

Investor Day 2020 Q & A

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[Speakers]	Yoshio Kometani	Representative Director, Senior Executive Managing Officer, Chief Digital Information Officer
	Shinichiro Omachi	Representative Director, Senior Executive Managing Officer, Chief Strategy Officer
	Takeshi Akutsu	Managing Officer, General Manager of Corporate Planning & Strategy Division
	Yuji Mano	Managing Officer, General Manager of Integrated Digital Strategy Division
	Daisuke Ishida	General Manager of Corporate Development Division

[Moderator] Yumi Yamaguchi Managing Officer, Deputy CSO, Deputy CDIO

<Q1>

Trading companies repeatedly post impairment losses as they pay too much for acquisitions. Buying high-profit companies at a premium and further raising their value is extremely difficult, and, at present, acquisition prices are even higher due to excess liquidity. Could Mitsui instead buy “problem” companies and use DX to raise their profitability and value?

< Kometani >

- First, we are leveraging digital to optimize and raise the value of our existing businesses. Then, after having accumulated achievements through these existing businesses, we are considering what you suggest as a next step: acquiring companies and businesses with the potential for growth and taking action to improve them.

<Q2>

Does the Corporate Development Division have the authority to implement business improvement company-wide?

< Ishida >

- No, it does not. When determining and implementing business improvements, the Corporate Development Division works together with the Corporate Planning & Strategy Division,
- Financial Management & Advisory Divisions, and others. By delivering good performance, we have received positive evaluations from Business Units across the company. We believe it is a good thing that we are able to tackle business improvement without being beholden to a specific authority and from a different perspective/position to corporate units.

<Q3>

In the course of implementing DX, has Mitsui put in place infrastructure like globally consolidated management dashboards that leverage ERP, CRM, HRM, and other databases? To improve business models through DX, I believe we need to promote young people who are not constrained by conventional ways of thinking. Do you have any examples of this happening at Mitsui?

< Mano >

- We are leveraging dashboards primarily at four levels: (1) The company-wide management level; (2) business unit dashboards; (3) affiliate company dashboards; (4) trading dashboards. For (2), business units are currently making their own dashboards.
- Regarding the appointment of young people - the world of DX is already led by the young. For example, our Digital Technology Strategy Dept. in the Integrated Digital Strategy Division where we have our data scientists has a lot of young people. These younger members play a leading role in consolidating information for digital strategy. Elsewhere, in Asia, and in particular Singapore, the appointment of young people is well underway. Young people who specialized in AI at the National University of Singapore or Nanyang Technological University, and subsequently built up experience in DX working within Singapore's government or businesses are playing an active role in the IHH initiatives we discussed earlier.

<Q4>

I understand the Corporate Development Division has successfully implemented 40-50 projects. Have you become aware of any issues in doing so? And, if yes, and what are you doing to respond to these issues to improve the overall management of Mitsui? In addition, how do you utilize dashboards explained in relation to the digital strategy?

< Ishida >

- Projects were initially not evaluated to the same extent as they are now and so our methods of assessment were quite shallow. Later, however, we were able to better assess projects and are now building the trust and track record needed to address multiple challenges at a single company. We intend to continue this practice going forward.
- At the same time, we have been able to identify shared issues across the entire Mitsui Group and are now working with corporate units to improve our functions and organization.
- We are leveraging dashboards when assigning priority to and selecting those businesses that have the potential to deliver a significant positive impact.

<Q5>

Please tell us about the internal perception of Mitsui's efforts to strengthen its business development capabilities as well as your external disclosure methods to show the quantitative contribution of such improvements.

< Omachi / Akutsu >

- We are strengthening our business development capabilities by leveraging the Corporate Development Division and through the efforts of the business units themselves. We also practice the idea of assigning the right person to the right place in order to realize business turnaround.

- We have introduced ROIC as an internal indicator. And, while we do not disclose the details of this, we have created visualizations for data including PAT, profit per employee, and asset scale for a little more than 100 internal business areas. In addition, we have also discussed ROIC targets for the next three years of the Medium-term Management Plan with reference to external data for comparable companies. Going forward, we are considering if they will be of useful to explain the successes resulting from the strengthening of our business capabilities.

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