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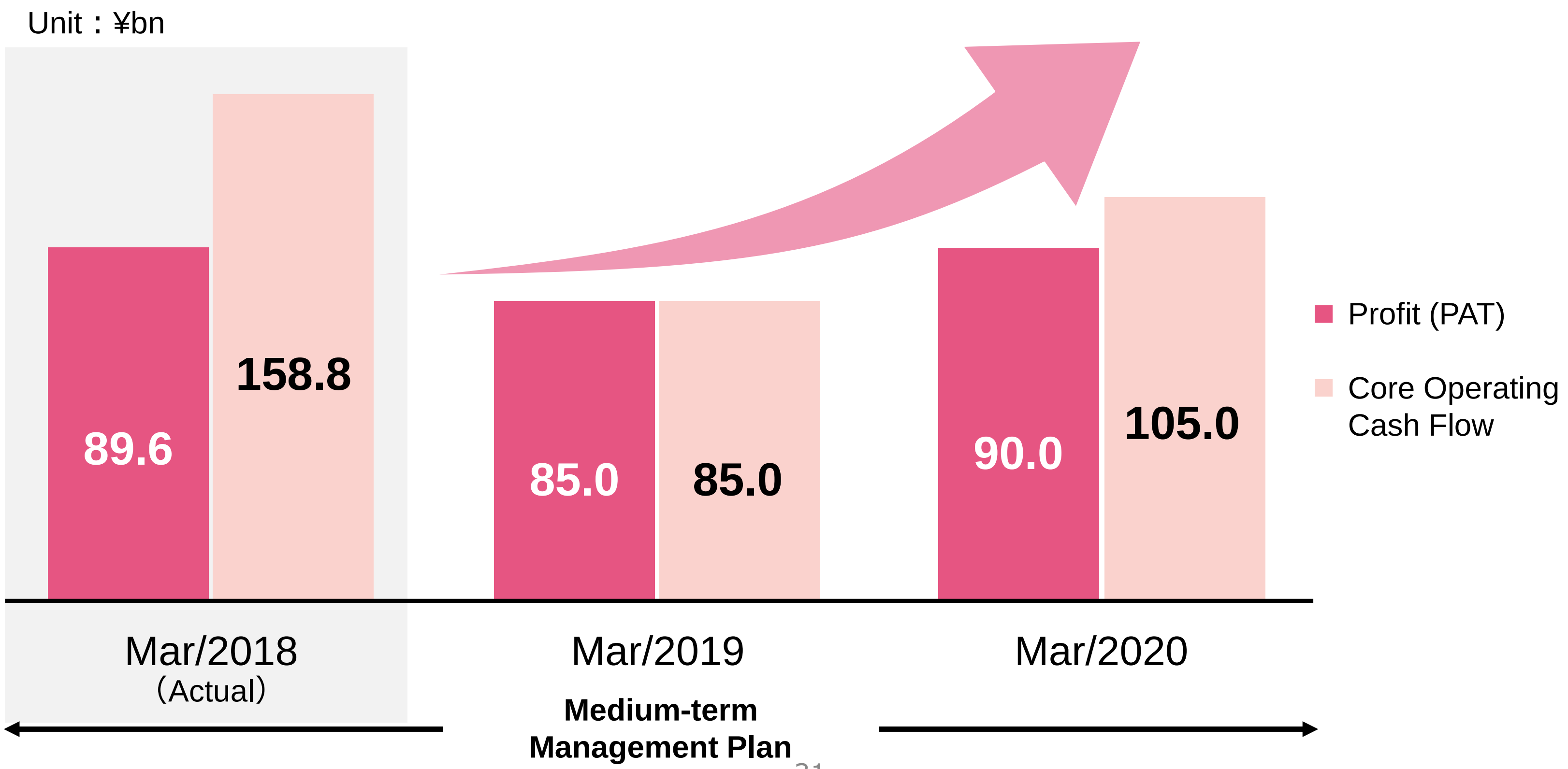
Machinery & Infrastructure

Shingo Sato

Integrated Transportation Systems Business Unit I

Quantitative Targets Profit(PAT)／Core Operating Cash Flow



Competitive Advantages

Developing comprehensive business through extensive customer base and coordination with top-level partners

Coordination with 160 affiliate companies

Automobiles
Shipping
Transportation
Construction equipment
Aerospace

Development & Expansion

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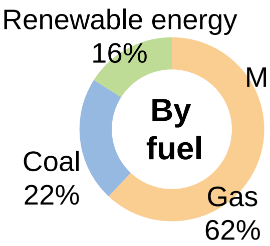
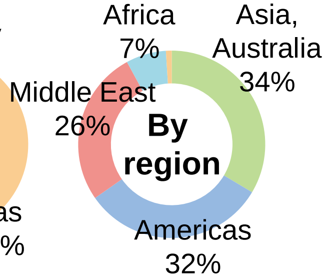
Competitive Advantages

Existing infrastructure assets backed by stable demand
Increase in value through productivity streamlining, and portfolio optimization through asset recycling

Power

- ◆ **Power generation capacity 9.3GW**
- ◆ **Well-balanced region/fuel portfolio**
- ◆ **Operatorship**





Offshore oil&gas

- ◆ **Solid cooperative structure with MODEC**
- ◆ **Proven results with abundance of projects for Brazilian firm Petrobras**
- ◆ **Stable income from 18 FPSO/FSO vessels (investment scale: ¥80 bn)**

Gas distribution

- ◆ **Strong relationship with Petrobras**
- ◆ **Approximately 50% share of Brazil gas supply (Operating in 19 of 26 states)**

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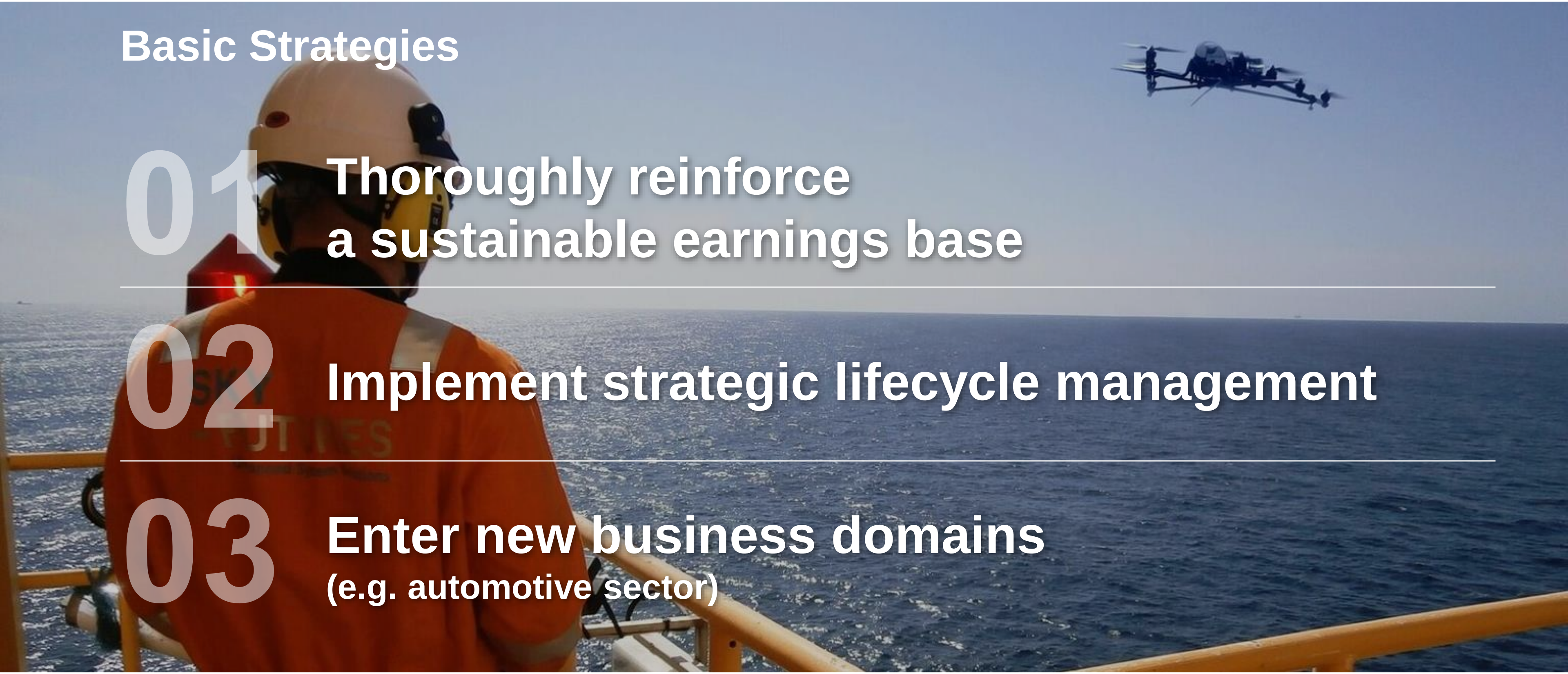
Business Environment

Low-carbon society
Strengthening of environmental regulations
New business opportunities

Accelerated change in industrial structure

Shift from owning to using (lease, rental, sharing)



Basic Strategies

01 Thoroughly reinforce a sustainable earnings base

02 Implement strategic lifecycle management

03 Enter new business domains (e.g. automotive sector)

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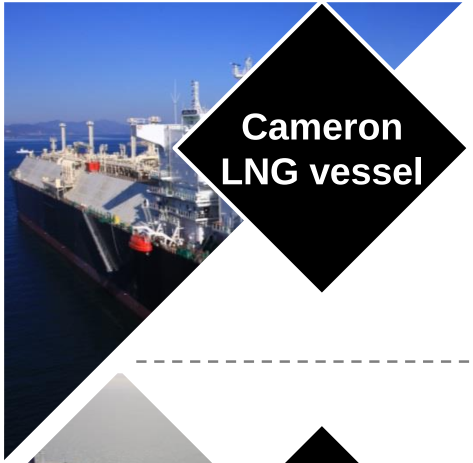
1 Thoroughly reinforce a sustainable earnings base (progress)

- Equity holding 20%→30% ¥48.0 bn
- Strengthened ties with Penske Group (70%)

- Launched operation of 2 FPSO vessels (for Brazil, Ghana)
- Invested in 2 new vessels



- Investment in 2 of 7 long-term charter ships
- Assessing remaining 5 ships

- First FSRU to Pakistan
- Capturing LNG demand in developing nations

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1 Thoroughly reinforce a sustainable earnings base

× Digital Transformation

- Drone inspections to increase safety and decrease downtime
- Improve inspection efficiency of large assets such as ships
- Optimize asset management through accumulated data and AI

"Digital Transformation with KOMATSU/LANDLOG"

Use construction equipment data and digitalize construction sites

Start fuel supply services as entry point for joint development of new services
→Reform construction industry and lift efficiency

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2 Strategic lifecycle management（2018 progress）

Power business: Develop & Sell

IPP
Large power plants
▼
Asset recycling

→

Distributed Power

Energy management services

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3 Challenge new business domains（Example: automotive sector）

Upstream	EV	Batteries	Engineering outsourcing

OEM business manufacturing & sales
（continue to strengthen as core earnings source）

Downstream	Services／Lease, rental and sharing

- Fleet Management
- Mobility as a Service (MaaS)

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Individual strategy① Lease, Rental, Sharing

PTL
(US)

Penske Truck Leasing Co., L.P（”PTL”）

- Together with Penske Automotive Group as **international transportation services company**
- **Secure new mobility business platforms** in US and other regions
- **Grow and horizontally extend full-service truck leasing, truck rental and logistics business**

Mitta
(Chile)

Largest auto lease/rental co. in Chile Inversiones Mitta SpA（49% stake)

- Leveraging vehicle operating lease（B to B) and rental car businesses（B to C) ,

expand the value chain to consumer side

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Individual strategy② Expand EV and batteries platforms

Investing in EV development and manufacturing business to secure development and production capabilities in EVs and core components

◆ Caetano Bus（EV bus）
- Global No.1 in airport passenger buses
- Aiming to expand EV bus business thru Mitsui network

◆ Forsee (Battery system)
- Battery system technologies incl. battery and related systems
- Pursue battery lifecycle business incl. leasing, re-use and recycling

◆ Lucid Motors（Premium EV）
- Core EV technologies like batteries, motor and software
- Targeting 2020 commercial production

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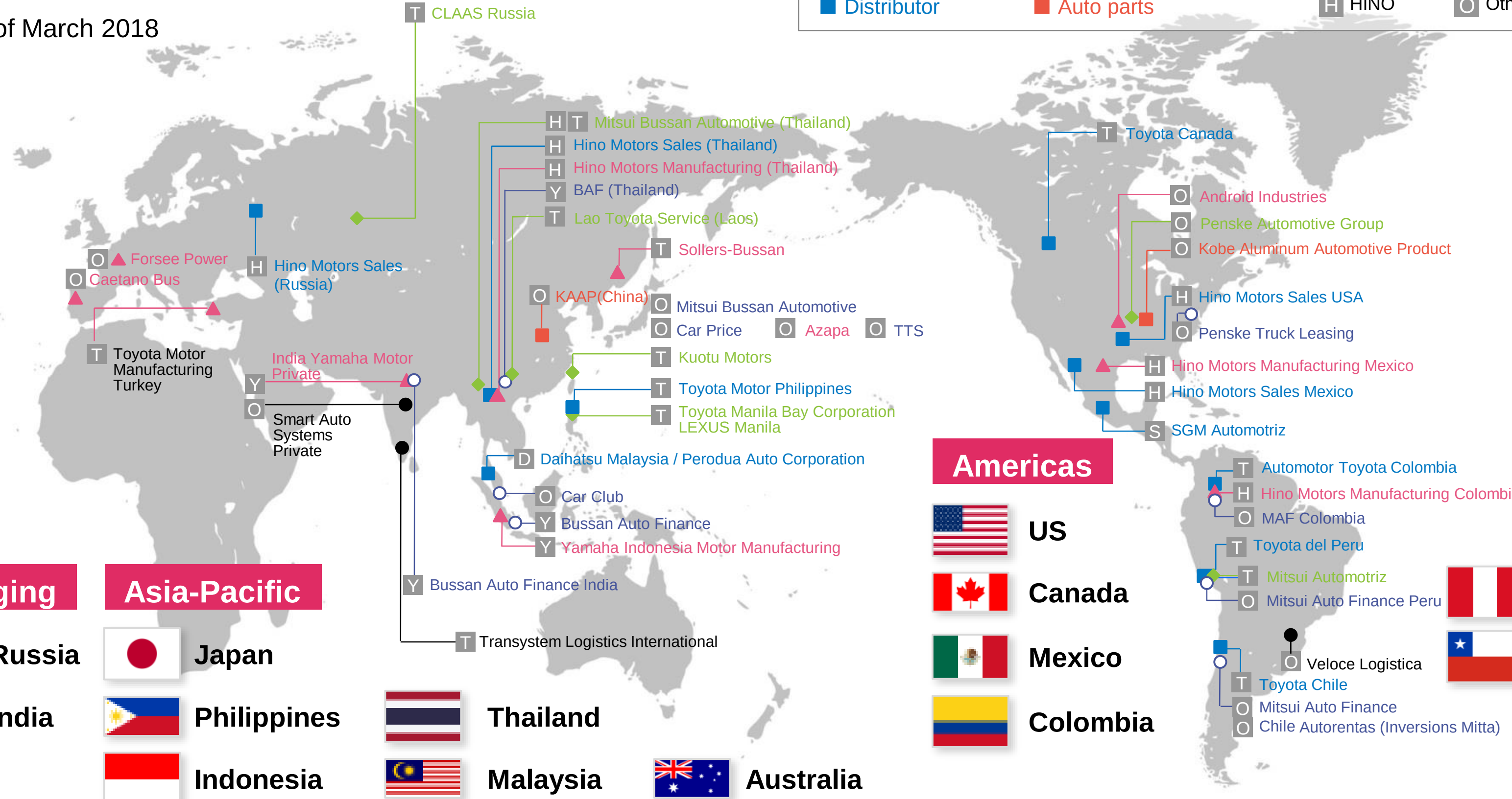
Auto industry regional strategy

As of March 2018

- ● Logistics
- ▲ Assembly, mftg
- ■ Distributor
- ◆ Dealer
- ○ Finance, lease, rental
- ■ Auto parts

- T TOYOTA
- D DAIHATSU
- H HINO
- Y YAMAHA
- S Subaru
- O Others, Various



Emerging

- Russia
- India

Asia-Pacific

- Japan
- Philippines
- Thailand
- Indonesia
- Malaysia
- Australia

Americas

- US
- Canada
- Mexico
- Colombia
- Peru
- Chile

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