

PRESS RELEASE

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**Overview of Consolidated Financial Results of Ajinomoto Co., Inc.
 for the Interim Period of Fiscal 2018
 and
 Revision to Full-Year Consolidated Performance Forecast
 for Fiscal 2018**

TOKYO, November 7, 2018 – An overview of the consolidated financial results of Ajinomoto Co., Inc. (“Ajinomoto Co.”) for the interim period of fiscal 2018 (April 1, 2018 – September 30, 2018) is as follows.

**I. Overview of Consolidated Financial Results for the Interim Period of the
 Fiscal Year Ending March 31, 2019 (Fiscal 2018)**

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Business Profit	Profit Attributable to Owners of Parent
Interim Period of Fiscal 2018	546.4	44.5	26.0
Interim Period of Fiscal 2017	528.5	47.0	31.3
Change from Previous Interim Period	+3.4%	-5.3%	-16.7%

Notes:

1. 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.”
2. From the first quarter of fiscal 2018, the logistics business has been reclassified as a discontinued operation. Accordingly, profit from discontinued operations in the quarterly condensed 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 interim period of fiscal 2017 have also been adjusted to reflect this change; accordingly, the percent change from the previous interim period results is not shown.
3. In the previous fiscal year and the interim period of fiscal 2018, Ajinomoto Co. has finalized its provisional accounting treatment related to business combinations and jointly controlled companies. Figures for the interim period of fiscal 2017 reflect the finalization of the provisional accounting treatment.

In the interim period of fiscal 2018, consolidated sales increased JPY 17.9 billion compared with the same period of the previous fiscal year to JPY 546.4 billion due to factors including a substantial increase in sales from pharmaceutical custom manufacturing in addition to increased sales of frozen foods (International) and seasonings and processed foods (International). Business profit decreased JPY 2.4 billion to JPY 44.5 billion due to substantial decreases in profit from frozen foods (Japan), frozen foods (International) and coffee products, among other factors. Profit attributable to owners of parent decreased JPY 5.2 billion to JPY 26.0 billion.

An overview of consolidated results by business segment is as follows. In the first quarter of fiscal 2018, the personal care ingredients business was transferred from the Life Support segment to the Healthcare segment. Segment information for the interim period of fiscal 2017 has been restated to reflect this change.

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Change from Previous Interim Period	Change from Previous Interim Period (%)	Business Profit	Change from Previous Interim Period	Change from Previous Interim Period (%)
Japan Food Products	180.9	-3.7	-2.0%	12.4	-5.6	-31.2%
International Food Products	233.4	+11.5	+5.2%	22.5	+0.4	+1.9%
Life Support	54.3	-1.7	-3.1%	4.9	+2.0	+74.4%
Healthcare	64.9	+11.7	+22.2%	3.8	+0.8	+29.7%
Other Business	12.8	+0.0	+0.5%	0.8	-0.2	-23.7%
Total	546.4	+17.9	+3.4%	44.5	-2.4	-5.3%

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 because sales of frozen foods (Japan) and coffee products declined due to intensifying competition for home-use frozen foods and home-use coffee products, among other factors. Business profit decreased because of substantial decreases in profit from frozen foods (Japan) and coffee products resulting from the decline in sales.

Main Factors in the Change in Sales

- **Seasonings and processed foods (Japan):** Sales increased overall, with solid growth in both home-use products and restaurant and industrial-use products.
- **Frozen foods (Japan):** Although home-use products began to recover in the second quarter, it did not compensate for the impact of difficult sales conditions in the first quarter, and sales decreased. Restaurant and industrial-use sales were basically unchanged from the same period of the previous fiscal year. As a result, overall sales decreased.
- **Coffee products:** Overall sales decreased due mainly to declines in sales of home-use products and gift products, which were affected by intensifying competition as the market contracted, as well as a decline in sales of products for convenience stores.

Main Factors in the Change in Business Profit

- **Seasonings and processed foods (Japan):** Although profit from home-use products was basically unchanged from the same period of the previous fiscal year, overall profit decreased due to the effect of higher raw material and fuel prices on restaurant and industrial-use products, among other factors.
- **Frozen foods (Japan) and coffee products:** Although both product categories began to recover in the second quarter, it did not compensate for the decline in profit in the first quarter, and profit decreased substantially.

International Food Products segment sales increased as a result of increases in sales of frozen foods (International) and seasonings and processed foods (International), in addition to factors including the positive effect of a newly consolidated subsidiary. Business profit increased due to growth in profit from seasonings and processed foods (International) and umami seasonings for processed food manufacturers, despite a substantial decrease in profit from frozen foods (International).

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 expansion of seasonings sales and an increase in selling prices of canned coffee in Thailand.
- **Frozen foods (International):** Sales increased due to factors including expansion of Asian food product sales in North America and the positive effect of a newly consolidated subsidiary in Europe.
- **Umami seasonings for processed food manufacturers:** Sales increased, mainly due to sales growth outside Japan. **Sweeteners:** Sales increased, mainly due to growth in sales to processed food manufacturers.

Main Factors in the Change in Business Profit

- **Seasonings and processed foods (International):** Profit increased overall as a result of the increase in sales, despite the negative effect of higher prices for fermentation raw materials and fuel.
- **Frozen foods (International):** Although sales increased, profit decreased substantially due to factors including a steep rise in distribution expenses and increased production costs mainly associated with the construction of a new production system in the United States.
- **Umami seasonings for processed food manufacturers:** Profit increased due to factors including an increase in sales volume and the positive exchange rate for trade, although higher fermentation raw material and fuel prices had a negative impact. **Sweeteners:** Profit was basically unchanged from the same period of the previous fiscal year.

Life Support segment sales decreased due to a decline in animal nutrition sales, despite growth in sales of specialty chemicals. Business profit increased due to significant growth in profit from both animal nutrition and specialty chemicals.

Main Factors in the Change in Sales

- **Animal nutrition:** Despite a substantial increase in sales of Tryptophan, overall sales decreased due to decreases in sales volume of Lysine and Threonine.
- **Specialty chemicals:** Sales increased, due mainly to strong sales of electronic materials.

Main Factors in the Change in Business Profit

- **Animal nutrition:** Profit increased substantially due to the effect of increased sales of Tryptophan and other factors.
- **Specialty chemicals:** Profit increased substantially as a result of the increase in sales.

Healthcare segment sales increased due to substantial growth in sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods. Business profit increased due to substantial growth in profit resulting from the increased sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods.

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, mainly due to growth in sales of personal care ingredients and foods with functional claims, among other factors.

Main Factors in the Change in Business Profit

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

II. Revision to Full-Year Consolidated Performance Forecast for Fiscal 2018

Based on recent trends in business performance, Ajinomoto Co. has revised its consolidated performance forecast for fiscal 2018 (April 1, 2018 – March 31, 2019), which was announced on May 10, 2018, as follows.

1. Revision to the Full-Year Consolidated Performance Forecast for Fiscal 2018

(April 1, 2018 – March 31, 2019)

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Business Profit	Profit Attributable to Owners of Parent	Basic Earnings per Share (Yen)
Previous Forecast (A)	1,184.0	103.0	61.0	110.09
Revised Forecast (B)	1,155.2	95.7	55.0	99.26
Amount of Change (B-A)	-28.8	-7.3	-6.0	—
Percentage Change (%)	-2.4%	-7.1%	-9.8%	—
[Reference] Results for the Fiscal Year Ended March 31, 2018 (Fiscal 2017)	1,114.7	95.6	60.1	105.76

2. Reasons for the Revision

Ajinomoto Co. has revised its figures for sales, business profit and profit attributable to owners of parent in the performance forecast announced on May 10, 2018.

In the Japan Food Products segment, Ajinomoto Co. expects sales and business profit to fall short of its initial forecast at the beginning of the fiscal year because sales of frozen foods (Japan) and coffee products will fall below their initial forecasts due to intensifying competition for home-use frozen foods and home-use coffee, among other factors.

In the International Food Products segment, sales have been steady despite the negative effect of currency translation, but Ajinomoto Co. expects business profit to fall short of its initial forecast at the beginning of the fiscal year due to factors including increased costs and a steep rise in distribution expenses mainly associated with elimination and consolidation of plants in the United States for frozen foods (International).

On the other hand, Ajinomoto Co. expects that in the Life Support segment, electronic materials will perform strongly and the Healthcare segment will also perform as planned. However, because these segments will not compensate for the downturns in the Japan Food Products and International Food Products segments, Ajinomoto Co. expects that overall, both sales and business profit will fall short of its initial forecast at the beginning of the fiscal year.

As a result of these factors, Ajinomoto Co. expects both sales and each level of profit to fall short of its initial forecast at the beginning of the fiscal year.

The assumed average exchange rate for the fiscal year is JPY 111 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 and risks could cause actual results to differ materially from the above forecast.

About Ajinomoto Co.

Ajinomoto Co. is a global manufacturer of high-quality seasonings, processed foods, beverages, amino acids, pharmaceuticals and specialty chemicals. For many decades Ajinomoto Co. has contributed to food culture and human health through wide-ranging application of amino acid technologies. Today, the company is becoming increasingly involved with solutions for improved food resources, human health and global sustainability. Founded in 1909 and now operating in 35 countries and regions, Ajinomoto Co. had net sales of JPY 1,150.2 billion (USD 10.36 billion) in fiscal 2017. For more about Ajinomoto Co. (TYO: 2802), visit www.ajinomoto.com.

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