



sojitz
New way, New value

Sojitz IR Day Machinery Division

December 18, 2013

Sojitz Corporation

**Toshihiko Kita
President, Machinery Division**



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- ◆ Division Overview
- ◆ Growth Strategy
- ◆ Supplemental Data (Main Businesses)

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.

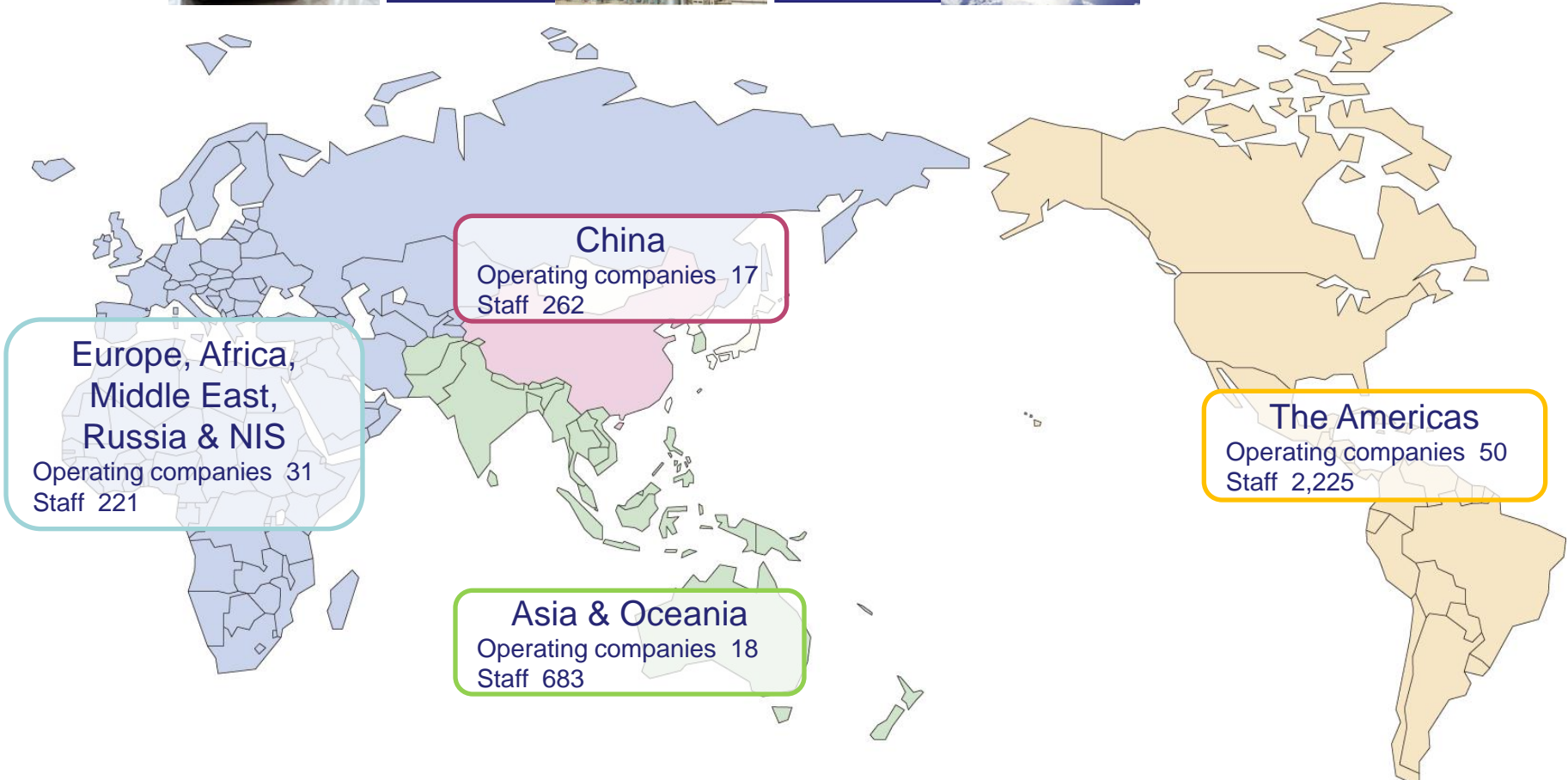


Division Overview





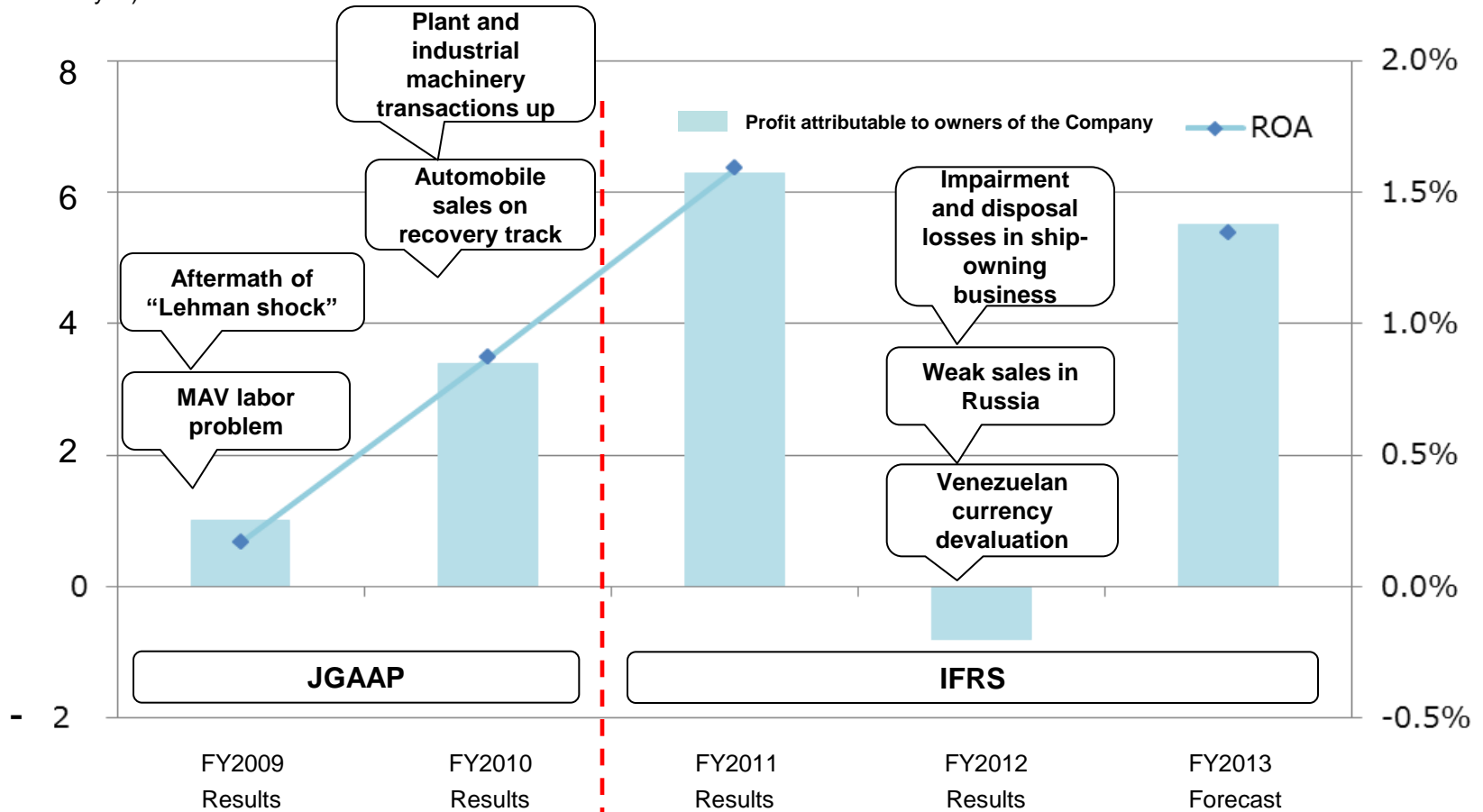
Operating Companies, Overseas Bases and Staff





Division Performance and Outlook

(Billions of yen)



Total assets	406.8	378.0	392.2	399.8
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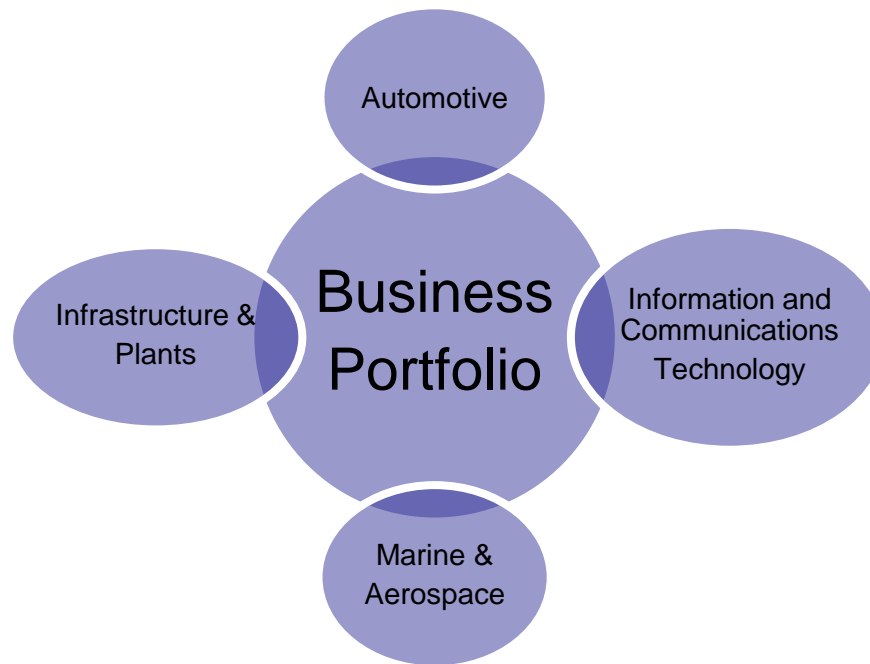
Growth Strategy





Medium-term Management Plan 2014 — Final-year Goals

**Improve the earnings structure
and accumulate quality assets**



**Pursue sustainable growth by creating new core businesses
while stabilizing and strengthening the automotive business**



Concrete Measures to Achieve Goals

1. Stabilize and Further Strengthen the Automotive Business
2. Accumulate Quality Assets Centered on Business Focus Areas
3. Take Steps to Achieve Sustainable Growth



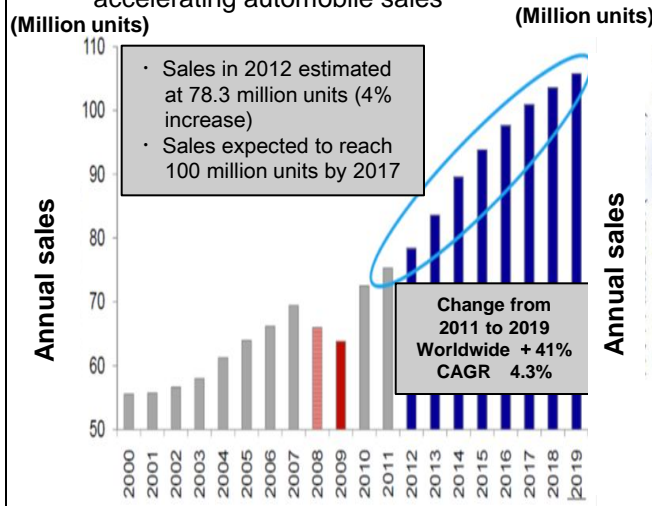
Measure 1

Stabilize and Further Strengthen the Automotive Business (1/3)

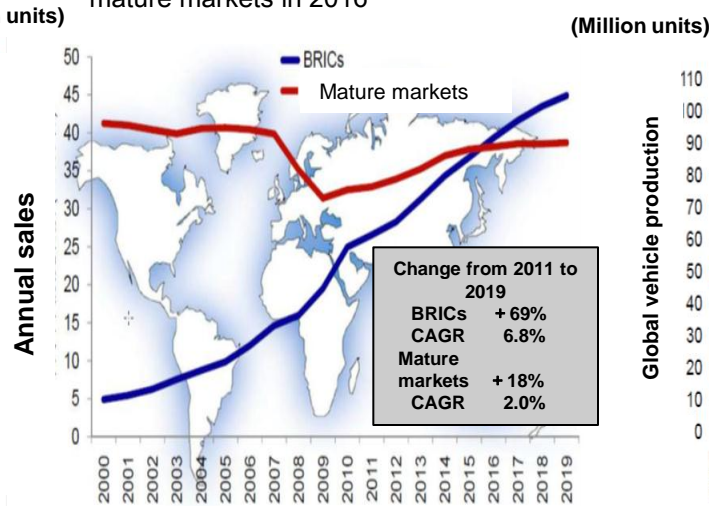
Global Market Trends

★Sales projected to exceed 100 million units in 2017

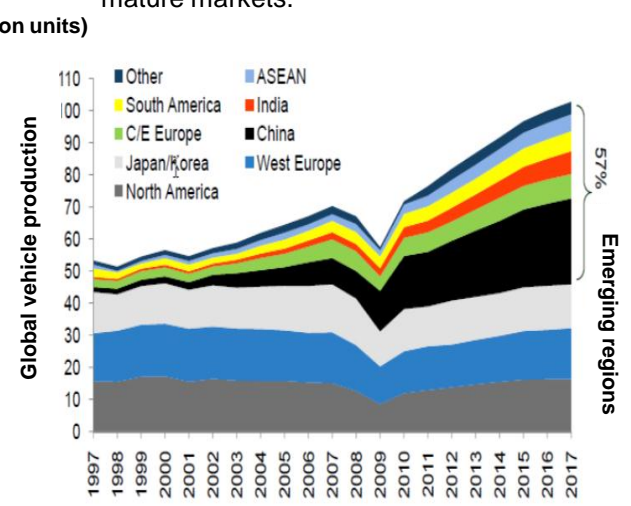
Economic growth in emerging countries is accelerating automobile sales



★Growth areas are diversifying in emerging countries and mature markets
Sales volume in BRICs will surpass that of mature markets in 2016



★Increased production volume is leading to changes in manufacturing and new business models in emerging countries and mature markets.



- Establish Subaru brand in Russia
- Strengthen cooperation with Hyundai
- Enhance supply capabilities at MMPC
- Strengthen global parts supply network centered on SAE



Measure 1

Stabilize and Further Strengthen the Automotive Business (2/3)

Subaru Sales Business

Sojitz exports completely built-up Subaru vehicles and components to Europe, Russia & NIS, the Middle East, Africa and other regions, and has Subaru import and sales businesses in Russia and Ukraine.

<u>Company</u>	<u>Sojitz Equity Share</u>
Subaru Motor LLC (Russia)	89%
Subaru Ukraine LLC (Ukraine)	100%



- Russia is growing into Europe's largest automobile market
- In the Russian market, steadily implementing Subaru's product strategy, which highlights driving enjoyment and peace of mind
- Aiming to establish and expand sales of the Subaru brand, which is respected and trusted in Japan

Hyundai Sales Business

Sojitz participates in Hyundai sales operations in Thailand, Puerto Rico and Argentina.

<u>Company</u>	<u>Sojitz Equity Share</u>
Hyundai Motor (Thailand) Co., Ltd.	70%
Sojitz de Puerto Rico Corporation	100%
Hyundai Motor Argentina S.A.	34%



- Bolstering sales force by enhancing capital outlays, personnel support and management approaches from Sojitz
- Strengthening the relationship with Hyundai through multipolar approach
- Preparing to enter other markets



Measure 1

Stabilize and Further Strengthen the Automotive Business (3/3)

Mitsubishi Motors Philippines Corporation

Head office: Manila, Philippines

Sojitz participation: 1972

Capital: 1,640 million Philippine pesos

Capital share: Sojitz Group: 49% Mitsubishi Motors: 51%

Business: Import, assembly and wholesale distribution of automobiles



- Established Know How with 50 year business experiences and market share (20%) in business
- Government incentives for automobile manufacturer (expected)
- Growth of Emerging market (from 200,000 units in 2013 to 500,000 units in 2020)
- Expansion of production capacity in the Philippines

Sojitz Automotive & Engineering, Inc.

Import, export and offshore trading of automotive related components (for two- and four-wheel vehicles)

Automotive production equipment and engineering service

Total Plant Construction Service (Called by : TPCS) for Support and consulting for overseas plant expansion.

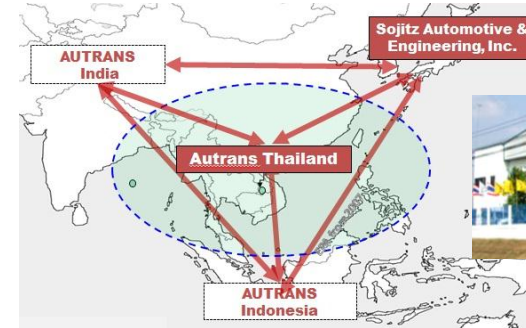
Import, export and offshore trading of other automotive related materials and supplies.

Autrans (Thailand) Co., Ltd.

Import, export and domestic sales of automotive components

Subassembly of automotive components

Contract logistics services (just-in-time delivery, warehouse)



- Global component supply network built by Sojitz, Sojitz Automotive Engineering and the Autrans Group
- Expanding throughout Asia from Thailand, which has 15-years history
- Enhancing initiatives for fast-growing emerging countries
- Autrans to establish in India and Indonesia (2014)



Measure 2

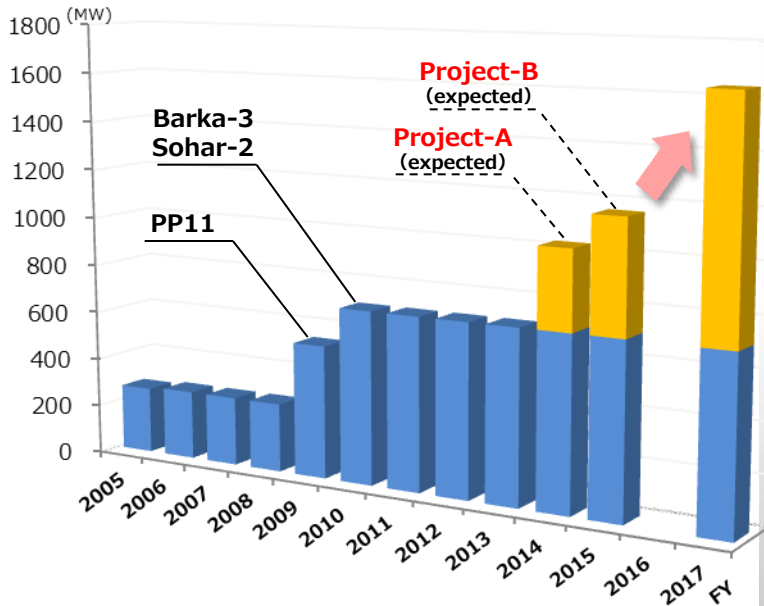
Accumulate Quality Assets Centered on Business Focus Areas (1/3)

IPP/IWPP

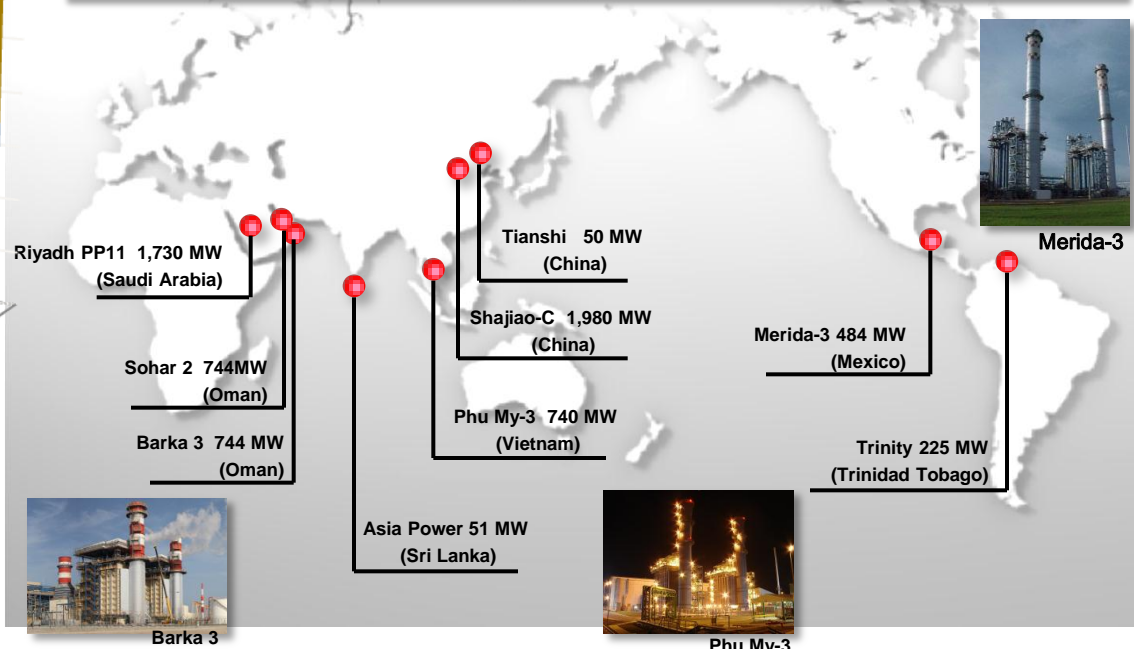
Target in Next Medium-term Plan (FY2015-2017)
Equity share of total generation capacity 1,700 MW

- Bring stable earning foundation and liquidity to company-wide portfolio
- Continue to accumulate prime assets with a focus on certainty of success
- Achieve efficient returns (high bid-to-win ratio, cost management)
 - ✓ Focused partnering strategy
 - ✓ Careful selection of projects
- Cultivate advanced development functions and management talent centered on stable businesses

Overseas IPP portfolio
Equity share of total generation capacity 704 MW (gross 6,748 MW)



Riyadh PP11



Barka 3



Phu My-3



Merida-3

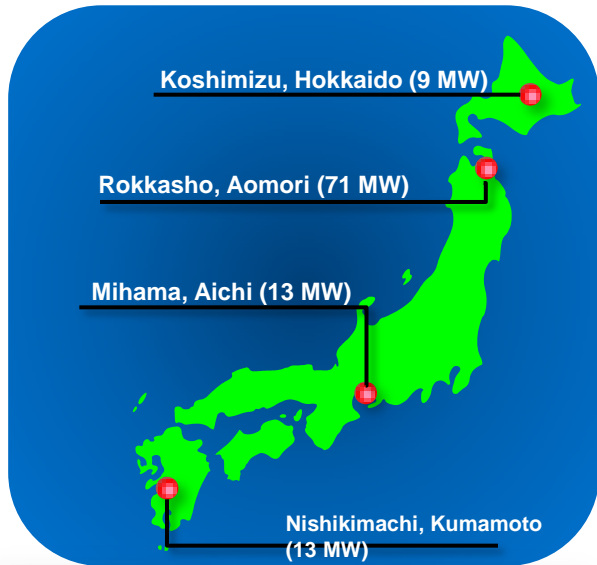


Measure 2

Accumulate Quality Assets Centered on Business Focus Areas (2/3)

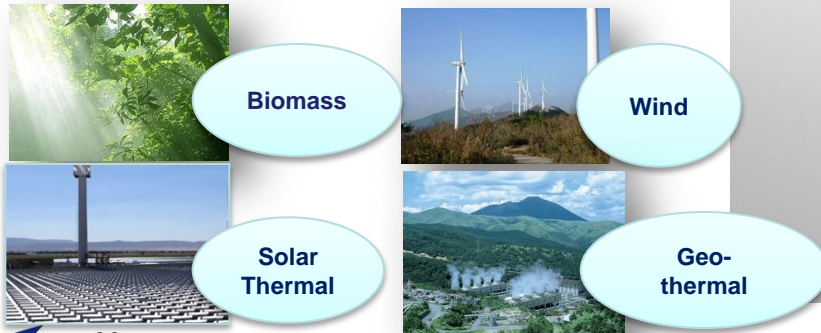
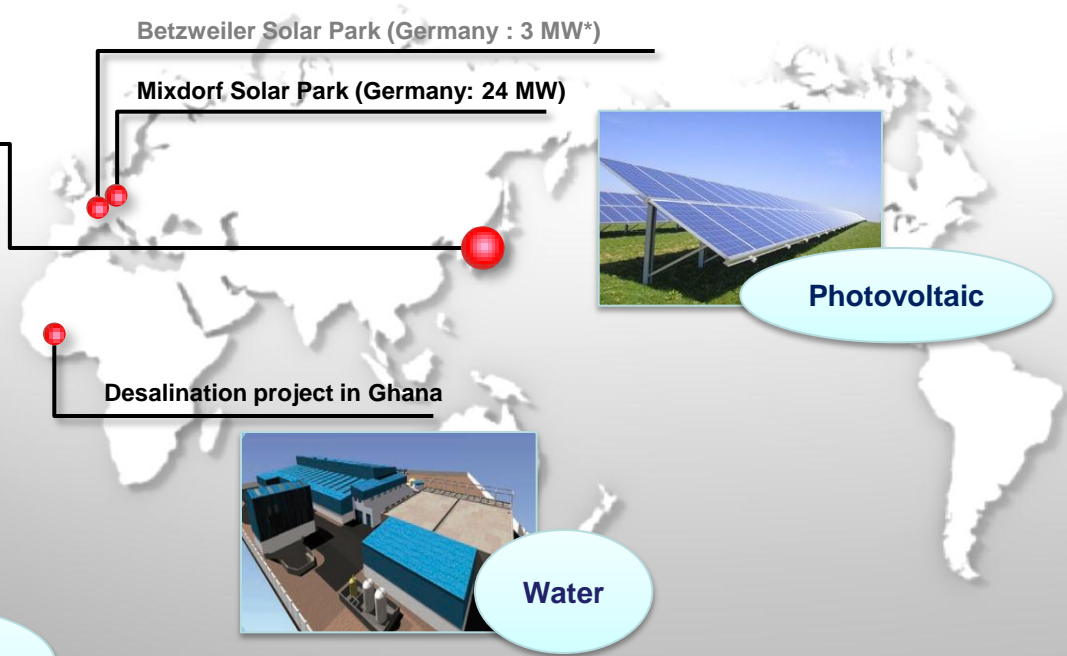
Renewable Energy and Water

Megasolar Projects under Development or Construction in Japan



- Undertaking environmentally beneficial renewable energy and water projects in Japan and overseas
- Building a portfolio of future-oriented projects centered on solar power generation, where we have an extensive track record, and including biomass, wind, geothermal and solar thermal power.

Investments in Renewable Energy and Water Projects



* Sold in fiscal 2012



Measure 2

Accumulate Quality Assets Centered on Business Focus Areas (3/3)

Transportation Infrastructure

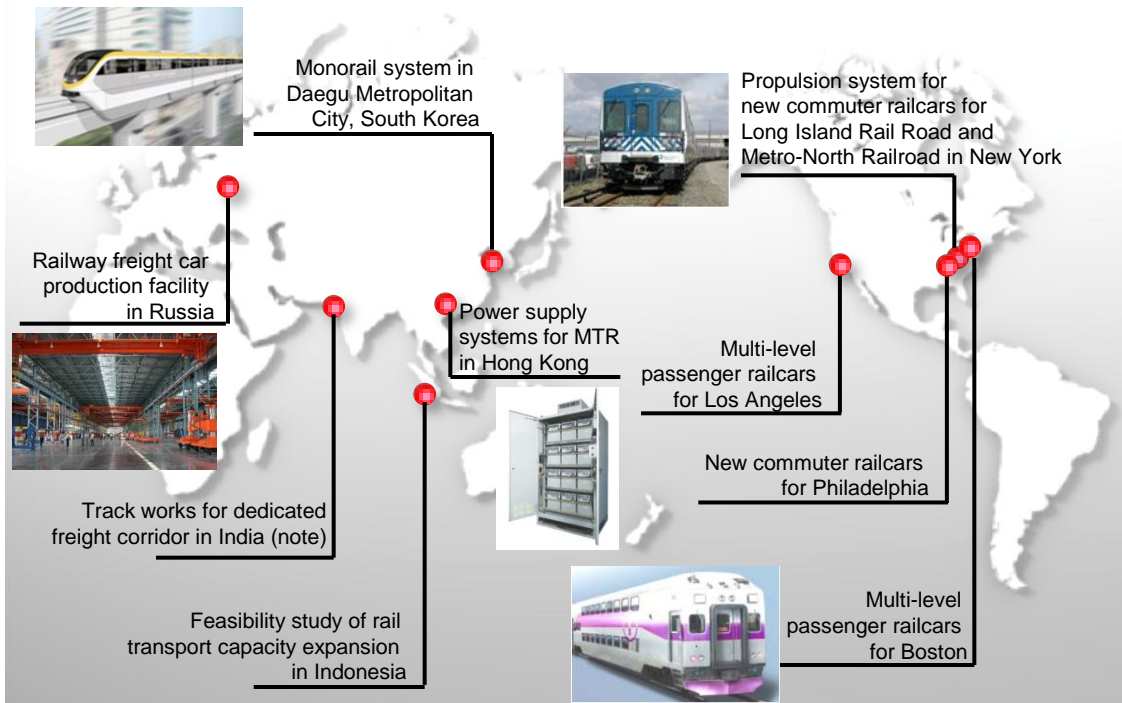
Note: Dedicated Freight Corridor (DFC) Project in India

Customer	Dedicated Freight Corridor Corporation of India (under control of Ministry of Railways)
Contracting party	Sojitz/Larsen & Toubro (India) consortium
Contract subject	Design-Build contract for engineering and construction of 626 km rail track
Contract amount	Approximately ¥110 billion (approx. US\$ 1.1 billion)
Financing	Japanese ODA assistance loans
Scheduled completion	End of 2017
Additional note	The contract includes the supply of Japanese Head Hardened rails being supplied through Sojitz associate Metal One Corporation



- Received track works order for Dedicated Freight Corridor Project in India (see note)
- Pursuing orders for freight transport infrastructure in resource-producing and industrial countries, primarily in Asia
- Considering participation in operation and maintenance in the railway equipment business, in which we have over 50 years of experience
- Also studying future participation in integrated transportation infrastructure such as airports

Recent Railway Projects (Since 2006)





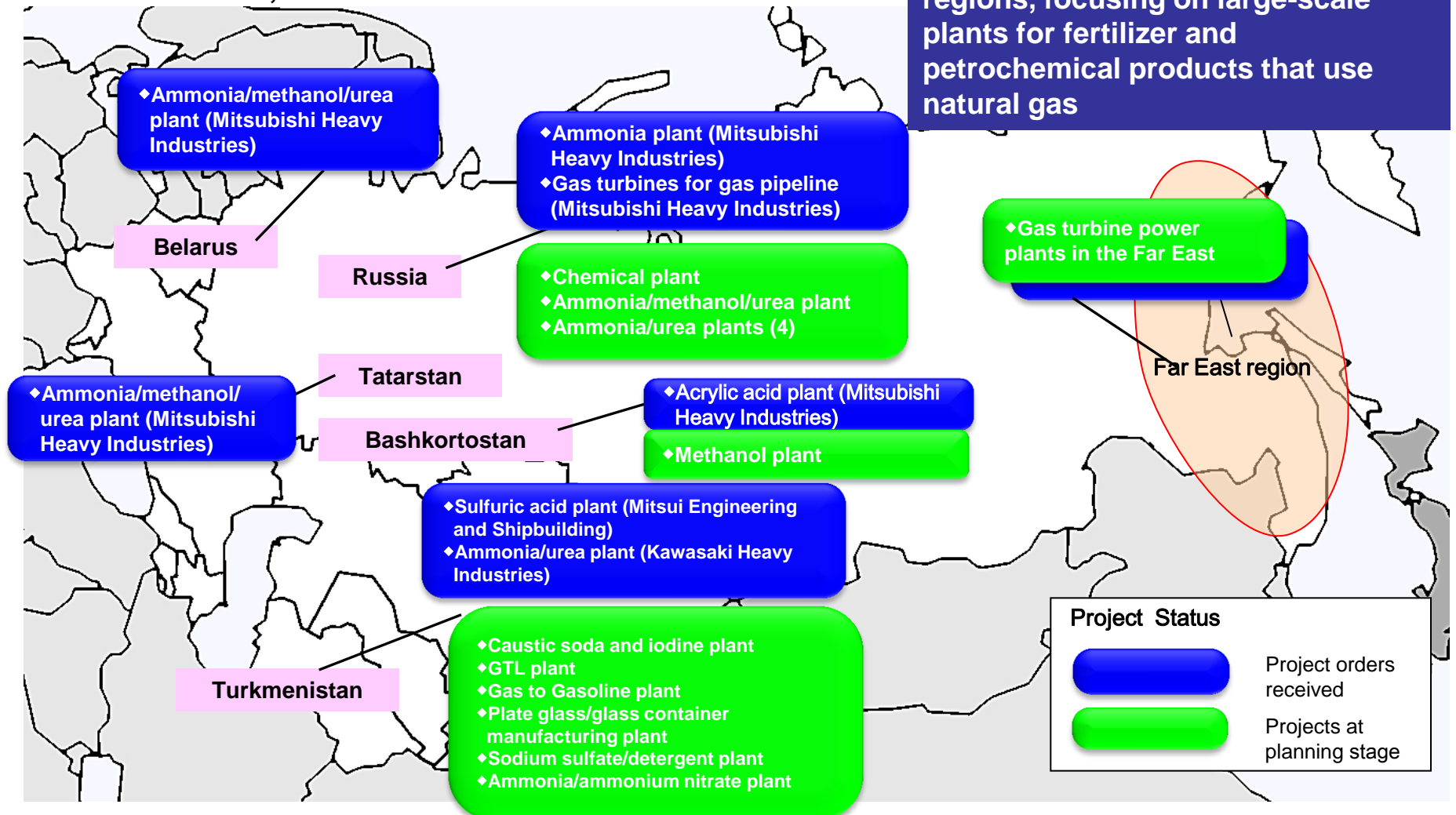
Measure 3

Take Steps to Achieve Sustainable Growth (1/4)

Package Infrastructure Export Business

- Russia, NIS and Far East

In NIS countries, our strategic regions, focusing on large-scale plants for fertilizer and petrochemical products that use natural gas





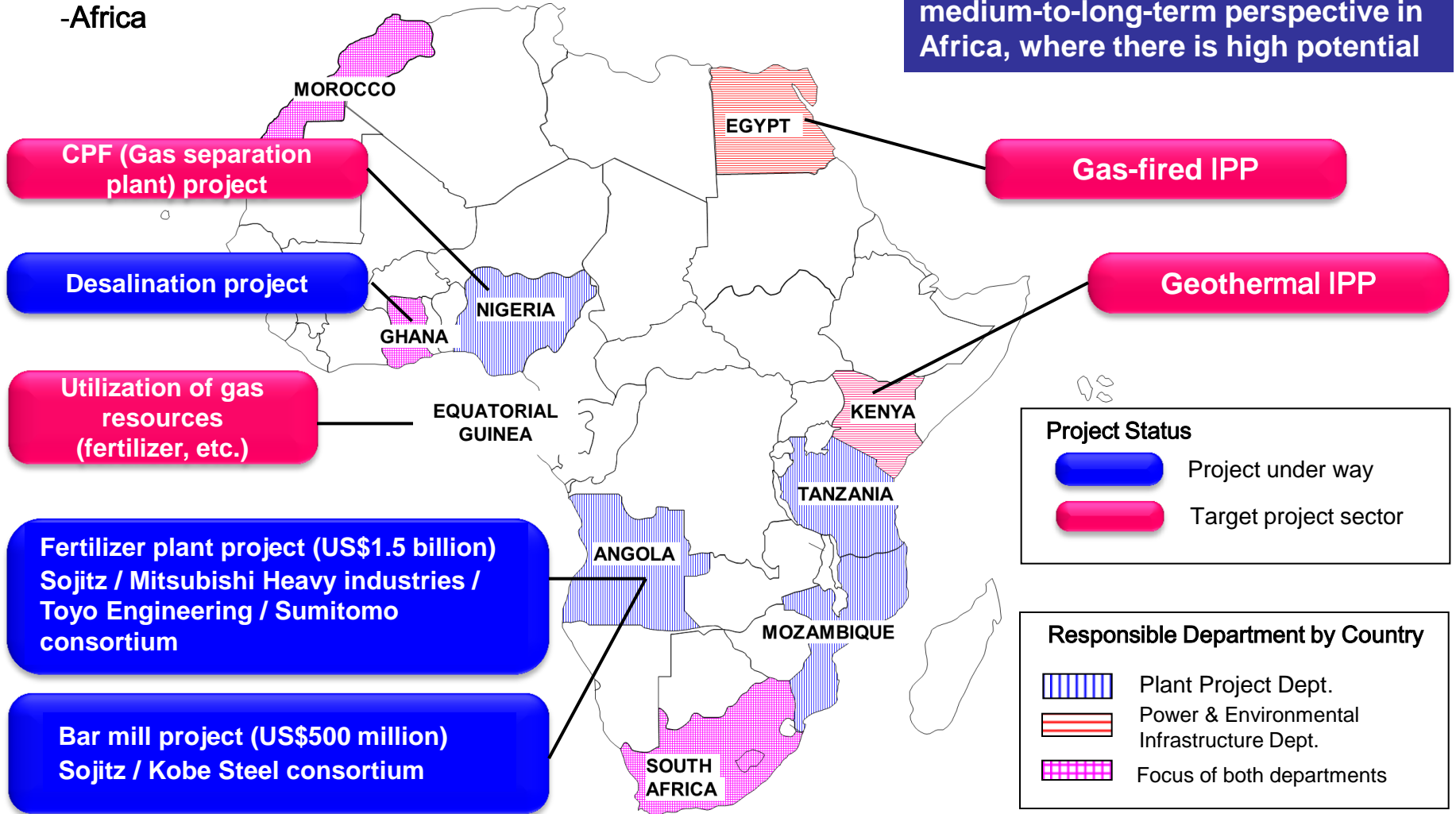
Measure 3

Take Steps to Achieve Sustainable Growth (2/4)

Package Infrastructure Export Business

-Africa

Undertaking initiatives with a medium-to-long-term perspective in Africa, where there is high potential



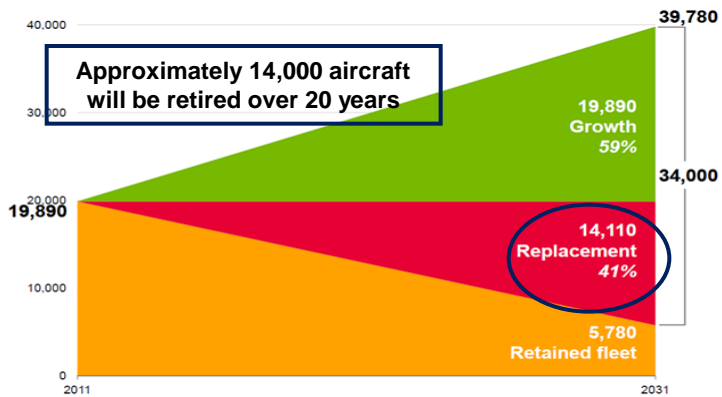


Measure 3

Take Steps to Achieve Sustainable Growth (3/4)

Parts-Out Business

Global Aircraft Demand (to 2031)



Aircraft Business Value Chain



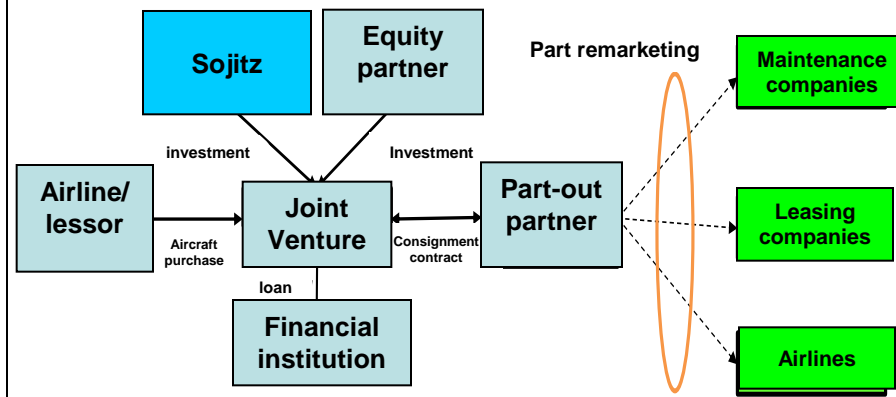
- ◆ Rising demand for parts-out, which targets exits from aging aircraft
- ◆ High profitability of parts supported by steady demand

Retired planes are dismantled into parts



Parts are stocked for sale to users worldwide

Example Transaction Scheme





Measure 3

Take Steps to Achieve Sustainable Growth (4/4)

Cybersecurity

Responding to growing concerns about information security, Sojitz is introducing the cybersecurity technologies and solutions of the Boeing Company to the Japanese market. The cybersecurity market in Japan is projected to double in size by 2020* from the current level of ¥600 billion. Through its partnership with Boeing, Sojitz is providing solutions to help protect government and commercial facilities and critical infrastructure from cyber attacks.

*Source: *Cybersecurity Strategy* issued by the Information Security Policy Council



Cyber Range-in-a-Box (CRIAB)

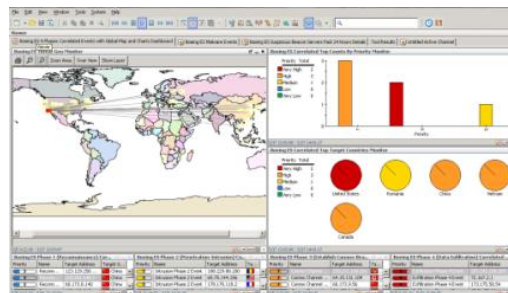


Targeted attack monitoring system

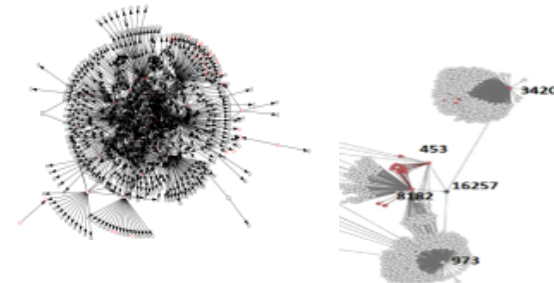
The vice president of Boeing's Secure Infrastructure Group delivers a keynote speech at Interop Tokyo, an IT event



Cybersecurity training supported by Sojitz in collaboration with Boeing (at University of Aizu)



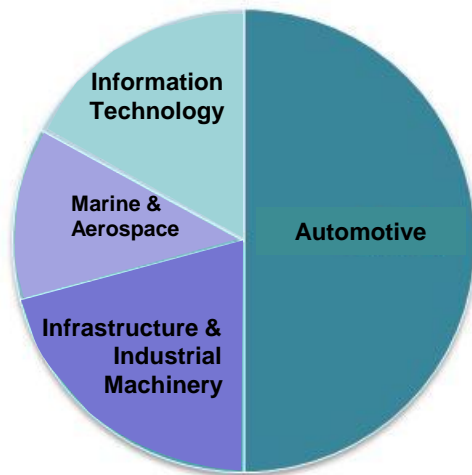
Cyber attack analysis using Big Data monitoring



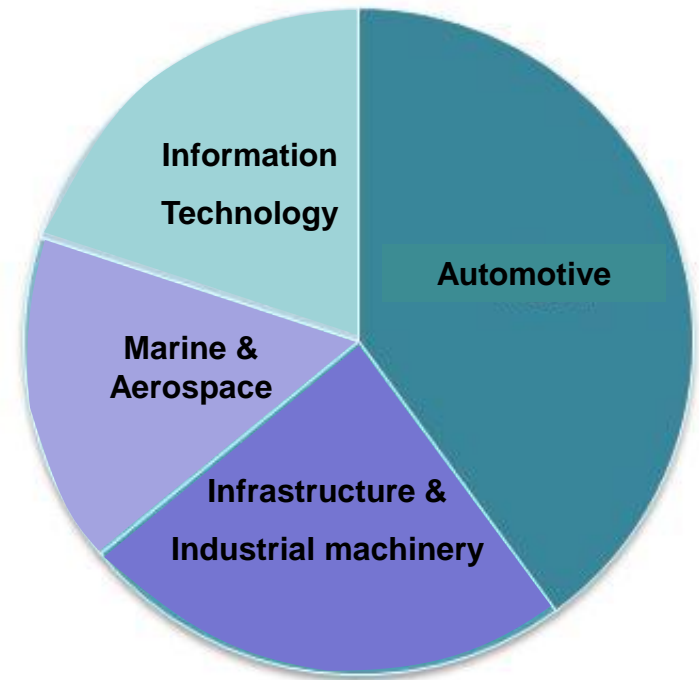


Portfolio Image in Next Medium-term Management Plan

**Gross profit portfolio
for FY2013 (Forecast)**



**Image of portfolio in final year
of next medium-term plan**



Reduce the dependence of earnings on the automotive business for earnings and build a stable earnings platform centered on focus business areas to shape the portfolio for sustainable growth



Supplemental Data





Automotive Business

Assembly/Wholesale Businesses

Further promoting assembly and wholesale as the core of the automotive business based on knowledge from existing operations and global market trends

Main Subsidiaries and Associate:

- Subaru Motor LLC
- Sojitz de Puerto Rico Corp.
- Mitsubishi Motors Philippines Corp.



Import/wholesale



Import/wholesale



Assembly/wholesale

Component-Related Businesses

Expanding and enhancing component-related businesses centered through consolidated subsidiary Sojitz Automotive & Engineering

Main Subsidiaries:

- Sojitz Automotive & Engineering, Inc.
- Autrans (Thailand) Co., Ltd.
- Kyowa Synchro Technology Europe S.A.S.



Assembly/logistics



Component manufacturing



Import and export/
offshore trade

Automotive related Businesses

Strengthening initiatives in Automotive related businesses with synergy of assembly, wholesale and component-related businesses, and to create new value

Main Subsidiaries:

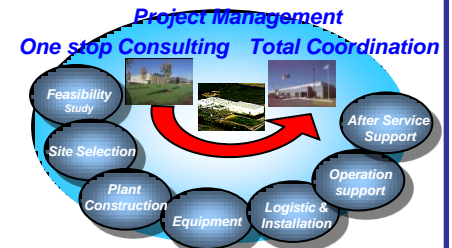
- Weatherford Motors Inc.
- Sojitz Automotive & Engineering, Inc.



Dealership



Equipment engineering



Total Plant Construction Service
"TPCS"



Infrastructure & Plant Businesses

Power & Environmental Infrastructure Business

Contributing to social progress through infrastructure projects that balance economic growth with reduction of environmental impact

Major Investments:
IPP: Riyadh PP11/Barka3/Sohar 2, etc.
Water: Ghana desalination IWP
Renewable energy: Domestic solar IPP



IPP/IWPP



Renewable energy



Transportation infrastructure

Plant Project Business

Leveraging the resources of the Sojitz Group in conducting plant exports primarily to Russia & NIS countries, Asia, the Middle East and Africa to meet infrastructure demand in emerging countries

Main Associate:
Sendzimir Japan, Ltd.



Fertilizer and chemical plants



Steel plants



Power plants

Industrial Machinery and Bearing Business

Accelerating global expansion in the supply chain of bearing products and components and in one-stop service for semiconductor and Surface mounting equipment

Main Subsidiaries:
Sojitz Machinery Corporation
First Technology China Ltd.
Fuji Machine Asia Pte. Ltd.



Semiconductor-related equipment



Bearings



Industrial machinery



Marine & Aerospace Businesses

Marine Business

Focusing on new initiatives in environmental sectors in addition to newbuilding, buying and selling of second-hand ships, chartering and combined transactions involving these businesses, as well as exports, imports and domestic transactions of general ship equipment

Main Subsidiary:
Sojitz Marine & Engineering Corporation



Newbuilding, ship owning, second-hand ships and chartering



Marine engine crankshafts



Lifeboats

Ship equipment

Ballast water treatment system



Aerospace Business

Expanding the Boeing and Bombardier commercial aircraft sales representative business, aircraft-related businesses and business jet business based on accurate assessment of market needs

Also cooperating with Sojitz Aerospace to supply equipment to the Ministry of Defense and contribute to disaster relief

Main Subsidiary:
Sojitz Aerospace Corporation (SOASCO)



**Government/commercial aircraft sales representative
Business jets
Aircraft leasing and parts**



**Defense sector
(photo courtesy of Ministry of Defense)**



**Advanced technology sector
(photo courtesy of JAXA)**

SOASCO business



**Private sector
(photo courtesy of JAL)**



Information and Communications Technology (ICT) Business

Domestic Business

Developing and operating new ICT-related businesses, including business support services with consolidated subsidiaries Nissho Electronics, Sojitz Systems and SAKURA Internet, and cybersecurity business with Boeing

Main Subsidiaries:
Nissho Electronics Corporation
Sojitz Systems Corporation
SAKURA Internet, Inc.



Network infrastructure construction



Data centers/Cloud computing services



Virtualization/BYOD solutions



Cybersecurity

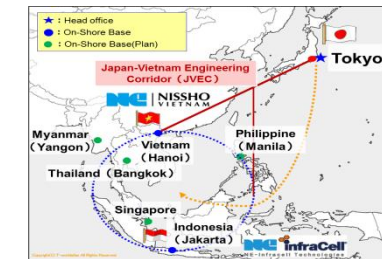
Overseas Business (Asia)

Providing network construction and maintenance and software development services to local telecommunications carriers and public agencies

Main Associate:
NISSHO ELECTRONICS VIETNAM
COMPANY LIMITED



Overseas network infrastructure construction



Offshore development



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