

# *Kikkoman Corporation*



*Business Performance Presentation  
for the Year Ended March 31, 2005*

**Fiscal 2005**  
*Year Ended March 31, 2005*



- *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.*
- *Calendar years in this presentation, unless otherwise noted, represent the fiscal periods from January to December through 2000 and the fiscal periods from April to March the following year from 2001 onward. For example, 2003 refers to the period from April 1, 2003 to March 31, 2004.*



# *Today's Agenda*

*. Summary of Performance in Fiscal 2005 and  
Corporate Strategic Overview*

*Yuzaburo Mogi, Chairman and CEO*

*. Performance in Fiscal 2005 and  
Forecast for Fiscal 2006*

*. Unconsolidated Key Themes in Fiscal 2006*

*Takashi Ushiku, President and COO*

*. Summary of Performance in Fiscal 2005  
and Corporate Strategic Overview*

*Yuzaburo Mogi  
Chairman and CEO*



# *Topics for This Presentation*

*I. Performance in Fiscal 2005*

*II. Key Themes and Operating Results in Fiscal 2005*

*III. Key Themes in Fiscal 2006*

*IV. Midterm Action Plan*



# *I-1. Performance in Fiscal 2005*

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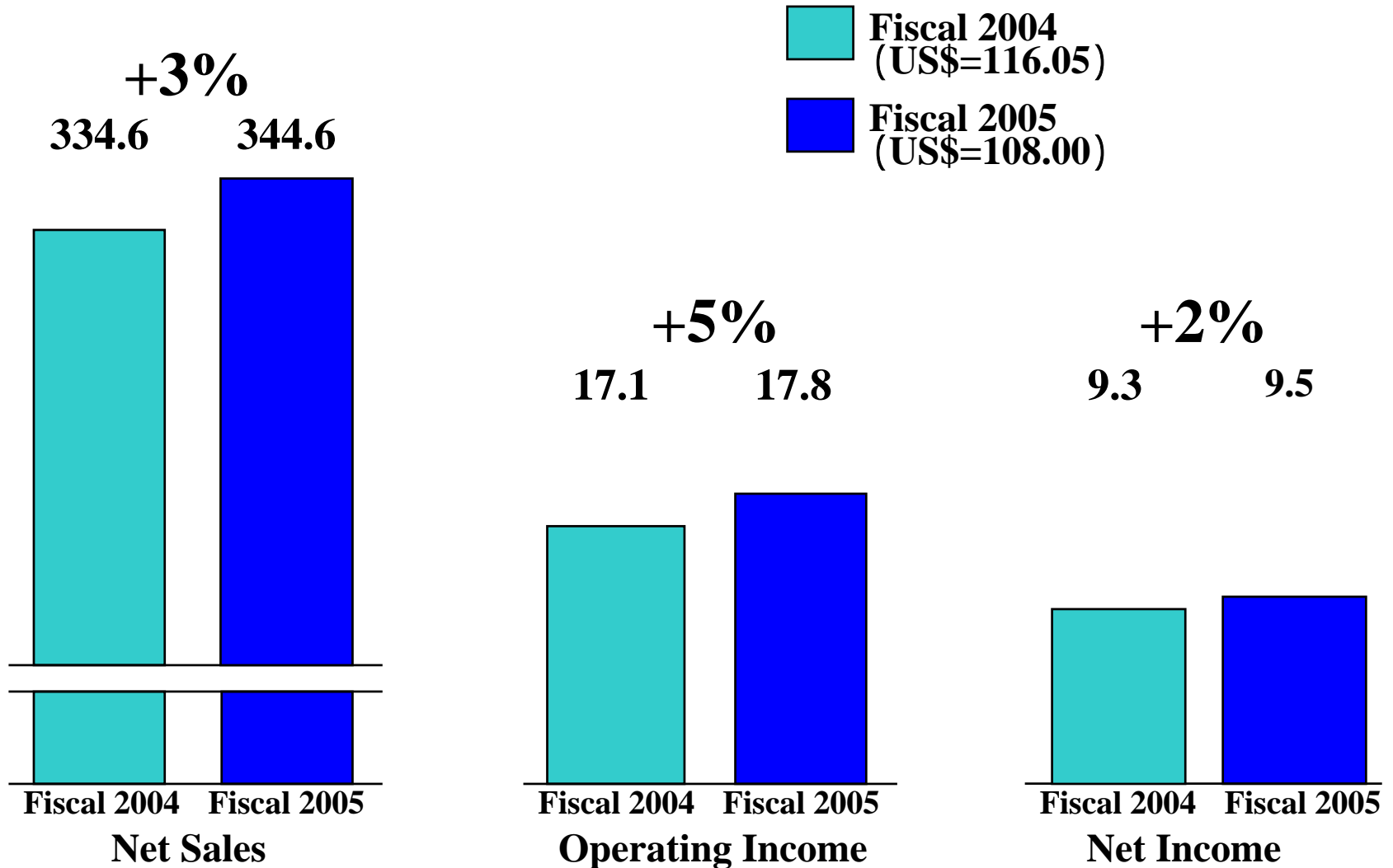
## *1. Performance in Fiscal 2005*



# I-1. Performance in Fiscal 2005

## Financial Highlights

(unit: billions of yen)



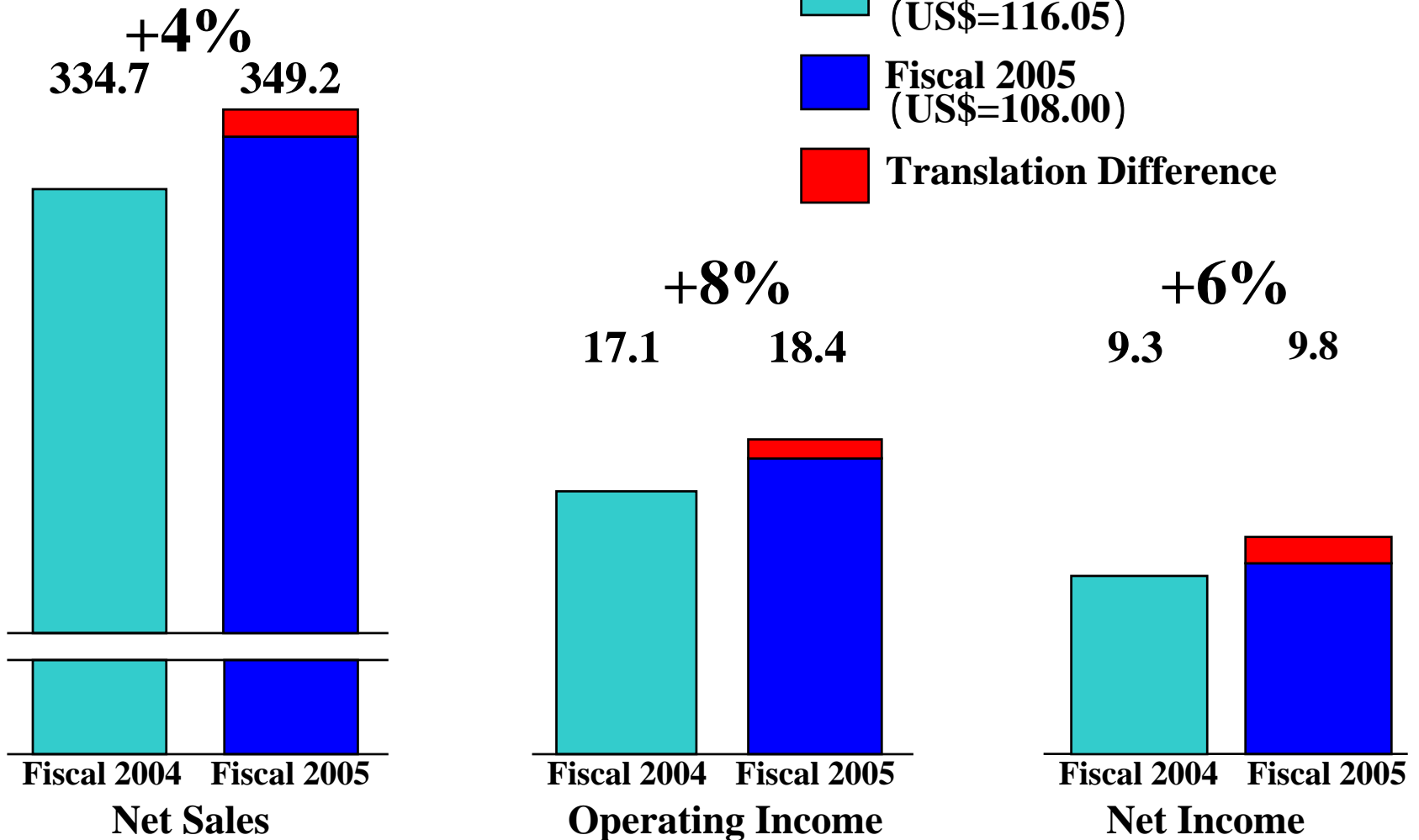


# I-1. Performance in Fiscal 2005

## Financial Highlights

(unit: billions of yen)

(excluding translation difference)

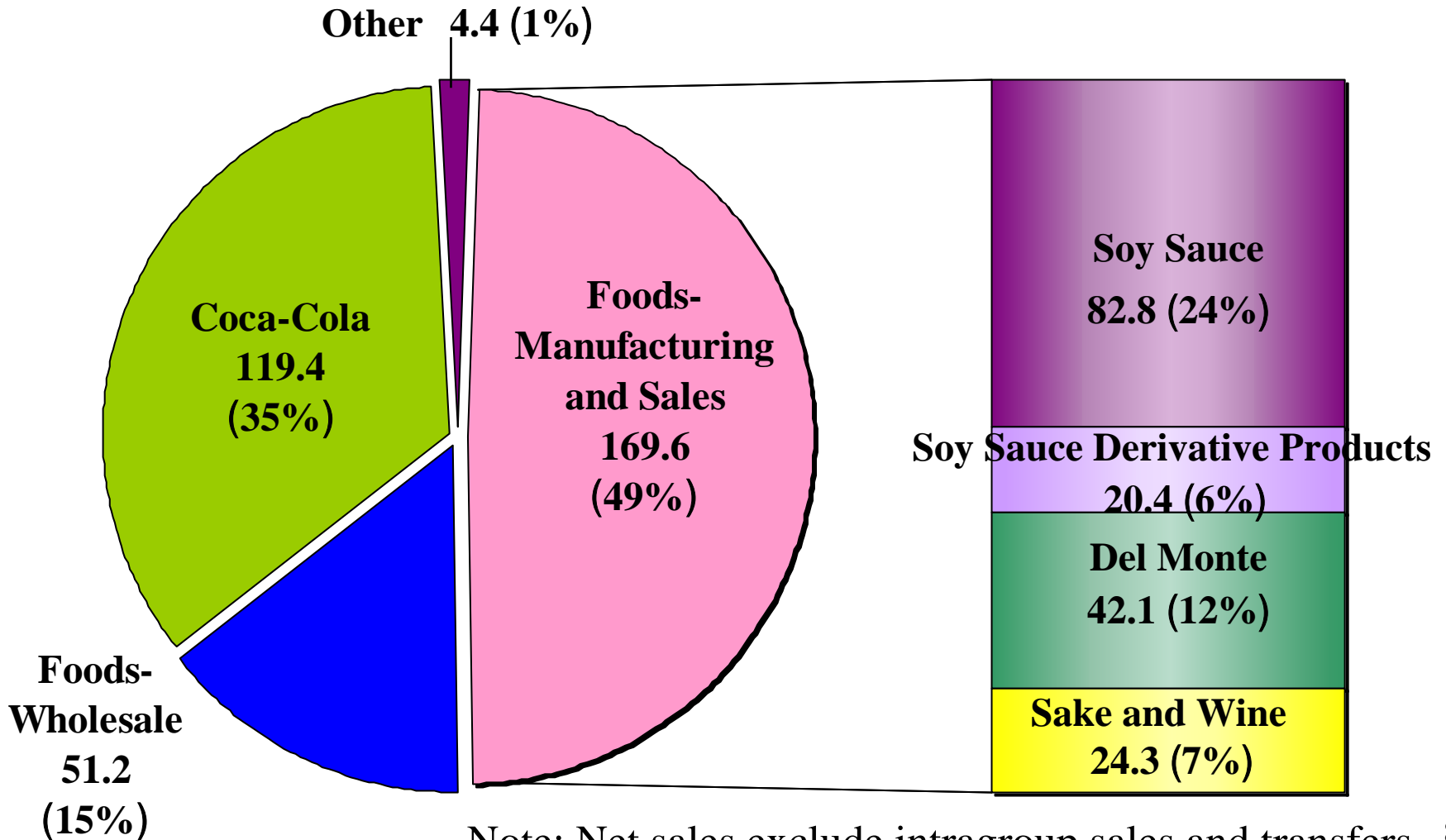




# I-1. Performance in Fiscal 2005

## Net Sales by Business Segment

(unit: billions of yen)



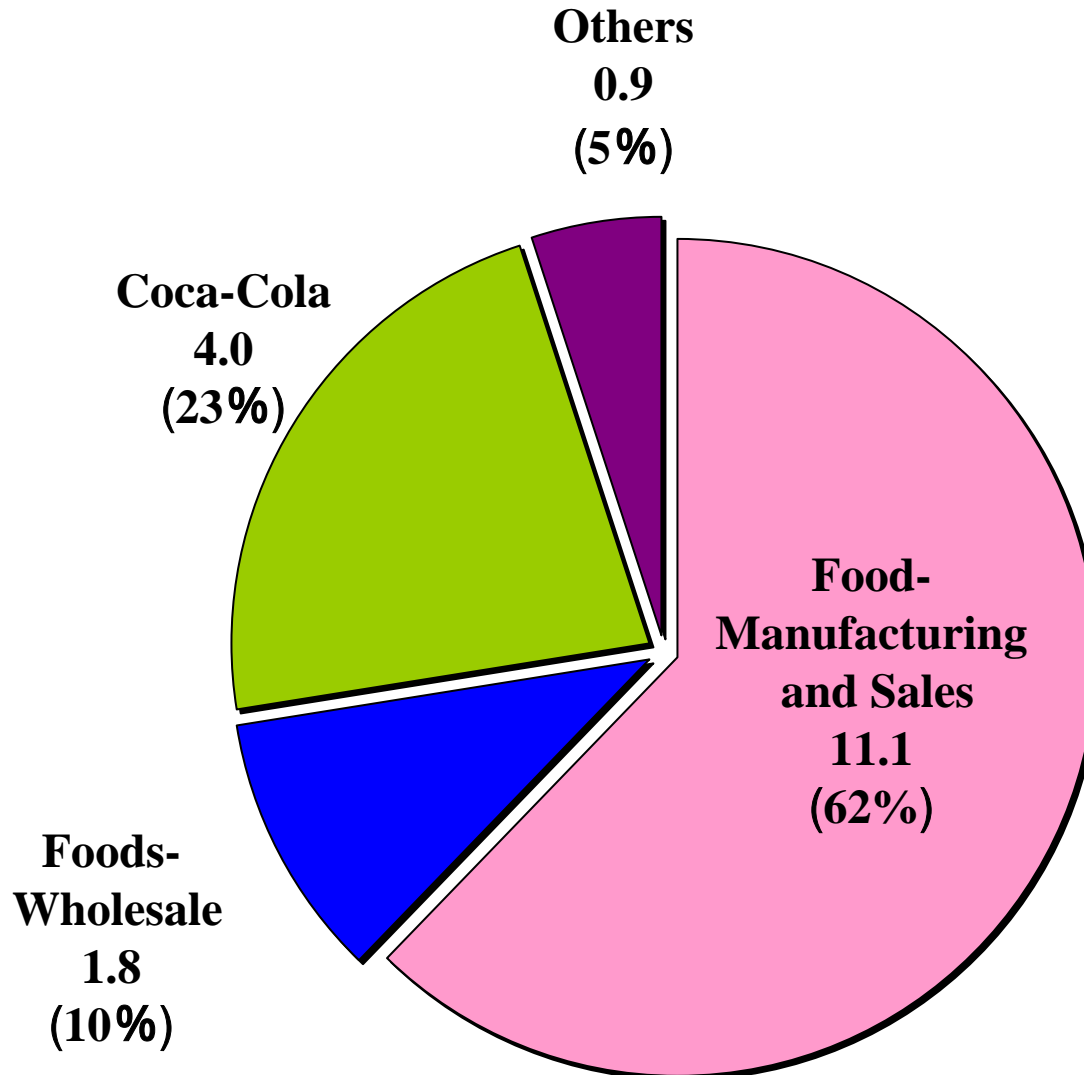
Note: Net sales exclude intragroup sales and transfers 8



# I-1. Performance in Fiscal 2005

## Operating Income by Business Segment

(unit: billions of yen)

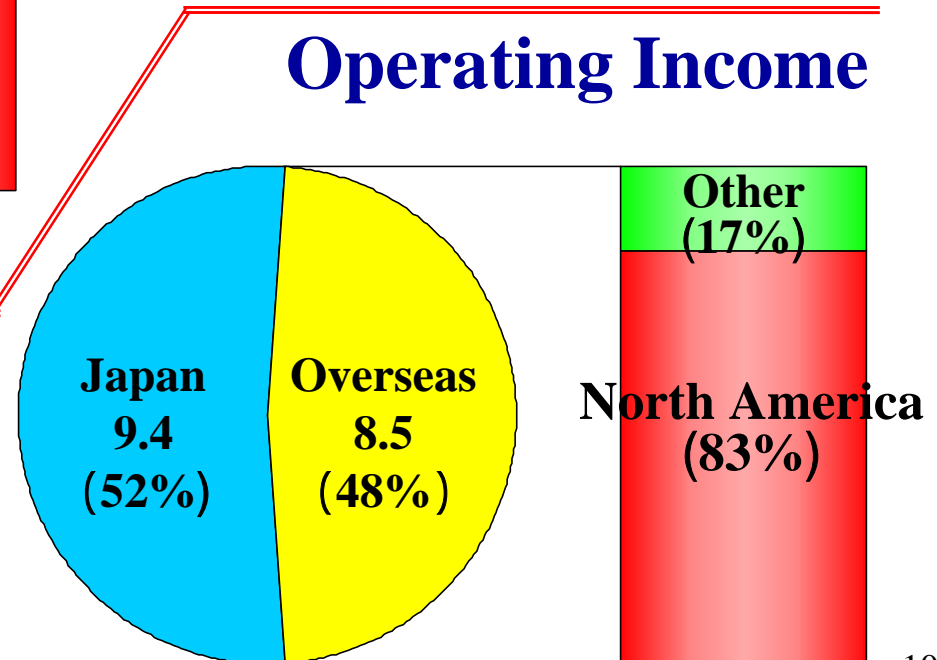
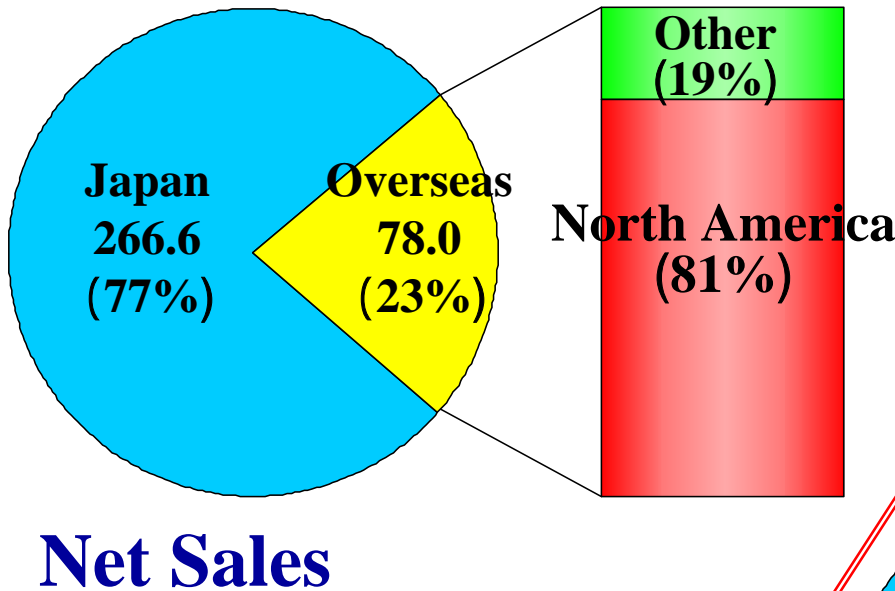




# I-1. Performance in Fiscal 2005

## Net Sales and Operating Income by Geographical Segment

(unit: billions of yen)



Note: Net sales exclude interarea sales and transfers



## *II. Key Themes and Operating Results in Fiscal 2005*

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*1. Key Themes in Fiscal 2005*

*2. Operating Results in Fiscal 2005*



## *II-1. Key Themes in Fiscal 2005*

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*1) Cultivate Existing Markets and Develop New Markets*

*2) Continue to Focus on Key Domestic Products*

*3) Push Ahead with Cost Reductions*

*4) Capture Synergies through Collaboration with  
Higeta Shoyu Co., Ltd. and Kibun Foods Group*

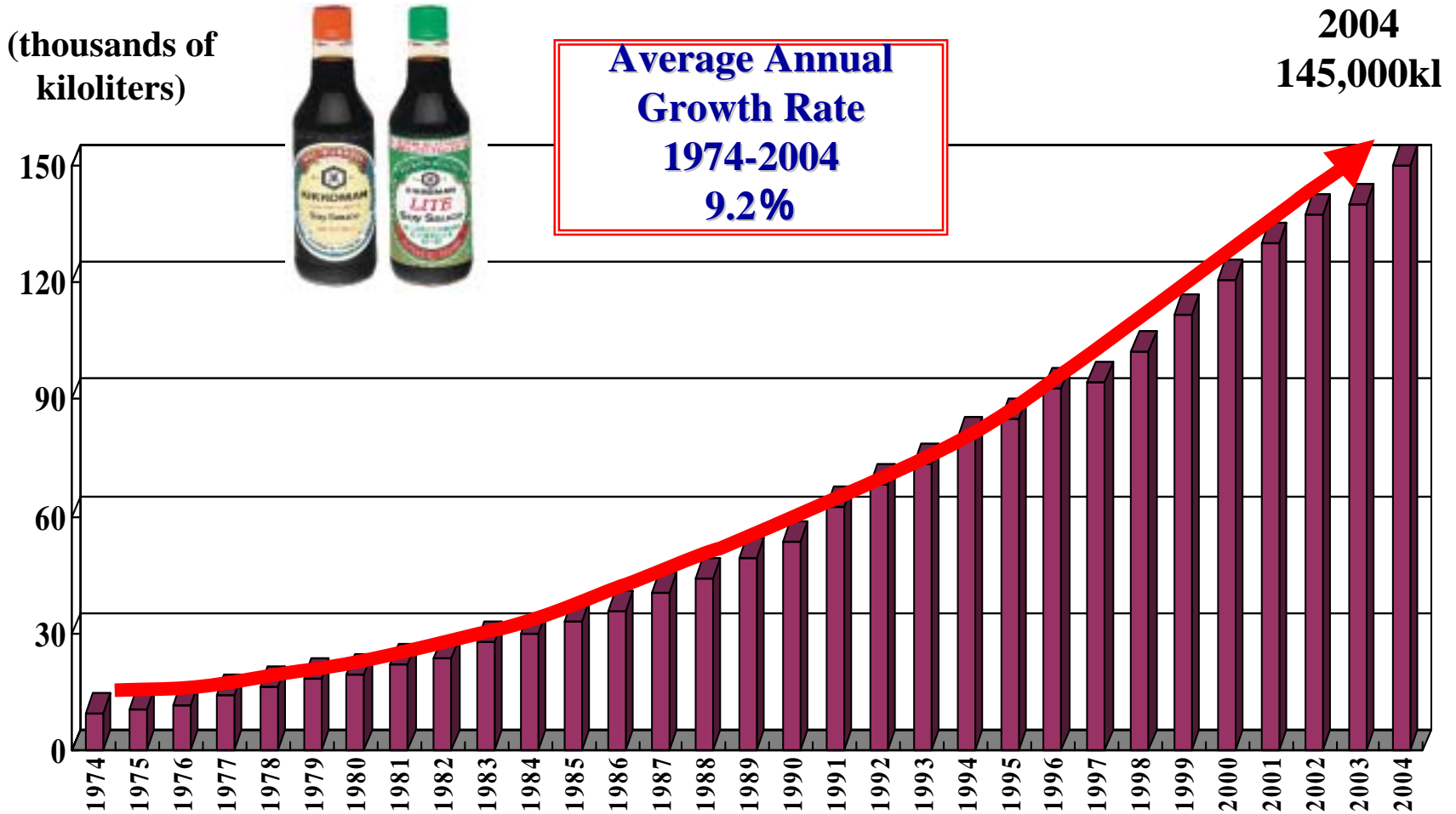
*5) Strengthen the Coca-Cola Business*



# II-2. Operating Results in Fiscal 2005

## 1) Cultivate Existing Markets and Develop New Markets

### Sales Volume of Kikkoman Soy Sauce Overseas (1974-2004)



Note: Years in the graph refer to calendar years

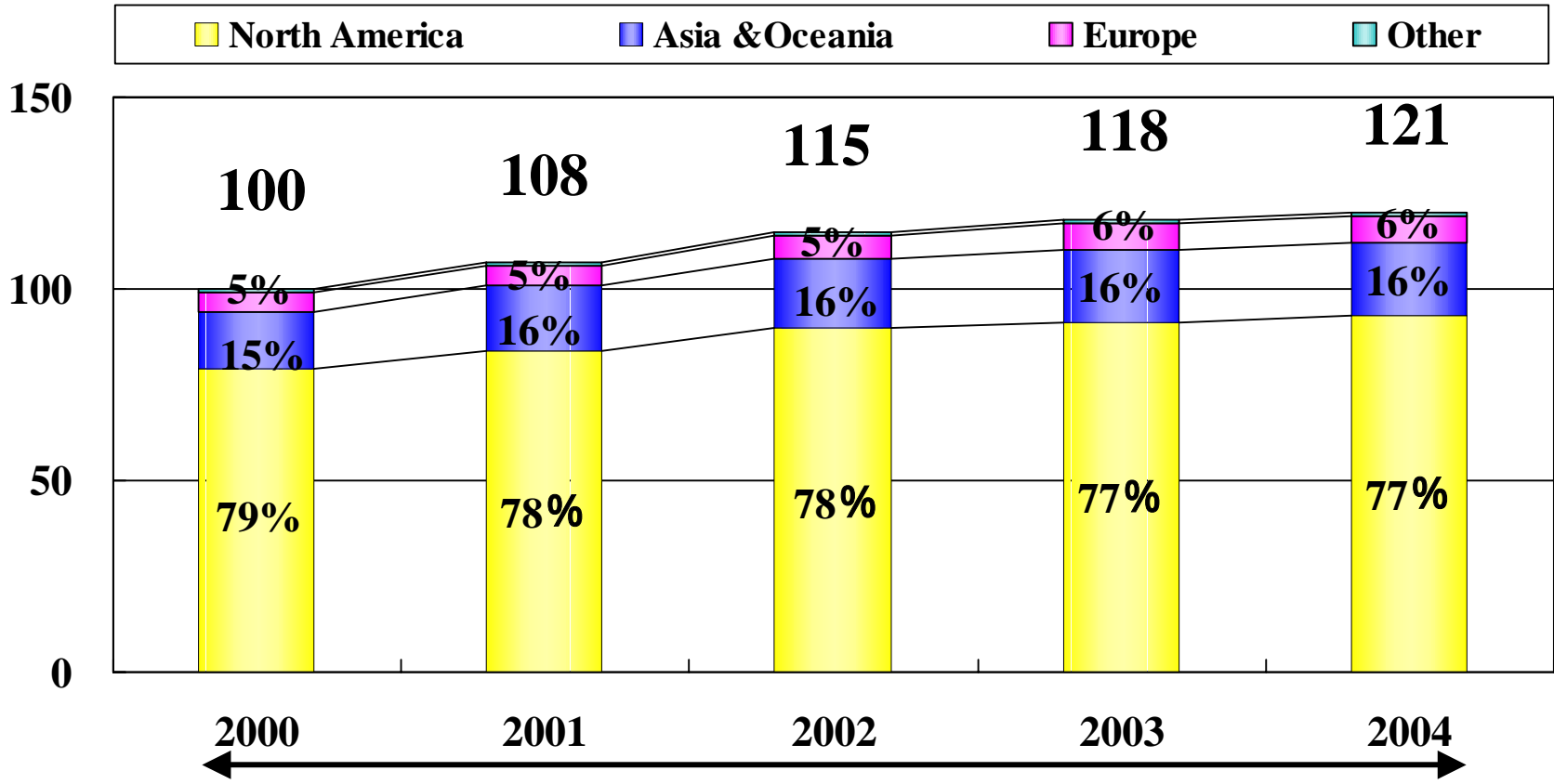


# II-2. Operating Results in Fiscal 2005

## 1) Cultivate Existing Markets and Develop New Markets

### Geographical Breakdown of Sales Volume of Kikkoman Soy Sauce Overseas (2000-2004)

2000 Sales Volume = 100



Average Annual Growth Rate 2000-2004: 4.9%

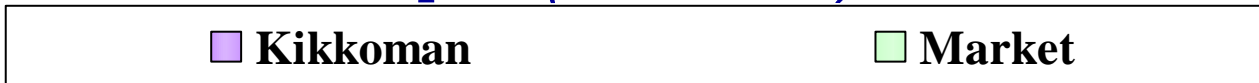
Note: Years in the graph refer to calendar years



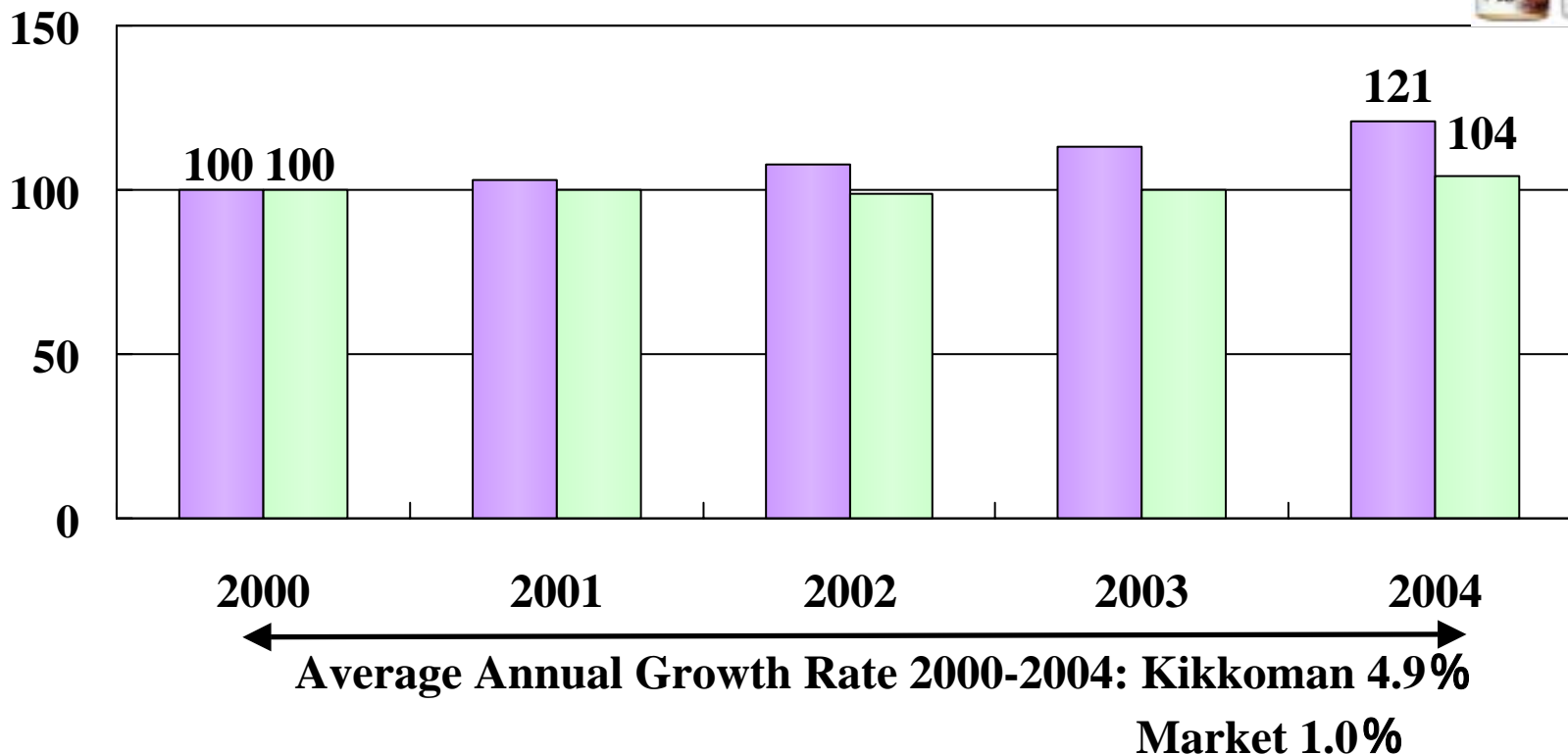
# II-2. Operating Results in Fiscal 2005

## 2) Continue to Focus on Key Domestic Products

### Changes in Kikkoman and Market Sales Volume of Tsuyu and Tare in Japan (2000-2004)



2000 Sales Volume = 100



Source: Nikkan Keizai Tsushinsha, Kikkoman  
 Note: Market data are presented on a calendar year basis.



# *II-2. Operating Results in Fiscal 2005*

## *3) Push Ahead with Cost Reductions*

### *Logistics Reform Measures*

#### *Promotion of SCM04 - Logistics Reform Project*





## *II-2. Operating Results in Fiscal 2005*

**KIKKOMAN**

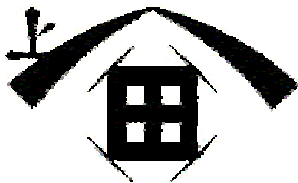
*4) Capture Synergies through Collaboration with Higeta Shoyu Co., Ltd. and Kibun Foods Group*

### *Capture Synergies with Higeta Shoyu*

*Joint Purchasing of Packages and Raw Materials*

*Examination to Make the Most Effective Use of Each Other's Manufacturing Facilities*

*Respond to the Industrial-use and Foodservice-use Markets*





# II-2. Operating Results in Fiscal 2005

4) Capture Synergies through Collaboration with Higeta Shoyu Co., Ltd. and Kibun Foods Group

## Capture Synergies with the Kibun Foods Group

### New Products Launched in March 2005

These New Products Were Born from Collaboration Between Del Monte Brand and Kibun Foods Group

Chilled Soup Series

Chilled Beverage Series

### Utilize Kikkoman's Overseas Network



Chilled Beverage

Chilled Soup



# II-2. Operating Results in Fiscal 2005

## 5) Strengthen the Coca-Cola Business

### Strengthen the Coca-Cola Business

**Cost Reductions through CCNBC**

*Fiscal 2005 (Compared with 2003)*

*Bottlers in Japan Total                    ¥16.7billion*

*Tone Coca-Cola                                ¥ 1.0billion*





### *III. Key Themes in Fiscal 2006*

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*1) Cultivate Existing Markets and Develop New Markets*

*2) Increase Earnings in Domestic Businesses*

*3) Reform Business Structures*



# *III. Key Themes in Fiscal 2006*

KIKKOMAN

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

### *North America*

*Achieve Consistent Growth in Soy Sauce Business*

*Promote Diversification in Business*

### *Capture Synergies With Consac Group*

- Establishment of Joint Venture Company, Country Life, LLC*
- Promoting High-Value Added Soy Sauce*





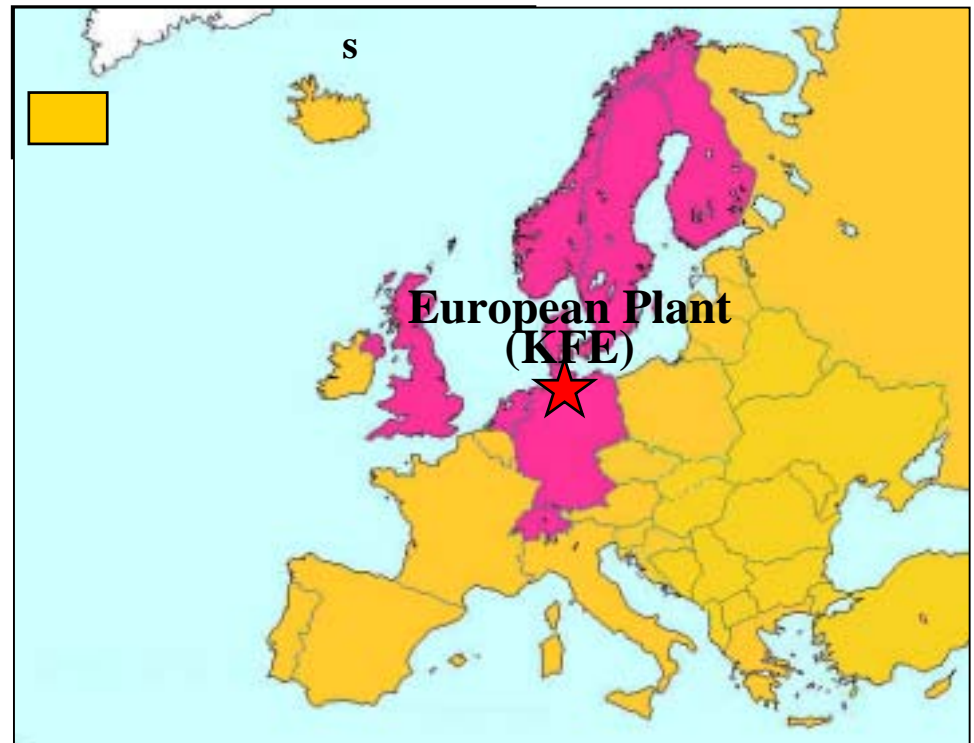
# III. Key Themes in Fiscal 2006

## 1) Cultivate Existing Markets and Develop New Markets

### Europe

*Cultivate Key Markets, Including Germany, the U.K. and Northern Europe*

*Develop New Markets such as Eastern Europe and Russia*





# III. Key Themes in Fiscal 2006

## 1) Cultivate Existing Markets and Develop New Markets

### Asia & Oceania

*Establish Foothold in Asian Markets Outside Japan*

*Strengthen the Del Monte Brand*



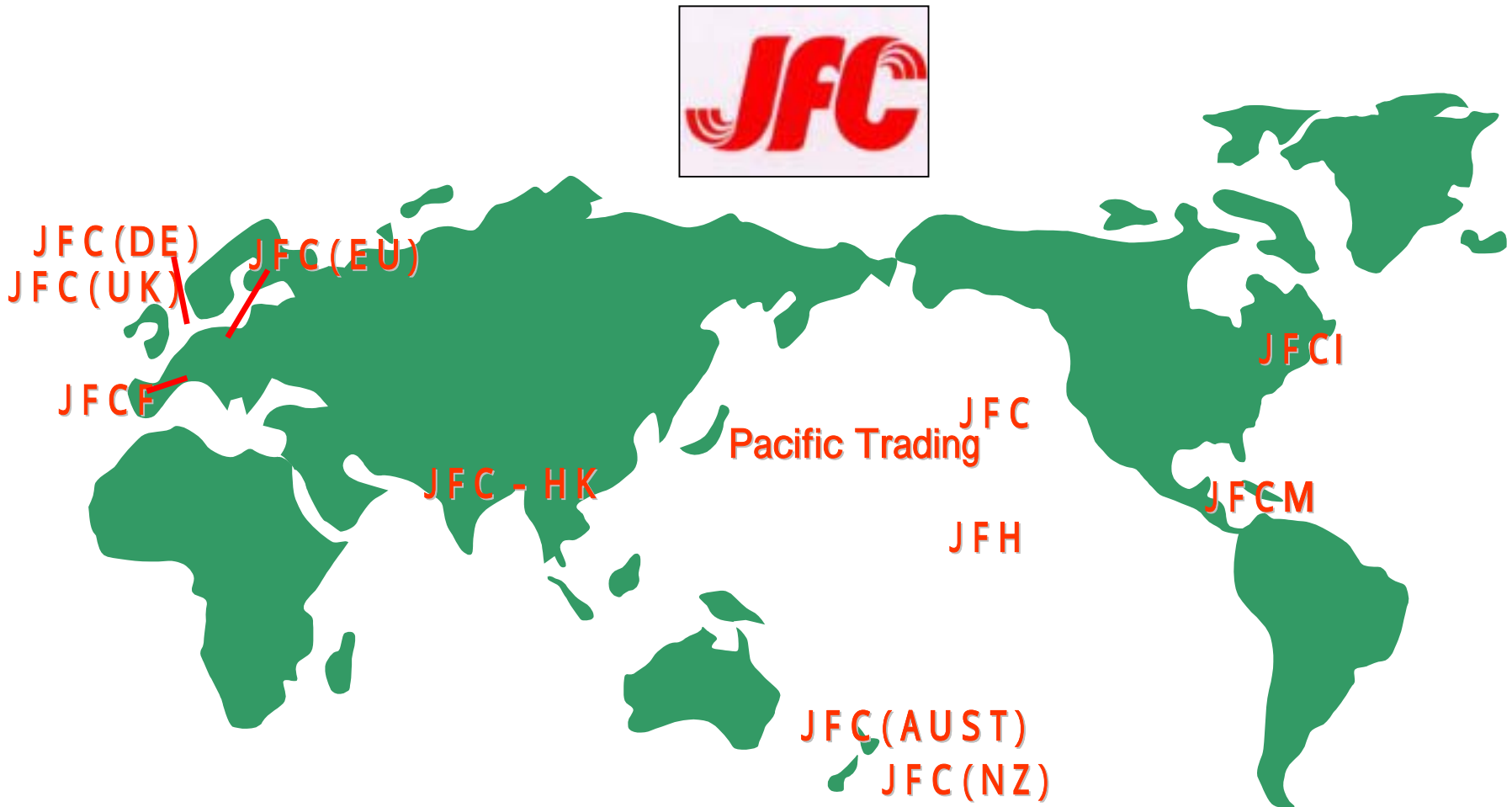
<Products Scheduled for Sale>



# III. Key Themes in Fiscal 2006

## 1) Cultivate Existing Markets and Develop New Markets

### Accelerate Development of Foods-Wholesale Business





# III. Key Themes in Fiscal 2006

## 2) Increase Earnings in Domestic Businesses

### Increase Earnings in Domestic Businesses

*Promote Growth in Sales of High-value-added Soy Sauce*

*Expand Sales of Soy Sauce Derivative Products*

*Expand Sales of Industrial-use and Foodservice-use Products*

*Vitalize the Del Monte Brand*





# III. Key Themes in Fiscal 2006

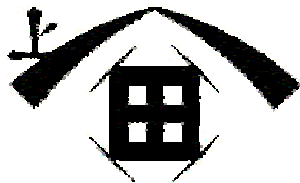
## 3) Reform Business Structures

### *Capture More Synergies With Higeta Shoyu*

*Joint Purchasing of Packages and Raw Materials*

*Examination to Make the Most Effective Use of Each Other's Manufacturing Facilities*

*Respond to the Industrial-use and Foodservice-use Markets*





# III. Key Themes in Fiscal 2006

## 3) Reform Business Structures

### *Capture More Synergies With Kibun Foods Group*

*Strengthen Relationship by Acquiring Additional Equity Interest in Kibun Food Chemifa*

*Accelerate Promotion of Project Activities*

- (1) Develop new products using the know-how of Kibun Food Chemifa Co., Ltd., and the Kikkoman Del Monte business to sell them through the nationwide chilled foods distribution channels of the Kibun Foods Group.
- (2) Utilize Kikkoman's overseas network to distribute Kibun Foods products.
- (3) Cooperate in R&D and technology in the soy bean and biotechnology fields in which Kikkoman and Kibun Food Chemifa excel.





# III. Key Themes in Fiscal 2006

## 3) Reform Business Structures

### Strengthen the Coca-Cola Business

*CCNBC , CCNSC , CCEJCS , and Tone Coca-Cola  
Strengthen their Respective Functions*





## *IV-1. Midterm Action Plan*

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### *1. Fiscal 2007 Midterm Plan Targets*



# IV-1. Midterm Action Plan

## Fiscal 2007 Midterm Plan Targets

(unit: millions of yen)

<b>Consolidated</b>	<b>Japan</b>	<b>Overseas</b>	<b>Segment Total</b>	<b>Total</b>
<b>Net Sales</b>	<b>288,000</b>	<b>92,000</b>	<b>380,000</b>	<b>370,000</b>
<b>Operating Income</b>	<b>11,500</b>	<b>10,500</b>	<b>22,000</b>	<b>22,000</b>
<b>Operating Income Ratio(%)</b>	<b>4</b>	<b>11</b>	<b>-</b>	<b>6</b>
<b>ROE(%)</b>				<b>7</b>

Exchange Rate: US\$ = ¥110.00 (estimate)

*. Performance in Fiscal 2005 and  
Forecast for Fiscal 2006*

*Takashi Ushiku*  
*President and COO*



# *Topics for This Presentation*

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*I. Performance in Fiscal 2005*

*II. Forecast for Fiscal 2006*



# I-1. Summary of Consolidated Statements of Income

(Unit: millions of yen)

	Fiscal 2005		Compared with Fiscal 2004			Excluding Translation Difference	
	Amount	%	Increase/Decrease	YoY	%	Increase/Decrease	YoY
<b>Net Sales</b>	<b>344,625</b>	<b>100.0</b>	<b>9,968</b>	<b>103.0</b>	<b>-</b>	<b>14,580</b>	<b>104.4</b>
<b>Cost of Sales</b>	<b>207,276</b>	<b>60.1</b>	<b>6,995</b>	<b>103.5</b>	<b>0.3</b>		
<b>Gross Profit</b>	<b>137,348</b>	<b>39.9</b>	<b>2,972</b>	<b>102.2</b>	<b>(0.3)</b>		
<b>Selling, General and Administrative Expenses</b>	<b>119,500</b>	<b>34.7</b>	<b>2,184</b>	<b>101.9</b>	<b>(0.4)</b>		
<b>Operating Income</b>	<b>17,847</b>	<b>5.2</b>	<b>788</b>	<b>104.6</b>	<b>0.1</b>	<b>1,329</b>	<b>107.8</b>
<b>Other Income (Loss)</b>	<b>(1,198)</b>	<b>(0.4)</b>	<b>432</b>	<b>73.5</b>	<b>0.1</b>		
<b>Recurring Income</b>	<b>16,649</b>	<b>4.8</b>	<b>1,220</b>	<b>107.9</b>	<b>0.2</b>	<b>1,739</b>	<b>111.3</b>
<b>Extraordinary Income</b>	<b>(313)</b>	<b>(0.1)</b>	<b>(884)</b>	<b>-</b>	<b>(0.3)</b>		
<b>Income Before Income Taxes and Minority Interests</b>	<b>16,336</b>	<b>4.7</b>	<b>336</b>	<b>102.1</b>	<b>(0.1)</b>		
<b>Income Taxes</b>	<b>5,742</b>	<b>1.7</b>	<b>271</b>	<b>105.0</b>	<b>-</b>		
<b>Minority Interests</b>	<b>1,106</b>	<b>0.3</b>	<b>(135)</b>	<b>89.1</b>	<b>(0.1)</b>		
<b>Net Income</b>	<b>9,487</b>	<b>2.8</b>	<b>200</b>	<b>102.2</b>	<b>-</b>	<b>533</b>	<b>105.7</b>

Exchange Rate (US\$)

108.00

(8.05)

93.1



# I-2. Consolidated Results by Geographical Segments

(Unit: millions of yen)

		Fiscal 2005		Compared with Fiscal 2004			
		Amount	%	Increase/ Decrease	YoY	Excluding Translation Difference	YoY
Japan	Sales	274,882	79.8	6,604	102.5	6,604	102.5
	Operating Income	9,360	52.4	665	107.7	665	107.7
	%	3.4		0.2		0.2	
Overseas	Sales	80,076	23.2	2,950	103.8	7,698	110.0
	Operating Income	8,503	47.6	159	101.9	699	108.4
	%	10.6		(0.2)		(0.1)	
North America	Sales	65,244	18.9	1,087	101.7	5,751	109.0
	Operating Income	7,095	39.8	(28)	99.6	486	106.8
	%	10.9		(0.2)		(0.2)	
Europe	Sales	8,271	2.4	2,563	144.9	2,350	141.2
	Operating Income	574	3.2	128	128.9	113	125.5
	%	6.9		(0.9)		(0.9)	
Asia & Oceania	Sales	7,114	2.1	(395)	94.7	(57)	99.2
	Operating Income	833	4.7	58	107.5	100	112.9
	%	11.7		1.4		1.4	
Eliminations	Sales	(554)	(0.2)	(304)	222.4	(346)	239.0
	Operating Income		(0.0)				
	%						
Eliminations and Corporate	Sales	(10,333)	(3.0)	413	96.2	277	97.4
	Operating Income	(15)	(0.1)	(35)	(79.7)	(36)	(80.1)
	%	0.2					
Consolidate Total	Sales	344,625	100.0	9,968	103.0	14,580	104.4
	Operating Income	17,847	100.0	788	104.6	1,329	107.8
	%	5.2		0.1		0.2	

Exchange Rate (US\$)      108.00      (8.05)      93.1



# I-3. Consolidated Results by Business Segments

(Unit: millions of yen)

		Fiscal 2005		Compared with Fiscal 2004			
		Amount	%	Increase/ Decrease	YoY	Excluding Translation Difference	YoY
Foods- Manufacturing & Sales	Sales	170,155	49.4	509	100.3	2,390	101.4
	Operating Income	11,125	62.3	(268)	97.6	186	101.6
	%	6.5		(0.2)			
Foods-Wholesale	Sales	51,993	15.1	3,470	107.2	6,232	112.8
	Operating Income	1,810	10.1	139	108.4	224	113.4
	%	3.5		0.1		0.1	
Coca-Cola	Sales	119,412	34.6	5,756	105.1	5,756	105.1
	Operating Income	4,005	22.4	811	125.4	811	125.4
	%	3.4		0.6		0.6	
Other	Sales	4,438	1.3	446	111.2	431	110.8
	Operating Income	914	5.1	117	114.7	118	114.8
	%	20.6		0.6		0.7	
Eliminations and Corporate	Sales	(1,374)	(0.4)	(213)	118.4	(231)	119.9
	Operating Income	(8)	(0.0)	(10)		(10)	
	%	0.6					
Consolidate Total	Sales	344,625	100.0	9,968	103.0	14,580	104.4
	Operating Income	17,847	100.0	788	104.6	1,329	107.8
	%	5.2		0.1		0.2	
Exchange Rate (US\$)		108.00		(8.05)	93.1		



# I-3. Consolidated Results by Business Segments in Japan

(Unit: millions of yen)

		Fiscal 2005		Compared with Fiscal 2004			
		Amount	%	Increase/ Decrease	YoY	Excluding Translation Difference	YoY
Foods- Manufacturing and Sales	Sales	137,236	49.9	(472)	99.7	(472)	99.7
	Operating Income	3,946	42.2	(327)	92.3	(327)	92.3
	%	2.9		(0.2)		(0.2)	
Foods-Wholesale	Sales	15,434	5.6	985	106.8	985	106.8
	Operating Income	465	5.0	55	113.5	55	113.5
	%	3.0		0.2		0.2	
Coca-Cola	Sales	119,412	43.4	5,756	105.1	5,756	105.1
	Operating Income	4,005	42.8	811	125.4	811	125.4
	%	3.4		0.6		0.6	
Other	Sales	3,833	1.4	473	114.1	473	114.1
	Operating Income	953	10.2	136	116.8	136	116.8
	%	24.9		0.6		0.6	
Eliminations and Corporate	Sales	(1,034)	(0.4)	(138)	115.5	(138)	115.5
	Operating Income	(10)	(0.1)	(10)		(10)	
	%	1.0					
Japan Total	Sales	274,882	100.0	6,604	102.5	6,604	102.5
	Operating Income	9,360	100.0	665	107.7	665	107.7
	%	3.4		0.2		0.2	



### I-3. Sales of “Foods-Manufacturing and Sales” in Japan

(Unit: millions of yen)

	Fiscal 2005		Compared with Fiscal 2004		Transaction Changes	After Adjustment for Transaction Changes	
	Amount	%	Increase/ Decrease	%	Amount	Increase/ Decrease	(%)
Soy Sauce	54,782	19.9	(4,072)	93.1	916	(3,155)	94.6
Soy Sauce Derivative Products	20,791	7.6	1,318	106.8	121	1,440	107.4
Del Monte	38,221	13.9	2,809	107.9	16	2,826	108.0
Sake and Wine	24,365	8.9	(387)	98.4		(387)	98.4
Foods- Manufacturing and Sales Total	137,236	49.9	(472)	99.7	1,055	583	100.4



# I-3. Consolidated Results by Business Segments Overseas

(Unit: millions of yen)

		Fiscal 2005		Increase/Decrease			
		Amount	%	Amount	YoY	Excluding Translation Difference	YoY
Foods-Manufacturing and Sales	Sales	34,364	42.9	(586)	98.3	1,336	103.8
	Operating Income	7,171	84.3	51	100.7	507	107.1
	%	20.9		0.5		0.6	
Foods-Wholesale	Sales	45,187	56.4	3,558	108.5	6,400	115.4
	Operating Income	1,371	16.1	127	110.2	211	117.0
	%	3.0					
Other	Sales	605	0.8	(27)	95.6	(41)	93.4
	Operating Income	(39)	(0.5)	(19)	202.5	(18)	197.7
	%						
Eliminations and Corporate	Sales	(80)	(0.1)	5	93.8	3	96.3
	Operating Income		0.0				
	%						
Overseas Total	Sales	80,076	100.0	2,950	103.8	7,698	110.0
	Operating Income	8,503	100.0	159	101.9	699	108.4
	%	10.6		(0.2)		(0.1)	

Exchange Rate (US\$)

108.00

(8.05)

93.1



### I-3. Sales of “Foods-Manufacturing and Sales” Overseas

(Unit: millions of yen)

	Fiscal 2005		Compared with Fiscal 2004		Excluding Translation Difference	
	Amount	%	Increase/ Decrease	%	Increase/ Decrease	%
Soy Sauce	29,588	37.0	(245)	99.2	1,321	104.4
Del Monte	4,775	6.0	(340)	93.3	15	100.3
<b>Foods- Manufacturing and Sales Total</b>	<b>34,364</b>	<b>42.9</b>	<b>(586)</b>	<b>98.3</b>	<b>1,336</b>	<b>103.8</b>
Exchange Rate (US\$)	108.00		(8.05)	93.1		



## I-4. Summary of Unconsolidated Statements of Income

(Unit: millions of yen)

	Fiscal 2005		Compared with Fiscal 2004		
	Amount	%	Amount	YoY	%
Net Sales	126,813	100.0	(154)	99.9	-
Cost of Sales	66,299	52.3	(552)	99.2	(0.4)
Gross Profit	60,514	47.7	398	100.7	0.4
Selling, General and Administrative Expenses	56,751	44.7	277	100.5	0.3
Operating Income	3,762	3.0	120	103.3	0.1
Other Income	976	0.7	(78)	92.6	(0.1)
Recurring Income	4,738	3.7	42	100.9	-
Extraordinary Income	130	0.1	(373)	26.0	(0.3)
Income Before Income Taxes and Minority Interests	4,869	3.8	(330)	93.6	(0.3)
Income Taxes	1,152	0.9	(90)	92.7	(0.1)
Net Income	3,717	2.9	(240)	93.9	(0.2)



## I-5. Summary of Consolidated Balance Sheets

**Total Asset = 295,802 +17,199** (Unit: millions of yen)

**Assets** **+17,199**

**Current Assets** **+1,012**

Cash and time deposits (5,015)

Trade notes and accounts receivable  
+3,499

Inventories +1,701

Other current assets + 862

**Fixed Assets** **+16,187**

Investments in securities +11,985

(Investment in Kibun Foods Group etc.)

Long-term loans +4,953

(Affiliated Companies)

**Liabilities and Shareholders' Equity**

**+17,199**

**Liabilities Total** **+9,249**

Interest bearing debt +8,501

(Funds for new M&As by parent  
company, etc.) +18,000

(Repayments at subsidiaries) (9,438)

Trade notes and accounts payable,

Other accounts payable +1,458

Accrued employees' pension and  
severance costs (2,189)

Other long-term liabilities +1,057

**Minority Interests** **+2,430**

**Shareholders' Equity** **+5,520**

Treasury stock (1,510)

Retained earnings +7,775



## I-6. Summary of Consolidated Statements of Cash Flows

**Summary of Net CF( + + + ) = (6,314)** (Unit: millions of yen)

### Cash Flows from Operating Activities

**+ 20,405**

Net income	+16,336
Depreciation and amortization	+13,622
Accrued employees' pension and severance costs	(2,237)
Income taxes paid	(5,641)
Other	(1,673)

### Cash Flows from Investing Activities

**(31,224)**

a) Acquisition of property, plant and equipment	(13,842)
Acquisition of investments in securities (Investment in Kibun Foods Group etc.)	(13,331)
Proceeds from sales of investments in securities	+2,483
Loans (Affiliated Companies)	(6,472)

**+ a) Free Cash Flows**

**+ 6,562**

**- a) Cash Flows from Investing Activities**

**(excluding Acquisition of property, plant and equipment)**

**(17,381)**

### Cash Flows from Financing Activities

**+ 4,456**

Increase in short-term bank loans and long-term debt	+ 8,438
Cash dividends paid and etc.	(3,981)

### Other

**+ 47**



## II. Forecast for Fiscal 2006

(Unit: millions of yen)

	Fiscal 2006 Forecast	Compared with Fiscal 2005			
	Amount	Increase/ Decrease	YoY	Excluding Translation Difference	YoY
<b>Net Sales</b>	<b>357,000</b>	<b>12,375</b>	<b>103.6</b>	<b>13,899</b>	<b>104.0</b>
<b>Japan</b>	<b>283,600</b>	<b>8,717</b>	<b>103.2</b>	<b>8,717</b>	<b>103.2</b>
<b>Overseas</b>	<b>84,700</b>	<b>4,623</b>	<b>105.8</b>	<b>6,181</b>	<b>107.7</b>
<b>Eliminations</b>	<b>(11,300)</b>	<b>(965)</b>	<b>109.3</b>	<b>(999)</b>	<b>109.7</b>

<b>Operating Income</b>	<b>18,900</b>	<b>1,052</b>	<b>105.9</b>	<b>1,235</b>	<b>106.9</b>
<b>Japan</b>	<b>9,800</b>	<b>439</b>	<b>104.7</b>	<b>439</b>	<b>104.7</b>
<b>Overseas</b>	<b>9,100</b>	<b>596</b>	<b>107.0</b>	<b>779</b>	<b>109.2</b>
<b>Eliminations</b>		<b>15</b>		<b>15</b>	

<b>Net Income</b>	<b>9,800</b>	<b>312</b>	<b>103.3</b>	<b>419</b>	<b>104.4</b>
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US\$            **105.00**            **(3.00)**            **97.2**

*. Unconsolidated Key Themes in Fiscal 2006*

*Takashi Ushiku*  
*President and COO*



# *Topics for This Presentation*

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## *I. Unconsolidated Key Themes in Fiscal 2006*



## *I. Unconsolidated Key Themes in Fiscal 2006*

### *Unconsolidated Key Themes in Fiscal 2006*

*1) Improve Market Share in Japanese Seasoning Market*

*2) Strengthen Actions in Industrial-use and Foodservice-use Markets*

*3) Promote R&D and Product Development to Create Competitive New Products*

*4) Bolster Cost Competitiveness*

*5) Carry Out Structural Reforms of Businesses*

