

Nisshin Oillio Group Integration



Nisshin Oillio Group

November 20, 2002

The Nisshin Oillio Group, Ltd.

The Integration of Three Companies and Benefits

The Nisshin OilliO Group, Ltd.

Jokei Akitani, President



Nisshin OilliO Group

Integration of The Nisshin OilliO Group and Benefits

<The Integration of Three Companies and Benefits >

- Start of Nisshin OilliO Group**

- Concrete integration targets**



Nisshin OilliO Group

1st Phase of Integration (April – September 2002)

- **Rinoru Oil Mills Co., Ltd. and Nikko Oil Mills Co., Ltd. became wholly owned subsidiaries of Nisshin Oil through an exchange of shares in April 2002**
- **Integration preparatory committees addressed problems in the three companies and set targets**
- **The role of the holding company and responsibilities of operating companies were clarified. The management framework was completely overhauled.**



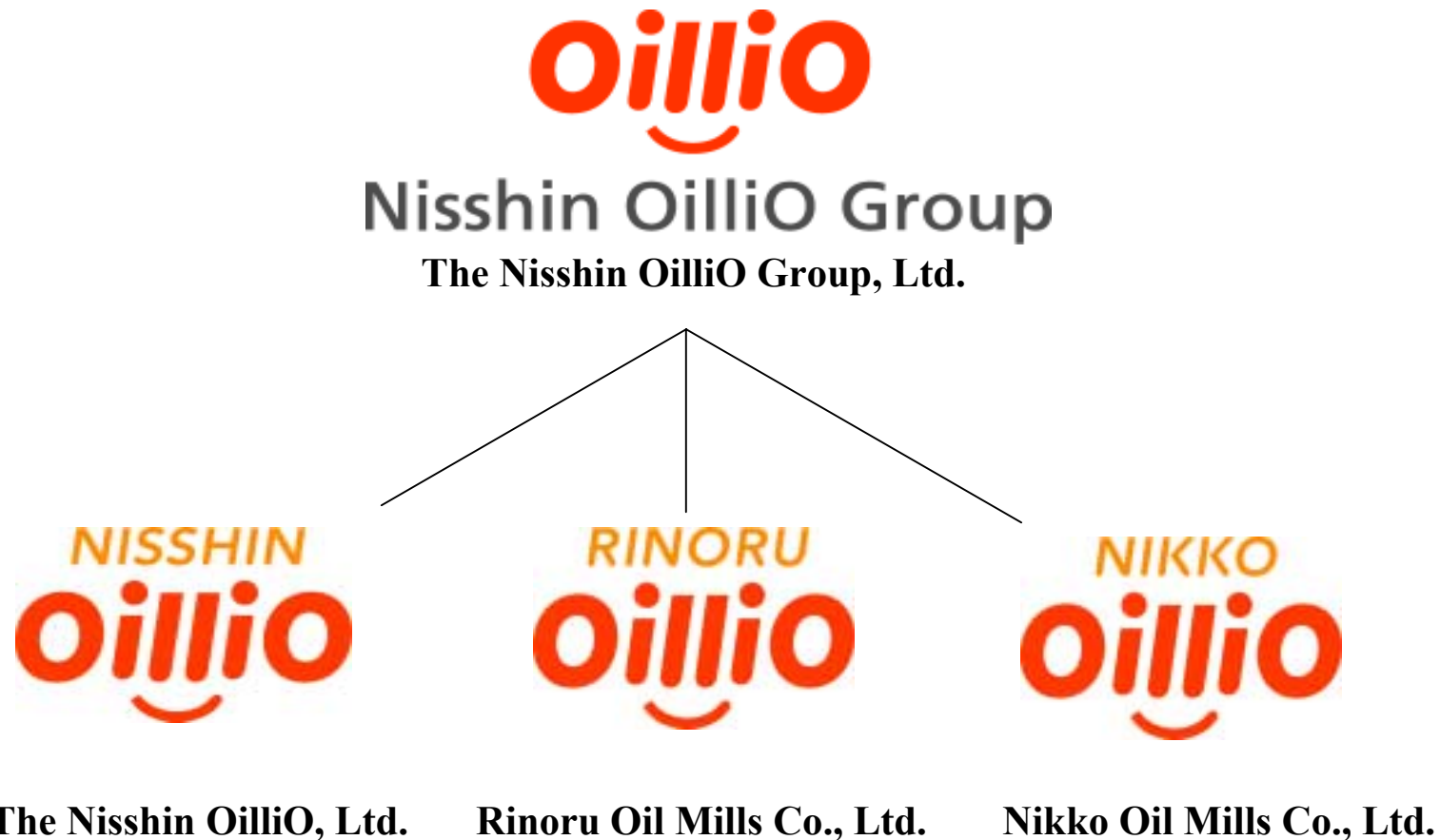
**A Course Is Charted for the about-to-be-launched
Nisshin Oillio Group**



Nisshin Oillio Group

The Nisshin Oillio Group Is Launched

Nisshin Oil was divided on October 1, 2002 and became part of the new corporate structure



Cost Reductions From Integration

- **Manufacturing** Due to integration and actual “scrapping and building” of manufacturing facilities
- **Logistics** Due to greater cooperation in logistics and amalgamation of logistics subsidiaries
- **Purchasing** Due to standardization and increased volumes of materials and bulk purchasing of raw materials
- **Personnel** Due to elimination of duplication in the 3 operating companies
- **Headquarters** Due to centralization of consolidation of head office functions in Shinkawa



Numerical Targets for Integration

Cost reduction targets (for fiscal year ending March 31, 2005)

Manufacturing:	¥0.7 billion	} ¥5.0 billion
Logistics:	¥0.8 billion	
Purchasing:	¥1.4 billion	
Personnel:	¥2.0 billion	
Headquarters:	¥0.1 billion	



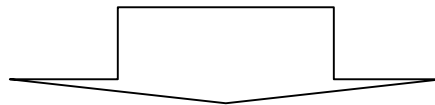
Nisshin Oillio Group

Consolidation of Head Offices and Sales Bases

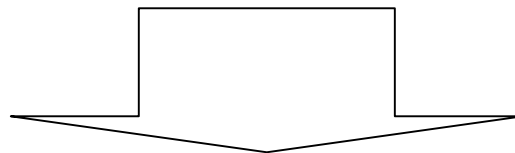
Consolidation of Head Offices and Sales Bases

- Consolidate head offices of the 3 operating companies in Shinkawa
- Consolidate 9 offices nationwide

(Offices: Sendai, Nagano, Shizuoka, Nagoya, Osaka, Takamatsu, Hiroshima, Okayama and Fukuoka)



Share information and speed up decision-making



Maximize integration benefits quickly



Nisshin Oillio Group

Optimization of Manufacturing Bases

Optimization of Manufacturing Bases

Integrate domestic bases and ramp up capacity at overseas bases



- **Integration of domestic bases**

- Close down one crushing line at Isogo Plant**

- Relocate Chiba and Fukuoka filling facilities at another plant**

- **Increase overseas bases**

- Dalian Nisshin Oil Mills, Ltd.**

- Raise production capacity by 2,000 t/day**

Note: The company is currently examining specific details concerning integration of domestic bases and ramping up capacity at overseas bases



Nisshin Oillio Group

Saving
(Millions yen)

Integration Targets

