

**Investors Meeting for
Operating Segments**

Reinvention of Business

June 27, 2019 (Thu.)



ひとりの商人、無数の使命

Today's Agenda

- 1. Background of Reinvention of Business**
- 2. CDO-CIO Structure**
- 3. Progress of Medium-Term Management Plan in FY2019**
- 4. ITOCHU's Strengths Drive Reinvention**
- 5. Policies Going Forward and Path to Profitability**

***1* . Background of Reinvention of Business**

External Environment

Need to respond to game changes brought about by rapid structural changes and accelerating digitization.

Rapid advancement
of
digital platforms

Once-in-a-century
mobility revolution

Smart use and supply
of electric power

Growing consumer
awareness on
sustainable society

Path to Business Success in the Next Generation

Real
operations
in diverse
business fields

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Utilization of
technology
underpinned by
experience and
expertise



ITOCHU's Reinvention of Business

Evolve business model in anticipation of
structural changes brought about
by digitization and data utilization

2. CDO-CIO Structure

Newly established
organizations under CDO-CIO



Promote ITOCHU's reinvention



Evolve business model through
digitization and data utilization

Organizations under CDO - CIO

CDO-CIO

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graph TD; CDO-CIO[CDO-CIO] --- IT[IT Planning Division]; CDO-CIO --- BPD[Business Planning & Development Division]; CDO-CIO --- BID[Business Innovation Department];
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IT Planning Division

**Company-wide IT strategies and
IT security measures**

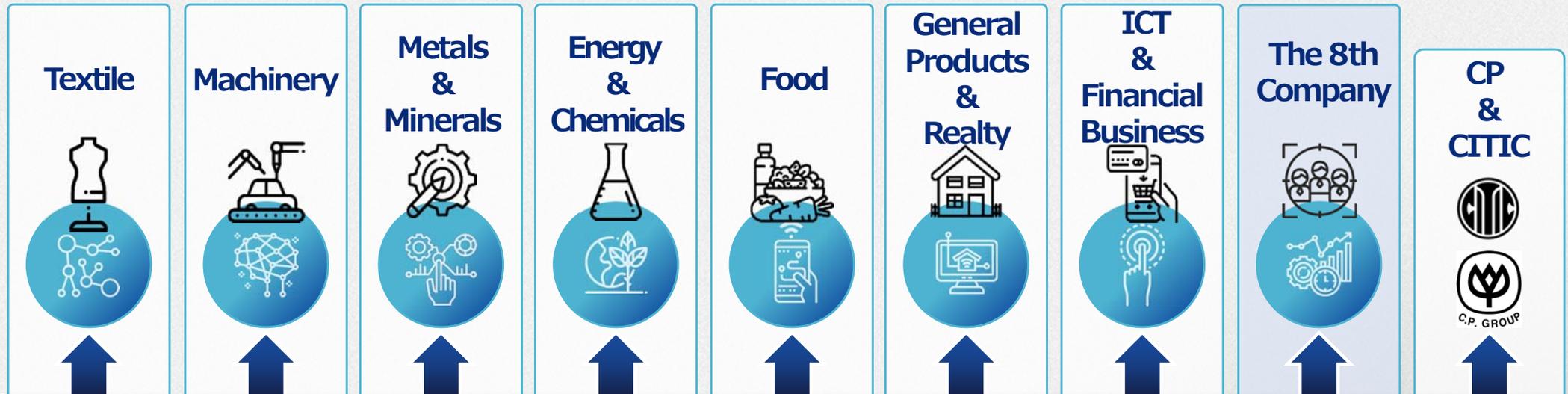
Business Planning & Development Division

**Development of new businesses
and cross-divisional projects
Drafting and implementation of
overseas policies**

Business Innovation Department

**Promotion of the reinvention
strategies of ITOCHU group**

Missions of CDO-CIO Structure



1. Support **reinvention** of each division company

2. Lead reinvention of business in **cross-divisional fields** and **new fields**

3. Establish an offensive and defensive company-wide **IT framework**

Missions of CDO-CIO Structure

1. Support **reinvention** of each division company

- Accelerate the development of an advanced foundation through next-generation investments
- Develop businesses and realize a profit through cross-divisional cooperation
- Encourage utilization of technology

2. Lead reinvention of business in **cross-divisional fields** and **new fields**

- Create next-generation businesses in cross-divisional fields and new fields
- Optimize the Itochu group's value chain through data management and data coordination

3. Establish an **offensive & defensive** company-wide **IT framework**

- Lead the digitization of ITOCHU group
- Improve digital literacy of employees
- Prepare for a data-driven economy and the AI era

3 . Progress of the Medium-Term Management Plan in FY2019

Medium-Term Management Plan Released in April 2018

Brand-new Deal 2020 — Policies for Reinventing Business



Incorporate new technologies in all fields to evolve ITOCHU's "Earn, Cut, Prevent" principles



Reinvented Business

Improvement of Value Across the Consumer-Related Value Chain

Evolution of Business Model with New Technologies



Optimization of value chain
encompassing everything from
production to sales



Smart distribution systems



Satisfying customer experiences
Development of new retail proposals



Optimal energy use and supply



Next-generation mobility society
Shift from ownership to use



Improvement of management
productivity through new
technologies

Open Collaboration with Other Industries and Venture Companies

Progress of Reinvention of Business in FY2019

Medium-Term Management Plan: Reinvention of Business

FY2019 Total Investment **¥30.0 billion**

Consumer-Related Value Chain

¥19.0 billion

Main Investments

Paidy

FreakOut

WingArc1st

JOOR

- Promotion of digital strategies of FamilyMart
- Strategic investment in fintech, advertising and marketing, etc.

Next-Generation Mobility and Energy

¥6.0 billion

Main Investments

Via

Dishangtie

Moixa

Hiyacar

- Investment in Chinese EV-related businesses
- Capital alliance with a North American rideshare operator
- Further strengthening of the storage battery field, etc.

Use of New Technologies

¥5.0 billion

Main Investments

TBM

Traxens

Musca

PoC of
Natural rubber

FBN

Spire

- Advanced foundation in SDGs/ESG-related fields and IoT of business operations

4 . ITOCHU's Strengths for Reinvention

ITOCHU's Strengths Drive Reinvention

**Utilization of Technology
and Foundation of
Venture Investment**

ITOCHU's Consumer-Related Value Chain

Raw Materials and Production



Wholesale, Logistics and Finance



Retail



Huge growth opportunities through digitization and data utilization

Company-wide Sharing of Venture Network

Domestic and International Venture Capital



Around 30 funds

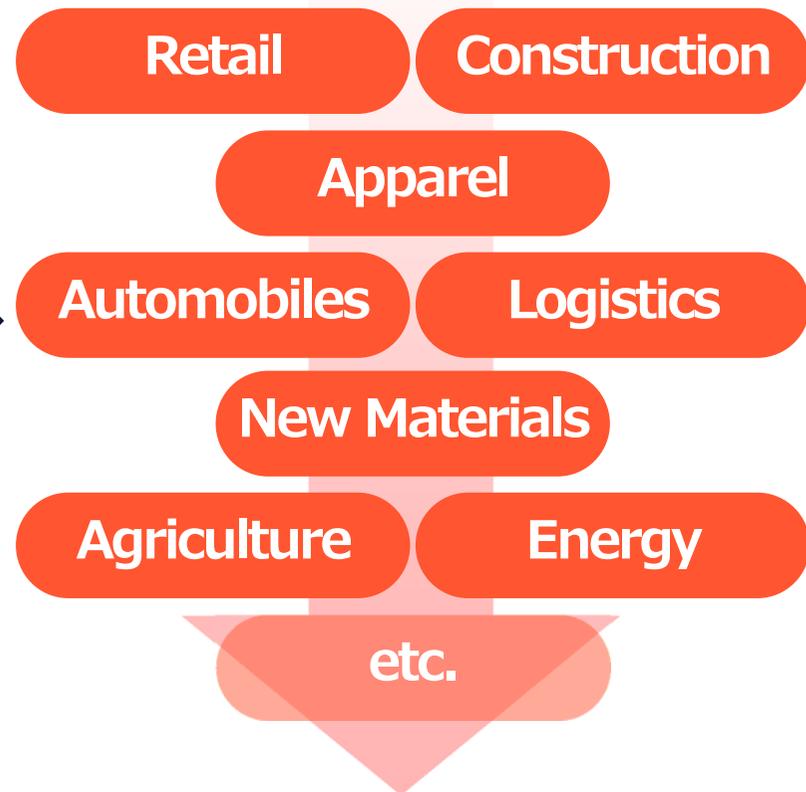
Portfolio
Around 3,000 companies

Company-wide Sharing

Screening
Around 300 companies

Investments and alliances
10 to 20 companies

Company-wide sharing of the venture network used to date by ICT & Financial Business Company and Head Office



Group Companies and Partners Underpinning Reinvention

Group companies



Partner investees



5 . Policies Going Forward and Path to Profitability

Cross-Industry Integration and Cross-Divisional Cooperation

Mobility
Mobility

Automobiles × **IT**
Machinery | ICT & Financial Business
Mobility Services

**Rideshare
Business**

Energy
Energy

Energy × **Mobility**
Energy & Chemicals | Machinery
**Storage battery
value chain**

**Reused
Automotive
Battery Business**

Retail
Retail

Retail × **Data**
Multiple Division Companies | ICT & Financial Business
**Reinvention of consumer-
related value chain**

**Digital strategies
in retail business
(payment, advertising
and marketing)
Data utilization**

Realizing a Profit from Next-Generation Investments

Way to realize a profit

Strategic transformation into business investment



¥20.0 billion

Investment amount

Acquisition of sales channels (acquire trade rights or establish joint ventures)



¥10.0 billion

Steadily realize a profit of each investment

Path to Profitability of Next-Generation Businesses

Clarify our direction during the current medium-term management plan

Develop foundations for sustainable growth based on consolidated net profit attributable to ITOCHU of

¥500.0 billion

Continue next-generation investments and realize a profit

Accelerate next-generation investments, pursue strategic transformation into business investments and acquisition of sales channels

Expand profit by evolving existing businesses

Improve productivity, efficiency and profitability through digitization and data utilization

ITOCHU Rising to the Challenge of Reinvention

Further Accelerate our Evolution

