

Eat Well, Live Well.



Ajinomoto Co., Inc. (2802)
FY2017–2019 (for 2020)
Medium-Term Management Plan
Progress and Prospects Going Forward

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President & CEO

May 10, 2018

Eat Well, Live Well.



Contents

- I. FY2017–2019 (for 2020) Medium-Term Management Plan
- II. Growth Strategy and Structural Reform
- III. FY2018 Financial Strategy

Reference Material

Appendix: Consolidated Results FY2017 Ended March 31, 2018

FY2018 Forecast by Segment

Note: Business profit (consolidated) in this material:

Sales - Cost of sales - Selling expenses, Research & development expenses and General & administrative expenses +
Share of profit of associates and joint ventures

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Contents

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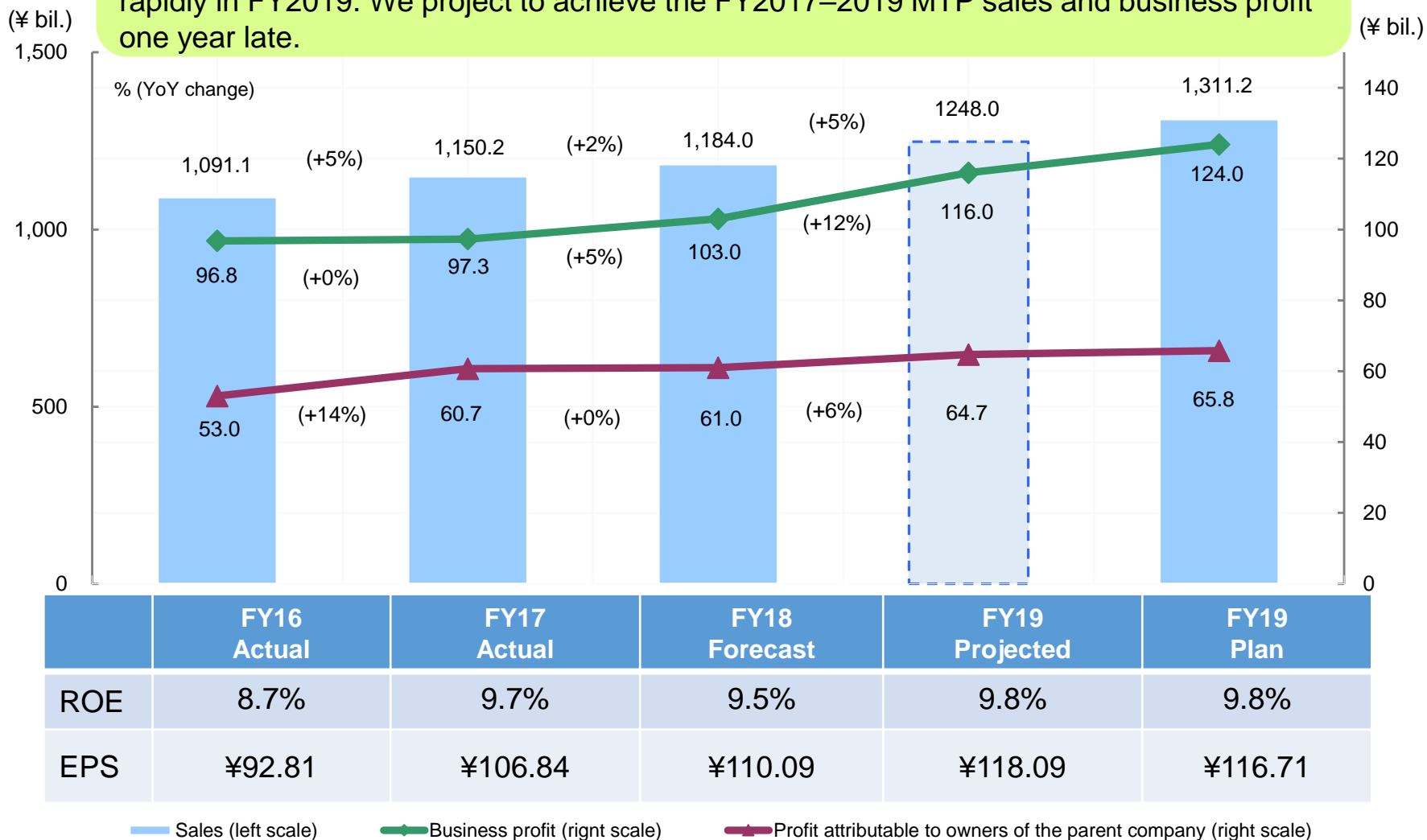
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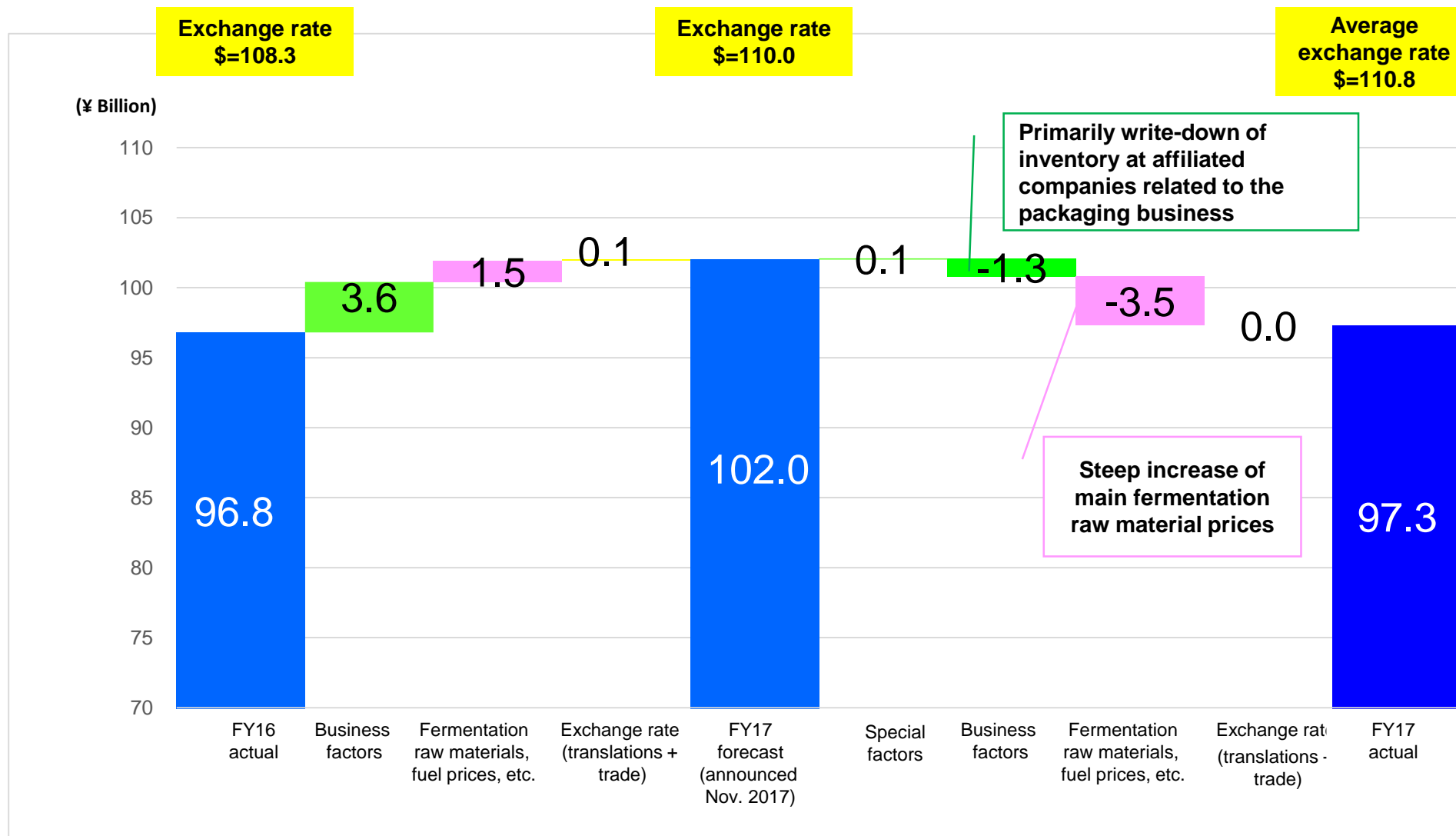
I-1. Progress on the FY2017–2019 (for 2020) Medium-Term Management Plan

FY2017 had increased sales and profit was level with the previous year, but businesses with issues were apparent. In FY2018 we will continue to expand businesses with good performance and complete the reorganization of businesses with issues and progress rapidly in FY2019. We project to achieve the FY2017–2019 MTP sales and business profit one year late.





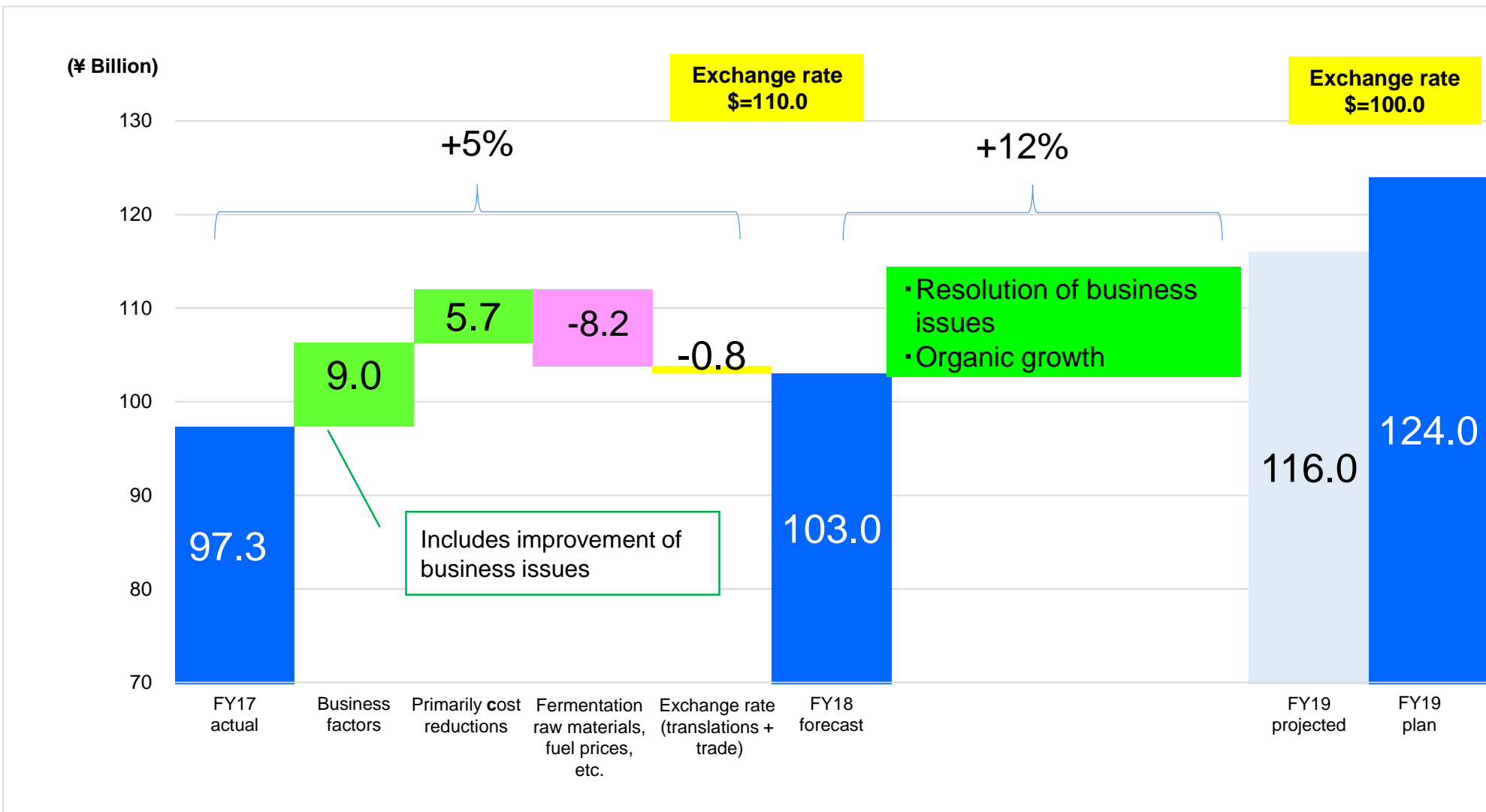
I-2. Factors Influencing FY2017 Business Profit (vs. forecast)





I-3. Factors Influencing FY2018 Business Profit (YoY)

FY2018 forecast, FY2019 projection & plan



I-4. Profit for FY2018

Increased profits expected for FY2018, despite the reactionary effect of the tax revision in America in the previous year.

(¥ Billion) -: losses	FY18 Forecast	FY17 Actual	Difference	Main factors
Sales	1,184.0	1,150.2	33.7	
Business profit	103.0	97.3	5.6	FY17 actual: Share of profit of associates and joint ventures 3.9
Other operating income & expenses (-: losses)	-5.7	-14.0	8.3	
Impairment losses	-	-11.6	11.6	FY17 actual: Animal nutrition 7.4 (Thailand MSG 2.6)
Other	-5.7	-2.4	-3.3	FY17 actual: Animal nutrition structural reform expense 0.7
Operating profit	97.3	83.3	14.0	
Financial income & expenses (-: losses)	-0.7	2.1	-2.8	
Profit before income taxes	96.6	85.4	11.1	
Income taxes	25.5	16.6	8.8	Tax rate: FY17 actual 19%, FY18 26%
Profit	72.2	68.7	3.4	
Profit attributable to owners of the parent company	61.0	60.7	0.2	
Profit attributable to non-controlling interests	11.2	8.0	3.1	

I-5. Animal Nutrition Structural Reform Expenses

Board of Directors decided on a concrete reduction plan for in-house production of animal nutrition commodities. Recorded FY2017 impairment loss of ¥7.4 billion and other structural reform expenses of ¥0.7 billion for a total of ¥8.1 billion.

- ◆ Full stop of lysine production facilities in Thailand and Brazil, partial stop in France.
- ◆ Proceed with conversion to Specialty products by making threonine production facilities flexible.

Item	Expense (¥ bil.)*
Impairment loss: Thailand	0.7
Impairment loss: Brazil	3.1
Impairment loss: France	3.4
Sub-total (Impairment losses)	7.4
Other structural reform expenses	0.7
Total (Structural reform expenses)	8.1

*Each amount is approximate

Recorded ¥4.0 billion as “conversion to Specialties” in FY2017–2019 MTP.

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Reference Material

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II-1. Growth Strategy

Food Products Business: Seasonings & Processed Foods in Japan

- ◆ Steady sales and profit growth through creation of new meal scenes in major brands

Seasonings & Processed Foods
FY2017-2019 sales CAGR: 4%

1) Knorr®

Continued expansion of sales of the Hot Breakfast series and “made with cold milk” series, and awakening demand for *Soup Gohan*, a new product.*1



*1: New products launched in Feb. 2018

2) Cook Do® menu-specific seasonings

FY2018 is the 40th anniversary of *Cook Do*® going on sale. Add noodle varieties, renew package design and communications, and re-expand Chinese category.



*2: New varieties launched in Feb. 2018

II-2. Growth Strategy

Food Products Business: Frozen Foods in Japan

Frozen Foods
FY2017-2019 sales CAGR: 4%

◆ Continue stable growth of core categories and attempt to create new frozen food categories capturing the changes in diet

1) Home-use

- Strengthen core products and expand the top line of main products such as *Gyoza* and *The★Chahan* through collaborative measures with other industries.
- Launch new products that respond to new demand, such as menus that appear frequently on the dinner table and appetizers.
- Strengthen ability to respond to channels such as convenience stores and drugstores where there is a lot of leeway to develop the category.

2) Restaurant and Industrial-use

- Strengthen product line-up in major categories such as desserts and gyoza.
- Resolution of operation issues with major customers by strengthening development and sales capability.



Onigiri (rice ball) filling



Appetizers

New product: Yoru kuji no hitori nomi
(Enjoy Drinking Alone at 9PM)
Went on sale in Feb. 2018





II-3. Growth Strategy Food Products Business: International Seasonings

Seasonings & Processed Foods
FY2017-2019 sales CAGR: 6%

◆ Establish the world’s no. 1 seasonings, backed by Specialty.
Create demand for menu-specific seasonings and continually expand share.

1) Flavor seasonings—thorough pursuit of “No. 1 in Deliciousness”

- Promote deliciousness
Improve in-house meat extract, promote via TV commercials, etc.
- Promote nutritional value
Promote via menus with vegetables (Well Balanced Menu) on package back.

2) Continue double-digit growth of *AJI-NO-MOTO® PLUS*

- Succeed in developing restaurant market (Thailand, Vietnam, China, etc.).
- Promote key menus and aim for major expansion.

3) High growth of menu-specific seasonings (powder and liquid)

- Prepare increased production system and improve quality.
- Develop the market by exporting from countries where we are already deployed.



TV commercials



Package back

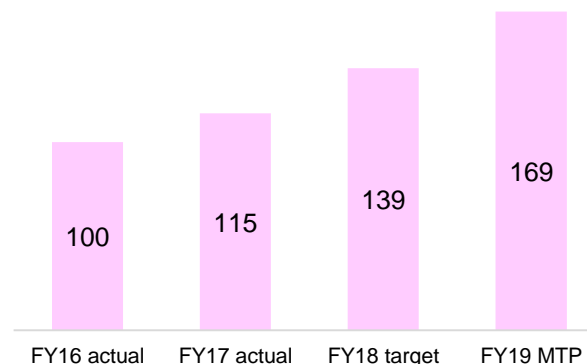


Som Tam
(Thailand)



Hot Pot
(China)

Menu-specific seasoning sales
(Taking FY16 as 100)





II-4. Growth Strategy

Food Products Business: International Frozen Foods (North America)

Frozen Foods
FY2017-2019 sales CAGR: 11%

- ◆ Significant growth through Specialty products that have improved quality and deliciousness.

Quickly establish stable production that supports growth and concentrate on the strategy for Asian food, Appetizers, and Mexican food.

1) Expand top line in 3 key categories

Asian food

Expand no. 1 share by expanding handling of *Ling Ling*®, *TAI PEI*®, and *TOKYO STYLE SHOYU RAMEN*.

Appetizers

Establish supply system in FY2018, achieve rapid growth in FY2019.

Advance towards strong no. 2 position in the restaurant market.

Mexican food

Expand sales by adding new products based on an improved supply system.

2) Restructure production system over one year to stabilize production

Asian food

Portland and Oakland factories (investment completed FY2016) contributed to expansion of sales.

Appetizers

Complete concentration of production in new Joplin, Missouri factory and stabilize production.

Mexican food

May 2018, will obtain contract manufacturer's factory and production facilities and start production. (San Diego new factory)

*FY2017–2019 MTP: CapEx plan of ¥20.0 bil./3 year, proceeding according to plan

II-5. Growth Strategy

Food Products Business: Canned Coffee, *Birdy*® (Thailand)

- ◆ Stabilization of profit foundation focusing on a value strategy based on improved quality and deliciousness for loyal users

1) Market environment

Shifted to low growth due to the excise tax introduced in September 2017, growth in variety of drink preferences.

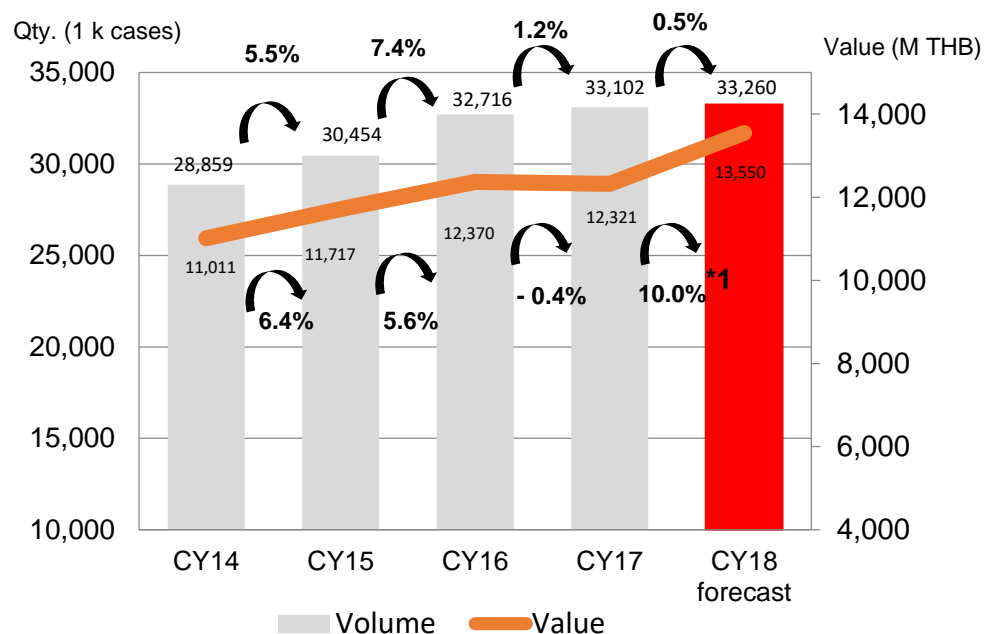
*1 Growth on value basis due to impact of excise/sugar tax introduced in FY2017

*2 RTD: Ready to drink

2) Change in strategy to low-growth market

- Revise product. Improve quality and deliciousness.
- Secure profit by procuring coffee beans together with Ajinomoto AGF, Inc.
- Strengthen communication with loyal *Birdy*® users.

RTD *2 Market Trend in Thailand



Source: Ajinomoto Co. estimates based on Nielsen Data

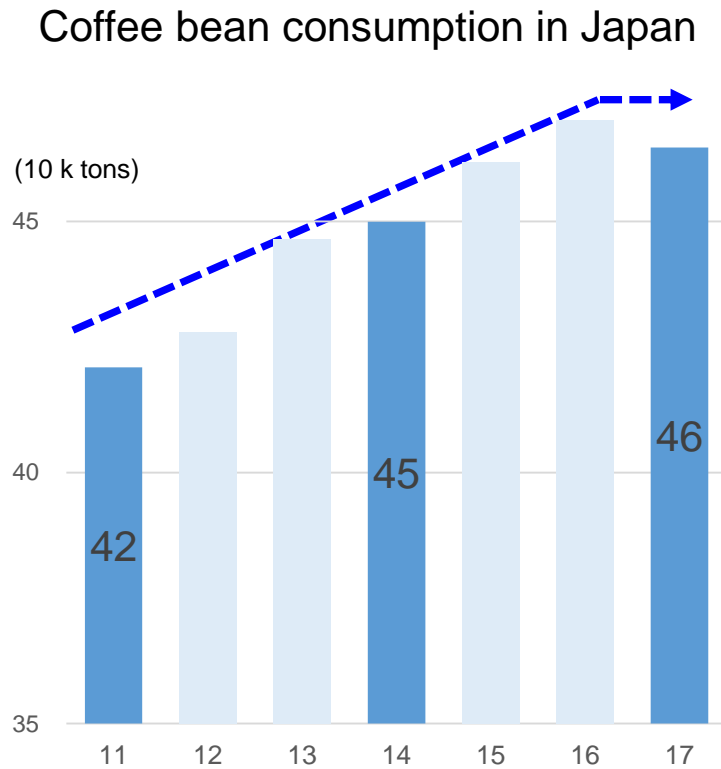




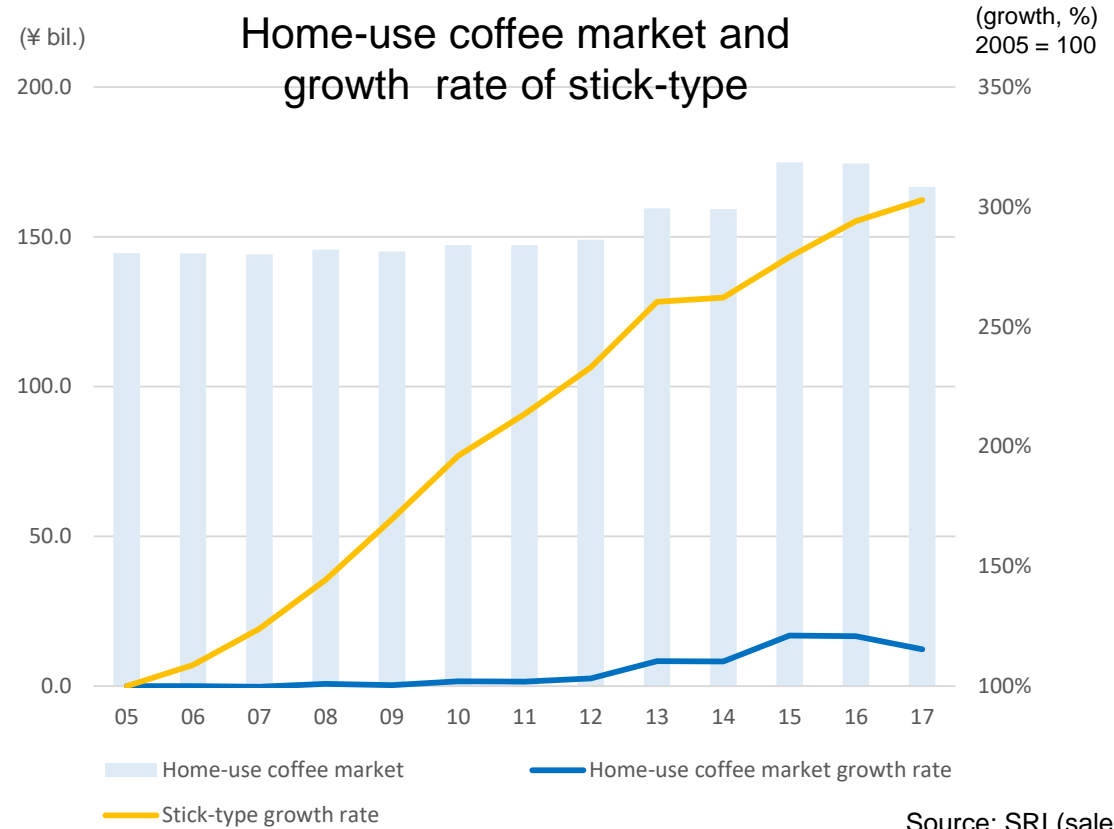
II-6. Growth Strategy

Food Products Business: Coffee Products 1

- ◆ No growth for market overall. The personal market and away-from-home (restaurant and industrial-use) trend are growing. Strive to concentrate strategies on both personal and restaurant and industrial-use markets.



Source: All Japan Coffee Association



Source: SRI (sales)

Ajinomoto AGF, Inc.: home vs. industrial ratio (FY17 actual)
 Home: 75%; Industrial: 25%

II-6. Growth Strategy

Food Products Business: Coffee Products 2

Coffee Products
FY2017-2019 sales CAGR: 5%



1) Home-use

- i. Continue to grow the stick-type market over the medium- to long-term.
 - Enhancement of product line-up (flavor varieties) and strengthening of communication including digital methods.
- ii. Secure growth equivalent to the market in the medium term by recovering share in categories with issues.
 - Instant coffee: accelerate shift to personal
 - Liquid coffee: introduce new personal size targeting working women
- iii. Respond to consumer needs and changes in purchasing channel by strengthening EC strategy.

2) Restaurant and industrial-use

- i. Improve quality and increase counter business opportunities and product line-up.
- ii. Move into food service and expand office-use.



II-7. Growth Strategy

AminoScience Business: Healthcare 1

◆ Pharmaceutical custom manufacturing

From small molecule API*¹ to large molecule oligonucleotides and ADC,*² create highly profitable CDMO*³ business via continuous investment and strengthen our service system via One Team for each of the group companies.

Pharmaceutical Custom Manufacturing
FY2017-2019 sales CAGR: 3%



One Team

GeneDesign, Inc. (Japan)

- Contract development and manufacturing of oligonucleotides and nucleotide therapeutic materials
- Decision made to invest in strengthened production, Jan. 2018



S.A. Ajinomoto OmniChem N.V. (Belgium)

- Manufacturing and sale of pharmaceutical intermediates and API



Ajinomoto Althea, Inc. (U.S.)

- Contract development and manufacturing of biopharmaceutical products (API manufacturing, formulation and filling, analysis, etc.)



- Althea: establish ADC production site (expected completion: FY2018 Q4)
- GeneDesign: build Oligonucleotide Drug API Development Center (expected start of operation: FY2018 Q4)

No. of pharmaceutical products and drug development projects Ajinomoto Group expects

Target contracts in FY18

Commercial pharmaceuticals 40 or more	Drug development 150 or more
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*1 API: Active Pharmaceutical Ingredients

*2 ADC: Antibody-Drug Conjugate

*3 CDMO: Contract Development & Manufacturing Organization

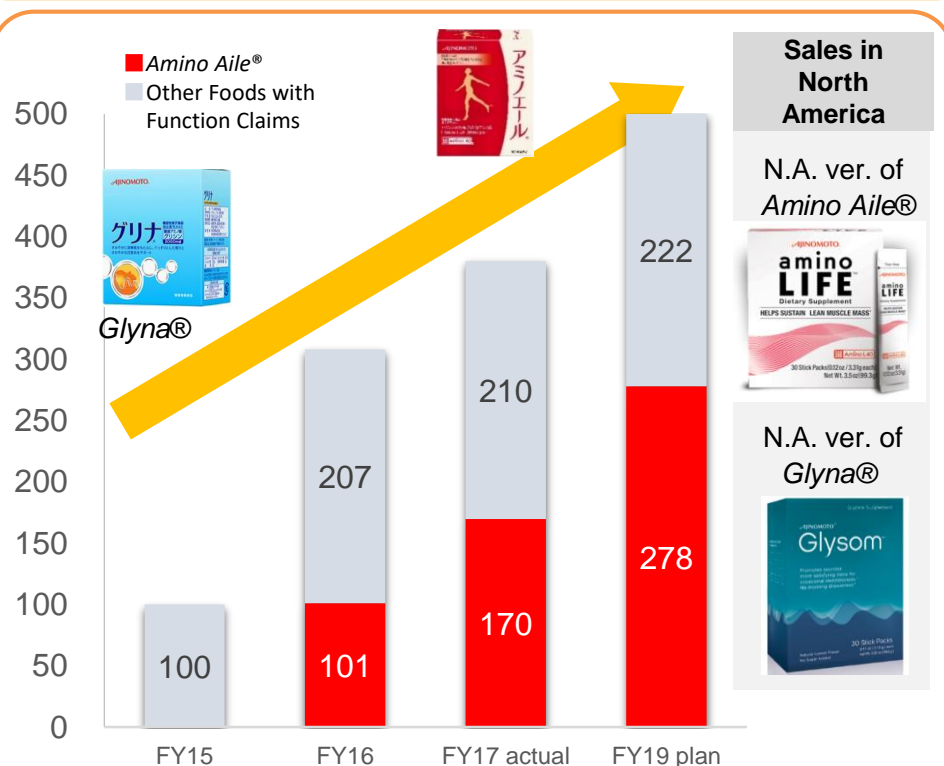
II-7. Growth Strategy AminoScience Business: Healthcare 2

◆ Downstream strategy (brand + inside strategy)

Provide health ingredients as Foods with Function Claims and as a variety of food ingredients, also expand area of operation (North America).

Healthcare Other
FY2017-2019 sales CAGR: 25%

BtoC: Foods with Function Claims sales (Japan)



BtoBtoC: Strengthen solution business for a variety of foods

- ◆ Create amino acid value
- ◆ Create food processing technology
- ◆ Provide product design solutions to sales companies and retailers



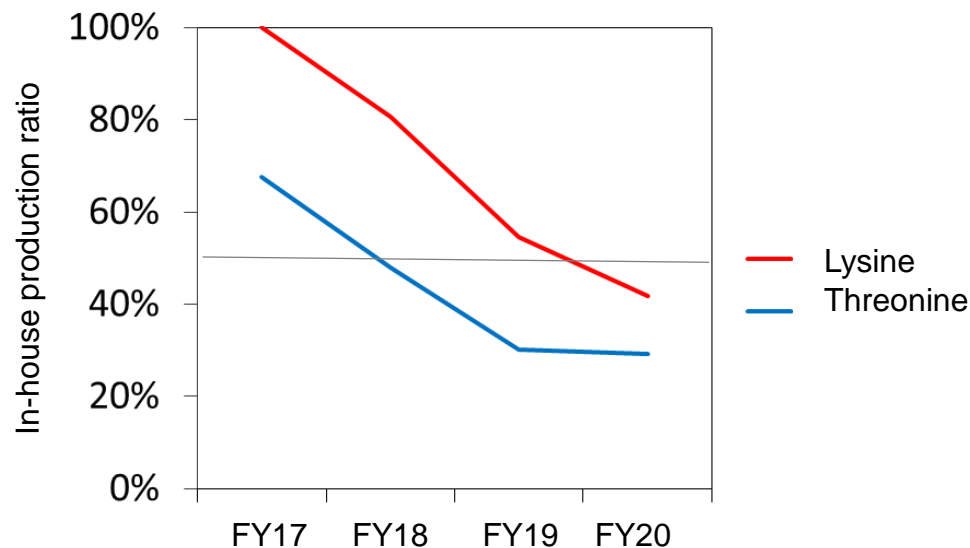
Note: Index using sales of Foods with Function Claims in FY2015 as 100

II-8. Structural Reform: Animal Nutrition

Animal Nutrition
FY2017-2019 sales CAGR: 10%

◆ Animal nutrition

1) Switch lysine and threonine to OEM
Incrementally reduce in-house production of lysine and threonine and replace with OEM. Aim for below 50% in-house production rate by FY2020.

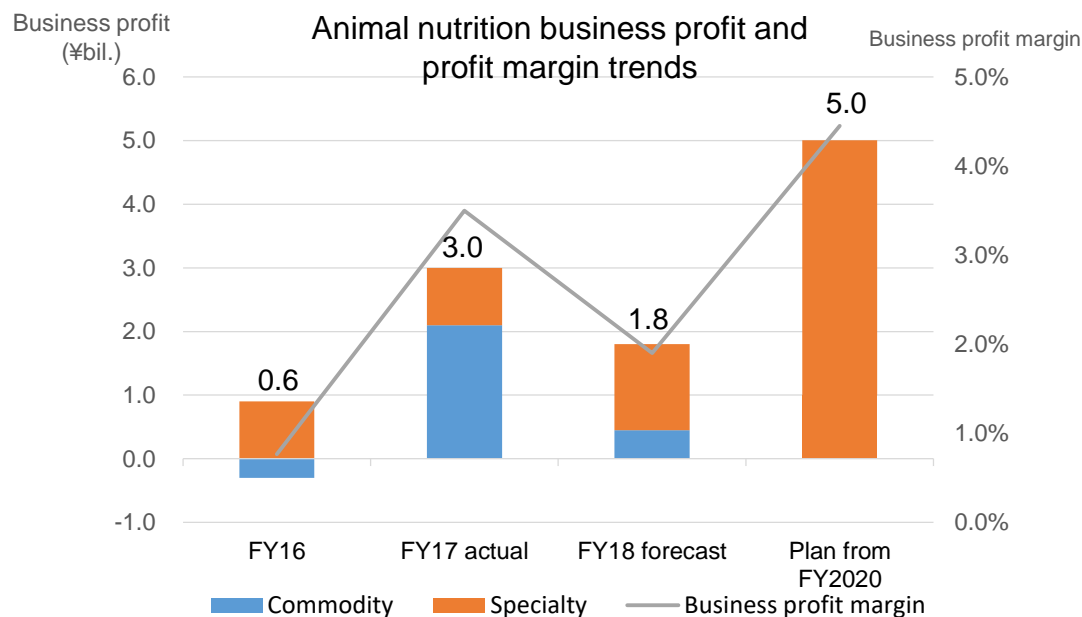


2) Business profit targets

- i. Shrink commodity losses by switching to OEM
- ii. Expand Specialty



Aim to expand Specialty ratio
(*AjiPro*®-L, low-limiting amino acids, etc.)



II-9. Non-Financial Initiatives

*ASV: Ajinomoto Group Shared Value

ASV* Value Creation Stories

Content of major initiatives

Progress toward FY2020 target: Exceeded ◎; In-line ○; Below △

Social

Ⓢ

1

We contribute to health and well-being by utilizing our leading-edge bioscience and fine chemical technologies which also leads to deliciousness technologies, and by delivering good and healthy food

2

We contribute to the development of a society that enables strong family/social bonds and diverse lifestyles through eating well

- Promote nutrition improvement initiatives
 - In Japan, increasing presence of nutrition improvement initiatives resulted in increased sales of low sodium/nutrition care products ○
 - Increase in meals with good nutritional balance overseas due to appeal of menus using seasonings ◎
- Steadily increase smart cooking
 - Popularization of smart cooking using simple to prepare foods such as frozen foods and soups ◎
 - Growth via expansion of menu-specific seasonings
 - Growth via business expansion of Integrated Food Solutions for food services in Japan

Environmental

ⓔ

3

We contribute to the sustainability of society and the earth, with our customers and local communities, across the value chain from production to consumption

- Promote various initiatives in line with environmental targets
 - CO₂ emissions ◎, renewable energy ◎, water resource conservation ◎
 - Sustainable procurement △, food loss reduction (introduction of 122 products displaying year and month) ○
 - 3R for waste material ○
 - New for FY2018: investigate measures for ocean plastic problem

Governance

ⓖ

4

We co-create value with each region through the perspectives of the customers, with our global, top-class and diverse talents

- Attain innovation by improving engagement (productivity)
 - Ajinomoto Group Engagement Survey (approx. 29,000 respondents) results: “Employees with high engagement” 79% ○
 - Good points: Increased motivation due to ASV activities, customer orientation, etc.
 - Points for improvement: Diversity, decision-making process, career development, etc.

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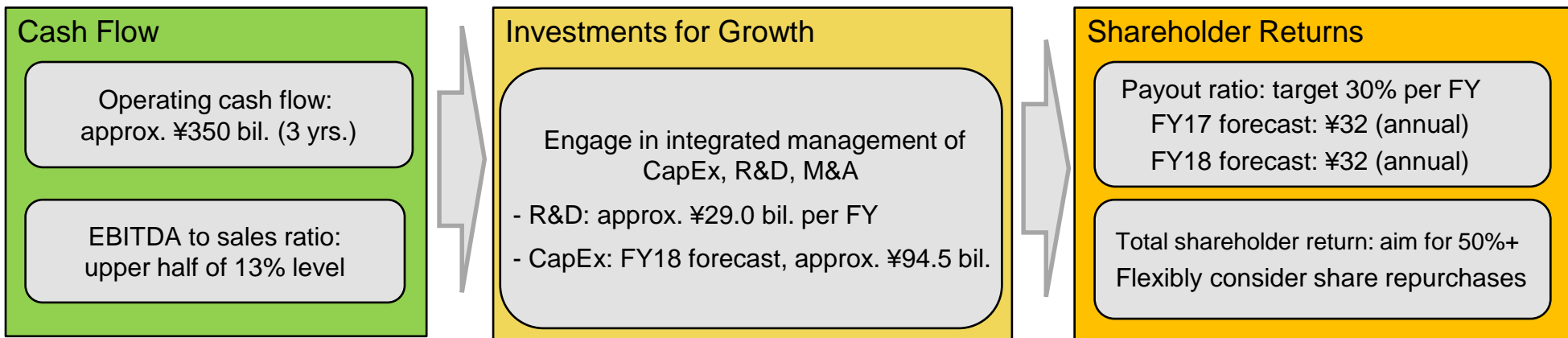
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III. FY2018 Financial Strategy 1

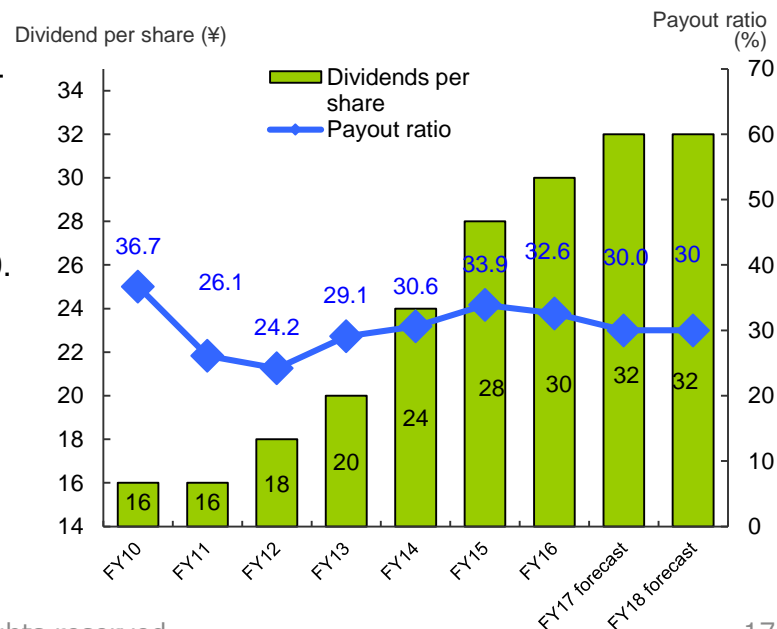
Based on the policies of the FY2017–2019 MTP, generate cash flow, invest for growth and provide stable shareholder returns to realize business strategy.



(¥ bil.)	FY17 actual	FY18 plan
Operating cash flow	126.6	120.3
CapEx	79.4	94.5
Free cash flow	27.5	25.8
Return to shareholders (dividend)	17.0	18.4
Return to shareholders (share repurchases)	-	40.0
Cash and deposits	187.8	154.1

- M&A: finance by using interest-bearing debt (aim for D/E ratio of 50%)
March 31, 2018 actual: 31.7%
- Aim to repurchase non-controlling interests by FY2019.

Net debt is interest-bearing debt - Cash on hand and in banks x 75%





III. FY2018 Financial Strategy 2

Decision to conduct a share repurchase to increase the level of shareholder returns and improve capital efficiency.

1. Class of shares: Common stock
2. Total number of shares to be repurchased: 25 million* (maximum)
*4.39% of total shares outstanding, excluding treasury stock
3. Total amount to be paid for repurchase: JPY 40.0 billion (maximum)
4. Period of share repurchase: May 11, 2018 to September 20, 2018
5. Method of repurchase: Market purchase in the Tokyo Stock Exchange
6. Other: Ajinomoto Co. plans to retire all of the shares repurchased under this program by resolution of the board of directors, pursuant to Article 178 of the Corporation Law.

For reference (as of March 31, 2018)

Total number of shares outstanding (excluding treasury stock): 568,863,328

Number of shares of treasury stock: 3,000,026

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II-5. Roadmap to a "Genuine Global Specialty Company"

Become a global top 10 class company with robust business structure

Sustainable value creation as a Genuine Global Specialty Company

Global top 10 class food company level¹⁾



FY17 Actual FY18 Forecast FY19 Expected FY19 MTP FY20 Target (Organic growth)

		FY17 Actual	FY18 Forecast	FY19 Expected	FY19 MTP	FY20 Target (Organic growth)
Financial	Business profit	¥97.3 bil.	¥103.0 bil.	¥116.0 bil.	¥124.0 bil.	¥137.0 bil.–
	Business profit margin	8.5%	8.7%	9.3%	9.4%	10%
	ROE	9.7%	9.5%	9.8%	9.8%	10% or higher
	EPS growth rate	15%	3%	7%	6%	Double-digit annual growth
	Intl. sales growth rate ²⁾	5% ⁴⁾	7%	Previous year growth rate + α	Double-digit annual growth	Double-digit annual growth
Non-financial³⁾	Meats and vegetables consumption	Meats: 7.2 mil. tons; 17.0% (8.3 kg/person/yr) Veg.: 4.4 mil. tons; 7.4% (5.1 kg/person/yr)	To be reported in the Integrated Report and Sustainability Data Book	-	-	Meats: 8.6 mil. tons; 19% (9.7 kg/person/yr) Veg.: 5.5 mil. tons; 8% (6.2 kg/person/yr)
	Contribution to eating together	60 occasions / household / yr		-	-	70 occasions / household / yr
	Spare time created	37 mil. hrs / yr (5 hrs / household)		-	-	38 mil. hrs / yr (6 hrs / household)
	Comfortable lifestyles (AminoScience)	19.80 mil. people		-	-	22 mil. people
	Resolution of environmental issues	FY2017 being totaled.		-	-	-
	Employees with high engagement	79%		-	-	80%
Inte-grated	Brand value ⁵⁾	778USD mil.	-	-	-	1,500 mil. USD or more

1. Global top 10 class status defined as business profit of ¥130.0 billion or higher with IFRS accounting standards.; 2. Consumer foods, local currency basis
3. Refer to FY2017-2019 MTP (Feb. 17, 2017); 4. Includes Frozen foods; 5. Measured by Interbrand

FY2018 Assumed Exchange Rate and Exchange Rate Sensitivity

Assumed exchange rate (vs. JPY)

* Average rate during the period

	FY18 Forecast	FY17 Actual				FY16 Actual*	FY17-19 MTP
		4Q	3Q	2Q	1Q		
USD	110.00	108.22	112.98	111.00	111.09	108.3	100.0
EUR	130.00	133.14	133.02	130.37	122.26	118.7	110.0
THB	3.28	3.43	3.42	3.32	3.24	3.08	2.80
BRL	33.85	33.37	34.79	35.09	34.54	32.8	30.3

Exchange Rate Sensitivity

Foreign exchange rates (vs JPY)

	Avg. rate	Sensitivity of translation effects to full year B.P.
USD	110.00	±¥1 → approx. ¥100 million
EUR	130.00	±¥1 → approx. ¥50 million
THB	3.28	±¥0.01 → approx. ¥100 million
BRL	33.85	±¥1 → approx. ¥200 million

Impact of exchange rate for trade

(Sensitivity of translation effects to full year B.P.)

- 1 JPY	vs	USD	→	approx. ¥0 million
- 0.1 EUR	vs	USD	→	approx. - ¥1 million
- 1 THB	vs	USD	→	approx. + ¥500 million
- 0.1 BRL	vs	USD	→	approx. + ¥400 million

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- **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.**
- **Amounts presented in these materials are rounded off.**