

**Investor Day 2025**  
**Portfolio Enhancement**  
**Representative Director, Senior Executive Managing Officer, CSO, Kazumasa Nakai**

**Opening Remarks**

I am Kazumasa Nakai, CSO. Today, I will speak about the progress that has been made in enhancing Mitsui's portfolio. Specifically, I will touch upon the evolution and track record of portfolio management during the current Medium-term Management Plan (MTMP), turnaround cases currently being addressed, and the initiatives for the next MTMP from my perspective as Chair of the Portfolio Management Committee.

**2. Diversified Business Portfolio**

We have been working on building a high-quality business portfolio that is diversified across both industrial and regional axes, while being conscious of the time axis—balancing businesses that start earnings contribution in the near-term with those that contribute to building a long-term earnings base.

**3. Transition of Portfolio by Industry**

For profit by segment for FY March 2015, Mineral & Metal Resources and Energy accounted for more than 70% of the total. However, over the last 10 years, profit grew approximately 3 times and as a result of the growth in segments such as Machinery & Infrastructure, Innovation & Corporate Development, Chemicals, and Lifestyle, the portfolio balance has improved so that now Mineral & Metal Resources and Energy accounts for around half of the earnings.

In addition to the earnings contribution from large-scale projects in Mineral & Metal Resources and Energy, the enhancement of base profit has been achieved in segments such as Chemicals and Lifestyle. We aim to grow these segments to over 100 billion quickly and thereby continue to build a balanced portfolio.

**4. Transition of Portfolio by Region**

Looking at the portfolio by region, in FY March 2015, the Americas business was in a deficit mainly due to one-time factors. However, over the last 10 years, initiatives have progressed and earnings have grown in each region. In particular, earnings capability in the Americas has increased, and currently, the portfolio is well balanced in terms of regional diversification.

## **5. Portfolio Review and Asset Recycling**

We have consistently reviewed our portfolio management methods and have evolved our portfolio management. Each business unit reviews the policy for continued holding or exit of all projects based on five review points. As of the end of FY March 2025, there were 1,080 projects in total. We follow a process where the Portfolio Management Committee confirms all projects and makes decisions from a company-wide perspective regarding the validity of the holding policy and the feasibility of the exit plan.

In addition to unprofitable businesses, even for projects generating a certain level of profit, we conduct thorough discussions from a management perspective by the officers in charge of businesses, from the viewpoint of company-wide capital efficiency. There are multiple projects where we changed the policy from hold to sell. I am always mindful not to just accept the status quo. Instead, at times, difficult decisions need to be made as we drive forward the enhancement of the portfolio.

## **6. Asset Reconfiguration**

In this slide, I will explain the progress of asset reconfiguration. During the current MTMP, we expect to carry out asset recycling in the order of around 500 billion yen on average per year. As a result of determining the right time to sell and proceeding with reconfiguration based on review points even for projects generating a certain level of profit, we have been able to increase the cash and profit from sales compared to the past. Regarding listed stocks, we have halved the number of holdings from FY March 2018 to FY March 2025. During the current MTMP, we sold 45 listed holdings and generated cash of approximately 77 billion yen. In the next MTMP as well, with a focus on improving ROIC, we aim for further portfolio enhancement by continuing to work on asset recycling, including the selling of listed holdings.

## **7. Progress in Enhancement of Base Profit**

Next, I will explain the *progress in enhancement of base profit* during the current MTMP, giving more granular details than typically provided in the financial results presentations.

At the time of the current MTMP announcement, we adjusted commodity prices and foreign exchange rates to our assumptions for FY March 2026, and excluded one-time factors from profit as the definition for base profit. The aim has been to enhance base profit by 170 billion yen over the three year MTMP period, and we have been making steady progress toward achieving this. Here, the US dollar to Japanese yen exchange rate assumption was set at 130 yen to the dollar.

## **8. Strengthening Existing Businesses**

Over the next few slides, I will go over each of the three components that constitute the *enhancement of base profit* and how things have progressed, giving examples along the way.

First, regarding the progress of *strengthening existing businesses*, I will speak on several businesses where a significant enhancement of base profit was made from FY March 2023 to FY March 2025.

In mobility, the Americas automotives and truck-related business has grown continuously by steadily increasing earnings from automotive sales and services.

Ships related subsidiaries provide comprehensive services in collaboration with partners, responding to the needs of various customers in the value chain.

In the methanol business in the US, performance grew due to higher methanol prices and production volume, combined with enhanced production efficiencies.

In the healthcare business, IHH is continuously growing through organizational reforms, reviewing regional strategies, strengthening the group management foundation through centralized procurement, operational improvements, and the introduction of low-cost hospital models, as well as advancing digital transformation.

Mitsui Knowledge Industry is also continuing stable growth with strong performance in the IT infrastructure business for government agencies and enterprises. In the next MTMP, we will continue to steadily drive forward what we call *middle game* initiatives in each business and enhance base profit.

## **9. Efficiency Improvements, Turnarounds**

Next, I will give three examples where we executed *efficiency improvements and turnarounds*.

The power generation, and electricity and gas sales business in Australia saw deteriorating performance due to aging thermal power plants and soaring gas prices. Although we worked on improving profitability through strengthening risk management and new projects, given differences in direction with our partner regarding new initiatives, we decided to sell them our entire stake after discussions, completing the sale in FY March 2024.

Performance at the Haneda Airport cargo terminal deteriorated due to a decrease in passenger flights and lower cargo volume caused by the impact of COVID-19. However, by deliberately maintaining the necessary personnel structure in preparation for future cargo increases, we were able to capture the rebound in volumes after COVID-19 subsided and recover our performance.

The hydroelectric power generation business in Brazil saw a delay in the start of earnings contribution due to a decrease in power generation caused by drought and increased costs from acquiring alternative power. However, the business became profitable through achieving a reduction in transmission costs via discussions with authorities and an increase in power generation by raising upstream water levels.

We will continue to make efforts to realize successful efficiency improvements and turnarounds like these in the next MTMP.

## **10. Ongoing Efficiency Improvements, Turnarounds**

There are several businesses in which challenges remain in terms of *efficiency improvements and turnarounds* which I will speak on here.

Regarding the renewable energy business, Mainstream, tough management conditions persist due to deteriorating profitability in Chile, higher construction costs, and supply chain disruptions. Therefore, from the perspective of optimizing cash flow, we have streamlined the development plan and significantly reduced the investments, loans, and guarantees book value. Going forward, we are continuing discussions among shareholders to work on strictly selected new projects with an optimal structure, while continuing initiatives to reduce losses in Chile.

In coffee trading, future prices soared as coffee beans became in tight supply globally due to poor weather conditions starting around 2021, combined with rapidly expanding demand mainly led by China. Additionally, while futures prices were high, the emergence of buyer credit risk and the simultaneous rise in supplier contract risk led to delayed contract performance, resulting in valuation losses and hedging costs. On the other hand,

a strong harvest is expected next year in Brazil, a major production region, and since US tariffs on Brazilian coffee beans have been completely lifted for now, we assume the market will normalize. We will continue to work on reducing our position and simultaneously reducing various risks.

Regarding the Anglo American Sur copper business in Chile, production volumes decreased due to lower ore grades. Although it is still profitable on an EBITDA basis, our investment subsidiary is recording losses due to the impact of increased interest costs caused by interest rate hikes. The good news is that we plan to start integrated operations around 2030 with an adjacent copper mine owned by Codelco. We will continue to strive for the optimization of operations as well as the stable securing of copper resources.

## **11. New Businesses**

Regarding *new businesses*, we are executing carefully selected investments for growth in line with the three Key Strategic Initiatives defined in the MTMP. Among the investments for growth executed during the current MTMP, many of the projects that started earnings contribution in the near-term are increasing their earnings capability, while investments for growth aimed at expanding the long-term earnings base are also progressing steadily.

Over the three years of the MTMP, we anticipate earnings contributions of 26 billion yen in Industrial Business Solutions, 14 billion yen in Global Energy Transition, and 20 billion yen in Wellness Ecosystem Creation. The total of 55 billion yen communicated in the financial results presentation is a figure based on a US dollar exchange rate of 130 yen, but here, the earnings contribution for each of the Key Strategic Initiatives is listed on a 145 yen basis, which is closer to the actual situation, bringing the total to 60 billion yen.

Regarding the ROIC forecast for FY March 2026, we anticipate 6.7% for Industrial Business Solutions, 4.8% for Global Energy Transition, and 4.3% for Wellness Ecosystem Creation. This is still ramping up, and for the future, we are looking at organic growth to reach an even higher level. Although there are differences in characteristics and stages for each business area, we will steadily grow profitability while being mindful of enhancing ROIC in each and every business.

## **12. Toward Further Portfolio Enhancement**

We believe that constantly enhancing the quality of our portfolio through the execution of excellent investments for growth carefully selected from an abundant project pipeline, the strengthening of portfolio review, and the execution of asset reconfiguration is the foundation of our management. We will work on this continuously to produce results that meet the expectations of our investors.

This concludes my presentation.