

Healthcare Business Strategy

Healthcare & Service Business Unit

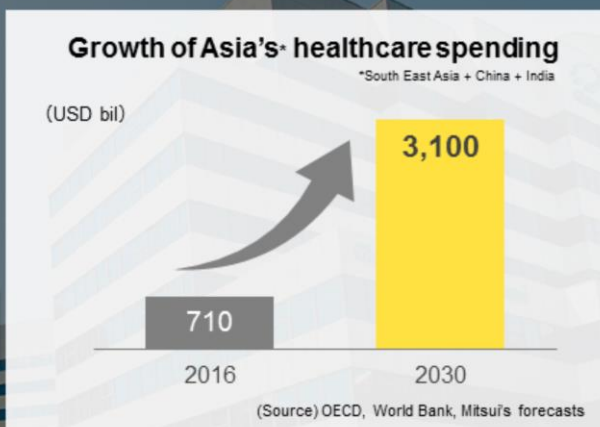
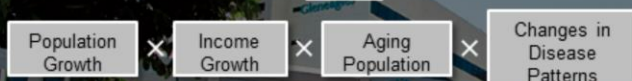
Koji Nagatomi

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Today, I would like to explain (1) Why we are focusing on hospital business in Asia, (2) The current situation regarding Mitsui's hospital business, and (3) Mitsui's strategic initiatives to achieving growths.

Healthcare Market in Asia

**Accelerating growth
unaffected by economic
conditions**



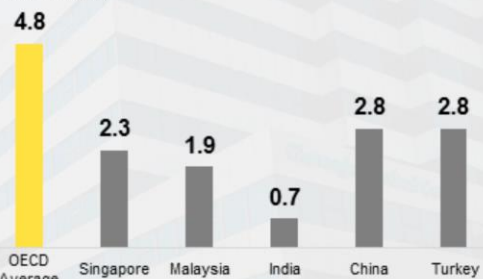
We anticipate that the rapid expansion of the healthcare sector will result in a growth of healthcare expenditure at a rate much higher than GDP at 12% (per annum) and the expenditure to eventually reach JPY350 trillion(US\$3.1 trillion) by 2030.

Healthcare Market in Asia

**Significant shortage of hospitals
(no. of beds)**

Number of hospital beds per 1,000 population

(Number of beds)



(Source) METI, Government of Singapore, World Bank, OECD

Population Growth

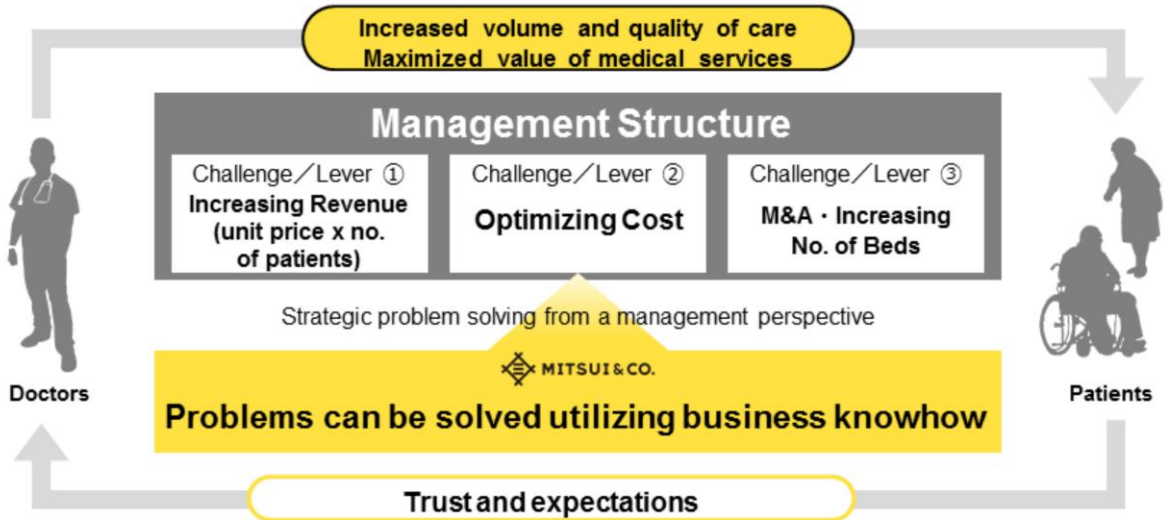
Income Growth

Aging Population

Changes in Disease Patterns

In Asia, there is a significant shortage of hospital bed. Moreover, we also see uneven distribution of product such as medicine, medical devices, people including healthcare professionals like doctors, nurses, therapists, high-quality services, and medical information. The experience and capital of organizations in the private sector, like those of Mitsui's, could be used in filling those gaps.

Hospital Business Management in Asia



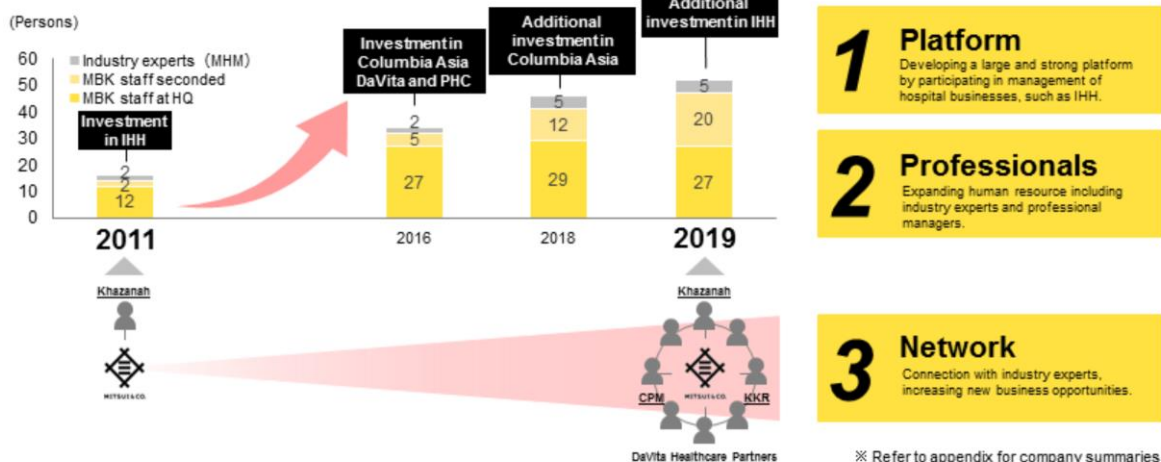
The hospital business environment in Asia is different from Japan. In Asia, private healthcare sector plays an important role and the fee schedules are much more flexible.

We believe that hospital management is "optimizing the allocation of talent, physical, and monetary resources, and creating a motivating working environment for healthcare professionals." In other words, the means of execution is only a basic element of the management, and it is fundamentally not different from doing business in other sectors.

Three important Key Success Factors (KSF) of hospital management are (1) increasing revenue, (2) reducing cost and (3) entering new markets through M&A, and formulating a strategy to expand market share. All of these could be implemented using Mitsui's knowledge and knowhow, thereby supporting Mitsui's participation in hospital management.

Mitsui's Resources in Hospital Business

■ Progress in management participation and expansion of human resources

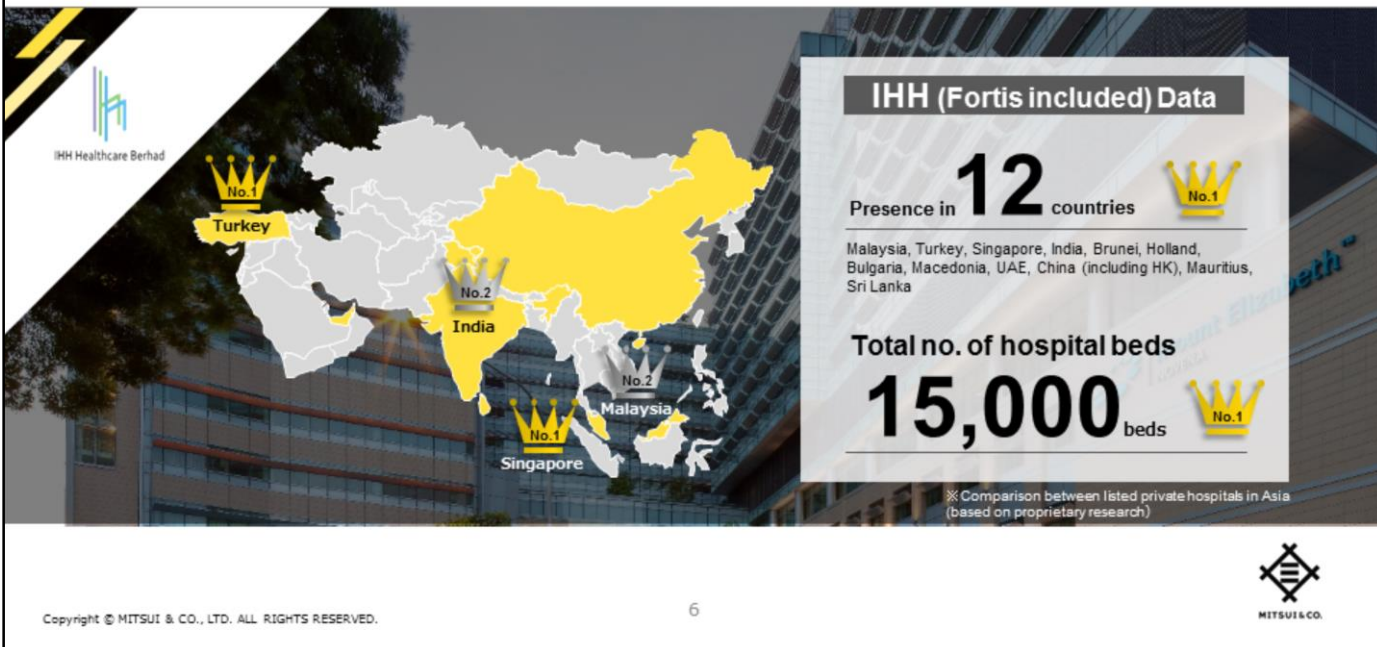


**Understand the key success factor of hospital business
and acquire the position to proactively pull the lever to increase business value**

Since our initial equity investment in IHH back in 2011, we have been gradually building up the human resources and talent that are crucial in hospital management. We have built a “complete talent pool that understands the KSF of hospital management and is capable of formulating and executing strategies and delivering value.” Also, we are highly focused on utilizing external talents.

Moreover, we have been able to enter the “inner circle” of the healthcare sector’s investment community and have been experiencing improving access to attractive investment opportunities not available to the public.

IHH as Core Platform



We position IHH as the platform of Mitsui's healthcare business because hospitals are the 'profit pool' of the Asian healthcare sector and IHH has built an excellent reputation, brand presence, and market share in Asia.

IHH's geographical diversification is also an important part of the consideration.

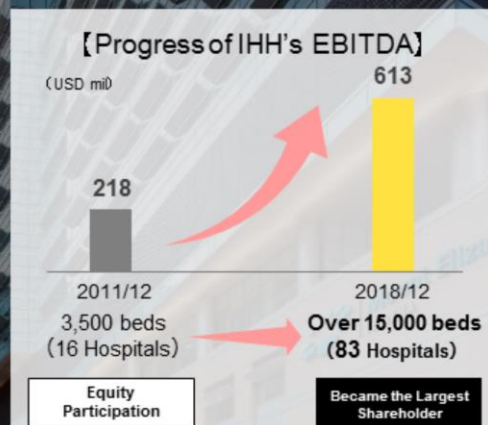
Track Record in Hospital Business ①



【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



Since our investment in 2011, we have been making efforts to become a proactive hospital manager and to improve IHH's corporate value through trial and error. As a result, IHH's number of beds increased four-fold from around 3500 in 2011 to over 15,000 in 2018. Similarly, we were able to triple EBITDA from US\$218 million to US\$613 million during the same period.

Not only have we been able to apply the knowledge and experience gained in managing IHH to management of other hospitals like Columbia Asia, but we have also been able to utilize them in running ancillary businesses.

Track Record in Hospital Business ②

COLUMBIA ASIA

A hospital group targeting middle-income patients

[Our focus since initial investment in 2016]

- ◆ Developing a management structure
- ◆ Formulating strategy to increase revenue (unit price × no. of patients)
- ◆ Optimizing cost
- ◆ Strengthening PDCA cycle management

**EBITDA increased 3X
within 3 years of participation**

【Progress of CLA's EBITDA】

(USD mil)



2016/3
2,300 beds
(27 Hospitals)

Participation

2019/3
2,600 beds
(28 Hospitals)

Now

Columbia Asia is a hospital group with a business scale slightly smaller than IHH and has developed with organic growth.

Continuing Mitsui's efforts to increase revenue and optimize cost, while also strengthening the management structure through such means as establishing Board of Directors, formulating a medium-term plan, and introducing new HR practice, EBITDA increased three-fold within three years since we joined in 2016, achieving an average growth rate of approximately 40% --a rate that is unparalleled in countries in which Columbia Asia operates.

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



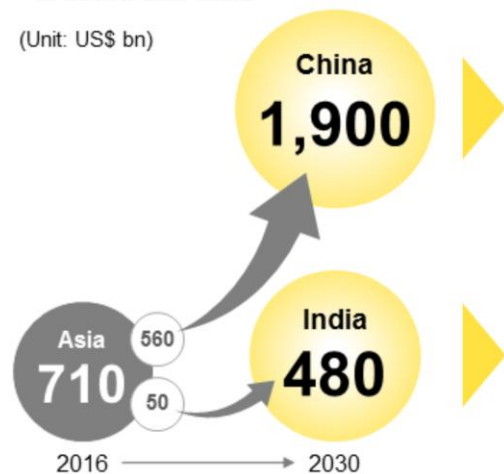
There are two elements that differentiate Mitsui & Co.'s healthcare business from the competition. The first is that we possess a hospital business that contains multiple functions as a core asset. The second is that we are a proactive player who runs multiple businesses on a hands-on basis outside of the hospital business.

Leveraging these strengths, Mitsui & Co. will pursue regional expansion focused on India and China, creating new business by curving out certain ancillary services businesses in line with market development, and by leveraging medical data.

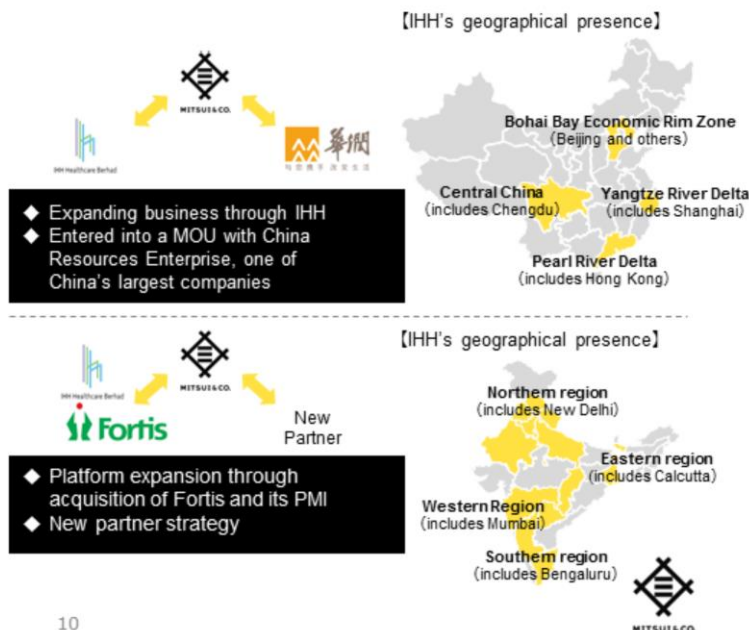
Growth Strategy 1. Expansion into China and India

■ Growth of healthcare spending in China and India

(Unit: US\$ bn)



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



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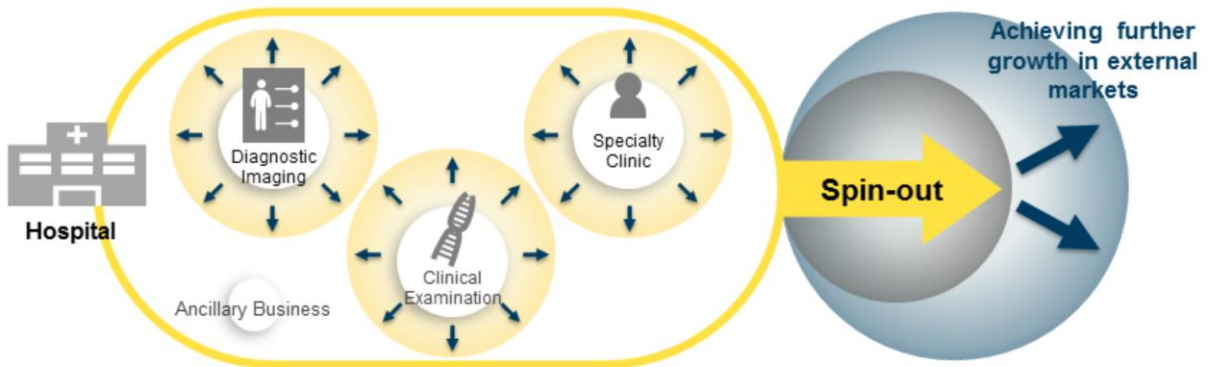
Chinese market is enormous and the medical expenditure is expected to reach 200 trillion yen by 2030. India is a similarly huge market forecasted to see rapid growth, with medical expenditure reaching 50 trillion yen by 2030.

IHH began activities in China over ten years ago. IHH follows a “hub & spoke” strategy wherein it operates “spokes” – clinics providing outpatient treatment and basic inpatient care – and “hubs” – core general hospitals located in urban centers providing advanced care across specialties – for seamless patient referral flow. Last year, Mitsui signed a comprehensive MOU with China Resources, which runs over 100 hospitals and clinics in China. We expect to work together on collaborative projects soon.

Moving on to India, last year, IHH acquired Fortis Healthcare, significantly enhancing its business base. PMI is now proceeding steadily and we aim to raise profitability through integration and further expand business by strengthening partnerships with influential local partners leveraging Mitsui’s network.

Growth Strategy 2. Business spin-out

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



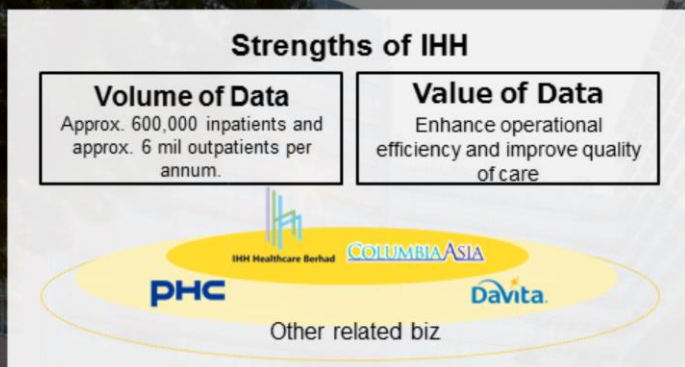
In developed countries like Japan, Europe, and the US, hospital operators tend to outsource ancillary services to improve business efficiency. This has led to the creation of independent markets by the specialist providers of these ancillary services.

In Asia, these functions are still contained within the hospitals, but if each function is viewed as separate/individual businesses, curving them out in pursuit of scale will lead to further growth.

Further, for hospitals, this may also lead to returns on assets and enhanced operational efficiencies. Going forward, we aim to curve out hospital ancillary businesses by introducing business models from developed countries.

Growth Strategy 3. Leveraging medical data

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



Vision

Asia's Largest Medical Data Platform

We are particularly interested in leveraging medical data for further growth of hospital business.

IHH currently has more than six million outpatients and 600,000 inpatients per year. IHH is in the unique position to be able to leverage this huge volume of data to improve the quality and efficiency of the medical care they offer.

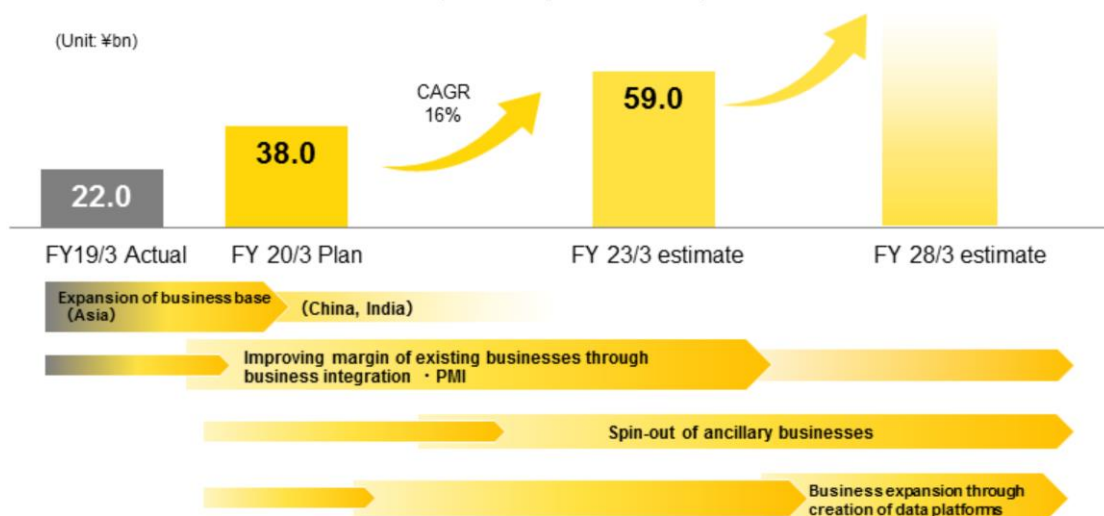
We are already starting to look at applying data to improve hospital business operations and reduce costs. In addition, we aim to create new services rooted in patient needs by using outcome data for disease management, remote diagnosis, home care, and personalized care.

Quantitative goals and action plans

【Changes in Mitsui's equity proportional EBITDA of hospitals and ancillary businesses】

(Not including new investments)

(Unit: ¥bn)



The total of Mitsui's equity proportional EBITDA of existing business, is forecast to be JPY 38 billion for fiscal year ending March 2020 and JPY 59 billion for fiscal year ending March 2023 (just under three times the EBITDA for fiscal year ending March 2019), a compound annual growth rate of 16%. By maintaining this growth rate, we believe we can aim for EBITDA of JPY 100 billion by fiscal year ending March 2028 without including potential returns from new business developments.

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.



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.



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.



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 FY3/19 period end.