

**Sojitz IR Day**  
**Aerospace & IT Business Division**  
**Investors Meeting (December 18, 2015)**  
**Condensed Transcript of Q&A Session**

Q: Sojitz has been engaged in the part-out business for a number of years now. In this business, which companies are Sojitz's competitors and which partners is it working with? Also, what are Sojitz's competitive advantages in this business?

A: There are a variety of different ways to participate in the part-out business, but there are numerous companies that adopt the approach of investing a certain amount of funds in specific partners, and then advancing operations through close-knit coordination with these partners. Sojitz, meanwhile, builds relationships with partners on a case-by-case basis, using different partners as appropriate based on their specialties with specific models or buyers. As for our competitive advantages, the access to markets that we have traditionally possessed and the ability to leverage existing insight constitute advantages.

Q: You mentioned that the aerospace business will drive increases in profit for the year leading up to the year ending March 31, 2018. Specifically, in what areas of this business do you expect earnings to increase?

A: Earnings growth will primarily be driven by the part-out business. The sales representative businesses in which we have traditionally been engaged will also contribute to earnings. Looking at the business environment, Japanese airlines are expected to expand their fleets in light of the upcoming Tokyo Olympics. At the same time, overall air traffic is on the rise. We also forecast earnings contributions to come from new initiatives by principal subsidiary Sojitz Aerospace Corporation.

Q: Sojitz has a long history of involvement in the aerospace industry, and I suspect that the Company has always been strong in this field. Nonetheless, the increase in the profit from this business seen over the past few years seems quite large. Why have you been able to generate this type of profit as of late? What has changed from your prior approach?

A: Next year will mark the 62nd year of Sojitz's participation in Japan's aerospace industry. Also next year, our sales representative contract with The Boeing Company of the United States will enter into its 60th year. Considering the fact that Boeing will celebrate the 100th anniversary of its founding next year, this means that our partnership with this company has continued over six-tenths of Boeing's history. The reason why the profits of

the aerospace business have been increasing to a greater degree than before is that we have begun advancing our used aircraft business in addition to sales representative operations. Also, while airlines were only purchasing two or three aircraft at a time during the 1990s, we have recently seen airlines purchase around 70 aircraft at once. This does not mean that we will be recording these sales as large lump sums of profit, but the increase in number of aircraft delivered each fiscal year will drive earnings growth to a certain degree.

Q: With regard to the recent increases in profit for the aerospace business, what makes you think that you can sustain this trend?

A: Air traffic is on the rise, and this trend is anticipated to continue going forward. As Japan's population is not projected to increase, we cannot expect a rise in aircraft demand due to higher demand for domestic air travel. Nonetheless, we do forecast growth in aircraft demand. This growth will come from a myriad of factors, including demand for travel to Japan from Europe and the Americas stimulated by the upcoming Tokyo Olympics, higher air traffic throughout Asia, and a rise in flights to new destinations brought about by improved fuel efficiency.

Q: I believe that the part-out business has high profit margins. Is this correct?

A: It is true that the part-out business features high profit margins. However, maintaining these high margins requires the ability to procure high-quality aircraft at low prices. Without insight and expertise, there is the risk that a company will not be able to sell parts from a dismantled aircraft, even if it was bought at the same price offered to competitors. Good judgment and market access is crucial to maintaining high profit margins in this business field. Luckily, we have been able to effectively utilize Sojitz's expertise in this respect.

Q: Under Medium-term Management Plan 2017, the Aerospace & IT Business Division is slated to conduct investments and loans totaling ¥20.0 billion. In what fields will these investments and loans be conducted?

A: We plan to conduct investments and loans in business jets, the part-out business, and the airport operation business.