A Wide Range of Business Fields and Growth Strategies

At a Glance (Year ended March 31, 2019)

<table>
<thead>
<tr>
<th>Business Overview</th>
<th>Profit or Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross profit</td>
</tr>
<tr>
<td><strong>Automotive Division</strong></td>
<td>42.3</td>
</tr>
<tr>
<td><strong>Aerospace &amp; Transportation Project Division</strong></td>
<td>15.5</td>
</tr>
<tr>
<td><strong>Machinery &amp; Medical Infrastructure Division</strong></td>
<td>13.6</td>
</tr>
<tr>
<td><strong>Energy &amp; Social Infrastructure Division</strong></td>
<td>18.7</td>
</tr>
<tr>
<td><strong>Metals &amp; Mineral Resources Division</strong></td>
<td>37.6</td>
</tr>
<tr>
<td><strong>Chemicals Division</strong></td>
<td>46.4</td>
</tr>
<tr>
<td><strong>Foods &amp; Agriculture Business Division</strong></td>
<td>16.4</td>
</tr>
<tr>
<td><strong>Retail &amp; Lifestyle Business Division</strong></td>
<td>38.7</td>
</tr>
<tr>
<td><strong>Industrial Infrastructure &amp; Urban Development Division</strong></td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>241.0</td>
</tr>
</tbody>
</table>

*1 “Total” includes “other” and adjustments.
*2 Includes non-consolidated workers seconded to subsidiary companies, etc.
Together with around 400 consolidated subsidiaries in Japan and overseas, Sojitz is developing a wide range of businesses as a general trading company that is expanding projects in many different countries and regions around the world. We have nine divisions, organized according to function, industrial field, and product, and each of these will quickly gain an understanding of social needs and create high-quality business opportunities.

<table>
<thead>
<tr>
<th>Financial Position</th>
<th>Total assets</th>
<th>Non-current assets</th>
<th>Financial Indicator</th>
<th>Number of employees (non-consolidated)</th>
<th>Number of employees (consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>167.8</td>
<td>66.3</td>
<td>3.7%</td>
<td>94</td>
<td>4,444</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>130.2</td>
<td>41.8</td>
<td>2.7%</td>
<td>98</td>
<td>403</td>
</tr>
<tr>
<td></td>
<td>121.5</td>
<td>54.0</td>
<td>2.3%</td>
<td>87</td>
<td>920</td>
</tr>
<tr>
<td></td>
<td>284.5</td>
<td>210.2</td>
<td>2.1%</td>
<td>156</td>
<td>1,355</td>
</tr>
<tr>
<td></td>
<td>464.6</td>
<td>340.3</td>
<td>7.0%</td>
<td>171</td>
<td>592</td>
</tr>
<tr>
<td></td>
<td>298.6</td>
<td>73.0</td>
<td>3.0%</td>
<td>261</td>
<td>1,703</td>
</tr>
<tr>
<td></td>
<td>125.1</td>
<td>47.8</td>
<td>1.8%</td>
<td>109</td>
<td>2,152</td>
</tr>
<tr>
<td></td>
<td>395.7</td>
<td>76.7</td>
<td>1.4%</td>
<td>168</td>
<td>3,901</td>
</tr>
<tr>
<td></td>
<td>72.5</td>
<td>42.8</td>
<td>1.5%</td>
<td>64</td>
<td>1,216</td>
</tr>
<tr>
<td></td>
<td>2,297.1</td>
<td>1,029.4</td>
<td>3.0%</td>
<td>2,410*2</td>
<td>18,634</td>
</tr>
</tbody>
</table>

Share by Division*3

- Total assets (%)
- Non-current assets (%)
- Risk assets (%)
- Number of employees (consolidated) (%)

*3 Above shares exclude "Other"
<table>
<thead>
<tr>
<th>Division</th>
<th>Month</th>
<th>Events</th>
</tr>
</thead>
</table>
| Automotive Division                          | June   | Formed capital & business alliance with Global Mobility Service  
|                                              |        | Entered the assembly, wholesale, and retail business for Hyundai vehicles in Pakistan                                                                                                                                                                                                                                                    |
| Aerospace & Transportation Project Division  | June   | ANA Business Jet Co., Ltd. established                                                                                                                                                                                                                                                                                               |
|                                              | July   | Mitsubishi Estate, Kokuba-Gumi, and Sojitz to invested in Shimojishima Airport Management, a passenger terminal management company                                                                                                                                                                                                   |
| Machinery & Medical Infrastructure Division   | July   | Joined project for operation of medical facilities in Turkey; scheduled to open in 2020                                                                                                                                                                                                                                              |
| Energy & Social Infrastructure Division       | May    | Acquired stake in our second gas-fired power plant in the U.S.                                                                                                                                                                                                                                                                       |
|                                              | December | Concluded financing agreement on the Jawa 1 Gas-to-Power Project in Indonesia                                                                                                                                                                                                                                                      |
| Metals & Mineral Resources Division          | May    | Agreed to acquire full interest in Australia’s Gregory Crinum coking coal mine                                                                                                                                                                                                                                                     |
|                                              | June    | Joint research and development agreement on next-generation lithium-ion battery material with Toshiba and Companhia Brasileira de Metalurgia e Mineração                                                                                                                                 |
| Chemicals Division                           | March   | Acquired major chemical distributor and marketing company in Germany                                                                                                                                                                                                                                                                 |
| Foods & Agriculture Business Division        | August  | Sojitz tuna farm won runner-up prize at IT Japan Award 2018 (Sojitz Tuna Farm Takashima Co., Ltd.)                                                                                                                                                                                                                                 |
| Retail & Lifestyle Business Division         | February | Established Meat-One Corporation, a marketing company for livestock products                                                                                                                                                                                                                                                      |
| Industrial Infrastructure & Urban Development Division | June | Sojitz New Urban Development Corporation registered as a ZEH Developer, a business that supports net zero energy houses, by the Ministry of Economy, Trade and Industry                                                                                                                                 |
| Other                                        |        |                                                                                                                                                                                                                                                                                                                                       |
February 2018
• Established Meat-One Corporation, a marketing company for livestock products

June 2018
• Sojitz New Urban Development Corporation registered as a ZEH Developer, a business that supports net zero energy houses, by the Ministry of Economy, Trade and Industry

March 2019
• Concluded agreement with Kobe City and the Hyogo Economic Development Center (foundation) relating to overseas industrial parks

June 2019
• Acquired agent license for four industrial parks developed by major Thailand conglomerate

September 2018
• NIPPON REIT Investment Corporation gained a top-ranking Green Star in the GRESB (Global Real Estate Sustainability Benchmark) environmental assessment for the second year in a row

January 2019
• Acquired stake in Indian venture fund / established Sojitz Bengaluru Office

June 2018
• Sojitz Pla-Net joined packaging material manufacturing business in Vietnam

May 2019
• Established corporate venture capital fund

September 2018
• Formed capital & business alliance with Global Mobility Service
• Entered the assembly, wholesale, and retail business for Hyundai vehicles in Pakistan

June 2018
• ANA Business Jet Co., Ltd. established
• Mitsubishi Estate, Kokuba-Gumi, and Sojitz to invested in Shimojishima Airport Management, a passenger terminal management company

May 2019
• MSJA-Kumamoto Consortium concluded basic agreement for the Qualified Project etc. for Kumamoto Airport Operation

August 2018
• Invested in TTCL, an engineering company listed on the Stock Exchange of Thailand

April 2019
• Joined one of Taiwan’s largest offshore wind power projects

May 2019
• Joined biomass power plant project in Tomakomai, Hokkaido

June 2019
• Sojitz and Osaka Gas established natural gas supply company in Vietnam

March 2019
• Completed acquisition of Australia’s Gregory Crinum coking coal mine

March 2019
• Agreed to divest interest in Indonesia’s BAU coal mine

June 2018
• Acquired Vietnam’s largest manufacturer of household paper and industrial paper products

September 2018
• Concluded financing agreement on the Jawa 1 Gas-to-Power Project in Indonesia

May 2018
• Acquired stake in our second gas-fired power plant in the U.S.

June 2019
• Joined biomass power plant project in Tomakomai, Hokkaido
• Sojitz and Osaka Gas established natural gas supply company in Vietnam

December 2018
• Shareholders’ agreement signed for participation in construction and operation of new terminal at Khabarovsk International Airport

May 2019
• MSJA-Kumamoto Consortium concluded basic agreement for the Qualified Project etc. for Kumamoto Airport Operation

August 2018
• Agreed to acquire full interest in Australia’s Gregory Crinum coking coal mine
• Completed acquisition of Australia’s Gregory Crinum coking coal mine

January 2018
• Sojitz Pla-Net joined packaging material manufacturing business in Vietnam

May 2019
• Concluded agreement with Kobe City and the Hyogo Economic Development Center (foundation) relating to overseas industrial parks

September 2018
• Formed strategic business alliance with The Pan Group, a major listed food company in Vietnam

June 2018
• Acquired Vietnam’s largest manufacturer of household paper and industrial paper products

March 2019
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Sojitz Corporation Integrated Report 2019 67
Business Models Supporting Value Creation

Strengths

<table>
<thead>
<tr>
<th>Businesses in 18 countries, 35 Group companies</th>
<th>About 4,400 employees at Group companies</th>
<th>Investment execution capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerating work on dealership/quality assurance businesses in addition to assembly/wholesale businesses, at 35 Group companies in 18 countries across the world</td>
<td>Leveraging roughly 4,400 diverse employees with different cultures and backgrounds, as well as the global management know-how accumulated through that process</td>
<td>Building a business asset portfolio focused on both MTP 2020 and beyond, from existing business areas to initiatives in preparation for the future</td>
</tr>
</tbody>
</table>

External Environment

Opportunities
- Long-term increase in demand for automobiles due to economic development in emerging countries
- Increase in demand for new businesses, such as quality assurance businesses, due to development, as well as production and sales becoming more borderless
- Rising need for multi-modal transport as supply chains grow more complex

Risks
- Country risk due to political, economic, or social changes in emerging countries where demand is rising
- Changes in international strategies of automobile makers
- Changes in demand trends due to diversification of needs and rapid changes in social environment, including strengthening of environmental regulations and developments in autonomous driving technology

Businesses

Businesses that strengthen and refine existing core businesses
We are developing automobile assembly and wholesale businesses in Thailand, Puerto Rico, Russia, Pakistan, and the Philippines. We are also providing high-value-added services integrated with complex logistics services in Japan and overseas, as well as trading automobile and two-wheeled vehicle parts with the Asian market, which we expect to grow in the future.

- Distributor business
- Autrans business

Businesses that establish new revenue sources
We are developing our dealership business in the U.S., Brazil, Russia, and Japan, bringing in continuous revenue from the services provided by each dealership to build an earnings foundation that is not influenced by macroeconomic conditions. Sojitz is also further enhancing the business models which generate profit from the Automotive Division’s strong functions—the automobile parts trading, logistics, and assembly businesses, among others. We are planning to expand the scope of our Autrans business, and in 2017 we also joined a quality assurance business in North America.

- Dealership business
- Parts quality assurance business

Businesses in preparation for future growth
Utilizing the expertise we have cultivated through our vehicle sales business, we are developing an auto-financing business to help facilitate automobile purchases in emerging countries, as well as FinTech services that incorporate advanced technology such as AI and the IoT. Our division actively works to pioneer new business areas, with plans to expand earnings through synergy with our existing businesses.

- Auto-financing business
- FinTech services that incorporate IoT technology
Growth Strategy

We anticipate rising demand for automobiles in emerging nations within Asia and South America in particular, given the increasingly active movement of people and goods which has accompanied their economic development. Meanwhile, waves of great change are sweeping over developed countries, mainly in Europe and North America, with the introduction of ride-sharing services and technological innovations such as electric vehicles and autonomous cars.

These factors have led the Automotive Division to expect ¥30.0 billion in investment during MTP 2020. We have accumulated a wealth of dealership knowledge and experience, with us positioning the business as a stable earnings foundation for the company. We aim to further increase the value of the business by conducting new M&A of top dealerships located in the promising markets where we already have operations, like the U.S. and Brazil, and expanding our maintenance services, sales of parts and pre-owned vehicles, in addition to sales of new vehicles.

We are also actively focusing on strengthening new functions. We are working not only on our auto financing business, but also our automotive parts quality assurance business, for which demand continues to increase as supply chains grow more diverse.

In addition, the division is making efforts to develop personnel capable of corporate management by having employees across frontlines experience through management of operating companies that contribute to local communities. We are aiming to develop personnel who can create new businesses and functions in response to changes in the automobile industry, in pursuit of sustained growth.

Hyundai distributor business

Sojitz has many years of experience assembling and selling Hyundai automobiles, and our distributor management function has enjoyed high praise from Hyundai Motor Company. After our success in Puerto Rico and Thailand, we joined another distributor business in 2018. This distributor in the 200-million-strong Pakistan market includes CKD production, setting it apart from our other distributor businesses.

* Complete Knock Down: A production method that involves importing and assembling all the parts that make up an automobile and sale in the local area.

Automotive parts quality assurance business

Together with Green Tec Corporation, the largest automotive quality assurance provider in Japan, Sojitz acquired full management rights to Stratosphere Quality LLC (Indiana), the largest quality assurance company in the U.S. We will maintain the company’s stable earnings structure, harnessing its customer base of roughly 3,000 companies in North America, while striving to expand the business in the U.S. and develop into Europe and Asia.

Autrans business

The Autrans business joins our automobile/two-wheeled vehicle supply chain management functions with a high value-added, multimodal logistics service that combines financing, just-in-time manufacturing, inspection services, VMI, and easy assembly. We have established locations in Japan, Thailand, Indonesia, and even India, and we are expanding our services further into Asia.

* Vendor Managed Inventory: A method wherein the parts supplier owns the parts inventory on behalf of the client, replenishing the inventory based on forecasted client demand.
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 1,500 km of railway track in India
- One-stop solutions encompassing everything from shipbuilding and marine transport to machinery and equipment

**Over 50 years of business experience** in the aerospace, transportation, and marine vessel fields

**Ability to collect and analyze information** related to the aerospace industry, enabling us to grasp the needs and issues of aircraft manufacturers, airlines, leasing companies, parts-related companies, airport facilities companies, and others

**Ability to propose** integrated transportation infrastructure solutions

**Ability to pursue synergy** with other divisions in airport management business projects

**Comprehensive capabilities** in the marine vessel field, leveraging a wealth of knowledge and a network spanning 13 locations in 6 countries

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**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

**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 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.

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 investing in 2017, and a new venture with ANA Holdings, with 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 synergies with other Sojitz Group businesses.
Machinery & Medical Infrastructure Division

We are working to expand our existing businesses trading industrial machinery, bearings, and other products, as well as establish medical-related businesses and other new business models.

Ikuo Koinuma
Executive Officer, COO, Machinery & Medical Infrastructure Division

Business Models Supporting Value Creation

**Strengths**

<table>
<thead>
<tr>
<th>Experience</th>
<th>Experience managing operating companies involved in bearings and industrial machinery, a dealership network, and a supply chain infrastructure for procuring parts and products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationships</td>
<td>Relationships with globally competitive domestic and overseas materials, processing, machinery manufacturing, and EPC companies</td>
</tr>
<tr>
<td>Ability to compose and propose</td>
<td>Ability to compose and propose comprehensive business schemes, including design, full-turnkey construction, finance, management, and other aspects</td>
</tr>
</tbody>
</table>

**Relationships**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 years’ experience in the plant business</td>
<td>40 years’ experience in the plant business</td>
</tr>
<tr>
<td>Partnerships with more than 30 companies</td>
<td>Partnerships with more than 30 companies</td>
</tr>
<tr>
<td>Conducting business in over 30 countries</td>
<td>Conducting business in over 30 countries</td>
</tr>
</tbody>
</table>

**External Environment**

**Opportunities**

- Increased demand for infrastructure due to economic development and improved standards of living in emerging countries
- Heightened need for environmental countermeasures accompanying rise of global environmental regulations
- Growth of demand for semiconductors, electromaterials, and other parts made increasingly necessary by industrialized society’s shift towards digitization, automation, and improved productivity
- Surge in innovation and advanced technology, increased investment opportunities in start-ups

**Risks**

- Country risk due to political, economic, or social changes in emerging countries, which comprise the division’s main markets

**Businesses**

**Medical infrastructure businesses**

We utilize our expertise creating PPPs* and businesses in adjacent fields as we work on medical infrastructure projects. Through work on our PPP hospital management project, creating new businesses in the related healthcare field, and investing in medical platforms and new technology, we are helping to improve people’s quality of life.

* Public-Private Partnership: A business that involves collaboration between the public and private sectors.

**Industrial machinery and plant businesses**

Our surface mounter sales business has established a sales and service network centered on China, Southeast Asia, India, and Brazil. For our plant business, we are branching out past our Russia and the NIS-centric operations, accelerating our collaboration with TTCL Public Company Ltd. in Thailand, in which we have a financial stake, and develop EPC projects in Asia. In this way, we are demonstrating our ability to develop projects linked to industrial machinery.

**Bearing & Forefront Industry businesses**

We are involved in a joint venture which manufactures finished bearings, as well as a component processing business which will produce parts used at major bearing factories worldwide. We are securing stable earnings by constructing supply chains focused on China, and in 2016 we began investing in bearing component manufacturing companies in Spain and are now entering the European market.

**Industrial equipment sales (Sojitz Machinery Corporation)**

As an general trading company specializing in industrial machinery, Sojitz Machinery sells and offers support for installation of equipment and materials across a diverse range of fields: advanced systems, heavy industry plants, chemical and environmental plants, industrial machinery, and automobile equipment. We aim to increase Sojitz Machinery’s earnings by increasing the size of its undertakings, and we are focusing our efforts on expanding its business through synergy with other divisions.
Growth Strategy

The Machinery & Medical Infrastructure Division is made up of four operating organizations*: the Medical Infrastructure Department, the Bearing & Forefront Industry Department, the Industrial Machinery & Plant Project Department, and Sojitz Machinery Corporation, our machinery trading company. Our mission is to harness the diverse business functions and partner networks in Japan and overseas that we have cultivated over the long history of our plant project business, to construct infrastructure that will become the foundation for industry in countries around the world.

For our PPP hospital management project in Turkey, we will establish a revenue model that includes facility management services. It will be possible for us to take advantage of the network of diverse companies that we have created to collaborate with them on the development of medical robots tailored to local medical treatment, health, and nursing care needs. We also seek to discover new business opportunities in the future by broadening our outlook to include other businesses in the healthcare field, going beyond medical facilities.

In addition, we will broaden the scope of trading for our existing businesses, such as bearings and industrial machinery, based on an increasing need for digitization automation, and greater productivity in industrialized societies. We believe that demand for plants will continually increase in the future, as they support the economic development of emerging countries. While we will continue our existing EPC business, we are also focusing on environmental projects which contribute sustainable development for local communities and at which Japanese companies excel, such as plastic recycling and waste treatment.

* The division was reorganized on April 1, 2019.

Medical infrastructure businesses

In 2017, we joined the project to construct and manage the Ikitelli Integrated Health Campus in Turkey. This project is one of the world’s largest hospital PPP projects with Japanese corporate involvement, and acting as project manager, we aim to open the health campus in October 2020. We are collaborating with Japanese companies to accelerate the development of related medical services and establish a business model that incorporates both hospital management and hospital-adjacent businesses. We also hope to join businesses which provide medical treatment platforms and businesses utilizing new technology in the “smart healthcare” field. In this way, we will create a variety of services to meet increasing healthcare needs.

Bearing & Forefront Industry businesses

We will branch out from our material procurement/processing/product sales-based supply chains to strategically expand from the Chinese market to the European market. For every link in the supply chain, we are proposing new businesses that will stimulate growth in dealerships, supporting new product development, and expanding our bearing OEM business. In addition, we are aiming at manufacturing automobile parts that use bearing component technology, as well as investing in startups to accelerate new business creation in cutting-edge fields.
We will continue to help realize a prosperous and sustainable society by providing sophisticated infrastructure that balances economic growth with environmental impact.

Masakazu Hashimoto
Executive Officer, COO,
Energy & Social Infrastructure Division

Business Models Supporting Value Creation

Strengths

- 50 years of LNG business knowledge
- Percentage of eco-friendly energy generation in our power generation business: Around 90%*1
- A power generation business that will grow by 7.2 times over 10 years*2

*1 Percentage of power generation portfolio made up of gas-fired and renewable energy. Portfolio currently contains no coal-fired energy asset, and the company is committed to avoid their inclusion going forward.
*2 Expected power generation portfolio in FY2021 compared to FY2012

External Environment

Opportunities
- Increase in energy demand owing to robust economic growth in emerging and developing countries
- Increased demand for clean energy due to heightened environmental concerns
- Expanded demand for privatization (PPP and PFI) of public services and businesses
- Revolutionary changes in business environment due to the advancement of the 5Ds*3

Risks
- Economic stagnation due to increasing protectionism
- Tighter environmental regulations around the globe (e.g. introduction of a carbon tax)
- Delays in system development on the assumption of advancing privatization
- Shortened business and product lifecycles due to advancements in IT technology

*3 Mainly refers to the 5Ds—Depopulation, Decarbonization, Decentralization, Deregulation and Digitalization

Businesses

Gas-related businesses
Our division is developing gas-fired IPP*4 businesses in the Middle East, Asia, and North America. We have used our 50 years’ experience in integrated LNG business, from production to supply, to join a Gas-To-Power project in Indonesia. These projects deal with all stages of the LNG business, from optimal procurement to management of gas to LNG receiving terminals and power generation plants. We are also taking advantage of our networks of contacts in emerging countries in working on a business to supply natural gas, which is leading to less CO2 emission.

*4 Independent Power Producer
- Gas-fired IPP
- LNG liquefaction (LNG Japan Corporation)
- LNG receiving terminal
- Downstream gas businesses

Renewable energy businesses
We are developing and operating solar power plants in 12 locations in Japan and 3 locations overseas. Making use of the knowledge and experience we have cultivated through our success with these plants, we have now joined on-shore wind power generation businesses in Ireland and the U.S., an off-shore wind power generation business in Taiwan, and a biomass power generation business in Japan.

- Solar IPP
- Wind power generation
- Biomass power generation

Social infrastructure businesses
Through Nissho Electronics, we sell information communications equipment, IT infrastructure, and more. We also provide services including system construction, maintenance, operation, and monitoring. SAKURA Internet Inc.’s data center business provides highly reliable services using the company’s massive IT infrastructure and techniques honed over more than 20 years in server-related businesses.

- Network construction for telecommunication carriers
- Data center (SAKURA Internet Inc.)
Growth Strategy

The energy situation around the world is facing a major turning point due to interplay between key regional shifts in supply and demand and the movement towards decarbonization. In terms of supply, the U.S. has become a major player following the shale gas revolution; on the demand side, we believe that the tide of decarbonization will trigger a rapid spread in use of natural gas, LNG, and renewable energy, as China, India, and emerging countries in Asia take the lead in driving future growth.

Experts anticipate that Gas-To-Power will become the pillar that supports expanding energy demand in emerging countries in Asia. This has led us to position it as a core business for the division, which we hope to expand by integrating our experience in LNG businesses and gas-fired power plant PPP/PFI*5 businesses. We are also managing a cutting-edge, high-efficiency gas fired power in the U.S. which utilizes the country’s abundant and inexpensive shale gas as a fuel, thereby further contributing to the realization of a low-carbon society. Meanwhile, for our renewable energy business, we will use our experience with solar power generation businesses in Japan and Germany to accelerate the development of new businesses, in order to respond to the rapid movement towards decarbonization worldwide. Going forward, we will continue to utilize our company’s functions to create high-quality assets and focus on reformatting business models using AI and the IoT.

Our mission is to develop sophisticated social infrastructure that promises reliability, safety, and comfort. To fulfill this mission, we will cooperate with excellent partners in Japan and overseas who share our values, contributing to industrialization in different countries around the world.

*5 Private Finance Initiative: A way of developing public facilities using private funding

Gas-fired power generation businesses

We are focused on harnessing the knowledge we have gained from developing the Gas-To-Power project in Indonesia to develop new projects in countries that want to convert to alternative fuels, especially emerging countries in Asia. We are also engaged in developing and operating highly efficient gas-fired power plants in response to U.S. demand shifting from coal-fired electricity generation to gas-fired.

Gas-related businesses (LNG receiving terminal, downstream gas businesses)

We will install LNG receiving terminals in countries where expect robust gas demand to underpin strong electricity consumption, so called “Gas-To-Power project.” Furthermore we plan to expand our business supplying natural gas to industrial end-users in Vietnam, together with our Japanese partners, and accelerate the development of new projects in other emerging countries in Asia.

Renewable energy businesses (solar power plants, wind power plants, biomass)

We will make use of the knowledge and experience that we have acquired through our participation in solar power generation business in Japan and overseas; wind power generation business in Europe, the U.S., and Taiwan; and biomass power generation business in Japan, to accelerate our expansion into new power sources and initiatives in regions where we expect further growth.

MTP 2020: Looking Back at the First Year

We surpassed our initial target due to favorable resource prices continuing and new solar power in Japan and overseas entering stable operations.

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Gross Profit (Billions of yen)</td>
<td>21.1</td>
<td>18.7</td>
<td>20.0</td>
</tr>
<tr>
<td>Change in Profit (Loss) for the Year (Attributable to Owners of the Company) and ROA (Billions of yen)</td>
<td>(5.8)</td>
<td>5.8</td>
<td>5.5</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>(2.0)</td>
<td>(2.0)</td>
<td></td>
</tr>
</tbody>
</table>

Asset Portfolio

<table>
<thead>
<tr>
<th></th>
<th>Assets in FY2017</th>
<th>Assets in FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>278.8 billion yen</td>
<td>284.5 billion yen</td>
</tr>
</tbody>
</table>

Electric Power Holdings

Total power generation: 1,700MW

*As of March 31, 2019

*Including projects under construction

Sojitz Corporation Integrated Report 2019 75
Metals & Mineral Resources Division

We will optimize our asset portfolio to provide stable earnings resilient to market fluctuations by strengthening existing businesses and developing new ventures.

Masaaki Bito
Executive Officer, COO, Metals & Mineral Resources Division

Business Models Supporting Value Creation

Strengths

Sole general trading company with coal mine operations know-how
Building on our accumulated expertise as owner-operator of an Australian coal mine by developing other Sojitz-owned mines and venturing into the contract mining business

One of the leading importers of rare metals to Japan
Maintaining our large market share through a combination of trading and upstream investments in various rare metals—niobium, chromium and nickel amongst others

Stable earnings from businesses such as Metal One, one of the world’s largest steel-based general trading companies
Increasing our stable earnings by expanding our business in growing markets and capturing new demand

External Environment

Opportunities
- Increase in demand for mineral resources, steel, and industrial materials in emerging countries
- Demand for new products arising from strengthened and revised environmental regulations
- Increased demand for innovations and new materials which contribute to the development of a sustainable society
- Increased demand for environmentally-friendly businesses, such as recycling and by-product management

Risks
- Fluctuations in market prices and exchange rates resulting in falling revenues
- Arising geopolitical risks, such as resource nationalism and trade friction between the U.S. and China
- China’s economic slowdown resulting in metal resources and product price slump
- Substitute products and strengthened regulations resulting in lower product competitiveness
- The global trend towards stringent environmental regulations, such as a carbon tax

Businesses

Upstream interests businesses
Building on our expertise in management and technical know-how as owner-operator of the Minerva Mine in Australia, we make investments in Australian and Indonesian coal mines. Our Brazilian niobium interest is the feature of our diverse rare metals portfolio, and as with our Worsley Project in Australia, we have established an integrated production system of non-ferrous metals, such as alumina, covering the entire process from mining to smelting.
- Coal (thermal coal, coking coal)
- Rare metals (niobium, chromium, nickel)
- Non-ferrous metals (copper, alumina)

Trading businesses
As the exclusive distributor of various world-leading suppliers, we have accumulated a vast client network over decades of experience in the resources industry. We offer long-term, stable supply of metal resources and industrial materials mainly to the Japanese and Asian steel industry.
- Ferrous materials (coking coal, iron ore, ferroalloys, etc.)
- Thermal coal
- Non-ferrous and precious metals
- Industrial minerals and steel production materials (electrodes, needle coke)

Midstream and downstream businesses
Through Metal One, one of the world’s largest steel trading companies, we have global reach in sales, processing and distribution of steel products. Sojitz JECT supplies carbon products to the steel industry. JAMPT Corporation deals in 3D metal printing technology, which has the potential to revolutionize the manufacturing and distributing business.
- Sales, processing and distribution of steel products (Metal One)
- Trade and sales of carbon products (Sojitz JECT)
- 3D metal printing (JAMPT)
- Manufacture and sales of exfoliated vermiculite (Vermitech)
Growth Strategy

The main themes of MTP 2020 are establishing a stable source of earnings resistant to market volatility, and contributing to a low-carbon society, as called for by the international community.

Propelling us towards these goals are our three growth strategies.

First, we will strengthen our trading business by offering new services. In order to maintain and increase our market share in Japan, as well as extending our reach into emerging markets, we aim to strengthen our relationships with clients, and cater to their diverse demands by expanding our lineup of environmentally friendly products.

Second, we will optimize our upstream interests. By reducing costs in our existing projects and replacing them with more profitable investments, we aim to build an asset portfolio that will generate profit even amidst a market downturn.

Third, we will develop new midstream and downstream businesses, venturing into new business areas in response to social demand and environmental changes.

Acquiring high-quality coking coal and developing a contract mining business

In order to achieve sustainable growth and address the growing global environmental awareness, we took steps to rebalance our coal portfolio by replacing thermal coal interests with high-quality coking coal, as with our acquisition of the Gregory Crinum coal mine in Australia. Making use of the mine’s existing infrastructure, and our accumulated expertise as the sole general trading company to operate its own mine, we will venture into contract mining in surrounding mines, a new business model that will be resilient to market fluctuations.

Developing new applications for niobium

There is increasing demand for high-value-added steel products that are light and strong, driven by the advent of the electric vehicle coupled with carbon emission regulations. As the exclusive distributor to Japan of niobium, an auxiliary material indispensable to steel production, for decades Sojitz has ensured stable supply of the rare metal to Japan. In order to contribute to a greener society not just within the steelmaking industry, we are also developing new applications for niobium. In June 2018, we signed an agreement with CBMM (Companhia Brasileira de Metalurgia e Mineração) and Toshiba Infrastructure Systems & Solutions to jointly develop anode material using niobium titanium oxide, for use in lithium-ion batteries of electric vehicles.

Increasing stable earnings through Metal One and other mid-downstream ventures

Our division owns a 40% stake in one of the world’s largest general steel trading companies, Metal One, which we founded together with Mitsubishi Corporation. Through close collaboration and providing support, we strive to create synergy between Metal One and Sojitz in the metal products business. We have also founded JAMPT Corporation as part of our strategy to augment our stable earnings with new downstream businesses, which is more resistant to market fluctuations compared to upstream investments. Commencing operations in October 2018, JAMPT is Japan’s first 3D metal printing business which covers the entire process from manufacturing metal powders to assimilating metal products. The potential of the 3D metal printing technology is driven by increasing demand for high-precision products, such as aerospace engine components and medical implants.
Under the basic policy of further strengthening our already successful areas of business, we will pursue steady growth for our five main business pillars as we seek the sixth pillar of our division.

Kyosuke Sasaki
Executive Officer, COO, Chemicals Division

Business Models Supporting Value Creation

Strengths

- A wide variety of products, materials, and business proposal capabilities
- An extensive customer network of over 5,000 companies around the world
- Top-level business scale and name recognition among general trading companies
- Operational know-how accumulated through our gas chemical manufacturing business
- A plastic resin business with a global sales and procurement network
- Stable price and quality along with short lead times to our Indian industrial salt business customers throughout Asia
- Consistent C5 and petroleum resin business value chain spanning production to sales in the U.S.

External Environment

Opportunities

- Rising global demand for chemicals driven by economic growth in emerging countries
- Changes in the supply structure in response to social needs
- Increase in environmentally friendly materials, next-generation mobility, and composite materials to address global environmental and social issues

Risks

- Possible decrease in competitiveness and/or transaction volume of some products due to tighter safety and environmental regulations in certain countries
- Pressure on earnings due to volatile market conditions and fluctuations in foreign exchange rates
- Trade stagnation brought about by trade friction between the U.S. and China

Businesses

Methanol

We trade around 2 million tons of methanol in Asia and Europe, and will focus our efforts on creating new gas chemical businesses, including those that deal with derivative products, while continuing the stable operations of PT. Kaltim Methanol Industri (KMI).

Plastic resin

We deal with over 1 million tons of plastic resins through our global sales and procurement network centered on Sojitz Pla-Net. In addition to our mainstay automotive-related and packaging materials concerns, we are aiming to strengthen activities based on the keywords of "environment and innovation."

Industrial salt

We are responsible for handling high-quality industrial salt for the Asian market, and we have a long track record as a stable supplier to our customers. We are working to further enlarge the scope of our Indian supply sources, where we handle 4.5 million tons a year, to make it a solid and stable earnings foundation.

C5 and petroleum resin

In the U.S., we are working on developing businesses involved with DCPD- and poly-DCPD-based C5 resins, an important material used for parts in large trucks, heavy machinery, and construction equipment, and we aim to shore up our earnings foundation through expanding our supply network. We are expanding our global trade, including in the Asian and European markets, and seek to build a complete C5 resin value chain that leverages our customer network.

Rare earths

In addition to our many years of experience importing rare earths from China to Japan, we are the exclusive Japanese importer of Australian company Lynus Corporation Limited’s rare earths. We are increasing the volume of rare earths that we handle while ensuring its quality exceeds user needs.
Growth Strategy

The supply structure of the global chemicals industry stands at a major turning point. Market needs are also continuing to change, with consumer demand expanding due to the growing number of middle-income earners in emerging countries, especially those in Asia, and the development of new products and technologies in response to environmental issues.

The Chemicals Division aims to expand global trade by quickly responding to changes in our business environment and making use of our strong business foundation and marketing capabilities. We will continue to refine the strengths of our existing businesses, make additional investments in new functions, and further expand the value chains of the businesses which form the five major pillars of our organization. Furthermore, we will raise a sixth pillar, focused on global industrial trends such as the environment, mobility, and composite materials.

European chemical marketing and distribution company (solvadis deutschland gmbh)

In 2017, we acquired solvadis deutschland gmbh, a Europe-based chemical marketing and distribution company with a long history in sulfur, sulfuric acid, and methanol. Solvadis handles as much as 1 million tons of methanol and one of its subsidiaries that provides a stable supply of necessary materials to chemical manufacturers in the Höchst Industrial Park in Germany. In 2019, as part of our efforts to enhance our distribution functions, we established facilities to solidify molten sulfur—which is used as a raw material for resins, textiles, fertilizer, and tires—at our logistics center in Belgium. Through this, we expect to be able to provide a stable supply to the region and increase our trade volume.

Plastics Business in Asia

In 2018, we constructed a packaging materials manufacturing plant in Southern Vietnam’s Long An Province in partnership with a major local packaging company. The food packaging materials market in Asia is growing by 10%-15% each year thanks to advancements in cold chain technology, made to meet the requirements of a growing middle class. We seek to expand this packaging business by meeting such market needs throughout Asia. We have invested in an Indian automotive parts die manufacturing company, which is expected utilize its sophisticated technological capabilities to support the growing number of cars and motorcycles being manufactured there. It will also contribute to the Indian vehicle industry, which requires the procurement of dies.

Green Polyethylene

Because sugarcane absorbs CO₂ during growth, green polyethylene is considered to emit zero net CO₂ when burned as a waste material. In 2012, Sojitz Pla-Net acquired the sales rights for this product in Asia and Oceania from Braskem S.A. in Brazil. We are striving to facilitate the spread of environmentally friendly packaging materials through collaboration with retail businesses such as major convenience stores and making proposals to major brand holders.

MTP 2020: Looking Back at the First Year

Although our methanol business is performing favorably thanks to increased market prices, the plastic resins business and other concerns have been impacted by the economic slowdown caused by trade friction between the U.S. and China, and have demonstrated weak performance.

Change in Gross Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Billions of yen)</td>
<td>45.0</td>
<td>46.4</td>
<td>48.0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Billions of yen)</td>
<td>3.0</td>
<td>11.0</td>
<td>12.0</td>
</tr>
<tr>
<td>(%)</td>
<td>2.0</td>
<td>1.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Methanol Sales Volume

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Thousands of tons)</td>
<td>7300</td>
<td>8700</td>
<td>9900</td>
<td>11000</td>
</tr>
</tbody>
</table>

* Figures from FY2017 onwards include the sales volumes of solvadis deutschland gmbh

Asset Portfolio

<table>
<thead>
<tr>
<th>Year</th>
<th>Current assets</th>
<th>Non-current assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>304.9 billion yen</td>
<td>298.6 billion yen</td>
</tr>
</tbody>
</table>
Foods & Agriculture Business Division

We will augment our prime assets to create a sustainable business model, contributing to higher living standards by providing reliable and safe food.

Toshiaki Miyabe
COO
Foods & Agriculture Business Division

Business Models Supporting Value Creation

<table>
<thead>
<tr>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong business foundation in Southeast Asia</td>
</tr>
<tr>
<td>Top class in compound chemical fertilizers in three countries</td>
</tr>
<tr>
<td>Tuna value chain—from farming to processing and sales</td>
</tr>
</tbody>
</table>

Developing a wide range of businesses centered in Southeast Asia, such as grain port operations, flour milling, packaged breads, fertilizer production, and feed production

Establishing a top-class market share in the production and sale of compound chemical fertilizer in Thailand, the Philippines, and Vietnam

Developing a global tuna value chain based on the tuna farming business in Japan and the wholesale processing business in China

External Environment

Opportunities
- Diversification of lifestyles in Asia
- Increase in demand for foodstuffs due to population growth and economic development in Southeast Asia
- Heightened concern for the reliability and safety of food and the protection of food resources

Risks
- Price fluctuations due to an imbalance between supply and demand caused by climate change and changes in government policies
- Impact to the environment on food production
- Pressure on business revenue due to sudden fluctuations in exchange rates

Businesses

Agribusiness
We operate top-class fertilizer businesses in Thailand, the Philippines, and Vietnam. We will capitalize on our strengths—the knowledge and expertise gained in these countries to promote expansion of the business into Myanmar and other neighboring countries.

Feed business
In addition to trading raw materials for livestock feed in Japan, we are striving to expand our business in Vietnam by entering the grain port business in Vietnam and operating a feed manufacturing business.

Foodstuffs business
We conduct sales of raw food materials and food products in Japan and overseas. In terms of food processing, we are involved in confectionery and sugar refinery businesses in Japan, flour milling in Vietnam and the Philippines, and a packaged bread business in the Philippines.

Marine products business
We are constructing a tuna value chain that includes tuna farming in Japan, a processing and wholesale business in China, and sales in Japan and overseas; we are also strengthening our tuna processing and wholesale business in Japan and overseas.
Japanese companies and customer base. Overseas by combining the Pan Group’s business foundation with technology from Sojitz’s network of agribusiness firm in Vietnam. We are striving to accelerate our business expansion in Vietnam and China. Along with our tuna aquaculture business at Sojitz Tuna Farm Takashima, we will work to strengthen and increase our earnings capacity through diverse businesses related to food and agriculture, allowing Sojitz to convert the rapid changes in this region into further growth.

We operate market-leading fertilizer businesses in Thailand, the Philippines, and Vietnam as part of our agribusiness operations, and are utilizing this expertise to develop businesses in Myanmar and other surrounding countries. We will also venture into other agriculture-related businesses fields.

For our foodstuffs business, we are involved in processing businesses, in areas such as milling, sugar refining, confectionery, and bread making, both in Japan and overseas. We will continue to expand our model of supplying raw materials and conducting sales of food products, moving into Southeast Asia. More specifically, in 2017, we established a flour milling company, a food ingredients wholesaling company, and a packaged bread company in the Philippines. We have also been involved in a flour milling company in Vietnam since 2007.

For our marine products business, we will strengthen our tuna value chain, which includes everything from farming to processing and sales, by further developing our processing and wholesale business in Japan and overseas. In terms of our feed business, we plan to enter the grain port business in Vietnam, where we also operate a feed manufacturing business. We intend to leverage these businesses to meet rising fertilizer demands in the future.

In addition, we are cooperating with other divisions that have Vietnam-based businesses in areas such as prepared food, wholesale food, and convenience stores. We will also partner with leading local businesses to promote global business development primarily in Vietnam and the ASEAN region.

We aim to expand sales by implementing detailed promotion strategies for each region and each type of produce in Thailand, the Philippines, and Vietnam, and by increasing exports to neighboring regions. We will also venture into agriculture-related businesses by capitalizing on the long-standing initiatives of our fertilizer business, which has firmly established roots in local areas.

In December 2018, we increased our investment in a tuna processing and wholesale company in China. Along with our tuna aquaculture business at Sojitz Tuna Farm Takashima, we will work to expand sales while we collaborate with leading processing wholesalers in each country where there is demand, such as Japan, China, Europe, and the U.S.

In September 2018, Sojitz formed a strategic business alliance with the Pan Group, a major food and agribusiness firm in Vietnam. We are striving to accelerate our business expansion in Vietnam and overseas by combining the Pan Group’s business foundation with technology from Sojitz’s network of Japanese companies and customer base.

Growth Strategy
Southeast Asia’s rising populations and economic development has brought more diverse lifestyles and an increase in demand for foodstuffs. Our Division aims to strengthen and increase our earnings capacity through diverse businesses related to food and agriculture, allowing Sojitz to convert the rapid changes in this region into further growth.

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Expanding marine products processing and wholesale
In December 2018, we increased our investment in a tuna processing and wholesale company in China. Along with our tuna aquaculture business at Sojitz Tuna Farm Takashima, we will work to expand sales while we collaborate with leading processing wholesalers in each country where there is demand, such as Japan, China, Europe, and the U.S.

Strategic initiatives in Vietnam
In September 2018, Sojitz formed a strategic business alliance with the Pan Group, a major food and agribusiness firm in Vietnam. We are striving to accelerate our business expansion in Vietnam and overseas by combining the Pan Group’s business foundation with technology from Sojitz’s network of Japanese companies and customer base.
Retail & Lifestyle Business Division

We will conduct a variety of businesses that create more prosperity and convenience in the lives of people in Japan and ASEAN countries, with an emphasis on customer-based business.

Yokoyama Naoki
Executive Officer, COO,
Retail & Lifestyle Business Division

Business Models Supporting Value Creation

Strengths

- A network and customer base established over many years
- Track record in management of shopping centers
- Top market leader for North American beef imports and plywood in Japan

External Environment

Opportunities

- Increase in domestic demand accompanying an expansion of the middle-income segment due to economic development in China and the ASEAN region
- Rising demand for Japanese technologies to improve productivity and to address the higher labor costs that stem from labor shortages
- Rising interest in Japan’s food culture (including washoku), and westernization of food
- Greater emphasis placed on sustainable procurement of lumber resources amidst growing environmental awareness

Risks

- Revisions to legal and regulatory systems in Asian countries
- Cost increases due to stricter food quality control in Asia
- Pressure on earnings from business/trading due to drastic fluctuations in foreign exchange rates
- Increase in risks related to human rights and the environment issues due to expansion of manufacturing businesses

Businesses

Retail businesses in ASEAN

We are developing food retail businesses that meet the needs of each ASEAN country’s stage of development. Our focus is on developing four businesses in Vietnam: processing and production of prepared food and processed meats, four-temperature controlled logistics (ambient temperature, fixed temperature, chilled, and frozen), wholesale food and consumer goods, and retail (convenience stores). We are working to improve quality of life by responding to the expectations and interests of local communities.

- Wholesale foods, processing & sales, retail, logistics business

Management of shopping centers

We are contracted to manage and invest in shopping centers to increase their value. We have established a business model in which we use our management expertise to add value to our shopping centers, and are expanding our shopping center management business in Japan and overseas.

- Investment in and management of shopping centers

Processed meat businesses

We are involved in all aspects of meat production, from livestock and fodder to meat packing. Sojitz boasts the top market share in imported livestock and frozen North American beef. We are also working to expand sales in markets in Japan and overseas, and to enhance our ability to procure raw materials through Meat-One Corporation, a marketing company whose shareholders include Japanese meat processing and logistics companies.

- Meat-One Project
- Import business for beef (North America, Australia), pork (North America, Europe), livestock (Australia, North America)

Forest products, textiles, general commodities

We have been involved in trading consumer goods and industrial materials for many years, and are carving out a position at the top of the industry with our plywood and textile sales business.

- Woodchip production
- Wholesale distribution of building materials
- Textiles
- Brand and consumer goods distribution
Growth Strategy

In the midst of unprecedented diversification in consumer preferences, the Retail & Lifestyle Business Division is developing a wide range of businesses that enrich everyday life and offer greater convenience, with customers at the heart of the business. The key elements of our future growth strategy include both expanding businesses, and strengthening the functions we can provide to our customers in the ASEAN region, which is experiencing continued economic growth.

For instance, we created a cold chain in response to customer demand for delicious, high-quality foods as an extension of the wholesale food business that we started in Vietnam. This cold chain business has contributed to sales growth in the local food service industry and supermarkets. In addition, alongside development of our convenience store business, we are establishing plants for daily prepared foods and processed meat products to further increase the appeal of our convenience store products. We took advantage of the expertise gained in Vietnam to enter the wholesale food business in Thailand, where we are building a one-stop system for handling all phases from wholesale distribution to food processing. In Myanmar, we are developing a similar wholesale food business as well.

In terms of shopping center management, we have established a business model based on the shift in consumer trends from the tangible (product-oriented) to the intangible (experience-oriented), which utilizes our expertise in managing facilities in Japan, and adds more value to our company and other stores. We also make use of this know-how overseas to manage Japanese restaurants and food courts.

When it comes to the traditional trading business, we have established an integrated system which covers everything from material procurement to construction costs and moves into the field of interior building materials, which is becoming increasingly high-grade in our building materials business overseas. As for our textiles business, we provide products to major SPAs (specialty store retailers for private label apparel) and have constructed a top-down integrated production system, from the spinning to the sewing process. Through these efforts, we will provide business functions that respond to the needs of our customers, and live up to the expectations and interests of society.

In June 2018, we invested in Saigon Paper Corporation, a major paper manufacturer in Vietnam, to enter the country’s household paper and Industrial paper business. We plan to address rising demand by investing in greater production capacity and efficiency. Additionally, we are expanding our sales channels by utilizing the diverse network of lifestyle businesses that we have cultivated in Vietnam.

Meat-One Project

In February 2018, we established the marketing company Meat-One, together with multiple companies involved in raw meat procurement and sales, meat processing, and distribution. Meat-One combines the expertise and functions of the participating companies, allowing the companies to make use of each other’s procurement, production, and sales networks to provide safe, reliable, and delicious processed meat products at competitive prices to consumers in Japan and overseas.
Industrial Infrastructure & Urban Development Division

The infrastructure and services we provide form the foundation of industrial and urban development. We sort these businesses into three different portfolios: “project-based,” “region-based,” and “property-based,” providing total service packages encompassing everything from development to operation/management.

Yu Mizuike
COO
Industrial Infrastructure & Urban Development Department

Business Models Supporting Value Creation

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Proprietary service with attention to detail</th>
<th>Promoting integration in the real estate business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to build infrastructure and develop products</td>
<td>Contributing to the development of industrial and lifestyle foundations by using proprietary functions, expertise, and services acquired through our industrial parks and urban development business</td>
<td>Providing integrated services from the customer’s perspective, incorporating everything from development to asset management and administrations</td>
</tr>
</tbody>
</table>

External Environment

Opportunities

- Economic development in emerging countries, particularly in Asia (the ASEAN countries, India, etc.)
- Japanese property developers and foreign-owned manufacturing companies (Japanese and others) entering the Asian market
- Growing business opportunities associated with surge in demand expected from the upcoming Tokyo Olympic and Paralympic Games, as well as increased tourist and business traffic to Japan
- Demand in Japanese society for women’s participation in the workforce and solutions to the daycare availability problem; demand for talent development and new job/industry creation in Asian countries

Risks

- Shrinkage of market associated with population decline in Japan
- Risks associated with revisions to laws and other regulatory systems in Asian countries; risk of fluctuations in business conditions, exchange rates, and interest rates

Businesses

Overseas industrial park businesses

We provide integrated services for the development, administration, and management of industrial parks in Asia. We offer services with an attention to detail, geared to both infrastructure and operations, such as providing stable electrical power and other utilities, infrastructure maintenance, and support for businesses establishing local subsidiaries in a new market. In so doing, we create an environment that enables tenants to focus on their businesses.

- Industrial park development, administration, and management
- Industrial park sales agency

Domestic real estate businesses

Our business model has us develop housing and other urban infrastructure, increase its value through management, and then exit from the business. Additionally, we are focusing on developing an asset management business by way of our J-REIT management business.

- Condominiums, for-rent housing
- J-REIT management business
- Offices
- Shopping centers
- Administration and management service

Overseas urban infrastructure business

We aim to enhance city functions by developing administrative, educational, commercial, residential, and other urban infrastructure. For Deltamas City in Indonesia, a comprehensive urban infrastructure development project, we are constructing an industrial park of 1,700 ha, and commercial facilities and a sustainable smart town of 1,500 ha.

- Comprehensive urban infrastructure development business

Comprehensive living support business (daycare management business)

Expanding out from our management of offices, housing, and commercial real estate, we are working on a comprehensive life solutions service that will provide added value to the people who work and live at our properties, by launching a daycare and after-school care management business, for example.

- Daycare and after-school care
Growth Strategy

The business foundation of the Industrial Infrastructure & Urban Development Division is our business asset administration and management. We have built this business up over many years developing industrial parks, housing, and other urban infrastructure. Our fundamental strategy is to build up these sources of revenue as base earnings, constructing a stable earnings foundation that can adequately supplement our earnings when development revenue dips, thereby steadily improving asset efficiency.

In Japan, we will achieve the kind of diverse asset control that our customers seek by further expanding and enhancing our development, asset management, and property management functions. Overseas—and in Asia with its growing middle class in particular—we are concentrating on smart cities and other development projects that will help us secure base earnings in the future, utilizing our urban infrastructure development and management functions honed in Japan.

We will also concentrate more on our strongly performing J-REIT management business and aim to restructure our business portfolio by strengthening our comprehensive life solutions services, including our childcare service business.

Domestic real estate businesses

We are aiming for increased growth in terms of the scale and areas in which we do business by creating reciprocal relationships and cycles between the functions of development in housing and other areas, asset management, and building services related to facility administration and management and residents’ lifestyles.

Overseas industrial park businesses

We make use of our knowledge of industrial park development, sales, and management businesses in Asia and other regions to develop industrial parks in emerging countries, which are attractive locations for production and consumer sales. Our industrial parks allow foreign companies trying to capture demand created by the expanding middle class in these countries to focus on their businesses. In doing so, we participate in a foundation establishment for the advancement of these countries’ manufacturing industries.

J-REIT management business

We are increasing the total amount of assets under the management of Nippon REIT Investment Corporation (NRT), our integrated, listed REIT, and improving the quality of its portfolio to expand our stable earnings foundation. Through Sojitz REIT Advisors K.K., which is responsible for management of the assets, we are carefully identifying properties and increasing their value via our proprietary engineering technology. In the year ended March 2019, five years after NRT was listed, the company’s assets under management totaled around ¥250.0 billion, and we are aiming for ¥300.0 billion in the medium term.

Overseas urban infrastructure business

Our development projects contribute to the growth of burgeoning economies by helping to solve their city-building issues, partnering with appropriate companies. In Deltamas City in Indonesia, we are driving the creation of a city for 250,000 people, making use of the strengths of Japanese companies to equip the city with schools for Japanese people overseas, large shopping malls, and smart housing.

MTP 2020: Looking Back at the First Year

Although sales of industrial parks overseas have moved forward favorably, progress in Japan has been weak due to declining domestic real estate sales.

Change in Gross Profit

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥11.0</td>
<td>8.2</td>
<td>7.0</td>
<td>7.0</td>
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</table>

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

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥3.0</td>
<td>2.1</td>
<td>3.0</td>
<td>1.1</td>
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</tbody>
</table>

Asset Portfolio

- Current assets
- Non-current assets

Assets in FY2017: 72.5 billion yen
Assets in FY2018: 72.5 billion yen