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June 29, 2026 09:50 AM GMT

Ajinomoto (2802) | Japan

ABF, CDMO Growth Poised to Accelerate

WHAT'S CHANGED

Ajinomoto (2802.T)	From	To
Price Target	¥5,200	**¥6,300**

We expect valuation to rise relative to food industry peers in F3/27 as Ajinomoto's unique ABF and CDMO businesses forge ahead. Food business costs will rise (Middle East conflict impact), we expect subsequent price hikes to offset this over the full year, heralding margin improvement heading into F3/28.

ABF growth accelerating: We expect growth in ABF (Ajinomoto Build-up Film) and CDMO (contract development & manufacturing organization) unique to Ajinomoto in the food sector to take off in F3/27, driving a relative rise in valuation. For ABF, we look for increases in volume & ASP to accelerate growth, with a full year new plant contribution (onstream last October) and higher sales weighting of high spec ABF for applications such as AI. A shift to larger and higher layer count ABF products with the drive to higher value-added CPUs and GPUs has been increasing ABF sales volume and ASP. In flip chip package substrate application, Ajinomoto's products are already used in the NVIDIA Blackwell GPU, which began volume shipment around 2024. In F3/27, we expect flip chip package production for the successor Rubin GPU to get fully underway, and to step up the pace of increase in ABF volume & price. We envisage functional materials subsegment sales up 24% YoY to ¥124.7bn in F3/27 (guidance: ¥111.6bn), 26% to ¥156.7bn in F3/28 and 27% to ¥199.5bn in F3/29.

Pressing ahead with ensuring capacity: CEO Nakamura says that while vertical startup of the new plant was successful in October 2025, it remains in single-shift operation, meaning ample scope to expand capacity. Ajinomoto has also announced acquisition of a site for another new plant (to start in 2032) and can bring the start date forward if AI demand grows faster than it currently projects. Supply capacity has been a concern, but such news flow suggests it is and will remain solid.

Our F3/27 business profit forecast is ¥206bn (+14% YoY; previously ¥208bn): We make modest revisions to our F3/27 BP forecasts to reflect the F3/26 results and the recent impact of geopolitical tensions in the Middle East. We now forecast BP of ¥146.6bn for seasonings & foods (+3% YoY, previously ¥154.5bn), ¥10.4bn for frozen foods (+24% YoY, unchanged), ¥70.0bn for functional materials (+28% YoY, previously ¥68.7bn), and ¥17.5bn for the bio-pharma business (+84% YoY, previously ¥14.2bn). We lower our seasonings & foods forecast to incorporate the impact of the Middle East situation, while raising our forecasts for the functional materials and bio-pharma businesses.

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Ajinomoto (2802.T, 2802 JP)

Food | Japan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	¥6,300
Up/downside to price target (%)	8
Shr price, close (Jun 29, 2026)	¥5,816
Mkt cap, curr, basic (bn)	¥5,686.5
Div yld (03/27e) (%)	0.9

Fiscal Year Ending	03/26	03/27e	03/28e	03/29e
Revenue, net (¥bn)	1,583.7	1,682.0	1,788.0	1,888.0
Operating profit (¥bn)****	181.2	206.0	238.0	278.0
Recurring profit (¥bn)*	-	-	-	-
Net income (¥bn)*	134.7	137.9	162.0	191.8
EPS, basic (¥)*	138.4	144.8	172.5	207.0
Prior EPS, basic (¥)*	132.9	146.3	167.8	191.1
EPS (¥)**	138.7	144.8	173.6	208.4
Prior EPS (¥)**	132.9	146.3	169.2	192.7
P/E, basic*	31.8	40.2	33.7	28.1
P/BV, basic	5.6	7.0	6.8	6.4
ROE (%)*	18.0	17.9	20.0	22.9
EV/EBITDA, basic	15.7	19.6	17.3	15.1

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
*** = OP in this section corresponds to BP in the financial statements.
* = GAAP or approximated based on GAAP
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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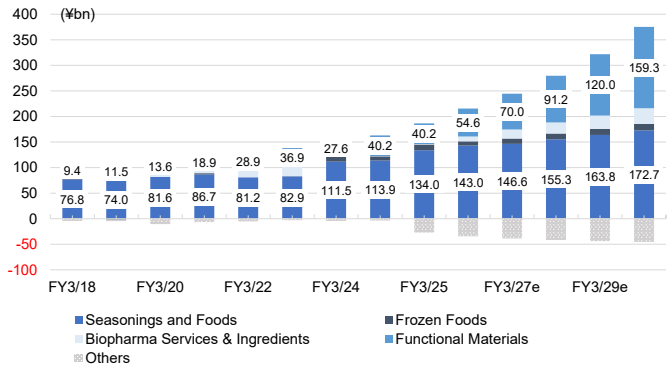
We expect BP to beat guidance for ¥197bn as functional materials overshoot. For the bio-pharma business, we raise our subsegment BP forecast to broadly in line with company guidance, driven by stronger contributions from its proprietary technologies (AJIPHASE and AJICAP) and steady earnings growth in the small-molecule business. We also anticipate attaining EBITDA break-even at Forge (topline growth & higher productivity) will help accelerate earnings growth. In foods, we anticipate that a rise in fermentation materials such as ammonia and tapioca will hit earnings in 1H, but think the firm can offset this cost increase over the full year and deliver YoY earnings growth by speeding up its rolling forecast program and making strategic price hikes, with an added boost from a weaker yen. As F3/23 after the Ukraine conflict, we expect this to present an opportunity for margin improvement from F3/28 on.

We forecast F3/28 BP of ¥238.0bn (+16% YoY, vs. our previous forecast of ¥232.0bn): By segment, we forecast ¥155.3bn for seasonings & foods (+6% YoY, previously ¥162.7bn), ¥11.2bn for frozen foods (+8% YoY, unchanged), ¥91.2bn for functional materials (+30% YoY, previously ¥81.8bn), and ¥21.9bn for the bio-pharma services business (+25% YoY, previously ¥18.3bn).

For functional materials, we expect continued top-line growth in ABF and a favorable product mix driven by expanding AI-related demand. In the bio-pharma business, we assume Forge will achieve operating profitability. In the seasonings & foods business, we expect margins to improve on the back of pricing actions implemented during F3/27 and easing raw material cost pressures as geopolitical tensions in the Middle East subside.

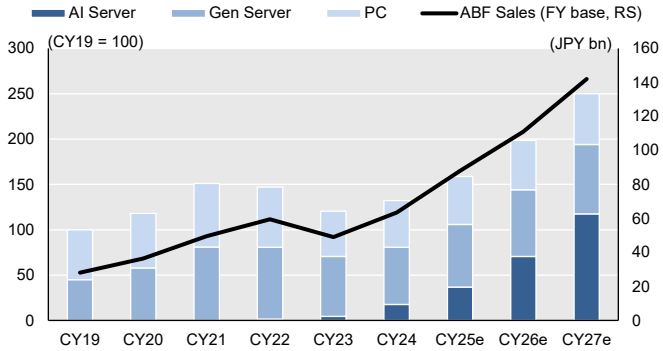
Hike PT from ¥5,200 to ¥6,300: Our price target is based on fair P/E of 30.0x applied to our ¥208 F3/29 EPS forecast. Our fair multiple is derived from the food industry average F28 P/E of 16.5x multiplied by a 1.76x relative multiple, which takes the 5-year average industry-relative multiple of 1.44x and adds a 2σ premium. The 2σ premium reflects the strong competitiveness of the overseas seasonings business and accelerating profit growth in ABF and other leading-edge businesses. We previously used the F3/28 average P/E of 30.6x.

Exhibit 1: Business profit breakdown by segment



Source: Company data, Morgan Stanley Research; e= Morgan Stanley Research estimates. Note: Data shown between FY3/24 and FY3/25 is FY3/25 data before the expense allocation change

Exhibit 2: SAP demand by application and ABF sales



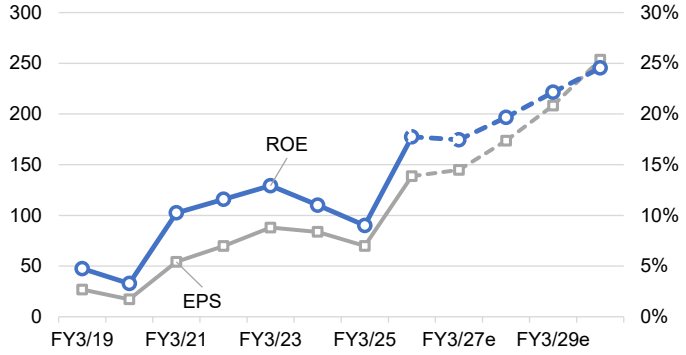
Note:Actual and forecast SAP demand by application are Morgan Stanley Research estimates based on company materials. Source: Company materials, Morgan Stanley Research

Exhibit 3: Size and number of layers of FC package substrates for NVIDIA

	Package Size	Surface Area	# of BU Layers	SAP size	SAP Demand Size
Hopper	55 x 60mm	3,300	10	33,000	100
Blackwell	70 x 80mm	5,600	12	67,200	204
Rubin	80 x 100mm	8,000	16	128,000	388

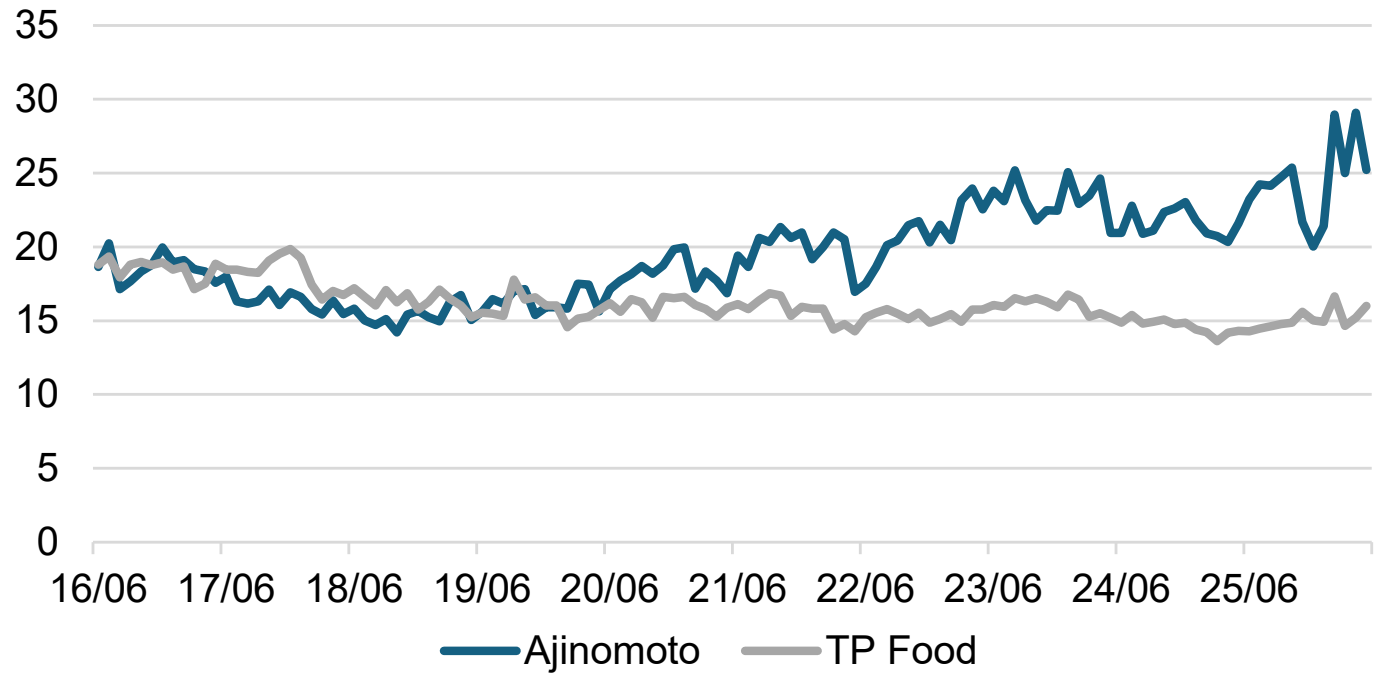
Note: SAP=Semi Additive Process. Source: Morgan Stanley Research

Exhibit 4: EPS & ROE



Source: Company materials, Morgan Stanley Research; e=Morgan Stanley Research estimates

Exhibit 5:
P/E (FY3): Ajinomoto vs. Food Sector Index



Source: FactSet, Morgan Stanley Research

Exhibit 6: Full-year segment earnings (¥bn)

								Old	
2802	FY3/25	FY3/25*	FY3/26	FY3/27e	FY3/28e	FY3/29e	FY3/27Ce	FY3/27e	FY3/28e
Sales (JPY bn)	1,530.5	1,530.5	1,583.7	1,682.0	1,788.0	1,888.0	1,723.0	1,665.6	1,764.6
Seasonings and Foods	896.0	896.0	936.9	977.1	1,008.8	1,042.3	998.6	973.1	1,004.5
Sauces & Seasonings	453.3	453.3	478.0	494.7	507.5	521.0	504.1	491.6	504.3
Quick Nourishment	244.5	244.5	270.7	285.5	304.4	324.4	293.9	287.6	306.3
Solutions & Ingredients	198.1	198.1	188.1	196.9	196.9	196.9	200.5	193.9	193.9
Umami seasoning for food processing	80.4	80.4	72.1	75.0	75.0	75.0	-	74.1	74.1
Others	117.7	117.7	116.0	121.9	121.9	121.9	-	119.8	119.8
Frozen Foods	289.3	289.3	290.3	309.7	313.4	293.3	310.6	306.8	310.3
Japan	86.7	86.7	87.4	88.3	89.6	90.9	-	87.3	88.5
Overseas	202.6	202.6	202.9	221.4	223.8	202.4	-	219.5	221.8
Healthcare and others	328.3	328.3	341.5	379.5	450.1	536.7	397.8	370.0	433.2
Bio-Pharma Services & Ingredients	147.6	147.6	148.0	164.6	198.5	238.2	176.2	157.7	189.2
Amino acids for pharmaceuticals and foods	58.5	58.5	63.0	69.4	72.9	76.5	-	69.9	73.4
Bio-pharma service	89.5	89.5	85.0	95.2	125.6	161.7	-	87.8	115.8
Functional Materials	76.5	76.5	100.7	124.7	156.7	199.5	111.6	123.3	146.1
Others	104.1	104.1	92.6	90.2	94.9	99.0	109.9	89.0	97.9
Others	16.7	16.7	14.9	15.7	15.7	15.7	15.8	15.7	16.6
Business profit (JPY bn)	159.3	159.3	181.1	206.0	238.0	278.0	197.0	208.0	232.0
Seasonings and Foods	113.9	134.0	143.0	146.6	155.3	163.8	145.9	154.5	162.7
Sauces & Seasonings	88.4	88.4	99.7	103.1	109.4	116.2	101.4	108.6	114.9
Quick Nourishment	19.6	19.6	23.5	24.3	25.9	27.6	24.4	25.2	26.8
Solutions & Ingredients	25.9	25.9	19.6	19.2	20.0	20.0	20.0	20.7	21.0
Umami seasoning for food processing	16.9	16.9	11.0	10.5	10.5	10.5	-	11.1	11.1
Others	9.0	9.0	8.6	8.7	9.5	9.5	-	9.6	9.9
Shared companywide expenses	-20.1	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0
Frozen Foods	8.0	11.4	8.4	10.4	11.2	12.1	12.1	10.4	11.2
Japan	3.4	3.4	2.5	2.5	2.5	2.5	-	3.3	3.3
Overseas	9.5	8.0	5.9	7.9	8.7	9.6	-	7.1	7.9
Shared companywide expenses	-4.9	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0
Healthcare and others	31.7	45.5	66.2	91.1	117.1	149.9	80.0	86.5	104.1
Bio-Pharma Services & Ingredients	0.8	0.8	9.5	17.5	21.9	25.9	17.0	14.2	18.3
Functional Materials	40.2	40.2	54.6	70.0	91.2	120.0	60.5	68.7	81.8
Others	4.5	4.5	2.0	3.6	4.0	4.0	2.4	3.6	4.0
Shared companywide expenses	-13.8	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0
Others	5.4	5.4	6.0	5.0	5.4	5.7	5.1	5.0	5.5
Shared companywide expenses	-0.9	-37.0	-42.5	-47.1	-51.0	-53.5	-46.2	-48.4	-51.5
Seasonings and Foods	FY3/25	FY3/25*	FY3/26	FY3/27e	FY3/28e	FY3/29e	FY3/27Ce	FY3/27e	FY3/28e
Sales	896.0	896.0	936.9	977.1	1,008.8	1,042.3	998.6	973.1	1,004.5
Japan	291.8	291.8	311.5	316.3	319.5	322.8	327.1	315.1	318.3
Coffee	84.8	84.8	101.5	106.3	109.5	112.8	-	107.8	111.0
Others	207.0	207.0	210.0	210.0	210.0	210.0	-	207.3	207.3
Asia	421.2	421.2	438.7	465.7	485.7	506.9	469.4	463.9	483.6
Americas	141.1	141.1	144.5	150.9	157.2	163.9	156.4	150.2	156.5
EMEA	41.7	41.7	42.0	44.2	46.4	48.7	45.6	43.9	46.1
Business profit	113.9	134.0	143.0	146.6	155.3	163.8	-	154.5	162.7
Japan	26.0	26.0	32.7	33.1	33.6	34.1	-	32.1	32.6
Coffee	3.3	3.3	7.6	0.0	0.0	0.0	-	0.0	0.0
Others	22.7	22.7	25.1	0.0	0.0	0.0	-	0.0	0.0
Asia	82.3	82.3	85.9	88.8	93.8	99.2	-	95.6	100.5
Americas	22.4	22.4	22.9	23.3	25.2	27.2	-	24.0	25.9
EMEA	26.0	26.0	18.0	19.0	25.0	31.0	-	29.0	35.0
YoY change (%)	FY3/25	FY3/25*	FY3/26	FY3/27e	FY3/28e	FY3/29e	FY3/27Ce	FY3/27e	FY3/28e
Sales	5.8	-	4.6	4.3	3.2	3.3	6.6	4.9	3.2
Japan	1.6	-	6.8	1.5	1.0	1.0	5.0	2.4	1.0
Coffee	1.0	-	19.7	4.7	3.0	3.0	-	7.3	3.0
Others	1.9	-	1.4	0.0	0.0	0.0	-	-0.0	0.0
Asia	9.5	-	4.2	6.2	4.3	4.4	7.0	6.0	4.2
Americas	10.7	-	2.4	4.4	4.2	4.3	8.2	7.1	4.2
EMEA	-12.2	-	0.7	5.2	5.0	5.0	8.6	5.1	5.0
Business profit	2.2	-	6.7	2.5	5.9	5.5	10.9	8.3	5.3
Japan	-16.4	-	25.8	1.2	1.5	1.5	-	5.2	1.6
Coffee	-26.7	-	130.3	—	—	—	-	—	—
Others	-14.7	-	10.6	—	—	—	-	—	—
Asia	10.8	-	4.4	3.4	5.6	5.8	-	8.3	5.1
Americas	23.8	-	2.2	1.7	8.2	7.9	-	13.2	7.9
EMEA	-39.5	-	-30.8	5.6	31.6	24.0	-	11.5	20.7
Forex	FY3/25	FY3/25*	FY3/26	FY3/27e	FY3/28e	FY3/29e	FY3/27Ce	FY3/27e	FY3/28e
USD/JPY	151	-	151	155	155	155	150	150	150
EUR/JPY	163	-	175	180	180	180	180	180	180
THB/JPY	4.29	-	4.67	4.90	4.90	4.90	4.71	4.90	4.90
IDR/JPY	0.95	-	0.88	0.92	0.92	0.92	-	0.93	0.93
BRL/JPY	28.17	-	27.75	30.00	30.00	30.00	27.27	29.00	29.00
VND/JPY	0.60	-	0.55	0.60	0.60	0.60	-	0.56	0.56
PHP/JPY	2.62	-	2.60	2.60	2.60	2.60	-	2.60	2.60

Source: Company data, Morgan Stanley Research. Ce = company estimates, e = Morgan Stanley Research estimates. FY3/25*= Post Expense Allocation Change

Exhibit 7: Quarterly segment earnings (¥bn)

2802	FY3/25				FY3/25 Post Expense Allocation Change				FY3/26				FY3/27e				FY3/27e	FY3/27Ce
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Qe	2Qe	3Qe	4Qe	1-4Q	1-4Q
Sales (JPY bn)	365.5	378.7	406.8	379.5	365.5	378.7	406.8	379.5	364.0	374.8	425.3	419.6	408.3	405.5	449.6	418.6	1,682.0	1,723.0
Seasonings and Foods	214.3	219.2	244.2	218.3	214.3	219.2	244.2	218.3	213.3	222.6	259.1	241.9	230.7	238.3	269.8	238.3	977.1	998.6
Sauces & Seasonings	111.4	113.1	119.6	109.2	111.4	113.1	119.6	109.2	110.7	116.6	129.4	121.3	117.9	123.2	133.7	119.9	494.7	504.1
Quick Nourishment	54.0	55.8	71.6	63.1	54.0	55.8	71.6	63.1	57.9	59.2	81.9	71.7	66.0	66.2	86.1	67.2	285.5	293.9
Solutions & Ingredients	48.7	50.4	53.0	46.0	48.7	50.4	53.0	46.0	44.7	46.7	47.8	48.9	46.8	48.9	50.0	51.2	196.9	200.5
Umami seasoning for food processing	19.7	20.7	21.0	19.0	19.7	20.7	21.0	19.0	17.3	17.6	17.3	19.9	18.0	18.3	18.0	20.7	75.0	-
Others	29.0	29.7	32.0	117.7	29.0	29.7	32.0	27.0	27.4	29.1	30.5	29.0	28.8	30.6	32.0	30.5	121.9	-
Frozen Foods	70.1	72.9	75.7	70.6	70.1	72.9	75.7	70.6	68.7	69.8	78.2	73.6	85.1	73.4	80.1	71.1	309.7	310.6
Japan	21.7	22.0	22.9	20.1	21.7	22.0	22.9	20.1	21.3	21.8	23.8	20.5	21.6	22.1	23.3	21.3	88.3	-
Overseas	48.4	50.9	52.8	50.5	48.4	50.9	52.8	50.5	47.4	48.0	54.4	53.1	63.5	51.3	56.8	49.8	221.4	-
Healthcare and others	78.1	81.8	82.9	85.5	78.1	81.8	82.9	85.5	78.9	79.1	84.5	99.0	89.5	90.1	96.0	103.9	379.5	397.8
Bio-Pharma Services & Ingredients	33.2	36.3	36.8	41.3	33.2	36.3	36.8	41.3	34.2	32.5	33.3	48.0	39.0	37.1	38.5	50.0	164.6	176.2
Amino acids for pharmaceuticals and foods	13.5	14.0	14.5	16.5	13.5	14.0	14.5	16.5	15.5	15.0	16.5	16.0	17.1	16.5	18.2	17.6	69.4	-
Bio-pharma service	20.0	22.0	22.0	25.5	20.0	22.0	22.0	25.5	18.5	17.5	17.5	31.5	21.9	20.6	20.3	32.4	95.2	-
Functional Materials	17.3	19.8	20.5	18.9	17.3	19.8	20.5	18.9	21.5	23.4	28.9	26.9	28.5	31.0	34.4	30.8	124.7	111.6
Others	27.5	25.7	25.7	25.2	27.5	25.7	25.7	25.2	23.2	23.2	22.2	24.0	22.0	22.0	23.1	23.1	90.2	109.9
Others	2.8	4.8	4.0	5.1	2.8	4.8	4.0	5.1	2.8	3.5	3.5	5.1	3.0	3.7	3.7	5.3	15.7	15.8
Business profit (JPY bn)	43.0	43.9	51.3	21.1	43.0	43.9	51.3	21.1	47.2	39.5	59.2	35.2	55.4	50.2	63.6	36.8	206.0	197.0
Seasonings and Foods	30.4	30.1	36.3	17.1	35.0	35.2	40.8	23.0	36.3	33.2	44.0	29.5	40.0	34.8	45.3	26.5	146.6	145.9
Sauces & Seasonings	23.4	23.2	24.3	17.5	23.4	23.2	24.3	17.5	24.7	24.6	27.6	22.8	28.0	25.9	28.7	20.5	103.1	101.4
Quick Nourishment	4.2	4.6	8.6	2.2	4.2	4.6	8.6	2.2	5.3	3.2	10.9	4.1	6.1	3.5	11.2	3.5	24.3	24.4
Solutions & Ingredients	7.3	7.5	7.9	3.2	7.3	7.5	7.9	3.2	6.2	5.5	5.3	2.6	5.9	5.4	5.4	2.5	19.2	20.0
Umami seasoning for food processing	2.9	5.4	4.4	4.2	2.9	5.4	4.4	4.2	2.5	4.0	1.6	2.9	2.0	4.0	1.6	2.9	10.5	-
Others	4.4	2.1	3.5	-1.0	4.4	2.1	3.5	-1.0	3.7	1.5	3.7	-0.3	3.9	1.4	3.8	-0.4	8.7	-
Shared companywide expenses	-4.6	-5.1	-4.5	-5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Frozen Foods	2.8	1.7	3.1	0.4	3.9	2.7	4.4	1.5	2.8	1.3	4.3	0.0	2.4	1.7	5.2	1.1	10.4	12.1
Japan	1.1	0.6	1.8	-0.1	1.1	0.6	1.8	-0.1	0.9	0.2	2.0	-0.6	0.9	0.2	1.8	-0.4	2.5	-
Overseas	2.7	2.4	2.4	2.0	2.7	2.4	2.4	2.0	1.9	1.1	2.3	0.6	1.5	1.5	3.4	1.5	7.9	-
Shared companywide expenses	-1.0	-1.3	-1.1	-1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Healthcare and others	8.0	10.9	10.0	2.8	11.5	14.3	13.0	6.8	15.4	14.6	18.8	17.4	22.3	22.8	24.3	21.7	91.1	80.0
Bio-Pharma Services & Ingredients	-0.6	2.5	0.5	-1.6	-0.6	2.5	0.5	-1.6	2.8	1.1	1.9	3.7	5.2	3.9	3.9	4.5	17.5	17.0
Functional Materials	9.3	10.3	11.3	9.3	9.3	10.3	11.3	9.3	10.8	12.8	16.5	14.5	15.6	17.9	19.9	16.6	70.0	60.5
Others	2.7	1.4	1.2	-0.8	2.7	1.4	1.2	-0.8	1.6	0.8	0.4	-0.8	1.5	1.0	0.5	0.6	3.6	2.4
Shared companywide expenses	-3.4	-3.4	-3.0	-4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Others	1.7	1.1	1.9	0.7	1.9	1.1	1.9	0.7	1.9	0.8	1.6	1.7	1.2	1.2	1.3	1.3	5.0	5.1
Shared companywide expenses	-0.1	-0.3	-0.2	-0.3	-9.3	-9.4	-8.8	-10.9	-9.2	-10.6	-9.4	-13.3	-10.5	-10.3	-12.5	-13.8	-47.1	-46.2
Seasonings and Foods (JPY bn)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Qe	2Qe	3Qe	4Qe	1-4Q	1-4Q
Sales	214.3	219.2	244.2	218.3	214.3	219.2	244.2	218.3	213.3	222.6	259.1	241.9	230.7	238.3	269.8	238.3	977.1	998.6
Japan	66.4	67.7	87.4	70.3	66.4	67.7	87.4	70.3	69.7	69.9	94.5	77.4	71.9	73.0	95.6	75.8	316.3	327.1
Coffee	19.0	19.1	25.2	21.5	19.0	19.1	25.2	21.5	22.7	22.1	30.3	26.4	24.9	25.2	31.4	24.8	106.3	-
Others	47.4	48.6	62.2	48.8	47.4	48.6	62.2	48.8	47.0	47.8	64.2	51.0	47.0	47.8	64.2	51.0	210.0	-
Asia	101.4	105.2	111.7	102.9	101.4	105.2	111.7	102.9	102.1	107.2	116.4	113.0	113.2	116.0	122.8	113.7	465.7	469.4
Americas	35.1	36.6	35.3	34.1	35.1	36.6	35.3	34.1	32.1	35.5	37.2	39.7	35.8	38.9	39.8	36.4	150.9	156.4
EMEA	11.3	9.5	9.9	11.0	11.3	9.5	9.9	11.0	9.3	9.9	11.0	11.8	9.8	10.4	11.6	12.4	44.2	45.6
Business profit	30.4	30.1	36.3	17.1	35.0	35.2	40.8	23.0	36.3	33.2	44.0	29.5	40.0	34.8	45.3	26.5	146.6	-
Japan	6.6	5.6	13.1	0.7	6.6	5.6	13.1	0.7	6.1	5.3	17.0	4.3	6.6	5.6	17.1	3.8	33.1	-
Coffee	0.7	-0.2	3.1	-0.3	0.7	-0.2	3.1	-0.3	1.1	0.5	5.0	1.0	0.0	0.0	0.0	0.0	0.0	-
Others	5.9	5.8	10.0	1.0	5.9	5.8	10.0	1.0	5.0	4.8	12.0	3.3	0.0	0.0	0.0	0.0	0.0	-
Asia	21.3	21.6	21.4	18.0	21.3	21.6	21.4	18.0	22.7	22.0	21.8	19.4	25.0	23.3	22.5	18.0	88.8	-
Americas	6.1	7.0	6.4	2.9	6.1	7.0	6.4	2.9	6.0	5.7	5.2	6.0	6.8	6.0	5.7	4.8	23.3	-
EMEA	0.7	1.1	0.3	0.5	0.7	1.1	0.3	0.5	0.9	0.5	0.5	-0.1	1.0	0.2	0.6	0.1	1.9	-
YoY change (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Qe	2Qe	3Qe	4Qe	1-4Q	1-4Q
Sales	7.1	7.1	5.3	3.8	-	-	-	-	-0.5	1.6	6.1	10.8	8.2	7.1	4.1	-1.5	4.3	6.6
Japan	0.2	3.4	4.0	-1.4	-	-	-	-	5.0	3.2	8.1	10.1	3.2	4.4	1.2	-2.1	1.5	5.0
Coffee	-3.1	13.7	-12.8	15.0	-	-	-	-	19.5	15.7	20.2	22.8	9.7	14.0	3.6	-6.1	4.7	-
Others	1.5	-0.2	12.9	-7.2	-	-	-	-	-0.8	-1.6	3.2	4.5	0.0	0.0	0.0	0.0	0.0	-
Asia	10.2	8.9	8.8	10.3	-	-	-	-	0.7	1.9	4.2	9.8	10.9	8.2	5.5	0.6	6.2	7.0
Americas	21.5	16.2	4.7	2.1	-	-	-	-	-8.5	-3.0	5.4	16.4	11.5	9.6	7.0	-8.3	4.4	8.2
EMEA	-11.0	-14.4	-13.9	-9.8	-	-	-	-	-17.7	4.2	11.1	7.3	5.4	5.1	5.5	5.1	5.2	8.6
Business profit	-1.8	14.9	0.0	-8.5	-	-	-	-	3.7	-8.7	7.8	28.3	10.2	4.8	3.0	-32.2	2.5	-
Japan	-14.3	-12.5	-3.0	-80.0	-	-	-	-	-7.6	-5.4	29.8	514.3	8.2	5.7	0.6	-11.6	1.2	-
Coffee	-56.3	- → -	19.2	+ → -	-	-	-	-	57.1	- → +	61.3	- → +	—	—	—	—	—	-
Others	-3.3	-13.4	-8.3	-65.5	-	-	-	-	-15.3	-17.2	20.0	230.0	—	—	—	—	—	-
Asia	8.7	5.9	4.9	29.5	-	-	-	-	6.6	1.9	1.9	7.8	10.1	5.9	3.2	-7.2	3.4	-
Americas	24.5	40.0	23.1	-3.3	-	-	-	-	-1.6	-18.6	-18.8	106.9	13.3	5.3	9.6	-20.0	1.7	-
EMEA	-41.7	175.0	-40.0	-77.3	-	-	-	-	28.6	-54.5	66.7	+ → -	11.1	-60.0	20.0	- → +	5.6	-
Forex	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Qe	2Qe	3Qe	4Qe	1-4Q	1-4Q
USD/JPY	156	150	148	153	-	-	-	-	145	147	154	157	155	155	155	155	155	150
EUR/JPY	168	164	159	161	-	-	-	-	164	172	179	184	180	180	180	180	180	180
THB/JPY	4.25	4.29	4.15	4.49	-	-	-	-	4.37	4.56	4.79	4.96	4.90	4.90	4.90	4.90	4.90	4.71
IDR/JPY	0.97	0.95	0.96	0.93	-	-	-	-	0.88	0.90	0.93	0.93	0.92	0.92	0.92	0.92	0.92	-
BRL/JPY	29.90	26.89	29.84	26.06	-	-	-	-	25.53	27.07	28.56	29.84	30.00	30.00	30.00	30.00	30.00	27.27
VND/JPY	0.61	0.60	0.60	0.60	-	-	-	-	0.56	0.56	0.56	0.59	0.60	0.60	0.60	0.60	0.60	-
PHP/JPY	2.69	2.61	2.62	2.57	-	-	-	-	2.57	2.58	2.62	2.66	2.60	2.60	2.60	2.60	2.60	-

Source: Company data, Morgan Stanley Research. Ce = company estimates, e = Morgan Stanley Research estimates



Exhibit 8: Income statement, Cash flow statement, Balance sheet (¥mn)

P/L (JPY mn)	F3/25	F3/26	F3/27e	F3/28e	F3/29e
Sales	1,530,556	1,583,719	1,682,000	1,788,000	1,888,000
Cost of sales	979,792	986,570	1,049,600	1,106,800	1,163,000
Gross profit	550,764	597,148	632,400	681,200	725,000
Gain / loss from equity method	6,314	8,113	8,113	8,113	8,113
Selling expense	211,976	225,349	227,100	237,800	249,200
Research and development expense	30,921	32,108	33,600	35,800	37,800
General and administrative expense	154,878	166,640	157,587	161,487	151,887
Net operating profit	159,302	181,163	206,000	238,000	278,000
Other operating revenue	4,936	48,589	20,000	20,000	20,000
Other operating expense	50,269	30,339	20,000	20,000	20,000
Operating income	113,968	199,412	206,000	238,000	278,000
Financial income	8,792	9,020	9,600	10,000	10,500
Financial expenses	14,431	12,318	13,000	12,800	13,000
Income before income tax	108,330	196,115	202,600	235,200	275,500
Income tax expense	27,556	51,054	54,700	63,500	74,400
Income for the period	80,773	145,060	147,900	171,700	201,100
Profit attributable to non-controlling interests	10,501	10,385	10,000	9,700	9,300
Profit attributable to owner of parent company	70,272	134,675	137,900	162,000	191,800
Per-share indicators	F3/25	F3/26	F3/27e	F3/28e	F3/29e
EPS (JPY)	69.8	138.7	144.8	173.6	208.4
BPS (JPY)	751.0	804.2	855.5	899.0	970.9
DPS (JPY)	40.0	48.0	52.0	56.0	62.0
Payout ratio (%)	57.3	34.6	35.9	32.3	29.8
Shares outstanding (excl. treasury stock, mn)	994.4	958.4	945.7	933.0	920.3
Average outstanding shares (exc. ts)	1,007.2	973.4	952.1	939.4	926.7
% of sales	F3/25	F3/26	F3/27e	F3/28e	F3/29e
CoGS	64.0	62.3	62.4	61.9	61.6
Gross profit	36.0	37.7	37.6	38.1	38.4
Business profit	10.4	11.4	12.2	13.3	14.7
Pretax profit	1.8	3.2	3.3	3.6	3.9
NP	4.6	8.5	8.2	9.1	10.2
YoY (%)	F3/25	F3/26	F3/27e	F3/28e	F3/29e
Sales	6.3	3.5	6.2	6.3	5.6
Business profit	7.9	13.7	13.7	15.5	16.8
Pretax profit	-31.1	85.3	7.1	16.1	17.2
NP	-19.3	91.6	2.4	17.5	18.4
C/F (JPY mn)	F3/25	F3/26	F3/27e	F3/28e	F3/29e
Net cash provided by / used in operating activities	209,898	239,351	225,697	258,908	281,088
Income before income tax	108,330	196,115	202,600	235,200	275,500
Depreciation and amortization	86,461	88,914	94,200	97,200	100,700
Change in working capital	8,135	31,649	-6,403	-9,992	-10,712
Net cash provided by investing activities	-77,382	-84,229	-132,500	-138,400	-143,900
Purchase and sales of tangible fixed assets	-86,378	-50,513	-127,500	-133,400	-138,900
Purchase and sales of intangible assets	-6,912	-7,899	-5,000	-5,000	-5,000
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	0	2,589	0	0	0
FCF	132,516	155,122	93,197	120,508	137,188
Cash flow from financing activities	-137,684	-225,603	-82,332	-128,011	-133,062
Increase or decrease in short-term loans payable	-90,993	284	26,847	4,240	4,000
Increase or decrease in long-term loans payable	79,458	-8,531	20,000	0	0
Increase or decrease in bonds	79,697	-25,000	0	0	0
Purchase and sales of treasury stock	-90,695	-130,009	-80,000	-80,000	-80,000
Cash dividends paid	-39,136	-43,159	-49,179	-52,251	-57,062
Cash and cash equivalents at the end of the period	164,776	106,693	117,558	110,056	114,182
B/S (JPY mn)	F3/25	F3/26	F3/27e	F3/28e	F3/29e
Total current assets	701,298	704,170	790,267	812,525	856,092
Cash and cash equivalents	164,776	106,693	117,558	110,056	114,182
Trade receivables and other receivables	174,136	194,221	201,840	214,560	226,560
Inventories	286,952	318,632	316,216	332,568	349,280
Total non-current assets	1,019,833	1,108,176	1,144,053	1,183,253	1,224,453
Tangible fixed assets	581,330	647,381	680,681	716,881	755,081
Intangible assets	92,168	92,231	97,231	102,231	107,231
Goodwill	117,940	124,051	122,051	120,051	118,051
Investments accounted by equity method	129,645	138,571	138,571	138,571	138,571
Total asset	1,721,131	1,812,346	1,934,320	1,995,778	2,080,545
Total current liabilities	384,588	449,063	479,370	509,580	538,080
Accounts payable and other payables	240,614	303,960	302,760	321,840	339,840
Bonds and loans payable	39,146	40,433	67,280	71,520	75,520
Total non-current liabilities	523,270	519,007	570,922	570,922	570,922
Bonds payable	204,412	174,512	174,512	174,512	174,512
Long-term loans payable	211,795	206,410	226,410	226,410	226,410
Total liabilities	907,858	968,070	1,050,292	1,080,502	1,109,002
Capital stock	79,863	79,863	79,863	79,863	79,863
Capital surplus	0	0	0	0	0
Retained earnings	590,517	587,856	676,577	786,327	921,065
Treasury stock	-32,668	-67,337	-147,337	-227,337	-307,337
Other components of equity	105,838	170,436	200,000	200,000	200,000
Equity attributable to owners of parent	746,804	770,819	809,103	838,853	893,591
Non-controlling interests	66,468	73,456	74,925	76,424	77,952
Total shareholders' equity	813,273	844,275	884,028	915,276	971,543
Total liabilities and shareholders' equity	1,721,131	1,812,346	1,934,320	1,995,778	2,080,545
Consolidated finacial indicators	F3/25	F3/26	F3/27e	F3/28e	F3/29e
ROE	9.0%	17.7%	17.5%	19.7%	22.1%
Total asset turnover (x)	4.6%	8.5%	8.2%	9.1%	10.2%
Financial leverage (x)	2.1	2.1	2.2	2.2	2.1
Equity ratio	47.3%	46.6%	45.7%	45.9%	46.7%
Debt Equity ratio (x)	0.9	0.9	0.9	0.9	0.9
Total payout ratio	184.8%	128.6%	93.7%	63.1%	55.8%

Source: Company data, Morgan Stanley Research; e = Morgan Stanley Research estimates

Risk Reward – Ajinomoto (2802.T)

We forecast accelerated growth in ABF and CDMO in 2026

PRICE TARGET ¥6,300

Our PT is derived from F3/29e EPS of ¥208 and P/E of 30.0x, based on the food industry ave. P/E of 16.5x multiplied by a 1.76x relative multiple (5-year ave. industry-relative multiple of 1.44x plus 2 standard deviations). Premium reflects 1) strong competitiveness of overseas seasonings business, 2) accelerating profit growth in ABF and other advanced domains, and 3) an active share buyback policy supported by returns exceeding cost of capital.

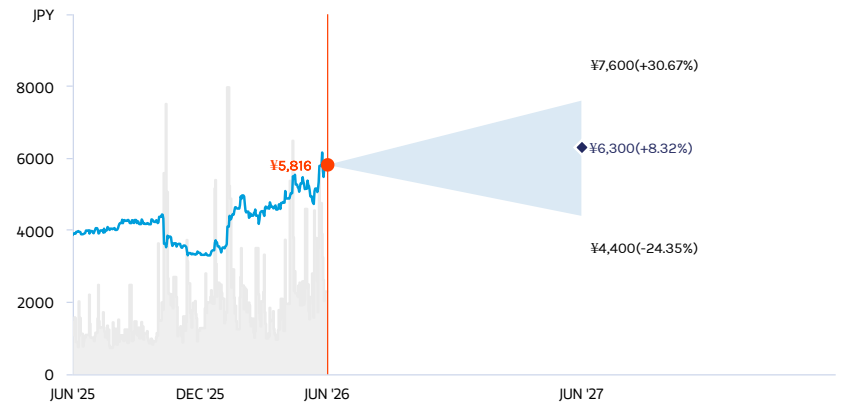
Consensus Price Target Distribution ¥3,650.00 ¥5,658 ¥7,100.00

MS PT

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

ABF, the de facto semicon insulating material, is poised for structurally accelerating growth as AI semiconductor market expands. In biopharma, commercialization-driven expansion in oligonucleotides and gene therapies is progressing; we see F3/27 as a breakout year for these two core businesses. We expect profit contribution from healthcare, incl. these segments, to rise from 30% in F3/26 to 50% in F3/30, reflecting differentiated growth opportunities not seen at peers, to support re-rating. Overseas seasoning/processed foods is competitive with a profit structure that is relatively resilient to changes in the external environment, further enhancing the company's investment appeal.

Consensus Rating Distribution

80% Overweight
20% Equal-weight
0% Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Self-help:	*Positive*
Special Situation:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE ¥7,600

F3/29e adj. EPS ¥218 x P/E 35.0x

Bull case assumes F3/29 business profit of ¥290bn (¥181.1bn in F3/26), implying CAGR of 17% over F3/26-F3/29. Under this scenario, we assume profit growth accelerates on stronger than expected growth in the BF business due in part to Forge turning profitable early.

BASE CASE ¥6,300

F3/29e adj. EPS ¥208 x P/E 30.0x

We assume F3/29 business profit of ¥278bn (¥181.1bn in F3/26), implying CAGR of 15% over F3/26-F3/29. In addition to sustainable growth in overseas seasonings (the most profitable in the industry), near-term profit growth is in an acceleration phase in the semicon and advanced bio fields, so we see valuations rising.

BEAR CASE ¥4,400

F3/29e adj. EPS ¥175 x P/E 25.0x

Bear case assumes F3/29 business profit of ¥235bn (¥181.1bn in F3/26), implying CAGR of 9% over F3/26-F3/29.

Risk Reward – Ajinomoto (2802.T)

KEY EARNINGS INPUTS

Drivers	Mar 2026	Mar 2027e	Mar 2028e	Mar 2029e
ROE(%)	17.7	17.5	19.7	22.1
Business profit margin(%)	13.7	13.7	15.5	16.8
ROIC(%)	9.4	10.0	11.3	12.7
EPS(JPY)	138.7	144.8	173.6	208.4
Total payout ratio(%)	128.6	93.7	63.1	55.8

INVESTMENT DRIVERS

Overseas seasonings sales growth

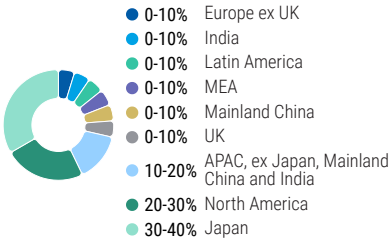
ABF sales momentum

Raw materials cost fluctuations

FX fluctuations

Dividend payout ratio

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

3/5 MOST — 3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

1) BF profit growth accelerates from Forge turning profitable early
2) Accelerated topline growth, higher PM for ABF
3) Seasonings business growth absorbs slack market impact in umami seasonings for processed food

RISKS TO DOWNSIDE

1) Slower Forge top-line growth
2) ABF share loss amid semiconductor substrate disruption
3) Sustained high crude oil prices
4) Prolonged impact from the US frozen foods recall

OWNERSHIP POSITIONING

Inst. Owners, % Active 70.1%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Mar 2028e

Sales / Revenue (¥, bn)	1,764.6	1,788.0 / 1,819.7	1,888.0
EBITDA (¥, bn)	311.0	335 / 335.4	391.4
Net income (¥, bn)	141.0	162 / 159.9	195.1
EPS (¥)	155.5	173.6 / 169.7	199.0

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

Disclosure Section

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(as of May 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

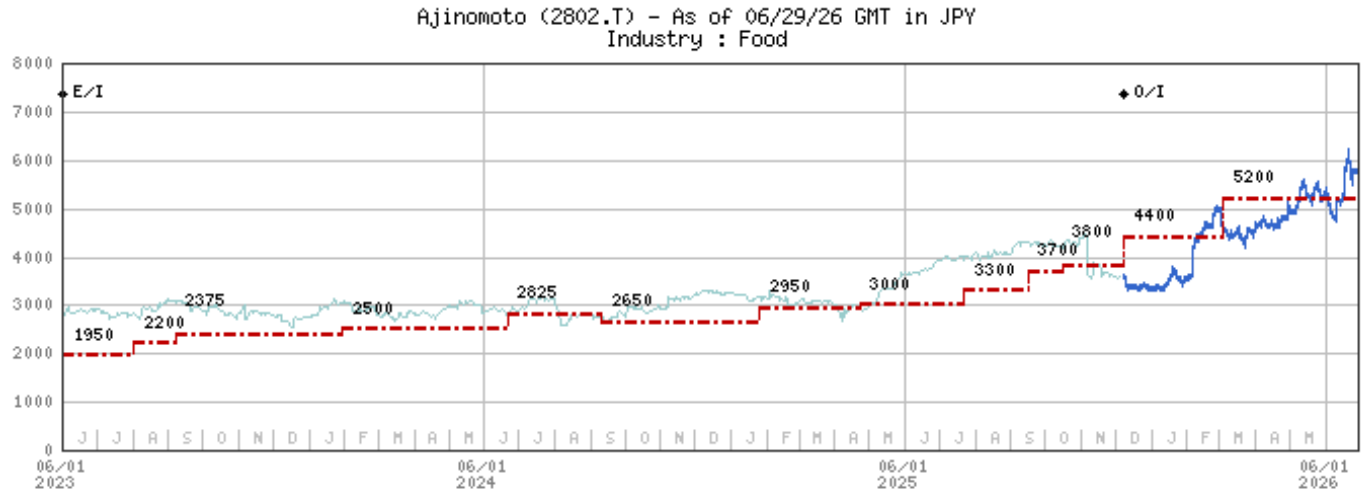
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

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Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 6/1/21 : E/I; 6/23/21 : O/I; 10/15/21 : NA/NR; 5/25/22 : NA/NR; 7/26/22 : E/I; 12/8/25 : O/I

Price Target History: 4/22/21 : 1250; 6/23/21 : 1550; 10/13/21 : 1600; 10/15/21 : NA; 7/26/22 : 1800; 10/27/22 : 1850; 1/26/23 : 1900; 2/3/23 : 1950; 8/2/23 : 2200; 9/7/23 : 2375; 1/30/24 : 2500; 6/21/24 : 2825; 9/11/24 : 2650; 1/26/25 : 2950; 4/23/25 : 3000; 7/22/25 : 3300; 9/16/25 : 3700; 10/16/25 : 3800; 12/8/25 : 4400; 3/5/26 : 5200

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/29/2026)
Tomonobu Tsunoyama		
Ajinomoto (2802.T)	O (12/08/2025)	¥5,816
Calbee (2229.T)	E (01/21/2026)	¥2,962
Ezaki Glico (2206.T)	U (03/05/2024)	¥5,440
FUJI OIL (2607.T)	O (04/02/2025)	¥4,014
Itoham Yonekyu Holdings (2296.T)	U (06/27/2025)	¥4,745
Kewpie (2809.T)	E (03/05/2024)	¥4,419
Kikkoman (2801.T)	O (12/08/2025)	¥1,650
Meiji Holdings (2269.T)	E (03/05/2025)	¥3,836
Morinaga Milk Industry (2264.T)	O (03/05/2024)	¥1,257
NH Foods (2282.T)	E (03/05/2024)	¥6,044

Nichirei (2871.T)	O (03/05/2024)	¥2,176
Nissin Foods Holdings (2897.T)	E (12/08/2025)	¥2,824
Nissui (1332.T)	O (06/17/2025)	¥1,307
Toyo Suisan (2875.T)	O (03/05/2024)	¥10,420
Yakult Honsha (2267.T)	U (03/21/2025)	¥2,750
Yamazaki Baking (2212.T)	E (11/25/2024)	¥3,279

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