16:45pm – 17:45am on Friday February 1st, 2019
IR meeting for results of Q3 FY Ending March 2019

== CFO Part ==

Good afternoon, my name is Takakazu Uchida, Chief Financial Officer.
Thank you for joining us today.

I will start by discussing our operating results for the third quarter 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 operational results for the third quarter of the fiscal year, I would say that both profit and core operating cash flow were steady, particular in Resources & Energy where results were strong, and we have made progress in strengthening the profit base and achieving future growth.

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

In the global economy during the period under review, while the U.S. performed steadily, momentum for economic recovery weakened in the EU and China and growth slowed.

Amid this economic environment, Mitsui's profit for the period declined by 26.7 billion yen year on year to 350.1 billion yen and core operating cash flow declined by 57.5 billion yen to 492.1 billion yen.

This year on year decline is due to the concentration of asset recycling and large dividends in the same period of the previous fiscal year, but progress toward the previous full-year forecast for profit and core operating cash flow announced in October 2018 has been steady at 78% and 82% respectively.

As for progress in this period under review, we made the decision to develop new iron ore deposits at Robe River mine in Australia in October, and agreed to acquire additional shares of IHH, Asia's largest private hospital group in November, and become that company's largest shareholder.

In the power generation business, which is a central part of the non-resources area, we undertook key initiatives looking beyond the current medium-term management plan, starting construction of a 2.5GW gas-fired thermal power plant project in Thailand together with Gulf Energy Development, Thailand's largest private electric power company, and agreeing to participate in a wind power generation project in Argentina.

On the other hand, as reported extensively in the media, there has been a serious disaster that relates to the operations of Vale in Brazil, an entity of which we are a shareholder. I would like to offer my sincere condolences to all of the victims who are suffering as a result of this incident.

Following this disaster, Vale has announced that it will suspend dividend declaration that was scheduled in February. As a result, we have revised our profit and cash flow forecast downwards, 10 billion yen down for profit for the year to 440 billion yen, and 10 billion yen down for core operating cash flow to 590 billion yen. Mitsui's annual dividend stays unchanged at 80 yen per share.

The sense of stagnation in the global economy is growing and factors such as the US-China trade dispute, in particular, are heightening the downward risk. Under this environment, Mitsui will continue to exercise sufficient caution in its operations with regard to the state of the business environment.

[Key initiative 1: Build Robust Profit Base and Thoroughly Strengthen Existing Businesses (P4)]

Please turn to page 4

One of the key initiatives of our medium-term management plan is to build a robust profit base and thoroughly strengthen existing businesses, so allow me to review our progress in this area.

Total third-quarter profit in core areas was 293.3 billion yen. Core operating cash flow was 441.3 billion yen. While the contribution made by such non-core areas as Lifestyle 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 receipt of LNG dividends and cost decrease resulting from lower exploration expenses. The Mineral & Metal business proceeded largely as planned. As a result, profit for the third quarter of the fiscal year in this area was 214.5 billion yen and core operating cash flow was 343.5 billion yen. These two results take us to over 80% progress of our previous forecasts announced in October 2018.

In Machinery & Infrastructure, profit for the third quarter of the fiscal year was 55.5 billion yen and core operating cash flow was 57.9 billion yen, taking us to 74% and 77% progress, respectively, of our previous forecasts.

In Chemicals, mainly due to the downturn in methionine prices which has caused Novus to struggle, profit and core operating cash flow have achieved 58% and 67% of previous forecasts, respectively.

Progress was made this quarter in thoroughly strengthening existing businesses.
The planned development of new iron ore deposits at Robe River mine, mentioned above, maximizes use of existing railway and port infrastructure from operational mines and aims to maintain current highly cost competitive annual capacity. We are taking steps to further improve operational efficiency and in December last year began full-scale operation of autonomous railway system AutoHaul. In July 2018, AutoHaul completed the world’s first unmanned long-distance transportation of iron ore.

We are strengthening our LNG trading amid a spike in imports by China driven by environmental concerns. Looking ahead, we expect to see market growth not only in China but also India and other emerging importers, and we are increasing the volume handled, in particular at Mitsui Energy Trading Singapore. Trading will be further strengthened when Cameron LNG comes online in the first half of 2019.

Construction & industrial machinery businesses have benefited from strong demand and we are pursuing profit improvement through the enhancement of our global capabilities and collaboration with partners. Meanwhile, In December we agreed to sell our interest in the Bengalla thermal coal mine in Australia and are aggressively optimizing our business portfolio with an eye on long-term sustainability.

[Cash flow allocation (P5)]

Please look at page 5.

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

In the Q3 period under review we achieved core operating cash flow of 490 billion yen. Together with cash inflows from asset recycling of 150 billion yen, total cash inflows for the period came to 640 billion yen.

Investment and loans accounted for 560 billion yen in cash outflows, and together with an interim dividend amount of 70 billion yen, total cash outflows came to 630 billion yen.

Investment and loans and asset recycling were largely in line with plan and so excluding the changes to the core operating cash flow that I previously mentioned, there is no change to the medium-term management plan 3-year cumulative outlook for cash flow allocation since the announcement of additional investment in IHH at the end of November last year.

[Balance Sheet (P6)]

Please look at page 6.

Next, I will discuss the balance sheet as of the end of the third quarter of the fiscal year. Net interest-bearing debt increased 330 billion yen from the end of March 2018 to 3.4 trillion yen. This was due to an increase in working capital, dividend payments, and the impact of currency translation adjustments on interest-bearing debt resulting from the strong dollar.

However, as you can see from the previous slide on cash flow allocation, we expect free cash flow after shareholder returns, that excludes changes in working capital, and includes new investments such as IHH, to be positive in the three-year cumulative outlook of our medium-term management plan. We will carefully manage the level of interest-bearing debt in accordance with this policy, which remain unchanged.

Also, shareholders' equity increased by approximately 200 billion yen to 4.2 trillion yen and as a result, net DER was 0.82.

[Shareholder returns (P7)]

Please see page 7. I'd like to conclude by talking about our plan for shareholder returns. There is no change to our plan announced at our Q2 results announcement, and our annual dividend forecast for the fiscal year ending March 2019 remains 80 yen per share.

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 (P8)]
Thank you. I am Kimiro Shiotani, Global Controller, and I will be explaining our results for the third quarter of the fiscal year.

[Profits: Year on year segment comparison (P9)]
Please look at page 9.

First, I will explain the main changes in profit by segment compared to the same period last year.
For the third quarter period, profit decreased ¥26.7 billion to ¥350.1 billion.

Mineral & Metal Resources profit decreased ¥101.7 billion to ¥127.6 billion. The main factors were the absence of a valuation gain on Valepar restructuring that was included in the same period of the previous year, and profit declines at Australian iron ore operations due to a fall in the sales price of iron ore.

Energy segment profits increased ¥51.9 billion to ¥86.9 billion. The main factors were the absence of a reversal of deferred tax assets at a shale gas and oil business, which resulted from revisions to the US tax code and which was included in the same period of the previous year, profit growth at MOECO driven by an increase in the price of oil and gas, cost decrease, and an increase in LNG dividends.

Machinery & Infrastructure profits were down by 23.5 billion yen to 55.5 billion yen. This was due to the absence of a gain on sale of a UK power plant included in the same period of the previous year and losses at an overseas railroad business.

Chemicals profits decreased by 4.2 billion to 23.3 billion, mainly due to the absence of a profit increase at a US tank terminal business as a result of revisions to the US tax code included in the same period of the previous year. This was partly covered by strong results in the methanol business.

In Iron & Steel Products, profits decreased 11.9 billion yen to 10.2 billion yen due to the absence of a derivative valuation gain resulting from price adjustment clause with Gestamp, and the absence of an increase in volume of one-time transactions, both included in the same period of the previous year.

Lifestyle profits increased 59.4 billion yen to 32.7 billion yen. This is primarily due to the absence of losses included in the same period of the previous year associated with the withdrawal from Multigrain, and profit from partial reversal of provisions in the current period.

[Core Operating Cash Flow: Year-on-year segment comparison (P10)]
Please turn to page 10.
Core operating cash flow for the third quarter of the year was 492.1 billion yen, a year-on-year decrease of 57.5 billion yen.

In Minerals & Metal Resources, core operating cash flow decreased by 24.8 billion yen to 149.4 billion yen. This was primarily the result of an increase in operating costs resulting from changes to the mining plan at our Australian coal business and a decrease in the sales price of iron ore.

In Energy, core operating cash flow increased by 48.1 billion yen to 194.1 billion yen. The main factors were an increase in gross profit due to higher oil and gas prices, and an increase in dividends received from LNG businesses.

In Machinery & Infrastructure, core operating cash flow was down by 70.9 billion yen to 57.9 billion yen. This was due to the absence of a dividend increase from the IPP business included in the same period of the previous year.

In Chemicals, core operating cash flow increased by 3.3 billion to 39.9 billion, mainly because of an increase in gross profit due to higher methanol prices.

In Iron & Steel Products, core operating cash flow decreased 20.7 billion yen to minus 1.4 billion yen due to the absence of a valuation gain on derivatives from a price adjustment clause with Gestamp, and the absence of one-time transactions, both included in the same period of the previous year.

In Lifestyle, core operating cash flow increased 7.8 billion yen to 20.9 billion yen. This is primarily due to the absence of losses included in the same period of the previous year associated with the withdrawal from Multigrain.

[Q3 profit YoY factor comparison (P11)]
Turning now to page 11, we will look at the main factors influencing year-on-year changes in Q3 profit.

Base Profit contributed to an increase of approximately 16 billion yen compared to the same period of the previous year, supported by a recovery in performance by METS, in addition to an increase in LNG dividends received and the absence of losses associated with the withdrawal from Multigrain included in the same period of the previous year, despite the absence of tax effect related to a large dividend income from an equity method investee included in the same period of the previous year.

Resources-related costs/volume was a factor in a decline of approximately 11.0 billion yen compared to the same period of the previous year due to the partial dilution of our stake in Marcellus in the previous fiscal year, the suspension of production at the Vincent oil field last May, and higher costs in the coal business associated with changes to the mining plan.

Asset recycling was a factor in a decline of approximately 36 billion yen due to the absence of profit included in the same period of the previous year for the sale of a UK power plant, and despite gains from the sale of land by an affiliate company.

Commodity prices/Forex contributed to an increase of approximately 36 billion yen due primarily to higher oil and gas prices, and despite a decline in the sales price of iron ore.

Valuation gain/loss was a factor in a decline of approximately 32 billion yen, due to the absence of valuation gains included in the same period of the previous year, 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 (P12)]
Please turn to page 12.

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

Asset Recycling increased 20 billion yen over the previous 2Q to 150 billion yen. Investment and Loans accounted for 560 billion yen in total cash outflows. In addition to projects ongoing from Q2, the main projects this quarter were the completion of investment in Kansai Helios Coating, a European coating manufacturer, announced in Q1, and investment in the expansion of a tank terminal in the U.S.

[Profit after tax, revisions to the full-year forecast (P13)]

Now please look at page 13. As CFO Mr. Uchida explained, there are some changes to the company's full-year forecasts, and so I will explain the factors behind those revisions in more detail by each individual segments here.

We have revised downwards our profit forecast by 10 billion yen to 440 billion yen. Mineral and Metal Resources has been revised downwards by 10 billion yen mainly due to decrease in Vale dividend. Chemicals has been revised downwards by 10 billion yen due to a decline in profit at Novus resulting from lower methionine prices. Innovation & Corporate Development has also been revised downwards by 10 billion yen due mainly to FVTPL losses resulting from a fall in share price. On the other hand, we have raised the forecast for Energy by 15 billion yen due to cost decrease, volume increases, and an increase in the price of oil and gas. The forecast for Lifestyle has been raised by 5 billion yen due mainly to forex profit and loss improvements at IHH.

[Core operating cash flow, revisions to the full-year forecast (P14)]

Please turn to page 14.

We have revised down our company's full-year core operating cash flow forecast by 10 billion yen to 590 billion yen. Forecasts for Mineral and Metal Resources, Chemicals and Innovation & Corporate Development segments have been revised downwards by 10 billion yen, 10 billion yen and 5 billion yen respectively, due to the same factors as those behind the revised profit forecasts. The forecast for Energy has been revised upwards by 15 billion yen, mainly due to volume increases and an increase in the price of gas.

That concludes my presentation. Thank you.