

Fiscal Year Ended March 31, 2015

Results Briefing

May 26, 2015

MORINAGA & CO., LTD.

About forward-looking statements

This material includes forward-looking statements, such as forecasts, plans, and targets for the Company and its consolidated subsidiaries. These statements are based on judgments and assumptions on the basis of information that the Company has obtained and may be different from actual results and developments in the future.

Fiscal Year Ended March 31, 2015

Full-Year Results

(April 2014 to March 2015)

Full-Year Consolidated Results (from April 2014 through March 2015)

(Million yen)

	Year ended March 2015	Previous year	Y/Y change (%)
Net sales	177,929	164,603	13,326 (108.1%)
Operating income	5,939	3,858	2,081 (153.9%)
Ordinary income	6,530	4,446	2,084 (146.9%)
Net income	3,806	8,090	-4,284 (47.0%)

■ Net sales

- Sales in the mainstay Food Manufacturing business rose.
- Sales increased both in Japan and overseas.
- Result reflects inclusion of PT Morinaga Kino Indonesia in the scope of consolidation.

■ Income

Positive factors

- Increase in sales

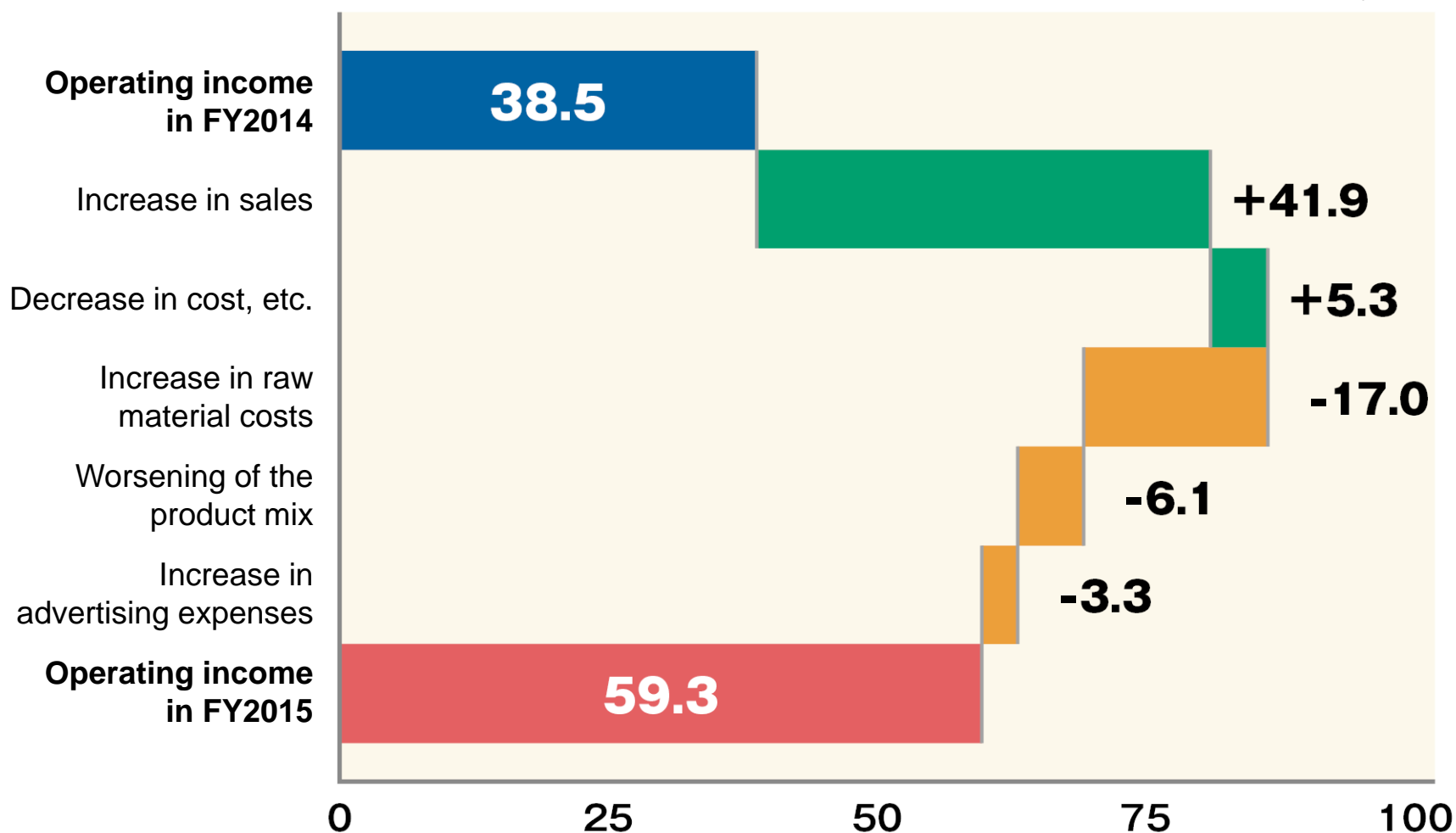
Negative factors

- Increase in the cost of sales ratio
- Surge in raw material costs
- Increase in advertising expenses

* Change in net income reflects posting of gain on sale of Tsukaguchi Plant in previous fiscal year.

Factors in Change in Full-Year Consolidated Operating Income

(100 million yen)



Full-Year Segment Information (April 2014 through March 2015)

(Million yen)

Segment (Component ratio)	Net sales Y/Y change (%)	Segment income (Y/Y change)	
Food Manufacturing (93.9%)	167,053 108.6%	5,482 (+ 2,397)	Food Manufacturing ■ Net sales - Strong domestic sales of confectioneries and frozen desserts - Overseas sales increased. Result reflects inclusion of PT Morinaga Kino Indonesia in the scope of consolidation. ■ Income Positive factors - Increase in sales in food manufacturing segment - Among domestic subsidiaries, Increase in income of Aunt Stella Improvement in income of Takasaki Morinaga Negative factors - Increase in the cost of sales ratio Surge in raw material costs - Increase in advertising expenses
Food Merchandise (4.3%)	7,671 103.4%	508 (-34)	
Real Estate and Services (1.5%)	2,639 93.0%	734 (-61)	
Other Services (0.3%)	565 97.1%	81 (-121)	

Food Manufacturing Net Sales (April 2014 through March 2015)

(Million yen)

	Net sales	Y/Y change	Y/Y change (%)
Consolidated net sales	177,929	13,326	108.1%
Food Manufacturing	167,053	13,288	108.6%
Confectionery & Foodstuffs	115,690	12,882	112.5%
Frozen Desserts	29,936	1,109	103.8%
Health Products	21,426	-703	96.8%
Domestic sales	153,233	5,608	103.8%
Overseas sales	13,819	7,680	225.1%
Overseas sales ratio	7.8%		

Sales by Category (April 2014 through March 2015)

(%)

Category	Market data*1			Morinaga's main brand	Y/Y change in Morinaga's shipments
	Market Y/Y	Morinaga Y/Y	Share (Y/Y change)		
Caramel, candy	101	104	9.3 (+0.2)	<i>Milk Caramel</i> <i>HI-CHEW</i>	91 106
Biscuits	104	105	10.1 (+0.1)	<i>Morinaga Biscuits</i>	108
Chocolate	104	109	7.4 (+0.3)	<i>Chocoball</i> <i>DARS</i> <i>[Bake]</i> <i>[Carre de chocolat]</i>	122 112 [123] [110]
Snack	102	95	3.9 (-0.3)	<i>Ottotto</i>	93
Cocoa	94	97	39.8 (+1.2)	<i>Milk Cocoa</i>	98
Ice	99	102	7.9 (+0.2)	<i>Jumbo group</i>	102
Pouch with a mouth plug	96	92	42.4 (-2.0)	<i>Weider in Jelly</i>	92

*1 Source: Intage SRI data (based on sale proceeds nationwide; the classification is based on Morinaga's definition)

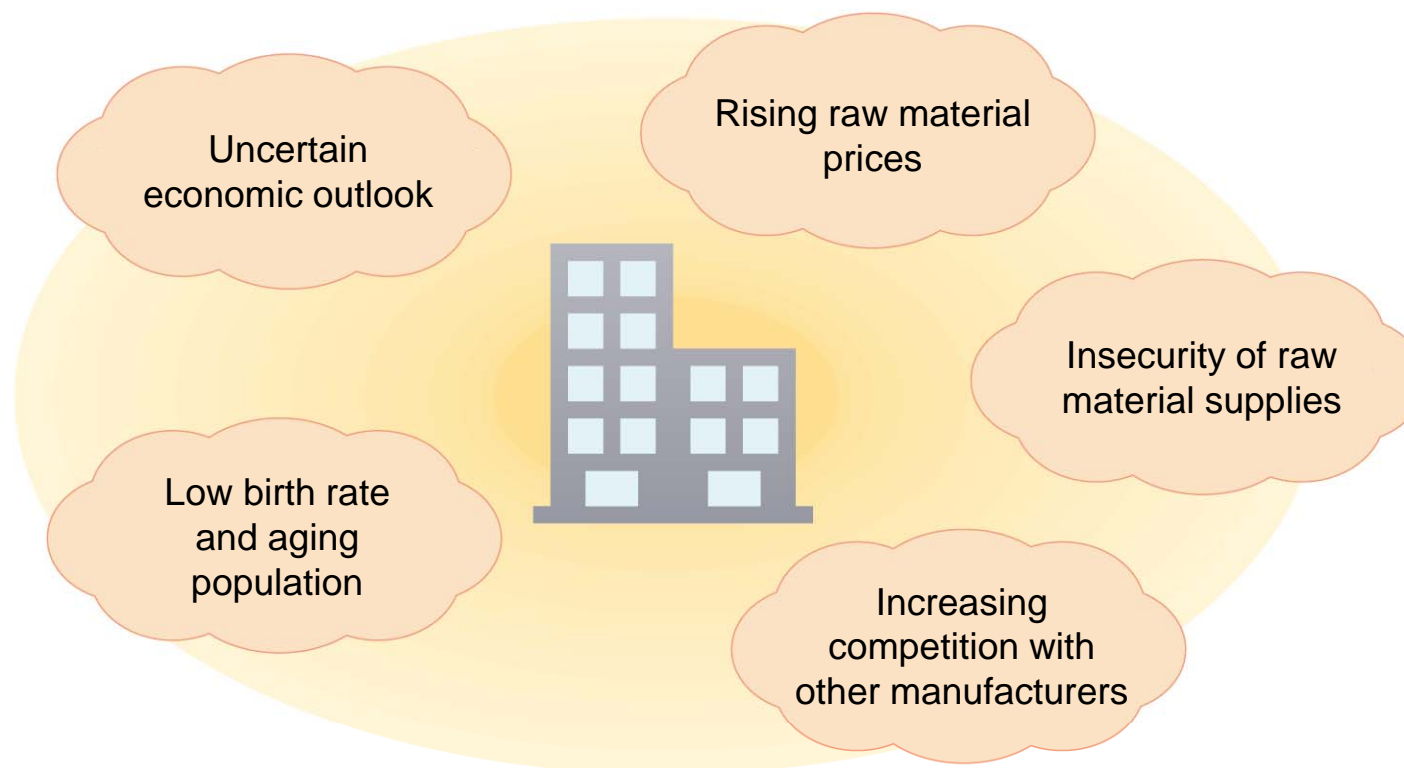
(Non-Consolidated) Year on Year Change in Sales by Brand

(%)

Morinaga's main brand		H1	H2	Full year	Component ratio in Morinaga & Co., Ltd.
Confectionery & Foodstuffs	<i>Milk Caramel</i>	93	89	91	
	<i>HI-CHEW</i>	115	99	106	
	<i>Morinaga Biscuits</i>	117	103	108	
	<i>Chocoball</i>	134	113	122	
	<i>DARS</i>	123	106	112	
	<i>Ottotto</i>	98	88	93	
	<i>Milk Cocoa</i>	90	101	98	
	<i>Confectionery & Foodstuffs Total</i>	112	101	106	29.0 (+ 0.5)
Frozen Desserts	<i>Jumbo group</i>	101	105	102	8.6 (- 0.1)
Health Products	<i>Weider in Jelly</i>	89	97	92	9.9 (- 1.2)
Mainstay brands total		103	101	102	47.5 (- 0.8)

2015 Medium-Term Business Plan

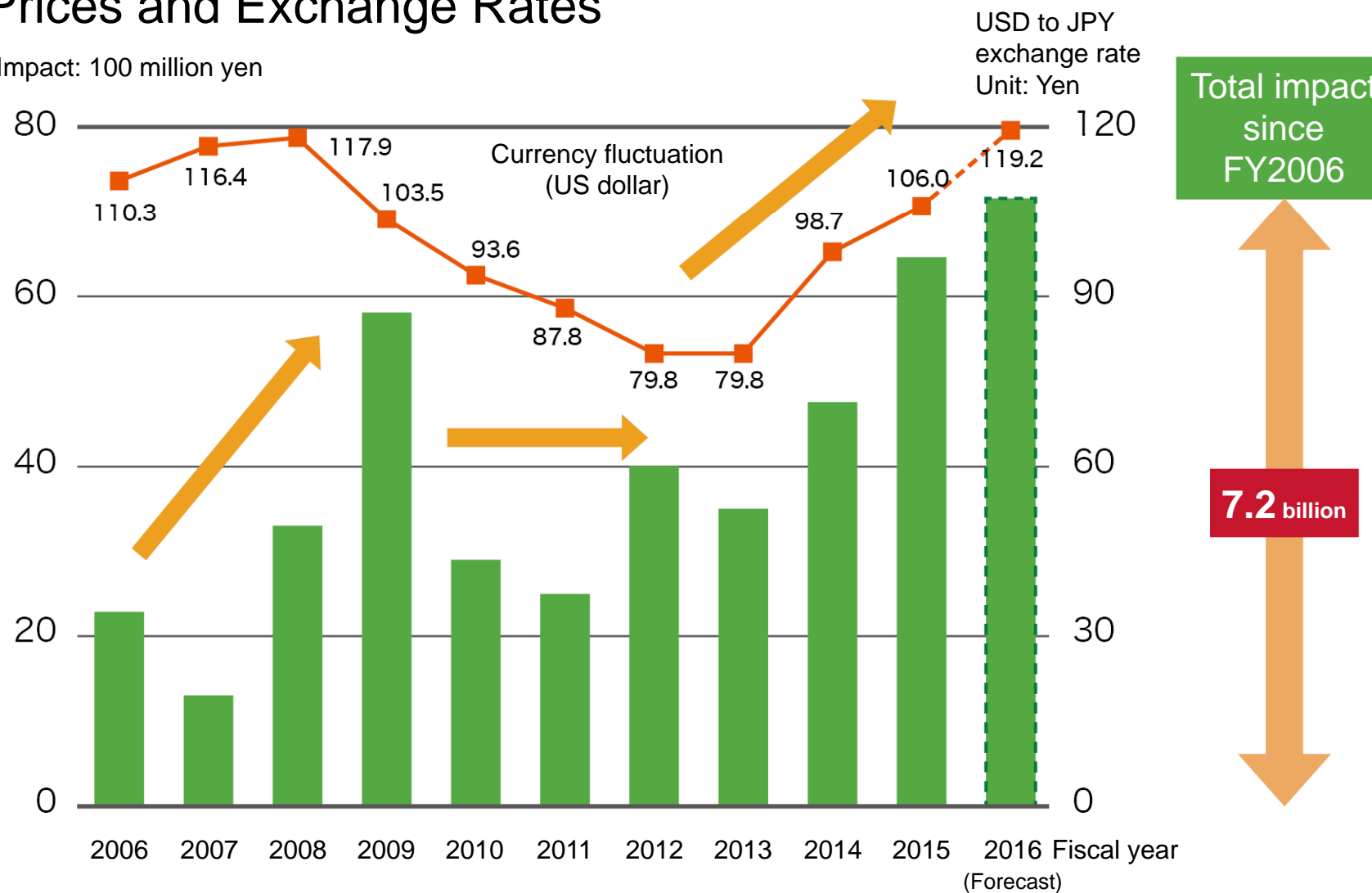
External Environment Surrounding Market and Industry



Strengthen business base and strive to generate revenue while responding flexibly to various changes in the external environment!

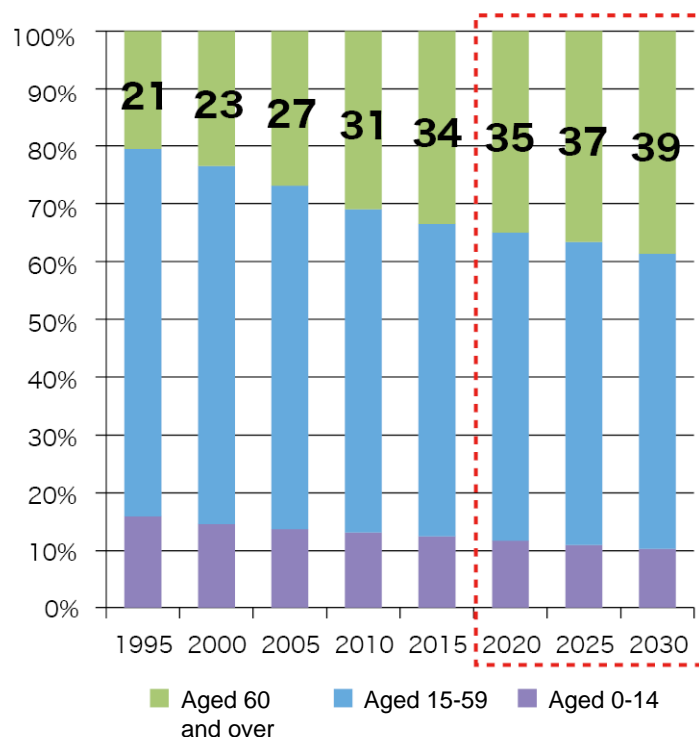
Changing Business Environment: Impact of Rising Raw Material Prices and Exchange Rates

Impact: 100 million yen



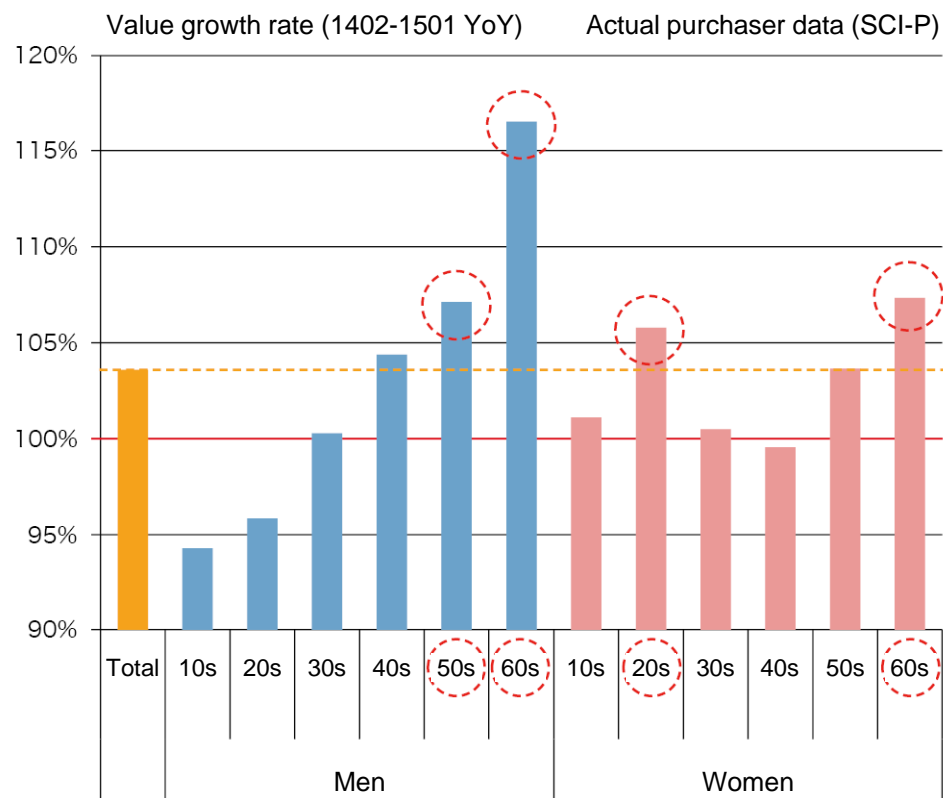
Respond Flexibly to the Changing Business Environment

Population projection for Japan (%)



* Data for 1995 – 2010: *Population Census of Japan* (Statistics Bureau, Ministry of Internal Affairs and Communications)
Data from 2015: Prepared based on *Population Projections for Japan* (January 2012) (National Institute of Population and Social Security Research)

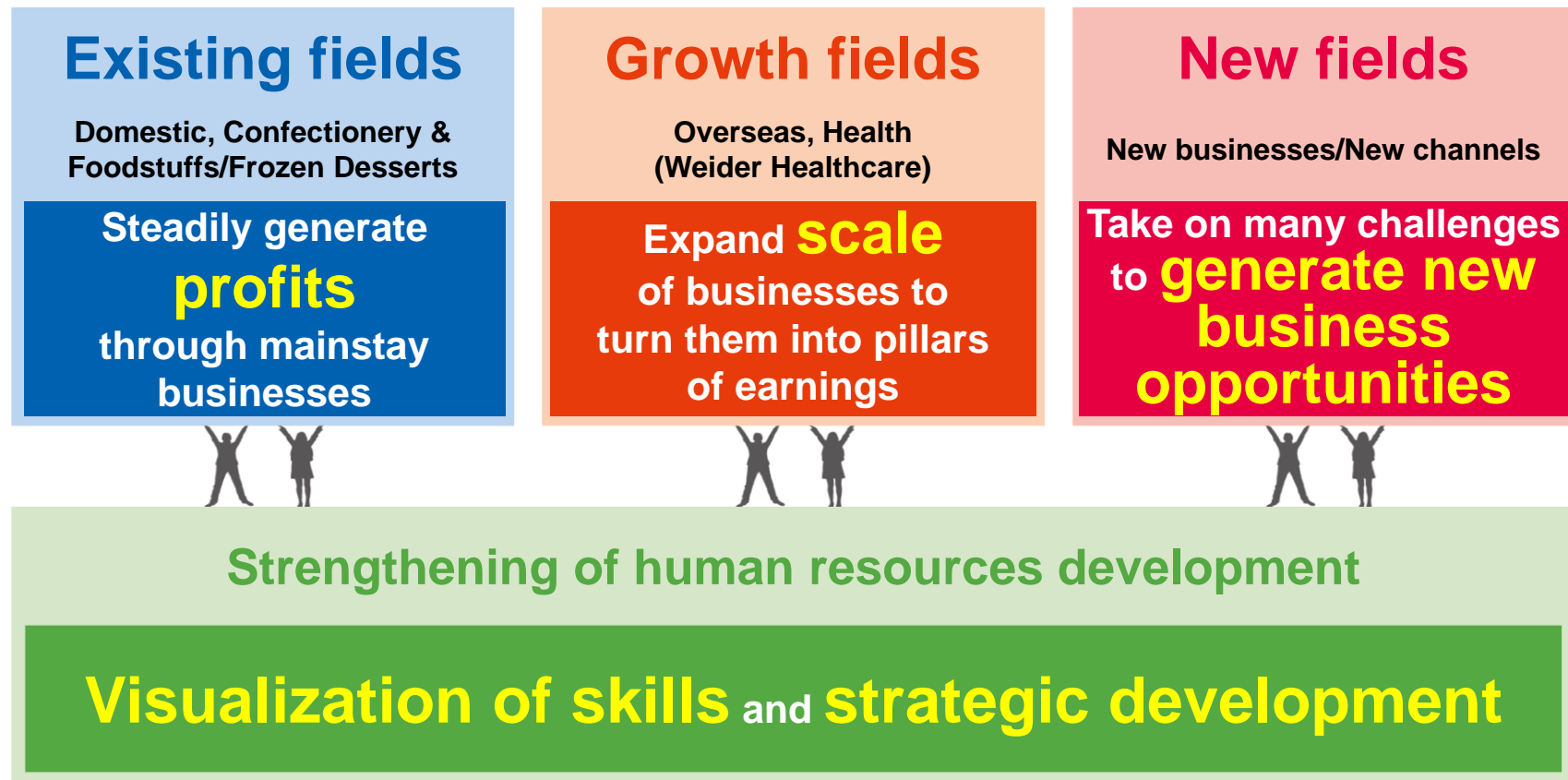
Value of chocolate products purchased in FY2014
Growth rate by gender and age



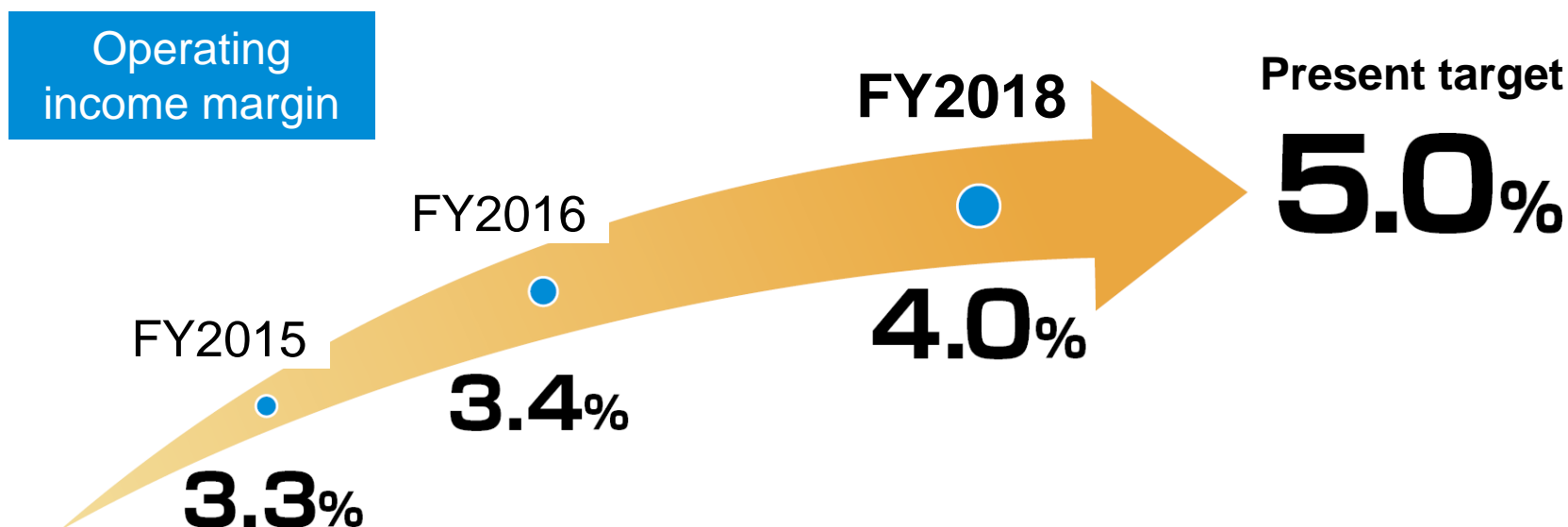
* INTAGE SCI, Chocolate market, Average growth rate of value of purchases over period February 2014 – January 2015

Key Initiatives

Strengthening of business base and generation of business opportunities



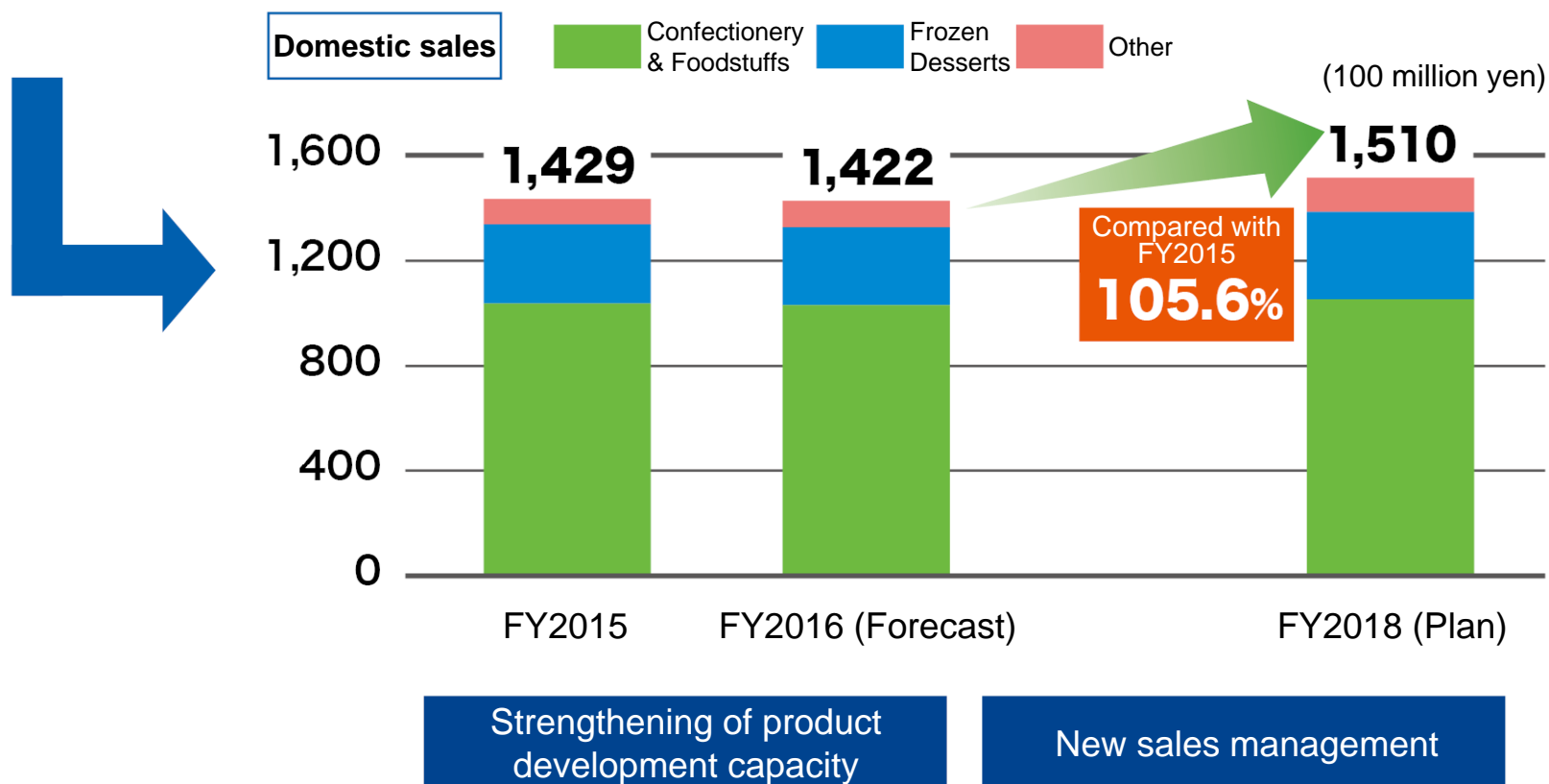
Themes of 2015 Medium-Term Business Plan



Key Initiatives <Existing fields>

<Existing fields> Domestic: Confectionery & Foodstuffs, Frozen Desserts and Other

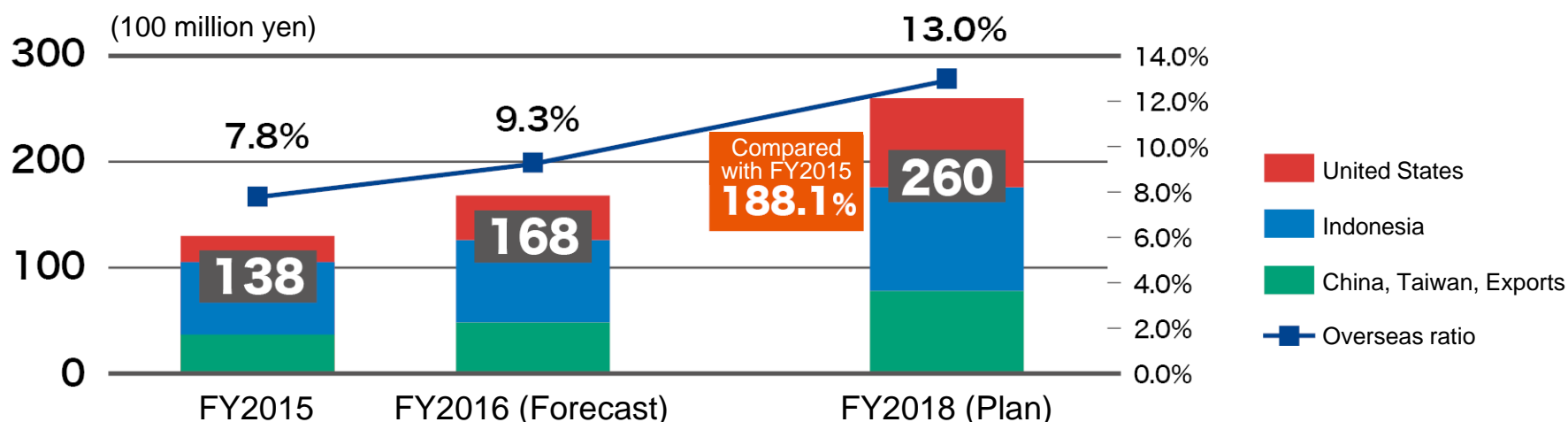
- Steadily generate **profits** through mainstay businesses



Key Initiatives <Growth fields: Overseas>

- Consolidate business base by working to expand scale of businesses to turn them into future pillars of earnings!

<Growth fields> Overseas



United States

FY2013 Establishment of Morinaga America Foods
FY2015 Start-up of new plant: Plan to start local production

Southeast Asia

FY2013 Establishment of PT Morinaga Kino Indonesia (JV)
FY2016 Plan to start production of own-brand products

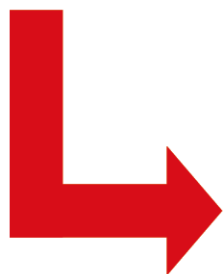
China, Taiwan, Exports

China: Expansion of *Hi-Chew* line-up
Exports: Strong ice-cream exports (Milk Caramel Monaka)

Key Initiatives <Growth fields: Health>

- Consolidate business base by working to expand scale of businesses to turn them into future pillars of earnings!

<Growth fields> Health



Weider

Promotion of expansion of *In Jelly*
High unit price, high added value

Health Care

Enhancement of health function appeal
through unique ingredients
Strengthening and expansion of
mail-order sales base

Product groups with growth potential



Key Initiatives

<Manufacture of liquid chocolate> Business alliance with Barry Callebaut

- We have been in a business alliance with Barry Callebaut, global leader in cocoa and chocolate, since 2007.

Sharing of world-class technologies

Reduction of manufacturing costs

Facility established on premises of Takasaki Morinaga, our flagship plant

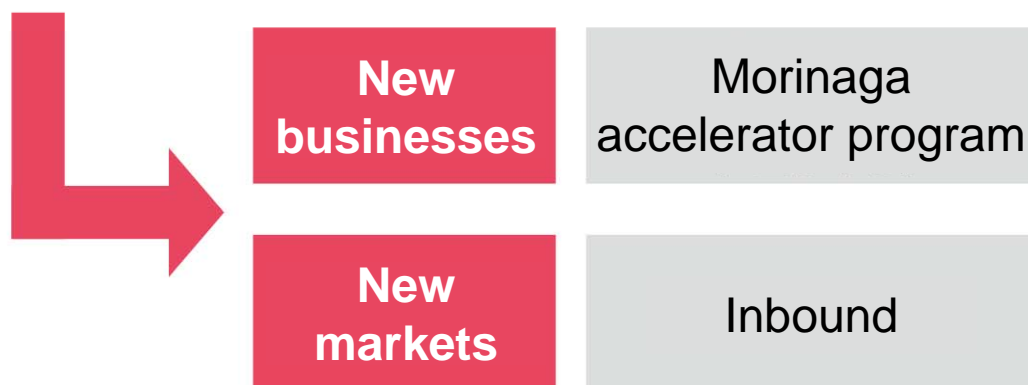


Takasaki Morinaga

Key Initiatives <New fields>

<New fields> New businesses, new markets

- Try to **generate new business opportunities**, drawing on outside expertise!

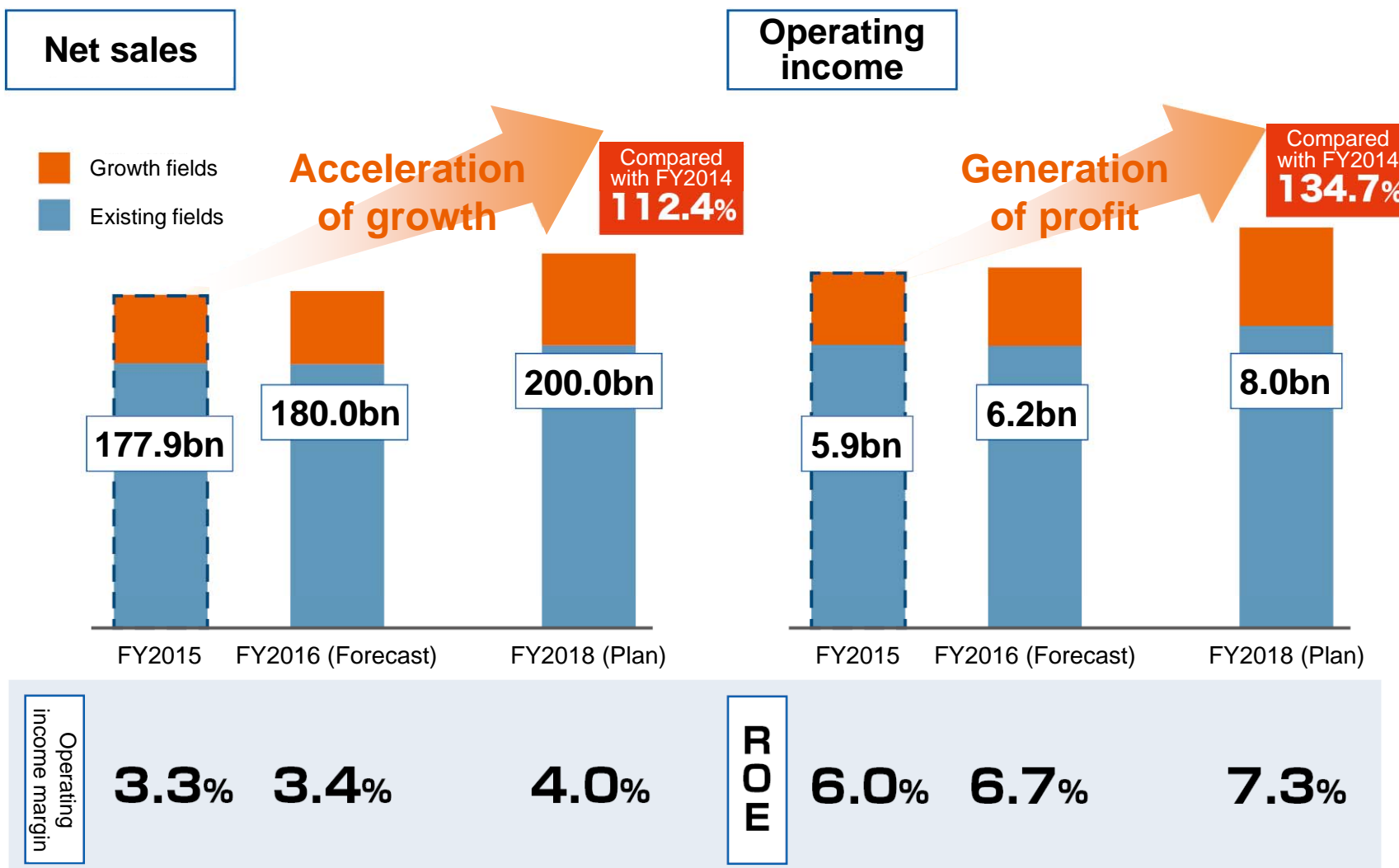


<Strengthening of human resources development>

- **Visualization of skills and strategic development from a medium- to long-term perspective**



Sales and Income Growth Targets



Fiscal Year Ending March 31, 2016

Results Forecast

(April 2015 through March 2016)

Specific Initiatives



Strengthening of products with high unit cost, high added value



Strengthening of core brands and generation of profit

Foods with health claims (under application)



Strengthening of health functions and product development



* Illustration



Start of operation at U.S. production base

Full-Year Consolidated Results Forecast Compared with Results a Year Earlier

(Million yen)

	Forecast for year ending March 2016	Result in previous fiscal year	Y/Y change (%)
Net sales	180,000	177,929	2,071 (101.2%)
Operating income	6,200	5,939	261 (104.4%)
Ordinary income	6,600	6,530	70 (101.1%)
Net income attributable to owners of parent	4,500	3,806	694 (118.2%)

■ Net sales

- Sales growth as a result of increased overseas sales

■ Income

Positive factors

- Increased sales
- Cost reductions, etc.
- Effect of lower advertising costs

Negative factors

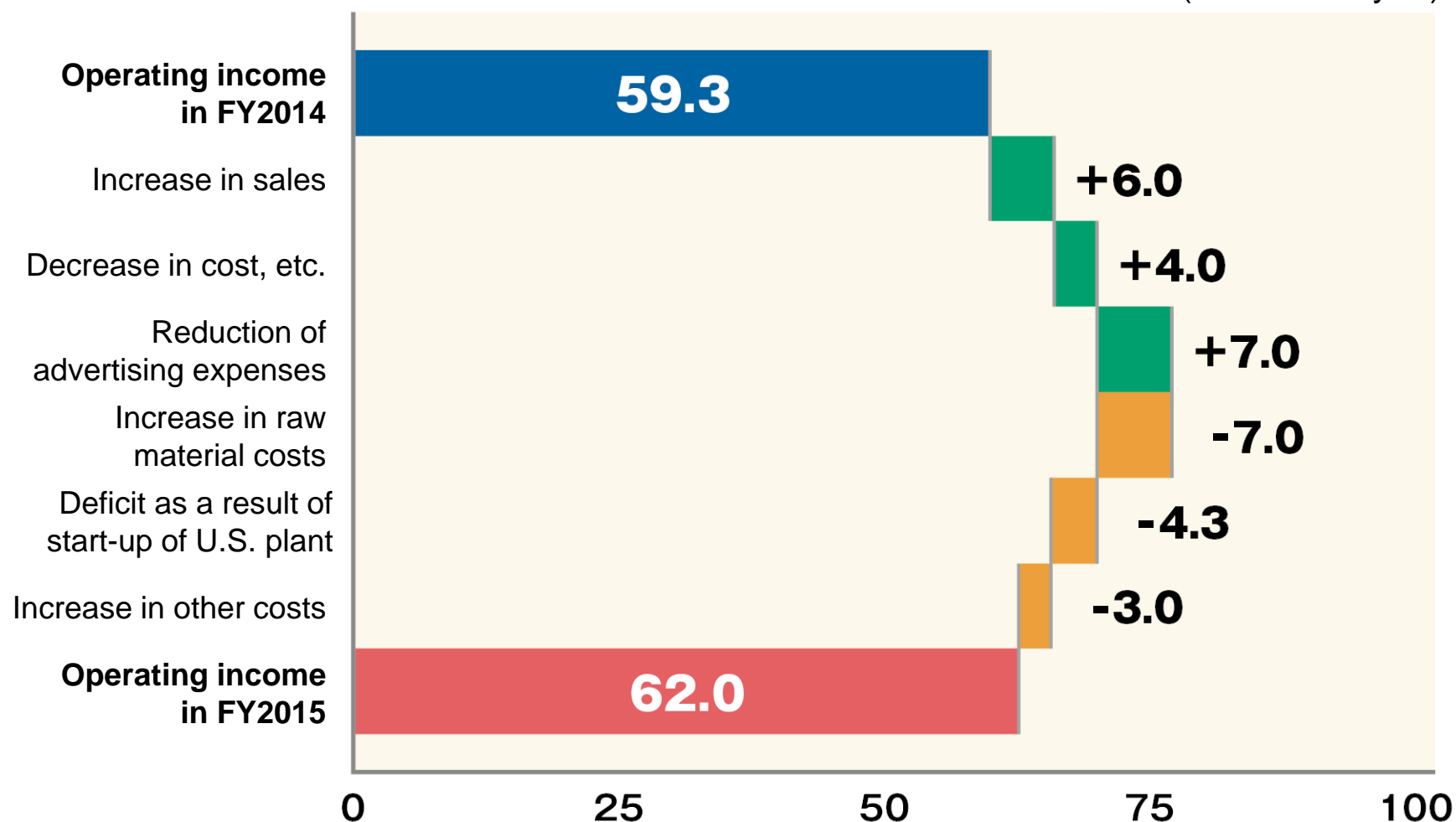
- Surge in raw material costs

Operating income margin:
3.4%

ROE:
6.7%

Factors in Change in Full-Year Consolidated Operating Income

(100 million yen)



Full-Year Forecast by Segment (April 2015 through March 2016)

(Million yen)

Segment (Component ratio)	Net sales Y/Y change (%)	Segment income (Y/Y change)
Food Manufacturing (94.5%)	170,000 (101.0%)	5,650 (+128)
Food Merchandise (3.8%)	6,800 (106.3%)	550 (+82)
Real Estate and Services (1.4%)	2,600 (98.5%)	750 (+16)
Other Services (0.3%)	600 (106.1%)	90 (+9)

* Segment for certain operations changed from Food Merchandise to Food Manufacturing.

Food Manufacturing	Net sales	Y/Y change (%)
Domestic	153,200	-1,310 (99.2%)
Overseas	16,800	2,981 (121.6%)

Overseas sales ratio

9.3%

(Non-consolidated) Year on Year Change in Sales by Brand

(%)

Morinaga's main brand		H1 forecast	H2 forecast	Full-year forecast	Component ratio in Morinaga & Co., Ltd.
Confectionery & Foodstuffs	<i>Milk Caramel</i>	95	111	103	
	<i>HI-CHEW</i>	101	107	104	
	<i>Morinaga Biscuits</i>	96	101	99	
	<i>Chocoball</i>	93	108	101	
	<i>DARS</i>	102	98	99	
	<i>Ottotto</i>	102	113	107	
	<i>Milk Cocoa</i>	98	101	100	
	<i>Confectionery & Foodstuffs Total</i>	98	104	101	30.7 (+ 1.7)
Frozen Desserts	<i>Jumbo group</i>	102	98	100	8.7 (+ 0.1)
Health Products	<i>Weider in Jelly</i>	101	98	100	10.0 (+ 0.1)
Mainstay brands total		100	102	101	49.5 (+ 2.0)

* Scope of main brand *Milk Cocoa* changed to *Morinaga Cocoa*.