

FY2019 Earnings Conference

May 14 , 2020

 **FUJI OIL HOLDINGS INC.**

Agenda

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- 2 CFO Tomoki Matsumoto
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1. Summary

CEO Hiroshi Shimizu

FY2019 Earnings

FY2019 Consolidated Earnings

(Unit : JPY 100 million)

	FY2018 Actual	*FY2019 Reference	YOY	FY2019 Actual (Overseas 15 month)
Revenue	3,008	3,861	+ 852	4,147
Operating profit	185	212	+ 27	236
Ordinary profit	182	193	+ 11	224
Net income	116	142	+ 26	164

*Amounts adjusted to reflect the 12-month period of Jan. 1 2019 to Dec. 31, 2019 as the accounting period for the 19 overseas consolidated subsidiaries subject to an accounting period change in FY2019.

Changes in operating profit

(Unit: JPY 100 million)

FY2018 operating profit **185**

-FY2018 Elimination of special factors
(costs related to acquisition expenses) **Transient factor** **+20**

-FY2019 Change in amortization and depreciation methods for Japan **+9**

• Blommer operating profit **-17**

(including impact of cacao futures valuation -2.0 billion yen)

• Excluding Blommer **+15**

FY2019 (12-month reference figures) **212**

-Impact of FY2019 change in accounting period for overseas
consolidated companies **+24**

FY2019 operating profit **236**

Key Points of FY2019

■ Industrial Chocolate : delay in achievement and improvement progress

Blommer

- × – Delays in expanding production volume, reducing costs
- – Should be able to control futures valuation losses from FY2020

Harald

- × – Profit margin improvement does not progress due to the impact of the real depreciation
- – Finalized plan for No. 2 plant construction

■ Vegetable Oils and Fats / Fuji Oil (Japan) favorable

- The Vegetable Oil and Fats business drives profit.
- Fuji Oil (Japan) has the highest profit.

■ Strengthened management global infrastructure

- Completed consolidation of accounting periods to enable immediate implementation of groupwide policies in response to coronavirus pandemic.
- Also strengthening area-specific execution.

FY2020 Targets

FY2020 Consolidated Earnings Forecast

(Unit : JPY 100 million)

	*FY2019 Reference Overseas 2019 Apr. -2020 Mar.	FY2020 Forecast Overseas 2020 Apr. -2021Mar	YOY	FY2019 Actual (Overseas 15 month)
Revenue	3,837	3,700	-137	4,147
Operating profit	215	193	-22	236
Ordinary profit	203	178	-25	224
Net income	147	115	-32	164

*Amounts adjusted to reflect the 12-month period of April 1, 2019 to March 31, 2020 as the accounting period for the 19 overseas consolidated subsidiaries subject to accounting period change in FY2019.

Impact of COVID-19

Impact amount

: Operating profit -3.9 bn yen

(1H: -3.9 bn yen, 2H: Do not factor in the impact)

*Earnings forecast assumptions

1Q: Global revenue decline through end of June

2Q: Gradual move towards easing from July

2H: Not including impact of COVID-19

Key Points for FY2020

■ Continue plant operations, maintain supply chain

- Prioritize injection of management resources on continuation of plant operations
- Work to secure supply chain through raw materials procurement and product sales, etc.

■ Secure cash flow

- Improve profitability for Industrial Chocolate
Blommer: Cost control and planned equipment update
Harald: Utilize merits as a top share company
- Top-down investment control and cost reductions

■ Promote reforms that turn crisis into opportunity

- Continue selection and concentration, exit non-core businesses
- Strengthen Group company management functions (area/functions)
- Create opportunities for growth through PBFS

■ Unachieved mid-term management plan goals

- Profit plan has not been reached even if the effect of COVID-19 is excluded
- Delay in achievement of overseas business and high value-added products

Impact of COVID-19 by area (as of May14, 2020)

Area		Market environment	Status of plant operations	Product trends (April 2020)
Japan		-Continuation of emergency declaration -Preserved foods and confectionery consumption stable due to stay home orders but dining industry and school lunch programs down	-Normal operations	[Up] Oils and Fats, chocolate (general confections), soy protein ingredients [Down] Chocolate (gift confections), Emulsified and fermented ingredients (café)
Americas	America	-Stay home orders for most areas -EC site sales, confectionery demand firm but dining industry stagnant	-Oils and fats: Normal operations -Chocolate: Operations stopped for several days due to worker infection	[Up] Vegetable fats for chocolate [Down] Oils and fats for food services
	Brazil	-Stay home orders, real depreciation due to political unrest -Food services (main customers) temporarily closed	-Accelerated May regular maintenance, operations mostly stopped in April	[Down] Chocolate
South east Asia	Singapore	-Workplace closed through June 1 -Restriction of essential services (food and beverage, confectionery manufacturers)	-Normal operations	[Down] Cream
	Malaysia	-Movement restriction orders	-Operating at 60-70% due to restrictions on work, normal operations from May	[Down] Oils and Fats
	Indonesia	-Movement restriction orders, ongoing rupiah depreciation -Bread market stable but ice cream market down	-Normal operations	[Down] Chocolate
China		-Mild recovery trend compared to April -Increased demand consumables among stay home consumers	-Gradually launched operations since March, currently operating normally	No big changes
EU		-Gradual easing of lockdown in EU cities -Food service market stagnant	-Responding via personnel adjustments, normal operations	[Down] Oils and fats, chocolate

2 . FY2019 Earnings Results & FY2020 Forecast BS,CF, Dividend policy

CFO Tomoki Matsumoto

FY2019 Earnings Results

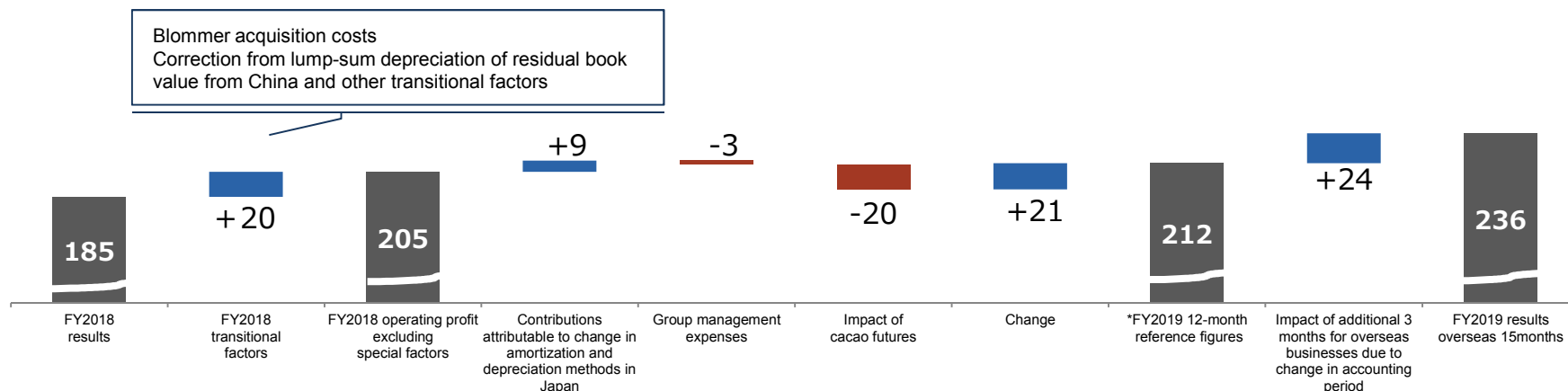
See IR Explanatory Materials for details on earnings figures

■ FY2019 consolidated operating profit increased by 5.1 billion yen

(FY2018 18.5 billion yen > FY2019 23.6 billion yen)

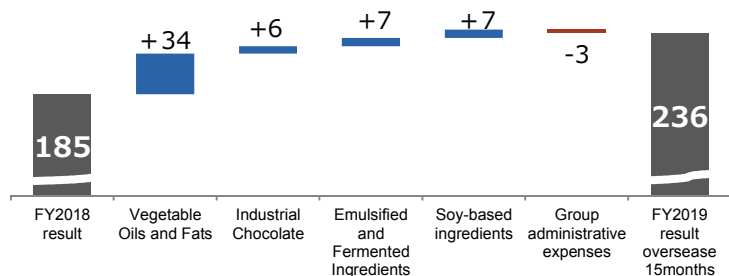
By factor

(Unit : JPY 100 million)

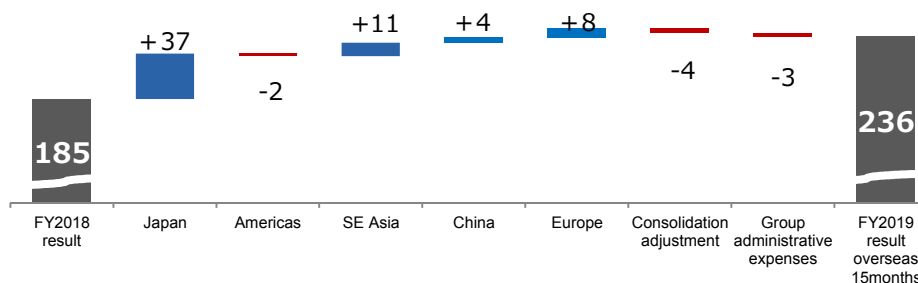


Amounts adjusted to reflect the accounting period change conducted in FY2019 changing the accounting period of 19 overseas consolidated subsidiaries to the 12-month period of Jan. 1, 2019 to Dec. 31, 2019.

By business



By area



The European area is divided into segments Vegetable Oils and Fats and Industrial Chocolate from FY2019. In the above, FY2018 results have also been retroactively revised.

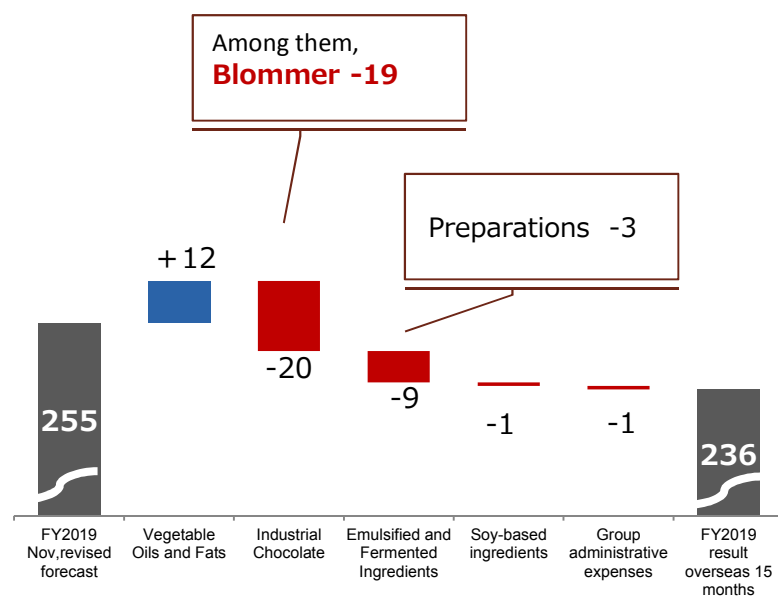
FY2019 earnings (vs. forecast figures)

■ Consolidated operating profit **Down 1.9 billion yen** compared to forecast figures

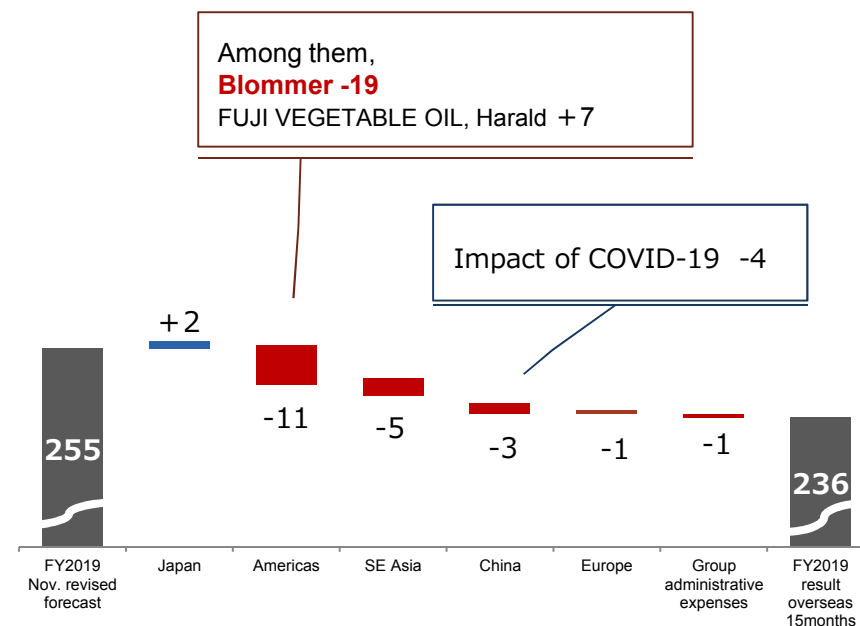
(Revised Nov. forecast – based on 15-month period, 25.5 billion yen > 23.6 billion yen)

(Unit : JPY 100 million)

By business



By area



Factors behind Blommer difference vs. forecast figures

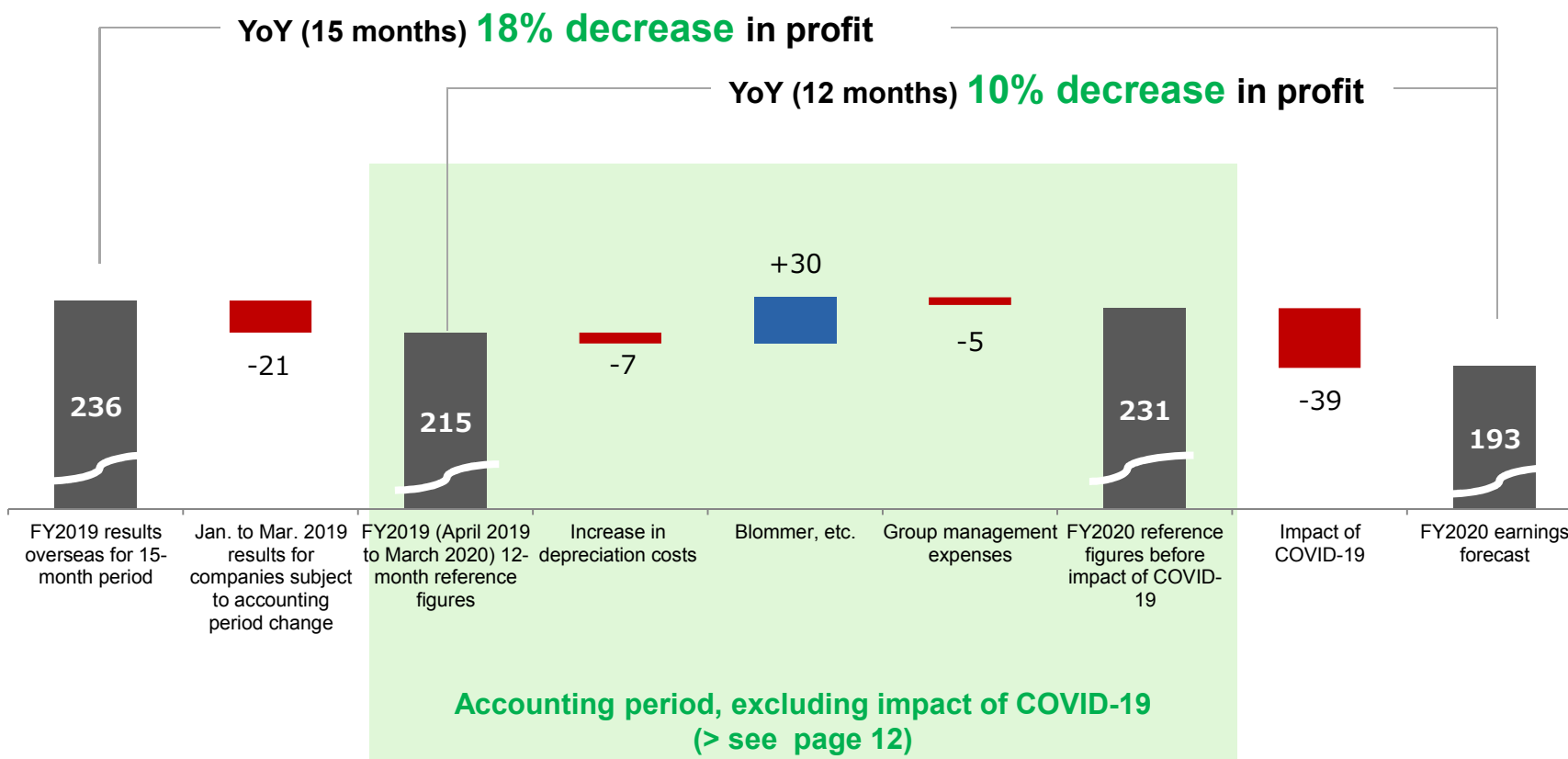
-Worsening due to increase in cacao futures prices

FY2020 earnings forecast

■ We plan to increase profit compared to FY2019 12 months reference results, but expect profit to decrease due to the impact of COVID-19

FY2020 consolidated operating profit forecast Change factor analysis

(Unit: JPY 100 million)



Projecting impact of COVID-19 through 2Q

■ Plan assumptions

- 1Q impacted by current lockdown and movement restrictions; gradual recovery in 2Q
- Japan to see contraction in dining and gift markets, projected extraordinary demand for drinks, etc. to disappear due to postponement of Olympics.

■ Projecting operating profit impact of **-3.9 billion yen**

- Reflects order international consumer trends and customer cancellations and postponements

(Unit: JPY 100 million)

Impact of COVID-19 Operating profit Approx. -39 (100 million yen)	By business	Vegetable Oils and Fats	Industrial Chocolate	Emulsified and Fermented Ingredients	Soy-based Ingredients	
		-4	-25	-6	-3	
	By Area	Japan	Americas	SE Asia	China	Europe
		-15	-18 Blommer -4 Harald -9	-3	±0	-3

■ Forecast approx. **11% decrease** as impact on 1Q overseas sales volume

Impact of COVID-19 Approx. -11%	By Area 1 Q	Americas		SE Asia		Europe	
		Vegetable Oils and Fats	-15%	Vegetable Oils and Fats	-10%	Vegetable Oils and Fats	-15%
				Industrial chocolate	-28%	Industrial chocolate	-30%
				Emulsified and Fermented Ingredients	-14%		

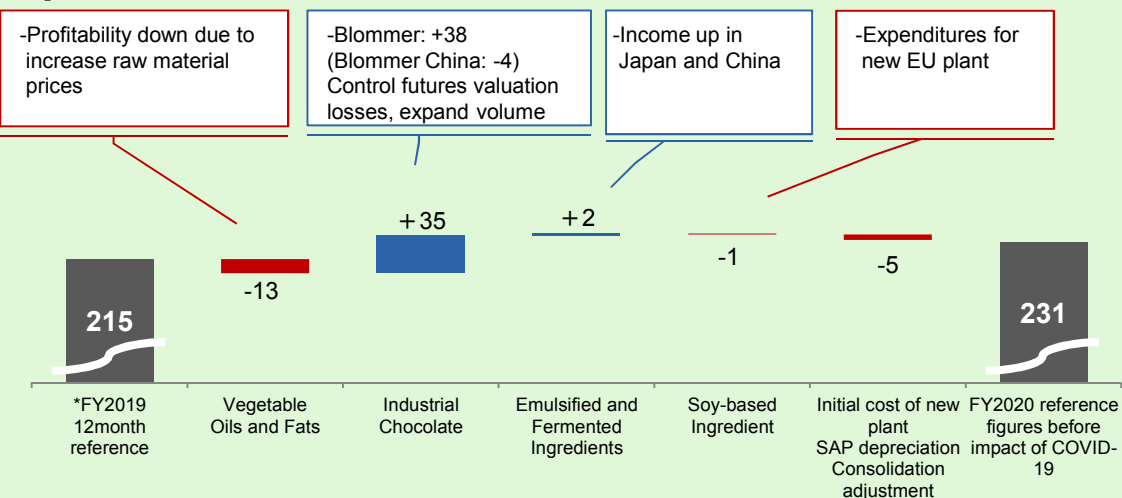
Plan figures excluding impact of COVID-19 (reference)

Up vs. FY2019 reference figures

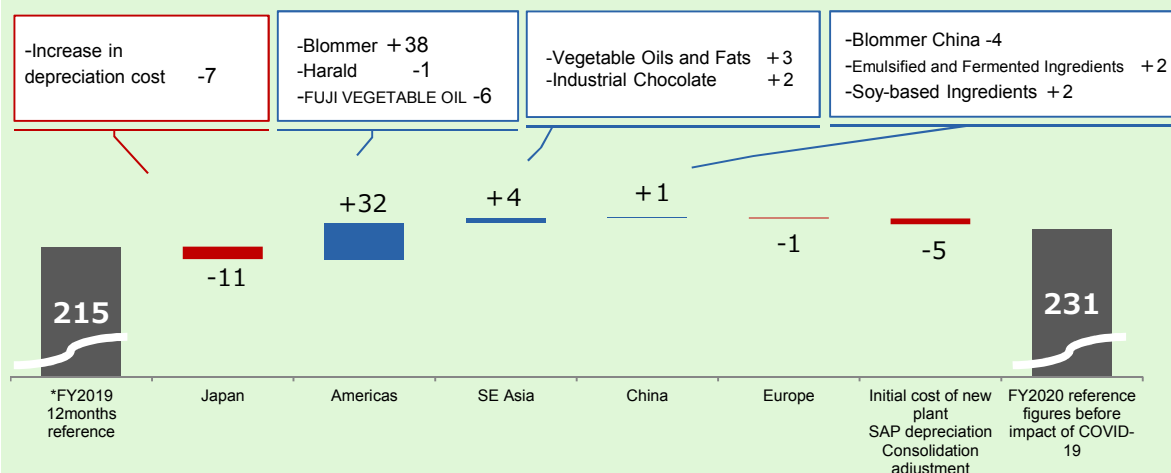
(excluding impact of accounting period and COVID-19)

By business

(Unit: JPY 100 million)



By area



*Amounts adjusted to reflect the 12-month period of April 1, 2019 to March 31, 2020 as the accounting period for the 19 overseas consolidated subsidiaries subject to accounting period change in FY2019.

Plan summary

■ Blommer

- Improve productivity to increase sales volume and reduce costs
- Reduce fixed manufacturing costs, SG&A
- Grow sugarless chocolate

■ Southeast Asia

- Expand CBE sales
- Achieve profitability for Australia industrial chocolate company

■ Japan

- New plant for Soy-based Ingredient started, Plant-Based Food development

Secure cash liquidity and financial stability

■ B/S: Improve financial structure

Cash liquidity	-Cash and deposits at end of FY2019: 18.6 billion yen -Commitment line: Fuji Oil HD 10.0 billion yen, Blommer \$350mil
Interest-bearing debt	-End of FY2019: 146.2 billion yen (-14.2 billion yen YoY)
Net D/E ratio	-End of FY2019: 0.82 (-0.07 YoY) 0.64 after adjustment for subordinated debt capital
Equity ratio	- 42.3%(+2.3P), 47.1% after adjustment for subordinated debt capital

■ C/F: Aim to generate 10.0 billion yen in free cash flow

Free cash flow	-FY2019: Free cash flow 18.8 billion yen (highest ever) -FY2020: Carefully select investments with consideration to COVID-19. Secure free cash flow of 10.0 billion yen or more
Capital expenditures	-FY2020: Keep capital expenditures at 20.0 billion yen or lower
Business investment	-Exit non-core businesses and further reduce strategic shareholding
CCC	-Continue to improve CCC to generate free cash flow.

■ Dividend policy : Continue to provide stable dividends with a target dividend payout ratio of 30-40%

- The impact of COVID-19 is transitional. We will continue to focus on stable dividends in FY2020
- Planning on FY2020 per-share dividend of 58 yen
- Increase for 9 consecutive years

BS benchmark (FY2019・FY2020)

(Unit: JPY 100 million)

Item	FY2019	FY2020 Plan
Current assets	186	212
Total assets	3,674	3,659
Interest-bearing loans	1,462	1,402
Total liabilities	2,094	2,009
Total net assets	1,580	1,650

Item	FY2019	FY2020 Plan
NET D/E ratio	0.82	0.73
Equity ratio	42.3%	44.3%

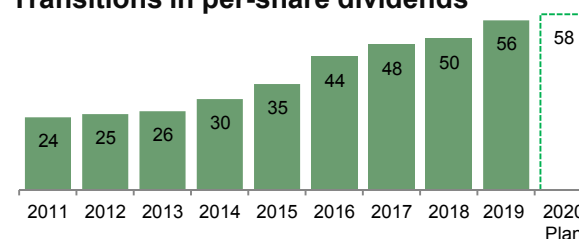
CF benchmark (FY2019・FY2020)

(Unit: JPY 100 million)

	FY2019 (Overseas 15months)	FY2020 Plan
Cash flows from operating activities	371	337
Capital expenditures	215	200
FCF	188	164
CCC (days)	113	104

Transitions in per-share dividends

(unit : JPY)



Responding to a world changed greatly by COVID-19

Only companies with strong societal value will survive

**Fuji Oil works for people.
We supply PBFS to solve problems and
increase our societal value.**

* PBFS = Plant-Based Food Solutions
Contributing to society by apply plant-based foods to solve problems

Fuji Oil Group Management
Philosophy "Values"

Safety, quality and
the environment

Work for people

Challenge and
innovation

Speed and timing

Adapting to future change

**Using backcasting to implement PBFS strategy,
we are prepared to turn change into opportunity.**

E.g.: Greater health/environmental awareness > Growth in Plant-Based Foods

Maintain portfolio featuring two
of the macronutrients:
fat and protein

×

Technology (emulsification,
fermentation) to stand out for
delicious taste

×

Pursue
sustainability

3 . Supplement

Towards a Further Leap 2020 (2017-2020)

Basic Strategy



Basic policy

- ① Reinforcement of core competence
- ② Growth of soy business
- ③ Development of high value-added products
- ④ Cost reduction and unification with the global standards

*Base year

	FY2016	FY2017	FY2018	FY2019 *1	FY2020 Forecast	FY2020 excluding impact of COVID-19 (reference)		FY2020 Target
ROE	8.3%	8.8%	7.3%	10.5%	7.2%	8.8%	-	10.0%
Net sales margin ratio	4.1%	4.5%	3.8%	3.9%	3.1%	-	-	Approx. 5.0%
Total return on asset	107.5%	113.6%	77.0%	112.9%	100.9%	-	-	Approx. 115%
financial leverage	1.8x	1.7x	2.5x	2.4x	2.3x	-	-	Approx. 1.8x
EPS	140.8 yen	159.9yen	134.7yen	190.5yen	133.8yen	163.6yen	-	EPS CAGR 8%
EPS growth rate	31.2%	13.5%	(15.7)%	-	-	3.8%	-	Operating profit CAGR 6%
Operating profit(billion yen)	19.7	20.5	18.5	23.6	19.3	23.1	-	Payout ratio 30-40%
Operating profit growth rate	16.9%	4.0%	(9.5)%	-	-	4.1%	-	4year total forecast 121.6
Payout ratio	31.2%	30.0%	37.1%	29.4%	43.4%	35.4%	-	4year cumulative CF 100billion yen
Operating cash flow (billion yen)	16.5	28.2	22.6	37.1	33.7	37.7	-	10 day contraction
CCC	110 days	103 days	105days*2	113days*3	104days	104days	-	4 year total forecast 71.6
Account receivable	74 days	76 days	-	62 days	62 days	-	-	4 year total of about 60-70billion yen
Wholesale assets	65 days	57 days	-	75 days	68 days	-	-	assurances of 50 billion yen infunding
Trade payable	29 days	30 days	-	25 days	26 days	-	-	
Capital expenditure (billion yen)	13.6	14.7	15.9	18.0	23.0	-	-	
M&A (billion yen)	-	-	Blommer IFS	-	-	-	-	

*1 FY2019 reflects the change in the accounting period of overseas group companies.
(excluding some subsidiaries) (12 → 15 months).

*2 FY2018 CCC:Blommer is no included

*3 FY2019 CCC:Calculated by converting to 12 months for overseas group companies that apply 15-month financial statements

Vegetable fats for chocolate sales firm

FY2019 Earnings

<Japan> Vegetable fats for chocolate firm, focus on profitable sales

- Further promoted sales growth for vegetable fats for chocolate, profits firm
- Benefitting from continued focus on profitable sales

<Americas> Vegetable fats for chocolate firm

- Sales of vegetable fats for chocolate firm
- Rebound from decline in operation rates due to hurricanes, etc., during previous FY

<EU> Improved profitability

- Improved profitability thanks to focus on profitable sales

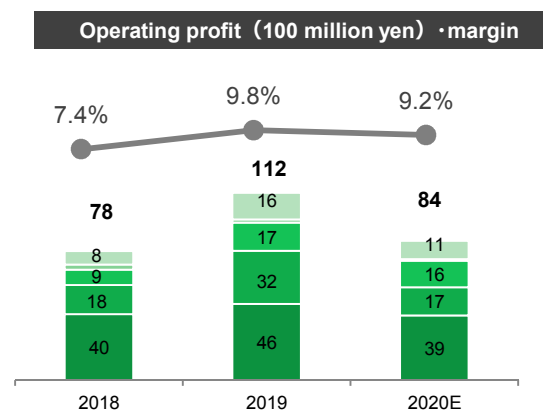
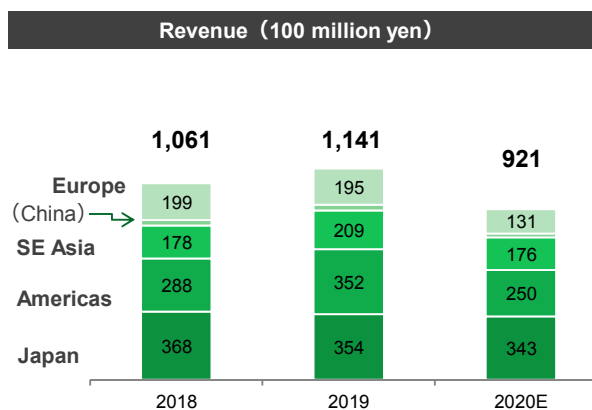
FY2020 Targets

<Japan> Profitability expected to decline

- Profitability to decline due to increase in palm oil market prices
- Continue expanding sales of vegetable fats for chocolate

<Southeast Asia>Promote structure to expand sales of vegetable fats for chocolate

- Advance progression of structure for expanding sales by increasing capacity for vegetable fats for chocolate. However, policy may face delays COVID-19
- Plant operating rates down, decline in products for dining industry COVID-19



Create cash flow for entire group

FY2019 Earnings

<Japan> Befitting from dispersal of customer portfolio

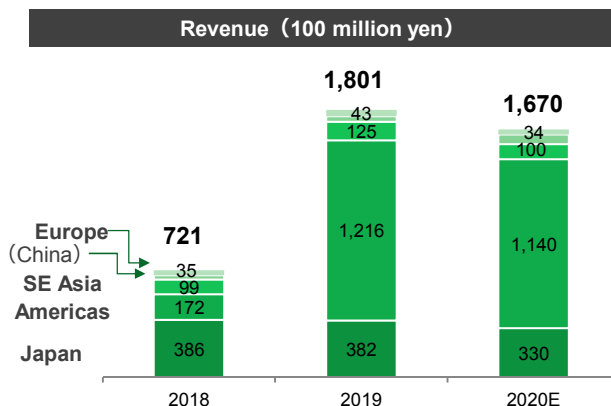
- Cool summer resulted in decrease in chocolate for ice cream but firm sales of chocolate for confectioneries and bread covered overall volume

<Americas: Blommer> Futures valuation losses constrained income

- Income constrained due to impact of cacao futures valuation losses
- Unable to establish supply structure, overall volume decreased
- Sugar-free chocolate drove market growth

<Americas: Harald> Operations improved but profitability declined

- Previous FY production troubles resulted in decreased volume in 1Q
- Production improvements and sales growth policies led to volume recovery from 2Q onward
- Real depreciation and increased fixed costs resulted in decreased profitability



FY2020 Targets

<Japan> Continue sales targeting domestic demand

- Project decreased gift market due to lower inbound demand
- Project recover of chocolate for ice cream
- Implement policies to expand sales of colored chocolate and molded chocolate for the domestic market

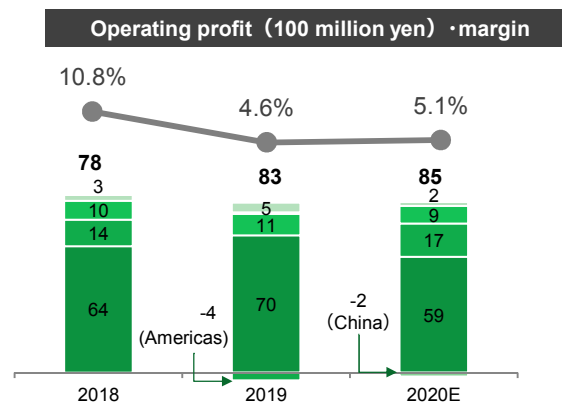
<Americas: Blommer> Recover, expand sales volume

- Temporary suspension due to COVID-19 COVID-19
- Use purchasing scheme to reduce impact of futures valuation gains/losses
- Build stable supply structure by increasing quality and productivity
- Continue facility capital expenditures to expand improve optimize operations and expand sales of strategy products

<Americas: Harald> Severity of operating environment increasing

- Further depreciation of real, profitability to decline COVID-19
- Sales to decline due to temporary closures of major customers and markets COVID-19

<China> Strengthen partnership with Blommer Shanghai plant to expand sales



Distinctive products to expand sales in promising markets

FY2019 Earnings

<Japan> Strengthen proposals, streamline business

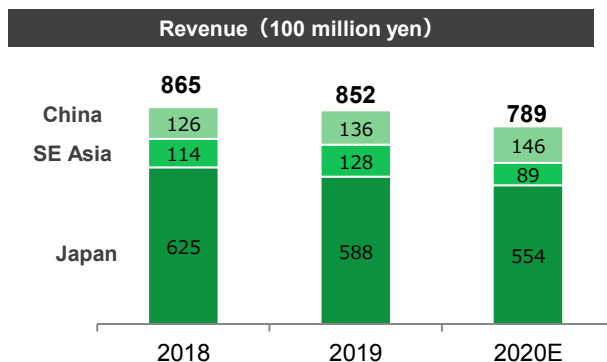
- Cream sales form on stronger dessert proposals
- Margarine product mix improved thanks to product streamlining, including reducing contracted manufacturing

<China> Temporary lull in sales for bread market

- Margarine, filling down on intensifying competition for bread-making ingredients
- Major decrease in volume due to stagnant 4Q market COVID-19

<Southeast Asia> Income from preparations declined

- Japan ice cream sales struggled due to cool summer, sales of preparations decreased
- Firm margarine sales on advanced CVS proposals in Thailand



FY2020 Targets

<Japan> Continue streamlining and distinction strategy

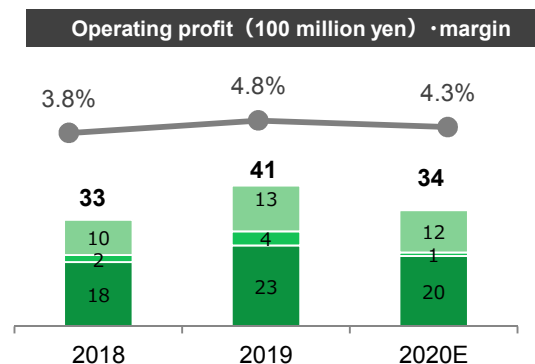
- Drink products, etc. for the dining/café market projected to struggle COVID-19
- Continue expanding sales to dessert market
- Expand strategic plant-based products
- Continue to promote streamlining of non-core businesses and products

<China> Rebuild by strengthening sales

- Impact of COVID-19 will ease but caution will continue
- Focus on development and sales growth for distinctive products

<Southeast Asia> Expected to struggle due to COVID-19

- Singapore preparations business expected to struggle
- Decreased sales of cream for export markets COVID-19



Continued demand for protein and plant-based foods

FY2019 Earnings

<Japan> Soy protein demand firm

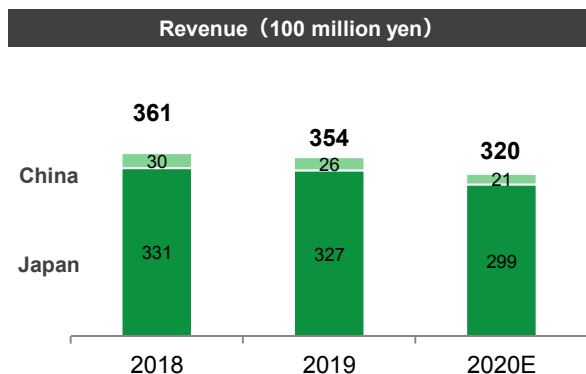
- Soy protein ingredients firm on nutritional foods and cereal markets
- Soy protein foods rebounded from decreased sales due to plant renovations during previous FY, full-year sales firm.
- Sales volume for functional agents down due to delays.

<China> Streamline business portfolio

- Transferred all shares of SHANDONG LONGTENG FUJI FOODSTUFFS CO., LTD (soy protein manufacturer)

<Europe> Solidified platform for business area expansion

- Started construction of Fuji Brandenburg GmbH (soluble pea polysaccharide manufacturer) in Germany, start of construction planned for 2021.



FY2020 Targets

<Japan> Increase production capacity to promote sales growth phase

- Operations at new Chiba plant for textured soy protein planned to start in 1H. Planning to establish supply structure to expand sales.
- Continue expanding sales of soy protein foods
- Firm sales of water-soluble soy polysaccharides

<China> Health market and sales promotion

- Promote sales of functional ingredients in health markets

