

# *Kikkoman Corporation*



## *Corporate and Strategic Overview*

**October 2003**

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**President and Chief Executive Officer**



- *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.*
- *In 2001, Kikkoman changed its fiscal year from January – December to April – March. In this presentation, fiscal years up to 2000 run January – December. From 2001 onwards, fiscal years run April – March. Overseas businesses and the Coca-Cola business, however, have December 31 balance dates.*



# *Topics for This Presentation*

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*I. Fiscal 2003 Themes and Accomplishments*

*II. Key Themes in Fiscal 2004*



# *I. Fiscal 2003 Themes and Accomplishments*

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*Fiscal 2003 Themes*

*Fiscal 2003 Performance*

*1. Overseas Performance*

*2. Japan Performance*



# *I. Fiscal 2003 Themes*

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## *1. Overseas Themes*

*(1) Make Further Inroads into Existing Markets and Open New Ones*

## *2. Japan Themes*

*(1) Expand Premium Soy Sauce*

*(2) Expand Tare and Tsuyu*

*(3) Strengthen Our Coca-Cola Business*



# *I. Fiscal 2003 Performance*

## *1. Overseas Performance*

*(1) Growth in Overseas Sales 7 %*

## *2. Japan Performance*

*(1) Growth in Premium Soy Sauce Sales 10 %*

*(2) Growth in Tsuyu*

*Share in Concentrated Soy Sauce Soup Bases*

*10.6 % 12.1 %*

*(3) Improvement in Coca-Cola Business Operating  
Income Ratio*

*2.1 % 3.5 %*

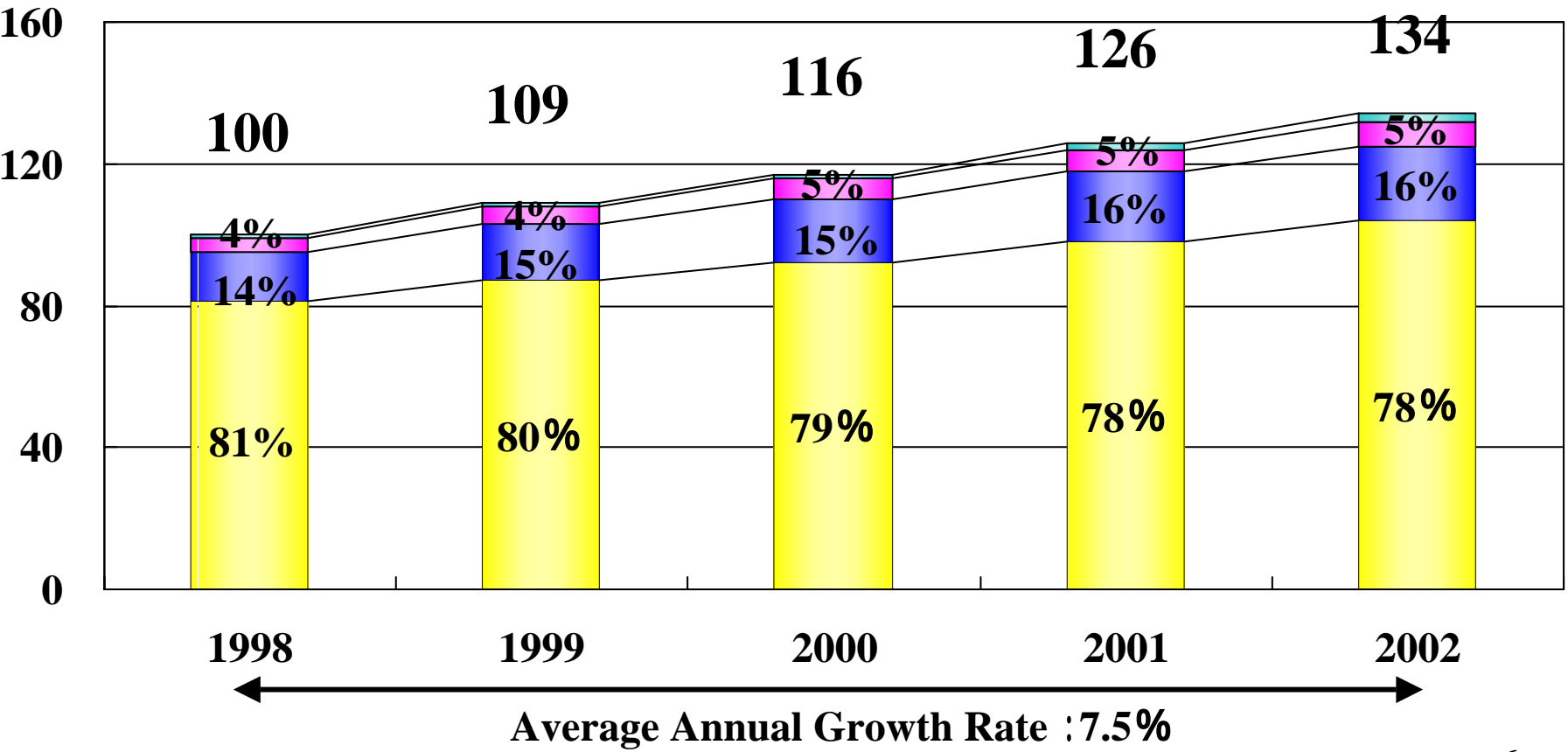


# I-1. Overseas Performance

## Kikkoman Overseas Soy Sauce Sales Volume



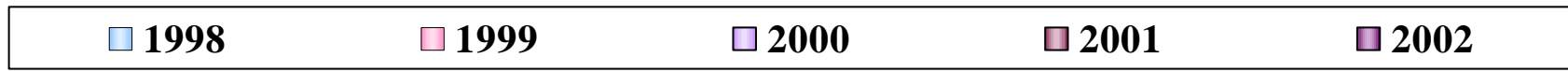
1998 Sales Volume = 100



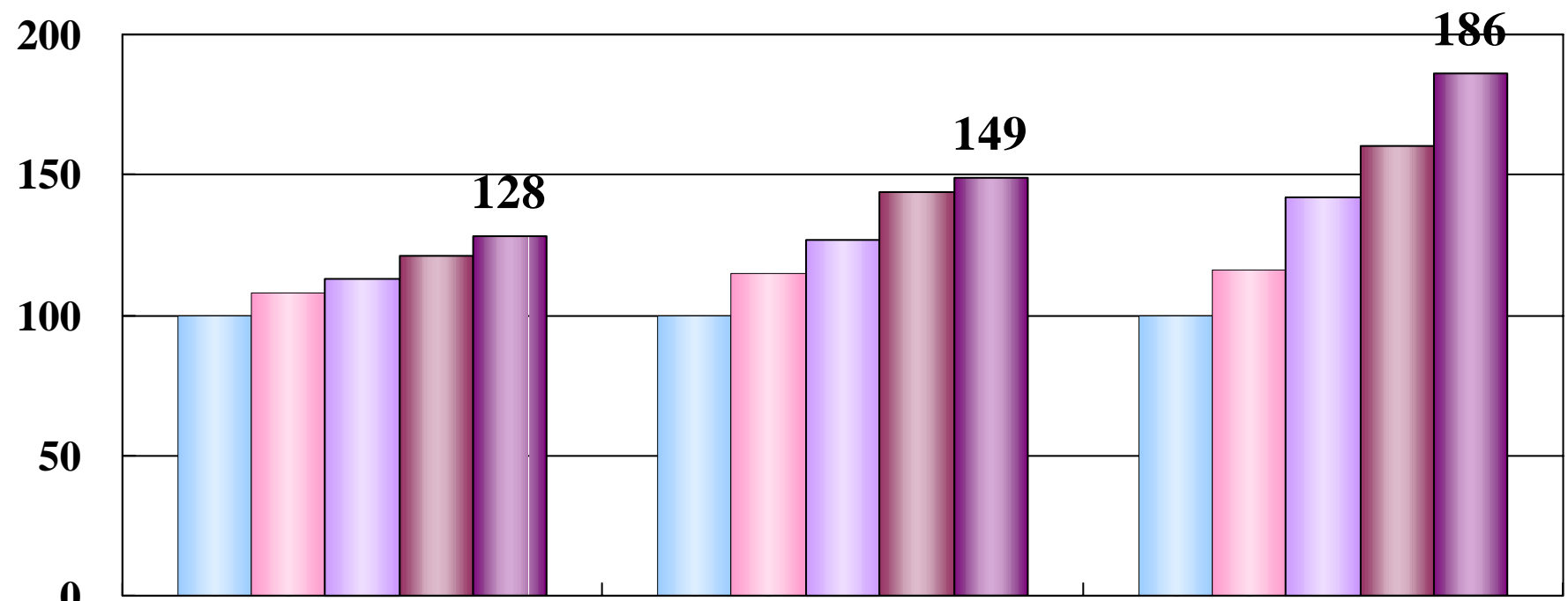


# I-1. Overseas Performance

## Kikkoman Overseas Soy Sauce Sales Volume



1998 Sales Volume = 100



**North America**



Average Annual Growth Rate: 6.5%

**Asia & Oceania**



Average Annual Growth Rate: 10.6%

**Europe**



Average Annual Growth Rate: 16.8%

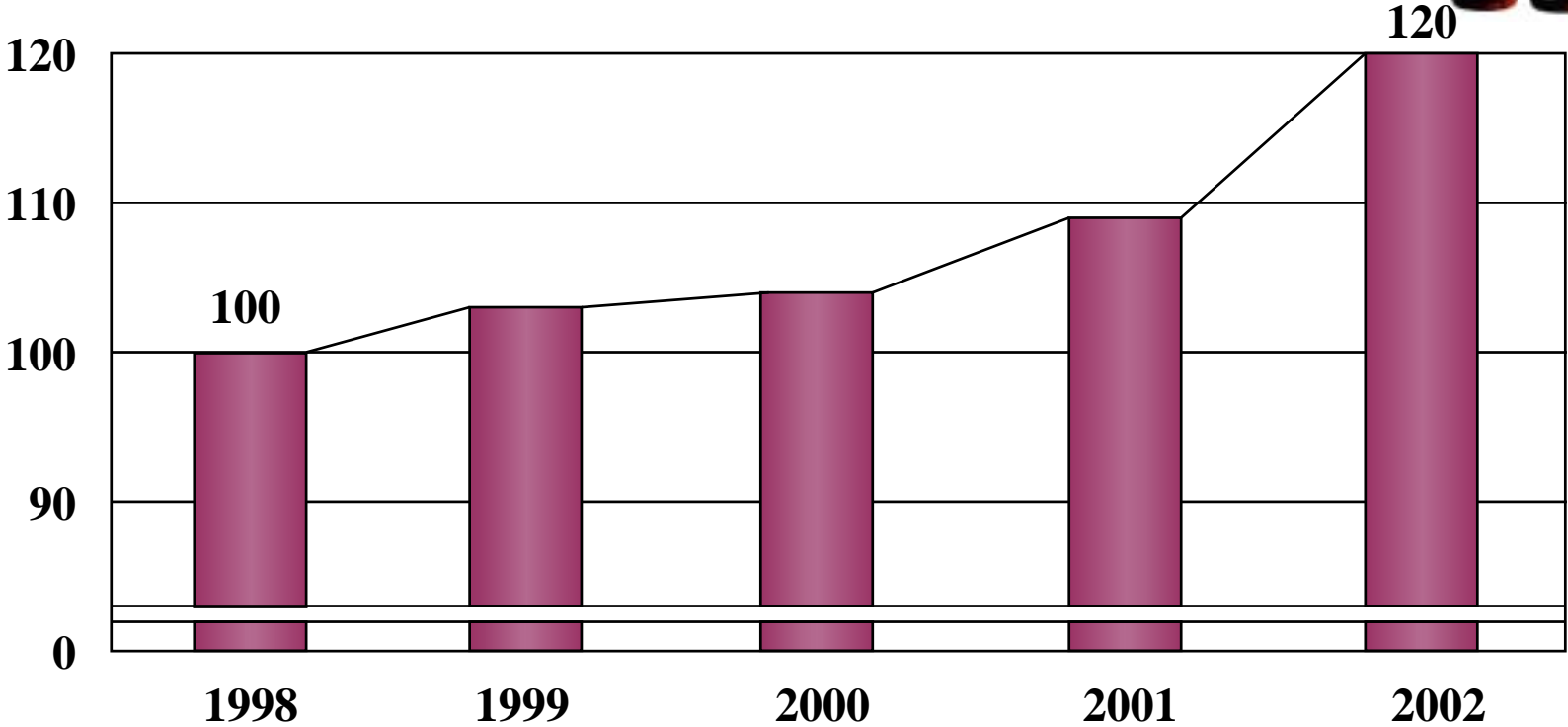


# I-2. Japan Performance

## Kikkoman Premium Soy Sauce Sales Volume



1998 Sales Volume = 100



Average Annual Growth Rate: 4.7%

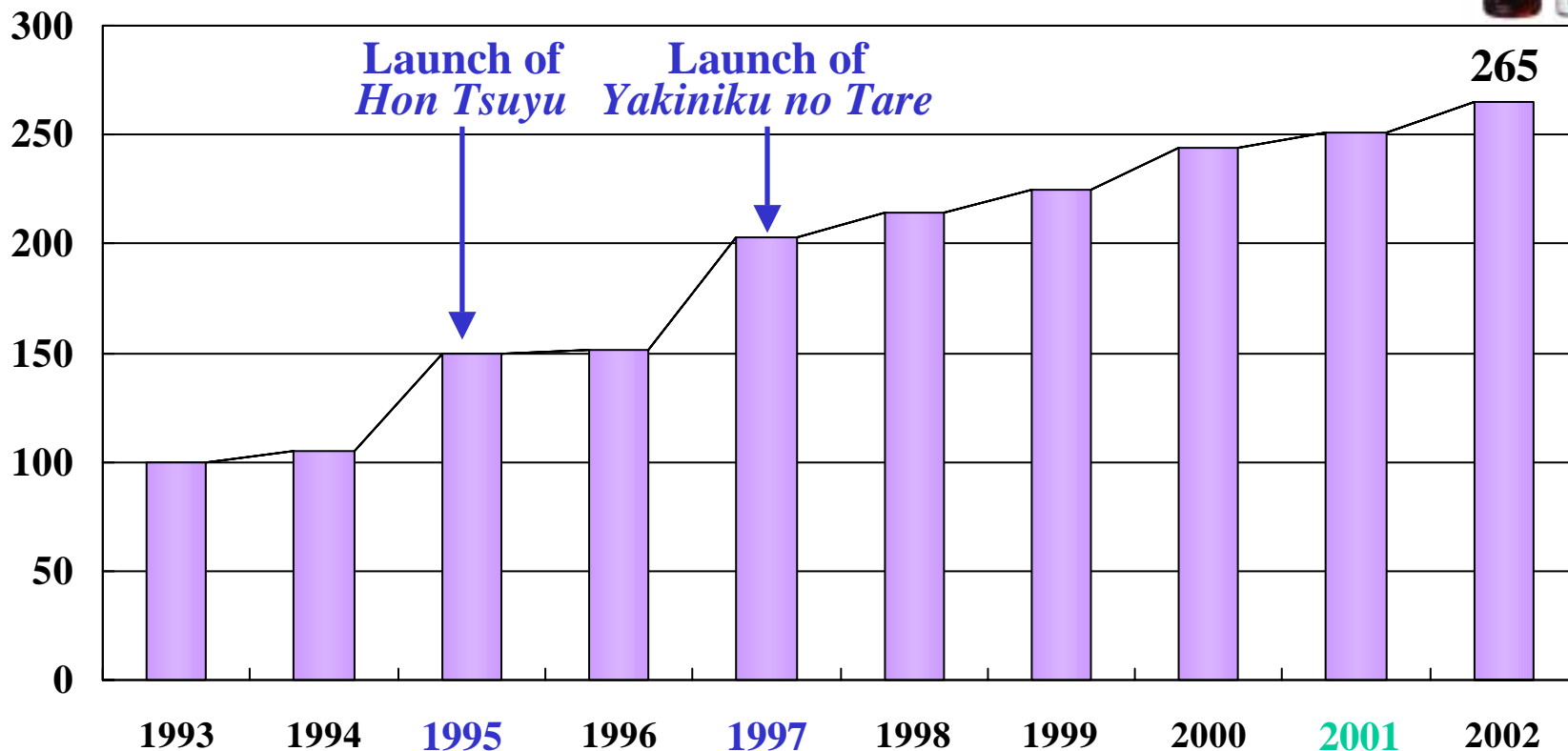


# I-2. Japan Performance

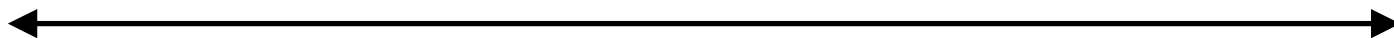
## Kikkoman Tsuyu and Tare Sales



1993 Sales = 100



BSE outbreak



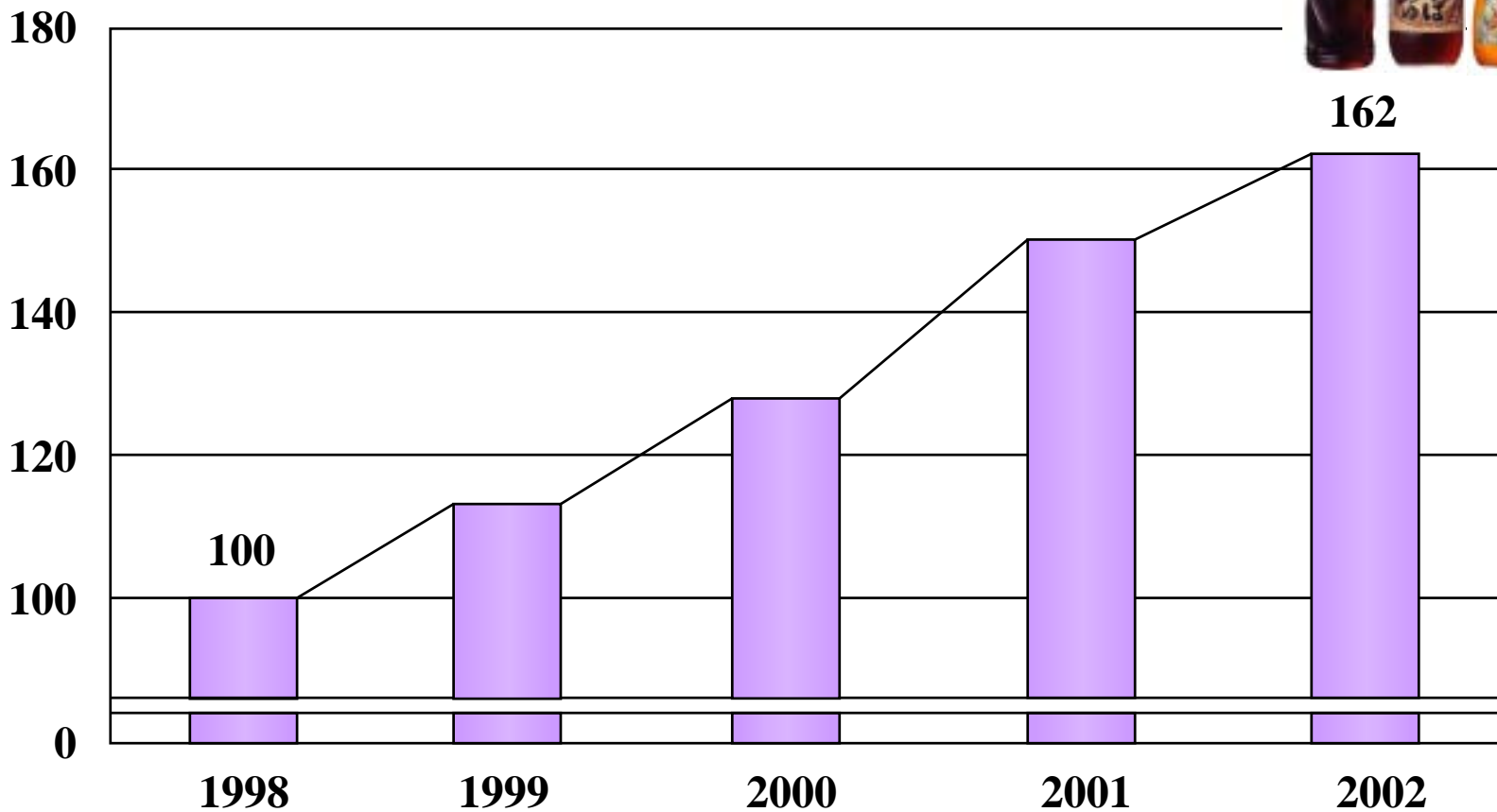
Average Annual Growth Rate: 11.5%



# I-2. Japan Performance

## *Kikkoman Tsuyu Sales*

1998 Sales = 100

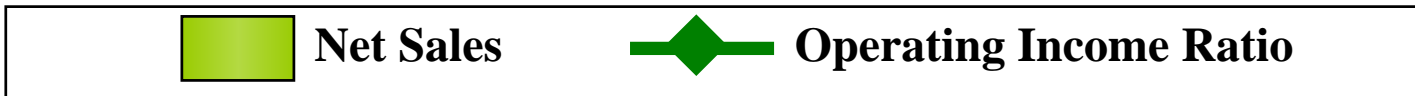


Average Annual Growth Rate: 12.8%



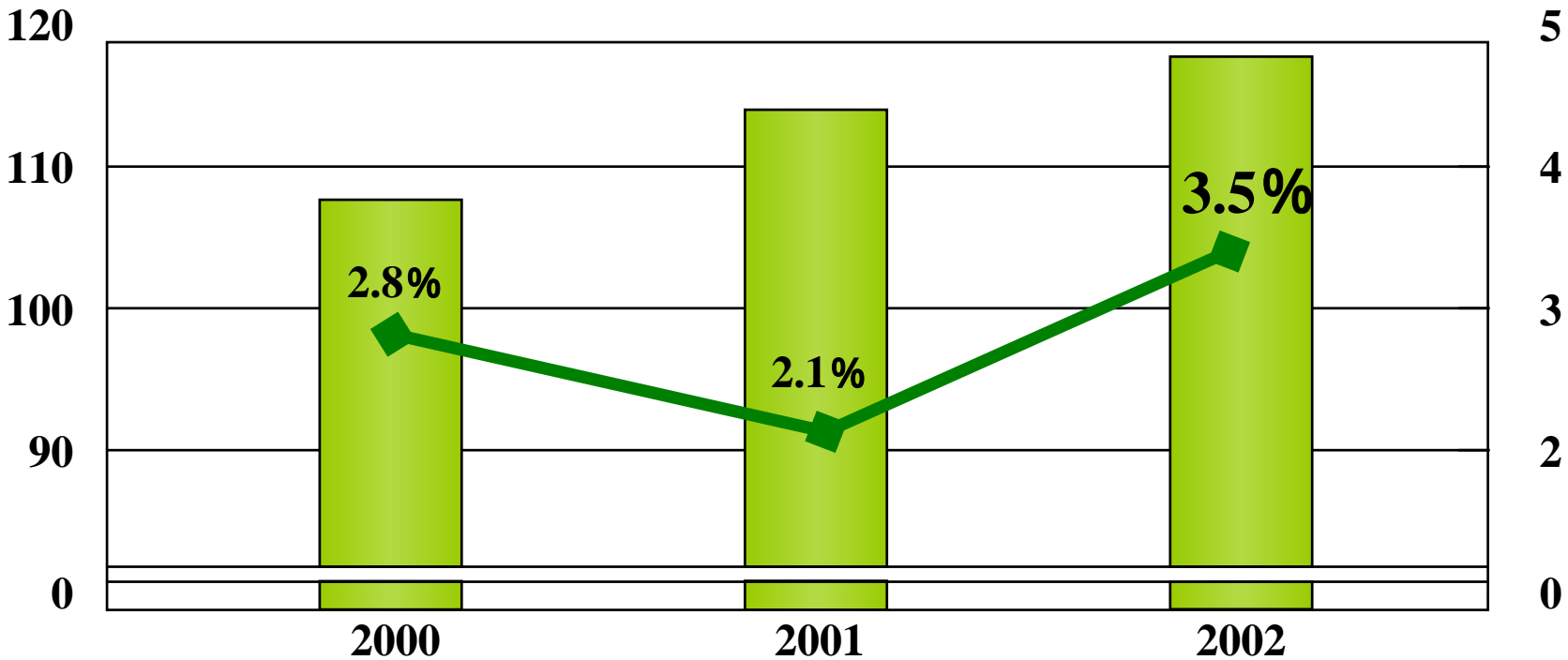
# I-2. Japan Performance

## Coca-Cola Business Performance



(Billions of yen)

(%)





## *II. Key Themes in Fiscal 2004*

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*1. Key Themes in Fiscal 2004 Overseas*

*2. Key Themes in Fiscal 2004 in Japan*

*3. Corporate Social Responsibility*



## *II. Key Themes in Fiscal 2004*

### *1. Key Themes in Fiscal 2004 Overseas*

*(1) Cultivate Existing Markets and Develop New Markets*

### *2. Key Themes in Fiscal 2004 in Japan*

*(1) Expand Premium Soy Sauce*

*(2) Expand Tare and Tsuyu*

*(3) Develop New Category*

*(4) Increase Market Share in Foodservice-use and Industrial-use Markets*

*(5) Promote SCM04*

*(6) Strengthen Our Coca-Cola Business*

### *3. Corporate Social Responsibility*

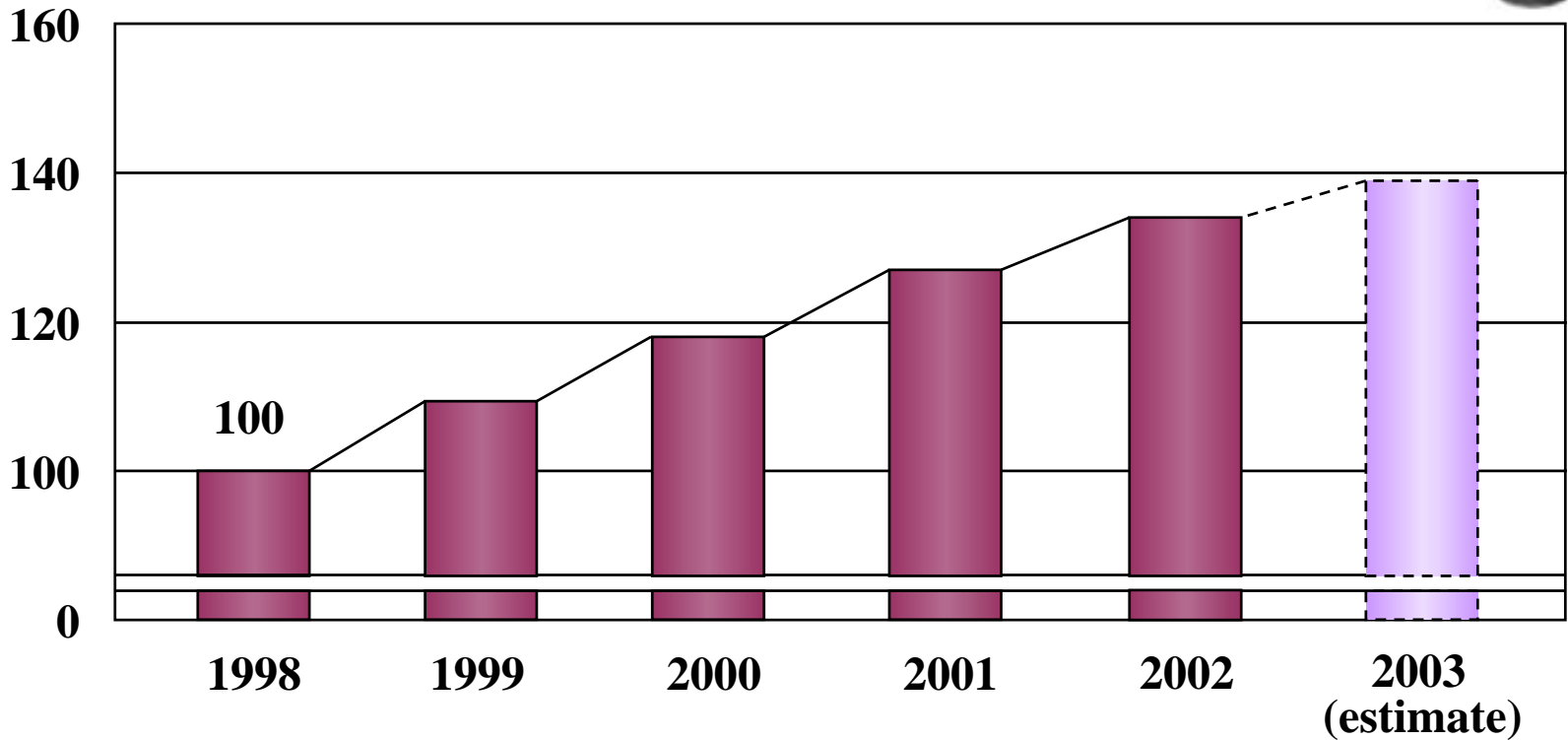


# II-1. Key Themes in Fiscal 2004 Overseas

*Cultivate Existing Markets and Develop New Markets*



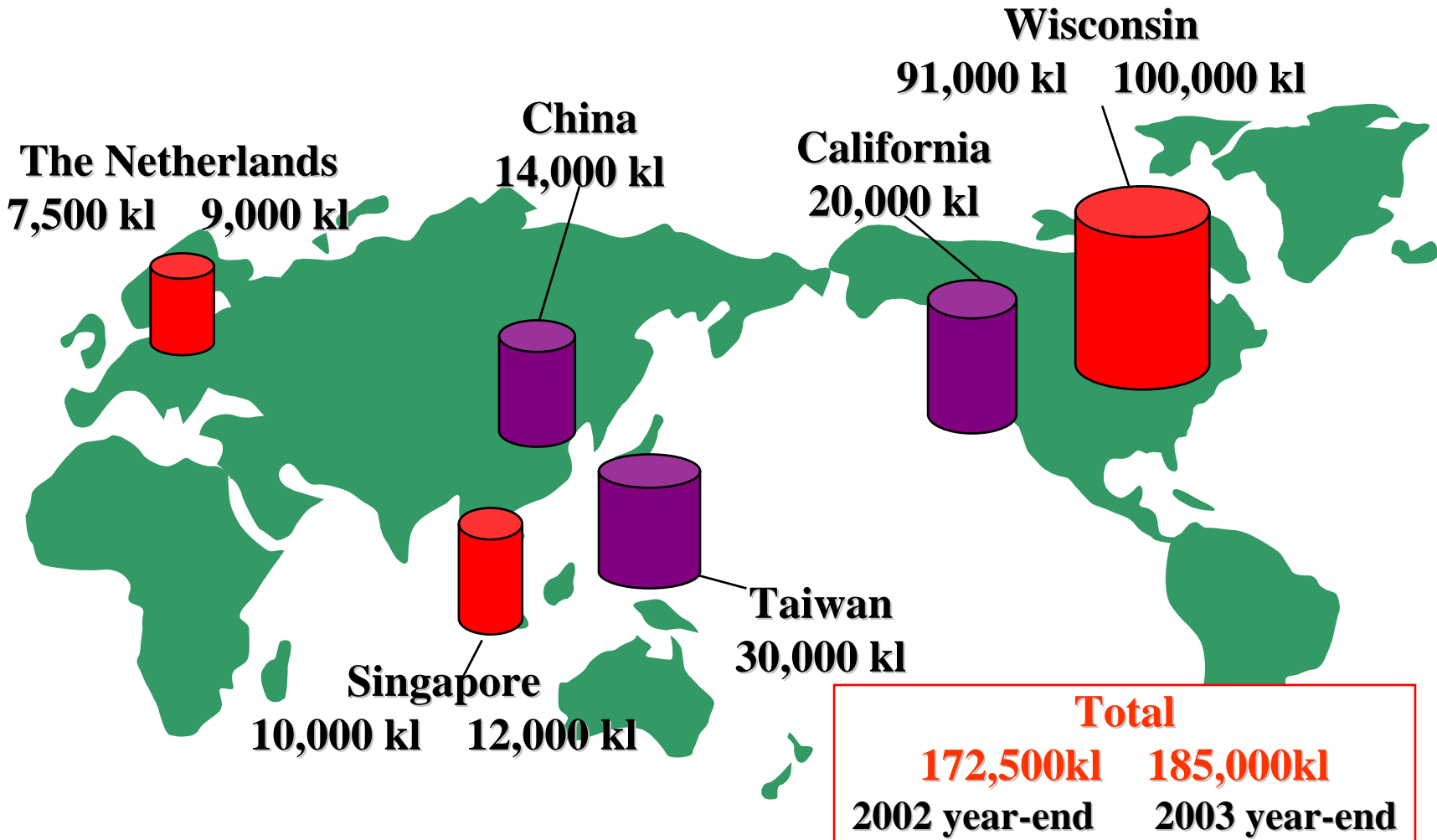
1998 Sales volume = 100





# II-1. Key Themes in Fiscal 2004 Overseas

## Production Bases and Expanding Production Capacity



Note) The plants shown in red are expanding production capacity this year.



## *II-1. Key Themes in Fiscal 2004 Overseas*

*Cultivate Existing Markets and Develop New Markets (by Region)*

### *North America*

*·Develop New Products*

*(1) Enter the Soymilk Market*

*(2) Expand Kikkoman's Seasoning Lineup  
with Asian Sauces*



### *Europe*

*·Stimulate Further Demand in Key Markets like the  
U.K. and Germany*

*·Open up New Markets like Eastern Europe*

### *Asia & Oceania*

*·Raise Awareness of the Kikkoman Brand in China*

*·Establish the Kikkoman Brand in Thailand and Korea*

## II-2. Key Themes in Fiscal 2004 in Japan

*Expand Premium Soy Sauce*

*Launch of Marudaizu Jikomi Shoyu*



**New Products**

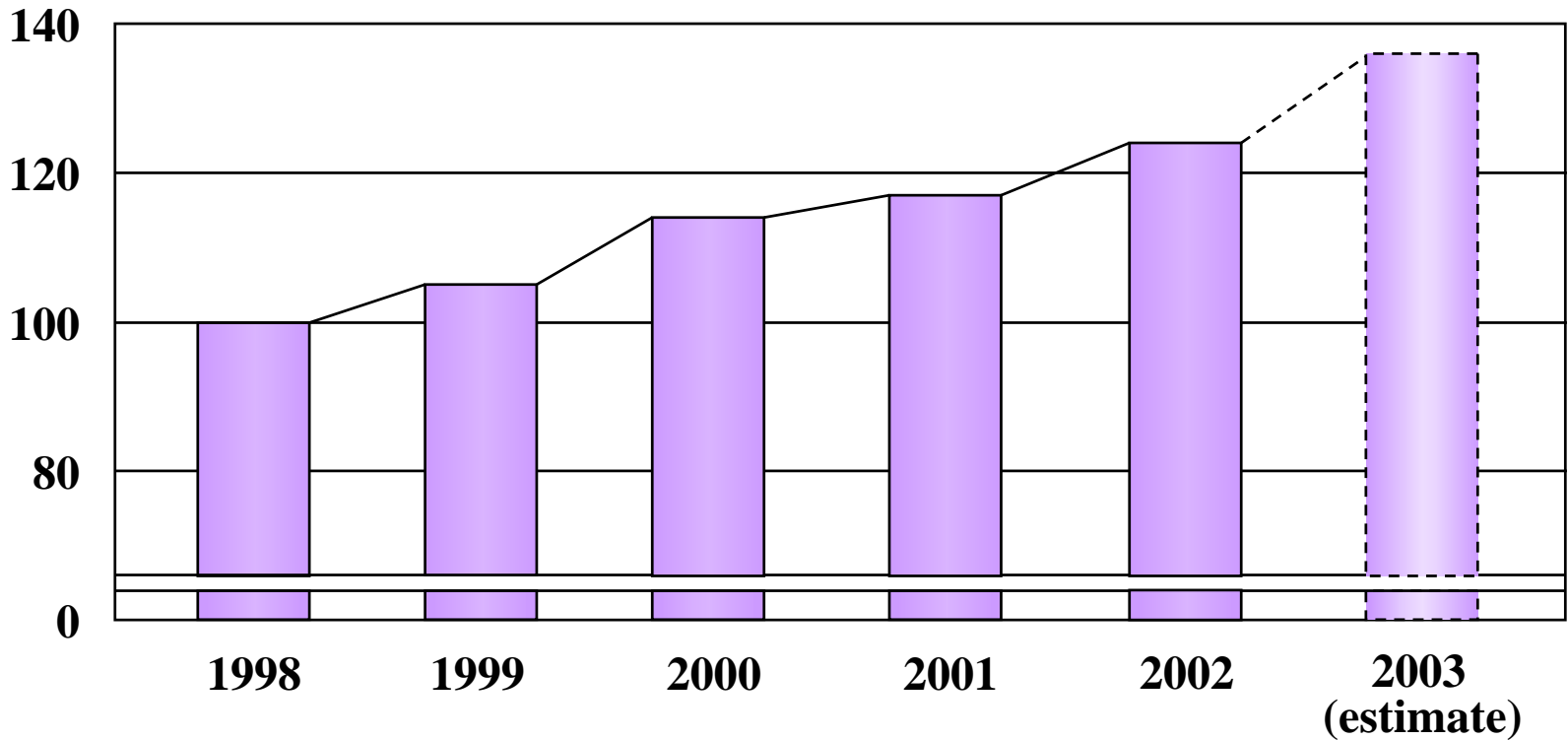


# II-2. Key Themes in Fiscal 2004 in Japan

## Expand Kikkoman Tare and Tsuyu



1998 Sales = 100





## II-2. Key Themes in Fiscal 2004 in Japan

*Develop New Product Category*

### *Uchi-no-Gohan Series*



## *II-2. Key Themes in Fiscal 2004 in Japan*

*Increasing Market Share in Foodservice-use and Industrial-use Markets*

*Develop and Supply Products Matched to Customer Needs*

*Enhance Product Safety*

*Strengthen Sales Capabilities*



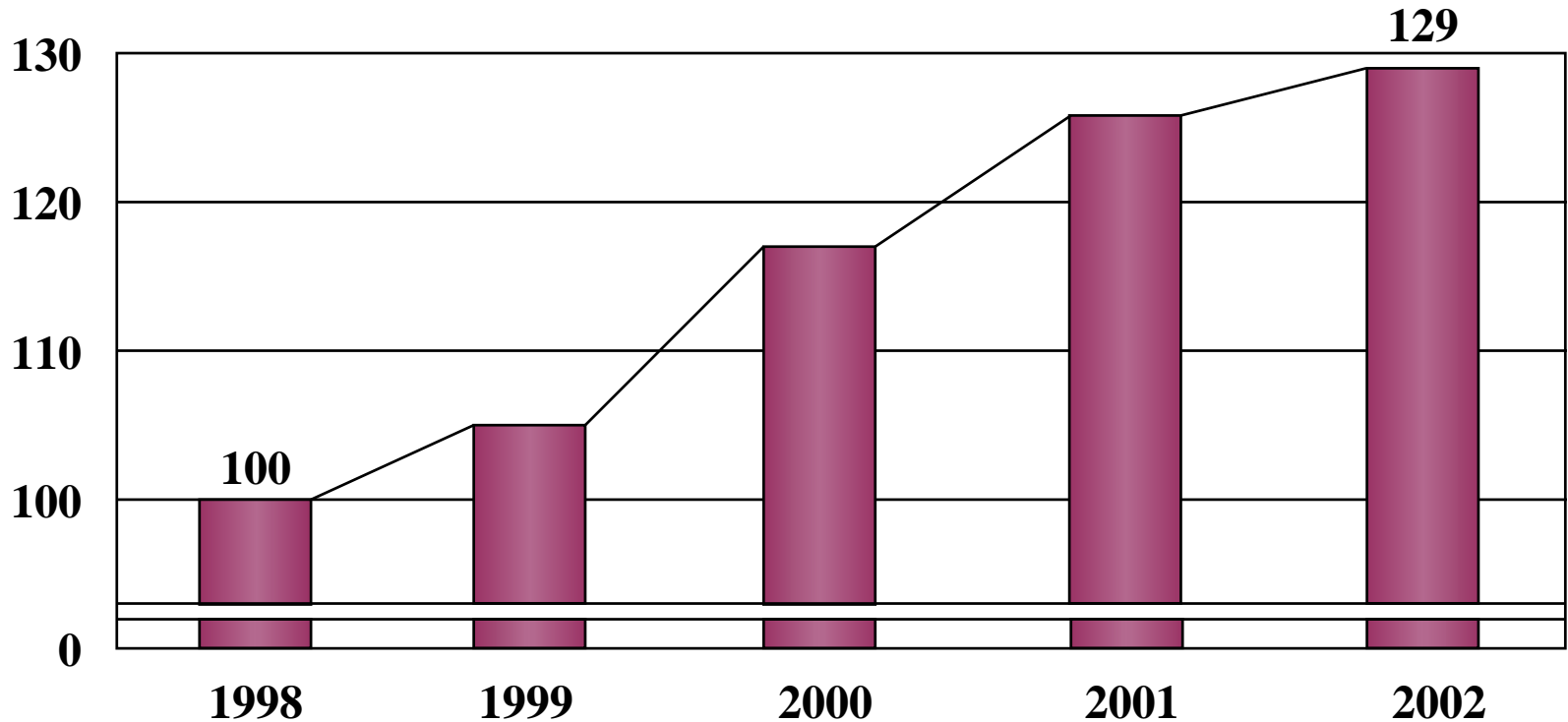


## II-2. Key Themes in Fiscal 2004 in Japan

### Sales by Kikkoman Bulk Containers



1998 Sales Volume = 100





## *II-2. Key Themes in Fiscal 2004 in Japan*

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### *Promote SCM04*

*Reduce Inventories to Improve Cash Flows*

*Improve Logistics Network*



## *II-2. Key Themes in Fiscal 2004 in Japan*

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*Strengthen Our Coca-Cola Business*

*The Establishment of CCNBC*



## *II-3. Corporate Social Responsibility*

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### *Corporate Social Responsibility*

*Measures to Prevent Global Warming*

*Global Compact*





## *III. Appendix*

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*1. Performance in Fiscal 2003*

*2. Midterm Action Plan for Fiscal 2005*



*3. Key Themes at Present*

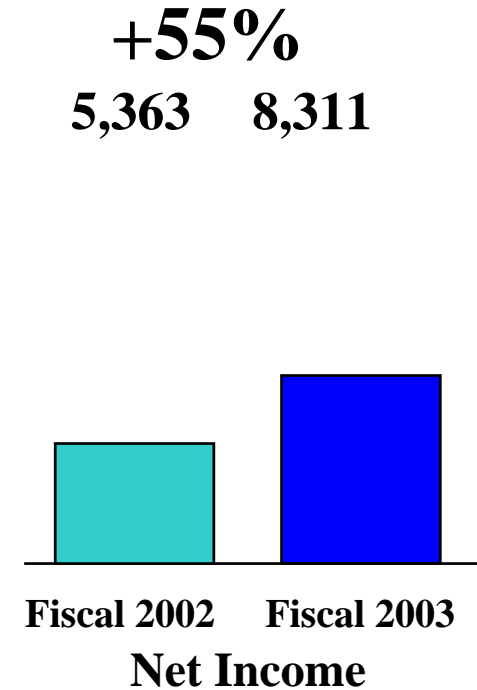
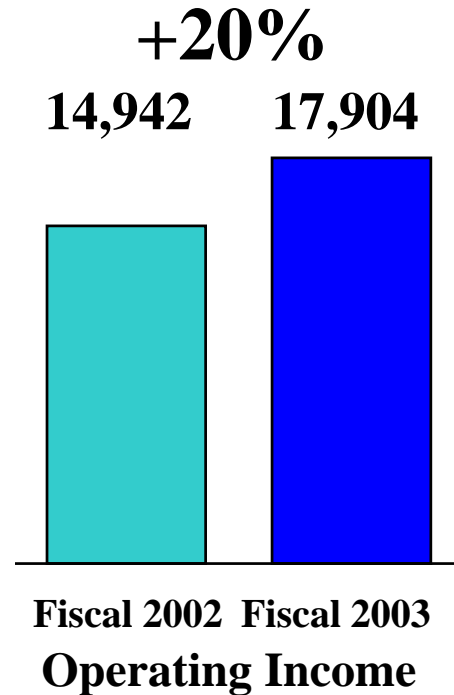
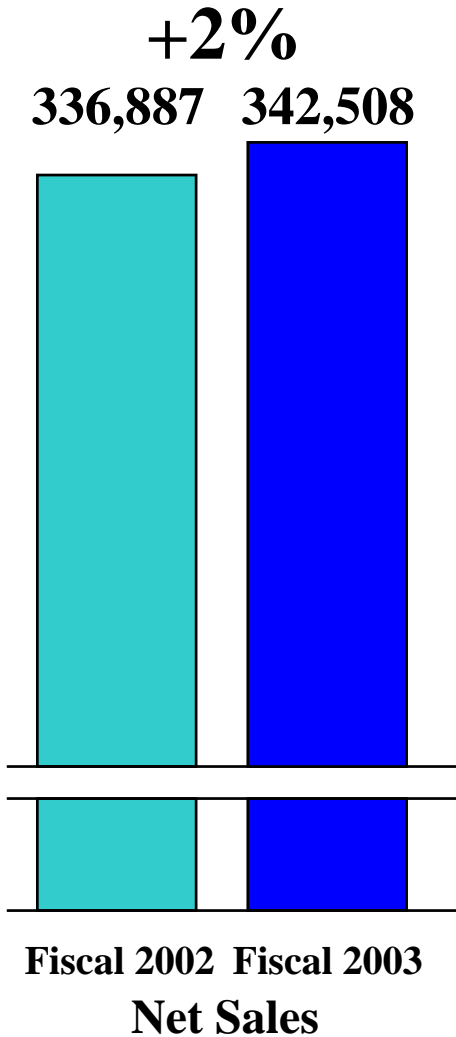


# III-1. Performance in Fiscal 2003

## Financial Highlights

(Unit: ¥ 1 million)

 Fiscal 2002<Reference>  
(US\$=121.64)  
 Fiscal 2003  
(US\$=125.38)

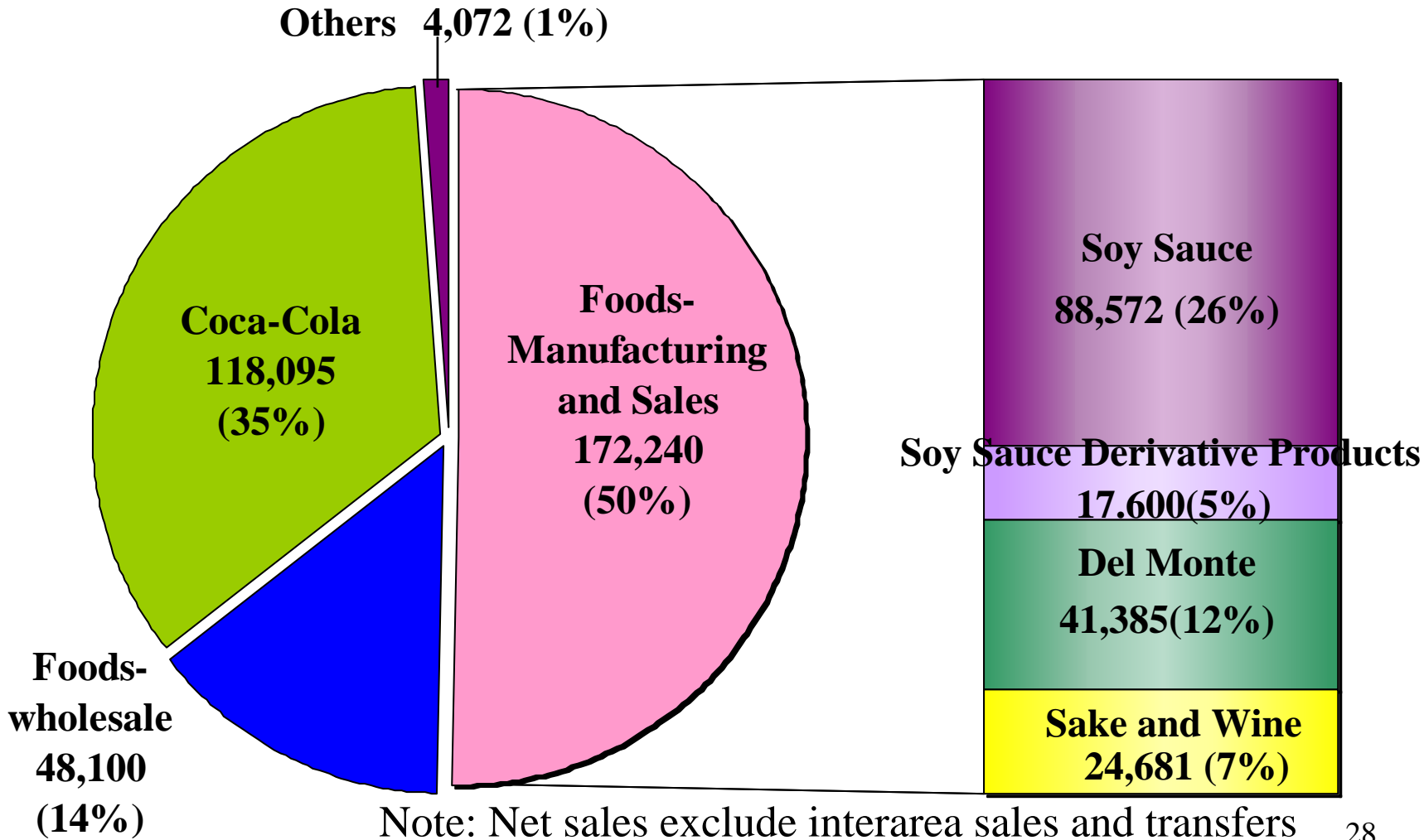




# III-1. Performance in Fiscal 2003

## Net Sales by Business Segment

(Unit: ¥ 1 million)

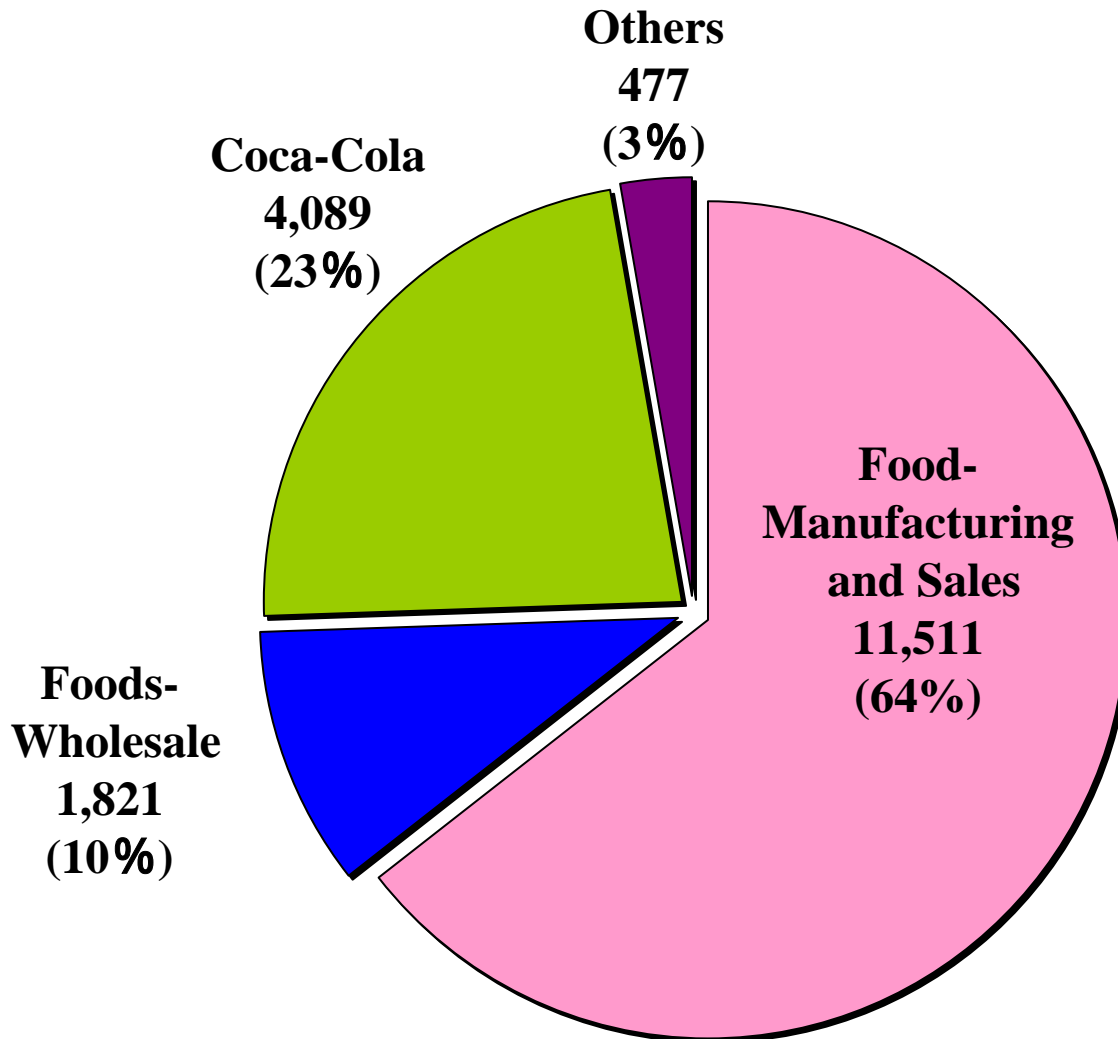




# III-1. Performance in Fiscal 2003

## Operating Income by Business Segment

(Unit: ¥ 1 million)

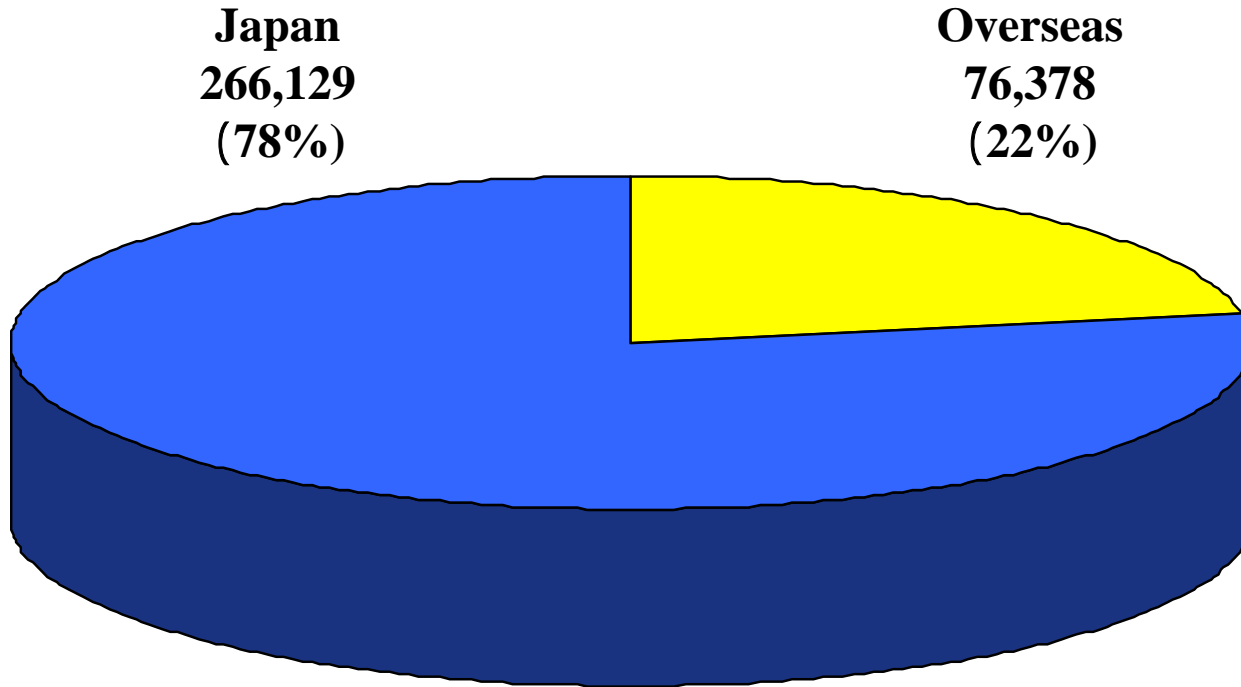




# III-1. Performance in Fiscal 2003

## Net Sales by Geographical Segment

(Unit: ¥ 1 million)



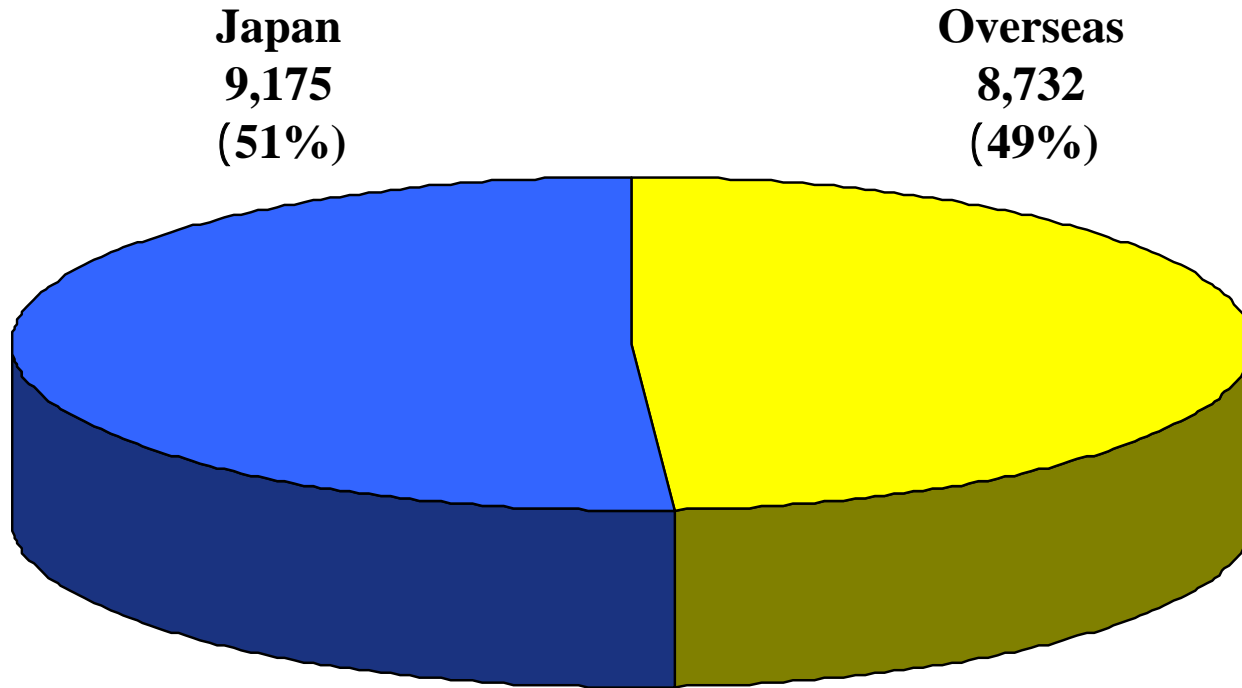
Note: Net sales exclude interarea sales and transfers



# III-1. Performance in Fiscal 2003

## Operating Income by Geographical Segment

(Unit: ¥ 1 million)





## III-2. Midterm Action Plan for Fiscal 2005

### Fiscal 2005 Midterm Plan Targets

(Unit: ¥ 1 million)

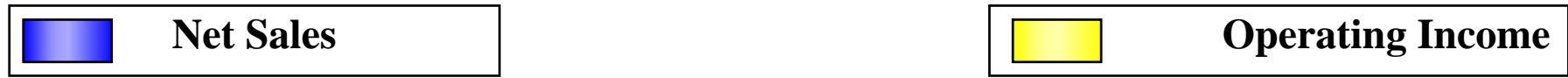
<b>Consolidated</b>	<b>Japan</b>	<b>Overseas</b>	<b>Segment Total</b>	<b>Total</b>
<b>Net Sales</b>	<b>285,000</b>	<b>84,000</b>	<b>369,000</b>	<b>355,000</b>
<b>Operating Income</b>	<b>10,500</b>	<b>9,500</b>	<b>20,000</b>	<b>20,000</b>
<b>Operating Income Ratio (%)</b>	<b>3.7</b>	<b>11.3</b>	<b>-</b>	<b>5.6</b>
<b>ROE (%)</b>				<b>7</b>

**Exchange Rate: US\$ = ¥120.00 (estimate)**



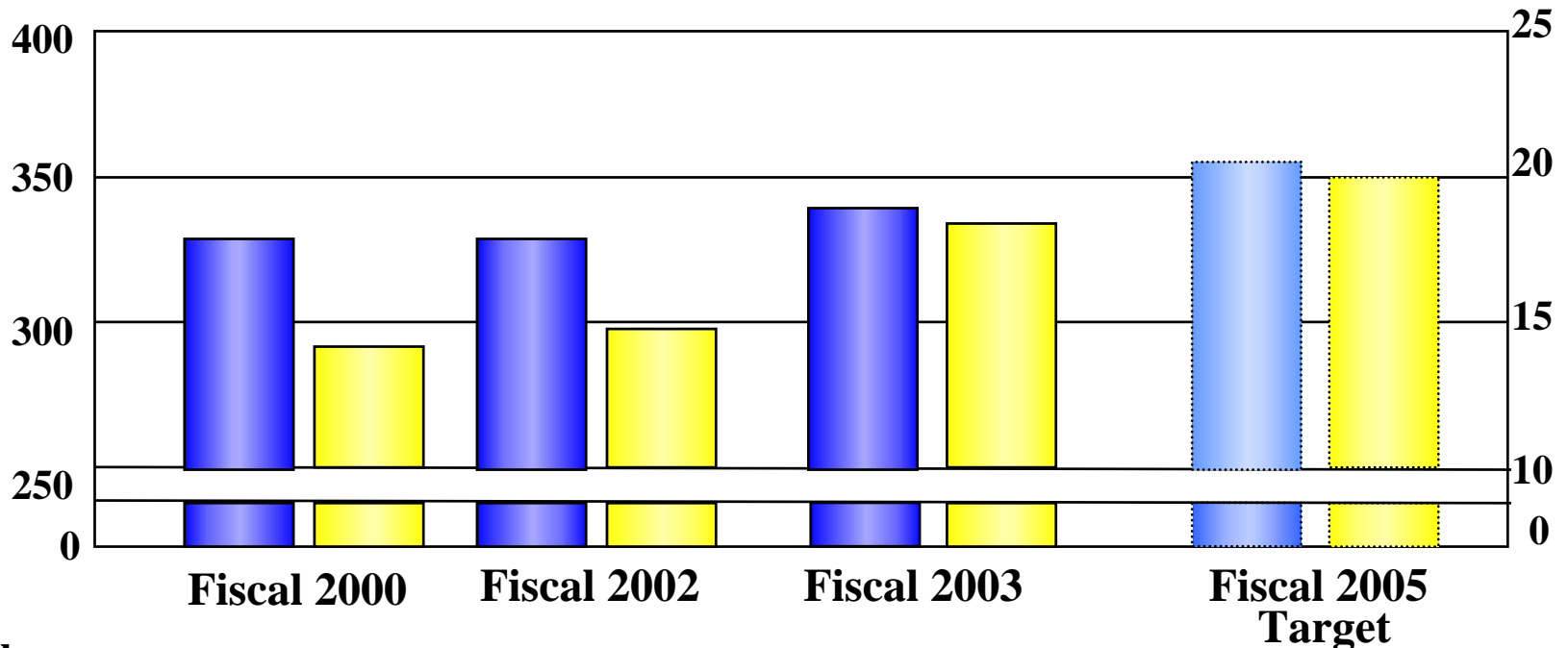
# III-2. Midterm Action Plan for Fiscal 2005

## Net Sales and Operating Income



(Billions of yen)

(Billions of yen)



Exchange Rate

US\$=¥107.95

US\$=¥121.64

US\$=¥125.38

US\$=¥120.00 (estimate)



## *III-3. Key Themes at Present*

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*1. Why Focus on Overseas Markets?*

*2. Why Focus on Premium Soy Sauce?*

*3. Why Focus on the Foodservice-use and  
Industrial-use Markets?*

*4. Why Focus on Soy Sauce Derivative Products?*

# III-3. Why Focus on Overseas Markets?

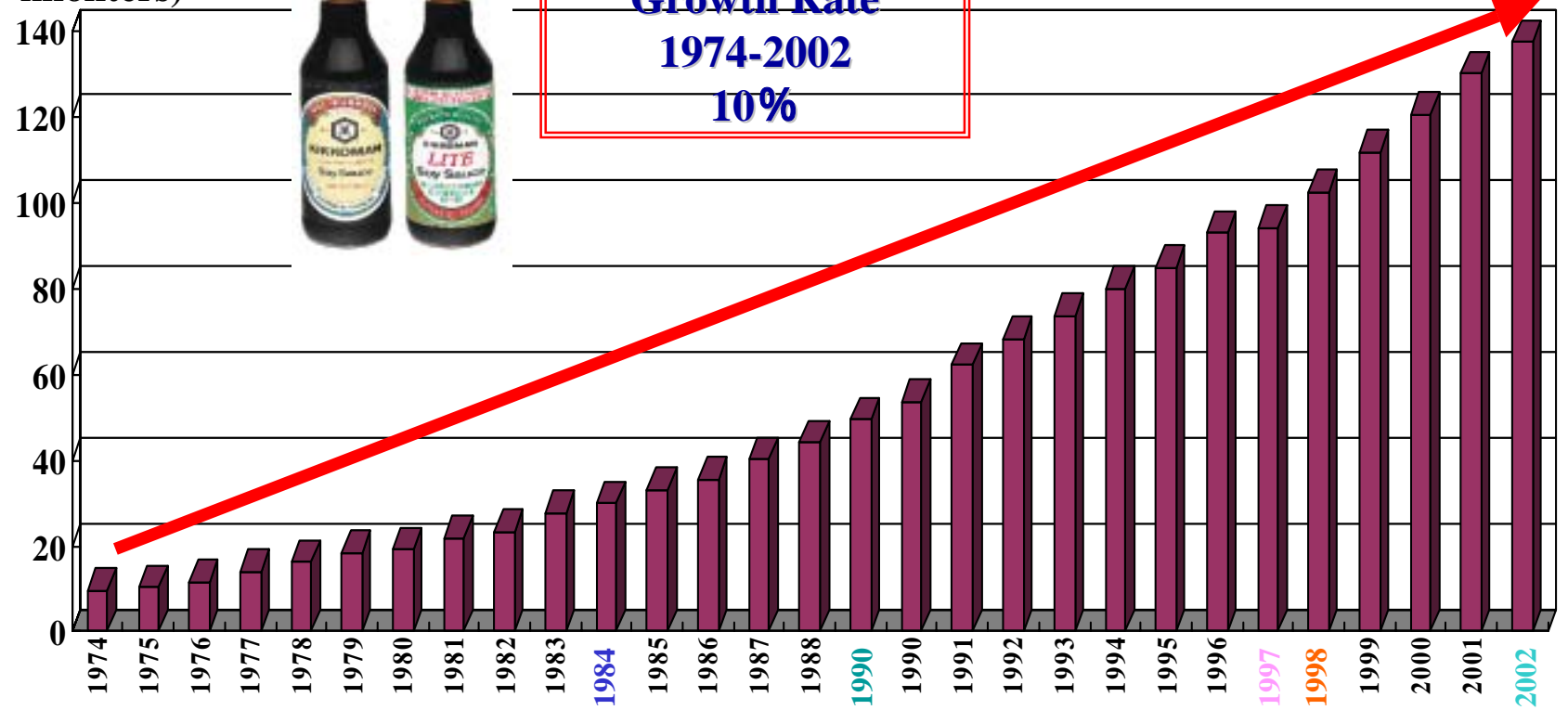
## Kikkoman's Overseas Soy Sauce Sales

(Thousand kiloliters)



Average Annual Growth Rate 1974-2002 10%

2002 137,000kl



1973 Wisconsin Plant

1984 Singapore Plant

1990 Taiwan Plant

1997 Europe Plant

1998 California Plant

2002 China Plant

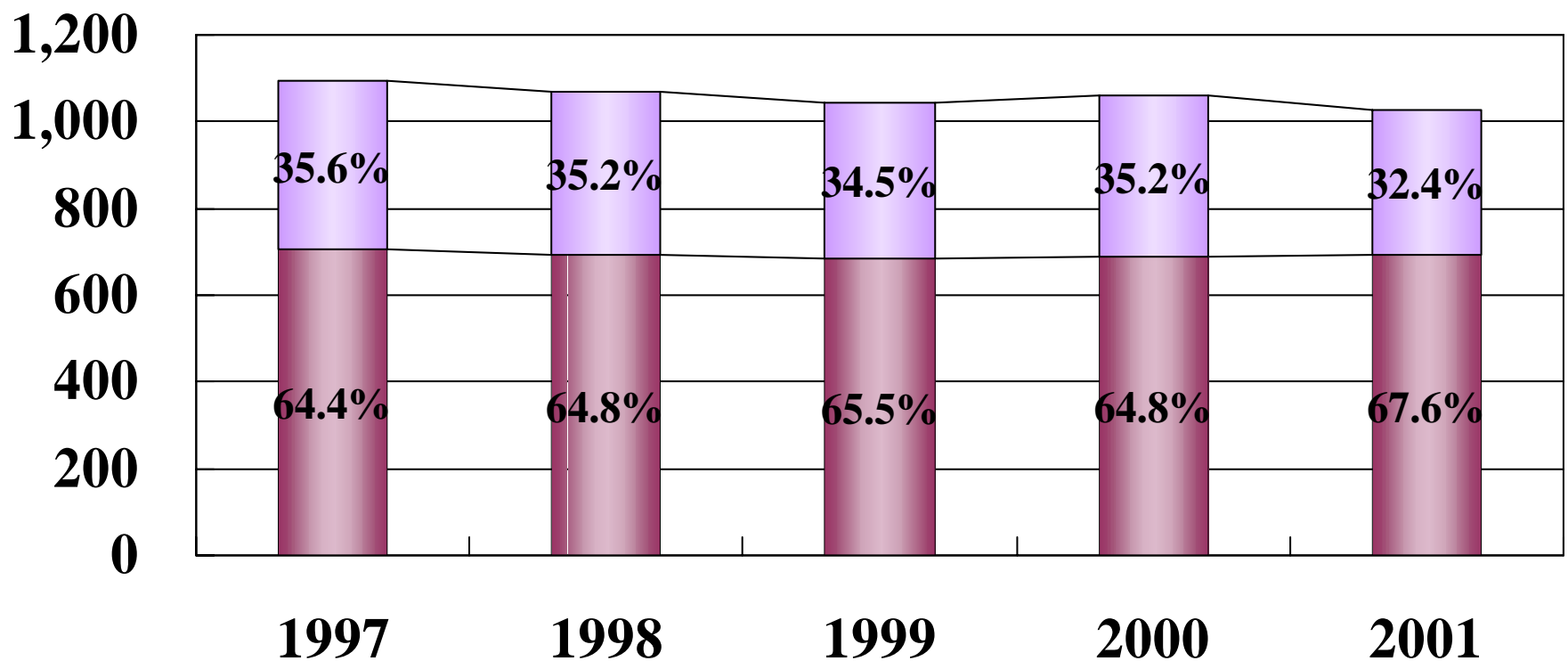
Years shown indicate the year of each plant's opening



# III-3. Why Focus on Premium Soy Sauce?

## Soy Sauce Shipments in Japan

(Thousand kiloliters)

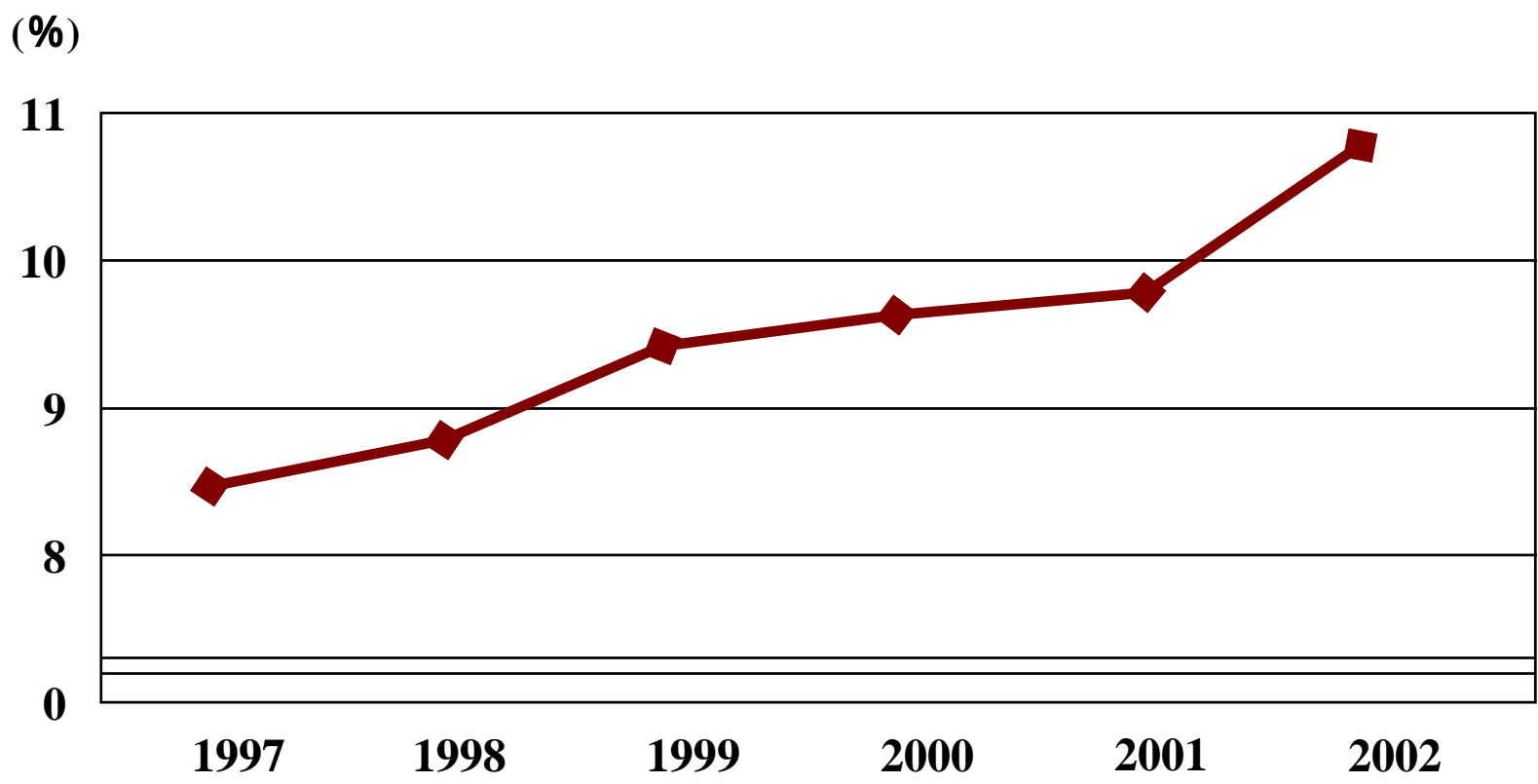


Source : The Japan Soy Sauce Brewers Association



# III-3. Why Focus on Premium Soy Sauce?

## Premium Soy Sauce Share of Home-Use Market

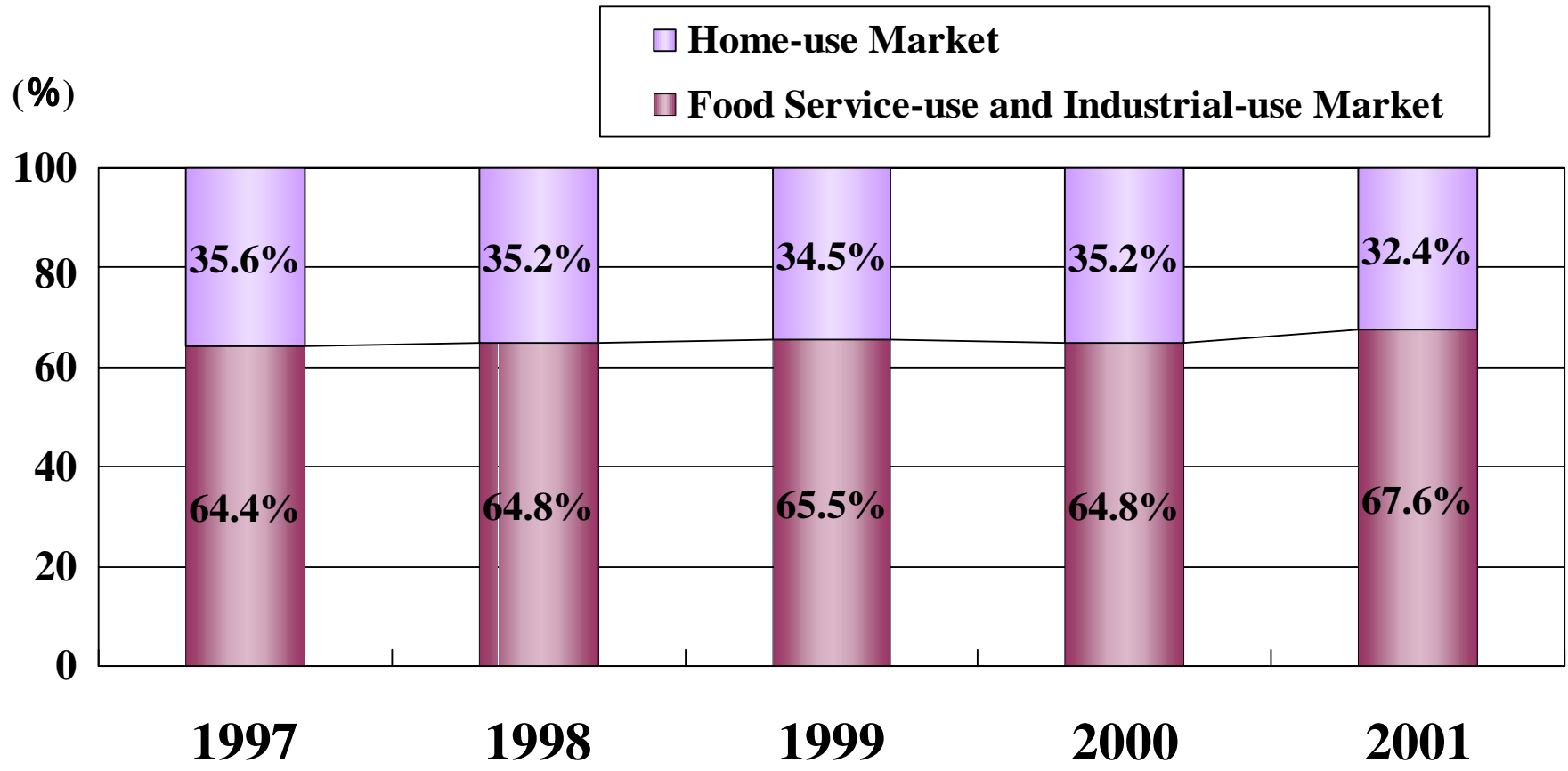


Source: External Market Research



# III-3. Why Focus on the Foodservice-use and Industrial-use Markets?

## Breakdown of Soy Sauce Shipments by Use in Japan

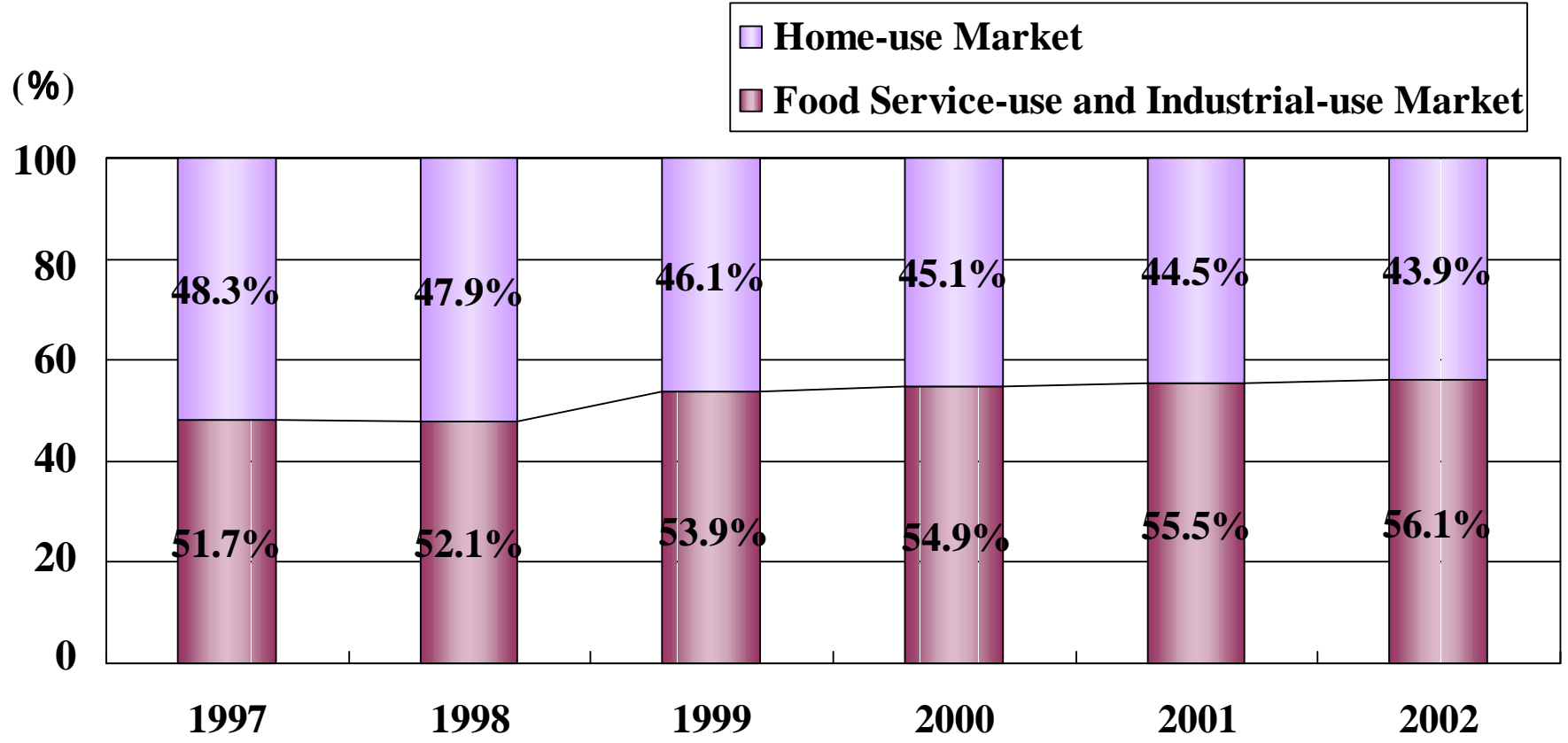


Source : The Japan Soy Sauce Brewers Association



# III-3. Why Focus on the Foodservice-use and Industrial-use Markets?

## Kikkoman Soy Sauce Shipments by Use



Source : Kikkoman



# III-3. Why Focus on Soy Sauce Derivative Products?

## Soy Sauce Derivative Products Market

(Billions of yen)

