



FY2013

Consolidated Summary Report Materials

April 24, 2014 (Thursday)
Kagome Co., Ltd. (2811)

<http://www.kagome.co.jp/company/ir/index.html>

Consolidated results (FY2013)

Unit: 100 million yen

	FY2010	FY2011	FY2012	FY2013	Compared to FY2012		Compared to announcement on October 18
					Increase/ decrease	Increase/ decrease ratio	Increase/ decrease
					Net sales	1,813	1,800
Operating Income	80	85	93	68	-25	-27%	±0
Ratio	4.4%	4.7%	4.7%	3.5%			
Ordinary Income	84	92	100	75	-25	-25%	+3
Ratio	4.6%	5.1%	5.1%	3.9%			
Net income	25	42	65	51	-14	-21%	+4
Ratio	1.4%	2.3%	3.3%	2.6%			

Numbers less than 100 million yen are rounded up

- Sales decreased due to the price structure changes, but there was a substantive increase of 3%.
- Compared to the revised figures officially announced in October 2013, income fell slightly and profit increased.
- Profit level was according to plan.

Net sales by business (FY2013)

* Domestic

Unit: 100 million yen

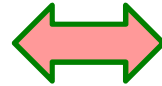
	FY2012	FY2012 (adjusted)	FY2013	Substantive	
				Increase/ decrease	Increase/ decrease ratio
Beverages	961	911	878	-33	-4%
Food	276	231	233	+2	+1%
Gifts	79	79	83	+4	+5%
Fresh vegetables	89	89	97	+8	+8%
Direct marketing	77	77	83	+6	+8%
Institutional and industrial	250	250	258	+7	+3%
Other	138	138	151	+13	+10%
Domestic subtotal	1,870	1,776	1,782	+6	+0%

Adjusted = Applied the FY2013 price structure standard to beverages and food.

- Compared to the previous year, in essence domestic business was unchanged (same as the previous year).
- Sales from the vending machine beverage business (which we withdrew from in FY2012) fell by 1.1 billion yen.
- The only decrease was in the beverage business. The gifts, fresh vegetables, direct marketing, and institutional and industrial businesses recorded the highest sales figures to date.

Vegetable beverages

“Locally grown, nationally consumed” marketing



Reaction against the tomato boom of 2012

* “Yasaiseikatsu” seasonal products 2.4 billion yen **increase**



* “Tomato Juice 2.2 billion yen **decrease**

* Ambient products 900 million yen **decrease**

* Excluding “Tomato Juice”



- The “Chonoshuku” series was also favorable



Results were seen from the creation of new demand, but they did not make up for the reaction against the tomato boom and decreased appeal of existing products.

Probiotics and food

* Probiotics



“Plant-based Lactic Acid Labre Light: Ichinichi bun no tetsubun” was a hit. During the second half of the year, this product was 108% compared to the previous year. “Collagen” was added in February.



* Food



Efforts will be devoted to the “Tomato Pack” series in 2014 as well.



- By adding new products with a focus on functionality, the probiotics business recovered.
- Condiments were favorable. Efforts were made to increase demand for tomato ketchup via Neapolitan Spaghetti.

Net sales by business (FY2013)

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Domestic subtotal	1,870	1,776	1,782	+6	+0%

Adjusted = Applied the FY2013 price structure standard to beverages and food.

- Beverages Vegetable beverages were 98% compared to the previous year. Probiotics recovered. Vending machine beverages, a business we withdrew from, were -1.1 billion yen.
- Food Condiments were firm.
- Gifts Products in paper containers/vegetable beverages grew. Distribution and product development were strengthened.
- Fresh vegetables Proposal power grew in cooperation with household products.
- Direct marketing Advertising investment was increased. The product lineup was enhanced.
- Institutional and industrial Results of strengthened sales power for major customers continued.

Set new
sales
record

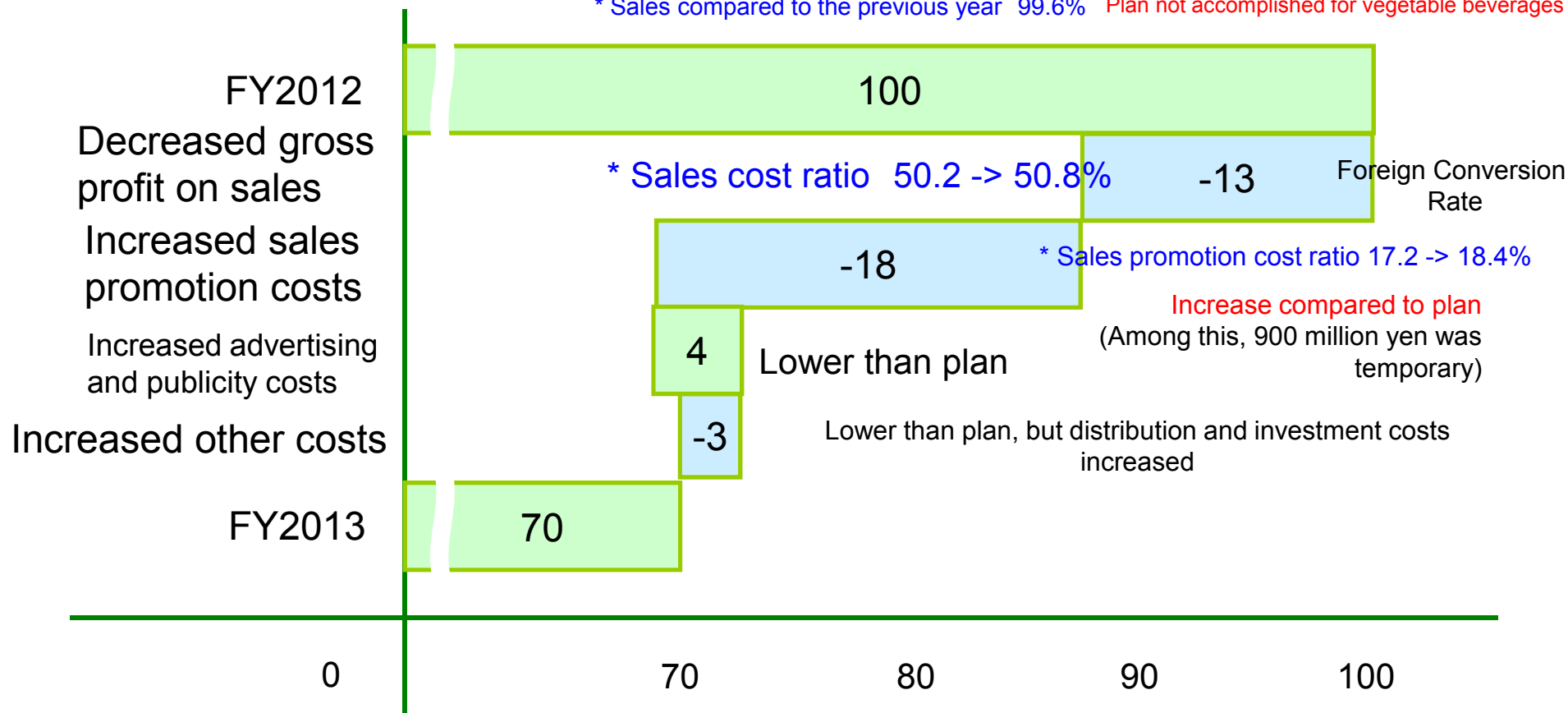
Causes for non-consolidated operating profit increase/decrease

FY2012 results are changed over to the FY2013 standard

Unit: 100 million yen (rounded)

* Cumulative total (April – March) compared to the previous year

* Sales compared to the previous year 99.6% Plan not accomplished for vegetable beverages



- The cost price ratio increased because of the weak yen, but was within the predicted range.
- The sales promotion cost ratio grew more than expected due to additional methods taken because of the failure to accomplish the sales plan, more limited-time products, and reactions against the tomato boom.

Net sales by business (FY2013)

* Overseas countries

Unit: 100 million yen

	FY2012	FY2013	Increase/decrease	
			Increase/decrease	Increase/decrease ratio
United States	118	156	+38	+32%
Europe	59	108	+49	+84%
Australia	38	37	-1	-2%
Global tomato total	214	300	+86	+40%
Asia	24	33	+9	+38%
Overseas country subtotal	238	333	+95	+40%

- U.S. Increased significantly due to the weak yen. In the U.S., the business for major food service companies was favorable.
- Europe The Portuguese company H.I.T. became a subsidiary, so there was a net increase for sales in the 1st Quarter.
- Australia Sales and profit were the same as the previous year.
- Asia Increased due to factors including the weak yen. The tomato beverage business was started in Thailand.

* Consolidated

	FY2012	FY2012 (adjusted)	FY2013	Substantive	
				Increase/decrease	Increase/decrease ratio
Transactions in segment	-146	-146	-185	-	-
Consolidated (Domestic + Overseas)	1,962	1,868	1,930	+62	+3%

Adjusted = Applied the FY2013 price structure standard to beverages and food.

Consolidated results (FY2013)

Unit: 100 million yen

	FY2010	FY2011	FY2012	FY2013	Compared to FY2012			Compared to announcement on October 18
					Increase/ decrease	Increase/ decrease ratio	Increase/ decrease	
Net sales	1,813	1,800	1,962	1,930	-32	-2%	-20	
Operating Income	80	85	93	68	-25	-27%	±0	
Ratio	4.4%	4.7%	4.7%	3.5%				
Ordinary Income	84	92	100	75	-25	-25%	+3	
Ratio	4.6%	5.1%	5.1%	3.9%				
Net income	25	42	65	51	-14	-21%	+4	
Ratio	1.4%	2.3%	3.3%	2.6%				

Numbers less than 100 million yen are rounded

- We were unable to grow vegetable beverage sales, which remains a challenge.
- As a result, sales promotion costs increased. Profit decreased, mainly because of rising cost prices due to the weak yen.
- Other domestic business and overseas businesses were favorable.

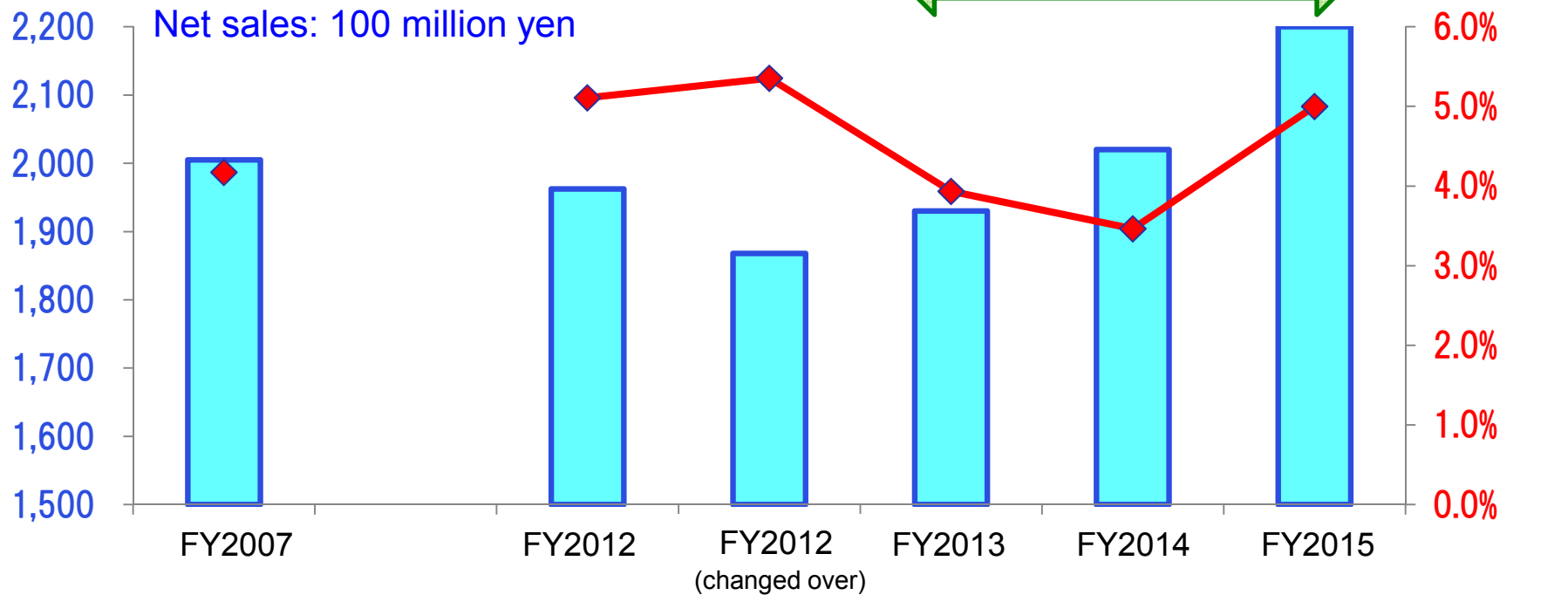
Changes to accounting period and numerical targets

Changes to accounting period

- From March to December. In FY2014, the non-consolidated settlement of accounts will be irregular (nine months).
- The 12-month deemed values will be calculated from January to December 2014.

* Must be approved at the General Meeting of Shareholders

Numerical targets from Next 50



Management issues in FY2014

Presuppositions

- **Re-growing vegetable beverages** is an issue remaining from FY2013 in the realm of growth.
- Concerning profit, we must assume **significant cost price increases in domestic business**.

* Rising tomato prices across the globe

* Weak yen

} Particularly large impacts in FY2014

Efforts will be made with the presupposition of structural changes.

-> **We will focus on future growth while putting priority on strengthening earning capacity in domestic business.**

Management issues in FY2014

- 1) Improving value
- 2) Strengthening corporate culture
- 3) Next 50 innovation

Improving value

Example: Switching to Smart PET bottle



With an awareness of a sense of reasonable pricing after the tax increase, we have reformed containers and quantities to match the changing number of people per household. At the same time, we increased the amount of vegetables included and improved quality.



Together with refining and increasing product value, we will make efforts to increase profitability and improve value by setting prices that correspond to this value.

Strengthening corporate culture

Cost Structure Reforms

- Continuous activities to reduce cost prices
- Minimizing loss from products with seasonal sales periods
- Efficiently utilizing sales promotion costs/advertising and publicity costs
- Reducing, fixed costs
- Narrowing down products

Work Style Reforms

In addition to cost reductions, we will work to improve productivity during work, as well as physical and mental health, via measures such as:

- Introducing a new personnel system
- Prohibiting overtime work from 8:00 p.m./reducing time spent in meetings

We will implement cost restructuring to prepare for rising raw material prices.



Next 50 innovation

One-stop provider of tomatoes

- In FY2013 we acquired a seed and seedling business.
- It is located at the very top of our value chain, and will accelerate our efforts to become a **one-stop provider of tomatoes** that offers comprehensive tomato related products and services.
- This will also lead to the the creation of a stable earnings structure.

New attempts related to fresh vegetables

- The new, chilled “Tomato Juice” produced in Japan is popular.
- Homemade smoothies are popular, and in the future needs related to fresh ingredients will grow.

Promoting growth in the agriculture industry

- We released our first vegetables other than tomatoes in March.
- In addition to the tomatoes we have handled since Kagome’s founding, we will aim to make the salad vegetable field into a growth industry.

Developing, manufacturing, and selling vegetable and fruit seeds



Headquarters: U.S.

Selling tomato seeds and raising seedlings.
Turkey: TAT (seed and seedling company)



(name changed to “United Genetics Turkey”)



* Net sales plan by segment

Unit: 100 million yen

	FY2013 (adjusted)	FY2014	Increase/	
			decrease	decrease ratio
Beverages	689	700	+11	+2%
Food	175	175	+1	±0%
Gifts	81	84	+3	+4%
Fresh vegetables	78	80	+2	+2%
Direct marketing	66	72	+6	+9%
Institutional and industrial	199	204	+5	+2%
Other	134	136	+3	+2%
Domestics subtotal	1,422	1,451	+29	+2%
United States	156	187	+31	+20%
Europe	108	128	+20	+19%
Australia	37	48	+11	+30%
Global tomato business	300	362	+62	+21%
Asia	33	41	+8	+24%
Overseas country	333	403	+70	+21%
Transactions in segment	-172	-184		
Consolidated (Domestic + Overseas)	1,583	1,670	+87	+5%

The FY2013 results are adjusted to the FY2014 irregular account settlement standard.

Results forecast (FY2014)

* Primary factors impacting profit

Causes for decreased profit

- Increased cost price ratio for domestic business, caused by factors including rising tomato prices across the globe and the weak yen Approximately 2.3 billion yen
- Increased fixed costs for growth (direct marketing advertising costs, personnel costs, etc.) Approximately 800 million yen
- Increased distribution cost ratio Approximately 200 million yen
- Inclusion of special costs at the end of FY2014 (overdue payments, disposal, etc.) Approximately 200 million yen

Causes for increased profit

- Increased profit through sales growth Approximately 1.1 billion yen
- Promotion of management issues in FY2014 (improving value, strengthening corporate culture) Approximately 1.0 billion yen
(Single-year portion)
- Reduced sales promotion costs compared to the previous year (sales promotion costs were seen in April 2013, the month in which the price system was revised) Approximately 900 million yen

Results forecast (FY2014)

* Entire year(April to December, 2014)

Unit: 100 million yen

	FY2013	FY2013 (adjusted)	FY2014	Increase/ decrease	
				Increase/ decrease	Increase/ decrease ratio
Net sales	1,930	1,583	1,670	+87	+6%
Operating Income	68	64	61	-3	-5%
Ratio	3.5%	4.1%	3.7%		
Ordinary Income	75	70	62	-8	-12%
Ratio	3.9%	4.4%	3.7%		
Net income	51	46	33	-13	-28%
Ratio	2.6%	2.9%	2.0%		

Numbers less than 100 million yen are rounded

FY2013 (adjusted) = FY2014 irregular account settlement standard

Due to the shortened nine-month accounting period, we plan to pay dividends of 16.50 yen per stock, three fourths of the FY2013 amount (22 yen per stock).

Towards FY2015

Domestic business

- We will boost profitability by improving value and strengthening our corporate culture.
- We will incorporate the effects of initiatives, such as narrowing down products, into performance for FY2015 throughout the entire year.
 - We expect raw material prices to rise in FY2015 as well, but not as suddenly as FY2014.

Overseas business

- We will produce results from our acquisition of a seed and seedling business.
- We plan to implement business reorganization in FY2014.
 - Europe Business of Vegitalia S.p.A. will be optimized.
 - Asia We will withdraw from the meal services for offices business in China.
In addition, we plan to revise our regions and businesses.
- The goodwill amortization in Australia will end during FY2015.

We will carry out management with a view towards ensuring that our domestic and overseas results will decrease no further than FY2014, with continual improvement from that point on.

Note

In this document, Kagome's current plans, forecasts, strategies, and other information that is not historical fact are based on the judgments of Kagome's management, obtained from information available at the current time. Consequently, we request that undue reliance is not placed on these performance forecasts only. Actual performance may differ significantly from these forecasts due to various important factors. The important factors that may impact actual performance include the following: 1) Weather, specifically low temperatures during the summer, 2) Product accidents, such as the inclusion of foreign substances, 3) The economic climate of Kagome's business fields, in particular consumption trends, 4) Kagome's ability to plan and develop products and services that are accepted by customers in a market beset by fierce competition, marked by rapidly changing customer preferences, etc. However, the factors that impact performance are not limited to these. This document is for the purpose of increasing understanding of Kagome; it does not necessarily encourage investment. The market data and other information in this document is based on information that Kagome judges as sound and accurate. However, please be aware that revisions and other changes may be made with no prior warning, including future forecasts, past information, etc.