

Energy & Chemicals Company

Business Fields

- Energy projects and trading (crude oil, petroleum products, LPG, LNG, natural gas, electricity, etc.)
- Chemical projects and trading (general range of basic petrochemical products, sulfur, fertilizer, pharmaceuticals, synthetic resin, household goods, fine chemicals, storage batteries, electronic materials, etc.)



Keita Ishii

President, Energy & Chemicals Company



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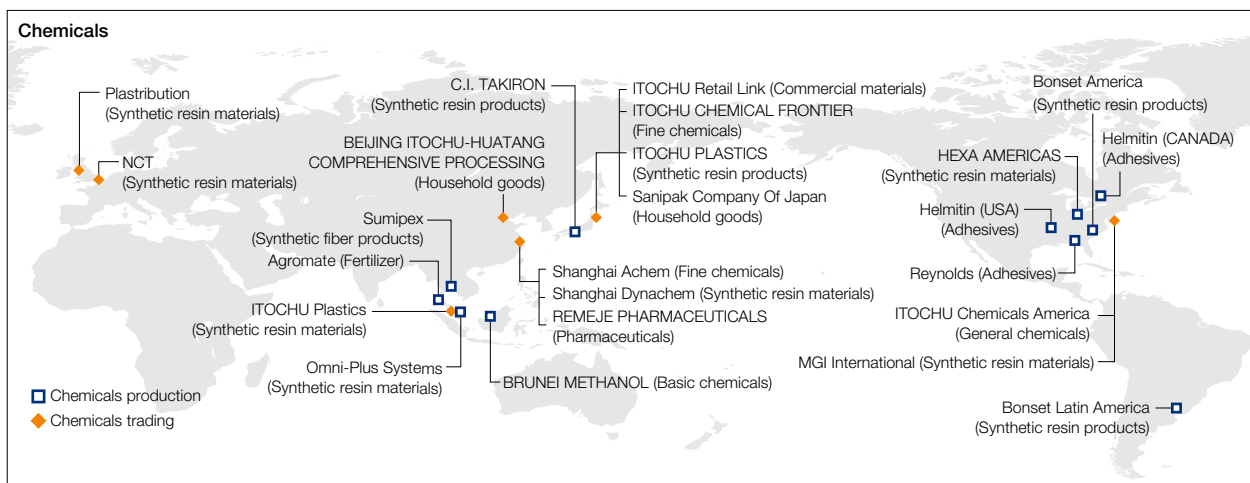
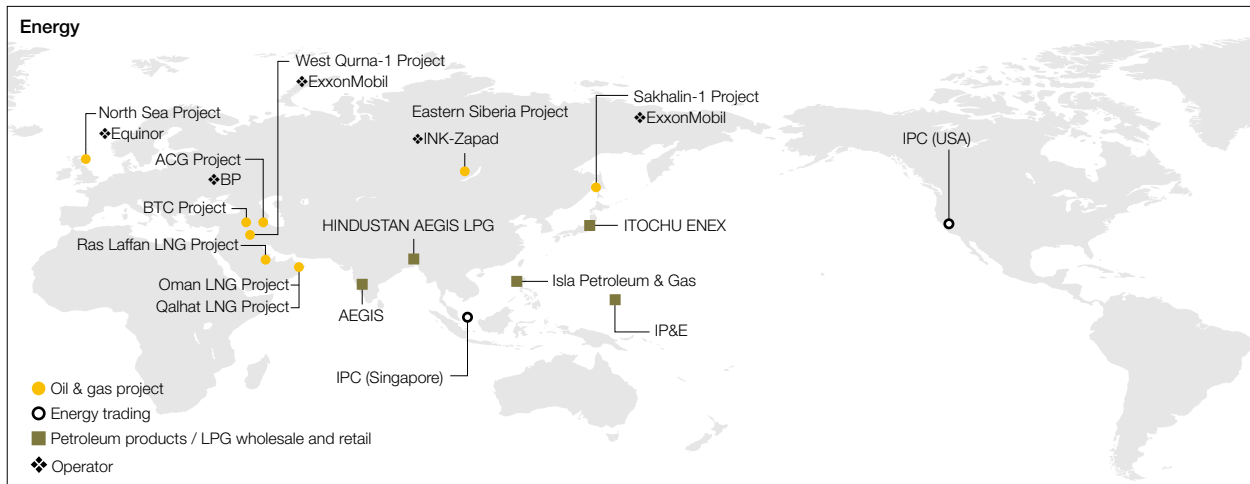
Hisato Okubo,
Executive Vice President, Energy & Chemicals Company;
Chief Operating Officer, Energy Division

Masaya Tanaka,
Chief Operating Officer, Chemicals Division

Kenji Takai,
Chief Financial Officer

Isao Nakao,
General Manager, Planning & Administration Department

Business Development






STRENGTHS Company Strengths

- Business portfolio in the energy sector ranging from upstream to downstream
- Worldwide sales network of chemicals trading
- The ability to develop businesses across a broad range, spanning raw materials to end products in the chemicals field





OPPORTUNITIES Growth Opportunities

Strategies (Specific Measures)

Growing awareness for a low-carbon society		Further strengthen the LNG value chain, including consideration of new project acquisitions
Long-term growth in demand for energy resources		Collaborate with reputable partners to maintain a stable, long-term supply of energy resources by increasing efficiency and expanding existing projects; consider new projects as alternatives to existing interests
Demand for environmentally friendly energy, products, and services		Expand initiatives leveraging breadth of the business domain, ranging from energy solutions and renewable energy to optimal charging and discharging services utilizing the energy storage system

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

Responses

Stricter regulation of greenhouse gas emissions and less reliance on fossil fuels		Continuing efforts to minimize greenhouse gas emissions during operation and the pursuit of businesses with lower environmental impact, such as renewable energy and LNG
Transformation of patient needs and growing uncertainty of medical security systems as the population ages		Expansion of portfolio in the healthcare business through promoting leading-edge medical treatments
Stricter regulations on development, claims for damages resulting from environmental degradation, and deteriorating relations with local communities		Promotion of businesses that exceed the environmental management standards of governments in which we undertake projects, as well as of international administrative bodies
Reduction in demand for synthetic resin materials in line with moving away from plastic and the problem of plastic waste		Handle new environmentally friendly materials such as alternative materials to plastic and promote recycling businesses

(⇔ Page 50 Sustainability)

Taking Advantage of Opportunities for Growth

Initiatives Contributing to Medium- to Long-Term Energy Security

ITOCHU is in the market exploring for opportunities to take part in the new natural gas and LNG projects, cleaner energy sources, the demands of which are growing ever more worldwide. As part of our upstream oil and gas strategy, we have acquired new project interest in Iraqi West Qurna-1, while divesting a subsidiary's holding project interests in the U.K. North Sea. With its unique contract scheme*, the West Qurna-1 project secured more stable revenue stream, enabling us to build a robust asset base that would withstand today's volatile oil market. Through these and other strategic measures taken, we, as the Energy & Chemicals Company, have achieved record-high earnings in FYE 2019. Our aim is to sustain this momentum by maximizing our revenue bases from existing projects, such as the Azerbaijani ACG project, at the same time continuing on with our journey to optimize our asset portfolio, through further acquisitions and divestments where feasible.



LNG tanker NIZWA

* A scheme in which ITOCHU and other companies operate and develop the field on behalf of the Iraqi government, for which they are entitled to receive a certain remuneration fee.

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

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

Financial Summary

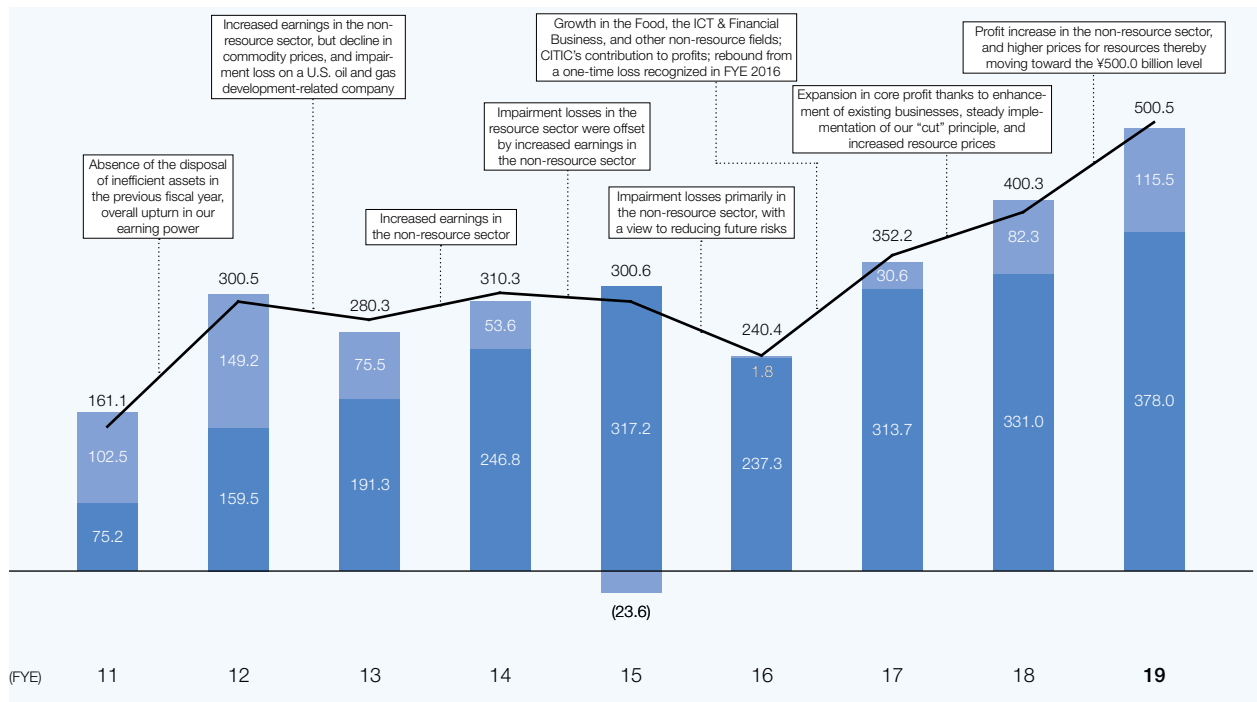
Segment Overview

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



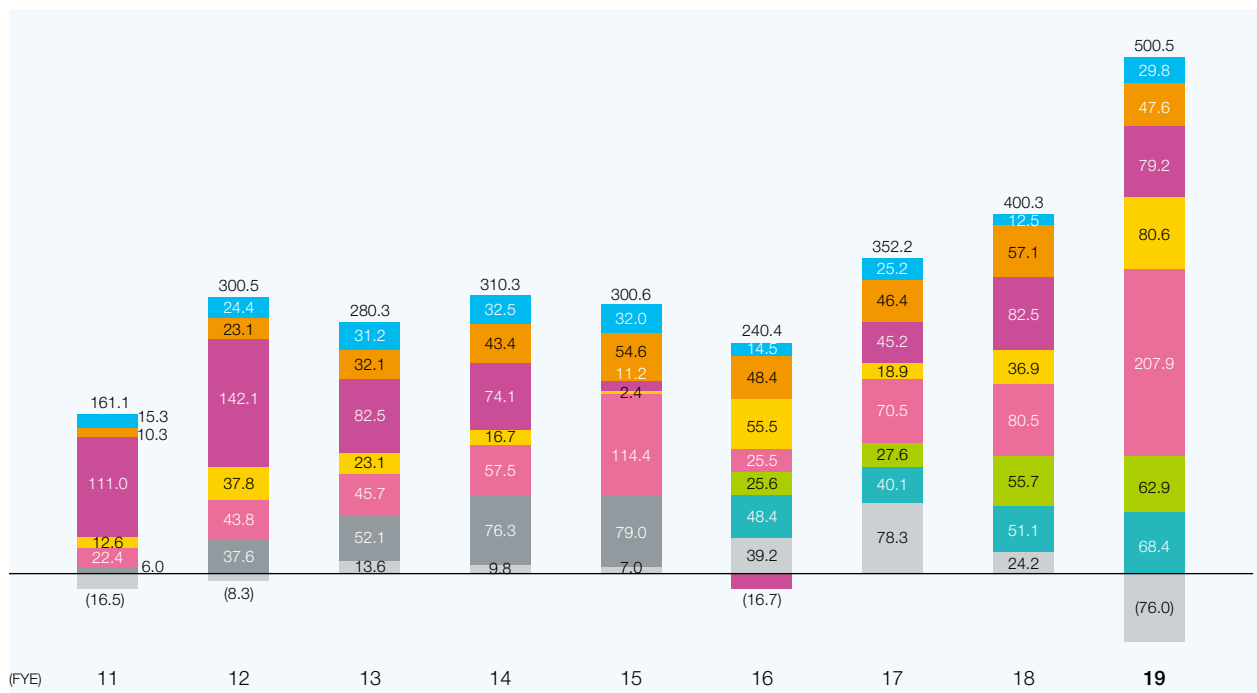
Non-Resource	82.1%	89.3%	72.8%	93.7%
Resource	17.9%	10.7%	27.2%	6.3%

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)



(FYE)	11	12	13	14	15	16	17	18	19
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

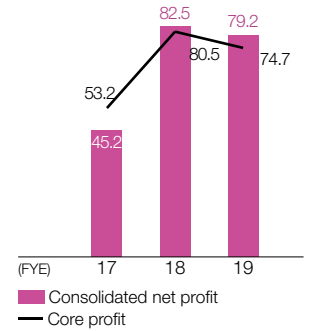
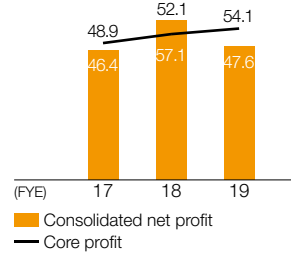
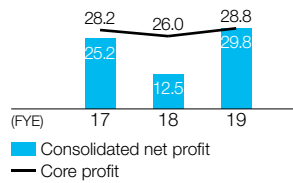
Textile Company

Machinery Company

Metals & Minerals Company

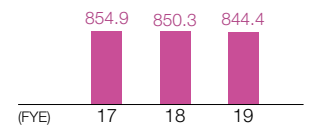
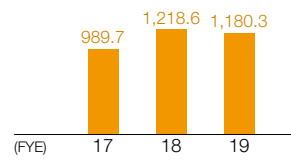
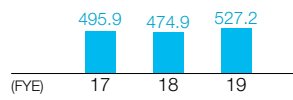
Consolidated Net Profit Core Profit

(Billions of Yen)



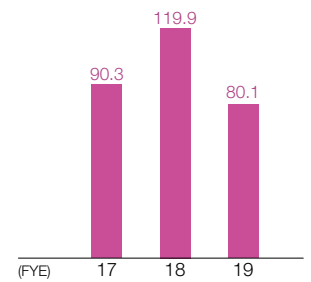
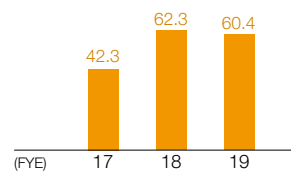
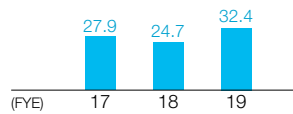
Total Assets

(Billions of Yen)



Core Operating Cash Flows*

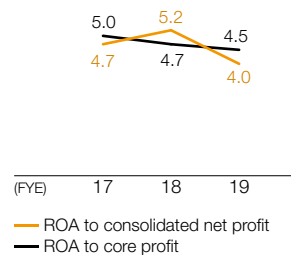
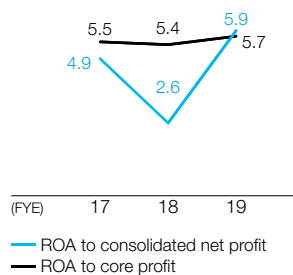
(Billions of Yen)



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

ROA

(%)

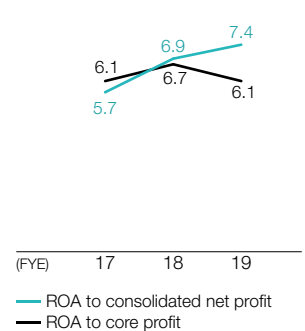
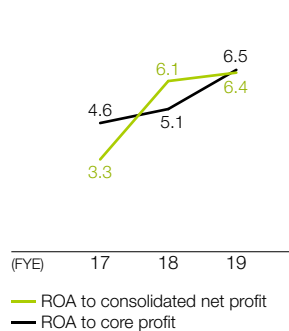
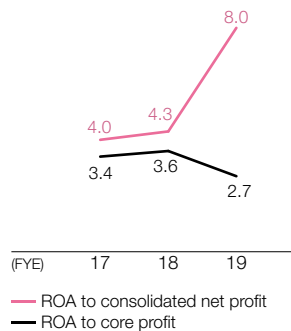
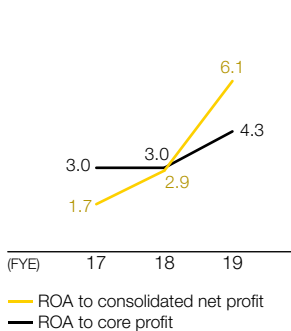
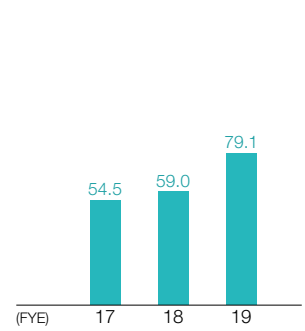
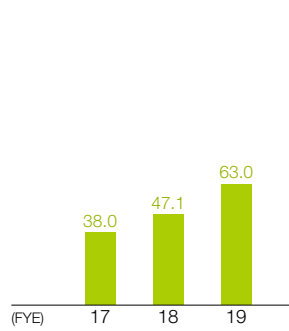
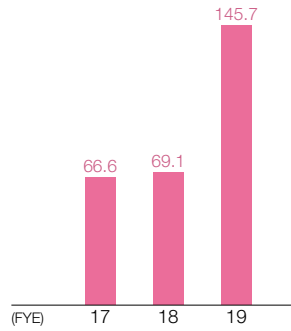
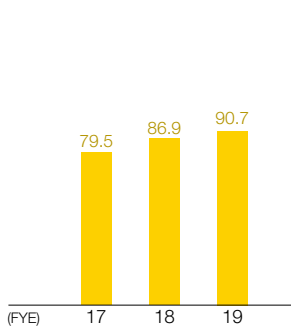
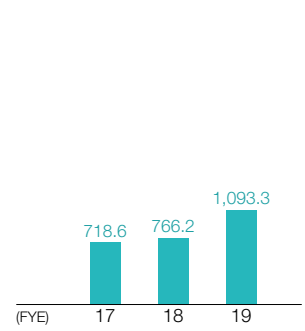
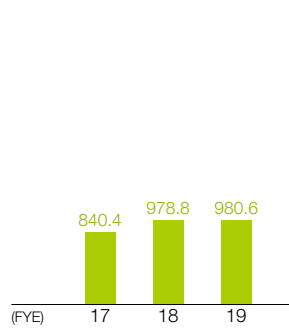
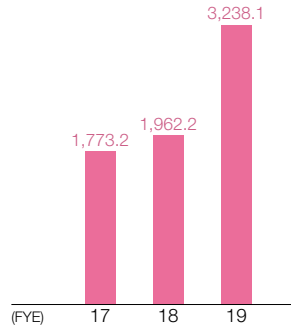
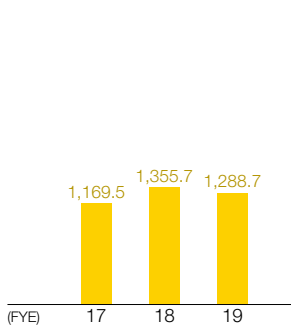
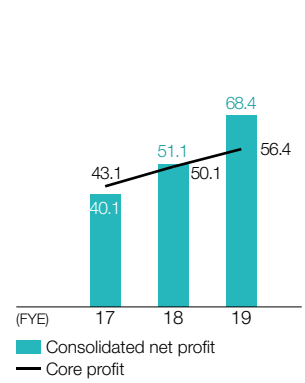
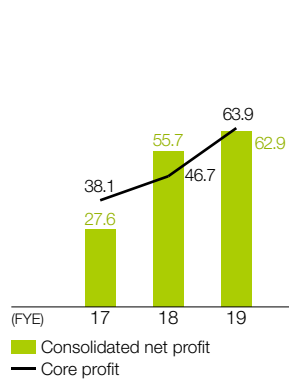
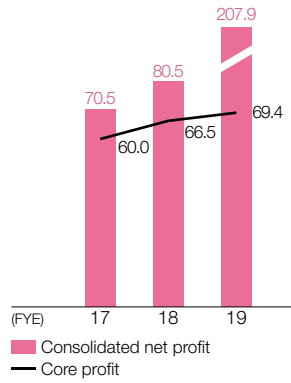
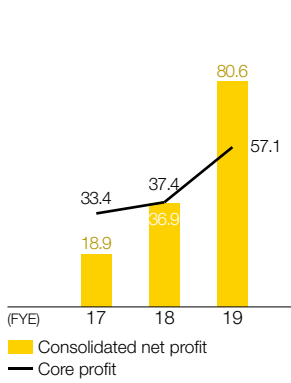


Energy & Chemicals Company

Food Company

General Products & Realty Company

ICT & Financial Business Company



Net Profit (Loss) by Major Group Companies

Textile Company

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
(Billions of Yen)					
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

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
(Billions of Yen)					
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

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
(Billions of Yen)					
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

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
(Billions of Yen)					
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.