

# 2nd Quarter Financial Results

## FY Ending March 2017



**MITSUMI & CO.**

November 4, 2016

Mitsui & Co., Ltd.

### **A Cautionary Note on Forward-Looking Statements:**

This material contains statements (including figures) regarding Mitsui & Co., Ltd. ("Mitsui")'s corporate strategies, objectives, and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the views of Mitsui's management but should not be relied on solely in making investment and other decisions. You should be aware that a number of important risk factors could lead to outcomes that differ materially from those presented in such forward-looking statements. These include, but are not limited to, (i) change in economic conditions that may lead to unforeseen developments in markets for products handled by Mitsui, (ii) fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions, (iii) adverse political developments that may create unavoidable delays or postponement of transactions and projects, (iv) changes in laws, regulations, or policies in any of the countries where Mitsui conducts its operations that may affect Mitsui's ability to fulfill its commitments, and (v) significant changes in the competitive environment. In the course of its operations, Mitsui adopts measures to control these and other types of risks, but this does not constitute a guarantee that such measures will be effective.

## Summary of Operating Results of Six Months to Sept 2016, Forecast Revisions for FY Ending March 2017

### ◆ Operating Environment

- The global economy has seen stable growth overall due to signs of international commodity prices bottoming out despite temporary chaos in the financial markets resulting from the Brexit decision.
- With developing economies stagnating and no improvements in resilience among developed economies, the current situation is expected to continue. Heightened geopolitical risk may hinder economic recovery.

### ◆ Operating Results

	Annual Forecast (announced May 2016)	Results for Six Months to September 2016 (announced November 2016)	Progress (approx.)
EBITDA	¥540.0bn	¥283.0bn	52%
Profit	¥200.0bn	¥122.0bn	61%
Core Operating Cash Flow	¥360.0bn	¥181.3bn	50%

### ◆ Full-year Forecast Revisions

- Profit: Revised upwards to ¥220.0bn (+¥20.0bn compared to original forecast)
- EBITDA / Core Operating Cash Flow: Unchanged from original forecast (¥540.0bn / ¥360.0bn)

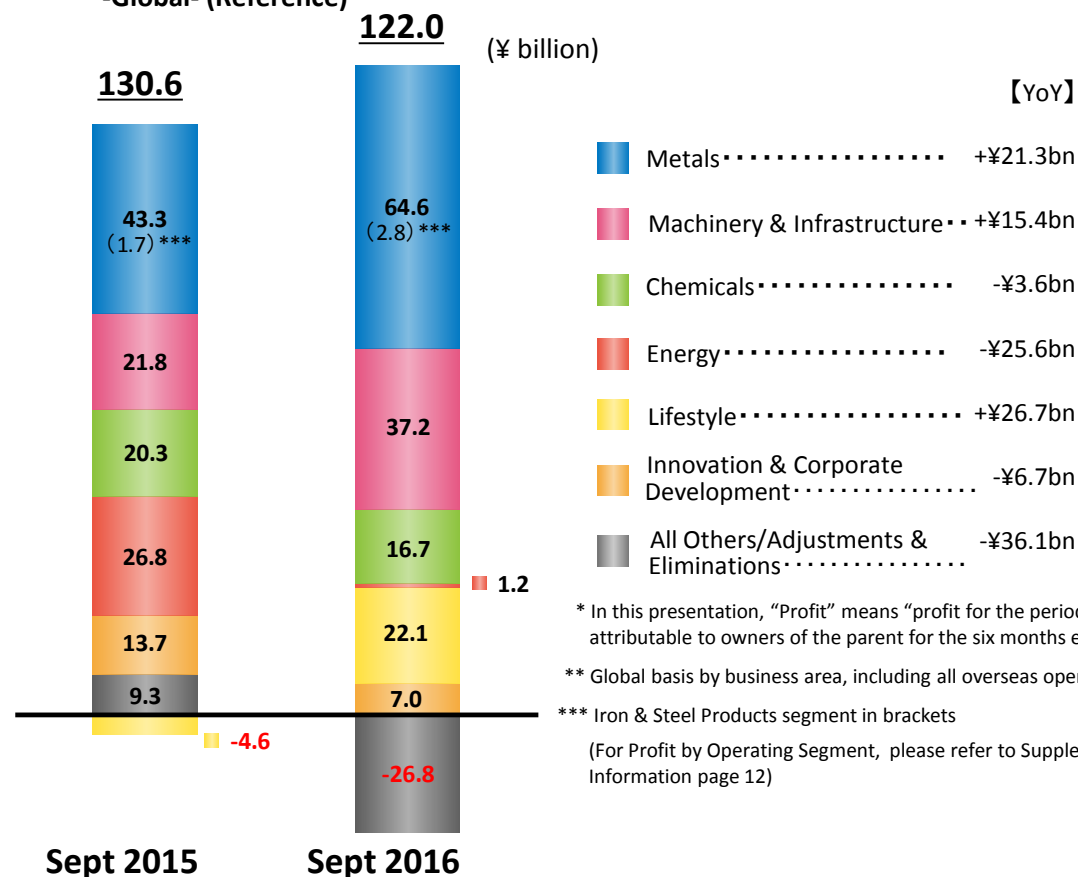
## Operating Results for Six Months Ended September 2016

◆ Profit\*: ¥122.0bn (-¥8.6bn YoY)

◆ YoY change by business area: Six months to September 2015 vs. six months to September 2016

- Energy (Profit of ¥1.2bn) : -¥25.6bn (Decrease in oil and gas prices)
- Lifestyle (¥22.1bn) : +¥26.7bn (Reversal of Multigrain loss in previous period, partial sale of IHH stock)
- Metals (¥64.6bn) : +¥21.3bn (Tax effects from liquidation of subsidiary, Valepar profit increase)
- All Others/Adjustments & Eliminations (-¥26.8bn): -¥36.1bn (Tax effect adjustments, etc., in Metals and Lifestyle business areas)

Six-month Profit by Business Area\*\*  
-Global- (Reference)



\* In this presentation, "Profit" means "profit for the period attributable to owners of the parent for the six months ended September 30, 2016."

\*\* Global basis by business area, including all overseas operations

\*\*\* Iron & Steel Products segment in brackets

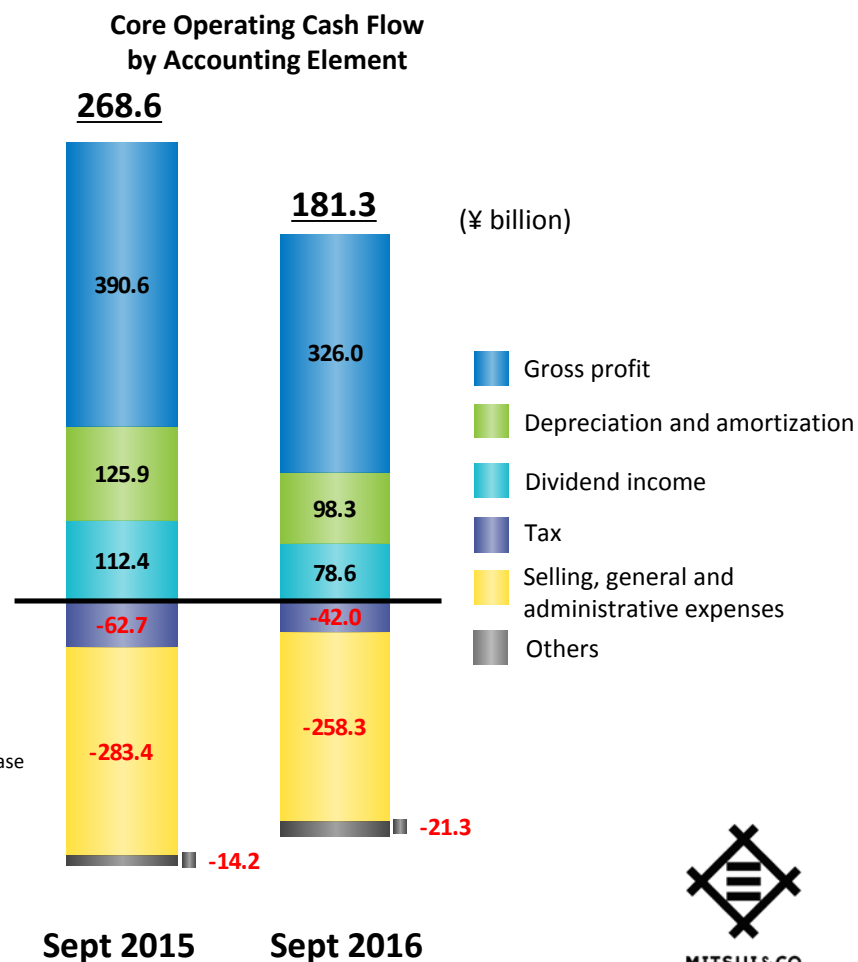
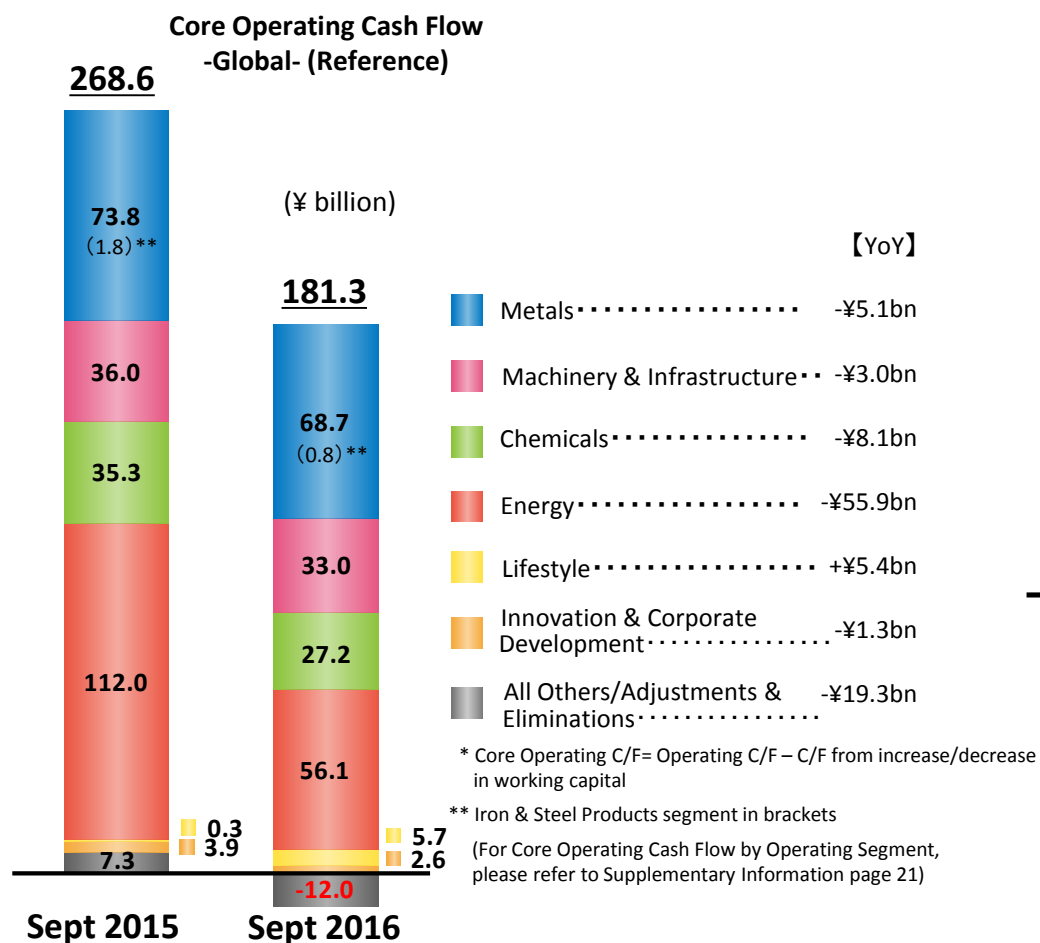
(For Profit by Operating Segment, please refer to Supplementary Information page 12)

## Operating Results for Six Months Ended September 2016

◆ Core Operating Cash Flow\*: ¥181.3bn (-¥87.3bn YoY)

◆ YoY change by business area: Six months to September 2015 vs. six months to September 2016

- Energy (Core Operating Cash Flow: ¥56.1bn) : -¥55.9bn (Decrease in oil and gas prices)
- Chemicals (¥27.2bn) : -¥8.1bn (Decrease in methionine prices)
- Metals (¥68.7bn) : -¥5.1bn (Decrease in dividends from equity accounted investees)



## Activities based on Key Initiatives (announced May 2016)\*

### ◆ Key initiative ①: Thorough enhancement of underlying earning strength in existing and developing businesses

- Building on three key strengths in mineral resources and energy – reserves, production, and cost-competitiveness

Key Strategic Domain	Business Description	Projects
Mineral resources and materials, Infrastructure	Integrated development of coal-mining, rail and port operations	Moatize Coal Mine and Nacala Infrastructure Project, Mozambique (changes to participation conditions agreed)

- Expanding stable earning business (non-resource business)

Key Strategic Domain	Business Description	Projects
Infrastructure	Power plant construction and operation	Avon diesel-fired IPP, South Africa (commenced operations)
Infrastructure	Port infrastructure construction and operation	Tanjung Priok Port New Container Terminal, Indonesia (commenced operations)
Mobility	Manufacture of automobile materials and components	Gestamp Automoción, Spain (participation agreed)

### ◆ Key initiative ②: Establishing new earning base in growth areas and realizing potential value

- Concentrated engagement in business areas where existing businesses and knowledge can be utilized

Key Strategic Domain	Business Description	Projects
Medical/Healthcare	Hospital operations targeting middle-income patients in Asia	Columbia Asia Group (participation agreed)

\* This page refers to activities in Q2 of FY to March 2017. For Q1 activities, please refer to page 16.

◆ Cash Flow from Asset Recycling and Investments & Loans for the Six Months Ended September 2016

Business Area	Asset Recycling		Investments & Loans*		
	Results (¥ billion)	Major items**	Results (¥ billion) ...①+②	Major items**	
				Existing business and projects in the pipeline ...①	New investments ...②
Metals	15.0	Ruyuan	- 15.0	Iron ore and coal in Australia	
Machinery & Infrastructure	25.0	Water business in China Aircraft engines	- 20.0		Marine container terminal in Indonesia
Chemicals	25.0	Chemical-related business in Brazil	-10.0		US tank terminal expansion
Energy	5.0	Miscellaneous	- 35.0	Oil and gas business development in Thailand	
Lifestyle	40.0	Malaysian hospital (IHH) Recruit Holdings	- 50.0	Pharmaceutical fund in US	Hospital operations for middle-income patients in Asia Logistical facility in China
Innovation & Corporate Development	5.0	Cold-chain logistics in China	- 5.0	Miscellaneous	
All Others/Adjustments & Eliminations	5.0	Miscellaneous	-30.0	Development of Ohtemachi District complex	
Total	120.0		- 165.0	- 125.0	- 40.0

\*Excludes net changes in time deposit stated in cash flow statement (approx. -¥147.0 billion).

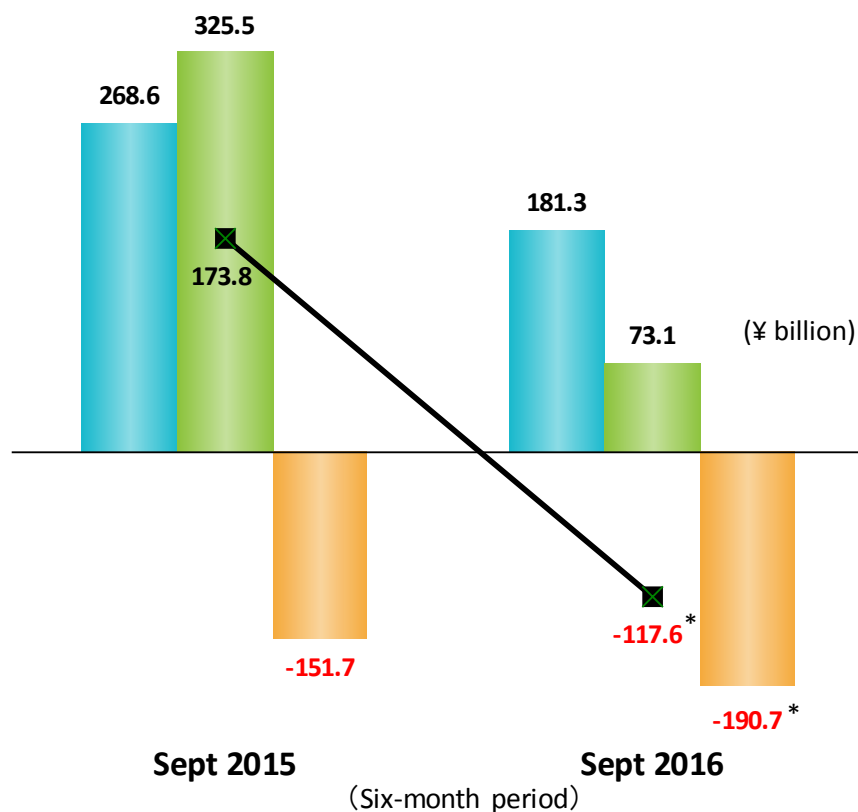
\*\*Blue text describes new investments made or proceeds from asset recycling during Q2.

## Cash Flows & Balance Sheets

### Cash Flows

- ◆ Core Operating Cash Flow: ¥181.3bn (-¥87.3bn YoY)
- ◆ Free Cash Flow: -¥117.6bn\* (-¥291.4bn YoY)

Core operating C/F    Operating C/F    Investment C/F    Free C/F



\* Includes net cash outflows that correspond to change in time deposit of approx. ¥147.0bn

### Balance Sheets

March  
2016

Current assets 4.3	Other liabilities 2.5
Non-current assets 6.6	Interest-bearing debt** 4.7 (3.2)
0.3	Shareholders' equity*** 3.4

Noncontrolling interests

Total assets	¥10.9
Shareholders' equity	¥3.4
Net DER	0.95x

September  
2016 (¥ trillion)

Current assets 4.3	Other liabilities 2.3
Non-current assets 6.2	Interest-bearing debt** 4.8 (3.1)
0.2	Shareholders' equity*** 3.2

Noncontrolling interests

Total assets	¥10.5
Shareholders' equity	¥3.2
Net DER	0.96x

Major factors in movements in Shareholders' equity  
(-¥186.9bn from FY ended March 2016)

• Profit	¥122.0bn
• Foreign currency translation adjustments	-¥242.6bn
• Financial assets measured at FVTOCI	+¥1.7bn
• Dividend payments	-¥57.4bn
• Other	-¥10.6bn

\*\* Figures in brackets describe "net interest-bearing debt", which is interest-bearing debt minus cash and cash equivalents, and time deposits.

\*\*\* In this presentation, "Shareholders' equity" means "total equity attributable to owners of the parent."

## Revised Forecast for FY Ending March 2017

◆ EBITDA: ¥540.0bn, Core Operating Cash Flow: ¥360.0bn (unchanged from original forecast)

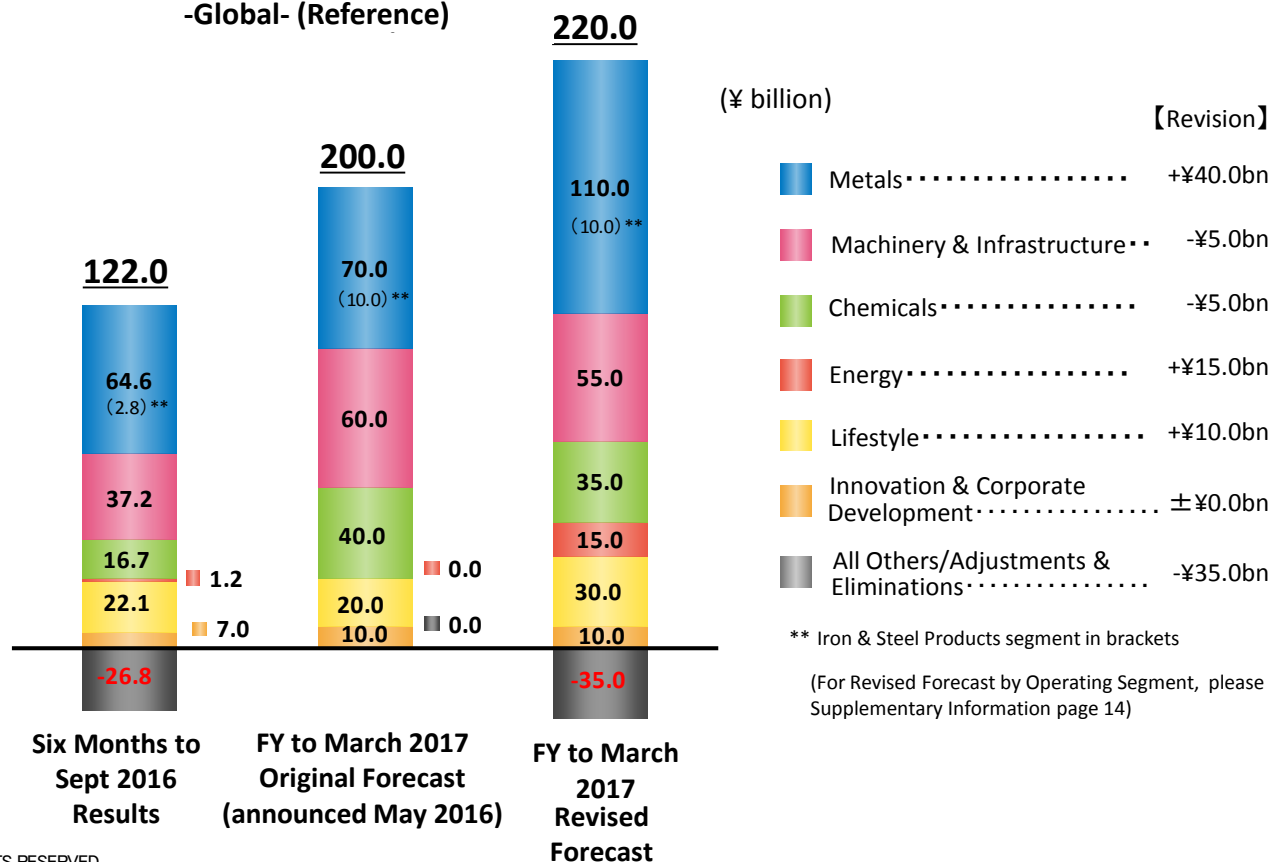
◆ Full-year Profit\*: Revised upwards to ¥220.0bn (+¥20.0bn compared to original forecast)

Revised forecast by business area (and Major Contributing Factors)

- Metals : +¥40.0bn (Increase in coal prices, tax effects from liquidation of subsidiary)
- Energy : +¥15.0bn (Decrease in costs, increased production)
- Lifestyle : +¥10.0bn (Increase in profit from partial sale of IHH stock)
- All Others/Adjustments & Eliminations : -¥35.0bn (Tax effect adjustments, etc., in Metals and Lifestyle business areas)

### Full-year Profit by Business Area

-Global- (Reference)





## Activities based on Key Initiatives (announced May 2016)

### ◆ Key initiative ③ : Pursuing allocation to both investment for growth and returns to shareholders

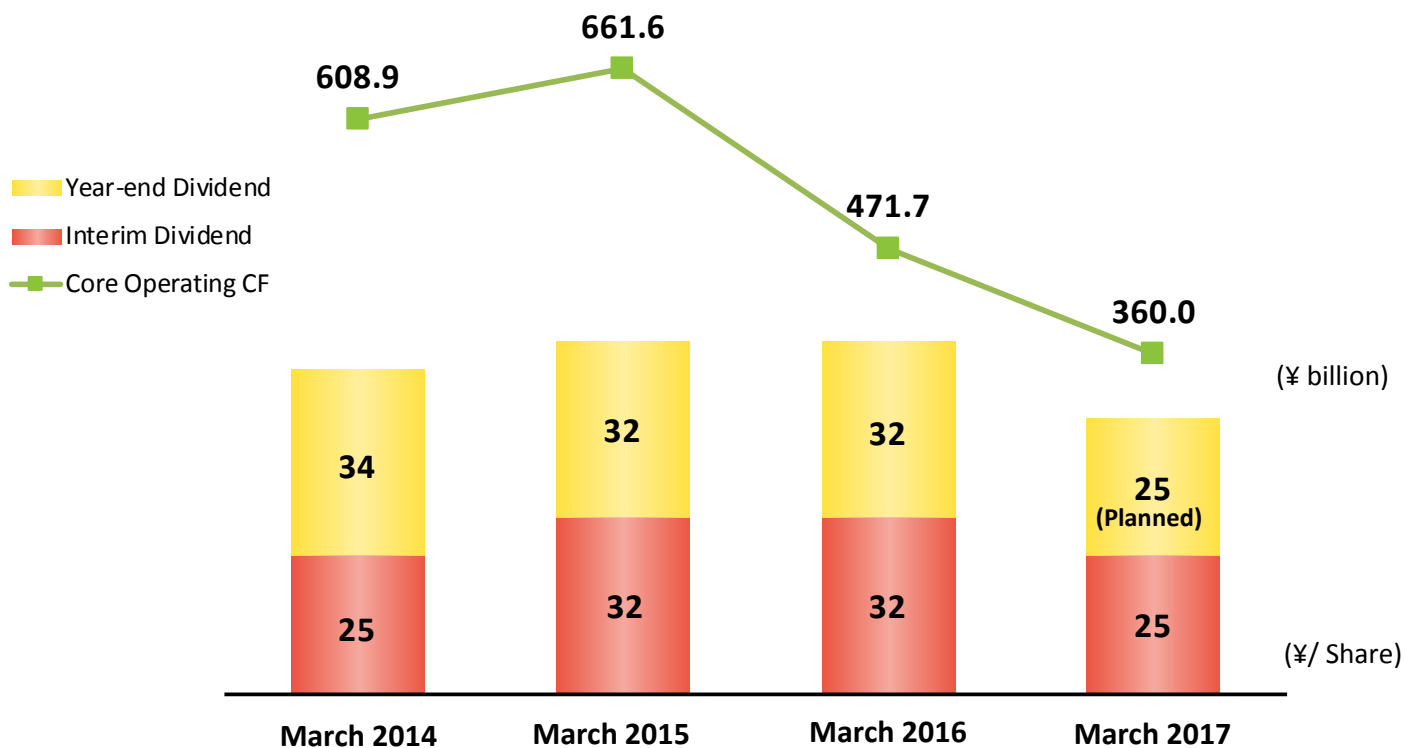
- Six Months ended Sept 2016: Cash flow allocation results and revised full-year forecasts

( ¥ billion)

		FY to March 2017 Forecast (Announced May 2016)	Six Months to Sept 2016 Result	FY to March 2017 Revised Forecast (Announced Nov 2016) (a)	Two-year Total Results to March 2016 (b)	Three-year total Forecast (Announced Nov 2016) (a) + (b)
RESOURCE	Core Operating Cash Flow...①	360.0	180.0	360.0	1,130.0	1,490.0
	Asset Recycling...②	270.0	120.0	260.0	530.0	790.0
	Investment to Existing Business and Projects in the Pipeline...③	-390.0 ~ -490.0	-125.0	-360.0	-860.0	-1,220.00
	Recurring FCF...④=① + ② + ③	140.0 ~ 240.0	175.0	260.0	800.0	1,060.0
ALLOCATION	Investments for Growth...⑤ (New Investments)		-40.0		-460.0	* Achieve positive FCF (three-year total) * Pursuing allocation to both investment for growth and returns to shareholders
	Free Cash Flow (FCF)...④ + ⑤		135.0		340.0	
	Returns to Shareholders (Dividend, share buyback)		-45.0		-230.0	
		Borrowing / repayment of interest-bearing debt (±)				

## Annual Dividend for FY Ending March 2017

- ◆ Planned annual dividend: ¥50 per share, assuming core operating cash flow for the FY ending March 2017 will be ¥360.0bn, and taking into consideration full-year profit, EBITDA, and stability and continuity of the dividend amount.
- ◆ Interim dividend: ¥25 per share



Annual dividend per share  
Consolidated dividend  
payout ratio

¥59  
31% \*

¥64  
37%

¥64  
—

¥50  
41%

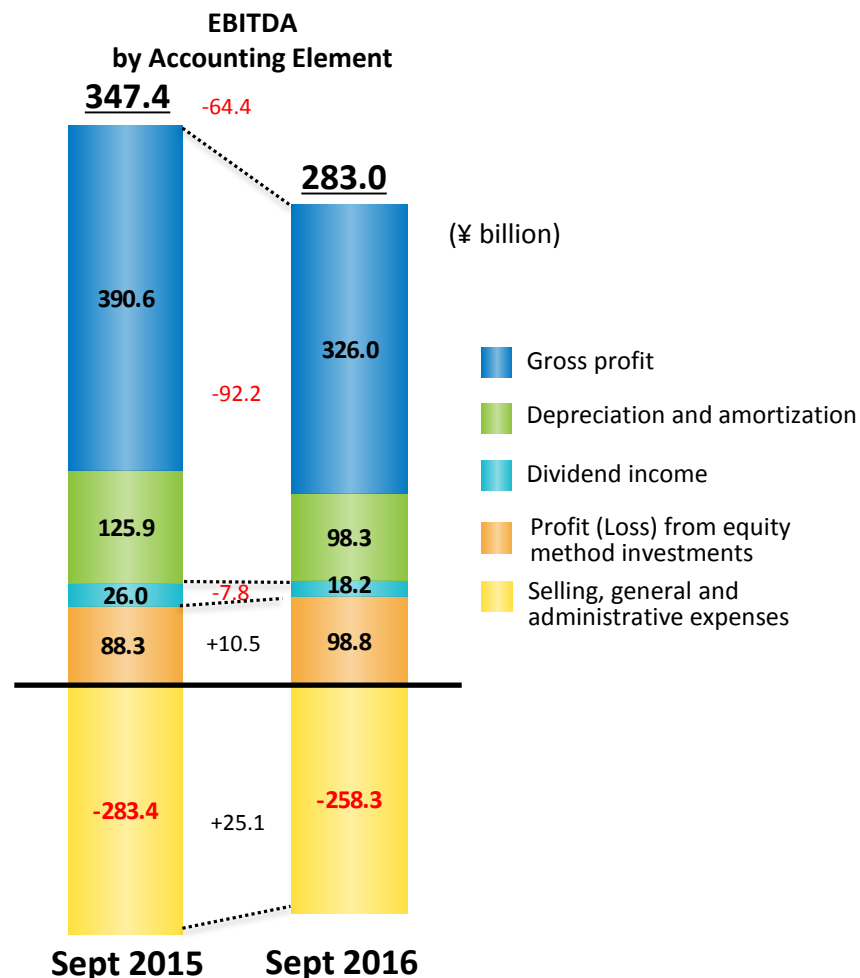
\* Restated based on profit for the year (IFRS) (25% based on USGAAP)

# Supplementary Information

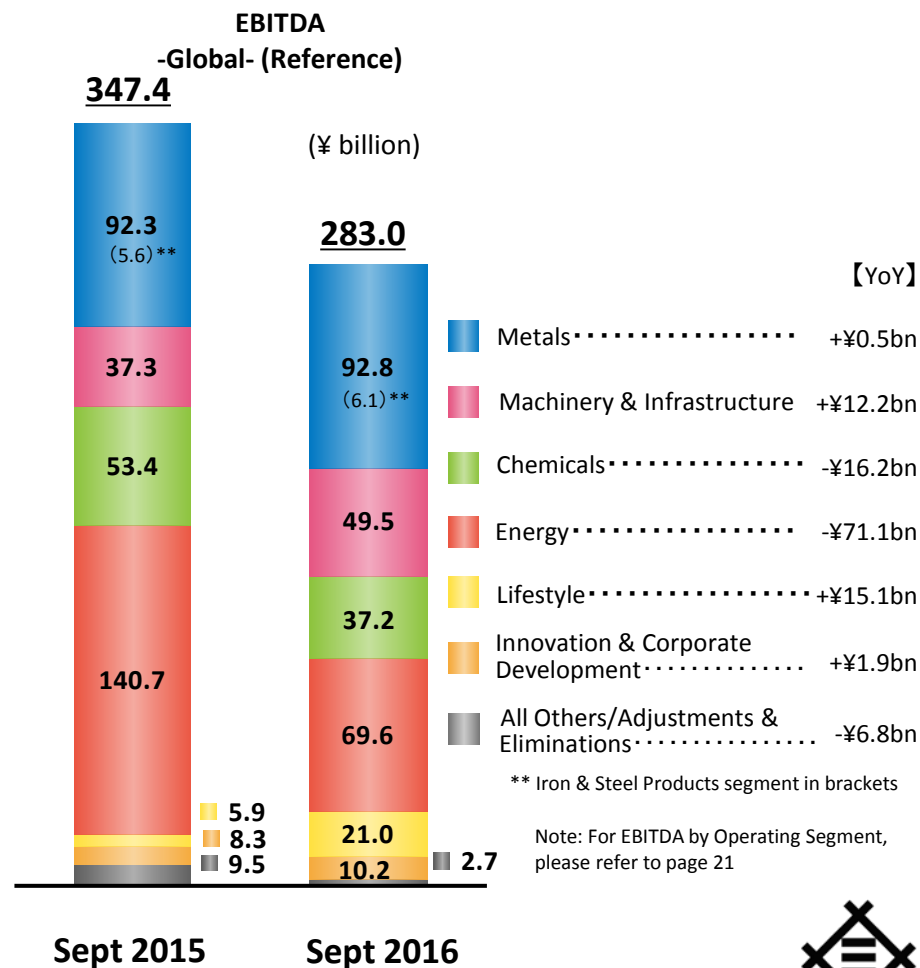
## EBITDA for Six Months ended September 2016 (YoY comparison)

◆ EBITDA\*: ¥283.0bn (-¥64.4bn YoY)

- Gross Profit (after adding back depreciation and amortization) : -¥92.2bn YoY, mainly due to drop in oil and gas prices
- Dividend income: -¥7.8bn YoY, mainly due to reduction in dividends from LNG projects
- Profit (Loss) from equity method investments: +¥10.5bn YoY, mainly due to recovery from one-time losses in IPP business in previous period, and increase in profit of Valepar



\*EBITDA = Gross profit + selling, general and administrative expenses + dividend income + profit (loss) from equity method investments + depreciation and amortization.  
Some totals do not match due to rounding.

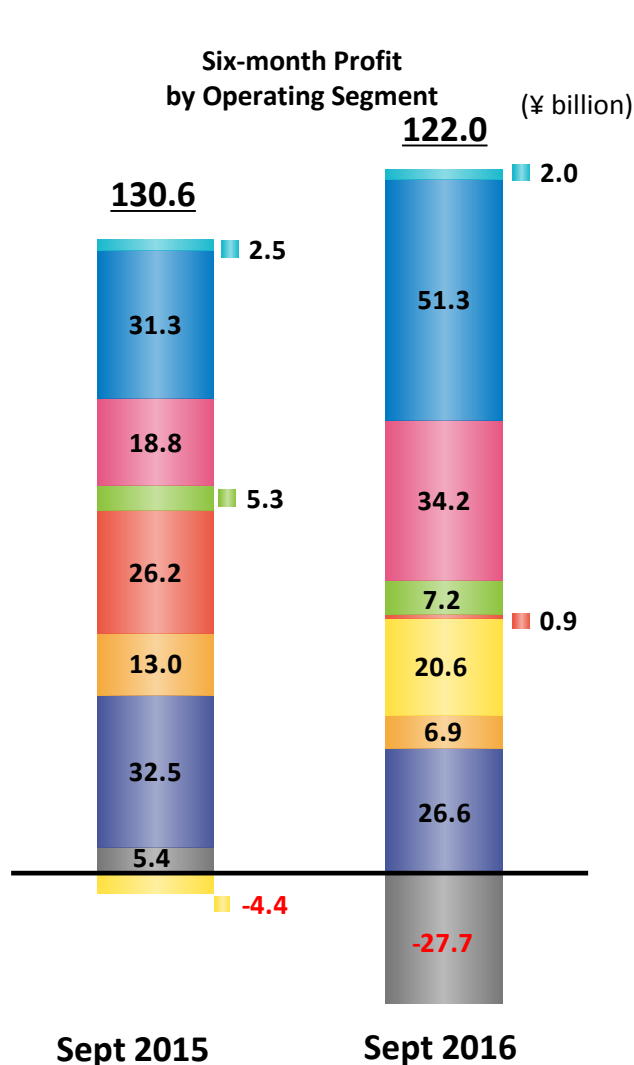


\*\* Iron & Steel Products segment in brackets

Note: For EBITDA by Operating Segment, please refer to page 21



# Profit by Operating Segment for Six Months ended September 2016 (YoY comparison)

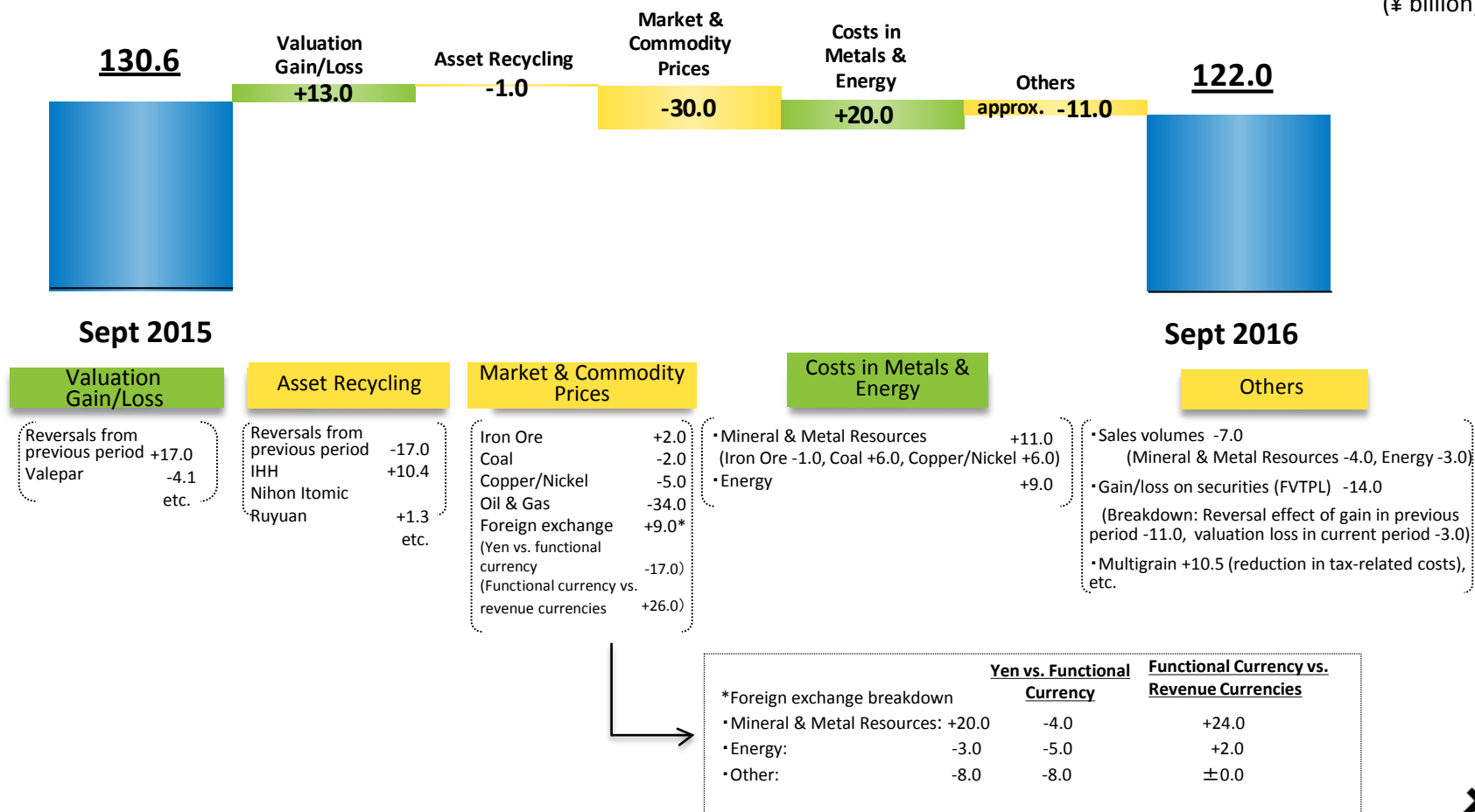


	【YoY】 (after tax basis)	
<b>Energy</b>	¥0.9bn	-¥25.3bn (-97%)
↓ Mitsui Oil Exploration (MOECO): -¥11.9bn, mainly due to drop in oil and gas prices and exchange rate fluctuation		
↓ JAL-MIMI: Profit down due to drop in oil and gas prices		
<b>Lifestyle</b>	¥20.6bn	+¥25.0bn (-)
↑ Multigrain: +¥16.5bn, mainly due to reversal effect of one-time losses experienced in previous period		
↑ MBK Healthcare Partners: +¥14.8bn, mainly due to partial sale of IHH stock		
↓ Mitsui & Co. Real Estate: -¥8.3bn, mainly due to reversal effect of gain on sale of real estate in previous period		
<b>Mineral &amp; Metal Resources</b>	¥51.3bn	+¥20.0bn (+64%)
↑ +¥13.9bn tax effect resulting from liquidation of subsidiary		
↑ Valepar: +¥6.8bn, mainly due to foreign currency-denominated debt valuation gains, which offset reversal effect of Brazil tax reforms the previous period		
<b>Machinery &amp; Infrastructure</b>	¥34.2bn	+¥15.4bn (+82%)
↑ Reversal effect of one-time losses in IPP business in previous period		
<b>All others, Adjustments &amp; Eliminations</b>	-¥27.7bn	-¥33.1bn (-)
↓ Tax effect adjustments, etc., in Mineral & Metal Resources and Lifestyle Segments		
<b>Innovation &amp; Corporate Development</b>	¥6.9bn	-¥6.1bn (-47%)
<b>Overseas</b>	¥26.6bn	-¥5.9bn (-18%)
<b>Iron &amp; Steel Products</b>	¥2.0bn	-¥0.5bn (-20%)
<b>Chemicals</b>	¥7.2bn	+¥1.9bn (+36%)

# Breakdown of YoY Change in Profit for Six Months ended September 2016

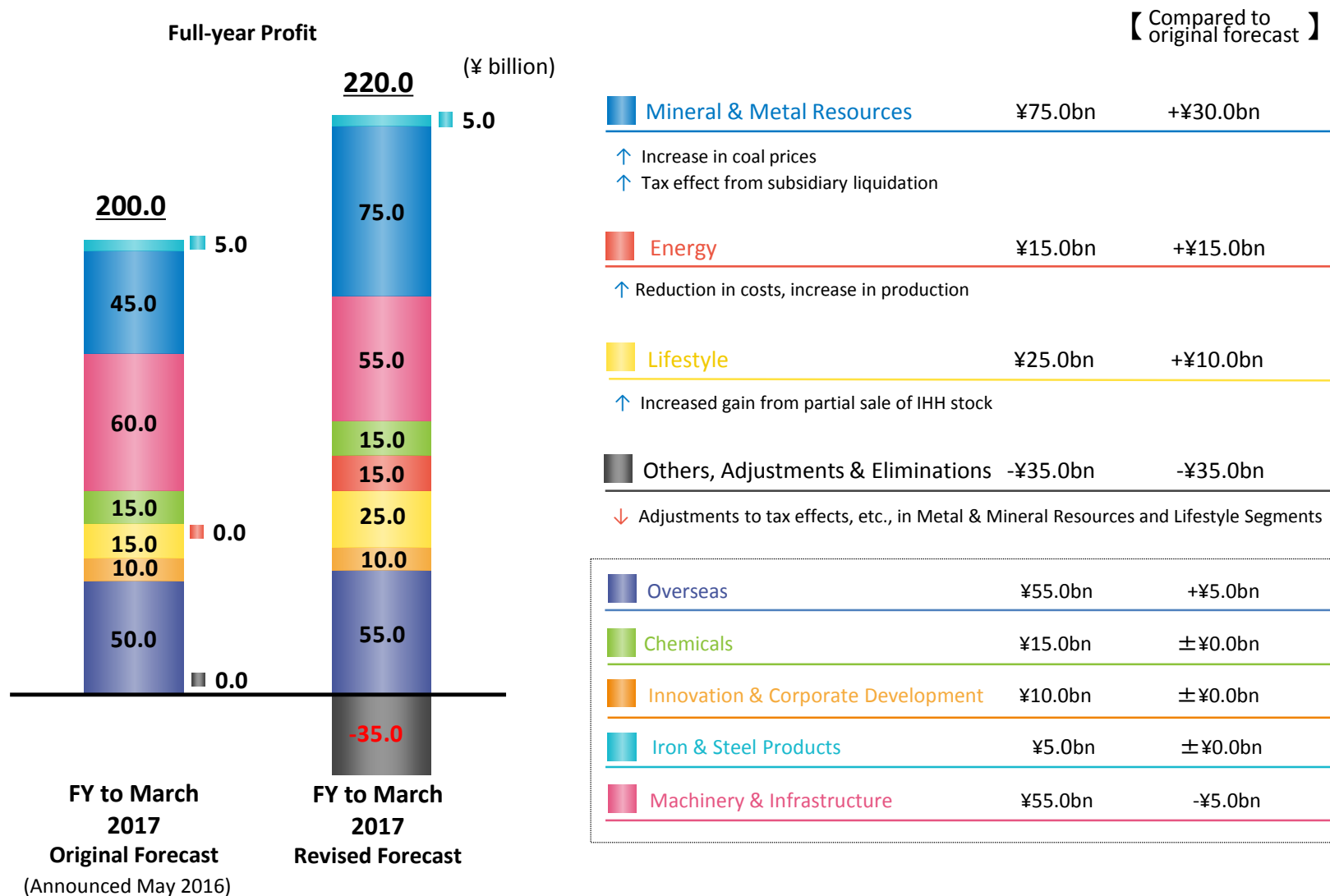
(after tax basis)

(¥ billion)



Note: All figures for Mineral &amp; Metal Resources and Energy on this page are stated on a global basis

## Revised Forecast for FY ending March 2017 by Operating Segment



# Appendix

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## Q1 of FY ending March 2017: Activities based on Key Initiatives (announced May 2016)

### ◆ Key Initiative ①: Thorough enhancement of underlying earning strength in existing and developing businesses

- Building on three key strengths in mineral resources and energy – reserves, production, and cost-competitiveness

Key Strategic Domain	Business Description	Projects
Hydrocarbon Chain	Exploration, development and production of energy resources	Greater Enfield Project (FID), Australia
		Tangguh LNG expansion (FID), Indonesia

- Expanding stable earning business

Key Strategic Domain	Business Description	Projects
Food and agriculture	Manufacture and sale of livestock feed additives	Increased shareholding in Novus (US) (acquisition of newly issued shares)

### ◆ Key Initiative ②: Establishing new earning base in growth areas and realizing potential value

- Concentrated engagement in business areas where existing businesses and knowledge can be utilized

Key Strategic Domain	Business Description	Projects
Mineral resources and materials, Mobility	High-performance material	Manufacture of reinforced carbon fiber high-pressure hydrogen tanks for fuel-cell vehicles (joint feasibility study agreed)
Mineral resources and materials, Medical/Healthcare	High-performance material	Manufacture of flexible packaging for pharmaceutical products in Indonesia (participation agreed)
Food and agriculture	Livestock and marine products, Food science	Acquired shares in Starzen (acquisition of newly issued shares)
Medical/Healthcare	Ancillary business around hospital network	Asia dialysis business (participation agreed)

## Assumptions and Sensitivities for FY ending March 2017 Forecast

Estimated effect on profit for the Year Ending March 2017 (Announced May 2016)			Year Ending March 2017 (Original Forecast) (Announced May 2016)	Year Ending March 2017 1H (Result)	Year Ending March 2017 2H (Assumption)	Forecast for March 2017 (Ave. of 1H & 2H) (Announced Nov 2016)
Commodity Price	Crude Oil / JCC	¥2.9 bn (US\$1/bbl)	49	44	49	46
	Crude Oil / Consolidated(*1)		45	41	47	44
	U.S. Natural Gas (*2)	¥0.8 bn (US\$0.1/mmBtu)	2.40	2.12(*3)	2.86(*4)	2.49
	Iron Ore	¥3.2 bn (US\$1/ton)	(*5)	57(*6)	(*5)	(*5)
	Copper	¥1.0 bn (US\$100/ton)	5,500	4,700(*7)	4,700	4,700
Exchange Rate(*8)	USD	¥1.4 bn (¥1/USD)	110.00	105.72	100.00	102.86
	AUD	¥0.8 bn (¥1/AUD)	85.00	79.10	77.00	78.05
	BRL	¥0.3 bn (¥1/BRL)	30.00	31.55	30.00	30.78

(\*1) Oil price trend is reflected in profit for the year with a 0-6 month time lag, and Consolidated oil price is calculated on such basis.

For the Year Ending March 2017: 4-6 month time lag: 31%, 1-3 month time lag: 35%, without lag: 34%

(\*2) US shale gas are not all sold at Henry Hub (HH) linked prices. Therefore the sensitivity does not represent the direct impact of HH movement, but rather the impact from the movement of weighted average gas sales price.

(\*3) Daily average of settlement price for prompt month Henry Hub Natural Gas Futures contracts reported by NYMEX

Year Ending March 2017 1H(Result): January 2016 - June 2016.

(\*4) For natural gas sold in the US on HH linked prices, the assumed price used is US\$2.49/mmBtu.

(\*5) We refrain from disclosing the iron ore price assumptions.

(\*6) Daily average of representative reference prices (Fine, Fe 62% CFR North China)

Year Ending March 2017 1H(Result): April 2016 - September 2016.

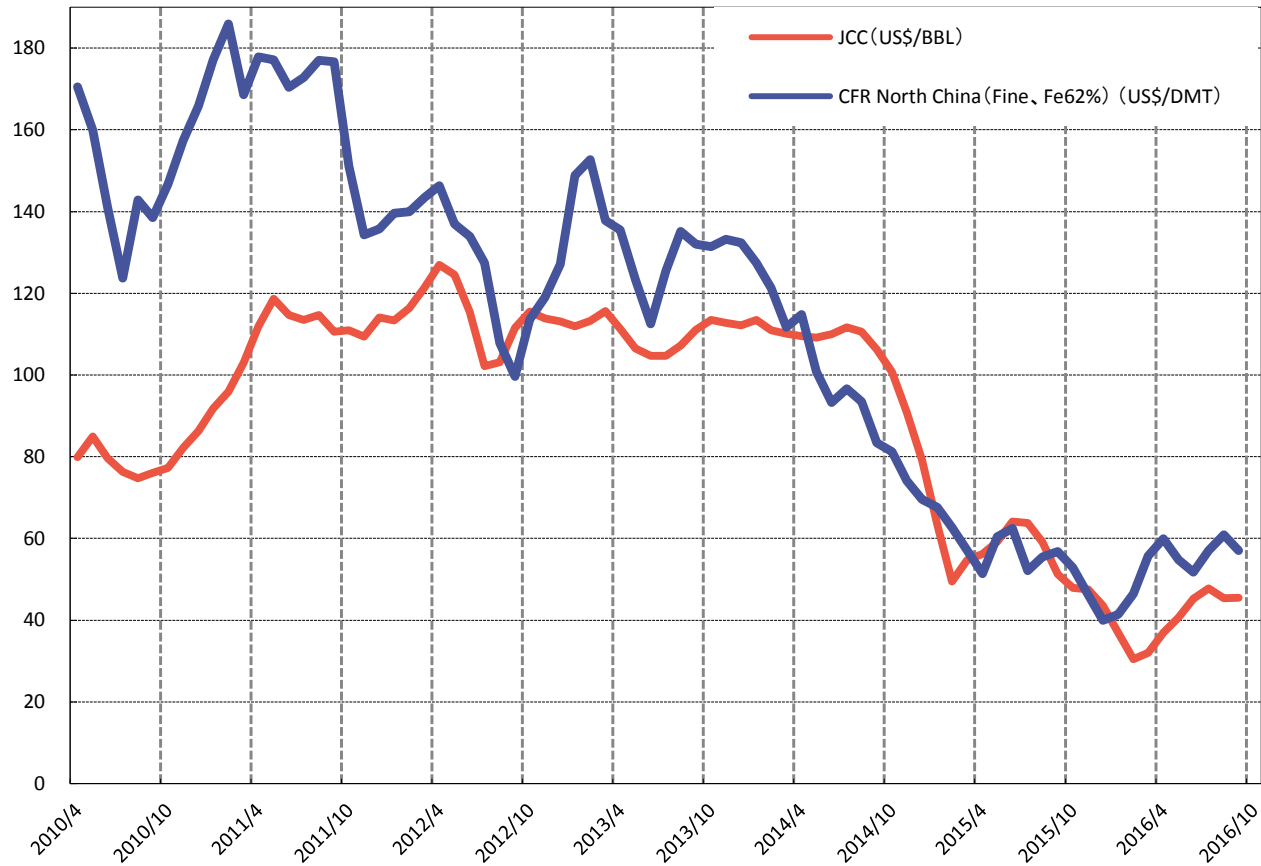
(\*7) Average of LME cash settlement price

Year Ending March 2017 1H(Result): January 2016 - June 2016.

(\*8) Impact of currency fluctuation on profit for the year of overseas subsidiaries and equity accounted investees (denomination in functional currency) against JPY.

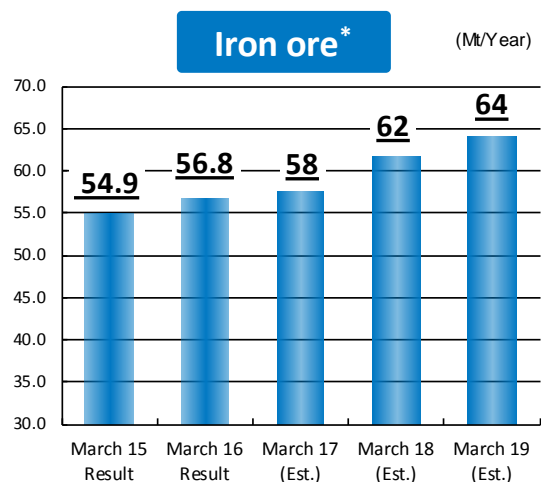
Depreciation of JPY has the effect of increasing the profit for the year through the conversion of profit for the year of overseas subsidiaries and associated companies (denomination in functional currency) into JPY. Impact of currency fluctuation between their functional currencies against revenue currencies and exchange hedging are not included.

## Oil Price and Iron Ore Spot Prices\*

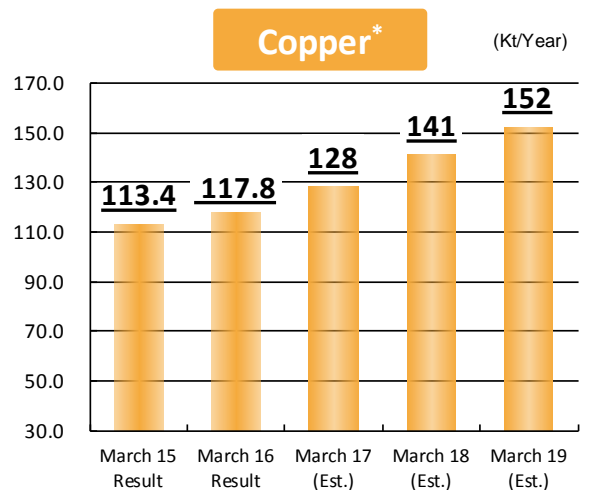
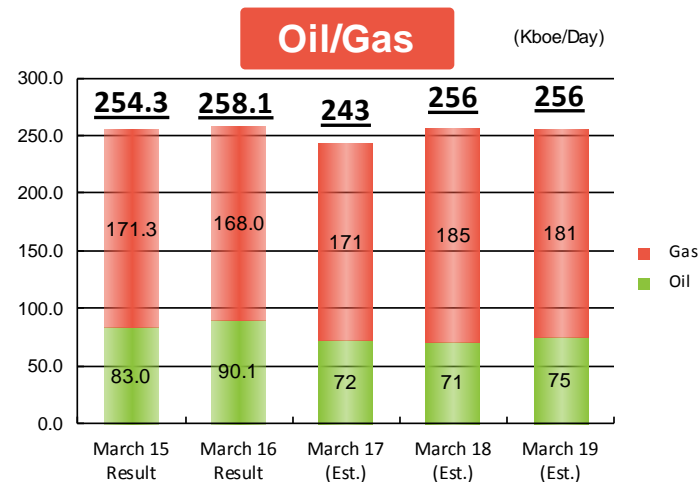


\* Average of representative reference prices

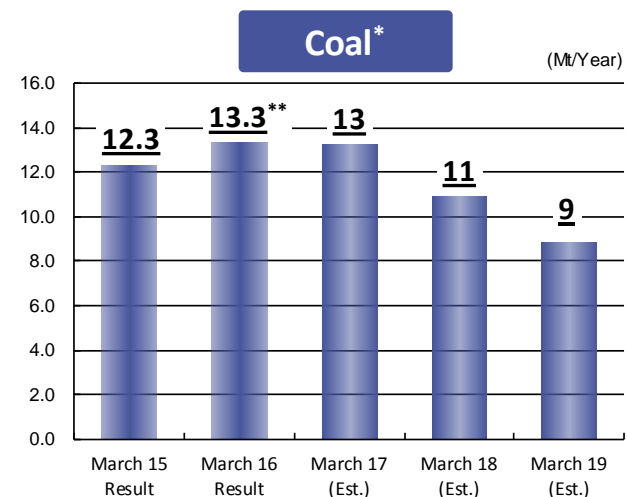
## Equity Share of Production (Announced May 2016)



\*Including 5% equity share of Vale



\*Including 5% equity share of Vale



\*Including 5% equity share of Vale from FY Mar/2015

\*\*Revised in August 2016 (13.5→13.3)

## Equity Share of Production (Results)

	March 2016 1Q	March 2016 2Q	March 2016 3Q	March 2016 4Q	March 2016 Total	March 2017 1Q	March 2017 2Q	March 2017 Total
<b>Iron Ore (Mt)</b>	13.6	14.6	14.4	14.2	56.8	13.8	14.3	28.1
<b>MIOD</b>	7.8	8.0	7.8	7.9	31.4	7.9	7.6	15.5
<b>MII</b>	2.1	2.3	2.2	2.1	8.7	2.0	2.4	4.4
<b>Vale*</b>	3.7	4.3	4.4	4.3	16.7	3.9	4.3	8.2
<b>Coal (Mt)**</b>	3.4	3.5	3.4	3.1	13.3	3.1	3.3	6.4
<b>MCH</b>	2.6	2.6	2.5	2.2	9.9	2.5	2.4	4.9
<b>BMC*</b>	0.4	0.5	0.5	0.4	1.8	0.4	0.5	0.9
<b>Coking Coal</b>	2.1	2.2	2.2	2.0	8.5	2.0	2.1	4.1
<b>Thermal Coal</b>	0.9	0.9	0.7	0.6	3.2	0.9	0.8	1.7
<b>Copper (Kt)*/**</b>	27.7	28.2	27.6	34.4	117.8	29.9***	30.3	60.2

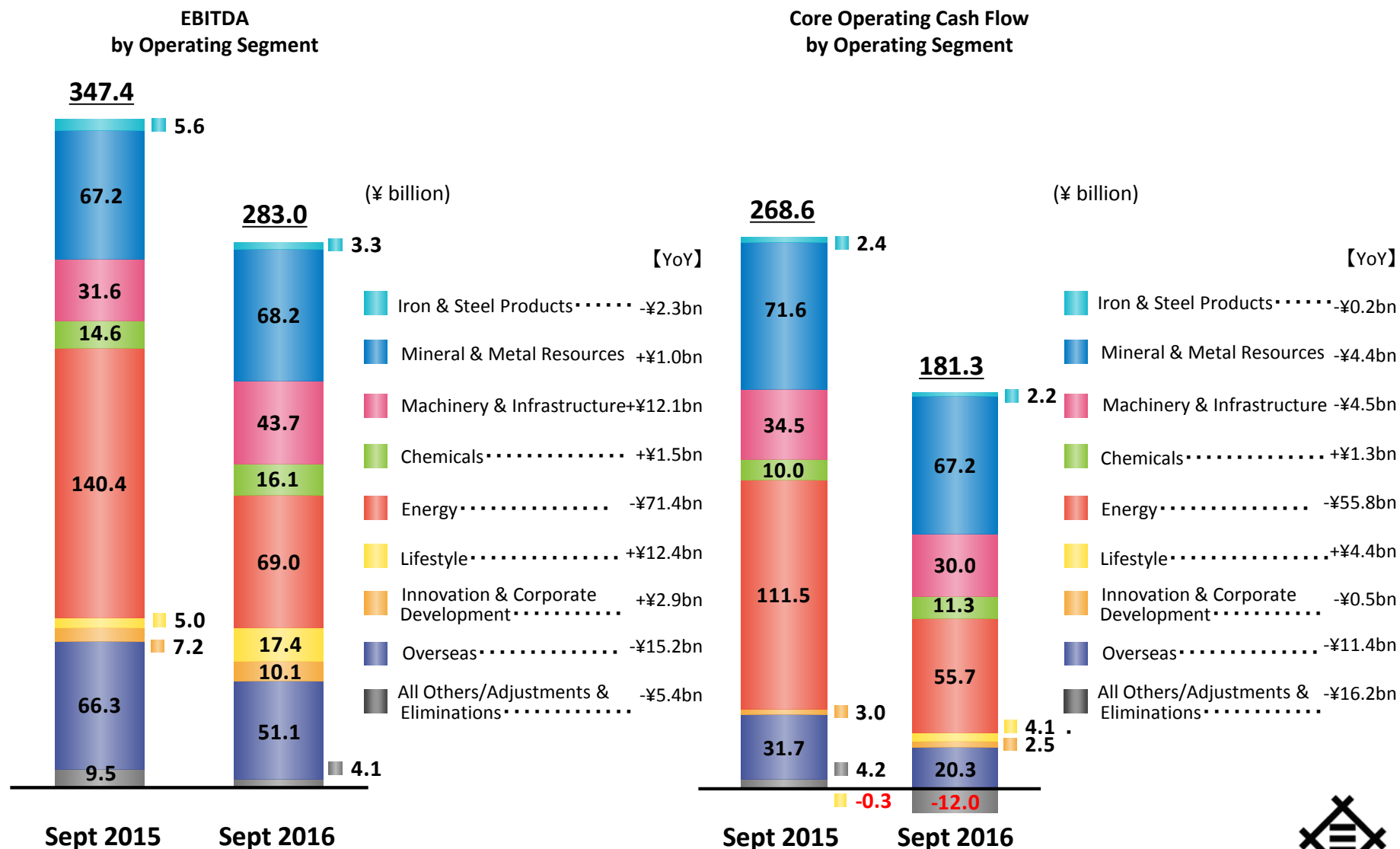
\* 1Q: Result of January-March, 2Q: Result of April-June, 3Q: Result of July-September, 4Q: Result of October-December

\*\* Including 5% equity share of Vale

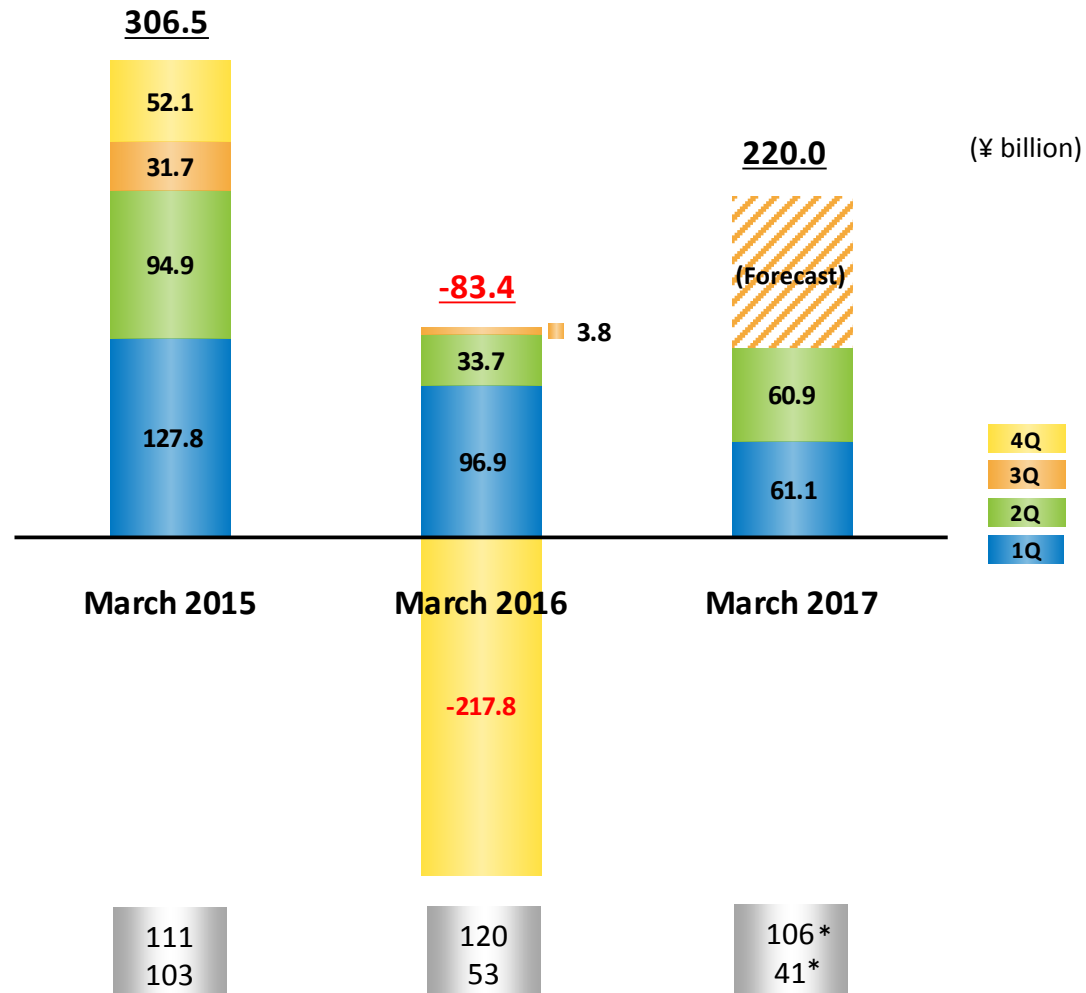
\*\*\* Revised in November 2016 (30.9→29.9)

※Figures may not add up due to rounding.

# YonY Change in EBITDA and Core Operating Cash Flow for the Period Sept 2015 vs. Sept 2016



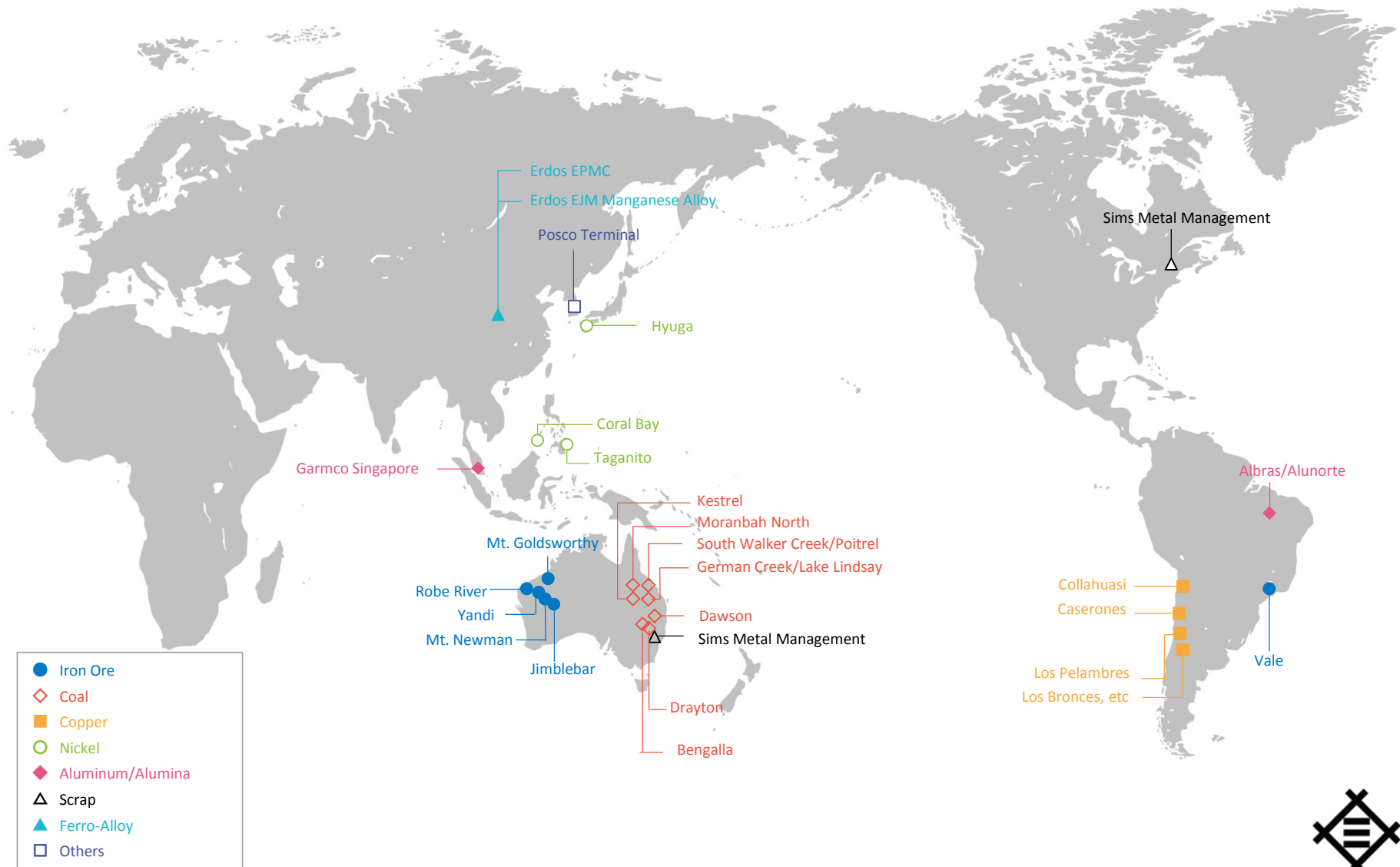
## Quarterly Profit (Loss) Results



\* Average of Six-month period ended September 30, 2016

## Major Projects in Mineral & Metal Resources Business

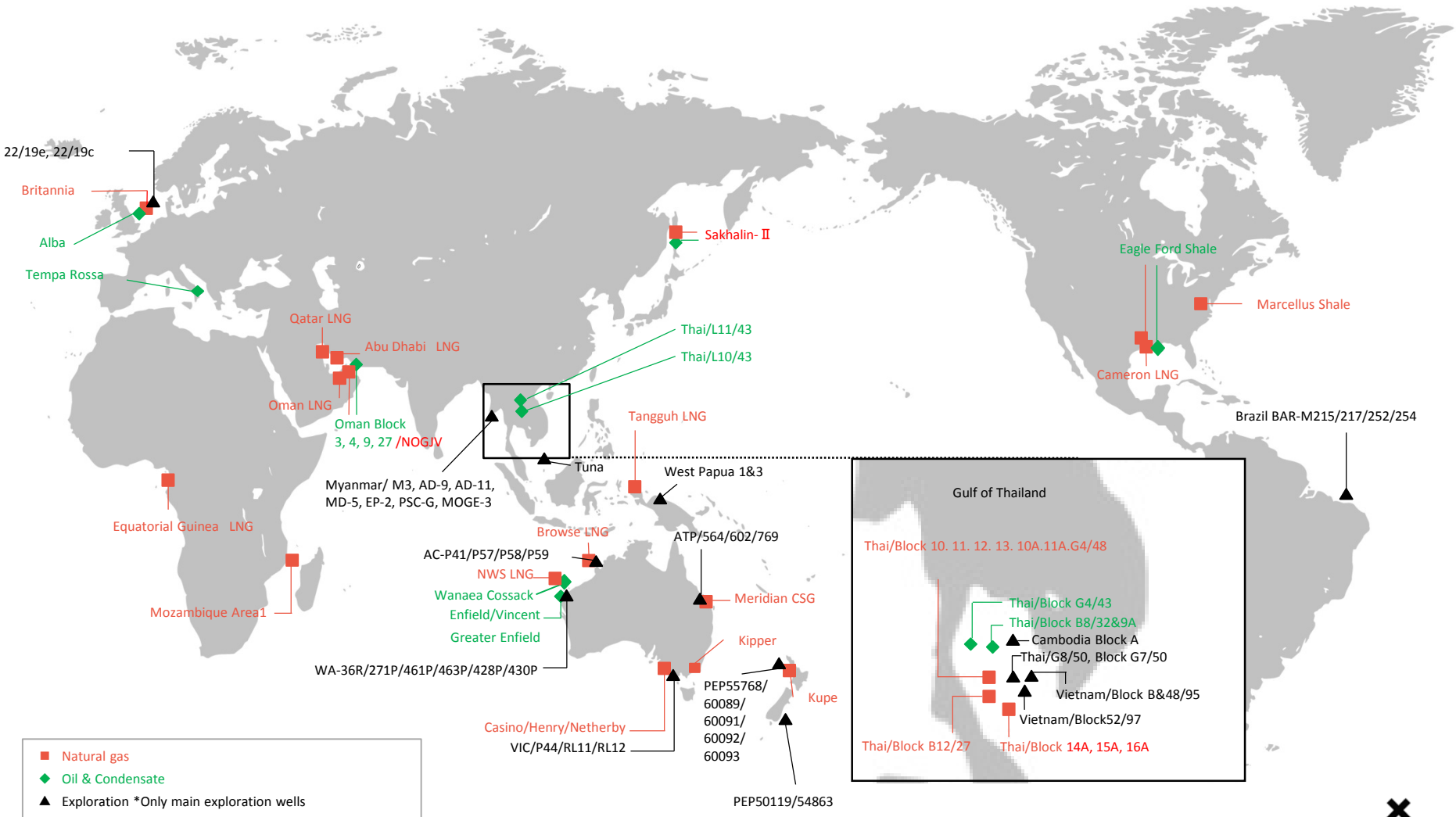
As of September 30, 2016





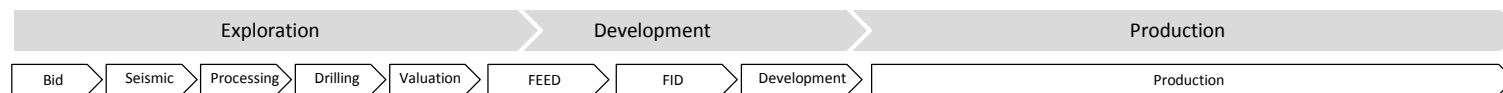
## Upstream • Midstream Assets in Energy Business

As of September 30, 2016



## Upstream ▪ Midstream Assets (Natural Gas/LNG/Oil)

As of September 30, 2016



Natural  
gas/LNG  
Project

**Australia:** 15 Exploration permits(MEPAU)  
**New Zealand:** 5 Exploration Blocks (MEPAU)  
**Thailand:** Block G7/50, G8/50 (MOECO)  
**Vietnam:** Blocks B&48/95, 52/97\*<sup>1</sup>(MOECO)  
**Cambodia:** Block A(MOECO)  
**Indonesia:** Tuna, West Papua I/III (MOECO)  
**Myanmar:** M3, AD-9, AD-11, MD-5 ,EP-2, PSC-G, MOGE-3(MOECO)  
**Brazil:** BAR M215/217/252/254  
**United Kingdom:** 22/19e, 22/19c

**USA:** Marcellus Shale (MEPUSA) \*<sup>2</sup>  
 Eagle Ford Shale(MEPTX) \*<sup>2</sup>  
 Cameron LNG (Investment subsidiary) (MITUSA)  
**Australia:** Kipper, Meridian CSG\*<sup>2</sup>(MEPAU), Browse LNG (JAL-MIMI)  
**Mozambique:** Area1\*<sup>1</sup> (MEPMOZ)

**Russia:** Sakhalin II LNG(Sakhalin Energy)  
**Australia:** NWS LNG(JAL-MIMI), Casino/Henry/Netherby, Meridian CSG(MEPAU)  
**New Zealand:** Kupe(MEPAU)  
**Thailand:** Blocks 10.11.12.13.10A.11A.G4/48, Block B12/27, Blocks 14A.15A.16A, Blocks B8/32&9A, Block G4/43(MOECO)  
**Indonesia:** Tangguh LNG(KG Berau/KG Wiriagar)  
**USA:** Marcellus Shale(MEPUSA) Eagle Ford Shale(MEPTX)  
**Qatar:** Qatargas 1 LNG(MILNED) Qatargas 3 LNG  
**Oman:** NOGJV(MEPMO) Oman LNG  
**Abu Dhabi:** Abu Dhabi LNG  
**Equatorial Guinea:** Equatorial Guinea LNG  
**United Kingdom:** Britannia(MEPUK)

Oil  
Project

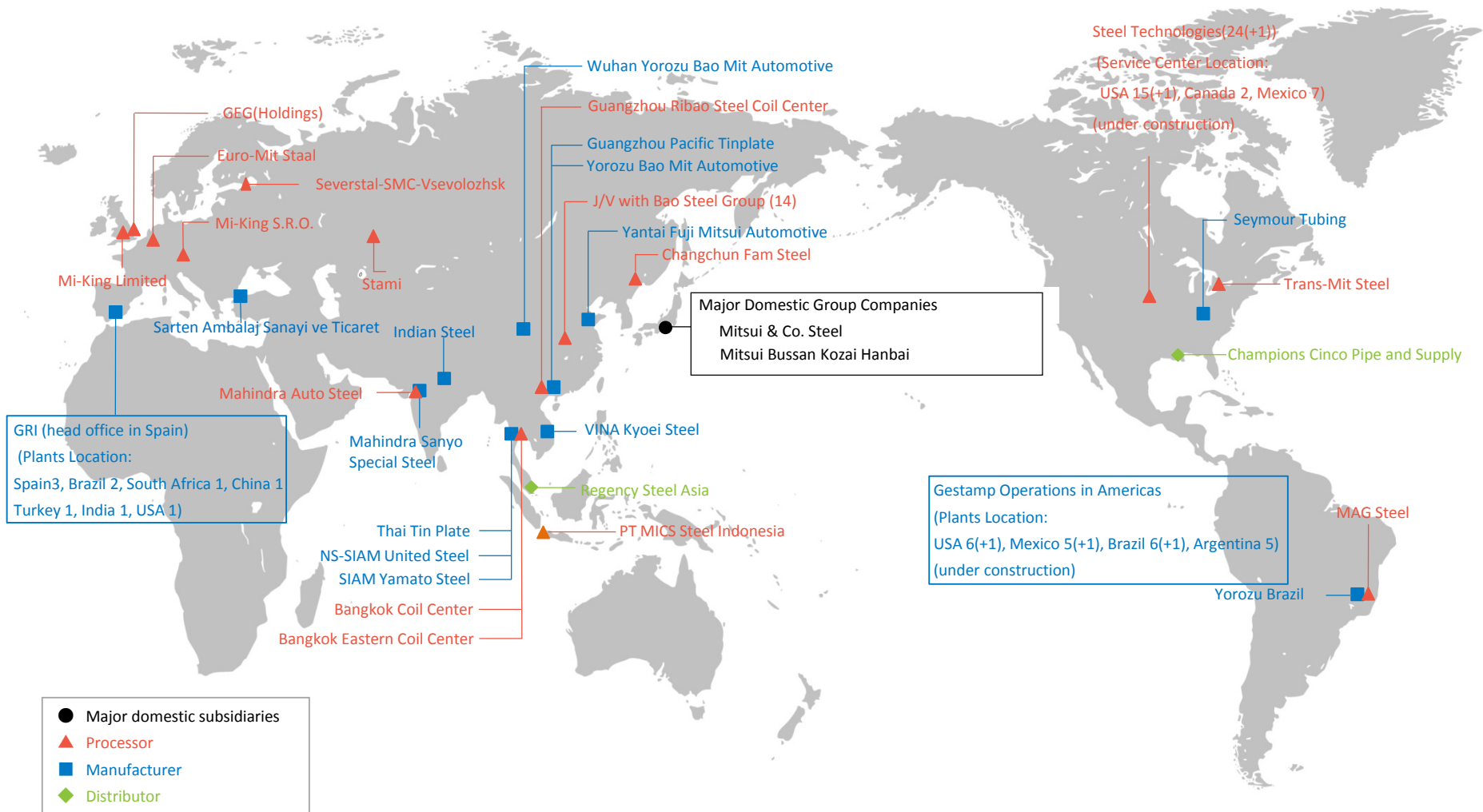
**USA:** Eagle Ford Shale (MEPTX) \*<sup>2</sup>  
**Italy:** Tempa Rossa(MEPIT)  
**Australia:** Greater Enfield\*<sup>1</sup>

**Russia:** Sakhalin II(Sakhalin Energy)  
**Australia:** Wanaea Cossack(JAL-MIMI), Enfield, Vincent(MEPAU)  
**Thailand:** Blocks 10.11.12.13.10A.11A.G4/48, Blocks 8/32&9A, Block G4/43, L10/43 L11/43(MOECO)  
**Oman:** Blocks 3, 4, 9, 27(MEPMO)  
**USA:** Eagle Ford Shale(MEPTX)  
**United Kingdom:** Alba, Britannia(MEPUK)

\*1 Proved undeveloped \*2 Partly in production

## Portfolio of Investments in Steel Products Business

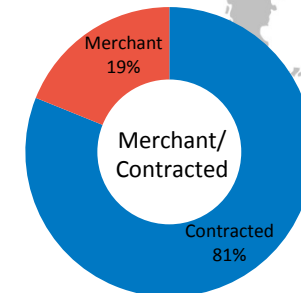
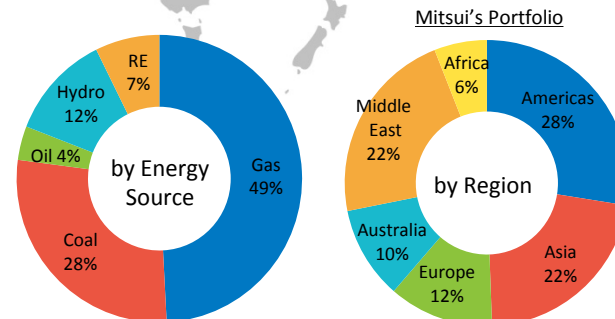
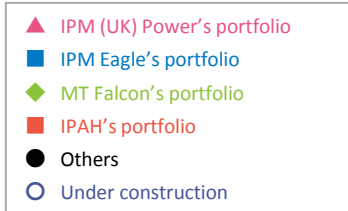
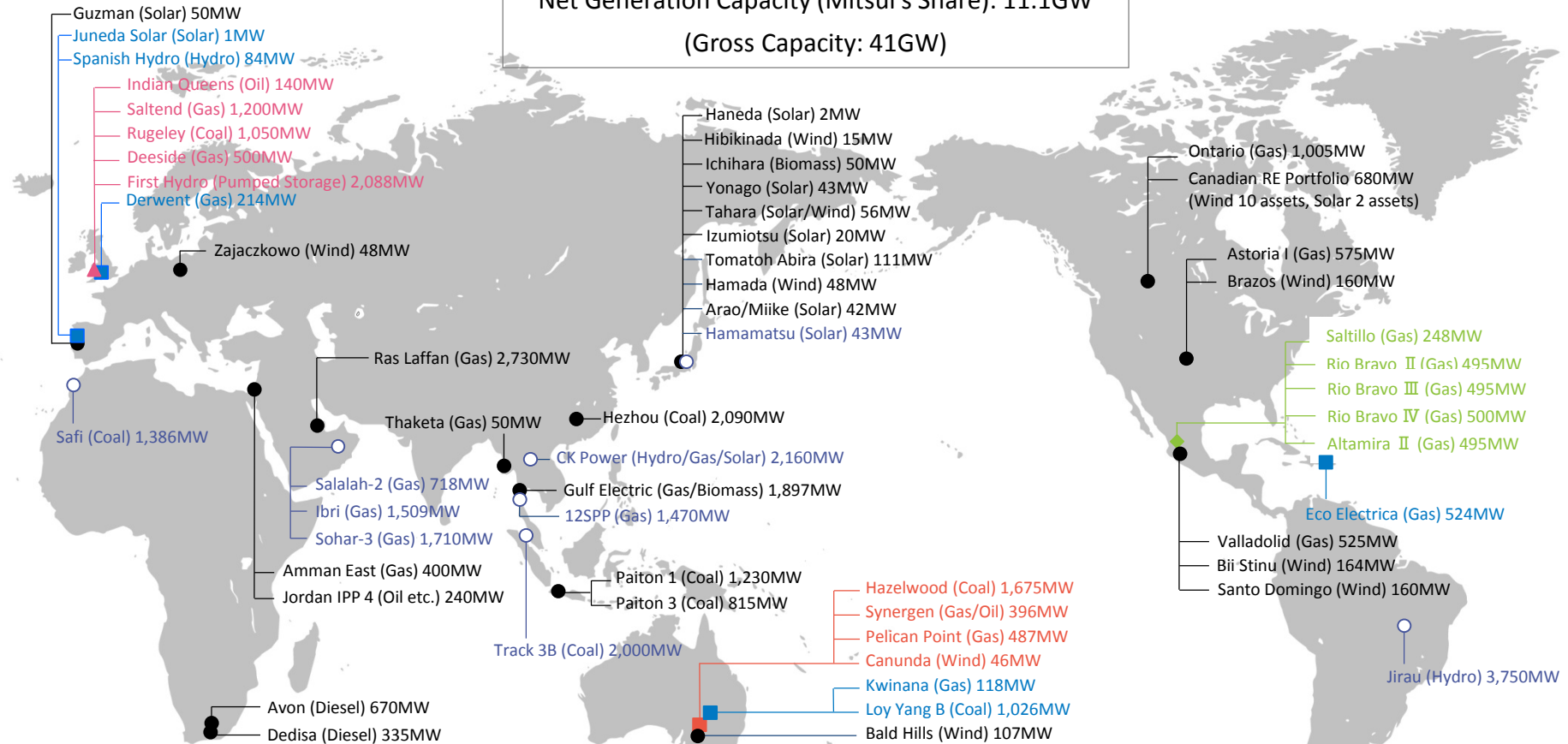
As of September 30, 2016



## Portfolio of IPP (Independent Power Producer) Business

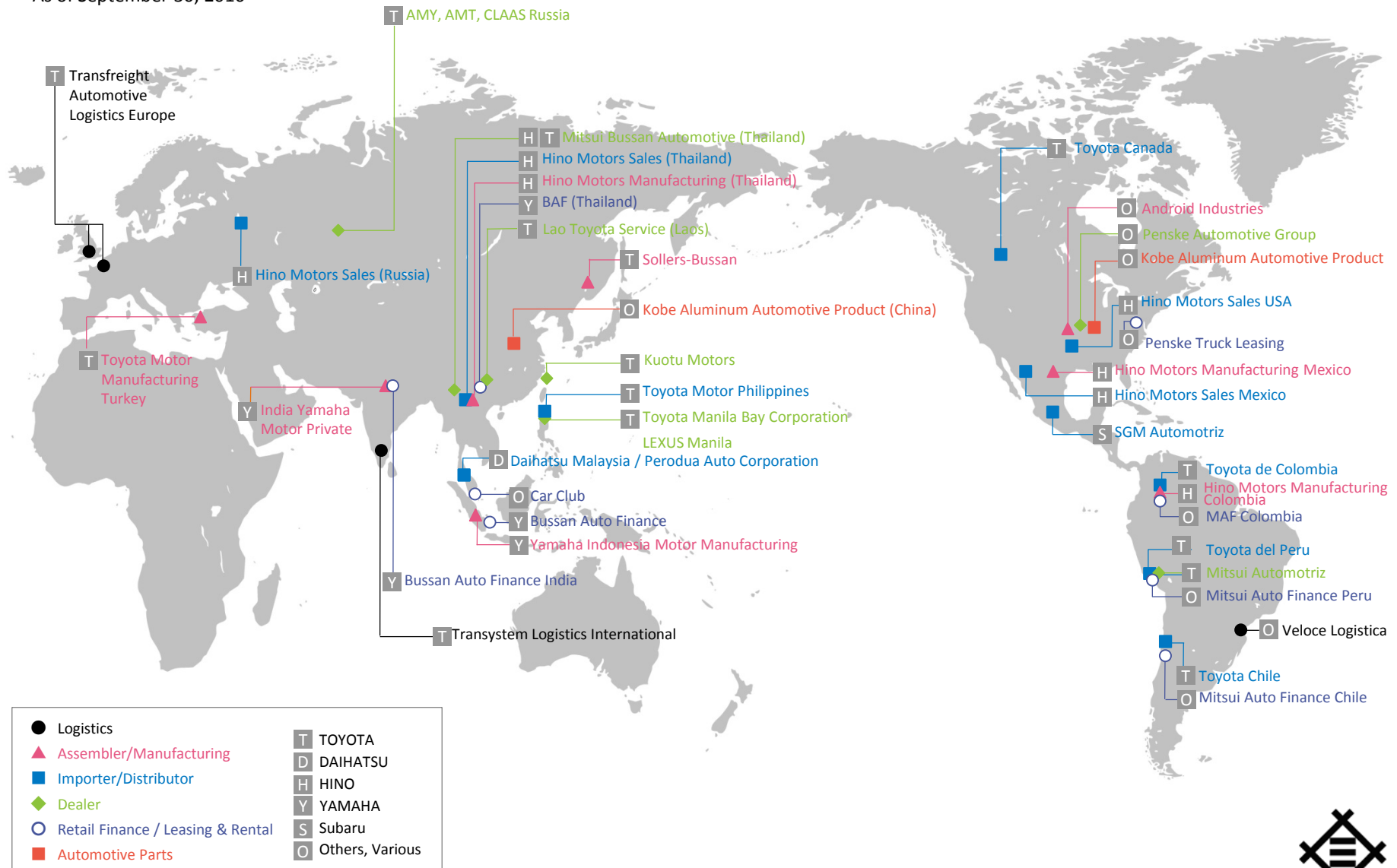
As of September 30, 2016

Net Generation Capacity (Mitsui's Share): 11.1GW  
(Gross Capacity: 41GW)



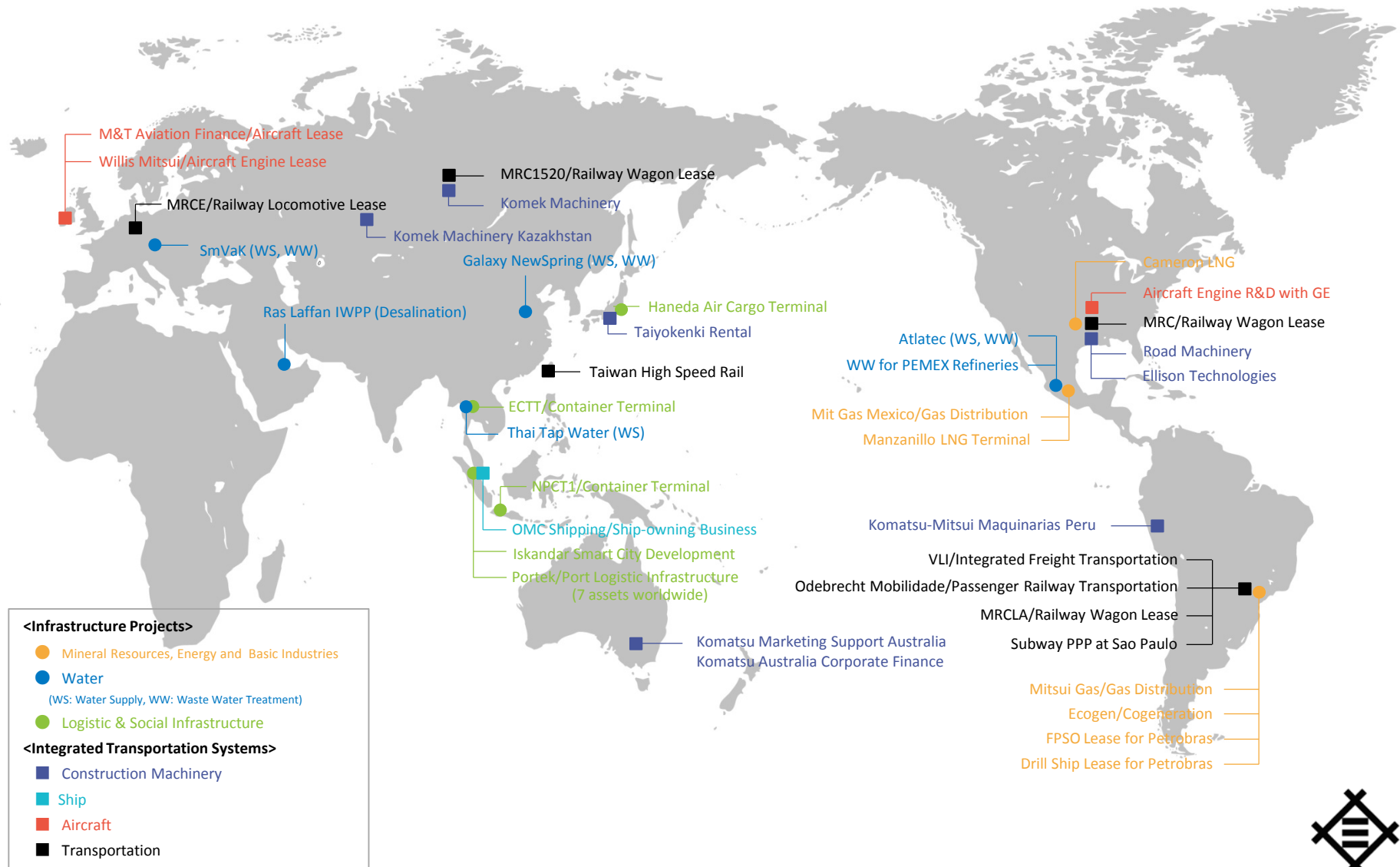
## Portfolio of Automotive-Related Business

As of September 30, 2016



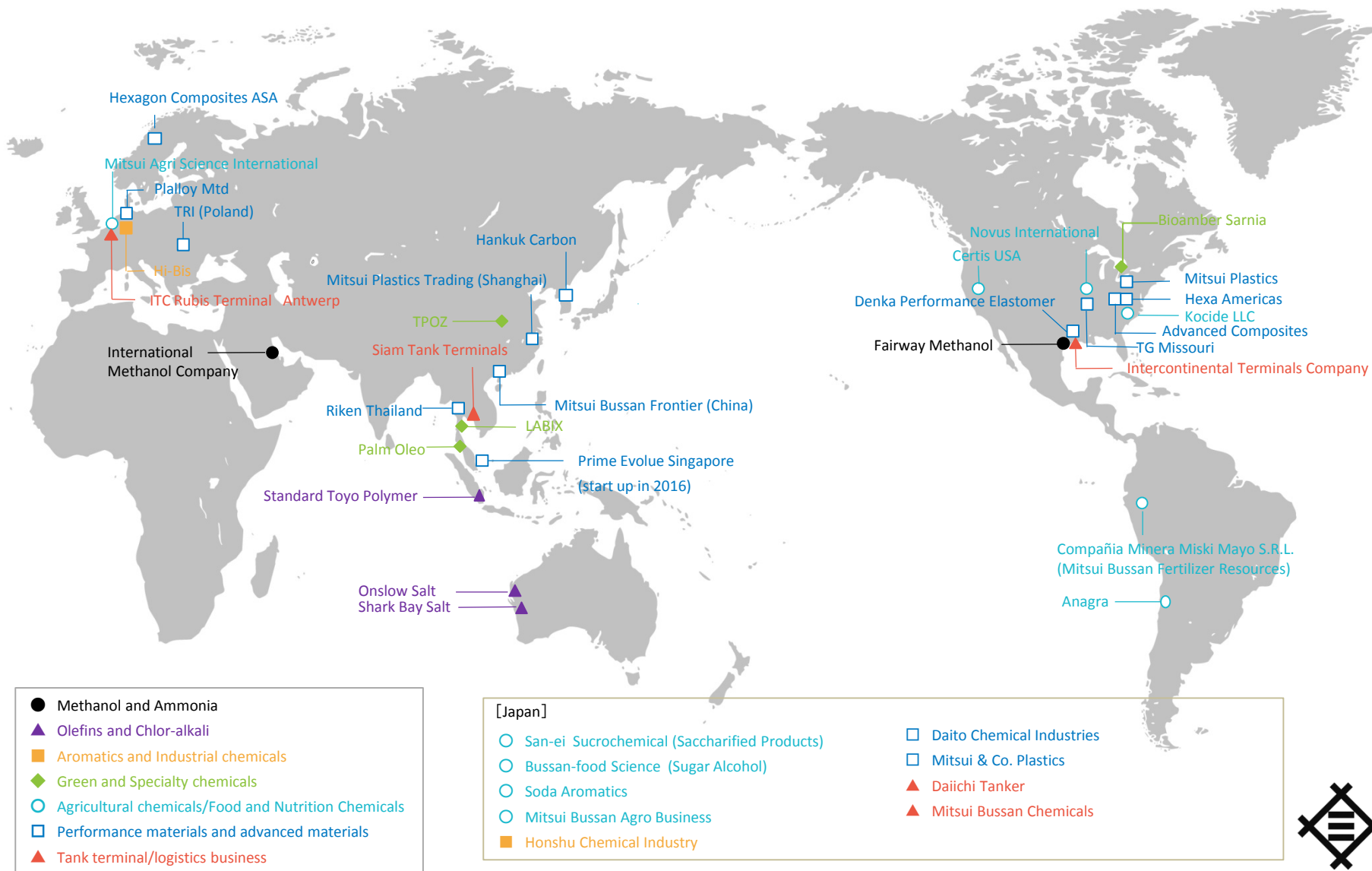
## Other Major Machinery & Infrastructure Business

As of September 30, 2016



## Major Investments in Chemical Business

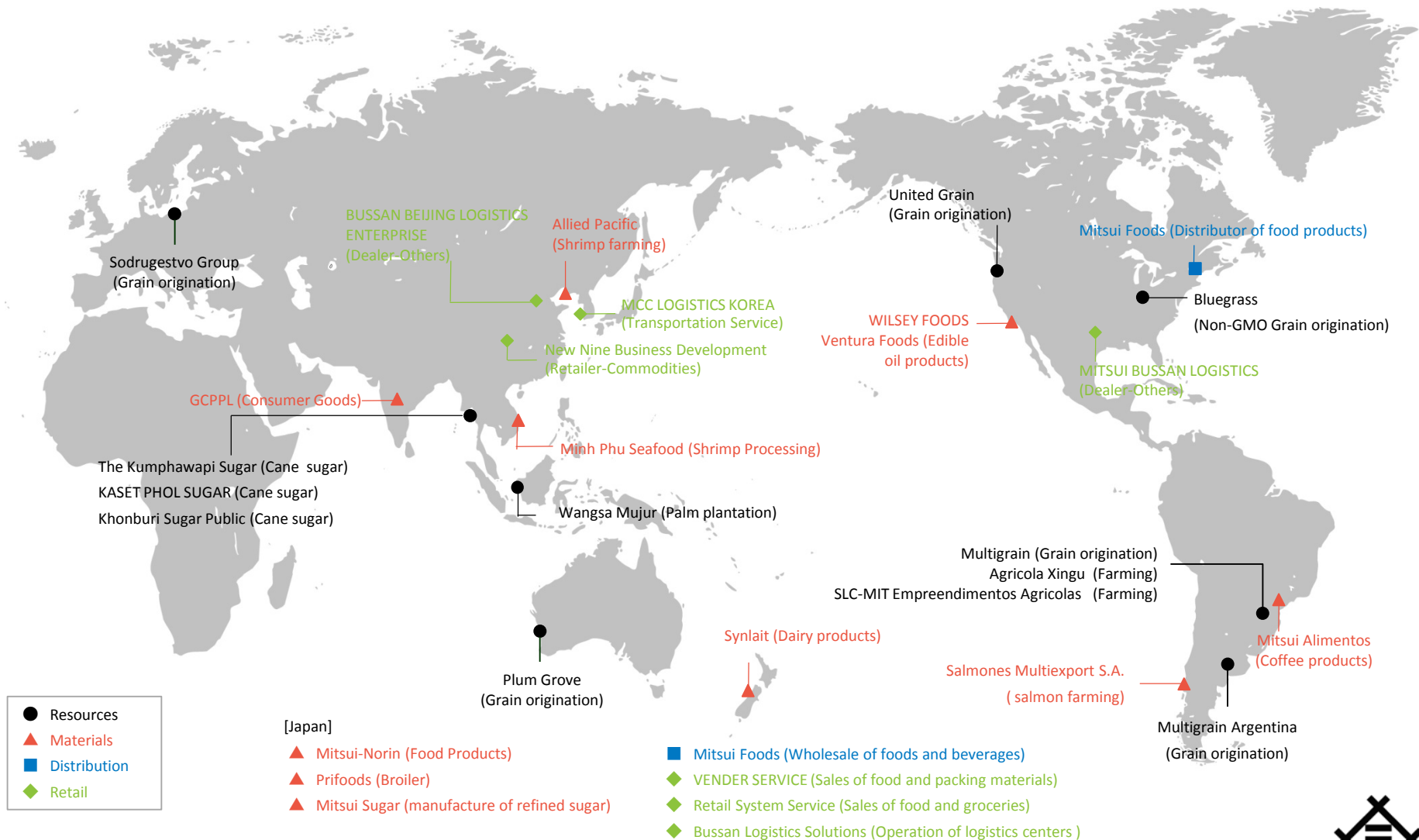
As of September 30, 2016





## Major Investments in Food and Retail Management Business

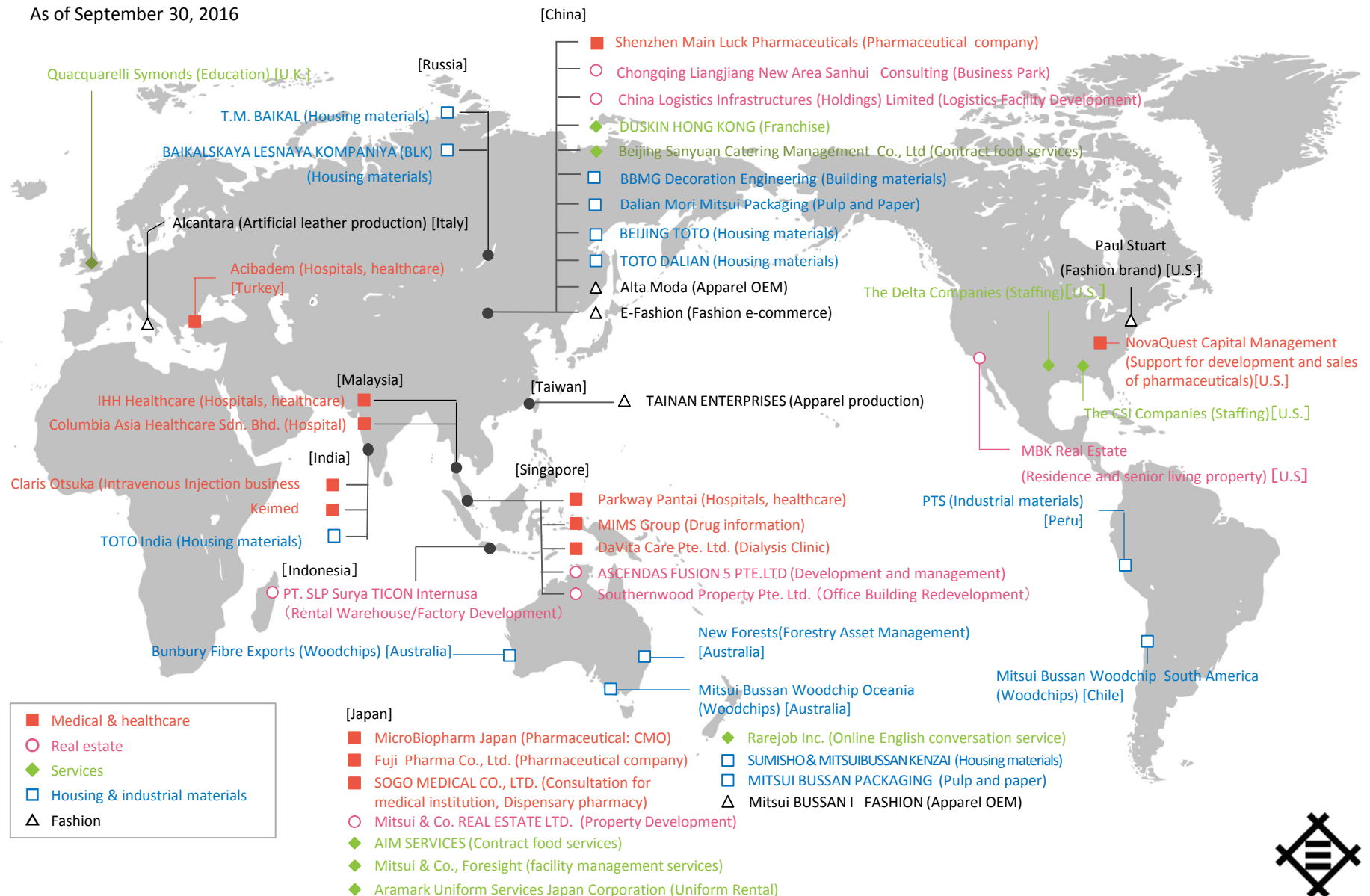
As of September 30, 2016





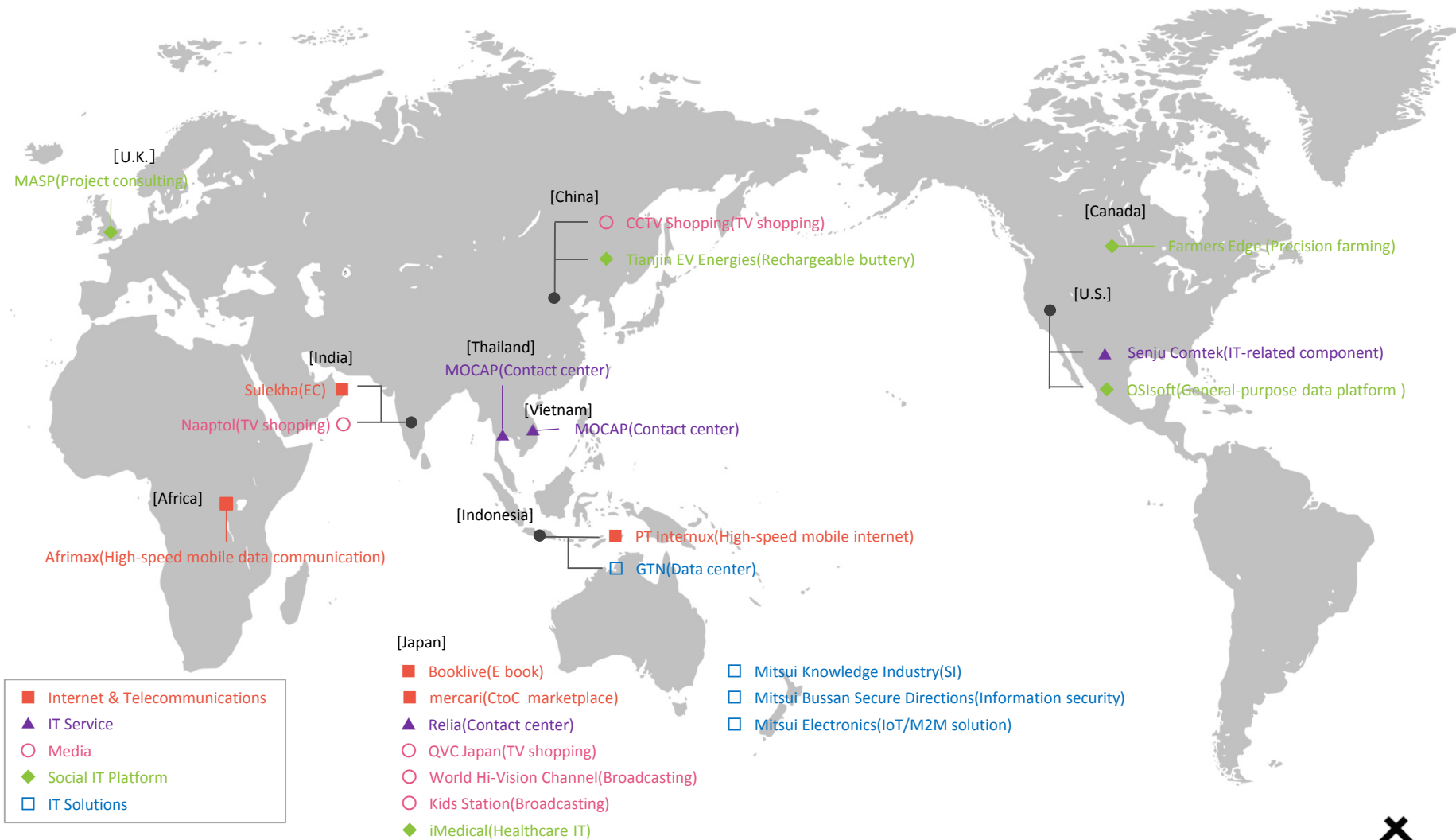
## Major Investments in Healthcare, Service, and Consumer Business

As of September 30, 2016



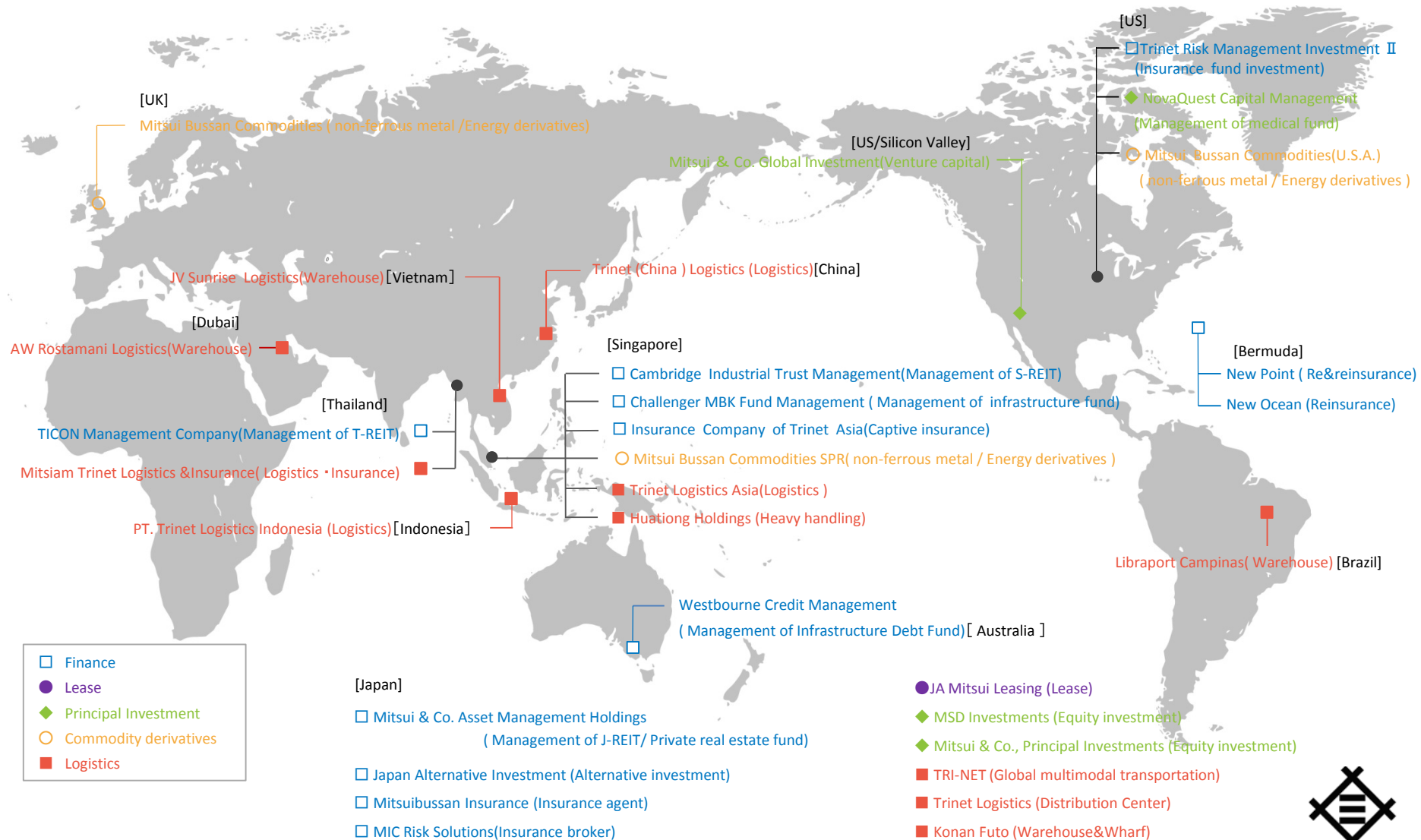
## Major Investments in ICT Business

As of September 30, 2016



## Major Investments in Corporate Development Business

As of September 30, 2016



360° business innovation.



MITSUI & CO.