

Eat Well, Live Well.



**Ajinomoto Co., Inc. (2802)
Forecast for FY2017 (Ending March 31, 2018)
with Outlook**

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President & CEO**

November 9, 2017

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FY2017 Forecast by Segment
Press Release (Dated November 9, 2017)

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I-1. Financial Statements for the Interim Period Ended September 30, 2017

Year-on-Year (% increase/decrease)

From July to September, both revenue and profit increased.

Year-on-Year (% increase/decrease)	Sales	Business profit
1Q-FY17	+1%	-0%
2Q-FY17	+7%	+10%
1H-FY17	+4%	+5%
Excluding currency translations and exchange rates in trade	+1%	+5%

- Effect of exchange rates in translation and trade: Sales + ¥17.3 bil., BP -¥0.4 bil.
- Increase in profit attributable to owners of the parent company (+15%).

Versus the forecast (amount of progress)

Sales, mostly according to forecast; business profit, according to forecast.

- Sales: 46%
- Business profit: 47%
- Profit attributable to owners of the parent company: 54%

★For details, refer to handout material: Consolidated Results Interim Period Ended September 30, 2017

I-2. FY2017 Forecast

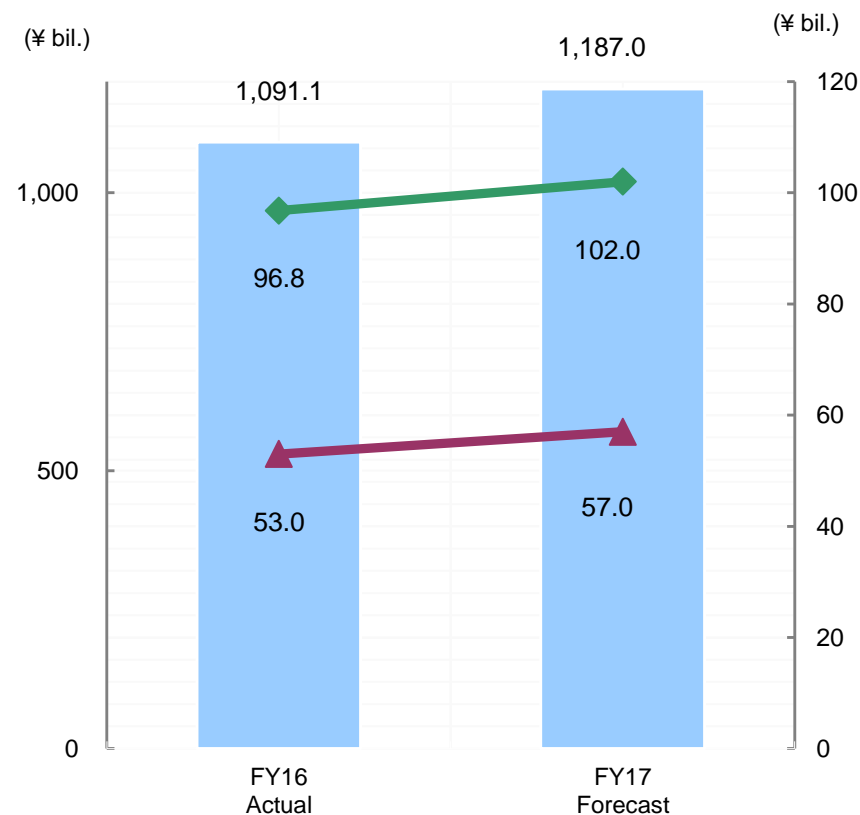
Although some businesses still have issues, due to improvement of global costs for fermentation raw materials expect results in line with initial forecast.

(¥ Billion)	FY17 Forecast	FY2016 Actual	YoY
Sales	1,187.0	1,091.1	108.8%
Business profit*	102.0	96.8	105.3%
Profit attributable to owners of the parent company	57.0	53.0	105.3%
Net income per share (¥)	100.00	92.81	107.4%

Changes since initial forecast:

1. Assumed exchange rate: \$1=¥108.3 → ¥111.04.
Use of average rate for FY17 April–September period
2. Outlook for raw materials and fuels: change from negative YoY to positive YoY

* Business profit (consolidated): Net sales – Cost of sales – Selling, general and administrative expenses + Equity in earnings of non-consolidated subsidiaries and affiliates



— Sales (left scale)

— Business profit (right scale)

— Profit attributable to owners of the parent company (right scale)

I-3. FY2017 Assumed Exchange Rate and Exchange Rate Sensitivity

Assumed exchange rate (vs. JPY)

* Average rate during the period

	FY17 Forecast	FY17 Initial forecast	FY17 Targets	Actual		FY16 Actual*	FY17-19 MTP
				2Q	1Q		
USD	111.04	108.34	100.0	111.00	111.09	108.3	100.0
EUR	126.32	118.74	110.0	130.37	122.26	118.7	110.0
THB	3.28	3.08	2.80	3.32	3.24	3.08	2.80
BRL	34.81	32.86	30.3	35.09	34.54	32.8	30.3

Exchange rate sensitivity, no change from initial forecast

Foreign exchange rates (vs JPY)

	Avg. rate	Sensitivity of translation effects to full year B.P.
USD	111.04	±¥1 → approx. ¥100 million
EUR	126.32	±¥1 → approx. ¥50 million
THB	3.28	±¥0.01 → approx. ¥100 million
BRL	34.81	±¥1 → approx. ¥200 million

Impact of exchange rate for trade

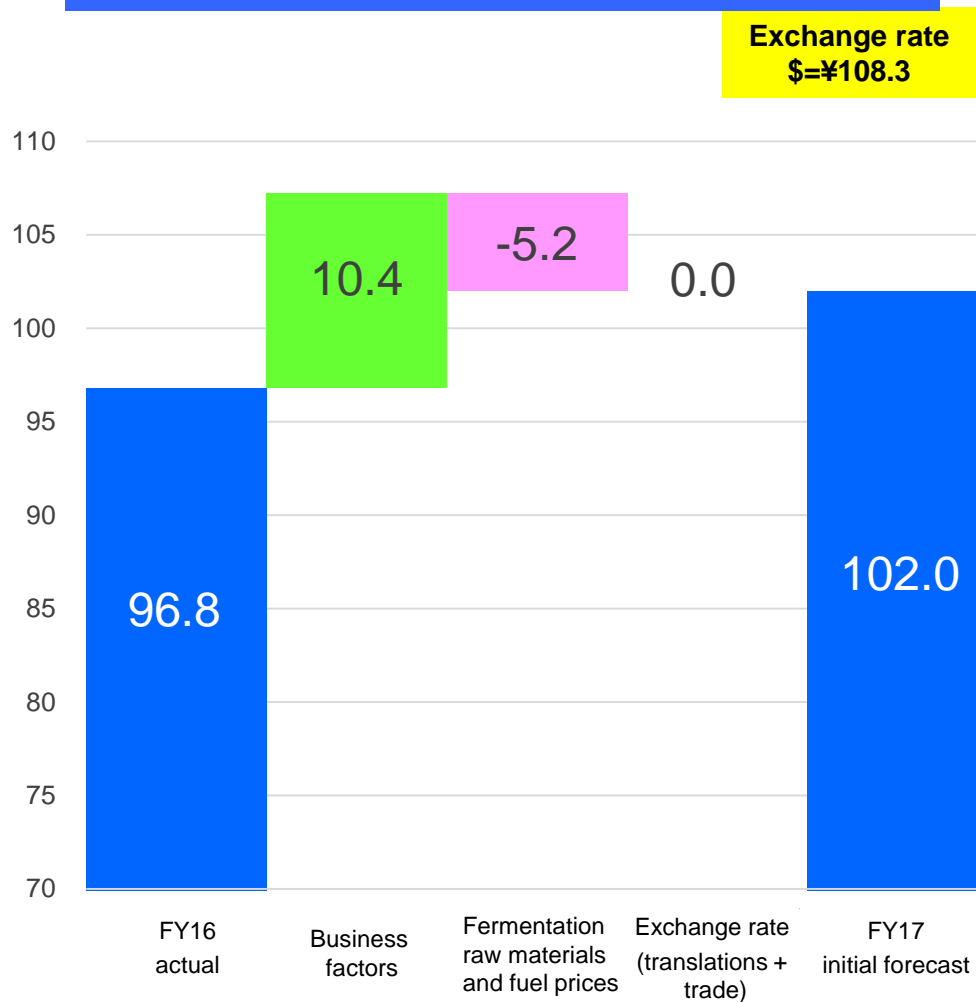
(Sensitivity of translation effects to full year B.P.)

- 1 JPY vs USD → approx. - ¥200 million
- 0.1 EUR vs USD → approx. - ¥0 million
- 1 THB vs USD → approx. + ¥300 million
- 0.1 BRL vs USD → approx. + ¥200 million

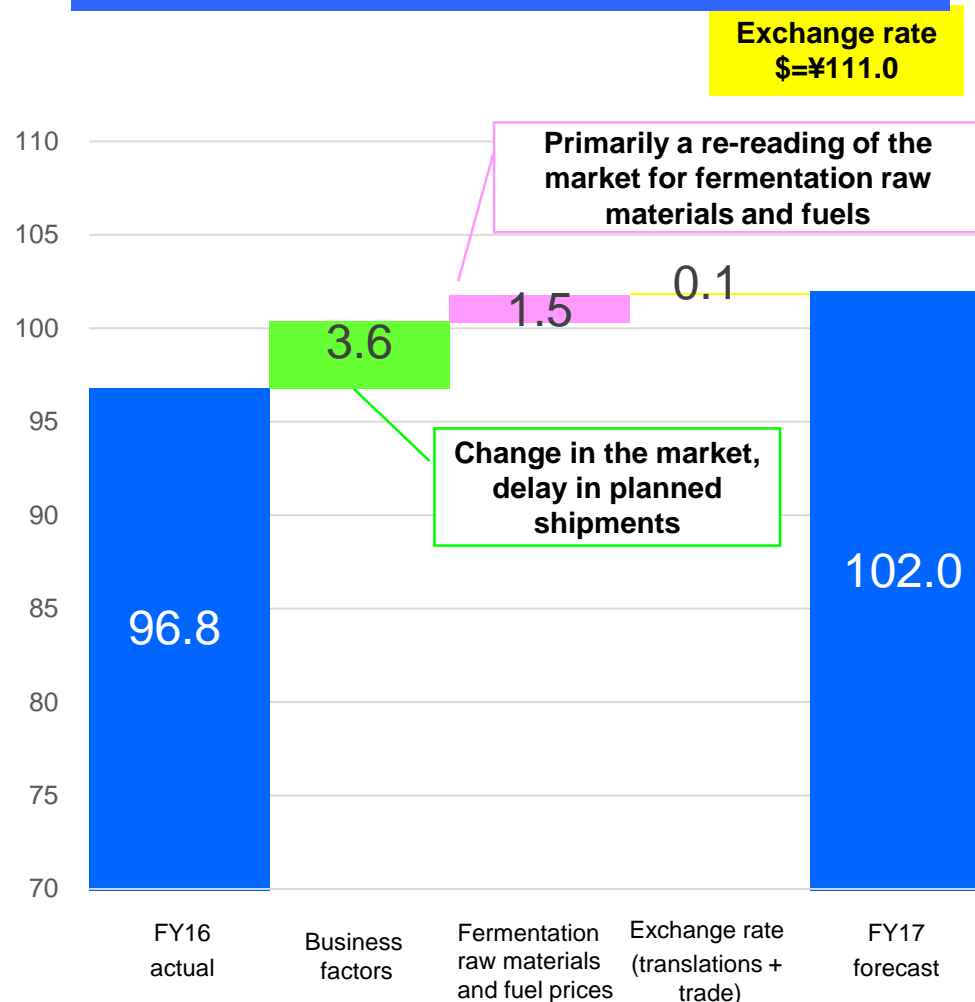


I-4. Factors Influencing FY2017 Business Profit (YoY)

FY17 initial forecast
(May 11, 2017 announcement)



FY17 forecast
(November 7, 2017 announcement)





I-5. FY2017 Forecast

We expect to achieve profit attributable to owners of the parent company in line with the initial forecast.

(¥ Billion) -: losses	FY17 Forecast	FY16 Actual	Difference	Main factors
Sales	1,187.0	1,091.1	95.9	
Business profit	102.0	96.8	5.2	
Other operating income & expenses (-: losses)	-5.5	-13.2	7.7	
Gain on sale of fixed assets	1.0	5.3	-4.3	Previous FY: Affiliates' assets, etc.
Losses related to contractual performance	—	-6.4	6.4	Previous FY: Pharmaceuticals Business restructuring
Impairment losses	0.0	-1.9	1.9	Previous FY: Brazil -1.6, other
Loss on liquidation of affiliates	-0.2	-0.9	0.7	
Loss on disposal of fixed assets	-4.1	-3.6	-0.5	Previous FY: Affiliates
Other	-2.2	-5.7	3.5	
Financial income & expenses (-: losses)	-1.8	3.0	-4.8	
Profit before income taxes	94.7	86.8	7.9	
Income taxes	27.7	21.7	-6.0	
Profit	67.0	64.8	2.2	
Profit attributable to owners of the parent company	57.0	53.0	4.0	
Profit attributable to non-controlling interests	10.0	11.8	-1.8	

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II-1. Forecast by Segment

	¥ Billion)		\$ = ¥108.3		\$ = ¥111.04		\$ = ¥108.3		17-19 MTP: \$ = ¥100	
	FY2017		FY2017		FY2016		YoY Change		FY2019	
	Initial forecast (A)	B.P.%	Forecast (B)*	B.P.%	Actual (C)	B.P.%	(B)-(C)	(B)/(C)	Plan	B.P.%
Sales	1,187.0		1,187.0		1,091.1		95.8	8%	1,311.2	
Japan Food Products	403.7		403.7		390.4		13.2	3%	433.5	
International Food Products	480.1		480.1		428.9		51.2	11%	527.4	
Life Support	135.4		135.4		124.0		11.3	9%	155.7	
Healthcare	104.8		104.8		89.5		15.2	17%	129.7	
Other	63.0		63.0		58.1		4.9	8%	64.5	
Business profit	102.0	8.6%	102.0	8.6%	96.8	8.8%	5.1	5%	124.0	9.4%
Japan Food Products	38.5	9.5%	41.8	10.3%	40.8	10.4%	0.9	2%	48.5	11.2%
International Food Products	48.8	10.1%	45.5	9.4%	41.7	9.7%	3.7	9%	54.0	10.2%
Life Support	7.2	5.3%	7.2	5.3%	5.8	4.7%	1.3	22%	7.4	4.7%
Healthcare	8.2	7.8%	7.4	7.0%	8.1	9.0%	-0.7	-8%	13.5	10.4%
Other	-0.7	-	0.1	-	0.2	0.4%	-0.1	-60%	0.3	0.5%

* Details of business profit changed from initial forecast. (No change in sales from initial forecast)

★ Refer to handout material: FY2017 Forecast by Segment

II-2. International Consumer Foods

Weak sales growth on local currency basis in Thailand and North America, which carry the International Food Products (Seasonings & Processed Foods) and International Frozen Foods businesses. Will work to recover in the second half, but expect to be below initial forecast.

Sales	Local currency base	
YoY change	Initial forecast	FY17 1H actual
International Consumer Foods total	+12%	+6%
Within International Consumer Foods: Thailand	+7%	-1%
International Frozen Foods total (mainly N.A.)	+7%	Level with previous year

Yen based	
Initial forecast	FY17 1H actual
+16%	+13%
—	+8%
+7%	+5%

II-3. International Consumer Foods: Thailand

FY17 1H summary

Seasonings business increased share, but sales flat overall due to intensification in competition for *Birdy*[®] canned coffee.

Net sales on local currency base (YoY change)	Seasonings & Processed Foods total + 6%	Thailand - 1%
Seasonings	+7%	+1%
Processed Foods	-2%	-2%
Within Processed Foods: <i>Birdy</i> [®]	-3%	-4%

External environment changes in Thailand

- Seasonings market: The growth rate is low, virtually in line with previous year.
- Canned coffee market: Market down slightly, competitive environment intensified due to more competitors. Excise tax came into force September 16. Equivalent to 10% of retail price.

New Item
Birdy[®] Thai Milk Tea
(Launched in August)



To achieve FY2017–2019 MTP

Expanded sales of value-added seasonings, price increase for *Birdy*[®] implemented in November and strengthen sales activities, aim for sales recovery with the contribution of new products.



AJI-NO-MOTO[®] PLUS

II-4. International Consumer Foods: North America

FY17 1H summary

Net sales on local currency base mostly level YoY.

Key Asian food products expanding as expected but impact from reduced business with large OEMs and fewer special orders.

Asian food

Growth of 6% due to increased handling of new products *Ling Ling*®, *TAI PEI*® and frozen noodles despite impact from delay in timing of introduction for major customers and reduction in frequency of large-scale sale promotions.

Mexican food

Due to shift in timing of food service shipments, somewhat lower YoY.

Appetizers

Although sales are up 2%, there is opportunity loss because of obsolescence of the current factory.

To achieve FY2017–2019 MTP

Accelerate the top line of the 3 categories listed above in 2H and take advantage of the opening of the new Joplin factory to expand appetizers.



New Joplin factory in Missouri scheduled to start operation in December

II-5. Healthcare

FY17 1H summary

YoY sales +8%, business profit -48%.

Impact of production adjustments by large pharmaceutical companies, expect full year revenue increase but profit decrease.

1. Amino acids for pharmaceuticals and foods: BtoB

Because we supply raw materials to customers, shipments vary depending on customers' inventory.

Delayed shipments from 1H will be covered by 2H but it will be difficult to reach targets for the year.

2. Pharmaceutical custom manufacturing: BtoB

Forecast weighted toward 2H. Shipments concentrated in 2H even more than usual. Will aim to reach planned sales and business profit for the year.

3. Healthcare and other: BtoC

Sales and profit increased in 1H. Sales expected to continue expanding in 2H to achieve full year forecast.



To achieve FY2017–2019 MTP

No change to strategy of strengthening Advanced Biopharmaceuticals (CDMO* business, cell culture medium/ingredients).

* CDMO = Contract Development & Manufacturing Organization.



New Item on sale:
Capsi EX, a
food with
functional claims
(Nov.)

II-6. Animal Nutrition

Commodity

- Shift in production from threonine to tryptophan in N.A. going smoothly. Effect from positive change in sales price of tryptophan.
- Aim to start OEM of lysine and threonine at Meihua in FY2018 1H and proceed with significantly reducing in-house production.

Specialty

- Sales of *AjiPro®-L* in N.A. get on track. Waiting for certification in EU.
- Development of second and third highly functional premix products going well.

Active collaboration and alliances

Business Profit

FY16 Actual FY17 Forecast FY19 Plan FY20–

- ¥0.3 bil.

–

–

–

¥0.9 bil.

¥1.5 bil.

¥2.0 bil.

¥5.0 bil.

Contribute to production of sustainable food resources

II-7. Initiatives to Build a New Foundation for Growth

In progress, based on the policies of the FY2017–2019 MTP.

Timing	Country	Project (acquisition completion base)	Amount	Strategy
April	Turkey	Acquisition of all shares of Örgen Gıda Sanayi ve Ticaret A.Ş.	Approx. ¥6.1 bil.	Establish European base
August	Turkey	Conversion of Kükre A.Ş. into wholly owned subsidiary (acquisition of remaining 50% of shares)	Approx. ¥5.7 bil. (Total ¥8.6 bil.)	
November	France	Acquisition of all shares of frozen food company (LABEYRIE TRAITEUR SURGELÉS S.A.S.)	Approx. ¥3.6 bil.	Target sales (2027) - Turkey: Approx. ¥15 bil. - Europe, excluding Turkey: Approx. ¥26 bil.
Food Business total			Approx. ¥15.4 bil.	

Timing	Country	Project (acquisition completion base)	Amount	Strategy
October	Spain	Acquisition of a majority of shares of agricultural raw materials manufacturer (Agro2Agri, S.L.)	Undisclosed	Develop specialty in AminoScience
November	North America	Make medical food company a wholly owned subsidiary (Cambrooke Therapeutics Inc.)	Approx. ¥7.2 bil.	
AminoScience Business total			Approx. ¥7.2 bil. +α	Target sales - European agricultural raw materials: Approx. ¥9.4 bil. (2023) - Medical foods: Approx. ¥10.0 bil. (2027)

II-8. First Entry into U.S. Medical Foods* Market

Ajinomoto Makes a U.S. Medical Food Company a Wholly Owned Subsidiary

Summary

(Press release dated November 9, 2017)

1. Target segment: Other business in the Healthcare segment
2. Main details:
 - (1) Acquisition of shares of North American firm Cambrooke Therapeutics Inc. (approx. ¥7.2 billion) making it a wholly owned subsidiary.
 - (2) First entry into U.S. medical foods market as a development of a Specialty for amino acids.
3. Product targets:

Primarily foods for patients with metabolic abnormalities who cannot metabolize certain nutrients, such as amino acids, in the body (powdered drinks, drinks, cookies, pasta, soup, processed foods).
4. Target net sales: ¥10.0 billion by 2027



* Medical foods: foods considered by America's FDA to be between a prescription drug and a dietary supplement. This is an area that allows reimbursement from American health insurance.



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II-9. Restructuring Production in Japan

Ajinomoto Group to Restructure Seasonings and Processed Foods Production System in Japan

Summary

(Press release dated September 29, 2017)

1. Purpose: realize world-class production with the introduction of the latest technology
2. Main details:
 - (1) Consolidation of production bases, from 5→3
 - (2) Formation of new manufacturing and packaging company (planned for April 2019)
3. Capital expenditure: ¥40.0 billion (of which ¥15.0 billion + α already factored into the FY2017–2019 MTP)
4. Main expected outcomes of capital expenditure:
 - (1) Approx. ¥7.0 billion annual improvement in EBITDA from FY2022
 - (2) Approx. 2% increase in business profit margin of target business areas
 - (3) Roughly double labor productivity
5. Conversion funds: ¥4.0 billion. Amortization cost reflecting a shorter service life of existing facilities due to construction of state of the art factory.
Already factored into the FY2017–2019 MTP.



II-10. Enhancing Our Corporate Brand

Introduction of the Ajinomoto Group Brand Logo (**AGB**)

Thoughts behind the design

Ajinomoto is
the **Essence of Taste** ⇒ **Essence of Umami**

The infinity symbol + “A”

Incorporates three ambitions: the investigation, mastery and spread of “taste (Aji)”; the evolution and development of the value of “Amino acids” with leading-edge technologies in bioscience and fine chemicals; and the promotion of global sustainability.

The line flowing from “A” to “j”

Depicts a person, suggesting people Joined together and taking Joy in the cooking, eating and comfortable lifestyles provided by taste (Aji) and Amino acids.

The line extending from the bottom of the “j” upward to the right

Expresses the growth and development of the Ajinomoto Group into the future.





II-11. Non-financial (ESG) Initiatives

ASV* Value Creation Stories

Progress of Initiatives

*ASV; Ajinomoto Group Creating Shared Value

Social

S

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

Environmental

E

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

Governance

G

4

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

July

Formulated Nutrition Policy and Nutrition Strategy Guideline

Example:



Suggestions for delicious, nutritionally balanced meals making it easy to build bodies and maintain health

GHG, food loss, secure food resources, water resources, 3Rs of waste
Continue initiatives to achieve long-term vision

Example:

Reducing food loss by displaying only year and month for the Best By date. (started sales of 73 items this 1H)

October

Commenced Global Engagement Survey (Target: Approx. 100 companies, 35,000 employees)

June



First ASV* Award Ceremony

July



Published Integrated Report

Oct.



Introduced Ajinomoto Group Global Brand Logo

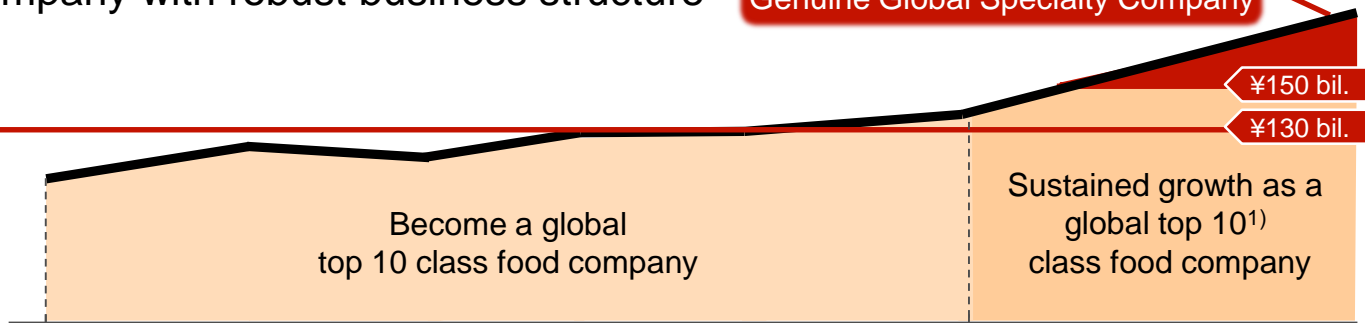


II-12. Roadmap to a "Genuine Global Specialty Company"

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⁾



FY16 Actual FY17 Forecast FY19 MTP FY20 Target (Organic growth)

Financial	Business profit	¥96.8 bil.	¥102.0 bil.	¥124.0 bil.	¥137.0 bil.–
	Business profit margin	8.8%	8.6%	9.4%	10%
	ROE	8.7%	8.9%	9.8%	10% or higher
	EPS growth rate	-	7.2%	Double-digit annual growth	Double-digit annual growth
	Intl. sales growth rate ²⁾	-	12% ⁴⁾	Double-digit annual growth	Double-digit annual growth
Non-financial³⁾	Meats and vegetables consumption	Meats: 6.9 mil. tons; 16% (8.0 kg/person/yr) Veg.: 4.1 mil. tons; 7% (4.8 kg/person/yr)	-	-	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	58 occasions / household / yr	-	-	70 occasions / household / yr
	Spare time created	35 mil. hrs / yr (5 hrs / household)	-	-	38 mil. hrs / yr (6 hrs / household)
	Comfortable lifestyles (AminoScience)	18.7 mil. people	-	-	22 mil. people
	Resolution of environmental issues	Contribution to the global environment through initiatives, ahead of international targets			
	Employees with high engagement	- (Measure from FY17)	-	-	80%
Inte-grated	Brand value ⁵⁾	711 mil. USD	-	-	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

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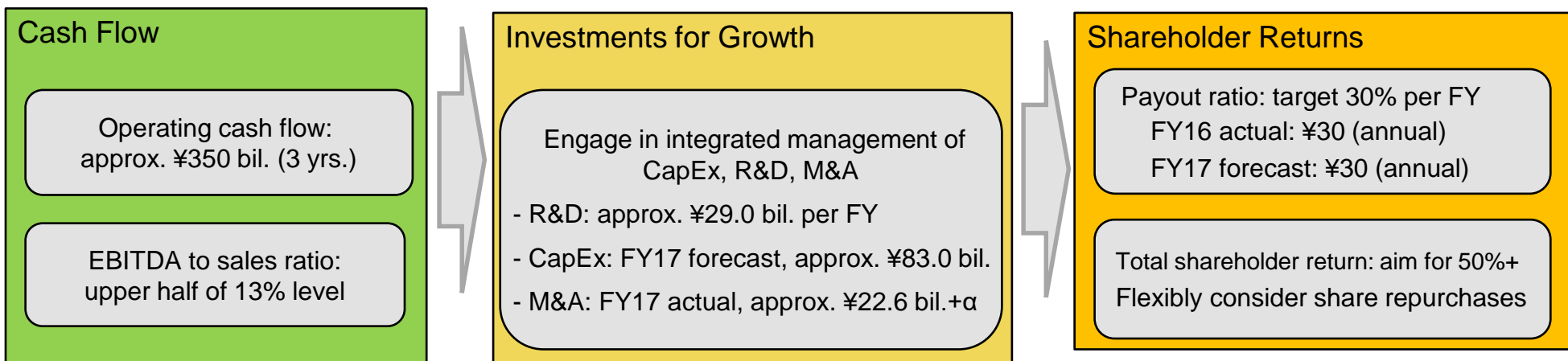
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III. FY2017 Financial Strategy

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

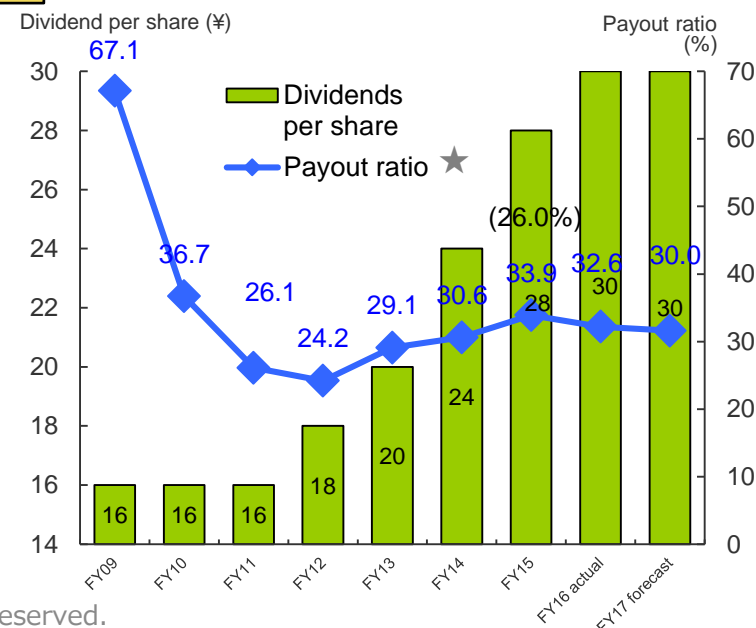


Policies for Prioritizing Uses of Cash Flow and Shareholder Returns

- Free cash flow target: ¥120 billion (3 years)
- Financing: Utilize interest-bearing debt while maintaining a (net D*)/E ratio at approx. 50%.

* Net debt is interest-bearing debt - Cash on hand and in banks x 75%
 • D/E ratio: FY17 1H actual 32.2%

★ Assumptions do not include extraordinary gain from the equity transfer of NISSIN-AJINOMOTO ALIMENTOS LTDA. in the denominator.
 If extraordinary gain from the equity transfer of NISSIN-AJINOMOTO ALIMENTOS LTDA. is included in the denominator: 26.0%.



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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.**