

We have introduced a “Global Brand Logo”

In October 2017, the Ajinomoto Group introduced the Ajinomoto Group Global Brand Logo (“AGB”) for use throughout the Group.

The meaning of “Ajinomoto” is the “Essence of Umami,” which has evolved from its literal meaning, the “Essence of Taste.”

Combining the infinity symbol with the letter “A” incorporates three ambitions: the investigation, mastery and spread of “taste (Aji)”; the evolution and development of the value of “Amino acids” with leading-edge bioscience and fine chemical technologies; and the promotion of global sustainability.

The line flowing from “A” to “j” depicts a person, suggesting people *Join* together and take *Joy* in the cooking, eating and comfortable lifestyles provided by the taste (Aji) and Amino acids.

The line extending from the bottom of “j” upward to the right expresses the growth and development of the Ajinomoto Group into the future.

By aggregating and accruing the value created through ASV (The Ajinomoto Group Creating Shared Value) in AGB, the Group aims to grow into a group with greater trust from consumers around the world.



Editorial Policy

This Integrated Report provides a roadmap of the Ajinomoto Group (“the Group”) for enhancing corporate value through ASV (The Ajinomoto Group Creating Shared Value) with the aim of becoming a “Genuine Global Specialty Company” in an easy-to-read narrative format.

Through this report, the Group hopes to deepen the understanding of all of its stakeholders, starting with shareholders and other investors, regarding its approach to realizing sustainable growth.

Organizational Scope

This report covers the activities of the Group, comprising, unless otherwise noted, Ajinomoto Co., Inc. (“the Company”) and its Group companies (as of March 31, 2018), including consolidated subsidiaries and other Group companies subject to reporting under the equity method. Where sufficient information for the entire Group was unavailable, the limitation in scope is explicitly defined.

Period Covered by This Report

Fiscal 2017 (FY2017: April 1, 2017–March 31, 2018)
When appropriate, however, exceptions to this general rule are made, as when citing past circumstances and data or using recent examples for illustration purposes.

Precautions Related to Forward-Looking Statements

Forward-looking statements, such as business performance forecasts, made in this report are based on management’s estimates, assumptions and projections at the time of publication and do not represent a commitment from the Company that they will be achieved. A number of factors could cause actual results to differ materially from expectations.

CONTENTS

Sustainable Growth of the Ajinomoto Group through ASV	2
• Message from the President and CEO	12
Enhancing Corporate Value through ASV	21
The Ajinomoto Group’s Management Foundation	40
Performance and Information	61

Course of the Ajinomoto Group's Growth

The history of the Ajinomoto Group ("the Group") began in 1909, when its founder Saburosuke Suzuki II started marketing an umami seasoning *AJI-NO-MOTO*®. Umami was discovered a year earlier by Professor Kikunae Ikeda, who was driven by a strong desire to "improve the nutrition of the Japanese people." Carrying on the desire of the founding, the Group has continued to expand its business while contributing to the resolution of social issues through food and wellness. Looking ahead, the Group will strive to become a "Genuine Global Specialty Company ("GGSC")" that can grow sustainably and contribute to a healthy future for humanity and the earth through its "Food" and "AminoScience" businesses.




Overview of the Ajinomoto Group (As of March 31, 2018)		
Sales Areas Over 130 countries and regions	Business Sites 35 countries and regions	Number of Factories 123
Sales ¥1,150.2 billion		Number of Employees 34,452

Sales Performance (Sales Ratio)



For the coffee and edible oils business as well as some other businesses, the gross figures for sales and cost of goods sold were recorded in the accounts, but since FY2013 this method has been changed by netting off sales and cost of goods sold and recording the net figure in the accounts. Post-reclassification basis from FY2009.

Evolution of the Ajinomoto Group

1909	1910~	1950~	1960~	1990~	2010~	
<p>Launch of <i>AJI-NO-MOTO</i>®, world's first umami seasoning</p> <p>1909 Industry-academia collaboration between Professor Kikunae Ikeda and Saburosuke Suzuki II</p>  <p>Dr. Kikunae Ikeda Discoverer of the umami taste Saburosuke Suzuki II Founder of the Ajinomoto Group</p> <p>Commercialized monosodium glutamate (MSG)</p>  <p>The original <i>AJI-NO-MOTO</i>® (1909)</p>	<p>Expansion of <i>AJI-NO-MOTO</i>® production and sales and start of exports</p> <p>1910 Established agent in Taiwan</p>  <p>Sole agent in Tainan, Taiwan (as of 1936)</p> <p>1917 Opened New York purchasing and sales office</p> <p>1927 Opened Singapore sales office</p> <p>1930s Expanded sales channels for processed foods in the U.S.</p>	<p>Recommencement of overseas expansion</p> <p>1950 Commenced exports to European processed food manufacturers</p> <p>1956 Established subsidiary in Brazil</p> <p>Launched amino acids for pharmaceutical use, contributing to world's first amino acid infusion</p> <p>1958 Description of MSG as a representative GRAS^{*1} substance in the U.S. CFR^{*2}</p>	<p>Commencement of local production and diversification of businesses</p> <p>1960~ Commenced local production of MSG (Thailand, the Philippines, Malaysia, Peru, Indonesia, Brazil)</p> <p>1962 Alliance with U.S. Kellogg Company (Corn Flakes)</p> <p>1963 Alliance with U.S. CPC International Inc. (Soup)</p> <p>1965 Commenced production of feed-use lysine</p> <p>1970 Launched <i>HON-DASHI</i></p>	<p>Application of amino acid functions and technologies</p> <p>1972 Launched <i>Ajinomoto KK Frozen Foods</i></p> <p>Launched amino acid-based personal care ingredient, <i>Amisoft</i>®</p> <p>1973 Alliance with U.S. General Foods Corporation (Coffee)</p> <p>1982 Launched amino acid sweetener, aspartame</p> <p>1987 MSG categorized as a safe food additive unnecessary to specify Acceptable Daily Intake by JECFA^{*3}</p>	<p>Quest to become a GGSC through ASV</p> <p>1990 MSG categorized as a safe food additive unnecessary to specify Acceptable Daily Intake by EC/SCF^{*4}</p> <p>1991 Established subsidiary in Nigeria</p> <p>1995 Launched amino acid sports supplement, <i>amino VITAL</i>®</p> <p>1999 Launched interlayer insulating material for semiconductor packages, <i>Ajinomoto Build-up Film</i>®</p>	<p>2011 Commenced the <i>AminoIndex</i>® illness risk diagnosis business</p> <p>2013 Acquired U.S.-based biopharmaceutical CDMO,^{*5} Althea Technologies, Inc. (currently Ajinomoto Althea, Inc.)</p> <p>2014 Joint development of cell culture medium for regenerative medicine with the Center for IPS Cell Research and Application, Kyoto University</p> <p>Acquired U.S.-based frozen food manufacturer, Windsor Quality Holdings, LP (currently Ajinomoto Foods North America, Inc.)</p> <p>2015 Alliance with T. HASEGAWA CO., LTD. (Fermented natural flavors)</p> <p>2018 Established Ajinomoto Kohjin Bio Co., Ltd. (Contract manufacturing of clinical-use cell culture media for regenerative medicine applications)</p>

^{*1} Generally Recognized As Safe
^{*2} Code of Federal Regulations

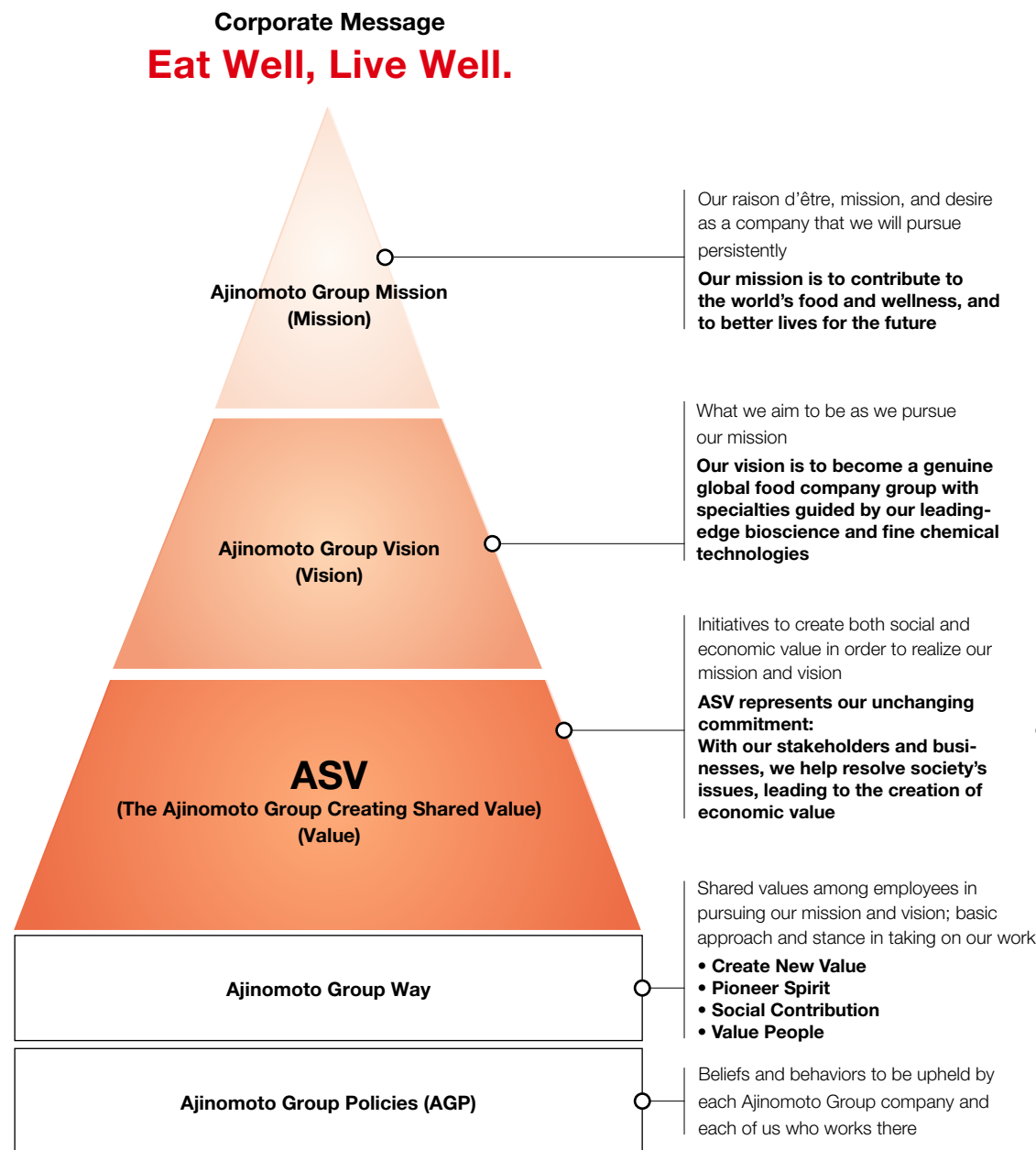
^{*3} Joint FAO/WHO Expert Committee on Food Additives
^{*4} European Commission/Scientific Committee on Food

^{*5} Contract Development and Manufacturing Organization

ASV to be Pursued over the Next Century

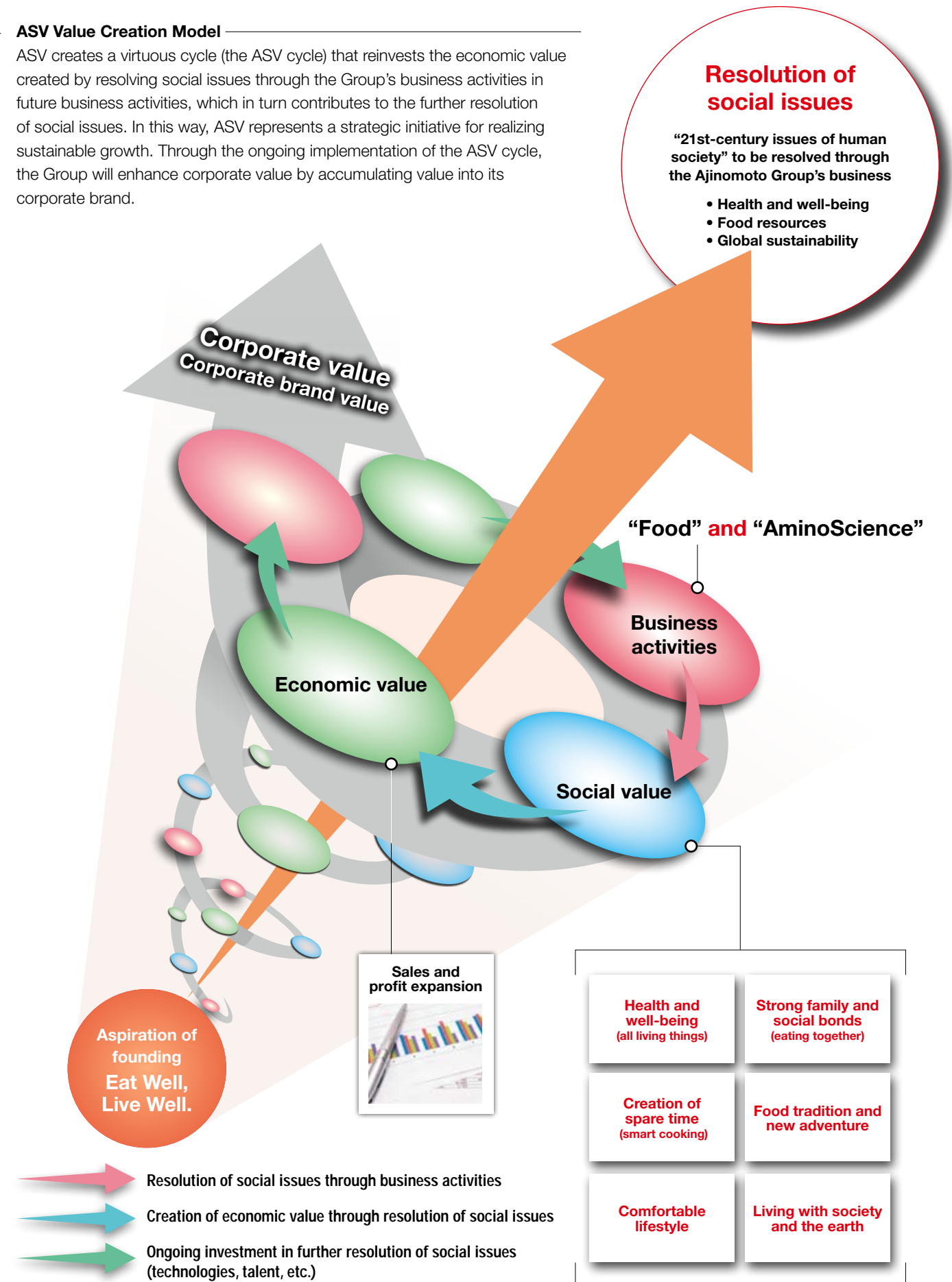
Since its founding, the Ajinomoto Group has been consistently engaging in initiatives to resolve social issues through its business. Through shared value with society and local communities, the Group has improved economic value, thus leading to its growth. These kinds of initiatives have been named ASV (The Ajinomoto Group Creating Shared Value). ASV has been positioned at the core of the Group's corporate philosophy, "Our Philosophy," to realize the mission and vision adopted under this philosophy.

Our Philosophy



ASV Value Creation Model

ASV creates a virtuous cycle (the ASV cycle) that reinvests the economic value created by resolving social issues through the Group's business activities in future business activities, which in turn contributes to the further resolution of social issues. In this way, ASV represents a strategic initiative for realizing sustainable growth. Through the ongoing implementation of the ASV cycle, the Group will enhance corporate value by accumulating value into its corporate brand.



ASV Value Creation Stories

The Ajinomoto Group has defined three material issues of 21st-century human society to be resolved through its business: "health and well-being," "food resources," and "global sustainability." In the FY2017-2019 (for FY2020) Medium-Term Management Plan (hereinafter, "FY17-19 MTP"), ASV value creation stories have been defined based on the Group's core competencies to shape its approach for resolving these issues. The Group is advancing its business activities in accordance with these stories.

Materiality Items of the Ajinomoto Group

While carefully assessing the macro environment, the Ajinomoto Group has engaged in dialogue with external experts to identify several materiality items. In 2017, these items were updated to reflect the United Nations' Sustainable Development Goals (SDGs) and incorporated into the FY17-19 MTP with consideration paid to the level of importance to society and the Group's business in non-financial areas.

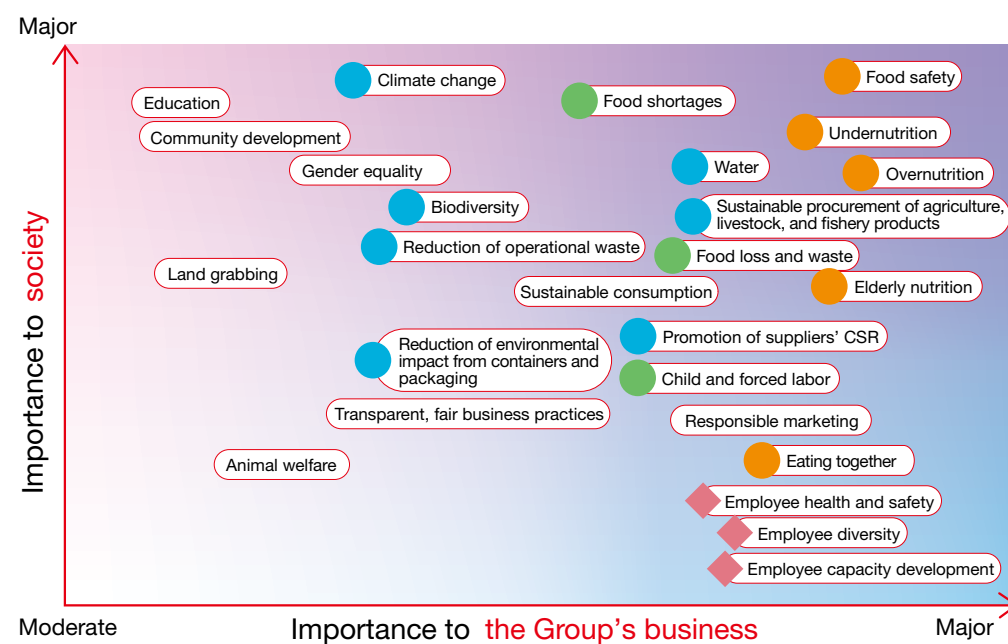
21st-Century Issues of Human Society to be Resolved through the Ajinomoto Group's Business



Issues in the Macro Environment



Materiality Matrix of the Ajinomoto Group

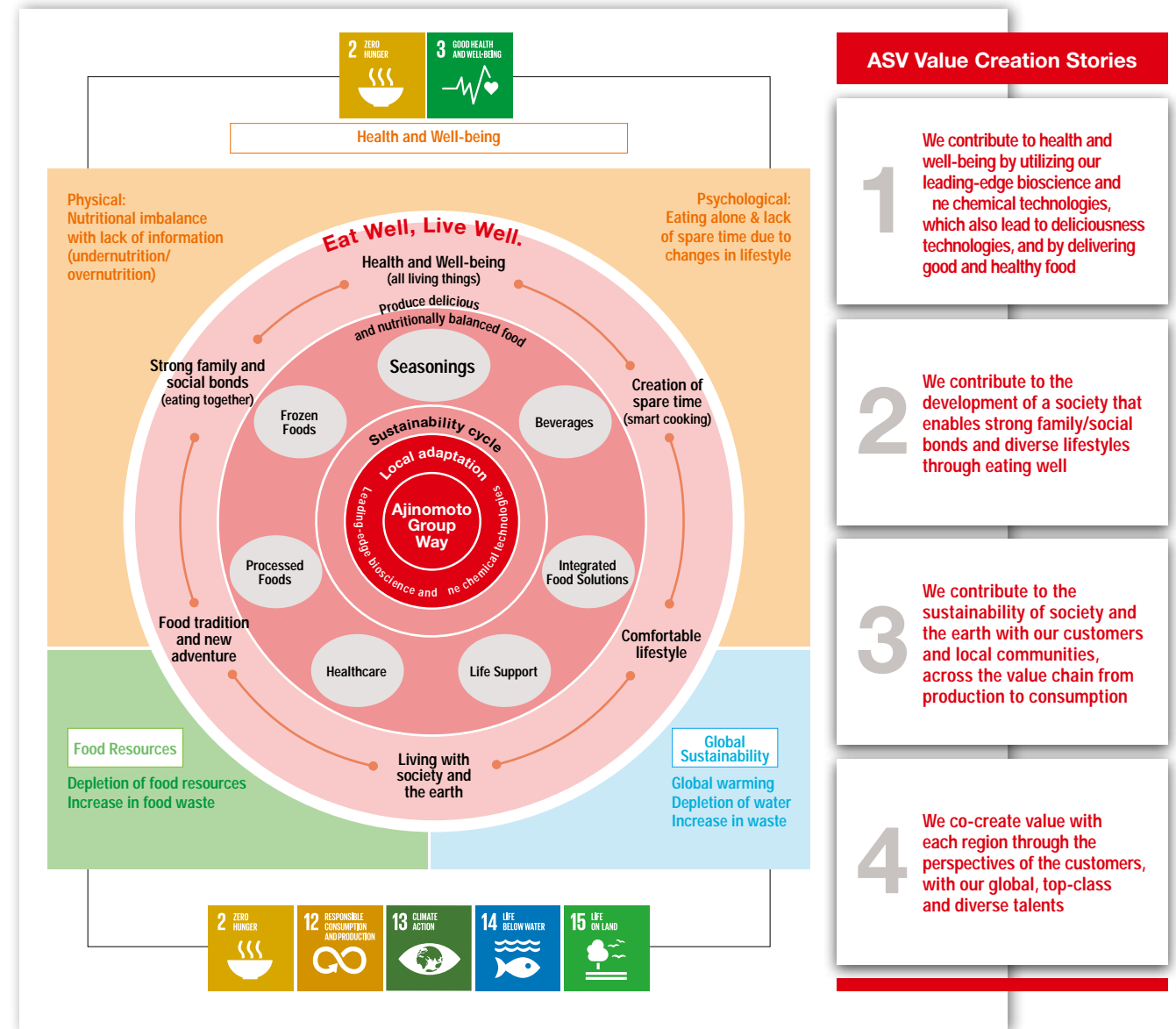


Materiality relevant to "21st-century issues of human society"

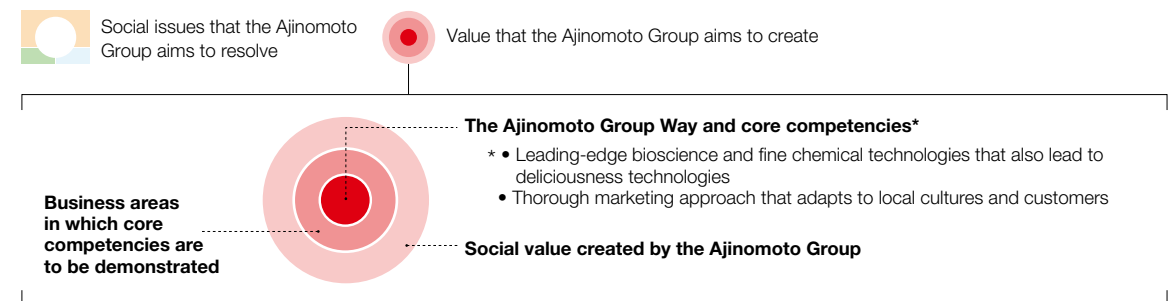
- Health and Well-being (Orange circle)
- Food Resources (Green circle)
- Global Sustainability (Blue circle)
- Business Foundation (Red diamond)

Value That the Ajinomoto Group Aims to Create

The diverse human resources of the Ajinomoto Group, who embody the Ajinomoto Group Way, seek to create social value through activities in each business area by leveraging the Group's core competencies, namely leading-edge bioscience and fine chemical technologies that also lead to deliciousness technologies, and a thorough marketing approach that adapts to local cultures and customers. This pursuit has been codified in ASV value creation stories.



- ### ASV Value Creation Stories
- We contribute to health and well-being by utilizing our leading-edge bioscience and fine chemical technologies, which also lead to deliciousness technologies, and by delivering good and healthy food
 - We contribute to the development of a society that enables strong family/social bonds and diverse lifestyles through eating well
 - We contribute to the sustainability of society and the earth with our customers and local communities, across the value chain from production to consumption
 - We co-create value with each region through the perspectives of the customers, with our global, top-class and diverse talents



Target Management Indicators

Based on the ASV value creation stories of the FY17-19 MTP, the Ajinomoto Group has established integrated targets for FY2020, which consolidate non-financial targets for quantifying the social value created through our business activities and financial targets quantifying the economic value generated from this social value. Furthermore, given that corporate brand value is a value crystallization generated by all corporate activities of the Group, this brand value has been put forth as a shared indicator that comprehensively reflects evaluations from all stakeholders.

Corporate Brand Value

Enhance brand value through creating social/economic value, which leads to further value creation*2

Millions of USD

2015 2016 2017 2020 (FY)

Integrated Target for FY2020

USD 1,500 million

Genuine Global Specialty Company

To become a global top 10 class food company that grows sustainably through ASV

Integrated Targets for FY2020

ASV Value Creation Stories

1 We contribute to health and well-being by utilizing our leading-edge bioscience and ne chemical technologies, which also lead to deliciousness technologies, and by delivering good and healthy food

2 We contribute to the development of a society that enables strong family/social bonds and diverse lifestyles through eating well

3 We contribute to the sustainability of society and the earth with our customers and local communities, across the value chain from production to consumption

4 We co-create value with each region through the perspectives of the customers, with our global, top-class and diverse talents

Non-Financial Targets (Social Value)

Better nutritional balance by eating more protein and vegetables with umami

Business activity

Produce good and healthy food menus with protein and vegetables centered on umami

More eating together

Business activity

Produce menus of delicious foods to be eaten with family or colleagues

Smart and delicious cooking

Business activity

Provide food products that enable smart and delicious cooking

People's comfortable lifestyles

Business activity

Provide ingredients and products supported by amino acid technologies

Resolution of environmental issues

Business activity

Construct a value chain that optimizes the use of resources

Contribute to the global environment throughout the procurement, production, and consumption processes

▶ See p26

Improved employee engagement

Business activity

Improve working environments supported by IT

Employees with high engagement

80%

FY2020 Target

Financial Targets under IFRS (Economic Value)

Umami seasonings +100K tons

Flavor seasonings +90K tons

Frozen foods +30 million packages*3

Soups 100 million servings*4

Amino acids +80K tons

Cost reduction -¥10 billion*5

Higher specialty ratio through innovation

Higher work efficiency supported by IT -¥2.5 billion*5

Business profit

¥137.0 billion or more

Business profit margin

10%

ROE

10% or higher

EPS growth rate

Double-digit annual growth

International sales growth rate (consumer foods) (local currency basis)

Double-digit annual growth

Total sales

¥1,350 billion (+¥260 billion)

Operating Income/Business Profit / Operating Income Margin/Business Profit Margin*6

ROE / EPS Growth Rate*6

Overseas Sales*6

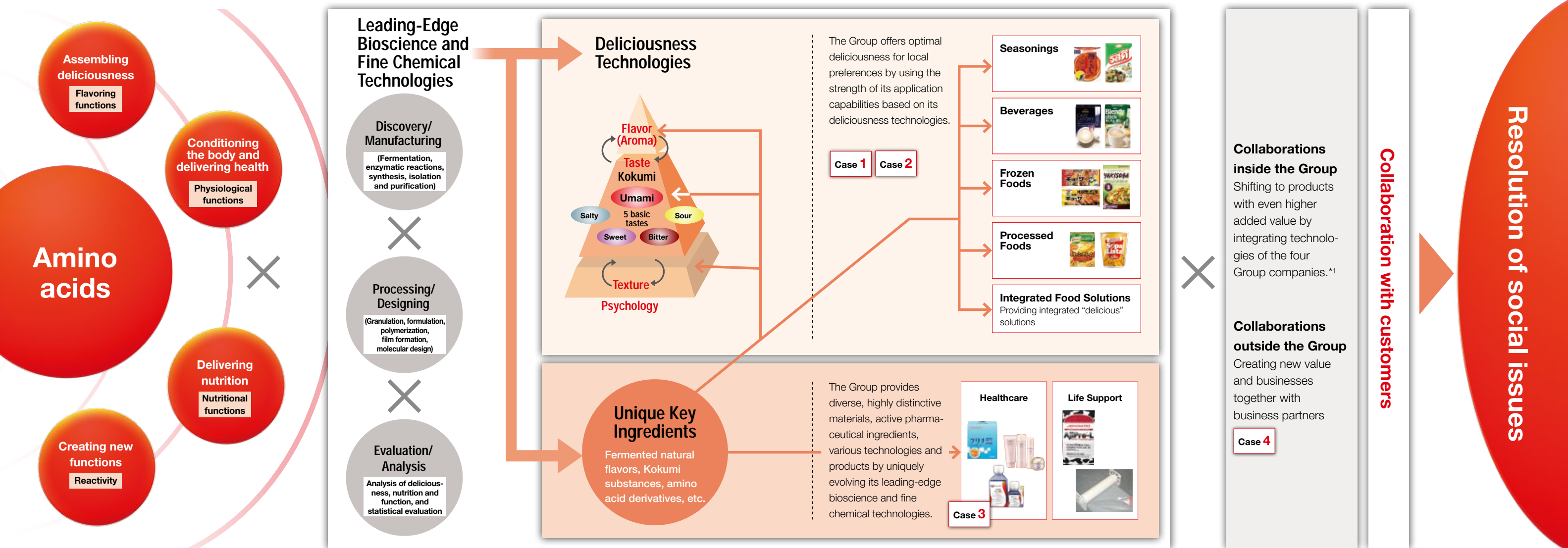
*1 Thailand, Brazil, Indonesia, Vietnam, the Philippines *2 Evaluated by Interbrand, "Japan's Best Brand" *3 Counting only products for household consumers in Japan *4 Counting only cup soup products in Japan *5 Comparison between FY2016 and FY2019 *6 Application of IFRS from FY2015 Note: Increases for umami seasonings, flavor seasonings, frozen foods, soups, and amino acids are comparisons over the period from FY2015 to FY2020. Increases in management indicators are comparisons over the period from FY2016 to FY2020.

Maximizing the Infinite Potential of Amino Acids through Leading-Edge Bioscience and Fine Chemical Technologies

Amino acids provide the source for life on this earth. Glutamic acid, an amino acid, represents the essence of umami. The Ajinomoto Group has carried out research centered on amino acids, thereby cultivating and enhancing leading-edge bioscience and fine chemical technologies. The Group operates food business, which leverages deliciousness technologies as a major strength, and AminoScience business, which utilizes functions and technologies related to amino acids. Going forward, the Group will continue to contribute to the resolution of social issues as a pioneer in the pursuit of the infinite potential of amino acids.

What is the Ajinomoto Group's application capabilities?

Capabilities that uniquely and optimally design, formulate, and evaluate according to consumer/business partner needs



Application Capabilities Based on Deliciousness Technologies

Case 1 Responding to the need for shortening cooking time

- Unique formulation of "the root vegetable softener" that makes it easier to break down the cell walls of root vegetables
- The softener sufficiently permeates vegetables' cell walls and ingredients become soft just by boiling for a short period of time (Reduces cooking time by roughly 30 to 40 minutes [in-house survey])

Seasonings

Case 2 Responding to the need for salt reduction and delivering optimal deliciousness for Americans

- Integrating the Group's salt reduction technologies
- Analyzing the deliciousness preferred in the United States
- Easy to enjoy healthy and high-quality Asian/ethnic dishes (Approximately 30% salt reduction compared with conventional products)

Frozen Foods

Leveraging Amino Acid Functions through Leading-Edge Bioscience and Fine Chemical Technologies

Case 3 Supporting the health of the elderly

- Uniquely formulating nine essential amino acids*2 that help to build muscle
- Realizing delicious taste and a melt-in-the-mouth sensation that enables elderly people to take easily
- Supporting muscle protein synthesis by continuing to take on a daily basis

Note: Amino Aile® has been renewed since April 2019.

Case 4 Establishing the Client Innovation Center

Established in June 2018 to serve as a base for co-creating new value and businesses with business partners

*1 Consolidating the food R&D departments of Ajinomoto Co., Inc., Ajinomoto Frozen Foods Co., Inc., Ajinomoto AGF, Inc., and Knorr Foods Co., Ltd. (planned for FY2020)
*2 Amino acids that cannot be synthesized by the body

Message from the President and CEO

As a global leader working to resolve social issues, we will continue to contribute to a healthy future for humanity and the earth through our “Food” and “AminoScience” businesses.

Eat Well, Live Well

Aji
AJINOMOTO

Takaaki Nishii

Representative Director,
President & Chief Executive Officer

Future Image of the Ajinomoto Group (ASV Evolution)

By carrying on the aspiration of our founding through our “Food” and “AminoScience” businesses, we are aiming to become a “Genuine Global Specialty Company” that can grow sustainably and contribute to a healthy future for humanity and the earth. As an important milestone for becoming such a company, we are taking on the challenge of becoming a “Global Top 10 Class Food Company” by FY2020. We recognize the following items as important elements for accomplishing this task.

Elements needed to become a “Global Top 10 Class Food Company”

- Establish business categories that are positioned within the top three globally as core businesses
- Develop businesses on a global scale
- Generate business profit of ¥130.0 billion or more
- Boast a business profit margin of 10% or higher
- Realize ROE of 10% or higher
- Develop initiatives on ESG targets that meet international standards such as the United Nations’ Sustainable Development Goals (SDGs)

The Ajinomoto Group's Core Competencies, Uniqueness, and Driving Force for Growth

Our core competencies for becoming a “Genuine Global Specialty Company” are the following two based on our talented employees, who embody our “creativity” and “pioneering spirit.”

The first is our leading-edge bioscience and fine chemical technologies, which have derived from the research, development, and production of amino acids. The second is our marketing and sales capabilities that have allowed us to advance these technologies as a business in a manner that adapts to our global customers and local communities.

For example, in our pursuit of umami, typified by glutamic acid, or our umami seasoning *AJI-NO-MOTO*[®], we have utilized our technological capabilities to offer products of high quality at reasonable prices across the globe. Furthermore, with the Group's unique deliciousness technologies, we have evolved our operations to offer flavor seasonings and menu-specific seasonings tailored to the food culture of each country and region. Through our “global No. 1 dry savories*” and processed foods businesses, we currently provide food products equivalent to approximately 260 billion nutritionally balanced meals that use meat and vegetables in over 130 countries and regions around the world on an annual basis (in-house calculation based on umami usage amounts; 2 grams of umami per meal).

Also, in addition to the function of enhancing taste, we are promoting research to clarify other functions of amino acids, such as their nutritional value and their ability to assist in improving physical and psychological health. For example, amino acids can help improve nutritional imbalances during the weaning period for children in developing countries. Moreover, through sports supplements, dietary supplements, and “Foods with Functional Claims,” amino acids can help offer greater levels of wellness in a wide variety of lifestyle settings.

* Dry savories: Umami seasoning and flavor seasonings (powdered, cubes, etc.)

Additionally, highly functional cell culture media with original amino acid mixtures are an essential part of research and development on advanced regenerative medicine, such as iPS cell culture media, which are progressing at a rapid pace. As such, we firmly believe that amino acids

Message from the President and CEO

will contribute significantly to the realization of groundbreaking pharmaceutical products and medical treatment in the near future.

In these ways, we will leverage our core competencies, comprising our leading-edge bioscience and fine chemical technologies, which lead to deliciousness technologies, and our thorough marketing approach that adapts to local cultures and customers, to continuously provide solutions to social issues in our global "Food" and "AminoScience" businesses, thereby realizing sustainable growth.

The Social Mission and Initiatives of the Ajinomoto Group

Efforts to Resolve "21st-Century Issues of Human Society"

Our mission is to fulfill our social responsibilities by leveraging the entire value chain—from our activities in development, raw material procurement, production, and sales to the use of our products by consumers and customers. Thus, we actively aim to contribute to the resolution of issues related to "health and well-being," "food resources," and "global sustainability" for all of our customers and suppliers as well as in the social lives of our employees and their families. In regard to specific issues, we have been engaging in repeated dialogues with our stakeholders since 2005 and identified and updated our materiality items in 2017 based on the issues that our stakeholders expect us to address. We have listed the details on these materiality items in our integrated report and sustainability data book. We have been working to align our medium-term management plan with the initiatives adopted under the SDGs and the Paris Agreement. Within these efforts, I paid particularly close attention to ensure that the commitments we laid out in the FY2020 Integrated Targets and the Long-Term Environmental Vision, which were adopted under the FY17-19 MTP, are able to lead to international consent.

Key Initiatives

Above all else, we put complete quality assurance first. Standing by this, we will undertake initiatives through our product development and services in the fields of food, healthcare, and life support to comprehensively provide people around the world with an even greater number of opportunities to experience "Eat Well, Live Well.," which represents the aspiration of our founding and the core of our business.

In the managerial ranks, we will leverage these initiatives as the driver of sustainable growth for the Group by simultaneously enhancing the social value we create as well as economic value. We have named this kind of value creation "ASV (The Ajinomoto Group Creating Shared Value)" and have been striving to foster a Group-wide understanding of ASV as the core of corporate strategies for realizing our vision over the medium to long term. With the formulation of the FY17-19 MTP, we have been pushing forward with efforts aimed at accomplishing this task. Also under the FY17-19 MTP, we are promoting key initiatives aimed at resolving the following four social issues through our business activities.

- 1 Undernutrition and overnutrition caused by nutritional imbalances that stem from insufficiency in nutritional information
- 2 Psychological health issues caused by lifestyle changes such as population centralization in urban areas and the rapidly aging society, which have led to busier lifestyles and an increase in people eating meals alone
- 3 Food resource-related issues, such as the depletion of food resources, and food loss and waste
- 4 Issues for realizing a harmonious coexistence with the earth by the entire lifecycles of our products (through carbon control, reductions of food loss and waste by half, sustainable procurement, sustainable conservation of water resources, and the elimination of waste emissions)

Furthermore, to realize sustainable growth, we are pursuing three key initiatives to strengthen our management foundation and governance.

- 1 Improve our level of "employee engagement" for the approximately 34,000 Group employees and continue to pursue management efforts that focus on enhancing ASV and productivity. Specifically promote:
 - "Health and Productivity Management"
 - Active roles for diverse talent
 - Work-style innovation in Japan
- 2 In light of legal regulations of each country and region and global standards, implement the Ajinomoto Group Policies (AGP), which lay out the fundamental and universal approaches and actions of the Group, including all of its officers and employees, in addition to simple, clear, and transparent corporate governance based on AGP.
- 3 Ensure that all officers and employees carry out the Ajinomoto Group Way, which involves creating new value, pioneering spirit, social contribution, and valuing people. In doing so, realize an organizational culture of mutual encouragement.

Demonstrating Leadership in Society

I am representing the Group as a board member of the Consumer Goods Forum (CGF), an organization that comprises nearly 400 global consumer goods manufacturers and retailers. CGF displays leadership to resolve the globally shared social issues of enriching people's lifestyles and realizing a sustainable global environment. Through this position, I am making proactive efforts to spread awareness of these initiatives. In regard to international targets such as the SDGs, I believe it is extremely important to have a sense of ownership in understanding how global issues affect each country and region and to collaborate with external organizations to form a consensus on issues that need to be addressed and specific initiatives to do so. I will surely demonstrate leadership among Japanese manufacturing, wholesale, and retail organizations and in the major countries where we are operating our businesses, so that initiatives to resolve various issues will spread.

With ASV as the core of our corporate strategies, we will realize sustainable growth for the Ajinomoto Group while working to resolve "21st-century issues of human society."



Message from the President and CEO

Progress and Issues Thus Far

When comparing the Group to "global top 10 class food companies," we face several issues in terms of our financial indicators, meaning the size of our business and our level of efficiency in generating profits. In FY2017, the first year of the FY17-19 MTP, we made solid progress in the growth of our "global No. 1 dry savorys" business and the AminoScience business. We also expanded the scope of our international food businesses through M&A and steadily advanced the downstream strategy in the AminoScience business (brand + inside strategy; see p39).

Meanwhile, several issues arose in the international frozen foods business, international processed foods business, and coffee business in Japan. As a result, business profit remained at nearly the same level as in the previous fiscal year, despite an increase in sales. We achieved cash flows in line with our initial plans through Group-wide efforts to enhance cash management as well as the positive effects of tax reductions in the United States and other countries. As such, for shareholder returns, we were able to adhere to the policies of "paying stable and continuous dividends with a target payout ratio of 30%" and "considering flexible share buybacks with a target shareholder return of 50% or higher (three-year cumulative)."

While we will actively promote efforts in FY2018 to address the business issues that newly materialized, we are currently about a year behind the progress we wish to make under the FY17-19 MTP due to the highly adverse impact of soaring raw material prices and other factors. I will personally focus on addressing structural issues at domestic and overseas Group companies and moving forward with revisions to our growth strategies. By streamlining Japan's production plants, which we will undertake on a full-scale level starting in FY2018, as well as enhancing the efficiency of our corporate divisions, we will aim to restore our progress by FY2020.

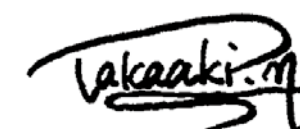
As for non-financial targets pertaining to ESG, in FY2017 we established the "Group Shared Policy on Nutrition," followed by formulating environmental targets for each fiscal year. In addition, we documented in writing each of our policies for fulfilling our corporate responsibilities. In these ways, I feel we made steady progress toward becoming a "global top 10 class food company." During the year, we also achieved progress toward non-financial targets that was either in line with or surpassed our initial plans. Within our primary corporate governance initiatives, our progress for improving employee engagement and work-style innovation in Japan exceeded what we anticipated under the FY17-19 MTP.

Furthermore, we established the enhancement of our corporate brand as an integrated target that combines both financial and non-financial aspects. In FY2017, our corporate brand was valued at US\$778 million, an approximately 10% increase from the previous fiscal year (evaluated by brand consulting firm Interbrand). We have now commenced a corporate brand strategy that centers on raising an awareness of the Ajinomoto Group Global Brand Logo, which we revamped in October 2017. Starting from FY2018, we will begin public relations activities to communicate the company message of ASV value creation in Japan and other key countries of operation such as the United States. We will also carry out a broad range of initiatives in accordance with the FY17-19 MTP aimed at reaching a corporate brand value of US\$1,500 million by FY2020.

A Message to Our Stakeholders

The Ajinomoto Group is currently implementing the FY17-19 MTP, which centers on "ASV value creation stories" that aim to realize sustainable growth through ASV and further enhance the importance of the Group's presence in society. I hope our *Integrated Report 2018* and *Sustainability Data Book 2018* will give our stakeholders a clearer picture of the Group's approach. I also sincerely hope that these publications spark new dialogues with our stakeholders that will help the Group achieve sustainable growth from FY2020 on.

July 2018



Takaaki Nishii
Representative Director,
President & Chief Executive Officer

Roadmap to a "Genuine Global Specialty Company"

By realizing a transition to a robust business structure that can continue to generate profit, we aim to become a "global top 10 class food company."

Sustainable value creation as a "Genuine Global Specialty Company"

		FY2017 Actual	FY2018 Forecast	FY2019 Expected	FY2019 Plan	FY2020 Target (Organic growth)
Financial	Business profit	¥97.3 billion	¥103.0 billion	¥116.0 billion	¥124.0 billion	¥137.0 billion or more
	Business profit margin	8.5%	8.7%	9.3%	9.4%	10%
	ROE	9.7%	9.5%	9.8%	9.8%	10% or higher
	EPS growth rate	15%	3%	7%	6%	Double-digit annual growth
	International sales growth rate (consumer foods) ²	5%	7%	YoY growth rate + α	Double-digit annual growth	Double-digit annual growth
Non-financial ³	Meat and vegetable consumption ⁴	Meat: 7.2 million tons; 17% (8.3 kg/person/year) Vegetables: 4.4 million tons; 7.4% (5.1 kg/person/year)	Meat: 7.6 million tons; 18% (8.7 kg/person/year) Vegetables: 4.7 million tons; 7.9% (5.4 kg/person/year)	—	—	Meat: 8.6 million tons; 19% (9.7 kg/person/year) Vegetables: 5.5 million tons; 8.0% (6.2 kg/person/year)
	Contribution to eating together	60 times/household/year	63 times/household/year	—	—	70 times/household/year
	Spare time created	37 million hours/year (5 hours/household)	38 million hours/year (5 hours/household)	—	—	38 million hours/year (6 hours/household)
	Contribution to a comfortable lifestyle (AminoScience)	19.8 million people	20.0 million people	—	—	22.0 million people
	Resolution of environmental issues	See p26				
Employees with high engagement	79%	—	—	—	80%	
Integrated	Brand value ⁵	USD778 million	—	—	—	USD1,500 million

¹ A "global top 10 class food company" is defined as a company business profit of ¥130 billion or higher based on IFRS. ² Local currency basis ³ Refers to FY2017-2019 (for 2020) Medium-Term Management Plan (as of February 17, 2017) ⁴ Annual total and % of annual consumption per person ⁵ Evaluated by Interbrand, "Japan's Best Global Brands"



Message from the Corporate Senior Vice President in Charge of Finance



The Ajinomoto Group will continue to implement the ASV value creation cycle and enhance shareholder value.

Masaya Tochio

Member of the Board
& Corporate Senior Vice President

Toward Realizing Sustainable Growth through ASV

The Ajinomoto Group has been consistently engaging in ASV initiatives to create value that contributes to resolving social issues. By reinvesting economic value, created through the resolution of social issues, for growth, structural reforms and others, the Group will continue to implement the ASV value creation cycle, thus realizing sustainable earnings growth as well as expansion of shareholder returns.

Focus areas of corporate senior vice president in charge of finance for ASV value creation

- 1 Improvement of ROE and maximization of operating cash flows
- 2 Investment for growth and shareholder return
- 3 Financial health
- 4 Dialogue with stakeholders
- 5 Talent development for finance positions

Summary of FY2017 and What the Ajinomoto Group Aims for in FY2018 and Beyond

In FY2017, the first year of the FY17-19 MTP, growth in profit attributable to owners of the parent company led return on equity (ROE) to climb to 9.7%, practically accomplishing the target of 9.8% set for the final year of the FY17-19 MTP.

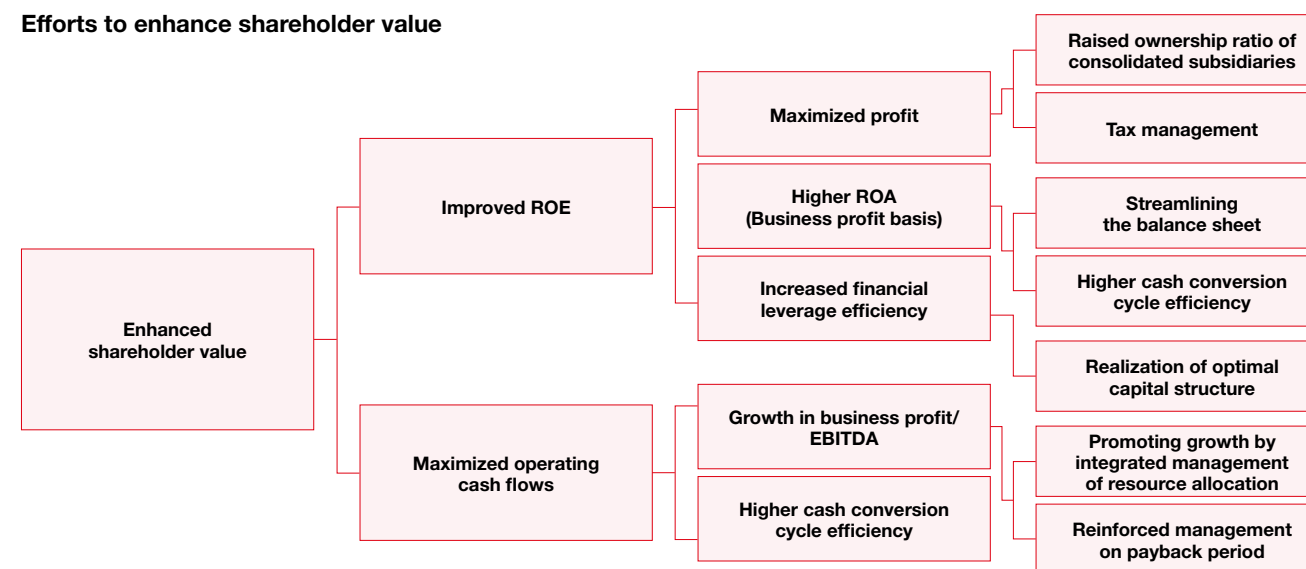
On a business profit basis, return on assets (ROA) was 7.0%, a year-on-year decrease of 0.4 percentage point. Business profit was ¥97.3 billion, which was lower than the FY2017 target of ¥102.0 billion. While seasonings and processed foods, life support, and the CDMO business in healthcare contributed, the issues revolved around businesses of coffee in Japan, canned coffee in Thailand, and frozen foods in the United States. We are currently moving ahead with concrete measures to address these issues and realize improvements over the course of FY2018. We were able to achieve cost savings by approximately ¥4.5 billion year on year through ongoing cost reduction initiatives in procuring raw materials and using resource-saving fermentation technologies. The ratio of Group shared expenses to sales, for which we have set a target of 2.5% for FY2020, was relatively unchanged year on year in FY2017 at 3.2% due to upfront investments in the renewal of core systems and work-style innovation in Japan. Nonetheless, we remain committed to achieving the target through an assortment of drastic measures such as reviewing the business processes and the consolidation of the corporate functions of Group companies.

It currently looks as though the target for business profit in the final year of the FY17-19 MTP will be achieved a year after the period of the plan. In FY2018, we will continue to expand businesses with good performance while concentrating efforts on addressing the issues in struggling businesses, and will also work on strengthening profitability by steadily expanding the specialty ratio, furthering cost reductions, reviewing prices, and others. Through these efforts, we aim to achieve business profit of ¥116.0 billion in FY2019.

Efforts to Improve ROE and Maximize Operating Cash Flows toward Enhanced Shareholder Value

In order to further enhance shareholder value, the focus areas from a financial viewpoint are improvement of ROE and maximization of operating cash flows.

Efforts to enhance shareholder value



Improvement of ROE

In order to move toward a level of efficiency befitting of a “global top 10 class food company,” it is important to improve ROE beyond capital cost by improving profitability and increasing financial leverage efficiency. We recognize that the level for weighted average cost of capital (WACC), a basic indicator for the Ajinomoto Group's capital strategies, is approximately 5%. We will continue to pursue higher levels of ROE going forward with a particular focus on reducing equity cost and increasing profit by raising the ownership ratio of consolidated subsidiaries. Regarding the increase in the ownership ratio of consolidated subsidiaries, we are prudently advancing dialogue with local partners, with the aim to repurchase non-controlling interests step by step.

At the same time, we are pursuing working capital improvements through higher cash conversion cycle (CCC) efficiency while effectively utilizing the cash and deposits held by the Group to streamline our balance sheet.

Furthermore, having instituted the Group Shared Policy on Global Tax, we are moving forward with compatibility with country and regional tax codes while addressing tax risks. We anticipate that these efforts will help us achieve the integrated tax management needed to maximize profit and free cash flows.

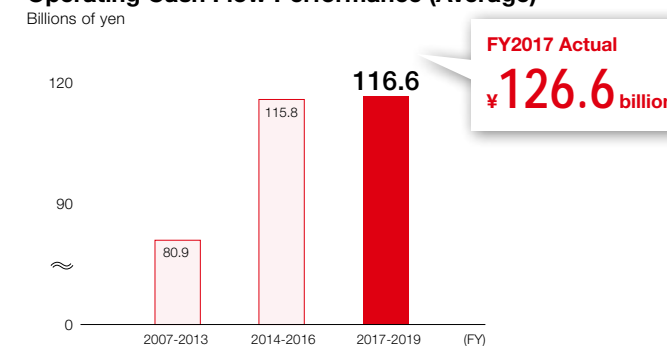
Maximization of Operating Cash Flows and Investment for Growth

The Ajinomoto Group is in the process of developing a corporate constitution that will enable it to continually generate annual operating cash flows in excess of ¥100.0 billion. For example, in FY2017 we were able to shorten the CCC by six days by reduction of the turnover period through downsizing inventories. We anticipate that our capability to generate cash will increase further as the benefits of structural reforms begin appearing in the future.

We have been holding business portfolio meetings at the management level since 2016 as a mechanism to formulate optimal resource allocation policy for growth investment. Prior to the establishment of this meeting, we discussed necessary investments by division or business at the Executive Committee. The business portfolio meeting has enabled us to adopt frameworks that are more ideal for setting resource allocation policies. Specifically, we have formulated a vision for our business portfolio 10 years from now and are taking an integrated approach toward determining how to allocate resources to capital expenditures, R&D and M&A in order to realize this vision. A result of this approach was the intent to focus resource allocations on the international food products, integrated food solutions, and advanced biopharmaceuticals detailed in the FY17-19 MTP.

Turning to our progress toward a well-balanced regional portfolio, in the past the sales of international food products showed a particular dependence on Thailand. However, the steady growth of operations in other countries and regions has reduced

Operating Cash Flow Performance (Average)



Message from the Corporate Senior Vice President in Charge of Finance

this dependence to roughly one-third of its prior level. In Thailand, while the canned coffee business is struggling, the seasonings business is still growing. In this way, in order to further strengthen the operation in “Five Stars” countries, we will appropriately review resource allocations while improving the balance between businesses and regions.

When making investment decisions, one of the key points of consideration is the payback period. As the Ajinomoto Group has businesses involving food products, for which the payback period is relatively short, and AminoScience, which requires more than 10 years, we will consider resource allocations managing ROA and the payback speed.

In FY2017, while keeping total capital expenditures lower than in the previous fiscal year, we focused on allocating expenditures to the steadily growing International Food Products. In addition, investment in R&D in FY2017 was as planned in the FY17-19 MTP. Regarding M&A, we are adhering to a policy of securing the majority of funds through interest-bearing debt and strategically conducting M&A. We are benchmarking our net debt-equity ratio at around 50%, but we are open to having it exceed 50% depending on the situation. In FY2017, M&A was conducted in both the food products and AminoScience businesses, and the total investment was approximately ¥22.6 billion.

Shareholder Return

Although we have been focusing the allocation of cash flows on growth investments, we have also been taking steps to increase shareholder returns. We aim for a payout ratio of 30% for each fiscal year as well as a total shareholder return (payout + share buyback) ratio of 50% or higher over the three-year period of the FY17-19 MTP in order to secure the funds for future shareholder returns. Specifically, we approved share buybacks with an upper limit of ¥40.0 billion in May 2018.

Financial Strategy	FY2017 Actual	FY2018 Plan
Cash flows <ul style="list-style-type: none"> Operating cash flows of approximately ¥350 billion during the period of FY17-19 MTP <ul style="list-style-type: none"> Improve capital and cash flow generation efficiency through steady execution of further business structural reform initiatives EBITDA to sales ratio to the latter half of 13% 	Operating cash flows: ¥126.6 billion EBITDA ratio: 12.6%	Operating cash flows: ¥120.3 billion EBITDA ratio: 13.0%
Investment for growth <ul style="list-style-type: none"> Engage in integrated management of capital expenditure, R&D, M&A, and allocate investments corresponding to areas of growth <ul style="list-style-type: none"> R&D: Approximately ¥29 billion per fiscal year (ratio to sales of approximately 2.5%) <ul style="list-style-type: none"> Capital expenditure: Total of approximately ¥230 billion over 3 years M&A: Actively engage in strategic M&A investments Consider raising the ownership ratio of affiliated companies for higher net profit 	Total expenditures: ¥129.8 billion* R&D: ¥27.8 billion Capital expenditure: ¥79.4 billion M&A: ¥22.6 billion*	Total expenditures: ¥124.1 billion + α R&D: ¥29.6 billion Capital expenditure: ¥94.5 billion M&A: Scheduled to be proactively implemented going forward
Shareholder return <ul style="list-style-type: none"> Pay stable and continuous dividends with a target payout ratio of 30% Consider flexible share buybacks with a target shareholder return (payout + buyback ratio) of 50% or higher (3-year cumulative) 	Payout ratio: 30.0%	Payout ratio: 30% Share buybacks: ¥40.0 billion (upper limit)
Financing <ul style="list-style-type: none"> Utilize interest-bearing debt while maintaining a net debt-equity ratio of approximately 50% 	Net debt-equity ratio: 31.7%	Net debt-equity ratio: approximately 50%

* Excludes Agro2Agri, S.L.

Toward Further Growth of the Ajinomoto Group and Dialogue with Stakeholders

Going forward, talent development is essential to the growth of the Ajinomoto Group. In regard to financial talent, while overseas business is expanding, more diverse financial skills and experience are required both on the front lines and in management. To meet these needs, we launched a program to support the acquisition of various skills in FY2018 in order to develop talent around the world to form a new wellspring for the future growth of the Group. At the same time, to develop future senior management, we will intentionally place the talent in non-financial areas such as business, production, and sales.

This is the third year that the Group issues an integrated report. As a new stakeholder engagement initiative, we have evolved our prior ESG briefing for investors and analysts to create a new series of briefings on Integrated Report Topics. The first briefing on Integrated Report Topics was held in April 2018, and we plan to continue holding such briefings on a regular basis going forward. In addition, we have taken steps to address the increase in questions pertaining to ESG issues, which are largely coming from overseas, by posting easy-to-understand ESG information on the investor relations page of our corporate website. This information had previously been available only on the sustainability page of the website. Through such initiatives, we hope to engage in more meaningful communication with stakeholders.

Enhancing Corporate Value through ASV

The path that the Ajinomoto Group takes to enhance corporate value through ASV is introduced.

ASV Value Creation Stories 22

1. We contribute to health and well-being by utilizing our leading-edge bioscience and fine chemical technologies, which also lead to deliciousness technologies, and by delivering good and healthy food **22**
2. We contribute to the development of a society that enables strong family/social bonds and diverse lifestyles through eating well **24**
3. We contribute to the sustainability of society and the earth with our customers and local communities, across the value chain from production to consumption **26**
4. We co-create value with each region through the perspectives of the customers, with our global, top-class and diverse talents **28**

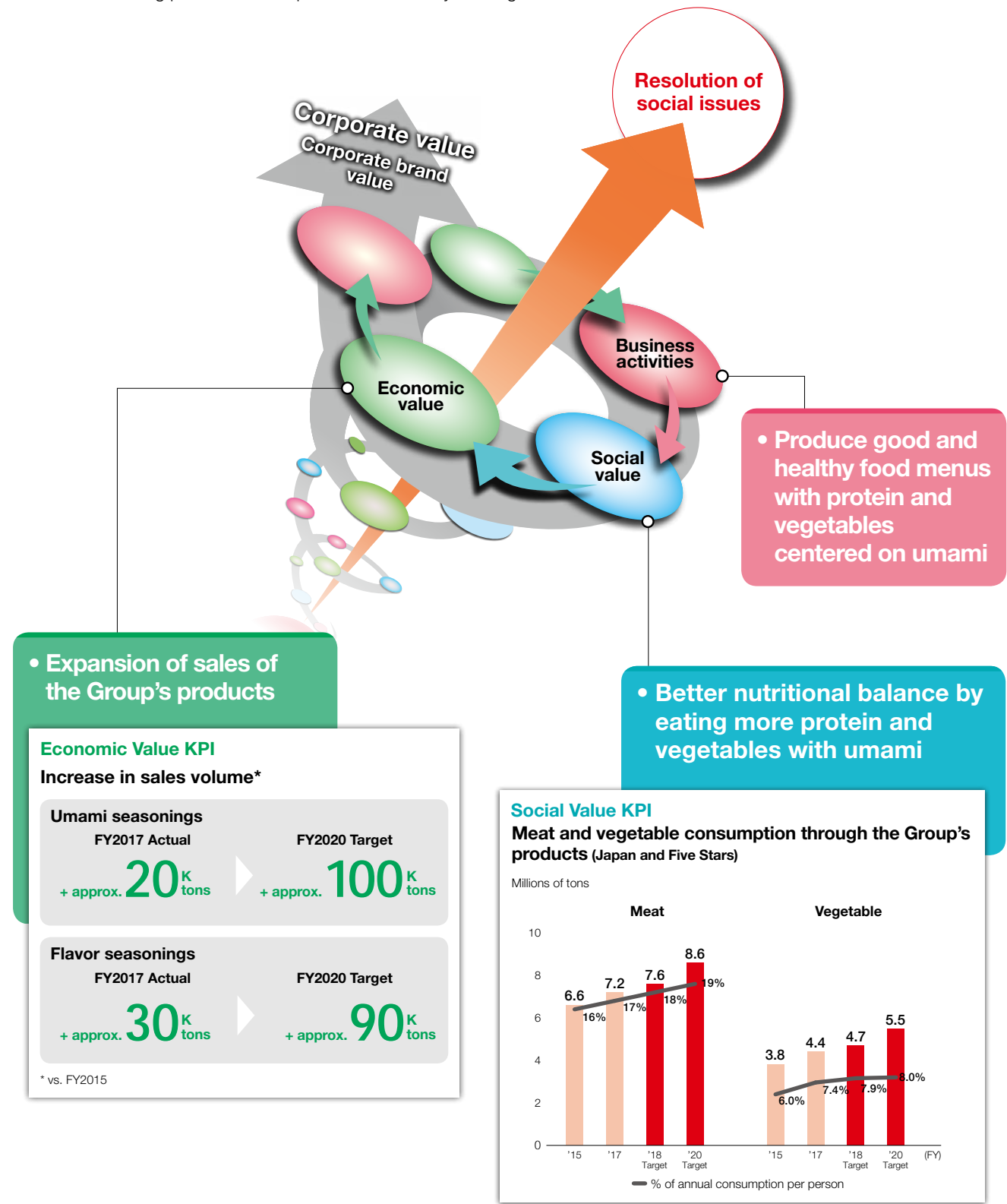
Overview by Business Segment and Growth Strategies 30

- Japan Food Products **30**
- International Food Products **32**
- Special Feature** Frozen Foods Business—Expecting Growth Together with Market Expansion **34**
- Life Support **36**
- Healthcare **38**

ASV Value Creation Stories **1** 2 3 4

We contribute to health and well-being by utilizing our leading-edge bioscience and fine chemical technologies, which also lead to deliciousness technologies, and by delivering good and healthy food

The collapse of nutritional balance has been a major cause of lifestyle-related diseases, occurring in both developed and emerging countries. The Ajinomoto Group contributes to the realization of health and well-being by promoting a nutritionally balanced diet using products developed in each country and region.



Group Shared Policy on Nutrition

The Ajinomoto Group has established the Group Shared Policy on Nutrition, which acts as a guide for realizing health and well-being, and the Ajinomoto Group Nutrition Strategy Guideline, which is based on the policy. These provide a foundation for the Group's business activities aimed at realizing its integrated targets.

Group Shared Policy on Nutrition

- 1 We aspire to focus on the nutritional needs of people of different regions, ages, lifestyles, and health conditions and provide products and information that improve the nutritional balance of daily meals.
- 2 We assist people in enjoying delicious food and contribute to emotional and physical nourishment through smart cooking*1 and recommendations of delicious menu utilizing Umami.
- 3 We provide reliable solutions based on scientific research that utilize the nutritional and physiological properties of protein and amino acids.
- 4 We assist consumers in the selection of more healthy food products by devising and implementing voluntary labeling and communication strategies while following guidelines of national and public agencies.
- 5 We continue to conduct socially beneficial activities related to nutrition and build ties with diverse stakeholders.

*1 Enabling consumers to have enjoyable and efficient experiences in preparing meals including shopping, cooking, and cleaning up after meals

WEB Nutrition Strategy Guideline
https://www.ajinomoto.com/en/activity/policy/nutrition_guideline.html

The Group's Ranking in the 2018 Access to Nutrition Index (ATNI)



The ATNI is a nutrition access index developed by the Access to Nutrition Foundation (ATNF), an independent non-profit organization based in the Netherlands, to objectively evaluate and improve companies' efforts to address global nutrition issues. Currently, 22 leading global food companies selected by ATNF are included in the index, and the Ajinomoto Group was ranked 14th in the ranking announced in May 2018 (15th in 2016).

Initiatives for Resolving Nutritional Issues in Indonesia

PT AJINOMOTO INDONESIA has been contributing to improve eating habits in Indonesia by offering both delicious and nutritionally balanced menus, helping people consume meat and vegetables. These menus use *Masako*®, which holds the top share in the Indonesian flavor seasonings market. To spread healthy eating habits throughout Indonesia, useful information for consumers is delivered through various communication initiatives.

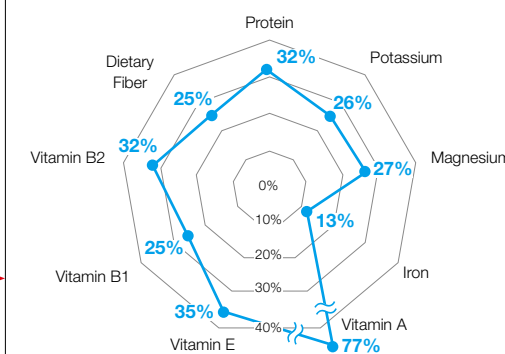


Amount of meat and vegetables that can be consumed through recommended menu using *Masako*® in Indonesia (three dishes)

Communication Initiatives

- Highlight vegetable soup in television commercials
- Deploy Dapur Umami recipe information site
- Introduce nutritionally balanced menus on the back of packages

Ratio of nutrient consumption amount through recommended menus (total for three dishes) to daily recommended nutrient consumption amount for Indonesian citizens*2

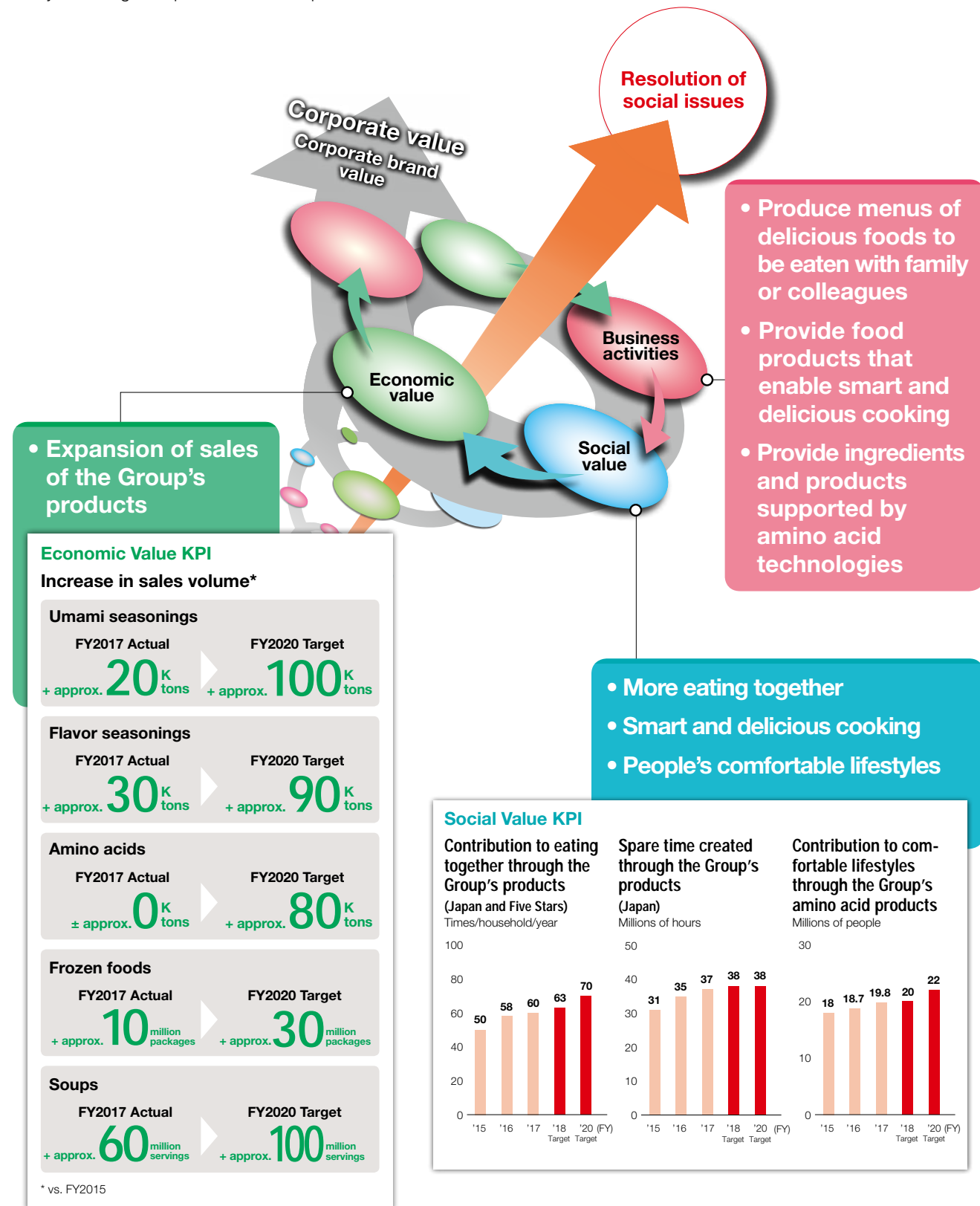


*2 According to presentation materials provided by Indonesian health officials, calculated based on the daily recommended consumption amount for women in their 20s

ASV Value Creation Stories 1 **2** 3 4

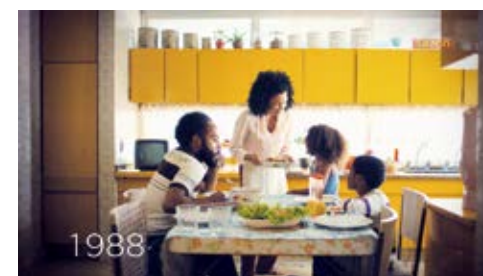
We contribute to the development of a society that enables strong family/social bonds and diverse lifestyles through eating well

The recent diversification of lifestyles is driving the diversification of consumer needs. The Ajinomoto Group supports diverse lifestyles by contributing to the joy of eating together, the creation of spare time for people's lives, and more comfortable lifestyles through the products it develops around the world.



Contribution to Eat Together with Family and Friends

In Brazil, the Ajinomoto Group offers the flavor seasoning Sazón®. By producing delicious menus using Sazón® over 30 years since its launch, the Group has been contributing to the relationships of families and friends, helping them to deepen their bonds as they enjoy eating together.



Creating Spare Time in Busy Lives through Smart Cooking

In Japan, the Group has been contributing to create spare time in people's lives by allowing for smart cooking with Knorr® Cup Soup, a delicious soup that can be prepared simply by adding hot water or milk.

Using Knorr® Cup Soup	Two minutes / Four bowls
By hand	10 minutes / Four bowls
Time saved	Eight minutes



Comfortable Lifestyles for Seniors through Amino Acids Supporting Muscle Protein Synthesis

In 2016, Ajinomoto Co., Inc. launched Amino Aile®, the first "Foods with Functional Claims" product that supports muscle protein synthesis in seniors. After the launch of Amino Aile® with functional claims that are backed by scientific evidence, the Company is actively proposing exercise plans that are easy for seniors to follow and menus that facilitate protein intake while implementing other activities that promote nutrition awareness to help seniors live more comfortable lifestyles.

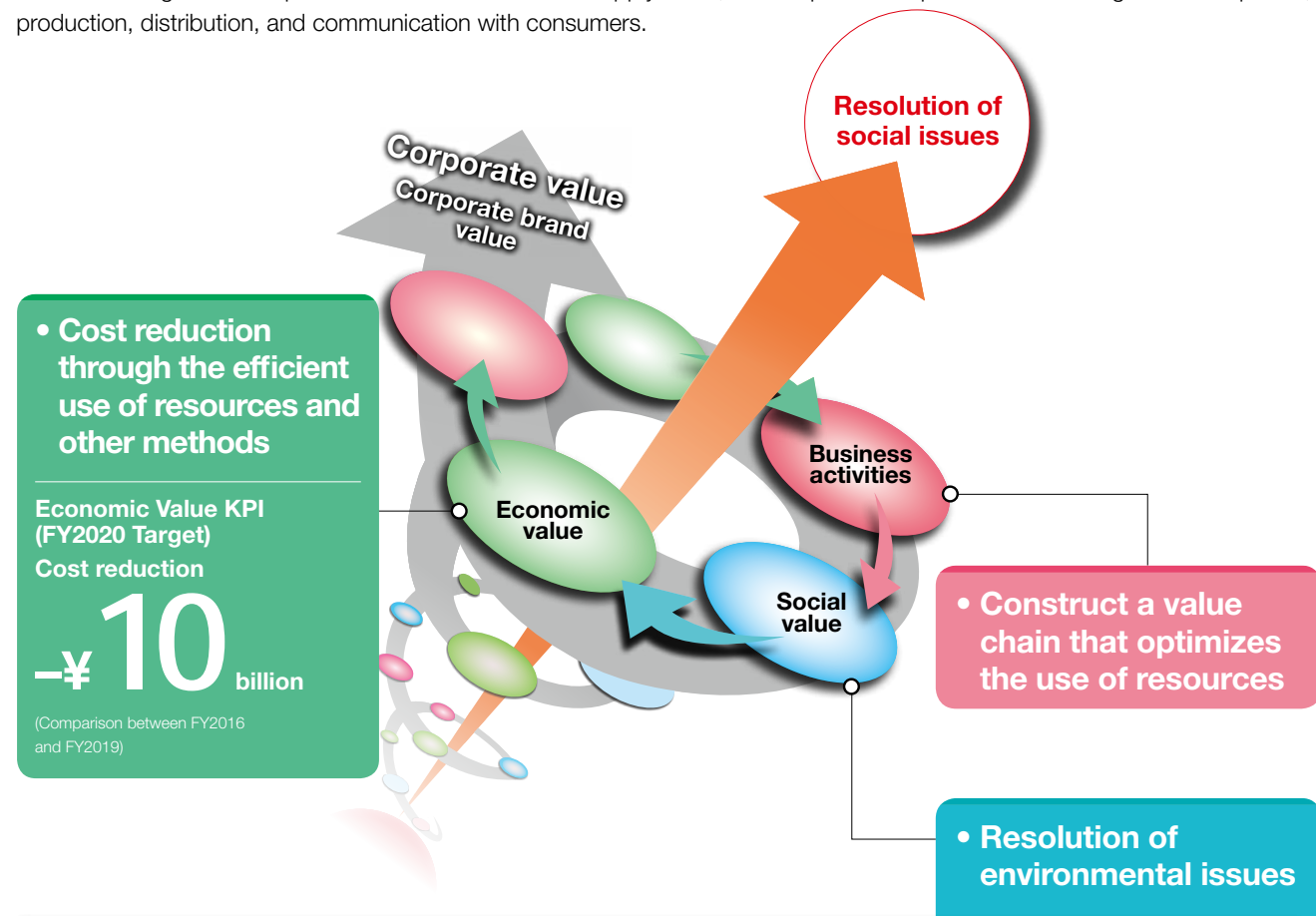


Amino Aile®
Note: Amino Aile® has been renewed since April 2019.

ASV Value Creation Stories 1 2 **3** 4

We contribute to the sustainability of society and the earth with our customers and local communities, across the value chain from production to consumption

In order to sustain economic activities and our daily lives while preserving the natural environment, it is crucial to pursue sustainable production and consumption. To this end, the Ajinomoto Group acts in coordination with stakeholders, sharing its values and targets as it implements initiatives across its supply chain, which spans from procurement through to development, production, distribution, and communication with consumers.

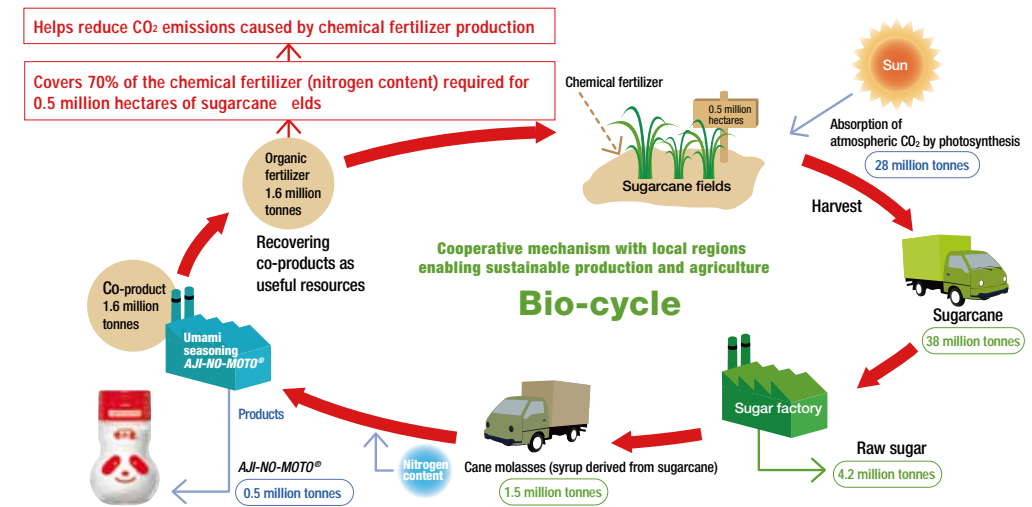


Social Value KPI										
	Indicators	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Target	FY2019 Target	FY2020 Target	FY2025 Target	FY2030 Target	
Reduce greenhouse gases	Reduction rate of greenhouse gas emission volume vs. emission intensity (vs. FY2005)	33%	33%	35%	36%	37%	38%	—	50%	
	Renewable energy use ratio	18%	20%	23%	24%	26%	28%*1	—	50%	
	Chlorofluorocarbon (CFC) elimination	—	—	—	FY2025: CFC elimination at new facilities 100%				Extremely small volume of HFCs*2	
Reduce food loss	Reduction rate of food loss from receipt of ingredients through to customer delivery (vs. FY2016)	—	—	-2%	10%	15%	20%	50%	—	
Secure food resources and protect natural environment, including ecosystems and biodiversity	Sustainable procurement	Palm oil	—	9%	14%	—	—	100%	—	—
		Paper	—	96%	95%	—	—	100%	—	—
Conservation of water resources	Introduction rate of factories that reduce natural raw materials used via resource-saving fermentation technologies, by-products and alternative material technologies	79%	79%	79%	—	—	—	100%	—	
		Reduction rate of water usage vs. production volume unit (vs. FY2005)	75%	77%	77%	78%	78%	78%	—	80%
3Rs for waste material (Reduce, Reuse, Recycle)	Reduction of waste generated via business activities/recycle ratio	99.6%	99.3%	99.3%	Maintain 99% or higher					

*1 An upward revision was made from the 20% target as progress has already surpassed that level. *2 Hydrofluorocarbons

Production from the Region's Boons That Returns the Fruits to the Region

The Ajinomoto Group produces the amino acids used in its products through fermentation processes from crops that are easily available in each region. Nearly 100% of the nutritionally rich by-products (co-products) that remain after extracting amino acids in the fermentation process are then used as fertilizer and feed. The Group considers such recycling-based amino acid fermentation processes that procure sustainable agricultural production while enriching regional agriculture as "bio-cycles." These bio-cycles are a means of simultaneously contributing to reliable supplies of food resources and realizing sustainable agriculture. For this reason, we are introducing these cycles at our fermentation factories worldwide.



The chart assumes worldwide annual production of approximately 0.5 million tonnes of the umami seasoning AJI-NO-MOTO® by the Ajinomoto Group using only sugarcane. The values of sugarcane grown and sugar production are commonly used global figures, and the values of resources used for producing AJI-NO-MOTO® are based on actual statistics from the Group.

Furthermore, the Ajinomoto Group uses biomass resources, such as sugarcane bagasse and rice husks, to fuel its boilers in order to increase the portion of usage of renewable energy and obtain economic benefits (cost reductions). Such biomass is utilized in factories in Brazil and Thailand. And the Group is currently advancing its efforts to further increase usage of such energy sources.



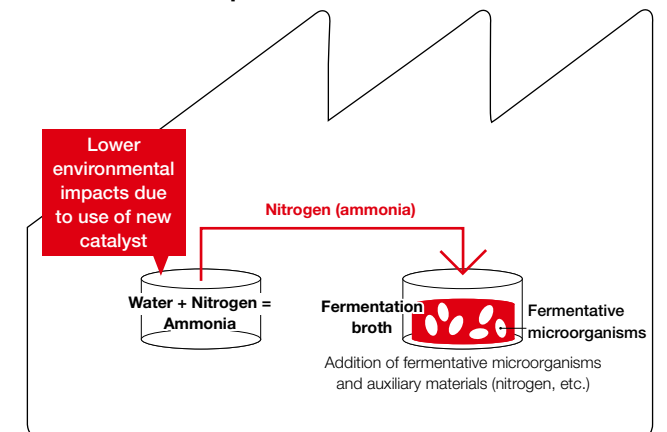
The Limeira Plant (Brazil)

Initiatives Targeting On-Site Ammonia Production

The Ajinomoto Group purchases ammonia for use in its amino acid fermentation processes. However, as production of ammonia currently requires large-scale plants, thus incurring costs for the transport of this resource from plants, the use of ammonia poses issues from both an environmental impact and a cost perspective. Ajinomoto Co., Inc. established Tsubame BHB Co., Ltd. in 2017 as part of its efforts to address these issues. This company is tasked with pursuing the practical application of new ammonia production technologies together with Professor Hideo Hosono of the Tokyo Institute of Technology and others. By utilizing the new catalyst invented by Professor Hosono's team for ammonia production, the Group is working on building a model that can produce necessary amounts of ammonia in places where it is needed, aiming for commercialization by around 2021. When completed, this model is anticipated to contribute to lower environmental

impacts from the production and transport of ammonia as well as stable procurement and reduced costs for this resource.

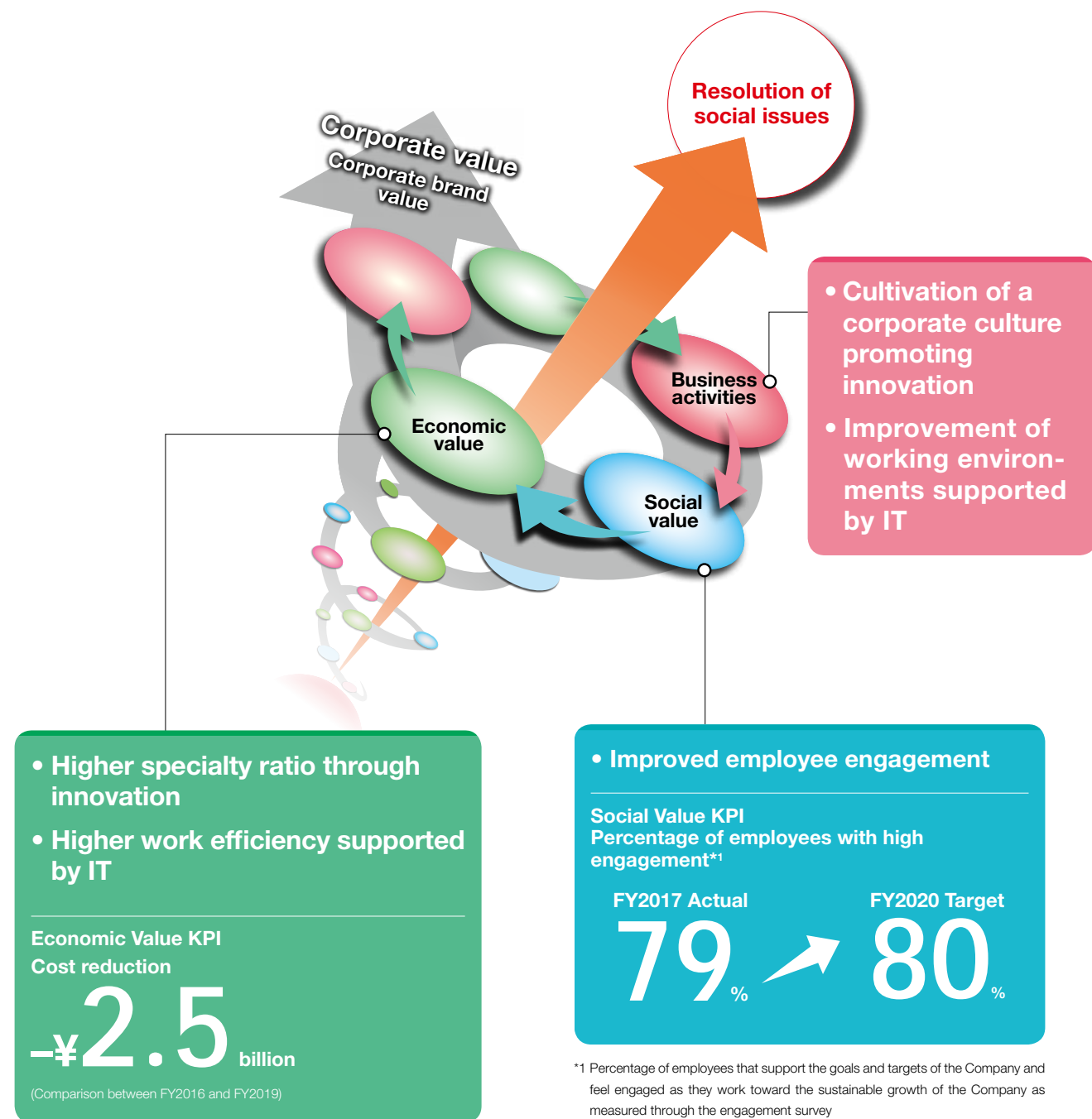
On-site ammonia production



ASV Value Creation Stories 1 2 3 **4**

We co-create value with each region through the perspectives of the customers, with our global, top-class and diverse talents

It is human resources that create value through ASV. To create social value and achieve sustainable growth, it is essential that each global, top-class and diverse talent maximize their skills and capabilities to create customer-oriented innovations. The Ajinomoto Group believes that the improvement of employee engagement will lead to the creation of innovation, and the Group is increasing its work quality and efficiency through initiatives for achieving those objectives.



Renewed Awareness toward “Patient-Oriented” Value and Improved Employee Engagement at Ajinomoto Althea, Inc.

Ajinomoto Althea, Inc. (AAI) is a fully integrated contract development and manufacturing organization providing biopharmaceuticals to pharmaceutical and biotechnology companies. AAI realized that a corporate culture encouraging the co-creation of innovation with customers was crucial to creating patient-oriented value. Based on this realization, in FY2015 AAI created the “Culture Team” composed of leaders from various departments, and introduced a business-to-business-to-patient mindset throughout AAI by means of value-sharing activities. These efforts have produced results in the form of higher employee engagement, improved customer satisfaction, and increased sales stemming from a rise in customer numbers and in the amount of transactions per customer.



Awareness That Daily Work of All Employees Contributes to Patients

AAI invites customers that interact directly with patients to act as instructors at forums designed to help raise awareness among employees about the fact that, through AAI products, their work contributes to improved quality of life for patients suffering from incurable diseases. By helping employees better understand the purpose of their daily work, AAI aims to increase employee engagement while fostering a patient-oriented mindset.

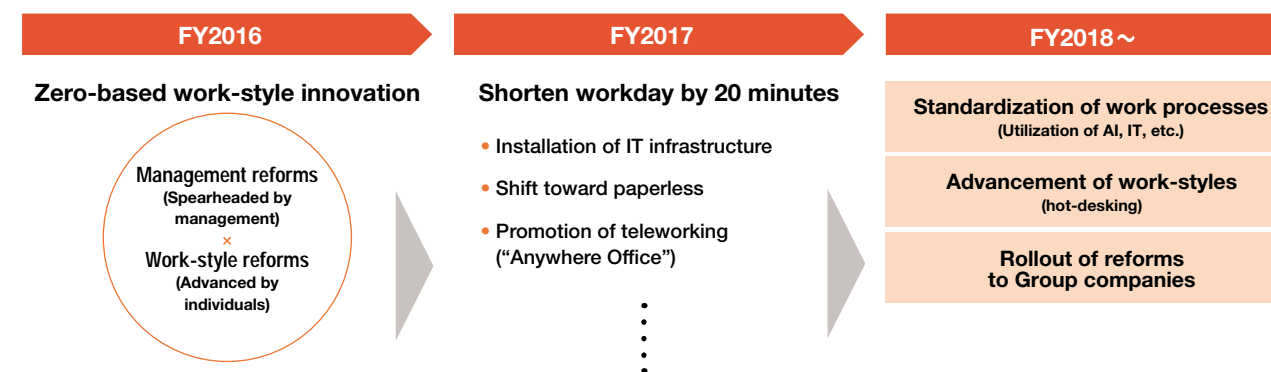


Value Creation through Strengthened Collaboration with Customers

AAI has established a dedicated team for facilitating strengthened collaboration with customers and is analyzing the detailed feedback received from customers via surveys and face-to-face meetings from a patient-oriented perspective. Through these efforts, AAI hopes to continue to respond to customer expectations by allowing for swift coordination between internal organizations and to thereby increase customer satisfaction.

Work-Style Innovation to Facilitate Contributions by Diverse Talent in Japan

Ajinomoto Co., Inc. is promoting work-style innovation to increase employee engagement while simultaneously helping employees find more fulfillment in their lives. To this end, the Company is utilizing AI, IT, and other technologies to accelerate the standardization of work processes while developing advanced work-styles in order to allow diverse human resources to create innovation by selecting work-styles that help them realize higher productivity. Going forward, Group companies in Japan will also be implementing work-style innovation.



Roadmap (Ajinomoto Co., Inc.)

	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Target	FY2020 Target
Minimum daily work hours	7 hours, 35 minutes	7 hours, 35 minutes	7 hours, 15 minutes ▶ -20 min.	7 hours, 15 minutes ▶ -15 min.	7 hours
Average annual work hours	1,976 hours	1,916 hours	1,842 hours	1,800 hours	1,750 hours
Improvement in productivity*2	—	—	107.5%	115.2%	—

*2 Ratio of total sales per employee per hour (vs. FY2016)

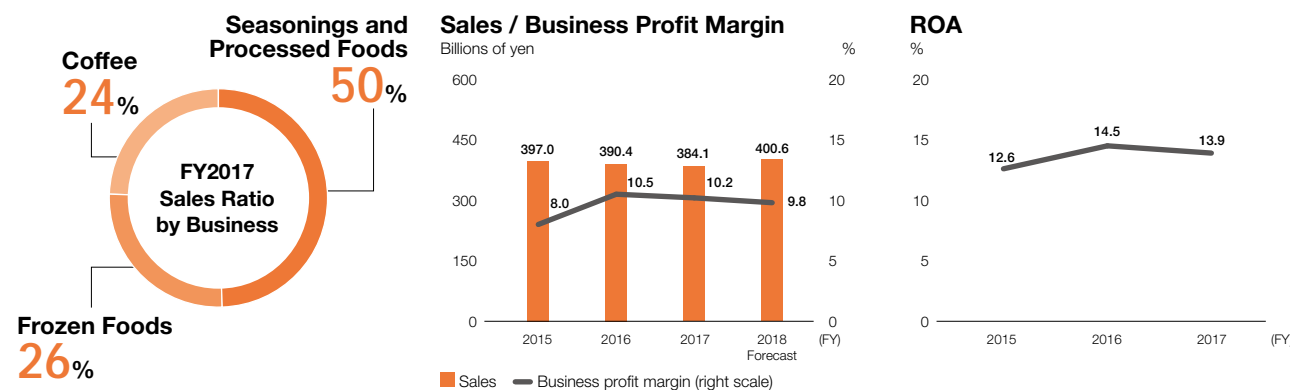
Overview by Business Segment and Growth Strategies

Japan Food Products

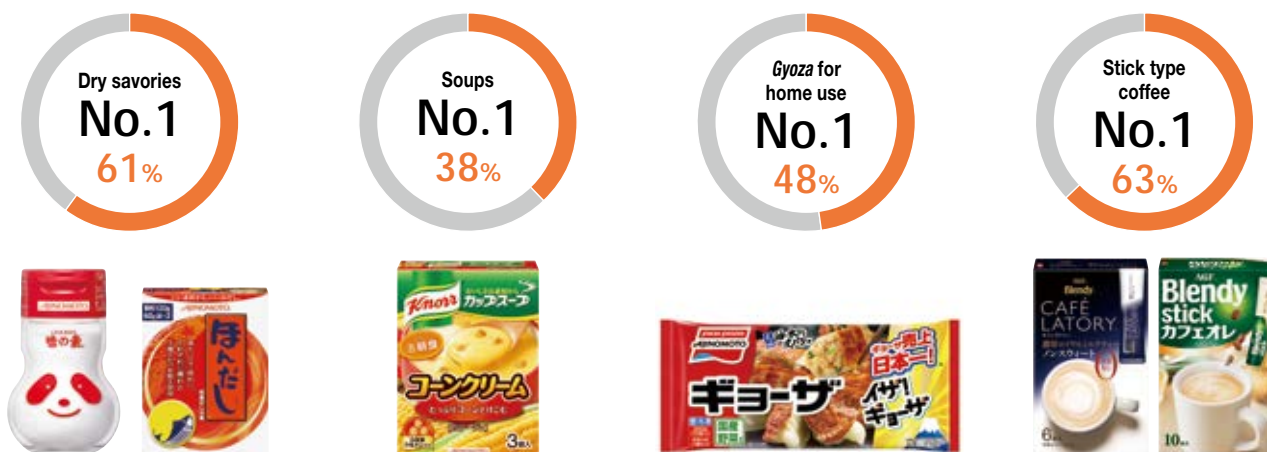


The Ajinomoto Group realizes value creation by leveraging the strengths of brand power, marketing, and R&D capabilities backed by over 100 years of history based on the diversifying needs of consumers.

While strengthening mainstay products, the Group will continue pursuing deliciousness. The Group will maintain its efforts to provide fine-tuned solutions that address various needs, including health-related needs such as salt and sugar reduction and the need for smart cooking.



Market Share and Ranking of Key Products (FY2017)

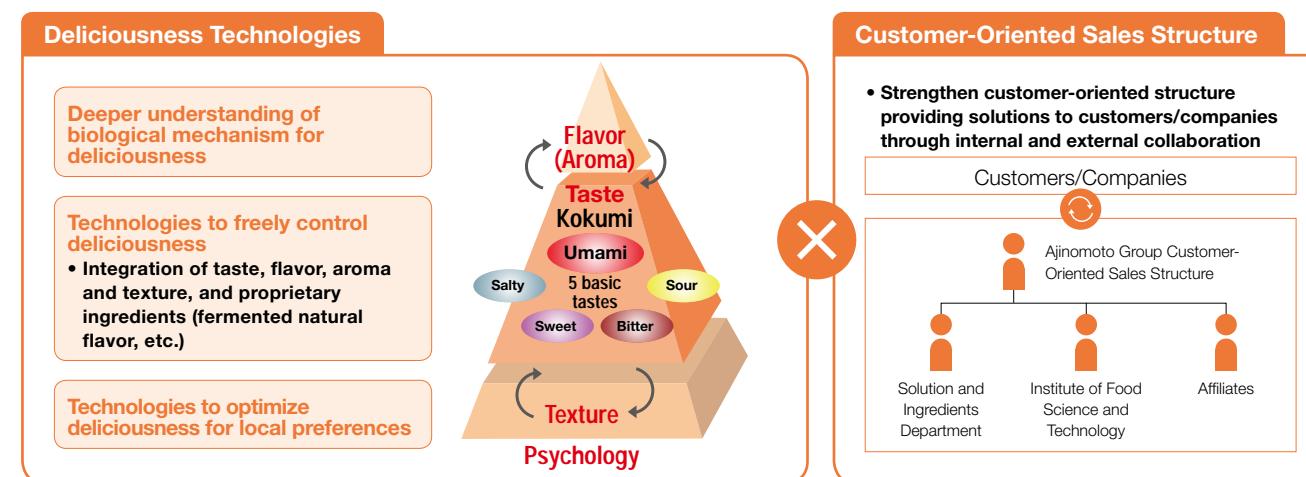


Growth Strategies

The Ajinomoto Group seeks to continuously reinforce its products through deepening its proprietary deliciousness technologies and expertise in nutrition, as well as evolve its customer application capabilities powered by science and digital technologies. Through these efforts, the Group will realize world-leading levels of quality and productivity along with further social value creation through the provision of solutions.

Enhancement of Customer Value through Deliciousness Technologies

In April 2018, Ajinomoto Co. Inc., integrated food processing and food services businesses and established the Solution and Ingredients Department. This integration will accelerate the provision of proprietary deliciousness technologies as well as the strengthening of the Group-wide customer-oriented sales structure. The Group will seek to provide high-value-added solutions based on its client and consumer needs.



Strengthening of Customer Application Capabilities Powered by Science and Digital Technologies

Based on consumer data analyses powered by digital technologies and IT, the Group proposes nutrition solutions (meal programs, menus, and food products) founded on scientific evidence and matched to the dietary habits and nutritional goals of consumers. Through such solutions, the Group will contribute to resolve health issues (locomotive syndrome, metabolic syndrome, etc.) with well-balanced and delicious meals.

Nutritional Solutions



Reorganization of Production Structures to Realize World-Leading Productivity

With the goal of strengthening the business structure of Japan Food Products, the Group will reorganize the seasoning and processed food production structures of three Group companies.* This move will entail consolidating five production bases into three as well as establishing a new company in FY2019. By combining the technologies and knowledge of these companies and utilizing cutting-edge IT, automation, and other technologies, the Group aims to double labor productivity by FY2021 (vs. FY2017), and thereby realize world-leading productivity.



Rendering of new factory in Yokkaichi

* Ajinomoto Co., Inc., Knorr Foods Co., Ltd., and Ajinomoto Packaging Inc.

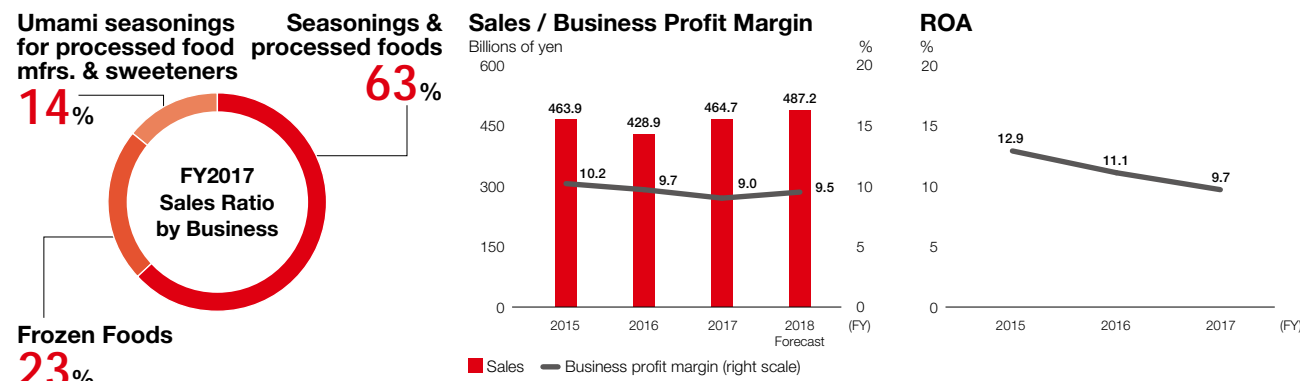
Overview by Business Segment and Growth Strategies

International Food Products



Leveraging the strengths of global product development, production, and sales networks as well as our marketing capabilities and brand power, the Ajinomoto Group offers products and services that contribute to delicious tastes tailored to the eating habits of local consumers, as well as nutritional improvement.

By utilizing local raw materials to create added value, expanding employment opportunities and applying Japanese technologies, the Group will contribute to the evolution of the local food industry. Through these efforts, the Group will continue to realize a harmonious coexistence with local communities and consumers.



Market Share and Ranking of Key Products (FY2017)



Growth Strategies

The Ajinomoto Group is working to become No. 1 in deliciousness by leveraging the Group's unique deliciousness technologies and local adaptation. The Group is also developing categories that adapt to the food cultures and lifestyles of each country and region, and expanding business in new regions through partnerships with local industry leaders. In these ways, the Group is striving to ensure growth by bolstering regional portfolios of food products.

Ensure food products business growth with a stronger regional portfolio: No. 1 in deliciousness with leading-edge technologies and local/customer adaptation

Countries and Regions	Japan	Five Stars*1					North America/ Europe	Rising Stars*2
		Thailand	Brazil	Indonesia	Vietnam	Philippines		
Seasonings	Existing	Existing	Existing	Existing	Existing	Existing	Existing	
Frozen Foods	Existing	Next Gen	Next Gen	Next Gen	Next Gen	Existing	Next Gen	
Beverages	Existing	Existing	Existing	Next Gen	Existing	Existing	Next Gen	
Others (Instant noodles, Soups, Frozen bread, etc.)	Existing	Next Gen	Next Gen	Next Gen	Next Gen	Next Gen	Next Gen	

Existing domains that are being strengthened (orange square) Domains for promoting the development of the next generation (blue square)
 *1 Major countries of operation for the International Food Products business
 *2 Areas where the Group is working to bolster its international business that take priority after the Five Stars

Establishment of AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE through the Integration of Three Existing Subsidiaries to Accelerate Business Expansion in Turkey and the Middle East

Under the FY17-19 MTP, the Group positions Turkey as a "Rising Star" country,*2 and sees Turkey as a base for business expansion in the Middle East region.

To accelerate business expansion by effectively utilizing the resources of KUKRE GIDA A.S., which specializes in liquid seasonings, and ÖRGEN GIDA., which boasts strengths in powdered seasonings and processed foods, the Group integrated these companies with Ajinomoto Istanbul Food Sales Ltd. to establish AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LIMITED COMPANY.

Through this new company, the Group will make a fresh start as a comprehensive food manufacturer in Turkey to

accelerate the expansion of the food products business in Turkey and the Middle East.



Pursuit of Becoming No. 1 in Deliciousness for Flavor Seasonings and Promotion of Nutritional Value

The Group is making proactive efforts to identify unique materials, technologies, and meat extracts, which are a key raw material, in the pursuit to become No. 1 in deliciousness. Furthermore, it is promoting the delicious taste, safety, and security of the products through television commercials and is working to propose nutritionally balanced menu ideas on the back of product packaging. The Group will continue the pursuit of becoming No. 1 in deliciousness, which is supported by its specialties, and promote the nutritional value the products offer, thereby driving growth in the International Food Products business.



Shift to the in-house manufacture of meat extracts (Indonesia)

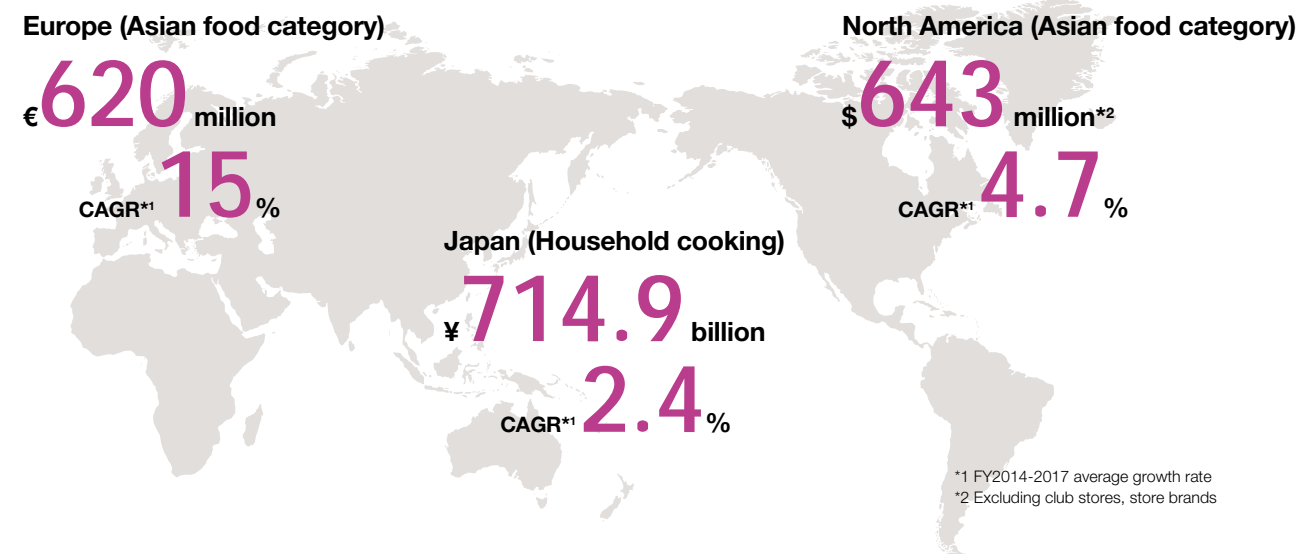
Introducing nutritionally balanced menus on the back of packages

Special Feature Frozen Foods Business— Expecting Growth Together with Market Expansion

Frozen foods are expected to continue to be a promising market with stable growth centered on developed nations as a solution for eating habits that can be adapted to a variety of lifestyles. In addition, frozen foods are expected to respond to the craving of consumers for “safe, secure, and more delicious food,” as well as to social issues including stable food supplies and environmental conservation. Accordingly, the roles and responsibilities that frozen foods need to fulfill will likely become greater.

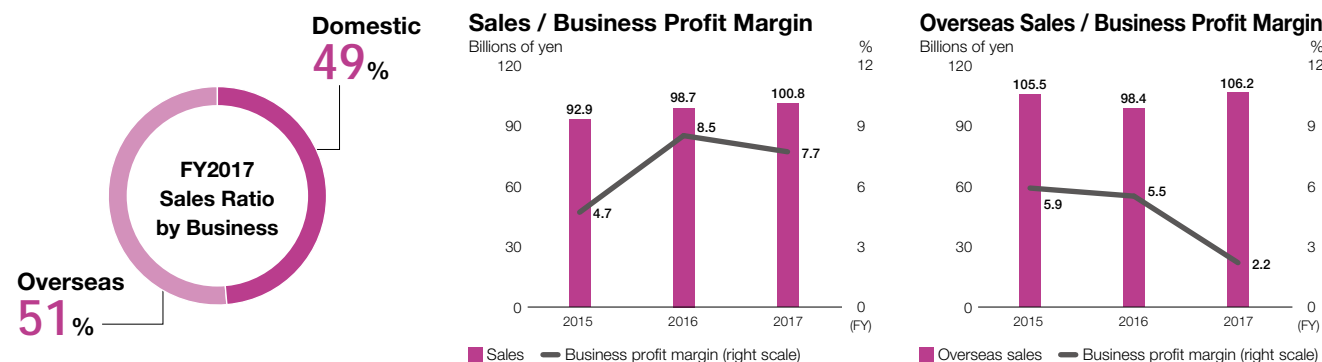
Frozen Foods Market (FY2017)

Note: Company estimates



Business Overview

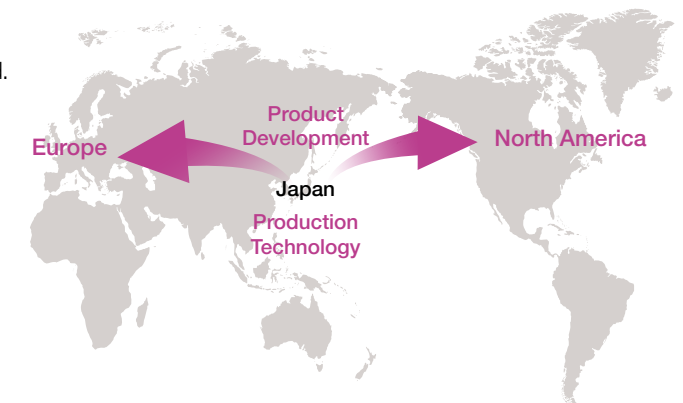
The Ajinomoto Group entered the frozen foods business in 1972. With the strengths of product development and marketing capabilities as well as its production technologies, the Group has continued to promote business that creates both social and economic value by responding to social changes and new demand.



Growth Strategies

In Japan, the Ajinomoto Group will realize business expansion via continuous revision of current products and the introduction of new products as well as by taking measures to stimulate demand.

Overseas, the Group will advance the expansion centered on Europe and the United States by leveraging the product development capabilities and production technologies cultivated in Japan to produce high-quality products. In the countries of operation, the Group aims to become the undisputed leader in the Asian food category, with gyoza and rice made with Japanese know-how the most prominent products.



Japan

The Ajinomoto Group will strengthen the core products for home use, such as Gyoza and THE★CHA-HAN (fried rice), as well as the core categories for food service, including gyoza and desserts.

Furthermore, the Group is cultivating new categories such as rice ball fillings and snacks to meet consumer needs.



North America

Ajinomoto Foods North America, Inc. positions Asian, appetizer, and Mexican food categories as its main categories. By leveraging its product development capabilities and production technologies, the Ajinomoto Group aims to realize business expansion while improving the added value of its products. To this end, the Group will pursue such efforts as market entry for low-sodium products that maintain the same level of deliciousness as conventional products.



Europe

With the acquisition of LABEYRIE TRAITEUR SURGELÉS S.A.S.* in November 2017, the Ajinomoto Group has been able to combine its product development capabilities and production technology with the production base and market reach of LABEYRIE TRAITEUR SURGELÉS. In doing so, the Ajinomoto Group will continue to expand the base of its frozen foods business in Europe.



* Currently, AJINOMOTO FROZEN FOODS FRANCE S.A.S.

"LABEYRIE" brand pies and desserts

TOPIC

The Group celebrated its 45th anniversary since its launch of Gyoza (Chinese dumplings) in 1972. Now, having spread to 26 countries and regions, the Group has helped people around the world discover a new dining experience and have contributed to the tradition of food culture through gyoza.

Gyoza sales (FY2017)*3

Japan	Overseas
330 million meals/year	170 million meals/year

*3 Five gyoza/one meal, investigation by Ajinomoto Frozen Foods Co., Inc.



Vegetable Gyoza (North America)



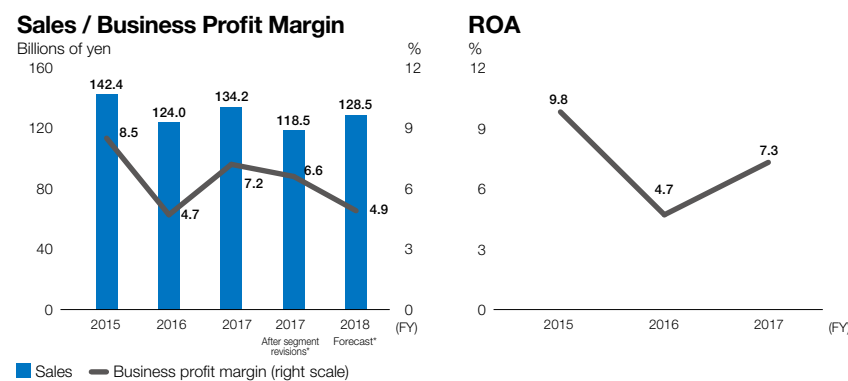
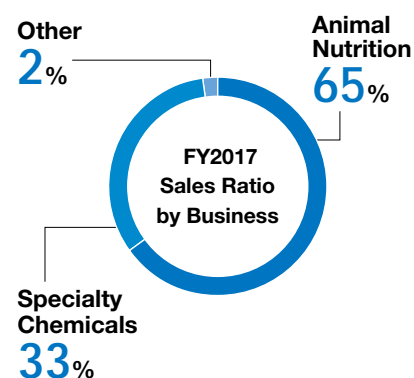
Cooking demonstration from a food truck and supermarket (Europe)

Overview by Business Segment and Growth Strategies

Life Support



In the Life Support segment, the Ajinomoto Group's strengths include world-leading amino acid expertise, extremely safe material development capabilities, compound evaluation technologies, and the world's largest global network for animal nutrition. The animal nutrition business helps reduce the burden on soil and improve water quality by establishing a healthy balance of amino acids in feed, and the electronic materials business helps improve the performance of PCs, tablets, and other smart devices. Through these businesses, the Group will realize a peaceful coexistence with local communities and the earth itself and offer higher levels of comfort in the lifestyles of consumers.

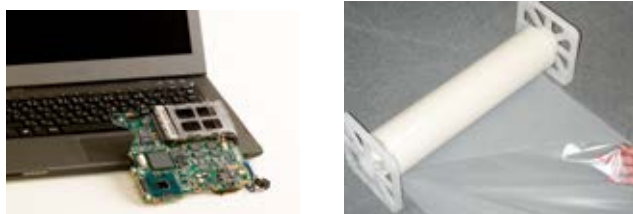


* In FY2018, the personal care ingredients business, which was included under specialty chemicals in the Life Support segment, was transferred to other business in the Healthcare segment.

Key Products

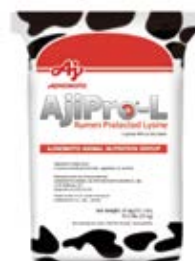
Ajinomoto Build-up Film®—Interlayer Insulating Material Used in Semiconductor Packages

Using the technologies obtained through the production of monosodium glutamate, *Ajinomoto Build-up Film®* was developed as the world's first product to successfully turn liquid resins into film. This product is primarily used in the semiconductor substrates of PCs.



AjiPro®-L—Lysine Formulation for Dairy Cows

Cows are ruminant mammals that have four stomachs. By employing amino acid processing technologies, *AjiPro®-L* is able to reach the intestines of a cow without being broken down in the rumen (cow's first stomach).



Growth Strategies

The Ajinomoto Group is expanding its specialty businesses through a fundamental shift away from commodity products. Going forward, the Group will accelerate business structural reforms while promoting active collaboration with external institutions. In addition, the Group will advance development-oriented businesses that assess consumer trends through cooperative efforts with its customers.

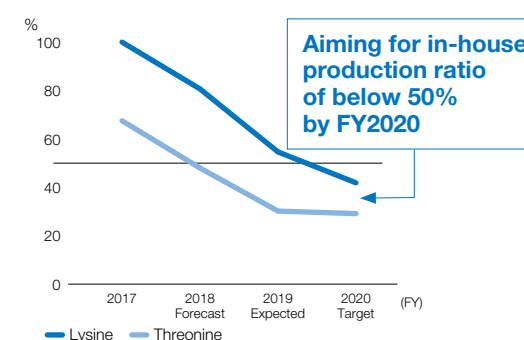
Promoting Structural Reforms in the Animal Nutrition Business

The Group is gradually reducing the in-house production of commodities such as lysine and threonine, and replacing them with OEM. By doing so, the Group will accelerate the shift to specialties, thus increasing business profit.

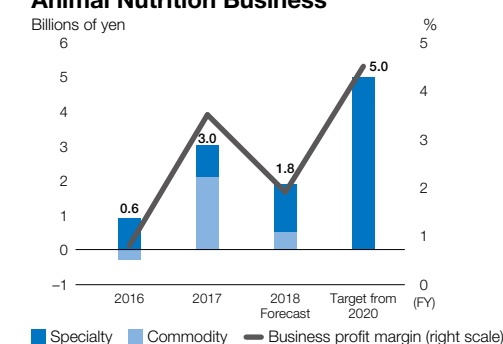
Specific Initiatives

- Completely suspend operations of lysine production facilities in Thailand and Brazil and suspend operations of certain facilities in France
- Move forward with the conversion to specialties by promoting flexible production at threonine production facilities

Ratio of In-House Production



Trend in Business Profit and Business Profit Margin in the Animal Nutrition Business



Utilizing the U.S. Base for Strengthening the Specialty Chemicals Business

Interlayer insulating materials used in semiconductor packages—the main product in the specialty chemicals business—are primarily used in CPUs, and the United States is the largest market for these materials. Through the establishment of Ajinomoto Fine-Techno USA Corporation, the Group will enhance its communication initiatives and increase the number of business opportunities in the United States going forward.



Ajinomoto Fine-Techno USA Corporation

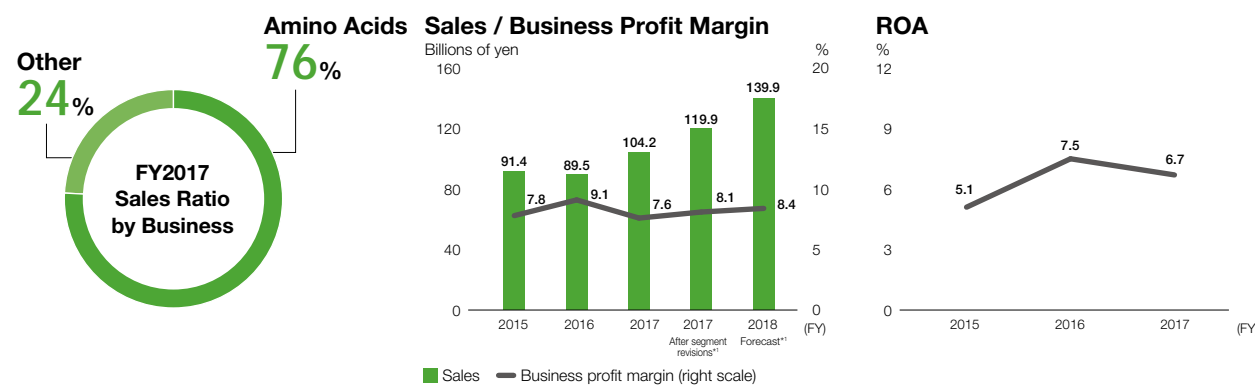
Overview by Business Segment and Growth Strategies

Healthcare



By leveraging the ability to produce amino acids and other products that draw on its leading-edge bioscience and fine chemical technologies, the ability to promptly respond to regulations, and the ability to provide comprehensive services, the Ajinomoto Group offers a diverse range of distinctive materials, pharmaceutical ingredients, and technologies to pharmaceutical and chemical companies around the world.

Going forward, the Group will improve the quality of life for consumers and offer support for more comfortable lifestyles by applying the expertise in the functions and usefulness of amino acids, as well as the ability to discover new applications for those functions, to develop "Foods with Functional Claims" and amino acid supplements.



*1 In FY2018, the personal care ingredients business, which was included under specialty chemicals in the Life Support segment, was transferred to other business in the Healthcare segment.

Key Products and Market Share

Glyna®

Glyna® is a supplement that supports users by helping them fall into a deep sleep smoothly, sleep well, and wake up feeling refreshed. Glyna® contains glycine.*2



*2 Glycine, a main component of Glyna®, is a non-essential amino acid that can be synthesized in the body.
*3 Relax Category, Functional Display Foods, H-B Foods Marketing Handbook 2018: Summary Edition, Fuji Keizai Management Co., Ltd.

StemFit® AK03N

StemFit® AK03N is a cell culture medium approved for use in clinical research that enables a high rate of expansion of iPS cells with a high level of safety and a high proliferation rate. StemFit® AK03N was developed by combining the technological capabilities of Ajinomoto Co., Inc. and the Center for iPS Cell Research and Application at Kyoto University.

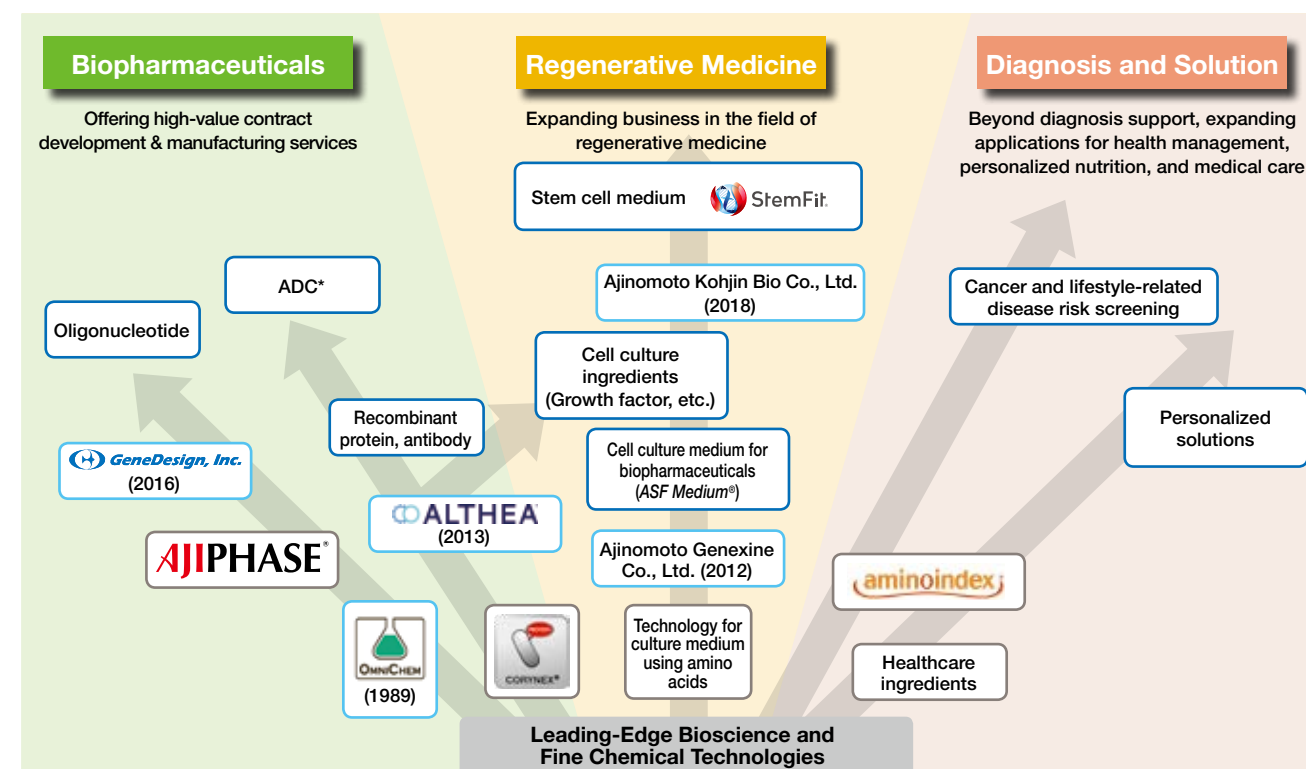


Growth Strategies

The Ajinomoto Group will establish a structure for global, top-class development and production in the field of advanced biopharmaceuticals. The Group will also accelerate the downstream strategy (brand + inside strategy) of amino acids for pharmaceuticals and foods. Through these means, the Group will strengthen its business portfolio going forward.

Expanding the Advanced Biopharmaceutical Field

The advanced biopharmaceutical field is supported by three business pillars pertaining to biopharmaceuticals, regenerative medicine, and diagnostic solutions. For biopharmaceuticals, by utilizing GeneDesign, Inc.'s production and development bases for oligonucleotide drug substances and Ajinomoto Althea, Inc.'s newly established production bases for substances related to antibody drugs, the Group is bolstering businesses in the high-value-added CDMO and enhancing the customer service structure. In regard to regenerative medicine, the Group will move forward with the global rollout of StemFit®. At the same time, it will leverage the expertise of Ajinomoto Kohjin Bio Co., Ltd.—a joint venture established in June 2018—to manufacture cell culture media used in regenerative medicine, and further expand sales of this field.



* Antibody drug conjugate

Downstream Strategy (Brand + Inside Strategy)

Based on research relating to the nutritional value of amino acids, the Group has been developing health ingredients and "Foods with Functional Claims." Aiming to promote a healthy balance of amino acid intake, the Group has been providing distributors, retailers, and other outlets with ingredients containing amino acids and solutions for product design by leveraging strengths of branded ingredients that the Group has been cultivating. In doing so, the Group is reinforcing the downstream strategy (brand + inside strategy), which works to enhance the value of food products with the various functions of amino acids. By integrating foods and amino acids, the Group will continue to strive to resolve health-related issues among consumers.

Providing amino acid ingredients and product design solutions to sales companies and retailers

