



SOJITZ IR DAY 2018
Automotive Division

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Sojitz Corporation
Hiroto Murai
Chief Operating Officer
Automotive 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.



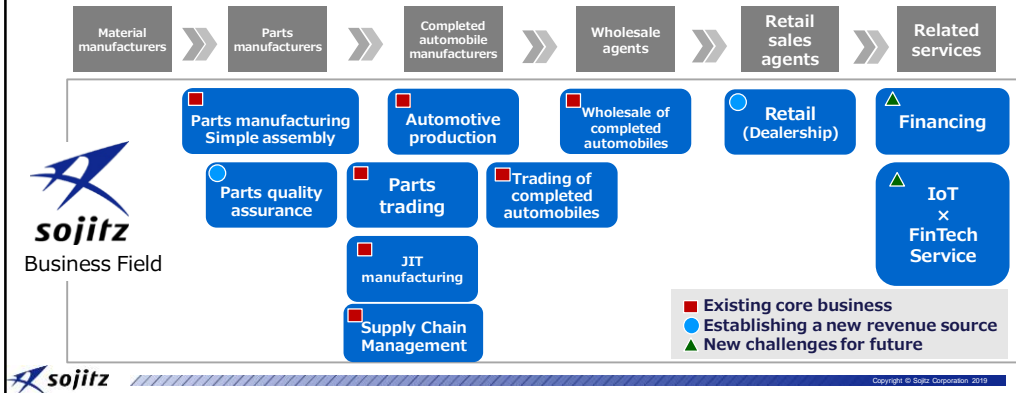
Division Overview

–Business Activities

Business Overview

- **Automobiles**
Trading, Production and wholesale (Distributor), Retail (Dealership), Aftermarket etc.
- **Parts (car/motorcycle/tire etc.)**
Trading, JIT manufacturing, Simple assembly, Manufacture, Supply chain management, Quality assurance etc.
- **Automotive-Related Service**
Financing, IoT×FinTech service etc.

Value chain of Automotive Industry and Sojitz's Business Field



- Completed automobiles are the first line of operations of the Automotive Division. Our operations in this field include import and other trading activities, production and wholesale, and retail, and we are expanding the scope of our operations to include aftermarket services.
- The second line of operations in this division is parts. In addition to conventional trading operations, we also provide value-added distribution functions and perform automotive supply chain management. Furthermore, we commenced investment in a parts quality assurance business two years ago. Details regarding this business will be offered later in today's presentation.
- The third line of operations is automotive-related services. In this area, we are engaging in ambitious initiatives pertaining to financing and to services that merge the Internet of Things and FinTech.
- Next, I would like to explain the business fields of the Automotive Division. Materials and other upstream areas displayed on the automotive industry value chain chart represent business fields handed by the Chemicals Division and Group company Metal One Corporation. Aside from these upstream areas, the Automotive Division conducts businesses primarily targeting automobile and automotive parts manufacturers in the aforementioned in three lines of operations.



- This slide displays the Automotive Division’s global initiatives by location on a world map. We hope this slide will give you a better understanding of the areas in which we anticipate growth and of how Sojitz is implementing proactive initiatives in Asia and the Americas.
- Quantitatively, the Automotive Division develops its business in 18 countries, operates 37 Group companies, and employs 4,900 individuals.
- One in every 3.5 employees among the Sojitz Group’s 17,000 employees is affiliated with the Automotive Division. This statistic demonstrates the fact that the strength of the Automotive Division arises from its human resources. Employees boasting management skills and know-how cultivated at operating companies with high staff numbers, or, in other words, the important asset for the future that is management personnel, are fostered in this division, which is a source of strength.



Division Policy and Growth Strategies

Division Policy during Medium Term Management Plan 2020

Target stable growth by expanding dealership and parts quality assurance businesses in promising growth markets and otherwise reinforcing functions and accumulating assets to fuel future growth

The Three Key Strategies of the Division

Expand business through three strategies for accomplishing the division policy for Medium-Term Management Plan 2020

1

Strengthen and refining existing core business

Strengthen existing businesses centered on assembly and manufacturing and wholesale operations



2

Establish a new revenue source

Continue investments in and expand scale of dealership operations
Reinforce parts quality assurance business



3

New challenges for future

Financing, FinTech services, etc.



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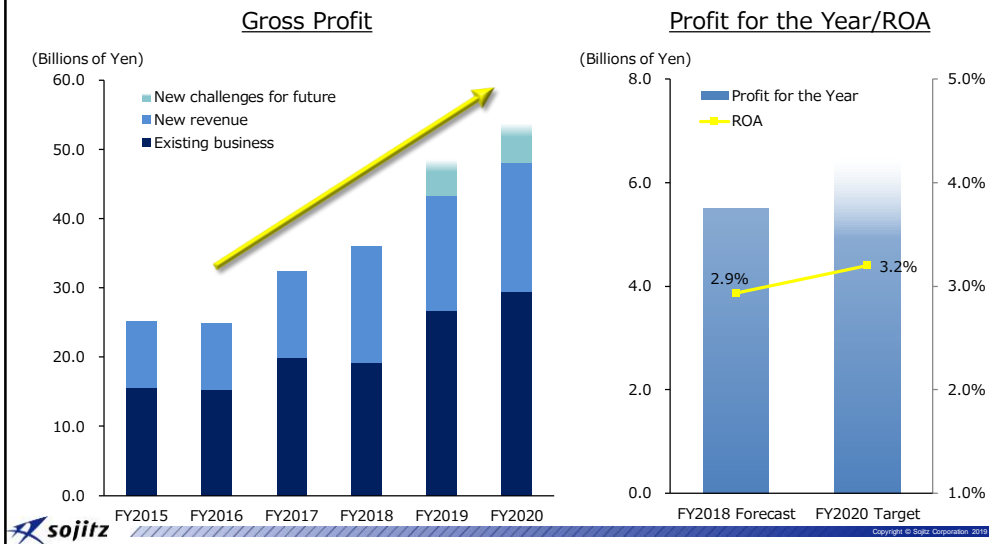
- The Automotive Division's policy under Medium-Term Management Plan 2020 is to target stable growth by expanding dealership and parts quality assurance businesses in promising growth markets and otherwise reinforcing functions and accumulating assets to fuel future growth.
- Three key strategies have been defined for this business.
 1. The first strategy is to strengthen and refine existing core businesses. Sojitz has a long history in automobile manufacturing and wholesale operations, and we aim to expand, refine, and strengthen these operations. In the past, trading companies have provided functions that enabled Japanese automobile manufacturers to perform assembly and wholesale operations overseas. In recent years, however, manufacturers have increasingly been performing these tasks, a trend that warrants ongoing monitoring. Sojitz, meanwhile, has not limited its scope to Japanese manufacturers, and it is actively approaching foreign automobile manufacturers as well. The partnerships formed through this process will be leveraged in the pursuit of further business expansion.
 2. The second key strategy is to establish a new revenue source. Under the previous medium-term management plan, we accumulated assets in our retail and dealership businesses through concentrated investment. Moving forward, we will seek to establish stable earnings foundations through ongoing investments in these operations as we simultaneously reinforce parts quality assurance business.
 3. The third key strategy is to undertake new challenges for the future. We intend to continue taking part in ambitious projects, specifically those that will generate earnings in the future, with an eye to the period of the next medium-term management plan.



Division Policy and Growth Strategies –Financial Trends

Expansion of Gross Profit

Smooth expansion of gross profit, an indicator of earnings capacity, due to accumulation of assets through proactive past investments



- We have achieved smooth expansion in gross profit, an indicator of earnings capacity, since the year ended March 31, 2017.
- We will continue to grow our asset portfolio in order to further increase gross profit, as was also done under the previous medium-term management plan.



Business Explanation

1. Hyundai Motor Distributor Business

Capitalizing on Hyundai’s high evaluation for Sojitz’s distributor management functions and experience, participate in CKD production and other distributor businesses in Pakistan, which boasts market serving 200 million people, alongside prior businesses in Puerto Rico and Thailand

Sojitz de Puerto Rico

- Structure comprised of 19 dealers in Puerto Rico
- Total of 11,334 automobiles sold in 2017 (13.2% market share)
- Total of 15,069 automobiles sold in 2018 (13.7% market share)



Hyundai Motor Thailand

- Record-breaking sales of approx. 5,000 vehicles in 2017
- Share of 56% for the mainstay H-1 in the Thai market for luxury minivans*
- Start of dealing in used vehicles and EVs in 2018



Hyundai Nishat Motors

- Joint venture with major Pakistan financial group Nishat Group
- Assembly and sales of H-100, which previously boasted 50% share of pickup truck market, and assembly and sales of SUVs planned



* Statistics collected in Thailand categorize the H-1 as a c-segment MPV along with the Toyota Alphard.



- Sojitz has been engaged in distributor businesses in Puerto Rico and Thailand together with Hyundai Motor Company.
- Through our strong partnership with Hyundai, we are preparing to launch assembly and wholesale operations in the massive market of Pakistan.
- Hyundai has recognized that its relationship with Sojitz is win-win as Sojitz is able to contribute to increased brand value for Hyundai by deploying its resources in markets that would be difficult for Hyundai to serve alone.



Business Explanation

2. Dealership Business

Development of new earnings foundations that are resilient to economic fluctuations by incorporating dealership service revenues

United States

Brands	Number of stores	Vehicle Sales (Unit)
BMW/MINI	4	About 8,000
Audi	1	About 2,100

Brazil

Brands	Number of stores	Vehicle Sales (Unit)
BMW/MINI	6	About 2,000
Audi	3	About 400

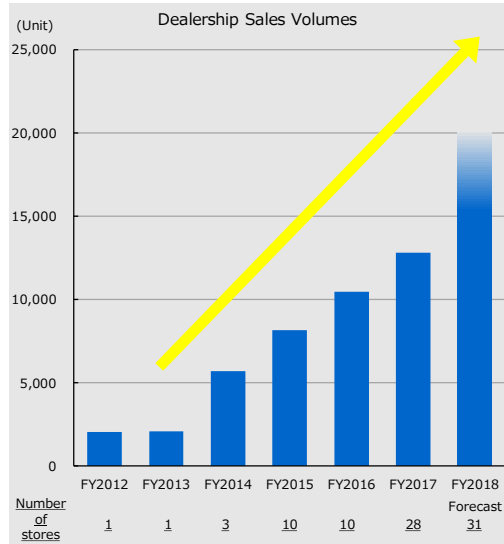
Russia

Brands	Number of stores	Vehicle Sales (Unit)
SUBARU	12	About 5,100

Japan

Brands	Number of stores	Vehicle Sales (Unit)
BMW/MINI	5	About 3,700

Note: Numbers of stores and vehicle sales are forecasts for the end of the FY2018.



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- The positioning of dealership businesses in the strategies of the Automotive Division was redefined and related initiative policies were revised during the period of the previous medium-term management plan, after which we proceeded to invest aggressively in these businesses.
- We only had one dealership location in the year ended March 31, 2014. This number has since climbed above 30, and our automobile sales volumes have come to exceed 20,000 vehicles.
- Dealership businesses have already grown to become a central earnings pillar for the Automotive Division.



Business Explanation

3. Parts Quality Assurance Business

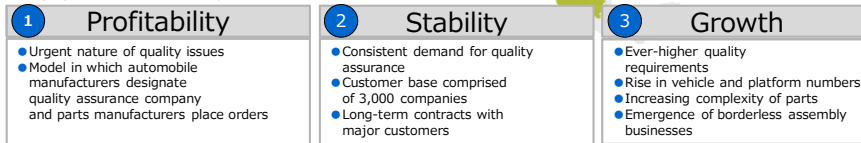
Parts Quality Assurance Business (U.S.)

Joint acquisition of full management rights for Stratosphere Quality, the largest U.S. quality assurance company, together with Green Tec, the largest automotive quality assurance provider in Japan
 Service structure covering wide range of areas and customer base of approx. 3,000 automobile and automotive parts manufacturers and other companies in North America boasted by SQ, which has continued to enjoy strong growth since being founded in 2009

Business Strategies

Parts quality assurance business positioned as new revenue source for Automotive Division due to following two reasons:

- Promising business domain featuring high (1) profitability, (2) stability, and (3) growth
- Ability to link the creation of new value to the reinforcement of existing operations and the exploration of new fields



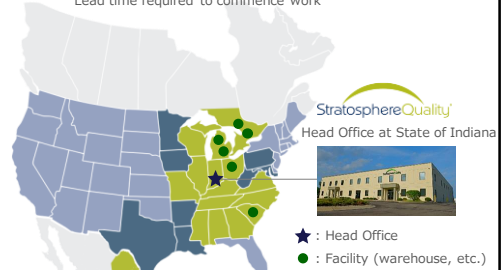
Enhancement of Sojitz's Functions (Quality Assurance Functions and Customer Development Functions)

- Reinforcement of existing businesses (parts trading, logistics, assembly, etc.)
- Footholds for exploration of new fields (aftermarket parts, etc.)
- Expansion into non-automotive fields (aircraft, medical, maritime, industrial machinery, etc.)

National & International Coverage

UP TO 2 HOURS UP TO 12 HOURS UP TO 24 HOURS

Lead time required to commence work



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- In 2017, we acquired Stratosphere Quality LLC, a company that operates the largest parts quality assurance business in the United States. This company has continued to grow in accordance with our plans since.
- This acquisition added a new function to Sojitz's lineup of offerings for the automotive supply chain, enabling us to increase the value of the services we provide to customers around the world.



Business Explanation

4. Autrans Business





Business Activities

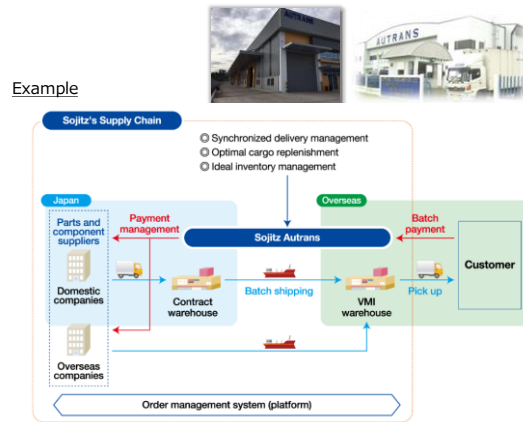
- High-value-added comprehensive distribution services (Autrans business) combining car and motorcycle parts supply chain management functions with finance, JIT manufacturing, quality assurance services, venter managed inventory, and simple assembly functions

Main Customer

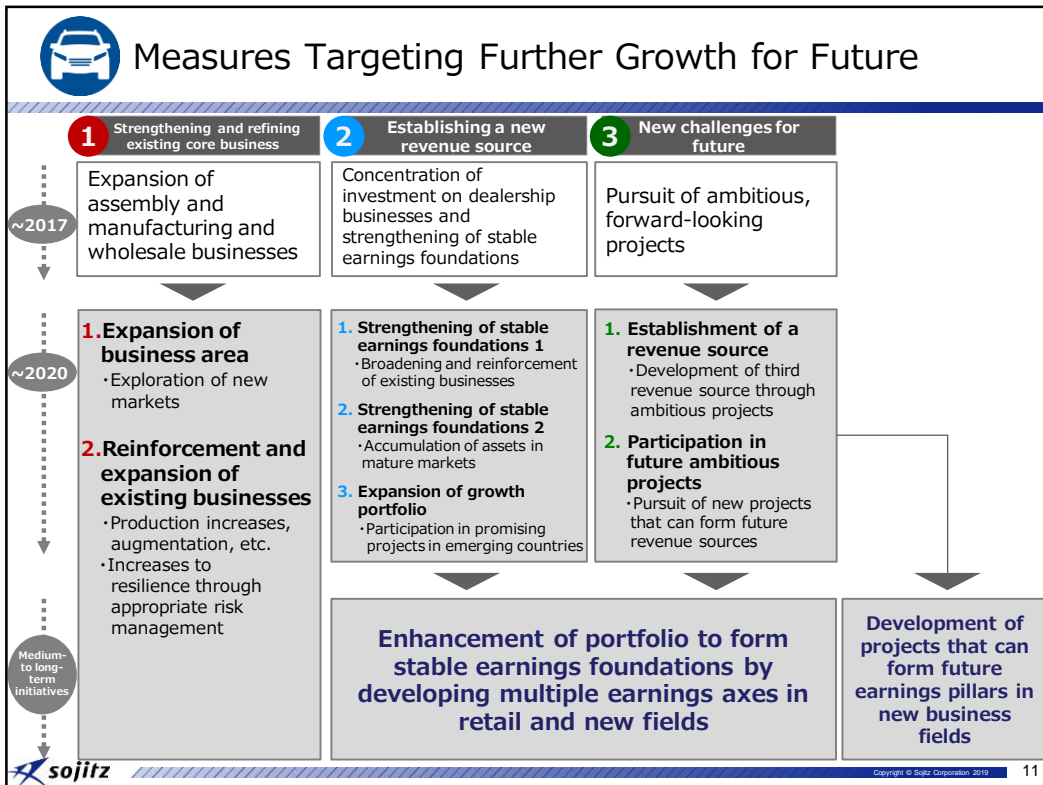
- Japanese and foreign car manufacturers, foreign motorcycle manufacturers, major automotive parts manufacturers, motorcycle parts manufacturers, construction machinery manufacturers, etc.

Four-Base Business Network

Country	Japan 	Thailand 	Indonesia 	India 
Company Name	Sojitz Autrans Corporation	Autrans (Thailand) Co., Ltd. (ATH)	PT. Autrans Asia Indonesia	Autrans India Private Limited
Establishment	1982	1998	2014	2018
Shareholders	Sojitz 100%	Sojitz 75%	ATH 99% Sojitz Autrans 1%	Sojitz Autrans 80% Sojitz India 20%



- Sojitz has a long history in the Autrans business spanning from more than 20 years.
- We have introduced inventory management and finance functions in this business, which arose from distribution services and simple assembly operations, allowing us to provide comprehensive supply chain management functions.
- Sojitz Automotive & Engineering, Inc., the Japanese base for Sojitz's Autrans business, changed its name to Sojitz Autrans Corporation in April 2018. Meanwhile, we have positioned Autrans business bases in Thailand, Indonesia, and India to develop structures that will make it possible to provide services in more locations throughout Asia.



- The aforementioned three strategies will be continued going forward.
 1. Strengthening and refining existing core business
 Our existing businesses models will be constantly revised and our strategies redefined to refine our approaches toward generating revenues.
 2. Establishing a new revenue source
 The ambitious projects undertaken during the period of the previous medium-term management plan have been incorporated into the current medium-term management plan as earnings pillars. Similarly, we aim to participate in ambitious projects under the current medium-term management plan to create earnings pillars for the next plan.
 3. New challenges for future
 With new business fields always in sight, Sojitz will seek to acquire new functions.
- Human resources will be of utmost importance to our measures going forward. We have numerous operating companies with large employee bases located around the world. Going forward, it will be crucial to enhance our management capabilities and cultivate experienced management personnel at these companies. Another important factor for the growth strategies of the Automotive Division will be to cultivate development staff capable of creating new businesses.



sojitz

New way, New value