

# Business Segment IR Meeting

## Mitsubishi Corporation



## Industrial Infrastructure Group



# Industrial Infrastructure Group: Attendees

Aiichiro Matsunaga: Group CEO

Satoshi Nakano: General Manager, Group CEO Office

Kazuyoshi Kawakami: General Manager, Group Administration Dept.

Koji Ota: Division COO, Plant Engineering Div.

Terutora Urano: Division COO, Industrial Machinery Div.

Motoki Ishii: Division COO, Ship & Aerospace Div.

# Today's agenda

## 1. Group overview

- Group mission
- Group vision
- Organizational structure
- Main investments

## 2. Group policy

- Group management strategy
- Strategies for each business area
- Profit and investment plans

## 3. Main businesses

- Plant Engineering Division
- Industrial Machinery Division
- Ship & Aerospace Division

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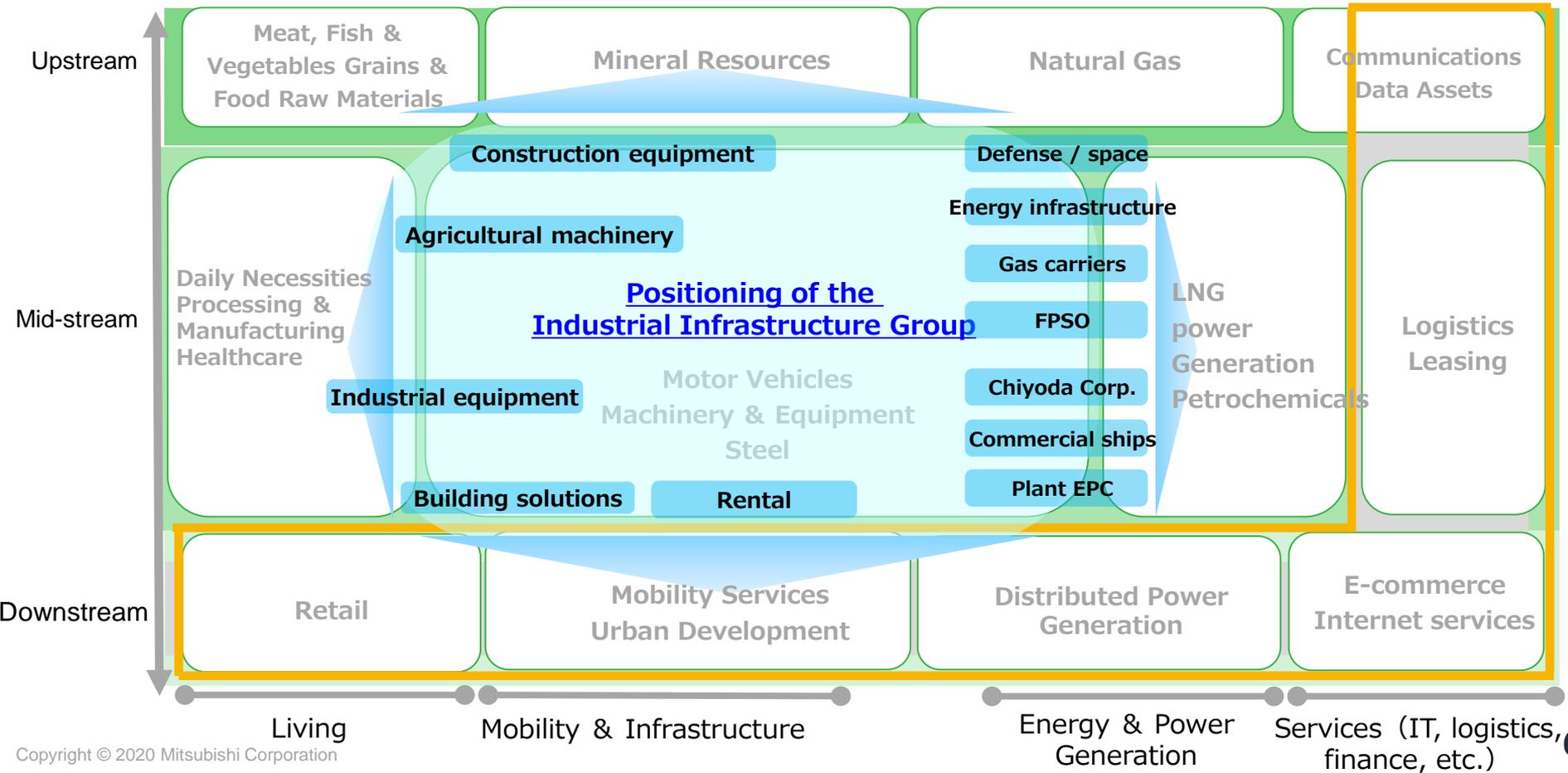
# 1. Group overview : Group Mission

## ➤ Our Group's mission (outlined) in the Midterm Corporate Strategy 2021

|                           |  |
|---------------------------|--|
| Natural Gas               | While LNG demand, as a principal source in both power and industrial sector, is growing, an energy-mix diversification through Japan market liberalization requires a new function of LNG supply/demand matching and adjustment to cope with an uncertainty. The mission is to improve our value to meet such a new era's needs.   |
| Industrial Materials      | Against a backdrop of an increasingly competitive environment, diversifying materials needs are likely to presents new business opportunities. The mission is to redefine the role MC can play in providing solutions to the industries in which it operates and focus resources in areas where the company can leverage its strengths and capabilities.                     |
| Petroleum & Chemicals     | The transition to low-carbon societies and arising of environmental awareness continue to have an impact on the petroleum and chemicals industry. The mission is to find solutions in these industries by concentrating on its core businesses where MC can demonstrate its strengths and functions.   |
| Mineral Resources         | Metallurgical coal and copper as its main pillars, the mission is to further enhance the competitive advantage as well as the quality of its world-class quality assets, while delivering long-term sustainability in ways which are good for the environment and for supply stability.  |
| Industrial Infrastructure | More and more market players are looking to go digital and reduce their carbon footprints. The mission is to redefine MC's position in industry by transitioning to high value-added business models <u>providing solutions for industries</u> , leveraging MC's existing machinery, ship and plant-and-engineering sales businesses.  |
| Automotive & Mobility     | The mission is to capture demand and leverage MC's formidable business foundations in the evolving automotive and mobility industries, which are embracing digital technologies and services encapsulated by CASE (Connected, Autonomous, Sharing and Electric). The Group will endeavor to build business models aimed at solving people-and-goods related mobility issues. |
| Food Industry             | The mission is to help solve the societal challenges surrounding supply chains and build a stable and sustainable business model. The Group also contributes to Japanese companies by expanding their quality products and services into overseas markets, thereby creating new growth opportunities for them.   |
| Consumer Industry         | The mission is to spearhead solutions to societal challenges in the retail and distribution industries and maximize the value of MC's real-assets as social infrastructure, such as its retail stores network. It also effectively combines its real assets and digital technologies to build consumer-oriented retail-and-distribution platform businesses.                 |
| Power Solution            | The mission is not only to contribute to stable power supplies, but also to create new added-values for power consumers/users by combining renewables and other environmentally-friendly energy sources and digital technologies.  |
| Urban Development         | The mission is to establish highly value-added and large scale businesses, through the combination of MC's expertise in such areas as urban development, infrastructure development, asset finance and so on to meet the global needs in urbanization and reduction of carbon footprints.  |

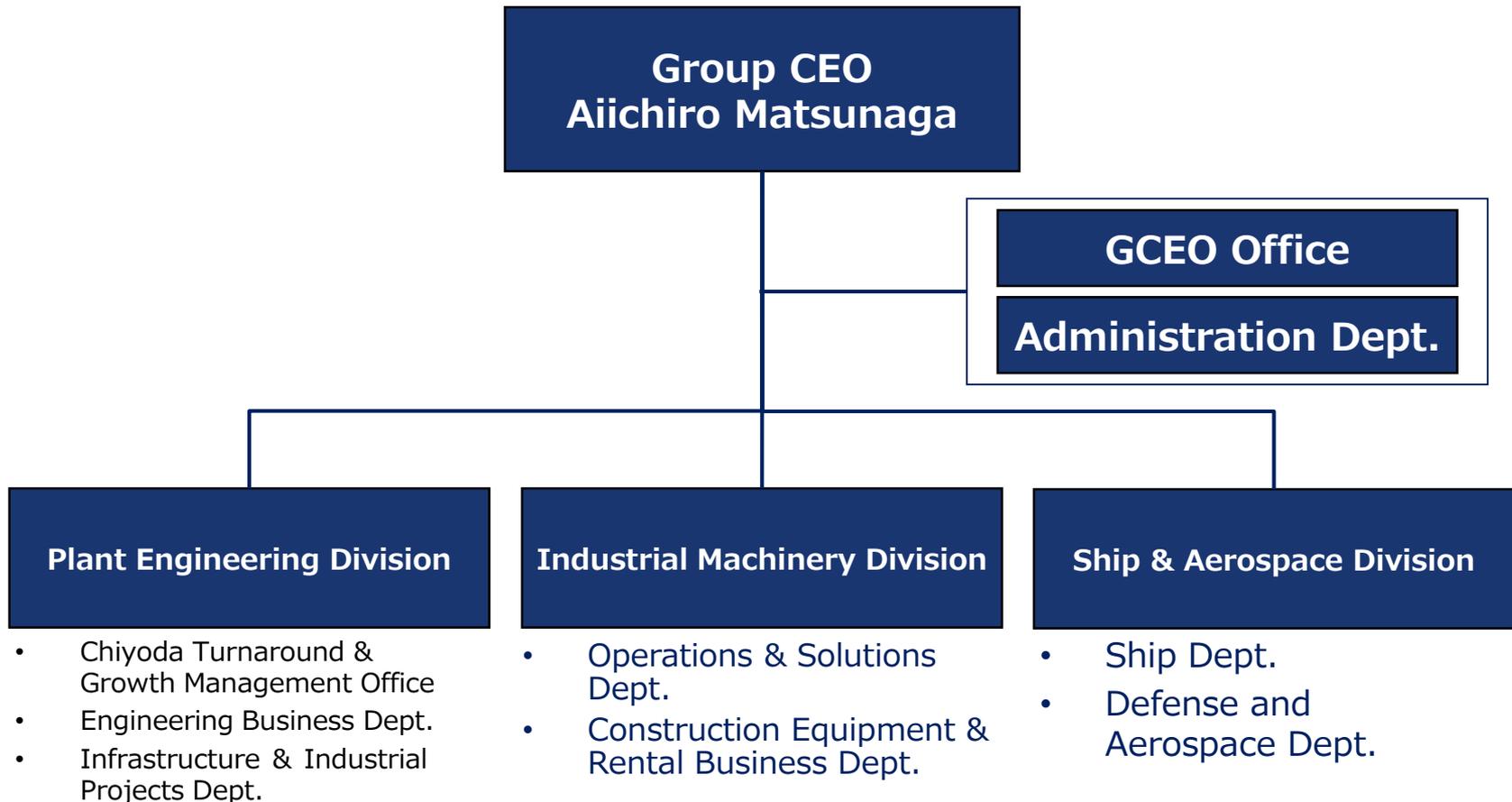
# 1. Group overview : Group Vision

- Make use of the Group's unique feature of having **access to various business domains**, and provide **services and solutions that meet the needs of clients** in each industry, such as digitalization and lowering the environmental burden, thereby pursuing **sustainable growth together with our clients**.



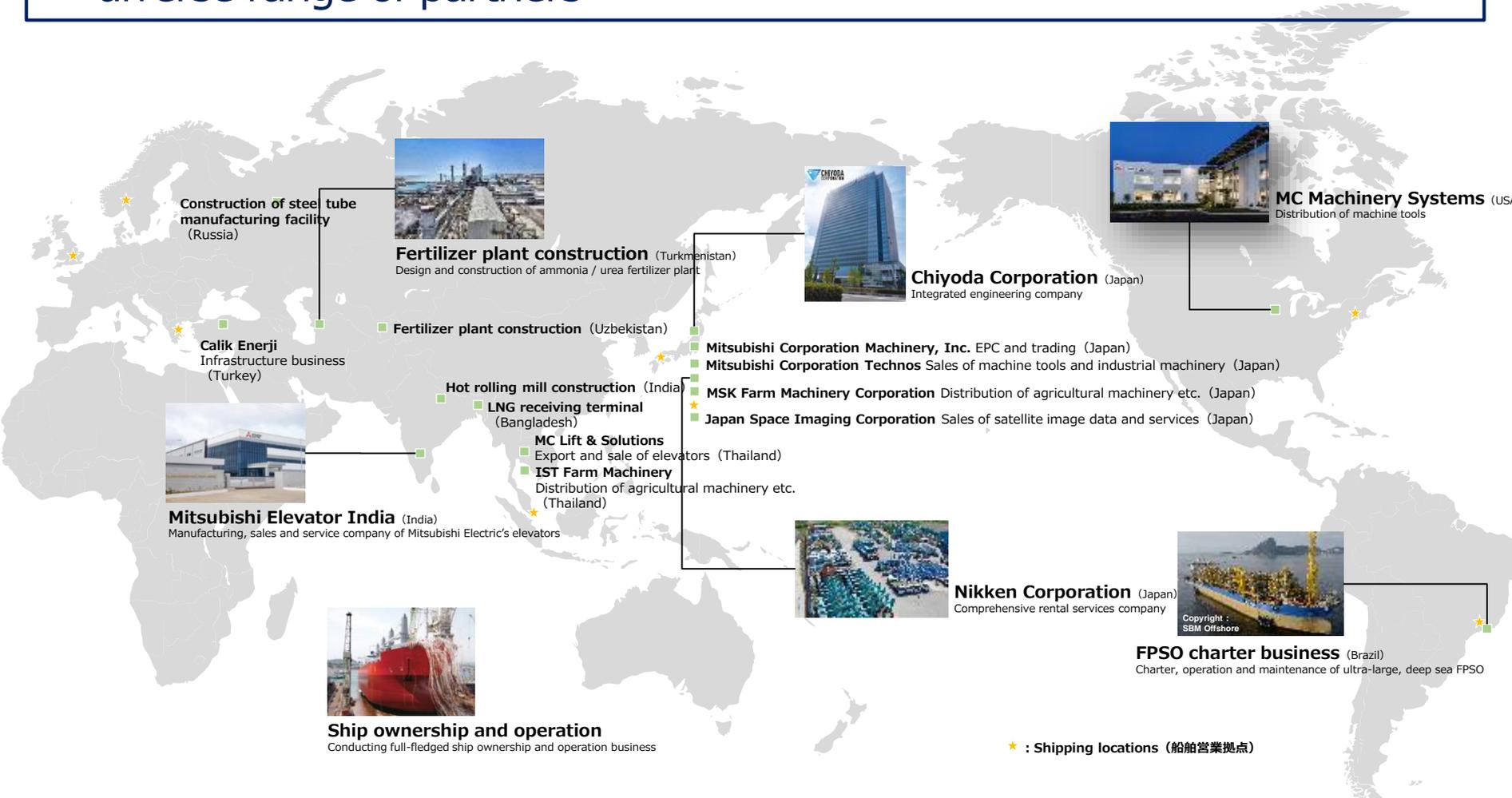
# 1. Group overview : Organizational structure

- Pursue **further growth of existing businesses**, while also promoting **new business development** with neighboring industries
- Place top priority on **supporting the revitalization of Chiyoda Corporation**



# 1. Group overview : Main investments

➤ Involved in a variety of businesses throughout the world, with a diverse range of partners



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## 2. Group policy : Group management strategy

Strategy in the  
“Midterm  
Corporate  
Strategy 2021”

- Pursue **further growth of existing businesses**, while also promoting **new business development** with neighboring industries
- Place top priority on **supporting the revitalization of Chiyoda Corporation**, and contribute in its success

Progress in FY  
March 2020

Existing  
businesses

➤ **Plant Engineering Division**

Make steady progress in supporting Chiyoda Corp.’s revitalization, including dispatching people from Mitsubishi Corp., and strengthen its company management and risk management as well as promote the creation of new businesses.

➤ **Industrial Machinery Division**

Further strengthen and sophisticate the Construction Equipment & Rental Business both domestically and overseas, as well as reinforce the Operation & Solution business.

➤ **Ship & Aerospace Division**

Promote the stabilization of the ship owning and operating business, etc.

New  
businesses

Start working on the facility management business, electric propulsion ship business, digital solution provider business etc., and cater to a wide range of clients’ needs.

Continue to **further strengthen and grow our existing businesses**, while innovating towards a **“Solution-provider business model”** to solve the diverse range of needs of our clients.

## 2. Group policy : Strategies for each business [Main existing businesses]

### Chiyoda Corporation

- Concentrate resources, and **execute revitalization plan** in a proactive and **hands-on** manner
- Steadily implement management revitalization, and develop new businesses for future growth



### Rental business

- **Further strengthen domestic rental business with utilizing digital technologies.**
- Expand coverage in the entire ASEAN market, broaden synergies among the individual companies, and accelerate growth



### Infrastructure-related business

- Steadily increase the number of high-quality projects by pursuing better productivity and synergies, and grow the business into a **stable and sizeable source of revenue**



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### 一般商船 business

- Minimize market risk and optimize fleet size, and shift **to stable business model**
- Promote development of new businesses including autonomous vessels and electric vessels



## 2. Group policy : Strategies for each business [Examples of new businesses]

### FM (Facility Management)

**Needs in the industry** : Productivity improvement and automation

**Aim / strategy** : With Utilizing industry expertise and customer base built up in the existing elevator business and acquiring technologies to visualize building facilities (A/C, lighting, energy-saving, security, etc.), work with partner to innovate the industry

#### Alliance with ALSOK

- **Capital and business alliance with ALSOK**, who has expertise on FM business in Japan
- Utilize our management expertise and international network, and convert the traditional **labor-intensive model into a technology-focused business model**
- Started business in Thailand and Japan. Further expansion expected in the future



### Plant operation solutions

**Needs in the industry** : Decline in working population, aging of skilled workers, pressure to cut product costs, etc.

**Aim / strategy** : Establish services that solve challenges faced by clients, throughout the lifecycle (Operation & Maintenance, etc.) of the plant

#### Investment and alliance with noodle.a.i.

- AI app for industrial plants : Offers various solutions, covering the entire value chain of clients
- Industry : Process manufacturing, consumer goods
- Solution : Asset maintenance, optimization of inventory levels, etc.

Aim to establish and develop business by **bringing together digital technologies and our access to the industry**



### Autonomous vessels Electric propulsion vessels

**Needs in the industry** : Environmental regulations (shift to low-carbon society), social issues (declining birth rate, aging society)

**Aim / strategy** : Partner with system development companies with sophisticated expertise, as well as domestic shipping companies and other players in the industry, and **establish a solution-provider type service**

#### Alliance with Groke and e5 Lab/e5 Consortium

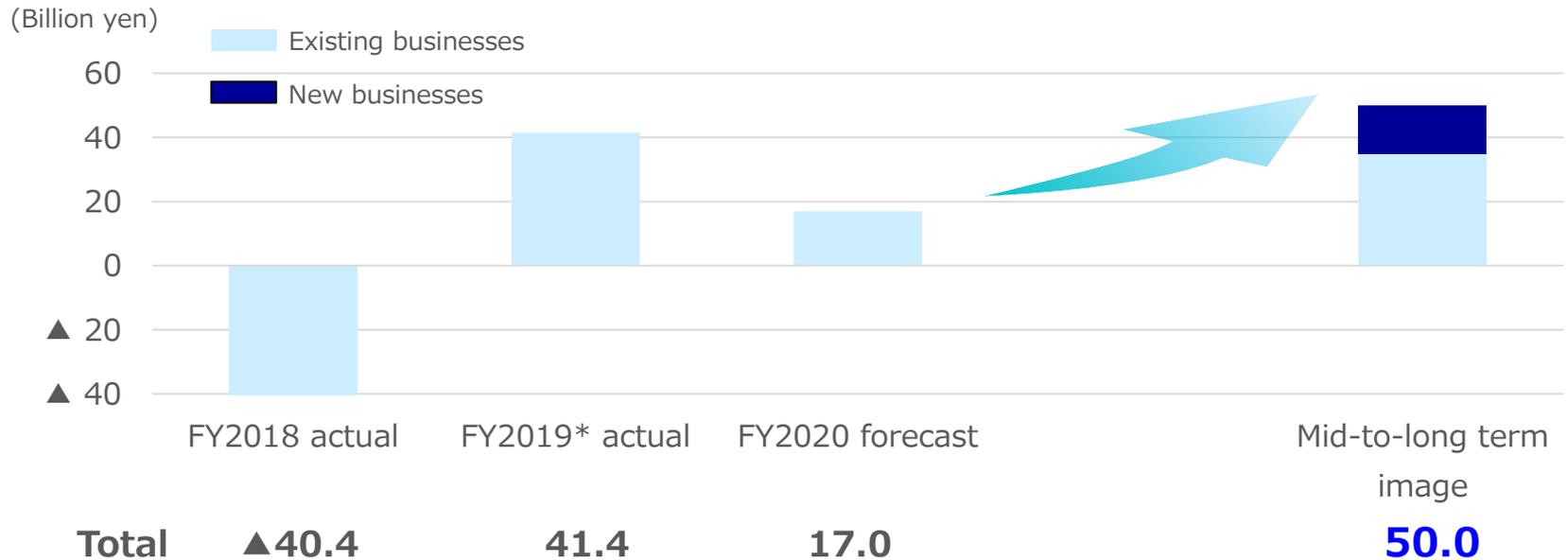
- Autonomous vessels (Groke)  
**Introduction and penetration of autonomous operation system in the domestic market**
- Electric propulsion vessels(e5 Lab/e5 Consortium)  
**Build an innovative platform to provide marine infrastructure services**, based on zero-emission electric vessels



## 2. Group policy : Investment and profit plan

- Pursue **Further strengthen and grow the existing businesses**, while also promoting **new business development** including “Solution-providing businesses”
- Aim for **50 billion yen of Group total net profit** in the mid-to-long term, by ①roughly 15 billion yen per annum of **investments in new businesses**, ②further **accelerate asset and business portfolio reshuffling**, and ③**Group-wide cost reduction**, including at the subsidiary/affiliate company level.

### Business performance trend and profit target



\*FY2019: Includes one-off profit of 17.7bn yen, from making Chiyoda Corp. a subsidiary

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# 3. Main businesses : Plant Engineering Div. (Overview)

- ◆ The Plant Engineering Division consists of one office and two business departments
- ◆ Its mission is to become a **solution provider for various needs of society and its customers** on plant and industrial infrastructure domain.



## Chiyoda Turnaround & Growth Management Office

- ◆ Support for Chiyoda Corporation's business revitalization
- ◆ Developing new growth strategy with the company

### Key Words

Chiyoda Corp., Revitalization Support, New Growth Strategy



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## Engineering Business Dept.

- ◆ Development, ownership and operation of onshore and offshore energy infrastructure in oil and natural gas value chain, such as FPSO and LNG-related facilities

### Key Words

FPSO, Energy Infrastructure



## Infrastructure & Industrial Projects Dept.

- ◆ EPC / Project Management
- ◆ Digital Service for industrial Operation and Maintenance (O&M)
- ◆ Strategic partnership with Çalık Group of Turkey

### Key Words

Plant EPC, Plant Digital O&M, Çalık



# 3. Main businesses : Plant Engineering Div. (Support to Chiyoda Corporation)



- ◆ Mitsubishi Corporation is **the largest shareholder of Chiyoda Corporation**, one of the world's leading engineering companies.
- ◆ **Support the company's business revitalization (with financial support and management support through key person secondment).**
- ◆ Our mission is to restructure and strengthen existing businesses and create new businesses by combining **Chiyoda Corporation's engineering capabilities and Mitsubishi Corporation's business management capabilities** for sustainable growth.

## ◆ Chiyoda Corporation's Strengths: Proven Technology

- ✓ Highly renowned for its technical expertise as LNG plant EPC contractor.
- ✓ Capacity to leverage engineering capabilities to create value in new fields for future growth strategy.



## ◆ MC's Strengths : Business Management

- ✓ Risk management and business administration expertise earned through involvement in diversified businesses.
- ✓ Business development capabilities proven in wide variety of industries globally.

### Major Executed Project: Cameron LNG in the U.S.

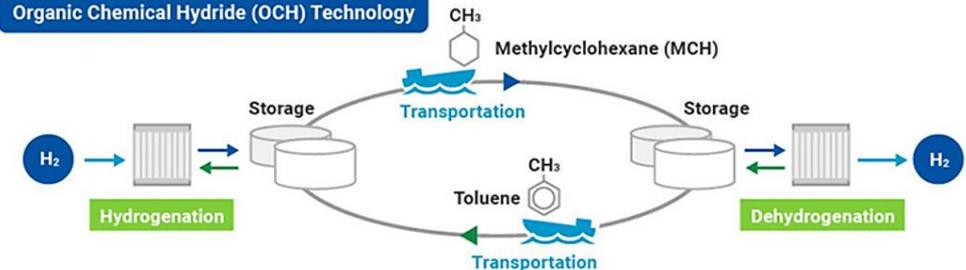
- EPC execution for 3 trains LNG plant with 12 million tons per year production capacity.
- Commercial operation of all trains started in August 2020.



### Examples of New Businesses: Commercialization of Hydrogen Technology

- Promotion of international large-scale demonstration of Hydrogen Supply Chain based on large-scale transportation and storage technologies for hydrogen developed by Chiyoda.
- In March 2020, 5 Singaporean companies, along with Chiyoda, and MC executed an MOU for the realization of a sustainable hydrogen economy and are discussing its commercialization.

#### Organic Chemical Hydride (OCH) Technology



Fixing hydrogen to toluene produces MCH (SPERA Hydrogen)

Extracting hydrogen from MCH (SPERA Hydrogen)

# 3. Main businesses : Industrial Machinery Div. (Overview)

Based on its solid customer base in various industries, the Division conducts the **“Construction equipment & rental business”** and the **“Operations & Solutions business”** globally, with the subsidiaries/affiliate companies at the core

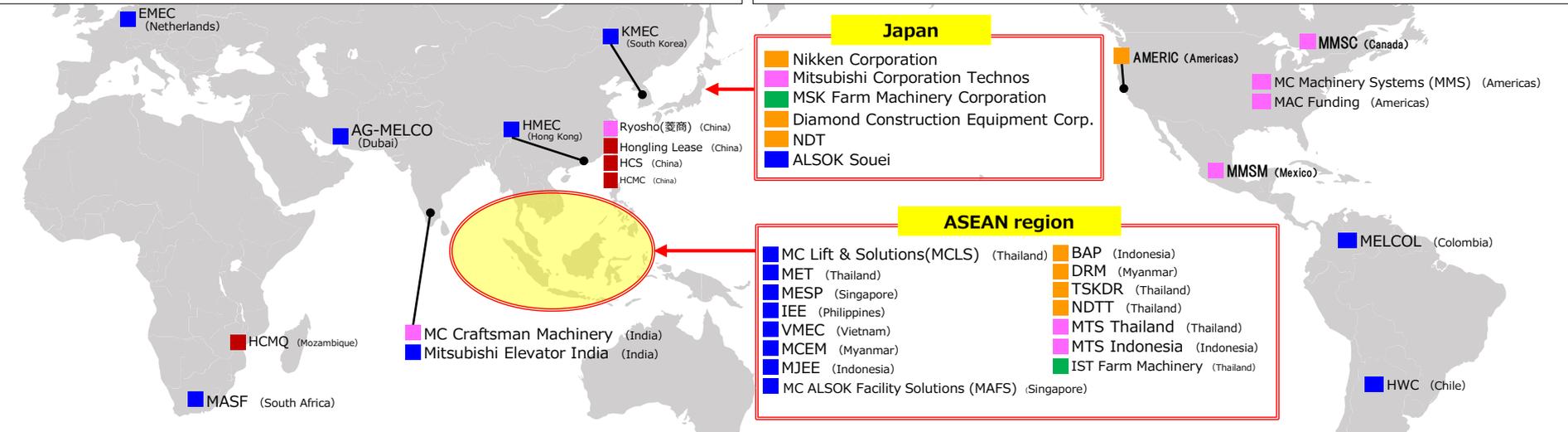
**Industrial Machinery Division**

• No. of employees : 104 (Consolidated headcount : approx. 4,000)  
• Affiliate companies : approx. 40 (including second generation subsidiary)

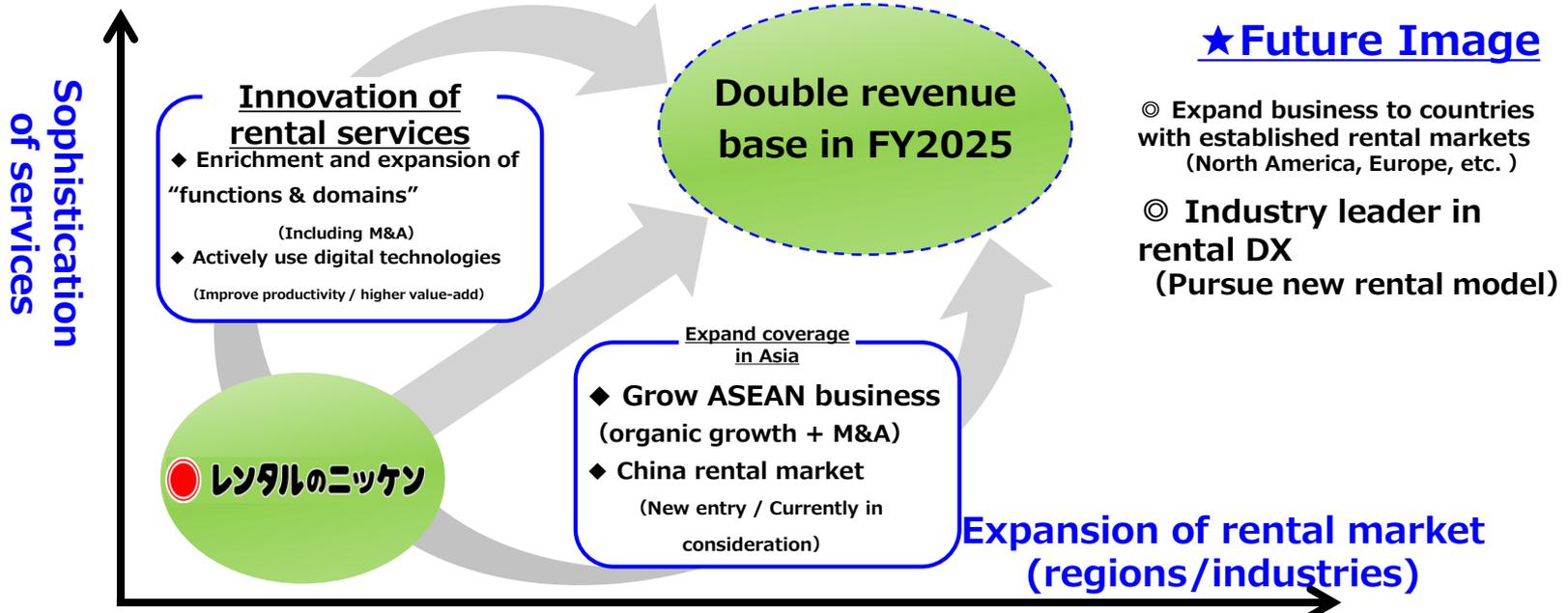
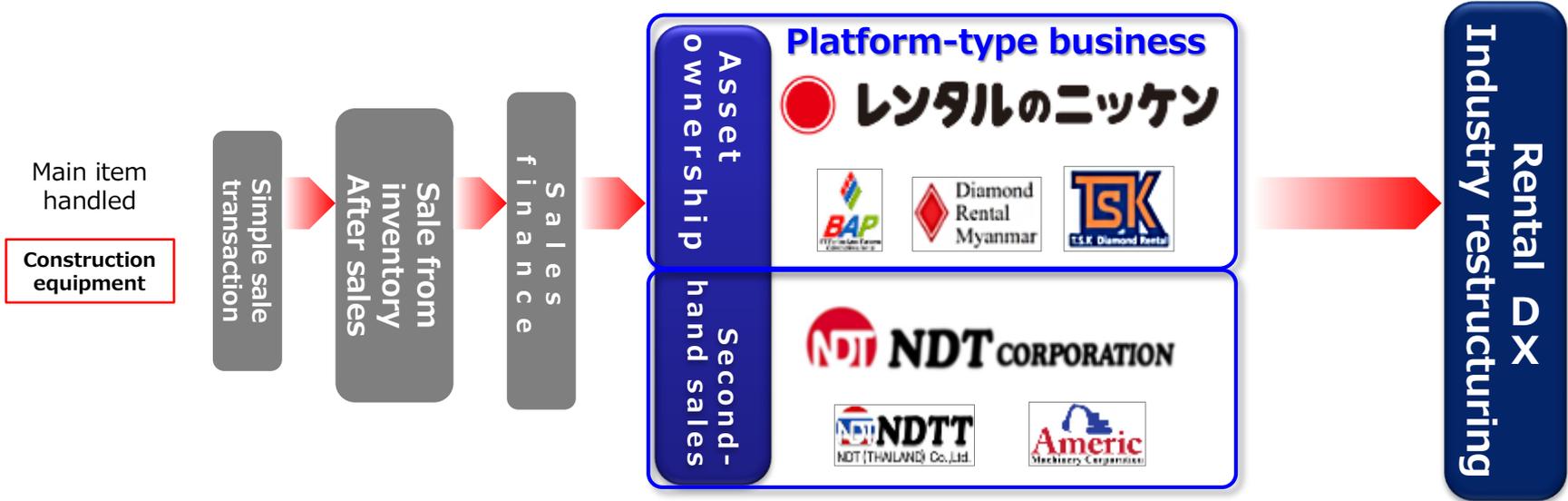
**Strategic Planning**

**Construction Equipment & Rental Business Dept.**

**Operations & Solutions Dept.**



# 3. Main businesses : Construction Equipment & Rental Business



# 3. Main businesses : Industrial Machinery Solution Business

Mitsubishi Corporation Technos / Tokyo Customer Experience Center



MSK Farm Machinery (Eniwa, Hokkaido)



## Value chain (functions)

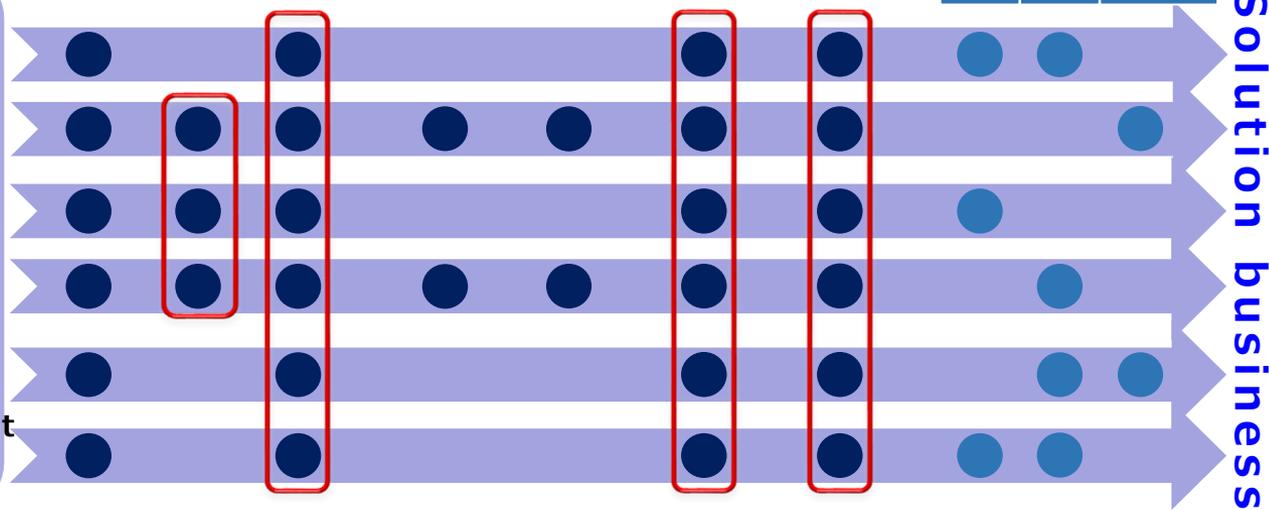
## Region



### Subsidiary & Affiliate Companies

- Machine tools
- Agricultural machinery
- Elevators & Escalators

- Mitsubishi Corporation Technos
- MC Machinery Systems / MAC-F
- MSK Farm Machinery Corporation
- IST Farm Machinery
- JV sales company with Mitsubishi Electric
- Facility management company



Aim to create synergies between businesses, through sharing management expertise of each company, and mutual use of customer base

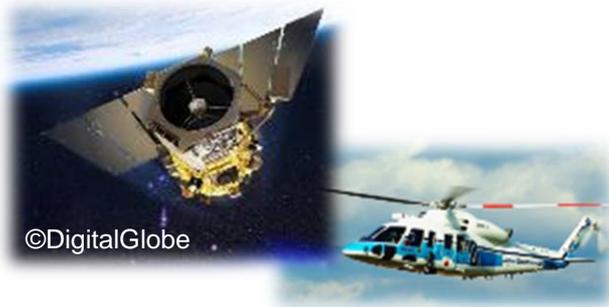
Solution business

## 3. Main businesses : Ship & Aerospace Div. (Overview)

- ◆ The Ship & Aerospace Division consists of two business departments.



Image of completed electric vessel



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### Ship Department

- ◆ Trading, brokerage service, finance and owning & operation of commercial vessels and LNG Carriers etc.
- ◆ Trading and brokerage service of marine machinery equipment
- ◆ Promotion of autonomous operation systems to domestic coastal vessels and fishing boats
- ◆ Development, realization and commercialization of zero-emission electric vessels etc.

### Defense and Aerospace Department

- ◆ Transactions of aircraft, electronic equipment, etc. for the Japan Ministry of Defense
- ◆ Sales of image data products and related services, generated from earth imaging satellites

# 3. Main businesses : Ship & Aerospace Div. (Commercial Vessels/Gas Carriers)

## Commercial Vessels

### Pursuit of shift to stable business model

#### ◆ Ship Owning & Operating business

- Provide our vessels to charterers both in and outside of Japan
- Right-size our fleet
- Improve profitability of fleet
- Strengthen risk management

Pursue synergies among businesses, including new business development

#### ◆ Trading

- Ship trading (sales & purchase), charter brokerage and trading of marine machinery equipment among players in the industry

#### ◆ Pool business

- Realizing efficient ship allocation of pool vessels provided by ship owners/operators as pool participants

## Gas carriers

### Further growth of stable revenue

#### LNG carriers



- Build stable revenue base, by building up high-quality projects
- Innovate business model

#### FSRU



- Considering investment in FSRU(\*) project in Southeast Asian countries (Already invested in project by Summit in Bangladesh. Operation started in April 2019)

(\*)Floating Storage and Regasification Unit

# 3. Main businesses : Ship & Aerospace Div. (New business by Ship Dept.)

- ✓ Achieve all 3 of the social, economic and environmental values concurrently
- ✓ Creation of new business, by solving challenges faced by the industry and society and making it a business opportunity

## Autonomous operation system (Groke Technologies)



### ◆ Objective of project

- Penetration of autonomous operation system developed by Groke in the domestic market (coastal vessels, fishing ships, etc.)
  - Overcome problem of labor shortage and aging in coastal shipping and fishing industries
  - Reduce the number of marine accidents

- October 2019 : Invested in Groke Technologies of Finland



(System image)

## Electric vessel (e5 Lab / e5 Consortium)



### ◆ Objective of project

- Development, realization and commercialization of zero-emission electric vessels
- Create attractive work environment through electrification and digitalization of ships
- Achieve automation within the site of operation
  - Overcome problem of labor shortage and aging in coastal shipping industry
  - Compliance with environmental regulations such as reduction of greenhouse gases

- August 2019 : Established "e5 Lab" together with Asahi Tanker, Exeno Yamamizu and Mitsui O.S.K. Lines

- May 2020 : Added Idemitsu Kosan, Tokio Marine & Nichido Fire Insurance and TEPCO Energy Partner to the group to set up the "e5 Consortium"

\* e5 stands for the 5 values (electrification·environment·evolution·efficiency·economics), which the project aims to provide in the shipping industry



(Forward-Looking Statements)

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