



**Presentation of Financial Results for the
Third Quarter ended December 2017
February 2018**



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3Q FY2017 Financial Results

Consolidated Income Statement

- **Net sales** Sales increased in the Energy Business Division (Coal Sales Business) due to such factors as a hike in coal prices and an increase in the sales volume.
- **Operating profit** Profit increased in the Energy Business Division (Coal Production Business) due to, among other factors, a hike in coal prices.
- **Ordinary profit**
 - (Non-operating profit)** Posted a gain on investments in silent partnership of 192 million yen and interest income of 164 million yen (an increase of 28 million yen from the previous corresponding period)
 - (Non-operating expenses)** Posted interest expense of 138 million yen (an increase of 22 million yen from the previous corresponding period) and an exchange rate loss of 21 million yen (a decrease of 152 million yen from the previous corresponding period)
- **Quarterly net profit attributable to owners of parent**
 - (Extraordinary profit)** Received subsidies totaling 269 million yen and posted a gain on sales of fixed assets of 169 million yen
 - (Extraordinary loss)** Posted losses on reduction of fixed assets totaling 248 million yen
 - (Tax expenses)** Posted tax expenses totaling 503 million yen (an increase of 588 million yen from the previous corresponding period)

(Million yen)	FY2016 3Q	FY2017 3Q	Yr/Yr Change
Net sales	38,169	49,037	10,868
Operating profit (Operating profit before amortization of goodwill)*	(279) [3]	811 [1,210]	1,091 [1,207]
Ordinary profit	(393)	1,066	1,460
Quarterly net profit attributable to owners of parent	(366)	735	1,102

* "Operating profit before amortization of goodwill" is operating profit excluding the amortization of goodwill that arises from business acquisitions.

Consolidated Segment Information

■ **Energy Business Division** The Energy Business segment comprises the Coal Sales Business, the Coal Production Business, and the Renewable Energy Business.
Details are provided under “Breakdown of Energy Business” on the next page.

■ **Consumer Goods and Services Business Division**

The Consumer Goods and Services Business segment comprises the Electronic Parts Business, the Beverage & Food Packages Business, the Fashion Business, the Contract Service Business, and the Nursing Care Business.
Sales and profit increased as CLEAN SURFACE TECHNOLOGY Co. Ltd. was made a subsidiary in the Electronic Parts Business in 4Q/FY2016.

[Sales]

Business (Million yen)	FY2016 3Q	FY2017 3Q	Yr/Yr Change
Energy	25,107	33,733	8,626
Consumer Goods and Services	11,355	13,975	2,619
Others	1,605	1,259	(345)
Adjustments	100	69	(30)
Total	38,169	49,037	10,868

[Segment profit]

Business (Million yen)	FY2016 3Q	FY2017 3Q	Yr/Yr Change
Energy (Before goodwill amortization)	(555) [(504)]	556 [609]	1,112 [1,113]
Consumer Goods and Services (Before goodwill amortization)	945 [1,176]	971 [1,317]	26 [141]
Others	105	113	7
Adjustments	(774)	(830)	(55)
Total (Before goodwill amortization)	(279) [3]	811 [1,210]	1,091 [1,207]

* “Sales” represent sales before the elimination of inter-segment transactions.

* “Other” represents business segments not included in reporting segments, and includes the Real Estate Business, the Stevedore and Warehouse Business, etc.

* Segment profit for the Energy Business includes equity method investment returns (3Q/FY2016: -27 million yen, 3Q/FY2017: -13 million yen).

* Adjustments to sales include income from rental of Company-wide assets. Adjustments of segment profit include equity method investment returns/losses and Company-wide profits/expenses that are not allocated to reporting segments.

Breakdown of the Energy Business Division

- **Coal Sales Business** Sales: Sales increased due to a rise in coal prices, an increase in sales volume, and other factors.
- **Coal Production Business** Sales and profit: Sales and profit increased due to a rise in coal prices despite a hike in production costs caused by the impact of a temporary strike.

[Sales] (Million yen)	FY2016 3Q	FY2017 3Q	Yr/Yr Change	[Profit] (Million yen)	FY2016 3Q	FY2017 3Q	Yr/Yr Change
Coal Sales Business Sales volume	22,478 3.04 million tons	31,036 3.15 million tons	8,558 0.11 million tons	Coal Sales Business	166	140	(25)
Coal Production Business Sales volume	7,127 1.02 million tons	8,335 0.79 million tons	1,208 (0.23) million tons	Coal Production Business (of which, equity method investment return)	(848) [(27)]	283 [(13)]	1,131 [14]
Renewable Energy Business	256	268	12	Renewable Energy Business	125	132	6
Adjustments	(4,755)	(5,907)	(1,152)	Adjustments	-	-	-
Total	25,107	33,733	8,626	Total	(555)	556	1,112

* Adjustments include transactions between businesses.

Major index		FY2016 3Q	FY2017 3Q	Change
Coal Sales Business (Apr.–Dec. results)	Average coal price of import and sales	¥7,391	¥9,849	¥2,458
	Exchange rate ¥/US\$ (average rate)	¥108.47	¥111.77	Yen depreciation ¥3.3
Coal Production Business (Jan.–Sep. results)	Average coal price: Thermal coal	US\$ 62.00	US\$ 87.04	US\$ 25.04
	Average coal price: Semi-soft coking coal	US\$ 70.11	US\$ 143.62	US\$ 73.51
	Exchange rate US\$/A\$ (average rate)	US\$ 0.7423	US\$ 0.7728	A\$ appreciation US\$ 0.0305
	Exchange rate ¥/A\$ (average rate)	¥80.35	¥85.77	Yen depreciation ¥5.42

Consolidated Balance Sheet

	Mar 31, 2017		Dec 31, 2017		Change (Million yen)	Main Factor behind changes
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)		
Current assets	24,726	41.8	27,545	46.3	2,818	Cash and deposits: 2,814, accounts receivable: (259) Inventory assets: (287)
Fixed assets, Deferred assets	34,386	58.2	31,951	53.7	(2,435)	Tangible fixed assets: (1,048), intangible fixed assets: (645), long-term deposits: (913)
Total assets	59,113	100.0	59,496	100.0	382	
Current liabilities	11,824	20.0	11,773	19.8	(50)	Accounts payable: 505, short-term debt: (353), provision for bonuses: (123)
Fixed liabilities	15,568	26.3	14,591	24.5	(977)	Long-term debt: (711), long-term lease obligations: (123)
Total liabilities	27,392	46.3	26,364	44.3	(1,028)	
Total net assets	31,721	53.7	33,132	55.7	1,410	Quarterly net profit attributable to owners of parent: 735, foreign currency translation adjustment: 714, valuation difference on available-for-sale securities: 314, dividends paid: (522)
Total liabilities and net assets	59,113	100.0	59,496	100.0	382	

	Mar 31, 2017	Dec 31, 2017
<i>Cash and deposits (including long-term deposits)</i>	15,145	17,046
<i>Debt (including bonds)</i>	(14,838)	(13,764)
Net cash and deposits	306	3,282
<Management indicators>		
Shareholders' equity ratio (%)	53.6	55.7
D/E ratio (times)	0.56	0.52

Consolidated Balance Sheet (December 31, 2017)

<p>Current assets 27.5 billion</p> <ul style="list-style-type: none"> • Cash and deposits 17.0 billion • Accounts receivable 5.8 billion • Inventory assets 1.8 billion 	<p>Current liabilities 11.7 billion</p> <ul style="list-style-type: none"> • Accounts payable 2.8 billion • Short-term debt 3.8 billion
<p>Fixed assets, Deferred assets 31.9 billion</p> <ul style="list-style-type: none"> • Tangible fixed assets 20.1 billion <ul style="list-style-type: none"> (Buildings, machinery, etc.) (9.8 billion) (Land) (8.7 billion) (Leases) (1.6 billion) • Intangible fixed assets 7.6 billion <ul style="list-style-type: none"> (Goodwill) (6.6 billion) • Securities 2.7 billion 	<p>Fixed liabilities 14.5 billion</p> <ul style="list-style-type: none"> • Long-term debt 9.8 billion <small>(including bonds)</small> • Leases 1.5 billion
<p>Net assets 33.1 billion</p>	
<p>Shareholders' equity ratio 55.7%</p>	

Total assets: 59.4 billion

Total liabilities and net assets: 59.4 billion

Effectively debt-free



High shareholders' equity ratio
55.7%

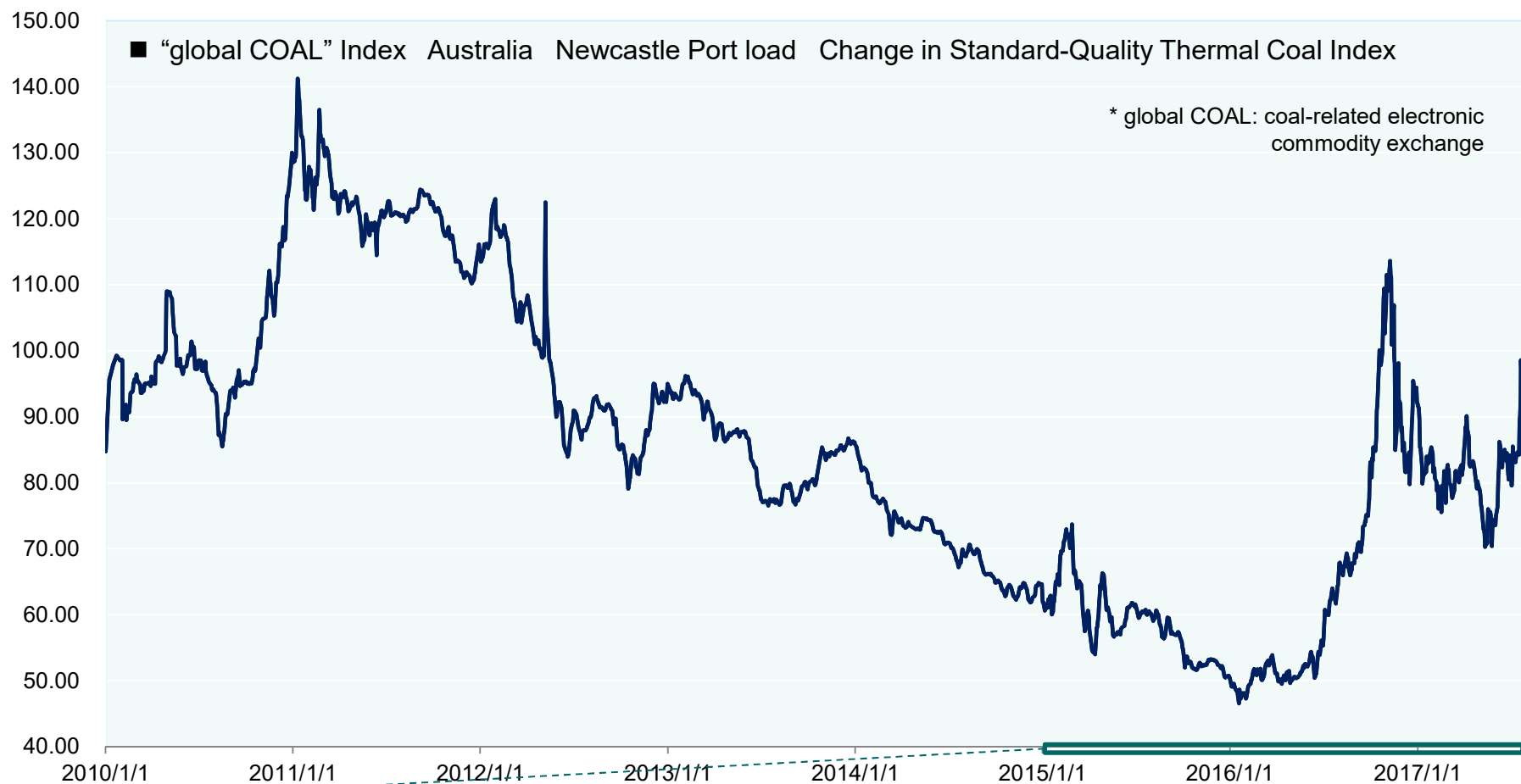


Strong financial base

Reference Materials

(US\$/Mt)

Trends in the Coal Market



* global COAL: coal-related electronic commodity exchange

		2015				2016				2017				
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	
Coking coal*	Heavy coking coal	117.0	109.5	93.0	89.0	81.0	84.0	92.5	200.0	285.0	193.0-194.0	170.0-171.0	191.0-192.0	
	Semi-soft coking coal	86.0	81.0	74.0	71.0	66.0	70.0	74.0	130.0	171.0	126.0	126.0	126.0	
Thermal coal	Apr contract	81.80	67.80				61.60				84.97			
	Oct contract	73.45				64.60				94.75				94.75
Foreign exchange	US\$/A\$	US\$ 0.76				US\$ 0.74				US\$ 0.77				
	¥/A\$	¥91.1				¥80.7				¥86.0				

* Effective April 2017, the method of calculating the price of coking coal was changed to a spot-linked one.

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<IR Contact> General Affairs Dept./Business Planning Dept.TEL: +81-92-771-2171