Towards a Further Leap 2020

President and CEO Hiroshi Shimizu
Agenda

• Background of the New Mid-Term Management Plan Formulation
• Basic Policy
• Basic Strategy & Management Objective
• Strengthen Management Foundation
• Technology Management
Background of the New Mid-Term Management Plan Formulation
Review of “Renaissance Fuji”

### Summary of rolling mid-term plan “Renaissance Fuji”

| Vision | “We will seek to develop the potential of food ingredients and contribute to the happiness and well-being of the people by offering delicious and healthy food.” |
|        | How we want to be in 2030  
|        | How we should be in 2020 |

<table>
<thead>
<tr>
<th>Basic Policy</th>
</tr>
</thead>
</table>
| Technology management  
| Global management (cost・speed・localization)  
| Sustainable management |

<table>
<thead>
<tr>
<th>Achievements</th>
</tr>
</thead>
</table>
| Group : Shift to holding structure  
| Achieve highest profit (prospect)  
| Oils and fats : Capture demands in America  
| Chocolate : Share acquisition of Harald  
| Achieved profit plan  
| Soy : Profit improvement of domestic business |

<table>
<thead>
<tr>
<th>Challenges</th>
</tr>
</thead>
</table>
| Group : Comparatively slow speed of global business development  
| Strengthening of marketing  
| Building foundation for growth  
| Confectionery and bakery : Sluggish growth in Asian market  
| Soy business : Reconstruction of business in China |

### How we should be in 2020
- Reform the cost structure, attain competitive advantage globally by expanding global management structure

### How we want to be in 2030
- Global company for supporting health of people
  - Achieving No.1 in the world/area by deepening the “core technology”
Background of the New Mid-Term Management Plan Formulation

Demand for Innovation

Current situation

**Paradigm shift**
When common sense will not be common

- AI/IoT/Home delivery
- World affairs
- CSR, resources / environment
- Change in food culture

**Challenges**

- Comparatively slow speed of global business development
- Strengthening of marketing
- Building foundation for growth

New Mid-Term management plan

**Towards a Further Leap 2020**

- Not modifying our mid-term management plan until 2020 to clarify the goal

“Complete our innovation”

**Strengthening global foundation**
Complete our mission to become a globally competitive company

**Soy business and high value-added products**
Be a main business of next generation
Basic Policy

New Mid-Term Management plan
「Towards a Further Leap 2020」

1. Reinforcement of core competence
2. Growth of soy business
3. Development of high value-added products
4. Cost reduction and unification with the global standard
Basic Strategy & Management Objective

New Mid-Term Management plan
«Towards a Further Leap 2020»

Basic Strategy

Portfolio shift

Basic policy
1. Reinforcement of core competence
2. Growth of soy business
3. Development of high value-added products
4. Cost reduction and unification with the global standards

Management Objective (FY2020)

- ROE: 10%
- EPS: CAGR 8% ≤
- Operating profit growth: CAGR 6% ≤
- Shareholder return: Payout ratio 30-40%

Basic idea
Deliciousness and health
Value Making
Self-reform

Financial strategy
Growth strategy
Area strategy
Profit structural reform
Cost reduction
Strong financial governance
Develop global management structure
Strengthen management foundation

Area strategy
Pervading the “Group Management Philosophy” to entire group

- Group Management Philosophy is premise of business
- Reinforce the implementation by each area

Mission
= Our reason for being
The Fuji Oil Group seeks to develop the potential of food ingredients. We will contribute to the happiness and well-being of the people by offering delicious and healthy food.

Vision
We seek to contribute to the society by creating the future of delicious and healthy foods using our core technologies in oils & fats and soy.

Values
= The values that inform our actions
- Safety, quality, and the environment
- Work for people
- Challenge and innovation
- Speed and timing

[Fuji Oil Group Management Philosophy]
Strengthen Management Foundation 2/4
Development of human resources

Implement working-style reforms centered around promoting diversity

Promote diversity
- Aggressive recruitment regardless of gender, nationality, and age
- Renovate the mindset, to a sustainable growth

Develop global human resources
- Talent recruiting
- Establish development system and structure

Improve labor productivity
- Visualization of global human resources
- High evaluation to person who challenges, demand high labor productivity
Strengthen Management Foundation 3/4
Promoting health management

To be a company which can continuously contribute to the society by deliciousness and health

Fuji Oil Group Health Management Declaration

• Established
  “Fuji Oil Group Health Management Declaration”(1/1/2017)

• To realize the Vision “We seek to contribute to the society by creating the future of delicious and healthy foods,” every employee of Fuji Oil Group needs to be healthy.
Strengthen Management Foundation 4/4
Shifting to global standards

Pursuit global management efficiency and promote visualization of global management information

- Unification of global core system
- Unification of accounting period
- Re-examination of operating process
- Improvement of management efficiency (CCC※•fund management)
- Reconstruction of corporate brand

Introduce the world-class corporate brand
- Breakaway from “behind-the-scenes supporter”
- Improve visibility to stakeholders

- Maximize the brand value
- Contribute to the profit

※ CCC: Cash Conversion Cycle
Technology Management

Strive to pursue deliciousness and health

- **Deliciousness**: Reinforcement of core competence
  Chocolate: Material research of cocoa ingredients, improving taste and quality

- **Health**: Research and development on brain function
  Prevent and resolve the cognitive function

Establishment of global structure:
Strengthen collaboration with overseas groups and external institutions
- Establish global R&D structure
  utilizing Fuji Science & Innovation Center as a hub place
- Collaborate with research institutions and universities
- Promote and draft strategy for intellectual properties

Fuji Science & Innovation Center
Toward a Further Leap

- Contribute to the society
- "Work for people"
  Find market needs and resolve customer’s problems

Offering Value

Product-out management

Solution-oriented management

Innovation

Spirit of Foundation

Change in society • Change in value

Holding structure, group management philosophy
Towards a Further Leap 2020
Basic Policy & Growth Strategy
Mikio Sakai   CSO
Agenda – CSO Part

• Basic Policy
• Growth Strategy
• Area Policy / Developing new area
• Intensive cost reduction
## Basic Policy

Establish a foundation for high growth to realize “how we want to be”

<table>
<thead>
<tr>
<th>Basic Policy</th>
<th>Basic Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>① Reinforcement of core competence</strong></td>
<td>Financial Strategy</td>
</tr>
<tr>
<td>• Develop and expand chocolate and hard butters for chocolate, and overall</td>
<td></td>
</tr>
<tr>
<td>confectionery and bakery ingredients</td>
<td></td>
</tr>
<tr>
<td>• Expand group revenue, stable growth</td>
<td></td>
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<tr>
<td><strong>② Growth of soy business</strong></td>
<td></td>
</tr>
<tr>
<td>• Pursuit the health of people and the earth</td>
<td></td>
</tr>
<tr>
<td>• Provide products that fits the demand of the time (flexitarian)</td>
<td></td>
</tr>
<tr>
<td><strong>③ Development of Business in function Enhanced, high value-added products</strong></td>
<td></td>
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<tr>
<td>• Develop business in polysaccharide and stabilized DHA and EPA</td>
<td></td>
</tr>
<tr>
<td>• Expand business in nutrition and health field</td>
<td></td>
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<tr>
<td>• Stabilize the group revenue</td>
<td></td>
</tr>
<tr>
<td><strong>④ Cost reduction and unification with the global standards</strong></td>
<td></td>
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<tr>
<td>• Make organization which can improve the production efficiency of the whole</td>
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<tr>
<td>group</td>
<td></td>
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<tr>
<td>• Increase the competitive power</td>
<td></td>
</tr>
<tr>
<td>• Global unification of core system, unification of accounting period</td>
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</tbody>
</table>
## Growth Strategy

### Area Strategy

<table>
<thead>
<tr>
<th>Region</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Renewal of facilities, search new base for chocolate</td>
</tr>
<tr>
<td>China</td>
<td>Construct second factory</td>
</tr>
<tr>
<td>Europe</td>
<td>Strengthen chocolate business</td>
</tr>
<tr>
<td>South America</td>
<td>Strengthen synergy of oils &amp; fats and chocolates</td>
</tr>
<tr>
<td>North America</td>
<td>New production base</td>
</tr>
<tr>
<td>Asia</td>
<td>Dismiss decrepit facilities</td>
</tr>
<tr>
<td>IMEA (New)</td>
<td>Search of new area for expanding sales channels</td>
</tr>
</tbody>
</table>

### Expanding the existing business

1. **Reinforcement of Core competence**
   - Expand the market and product lineup in the strong field

### Business for further advancement

2. **Growth of soy business**
   - The final stage of the structural reform
   - Expanding USS(※1) products

3. **Development of business in function enhanced, high value-added products**
   - Develop business in polysaccharide and stabilized DHA and EPA
   - Expand business in nutrition and health foods

### M&A (50 billion yen funding preparation)

*1: Ultra Soy Separation  ※2: Fuji Stabilization Technology*
Growth Strategy

1 Reinforcement of core competence

Aiming to be one of the world’s top 3 company in sales amount of industrial chocolate

Competitiveness is needed in the time when oligopolistic control proceeds by major companies. Aim to increase sales amount

Industrial chocolate manufacturers in the world (sales amount)

<p>| | | | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
<td>C</td>
<td>D</td>
</tr>
</tbody>
</table>

Fuji

Connecting strength to growth (SWOT analysis)

S
- Group synergy of oils and fats
- Compound chocolate

W
- Lack of cost competitiveness in the volume zone

O
- Compound chocolate market is the mainstream in developing countries

T
- Movements of competing companies in Asian and Japanese market

To fill the gap between 3rd place...

1 Expansion of existing base
   - Increase the production capacity
   - Strengthen cost competitiveness
   - Funnel resources (selection and concentration of portfolio)

2 New sites/Expansion to each area
   - Expanding scale to win the volume zone (Americas, China, Middle east)

3 M&A
Growth Strategy
① Reinforcement of core competence
Forecast of market growth toward 2020

Forecast of chocolate confectionery market in 2020
(retail price)

(US$ mn)

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Asia 1</th>
<th>China</th>
<th>IMEA 2</th>
<th>North America</th>
<th>South America</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oils &amp; Fats</td>
<td>○</td>
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<td>○</td>
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<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>Choco-Late</td>
<td>○</td>
<td>○</td>
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<td>○</td>
<td>○</td>
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</table>

Our business base

Candidate site

Candidate site

Candidate site

Anticipate in the future

Large market

CAGR 2016-2020

Forecast of retail price in 2020

Forecast of market growth toward 2020

Priority area for chocolate business

Citation: Euromonitor International 2016
Chocolate Confectionery of Packaged Food
Retail Value RSP US$ mn

※ 1) Asia: not including China, Japan and India
※ 2) IMEA: India, Middle East, Africa
Growth Strategy
① Reinforcement of core competence
Attain the needs of growing market

Produce group synergy and capture the needs of growing market

- Candidate site for new chocolate business
- Candidate site for new oils and fats business

Compound chocolate is the mainstream in hot countries and developing countries

<table>
<thead>
<tr>
<th>North America</th>
<th>South America</th>
<th>Europe</th>
<th>Middle East</th>
<th>Asia</th>
<th>China</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen supply chain for oils &amp; fats and chocolate</td>
<td>Renewal of facilities in Harald, improve revenue</td>
<td>Increase production capacity, produce synergy with oils &amp; fats business</td>
<td>Investigate for potential market</td>
<td>Make use of Guan Chong</td>
<td>Expand business including emulsified and fermented ingredients to chocolates</td>
<td>Increase the capacity by renewal of facilities</td>
</tr>
<tr>
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</table>

Equator
Growth Strategy
② Growth of soy business
Complete reformation and strengthen the high revenue business

Re-acknowledge the value by returning to the essence of soy, creating value by making movements

Complete reformation

- Selection and concentration of business
- Improve profitability
  - Bring together the production site of soy protein ingredients
  - Specialize in high value-added products
  - Cost reduction on commodity products
  - Cost reduction on USS

Expansion to plant protein market

Answer the growing needs of “delicious and healthiness” from market and customers

USS
- Produce synergy with emulsified and fermented business
Aim to capture the food service market

Flexitarian (new vegetarian)
- Develop market in developed countries

Tira ti su
Impossible burger
Growth Strategy
② Growth of soy business
Flexitarian

Flexitarian is…
- Short term for “Flexible Vegetarian”
- Definition: person who is basically on plant-based food diet with occasional intake of meat and fish

- Making the smart choice to enjoy healthy diet
- The diet is centered around unprocessed and nutritious food such as vegetables, fruits, whole-grains, legumes, seeds, nuts, and dairy (clean eating)

- Not strict as vegetarian, and every flexitarian can make their own decision on the level of restriction, therefore it is realistic and becomes a habit

- There are many potential flexitarian present who is on flexitarian diet but doesn’t recognize themselves as flexitarian

Main target: Millennials
Born in mid 1990 to 2000
High on social awareness, civil minded, and environmentally conscious

Deliciousness and health | Health of the earth
Compatible

Introduction of “Meatless Monday”
2003
2009

Market size in US
- Units: ten thousand people
- Citation: Washington Post

<table>
<thead>
<tr>
<th>Vegitarian</th>
<th>Flexitarian</th>
</tr>
</thead>
<tbody>
<tr>
<td>730</td>
<td>2,300</td>
</tr>
</tbody>
</table>

※They don’t overlap
## Establishing high profit business

### Stabilized DHA and EPA business

<table>
<thead>
<tr>
<th>Environment Needs</th>
<th>Market size</th>
<th>Global development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Growing population of elderly people and rise in health consciousness</td>
<td>• World needs in 2020 1,500t</td>
<td>• Scheduled to go on sale in 2017, Two production sites in 2018, be available worldwide</td>
</tr>
</tbody>
</table>

**Expand the application of FST (※)**

### Polysaccharides business

<table>
<thead>
<tr>
<th>Environment Needs</th>
<th>Global development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Needs are expanding on a global scale</td>
<td>• Research on polysaccharides other than soy bean, expanding to the world</td>
</tr>
</tbody>
</table>

**Expansion starting from Japan and China, and to the rest of the world**

※ Fuji Stabilization Technology
Strengthen SCM and improve the global competitiveness

Main raw materials

- Palm
- Other oils & fats raw materials
- Cacao
- Others

Improve the traceability score
- Basic research for improving quality
- Re-examination of production process
- Formulation of Responsible Palm Oil Sourcing Policy

Improve the global competitiveness

- Trust from customers
- Increase contracts globally
- Increase the number of stable customers
- Stable procurement
### Area Policy

<table>
<thead>
<tr>
<th>Japan</th>
<th>China</th>
<th>Other Asian countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promote one-stop sales system&lt;br&gt;• Expand sales of stabilized DHA and EPA&lt;br&gt;• New chocolate factory&lt;br&gt;• Improve profitability of USS&lt;br&gt;• Growth of soy business</td>
<td>• Construct South China factory&lt;br&gt;• Promote 3 production base scheme&lt;br&gt;• Develop healthy food business coping with the change in society&lt;br&gt;• Restructuring soy protein business for Japanese market</td>
<td>• Earn revenue from new production base of confectionery and bakery ingredients&lt;br&gt;• Realization of optimum factory placement</td>
</tr>
</tbody>
</table>

**Fuji Oil Japan**<br>Tatsuji Omori

**Fuji Oil (Shanghai) Management**<br>Masataka Minemura

**Fuji Oil Asia**<br>Yasuhiro Maruhashi

### Americas

<table>
<thead>
<tr>
<th>Fuji Vegetable Oil</th>
<th>Brazil</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New refinement base, respond to non trans fat related needs&lt;br&gt;• Establish production system for stabilized DHA and EPA&lt;br&gt;• Expand sales from placing oils &amp; fats production base in Brazil&lt;br&gt;• Maximize synergy with chocolate business</td>
<td>• Expand high value-added products&lt;br&gt;• Improve yieldability&lt;br&gt;• Timely augmentation of production capacity&lt;br&gt;• Sustaining and expanding top share&lt;br&gt;• Appropriate pricing strategy as a price leader</td>
<td>• Increase production on production base in Ghana&lt;br&gt;• Expand hard butters for chocolate&lt;br&gt;• Augmentation on chocolate production capacity</td>
</tr>
</tbody>
</table>

**Fuji Vegetable Oil**<br>Andrew Bunger

**Fuji Oil Europe**<br>Bernard Cleenewerck

**Harald**<br>Ernesto Neugebauer
Developing new area

NEW Business Development Group

SBU contribute to expanding each area by launching new business and carrying out M&A

Establish new business in corresponding area

Prepare for new regional headquarters

Make plans to enter new market in corresponding area

CEO

CMO

CSO

CFO

COO(※)

CTO

HD

EU・Americas Area Development Section

India・Middle East・Arica Area Development Section

New Area Development Division

日本

アジア

中国

アメリカ

欧州

COO : Chief Operations Officer
Basic strategy/Reforming earnings structure

Intensive cost reduction

Promote productivity improvement and cost reduction of each area

Newly formed production productivity management group

① Raise the level of safety, quality and environment of the whole group
   - Increase credibility (brand power)
   - Contribute to local society, people and the earth

② Plan strategy for productivity improvement of the whole group
   - By improving productivity, it increases competitiveness and contribute to customers

- Raise the level of each area up to the level of Japan
- Pursuit raising level of each area
Towards a Further Leap

Striving toward 2020 and further, realize high growth to achieve “how we want to be” and establish foundation for competing in the world

Measures to achieve “how we want to be”

- New business
- New area
- Health and nutrition, resources business
- Cost reduction
- Strengthen SCM (establish traceability, secure raw materials)
- M&A
- Develop infrastructure
- Brand building
Towards a Further Leap 2020
Financial Strategy
CFO Tomoki Matsumoto
Financial Targets (FY2020)

ROE
10%

Operational profit CAGR
6%\(\leq\)

CCC
\(\bullet\) Cash Conversion Cycle
10 days shorter
Financial Management Policy

Aim to transform ourselves to a strong global financial structure through creating cash flows out of sustained profit growth, improving capital efficiency and strengthening financial governance.

Strengthen financial function with 4 pillars

Establish a strong global financial structure

1. Sustained profit growth
   - Consolidated operating profit CAGR6%≤
   - EPS growth rate CAGR8%≤
   - Creating and allocation of cash flow

2. Maintaining financial soundness
   - Maintain stabilized financial structure based on business characteristics and risks
   - Appropriate BS management in line with risk and return

3. Improving capital efficiency
   - Improve capital efficiency to the level necessary for sustained growth and catch up with the world level to compete global companies
   - Improvement to ROE 10%

4. Strengthening financial governance
   - Promote standardization of financial management (allowing us to compare and verify global financial operation) enabling to reduce financial risks and improve operational efficiency
   - FUJI group financial policy & operational standard
1. Sustainable profit growth
Creation and allocation of cash flow

Creating through business operation

Create total operating CF of 100 billion yen in 4 years

- **By improving CCC**
  - 10 days shorter
  - 10 billion yen in FY2020

- **By asset mobilization**
  - Selling shares held
  - Selling idle asset /unnecessary asset

- **By CMS**
  - Improving cash operation efficiency
  - Optimizing settling operation

Capital investment
Emphasize investment discipline & profitability
60-70 billion yen

M&A New business development
Concentrate on core business
50 billion yen funding preparation

Shareholder return

Dividend
Payout ratio
30〜40%

Consider acquisition of own shares
1. Sustainable profit growth

**Improvement of CCC**

**Inventory reduction**

- Reduce raw material inventory
- Reduce work-in-process inventory
- Reduce product inventory

- Improve sales and production balance (demand supply management)
  - Revise organization for demand supply management
  - Improve accuracy of inventory information
  - Visualize Global PSI information in conjunction with plan

- Optimize numbers of product variety by finished sales management

- Manage inventory based on company standard
  - Faster PDCA cycle (monthly to weekly)
  - Improve accuracy of sales plan
  - Manage purchase information centrally
  - Improve accuracy of production planning

- Check payment site at new sales contract
  - Strengthen accounts receivable management
  - Check payment site at new purchase contract

**Promote amortization of retention inventory**

- Reduce accounts receivable turnover days
- Optimize payment turnover days

**10 days shorter**
2. Maintain financial soundness
B/S management commensurate with risk / return

Maintain stable financial fundamentals based on the business characteristics and risks

Pursuit of adequate financial balance caused by B/S management

<table>
<thead>
<tr>
<th>Equity ratio</th>
<th>D / E ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016 55%</td>
<td>FY2020 50%≤</td>
</tr>
<tr>
<td>FY2016 0.4</td>
<td>FY2020 0.5 upper limit when operating</td>
</tr>
</tbody>
</table>

B/S management balancing soundness, growth investments and returns to shareholders

However, the M&A may be permitted even higher than the upper limit on the scanning growth and profitability
3. Improve capital efficiency
ROE 10% improvement

Improve the level required for perpetual growth along with the competing global company

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2020</th>
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<tbody>
<tr>
<td><strong>Profitability</strong></td>
<td></td>
<td></td>
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<tr>
<td>Net income ratio</td>
<td>Approx. 4.1%</td>
<td>Approx. 5%</td>
</tr>
<tr>
<td>Net income</td>
<td>Approx. 1.07</td>
<td>Approx. 1.15</td>
</tr>
<tr>
<td>Net sales</td>
<td>Approx. 1.8</td>
<td>Approx. 1.8</td>
</tr>
<tr>
<td><strong>Asset efficiency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total asset turnover</td>
<td>Approx. 1.8</td>
<td>Approx. 1.8</td>
</tr>
<tr>
<td>Total asset</td>
<td>Approx. 1.07</td>
<td>Approx. 1.15</td>
</tr>
<tr>
<td><strong>Financial leverage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>Approx. 1.07</td>
<td>Approx. 1.15</td>
</tr>
<tr>
<td><strong>Financial strategy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve operating margin</td>
<td>☑</td>
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<tr>
<td>Expand value-creating businesses</td>
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</tr>
<tr>
<td>Improve or reduce unprofitable business</td>
<td>☑</td>
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</tr>
<tr>
<td>Continue measures for cost reduction</td>
<td>☑</td>
<td>☑</td>
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<tr>
<td>Trimming financing costs</td>
<td>☑</td>
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<tr>
<td>Expand revenue (area/each business)</td>
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<tr>
<td>Plant and equipment investment based on more selective policy</td>
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<tr>
<td>CCC shortened</td>
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<tr>
<td>Sell off unnecessary assets</td>
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<tr>
<td>Reduce interest-bearing liabilities by CMS</td>
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<tr>
<td>B/S management</td>
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<tr>
<td>Optimize internal reserve and shareholder return</td>
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</tbody>
</table>
3. Improve capital efficiency
ROE 10% improvement

Profitability: Revenue ratio of net income
FY2016 4.1% → FY2020 5.0%

- Expand operating profit, reduce cost of sales and head office expense
- Improve profitability by non-operating profit and loss control

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of sales ratio</th>
<th>SGA cost ratio</th>
<th>Operating income margin</th>
<th>Ratio of net income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>82.5</td>
<td>12.3</td>
<td>5.2</td>
<td>3.4</td>
</tr>
<tr>
<td>2015</td>
<td>80.1</td>
<td>14.1</td>
<td>5.9</td>
<td>3.2</td>
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<tr>
<td>2016</td>
<td>79.5</td>
<td>13.8</td>
<td>6.7</td>
<td>4.1</td>
</tr>
<tr>
<td>2020</td>
<td>78.5</td>
<td>13.3</td>
<td>8.2</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Ratio to net sales (1pt improvement)
- Promote continued cost reduction
- Strengthen global procurement functions
- Improve productivity by production of promotion group

SGA cost ratio (0.5pt improvement)
- Improve to the level below the current standard by improving work efficiency, along with absorbing global standards, cost increase by integration

Net income (0.9pt improvement)
- Improve funds efficiency based on global money management
- Control the level of interest-bearing debt by strategic methods
- Minimize exchange risk within intergroup transaction

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3. Improve capital efficiency
ROE 10% improvement

Asset efficiency:
Total Assets Turnover Rate
FY2016 1.07 ⇒ FY2020 1.15

Control total assets, while maintaining growth

Expand sales
FY2016 (forecast)
292 billion yen
FY2020
Approx. 20% more
- Area expand of existing business
- Expanding into new area growth market
- Start of new business production

Improve efficiency of total assets
FY2016 (forecast)
272 billion yen
FY2020
Approx. 14% more
- Optimize inventory by CCC improvement
- Rigorous reviews of business investment and facilities / equipment investment standard
- Property sales by asset liquidation
- Reduction of cash and time deposit based on global funds management

Financial strategy
4. Strengthen Financial Governance
Group Financial Standards and Policies

Promote to set standard, enabling global financial comparison and verification, to reduce financial risks, and to improve operational efficiency

- From individual / region optimum to overall optimum
- Awareness reform to Global Integration
- Strategic talent allocation & assigning, training & development and acquisition

☑ Unification of accounting period and early settlement of accounts
☑ Introduction of IFRS
☑ Domestic consolidated tax payment
☑ BEPS compliant
☑ Investment criteria and exit criteria

☑ Visualizing fund management through global CMS
☑ KPI evaluation system based on financial standards (linked with SAP implementation)
☑ Standardization of finance & accounting work process by introducing SAP
☑ Streamlining of financial & accounting operation & services by AI