

RAISING THE  
POWER  
OF MC

# Business Segment IR Meeting

## Mitsubishi Corporation Living Essentials Group *Living Essential Resources Division*



# Agenda

1. Overview of Living Essential Resources Division
  - (1) Mission
  - (2) Basic Information
2. Business Environment
3. Conditions by Business Area
  - Food Materials
  - Grain, Oilseeds, and Feed Materials
  - Housing & Construction Materials

# 1. Overview of the Living Essential Resources Division

## (1) Mission

In upstream business areas of the Living Essentials Group, the Living Essential Resources Division sustainably procures and supplies competitive raw materials related to food and housing, thereby helping consumers realize safe, reliable eating and living.

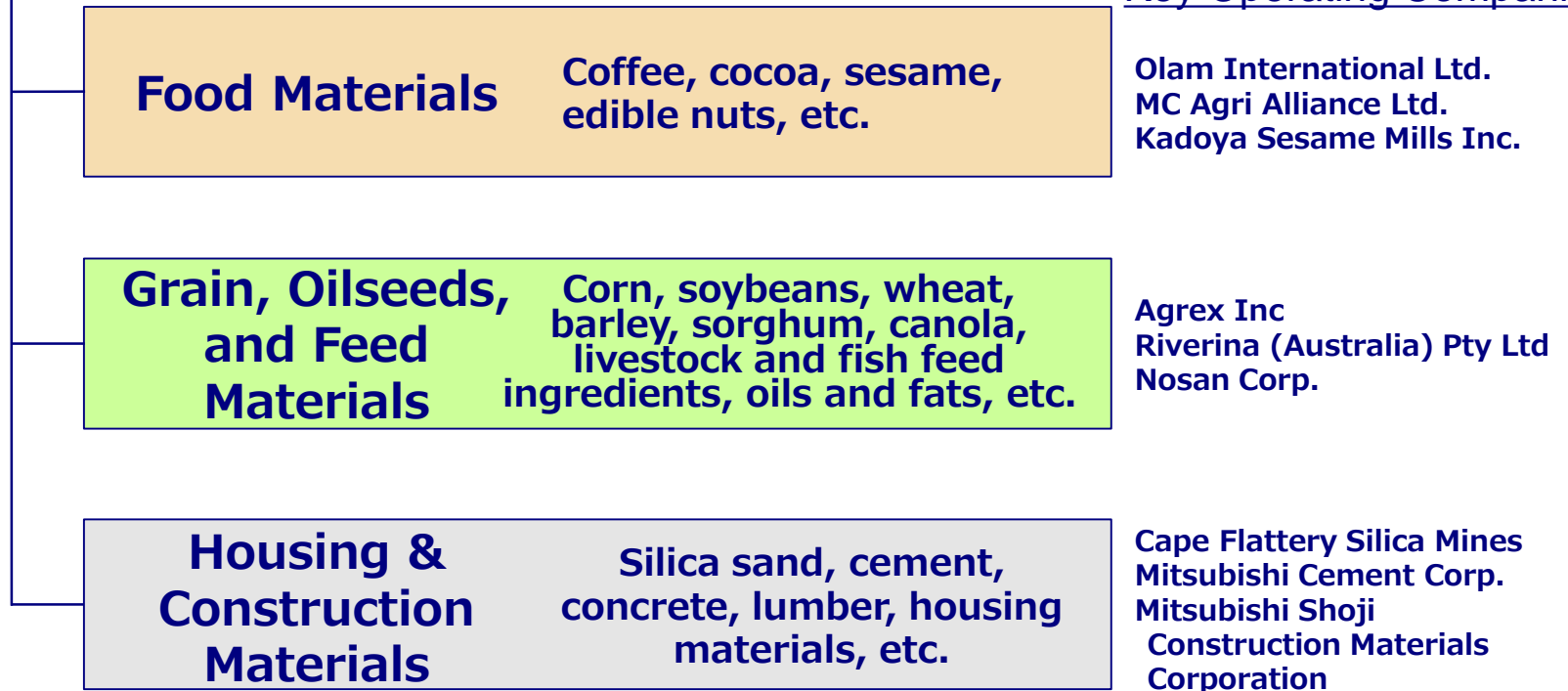


# 1. Overview of the Living Essential Resources Division

## (2) Basic Information

**Living Essential Resources  
Division COO: Hiroaki Nakayama**

### Key Operating Companies



## 2. Business Environment

### Demand side

- Global population growth  
⇒ Growing demand for food
- Rising consumer incomes/urbanization  
⇒ Rising per-capita food consumption
- Changing eating habits in developing countries  
⇒ Growing demand for protein and fats  
⇒ Concerns about future raw materials shortages
- Going health awareness
- Growing awareness of safety, reliability and sustainability among consumers

### Supply side

- Limited room for expansion of cultivated land
- Rising agricultural risk due to climate change
- Increasing water scarcity
- Post-harvest food loss in developing countries (insufficient infrastructure, know-how)
- Poverty in Sub-Saharan Africa and elsewhere

⇒ Helping solve a range of global problems through agriculture and agricultural product trading

### 3. Conditions by Business Area—Food Materials

#### Overview of Olam International Ltd.

Approximately 44 product businesses in 70 countries. Wide-ranging businesses span from the production of agricultural products to their procurement, primary processing, trading, and the manufacture and sale of final products under Olam’s own brands.

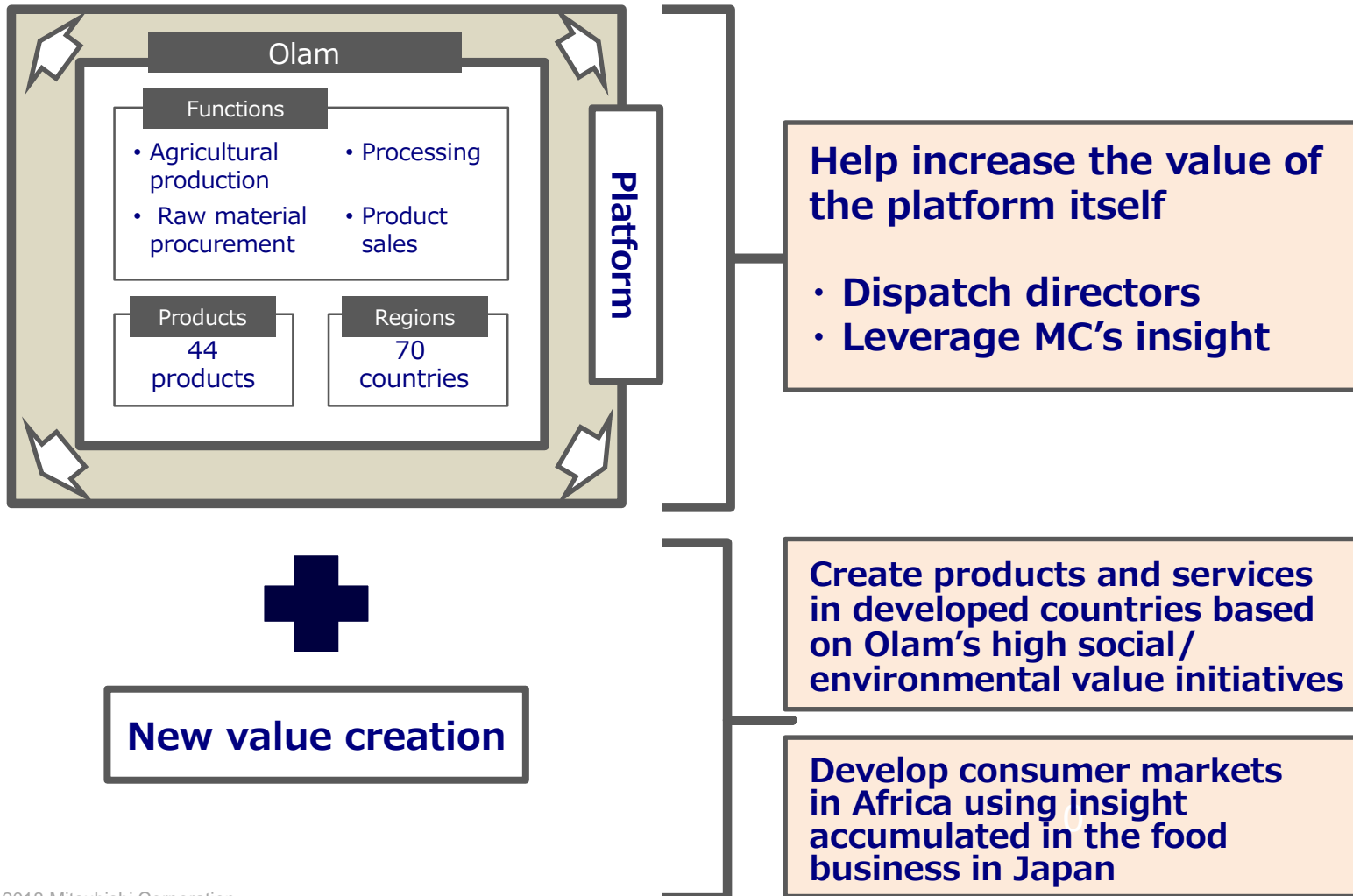
Our segments	Main products	Stages of the supply chain where Olam operates			
		Production	Procurement, primary processing	Trading	Secondary processing
1 Nuts, dried vegetables	Almonds	No. 1 globally			
	Cashews		No. 1 globally		
	Dried vegetables/spices		Dried garlic: No. 1 globally	Dried onion: No. 1 globally	
2 Confectionary, beverages	Coffee		No. 2 globally		
	Cocoa		No. 1 globally		
3 Food staples, packaged foods	Grains/Flour				(Pasta)
	Feed, livestock, marine products				(Livestock feed)
	Palm				(Edible oils)
	Dairy				
	Rice		No. 2 globally		
4 Other, industrial raw materials	Packaged foods				
	Cotton		No. 2 globally		
	Rubber				

Market capitalization: ¥570 billion (as of May 31, 2018; listed on the Singapore Exchange)  
 Fiscal 2017 net income: SG\$552 million (approx. ¥45 billion; excluding portion attributable to non-controlling interests)  
 Employees: Approx. 72,000 (including contract, seasonal and temporary workers)

# 3. Conditions by Business Area—Food Materials

## Strategy overview

Aiming to expand profit in the Food Materials business, leveraging Olam



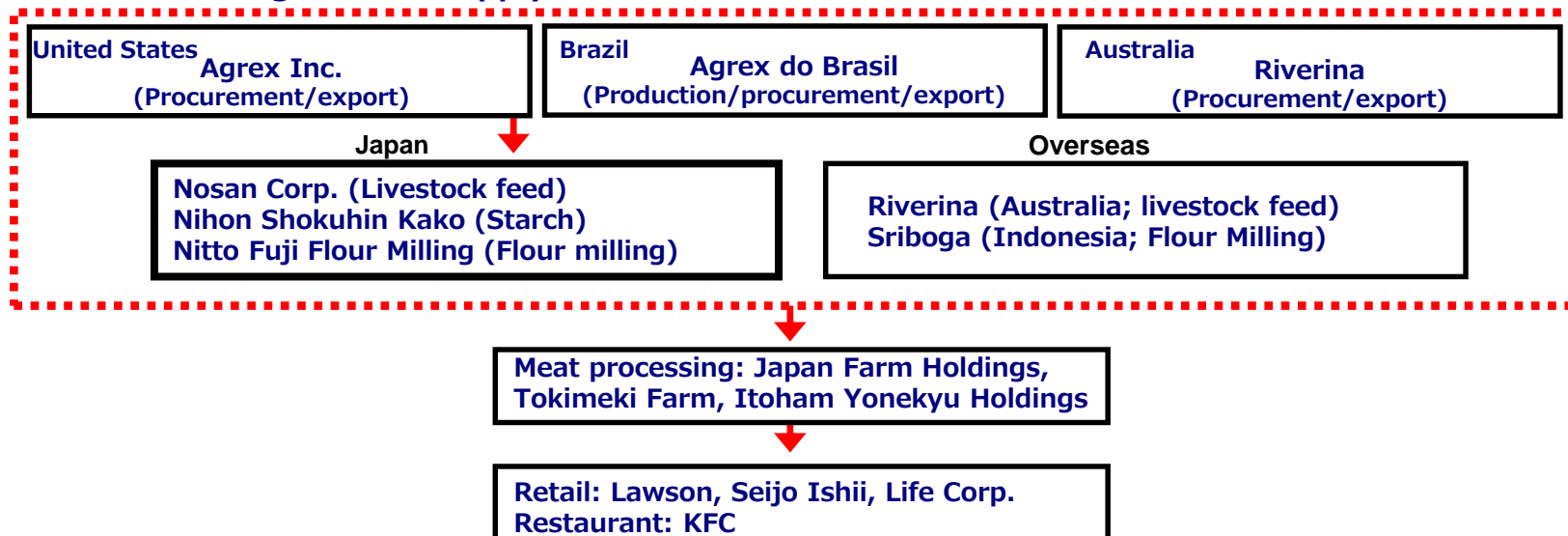
### 3. Conditions by Business Area—Grain, Oilseeds, and Feed Materials

Handling the procurement of raw materials related to grain, livestock feed and oils and fats. Providing stable supply of safe, reliable and competitive raw ingredients.

#### Business overview

Grain business	Grain procurement, sale and trading. Building a competitive supply platform in grain-producing regions that is suited to the demand that MC has access to.
Feed materials business	Feed materials procurement, sale and trading. A mixed feed business, mainly through Nosan Corp.
Oil and fat business	Sale and trading of plant and animal oils and fats. Businesses in the supply of sustainable palm oil* and high-value-added olive oil as well as processed oils and fats business overseas. *Aim for 100% of the palm oil we handle to have Roundtable on Sustainable Palm Oil (RSPO) or equivalent certification by 2021.

#### Building a stable supply network to meet the demand MC has access to





## 3. Conditions by Business Area—Housing & Construction Materials

### 1. North American cement/concrete business

#### (1) Business overview

- ✓ Cement/ready-mixed concrete manufacturing and sales business, mainly in southern California, in partnership with Mitsubishi Materials (MC's ownership: 30%).
- ✓ Building a long-term, stable supply structure for cement (upstream) and ready-mixed concrete (downstream) based on a vertically integrated business model.

#### (2) Outlook

- ✓ Southern California's mid- to long-term population growth is expected to drive growth in demand for cement and ready-mixed concrete. (Overall market demand is still around 70% of the peak level. )
- ✓ MC owns high-quality aggregate mines and has an efficient distribution network; backed by these strength, we expect to steady capture demand and expand revenue going forward.

### 2. Silica sand business

#### (1) Business overview

- ✓ Through the MC Group's broad-ranging sales and distribution networks, we sell more than 2,000,000 tons of silica sand excavated from the Australian Cape Flattery Silica Mines (100% owned by MC), mainly in Southeast Asia.

#### (2) Outlook

- ✓ In light of growing silica sand demand in the Asia/Pacific region, we are considering securing new supply sources as we aim to expand sales volume.

#### (3) Sustainability

- ✓ At the Cape Flattery Silica Mines, in addition to restoring green spaces and reusing water resources, we are currently considering introducing wind power facilities.

