

# Mitsubishi Corporation

## New Strategic Direction

Charting a new path toward sustainable growth

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# Objectives vs. Results – Midterm Corporate Strategy 2012

## Midterm Corporate Strategy 2012 objectives mostly achieved

### Initial Objectives Set in July 2010

#### Earnings

- Consolidated net income target for Fiscal Year Ended March 2013 set at 500 billion yen

#### Investment

- Invest 2,000 – 2,500 billion yen over 3 years in order to strengthen existing earnings drivers and develop new businesses for future growth

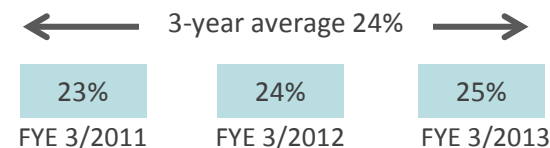
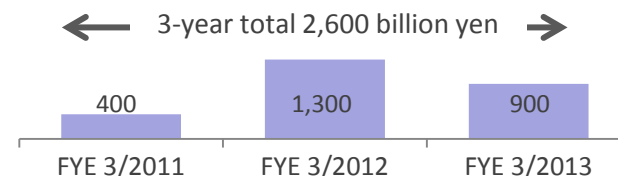
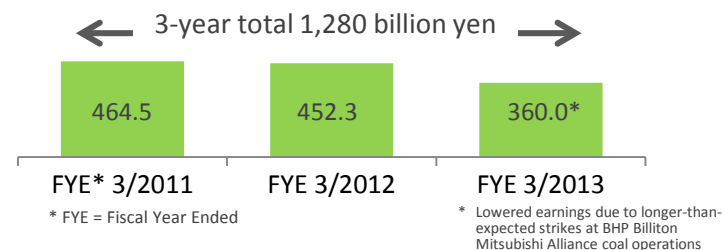
#### Dividend

- Dividend payout ratio of 20 - 25% each year

#### Key Initiatives

- Diversify business models
- Strengthen management platform
- Create sustainable corporate value

### Actual Results



- All key initiatives achieved
- Established the Mitsubishi Corporation East Japan Earthquake Recovery Fund

# Business Environment

**Global uncertainty persists but Asia remains the world's growth driver and represents opportunity for MC**

## Environment in which we operate

- Economic outlook remains uncertain as large emerging economies slow down, while developed nations are still on their paths to recovery
- Ongoing volatility in financial markets and commodity prices is likely to persist for the foreseeable future
- Asia remains the world's growth driver and a region that attracts investment and talent
- Deregulation and technological innovation provide new opportunities, while potential game-changers such as the US shale gas revolution may trigger lasting structural changes in some industries

## Challenges and implications for MC

- Uncertain global environment presents new opportunities (and risks) for MC
- In light of uncertainties forward strategic planning based on long-term vision is critical in creating sustainable value for all stakeholders
- Increased earnings volatility and larger/longer-horizon investments require disciplined balance sheet management
- Need to grow our business and deliver returns while maintaining financial discipline

# Our Vision – Mitsubishi Corporation Around 2020

Aspiring to double the size of our business by circa 2020

## Our Value

- Manage a portfolio diversified by business model, industry, market and geography, providing stable earnings throughout business cycles
- Leverage longstanding relationships with multiple industries to identify winning opportunities

## Business Planning

- Adjust time horizon to fit our evolving business model and the environment in which we operate
- Shift our business planning process to a “future pull approach” eyeing 2020

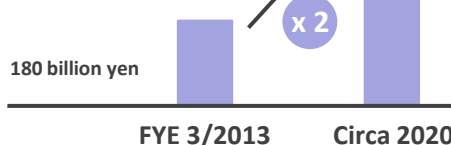
## Growth Eyeing 2020

### ● Double business

Resource:  
double attributable  
equity production



Non-Resource:  
double earnings



## Portfolio Vision

### ● Grow “winning businesses”

|   | FYE 3/2013 | Circa 2020 |
|---|------------|------------|
| Number of Business Sub-Segments (BSS)             | 47         | 35 to 40   |
| Number of which earn >20 billion yen net income   | 5          | ≥10        |
| Number of which earn 10-20 billion yen net income | 1          | 10 to 15   |

# Strategic Direction

Maximizing our sustainable corporate value as a company with a diversified selected portfolio

## Principles

- Create sustainable corporate value through business activities
  - Strive to further improve our societal and environmental value through initiatives on a consolidated and global basis -
- Strengthen “winning businesses” through the proactive reshaping of the portfolio in order to win competition at a global scale

## Investment Policy

- Accelerate divestments selectively and free up capital for new investments
- Continue consistent investment at a rate in line with the average of the last 3 years in order to improve our earnings base

## Financial Discipline

- Increase focus on financial discipline including funding our investments within our own cash flow assuming a base earnings level of 350 billion yen per annum
- Deliver a return on equity of 12-15% in the medium to long term

## Dividend Policy

- Introduce a two-staged dividend policy with a base and a variable portion in order to provide a stable dividend
- Set base dividend according to a base earnings level of 350 billion yen per annum

# Dividend Policy

Introducing a two-staged dividend policy that provides a stable dividend

## Midterm Corporate Strategy 2012

### Basic Concept

- Deliver a fixed range payout ratio of 20-25% regardless of the earnings level
- Shareholders participate both in the upside and the downside

### Applicable Formula

$$\text{EPS}^* \times (20-25\%)$$

\*EPS = Earnings per share

### Illustrative Example

|                              |            |            |            |
|------------------------------|------------|------------|------------|
| Payout ratio                 | 23%        | 24%        | 25%        |
| Dividend per share (yen)     | 65         | 65         | 55         |
| Total dividend (billion yen) | 107.0      | 107.0      | 90.5       |
|                              | FYE 3/2011 | FYE 3/2012 | FYE 3/2013 |

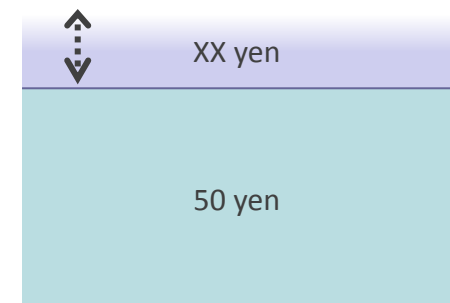
## New Dividend Policy

- Deliver a base dividend (50 yen per share), plus a performance based variable dividend at a payout ratio of at least 30% for earnings above 350 billion yen
- Shareholders participate in the upside but have limited exposure to the downside

$$50 \text{ yen} + \text{EPS (for earnings above 350 billion yen)} \times \text{min } 30\%$$

Variable portion  
(performance based)

Base portion



# Business Strategy & Market Strategy

Investing in growth while proactively reshaping our portfolio, with a strong focus on Asian markets

## Business Strategy – Using Capital Efficiently

### Resource Businesses

- Deliver projects under execution (e.g., BMA\* metallurgical coal expansion) and selectively develop core assets (e.g., LNG, shale gas, copper) in our project pipeline
- Refocus on productivity and cost, be it capital or operational, considering the cyclical nature of the resource and energy industry

\* BMA = BHP Billiton Mitsubishi Alliance

### Non-Resource Businesses

- Proactively reshape the portfolio in line with our long-term vision of creating multiple sizable “winning businesses”, and free up capital for new investment opportunities
- Deploy capital to most promising opportunities in selected industries/sectors
- Pursue investment opportunities in automotive, foods, retail, power generation, life science, shale gas downstream and asset management

## Market Strategy – Targeting Asia

Meeting  
Growing Raw  
Materials  
Demand



Multi-  
Localization  
in Asian  
Markets

- **Foods**  
Build a grain sourcing network across the Americas
- **Mineral Resources & Oil and Gas Resources**  
Develop projects and secure supply sources from Asia, Oceania, the Americas, Russia, and West Africa, in addition to creating an Asia-based worldwide marketing hub
- **Fertilizers**  
Develop fertilizer raw material resources and target markets across Asia
- **Retail**  
Establish living essentials value chain in Asian markets by building retail franchises with prominent partners
- **Automotive**  
Strengthen Thai and Indonesian operations and replicate their business models in neighboring Asian countries



# Management Framework

## Management framework to support implementation of strategic initiatives

### Framework to Optimize Portfolio

#### Business Strategy Meeting

#### How does it work?

- Step 1 Business Group CEOs submit yearly and 3-year rolling business plans by Business Sub-Segment (BSS) in line within boundaries set by corporate management
- ↓
- Step 2 Rigorous evaluation of business plans and fit with portfolio strategy through the Business Strategy Meeting
- ↓
- Step 3 Yearly allocation of management resources including investment/divestment decisions (i.e. portfolio reshaping) and set earnings target
- ↓
- Step 4 Mid-year review of business performance and portfolio reshaping

### Framework to Sharpen Business Intelligence and Initiate New Growth Options

#### Market & Business Development Meeting

#### Objectives

- Improve our ability to predict future market trends through active knowledge sharing
- Identify potential growth options outside the current scope and initiate their business development
- Earmarked 100 billion yen for strategic investments

#### Function

- Collect intelligence across businesses
- Monitor:
  - market development globally across industries
  - macro-economic/geopolitical developments worldwide
- Review and evaluate:
  - early-stage development proposals from Regional CEOs
  - R&D opportunities

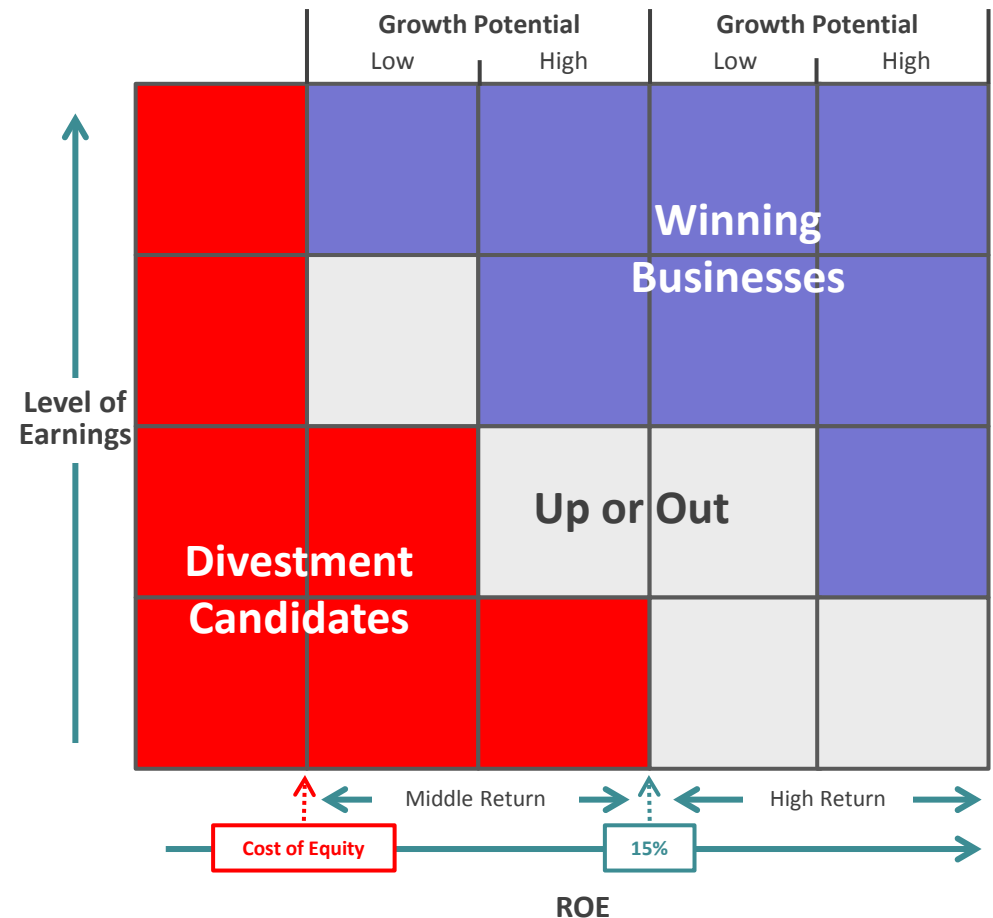
# Reshaping Our Portfolio Eyeing 2020

Continuous improvement of portfolio quality through reshaping

## Portfolio Reshaping Mechanism

- Upgraded portfolio segmentation
  - ✓ Apply identical logic across the board to redefine and segment Business Sub-Segments (BSS) within Business Groups
  - ✓ Achieve improved transparency, making evaluation of business easier
  - ✓ Use BSS as a portfolio unit for capital allocation
- Portfolio reshaping strategy
  - ✓ Not only divest underperforming assets but also select and strengthen winning businesses using return on equity, size of earnings and growth potential as the three main criteria
  - ✓ Divest non-core and marginal businesses in line with the reshaping strategy
  - ✓ Following continuous reshaping, actively reallocate capital across BSS in order to build a diversified but focused portfolio consisting of multiple sizable “winning businesses” by circa 2020

## Business Sub-Segments Evaluation Matrix (illustrative example)



## Summary of New Strategic Direction

**Future pull approach  
eyeing 2020 with a vision  
to double our business by  
building a diversified but  
focused portfolio**

**Clear portfolio strategy:  
select “winning  
businesses” through  
proactive reshaping of  
portfolio**

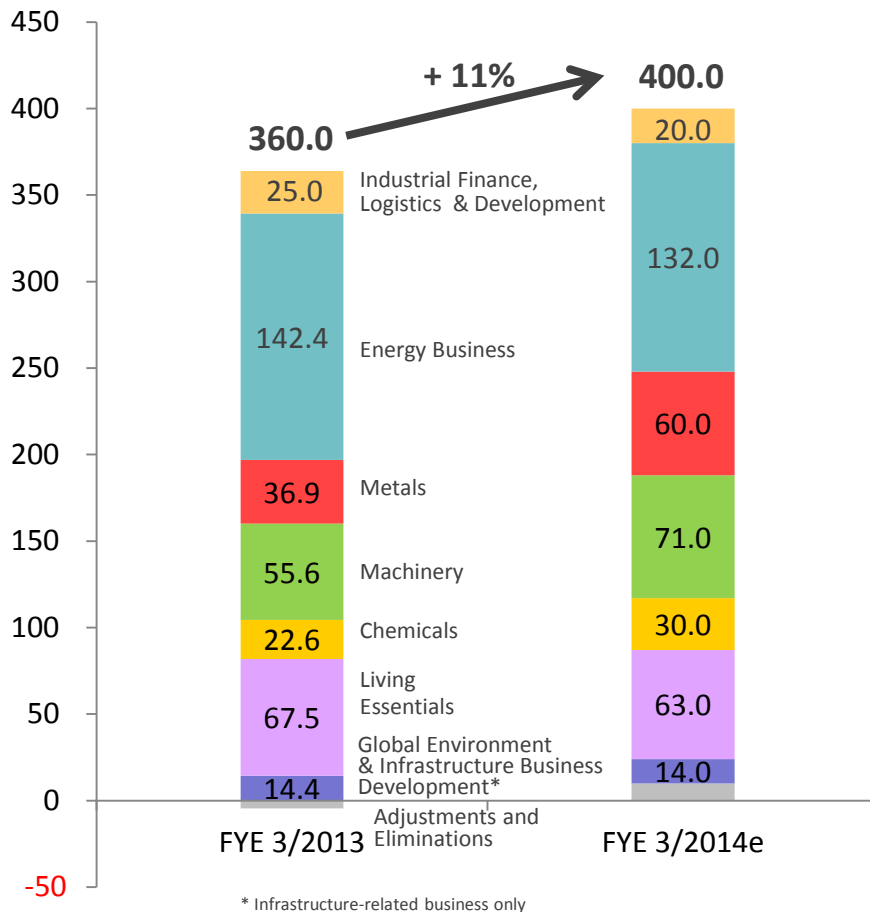
**Grow our business and  
deliver returns while  
maintaining financial  
discipline**

**Our priority is to capture  
growth opportunities in  
expanding Asian markets**

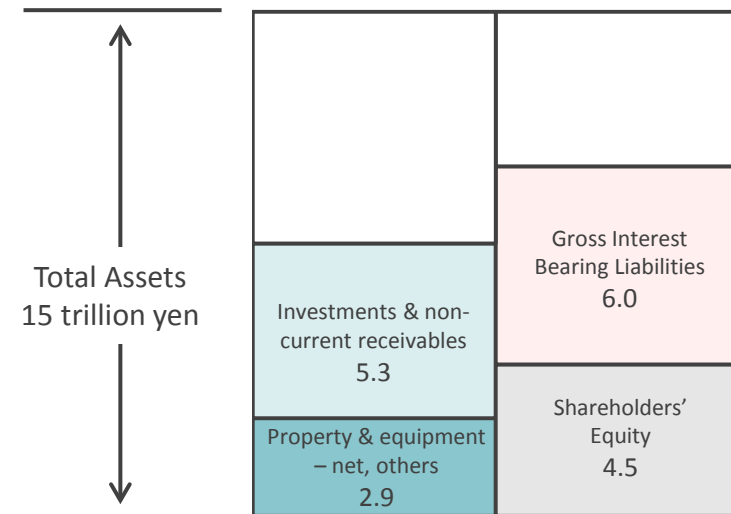
# Appendix – Fiscal Year Ending March 2014 Earnings Forecast

Back to growth despite softening commodity prices

## ● Consolidated Net Income Forecast (billion yen)



## ● Expected Balance Sheet (as of end March 2014)



## ● Selected Financial Data Based on FYE 3/2014 Forecast

|                          |        |
|--------------------------|--------|
| Return on equity         | 9%     |
| Net debt-to-equity ratio | 1.0    |
| Dividend per share**     | 60 yen |

\*\* Assuming the variable portion's payout ratio of 30% based on applicable formula under new dividend policy



**Forward-Looking Statements**

This presentation contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices. Accordingly, Mitsubishi Corporation cautions readers that actual results may differ materially from those projected in this release and that Mitsubishi Corporation bears no responsibility for any negative impact caused by the use of this release.