

Vegetable Oils and Fats Business

- Edible oils and fats
- Oils and fats for food processing
- Hard butters for chocolate

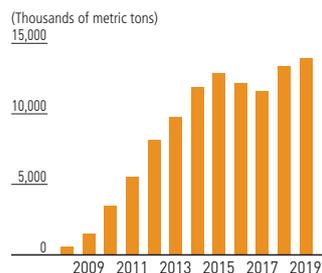
Business Environment

- Multiple global players
- Expansion of scope of upstream businesses of plantation owners
- Competitors are expanding their scope of business through M&A

Market Trends

- Growing demand for sustainable palm oil
- Rising awareness of safety, security and health issues (trans-fatty acids and process contaminants, etc.)

RSPO-Certified Oil Production



Source: Roundtable on Sustainable Palm Oil. Annual production volume of Certified Sustainable Palm Oil (CSPO).

SWOT Analysis

Strengths	<ul style="list-style-type: none"> • Enzymatic interesterification technology • Product quality, stable supply • Expand portfolio (healthy oils and fats, etc.) • Utilize Group network and inter-business synergy
Weaknesses	<ul style="list-style-type: none"> • Price competitiveness in commodities
Opportunities	<ul style="list-style-type: none"> • Sustainable procurement • Rising demand due to global population increase • Rising health consciousness
Threats	<ul style="list-style-type: none"> • Regulatory changes in various countries

Strategic Directions

Strengthening the Competitiveness of Global Business and Contributing to Health

We are strengthening our competitiveness in the oils and fats business based on supplying low-cost, technically superior oils and fats that support our product lineup in the Industrial Chocolate and Emulsified and Fermented Ingredients businesses, which we aim to expand globally. Focusing on the provision of

solutions to burgeoning health problems and rising awareness of sustainability, safety and security around the world, we are concentrating on expanding our range of oils and fats that take into account or contribute to health.

FY 2018 Results

- Progress in sales expansion strategy for hard butters for chocolate
- Profitability rose in Japan as a result of sales strategy focused on profitability
- Reduced operating rate in the Americas due to cold fronts and hurricanes
- Unifuji began operations

Profitability was impacted by temporary factors such as the market price for raw materials and the weather. We made steady progress in strengthening global competitiveness through the start of operations at Unifuji, utilizing virtual global procurement and the construction of a new base in the United States. For the stabilized DHA/EPA business, which we hope to establish as a new business, although the commercial launch in Japan has been delayed, we achieved “generally recognized as safe” (GRAS) self-affirmation in overseas markets and began efforts aimed at commercialization.

Priorities in FY 2019

- Continue sales expansion strategy for hard butters for chocolate
- Expand use of fractionated palm oil
- Expand sales of sustainable oils and fats, centered on Unifuji
- Commercialize stabilized DHA/EPA in Japan and overseas

We will continue to focus on expanding sales of hard butters for chocolate in response to the growing global market for chocolate. We will also respond to the increasing demand for sustainable palm oil and generate Group synergies, including in the Emulsified and Fermented Ingredients and Industrial Chocolate businesses.

For the stabilized DHA/EPA business, we will move forward with specific measures for commercialization in Japan and overseas.

Highlight

Construction of a New Base in the United States

Demand for palm oil that is low in trans-fatty acids is growing in the United States in the wake of a U.S. FDA Circular.* We began construction of a new base in New Orleans, which is scheduled to begin operations in 2020, to complement

Fuji Vegetable Oil. We will expand our business by meeting needs for a healthy society and by collaborating with Blommer on hard butters for chocolate.

* Released by the U.S. Food and Drug Administration (FDA) in June 2015, it mandates that from June 2018 oils containing trans-fatty acids, which are said to increase the risk of heart disease, are not to be used for food applications.