FY2018
Business Results Summary

FY2019–2021
Medium-Term Management Plan

ITOCHU Corporation

May 8, 2018

I am One with Infinite Missions

This document is an English translation of a statement written initially in Japanese. The Japanese original should be considered as the primary version.

Opening Remarks

Masahiro Okafuji
Chairman & CEO

First of all, the global economy has been accelerating growth, with the growth rate far exceeding expectations. However, towards the end of FY 2018, we made our minds not to be carried away by this favorable economic situation but to remove concerns and prepare ourselves for FY 2019 onwards.

Apart from quantitative aspects, we have been implementing various measures and I would like to highlight three topics from the perspective of management achievements.

Achievement in FY2018, Brand-new Deal 2017: General Review I

- Net profit attributable to ITOCHU for FY 2018:
  ¥400.3 bil. (Record high for two consecutive years)
- Record high Gross trading profit, Equity in earnings of associates and joint ventures
- Core profit:¥417.0 bil. (Record high for two consecutive years)
- Profit contribution of group companies
  - ・Profit contribution of group companies: ¥392.3 bil.
  - ・Share of group companies reporting profits: 91.0%
  - ・Total profit of group companies reporting profits: ¥452.9 bil.

  Record high for two consecutive years

  - ・Number of group companies reporting record high profit: 85 out of 300 companies
- Positive Operating Income(Non-consolidated)

Brand-new Deal 2020 1

Achievement in FY 2018, Brand-new Deal 2017

Consolidated net profit of FY 2018 was up by about 50 billion yen from FY 2017, achieving a record high profit of 400.3 billion yen. We also saw record highs in gross trading profit, trading income, and equity in earnings of associates and joint ventures.

In Brand-new Deal 2017, the basic policy was to establish an earnings platform towards our net profit target of 400 billion yen and strengthen our financial position.

To achieve the first objective, we have been building an earning structure that is less affected by fluctuations in resource prices.

As a result in FY 2016, when other general trading companies were forced to book major impairment losses having the drop of resource prices, we became the top general trading company in terms of consolidated net profit. In FY 2017, we were able to grow the non-resource businesses to achieve a record high profit of 352.2 billion yen. And in the last year of FY 2018, we reached our profit target of 400 billion yen, renewing our own record high for two years in a row.

The earnings of our group companies grew significantly in FY 2017, making a major contribution to our overall earnings. The net profit from subsidiaries was 392.3 billion yen, the percentage of profit-making operating companies was 91%, and the profit from those profitable group companies totaled 452.9 billion yen. All of these figures were record highs for the second consecutive year.

Achievement in FY2018, Brand-new Deal 2017: General Review II

- Core free cash flows: 175.0 bil.
- Record high Total shareholders’ equity amount and Ratio of shareholders’ equity to total assets
- ROE: 15.8% (Highest level among general trading companies)
- NET DER: 0.87times(Record low)
- Upgraded to A by Moody’s Investor Service (the first upgrade in 20 years)
- Received number of awards as a leading company related to Work-style Reforms and Health Management

In FY 2018, core free cash flows surpassed our commitment of over 100 billion yen to reach 175 billion yen.

Net DER, an indicator of financial health, was also the best in our history at 0.87. Shareholders’ equity and shareholders’ equity ratio were also at record highs, so we believe our second objective of strengthening the financial position was fully achieved as well.

As a result, we were able to obtain an A rating from Moody’s for the first time in 20 years, so we can say this is also one great achievement of Brand-new Deal 2017.

Awards for Work Style Reform

FY2013	・Integrity Award 2013 (Integrex Inc.)
FY2015	・"HR Award2014"Corporates' Human Resources Divisions Best Performance Award (iQ Co,ltd.) ・"Integrity Award 2015" Best Performance Award (Integrex Inc.) ・"DBJ's Health Management Rating System" the first *sogo shosha* to be granted the highest rank (Development Bank of Japan Inc.)
FY2016	・The Nadeshiko Brand 2016 (METI & TSE) ・The Grand Prize for Global Environment Award (Fujisankei Group) ・Diversity Management Selection 100 (METI) ・Health & Productivity Stock Selection 2016 (METI & TSE)
FY2017	・Platinum Kurumin (MHLW) ・Health & Productivity Stock Selection 2017 (METI & TSE) ・Awards for Enterprises and Workplaces with Pleasant Working Environments and High Productivity (MHLW)
FY2018	・Best Practice Company Award (Tokyo Labor Bureau) ・Excellent Equal Opportunity / Work and Family-Life Balance Companies Awards(MHLW) ・The Award for Companies Promoting Cancer Control in Action Plan as a Project Commissioned (MHLW) ・Award Commending Companies that Implement Excellent Initiatives to Help Cancer Patients Balance Cancer Treatment and Work (Tokyo Metropolitan Government)

Work Style Reform

ITOCHU has been a leading company in the ongoing working style reform. In addition to implementing a morning-focused working system ahead of other companies, we provide supportive measures for employees working alongside long-term treatments of cancer and other diseases, and also organize dress-down days, as ways to enhance employees' productivity.

As you can see here, we have received many awards from the Ministry of Health, Labor and Welfare and other agencies as a result.

Ranking of Most Attractive Employers

*Figures shown in the table below are overall ranking by each survey

Asahi Newspaper	
ITOCHU	**5**
Mitsubishi	53
MITSUI	74
Sumitomo	80
Marubeni	163

Yomiuri Newspaper	
MITSUI	1
Mitsubishi	2
ITOCHU	**3**
Sumitomo	5
Marubeni	17

Nikkei Business	
ITOCHU	**2**
MITSUI	31
Mitsubishi	34
Sumitomo	47
Marubeni	56

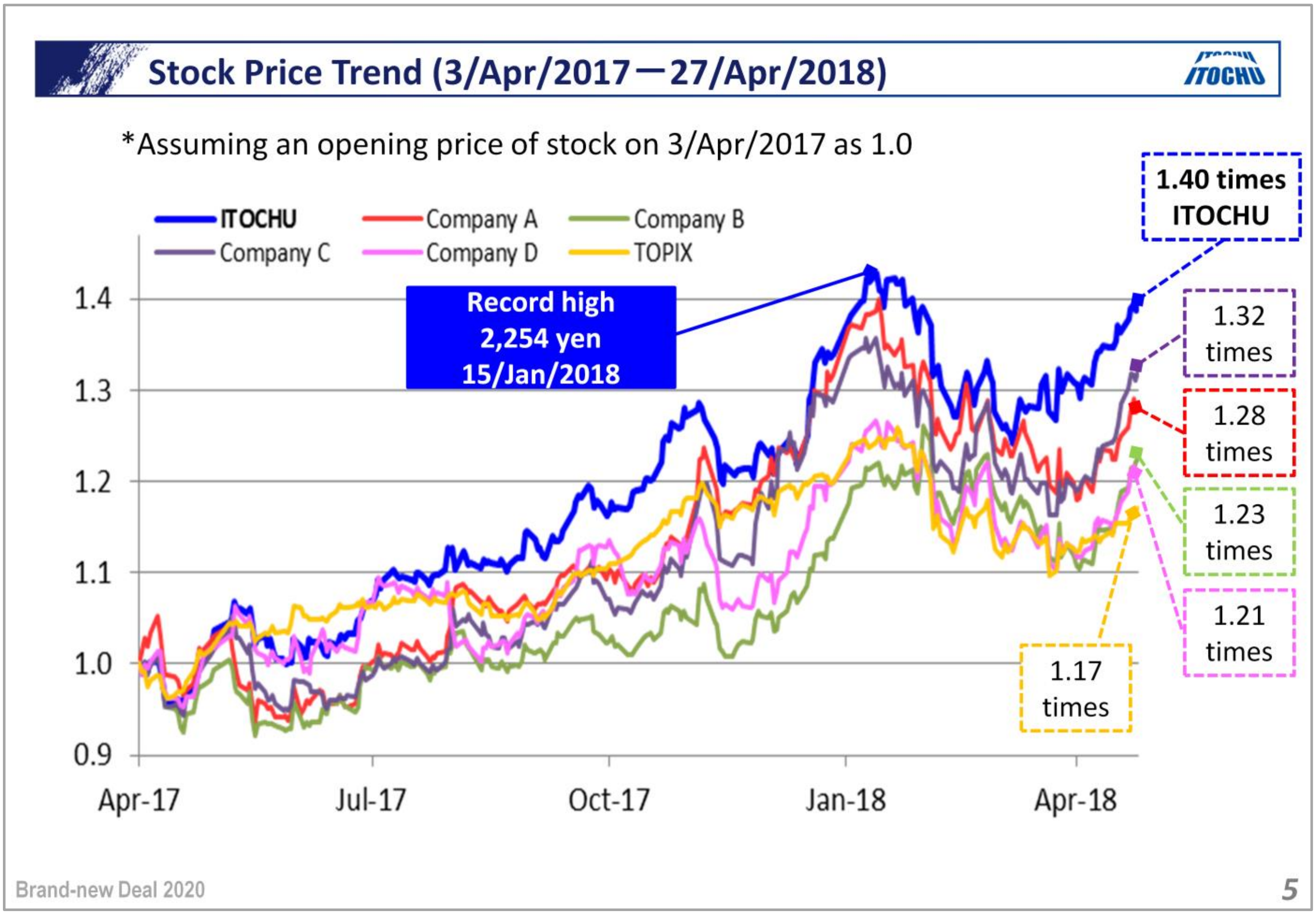
Nikkei Newspaper Digital Edition	
ITOCHU	**2**
Mitsubishi	6
MITSUI	12
Marubeni	29
Sumitomo	30

Nikkei Newspaper	
ITOCHU	**9**
Sumitomo	51
Mitsubishi	54
MITSUI	60
Marubeni	120

Toyo Keizai	
ITOCHU	**19**
MITSUI	67
Mitsubishi	70
Sumitomo	99
Marubeni	104

This is the latest ranking that shows popularity of companies among job-seeking new graduates. We were at top place among general trading companies, and have established a high position in the overall ranking.

We believe this is not only because of our earnings growth, but also due to the appeal of such initiatives.



Stock Price Trend

The closing price of April 3 last year, the first day of FY 2018, was 1,569 yen. After that it rose steadily to exceed 2,000 in November, and on January 15, it reached a record high of 2,254 yen.

This graph shows the historical price change, where 1 is equivalent to the closing price of the first day of FY 2018. ITOCHU's closing price on March 30th was 2,066.5 yen, after which it kept climbing up to 2,194 by the end of April. The stock price has risen by over 1.4 times in about a year.

While other general trading companies repeatedly made upward revisions of their earnings forecasts as resources prices kept rising, ITOCHU's stock price rose at the highest rate. We believe this is because the market appreciated our actual earning strength as well as the credibility of our performance.

Increase Rate of Stock Prices (Since April 2010, Yearly)

	ITOCHU	Company A	Company B	Company C	Company D
	1/Apr. → 31/Mar.	1/Apr. → 31/Mar.	1/Apr. → 31/Mar.	1/Apr. → 31/Mar.	1/Apr. → 31/Mar.
FY2011	829 ↗ 871 +5%	2,479 ↘ 2,309 △7%	1,587 ↘ 1,491 △6%	1,083 ↗ 1,189 +10%	586 ↗ 599 +2%
FY2012	871 ↗ 903 +4%	2,309 ↘ 1,920 △17%	1,491 ↘ 1,357 △9%	1,189 ↗ 1,196 +1%	599 ↘ 597 △0%
FY2013	903 ↗ 1,131 +25%	1,920 ↘ 1,743 △9%	1,357 ↘ 1,313 △3%	1,196 ↘ 1,178 △2%	597 ↗ 703 +18%
FY2014	1,131 ↗ 1,206 +7%	1,743 ↗ 1,916 +10%	1,313 ↗ 1,459 +11%	1,178 ↗ 1,313 +11%	703 ↘ 693 △1%
FY2015	1,206 ↗ 1,301.5 +8%	1,916 ↗ 2,420.5 +26%	1,459 ↗ 1,612 +10%	1,313 ↘ 1,285.5 △2%	693 ↗ 696 +0%
FY2016	1,301.5 ↗ 1,386 +6%	2,420.5 ↘ 1,906 △21%	1,612 ↘ 1,295 △20%	1,285.5 ↘ 1,118.5 △13%	696 ↘ 570 △18%
FY2017	1,386 ↗ 1,580 +14%	1,906 ↗ 2,405.5 +26%	1,295 ↗ 1,612.5 +25%	1,118.5 ↗ 1,497.5 +34%	570 ↗ 685.5 +20%
FY2018	1,580 ↗ 2,066.5 +31%	2,405.5 ↗ 2,862 +19%	1,612.5 ↗ 1,822.5 +13%	1,497.5 ↗ 1,791 +20%	685.5 ↗ 769.9 +12%
During Mid-tem plan (FY2016-2018)	+59%	+18%	+13%	+39%	+11%

Brand-new Deal 2020 6

This graph shows the growth rate of our stock price from April 2010 onwards. While the growth of our peers fluctuate by fiscal year, ITOCHU's stock price has been rising every year.

In the three years of Brand-new Deal 2017, we have grown by over 1.5 times from the beginning of FY 2016 at 1,301.5 yen to 2,066.5 yen.

In FY 2019, our stock price has kept rising, with our market cap exceeding 3.6 trillion yen and getting closer to the 4 trillion mark.

The dividend in FY 2018 was 70 yen per share, adding 15 yen to the previous record level of FY 2017 and sufficiently meeting the expectation of our shareholders.

Net profit attributable to ITOCHU for FY2019 & Dividend per share

■ Net profit attributable to ITOCHU for FY 2019:

¥450.0 bil. (Record high for three consecutive years)

■ Dividend per share (Annual)

・FY2018: ¥70 (Increased ¥6 from the original forecast of ¥64)

・FY2019: ¥74 (Record high, further increase of ¥4)

Net profit of FY 2019, we are planning to add 50 billion yen to the record profit of FY 2018, to achieve 450 billion yen.

We will expand and deepen our current businesses to enable solid earnings, while actively fostering our next-generation businesses to further evolve our business model. We will also push forward with the work style reform in order to boost productivity and quality of the work of our employees. With these plans, we are aiming to renew our record profit for three years in a row, and share the benefit with our shareholders, the society, and our employees. We are going to pursue results in terms of both quality and quantity.

The annual dividend for FY 2018, as we announced last December 20th, is planned at 70 yen. This is based on our dividend formula assuming that the consolidated net profit is 400 billion, which delivers 64 yen, and topping it with 6 yen.

The annual dividend of fiscal 2019 is planned to be 4 yen higher at 74 yen, which is a record high for our company.

FY2018
Business Results Summary

Tsuyoshi Hachimura
Senior Managing Executive Officer, CFO

I am One with Infinite Missions

FY2018
Business Results Summary

May 2, 2018

ITOCHU Corporation

Forward-Looking Statements

Data and projections contained in these materials are based on the information available at the time of publication, and various factors may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not practice undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.

Summary of Net profit attributable to ITOCHU

ITOCHU
I am One with Infinite Missions

(Unit : billion yen)

- **"Net profit attributable to ITOCHU" increased by 14%, or ¥48.1 bil., compared with the previous fiscal year to ¥400.3 bil., which renewed the highest record for the second consecutive year.** Due to the strong earnings in the Forest Products & General Merchandise, Food, ICT and Metals & Minerals sectors, "Net profit attributable to ITOCHU" increased compared with the previous fiscal year in all segments except for the Textile which decreased due to the extraordinary losses. **Profits of Non-Resource sector increased by ¥17.3 bil., compared with the previous fiscal year to ¥331.0 bil., which achieved the highest record.**
- **"Net profit attributable to ITOCHU after deducting extraordinary gains and losses"** (approximately ¥16.5 bil. loss) was **approximately ¥417.0 bil. and renewed the highest record for the second consecutive year.**
- **"Profits/Losses of group companies"** was **¥392.3 bil., "Share (%) of group companies reporting profits"** was **91.0%, both of which achieved the highest record.**
- **"Core operating cash flows"**, after deducting changes in working capital from "Cash flows from operating activities", was a **net cash-inflow of ¥460.0 bil., which achieved the highest record.**
- **Ratio of shareholders' equity to total assets** was **30.8%, which was the highest record. NET DER** was **0.87 times, which was the lowest record. ROE** was **15.8%, which resulted as planned at the beginning of the fiscal year.**

	FY2017 Result		FY2018 Result	Increase/ (Decrease)	FY2018 Forecast (Disclosed on Feb, 2)	Achievement
Net profit attributable to ITOCHU	**352.2**	*	**400.3**	**+ 48.1**	**400.0**	**100%**
Gross trading profit	1,093.5	*	1,210.4	+ 117.0	1,230.0	98%
Selling, general and administrative expenses	(801.8)		(890.3)	(88.4)	(921.0)	97%
Gains on investments	32.1		7.1	(25.1)	-	-
Losses on property, plant, equipment and intangible assets	(16.7)		(29.6)	(12.9)	-	-
Equity in earnings of associates and joint ventures	185.2	*	216.2	+ 31.1	190.0	114%
Income tax expense	(125.3)		(106.1)	+ 19.1	(103.0)	103%
(Reference)						
Extraordinary gains and losses	(18.0)		(16.5)	+ 1.5		
Net profit attributable to ITOCHU after deducting extraordinary gains and losses	approx. 370.0	*	approx. 417.0	+ 47.0		
Profits/Losses of group companies	328.6	*	392.3	+ 63.6		
Share (%) of group companies reporting profits	86.4%	*	91.0%	Increased 4.6pt		

Dividend Information (Per Share)	
Annual (Planned)	70.0 yen
Interim (Paid)	32.0 yen

* : Record High

Brand-new Deal 2017

3

Net profit attributable to ITOCHU: achieved record highs for the second year in a row, to reach 400.3 billion yen.
Net profit attributable to ITOCHU after deducting extraordinary gains and losses: steadily enhancing our earnings strength, with 417 billion yen in base earnings.
Profits/Losses of group companies: totaled 392.3 billion yen. The share of profitable group companies achieved 91%.

Core operating cash flows: 460 billion yen was record high.

Shareholders' equity ratio: was record high of 30.8%.
Net DER: 0.87 times was record low.
ROE: was at 15.8%, which is comparable to global standards.

Dividends: planning to pay out 70 yen per share in annual dividends in FY 2018, which is also a record level.

Gross trading profit: reflected the inclusion of businesses that newly became subsidiaries, like Yanase, C.I. Takiron. Also, the increase from the rise of unit prices at IMEA is included.
SG&A expenses: includes the increase from Yanase and C.I. Takiron.

Equity in earnings of associates and joint ventures: YoY increase of 31.1 billion yen. Due to strong results from companies in the Foods, General Products & Realty, as well as ICT & Financial Business segments.
Extraordinary gains and losses: was a net negative 16.5 billion yen. From the first to 3rd quarter, the figure was a net positive 53.5 billion yen, but we booked 70 billion in losses in the 4th quarter. Details explained later on.

Net profit attributable to ITOCHU by Segment

ITOCHU
I am One with Infinite Missions

(Unit : billion yen)

	FY2017 Result	FY2018 Result
Non-Resource	313.7	* 331.0
Resource	30.6	82.3
Others	8.0	(13.0)
Non-Resource(%)	91%	80%

Note:% composition is calculated using the total of Non-Resource and Resource sectors as 100%.

*: Record High

Summary of changes from the previous fiscal year

Textile [Inc / (Dec) : ¥(12.7) bil.]
Decrease due to the unfavorable sales and the impairment losses in apparel-related business, despite lower expenses.

Machinery [Inc / (Dec) : ¥+10.6 bil.]
Increase due to the favorable performance in aircraft-related and plant-related companies, the absence of deterioration in profitability in ship-related business affected by stagnant market conditions in the previous fiscal year, and lower tax expenses, despite the absence of the gain on sales of a medical-device-related company in the previous fiscal year.

Metals & Minerals [Inc / (Dec) : ¥+37.2 bil.]
Increase due to the higher iron ore and coal prices, the higher sales volume in iron ore-related business, and dividends from a coal-related investment.

Energy & Chemicals [Inc / (Dec) : ¥+18.0 bil.]
Increase due to the favorable performance in chemical-related transactions, higher dividends from oil and LNG projects, the gain accompanying the merger between C. I. Kasei and Takiron, and lower tax expenses, despite the deterioration in profitability in energy trading transactions.

Food [Inc / (Dec) : ¥+10.0 bil.]
Increase due to the higher equity in earnings of associates and joint ventures accompanying the merger of FamilyMart and UNY Holdings, and an extraordinary gain accompanying the partial sales of a Chinese fresh-food-related company, despite the impairment loss in a fresh-food-related company and the absence of extraordinary gains in the previous fiscal year.

General Products & Realty [Inc / (Dec) : ¥+28.1 bil.]
Increase due to the higher transaction volume in European tire-related, natural-rubber-related, and North American building-materials-related companies, the stable performance in foreign pulp-related companies, lower tax expenses, the gain accompanying the partial sales of an asset-management-related company, and the absence of an extraordinary loss in the previous fiscal year.

ICT & Financial Business [Inc / (Dec) : ¥+11.0 bil.]
Increase due to the higher transaction volume in domestic ICT-related companies, the stable performance in mobile-phone-related and CRO-business-related companies, the recovery of foreign finance-related companies, and lower tax expenses.

Others, Adjustments & Eliminations [Inc / (Dec) : ¥(54.1) bil.]
Decrease due to the impairment loss on C.P. Pokphand, the attribution of the internal tax, and foreign currency translation.

4

Apart from Textile segment and Others, Adjustments and Eliminations, the other segments have grown significantly YoY.

Metals and Minerals: posted large YoY increase of 37.2 billion yen to reach 82.5 billion yen, due to the rise in prices of iron ore and coal.

General Products and Realty: The main drivers of the growth are the UK tire business, the natural rubber business, and pulp businesses in Finland and Brazil.

Others, Adjustment and Eliminations: CITIC accounted for 62.9 billion yen in fiscal 2017, and 67.9 billion in fiscal 2018. There was some one-time gain such as from the selloff of a soccer club, but CITIC has been maintaining favorable performance, steadily exceeding the target 60 billion yen.
With CP, we booked an impairment loss considering the impact of the price drop affecting the swine farming business in Vietnam. The business contributed 4.9 billion yen in fiscal 2017, but in fiscal 2018 the impact was negative 29.8 billion yen.

Non-resource and Resource: Record high at non-resource business.

Cash Flows

ITOCHU
I am One with Infinite Missions

(Unit : billion yen)

- **Operating Cash Flows and Free Cash Flows:**
  "Cash flows from operating activities" was a **net cash-inflow of ¥388.2 bil.,** resulting from the stable performance in operating revenues.
  "Free cash flows" resulted a **net cash-inflow of ¥131.9 bil.,** due to the additional investments in FamilyMart UNY Holdings.
- **Core Free Cash Flows:**
  "Core operating cash flows", after deducting changes in working capital from "Cash flows from operating activities", was a **net cash-inflow of ¥460.0 bil., which achieved the highest record**.
  "Core free cash flows" resulted a **net cash-inflow of ¥175.0 bil., and achieved the FY2018 Image of over ¥100.0 bil.+ α**.

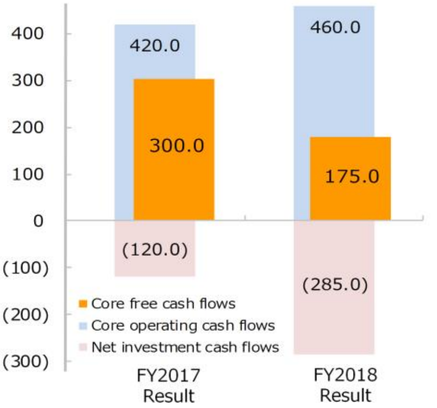
Cash Flows	FY2017 Result	FY2018 Result
Cash flows from operating activities	389.7	388.2
Cash flows from investing activities	(81.3)	(256.4)
Free cash flows	*308.4*	*131.9*
Cash flows from financing activities	(335.4)	(296.1)

Core Free Cash Flows	FY2017 Result	FY2018 Result
Core operating cash flows(Note1)	420.0	＊ 460.0
Net investment cash flows(Note2)	(120.0)	(285.0)
Core free cash flows	300.0	175.0
Shareholder returns (dividend and share buyback)	(99.0)	(121.0)
Core free cash flows after return to shareholders	201.0	54.0

＊: Record High

Core Free Cash Flows

Core FCF achieved over 100.0+ α



Note 1: "Operating Cash Flows" minus "changes in working capital"
Note 2: Payments and collections for substantive investment and capital expenditure "Investment Cash Flows" plus "Equity transactions with non-controlling interests" minus "changes in loan receivables", etc.

Brand-new Deal 2017

5

Core operating cash flows: achieved 460 billion yen, which is record high.

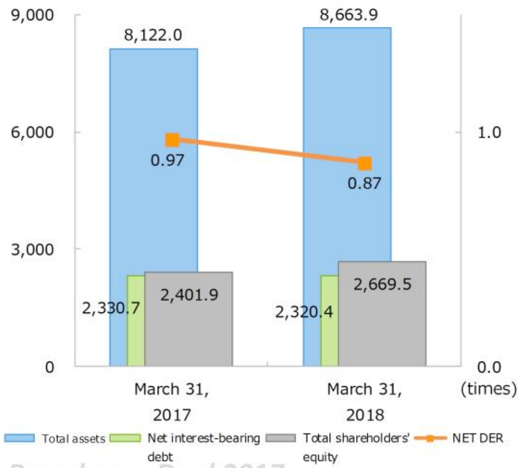
Core free cash flows: Although investment activities became increasingly aggressive from the previous year, we ended the fiscal year at 175 billion yen in core free cash flows. We paid out dividends and bought back shares from here, and we have followed our commitment to maintain care free cash flows at least 100 billion yen in each of the three years.

Financial Position

ITOCHU
I am One with Infinite Missions

(Unit : billion yen)

- **Total assets:**
  Increased by ¥541.9 bil., compared with March 31, 2017 to **¥8,663.9 bil.**, due to the conversion of YANASE into a consolidated subsidiary, the conversion of Takiron into a consolidated subsidiary as a result of its merger with C. I. Kasei, the acquisition of the stake of Iraqi oil fields, the increased trade receivables in food-distribution-related companies with the effect of the last day falling on a weekend, and the increase in investments accounted for by the equity method.
- **Net interest-bearing debt:**
  Decreased by ¥10.3 bil., compared with March 31, 2017 to **¥2,320.4 bil.**, due to the repayment of borrowings accompanying stable performance in operating revenues and steady collections, despite the acquisition of the stake of Iraqi oil fields, the conversion of YANASE into a consolidated subsidiary, the investments in IPP-related companies, and the additional investments in FamilyMart UNY Holdings and a provisions-related company.
- **Total shareholders' equity:**
  Increased by ¥267.6 bil., compared with March 31, 2017 to **¥2,669.5 bil.**, due to Net profit attributable to ITOCHU during this fiscal year, despite dividend payments and acquisition of treasury stock.
- **Ratio of shareholders' equity to total assets , NET DER and ROE:**
  Ratio of shareholders' equity to total assets increased by 1.2 points compared with March 31, 2017 to **30.8%**.
  NET DER (Net debt-to-shareholders' equity ratio) improved by 0.1 points compared with March 31, 2017 to **0.87 times**.
  ROE increased by 0.5 points compared with March 31, 2017 to **15.8%**, which resulted as planned at the beginning of the fiscal year.



	March 31, 2017	March 31, 2018	Increase/ (Decrease)	FY2018 Forecast (Disclosed on Feb, 2)
Total assets	8,122.0	8,663.9	+ 541.9	8,600.0
Net interest-bearing debt	2,330.7	2,320.4	(10.3)	2,350.0
Total shareholders' equity	2,401.9	* 2,669.5	+ 267.6	2,650.0
Ratio of shareholders' equity to total assets	29.6%	* 30.8%	Increased 1.2pt	30.8%
NET DER (times)	0.97	* 0.87	Improved 0.1pt	0.9
ROE	15.3%	15.8%	Increased 0.5pt	15.8%

* : Record High (NET DER : Record Low)

Brand-new Deal 2017 6

<u>Total assets</u>: increased due to the conversion of Yanase into a subsidiary, C.I. and Takiron merging and becoming another subsidiary, as well as the acquisition of the stake of Iraqi oil fields. There's also the effect of the last day falling on a weekend. There was an increase of about 500 billion yen to reach almost 8.7 trillion yen.

<u>Net interest–bearing debt</u>: We have intentionally controlled our net interest-bearing debt, which decreased by 10 billion yen to 2.3 trillion yen.

<u>Shareholders' equity</u>: record high of 2.67 trillion yen.

Extraordinary Gains and Losses

ITOCHU

(Unit : billion yen)

	FY2017 Full year		FY2018 Full year	FY2018 4Q	
Gains(Losses) related to investments	**17.0**	·Merger of FamilyMart and UNY Holdings : approx. 17.0 (Food) ·Gain on sales of a medical-device-related company : approx. 2.5 (Machinery) ·Loss in chemical-related companies: approx. (3.0) (Energy & Chemicals)	**(7.5)**	**(33.0)**	·Gain related to partial sales of a Chinese fresh-food-related company: approx. 18.0 (Food) ·Merger of Takiron and C. I. Kasei: approx. 3.0 (Energy & Chemicals) ·Gain on sales of an asset-management-related company : approx. 2.0 (General Products & Realty) ·Impairment loss on C.P. Pokphand: approx. (29.0) (Others, Adjustments & Eliminations)
Equity in earnings(losses) related to associates and joint ventures	**3.5**	·Gain on disposal of the interest in certain real estate projects in CITIC Limited: approx. 7.0 (Others, Adjustments & Eliminations)	**9.5**	**(5.5)**	·Gain on investments in related companies in CITIC Limited : approx. 8.0 (Others, Adjustments & Eliminations) ·Improvement in tax expenses of FamilyMart and UNY Holdings : approx. 6.0 (Food) ·Impairment loss in FamilyMart and UNY Holdings : approx. (6.5) (Food)
Income tax expense	**(11.5)**	·Japanese anti-tax haven rules amendment : approx. (14.0) (Energy & Chemicals, General Products & Realty, ITC & Financial Business, etc.)	**19.0**	**(1.5)**	·U.S. Tax Reform: approx. 14.0 (Machinery, Food, etc.) ·Decrease in tax expenses relating to pulp-related companies: approx. 5.5 (General Products & Realty) ·Tax expenses in resource project: approx. (5.0) (Energy & Chemicals)
Gains(Losses) related to property, plant equipment and intangible assets, Others	**(27.0)**	·Impairment loss in European Tyre Enterprise Limited : approx. (9.5) (General Products & Realty) ·Loss in ship-related business: approx. (5.0) (Machinery) ·Loss in cocoa-related business: approx. (4.5) (Food) ·Loss in textile-related companies: approx. (3.0) (Textile)	**(37.5)**	**(30.0)**	·Gain related to sales of an overseas assets: approx. 2.5 (Machinery) ·Loss in textile-related companies: approx. (14.0) (Textile) ·Provision for specific overseas project: approx. (11.0) (Machinery) ·Impairment loss in Dole International Holdings, Inc. : approx. (7.5) (Food)
Total	**(18.0)**		**(16.5)**	**(70.0)**	
Non-Resource	(1.5)		(3.5)	(59.5)	
Resource	(20.0)	including internal tax adjustment: approx. (6.5)	(0.5)	(2.5)	
Others	3.5		(12.5)	(8.0)	

Brand-new Deal 2020

12

From the first to 3rd quarter it was a net positive 53.5 billion yen, but we booked a one-time loss of 70 billion yen in the 4th quarter, because based on IFRS rules, we checked and revised the company's fair value at the end of the fiscal year and.

Major items;

Gains(losses) related to investments: We booked an impairment loss at C.P. Pokphand of about 29 billion yen. The prices of pork in Vietnam remains low, as is the stock price, so we reviewed the future value of the business. But we've heard that appropriate measures have been taken to deal with this issue, removing the concerns for FY 2019.

Gains(losses) related to property, plant equipment and intangible assets, others: includes losses related to the Textile business. This is due to impairment losses including for trademark rights and inventory. As another factor , Dole booked impairment for a part of the goodwill of Worldwide Packaged Foods.

Investments

ITOCHU

(Unit : billion yen)

FY2017 Result

	Major New Investments	
Consumer-related Sector	◆ FamilyMart UNY Holdings additional investment ◆ Metsa Fibre capital increase and Loan etc.	
		115.0
Basic Industry-related Sector	◆ Germany Offshore Wind Power Generation Projects (Butendiek) etc.	
		65.0
Non-Resource		**180.0**
Resource-related Sector	◆ IMEA capital expenditure ◆ ACG capital expenditure etc.	
Resource		**35.0**
Total of Major New Investments		**215.0**
EXIT		**(95.0)**
Net Investment Amount		**120.0**

FY2018 Result

	Major New Investments		[4Q]
Consumer-related Sector	◆ FamilyMart UNY Holdings additional investment ◆ FUJI OIL HOLDINGS additional investment ◆ POCKET CARD additional investment ◆ Acquisition of Alta Forest Products etc.		
		185.0	80.0
Basic Industry-related Sector	◆ US Gas-Fired Thermal Power Generation Project (Empire) ◆ Acquisition of YANASE ◆ Acquisition of Panama Automobile Distributor etc.		
		125.0	50.0
Non-Resource		**310.0**	**130.0**
Resource-related Sector	◆ IMEA capital expenditure ◆ ACG capital expenditure ◆ West Qurna 1 Oil Field in Iraq etc.		
Resource		**85.0**	**60.0**
Total of Major New Investments		**395.0**	**190.0**
EXIT		**(110.0)**	**(35.0)**
Net Investment Amount		**285.0**	**155.0**

Note 1 : The figures above are approximate.
Note 2 : Net Investment Amount
Payments and collections for substantive investment and capital expenditure.
"Investment Cash Flows" plus "Equity transactions with non-controlling interests" minus "increase/decrease of loan receivables", etc.

Brand-new Deal 2020 13

We increased investments in the 4th quarter resulting in a YoY increase of 165 billion yen for a net investment amount of 285 billion yen.

Large investments added in the 4th quarter are;
- the additional investment in FamilyMart UNY Holdings,
- Alta Forest Products which is a fence business in the US with the impact of slightly over 20 billion yen,
- the Panama automobile distributor operated by Toyota, in which we invested slightly over 20 billion yen,
- and the resource business in Iraqi West Qurna with slightly over 40 billion yen.

Adding up new investments, the total amount was close to 400 billion yen, but we also exited 110 billion yen. So the net investment amount is 285 billion yen.
The difference of 29 billion yen with this amount and the cash flows from investment activities, which was 256.4 billion yen is due to the cash balance at C.I. Takiron and Yanase which were converted into subsidiaries.

New Medium-Term Management Plan

Yoshihisa Suzuki
President & COO

FY2019–2021

Medium-Term Management Plan

ITOCHU Corporation

May 2, 2018

I am One with Infinite Missions

Contents

ITOCHU

Brand-new Deal 2017 General Review

Brand-new Deal 2020 ITOCHU: INFINITE MISSIONS: INNOVATION

The general review will overlap with the CFO's presentation, so I'd like to start from Brand-new Deal 2020.

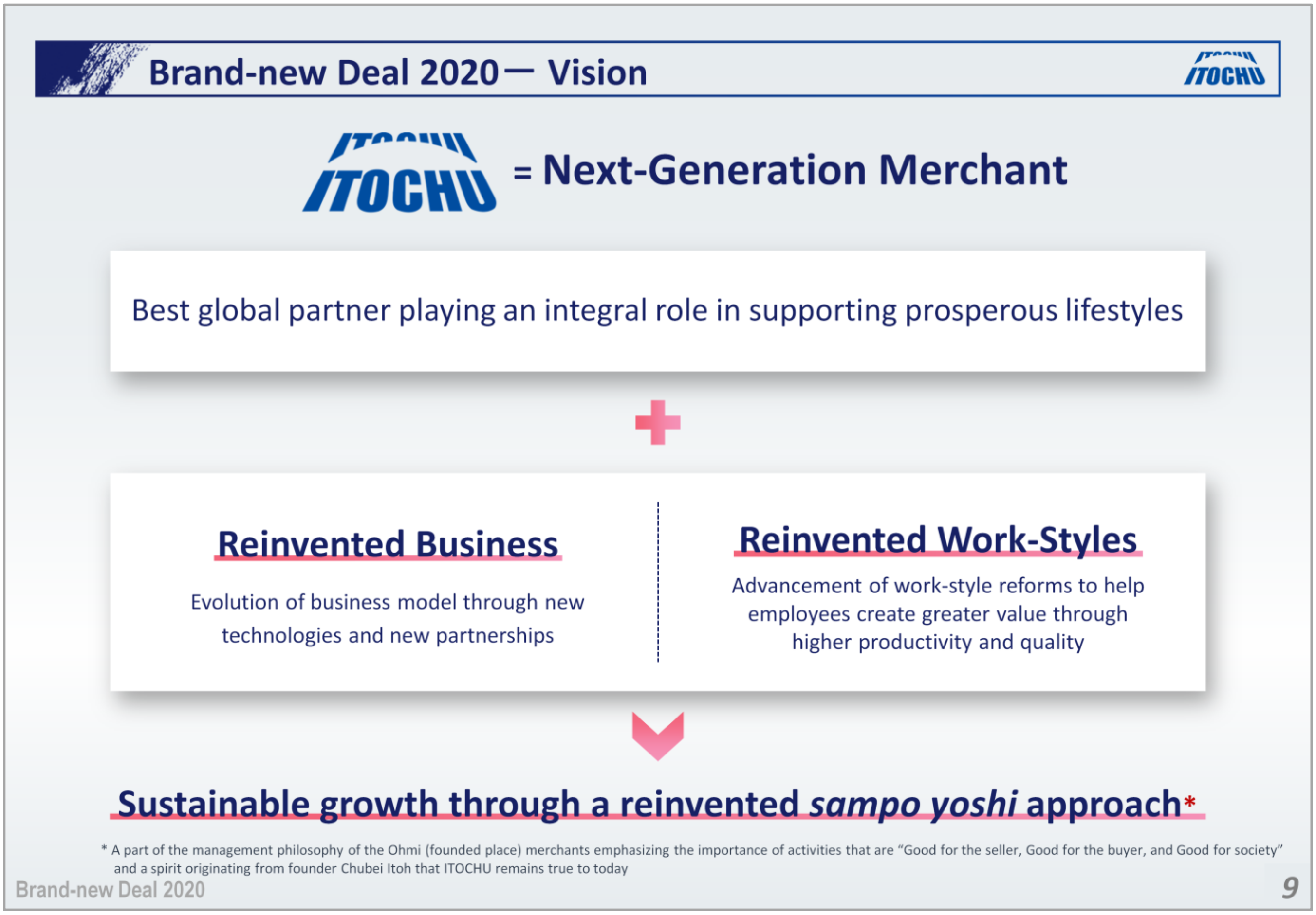
Medium-Term Management Plan

Brand-new Deal 2020

ITOCHU : INFINITE MISSIONS : INNOVATION

ITOCHU

The statement is based on our determination to be the next-generation merchant, to keep evolving and changing the general trading business.



Two types of evolution are stated here.

The first one is "reinvented business", and the second is "reinvented work-styles".

These two ways of evolution are key to evolve ITOCHU into a next-generation merchant. And as a result, we're going to manifest the traditional spirit of "*sampo yoshi*" (Good for the seller, Good for the buyer, and Good for society) in a new way. And we aim to become a company with sustainable growth through a reinvented *sampo yoshi* approach.

Reinvented Business: We do not plan to create a totally different business, but we'll build upon the existing assets of our companies and subsidiaries, combining them with new technologies and business models, to evolve them into businesses of the future.

Smart Management: We aim to deliver more results with a smaller number of people. We put priority on keeping a streamlined workforce and making them increasingly efficient.

No.1 Health Management Company: We aim to create a workplace where employees are motivated and able to work up to their full potential. We also want our company to become the best for the families of the employees, and this is an ongoing effort that we will be working on.

In order to be true to our principle "Earn, Cut, Prevent" in a more advanced manner, we want to incorporate new technologies and new business models in our operations. These are the critical keys for our success.

The consumer-related value chain is an area of strength for ITOCHU, where we first need to digitalize the entire value chain from production to sales. And in logistics, we will utilize AI and robotics to make our business smarter and raise efficiency. The retail business, represented by FamilyMart UNY, and its customer base is an extremely important asset for creating business opportunities going forward. We'd like to build upon this base to develop new businesses.

We've been seeing evolution in business models driven by new technologies.
EVs and storage batteries are likely to create many business opportunities for optimizing energy use. Car-sharing, which represents the shift from ownership to usage, may be a threat to our car sales business but it may also be an opportunity.

On creation of future businesses, we recognize the importance of collaborating openly and actively with different sectors and startups.

Brand-new Deal 2020— Investment Policy

ITOCHU

(Unit : billion yen)

Reinvent business through investment in new and next-generation technologies

Conduct continuous and disciplined growth investments while considering cash flows

Consistently maintain positive core free cash flows after deducting shareholder returns(※)

(※) "Core operating cash flows" minus "Net investment" minus "Dividends and share buybacks"

		FY2016 Result	FY2017 Result	FY2018 Result	FY2019 Forecast
a	Core operating cash flows	375.0	420.0	460.0	* approx. 500.0
b	Net investment cash flows	35.0	(120.0)	(285.0)	
a+b	Core free cash flows	410.0	300.0	175.0	More than 120.0
c	Dividends	(75.0)	(83.0)	(93.0)	*approx. (120.0)
c	Share buybacks	0.0	(16.0)	(28.0)	Conduct flexibly
a+b-c	Core free cash flows after deducting shareholder returns	335.0	201.0	54.0	Maintain positive

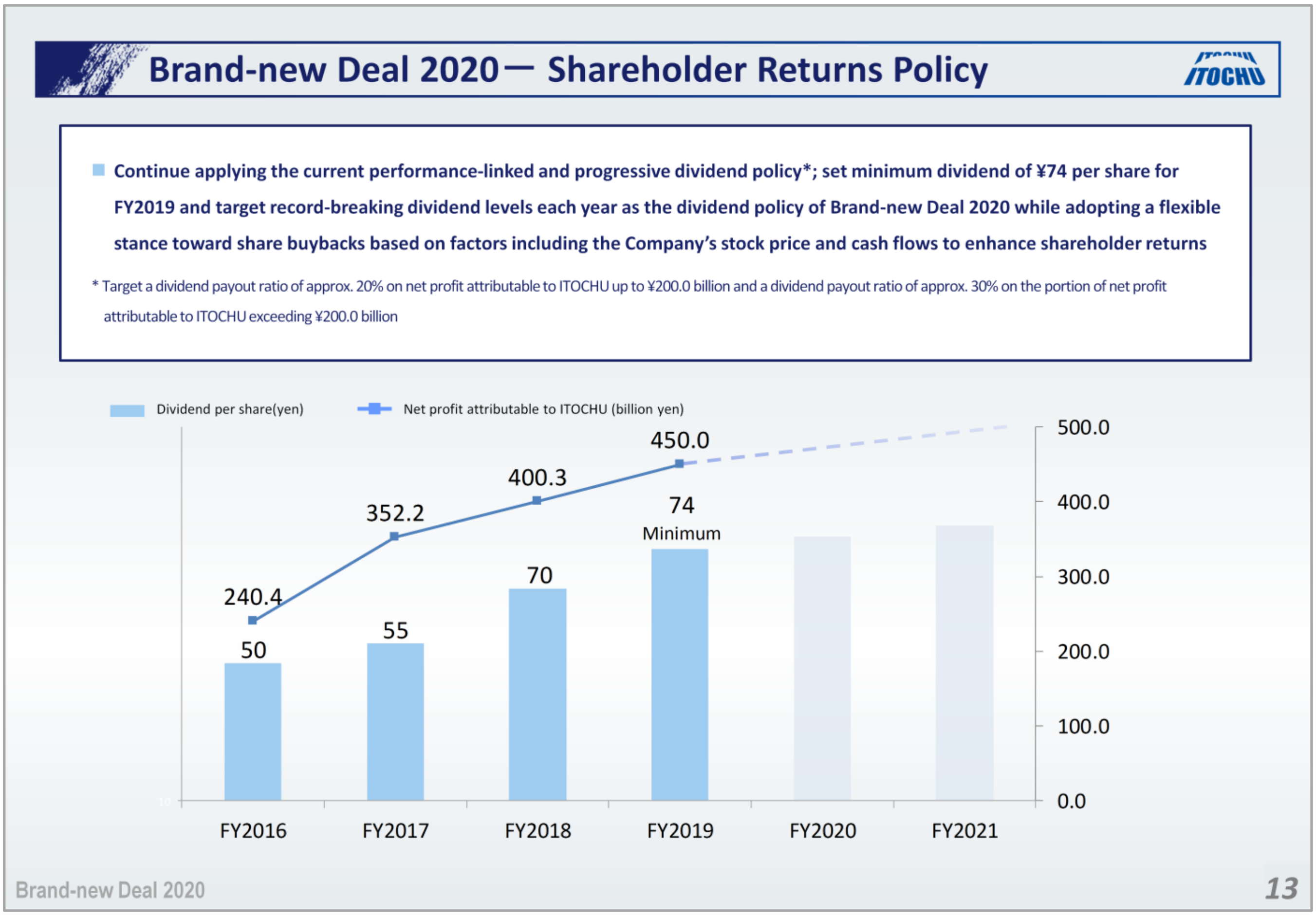
*: Record High

Brand-new Deal 2020 12

We have kept our existing policies to conduct continuous growth investments within cash flow discipline and to maintain a positive core free cash flows after deducting shareholder returns.

On the other hand, with the aim to recreate business, our policy is to invest more aggressively in cases where we expect to improve efficiency and innovate existing business models.

And for fiscal 2019, we are planning for record high levels of core operating cash flows and dividends.



In Brand-new Deal 2020, we will maintain the usage of our performance-linked and progressive dividend formula.

The annual dividend per share for fiscal 2019 is planned at a minimum of 74 yen and during the period of the plan, we aim for record-breaking dividends each year.

Although we also have to consider our stock price and cash flow situation, we'd like to enhance shareholder returns by flexibly executing share buybacks.

Quantitative Targets for FY2019

ITOCHU

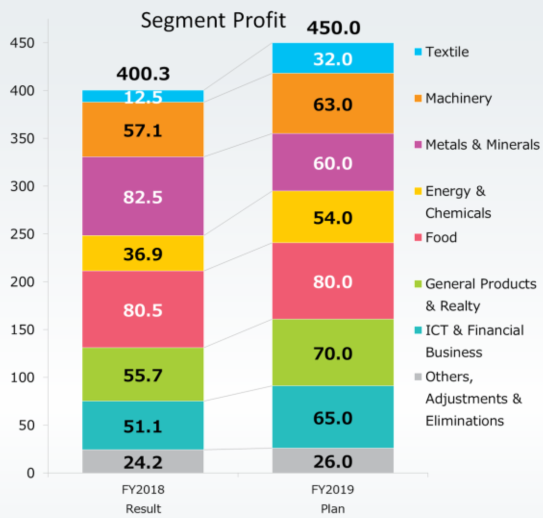
(Unit : billion yen)

- Project consistent growth in base earnings and target record-breaking consolidated net profit attributable to ITOCHU of ¥450.0 billion
- Continue financial strategy for conducting disciplined growth investments and maintaining high capital efficiency

	FY2018 Result	FY2019 Plan	Increase/ Decrease
Net profit attributable to ITOCHU	400.3	∗ 450.0	+49.7
Gross trading profit	1,210.4	∗ 1,593.0	+382.6
Trading Income	316.9	∗ 377.0	+60.1
Equity in earnings of associates and joint ventures	216.2	214.0	(2.2)

	March 31, 2018 Result	March 31, 2019 Plan	Increase/ Decrease
Total assets	8,663.9	∗ 10,600.0	+1,936.1
Net interest-bearing debt	2,320.4	2,450.0	+129.6
Total shareholders' equity	2,669.5	∗ 3,000.0	+330.5
NET DER (times)	0.87	∗ 0.82	Improve 0.05pt
ROE	15.8%	15.9%	Increase 0.1pt

∗:Record High



Non-resource / resource Profit

	FY2018 Result	FY2019 Plan
Non-Resource	331.0	∗ 414.0
Resource	82.3	71.0
Others	(13.0)	(35.0)
Non-Resource(%) (Note)	80%	85%

Note:composition is calculated using the total of Non-Resource and Resource sectors as 100%.

FY 2019 plan for the consolidated net profit is 450 billion yen.
We have conservative assumptions for resource prices affecting the metals and minerals segments, but otherwise we plan for steady base earnings growth in most of the segments.

On the consolidated balance sheet, we are seeing an increase of total assets, partly due to converting FamilyMart UNY Holdings into a subsidiary. But we plan to control the effect of new subsidiaries by accelerating replacement of assets and strictly selecting new investments, in order to maintain high efficiency in terms of ROA and ROE.

Where we put asterisks are figures planned to achieve a record high.

The new medium-term plan contains measures which we are going to take for the three fiscal yeas period. However, we have abstained from including clear numerical targets in this presentation except for FY 2019 under the circumstances where there is uncertainty about the business environment and resource prices.

We believe that achieving the plan for FY 2019 is currently important.