

## FUJI OIL HOLDINGS INC. Main Q&A from Earnings Teleconference for 3Q/FY2019

-Date/time: Tuesday, February 4, 2020; 4:00pm to 5:00pm

-Speaker: Tomoki Matsumoto, Director and Chief Financial Officer (CFO)

### ● Industrial chocolate business

#### **Q. What is the outlook for the impact of the futures market on the Blommer cacao business?**

As of the end of the third quarter, futures valuation losses were 1.95 billion yen. We are currently evaluating the impact on Blommer's fourth quarter, which concluded at the end of January 2020. There is the possibility that futures valuation losses could expand and we will provide an undated report should there be a significant impact on forecasts.

#### **Q. What is the status of Blommer 3Q strategy progress and your future earnings forecast?**

Blommer is seeing the benefits of reforms to improve productivity and secure personnel. The company is allocating human resources, including seconded employees and other support teams. Next fiscal year, production will stabilize and the company will implement a scheme to reduce volatility on the cacao market to enable flexible responses to demand periods.

#### **Q. Will current favorable conditions at Harald continue?**

Depreciation of Brazilian Real still continues but the economy is trending towards improvement and demand is returning. Production is also improving as conditions are progressing according to plans implemented since the appointment of a new president at Harald. We are evaluating future increases to production capacity and believe we can expect growth in the future.

### ● Soy processed ingredients business

#### **Q. The soy meat market in Japan is strong but what is the impact on Fuji Oil?**

Inquiries regarding textured soy protein, the raw material for soy meat, have been extremely strong. We are planning to start operations of a new textured soy protein plant in July 2020. We are expecting maximum production volume from the onset of operations and are forecasting strong growth. However, the impact on FY2020 earnings will be limited. In addition to soy meat raw materials, inquiries for vegetable-based protein are also extremely strong. As such, we will continue to promote and provide Plant-Based Food Solutions.

### ● Earnings forecast for 4Q and beyond

#### **Q. What are risk factors that could push down fiscal year earnings?**

- (1) Elongation of production stoppages due to the novel coronavirus impacting China
- (2) Expansion of year-end futures valuation losses by Blommer on the cacao market, which has skyrocketed since the beginning of January

#### **Q. What is the earnings impact of the recent increase in market prices for major raw materials?**

We have raw material stock through the first half of next fiscal year so the impact through that period will be limited. As for the second half of next fiscal year, the Japanese oils and fats business could be impacted but we intend to cover this impact by implementing cost reductions and providing value-added products to customers.