

Timely disclosure

The following is information concerning details of "timely disclosure" and "extraordinary reports", for which disclosure is required by law for companies listed on the Tokyo Stock Exchange.

About the Fuji Oil Group Rolling Midterm Management Plan "Renaissance Fuji 2018"

The Fuji Oil Group announces the creation of our rolling Midterm Management Plan "Renaissance Fuji 2018", which covers the three-year period from FY2016 to FY2018.

Aiming to realize the mid- to long-term vision we established two years ago, we have created a midterm management plan based on a rolling approach that adapts to changes in our operating environment by analyzing results and issues each year.

Description

1. Background behind creation of "Renaissance Fuji 2018"

The Fuji Oil Group is working towards "How we want to be in 2030" and "How we should be in 2020", the goals we outlined in Renaissance Fuji 2016, the Midterm Management Plan we drafted two years ago. In other words, we are committed to evolving into a management structure that ensures our ability to adapt to market fluctuations and continuously generate profits while using technical innovation to grow to a scale and profit margin that makes our presence known on the global stage. At the same time, we are maintaining our unwavering commitment to our mid- to long-term vision of being a corporate group that contributes to health, happiness and deliciousness.

There is no change to our plans to promote and accelerate sustainable management, global management, and technological management, and we remain to our growth strategy calling for a focus on growth markets and the development of markets that enable us to utilize our strengths. However, we predict that the global economic lull of recent years will stunt market growth and also impact the speed of growth for other businesses. We also predict a lack of future transparency will continue into the future, including stagnant growth in emerging economies such as China and Brazil, which are core areas for our Group.

Amid such conditions, we drafted the rolling Midterm Management Plan "Renaissance Fuji 2018" as an activity plan for the next three years. In this plan, we outline achieving our mid- to long-term vision by becoming a Group that supports to health of people and communities and provides delicious foods by strengthening our marketing and adopting strategies that are tied to the perspectives of the consumers in each region.

2. Basic policies of "Renaissance Fuji 2018"

While we are not changing the three basic policies and direction outlined in Renaissance Fuji 2016, we clarified our commitment to strengthening our marketing and adopting strategies linked to the perspective of consumers.

(1) Promoting and accelerating sustainable management

We will implement responses to the corporate governance code we implemented next year and further focus on our engagement and communication with stakeholders. We will establish an ESG Committee to reinforce food safety and security, and we will build a risk management system. We will further promote sustainable procurement of raw materials and provide systematic support of initiatives related to human resource development and diversity. We will promote sustainable management that creates social value.

(2) Promoting and accelerating global management

In October of last year, we switched to a holdings company structure. The holdings company will focus on strengthening strategic functions, our governance system, and management personnel development as well as create new businesses. By delegating business management to area supervising companies, we have established a structure that will enable us to separate management and execution to increase efficiency and achieve growth that is capable of adapting to changes in our business environment.

(3) Promoting and accelerating technological management

As a follow-up to last year's opening of the Asia R&D Center last year, this year in July we will complete construction of the Fuji Science and Innovation Center (SIC). SIC will serve as a core base of Group research and technology development from which we will build a global R&D structure. At the same time, we will strengthen our marketing to ascertain the needs of the global markets and provide the world with value grounded in delicious and healthy foods.

3. Basic strategies

(1) Growth strategy, area strategy

There is no change in our focus on a growth strategy centered on growth markets that will allow us to expand markets and product lines that take advantage of our strengths related to delicious and healthy foods while also applying an area strategy focused on capturing market growth in core areas (China, Asia, and Brazil). At the same time, we will conduct a partial review of the business portfolio we outlined last year based on changes in the business environment. In core strategic areas, in addition to continuing to strengthen capacity at existing facilities, we are establishing new production sites, searching for and executing new M&A and alliances. In Brazil, we will work to build new businesses that utilize Harald's brand strength and distribution network.

(2) Reform profit structure

We require a strategy that controls expanding volatility due to fluctuations in raw material costs and promotes stable growth. In the oils and fats business, we will strengthen our supply chain while working to increase volume and market share for hard butters for chocolate and aim for stable growth by producing added value and ensuring reasonable profits. In the confectionary and bakery ingredients business, we will respond to the global downturn in chocolate demand and strengthen our sales structure in Asia to expand sales of four confectionery products in order to expand Harald's market share while also responding to rising raw material prices due to depreciation of the real. In the soy protein business, we will improve profitability and use alliances and structural reforms to achieve desired results.

We will strengthen relations with customers to further our understanding of the market and respond to customer needs. We will build a global R&D structure to enhance our ability to launch new products and reduce costs. We will strengthen and reinforce our product-specific and market-specific income management to enhance our sales structure and improve profitability.

(3) Enhancing management infrastructure

With the transition to a holdings company structure, in October of last year we released the Fuji Oil Group Management Philosophy, which outlines our shared Group mission, our ideal structure, and the values and ethics we must adhere to in our business activities.

In addition to promoting common values between all Group employees, this philosophy serves as the foundation for Group governance to set standards for prioritizing decision-making and employee conduct. By permeating this Philosophy throughout our entire Group, we will cultivate Group unity. At the same time, we will promote diversity, including increasing the number of women in management positions, to ensure we will incorporate diverse perspectives and opinions into management and operations.

4. Financial strategy, capital strategy

We will maintain financial stability while focusing on cash flow that ensures high profitability.

- (1) Improving CCC (cash conversion cycle) Reduce unfinished products and inventory
- (2) Promote Group capital management transparency and improve capital efficiency
- (3) Set and manage Group investment standards (NPV, IRR).

We plan to create cash flow from operating activities exceeding 50 billion yen over a three year period and conduct the strategic allocation of cash flow. We will make M&A decisions based on evaluations of investment standards and Group synergy.

We are aiming for an ROE of 8% or higher. We will strengthen profitability management and implement profit structure reforms to improve profitability and also improve our total return on assets by selling off unnecessary assets, restructuring production sites, streamlining inventory assets, and the careful selection of investment targets. We also will work to optimize our financial leverage with a focus on capital costs.

There is no change to our basic policy of a dividend payout ratio of 30% for shareholder dividends, and we will continue to focus on issuing stable and continuous dividends.

5. Management goals

	FY2015 Actual	FY2018 Goals
Net sales	287.5 billion yen	330 billion yen or higher
Operating income	16.8 billion yen	20 billion yen or higher
Operating margin	5.9%	6.0% or higher
ROE (return on equity)	6.4%	8.0% or higher
Overseas sales margin	28.6%	40% or higher

(Note) Information related to future forecasts indicated in these materials were created based on information available at the time of the release of these materials and past trends. Actual results may differ from plans due to various factors.