17:00pm – 18:00pm on Friday May 1st, 2020
IR Meeting for results of FY March 2020

== CFO Part ==

[FY Mar/2020 Results and Medium-term Management Plan Review (P0)]

Good evening, my name is Takakazu Uchida, Chief Financial Officer.

Thank you for joining us today.

I will start by discussing our operating results for the fiscal year ended March 2020 and reviewing progress on our medium-term management plan *Driving Value Creation*.

Then, I will hand over to Tetsuya Shigeta, Global Controller, who will speak on the results in more detail.

Our new medium-term management plan will be explained separately by President Yasunaga at a briefing to be held next week on May 8.

[Summary of Operating Results (P3)]

Please turn to page 3, which outlines our results for the year.

Profit for the year was 391.5 billion yen and core operating cash flow was 621.9 billion yen. Core operating cash flow exceeded forecast due to contributions from the Australian iron ore business among others, and cash generation remained strong. However, profit for the year was below the full-year target, primarily due to impairment losses for oil and gas development assets recorded in the fourth quarter. Looking at how the reduction in economic activity and drop in crude oil prices accompanying the spread of COVID-19 will affect Mitsui's business in the fiscal year under review, this has mainly manifested as impairment losses for assets associated with oil and gas development. We forecast that the effects will extend further into the fiscal year to March 2021 and beyond.

In terms of shareholder returns, our forecast remains unchanged with an annual dividend of 80 yen per share. Additionally, in the fourth quarter we announced a share buyback of 50 billion yen as additional shareholder returns, out of which approximately 8 billion has been executed as of end March. As a result, we forecast a total return to shareholders of approximately 200 billion yen.

[Key Initiative 1: Build robust profit base and thoroughly strengthen existing businesses (P4)]

Please turn to page 4.
A key initiative of our medium-term management plan was to build a robust profit base and thoroughly strengthen existing businesses, so allow me to explain our results in this area.

In our core areas of Resources & Energy, Machinery & Infrastructure, and Chemicals, profit for the year was 352.8 billion yen, accounting for nearly 90% of Mitsui's overall profit.

In Resources & Energy, core operating cash flow was 465.8 billion yen, surpassing our full-year forecast. This was primarily due to strong performance by the Australian iron ore operations. However, impairment losses, including for assets associated with oil and gas development, meant that profit for the year was 243.0 billion yen.

In Machinery & Infrastructure, profit for the year was 87.5 billion yen and core operating cash flow was 95.2 billion yen. Impairment losses on some assets recorded in the fourth quarter meant that profit for the year was below the full-year forecast.

In Chemicals, performance was achieved previous forecasts, despite continued low commodity prices.

[Result of Cash Flow Allocation (Medium-term Management Plan 3-year cumulative) (P5)]

Please look at page 5.
"Cash flow management and strengthening our financial base" was one of our key initiatives, so I will now explain cumulative results of cash flow allocation for the three-year period of the medium-term management plan.

We achieved strong cash generation and as a result, gained 1.86 trillion yen as Core operating cash flow and 780 billion yen as cash inflow from asset recycling, both of which exceeded the target in the medium-term management plan. On the other hand, as a result of strict investment discipline, cumulative Investment and Loans amounted to 1.91 trillion yen, which is below the forecast in the medium-term management plan, leading to 510 billion yen in shareholder returns. As a result of these allocations, free cash flow after shareholder returns was 220 billion yen.

[Key Initiative 3: Strengthen Financial Base (P6)]

On the next page we discuss the status of our financial base.

Net interest-bearing debt decreased 105 billion yen from the end of the previous fiscal year to 3.5 trillion yen. However, net DER increased to 0.91x as a result of a decline of approximately 450 billion yen in shareholders' equity, primarily due to a decrease in other comprehensive income resulting from exchange rate fluctuations. Going forward, we will continue to strengthen our financial base through our cash flow allocation framework.

The detailed achievements and challenges of the medium-term management plan will be discussed in the briefing to be held next week on May 8.

[Medium-term Management Plan Review　Summary of Quantitative Results (P7)]

Please turn to page 7. Here I will review our performance on the medium-term management plan. We more or less achieved core operating cash flow and ROE targets of 630 billion yen and 10% respectively, due to steady progress in cash generation and improvements in capital efficiency. However, our profit for the year forecast of 440 billion yen was not met due to impairment losses incurred in FY Mar/2020, primarily in the energy segment, and the profit levels in non-resources area not meeting target for the medium-term management plan. .

[Quantitative Results: Profit for the Year (P8)]

Please look at page 8.

Looking at profit for the year for each of the three years of the plan, although we did not reach our target level of 200 billion yen for our non-resources businesses, we steadily enhanced profit creation in non-resource areas, including gains realized from investment through proactive asset recycling and portfolio optimization.

[Quantitative Results: Core Operating Cash Flow (P9)]

Please turn to the next page.

Looking at core operating cash flow for each of the three years of the plan, although we did not reach our target level of 230 billion yen, we enhanced cash generation, particularly in the Resources & Energy segment.

[Shareholder Returns (P10)]

Please see page 10. I would like to conclude by talking about shareholder returns.

There is no change to our plan announced at the start of the fiscal year to pay an annual dividend for the fiscal year ended March 2020 of 80 yen per share. For the period of the medium-term management plan, we plan total shareholder returns of approximately 510 billion yen representing total shareholder returns of approximately 27% against total core operating cash flow.

Looking ahead, we will continue to pursue a sustainable increase in shareholder returns in alignment with improved business performance while working to optimize capital efficiency.

That concludes my part of the presentation. I will now hand over to Tetsuya Shigeta, our Global Controller, to explain our results for the fiscal year ended March 2020 in detail.

＝ Global Controller Division part ＝

[FY Mar/2020 Operating Results (P11)]

Thank you, my name is Tetsuya Shigeta, Global Controller, and I will now provide details of our operating results.

[Profits: Year-on-year segment comparison (P12)]

Please look at page 12.

First, I will explain the main changes in profit by segment compared to the fiscal year ended March 2019.

Profit for the year decreased 22.7 billion yen to 391.5 billion yen.

Mineral & Metal Resources profits increased 16.1 billion yen to 183.3 billion yen amid an increase in sales price and volume at Australian iron ore operations and despite a decrease in the sales price of coal and an increase in costs, as well as impairment losses for Mozambique coal and infrastructure projects.

Energy segment profits decreased 36.0 billion yen to 59.7 billion yen. The main factors were a decline in crude oil and gas prices and impairment of oil and gas development assets.

Machinery & Infrastructure profits increased 9.1 billion yen to 87.5 billion yen due to contributions from gas distribution and automotive businesses and the sale of interest in C2C, a wind and solar power generation business in Canada. This was despite impairment losses at our overseas railroad business and offshore support vessel business.

Chemicals segment profits increased 17.1 billion yen to 22.3 billion yen, mostly due to the absence of losses at a U.S. terminal business recorded in the previous fiscal year, and despite lower earnings at businesses amid an economic slowdown, and weak trading performance.

Iron & Steel Products profits decreased 5.2 billion yen to 4.7 billion yen. The main factors were the absence of a gain on sale of land by affiliated company, which was included in the previous fiscal year, along with lower earnings at businesses amid an economic slowdown.

Lifestyle segment profits decreased 4.3 billion yen to 32.0 billion yen due to the absence of gain on reversal of provision related to withdrawal from the Multigrain business and absence of gain on deemed sale of IHH, both included in the same period of the previous fiscal year, and impairment of fixed assets at XINGU. These negative factors offset a decrease in corporate income taxes resulting from the partial sale of investment in Recruit Holdings and profit from the sale of our interest in Columbia Asia.

Innovation & Corporate Development profits decreased 7.4 billion yen to 14.6 billion yen mainly due to FVTPL losses.

Other factors were a loss of 12.1 billion yen resulting from expenses, interest, taxes, etc. not allocated to business segments

[Core Operating Cash Flow: Year-on-year segment comparison (P13)]
Please turn to page 13.

Core operating cash flow was 621.9 billion yen, a year-on-year increase of 51.4 billion yen.

Now I will provide explanations for the segments in which factors outside of change in profit for the year influenced year-on-year changes in core operating cash flow

In Machinery & Infrastructure, core operating cash flow increased by 21.2 billion yen to 95.2 billion yen due to project development fees and the effect of changes in lease accounting standards.

In Lifestyle, core operating cash flow increased by 12.6 billion yen to 37.3 billion yen due to the effect of changes in lease accounting standards.

In Others, core operating cash flow decreased by 40.4 billion yen to 25.9 billion yen due to corporate pension contributions.

[Profit for the year: Year-on-year factor comparison (P14)]

Turning now to page 14, we will look at the main factors influencing year-on-year changes in profit.

Base profit was a factor in a decline of approximately 31 billion yen. Despite strong trading at trading businesses such as Mitsui Energy Trading Singapore and increased profits in gas distribution businesses and IHH, there were negative factors such as FVTPL valuation losses associated with the decline in the price of listed securities, and a decrease in profits from trading businesses across each segment resulting from deteriorating market conditions.

Resource-related costs/volume was a factor in a decline of 2 billion yen, mainly due to an increase in the cost of coal associated with unfavorable mining conditions, and despite increased production volume at the Australian iron ore operations.

Asset recycling contributed to an increase of 46 billion yen, mainly due to the sale of equity interest in Columbia Asia Healthcare, and a decrease in corporate income tax due to the partial sale of investment in Recruit Holdings.

Commodity prices/Forex contributed to an increase of 16 billion yen mainly due to a strong iron ore market, and despite a decline in crude oil and gas prices.

Valuation gain/loss & special factors contributed to a decline of 52 billion yen, due to the recording of impairment losses at Mozambique coal and infrastructure projects and in assets related to oil and gas development, and despite the recording of deferred tax assets associated with Mozambique Area 1 FID.

[Result of asset recycling / investment and loans (P15)]

Please turn to page 15.
Here I will provide an explanation on asset recycling, investment and loans during the period.

In asset recycling, cash inflow for the period was 250 billion yen. Main items included the sale of our equity interest in Columbia Asia Healthcare, the sale of Sogo Medical Holdings, the sale of the C2C Power, wind and solar power generation business in Canada, and the sale of the logistics facilities development business in China.

Investment and loans accounted for 420 billion yen in cash outflows, influenced by factors such as the integrated block development of Mitsui & Co. Head Office.

Looking ahead, we will continue to employ strict investment discipline, pursuing a balanced allocation of cash to realize medium- to long-term growth while also strengthening our financial base.

That concludes my presentation. Thank you.