

**Overview of Consolidated Financial Results of Ajinomoto Co., Inc.  
 for the Fiscal Year Ended March 31, 2019**  
**Approximately 50% Year-on-Year Decrease in  
 Profit Attributable to Owners of the Parent Company due to  
 Recording Impairment Losses on Investments and Goodwill Related to  
 Group Companies in the International Food Products Business and Other Factors**

**TOKYO, May 10, 2019** – An overview of the consolidated financial results of Ajinomoto Co., Inc. (“Ajinomoto Co.”) for the fiscal year ended March 31, 2019 is as follows.

**1. Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019**

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Business Profit	Profit Attributable to Owners of the Parent Company
Fiscal Year Ended March 31, 2019	1,127.4	92.6	29.6
Fiscal Year Ended March 31, 2018	1,114.7	95.6	60.1
Year-on-Year Change	+1.1%	-3.2%	-50.6%

Reference: Share of profit of associates and joint ventures

Fiscal Year Ended March 31, 2019: JPY -515 million

Fiscal Year Ended March 31, 2018: JPY 3,966 million

Notes:

- Upon the adoption of International Financial Reporting Standards (“IFRS”), the Ajinomoto Group has introduced “Business profit” as a new profit level that will better enable investors, the Board of Directors, and the Management Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group’s business portfolio by the Board of Directors and the Management Committee. “Business profit” is defined as “Sales” minus “Cost of sales,” “Selling expenses,” “Research and development expenses,” and “General and administrative expenses,” to which is then added “Share of profit of associates and joint ventures.” Business profit does not include “Other operating income” or “Other operating expenses.”
- From the fiscal year ended March 31, 2019, the logistics business has been reclassified as a discontinued operation. Accordingly, profit from discontinued operations in the consolidated statements of income is presented separately from profit from continuing operations. Sales, business profit and profit before income taxes are amounts related to continuing operations only. Amounts shown for the fiscal year ended March 31, 2018 have also been adjusted to reflect this change; accordingly, the percent change from the previous fiscal year results is not shown.
- In the second quarter of the fiscal year ended March 31, 2019, Ajinomoto Co. finalized its provisional accounting treatment related to business combinations. Figures for the fiscal year ended March 31, 2018 reflect the finalization of the provisional accounting treatment.

Consolidated sales for the fiscal year ended March 31, 2019 increased JPY 12.6 billion (1.1%) compared with the previous fiscal year to JPY 1,127.4 billion due to substantial increases in sales from pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods, in addition to increased sales of frozen foods (International) and seasonings and processed foods (International), among other factors.

Business profit decreased JPY 3.0 billion (3.2%) to JPY 92.6 billion due to substantial declines in profit from frozen foods (Japan), frozen foods (International) and coffee products, in addition to factors including impairment loss on trademark rights of Promasidor Holdings Limited (“PH”) recorded in share of profit of associates and joint ventures.

Operating profit decreased JPY 25.5 billion (32.5%) to JPY 53.1 billion due to factors including impairment losses on goodwill of Ajinomoto Foods North America, Inc. (“AFNA”) and AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LIMITED COMPANY (“AIS”) and an impairment loss on investments in associates and joint ventures related to PH, all of which are recorded in other operating expenses.

Profit attributable to owners of the parent company decreased JPY 30.4 billion (50.6%) to JPY 29.6 billion.

Details of the impairment losses related to PH, AFNA and AIS are as follows.

(JPY millions)

	Business Profit	Operating Profit/Profit before Income Taxes	Profit Attributable to Owners of the Parent Company
(1) Impairment loss on goodwill of AFNA	—	13,525	10,047
(2) Impairment loss on investment in PH, which is accounted for using the equity method (investment equivalent to 33.33%)	—	14,107	14,107
(3) Impairment loss on trademark rights of PH (investment equivalent to 33.33%)	3,222	3,222	3,222
(4) Impairment loss on goodwill of AIS	—	3,843	3,843
Total	3,222	34,698	31,220

#### Overview of Consolidated Results by Segment

From the fiscal year ended March 31, 2019, the personal care ingredients business, which was previously included in the Life Support segment, is included in the Healthcare segment. Segment information for the previous fiscal year has been restated to reflect the change.

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Year-on-Year Change	Year-on-Year Change (%)	Business Profit	Year-on-Year Change	Year-on-Year Change (%)
Japan Food Products	375.0	-9.1	-2.4%	29.8	-9.0	-23.1%
International Food Products	481.6	+16.9	+3.7%	42.3	+0.8	+2.0%
Life Support	107.9	-10.6	-9.0%	9.5	+1.4	+18.5%
Healthcare	135.3	+15.3	+12.8%	12.0	+2.7	+28.9%
Other Business	27.4	+0.1	+0.5%	-1.2	+0.9	—
Total	1,127.4	+12.6	+1.1%	92.6	-3.0	-3.2%

Note: Domestic and overseas sales of ACTIVA® products to food processing companies and savory seasonings are included in Japan Food Products. Domestic and overseas sales of AJI-NO-MOTO® for the food processing industry and nucleotides and sweeteners are included in International Food Products.

Japan Food Products segment sales decreased JPY 9.1 billion (2.4%) to JPY 375.0 billion because sales of coffee products and frozen foods (Japan) declined due to the effects of intensifying competition and other factors. Business profit decreased JPY 9.0 billion (23.1%) to JPY 29.8 billion because of substantial decreases in profit from coffee products and frozen foods (Japan) resulting from the decline in sales.

#### Main Factors in the Change in Sales

- **Seasonings and processed foods (Japan):** Overall sales were basically unchanged from the previous fiscal year, with flat sales of both home-use products and restaurant and industrial-use products.

- **Frozen foods (Japan):** Restaurant and industrial-use sales grew in mainstay categories. Sales of home-use products decreased due to factors including the impact of intensifying competition for mainstay fried chicken and cooked rice products, although total sales of the Gyoza series increased. As a result, overall sales decreased.
- **Coffee products:** Overall sales decreased due mainly to declines in sales of products for convenience stores and gift products as well as in sales of home-use products, which were affected by intensifying competition as the market contracted.

*Main Factors in the Change in Business Profit*

- **Seasonings and processed foods (Japan):** Although profit from home-use products was basically unchanged from the previous fiscal year, overall profit decreased due to a substantial decline in profit from restaurant and industrial-use products resulting from the impact of higher raw material and fuel prices, among other factors.
- **Frozen foods (Japan) and coffee products:** Profit decreased substantially due to the abovementioned declines in sales, among other factors.

International Food Products segment sales increased JPY 16.9 billion (3.7%) to JPY 481.6 billion as a result of increases in sales of frozen foods (International) and seasonings and processed foods (International). Business profit increased JPY 0.8 billion (2.0%) to JPY 42.3 billion because the increase in profit from increased sales of seasonings and processed foods (International) offset the impairment loss recorded on trademark rights of PH, and because profit from umami seasonings for processed food manufacturers increased substantially.

*Main Factors in the Change in Sales*

- **Seasonings and processed foods (International):** Despite the negative effect of currency translation, overall sales increased due to factors including growth in sales of seasonings and umami seasoning AJI-NO-MOTO®, as well as of canned coffee in Thailand.
- **Frozen foods (International):** Sales increased due to factors including growth in sales of Asian food products and appetizers in North America and sales growth in Europe.
- **Umami seasonings for processed food manufacturers:** Sales increased due to sales growth outside Japan. **Sweeteners:** Sales increased due to growth in sales to processed food manufacturers.

*Main Factors in the Change in Business Profit*

- **Seasonings and processed foods (International):** Despite the positive effect on profit from the increase in sales, overall profit was basically unchanged from the previous fiscal year due to factors including the impairment loss on PH, the negative effect of currency translation and higher prices for fermentation raw materials and fuel.
- **Frozen foods (International):** Despite progress in improving productivity in the United States, profit decreased substantially due to a steep rise in distribution expenses, among other factors.
- **Umami seasonings for processed food manufacturers:** Profit increased substantially due to factors including the positive exchange rate for trade and sales growth, although higher fermentation raw material and fuel prices had a negative impact. **Sweeteners:** Profit increased, mainly due to the increase in sales.

Life Support segment sales decreased JPY 10.6 billion (9.0%) to JPY 107.9 billion due to a substantial decline in animal nutrition sales, despite an increase in sales of specialty chemicals. Business profit increased JPY 1.4 billion (18.5%) to JPY 9.5 billion due to a substantial increase in profit from specialty chemicals.

*Main Factors in the Change in Sales*

- **Animal nutrition:** Sales decreased substantially due mainly to decreases in sales volume of Threonine and Lysine.
- **Specialty chemicals:** Sales increased, due mainly to strong sales of electronic materials.

*Main Factors in the Change in Business Profit*

- **Animal nutrition:** Profit decreased substantially due mainly to the effect of a drop in unit selling prices of Tryptophan.
- **Specialty chemicals:** Profit increased substantially as a result of the increase in sales.

**Healthcare segment** sales increased JPY 15.3 billion (12.8%) to JPY 135.3 billion due to substantial growth in sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods. Business profit increased JPY 2.7 billion (28.9%) to JPY 12.0 billion due to a substantial increase in profit resulting from the increased sales of amino acids for pharmaceuticals and foods and pharmaceutical custom manufacturing .

*Main Factors in the Change in Sales*

- **Amino acids:** Sales increased substantially due to growth in sales of both pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods, the positive effect of a newly consolidated subsidiary and other factors.
- **Other business:** Sales increased due to growth in sales of personal care ingredients, among other factors.

*Main Factors in the Change in Business Profit*

- **Amino acids:** Profit increased substantially due to increased sales of both amino acids for pharmaceuticals and foods and pharmaceutical custom manufacturing.
- **Other business:** Profit decreased due to factors including a change in recording profit from a subsegment (transferred to pharmaceutical custom manufacturing).

## 2. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2020

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Business Profit	Profit Attributable to Owners of the Parent Company
Fiscal Year Ending March 31, 2020	1,171.0	97.0	50.0

In the fiscal year ending March 31, 2020 (fiscal 2019), the final year of the FY2017-2019 (for FY2020) Medium-Term Management Plan, Ajinomoto Co. will start conducting initiatives including countermeasures for emerging issues and measures to improve efficiency for a return to a growth trajectory.

As a result of these initiatives, for the fiscal year ending March 31, 2020, Ajinomoto Co. forecasts sales of JPY 1,171.0 billion, business profit of JPY 97.0 billion and profit attributable to owners of the parent company of JPY 50.0 billion.

The assumed exchange rate for the fiscal year is JPY 110 to USD 1.

Note: The performance forecast above is based on information available to Ajinomoto Co. as of the date of this news release. Various factors could cause actual results to differ materially from the above forecast.

The Ajinomoto Group is a global leader in amino acids thanks to its advanced bioscience and fine chemical technologies. Its products cover a range of fields such as seasonings, processed foods, beverages, amino acids, pharmaceuticals, and chemicals.

Since discovering “umami” (the fifth basic taste, created by glutamic acid, a type of amino acid) in 1908, we have been scientifically pursuing the possibilities of amino acids, and supporting the healthy lives of people all around the world. Based on our corporate message “Eat Well, Live Well” we aim for further growth and continuous contribution to greater wellness for people by creating value with communities and society.

The Ajinomoto Group has offices in 35 countries and regions, and sells products in more than 130 countries and regions. Its sales were 1.1274 trillion yen (10.1 billion U.S. dollars) in fiscal year 2018. To learn more, visit <https://www.ajinomoto.com/>.