

# Investor's Guide

Consolidated Results for the Fiscal Year

Ended March 31, 2006

May 16, 2006



Code number 2897

URL <http://www.nissinfoods.co.jp/>

 **NISSIN FOOD PRODUCTS CO., LTD.**

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Regularly updated IR information in English is also available on  
Nissin's web site at <http://www.nissinfoods.co.jp/>



**FREEDOM**

Consolidated Results for the  
Fiscal Year Ended March 31, 2006  
(FY 2006)  
May 16, 2006



 **NISSIN FOOD PRODUCTS CO., LTD.**

Code number 2897



## Fiscal Year Environment

### ■ External Environment

- Japan: Shift to society with shrinking population
- Total instant noodle production volume decreased 1.5% from previous year (April 2005 - Feb.2006)
- Economic recovery and rise in Nikkei average stock price

### ■ Internal Environment

- Substantial reduction in retirement benefit expenses
- Recorded extraordinary loss due to introduction of “Accounting Standards for Impairment Loss of Fixed Assets”
- Improved profit/loss at overseas subsidiaries

## Main Business Activities during the Fiscal Year

### Domestic

- Entry of non-flour noodle product Nissin Asian Noodle Pho, Harusame
- Limited-time sales of Hiyoko-chan Lidded Mug Cup with Chicken Ramen Mini
- Entry of 3 products associated with Winter Olympic Games
- Development of Nissin GooTa in 2 directions: Heavy and Light
- Launch of Nissin Value Cup, the industry's first open-priced product

### Overseas

- North American market: Increase in sales volume; new category product became market fixtures
- Mexico Branch Nissin Foods de Mexico S. A. de C. V. (became local subsidiary)

NISSIN FOOD PRODUCTS KESSAN 3

## Overview of Results for FY 2006 (Consolidated)

(¥ Billion)

	FY 2006	FY 2005	Change	
			Amount	Ratio (%)
Net Sales	321.7	316.9	+4.7	+1.5
Operating Income	31.9	28.9	+3.0	+10.4
Ordinary Income	39.5	33.1	+6.3	+19.1
Net Income	15.3	16.6	-1.2	-7.4
Exchange rate ¥/US\$	118.07	104.21		

Note: Totals may not add up as amounts less than 100 million yen are rounded down.

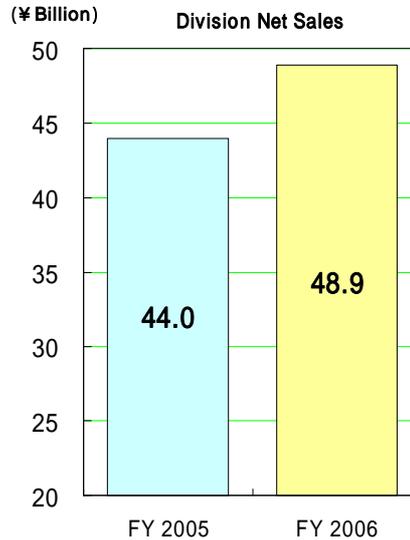
NISSIN FOOD PRODUCTS KESSAN 4

## Pillow-type Instant Noodles (Consolidated)

### ● Pillow-type Instant Noodles

- Solid sales of Chicken Ramen lineup
- Sales of Nissin-no-Ramenyasan down from previous fiscal year
- Brisk sales of Top Ramen in U.S., Demae Itcho in Hong Kong

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- ¥4.8 billion (11.1%) increase from previous fiscal year to ¥48.9 billion



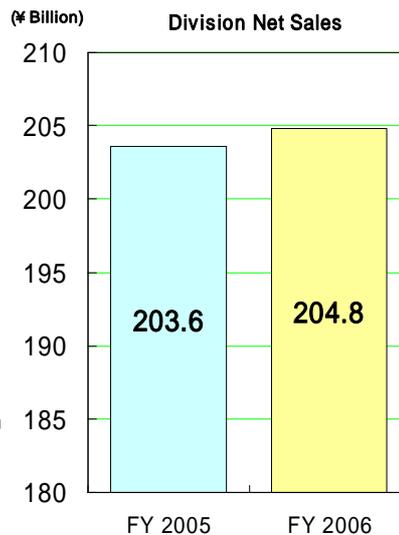
NISSIN FOOD PRODUCTS KESSAN 5

## Cup-type Instant Noodles (Consolidated)

### ● Cup-type Instant Noodles

- Cup Noodle, Nissin-no-Donbei, Nissin Yakisoba U.F.O. and other mainstay products sold well
- Lower sales of Nissin GooTa, Nissin Rao and other high-priced products
- Strong sales of Cup Noodles and CHOW MEIN in U. S.

- ▼
- ¥1.1 billion (0.6%) increase from previous fiscal year to ¥204.8 billion



NISSIN FOOD PRODUCTS KESSAN 6

## Chilled and Frozen Foods (Consolidated)

### Chilled Foods

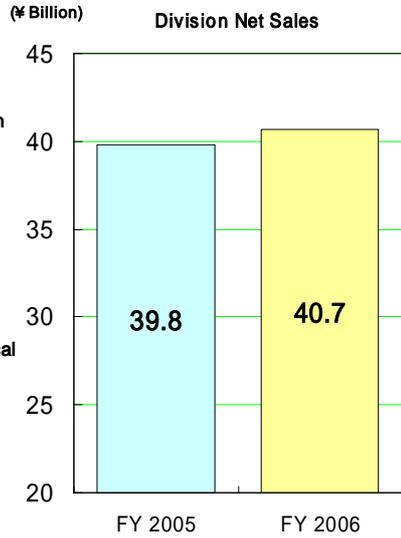
- Solid sales of core Nissin Yakisoba
- Sales of Hiyashi Chuka and other summer products decreased from previous year, when heat was intense
- ¥1.0 billion (7.1%) decrease from previous fiscal year to ¥13.8 billion

### Frozen Foods

- Reito Nissin Spa-O and Reito Nissin GooTa sold well
- ¥1.9 billion (7.7%) increase from previous fiscal year to ¥26.9 billion

### Chilled and Frozen Foods Total

- ¥0.8 billion (2.2%) increase from previous fiscal year to ¥40.7 billion



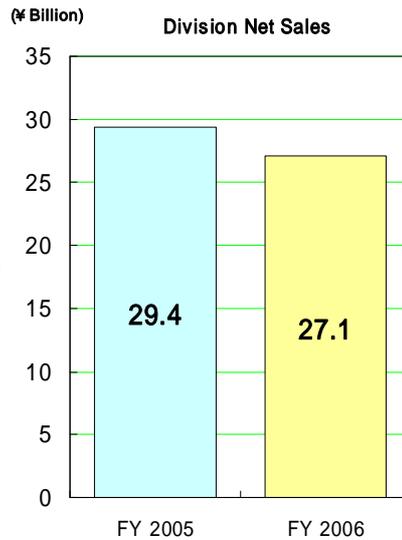
NISSIN FOOD PRODUCTS KESSAN 7

## Other Business (Consolidated)

### Other Business

- Nissin Cisco Co., Ltd. product Ciscorn Big cereal sold well
- Nissin Yoke Co., Ltd. product Pilkul lactobacillus drink sold well
- Sales of soups and food containers declined

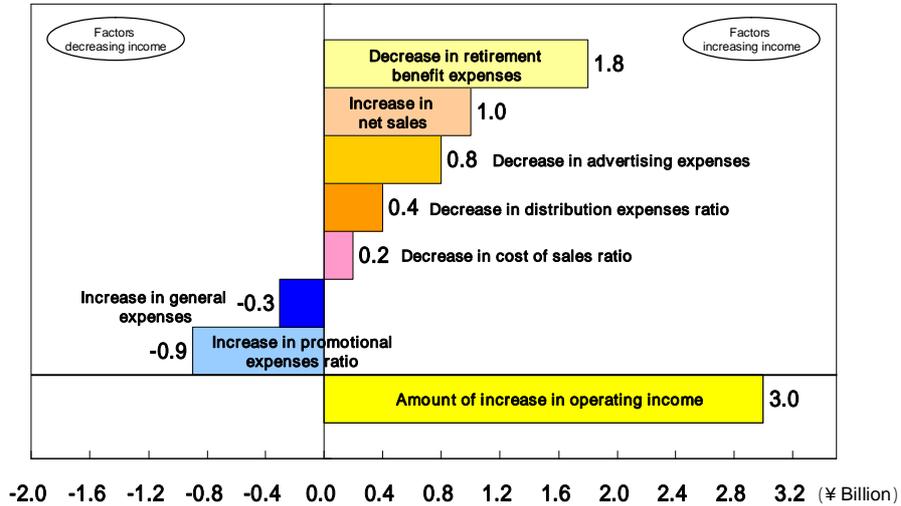
- ¥2.2 billion (7.5%) decrease from previous fiscal year to ¥27.1 billion



NISSIN FOOD PRODUCTS KESSAN 8

## Factors Increasing / Decreasing Operating Income (Consolidated)

Operating Income ¥31.9 Billion  
(¥3.0 billion, 10.4% increase from previous fiscal year)



NISSIN FOOD PRODUCTS KESSAN 9

## Effect of Accounting for Retirement Benefits (Consolidated)

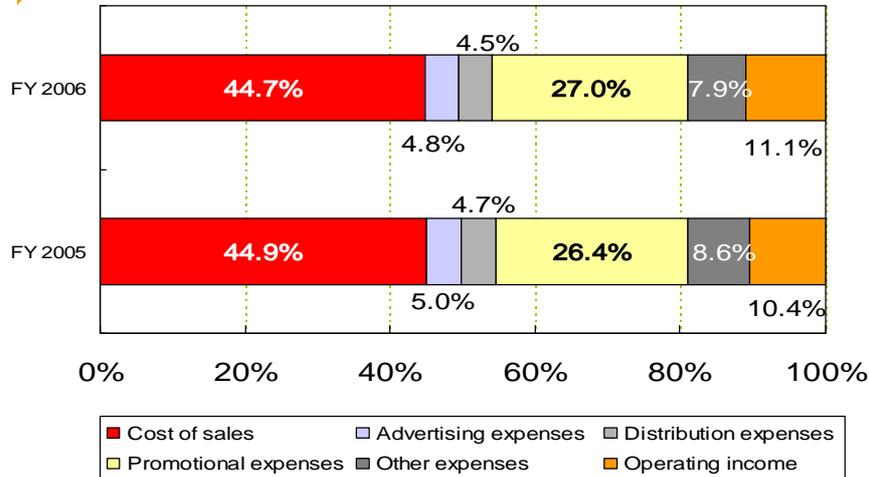
(¥ Billion)

	FY 2006	FY 2005	Increase (Decrease)
A: Operating Income	31.9	28.9	+3.0
B: Effect of accounting for retirement benefits	- 0.3	+1.4	- 1.8
Operating income excluding effect of accounting for retirement benefits (A+B)	31.6	30.4	+1.2

Note: Totals may not add up as amounts less than 100 million yen are rounded down.

NISSIN FOOD PRODUCTS KESSAN 10

## Breakdown of Expenses vs. Net Sales (Nonconsolidated)



■ Nonconsolidated ratio of promotional expenses to net sales rose 0.6 percentage points from 26.4% in FY 2005 to 27.0% in FY 2006.

NISSIN FOOD PRODUCTS KESSAN

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## Strategic Use of Promotional Expenses and Follow-up (Second Half)

### ■ Objectives

- Further raise product brand value
- Control rise in promotional expenses to increase operating income

### ■ Follow-up (second half)

- Curb promotional expenses for core brands

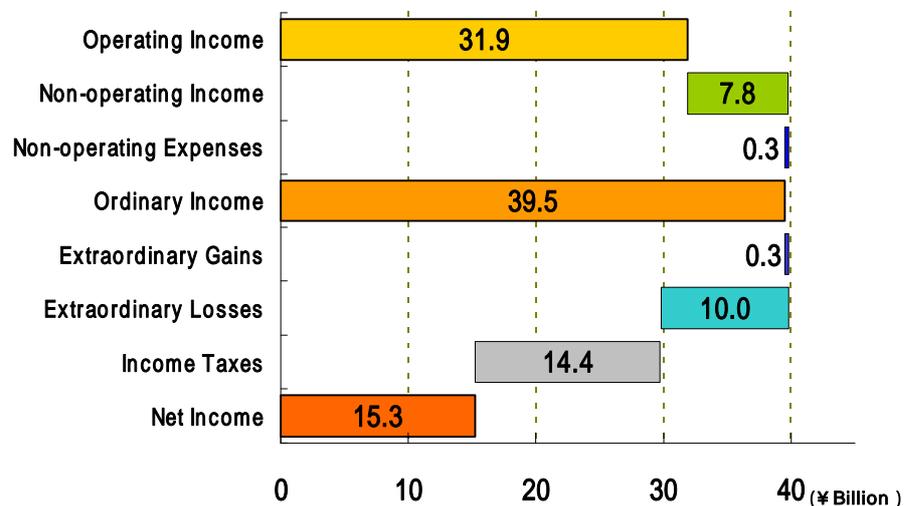
### ■ Policy for Strategic Use of Promotional Expenses

- Sales strategy: encourage "high & low" pricing; maintain fixed prices
  - EDLP (Every Day Low Price)
    - recommend Nissin Value Cup
- Promote end of marked differences in price by business area
- Well-timed, strategic use of reasonable promotional expenses

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## Ordinary Income / Net Income (Consolidated)



Note: Totals may not add up as amounts less than 100 million yen are rounded down.

NISSIN FOOD PRODUCTS KESSAN 13

## Segment Information by Geographical Area

(¥ Billion)

	FY 2006					
	Japan	N. America	Other Areas	Total	Eliminations	Consolidated
Net Sales						
(1) Sales to Outside Customers	269.7	29.9	22.0	321.7		321.7
(2) Intersegment Sales	1.1		0.3	1.5	(1.5)	
Total	270.9	29.9	22.4	323.2	(1.5)	321.7
Operating Expenses	240.2	30.3	20.5	291.1	(1.4)	289.7
Operating Income (Loss)	30.6	(0.4)	1.8	32.0	(0.0)	31.9

	FY 2005					
	Japan	N. America	Other Areas	Total	Eliminations	Consolidated
Net Sales						
(1) Sales to Outside Customers	273.9	23.9	19.1	316.9		316.9
(2) Intersegment Sales	1.1		0.1	1.2	(1.2)	
Total	275.0	23.9	19.2	318.2	(1.2)	316.9
Operating Expenses	246.6	24.8	18.5	290.0	(2.0)	288.0
Operating Income (Loss)	28.4	(0.9)	0.7	28.2	0.7	28.9

Note: Totals may not add up as amounts less than 100 million yen are rounded down.

NISSIN FOOD PRODUCTS KESSAN 14

## North America Segment

- Steady growth in total servings of instant noodles sold  
Total year-on-year growth in demand in 2005 +2%  
(Nissin estimate)
- Nissin sales volume growth Jan. – Dec. 2005  
(compared with previous year) U.S. +12% Mexico +5%



### ■ U.S.

- Increased sales volume, reduced costs, maintained unit sales prices
  - Improved profitability with introduction of high-speed instant noodle production lines, reduced costs
  - Steady sales growth of products in new categories:
    - CHOW MEIN launched in Feb. 2004
    - Souper Meal launched in Sept. 2004



### ■ Mexico

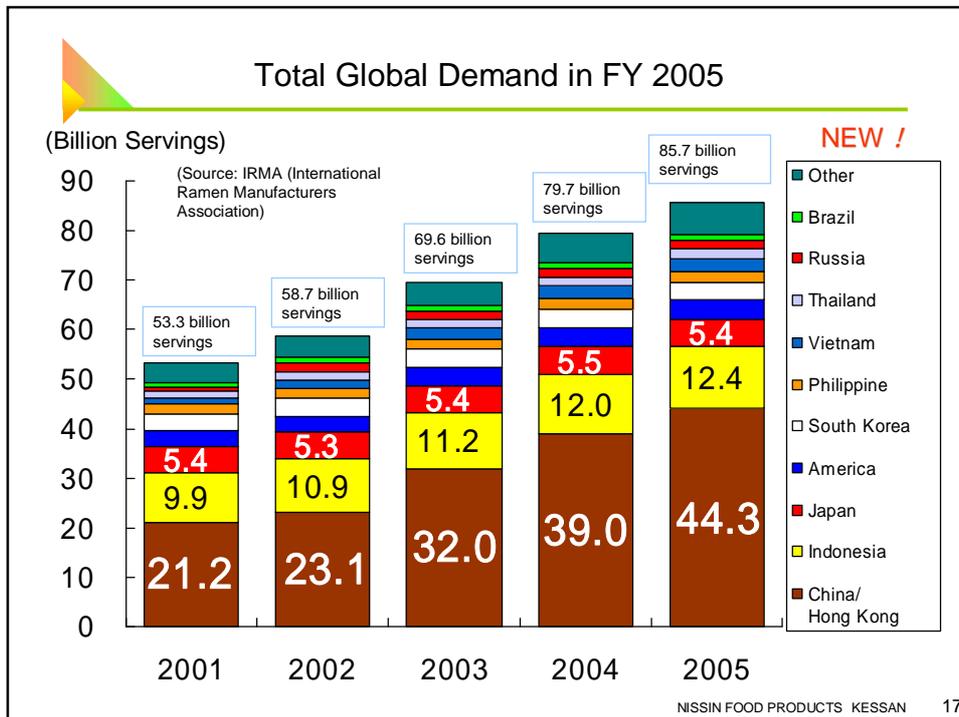
- Mexico Branch Nissin Foods de Mexico S. A. de C. V.
  - Start of local production reduced distribution expenses and other costs
  - Maintained retail prices and improved earnings and income

NISSIN FOOD PRODUCTS KESSAN 15

## Business in China

- Development of Nissin Brand Business in China
  - Nissin brand sold in northern and northeastern regions of P.R.C. by Nissin Hualong Foods Co., Ltd.
  - Sales in eastern and southern regions center on urban areas, with Shanghai Nissin Foods Co., Ltd. Guangdong Shunde Nissin Foods Co., Ltd. as bases
  - Good performance by Nissin Hualong, with 2005 sales volume of 7 billion servings (7.7% year-on-year increase)
- Investment in Jinmailang Drink (Beijing) Co., Ltd.
  - Establishment of beverage manufacturing and sales company through joint venture with Hebei Jinmailang and Uni-President Enterprises Corp.
  - Nissin's investment 100 million yuan (¥1.5 billion), equity stake 16.7%
  - Synergy expected as drop in demand for instant noodles in summer will be compensated for by peak period of demand for beverages
- Posted Evaluation Loss on Investment in Nissin Hualong Foods
  - Recorded ¥2.5 billion evaluation loss on investment after re-evaluation excess earning power at time of capital participation

NISSIN FOOD PRODUCTS KESSAN 16



- ### Codex Alimentarius Standard for Instant Noodles
- Scheduled for adoption at July 2006 session of Codex Alimentarius
    - Worldwide standard specifications for instant noodles
    - Name: "Instant Noodles"
  
  - Codex Alimentarius (International Food Specifications)
  
  - "Codex"
    - A Latin word for old manuscripts such as the Bible or other classical works
    - English meaning is "code," as in "a set of standards or specifications"
    - In 1962, the Food and Agriculture Organization (FAO) and the World Health Organization (WHO) jointly devised a plan for food standards to protect the health of people worldwide and ensure fair practices in international trading of food. The Codex Alimentarius Commission is the international governmental organization assigned to this business.
- NISSIN FOOD PRODUCTS KESSAN 18

## Chicken Ramen

- Brand total 5% year-on-year increase in FY 2005



- Continued sales growth in FY 2006
- Yukie Nakama/Taichi Kokubun
  - Continued TV commercials develop brand asset
- Long-selling brand
  - Safety and reliability build trust
- 50<sup>th</sup> anniversary in 2008



Hiyoko-chan Lidded Mug Cup with Chicken Ramen Mini

## Launch of Nissin Yasai Soup Noodle



Pho Chitan Soup

Harusame Sanratan Soup

Minestrone Noodle

### Features of Nissin Yasai Soup Noodle

100g of compressed fresh vegetables

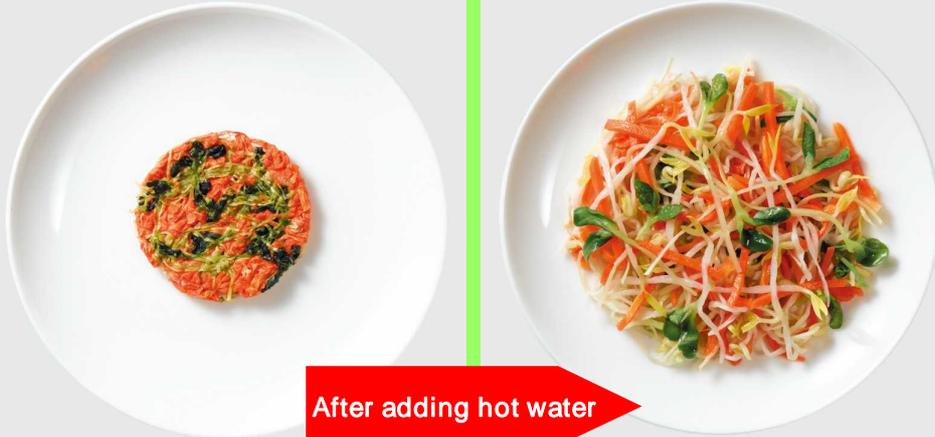
Flavor capsule + "one-touch" preparation

Low calorie (under approx. 140 kcal)



## Yasai Soup Noodle Contents

Compressed/hot-air dried vegetables



Approx. 100g of 3 kinds of crisp vegetables, cut long and thin

## Strengthened Efforts for Safety and Reliability

- Strengthened Inspection of Ingredients and Materials -

### New Inspection System: NASRAD-550

Handling of "Positive List System" from May 2006

#### Based on 3 Types of Analysis Systems

- NASRAC-450: for overall agricultural products
  - Analysis of approx. 450 types of residual agrichemicals
- NASRAC-G250: for grains
  - Analysis of approx. 250 types of residual agrichemicals
- NASVED-100: for animal and marine products
  - Analysis of approx. 100 types of animal drugs

## FY 2007 Plan (Consolidated)

(¥ Billion)

	FY 2007 Plan		FY 2006	Change	
	Full-year	Interim		Amount	Ratio (%)
Net Sales	331.0	157.0	321.7	+ 9.2	+ 2.9
Operating Income	37.5	14.5	31.9	+ 5.5	+ 17.3
Ordinary Income	40.5	16.5	39.5	+ 0.9	+ 2.5
Net Income	24.0	9.5	15.3	+ 8.6	+ 56.0

Note: Totals may not add up as amounts less than 100 million yen are rounded down.

## Cash Dividend Forecast

	Interim Dividend	Year-end Dividend	Dividends for the Year
FY 2007 Forecast	¥35 (¥15 regular) (¥20 commemorative)	¥15 (¥15 regular)	¥50 (¥30 regular) (¥20 commemorative)
Reference: FY 2006	¥15 (¥15 regular)	¥15 (¥15 regular)	¥30 (¥30 regular)

- Commemorative dividend for the 35th anniversary of Cup Noodle
- Note: Scheduled to be officially resolved at a Board of Directors meeting in November.



Please be aware that plans, projections of results, strategies, etc., of the Company published in these materials are based on the judgment of the Company's management using information available at the time of their release. Actual results may differ from these forecasts depending on a number of factors including but not limited to intensifying price competition in the market, changes in economic trends in the Company's operating environment, fluctuations in exchange rates and drastic changes in capital markets.

