

FUJI OIL HOLDINGS INC. 3Q/FY2018 Teleconference Main Q&A

Date/time: February 6, 2019 (Wed.); 4:00pm – 5:00pm

Speaker: Tomoki Matsumoto, Member of the Board, CFO

<About earnings forecast revisions>

Q. What was the case of decreased profits for the Confectionary and Bakery Ingredients business in Japan?

A. The main factor is that we recorded losses of 1.6 billion for this segment, including expenses related to the Blommer acquisition.

Other factors behind decreased profits include decreased profits from the emulsified and fermented food ingredients business. We plan to engage in new businesses, including a coordination business aimed at resolving society's issues such as the labor shortage.

Q. What was the case of decreased profits for the Confectionary and Bakery Ingredients business in Asia?

A. Businesses targeting the bread market in China are performing favorably but the decreased profits were mainly due to food preparation business in Southeast Asia being impacted by pricing trends for milk raw materials, lower-than-expected sales, and recording lump-sum depreciation for China.

Q. What was the cause of the unexpected profit losses during FY2018 and will profit recover next fiscal year?

A. Major factors included a shutdown of operations caused by cold weather and hurricanes in the US and delays in resuming sales after completing facility upgrades to water soluble soy polysaccharide and soy protein foods lines in Japan. We also experienced a greater-than-expected decline in sales of food preparations in Southeast Asia due to the impact of pricing trends for milk raw materials. Additionally, sales normalized following favorable sales for the Japanese desserts business last year. Next fiscal year, we will work to not only recover from lost opportunities this year, but also achieve the growth we envisioned, particularly for overseas markets.

<About forecasts for next fiscal year>

Q. What business will drive recovery to the income growth trajectory outlined in your Medium-Term Management Plan?

A. FY2018 was impacted by weather and disasters in Japan. Overseas, performance was impacted by cold weather and other climate factors as well as currency and economic factors in each country. For FY2019, in Japan we will work to secure volume, implement pricing revisions to secure appropriate profits, and expand products in our areas of strength.

Overseas, we expect profitability to improve based on easing market factors impacting the Asia food preparations business as well as current trends in market demand and contracts in negotiation. In addition to improvement with these existing businesses, the new consolidation of Blommer will enable us to proceed according to plans.

<Other>

Q. This fiscal year you advanced structural reforms for the China soy business but are there any other non-core businesses requiring such full-scale measures?

A. With the Blommer acquisition, we are injected management resources and will need to further increase our focus on core businesses.

We will continue to refresh our assets portfolio.