

Start of Basic Management Vision, Growth 10, the Phase II Three-Year Plan

Start of the Phase II Three-Year Plan

I Overview

Establishing a stable earnings structure and realizing secure growth

Building on the success of Phase I of our management vision over the past four years, we launched the three-year Phase II of the vision in April 2011.

During Phase II, we will pursue structural transformation and resolutely implement a dynamic reallocation of management resources, focusing on profitability, an emphasis on technology, and developing overseas markets.

As a result, at the conclusion of Phase II we expect to have succeeded in our goals to establish a stable earnings structure and realize secure growth.

I Key Elements of Phase II

(1) Vision for the Nisshin OilliO Group on the Completion of Phase II

By the conclusion of Phase II, we will have achieved structural reforms to make a swift transition to an international corporate group that continually generates new value.

(2) Reform of the Business Structure

- In the oils and meal business, we will continue to generate stable earnings irrespective of changes in the operating environment.
- In the processed oils and fats business, we will achieve a level of earnings on a par with the oils and meal business.
- In growth businesses, we will establish new business models that will be core earnings drivers in the next phase of Growth 10.

(3) Management Policies

• Oils and Meal Business

Place priority on boosting earnings in the oils and meal business

We will rebuild the business operating structure to be more efficient and pursue greater added value in order to shift to more profit-oriented activities, and acquire stable earnings.

• Processed Oils and Fats Business

Allocate management resources with a focus on market growth and our technological advantage

We will expand the scope of this business in Japan and overseas, and establish it as a second pillar for earnings. We will do this by fully utilizing the foundations built during Phase I to provide processed food ingredients that meet the needs of the processed foods industry, particularly in the area of specialty fats, as well as supply such ingredients for making confections and bread.

• Growth Businesses

Make strategic moves to expand the growth businesses into profitable sources of earnings

We designated as growth businesses the oils and meal business in China, the healthy foods business, the fine chemicals business, and the soy foods and materials business. In these four businesses, we will establish a business foundation to ensure a solid contribution to earnings, and to achieve rapid growth in Japan and overseas during Phase III.

• Management Base

We will deepen and expand element and applied technologies, continually launch distinctive products, and achieve dynamic reform of the cost structure.

| Measures and Recent Highlights for Each Business Domain

■ Oils and Meal Business

(1) Measures

The oils and meal business in Japan has entered a period of maturity, and we believe it is necessary to transform the foundations of the business so that we compete to an even greater extent in terms of added value.

In addition to our central aims of "good flavor, health and beauty," we must enhance added value in a wide range of areas, including quality, services, environmental impact, and functionality.

As a leading company in the industry, the Group must take the initiative in breaking away from excessive price competition, and exercise strong leadership to ensure that the entire industry makes a mental and behavioral shift toward value and profit consciousness.

When the competition is based on added value, technical capabilities will be the source of competitive advantage.

We must step up our efforts even further to bring to market major products on the level of *Nisshin Canola Oil* and *Healthy Resetta*, and to develop and market key products that will allow the Group to stand out from the competition.

(2) Highlight

Business Tie-Up with Showa Sangyo

The Nisshin OilliO Group concluded a business tie-up with Showa Sangyo Co., Ltd., in 2010 for the oils and meal business. Outsourcing a portion of our oil extraction and refining processes will enhance the efficiency and lower the cost of production and distribution.

■ Processed Oils and Fats Business

(1) Measures

We will allocate more management resources to this business both in Japan and overseas to develop it into a second pillar for earnings.

At Intercontinental Specialty Fats Sdn. Bhd. (ISF), we will expand sales of specialty fats, and build a structure able to meet rising global demand.

In our business alliances with Yamazaki Baking Co., Ltd., and Miyoshi Oil & Fat Co., Ltd., we will focus on development of ingredients for confections and bread.

At T. & C. Manufacturing Co. Pte. Ltd., in Singapore, during fiscal 2011 we will upgrade and add equipment to expand production of ingredients for confections and bread for Japan. Going forward, we will develop the company into a center for the processed oils and fats business in East Asia.

(2) Highlight

Facility Upgrades at Singapore Subsidiary T. & C. Manufacturing

T. & C. Manufacturing Co. Pte. Ltd., is a local subsidiary in Singapore, founded by the Group subsidiary Daito Cacao Co., Ltd. It became a subsidiary in 2009. The company manufactures and sells preparations for ingredients for confections and bread. (Preparations are mixtures of powdered milk, sugar and other ingredients necessary for the manufacturing of processed foods.) In fiscal 2011, we will upgrade and add equipment to expand production capacity of preparations for confections and bread for Japan.

■ Growth Businesses

The Group has identified as growth businesses the oils and meal business in China, the healthy foods business, the fine chemicals business, and the soy foods and materials business. We will actively develop these businesses in Japan and overseas to make them independent in terms of earnings, and to establish a business foundation for rapid growth during Phase III.

[Oils and Meal Business in China]

(1) Measures

We will pursue new business development in China in accordance with the China Oils and Meal Business Implementation Plan.

(2) Highlights

Developing Value-Added Oils for the Oils and Fats Business in China

○ Management Principle for the Oils and Fats Business in China

We aim to contribute to better health for the Chinese people and to enhance our corporate value.

○ Main products

(a) The Chinese version of *Healthy Resetta*

In China, the State Food and Drug Administration (FDA) recognized the benefits and safety of the Chinese version of *Healthy Resetta* after it passed a strict evaluation and clinical test.



This product offers the benefits of "maintaining an appropriate healthy weight" and "reducing excess body fat."

(b) Value-added edible oils

These are household use, value-added edible oils made from raw materials carefully selected for their health benefits. We will gradually expand our sales area, and contribute to better health for consumers.



[Healthy Foods Business]

(1) Measures

- In the fields of foods for preventing lifestyle-related diseases and foods for nursing care, we will narrow the scope of our business to product categories in which we can utilize our strengths.
- In the field of dressings and mayonnaise, we will establish new business models that incorporate group companies.
- We will establish a foundation for business development in overseas markets.

(2) Highlights

Launch of *NUCARE Toromi Perfect* for the Elderly Care Market in South Korea

The Nisshin OilliO Group, Ltd., developed *NUCARE Toromi Perfect*¹ jointly with the major South Korean foods producer Daesang Corporation². The product was launched in South Korea in July 2010.

South Korean society is expected to age even more rapidly than Japan in the future. This is our first product in the market for foods for elderly care in South Korea, which is expected to expand going forward.

Notes:

1. *NUCARE Toromi Perfect* is the South Korean market version of *Toromi Perfect*. The Company developed *Toromi Perfect* as a food for elderly and nursing care patients who have difficulty swallowing. *Toromi Perfect* thickens foods and drinks with just a small amount of colorless, odorless powder.
2. Daesang Corporation operates foods and other businesses in South Korea and East Asia.



[Fine Chemicals Business]

(1) Measures

- We will pursue expansion strategies including in overseas markets, focusing on the raw materials for cosmetics business.
- Utilizing Industrial Química Lasem SA (IQL) in Spain as a production base, we will accelerate business development in Europe and Asia.

(2) Highlight

Spain's IQL Made a Subsidiary to Boost Overseas Development of the Fine Chemicals Business

The Nisshin Oillio Group acquired in July 2011 to bring into its scope of consolidation Industrial Química Lasem SA (IQL), a Spanish company that manufactures and sells oils and fats for cosmetics in Europe. This was the start of an effort to bolster the overseas development of the fine chemicals business.



By making IQL a subsidiary, we have secured a production and sales base in Europe and are accelerating our global business development.

[Soy Foods and Materials Business]

(1) Measures

We will focus on the delicious taste and health benefits of soy in pursuing technology and product development. We aim to grow the business and secure earnings by expanding the range of applications for existing products, and increasing sales of value-added products.

(2) Highlight

Tie-Up with MOEL in India for Exclusive Distribution of Soy Meal for Foods

The Group, through its subsidiary Nisshin Shokai Co., Ltd., in 2010 concluded a business alliance with Indian soybean oil producer Maharashtra Oil Extraction Pvt, Ltd. (MOEL). We also acquired the exclusive sales rights in East Asia for MOEL's soy meal for foods.



The Group will provide MOEL with support for quality control, and we will supply soy meal to East Asia with consistent quality.

In our overseas sales strategies for Phase II, we plan to bolster the entire Group's business in India.