Acquisition of Additional Shares of IHH Healthcare Berhad ("IHH"), Asia’s Largest Private Hospital Group

November 29, 2018
Mitsui & Co.
Table of Contents

1. Project Overview

2. Recognition of Healthcare Market in Asia and Mitsui & Co.’s Initiatives

3. IHH at the Core of Healthcare Ecosystem

4. Our Vision for the Healthcare Business

5. Quantitative Targets

6. Revised CF Allocation in the Medium-Term Management Plan
1. Project Overview

Mitsui & Co. to acquire additional shares of IHH through negotiated transaction with Khazanah Nasional Berhad, IHH’s current largest shareholder (42.1%*).

| Newly acquired shares | 16%  
|----------------------|------
| (32.9%* combined with the currently held shares) |
| Purchase amount      | Approximately ¥230 billion |
| Investment execution date | March 2019 (scheduled) |

< Vision and Aim >

- Build and expand participation in the largest healthcare ecosystem in Asia
- Contribute to the further development of healthcare services in Asia from the viewpoints of improving “access, quality, and efficiency”.

*Based on the enlarged share capital of IHH after completion of the issuance of new shares in IHH to Mehmet Ali Aydinlar, Hatice Seher Aydinlar and/or its nominee and Pulau Memutik Ventures Sdn Bhd, in its capacity as the nominee of Bagan Lalang Ventures Sdn Bhd. Mitsui’s acquisition has not completed and is subject to and conditional upon regulatory requirements in India and the completion of above issuance of new shares.
2. Recognition of Healthcare Market in Asia and Mitsui & Co.’s Initiatives

- The current healthcare market in Asia:
  - Anticipates a market growth of 10% every year as a result of population increase and aging society
  - Severely lacks hospitals (beds), creating a huge gap in supply and demand
  - Urgently needs sophistication of medical care and improvement of quality to respond to the changing disease structure

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Beds per 1,000 People</th>
<th>Annual Medical Expense per Capita (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>12.3</td>
<td>3,703</td>
</tr>
<tr>
<td>OECD average</td>
<td>4.8</td>
<td>3,664</td>
</tr>
<tr>
<td>Singapore</td>
<td>2.8</td>
<td>4,047</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2.3</td>
<td>1,040</td>
</tr>
<tr>
<td>India</td>
<td>0.7</td>
<td>75</td>
</tr>
<tr>
<td>China</td>
<td>2.8</td>
<td>420</td>
</tr>
<tr>
<td>Turkey</td>
<td>2.8</td>
<td>568</td>
</tr>
</tbody>
</table>

(Source: METI, Singapore Government, World Bank, and OECD)
2. Recognition of Healthcare Market in Asia and Mitsui & Co.’s Initiatives
2. Recognition of Healthcare Market in Asia and Mitsui & Co.’s Initiatives

- **Platform (hospitals)**
- **Hospital business**
  - IHH
  - Columbia Asia
- **Dialysis clinic business**
  - DaVita Care
3. IHH at the Core of Healthcare Ecosystem

IHH rolls out 50 hospitals with approx. 12,000 beds in the world (as of October 30, 2018).

Overview

- In May 2011, Mitsui acquired 30% of IHH shares from Khazanah Nasional Berhad who was the 100% shareholder of IHH.
- In January 2012, IHH acquired 60% of Acibadem’s shares, the largest private hospital group in Turkey.
- In July 2012, IHH had its IPO on the Malaysia and Singapore stock exchanges.
- In 2018, IHH reached basic agreement to purchase Fortis, a major Indian hospital business provider.

Equity stake
(based on the enlarged share capital of IHH after completion of the share swap between IHH and Acibadem shareholders, and after Mitsui & Co.’s acquisition of additional shares of IHH)

- 100% Parkway Pantai
- 100% Parkway Holdings
- 100% PANTAI Holdings Berhad
- Max. 57% (scheduled) Fortis
- 100% IMU
- 32.9% IHH Healthcare Berhad
- 90% ACIBADEM

Parkway Pantai Limited

- One of the largest private hospital groups in Singapore
- The second largest hospital group in Malaysia
- Rolls out business in China, India, Brunei, etc.
- Purchased a major Indian hospital, Fortis
- Possesses labs and diagnostic imaging business as well

IMU

- Malaysia’s private medical university

ACIBADEM

- The largest private hospital group in Turkey
3. IHH at the Core of Healthcare Ecosystem

Since our initial investment in 2011, Mitsui & Co. has supported IHH’s geographical and business expansion and also, has been supportive of IHH’s group management through the nomination of directors and secondment of employees.

Mitsui & Co.’s support since the initial investment in 2011

- Participation in management and execution of growth strategies
- Support for geographical expansion
- Planning and promotion of capital strategy
- Realizing and enhancing business synergy
- Organizational restructuring and strengthening of internal controls

Conversion rate: 1MYR=¥27

IHH’s business expansion

2011: Mitsui’s participation

16 hospitals (approx. 3,500 beds)
EBITDA approx. ¥17.7 billion

2012: IPO

30 hospitals (approx. 4,900 beds)
EBITDA approx. ¥43 billion

2015: Purchased India’s hospital group
2016: Purchased Bulgaria’s hospital group
2017: Opened hospitals and other institutions in Hong Kong and Turkey

50 hospitals (approx. 12,000 beds) (as of Oct. 2018)
EBITDA approx. ¥62 billion (as of the end of 2017)
4. Our Vision for the Healthcare Business

【1】Stronger core hospital business

【2】Strengthening and upgrading of Mitsui’s healthcare ecosystem

- Build and expand participation in the largest healthcare ecosystem in Asia
- Capture the growing Asian healthcare market demand
【1】 Strengthening the core hospital business

- Contributing to the improvement of medical quality and operational efficiencies
- Participate and support geographical expansion of hospital business, leveraging Mitsui’s unique trading company functions and connections
4. Our Vision for the Healthcare Business

【2】Expansion of Mitsui’s healthcare ecosystem

«Participate in building up ancillary service business»

- Participate and support in enhancement, expansion and growth of ancillary service business inside the hospitals
- Explore the idea of establishing stand alone ancillary service businesses by cutting out those functions from hospitals

[Diagram showing the healthcare ecosystem with hospitals at the center, ancillary service businesses, specialty clinics, diagnostic imaging, and clinical laboratories.]
4. Our Vision for the Healthcare Business

【2】Expansion of Mitsui’s healthcare ecosystem

≪Innovative initiatives with the utilization of IT≫

- Creating a healthcare data platform
- Utilizing data for operational efficiencies, exploring new initiatives in the preventive medicine and disease management field, and development of pharmaceutical and medical equipment.
## 5. Quantitative Targets

Our quantitative targets with the hospital and ancillary service business

<table>
<thead>
<tr>
<th>Ref</th>
<th>Mar/18 IHH results (*)</th>
<th>Mar/23</th>
<th>Mar/28</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value of Mitsui’s hospital &amp; ancillary service business</strong></td>
<td>Approx. ¥1.2T (18% = ¥220B)</td>
<td>Approx. ¥650B~ ¥820B</td>
<td>Approx. ¥1.3T~ ¥1.5T</td>
</tr>
<tr>
<td><strong>PAT in proportion to Mitsui’s equity</strong></td>
<td>Approx. ¥26B (18% = ¥4.7B)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of beds</strong></td>
<td>10,000 beds</td>
<td>20,000 beds</td>
<td>25,000 beds</td>
</tr>
</tbody>
</table>

(
*IHH results as per disclosed actual results of IHH)*

(Conversion Rate: 1MYR=¥27)
6. Revised CF Allocation in the Medium-Term Management Plan

- Increase in expected investment and loans by ¥200bn through this additional investment
- Increase in expected cash-in of ¥100bn through further asset recycling

(Unit: ¥billion)

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<tr>
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</thead>
<tbody>
<tr>
<td>Core Operating Cash Flow*1…①</td>
<td>985.0</td>
<td>1,900</td>
<td>1,900</td>
</tr>
<tr>
<td>Asset Recycling…②</td>
<td>430.0</td>
<td>700</td>
<td>800</td>
</tr>
<tr>
<td>Cash-Out</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and Loans…③</td>
<td>-950.0</td>
<td>-1,700~1,900</td>
<td>-1,900~2,100</td>
</tr>
<tr>
<td>Shareholder Returns*2…④</td>
<td>-242.5</td>
<td>-410</td>
<td>-450</td>
</tr>
<tr>
<td>Free cash flow*3 after shareholder returns…①+②+③+④</td>
<td>222.5</td>
<td>290~490</td>
<td>150~350</td>
</tr>
</tbody>
</table>

*1. Cash flows from operating activities minus cash flows from changes in working capital
*2. Our disclosure in October 2018 showed the final fiscal year only factoring in a minimum total dividend of (¥100bn), however, this material has been updated based on the total dividend for the final fiscal year to be the same amount as in FY Mar/2019
*3. Free cash flow that excludes the effects of changes in working capital and time deposits
   From FY Mar/2019, cash flows of some lease transactions, which had previously been recorded as working capital, are recorded as investment cash flow and have been excluded from the calculations in the table above

Allocation by management discretion

Additional shareholder returns
Repayment of interest-bearing debt
Additional investment
360° business innovation.