

FY2021 1H Earnings Conference: Major Q&A

•Date/time	Nov. 11, 2021 (Thu.) 13:00 pm. -14:00 pm.	
•Attendees	President and CEO (Chief Executive Officer)	Mikio Sakai
	CFO (Chief Financial Officer)	Tomoki Matsumoto
	President of FUJI OIL Co., Ltd.	Tatsuji Omori
	CSO (Chief Strategy Officer)	Hitoshi Shindachi

About vegetable oil and fat business in the Americas

Q. What is the impact of increased demand for palm oil in response to the Biden presidency's renewables policy and what are your future?

A. Demand for edible oils is expected to be replaced by palm oil as a result of the supply of soybean oil and rapeseed oil for biofuels by competing major oil and fat companies. This will be a boost for our business. Sales of Fuji Oil New Orleans, which started operations this year, are expected to proceed faster than expected and the facility is expected to reach full capacity during the next mid-term management period. However, I recognize that the current issues in our oils and fats business in the U.S. are the overemphasis on palm oil as a raw material and the lack of diversification in terms of the type and scale of our customers. Therefore, we will work to improve these issues in the future.

Policies and actions for the future

Q. How will the strengthening of management by business segment contribute to increasing the ratio of high value-added product groups?

A. In order to strengthen management by global business segments, we are planning to develop an operating system in which a person in charge of each business segment will be assigned and will be responsible for profits.

This will enable us to strengthen management based on profitability analysis of each product group and accelerate our product portfolio management. In the course of such efforts, we will reduce the ratio of commodity products, while considering the capacity of each plant and the rationalization of production volume and items within our group.

Q. How do you envision Blommer's business improvement and its timeline?

A. We have explained in the 2019 acquisition of Blommer that we are aiming for EBITDA \$80mm in 2023, and we are aiming to achieve this in 2025, two years later.

In terms of productivity improvement, we have been trying to improve the four plants that Blommer owns in the Americas at the same time, but we have switched to a policy of concentrating on one plant at a time. We will focus on improving the California plant first, and then apply the established methods to the other three plants.

As for the issue of worker shortage, we do not expect the working environment to improve immediately, as people tend to avoid working on weekends and late at night due to the change in thinking about work-life balance through COVID-19. We will improve it through the measures that I have explained in my presentation.

As for the product portfolio, we are conducting a rational discussion on how the cocoa business should be from the perspective of profitability.

Q. What are the issues that you are currently aware of for the next mid-term management plan?

A. I think the most important issue is human resources, and we are examining the best management structure.

In addition, it is important that each of our operating companies utilize the core systems that we have been gradually unifying and demonstrate the effectiveness of these systems.

Another focus is the speed of product development of plant-based materials to solve social issues.

We are also aware that diversity in management is an issue, and we are considering a wide range of candidates.