



SOJITZ IR DAY 2018

Aerospace & Transportation Project Division

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Sojitz Corporation

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Aerospace & Transportation Project 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

Aerospace & Transportation Project Division

Aerospace Dept.

Aircraft Asset Business Dept.

Airport & Transportation Project Dept.

Sojitz Aerospace Corporation (SOASCO)

Sojitz Marine & Engineering Corporation (SOMEK)

Aerospace-Related Business

Building of a new earnings foundation by expanding the value chain for aircraft businesses utilizing robust experience as the Japan sales representative for commercial aircraft companies; import/export and sales of aircraft- and defense-related equipment.

Transportation & Airport Infrastructure Business

Installation and operation of airport, railroad, and other transportation infrastructure to contribute to regional revitalization in Japan and abroad, including in emerging countries.

Marine-Related Business

Sales, purchase, and charter brokerage of vessels; sales of marine-related equipment; Company-owned vessel operation.

Number of Subsidiaries and Associates

(52 consolidated subsidiaries and equity-method associates)

Europe, Africa, Middle East, Russia & CIS
3

China
2

Japan
26

Americas
19

Asia & Oceania
2

The number of Employees

Head office : 96

Overseas : 84

SOASCO : 162

SOMEK : 105

As of December 31, 2018



Division Policies and Growth Strategies

Division Policy

Develop stable earnings platforms by expanding business foundations and generating earnings from revenue sources created through growth investments conducted under the previous medium-term management plan 2017 as scheduled

【External Environment】

Opportunities

Global air travel demand, transportation and airport infrastructure demand, Tokyo Olympics-related demand, energy-saving vessel and LNG vessel demand, etc.

Risks

Reduction in aircraft demand in conjunction with domestic population decline, country risks associated with emerging countries, lower transaction volumes stemming from decreased performance of domestic shipbuilders

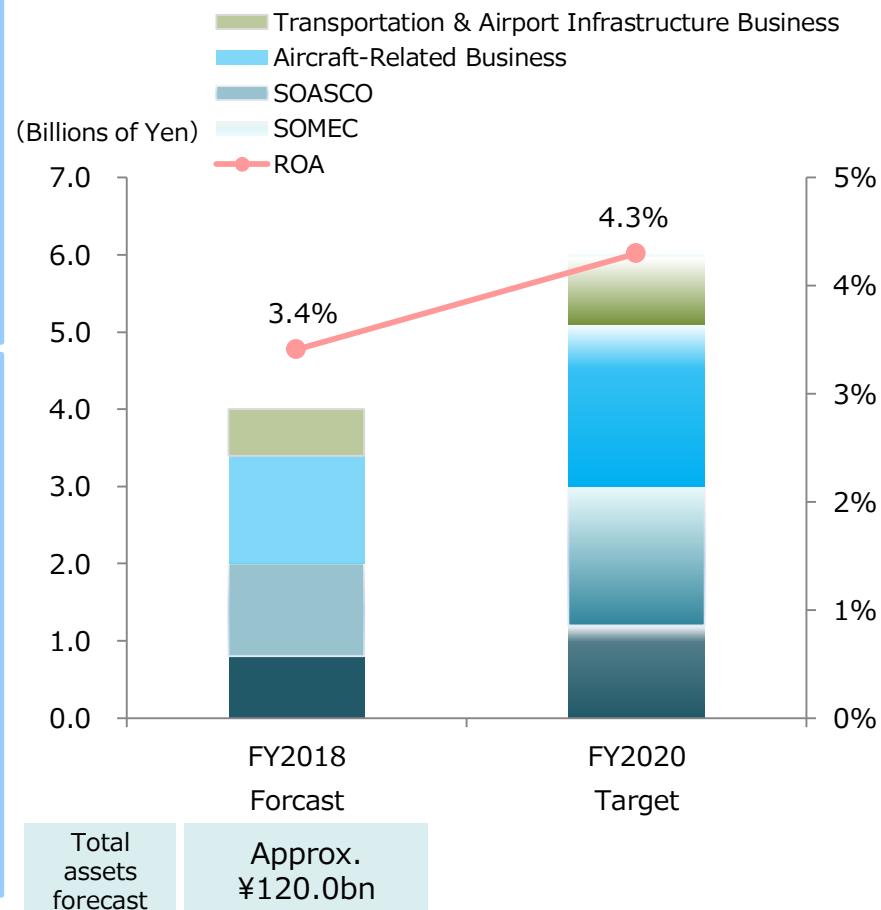
【Growth Strategies】

1. Build a new earnings foundation by expanding the value chain for aircraft businesses
2. Strengthen new products and services
3. Develop businesses that contribute to regional revitalization in Japan and abroad, including in emerging countries

【Growth Drivers】

1. Part-Out Business of Retired and Aged Aircraft Business
2. Business Jet Business
3. Transportation Infrastructure Business

Consolidated Profit for the Year / ROA





Business Explanation

1. Part-Out Business of Retired and Aged Aircraft Business

MTP2020 Policy

Maintain cycles of buying and selling while increasing asset scale to simultaneously expand earnings foundations and improve profit margins

Purposes of Initiatives

- Cover scope of aircraft business value chain areas withdrawn from
- Diversify aircraft businesses
- Conserving resources by promoting reuse of retired aircraft



MTP2020 Policy

1. Expansion of operations in Europe and Americas
 - Enhance and expand **partner strategies** → Bolster sales channels and grow together with partners
 - **Broaden lineup of aircraft handled** → Procure regional aircraft while positioning narrow-bodied aircraft as core
 - Implement engine trading initiatives
2. Development of operations in Asia
 - Expand initiatives in Asia by utilizing alliances with European and U.S. business partners

Aggregate number of aircraft procured

FY2015~FY2018

28~30 aircraft

~FY2020

About **45** aircraft*

Growth in Europe and Americas and expansion into Asia

Exploration and expansion of the aircraft aftermarket business through M&As



* Includes number of aircrafts for which parts sales have been completed



Business Explanation

2. Business Jet Business

MTP2020
Policy

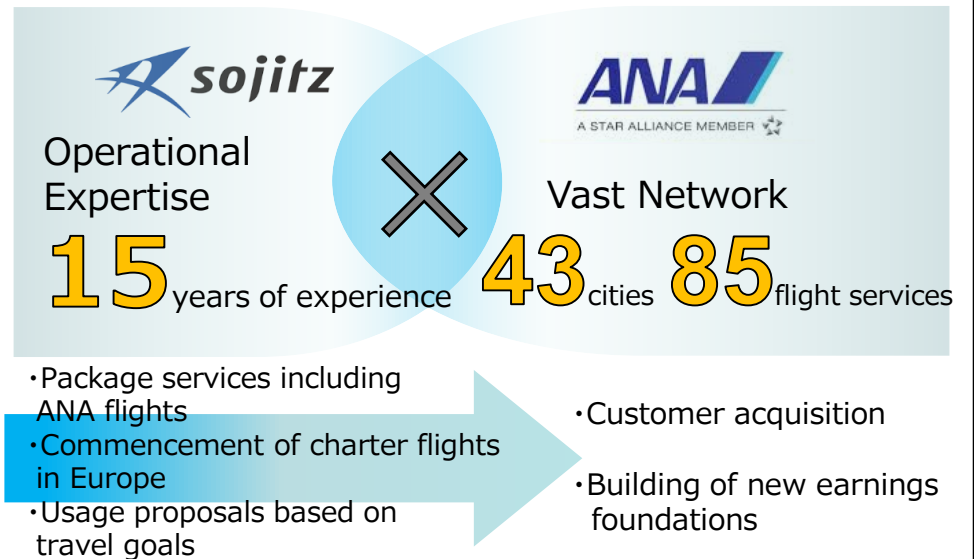
Acquire new customers by enhancing lineup through Phenix Jet business and collaboration with ANA HD

PhenixJet Business

Acquire functions to **provide comprehensive services**



ANA Business Jet



Measures for
expanding
business

- Double number of aircraft for which Sojitz manages operation (currently nine)
- Bolster airport infrastructure in Tokyo metropolitan area (hangars and aircraft maintenance companies), enhance operation services through operation of terminal facilities exclusively for business jets



Business Explanation

3. Transportation Infrastructure Business

MTP2020 Policy

Broaden business scope centered on growing markets for transportation infrastructure and maintenance and operation services and develop stable and sustainable earnings foundations of sufficient scale

Current Initiatives and Purpose of Initiatives



EPC(*1)

Dedicated Freight Railways Construction in India



【Overview】

Construction of approx.1500-km freight railway from Delhi to Mumbai

【Purposes of Initiatives】

Effective execution of order conditions for this, the largest Japanese ODA project ever and the centerpiece of Japan-India economic collaboration, and expansion of initiatives to railway infrastructure projects in India and other countries worldwide

Investment

Rail MRO Business in Canada(*2)



【Overview】

Investment and participation in CadRI commenced in November 2015, expansion of base network driven by acquisition underway

【Purposes of Initiatives】

Incorporation of strong macroeconomic growth in North America to create clusters of revenue-generating businesses, promotion of expansion of business and regional scope based on MRO functions

(*1) EPC: Engineering, Procurement, Construction

(*2) MRO: Maintenance, Repair, Overhaul



Business Explanation

4. Airport Infrastructure Business

MTP2020
Policy

Bolster earnings power from a medium- to long-term perspective by **expanding Sojitz's business scope and functions** centered on airport infrastructure operations

Current Initiatives and Future Growth

Airport Operations



■ Airline-Related Businesses

Management and operation of runways, airport aprons, and other basic airport facilities
→ Landing fees, facility usage fees, etc.

■ Non-Airline-Related Businesses

Management and operation of airport terminal buildings, parking lots, etc.
→ Rent from airport terminal building tenants, parking lot revenues, etc.

1. Acquisition and reinforcement of functions through airport operation

2. Expansion of initiatives in Japan and abroad to **bolster performance**

Further Growth

Palau International Airport

Palau International Airport Corporation established jointly with Japan Airport Terminal and government of Palau in 2017, joint operation to commence in spring 2019



Shimojishima Airport (Okinawa)

Investment in Shimojishima Airport Management passenger terminal management company together with Mitsubishi Estate and Kokuba-Gumi, operations to commence on March 30, 2019



Khabarovsk International Airport

Shareholders' agreement signed for participation in construction and operation of new terminal at Khabarovsk International Airport in Russia together with Japan Airport Terminal in December 2018, operations to start in late 2019





Overview of Sojitz Aerospace (SOASCO)

◆ Sojitz Aerospace Corporate Profile ◆

- Name : Sojitz Aerospace Corporation
- Capital : ¥1,410 million
- Establishment : April 1, 1975
- Employees : 162 (as of December 31, 2018)
- Locations : 8-3, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-0005, Japan
Nagoya Division/ Osaka Sales
Department, Nagoya Division
- Business activities : Import, export, and
Japanese domestic sales of
aerospace- and defense
related equipment
- Major Overseas bases :

**Europe, Russia
& NIS**
London

Americas
Los Angeles
New York
St. Louis

Division	Business Activities
<p>Defense Business Div.</p> 	<ul style="list-style-type: none"> • Import and sales to the JSDF of defense systems (LCACs, F-15Js, AH-64D, etc.) from Europe and the United States • Procurement and import of engines for escort vessels and submarines • Sales of specialty systems for the JSDF
<p>Commercial Business Div.</p> 	<ul style="list-style-type: none"> • Sales and after sales services pertaining to passenger aircraft systems, parts, and materials provided through collaboration with Boeing, RUAG, and Bombardier • Sales of metal detectors, antiterrorism vehicle barricades, and other cutting-edge security systems



Overview of Sojitz Marine & Engineering (SOMEEC)

◆ Sojitz Marine & Engineering Corporate Profile ◆

- Name : Sojitz Marine & Engineering Corporation
- Capital : ¥800 million
- Establishment : July, 1963
- Employees : 105 (as of December 31,2018)
- Locations : 3F, 2-3-1, Nishi-Shimbashi, Minato-ku
Tokyo 105-0003 Japan
Osaka Branch, Imabari Office,
Onomichi Representative Office
- Business activities : Sales, purchase and charter
brokerage of new and used
vessels, ship operation management
Japanese domestic sales and
import/export of marine-related
equipment and materials

➤ Main Overseas bases:

Europe, Russia & NIS
London, Hamburg,
Piraeus

China
Dalian,
Shanghai,
Hong Kong

Asia & Oceania
Singapore

Business Field

Ship and Shipbuilding Equipment, Non-marine Equipment



Charter and Sale & Purchase of New building and secondhand vessels



Ship owning and Ship Management



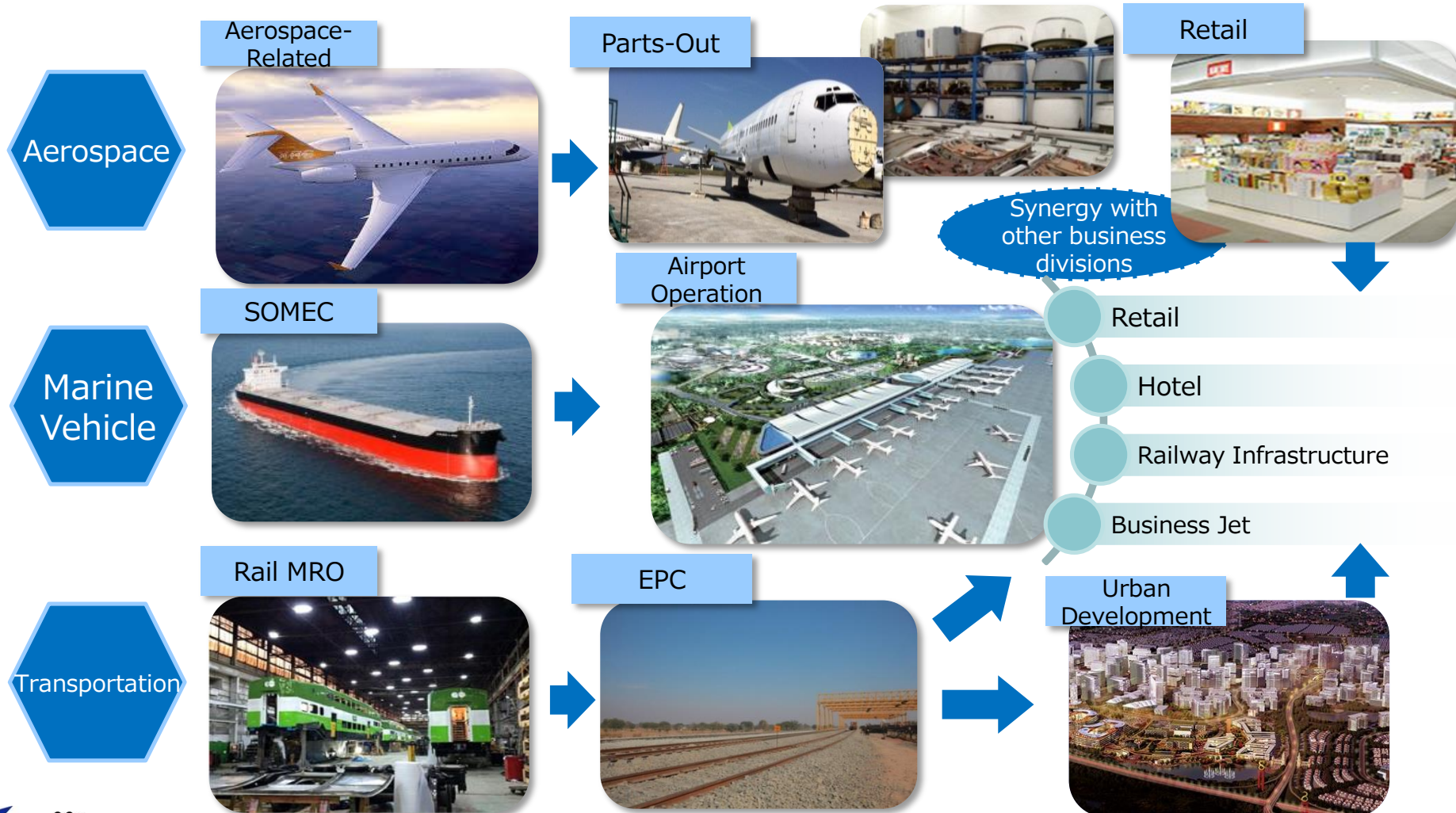
Business Activities

- Domestic /Import/ Export sales of Equipment & Materials for the vessels (Main Engine, Auxiliary engine, Crankshafts etc.)
- Sales of facility and equipment for the shipyards
- Sales of industrial machinery and environmental equipment
- Sale & Purchase of New building
- Charter and Sale & Purchase of secondhand vessels
- Voyage charter to the domestic/ overseas customers
- Ship owning and Ship Management of Sojitz



Measures Targeting Further Growth for Future

Initiatives for creating value in response to new earnings opportunities arising from more frequent transportation of people and objects





sojitz

New way, New value