

Main Q&A at The Nisshin OilliO Group's
FY2023 Financial Results Briefing

Date and time: Friday, May 17, 2024; 15:30—16:30

Format: Teleconference

Attendees from The Nisshin OilliO Group:

Takahisa Kuno, Representative Director and President

Hiroshi Hasegawa, General Manager, Sustainable Business Management

Koji Miki, General Manager, Financial Department

Kotaro Ishibashi, General Manager, Investor Relations Department

Q: I assume you have been dealing with the rising prices of raw material for olive oil. Could you provide an update on the current situation?

A: The current situation is unstable, but we are working to bring things back to normal by establishing a stable supply system for olive oil products. At the same time, we will steadily implement the price revision announced in May, while seeking our customers' understanding of the raw material price conditions and global logistics issues.

Q: Can you meet the increased demand for oils and fats for chocolate due to the soaring price of cacao?

A: It is possible that the rising price of cacao will cause some companies to change their formulations, but we believe that in addition to simply expanding the supply of cocoa fat substitutes, we must also shift our focus on the supply of oils and fats for chocolate with diverse functions. In addition to increasing production capacity through capital investment, it is also necessary to build a supply system that meets diverse needs, such as sustainable raw material sourcing through stronger relationships with suppliers.

Q: The current fiscal year is the final year of the Medium-term Management Plan. As the new Medium-term Management Plan for the next fiscal year and beyond begins, we would like to know how the current fiscal year is positioned. Also, let us know what the next Medium-term Management Plan is focused on.

A: We are moving forward with the target of achieving ROIC of 7% in FY2030, but this is only the minimum level. Over the next fiscal year, we will thoroughly discuss the new Medium-term Management Plan to achieve this target. Considering the consolidated operating profit of 20.8 billion yen for FY2023, one way of looking at the next Medium-term Management Plan would be to set our sights on achieving the FY2030 target ahead of time.

Q: You have set ROIC targets of 5% for domestic oils and fats, 8% for processed oils and fats, and 10% for business development in North America for FY2030. What is the direction of efforts in each business area?

A: In FY2023, ROIC in the domestic oil and meal business improved as a result of enhanced operating cash flow and reduced working capital. The next key point is to maintain/increase this level. In the overseas processed oil and fat business, we are in the phase of increasing returns while making aggressive investments. In North America, we will build a solid business structure to achieve our targets.