



三井松島ホールディングス

MITSUMI MATSUSHIMA HOLDINGS

**Presentation of Financial Results for the
First Quarter Ended June 30, 2019
August 2019**



Contents

◆ 1Q FY2019 Financial Results

Page 2

◆ Reference material

Page 8



1Q FY2019 Financial Results

Consolidated Income Statement

(Million yen)	FY2018 1Q	FY2019 1Q	Yr/Yr Change	Main factor behind changes
Net sales	18,478	16,722	(1,755)	A decline in sales volume in the Energy Business (Coal Sales Business)
Operating profit [Operating profit before amortization of goodwill]*	975 [1,108]	1,009 [1,171]	34 [63]	A rise in coal prices in the Energy Business (Coal Production Business)
Ordinary profit	1,194	1,075	(119)	Foreign exchange loss: 5 million yen (Foreign exchange gain of 127 million yen in the same period of the previous fiscal year)
Quarterly net profit attributable to owners of parent	851	697	(154)	

* "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** comprises the Coal Sales Business, the Coal Production Business and the Renewable Energy Business

■ **Consumer Goods and Services Business Division** comprises

the Office Equipment Business, the Electronic Parts Business, the Beverage & Food Packages Business, the Fashion Business, the Contract Service Business, and the Nursing Care Business.

* Sales increased as the Company acquired Meiko Shokai (office equipment business) as a subsidiary in 1Q FY2019.
Profit declined due to a decrease in orders received in the Fashion Business and other factors.

[Sales]				[Segment profit]			
Business (Million yen)	FY2018 1Q	FY2019 1Q	Yr/Yr Change	Business (Million yen)	FY2018 1Q	FY2019 1Q	Yr/Yr Change
Energy	13,646	10,857	(2,788)	Energy	861	1,120	258
				[Before goodwill amortization]	[878]	[1,120]	[241]
Consumer Goods and Services	4,524	5,555	1,031	Consumer Goods and Services	422	248	(173)
				[Before goodwill amortization]	[537]	[410]	[(127)]
Others	289	294	5	Others	22	17	(5)
Adjustments	18	14	(4)	Adjustments	(331)	(376)	(45)
Total	18,478	16,722	(1,755)	Total	975	1,009	34
				[Before goodwill amortization]	[1,108]	[1,171]	[63]

* Segment profit for the Energy Business includes equity-method investment returns (1Q/FY2018: 28 million yen, 1Q/FY2019: 60 million yen).

* "Others" represents business segments not included in reporting segments, and includes the Real Estate Business, the Stevedore and Warehouse Business, etc.

* Regarding adjustments, sales include rental income for corporate assets, and segment profits include the above-mentioned equity-method investment returns, and corporate revenues/corporate expenses not allocated in each reporting segment.

Breakdown of the Energy Business Division

- Coal Sales Business Both sales and profit declined due to a decrease in coal sales volume.
- Coal Production Business Sales increased due to a rise in coal prices, an increase in sales volume, and other factors.
Profit increased due to a rise in coal prices and other factors.

[Sales] (Million yen)	FY2018 1Q	FY2019 1Q	Yr/Yr Change	[Profit] (Million yen)	FY2018 1Q	FY2019 1Q	Yr/Yr Change
Coal Sales Business	13,129	8,592	(4,537)	Coal Sales Business	69	21	(47)
Sales volume	1.18 million tons	0.78 million tons	(0.4 million tons)				
Coal Production Business	3,493	4,107	613	Coal Production Business	731	1,041	309
Sales volume	0.3 million tons	0.31 million tons	10,000 tons	[of which, equity method investment return]	[28]	[60]	[32]
Renewable Energy Business	102	100	(1)	Renewable Energy Business	60	57	(2)
Adjustments	(3,079)	(1,941)	1,137	Adjustments	—	—	—
Total	13,646	10,857	(2,788)	Total	861	1,120	258

*Adjustments include transactions between businesses.

Major index	FY2018 1Q Results	FY2019 1Q Results	Change	
Coal Production Business (January–March financial results)	Sales volume: Thermal coal	0.24 million tons	0.26 million tons	20,000 tons
	Sales volume: Semi-soft coking coal	70,000 tons	60,000 tons	(10,000 tons)
	Average coal price: Thermal coal	USD 93.10	USD 109.24	USD 16.14
	Average coal price: Semi-soft coking coal	USD 139.21	USD 138.71	(USD 0.50)
	Exchange rate USD/AUD (average rate)	USD 0.79	USD 0.71	AUD depreciation (USD 0.08)
	Exchange rate JPY/AUD (average rate)	JPY 85.20	JPY 78.44	JPY appreciation (JPY 6.76)

Consolidated Balance Sheet (1)

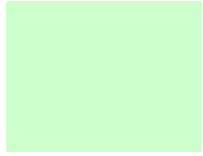
	Mar. 31, 2019		June 30, 2019		Change (Million yen)	Main factor behind changes
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)		
Current assets	29,480	51.3	31,616	48.3	2,136	Cash and deposits: +1,522; Inventory assets: +650
Fixed assets, Deferred assets	27,984	48.7	33,782	51.7	5,798	Intangible fixed assets: +5,494
Total assets	57,464	100.0	65,399	100.0	7,934	
Current liabilities	12,358	21.5	14,547	22.2	2,188	Short-term debt: +1,792; Current liabilities and Others: +223; Accrued income taxes: +189
Fixed liabilities	12,143	21.1	17,916	27.4	5,772	Long-term debt: +5,386; Fixed liabilities and Others: +359
Total liabilities	24,502	42.6	32,463	49.6	7,961	
Total net assets	32,961	57.4	32,935	50.4	(26)	Quarterly net profit attributable to owners of parent: +697; Dividends paid: (653); Valuation difference of securities: (175); Foreign currency translation adjustments: +103
Total liabilities and net assets	57,464	100.0	65,399	100.0	7,934	

	Mar. 31, 2019	June 30, 2019
Cash and deposits <i>(including long-term deposits)</i>	17,754	19,285
Debt <i>(including corporate bonds)</i>	(10,086)	(17,265)
Net cash and deposits	7,668	2,020
<<Management indicators>>		
Shareholders' equity ratio (%)	57.4	50.4
D/E ratio (times)	0.36	0.58

Consolidated Balance Sheet (2)

(at the end of June, 2019)

<p>Current assets JPY 31.6 billion</p> <ul style="list-style-type: none"> • Cash and deposits 18.1 billion • Accounts receivable 8.6 billion • Inventory assets 3.7 billion 	<p>Current liabilities JPY 14.5 billion</p> <ul style="list-style-type: none"> • Accounts payable 4.4 billion • Short-term debt 4.1 billion
<p>Fixed assets, Deferred assets JPY 33.8 billion</p> <ul style="list-style-type: none"> • Tangible fixed assets 16.9 billion <ul style="list-style-type: none"> [Buildings, machinery, etc.] [7.5 billion] [Land] [7.4 billion] [Leases] [1.4 billion] • Intangible fixed assets 11.6 billion <ul style="list-style-type: none"> [Goodwill] [10.5 billion] • Securities 1.9 billion 	<p>Fixed liabilities JPY 17.9 billion</p> <ul style="list-style-type: none"> • Long-term debt 13.2 billion • Leases 1.3 billion
<p>Total assets JPY 65.4 billion</p>	<p>Net assets JPY 33 billion</p> <p style="text-align: center;">Shareholders' equity ratio 50.4%</p> <p>Total liabilities and net assets: JPY 65.4 billion</p>

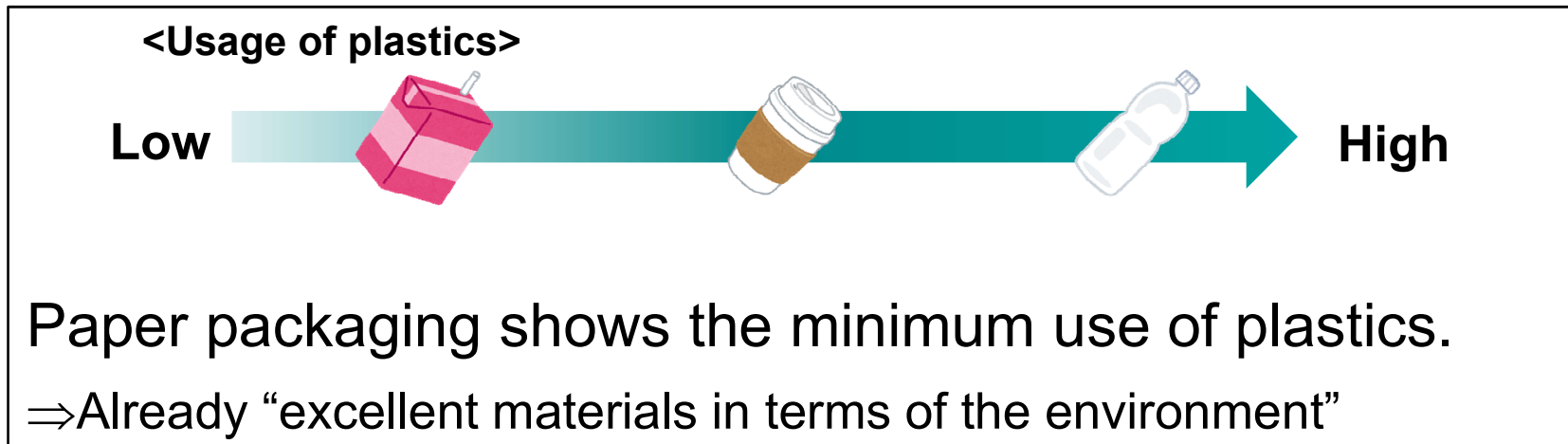


Reference material

Nippon Straw -- Initiatives for eco-friendly materials

(1) Rising trend of plastic-free environment is providing business opportunities.

- ◆ Stimulating potential “environment-related demand” and aiming to expand the market



If straws made of eco-friendly materials become widely used,



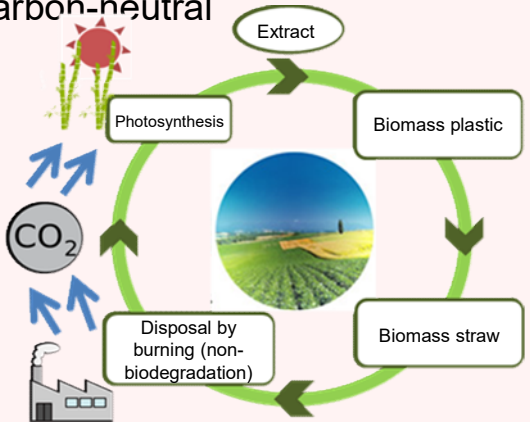
this will contribute to a reduction of carbon dioxide (CO₂) emissions and prevention of environmental pollution stemming from plastics.



Good opportunity to expand the market by stimulating “environment-related demand”

- ◆ Leading the industry in terms of research/development of straws made of environmentally friendly materials

Nippon Straw can deal with all eco-friendly materials.

	Biodegradable	Non-biodegradable
Plant-derived	<ul style="list-style-type: none"> • <u>Marine biodegradable</u> <ul style="list-style-type: none"> ✓ Vegetable oil and such like are used as raw materials. ✓ Decomposed into water and CO₂ under various conditions including when in the sea. • <u>PLA (polylactic acid)</u> <ul style="list-style-type: none"> ✓ Corn and such like are used as raw materials. ✓ Decomposed into water and CO₂ under specific conditions. • <u>Paper</u> <ul style="list-style-type: none"> ✓ Paper made from wood is processed. 	<ul style="list-style-type: none"> • <u>Biomass plastic</u> <ul style="list-style-type: none"> ✓ Sugar canes and such like are used as raw materials. ✓ Carbon-neutral 
Oil-derived	<ul style="list-style-type: none"> • <u>PBS (polybutylene succinate)</u> <ul style="list-style-type: none"> ✓ Decomposed into water and CO₂ under specific conditions. ✓ There is also plant-derived PBS. 	<ul style="list-style-type: none"> • <u>Conventional plastic</u> <ul style="list-style-type: none"> ✓ Polypropylene (PP) ✓ Polyethylene (PE)

Nippon Straw -- Initiatives for eco-friendly materials
 (3) Materials which we will focus on in the future

- ◆ Attaining the highest quality by combining the most suitable materials as a manufacturer specializing in straws

Priority	Eco-friendly materials	Environment friendliness	Ease of forming		Manufacturing cost
			Single straw	Telescopic straw	
1	Biomass PE	○ (Good)	○ (Good)	○ (Good)	○ (Good)
2	Paper	○ (Good)	○ (Good)	x (Poor)	△ (Average)
3	Marine biodegradable	◎ (Very good)	○ (Good)	△ (Average)	△ (Average)

1. Biomass PE

- It has advantages in terms of ease of forming and manufacturing cost, and is very popular with customers.
- There is a strong possibility that Nippon Straw's products **will obtain the "BP mark"**.
- Nippon Straw also can manufacture straws using only biomass materials.



This can be displayed if the ratio of biomass is 25% or over.

2. Paper

- Nippon Straw **manufactures products domestically by using raw materials made in Japan** which are safe in terms of food sanitation.
- It has succeeded in **removing the flavor/smell peculiar to paper** through its own deodorization technology.
- It has been improving efficiency through mass production, and **is expected to place products on the market at a competitive price this autumn**.
- **It plans to sell products via the Internet (from November 2019)** for environmentally conscious persons.

3. Marine biodegradable

- It has been working with a leading chemical manufacturer for research and development of materials.
- If material prices decline, there is a possibility that products will be widely used.

(Revised) Return on Investment of Consumer Goods and Services.- High Investment Return

- ◆ Net interest-bearing debt of Meiko Shokai for the fiscal year ended April 2019 was finally confirmed in July. Investment amount (stocks and net interest-bearing debt), which was initially assumed to be 7.5 billion yen, **has been revised to 6.7 billion yen.**

Return on investment*
18%

High investment return

<When announced on May 15>

19.8 billion yen

<Final figure>

19.0 billion yen

Cumulative investment amount

3.5 billion yen

Annual EBITDA (FY2019 forecast)

Nippon Straw
3.8 billion yen

Hanabishi Sewing
2.3 billion yen

Investment amount
(Stock + Net interest-bearing debt)

M&M Service
1.5 billion yen

Meiko Shokai

<When announced on May 15> **7.5 billion yen** ⇒ <Final figure> **6.7 billion yen**

Clean Surface Technology
4.7 billion yen

* Return on investment = Annual EBITDA / Cumulative investment amount
This measures the profit (EBITDA) generated on an investment relative to the amount of capital invested in a business.

* Although financial results of Meiko Shokai cover only 11 months for FY2019 due to a change in the year end after the acquisition, expected annual EBITDA shown on this page was calculated by converting it into the 12-month period.

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