

Presentation of Financial Results for the Third Quarter

Ended December 2019



三井松島ホールディングス
MITSUI MATSUSHIMA HOLDINGS

February 2020

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3Q FY2019 Financial Results

Consolidated Income Statement

(Million yen)	FY2018 3Q	FY2019 3Q	Yr/Yr Change	Main factor behind changes
Net sales	56,577	48,497	(8,080)	Declines in sales volume and coal prices in the Energy Business (Coal Sales Business)
Operating profit [Operating profit before amortization of goodwill]*	3,602 [4,001]	1,675 [2,207]	(1,927) [(1,793)]	A decline in sales volume in the Energy Business (Coal Production Business) Decreases in sales and orders received in the Consumer Goods and Services Business Division (Fashion and Electronic Parts Businesses)
Ordinary profit	4,215	1,923	(2,291)	Foreign exchange gain: 106 million yen (Foreign exchange gain of 215 million yen in the same period of the previous fiscal year)
Quarterly net profit attributable to owners of parent	2,806	1,262	(1,544)	

Consolidated Segment Information

◆ Energy Business Division

The Energy Business segment comprises the Coal Sales Business, the Coal Production Business, and the Renewable Energy Business.

◆ Consumer Goods and Services Business Division

The Consumer Goods and Services Business segment comprises the Office Equipment Business, the Electronic Parts Business, the Beverage and Food Packages Business, the Fashion Business, the Contract Service Business, and the Nursing Care Business.

* Sales increased as the Company turned Meiko Shokai Co., Ltd. (Office Equipment Business) into its subsidiary in 1Q FY2019.

Profit fell due to a decline in sales in the Fashion Business and a decrease in orders received in the Electronic Parts Business.

[Net Sales]

Business (Million yen)	FY2018 3Q	FY2019 3Q	Yr/Yr Change
Energy	42,126	29,685	(12,441)
Consumer Goods and Services	13,422	17,809	+4,386
Others	984	959	(25)
Adjustments	43	43	(0)
Total	56,577	48,497	(8,080)

[Segment profit]

Business (Million yen)	FY2018 3Q	FY2019 3Q	Yr/Yr Change
Energy [Before goodwill amortization]	3,555 [3,608]	2,171 [2,171]	(1,384) [(1,436)]
Consumer Goods and Services [Before goodwill amortization]	1,027 [1,373]	472 [1,005]	(554) [(368)]
Others	63	65	+2
Adjustments	(1,044)	(1,034)	+9
Total [Before goodwill amortization]	3,602 [4,001]	1,675 [2,207]	(1,927) [(1,793)]

* Segment profit for the Energy Business includes equity-method investment returns (3Q/FY2018: 150 million yen, 3Q/FY2019: 89 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 deduction of the abovementioned equity-method investment returns and corporate revenues/corporate expenses not allocated in each reporting segment.

Breakdown of the Energy Business Division

◆ Coal Sales Business

Net Sales: Declined due to a decrease in coal sales volume and a fall in the coal price.

Profit: Declined due to a decrease in coal sales volume.

◆ Coal Production Business Net Sales, Profit: Both sales and profit declined mainly due to a decrease in coal sales volume.

[Net Sales]

Business Name (Million yen)	FY2018 3Q	FY2019 3Q	Yr/Yr Change
Coal Sales Business	38,932	25,347	(13,584)
Sales Volume:	3.13 million tons	2.59 million tons	(0.54 million tons)
Coal Production Business	11,916	9,635	(2,280)
Sales Volume:	0.96 million tons	0.84 million tons	(0.12 million tons)
Renewable Energy Business	270	255	(14)
Adjustments	(8,991)	(5,552)	+3,439
Total	42,126	29,685	(12,441)

[Profit]

Business Name (Million yen)	FY2018 3Q	FY2019 3Q	Yr/Yr Change
Coal Sales Business	156	87	(68)
Coal Production Business	3,254	1,953	(1,301)
[of which, equity-method investment return]	[150]	[89]	[(61)]
Renewable Energy Business	144	130	(14)
Adjustments	—	—	—
Total	3,555	2,171	(1,384)

* Adjustments include transactions between businesses.

Major index		FY2018 3Q Results	FY2019 3Q Results	Change
Coal Production Business (January–September financial results)	Sales volume: Thermal coal	0.80 million tons	0.69 million tons	(0.11 million tons)
	Sales volume: Semi-soft coking coal	0.16 million tons	0.15 million tons	(0.01 million tons)
	Average coal price: Thermal coal	US\$ 105.25	US\$ 97.55	(US\$ 7.70)
	Average coal price: Semi-soft coking coal	US\$ 146.58	US\$ 130.20	(US\$ 16.38)
	Exchange rate USD/AUD (average rate)	US\$ 0.75	US\$ 0.70	AUD depreciation (US\$ 0.05)
	Exchange rate JPY/AUD (average rate)	JPY 83.1	JPY 76.3	Yen appreciation (6.8 yen)

Consolidated Balance Sheet

(Million yen)	Mar. 31, 2019		Dec. 31, 2019		Change	Main factor behind changes
	Amount	Ratio (%)	Amount	Ratio (%)		
Current assets	29,480	51.3	32,150	50.8	+2,670	Cash and deposits: +716; Inventory assets: +1,030
Fixed assets	27,984	48.7	31,164	49.2	+3,180	Intangible fixed assets: +5,024; Long-term deposits: (1,182)
Total assets	57,464	100.0	63,315	100.0	+5,851	
Current liabilities	12,358	21.5	14,487	22.9	+2,129	Short-term debt: +4,023; Accrued income taxes: (919); Notes and accounts payable - trade: (933)
Fixed liabilities	12,143	21.1	16,596	26.2	+4,452	Long-term debt: +4,248; Fixed liabilities and others: +251
Total liabilities	24,502	42.6	31,084	49.1	+6,581	
Total net assets	32,961	57.4	32,230	50.9	(730)	Quarterly net profit attributable to owners of parent: +1,262; Dividends paid: (653); Foreign currency translation adjustments: (1,237)
Total liabilities and net assets	57,464	100.0	63,315	100.0	+5,851	

(Million yen)	Mar. 31, 2019	Dec. 31, 2019	Change
<i>Cash and deposits</i> <i>(including long-term deposits)</i>	17,754	17,287	(466)
<i>Debt (including bonds)</i>	(10,086)	(18,358)	(8,272)
<i>Net cash and deposits</i>	7,668	(1,071)	(8,739)
<u><<Management indicators>></u>			
<i>Shareholders' equity ratio</i> <i>(%)</i>	57.4	50.9	
<i>D/E ratio (times)</i>	0.36	0.60	

Consolidated Balance Sheet (December 31, 2019)

Current assets

JPY 32.2 billion

- Cash and deposits
JPY 17.3 billion
- Accounts receivable
JPY 8.6 billion
- Inventory assets
JPY 4.1 billion

Fixed assets

JPY 31.2 billion

- Tangible fixed assets
JPY 16.1 billion
[Buildings, machinery, etc.]
[JPY 7.1 billion]
[Land] [JPY 7.4 billion]
[Leases] [JPY 1.3 billion]
- Intangible fixed assets
JPY 11.1 billion
[Goodwill] JPY [10.1 billion]
- Securities JPY 2.1 billion

Current liabilities

JPY 14.5 billion

- Accounts payable JPY 3.7 billion
- Debt JPY 6.3 billion

Fixed liabilities

JPY 16.6 billion

- Debt JPY 12.1 billion
- Leases 1.3 billion

Net assets

JPY 32.2 billion

**Shareholders'
equity ratio**

50.9%

Total assets 63.3 billion

**Total liabilities and net
assets: 63.3 billion**

FY2019 Consolidated Earnings Forecast

FY2019 Consolidated Earnings and Dividend Forecasts

- ◆ In light of the recent earnings trend of Mitsui Matsushima Holdings Co., Ltd. (the Company) and other factors, the Company has revised the forecast of consolidated financial results for the year ending in March 31, 2020 (April 1, 2019–March 31, 2020), announced on May 15, 2019, as follows:

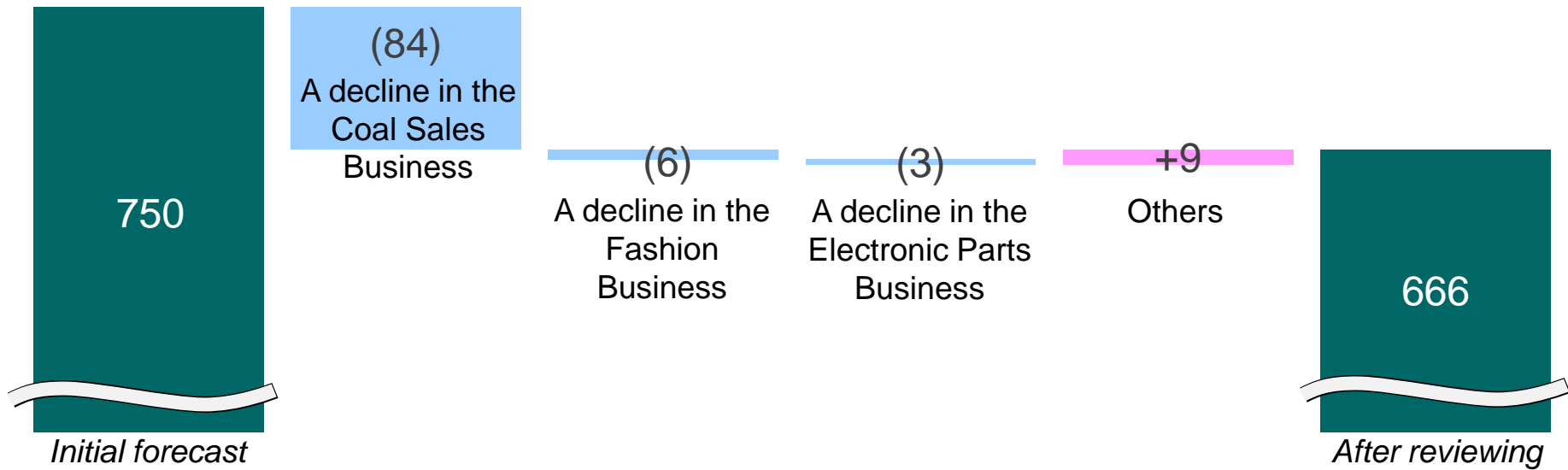
(Million yen)	FY2019			Main factor behind changes
	(1) Disclosed on May 15 (Forecast)	(2) Full-Year (Forecast)	Changes [(2) – (1)]	
Net sales	75,000	66,600	(8,400)	<ul style="list-style-type: none"> Declines in sales volume and coal prices in the Coal Sales Business A decline in sales in the Fashion and Electronic Parts Businesses, etc.
Operating profit [Operating profit before amortization of goodwill]	3,000 [3,700]	2,700 [3,400]	(300) [(300)]	<ul style="list-style-type: none"> A decline in sales in the Fashion and Electronic Parts Businesses, etc.
Ordinary profit	3,500	2,900	(600)	<ul style="list-style-type: none"> A decline in operating profit Incurrence of syndicated loan fees
Net profit	2,000	2,600	+600	<ul style="list-style-type: none"> A decline in ordinary profit Revaluation of intangible fixed assets in the Mimosa Mining Area Gain on the sale of shares of affiliate(s) A decline in tax expense
Dividend per share (yen)	50	50	-	

* The forecast above is based on information available as of the date of this publication. Actual results may vary due to various future factors. If a revision of the forecast of financial results becomes necessary, the Company will disclose the revised figures promptly.

Reasons for the Revision of Earnings Forecast

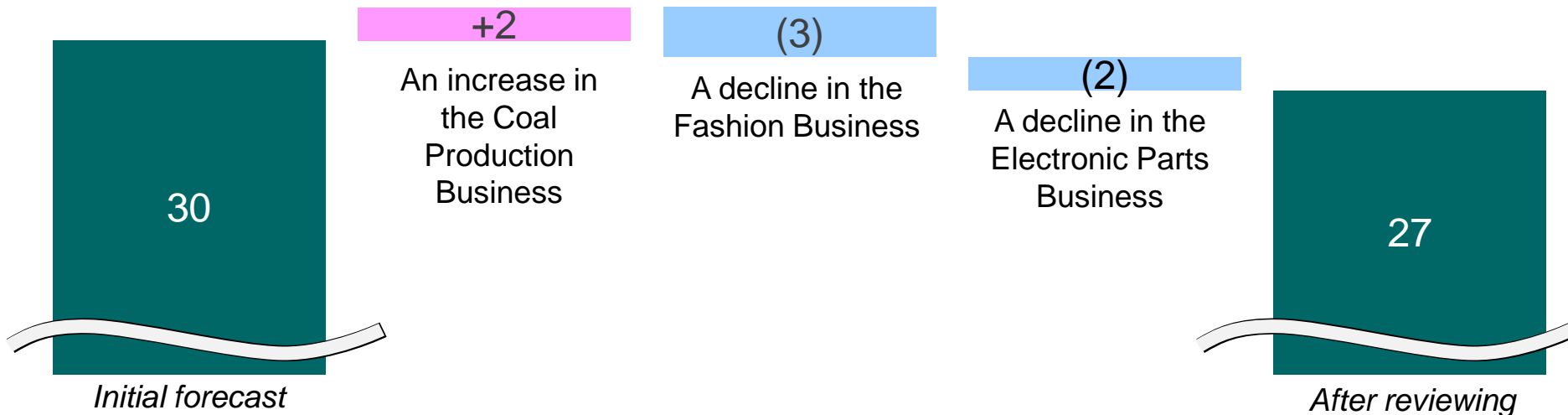
[Net Sales]

(100 million yen)



[Operating profit]

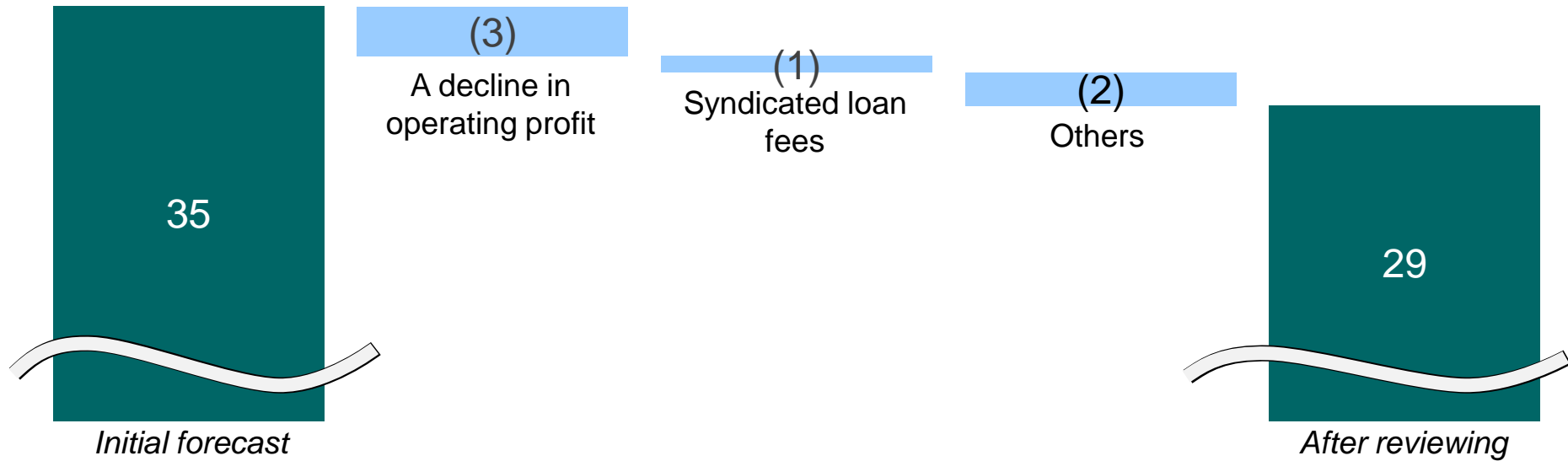
(0.0 billion yen)



Reasons for the Revision of Earnings Forecast

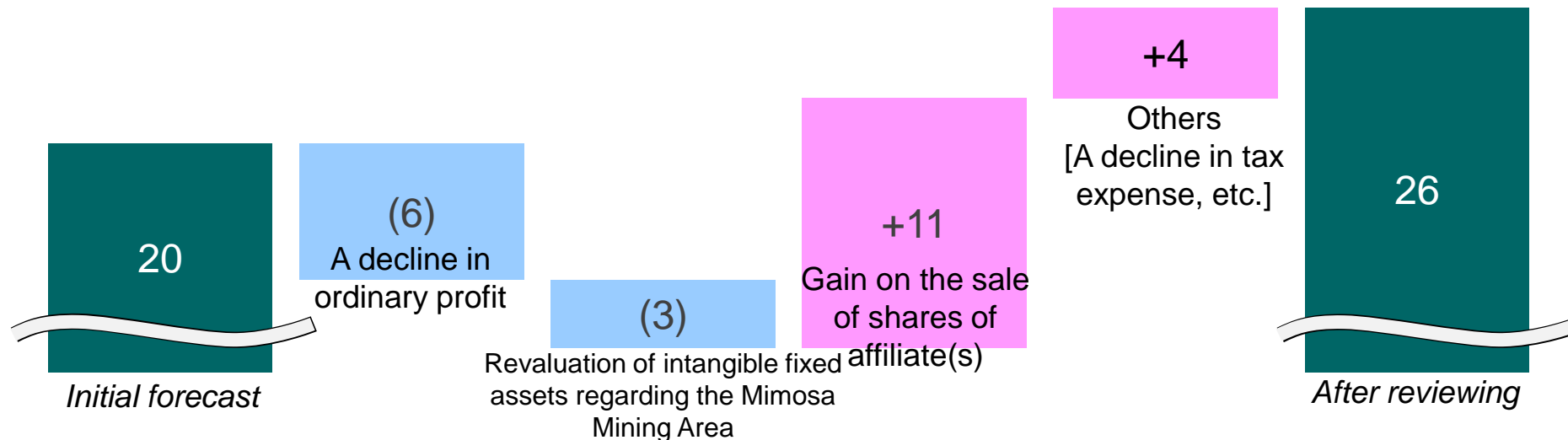
[Ordinary profit]

(100 million yen)



[Net profit attributable to owners of parent]

(0.0 billion yen)



Reference Materials

Notice of Stock Acquisition of KMT Corporation

New Subsidiary	KMT Corporation (https://kmt-dogfood.com/)
Percentage of acquired shares (percentage of voting rights)	93.075%
Date of resolution of board of directors/Contract date	February 7, 2020
Date of execution of share transfer	April 1, 2020 (planned)

Introduction of main businesses

- ◆ Planning/sales of **high-quality premium pet foods** focusing on **preventive medicine**. Development of products focusing on the health of pets, by using **ingredients equivalent to those a human being can eat and by not using additives, coloring agents, and by-products**.
- ◆ **Its products have been highly evaluated by pet breeders and veterinary hospitals across the country**, having strong brand power and a high market share in the high-quality healthy premium pet food market.
- ◆ As it will become increasingly common for people to “treat a pet as a family member” in the future, the demand for the company’s products is expected to increase.

Introduction of products

Focusing on the maintenance of health from the perspective of oral cavity environment
Attaching importance to raw materials and using fresh materials

Blismix

— Example of remarkable ingredients

- ◆ Useful for the improvement of the oral cavity environment
 - ◆ Useful for the maintenance of health of articulations
 - ◆ Useful for the improvement of the intestinal environment
 - ◆ Abundant β -glucan
- K12 (probiotic bacteria within the oral cavity)**
- Glucosamine, chondroitin**
- EF2001 lactic acid bacillus**
- Agaricus**



High-quality foods containing rich nutrients and supporting the improvement of immune system and self-healing power

AGARx IS

— Example of remarkable ingredients

- EF2001 lactic acid bacillus**
- Glucosamine, chondroitin**
- Agaricus**



Trends in the Coal Market

■ “globalCOAL” Index — Change in Standard-Quality Thermal Coal Index, Newcastle Port load, Australia
(USD/Mt) * globalCOAL: coal-related electronic commodity exchange



		2017				2018				2019				
		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	285	193-194	170-171	191-192	237	197	188-189	212-213	210-211	207-208	177-178	141-142	
	Semi-soft coking coal	171	126	120	126	150	132	129	135	132	129	115	107	
Thermal coal	Apr. contract	61.60	84.97				110.00				94.75			
	Oct. contract	94.75				94.75				109.77				72.75
Foreign Exchange	US\$/A\$	US\$0.77				US\$0.74				US\$0.70				
	Yen/A\$	JPY 86.0				JPY 82.6				JPY 76.3				

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

These materials contain forward-looking statements that are in no way guarantees of future performance. Future performance is affected by risks and uncertainties and may vary due to changing assumptions and conditions in the business environment. These materials should not be relied on as the sole source of information and should be used with discretion. Mitsui Matsushima Holdings Co., Ltd., is in no way responsible for any damage caused as a result of relying on or using these materials.

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