

## **FUJI OIL HOLDINGS INC. 2Q/FY2018 Teleconference Main Q&A**

Date/time: November 6, 2018 (Tues.); 4:30pm - 5:30pm

Speaker: Tomoki Matsumoto, Member of the Board, CFO

### **<About sales development>**

#### **Q. Which business are performing favorably and which businesses are struggling?**

A. Businesses performing favorably include custard and filling sales in China, chocolate and hard butters for chocolate in all regions, and low-trans fatty acid oils and fats in the USA, sustainable oils and fats, and value-added soy products such as soy meat. These will continue to drive profits as strategic products.

Strengthening sales of commodity oils and fats in Southeast Asia will help strengthen our entire Group.

### **<About Japan>**

#### **Q. What was the impact of natural disasters such as earthquakes and typhoons?**

A. We recorded approximately 500 million yen as extraordinary losses for 1Q but otherwise the impact is limited.

#### **Q. Why are profits from the oils and fats business increasing but slated to weaken during the second half of the fiscal year?**

A. Fluctuations in raw material markets between second half of FY2017 and the first half of FY2018 contributed to the increase in first half profits but we are taking a conservative outlook for year-on-year performance during the second half.

#### **Q. What is the status of sales for confectionery & bakery ingredients business?**

A. High temperatures and natural disasters dragged down the frozen confectionery and gift markets, which resulted in year-on-year decrease in sales volume for chocolate during 2Q. However, we secured profits that were largely unchanged from last year and 1Q sales were favorable, resulting in a year-on-year increase in profits for the first half. We expect firm sales during the second half on a recovery of the gift market. Cream sales bottomed out during the previous fiscal year but margarin demand was sluggish due to high summer temperatures, which resulted in lower sales volume.

#### **Q. What is your forecast for the soy business?**

A. We forecast favorable sales of soy meat and water soluble soy polysaccharide will drive performance. During 1H, profit decreased due to delays in the re-launch of soy protein food product sales after plant operation shutdown for renovations. However, we are planning for sales on par with targets during 2H on the winter demand season for ganmo (soy protein food products) and other products.

### <About Asia>

#### **Q. What were the factors behind lower profits for 1H?**

A. This was mainly attributable to factors related to our position on dairy market prices and sale pricing for the Singapore preparations business, which resulted in profits that underperformed original forecasts. During 2H, we forecast less of a negative impact on the preparations business. In China, margarine and filling sales remained favorable. Products such as chocolate and cream show room for future growth. Also, the newly opened plant got off to a smooth start. We are working to expand sales in Southeast Asia and sales of cream and other products were favorable.

### <About Brazil>

#### **Q.What is the status of the market and what are your business strategies?**

A. The market is down overall due to depreciation of the Brazilian real and declining economic conditions as well as market competition. We will secure profits by implementing strategic sales to increase share in promising markets.