LEAD STORY

ITOCHU—"Merchants" that Transcend the Times

Since its founding in 1858, ITOCHU has overcome dramatic changes in the Japanese economy, from the post-war chaos, through the period of rapid economic growth, and up to today. For more than 150 years, we have achieved growth in corporate value.

As a general trading company with trade at the center of our operations, our continual "pursuit of added value" has been the driving force behind our ability to defend and enhance our market presence. With a rigorous "focus on the front lines," we repeatedly create new business models while carefully tracking market changes and adding value.

Our long-term growth has been supported by our "ability to drive change," which has enabled us to provide the goods and services that meet the needs of the age while flexibly adapting our business portfolio in line with changes in the industrial structure of Japan's economy. The reinforcement of

Major Events

1858 Founded
Chubei Itoh, commenced linen trading operations via Osaka in Senshu, and Kishu.

1918
C. Itoh & Co., Ltd. established. New York branch office opened.

1949
C. Itoh & Co., Ltd. incorporated.

1950
Company listed on the Tokyo Stock Exchange (TSE).

1972
Chinese government welcomed C. Itoh & Co. as a friendly trading company, the first such recognition given to a Japanese general trading company.

1977
Ataka & Co., Ltd., acquired.

Focus on the front lines × *The Inherited Spirit* Ability to drive change

*1 Collection of the Archival Museum, the Faculty of Economics, Shiga University, provided by Ohmi Merchant Museum

Change

Portfolio Change
As the industrial structure has changed, ITOCHU has flexibly adapted its business portfolio to meet the needs of the age and focus on growth fields.

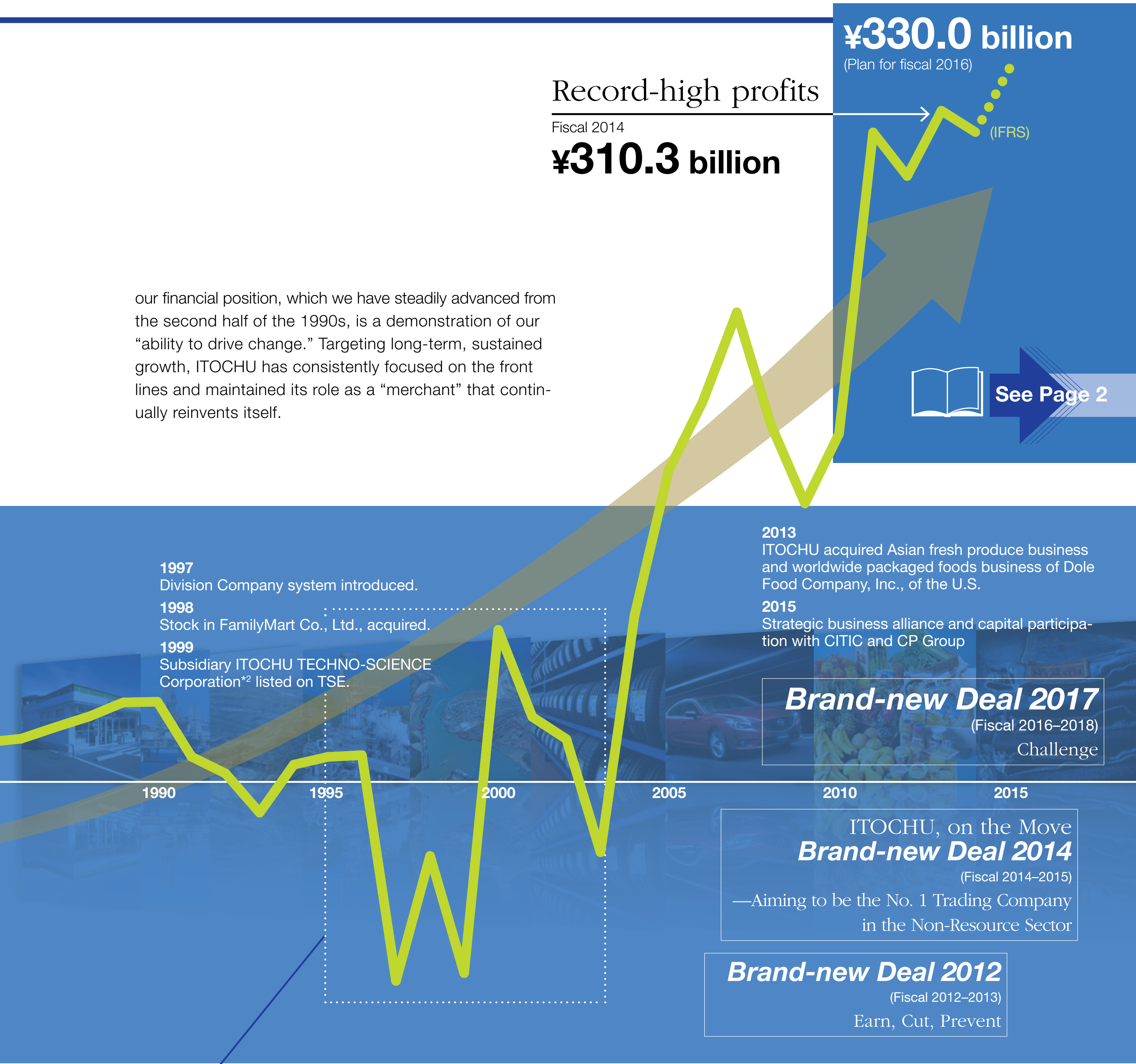
2010s–	Focus on non-resource sector
2000s–	Expansion in resource sector
1980s–	Expansion of information & communications technology fields
1950s–	"Generalized" operations to include non-textile fields, such as automobiles, oil, food, etc.
Founding–	Focused on textiles

Photo courtesy of BHP Billiton

Share of non-textile fields as % of total trade value

Around 1940: 15% ⟶ Around 1960: 40%

our financial position, which we have steadily advanced from the second half of the 1990s, is a demonstration of our "ability to drive change." Targeting long-term, sustained growth, ITOCHU has consistently focused on the front lines and maintained its role as a "merchant" that continually reinvents itself.

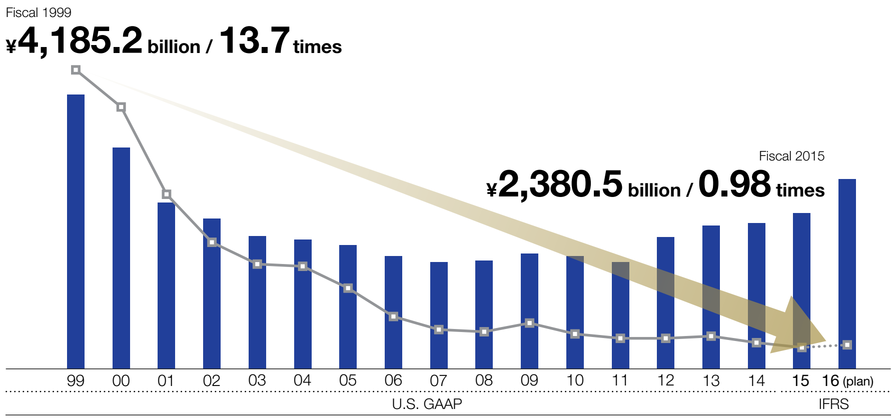


*2 Currently, ITOCHU Techno-Solutions Corporation

Change

Financial Position Change (Net interest bearing debt / NET DER)

From the late 1990s to the early 2000s, we rigorously liquidated unprofitable businesses, and subsequently we continued to strengthen our financial position. In this way, we built a robust financial position that today enables us to implement aggressive investment.



Years ended March 31

LEAD STORY

Toward Becoming "the No. 1 Trading Company in the Non-Resource Sector"

From fiscal 2012 to fiscal 2015, we implemented aggressive investment in the non-resource sector and achieved a substantial shift in our profit structure, which up to that point had depended on the resource sector. Net income / profit in the non-resource sector increased to 4.2 times of the level four years earlier.

We made substantial progress toward our goal of becoming "the No. 1 trading company in the non-resource sector" and achieved a level of earnings appropriate for a leading general trading company. The true value of the change in our earnings structure was demonstrated during the substantial decline in resource and energy prices in 2014.

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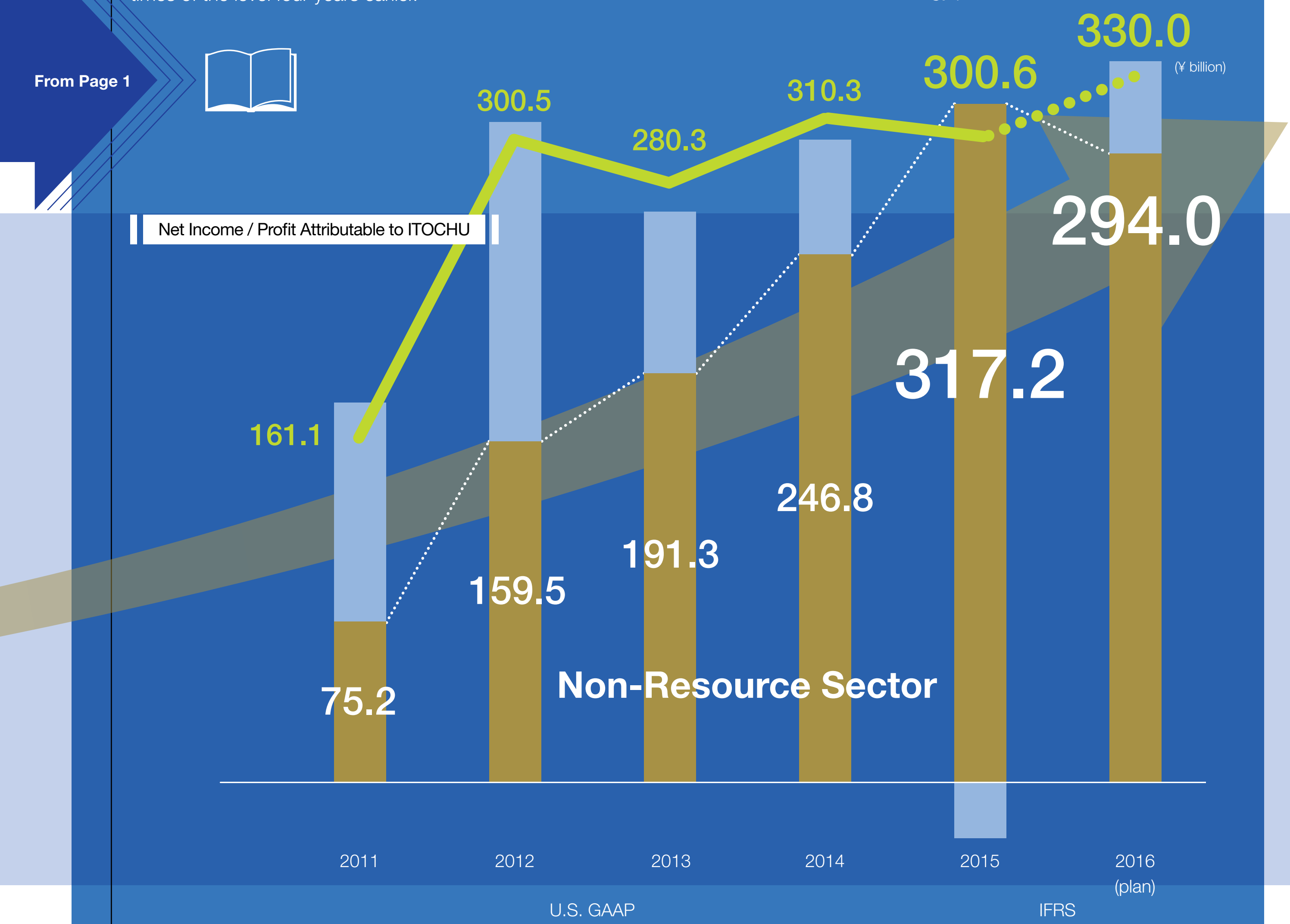
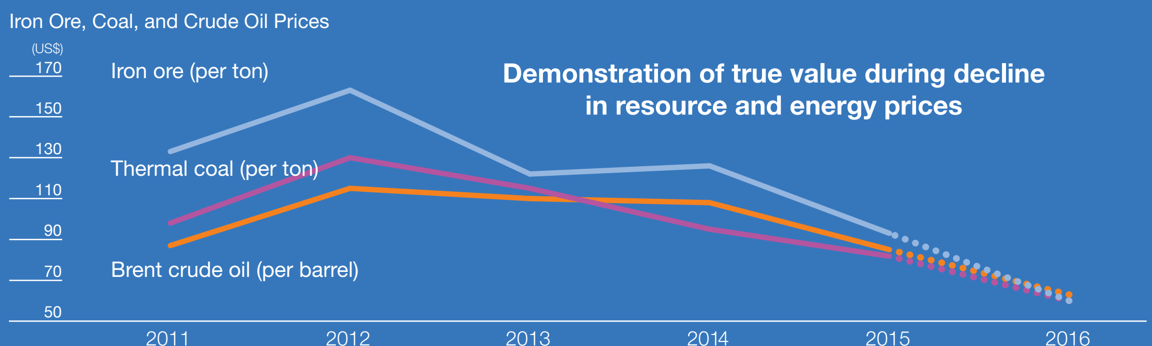
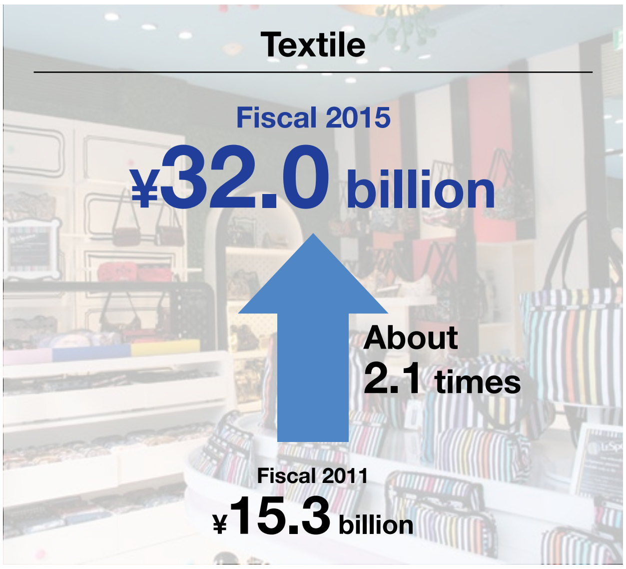




* Figures for fiscal 2016 are estimates made with reference to recent prices.
Years ended / ending March 31

Net Income / Profit Attributable to ITOCHU

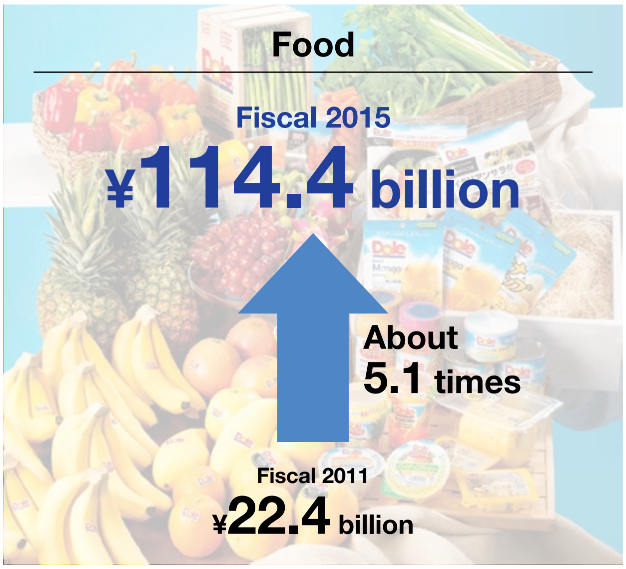


Textile

Fiscal 2015
¥32.0 billion

About 2.1 times

Fiscal 2011
¥15.3 billion

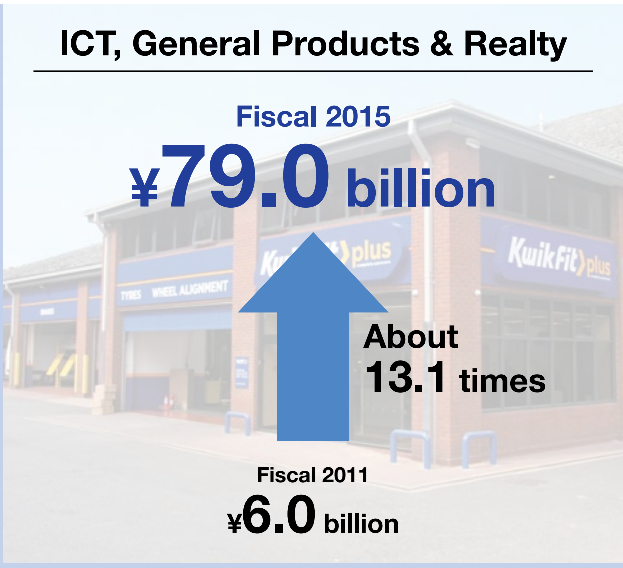


Food

Fiscal 2015
¥114.4 billion

About 5.1 times

Fiscal 2011
¥22.4 billion

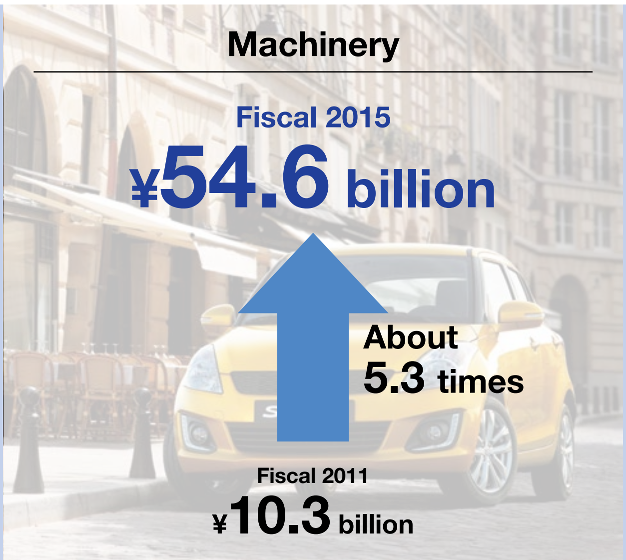


ICT, General Products & Realty

Fiscal 2015
¥79.0 billion

About 13.1 times

Fiscal 2011
¥6.0 billion



Machinery

Fiscal 2015
¥54.6 billion

About 5.3 times

Fiscal 2011
¥10.3 billion

* U.S. GAAP for fiscal 2011, IFRS for fiscal 2015

Substantial Increase in Earnings Capacity in the Non-Resource Sector

The four Division Companies in the non-resource sector all achieved substantial gains in the scale of their earnings. The notable gains in “earnings capacity” were attributable to improved earnings or accelerated exits from low-profit operating companies in addition to new investments.

In addition, we took steps to strengthen our ability to generate cash flows, and achieved operating cash flows of more than ¥400.0 billion for two consecutive years and positive free cash flows for three consecutive years.

Operating Cash Flows
Fiscal 2015
¥403.6 billion

Free Cash Flows
Fiscal 2015
¥127.5 billion

Earnings Capacity