16:30pm – 17:30pm on Thursday August 2nd , 2018
IR meeting for results of 1Q FY Ending March 2019

== CFO Part ===

Good afternoon, my name is Takakazu Uchida, Chief Financial Officer.
Thank you for joining us today.

I will start by reviewing our results for the first quarter.

The financial year got off to a strong start with profit from non-resources areas exceeding 60 billion yen, and a steady performance from Resources & Energy businesses.

[Summary of Operating Results (P3)]
Please turn to page 3.

In the first quarter of the fiscal year ending March 2019, the global economy experienced an upturn compared to the temporary weak growth in the previous three-month period and continued to be resilient, particularly in developed countries, supported by a recovery in spending and investment.

Amid this operating environment, Mitsui Q1 profit increased 7.6 billion yen year on year to 118.4 billion yen, taking us to 28% of our plan for the current fiscal year. Core operating cash flow was 154.5 billion yen, 27% of the full-year plan, and we are seeing progress in our efforts to build a robust profit base. Free cash flow, which excludes the effects of changes in working capital and time deposits, was in surplus at 47.1 billion yen.

In growth areas we have been steadily making deals, with a U.S. based MBK Real Estate—known as MRE—acquiring senior living properties, and Mitsui reaching an agreement on equity participation in Adelnor, an agricultural inputs distributor in Mexico.

The global economy is expected to follow a trend of gentle recovery going forward. However, there is increased uncertainty and a careful watch is needed on a range of circumstances that include the escalation of geopolitical risk surrounding the Middle East, the future prospects for the European and U.S. economies, which have shown signs of maturity in some parts, the impact of the Federal Reserve Board’s monetary tightening on the economies of emerging countries, and the growing intensity of trade friction as a result of U.S. trade policy.

We will continue to take heed of the business environment in which we operate, paying attention to commodity market conditions and currency movements, and work towards achieving our targets.

[Key Initiatives: Build a robust profit base and thoroughly strengthen existing businesses (P4)]

Please turn to page 4.

Next, I would like to discuss the progress of a key initiative of our medium-term management plan: Build a robust profit base and thoroughly strengthen existing businesses.

Total profit from our core areas of Resources & Energy, Infrastructure & Machinery, and Chemicals was 81.9 billion yen and accounted for nearly 70% of our total profit.

Resources & Energy profit for the period was 56.8 billion yen due to a steady performance in the Energy business aided by market factors and cost reductions. Core operating cash flow showed strong progress, reaching 101.2 billion yen. We are pushing forward with initiatives to build a robust profit base, including completion of the takeover bid for an Australian oil and gas company AWE, and making the decision to develop South Flank iron ore mine, also in Australia.

In Machinery & Infrastructure, although the progress to our profit target was 18%, influenced by seasonal factors at equity method investees in truck leasing and other businesses, the progress to our cash flow target was 25%, which is in line with our plan. In the quarter under review, we have been strengthening the profit base through initiatives such as newly investing in an FPSO vessel in Brazil.

In Chemicals we made steady progress to plan, with a strong performance by the methanol business as the primary factor. In April this year we invested in a coating materials business and will further expand our business base.

[Cash flow allocation (P5)]

Please look at page 5.

Next, I will talk about results of cash flow allocation, asset recycling, and investment and loans in the first quarter.

From the current fiscal year, certain lease transactions, which had previously been recorded as changes in working capital, are recorded as investment cash flow, and have been excluded from the calculations in this table.

In Asset Recycling, we achieved 95 billion yen in cash inflows, primarily due to a business transfer to Nippon Steel & Sumikin Bussan. Together with core operating cash flow of 155 billion yen, total cash inflows for the period came to 250 billion yen. Investment and Loans accounted for 200 billion yen in cash outflows with the result that we had a free cash flow surplus of 50 billion yen.

Main investment and loan items were a takeover bid for AWE in Australia, and investments in ETC Group and a Chilean operating lease and car rental business. We will continue to maintain investment discipline and realize well-balanced cash allocation across core and growth areas to achieve medium- to long-term growth while strengthening our financial base through the generation of positive free cash flow after returns to shareholders.

[Balance Sheet (P6)]

Please look at page 6.

Next, I will discuss the balance sheet as of the end of the first quarter. Net interest-bearing debt increased 94.5 billion yen from the end of March 2018 to 3.2 trillion yen. Shareholders' equity increased 81.6 billion yen to 4.1 trillion yen. As a result, net DER was 0.78x.

That ends my presentation. Now Kimiro Shiotani, Global Controller, will discuss the details of our quarterly results.

=== Global Controller Part ===

[Operating Results (P7)]
Thank you, I am Kimiro Shiotani, Global Controller.

I will provide detail on our quarterly results.

[Profits: Year on year segment comparison (P8)]
Please see page 8. Firstly, I will explain year-on-year comparison of profits by segment. Profit increased 7.6 billion yen to 118.4 billion yen.

In Minerals & Metal Resources, profits decreased by 14.7 billion yen to 39.7 billion yen. This was primarily the result of temporary factors, including the incorporation of Valepar into Vale in Q2 of the previous fiscal year which resulted in the absence of earnings from Valepar recorded under the equity method in Q1 of the previous fiscal year, and the absence of a reversal of impairment losses at copper mining operations in Chile which occurred in the first quarter of the previous fiscal year.

Energy profits increased 800 million yen to 17.1 billion yen.
Despite valuation losses related to derivative contracts for physical trading in U.S. oil business, profit at Mitsui Oil Exploration increased significantly, mainly due to increase in the price of oil and gas, and cost reductions.

Chemicals profits were up 3.4 billion yen to 9.7 billion yen, mainly due to strong performance in the methanol business.

In the Iron & Steel Products, the absence of a one-time increase in volume seen during the first quarter of FY March 2018 was offset by an increase in profit from the consolidation of Nippon Steel & Sumikin Bussan as an equity method investee. As such, profits declined just 100 million yen to 6.8 billion yen.

Lifestyle profits increased by 11.1 billion yen to 17.5 billion yen. The main factor was an increase in profit from the partial reversal of provisions associated with the withdrawal from Multigrain recorded in the previous fiscal year

Innovation and Corporate Development profits increased by 5.1 billion yen to 10.9 billion yen, mainly due to a FVTPL gain on valuation and sale.

[Core Operating Cash Flow: Year-on-year segment comparison (P9)]
Please turn to page 9.

I will now explain year-on-year changes in core operating cash flow by segment.

Overall, Mitsui achieved Core Operating Cash Flow of 154.5 billion yen, a decrease of 900 million yen.

In Mineral and Metal Resources, core operating cash flow decreased 22.1 billion yen to 48.3 billion yen, mainly due to seasonal factors including a delay in dividends from the Australian iron ore business, and a change in the timing of dividend received due to a new dividend policy at Vale.

In Energy, core operating cash flow increased 8.9 billion yen to 52.9 billion yen, supported by an increase in gross profit and dividends received due to an increase in the price of oil and gas.

In Iron & Steel Products, core operating cash flow decreased 5.6 billion yen to 600 million yen, mainly due to the absence of an increase in volume of one-time transactions seen during the first quarter of the previous fiscal year.

In Lifestyle, core operating cash flow increased 7.1 billion yen to 8.8 billion yen. This was supported by the absence of losses recorded in the first quarter of the previous fiscal year due to withdrawal from Multigrain, and strong performance by Xingu.

[Q1 profit YoY factor comparison (P10)]
Please turn to page 10.
Here we will look at the main factors influencing year-on-year changes in quarterly profit.

<u>Base Profit</u> contributed to an increase of approximately 5 billion yen compared to the previous first quarter period, supported by FVTPL gains, an increase in profit from Nippon Steel & Sumikin Bussan after it became an equity method investee, and an increase in profit in the U.S. methanol business, which more than offset the absence of equity earnings of Valepar.

Equity-method profit and loss from Valepar has not been recorded since the incorporation of Valepar into Vale in the second quarter of the previous fiscal year, however profit from Vale is expected to exceed the previous year due to the recording of dividend income from Vale from the second quarter onward of the current fiscal year.

Resource-related costs/volume contributed to an increase of approximately 1 billion yen compared to the previous first quarter period, due to increased iron ore production and an increase in our holding in our Chilean copper mine which resulted in increased share of volume, and despite the higher cost of coal associated with changes to the mining plan.

Asset recycling was a factor in a decline of approximately 6 billion yen due to the absence of profit recorded in the first quarter of the previous year for the sale of a warehouse in Japan and the partial dilution of our stake in Marcellus, and despite gains from the sale of land by affiliate companies in the period under review.

Commodity prices/Forex contributed to an increase of approximately 3 billion yen due primarily to higher oil and gas prices.

Valuation gain/loss contributed to an increase of approximately 5 billion yen mainly due to the gain on partial reversal of provisions for Multigrain withdrawal described earlier, and despite a valuation loss on derivative contracts for physical trading in the US oil business.

That concludes my presentation.