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Reborn 2024, the Fuji Oil Group Mid-Term Management Plan for FY2024

The Fuji Oil Group announces it has formulated a new Mid-Term Management Plan, Reborn 2024, for the three-year period between FY2022 and FY2024.

1. Background behind drafting of the Mid-Term Management Plan, Reborn 2024

In the face of growing uncertainty due to the Covid-19 pandemic, soaring raw material prices, and increasing geopolitical risks, the Group must surely recover profitability from its current assets and operations and strengthen its financial position. Furthermore, with- post-pandemic, it is expected that the market and consumer trends will continue to change significantly and quickly. Amid such an operating environment, the Group recognizes that we must be reborn into a corporate group that is able to generate new value by adapting to social transformation and changing markets and sales scheme.

The Fuji Oil Group has embraced a 2030 Vision: “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy”. We have split the nine fiscal years leading up to our 2030 Vision into three-year phases (I, II, III). We view each of these phases as a period during which we will pursue reform. The three-year period starting from this fiscal year represents Phase I. We position Phase I as the period for strengthening our business platform so that we can evolve into a corporate group that generates new value. This is our new Mid-Term Management Plan, Reborn 2024.

2. Key policies of the Mid-Term Management Plan, Reborn 2024

The key policies of Reborn 2024 are to strengthen of business foundation (restoring profitability and creating new value), strengthening global management, and enhancing sustainability (sustainability strategy aligned with management strategy). We will apply these policies to advance our growth strategy.

(1) Strengthening of business foundation (restoring profitability and creating new value)

Our policies to strengthening of business foundation include restore core profitability, revitalize product portfolio in existing businesses through high value-added solutions, concentrate allocation of management resources to growth and strategy areas, and initiative aimed at new business creation.

To restore core profitability, we will strengthen our business foundation from both the managerial and operational perspectives including a rolling method of monitoring for our pricing strategies and cost management. In addition, we will restore basic profitability by enhancing the Group's productivity and promoting cost reductions by improving the implementation of sales price strategies and introducing productivity indices.

To revitalize product portfolio in existing businesses through high value-added solutions, we will build competitive advantage by developing high value-added products that are differentiated from commodity ones.

To concentrate allocation of management resources into growth and strategy areas, we will redistribute management resources to prioritize industrial chocolate business in the North and South America and the plant-based oils business. This will increase Group revenue and promote stable growth.

As initiatives aimed at new business creation, we will combine our Group’s technology with the products of various business divisions to approach new markets. We will create new value by providing plant-based ingredients aligned with current consumer needs and pioneering new markets and customers. This will enable us to shift our portfolio from a focus on commodity products to high value-added solutions.

(2) Strengthening global management

To strengthen global management, we will implement a strategy to improve business sales and revenues by adopting business-specific ROIC management. We will also strengthen our business foundations to shift to a management structure and business portfolio that achieves capital efficiency while also possessing the speed to respond dynamically to issues in each area. In our research and development, we will promote a management structure that is aligned with our strategic goals. This will enable us to respond to global social issues while enhancing our product development speed. To further enhance the efficacy of these structures, we will also pursue enhancements and DX solutions for business management.

(3) Enhancing sustainability (sustainability strategy aligned with our management strategy)

We will contribute to resolving social issues through our business activities by enhancing Group sustainability initiatives. We will implement Groupwide efforts towards both climate change response, including reducing CO_2 emissions, and cost reductions. We will distinguish our products from the competition by promoting sustainable raw material procurement and aligning these goals with our management strategy.

Human resources are at the core of business continuity. It is important as a management foundation for our group's human resources are active toward our goals with diverse perspectives, and they are provided with fair opportunities and appropriate evaluations. Aiming for sustainable growth of our growth, we will deepen diversity, equity and inclusion (DE&I), promoting the development and acquisition of human resources who are responsible for value creation.

3. Financial strategy

We will reform into a globally solid financial structure by achieving growth to general cash flow, improving capital efficiency, and strengthening governance.

To improve capital efficiency, we will focus on cash flow, conduct the prioritized distribution of management resources, evaluate business based on business-specific ROIC, and carefully select investments based on Group investment standards. Through these efforts, we will optimize the structure of our overall Group portfolio. By adopting ROIC evaluations, we will further improve our cash conversion cycle (CCC) by analyzing our value chain and reducing inventory.

We will implement global capital management to improve our total asset turnover ratio by visualizing Group capital, securing liquidity, and streamlining assets. We will also optimize financial leveraging by focusing on capital costs.

Our basic policy for shareholder returns will be to issue stable and sustainable dividends based on a dividend payout ratio of 30% to 40%.

By achieving the goals of the Mid-Term Management Plan, Reborn 2024, as we work towards our newly outlined 2030 Vision, we will boost our corporate value and maintain our position as a corporate group that is trusted by all our stakeholders.

4. Management KPIs (FY2024)

(1) Financial KPIs

KPI	Goal
Consolidated operating profit	23.5 billion yen
ROE	8%
ROIC	5%
Shareholder dividends	Dividend payout ratio of 30% to 40%

(2) Non-financial KPIs

KPI	Goal
CO2 emissions（Scope1 & 2）	23% reduction in total CO2 emissions [*1]
Sustainable procurement（palm oil）	TTP[*2] 85%

[*1]Base year:2016, all consolidated subsidiaries

[*2]Traceability to plantation

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