

Kikkoman Corporation



*Business Performance Presentation
for the Year Ended March 31, 2006*

Fiscal 2006
Year Ended March 31, 2006



- *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 April to March.*
- *From 2005, one domestic consolidated subsidiary and five North American consolidated subsidiaries changed their fiscal year-ends from December 31 to March 31.*



Today's Agenda

I. Corporate Strategic Overview in Fiscal 2007

Yuzaburo Mogi, Chairman and CEO

II. Performance in Fiscal 2006 and Forecast for Fiscal 2007

Takashi Ushiku, President and COO

I. Corporate Strategic Overview in Fiscal 2007

Yuzaburo Mogi
Chairman and CEO



Topics for This Presentation

1. Forecast for Fiscal 2007

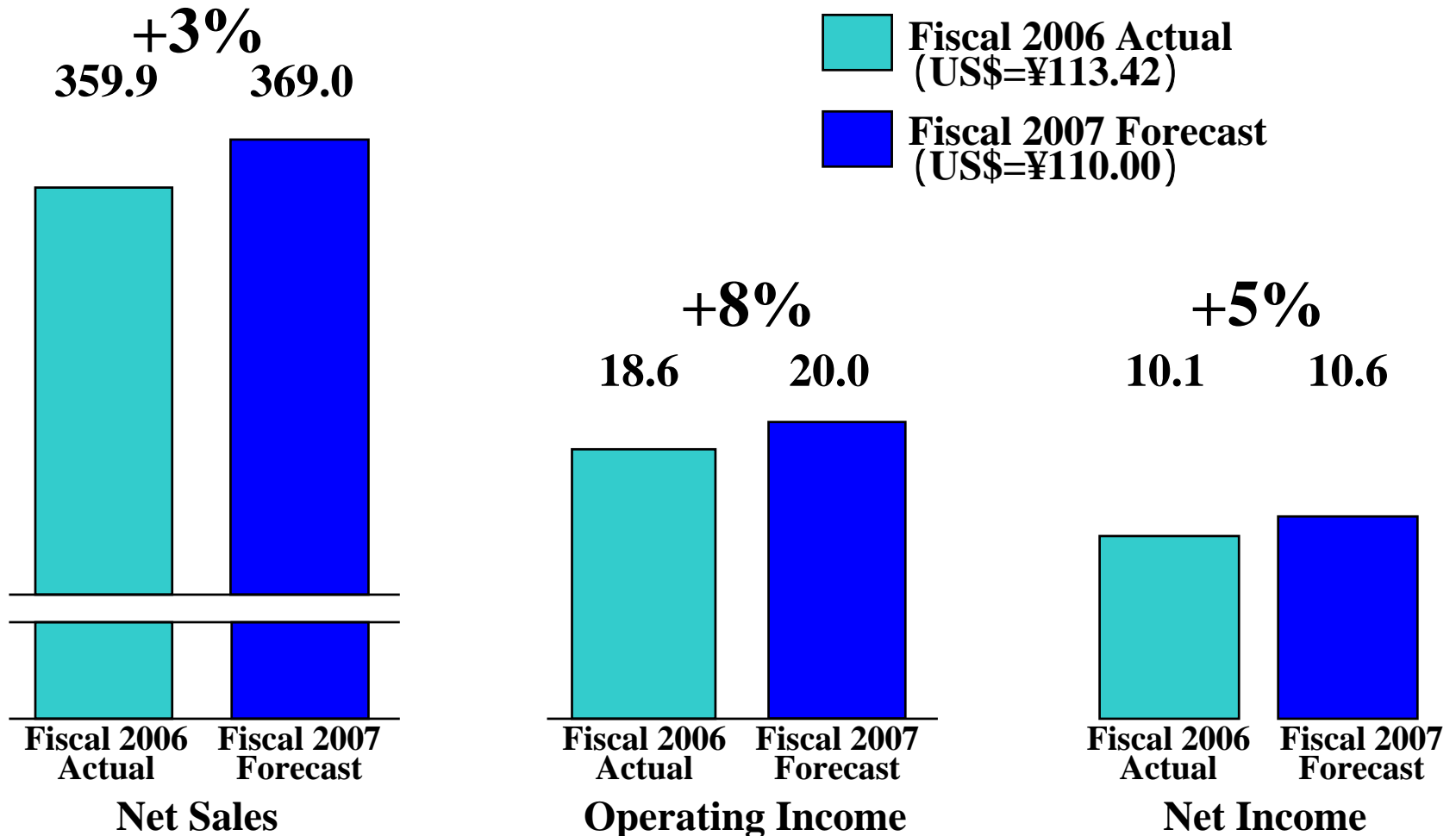
2. Key Themes in Fiscal 2007



1. Forecast for Fiscal 2007

Consolidated Total

(unit: billions of yen)

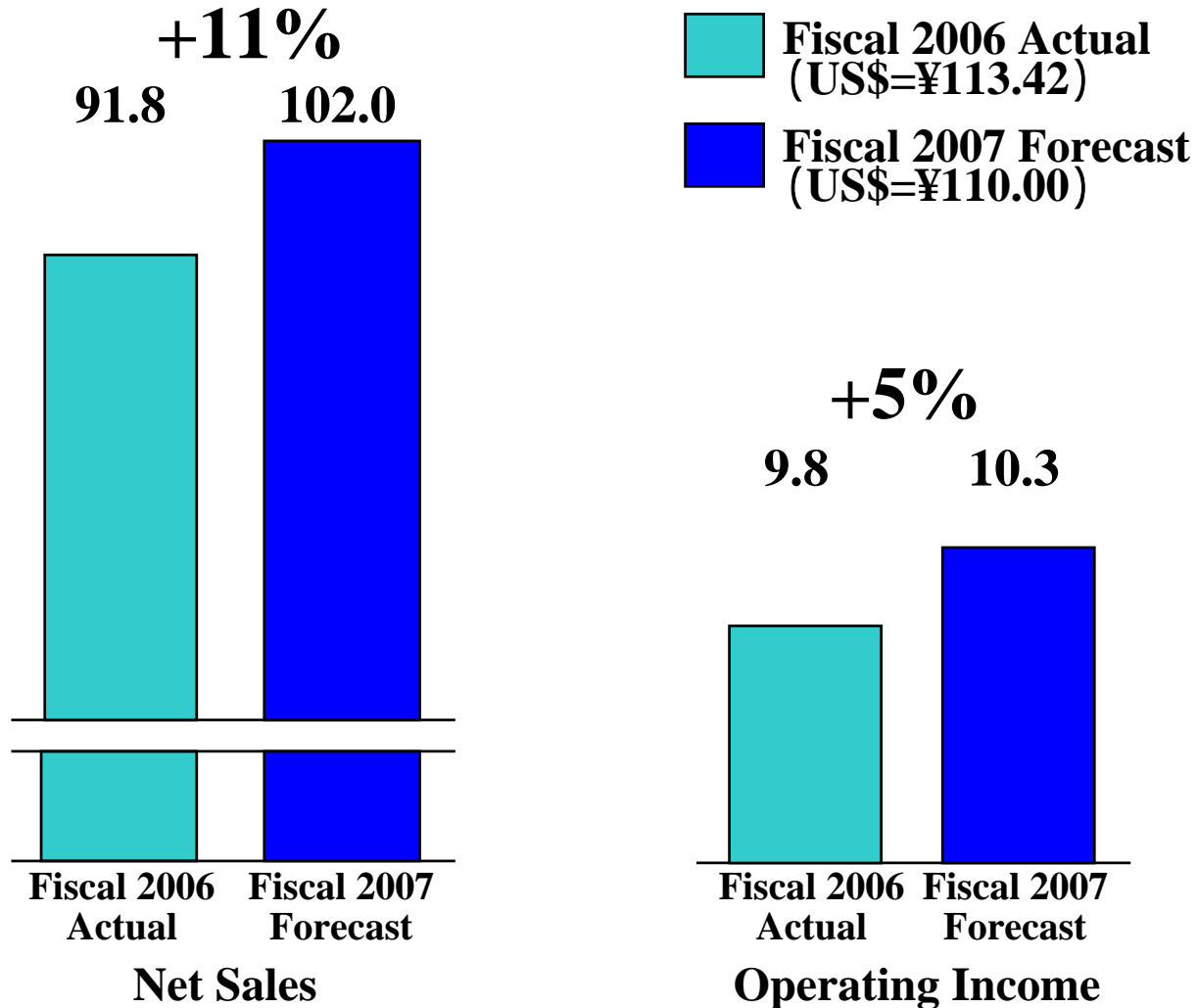




1. Forecast for Fiscal 2007

Overseas Total

(unit: billions of yen)

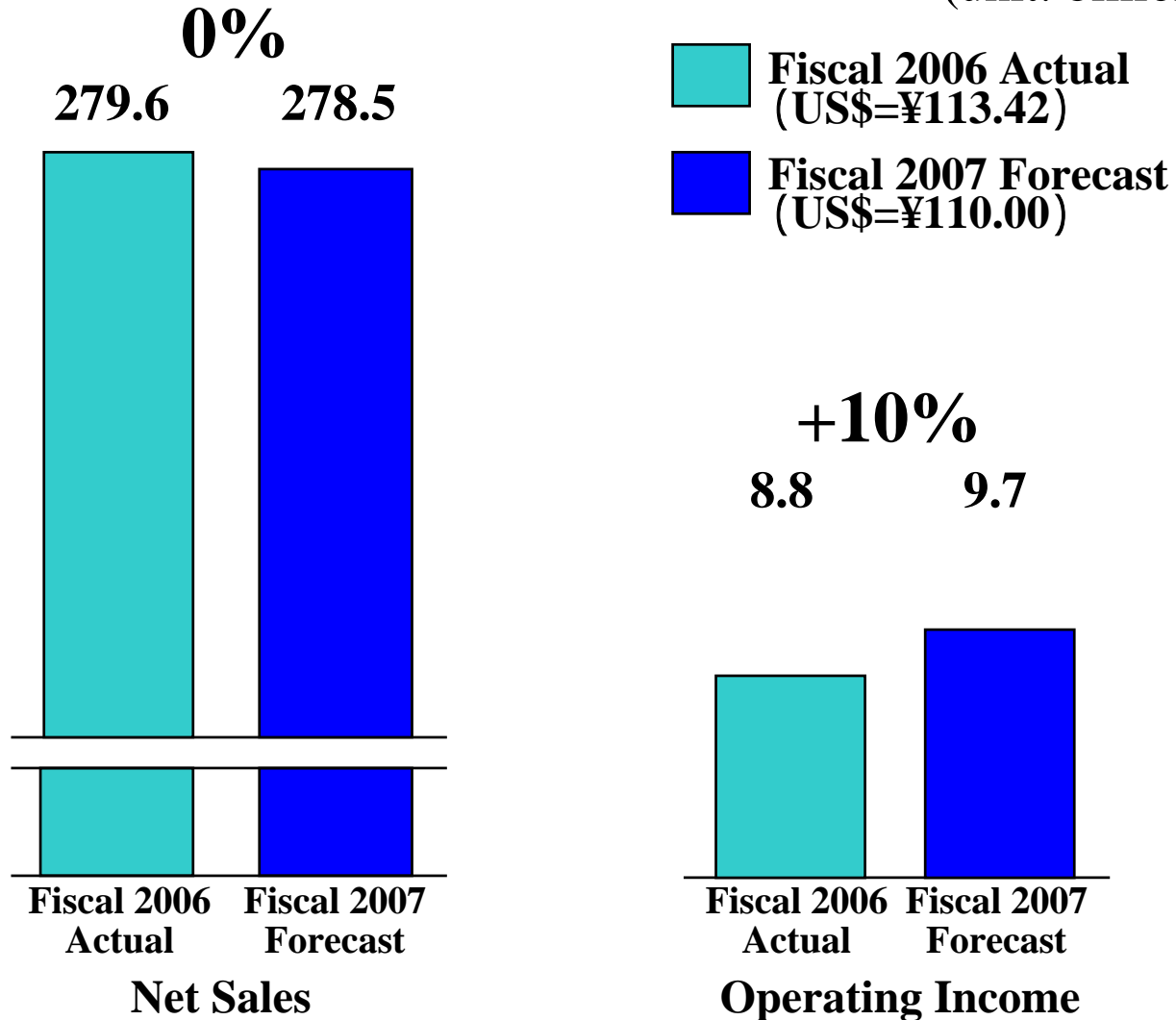




1. Forecast for Fiscal 2007

Japan Total

(unit: billions of yen)





2. Key Themes in Fiscal 2007

1) Cultivate Existing Markets and Develop New Markets

2) Increase Earnings in Domestic Businesses

3) Reform Business Structures



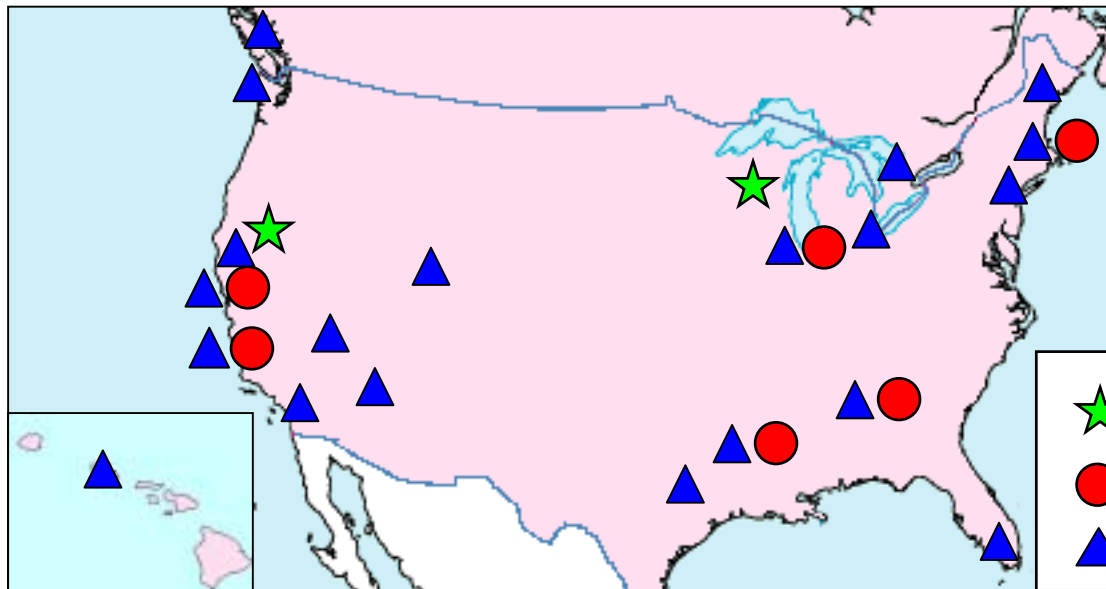
2. Key Themes in Fiscal 2007

1) Cultivate Existing Markets and Develop New Markets

North America

Achieve Consistent Growth in Soy Sauce Business

Accelerate Development of Foods-Wholesale Business



- ★ Production Bases of Soy Sauce
- Sales Bases of Soy Sauce
- ▲ Wholesale Bases



2. Key Themes in Fiscal 2007

1) Cultivate Existing Markets and Develop New Markets

North America

Promote Diversification in Business

Utilize the Network of Country Life

- Turned Country Life, a Health Foods Joint Venture, into a Wholly Owned Subsidiary
- Expand Sales Channels of “Tamari Soy Sauce” and “Organic Soy Sauce”

Expand Soy Milk Business





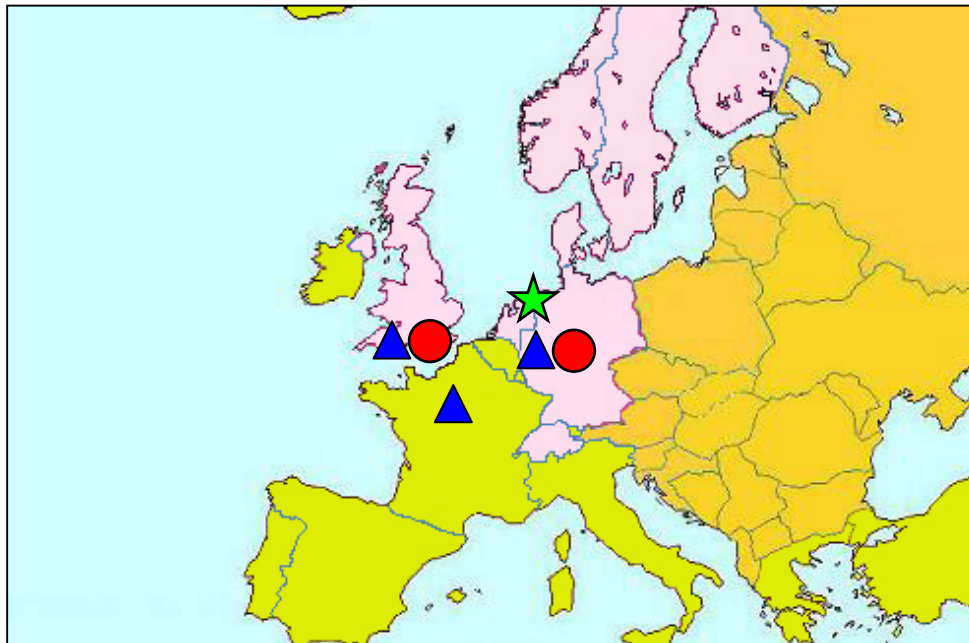
2. Key Themes in Fiscal 2007

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 Central and Eastern Europe including Russia










2. Key Themes in Fiscal 2007

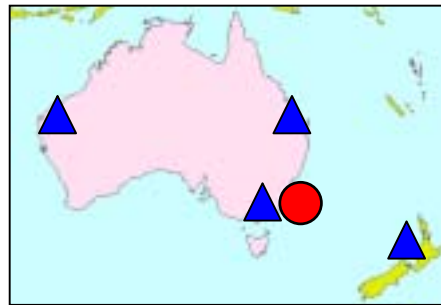
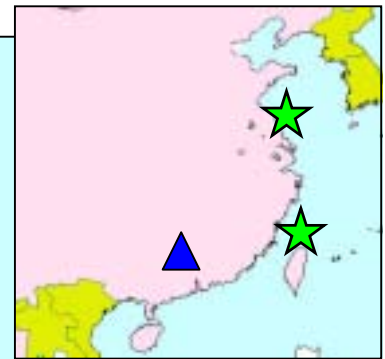
1) Cultivate Existing Markets and Develop New Markets

Asia & Oceania

Create an Operating Base in Chinese Market

Expand Sales Especially in ASEAN and Oceanian Countries

-  Main Markets
-  Targeted Sales Regions
-  Production Base of Soy Sauce
-  Sales Bases of Soy Sauce
-  Wholesale Bases





2. Key Themes in Fiscal 2007

1) Cultivate Existing Markets and Develop New Markets

Asia & Oceania

Strengthen Our Del Monte Brand





2. Key Themes in Fiscal 2007

2) Increase Earnings in Domestic Businesses

Soy Sauce & Soy Sauce Derivative Products Business

Increase the Value of Soy Sauce

Expand Sales of Soy Sauce Derivative Products

Make the Effective Use of Higeta Shoyu





2. Key Themes in Fiscal 2007

2) Increase Earnings in Domestic Businesses

Del Monte Business

Strengthen Beverage Division in Del Monte





2. Key Themes in Fiscal 2007

KIKKOMAN

2) Increase Earnings in Domestic Businesses

Sake & Wine Business

Mirin: Strengthen Sales Promotion as a Japanese Seasoning

Wine: Promote High-value-added Products





2. Key Themes in Fiscal 2007

KIKKOMAN

3) Reform Business Structures

Capture More Synergy With Kibun Food Chemifa

Acquired Additional Equity Interest in Kibun Food Chemifa





2. Key Themes in Fiscal 2007

KIKKOMAN

3) Reform Business Structures

Enhance the Profitability of Coca-Cola Business



*II. Performance in Fiscal 2006 and
Forecast for Fiscal 2007*

Takashi Ushiku
President and COO



Topics for This Presentation

1. Performance in Fiscal 2006

2. Forecast for Fiscal 2007



1-1. Summary of Consolidated Statements of Income

KIKKOMAN

Performance in Fiscal 2006

(Unit: millions of yen)

	Fiscal 2006		Fiscal 2005		Compared with Fiscal 2005			Translation Difference	Excluding Translation Difference	
	Amount	%	Amount	%	Increase/Decrease	YoY %	% point		Increase/Decrease	YoY %
Net Sales	359,906	100.0	344,625	100.0	15,281	104.4	-	4,147	11,134	103.2
Operating Income	18,557	5.2	17,847	5.2	709	104.0	-	461	247	101.4
Recurring Income	17,350	4.8	16,649	4.8	700	104.2	-	436	264	101.6
Net Income	10,125	2.8	9,487	2.8	637	106.7	-	280	356	103.8
¥/US\$	113.42		108.00		5.42	105.0				

[For more information, please see the following pages of "Supplementary Schedules"](#)
[Page 2 \(Scope of consolidation and application of the equity method\)](#)
[Page 4 \(Consolidated results\)](#)
[Page 16 \(Changes in recurring income\)](#)
[Page 17&18 \(Changes in net income\)](#)



1-2. Consolidated Results by Geographical Segments

KIKKOMAN

Performance in Fiscal 2006

(Unit: millions of yen)

		Fiscal 2006		Fiscal 2005		Compared with Fiscal 2005			Translation Difference	Excluding Translation Difference	
		Amount	%	Amount	%	Increase/Decrease	YoY %	% point		Increase/Decrease	YoY %
Japan	Net Sales	279,587	100.0	274,882	100.0	4,704	101.7	-		4,704	101.7
	Operating Income	8,806	3.1	9,360	3.4	(553)	94.1	(0.3)		(553)	94.1
Overseas	Net Sales	91,834	100.0	80,076	100.0	11,757	114.7	-	4,245	7,511	109.4
	Operating Income	9,769	10.6	8,503	10.6	1,265	114.9	-	461	803	109.5
Eliminations	Net Sales	(11,514)	100.0	(10,333)	100.0	(1,180)	111.4	-	(98)	(1,082)	110.5
	Operating Income	(19)	-	(15)	-	(3)	119.4	-		(3)	119.3
Consolidated total	Net Sales	359,906	100.0	344,625	100.0	15,281	104.4	-	4,147	11,134	103.2
	Operating Income	18,557	5.2	17,847	5.2	709	104.0	-	461	247	101.4
¥/US\$		113.42		108.00		5.42	105.0				

[For more information, please see the following pages of "Supplementary Schedules"](#)

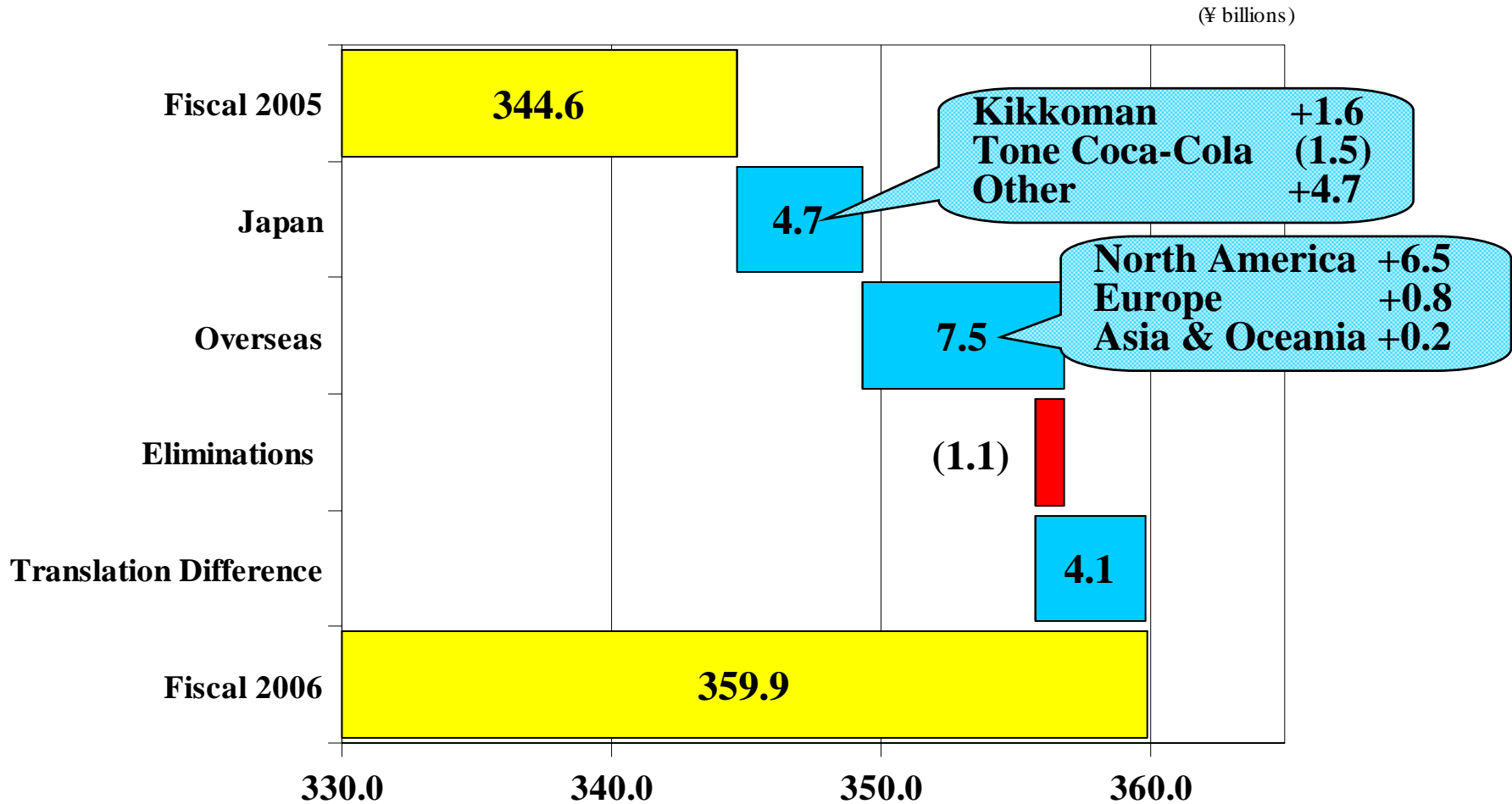
[Page 6 \(Changes in net sales by geographical segment\)](#)

[Page 10 \(Changes in operating income by geographical segment\)](#)



1-3. Change in Net Sales by Geographical Segment

+ ¥ 15.3 billion

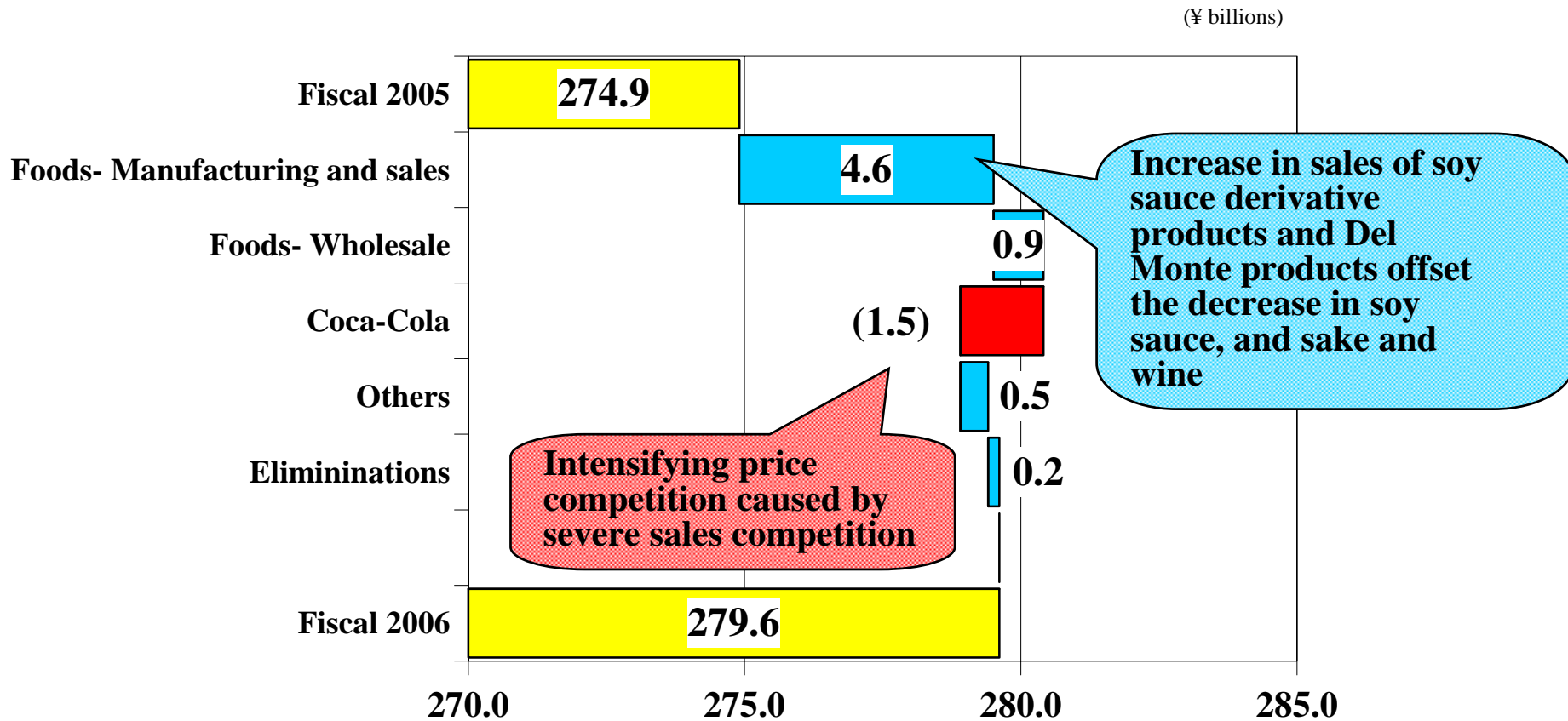


For more information, please see page 6 of "Supplementary Schedules"



1-4. Change in Net Sales by Business Segment in Japan

+ ¥ 4.7 billion

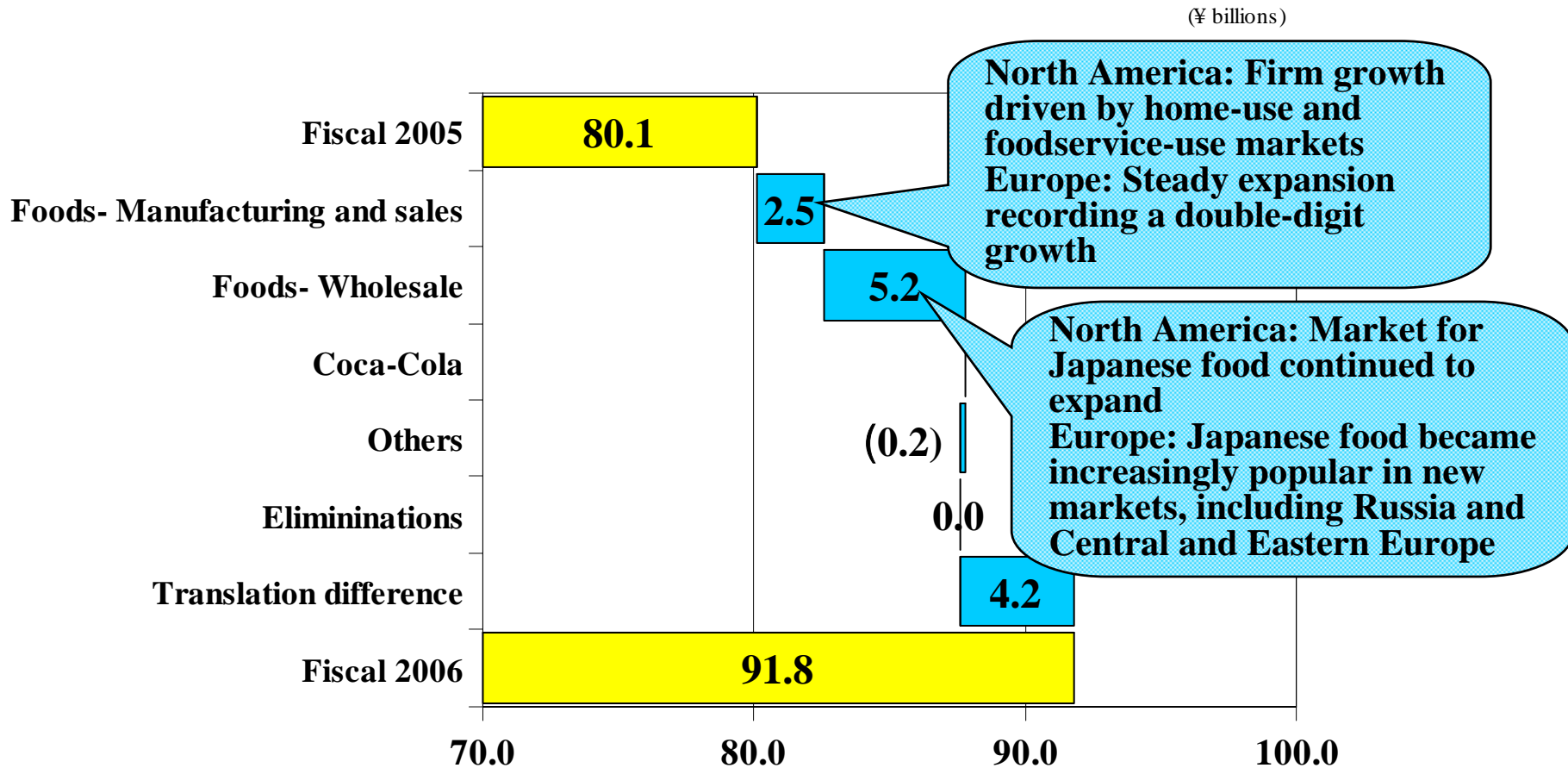


For more information, please see page 14 of "Supplementary Schedules"



1-5. Change in Net Sales by Business Segment Overseas

+ ¥ 11.8 billion

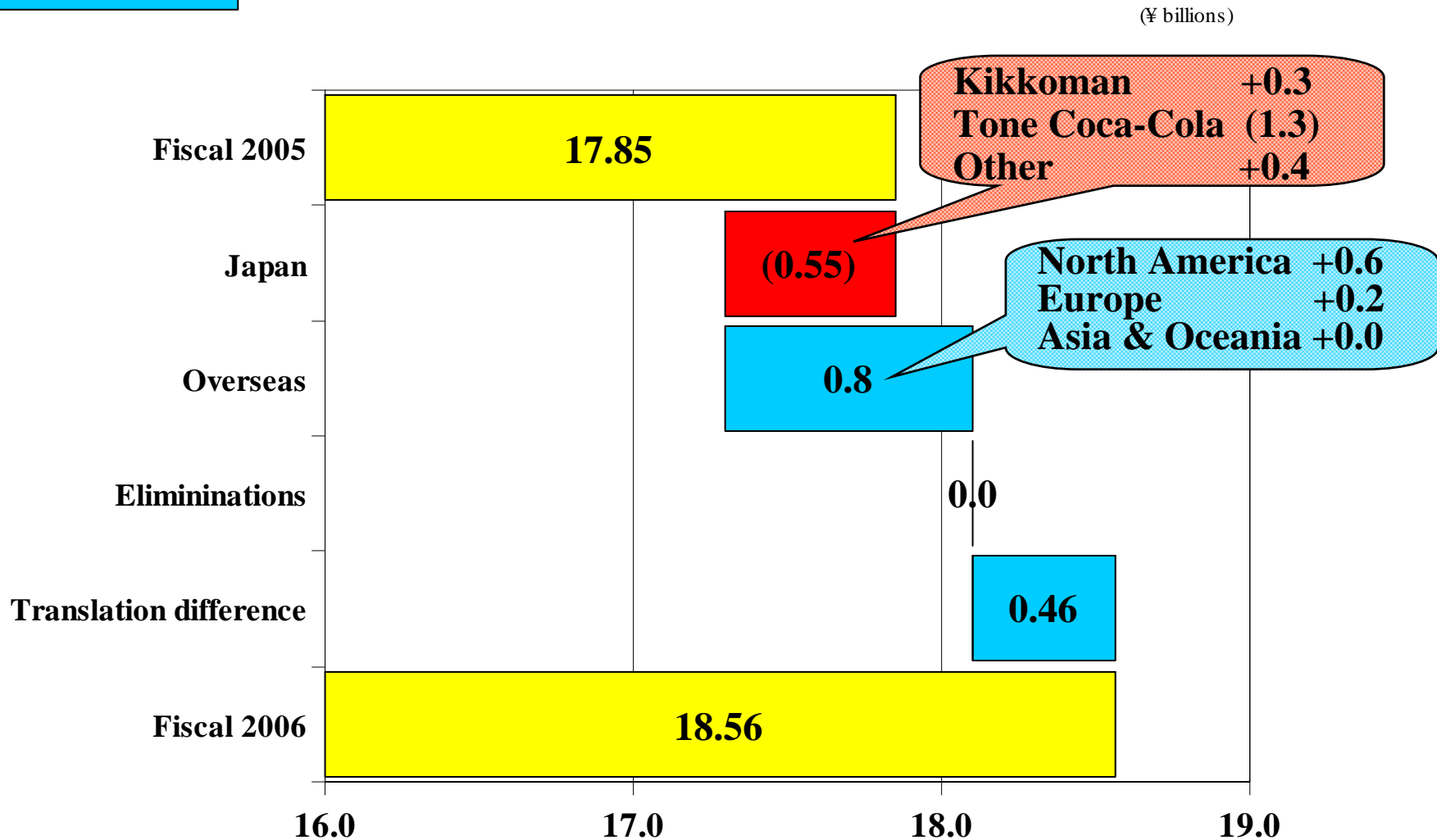


For more information, please see [page 15](#) of "Supplementary Schedules"



1-6. Change in Operating Income by Geographical Segment

+ ¥ 0.7 billion



For more information, please see page 10 of "Supplementary Schedules"

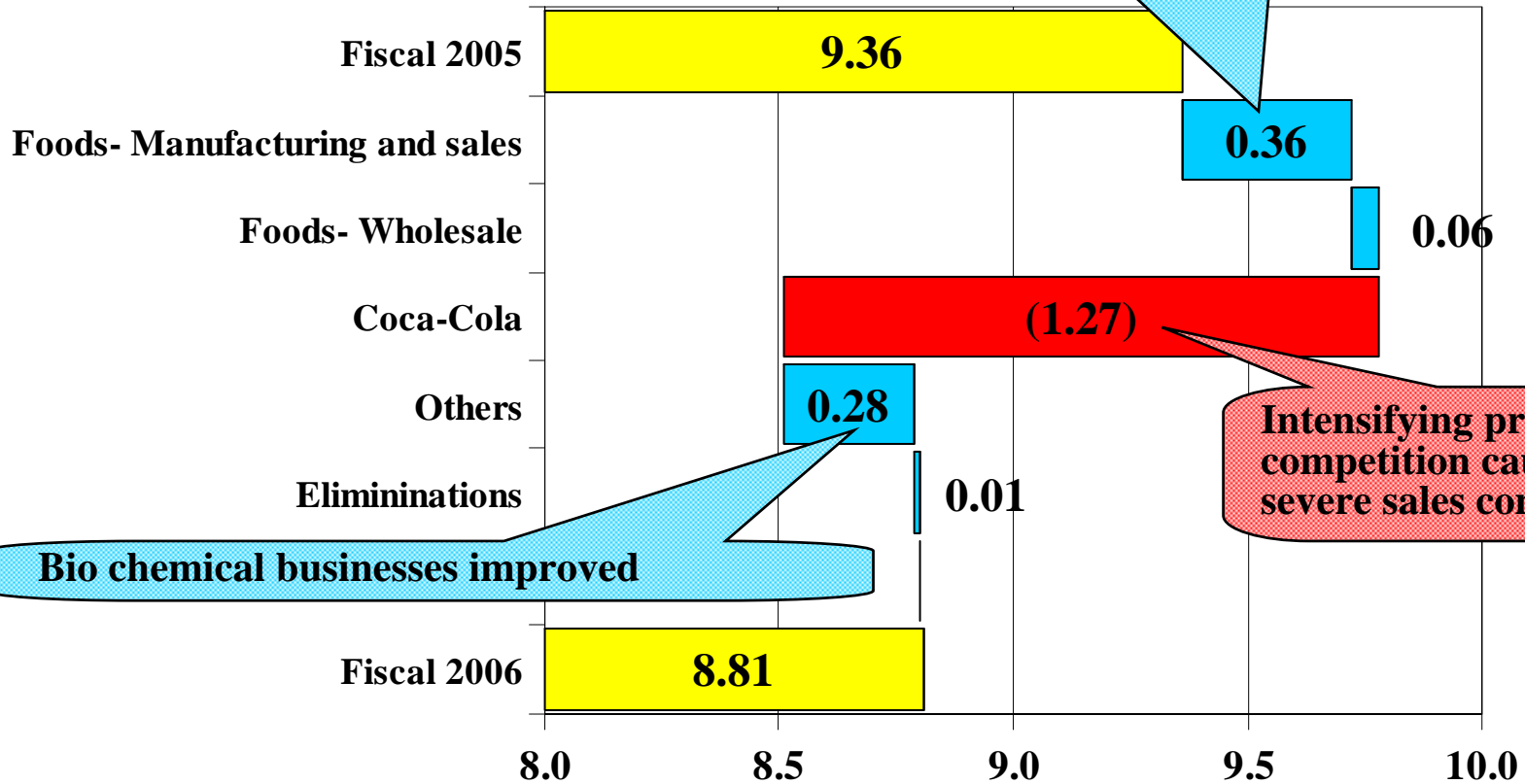


1-7. Change in Operating Income by Business Segment in Japan

(¥ 0.6 billion)

Profit growth caused by a drop in soy bean prices and greater sales was dampened by higher sales commissions

(¥ billions)



Bio chemical businesses improved

Intensifying price competition caused by severe sales competition

For more information, please see the following pages of "Supplementary Schedules"

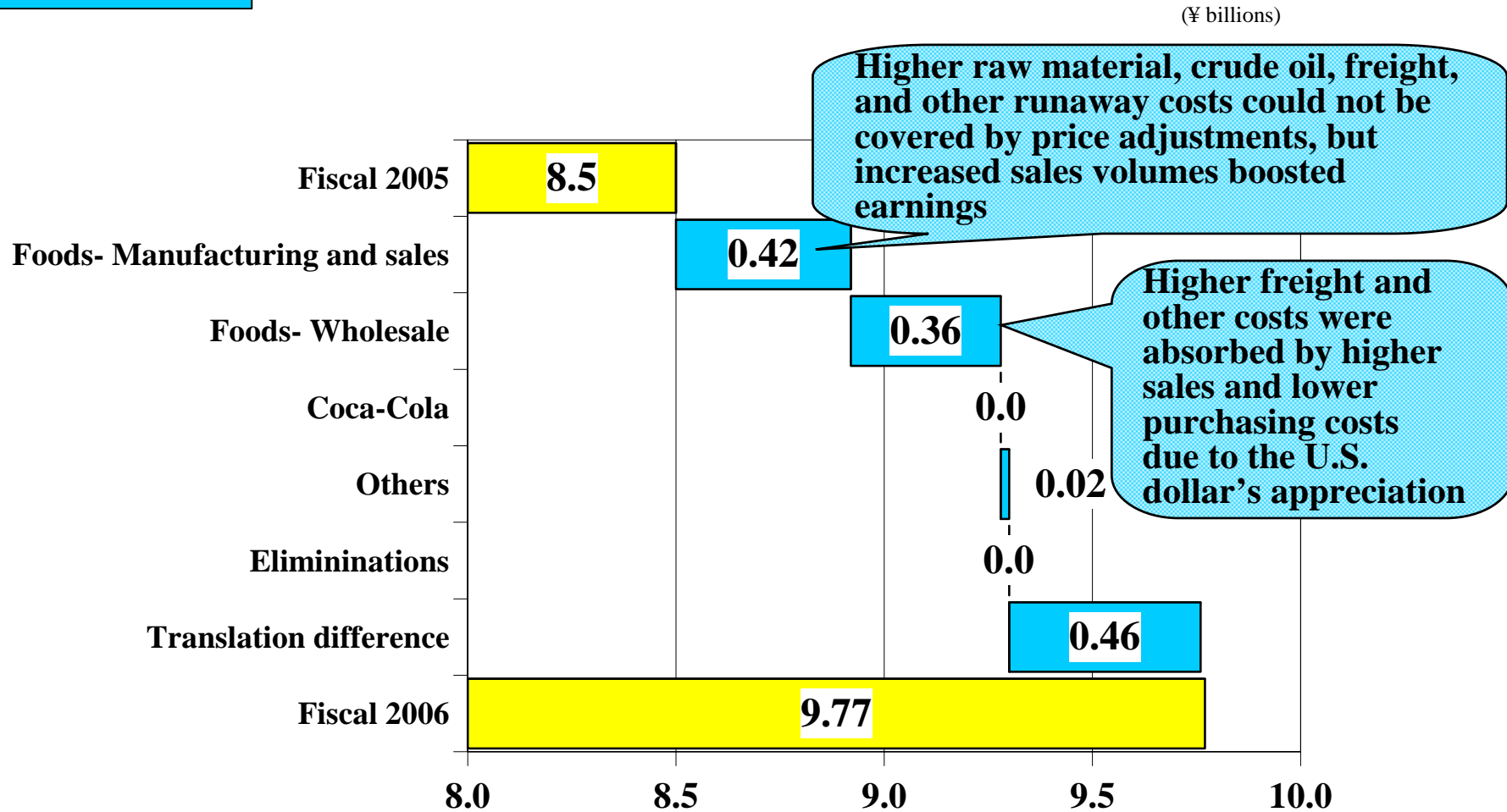
Page 8 (Cost of sales, selling, general and administrative expenses by geographical segment (Japan))

Page 10 (Consolidated segment information in Japan)



1-8. Change in Operating Income by Business Segment Overseas

+ ¥ 1.3 billion



For more information, please see the following pages of "Supplementary Schedules"

[Page 9 \(Cost of sales, selling, general and administrative expenses by geographical segment \(Overseas\)\)](#)

[Page 15 \(Consolidated segment information Overseas\)](#)



1-9. Changes in Consolidated Balance Sheets from April 1, 2005 to March 31, 2006

KIKKOMAN

Total Asset = 331,781 +35,979

(Unit: millions of yen)

Assets	+35,979
Current Assets	+18,364
Cash and time deposits	+15,823
Trade notes and accounts receivable	+1,065
Inventories	+ 714
Other current assets	+ 761
Fixed Assets	+ 17,614
Property, plant and equipment	+ 346
Intangible assets	(621)
Investments in securities	+24,134
[Kibun Food Chemifa	+5,899
Rising market prices of shareholdings	
(2006.3 31,746)	+13,731
Establishment of pension trust fund	(548)]
Long-term loans receivable	(5,024)
Other assets	(1,221)

Liabilities and Shareholders' Equity	+ 35,979
Liabilities Total	+ 13,968
Interest bearing debt	+14,261
[Straight Bonds +40,000, Repayment of long-term debt (7,000), loans (18,738) etc.]	
Trade notes and accounts payable, and Other accounts payable	+ 581
Deferred tax liabilities	+4,572
Accrued employees' pension and severance costs	(5,098)
[Establishment of pension trust fund (3,069)]	
Other long-term liabilities	(348)
Minority Interests	+ 704
Shareholders' Equity	+21,306
Unrealized holding gain on securities	+8,488
Translation adjustments	+4,335
Retained earnings	+ 8,594

**For more information, please see page 19
of "Supplementary Schedules"**



1-10 . Changes in Consolidated Statements of Cash Flows from April 1, 2005 to March 31, 2006

Summary of Net CF(+ + +) = +3,880 (Unit: millions of yen)

Cash Flows from Operating Activities

	+20,646
Net income	+17,362
Depreciation and amortization	+14,223
Accrued employees' pension and severance costs	(2,065)
Establishment of pension trust fund	(2,520)
Impairment of Fixed assets	+ 1,965
Income taxes paid	(7,362)
Other	(956)

Cash Flows from Investing Activities

	(17,270)
a) Acquisition of property, plant and equipment	(16,556)
Acquisition of investments in securities (Kibun Food Chemifa 5,899 etc.)	(8,164)
Proceeds from sales of investments in securities	+4,170
Loans	+ 748
Other	+ 2,531

+ a) Free Cash Flows **+ 4,090**

**- a) Cash Flows from Investing Activities
(excluding Acquisition of property, plant and equipment)** **(714)**

Cash Flows from Financing Activities

	+11,240
Decrease in short-term bank loans and	
Repayment of long-term debt	(26,288)
Proceeds from long-term debt	+ 39,768
Cash dividends paid and etc	(2,239)

Other **+ 683**

**For more information, please see page 20
of "Supplementary Schedules"**



2-1. Forecast for Fiscal 2007

Forecast for Fiscal 2007

(Unit: millions of yen)

	Fiscal 2007		Fiscal 2006		Compared with Fiscal 2006			Translation Difference	Translation Difference	
	Amount	%	Amount	%	Increase/ Decrease	YoY %	% point		Increase/ Decrease	YoY %
Net Sales	369,000	100.0	359,906	100.0	9,093	102.5	-	(1,793)	10,886	103.0
Operating Income	20,000	5.4	18,557	5.2	1,442	107.8	0.2	(193)	1,636	108.8
Recurring Income	19,200	5.2	17,350	4.8	1,849	110.7	0.4	(201)	2,051	111.8
Net Income	10,600	2.9	10,125	2.8	474	104.7	0.1	(118)	593	105.9
¥/US\$	110.00		113.42		(3.42)	97.0				

[For more information, please see page 22
of "Supplementary Schedules"](#)



2-2. Net Sales and Operating Income by Geographical Segment

KIKKOMAN

Forecast for Fiscal 2007

(Unit: millions of yen)

		Fiscal 2007		Fiscal 2006		Compared with Fiscal 2006			Translation Difference	Translation Difference	
		Amount	%	Amount	%	Increase/ Decrease	YoY %	% point		Increase/ Decrease	YoY %
Japan	Net Sales	278,500	100.0	279,587	100.0	(1,086)	99.6	-		(1,086)	99.6
	Operating Income	9,700	3.5	8,806	3.1	893	110.1	0.4		893	110.1
Overseas	Net Sales	102,000	100.0	91,834	100.0	10,165	111.1	-	(1,797)	11,963	113.0
	Operating Income	10,300	10.1	9,769	10.6	530	105.4	(0.5)	(193)	724	107.4
Eliminations	Net Sales	(11,500)	100.0	(11,514)	100.0	14	99.9	-	4	10	99.9
	Operating Income	-	-	(19)	-	19	-	-	-	19	-
Consolidated total	Net Sales	369,000	100.0	359,906	100.0	9,093	102.5	-	(1,793)	10,886	103.0
	Operating Income	20,000	5.4	18,557	5.2	1,442	107.8	0.2	(193)	1,636	108.8
¥/US\$		110.00		113.42		(3.42)	97.0				

For more information, please see page 23
of "Supplementary Schedules"



2-3. Net Sales and Operating Income by Business Segment

KIKKOMAN

Forecast for Fiscal 2007

(Unit: millions of yen)

		Fiscal 2007		Fiscal 2006		Compared with Fiscal 2006			Translation Difference	Excluding Translation Difference	
		Amount	%	Amount	%	Increase/Decrease	YoY %	% point		Increase/D decrease	YoY %
Foods-manufacturing and sales	Sales	182,680	100.0	178,588	100.0	4,091	102.3	-	(615)	4,707	102.6
	Operating income	12,496	6.8	12,256	6.9	239	102.0	(0.1)	(166)	406	103.3
Foods-wholesale	Sales	62,104	100.0	59,617	100.0	2,486	104.2	-	(1,188)	3,675	106.2
	Operating income	2,453	4.0	2,341	3.9	112	104.8	0.1	(26)	138	105.9
Coca-Cola	Sales	120,000	100.0	117,886	100.0	2,113	101.8	-		2,113	101.8
	Operating income	3,800	3.2	2,736	2.3	1,063	138.9	0.9		1,063	138.9
Others	Sales	5,160	100.0	4,804	100.0	355	107.4	-	6	349	107.3
	Operating income	1,249	24.2	1,214	25.3	34	102.9	(1.1)		35	102.9
Eliminations and corporate	Sales	(945)	100.0	(991)	100.0	45	95.4	-	4	41	95.8
	Operating income		-	7	-	(7)		-		(7)	-
Consolidated total	Sales	369,000	100.0	359,906	100.0	9,093	102.5	-	(1,793)	10,886	103.0
	Operating income	20,000	5.4	18,557	5.2	1,442	107.8	0.2	(193)	1,636	108.8
	¥/US\$	110.00		113.42		(3.42)	97.0				

For more information, please see page 24
of "Supplementary Schedules"

