

October 26, 2018

Company name: Morinaga Milk Industry Co., Ltd.
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Representative: Michio Miyahara,
President & Representative Director
(Code: 2264 First Section of the Tokyo Stock Exchange)

Notice Regarding Revision of Financial Results Forecast

Morinaga Milk Industry Co., Ltd. (hereafter, “the Company”) hereby announces that it has revised its forecasts of consolidated financial results, as follows, with respect to the six months ended September 30, 2018, and the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019), disclosed on May 10, 2018.

1. Revision of the consolidated financial results forecast for the six months ended September 30, 2018
(April 1, 2018 to September 30, 2018)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	320,000	17,000	17,600	10,900	220.35
Revised forecast (B)	311,400	14,800	15,600	9,600	194.05
Change (B-A)	(8,600)	(2,200)	(2,000)	(1,300)	
Change (%)	(2.7)	(12.9)	(11.4)	(11.9)	
(Reference) Results for the six months ended September 30, 2017	316,761	16,875	17,844	13,788	278.70

2. Revision of the consolidated financial results forecast for the fiscal year ending March 31, 2019
(April 1, 2018 to March 31, 2019)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	600,000	22,500	23,200	13,500	272.91
Revised forecast (B)	582,000	20,300	21,200	12,200	246.60
Change (B-A)	(18,000)	(2,200)	(2,000)	(1,300)	
Change (%)	(3.0)	(9.8)	(8.6)	(9.6)	
(Reference) Results for the fiscal year ended March 31, 2018	592,087	21,684	22,355	15,781	319.01

3. Reasons for the revision

For the six months ended September 30, 2018, net sales are expected to be lower than the previous forecast amount mainly because sales of milk-based drinks, yogurt and other such products fell below our initial targets.

Moreover, operating income, ordinary income and profit attributable to owners of parent are also expected to be lower than the previous forecast amounts as a result of having fallen short of the net sales target, despite having engaged in price revisions and cost streamlining initiatives.

As for financial results for the entire fiscal year, we have lowered the net sales forecast for the second half of the fiscal year based on our financial results over the first six months and our outlook with respect to the market going forward. Meanwhile with respect to profits, our operating income target for the second half remains unchanged in part because we expect that the potential increase in raw material prices will be less than initial estimates, and because we are curbing sales promotion expenses and other costs. Accordingly, we have revised the respective forecasts as stated in the previous tables.

Note: The aforementioned financial results forecasts have been prepared based on information available to the Company as of the date on which this document was released. Consequently, actual results may vary with respect to the forecast amounts due to various unforeseen factors.