

Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending November 30, 2018 [JAPAN GAAP]

April 3, 2018

Listed company name: Kewpie Corporation
 Listed exchange: Tokyo Stock Exchange
 Securities code: 2809
 URL: <http://www.kewpie.co.jp/english/>
 Representative: Osamu Chonan,
 Representative Director, President and Chief Executive Corporate Officer
 Contact: Masato Shinohara,
 Corporate Officer and Senior General Manager of Management Promotion Division
 Scheduled date for filing quarterly securities report: April 13, 2018
 Scheduled date for dividend payment: –
 Quarterly supplementary data: Yes
 Quarterly results briefing: None

(Amounts are rounded down to the nearest million yen.)

1. Consolidated business results for the first quarter of the fiscal year ending November 30, 2018 (From December 1, 2017 to February 28, 2018)

(1) Consolidated operating results

(Percentage figures show changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended February 28, 2018	137,212	3.9	5,725	2.7	6,017	5.9	3,247	20.5
Three months ended February 28, 2017	132,079	(0.0)	5,577	28.2	5,680	24.0	2,694	12.7

(Note) Comprehensive income: Three months ended February 28, 2018 ¥3,946 million (Decrease of 46.6%)
 Three months ended February 28, 2017 ¥7,395 million (Increase of 357.9%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Three months ended February 28, 2018	22.09	–
Three months ended February 28, 2017	18.00	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2018	412,533	264,240	55.0
As of November 30, 2017	419,207	263,432	54.0

(Reference) Shareholders' equity: As of February 28, 2018 ¥226,956 million
 As of November 30, 2017 ¥226,439 million

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2. Dividends

	Annual dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
Fiscal year 2017	– <small>Yen</small>	18.00 <small>Yen</small>	– <small>Yen</small>	18.50 <small>Yen</small>	36.50 <small>Yen</small>
Fiscal year 2018	–	–	–	–	–
Fiscal year 2018 (Forecast)	–	19.00	–	19.00	38.00

(Note) Revision to the most recently announced forecast of dividends: None

3. Forecasts of consolidated operating results for the fiscal year ending November 30, 2018 (From December 1, 2017 to November 30, 2018)

(Percentage figures show changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending May 31, 2018	286,400	3.3	15,600	5.5	15,900	4.3	8,500	5.6	57.81
Year ending November 30, 2018	580,000	3.3	33,000	5.6	34,100	4.9	18,600	2.8	126.49

(Note) Revision to the most recently announced forecast of consolidated operating results: None

*Notes

- (1) Changes in significant subsidiaries during the three months (Changes in specified subsidiaries resulting in the change in the scope of consolidation): Yes
Newly consolidated: 1 company (Name: Kewpie China Corporation)
(Note)
For details, please refer to “I. Quarterly consolidated financial statements and major notes: 3. Notes Regarding Quarterly Consolidated Financial Statements (Changes in significant subsidiaries during the three months)” on page 6.
- (2) Application of special accounting treatments for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies and estimates, and restatements
 - a) Changes in accounting policies due to revision of accounting standards: None
 - b) Changes in accounting policies due to reasons other than “a)” (above): None
 - c) Changes in accounting estimates: None
 - d) Restatements: None
- (4) Number of issued shares (common stock)
 - a) Number of issued shares at the end of the period (including treasury stock):

February 28, 2018	150,000,000 shares
November 30, 2017	150,000,000 shares
 - b) Number of shares of treasury stock at the end of the period:

February 28, 2018	2,955,823 shares
November 30, 2017	2,955,521 shares
 - c) Average number of shares during the period:

December 1, 2017 to February 28, 2018	147,044,318 shares
December 1, 2016 to February 28, 2017	149,665,818 shares

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***The summary of quarterly consolidated financial statements is outside the scope of quarterly review procedures by certified public accountants or an audit corporation.**

***Statement for an appropriate usage of the forecasts of operating results and other special notes**

The forecasts and other forward looking statements contained in this summary are based on the information currently available to the Company and certain assumptions considered reasonable by the Company. Therefore, they are not guaranteed to be achieved by the Company. As a result, the forecasts of operating results may differ significantly from the actual operating results due to various factors.

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I. Quarterly consolidated financial statements and major notes

1. Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of November 30, 2017)	Current first quarter (As of February 28, 2018)
Assets		
Current assets		
Cash and deposits	29,618	27,350
Notes and accounts receivable - trade	78,212	72,227
Securities	12,000	12,000
Purchased goods and products	16,355	16,465
Work in process	972	1,085
Raw materials and supplies	11,377	12,344
Other	8,016	8,988
Allowances for doubtful accounts	(222)	(257)
Total current assets	156,332	150,204
Fixed assets		
Tangible fixed assets		
Buildings and structures	185,446	187,040
Accumulated depreciation	(104,416)	(105,711)
Net book value	81,030	81,329
Machinery, equipment and vehicles	170,766	172,935
Accumulated depreciation	(121,373)	(122,532)
Net book value	49,393	50,403
Land	49,820	49,832
Construction in progress	4,571	3,704
Other	25,437	26,709
Accumulated depreciation	(15,505)	(16,512)
Net book value	9,931	10,196
Total tangible fixed assets	194,746	195,467
Intangible fixed assets		
Goodwill	3,778	3,851
Other	4,580	4,629
Total intangible fixed assets	8,359	8,481
Investments and other assets		
Investment securities	34,495	32,513
Assets for retirement benefits	12,630	13,121
Other	12,825	12,930
Allowances for doubtful accounts	(182)	(184)
Total investments and other assets	59,769	58,380
Total fixed assets	262,875	262,329
Total assets	419,207	412,533

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(Millions of yen)

	Previous fiscal year (As of November 30, 2017)	Current first quarter (As of February 28, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	48,008	45,444
Short-term loans payable	8,037	7,925
Current portion of bonds	-	10,000
Accrued income taxes	4,005	2,466
Reserves	2,854	5,256
Other	27,791	22,770
Total current liabilities	90,697	93,864
Non-current liabilities		
Bonds	10,000	-
Long-term loans payable	35,947	35,317
Liabilities for retirement benefits	3,147	3,141
Asset retirement obligations	1,120	1,122
Other	14,861	14,847
Total non-current liabilities	65,077	54,429
Total liabilities	155,775	148,293
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	29,425	29,425
Earned surplus	170,583	171,123
Treasury stock	(6,603)	(6,604)
Total shareholders' equity	217,509	218,048
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	13,429	12,632
Unrealized gains (losses) on hedges	(3)	(15)
Foreign currency translation adjustments	(1,141)	(647)
Accumulated adjustments for retirement benefits	(3,354)	(3,061)
Total accumulated other comprehensive income	8,929	8,907
Non-controlling interests	36,992	37,283
Total net assets	263,432	264,240
Total liabilities and net assets	419,207	412,533

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2. Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive

Income

(Quarterly Consolidated Statements of Income)

(Three months ended February 28, 2017 and February 28, 2018)

(Millions of yen)

	Previous first quarter (From December 1, 2016 to February 28, 2017)	Current first quarter (From December 1, 2017 to February 28, 2018)
Net sales	132,079	137,212
Cost of sales	102,722	106,818
Gross profit	29,357	30,393
Selling, general and administrative expenses	23,779	24,667
Operating income	5,577	5,725
Non-operating income		
Interest income	15	17
Dividends income	195	193
Equity in earnings of affiliates	33	42
Other	167	213
Total non-operating income	411	467
Non-operating expenses		
Interest expenses	79	86
Business commencement expenses	100	-
Other	128	88
Total non-operating expenses	308	175
Ordinary income	5,680	6,017
Extraordinary gains		
Gains on sales of fixed assets	12	37
Gains on sales of investment securities	26	33
Total extraordinary gains	39	71
Extraordinary losses		
Losses on disposal of fixed assets	428	218
Losses on impairment of fixed assets	222	-
Other	38	9
Total extraordinary losses	690	228
Profit before income taxes	5,030	5,860
Income taxes	1,669	1,988
Profit	3,360	3,871
Profit attributable to non-controlling interests	666	624
Profit attributable to owners of parent	2,694	3,247

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(Quarterly Consolidated Statements of Comprehensive Income)
(Three months ended February 28, 2017 and February 28, 2018)

(Millions of yen)

	Previous first quarter (From December 1, 2016 to February 28, 2017)	Current first quarter (From December 1, 2017 to February 28, 2018)
Profit	3,360	3,871
Other comprehensive income		
Unrealized holding gains (losses) on securities	979	(837)
Unrealized gains (losses) on hedges	(88)	(18)
Foreign currency translation adjustments	2,950	606
Adjustments for retirement benefits	194	323
Total other comprehensive income	4,034	74
Comprehensive income	7,395	3,946
(Breakdown)		
Comprehensive income attributable to owners of parent	6,204	3,225
Comprehensive income attributable to non-controlling interests	1,191	720

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3. Notes Regarding Quarterly Consolidated Financial Statements

(Notes regarding assumption of a going concern)

Not applicable.

(Changes in significant subsidiaries during the three months)

Kewpie China Corporation, which was newly established during the current first quarter, is included in the scope of consolidation. Kewpie China Corporation is classified as one of the Company's specified subsidiaries.

(Notes regarding the significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information)

[Segment information]

I. Previous first quarter (From December 1, 2016 to February 28, 2017)

1. Information on amounts of net sales and profit or loss by reported segment

	Condi- ments Products	Egg Products	Delica- tessen Products	Processed Foods	Fine Chemical Products	Distri- bution System	Common Business Operations	Total	Adjust- ments	(Millions of yen) Amount reported on the quarterly consolidated statement of income (Note)
Net sales										
Net sales to outside customers	34,297	24,020	27,525	10,980	2,311	30,972	1,971	132,079	–	132,079
Intersegment net sales or transfers	1,770	1,511	73	555	99	5,847	2,812	12,670	(12,670)	–
Total	36,068	25,532	27,598	11,535	2,410	36,820	4,783	144,749	(12,670)	132,079
Segment profit (loss)	2,588	1,026	562	(54)	(13)	1,280	187	5,577	–	5,577

(Note) Adjustments are made between "Segment profit (loss)" and "Operating income" reported on the quarterly consolidated statement of income.

2. Information on losses on impairment of fixed assets or goodwill, etc. by reported segment

(Significant losses on impairment of fixed assets)

In the three months ended February 28, 2017, the Company recorded losses on impairment of fixed assets of ¥222 million in the "Egg products" segment.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gains on negative goodwill)

Not applicable.

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II. Current first quarter (From December 1, 2017 to February 28, 2018)

1. Information on amounts of net sales and profit or loss by reported segment

(Millions of yen)

	Condi- ments Products	Egg Products	Delica- tessen Products	Processed Foods	Fine Chemical Products	Distri- bution System	Common Business Operations	Total	Adjust- ments	Amount reported on the quarterly consolidated statement of income (Note)
Net sales										
Net sales to outside customers	35,966	24,153	30,023	10,924	2,140	32,560	1,443	137,212	-	137,212
Intersegment net sales or transfers	1,331	1,127	29	563	80	7,357	2,969	13,459	(13,459)	-
Total	37,297	25,280	30,053	11,487	2,220	39,917	4,413	150,671	(13,459)	137,212
Segment profit (loss)	2,624	1,338	620	106	(37)	849	223	5,725	-	5,725

(Note) Adjustments are made between "Segment profit (loss)" and "Operating income" reported on the quarterly consolidated statement of income.

2. Information on losses on impairment of fixed assets or goodwill, etc. by reported segment

(Significant losses on impairment of fixed assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gains on negative goodwill)

Not applicable.

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II. Supplementary data

- (Notes) 1. Fraction errors may occur due to rounding figures less than 100 million.
2. From the beginning of fiscal year 2016, the domestic consolidated subsidiaries have changed the depreciation method from the declining balance basis to the straight-line basis.

1. Summary of net sales and operating income and factors behind changes in operating income

<Net sales>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2016	Condiments Products	34.0	37.8	71.8	37.8	109.6	34.5	144.1
	Egg Products	25.7	26.1	51.9	24.8	76.7	25.5	102.2
	Delicatessen Products	26.0	28.1	54.1	28.8	82.9	28.9	111.8
	Processed Foods	12.0	13.6	25.7	12.5	38.1	13.1	51.3
	Fine Chemical Products	2.7	2.6	5.3	2.8	8.1	2.8	10.9
	Distribution System	30.4	31.8	62.3	32.4	94.7	32.2	126.9
	Common Business Operations	1.3	1.2	2.5	1.4	3.8	1.3	5.2
	Total	132.1	141.3	273.4	140.5	413.9	138.4	552.3
Fiscal Year 2017 (A)	Condiments Products	34.3	39.7	74.0	39.3	113.2	37.2	150.4
	Egg Products	24.0	25.9	49.9	24.8	74.7	25.8	100.5
	Delicatessen Products	27.5	29.3	56.8	29.8	86.7	28.8	115.5
	Processed Foods	11.0	12.3	23.2	12.0	35.2	11.4	46.6
	Fine Chemical Products	2.3	2.8	5.1	2.7	7.8	2.8	10.6
	Distribution System	31.0	33.2	64.2	33.5	97.7	33.5	131.2
	Common Business Operations	2.0	2.0	3.9	1.7	5.7	1.2	6.8
	Total	132.1	145.1	277.2	143.8	421.0	140.7	561.7
Fiscal Year 2018 (B)	Condiments Products	36.0						161.0
	Egg Products	24.2						102.0
	Delicatessen Products	30.0						120.5
	Processed Foods	10.9						47.5
	Fine Chemical Products	2.1						11.0
	Distribution System	32.6						134.0
	Common Business Operations	1.4						4.0
	Total	137.2						580.0
Change (B) - (A)	Condiments Products	1.7						10.6
	Egg Products	0.1						1.5
	Delicatessen Products	2.5						5.0
	Processed Foods	(0.1)						0.9
	Fine Chemical Products	(0.2)						0.4
	Distribution System	1.6						2.8
	Common Business Operations	(0.5)						(2.8)
	Total	5.1						18.3

- (Notes) 1. Figures of "Year" in Fiscal Year 2018 indicate planned figures disclosed on January 11, 2018.
2. Figures of "2nd quarter" are differences between "2nd quarter (Cumulative)" and "1st quarter."
3. Figures of "3rd quarter" are differences between "3rd quarter (Cumulative)" and "2nd quarter (Cumulative)."
4. Figures of "4th quarter" are differences between "Year" and "3rd quarter (Cumulative)."

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<Operating income>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2016	Condiments Products	1.6	4.6	6.2	4.7	10.9	2.8	13.7
	Egg Products	1.5	1.7	3.2	1.4	4.6	0.9	5.5
	Delicatessen Products	0.3	1.1	1.5	1.1	2.6	0.9	3.5
	Processed Foods	(0.2)	0.5	0.3	0.3	0.6	(0.1)	0.5
	Fine Chemical Products	0.2	0.4	0.6	0.3	0.9	0.1	1.0
	Distribution System	0.9	1.2	2.1	1.4	3.5	1.4	4.9
	Common Business Operations	0.0	0.2	0.3	0.2	0.4	0.3	0.8
	Total	4.4	9.8	14.2	9.3	23.4	6.4	29.8
Fiscal Year 2017 (A)	Condiments Products	2.6	4.8	7.3	4.6	11.9	3.4	15.3
	Egg Products	1.0	1.0	2.0	1.3	3.3	1.1	4.4
	Delicatessen Products	0.6	1.1	1.7	1.3	2.9	0.9	3.8
	Processed Foods	(0.1)	0.3	0.3	0.3	0.6	(0.4)	0.2
	Fine Chemical Products	(0.0)	0.1	0.1	0.4	0.6	0.3	0.9
	Distribution System	1.3	1.6	2.9	1.6	4.5	1.4	5.9
	Common Business Operations	0.2	0.3	0.5	0.2	0.7	0.1	0.8
	Total	5.6	9.2	14.8	9.6	24.4	6.9	31.3
Fiscal Year 2018 (B)	Condiments Products	2.6						15.3
	Egg Products	1.3						5.2
	Delicatessen Products	0.6						4.6
	Processed Foods	0.1						0.4
	Fine Chemical Products	(0.0)						0.9
	Distribution System	0.8						6.0
	Common Business Operations	0.2						0.6
	Total	5.7						33.0
Change (B) - (A)	Condiments Products	0.0						0.0
	Egg Products	0.3						0.8
	Delicatessen Products	0.1						0.8
	Processed Foods	0.2						0.2
	Fine Chemical Products	(0.0)						0.0
	Distribution System	(0.4)						0.1
	Common Business Operations	0.0						(0.2)
	Total	0.1						1.7

(Notes) 1. Figures of "Year" in Fiscal Year 2018 indicate planned figures disclosed on January 11, 2018.

2. Figures of "2nd quarter" are differences between "2nd quarter (Cumulative)" and "1st quarter."

3. Figures of "3rd quarter" are differences between "3rd quarter (Cumulative)" and "2nd quarter (Cumulative)."

4. Figures of "4th quarter" are differences between "Year" and "3rd quarter (Cumulative)."

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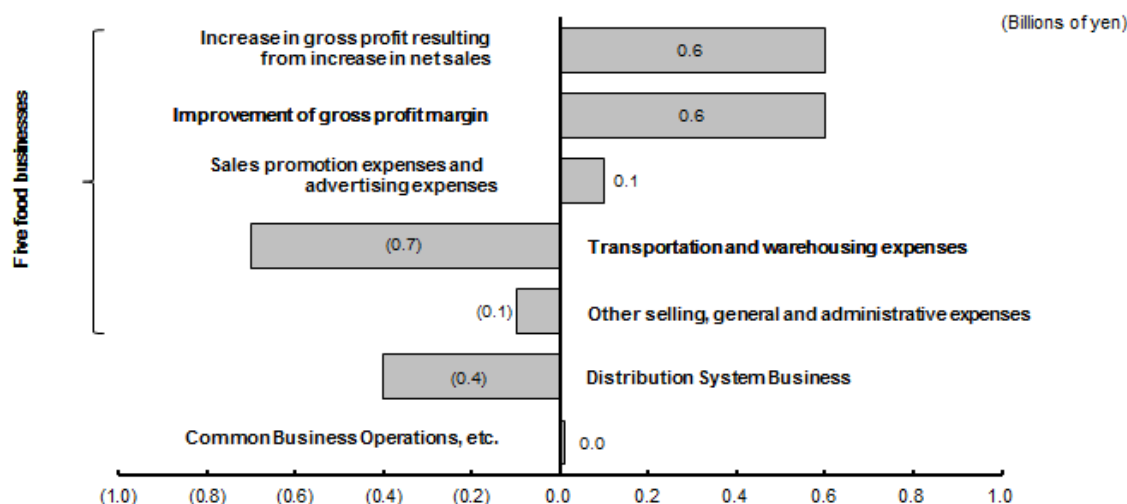
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<Factors behind changes in operating income (comparison with the previous fiscal year)>

(Billions of yen)

	1st quarter 2017 (A)	1st quarter 2018 (B)	Change (B) - (A)
Operating income	5.6	5.7	0.1



2. Capital investments and main components of selling, general and administrative expenses

(Billions of yen)

	1st quarter 2016	1st quarter 2017 (A)	1st quarter 2018 (B)	Change (B) - (A)
Capital investments	9.4	10.2	6.5	(3.7)
Depreciation expenses	6.5	3.9	4.4	0.5
Sales promotion expenses	0.9	1.0	1.0	0.0
Advertising expenses	2.3	2.7	2.5	(0.1)
Transportation and warehousing expenses	6.1	6.0	6.6	0.7
Payroll expenses	7.3	7.7	8.0	0.3
Research and development expenses	0.8	0.8	0.8	0.0

* Depreciation expenses for the 1st quarter 2016 include a one-time write-off of residual book value amounting to ¥2.8 billion, which resulted from the change to the depreciation method for fixed assets.

3. Domestic sales volume and amount of salads condiments by category type (Kewpie Corporation)

		1st quarter 2016	1st quarter 2017 (A)	1st quarter 2018 (B)	Change (B) - (A)
For household use	Volume (Thousands of ton)	30	30	29	(1)
	Amount (Billions of yen)	15.2	15.3	14.8	(0.5)
For commercial use	Volume (Thousands of ton)	25	25	26	1
	Amount (Billions of yen)	9.6	9.5	9.7	0.3

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4. Summary of net sales and operating income in overseas operations

<Net sales>

(Billions of yen)

		1st quarter 2016	1st quarter 2017 (A)	1st quarter 2018 (B)	Change (B) - (A)
China		3.6	3.7	4.2	0.4
Southeast Asia		2.0	2.0	2.5	0.4
North America	Condiments products	1.3	1.4	1.5	0.1
	Egg products	1.9	0.9	1.4	0.5
Exports and New		0.7	0.7	1.6	0.9
Total		9.5	8.8	11.2	2.3

* For overseas subsidiaries, figures are results from October to December.

* The total change includes a ¥0.6 billion increase caused by the impact of the exchange rate fluctuations.

* "Exports and New" includes primarily exports from Japan and sales of companies in Europe.

<Operating income>

(Billions of yen)

		1st quarter 2016	1st quarter 2017 (A)	1st quarter 2018 (B)	Change (B) - (A)
China		0.3	0.3	0.3	(0.0)
Southeast Asia		0.1	0.1	0.2	0.1
North America	Condiments products	0.1	0.1	0.1	0.0
	Egg products	0.4	(0.3)	(0.0)	0.2
Exports and New		0.1	0.1	0.1	(0.0)
Total		0.9	0.3	0.6	0.3

* For overseas subsidiaries, figures are results from October to December.

* The total change includes a ¥0.0 billion increase caused by the impact of the exchange rate fluctuations.

* "Exports and New" includes primarily income from exports from Japan and sales of companies in Europe.

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5. Principal items of changes in non-operating income (expenses) and extraordinary gains (losses)

(Billions of yen)

	1st quarter 2017 (A)	1st quarter 2018 (B)	Change (B) - (A)	Items of changes [Comparison with 1st quarter 2017]
Non-operating income (expenses), net	0.1	0.3	0.2	Decrease in business commencement expenses 0.1
Extraordinary gains (losses), net	(0.7)	(0.2)	0.5	Decrease in losses on impairment of fixed assets 0.2 Decrease in losses on disposal of fixed assets 0.2

6. Summary and items of changes in balance sheets

(Billions of yen)

	Fiscal year 2017 (A)	1st quarter 2018 (B)	Change (B) - (A)	Items of changes [Comparison with fiscal year 2017]
(Assets)				
Current assets	156.3	150.2	(6.1)	Decrease in cash and deposits (2.3) Decrease in notes and accounts receivable - trade (6.0) Increase in inventories 1.2
Fixed assets				
Tangible and intangible fixed assets	203.1	203.9	0.8	Increase resulting from purchases 4.1 Decrease resulting from depreciation (4.4) Increase resulting from making Hisamatsu Transport Corporation a consolidated subsidiary 0.7
Investments and other assets	59.8	58.4	(1.4)	Decrease in investment securities (2.0) Increase in assets for retirement benefits 0.5
(Liabilities)				
	155.8	148.3	(7.5)	Decrease in notes and accounts payable - trade (2.6) Decrease in accrued income taxes (1.5) Increase in reserves 2.4 Decrease in accounts payable - other (1.7) Decrease in accounts payable - facilities (2.2)
(Net assets)				
	263.4	264.2	0.8	Increase in earned surplus 0.5 Increase in non-controlling interests 0.3