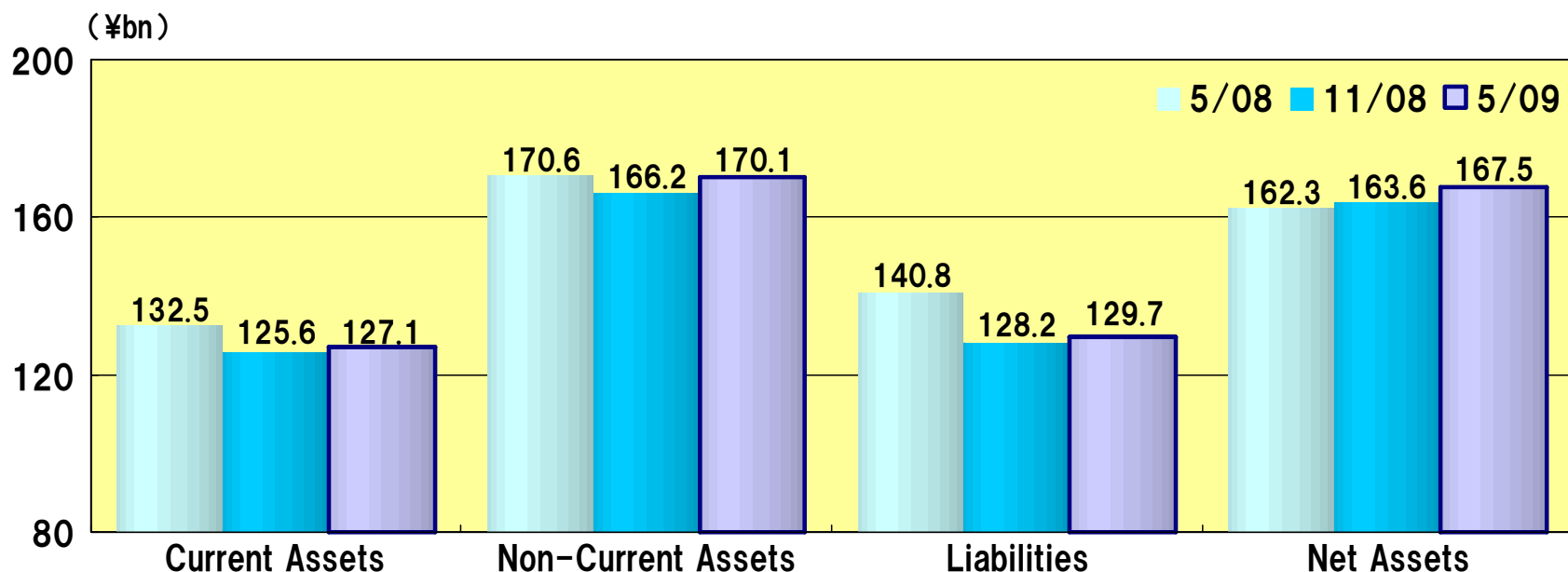
Reference Materials

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Fiscal 2009 Key Points of Interim Non-Operating and Extraordinary Income/Expenses

	(¥bn)			
	5/08	5/09	Increase (Decrease)	
Operating income	6.7	7.6	0.9	
Non-operating income/expenses	0.0	0.3	0.3	<ul style="list-style-type: none"> •Decrease in interest income and dividends receivable (0.06) •Increase in equity income 0.03 •Decrease in interest costs 0.1
Ordinary income	6.7	7.8	1.1	
Extraordinary income/expenses	(0.2)	(0.3)	(0.1)	<ul style="list-style-type: none"> •Decrease in sales of fixed assets 0.21 •Decrease in loss on disposal of fixed assets 0.08
Income before income taxes	6.5	7.5	1.0	
Income taxes Minority interests	3.4	3.4	0.0	<ul style="list-style-type: none"> •Decrease in income taxes 0.07 •Increase in minority interests 0.15
Net income	3.1	4.1	1.0	

Fiscal 2009 Key Points of Interim Balance Sheet



Comparison with FY2008

Increase in Current Assets

- Increase in cash and deposits ¥3.6 bn
- Decrease in receivables – trade –¥1.3 bn
- Decrease in inventories –¥1.2 bn

Increase in Tangible and Intangible Fixed Assets

- Increase in purchase ¥5.6 bn
- Decrease in depreciation –¥6.2 bn
- Increase accompanying new consolidation of subsidiaries ¥1.6 bn
- Decrease in sales and disposal –¥0.2 bn

Increase in Investments and Other Assets ¥3.2 bn

- Increase in investment securities ¥1.8 bn
- Increase in prepaid pension costs ¥1.0 bn

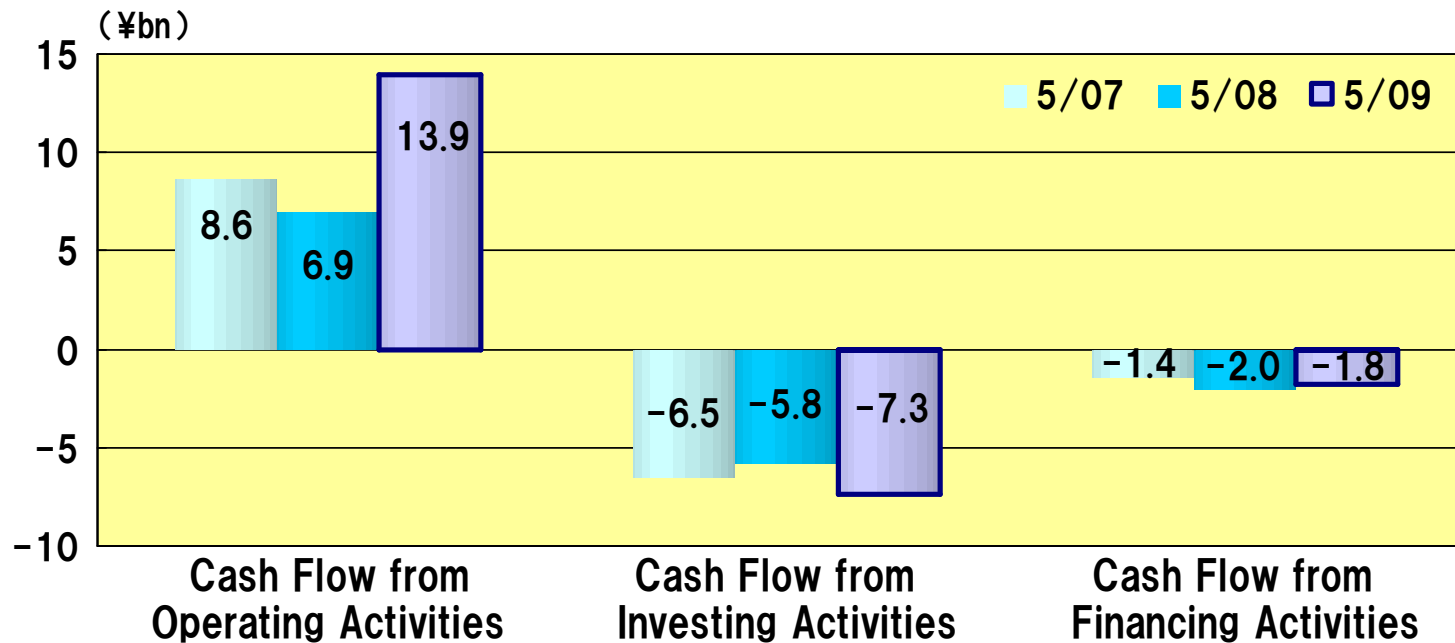
Increase in Liabilities ¥1.5 bn

- Decrease in payables – trade –¥2.6 bn
- Increase in accrued income taxes ¥2.6 bn
- Increase in allowances ¥2.9 bn

Increase in Net Assets ¥3.9 bn

- Increase in earned surplus ¥3.1 bn
- Decrease in translation adjustments –¥0.5 bn
- Increase in minority interests ¥1.4 bn

Fiscal 2009 Key Points of Interim Cash Flow



Comparison with FY2008 Interim

Cash Flow from Operating Activities

- Increase in net income ¥1.0 bn
- Decrease in inventories ¥3.0 bn
- Decrease in income tax paid ¥2.2 bn

Cash Flow from Investing Activities

- Decrease in purchase of tangible fixed assets ¥1.3 bn
- Increase in purchase of investment in securities -¥2.2 bn

Cash Flow from Financing Activities

- Decrease in loans payable -¥0.6 bn
- Increase in cash dividends paid -¥0.1 bn
- Decrease in repurchase of treasury stock ¥1.1 bn

Reference: Performance Trends

(¥bn)

	11/01	11/02	11/03	11/04	11/05	11/06	11/07	11/08	11/09 Plan
《New business segments》									
Condiments and Processed Foods						172.2	177.3	177.6	176.6
						10.3	11.6	9.9	13.2
Health Function Products						17.4	17.5	18.2	18.9
						0.8	1.1	0.8	0.9
Egg Products						82.5	84.8	88.3	85.8
						2.4	3.2	3.6	3.5
Salad and Prepared Foods						94.5	96.2	93.8	90.1
						1.2	1.9	1.7	1.0
Distribution Systems						89.5	92.2	96.0	93.6
						3.3	2.2	1.9	2.1
Elimination/Corporate						-3.8	-4.0	-3.9	-4.2
Total	396.7	434.5	437.0	423.7	455.0	456.1	468.0	474.0	465.0
	17.1	18.6	18.3	15.7	12.8	14.2	15.8	14.0	16.5
《Former business segments》									
Core Business	159.3	163.4	163.0	162.3	165.5	167.6			
	28.3	28.4	27.7	25.9	26.3	24.9			
Healthcare	12.1	13.3	14.5	14.3	15.0	13.3			
	2.0	2.0	2.2	2.2	2.1	1.9			
Egg Products	78.9	82.7	82.2	76.2	90.2	85.8			
	10.4	10.3	10.5	10.6	9.4	11.4			
Salad and Prepared Foods	84.0	96.2	97.3	88.0	97.2	99.9			
	3.2	5.0	5.3	4.2	4.5	5.4			
Distribution Systems	62.4	78.9	80.0	83.0	87.2	89.5			
	5.3	6.8	6.7	7.0	6.3	5.9			
Total	396.7	434.5	437.0	423.7	455.0	456.1			
	49.2	52.5	52.4	49.9	48.6	49.5			

Note: Figures in the upper column are sales, and those in the lower columns are operating income for new business segments and marginal profits for former business segments

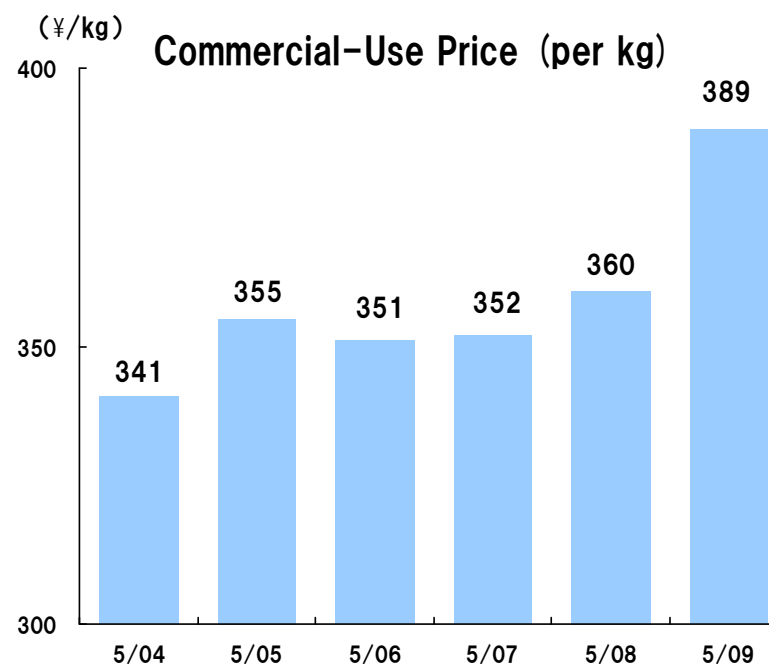
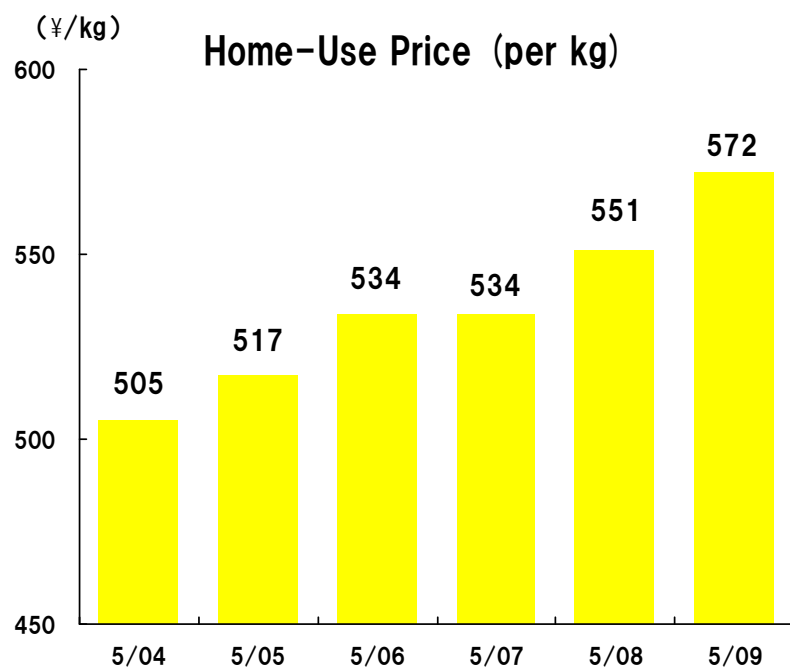
Reference: Major Expenses, etc. (consolidated)

(¥bn)

	5/05	5/06	5/07	5/08	5/09	11/08	11/09 Plan
Sales promotion expenses	10.4	11.2	11.5	9.9	8.6	19.2	18.4
Advertising expenses	4.8	4.6	4.7	4.5	4.0	8.3	7.8
Distribution expenses	12.9	12.9	13.4	13.4	12.5	27.0	26.2
Labor expenses	9.9	9.5	9.8	9.6	10.7	19.5	21.2
R&D expenses	1.4	1.5	1.5	1.5	1.5	3.2	3.2
Capital investments	5.0	8.4	5.7	7.5	6.3	13.1	14.4
Depreciation expenses	5.9	5.8	5.9	6.4	6.2	13.4	13.4
	11/08	11/09 Plan	Breakdown of increase/decrease (comparison between fiscal 2008 and plans for fiscal 2009)				
Non-operating income/expenses	0.1	0.0	Other decrease in sales (0.1)				
Extraordinary income/expenses	(0.3)	(1.1)	Decrease in gains on sales of affiliate stocks (1.0)				
			Decrease in expenses for transferring fundamental systems 0.3				

Reference: Condiments for Salads and Sales Results by Sector (Non-Consolidated)

		5/04	5/05	5/06	5/07	5/08	5/09	YoY
Home-use	Volume (1,000t)	66	65	62	64	63	61	3.2%
	Amount (¥bn)	33.3	33.6	33.1	34.2	34.7	34.9	0.6%
Commercial-use	Volume (1,000t)	44	44	45	46	45	44	2.2%
	Amount (¥bn)	15.0	15.6	15.8	16.2	16.2	17.1	5.6%
Total	Volume (1,000t)	110	109	106	110	108	105	2.8%
	Amount (¥bn)	48.3	49.2	48.9	50.4	51.0	52.0	2.0%

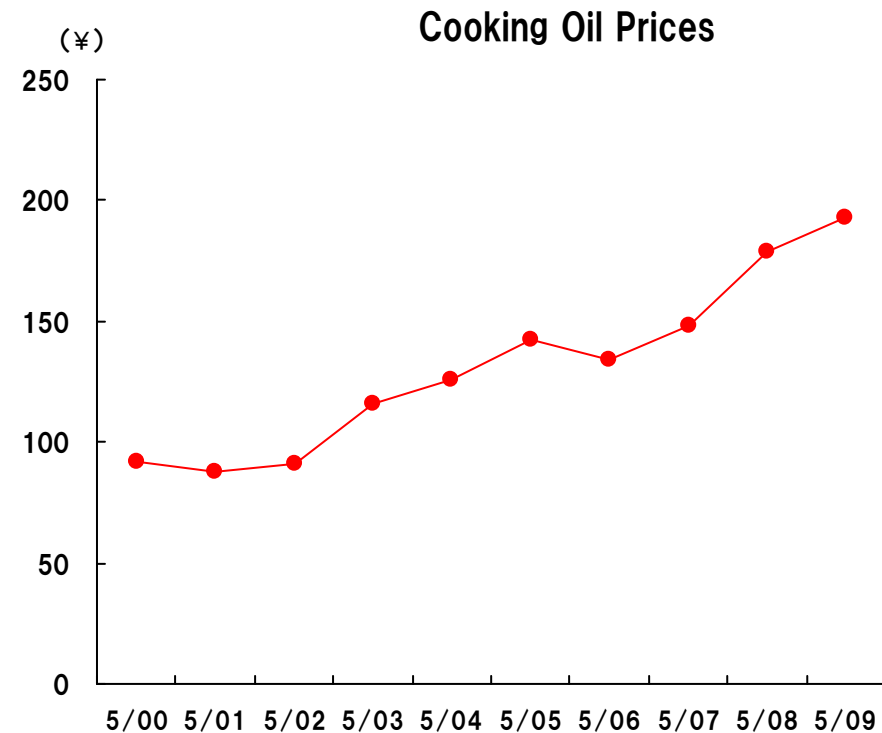
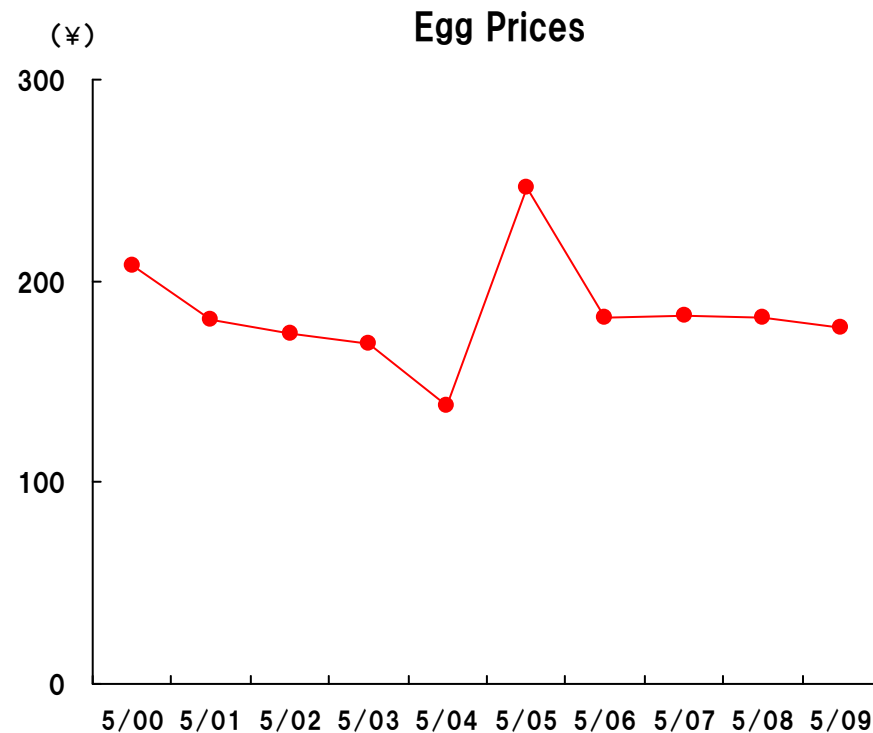


Reference: Movement in Egg and Cooking Oil Prices

(¥)

	5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09
Medium-sized egg, Tokyo market average price (per kg)	208	181	174	169	138	246	182	183	182	177
Average price of institutional Use (tank truck base) for Processed oil and fats (per kg)	92	88	91	116	126	142	134	148	179	193

(Monthly average from December to May for each year)



Note:

The above content comprises statements that constitute forward-looking statements. These include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and the financial condition of the Company.

Such forward-looking statements are not guarantees of future performance but involve risks and uncertainties, and actual results may differ from those in the forward-looking statements due to various factors.

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