

# **Consolidated Results**

## **First Half of the FY Ending March 31, 2014**

### **(Interim FY2013)**

1. Overview
2. Financial Position
3. Segment Information

**November 8, 2013**

**Hikomichi Oono**

**Member of the Board and**

**Corporate Vice President**

**Ajinomoto Co., Inc.**

# AJINOMOTO® 1. (1) Overview of Results

(¥ Billion)

	Interim FY2013 (A)	Interim FY2012	YoY Change		FY2013 (Revised Forecast) (B)	Progress (A)/(B)	July-Sept. 2013	July-Sept. 2012	YoY Change	
			Amount	%					Amount	%
<b>Net sales</b>	<b>487.1</b>	<b>505.9</b>	<b>-18.8</b>	<b>-4%</b>	<b>1,032.0</b>	<b>47%</b>	<b>245.0</b>	<b>254.9</b>	<b>-9.9</b>	<b>-4%</b>
<b>Domestic Food Products</b>	<b>161.2</b>	<b>221.2</b>	<b>-60.0</b>	<b>-27%</b>	<b>340.5</b>	<b>47%</b>	<b>83.3</b>	<b>114.0</b>	<b>-30.8</b>	<b>-27%</b>
<b>Overseas Food Products</b>	<b>144.5</b>	<b>114.8</b>	<b>29.7</b>	<b>26%</b>	<b>317.2</b>	<b>46%</b>	<b>72.9</b>	<b>56.9</b>	<b>16.0</b>	<b>28%</b>
<b>Bioscience Products &amp; Fine Chemicals</b>	<b>111.8</b>	<b>96.9</b>	<b>14.9</b>	<b>15%</b>	<b>238.3</b>	<b>47%</b>	<b>56.7</b>	<b>47.1</b>	<b>9.6</b>	<b>20%</b>
<b>Pharmaceuticals</b>	<b>27.9</b>	<b>35.9</b>	<b>-8.0</b>	<b>-22%</b>	<b>51.8</b>	<b>54%</b>	<b>11.1</b>	<b>17.8</b>	<b>-6.6</b>	<b>-37%</b>
<b>Other Business</b>	<b>41.7</b>	<b>37.1</b>	<b>4.6</b>	<b>12%</b>	<b>84.2</b>	<b>50%</b>	<b>21.0</b>	<b>19.1</b>	<b>1.9</b>	<b>10%</b>
<b>Operating income</b>	<b>29.5</b>	<b>36.9</b>	<b>-7.4</b>	<b>-20%</b>	<b>68.0</b>	<b>43%</b>	<b>15.1</b>	<b>17.6</b>	<b>-2.5</b>	<b>-14%</b>
<b>Domestic Food Products</b>	<b>11.0</b>	<b>17.3</b>	<b>-6.3</b>	<b>-37%</b>	<b>27.6</b>	<b>40%</b>	<b>5.7</b>	<b>8.3</b>	<b>-2.5</b>	<b>-31%</b>
<b>Overseas Food Products</b>	<b>12.9</b>	<b>10.2</b>	<b>2.6</b>	<b>26%</b>	<b>26.3</b>	<b>49%</b>	<b>6.7</b>	<b>5.1</b>	<b>1.6</b>	<b>33%</b>
<b>Bioscience Products &amp; Fine Chemicals</b>	<b>3.9</b>	<b>7.3</b>	<b>-3.3</b>	<b>-46%</b>	<b>9.4</b>	<b>42%</b>	<b>1.4</b>	<b>2.9</b>	<b>-1.5</b>	<b>-52%</b>
<b>Pharmaceuticals</b>	<b>1.5</b>	<b>1.8</b>	<b>-0.3</b>	<b>-14%</b>	<b>4.3</b>	<b>36%</b>	<b>1.1</b>	<b>1.1</b>	<b>0.0</b>	<b>1%</b>
<b>Other Business</b>	<b>0.2</b>	<b>0.3</b>	<b>-0.1</b>	<b>-26%</b>	<b>0.4</b>	<b>49%</b>	<b>0.2</b>	<b>0.3</b>	<b>-0.1</b>	<b>-45%</b>
<b>Ordinary income</b>	<b>32.9</b>	<b>39.3</b>	<b>-6.4</b>	<b>-16%</b>	<b>74.0</b>	<b>44%</b>	<b>16.5</b>	<b>18.4</b>	<b>-1.9</b>	<b>-10%</b>
<b>Net income</b>	<b>22.2</b>	<b>41.1</b>	<b>-18.9</b>	<b>-46%</b>	<b>48.0</b>	<b>46%</b>	<b>10.9</b>	<b>31.1</b>	<b>-20.2</b>	<b>-65%</b>
<b>Exchange rate</b>										
<b>JPY/USD</b>	<b>98.86</b>	<b>79.41</b>			<b>98.0</b>					
<b>JPY/EUR</b>	<b>129.98</b>	<b>100.54</b>			<b>131.0</b>					

Notes:

- July-Sept. results are the difference between Apr.-Sept. results and Apr.-June results (for this and all following slides).
- Changes due to the introduction of net figure (the method of netting off sales and cost of goods sold and recording the net figure in the accounts) for business tie-ups from FY2013 are as follows:
  - Scope: *Kellogg's* products included in the "Seasonings & processed foods" category of Domestic Food Products; the "Edible oils" and "Coffee products" categories of Business Tie-Ups
  - The former "Business Tie-Ups" segment has been discontinued. "Edible oils" and "Coffee products" have been reclassified as "Edible oils & coffee products" (net figure) in the "Other Business" segment.
  - Results for FY2012 have been restated to reflect the above changes (for this and all following slides).

# AJINOMOTO® 1. (2) Comments on Results for Interim FY2013

**Net sales decreased, mainly due to effect of disposal of Calpis shares, etc., despite continuing positive effect of currency translation.  
Operating income decreased due to lower income in feed-use amino acids and effect of disposal of Calpis shares, etc.**

## Net sales / Operating income

Interim FY2013	Progress	YoY Change		July-Sept. 2013	YoY Change
487.1	48%	-4%	<b>Net sales</b>	245.0	-4%
313.6	-	4%	<b>Cost of sales</b>	158.1	4%
143.9	-	-14%	<b>SG&amp;A</b>	71.8	-15%
29.5	39%	-20%	<b>Operating income</b>	15.1	-14%

### 1. Impact of exchange rate (YoY)

#### Exchange rate for currency translation

1H: Sales ¥45.3 billion; operating income ¥4.5 billion

Q2: Sales ¥22.4 billion; operating income ¥1.9 billion

#### Exchange rate for trade of main overseas subsidiaries

1H: Sales approx. ¥2.5 billion; operating income approx. -¥0.5 billion

Q2: Sales approx. ¥1.5 billion; operating income approx. ¥0.0 billion

### 2. Impact of raw material & fuel prices (YoY)

1H: Fermentation raw materials and fuel prices approx. -¥1.0 billion

Domestic food products raw materials approx. -¥2.2 billion

Q2: Fermentation raw materials and fuel prices approx. -¥0.4 billion

Domestic food products raw materials approx. -¥1.5 billion

### 3. Cost reductions (YoY)

1H: Domestic food products approx. ¥1.5 billion; Pharmaceuticals approx. ¥0.9 billion

Q2: Domestic food products approx. ¥0.8 billion; Pharmaceuticals approx. ¥0.2 billion

# AJINOMOTO® 1. (3) Comments on Results for Interim FY2013

## Ordinary income

(¥ Billion)

Interim FY2013	Progress	YoY Change		July-Sept. 2013	YoY Change
3.4	-	42%	Non-operating income (net)	1.4	-
32.9	44%	-16%	Ordinary income	16.5	-10%

< Interim FY2013 > ( )= YoY change

None

< Q2-FY2013 > ( )=YoY change

None

## Net income

Interim FY2013	Progress	YoY Change		July-Sept. 2013	YoY Change
3.7	-	-87%	Extraordinary gains	2.4	-92%
2.0	-	-54%	Extraordinary losses	0.9	-35%
8.5	-	-57%	Income taxes, etc.	5.1	-60%
3.9	-	21%	Minority interests	2.0	32%
22.2	45%	-46%	Net income	10.9	-65%

< Interim FY2013 > ( )= YoY change

\* Gain on transfer of benefit obligation relating to employees' pension fund

¥0.0 billion (¥27.8 billion decrease)

\* Gain on sales of investment in affiliates

¥2.3 billion (¥1.6 billion increase)

\* Loss on devaluation of securities

¥0.0 billion (¥2.7 billion decrease)

\* Loss on liquidation of affiliates

¥0.7 billion (¥0.7 billion increase)

< Q2-FY2013 > ( )=YoY change

\* Gain on transfer of benefit obligation relating to employees' pension fund

¥0.0 billion (¥27.8 billion decrease)

\* Gain on sales of investment in affiliates

¥2.3 billion (¥2.2 billion increase)

# AJINOMOTO® 2. Financial Position

(¥ Billion)

Sept. 30, 2013: Total assets 1,069.1

Current assets 535.5	Liabilities 421.2
Fixed assets 533.6	Net assets 647.9
	Incl. Minority interests 55.6

Mar. 31, 2013: Total assets 1,091.7

Current assets 586.1	Liabilities 400.0
Fixed assets 505.7	Net assets 691.7
	Incl. Minority interests 56.4

**¥22.6 billion decrease in total assets from March 31, 2013**

- \* Decrease in cash and deposits due to share repurchase
- \* Decrease in cash and deposits due to acquisition of Althea Technologies, Inc.

## Cash Flow

(¥ Billion)

	Sept. 2013	Sept. 2012	Change
1. CF from operating activities	19.6	31.9	-12.4
2. CF from investing activities	-37.4	-30.4	-7.0
3. CF from financing activities	-22.7	-54.4	31.7
4. Cash and cash equivalents	142.5	88.1	54.4
FCF(1+2)	-17.8	1.5	-19.3

\*Cash out is shown with -.

Capital expenditures	28.8	32.3	-3.6
Depreciation and amortization	22.5	21.1	1.5

## Interest-bearing Debt

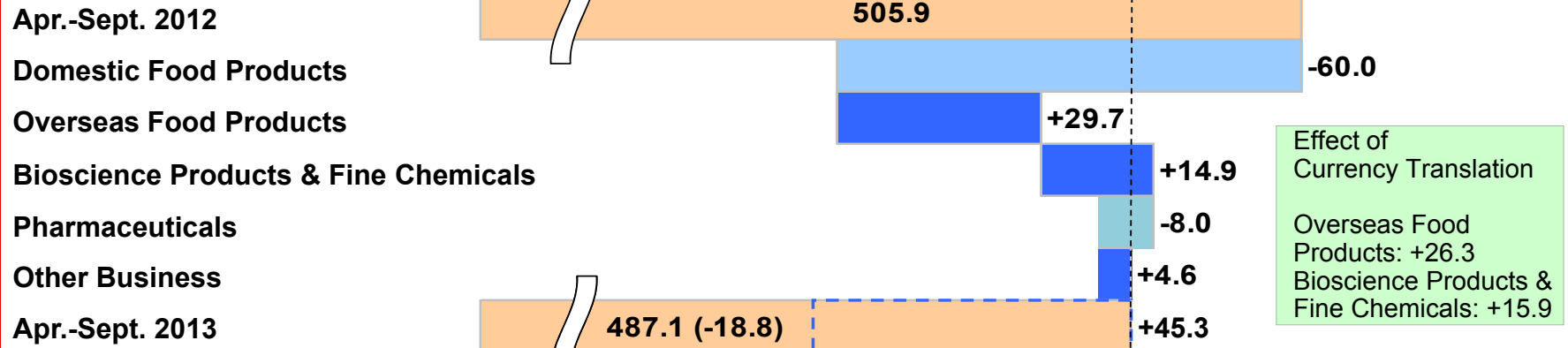
(¥ Billion)

<Reference>

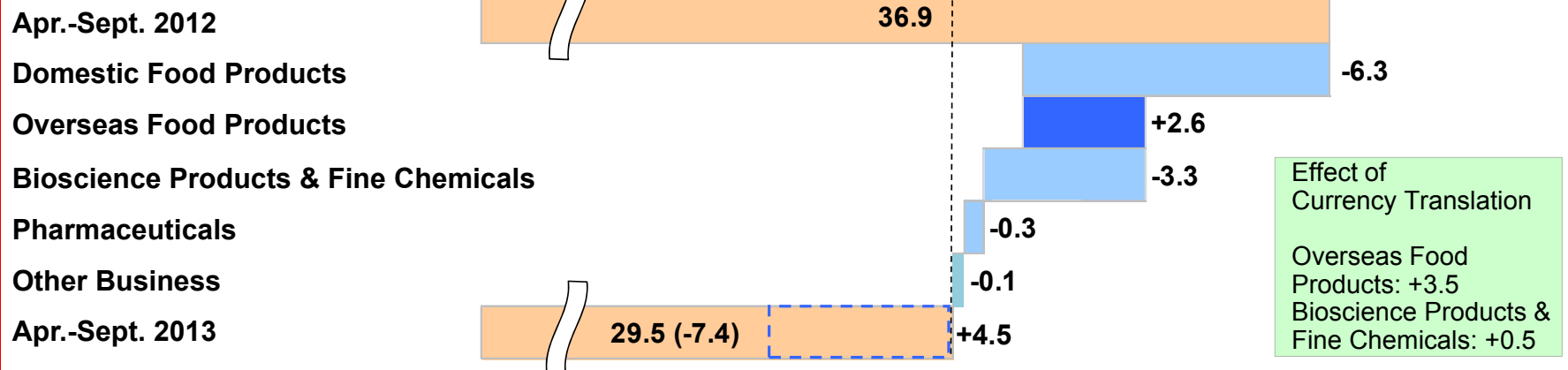
Sept. 2013	Mar. 2013	Change	Sept. 2012
136.3	119.3	17.0	121.6

### 3. (1) Change by Business Segment

#### Net sales



#### Operating income



### 3. (2) Domestic Food Products

				(¥ Billion)			
Interim FY2013	Progress	Interim FY2012	YoY Change		July-Sept. 2013	July-Sept. 2012	YoY Change
<b>161.2</b>	<b>47%</b>	<b>221.2</b>	<b>-60.0</b>	<b>Net sales</b>	<b>83.3</b>	<b>114.0</b>	<b>-30.8</b>
101.3	-	104.8	-3.6	*1 Seasonings & processed foods	52.4	53.5	-1.1
59.9	-	56.9	3.0	*2 Frozen foods	30.9	28.7	2.1
0.0	-	59.4	-59.4	*3 Beverages ("Calpis")	0.0	31.8	-31.8
<b>11.0</b>	<b>40%</b>	<b>17.3</b>	<b>-6.3</b>	<b>*4 Operating income</b>	<b>5.7</b>	<b>8.3</b>	<b>-2.5</b>
11.9	-	13.5	-1.6	Seasonings & processed foods	6.1	6.0	0.1
2.7	-	4.4	-1.7	Frozen foods	1.5	2.0	-0.5
0.0	-	4.8	-4.8	Beverages ("Calpis")	0.0	2.9	-2.9
-3.6	48%	-5.5	1.8	Shared companywide expenses	-1.9	-2.7	0.8

\*1 Decrease in sales due to end of sales of beverage gifts resulting from disposal of Calpis shares, etc., despite firm sales of home-use products.

\*2 Firm sales of home-use products and restaurant- and institutional- use products in Japan. Increase in sales due to positive effect of currency translation and contribution of sales overseas, mainly in North America.

\*3 Decrease due to disposal of Calpis shares in October 2012.

\*4 Decrease in income due to effect of disposal of shares of Calpis and impact of higher raw material prices, etc.

## AJINOMOTO® 3. (3) Overseas Food Products

					(¥ Billion)		
Interim FY2013	Progress	Interim FY2012	YoY Change		July-Sept. 2013	July-Sept. 2012	YoY Change
144.5	46%	114.8	29.7	<b>Net sales</b>	72.9	56.9	16.0
119.4	45%	93.1	26.2 *1	Consumer foods	61.0	46.2	14.7
25.2	48%	21.7	3.4 *2	Umami seasonings for processed food mfrs.	12.0	10.6	1.3
12.9	49%	10.2	2.6 *3	<b>Operating income</b>	6.7	5.1	1.6
-4.5	48%	-3.9	-0.6	Shared companywide expenses	-2.3	-1.9	-0.5

[Effect of currency translation] Q2: Net sales +¥12.7 billion; operating income +¥1.6 billion  
 1H: Net sales +¥26.3 billion; operating income +¥3.5 billion

\*1 Increase in sales because of positive effect of currency translation and higher sales of umami seasoning *AJI-NO-MOTO* and flavor seasonings, etc.

\*2 Increase in sales because of positive effect of currency translation and higher sales volume, despite decrease in unit price.

\*3 Increase in income as higher income of consumer foods (\*1) offset decrease in unit price of umami seasonings for processed food mfrs.

Reference: Consumer foods +¥4.5 billion; umami seasonings for processed food mfrs. -¥1.2 billion



# AJINOMOTO® 3. (4) Bioscience Products & Fine Chemicals

Interim FY2013	Progress	Interim FY2012	YoY Change		July-Sept. 2013	July-Sept. 2012	(¥ Billion) YoY Change
111.8	47%	96.9	14.9	<b>Net sales</b>	56.7	47.1	9.6
47.5	48%	45.2	2.2*1	Feed-use amino acids	23.8	22.0	1.8
39.4	-	30.1	9.2*2	Amino acids	20.3	14.7	5.6
22.3	-	19.3	3.0*3	Specialty chemicals	11.2	9.4	1.9
3.9	42%	7.3	-3.3*4	<b>Operating income</b>	1.4	2.9	-1.5
0.9	29%	6.3	-5.5	Feed-use amino acids	0.1	2.5	-2.4
2.1	-	1.9	0.2	Amino acids	0.9	0.9	0.0
5.1	-	3.5	1.6	Specialty chemicals	2.6	1.7	0.9
-3.3	51%	-2.9	-0.4	Shared companywide expenses	-1.7	-1.4	-0.3

[Effect of currency translation] Q2: Net sales +¥8.2 billion; operating income +¥0.1 billion

1H: Net sales +¥15.9 billion; operating income +¥0.5 billion

\*1 Increase in sales because of positive effect of currency translation, despite decreases in Lysine unit price and sales volume.

\*2 Amino acids for pharmaceuticals and foods +¥3.9 billion; pharmaceutical custom manufacturing (formerly pharmaceutical fine chemicals) +¥4.6 billion; sweeteners +¥0.8 billion.

\*3 Sales of both chemicals and cosmetics and cosmetic ingredients increased.

\*4 Decrease in income because higher income of specialty chemicals and amino acids for pharmaceuticals and foods, etc., did not offset lower income of feed-use amino acids, etc.

Reference: Within amino acids, amino acids for pharmaceuticals and foods +¥1.1 billion; pharmaceutical custom manufacturing -¥0.5 billion; sweeteners -¥0.4 billion

Note: Pharmaceutical custom manufacturing:

From Q1-FY2013, the results of Ajinomoto Althea, Inc. are included in this business.

## AJINOMOTO® 3. (5) Pharmaceuticals

(¥ Billion)

Interim FY2013	Progress	Interim FY2012	YoY Change		July-Sept. 2013	July-Sept. 2012	YoY Change
27.9	54%	35.9	-8.0 *1	Net sales	11.1	17.8	-6.6
1.5	36%	1.8	-0.3 *2	Operating income	1.1	1.1	0.0
-0.8	53%	-1.0	0.3	Shared companywide expenses	-0.3	-0.5	0.2

\*1 Decrease in sales of self-distributed products because of spin-off of infusion and dialysis business units as AY PHARMACEUTICALS Co., Ltd. in July and impact of change of segment for medical foods (Pharmaceuticals → Other Business). Sales of products sold through business tie-ups decreased due to growth of competing products, including generics.

Sales based on AJINOMOTO PHARMACEUTICALS CO., LTD. estimated drug prices  
(% = YoY change):

<i>LIVACT</i>	¥7.6 billion	(-1%)	<i>ELENTAL</i>	¥3.9 billion	(0%)
<i>ATELEC</i>	¥7.5 billion	(-1%)	<i>ACTONEL</i>	¥5.1 billion	(-14%)
<i>FASTIC</i>	¥1.0 billion	(-28%)			

\*2 Decrease in income due to lower sales of products sold through business tie-ups, despite cost reductions, etc.

## AJINOMOTO® 3. (6) Other Business

(¥ Billion)								
Interim FY2013	Progress	Interim FY2012	YoY Change		July-Sept. 2013	July-Sept. 2012	YoY Change	
41.7	50%	37.1	4.6	*1	<b>Net sales</b>	21.0	19.1	1.9
1.1	-	1.1	0.0		Edible oils & coffee products	0.6	0.5	0.0
0.2	49%	0.3	-0.1	*2	<b>Operating income</b>	0.2	0.3	-0.1
1.1	-	1.0	0.0		Edible oils & coffee products	0.5	0.5	0.0
-1.5	48%	-1.4	-0.0		Shared companywide expenses	-0.7	-0.7	-0.1

\*1 Increase in sales due to impact of change of segment for medical foods (Pharmaceuticals → Other Business), and logistics business, etc.

\*2 Decrease in income due to lower income of logistics business, despite higher income in wellness business.

### 3. (7) Net Sales by Business & Geographical Area

Upper row: Interim FY2013; lower row: Interim FY2012

Figures in parentheses represent YoY change.

(¥ Billion)

	Japan	Asia	Americas	Europe	Total
Domestic Food Products	151.8 (-61.7)	2.9 (-0.1)	5.7 (1.7)	0.8 (0.1)	161.2 (-60.0)
	213.4	3.0	4.0	0.7	221.2
Overseas Food Products	4.6 (-0.1)	99.0 (21.9)	26.8 (5.3)	14.2 (2.6)	144.5 (29.7)
	4.7	77.1	21.4	11.6	114.8
Bioscience Products & Fine Chemicals	32.3 (3.3)	9.0 (1.3)	35.5 (5.2)	35.0 (5.1)	111.8 (14.9)
	29.0	7.7	30.3	29.8	96.9
Pharmaceuticals	27.9 (-8.0)				27.9 (-8.0)
	35.9				35.9
Other Business	36.8 (3.9)	4.8 (0.7)	0.0 (0.0)		41.7 (4.6)
	32.9	4.2	0.0		37.1
Total	253.4 (-62.6)	115.7 (23.7)	68.1 (12.3)	50.0 (7.9)	487.1 (-18.8)
	316.0	92.0	55.8	42.1	505.9

### 3. (8) Operating Income by Business & Geographical Area

Upper row: Interim FY2013; lower row: Interim FY2012

Figures in parentheses represent YoY change.

(¥ Billion)

	Japan		Asia		Americas		Europe		Other <sup>*</sup>		Total	
Domestic Food Products	12.8	(-8.8)	1.1	(0.5)	0.7	(0.3)	0.2	(0.0)	-3.7	(1.7)	11.0	(-6.3)
	21.6		0.6		0.4		0.1		-5.4		17.3	
Overseas Food Products	-1.0	(0.5)	15.1	(2.7)	4.1	(1.1)	-0.3	(-0.8)	-5.0	(-0.8)	12.9	(2.6)
	-1.5		12.4		3.0		0.5		-4.2		10.2	
Bioscience Products & Fine Chemicals	5.8	(2.9)	0.4	(-1.1)	0.0	(-3.0)	1.4	(-1.6)	-3.7	(-0.6)	3.9	(-3.3)
	2.9		1.5		3.0		3.0		-3.1		7.3	
Pharmaceuticals	2.3	(-0.5)							-0.8	(0.3)	1.5	(-0.3)
	2.8								-1.0		1.8	
Other Business	1.3	(-0.2)	0.7	(0.4)	0.0	(0.0)	-0.0	(0.0)	-1.7	(-0.3)	0.2	(-0.1)
	1.5		0.3		0.0		-0.0		-1.4		0.3	
Shared companywide expenses, etc.*	-7.6	(1.2)	-3.7	(-0.5)	-2.1	(-0.3)	-1.5	(-0.1)	-14.9	(0.3)		
	-8.8		-3.3		-1.7		-1.4		-15.2			
Total	13.6	(-4.9)	13.5	(2.0)	2.8	(-2.0)	-0.3	(-2.5)			29.5	(-7.4)
	18.5		11.5		4.7		2.2				36.9	

\* Shared companywide expenses and unrealized gains and losses not reflected in any geographical area, etc.

### 3. (9) Comments on Operating Income by Business & Geographical Area

#### Interim FY2013 Change Compared with Same Period of Previous Year

##### 1. Overseas Food Products

(¥ Billion)

[YoY change]

Japan +¥0.5; Asia +¥2.7; Americas +¥1.1; Europe -¥0.8; Other\* -¥0.8; Total +¥2.6

Asia: Increase due to positive effect of currency translation and higher sales of consumer foods products

##### 2. Bioscience Products & Fine Chemicals

(¥ Billion)

[YoY change]

Japan +2.9; Asia -¥1.1; Americas -¥3.0; Europe -¥1.6; Other\* -¥0.6; Total -¥3.3

(1) Japan: Increase due to specialty chemicals (chemicals) and amino acids for pharmaceuticals and foods, etc.

(2) Americas: Decrease due to feed-use amino acids, etc.

\* Shared companywide expenses and unrealized gains and losses not reflected in any geographical area, etc.



Eat Well, Live Well.

# AJINOMOTO®

- 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 and do not represent a commitment from Ajinomoto Co., Inc. that they will be achieved. 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 off.