

## Mitsui's Long-Term Management Vision

— Dynamic Evolution as a 21<sup>st</sup> Century Global Business Enabler —



### Mitsui's vision for the coming ten years

We intend to evolve as a company that is :

- (1) Providing industrial solutions to meet the changing needs of the times and continuously creating new value by drawing deeply from our experience in real business
- (2) Contributing to the well-being of the world economy as a company with true global presence
- (3) Ensuring an even greater commitment to *Yoi-Shigoto (Good Quality Work)*
- (4) Cultivating a corporate culture that facilitates dynamic and flexible evolution in response to changes in the business environment
  - Business model evolution : developing new business models with high added value
  - Portfolio evolution : flexibly and strategically adapting and optimizing our business portfolio
  - Human resources evolution : building a strong human resources base through globalization
- (5) Enhancing operational efficiency by strengthening our earning power and financial structure



## 1 INTERPRETING THE EXTERNAL ENVIRONMENT

### (1) Global economic trends through 2050 :

#### Growth supported by structural elements and technological breakthroughs

- 1) Despite the current drastic slowdown of the world economy, underlying elements indicate a return to a stable GDP growth rate of 2.0-2.5%
  - World population will continue to increase, from 6.7 billion people in 2007 to 9.2 billion people in 2050. (In contrast, the population in Japan will gradually decline)
  - Emerging economies will continue to expand, with a proliferation of urban living (50% of the world's population will reside in cities)
  - Demand for basic infrastructure (water, energy, food, etc.) will continue to increase, and the environment will face a greater burden
- 2) The world economy will see a long-term structural shift to Asia
  - Asia's share of world GDP is currently around 25%, with an expected rise to 35% in 2030 and 50% in 2050
- 3) Technological breakthroughs can be expected in the areas of information and communication technology, life sciences, environment and energy, nanotechnology and new materials, robotics, and in space and marine frontiers

- (2) A paradigm shift at the beginning of the 21<sup>st</sup> century : Structural changes amid a worldwide recession
- 1) Reduced presence of the United States in world affairs is leading to “non-polarization” of the global economic and political landscape, stimulating the formation of a new order with greater participation by multiple economic powers
  - 2) The global financial crisis is stimulating structural changes
    - Business managers and policy makers are getting back to basics and recognizing the importance of the real economy, having learned hard lessons from overindulgence in financial capitalism and money games
    - Excessive reliance on competition and free market mechanisms has subsided, with a move toward *disciplined capitalism* based on greater government and public sector intervention
    - Despite the decline of purely financial capitalism, financial engineering expertise will make an increasingly important contribution to real business (the *financialization of industry*)
  - 3) Extreme volatility in energy and mineral resource markets is necessitating careful and informed assessment of future trends and outlooks

## 2

## SIX BUSINESS MANAGEMENT CONCEPTS FOR DYNAMIC EVOLUTION



## 1

## Establish a comprehensive strategy on energy and the environment

- Expand Mitsui's core earnings base in oil and gas upstream business, with special focus on environmentally friendly **LNG**
- Strategically allocate resources to **non-fossil fuel business** (nuclear power and renewable energy)
- Develop stronger initiatives in **recycling, energy saving and environmental solutions business and in the development of submarine resources**
- Focus on **food and water resources**, particularly with regard to industrializing Japanese agriculture and expanding throughout Asia
- Position Mitsui to operate effectively amid industrial restructuring and geographic changes arising from the pursuit of a **low-carbon society**

- 2 Reinforce our domestic foundation and accelerate global initiatives**

  - Form and / or reinforce strategic alliances with regional core companies and SMEs with high potential
  - **Leverage our domestic presence** and work in tandem with the globalization strategies of our strategic partners
  - **Promote localization of human resources and business operations**
  - **Enhance our global network** based on three overseas regional headquarters
  - **Develop logistics and transportation infrastructure in Asia**, with expansion potential into Eurasia
- 3 Respond to the *financialization of industry***

  - **Pursue capitalism that fosters business** : Amalgamate our real business know-how and financial technology by enhancing our M&A and asset management expertise
  - **Engage actively in the prevailing global reorganization** occurring in all industrial sectors
  - **Enhance financial expertise and ensure its optimal application on a company-wide basis**
- 4 Consider the entire value chain and reinforce non-resource areas**

  - **Develop and upgrade our functions in global marketing network businesses**, including steel products, machinery, chemicals and foods---the bread & butter of Mitsui's earnings base
  - Focus on development potential in domestic markets, including **medical and healthcare, agriculture and food, and urban development**
  - Cultivate **platform projects** to serve as hubs for the provision of comprehensive, multifaceted functions in consumer service business areas
- 5 Strengthen business intelligence as part of management infrastructure**

  - Develop **MOT (Management of Technology)** that reflects Mitsui's unique characteristics
  - Establish competitive advantage in geopolitical and international business intelligence
  - Plan and develop new business models by combining know-how and intelligence through company-wide cross-sectional strategic initiatives
- 6 Develop management resources and improve management systems**

  - Implement continuous **portfolio evolution** through strategic focus and concentration of management resources and investment discipline
  - **Develop a strong human resources base**, our most important management asset, by instituting an effective system to foster and globalize our human resources
  - Reinforce our **global headquarters functions** as the nucleus of a drive for total management optimization worldwide
  - **Further develop our information strategy** on a global group basis and promote the development of new business models leveraging our IT capabilities
  - Emphasize and implement proper **internal control and CSR practices**

### **3 REVISITING OUR CORE CAPABILITIES TO SUPPORT MITSUI'S DYNAMIC EVOLUTION**

- **Enhance our synthesizing capability** : Provide solutions by integrating diverse functions in response to customer needs
  - Core functions of a general trading company : Marketing, finance, logistics optimization and risk management
  - Business intelligence: Knowledge of goods and industries accumulated through real business experience, professional networks, know-how in managing a variety of businesses, etc.
- **Build our risk management capability** to support proactive engagement in business operation and management
- **Commit to long-term initiatives for business development**, accumulating knowledge from experience and nurturing relevant human resources
- Allocate management resources to achieve **total optimization** from a global group management perspective