

Main Q&A at The Nisshin OilliO Group's
Financial Results Briefing for the First Half of FY2024

Date and time: Thursday, November 14, 2024; 11:00–12:00

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: Could you tell us about the progress and challenges you are facing with the current market conditions in relation to the price revision from October?

A: At the moment, we are having a slight struggle compared to the situation with the price revision in 2022. This time, the main reason for the price revision is the rise in domestic logistics costs. The rise in utility costs and the impact of exchange rates are also part of the reason. We recognize that the price revision has yet to be well received, partly because the yen has strengthened since the announcement of the price revision, although the yen is weaker than it was prior to last year. We will continue to carefully explain the cost environment surrounding our company to our customers and work to ensure that the price revisions are well understood.

Q: Could you explain what is behind the growth in functional products in the domestic oil and meal business?

A: With the focus on the home meal replacement market, customers increasingly demand more deliciousness, convenience, and appearance. We have a user support team who works with customers to approach these challenges, and this endeavor is starting to build momentum. In addition, Incubation Square began operating at the Isogo Plant in May, and we are working with customers on co-creation initiatives. For example, we are datafying sensitivity and using the data to create samples. In addition, since the second half of last fiscal year, we have been strengthening our customer support functions and providing careful support to customers after they have integrated our products. In this way, by improving the products' functions and providing services to ensure that the products are used over the long term, we have achieved results and further growth.

Q: Could you tell us about the outlook for oils and fats for chocolate?

A: Demand for oils and fats for chocolate is increasing overall. Particularly, due to the rising price of cocoa butter, demand for CBE (cocoa butter equivalent) as an alternative is increasing, and price revisions (new price equilibrium points) are gradually being implemented. The price revisions also progressed in the first half of the fiscal year, and we think the impact of price revisions will become particularly noticeable from the fourth quarter onwards.

Q: Could you tell us what will contribute to profits, as you have set a target of 30 billion yen in operating profit under Vision 2030?

A: Our approach focuses on steadily increasing the average consolidated operating profit during each medium-term management plan period. To achieve this, the basis for growth and profit contribution will be further expanding sales of oils and fats for chocolate, as well as building a supply chain and increasing production capacity to support the sales. In addition, expanding sales of oils for use in cosmetics in the Fine Chemical segment is also important, and although it won't be explosive, we want to increase the earnings steadily. In the B to B domain, we have already started to see results in Japan, and we will continue to pursue further value in co-creation with our customers. We will also formulate our next medium-term management plan with this pursuit of value as one of the mainstays of our business development, in Japan and overseas, including North America.