



# Infrastructure & Healthcare Division










Masakazu Hashimoto  
Managing Executive Officer, COO  
Infrastructure & Healthcare Division  
December 10, 2021

# Profile









## Masakazu Hashimoto

Managing Executive Officer, COO  
Infrastructure & Healthcare Division

- Born in Aichi Prefecture, joined Sojitz in 1990
- Bachelor of Social Sciences from Hitotsubashi University, Tokyo
- Biographical Outline
  - 【International transport services business in Africa】 (1990 - 1993)
  - 【Russia, CIS businesses】 (1994 - 1999)
  - 【Stationed in Detroit Branch, Sojitz Corporation of America】 (1999 - 2005)
  - 【Automotive】 (2005 - 2011)
    -  ● Automotive related project, Equipment and engineering for factories
    -  ● Overseas parts business investment, Automobile dealership business
  - 【Infrastructure】 (2011 - )
    -  ● Renewable Energy, Power Generation, Energy
    -  ● ICT Infrastructure Businesses - Telecommunications Towers, Data Centers
    -  ● Healthcare
    -  ● Transportation infrastructure
    -  ● Urban Infrastructure and Industrial Park Businesses

# Infrastructure & Healthcare Division – Overview of Division

Infrastructure & Healthcare Division					
Environmental Infrastructure Dept.	Power & Infrastructure Solution Dept.	Energy & Industrial Infrastructure Business Dept.	Social Infrastructure Development Dept.	Healthcare Dept.	NISSHO ELECTRONICS
<ul style="list-style-type: none"> <li>● Renewable Energy Business</li> <li>● Energy Management + Retail</li> <li>● EV infrastructure business</li> </ul>  <p>Solar power generation in Kumamoto</p>	<ul style="list-style-type: none"> <li>● Gas-Fired Power Generation Businesses</li> <li>● LNG to Power (LNG Receiving Terminals/ Integrated Power Station Development)</li> <li>● Energy Saving, District Cooling and Heating</li> </ul>  <p>Integrated development of gas-fired power generation facilities</p>	<ul style="list-style-type: none"> <li>● Energy Businesses (include LNG JAPAN)</li> <li>● Overseas Industrial Parks</li> <li>● Hydrogen, De-carbonation</li> </ul>  <p>LNG Terminal in Indonesia</p>	<ul style="list-style-type: none"> <li>● ICT (Telecommunications Towers, Data Centers)</li> <li>● Urban Infrastructure/ Smart City</li> <li>● Nuclear Power</li> </ul>  <p>Telecommunications Tower in Myanmar</p>	<ul style="list-style-type: none"> <li>● PPP Hospital PJ</li> <li>● Primary healthcare</li> <li>● Operation and provision of peripheral medical services/ Wellness, DX</li> </ul>  <p>Hospital PPP Project in Australia</p>	<ul style="list-style-type: none"> <li>● Network infrastructure business</li> <li>● Application services</li> <li>● DX support for customers</li> </ul>  <p>Social Distancing Camera™ System</p>

## Strengths of Division

### Growth Capability

600% increase in power generation assets \*1

\*1 Projected power generation portfolio in the year ending March 31, 2022, compared with the year ended March 31, 2013.

### Business Development & Structuring Capability

200% increase in number of deals closed \*2

\*2 Projected Number of deals closed in the years ended March 31, 2017-2021 compared with the previous five years (the years ended March 31, 2012-2016)

### Expansion Capability

Successful expansion into the medical and overseas telecommunication fields

Ongoing creation of new value that contributes to the resolution of constantly changing social needs through internal and external collaboration, sharing, and unity.

# Division Strategy

## MTP2023 Basic Strategy -Three pillars and five key words-

- ◆ Strengthening of **upstream (project development)** and **midstream (business operation)** operations and advancement of **new downstream (expansion of revenue opportunities) initiatives** through acceleration of project development and extensive market-oriented focus
- ◆ Enhancement of competitiveness through acquisition of **platform businesses that facilitate ambitious undertakings** and **strengthening of functionality (bolt-on investments, integration)** to boost competitiveness
- ◆ Creation of businesses with **social responsiveness and appeal** that address global megatrends (decarbonization, 5D, etc.) and social issues and facilitate portfolio transformation

5D : Depopulation, De-carbonization, Decentralization, Deregulation, Digitalization

### 【Integration】

Organic and integrated linkage of expertise and experience accumulated by departments through project development and business development to expand operations in an integrated manner

### 【Differentiation】

Acquisition of functions applicable to platform businesses that contribute to competitiveness to secure additional and peripheral earnings and apply shared functions to other businesses

### 【Market-Oriented Initiatives】

Tracking and analysis of downstream market needs, provision of solutions, prediction of future market trends, and creation of demand and needs

### 【Expansion】

Utilization of market insight and competitive position in projects to develop consistent, reproducible, and applicable frameworks and expand earnings foundations

### 【Partnerships】

Identification of and co-creation and collaboration with new partners, including those in different industries, based on changing marketing environment while building upon relationships with existing partners

Energy	✘	Industrial Park
Healthcare	✘	IT
Power generation, Development	✘	Electricity Retail
Australia	✘	Healthcare, Renewable Energy IPP
Urban Infrastructure	✘	ICT, Smart City*

Energy Management + Retail - NEXUS (Spain)
Energy Saving - ESCO (U.S. / Middle East*)
Downstream of Gas - SOGEC (Vietnam)

Long Duc Industrial Park (Vietnam)
- Gas retail services
- Rooftop solar generation
- Fuel switching business
- Co-generation
- Medical check-ups *
- HR Tech *

Major electricity and gas companies
Local electricity and gas companies
ENEOS, NIPPON PAPER GROUP
Kotobiken Medical Laboratories

\* under-investigation

# sojitz MTP2023 - Earnings Contributions from Investment

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### The Key Projects

MTP2017	MTP2020
<ul style="list-style-type: none"> <li>Hospital PJ in Turkey</li> <li>Domestic solar power business</li> <li>Wind power PJ in Ireland etc.</li> </ul>	<ul style="list-style-type: none"> <li>Natural gas-fired power PJ in U.S.</li> <li>Offshore wind power PJ in Taiwan</li> <li>Primary healthcare services in the Asia and Oceania region</li> </ul>

## MTP2023 - three years total

Investment plan : ¥100.0bn  
 Earnings contributions\* : ¥10.5bn  
 ROI(three years avg.) : around 3.5%

\* Earnings contributions exclude non-consolidated expenses.

## Focus Areas

- [New Areas]** Earning contribution ¥5.1bn
- Energy Saving, Energy-Management
  - Electricity Retailing
  - Primary healthcare
  - Downstream gas etc.
- [Areas of Expertise]** Earning contribution ¥5.4bn
- Hospital PPP
  - Power generation
  - Industrial Parks
  - Tel-com tower etc.

2. New Areas

1. Areas of Expertise

**MTP2020** - three years total  
 Investment results : ¥76.4bn  
 Earnings contributions : ¥4.9bn

ROI around 2.1% (Company-wide comparison +1.2%)  
 (three years avg.)

Initial outstanding investments : ¥51.9bn

Earning contributions from MTP2020 : ¥9.4bn

ROI (3 years avg.) Approx. 4.1%

**MTP2017** - three years total  
 Investment results : ¥97.1bn  
 Earnings contributions : ¥20.0bn  
 ROI around 6.9% (Company-wide comparison +0.8%)  
 (three years avg.)

Initial outstanding investments : ¥62.2bn

Earning contributions from MTP2017 : ¥15.1bn

ROI (3 years avg.) Approx. 5.2%

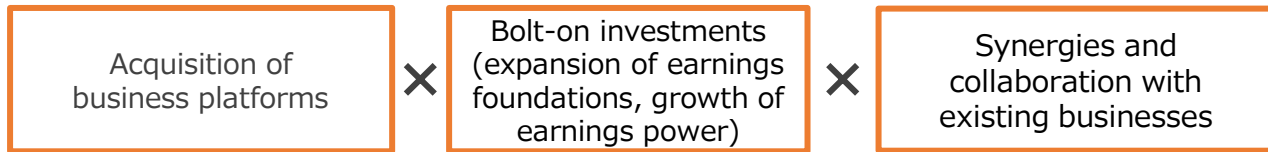


## 1. Growth in areas of experience



\* including develop, partial sell-down, and operation projects

## 2. Expansion and growth in new fields



# Growth Strategies – Energy Solutions



## Energy Management + Retail (Electricity • Gas)

Contribution to decarbonization of global society through electricity sales capabilities and demand creation functions

- Participation in downstream energy management and retail businesses to cater to needs that could not previously be addressed and acquire newly created functions

- Energy Management : Comprehensive energy management services business that utilizes EaaS and MaaS schemes pertaining to power procurement and sale to companies and individuals, energy conservation proposals, roof-mounted solar power systems, storage batteries, demand response systems, electric vehicles, virtual power plants, and smart housing

- Capital participation in Spanish electricity and gas retailer NEXUS and utilization of associated business platform

- Plan by Spain, home of No. 4 power market in EU, to increase rate of renewable energy use from current 32% to 72% by 2050

- Development of integrated energy solutions businesses in Vietnam and generation of inter-business synergies utilizing industrial park businesses

- Commencement of roof-mounted solar power system for industrial park (Vietnam) tenants alongside fuel conversion, co-generation, regional air conditioning, and other sophisticated gas projects in energy solutions businesses



## Power Generation + Energy Saving, District Cooling and Heating

Response to global demand for improving energy efficiency through market-oriented initiatives

- Scale of under-investigation U.S. ESCO\* market of US\$7.6 billion (No. 2 market after China, which accounts for one-third of global market)

- U.S. ESCO market scale approx. 30 times Japanese market and of similar size to U.S. solar power market, high growth rate of 7%.

\*Energy Service Companies: Development of energy service company business model that entails reducing customer utility costs and receiving compensation based on reductions.

- ESCO businesses developed as solution for reducing CO2 emissions and contributing to decarbonization; expansion pursued with focus on municipal government agencies, educational institutions, and hospitals

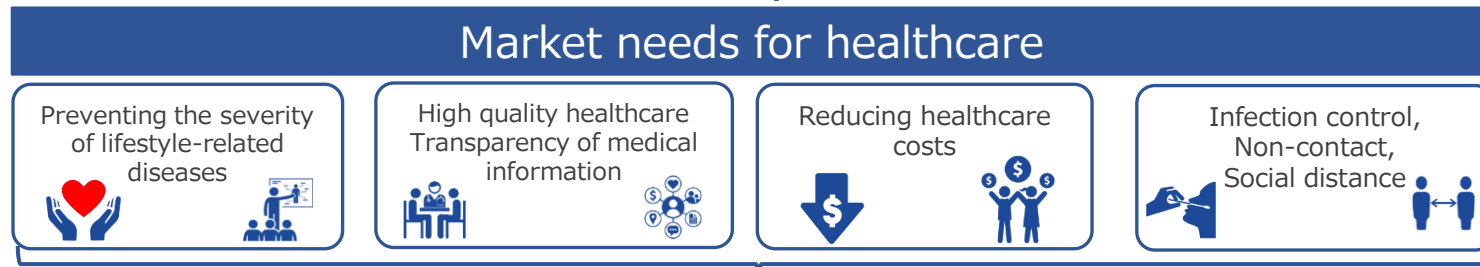
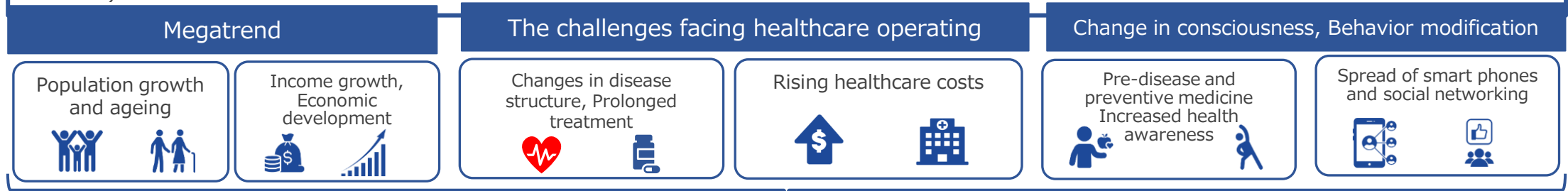
- Increase in U.S. CO2 emissions of 200 million tons over past 30 years, reduction of 450 million tons over same period.

- Trend toward energy conservation through integrated energy use in Middle East, increasing demand for regional air conditioning

# Growth Strategies – Healthcare

## Healthcare Operating Environment and Sojitz Solutions

- Need to shift from hospital-centric healthcare systems to develop and expand healthcare service systems centered on individuals and regions
- Integration of online and offline frameworks to allow individuals freedom in choosing ideal healthcare services
- Promotion of digital transformation of healthcare in response to rising health awareness and trends amid COVID-19 pandemic (telemedicine, data usage, personalized healthcare, etc.)
- Development of stable earnings foundations through PPP projects, construction of platforms for driving growth of private healthcare (primary care) businesses



## Sojitz Solutions



Qualitas (Malaysia, Singapore, Australia)  
Home health and care services\*

Growth: Asia, India, China  
Developed countries: Australia, Americas\*

Invested : THH (Remote medicine), Home Monitoring Service, Sensely (Triage Apps)

\*Under consideration

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## Social challenges and changes

- Rapid increase in data traffic accompanying global normalization of smartphones and spread of 5G
- Changes in sources of differentiation between mobile phone service providers from communications infrastructure (base stations, etc.) to enhancement of services and content

Growth of **telecommunications tower** business furnishing operating foundation



Telecommunications Towers

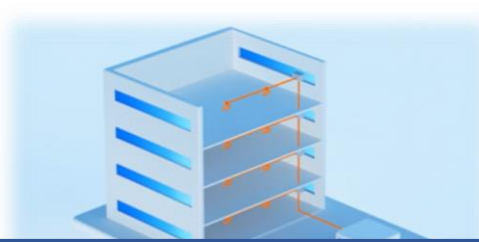
Development of telecommunications tower business promising strong growth and consistently robust long-term earnings as top priority

- Investment in edotco Myanmar/LBS Digital Infrastructure (Philippines) as foothold for expansion into other countries
- Differentiation through supply of lightweight, corrosion-resistant carbon fiber towers (IsoTruss)
- Generation of synergies between physical infrastructure and local communities (microgrids, etc.)

## Our strategy

- Development of telecommunications network infrastructure sharing business supporting rise in data traffic accompanying transition to super smart society
- Development of earnings foundations in telecommunications tower business boasting reliability founded on medium- to long-term contracts and growth potential driven by market growth and broadening of business through expansion into in-building communication sharing solutions (IBS), optical fiber, satellite communications, and data centers

## Secure new earnings foundation



IBS



Optical fiber



Data Centers

Expansion into IBS, optical fiber (above ground, undersea), and data centers from telecommunications towers

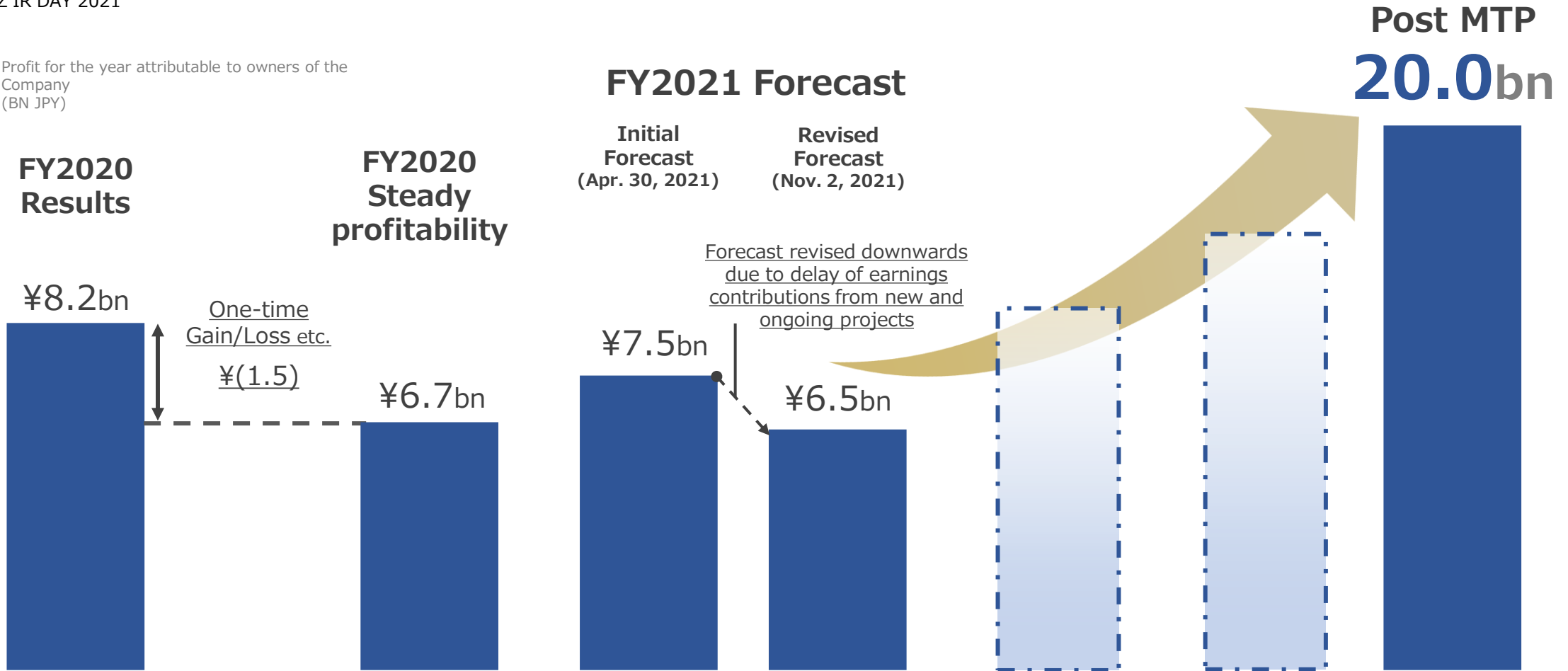
- IBS : Development as priority business given that 80% of data traffic is concentrated in buildings and customers and business models are similar to those for telecommunications towers
- Optical fiber (above ground, undersea): Field promising strong potential for infrastructure sharing similar to telecommunications towers
- Data centers: Utilization of investment experience in SAKURA Internet to develop data center business amid strong demand for venues for storing and utilizing constantly growing data quantities

**Contributions to improved communications infrastructure and lifestyles through above initiatives**



# Infrastructure & Healthcare Division - Vision

Profit for the year attributable to owners of the Company (BN JPY)



- Structure resilient to operating environment changes
- Ingenuity exercised to swiftly generate cash flows
- New downstream initiatives based on market-oriented initiatives

# Reinforcement of human capital and organization capabilities to develop **strong, flexible, and empowered organization.**

## Cultivation of Multifaced Backgrounds

### ① HR Rotation

Organization management prefaced on relocation of division employees every five years

**Fostering of Development Human Capital**

### Reinforcement of frontline functions

- Acquisition of practical insight and experience related to legal affairs, finances, accounting, taxation, etc.

Promotion of multifaceted perspectives and thinking  
- Asset portfolio management

### Strengthening of frontline capabilities of employees dispatched overseas

- Acquisition of experience in overcoming adversity and capacities for identifying insufficiencies and needs

## Searching for knowledge

### ② 12 Task Forces

- Creation of new businesses to become earnings pillars in 2030
- Enhancement and evolution of existing business functions
- Improvement of productivity and cultivation of new organizational culture

## Sharing of Experience and Insight and Contribution to Organizations

### ③ Symbolic actions

- Conversion of individual insight and experience into organization strength
- Development of frameworks for analyzing, utilizing, and applying acquired organization strength
- Encouragement of employees to always view duties, think, and act based on more elevated perspective in order to enhance organizations through above processes

## Ongoing organizational growth

Creation and cultivation of management candidates

Exceeding of expectations as partner



### **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 the timing at which the COVID-19 pandemic ends, 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.