

**Sojitz IR Day**  
**Chemicals Division**  
**Investors Meeting (December 17, 2015)**  
**Condensed Transcript of Q&A Session**

Q: How do you view the current operating environment? Are there any factors that warrant caution due to the economic slowdown in emerging countries?

A: Looking at the chemical industry as a whole, the operating environment has been heavily influenced by the drop in the crude oil price as well as the effects of yen depreciation, and exports have been driving earnings improvements. For Sojitz, associates possessing manufacturing functions have been securing earnings without issue. If we compare the first half of the year ending March 31, 2016, with the second half, however, we see a slight degree of economic slowdown in the Chinese market and a subsequent decline in the movement of goods in emerging countries. These factors are sources of instability. In China, for example, sales of televisions and consumer electronics have started to grow sluggish. To address this situation, the Company is taking advantage of the resulting idle production capacity in China to conduct new trade initiatives that direct this capacity toward other parts of Asia and India.

Q: At the previous IR Day, there was an explanation of the Company's industrial salt and barite operations. How are these operations proceeding and how are earnings?

A: These operations are performing smoothly and production volumes are on the rise. Indian industrial salt operations are feeling the impacts of the economic slowdown in China, but we have managed to secure increased sales volumes by expanding the number of users we supply in Asia and other regions. As for barite operations, production did not proceed in accordance with plans at first. Nevertheless, we have recently been achieving steady growth in production volumes. Looking at the business environment, the decrease in the number of oil and gas drilling rigs in the United States has slightly dampened the overall market climate, and selling prices are declining. For this reason, we aim to grow earnings by increasing production volumes.

Q: I understand that the Chemicals Division is targeting profit for the year of more than ¥10.0 billion for the year leading up to the year ending March 31, 2018. Where exactly do you expect earnings growth to come from? Also, what will the ratios of increase be for investment and trading?

A: There is no specific area of operations within the Chemicals Division that is expected to show particularly strong growth. Rather, we hope to create revenue-generating businesses in each department. We will endeavor to build an earnings foundation that is capable of stably generating profit for the year of more than ¥10.0 billion by forming business clusters in areas of operations, such as methanol, petroleum resins, industrial salts, and barite. As for investments and loans, we have not yet finalized all the projects we will take part in over the next three-years. However, we can say that investments and loans will be primarily be aimed at acquiring trading capabilities to create revenue-generating businesses, and M&A will be considered as possible options. We are envisioning a split of roughly 50-50 between trading and investments. Looking ahead, we expect that trade between Asia and China, the United States, and Europe will increase, and, for this reason, we forecast growth in both business earnings and overseas trade revenues.

Q: Trading companies and other rivals are also looking to increase trade revenues. In such environment, what are Sojitz's strengths and why do you feel confident in the Company's ability to succeed?

A: One of Sojitz's main strengths is its balanced distribution of human resources among product lines and regions. In addition, we are cultivating local nationals in China and other parts of Asia, and these individuals have begun conducting unique trading businesses. Previously, we have primarily stuck to trading with Japanese manufacturers. Going forward, however, we plan to grow operations by introducing non-Japanese manufacturers to customers to expand the scope of our business and by providing distribution proposals that are based on a fresh approach. At the same time, we will work together with local manufacturers with which we have formed relations to conduct sales operations targeting other regions. We can say with confidence that our networks have allowed us to undertake such endeavors and is Sojitz's strengths.

Q: In the plastic resins business, how does the role of Sojitz differ from those of principal subsidiaries in this business?

A: The plastic resins business is almost completely contained within the Companies subsidiary, Sojitz Pla-Net. However, by incorporating this company into Sojitz's overseas network, we have established a system through which subsidiaries and Sojitz Pla-Net play different roles in handling Japanese products overseas. With regard to global purchasing by Japanese companies, for example, purchasing plans and strategies are set in Japan.

Sojitz's subsidiaries and sales companies around the world then conduct sales activities and marketing based on these policies while maintaining contact with Sojitz.