Aerospace & Transportation Project Division

We will enhance our business operations in sectors such as aircraft leasing, part-out, and business jets, while focusing on the airport and transportation infrastructure business in emerging countries where demand is growing.

Koichi Yamaguchi
Managing Executive Officer, COO
Aerospace & Transportation Project Division

Business Models Supporting Value Creation

**Strengths**

| Experience in the aircraft sales business with more than 900 aircraft sold, accounting for the top market share in Japan |
| Received contracts for the construction of approximately 1,500km of railway track in India |
| One-stop solutions encompassing everything from shipbuilding and marine transport to machinery and equipment |

**External Environment**

**Opportunities**
- Increase in global aircraft demand
- Growth of inbound demand ahead of the 2020 Tokyo Olympics and Paralympics
- Increased worldwide demand for transportation and airport infrastructure
- Rising demand for energy-efficient ships and LNG carriers

**External Environment - Risks**
- Decreased aircraft demand due to the declining population in Japan
- Country risk in emerging markets
- Decreased transaction volume due to deterioration of the shipbuilding industry in Japan
- Increasingly strict environmental regulations

**Businesses**

**Aerospace**
Based on our excellent track record acting as distributor for passenger aircraft in Japan, our division imports, exports, and sells machinery related to the aerospace and defense industries. We will expand the value chains for our aircraft business to construct new earnings foundations.

- Sales representative business (commercial/defense)
- Business jet services
- Aircraft leasing
- Part-out of retired and aged aircraft
- Sales of aerospace-related equipment, parts and materials (Sojitz Aerospace Corporation)

**Transportation Infrastructure**
We are increasing our involvement in the development and management of transportation infrastructure—mainly airports and railways—and contributing to the revitalization of local areas both in Japan and overseas, particularly in emerging countries.

- EPC business in the transportation and cargo transport infrastructure fields
- Railcar maintenance, repair, and overhaul
- Airport management

**Marine Vessels**
In addition to importing, exporting, and selling marine vessel machinery and shipbuilding equipment, we provide a wide variety of solutions for the marine vessel and maritime shipping industries—including new vessel construction, buying and selling aged marine vessels, arranging chartered vessels, and managing operations of marine vessels.

- Marine vessel business/marine equipment sales (Sojitz Marine & Engineering Corporation)
- Ship-owning business
Growth Strategy

The market is expected to expand due to both anticipated growth in worldwide demand for aircraft and transportation/airport infrastructure, as well as the approaching Tokyo Olympics and Paralympics.

The mission of our division is to create solutions incorporating our railway and marine vessel businesses that provide new value in response to the needs of the international community, while building on our trust cultivated over many years in the aviation sector, working with aircraft manufacturers, airline companies, and airport operators.

Our approach is to first expand the value chain for our aircraft business based on our excellent track record acting as distributor for passenger aircraft in Japan, to build new foundations for earning. Our part-out business, which sells second-hand parts from decommissioned and aged aircraft to airlines and aircraft maintenance companies, exemplifies this approach. As part of efforts to come up with new products and stronger services, our division is actively working to improve our business jet services, for which demand is growing worldwide. In addition, we are developing transportation infrastructure centered on airport management and working on businesses that help revitalize local communities in Japan and overseas, particularly in emerging countries. By developing secondary modes of transportation centered around airports, such as railways and vessels, as well as shopping centers, accommodations, and industrial parks in the surrounding areas, we will add value and bring new life to regional infrastructure in a way that only the Sojitz Group can.

Part-out business of retired and aged aircraft

We will expand business activities by leveraging our networks and expertise to further strengthen our earnings foundation, with the aim of scaling-up our part-out business of retired and aged aircraft. We are also deepening our relationships with our partners in Europe and the Americas, and we aim to construct and acquire more robust business platforms through M&A and investments in industry players.

Transportation infrastructure business

Our EPC initiatives, exemplified by our Indian railway project, are performing steadily, and the Canadian MRO company in which we invested in 2015 is also continuing to ensure steady earnings. Our EPC initiatives, exemplified by our Indian railway project, are performing steadily, and the Canadian MRO company in which we invested in 2015 is also continuing to ensure steady earnings. Our goal from now on is to strategically diversify our regional partner scheme and to stabilize our earnings.

Business jet services

We are accumulating projects targeting new and existing customers and steadily increasing the scale of our business. Through such initiatives as the Phenix Jet Group, in which we began collaborating in 2018, we are creating high value-added services with the goal of further increasing our earnings.

Airport management business

We are actively involved in airport management business, both overseas (Palau and Khabarovsk) and in Japan (Shimojishima, Kumamoto, and elsewhere), and we are using the experience gained from these businesses to strengthen our airport management and operation functions. We are also engaged in M&A of airport-related businesses and are working to expand distribution services as we seek to expand our earnings foundation through synergy with other Sojitz Group businesses.

MTP 2020: Looking Back at the First Year

Our aircraft-related businesses remained strong, and there was steady progress on the construction of the freight railway in India. Generally, everything progressed as planned.

Change in Gross Profit

\[
\begin{align*}
\text{Change in Profit for the Year} & \quad (\text{Billions of yen}) \\
& 
\begin{align*}
\text{FY2017} & \quad 10.0 \\
\text{FY2018} & \quad 15.7 \\
\text{FY2019 (Forecast)} & \quad 15.5 \\
\end{align*}
\end{align*}
\]

Change in Profit for the Year (Attributable to Owners of the Company) and ROA

\[
\begin{align*}
\text{Change in Profit for the Year} & \quad (\text{Billions of yen}) \\
& 
\begin{align*}
\text{FY2017} & \quad 5.0 \\
\text{FY2018} & \quad 3.3 \\
\text{FY2019 (Forecast)} & \quad 4.0 \\
\end{align*}
\end{align*}
\]

Asset Portfolio

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\begin{align*}
\text{Assets in FY2017} & \quad 165.1 \text{ billion yen} \\
\text{Assets in FY2018} & \quad 130.2 \text{ billion yen}
\end{align*}
\]