

Meeting on Results for the Period Ending May 2018

Sakata Seed Corporation
July 24, 2018



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I Overview of Period Ending May 2018

Sales increased YoY; income fell YoY but rose compared to the forecast announced Jan. 2018.

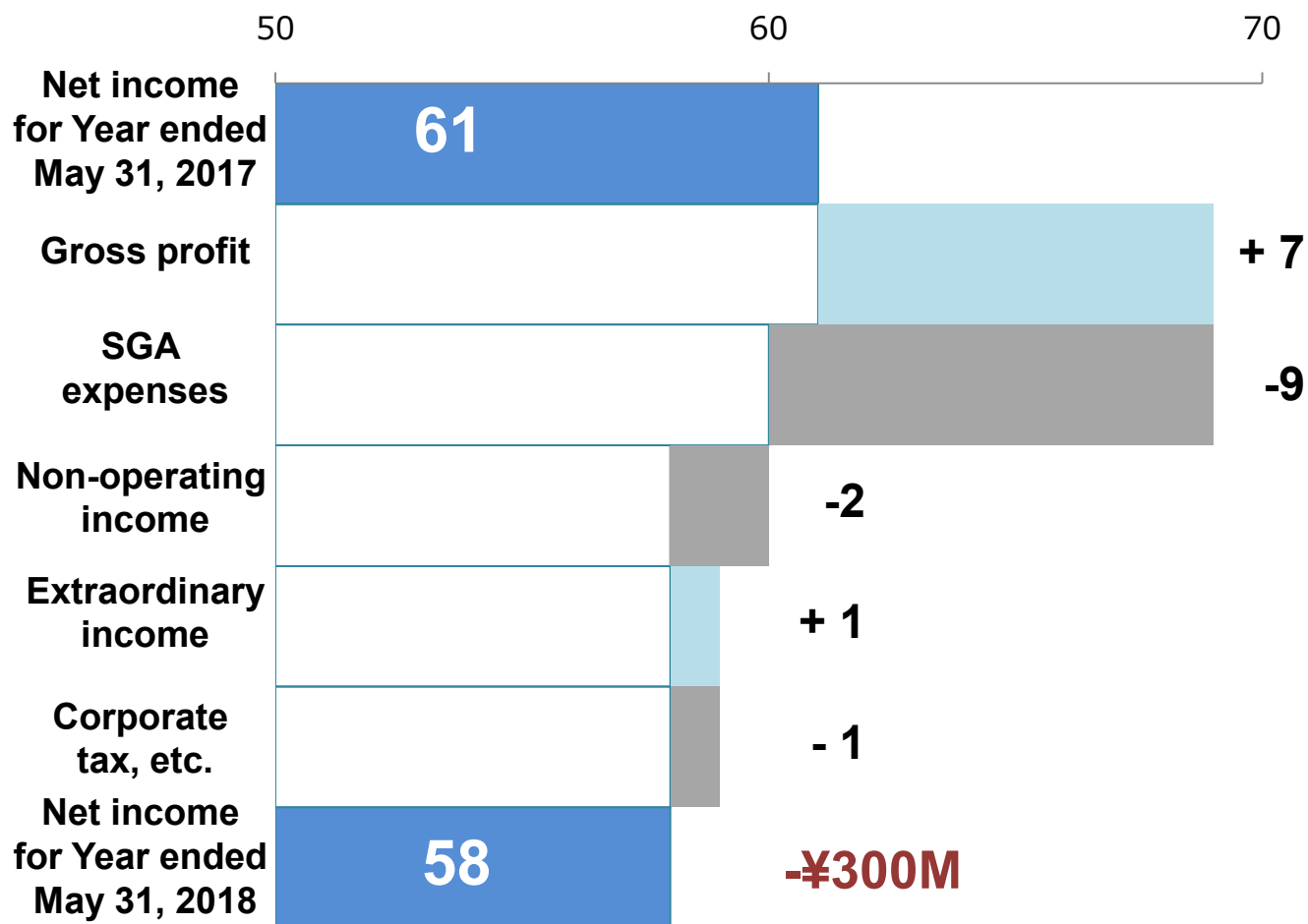
Unit:100 million yen

	2017	2018	Difference	Difference (%)	Forecast for 2018 (*1)
Sales	618	624	6	0.9%	622 (+2)
Gross profit	336	343	7	2.2%	-
Gross profit margin (%)	54.3%	55.0%	-	-	-
R&D expenses	54	57	3	4.6%	-
Ratio against sales (%)	8.8%	9.1%	-	-	-
Other SGA expenses	204	211	7	3.4%	-
Operating income	77	76	-1	-1.9%	74 (+2)
Ordinary income	83	79	-4	-4.5%	76 (+3)
Net income	61	58	-3	-5.6%	54 (+4)
(*2)					
Yen/USD (¥)	112	106	-6		110 (-4)
Yen/Euro (¥)	120	131	+11		130 (+1)

(*1) Announced Jan. 2018 (*2) Exchange rates for overseas subsidiaries (Period ending March)

Main factor for reduced net income: Increase in SGA expenses

Unit: 100 million yen



Main factors causing change in net income

- Increased sales of profitable vegetable seeds; improved gross profit margin from retailing
- Increased costs for personnel expenses, R&D and strengthening global management systems
- Increased foreign exchange losses
- Selling real estate, etc.

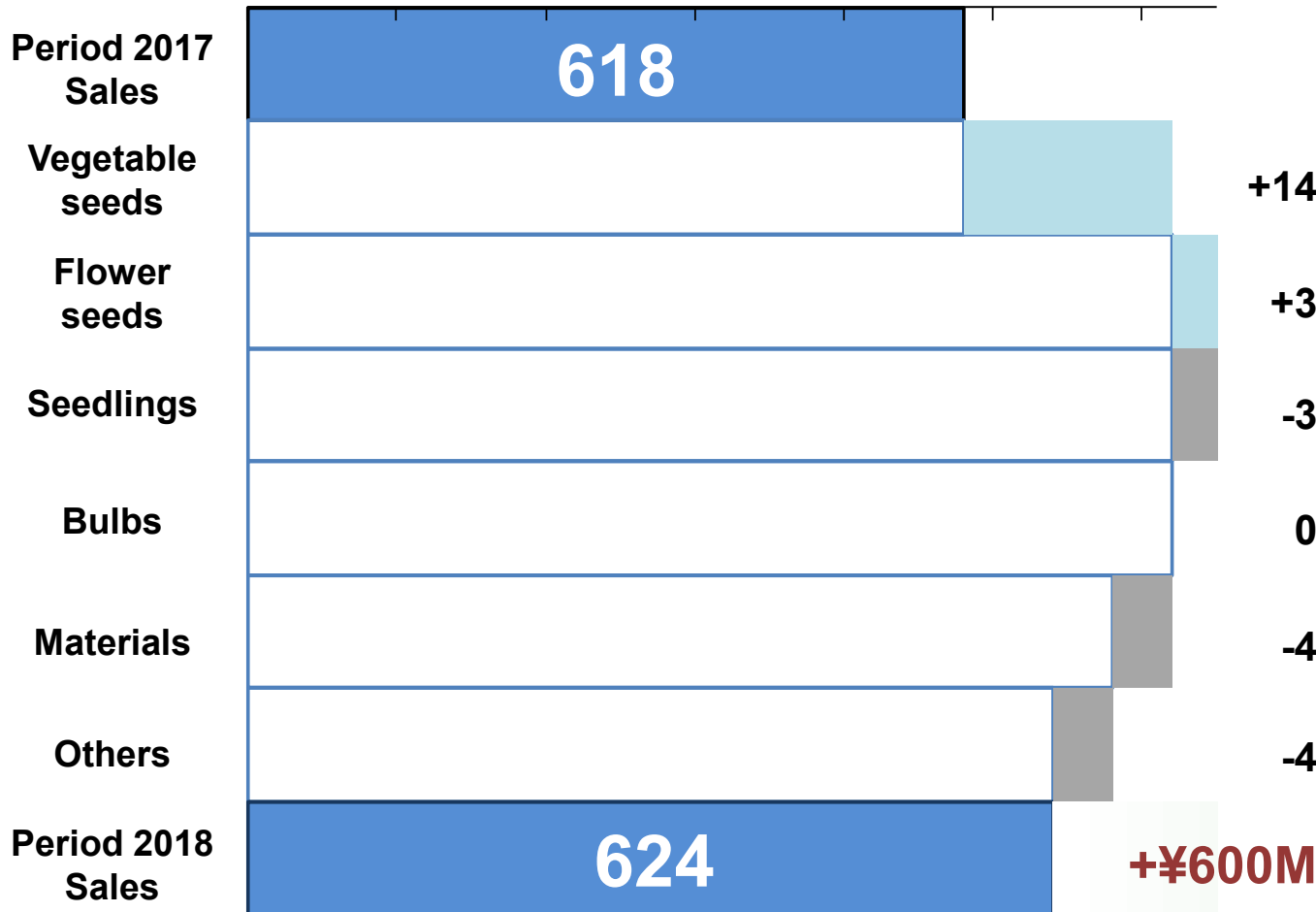
Domestic wholesaling posted higher sales but lower income; overseas wholesaling increased sales and income; and retailing posted lower sales and income.

Unit: 100 million yen	Sales				Operating income			
	17/5	18/5	Change	Change (%)	17/5	18/5	Change	Change (%)
Domestic wholesale	167	168	1	0.8%	53	52	-1	-2.4%
Overseas wholesale	353	373	20	5.6%	104	112	8	7.8%
Retail sales	82	71	-11	-13.6%	1	1	0	-21.4%
Other	16	12	-4	-25.9%	1	0	-1	-87.7%
Subtotal	618	624	6	0.9%	158	164	6	3.8%
Elimination	-	-	-	-	-81	-88	-8	-9.3%
Consolidated	618	624	6	0.9%	77	76	-1	-1.9%

Sales of vegetable seeds grew significantly.

Unit: 100 million yen

570 580 590 600 610 620 630



Main factors causing change in sales

Broccoli, tomato, pepper and cucumber seeds sold well.

Lisianthus seeds continued to sell well.

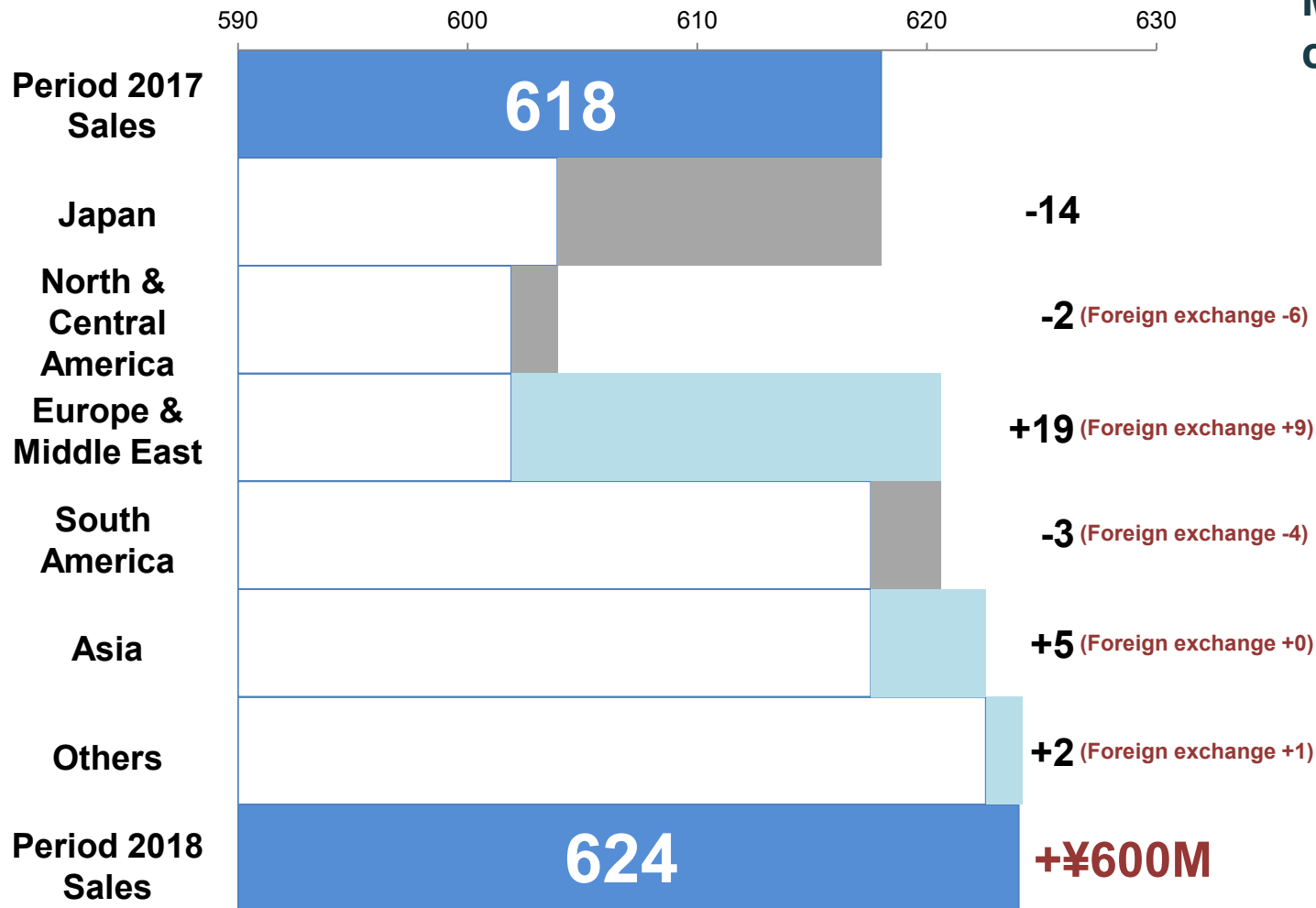
Demand for home gardening decreased due to unseasonable weather; disposal of unprofitable retail products

Reactionary fall after construction in the last period

**Impact of foreign exchange
+¥100 M**

Overseas sales increased in all regions in terms of local currencies.

Unit: 100 million yen



Main factors causing change in sales

Sales fell due to unseasonable weather; disposal of unprofitable retail products

Strong latter half for period; increase in terms of local currencies

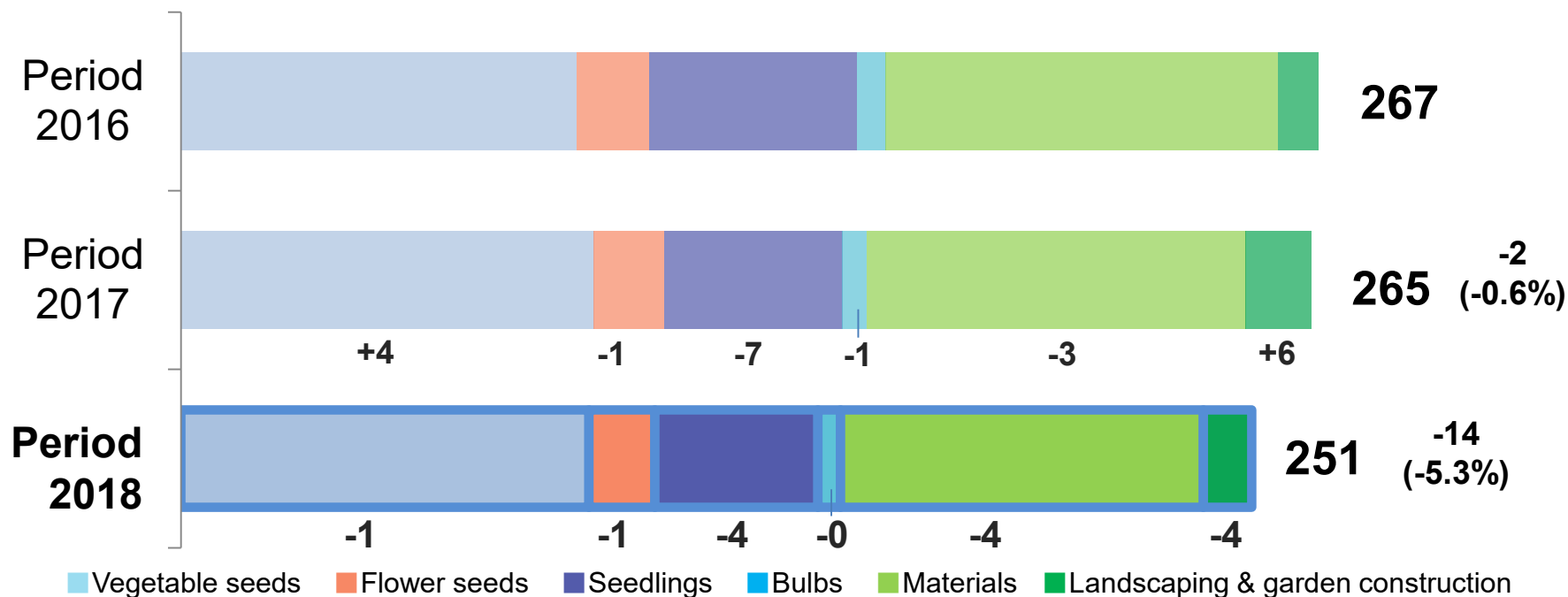
Vegetable and lisianthus seeds sold well.

Recovery in the latter half for period; increase in terms of local currencies

China and Korea performed well

Sales fell due to unseasonable weather and disposal of unprofitable products.

Unit:100 million yen



2016/6-2017/5 Products whose sales changed most

Vegetable seeds:	Broccoli	+2.0
	Bunching Onion	+0.5
	Melon	-0.3
Flower seeds:	Ebukuro	
	(pictorial packets)	-0.5

2017/6-2018/5 Products whose sales changed most

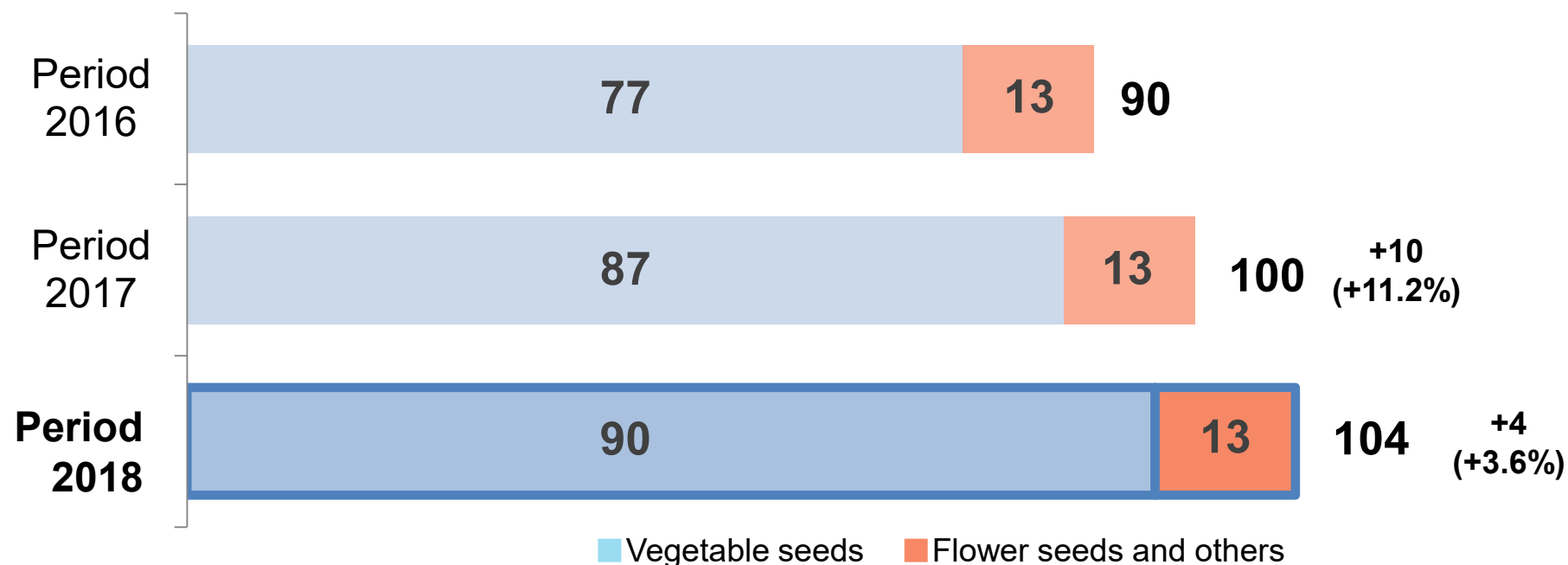
Vegetable seeds:	Broccoli	+1.2
	Lettuce	+0.7
	Carrot	-0.5
Flower seeds:	Pansy	+0.2

Sales by region for period ending May 2018 (2)

[North and Central America]

Broccoli seeds sold well; sales rose for full period over previous period

Unit: million dollars



2016/6-2017/5 Products whose sales changed most

Vegetable seeds:	Spinach	+3.3
	Melon	+1.6
	Watermelon	-2.2
Flower seeds:	Primula	-0.3

2017/6-2018/5 Products whose sales changed most

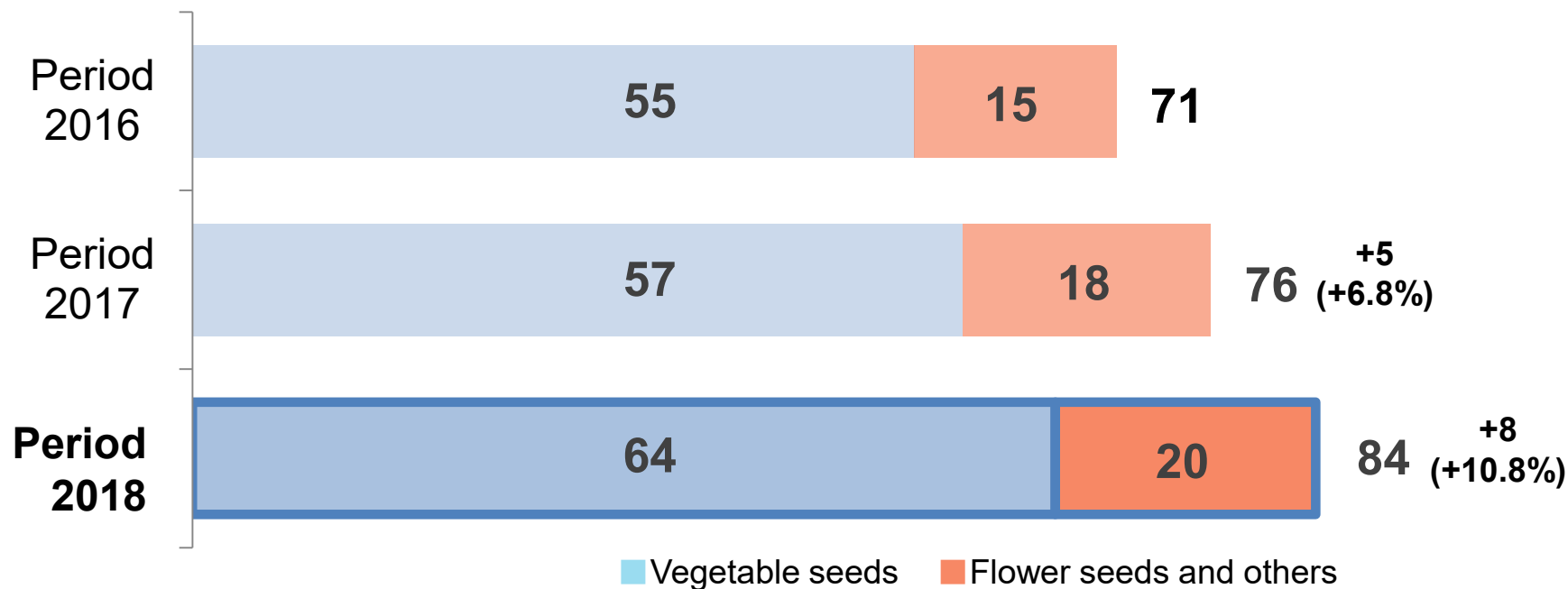
Vegetable seeds:	Broccoli	+5.7
	Spinach	-2.7
	Carrot	-1.7
Flower seeds:	Pansy	-0.2

Sales by region for Period ending May 2018 (3)

[Europe and Middle East]

Vegetable and flower seeds both sold well; posted a big increase in sales

Unit: million euros



2016/6-2017/5 Products whose sales changed most

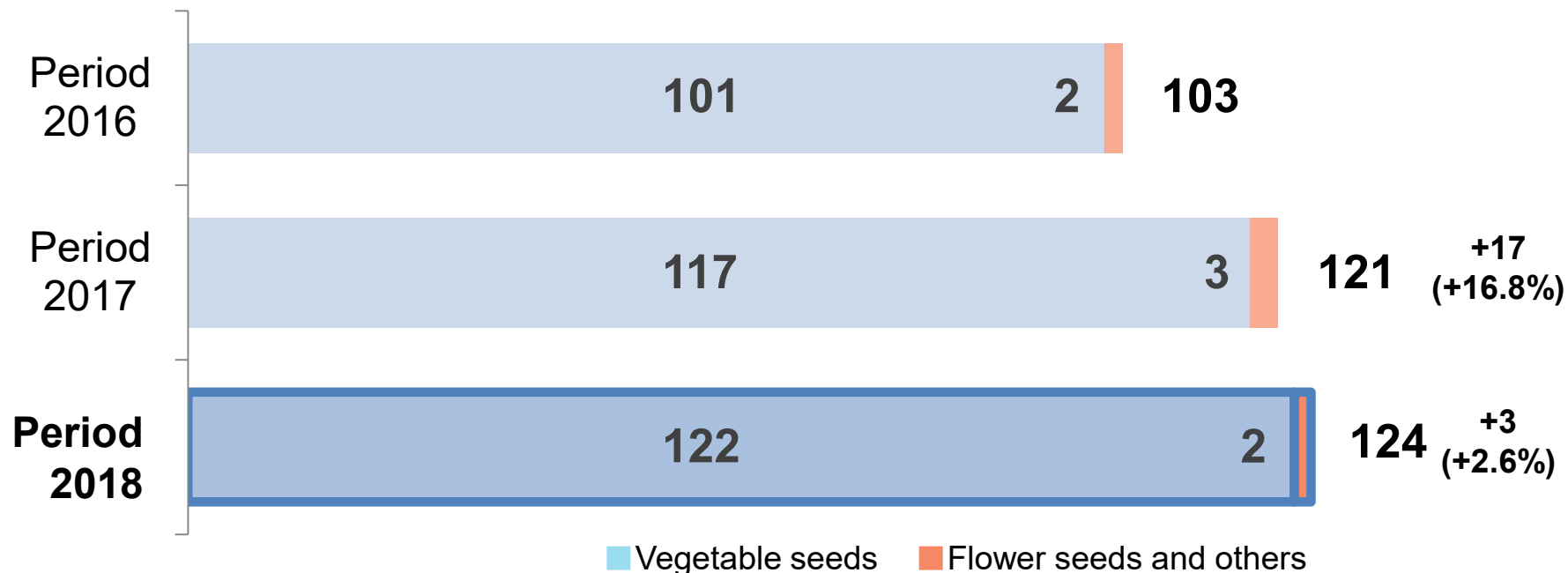
Vegetable seeds:	Broccoli	+2.1
	Melon	+0.6
	Spinach	+0.5
Flower seeds:	Lisianthus	+0.2

2017/6-2018/5 Products whose sales changed most

Vegetable seeds:	Tomato	+2.5
	Cucumber	+1.2
	Broccoli	+1.1
Flower seeds:	Lisianthus	+1.4

Recovered in the latter half for period; slight increase for full period

Unit: million Real



2016/6-2017/5 Products whose sales changed most

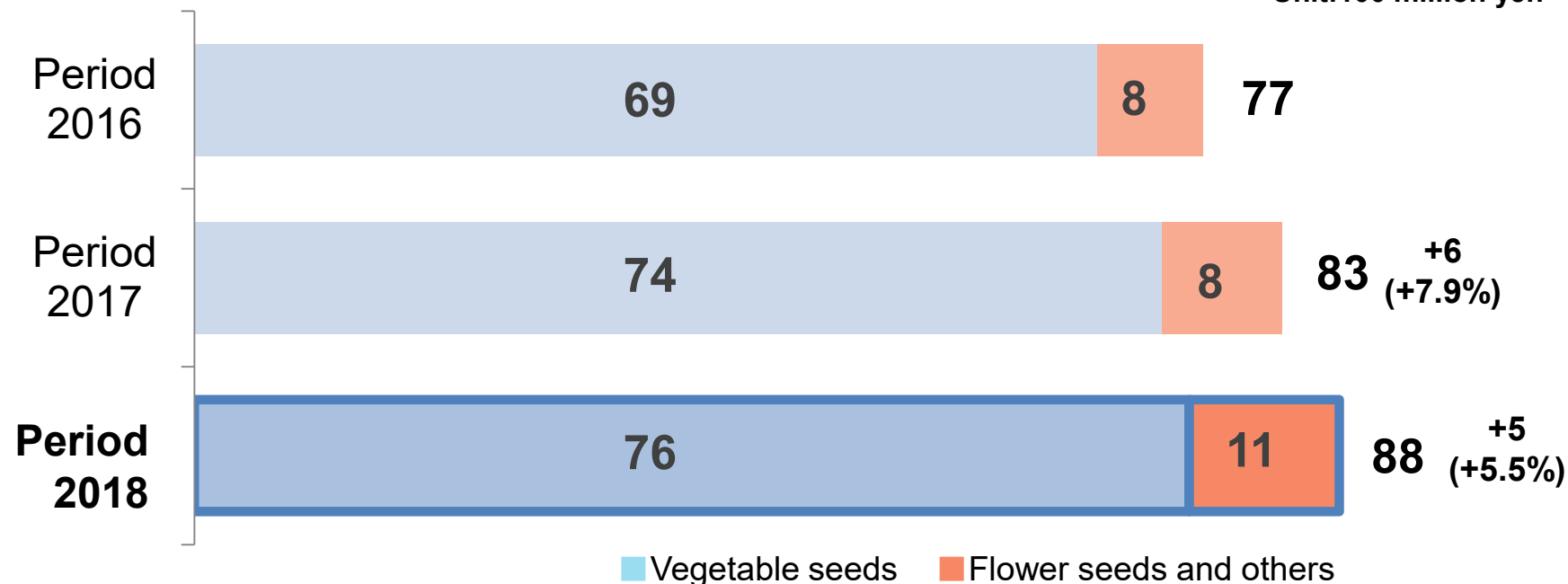
Vegetable seeds:	Broccoli	+3.9
	Squash	+3.3
	Tomato	+3.0
Flower seeds:	Lisianthus	-0.2

2017/6-2018/5 Products whose sales changed most

Vegetable seeds:	Melon	+2.3
	Broccoli	+2.1
	Pepper	+1.9
Flower seeds:	Lisianthus	-0.2

Sales rose due to good performance in China and Korea, but declined in India.

Unit:100 million yen



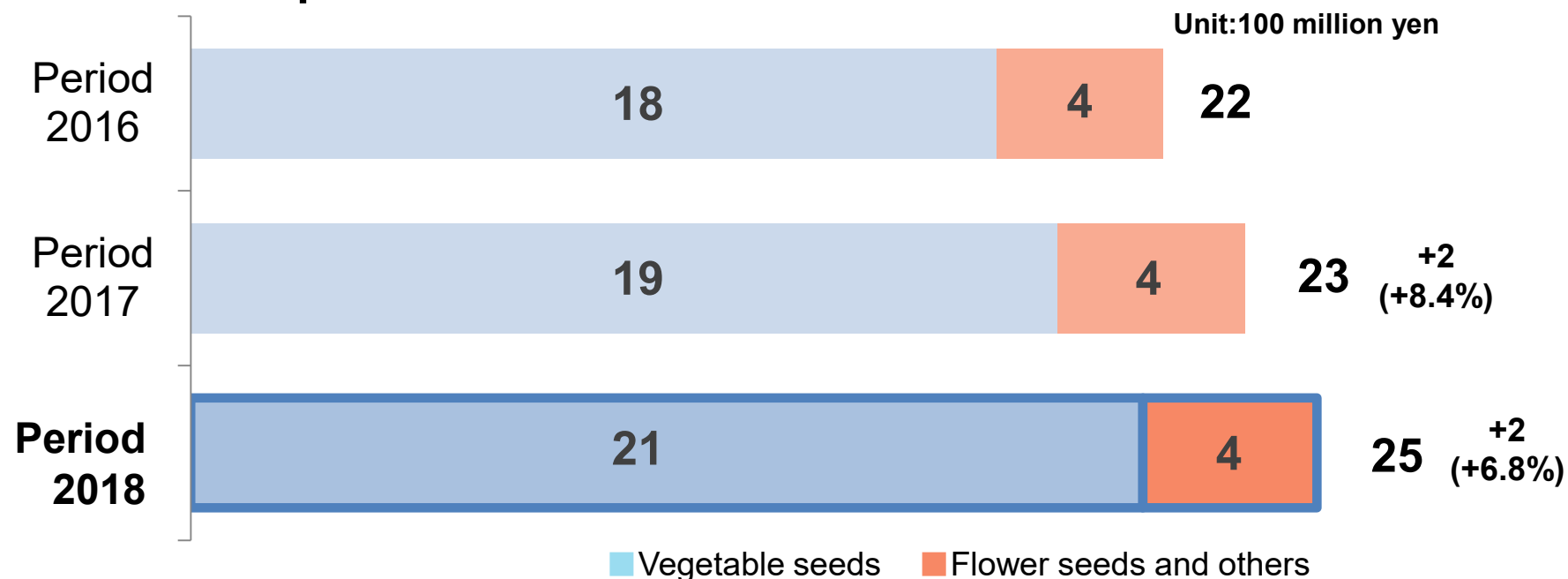
2016/6-2017/5 Products whose sales changed most

Vegetable seeds:	Broccoli	+2.6
	Spinach	+1.9
	Carrot	-1.2
Flower seeds:	Sunflower	+0.9

2017/6-2018/5 Products whose sales changed most

Vegetable seeds:	Broccoli	+4.3
	Carrot	+1.3
	Spinach	-1.0
Flower seeds:	Lisianthus	+1.1

6.8% rise over the previous period thanks to good sales of squash and onion seeds



2016/6-2017/5 Products whose sales changed most

Vegetable seeds:	Melon	+0.6
	Broccoli	+0.4
	Squash	+0.4
Flower seeds:	Pansy	+0.0

2017/6-2018/5 Products whose sales changed most

Vegetable seeds:	Squash	+1.4
	Onion	+1.1
	Melon	-0.6
Flower seeds:	Pansy	-0.0

Main selling, general and administrative (SGA) expenses for period ending May 2018

Personnel costs and R&D expenses increased.

Unit: 100 million yen; consolidated basis

(Breakdowns given on the basis of locations of head office and major subsidiaries)

	SGA expenses	Personnel expenses	Depreciation	R&D expenses*	
Results for period 2018	267.7	140.3	13.4	56.9	
Results for period 2017	258.7	135.1	13.5	54.4	
Difference YoY	9.0	5.2	-0.1	2.5	
Impact of foreign exchange out of the above	1.2	0.7	0.2	-0.4	
Breakdown	Japan (head office)	6.0	1.7	-0.6	1.5
	Europe	10.3	4.9	0.4	0.9
	North America	1.1	0.4	-0.1	0.6
	South America (Brazil)	-2.8	-1.3	0.0	-0.2
	Others + consolidation adjustment	-5.7	-0.5	0.1	-0.3

*R&D expenses are the total expenses related to research activities, part of which include personnel expenses and depreciation.

II Performance Outlook and Dividend Policy for Period Ending May 2019

Predicted rise in sales, but lower operating & ordinary incomes due to expected rise in SGA expenses.

Unit:100 million yen

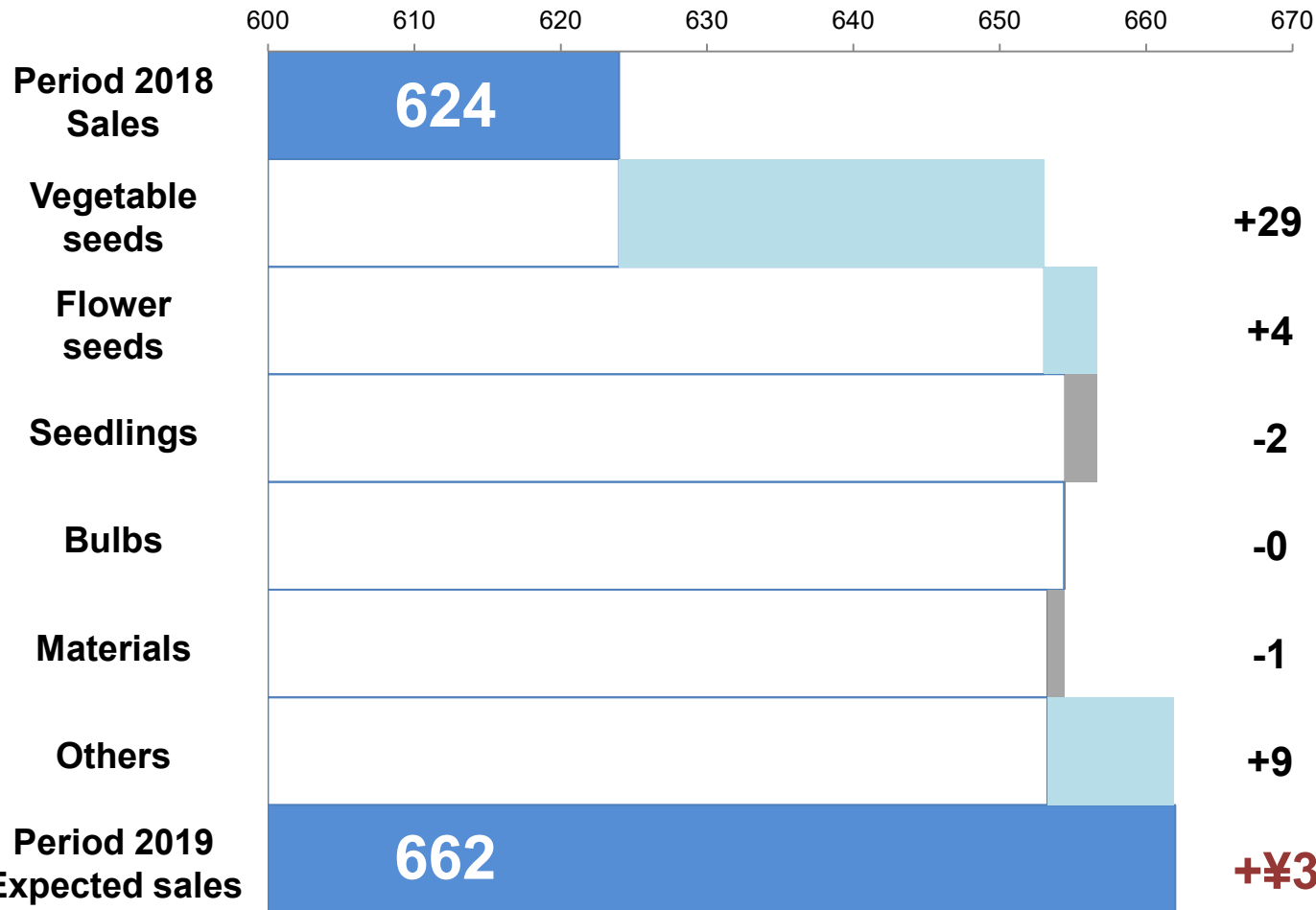
	Period 2017	Period 2018	Period 2019 outlook	Difference	Difference (%)
Sales	618	624	662	38	6.1%
Gross profit	336	343	367	24	6.8%
Gross profit margin (%)	54.3%	55.0%	55.4%	-	-
R&D expenses	54	57	63	6	10.4%
Ratio against sales (%)	8.8%	9.1%	9.5%	-	-
Other SGA expenses	204	211	231	20	9.5%
Operating income	77	76	73	-3	-3.4%
Ordinary income	83	79	77	-2	-2.3%
Net income of FY	61	58	61	3	5.8%
Yen/USD (yen)	112	106	110	Estimate of exchange sensitivity*(million yen)	
Yen/Euro (yen)	120	131	130	USD	84
				Euro	13

* Estimated impact on annual operating income by exchange-rate fluctuations of ¥1

Performance outlook for period ending May 2019 (Sales by product)

Vegetable seeds expected to sell well in all regions.

Unit: 100 million yen



Major factors likely to cause change in sales

Recovery of demand in domestic wholesaling; continuing rise in overseas sales

Lisianthus continues to sell well

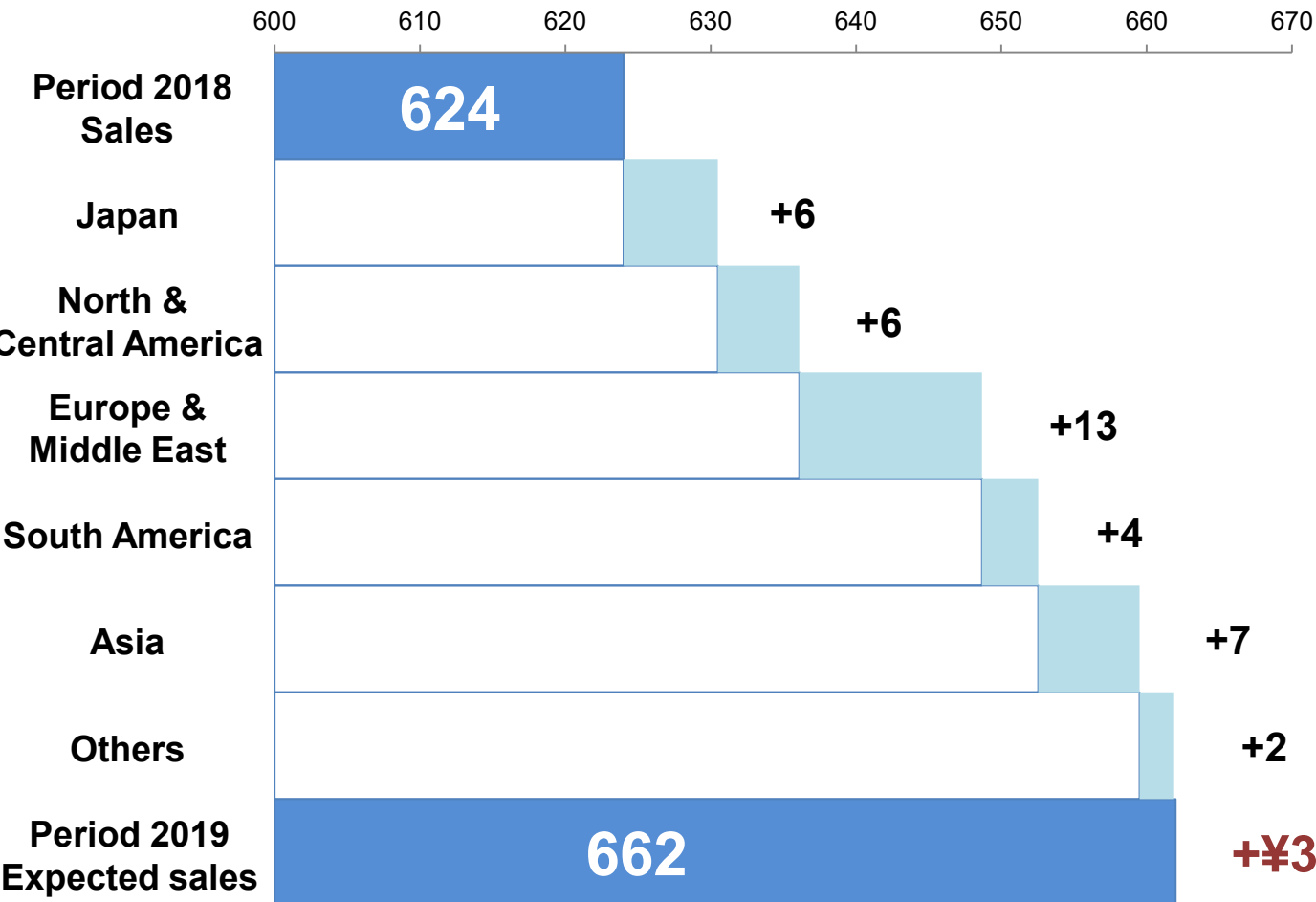
Product marketing that takes advantage of profitability

Sales growth by establishing landscape gardening subsidiary

Performance outlook for period ending May 2019 (Sales by region)

Sales expected to grow in all regions.

Unit: 100 million yen



Major factors likely to cause change in sales

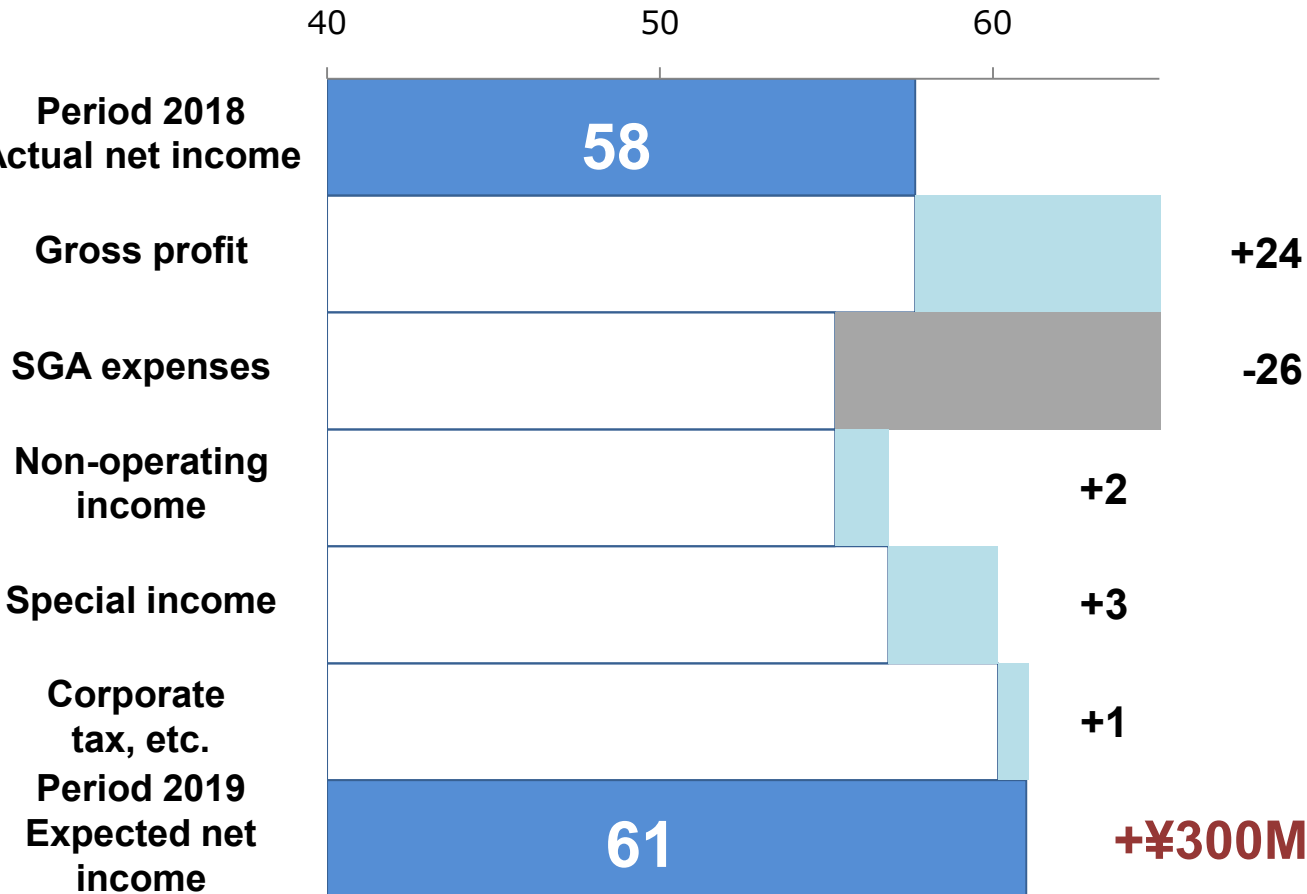
Recovery of demand in domestic wholesaling; sales growth via establishing landscape gardening subsidiary

Increase in vegetable seed sales

Performance outlook for period ending May 2019 (Net income)

Continue to invest to strengthen management and research systems

Unit: 100 million yen



Major factors likely to cause change in net income

Sales growth;
improvement of gross profit margin

Higher personnel costs
and R&D expenses

Planned posting of capital gain
for real estate holdings

Performance outlook for period ending May 2019 (Main selling, general and administrative (SGA) expenses)

Personnel costs for research and sales to rise; SGA expenses are expected to increase globally.

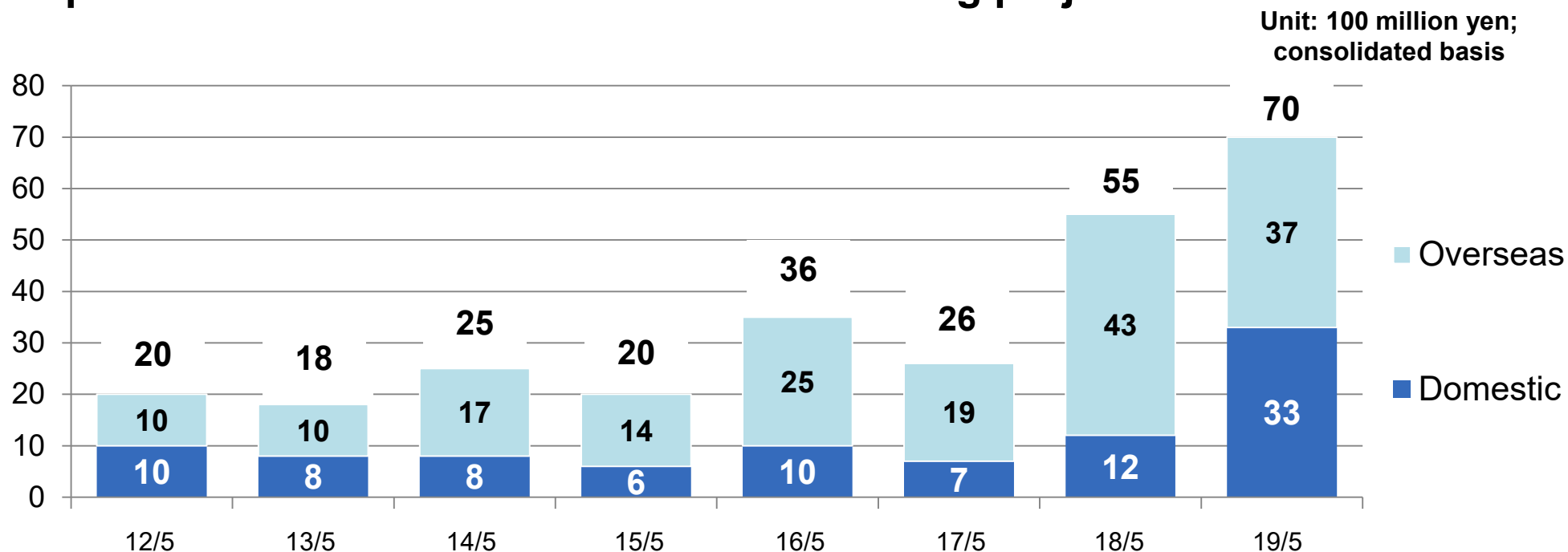
Unit: 100 million yen; consolidated basis

(Breakdowns given on the basis of locations of head office and major subsidiaries)

	SGA expenses	Personnel expenses	Depreciation	R&D expenses*	
Outlook for period 2019	293.6	147.8	15.9	62.8	
Results for period 2018	267.7	140.3	13.4	56.9	
Difference YoY	25.9	7.4	2.4	5.9	
Impact of foreign exchange out of the above	0.1	-0.6	0.0	-0.3	
Breakdown	Japan (head office)	11.0	-1.3	1.0	3.4
	Europe	8.3	1.9	0.8	3.7
	North America	4.2	1.9	0.4	-0.2
	South America (Brazil)	-0.7	0.7	0.0	-0.7
	Others + consolidation adjustments	3.0	4.2	0.3	-0.2

*R&D expenses are the total amount of expenses related to research activities, part of which include personnel expenses and depreciation.

Capital investment amounts increase due to big projects.



*2012/5-2018/5: Actual capital investment amounts for each period (including acquisition of intangible fixed assets)
2019/5: Including amounts of investment for periods after period 2019

Overview of major investments

Unit: 100 million yen

	Total amts	Actual amts for period 2018	Planned amts for period 2019
Newly built Chiba Farm (tentative name) in Japan	18	3	11
Newly built R&D facilities in US	19	6	7
Newly built warehouse in India	9	3	3

¥30/share: 2 yen more than period 2017; 5 yen more than expected

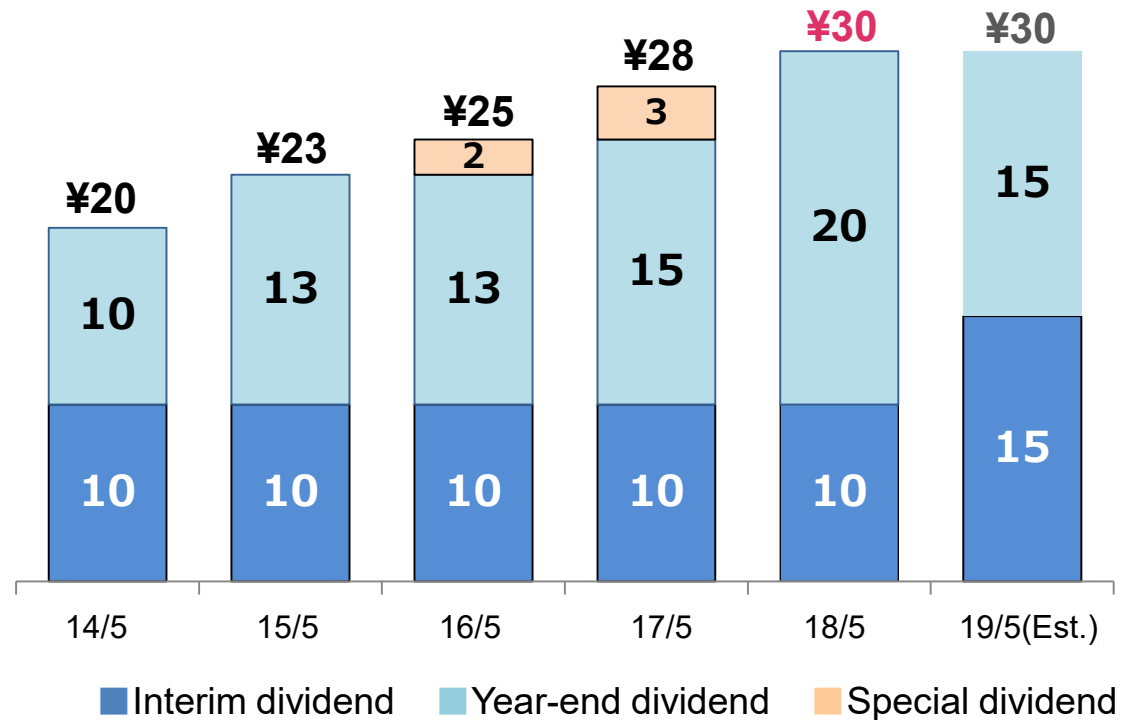
- The Company considers returning profits to shareholders an important task for management
- Basic policy is to ensure sufficient retained earnings to enhance its management capabilities and foundation, and to make stable and continuous payouts, considering consolidated financial results of each fiscal year.

1) For period 2018, ¥2 increase in dividend compared to period 2017

2) For period 2019, ¥30/share is expected.

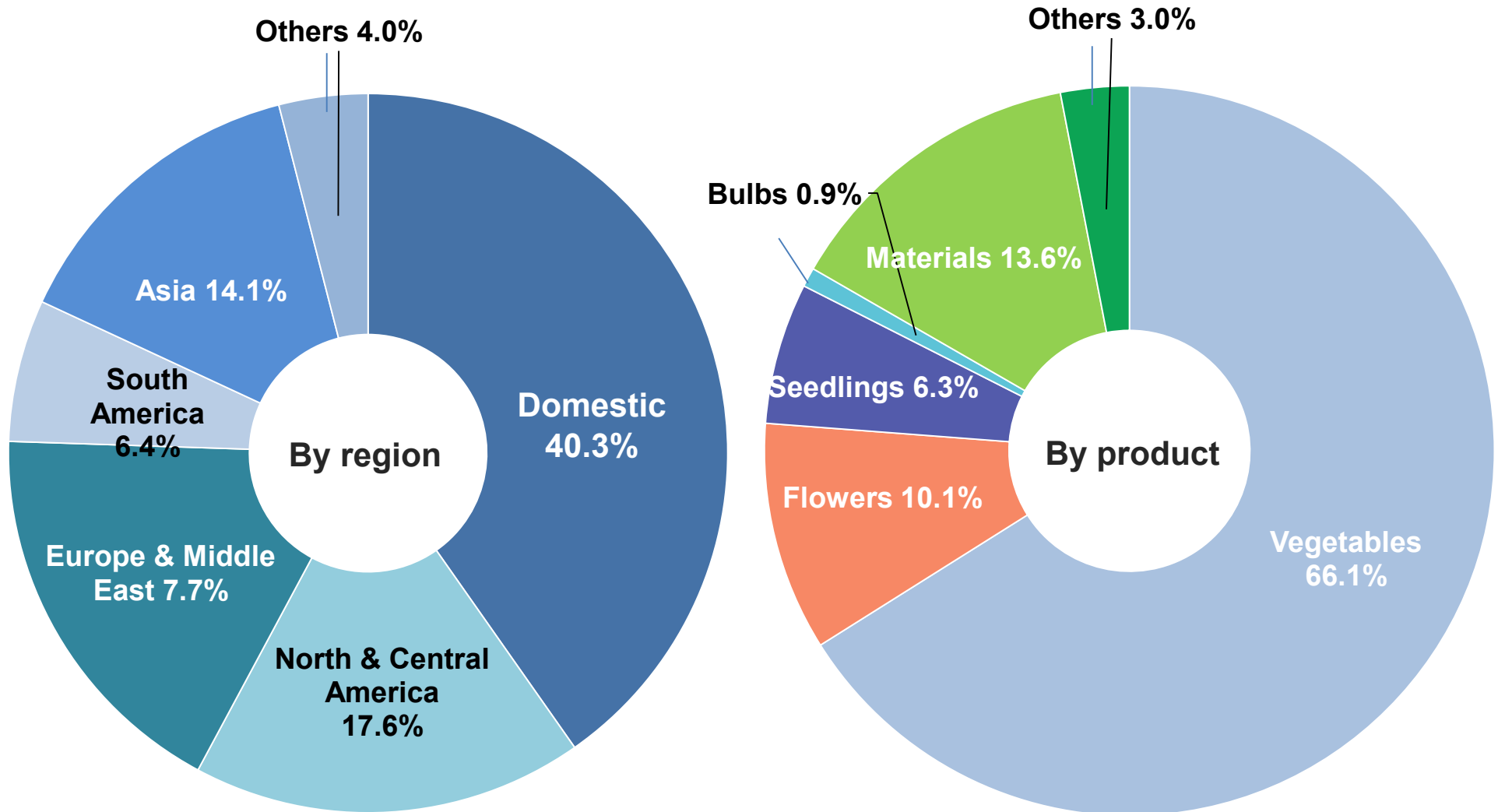
Interim dividend: ¥15

Year-end dividend: ¥15



III Data on Period Ending May 2018

Results for period ending May 2018: Breakdown of external sales (1)



Results for period ending May 2018: Breakdown of external sales (2)

Difference of sales YoY by product and region (after eliminating internal transactions)

Unit: 100 million yen

	Vegetables	Flowers	Seedlings	Bulbs	Materials	Others	Total
North & Central America	-1.8	-0.3	0.0	-	-	0.1	-2.0
Europe & Middle East	15.3	3.1	-	-	-	0.2	18.6
South America	-2.5	0.0	-	-	-	-0.5	-3.0
Asia	2.1	1.5	0.2	-	-	0.9	4.6
Other regions	1.9	0.0	-	-	-	-0.3	1.6
Overseas subtotal	15.0	4.3	0.2	-	-	0.3	19.8
Domestic subtotal	-1.2	-0.9	-3.7	-0.4	-3.8	-4.1	-14.1
Total	13.8	3.3	-3.5	-0.4	-3.8	-3.8	5.7

Results for period ending May 2018:

External sales by customers' region (Quarterly change)

Overseas sales (by customers' region)

Unit: thousand in local currency/million yen

	1st Qtr	YoY	YoY (%)	2nd Qtr	YoY	YoY (%)	3rd Qtr	YoY	YoY (%)	4th Qtr	YoY	YoY (%)
North & Central America (\$US)	19,447	-2,874	-12.9%	22,950	1,394	6.5%	25,622	1,453	6.0%	35,519	3,666	11.5%
Europe & Middle East (EUR)	18,687	1,204	6.9%	21,216	2,921	16.0%	19,018	1,406	8.0%	24,767	2,648	12.0%
South America (Real)	27,119	-5,538	-17.0%	30,540	-615	-2.0%	32,544	4,316	15.3%	33,509	4,922	17.2%
Asia (Yen)	3,455	360	11.6%	1,861	-22	-1.2%	1,791	243	15.7%	1,662	-125	-7.0%
Korea out of the above (WON)	4,752,476	298,538	6.7%	6,839,577	320,423	4.9%	2,670,006	202,233	8.2%	4,890,504	200,547	4.3%
India out of the above (INR)	159,900	-63,257	-28.3%	251,339	-16,772	-6.3%	173,235	60,580	54.1%	126,643	6,271	5.2%
Others (Yen) (Africa, Oceania)	544	73	15.4%	543	5	0.9%	882	59	7.1%	521	23	4.6%

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Please refer to the annual securities report, the summary of consolidated earnings report and the like for details on general uncertainty and fluctuating elements.