



FY2017 Earnings Conference

May 10, 2018

 **FUJI OIL HOLDINGS INC.**

Agenda

- | | | |
|-----------|--|-------------|
| 1. | FY2017 Earnings Results,
FY2018 Earnings Forecast | P 3 |
| 2 | Fuji Oil Group's ESG
Management | P 13 |
| 3 | Progress of Mid-Term
Management Plan | P 17 |



Palm trees

1. FY2017 Earnings Results, FY2018 Earnings Forecast

CFO

Tomoki Matsumoto

Financial Earnings

FY2017 Earnings Results, FY2018 Earnings Forecast

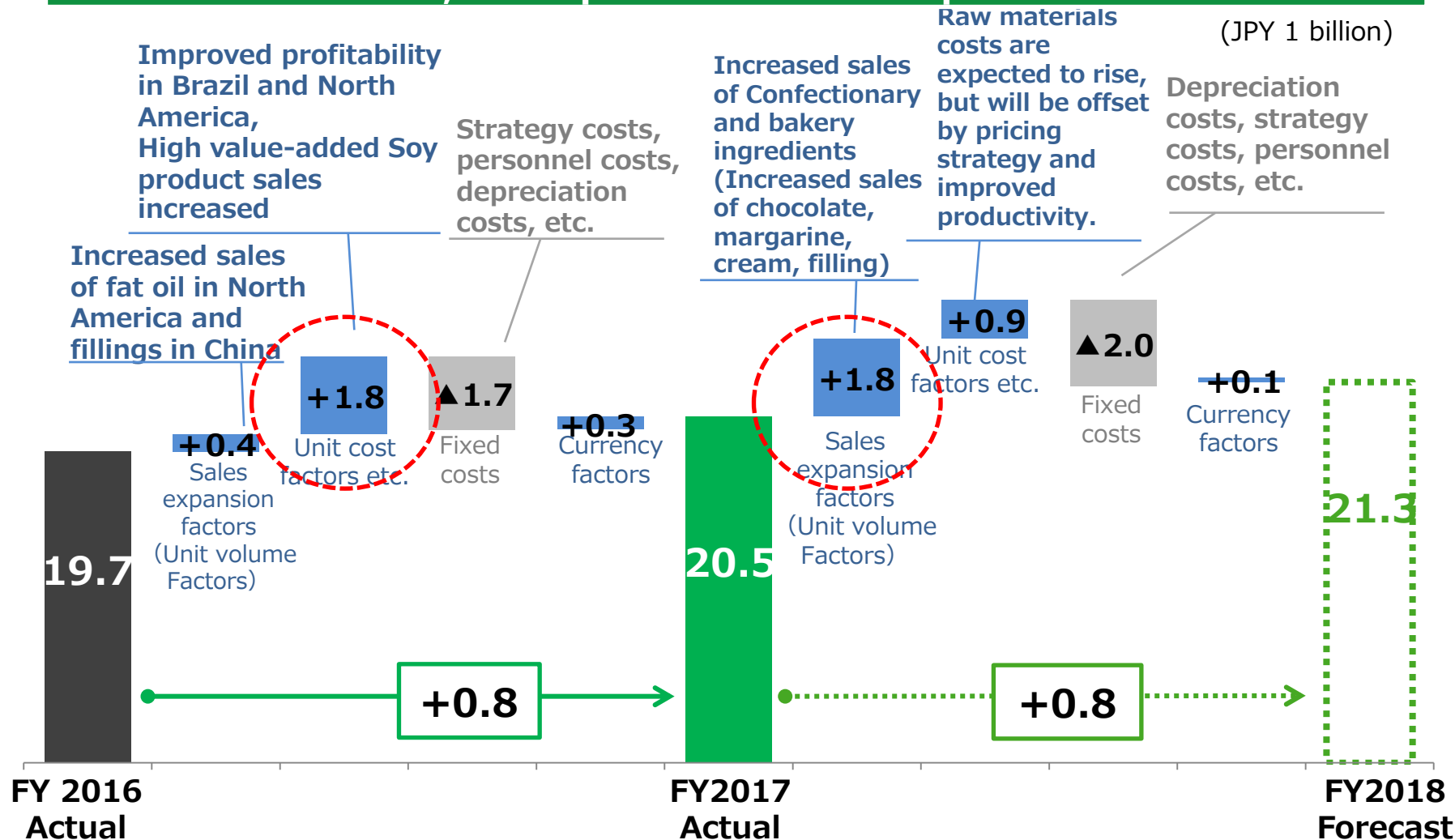
(JPY 1 billion)

	FY2016 Actual	FY2017 Actual	VS. Previous Year	FY2018 Forecast	VS. Previous Year
Revenue	292.5	307.6	+5.2%	322.0	+4.7%
Operating profit	19.7	20.5	+4.0%	21.3	+4.0%
Net income	12.1	13.7	+13.5%	14.0	+1.9%
EBITDA	28.3	29.4	+3.8%	32.8	+11.7%
Cash flows from operating activities	16.5	28.2	+70.7%	30.2	+7.1%
Cash flows from investing activities	(13.8)	(14.5)	(5.5)%	(19.6)	(35.1)%
Free cash flow	2.8	13.7	+396.1%	10.6	(22.6)%
Net interest-bearing loans	52.9	43.6	(17.6)%	43.9	+0.7%
Net operating capital	62.9	64.9	+3.3%	63.7	(1.8)%
CCC (Cash conversion cycle)	110 days	103 days	(7) days	100 days	(3) days
Net interest-bearing loans/EBITDA	1.8(x)	1.5(x)	(0.3)(x)	1.3(x)	(0.2)(x)

Operating Profit Analysis

FY2017 Earnings Results, Earnings Forecast

In FY2017, improved profitability in Americas contributed to results. In FY2018, focal products to be expanded.



Operating profit (by region, division)

<Group's management expenses—after reorganization>

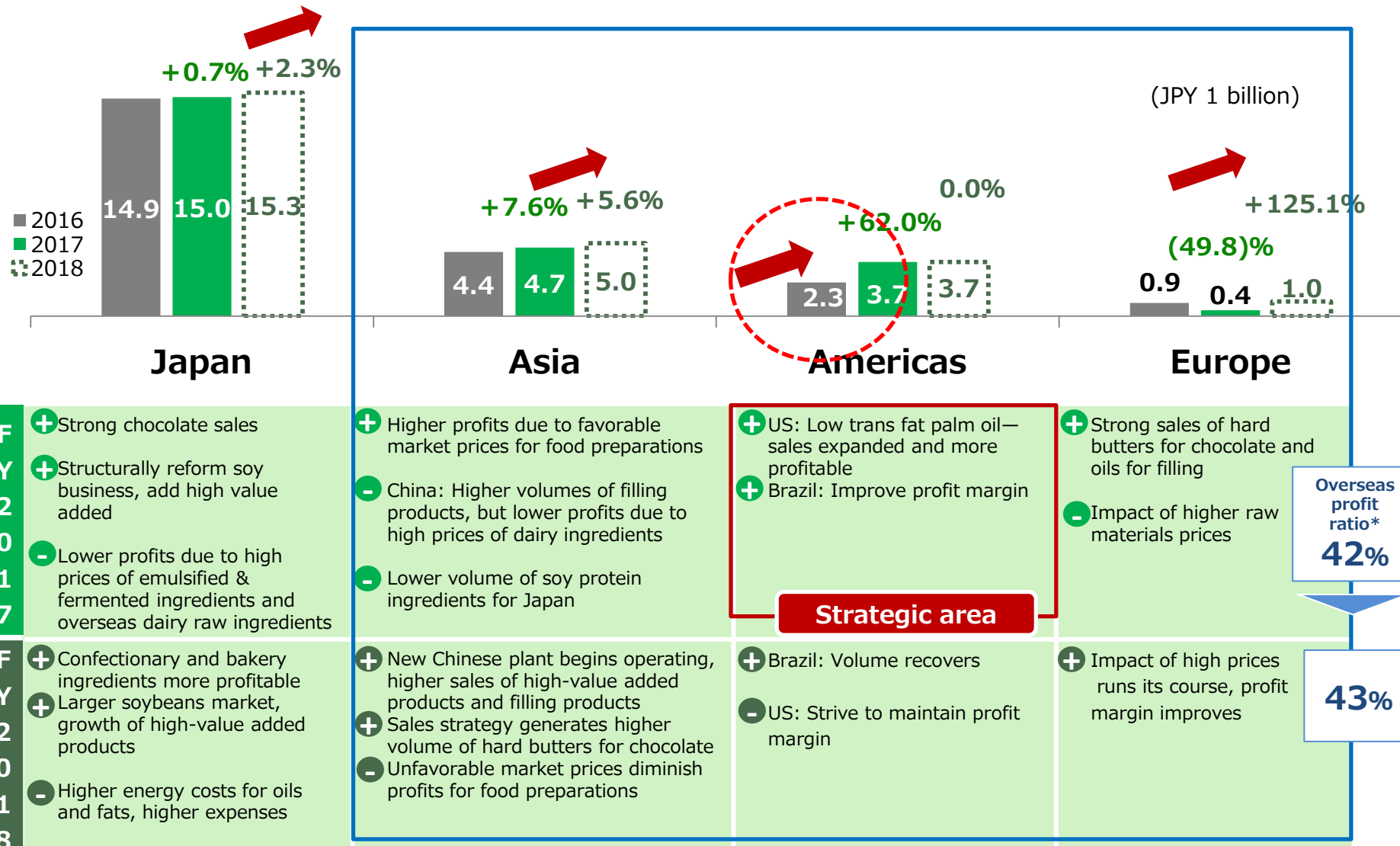
(JPY 1 billion)

		Before reorganization of Group administrative expenses		After reorganization of Group administrative expenses		
Consolidated		FY2016	FY2017	FY2016	FY2017	FY2018 Forecast
Japan	Oils and Fats	2.5	2.3	3.0	2.8	2.3
	Confectionery and Bakery Ingredients	7.5	7.2	8.7	8.8	9.3
	Soy	2.0	2.2	2.9	3.1	3.5
	Consolidated adjustment	0.3	0.2	0.3	0.2	0.2
	Total	12.3	11.9	14.9	15.0	15.3
Asia	Oils and Fats	1.5	1.7	1.4	1.7	1.9
	Confectionery and Bakery Ingredients	2.4	2.6	2.5	2.7	2.7
	Soy	0.5	0.3	0.5	0.3	0.4
	Consolidated adjustment	(0.0)	(0.0)	(0.0)	(0.0)	0.0
	Total	4.4	4.6	4.4	4.7	5.0
Americas	Oils and Fats	1.5	2.2	1.6	2.3	2.1
	Confectionery and Bakery Ingredients	0.7	1.4	0.7	1.4	1.6
	Consolidated adjustment	(0.0)	0.0	(0.0)	0.0	0.0
	Total	2.2	3.6	2.3	3.7	3.7
Europe	Oils and Fats	0.8	0.4	0.9	0.4	1.0
	Total	0.8	0.4	0.9	0.4	1.0
Group administrative expenses		—	—	(2.6)	(3.3)	(3.7)
Total		19.7	20.5	19.7	20.5	21.3

Operating profit actual and forecast (by area)

< Group's management expenses—after reorganization >

In FY2017, we achieved growth in strategic areas. In FY2018, we strive to expand sales of focal products in each area.



Operating profit actual and forecast (by segment)

<Group's management expenses—after reorganization >

Shift portfolio to profitable segments



F
Y
2
0
1
7

- + US: Low trans fat palm oil—strong sales and more profitable
- Impact of higher raw materials prices (Japan, Europe)

F
Y
2
0
1
8

- Higher energy costs and expenses in Japan
- + Sales strategy generates higher volume of hard butters for chocolate
- + Impact of high prices in Europe runs its course, profit margin improves

- + Profit margin for chocolate (Japan, Brazil) improved
- Japan: Emulsified & fermented ingredients affected by high prices of overseas dairy raw materials

- + Japan: Impact of high prices for emulsified & fermented ingredients runs its course, profits recover
- + Brazil: Sales of new chocolate products expand

- + Strong sales of high-value added products maintained
- Impact of temporary plant closures following capital investment
- China: Lower volume of soy protein ingredients for Japan

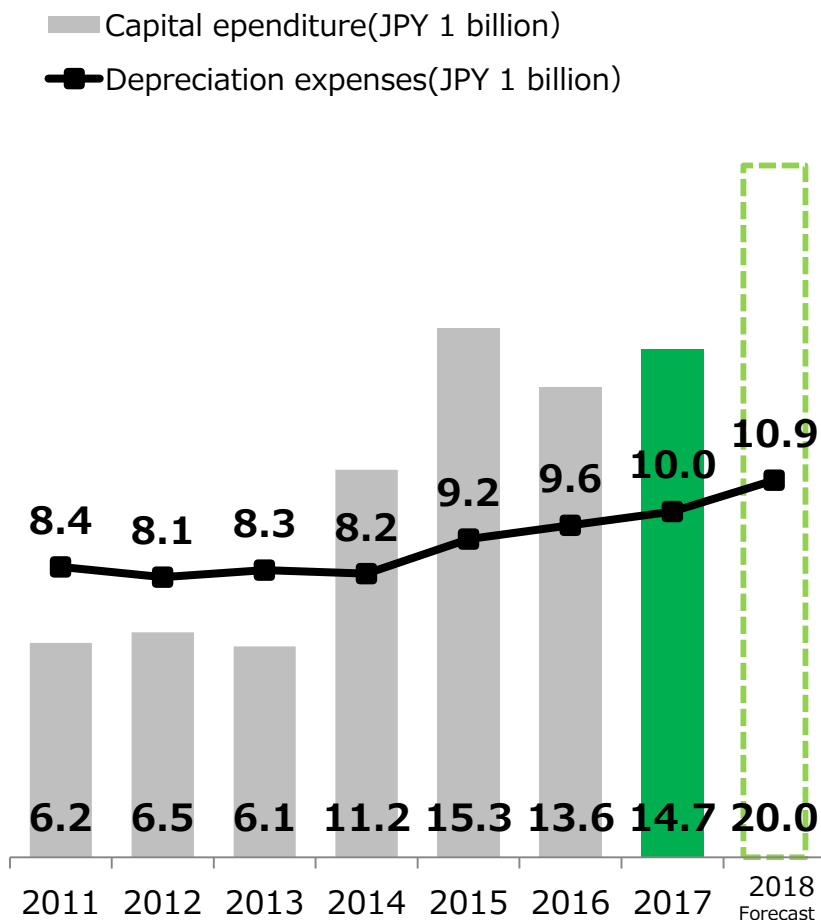
- + Sales of high-added value products (especially soluble soy polysaccharides) expand further
- + New soy markets forged
- + Unprofitable offices restructured
- + China: Begin producing and expanding sales of functional food ingredients

Profit ratio
of
confectionary
and bakery
ingredients
+ soy
69%

71%

Capital expenditures

FY2018, we will open the new production plant in China and begin construction of the new production plant in USA



Major expenditures (JPY 1 billion)

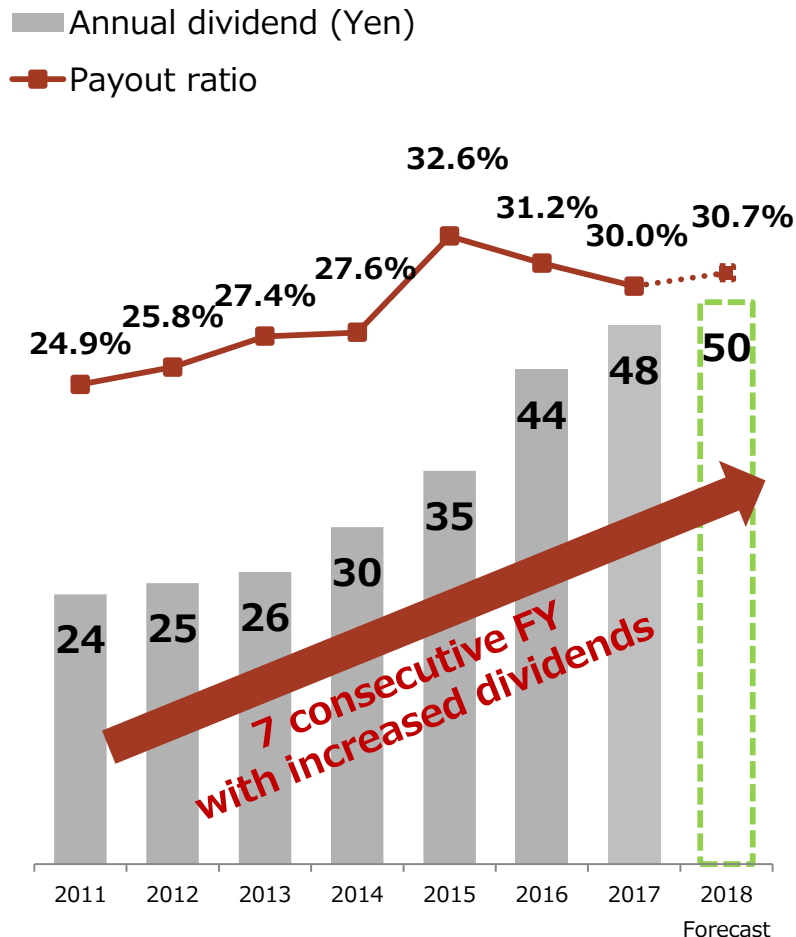
FY2017	<u>China</u> New production plant for Filling and Margarine	1.3
	<u>China</u> Increase production capacity for Filling etc.	0.8
	<u>Southeast Asia</u> Increase production capacity for cream etc.	0.8



FY2018	<u>China</u> New production plant for Filling and Margarine	3.7
	<u>USA</u> New production plant for Oils and Fats	3.2
	<u>China</u> Increase production capacity for soluble soy polysaccharide	0.9

Shareholder Returns

Promote income returns based on dividend policy



Dividend payout ratio

- Dividend payout ratio 30% - 40%
- Stable and continuous dividends
- Dynamically evaluate acquiring treasury shares

Planning to increase annual dividend by 2 yen

FY2017 actual

$$23\text{yen} + 25\text{yen} = 48\text{yen}$$

2 yen increased from initial forecast

FY2018 forecast

$$25\text{yen} + 25\text{yen} = 50\text{yen}$$

Planning to increase 1 half dividend by 2 yen

Management Goals・Cash flow goals

		FY2017 Actual	FY2018 Forecast	2 year total	2020年度目標	
Management goals	ROE	8.8%	8.8%	—	1 0 %	
	EPS	160 yen	163 yen	CAGR 7.6%	CAGR 8 % or higher	
	Operating profit Growth rate	+4.0%	+4.0%	CAGR 4.0%	CAGR 6 % or higher	
	Shareholder returns	Dividend payout ratio 30.0%	Dividend payout ratio 30.7%	—	Dividend payout ratio 30-40%	
Cash flow goals	Operating cash flow	28.2 billion	30.2 billion	58.4 billion	4 year cumulative CF 100 billion	
	CCC	103days (7)days	100 days (3)days	(10)day	10 day contraction	
	Capital expenditure	14.7 billion	20.0 billion	34.7 billion	4 year total of about 60-70 billion yen	
	M&A	-	-	-	Assurances of 50 billion yen infunding	
Cycle number of days		(No. of days)				
		End of FY2016	End of FY2017	End of FY2018	End of FY2016VS End of FY2017	End of FY2017VS End of FY2018
→Accounts receivable		74	76	73	+2	(3)
Wholesale assets		65	57	56	(8)	(1)
Trade payables		29	30	29	+1	(1)
CCC		110	103	100	(7)	(3)

Medium-Term Financial Strategy Progress

Financial management Policy

FY2017 progress

1	Sustainable profit growth	<ul style="list-style-type: none"> •Consolidated operating profit CAGR6%≦ •EPS growth rate CAGR8%≦ •CCC 10 days shorter 	Create and distribute cash flow	① Operating CF	FY2017 28.2 billion (+11.7 billion yen YoY)
				② CCC	FY2017 103days (-7days YoY)
2	Maintain healthy financial status	Evaluate business characteristics and risks to maintain a stable financial structure	B/S management in line with risks and return	① Reduce interest-bearing liabilities	Interest-bearing loans 56.6 billion (down 9.0 billion yen YoY)
				② Improve D/E ratio	0.35 (-0.08 YoY)
				③ Equity ratio	58.9% (+3.5pt YoY)
3	Improve capital efficiency	Match level of competing global companies and elevate ourselves to level necessary for sustainable growth	Improve ROE to 10%	① Improve total asset turnover	113.1% (+5.6 pt YoY)
				② Unprofitable business asset	Reduced due to sales
				③ Capital investment	Careful inspection of capital expenditures
4	Enhance financial governance	Promote standardization, financial risk reduction, business optimization Enable global comparative validation	Group financial benchmarks and standards	① Global CMS(※1)	Start implementation
				② Unification of core system	Start development at US companies/kickoff at Chinese companies
				③ Unification of accounting period and early settlement of accounts	Hire consultant and strengthen partnerships with each company



Soybean field

2. Fuji Oil Group's ESG Management

CEO

Hiroshi Shimizu

ESG Management (Conscientious Management)

Becoming a leading company that resolves the world's food and health issues

Business platform

- Spirit of contributing to customers since our founding
Work for people
- Developing products using plant-based raw materials
Palm, cacao, soybeans
- Product development capabilities related to health and nutrition
R&D Division for Future Creation

Plant Based Food Solutions

Social issues (UN SDGs)



ESG Management

polarity

Medium-Term Business Plan

Materiality (※ 1)

MOS
Management of Sustainability

Core competence enhancement

MOT
Management of Technology

Growth of soy business

MBA
Management of business administration

Functional high-value added products business development

Cost reductions and alignment with global standards

Solution by creation foods

**Food safety, security, quality
Environment**

Sustainable procurement

Human development

Health and productivity

Corporate governance

Contribution to the happiness and well-being of the people

For a Sustainable Society

For sustainable growth of the Fuji Oil Group

Specific Measures for ESG Management

Contributing to the resolution of social issues through plant-based food ingredients and enhancing the corporate value

Plant-Based



Sunflower
Sugar
Dairy
Ingredients
Other



Dairy
Ingredients
Sugar
Other



Other

Etc.

Food



Etc.

Solutions

Contribute to the happiness and well-being

Work for people

- Global population growth
- Depletion of food resources
- Civil rights / environmental issue
- Aging society
- Increasing health consciousness
- Food preference diversification

ESG Initiatives: Sustainable procurement for sustainable corporate



Palm oil

Pursuant to our Guidelines on Responsible Palm Oil Sourcing (March 2016), we aim to source palm oil from plantations that are not associated with environmental destruction or human rights abuses.

November 2017
Founded joint venture UNIFUJI
UNIFUJI is a palm oil fractionation business committed to ensuring that the processes from sourcing to production are eco-friendly and worker-friendly.

Enhancing corporate value

• Fuji Oil Group and United Plantations share the same resolve to put sustainability at the core of management



UNITED PLANTATIONS

- Malaysian palm oil plantation company
- Specializes in sustainable palm oil production
 - World's first RSPO-certified producer of sustainable palm oil
 - Promotes workplace diversity

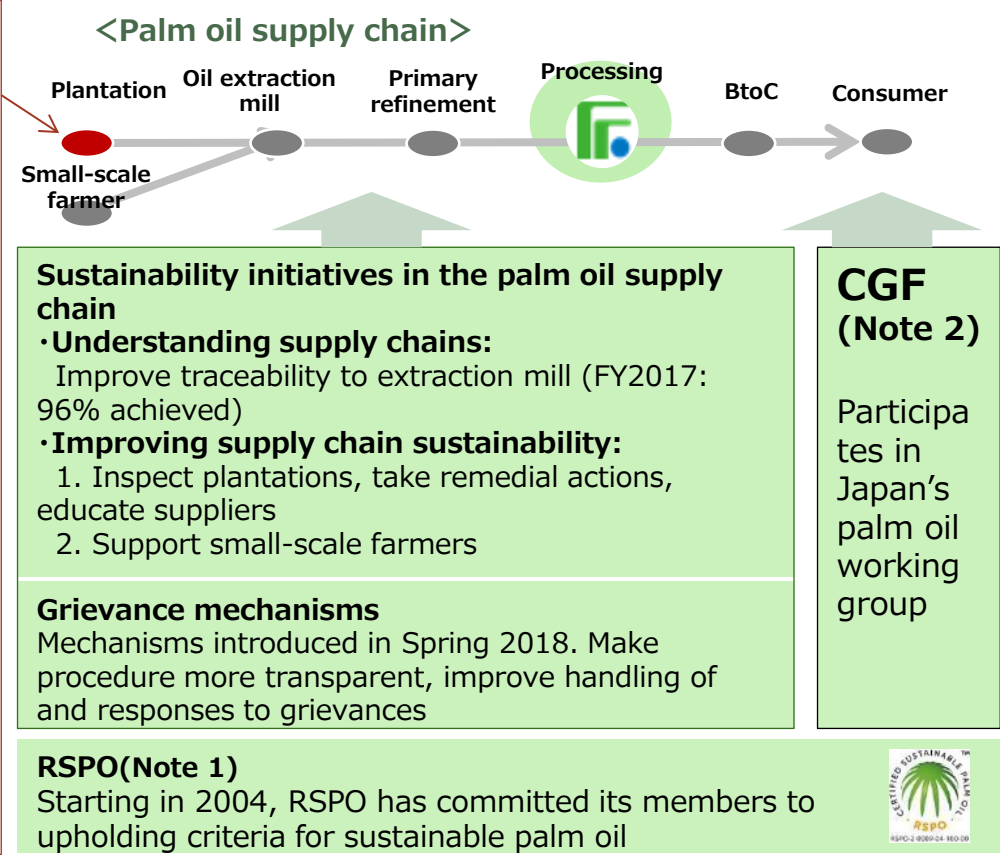


Fuji Oil Group

- Specializes in palm oil fractionation
- Committed to sustainable palm oil supply



UNIFUJI's planned site



Cacao beans

Guidelines on Sustainable Cacao Bean Sourcing, sustainability program to commence (in 2nd half of 2018)

• **World Cocoa Foundation (WCF)**
Participated since 2012



Certificated cacao products
Each company makes efforts to obtain Fair Trade / UTZ certification



Note 1: RSPO = Roundtable on Sustainable Palm Oil

Note 2: CGF = Consumer Goods Forum



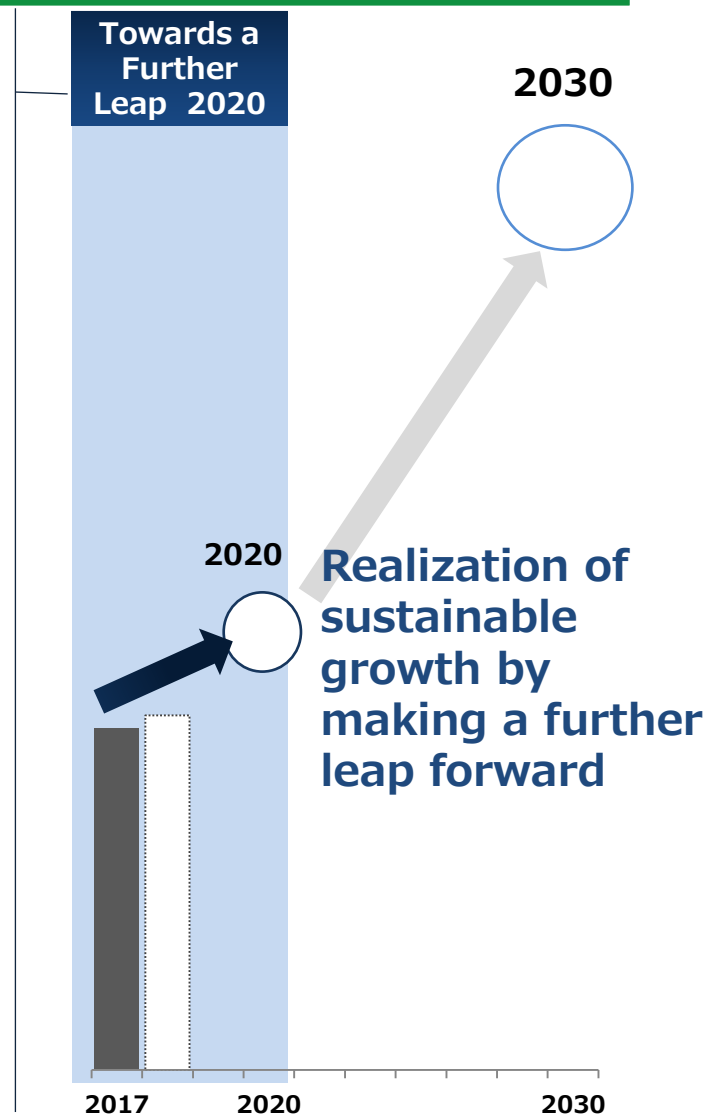
Cacao Fruit

3. Progress of Mid-Term Management Plan

(Reference) Towards a Further Leap 2020 (2017-2020)

Building a foundation for future growth

Basic Strategy		Basic policy	
Growth strategy Area Strategy		①Reinforcement of core competence ②Growth of soy business ③Development of high value-added products	
Strengthen management foundation	Financial strategy	④Cost reduction and unification with the global standards	
Profit structural reform			
Management Objective (FY2020)		(FY2017Actual)	
ROE	10 %	8.8 %	
EPS	CAGR 8% 以上	13.5 %	
Operating profit growth	CAGR 6% 以上	4.0 %	
Shareholder return	Payout ratio 30-40%	30.0 %	
Cash flow benchmarks			
Operating Cash flow	4 year cumulative CF 100 billion yen	28.2 billion yen	
CCC	10 day contraction	(7)days	
Capital expenditure	4 year total of about 60-70 billion yen	14.7 billion yen	
M&A	Assurances of 50 billion yen in funding	—	



FY2017 Earnings Results

	Revenue	Operating Profit	Net Profit
Actual (JPY 1 billion)	307.6	20.5	13.7
VS. Previous Year	+5.2 %	+4.0 %	+13.5 %

Achievement

- Growth of chocolate business
- Structural reform of Soy business
- Promote ESG management
(Sustainable procurement, Establish UNIFUJI)

Subject

- Expand volume on overseas market
- Establish new business

FY2018 Forecast

	Revenue	Operating Profit	Net Profit
Actual (JPY 1 billion)	322.0	21.3	14.0
VS. Previous Year	+4.7 %	+4.0 %	+1.9 %

FY2018 topic

- Working to solve social issues through plant-based food materials and enhancing the corporate value in each country and area
- Ensuring steady implementation of each measure towards achieving the Mid-term Management plan

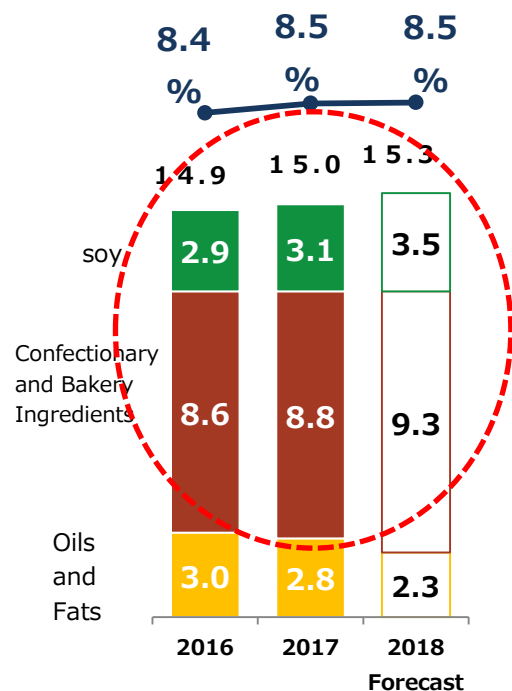
Businesses in Japan

Addressing social problems with PBFS to maintain or improve profitability

FY2017

Growth in chocolate and soy businesses contributed to earnings

Operating profit (JPY billion)
Operating margin



FY2018

• **Chocolate business to further improve profitability**
• **Introduce new PBFS products**

Maintain or improve strength

Focus on problem-solving products

Improving productivity
Pursue workstyle reforms in each division

• **Oils and fats** : Maintain sales with eye on profitability, take sustainability measures

• **Chocolate** : Focus on high-value added products that help customers save labor **Focus in 2018**
Boosted production capacity of molded chocolates will contribute to earnings

• **Soy protein ingredients** : Nutrition and health food business to expand following completion of structural reforms

• **Soluble soy polysaccharides** : Production capacity to increase following capital investment

• **Cream** : **Focus in 2018**
Invest in new and differentiable plant-based products

• **Soy protein food products**
Focus on frozen tofu products that help clients save labor

Bringing stakeholders together
Use our raw materials to forge connections between customers that can help solve social problems.

Solution

Social problems

Labor shortages

Solution

intermediate materials to help customers save labor

Population ageing

Solution

Provide functional ingredients that increase healthy life expectancy

Promoting key businesses with sustainable raw materials

Hard butters for chocolate

Improve sustainable supply management

- Expand sales of products derived from sustainable raw materials
- UNIFUJI venture to begin operations

Boost competitiveness

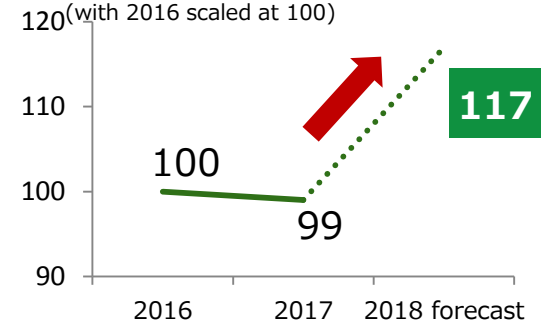
- Reduce costs to enable more competitive pricing
- Use VGP*

Strengthen supply chains

- Supply chain management team to lead efforts

Solutions and their outcomes

Sales volume of overseas hard butters for chocolate
(with 2016 scaled at 100)



Solution

Sustainability management

Labor-saving

Food diversity

Chocolate

Asia

Malaysian office to expand high-value added labor-saving chocolate across Asia

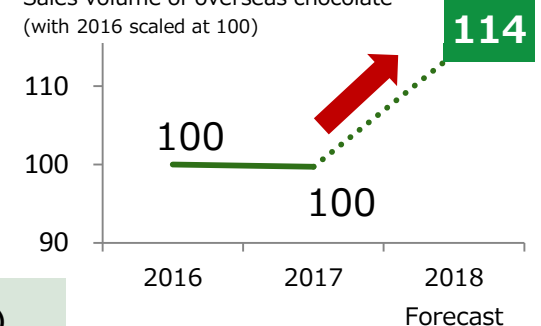


Brazil

Recover volume by launching new user-friendly functional products



Sales volume of overseas chocolate
(with 2016 scaled at 100)



- Promote sales with an eye on profitability
- HD to cooperate with each area (in terms of personnel, productivity, and technology)

Developing area-specific systems and products that solve area-specific problems

China

Deliver safe and delicious ingredients to people across a wider regio

•First office to further expand sales

<Fuji Oil (Zhang Jia Gang) Co., Ltd.>

Oils and fats, chocolate, cream, margarine, filling

Shift to second office to secure production capacity

→ New service office (plaza) to further expand sales

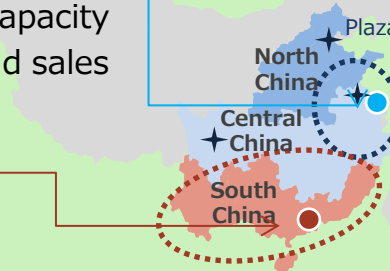
•Operations to begin at second office

<Fuji Oil (Zhaoqing) Co., Ltd.>

Margarine, filling

Production to commence in July 2018

→Expand sales in South China



How the completed factory will look

Southeast Asia

•Sales strategy Country-specific targeting to start yielding results

•Cream 2017: Solved production bottleneck, arranged framework for sales expansion



Solutions and their outcomes

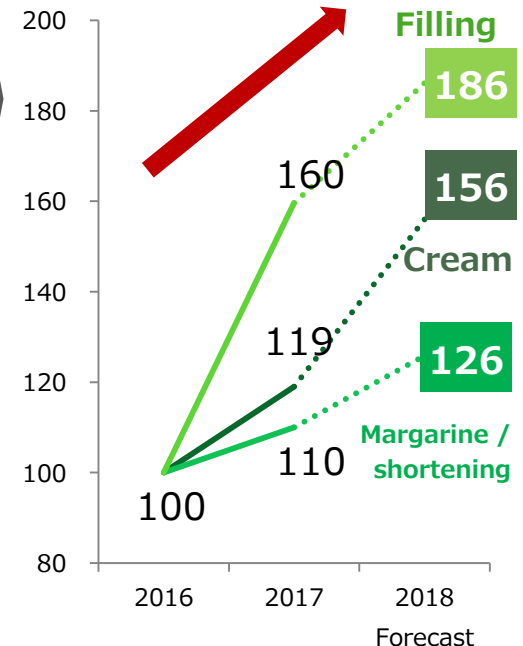
Solution

Safety

Labor-saving

Food diversity

Overseas sales volumes
(with 2016 scaled at 100)



Contribute to growth with profitable solutions model

Selection Shift to solutions model

Rationalize, fully consolidate production bases

Concentration Further strengthen high-value added businesses

Aggressively forge new markets at a time when the value of soybeans is recognized

•Expand health market

Forge and expand soy protein market

•Expand polysaccharides business

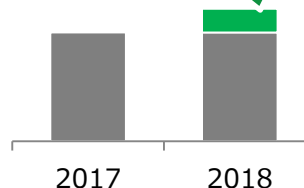
Boost production in Japan and China to accommodate rising demand for low-sugar acidic milk drinks

•Expand sales of USS products

Focus on expanding sales of processed products
→Construct management structures, additionally targeting North America and Asia

•Provide new solutions for plant-based food

Extra capacity in
China and Japan



Expand possibilities for
plant-based food—e.g.,
soy cutlet, soy tuna, soy
sea urchin, soy cheese



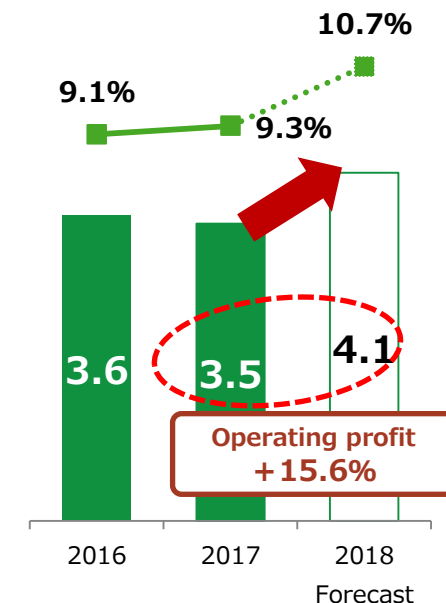
Solutions and their outcomes

Solution

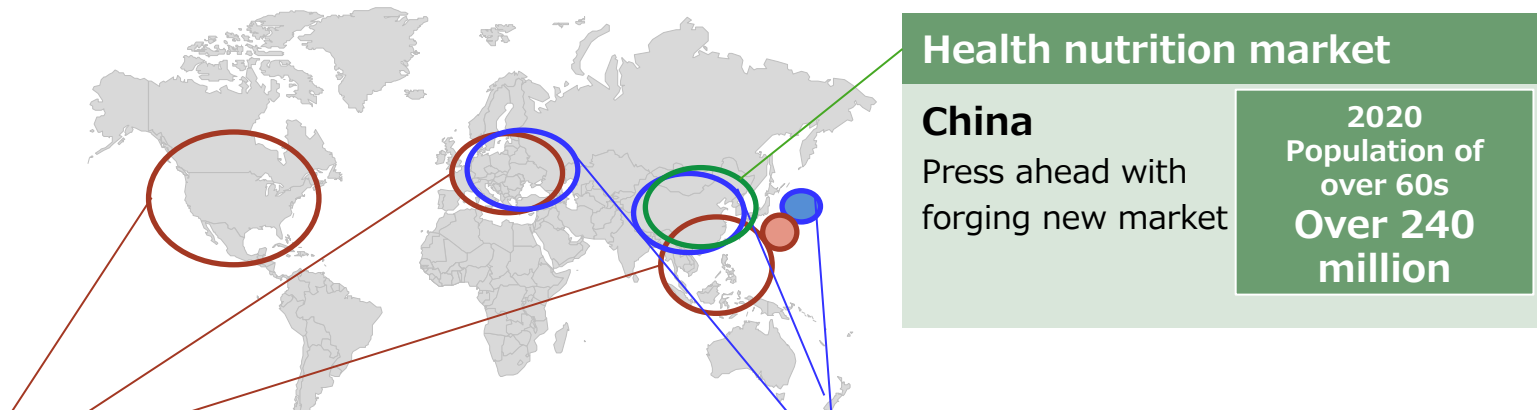
People's health

The Earth's health

Operating profit (JPY billion)
Operating margin



Proceeding toward solutions business model in Japan and overseas



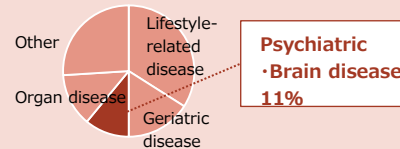
Stabilized DHA/EPA business

Japan Large demand for products that help cognitive function and increase healthy life expectancy

(Average life expectancy – Healthy life expectancy)
♂ 9 years ♀ 12 years

Source: Cabinet Office
(2017 White Paper on Population Ageing)

Medical costs by disease type (2015)



Source: National health expenditure (MHLW)

- Develop applications for the solutions each company targets
- Utilize labeling system for indicating health benefits

Globally Super-aging becoming global trend

- Promote business globally by developing samples for each market

Polysaccharide business

Japan Soluble soy polysaccharides performing well

Five-year CAGR of our sales volume
5.0%

Japan

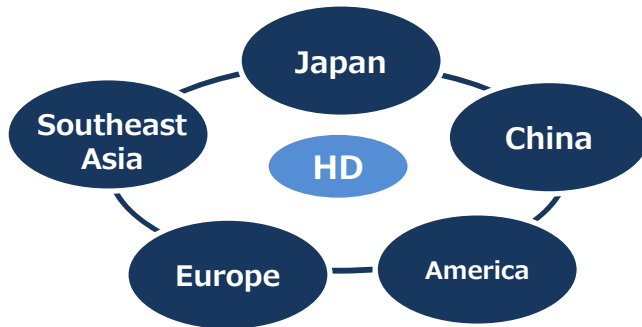
Target Market

Global

Aim to expand polysaccharides globally

- China: Production to start this term
- Develop plans for polysaccharides businesses in America and Europe

Channeling the group's energy toward the goal of maximizing corporate value



Integrate group's
operations with HD
at the center

Promote virtual global procurement (VGP)

- Boost purchasing power by consolidating group companies' supplier and purchases data

Minimize costs

Sustainable sourcing

Stable supply chain
Earn customers' trust

Being a group that promotes productivity

- Improve group-wide standards regarding safety, sustainability, and quality assurance

Better productivity
Better risk
management

Financial strategy

- Global cash management system
- Standardize core system
- Standardize accounting period

Streamline workflows
Minimize financial
risks
Better global
management

**Better
equipped to
take on rivals**

- Reduced costs
- Stronger
business
foundation

(Reference) Towards a Further Leap 2020 (2017-2020)

Towards a further Leap 2020

2016	2017	2018	2019	2020
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Core competence enhancement

	Construct 2nd Chinese plant			
New Malaysian office	Capture demand in US Better profitability in Brazil	Open 2nd US office		

Growth of soy business

[Selection] Decision to close Sakai plant	Selloff of Ishikawa plant	Restructure Japanese and Chinese businesses		
[Concentration]	Expand sales of high-value added products		USS to start contributing revenue	

Functional high-value added products business development

	Boost production of soluble soy polysaccharides			
	Launch new polysaccharides businesses			
	Launch stable DHA and EPA business			

Cost reductions and alignment with global standards

	UNIFUJI			
	Develop global CMS*Progressively introduce core system	Standardize accounting period		
	Rebuild corporate brand			

EPS CAGR

Reference FY 140.8円	13.5% 159.9 yen	1.9% 162.9 yen	-	4 years average 8% ≤
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Operating profit CAGR

Reference FY 19.7 billion yen	4.0 % 20.5 billion yen	4.0 % 21.3 billion yen	-	4 years average 6% ≤
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ROE

8.3 %	8.8 %	8.8 %	-	10%
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(Reference) Towards a Further Leap 2020 (2017-2020) progress

Basic policy

Strengthening core competence

Steadily develop products and markets that highlight our strengths

Progress of initiatives	Area	FY2017 Actual	FY2018 Policy
Growth of chocolate business	Japan	Expanded sales of high-value added products	Shift toward high-value added products
	Southeast Asia	Used new Malaysian office to expand sales	Expand sales across wider area, including Middle East and Oceania
	China	Established new chocolate team	
	Brazil	Won profits by focusing on particular market	Maintain profitability, invest in new products to recover volumes
	Europe	Expanding chocolate business	Expand sales with sustainably sourced products
	M&A	Continued exploring M&A opportunities	Continue to explore M&A opportunities
Expand sales in Asia	Southeast Asia	Raised production capacity with aim of expanding cream sales	Expand sales of four products with country-specific targeting
	China	Expanded sales of margarine and filling in bakery market	New plant to begin operations in 2nd half of 2018 Amount invested: Approx. 400 million CNY (5 billion JPY)

(Reference) Towards a Further Leap 2020 (2017-2020) progress

Basic policy

Growing the soy business

- Promote the health of humanity and the earth
- Provide products that suit the zeitgeist (flexitarian)

Progress of initiatives	FY2018 Actual	FY2018 Policy
Structural reforms Final stage	<ul style="list-style-type: none"> • Closed Sakai plant (soy protein ingredients) • Sold Ishikawa plant (soy protein ingredients) 	<ul style="list-style-type: none"> • Rebuilt Chinese businesses • Rebuild soy protein foods business
Expansion to plant protein market	<ul style="list-style-type: none"> • Grew sales of high-value added products Expanded sales of protein ingredients for health and nutrition market Forged soy bean market • Expanded sales of soy meats 	<ul style="list-style-type: none"> • Soy protein ingredients Streamline production and step up efforts to penetrate health and nutrition market • Penetrate flexitarian market Develop soy meats and soy cheeses in Japan and overseas • USS to start contributing revenue

Basic policy

Developing functional high-value added products

- Develop polysaccharides and stable DHA/EPA businesses
- Make inroads into nutrition and health sector
- Stabilize group's revenue base

Progress of initiatives	FY2018 Actual	FY2018 Policy
Stabilization DHA/EPA business development	<ul style="list-style-type: none"> • Obtained health benefit indication under labeling system (neutral fat) • Sold company products containing DHA/EPA (mail order) 	<ul style="list-style-type: none"> • Obtain evidence supporting neurological health benefit claim • Develop samples for overseas market development
Polysaccharide business	<ul style="list-style-type: none"> • Soluble soy polysaccharides Maintained previous year's strong performance 	<ul style="list-style-type: none"> • Soluble soy polysaccharides Boost production capacity, expand sales in Japan and China • Develop new polysaccharides

(Reference) Towards a Further Leap 2020 (2017-2020) progress

Basic policy

Reducing costs and establishing unified global standards

- Reorganize the group to boost productivity
- Boost competitiveness
- Standardize core system and accounting period globally

Progress of initiatives	FY2018 Actual	FY2018 Policy
Strengthen management foundation	<ul style="list-style-type: none"> • Sustainable sourcing Founded UNIFUJI Supply chain management team began operations • Corporate branding Decide on brand promise, establish devoted team Start deliberating on detailed policies • ESG Committee Re-designate focal areas 	<ul style="list-style-type: none"> • Sustainable procurement UNIFUJI to begin operations (2nd half) Introduce grievance mechanisms Commence cacao program • Formulate environmental vision for 2030 • ESG Committee Lead efforts to develop focal theme
Financial strategy	<ul style="list-style-type: none"> • CCC (Note 1) Targets for each company set, plans to achieve these targets formulated and implemented • Global CMS (Note 2) Completed and progressively introduced core system • Standardize core system Start introducing system in overseas areas • Moving accounting period earlier Began preparations 	<ul style="list-style-type: none"> • CCC Disseminate guidelines, encourage all divisions to formulate measures • Global CMS Bring online in China and US • Global funds management Rebuild group funds system in each area • Standardize core system Bring online in China and US
Profit structural reform	<ul style="list-style-type: none"> • Being a group that promotes productivity Audited each group company 	<ul style="list-style-type: none"> • Use VGP (Note 3)



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