

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

Q: I understand that the strategies of the Infrastructure & Environment Business Division call for it to grow earnings primarily through infrastructure and IPP projects. However, other general trading companies do not seem to be anticipating any great degree of profitability in these areas. How then does Sojitz intend to raise ROA?

A: The division continues to select and focus resource allocation, and we have set the policy of not engaging in projects that fail to clear internal investment and profitability standards. Going forward, we will maintain the strong relationships we have forged with our partners with which we have built track records while developing portfolios of quality projects and assets. We believe that profitability can be improved in this manner.

Q: Sojitz has announced its intention to conduct investments and loans totaling ¥50.0 billion over the three year period of Medium-term Management Plan 2017. In what fields will these investments and loans be conducted?

A: Aiming to accumulate quality assets, we will begin by focusing investments and loans on IPP projects, and will then branch out toward overseas renewable energy projects. In addition, we are examining the possibility of undertaking initiatives in the plant field, mainly in the EPC (engineering, procurement, and construction) business. In this field, we will consider taking part in gas-related development projects and in downstream businesses. Based on these policies, we will conduct investments and loans targeting the figure of ¥50.0 billion.

Q: I understand that you expect earnings growth in the industrial machinery and bearings field to play a part in accomplishing the profit targets for the final year of the medium-term management plan. Specifically, where do you expect this earnings growth to come from?

A: Sojitz Machinery Corporation, in the industrial machinery and bearings field, is one of our principal subsidiaries, and we are anticipating earning growth to be achieved by this company. In addition, we are currently forecasting that significant earnings contributions will be realized through the accumulation of renewable energy and IPP assets.

Q: In regard to profit growth leading up to the year ending March 31, 2018, when do you expect projects in which investment has already been conducted begin contributing to earnings and how large do you believe these contributions will be?

A: A major proponent of earnings growth leading up to the year ending March 31, 2018, will be an EPC project in Turkmenistan. We are also exploring new businesses in the industrial machinery and bearings field, and we anticipate that we will be able to participate in some fairly large projects in regions such as Southeast Asia and Russia. Elsewhere, we are currently engaged in negotiations regarding an IPP project in Mongolia, and other acquisition projects are progressing as well.

Q: Are there any concerns about any particular risks that may impact your ability to achieve the goals set forth for the year ending March 31, 2018?

A: We have placed a lot of expectations on a certain large-scale EPC project. There is a risk that we will not be able to acquire the contract, but negotiations are proceeding in a manner that strongly suggests we will indeed be able to acquire the project.

Q: How do you plan to increase the earnings of subsidiary Sojitz Machinery?

A: Sojitz Machinery has an incredibly diverse product lineup. We see prospects for this subsidiary in the overseas expansion of businesses developed in Japan as well as in the EPC field that require this company's specialties, and we are working to give form to these prospects. Going forward, we will strive to raise profits by developing the operations of the Infrastructure & Environment Business Division and the subsidiary in a complementary manner.

Q: What is the role of the Controller Office and what have been the benefits or the disadvantages of its establishment?

A: The Controller Office is closely connected to the sales team, a position that has numerous benefits and no disadvantages. An example of the benefits would be increased structuring speed of projects. In addition, the Controller Office enables us to take a more diligent approach toward post-investment follow, which has been a significant aid in improving our ability to respond to extraordinary occurrences through coordination between corporate teams in the Company. Furthermore, the Controller Office provides advice on evaluating the businesses candidates for M&A and has the power to check and restrict such activities. It has been constructing a collaborative relationship within the Company, and these factors have been helping businesses in an effective manner.

Q: The Infrastructure & Environment Business Division plans to raise the combined ROA for the three businesses from the current 2.8% to 3.3%. In what manner do you expect each business to contribute to this improvement?

A: The improvement in overall ROA is expected to be driven primarily by the expansion of the business of Sojitz Machinery and of other operations in the industrial machinery and bearing field. This expansion will compensate for the decline in ROA anticipated to be seen in the power and environmental infrastructure business as a result of investment in solar power IPP projects.