

Financial Results Presentation

- for the First Half of the Fiscal Year Ending March 31, 2015 -



November 2014

MORINAGA MILK INDUSTRY CO., LTD.

1. Overview of 1H of FYE March 2015 Financial Results

2. Outlook of Financial Results for the Year Ending March 2015

Cautionary Note Regarding Business Forecasts

Figures for plans, policies and other figures included in this report other than actual past results are forecasts of future business performance, and are calculated based on management's estimates and understanding of the information available to the Company at the time this presentation was prepared.

Accordingly, these forward-looking figures contain elements of risk and uncertainty, and actual results may differ from these forecasts for a variety of reasons. These elements of potential risk and uncertainty include economic condition in the Company's major markets, trends in demand for the Company's products, exchange rate movements, and regulatory changes and changes in accounting standards and business practices in Japan and other countries.

Monetary amounts in this presentation are shown in billions of yen, with amounts of less than 0.1 billion yen rounded to the nearest 0.1 billion yen, and as a result, total figures may differ from the sum of the corresponding breakdown figures.

1. Overview of 1H of FYE March 2015 Financial Results

Financial Results for 1H of FYE March 2015



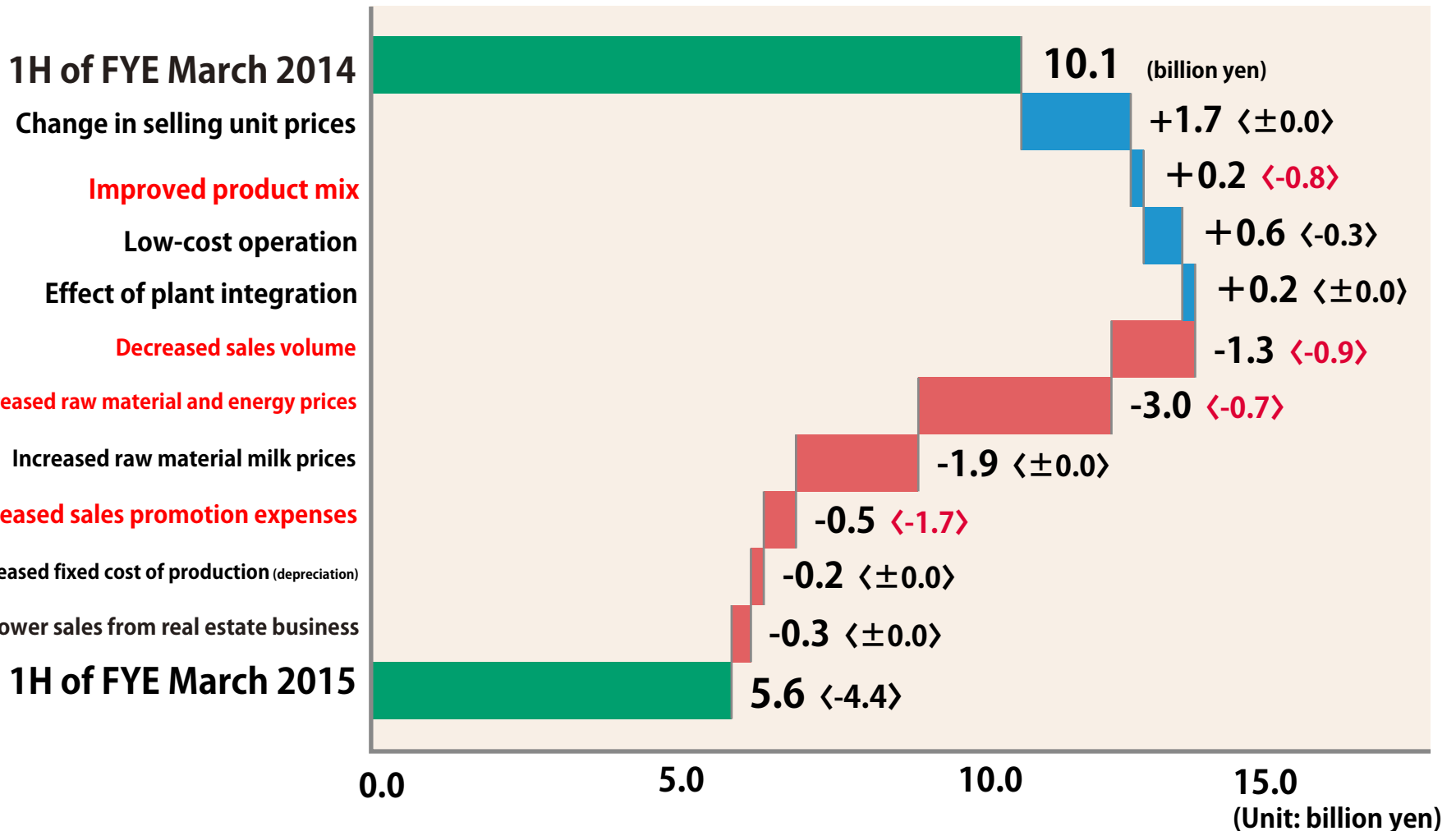
(Unit: billion yen)

	1H of FYE March 2014	1H of FYE March 2015	Year on Year (%)	Year on Year Change	Change from plan
Net Sales	320.9	315.8	-1.6%	-5.1	-4.2
Operating Income	9.6	5.2	-46.5%	-4.5	-4.3
Ordinary Income	10.1	5.6	-44.7%	-4.5	-4.4
Net Income	4.8	3.3	-31.7%	-1.5	-1.7
ROS (Ordinary Income / Net Sales)	3.2%	1.8%			

Factors Attributable to Increases and Decreases in Ordinary Income



Figures in the < > are changes from initial forecast figures



Main Factors Attributable to Changes From the Initial Forecasts



Improved product mix <minus 0.8 billion yen from forecast>

- Slump in ice cream, chilled tea and other higher-margin categories

Decreased sales volume <minus 0.9 billion yen from forecast>

- Fall in revenue from ice cream and other such products due to the effect of the weather, and new products not meeting the planned figures

Increased raw material and energy prices <minus 0.7 billion yen from forecast>

- Progressive weakening of the yen

Increased sales promotion expenses <minus 1.7 billion yen from forecast>

- Increased advertising expenses primarily for new products <minus 0.7 billion yen> , increase in expenditure on campaign costs for product development

Net Sales by Product Category and Main Products (Non-consolidated)



Areas to be Strengthened and Developed	Net Sales (Billion yen)	Year on Year (%)
Yogurt	26.8	-4%
Cheese	21.8	6%
Chilled cup-type drink	25.7	1%
Functional food materials & health food	2.9	11%
Total	77.2	1%
Liquid diet (CLINICO)	13.9	-3%
Overseas business (consolidated)	12.6	4%

Profit Growth Areas	Net Sales (Billion yen)	Year on Year (%)
Food service & institutional food products	20.7	5%
Ice cream	31.9	-2%
Home deliveries	10.3	-5%
Chilled tea	9.7	-4%
Total	72.5	-1%

Margin Improvement Areas	Net Sales (Billion yen)	Year on Year (%)
Milk	29.8	3%
Nutritional food products	5.9	-2%
Chilled desserts	10.0	-5%
Total	45.6	0%

Product Group	Product	Year on Year (%)
Yogurt	Bifidus brand	-4%
Chilled cup-type drinks	Mt.RAINIER	5%
Milk	Morinaga Oishii Gyunyu Milk	-6%

(Note) "Liquid diet" is the net sales of the consolidated subsidiary CLINICO Co., Ltd.

Shares of Home-Use Products



Category	Share		
	1H of FYE March 2014	1H of FYE March 2015	Rank
Chilled cup-type coffee	52%	51%	1
Chilled tea	72%	69%	1
Yogurt	12%	12%	2
Chilled desserts	23%	23%	1
Cheese	14%	13%	3
Ice cream	12%	13%	3
Liquid diet	36%	36%	1

Note: Shares of home-use products by monetary amount.

Source: INTAGE Inc. (Share of sales amounts in Apr-Sep 2013 and Apr-Sep 2014). Company estimates for liquid diet only.

Status of Consolidated Subsidiaries



Category	Net Sales (Billion yen)	Year on Year (%)	No. of Companies	Main subsidiaries
Production and Production & sales companies	60.0	2%	13	<ul style="list-style-type: none"> •Yokohama milk industry •MK CHEESE
Distributor	70.2	-2%	4	<ul style="list-style-type: none"> •Daily Foods •Hokkaido Morinaga Milk Industry Sales
Other companies	70.2	-3%	13	<ul style="list-style-type: none"> •CLINICO •Milei •MORINAGA ENGINEERING
Total	200.4	-1%	30	

(Note) Simple total prior to consolidation elimination.

2. Outlook of Financial Results for the Year Ending March 2015

FYE March 2015 Full-Year Business Forecasts



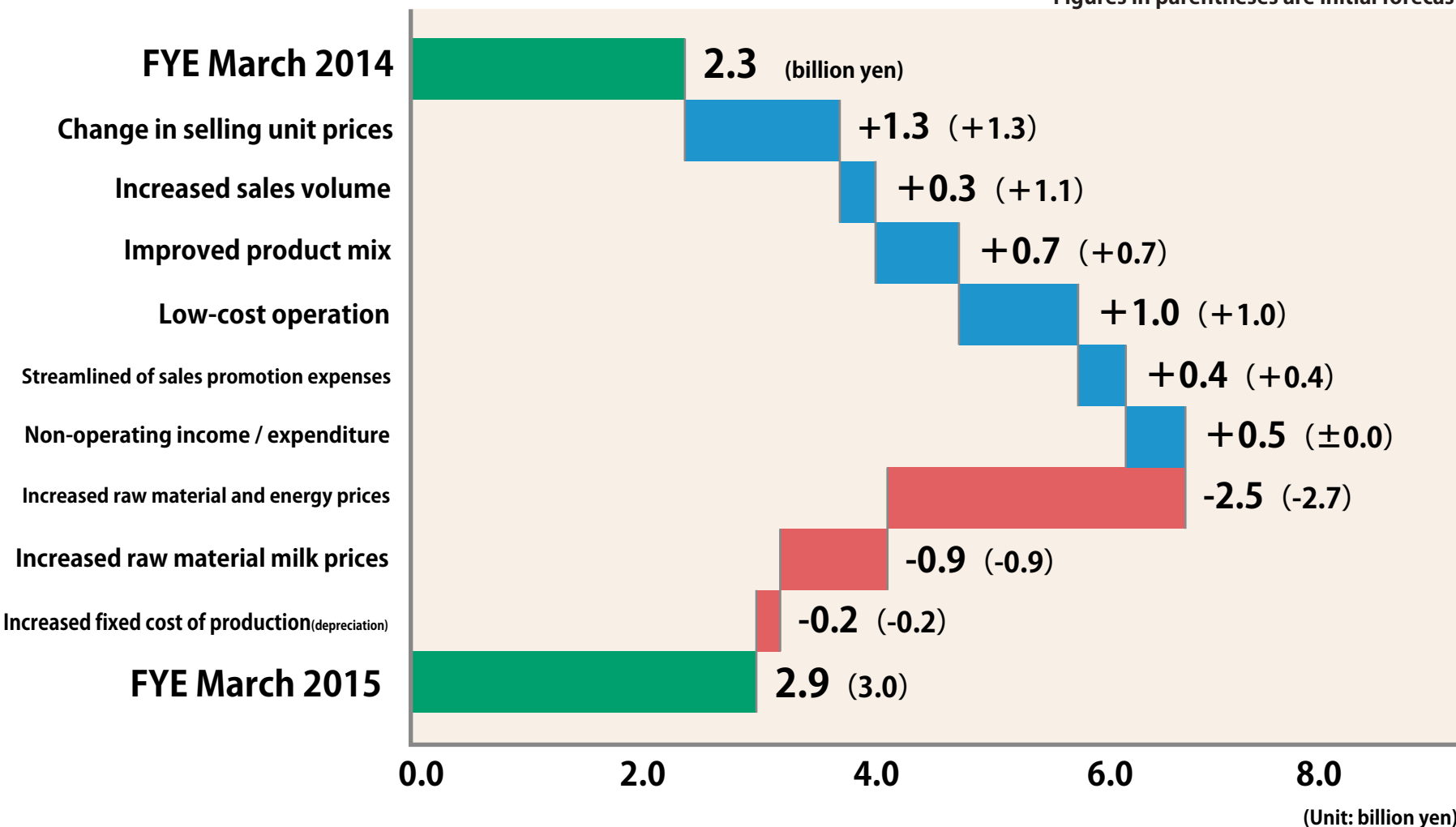
(Unit: billion yen)

	FYE March 2014	FYE March 2015	Year on Year (%)	Year on Year Change	Change from plan
Net Sales	599.3	596.0	-0.5%	-3.3	-9.0
Operating Income	12.0	7.6	-36.6%	-4.4	-5.0
Ordinary Income	12.4	8.5	-31.4%	-3.9	-4.5
Net Income	4.8	4.0	-17.4%	-0.8	-2.0
RO S (Ordinary Income / Net Sales)	2.1%	1.4%			
RO A (Ordinary Income / Total Assets)	3.4%	2.4%			
RO E (Net Income / Equity Capital)	4.1%	3.3%			

Outlook of Increases/decreases in Consolidated Ordinary Income (Second Half)



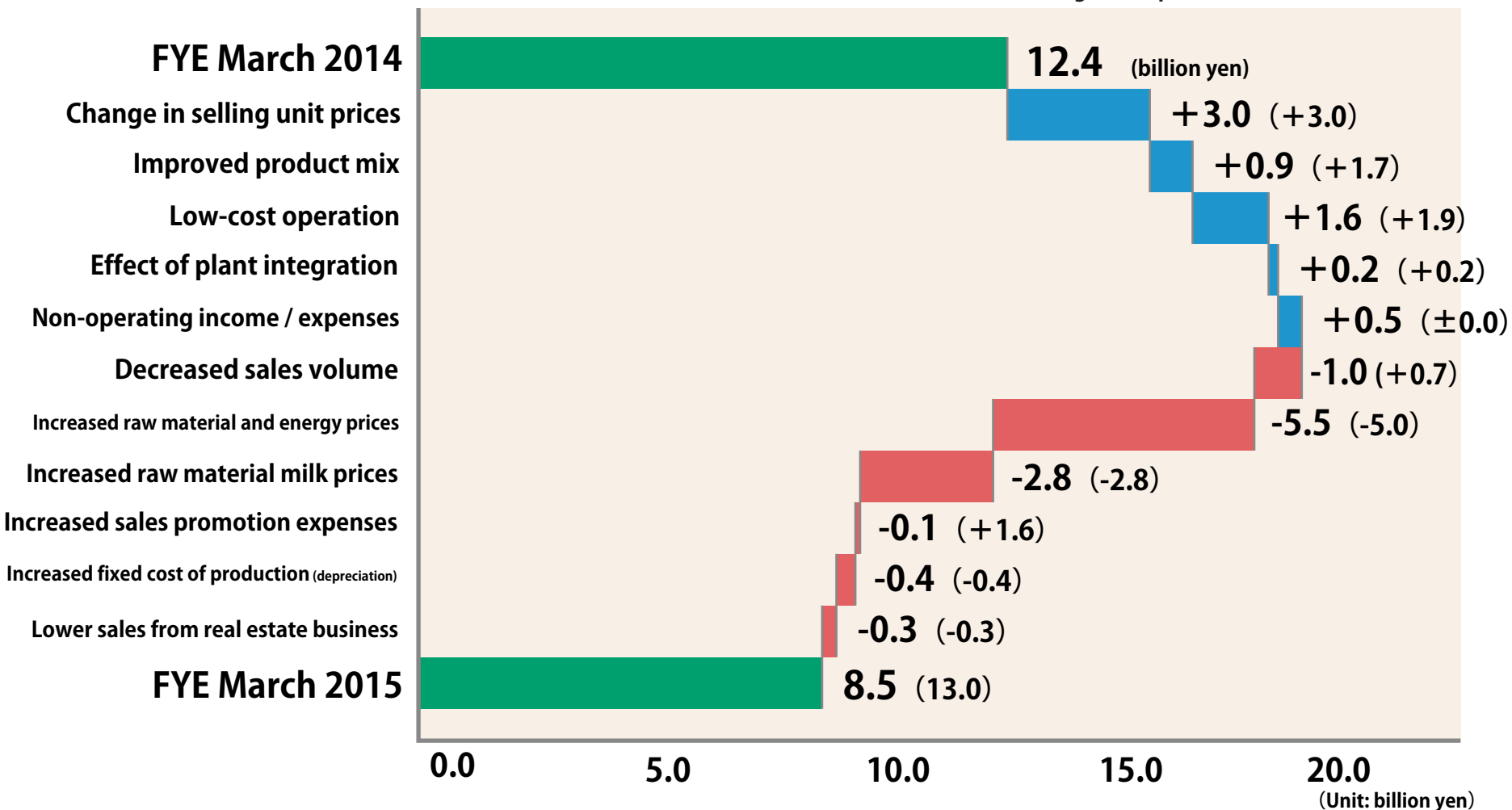
Figures in parentheses are initial forecasts



Outlook of Increases/decreases in Consolidated Ordinary Income (Full Year)



Figures in parentheses are initial forecasts



Outlook of Net Sales by Product Category (Non-consolidated)



Areas to be Strengthened and Developed	Net Sales (Billion yen)	Year on Year (%)
Yogurt	52.0	-1%
Cheese	44.3	4%
Chilled cup-type drinks	45.0	1%
Functional food materials & health food	6.2	10%
Total	147.5	2%

Liquid diet (CLINICO)	29.0	0%
Overseas business (consolidated)	27.0	5%

(Note) "Liquid diet" is the net sales of the consolidated subsidiary CLINICO Co., Ltd.

Profit Growth Areas	Net Sales (Billion yen)	Year on Year (%)
Food service & institutional food products	43.0	3%
Ice cream	50.5	-1%
Home deliveries	20.0	-3%
Chilled tea	17.9	-3%
Total	131.4	0%

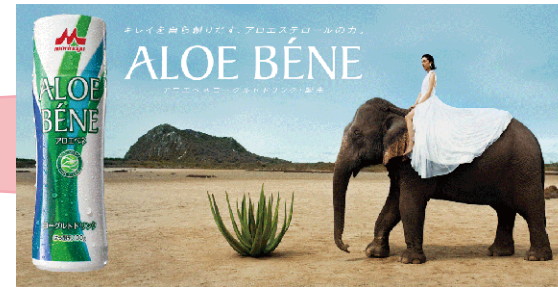
Margin Improvement Areas	Net Sales (Billion yen)	Year on Year (%)
Milk	56.9	2%
Nutritional food products	12.5	-1%
Chilled desserts	18.9	-4%
Total	88.3	0%

Expansion of Yogurt Business



Bifidus BB536
Drinking Yogurt

Functionality



Aloe sterol® compound Yogurt Drink
ALOE BENE

Drinks



Expanding sales area of PARTHENO



Aloe Drinking Yogurt



Lactoferrin
Drinking Yogurt

Expanding Active Life Foods Lineup



- **Boosting production capacity of Milei GmbH**

Total investment value: approx 20 billion yen

- **Securing a stable supply of milk ingredients from Milei GmbH**

Establishing bases in Europe for the supply of milk ingredients

- **Expanding the export business**

Growing sales of infant formula in Pakistan and other Asian countries, and expanding sales of lactoferrin etc., in Indonesia

Exporting Pino and MOW ice creams to China (Shanghai) and launching Mt.RAINIER CAFFÈ LATTE in Thailand

- **Expanding joint ventures (infant formula) in Indonesia**

The market for our products is continuing to grow and domestic sales are strong. Accordingly, we are currently considering increasing production.

- **Strengthening sales of bifidobacterium**

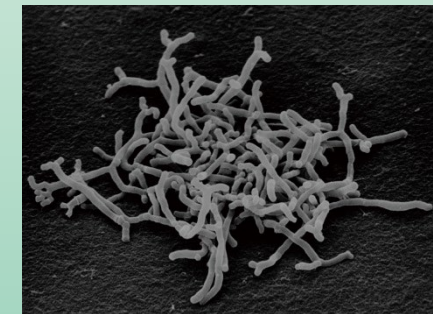
Actively expanding markets in Europe, the U.S., and Asia

Starting production of Bifidobacterium longum at the Morinaga-

Hokuriku Milk Industry Fukui Factory



The new factory is scheduled to start operations in the middle of 2016



Bifidobacterium longum BB536



MORINAGA MILK INDUSTRY CO., LTD.