



# **FY2018 Business Results Summary**

**May 2, 2018**  
**ITOCHU Corporation**

## **Forward-Looking Statements**

Data and projections contained in these materials are based on the information available at the time of publication, and various factors may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not practice undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.



## Summary of FY2018

# Summary of Net profit attributable to ITOCHU



I am One with Infinite Missions

(Unit : billion yen)

- **“Net profit attributable to ITOCHU” increased by 14%, or ¥48.1 bil., compared with the previous fiscal year to ¥400.3 bil., which renewed the highest record for the second consecutive year.**  
Due to the strong earnings in the Forest Products & General Merchandise, Food, ICT and Metals & Minerals sectors, “Net profit attributable to ITOCHU” increased compared with the previous fiscal year in all segments except for the Textile which decreased due to the extraordinary losses. **Profits of Non-Resource sector increased by ¥17.3 bil., compared with the previous fiscal year to ¥331.0 bil., which achieved the highest record.**
- **“Net profit attributable to ITOCHU after deducting extraordinary gains and losses” (approximately ¥16.5 bil. loss) was approximately ¥417.0 bil. and renewed the highest record for the second consecutive year.**
- **“Profits/Losses of group companies” was ¥392.3 bil., “Share (%) of group companies reporting profits” was 91.0%, both of which achieved the highest record.**
- **“Core operating cash flows”, after deducting changes in working capital from “Cash flows from operating activities”, was a net cash-inflow of ¥460.0 bil., which achieved the highest record.**
- **Ratio of shareholders’ equity to total assets was 30.8%, which was the highest record. NET DER was 0.87 times, which was the lowest record. ROE was 15.8%, which resulted as planned at the beginning of the fiscal year.**

|                                                                                  | FY2017<br>Result |   | FY2018<br>Result | Increase/<br>(Decrease) | FY2018 Forecast<br>(Disclosed on Feb. 2) | Achievement |
|----------------------------------------------------------------------------------|------------------|---|------------------|-------------------------|------------------------------------------|-------------|
| Net profit attributable to ITOCHU                                                | 352.2            | * | 400.3            | + 48.1                  | 400.0                                    | 100%        |
| Gross trading profit                                                             | 1,093.5          | * | 1,210.4          | + 117.0                 | 1,230.0                                  | 98%         |
| Selling, general and administrative expenses                                     | (801.8)          |   | (890.3)          | (88.4)                  | (921.0)                                  | 97%         |
| Gains on investments                                                             | 32.1             |   | 7.1              | (25.1)                  | -                                        | -           |
| Losses on property, plant, equipment and intangible assets                       | (16.7)           |   | (29.6)           | (12.9)                  | -                                        | -           |
| Equity in earnings of associates and joint ventures                              | 185.2            | * | 216.2            | + 31.1                  | 190.0                                    | 114%        |
| Income tax expense                                                               | (125.3)          |   | (106.1)          | + 19.1                  | (103.0)                                  | 103%        |
| (Reference)                                                                      |                  |   |                  |                         |                                          |             |
| Extraordinary gains and losses                                                   | (18.0)           |   | (16.5)           | + 1.5                   |                                          |             |
| Net profit attributable to ITOCHU after deducting extraordinary gains and losses | approx. 370.0    | * | approx. 417.0    | + 47.0                  |                                          |             |
| Profits/Losses of group companies                                                | 328.6            | * | 392.3            | + 63.6                  |                                          |             |
| Share (%) of group companies reporting profits                                   | 86.4%            | * | 91.0%            | Increased 4.6pt         |                                          |             |
|                                                                                  |                  |   |                  |                         | Dividend Information (Per Share)         |             |
|                                                                                  |                  |   |                  |                         | Annual (Planned)                         | 70.0 yen    |
|                                                                                  |                  |   |                  |                         | Interim (Paid)                           | 32.0 yen    |

\* : Record High



# Net profit attributable to ITOCHU by Segment



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(Unit : billion yen)

## Summary of changes from the previous fiscal year

### Textile [Inc / (Dec) : ¥(12.7) bil.]

Decrease due to the unfavorable sales and the impairment losses in apparel-related business, despite lower expenses.

### Machinery [Inc / (Dec) : ¥+10.6 bil.]

Increase due to the favorable performance in aircraft-related and plant-related companies, the absence of deterioration in profitability in ship-related business affected by stagnant market conditions in the previous fiscal year, and lower tax expenses, despite the absence of the gain on sales of a medical-device-related company in the previous fiscal year.

### Metals & Minerals [Inc / (Dec) : ¥+37.2 bil.]

Increase due to the higher iron ore and coal prices, the higher sales volume in iron ore-related business, and dividends from a coal-related investment.

### Energy & Chemicals [Inc / (Dec) : ¥+18.0 bil.]

Increase due to the favorable performance in chemical-related transactions, higher dividends from oil and LNG projects, the gain accompanying the merger between C. I. Kasei and Takiron, and lower tax expenses, despite the deterioration in profitability in energy trading transactions.

### Food [Inc / (Dec) : ¥+10.0 bil.]

Increase due to the higher equity in earnings of associates and joint ventures accompanying the merger of FamilyMart and UNY Holdings, and an extraordinary gain accompanying the partial sales of a Chinese fresh-food-related company, despite the impairment loss in a fresh-food-related company and the absence of extraordinary gains in the previous fiscal year.

### General Products & Realty [Inc / (Dec) : ¥+28.1 bil.]

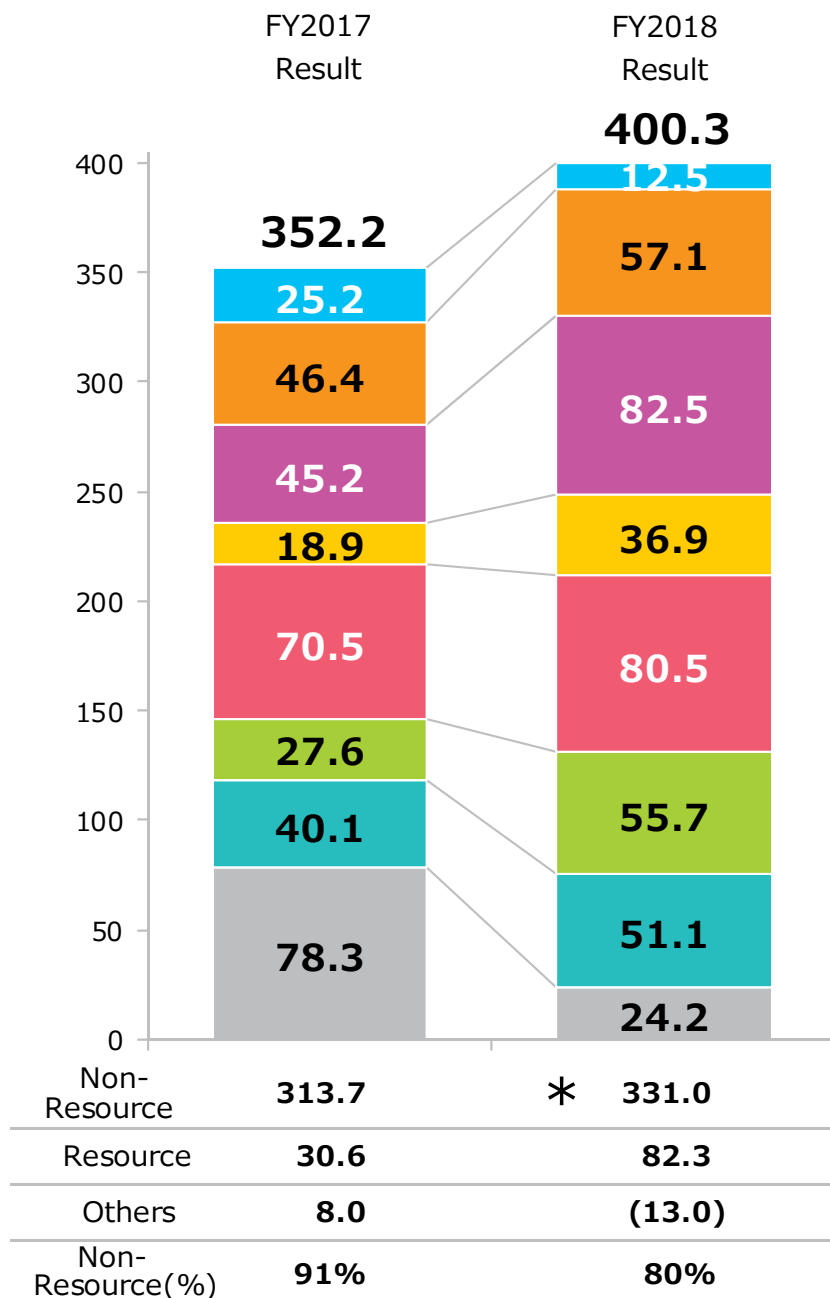
Increase due to the higher transaction volume in European tire-related, natural-rubber-related, and North American building-materials-related companies, the stable performance in foreign pulp-related companies, lower tax expenses, the gain accompanying the partial sales of an asset-management-related company, and the absence of an extraordinary loss in the previous fiscal year.

### ICT & Financial Business [Inc / (Dec) : ¥+11.0 bil.]

Increase due to the higher transaction volume in domestic ICT-related companies, the stable performance in mobile-phone-related and CRO-business-related companies, the recovery of foreign finance-related companies, and lower tax expenses.

### Others, Adjustments & Eliminations [Inc / (Dec) : ¥(54.1) bil.]

Decrease due to the impairment loss on C.P. Pokphand, the attribution of the internal tax, and foreign currency translation.



Note: % composition is calculated using the total of Non-Resource and Resource sectors as 100%. \* : Record High

(Unit : billion yen)

## Operating Cash Flows and Free Cash Flows:

“Cash flows from operating activities” was a **net cash-inflow of ¥388.2 bil.**, resulting from the stable performance in operating revenues.  
“Free cash flows” resulted a **net cash-inflow of ¥131.9 bil.**, due to the additional investments in FamilyMart UNY Holdings.

## Core Free Cash Flows:

“Core operating cash flows”, after deducting changes in working capital from “Cash flows from operating activities”, was a **net cash-inflow of ¥460.0 bil.**, which achieved the highest record.

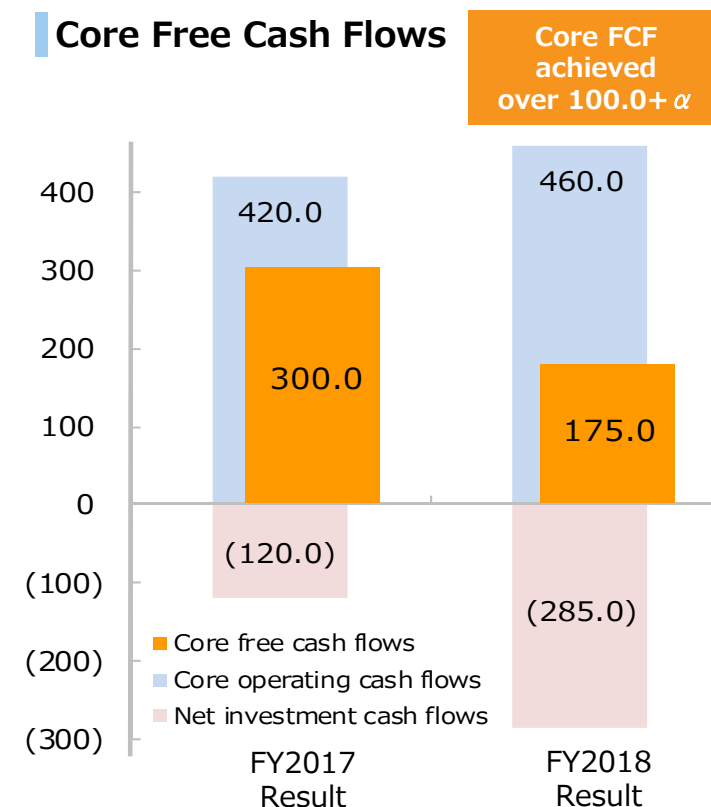
“Core free cash flows” resulted a **net cash-inflow of ¥175.0 bil.**, and achieved the FY2018 Image of over ¥100.0 bil.+ α.

| Cash Flows                           | FY2017<br>Result | FY2018<br>Result |
|--------------------------------------|------------------|------------------|
| Cash flows from operating activities | 389.7            | 388.2            |
| Cash flows from investing activities | (81.3)           | (256.4)          |
| Free cash flows                      | 308.4            | 131.9            |
| Cash flows from financing activities | (335.4)          | (296.1)          |

| Core Free Cash Flows                                 | FY2017<br>Result | FY2018<br>Result |
|------------------------------------------------------|------------------|------------------|
| Core operating cash flows <sup>(Note1)</sup>         | 420.0            | * 460.0          |
| Net investment cash flows <sup>(Note2)</sup>         | (120.0)          | (285.0)          |
| Core free cash flows                                 | 300.0            | 175.0            |
| Shareholder returns<br>(dividend and share buyback)  | (99.0)           | (121.0)          |
| Core free cash flows after<br>return to shareholders | 201.0            | 54.0             |

\* : Record High

## Core Free Cash Flows



Note 1: “Operating Cash Flows” minus “changes in working capital”

Note 2: Payments and collections for substantive investment and capital expenditure  
“Investment Cash Flows” plus “Equity transactions with non-controlling interests” minus  
“changes in loan receivables”, etc.

## Total assets:

Increased by ¥541.9 bil., compared with March 31, 2017 to **¥8,663.9 bil.**, due to the conversion of YANASE into a consolidated subsidiary, the conversion of Takiron into a consolidated subsidiary as a result of its merger with C. I. Kasei, the acquisition of the stake of Iraqi oil fields, the increased trade receivables in food-distribution-related companies with the effect of the last day falling on a weekend, and the increase in investments accounted for by the equity method.

## Net interest-bearing debt:

Decreased by ¥10.3 bil., compared with March 31, 2017 to **¥2,320.4 bil.**, due to the repayment of borrowings accompanying stable performance in operating revenues and steady collections, despite the acquisition of the stake of Iraqi oil fields, the conversion of YANASE into a consolidated subsidiary, the investments in IPP-related companies, and the additional investments in FamilyMart UNY Holdings and a provisions-related company.

## Total shareholders' equity:

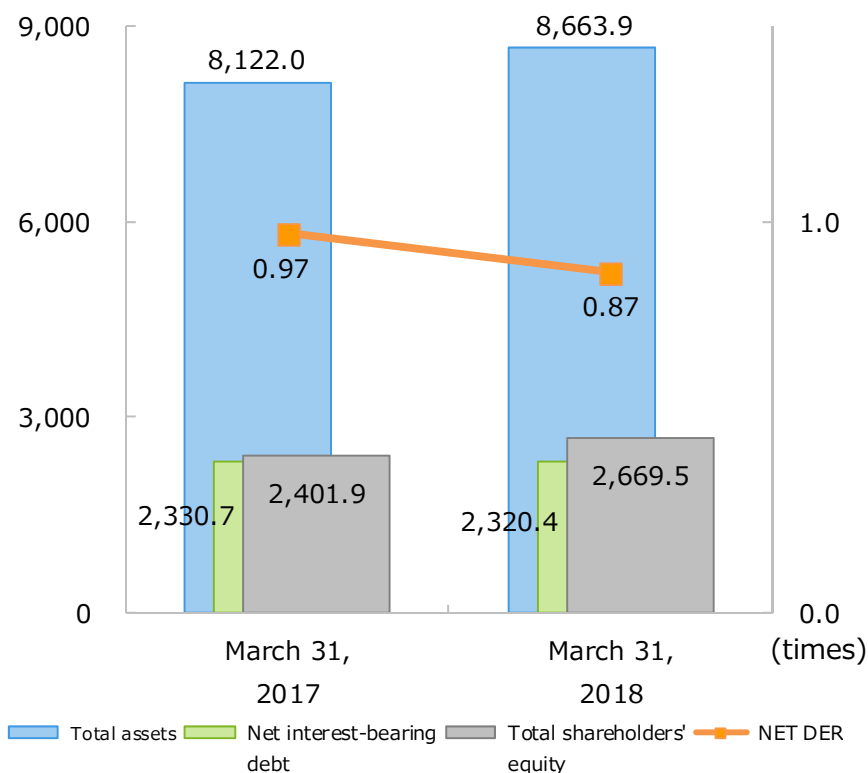
Increased by ¥267.6 bil., compared with March 31, 2017 to **¥2,669.5 bil.**, due to Net profit attributable to ITOCHU during this fiscal year, despite dividend payments and acquisition of treasury stock.

## Ratio of shareholders' equity to total assets, NET DER and ROE:

**Ratio of shareholders' equity to total assets** increased by 1.2 points compared with March 31, 2017 to **30.8%**.

**NET DER** (Net debt-to-shareholders' equity ratio) improved by 0.1 points compared with March 31, 2017 to **0.87 times**.

**ROE** increased by 0.5 points compared with March 31, 2017 to **15.8%**, which resulted as planned at the beginning of the fiscal year.



|                                               | March 31,<br>2017 | March 31,<br>2018 | Increase/<br>(Decrease) | FY2018<br>Forecast<br>(Disclosed on Feb, 2) |
|-----------------------------------------------|-------------------|-------------------|-------------------------|---------------------------------------------|
| Total assets                                  | 8,122.0           | 8,663.9           | + 541.9                 | 8,600.0                                     |
| Net interest-bearing debt                     | 2,330.7           | 2,320.4           | (10.3)                  | 2,350.0                                     |
| Total shareholders' equity                    | 2,401.9           | * 2,669.5         | + 267.6                 | 2,650.0                                     |
| Ratio of shareholders' equity to total assets | 29.6%             | * 30.8%           | Increased 1.2pt         | 30.8%                                       |
| NET DER (times)                               | 0.97              | * 0.87            | Improved 0.1pt          | 0.9                                         |
| ROE                                           | 15.3%             | 15.8%             | Increased 0.5pt         | 15.8%                                       |

\* : Record High (NET DER : Record Low)