PRESS RELEASE
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Overview of Consolidated Financial Results of Ajinomoto Co., Inc. for the Interim Period of Fiscal 2019, Recording of Impairment Losses and Revision to the Full-Year Consolidated Performance Forecast

TOKYO, November 6, 2019 – An overview of the consolidated financial results of Ajinomoto Co., Inc. ("Ajinomoto Co.") for the interim period of fiscal 2019 (April 1, 2019 - September 30, 2019) is as follows.

I. Overview of Consolidated Financial Results for the Interim Period of the Fiscal Year Ending March 31, 2020 (Fiscal 2019)

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Business Profit	Profit Attributable to Owners of the Parent Company
Interim Period of Fiscal 2019	538.7	48.0	7.0
Interim Period of Fiscal 2018	546.4	44.5	26.0
Year-on-Year Change	-1.4%	+7.8%	-72.8%

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 was 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. On April 1, 2019, Ajinomoto Co. lost control of F-LINE Corporation (the former Ajinomoto Logistics Corporation), and F-LINE Corporation became an equity-method affiliate of Ajinomoto Co. from the first quarter of fiscal 2019. Gain on loss of control is included in profit from discontinued operations, and share of profit of associates and joint ventures is included in continuing operations for this interim period.

In the interim period of fiscal 2019, consolidated sales decreased JPY 7.7 billion (-1.4%) compared with the same period of the previous fiscal year to JPY 538.7 billion due to factors including a substantial decline in animal nutrition sales. Business profit increased JPY 3.4 billion (+7.8%) to JPY 48.0 billion due to substantial increases in profit from umami seasonings for processed food manufacturers, frozen foods (International) and frozen foods (Japan), among other factors, despite impairment loss on trademark rights of Promasidor Holdings Limited ("PH") recorded in share of profit of associates and joint ventures, in addition to a significant decrease in profit from the decline in animal nutrition sales.

Operating profit decreased JPY 22.5 billion (-51.5%) to JPY 21.1 billion due to factors including impairment losses on manufacturing facilities for the animal nutrition business, investments in associates and joint ventures related to PH, and on manufacturing facilities for the bakery business, all of which are recorded in other operating expenses.

Profit attributable to owners of the parent company decreased JPY 18.9 billion (-72.8%) to JPY 7.0 billion.

In addition, the performance forecast announced on May 10, 2019 has been revised in light of the above impairment losses and recent business progress during the interim period.

The sales forecast has been lowered JPY 32.5 billion from the initial forecast to JPY 1,138.5 billion, mainly because animal nutrition has fallen significantly short of its plan due to the spread of African swine fever. The progress rate of sales toward the revised forecast is 47.3%.

The business profit forecast has been lowered JPY 9.0 billion from the initial forecast to JPY 88.0 billion due to factors including the worsening profitability of animal nutrition and the impairment loss on trademark rights of PH, although umami seasoning for processed food manufacturers exceeded the initial forecast as a result of higher selling prices. The progress rate of business profit toward the revised forecast is 54.6%.

The forecast for profit attributable to owners of the parent company has been lowered JPY 32.0 billion from the initial forecast to JPY 18.0 billion in light of the effects of the business profit forecast revision and the impairment losses recorded, among other factors. The progress rate of profit attributable to owners of the parent company toward the revised forecast is 39.4%.

For details, see “II. Recording of Impairment Loss and Revision to Consolidated Performance Forecast for Fiscal 2019” below.

Results by segment are as follows.

(JPY billions unless otherwise noted; figures rounded down)

Results vs. Same Period of Previous Fiscal Year	Sales	Year-on-Year Change	Year-on-Year Change (%)	Business Profit	Year-on-Year Change	Year-on-Year Change (%)
Japan Food Products	180.1	-0.7	-0.4%	14.7	+2.3	+18.7%
International Food Products	231.4	-1.9	-0.8%	25.3	+2.7	+12.3%
Life Support	47.4	-6.9	-12.8%	2.5	-2.3	-47.8%
Healthcare	66.1	+1.1	+1.8%	4.5	+0.7	+19.3%
Other Business	13.5	+0.7	+5.7%	0.8	-0.0	-1.4%
Total	538.7	-7.7	-1.4%	48.0	3.4	+7.8%

Progress toward Performance Forecast	Sales			Business Profit		
	Interim Period of Fiscal 2019	Revised Forecast	Progress Rate	Interim Period of Fiscal 2019	Revised Forecast	Progress Rate
Japan Food Products	180.1	381.2	47.3%	14.7	28.6	51.6%
International Food Products	231.4	484.0	47.8%	25.3	45.3	56.0%
Life Support	47.4	94.2	50.3%	2.5	2.1	122.1%
Healthcare	66.1	150.7	43.9%	4.5	13.0	35.3%
Other Business	13.5	28.4	47.7%	0.8	-1.0	—
Total	538.7	1,138.5	47.3%	48.0	88.0	54.6%

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

Japan Food Products segment sales decreased JPY 0.7 billion (-0.4%) to JPY 180.1 billion because of a decline in sales of coffee products and restaurant and industrial-use seasonings and processed foods (Japan). Business profit increased JPY 2.3 billion (+18.7%) to JPY 14.7 billion due to substantial increases in profit from frozen foods (Japan) and coffee products.

Main Factors in the Change in Sales

- **Seasonings and processed foods (Japan)**: Although sales of home-use products increased, sales of bakery business and other restaurant and industrial-use products decreased. As a result, overall sales were basically unchanged from the same period of the previous fiscal year.

- **Frozen foods (Japan)**: Sales of home-use products increased as the *Gyoza* series and cooked rice continued to perform well. Restaurant and industrial-use sales decreased due to the effect of factors including the decrease in sales promotion for some products compared with the same period of the previous fiscal year, although sales of desserts, gyoza and other mainstay categories expanded. Overall sales were basically unchanged from the same period of the previous fiscal year.
- **Coffee products**: Sales decreased due to the contraction of the personal size liquid coffee business, although sales of stick-type and instant coffee increased.

Main Factors in the Change in Business Profit

- **Seasonings and processed foods (Japan)**: Although sales were basically unchanged from the previous fiscal year, profit decreased due to expenses for the acquisition of More Than Gourmet Holdings, Inc. and various other expenses.
- **Frozen foods (Japan)**: Profit increased substantially, mainly due to increased sales of home-use products, the effect of higher selling prices for restaurant and industrial-use products, and improvement in productivity, among other factors.
- **Coffee products**: Although sales decreased overall, profit increased substantially due to increased sales of mainstay products, cost reductions and more effective deployment of marketing expenses, among other factors.

International Food Products segment sales decreased JPY 1.9 billion (-0.8%) to JPY 231.4 billion as a result of decreases in sales of seasonings and processed foods (International) and frozen foods (International), although sales of umami seasonings for processed food manufacturers increased. Business profit increased JPY 2.7 billion (+12.3%) to JPY 25.3 billion, despite a decrease in profit from seasonings and processed foods (International), as a result of substantial increases in profit from umami seasonings for processed food manufacturers and frozen foods (International).

Main Factors in the Change in Sales

- **Seasonings and processed foods (International)**: Despite the negative effect of inventory at distributors and currency translation in Vietnam, sales were basically unchanged from the same period of the previous fiscal year due to factors including increased sales volume and the effect of selling price increases at other Group companies.
- **Frozen foods (International)**: Sales decreased due to the negative effect of currency translation and the sale of Amoy Food Ltd., although sales of Asian food products continued to grow in North America and Europe.
- **Umami seasonings for processed food manufacturers**: Sales increased mainly due to increased selling prices outside Japan.

Main Factors in the Change in Business Profit

- **Seasonings and processed foods (International)**: Profit decreased due to the impairment loss on PH, despite the positive effect of selling price increases in the previous year and other factors.
- **Frozen foods (International)**: Profit increased substantially due to the positive effect of selling price increases in the previous year and improved productivity in the United States.
- **Umami seasonings for processed food manufacturers**: Profit increased substantially due to the increase in sales, and cost reductions.

Life Support segment sales decreased JPY 6.9 billion (-12.8%) to JPY 47.4 billion due to a substantial decline in animal nutrition sales, despite an increase in sales of specialty chemicals. Business profit decreased JPY 2.3 billion (-47.8%) to JPY 2.5 billion due to a substantial decline in profit from animal nutrition caused by the substantial decrease in sales.

Main Factors in the Change in Sales

- **Animal nutrition**: Sales decreased substantially due to a decline in demand resulting from the global spread of African swine fever and a drop in selling prices.
- **Specialty chemicals**: Sales increased, due mainly to strong sales of electronic materials.

Main Factors in the Change in Business Profit

- **Animal nutrition**: Profit decreased substantially as a result of the substantial decrease in sales.
- **Specialty chemicals**: Profit increased as a result of the increase in sales.

Healthcare segment sales increased JPY 1.1 billion (+1.8%) to JPY 66.1 billion due to substantial growth in sales of amino acids for pharmaceuticals and foods, despite decreases in sales of fundamental foods and personal care ingredients. Business profit increased JPY 0.7 billion (+19.3%) to JPY 4.5 billion due to a substantial increase in profit from amino acids for pharmaceuticals and foods.

Main Factors in the Change in Sales

- **Amino acids**: Sales increased, mainly due to growth in sales of amino acids for pharmaceuticals and foods.
- **Other business**: Sales decreased, mainly due to decreases in sales of fundamental foods and personal care ingredients.

Main Factors in the Change in Business Profit

- **Amino acids**: Although profit from pharmaceutical custom manufacturing decreased, profit from amino acids for pharmaceuticals and foods increased substantially due to growth in sales. Overall profit increased substantially.
- **Other business**: Despite a decrease in sales, profit was basically unchanged from the same period of the previous fiscal year.

Other business sales increased JPY 0.7 billion (+5.7%) to JPY 13.5 billion, mainly due to growth in sales of service-related business. Business profit was basically unchanged from the same period of the previous fiscal year at JPY 0.8 billion (-1.4%).

II. Recording of Impairment Losses and Revision to Consolidated Performance Forecast for Fiscal 2019

In the second quarter of fiscal 2019 (July 1, 2019 - September 30, 2019), Ajinomoto Co. recorded the following impairment losses and impairment loss on investments in associates and joint ventures. As a result, it has revised the consolidated performance forecast for fiscal 2019 (April 1, 2019 - March 31, 2020) that was announced on May 10, 2019 as shown below.

1. Recording of Impairment Losses

(JPY billions unless otherwise noted; figures rounded down)

Effect on Each Level of Profit	Business Profit	Profit Before Income Taxes	Profit Attributable to Owners of the Parent Company
(1) Impairment loss on manufacturing facilities for the animal nutrition business	—	14.9	11.7
(2) Impairment loss on investment in PH, which is accounted for using the equity method (investment equivalent to 33.33%)	—	4.2	4.2
(3) Impairment loss on trademark rights of PH (investment equivalent to 33.33%)	3.8	3.8	3.8
(4) Impairment loss on manufacturing facilities for the bakery business	—	3.8	2.9
Total	3.8	26.9	22.8

(1) Animal Nutrition Business
The profitability of the animal nutrition business in the Life Support segment has deteriorated rapidly due to a decline in demand caused by the global spread of African swine fever and a resulting drop in selling prices, and an early recovery in this business is unlikely. Therefore, as a result of an examination of the potential for future recovery, Ajinomoto Co. recorded an impairment loss on manufacturing facilities in Europe for the animal nutrition business because at present it cannot expect to recover its investment.

(2) PH Business
In the PH business in Africa in the International Food Products segment, there has been rapid deterioration of profitability, mainly in the dairy products business in Algeria due to rising costs of dairy ingredients and the stagnation of the domestic economy, and an early recovery in this business is unlikely. Therefore, as a result of an examination of the potential for future recovery, Ajinomoto Co. recorded an impairment loss on its investment in PH and an impairment loss of the trademark rights of PH because at present it cannot to expect to recover its investment.

(3) Bakery Business
An early recovery in the bakery business in the Japan Food Products segment is unlikely due to a decline in profitability resulting from intensifying competition with other companies. Therefore, as a result of an examination of the potential for future recovery, Ajinomoto Co. recorded an impairment loss on manufacturing facilities for the bakery business because at present it cannot expect to recover its investment.

2. Revision to the Consolidated Performance Forecast for Fiscal 2019
(April 1, 2019 – March 31, 2020)

(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)	1,171.0	97.0	50.0	91.30
Revised forecast (B)	1,138.5	88.0	18.0	32.84
Amount of change (B-A)	-32.5	-9.0	-32.0	—
Percentage change (%)	-2.8%	-9.3%	-64.0%	—
[Reference] Results for fiscal 2018	1,127.4	92.6	29.6	53.62

3. Reasons for the Revision
Ajinomoto Co. has revised sales, business profit and profit attributable to owners of parent compared with the performance forecast announced on May 10, 2019.

Life Support segment sales and business profit are expected to fall short of the previous forecast due to a decline in demand for animal nutrition in this segment resulting from the global spread of African swine fever and a decline in profitability due to a drop in selling prices. Moreover, in the International Food Products segment, although sales of umami seasonings for processed food manufacturers exceeded the initial forecast due to an increase in selling prices and other factors, segment sales and business profit are expected to fall short of the previous forecast as a result of recording impairment loss in seasonings and processed foods (International) on trademark rights of PH, which is accounted for using the equity method, during the second quarter of fiscal 2019.

In addition to the shortfall in business profit from the previous forecast, Ajinomoto Co. recorded the impairment losses described above during the second quarter of fiscal 2019 and will implement some measures ahead of schedule for the asset-light model currently being promoted by the Ajinomoto Group. As a result of these and other factors, profit attributable to owners of the parent company is expected to fall short of the previous forecast.

As a result of these factors, Ajinomoto Co. forecasts that both sales and each level of profit will fall short of its previous forecast.

The assumed average exchange rate for the fiscal year is JPY 107.00 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.

For further information, please contact:
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