

Business Segment IR Meeting

Mitsubishi Corporation Mineral Resources Group



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Attendees from the Mineral Resources Group

- Norikazu Tanaka: Group CEO
- Keiichi Shiobara: General Manager, Group CEO Office
- Koichi Seri: Division COO, Mineral Resources Trading Div.
- Satoshi Koyama: Division COO, Mineral Resources Investment Div.
- Hiroshi Kawamoto: General Manager, Natural Gas & Mineral
- Resources Administration Dept.

Today's Agenda

- 1. Overview of the Group
- 2. Review of the Midterm Corporate Strategy 2018-2021
- 3. Business Environment
- 4. Transforming into a Theme-based Portfolio
- 5. Business Strategies
 - ① Metallurgical coal
 - 2 Copper
 - ③ New growth areas
- 6. Mid-to-long term vision

1. Overview of the Group



Group's

nission

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

2. Review of the Midterm Corporate Strategy 2018-2021

- Generated an average profit of 177 billion yen over the past 5 years (excl. one-off gains/losses)
- □ Completed building a portfolio that is resilient to downcycle, executed growth projects

Achievements

- Portfolio optimization
- Growth projects
- Productivity improvement & cost reduction
- Initiatives for Scope1/2 GHG reduction
- Strengthening trading functions

Consolidated Net Income (billion yen)



*1 Average of 187 billion yen when including one-off gains/losses Copyright © 2021 Mitsubishi Corporation

7 commodities / 20 assets \rightarrow 4 commodities / 11 assets Quellaveco copper project in Peru, Aurukun bauxite project in Australia Continuous efforts, utilizing digital technologies such as autonomous trucks Promoting the shift to renewable energy-based power in mines Record high earnings of 12.7 billion yen in FY2020



*2 Total of equity method investment, tangible and intangible fixed assets, goodwill, and other investments

Investment Balance*2 (trillion yen)

3. Business Environment

- With the acceleration of ESG, themes such as decarbonization, electrification and circular economy are emerging as societal issues
- In order to address these issues, the stable and increased supply of steel, copper, aluminium, battery materials and precious metals is necessary, as well as the promotion of recycling and efficient use of resources

ESG-related societal issues	Initiatives to address the issues	Necessary mineral resources	
Decarbonization	Infrastructure development	Steel as a basic material (metallurgical coal, iron ore)	
	Use of hydrogen (hydrogen generators / fuel cells)	Precious metals as a catalyst (platinum, etc.)	
Electrification	Growing use of renewable energy (power generators, cables)	Copper as a highly conductive material	
	Power infrastructure development (electrical wire)	Aluminium as a light and conductive material (bauxite)	
	Shift to EVs (motors / electrical wire, lighter bodies, lithium ion batteries)	Battery materials (lithium, nickel)	
Circular economy	Recycling and efficient use of resources	Promotion of secondary metal, such as scrap, in all mineral resources	

4. Transforming into a Theme-based Portfolio

- Continuous growth through transformation, capturing changes in the business environment
- While fulfilling our responsibility for stable supply of high quality metallurgical coal and iron ore, contribute to energy transformation (EX) from the perspective of raw material supply by transforming our portfolio based on three societal themes

Transformation of the Mineral Resources Group's business

1950′s	1960~90's		0′s	2021~	
Trading	ImageTrading + Minority InvestmentsBusiness ManagementStrong economic growthWeakness and consolidation in the steel industryThe rise of China / natural resource boom• Establishment of MDP • Participation in IOC (iron ore) • Participation in Escondida (copper) etc.• The rise of BMA (metallurgical coal) • Participation in Anglo American Sur (copper)• Participation and acquisition of additional stake in Quellaveco (copper)			 Transformation of Portfolio Decarbonization Electrification Circular economy 	
Ir	Metallurgical coal	Transformatic	CCUS,	Decarbonization Metallurgical coal, iron ore + CCUS, precious metals (hydrogen) Theme-Based	
	Aluminium		Electrificati Copper, alumir + battery materials (lithin	on Circ (recycling num Precious lithiun um, nickel)	cular economy , resource conservation) s metals, aluminium, n ion batteries, etc.

5-1. Business Strategies | Metallurgical coal

- □ Global crude steel production will continue its gradual increase, driven by Asian countries such as India which is an importer of metallurgical coal
- Steel production using blast furnaces will continue to be the mainstream. It will take time to achieve decarbonization of the steel-making process
- We will fulfill its responsibility to maintain the stable supply of high-quality metallurgical coal, which contributes to lowering the GHG emissions from blast furnaces

2.1bt 1.9bt Others Electric India, South-East Asia +157%furnace **Blast furnace** (hot metal/pig iron) 42~65% China ▲16% (Source:Wood Mackenzie) 2020 2040 As of 2040 (1.5°C Scenario~Stated Policies Scenario) **Decarbonization of steel-making** Shift to electric arc furnaces Supply limitations on scrap etc. Decarbonization of ■ Use of high-guality ■ GHG reduction through the ■ Large-scale CCUS blast furnaces metallurgical coal partial use of hydrogen Technological readiness Steel-making ■ Large-scale supply of low-priced carbon-free hydrogen through hydrogen reduction 2020 2040 2050 2030

Outlook on global crude steel production



5-2. Business Strategies | Copper

- Copper, used for cables or wires, is crucial in electrification, and demand is expected to grow in the midto-long term
- We will contribute to the growing demand through stable supply by the development of Quellaveco, as well as the growth of the copper business



(Source:Copper Outlook Q3 2021 – Copper Mine Analysis September 2021Wood Mackenzie)

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5-2. Business Strategies | Copper

- Quellaveco expected to start production in mid-2022
- **D** Quellaveco will increase our equity share production by 50%, and further improve our cost competitiveness



5-2. Business Strategies | Copper

We aim to expand our copper business primarily through organic growth opportunities in existing assets, increasing our interest in existing assets, acquiring new assets and utilizing new technologies to improve resource recovery



* Our equity share production (on a copper content basis),

No. of years calculated using current production volume (120kt for Quellaveco)



5-3. Business Strategies | New growth areas

Along with the existing businesses, we will consider entering into the following areas that have high potential, as new growth areas addressing the three overarching themes



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5-3. Business Initiatives | New growth areas

[Reference] Image of initiative in precious metals



6. Mid-to-long term vision

- □ We will invest in further growth, in accordance with changes in the business environment
- Continue to seek resilience and efficient utilization of capital, while aiming to capture upside in the market
- Aim for a better-balanced revenue structure, through the growth of copper business as well as businesses in new growth areas

Investment balance in the mid-to-long term (trillion yen)



* Return = Consolidated net income divided by Investment balance

Revenue structure (excl. trading revenue)





[Reference] Mineral Resources Trading Overview

- □ RtM is a global mineral resources trader, headquartered in Singapore
- Since the founding of RtM in 2013, continuously strengthened its functions, with revenue exceeding 10 billion yen
- RtM utilizes its extensive connections with a broad range of industries, and plays an important role in finding the seeds for future growth of the Group

Global mineral resource trading business



Headquartered in Singapore, and based in 9 countries including Japan, China, U.S. and UK $\,$

Ferrous metals, base metals (incl. copper and aluminium), precious metals, battery materials, etc.

Financial Performance of trading business

Total headcount: 630 / more than 20 nationalities (incl. 190 secondments from MC)

1,300 counterparts in 60 countries



RtM's business model

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(Notes on forward-looking statements etc.)

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