

# *Kikkoman Corporation*



*Business Performance Presentation  
for the Half Year Ended September 30, 2006*

**Fiscal 2007 Interim**  
*Half Year Ended September 30, 2006*

*Takashi Ushiku*  
*President and COO*



- *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 to 2004, fiscal years run April – March. Overseas businesses and the Coca-Cola business, however, have December 31 balance dates. From 2006, Five Asian and Oceanian consolidated subsidiaries changed their fiscal year-ends from December 31 to March 31.*



# *Topics for This Presentation*

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*I. Performance in Fiscal 2007 Interim Period*

*II. Forecast for Fiscal 2007*

*III. Key Themes in Fiscal 2007*



# I-1. Highlights of Fiscal 2007 Interim

## Japan: Sales Boosted by the Consolidation of Kibun Food Chemifa Coca-Cola Business Results down on Previous Year

(unit: billions of yen)

|                         | Fiscal 2007<br>Interim | Fiscal 2006<br>Interim | Increase / Decrease |              | Translation<br>Difference | Increase / Decrease<br>Excluding<br>Translation Difference |              |
|-------------------------|------------------------|------------------------|---------------------|--------------|---------------------------|--|--------------|
|                         | Amount                 | Amount                 | Amount              | %            |                           | Amount   | %            |
| <b>Net Sales</b>        | <b>142.8</b>           | <b>134.9</b>           | <b>7.9</b>          | <b>105.8</b> | -                         | <b>7.9</b>   | <b>105.8</b> |
| Kikkoman                | 59.1                   | 63.4                   | (4.3)               | 93.2         | -                         | (4.3)  | 93.2         |
| Coca-Cola Business      | 53.3                   | 54.7                   | (1.4)               | 97.5         | -                         | (1.4)  | 97.5         |
| Kibun Food Chemifa      | 12.7                   | -                      | 12.7                | -            | -                         | 12.7   | -            |
| <b>Operating Income</b> | <b>3.8</b>             | <b>3.2</b>             | <b>0.6</b>          | <b>119.0</b> | -                         | <b>0.6</b>   | <b>119.0</b> |
| Kikkoman                | 1.3                    | 1.3                    | (0.0)               | 97.4         | -                         | (0.0)  | 97.4         |
| Coca-Cola Business      | 0.0                    | 0.6                    | (0.6)               | 1.1          | -                         | (0.6)  | 1.1          |
| Kibun Food Chemifa      | 1.3                    | -                      | 1.3                 | -            | -                         | 1.3  | -            |

## Overseas: Continued to Perform Well

|                  |      |      |     |       |     |     |       |
|------------------|------|------|-----|-------|-----|-----|-------|
| Net Sales        | 53.1 | 43.2 | 9.9 | 122.9 | 2.6 | 7.3 | 116.8 |
| Operating Income | 5.5  | 4.9  | 0.6 | 111.6 | 0.3 | 0.3 | 105.1 |

## Achieved Higher Consolidated Net Sales and Earnings

|                  |       |       |      |       |     |      |       |
|------------------|-------|-------|------|-------|-----|------|-------|
| Net Sales        | 189.7 | 173.0 | 16.7 | 109.7 | 2.6 | 14.1 | 108.1 |
| Operating Income | 9.2   | 8.1   | 1.2  | 114.2 | 0.3 | 0.8  | 110.3 |
| Net Income       | 5.0   | 4.6   | 0.4  | 108.5 | 0.2 | 0.2  | 104.0 |

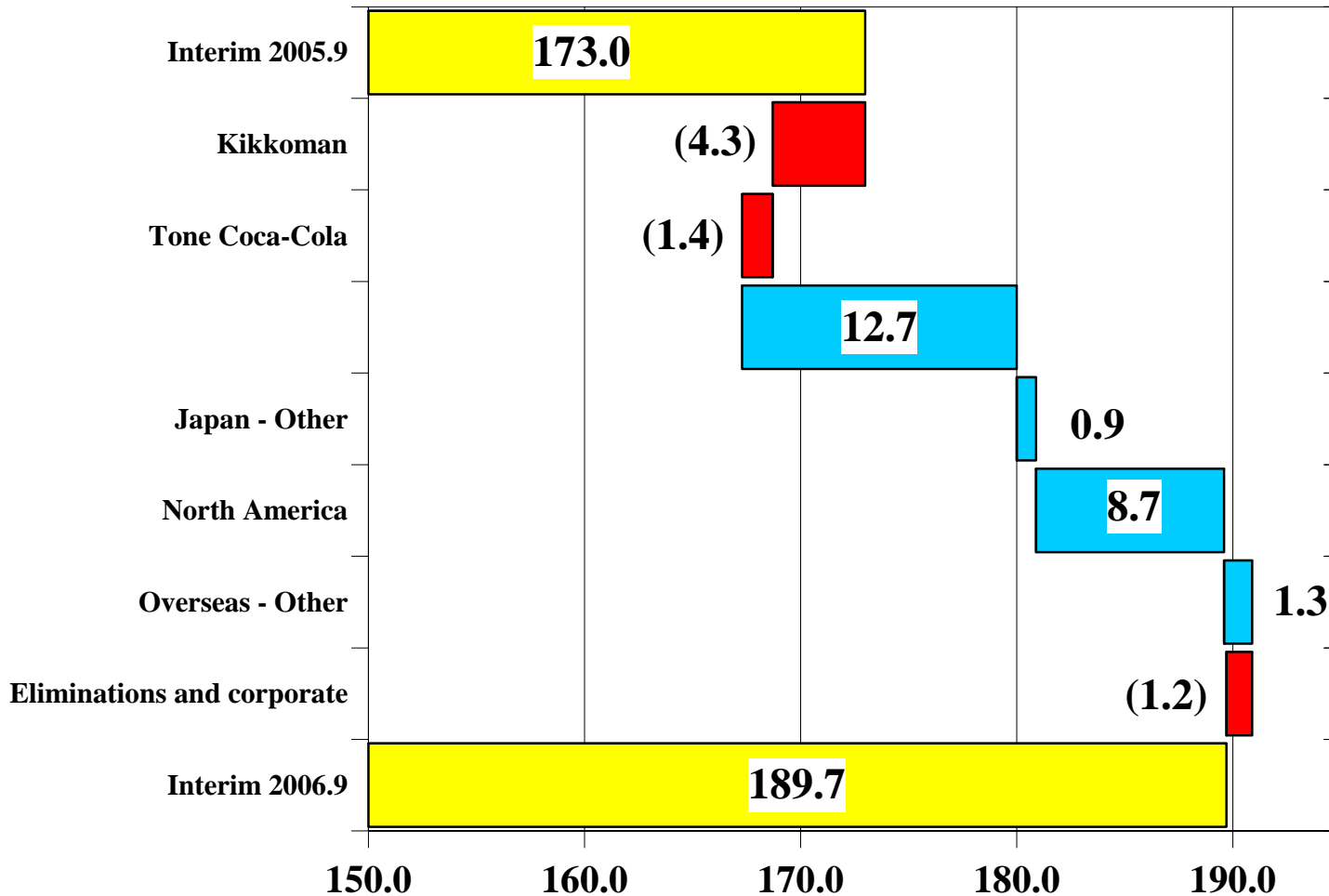
¥/US\$      115.63      109.93      5.70      105.2



# I-2. Change in Net Sales by Geographical Segment

**+¥16.7 billion**

(Unit: billions of yen)



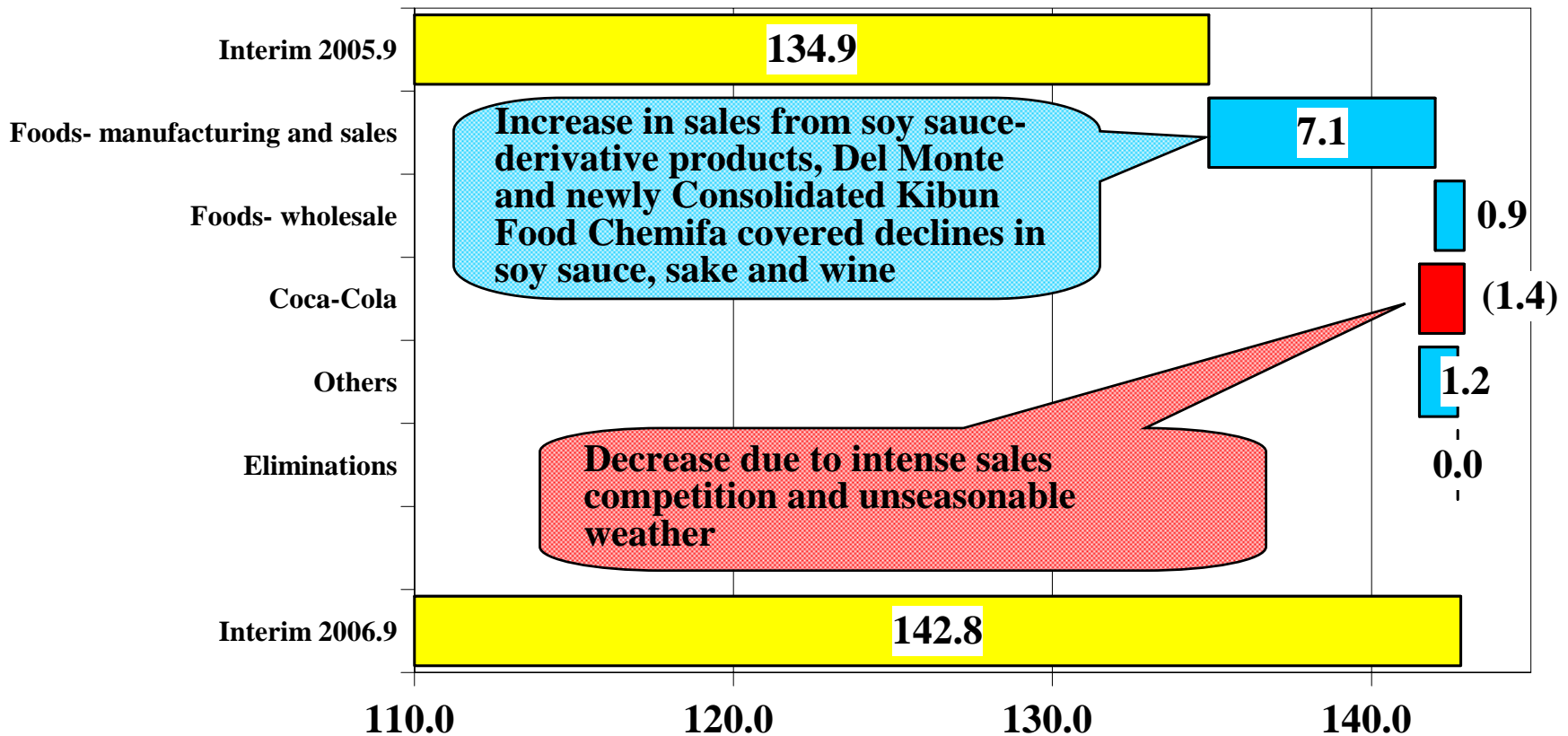
[For more information, please see page 6 of "Supplementary Schedules"](#)



# I-3. Change in Net Sales by Business Segment in Japan

**+¥7.9 billion**

(Unit: billions of yen)



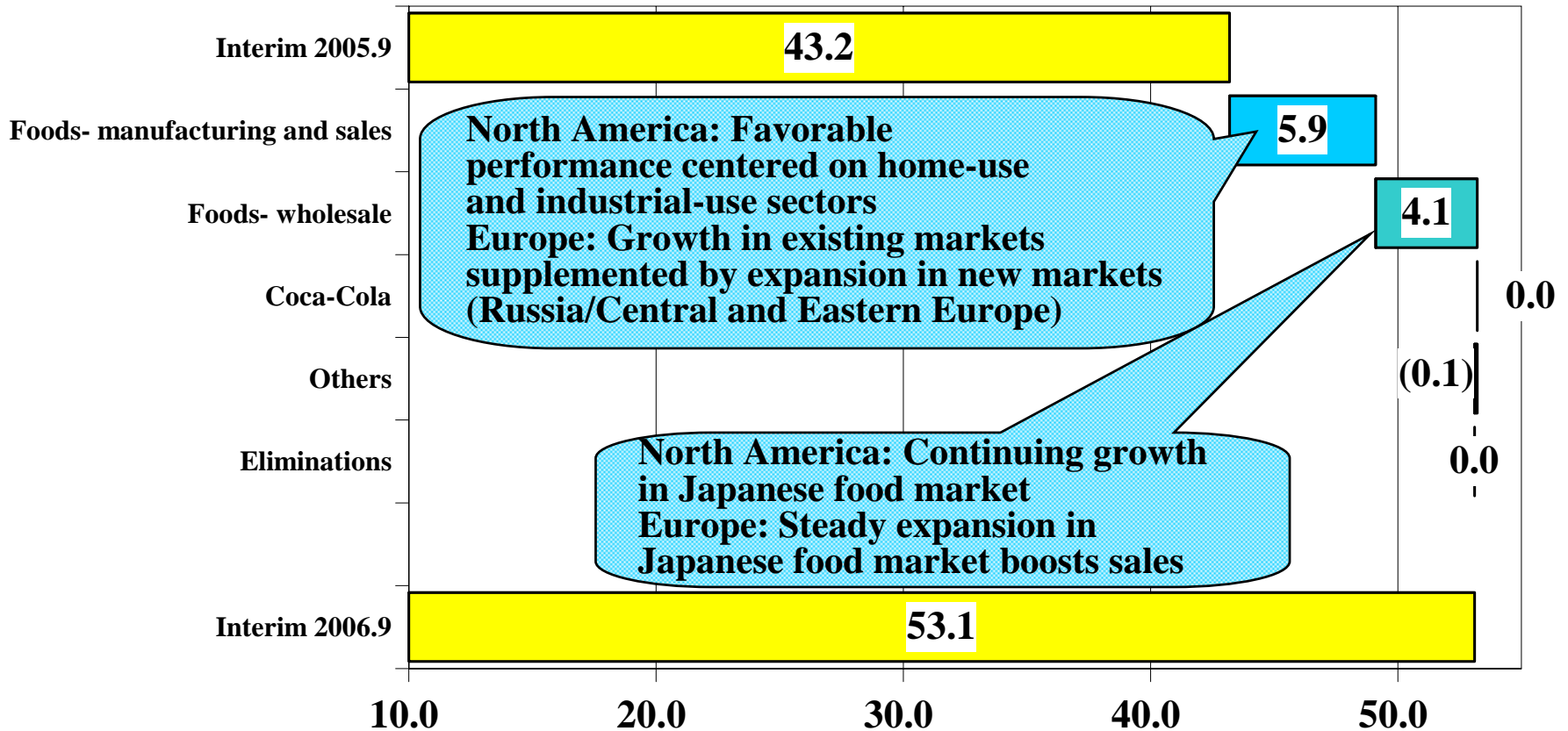
For more information, please see page 14 of "Supplementary Schedules"



# I-4. Change in Net Sales by Business Segment Overseas

**+¥9.9 billion**

(Unit: billions of yen)



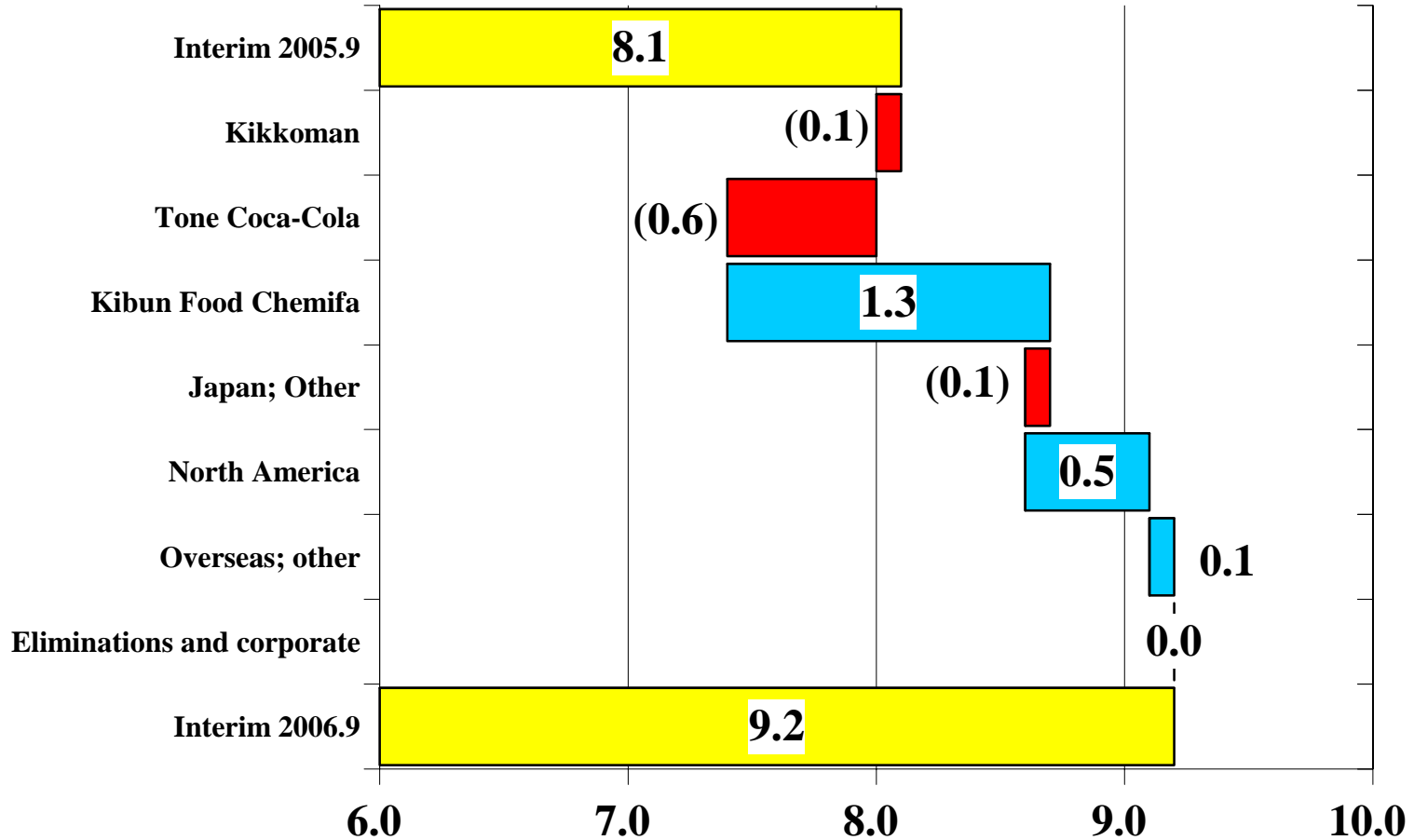
For more information, please see page 15 of "Supplementary Schedules"



# I-5. Change in Operating Income by Geographical Segment

**+¥1.15 billion**

(Unit: billions of yen)



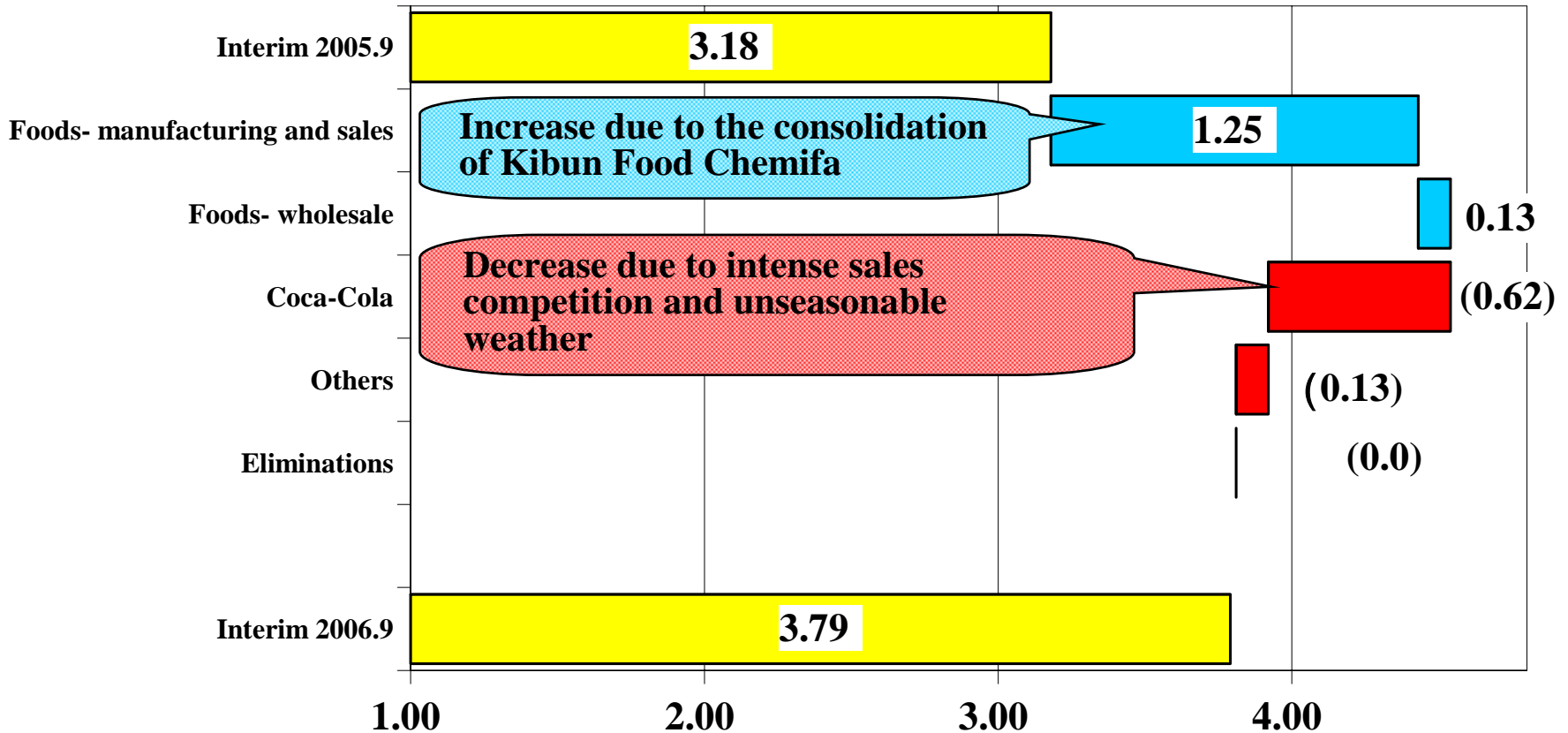
For more information, please see page 10 of "Supplementary Schedules"



# I-6. Change in Operating Income by Business Segment in Japan

**+¥0.6 billion**

(Unit: billions of yen)



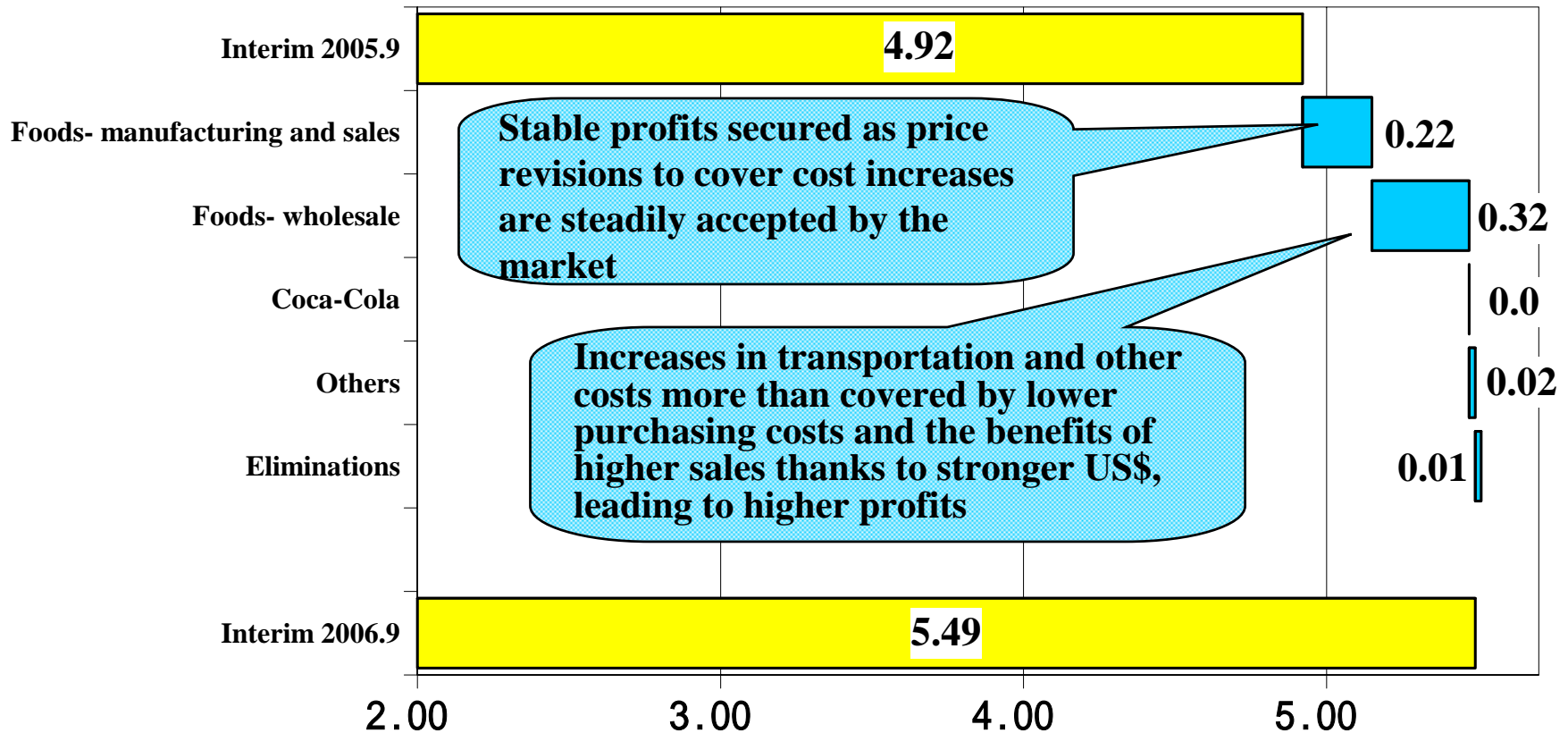
For more information, please see page 8 and 14 of "Supplementary Schedules"



# I-7. Change in Operating Income by Business Segment Overseas

**+¥0.57 billion**

(Unit: billions of yen)



For more information, please see [page 9 and 15](#) of "Supplementary Schedules"



# I-8. Summary of Consolidated Balance Sheets

**Total Asset = 345.9 +37.9**

(Unit: billions of yen)

|                                     |               |
|-------------------------------------|---------------|
| <b><u>Assets</u></b>                | <b>+37.9</b>  |
| <b><u>Current Assets</u></b>        | <b>+12.2</b>  |
| (Impact of new consolidation)       | +7.9)         |
| Cash and time deposits              | +1.4          |
| Trade notes and accounts receivable | +5.5          |
| Inventories                         | +3.9          |
| Other current assets                | +1.4          |
| <b><u>Fixed Assets</u></b>          | <b>+ 25.7</b> |
| Property, plant and equipment       | +17.7         |
| (Impact of new consolidation)       | +21.6)        |
| Goodwill                            | +26.8         |
| Other intangible assets             | (0.7)         |
| Investments in securities           | (18.0)        |
| Other                               | + 0.1         |

|   |               |
|---|---------------|
| <b><u>Liabilities and Shareholders' Equity</u></b>                | <b>+ 37.9</b> |
| <b><u>Liabilities Total</u></b>                                   | <b>+ 16.4</b> |
| Interest bearing debt   | +14.7         |
| (Straight Bonds+20.0,Redemption of bonds (12.0) loans +6.7, etc)  |               |
| Trade notes and accounts payable, Other accounts payable          | +4.7          |
| Deferred tax liabilities  | +1.7          |
| Accrued employees' pension and severance costs                    | (5.1)         |
| Other   | + 0.3         |
| <b><u>Net Assets</u></b>  | <b>+ 21.5</b> |
| (Fiscal 2006 interim : Shareholders' equity + Minority interests) |               |
| Retained earnings   | + 8.2         |
| Minority interests  | + 9.5         |
| Unrealized holding gain on securities                             | +1.5          |
| Translation adjustments   | +2.3          |
| Other   | +0.1          |

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



# I-9. Summary of Consolidated Statements of Cash Flows

**Summary of Net CF( + + + ) = (10.0)** (Unit: billions of yen)

| <u>Cash Flows from Operating</u>                                  |               | <u>Cash Flows from Investing</u>                     |               |
|---|---------------|--|---------------|
| <u>Activities</u>   | <u>+ 10.3</u> | <u>Activities</u>                                    | <u>(12.2)</u> |
| Net income  | + 9.8         | a) Acquisition of property, plant and equipment      | (8.9)         |
| Depreciation and amortization                                     | + 7.7         | Proceeds from sales of investments in securities     | (1.1)         |
| Accrued employees' pension and severance costs                    | (0.7)         | Proceeds from sales of property, plant and equipment | + 6.0         |
| Gain on sales of property, plant and equipment                    | (1.0)         | Loans  | + 0.2         |
| Income taxes paid   | (4.9)         | Other  | + 1.5         |
| Other   | (0.5)         |  |               |
| <b>+ a) Free Cash Flows</b>                                       |               | <b>+ 1.4</b>   |               |
| <b>- 2' Cash Flows from Investing Activities</b>                  |               |  |               |
| <b>( excluding Acquisition of property, plant and equipment )</b> |               | <b>(3.3)</b>   |               |
| <u>Cash Flows from Financing</u>                                  |               | <u>Other</u>   |               |
| <u>Activities (8.3)</u>   |               |  | <u>+ 0.2</u>  |
| Increase in short-term bank loans and long-term debt              | (0.4)         |  |               |
| Redemption of bonds   | (5.0)         |  |               |
| Cash dividends paid and etc.                                      | (2.9)         |  |               |

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



## II-1. Forecast for Fiscal 2007

### Forecast for Fiscal 2007

(unit: billions of yen)

|                         | Fiscal 2007<br>Forecast | Fiscal 2006<br>Actual | Increase / Decrease |              | Translation<br>Difference | Increase / Decrease<br>Excluding<br>Translation Difference |              |
|-------------------------|-------------------------|-----------------------|---------------------|--------------|---------------------------|--|--------------|
|                         | Amount                  | Amount                | Amount              | %            |                           | Amount   | %            |
| <b>Net Sales</b>        | <b>392.9</b>            | <b>359.9</b>          | <b>33.0</b>         | <b>109.2</b> | <b>2.3</b>                | <b>30.7</b>  | <b>108.5</b> |
| <b>Japan</b>            | <b>297.1</b>            | <b>279.6</b>          | <b>17.5</b>         | <b>106.3</b> | <b>-</b>                  | <b>17.5</b>  | <b>106.3</b> |
| Kikkoman                | 121.0                   | 128.4                 | (7.4)               | 94.2         | -                         | (7.4)  | 94.2         |
| Coca-Cola Business      | 116.4                   | 117.9                 | (1.5)               | 98.7         | -                         | (1.5)  | 98.7         |
| Kibun Food Chemifa      | 25.2                    | -                     | 25.2                | -            | -                         | 25.2   | -            |
| <b>Overseas</b>         | <b>107.4</b>            | <b>91.8</b>           | <b>15.6</b>         | <b>117.0</b> | <b>2.3</b>                | <b>13.2</b>  | <b>114.4</b> |
| <b>Eliminations</b>     | <b>(11.6)</b>           | <b>(11.5)</b>         | <b>(0.1)</b>        | <b>100.7</b> | <b>(0.1)</b>              | <b>(0.0)</b>   | <b>100.2</b> |
| <b>Operating Income</b> | <b>21.5</b>             | <b>18.6</b>           | <b>2.9</b>          | <b>115.9</b> | <b>0.2</b>                | <b>2.7</b>   | <b>114.5</b> |
| <b>Japan</b>            | <b>10.7</b>             | <b>8.8</b>            | <b>1.9</b>          | <b>121.5</b> | <b>-</b>                  | <b>1.9</b>   | <b>121.5</b> |
| Kikkoman                | 4.0                     | 4.1                   | (0.1)               | 98.7         | -                         | (0.1)  | 98.7         |
| Coca-Cola Business      | 2.4                     | 2.7                   | (0.3)               | 87.7         | -                         | (0.3)  | 87.7         |
| Kibun Food Chemifa      | 2.3                     | -                     | 2.3                 | -            | -                         | 2.3  | -            |
| <b>Overseas</b>         | <b>10.8</b>             | <b>9.8</b>            | <b>1.0</b>          | <b>110.6</b> | <b>0.2</b>                | <b>0.8</b>   | <b>108.0</b> |
| <b>Eliminations</b>     | <b>-</b>                | <b>(0.0)</b>          | <b>0.0</b>          | <b>-</b>     | <b>-</b>                  | <b>0.0</b>   | <b>-</b>     |
| <b>Net Income</b>       | <b>10.5</b>             | <b>10.1</b>           | <b>0.4</b>          | <b>103.7</b> | <b>0.2</b>                | <b>0.2</b>   | <b>102.0</b> |
| US\$                    | 115.30                  | 113.42                | 1.88                | 101.7        |                           |  |              |

For more information, please see page 23 and 24 of "Supplementary Schedules"



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

KIKKOMAN

### Forecast for Fiscal 2007

(Unit: billions of yen)

|                       |                     | Fiscal 2007<br>Forecast |       | Fiscal 2006<br>Actual |       | Increase / Decrease |       | Translation<br>Difference | Increase / Decrease<br>Excluding<br>Translation Difference |       |
|-----------------------|---------------------|-------------------------|-------|-----------------------|-------|---------------------|-------|---------------------------|--|-------|
|                       |                     | Amount                  | %     | Amount                | %     | Amount              | %     |                           | Amount   | %     |
| Japan                 | Net Sales           | 297.1                   | 100.0 | 279.6                 | 100.0 | 17.5                | 106.3 | -                         | 17.5   | 106.3 |
|                       | Operating<br>Income | 10.7                    | 3.6   | 8.8                   | 3.1   | 1.9                 | 121.5 | -                         | 1.9  | 121.5 |
| Overseas              | Net Sales           | 107.4                   | 100.0 | 91.8                  | 100.0 | 15.6                | 117.0 | 2.3                       | 13.2   | 114.5 |
|                       | Operating<br>Income | 10.8                    | 10.1  | 9.8                   | 10.6  | 1.0                 | 110.6 | 0.2                       | 0.8  | 108.0 |
| Eliminations          | Net Sales           | (11.6)                  | 100.0 | (11.5)                | 100.0 | (0.1)               | 100.7 | (0.1)                     | (0.0)  | 100.2 |
|                       | Operating<br>Income | -                       | -     | (0.0)                 | -     | 0.0                 | -     |                           | 0.0  |       |
| Consolidated<br>total | Net Sales           | 392.9                   | 100.0 | 359.9                 | 100.0 | 33.0                | 109.2 | 2.3                       | 30.7   | 108.5 |
|                       | Operating<br>Income | 21.5                    | 5.5   | 18.6                  | 5.2   | 2.9                 | 115.9 | 0.2                       | 2.7  | 114.5 |
|                       | ¥/US\$              | 115.30                  |       | 113.42                |       | 1.88                | 101.7 |                           |  |       |

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



## II-3. Net Sales and Operating Income by Business Segment

### Forecast for Fiscal 2007

(Unit : billions of yen)

|                                       |                     | Fiscal 2007<br>Forecast |        | Fiscal 2006<br>Actual |       | Increase / Decrease |       | Translation<br>Difference | Increase / Decrease<br>Excluding<br>Translation Difference |       |
|---------------------------------------|---------------------|-------------------------|--------|-----------------------|-------|---------------------|-------|---------------------------|--|-------|
|                                       |                     | Amount                  | %      | Amount                | %     | Amount              | %     |                           | Amount   | %     |
| Foods -<br>manufacturing<br>and sales | Net Sales           | 204.2                   | 100.0  | 178.6                 | 100.0 | 25.6                | 114.3 | 1.1                       | 24.5   | 113.7 |
|                                       | Operating<br>Income | 15.1                    | 7.4    | 12.3                  | 6.9   | 2.8                 | 123.2 | 0.2                       | 2.6  | 121.5 |
| Foods -<br>wholesale                  | Net Sales           | 65.8                    | 100.0  | 59.6                  | 100.0 | 6.2                 | 110.4 | 1.2                       | 5.0  | 108.5 |
|                                       | Operating<br>Income | 2.9                     | 4.5    | 2.3                   | 3.9   | 0.6                 | 125.9 | 0.0                       | 0.6  | 124.0 |
| Coca-Cola                             | Net Sales           | 116.4                   | 100.0  | 117.9                 | 100.0 | (1.5)               | 98.7  | -                         | (1.5)  | 98.7  |
|                                       | Operating<br>Income | 2.4                     | 2.1    | 2.7                   | 2.3   | (0.3)               | 87.7  | -                         | (0.3)  | 87.7  |
| Others                                | Net Sales           | 7.5                     | 100.0  | 4.8                   | 100.0 | 2.7                 | 155.5 | 0.0                       | 2.6  | 155.0 |
|                                       | Operating<br>Income | 1.1                     | 14.1   | 1.2                   | 25.3  | (0.2)               | 87.0  | (0.0)                     | (0.2)  | 87.0  |
| Elimination and<br>corporate          | Net Sales           | (0.9)                   | 100.0  | (1.0)                 | 100.0 | 0.0                 | 95.7  | (0.0)                     | 0.0  | 95.4  |
|                                       | Operating<br>Income | -                       | -      | 0.0                   |       | (0.0)               |       | -                         | (0.0)  | -     |
| Consolidated<br>total                 | Net Sales           | 392.9                   | 100.0  | 359.9                 | 100.0 | 33.0                | 109.2 | 23.0                      | 30.7   | 108.5 |
|                                       | Operating<br>Income | 21.5                    | 5.5    | 18.6                  | 5.2   | 2.9                 | 115.9 | 2.0                       | 2.7  | 114.5 |
|                                       |                     | ¥/US\$                  | 115.30 | 113.42                |       | 1.88                | 101.7 |                           |  |       |

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



### *III. Key Themes in Fiscal 2007*

- 1. Cultivate Existing Markets and Develop New Markets Overseas*
- 2. Increase Earnings in Domestic Businesses*
- 3. Reform Business Structures*

