



# SOJITZ IR DAY 2018

## Automotive Division

**February 25, 2019**

**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.



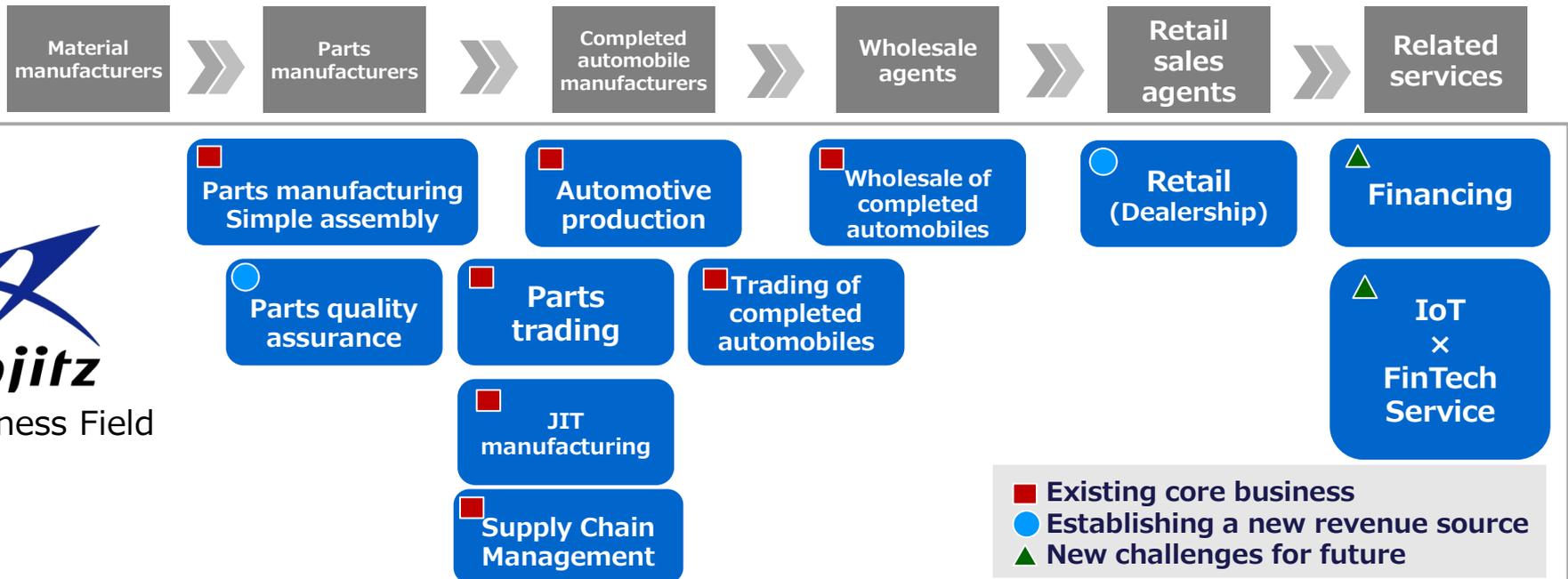
# Division Overview

## –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





# Division Overview

## –Overseas Business Map (Major Group Companies and Investments)

### Russia/NIS

#### ■ CKD production and wholesale

JSC Isuzu Rus (Russia)

#### ■ Wholesale

Subaru Motor LLC (Russia)  
Subaru Ukraine LLC (Ukraine)

#### ● Retail (dealership)

U Service Sunrise LLC (Russia)  
Center Sunrise LLC (Russia)

### North America

#### ● Retail (dealership)

Weatherford Motors Inc. (U.S.)  
Import Motors Inc. (U.S.)  
Mill Valley Motors Inc. (U.S.)  
Import Motors II Inc. (U.S.)

#### ● Quality assurance

#### ■ Parts distribution

Stratosphere Quality LLC  
(U.S., Canada, Mexico)

### Europe

#### ■ Parts manufacturing and trading

KSTE S.A.S (France)

### Asia

#### ■ CKD production and wholesale

Hyundai Nishat Motor (Pakistan)

#### ■ Wholesale

Hyundai Motor Thailand (Thailand)  
Sojitz Sunrise Automobile (Myanmar)  
Sojitz Fuso Philippines Corporation  
(Philippines)

#### ▲ Financing

MMPC Auto Financial Services (Philippines)

#### ■ Simply assembly and parts distribution

Autrans Thailand (Thailand)  
Autrans Asia Indonesia (Indonesia)  
Autrans India Private Limited (India)  
Samvardhana Motherson International  
Limited (India)

### Japan

#### ■ Parts distribution

Sojitz Autrans Corporation

#### ● Retail (dealership)

Sojitz Auto Group Osaka, Co., Ltd.

#### ▲ Fintech services

Global Mobility Service Inc.

### Central and South America

#### ● Retail (dealership)

Topcar Veiculos S.A. (Brazil)  
Intercontinental Comercio de  
Veiculos S/A (Brazil)

#### ■ Wholesale

Hyundai Motor Argentina  
(Argentina)  
Sojitz de Puerto Rico  
(Puerto Rico)  
Central Motoriz (Guatemala)

Businesses  
in **18** countries

**37**  
group companies

About  
**4,900** employees



# 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.





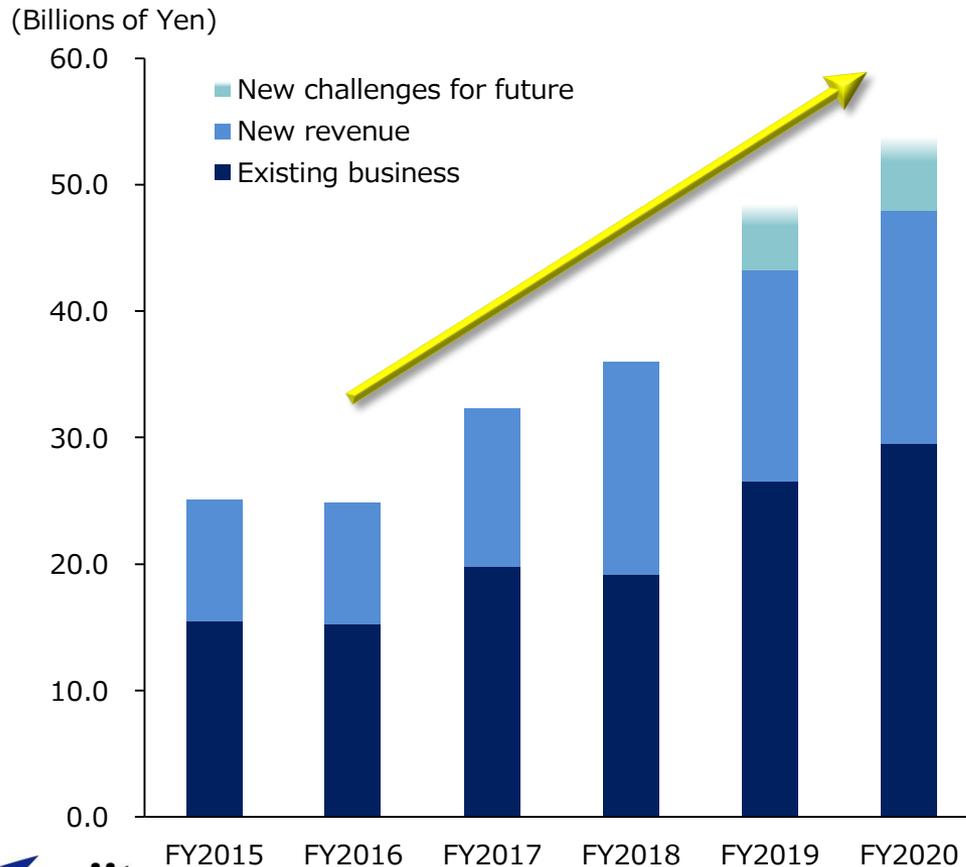
# Division Policy and Growth Strategies

## –Financial Trends

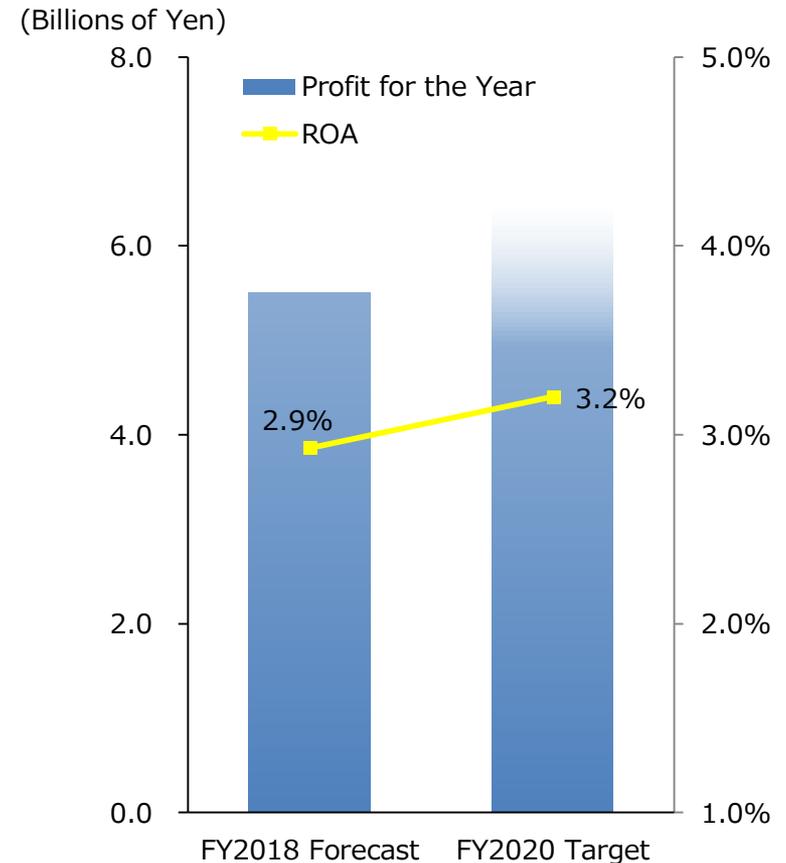
### Expansion of Gross Profit

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

Gross Profit



Profit for the Year/ROA





# 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

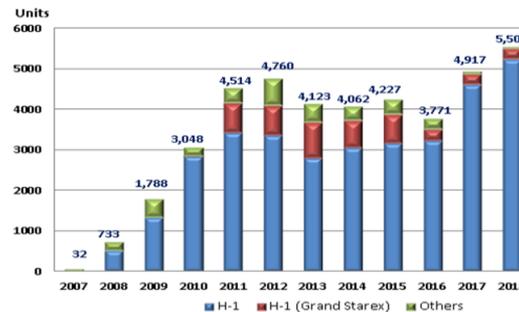
### Sojitz de Puerto Rico

- 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.



# 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



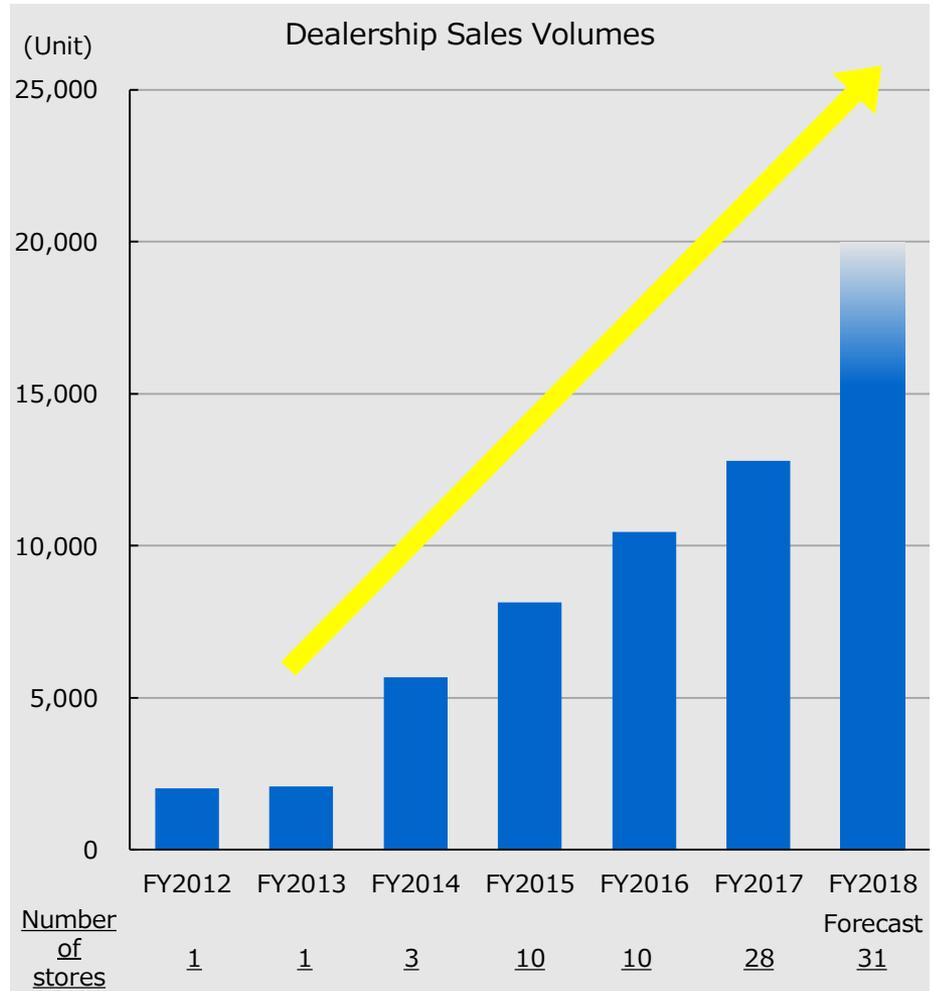
### Russia

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.



# 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

### National & International Coverage

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

Lead time required to commence work



StratosphereQuality

Head Office at State of Indiana



★ : Head Office

● : Facility (warehouse, etc.)

1

### Profitability

- Urgent nature of quality issues
- Model in which automobile manufacturers designate quality assurance company and parts manufacturers place orders

2

### Stability

- Consistent demand for quality assurance
- Customer base comprised of 3,000 companies
- Long-term contracts with major customers

3

### Growth

- Ever-higher quality requirements
- Rise in vehicle and platform numbers
- Increasing complexity of parts
- Emergence of borderless assembly businesses



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.)



# 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, vendor managed inventory, and simple assembly functions

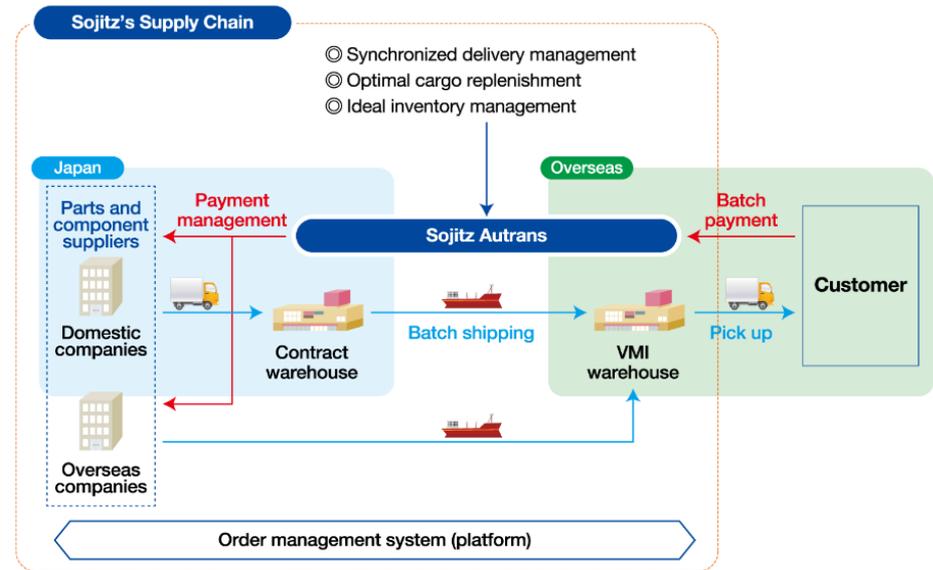
### Main Customer

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

### Four-Base Business Network

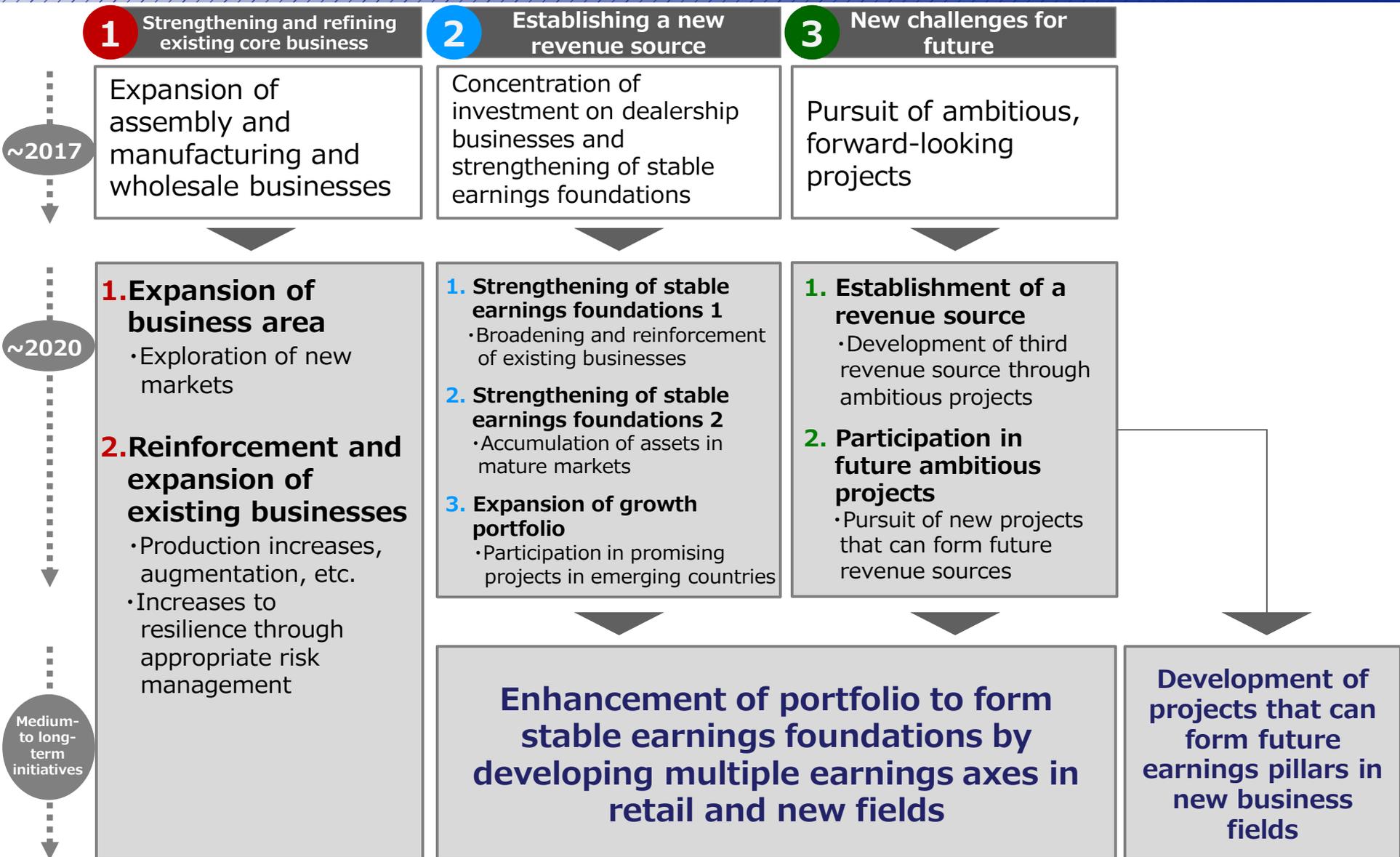
Country	Japan 	Thailand 	Indonesia 	India 
Company Name	Sojitz Autrans Corporation	Autrans (Thailand) Co., Ltd. (ATH)	PT. Autrans Asia Indonesia	Autrans India Private Limited
Establishment	1982	1998	2014	2018
Shareholders	Sojitz 100%	Sojitz 75%	ATH 99% Sojitz Autrans 1%	Sojitz Autrans 80% Sojitz India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

### Example





# Measures Targeting Further Growth for Future





***sojitz***

***New way, New value***