



FY2018 Earnings Conference

2019/5/10

 **FUJI OIL HOLDINGS INC.**

Agenda

- | | | |
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| 1 | CEO Hiroshi Shimizu
Summary | P 3 |
| 2 | CFO Tomoki Matsumoto
FY2018 Earnings Results &
FY2019 Forecast | P 6 |
| 3 | Blommer Chocolate Company
Chairman Mikio Sakai
Blommer FY2019 Plan
Global Chocolate Strategy | P 24 |

FUJI OIL HOLDINGS CxO Meeting



1. Summary

CEO Hiroshi Shimizu

Executive Summary

Launch FY2017

Getting started on a new strategy

-Operating profit of 20.5 billion yen

Progress

FY2018
earnings

A critical year for creating proposals that lead to advancement and innovation

-Operating profit of 18.5 billion yen (Numerous external and internal special factors, M&A expenses)

-Major advancements to Reinforcement of core competence (Blommer, Industrial Food Services)

-Structural reform of the soy business

-Strengthening global governance

Change

FY2019
earnings
forecast

Advance changes that will lead to results

-Forecast operating profit of 24 billion yen, aim for steady growth of existing businesses.

-First FY of Blommer ownership. Continuation of management efficiency improvement

-Strengthen chocolate global strategies, Creation of synergy with Fujioil

-Conduct growth investments

Results

Mid-Term
Management
Plan

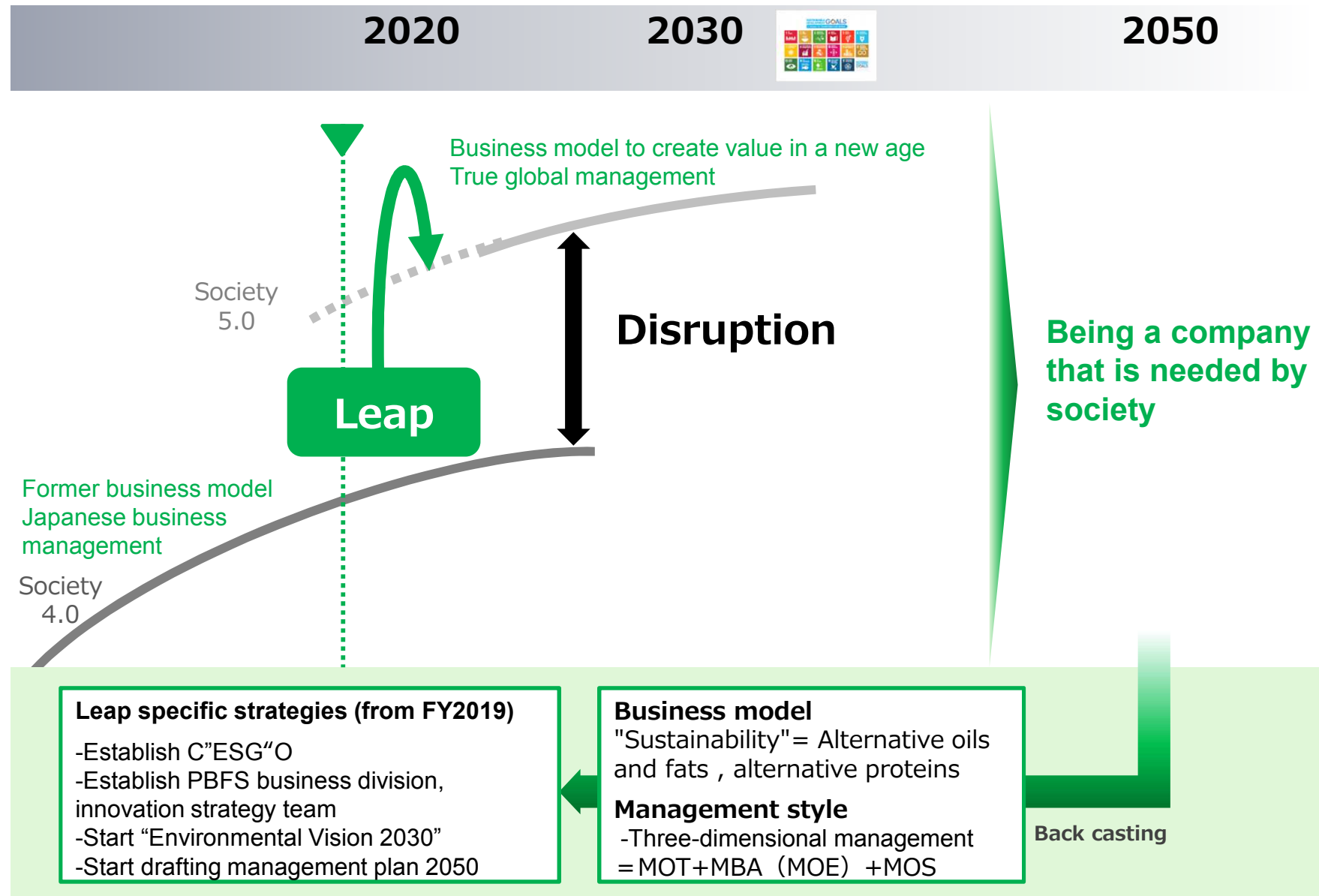
Realize change

-Achieve operating profit margin rate of CAGR 6%, EPS growth rate of CAGR 8%

-Promote CF management, identify next strategies

-New problem awareness to serve as foundation for next mid-term management plan.

Transcending Disruption





2 . FY2018 Earnings Results & FY2019 Forecast

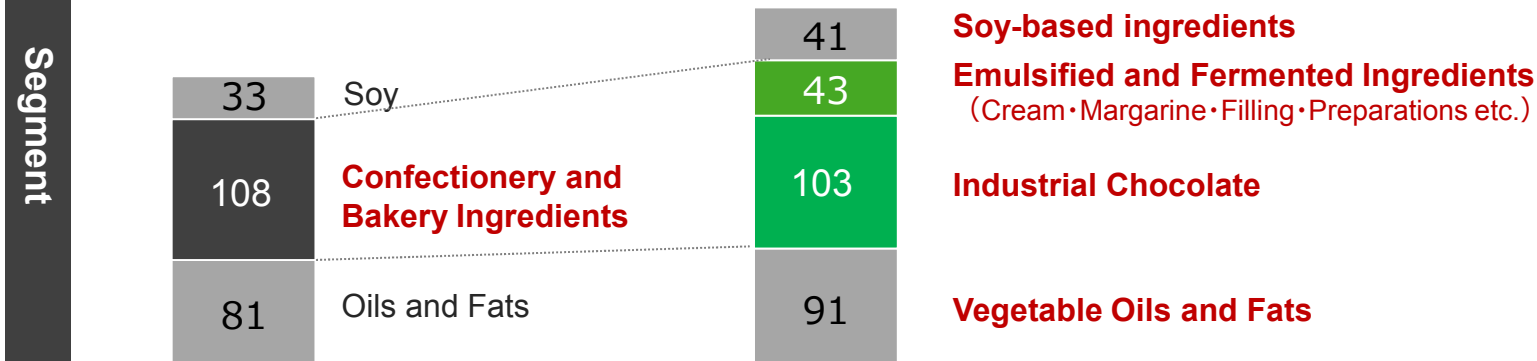
CFO Tomoki Matsumoto

FY2019 Change segments

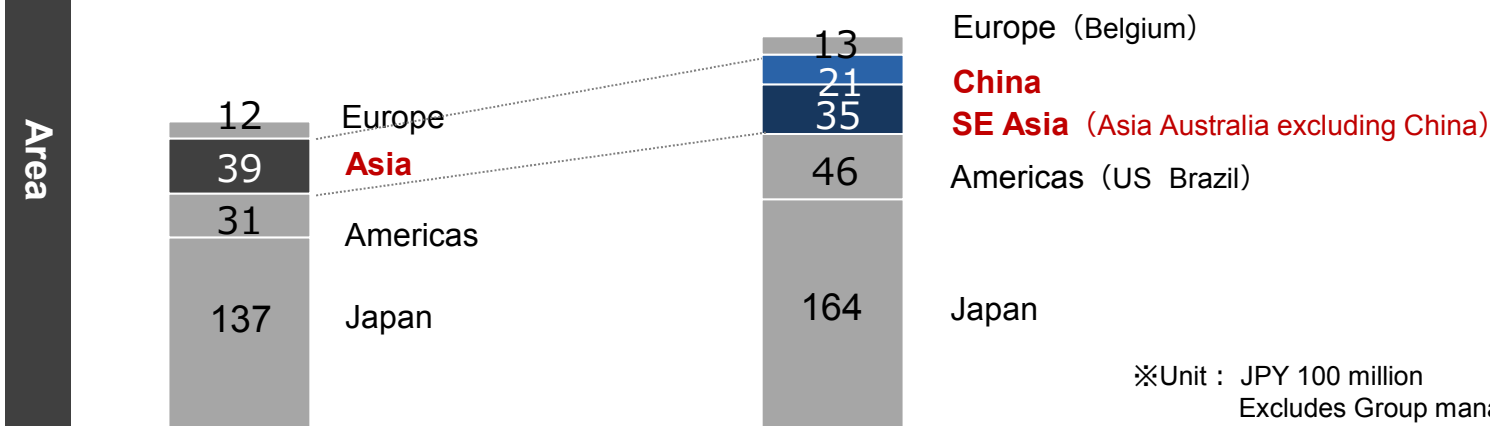
FY2018 Conventional segment
Operating profit

FY2019 New Segment
Operating profit

Changed to business segments and names that reflect the expansion of the industrial use chocolate business due to the Blommer acquisition.



Changed area segments to reflect expansion in China business



※Unit : JPY 100 million
Excludes Group management expenses

Financial Earnings (FY2018 Actual・FY2019 Forecast)

FY2018 exceeded revised forecast ,for FY2019, maintain operating profit level of CAGR 6%

(Unit : JPY 100 million)

	FY2017 Actual	FY2018 February revision forecast	FY2018 Actual	FY2019 Forecast
Revenue	3,076	3,030	3,008	4,300
Vegetable Oils and Fats	1,136	1,105	1,097	1,139
Industrial Chocolate	686	688	686	1,874
Emulsified and Fermented Ingredients	875	873	865	915
Soy-based ingredients	380	364	361	372
Operating profit	205	180	185	240
Vegetable Oils and Fats	73	80	81	91
Industrial Chocolate	85	70	74	103
Emulsified and Fermented Ingredients	45	34	33	43
Soy-based ingredients	35	31	33	41
Group administrative	(33)	(35)	(37)	(38)
Operating margin	6.7%	5.9%	6.2%	5.6%
Ordinary profit	200	175	182	220
Net income attributable to Owners of parent	137	112	116	152
EBITDA	310	292	300	392
ROE	8.8%	7.0%	7.3%	9.4%
CCC	103days	-	(※1) 105days	105days

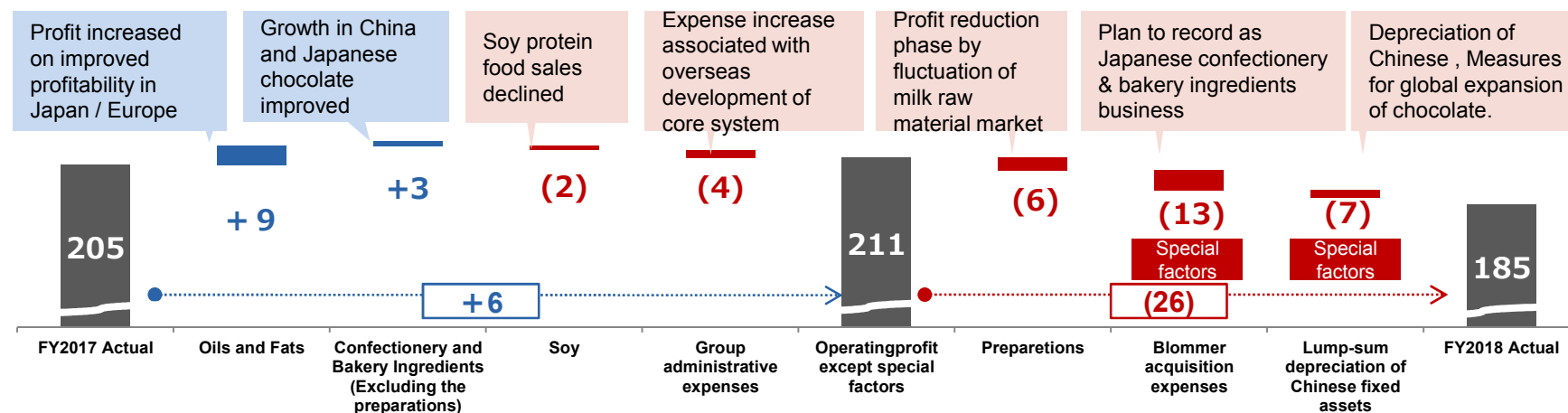
In FY2018, Japan drove earnings to outperform revised forecast

(Unit : JPY 100 million)

	Area	FY2017 Actual	FY2018 Feb Revision Forecast	FY2018 Actual	VS Revision forecast		YoY	Rate of change
Revenue	Japan	1,758	1,731	1,710	(21)	(1)%	(48)	(3)%
	Americas	508	458	460	+2	+1%	(48)	(9)%
	SE Asia	377	392	390	(2)	(0)%	+13	+4%
	China	194	214	214	+0	+0%	+20	+10%
	Europe	240	235	234	(1)	(0)%	(6)	(2)%
		3,076	3,030	3,008	(22)	(1)%	(68)	(2)%
Operating profit	Japan	150	131	137	+6	4%	(12)	(8)%
	Americas	37	31	31	+0	+0%	(6)	(16)%
	SE Asia	32	22	20	(1)	(7)%	(12)	(37)%
	China	15	16	19	+2	+15%	+4	+25%
	Europe	4	13	12	(1)	(10)%	+7	+171%
	Consolidated , Group administrative expenses	(34)	(33)	(34)	(1)	(3)%	(0)	(0)%
		205	180	185	+5	3%	(20)	(10)%

FY2018Actual Operating profit Analysis

Oils and fats are strong, but profit decreased due to Blommer acquisition costs



(Unit : JPY 100 million)

Operating profit		Japan	Americas	Asia			Europe	Consolidated , Group administrative expenses	Consolidated Total
Upper row FY2018	Lower row FY2017			Total	SE Asia	China			
Vegetable Oils and Fats		40	18	12	9	3	12	0	81
		28	23	17	12	5	4	1	73
Confectionery and Bakery Ingredients	計	83	14	21	12	10	-	(10)	108
		88	14	27	20	7	-	1	130
	Industrial Chocolate	64	14	9	10	(0)	-	(13)	74
		61	14	9	8	1	-	0	85
	Emulsified and Fermented Ingredients	18	-	12	2	10	-	3	33
		26	-	18	13	6	-	0	45
Soy-based ingredients		26	-	6	-	6	-	1	33
		32	-	3	-	3	-	1	35
Consolidated , Group administrative expenses		(12)	(0)	(0)	(0)	-	-	(24)	(37)
		2	0	(0)	(0)	-	-	(36)	(33)
Consolidated Total		137	31	39	20	19	12	(34)	185
		150	37	47	32	15	4	(34)	205

Financial Earnings (FY2018 Actual·FY2019 Forecast)

Begin Blommer P/L consolidation in FY2019

(Unit : JPY 100 million)

	FY2017 Actual	FY2018 Actual	FY2019 Forecast	YoY	Rate of Change
Revenue	3,076	3,008	4,300	+1,292	+43%
Vegetable Oils and Fats	1,136	1,097	1,139	+42	+4%
Industrial Chocolate	686	686	1,874	+1,188	+173%
Emulsified and Fermented Ingredients	875	865	915	+50	+6%
Soy-based ingredients	380	361	372	+11	+3%
Operating profit	205	185	240	+55	+30%
Vegetable Oils and Fats	73	81	91	+9	+11%
Industrial Chocolate	85	74	103	+29	+39%
Emulsified and Fermented Ingredients	45	33	43	+10	+29%
Soy-based ingredients	35	33	41	+8	+26%
Consolidated · Group administrative	(33)	(37)	(38)	(1)	(1)%
Operating margin	6.7%	6.2%	5.6%	-	-
Ordinary profit	200	182	220	+38	+21%
Net income attributable to Owners of parent	137	116	152	+36	+31%
EBITDA	310	300	392	+92	+31%
ROE	8.8%	7.3%	9.4%	-	-
CCC	103days	105days	105days	-	-

Impact on Blommer P/L consolidation

Blommer Revenue (2019.Feb~2020.Jan) (※1)

\$1,020 mil
For the same period last year
\$952 mil

Blommer EBITDA

\$59 mil
For the same period last year
\$56 mil

CCC

FY18
·Blommer 137days
·Existing business 105days

FY19 Plan
·Blommer 117days
·Existing business 101days

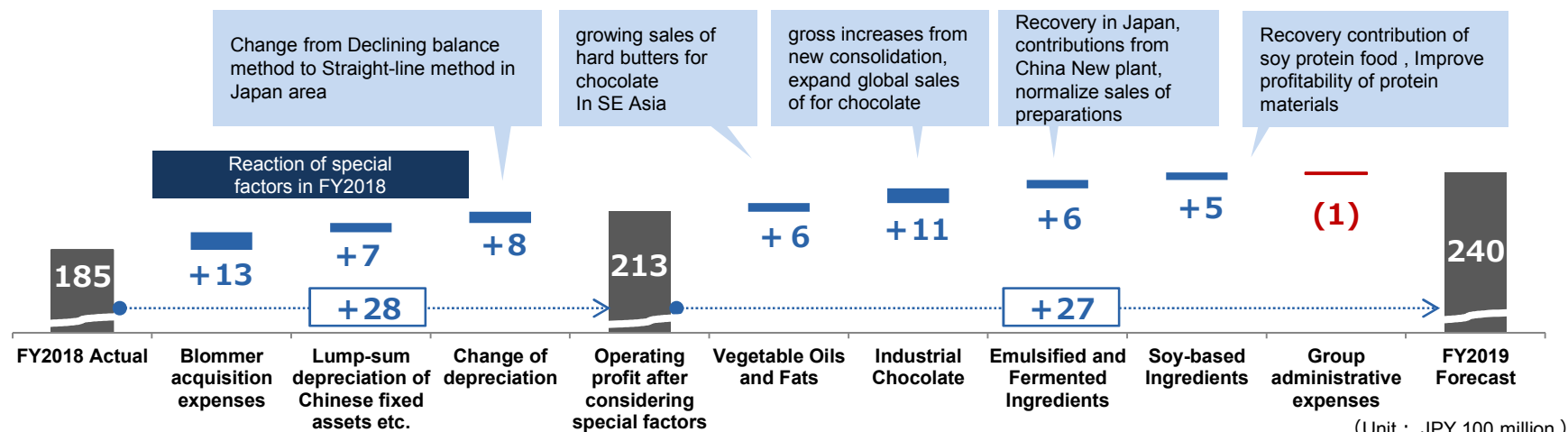
(※1) Blommer accounting period : -Blommer settled in May. Incorporation in the Fuji Oil Group P / L will be carried out from February to April as 1Q.

(FY2019: 1Q: Feb. to April, 2Q: May to July, 3Q: Aug. to Oct., 4Q: Nov. to Jan. 2020)

-YoY comparison figures are calculated based on the same period as the consolidated fiscal year (Feb. 2018 to Jan. 2019)

FY2019Forecast Operating profit Analysis

Increase profits by growing business



Operating profit Upper row FY2019E Lower row FY2018		Japan	Americas	Asia			Europe	Consolidated , Group administrative expenses	Consolidated Total
				Total	SE Asia	China			
Vegetable Oils and Fats		37	22	19	15	4	13	0	91
		40	18	12	9	3	12	0	81
Confectionery and Bakery Ingredients	Total	91	24	32	20	12	-	0	146
		83	14	21	12	10	-	(10)	108
	Industrial Chocolate	67	24	12	11	1	-	0	103
		64	14	9	10	(0)	-	(13)	74
	Emulsified and Fermented Ingredients	24	-	20	9	11	-	(0)	43
		18	-	12	2	10	-	3	33
Soy-based ingredients		34	-	6	-	6	-	1	41
		26	-	6	-	6	-	1	33
Consolidated , Group administrative expenses		2	-	(0)	0	(0)	-	(40)	(38)
		(12)	(0)	(0)	(0)	-	-	(24)	(37)
Consolidated Total		164	46	57	35	21	13	(39)	240
		137	31	39	20	19	12	(34)	185

Reduce interest-bearing debt to improve Net D/E ratio

(Unit : JPY 100 million)

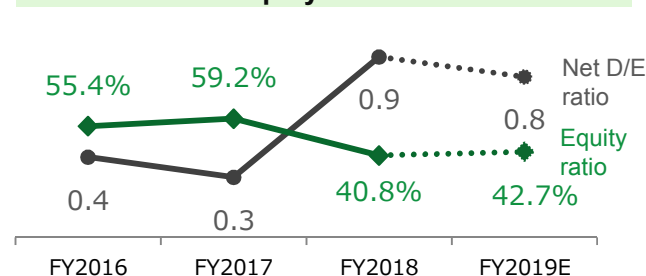
	Items	FY2017 Actual	FY2018 Actual	FY2019 Plan	Remarks
B/S	Current assets	1,308	1,854	2,042	
	Fixed assets	1,399	1,980	1,888	Marginal reference
	Total assets	2,707	3,834	3,930	
	Interest-bearing loans	566	1,605	1,535	Marginal reference
	Other liabilities	492	637	686	
	Total liabilities	1,058	2,242	2,221	
	Total net assets	1,649	1,592	1,709	Decrease in capital surplus , decrease in currency conversion adjustment accounts
CF	Income before income taxes	188	165	222	
	Depreciation and amortization	109	120	152	*Includes depreciation expenses for both tangible fixed assets and intangible fixed assets.
	Other changes	(15)	(59)	(54)	
	Cash flows from operating activities	282	226	320	
	Cash flows from investing activities	(145)	(791)	(219)	
	Free cash flow	137	(565)	101	
	Cash flows from financing activities	(135)	655	(139)	

Goodwill/Net assets ratio (Unit : JPY 100 million)



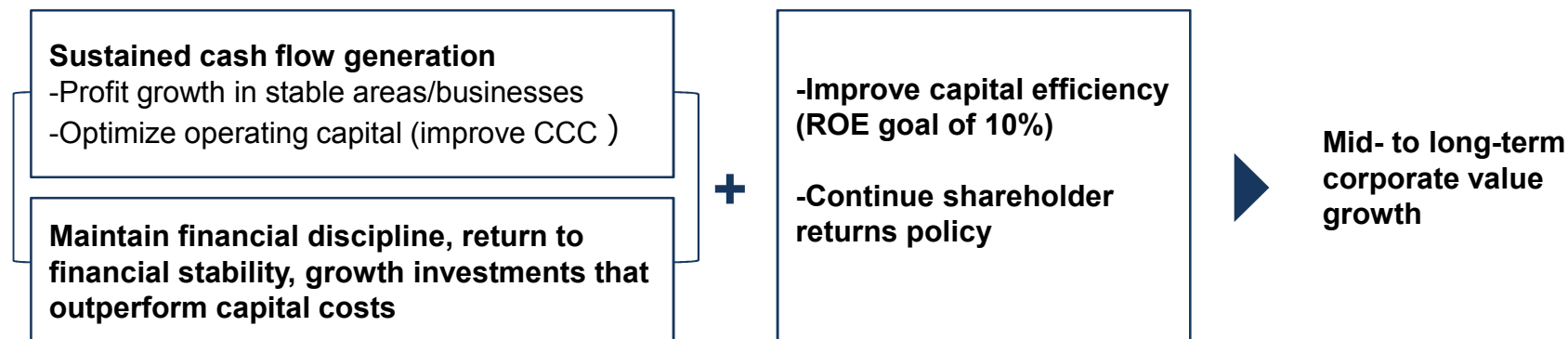
In FY2018, B/S benchmarks declined due to Blommer acquisition

NET D/E ratio Equity ratio



Secure financial health, maintain and improve capital efficiency

Basic policy of capital strategy



Secure financial health, maintain/improve capital efficiency

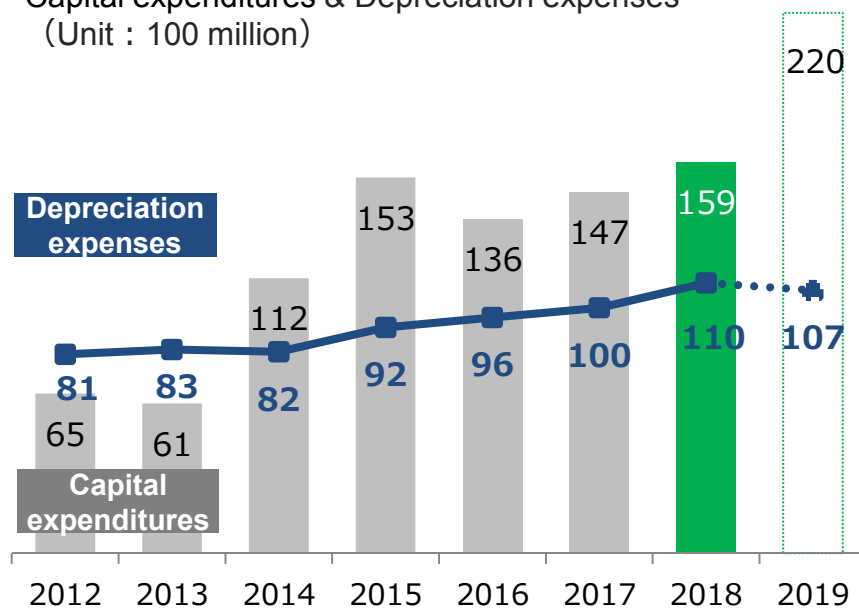
-FY2018: Acquired Blommer for approx. 65 billion yen > FY2019: Use subordinated bonds, etc. to procure capital

Sustainable profit growth	Generate operating CF	Generate 30 billion yen or more
	Improve CCC	Improve existing companies and reduce BLM operating capital (inventory)
Return to healthy financial status	Subordinated bonds for temporary capital increase	Plan to issue subordinated bonds: 35 to 40 billion yen
		FY2023: Equity ratio of 50% or higher
		Net D/E ratio 0.5 or lower
Improve capital efficiency	Cost-oriented facility / business investments	Continue growth investments but select carefully
		Review investments in existing businesses
Continuation of financial governance	Dividend payout ratio	Maintain 30-40%

Capital expenditures

Continue growth investments with focus on investments that outperform capital costs

Capital expenditures & Depreciation expenses
(Unit : 100 million)



* Depreciation is only for tangible fixed assets

Protect new investment standards

- Adopted in 2018
- Base on capital costs for each country
- Clarify priority order (business, area-specific, core investments)



Major Capital expenditures & Depreciation expenses

(Unit : JPY 100 million)

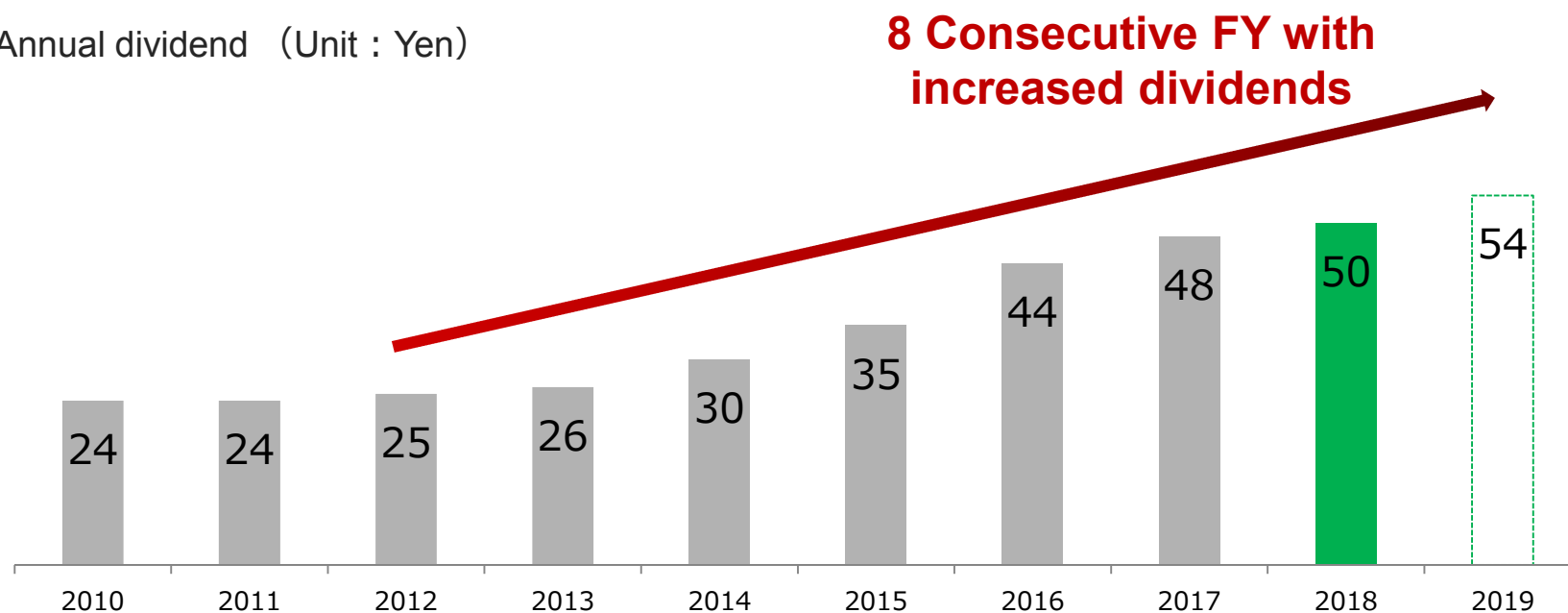
FY2018 Actual		FY2019 Planned	
Capital expenditures	159	Capital expenditures	220
-New China filling/margarine plant	23	-USA New production plant for Oils and Fats	51
-New US oils and fats plant	12	-Blommer Capital expenditures	13
Depreciation expenses	110	Depreciation expenses	107

Dividend policy for stable and continuous dividends

Dividend policy

- Dividend payout ratio 30% - 40%
- Stable and continuous dividends

Annual dividend (Unit : Yen)



FY	1H	2H	Total	Payout ratio
FY2018 Actual	25Yen	25Yen	50Yen	37.1%
FY2019 Planned	27Yen	27Yen	54Yen	30.5%

Segment-specific Summary

Towards a Further Leap 2020 (2017-2020) Roadmap

FY2019 Grow chocolate business and develop new strategic products

Basic policies		Reference 2016	Mid-term Management Plan 「Towards a Further Leap 2020 (2017-2020)」			
			2017	2018	2019	2020
Reinforce ment of core competen ce	Chocolate	-Acquired Malaysia plant	-Improved Brazil revenues/profit -Increased Japan production capacity -Searched for M&A	-Decided to Blommer acquisition -Acquired Australia office	<div> •Blommer PMI •Full-scale launch of global chocolate strategy -Japan colored chocolate expand facilities, start operations in 2H </div>	-Expand chocolate sales volume
	Others	Established SIC -Enhance China -production capacity	-Started construction on China New plant -Captured US demand -Enhanced Southeast Asia capacity	-Started operations at China New plant -Established FujiSunny Plaza Jinan -Started construction of US No. 2 plant	-China New full-year contributions -Advance restructuring plan for Japan emulsified and fermented ingredients business	-Launch US No. 2 plant (2H)
Growth of Soy Business	Structural reforms	-Decided to close Sakai plant	-Closed Sakai plant -Transferred Ishikawa plant -Reevaluated commodity production plant	-Transferred ownership of Jilin plant	-Promote business portfolio change	-Slowdown of business reforms
	Concentration in Core Competence	-Focused on sales of high value added products	-Increased high value added product sales -Create soy market	-Decided to expand soy meat production structure -Started business evaluations for new areas	-Continue developing Japan market -Promote profit-oriented sales	-Launch operations of new soy meat plant (1H)
Developm ent of functional high- value- added products business	Polysaccharides		-Decided to expand water soluble soy polysaccharide structure	-Increased production of water soluble soy polysaccharides	-Evaluate expanding sales area for polysaccharides business	-Expand overseas sales of polysaccharides
	Stabilized DHA and EPA business		-Acquire functional food label	-Established production structure for launch to market -Acquired Self-Glass in US	-Promote sales in Japan -Promote overseas work	-Begin contributing to profits
Cost reduction and unification with global standards	Financial strategy		-Built global CMS platform -Started adopting backbone system	-Started operating backbone system, global CMS at certain sites -Rebuilt Group financing system -Adopted new investment withdrawal standards	-Continue integrating backbone system -Introduction of withdrawal criteria	-Prepare to consolidate accounting periods
	Management Foundation	Responsible Palm Oil Sourcing Policy	-Established UNIFUJI -Started productivity promotion group audits	-Launched UNIFUJI operations -Responsible Palm Oil Sourcing Policy -Adopted grievance mechanism -Drafted Environmental Vision 2030	-Full-scale start of UNIFUJI certified oil sales -Newly establish C"ESG"O -Establish new PBFS division -Promote Environmental Vision 2030	-Promote ESG Management

Increase profits by maintaining profitability and expanding sales of strategic products

FY2018Actual

<Japan> Profit-focused sales contributing

- Promoted/continued profit-focused sales
- Palm, palm kernel oil market dropped

Operating
margin YoY
+3.3 pt

<SE Asia> Sales declined on drop in raw material markets

- Palm and palm kernel price drops caused drop in commodity product price competitiveness, sales struggled

<Americas> Operating rates declined due to climate cold and hurricanes

- Cold weather in January, hurricanes in September and October caused productivity declined

Operating
margin YoY
(1.3) pt

<EU> Forecast firm sales

FY2019 planned

<Japan> Continue profitability improvement strategy

- Continue profit-focused sales
- Profitability for stabilized DHA/EPA

<SE Asia> Continue growing sales of hard butters for chocolate

- Raw material environment stabilizing
- Expand sales of products using sustainable raw materials

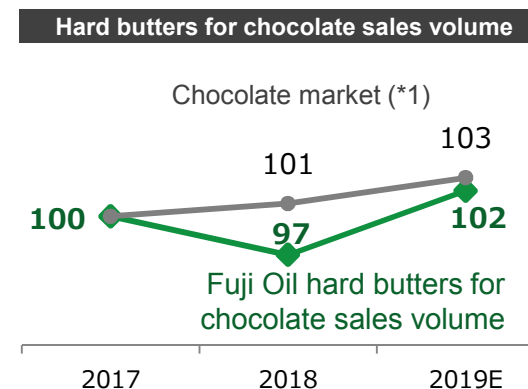
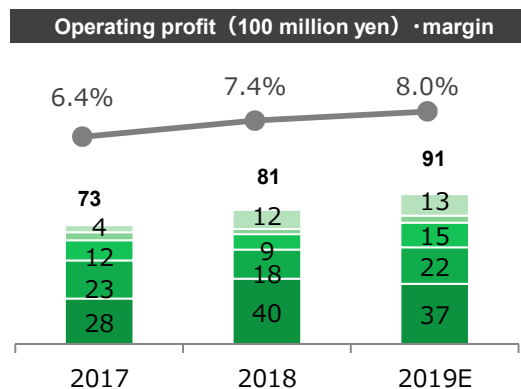
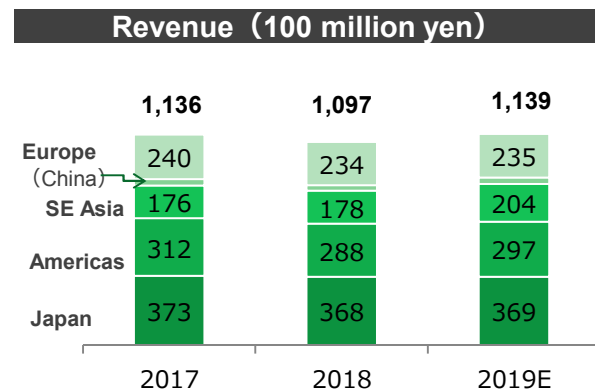
Sales volume
planned YoY
102 %

<SE Asia> Full launch of UNIFUJI certified oil sales

- FY2019 full contributions (apply equity method)
- Plan to expand sales in response to demand for sustainable palm



<EU/Americas> Continue firm sales



Summary by business Industrial chocolate (Old : Confectionery and Bakery Ingredients)

Start consolidation of Blommer P/L, promote and expand global strategy

FY2018Actual

<NA> Decided to acquire Blommer

<Brazil>

Strategically, volume on par, secured profits

<Japan> Secured superiority in difficult environment

- Earthquake, typhoons, extreme heat causing negative consumer trends
- Increase profit by focusing on high value added products



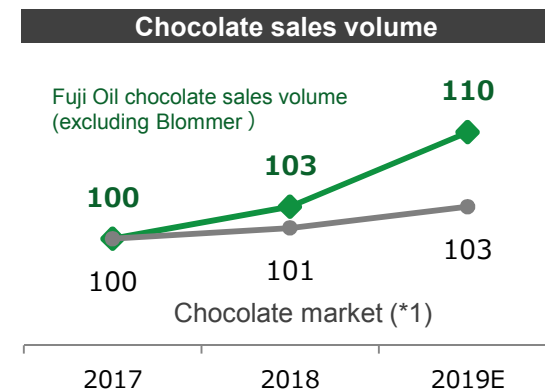
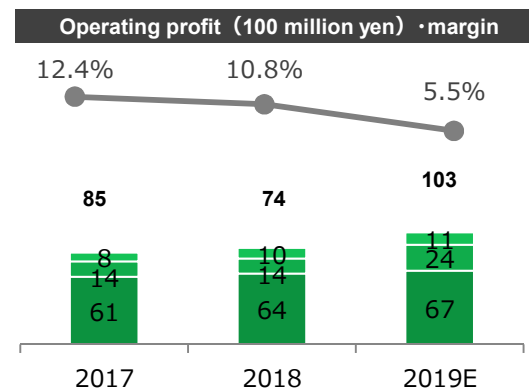
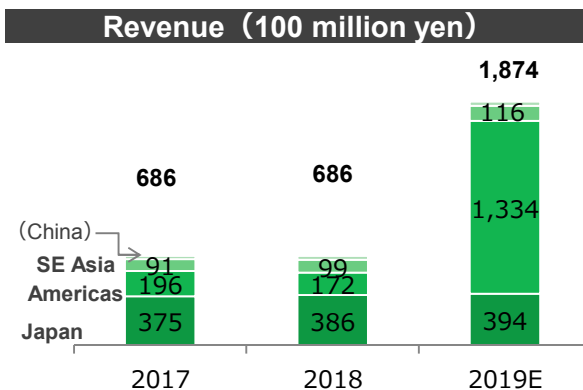
Molding · color chocolate

<SE Asia> Enhance wide area sales structure

- Continued competition in growing markets
- Australia Industrial Food Services new consolidation (October)
- Start creating strategic linked structure for Southeast Asia



Industrial Food Services



FY2019 planned

<NA> Promote Blommer PMI

Related to Blommer

See P24

<China> Generate synergy with Blommer China plants

<Brazil> Business model for high added value

- Improve operations, improve profitability by creating sales structure
- Continue reviewing sales portfolio
- Strategy for growth investments that outperform capital costs maintain improve high presence in region



Store display

<Japan> Continue expanding sales of high value added products

- Late 2H, start operations at expanded colored chocolate facility

<SE Asia> Wide area sales using plant network

Summary by business Emulsified and Fermented Ingredients (Old : Confectionery and Bakery Ingredients)

Improve profitability in Japan and full-year operation of new China plants

FY2018Actual

<China> Startup New plant, began contributing to profits

- June: Established Fuji Sunny Plaza Jinan
- July: Started operations at new plant
- Achieved monthly profit within the year
- Cream, margarine maintaining growth outperforming market, maintained and improved share

Share in China
Filling No.1
Margarine No.2

<Japan> Policy implementation delayed due to disaster response, etc.

- Responses to natural disasters (earthquakes, typhoons) resulting in delay in starting on new policies
- Market declining due to extreme heat

<SE Asia> Facing preparations business profit decline

- Decreased profits in the preparation business due to impact of milk product prices

FY2019 planned

<China> Full-year contributions from New plant

- Smooth operations at 1st, 2nd plant and build supply structure
- Cover fixed expenses, amortization costs to achieve growth
- Evaluate sales growth structure for next growth strategy for confectionery and bakery ingredients



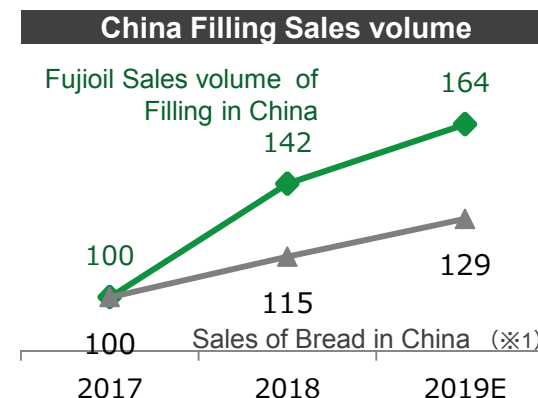
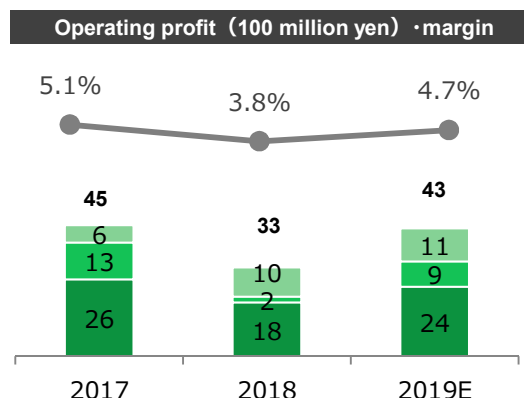
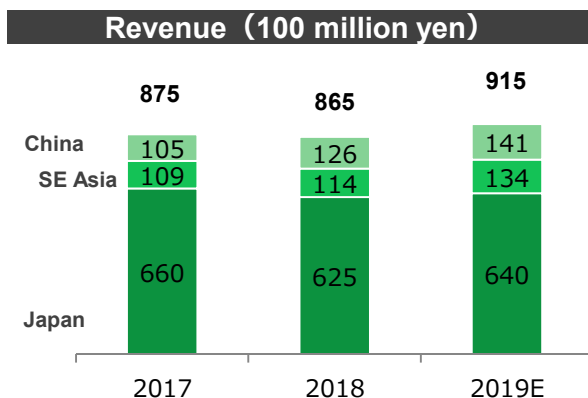
<Japan> Improve profits, focus on strategies to distinguish company

- <Improve profitability>
Consolidate products to improve production efficiency
- <Distinguish>
Products pursuing value of plant-based oils



<SE Asia> Normalize profit levels for preparations

- Impact of milk product prices normalizing
- Advance sales growth in Asia to improve profitability



Improve profits on domestic market, expand business areas

FY2018Actual

<Japan> Profit declined on special factors but market grew

- Numerous special factors, including natural disaster and trouble related to plant renovations.
- Decided on new plant construction for favorable soy meat (Planning to start operations in July 2020)



<China> Advanced business portfolio change

- July 2018: Created new production line for functional high value added products
- February 2019: Completed procedures for transferring equity in Jilin Fuji Protein Co., Ltd.

FY2019 planned

<Japan> Dissipation of special factors, plan to improve profitability

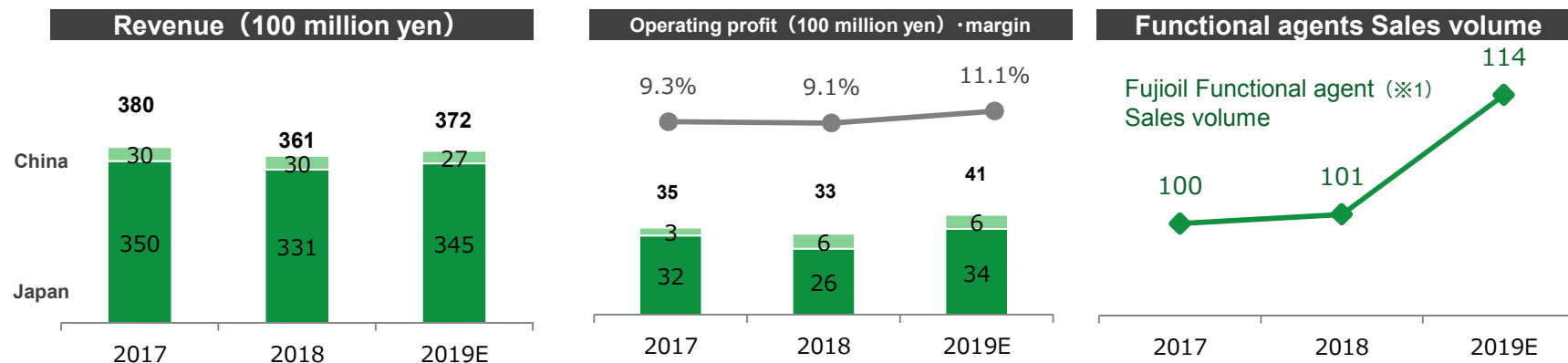
- Continue scheme for market creation
- FY2018 special factors eliminated
- Continue selection and concentration, promote profit-focused sales
- Combine technology to promote distinction

<China> Continue portfolio change

- Utilize new line of functional added value products
- Promote business portfolio change

<Overall> Evaluate business area expansion strategy

- Create new PBFS business division
- Americas: Evaluate building sales structure for plant-based cheese
- EU: Continue evaluations for potential of polysaccharide business
- Africa: Continue research for future commercialization



Conclusion

Amid uncertain domestic and international business environments, in FY2019 we will approach management with a high sense of urgency towards achieving our 2020 Mid-Term Management Plan

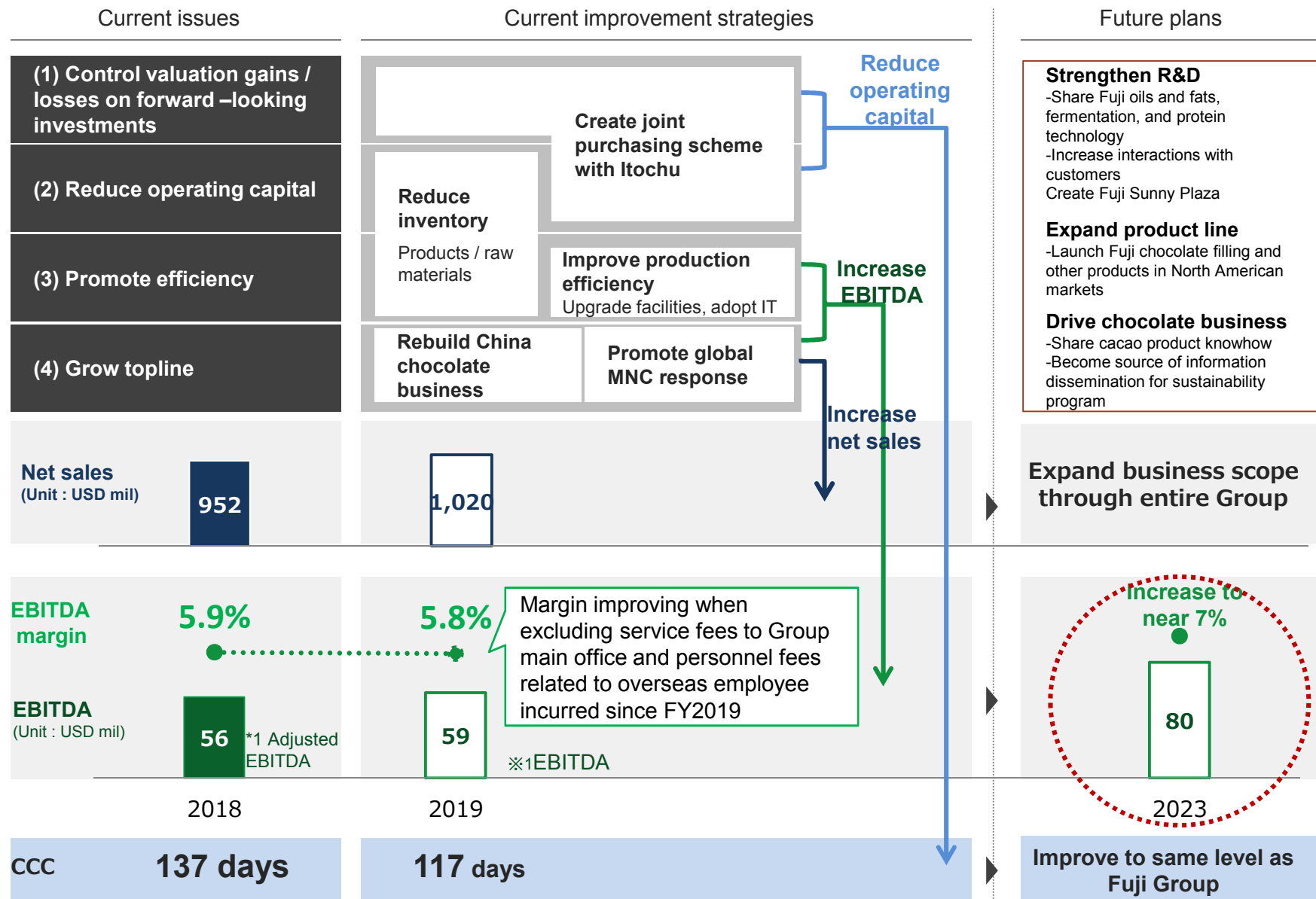
- Steadily achieve organic growth for existing businesses to achieve high-quality topline growth
- Blommer profit contributions to Group
- Promote Group management focused on areas and businesses compatible with expanding globalization
- Pursue cost reductions through business restructuring, productivity improvements, and Operating reforms
- Improve financial structure by carefully selecting investments to generate FCF of 10 billion yen and improve CCC



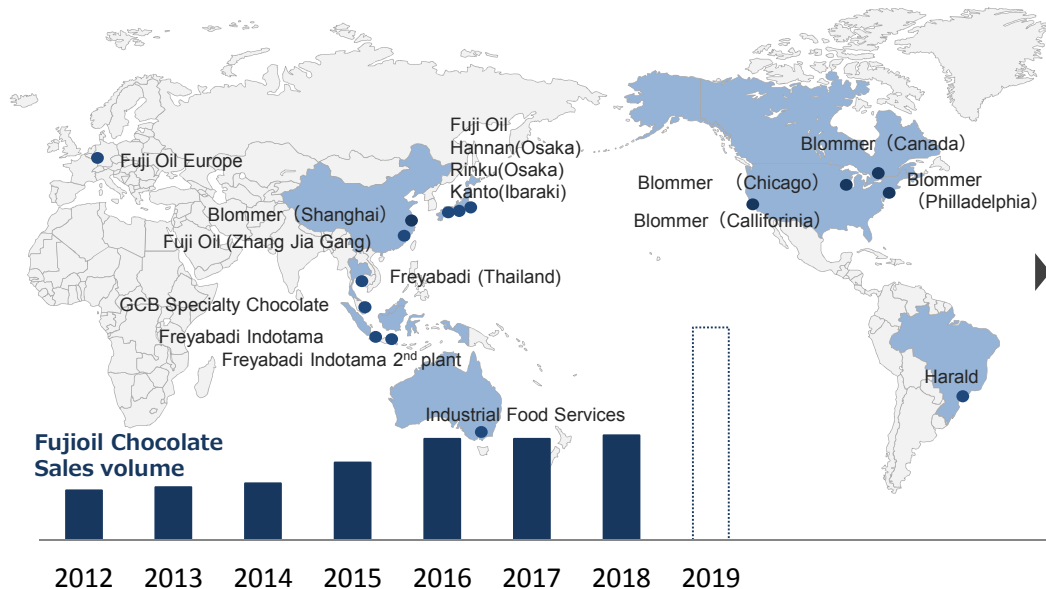
3. Blommer FY2019 Plan Chocolate Global Strategy

Blommer Chocolate Company Chairman
Mikio Sakai

Actively promote improving management efficiency in FY2019



Start of global chocolate strategy



Chocolate business as driver for sustainable Group growth

- Improve presence on global markets
- Sustainable cash flow generation
- Use resources and market infrastructure to engage in other businesses and drive growth

Core issues

- (1) Strengthen group management
- (2) Improve competitiveness of backbone products
- (3) Capture compound demand
- (4) Procure sustainable raw materials

1st Chocolate Unit Meeting (April 2019)

Started regular meetings and workgroups involving heads of each Group company

(1) Created MNC (*1) response structure

- Designate persons in charge at each Group company
- Appoint a liaison coordinator

(2) Create sustainability program

- Share Fuji procurement policies and Blommer program, create action plan.

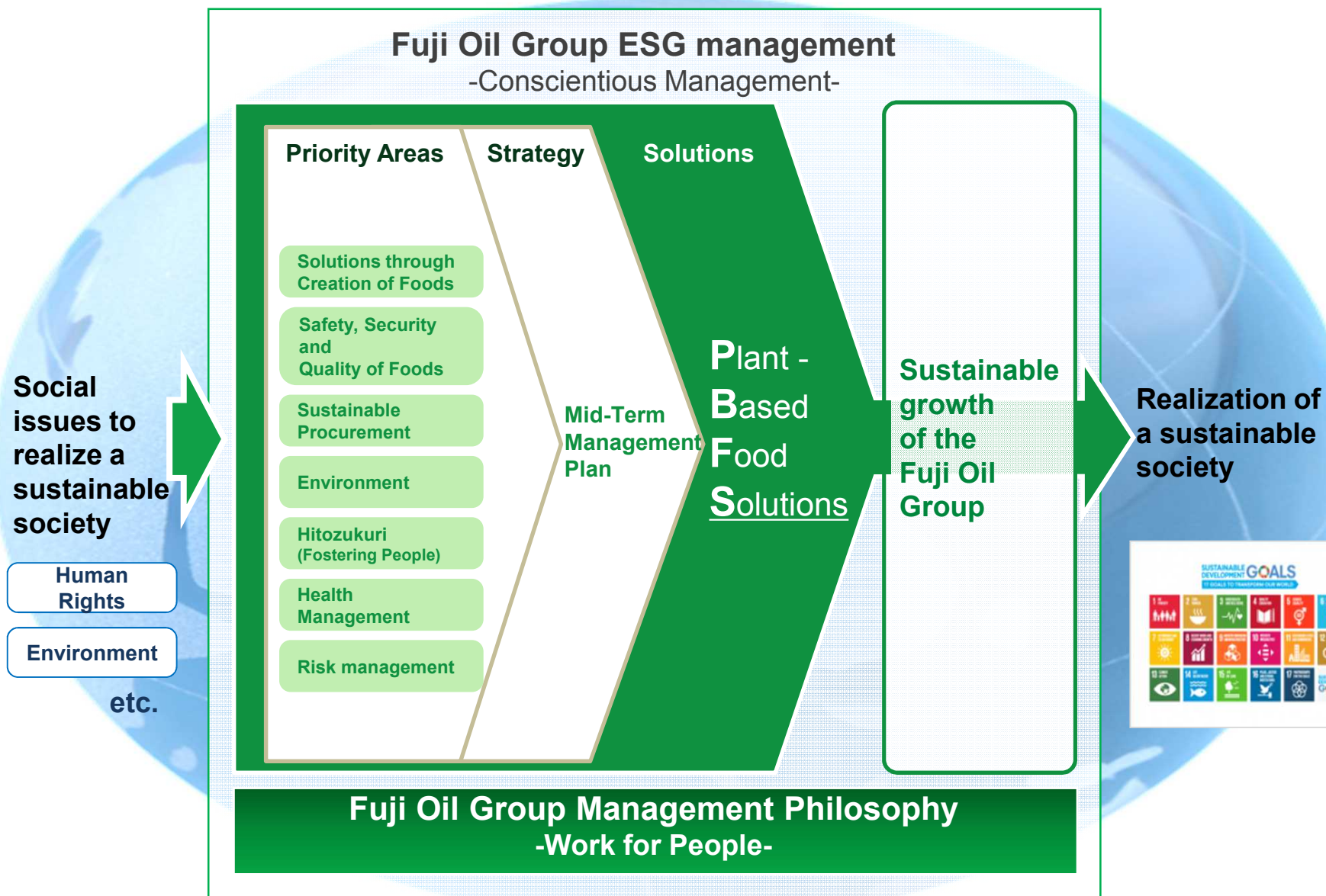
(3) Optimize via raw material procurement partnerships

- Expand use of VGP (*2). Evaluate cost reductions based on Group partnerships



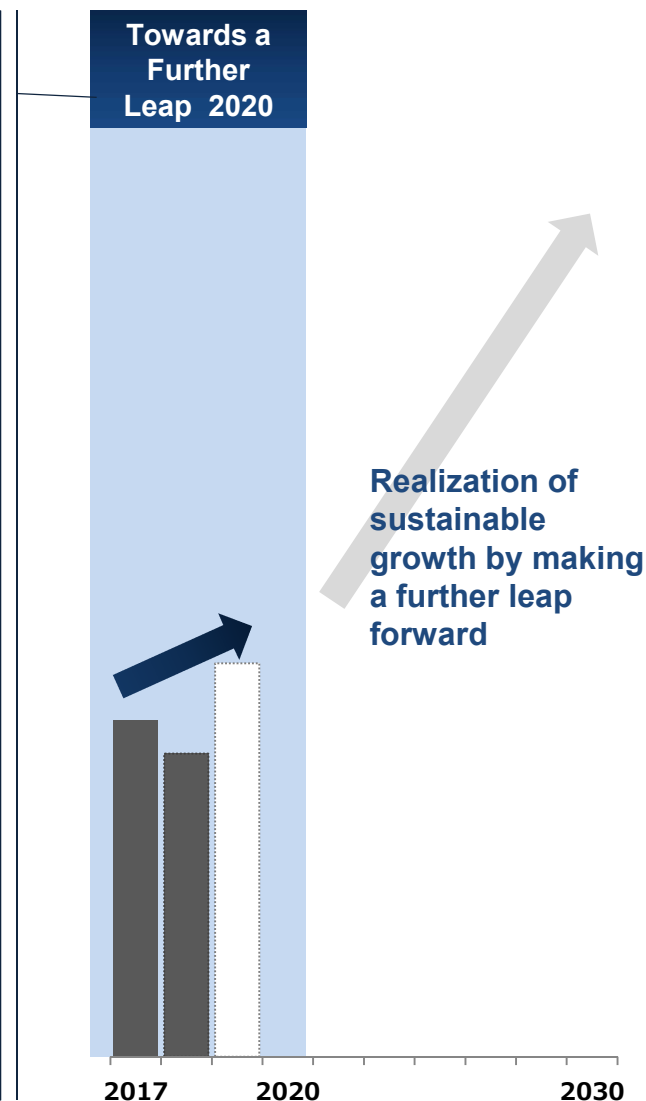
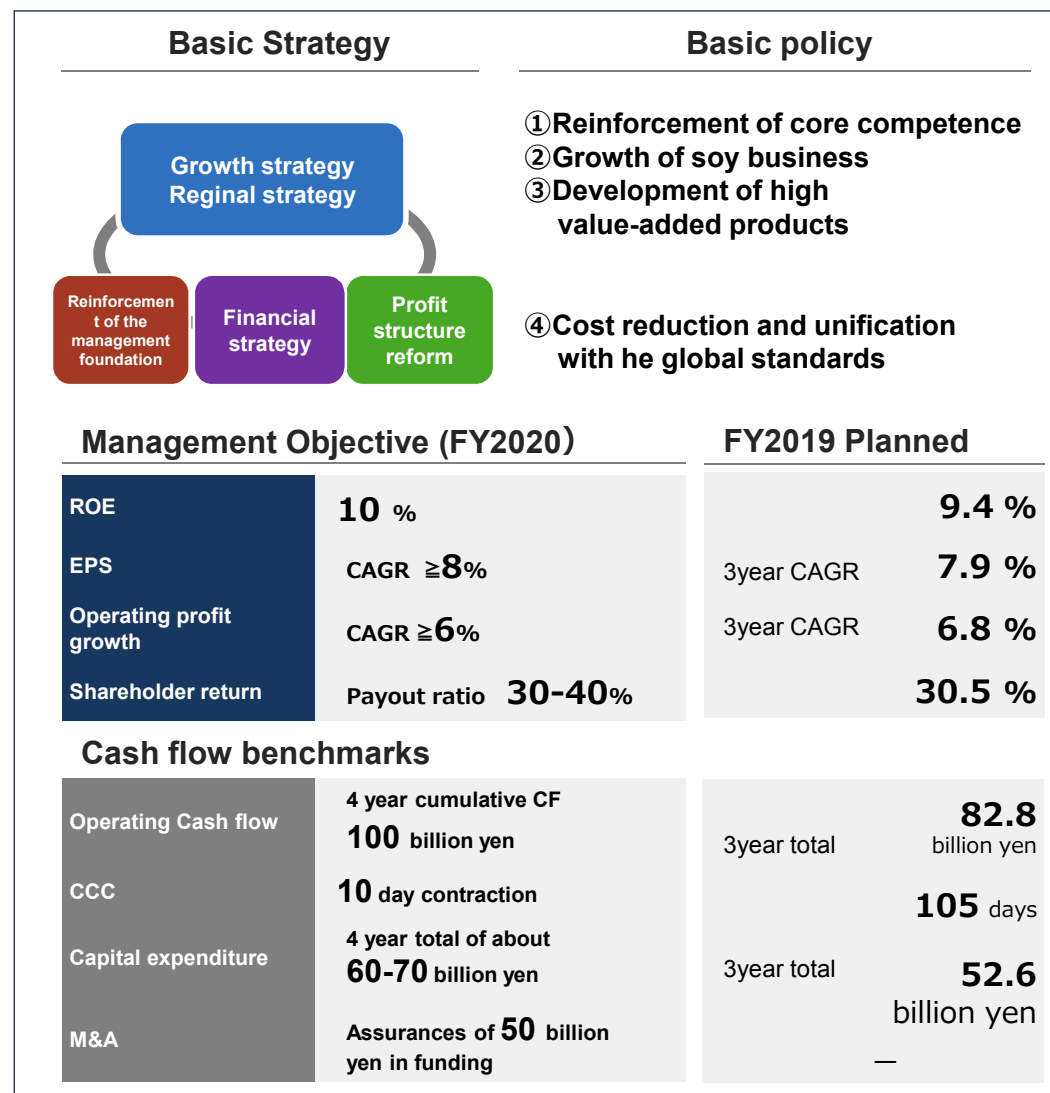
Appendix

Fuji Oil Group ESG Management



Towards a Further Leap 2020 (2017-2020)

Building a foundation for future growth



Towards a Further Leap 2020 (2017-2020) progress

Basic policy

Reinforcement of core competence

Steadily expanding markets and products
in which we are strong

Item	Area	FY2018 Progresses	FY2019 Policies
Growth of Oils and Fats business	US	-Start construction of new plant -Established area management company	-Continue construction of new plant
	SE Asia	-Start of UNIFUJI operations	-Promote sales growth for sustainable palm led by UNIFUJI
Growth of chocolate business	Japan	-Promote shift to high value added products	-Continue expanding sales of high value added products and increase colored chocolate
	US	-Decided on Blommer acquisition, started B/S consolidation	-Blommer PMI start P/L consolidation
	Brazil	-Use pricing strategies to maintain productivity Review product portfolio	-Reform structure to create business model for high value added sales
	SE Asia	-Acquired shares of Industrial Food Services Co., Ltd.	-Broad area sales utilizing regional site network
	China	-In addition to expanding sales for the bread market, chocolate sales were also favorable	-Consolidate with Blommer China plant -Next growth strategy for confectionery and bakery ingredients market
	Europe	-Chocolate sales favorable	-Focus on maximizing use of existing facilities and on high value added products
	M&A etc.	-Acquired Blommer	-Continue growth investments that outperform capital costs
Expand sales in Asia	SE Asia	-Resolved bottleneck and promoted cream sales growth in SE Asia countries	-Conduct sales promote activities in line with strategies for markets in each country
	China	-Established FujiSunny Plaza Jinan -Started operations of new plant in July	-Evaluate creating sales promotion structure to support the next growth strategy for confectionery and bakery ingredients markets

Towards a Further Leap 2020 (2017-2020) progress

Basic policy

Growth of Soy business

- In pursuit of health for the Earth and its people
- Provide products that meet the demands of the times(flexitarian)

Item	FY2018 Progresses	FY2019 Policies
Structural reforms Final stage	<ul style="list-style-type: none"> -Transfer equity in Jilin Fuji Protein -Evaluate restructuring soy protein food business 	<ul style="list-style-type: none"> -Promote business portfolio change -Continue Japan market development -Promote profit-focused sales
Expansion to plant protein market	<ul style="list-style-type: none"> -Decided to increase capacity for textured soy protein -Started evaluation of overseas business development -Established US area managing company, advanced sample work for plant-based cheese 	<ul style="list-style-type: none"> -Evaluate building plant-based cheese sales structure in the Americas

Basic policy

Development of high value-added products

- Deploy polysaccharides and stabilized DHA/EPA business
- Enter nutrition and health market
- Stabilize group earnings

Item	FY2018 Progresses	FY2019 Policies
Stabilization DHA/EPA business development	<ul style="list-style-type: none"> -Prepared for 2H/FY2019 full-scale sales 	<ul style="list-style-type: none"> -Begin activities towards full-scale sales from 2H
Polysaccharide business	<ul style="list-style-type: none"> -Enhanced production of water soluble soy polysaccharides -Established EU regional management company 	<ul style="list-style-type: none"> -Continue evaluating expanding area for polysaccharide business

Progress of Mid-Term Financial Strategy

Financial management Policy				FY2018		Future way of thinking
1	Sustainable profit growth	-Consolidated operating profit CAGR6% ≤ -EPS growth rate CAGR8% ≤ -CCC 10 days shorter	Create and distribute cash flow Create total operating CF of 1,000 million yen in 4 years	Operating CF	22.6 billion yen (YoY(5.6) billion yen)	Enhance ability to generate FCF
				CCC	-Consolidation only includes Blommer B/S so Group total comparison is not possible -105 days only for existing businesses (YoY +2 days)	To reduce CCC Japan: Reduce inventory Overseas: Shorten collection periods Blommer: Optimize inventory
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	Interest-bearing liabilities	Interest-bearing debt: 160.5 billion yen (YoY +103.9 billion yen)	Carefully select growth investments, maintain financial health
				Net D/E ratio	0.9 (YoY (0.6)p)	Goal of 0.5 or lower
				Equity ratio	40.8% (YoY (18.4)p)	Enhance treasury capital by retaining profit
3	Improve capital efficiency	Match level of competing global companies and elevate ourselves to level necessary for sustainable growth	Improve ROE to 10%	Total asset turnover	0.92 (YoY (0.21)p)	Promote rapid improvements at Blommer
				Unprofitable business asset	Continue evaluating sale of assets	Continue evaluations
				Capital investment	Start operating under new standards	Control low-efficiency capital expenditures
4	Enhance financial governance	Promote standardization, financial risk reduction, business optimization Enable global comparative validation	Group financial benchmarks and standards	Global Cash Management	Start operating CMS(*1) in each area	Create global capital procurement structure
				Unification of core system	Adopt at new plants in USA and China Start building in Japan	Continue implementation
				Unification of accounting period and early settlement of accounts	Transition to acceleration trial phase	Create roadmap for accelerating Blommer financial accounting period

PICK UP : Sustainable procurement <Palm oil>

Basic policy

Guidelines on Responsible Palm Oil Sourcing (March 2016)

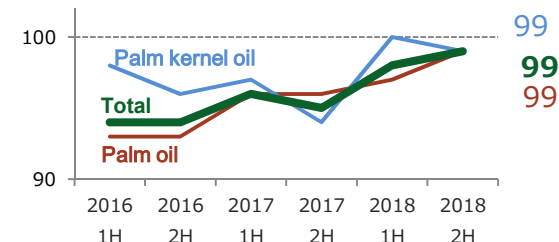
<Target>

- Achieve no deforestation, no peatland development* and no exploitation in the Fuji Oil Group's palm oil supply chain

* Land surface that fixes a large amount of carbon in the ground. Development on peat releases a large volume of greenhouse gas into the atmosphere.

- 100% traceability to mills

Improve traceability to extraction mill



	Initiative	Goal	FY2018 progress
1	Improve traceability	Ascertain supply chain	Group overall traceability increased on 99% (see above)
2	Supply chain improvement activities	Exercise influence to reduce supply chain risks	<ul style="list-style-type: none"> -Continue engagement with suppliers -Provide and recover self-assessment tools to confirm status of progress for each supplier -Collaborate with suppliers to conduct improvement activities for high-risk supply chains -Participate and promote activities related to the "Areal Prioritas Transformasi Landscape Initiative" -Activities supporting small-scale farmers in Borneo: 32 new farmers gained RSPO certification
3	Validation	Confirm status of supply chain improvements	-From FY2019, evaluate adopting framework for satellite-based forestry monitoring and validation
4	Grievance (complaint response) mechanism (*1)	Early discovery & improvement of supply chain issues	<ul style="list-style-type: none"> -May 2018: Built, released, and started operating grievance mechanism -June 2018: Released "List of Oil Extraction Plants on Supply Chain"
5	Supply RSPO certified oil	Promote palm oil produced via sustainable methods	-Group overall volume of certified oil handled: Approx. 17% of total volume
6	UNIFUJI	Improve ability to provide sustainable palm oil	-Launched UNIFUJI (A joint venture company announced in November 2017 conducting palm oil separation based on an environmentally and worker-friendly processes from procurement to production).
7	Partnerships with academic institutions and industries	Collaborate with stakeholders for effective improvements to human rights and environmental issues	<ul style="list-style-type: none"> -Continued initiatives related to improving productivity through breed research -Sponsored the Japan Sustainable Palm Oil Conference

Opened the website "Dash Board" to provide simple and timely information on the status of the Responsible Palm Oil Sourcing Policy

URL : https://www.fujioilholdings.com/en/csr/supplychain_database/

(※1) Grievance mechanisms : Mechanism for fulfilling the issue (grievance) proposed by stakeholders based on "Guidelines on Responsible Palm Oil Sourcing", to improve the transparency of the supply chain and to strengthen the improvement, correction, and response at the time of problem occurrence

PICK UP : Sustainable procurement <Cacao>

Basic policy

Responsible Cacao Sourcing Policy (August 2018)

<Key Commitments>

- 1 . Improving the livelihood of cacao farmers
- 2 . Eliminating child labor from our supply chain
- 3 . Preventing deforestation and protecting forest

	Initiative	Goal	FY2018 progress
1	Community support activities	Improve productivity, improve cacao bean quality, improve QOL for farmers and communities	<p>-October 2018: Direct collaboration with suppliers, started supporting small-scale cacao farmers in Ecuador : Support program participants→68 farmers Provided training related to agricultural land management methods, soil management, and post-harvest processes</p> <p>-Continued research on harvest volumes for cacao cultivated under differing conditions at model plantation -Provided education on agricultural methods to producers in surrounding areas</p>
2	Participation in World Cocoa Foundation	Sustainable development for the cacao industry	Maintained membership status (since 2012)
3	Use certified cacao raw materials	Promote cacao beans produced using sustainable methods	Maintained Fair Trade certification (framework for supporting sustainable lifestyle improvements for producers by purchasing raw materials and products in development nations), UTZ certification (international certification program for sustainable agriculture)

With the consolidation of Blommer in 2019, we began valuations for Fuji Oil Group program including the Blommer sustainability program



PICK UP: Safety / Quality / Environment

Assumption

Safety, quality and environment

: Management assumptions outlined in Values (the values we apply to our activities) in the Fuji Oil Group Management Philosophy

Global business expansion

: Critical that we maintain and improve the level of Group initiatives related to work safety, food safety, security, quality, and environment

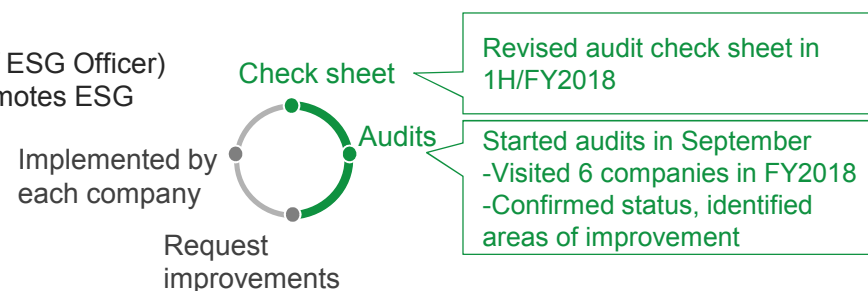
Promotion structure

Management structure

: From April 2019: Newly created position of C"ESG"O (Chief ESG Officer)
ESG Committee (Board of Directors' advisory body that promotes ESG management)

Productivity promotion group

: Japanese engineers provide support for implementing localized PDCA at each company



Item	Details	FY2018 progress
Work safety	Activities aimed at zero serious accidents (*1)	-Zero serious labor accidents -Number of accident related leaves per 1,000 employees (leave of 4 days or longer) -Declining compared to previous year (3.9 > 3.3/1000 workers)
Food safety, security, quality	Build overseas quality assurance structure	-Drafted quality assurance regulations and bylaws
	FSSC/ISO22000 (※2) certified	Additional certification at 10 plants in Japan (68% rate of certification at existing domestic plants)
Environment	New Environmental Vision 2030	-Drafted new environmental vision and disseminated to each Group company to begin implementation Environmental Vision 2030 (FY2030 goals/based on 2016 levels) -CO2 emissions reduction: Reduce total volume by 24% -Water consumption reduction: 20% reduction by source unit -Waste product reduction: 10% reduction by source unit -Resource recycling: Maintain 99.8% or higher rate of resource recycling by 2030 <small>*Resource recycling is a goal for Japanese Group companies</small>
	CDP (Carbon Disclosure Project)	Climate Change Survey 2018: B rank Forestry Survey 2018: A rank (first for a Japanese company)

*1: Serious disasters: Accidents resulting in death, accidents with aftereffects, including to limbs, and accidents requiring long-term hospitalization;

*2: FSSC/ISO22000: International standards for food safety management systems, *3: SBT : Science Based Targets

Topics

May 2018	Construction of a grievance mechanism
June 2018	Fuji Oil (Zhang Jia Gang) Establishment of FUJISUNNY PLAZA JINAN
July 2018	Fujitsu and Fuji Oil reach information systems partnership agreement
	Ibaraki University and Fuji Oil Holdings implement cross-appointment system from university to enterprise
	Acquisition of Australian Industrial Use Chocolate Manufacturer
	Publish 2018 Sustainability Report
	Harald become a wholly-owned subsidiary
August 2018	Establishment of FUJI EUROPE AFRICA B.V. Regional Headquarters
	Formulate Responsible Cacao Sourcing Policy
October 2018	Release of Integrated Report: FUJI OIL Integrated Report 2018
	Selected by the Securities Analysts Association of Japan to the list of Companies Making Notable Improvements in Disclosure 2018
January 2019	The Fuji Oil Group joins the Dutch Food Valley community to accelerate R&D and build global collaboration networks
	Selection of the FUJI OIL HOLDINGS for the Forest A List by the CDP
February 2019	Acquisition of the stock of Blommer Chocolate Company
	Completed transfer of ownership of JILIN FUJI PROTEIN CO., LTD.



 **FUJI OIL HOLDINGS INC.**

