FY2018
Business Results Summary

May 2, 2018

ITOCHU Corporation

Forward-Looking Statements

Summary of FY2018

Summary of Net profit attributable to ITOCHU

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(Unit : billion yen)

- **"Net profit attributable to ITOCHU" increased by 14%, or ¥48.1 bil., compared with the previous fiscal year to ¥400.3 bil., which renewed the highest record for the second consecutive year.**
  Due to the strong earnings in the Forest Products & General Merchandise, Food, ICT and Metals & Minerals sectors, "Net profit attributable to ITOCHU" increased compared with the previous fiscal year in all segments except for the Textile which decreased due to the extraordinary losses.
  Profits of Non-Resource sector increased by ¥17.3 bil., compared with the previous fiscal year to ¥331.0 bil., which achieved the highest record.
- **"Net profit attributable to ITOCHU after deducting extraordinary gains and losses"** (approximately ¥16.5 bil. loss) was **approximately ¥417.0 bil. and renewed the highest record for the second consecutive year**.
- **"Profits/Losses of group companies"** was **¥392.3 bil., "Share (%) of group companies reporting profits"** was **91.0%, both of which achieved the highest record**.
- **"Core operating cash flows"**, after deducting changes in working capital from "Cash flows from operating activities", was a **net cash-inflow of ¥460.0 bil., which achieved the highest record**.
- **Ratio of shareholders' equity to total assets** was **30.8%, which was the highest record. NET DER** was **0.87 times**, **which was the lowest record. ROE** was **15.8%**, **which resulted as planned at the beginning of the fiscal year**.

	FY2017 Result	FY2018 Result	Increase/ (Decrease)	FY2018 Forecast (Disclosed on Feb, 2)	Achievement
Net profit attributable to ITOCHU	**352.2**	＊ **400.3**	**+ 48.1**	**400.0**	**100%**
Gross trading profit	1,093.5	＊ 1,210.4	+ 117.0	1,230.0	98%
Selling, general and administrative expenses	(801.8)	(890.3)	(88.4)	(921.0)	97%
Gains on investments	32.1	7.1	(25.1)	-	-
Losses on property, plant, equipment and intangible assets	(16.7)	(29.6)	(12.9)	-	-
Equity in earnings of associates and joint ventures	185.2	＊ 216.2	+ 31.1	190.0	114%
Income tax expense	(125.3)	(106.1)	+ 19.1	(103.0)	103%

(Reference)

	FY2017 Result	FY2018 Result	Increase/ (Decrease)
Extraordinary gains and losses	(18.0)	(16.5)	+ 1.5
Net profit attributable to ITOCHU after deducting extraordinary gains and losses	approx. 370.0	＊ approx. 417.0	+ 47.0
Profits/Losses of group companies	328.6	＊ 392.3	+ 63.6
Share (%) of group companies reporting profits	86.4%	＊ 91.0%	Increased 4.6pt

Dividend Information (Per Share)	
Annual (Planned)	70.0 yen
Interim (Paid)	32.0 yen

＊ : Record High

Net profit attributable to ITOCHU by Segment

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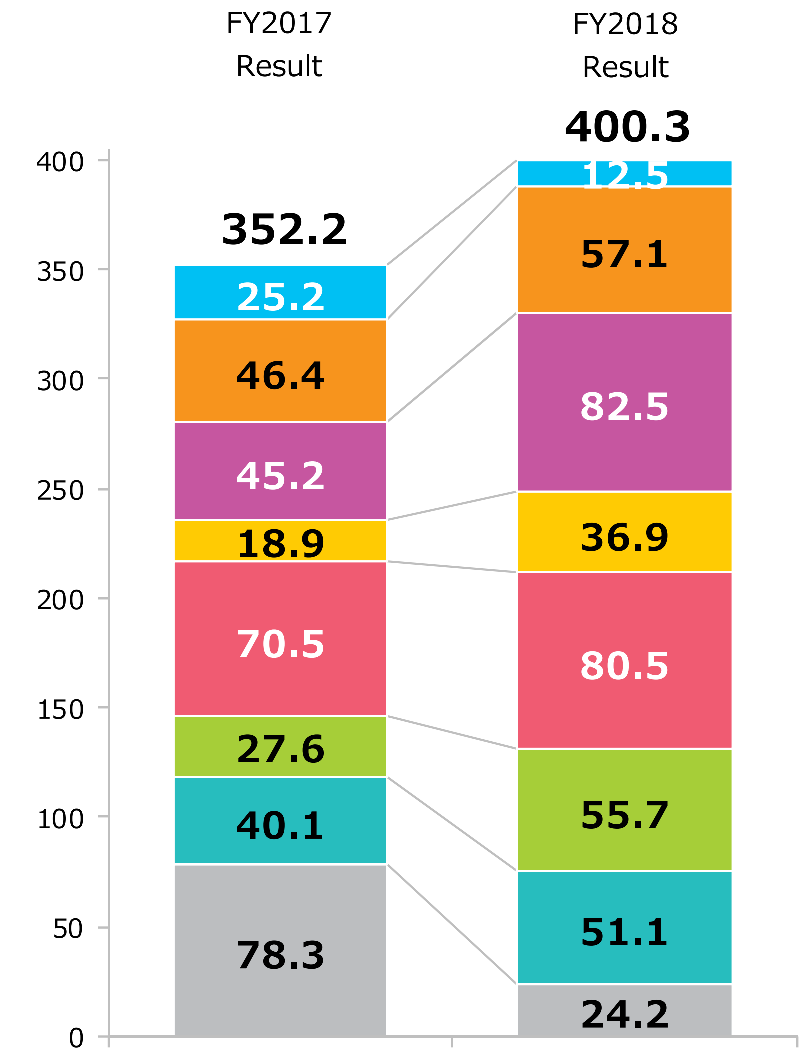

	FY2017	FY2018
Non-Resource	313.7	＊ 331.0
Resource	30.6	82.3
Others	8.0	(13.0)
Non-Resource(%)	91%	80%

Note:% composition is calculated using the total of Non-Resource and Resource sectors as 100%.

＊: Record High

Summary of changes from the previous fiscal year

Textile [Inc / (Dec) : ¥(12.7) bil.]
Decrease due to the unfavorable sales and the impairment losses in apparel-related business, despite lower expenses.

Machinery [Inc / (Dec) : ¥+10.6 bil.]
Increase due to the favorable performance in aircraft-related and plant-related companies, the absence of deterioration in profitability in ship-related business affected by stagnant market conditions in the previous fiscal year, and lower tax expenses, despite the absence of the gain on sales of a medical-device-related company in the previous fiscal year.

Metals & Minerals [Inc / (Dec) : ¥+37.2 bil.]
Increase due to the higher iron ore and coal prices, the higher sales volume in iron ore-related business, and dividends from a coal-related investment.

Energy & Chemicals [Inc / (Dec) : ¥+18.0 bil.]
Increase due to the favorable performance in chemical-related transactions, higher dividends from oil and LNG projects, the gain accompanying the merger between C. I. Kasei and Takiron, and lower tax expenses, despite the deterioration in profitability in energy trading transactions.

Food [Inc / (Dec) : ¥+10.0 bil.]
Increase due to the higher equity in earnings of associates and joint ventures accompanying the merger of FamilyMart and UNY Holdings, and an extraordinary gain accompanying the partial sales of a Chinese fresh-food-related company, despite the impairment loss in a fresh-food-related company and the absence of extraordinary gains in the previous fiscal year.

General Products & Realty [Inc / (Dec) : ¥+28.1 bil.]
Increase due to the higher transaction volume in European tire-related, natural-rubber-related, and North American building-materials-related companies, the stable performance in foreign pulp-related companies, lower tax expenses, the gain accompanying the partial sales of an asset-management-related company, and the absence of an extraordinary loss in the previous fiscal year.

ICT & Financial Business [Inc / (Dec) : ¥+11.0 bil.]
Increase due to the higher transaction volume in domestic ICT-related companies, the stable performance in mobile-phone-related and CRO-business-related companies, the recovery of foreign finance-related companies, and lower tax expenses.

Others, Adjustments & Eliminations [Inc / (Dec) : ¥(54.1) bil.]
Decrease due to the impairment loss on C.P. Pokphand, the attribution of the internal tax, and foreign currency translation.

Cash Flows

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(Unit : billion yen)

- **Operating Cash Flows and Free Cash Flows:**
  "Cash flows from operating activities" was a **net cash-inflow of ¥388.2 bil.,** resulting from the stable performance in operating revenues.
  "Free cash flows" resulted a **net cash-inflow of ¥131.9 bil.,** due to the additional investments in FamilyMart UNY Holdings.
- **Core Free Cash Flows:**
  "Core operating cash flows", after deducting changes in working capital from "Cash flows from operating activities",
  was a **net cash-inflow of ¥460.0 bil., which achieved the highest record.**
  "Core free cash flows" resulted a **net cash-inflow of ¥175.0 bil., and achieved the FY2018 Image of over ¥100.0 bil.+ α.**

Cash Flows

Cash Flows	FY2017 Result	FY2018 Result
Cash flows from operating activities	389.7	388.2
Cash flows from investing activities	(81.3)	(256.4)
Free cash flows	*308.4*	*131.9*
Cash flows from financing activities	(335.4)	(296.1)

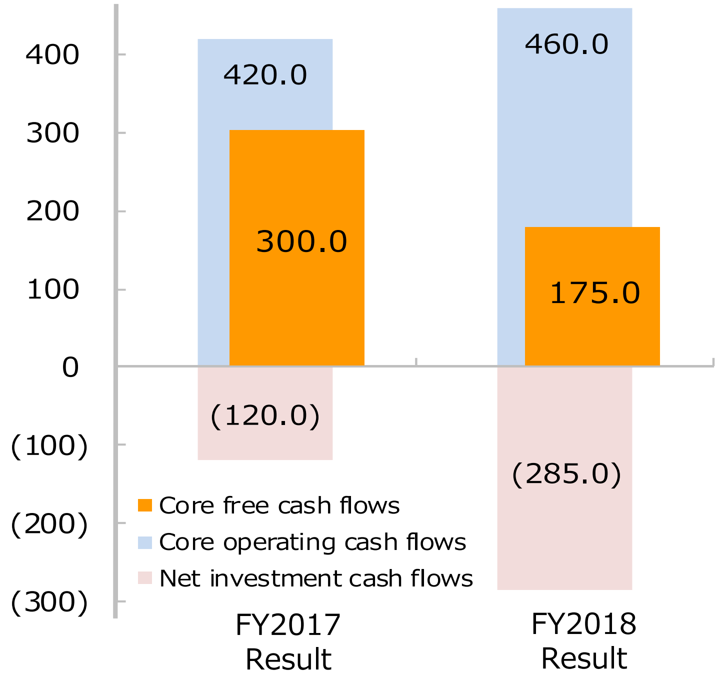
Core Free Cash Flows

Core Free Cash Flows	FY2017 Result	FY2018 Result
Core operating cash flows(Note1)	420.0	＊ 460.0
Net investment cash flows(Note2)	(120.0)	(285.0)
Core free cash flows	300.0	175.0
Shareholder returns (dividend and share buyback)	(99.0)	(121.0)
Core free cash flows after return to shareholders	201.0	54.0

＊ : Record High

Core Free Cash Flows

Core FCF achieved over 100.0+ α



Note 1: "Operating Cash Flows" minus "changes in working capital"
Note 2: Payments and collections for substantive investment and capital expenditure
"Investment Cash Flows" plus "Equity transactions with non-controlling interests" minus "changes in loan receivables", etc.

Financial Position

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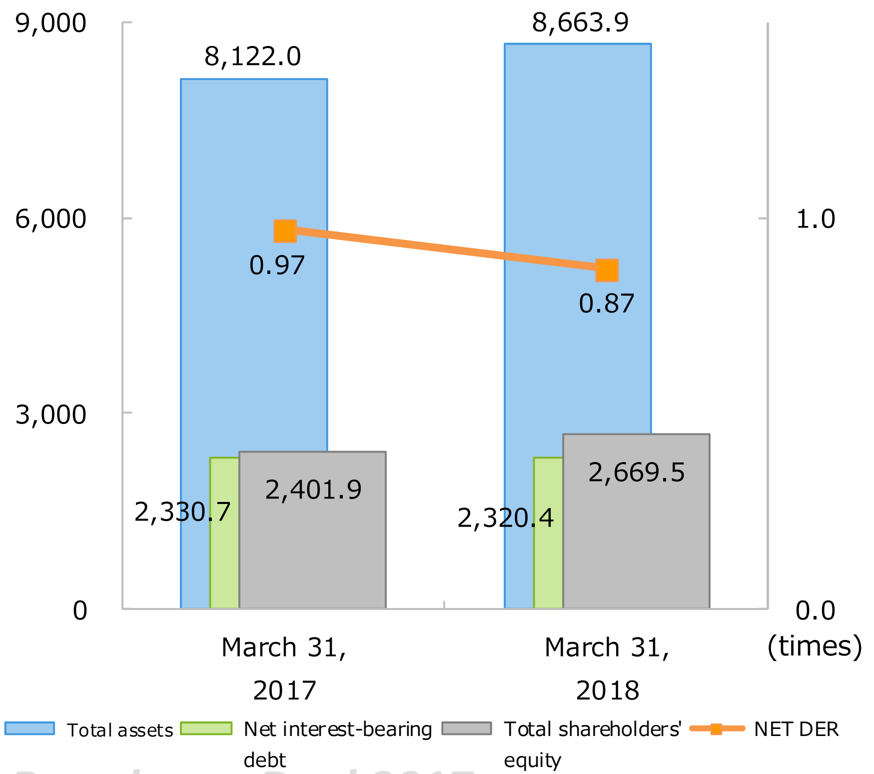
(Unit : billion yen)

- **Total assets:**
  Increased by ¥541.9 bil., compared with March 31, 2017 to **¥8,663.9 bil.**, due to the conversion of YANASE into a consolidated subsidiary, the conversion of Takiron into a consolidated subsidiary as a result of its merger with C. I. Kasei, the acquisition of the stake of Iraqi oil fields, the increased trade receivables in food-distribution-related companies with the effect of the last day falling on a weekend, and the increase in investments accounted for by the equity method.
- **Net interest-bearing debt:**
  Decreased by ¥10.3 bil., compared with March 31, 2017 to **¥2,320.4 bil.**, due to the repayment of borrowings accompanying stable performance in operating revenues and steady collections, despite the acquisition of the stake of Iraqi oil fields, the conversion of YANASE into a consolidated subsidiary, the investments in IPP-related companies, and the additional investments in FamilyMart UNY Holdings and a provisions-related company.
- **Total shareholders' equity:**
  Increased by ¥267.6 bil., compared with March 31, 2017 to **¥2,669.5 bil.**, due to Net profit attributable to ITOCHU during this fiscal year, despite dividend payments and acquisition of treasury stock.
- **Ratio of shareholders' equity to total assets , NET DER and ROE:**
  Ratio of shareholders' equity to total assets increased by 1.2 points compared with March 31, 2017 to **30.8%**.
  NET DER (Net debt-to-shareholders' equity ratio) improved by 0.1 points compared with March 31, 2017 to **0.87 times**.
  ROE increased by 0.5 points compared with March 31, 2017 to **15.8%**, which resulted as planned at the beginning of the fiscal year.



	March 31, 2017	March 31, 2018	Increase/ (Decrease)	FY2018 Forecast (Disclosed on Feb, 2)
Total assets	8,122.0	8,663.9	+ 541.9	8,600.0
Net interest-bearing debt	2,330.7	2,320.4	(10.3)	2,350.0
Total shareholders' equity	2,401.9	＊ 2,669.5	+ 267.6	2,650.0
Ratio of shareholders' equity to total assets	29.6%	＊ 30.8%	Increased 1.2pt	30.8%
NET DER (times)	0.97	＊ 0.87	Improved 0.1pt	0.9
ROE	15.3%	15.8%	Increased 0.5pt	15.8%

＊ : Record High (NET DER : Record Low)