



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

November 29, 2018
Mitsui & Co.

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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.

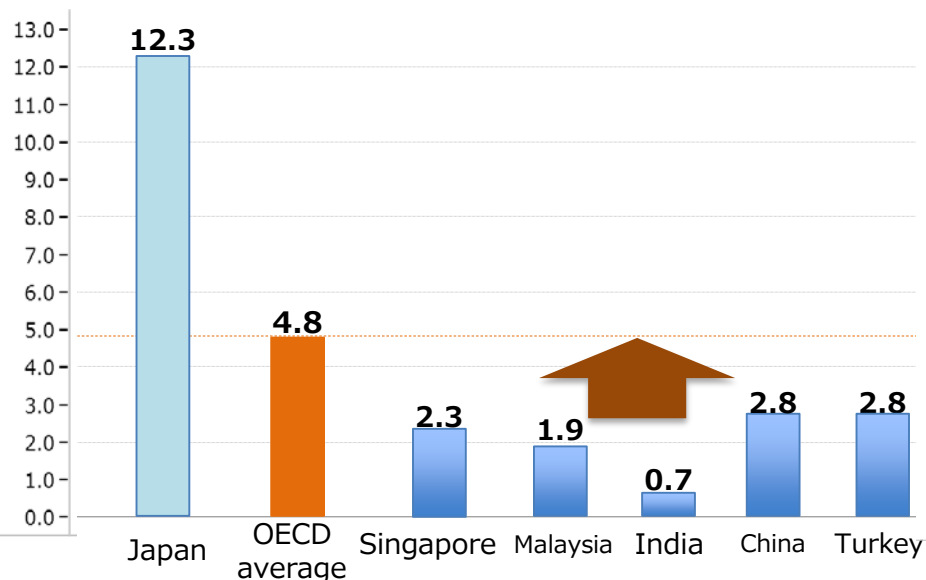


2. Recognition of Healthcare Market in Asia and Mitsui & Co.'s Initiatives

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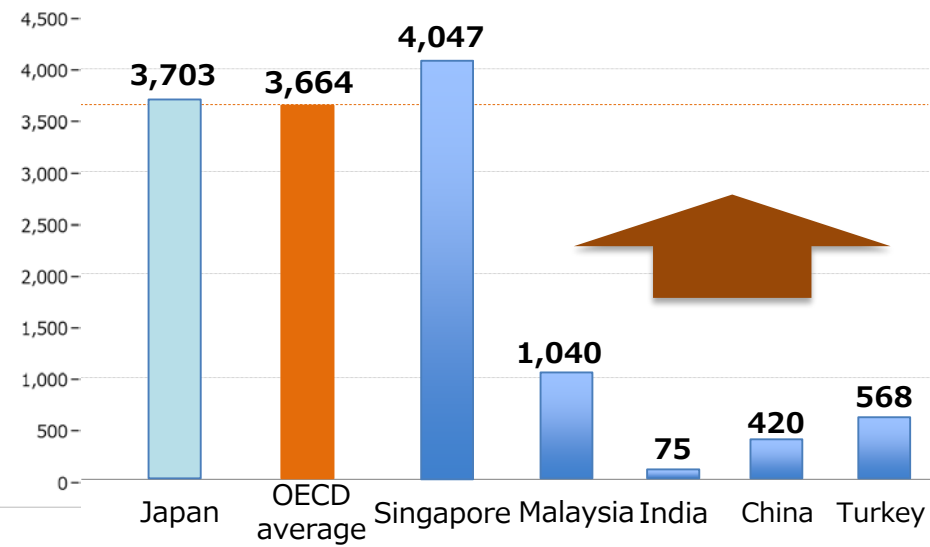
- The current healthcare market in Asia:
 - ✓ Anticipates a market growth of 10% every year as a result of population increase and aging society
 - ✓ Severely lacks hospitals (beds), creating a huge gap in supply and demand
 - ✓ Urgently needs sophistication of medical care and improvement of quality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

The number of beds per 1,000 people



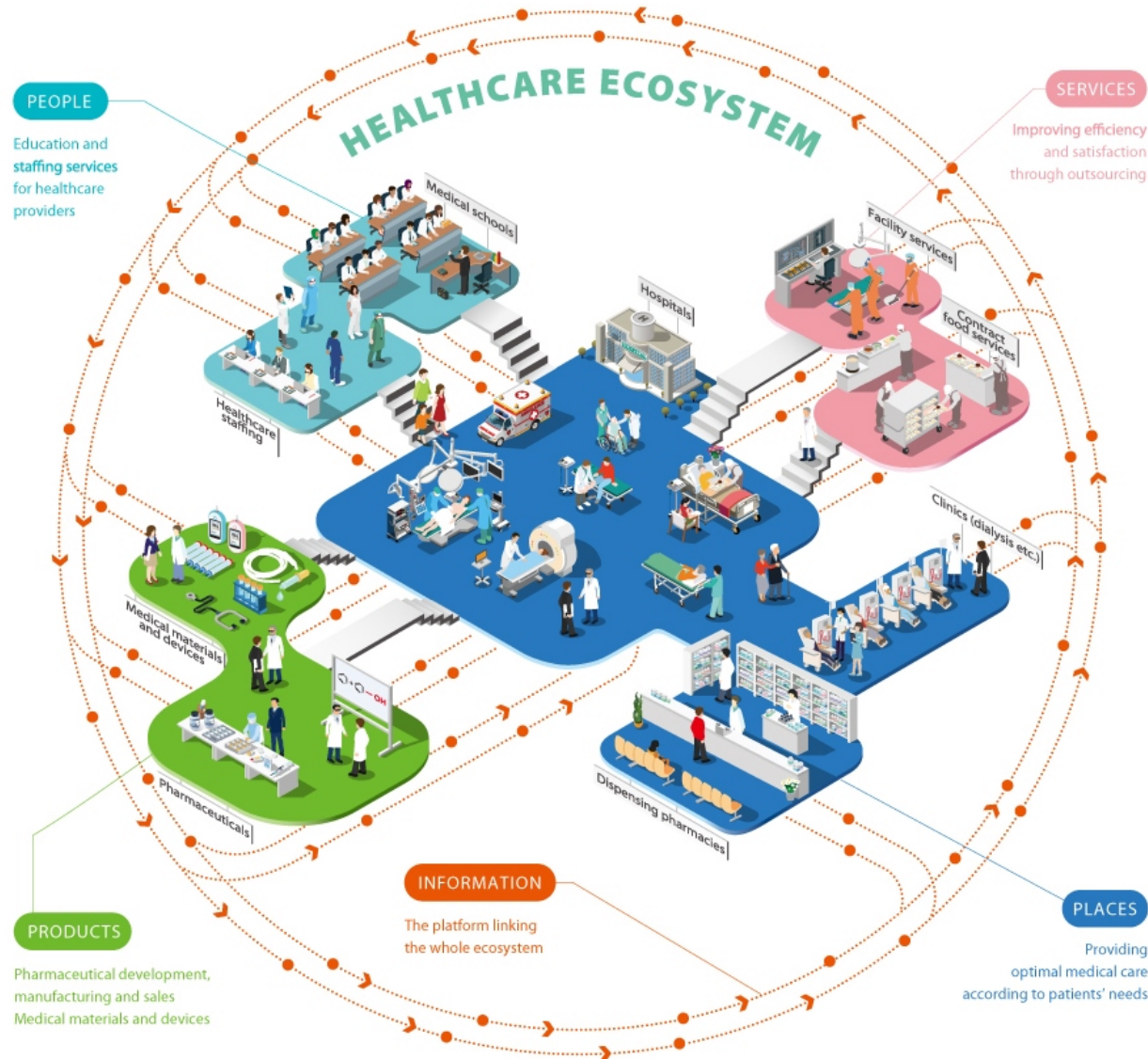
(Source: METI, Singapore Government, World Bank, and OECD)

Annual medical expense per capita (USD)

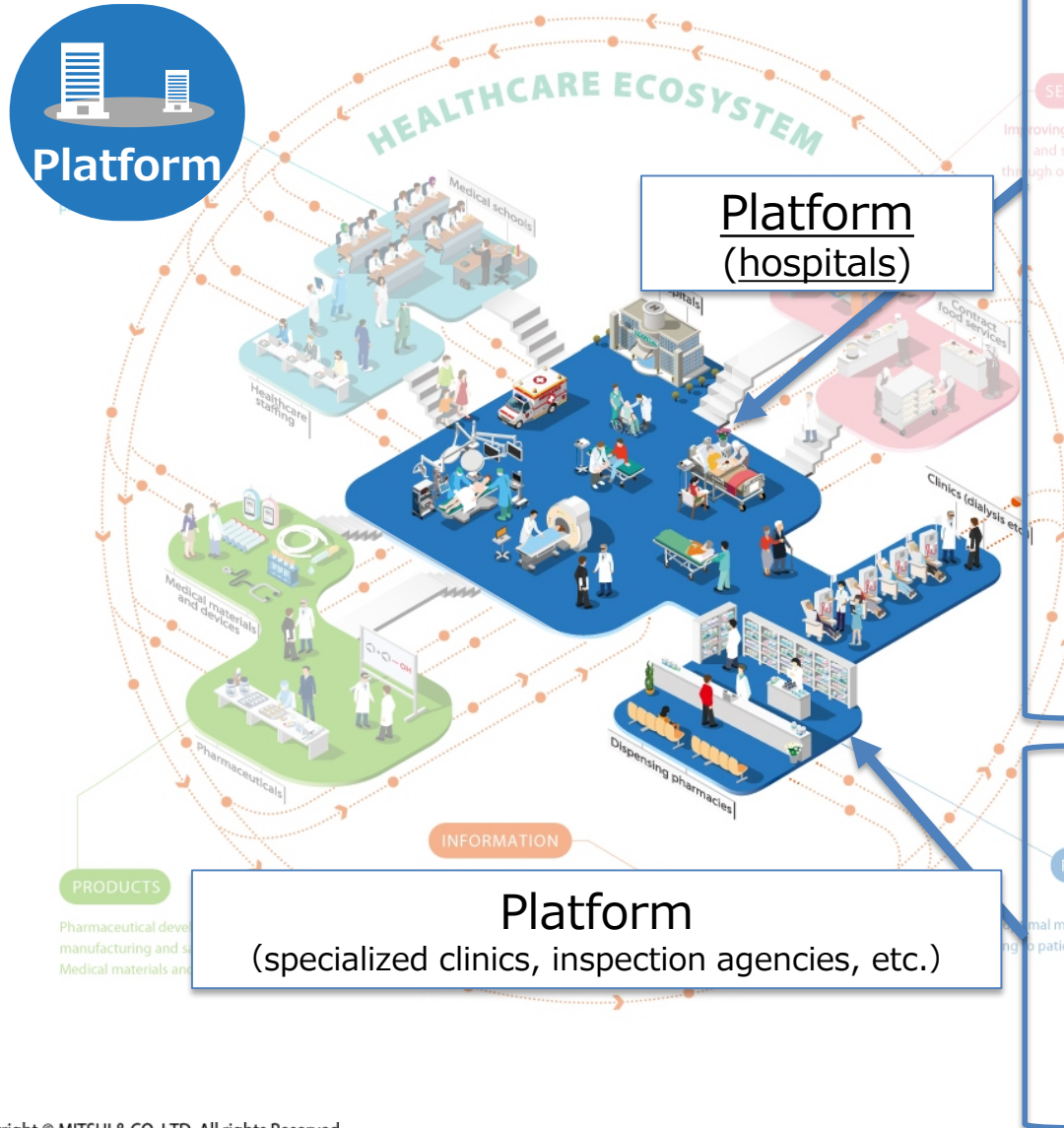


(Source: METI, WHO, and OECD)

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



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



**【Hospital business】
IHH**

Improving efficiency and satisfaction through outsourcing services.

**【Hospital business】
Columbia Asia**

**【Dialysis clinic business】
DaVita Care**

Platform for providing professional medical services to patients.

3. IHH at the Core of Healthcare Ecosystem 7

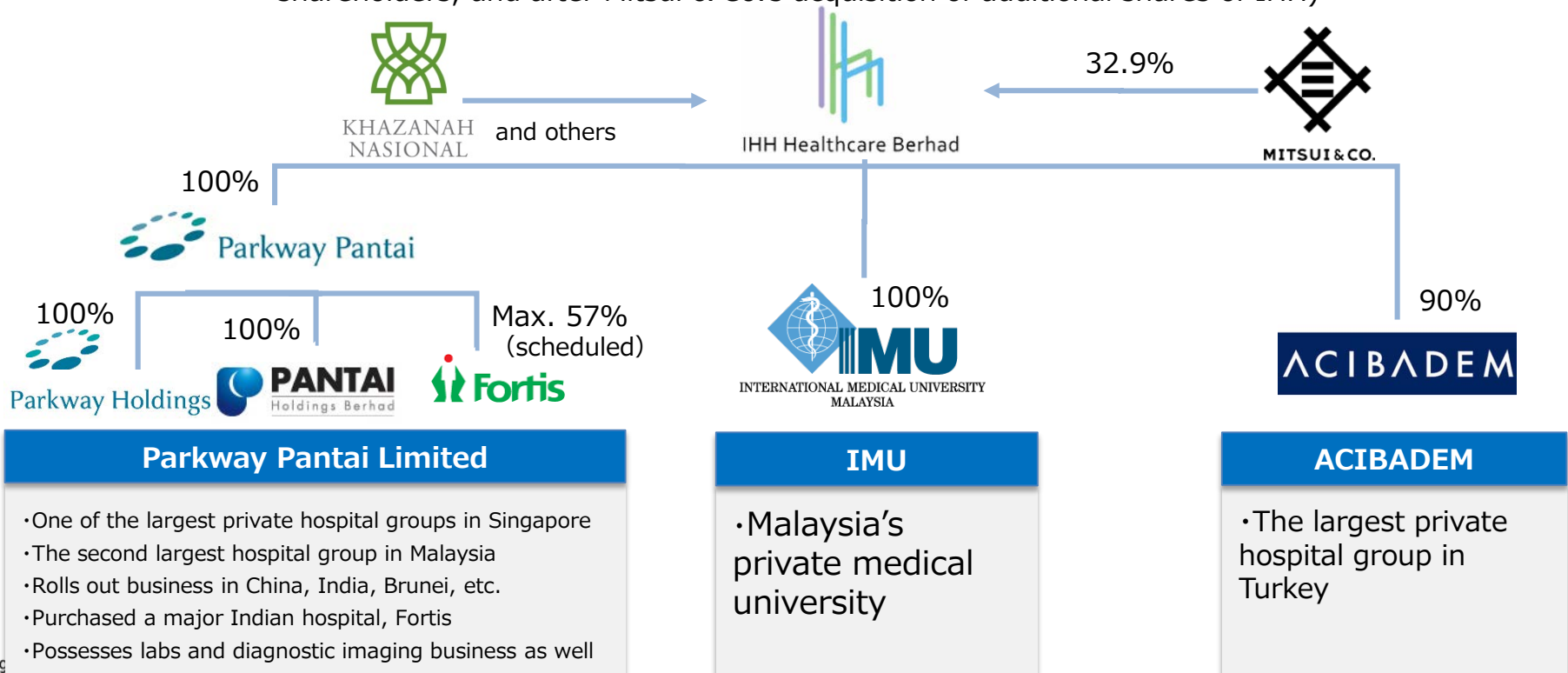
IHH rolls out 50 hospitals with approx. 12,000 beds in the world (as of October 30, 2018).

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)



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

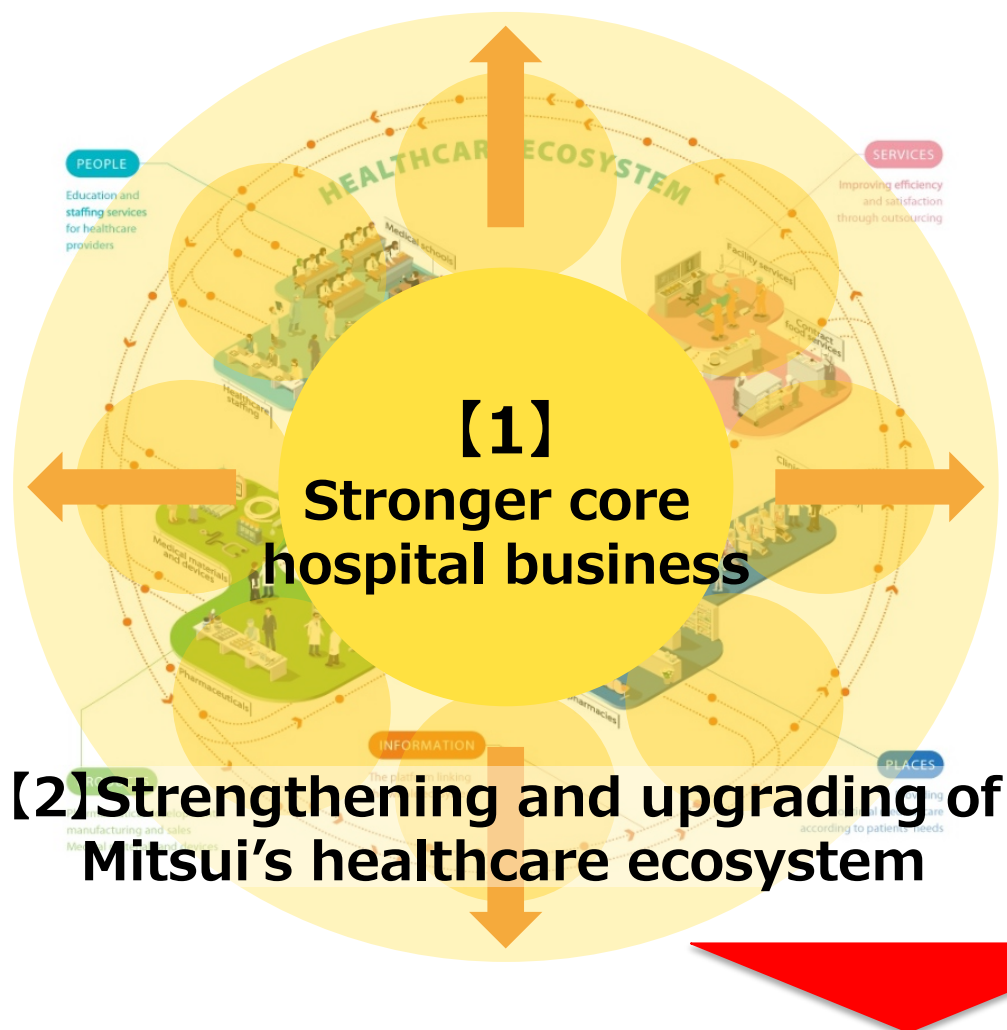
2012: IPO

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



Securing a solid profit base of our healthcare business

Expansion and enhancement of the profit base through creation of new business

- Build and expand participation in the largest healthcare ecosystem in Asia
- Capture the growing Asian healthcare market demand

4. Our Vision for the Healthcare Business

【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



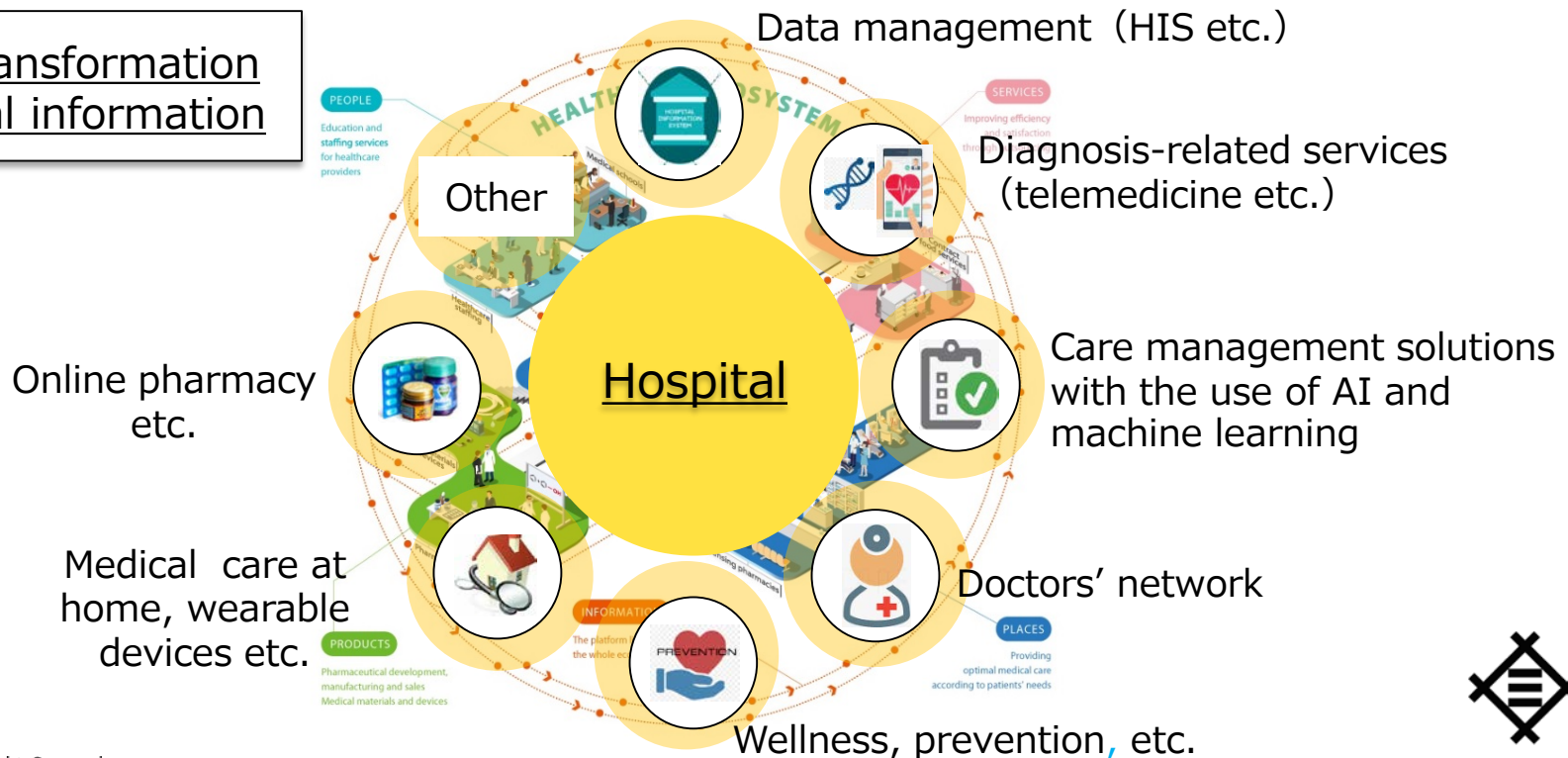
4. Our Vision for the Healthcare Business

【2】 Expansion of Mitsui's healthcare ecosystem

«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.

Digital transformation in medical information



5. Quantitative Targets

Our quantitative targets with the hospital and ancillary service business

	Ref Mar/18 IHH results (*)	Mar/23	Mar/28
Value of Mitsui's hospital&ancillary service business	Approx. ¥1.2T (18%=¥220B)	Approx. ¥650B~ ¥820B	Approx. ¥1.3T~ ¥1.5T
		Conversion rate: 1MYR=¥27	
PAT in proportion to Mitsui's equity	Approx. ¥26B (18%=¥4.7B)	Approx. ¥16B	Approx. ¥33B
Number of beds	10,000 beds	20,000 beds	25,000 beds

(*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)

		1.5-year cumulative (FY Mar/2018~ FY Mar/2019 H1)	3-year cumulative (Announced in Oct/2018) (FY Mar/2018~FY Mar/2020)	3-year cumulative (Current revision) (FY Mar/2018~FY Mar/2020)
Cash-In	Core Operating Cash Flow*1...①	985.0	1,900	1,900
	Asset Recycling...②	430.0	700	800
Cash-Out	Investment and Loans...③	-950.0	-1,700~-1,900	-1,900~-2,100
	Shareholder Returns*2...④	-242.5	-410	-450
Free cash flow*3 after shareholder returns ...① + ② + ③ + ④		222.5	290~490	150~350

*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.



MITSUI & CO.