

FUJI OIL HOLDING Blommer and Financial Strategy Briefing Major Q&A

-Date/time	: 2019/2/19(Tue) 13:00~14:30	
-Location	: TOKYO KAIKAN LEVEL XXI Star room	
- Attendees :	President and CEO (Chief Executive Officer)	Hiroshi Shimizu
	CSO(Chief Strategic Officer)	Mikio Sakai
	CFO (Chief Financial Officer)	Tomoki Matsumoto
	Blommer Chocolate Company President and CEO	Peter W. Blommer
	Blommer Chocolate Company CFO	Neal Murphy

Questions for Blommer CEO Peter Blommer

Q. How do you view the North American market and what is Blommer's growth potential there?

A. Growth in the confectionery market is 1 to 2 percent, but strong growth will continue because chocolate is widely used in the market. Our company is also focused on value-added products, such as premium chocolate, which are experiencing especially strong growth and accounting for an increasing share of our products. In addition, I believe we will become even stronger from our efforts with Fuji Oil. In addition to higher profitability from an improved product portfolio and a better extraction rate from improved processes, I believe that synergies from procurement and R&D efforts with Fuji Oil will boost profitability in general.

Q. What led to the decision to sell Blommer, and what were the issues the company was facing at the time?

A. Our business had grown in size by 10 times over the preceding 25 years, but the issues back then were lost opportunities due to capacity and B/S constraints, as well as insufficiently fast global expansion. That's why we believed we needed a partner for global success. It was a difficult decision, but I believe it was the right one.

Q. How do you envision the coming growth from joining the Fuji Oil Group?

A. We're presently number three in the world in sales volume for industrial chocolates, but I think we can further raise that position. Customers have high expectations for the combination between the Fuji Oil Group and Blommer. The most important thing when implementing our strategy will be melding teams together, which will be essential. Mr. Sakai from Fuji Oil and I are focused on being attentive toward our employees. That includes briefings for all U.S. employees, along with PMI members.

Future Growth Plans

Q. Why can the synergy between the two companies extend the top line?

A. Blommer is an important supplier for big, world-leading multinational companies, with whom they have built close relationships. In addition to the North American market's growth, the company group believes we can extend the top line in Pacific markets by supplying products from the group's production plants in Asia and Oceania, a target area for large multinational.

Q. How viable are Blommer's improvements to operational efficiency?

A. We have begun executing a plan based on a program that Blommer worked out before the acquisition. By introducing systems to streamline operations, we are working to improve efficiency and raise quality. In addition, I expect that the diversity based on the two different areas where the companies are based will lead to creativity other company's lack.

Q. What is the Fuji Oil Group's policy for creating a stronger portfolio in the future?

A. One issue that absolutely must be dealt with is disposing of businesses with low profitability, and we will swiftly move forward with reforms both domestically and abroad.