Healthcare Business Strategy
Healthcare & Service Business Unit
Koji Nagatomi
Healthcare Market in Asia

Accelerating growth unaffected by economic conditions

Growth of Asia’s healthcare spending
*South East Asia + China + India

(Source) OECD, World Bank, Mitsui’s forecasts

Population Growth × Income Growth × Aging Population × Changes in Disease Patterns

2016 710
2030 3,100

(USD bil)
Healthcare Market in Asia

Significant shortage of hospitals (no. of beds)

<table>
<thead>
<tr>
<th>Population Growth</th>
<th>Income Growth</th>
<th>Aging Population</th>
<th>Changes in Disease Patterns</th>
</tr>
</thead>
</table>

Number of hospital beds per 1,000 population

(Number of beds)

- OECD Average: 4.8
- Singapore: 2.3
- Malaysia: 1.9
- India: 0.7
- China: 2.8
- Turkey: 2.8

(Source) METI, Government of Singapore, World Bank, OECD
Hospital Business Management in Asia

Management Structure

- Challenge/Lever ① Increasing Revenue (unit price x no. of patients)
- Challenge/Lever ② Optimizing Cost
- Challenge/Lever ③ M&A・Increasing No. of Beds

Strategic problem solving from a management perspective

Problems can be solved utilizing business knowhow

Trust and expectations

Increased volume and quality of care
Maximized value of medical services

Doctors

Patients

360° business innovation.
Mitsui’s Resources in Hospital Business

Progress in management participation and expansion of human resources

1. Platform
   Developing a large and strong platform by participating in management of hospital businesses, such as IHH.

2. Professionals
   Expanding human resource including industry experts and professional managers.

3. Network
   Connection with industry experts, increasing new business opportunities.

Understand the key success factor of hospital business and acquire the position to proactively pull the lever to increase business value.
IHH as Core Platform

IHH (Fortis included) Data

Presence in 12 countries
Malaysia, Turkey, Singapore, India, Brunei, Holland, Bulgaria, Macedonia, UAE, China (including HK), Mauritius, Sri Lanka

Total no. of hospital beds 15,000 beds

※Comparison between listed private hospitals in Asia (based on proprietary research)
Track Record in Hospital Business

【Our focus since initial investment in 2011】

- Formulating a growth strategy
- Supporting geographical expansion
- Formulating and executing capital strategies
- Strengthening IHH’s management base

EBITDA has increased 3X within 7 years after joining the management of IHH

【Progress of IHH’s EBITDA】

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (USD mil)</th>
<th>Beds</th>
<th>Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>218</td>
<td>3,500</td>
<td>16</td>
</tr>
<tr>
<td>2018/12</td>
<td>613</td>
<td>Over 15,000</td>
<td>83</td>
</tr>
</tbody>
</table>

Equity Participation

Became the Largest Shareholder
Track Record in Hospital Business

- Developing a management structure
- Formulating strategy to increase revenue (unit price \times \text{no. of patients})
- Optimizing cost
- Strengthening PDCA cycle management

【Our focus since initial investment in 2016】

EBITDA increased 3X within 3 years of participation

【Progress of CLA's EBITDA】

<table>
<thead>
<tr>
<th>Year</th>
<th>Beds</th>
<th>Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/3</td>
<td>2,300</td>
<td>27</td>
</tr>
<tr>
<td>2019/3</td>
<td>2,600</td>
<td>28</td>
</tr>
</tbody>
</table>

Participation

Now
Growth strategies centered on the hospital business

◆ Identify demand-driven business opportunities through participation in hospital business which is a “place” representing a miniature version of the healthcare industry
◆ Leverage neutrality as a trading company and take an active position in multiple businesses

Regional expansion
China and India

Functional expansion
Business spin-out

New business expansion
Leverage data
Growth Strategy 1. Expansion into China and India

- Growth of healthcare spending in China and India

(Unit: US$ bn)

- China: 1,900
- India: 480
- Asia: 710
- 2016
- 2030

(Source) OECD, World Bank, Mitsui’s forecasts

- Platform expansion through acquisition of Fortis and its PMI
- New partner strategy

- Expanding business through IHH
- Entered into a MOU with China Resources Enterprise, one of China’s largest companies

[IHH’s geographical presence]

- Bohai Bay Economic Rim Zone (Beijing and others)
- Central China (includes Chengdu)
- Yangtze River Delta (includes Shanghai)
- Pearl River Delta (includes Hong Kong)
- Northern region (includes New Delhi)
- Eastern region (includes Calcutta)
- Western Region (includes Mumbai)
- Southern region (includes Bengaluru)

【IHH's geographical presence】

- Platform expansion through acquisition of Fortis and its PMI
- New partner strategy
Growth Strategy 2. Business spin-out

◆ Strengthening and expanding ancillary businesses of hospitals
◆ Promoting further growth through appropriately timed spin-outs

Diagnostic Imaging
Ancillary Business
Clinical Examination
Specialty Clinic

Achieving further growth in external markets
Spin-out
Growth Strategy 3. Leveraging medical data

◆ Build a medical data platform centered on IHH and leverage such data

**Strengths of IHH**

<table>
<thead>
<tr>
<th>Volume of Data</th>
<th>Value of Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. 600,000 inpatients and approx. 6 mil outpatients per annum.</td>
<td>Enhance operational efficiency and improve quality of care</td>
</tr>
</tbody>
</table>

**Vision**

Asia’s Largest Medical Data Platform

Other related biz
Quantitative goals and action plans

【Changes in Mitsui’s equity proportional EBITDA of hospitals and ancillary businesses】
(Not including new investments)

(Unit: ¥bn)

<table>
<thead>
<tr>
<th></th>
<th>FY19/3 Actual</th>
<th>FY 20/3 Plan</th>
<th>FY 23/3 estimate</th>
<th>FY 28/3 estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22.0</td>
<td>38.0</td>
<td>59.0</td>
<td></td>
</tr>
<tr>
<td>CAGR</td>
<td>16%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Expansion of business base (Asia) (China, India)
Improving margin of existing businesses through business integration ・ PMI
Spin-out of ancillary businesses
Business expansion through creation of data platforms

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Appendix

◆ Main equity affiliates

IHH Healthcare Bhd. (IHH)

IHH is one of Asia’s largest private hospital groups operating a total of 83 hospitals and providing approx. 15,000 hospital beds. Its corporate umbrella includes Singapore and Turkey’s largest private hospital groups Parkway and Acibadem, as well as Pantai and Fortis which are the second largest private hospital groups in Malaysia and India respectively. Mitsui owns 32.9% of the group as of FY 3/19 period end.

Columbia Asia

Columbia Asia is a hospital group providing high quality medical services to the middle-income population in Asia where rapid growth is anticipated. The group provides approx. 2,600 hospital beds to patients in 28 hospitals and 1 clinic. Mitsui owns 26.1% as of FY 19/3 period end.

PHC

PHC is a healthcare company with leading market shares in multiple segments including blood glucose monitoring devices (largest in Japan; third largest globally); electronic medical recording devices (largest in Japan); pharmaceutical refrigerators for research institutions (largest in Japan; second largest globally) and has presence and a distribution network in over 125 countries around the globe. Mitsui owns 21.8% as of FY 3/19 period end.

DaVita Care

DaVita Care operates dialysis clinics in China and South East Asia. The group aims to expand and improve the quality of medical services in Asia by applying what DaVita as the largest dialysis clinic group in the US learned through its operations. Mitsui owns 20.0% as of FY 3/19 period end.
Energy demand increasing along with economic and population growth

“Dual Challenge”

MORE energy

CLEANER energy

Addressed through LNG and its comparatively low environmental impact
Basic Strategies

Resource Development

Reinforce our competitive asset portfolio

- Maximize value of existing assets
- Develop new pipeline projects

Supply Global Markets

- Expand and optimize our LNG sales/supply portfolio
Existing LNG Assets

- **LNG**
- **Gas Upstream**

- **Qatargas I**
- **Qatargas III**
- **Abu Dhabi LNG**
- **Oman LNG**
- **Tangguh**
- **Sakhalin II**
- **North West Shelf**
- **Marcellus Shale**
- **Cameron LNG Train1**
- **Equatorial Guinea LNG**

*Image supplied by the North West Shelf Project*
LNG Assets under Development

Annual Production Capacity

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Production Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameron LNG Train 2 and Train 3</td>
<td>8m tons</td>
</tr>
<tr>
<td>• Establishing new LNG production facilities</td>
<td></td>
</tr>
<tr>
<td>Mozambique Area 1</td>
<td>12m tons</td>
</tr>
<tr>
<td>• Natural gas resource development, establishing new LNG production facility</td>
<td></td>
</tr>
<tr>
<td>Browse gas field</td>
<td>9m tons</td>
</tr>
<tr>
<td>• Natural gas resource development, backfilling North West Shelf LNG</td>
<td></td>
</tr>
<tr>
<td>Sakhalin II expansion</td>
<td>4.8m tons</td>
</tr>
<tr>
<td>• Expansion of existing liquefaction facility</td>
<td></td>
</tr>
</tbody>
</table>

*At peak production  *m = million tons per year.
Mozambique Area 1

Development History
- Acquired interest in Area 1 exploration block
- Huge gas field discovered
- Environmental assessment approved by Mozambique government
- Special LNG law enacted
- Marine concession agreement concluded with government
- Development plan approved by government
- Final investment decision to be made

Ownership
- Anadarko
- Mitsui E&P
- ONGC/Oil India
- ENH
- Bharat
- PTTEP

2008
Acquired interest in Area 1 exploration block

2010
Huge gas field discovered

2014
Environmental assessment approved by Mozambique government
Special LNG law enacted

2017
Marine concession agreement concluded with government

2018
Development plan approved by government

2019
Final investment decision to be made
Mozambique Area 1

- One of the world’s largest natural gas reserves (75 trillion cubic feet)
- Located in East Africa, a new supply source
- Strategic location provides access to markets in the Far East, Asia, Europe, Central and South America, and others
- Strong support from the Mozambique government
- Annual production capacity of 12 million tons (total two trains)

<table>
<thead>
<tr>
<th>LNG sales destination</th>
<th>Annual sales volume (million tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo Gas &amp; Centrica</td>
<td>2.6</td>
</tr>
<tr>
<td>Shell</td>
<td>2.0</td>
</tr>
<tr>
<td>JERA &amp; CPC</td>
<td>1.6</td>
</tr>
<tr>
<td>CNOOC</td>
<td>1.5</td>
</tr>
<tr>
<td>EdF</td>
<td>1.2</td>
</tr>
<tr>
<td>Bharat</td>
<td>1.0</td>
</tr>
<tr>
<td>Pertamina</td>
<td>1.0</td>
</tr>
<tr>
<td>Tohoku Electric Power</td>
<td>0.28</td>
</tr>
</tbody>
</table>

Total of over 11m tons
Mitsui’s Equity Share of Annual Production Capacity

Building long-term trust with a variety of stakeholders including buyers, operators, host governments, etc.

*For descriptive purposes, current production volumes have been used for all projects

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Expand and optimize our LNG sales/supply portfolio

- Mitsui currently handling three million tons per year; total seven million once Cameron reaches full production
- Ability to monetize LNG by ourselves is key to developing the LNG business going forward
- Marketing functions being expanded in four locations – Tokyo, Singapore, London, and Houston
Cameron LNG

- Annual production capacity of 12 million tons (total three trains)
- Annual volume of LNG handled by Mitsui of four million tons

Development History

- Start of joint study (Sempra, Mitsui & Co., Mitsubishi Corp., ENGIE (at that time))
- 2012
- 2014
- 2019
- Conclusion of EPC contract for liquefaction plant
- Final investment decision made
- Production start at Train 1

Ownership

- Sempra Energy
- Mitsui & Co.
- Mitsubishi Corp./Nippon Yusen JV
- TOTAL

- Sempra Energy: 50.2%
- Mitsui & Co.: 16.6%
- Mitsubishi Corp./Nippon Yusen JV: 16.6%
- TOTAL: 16.6%
Quantitative Forecast

Unit: ¥ billion

<table>
<thead>
<tr>
<th></th>
<th>Mar/19 Actual</th>
<th>Mar/25 Forecast</th>
<th>Mar/30 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after tax</td>
<td>84.5</td>
<td>90-140</td>
<td>120-220</td>
</tr>
<tr>
<td>(energy segment)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core operating cash</td>
<td>95.7</td>
<td>96.3</td>
<td>200-220</td>
</tr>
<tr>
<td>flow (energy segment)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(LNG-related business)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core operating cash</td>
<td></td>
<td></td>
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<tr>
<td>flow (LNG-related business)</td>
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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.
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