

## Metals & Minerals Company

We will grow by striking a balance between investment and trade, creating a stable earnings base, and taking advantage of new growth opportunities.

President, Metals & Minerals Company

Eiichi Yonekura



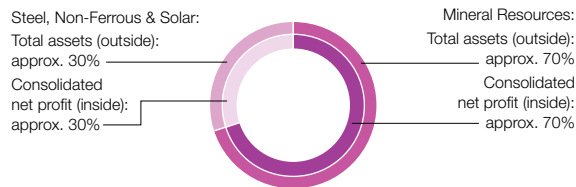
### Organization



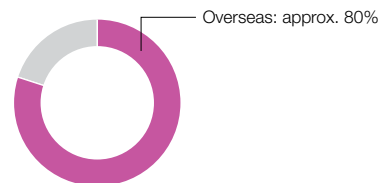
From left:  
Kenji Seto,  
Chief Operating Officer, Mineral Resources Division  
Akihiko Okada,  
Chief Operating Officer, Steel, Non-Ferrous & Solar Division  
Norio Matsui, Chief Financial Officer  
Jun Inomata,  
General Manager, Planning & Administration Department

### Ratios

#### Composition by Segment (image)



#### Percentage of Earnings from Overseas Businesses (image)





## Analysis of Current Status



### Strengths

- Strong relationships with excellent business partners in each business area
- Ownership of superior natural resource assets, centering on iron ore and coal
- Broad-ranging trade flows that run from upstream (metals and mineral resources) to downstream (steel and non-ferrous products)

### Earnings Opportunities

- Long-term demand growth for metals, mineral resources, and energy
- Expansion of trade and creation of supply chain based on equity interests
- Improvement of ongoing business and new business development with excellent partners
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 ■ Proliferation and gain in momentum of solar and other types of renewable energy
- 
 ■ Progress in the biomass power generation business and expansion of the market for biomass fuels

### Challenges to Address

- Establishment of a well-balanced and stable earnings platform resilient to business environment changes
- Improvement in production efficiency at each project to be more resistant to fluctuations in resource prices
- Acquisition of superior interests to secure stable supply of metals and mineral resources
- 
 ■ Sustainable resource development with consideration for local communities, working environments, and the environment
- 
 ■ Thorough enactment and ongoing monitoring of supply chain management

#### Materialities



Consideration for the environment



Sustainable use of resources



Respect and consideration for human rights

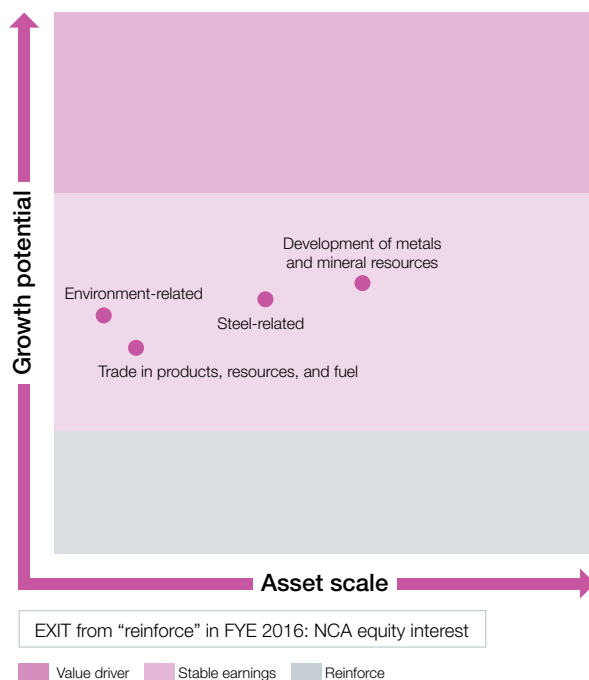


Contribution to local communities



Improving labor conditions

## Asset Portfolio



## Growth Strategies

### Creating Added Value

- Expand business through collaboration with excellent partners and by reinforcing the sales and trading functions
- Proactively develop the environmental business (mega-solar projects, trading in biomass fuels, etc.)

### Asset Strategies

- Expand the asset portfolio through collaboration with excellent partners and by acquiring superior new projects
- Promote the replacement of low-efficiency assets

## Initiatives to Enhance Corporate Value

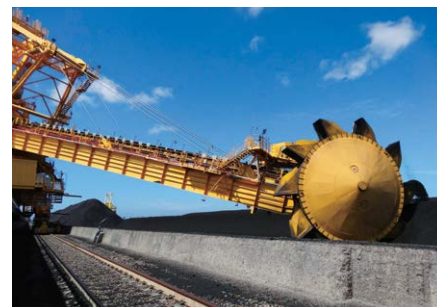
### Asset Strategies

### Promoting Sustainable Resource Businesses

The Metals & Minerals Company holds resource interests in regions throughout the world, centering on iron ore and coal. Principal interest groups include iron ore in Western Australia, coal in Eastern Australia, iron ore in Brazil, and coal in Colombia.

Working with leading resource companies and other excellent partners, we pursue our mission of providing a stable supply of high-quality resources to customers by honing the competitiveness of our equity interests while giving due consideration and contributing to environmental protection and community development, and at the same time leveraging our trading function. Notably, in Western Australia we have been working with leading resource company BHP Billiton since the 1960s on the development and operation of iron ore projects that are some of the world's most competitive. In Eastern Australia, we are engaged in a broad range of coal projects, ranging from high-quality thermal coal to coking coal, mainly with Glencore.

Going forward, while continuing to maintain a certain level of assets in the resource field we will configure a portfolio that is well-balanced across the Company. Aiming for further development, we aim to work with excellent partners around the world to obtain high-quality assets and expand our trading function.



Coal terminal in eastern Australia

### Creating Added Value

+

ESG

### Initiatives in the Renewable Energy Field

Preventing global warming, and realizing a low-carbon society to this end, are among the world's most important priorities. In Japan and overseas, efforts are under way to introduce and promote the spread of solar power, biomass, and other types of renewable energy, and renewable energy markets are expected to steadily expand as a result.

ITOCHU's roles in the renewable energy business include developing and operating projects, procuring materials, and supplying fuels.

In addition to the Saijo Komatsu Solar Power Plant (Ehime Prefecture, output of 26,200 kW) and the Oita Hiyoshibaru Mega-Solar Power Plant (output of 44,800 kW), January 2017 marked the start of commercial operations at the Shin-Okayama Solar Power Plant. This plant has an output of 37,000 kW, which is sufficient to meet the annual consumption of approximately 7,600 households and is expected to reduce CO<sub>2</sub> emissions corresponding to some 26,000 tons per year. Construction is also under way at a plant in Saga Prefecture. We plan to continue with our proactive efforts to develop renewable energy generation and related trading businesses in Japan and overseas.



Oita Hiyoshibaru Mega-Solar Power Plant  
(commenced commercial operation in March 2016)

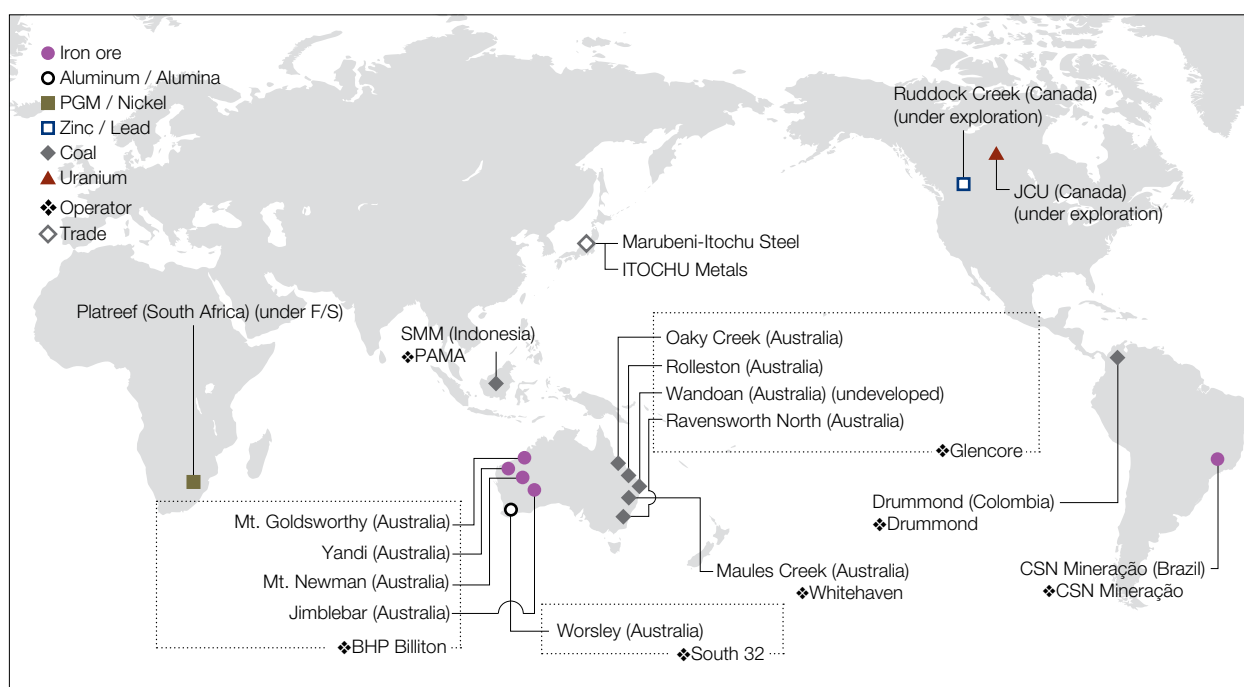


Shin-Okayama Solar Power Plant  
(commenced commercial operation in January 2017)

Please see the Sustainability pages of our website to learn more about our initiatives targeting sustainable growth issues.

<https://www.itochu.co.jp/en/csr/activities/metal/>

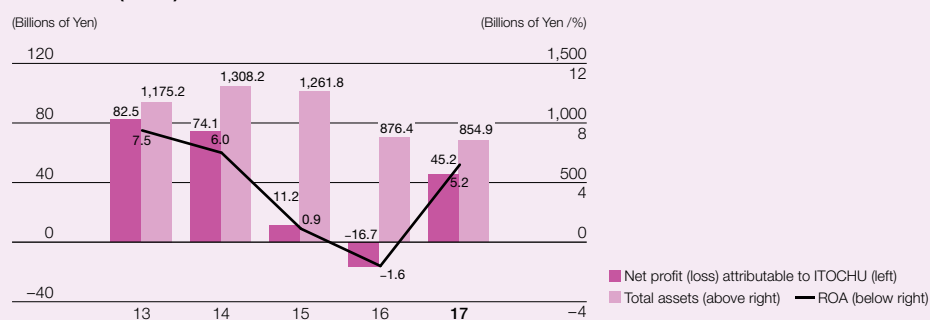
## Business Development



## Business Results Years ended March 31

Note: Based on U.S. GAAP for FYE 2013 and 2014

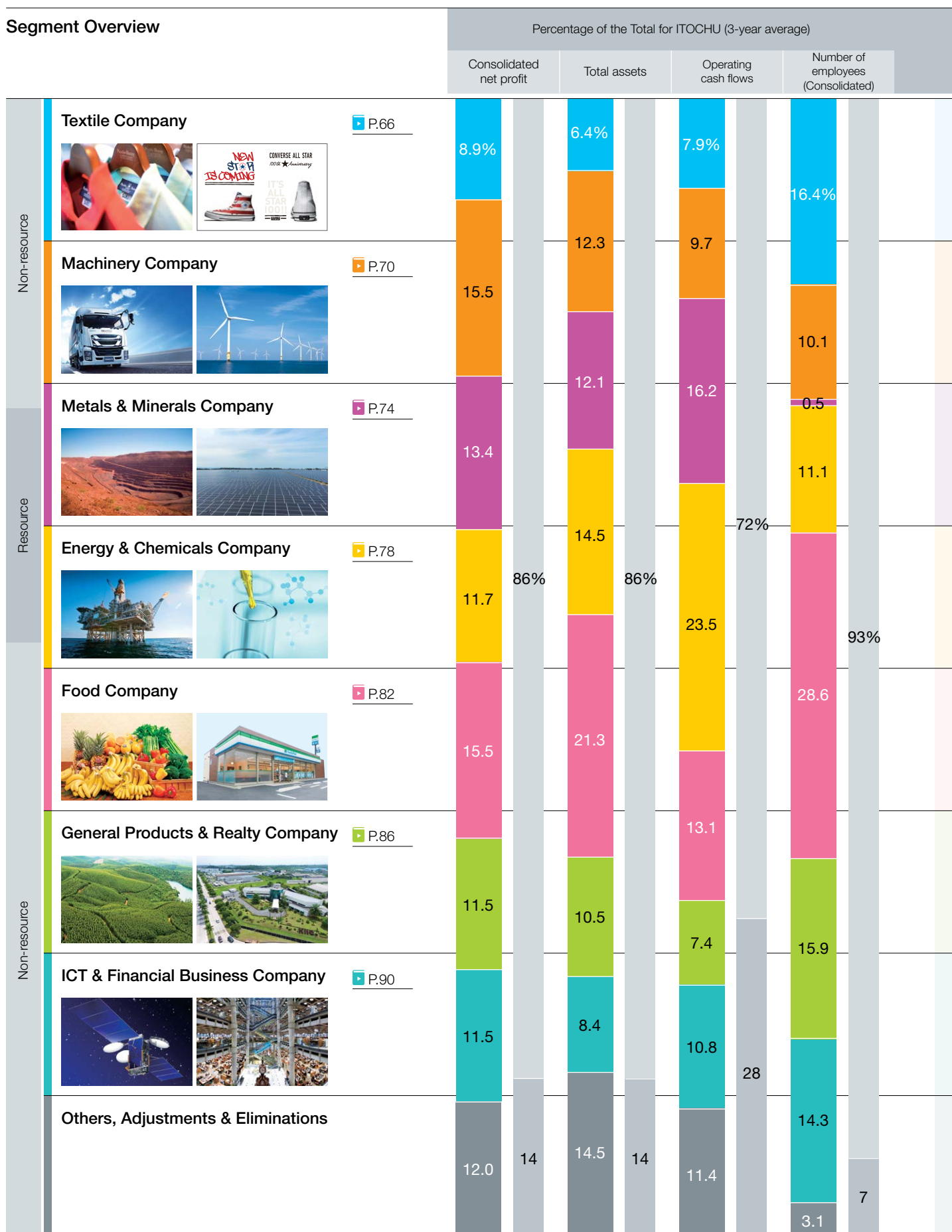
### Net Profit (Loss) attributable to ITOCHU / Total Assets / ROA



					Billions of Yen
Breakdown of Net Profit (Loss) Attributable to ITOCHU by Major Group Companies					2017
ITOCHU Minerals & Energy of Australia Pty Ltd					42.8
Brazil Japan Iron Ore Corporation					(2.9)
ITOCHU Coal Americas Inc.					(2.6)
Marubeni-Itochu Steel Inc.					7.6
ITOCHU Metals Corporation					1.1
Percentage of Total Number of Subsidiaries and Affiliated Companies (No. of companies)					
Japan					5% (6)
Overseas					5% (9)



## Segment Overview



\* Figures for consolidated net profit are based on an average for the past three years, excluding one-time profit/loss.

Business Fields	FYE 2017 Highlights
<ul style="list-style-type: none"> <li>■ Brand business</li> <li>■ Raw materials, garment materials, apparel</li> <li>■ Industrial materials</li> </ul>	<ul style="list-style-type: none"> <li>■ JOI'X CORPORATION debuted their first apparel collection for Psycho Bunny in spring/summer 2017 and will continue to focus on the line as one of their core brands alongside Paul Smith. In the first fiscal year, the company plans to open around 20 stores, including free standing stores.</li> <li>■ To celebrate the 100th anniversary of its ALL STAR brand, Converse has launched the ALL STAR 100 series, which features enhanced performance. The company also began working with a prominent French designer on the development of the high-end AVANT CONVERSE line, which will further contribute to the brand's evolution.</li> </ul>
<ul style="list-style-type: none"> <li>■ Plant and Power projects (petrochemical, water and environmental, infrastructure, IPP)</li> <li>■ Marine and Aerospace (new vessels, secondhand vessels, ship ownership, civil aircraft, aircraft leasing)</li> <li>■ Automobile (sales of passenger cars and commercial vehicles in the domestic and international markets, and business investments)</li> <li>■ Construction machinery, Industrial machinery and Medical devices (sales and business investment in domestic and international markets)</li> </ul>	<ul style="list-style-type: none"> <li>■ Acquired 22.5% equity interest in the Butendiek Offshore Wind Power Plant jointly with CITIC Pacific Ltd.</li> <li>■ Commencement of commercial operation of the first unit of the Sarulla Geothermal IPP Project in Indonesia</li> <li>■ Telerent, which has the leading share of TV system sales to hospitals in the Americas, acquired DNG, which engages in the business of designing and constructing audiovisual equipment</li> </ul>
<ul style="list-style-type: none"> <li>■ Development of metals and mineral resources (iron ore, coal, alumina, etc.)</li> <li>■ Trade in products, resources, and fuel (iron ore, coal, aluminum, uranium, etc.)</li> <li>■ Steel-related businesses (import and export, sales, and processing of steel products)</li> <li>■ Environment-related businesses (mega-solar projects, biomass fuel trading, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>■ Start of commercial operation at Shin-Okayama Solar Power Plant</li> <li>■ Annual production at the Jimblebar Iron Ore Mine in Australia reached 50 million tons per year</li> </ul>
<ul style="list-style-type: none"> <li>■ Energy development (LNG projects, oil and gas projects, etc.)</li> <li>■ Energy trading (crude oil, petroleum products, LPG, LNG, natural gas, electricity, etc.)</li> <li>■ Chemical projects and trading</li> </ul>	<ul style="list-style-type: none"> <li>■ Signing of memorandum of understanding with CITIC Resources Holdings Limited for collaboration in oil and gas business</li> <li>■ Signing of basic agreement with Sumitomo Chemical to collaborate on distribution of methionine</li> <li>■ Successful entry into production phase at an oil field in Eastern Siberia, Russian Federation</li> </ul>
<ul style="list-style-type: none"> <li>■ Resources/Material</li> <li>■ Product processing (fresh food, provisions)</li> <li>■ Midstream distribution (food wholesaling)</li> <li>■ Retail (CVS, GMS)</li> </ul>	<ul style="list-style-type: none"> <li>■ Merger of FamilyMart Co., Ltd., and UNY Group Holdings Co., Ltd., creating FamilyMart UNY Holdings Co., Ltd.</li> <li>■ Conclusion of alliance with the RIZAP Group and FamilyMart in the areas of healthcare and lifestyle</li> </ul>
<ul style="list-style-type: none"> <li>■ Wood products and materials (production, wholesaling)</li> <li>■ Paper, pulp, and hygiene (production, wholesaling)</li> <li>■ Natural rubber and tire (processing, wholesaling, retail)</li> <li>■ Development and operation of housing, logistics facilities, and other projects</li> <li>■ Logistics (3PL, international transport, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>■ Acquired a site of approximately 200 hectares in the Karawang International Industrial City in Indonesia, and a plant expansion is under way</li> <li>■ Distribution center development and expansion of outsourced center operations for Internet sales in China, centered on wholly owned ITOCHU Group subsidiary ITOCHU LOGISTICS (CHINA) CO., LTD.</li> </ul>
<ul style="list-style-type: none"> <li>■ Information technology (ICT, BPO, healthcare)</li> <li>■ Communications (mobile, media, satellite businesses)</li> <li>■ Finance (retail, corporate)</li> <li>■ Insurance (brokerage, underwriting)</li> <li>■ Fintech, AI, IoT</li> </ul>	<ul style="list-style-type: none"> <li>■ Entrance of new business domain that uses AI and fintech to go beyond the boundaries of telecommunications and finance (capital tie-up with ABEJA/Grid)</li> <li>■ Reorganization of BPO services for ITOCHU Group and pharmaceutical companies</li> <li>■ Enhanced ties with HOKEN NO MADOGUCHI GROUP</li> </ul>
	<ul style="list-style-type: none"> <li>■ Signing of letter of intent for establishment of joint venture in medical and health-related businesses with CITIC Medical &amp; Health Group Co., Ltd.</li> <li>■ Start of operations of cross-border e-commerce site targeting affluent Chinese segment in collaboration with CITIC Holdings Co., Ltd.</li> </ul>