

# Metals & Minerals Company

## Business Fields

- Development of metal & mineral resources (iron ore, coal, non-ferrous metals, etc.)
- Trade in materials, fuel, and products (iron ore, coal, aluminum, uranium, non-ferrous products, etc.), and recycling businesses (steel scrap, etc.)
- Steel business (process and trade of steel products, and investment in related industries)



**Kenji Seto**

President, Metals & Minerals Company;  
Chief Operating Officer, Metal & Mineral Resources Division



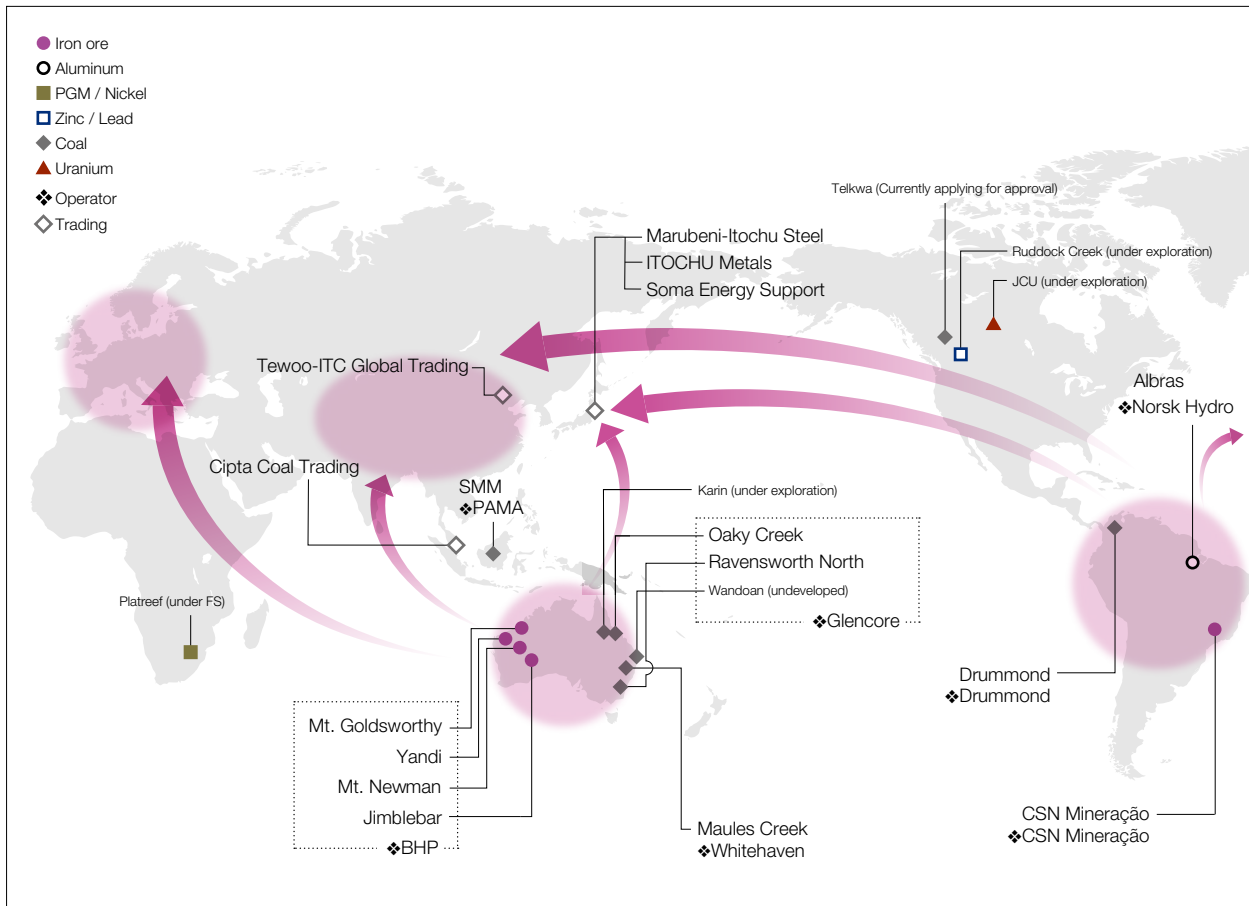
From left:

**Ikuya Hirano,**  
Chief Financial Officer

**Yoshihiko Ogura,**  
General Manager, Planning & Administration Department

**Yasuhisa Tashiro,**  
General Manager, Steel Business Coordination Department

## Business Development



# STRENGTHS Company Strengths

- Strong relationships with excellent 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 (metal & mineral resources and metal materials) to downstream (steel and non-ferrous products)

Photo courtesy of Emirates Global Aluminium

Photo courtesy of BHP

# OPPORTUNITIES Growth Opportunities

Strategies (Specific Measures)

Changes in society's demand with respect to metal & mineral resources and metal materials



Creation of optimal resource portfolios that contribute to next-generation industries by replacing and acquiring superior assets

Expansion of trade in metal & mineral resources, steel and non-ferrous products, as well as recycling business in line with global economic development



Formation of new, high-value-added trading structures by leveraging strong relationships with excellent partners

"Reinvention of business" through building a value chain



Conduct investments and provide financing in industry from upstream to downstream, and enhance business models through the introduction of new technologies

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

Responses

Trends in demand for fossil fuels associated with regulations on greenhouse gas emissions, and changes in industrial materials with a view toward realizing a low-carbon society



Adherence to our coal-related business policy; ongoing contribution to the development of technologies that will help reduce greenhouse gas emissions; enhanced initiatives in businesses (such as aluminum) that will facilitate lighter-weight vehicles and a shift toward EVs

Lower production and sales volumes due to resource depletion and mine closures



Expansion of superior equity investments that provide the foundation for stable supplies of resources and fuels

Consideration for EHS (Environmental, Health, and Occupational safety) and harmony with people in local communities



Operation of EHS Guidelines and thorough employee education; healthcare, education through donations to local communities; contributions to community infrastructure development, etc.

(⇒ Page 50 Sustainability)

## Taking Advantage of Opportunities for Growth

### ITOCHU to Make Capital Investment to Develop South Flank Project

ITOCHU has approved capital expenditure to develop the South Flank project of its Western Australia Iron Ore Operations ("WAIO"). WAIO is run as a joint venture with leading mining company, BHP. The South Flank project will replace production from the Yandi iron ore mine which is reaching the end of its economic life. Production from the South Flank mine is expected to continue for more than 25 years. First shipment is targeted in the 2021 calendar year. We will further strengthen the partnership with excellent partners, and will continue to seek investments in superior assets with a high level of competitiveness. At the same time, through this business we will continue to develop sustainable projects with careful consideration for EHS, and harmony with people in local communities.



WAIO's Ore Processing Plant (Photo courtesy of BHP)

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

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

# Financial Summary

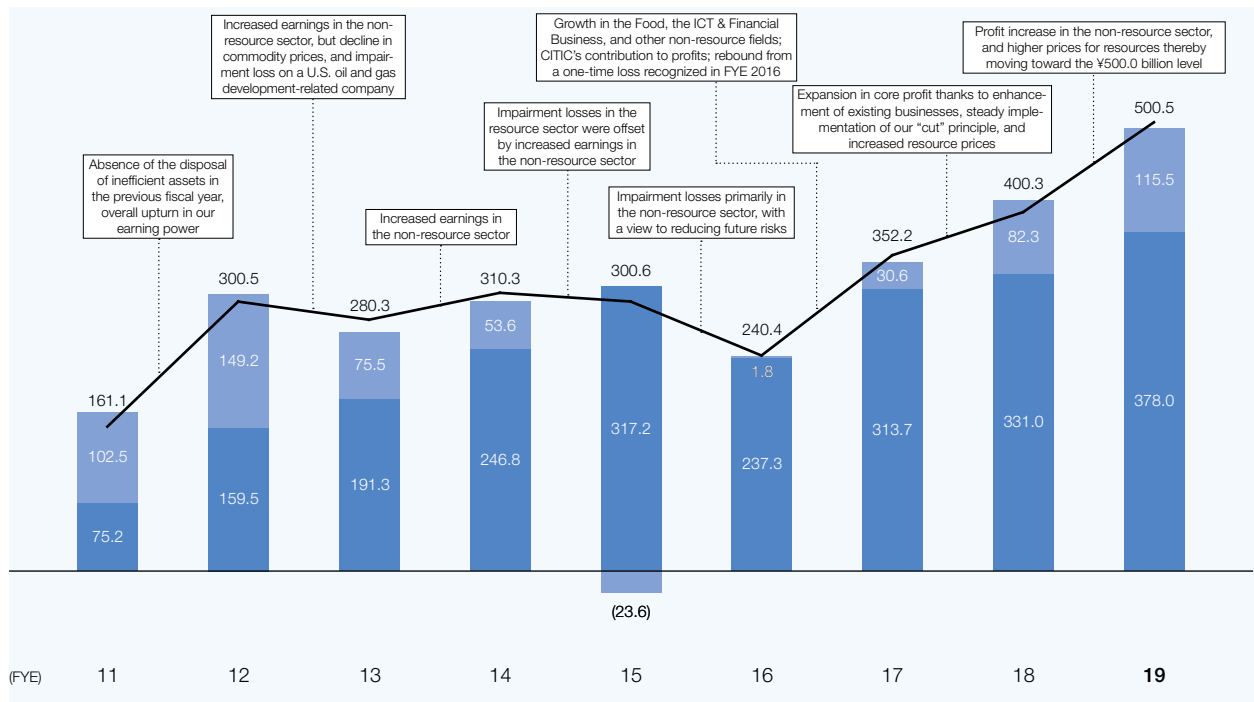
## Segment Overview

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
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Core Profit

218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0
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■ 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

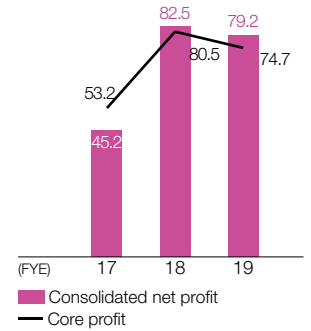
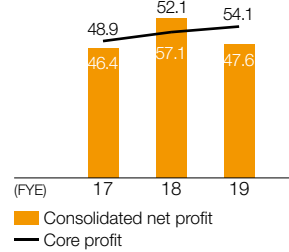
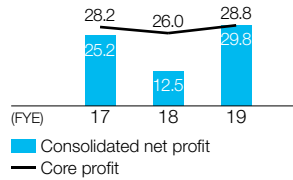
## Textile Company

## Machinery Company

## Metals & Minerals Company

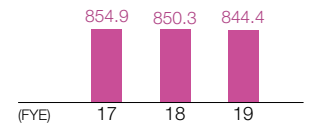
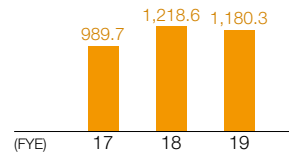
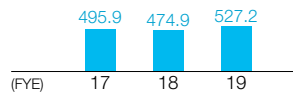
### Consolidated Net Profit Core Profit

(Billions of Yen)



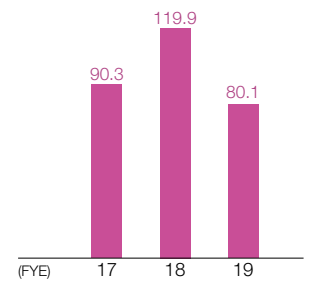
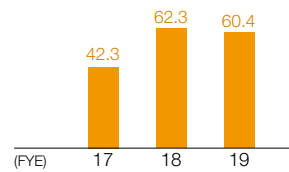
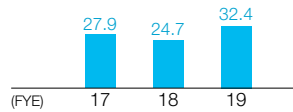
### Total Assets

(Billions of Yen)



### Core Operating Cash Flows\*

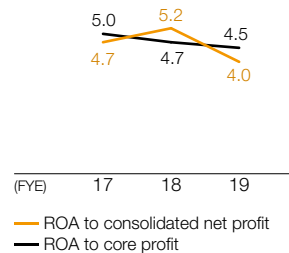
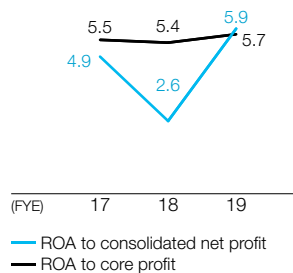
(Billions of Yen)



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

### ROA

(%)

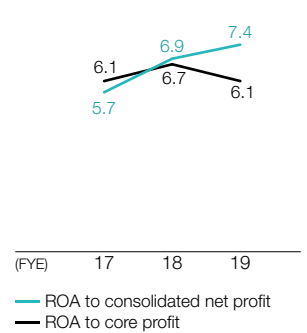
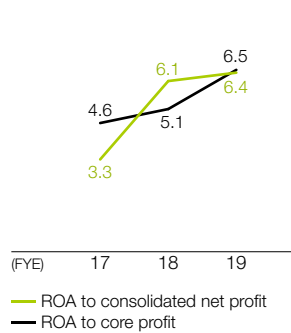
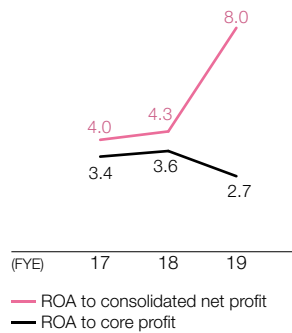
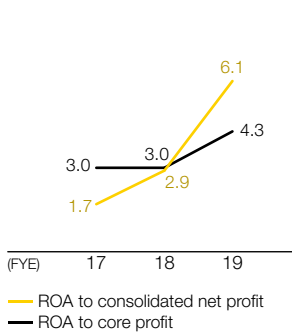
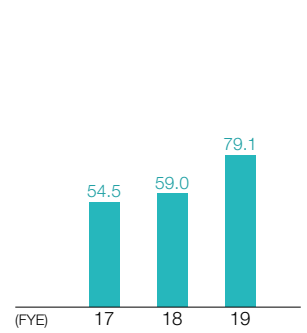
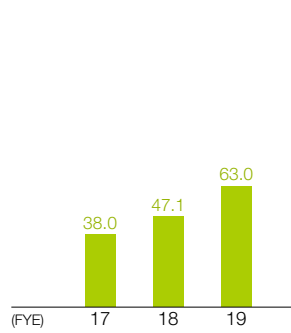
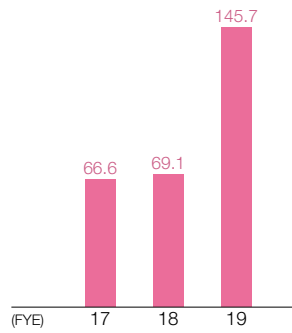
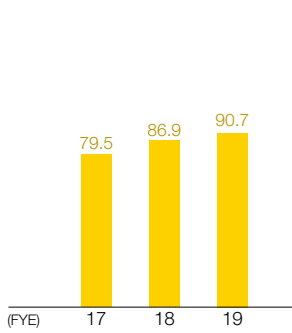
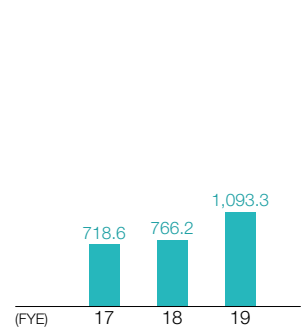
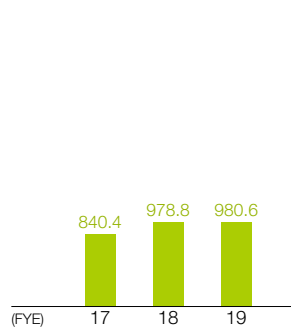
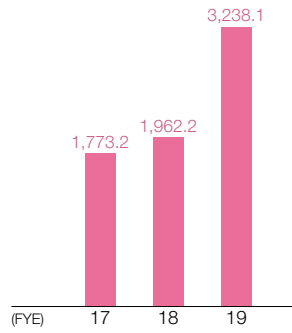
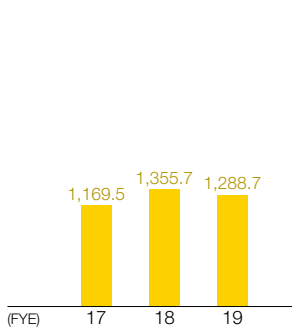
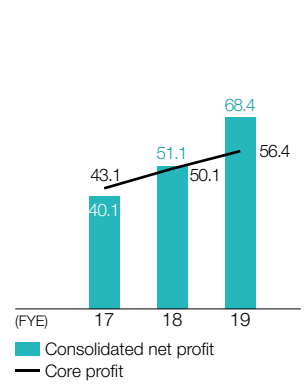
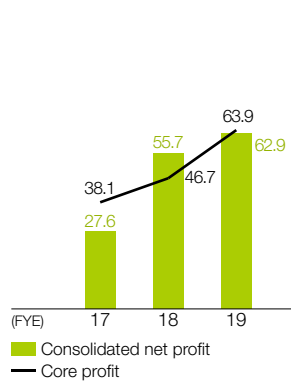
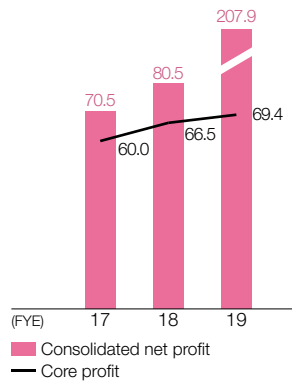
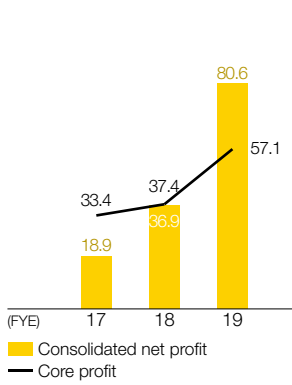


Energy & Chemicals Company

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
<b>Consolidated Net Profit (Loss)</b>		25.2	12.5	29.8	33.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
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
<b>Consolidated Net Profit (Loss)</b>		46.4	57.1	47.6	61.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
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
<b>Consolidated Net Profit (Loss)</b>		45.2	82.5	79.2	96.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
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
<b>Consolidated Net Profit (Loss)</b>		18.9	36.9	80.6	55.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
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 <sup>2</sup>	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) <sup>1*</sup>
<b>Consolidated Net Profit (Loss)</b>		70.5	80.5	207.9	61.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
FamilyMart UNY Holdings Co., Ltd.	50.2%	7.4	11.8	17.3	0.0 <sup>*3</sup>
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 <sup>*3</sup>
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 <sup>2</sup>	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) <sup>1*</sup>
<b>Consolidated Net Profit (Loss)</b>		27.6	55.7	62.9	70.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
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 <sup>*3</sup>

## ICT & Financial Business Company

(Billions of Yen)

	Shares <sup>2</sup>	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) <sup>1*</sup>
<b>Consolidated Net Profit (Loss)</b>		40.1	51.1	68.4	61.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
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 <sup>*3</sup>
Orient Corporation	16.5%	5.0	4.2	4.2	—

## The 8th Company

(Billions of Yen)

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

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

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

<sup>2</sup> Share percentages indicated are as of March 31, 2019.

<sup>3</sup> 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.