

FY2024 Q1

# FUJI OIL HOLDINGS INC. FY2024 Q1 Earning Conference Materials

August 9, 2024

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# FY2024 Q1 Results

## FY2024 Q1 Results

Unit: JPY billion

	FY2023Q1 Results	FY2024Q1 Results	YOY
Net Sales	131.1	<b>152.4</b>	+21.3
Operating Profit	3.6	<b>7.4</b>	+3.9
Ordinary Profit	3.3	<b>6.5</b>	+3.2
Profit Attributable to Owners of Parent	9.1	<b>4.7</b>	(4.4)

**Net Sales****152.4** billion yen **YOY + 21.3** billion yen

Net sales increased thanks to higher sales prices to reflect higher raw material prices on Industrial Chocolate Business, increased sales volume in Southeast Asia on Vegetable Oils and Fats Business, and the effect of yen depreciation.

**Operating Profit****7.4** billion yen **YOY + 3.9** billion yen

Operating profit increased thanks to increased sales volume in Japan and Southeast Asia, sales price revisions to reflect higher raw material prices, and gains on valuation of futures related to cocoa beans in Blommer on Industrial Chocolate Business, in addition to increased sales of Vegetable fats for chocolate in Southeast Asia on Vegetable Oils and Fats Business.

**Profit Attributable to Owners of Parent****4.7** billion yen **YOY - 4.4** billion yen

Profits decreased due to the rebound from having recorded extraordinary income from the transfer of the fixed assets of Fuji Oil New Orleans, LLC in the same period of previous fiscal year.

# FY2024 Q1 Results by Business

Unit: JPY billion

	FY2023Q1 Results	FY2024Q1 Results	YOY
Net Sales	131.1	<b>152.4</b>	+21.3
Vegetable Oils and Fats	45.7	<b>47.7</b>	+2.0
Industrial Chocolate	55.0	<b>73.6</b>	+18.6
Emulsified and Fermented Ingredients	21.5	<b>22.1</b>	+0.7
Soy-based Ingredients	8.9	<b>9.0</b>	+0.1
Operating Profit	3.6	<b>7.4</b>	+3.9
Vegetable Oils and Fats	3.1	<b>4.4</b>	+1.3
Industrial Chocolate	0.4	<b>2.9</b>	+2.5
Emulsified and Fermented Ingredients	0.6	<b>0.9</b>	+0.3
Soy-based Ingredients	0.4	<b>0.3</b>	(0.1)
Group Administrative Expenses	(0.9)	<b>(1.1)</b>	(0.1)
Operating Margin	2.7%	<b>4.9%</b>	+2.1pt

## Operating Profit by Business



### Vegetable Oils and Fats

- Sales of Vegetable fats for chocolate increased in Southeast Asia and Europe.
- Profitability improved thanks to stable raw material prices.



### Industrial Chocolate

- Sales of souvenir and ice cream increased in Japan.
- Sales volume increased with contribution of capital investment in Southeast Asia.
- Operating profit increased thanks to gains on valuation of futures related to cocoa beans and a decrease in fixed costs associated with the closure of Chicago plant although decreased sales volume due to the closure of Chicago plant and increased costs caused by soaring cocoa prices in Blommer, the U.S.



### Emulsified and Fermented Ingredients

- Sales for food services were firm in Japan.
- Profitability improved thanks to stable raw material prices in Southeast Asia and China.



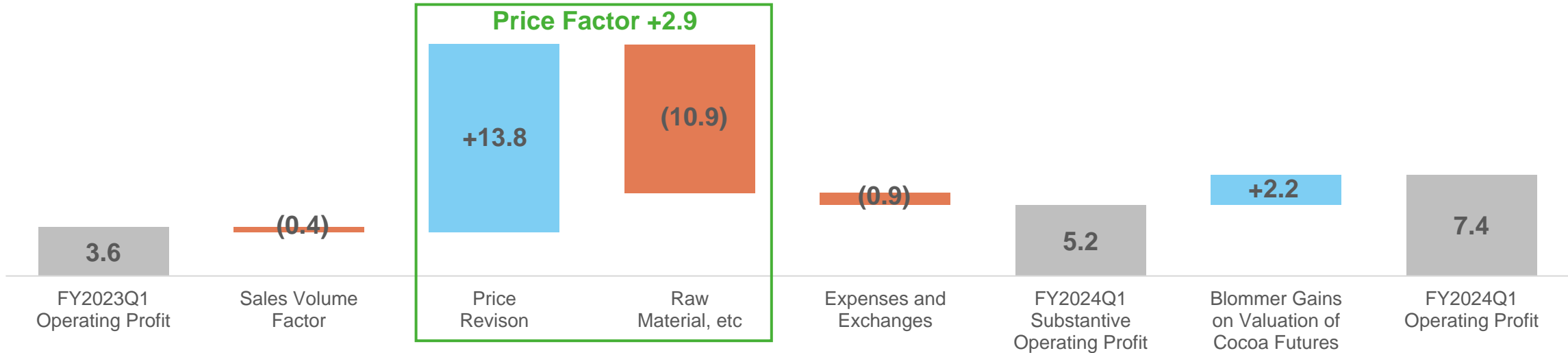
### Soy-based Ingredients

- Sales of Soy protein ingredients and Functional ingredients were at the same level as the previous year.

# FY2024 Q1 Operating Profit Analysis

## Operating Profit Analysis YOY

Unit: JPY billion



Sales Volume Factor	Sales volume decreased due to the closure of Blommer Chicago plant in the U.S. although sales volume increased in Japan and Southeast Asia on Industrial Chocolate Business.
Price Factor	Raw material prices such as palm oil were stable, but cocoa prices rose. We promoted sales price revisions appropriately on Industrial Chocolate Business.
Expenses and Exchanges	Labor and other costs increased in each Group company despite a decrease in fixed costs due to the closure of Blommer Chicago plant.
Blommer Gains on Valuation of Cocoa Futures	The sharp rise in cocoa prices from February to March 2024 resulted in losses on valuation of futures related to cocoa beans, and the decline in cocoa prices from April to June 2024 resulted in gains on valuation of futures related to cocoa beans of 2.2 billion yen.

# Key Factors: Blommer

## Impact in February-March 2024

- Incurred losses on valuation of futures related to cocoa beans and the related expenses due to the sharp rise in cocoa prices from February to March 2024.
- Due to the consolidation of Blommer's accounting period, results for February to March 2024 reflect having recorded a decrease in retained earnings of 6.4 billion yen at the beginning of FY2024.

## Progress of Structural Reforms

Blommer structural reforms announced in March 2024 are progressing as expected.

Points of structural reforms    Progress

### STEP.1 Closure of Chicago Plant

Production at the Chicago plant was terminated at the end of March and the plant was closed completely at the end of May. The transfer of production to the other plants and cost reduction efforts progressed as expected.

### STEP.2 Optimization of Cocoa Processing Business

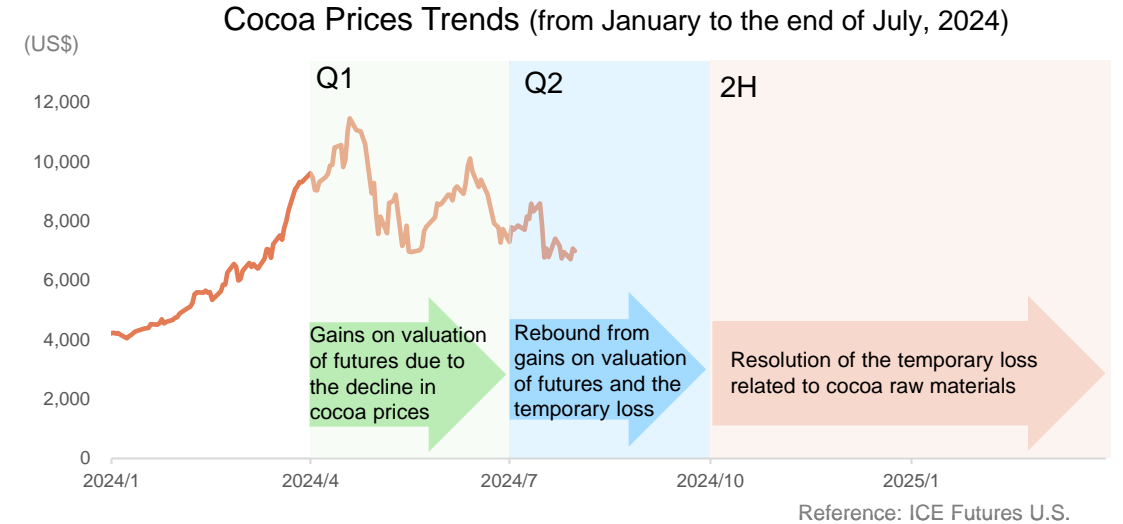
Processed cocoa products sold at the Chicago plant have been discontinued. We are proceeding with reduction of cocoa bean inventory volume.

### STEP.3 Promotion of Differentiation Strategy

We announced a new line "ELEVATE" using CBE\* on June 25. We are preparing to expand facilities at Campbellford plant to start operations in FY2026.



## FY2024 Forecast in Blommer



### First-Half Forecast

- In the first quarter, operating profit increased due to gains on valuation of futures of 2.2 billion yen resulting from the decline in cocoa prices at the end of June.
- In the second quarter, we expect the rebound from gains on valuation of futures recorded in the first quarter, as well as the temporary loss due to the impact of difference between purchase prices of cocoa raw materials and sales prices.

### Full-Year Forecast

- In the second half of the fiscal year, the temporary loss related to cocoa raw materials will be resolved. We don't expect gains on valuation of futures and aim to achieve our initial forecast for the full year.

# Key Factors: Vegetable Fats for Chocolate, Compound Chocolate

## Vegetable Oils and Fats Business

Operating Profit

FY23Q1 3.1 billion yen ▶ FY24Q1 4.4 billion yen YOY+1.3 billion yen

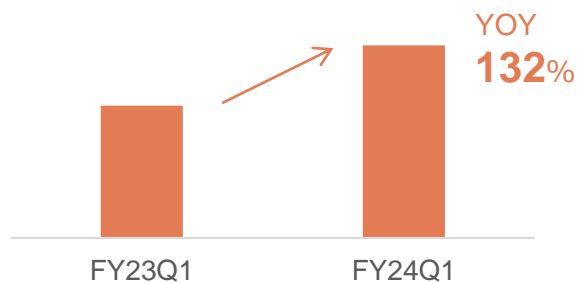
Q1

- Stable trends in prices of raw materials such as palm oil boosted overall profit.
- Strong demand continues for Vegetable fats for chocolate (CBE). In Southeast Asia, where CBE has been widely used before, spot demand has emerged due to strong sales at customers. In the other areas, sales of CBE were generally firm.

From Q2 Onward

- Optimization of CBE production is planned to meet the emergence of demand in the fourth quarter and onward.

Sales Volume of Vegetable Fats for Chocolate (CBE)  
Including sales for our Group companies



## Industrial Chocolate Business

Operating Profit

FY23Q1 0.4 billion yen ▶ FY24Q1 2.9 billion yen YOY+2.5 billion yen

Q1

Sales for Compound chocolate were firm.

- Brazil and Europe, where capital investment was implemented in the previous fiscal year, have continued to capture demand in the current fiscal year.
- Sales volume increased over the same period of previous fiscal year due to strong sales in Japan for ice cream and souvenir, and in Southeast Asia for bakery.

From Q2 Onward

Japan, Brazil  
SE Asia, Europe

We have sold Compounds using CBE before. We will expand product lineup with a higher CBE ratio.

the U.S.

The use of CBE has been limited, but the inquiries from customers are increasing. Blommer launched new products using CBE.



New products launched in Japan in response to high cocoa price.

Although there are risks such as declining demand in the chocolate market and lower sales volume due to reduced contents in customer products, we will strengthen the supply of CBE within the Group and aim to expand Compound chocolate products that meet market needs.



## B/S

Unit: JPY billion

	FY2023 End Results	FY2024Q1 End Results
Cash and Deposits	27.5	33.3
Inventories (Merchandise and finished goods/ Raw materials and supplies)	109.0	138.9
Goodwill	21.8	22.0
<b>Total Assets</b>	<b>470.2</b>	<b>546.3</b>
Interest-bearing Debt	130.3	203.1
<b>Total Liabilities</b>	<b>225.9</b>	<b>293.3</b>
Retained earnings	163.8	159.9
Foreign currency translation adjustment	39.1	49.5
<b>Total Net Assets</b>	<b>244.3</b>	<b>253.0</b>

## End of FY2024 Q1

- Assets Inventories increased due to higher cocoa prices and the effect of yen depreciation.
- Liabilities Interest-bearing debt increased due to an increase in working capital from higher cocoa prices.
- Net Assets Foreign currency translation adjustment increased due to the effect of yen depreciation although retained earnings decreased.

## C/F

Unit: JPY billion

	FY2023Q1 Results	FY2024Q1 Results
Decrease (increase) in trade receivables	8.5	(10.7)
Decrease (increase) in inventories	(12.1)	(24.3)
<b>Operating CF</b>	<b>(2.1)</b>	<b>(38.6)</b>
Proceeds from sale of property, plant and equipment	24.5	0
<b>Investment CF</b>	<b>19.8</b>	<b>(4.4)</b>
<b>FCF</b>	<b>17.7</b>	<b>(43.0)</b>
Net increase (decrease) in short-term borrowings	3.8	41.6
<b>Financial CF</b>	<b>1.0</b>	<b>47.6</b>

## FY2024 Q1

- Operating CF Expenditures increased due to an increase in working capital such as trade receivables and inventories.
- Investment CF Decreased due to the rebound from income of sale of property, plant and equipment at Fuji Oil New Orleans, LLC in the first quarter of the previous fiscal year.
- Financial CF Income increased due to an increase in short-term borrowings associated with an increase in working capital.

**We will strengthen cash management throughout the Group to cope with the impact of high cocoa prices on B/S and C/F.**

## FY2024 Q1 Results: Net Sales, Operating Profit (by Business, Area)

Unit: JPY million

Net Sales	FY	Japan		Americas		SE Asia		China		Europe		Consolidated Total	
			YOY		YOY		YOY		YOY		YOY		YOY
Vegetable Oils and Fats	FY2024 1Q	14,167	+248	14,985	(2,214)	8,111	+2,614	857	+22	9,549	+1,280	47,670	+1,951
	FY2023 1Q	13,919	+1,065	17,200	(1,692)	5,496	(3,691)	834	(67)	8,269	+928	45,718	(3,458)
	FY2022 1Q	12,853	-	18,892	-	9,187	-	902	-	7,341	-	49,177	-
Industrial Chocolate	FY2024 1Q	11,879	+1,655	50,503	+13,759	6,067	+1,939	2,304	+833	2,828	+431	73,584	+18,619
	FY2023 1Q	10,224	+750	36,743	+4,635	4,128	+440	1,471	+455	2,397	+785	54,965	+7,067
	FY2022 1Q	9,474	-	32,108	-	3,688	-	1,015	-	1,611	-	47,897	-
Emulsified and Fermented Ingredients	FY2024 1Q	14,565	+318	-	-	3,269	+217	4,307	+150	-	-	22,142	+686
	FY2023 1Q	14,246	+553	-	-	3,051	(730)	4,157	(902)	-	-	21,455	(1,079)
	FY2022 1Q	13,692	-	-	-	3,782	-	5,059	-	-	-	22,534	-
Soy-based Ingredients	FY2024 1Q	8,776	+83	-	-	-	-	185	(35)	15	+15	8,977	+63
	FY2023 1Q	8,693	+636	-	-	-	-	220	(41)	-	-	8,914	+595
	FY2022 1Q	8,056	-	-	-	-	-	262	-	-	-	8,318	-
Net Sales Total	FY2024 1Q	49,389	+2,306	65,488	+11,545	17,448	+4,771	7,654	+970	12,393	+1,727	152,375	+21,321
	FY2023 1Q	47,083	+3,006	53,943	+2,943	12,676	(3,981)	6,683	(556)	10,666	+1,713	131,053	+3,125
	FY2022 1Q	44,077	-	51,000	-	16,658	-	7,239	-	8,953	-	127,928	-

Operating Profit	FY	Japan		Americas		SE Asia		China		Europe		Consolidated Adjustment		Group Administrative Expenses		Consolidated Total	
			YOY		YOY		YOY		YOY		YOY		YOY		YOY		YOY
Vegetable Oils and Fats	FY2024 1Q	1,388	+229	1,254	+270	1,248	+957	43	+37	808	+274	(337)	(493)	-	-	4,406	+1,277
	FY2023 1Q	1,159	+539	983	+833	290	(666)	5	+46	533	+363	156	+398	-	-	3,129	+1,515
	FY2022 1Q	619	-	150	-	957	-	(40)	-	169	-	(242)	-	-	-	1,614	-
Industrial Chocolate	FY2024 1Q	1,707	+456	197	+1,362	757	+610	(10)	+25	268	+73	(28)	(42)	-	-	2,891	+2,485
	FY2023 1Q	1,250	+67	(1,164)	(825)	147	+79	(35)	+39	195	+77	13	(15)	-	-	406	(577)
	FY2022 1Q	1,183	-	(338)	-	67	-	(75)	-	117	-	28	-	-	-	983	-
Emulsified and Fermented Ingredients	FY2024 1Q	866	+207	-	-	(47)	+190	113	+30	-	-	(55)	(138)	-	-	877	+289
	FY2023 1Q	659	+181	-	-	(238)	+209	83	+86	-	-	82	(107)	-	-	587	+370
	FY2022 1Q	477	-	-	-	(448)	-	(3)	-	-	-	190	-	-	-	217	-
Soy-based Ingredients	FY2024 1Q	477	(27)	-	-	-	-	52	(27)	(205)	(23)	3	+8	-	-	327	(69)
	FY2023 1Q	504	(48)	-	-	-	-	80	+30	(182)	(123)	(4)	(34)	-	-	397	(175)
	FY2022 1Q	553	-	-	-	-	-	49	-	(59)	-	29	-	-	-	573	-
Consolidated Adjustment	FY2024 1Q	20	(14)	(11)	(19)	16	(16)	3	+7	(97)	(197)	52	+213	-	-	(14)	(26)
	FY2023 1Q	35	(22)	8	+11	33	+28	(3)	(14)	99	+253	(160)	(233)	-	-	12	+23
	FY2022 1Q	57	-	(3)	-	4	-	10	-	(153)	-	72	-	-	-	(11)	-
Group Administrative Expenses	FY2024 1Q	-	-	-	-	-	-	-	-	-	-	-	-	(1,048)	(99)	(1,048)	(99)
	FY2023 1Q	-	-	-	-	-	-	-	-	-	-	-	-	(949)	+53	(949)	+53
	FY2022 1Q	-	-	-	-	-	-	-	-	-	-	-	-	(1,002)	-	(1,002)	-
Operating Profit Total	FY2024 1Q	4,461	+851	1,440	+1,613	1,975	+1,742	203	+73	774	+127	(365)	(452)	(1,048)	(99)	7,440	+3,856
	FY2023 1Q	3,609	+718	(172)	+19	232	(348)	129	+188	646	+571	86	+7	(949)	+53	3,584	+1,209
	FY2022 1Q	2,891	-	(193)	-	581	-	(58)	-	75	-	79	-	(1,002)	-	2,374	-

# 2

## FY2024 First-Half and Full-Year Forecast

# FY2024 First-Half and Full-Year Forecast

Unit: JPY billion

	FY2024 1H Initial Forecast	FY2024 1H Rev. Forecast	Initial vs Rev.	FY2024 Full-Year Forecast
Net Sales	290.0	<b>315.0</b>	+25.0	<b>600.0</b>
Operating Profit	7.0	<b>9.0</b>	+2.0	<b>20.0</b>
Ordinary Profit	4.7	<b>6.5</b>	+1.8	<b>16.0</b>
Profit Attributable to Owners of Parent	3.0	<b>4.0</b>	+1.0	<b>10.0</b>

## Revised First-Half Forecast

In the first quarter, sales and operating profit increased significantly thanks to gains on valuation of futures related to cocoa beans in Blommer on Industrial Chocolate Business, in addition to firm sales for Vegetable fats for chocolate on Vegetable Oils and Fats Business.

In the second quarter, we have concerns about the rebound from gains on valuation of futures which recorded in the first quarter and the temporary loss due to the impact of difference between purchase prices of cocoa raw materials and sales prices. However, we have revised the initial forecast expecting firm sales on Industrial Chocolate Business and increased sales volume for Vegetable fats for chocolate on Vegetable Oils and Fats Business.

## Full-Year Forecast

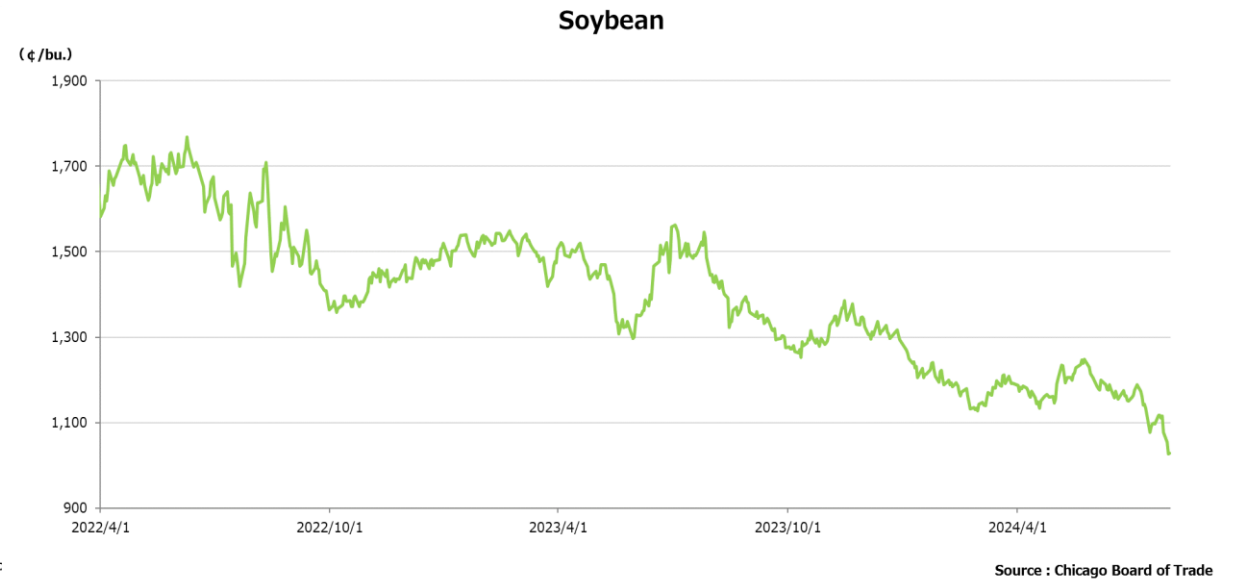
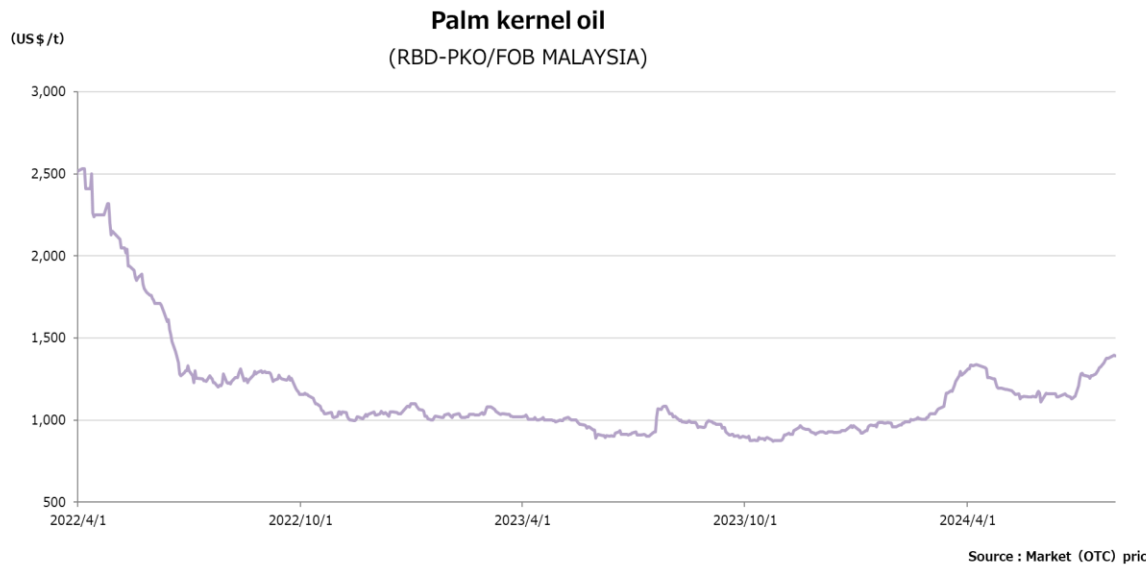
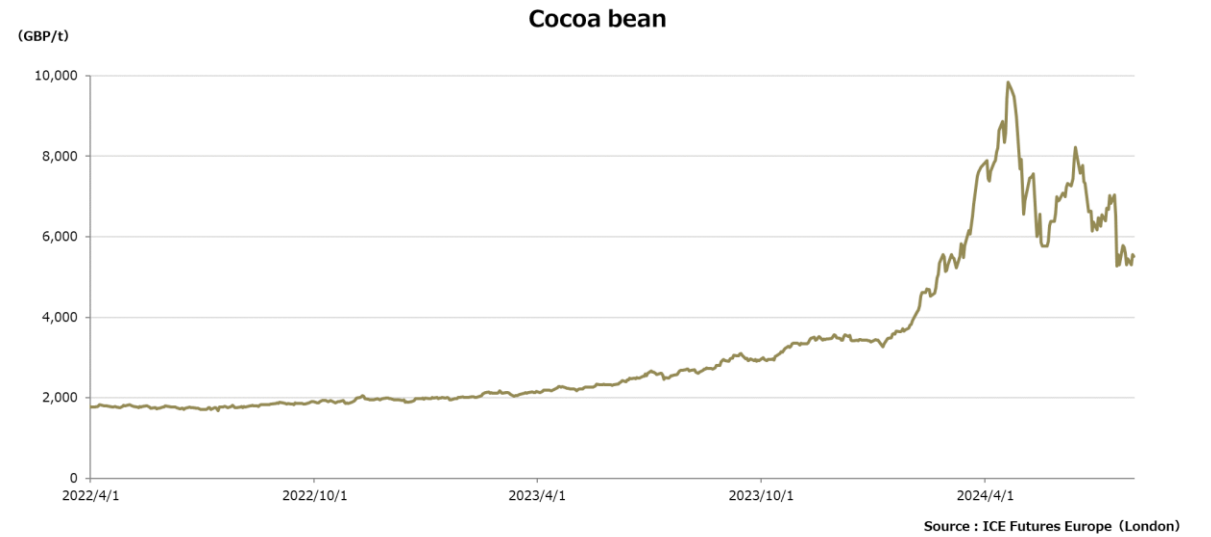
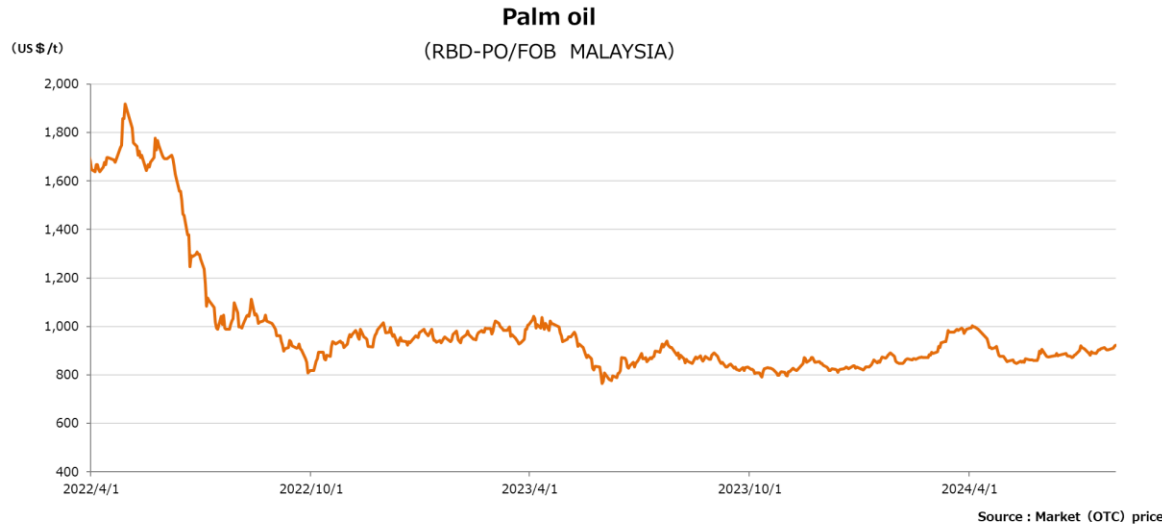
We maintain our initial forecast in consideration of a decline in the chocolate market demand due to higher cocoa prices and decreased sales volume caused by economic downturn in China and the U.S.

# 3

## Reference Materials



# Main Raw Material Prices ( ~ the End of July, 2024)



 **FUJI OIL HOLDINGS INC.**

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