

Mitsui Matsushima Holdings Co., Ltd.

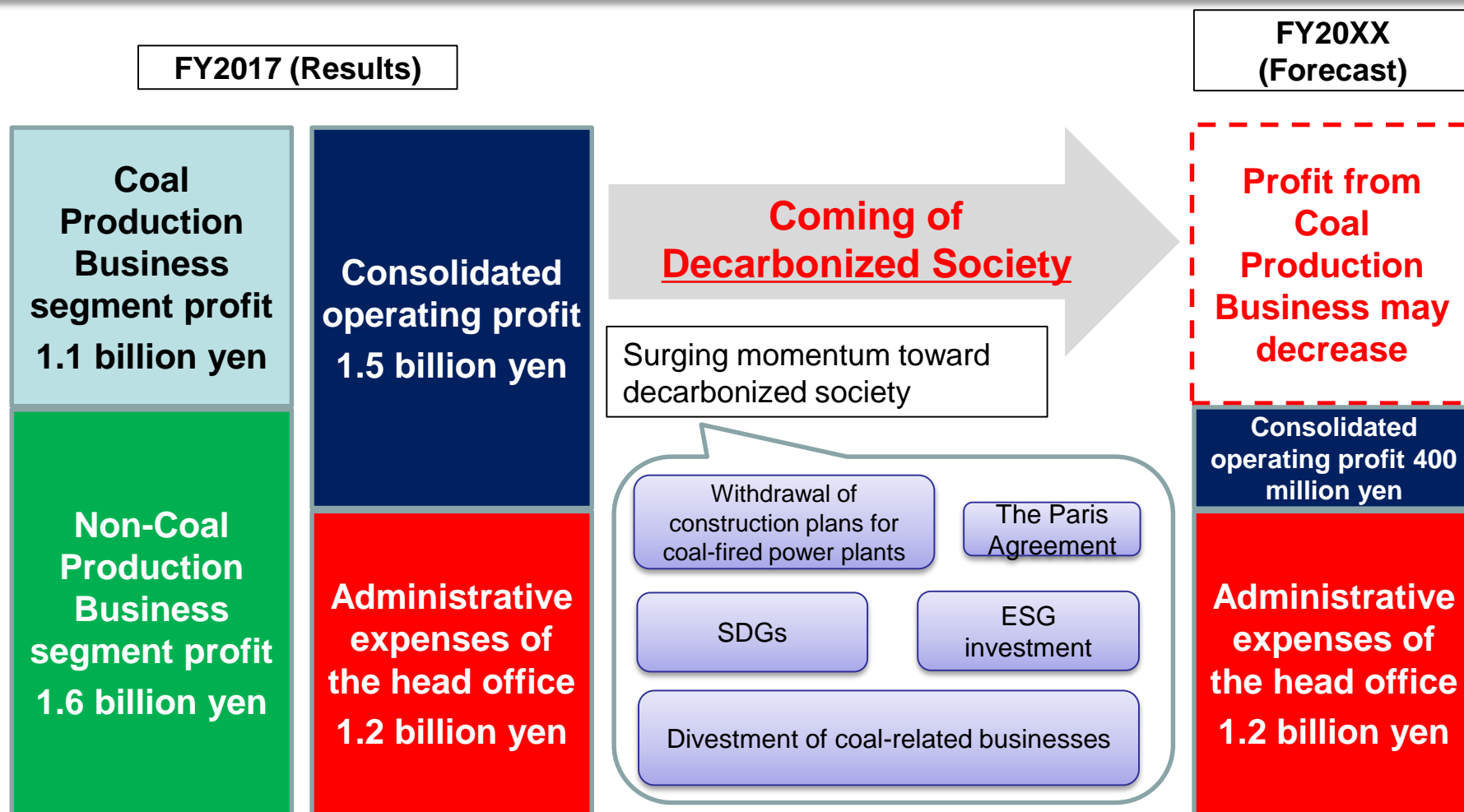
Medium-Term Business Plan

In anticipation of the coming of a decarbonized society

November 9, 2018

Current Revenue Structure and Changing Business Environment

Under the current revenue structure of the Company, consolidated operating profit will decrease to 400 million yen from 1.5 billion yen if the current level of revenue from the Coal Production Business cannot be expected in the future.



Background and Purposes of the Medium-Term Business Plan

Background

- ◆ Profit of the Coal Production Business accounts for a high percentage of the consolidated profit.
- ◆ It is essential to prepare for the coming of a decarbonized society.

Medium-Term Business Plan (five years)

Purposes

- ◆ To establish a revenue base that is sustainable amid changes in the business environment
- ◆ To develop a roadmap to decarbonization

To be a company that is capable of transforming itself flexibly and adapting to changes in the business environment.

- ◆ Make a radical business portfolio realignment in a bid to adapt to changes in the business environment (i.e., the coming of a decarbonized society)
- ◆ To be a company that can earn more profit than now without relying on profit from the Coal Production Business

Short-term policy

- ◆ Maintain the current level and fulfill the coal demand, which is expected to be stable for the time being.
 - The Basic Energy Plan (July 2018, Ministry of Economy, Trade and Industry (METI))
“Coal is a ‘base-load electric power source’ that excels in stability and economic efficiency.”
 - World Energy Outlook (2017) by International Energy Agency (IEA)
“Since the demand for coal is expected to increase in India and Southeast Asia while it is expected to decrease in developed countries and some other areas, coal will maintain a strong foothold until 2040.”

Long-term policy

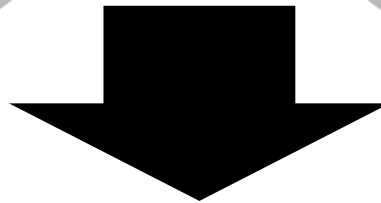
- ◆ No new investment in rights and interests other than existing ones.
- ◆ Even if the Company participates in the plan to expand the existing Liddell Coal Mine, mining will end during the first half of 2040.

**From 2040 onward, complete withdrawal from
the Coal Production Business**

Growth strategy
of the Company
Investment in new
projects in non-coal
businesses



Oct. 1, 2018
Transition to a pure
holding company
structure



Acceleration of M&A

**Invest 30 billion yen in M&As over the
next five years**

ROI of new M&As (five-year total)

Implement M&As focusing on return on investment

30 billion
yen

Target ROI*2 15%

4.5 billion
yen

**Cumulative
investment amount *1**

**Annual
EBITDA**

*1 The cumulative investment amount is based on corporate value (stocks + net interest-bearing debt).

*2 Return on investment = Annual EBITDA/Cumulative investment amount

Ensure to achieve the quantitative targets by successfully implementing new M&As.

Operating profit

**5.5 billion
yen**
(FY2023)

ROE

**8% or
more**
(FY2023)

Dividend ratio

**30% or
more**

**Target management indicators changed from ROA
to ROE**

Trends of quantitative targets (1)

Acceleration of new M&As has significantly improved profit and management indices.

	FY2015 (Results)	FY2016 (Results)	FY2017 (Results)	FY2023 (Target)
Consolidated operating profit	1.0 billion yen	1.0 billion yen	1.5 billion yen	5.5 billion yen
Coal Production Business	1.0 billion yen	0.6 billion yen	1.1 billion yen	*1 2.2 billion yen
Non-Coal Production Business	1.2 billion yen	1.5 billion yen	1.6 billion yen	4.7 billion yen
Administrative expenses of the head office	(1.2) billion yen	(1.1) billion yen	(1.2) billion yen	(1.4) billion yen
ROE	4.6%	4.2%	4.5%	8% or more
Dividend ratio	37%	39%	34%	30% or more (in principle)

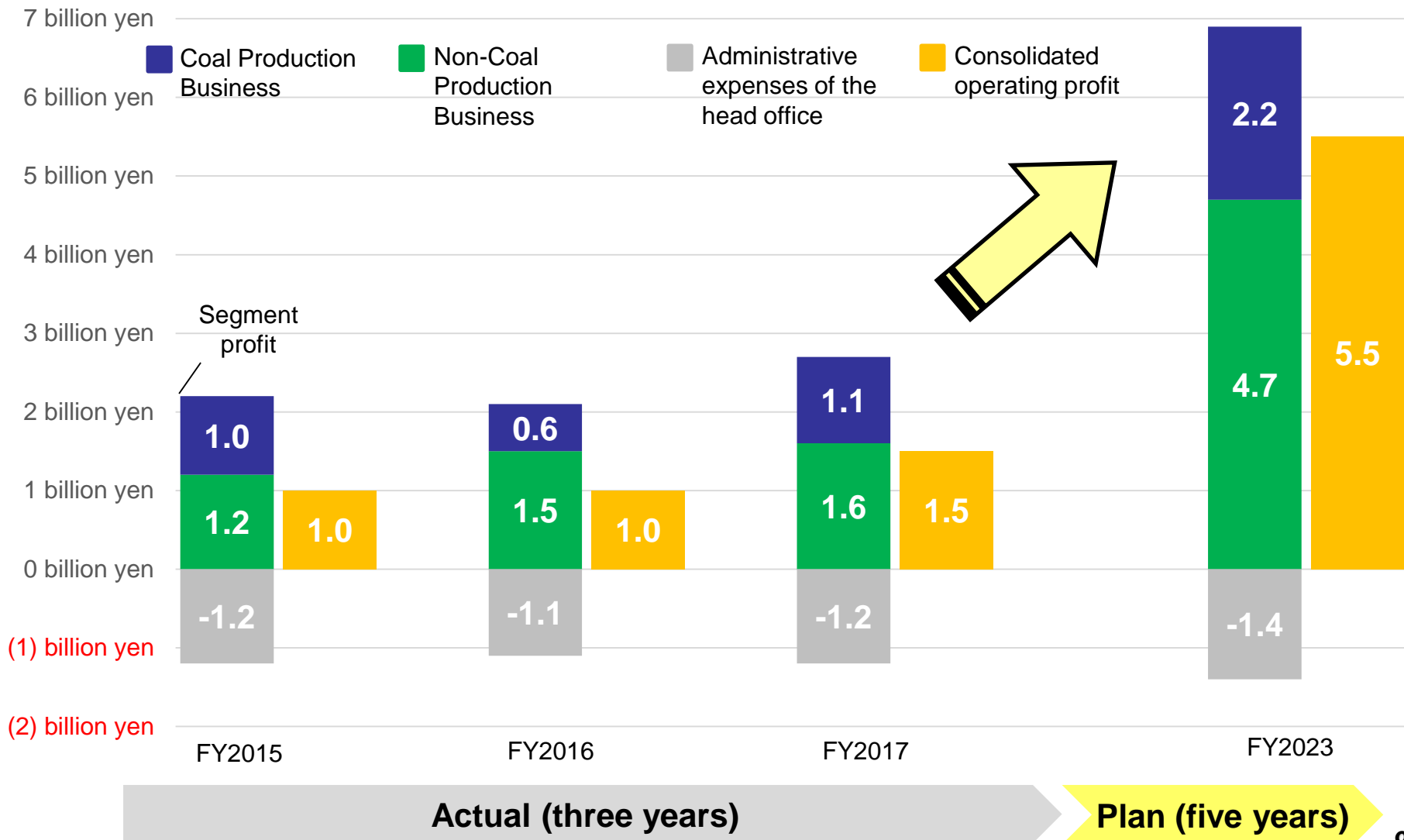
+3.1 billion yen
(Compared with FY2017 actual figures)

*1 The plan to expand Liddell Coal Mine in Australia is assumed to be implemented. As the investment amount, mining methods, costs and production amount after the expansion are to be determined, the figures given for the said variables are all provisional. Assumptions about prices and exchange rates are as follows. Sales price of thermal coal: USD85; sales volume: about 1.1 million tons; exchange rates: AUD/USD = 0.77 and AUD/JPY = 82.4

*2 1.4 billion yen, the total of depreciation expenses and goodwill amortization expenses, is deducted from the increase in EBITDA (4.5 billion yen) due to new M&As.

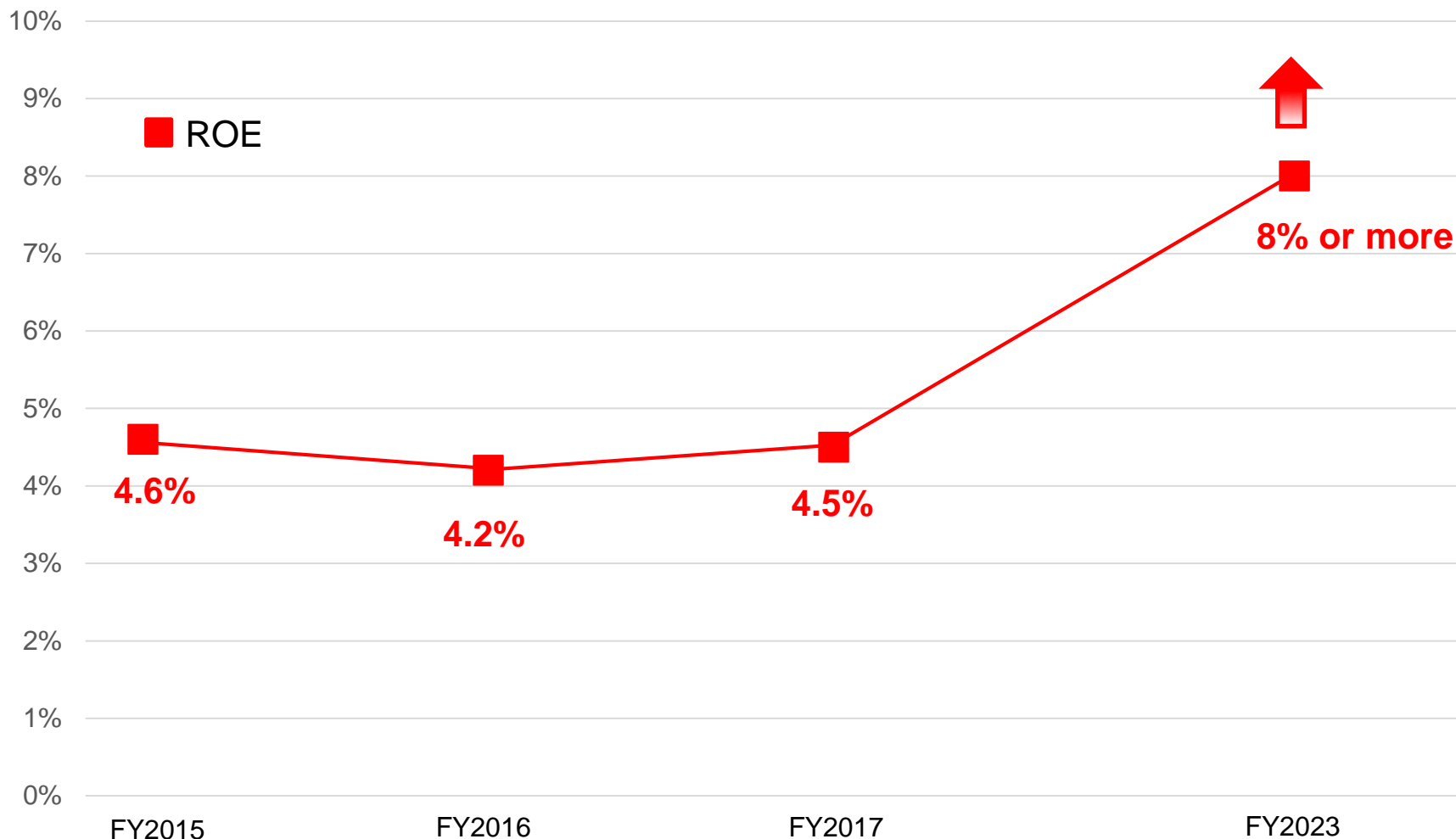
Trends of quantitative targets (2)-1

Operating profit has been increasing due to the accumulation of new M&As.



Trends of quantitative targets (2)-2

Target ROE of 8% or more in five years by improving revenue and returning profits to shareholders.



Actual (three years)

Plan (five years)