

Sojitz IR Day
Consumer Lifestyle Business Division
Investors Meeting (December 19, 2013)
Condensed Transcript of Q&A Session

Q: In the grain value chain, what is Sojitz's current grain trading volume, and where will earnings come from when you raise the trading volume to 10 million tons?

A: Our trading volume this fiscal year will be about 5 million tons, mainly in Asia and Japan. As for where we will generate earnings, we are focusing strategically on the food business. Our basic concept is to strengthen the backbone of this business by creating a value chain from upstream to downstream, and branching out to other businesses. We will conduct business investment as well as trading, and expand into downstream areas after adding value, capitalizing on business opportunities at each stage. In short, we plan to generate earnings by building an end-to-end value chain.

Q: Other Japanese trading companies are also moving to expand their presence in grain trading. What are the advantages of Sojitz's agriculture, grain origination, storage and export terminal business in Brazil?

A: One advantage is that our partner, Cantagalo General Grains, is very strong in agricultural production and grain origination, and has port facilities in northern Brazil and at Santos in southern Brazil. Brazil has problems in distribution, and we believe that our approach is a competitive plan in that respect.

Q: Will you improve the current level of ROA by increasing the ROA of new investments and loans? In which existing business areas will you improve ROA?

A: To give one example of how we will improve ROA in the case of new investments and loans, in the agriculture, grain origination, storage and export terminal business in Brazil that we invested in recently, ROA should improve

substantially because we added business investment to the trading-centered business that we have traditionally focused on.

We have also been making various investments in our existing businesses. Many of these are still in the early stages, but if we can get the businesses up and running, they should start contributing to earnings next fiscal year or the year after.

Q: Regarding the grain value chain, what is the breakdown of the current trading volume of 5 million tons by product type and which of those grains will increase?

A: Of the 5 million tons of grains we handle, about 70% is wheat, and the rest is corn and soybeans. In Brazil, the volume of feed grains, primarily soybeans, will increase substantially, part of which will go to increasing soybean sales to China.

Q: To grow related businesses in Japan, will you increase profits mainly by expanding existing business?

A: In Japan, we have the sales companies Sojitz Foods and Sojitz Building Materials and are thinking of different approaches from those we have taken up to now. For example, Sojitz Foods might apply its areas of strength, such as frozen imported North American beef, to expand in Asia. Similarly, Sojitz Building Materials is considering not only dealing in imported plywood, one of its strengths, but also teaming up with Japanese partners to expand into Asia.

Q: How you get along with local partners will be important in tapping domestic demand in Asia. What benefits do you feel those partners will gain from teaming up with a Japanese trading company?

A: Our partners, such as City Mart in Myanmar, are leading companies in those countries and have ample capital. In addition to providing information technology and distribution infrastructure, we are expected to play a role in developing the country's human resources, up to the middle management level.