

FY2018 Earnings Conference: Major Q&A

-Date/time : May 10, 2019 (Fri.) 10:00am -11:30am

-Location: : Daiwa Securities Sky Hall

-Attendees:

President and CEO (Chief Executive Officer)	Hiroshi Shimizu
CFO (Chief Financial Officer)	Tomoki Matsumoto
Blommer Chocolate Company Chairman	Mikio Sakai
President of FUJI OIL Co., Ltd.	Tatsuji Omori
CSO (Chief Strategy Officer)	Yasuhiro Maruhashi

<About Blommer earnings>

Q: About FY2019 and long-term plans

A: In FY2019, the Fuji Oil Group began engaging in specific negotiations with multinational companies. As such, we believe we can increase revenues. Over the long-term, we can expect profit contributions from the increased ratio of high-profit products and from inventory reduction.

<USS, DHA/EPA>

Q: About the status of USS products and progress for DHA/EPA

A: We are increasing the number of products processed using USS but actual sales as a raw material are stagnant and are resulting in a loss. We expect to see profit contributions from DHA/EPA beginning in 2H/FY2019 and we anticipate seeing greater profits in FY2020.

<About business selection and concentration>

Q: Profitability for the Japanese emulsified and fermented product business is low. About approach, including restructuring.

A: Emulsified and fermented ingredients includes products such as cream, margarine, and fillings. We need to focus on products with strong consumer demand. We also will promote cost reductions through SKU reduction.

Q: Business approach, about level

A: We will evaluate businesses that diverge from our core competence, that we deem won't grow due to changes in the social environment, and for which we cannot generate synergy.

<Towards achieving FY2019 operating profit of 24 billion yen>

Q: Status of areas and segments that will promote achievement

A: There is the possibility that Blommer may generate cacao valuation losses and the issue of Harald profits may be limited by the Brazilian currency but the status of contracts for oils and fats is favorable. In China, we also have incorporated fixed cost such as rising personnel expenses. Our plan calls for sales recovery for soy protein foods and favorable sales growth for functional agents. As such, we view the certainty of achievement to be high.