

Financial Strategy Review and Outlook



Basic Policy

Support Mitsui's growth strategy by ensuring liquidity and maintaining financial soundness

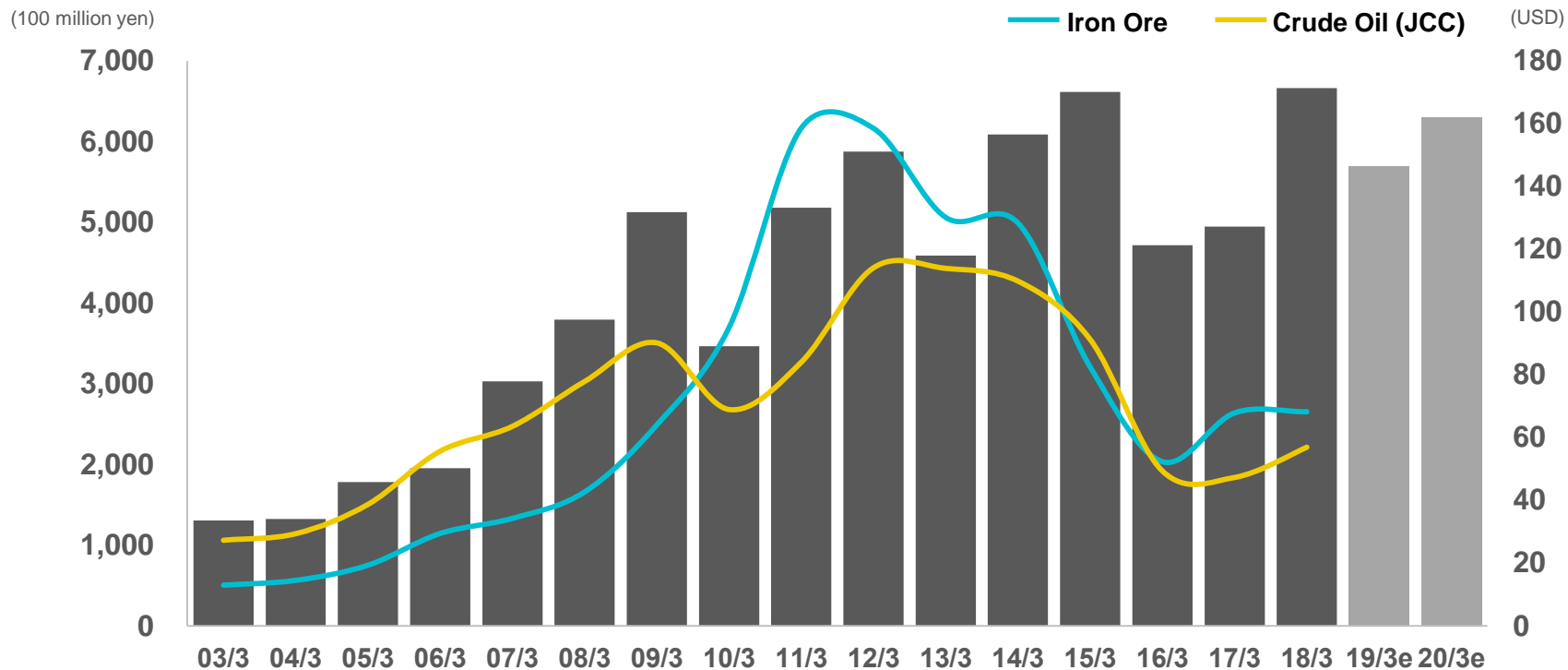
- Ensure long-term stable funding and maintain access to financial capital markets
- Maintain liquidity and mitigate refinancing risk
- Fully utilize loans from government financial agencies, project finance
- Exercise efficient cash management and transaction control
(global cash management, in-house banking)

Progress in Financial Strategy

Cash flow focused management; Strengthen financial base

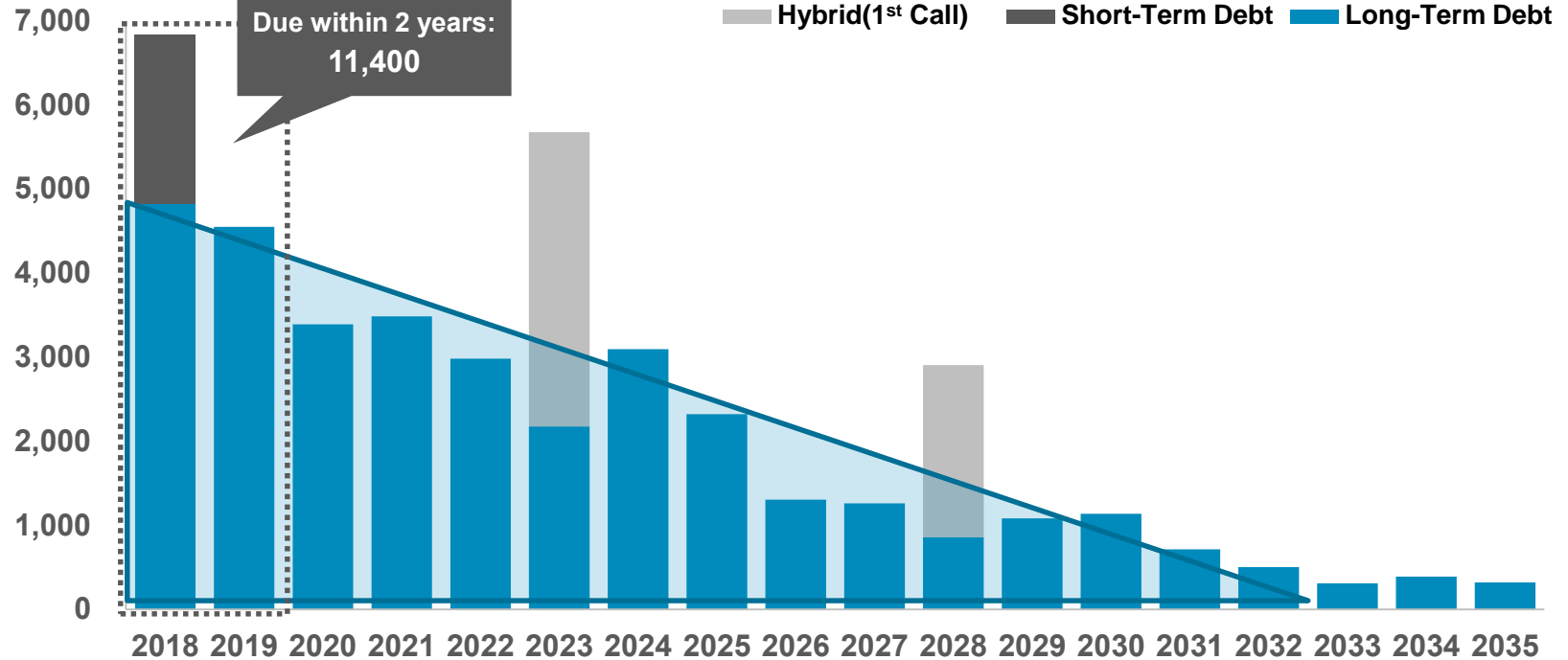
- Introduced cash flow allocation framework from previous medium-term management plan
- Mar/2017: Executed hybrid loans (total ¥555bn, recognized equity content 50%)
- Mar/2017 onwards: Made steady progress in strengthening financial base amid strong earnings
- Mar/2018 year end: Reduced Net DER to 0.78x (lowest ever); Equivalent to 0.66x after adjustment for hybrid loans
- Improved major ratings outlook from Negative to Stable
- Current outlook for shareholder returns in medium-term plan is ¥400bn+, compared with total shareholder returns during period of previous plan of ¥400bn

Core Operating Cash Flow

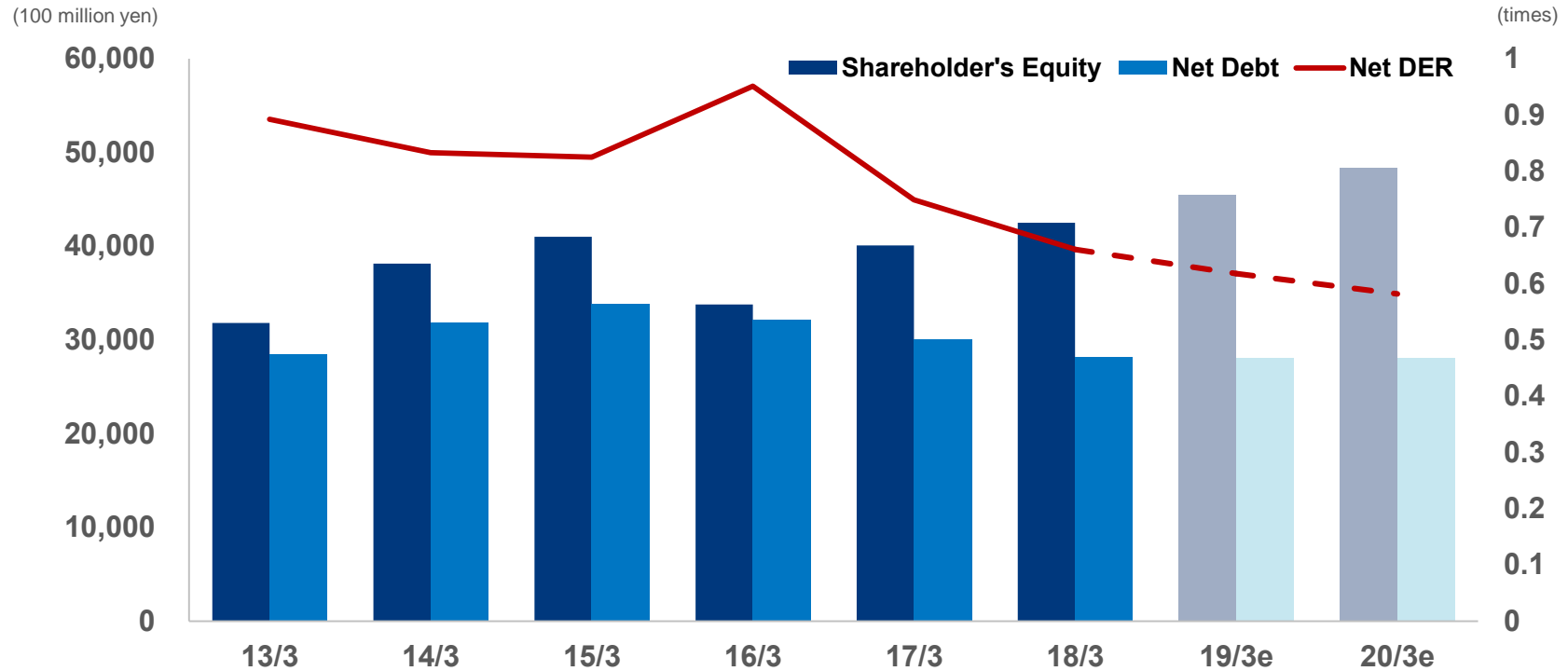


Debt Maturity as of 2018/03

(100 million yen)

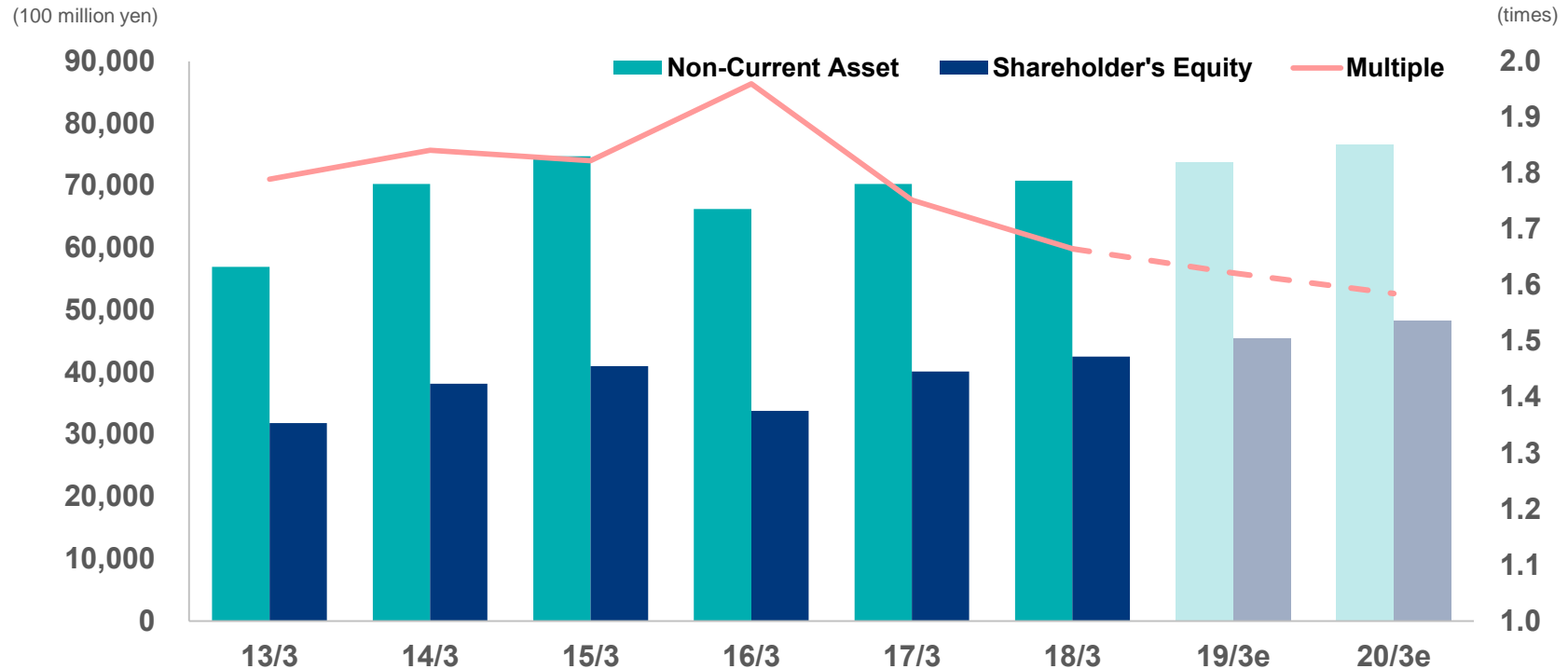


Net Debt to Equity Ratio*



*Adjusted Net DER by including 50% of subordinated syndicated loan (JPY 555bil) in capital

Non-Current Asset / Shareholder's Equity (Multiple)



Risk Asset / Shareholder's Equity*

(100 million yen)

50,000

40,000

30,000

20,000

10,000

0

13/3

14/3

15/3

16/3

17/3

18/3

19/3e

20/3e

Risk Asset

Shareholder's Equity

Risk Asset/Equity

80

75

70

65

60

55

50

45

40

35

30

*Adjusted Shareholder's Equity by including 50% of subordinated syndicated loan (JPY 555bil) in capital

Core Areas



**Mineral &
Metal Resources**



Energy



**Machinery &
Infrastructure**



Chemicals



Mineral &
Metal Resources

Shinichiro Omachi

Mineral & Metal Resources Business Unit

Basic Strategies

01

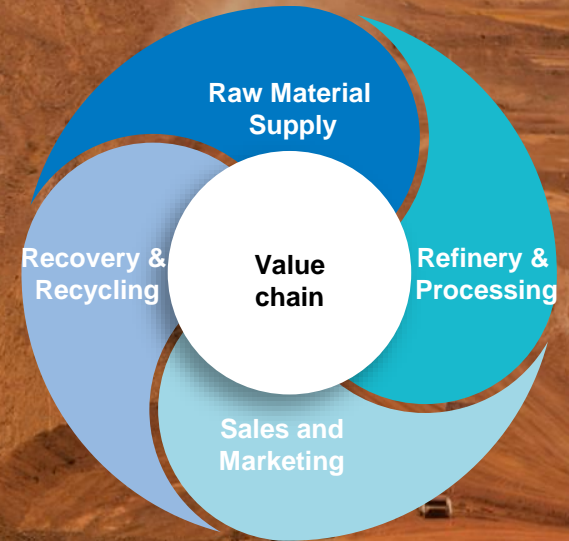
Secure competitive resources and contribute to stable supply

02

Establish trading and investment businesses to fulfill customer & partner needs

03

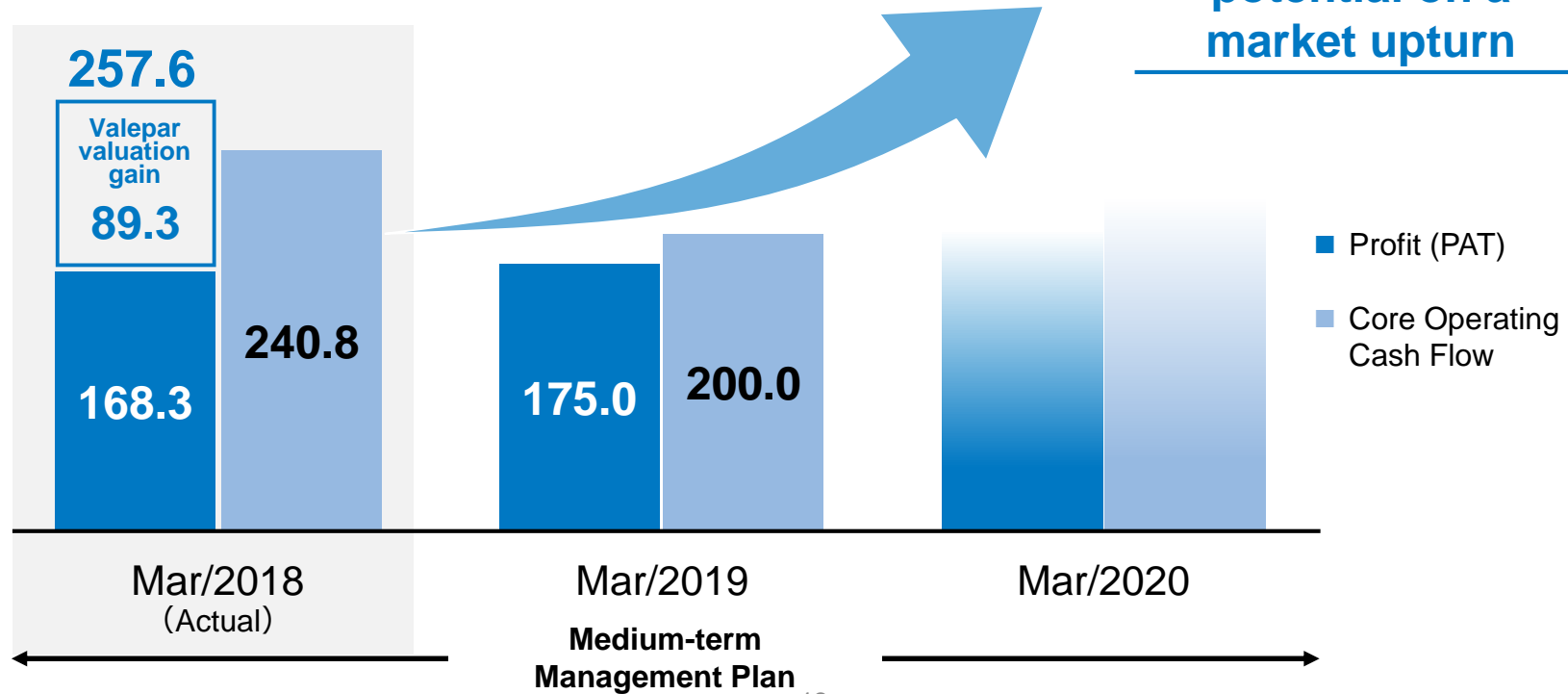
Pursue balanced business which contributes to sustainable economic growth, while preserving the environment



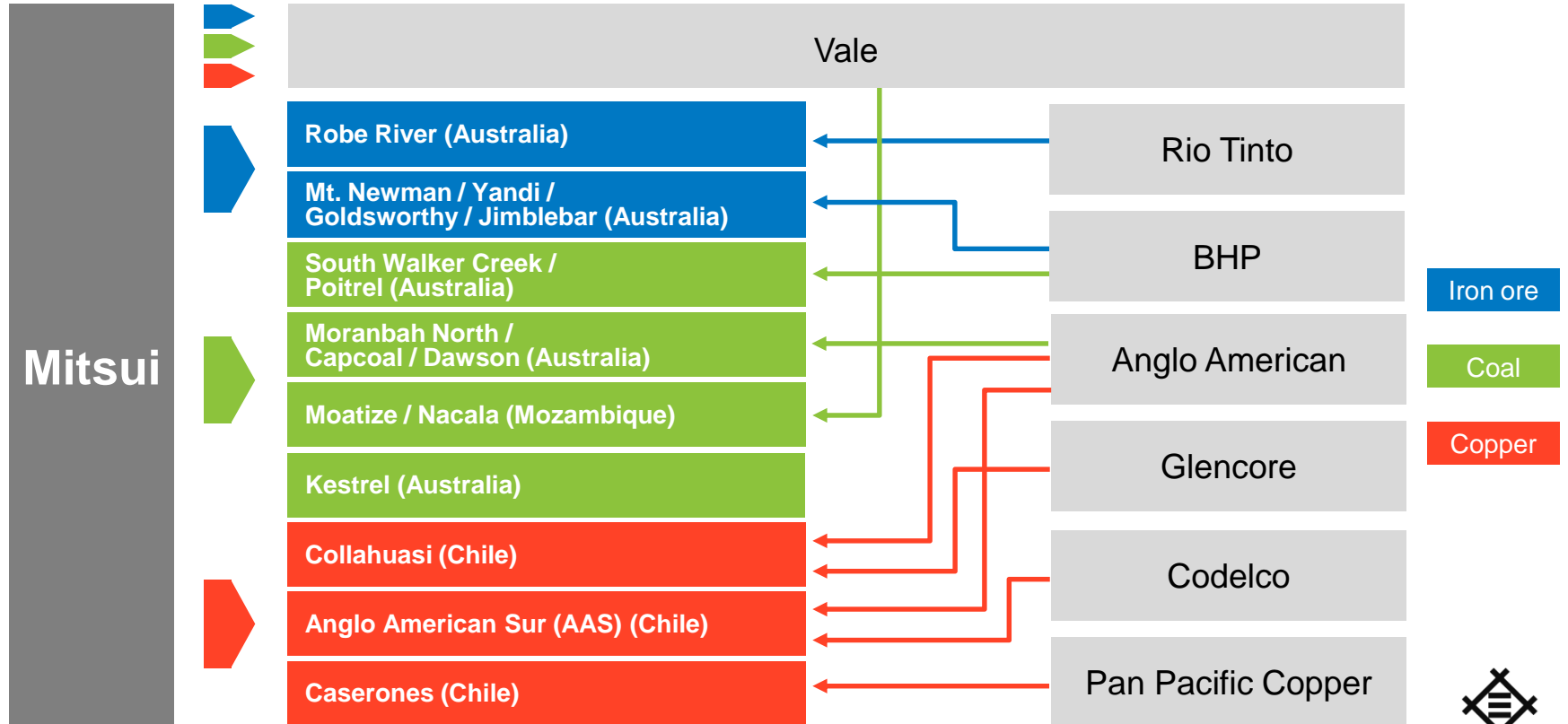
Quantitative Targets Profit(PAT)/Core Operating Cash Flow

Unit : ¥bn

Seize the upside potential on a market upturn



Major Projects



Progress on Key Initiatives



Iron Ore

Further enhance competitiveness

- ◆ Increased equity share of production
- ◆ Increased quality assets through Valepar reorganization
- ◆ Automating Western Australian iron ore operations



Coal

Extract returns from new projects, enhance portfolio

- ◆ Ramping-up Moatize coal mine / Nacala infrastructure operation
- ◆ Considering optimization of Australian asset portfolio



Copper

Strengthen existing operations and quality assets

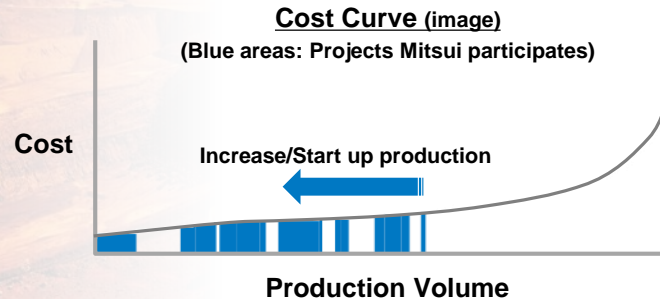
- ◆ Increased stake in Collahuasi
- ◆ Making operational improvements at AAS and Caserones

Competitive Advantages - 1 Three pillars of profit base: iron ore, coal, and copper

Iron Ore

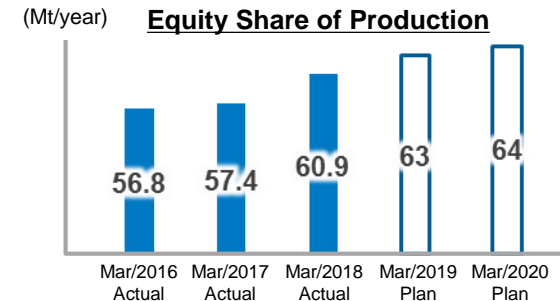
Cost Competitiveness

- ◆ World-class cost competitiveness
- ◆ Further enhancing cost competitiveness
 - BHP Jimblebar production increase
 - Vale Carajas S11D ramp-up



Equity Share of Production*

- ◆ Robust production base
 - Vale Carajas S11D production increase
 - BHP South Flank development
(Post-Yandi deposit; FID scheduled in mid-2018)



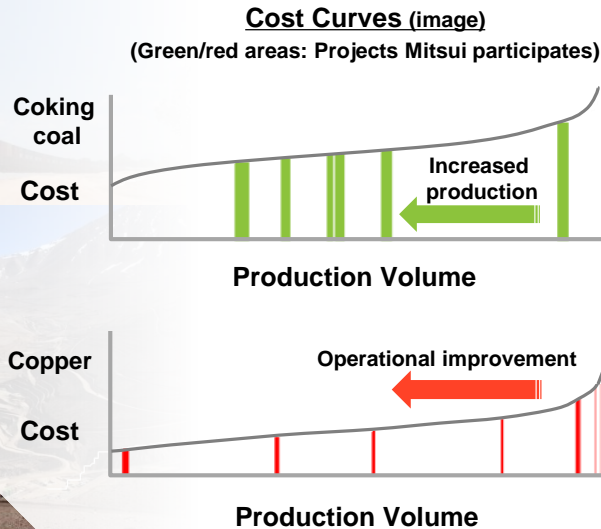
Long-term production backed by abundant reserves

Competitive Advantages - 1 Three pillars of profit base: iron ore, coal, and copper



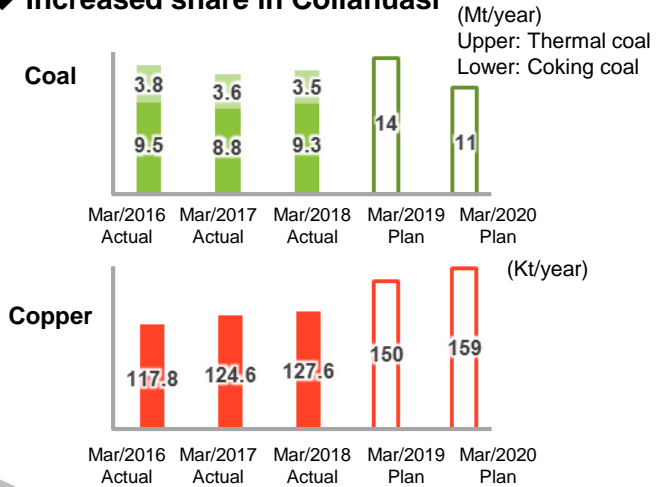
Cost Competitiveness

- ◆ Further strengthen cost competitiveness



Equity Share of Production*

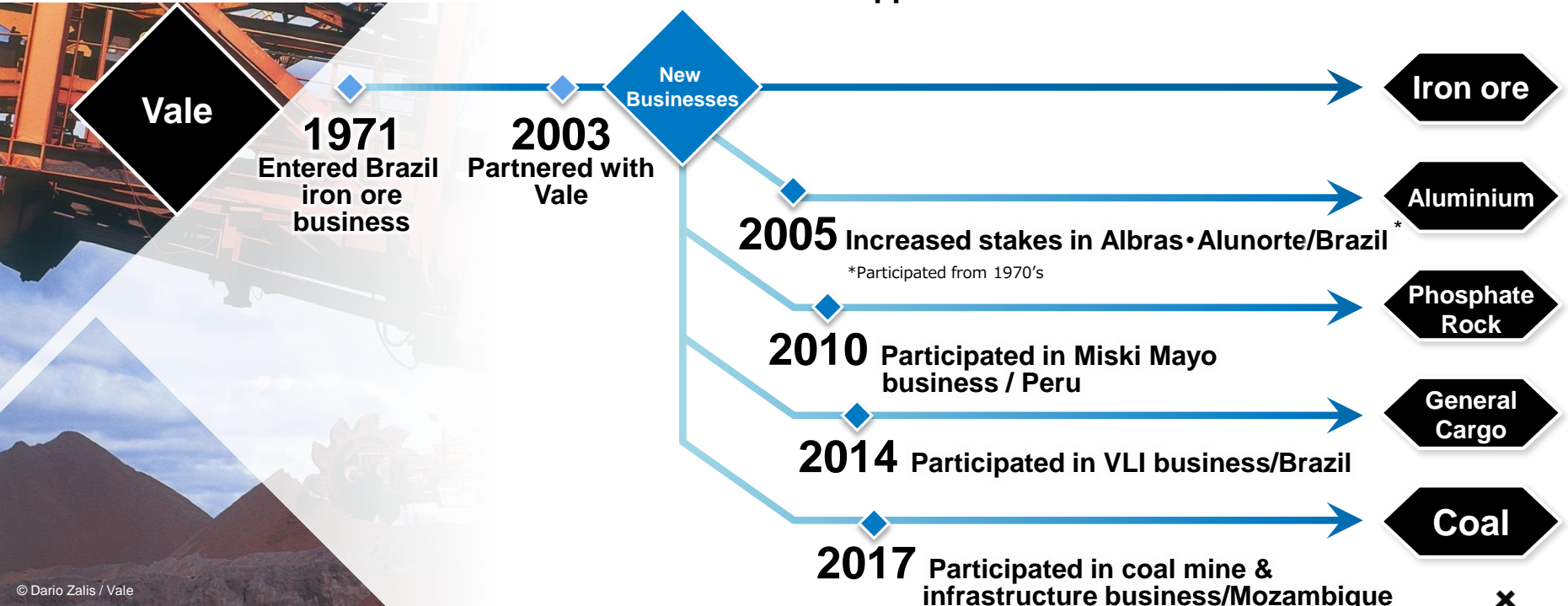
- ◆ Portfolio focused on coking coal
- ◆ Start up of Moatize coal mine
- ◆ AAS-Caserones operational improvement
- ◆ Increased share in Collahuasi



Long-term production backed by abundant reserves

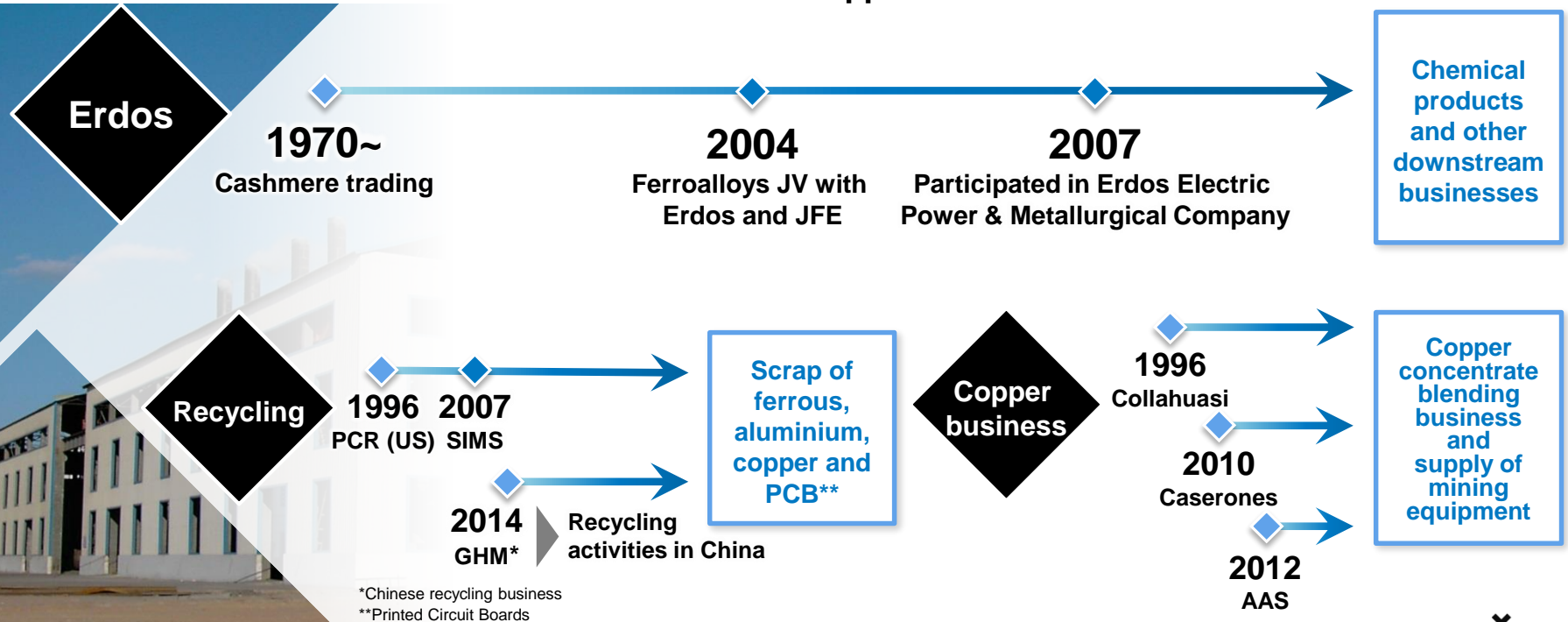
Competitive Advantages - 2

Using Mitsui's long experience and capabilities in mineral and metal resources— trust, network, distribution—to originate investment opportunities

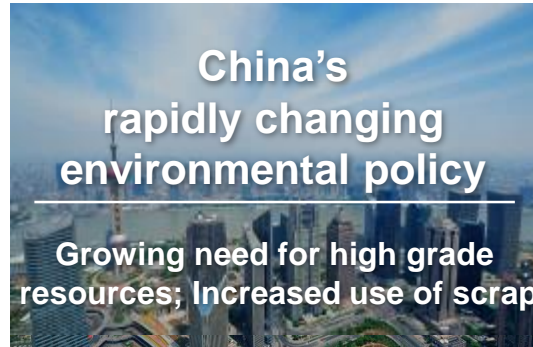


Competitive Advantages - 2

Using Mitsui's long experience and capabilities in mineral and metal resources— trust, network, distribution—to originate investment opportunities



Changes in the business environment over 1 year: Mitsui's approach



Mitsui's approach

Portfolio management toward more competitive assets

Responding to energy mix in individual countries & regions
Recycling

Discussing with auto & battery makers to establish value chain of secondary battery materials

Basic Strategies

01

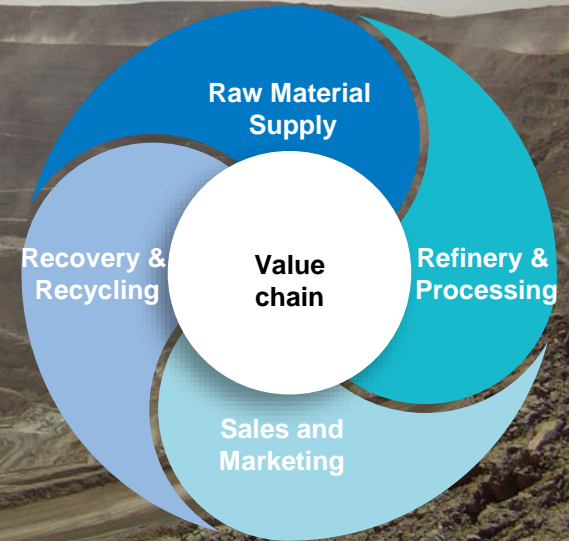
Secure competitive resources and contribute to stable supply

02

Establish trading and investment businesses to fulfill customer & partner needs

03

Pursue balanced business which contributes to sustainable economic growth, while preserving the environment





Energy

Hirotsu Fujiwara

Energy Business Unit II

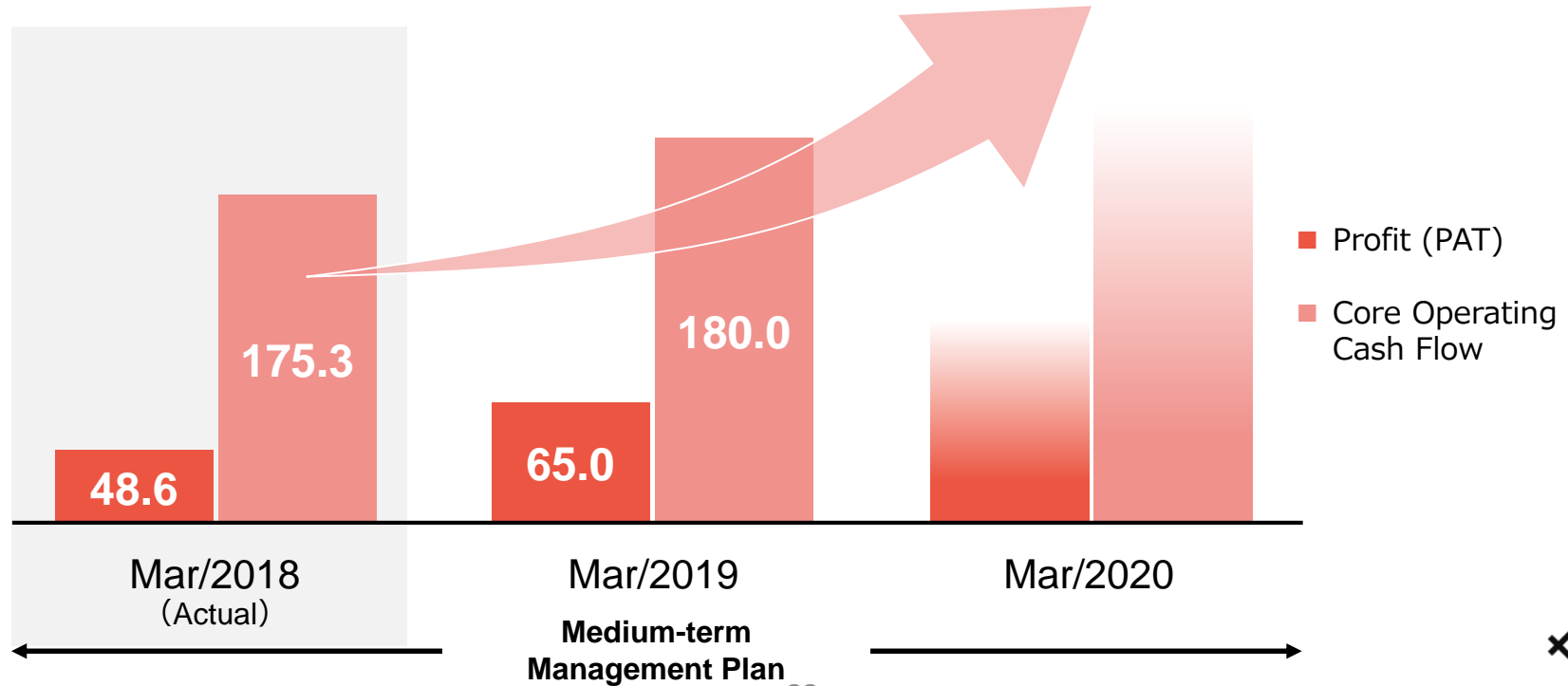
Basic Strategies

01 Build a competitive asset portfolio

02 Develop a mid/downstream energy value chain

Quantitative targets Profit(PAT)/Core Operating Cash Flow

Unit : ¥bn

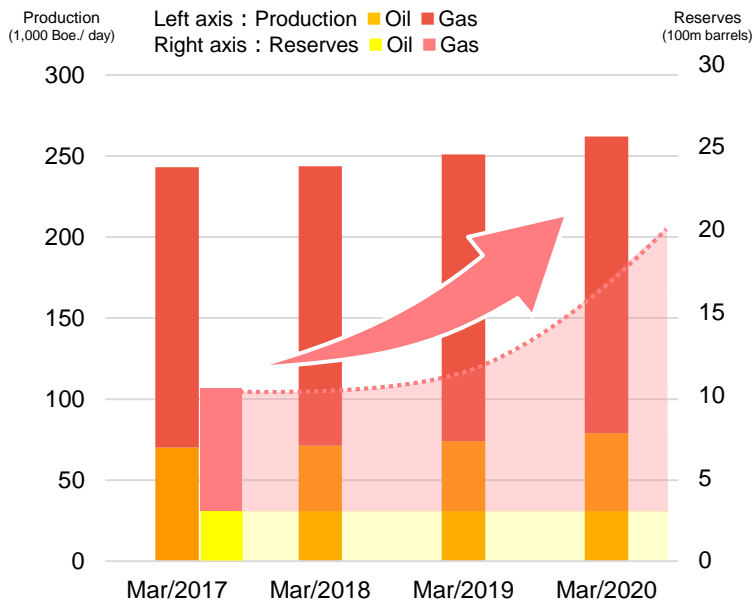


Competitive advantages

Equity share of crude oil & gas production and reserves; LNG production capacity

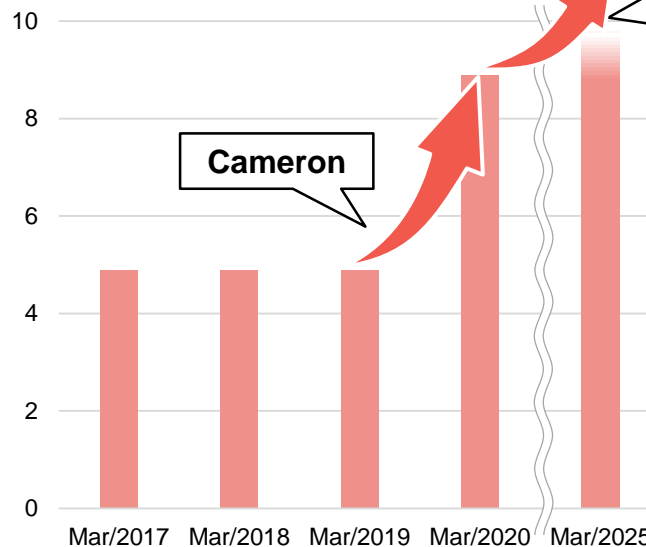
Production volume; Reserves

*Reserves are for post-FID projects only



LNG production capacity

(Unit: Million tons)



**Mozambique
Sakhalin II
expansion**

Cameron

Business Environment

Energy demand will increase along with economic and population growth

Fossil fuels

Main source of primary energy for some time

Crude Oil

There are scenarios that anticipate crude oil demand to reach a plateau between 2030-2040

Gas

Strong growth of demand over a protracted period

Non-fossil fuels / Renewable energy

Growing needs of society
Lower cost resulting in market penetration

Manage asset portfolio with emphasis on long-term view
Further expansion of gas business

Initiatives related to new and renewable energy

1 Build a competitive upstream asset portfolio

E&P
Business

◆ Acquisition of AWE Limited, an Australian oil and gas company

- Expansion of asset portfolio
2P reserves 82m BOE (December 2017), Production 2.5m BOE (forecast for 2018)
- Acquired operatorship capabilities



Waitisia gas field

- Currently planning for 2018 FID and 2020 start-up
- Cost competitive onshore gas field due to its proximity to demand and existing infrastructure
- Upside potentials for production and reserves

Synergies and positive impact
on the entire E&P business

1995
Participate
in Wandoo

2004
Participate in
Enfield/Vincent

2015
Participate in
Kipper

Step
Change

Waitisia
FID

Develop
Waitisia

Maximize value
of Waitisia,
develop adjacent areas

Expand operations
in Australia and New Zealand

1 Build a competitive upstream asset portfolio

LNG
Business

◆ Mozambique Area1

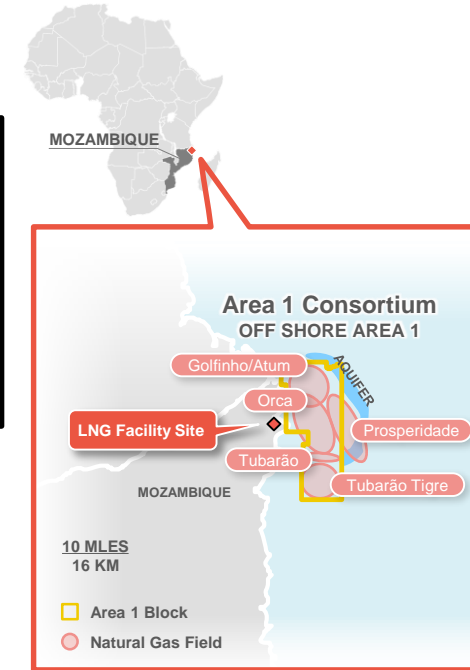
Top-class Resources

Approximately **75tcf**
– this amounts to **over 15 years' worth** of natural gas consumption in Japan

Restrained entry cost

Participation from the exploration stage (approx. 10 years ago)

- **Plan to start production at a capacity of 12million tons/year from the early 2020s, potential for further expansion.**
- **Expect to be a major LNG supply base, contributing to profit in the long-term.**



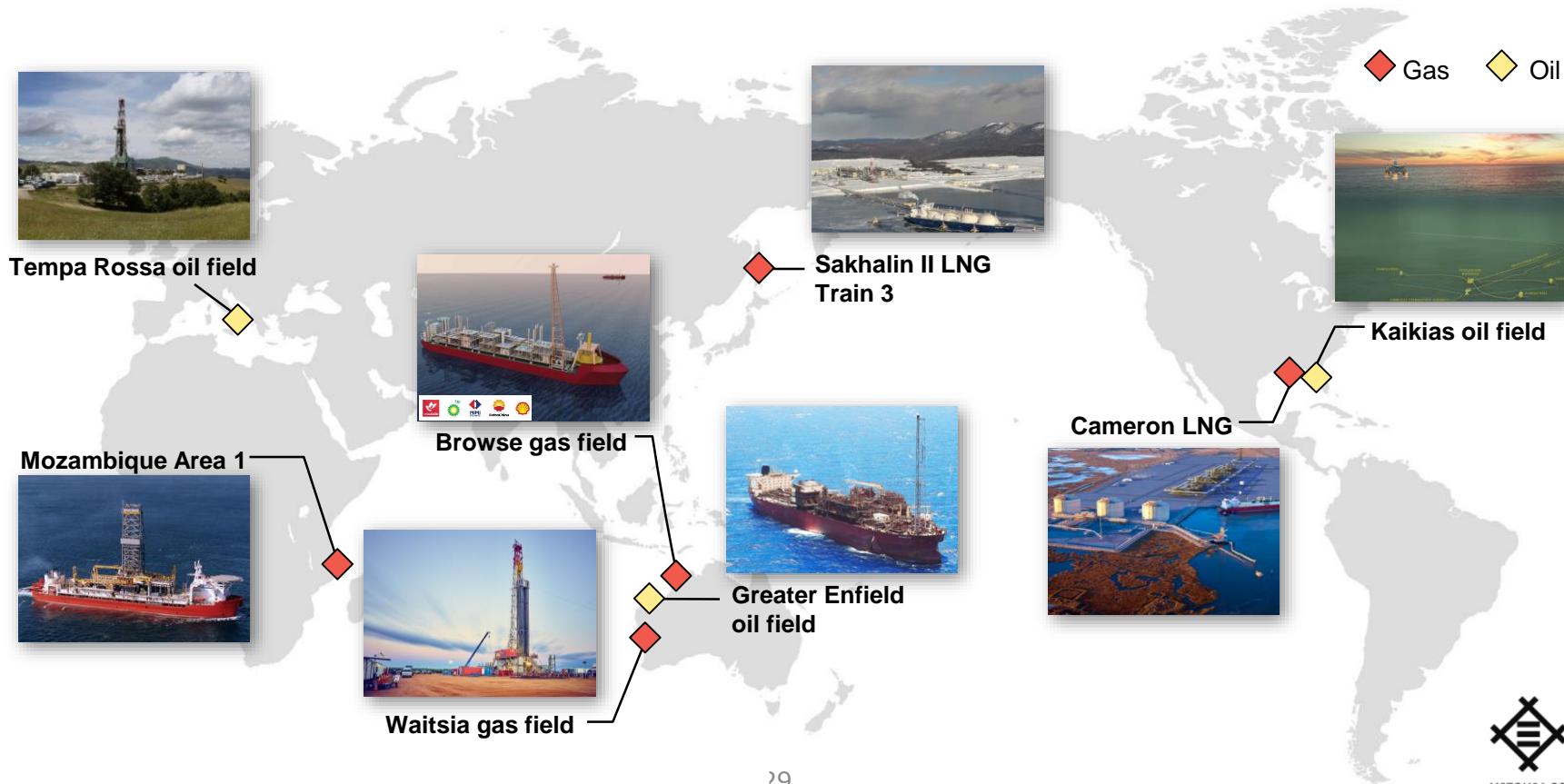
2 Develop a mid/downstream energy value chain

◆ Cameron LNG

- Increase in Mitsui's handling volume of LNG by 4million tons/year*
*Approximately the annual gas consumption of 12million Japanese households
- Allocate 7 newly built LNG carriers to expand global trading



Projects in the Pipeline





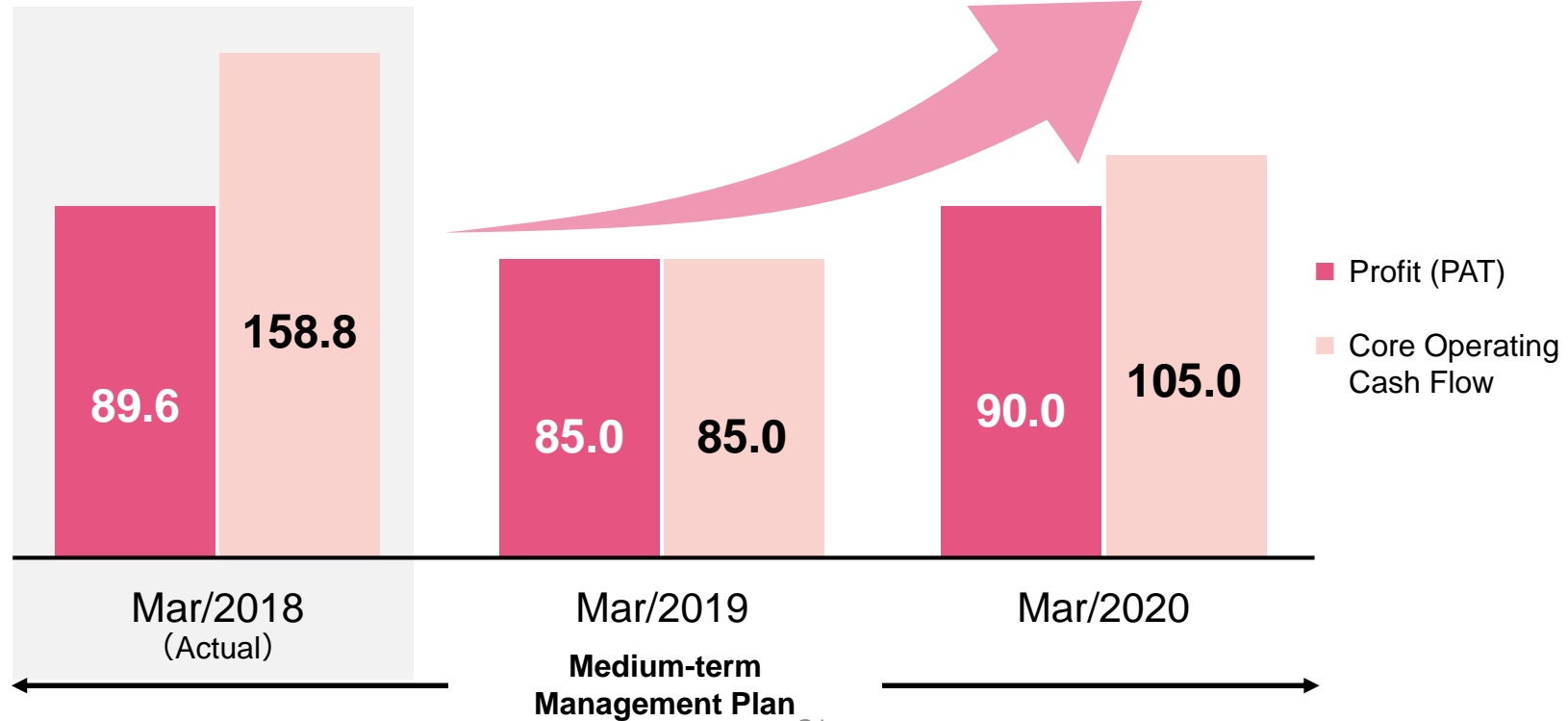
Machinery &
Infrastructure

Shingo Sato

Integrated Transportation Systems Business Unit - I

Quantitative Targets Profit(PAT)/Core Operating Cash Flow

Unit : ¥bn



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

Competitive Advantages

Existing infrastructure assets backed by stable demand

Increase in value through productivity streamlining, and portfolio optimization through asset recycling



Power

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



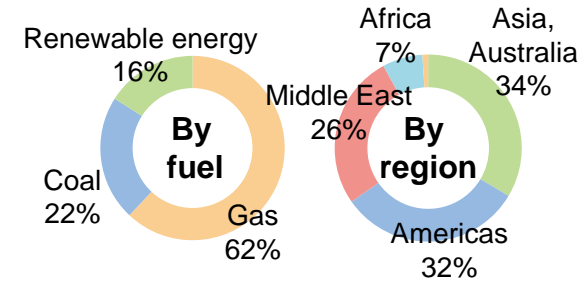
**Offshore
oil&gas**

- ◆ 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)



**Gas
distribution**

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



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)**

Basic Strategies

01 Thoroughly reinforce
a sustainable earnings base

02 Implement strategic lifecycle management

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

©MODEC

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

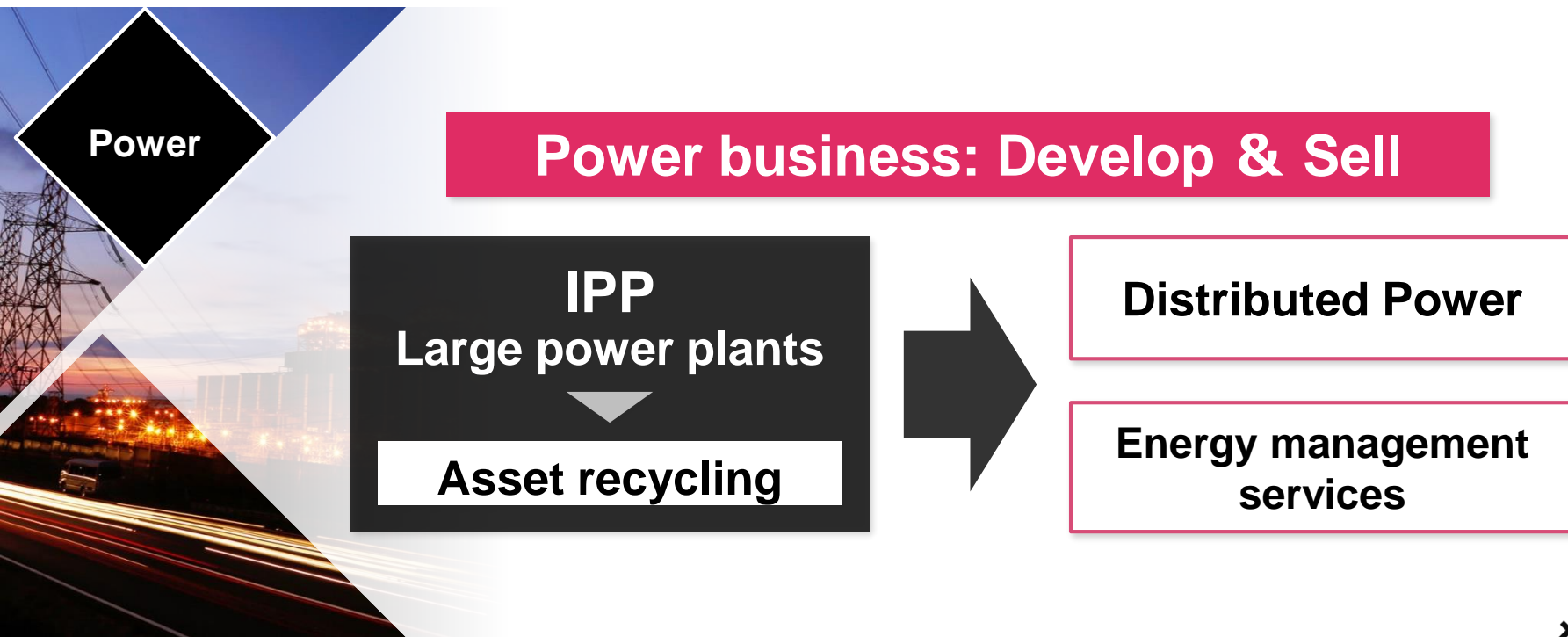
“Digital Transformation with KOMATSU/LANDLOG”

Use construction equipment data and digitalize construction sites

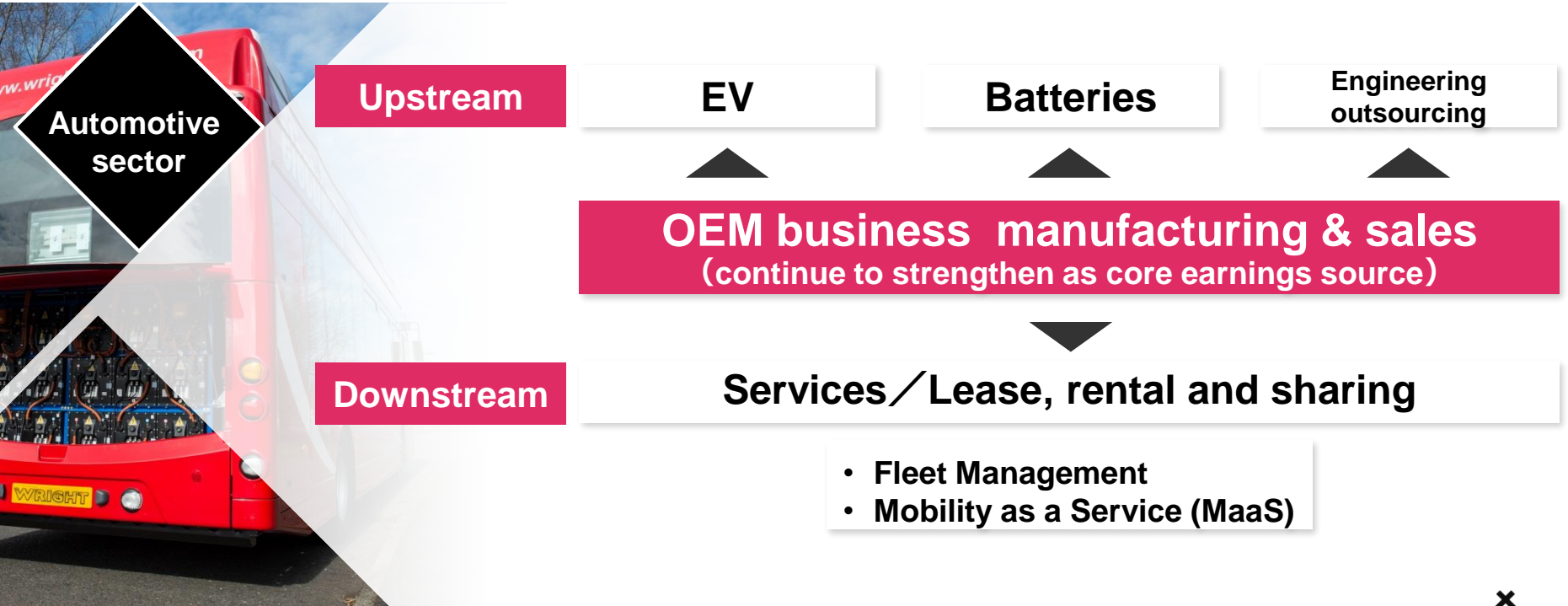
Start fuel supply services as entry point for joint development of new services

→Reform construction industry and lift efficiency

2 Strategic lifecycle management (2018 progress)



3 Challenge new business domains (Example: automotive sector)



Individual strategy① Lease, Rental, Sharing



**PTL
(US)**



**Mitta
(Chile)**

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

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

Individual strategy② Expand EV and batteries platforms



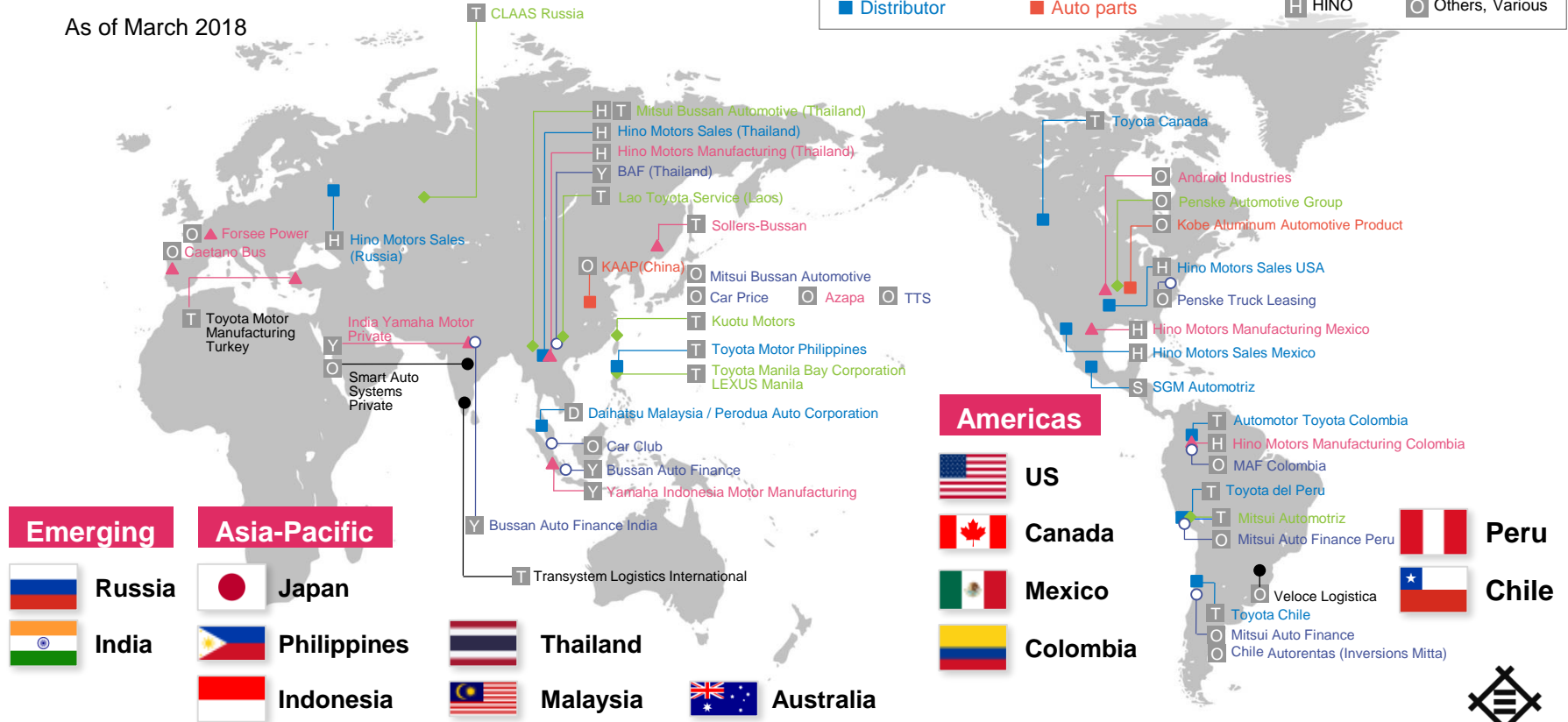
Investing in EV development and manufacturing business to secure development and production capabilities in EVs and core components

- ◆ 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

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





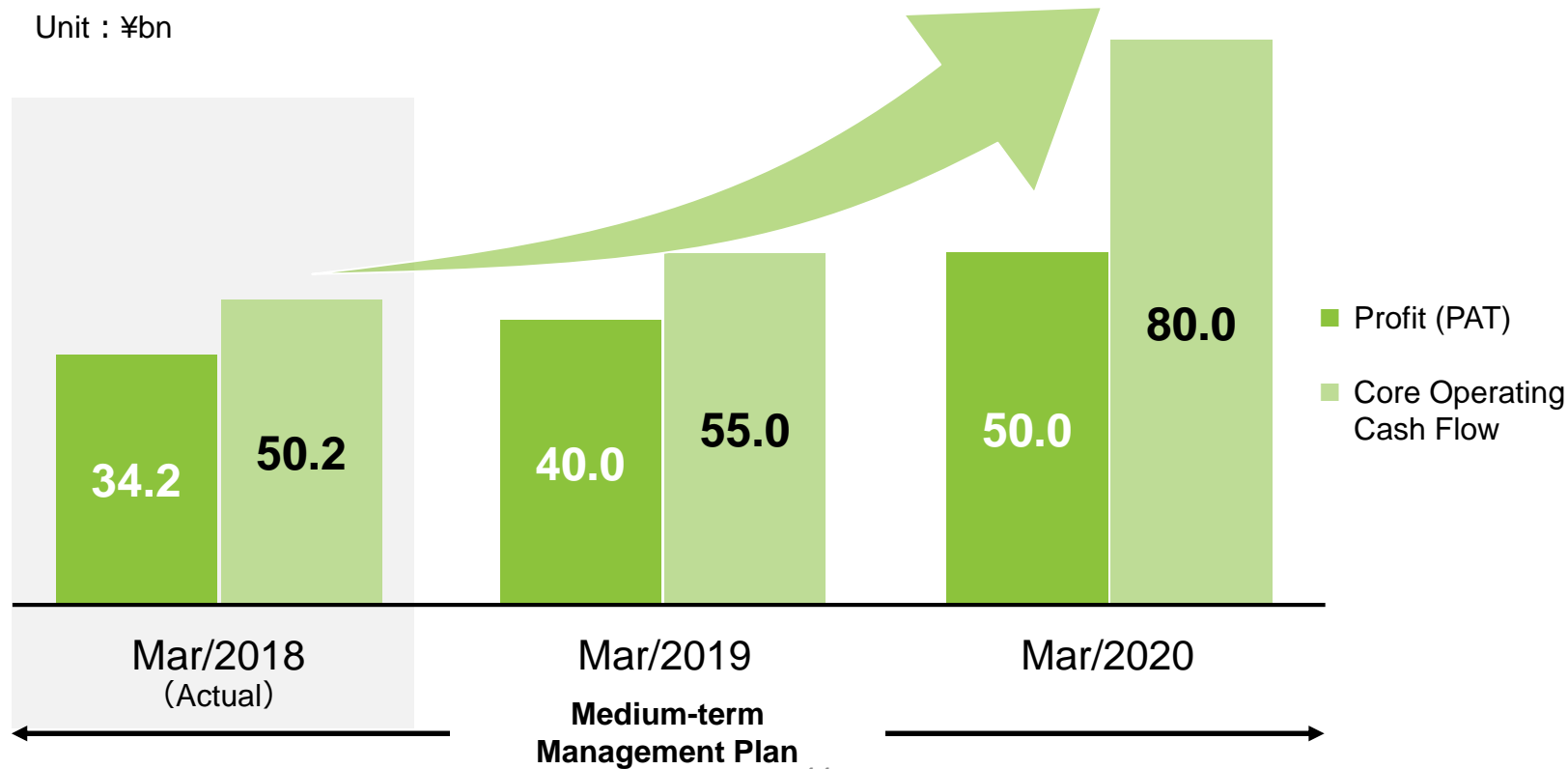
Chemicals

Sayu Ueno

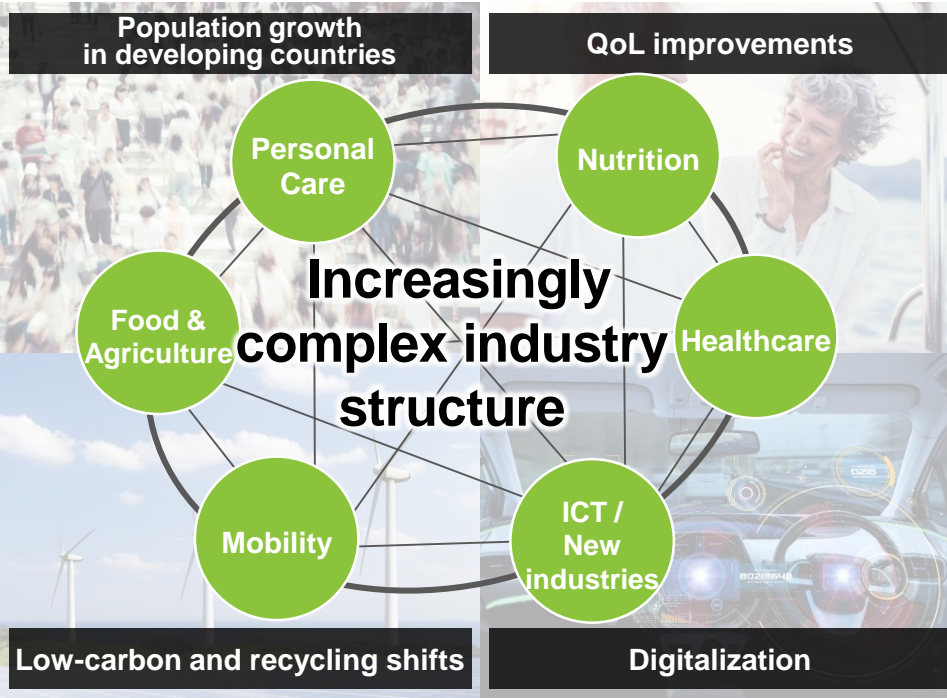
Basic Materials Business Unit

Quantitative Targets Profit(PAT)/Core Operating Cash Flow

Unit : ¥bn



Business Environment

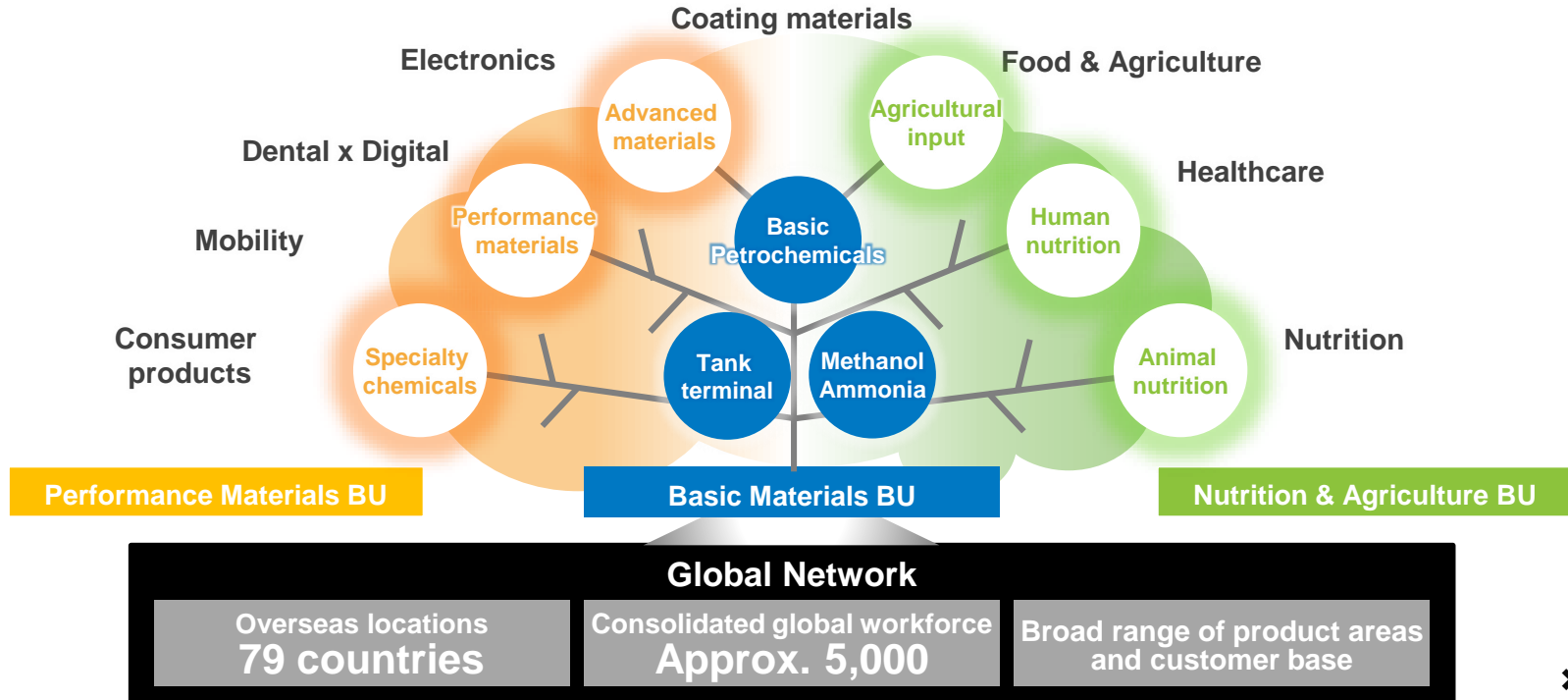


New business opportunities where industries intersect

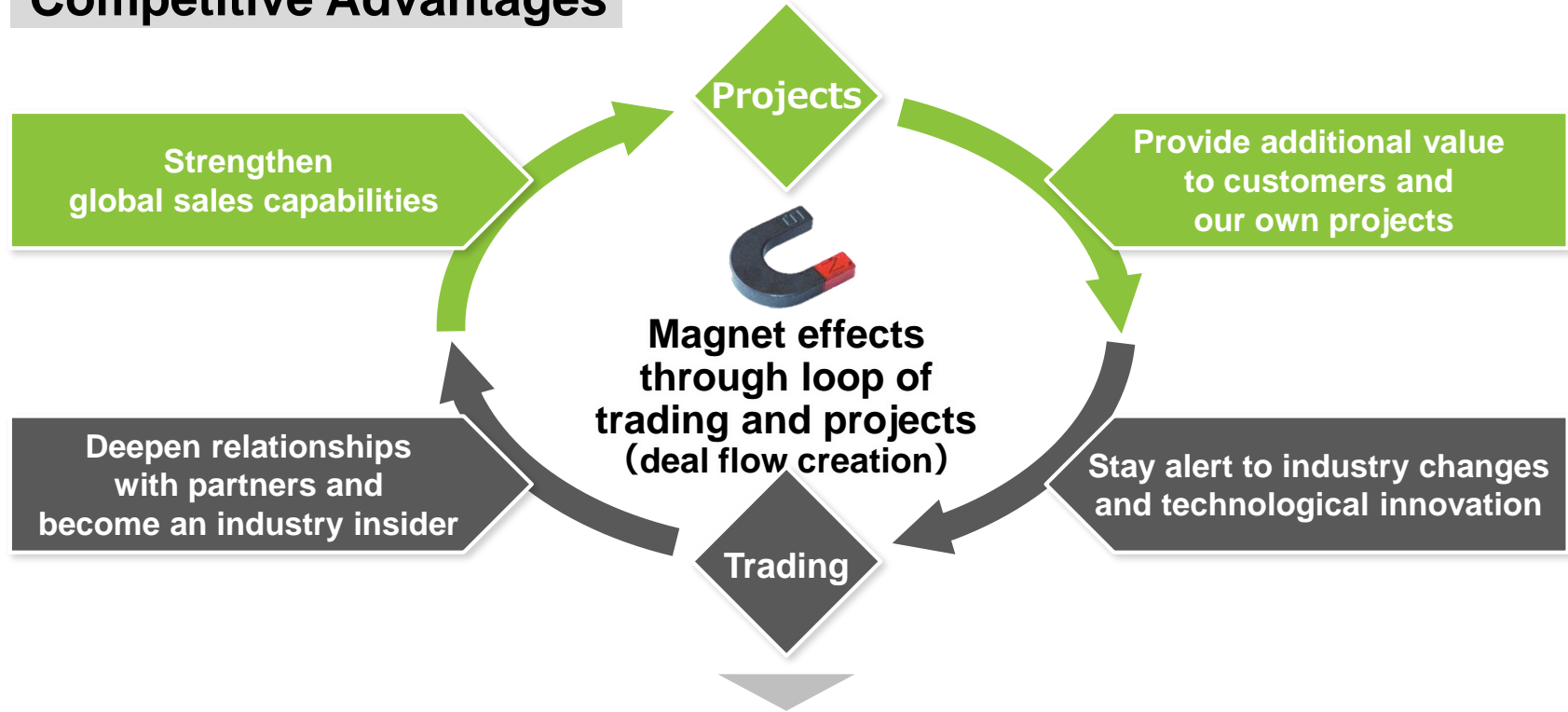
Increase in demand for industrial solutions based on chemicals and materials

Competitive Advantages

Connect the chemical industry with related industries and create new business through the power of chemistry



Competitive Advantages



Drive forward business initiatives, high investment efficiency

Basic Strategies

- 01 Execute bolt-on investments
- 02 Reinforce trading capabilities
- 03 Engage in new growth opportunities

1 Execute bolt-on investments

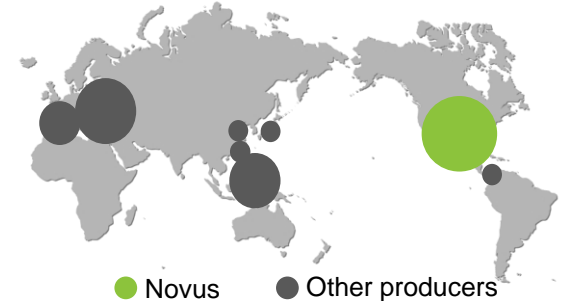
Animal Nutrition

◆ Strengthen methionine business at NOVUS

- Stable demand growth(6%/yr.)
- Top market share in the U.S. and competitive edge (plant location and product form)
- Plan to increase production capacity

◆ Develop and expand specialty feed additive business

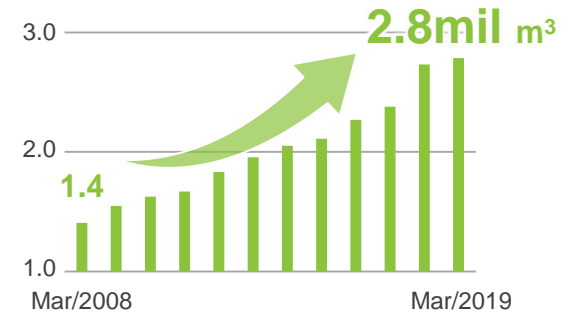
【Methionine production locations】



1 Execute bolt-on investments

Tank Terminal

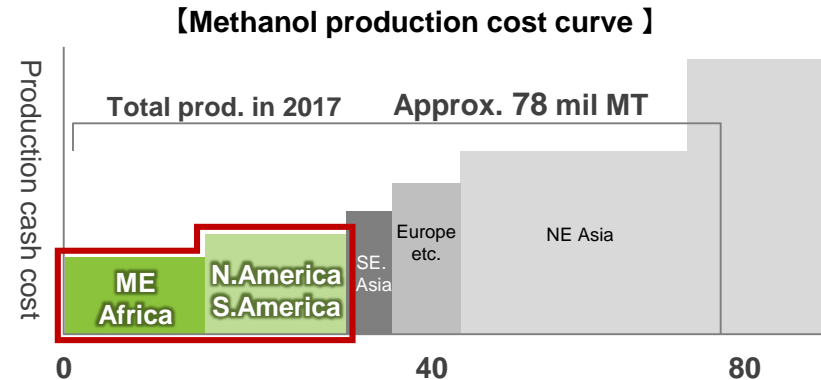
- ◆ Geographic advantage & advanced safety management framework
- ◆ Increased export of petroleum and petrochemical products due to the competitiveness of U.S. shale
- ◆ Doubled tank capacity in past 10years
Continuing further expansions



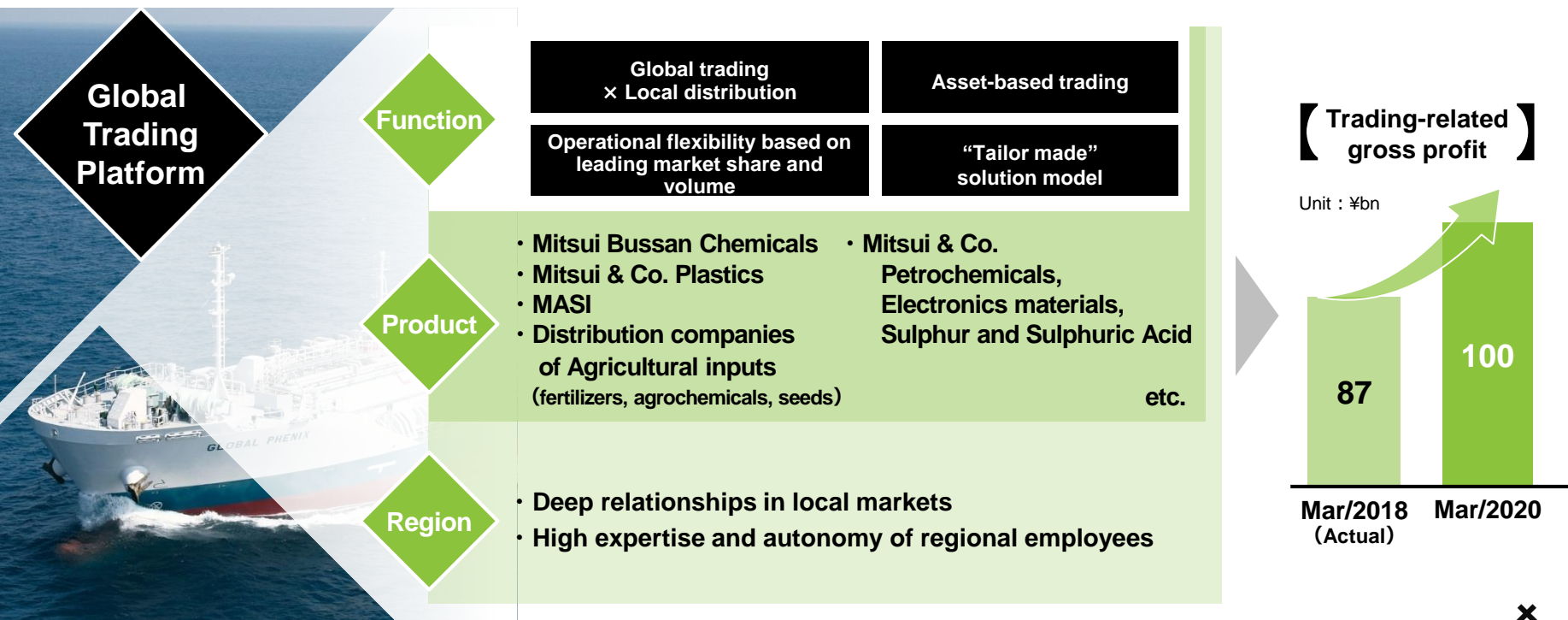
1 Execute bolt-on investments

Methanol

- ◆ Steady demand growth (5-6%/yr.)
- ◆ Top class cost competitiveness
- ◆ Continuously pursue further capacity expansions



2 Reinforce trading capabilities



3 Engage in new growth opportunities

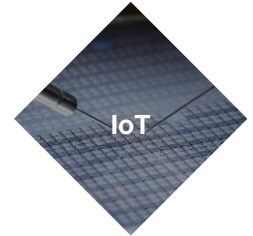


Coating materials
 Agreement to invest in Europe business
Unique surfactants
 F/S of manufacturing and sales of SOFTANOL® products in Thailand



Multi materials
 High performance materials & compounding business
 Initiatives for lighter cars
 (Engineering, High pressured hydrogen tank etc.)

Semiconductor sensor
 Investment in Connectec Japan
 (install sensor chips on various materials)

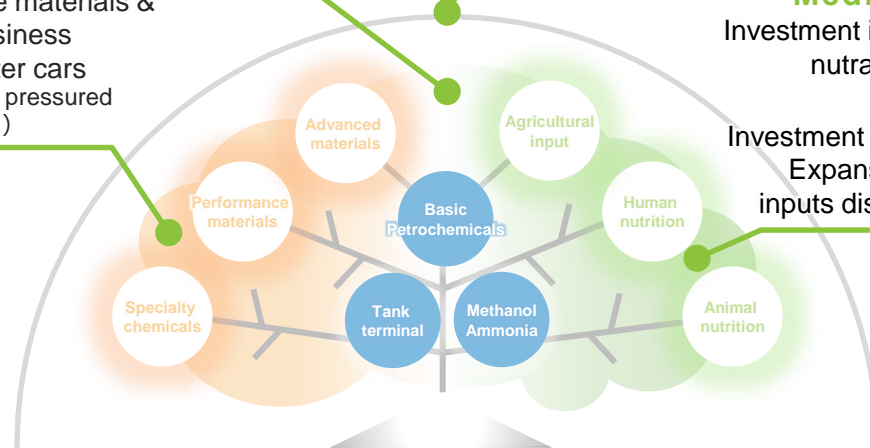


Human Nutrition
 Completion of TOB for Soda Aromatics
 Collaboration among consolidated companies

Medical Nutrition
 Investment in evidence-based nutraceutical business



Agriculture
 Investment in seed business ,
 Expansion of agricultural inputs distribution business



3 Engage in new growth opportunities

**Coating
Materials**

Industry characteristics

- ◆ “Tailor made” R&D/proposals
- ◆ Expertise-intensive industry
(Technology & Service Network)

▶ **High entry barrier**
High profitability

Mitsui Strengths

- ◆ Global sales network
- ◆ Presence in various industries
⇒ expansion of sales portfolio & demand creation

Helios Group

- ◆ Comprehensive coating company in Europe
- ◆ Kansai Paint Group
- ◆ Strong in industrial coatings

Pursue further investment opportunities
Strengthen business base

3 Engage in new growth opportunities

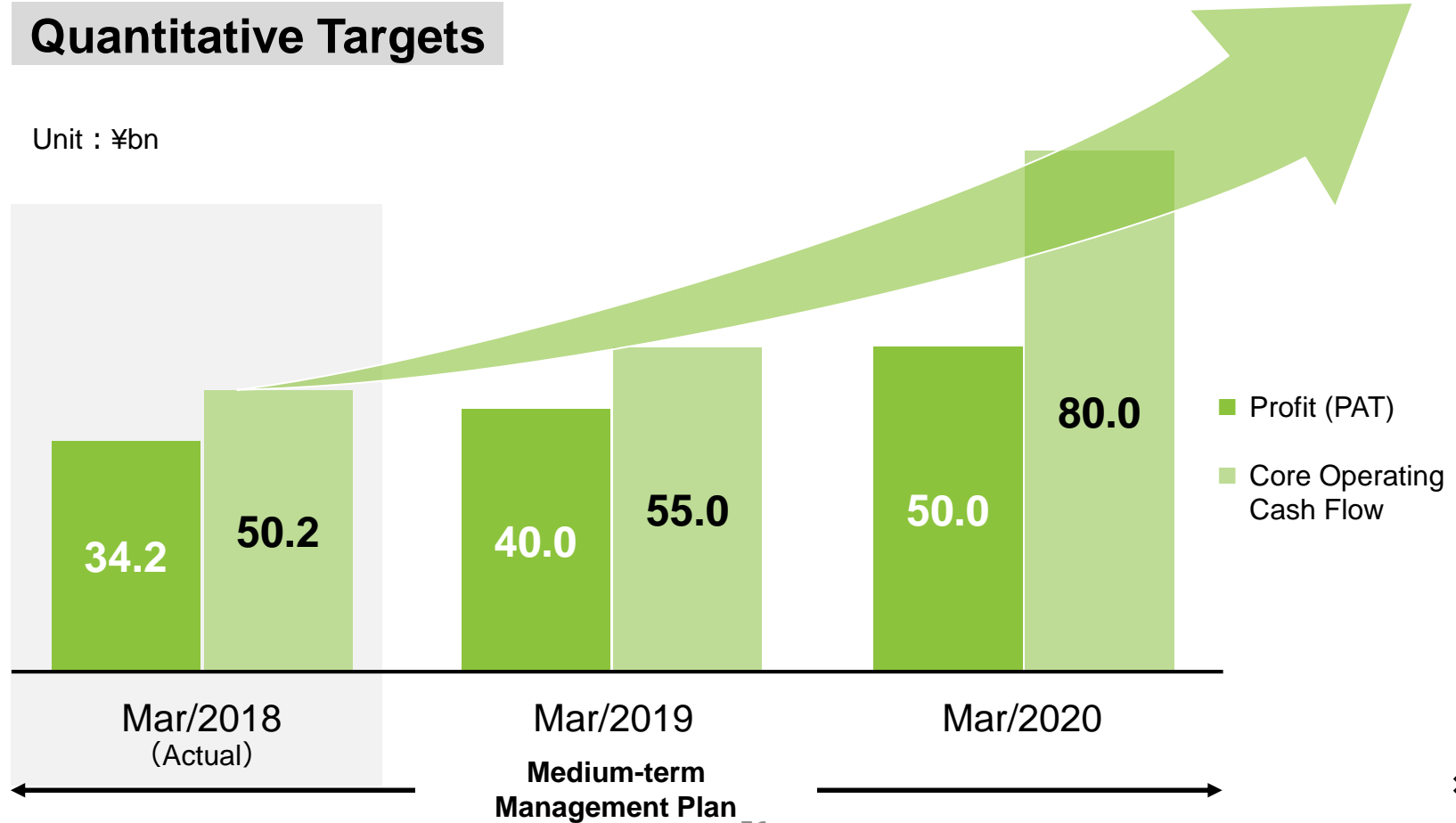


Nutrition & Agriculture

- ◆ Challenge new areas between “foods” and “pharmaceuticals”
- ◆ Address demand for high-added value such as solutions for presymptomatic disease, QoL improvements, enhanced taste and flavor
- ◆ Develop agrochemical and seed businesses through product portfolio enhancement
- ◆ Strengthen agricultural inputs distribution business through geographical expansion and business model evolution

Quantitative Targets

Unit : ¥bn



A Cautionary Note on Forward-Looking Statements:

This material contains statements (including figures) regarding Mitsui & Co., Ltd. (“Mitsui”)’s corporate strategies, objectives, and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the views of Mitsui’s management but should not be relied on solely in making investment and other decisions. You should be aware that a number of important risk factors could lead to outcomes that differ materially from those presented in such forward-looking statements. These include, but are not limited to, (i) change in economic conditions that may lead to unforeseen developments in markets for products handled by Mitsui, (ii) fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions, (iii) adverse political developments that may create unavoidable delays or postponement of transactions and projects, (iv) changes in laws, regulations, or policies in any of the countries where Mitsui conducts its operations that may affect Mitsui’s ability to fulfil its commitments, and (v) significant changes in the competitive environment. In the course of its operations, Mitsui adopts measures to control these and other types of risks, but this does not constitute a guarantee that such measures will be effective.

360° business innovation.



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