

Medium-Term Management Plan (FYE 2016–2018)

Medium -Term Management Plan

Brand-new Deal 2017

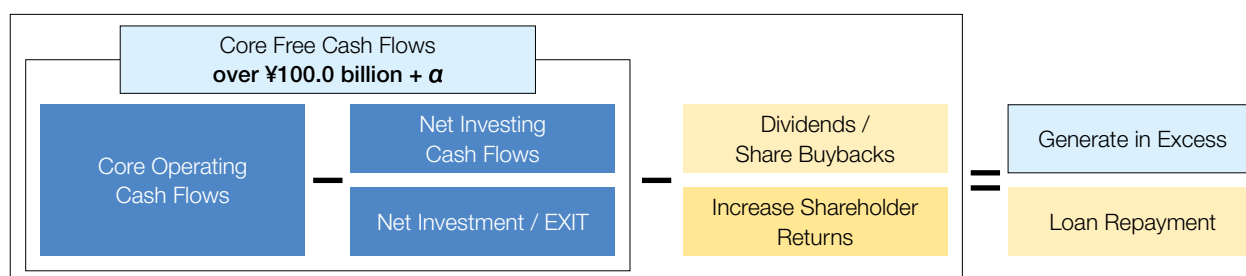
Infinite Missions
Transcending Growth

POINT 1 Basic Policies

Strengthen Our Financial Position	Accelerate Asset Replacement	<ul style="list-style-type: none"> → Continue asset replacement and rigorous investment selection to further improve quality and efficiency of assets
	Stringent Cash Flow Management	<ul style="list-style-type: none"> → Maintain positive free cash flow after dividend payout by strengthening cash generation capacity and adhering to stringent investment disciplines → Thoroughly implement management control to front lines with focus on cost of capital and cash flow management
Build Solid Earnings Base to Generate ¥400 Billion Level Consolidated Net Profit	Enhance Progress Cooperation with Strategic Partners	<ul style="list-style-type: none"> → Establish operating capabilities and business areas in China and the Asian region utilizing the strategic alliance with CITIC and CP Group → Further strengthen our earnings platform utilizing the superiority and competitive edge in the non-resource sector
	Further Reinforcement of the Non-Resource Sector	<ul style="list-style-type: none"> → Expand the fundamental earning power by thoroughly applying the “Earn,” “Cut,” and “Prevent” principles

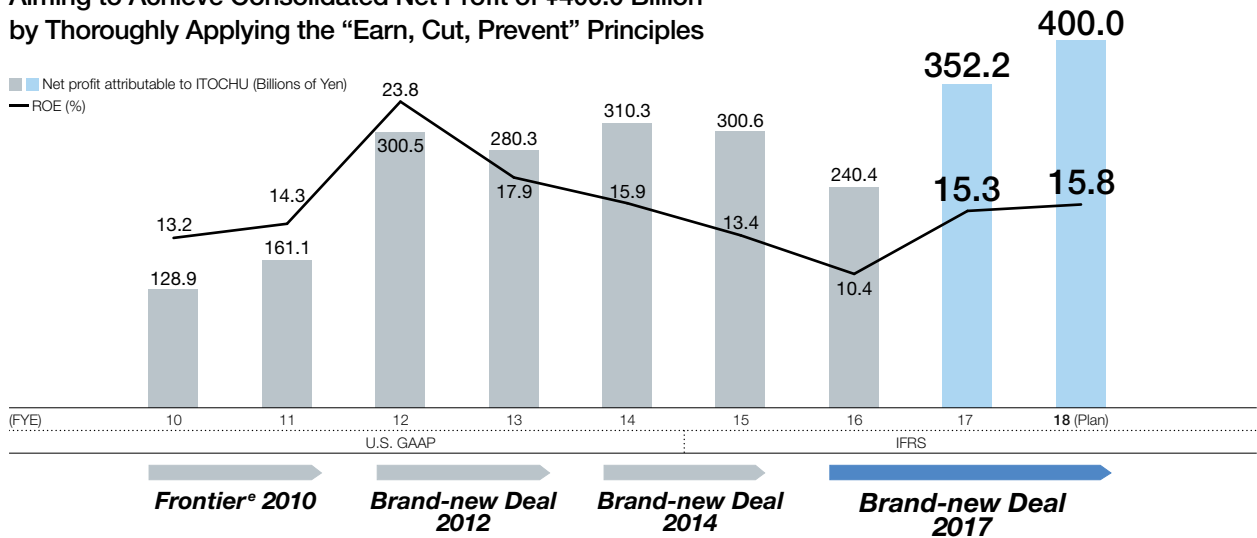
POINT 2 Strengthen Cash Flow Management and Financial Position

We will maintain core free cash flows at “over ¥100.0 billion + α ” and allocate it to shareholder returns, mainly through dividends, and to further loan repayment.



POINT 3 FYE 2017 Results / FYE 2018 Plan

Aiming to Achieve Consolidated Net Profit of ¥400.0 Billion by Thoroughly Applying the “Earn, Cut, Prevent” Principles

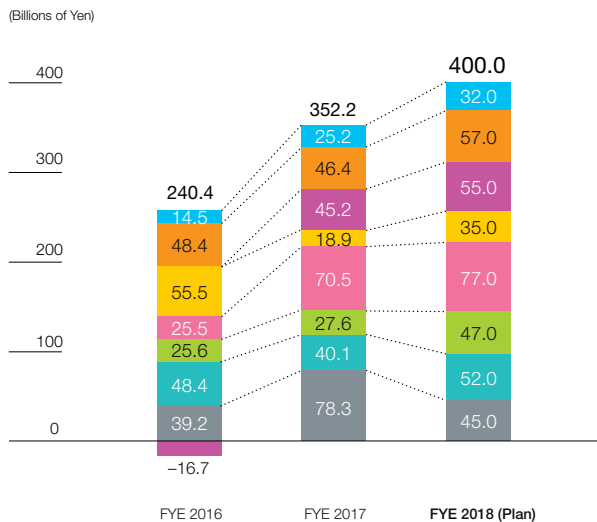


P/L Plan Billions of Yen	FYE 2017	FYE 2018 Plan	Increase / Decrease
Net profit attributable to ITOCHU	352.2	400.0	+47.8
Gross trading profit	1,093.5	1,230.0	+136.5
Selling, general and administrative expenses	(801.8)	(921.0)	(119.2)
Equity in earnings of associates and joint ventures	185.2	190.0	+4.8
Income tax expense	(125.3)	(103.0)	+22.3

B/S Plan Billions of Yen	March 31, 2017	March 31, 2018 Plan	Increase / Decrease
Total assets	8,122.0	8,600.0	+478.0
Net interest-bearing debt	2,330.7	2,350.0	+19.3
Total shareholders' equity	2,401.9	2,650.0	+248.1
Ratio of shareholders' equity to total assets	29.6%	30.8%	Increase 1.2 pt.
NET DER (times)	0.97	0.9	Improve 0.1 pt.
ROE	15.3%	15.8%	Increase 0.5 pt.

Establishing an Earnings Structure That Is Resilient to Business Fluctuation Risk and Achieving Stable Profit Growth

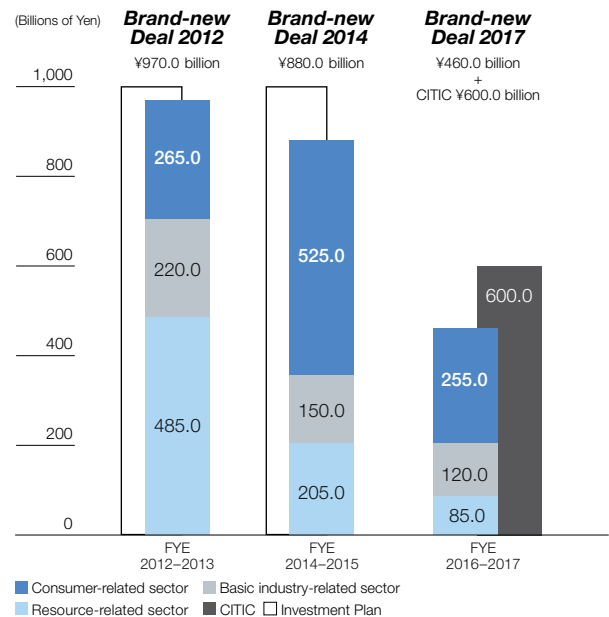
Consolidated Net Profit by Operating Segment



Non-Resource	99%	91%	88%
Textile			
Machinery			
Metals & Minerals			
Energy & Chemicals			
Food			
General Products & Realty			
ICT & Financial Business			
Others, Adjustments & Eliminations			

Shifting Our Approach to Increasing Stakes in Existing Businesses Rather than Setting Investment Plan

Investment



* *Brand-new Deal 2017* (FYE 2016–2018):

We have made large strategic investments with CITIC. We will make other new investments within the scope of core operating cash flows and cash inflows generated by exiting investments.