

FY2019 1st Half

Business Results Summary

ITOCHU Corporation

November 2, 2018



I am One with Infinite Missions

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 Net profit attributable to ITOCHU



(Unit : billion yen)

- **"Net profit attributable to ITOCHU"** increased by ¥15.5 bil., compared with the same period of the previous fiscal year to **¥258.0 bil.**, which renewed the highest record for the second consecutive year as a 1st half result. Due to the strong earnings in the Energy, Construction, Realty & Logistics and Forest Products & General Merchandise sectors, "Net profit attributable to ITOCHU" increased compared with the same period of the previous fiscal year in all operating segments, except for the Machinery sector. **Profits of the Non-Resource sector increased by ¥3.8 bil., compared with the same period of the previous fiscal year to ¥211.2 bil., and has been renewing the highest record for a 1st half result since FY2012. "Net profit attributable to ITOCHU" progressed 52% steadily toward the FY2019 Revised Forecast of ¥500.0 bil.**
- **"Net profit attributable to ITOCHU after deducting extraordinary gains and losses"** (¥14.0 bil. (profit) in this 1st half, ¥42.0 bil. (profit) in the same period of the previous fiscal year) **increased by approximately ¥43.0 bil., compared with the same period of the previous fiscal year to approximately ¥244.0 bil. and renewed the highest record for the third consecutive year as a 1st half result.**
- **"Profits/Losses of group companies"** was **¥241.7 bil., which renewed the highest record for the third consecutive year as a 1st half result.**
- **"Core operating cash flows"**, after deducting changes in working capital from "Cash flows from operating activities", was a **net cash-inflow of ¥210.0 bil., which renewed the highest record for the third consecutive year as a 1st half result.**

	FY2018 1 st Half Result	FY2019 1 st Half Result	Increase/ (Decrease)	FY2019 Forecast		
				Previous Forecast (Disclosed on May, 2)	Revised Forecast	Progress
Net profit attributable to ITOCHU	242.5	* 258.0	+ 15.5	450.0	* 500.0	52%
Gross trading profit	579.0	* 619.6	+ 40.7	1,593.0	* 1,600.0	39%
Selling, general and administrative expenses	(429.6)	(452.6)	(23.0)			
Gains on investments	37.3	192.2	+ 154.9			
Equity in earnings of associates and joint ventures	109.3	(9.7)	(119.0)	214.0	82.0	—
Income tax expense	(57.2)	(80.1)	(22.9)			

(Reference)

Extraordinary gains and losses	42.0	14.0	(28.0)
Net profit attributable to ITOCHU after deducting extraordinary gains and losses	approx. 201.0	* approx. 244.0	approx. + 43.0
Profits/Losses of group companies	226.8	* 241.7	+ 14.9
Share (%) of group companies reporting profits	81.3%	* 85.6%	Increased 4.3pt

Dividend Information (Per Share)	Previous Forecast (Disclosed on May, 2)	Revised Forecast
Annual (Planned)	74.0 yen (minimum)	83.0 yen (minimum)
Interim	37.0 yen	37.0 yen

Net profit attributable to ITOCHU by Segment 1st Half Result



(Unit : billion yen)



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

Summary of changes from the same period of the previous fiscal year

Textile [Inc / (Dec) : ¥+1.9 bil.]

Increase due to the stable performance and the reduction of expenses in apparel-related companies, and the gain on sales of a foreign apparel-related company.

Machinery [Inc / (Dec) : ¥ (0.0) bil.]

Nearly at the same level due to the temporary deterioration of profitability in used car sales in YANASE, a subsidiary consolidated in the second quarter of the previous fiscal year, despite the stable performance in automobile-related transactions and the gain on sales of a foreign company.

Metals & Minerals [Inc / (Dec) : ¥+2.3 bil.]

Increase due to the higher coal prices and the favorable performance in the steel-products-related companies, despite the temporary decrease in net profit accompanying the change of the structure for investment in certain stakes of iron ore.

Energy & Chemicals [Inc / (Dec) : ¥+8.6 bil.]

Increase due to the higher production volume of crude oil, the improvement in profitability in self-developed crude oil transactions accompanying the rise in oil prices, and the stable performance in chemical sector, despite the decrease due to the absence of the extraordinary gains in the same period of the previous fiscal year.

Food [Inc / (Dec) : ¥+119.8 bil.]

Increase due to the higher equity in earnings of FamilyMart UNY Holdings and the revaluation gain accompanying the conversion of the company into a consolidated subsidiary (¥141.2bil.), despite the lower sales prices in packaged foods in fresh-food-related companies and the absence of extraordinary gains in the same period of the previous fiscal year.

General Products & Realty [Inc / (Dec) : ¥+10.5 bil.]

Increase due to the higher transaction volume in domestic logistics-facility-development-projects and the rise in the market prices in foreign pulp-related companies, despite the absence of extraordinary gains in the same period of the previous fiscal year.

ICT & Financial Business [Inc / (Dec) : ¥+14.7 bil.]

Increase due to the favorable performance in finance-related companies and the higher gains on fund operations and the extraordinary decrease in tax expenses.

Others, Adjustments & Eliminations [Inc / (Dec) : ¥ (142.3) bil.]

Deterioration due to the impairment loss on investment in CITIC Limited accounted for by the equity method (¥(143.3)bil.).

Net profit attributable to ITOCHU by Segment Annual Forecast



(Unit : billion yen)



Summary of changes from the previous forecast

Textile [Inc / (Dec) : ¥±0 bil.]

In line with the previous forecast due to the stable performance in group companies.

Machinery [Inc / (Dec) : ¥±0 bil.]

In line with the previous forecast due to the stable performance in North American construction-machinery-related companies and aircraft-related companies and the gain on sales of a foreign company despite the temporary unfavorable performance of YANASE.

Metals & Minerals [Inc / (Dec) : ¥+10.0 bil.]

Increase due to the higher iron ore and coal prices, improvement in foreign currency translation and the favorable performance in the steel-products-related companies.

Energy & Chemicals [Inc / (Dec) : ¥+10.0 bil.]

Increase due to the rise in oil prices and the higher production volume of crude oil.

Food [Inc / (Dec) : ¥+139.0 bil.]

Increase due to the revaluation gain accompanying the conversion of FamilyMart UNY Holdings into a consolidated subsidiary. With regard to the forecast after deducting the revaluation gains accompanying the conversion of FamilyMart UNY Holdings, etc. into consolidated subsidiaries (¥139.0bil.), in line with the previous forecast (¥80.0bil.) due to a recovery with the reduction of costs in fresh-food-related companies.

General Products & Realty [Inc / (Dec) : ¥±0 bil.]

In line with the previous forecast due to the rise in the market prices in foreign pulp-related companies and the stable performance in domestic and foreign Construction, Realty & Logistics-related companies.

ICT & Financial Business [Inc / (Dec) : ¥±0 bil.]

In line with the previous forecast due to the stable performance in domestic ICT-related companies and mobile-phone-related companies.

Others, Adjustments & Eliminations [Inc / (Dec) : ¥ (109.0) bil.]

Deterioration due to the impairment loss on investment in CITIC Limited accounted for by the equity method.

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

Cash Flows



(Unit : billion yen)

■ Operating Cash Flows and Free Cash Flows:

“Cash flows from operating activities” was a **net cash-inflow of ¥167.5 bil.**, resulting from the stable performance in operating revenues in the Food, Metals & Minerals, Energy and ICT sectors. “Free cash flows” resulted in a **net cash-inflow of ¥220.8 bil.**, due to the increase in cash resulting from the conversion of FamilyMart UNY Holdings into a consolidated subsidiary, despite the acquisition of fixed assets in the Metals & Minerals, Food and Energy sectors.

■ 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 ¥210.0 bil.**, which renewed the highest record for the third consecutive year as a 1st half result. “Core free cash flows” resulted in a **net cash-outflow of ¥(15.0) bil.**, due to the acquisition of fixed assets in the Metals & Minerals, Food and Energy sectors and the additional investments in FamilyMart UNY Holdings.

The revised FY2019 Image of Core Free Cash Flows is **¥140.0 bil. + α**.

■ Cash Flows

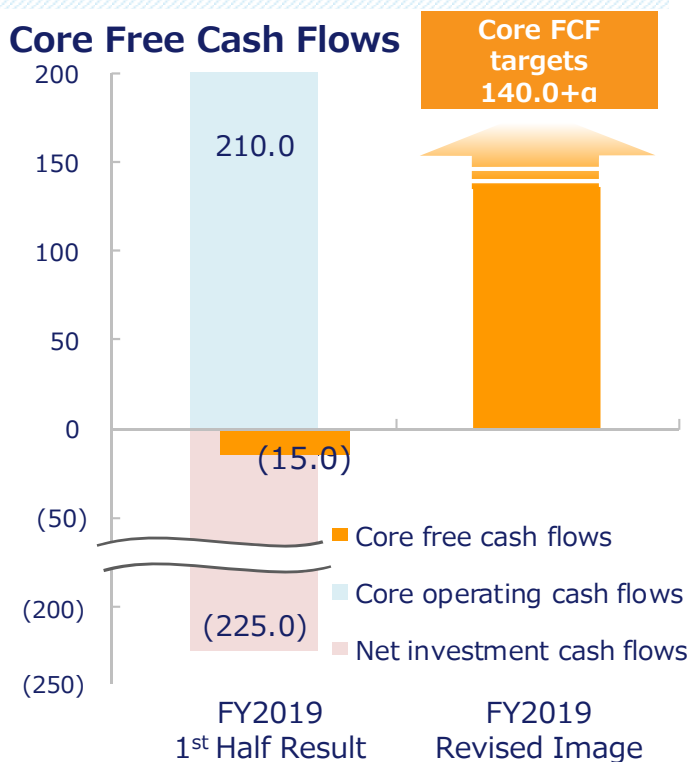
	FY2018 1 st Half Result	FY2019 1 st Half Result
Cash flows from operating activities	155.0	* 167.5
Cash flows from investing activities	(74.8)	53.3
Free cash flows	80.2	* 220.8
Cash flows from financing activities	(186.4)	(48.9)

■ Core Free Cash Flows

	FY2018 1 st Half Result	FY2019 1 st Half Result	Previous Image (Disclosed on May, 2)	Revised Image
Core operating cash flows ^(Note1)	210.0	* 210.0	approx. 500.0	Over 500.0
Net investment cash flows ^(Note2)	(105.0)	(225.0)		
Core free cash flows	105.0	(15.0)	Over 120.0	140.0+α

* : 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.

Financial Position



(Unit : billion yen)

■ Total assets:

Increased by ¥1,988.9 bil., compared with March 31, 2018 to **¥10,652.8 bil.**, due to the conversion of FamilyMart UNY Holdings and a finance-related company into consolidated subsidiaries, the acquisition of a Latin American automobile-related subsidiary, and the effect of the depreciation of the yen.

■ Net interest-bearing debt:

Increased by ¥496.2 bil., compared with March 31, 2018 to **¥2,816.6 bil.**, due to the conversion of FamilyMart UNY Holdings and a finance-related company into consolidated subsidiaries, and the effect of the depreciation of the yen.

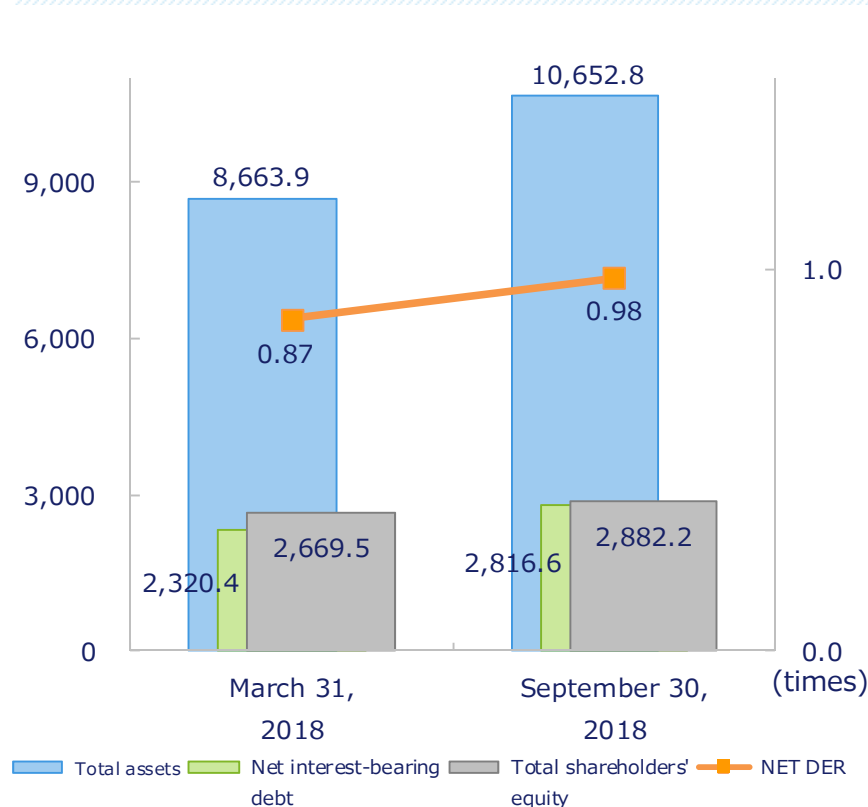
■ Total shareholders' equity:

Increased by ¥212.7 bil., compared with March 31, 2018 to **¥2,882.2 bil.**, due to Net profit attributable to ITOCHU during this fiscal year, despite the decrease due to dividend payments.

■ Ratio of shareholders' equity to total assets and NET DER:

Ratio of shareholders' equity to total assets decreased by 3.8 points compared with March 31, 2018 to **27.1%**.

NET DER (Net debt-to-shareholders' equity ratio) slightly increased compared with March 31, 2018 to **0.98 times**.



	March 31, 2018	September 30, 2018	Increase/ (Decrease)	FY2019	
				Previous Forecast (Disclosed on May, 2)	Revised Forecast
Total assets	8,663.9	* 10,652.8	+ 1,988.9	10,600.0	10,300.0
Net interest-bearing debt	2,320.4	2,816.6	+ 496.2	2,450.0	2,550.0
Total shareholders' equity	2,669.5	* 2,882.2	+ 212.7	3,000.0	* 3,000.0
Ratio of shareholders' equity to total assets	30.8%	27.1%	Decreased 3.8pt	28.3%	29.1%
NET DER (times)	0.87	0.98	Increased 0.1pt	0.82	* 0.85
ROE	15.8%	—	—	15.9%	17.6%

* : Record High (NET DER : Record Low)

Major Indicators



	FY2018 1 st Half Result	FY2019 1 st Half Result	FY2019		(Reference) Sensitivities on net profit attributable to ITOCHU for FY2019 2 nd half against forecast
			Previous Forecast (Disclosed on May, 2)	Revised Forecast	
Exchange rate (YEN / US\$) average	111.25	109.44	105	110	Approx. ¥(1.2) bil. (1 yen appreciation against US\$)
Exchange rate (YEN / US\$) closing	Mar. 2018 106.24	Sep. 2018 113.57	105	110	-
Interest JPY TIBOR 3M, average	0.057%	0.069%	0.10%	0.10%	Approx. ¥(2.5) bil. (1% increase)
Crude oil (Brent) (US\$/BBL)	51.49	75.40	55	70	±¥0.11 bil.
Iron ore (CFR China) (US\$/ton)	67*	66*	N.A.**	N.A.**	±¥0.34 bil.
Hard coking coal (FOB Australia) (US\$/ton)	190*	189*	N.A.**	N.A.**	±¥0.07 bil.
Thermal coal (FOB Australia) (US\$/ton)	87*	111*	N.A.**	N.A.**	

(The above effect varies according to changes in sales volume, foreign exchange rates and production costs.)

* FY2018 1st half and FY2019 1st half prices for iron ore, hard coking coal and thermal coal are prices that ITOCHU regards as general transaction prices based on the market.

** The prices for iron ore, hard coking coal and thermal coal used in the FY2019 forecast are assumed in consideration for general transaction prices based on the market. The figures are not presented since the actual sales prices are decided based on negotiations with each customer, ore type and coal type.

Extraordinary Gains and Losses



(Unit : billion yen)

	FY2018 1 st Half Result		FY2019 1 st Half Result	
Gains(Losses) related to investments	24.0	<ul style="list-style-type: none"> • Gain related to partial sales of a Chinese fresh-food-related company: approx. 18.0 (Food) • Merger of Takiron and C. I. Kasei: approx. 3.0 (Energy & Chemicals) • Gain on sales of an asset-management-related company: approx. 2.0 (General Products & Realty) 	149.0	<ul style="list-style-type: none"> • The revaluation gain accompanying the conversion of FamilyMart UNY Holdings into a consolidated subsidiary: 141.2 (Food) • Gain on sales of a foreign textile-related company: approx. 2.5 (Textile) • Gain on sales of foreign machinery-related company: approx. 1.5 (Machinery) • The revaluation gain accompanying the conversion of a finance-related companies into a consolidated subsidiary: approx. 1.0 (ICT & Financial Business 2.5, Food (1.5)) • Gain accompanying the restructure of European-energy-related companies: approx. 1.0 (Energy & Chemicals) • The impairment loss on Chia Tai Enterprises International Limited: approx. (2.5) (Others, Adjustments & Eliminations)
Equity in earnings (losses) related to associates and joint ventures,	9.0	<ul style="list-style-type: none"> • Gain on investments in related companies in CITIC Limited: approx. 8.0 (Others, Adjustments & Eliminations) 	(141.0)	<ul style="list-style-type: none"> • Gain on sales of a foreign GMS company in FamilyMart UNY Holdings: approx. 1.0 (Food) • The impairment loss on investment in CITIC Limited accounted for by the equity method: (143.3) (Others, Adjustments & Eliminations)
Income tax expense, Others	9.0	<ul style="list-style-type: none"> • Decrease in tax expenses relating to pulp-related companies: approx. 5.5 (General Products & Realty) 	6.0	<ul style="list-style-type: none"> • Decrease in tax expenses relating to foreign finance-related companies: approx. 5.0 (ICT & Financial Business) • Decrease in tax expenses relating to apparel-related companies: approx. 1.5 (Textile)
Total	42.0		14.0	
Non-Resource	45.5		13.5	
Resource	0.5		0.5	
Others	(4.0)		—	

FY2019 1st Half Business Results

Appendix

ITOCHU Corporation

November 2, 2018



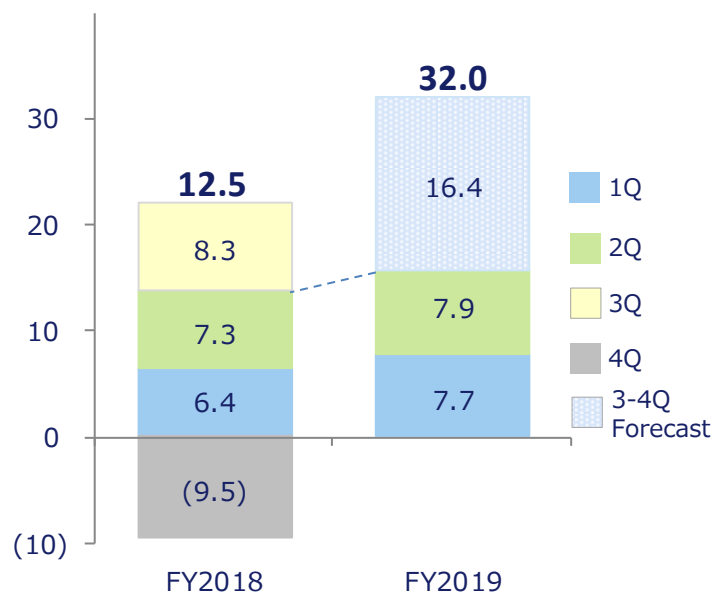
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Forward-Looking Statements

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	FY2018 1 st Half Result	FY2019 1 st Half Result	Increase/ Decrease	Summary of changes (Net profit attributable to ITOCHU)	(Unit : billion yen) FY2019 Forecast	Progress
Gross trading profit	61.2	56.5	(4.7)	Increase due to the stable performance and the reduction of expenses in apparel-related companies, and the gain on sales of a foreign apparel-related company	123.0	46%
Equity in earnings of associates and joint ventures	3.4	4.0	+0.6			
Net profit attributable to ITOCHU	13.7	15.6	+1.9		32.0	49%
Core Profit	10.2	11.1	+0.9			
	Mar. 2018 Result	Sep. 2018 Result	Increase/ Decrease			
Total assets	474.9	492.0	+17.2			

Net profit attributable to ITOCHU



Profits/Losses from Major Group Companies

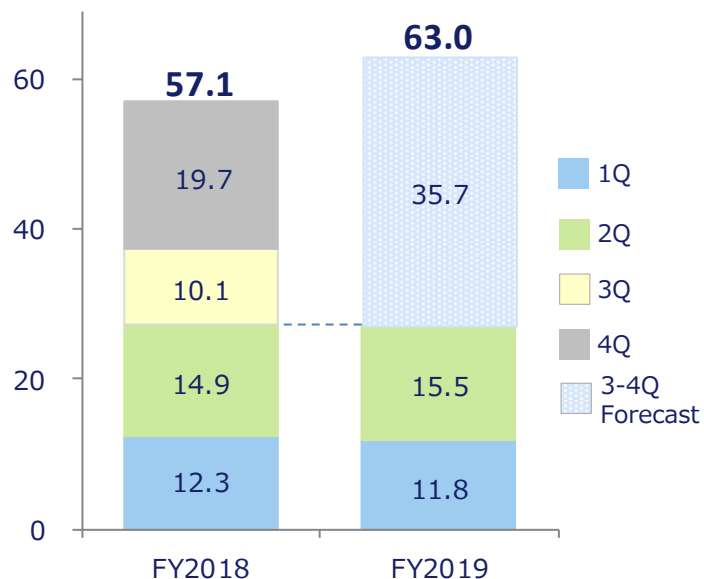
	FY2018 1 st Half	FY2019 1 st Half	FY2018 Annual	FY2019 Forecast
JOI'X CORPORATION	0.0	(0.1)	1.5	1.3
SANKEI COMPANY LIMITED	1.1	1.4	0.1	2.1
ITOCHU Textile Prominent (ASIA) Ltd.	(0.2)	0.6	0.2	1.1
ITOCHU TEXTILE (CHINA) CO., LTD.	0.4	0.7	1.0	1.0

Machinery



	FY2018 1 st Half Result	FY2019 1 st Half Result	Increase/ Decrease	Summary of changes (Net profit attributable to ITOCHU)	(Unit : billion yen) FY2019 Forecast	Progress
Gross trading profit	74.9	91.7	+16.8	Nearly at the same level due to the temporary deterioration of profitability in used car sales in YANASE, a subsidiary consolidated in the second quarter of the previous fiscal year, despite the stable performance in automobile-related transactions and the gain on sales of a foreign company	210.0	44%
Equity in earnings of associates and joint ventures	12.2	13.3	+1.1			
Net profit attributable to ITOCHU	27.3	27.3	(0.0)		63.0	43%
Core Profit	24.8	22.8	(2.0)			
	Mar. 2018 Result	Sep. 2018 Result	Increase/ Decrease			
Total assets	1,218.6	1,281.4	+62.9			

Net profit attributable to ITOCHU



Profits/Losses from Major Group Companies

	FY2018 1 st Half	FY2019 1 st Half	FY2018 Annual	FY2019 Forecast
Tokyo Century Corporation	5.7	*	12.5	13.0 **
I-Power Investment Inc.	1.0	0.2	5.3	0.9
I-ENVIRONMENT INVESTMENTS LIMITED	1.2	0.4	1.9	0.9
IMECS Co., LTD.	0.6	0.7	1.2	1.6
JAMCO Corporation	0.3	*	0.6	0.6 **
JAPAN AEROSPACE CORPORATION	0.2	0.2	0.7	1.2
YANASE & CO., LTD.	1.2	(0.4)	3.7	2.6
SUNCALL CORPORATION	0.2	*	0.5	0.5 **
Auto Investment Inc.	0.4	0.3	0.8	0.7
ITOCHU CONSTRUCTION MACHINERY CO., LTD.	0.1	0.1	0.6	0.6
ITOCHU MACHINE-TECHNOS CORP.	0.0	0.2	0.8	1.1
ITOCHU SysTech Corporation	(0.1)	(0.1)	0.3	0.4
Century Medical, Inc.	0.2	0.5	0.5	0.7
MULTIQUIP INC.	1.3	1.7	2.3	2.7

* Not disclosed because the financial results have not been announced yet.

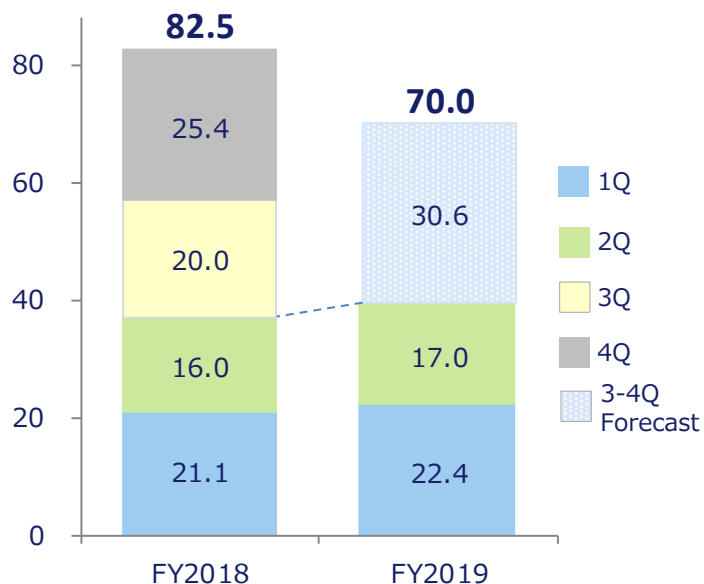
** The figures are the company's forecasts multiplied by ITOCHU shares, excluding IFRS adjustment.

Metals & Minerals



	FY2018 1 st Half Result	FY2019 1 st Half Result	Increase/ Decrease	Summary of changes (Net profit attributable to ITOCHU)	(Unit : billion yen) FY2019 Forecast	Progress
Gross trading profit	44.4	44.0	(0.4)	Increase due to the higher coal prices and the favorable performance in the steel-products-related companies, despite the temporary decrease in net profit accompanying the change of the structure for investment in certain stakes of iron ore	80.0	55%
Equity in earnings of associates and joint ventures	9.4	10.8	+1.4			
Net profit attributable to ITOCHU	37.1	39.4	+2.3		70.0	56%
Core Profit	36.6	38.9	+2.3			
	Mar. 2018 Result	Sep. 2018 Result	Increase/ Decrease			
Total assets	850.3	865.7	+15.4			

Net profit attributable to ITOCHU



Profits/Losses from Major Group Companies

	FY2018 1 st Half	FY2019 1 st Half	FY2018 Annual	FY2019 Forecast
ITOCHU Minerals & Energy of Australia Pty Ltd	28.8	29.3	62.3	55.6
Iron ore	22.9	21.2	49.7	*
Coal	5.6	8.0	11.5	*
Brazil Japan Iron Ore Corporation	(0.1)	0.9	3.3	*
ITOCHU Coal Americas Inc.	1.6	0.9	2.9	*
Marubeni-Itochu Steel Inc.	4.0	6.7	9.2	*
ITOCHU Metals Corporation	0.8	1.1	1.6	1.5

* Due to the relationship with investees and partners, forecasts are not presented.

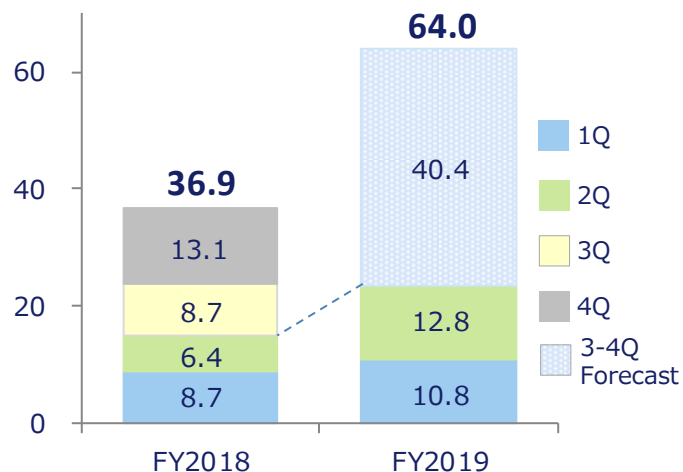
Energy & Chemicals



	FY2018 1 st Half Result	FY2019 1 st Half Result	Increase/ Decrease	Summary of changes (Net profit attributable to ITOCHU)	(Unit : billion yen) FY2019 Forecast	Progress
Gross trading profit	99.5	109.5	+10.0	Increase due to the higher production volume of crude oil, the improvement in profitability in self-developed crude oil transactions accompanying the rise in oil prices, and the stable performance in chemical sector, despite the decrease due to the absence of the extraordinary gains in the same period of the previous fiscal year	221.0	50%
Energy	46.6	55.3	+8.7		107.0	52%
Chemicals	52.9	54.2	+1.3		114.0	48%
Equity in earnings of associates and joint ventures	1.2	6.4	+5.2			
Net profit attributable to ITOCHU	15.1	23.6	+8.6		64.0	37%
Energy	1.6	11.8	+10.2		40.0	29%
Chemicals	13.5	11.9	(1.6)		24.0	49%
Core Profit	12.1	23.1	+11.1			

	Mar. 2018 Result	Sep. 2018 Result	Increase/ Decrease
Total assets	1,355.7	1,398.6	+42.9
Energy	762.2	763.4	+1.3
Chemicals	593.5	635.2	+41.6

Net profit attributable to ITOCHU



Profits/Losses from Major Group Companies

	FY2018 1 st Half	FY2019 1 st Half	FY2018 Annual	FY2019 Forecast
ITOCHU Oil Exploration (Azerbaijan) Inc.	(0.2)	2.8	2.3	3.4
CIECO Exploration and Production (UK) Limited	(0.1)	2.3	(4.7)	*
Japan South Sakha Oil Co., Ltd.	1.6	3.8	4.0	*
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	(0.7)	0.3	(1.8)	0.8
ITOCHU ENEX CO., LTD.	2.2	3.2	6.0	6.1 **
Dividends from LNG Projects	0.2	0.3	4.4	5.5
ITOCHU CHEMICAL FRONTIER Corporation	1.6	1.6	3.7	5.0
ITOCHU PLASTICS INC.	2.3	2.0	4.0	4.0
C. I. TAKIRON Corporation	1.2	1.5	3.0	3.1 **

* Due to the relationship with investees and partners, forecasts are not presented.

** The figures are the company's forecasts multiplied by ITOCHU shares, excluding IFRS adjustment.

ITOCHU's Equity Share (Sales Result)



(Unit : billion yen)

	FY2018						FY2019			1 st Half Increase/Decrease	FY2019 Forecast
	1Q	2Q	1 st Half	3Q	4Q	Full Year	1Q	2Q	1 st Half		
Oil & Gas (1,000BBL/day*)						32					43

* Natural Gas converted to crude oil is equivalent to 6,000cf =1BBL

	(a)						(b)			(b)-(a)	
Iron ore (million t)	5.8	5.2	11.1	5.9	5.6	22.6	5.8	5.7	11.5	+0.4	23.3
IMEA	5.3	4.7	10.0	5.3	5.0	20.3	5.3	5.2	10.5	+0.5	20.8
Brazil Iron Ore Corporation (CM)	0.5	0.6	1.1	0.6	0.6	2.3	0.5	0.6	1.1	+0.0	2.5

Coal (million t)	2.7	3.0	5.7	2.9	2.9	11.5	2.6	2.9	5.6	(0.1)	11.0
IMEA	1.1	1.3	2.5	1.3	1.3	5.0	1.1	1.3	2.5	+0.0	4.7
ICA (Drummond)	1.6	1.7	3.3	1.6	1.6	6.5	1.5	1.6	3.1	(0.2)	6.3

【Reference】 IMEA Profit Result

IMEA (billion yen)	15.7	13.1	28.8	15.7	17.8	62.3	15.8	13.5	29.3	+0.5	55.6
Iron ore	12.8	10.1	22.9	12.3	14.6	49.7	12.2	9.1	21.2	(1.7)	N.A.
Coal	2.7	2.9	5.6	3.4	2.6	11.5	3.6	4.4	8.0	+2.5	N.A.

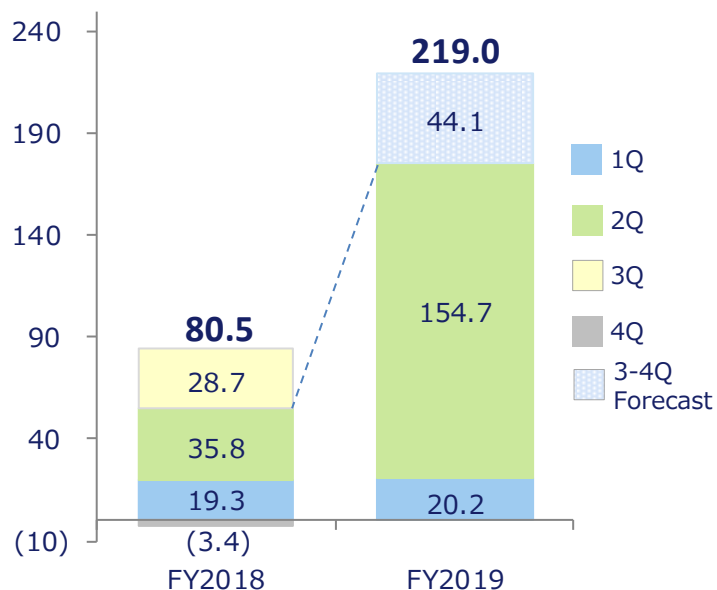
※ IMEA : ITOCHU Minerals & Energy of Australia Pty Ltd

CM : CSN Mineracao S.A.

ICA : ITOCHU Coal Americas Inc.

	FY2018 1 st Half Result	FY2019 1 st Half Result	Increase/ Decrease	Summary of changes (Net profit attributable to ITOCHU)	(Unit : billion yen) FY2019 Forecast	Progress
Gross trading profit	141.6	140.8	(0.9)	Increase due to the higher equity in earnings of FamilyMart UNY Holdings and the revaluation gain accompanying the conversion of the company into a consolidated subsidiary, despite the lower sales prices in packaged foods in fresh-food-related companies and the absence of extraordinary gains in the same period of the previous fiscal year	593.0	24%
Equity in earnings of associates and joint ventures	15.1	18.4	+3.3			
Net profit attributable to ITOCHU	55.1	174.9	+119.8		219.0	80%
Core Profit	35.6	35.9	+0.3			
	Mar. 2018 Result	Sep. 2018 Result	Increase/ Decrease			
Total assets	1,962.2	3,675.0	+1,712.8			

Net profit attributable to ITOCHU



Profits/Losses from Major Group Companies

	FY2018 1 st Half	FY2019 1 st Half	FY2018 Annual	FY2019 Forecast
FamilyMart UNY Holdings Co., Ltd.	8.2	13.0 *	11.8	*
Dole International Holdings, Inc.	6.3	3.9	3.2	10.5
NIPPON ACCESS, INC.	6.6	5.9	9.8	12.2
FUJI OIL HOLDINGS INC.	1.8	**	4.2	4.8 ***
Prima Meat Packers, Ltd.	2.0	**	4.1	4.4 ***
ITOCHU-SHOKUHIN Co.,Ltd.	1.0	0.8	2.2	1.9 ***
JAPAN FOODS CO.,LTD.	0.4	0.3	0.1	0.2 ***
HYLIFE GROUP HOLDINGS LTD.	1.7	1.5	3.7	****

* As a result of remeasuring ITOCHU's previously held equity interests of the company at its fair value, ITOCHU recognizes the revaluation gain, which is 141.2 billion yen, net of tax. The figure doesn't include the revaluation gain.

ITOCHU acquired additional shares of the company in the second quarter of fiscal year 2019, and has been measuring the acquired assets and liabilities at fair value. Therefore, ITOCHU has not provided the figures in the above table since a considerable discrepancy may occur between the figure based on the forecast announced by the company and that of ITOCHU.

** Not disclosed because the financial results have not been announced yet.

*** The figures are the company's forecasts multiplied by ITOCHU shares, excluding IFRS adjustment.

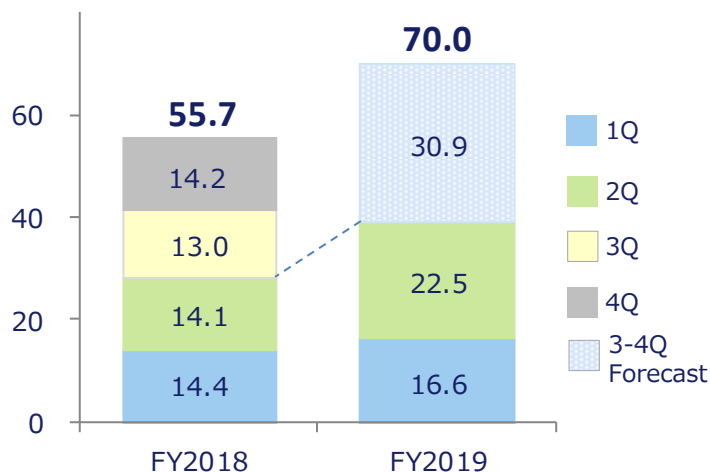
**** Due to the relationship with investees and partners, the forecast is not presented.

General Products & Realty



	FY2018 1 st Half Result	FY2019 1 st Half Result	Increase/ Decrease	Summary of changes (Net profit attributable to ITOCHU)	(Unit : billion yen) FY2019 Forecast	Progress
Gross trading profit	74.2	88.2	+14.0	Increase due to the higher transaction volume in domestic logistics-facility-development-projects and the rise in the market prices in foreign pulp-related companies, despite the absence of extraordinary gains in the same period of the previous fiscal year	172.0	51%
Forest Products & General Merchandise	54.0	58.5	+4.5		122.0	48%
Construction, Realty & Logistics	20.2	29.6	+9.5		50.0	59%
Equity in earnings of associates and joint ventures	6.9	17.7	+10.8			
Net profit attributable to ITOCHU	28.5	39.1	+10.5		70.0	56%
Forest Products & General Merchandise	22.5	26.2	+3.7		54.0	48%
Construction, Realty & Logistics	6.0	12.9	+6.9		16.0	80%
Core Profit	21.0	38.6	+17.5			
	Mar. 2018 Result	Sep. 2018 Result	Increase/ Decrease			
Total assets	978.8	1,003.8	+25.1			
Forest Products & General Merchandise	677.1	706.5	+29.4			
Construction, Realty & Logistics	301.6	297.3	(4.3)			

Net profit attributable to ITOCHU



Profits/Losses from Major Group Companies

	FY2018 1 st Half	FY2019 1 st Half	FY2018 Annual	FY2019 Forecast
European Tyre Enterprise Limited	2.4	2.3	5.8	6.8
ITOCHU FIBRE LIMITED	3.3	8.9	9.9	**
Japan Brazil Paper & Pulp Resources Development Co., Ltd.	1.9	3.7	4.2	**
ITOCHU PULP & PAPER CORPORATION	0.5	0.4	1.0	0.8
ITOCHU KENZAI CORPORATION	1.5	1.3	2.7	2.8
DAIKEN CORPORATION	0.8	*	1.6	2.1 ***
ITOCHU PROPERTY DEVELOPMENT, LTD.	0.6	1.4	2.4	2.8
ITOCHU LOGISTICS CORP.	1.5	1.7	2.7	2.7

* Not disclosed because the financial results have not been announced yet.

** Due to the relationship with investees and partners, forecasts are not presented.

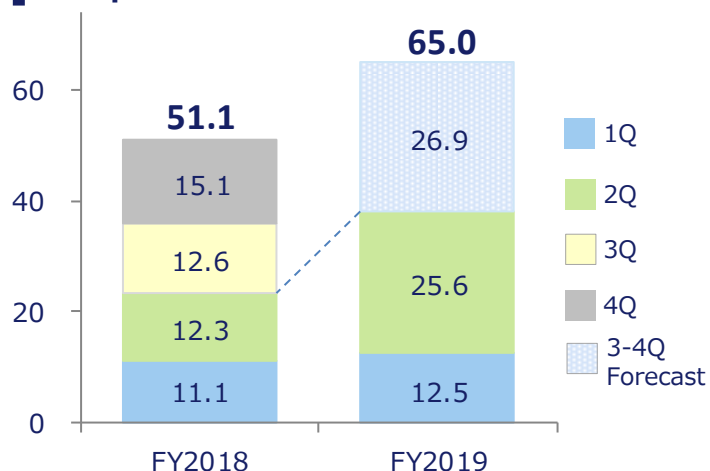
*** The figure is the company's forecast multiplied by ITOCHU shares, excluding IFRS adjustment.

ICT & Financial Business



	FY2018 1 st Half Result	FY2019 1 st Half Result	Increase/ Decrease	Summary of changes (Net profit attributable to ITOCHU)	(Unit : billion yen) FY2019 Forecast	Progress
Gross trading profit	80.9	83.4	+2.5	Increase due to the favorable performance in finance-related companies and the higher gains on fund operations and the extraordinary decrease in tax expenses	192.0	43%
ICT	75.3	77.2	+2.0		178.0	43%
Financial & Insurance Business	5.6	6.2	+0.5		14.0	44%
Equity in earnings of associates and joint ventures	18.2	24.3	+6.1			
Net profit attributable to ITOCHU	23.4	38.1	+14.7		65.0	59%
ICT	17.0	20.5	+3.6		43.0	48%
Financial & Insurance Business	6.4	17.6	+11.2		22.0	80%
Core Profit	21.9	27.6	+5.7			
	Mar. 2018 Result	Sep. 2018 Result	Increase/ Decrease			
Total assets	766.2	1,022.1	+256.0			
ICT	600.2	586.2	(14.0)			
Financial & Insurance Business	165.9	435.9	+270.0			

Net profit attributable to ITOCHU



Profits/Losses from Major Group Companies

	FY2018 1 st Half	FY2019 1 st Half	FY2018 Annual	FY2019 Forecast
ITOCHU Techno-Solutions Corporation	4.6	4.3	13.6	14.0 *
BELLSYSTEM24 Holdings, Inc.	0.5	0.8	1.2	2.5 *
CONEXIO Corporation	1.8	1.7	4.1	4.1 *
ITOCHU Fuji Partners, Inc.	0.8	0.9	(0.2)	1.9 *
eGuarantee, Inc.	0.2	0.2	0.3	0.4 *
POCKETCARD CO.,LTD.	0.4	1.5	1.3	3.5
Orient Corporation	1.9	3.1	4.2	**

* The figures are the company's forecasts multiplied by ITOCHU shares, excluding IFRS adjustment.
 ** IFRS prescribes a substantial number of different accounting treatments from Japanese GAAP with regard to financial transactions for consumer credit companies. ITOCHU recognizes the equity in earnings calculated by multiplying the figures after the IFRS adjustments by Shares. Therefore, for Orient Corporation, ITOCHU has not provided the figures in the above table since a discrepancy may occur between the forecast announced by the company and that of ITOCHU.

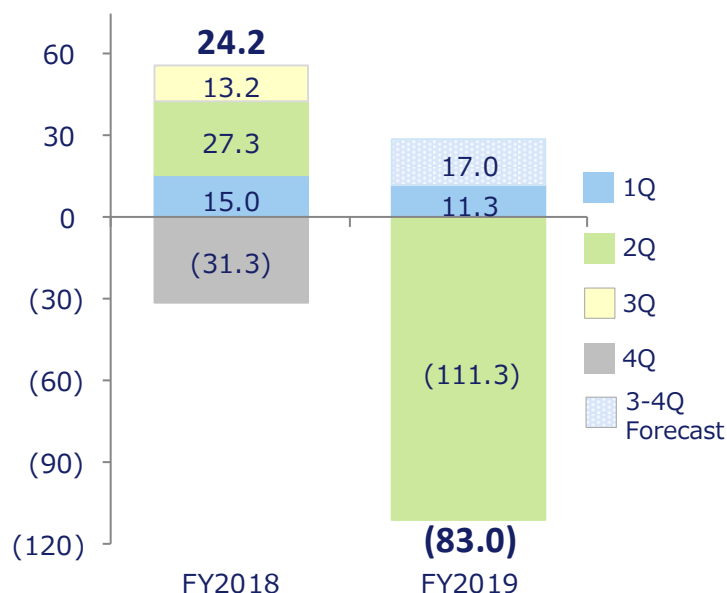
Others, Adjustments & Eliminations



(Unit : billion yen)

	FY2018 1 st Half Result	FY2019 1 st Half Result	Increase/ Decrease	Summary of changes (Net profit attributable to ITOCHU)	FY2019 Forecast
Gross trading profit	2.3	5.7	+3.3	Deterioration due to the impairment loss on investment in CITIC Limited accounted for by the equity method	9.0
Equity in earnings of associates and joint ventures	42.9	(104.6)	(147.5)		
Net profit attributable to ITOCHU	42.3	(100.0)	(142.3)		(83.0)
Core Profit	38.3	46.0	+7.7		
	Mar. 2018 Result	Sep. 2018 Result	Increase/ Decrease		
Total assets	1,057.4	914.1	(143.4)		

Net profit attributable to ITOCHU



Profits/Losses from Major Group Companies

	FY2018 1 st Half	FY2019 1 st Half	FY2018 Annual	FY2019 Forecast
Orchid Alliance Holdings Limited	43.6	(105.4) *	67.9	(80.0)
C.P. Pokphand Co. Ltd.	(1.3)	1.9	(29.8) **	***
Chia Tai Enterprises International Limited	0.2	(2.0)	0.4	***

* Figure is "CITIC related profit" which includes related tax effects etc. and the impairment loss on investment in CITIC Limited accounted for by the equity method.

** The figure includes the impairment loss on investment accounted for by the equity method in the company.

*** Forecasts are not disclosed by the company. Therefore the forecasts above are not presented.

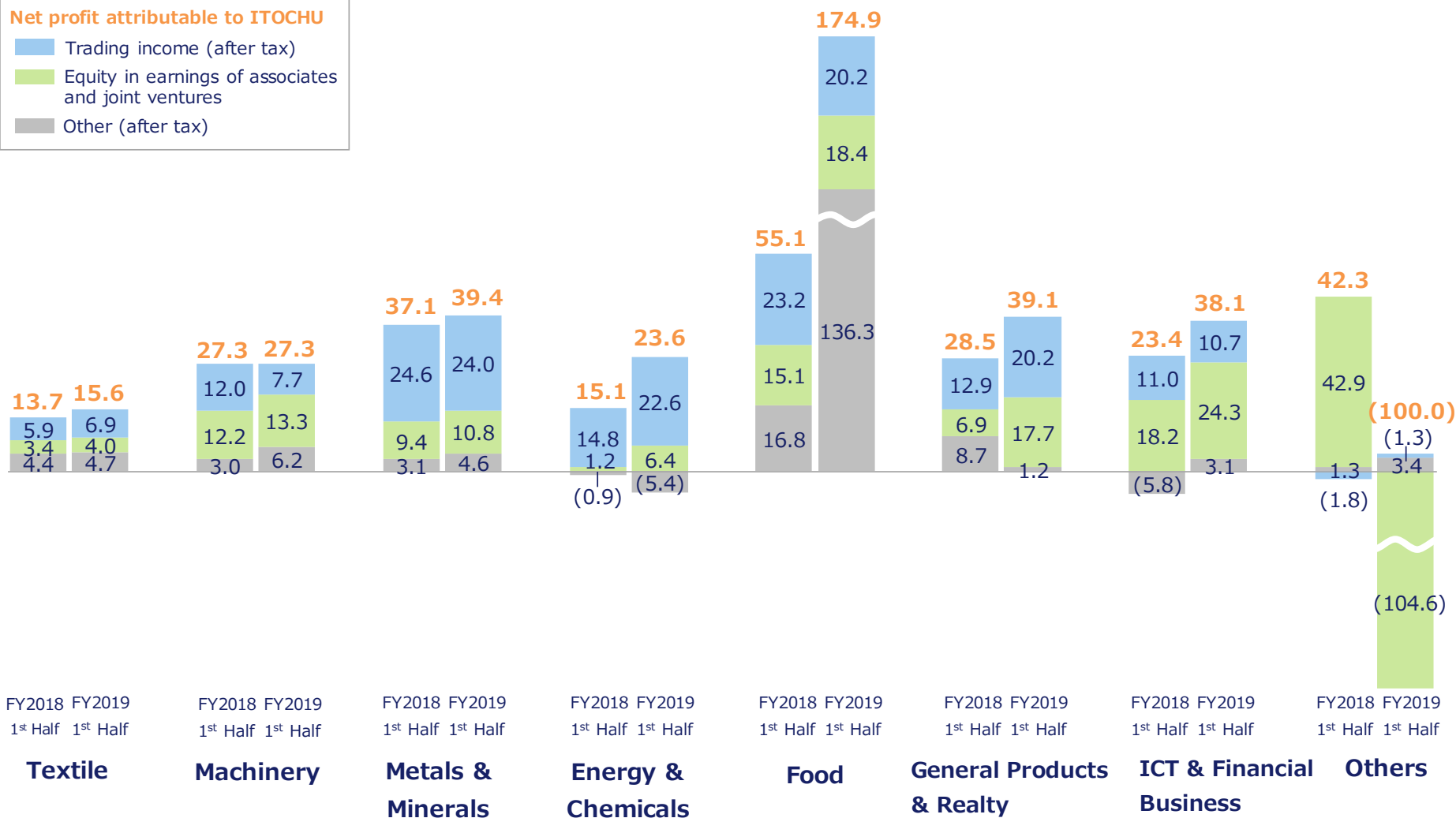
Operating Segment



(Unit : billion yen)

Net profit attributable to ITOCHU

- Trading income (after tax)
- Equity in earnings of associates and joint ventures
- Other (after tax)



FY2018 Result

Major New Investments

[1st Half]

Consumer-related Sector	<ul style="list-style-type: none"> ◆ FamilyMart UNY Holdings additional investment ◆ FUJI OIL HOLDINGS additional investment ◆ POCKET CARD additional investment ◆ Acquisition of Alta Forest Products 	etc.		
			185.0	60.0
Basic Industry-related Sector	<ul style="list-style-type: none"> ◆ US Gas-Fired Thermal Power Generation Project (Empire) ◆ Acquisition of YANASE ◆ Acquisition of Panama Automobile Distributor 	etc.		
			125.0	65.0
Non-Resource			310.0	125.0
Resource-related Sector	<ul style="list-style-type: none"> ◆ IMEA capital expenditure ◆ ACG capital expenditure ◆ West Qurna 1 Oil Field in Iraq 	etc.		
			85.0	20.0
Resource				
Total of Major New Investments			395.0	145.0
EXIT			(110.0)	(40.0)
Net Investment Amount (Note2)			285.0	105.0

FY2019 1st Half Result

Major New Investments

Consumer-related Sector	<ul style="list-style-type: none"> ◆ Acquisition of FamilyMart UNY Holdings ◆ Acquisition of Alta Forest Products ◆ Investment in Taipei Financial Center Corporation 	etc.		
			265.0	
Basic Industry-related Sector	<ul style="list-style-type: none"> ◆ North America Hickory Run gas thermal power generation business additional investment ◆ ITOCHU ENEX / C. I. TAKIRON fixed asset investment 	etc.		
			40.0	
Non-Resource			305.0	
Resource-related Sector	<ul style="list-style-type: none"> ◆ IMEA capital expenditure ◆ ACG capital expenditure 	etc.		
			20.0	
Resource				
Total of Major New Investments			325.0	
EXIT			(100.0)	
Net Investment Amount (Note2)			225.0	

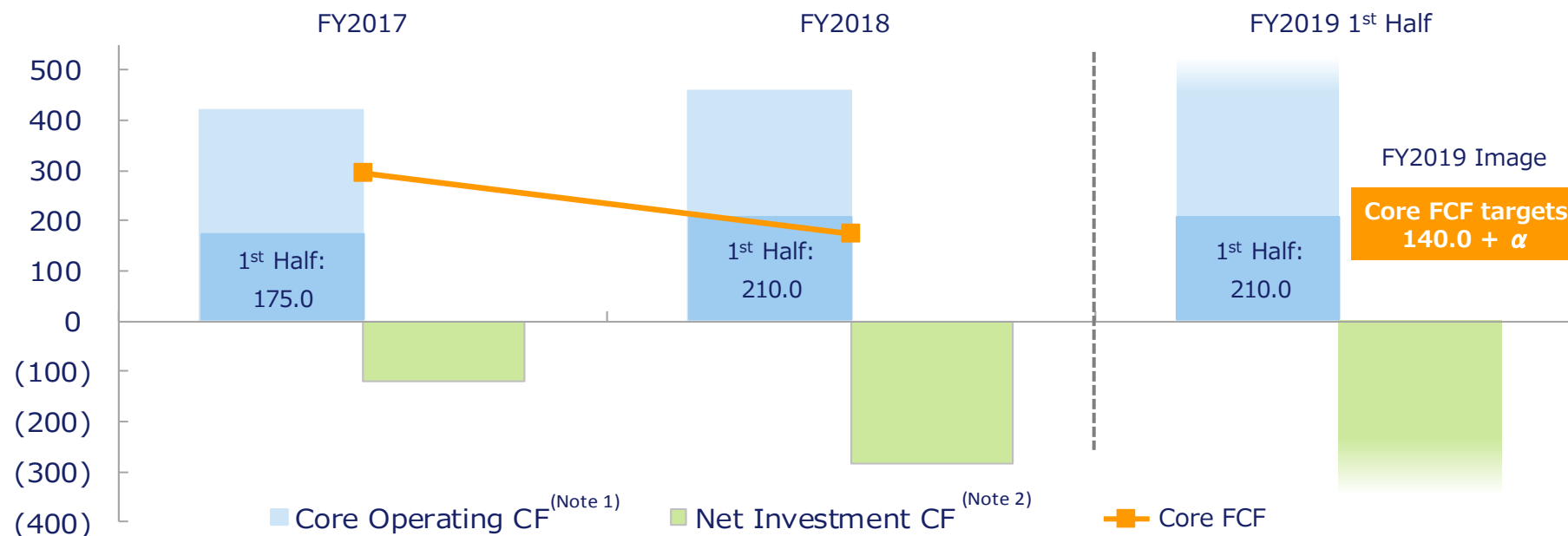
(Note 1) The above figures are approximate.

(Note 2) Payments and collections for substantive investment and capital expenditure.
 "Investment Cash Flows" plus "Equity transactions with non-controlling interests"
 minus "increase/decrease of loan receivables", etc.

Core Free Cash Flows



(Unit : billion yen)



		FY2017	FY2018	FY2019 1 st Half	FY2019 Image
	Cash flows from operating activities	389.7	388.2	167.5	
a	Core operating cash flows ^(Note 1)	420.0	460.0	210.0	Over 500.0
b	Net investment cash flows ^(Note 2)	(120.0)	(285.0)	(225.0)	Continue asset replacement and control new investment
a+b	Core free cash flows	approx. 300.0	approx. 175.0	approx. (15.0)	140.0+ α
Shareholders returns					
	Dividend ^(Note 3)	Annual ¥55/share (86.6)	Annual ¥70/share (108.7)	Interim ¥37/share (57.4)	Annual ¥83/share Minimum Dividend
	Share buy back	(16.2)	(27.9)	—	Continuously Execute while considering cash flow availability

Note 1: "Operating Cash Flows" minus "increase/decrease of working capital"

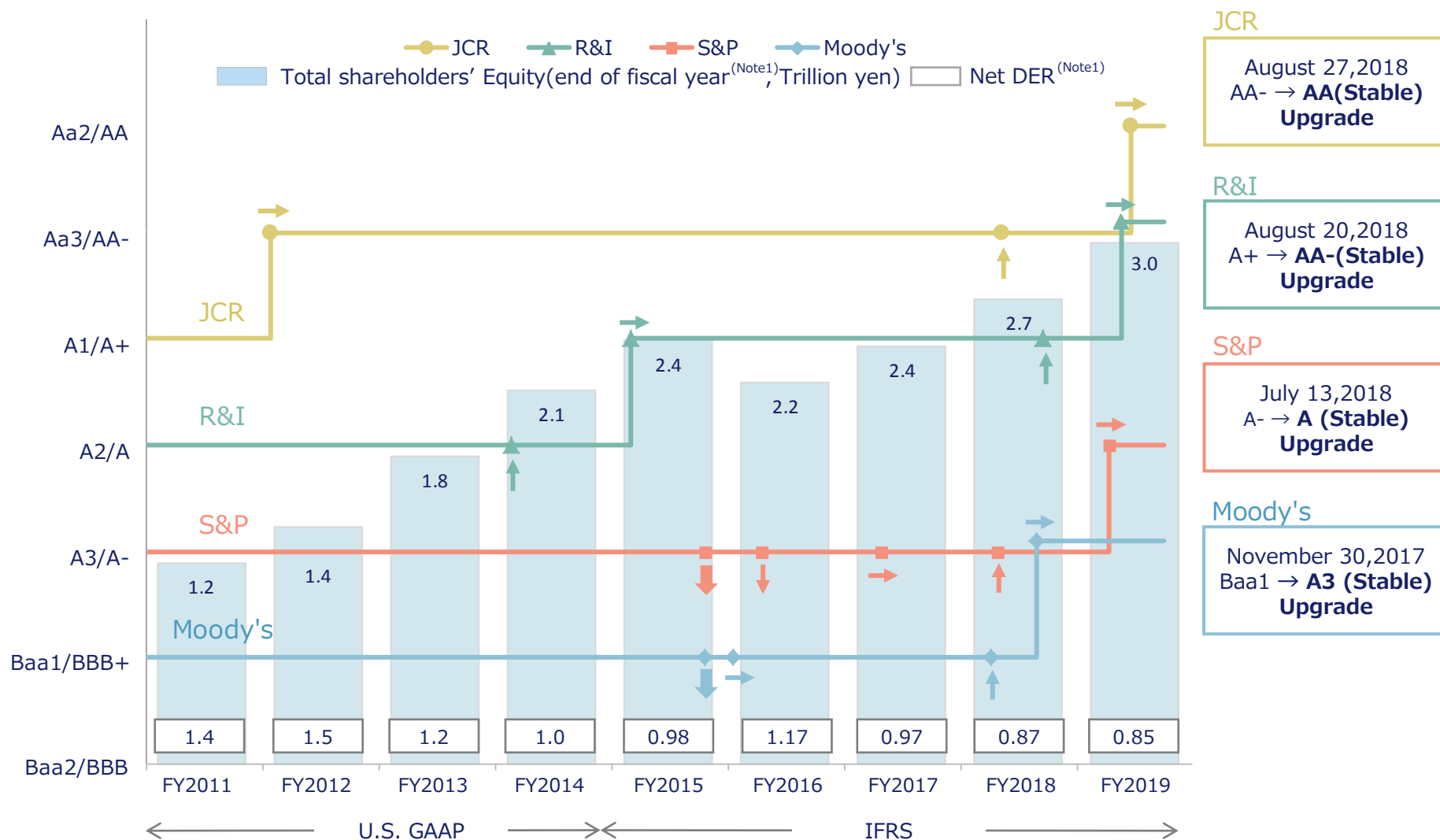
Note 2: Payments and collections for substantive investment and capital expenditure.

"Investment Cash Flows" plus "Equity transactions with non-controlling interests" minus "increase/decrease of loan receivables", etc.

Note 3: FY2017/FY2018 : The sum of the interim dividend and the year-end dividend each year.

FY2019 1st Half : The interim dividend only.

Credit Ratings



JCR
August 27, 2018
AA- → **AA (Stable)**
Upgrade

R&I
August 20, 2018
A+ → **AA- (Stable)**
Upgrade

S&P
July 13, 2018
A- → **A (Stable)**
Upgrade

Moody's
November 30, 2017
Baa1 → **A3 (Stable)**
Upgrade

↑↓ Potential direction of short-term trends (Positive/Negative)

(Note 1) FY2019: Forecast

↑↓→ Potential direction over the intermediate term (Positive/Negative/Stable)

Shareholders Return Policy

- Medium to Long Term Shareholders Return Policy(announced on October 1,2018) is as below.

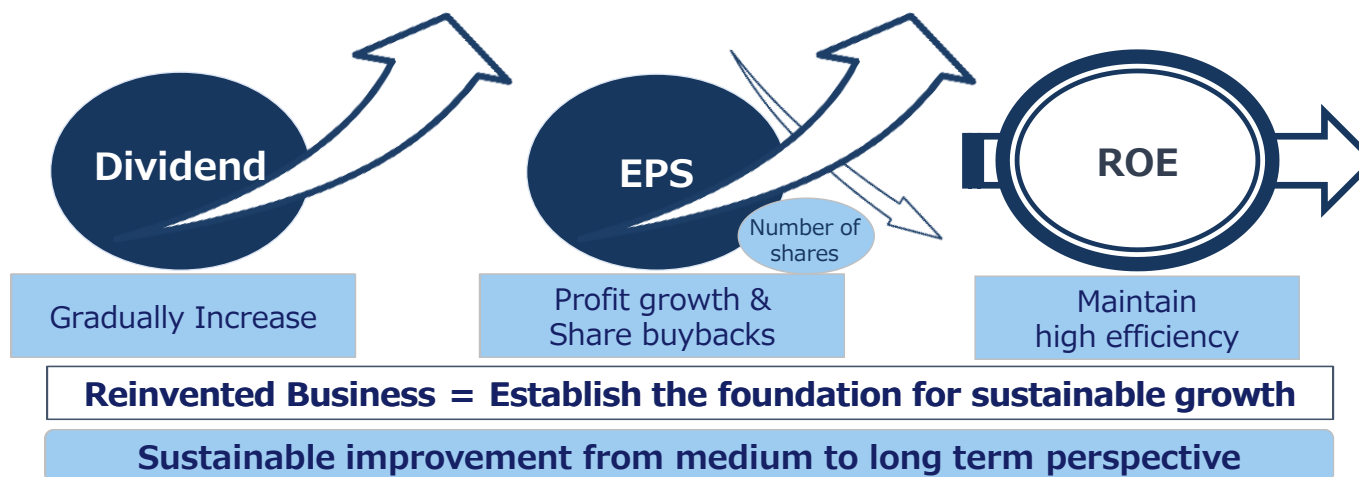
1) Gradually increase dividend payout ratio

Gradually increase dividend payout ratio, targeting up to approx. 30%.

2) More actively execute share buybacks

Continuously execute share buybacks approx.100 million shares in total, while considering cash flow availability.

- Canceled 78 million shares on October 19,2018 to generate available capacity for further share buybacks.



	Current	(Short term)	Medium to long term
(Unit: billion shares) Number of common shares issued ^(Note1)	1.55 ^(Note2)	→	1.45
Dividend payout ratio	25.8%	→	Up to 30%
ROE	17.6%	⇒ 14~16% ⇒	13% or higher

Note 1: Excluded treasury stocks

Note 2: 1.55 billion shares(excluded treasury stocks),1.58 billion share(included treasury stocks)

FY 2019 Annual Forecast・Dividend



■ As announced on October 1, 2018, Revised Fiscal Year 2019 Annual Forecast and Dividend amount are as below.

1) Revision of FY2019 “Net profit attributable to ITOCHU” annual forecast

Annual forecast was revised upward from ¥450.0billion to **¥500.0billion**.

2) Revision of Dividend amount

FY2019 minimum dividend per share was revised from ¥74 to **¥83**, an increase of ¥9.

■ Dividend per share (yen) ■ Net profit attributable to ITOCHU (billion yen)

