



SOJITZ IR DAY 2018
Retail & Lifestyle Business Division

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Sojitz Corporation
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Retail & Lifestyle Business Division



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Caution regarding Forward-looking Statements

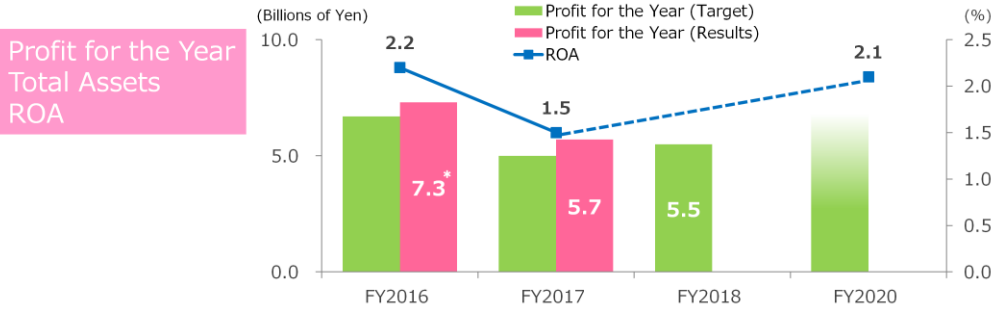
This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those 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.



Division Overview(Performance)

Construct **foundations for generating stable earnings** by maintaining and strengthening existing businesses and growing through new businesses investment



* Including certain gains on sales of commercial facilities

Total Assets (Billions of Yen)	331.8	423.8	=	=	(Billions of Yen)
	FY2015		FY2016		FY2017
Profit for the Year of Principal Subsidiaries	Sojitz Foods Corporation	1.6	1.8	2.2	
	Sojitz Building Materials Corporation	0.4	1.0	0.8	
	Sojitz Fashion Co.,Ltd.	0.7	0.7	0.7	



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- The Retail & Lifestyle Business Division consists of the Food & Retail Department, the Investment Management Department, the Textile & Apparel Business Department, the Forest Products Department, and the General Commodities & Lifestyle Department as well as principal subsidiaries Sojitz Foods Corporation and Sojitz Building Materials Corporation. When including equity-method associates, this division contains 46 subsidiaries and associates.
- In the year ended March 31, 2017, this division achieved profit for the year [(attributable to owners of the Company)] of ¥7.3 billion, due in part to gains on sales of commercial facilities. Profit for the year was ¥5.6 billion in the year ended March 31, 2018, and we are targeting a figure of ¥5.5 billion or more in the year ending March 31, 2019.
- This division posts annual net sales of ¥1,400.0 billion and possesses total assets amounting to ¥400.0 billion. In addition, the division staffs 218 employees at the head office and more than 4,000 employees when including Group companies.



Division Overview (Major Businesses)

Develop diverse businesses that enrich lives and offer convenience in Japan and the ASEAN region with a focus on **the customer's perspective**

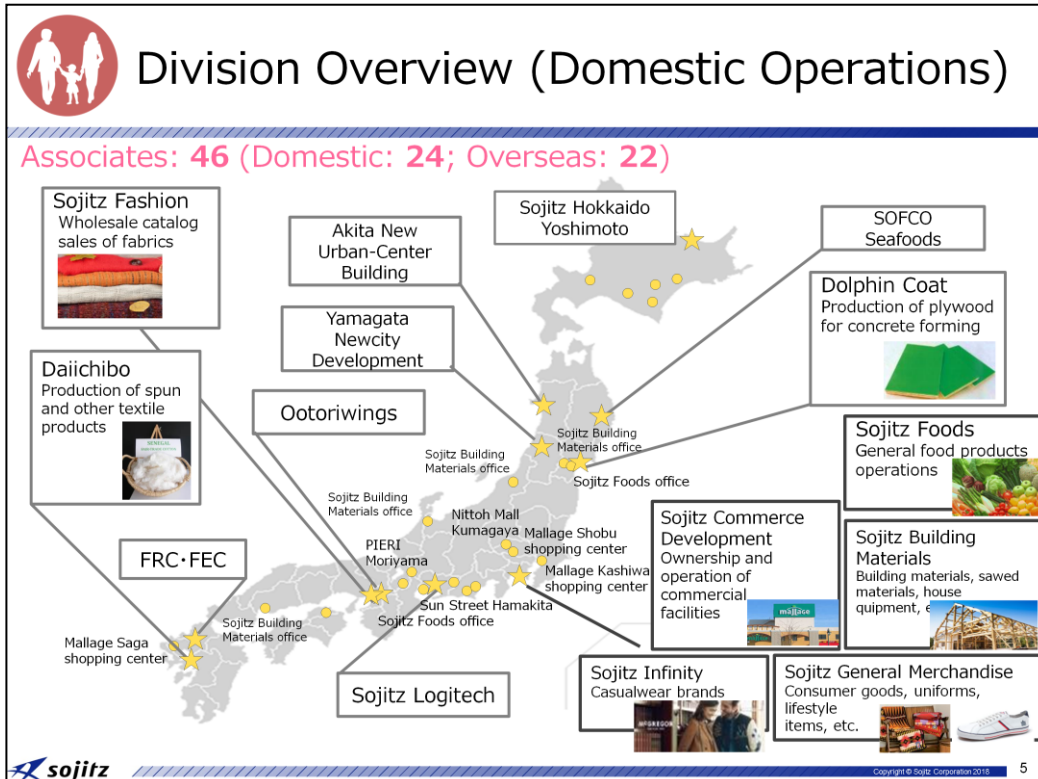
Food & Retail Dept.		Advancement of food and retail businesses (food wholesale, processed food sales, retail, distribution) in ASEAN countries based on their level of development
Investment Management Dept.		Contract operation of commercial facilities and value adder operations Sales promotion and expansion in new shopping center operations based on 15-year track record
Textile & Apparel Business Dept.		Production support for major domestic specialty retailers in the apparel OEM business Top-class position in domestic textile sales business
Forest Products Dept.		Forestry and woodchip production businesses Development of sustainable forest product supply chain
General Commodities & Lifestyle Dept.		Supply of consumer goods and industrial materials to meet diverse lifestyle needs
Sojitz Foods Corporation		Wide-ranging import and domestic sale of food, agricultural and marine products, sugars, and basic materials Leading share of imports of frozen beef produced in North America (approx. 30%)
Sojitz Building Materials Corporation		Trading, planning, and design of wood and other building materials Top-class position in domestic sales of import plywood



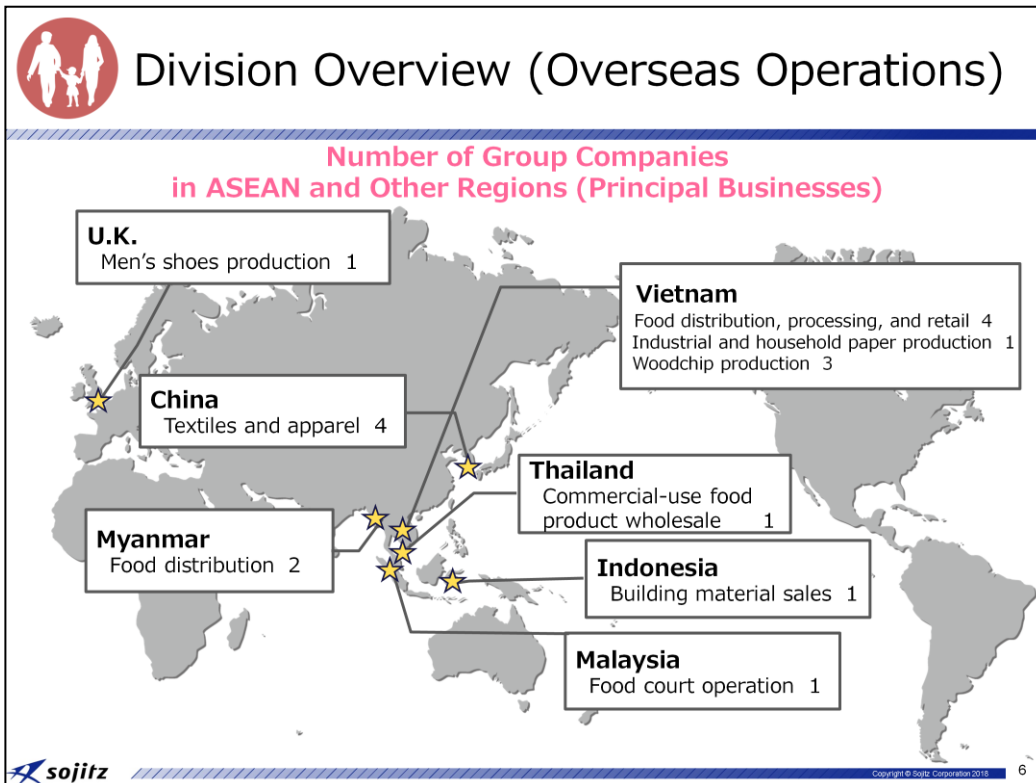
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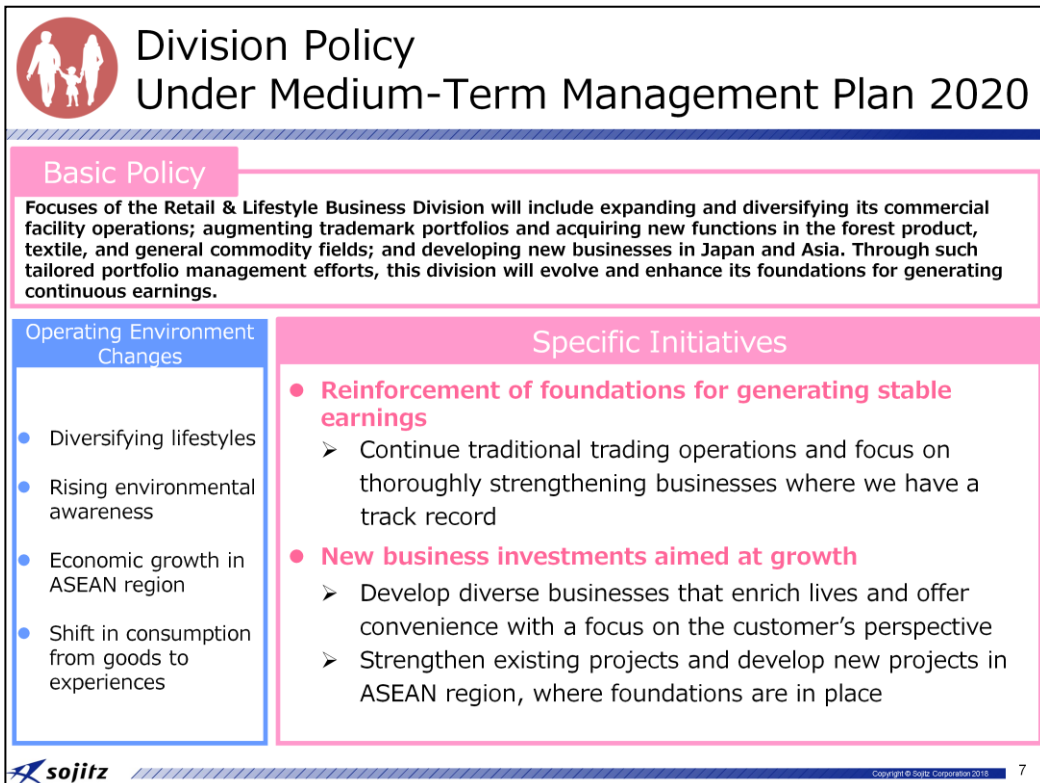
- The Food & Retail Department advances food and retail businesses in ASEAN countries based on their level of development. In Vietnam, this department operates four businesses: prepared foods, four-temperature cold chain logistics and warehouse, food product and consumer goods wholesale, and convenience stores.
- The Investment Management Department develops value adder operations targeting domestic commercial facilities and is also investing new businesses. A recent initiative has been the Japan Food Town project taking place in the ASEAN region. As demonstrated by its participation in this project, this department is working to uncover new investment opportunities.
- The Textile & Apparel Business Department has been maintaining stable operation of a major apparel OEM business for numerous years and also boasts a top-class position in domestic textile sales business.
- Frequently coordinating with core subsidiary Sojitz Building Materials, the Forest Products Department conducts forestry and woodchip production businesses, imports unprocessed wood products, and supplies raw materials to Sojitz Building Materials.
- The General Commodities & Lifestyle Department has long been involved in operations in which it maintains stable supplies of consumer goods. It is also focused on creating completely new businesses, as seen in its acquisition of Saigon Paper Corporation of Vietnam.
- Sojitz Foods is the largest importer of frozen beef produced in North America to Japan. This company unveiled a new business with the establishment of Meat One Corporation, an alliance of midstream meat processors in Japan. The goal of this undertaking is to strengthen its functions in this field.
- Boasting strength in the field of import plywood, Sojitz Building Materials supplies products and materials for building houses in Japan.
- We offer a diverse product lineup in the lifestyle field, where we act based on a philosophy of continuously evolving to furnish swift and fine-tuned responses to customers various needs.



- In Japan, our commercial facilities and operating companies develop businesses spread evenly throughout Japan. Our efforts in these businesses go beyond simply pursuing higher profitability to include creating local employment opportunities, stimulating consumption, and contributing to the development of industries.
- Our domestic commercial facility operations were previously dedicated to the development of Mallage brand shopping centers, but our current focus is now on the cultivation of a function provision business model in which we add value to commercial facilities.



- Overseas, we develop operations centered on the ASEAN region.
- We have a particularly long history of operation in Vietnam, a country where Sojitz has traditionally had connections. Our operations in this country include food distribution and retail, woodchip production, and industrial and household paper production. Positioning this country as a focus area, we will aggressively advance a broad spectrum of businesses while coordinating the efforts of the Retail & Lifestyle Business Division with the rest of the Sojitz Group in order to contribute to the development and growth of Vietnam and of the Sojitz Group itself.



Division Policy
Under Medium-Term Management Plan 2020

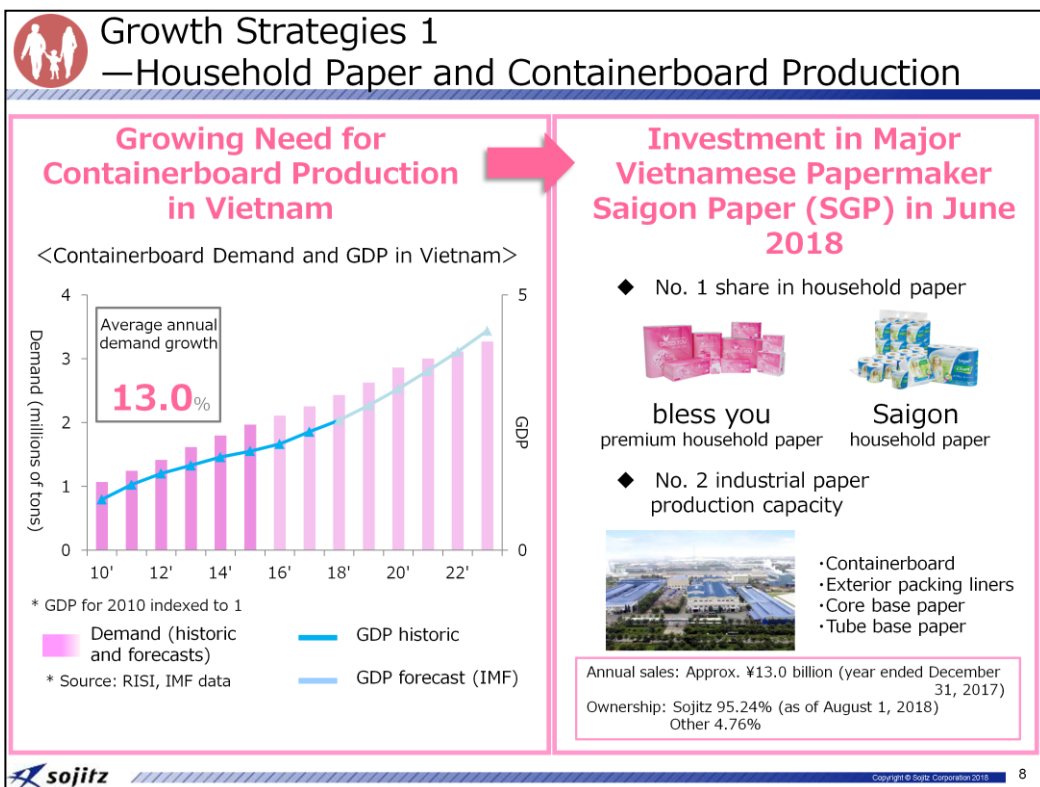
Basic Policy

Focuses of the Retail & Lifestyle Business Division will include expanding and diversifying its commercial facility operations; augmenting trademark portfolios and acquiring new functions in the forest product, textile, and general commodity fields; and developing new businesses in Japan and Asia. Through such tailored portfolio management efforts, this division will evolve and enhance its foundations for generating continuous earnings.

Operating Environment Changes	Specific Initiatives
<ul style="list-style-type: none"> • Diversifying lifestyles • Rising environmental awareness • Economic growth in ASEAN region • Shift in consumption from goods to experiences 	<ul style="list-style-type: none"> • Reinforcement of foundations for generating stable earnings <ul style="list-style-type: none"> ➢ Continue traditional trading operations and focus on thoroughly strengthening businesses where we have a track record • New business investments aimed at growth <ul style="list-style-type: none"> ➢ Develop diverse businesses that enrich lives and offer convenience with a focus on the customer's perspective ➢ Strengthen existing projects and develop new projects in ASEAN region, where foundations are in place

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- The majority of the businesses of the Retail & Lifestyle Business Division are generating stable earnings backed by relatively long histories. We will continue to protect and grow these businesses going forward. At the same time, we will conduct new business investments and M&A activities from fresh perspectives with the goal of further growing earnings.
- Rather than conducting new investments in equal amounts across all divisions, we will take a more targeted approach with a focus on developing businesses of an appropriate scale.
- Our current situation suggests that rehabilitating and improving the value of businesses and organizations that are only making small contributions to earnings will be a fast way of raising overall earnings. We are, of course, also considering the possibility of starting up new businesses and replacing existing assets. By adjusting and improving the value of existing businesses based on fresh perspectives, we will reform our business portfolio to contain an ideal mix of businesses that are currently contributing earnings, businesses that have yet to make contributions, and new businesses.



- In Vietnam, demand for containerboard, a type of industrial paper, has been growing in conjunction with the increase in consumption accompanying the rise in wages in this country as well as the development of e-commerce businesses. Containerboard demand is expected to continue showing a strong upward trend over the next several years.
- We also anticipate growth in demand for household paper products. Specifically, demand for toilet paper, tissue paper, and other such products has been stimulated by rising wages, and we project that demand for products like paper diapers will grow in the future.
- Against this backdrop, we formed relationships with Saigon Paper Corporation, a major Vietnamese manufacturer and seller of paper, and, after a long process of negotiations and discussions, we were able to commence investment in this company in June 2018. We have already dispatched six officers to fill management positions, including that of president, who are playing an integral role in managing this company.
- Saigon Paper is expected to begin contributing to earnings in the year ending March 31, 2020. In the year ended December 31, 2017, this company posted sales of ¥13.0 billion. The shares we acquired in this company make for a stake of 95.24%
- Sojitz staff positioned in Vietnam is not limited to employees from the Retail & Lifestyle Business Division, but rather includes numerous individuals from other divisions. We will work to ensure the success of Saigon Paper by pursuing coordination between the Retail & Lifestyle Business Division and other divisions while also collaborating with local Vietnamese companies.



Growth Strategies 1 —Household Paper and Containerboard Production



Procurement of raw materials from SGP's six used paper collection centers in Vietnam



High rate of self-sufficiency for raw materials

58%



New way, New value

- **Boost production volumes** by augmenting containerboard manufacturing equipment through increased investment
- **Improve production efficiency** by installing larger equipment
- **Expand sales channels** for household paper through coordination with Japanese manufacturers

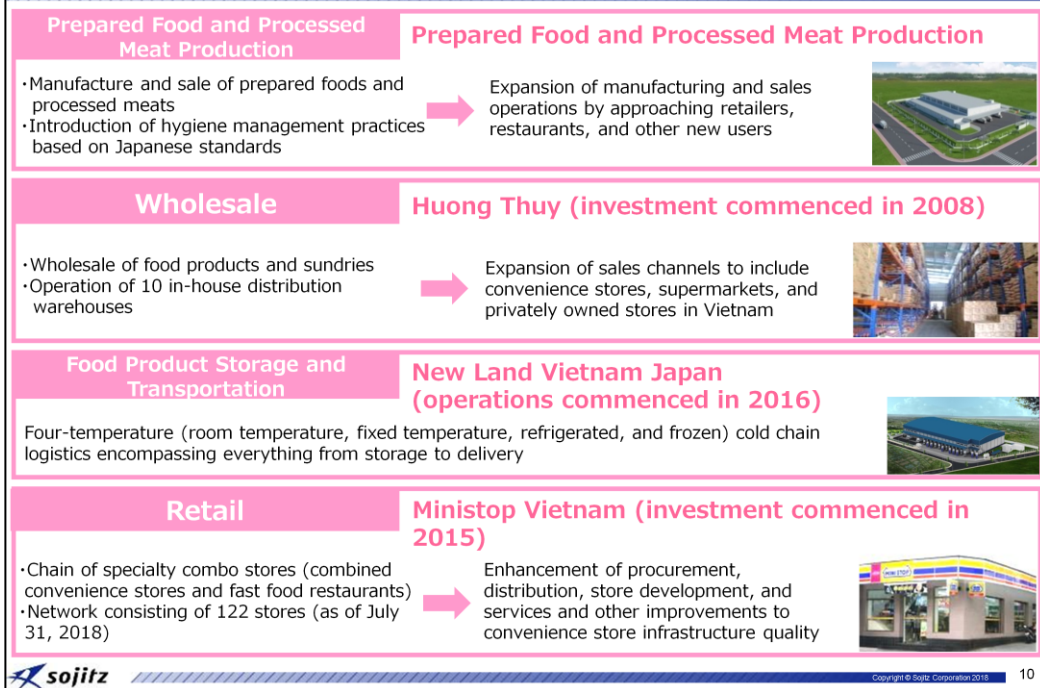
Respond to customer needs by utilizing Sojitz's management expertise to increase SGP's manufacturing and sales capabilities



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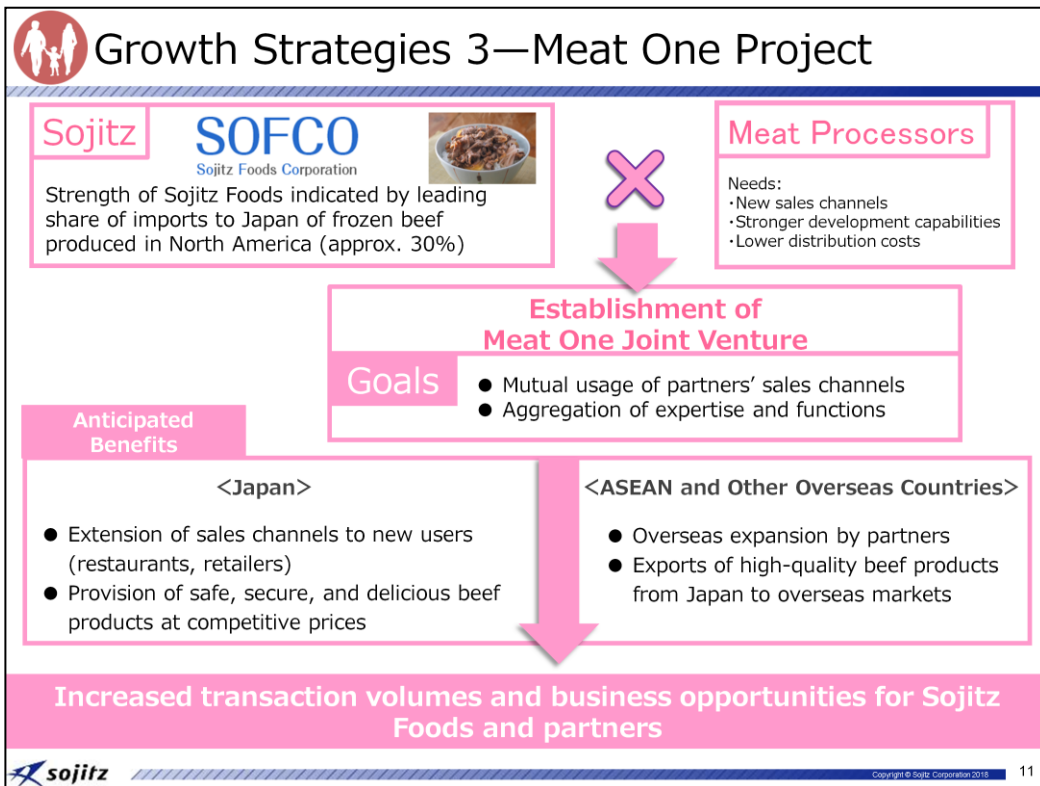
Growth Strategies 2 —Food Distribution and Retail in Vietnam



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- The Food & Retail Department is developing four food distribution and retail businesses in Japan.
- Our prepared food and processed meat production business is operated by Japan Best Foods Co., Ltd., which we started investing in during the year ended March 31, 2018.
- Huong Thuy Manufacture Service Trading Corporation was the first of our investments in food distribution and retail businesses in Vietnam, with investment dating back to 2008. This company is a major wholesaler of foods and other products.
- New Land Vietnam Japan Joint Stock Company, which Sojitz invested in during the year ended March 31, 2017, is an operating company that develops a four-temperature (room temperature, fixed temperature, refrigerated, and frozen) cold chain logistics business encompassing everything from storage to delivery. Just over a year has passed since we commenced investment in this company, but we have already witnessed smooth increases in operating ratios. New Land Vietnam Japan is thus moving to a stage at which it can target full-fledged earnings contributions.
- Of this department's four food distribution and retail businesses, the one that is most directly connected to consumers is operated by Ministop Vietnam, a company in which we commenced investment in the year ended March 31, 2016. As of July 31, 2018, the number of this company's stores had risen to 122. Ministop Vietnam is examining the possibility of transitioning from a direct operation model to a franchise model in the future, and the frameworks for this transition are being put in place.
- These four businesses span the food value chain, forming a link between manufacturing and the supply of products to consumers. Moreover, these businesses represent a primary area of focus for the Food & Retail Department as they effectively combine the characteristics of the country of Vietnam and the business model of food distribution.



- Sojitz Foods possesses strengths in the procurement of frozen beef produced in North America, which have enabled this company to achieve a share of approximately 30% of import of such products to Japan. This company is particularly strong with regard to short plate cuts, which it supplies to restaurant chains and other users.
- Meat One Corporation was established with the goal further building upon these strengths. This company was created through investment from several midstream meat processors in Japan, and Sojitz Foods was central to this undertaking.
- Through Meat One, we are coordinating with other meat processors to increase the volume of orders for supplying meat to downstream restaurants and supermarkets. The aim of these efforts to improve our ability to procure products from North America and thereby boost our bargaining power. Once this has been achieved, our next goal will be reducing costs.
- From a medium-to-long-term perspective, we are looking to expand these operations overseas. Sojitz and Sojitz Food are playing a central role in this endeavor as they engage in frequent discussions with other companies investing in Meat One and examine measures for pursuing growth over the medium-to-long term.



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New way, New value