

RAISING THE  
POWER  
OF MC

# Business Segment IR Meeting

Mitsubishi Corporation  
Living Essentials Group

Living Essential Consumer  
Products Division



# Agenda

1. Basic Information and Division Policy

2. Explanation of Notable Businesses

# Organization and Basic Information

## Living Essential Consumer Products Division Division COO: Takeshi Arakawa

Businesses: Princes (HQ:United Kingdom); Overall business in Indonesia, mainly through MC Living Essentials Indonesia  
Key operating companies: Princes; MC Living Essentials Indonesia

## Global Consumer Products Dept. General manager: Tomohiro Miyahara

Businesses: Manufacturing and sales of processed food and daily necessities in Asia and in the United States  
Key operating companies: Lluvia; TH Foods; Instant noodle manufacturing and sales companies; Seasoning manufacturing and sales companies; Disposable diaper manufacturing and sales company

## Sweetener, Starch Products & Wheat Flour Dept. General manager: Yoshihisa Fujita

Businesses: Overall business in wheat flour, raw sugar, refined sugar, starch, sweeteners, rare sugar, etc.  
Key operating companies: Nitto Fuji Flour Milling; Nihon Shokuhin Kako; Dai-Nippon Meiji Sugar; Kanro; Matsutani Chemical Industry

## Tire Dept. General manager: Shimpei Amisaki

Businesses: Overseas tire manufacturing and sales; domestic tire sales support; tire e-commerce and retail sales  
Key operating companies: Car Frontier; JV manufacturing and sales companies with Bridgestone; JV sales companies with Toyo Tire & Rubber

# Living Essentials Group Growth Strategies

## Basic understanding

- ✓ Shrinkage of Japan's consumer markets is inevitable, and Japan's relative influence in global markets will decline
- ✓ Our existing platforms, built on domestic demand in Japan, have limited room for growth



## Key strategies

1. Increase added value in the value chain by building a **consumer-focused value creation model** in the Japanese market
2. Build a **global platform** that can continuously create competitive advantage to win out over competitors in the **global** market



### Examples

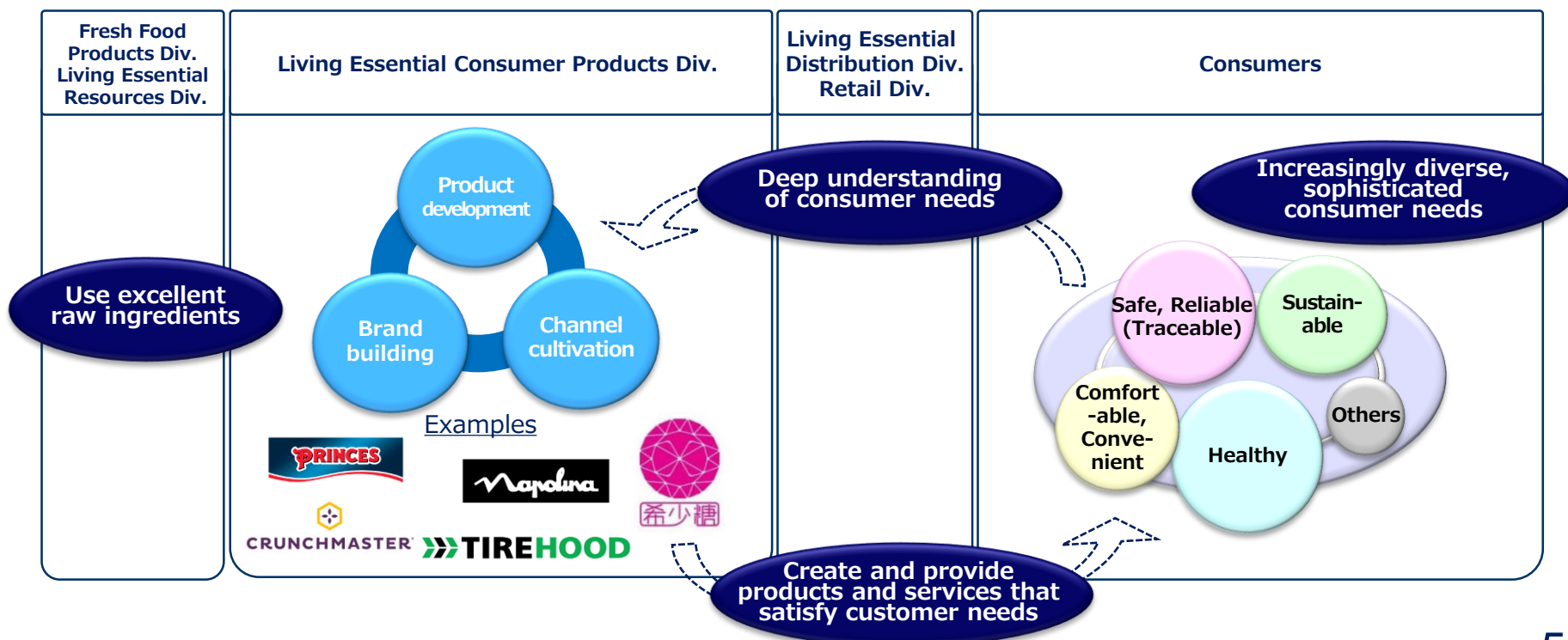
- ① Build high barriers to entry in production and procurement fields to secure a position from which we can aim for top global market share
- ② Establish a robust customer base and multi-stakeholder ecosystem on a global basis
- ③ Build superior platforms in designated lead countries and regions
- ④ Make environmental, social and governance (ESG) management a core competence and use it to produce economic value
- ⑤ Set up mechanisms to produce global management professionals

# Living Essential Consumer Products Division Policy

## Business environment and basic policy

In consumer product markets in and outside Japan, consumer needs—for products that are comfortable, convenient, healthy, sustainable, safe and reliable—are growing more diverse and sophisticated.

In light of such needs, the division is reinforcing businesses established on the core functions of the consumer products business, such as product development, brand building and sales channel cultivation, while developing new businesses in peripheral areas, aiming to create consumer value.



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2. Explanation of Notable Businesses

# Princes (HQ:United Kingdom)



Established: 1880 (acquired by MC in 1989)  
Headquarters: Liverpool, U.K.  
Shareholder: MC: 100%  
Businesses: Manufacture and sale of foods and beverages  
Employees: 6,966 (as of March 31, 2018)  
Annual sales: £1,618 million (FY2017)

## U.K Food Manufacturer Sales Ranking (FY2017)

Rank	Company name	Sales (millions of pounds)
1	Associated British Foods	3,224
2	Boparan Holdings	3,139
3	Arla Foods	2,574
4	Unilever UK	2,125
5	Coca Cola Enterprises	1,986
6	Bakkavor	1,735
7	Mondelez UK	1,733
8	<b>Princes</b>	<b>1,618</b>
9	Nestle UK	1,579
10	Brivitic	1,417
11	Greencore Conv Foods	1,412
12	Moy Park	1,407
13	Müller UK & Ireland	1,337
14	Wm Morrison Produce	1,294
15	Cranswick	1,264
22	Premier Foods	793
25	HJ Heinz Company	711
53	LDH (La Doria)	299

Source: OC&amp;C report



## Princes brands



1 Licensed brands 2 Brands licensed from MC

Product category		Our market share ranking in the U.K.
Canned foods	Fish, meat, vegetables, fruit	1
Italian foods	Pasta	2
	Olive oil	1
Pastes and spreads		1
Other edible oils		1
Soft drinks	Squash	1
	Fruit juices, bottled water	2
	Carbonates	4

Source: IRI 52 w/e August 13<sup>th</sup> 2016

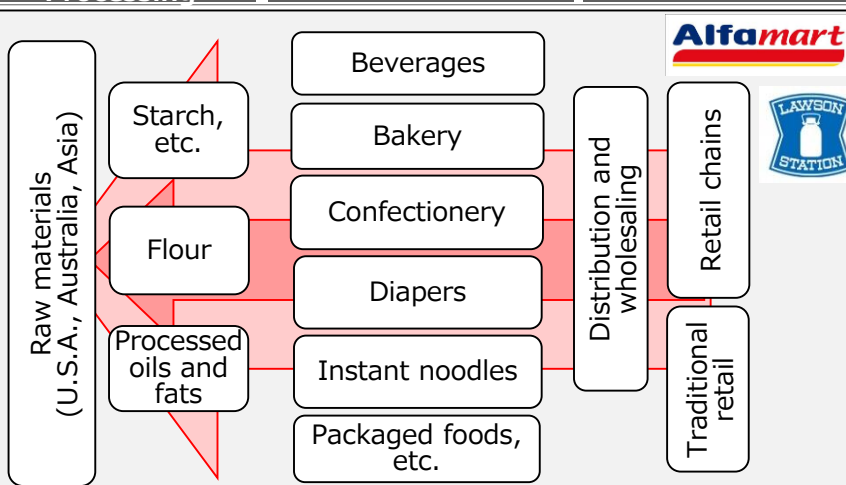


# Indonesia and Myanmar

- ◆ Aiming to build business foundations, to make Indonesia and Myanmar our businesses' "mother" countries next to Japan.
- ◆ Grasp demand to expand businesses in manufacturing, processing, distribution and retails of consumer goods such as foods and daily necessities



Indonesia



## Alfa Group

MC partnered with local retail giant Alfa Group in 2011. We formed a distribution and product manufacturing JV with Alfa, which boasts last-mile delivery capabilities. We are driving businesses under this JV.



## Yamazaki Indonesia

MC formed a JV with major Japanese bread company Yamazaki Baking and Alfa Group, establishing a manufacturing and sales business in 2012. The JV opened its first factory and commenced sales in 2014.

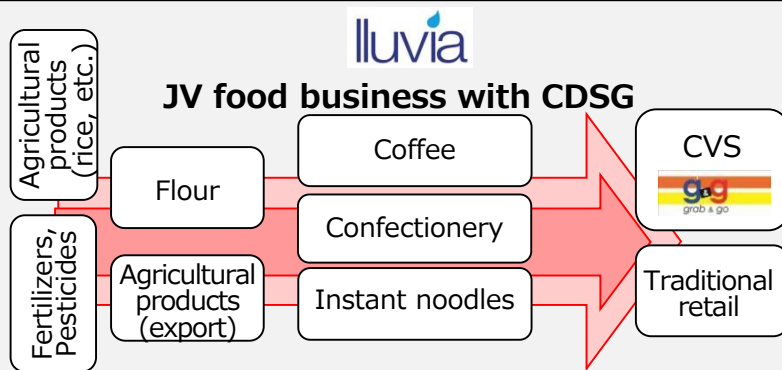


## Lluvia

In 2015, MC invested in Lluvia Limited of the Capital Diamond Star Group. Lluvia boasts the top market share of flower milling in Myanmar and a coffee business that owns the well-known PREMIER coffee brand. Lluvia is working to develop new businesses, such as a food raw materials terminal, instant noodle and confectionery manufacturing.



Myanmar





# Tires

- ◆ Trading replacement tires made by Japanese manufacturers in 90 countries
- ◆ Developing overseas sales businesses and combined manufacturing/sales businesses through JVs with Japanese manufacturers
- ◆ Participating in the operation of the domestic tire e-commerce site TIREHOOD and working to develop tire retail, including e-commerce, both domestically and overseas



- JV sales and manufacturing companies in which MC has invested

Consumer-facing  
e-commerce tire business

Car Frontier's TIREHOOD business

**Overview** **TIREHOOD**  
An online tire/wheel store for consumers.  
End-to-end service, from tire installation to payment.  
Main installation locations: Service stations, repair shops, tire shops, and shopping malls.

Website: <https://tire-hood.com/>  
(Japanese only)

Manufacturer showcase pages



# SDG Initiatives—Princes (U.K.)

## The 17 Sustainable Development Goals



### Growing Interest in Sustainability

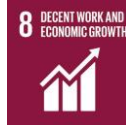
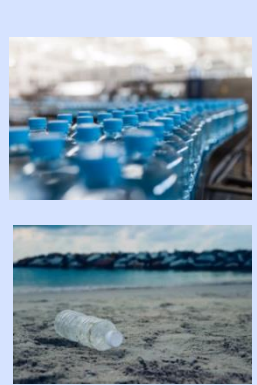
In September 2015, at its New York Headquarters the United Nations adopted the Sustainable Development Goals (SDGs), a plan to eliminate extreme poverty, inequality, and injustice and preserve the global environment over the coming 15 years to create a better future. Since the adoption of the 17 goals and 169 targets for the whole world to work toward, “sustainability” has become a hot issue.

MC’s consolidated U.K. subsidiary Princes has activities deeply related to 8 of the 17 SDGs and is advancing initiatives related to conserving marine resources and ethical labour. Princes is also working with other major retailers to promote sustainability throughout its supply chains.



- To achieve sustainable procurement in its core tuna business, Princes aims to source 100% of its tuna from sustainability-oriented fisheries, such as MSC certified or engaged in FIP, by the end of 2019.
- In fiscal year 2015, Princes achieved 25% recycled polyethylene terephthalate (rPET) in its plastic bottles. In May 2018, it began manufacturing using 51% rPET, ahead of the competitors.

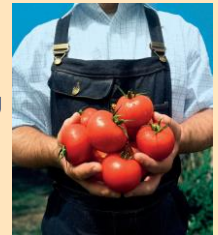
MSC: Marine Stewardship Council, an organization that certifies sustainably operating fisheries  
FIP: Fishery Improvement Projects



- Tomato production subsidiary PIA in Italy is promoting ethical labour and compliance initiatives with contract tomato farmers.
- Expected to achieve 100% GRASP (or SA8000) certified tomato ingredients procurement ahead of competitors in the 2018 season.

GRASP: An add-on certification to GLOBALG.A.P. related to risk assessments of the social practices of agricultural production companies. Compared with GLOBALG.A.P., GRASP places greater weight on social, health and safety aspects.

SA8000: This international standard is the leading social certification standard and currently helps secure ethical working conditions for workers.



Gianmarco Laviola,  
Managing Director of PIA,  
at the Ethical Tomato  
Supply Chain Forum