

# FYE 2021 Management Plan

## Concept of FYE 2021 Management Plan

- ▶ The business environment is undergoing tumultuous changes. We are poised to move into a new management phase in which we must be prepared for economic downturn and global recession.
- ▶ Accomplished and completed the measures set out in our medium-term management plan, “Brand-new Deal 2020,” ahead of schedule during FYE 2019 and FYE 2020.
- ▶ Setting FYE 2021 as a year for consolidating our foothold, we formulated a single-year management plan.



## Basic Policies

**Qualitative targets**

Thoroughly instilling the **“earn, cut, prevent”** principles as the core of our business

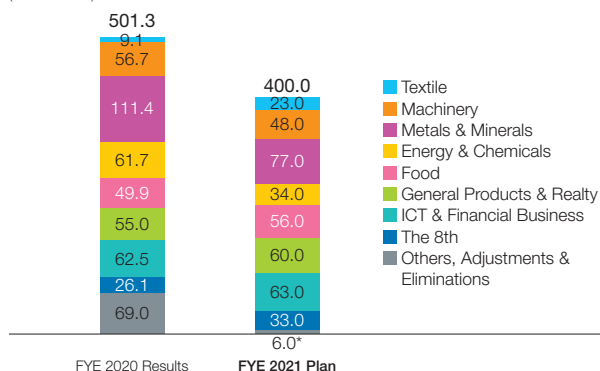
- Quantitative targets**
- ▶ Consolidated net profit **¥400.0** billion
  - ▶ Dividend per share **¥88** (Maintain the progressive dividend policy)
  - ▶ Maintain the **“Medium- to Long-Term Shareholder Returns Policy”**

\* Disclosed on October 1, 2018

## Quantitative Targets

### Consolidated Net Profit by Segment

(Billions of Yen)



(Billions of Yen)	FYE 2020 Results	FYE 2021 Plan
Non-Resource	378.3	384.0
Resource	126.8	73.0
Others	(3.7)	(57.0)*

\* Including a loss buffer of ¥(50.0) billion

### Brand-new Deal 2020

### FYE 2021 Management Plan

### Cash Flows, Financial Position and Ratio Plan

	FYE 2019 Results	FYE 2020 Results
Core Operating Cash Flows (Billions of Yen)	515.0	602.0
Net Investment Cash Flows (Billions of Yen)	(20.0)	(290.0)
Core Free Cash Flows after deducting shareholder returns (Billions of Yen)	300.0	123.0
	423.0	
NET DER (times)	0.82	0.75
Shareholders' equity (Trillions of Yen)	2.9	3.0
ROE (%)	17.9	17.0

### FYE 2021 Priority Measures

Actively promote strategic investments in areas of strength and asset replacement in a timely manner

B/S control for maintaining A ratings

Maintain high efficiency



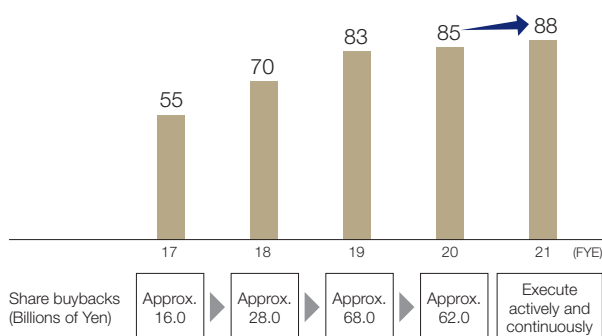
## Shareholder Returns Policy

### Dividend

¥88 dividend per share for FYE 2021, targeting further increase in dividend amount and dividend payout ratio.

### Dividend per Share

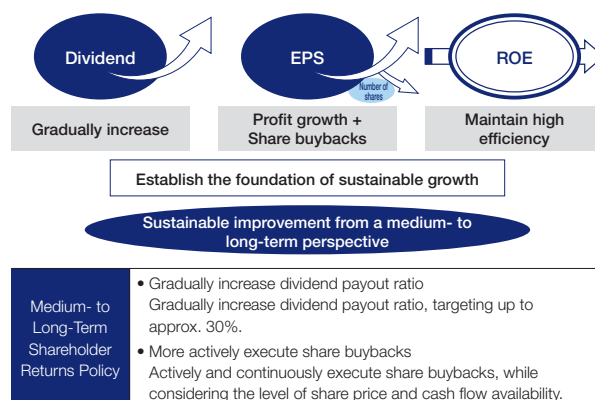
(Yen)



### Share Buybacks

Actively and continuously execute in accordance with the “Medium- to Long-Term Shareholder Returns Policy”

### Concept for Enhancing Corporate Value



Achievement of Short-Term Targets

## ESG

- Resolve social issues that will help to achieve sustainable increase in our corporate values while maintaining and increasing profits based on the new Group corporate mission of “*Sampo-yoshi*,” the roots of the idea of sustainability.
- In specific terms, we will make the most of our characteristics as a general trading company to expand and aggressively promote environmental businesses through providing a wide range of products and services and creating new businesses, as well as promoting flexible asset replacement and other measures.

### Material Sustainability Issues and Specific Measures

#### Environment

- Steadily implement the coal-related business policy.
- Recognize the problem of plastic waste as a key issue. Promote business creation through the development of environmentally friendly materials and other initiatives.

#### Society

- Strengthen front-line capabilities through improving operational efficiency; further refine our unique workstyle reforms aimed at establishing an environment that is challenging but allows employees to concentrate on their work without concern; and pursue improvement in labor productivity.

#### Governance

- Further improve the effectiveness of corporate governance on a Groupwide basis, including listed subsidiaries.

### Assumptions for FYE 2019 & 2020 Results and FYE 2021 Plan

	FYE 2019 Results	FYE 2020 Results	FYE 2021 Plan	(Reference) Sensitivities on consolidated net profit**
Exchange rate (YEN/US\$) average	110.56	109.16	105.00	Approx. ¥(2.4) billion (1yen appreciation against US\$)
Exchange rate (YEN/US\$) closing	110.99	108.83	105.00	—
Interest (%) USD LIBOR 3M	2.50%	2.04%	1.00%	Approx. ¥(2.0) billion (1% increase)
Crude oil (Brent) (US\$/BBL)	70.86	60.95	30	±¥0.61 billion
Iron ore (CFR China) (US\$/ton)	71*2	95*2	N.A.*3	±¥1.23 billion
Hard coking coal (FOB Australia) (US\$/ton)	202*2	164*2	N.A.*3	±¥0.22 billion
Thermal coal (FOB Australia) (US\$/ton)	106*2	71*2	N.A.*3	

\*1 The above effect varies according to changes in sales volume, foreign exchange rates and production costs.

\*2 FYE 2019 and FYE 2020 prices for iron ore, hard coking coal and thermal coal are prices that ITOCHU regards as general transaction prices based on the market.

\*3 The prices for iron ore, hard coking coal and thermal coal used in the FYE 2021 Plan are assumed in consideration for general transaction prices based on the market. The figures are not presented since the actual sales prices are decided based on negotiations with each customer, ore type and coal type.