



Blommer and Financial Strategy Briefing

2019/2/19

 **FUJI OIL HOLDINGS INC.**

Agenda

Blommer Chocolate Company
President and CEO

Peter W. Blommer

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Mikio Sakai

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Tomoki Matsumoto

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Hiroshi Shimizu

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Introduction to Blommer Chocolate

会社紹介

Blommer Chocolate Company President and CEO

Peter W. Blommer

Blommer at a Glance

会社概要



Basic information

Name 会社名	Blommer Chocolate Company
Representative 代表者	Peter w. Blommer
Established 創立	1939
Address 所在地	1101 Blommer Drive East Greenville, PA 18041
Business Description 事業内容	Developing, manufacturing, and selling industrial chocolate Processing cocoa beans 業務用チョコレートの開発・製造・販売、カカオ豆加工事業
Employees 従業員数	~950
Facilities 工場	5 <p>A map of the United States showing five locations marked with red dots: CAMPBELLFORD, ON; CHICAGO, IL; UNION CITY; EAST GREENVILLE, PA; and JINSHAN.</p>

Qualitative information

Position ポジション	The 3rd largest industrial chocolate manufacturer in the world 業務用チョコレート世界No.3 The Largest cocoa processor and ingredient chocolate supplier in North America カカオ豆加工・原材料チョコレート 北米No.1
Others その他	Customer intimacy 顧客との親密性 More than 800 customers throughout North America 北米全土 800社以上の顧客 Pioneer of sustainable procurement of cacao カカオのサステナブル調達の先駆者

Financial information (Unit : USD mil)

FY 2018 actual 実績	Consolidated Revenue 連結売上高	907
	Adj. EBITDA 調整後EBITDA	56
	Consolidated Operating Income 連結営業利益	2

History

沿革



1948

Blommer purchases Bishop Chocolate in Los Angeles
ロサンゼルス(Bishop) Chocolateを買収



1970-1980

In 1970, opens a plant in Union City, California.
In 1980, East Greenville, Pennsylvania factory.
カルフォルニア州・ペンシルバニア州に新工場設立



1995

Blommer introduces its premium collection Signature Line Chocolate and Specialty Cocons.
プレミアムコレクション Signature Lineの製造開始



2006

Blommer purchases World's Finest Chocolate Plant in Ontario, Canada.
カナダ Ontario州の工場取得



2017

Blommer opens a plant in Shanghai, China.
中国工場の開設



1939

Henry Blommer, along with his two brothers, found Blommer Chocolate in Chicago.
Blommer兄弟シカゴにBlommer社設立



1951

Blommer purchases Boldemann Chocolate in San Francisco
サンフランシスコのBoldemann Chocolateを買収

1985-1992

Blommer starts cocoa business, selling alkalized cocoa powders.
カカオ事業に着手
Alkalized Cocoa Powdersの販売を開始



2002

Blommer expands East Greenville for its warehouse.
East Greenvilleの設備拡張



2008

Blommer officially grinds 50% of all U.S. cocoa imports.
米国カカオ豆輸入量の50%を加工

2016

Blommer introduces Founder's Reserve Chocolates In North America.
プレミアムチョコレート原料のFounder's Reserveシリーズ販売



VISION・Core Values

ビジョン・コアバリュー



VISION

Be THE Trusted Partner in Chocolate Globally

世界中のチョコレート業界で『信頼されるパートナー』を目指します

CUSTOMER 顧客

We are passionate about our customers' success

私たちはお客様の成功に情熱を注ぎます

INTEGRITY 誠実

We do the right thing –even when no one is looking

私たちは正しいことをします –たとえ誰も見ていないとしても

CARE 尊厳

Our people are the heart of our business

人がビジネスの根幹です

OWNERSHIP 主体性

We take initiative, think creatively and act decisively

自発性をもち、創造力豊かに、決断力をもって行動します

RESPONSIBILITY 責任

**We are 100% responsible for our work,
our community and our results**

私たちは私たちの事業、コミュニティおよび結果に対して100%の責任を負います

Core
Values



Product

製品群



Sales Volume Mix
売上高構成比率



Ingredient Chocolate

チョコレート



Confectionery Coatings

製菓コーティング



Focusing 注力製品群

Value-Added Products



Premium
Chocolate

プレミアムチョコレート



Sugar-Free
シュガーフリー



Customized Specialty
Confectionery
Coatings

カスタマイズスペシャル
コーティングチョコレート



Sustainable /
Organic
Chocolate

サステナブル/オーガニック
チョコレート

Cocoa Products

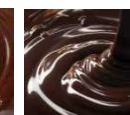
ココア製品



Cocoa Powder
ココアパウダー



Cocoa Butter
ココアバター



Chocolate Liquor
ココアリカー

Our Advantage 1/3

強み



Customers

顧客

- **Extensive customer base**
幅広い顧客層
- **Intimate relationship**
親密な関係性
- **Widely Respected Industry Leader with Top Global Customers**
トップグローバルカスタマーをもつ業界のリーダーとして認知されている

R&D

研究開発

- **Consistent R&D capability from beans to products**
豆から製品まで一貫した研究開発
- **Finished Product Applications Capability**
完成品のアプリケーション機能
- **Centralized Leadership with Regional Customer Support**
地域別カスタマーサポートを本社でグループ



Our Advantage 2/3

強み



Programs
of efforts
on
sustainabi
lity

持続可能性へ
の取組み

- 14 programs engaged with ...

14のプログラムの実行



38,521
farmers

669
villages

63,000 m/t
cocoa beans

- Implemented community development programs in ...

コミュニティ開発プログラムを推進



- Programs focus on Women's Empowerment

女性の社会的地位向上に焦点を当てたプログラム

- Childhood Nutrition

子どもの栄養改善

- Child Labor Monitoring and Remediation

児童労働の監視と是正

- Village Savings and Loans systems

村の貯蓄貸付システム

74
villages

- Facilitated for our customers the construction of ...

井戸・医療センター・学校の建設を推進



Water Wells



Medical Centers



Schools

Supporting...

100's
of communities

100,000's
of communities members

- Partnered with...



- A member of...



Our Advantage 3/3

強み



A global presence in the chocolate industry

業界におけるグローバルな存在感

Founding Member & Board Member 創立メンバーかつ現ボードメンバー



The World Cocoa Foundation is a body of thought leaders in cocoa sustainability whose membership represents 80% of the global cocoa and chocolate market. The WCF provides the mechanism for that collaboration and the greatest potential for the industry to reach our collective sustainability and related goals.

The World Cocoa Foundationはカカオの持続可能性における中心的な組織で、カカオ・チョコレート業界の約80%が参加している。WCFは、業界が持続可能性を達成するための協業の仕組みと、最大限の可能性を提供している。

Current or Past President & Chairman これまで就任した要職の一覧

- National Confectioners Association (Peter Blommer, Chairman)
- Candy Hall of Fame (Peter Blommer, Inductee)
- Pennsylvania Manufacturing Confectioners Association (Peter Blommer, Past Chairman, and Marlene Stauffer, Past Chairman)
- Cocoa Merchants Association of America (Scott Amoye, Past Chairman, and Kip Walk, Past Chairman)
- World Cocoa Foundation (Peter Blommer, Past Board Member)

Member 現在参加している会議/プログラムの一覧

CocoaAction

Cocoa Forests Initiative

Retail Confectioners International

Western Candy Conference

Fine Chocolate Industry Association

American Association of Candy Technologists

Round Table for Sustainable Palm Oil R.S.P.O

Cocoa Merchants Association of America

European Cocoa Association

Chinese National Confectionery Association

China General Chamber of Commerce

Food Allergy Research and Resource Program

Performance Trend

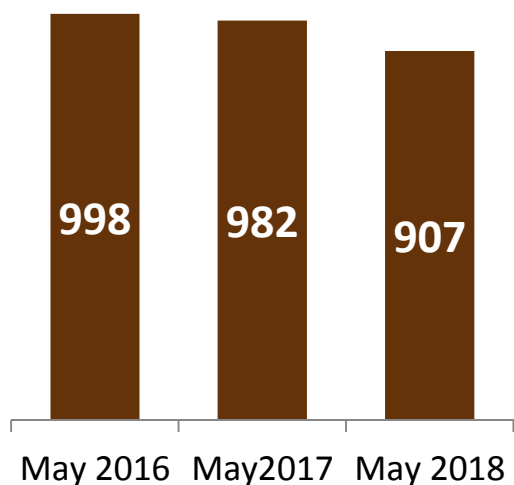
業績推移



(Unit : USD mil)

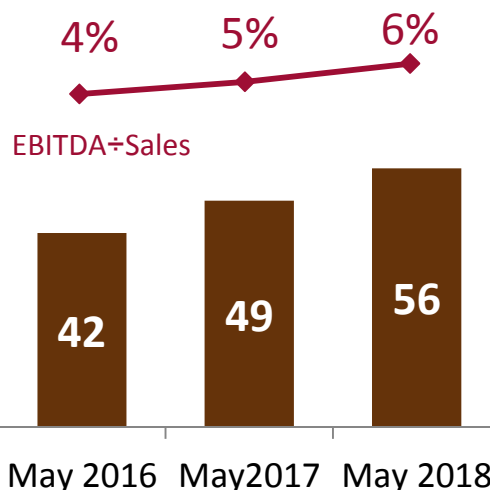
Consolidated Sales

連結売上高



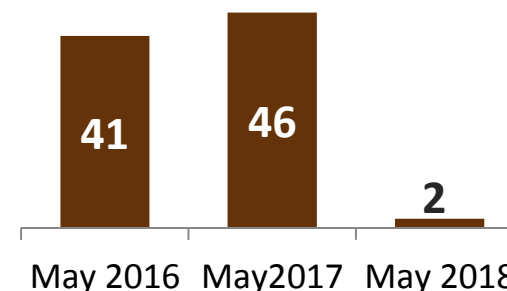
Consolidated Adjusted EBITDA

調整後EBITDA



Consolidated Operating Income

連結営業利益



*Note

- ・ Blommer settled in May. Incorporation in the Fuji Oil Group P / L will be carried out from February to April as 1Q. (FY 2019: 1Q February - April 2019, 2Q May - July, 3Q August - October, 4Q November- January)
- ・ Adjusted EBITDA is consolidated EBITDA after adjustment of temporary expenses etc. by Blommer management, not audited.

※注

- ・ Blommer社は5月決算。不二製油グループP/Lへの取り込みは2月～4月を1Qとして実施予定。(FY2019 : 1Q 2019年2-4月、2Q 5-7月、3Q 8-10月、4Q 11-1月)
- ・ 調整後EBITDAはBlommerマネジメントによる一時費用等の調整後の連結EBITDAであり、監査済みの数字ではありません。

Blommer Chocolate and Fuji Oil Combination

Blommer と 不二製油グループのコンビネーション



Combination Creates Global Force in the Industrial Chocolate Industry

不二製油とBlommerの協業により、業務用チョコレート業界での影響力を強化

Creates Opportunities to...

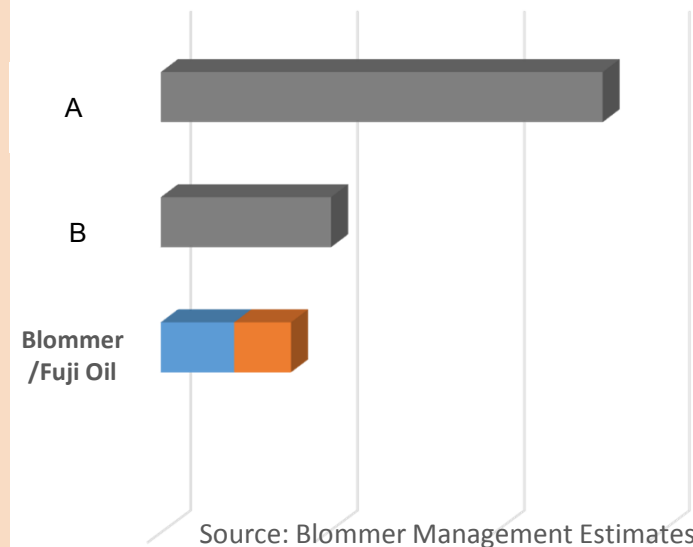
機会の創出

- **Expand global footprint to better serve MNCs**
多国籍企業により良いサービスを提供するためのグローバル展開
- **Increase scale to deliver procurement and supply chain efficiencies**
調達とサプライチェーンの効率化を実現するための規模拡大
- **Cross sell chocolate and oil & fat products to existing customer base**
チョコレートおよび油脂製品の既存顧客基盤への相互販売
- **Leverage Fuji Oil technology for chocolate product innovations**
不二製油の油脂技術を活かしたチョコレート製品のイノベーション
- **Strengthen sustainability efforts in cocoa and oil supply chains**
カカオと油脂のサプライチェーンにおける持続可能性への取り組みの強化

Strengthens Global Chocolate Position...

グローバルチョコレートポジションを強化

Global Open Market for Chocolate





Blommer-Significance of acquisition and Perspective

**CSO & Blommer Chocolate Company Chairman
Mikio Sakai**

Proactively promote “Enhance Core Competence” outlined in basic policy of Medium-Term Management Plan

Chocolate business SWOT analysis		Recent results	After Blommer acquisition
S <ul style="list-style-type: none"> -Secure advanced chocolate processing and manufacturing technology -Secure base technology for oils and fats that provide texture and taste -Improve customer service -Workforce competency to achieve customer needs 		<ul style="list-style-type: none"> -Further develop oil and fat technology -Diversify CBE raw materials -Sustainable oil and fat raw material sources 	<ul style="list-style-type: none"> -Secured cacao bean processing technology -Expanded relationships with major global manufacturers -Established firm base in North America (No. 2 in NA)
W <ul style="list-style-type: none"> -Have not established global chocolate brand -Stable and competitive cacao procurement -Top share only in Japan Market becoming borderless 	▶	<ul style="list-style-type: none"> -Establish bases in Asia (Malaysia, Australia) and South America (Brazil) 	<ul style="list-style-type: none"> -Secured large-volume procurement route for cacao beans
O <ul style="list-style-type: none"> -Demand growth and diversification due to changing lifestyles 		<ul style="list-style-type: none"> -Increase FUJISUNNY PLAZA, place for developing new customer products and menu 	<ul style="list-style-type: none"> -Diversification of obtainable beans (response to flavor diversification)
T <ul style="list-style-type: none"> -Sustainable cacao bean procurement -Competition increasing, intensifying 		<ul style="list-style-type: none"> -Publish “Responsible Cacao Sourcing Policy” 	<ul style="list-style-type: none"> -Secure knowhow for sustainable cacao

Meaning of Blommer acquisition

(1) Increase presence in trans-pacific markets

(2) Capture US market

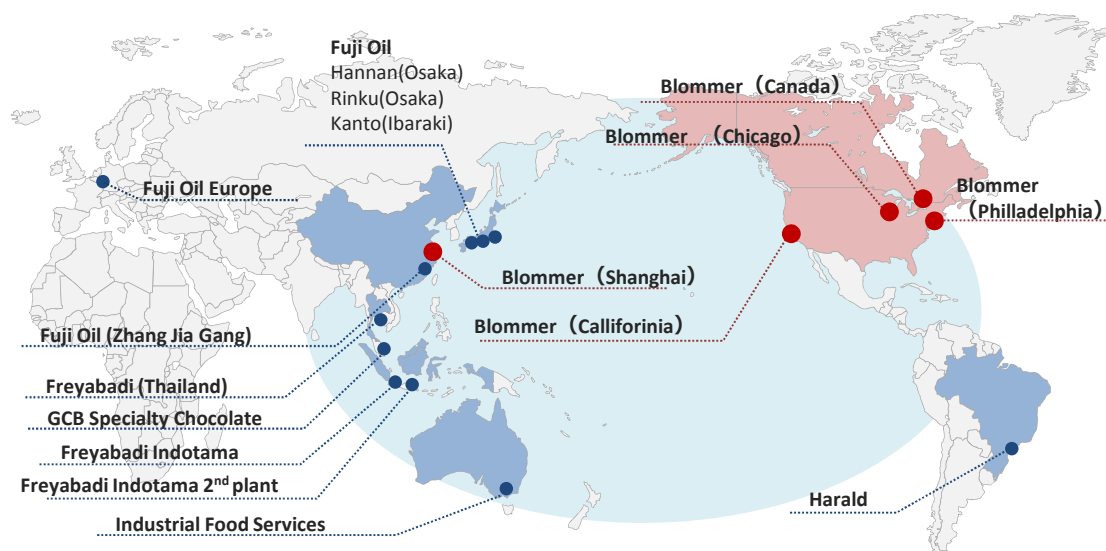
(3) Mutually compliment strengths

Meaning of Blommer acquisition (1) Increase presence in trans-pacific markets

Grow to No. 2 industrial chocolate manufacturer in trans-pacific region

After acquisition

Supplying commercial chocolate via network of 16 sites in 10 countries mainly in the trans-pacific region



Meaning

Increased presence in trans-pacific markets

-Driving other businesses

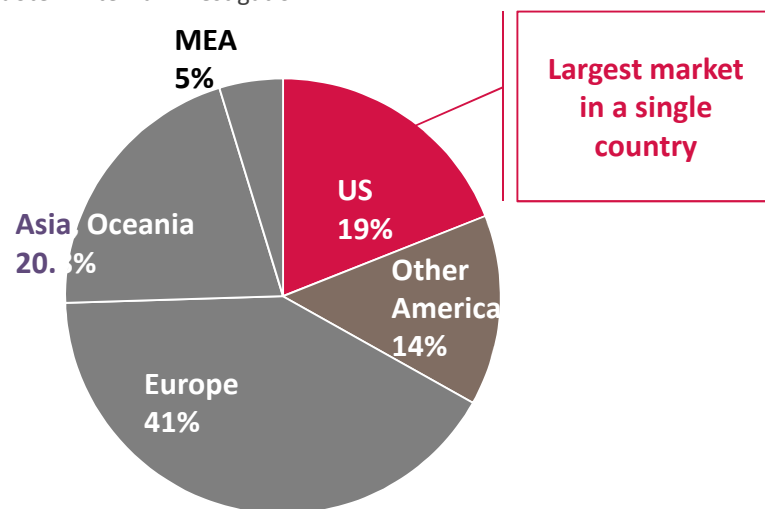


Engage in strong markets vital to growth

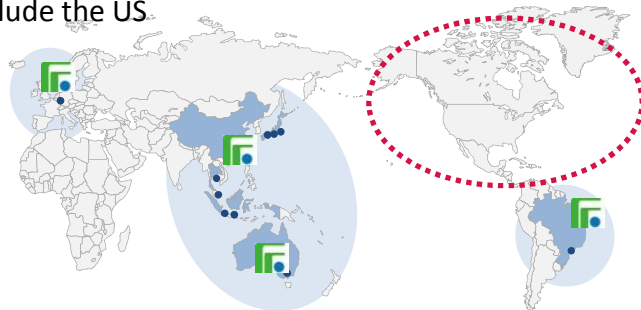
US is world's largest market for industrial chocolate

Market Size of Industrial Chocolate Market 2017

quote : internal investigation



In the past, our Group's chocolate business area did not include the US.



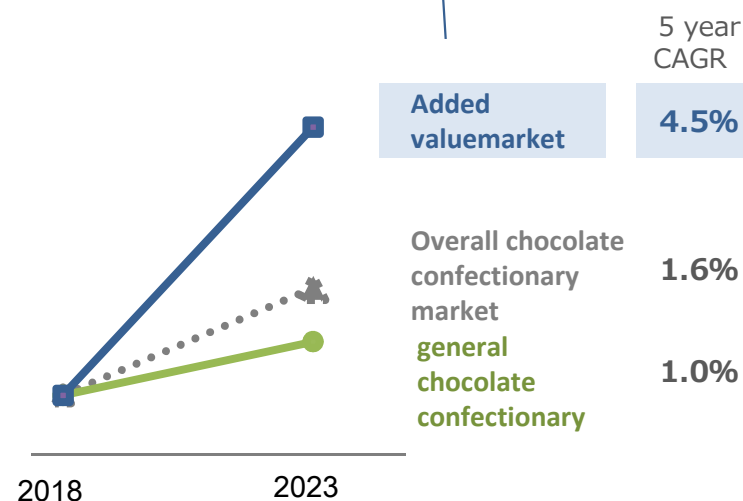
High added value products growing in US

Overall chocolate and Confectionary market exposure (volume indexed to 2018 volume)

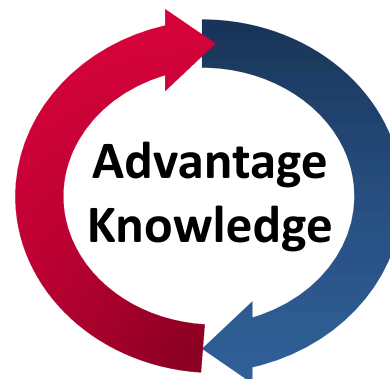
quote : Euromonitor2018

Markets where we can distinguish ourselves through our knowledge of oils and fats, cacao, and other ingredients

- Health bars
- Combinations with other ingredients
- Organic
- Single bean, etc....



Create optimal combination that mutually complements the strengths and knowledge



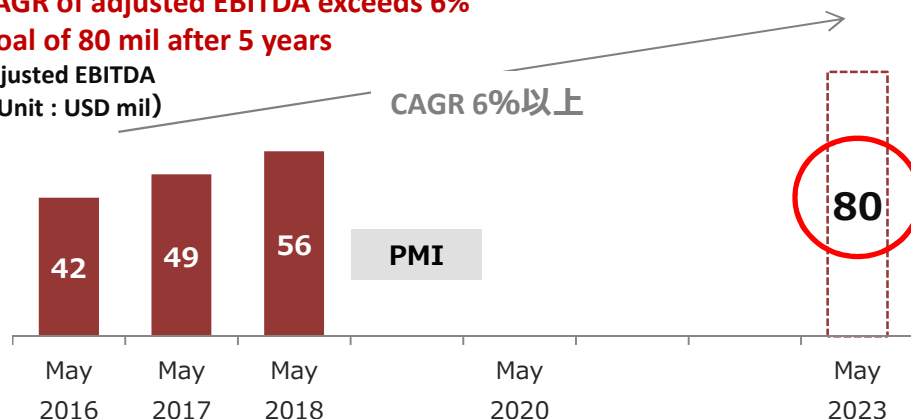
Business domain	Cacao Chocolate	Oils and fats Chocolate Soy
Area	North America	Asia (Japan, China, Southeast Asia), Oceania, South America
Technology	Cacao-focused product development strengths and taste	Product development focused on oils and fats, functionality
Customer	Comprised of over 800 companies, mainly major companies in US markets	Customers over 80 countries worldwide Involvement in wide range of food industries
Production	Secure comprehensive production line from cacao to chocolate at each plant	Maintain high level of safety, environment, and quality
ESG	Secure sustainable cacao procurement knowhow	Secure sustainable palm procurement knowhow, upstream plants

Core PMI issues

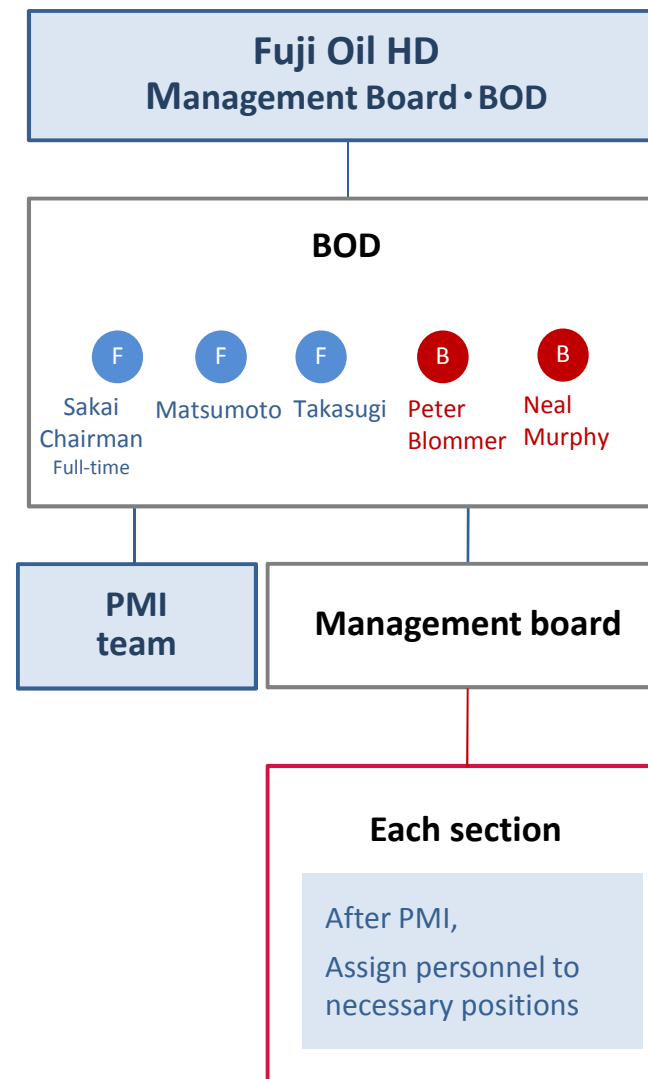
(1) Group partnerships	<ul style="list-style-type: none"> -Partner with oil and fat production sites in Fuji -Chocolate group company partnerships -Restructure China chocolate business
(2) Improve operational efficiency	<ul style="list-style-type: none"> -Increase production efficiency (processes/yield) -Optimize supply chain management -Safety, quality, environment
(3) Improve management platform	<ul style="list-style-type: none"> -Uniform accounting system -IT system sharing -Strengthen risk management (collaboration with Itochu Group)

CAGR of adjusted EBITDA exceeds 6%
Goal of 80 mil after 5 years

Adjusted EBITDA
 (Unit : USD mil)



Governance structure



Vision for chocolate business

Goal

①

**-No. 1 share in trans-pacific region
for industrial chocolate**

②

-Growth as Group core business
Continuously generate cash and grow into core
Fuji Oil Group business that drives other
businesses

Core issues

**-Promote business-oriented Group
management**

**-Efficient and speedy response to market
diversity**

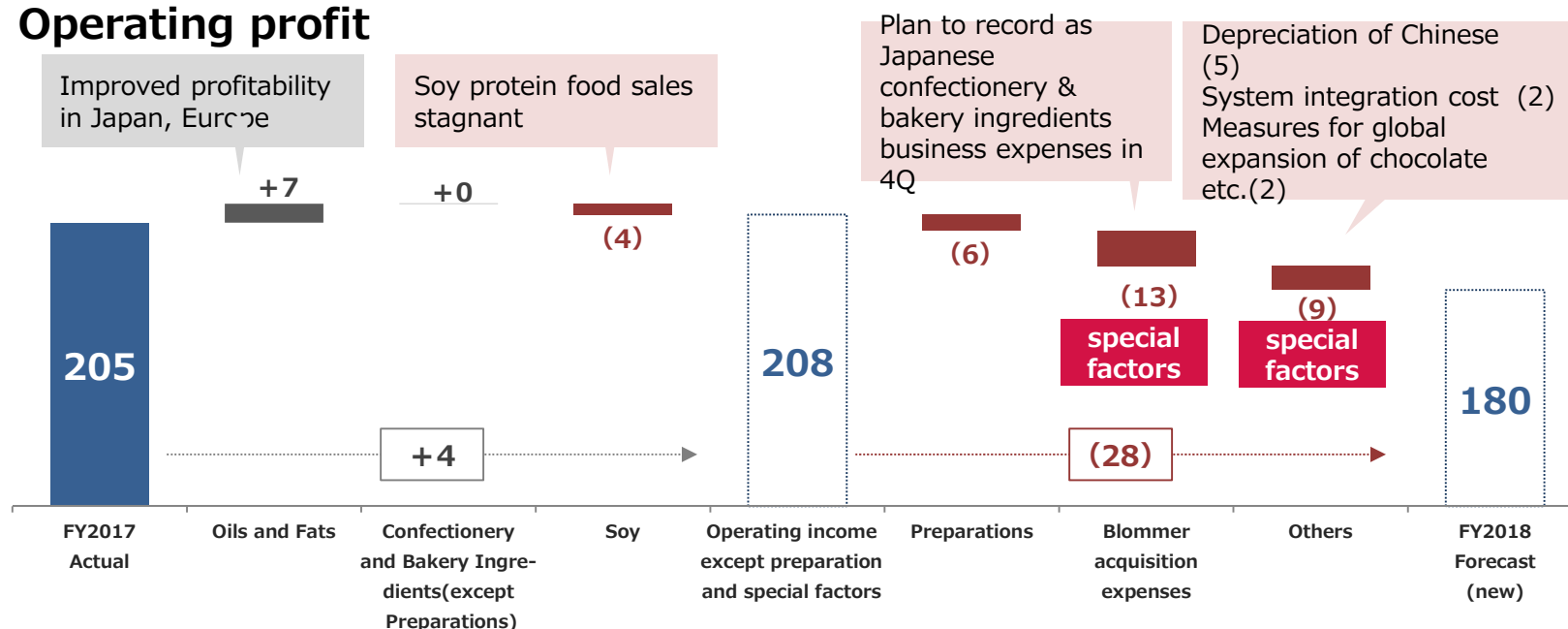
-Group with enhanced ESG management



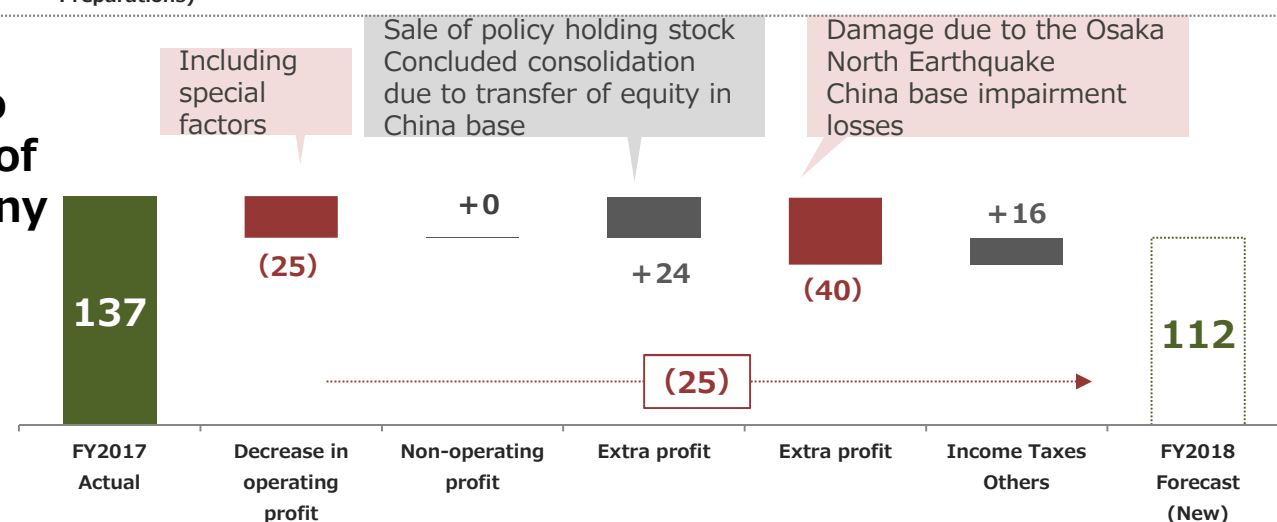
FY2018 full-year earnings forecast revision
Impact of Blommer acquisition on
Medium-Term Management Plan
CFO Tomoki Matsumoto

Downside revision of FY2018 earnings forecast due to special factors

Operating profit



Net income attributable to Shareholders of parent company

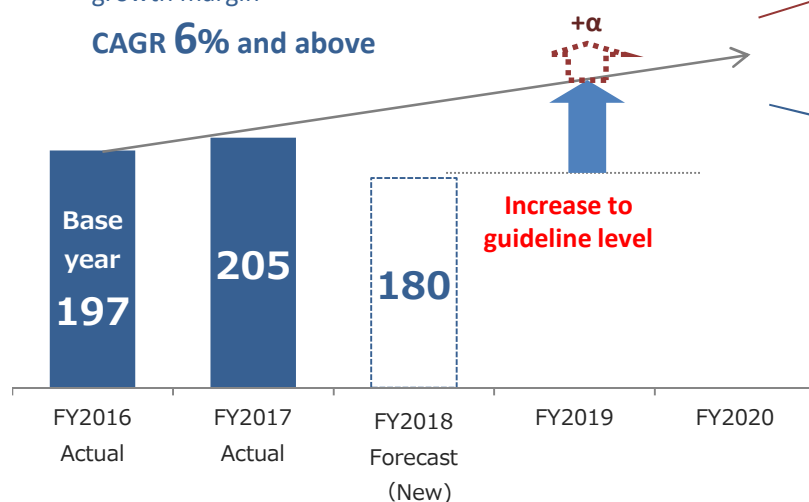


FY2019-2020 will focus on return to Medium-Term Plan profit guidelines

Operating profit

Medium-Term Management Goals – Operating profit growth margin

CAGR 6% and above



Blommer consolidated

- Implementing PPA *
- (Forecast) Goodwill estimate 45 BN yen
- Goodwill depreciation estimate 3 BN yen

Increase existing business to plan levels

-Eliminate special factors

: Operations after natural disasters, extreme weather, capital expenditures
Impact of food preparation business market prices

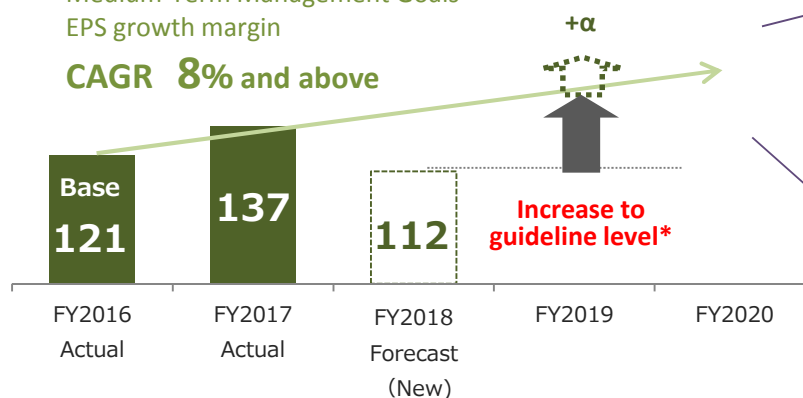
-Profit growth through strategy promotion

: Full-year contributions of new plants (China, Australia), expand sales of hard butters for chocolate, launch sales of stabilized DHA & EPA

Net income

Medium-Term Management Goals – EPS growth margin

CAGR 8% and above



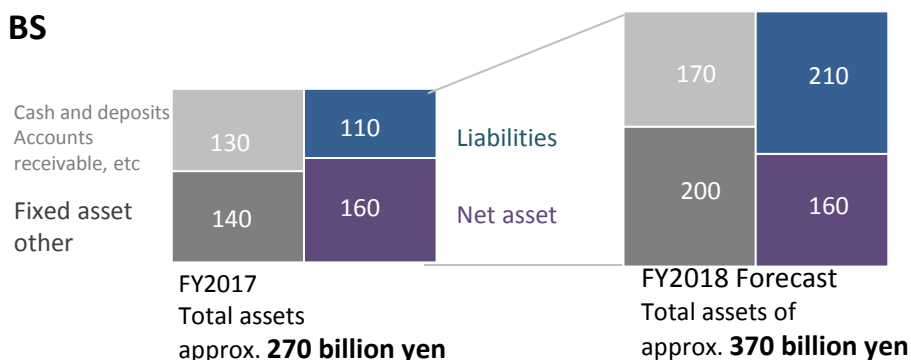
- UNIFUJI (company applicable to equity method) contributions
- Impact of FY2018 liquidation, transfer, impairment, losses on business organization

- Recover operating profit of existing businesses

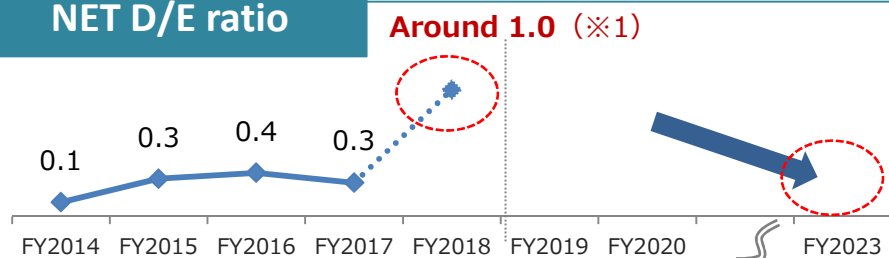
Enhance initiatives focused on financial discipline

Changes in financial structure

BS



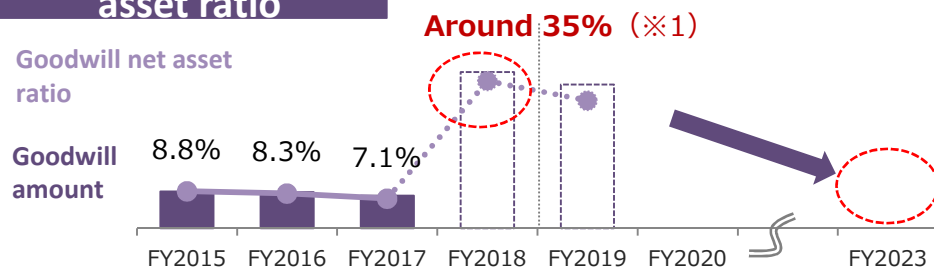
NET D/E ratio



Goodwill net asset ratio

Goodwill net asset ratio

Goodwill amount



After 5 years, we will improve the current level

Policy

Focus on maintaining soundness

(1) Capital procurement

- Strong focus on credit rating
- Plan to issue subordinated bonds in FY2019 recognizing capital rate of 50%

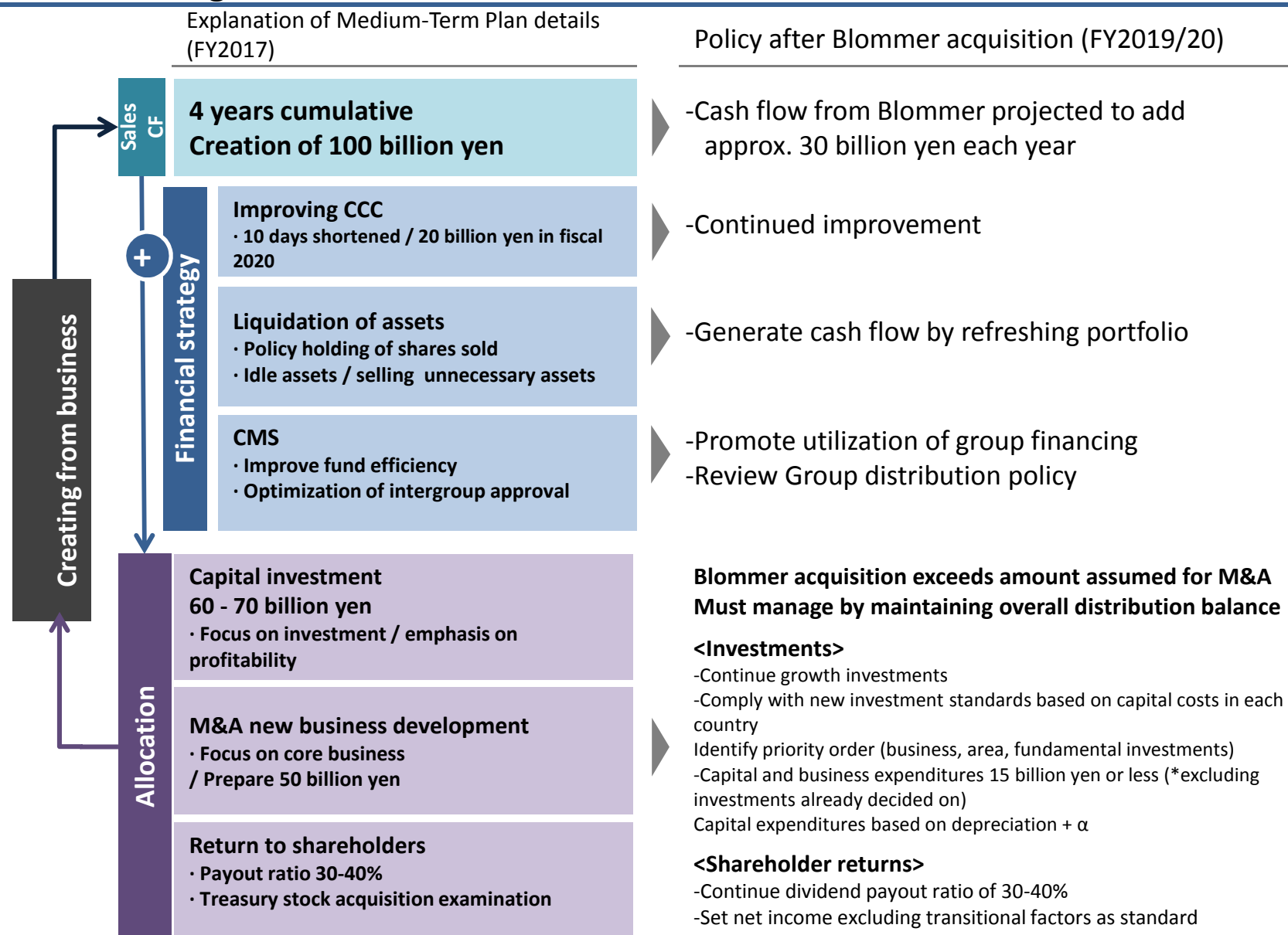
(2) Respond to growing financing risks

- Accelerate integration of accounting and financial standards, integration of backbone system

(3) Generate CF

- Improve profitability of Blommer
- Expansion and growth of existing business
- Sale of unprofitable business

Cash flow generation and distribution: Policies for FY2019/2020





Summary

CEO Hiroshi Shimizu



 **FUJI OIL HOLDINGS INC.**

