

Machinery Company

Business Fields

- Urban environmental and power infrastructure (water and environmental business, IPP, infrastructure, renewable energy, and petrochemical plants)
- 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)

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



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

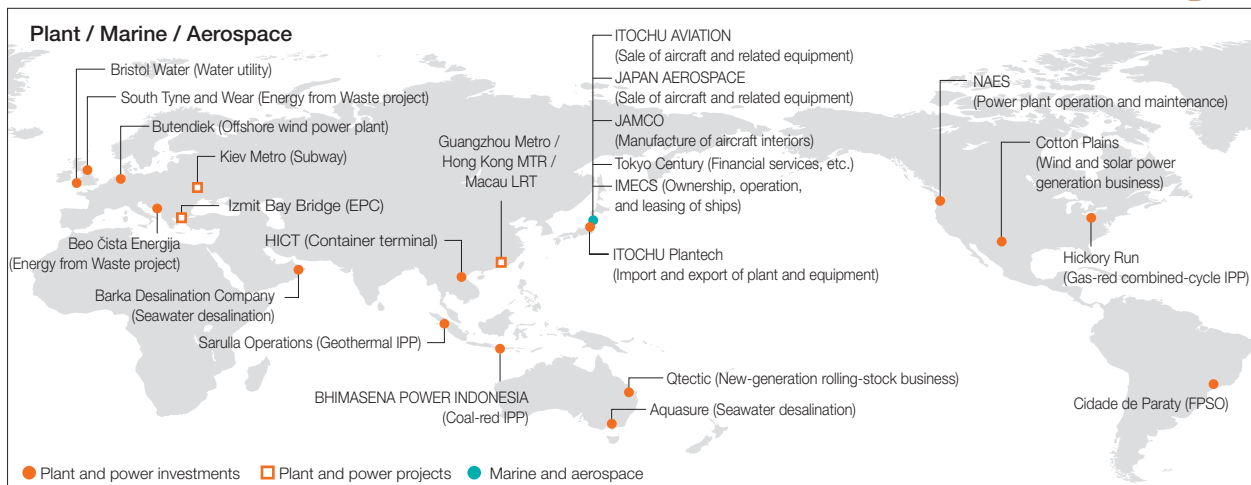
Tatsuya Hirano,

General Manager, Planning & Administration Department

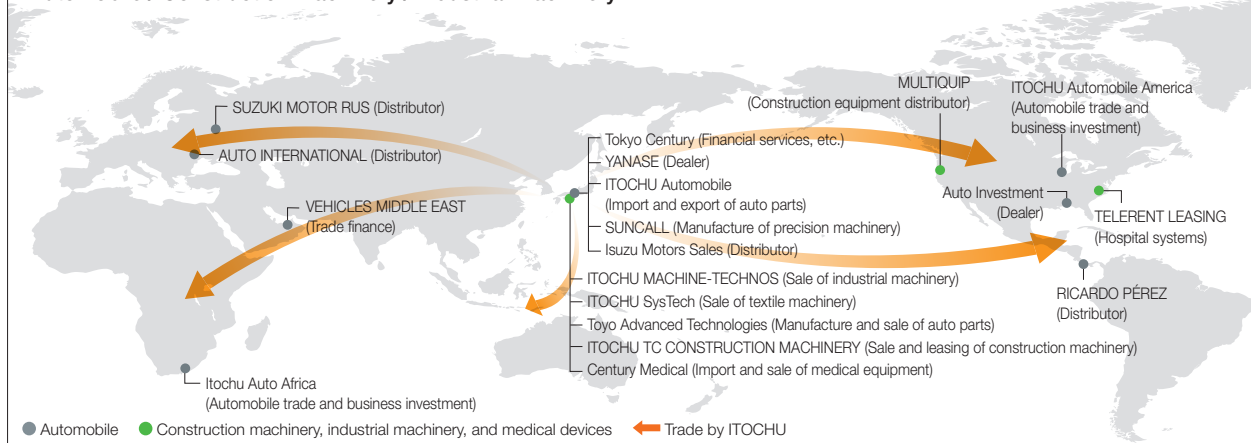
Business Development

60%

Percentage of Earnings from Domestic Business (image)



Automobile / Construction Machinery / Industrial Machinery

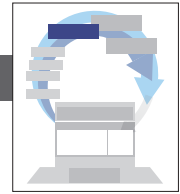




Credit: Boeing

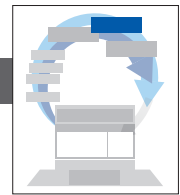
FYE 2020 Review (Achievement of Short-Term Targets)

- Promoted and reinforced the renewable energy business, including strategic investment in U.S. wind generation projects and electrification solution business to non-electrified regions in Africa
- Promoted and enhanced environmental business, and the achievement includes the groundbreaking of energy-from-waste plants in collaboration with the government of Belgrade, Serbia
- Increased the number of owned vessels and managed aircraft
- Enhanced initiatives with Dishangtie(DST), which provides commercial electric vehicles (EVs) in the logistics network throughout China and Singulato, an emerging EV manufacturer in China
- Encouraged partnerships between Beijing Century Kounre Hospital, our investee, and leading Japanese medical institutions in such areas as inbound treatment and medical checkups, as well as exchanges of medical personnel and technologies



Steppingstones to Medium- to Long-Term Value Creation

- Honing existing businesses centering on the urban environmental and power infrastructure sector and the automotive sector, and conducting asset replacement and new investment
- Transformation of existing value chains with a focus on the automobile industry and evolution toward a next-generation mobility business model
- Capturing superior aircraft and ship projects and enhancing the business model
- Pursuit of synergies and cooperation with strategic partners
- Continuing to invest to accelerate the upgrade of the business model



Initiatives Supporting Sustainable Growth

- Pursuing investment opportunities in renewable energy generation, taking into account the energy situations in individual countries and regions, and complying with policies related to the coal-fired power generation business
- Reducing environmental impact through efforts involving EVs and automatic guided vehicles, as well as the expansion of mobility services
- Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and to reduce environmental impact
- Engaging in next-generation mobility, including the electrification of aircraft
- In the aim of reducing marine GHG emissions, promoting a project to develop zero-emission ships using ammonia as marine fuel
- Providing leading-edge medical devices and advanced medical services to enhance quality of life in the medical field



➔ Please refer to "Significant Risks to Be Managed on a Consolidated Basis" in the Risk Management section on Page 47.

Specific Example of Steppingstones to Medium- to Long-Term Value Creation

Promoting Joint Business with Tokyo Century Corporation in the Construction Machinery and Construction Sectors

ITOCHU has built a new joint management structure for ITOCHU CONSTRUCTION MACHINERY CO., LTD. by having Tokyo Century Corporation, an affiliate of ITOCHU, as a shareholder. As a result of this move, ITOCHU CONSTRUCTION MACHINERY CO., LTD. changed its name to ITOCHU TC CONSTRUCTION MACHINERY CO., LTD. Taking advantage of the range of services and the extensive domestic and overseas networks of ITOCHU and Tokyo Century Corporation, ITOCHU TC CONSTRUCTION MACHINERY CO., LTD. aims to become a next-generation total solutions company. In addition to the sale and rental of construction equipment and materials, the company intends to become a one-stop provider meeting diverse needs including software, services, and financing. ITOCHU also plans to accelerate growth-oriented initiatives of ITOCHU TC CONSTRUCTION MACHINERY CO., LTD., including capital and business alliances with Japanese companies.



Tower crane for skyscraper construction, sold by ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.

Please also see the Sustainability Action Plan on our website for initiatives supporting sustainable growth.

<https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>



Financial Summary

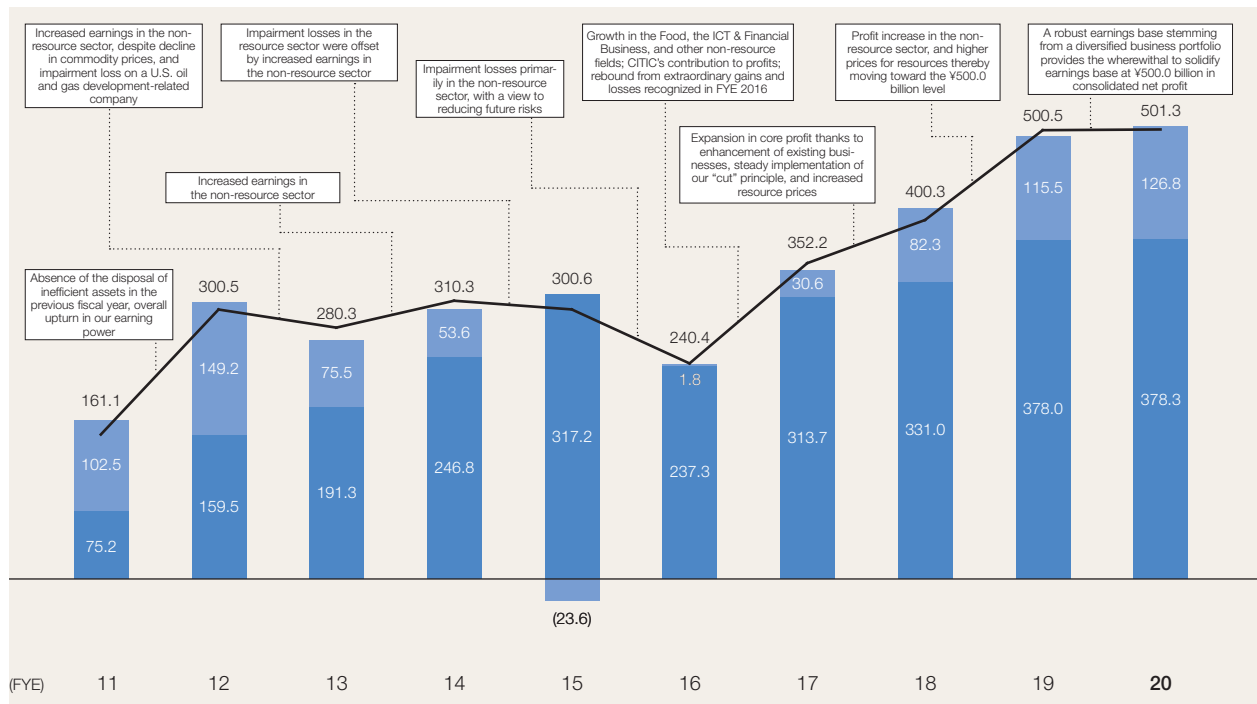
Segment Overview

				Percentage of the Total for ITOCHU (3-year average)			
				Core profit	Total assets	Core Operating Cash Flows	Number of employees (Consolidated)
Textile Company  Page 88 ROA 1.8%	5.4%	4.9%	4.5%	7.8%			
Machinery Company  Page 90 ROA 4.6%	11.7	12.2	11.6	11.9			
Metals & Minerals Company  Page 92 ROA 13.5%	19.1	8.4	20.2	0.4			
Energy & Chemicals Company  Page 94 ROA 4.7%	10.6	13.1	17.1	11.0			
Food Company  Page 96 ROA 2.9%	10.3	17.0	17.1	28.6			
General Products & Realty Company  Page 98 ROA 5.3%	11.4	10.0	15.0	14.7			
ICT & Financial Business Company  Page 100 ROA 5.3%	11.9	10.3	9.6	14.7			
The 8th Company  Page 102 ROA 1.1%	5.3	14.5	14.4	14.9			
Others, Adjustments & Eliminations	14.3	9.6	8.7	8.3			
			(1.1)	2.4			
Non-Resource	78.3%	90.4%	73.8%	94.6%			
Resource	21.7%	9.6%	26.2%	5.4%			

* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

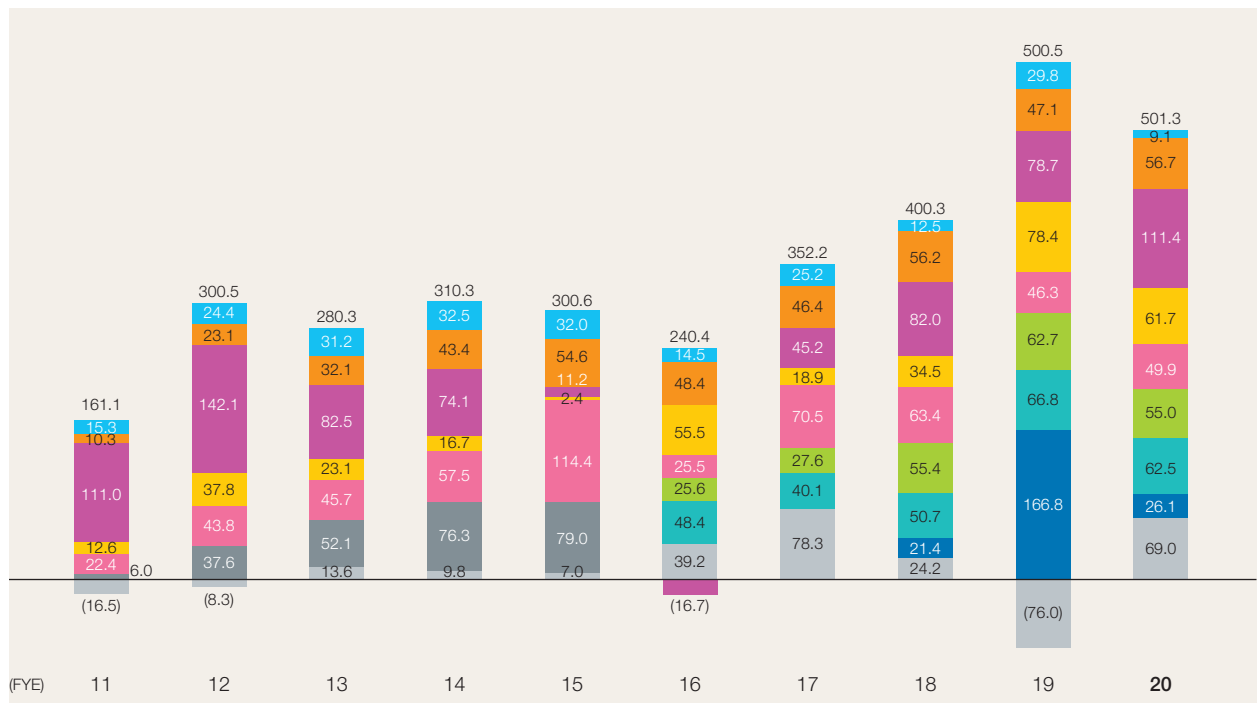
* Based on U.S. GAAP through FYE 2014, IFRS from FYE 2015

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



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

Consolidated Net Profit by Segment (Billions of Yen)



Extraordinary Gains and Losses

(57.5)	20.0	0	0	(5.0)	(75.0)	(18.0)	(16.5)	28.5	16.0
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Core Profit

218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0	485.3
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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) ■ The 8th (from FYE 2018)
 ■ 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.
 * Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.



Performance Trends by Segment

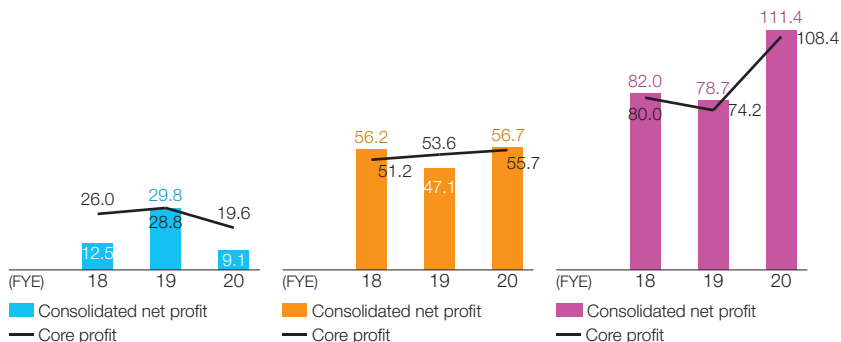
Textile Company

Machinery Company

Metals & Minerals Company

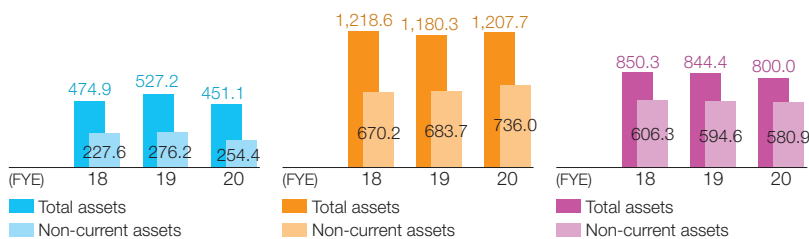
Consolidated Net Profit & Core Profit

(Billions of Yen)



Total Assets

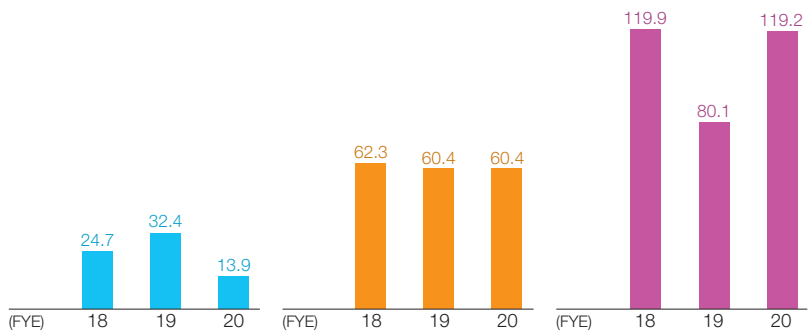
(Billions of Yen)



Core Operating Cash Flows*

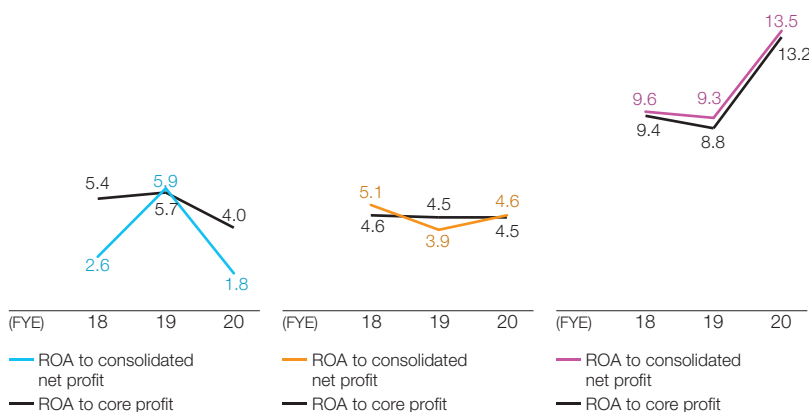
(Billions of Yen)

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



ROA

(%)



* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

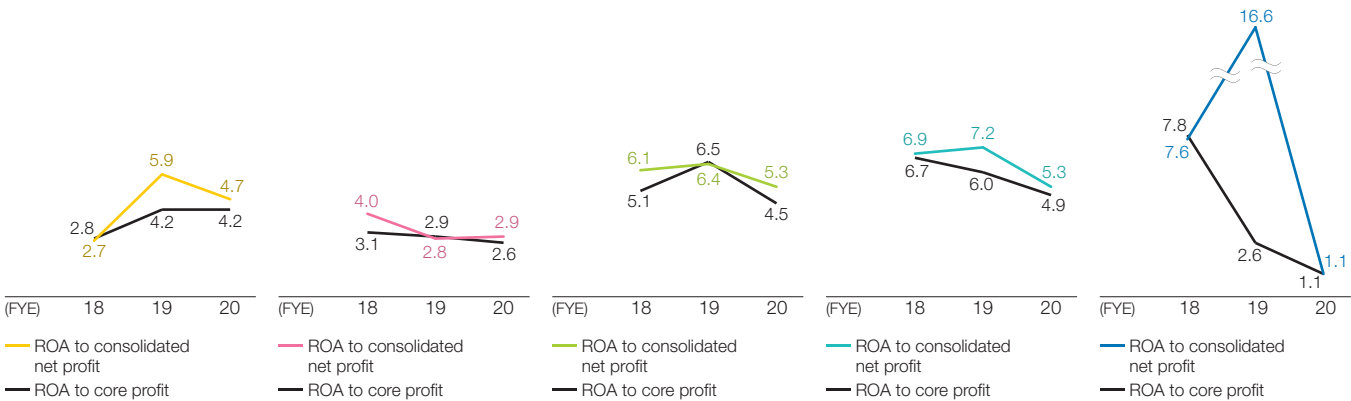
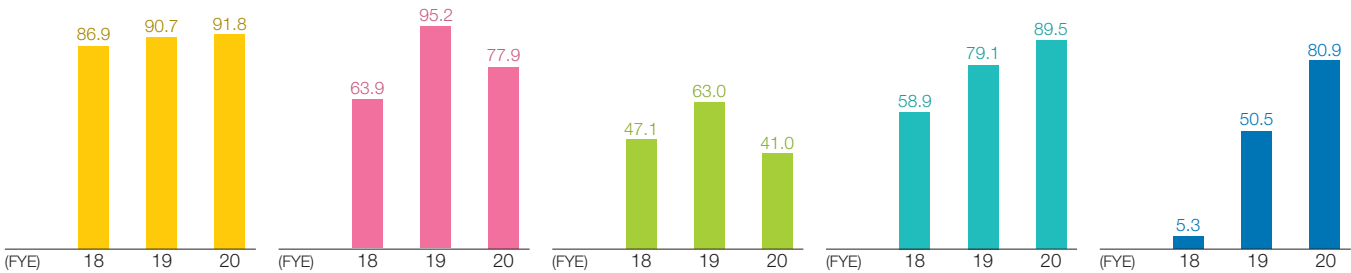
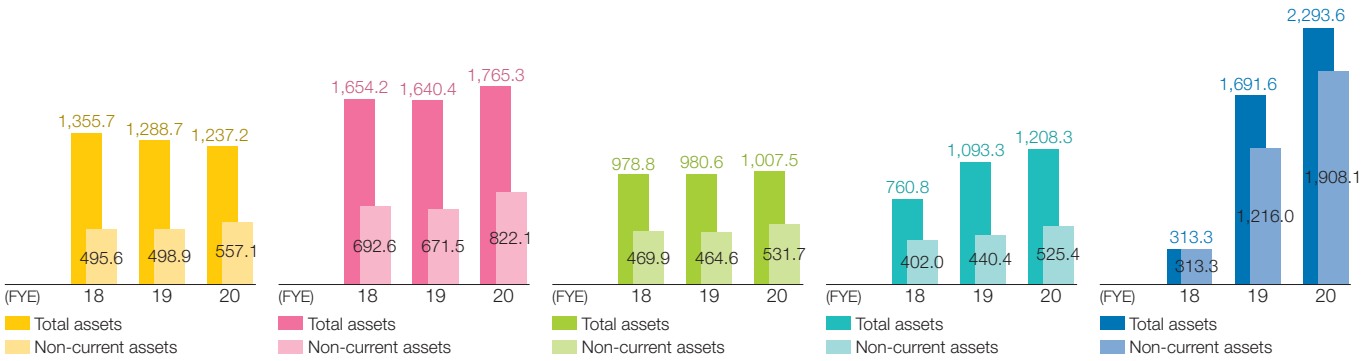
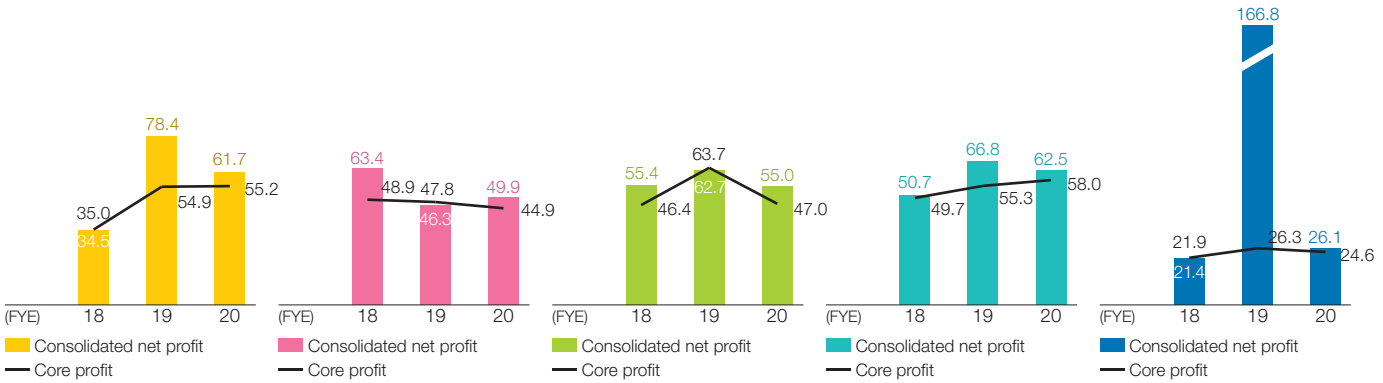
Energy & Chemicals Company

Food Company

General Products & Realty Company

ICT & Financial Business Company

The 8th Company



Business Portfolio



Net Profit by Major Group Companies

Textile Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		12.5	29.8	9.1	23.0
Breakdown of Net Profit (Loss) by Major Group Companies					
JOI'X CORPORATION	100.0%	1.5	1.2	0.8	0.3
DESCENTE LTD.	40.0%	1.4	1.2	(1.4)	2.0
Sankei Co., Ltd.	100.0%	0.1	1.9	1.5	1.2
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	0.2	1.1	0.4	1.0
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	1.0	1.1	1.1	1.1

Machinery Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		56.2	47.1	56.7	48.0
Breakdown of Net Profit (Loss) by Major Group Companies					
Tokyo Century Corporation	29.2%	12.5	12.6	14.2	13.1
I-Power Investment Inc.	100.0%	5.3	(5.8)	1.8	2.9
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	1.9	1.0	1.2	1.2
JAMCO Corporation	33.4%	0.6	0.6	0.1	—
YANASE & CO., LTD.	66.0%	3.7	1.1	3.0	3.3
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.*3	50.0%	0.6	0.6	0.3	0.3
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	0.8	1.4	1.4	1.0
Century Medical, Inc.	100.0%	0.5	0.7	0.6	0.4
MULTIQUIP INC.	100.0%	2.3	2.8	2.8	1.7

Metals & Minerals Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		82.0	78.7	111.4	77.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Minerals & Energy of Australia Pty Ltd	100.0%	62.3	60.1	83.4	71.6
JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA. (CSN Mineração)	77.3%	3.3	1.7	9.4	—
ITOCHU Coal Americas Inc. (Drummond)	100.0%	2.9	2.0	1.1	—
Marubeni-Itochu Steel Inc.	50.0%	9.2	12.1	11.2	—
ITOCHU Metals Corporation*4	70.0%	1.1	1.1	1.3	1.0

Energy & Chemicals Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		34.5	78.4	61.7	34.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG Project)	100.0%	2.3	3.3	4.9	(1.1)
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	(1.8)	0.5	0.7	0.8
ITOCHU ENEX CO., LTD.	54.0%	6.0	6.5	6.9	5.9
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.0%	4.0	9.1	7.7	—
Dividends from LNG Projects (PAT)	—	4.4	6.2	5.5	2.7
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	3.7	5.2	4.4	4.4
ITOCHU PLASTICS INC.*4	60.0%	2.4	2.3	2.5	2.6
C.I. TAKIRON Corporation	52.0%	3.0	2.9	6.4	—

* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

Food Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		63.4	46.3	49.9	56.0
Breakdown of Net Profit (Loss) by Major Group Companies					
Dole International Holdings, Inc.	100.0%	3.2	7.8	(0.2)	7.4
NIPPON ACCESS, INC.*4	60.0%	5.9	7.0	8.4	8.7
FUJI OIL HOLDINGS INC.	39.0%	4.2	3.0	5.1	4.5
Prima Meat Packers, Ltd.	42.9%	4.1	3.2	3.9	3.8
ITOCHU-SHOKUHIN Co., Ltd.	52.2%	2.2	1.7	2.0	2.1
HYLIFE GROUP HOLDINGS LTD.	49.9%	3.7	2.7	3.0	—

General Products & Realty Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		55.4	62.7	55.0	60.0
Breakdown of Net Profit (Loss) by Major Group Companies					
European Tyre Enterprise Limited (Kwik-Fit)	100.0%	5.8	4.2	6.2	—
ITOCHU FIBRE LIMITED (METSА FIBRE)	100.0%	9.9	16.1	1.9	—
Japan Brazil Paper & Pulp Resources Development Co., Ltd. (CENIBRA)	33.3%	4.2	7.3	(7.1)	—
ITOCHU LOGISTICS CORP.*4	95.2%	2.6	2.9	4.9	2.7
ITOCHU KENZAI CORPORATION	100.0%	2.7	2.9	2.9	1.8
DAIKEN CORPORATION	35.6%	1.6	1.3	1.9	—
ITOCHU Property Development, Ltd.	100.0%	2.4	2.9	2.4	2.2

ICT & Financial Business Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		50.7	66.8	62.5	63.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Techno-Solutions Corporation	58.2%	13.6	14.2	16.6	17.5
BELLSYSTEM24 Holdings, Inc.	40.8%	1.2	1.2	1.8	2.9
CONEXIO Corporation	60.3%	4.1	4.0	4.0	—
ITOCHU Fuji Partners, Inc. (SKY Perfect JSAT Holdings)	63.0%	(0.2)	1.4	0.2	1.3
POCKET CARD CO., LTD.*4	32.2%	0.9	2.0	2.1	2.3
Orient Corporation	16.5%	4.2	4.2	3.7	—

The 8th Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		21.4	166.8	26.1	33.0
Breakdown of Net Profit (Loss) by Major Group Companies					
FamilyMart Co., Ltd.*5	50.2%	11.8	17.3	17.5	30.1
NIPPON ACCESS, INC.*4	40.0%	3.9	4.6	5.5	5.7
POCKET CARD CO., LTD.*4*6	30.9%	0.4	1.9	2.1	2.2
ITOCHU PLASTICS INC.*4	40.0%	1.6	1.5	1.6	1.8
ITOCHU Metals Corporation*4	30.0%	0.5	0.5	0.6	0.4
ITOCHU LOGISTICS CORP.*4	4.8%	0.1	0.2	0.1	0.1

*1 Indicated share percentages are as of June 30, 2020.

*2 "FYE 2021 (Plan)" indicates forecast figures (including revised forecast figures) disclosed up to and including July 31, 2020.

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

*4 Shares have been partially transferred to The 8th Company. Accordingly, share percentages and net profit (loss) are shown for each Division Company.

*5 On September 1, 2019, FamilyMart UNY Holdings Co., Ltd. changed its name to FamilyMart Co., Ltd.

*6 Figures include the net profit (loss) through FamilyMart Co., Ltd.

