

Eat Well, Live Well.



# ASV<sup>1</sup> management of the Ajinomoto Group

## Vision for 2030 and Medium-Term Management Plan(MTP) for 2020-2025

Takaaki Nishii  
Representative Director  
President & Chief Executive Officer  
February 19, 2020

1 : The Ajinomoto Group Creating Shared Value To help resolve social issues and create value with our stakeholders and businesses

 Revised

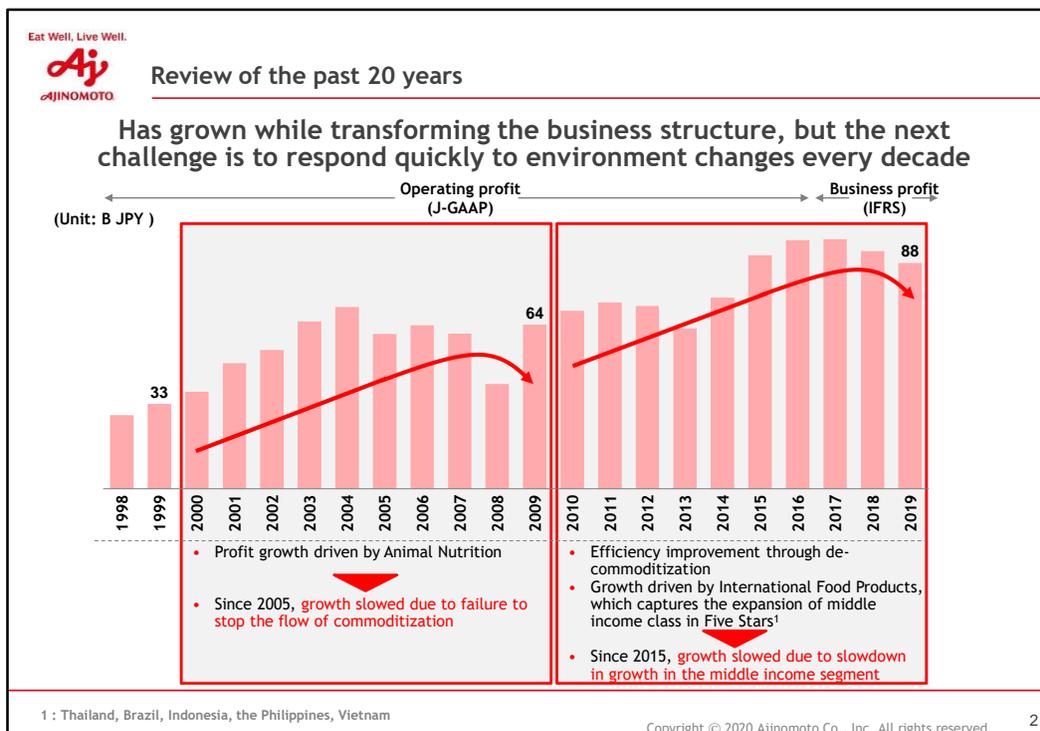
In the 2020s, we will update our 10-year vision, “Genuine Global Specialty Company”, and start our medium-term plan for a new vision for 2030.

Today, we will focus on the “Vision for 2030” and the “Medium-term Management Plan for 2020-2025”  
I will explain in order.



- 1 Vision for 2030
- 2 Key Strategies of the MTP for 2020-2025

First, I will explain “Vision for 2030”.



Briefly review the last 20 years.

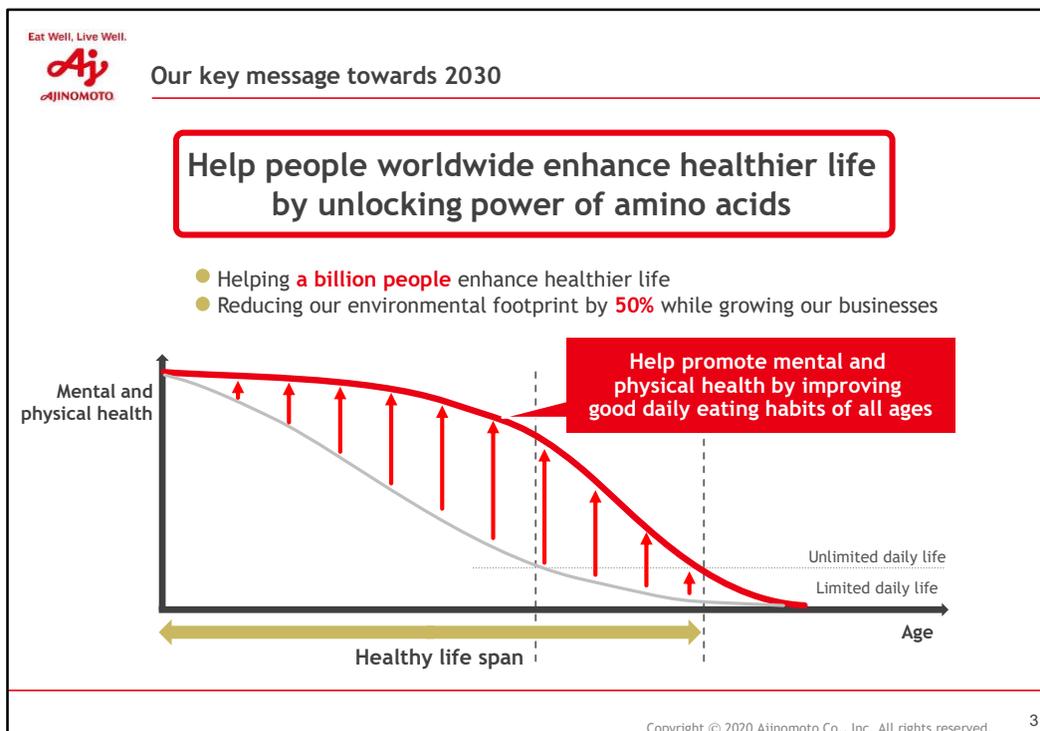
The graph shows changes in operating profit and business profit for 20 years. Based on stable domestic food business earnings since 2000, the bulk business such as animal nutrition has driven profit growth for the first 10 years.

In the 2010s, the international food business grew to meet the growing needs of the middle class in emerging countries. We believe that our growth drivers were our technological capabilities that create quality and cost advantages, and products and marketing that are closely linked to local communities and consumers.

On the other hand, its weakness lies in its ability to adapt to changes in the macro environment.

In the 2000s, the rise of Chinese companies has led to the commoditization of the bulk market, and in the 2010s, we have not been able to respond quickly to intensifying competition due to the growth of local companies.

From this point of view, we will review the way of management, we will change the company and start a new management strategy to be expected from stakeholders after 10 years.



The Ajinomoto Group will be reborn as a solution-providing group of companies for food and health issues for 2030.

“Help people worldwide enhance healthier life by unlocking power of amino acids”

This is the message for all stakeholders.

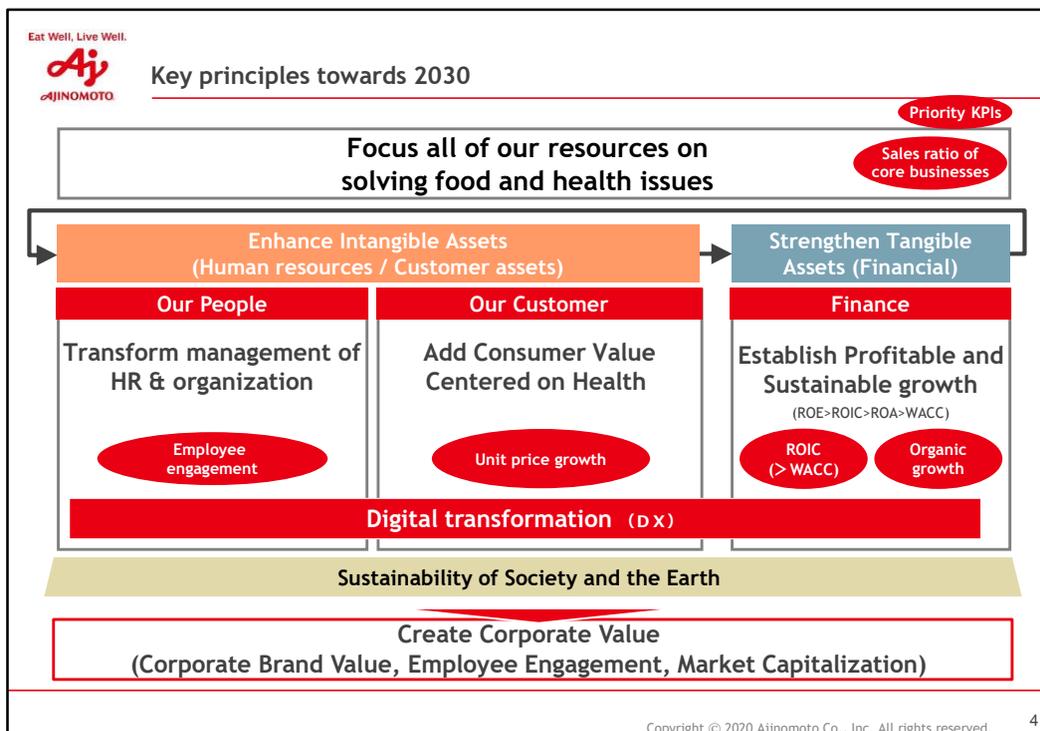
“Enhancing healthier life” will be the most serious challenge that will increase worldwide over the next few decades.

To enhance healthier life, you need to improve your eating habits when you are young and healthy.

The power of amino acids is mainly to "delicious food", "promote growth and development", "recover from wasting", and "condition your body".

We will transform into a solution-providing group of companies for food and health issues by concentrating our corporate activities on improving lifestyles related to food and health through our products.

We currently have approximately 700 million consumers worldwide with consumer products alone. Ten years from now, this will be transformed into a point of contact between promoting health and improving eating habits, contributing to enhance healthier life of 1 billion people.



As a basic policy of the management plan for realizing the vision, it expresses the idea of how to manage intangible and tangible assets.

First, we will conduct group management with the policy of "concentrating all management resources for the purpose of solving food and health issues".

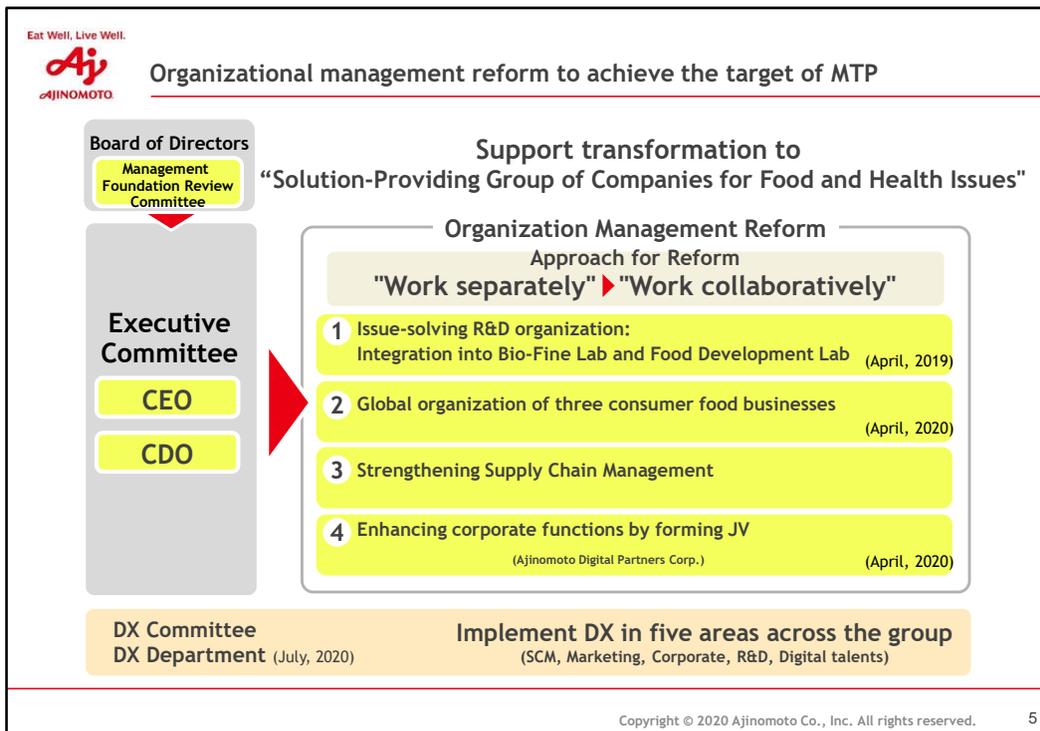
Second, we will enhance our capacity building in human resources and organizational management to empower employees to solve this challenge.

At the same time, with the goal of the organization and individuals to work together with customers, the number of employees who feel that they have contributed to solving food and health issues by standardizing the management of the PDCA cycle is increased, and an organizational driving force increase. In our business, we will select priority businesses that have a competitive advantage, and in the food business, where growth has slowed, we will return to growth by using products that promote health value, such as salt reduction and healthy aging, and increasing unit prices as our core strategies.

Regarding capital efficiency, which we recognize as a major financial issue, we plan to realize organic growth and ROIC that exceed the cost of capital for each business by improving the efficiency of key businesses and implementing asset-light measures systematically, and finally will establish a sustainable earnings structure of ROE > ROIC > ROA > WACC.

The management plan just mentioned includes to eliminate the company weakness in the shortage of strategy execution backed up by business

transformation through digital transformation, and to improve corporate value with a balance of corporate brand value, employee engagement and market capitalization.



We will also reform organizational operations to enhance the effectiveness of the management plan. The management foundation review committee under the Board of Directors which was organized by internal directors in December last year is supporting to promote the reform to realize a “Solution-Providing Group of Companies for Food and Health Issues”.

In order to enhance the effectiveness of this plan, we will make a decision at the Executive Committee and reform the organizational management as follows. The concept of the reform is to transform the Food business (pursuit of deliciousness) and Aminoscience (health care) business from the former division to collaboration.

As for concrete measure 1, the R&D institute was shifted to a customer problem solving system in April last year.

(Innovation-institute ⇒ Integrated with Bio Fine and Food Development. (2019/4)

Concrete measure 2 is to reorganize the food products division from local to global in April this year.

As a result, the three business department, Seasonings, Quick Nourishment, and Frozen foods, will be able to lead the global strategy for consumer foods, making it easier to transfer the problem-solving power in Japan to our foreign subsidiaries.

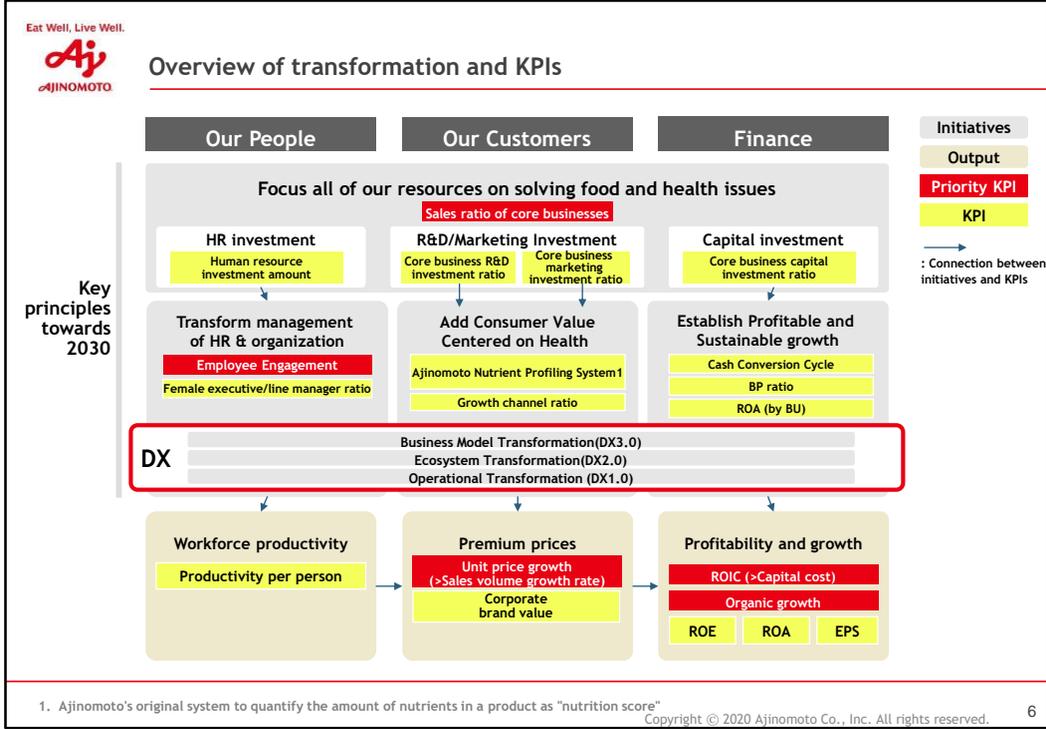
Concrete measure 3 is to change the system for implement the manufacturing

strategy across the supply chain.

In Measure 4, we will concentrate our operations and human resources to Ajinomoto Digital Business Partners, a joint venture with Accenture, in order to execute corporate support in pursuit of efficiency.

In order to increase effectiveness across the company, Digital Transformation Dept. will be established on July, 2020.

With this, we will implement the company-wide plans for SCM, Marketing, business reform, R&D and human resource development, which have been considered by the DX Committee under the CDO.



Regarding the priority measures for the execution of the management plan just mentioned, the expected outputs are shaded in blue, and the KPIs indicating the progress of the priority measures are shaded in red and pink. We will share the progress of these KPIs with internal and external stakeholders, and strengthen internal controls by using PDCA as a management role to improve the awareness of value chain connections.

Eat Well, Live Well.  
**Aj**  
AJINOMOTO

### Structural targets for 2030

		FY19 (Forecast)	20-22 Phase 1 Structural reform FY22 (Target)	23-25 Phase 2 Regrowth FY25 (Target)	2030 Goal
<b>Efficiency</b>	ROIC (>Capital cost)	3%	8%	10-11%	13%
	Organic sales growth (YoY)	2%	4%	5%	5%
<b>Priority KPIs</b>	Sales ratio of core businesses	65%	70%	80%	80%~
	Employee engagement ("ASV as own initiative" <sup>1</sup> )	55%	70%	80%	85%~
	Unit price growth (YoY) (International consumer products)		2.5%	3%	3%

1: "ASV as own initiative" = Status whereby each and every employee is able to autonomously work towards achievement of ASV. Note: Organic sales growth and unit price growth are target growth rates for FY21-22 and FY24-25, respectively. Organic sales growth: Refers to sales growth excluding the effects of discontinuous growth such as exchange rates, changes in accounting practices and M&A/business sell-off. Unit price growth rate: Refers to the unit price growth rate of the international consumer products from the base year for each country and category as a weighted average in proportion to sales. Copyright © 2020 Ajinomoto Co., Inc. All rights reserved.

I will explain the structural goals to be achieved in 2030 by key KPIs.

First, from a sustainability perspective, we aim to achieve this level by 2030, aiming for an ROIC of over 13%.

Position the 20-22 period as a structural reform (Phase 1), we will achieve industry-standard ROIC of 8% by reducing and/or withdrawing from the current non-priority businesses and reducing corporate expenses to 2.5% level.

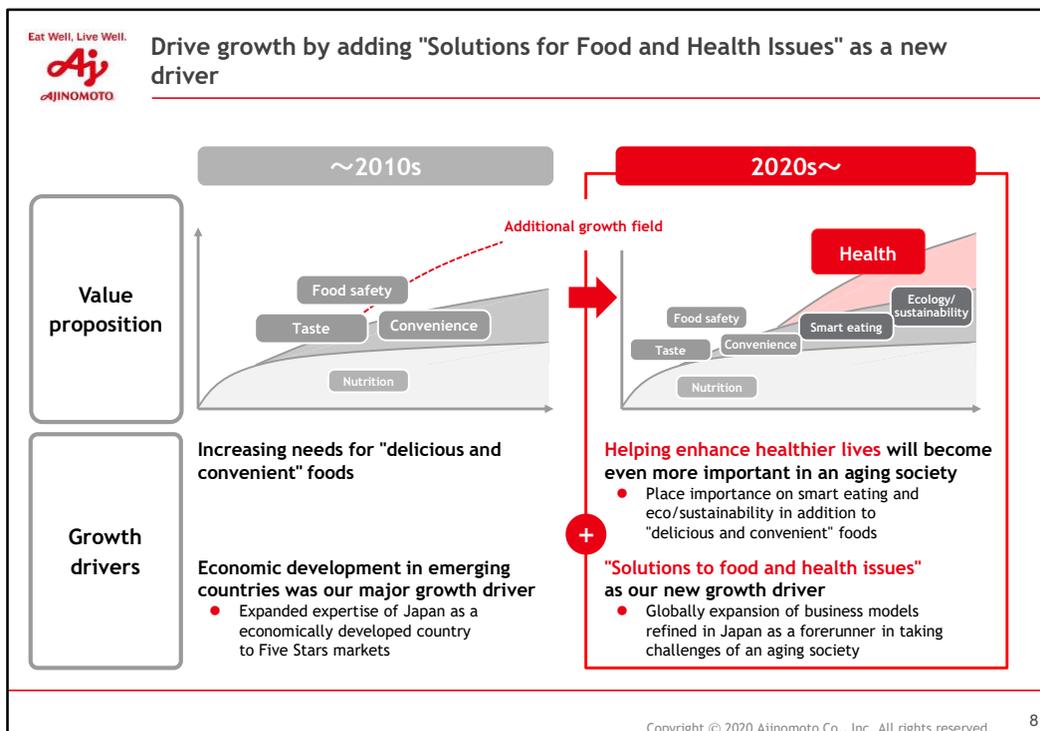
In the 23-25 period, as a re-growth (Phase 2), we will raise the ROIC to 10% to 11% by improving profitability through expansion of priority businesses and additional asset light to form the basis for the 2030 structural target.

We aim for an annual organic growth rate of 5%.

In Phase 1, we will enhance product strength in pursuit of healthy and smart cooking by increasing investment in key businesses, and at the same time, increase unit prices of products, raising the growth momentum from the current 2% to 4%.

From Phase 2 onward, we will achieve 5% growth by adding new business models.

The key KPIs other than ROIC and organic growth rates will be used as indicators of key measures that will lead to efficiency and growth, as explained in the preceding business plan execution.



This section describes strategies that have added “Food and Health Issues” as a new growth driver. This is based on the food business, whose growth has slowed.

Until now, our main consumer food products have been mainly based on products and marketing strategies that pursue “delicious and convenient food” in each region.

From now on, the growth driver will be to add health issues such as “Salt reduction” and “Kachimeshi” polished in Japan, which is a developed country, to the global strategy.

Eat Well, Live Well.  
  
**Health issues becoming globally serious**

---

**Excessive salt intake**



- Excessive salt intake is prevalent in **95% of countries**  
 Many countries where we operate take **more than double** the amount of salt intake standard
- Salt reduction is one of the most essential issues in mitigating the risk of chronic diseases like hypertension  
 Hypertension contributes to **7.5 million deaths** annually (approximately **13%** of all death causes)

**Age-related functional decline**



- Unhealthy lifestyle and poor nutritional balance cause serious health problems in a rapidly aging world  
 Approximately **20%** of seniors in the world tend to be short of essential nutrition incl. protein  
 This is one cause of decline of muscle and cognitive function
- Healthier eating from an early age is key to mitigating future health risks

**Food is expected to contribute more to the solving of global health issues**

---

Source: WHO Copyright © 2020 Ajinomoto Co., Inc. All rights reserved. 9

Regarding the background of making “solution of food and health issues” a growth driver, I will explain from four perspectives.

First, there are a variety of food and health issues, but the ones that we pay special attention to are company-wide efforts: "Excessive salt intake" and “Age-related functional decline.”

At present, “excessive salt intake” in many of our major developing countries is more than twice the WHO recommended standard. WHO states that 20% of the world's population is hypertensive and is responsible for 13% of all causes of death.

In addition, 20% of the elderly in the world are undernourished, such as protein, which contributes to muscle weakness and cognitive decline. This is an issue in terms of healthy longevity.

According to the forecast of future population trends, the increase and aging of the adult population will remarkably progress around the world since the 2020s. The market where we can contribute to solving problems will be expanding.

**Eat Well, Live Well.**  
  
**Ajinomoto is well positioned to solve "food and health issues" with the power of amino acids**

---

**Excessive salt intake**

Delicious salt reduction with umami  
(Taste function)

Salt reduction effect with umami<sup>1</sup>

<p>Soup</p>  <p style="color: red; font-weight: bold; font-size: 24px;">40%</p>	<p>Cheese</p>  <p style="color: red; font-weight: bold; font-size: 24px;">50%</p>	<p>Sausage</p>  <p style="color: red; font-weight: bold; font-size: 24px;">75%</p>
--	--	---

**Age-related functional decline**

Maintain / improve body functions with amino acids  
(Nutritional / physiological function)

- 

Build muscle  
Branched-chain amino-acids (BCAA) such as leucine
- 

Support body function  
BCAA + arginine, glutamine, alanine, etc.
- 

Related to cognitive function  
as a source of Neurotransmitter essential amino acids.

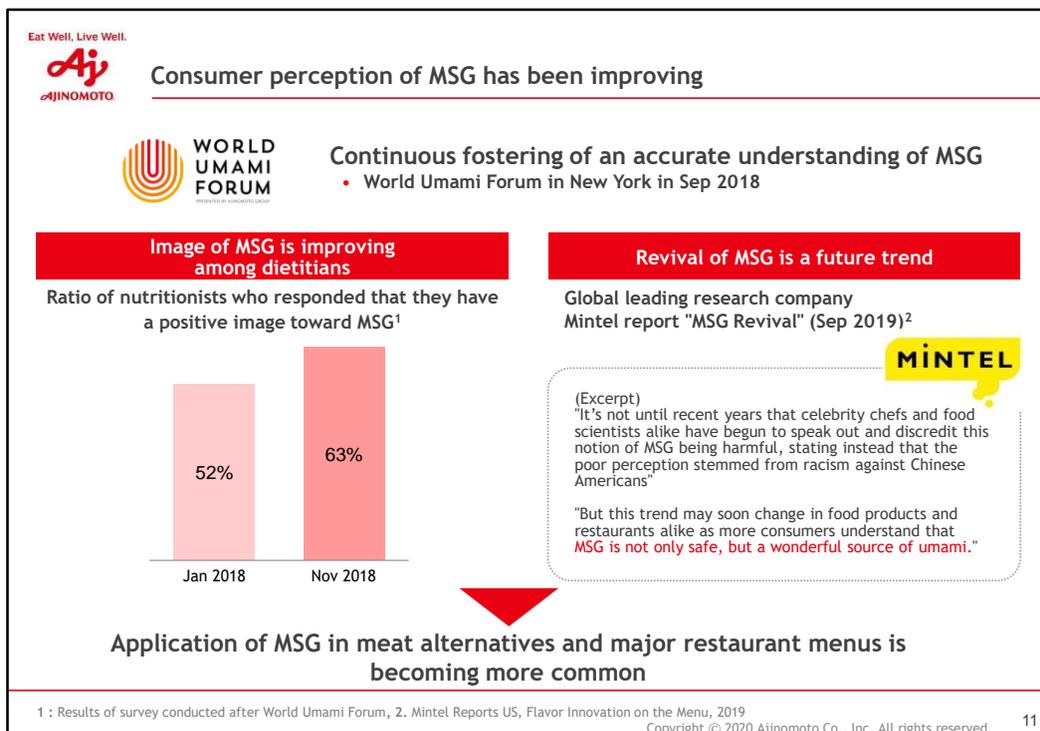
---

<sup>1</sup> : Ratio of salt reducible without impairing taste assuming the amount of salt before adding any "Umami" as 100%  
 Source: J. Food Sci. 49 (1), 82-85 (1984) J. Dairy Sci. 97 (8), 4733-4744 (2014). Meat Sci. 96 (1), 509-513 (2014).  
 Copyright © 2020 Ajinomoto Co., Inc. All rights reserved.

Second, the “power of amino acids” can contribute to solving food and health issues. Here is a summary of our strengths.

The main functions of amino acids are flavoring functions such as "salt reduction with deliciousness by umami" and nutritional and physiological functions such as "maintain and improve body functions".

Expanding the functions of these amino acids in the food business has the potential to contribute to solving food and health issues unique to our company.



Third, the image of MSG is improving.

When you say “salt reduction with deliciousness by umami“, I think you are concerned about the negative image to MSG.

Today, I'm telling you that the tide is changing.

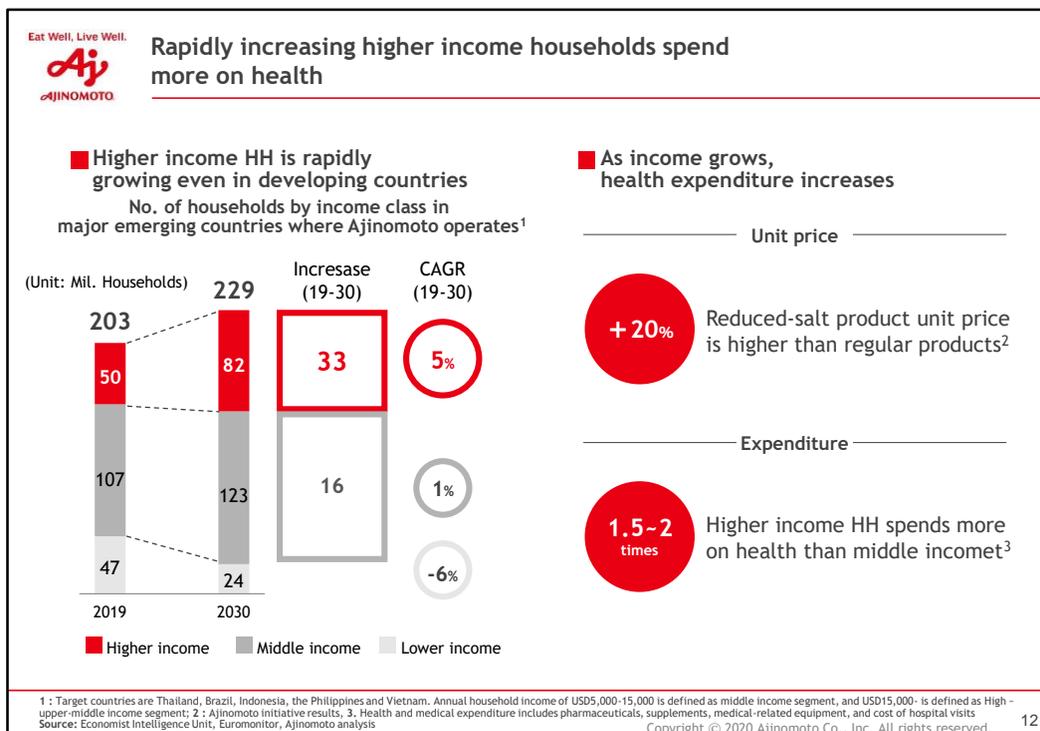
Since the WUF in September 2018, MSG has been promoting popularization activities in the United States, Japan and other major countries as "MSG is the purest umami material" and "useful for salt reduction with deliciousness.“

In the United States, more than 60% of the respondents, especially dietitians, are positive.

A major global research firm, Mintel, reported in September last year in an article titled "MSG revival" that the use of MSG as a source of umami in food and restaurants is trending.

In fact, in the United States, there is a growing trend to use MSG in menus and alternative meats of major restaurants.

In Japan, sales of AJI-NO-MOTO® for home use have exceeded the previous year for the first time in 10 years.



The fourth background is the fact that the rapidly rising high and middle income groups spend more on health.

I mentioned that product prices will be increased as one of growth strategies. I will explain the basis.

In our major economies (5 Stars), high incomes and the upper middle class will grow by an average of 5% per year over the next 10 years.

(On the other hand, the growth of the middle class is slowing down to 1%.)

Research has shown that these groups spend 1.5 to 2 times more on "maintaining health" than middle-income groups.

In addition, our sales results show that low-salt products are purchased at 20% higher unit prices than regular products.

We are convinced that this will be a growth trend, including in emerging countries, and we believe that we can strengthen our health promotion products here as well and lead to a return to sales growth by increasing unit prices.

ESG issues		Our solutions	Targets	Risk
Climate change	Greenhouse effect gas	<ul style="list-style-type: none"> <li>Participate in international initiatives</li> <li>Use energy-saving, renewable energy</li> <li>Contribute to the society with new technologies</li> </ul>	Greenhouse effect gas reduction rate FY25: Reduce by 30% FY30: Reduce by 50% (vs. FY18)	Risks equivalent to JPY 8-10B  Implement measures to reduce risks
	Water risk	<ul style="list-style-type: none"> <li>Reduce water use in the manufacturing process</li> <li>Conserve forest as source of water</li> </ul>	Water use reduction rate <sup>1</sup> FY30: Reduce by 80% (vs. FY05) Recharge rate of drinking water into forest FY25:100%	
Resource circulating society building	Plastic waste	<ul style="list-style-type: none"> <li>Reduce: compact packaging</li> <li>Recycle: Convert to mono-materials</li> <li>Share industrial-government collaborative technologies</li> </ul>	Plastic waste FY30: Achieve "Zero"	
	Food loss	<ul style="list-style-type: none"> <li>Improve manufacturing process yield</li> <li>Expand destinations for effective use</li> </ul>	Food loss reduction rate <sup>2</sup> FY25: Reduce by 50% (vs FY18)	
Sustainable procurement	Food loss	<ul style="list-style-type: none"> <li>Procure sustainable coffee beans, palm oil, paper, soy beans, beef</li> <li>Make procurement along the "group shared policy on better mutual relationship with animals"</li> </ul>	Sustainable procurement ratio FY30: 100% of issue materials	

1 : vs. Production primary unit reduction rate 2 : From acceptance of raw materials to delivery to customer (Scope 1)

Copyright © 2020 Ajinomoto Co., Inc. All rights reserved.

13

I will talk about coexistence with the region and the earth.

Regarding ESG issues, as shown here, we will work on the most important measures to reduce greenhouse gases by 50% by 2030 and to reduce the economic risk of 8 to 10 billion yen derived by TCFD simulation.

At the same time, we will reduce the burden on water risks, plastic waste, food loss, and important issues related to sustainable procurement, as mentioned here.

Eat Well, Live Well. **Aj** (Ref.)  
 AJINOMOTO Focus on health and the environment among SDGs themes

**SUSTAINABLE DEVELOPMENT GOALS** World Health Organization

**Health**

**3 GOOD HEALTH AND WELL-BEING**

- Increase in non-communicable diseases

Voluntary global targets for 2025 by WHO(Excerpt)

- At least 10% relative reduction in the harmful use of alcohol, as appropriate, within the national context
- A 10% relative reduction in prevalence of insufficient physical activity
- A 30% relative reduction in mean population intake of salt/sodium
- A 30% relative reduction in prevalence of current tobacco use in persons aged 15+ years
- A 25% relative reduction in the prevalence of raised blood pressure or contain the prevalence of raised blood pressure, according to national circumstances
- Halt the rise in diabetes and obesity

**2 ZERO HUNGER**

- Age-related health issues

---

**Environmental**

**13 CLIMATE ACTION**

- Greenhouse gas emissions

**2 ZERO HUNGER**

- Sustainable procurement
- Food-loss

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

- Plastic waste

Source: UN, WHO Copyright © 2020 Ajinomoto Co., Inc. All rights reserved. 14

(Reference) Health and environment are important global themes  
 Make sure that the basic management plan mentioned so far addresses SDG s  
 health and environmental challenges.

Eat Well, Live Well.  
**Aj**  
AJINOMOTO



- 1 Vision for 2030
- 2 Key Strategies of the MTP for 2020-2025

I will explain the key strategies of the Medium-Term Management Plan for 2020-2025.



I will explain the structural reform and re-growth in FY20-25 as a roadmap. Earlier, we explained our structural goals for 2030. Toward this, we will transform our business structure into a sustainable business structure over a three-year period. Phase 1 “Structural Reform” and Phase 2 “Regrowth” will be mentioned in order of the three main strategies.

The first is the reform of profit structure for capital efficiency and sustainable growth. First, we will thoroughly concentrate management resources on priority businesses throughout the six years.

In Phase 1, the restructuring of non-priority businesses will be completed. We will identify other businesses. In Phase 2, we will reorganize the businesses we will have identified to rebuild a sound business portfolio.

The second is a business strategy to strengthen health promotion and a unit price increase strategy.

First, through six years, we will continually improve our core brands and products by pursuing smart cooking and strengthening our products to reduce salt and improve nutrition and physiological functions. In addition, in Phase 1 we will invest in creating a food and health ecosystem. New business model for personal health of 10 billion yen based on this in Phase 2

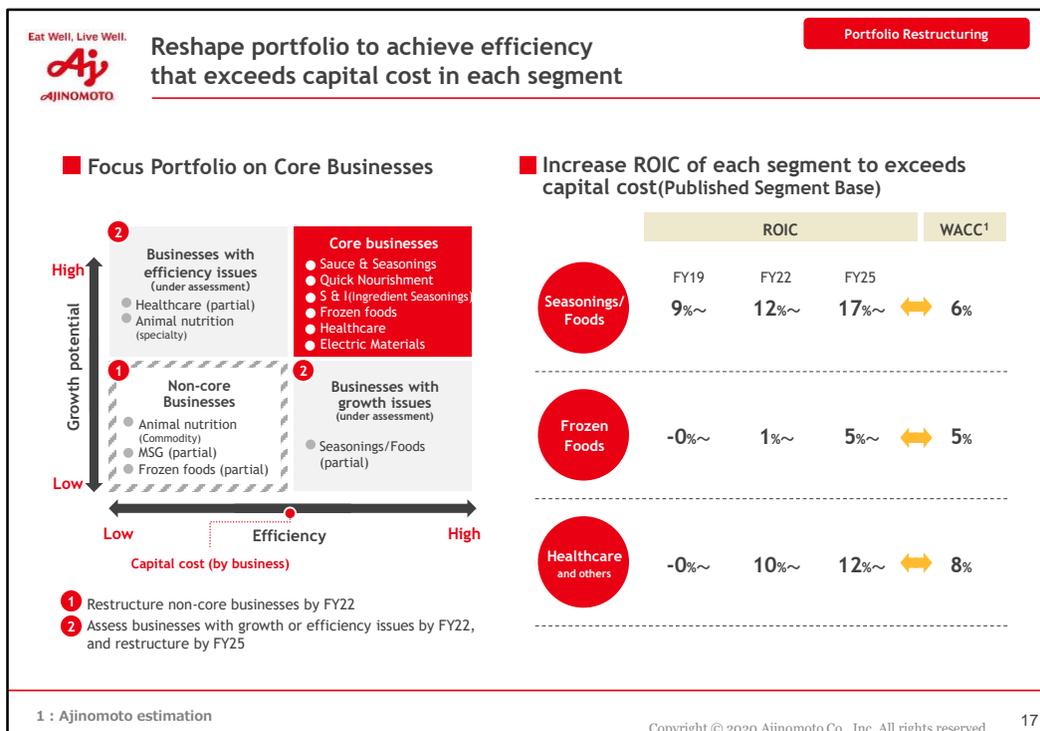
Challenge to build.

Part 3. In terms of human resources and organizational management reform, we will invest in digitally advanced operations in parallel with standardization of

management methods that streamline business processes from the perspective of increasing customer value, in order to improve productivity throughout the six years. We will also work on human resource development related to "solution of food and health issues" and "digital transformation".

The target profit structure is to increase organic growth from 2% to 4% in Phase 1, excluding M & A and restructuring of non-priority businesses.

We believe that ROIC can be increased from 3% with the impact of impairment in FY19 to 8% in FY22. In Phase 2, the growth rate will be 5% and ROIC will be 10-11%.

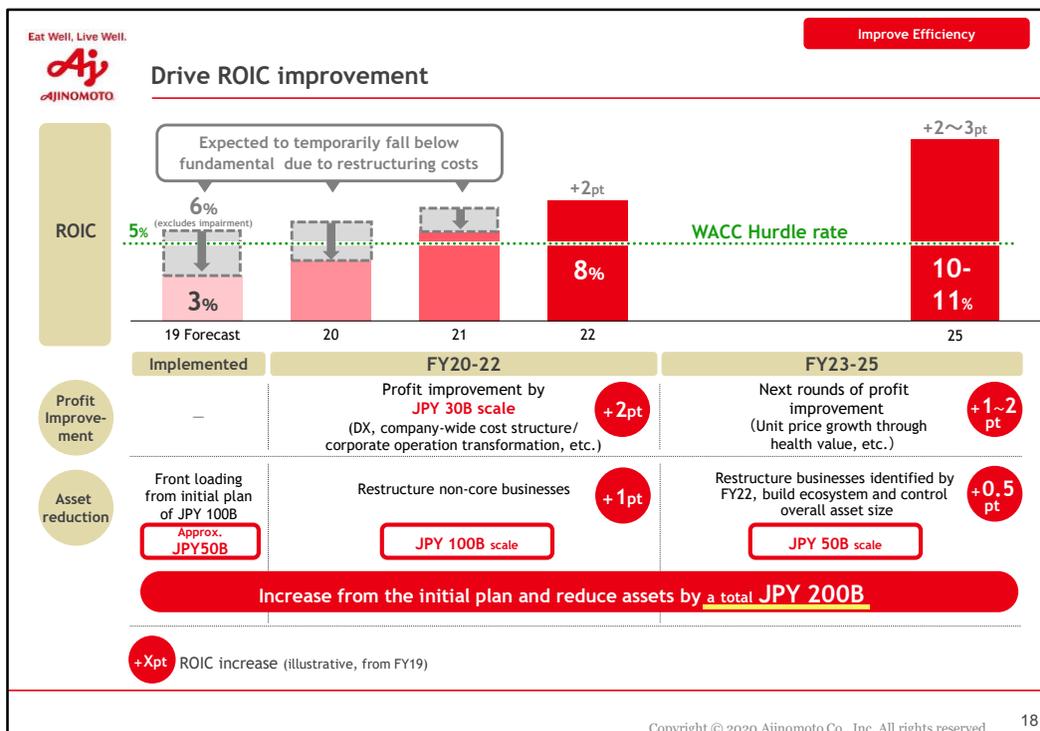


I will explain the business portfolio reorganization in detail. Based on ROIC and growth potential that exceed capital costs, we will focus on Seasonings, Quick Nourishment, S&I(Ingredient Seasonings), frozen foods, healthcare, and electronic materials. These are categorized into three segments for public announcement. ROIC goals are shown in the table on the right.

As for frozen foods, the restructuring of the category shift to Asian will take until FY22, ROIC is expected to fall below WACC in FY25, but we plan to increase it steadily thereafter.

In non-priority businesses, we plan to divert or withdraw or sell assets by FY22. Businesses with growth or efficiency challenges will be identified by FY22 and addressed accordingly by FY25.

See also Attachment Annex P33 for core and non-core businesses.



Here is a detailed roadmap for ROIC improvement.

First, FY19 is ROIC 3% (excluding impairment 6%) due to structural reforms and impairment.

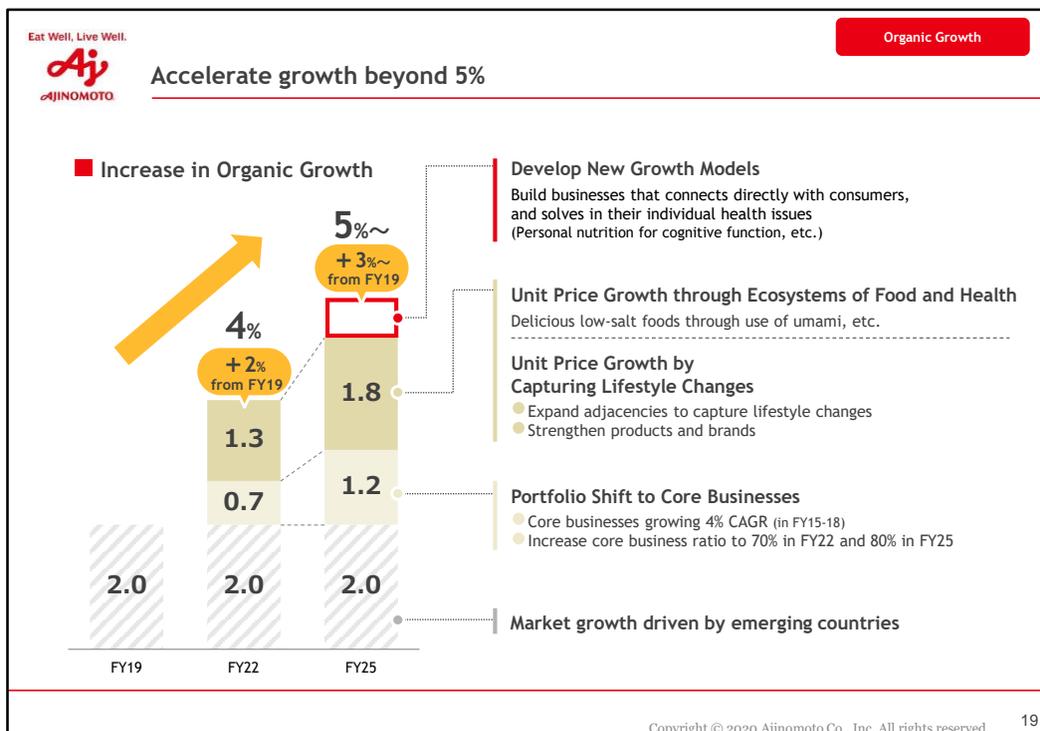
In FY20-22, we will improve about 30 billion yen by reducing costs across the company and organic growth by shifting core businesses.

In addition, by implementing the asset light measures ahead of FY19 and implementing 100 billion yen scales, ROIC is expected to improve to 8% steadily.

In FY23-25, while continuing to increase profits and shift priority businesses by increasing unit prices by appealing for health value, it is assumed asset light of non-prioritized businesses of the businesses to be identified in FY20-22 will be increased to around 50 billion yen.

In addition to this, ROIC will be improved by managing the increase in assets to achieve 10-11% in FY25.

During this time, we will control the Net D/E ratio around 50% so that the capital cost will be around 5%.

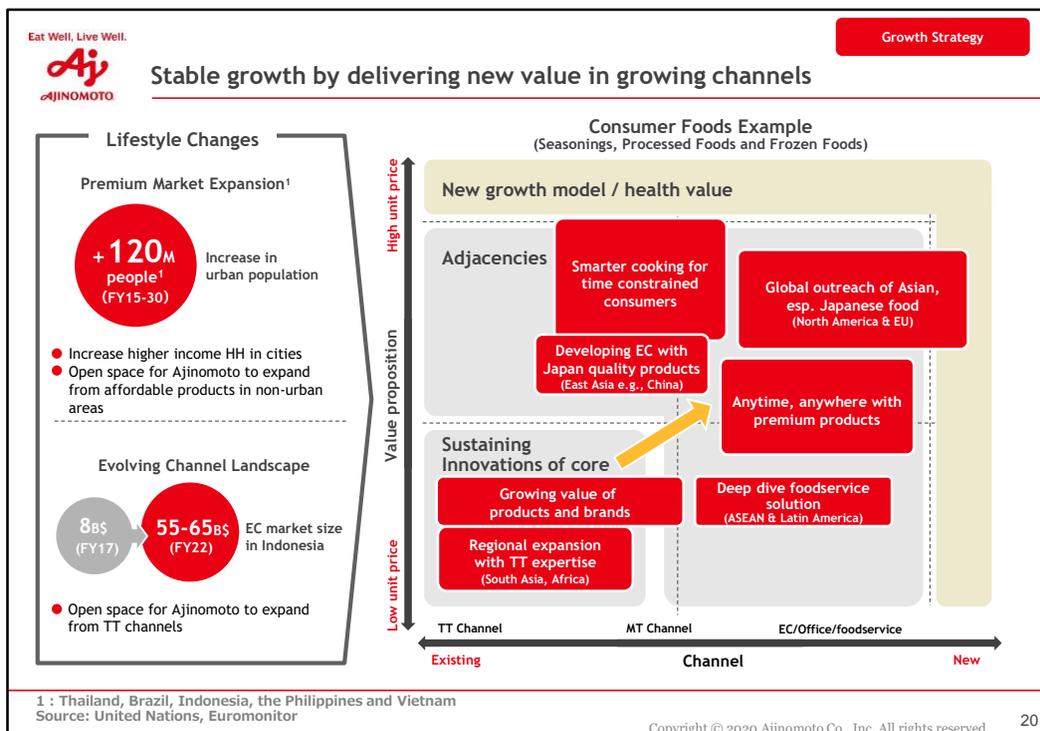


Here is an overview of strategies for returning to organic growth of over 5%. Organic growth in FY19 was 2%. Among them, core business growth continues to grow at 4%.

By raising the core business ratio to 70% and 80% in FY20-22 and FY23-25, we expect to increase overall growth by +0.7 to 1.2%.

In addition, unit price growth will increase by 1.3 to 1.8%, such as enhancing health value through core businesses.

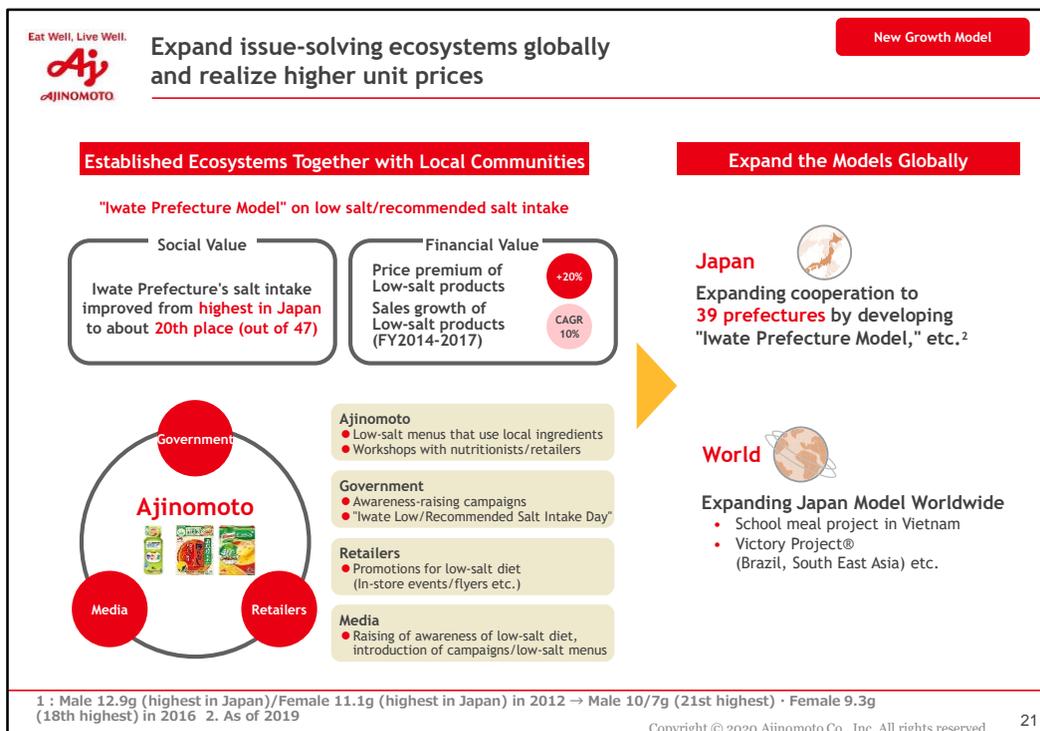
In FY25, we plan to achieve this by adding a new business model to solve personal health issues that are directly connected to consumers.



From the standpoint of stable growth, it is also important to add value to existing products and strengthen the earnings base by expanding channels.

We will continue to revise our consumer foods products and take a premium strategy, taking advantage of the growing population of urban dwellers of over 100 million in our major business developing countries and increasing income per household.

In addition, we will work on developing channels such as offices and restaurants, centering on EC, as the basis for stable growth.



I will explain a strategic model for how to establish products with high health value.

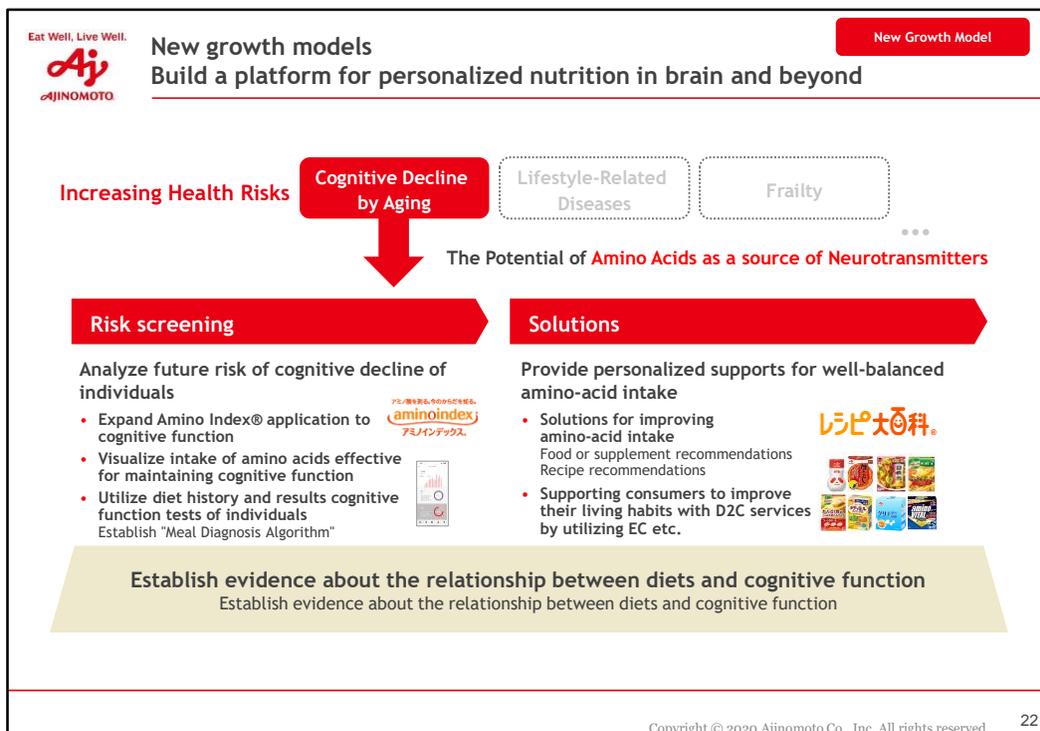
The figure on the left is an Iwate prefecture model.

In order to return the stigma of “Domestic Highest Salt Intake Prefecture”, we have built a regional ecosystem in cooperation with the government, distribution and media. As the result, the Company contributed to the improvement of eating habits by offering low-salt menus combined with low-salt products and regional ingredients, and achieved high sales growth by increasing the unit price of low-salt products.

In Japan, such regional collaboration to improve eating habits has been successfully implemented in 39 prefectures.

Overseas, in addition to the Vietnam School Meal Project, we have started collaborating with local communities triggered by athlete support projects in ASEAN and Brazil.

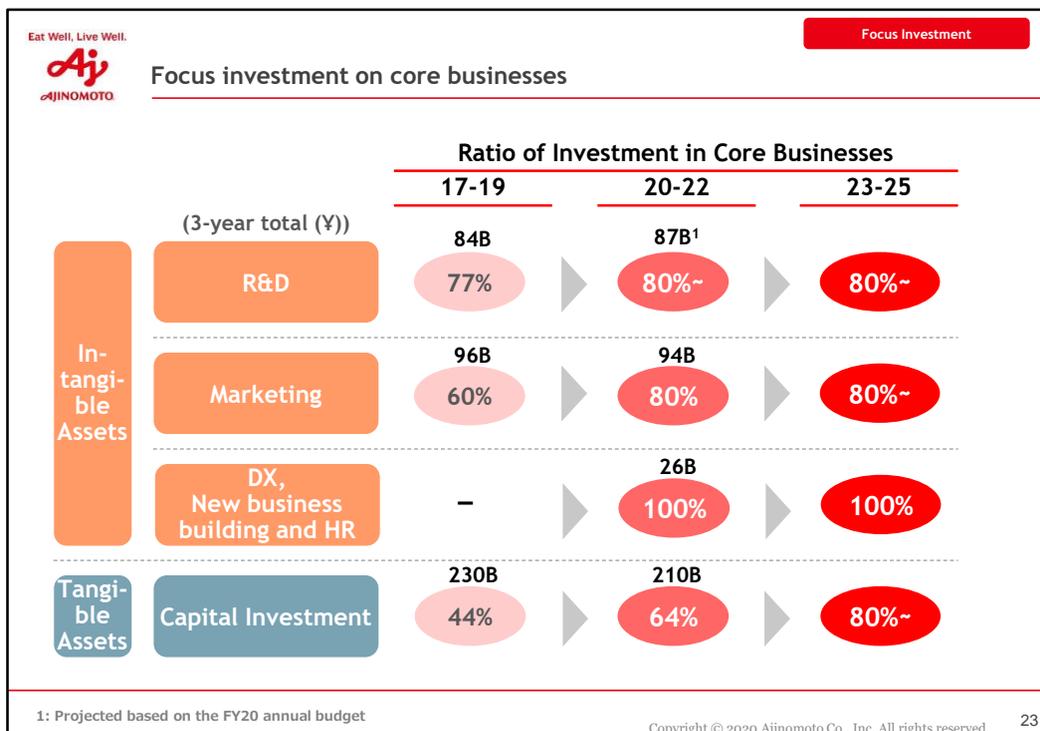
Expand "Iwate Prefecture Model" horizontally.



I will explain the commercialization of the new growth model.

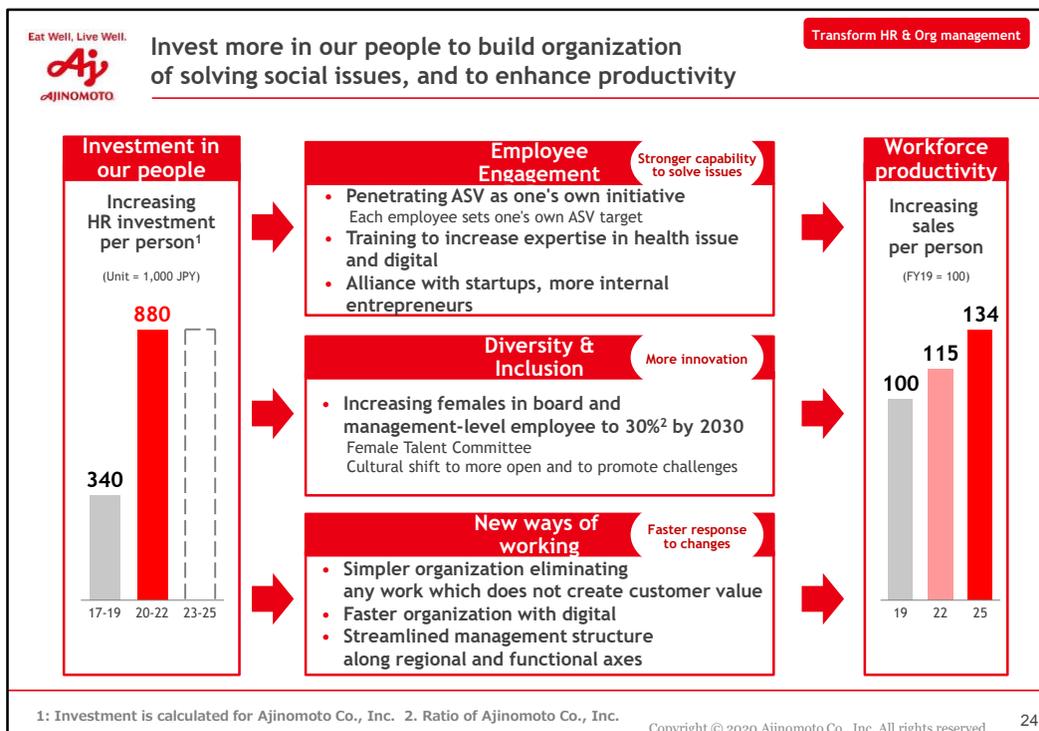
We are promoting early detection of cognitive decline with the Amino Index®. This makes it possible to visualize the status of amino acid intake that is effective for maintaining cognitive function. In the future, we believe that a “meal diagnosis algorithm” can be established in cooperation with advanced cohort research.

In Phase 2, we would like to create a personalized business to improve amino acid balance related to cognitive functions of about 10 billion yen.



In FY20-25, we will increase investment in core businesses.

In addition to allocating 80% of R & D, marketing, and capital investment to core businesses, 26 billion yen in FY20-22 for FY20-22 for operational efficiency, new business model construction, and human resource development through digital transformation Invest.

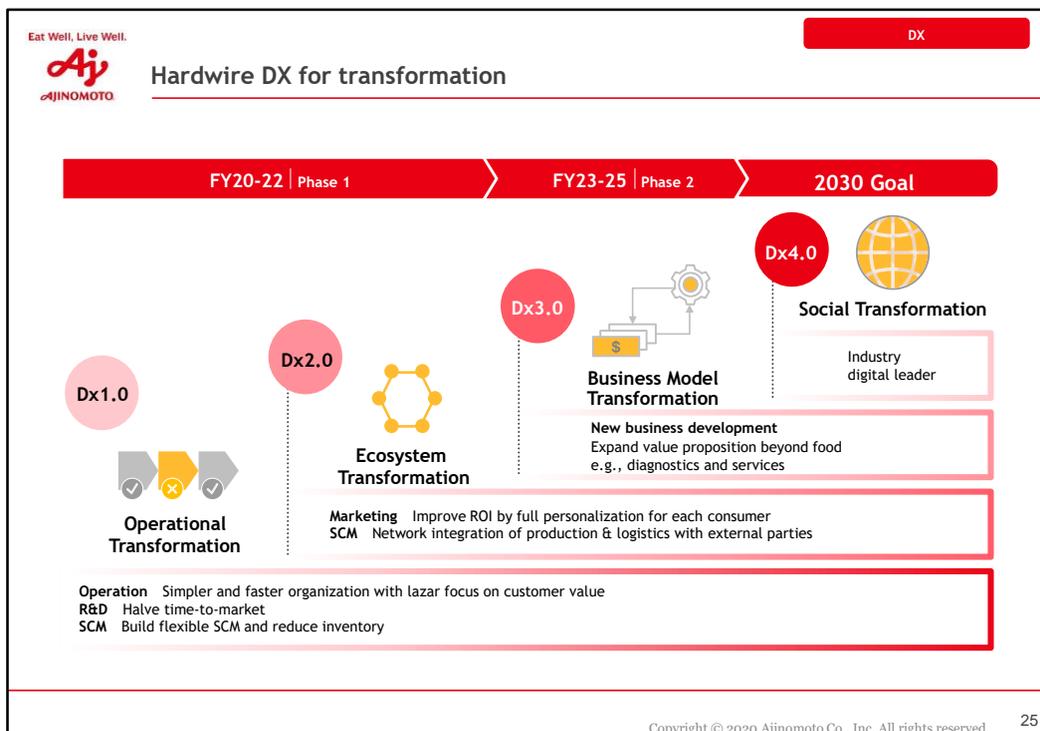


In order to realize the new vision, we will reinforce human resource investment to transform into a highly productive problem-solving organization, increasing the current medium-term plan by approximately 2.5 times.

Improve health issues and digital literacy, and increase the number of human resources who are independently involved in realizing the vision.

Promote diversity to accelerate innovation. Ajinomoto Co., Inc. will serve 30% of female directors and line managers by 2030.

We will upgrade “Work Style Innovation” to improve our ability to respond to changes in the environment. Eliminate any waste that does not lead to customer value and speed up with digital utilization.



I will explain DX.

We aim to transform our operations, transform our ecosystem, transform our business models, and transform ourselves as the industry leader. Each is represented by DX1.0 ~ 4.0, and progress is managed for each theme.

**FY20-22 theme**

As an in-house operation reform,

Speed up business processes from the perspective of the customer.

R & D period halved

Reduce inventory with flexible supply chain management

As an ecosystem change,

Marketing

Build distribution and production networks with other companies

**In FY23-25**

As a business model reform,

New business development such as D to C

Diagnosis, service development

Eat Well, Live Well. Financial Strategy

**Aj**  
AJINOMOTO

## Corporate Financial strategy for FY25

<b>Cash Flow</b>	<ul style="list-style-type: none"> <li>• Increase operating cash flow from FY17-19 by structural reform</li> <li>• Reduce assets and secure sufficient cash for growth investment</li> </ul>
<b>Growth Investment</b>	<ul style="list-style-type: none"> <li>• Shift investment from tangible assets to intangible assets, from non-core to core business</li> <li>• On the other hand, minimize asset increase by building ecosystem with external parties</li> </ul>
<b>Fund Raising</b>	<ul style="list-style-type: none"> <li>• Target Net D<sup>1</sup>/E ratio at 50% level, and manage capital structure with capital cost of 5-6%</li> </ul>
<b>Shareholder Return</b>	<ul style="list-style-type: none"> <li>• Target shareholder return (payout + buy back ratio) is 50% or higher</li> <li>• Maintain or increase dividends, targeting payout ratio around 40%, also in FY20-22 when structural reforms will be implemented</li> <li>• Reflect TSR (Total Shareholder Return) in executive compensation</li> </ul>

1 : Net D: "interest-bearing debt" – "cash"\*75%

Copyright © 2020 Ajinomoto Co., Inc. All rights reserved. 26

I will explain the financial strategy for FY25.

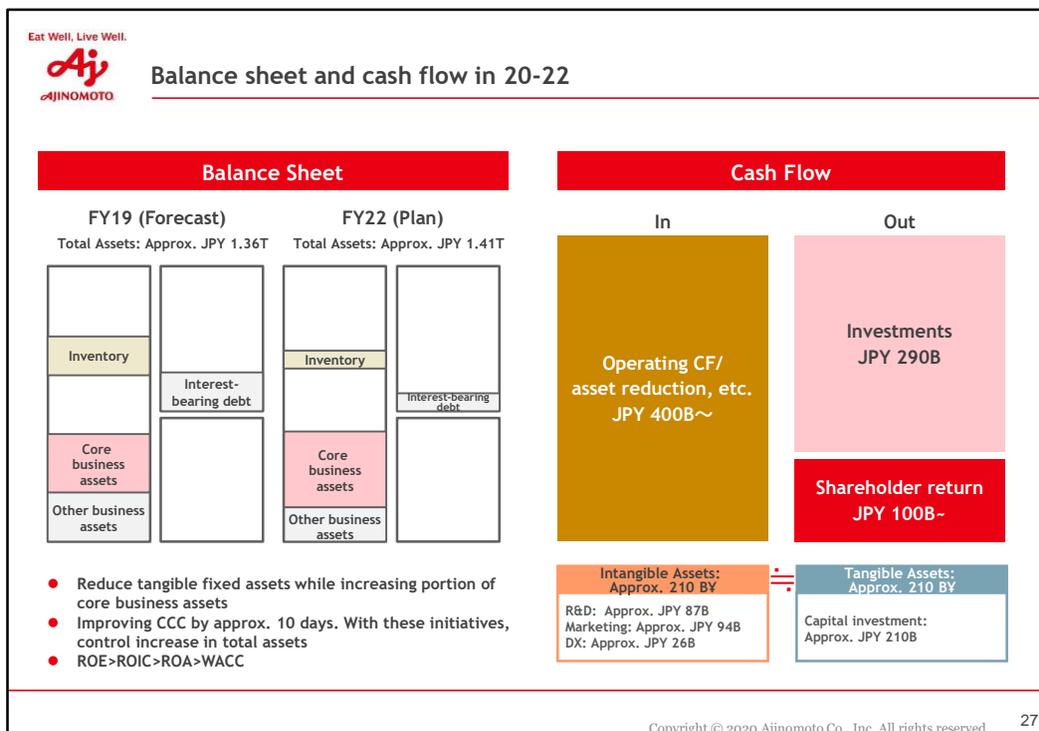
Cash-in will generate operating CF exceeding FY17-19 even in Phase 1 of the structural reform.

We can secure sufficient cash for growth investment by reducing assets. Financing will be managed with WACC of 5-6% with a target ratio of NET D/E ratio 50%. Recently, the NET D/E ratio will rise to increase parental control of overseas subsidiaries. We will work to repay interest-bearing debt to improve our current financial soundness.

In our shareholder return policy, we will continue to aim for a total return ratio of over 50%.

FY20-22, which will implement structural reforms, will raise the payout ratio to 40%, keeping the current dividend amount at the lowest level.

We are also considering using TSR for the calculation of executive compensation.



Finally, I will explain the B / S and cash flow for FY20-22.

Due to the structural reforms in Phase 1, the total assets of FY22 are expected to be about 1.4 trillion yen.

Tangible asset investment will be 290 billion yen, asset light will be minus 100 billion yen, shareholder returns will be minus 100 billion yen, and net income and depreciation will increase by about 50 billion yen compared to FY19.

In terms of cash flow during the same period, cash in is expected to exceed 400 billion yen due to the organic growth and efficiency of key businesses.

For cash outs, capital expenditures will be focused at around 210 billion yen, and the rest will be around 80 billion yen, mainly through small-scale M & As such as financial strategies to increase parental control of overseas subsidiaries and venture investments to create new business models. We are planning to secure sufficient cash of over 100 billion yen in accordance with our shareholder return policy.

**Eat Well, Live Well.**



Thank you.

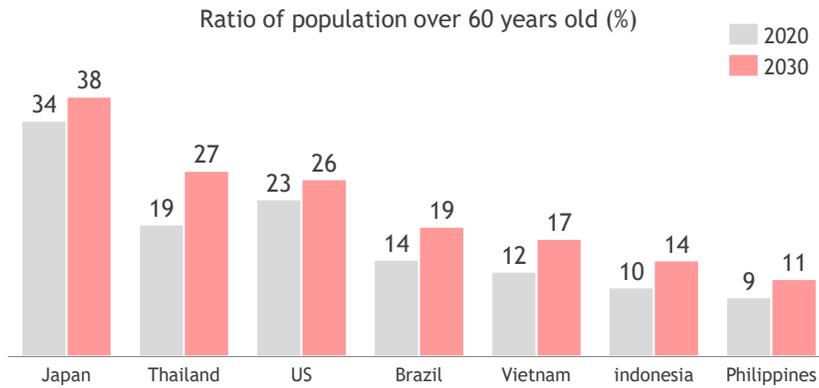
Eat Well, Live Well.



## Reference Materials

---

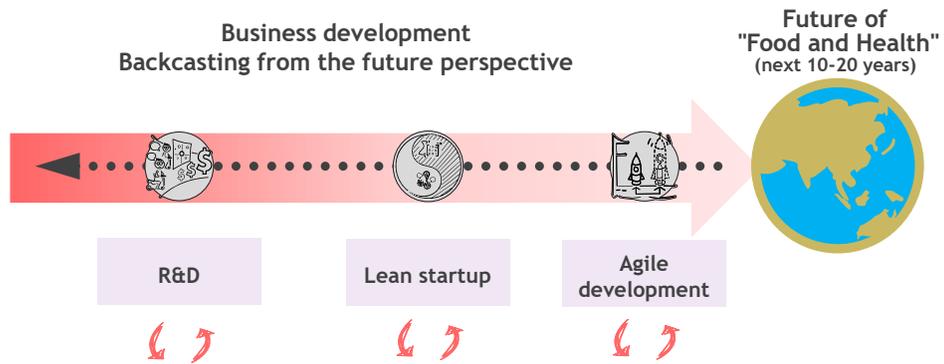
### Aging is increasing not only in developed countries but also in emerging countries



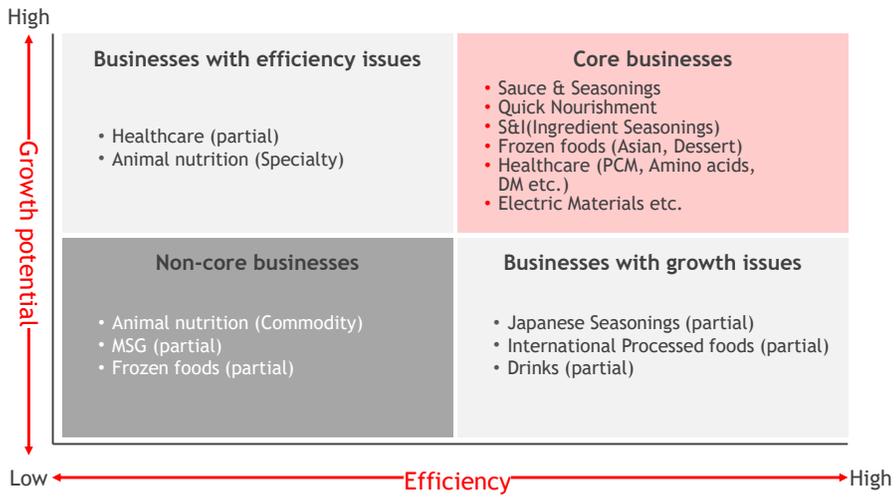
- Even in major emerging countries where Ajinomoto operates, the population aged 60 and over will reach **130 million** in 2030, exceeding the total population of Japan
- Decline in body function due to aging is an issue not only in developed countries but all over the world



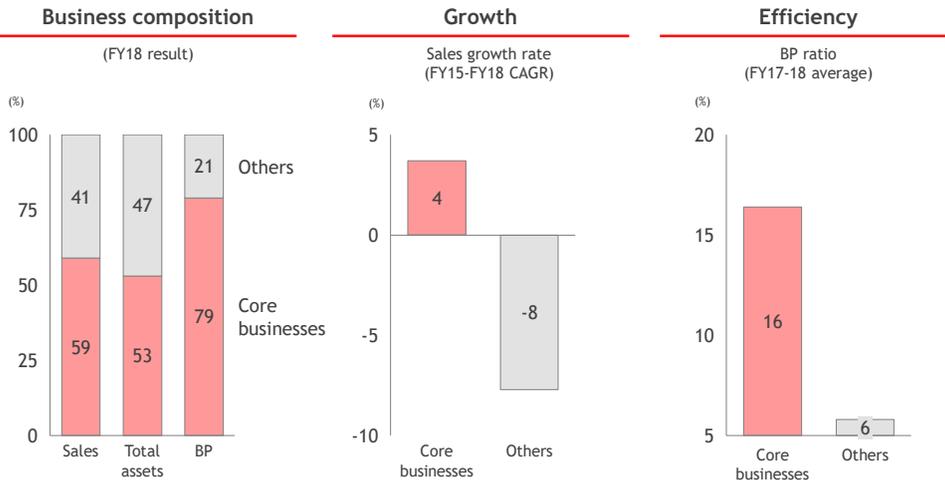
Rebuild innovation model to accelerate growth



## Business portfolio overview



## Comparison between core businesses and others



### Segment changes

	~FY19	FY20~	FY19 (Forecast)	
			Sales (Billion¥)	BP ratio (%)
Food	Japanese Food Products <ul style="list-style-type: none"> <li>Seasonings &amp; Processed Foods</li> <li>Coffee Products</li> <li>Frozen foods</li> </ul>	Seasonings & foods	654.5	11.3
	International Food Products <ul style="list-style-type: none"> <li>Seasonings &amp; Processed Foods</li> <li>Umami Seasonings for Processed Food Manufacturers and Sweeteners</li> <li>Frozen Foods</li> </ul>	Frozen foods	210.7	-0.3
Amino Science	Health-care <ul style="list-style-type: none"> <li>Amino Acids</li> <li>Others</li> </ul>	Healthcare, etc.	244.9	6.3
	Life Support <ul style="list-style-type: none"> <li>Animal Nutrition</li> <li>Specialty Chemicals</li> <li>Others</li> </ul>			
		Others:	28.4	
		Total:	1,138.5	7.7

## Strategies by business segments: Seasonings and Foods

	FY19 (Forecast)	FY22 (Plan)
Sales (B¥)	654.5	-
Organic Sales Growth	1%	5%
BP ratio	11%	12%

### Enhance health value and product portfolio

### Respond to lifestyle evolution

#### Sauce & Seasonings

- Enrich health value and expand product lineups
  - Grow the existing core products and new low-salt products by "delicious salt reduction with umami"
  - Boost growth of products that promote uptake of protein-rich products such as meat and tofu
- Expand into adjacencies to enable smart cooking
  - Respond to key changes in cooking styles, such as menu seasonings for microwave cooking
  - Modernize our portfolio to meet the needs of shorter cooking time in urban life, mainly in ASEAN and Latin America

#### Quick Nourishment

- Evolve portfolio of convenient AND nutritious products, which will help consumer solve health issues
  - New fields that can provide nutritions and reduce risk of mental fatigue and reduces cognitive decline
  - Global expansion of convenient foods that supplement proteins
- Grow products that meet specific deep needs of each consumer, and offer comfort and nutrition
  - Global expansion of new business areas such as soups and beverages with enhanced health value
  - Strengthen E-commerce and other new channels that deliver health and nutrition products personalized to each consumer

#### S&I (Ingredient Seasonings)

- Fortify solution capabilities to realize health value such as salt reduction with maintaining deliciousness
  - Evolve integrated solutions of taste, texture and umami
  - Deepen relationships with global key accounts
- Build AI menu systems for nursing care and hospital meal services
- Expand solutions to support our customers to meet changing global consumer preferences, such as clean labels and vegans
  - Alternatives of meat and dairy products
  - Expand our solution capability to overseas food services
- Approach to the high-end restaurant market through MTG in North America

## Strategies by businesses segments: Frozen Foods

	FY19 (Forecast)	FY22 (Plan)
Sales (B¥)	210.7	-
Organic Sales Growth	2%	3%
BP ratio	-0.3%	3%

### Enhance health value and product portfolio

### Respond to lifestyle evolution



Frozen  
 foods

- Expand and develop frozen foods business to meet healthcare needs
  - Increase delicious and less-salt products
  - Develop Asian Frozen Foods with plant protein to promote protein intake
  - Low GI/allergen-free high value-added products
  - Expand nutrition care food to help solving health issues for the elderly
- Develop new frozen foods domains that meet diverse consumer needs, such as fun and sustainability
  - Japan-style Gyoza expansion abroad
  - Vegetarian products
- Accelerate growth of products that solve operational issues and labor shortage of foodservice
  - Frozen desserts of patisserie quality

## Strategies by business segments: Healthcare, etc.

	FY19 (Forecast)	FY22 (Plan)
Sales (B¥)	244.9	-
Organic Sales Growth	3%	4%
BP ratio	6%	12%

### Enhance health value and product portfolio

### Respond to lifestyle evolution

#### Healthcare

- Expand business of Ajinomoto BioPharma Service
  - Strengthen business base through growth areas of antibody drugs, nucleic acid drugs, etc. based on good relationships with major pharmaceutical companies
- Develop culture medium for regenerative medicine and medical food by utilizing amino acids
- Expand Amino Index testing service and build ecosystem for customer solution and partnerships

—

#### Electric Materials

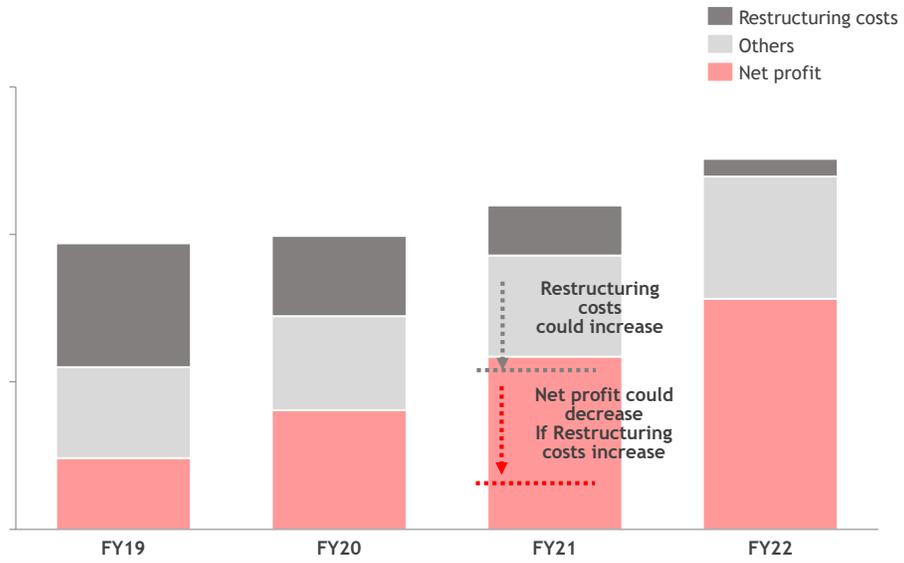
- Business growth that captures the tailwind of the rapidly growing global market
  - Expand business for cloud server by 5G
  - Expand business for new network services generated by high-speed communications

—

## Other structural targets

KPIs		20-22 Phase 1		23-25 Phase 2
		FY19 (Forecast)	FY22 (Target)	FY25 (Target)
	ROE	3%	10%~	12%~
	Business profit ratio	7.7%	10%~	13%~
	ROA (Business profit)	6.2%	8%~	12%~

### Illustrative profit trend in FY19-22 Implement structural reforms in early phase of transformation



### Sales growth rate/BP margin by region toward FY22

	Sales growth (FY19-22 CAGR)	BP ratio (FY22 plan)
Japan	2%	9%
Asia	4%	15%
Americas	5%	8%
Europe, Middle East & Africa	-5%	9%

Precondition of FY20-25 Mid-term plan (Currency rate)

	Currency rate	Sensitivity to BP (Conversion)		Sensitivity to BP (Trade)
USD	107.00	±1JPY→Approx. 100M JPY	1JPY lower vs USD	Approx. 0M JPY
EUR	123.00	±1JPY →Approx. 50M JPY	0.1EUR lower vs USD	Approx. 0M JPY
THB	3.42	±0.01JPY →Approx. 100M JPY	1THB lower vs USD	Approx. +500M JPY
BRL	28.16	±1JPY →Approx. 300M JPY	0.1BRL lower vs USD	Approx. +300M JPY

## Impacts of coronavirus (COVID-19, For 3 months)

### Negative impacts

#### Fixed cost impact of stopping facilities

**At most JPY 0.6 billion**

Shanghai Ajinomoto Amino Acid Co., Ltd.: JPY 0.08billion/month  
Shanghai Ajinomoto Seasoning Co., Ltd.: JPY 0.12 billion/month

#### Substituting raw materials from China

**At most JPY 0.3 billion**

Cost impact of substituting the raw materials imported from China and used in major facilities in Japan and Asia

Economic Impact in Japan and Major Countries  
(Inbound, Restaurant, Conference, etc.)

Impact on MSG and other materials markets  
(Under checking)

### Positive impacts

#### Cost down of energy etc.

**At most JPY 0.25 billion**

Because of the price down of crude oil and tapioca;  
Japan: JPY 20 million  
International: JPY 230 million

**Eat Well, Live Well.**



- **Forward-looking statements, such as business performance forecasts, made in these materials are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.**
- **This material includes summary figures that have not been audited so the numbers may change.**

Copyright © 2020 Ajinomoto Co., Inc. All rights reserved.