

Eat Well, Live Well.



Ajinomoto Co., Inc. (2802) Financial Results for Q1 of FY2020 (Ending March 31, 2021) and Revised Forecast

Tetsuya Nakano
Corporate Vice President

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I-1. FY2020: Q1 Results Summary

FY2020 Q1 Results Summary (YoY)

Sales: ¥247.9 billion (-6.0%)

Business profit: ¥33.8 billion (+22.5%)

1. Sales: **Decreased**

- Decrease in all segments: Seasonings and Foods, Frozen Foods, and Healthcare and Others

2. Business profit: **Large increase (Profit increase: ¥6.2 billion)**

- Large increase in profit due to improved product mix, reduced marketing expenses, etc.

(Details)

Item	Impact on business profit (¥ billion)	Details
Decreased GP due to decreased sales	Approx. -6.0	—
Increased GP due to improved GP ratio	Approx. +7.0	Improved GP ratio due to improved product mix and by limiting discount sales to reduce the number of price reductions and keep supply and demand stable.
Decreased SGA expenses	Approx. +5.0	Decrease in expenses due to curbing of marketing activities in Seasonings and Foods, and Frozen Foods.

I-2. FY2020: The Impacts of COVID-19 on Our Business

(List again)

Impact on FY20 Business Results (summary)

At the present stage, it cannot be predicted when the COVID-19 outbreak will come to an end, so the economic outlook is uncertain. In these circumstances, the Company has prepared the business results forecast based on the following assumptions

1. **The state of emergency declarations, lockdowns, and other measures will be lifted by the second quarter** in each of the countries where the Ajinomoto Group operates its business, **but economic activity during this period will be significantly impacted.**
2. Although economic and other activity will recover gradually **from the third quarter**, it will continue to be impacted **by the onslaught of a second wave of COVID-19 in some regions such as North and South America.**



I-3. FY2020: Impacts of COVID-19 Reflected in the Forecast

Impact of COVID-19 on FY20 Business Results (revised)

Sales: approx. -¥70.0 billion (down approx. 6% vs. FY19 actual)

Reference: Initial forecast: approx. -¥76.0 billion (down approx. 7% vs. FY19 actual)

Business profit: approx. -¥15.0 billion (down approx. 15% vs. FY19 actual)

Reference: Initial forecast: approx. -¥23.0 billion (down approx. 23% vs. FY19 actual)

Factors reflected in the forecast for FY2020 (updated)

Impacts expected from July onward

Meaning of symbols: ○: Unchanged ▲: Changed

- (Business related) ▲ 1. Progressive decline in special demand for home-use products (Frozen Foods, Seasonings and Foods) among people self-isolating and gradual recovery of demand for eating out
Continued growth of home-use frozen food sales in North America
- 2. Drop in demand after the build-up of inventories in amino acids for pharmaceuticals
- 3. Delays in customers' development plans in pharmaceutical custom manufacturing
- ▲ 4. Fall in sales prices of feed-use amino acids (from Q2)
- 5. Impact of contraction of the market accompanying the reduction and cancellation of sports events and medical checkups
- 6. Decrease in demand from tourists due to travel restrictions between countries and regions
- (Strengthening of structure) ○ 1. Though it will be delayed, continue the reduction and sell off process of overseas operations

Impacts expected going forward...expected in Q2 or Q3

Explosion of second wave of infections in the U.S. and Brazil, and restrictions on going outside

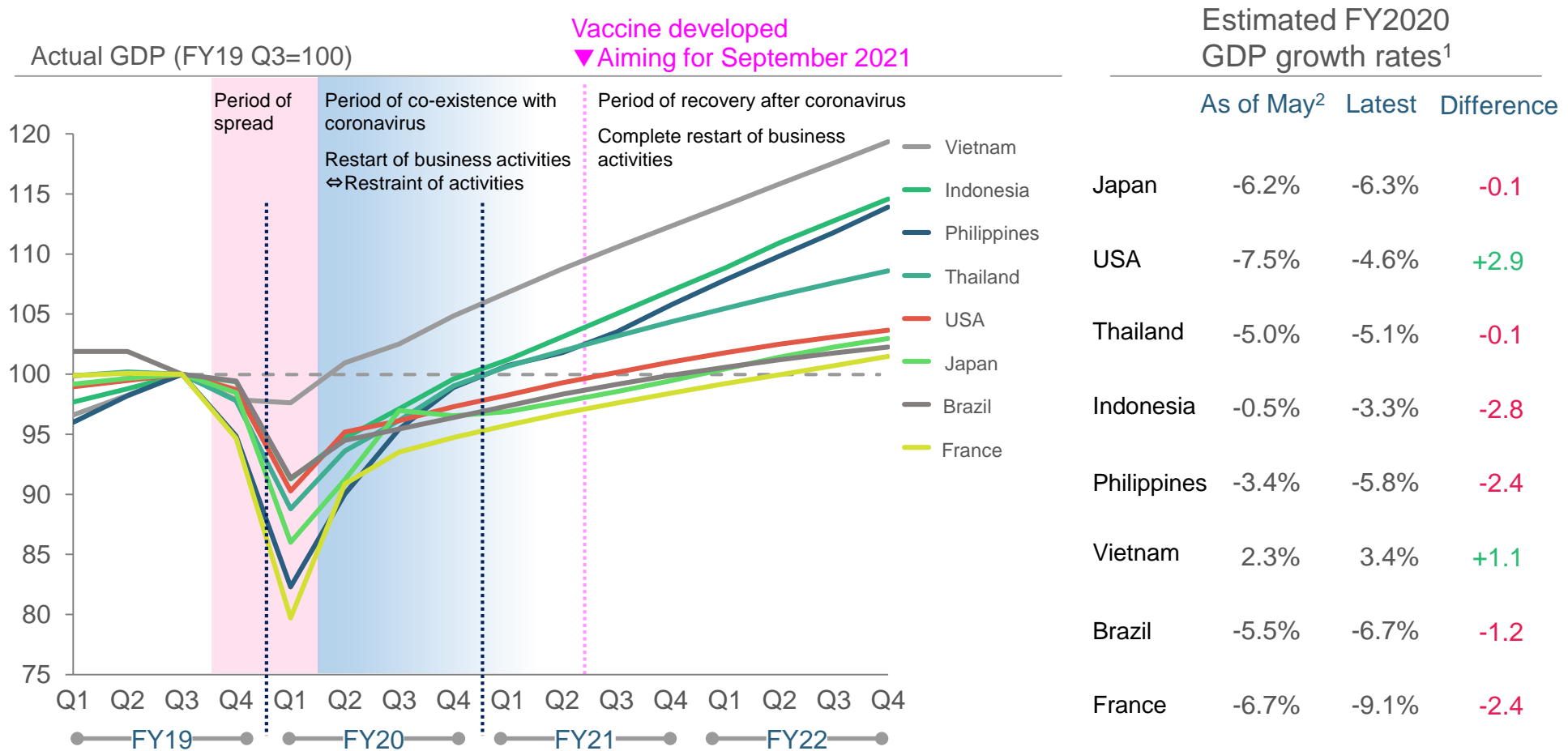
Unclear impacts that are not reflected in the forecast

Increase of unemployed people and pressure of deflation from reduced income vs. insufficient global supply and inflation



I-4. FY2020: Forecast of the Impact of COVID-19 on Each Country's Economy

Forecasts of actual GDP in our major countries of business (updated)

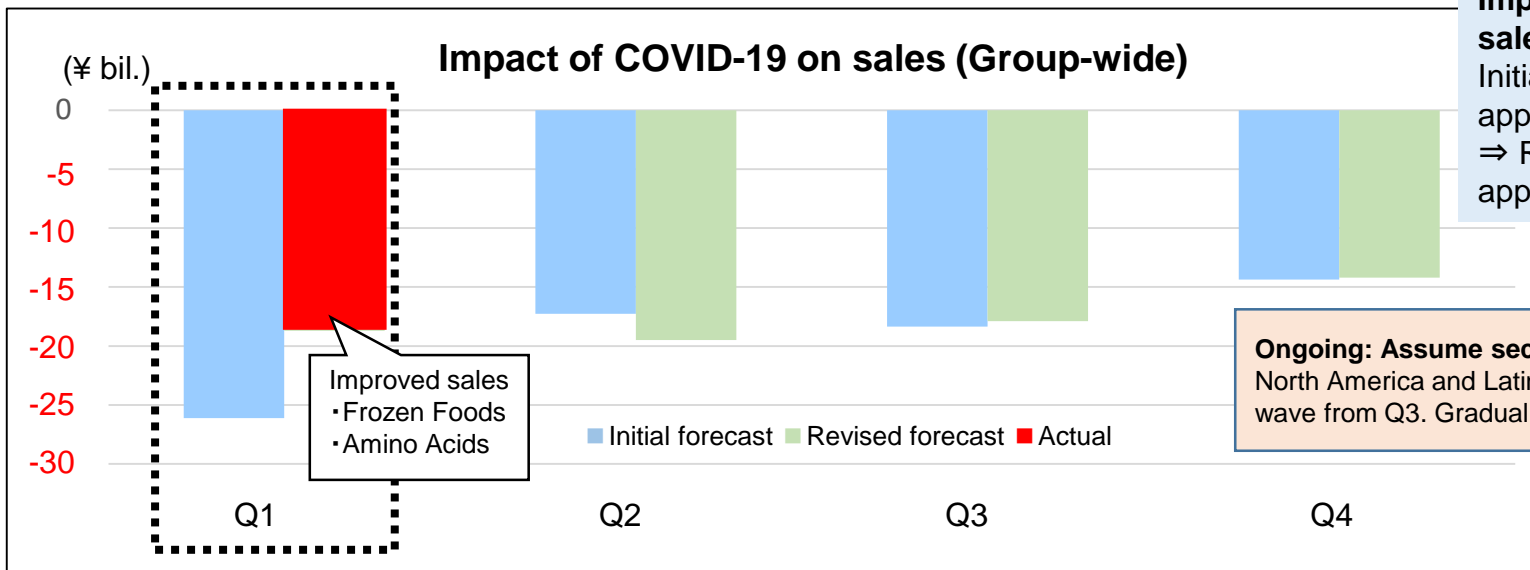


Note: with the exception of Vietnam, figures have been calculated with seasonal corrections
 Source: Oxford Economics

1. Based on quarterly estimated GDP, an annual from April to March is calculated, and the difference with FY2019 is calculated
 2. Growth rate based on the estimated GDP for each country in the May 25 Analysts' Meeting materials

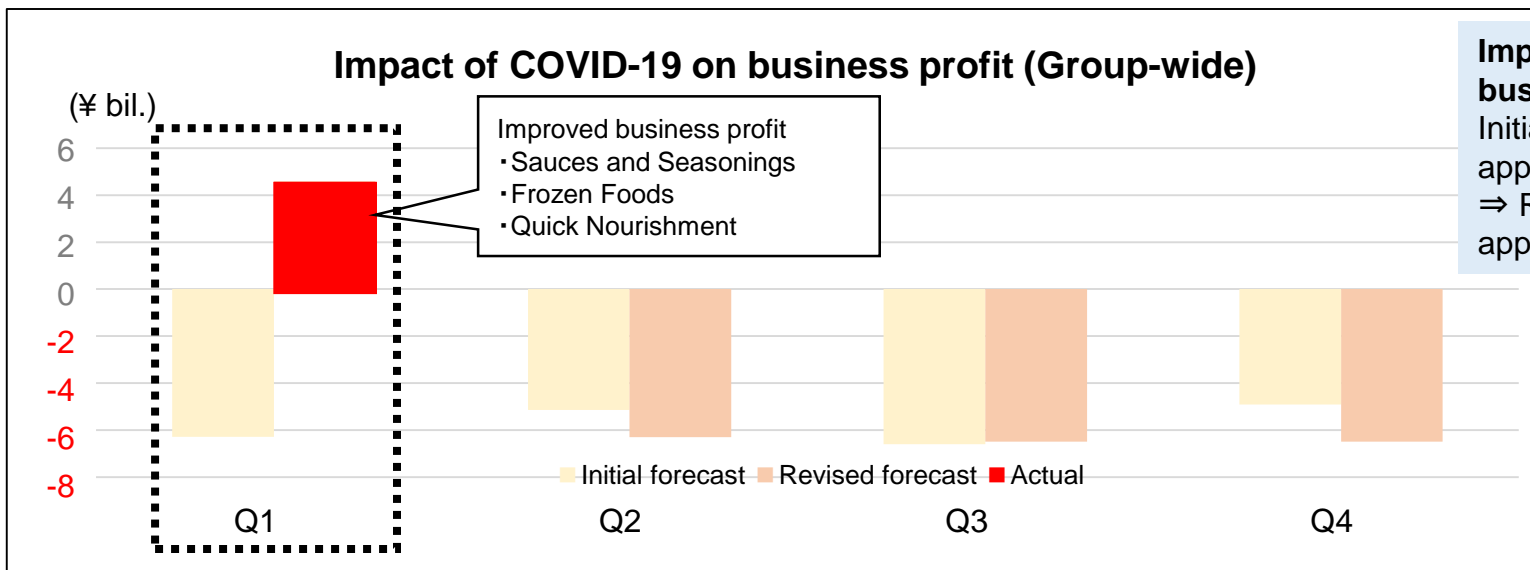


I-5. FY2020: The Impact of COVID-19 on the Forecast



Impact on annual sales
 Initial forecast approx. -¥76.0 billion
 ⇒ Revised to approx. -¥70.0 billion

Ongoing: Assume second wave
 North America and Latin America hit by wave from Q3. Gradual return to normal.



Impact on annual business profit
 Initial forecast approx. -¥23.0 billion
 ⇒ Revised to approx. -¥15.0 billion



I-6. FY2020: Forecast

Capture the wave of consumers' desire for a healthy new lifestyle, despite the continuation of the tough period of co-existence with COVID-19, and do our best to realize ASV as one team by solving food and health issues.

1. Sales: YoY **Decrease** (Revised up, reflecting the difference with the effect of COVID-19 in Q1)
 - Overseas Sauces and Seasonings, Quick Nourishment, and Frozen Foods will decrease due to impact of COVID-19.
 - Minimize reduction of sales by flexibly adding sales measures based on the state of infection in each country.
2. Business profit: YoY **Decrease** (Revised up, reflecting the status of some businesses in addition to the difference with the effect of COVID-19 in Q1)
 - Overseas Sauces and Seasonings, Quick Nourishment, and Amino Acids will decrease due to impact of COVID-19.
 - Minimize reduction of profit and continue appropriate marketing investments along with efforts at reducing costs company-wide.
3. Profit attributable to owners of the parent company: YoY **Increase**
 - Other business expenses will decrease.

(¥ billion)	FY2020 Revised forecast (A)	FY20 Initial forecast (B)	Difference (A)-(B)	FY2019 Actual (C)	Difference (A)-(C)	YoY (A)/(C)
Sales	1,057.0	1,048.0	9.0	1,100.0	-43.0	-4%
Business profit	90.0	78.0	12.0	99.2	-9.2	-10%
Profit attributable to owners of the parent company	32.0	22.5	9.5	18.8	13.1	69%

	FY2020 Revised forecast	FY20 Initial forecast	FY2019 Actual
Business profit margin	8.5%	7.4%	9.0%
ROE	5.9%	4.1%	3.3%
ROIC	3.9%	3.0%	3.0%
ROA (BP basis)	6.7%	5.8%	7.2%
EPS	¥58.37	¥41.02	¥34.37

I-7. FY2020: Profit

Although there will be improvement from the initial forecast, business profit will decrease due to impact of COVID-19. Structural reform costs are expected to be in line with initial expectations. Annual profit is forecast to increase.

(¥ Billion) -: losses	FY20 Revised forecast (A)	FY19 Actual (B)	Difference (A)-(B)	Comments
Sales	1,057.0	1,100.0	-43.0	
Business profit	90.0	99.2	-9.2	
Other operating income & expenses	-28.5	-50.4	21.9	
Impairment losses	-	-34.9	34.9	
Other	-28.5	-15.5	-13.0	Structural reform costs: approx. -16.0
Operating profit	61.4	48.7	12.6	
Financial income & expenses	-1.4	0.0	-1.4	
Profit before income taxes	60.0	48.7	11.2	
Income taxes	-22.8	-20.3	-2.5	Tax rate: FY20 forecast 38%
Profit (includes discontinued operations)	37.1	28.9	8.1	
Profit attributable to owners of the parent company	32.0	18.8	13.1	
Profit attributable to non-controlling interests	5.1	10.1	-5.0	

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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 down.**