

**Ajinomoto Co., Inc.**  
**Forecast for the Fiscal Year**  
**Ending March 31, 2016 (FY2015)**  
**and Outlook**

**November 5, 2015**

**Takaaki Nishii**  
**President & CEO**

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# **I. Overview of FY2015 Forecast**

# FY2015 Forecast

No change in net sales from the initial forecast.  
Operating income revised upward. (Upward revision for International Food Products. On the other hand, downward revisions for Japan Food Products and pharmaceuticals)

Changes indicated in red\*  
(¥ Billion)

	FY2015 Revised forecast	FY2014 Results	YoY Change
Net sales	1,263.0	1,006.6	+25.5%
Operating income	86.0	74.5	+15.4%
Profit attributable to owners of parent	67.5	46.5	+45.2%
Net income per share (¥)	114.72	78.54	+46.1%

\* Changes from "Revision to Consolidated Performance Forecast," announced on August 27, 2015

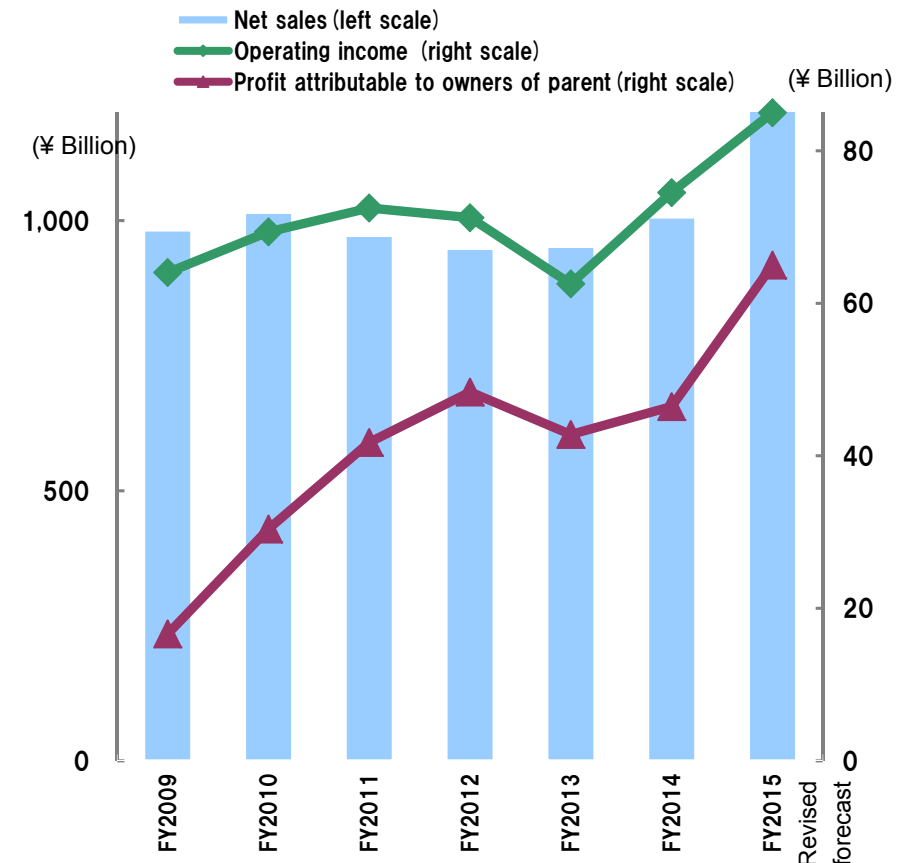
Ref.: Excluding impact of amortization of goodwill, etc. of Windsor and AGF

Amortization of goodwill, etc.	7.0	0.8	-
Operating income before amortization of goodwill, etc.	93.0	75.3	+23.4%

## Revisions from Initial Forecast

### ■ Operating income

- + : Impact of exchange rates on umami seasonings for processed food manufacturers, etc.
- + : Overseas growth of seasonings and processed foods
- + : Product revisions and cost reductions for coffee products
- : Expenses incurred for integration of the gastrointestinal disease business and Eisai Co., Ltd.
- : Impact of contraction of gift market



Note: From FY2011, sales promotion discounts are deducted from net sales under a new accounting treatment.

## Factors in Changes in FY2015 Operating Income Forecast

Changes in assumed exchange rates.

Raw material and fuel prices maintained a low level compared with the previous fiscal year; change from initial forecast.

### Assumed exchange rates (vs. JPY)

	FY2015 Revised forecast	FY2015 Initial forecast	1H-FY2015 Results*
USD	120.0	115.0	121.9
EUR	135.0	143.0	135.1
THB	3.5	3.5	3.6
BRL	34.0	45.0	36.9

\* Average rate during the period

### Impact of exchange rates (vs. FY2014, ¥ Billion)

Changes indicated in red

	FY2015 Revised forecast	FY2015 Initial forecast	1H-FY2015 Results*
Translation	+0.2	+2.3	+1.9
Trade	+4.4	+1.0	+1.5
Total	+4.6	+3.3	+3.4

### Impact of raw material and fuel price changes (YoY) (vs. FY2014, ¥ Billion)    -: cost increase

	FY2015 Revised forecast	FY2015 Initial forecast	1H-FY2015 Results
Fermentation main raw materials	3.2	-1.3	2.0
Fermentation sub raw materials	1.3	-0.1	0.8
Energy	1.5	-0.2	0.9
Raw materials for domestic food products	-0.7	-2.1	-0.3
Total	5.3	-3.7	3.4

## FY2015 Forecast by Segment

	FY2015 Revised forecast (A)	O.P.%	O.P.%*	Amortiza- tion of goodwill, etc.	FY2015 Initial forecast★ (B)	O.P.%	O.P.%*	Amortiza- tion of goodwill, etc.	Difference (A)-(B)	FY2014 Results (C)	O.P.%	O.P.%*	Amortiza- tion of goodwill, etc.	YoY Change	
														Amount	%
<b>Net sales</b>	<b>1,263.0</b>				<b>1,263.0</b>				<b>0.0</b>	<b>1,006.6</b>				<b>256.3</b>	<b>15%</b>
Japan Food Products	<b>404.5</b>				407.2				<b>-2.7</b>	289.0				<b>115.4</b>	<b>39%</b>
International Food Products	<b>502.7</b>				500.0				<b>2.7</b>	384.1				<b>118.5</b>	<b>30%</b>
Life Support	157.5				157.5				0.0	149.1				8.3	5%
Healthcare	135.7				135.7				0.0	120.9				14.7	12%
Other	62.6				62.6				0.0	63.3				-0.7	-1%
<b>Operating income</b>	<b>86.0</b>	<b>6.8%</b>	<b>7.3%</b>	7.0	82.0	<b>6.4%</b>	<b>7.0%</b>	7.0	<b>4.0</b>	<b>74.5</b>	<b>7.4%</b>	<b>7.4%</b>	0.8	<b>11.4</b>	<b>15%</b>
Japan Food Products	<b>26.8</b>	<b>6.6%</b>	<b>7.2%</b>	2.4	27.9	<b>6.8%</b>	<b>7.4%</b>	2.4	<b>-1.1</b>	24.8	<b>8.6%</b>			<b>2.0</b>	<b>8%</b>
International Food Products	<b>43.2</b>	<b>8.5%</b>	<b>9.5%</b>	4.6	36.3	<b>7.2%</b>	<b>8.1%</b>	4.6	<b>7.0</b>	31.9	<b>8.3%</b>	<b>8.5%</b>	0.8	<b>11.2</b>	<b>35%</b>
Life Support	12.8	8.1%			12.8	8.1%			0.0	14.3	9.6%			-1.5	-10%
Healthcare	<b>3.7</b>	<b>2.7%</b>			5.2	3.8%			<b>-1.5</b>	3.1	2.6%			<b>0.5</b>	<b>18%</b>
Other	<b>-0.5</b>	<b>-0.3%</b>			-0.2	<b>-0.3%</b>			<b>-0.3</b>	0.2	0.3%			<b>-0.7</b>	<b>-</b>
<b>Ordinary income</b>	<b>89.0</b>				85.0				<b>4.0</b>	82.8				<b>6.1</b>	<b>7%</b>
Profit attributable to owners of parent	<b>67.5</b>				65.0				<b>2.5</b>	46.4				<b>21.0</b>	<b>45%</b>
Exchange rate	JPY/USD	<b>120.0</b>			115.0					109.76					
	JPY/EUR	<b>135.0</b>			143.0					138.69					

Changes indicated in red

★ Based on “Revision to Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2016,” announced on August 27, 2015

\* Excluding amortization of goodwill, etc. of Windsor and AGF. However, figures for AGF are provisional.

## FY2015 Forecast: Ordinary Income and Net Income

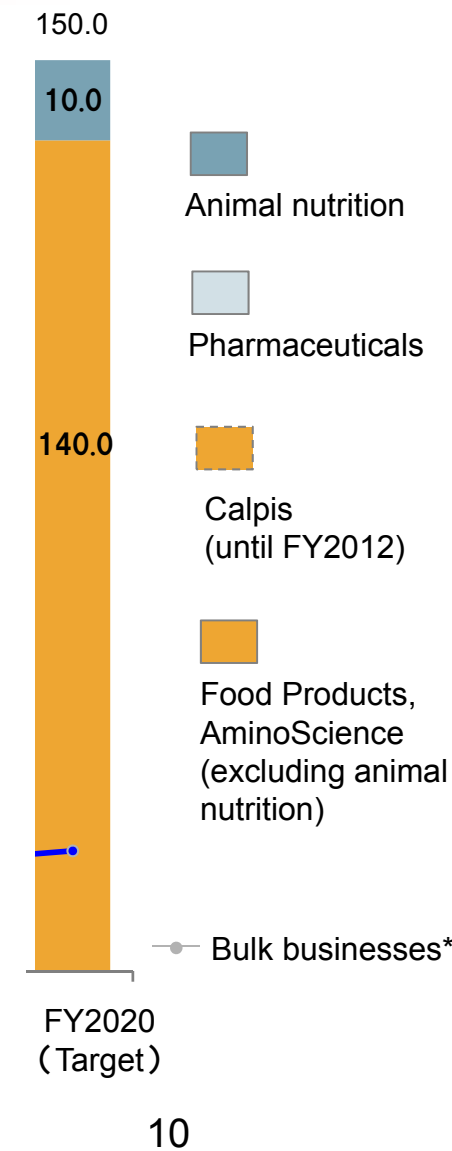
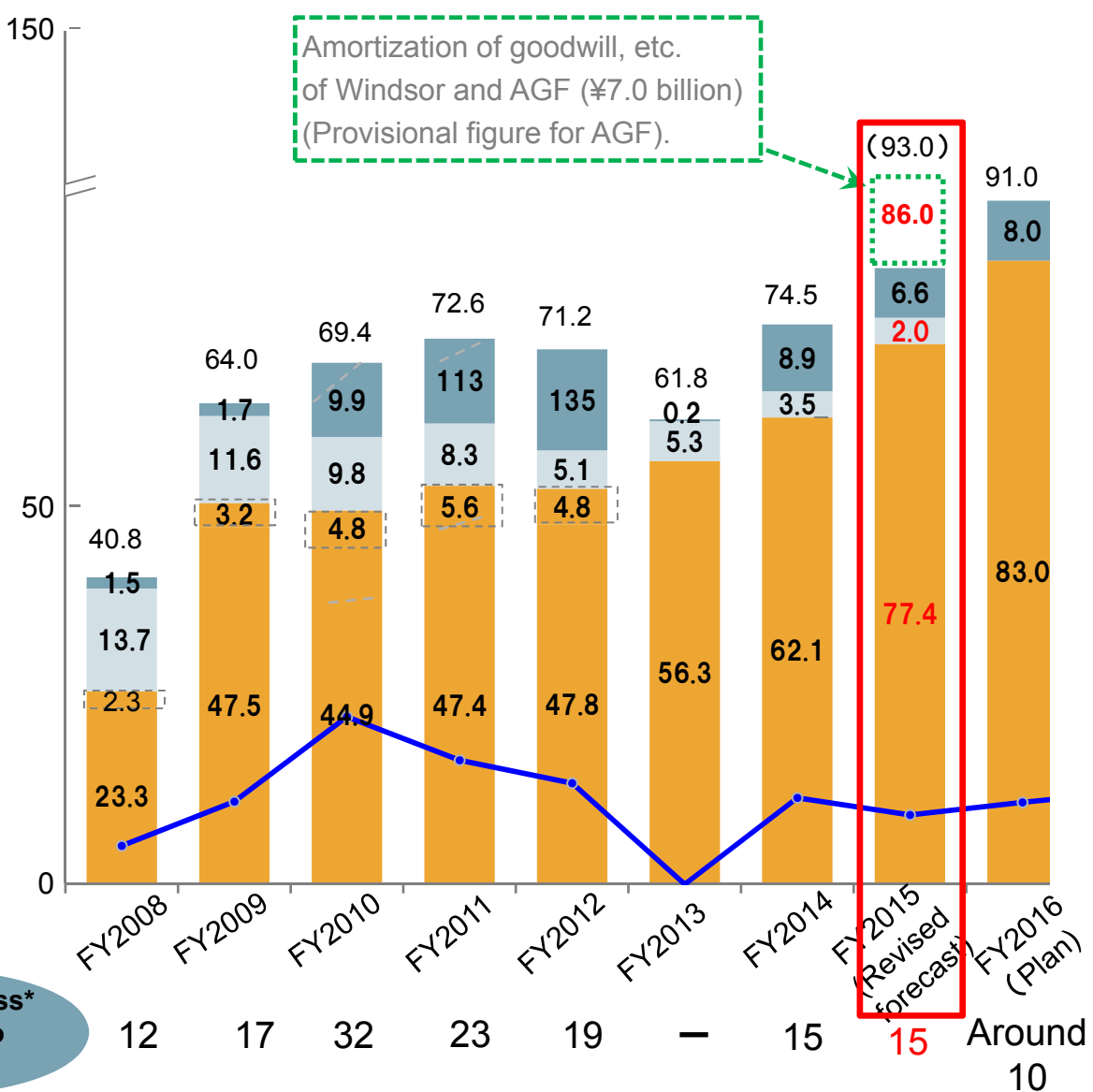
Record-high profit attributable to owners of parent expected due to increases in every level of income.

★Change from Forecast on August 27, 2015 (¥ Billion)	FY2015 Revised forecast	FY2014 Results	Difference	Main Factors
Net sales	1,263.0	1,006.6	256.4	
★ Operating income	86.0	74.5	11.5	
Non-operating income (-:losses)	3.0	8.2	-5.2	
Interest income	2.7	2.8	-0.1	
Dividend income	0.9	1.1	-0.2	
Equity in earnings of nonconsolidated subsidiaries and affiliates	2.9	5.1	-2.2	Effect of consolidation of AGF
Interest expense	-2.7	-2.1	0.5	
Other (net)	-0.8	1.2	-2.0	
★ Ordinary income	89.0	82.8	6.1	
Extraordinary gains (-:losses)	25.0	-3.7	28.8	
Gain on step acquisitions	18.0	0.0	18.0	FY2015: AGF
Gain on sales of shares in affiliated companies	25.0	0.0	15.0	FY2015: NISSIN-AJINOMOTO ALIMENTOS LTDA.
Loss on liquidation of subsidiaries	-3.4	-1.8	-1.5	
Impairment losses	-0.1	-10.4	10.3	
Other (net)	-14.5	8.5	-23.0	
Net income before income taxes	114.0	79.0	34.9	
Income taxes	37.2	23.6	13.5	Effective tax rate FY2014: 29.9%, FY2015 forecast: 32.6%
Net income	76.8	55.3	21.4	
Profit attributable to non-controlling interests	9.3	8.8	0.4	
★ Profit attributable to owners of parent	67.5	46.4	21.0	

# Targeted Composition of Operating Income

Raise earnings quality by controlling the ratio of bulk businesses and pursuing specialty groupwide.

(¥ Billion)



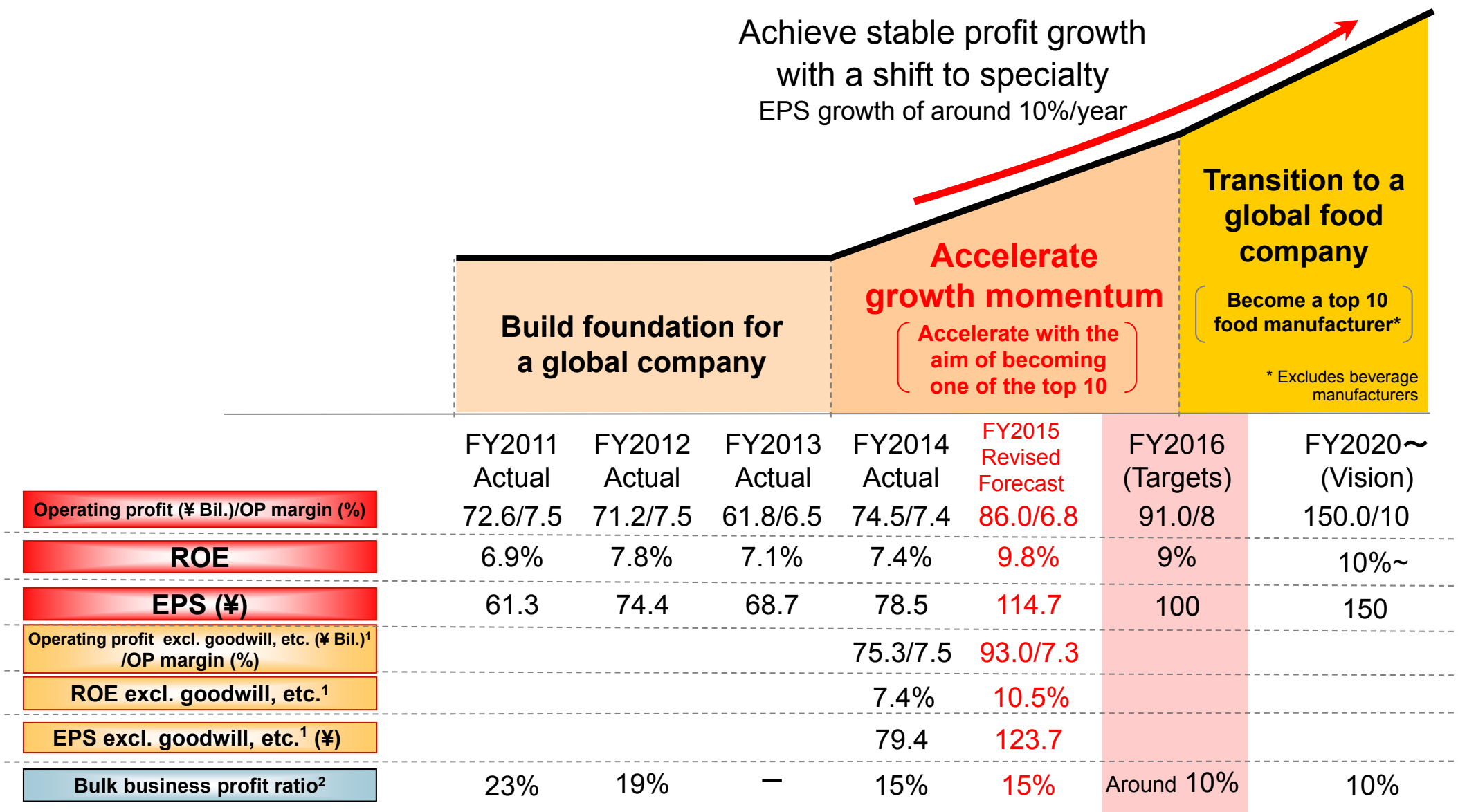
**Bulk business\* profit ratio (%)**

\* Bulk businesses: Umami seasonings for processed food manufacturers, animal nutrition, sweeteners



# Roadmap to a Genuine Global Specialty Company

Accelerate growth to take aim at becoming one of the global top 10 companies.



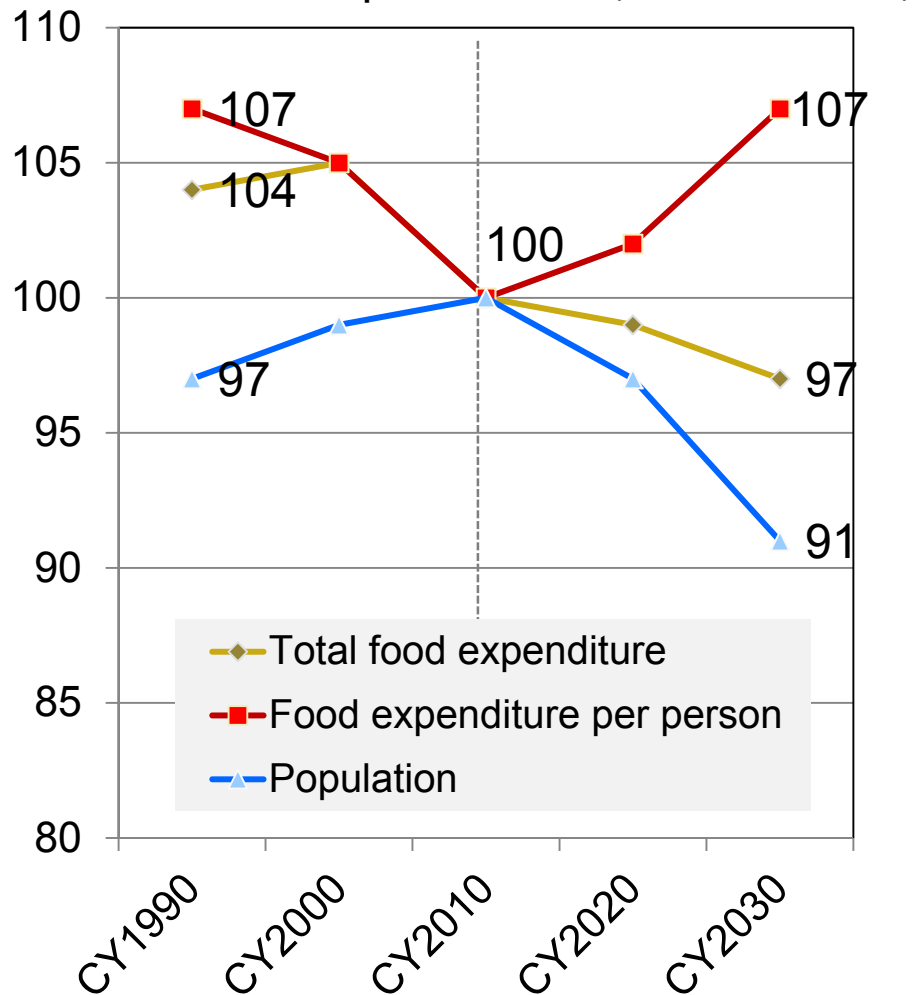
1. Reference data excluding amortization of goodwill and intangible fixed assets of Windsor and AGF.  
2. Bulk businesses: Umami seasonings for processed food manufacturers, animal nutrition, sweeteners

## **II. GROW: Accelerate Growth Momentum**

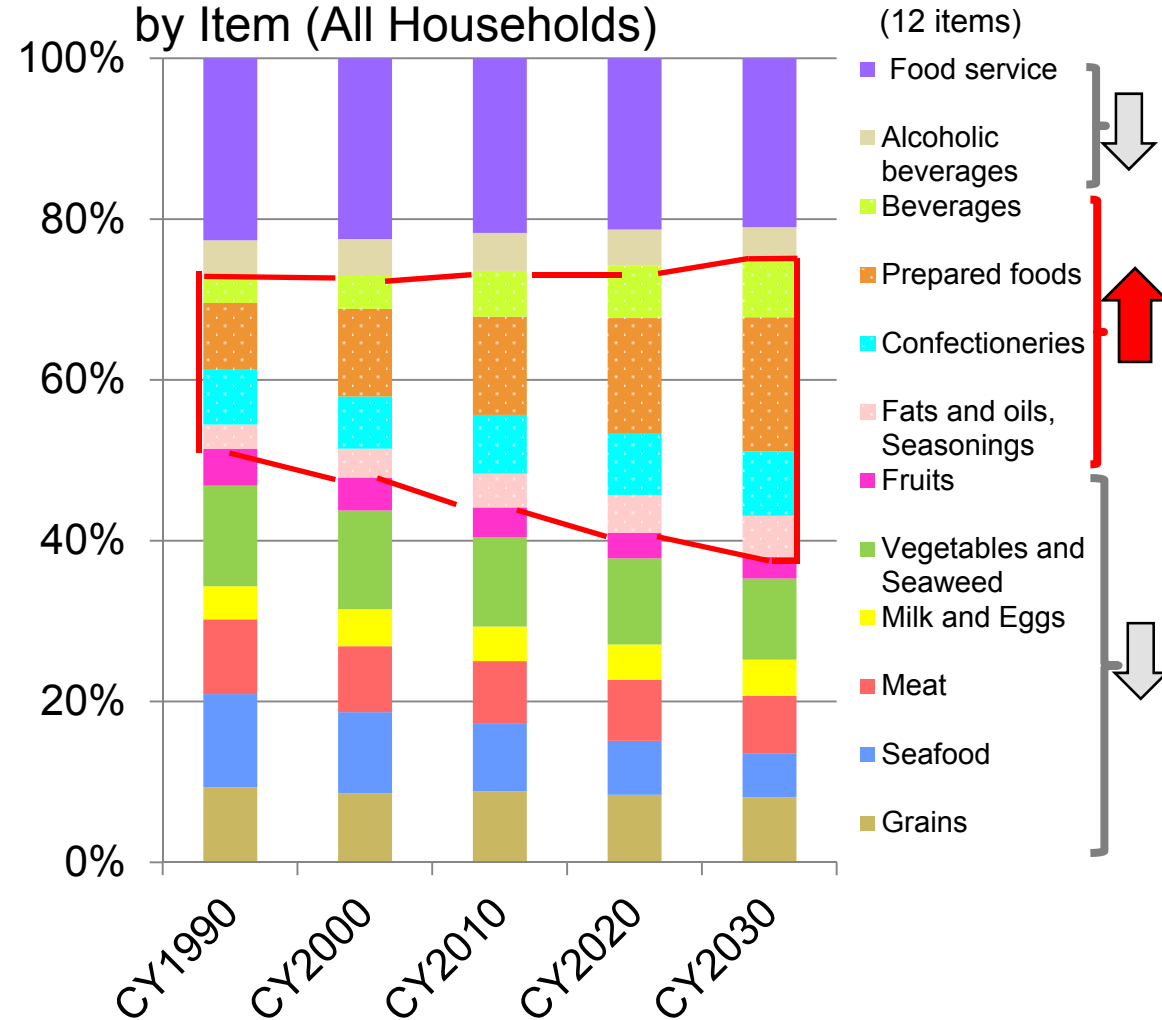
- (1) Japan Food Products/Seasonings & Processed Foods**
- (2) Japan Food Products/Frozen Foods**
- (3) Japan Food Products/Coffee Products**
- (4) International Food Products/Seasonings & Processed Foods**
- (5) International Food Products/Frozen Foods**
- (6) Healthcare/Amino Acids, Pharmaceuticals, Other Business**

(1)-1. Market Environment in Japan:  
Population Decline and Trend toward Ready-Made/Simpler Meals

Estimated Future Food Expenditures, in Total and per Person (Index: 2010=100)



Estimated Future Relative Food Expenditures by Item (All Households)

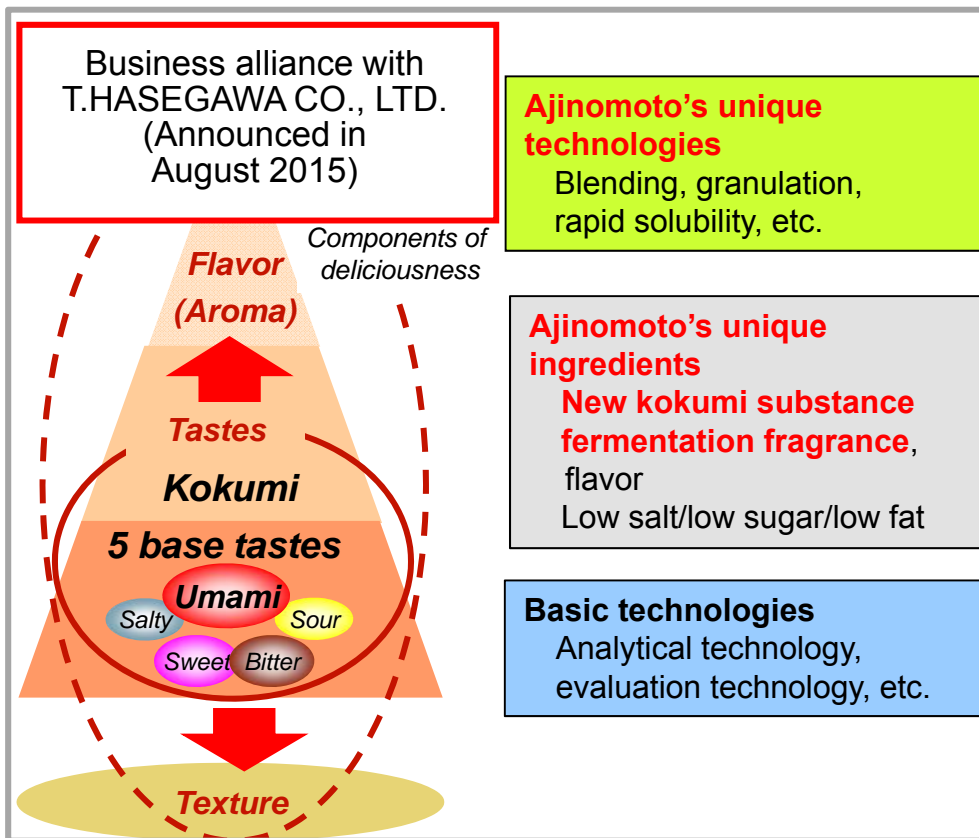


Source: "Estimated Future Food Consumption amid Population Decline," June 2014 revision, Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries

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(1)-2. Expand Specialty Business Domains Using Original Ingredients and Technologies

Continue to grow by utilizing Ajinomoto's original ingredients and technologies in all domains that make up deliciousness to offer unique customer value.



Worldwide Rollout of Technologies and Knowhow Originated in Japan

## (1)-3. Case Studies of Specialty



### ● Cook Do® Okazu Gohan for Asian Chicken Rice

Note: Sold in 8 prefectures including the Tokyo metropolitan area

- Recreates **natural chicken broth flavor** with low-impact retort sterilization technology
- Uses meat broth ingredients to **enhance the taste of chicken broth/chicken fat**



### ● Ajinomoto KK Okome Fukkura Choriryo

(For Restaurant Use)

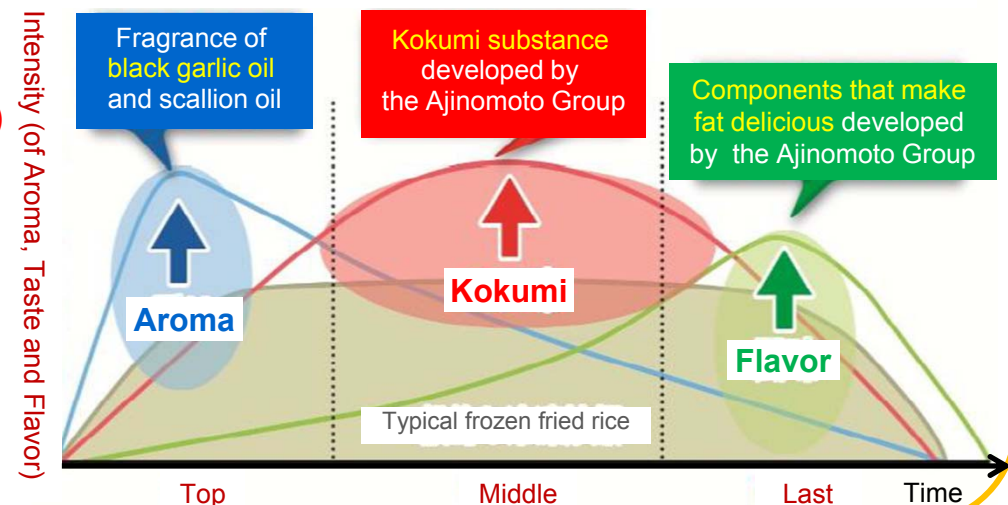
- Uses enzyme technology to bring out rice's ability to retain moisture and **keep rice fluffy longer** by simply adjusting the volume of water used in cooking



### ● Ajinomoto Frozen Foods Co., Inc. The Chahan

- Uses a new **"kokumi" (taste enhancing) substance and components that make fat delicious** developed by Ajinomoto Co.
- Recreates the taste of fried rice made by **professional Chinese chefs** at home

Spread of Aroma, Taste and Flavor across the Palate (Image)

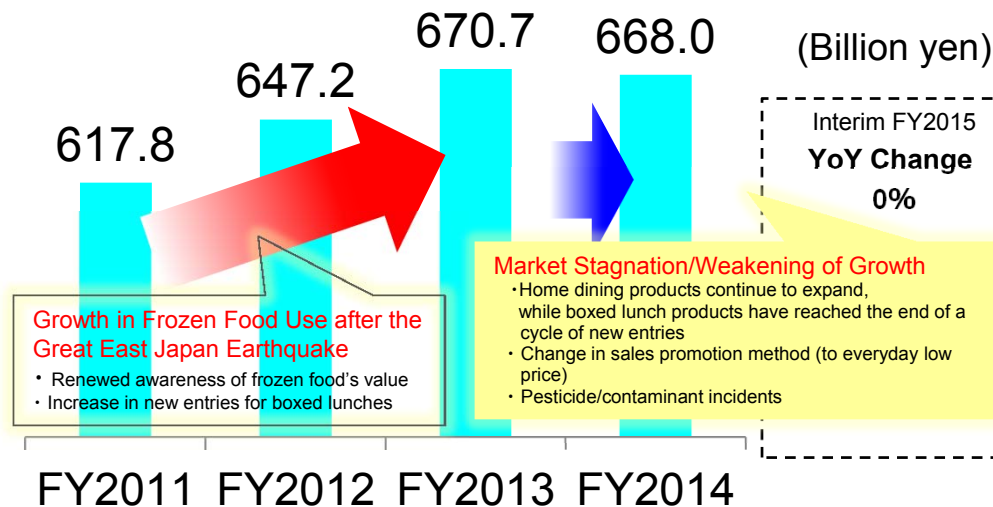


## (2) Market Environment for Frozen Foods in Japan and Outlook

### Market Environment for Frozen Foods in Japan

#### ◆ Household-use

Flat overall year on year as the home dining market expands but the boxed lunch market contracts



#### Growth in Frozen Food Use after the Great East Japan Earthquake

- Renewed awareness of frozen food's value
- Increase in new entries for boxed lunches

#### Market Stagnation/Weakening of Growth

- Home dining products continue to expand, while boxed lunch products have reached the end of a cycle of new entries
- Change in sales promotion method (to everyday low price)
- Pesticide/contaminant incidents

FY2011 FY2012 FY2013 FY2014

Japan's retail prepared frozen food market (2015 Ajinomoto Frozen Foods Co., Inc. survey)

#### ◆ Restaurant and institutional-use

Slight year-on-year increase overall as ready-made meals sold strongly and restaurant/food service sales were firm

### Outlook

#### ◆ Household-use

Work for recovery by strengthening sales of products for home dining such as *Gyoza*, *Yawaraka Wakadori Kara-Age* and cooked rice products.



Fall 2015 new product  
*The Chahan*

#### ◆ Restaurant and institutional-use

Continue to expand initiatives in the ready-made meal market, centering on gyoza and processed chicken products, and with major customers.

#### ◆ Increasing productivity

Implement full-scale productivity increases for cooked rice products and desserts.

(3) Accelerating Synergy with Ajinomoto General Foods, Inc. (AGF)

Newly consolidated from April 2015

Themes of Main Initiatives

Orientation for  
Generating Synergy

Combine R&D  
+  
Domestic: Strengthen Group  
collaboration  
Overseas: Accelerate expansion of  
beverage business areas  
and product domains  
+  
Strengthen governance

Main Growth Products



AGF  
Personal domain  
(stick-type, etc.)

AJINOMOTO SALES  
(THAILAND) CO., LTD.  
Canned coffee, stick-type

R&D

- Become a global center in the domain of beverages
- ⇒ Begin joint R&D in the science of deliciousness and powder engineering technology
- ⇒ Start building a new structure for transfer of center functions

Japan

- Integrate the gift product businesses at AGF (April 2016)
- ⇒ Create “food, beverage and health” value
- ⇒ Strengthen the personal gift domain
- Cooperate in the restaurant wholesale channel  
(Sales of AGF’s products by Ajinomoto Co.)  
(Start from Tokyo, Kanto and Tohoku in October 2015)

Overseas

- AGF technical support in countries where the beverage business already operates (from September 2015)
- ⇒ Start in Thailand by raising quality of *Birdy®* and reducing costs  
Roll out in stages to Brazil, Vietnam and Philippines
- Feasibility study for rollout to new areas and expansion into new business domains  
(Rollout in stages from second half of 2015)
- ⇒ Newly enter retail business:
- ⇒ Expand domains in countries where business is already conducted:  
Thailand, Brazil, Vietnam, Philippines
- ⇒ Rollout to restaurants using exports from Japan: Asia

Purchasing

- Reduce costs with centralized purchasing and joint procurement

## (4) International Food Products

Create country/area pillars to follow Japan with rapid growth originating in the “Five Stars” countries.

### Aim to Double/Triple Growth in “Five Stars” :

Achieve double-digit growth in FY2015 sales on a local currency basis at all subsidiaries

○ : scale of sales expansion by FY2020 (vs. FY2012, local currency basis)



- ◆ Thailand: Expand top line of menu-specific seasonings and *Birdy*® in addition to core *AJI-NO-MOTO*® and flavor seasonings businesses.
- ◆ Brazil: Launch 9 additional new products for *Satis*® in the new domain of menu-specific seasonings (total 12 products).
- ◆ Indonesia: Established new company in the frozen bread business (July). Market entry scheduled for July 2016.
- ◆ Vietnam: New entry centered on healthy ingredients. Launch of *Umechan* concentrated apricot extract (October).
- ◆ Philippines: Firmly establish the No. 1 presence in the seasonings market with *AJI-NO-MOTO*® and flavor seasonings *GINISA*® and *PORK SAVOR*®.

Complete renewal of *Birdy*® (November)  
Espresso/Latte/Black



*Umechan*, new product in Vietnam



Five Stars	GDP growth rate *Source: IMF		Growth rate of Ajinomoto Group (FY15-1H)	Sales of main products: <b>Strong-selling seasonings</b> (YoY; local currency basis)
	CY14 (Results)	CY15 (Forecast)	Local currency basis	
Thailand	0%	+3%	+1%	<i>AJI-NO-MOTO</i> ® 6%, <i>RosDee</i> ® 6%
Brazil	-1%	-2%	+6%	<i>Sazon</i> ® 10%, <i>SABOR AMI</i> ® 7%
Indonesia	+4%	+4%	+14%	<i>Masako</i> ® 17%, <i>AJI-NO-MOTO</i> ® 4%
Vietnam	+5%	+5%	+10%	<i>AJI-NO-MOTO</i> ® 9%, <i>Aji-ngon</i> ® 8%
Philippines	+4%	+5%	+11%	<i>AJI-NO-MOTO</i> ® 7%, <i>GINISA</i> ® 15%



(5) Initiatives in the Frozen Foods Business of Ajinomoto Windsor, Inc. (“AWI”): Accelerating Synergy

Established AWI and Integrated the North American Consumer Foods Business on April 1, 2015

Basic Policy: Achieve ¥100 billion or more in sales in the North American frozen foods business by 2020 and establish the Ajinomoto Group as the clear No. 1 in Asian/Ethnic foods

① The Ajinomoto Group’s production and development technologies



② Customer base enhanced by integration with the former Windsor Quality Holdings, LP

Reinforce our portfolio of Japanese and other Asian food products and strengthen our profit structure

**① Strengthen the Profit Structure with Ajinomoto Group Technologies**

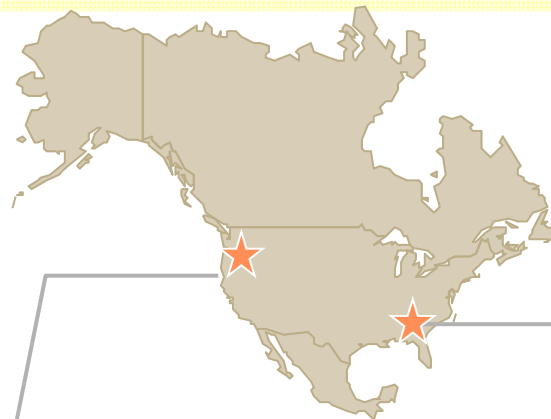
- Improve productivity
- Restructure R&D



Efforts to improve productivity

**① Strengthen the Production Base for Frozen Noodles**

- Established Ajinomoto Toyo Frozen Noodles Inc., a joint venture with Toyo Suisan Kaisha, Ltd. (April 2015)
- Building a frozen noodle plant with Toyo Suisan (Construction began in June 2015 with completion scheduled for March 2016)



Japanese-style ramen already on sale



Strong-selling Yakitori Fried Rice

**② Use the Customer Base to Expand Sales**

- Introduce Japanese-style potstickers and other mainstay products through the former Windsor’s sales channels (Introduced in April 2015)



Japanese-style potstickers for cooking without water or oil, produced at the Portland Plant (former Ajinomoto North America, Inc.)

**① Strengthen the Production Base for Frozen Rice Products**

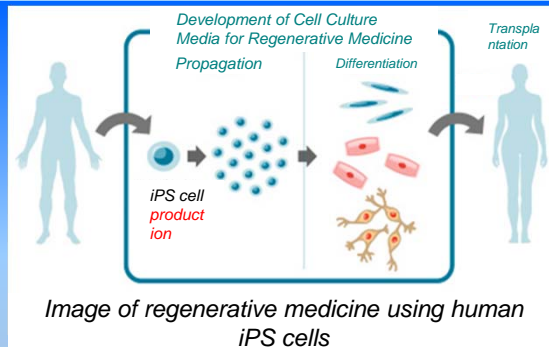
- Building a new production line for frozen rice products at the Oakland Plant to expand production capacity and create an efficient supply system (Construction began in September 2015 with completion scheduled for August 2016)



Oakland Plant

# (6)-1. Strengthen the Healthcare Business with Bioscience and Fine Chemical Technologies

## Evolution of Pharmaceuticals and Medicine



Regenerative Medicine

Biopharmaceuticals (Large-molecule drugs)

Small-molecule drugs



## Ajinomoto Co.'s Initiatives

- Culture media for effective propagation of iPS/ES cells (world's highest level)



Cell culture medium for clinical research on iPS/ES cells  
(Launched Oct. 2014)

**StemFit® AK03**



Cell culture medium for basic research on iPS/ES cells  
(Launched Oct. 2015)

**StemFit® AK02N**

- Ajinomoto Genexine Co., Ltd. (South Korea): Manufacture of cell culture media for biopharmaceuticals
- Ajinomoto Althea, Inc. (U.S.): Entered the fields of contract manufacture of formulations and proteins, mainly for biopharmaceuticals, and ADC (antibody drug conjugates), where growth is expected. (Construction began in March 2015 with completion scheduled for January 2017)

- Contract manufacture of pharmaceutical intermediates and active pharmaceutical ingredients such as anticancer drugs (S.A. Ajinomoto OmniChem N.V, in Belgium, Granules OmniChem Private Ltd. In India)
- Manufacture and sale of pharmaceuticals in the field of gastrointestinal diseases (AJINOMOTO PHARMACEUTICALS CO., LTD. → EA Pharma Co., Ltd. (new integrated company from April 2016))

## (6)-2. Strengthen the Healthcare Business with Bioscience and Fine Chemical Technologies

### Support for Health Examinations (Lifestyle to Medical) with “AminoIndex Technology”

#### Overview of AminoIndex Technology

- A technology that measures to concentration of amino acids in 5ml of blood (a single sample) to identify current health conditions and the risk of disease

#### *AminoIndex® Cancer Screening* (from 2011)

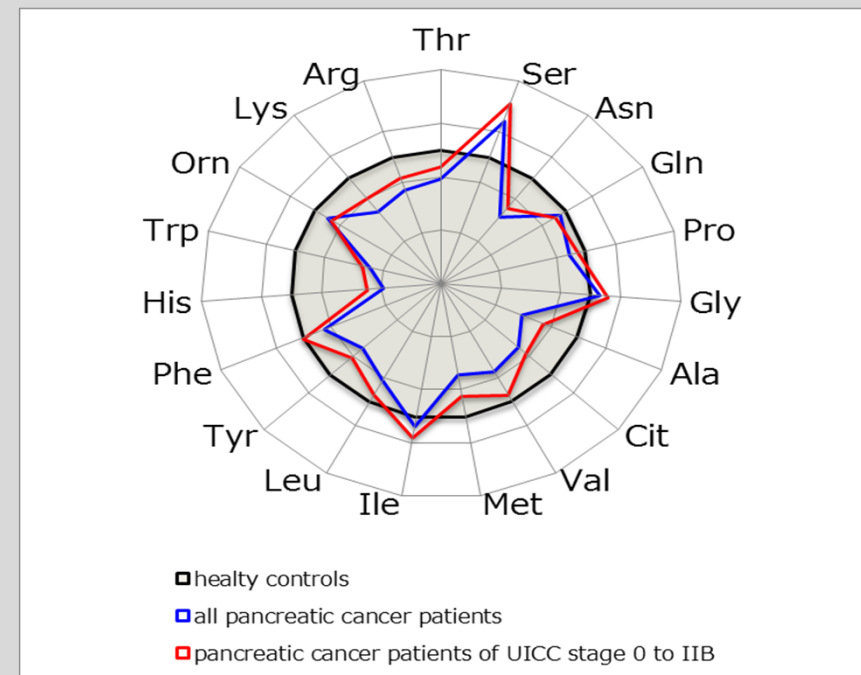
- Cancer risk assessment test

##### Seven types of cancer

- Stomach, lung, colon
- **Pancreatic (from August 24, 2015)**
- Prostate (men)
- Breast, utero-ovarian (women)

★ *AminoIndex®* (cancer screening and metabolic disease screening) has been designated a “ME-BYO Brand” as a product/service that contributes to “ME-BYO” (pre-disease) industry creation in Kanagawa Prefecture. (August 2015)

Change in the Amino Acid Concentration Balance in the Blood of Pancreatic Cancer Patients



### **III. FIT: Further Business Structure Reinforcement**

**(1) Shift from Bulk Commodities to Specialty Products**

**(2) Resource-Saving Fermentation Technologies**

**(3) Structural Reinforcement of Businesses with Issues**

(1) Shift to Specialty Products in Bulk Commodities Business:  
Reducing Dependence on Bulk Products

**Animal Nutrition**

**32% in FY2014 ⇒ 50% in FY2015**

Ratio of specialty products expected to reach 50% with solid sales of Valine, *AminoGut*® and others and accelerated development of demand for *AjiPro*®-L.

**Umami Seasonings for Processed Food Mfrs.**

**70% in FY2014 ⇒ 71% in FY2015**

Growth of retail *AJI-NO-MOTO*®, flavor seasonings and menu-specific seasonings.

Continue strengthening structure of bulk business with cost reductions.

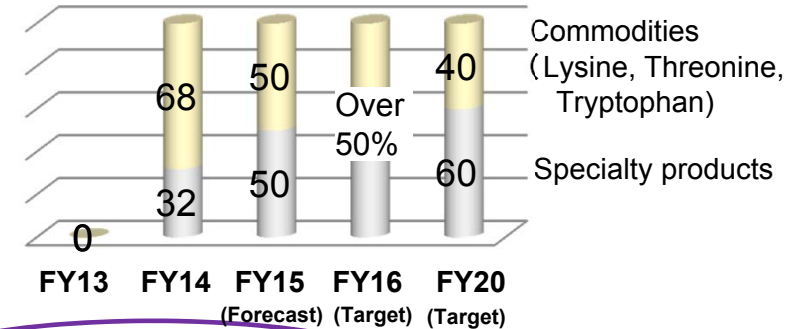
**Sweeteners**

**49% in FY2014 ⇒ 50% in FY2015**

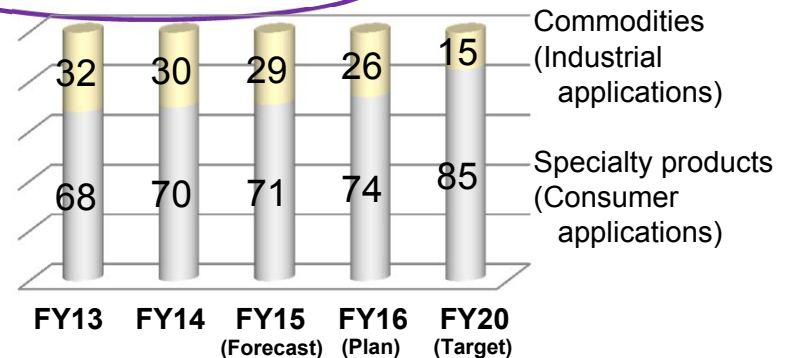
Bulk: Sale of European plant.

Retail: Accelerated sales for season of high demand overseas.

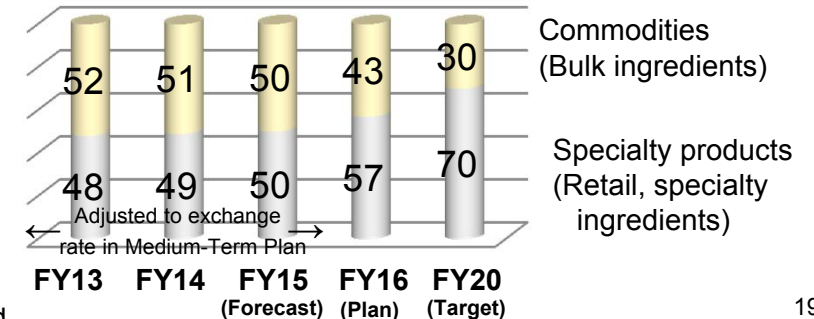
**Animal Nutrition (% of operating income)**



**MSG (% based on weight)**



**Sweeteners (% based on sales)**



(1)-2. Shift to Specialty Products in Bulk Commodities Business:  
Initiatives to Promote Specialty in the Animal Nutrition Business

Specialty in the Animal Nutrition Business

	Markets/Characteristics
Valine	For poultry/swine; global market development under way
<i>AjiPro®-L</i>	For dairy cows; growth from U.S. to global market
<i>AquaLys®</i>	For fisheries; South America
<i>AminoGut®</i>	Healthy growth supplement for weaned swine
Other	Rollout to each region



Initiatives for *AjiPro®-L*

From Sept. 2014  
Introduction of  
second-generation  
product

January 2015  
Completion of  
capacity expansion  
1,500 → 6,500  
metric tons/yr.

From April 2015  
Start of sales in Japan and  
parts of Europe

- Introduction of third-generation product
- Rollout to other areas (Asia, China, Europe)
- Further capacity expansion

(2) Resource-Saving Fermentation Technologies (R&D Leadership):

Planned **¥5.5 Billion** in Cost Reductions in FY2015 (vs. FY2013)

Specific Measures		FY2011-2013	FY2014	FY2015	FY2016	
Technologies to reduce main raw materials	MSG	Introduced in Brazil (FY13/Q1)	★ Rollout to other regions (FY14/Q3~)	High performance (Higher reduction rate)		
	Nucleotides		★ Introduction in Thailand (FY14/Q1)	High performance		
	Feed-use amino acids	Introduced in Brazil (FY13/Q2)		★ High performance		
Technologies to reduce sub raw materials and energy	MSG	Introduced in the U.S. (FY12/Q2)		High performance		
		Introduced in Thailand (FY13/Q4)		High performance	Rollout to other regions	
	Feed-use amino acids	Introduced in Brazil (FY11/Q1)	Establishment/maturity of technology		High performance	
		Introduced in the U.S. (FY13/Q3)			High performance	
		Introduced in Europe (FY13/Q4)			High performance	
	Use of non-edible materials	Feed-use amino acids	Introduced in Brazil (FY11/Q4)		Increase use rate in Brazil	
Partial self-production of main raw materials and energy	MSG	Introduced in Brazil/Vietnam (FY12/Q1)(FY13/Q4)		Expand self-production rate in Brazil (FY15/Q1)		
Cost reduction effect (Single-year forecast vs. FY2013)		¥5.0B (2011-2013 total)	Actual: ¥4.0B	Plan ¥5.5B (¥1.5B vs. 2014)	Plan: ¥7.0B	

Exchange rate: JPY 115/USD 1

## (3) Structural Reinforcement of Businesses with Issues

### Sweeteners Business (Aspartame)

#### Initiative

Note: Announced on Aug. 27 and Oct. 16, 2015

- Sale of all shares of a production and sales subsidiary in France
- Transferee: HYET Holding B.V. (Netherlands)
- Transfer price: 1 euro (approx. ¥135)
- Transfer date: October 15, 2015
- Extraordinary loss: Approx. ¥7.0 billion

#### Expected Effect

- Achieve a high capacity utilization rate and reduce total fixed expenses by consolidating production at the Tokai Plant (Mie Prefecture) (Impact on operating income: + approx. ¥0.5 billion in FY2015)



**AminoSweet®**

### Pharmaceuticals Business (AJINOMOTO PHARMACEUTICALS CO., LTD.)

#### Initiative

Note: Announced on Oct. 15, 2015

- New integrated company name: EA Pharma Co., Ltd
- Details of integration: The gastrointestinal disease treatment business of Eisai Co., Ltd. will be split off and succeeded by AJINOMOTO PHARMACEUTICALS via an absorption-type split
- Scheduled date of establishment: April 1, 2016
- Equity ownership: Eisai Co., Ltd. 60%, Ajinomoto Co. Inc. 40%
- Vision: Japan's largest specialty gastrointestinal pharmaceutical company

#### Significance of Integration

- Provide wide-ranging solutions and information with an enhanced product lineup
- Expanded pipeline for continuous new drug discovery
- Greater competitiveness due to synergy generated from integration



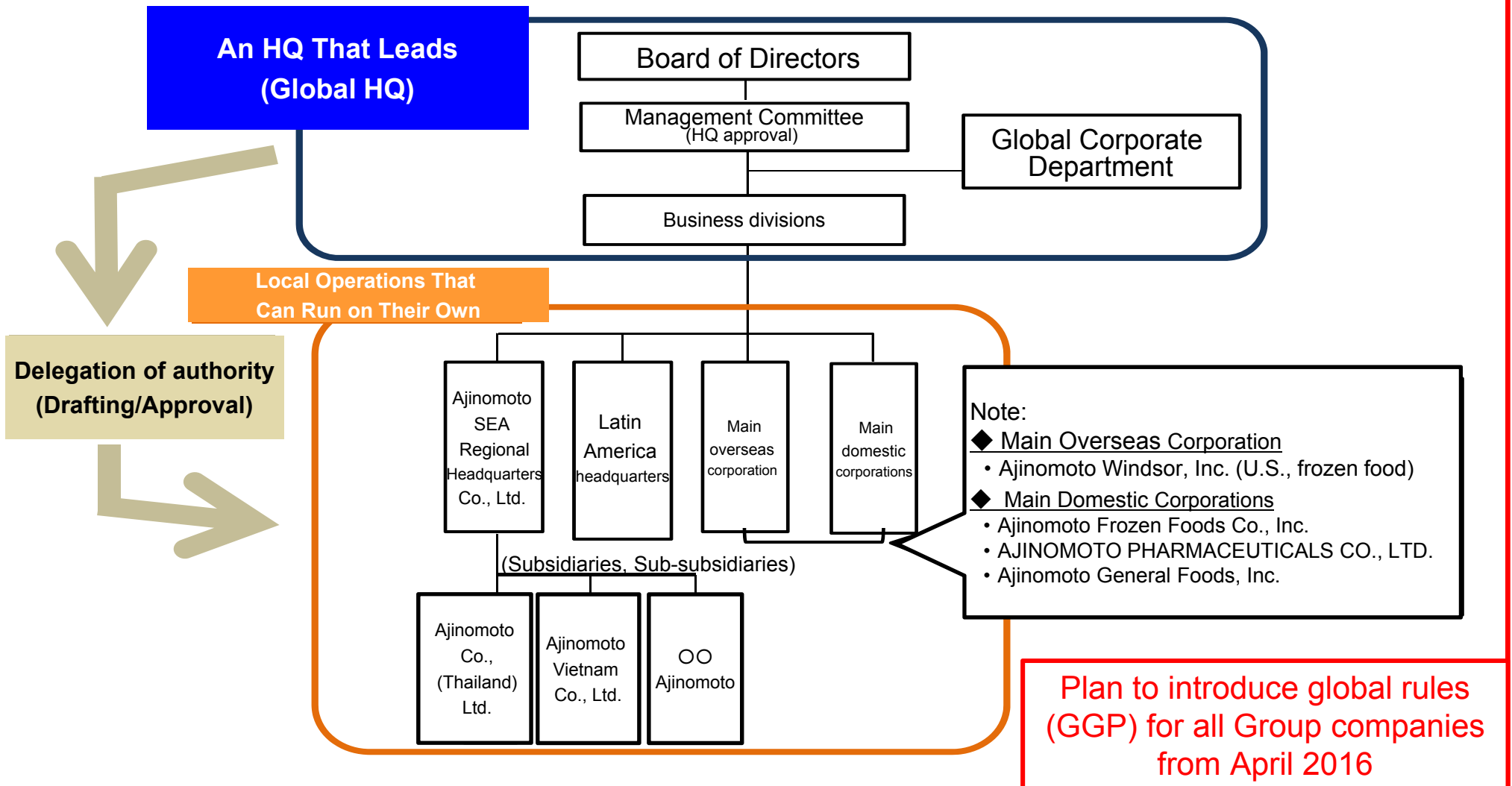
## **IV. Evolution of the Management Foundation**

# Global Corporate Governance

## Toward Becoming a “Genuine Global Specialty Company”

### Global Governance Policy (GGP) (Introduced October 2014)

Prompt decision-making and acceleration of business growth with an HQ that leads and local operations that can run on their own



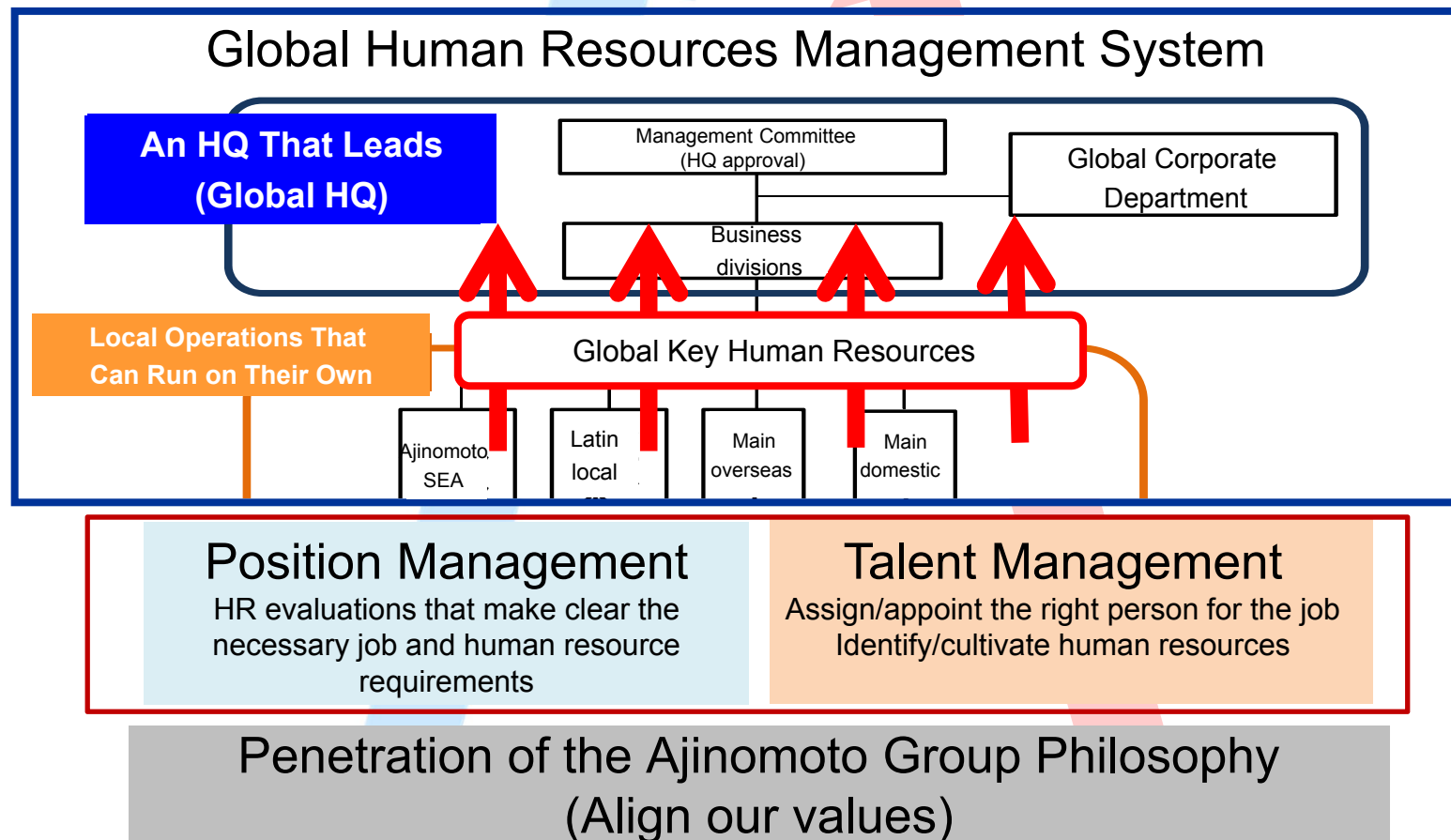
# Global Human Resources Management

From “Personnel” to “Human Resources” People Are Not Just “Resources” but Valuable “Assets”

## Global Human Resources Management (Form a group of 200 next-stage management personnel)

A Governance Structure with an HQ That Leads and Local Operations That Can Run on Their Own

### Form a Solid Base of Global Human Resources



## **V. Environmental, Social and Governance (ESG) Initiatives**

# Orientation of Future ESG-Related Initiatives

## Strategic Development of ASV (Ajinomoto Group Shared Value)

### Global Trend

Sustainable Development Goals (SDGs) for 2030  
 (Adopted by the United Nations on September 25, 2015)

### Ajinomoto Group Goal

**Become a Genuine Global Specialty Company**

### Ajinomoto Group's Status

Selected for the Dow Jones Sustainability World Index (2 years in a row)



Clear Environmental, Social and Governance (ESG) Policy  
**Contribution to society through business = Solutions to social issues**

- Environment
- Society
- Governance



- Stakeholders**
- Shareholders
  - Customers
  - Communities
  - Employees, etc.

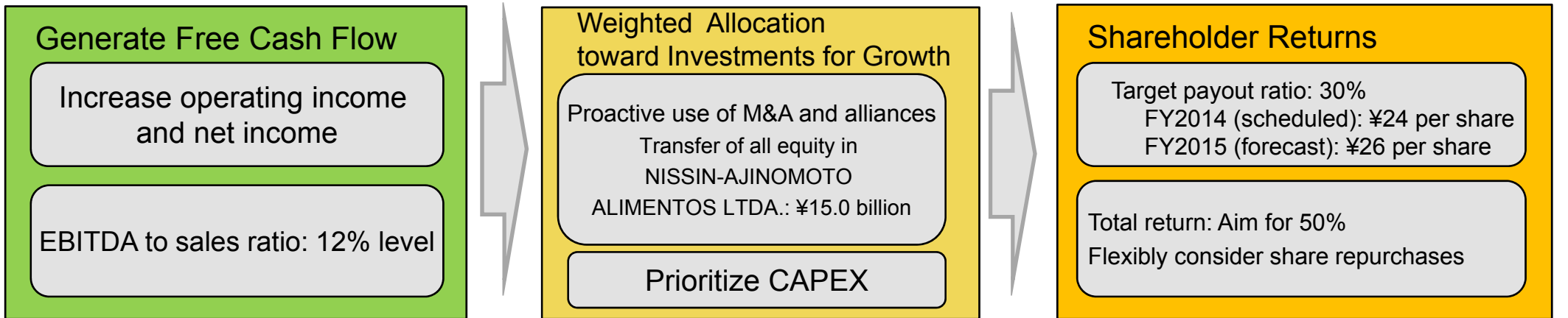
Set numerical targets for ESG in the FY2017-2019 Medium-Term Management Plan

## **VI. FY2015 Financial Strategy**

# FY2015 Financial Strategy

## Investments for Growth and Shareholder Returns

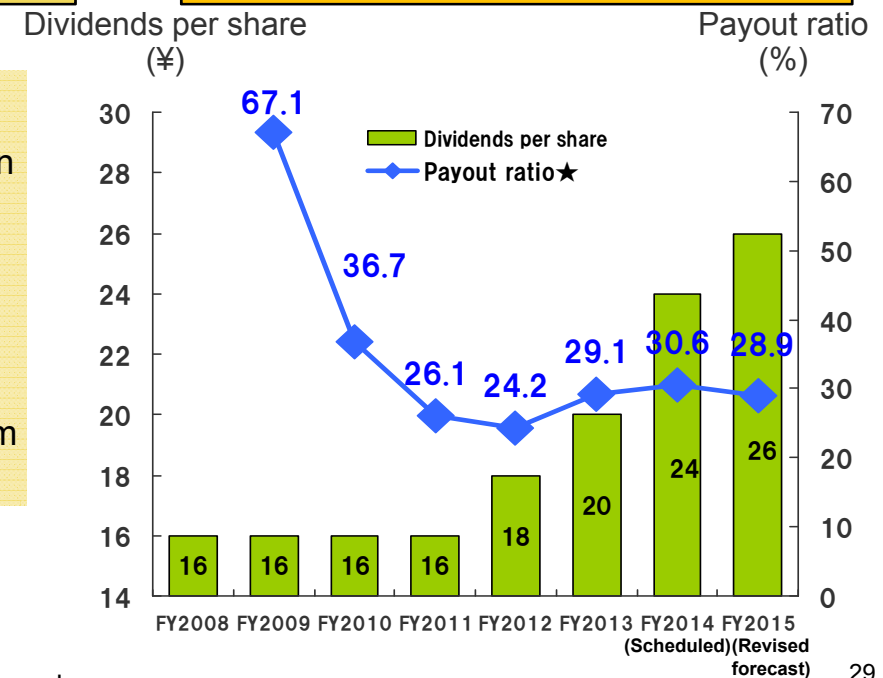
Prioritize use of operating cash flow for investments for growth and further enhance shareholder returns.



### Policies for Prioritizing Uses of Cash Flow and Shareholder Returns

- No change to the policies in the FY2014-2016 Medium-Term Management Plan
- Investments for growth: Multiple projects under consideration
- Free cash flow target: ¥120 billion (3 years)
- Capital procurement: Interest-bearing debt (max. 50% net debt\*/equity ratio)
  - \* Net debt is interest-bearing debt - Cash on hand and in banks x 75%
- Payout ratio: 30% per single fiscal year
- Total shareholder returns: Cumulative 50% during FY2014-2016 Medium-Term Management Plan (3 years)

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



# FY2015 Financial Strategy

## Share Repurchase November 5, 2015 Press Release

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: 20 million\* (maximum)  
\*3.38% of total shares outstanding, excluding treasury stock
3. Total amount to be paid for repurchase: JPY 30.0 billion (maximum)
4. Period of share repurchase: November 6, 2015 to February 24, 2016
5. Method of repurchase: Purchase in the market through a trust bank
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 September 30, 2015)

Total number of shares outstanding (excluding treasury stock) 591,781,348

Number of shares of treasury stock 2,689,306



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# Reference

# [Reference] Coffee Market in Japan

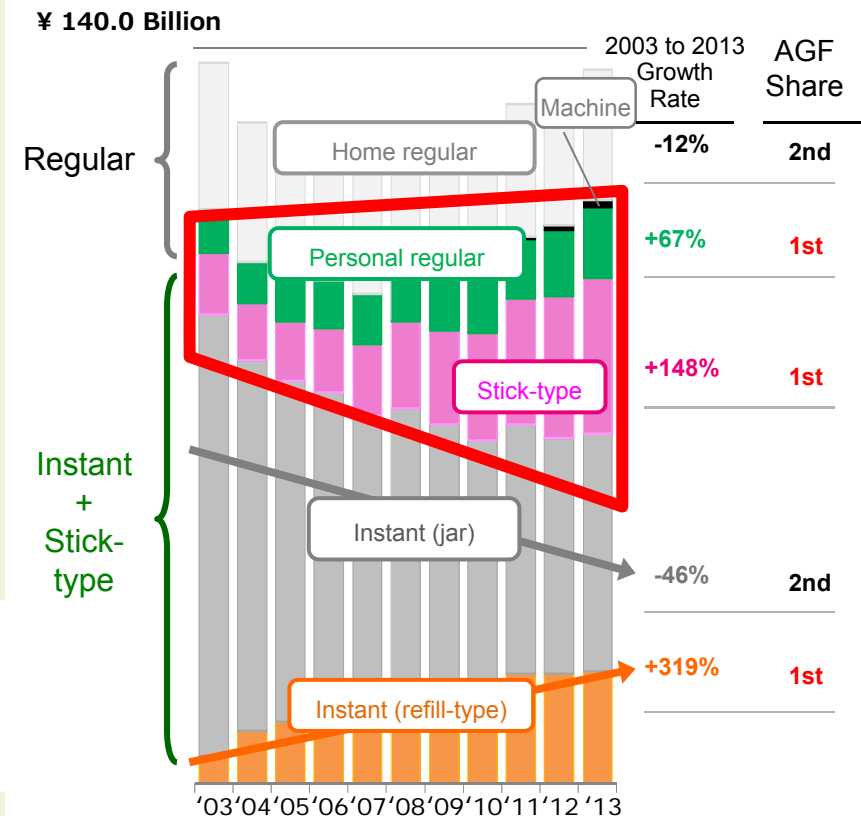
## 1. Coffee Market in Japan (FY2013)

- Consumer purchase price: ¥2.8 trillion  
 (75% of the non-alcoholic beverage market)
- Coffee bean consumption volume: 450,000 tons,  
 4th in the world (world total 9 million tons)
- Cups per person/year (10g/cup): 351 cups  
 Total for the year 53.0 billion cups
- Characteristics: The out-of-home (outdoor: convenience store at-the-counter fresh-brewed coffee, office) and and personal categories (stick-type, etc.) are drivers. Future growth.

## 2. Characteristics of the Dry Coffee Market in Japan

- The personal category (stick-type, etc.) is expanding. Unit price more than twice that of instant coffee.

### Growth over 10 Years in the Dry Coffee Market

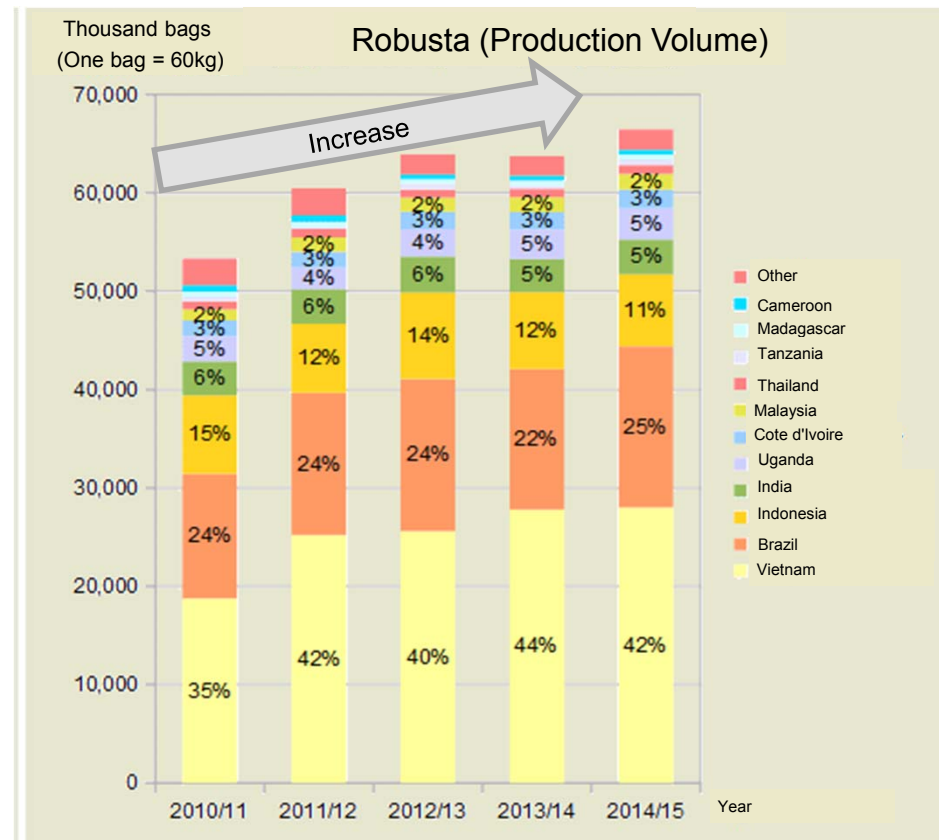
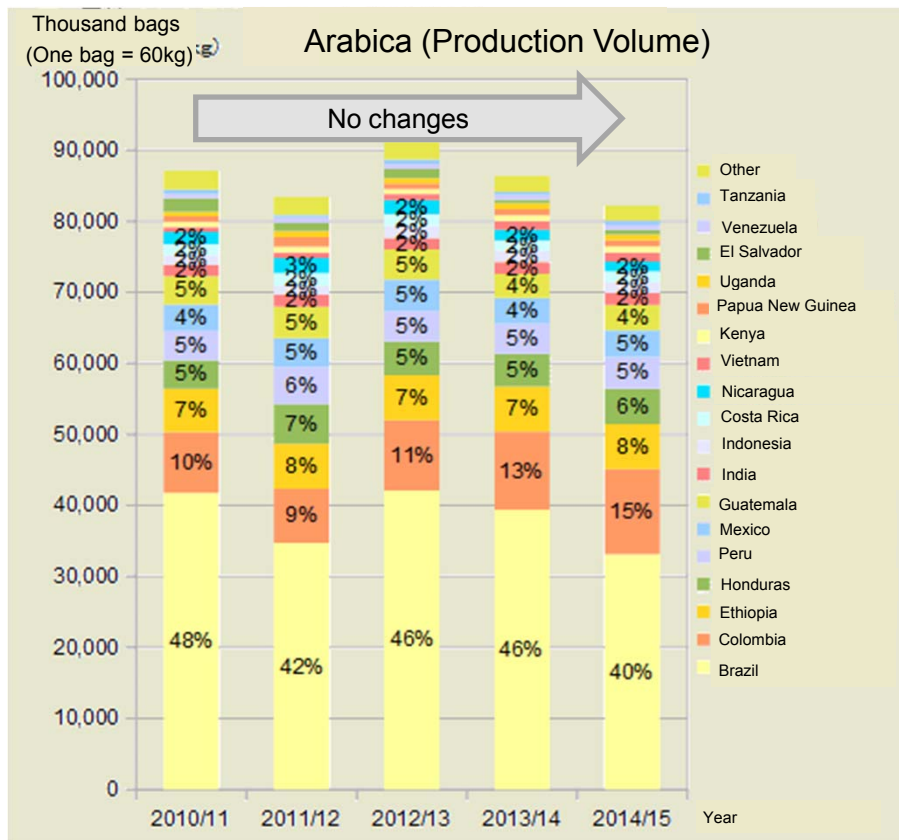


Retail (supermarket, convenience store, drug store, home center) sales turnover (¥ Billion)

Source: INTAGE SRI

# [Reference] Basic Information on Coffee Beans

1. Production volume: 9 million tons
2. Production ratio and core producing countries in 2014-2015:  
 Arabica variety 55% (Brazil, Colombia, Ethiopia)  
 Robusta variety 45% (Vietnam, Brazil, Indonesia)



# [Reference] Assumptions of FY2015 Forecast

## Foreign exchange rates (vs JPY)

	Avg. rate	Sensitivity of translation effects to full year O.P.
USD	120.0	±¥1 → approx. ¥100 million
EUR	135.0	±¥1 → approx. ¥50 million
THB	3.5	±¥0.01 → a little under ¥100 million
BRL	34.0	±¥1 → approx. ¥200 million

## Impact of exchange rate for trade

- 1 JPY vs. USD → approx. + ¥200 million
- 0.1 EUR vs. USD → approx. + ¥700 million
- 0.1 BRL vs. USD → **approx. + ¥350 million**
- 1 THB vs. USD → approx. + ¥800 million

## Feed-use amino acids

Changes indicated in red

### 1) Estimated market size (Thousand MT)

	FY2013	FY2014	FY2015 (Forecast)
Lysine	2,100	2,300	<b>around 2,250</b>
Threonine	400	445	<b>around 490</b>
Tryptophan	14	23	around 28

### 2) Sales volume of the Ajinomoto Group (Thousand MT)

	FY2013	FY2014	FY2015 (Forecast)
Lysine	350	350	around 350
Threonine	110	110	around 120
Tryptophan	5	5	around 5

### 3) Market price forecast (USD/kg, CIF)

	FY2014	FY2015 (Forecast)**	
		1H	Full Year
Lysine	1.40	around 1.45	<b>around 1.30</b>
Threonine	2.75	around 2.10	<b>around 2.30</b>
Tryptophan	16.5	around 15	<b>around 10</b>
Spread*	250	around 170	<b>around 180</b>

\*Spread (USD/ST) is the price difference between soybean meal and corn on the Chicago Board of Trade (CBOT).

\*\* Does not correspond with assumptions in Ajinomoto's forecast of results.

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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.**
- **Unaudited figures are included in these materials for reference.**
- **Amounts presented in these materials are rounded down.**