



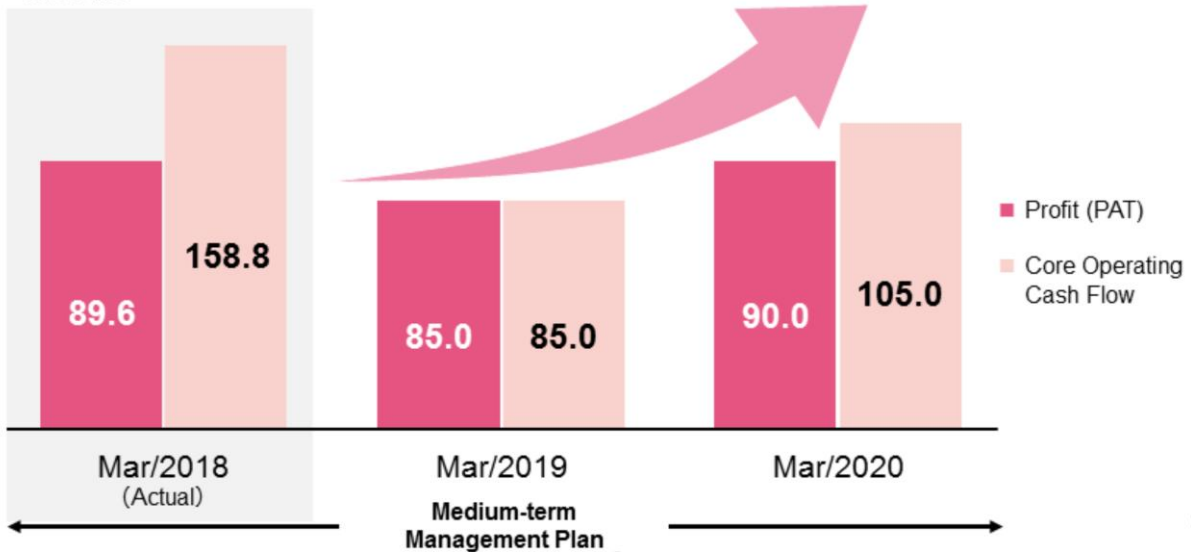
Local  
One-Stop  
Machinery &  
Infrastructure

# Shingo Sato

Integrated Transportation Systems Business Unit |

## Quantitative Targets Profit(PAT)/Core Operating Cash Flow

Unit : ¥bn



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For the fiscal year to March 2018, we saw a significant year-on-year increase in our financial results due to the recycling of power generation IPP assets, and good performance in nearly every business area.

For the fiscal year to March 2019, although we don't expect to carry out any large-scale asset recycling, we are steadily building our earnings foundation, and we have confidence in reaching our goals in our final year of the Medium-term Management Plan.

## Competitive Advantages

Developing comprehensive business through extensive customer base and coordination with top-level partners



Coordination with 160 affiliate companies

- Automobiles
- Construction equipment
- Shipping
- Aerospace
- Transportation

## Development & Expansion



To give you an example of the scale of our business foundation, in the machinery transportation sector we have total assets of more than ¥1.3 trillion, including around 270,000 vehicles owned or managed by Penske Truck Leasing, 300 locomotives leased worldwide, 13,000 freight cars, and around 70 LNG carriers and other classes of ships. We also have automotive lease financing assets of around ¥120 billion.

## Competitive Advantages

Existing infrastructure assets backed by stable demand  
 Increase in value through productivity streamlining, and portfolio optimization through asset recycling



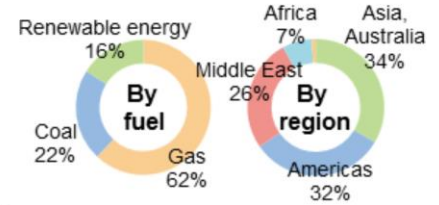
- ◆ Power generation capacity 9.3GW
- ◆ Well-balanced region/fuel portfolio
- ◆ Operatorship



- ◆ Solid cooperative structure with MODEC
- ◆ Proven results with abundance of projects for Brazilian firm Petrobras
- ◆ Stable income from 18 FPSO/FSO vessels (investment scale: ¥80 bn)



- ◆ Strong relationship with Petrobras
- ◆ Approximately 50% share of Brazil gas supply (Operating in 19 of 26 states)



In the infrastructure business, we hold a competitive business portfolio arranged under the three pillars of power, marine energy, and gas distribution. The total asset of the business is about ¥970 billion.

## Business Environment



**Low-carbon society  
Strengthening of  
environmental regulations  
New business opportunities**

**Accelerated change  
in industrial structure**

**Shift from owning to using  
(lease, rental, sharing)**

The automotive industry is currently in the midst of a historic change, including recent trends in EV, autonomous driving and many other innovations. At the same time, the mindset of users is shifting rapidly from 'owning' to 'using', and new markets and sophisticated, cross-sector IT-based business models are emerging in leasing, rental and sharing.



## Basic Strategies

**01** Thoroughly reinforce  
a sustainable earnings base

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**02** Implement strategic lifecycle management

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**03** Enter new business domains  
(e.g. automotive sector)

# 1 Thoroughly reinforce a sustainable earnings base (progress)

## Increased stake in Penske Truck Leasing

- Equity holding 20%→30%  
¥48.0 bn
- Strengthened ties with Penske Group (70%)

## Cameron LNG vessel

- Investment in 2 of 7 long-term charter ships
- Assessing remaining 5 ships

## FPSO Charter-in

- Launched operation of 2 FPSO vessels (for Brazil, Ghana)
- Invested in 2 new vessels

## FSRU investment

- First FSRU to Pakistan
- Capturing LNG demand in developing nations

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In the first year of our medium-term plan we took measures to reinforce our earnings base with a view to contributing to earnings within 2 to 3 years.

We expanded our stake in Penske Truck Leasing to 30%, and shifted to a structure in which we operate Penske Truck Leasing in tandem with the Penske Group.

In FPSO business, we have continued to expand our fleet, deepening our cooperation with MODEC to pursue business mainly in Brazil with Petrobras, where promising new projects are expected to increase. Including ships under construction our fleet now stands at 18.

In shipping, we are joint owners of an FSRU with major Norwegian marine company BW. Construction has also been completed on the first of seven LNG carriers ordered by Mitsui for a Cameroon project. We hope to meet future expected growth in demand for LNG.

# 1 Thoroughly reinforce a sustainable earnings base



## Digital Transformation



### Sky Futures (UK)

- Drone inspections to increase safety and decrease downtime
- Improve inspection efficiency of large assets such as ships
- Optimize asset management through accumulated data and AI



### Komatsu, LANDLOG

### “Digital Transformation with KOMATSU/LANDLOG”

Use construction equipment data and digitalize construction sites

Start fuel supply services as entry point for joint development of new services

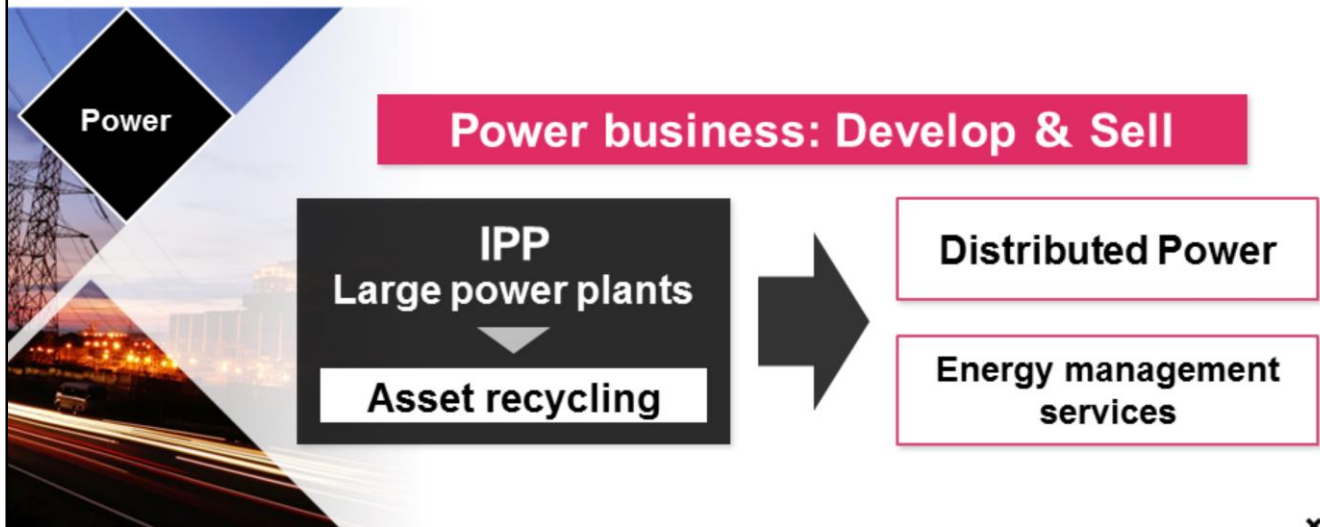
→ Reform construction industry and lift efficiency

Mitsui is invested in Sky Futures, a UK company that makes use of drone data and AI to provide inspection and examination services. In one overseas example, cost savings of approximately four million dollars were achieved.

We are also working with KOMATSU and LANDLOG to improve productivity in the construction industry. We estimate that in ten years, demand for our digital business will reach ¥400 billion. One of our first initiatives is to introduce a fuel supply service matching business for construction sites.

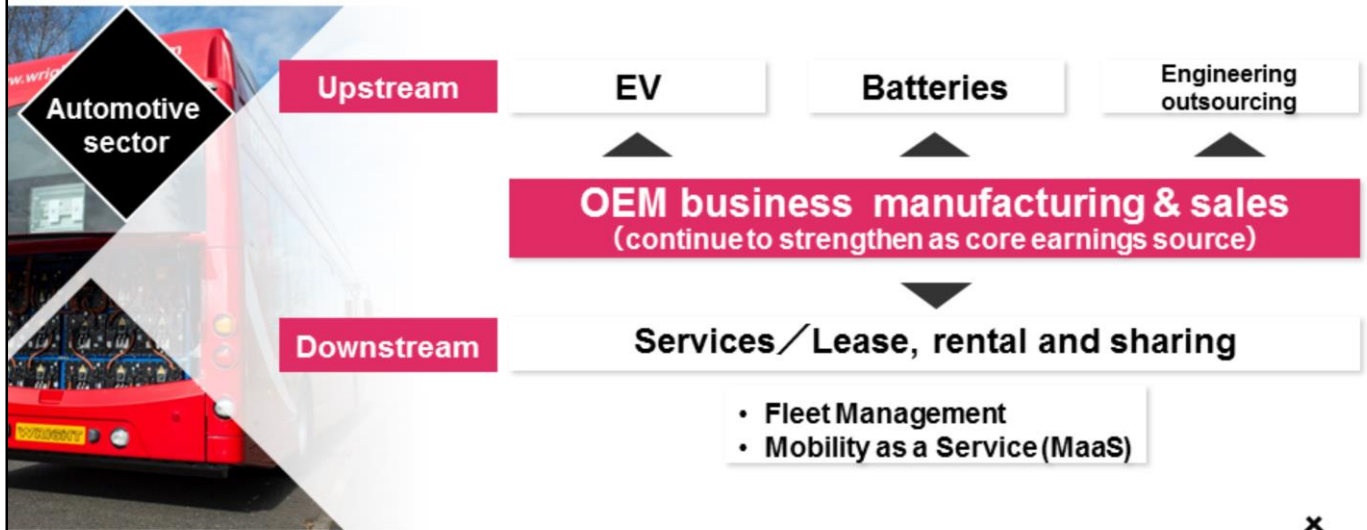


## 2 Strategic lifecycle management (2018 progress)



In the fiscal year to March 2018, our core operating cash flow increased by approximately ¥84 billion year-on-year, mainly due to IPP business asset recycling. Our aim in power generation is to use our base in IPP business to shift into local power and energy management services. We expect Forefront to become a source of earnings growth through solar power development and other such work.

### 3 Challenge new business domains (Example: automotive sector)



Automotive business is at the core of this Business Unit, with earning power in the range of ¥20 to 30 billion.

We will continue to strengthen our OEM business, which makes up the foundation of our revenues and is an area where we are traditionally strong. Upstream, we are engaging in EV business, battery systems for electric mobility and outsourcing of vehicle control systems development, and downstream, we are working in areas such as commercial vehicle leasing & rentals and online used vehicle auctions, in addition to our car sharing business.

## Individual strategy ① Lease, Rental, Sharing



PTL  
(US)

### Penske Truck Leasing Co., L.P ("PTL")

- ◆ Together with Penske Automotive Group as international transportation services company
- ◆ Secure new mobility business platforms in US and other regions
- ◆ Grow and horizontally extend full-service truck leasing, truck rental and logistics business



Mitta  
(Chile)

### Largest auto lease/rental co. in Chile Inversiones Mitta SpA (49% stake)

- ◆ Leveraging vehicle operating lease (B to B) and rental car businesses (B to C),

expand the value chain to consumer side

PTL is a North American industry leader, with business in full service truck leasing and maintenance, corporate and retail vehicle rental and maintenance contracting and logistics. The company also operates in Europe, Asia and Australia. When we first invested in PTL in 2015 it owned or managed 210,000 vehicles. That number has now grown to 270,000 vehicles.

In January 2018 we took a 49% stake in Inversiones Mitta, the parent company of an automobile operating lease and rental car business in Chile. This business has a total of approximately 16,500 vehicles, and is a major player in Chile with a strong business base in both BtoB business, where it has a high share in operating lease business in Chile's mining and energy industries, and BtoC business, where it has a long history in local car rentals.

## Individual strategy ② Expand EV and batteries platforms



### Investing in EV development and manufacturing business to secure development and production capabilities in EVs and core components

- ◆ Caetano Bus (EV bus)
  - Global No.1 in airport passenger buses
  - Aiming to expand EV bus business thru Mitsui network
- ◆ Forsee (Battery system)
  - Battery system technologies incl. battery and related systems
  - Pursue battery lifecycle business incl. leasing, re-use and recycling
- ◆ Lucid Motors (Premium EV)
  - Core EV technologies like batteries, motor and software
  - Targeting 2020 commercial production

Mitsui is an investor in CaetanoBus, Europe's No. 1 manufacturer of airport passenger buses.

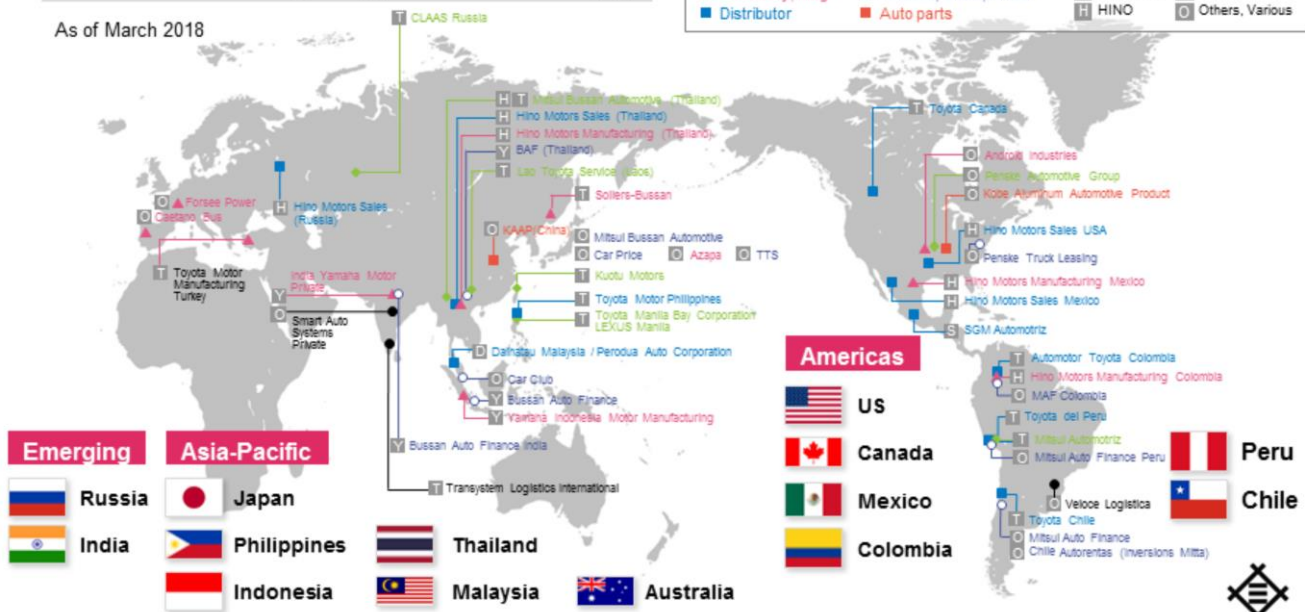
The key to 'EV mobility' in society is the battery, so we have also invested in Forsee Power, a French company that has technology in batteries and associated systems. Through this company we are pursuing business across the entire battery lifecycle, including battery leasing, re-use and recycling.

Lucid specializes in core EV technologies such as batteries, motors and software, and plans to commercialize a premium EV in 2020.

# Auto industry regional strategy

As of March 2018

● Logistics	◆ Dealer	T TOYOTA	Y YAMAHA
▲ Assembly, mftg	○ Finance, lease, rental	D DAIHATSU	S Subaru
■ Distributor	■ Auto parts	H HINO	O Others, Various



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Lastly, this gives an overview of how we are pursuing a regional strategy in addition to expanding our automotive business upstream and downstream.

We position North America, Central and South America, and Asia—where we have existing core businesses—as our three regional axes, and we aim to expand our operating assets and thoroughly strengthen our earnings base.