

Fiscal Year Ending March 31, 2015
Results Briefing for First Half

November 19, 2014

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 Ending March 31, 2015
Results in the First Half
(April to September, 2014)

Consolidated Results in the First Half (from April 2014 through September 2014)

(Million yen)

	H1 of Year Ending March 2015	H1 of previous year	Year on year
Net sales	88,993	81,306	7,687 (109.5%)
Operating income	2,266	2,092	174
Ordinary income	2,587	2,360	227
Net income	1,679	1,258	421

■ Net sales

- Sales in the mainstay Food Manufacturing business rose. Sales increased both in Japan and overseas.

■ Income

Positive factors

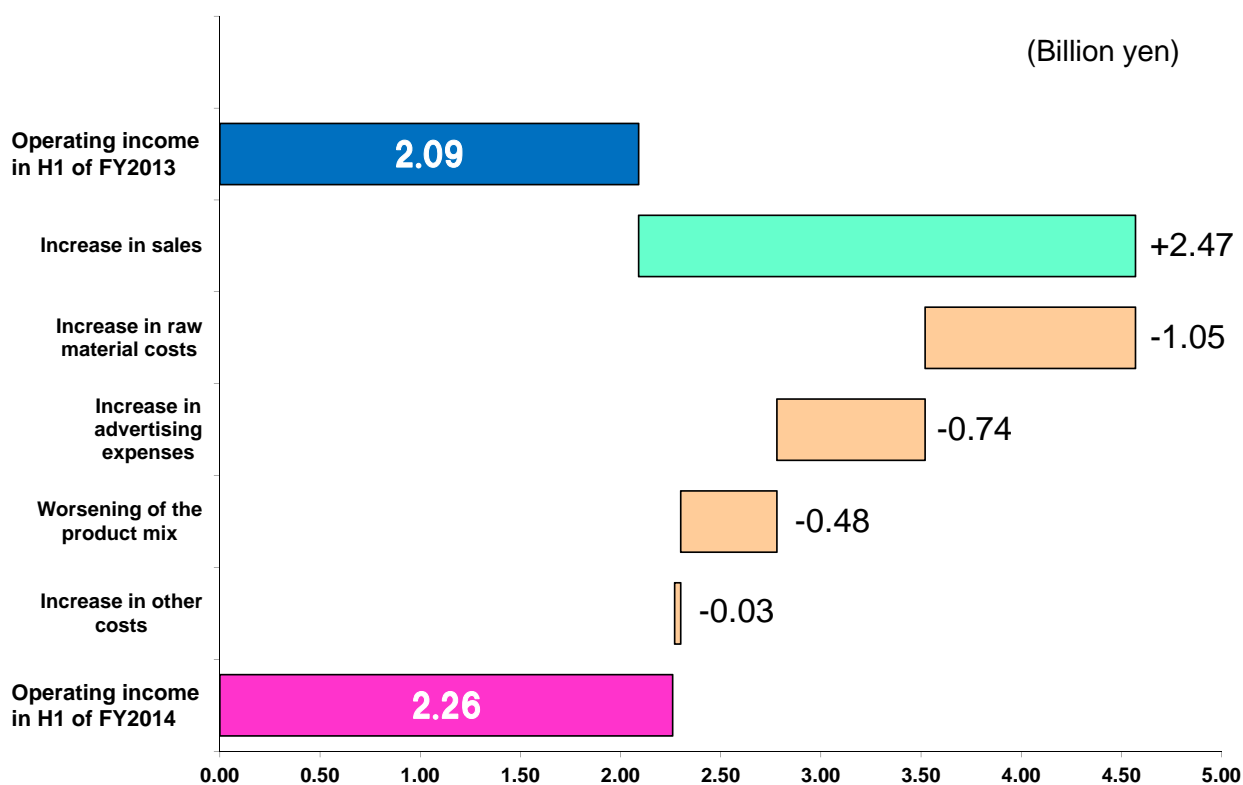
- Increase in sales

Negative factors

- Increase in the cost of sales ratio
- Increase in advertising expenses

Factors in Change in Consolidated Operating Income in the First Half

(Billion yen)



Segment Information in the First Half (April 2014 through September 2014)

(Million yen)

Segment (Component ratio)	Net sales Y/Y change (%)	Operating income (Y/Y change)	
Food Manufacturing (94.4%)	83,992 +9.9%	1,972 (278)	Food Manufacturing ■ Net sales - Strong domestic sales of confectioneries and frozen desserts - Consolidation of Morinaga Kino Indonesia - Increase in sales at all overseas subsidiaries ■ Income Positive factors - Increase in sales - Among domestic subsidiaries, Increase in income of Aunt Stella Improvement in income of Takasaki Morinaga Negative factors - Increase in the cost of sales ratio - Increase in advertising expenses
Food Merchandise (3.8%)	3,356 +6.4%	147 (16)	
Real Estate and Services (1.5%)	1,358 -6.8%	376 (-23)	
Other Services (0.3%)	285 -3.6%	48 (-48)	

Net Sales in the First Half (April 2014 through September 2014)

(Million yen)

	Net sales	Y/Y change	Y/Y change (%)
Consolidated net sales	88,993	7,687	109.5%
Food Manufacturing	83,992	7,593	109.9%
Confectionery & Foodstuffs	52,679	7,745	117.2%
Frozen Desserts	19,251	654	103.5%
Health Products	12,061	-807	93.7%
(Overseas)	(5,940)	(3,774)	(274.2%)

Description of Net Sales

■ Confectioneries & Foodstuffs: up 17.2%

Sales of *Chocoball* and *DARS* rose. Sales of the seven mainstay brands increased 12% year on year.

Carré de chocolat and *BAKE* sold well.

PT Morinaga Kino Indonesia was consolidated. Sales increased at all subsidiaries overseas.

■ Frozen Desserts: up 3.5%

Despite an unusually cool summer, *Choco Monaka Jumbo* continued to sell well.

Sales of multipack items, such as *BISCUIT SAND*, *Pari Pari bar* and *PAXIEL*, also remained strong.

■ Health Products: down 6.3%

Weider in Jelly struggled as the results generated by a renewal were not as high as anticipated.

Sales in the mail-order business rose year on year. Sales of *Delicious Collagen Drink* remained flat, but sales of other products climbed.

Overseas sales in the Food Manufacturing segment: up 174.2%

PT Morinaga Kino Indonesia was consolidated in the fiscal year under review.

Sales rose at all overseas subsidiaries. (Sales were especially strong at Taiwan Morinaga and Morinaga America.)

Sales by Category (April 2014 through September 2014)

(%)

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	+1	+8	9.8 (+0.6)	<i>Milk Caramel HI-CHEW</i>	-7 +15
Biscuits	+4	+8	10.0 (+0.3)	<i>Morinaga Biscuits</i>	+17
Chocolate	+8	+9	8.5 (+0.1)	<i>Chocoball DARS [Bake] [Carre de chocolat]</i>	+34 +23 [+31] [+21]
Snack	+2	-4	4.0 (-0.3)	<i>Ottotto</i>	-2
Cocoa	-9	-9	42.2 (+0.3)	<i>Milk Cocoa</i>	-10
Ice	-3	+1	7.8 (+0.3)	<i>Jumbo group</i>	+1
Pouch with a mouth plug	-6	-10	42.4 (+2.2)	<i>Weider in Jelly</i>	-11

*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		Q1	Q2	H1	Component ratio in Morinaga & Co., Ltd.
Confectionery & Foodstuffs	<i>Milk Caramel</i>	-10	-1	-7	
	<i>HI-CHEW</i>	+13	+16	+15	
	<i>Morinaga Biscuits</i>	+13	+21	+17	
	<i>Chocoball</i>	+24	+42	+34	
	<i>DARS</i>	+19	+27	+23	
	<i>Ottotto</i>	+0	-4	-2	
	<i>Milk Cocoa</i>	-20	-5	-10	
	Confectionery & Foodstuffs Total	+9	+16	+12	25.7 (+1.8)
Frozen Desserts	<i>Jumbo group</i>	+2	-1	+1	11.4 (-0.5)
Health Products	<i>Weider in Jelly</i>	-10	-12	-11	11.4 (-2.0)
Mainstay brands total		+3	+4	+3	48.5 (-0.8)

Fiscal Year Ending March 31, 2015

Results Forecast

(April 2014 through March 2015)

Consolidated Results Forecast for Q3 and Q4 Compared with Results a Year Earlier

(Million yen)

	Q3 and Q4 Forecast announced on Nov. 5	Result in previous fiscal year	Y/Y change (%)
Net sales	88,706	83,297	5,409 (+6.5%)
Operating income	2,033	1,766	267
Ordinary income	2,112	2,086	26
Net income	1,120	6,832	-5,712

■ Net sales

- Sales in the mainstay Food Manufacturing business will rise.

■ Income

Positive factors

- Increase in sales

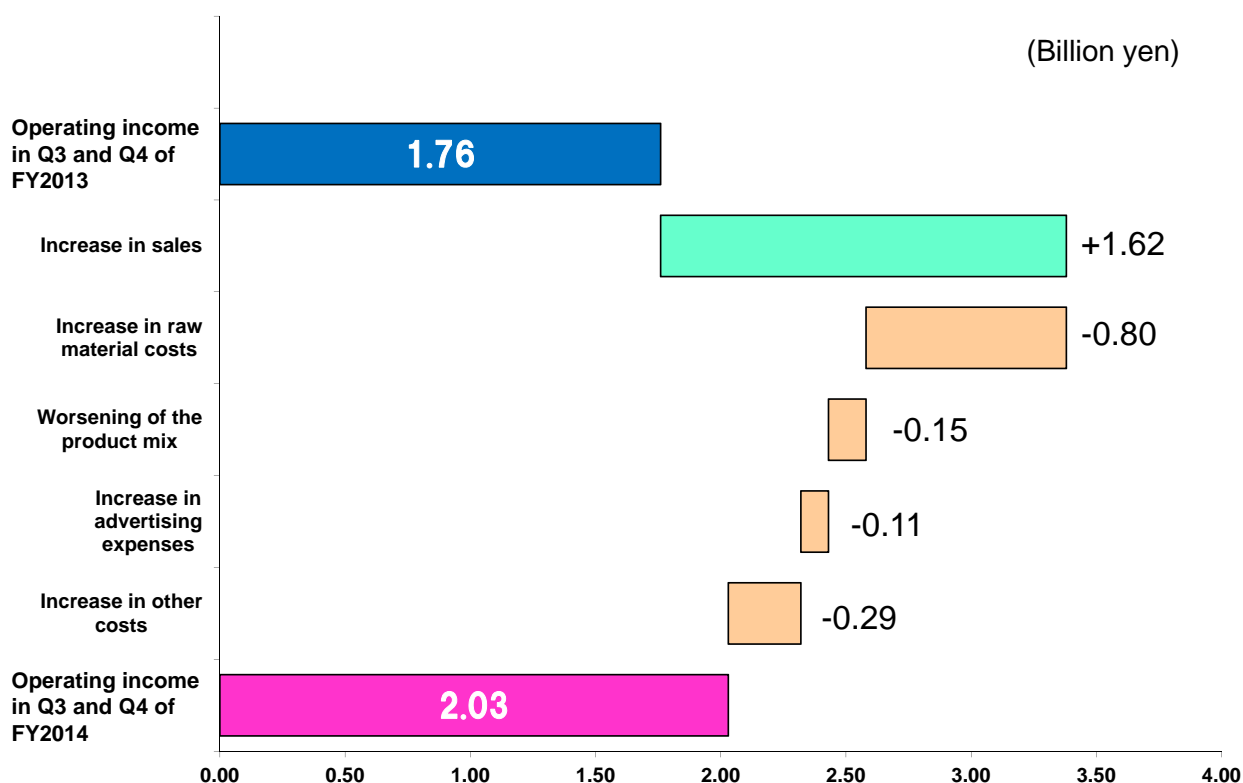
Negative factors

- Increase in raw material costs
- Increase in advertising expenses

* Net income will decline, reflecting an 8.9 billion yen gain on sales of property, plant and equipment posted in the previous fiscal year.

Factors of Change in Consolidated Operating Income in Q3 and Q4

(Billion yen)



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

(Million yen)

	Full-year forecast announced on Nov. 5	Result in previous fiscal year	Y/Y change (%)	
Net sales	177,700	164,603	13,097 (+8.0%)	<p>■ Net sales</p> <ul style="list-style-type: none"> - Sales in the mainstay Food Manufacturing business will rise. <p>■ Income</p> <p>Positive factors</p> <ul style="list-style-type: none"> - Increase in sales <p>Negative factors</p> <ul style="list-style-type: none"> - Surge in raw material costs - Increase in advertising expenses - Worsening of the product mix
Operating income	4,300	3,858	442	
Ordinary income	4,700	4,446	254	
Net income	2,800	8,090	-5,290	

Full-year Forecast by Segment (April 2014 through March 2015)

(Million yen)

Segment (Component ratio)	H1 result	H2 forecast	Full-year forecast	Y/Y change (%)
Food Manufacturing (93.3%)	83,992	81,708	165,700	+7.8
Food Merchandise (4.8%)	3,356	5,194	8,550	+15.3
Real Estate and Services (1.6%)	1,358	1,502	2,860	+0.7
Other Services (0.3%)	285	305	590	+1.4

Food Manufacturing	H1 result	H2 forecast	Full-year forecast	Y/Y change (%)
Domestic	78,052	73,848	151,900	4,274 (+2.9%)
Overseas	5,940	7,896	13,800	7,661 (+124.8%)

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

(%)

Morinaga's main brand		H1 result	H2 forecast	Full-year forecast	Component ratio in Morinaga & Co., Ltd.
Confectionery & Foodstuffs	<i>Milk Caramel</i>	-7	+2	-2	
	<i>HI-CHEW</i>	+15	+5	+9	
	<i>Morinaga Biscuits</i>	+17	+3	+9	
	<i>Chocoball</i>	+34	+12	+22	
	<i>DARS</i>	+23	-3	+5	
	<i>Ottotto</i>	-2	-2	-2	
	<i>Milk Cocoa</i>	-10	+0	-3	
	Confectionery & Foodstuffs Total	+12	+3	+7	29.3 (+0.9)
Frozen Desserts	<i>Jumbo group</i>	+1	+1	+1	8.5 (-0.2)
Health Products	<i>Weider in Jelly</i>	-11	+0	-7	10.0 (-1.1)
Mainstay brands total		+3	+2	+3	47.8 (-0.4)

Key Initiatives

(1) Strengthening the system to develop new products

Targeting senior citizens

→ High value-added products, products for adults



BAKE
Cookie Chocolate



HI-CHEW
Premium



Otona ni Zeitaku
Chocoball



Aunt Stella's brand
cookies



Mash Bon



FamilyMart



Seven-Eleven



Lawson



Aeon

Strengthening collaboration with retailers

→ Products for specific retailers

(1) Strengthening the system to develop new products

Reviewing specifications

Raw material costs surged.

Certain items

Reviewed content weight in July 2014.



(2) Expediting expansion into growth fields

(i) Overseas expansion

United States

HI-CHEW is selling well.



Sales to rise **50%** year on year
(full-year forecast)

FY2013 Morinaga America Foods, Inc. established
FY2015 On-site manufacturing to commence

Southeast Asia



▲ The Sayung plant of PT Morinaga Kino Indonesia

Sales in the first half of the fiscal year
¥3.1 billion (within the scope of consolidation)

FY2013 PT Morinaga Kino Indonesia established (joint venture)
FY2014 Annual sales expected to be ¥6.2 billion
FY2016 Manufacturing of products under Morinaga brands to commence

(2) Expediting expansion into growth fields

(ii) Health products

Weider



March 2014 renewal



From September

(From July)



(2) Expediting expansion into growth fields

(ii) Health products

Mail-order

Further growth



Passienol™
Passienol™
developed

A health food material with an anti-aging function (a kind of polyphenol) is included.



Launched in July



(3) Promoting streamlining

Reorganization of plants

Takasaki Morinaga KK

Aug 2011: Plant No. 1 started operation.

June 2013: Plant No. 2 started operation.



Improving production efficiency further



Status of Consolidated Subsidiaries



Aunt Stella:
Both sales and income rose.



Takasaki Morinaga: Income improved.



Taiwan Morinaga:
Both sales and income rose.