10:00am – 11:30am on Wednesday October 31st , 2018
IR meeting for results of H1 FY Ending March 2019

== CEO Part ==

Good morning, my name is Tatsuo Yasunaga, President and CEO.
Thank you for joining us today.

I will start by discussing our operating results for the first half and the forecast for the full-year. Then, I will hand over to Kimiro Shiotani, Global Controller, who will speak in more detail.

If I were to sum up our financial results for the first half of the fiscal year, I would say that both profit and core operating cash flow saw strong progress. In addition to good performance in Energy, we saw a recovery in performance in Lifestyle due to our withdrawal from Multigrain, leading to a strengthening of our non-resources area as planned. I am happy to say that we are on track to building a stable profit base including even outside of our core areas.

[Summary of Operating Results (P3)]
Please turn to page 3. I will now explain the summary of our operating results for the first half of the fiscal year.

Mitsui profit for the first half of the fiscal year was 222.9 billion yen, down 15.4 billion yen year-on-year, and core operating cash flow was 316.4 billion yen, up 11.8 billion yen year-on-year. These two results take us to 53% and 56% respectively of our business plan for the current fiscal year.

Given this strong first half performance and our second half forecasts for each of the businesses, we have revised our full-year results forecasts upwards. Profit after tax has been revised to 450 billion yen, up 30 billion yen relative to our business plan, and core operating cash flow has been revised to 600 billion yen, also up 30 billion yen relative to our business plan. The revisions indicate a historical high expected for profit after tax.

Core operating cash flow has risen to a level higher than our forecast at the time of the announcement of our business plan, and the stable profit base which supports this is also expanding. As such, we are raising our annual dividend by 10 yen to 80 yen per share, with an interim dividend of 40 yen per share. As a result, we forecast 140 billion yen in shareholder returns for this fiscal year.

In the first half of the fiscal year ending March 2019, the global economy saw solid growth centered on developed nations. However, while the gradual recovery in the global economy is expected to continue, the direction of European and US economies—some of which give the sense of having reached a plateau—the impact on emerging economies of monetary tightening by the Federal Reserve Board, and the further expansion of trade friction stemming from US trade policy, all require close attention. Mitsui will exercise sufficient caution in its operations with regard to changes in the business environment.

[Key Initiatives 1: Build robust profit base/Establish selected new growth areas (P4)]
Please turn to page 4.
Next, I would like to discuss our progress in key initiatives of our medium-term management plan: “Build robust profit base,” and our main efforts to “Establish selected new growth areas.”

First, let’s look at core areas. Profit for the first half of the fiscal year was 179.2 billion yen and core operating cash flow was 264 billion yen. While the contribution made by non-core areas to our business is gradually expanding, core areas continue to comprise over 80% of our profit and core operating cash flow.

In Resources & Energy, the Energy business was strong mainly due to the increase in oil and gas prices and the increase in the LNG dividend. The Mineral & Metals business proceeded largely as planned. As a result, profit for the first half of the fiscal year in this area was 125.7 billion yen and core operating cash flow was 202.6 billion yen. These two results take us to over 50% progress of our plan for the current fiscal year.

In Machinery & Infrastructure, profit for the first half of the fiscal year was 37.1 billion yen and core operating cash flow was 31.4 billion yen, taking us to 44% and 37% progress respectively of our plan, which reflect seasonal and other factors.

In Chemicals, Novus has struggled due to the downturn in methionine prices, but this was covered by the strong performance of the methanol business. We have made steady progress towards our plan for the current fiscal year, particularly in core operating cash flow which is at 55% progress of the plan.

Elsewhere we have seen progress in growth areas.

In Healthcare, Mitsui and Kirin Holdings entered into an agreement in July to jointly invest in Thorne Research, a U.S.-based developer, manufacturer, and supplier of high-quality supplements. The global supplement market is expected to grow by 8-9% annually and through synergies with Mitsui's wide range of business assets and Kirin Group's functional materials, we aim to enhance the corporate value of Thorne's U.S. business and further expand Thorne's business into other markets, such as Japan.

In Nutrition & Agriculture, we are enhancing the production capacities of Kaset Phol Sugar, a Thailand-based sugar company that we operate jointly with Mitsui Sugar, and have already begun the relevant construction. In partnership with Mitsui Sugar, we have also jointly acquired all shares of SIS, a company which engages in the refining and marketing of refined sugar in Singapore and the Middle East. We aim to capture the growing demand in Asian market by providing high quality sugar, and further strengthen our sugar business in Asia including Japan.

In Retail & Services, Mitsui Real Estate or MRE has acquired additional senior living properties and their operations in the U.S. MRE commenced its senior living business in 1990, and since then, has demonstrated the strength to grow the value of the asset after acquisition by improving its occupancy rate. MRE currently owns and or manages 34 senior living properties consisting of approximately 3,800 units in 6 states mainly on the West Coast. In the U.S., as in Japan, the elderly population is increasing, and MRE will aim to address the increasing demand for senior living properties in the U.S.

[Cash flow allocation (P5)]

Please look at page 5.

Next, I will talk about the results and outlook for cash flow allocation.

In the H1 period under review we achieved core operating cash flow of 315 billion yen. Together with cash inflows from asset recycling of 130 billion yen, total cash inflows for the period came to 445 billion yen.

Investment and Loans accounted for 390 billion yen in cash outflows, and together with an interim dividend amount of 70 billion yen based on the dividend increase explained earlier, total cash outflows came to 460 billion yen.

The 3-year cumulative amount of free cash flow after returns to shareholders is expected to increase to the level between 290 billion yen and 490-billion-yen, reflecting an increase in core operating cash flow.

[Balance Sheet (P6)]

Please look at page 6.

Next, I will discuss the balance sheet as of the end of the first half of the fiscal year. Net interest-bearing debt increased 280 billion yen from the end of March 2018 to 3.4 trillion yen. This was due to an increase in working capital and the impact of currency translation adjustments on interest-bearing debt resulting from the strong dollar.

Also, shareholders' equity increased by approximately 300 billion yen to 4.3 trillion yen and as a result, net DER was 0.79x.

[Revisions to Full Year Forecasts (P7)]

Please see page 7.

As explained at the beginning of this presentation, we have revised our forecasts in light of a rise in oil and gas prices and strong progress in non-resources areas.

Profit after tax has been revised to 450 billion yen, up 30 billion yen relative to our business plan, and core operating cash flow has been revised to 600 billion yen, also up 30 billion yen relative to our business plan. In non-resources areas, we have seen steady growth in both profit and core operating cash flow, and we will work to further strengthen our profit base as we look to achieve our targets for the final year of the Medium-Term Management Plan.

[Shareholder returns policy (P8)]

Please see page 8. I'd like to conclude by talking about our plan on shareholder returns. Given the robust performance results, we have increased our annual dividend forecast for the fiscal year ending March 2019 from 70 yen per share to 80 yen per share, a 10 yen increase compared to the original plan. The interim dividend is 40 yen per share.

As a result, shareholder returns for this fiscal year are currently about 140 billion yen, with a payout ratio of 23% relative to core operating cash flow, and a payout ratio of 31% relative to profit after tax.

Going forward, we will aim to continue to increase dividends through improved performance, as well as implement initiatives to achieve 10% ROE in the fiscal year ending March 2020, which is the quantitative performance target in our Medium-Term Management Plan.

That concludes my part of the presentation. I will now hand over to my colleague Kimiro Shiotani, our Global Controller, to explain the details.

= Global Controller Part =

[Operating results (P9)]
Thank you. I am Kimiro Shiotani, Global Controller, and I will be explaining our results for the first half the fiscal year.

[Profits: Year on year segment comparison (P10)]
Please look at page 10.
Firstly, I will explain the profit by segment compared to the same period of the last fiscal year. Profit for the first half of the fiscal year decreased 15.4 billion yen to 222.9 billion yen.

In Minerals & Metal Resources, profits decreased by 97.6 billion yen to 89.1 billion yen. This was primarily the result of the absence of a valuation gain on Valepar restructuring in the previous period, and a decline in profit at the Australian iron ore operations due to the decrease in sales price.

Energy segment profits increased by 13.5 billion yen to 36.6 billion yen. The main factors were increased profit at Mitsui Oil Exploration mainly due to an increase in price of oil and gas and cost reductions, alongside an increase in LNG dividend received.

Machinery & Infrastructure profits were down by 9.9 billion yen to 37.1 billion yen. This was due to the absence of a gain on sale of a UK power plant in the previous period.

Chemicals profits increased by 3.5 billion to 16.4 billion, mainly because of strong methanol business results.

In Iron & Steel Products, despite an increase in profit due to consolidation of Nippon Steel & Sumikin Bussan as an equity method investee, profits decreased 3.2 billion yen to 7.9 billion yen due to the absence of an increase in volume of one-time transactions seen in the previous period.

Lifestyle profits increased 56.4 billion yen to 19.5 billion yen. This is primarily due to the absence of losses recorded in the previous period associated with the withdrawal from Multigrain, and profit from partial reversal of provisions in the current period.

Innovation and Corporate Development profits increased 8.3 billion yen to 9.9 billion yen, which is due to the absence of a FVTPL loss on mobile data network operator in developing countries recorded in the previous period.

[Core Operating Cash Flow: Year-on-year segment comparison (P11)]

Please turn to page 11.

Core Operating Cash Flow for the first half of the year was 316.4 billion yen, a year-on-year increase of 11.8 billion yen.

The factors behind the year-on-year change in Core Operating Cash Flow were largely the same as those explained earlier when discussing profit for the year, so I will not go into any further detail here.

[H1 profit YoY factor comparison (P12)]

Please turn to page 12.

Here we will look at the main factors influencing year-on-year changes in first half profit.

<u>Base Profit</u> contributed to an increase of approximately 32 billion yen compared to the previous period, supported by FVTPL gains and a recovery in performance by METS, in addition to an increase in LNG dividends received and the absence of losses at Multigrain recorded in the previous period.

<u>Resources-related costs/volume</u> was a factor in a decline of approximately 8.0 billion yen compared to the previous period due to the partial dilution of our stake in Marcellus in the previous period, and the suspension of production at the Vincent oil field this May, along with a higher cost for coal business associated with changes to the mining plan.

Asset recycling was a factor in a decline of approximately 27 billion yen due to the absence of profit recorded in the previous period for the sale of a UK power plant, and despite gains from the sale of land by an affiliate company in the period under review.

Commodity prices/Forex contributed to an increase of approximately 11 billion yen due primarily to higher oil and gas prices, and despite a decline in the price of iron ore.

Valuation gain/loss was a factor in a decline of approximately 23 billion yen, due to the absence of a valuation gain seen in the first half of the previous period, and despite a gain on partial reversal of provisions for the Multigrain withdrawal during the period under review.

[Result of asset recycling / investment and loans (P13)]
Please turn to page 13.

Now, I will explain the results of asset recycling and investment and loans during the first half of the fiscal year.

Asset recycling saw steady progress; 130 billion yen was achieved. In addition to the implementation of projects in Q1, sale of shares in a dairy manufacturing and sales company in New Zealand and the sale of shares in MIMS in the Lifestyle segment contributed.

Investment and Loans accounted for 390 billion yen in total cash outflows, which partly includes projects deferred from the last fiscal year. This figure remains largely in line with the plan.

In addition to continuing projects from Q1, there were outgoings in the core area, including loans to a power generation project in Morocco and FPSO business in Brazil. In growth area, we acquired shares in FKS Food & Agri, an integrated food enterprise in South-East Asia and senior living properties by MRE in the U.S.

[Profit after tax, revisions to the full-year forecast (P14)]
Now please look at page 14. I will now go into detail about revisions to the full-year forecast, which Mr. Yasunaga previously touched on, and explain the factors behind the increase and decrease of each segment.

First, the full-year forecast for profit after tax has been revised upward by 30 billion yen to 450 billion yen. The main segments that we revised were Energy, which increased by 25 billion yen due an increase in the price of oil and gas, and Lifestyle, which increased by 10 billion yen due to profit from partial reversal of provisions associated with the Multigrain withdrawal. However, Machinery & Infrastructure forecasts have been reduced by 10 billion yen, mainly because of a downturn in rail and automotive businesses in certain regions.

[Core operating cash flow, revisions to the full-year forecast (P15)]

Please turn to page 15.

Core operating cash flow has been revised upward by 30 billion yen to 600 billion yen. The main segments which were revised were Energy, which was increased by 20 billion yen due to an increase in the price of oil and gas, and Lifestyle, which was increased by 10 billion yen mainly due to a reduction in Multigrain withdrawal costs and strong results in our Brazilian agriculture business. Machinery & Infrastructure was revised downwards due to delays in certain infrastructure projects.

That concludes my presentation. Thank you.