

Small meeting “Growth Strategies of Oils and Fats Business in the U.S.”

-Date December 22,2021 15:00-16:00

-Speaker CSO Hitoshi Shindachi



<Main Q&A>

Q. What are your assumptions on how palm oil demand will change in the U.S.?

A. We established Fuji Oil New Orleans (FVN) in anticipation of increased demand due to population growth in the U.S. south and current Biden administration clean energy policies serve as a tailwind for our business. Clean energy policies are projected to drive increased demand for soybean oil for use as a biodiesel fuel. As a result, we expect to see a decline in the ratio of soybean oil used as vegetable oil and fat for conventional food consumption. We anticipate increased demand for palm oil based on expectations that palm oil will be used as a substitution for soybean oil.

Q. Please discuss the timeframe for production expansion at FVN, which began operations this fiscal year. Also, what are your thoughts on synergy between FVN and the Vegetable Oils and Fats Business and the Industrial Chocolate Business in the Americas?

A. As previously mentioned, the shift in demand from soybean oil to palm oil is serving as a tailwind, and we anticipate being able to achieve full operations at FVN within the timeframe of the 3-year Mid-Term Management Plan we are currently drafting. This fiscal year, we are incurring upfront expenses related to plant launch but future increases in operation rates and stable demand for oils and fats will lead to profit contributions. Also, we have great expectations related to the addition of Oilseeds to the Group in terms of enabling us to approach restaurants and other parts of the food service market, a segment where we lacked a sales network. In the future, we will utilize this network to expand sales of added-value products that feature our oil and fat processing technology. We also want to expand sales of Industrial Chocolate. As for synergy with the Vegetable Oils and Fats Business and the Industrial Chocolate Business in the Americas, we want to expand sales of compound chocolate featuring our oil and fat technology. We also want to respond to expectations related to sustainability initiatives by advancing our sustainable procurement initiatives for cacao and palm, the raw ingredients used in chocolate.

Q. About characteristics of Oilseeds and revenues stability

A. Oilseeds is unique for possessing high-quality, American-made raw materials for rice oil, as well as boasting a top* market share.

As for other oils, the company has a procurement scheme, outsourcing vendors, and a sales force for high oleic sunflower oil and safflower oil. Although not a high-volume company, they have established a position as niche specialty and are generating stable revenues.

*At Oilseeds equity affiliate