



SOJITZ IR DAY 2018
Machinery & Medical Infrastructure Division

September 3, 2018
Sojitz Corporation
Shigeya Kusano
Chief Operating Officer
Machinery & Medical
Infrastructure Division



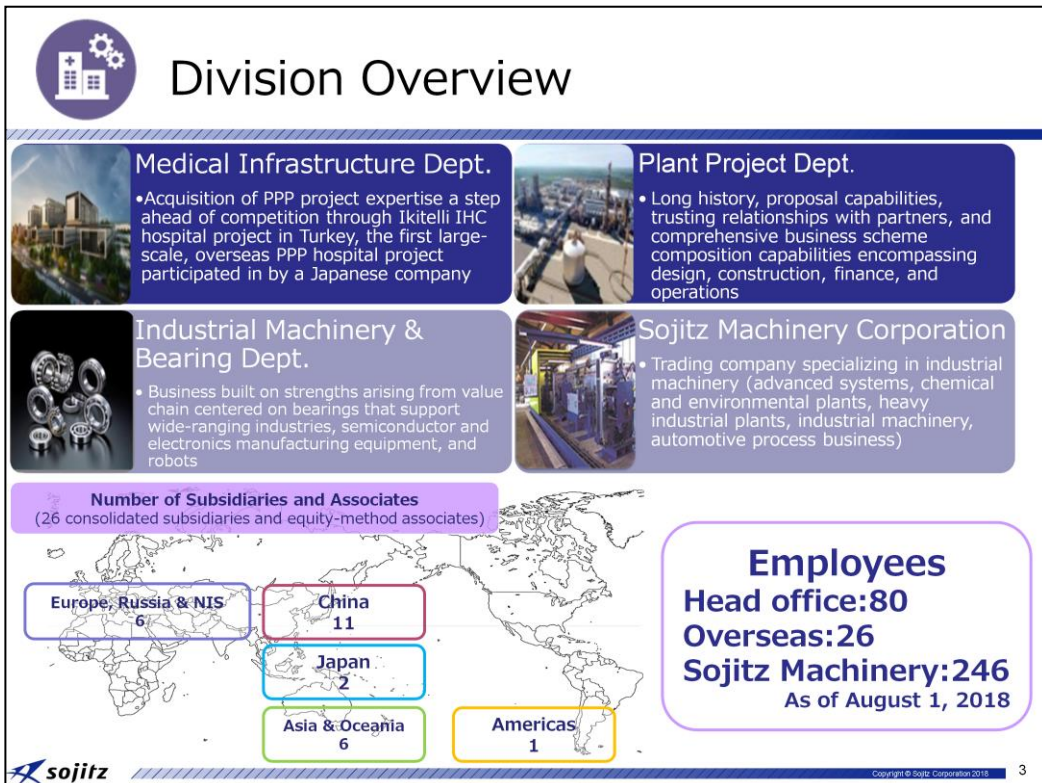
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Caution regarding Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements.

The company will provide timely disclosure of any material changes, events, or other relevant issues.



- The Machinery & Medical Infrastructure Division is comprised of the Medical Infrastructure Department, the Industrial Machinery & Bearing Department, and the Plant Project Department as well as Sojitz Machinery Corporation, a principal subsidiary in this division.
- The Medical Infrastructure Department is committed to moving ahead with the construction of the Ikitelli Integrated Health Campus (IHC) public-private partnership (PPP) project in Turkey as well as in taking part in similar PPP projects around the world. In this department, we will also be expanding into peripheral medical field businesses. Given these ambitious plans, we chose to elevate the status of the organization to a full-fledged department beginning with the year ending March 31, 2019.
- The Industrial Machinery & Bearing Department is engaged in distribution trading of bearings, which are considered to be core components for industry, and is also investing in bearing manufacturing operations in regions such as China.
- In this department's industrial machinery-related operations, we provide surface mounters, devices used to mount electronic components utilizing semiconductors on printed wiring boards. We primarily deal in these devices in areas such as China and Southeast Asia.
- The Plant Project Department has traditionally developed its operations by partnering with heavy industrial and engineering companies. This department has been involved in large-scale EPC projects such as petrochemical plant and fertilizer plant in Russia & the NIS region.
- The Machinery & Medical Infrastructure Division is staffed by 80 employees at the head office, 26 employees overseas, and 246 employees at principal subsidiary Sojitz Machinery. In addition, the division has a total of 26 domestic and overseas subsidiaries and associates through which it develops operations across the globe.



Division Policies and Growth Strategies

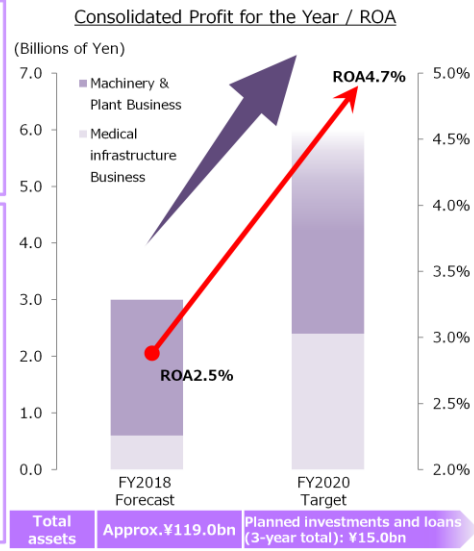
Division Policies **Grow earnings from distribution trading and business investment with focus on medical infrastructure, industrial machinery and bearings, and plant project businesses.**

[Operating Environment Changes]

- Growing infrastructure demand accompanying economic development and rising standards of living in emerging countries
- Higher need to introduce sophisticated technologies and expertise due to global tightening of environmental regulations
- Digitalization and automation of industry and society and increased demand for productivity improvements

[Growth Strategies]

- **Medical infrastructure:** Move forward with preparation for PPP hospital project in Turkey, develop new PPP projects, and build upon medical infrastructure and distribution trading initiatives
- **Industrial machinery and bearings:** Grow distribution revenues through business investment and supply chain development
- **Plant projects:** Supplement conventional EPC businesses by transforming business model and revenue sources through business investment
- **Sojitz Machinery:** Grow distribution revenues by expanding scale of projects in which we are involved in and investing



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- The Machinery & Medical Infrastructure Division is advancing a basic policy of growing earnings from distribution trading and business investment with focus on its medical infrastructure, industrial machinery and bearings, and plant project businesses.
- Moreover, the division is working toward the quantitative targets of profit for the year [(attributable to owners of the Company)] of ¥3.0 billion and return on assets (ROA) of 2.5% in the year ending March 31, 2019. Under the current medium-term management plan, we have earmarked ¥15.0 billion for new investment and loans, which will be executed as we target ROA of 4.7% leading up to 2020.
- There are three major changes that we have recognized with regard to the operating environment for the Machinery & Medical Infrastructure Division.
 - Growing infrastructure demand accompanying economic development and rising standards of living in emerging countries
 - A higher need to introduce sophisticated technologies and expertise due to the global tightening of environmental regulations
 - The digitalization and automation of industry and society and increased demand for productivity improvements
- Seeking to furnish an accurate response to these operating environment changes, the Medical Infrastructure Department will first move forward with construction of Ikitelli PPP hospital project in Turkey and then work to apply the insight gained through this project to initiatives in other parts of the world. It will also build upon its medical facility trading and medical services operations.
- The Industrial Machinery & Bearing Department will take a proactive approach toward both distribution trading and business investment in its bearing and moulder operations. In addition, this department will construct a supply chain that spans from component manufacturers to sales companies so that it can grow distribution revenues through business investments.
- In the Plant Project Business, we will supplement our conventional EPC businesses by transforming our business model and our revenue sources through business investment.
- Sojitz Machinery handles a diverse range of industrial machinery. This subsidiary will continue to expand the scale of its operations with regard to each of these offerings while also conducting investments aimed at growing distribution revenues.



Business Explanation 1-I Medical Infrastructure

Overview of PPP Hospital Project in Turkey

Contract counterparty	Ministry of Health of Turkey
Partner	Ronesans Group
Ownership ratios	Total business expenses: ¥200.0bn Operating company: 30% ownership Facilitate management company: 49% ownership
Schedule	Oct. 2017: Commencement of construction Oct. 2020: Opening of hospital Period of operation: 28.5 years
Hospital scale	Total beds: 2,682 Area of site: 1 million m ² Projected usage: 65,000 people/day Affiliated medical staff: 4,500 people Construction period: 36 months

- Largest PPP hospital project funded by a Japanese company
- Project advanced through partnership with one of Turkey's largest general contractors



Role of Sojitz

- Business investment
- Project finance arrangement
- Facility Management
- Introduction of Japanese medical devices



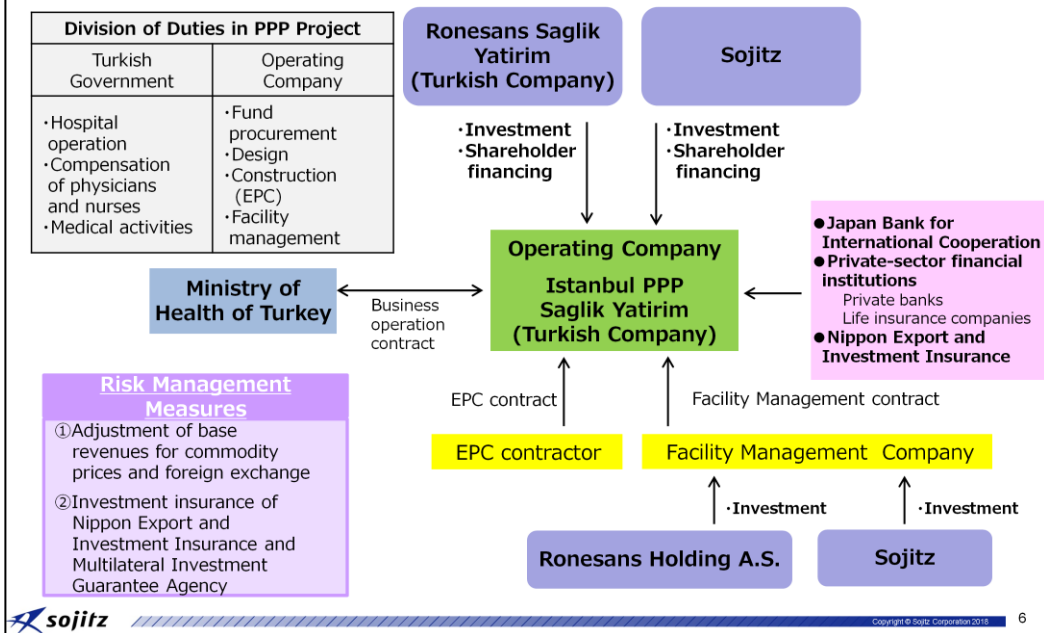
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- Located in Istanbul, Turkey, the Ikitelli PPP hospital project will entail the construction of integrated health campus with 2,682 beds. Moreover, it will be the first large-scale overseas PPP hospital project funded by a Japanese company and our largest investment project to date.
- This project will be a central part of the Ministry of Health of Turkey's plan to establish public hospital infrastructure in order to address the lack of hospital beds in Turkey. As an "integrated health campus", Ikitelli IHC will include a general hospital, a cardiovascular hospital, an oncology hospital, a women's hospital, a children's hospital, and a neurology and orthopedics hospital. This makes it one of the largest integrated projects in the world as well.
- Structured as a PPP project, this undertaking will entail a total investment of approximately ¥200.0 billion. In this project, we will partner with the Ronesans Group, one of Turkey's largest general contractors, and we have concluded a business operation contract with Turkey's Ministry of Health covering a period of 28.5 years. Sojitz will supply ¥30.0 billion of the funds for this project and hold a 30% stake in the operating company and a 49% stake in the facility management company.
- Established in 1993, the Ronesans Group is the No. 2 general contractor in Turkey. Since 2009, Sojitz has collaborated with this group in six EPC projects in the Russia & NIS region. The Ronesans Group is currently transitioning from its EPC model to a business operation model through which it will engage in real estate development as well as electricity and other infrastructure concessions businesses in addition to construction operations. The Ronesans Group has acquired orders for six PPP hospital projects. Of these, the largest is the Ikitelli IHC project. It was the Ronesans Group that invited Sojitz to take part in this project.
- The Ikitelli IHC will have 2,682 beds, twice as many as Tokyo Women's Medical University Hospital, Japan's largest hospital, and will span a site of 1 million m², the size of Tokyo Disneyland and Tokyo DisneySea combined. Construction of the integrated health campus began in October 2017 and is proceeding as planned, with the opening of the campus scheduled for October 2020. Sojitz's role in this project will include business investment, project finance arrangement, facility management, and the introduction of Japanese medical devices.
- As an "integrated health campus", Ikitelli IHC will include a general hospital, a cardiovascular hospital, an oncology hospital, a women's hospital, a children's hospital, and a neurology and orthopedics hospital. This makes it one of the largest integrated projects in the world as well.



Business Explanation 1-II Medical Infrastructure/PPP Hospital Project in Turkey



- Duties pertaining to this project will be divided between the Turkish government and the operating company in which Sojitz will be investing. The operating company will be responsible for fund procurement, hospital design, construction, and operation of the facility after it is built as well as the provision of ancillary services. This company will not be involved in medical activities. Meanwhile, the Turkish government will operate the hospitals, pay compensation to physicians and nurses, and oversee medical activities.
- The ¥200.0 billion in funds for the project will be supplied through investment by the Ronesans Group and Sojitz as well as through co-financing from the Japan Bank for International Cooperation and from six private-sector financial institutions, five of which are overseas branches of Japanese banks or Japanese life insurance companies. The co-financing portion of this amount will be backed by overseas business investment insurance from Nippon Export and Investment Insurance.
- To mitigate risks associated with this project, mechanisms are in place to adjust base earnings for commodity price fluctuations and foreign exchange movements. In addition, Sojitz has received investment insurance from the Nippon Export and Investment Insurance and Multilateral Investment Guarantee Agency with regard to its portion of this investment.

Business Explanation 2 —Industrial Machinery & Bearings

【Business Supplying Bearings—A Crucial Part of Industry】

Steelmakers (raw materials) → Component manufacturers → Product manufacturers → Dealers → Industrial machinery / automobile manufacturers

New business domain

● Sojitz bearing business base (Component manufacturing, product manufacturing, product sales dealership)
● Business expansion bases

● Develop value chain spanning from steel procurement to sales of components and products
● Expand distribution earnings through business investment
● Establish product sales and joint-venture manufacturing companies to promote sales of NSK products

1. Develop operations in China: Joint businesses and OEM businesses with dealers
2. Expand operations in other regions (Europe): Local production and consumption

【Mounter, Semiconductors, and Robotics Operations】

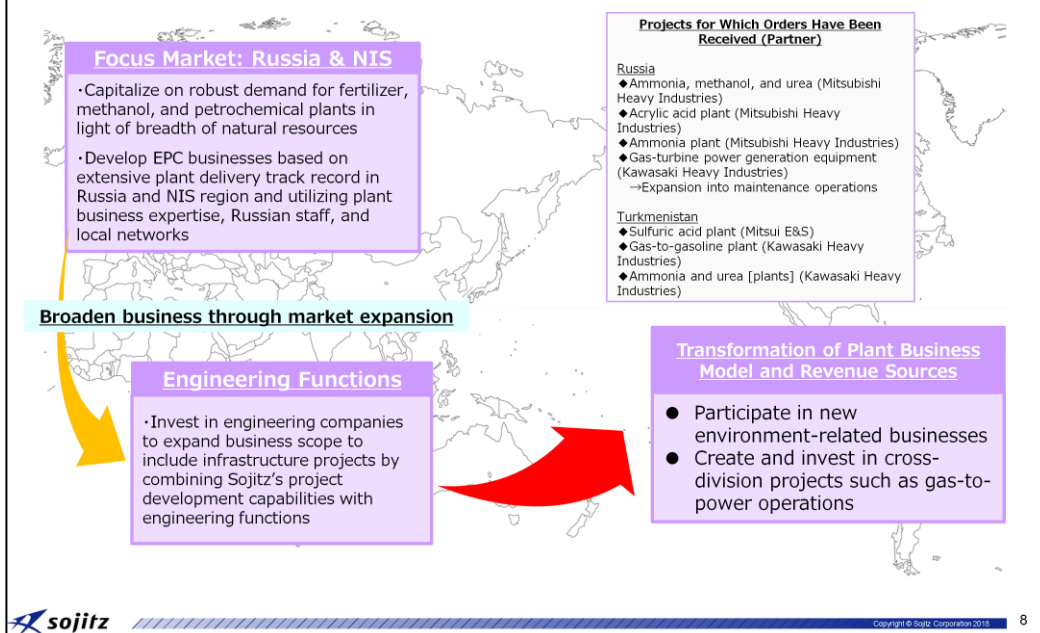
FY2017
Consolidated revenue: ¥27.1bn
Consolidated profit for the year: ¥0.7bn
Consolidated employees: Approx. 460
Manufacturers from which products are procured: Approx. 40

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- In our bearing business, our mainstay offering are the bearings of NSK Ltd., which we sell in China together with Chinese dealers. We also conduct joint investment in bearing and component manufacturers in China and sell the products of these companies in China and in overseas markets.
- Our overseas production bases have previously been limited to China. However, we have been working to expand our production network since the period of the previous medium-term management plan. During this period, we invested in Spanish component manufacturer NANO, our first investment in production bases outside of China in this business. Centered on this company, we intend to develop our bearing business in Europe as well as in China and other parts of Asia.
- As for industrial machinery, we have partnered with FUJI CORPORATION (formerly Fuji Machine Manufacturing Co., Ltd.) to develop mounter sales companies in Asia and other regions.
- Going forward, we will develop our operations in China and Southeast Asia as well as in the growth markets of India and Brazil.



Business Explanation 3—Plant Projects



- The Plant Project Department boasts experience and interpersonal networks in Russia and Central Asia as well as a track record in delivering large-scale fertilizer plants and chemical plants, largely in those regions.
- Traditionally, this department has formed consortiums with Japanese manufacturers of heavy industrial equipment to win orders for large-scale EPC projects. We recently took a step to strengthen our functions in this area by upping our investment in TTCL Public Company Ltd., a listed engineering company in Thailand, by 10%.
- By combining the engineering functions of TTCL with the project development capabilities of Sojitz, we aim to branch out into the field of infrastructure projects in Asia, where these projects are expected to increase going forward.
- In addition, we plan to utilize our investment in TTCL to further the transformation of the business model and revenue sources of the Plant Project Department. This undertaking will include investing in power infrastructure businesses, such as the gas-to-power projects seeing robust demand in Asia; environment-related businesses; and other infrastructure projects.



Overview of Sojitz Machinery

Sojitz Machinery Corporate Profile	Divisions	Focus Fields
<ul style="list-style-type: none"> ➤ Name: Sojitz Machinery Corporation ➤ Capital: ¥1.5 billion ➤ Establishment: April 1, 2004 (original date of establishment: October 1, 1989) ➤ Employees: 246 (as of August 1, 2018) ➤ Locations: 2F, Marunouchi Center Bldg., 6-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo 100-0005 Japan Osaka Office/ Nagoya Office ➤ Business activities: Sales of production equipment, components, etc.; activities as industrial machinery trading company ➤ Major overseas bases 	<p>Advanced System Division</p> <p>Heavy Industries Division</p> <p>Chemical & Environment Plant Division</p> <p>Industrial Machinery Division</p> <p>Automotive Process Division</p>	<ul style="list-style-type: none"> · Lithium-ion battery manufacturing equipment and components · Semiconductor- and solar power-related equipment and components · Food processing equipment · Iron- and nonferrous metal-related manufacturing equipment · Rolling machines, grinders · Metal processing equipment · Oil, gas, and chemical plant equipment · Textile and nonwoven cloth production equipment · Environmental and recycling equipment · Forestry equipment · Electric machinery and heating and cooling system manufacturing equipment and facilities · Textile and other general industrial machinery · Forster Japan wine cellars · Large-scale capital investment projects in China and India (equipment for power train) · Delivery of equipment to and replacement of aged equipment at new U.S. joint venture between Mazda and Toyota · EV and FCV equipment and components

- Sojitz Machinery is comprised of five divisions.
- The Advanced System Division is responsible for lithium-ion battery manufacturing equipment. This division also invests in companies with solid-state battery manufacturing capabilities. In the advanced system field, we aim to promote sales of lithium-ion battery manufacturing equipment while expanding our lineups of semiconductor- and solar power-related equipment and components.
- The Heavy Industries Division handles all aspects of the Sojitz Group's domestic and overseas steel plant operations.
- The Chemical & Environment Plant Division develops operations pertaining to oil, gas, and chemical plants and to textiles and nonwoven cloth. In the nonwoven cloth field, we are the sole distribution agent in Japan for the world-leading equipment manufactured by Reifenhäuser Reicofil of Germany.
- Mainstay products for the Industrial Machinery Division include electric machinery and heating and cooling system- and textile-related machinery. This division also has exclusive rights to distribute Forster Japan brand wine cellars, which boast a roughly 50% share of the domestic wine cellar market.
- In the Automotive Process Division, we handle automobile production equipment, and we have delivered large-scale equipment to China and India. This division has also been chosen to supply principal facilities for the automobile factory being built by SUZUKI MOTOR CORPORATION in India and for the factory that Aisin Seiki Co., Ltd., is constructing in China.



Measures Targeting Future Growth

- **Medical Infrastructure**
 - Commence Turkey PPP project and extend efforts to South and Central America, Near and Middle East, and South East Asia
 - Enter into medical infrastructure installation service operations
- **Plant Projects**
 - Transform business model through business investment
 - Advance initiatives in environment and recycling businesses and otherwise expand infrastructure business scope
- **Industrial Machinery & Bearings**
 - Acquire bearing dealers and make other business investments for expanding distribution revenues
 - Promote sales of mounters in India, Brazil, etc.
- **Sojitz Machinery Corporation**
 - Expand scale of projects in which we participate
 - Grow distribution revenues through investment

- This slide lists the measures targeting further growth in the Machinery & Medical Infrastructure Division that we would like to highlight. In the Medical Infrastructure Department, our primary focus will be commencing the Ikitelli PPP hospital project in Turkey. We will then look to utilize the insight gained through this project to engage in similar PPP projects in other parts of the world. This department will also actively develop operations that supply peripheral medical equipment and ancillary services.
- The Plant Project Department will invest in the transformation of its business model to base this model on new revenues from business investments as well as revenues from conventional EPC projects.
- Our focus in the Industrial Machinery & Bearing Department will be growing distribution revenues through the construction of a supply chain that spans from manufacturing to sales. As for our mounters, we will expand our operations to include not only mounters but also peripheral equipment with the end goal of acquiring system integrator functions.
- Principal subsidiary Sojitz Machinery will seek to expand the scale of the projects in which it participates and to grow distribution revenues through business investment.



sojitz

New way, New value