

Progress of Medium-term Management Plan

— Medium-term Management Plan —

Driving Value Creation

2018

2019

2020

External environment

- Following the end of the global resources super-cycle, a worldwide shift away from an overreliance on volume expansion to a focus on the pursuit of growth in quality
- Continued changes at a rapid pace, with shifts such as the move away from a system of global rules led by the U.S. and Europe toward a world in which each region considers what is optimal for them



Mitsui's focus

- Establish a profit base resilient to external changes and risks
- Dynamic allocation of resources
- Strengthening our management foundation



Key initiatives

- 1** Build a robust profit base and thoroughly strengthen existing businesses
- 2** Establish selected new growth areas
- 3** Cash flow focused management; Strengthen financial base
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- 4** Enhance Governance, Personnel, and Innovation functions



Quantitative targets

Profit for the year*1

¥440.0bn

(Year to March 31, 2020)

¥418.5bn

(Year ended March 31, 2018)

Core operating cash flow*2

¥630.0bn

(Year to March 31, 2020)

¥666.5bn

(Year ended March 31, 2018)

ROE

10%

(Year to March 31, 2020)

10.9%

(Year ended March 31, 2018)

*1. Profit for the year attributable to owners of the parent

*2. Cash flows from operating activities minus cash flows from changes in working capital

FY2019 business plan

2018

2019

2020

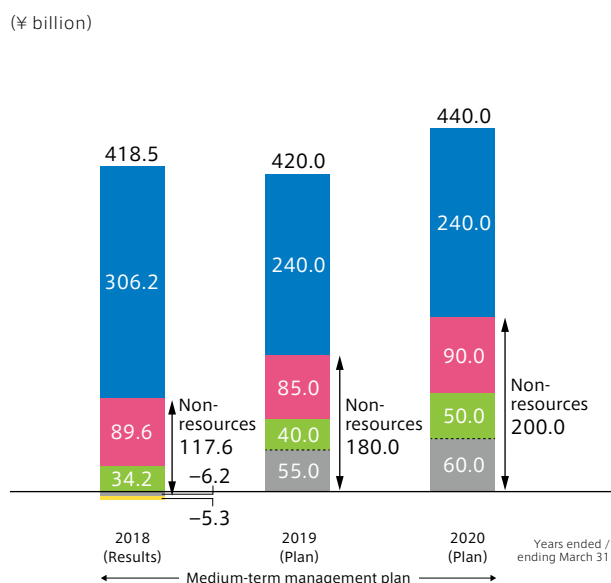
Profit for the year*¹ (for each segment)

- Targeting steady profit growth in non-resource areas through improvement of our base profit
- Forecasting profit decline in Resources & Energy in FY Mar/2019 due to absence of valuation gain for Valepar recorded in FY Mar/2018

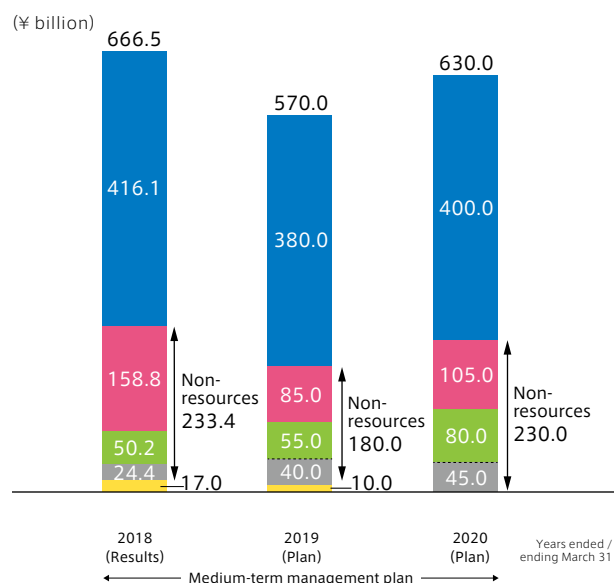
Core operating cash flow*² (for each segment)

- Temporary decline in FY Mar/2019 mainly due to a concentration of large dividend payments from equity-method affiliates, including early payments, recorded in FY Mar/2018
- Steady progress from FY Mar/2018 in strengthening cash flow generation due to increase in base profit

(¥ billion)



(¥ billion)



■ Resources & Energy ■ Machinery & Infrastructure ■ Chemicals ■ Other areas ■ All others / Adjustments and eliminations

*1. Profit for the year attributable to owners of the parent

*2. Cash flows from operating activities minus cash flows from changes in working capital

FY2019 action plans

- Further strengthen profit base in core areas through steady progress of the initiatives described below
- Continue efforts to decrease loss-making companies and grow revenue of existing businesses
- Accelerate initiatives in four growth areas and foster the next revenue pillars

Mineral & Metal Resources

- Enhance profit base at existing Australian operations
- Improve operations at Caserones in Chile

Energy

- Steadily progress toward a final investment decision concerning LNG project in Mozambique
- Successfully launch Kaikias in U.S. and Tempa Rossa in Italy
- Integrate Australia-based AWE Limited into the Group

Machinery & Infrastructure

- Launch new power generation projects (Safi in Morocco, Salalah-2 in Oman)
- Accelerate initiatives in next-generation power (Forefront and other distributed power, services businesses)
- Pursue mobility service initiatives (lease, rental, and sharing businesses)

Chemicals

- Expand Intercontinental Terminals Company LLC in the U.S.
- Participate in European coating materials business
- Pursue Novus International Inc. growth strategy in the U.S. (pursue plans to expand methionine manufacturing capacity, etc.)

Key initiatives and results of first year of medium-term management plan

Initiative 1 Build a robust profit base and thoroughly strengthen existing businesses

The three core areas of our medium-term management plan are Resources & Energy, Machinery & Infrastructure, and Chemicals. We aim to generate 90% of our entire core operating cash flow from these three areas. We will continue to add assets through bolt-on acquisitions in these areas of strength, thereby enhancing our strengths.

Resources & Energy	Machinery & Infrastructure	Chemicals
<ul style="list-style-type: none"> • Iron Ore • Oil & Gas 	<ul style="list-style-type: none"> • Power generation • Marine energy • Gas distribution • Automotive • Shipping • Railroads 	<ul style="list-style-type: none"> • Feed additives/Agricultural chemicals • Functional materials • Tank terminals • Chemical products manufacture and trading

In addition, we will thoroughly strengthen existing businesses and improve the value through the following initiatives.

- Realize latent value (raise value through operational improvement, business revitalization, and industry reorganization)
- Pursue business entry and exit coordinated with business cycle
- Reinforce trading by upgrading our selling power and value add

Results of first year of medium-term management plan 2018 2019 2020

In FY Mar/2018, the first year of the medium-term management plan, we built a robust profit base and thoroughly strengthened existing businesses and grew non-resource area profit to ¥170.0 billion level, excluding valuation gains/losses.

Segment	Specific achievements
Mineral & Metal Resources	<ul style="list-style-type: none"> ■ Ramping up of Moatize/Nacala, entered into project finance in Mozambique ■ Acquired additional equity in Collahuasi copper mine in Chile
Energy	<ul style="list-style-type: none"> ■ Start of Kipper contribution in Australia ■ Tender offer for AWE Limited in Australia
Machinery & Infrastructure	<ul style="list-style-type: none"> ■ Improved asset quality through IPP asset recycling ■ Commencement of 2 FPSO charter contracts ■ Additional investment in Penske Truck Leasing Co., L.P. in the U.S.
Chemicals	<ul style="list-style-type: none"> ■ Stable operations of methanol business ■ Strengthened trading (Mitsui & Co. Plastics Ltd., European sulphur & sulfuric acid business, etc.)
Iron & Steel Products	<ul style="list-style-type: none"> ■ Promoted business reform (made Nippon Steel & Sumikin Bussan Corporation an equity-method affiliate, sold Champions Cinco Pipe & Supply LLC in the U.S., etc.) ■ Expansion of Gestamp Automoción S.A. business in Spain
Lifestyle	<ul style="list-style-type: none"> ■ Decision to withdraw from Multigrain Trading AG in Brazil ■ Panasonic Healthcare Holdings Co., Ltd. (currently PHC Holdings Corporation) contributed to profit ■ Acquired Bigi Holdings Co., Ltd.
Innovation & Corporate Development	<ul style="list-style-type: none"> ■ Strengthened profit base of CIM Group, LLC in the U.S. by increasing assets under management ■ Expanded consumer goods logistics business (Mitsui & Co. Global Logistics, Ltd.)

Initiative 2 Establish selected new growth areas

Based on the medium-term outlook for the business environment, we have selected four growth areas in which we can excel and allocate business resources to these areas dynamically.

Mobility	Healthcare	Nutrition & Agriculture	Retail & Services
Multifaceted approach to Materials and Mobility & Transportation services based on changing social needs in the environmental society	Build healthcare ecosystem around medical services businesses	Raise productivity, provide stable supplies in agriculture/livestock/fisheries, enhance added value of foods	Foster next generation digital/logistics/financial functions to meet consumer needs

The expanding middle class of Asia and growing North American economy are core targets

Establish Mitsui's next profit pillars

Results of first year of medium-term management plan

2018

2019

2020

In FY Mar/2018, we accelerated initiatives to establish four new growth areas, mainly in Mobility and Healthcare.

	Specific achievements
Mobility	<ul style="list-style-type: none"> Commercial vehicle electrification initiatives starting in Europe (investment in EV bus business, electric vehicle battery business) Expanded railway-related business (expanded rail network in U.K. passenger rail business, started Taiwan train station business) Initiatives in operating lease and rental car business in Chile
Healthcare	<ul style="list-style-type: none"> Expanded hospital infrastructure business in Southeast Asia (additional investment in Columbia Asia Group) Took initiatives to address new drug needs in Russia (investment in JSC R-Pharm) Expanded healthcare staffing business (acquisition of Accountable in U.S.)
Nutrition & Agriculture	<ul style="list-style-type: none"> Strengthened network and Africa regional strategy (ETC Group Limited investment agreement) Reinforced food science area (SODA AROMATIC Co., Ltd. tender offer)
Retail & Services	<ul style="list-style-type: none"> Expanded assets under management (¥1.4 trillion to ¥1.9 trillion) Acquired planning/marketing platform in fashion and retail business

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Initiative 4 Enhance Governance, Personnel, and Innovation functions

Results of first year of medium-term management plan

2018

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	Specific achievements
Strengthen governance	<ul style="list-style-type: none"> Strengthened the effectiveness of the Board of Directors <ul style="list-style-type: none"> Increased diversity and improved skill set balance of Board members Created more opportunities for discussion on Mitsui's long-term direction, including its corporate strategies and medium-term management plan Established Sustainability Committee, and promoted management with greater emphasis on the sustainability of both society and Mitsui
Strengthen the individual	<ul style="list-style-type: none"> Shifted corporate staff to business frontline Introduced staggered working hours at an individual level Launched in-house entrepreneur system, currently preparing to commercialize business plans
Strengthen innovation functions	<ul style="list-style-type: none"> Appointed CDO and established Digital Transformation (DT) team Accelerated initiatives of DT, focusing on three areas: reducing costs in existing businesses, increasing sales in existing businesses, and developing new business <p>Please see "Promoting the Digital Transformation Strategy" on pages 048 and 049.</p>