

Machinery Company

Business Fields

- Plant and Power projects (water and environmental, infrastructure, renewable energy, petrochemical, and IPP)
- Marine and Aerospace (new vessels, secondhand vessels, ship ownership, commercial aircraft, and aircraft leasing)
- Automobile (sales of passenger cars and commercial vehicles in the domestic and international markets, and business investments)
- Construction machinery, Industrial machinery, and Medical devices (sales and business investments in domestic and international markets)



Hiroyuki Tsubai

President, Machinery Company



From left:

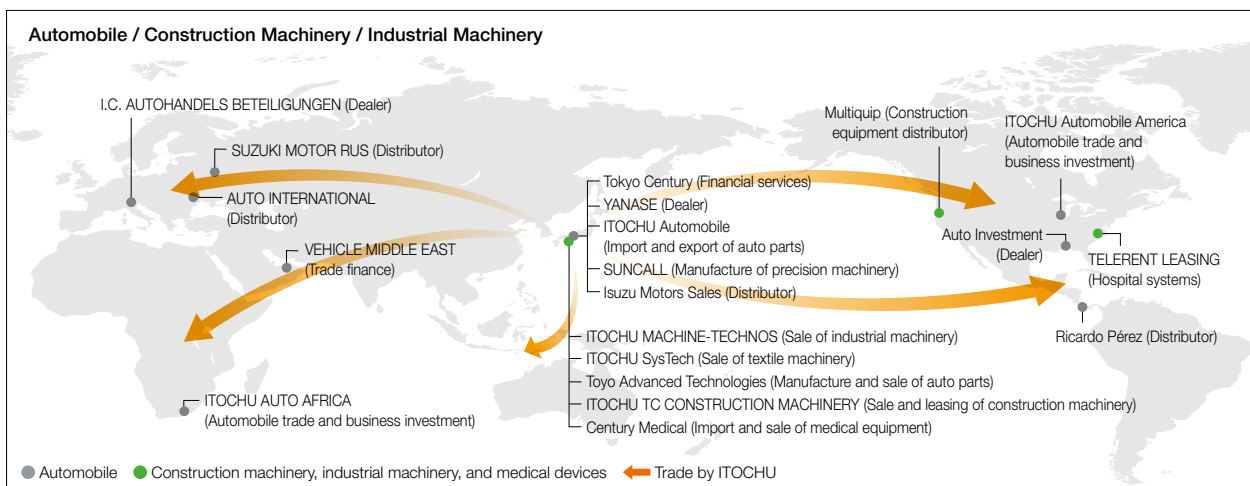
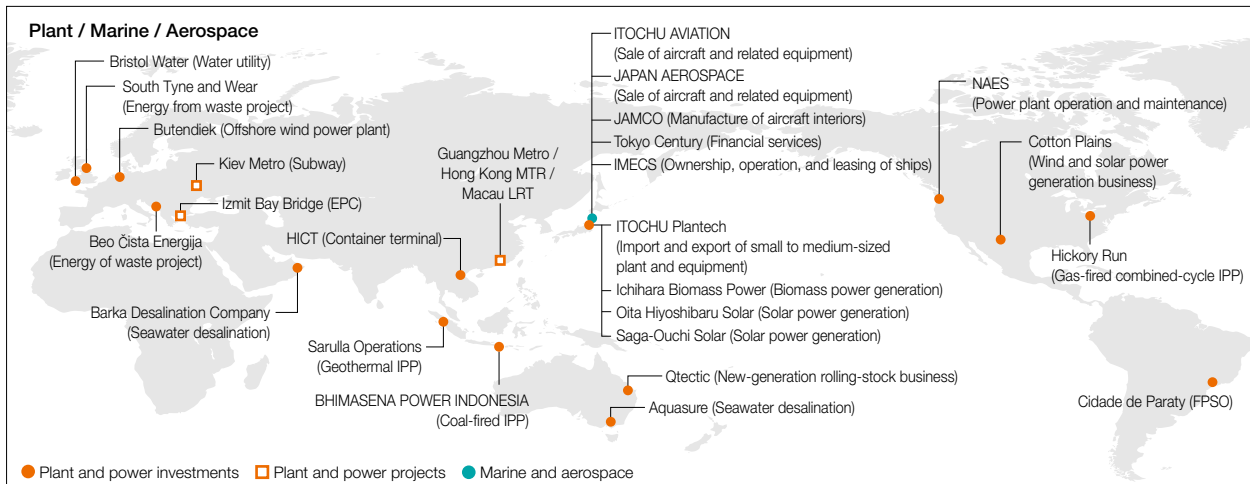
Shinichi Aburaya,
Chief Operating Officer, Plant Project, Marine & Aerospace Division

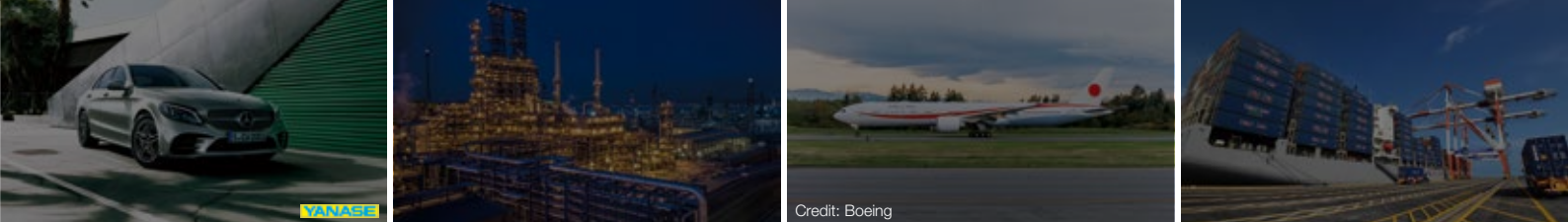
Takanori Morita,
Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division

Shuichiro Yamaura,
Chief Financial Officer

Tatsuya Hirano,
General Manager, Planning & Administration Department

Business Development





STRENGTHS Company Strengths

- Solid business relationships with excellent partners in each business area
- Wide-ranging business development leveraging expertise in investment and trading business
- Diverse businesses in advanced countries and business developments in emerging countries with minimal country risk

OPPORTUNITIES Growth Opportunities

Strategies (Specific Measures)

Growing demand for global infrastructure driven by population increase and economic growth in emerging countries	•••	Enhancement and replacement of existing assets and new investments mainly in water and environment, IPP, and automobile fields
Technological innovations, changes in people's values and living environments	•••	Transformation of existing value chains with a focus on the automobile industry and evolution toward a next-generation mobility business model
Increase in global economic interdependence and growing complexity of business models	•••	Pursuit of synergies and cooperation with strategic partners

RISKS Obstacles to Medium- to Long-Term Growth from an ESG Perspective

Responses

Stricter regulation and decrease in demand for coal-fired power generation business due to greenhouse gas emissions	•••	Pursue investment opportunities in renewable energy generation, taking into account the energy situations in individual countries and regions
Tighter regulations regarding the sale of automobiles with internal combustion engines due to CO ₂ and NO _x emissions	•••	Increase electric vehicles (EVs), hybrid vehicles (HVs), and environment-friendly vehicles businesses
Poor crop yields caused by water shortage, spread of disease and harmful effects on ecosystem and human health due to declining water quality and inappropriate waste disposal	•••	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and to reduce the environmental impact

(⇒ Page 50 Sustainability)

Taking Advantage of Opportunities for Growth

Barka Seawater Desalination Project in Oman

Barka Desalination Company, of which ITOCHU is the top shareholder, put into commercial operation the Barka Seawater Desalination Plant in June 2018, targeting a stable supply of water. This project is a public-private collaborative project being promoted by the Omani government, and water produced at the plant is supplied via the Oman Power and Water Procurement Company for the next 20 years as water for household use in the capital city, Muscat. It is Oman's largest seawater desalination project. In the Gulf region, including Oman, shortage of water for household use is becoming an issue amid mounting demand due to population growth and urbanization. Going forward, we will continue to make effective use of water resources throughout the world and promote ESG initiatives through our core businesses.



Barka Seawater Desalination Plant in Oman

Please also see the sustainability pages of ITOCHU's website.

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

Financial Summary

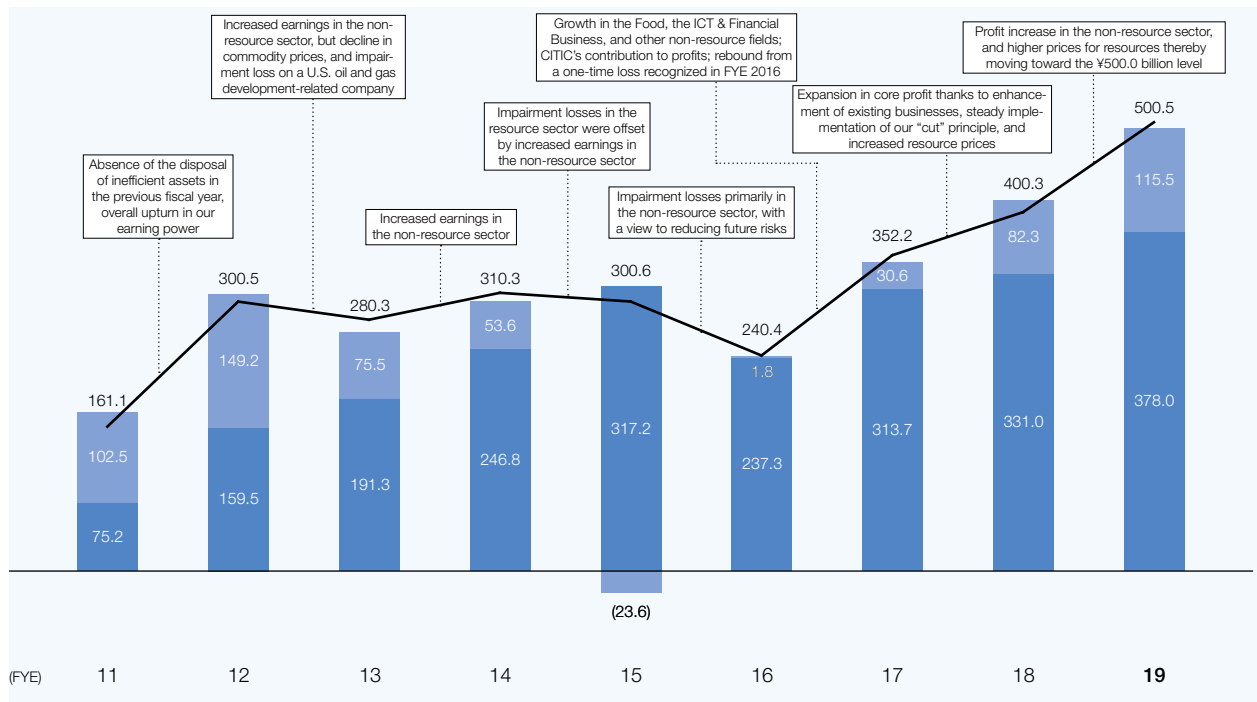
Segment Overview

Percentage of the Total for ITOCHU (3-year average)			
Core profit	Total assets	Core Operating Cash Flows	Number of employees (Consolidated)



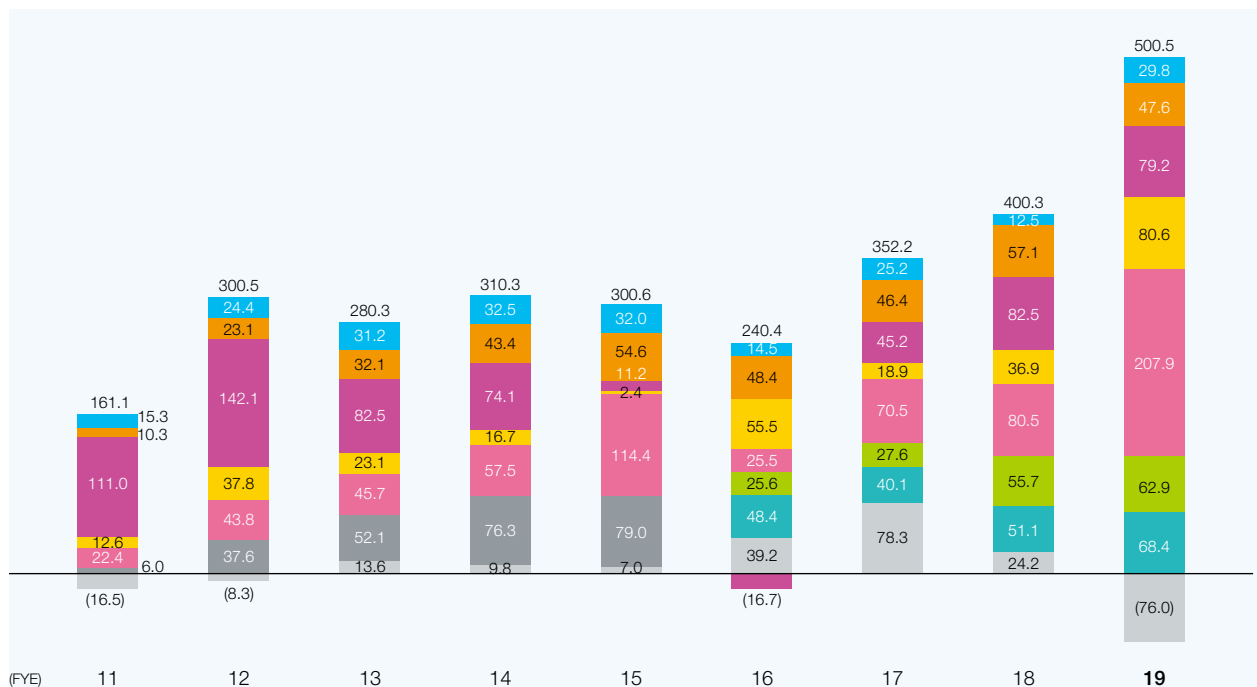
Non-Resource	82.1%	89.3%	72.8%	93.7%
Resource	17.9%	10.7%	27.2%	6.3%

Consolidated Net Profit (Loss) (Non-Resource / Resource) (Billions of Yen)



— Consolidated net profit ■ Earnings from the non-resource sector ■ Earnings (loss) from the resource sector
 * Others, Adjustments & Eliminations is not included in earnings from the non-resource / resource sectors.

Consolidated Net Profit (Loss) by Operating Segment (Billions of Yen)



Extraordinary Gains and Losses

(57.5)	20.0	0	0	(5.0)	(75.0)	(18.0)	(16.5)	28.5
--------	------	---	---	-------	--------	--------	--------	------

Core Profit

218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0
-------	-------	-------	-------	-------	-------	-------	-------	-------

■ Textile ■ Machinery ■ Metals & Minerals ■ Energy & Chemicals ■ Food ■ ICT, General Products & Realty (until FYE 2015)
 ■ General Products & Realty (from FYE 2016) ■ ICT & Financial Business (from FYE 2016) ■ Others, Adjustments & Eliminations

* In April 2016, the ICT, General Products & Realty Company was reorganized into the General Products & Realty Company and the ICT & Financial Business Company.

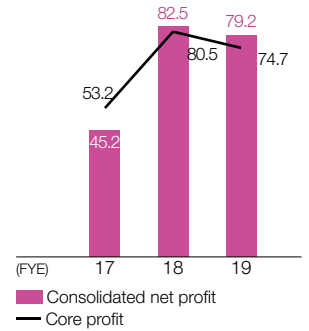
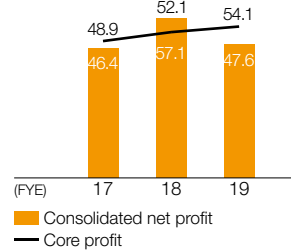
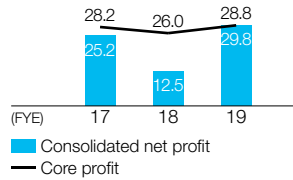
Performance Trends by Segment

Textile Company

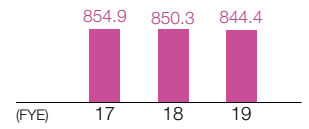
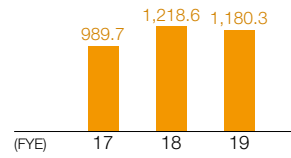
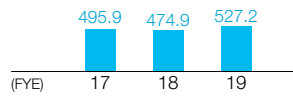
Machinery Company

Metals & Minerals Company

Consolidated Net Profit Core Profit (Billions of Yen)

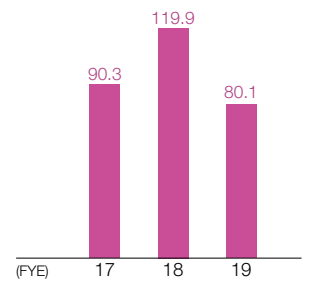
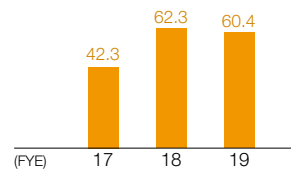
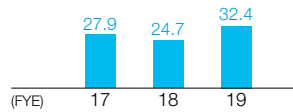


Total Assets (Billions of Yen)

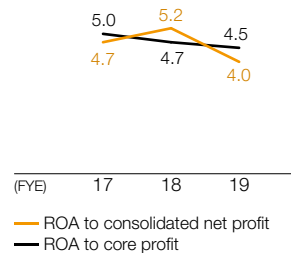
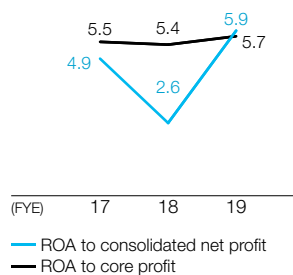


Core Operating Cash Flows* (Billions of Yen)

* "Operating cash flows" minus "changes of working capital"



ROA (%)

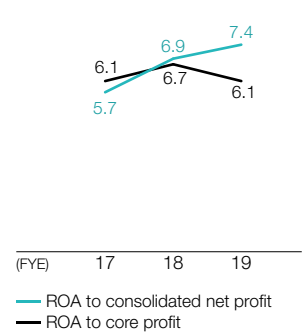
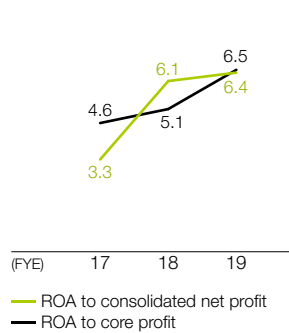
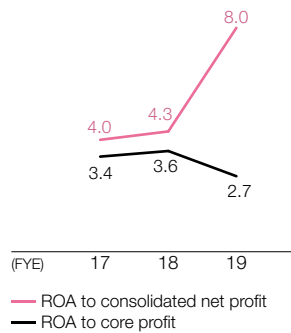
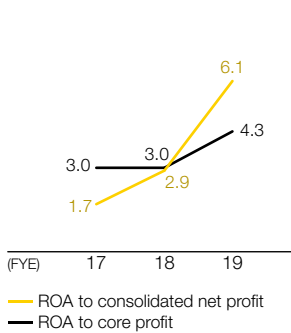
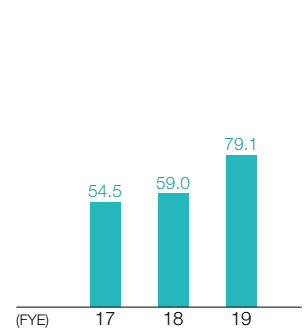
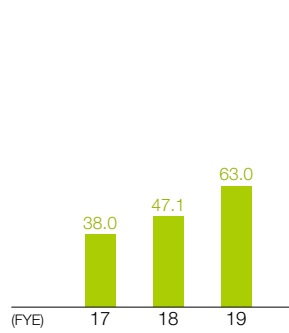
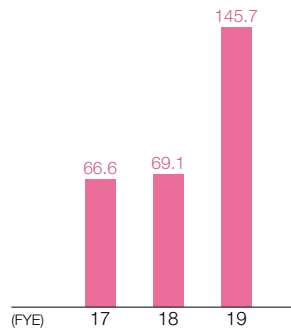
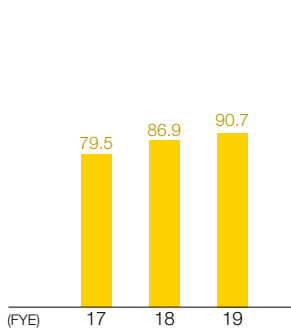
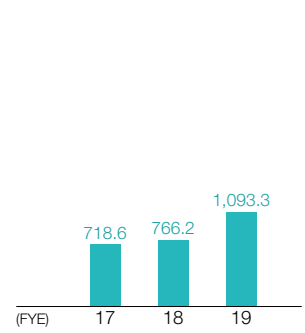
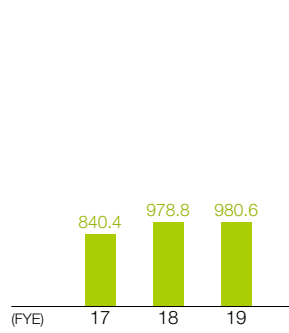
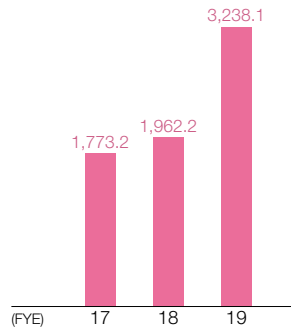
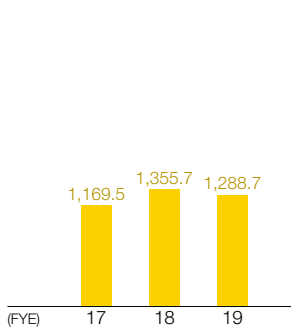
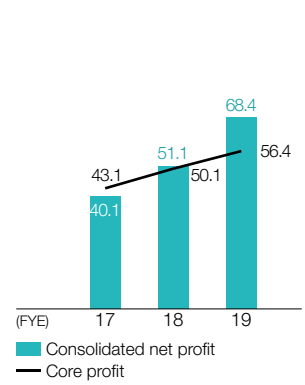
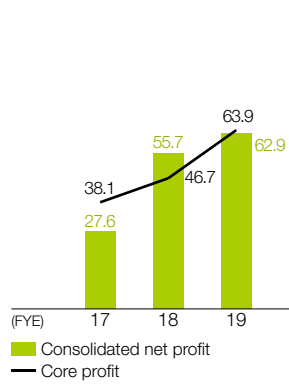
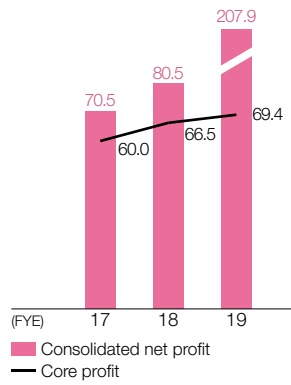
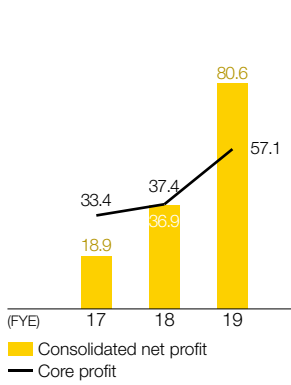


Energy & Chemicals Company

Food Company

General Products & Realty Company

ICT & Financial Business Company



Net Profit (Loss) by Major Group Companies

Textile Company

(Billions of Yen)

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		25.2	12.5	29.8	33.0
Breakdown of Net Profit (Loss) by Major Group Companies					
JOI'X CORPORATION	100.0%	1.4	1.5	1.2	1.4
DESCENTE LTD.	40.0%	1.5	1.4	1.2	2.1
Sankei Co., Ltd.	100.0%	2.0	0.1	1.9	2.1
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	0.8	0.2	1.1	1.3
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	0.9	1.0	1.1	1.1

Machinery Company

(Billions of Yen)

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		46.4	57.1	47.6	61.0
Breakdown of Net Profit (Loss) by Major Group Companies					
Tokyo Century Corporation	25.2%	10.2	12.5	12.6	13.6
I-Power Investment Inc.	100.0%	1.0	5.3	(5.8)	2.1
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	0.8	1.9	1.0	1.0
JAMCO Corporation	33.4%	0.4	0.6	0.6	0.9
YANASE & CO., LTD.	66.0%	2.7	3.7	1.1	5.6
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.*	100.0%	0.7	0.6	0.6	0.6
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	1.1	0.8	1.4	1.3
Century Medical, Inc.	100.0%	0.5	0.5	0.7	0.8

* On July 1, 2019, ITOCHU CONSTRUCTION MACHINERY CO., LTD., changed its name to ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.

Metals & Minerals Company

(Billions of Yen)

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		45.2	82.5	79.2	96.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA)	100.0%	42.8	62.3	60.1	70.7
Brazil Japan Iron Ore Corporation (CSN Mineração)	75.7%	(2.9)	3.3	1.7	—
ITOCHU Coal Americas Inc. (Drummond)	100.0%	(2.6)	2.9	2.0	—
Marubeni-Itochu Steel Inc.	50.0%	7.6	9.2	12.1	—
ITOCHU Metals Corporation	100.0%	1.1	1.6	1.6	1.3*3

Energy & Chemicals Company

(Billions of Yen)

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		18.9	36.9	80.6	55.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG Project)	100.0%	0.7	2.3	3.3	5.1
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	1.8	(1.8)	0.5	0.9
ITOCHU ENEX CO., LTD.	54.0%	5.5	6.0	6.5	6.4
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.2%	1.1	4.0	9.1	—
Dividend from LNG Projects (PAT)	—	3.2	4.4	6.2	5.2
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	3.1	3.7	5.2	4.5
ITOCHU PLASTICS INC.	100.0%	4.2	4.0	3.8	2.4*3
C.I. TAKIRON Corporation*	51.2%	5.4	3.0	2.9	6.9

* On April 1, 2017, TAKIRON Co., Ltd., and C.I. Kasei Co., Ltd., merged to form C.I. TAKIRON Corporation. Accordingly, C.I. TAKIRON's consolidated contribution for FYE 2017 is represented as the sum of consolidated contributions for the two companies.

Food Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{1*}
Consolidated Net Profit (Loss)		70.5	80.5	207.9	61.0
Breakdown of Net Profit (Loss) by Major Group Companies					
FamilyMart UNY Holdings Co., Ltd.	50.2%	7.4	11.8	17.3	0.0 ^{*3}
Dole International Holdings, Inc.	100.0%	8.3	3.2	7.8	10.0
NIPPON ACCESS, INC.	100.0%	12.2	9.8	11.6	8.1 ^{*3}
FUJI OIL HOLDINGS INC.	34.0%	2.7	4.2	3.0	5.2
Prima Meat Packers, Ltd.	39.8%	3.7	4.1	3.2	3.7
ITOCHU-SHOKUJIN Co., Ltd.	52.2%	1.7	2.2	1.7	2.1
HYLIFE GROUP HOLDINGS LTD.	49.9%	2.7	3.7	2.7	—

General Products & Realty Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{1*}
Consolidated Net Profit (Loss)		27.6	55.7	62.9	70.0
Breakdown of Net Profit (Loss) by Major Group Companies					
European Tyre Enterprise Limited (Kwik-Fit)	100.0%	(5.2)	5.8	4.2	5.1
ITOCHU FIBRE LIMITED (METSА FIBRE)	100.0%	4.3	9.9	16.1	—
Japan Brazil Paper and Pulp Resources Development Co., Ltd. (CENIBRA)	33.3%	2.9	4.2	7.3	—
ITOCHU KENZAI Corp.	100.0%	2.6	2.7	2.9	2.9
DAIKEN CORPORATION	35.0%	1.8	1.6	1.3	2.1
ITOCHU Property Development, Ltd.	100.0%	2.6	2.4	2.9	2.7
ITOCHU LOGISTICS CORP.	100.0%	2.4	2.7	3.1	2.8 ^{*3}

ICT & Financial Business Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{1*}
Consolidated Net Profit (Loss)		40.1	51.1	68.4	61.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Techno-Solutions Corporation	58.2%	12.6	13.6	14.2	15.7
BELLSYSTEM24 Holdings, Inc.	40.8%	1.4	1.2	1.2	2.8
CONEXIO Corporation	60.3%	3.9	4.1	4.0	—
ITOCHU Fuji Partners, Inc. (SKY Perfect JSAT Holdings)	63.0%	2.2	(0.2)	1.4	1.6
POCKET CARD CO., LTD.	63.1%	0.6	1.3	3.9	2.1 ^{*3}
Orient Corporation	16.5%	5.0	4.2	4.2	—

The 8th Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{1*}
Consolidated Net Profit (Loss)		—	—	—	30.0
Breakdown of Net Profit (Loss) by Major Group Companies					
FamilyMart UNY Holdings Co., Ltd.	50.2% ^{*3}	—	—	—	25.1
NIPPON ACCESS, INC.	40.0% ^{*3}	—	—	—	5.4
ITOCHU PLASTICS INC.	40.0% ^{*3}	—	—	—	1.6
POCKET CARD CO., LTD.	30.9% ^{*3}	—	—	—	2.0 [*]
ITOCHU Metals Corporation	30.0% ^{*3}	—	—	—	0.5
ITOCHU LOGISTICS CORP.	5.0% ^{*3}	—	—	—	0.2

* Includes net profit from FamilyMart UNY Holdings Co., Ltd.

¹ The "FYE 2020 (Forecast)" was revised on August 2, 2019 to reflect the establishment of The 8th Company.

² Share percentages indicated are as of March 31, 2019.

³ A portion of net profit was transferred to The 8th Company in tandem with that company's establishment. See the share percentage indicated for The 8th Company for details on the percentage transferred.