

1Q/FY2019 Teleconference Main Q&A

Date/time: August 5, 2019 (Mon.); 3:30pm – 4:30pm

Speaker :Tomoki Matsumoto, Member of the Board ,Executive Officer, CFO

< Industrial Chocolate in the Americas>

Q. The decline in profits is significant but how is this progress relative to plans?

A. Volume at Blommer in the US increased by 107% over the same period of the previous year. Although the volume sales are progressing as planned, the volume of high-value added products were firm and profits are growing. For Harald in Brazil, volume decreased compared to the previous year but this has been reflected in plans.

<About Japan>

Q. Profits for the Industrial Chocolate business declined. Did you implement structural changes?

A. Partially impacted by the cool summer, this is mainly due to lower shipments of chocolate for ice cream but no structural changes were made.

Q. Sales volume for Emulsified & Fermented ingredients increased but is this sustainable?

A. In addition to recovering demand for desserts, new products developed through the coordination business also contributed and we think these products will continue to contribute to profits.

<Emulsified & Fermented ingredients in China>

Q. You state that margarine and shortening figures are a normalization after favorable performance through last year but what is the state of the market and what is your outlook for 2Q and beyond?

A. In China, the overall economic environment is not good. At the very least, it is true that business is being impacted. Also, Fuji Oil products were being used in popular products but growth has settled to be largely unchanged from the previous year. From 2Q and beyond, we think there is a need to focus on the retail market. Last year, operations were launched at the new plant to establish a stable supply structure. We will provide detailed support for customers and focus on developing new products.

<Overall>

Q. After the end of 1Q, what policies will you implement to address the areas that are not

progressing according to plan and to achieve your full-year operating profit target (24.0 billion yen)?

A. Currently we are outperforming plans. Our full-year plan for fats and oils in Japan calls for lower profits but actual performance is exceeding plans and cream products are outperforming plans. We also have already reflected the decline in functional agent sales volume into plans. In Europe, profit is firm thanks to growth for chocolate and improvement in our raw material positions.

On the other hand, the elimination amount for unrealized gains on preparations was larger than expected. For Harald in Brazil, we will implement pricing strategies and other measures to achieve sales growth.