

Midterm Corporate Strategy 2021
– Achieving Growth Through Business Management Model –

Mitsubishi Corporation has conceived its latest management plan, entitled “Midterm Corporate Strategy 2021: Achieving Growth Through Business Management Model.” It will take effect from fiscal year 2019.

The new strategy will lay the groundwork for MC’s sustainable growth over the next three years, recognizing how worldwide economic and geopolitical trends are putting pressure on enterprises to evolve their business models. Such trends include the US administration’s America-First agenda, China’s One-Belt, One-Road policy and the so-called “Fourth Industrial Revolution,” the hallmarks of which are advancing digital technologies and the evolution of platform businesses.

1. Business Portfolio

Under Midterm Corporate Strategy 2021, MC will be implementing a framework of portfolio-based decision making to give it a more holistic view of industry and help it to determine which fields it needs to be more proactive in and where it needs to replace its assets based on changes in its operating environment.

To optimize its portfolio, MC will analyze its businesses from a number of unique vantage points. In addition to considering quantitative information such as the scale of a business and the amount of capital deployed, MC will be examining the business in terms of region, industry presence and MC’s level of management engagement.

2. Growth Mechanisms

MC’s objective is to identify Potential Growth Sources, nurture them into Growth Drivers, and then add more value to them until they evolve into the company’s next generation of Core Businesses, and fundamentally review those that have reached stages where it will be impossible for MC to add further value. Those reviews will include the appropriate reallocation of capital.

Naturally MC intends to continue this cycle, but in the future it will be more conscious about maintaining its ideal portfolio’s shape and balance as it does so.

Some of the more specific measures that MC will be taking are described below.

MC will be setting up a Business Creation Office in its Corporate Strategy & Planning Department, and appointing General Managers for Business Creation to all of its Business Groups, which will allow the company to be even more proactive in identifying Potential Growth Sources and building Growth Drivers.

MC will also be appointing a Chief Digital Officer (CDO) and setting up a Digital Strategy Department under that officer's charge. To address the rapid digitization of industries, the company will be assigning General Managers for Digital Strategy to each of its Business Groups.

3. HR System Reforms

MC will be reforming its HR system to: (1) Ensure that employees gain the right experience to become management professionals earlier in their careers; (2) Be more meritocratic to ensure that the right people are assigned to the right positions; and (3) Utilize management talent more widely and effectively throughout the MC Group.

MC's main objectives in HR are to continuously produce highly skilled management professionals who are capable of exceling in different fields, and to foster reciprocal growth between the company and its employees. To achieve those objectives, MC will endeavor to swiftly identify the ideal candidate for each position, create a stronger meritocracy, implement share-based compensation and introduce a multilayered evaluation framework.

4. Financial Targets & Capital Policy

By continuously growing its Business-Related Segments and becoming more competitive in Market-Related Segments, MC will aim for 900 billion yen in consolidated net income and an even higher double-digit ROE in fiscal year 2021.

MC will also continue to flexibly increase its dividend in line with its earnings growth (i.e. extend its current progressive dividend scheme), and aim to increase its dividend payout ratio from 30% to 35% in the future.

Mitsubishi Corporation

Midterm Corporate Strategy 2021

Achieving Growth Through Business Management Model

November 2, 2018

Mitsubishi Corporation

Takehiko Kakiuchi

Outline of Midterm Corporate Strategy 2021

Our new Midterm Corporate Strategy aims to realize triple-value growth* through MC's business-management model. It will make MC more adaptable to changing geopolitical dynamics, the transition to a digital age and other rapid developments. The strategy's four sections are outlined below.

* Simultaneously generating economic value, societal value, and environmental value

1	Business Portfolio	<ul style="list-style-type: none"> • Portfolio-Based Decision Making • Strategy Creation Through Multi-Dimensional Portfolio Analyses
2	Growth Mechanisms	<ul style="list-style-type: none"> • Value-Added Cyclical Growth Model & Improved ROE • Enhancement of New Business Concepts & Digital Strategies
3	HR System Reforms	<ul style="list-style-type: none"> • Continuous Development of Highly Skilled Management Professionals • Redesigned Evaluation and Compensation Systems to Ensure Reciprocal Growth Between Company and Employees
4	Financial Targets & Capital Policy	<ul style="list-style-type: none"> • FY2021 Financial Targets: 900 Billion Yen • Financial Discipline and Extension of Progressive Dividend Scheme

External Environment

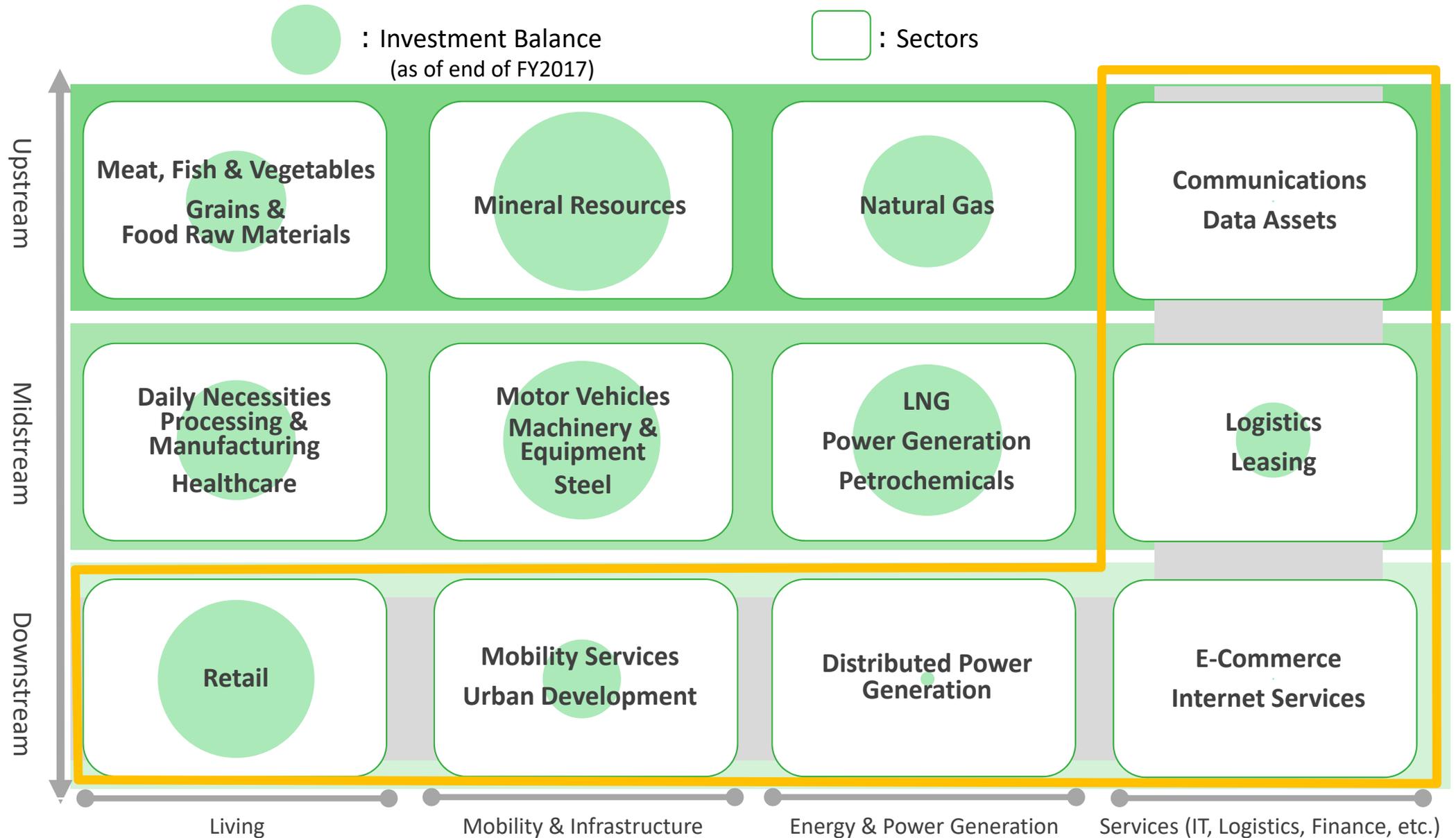
- Changing geopolitical dynamics due to "America-First" agenda in US, China's "One-Belt, One-Road" policy, and other factors.
- Strong US & China economies, solid Japan-West relations and growth in emerging economies countered by constant market volatility.
- Growing influence of platform companies and digitization on business models.

Internal Challenges

- Building our envisioned portfolio – one that is adaptable to changes in our operating environment.
- Stimulating triple-value growth* by actively engaging in the management of MC's business investments.
- Developing highly skilled management professionals.

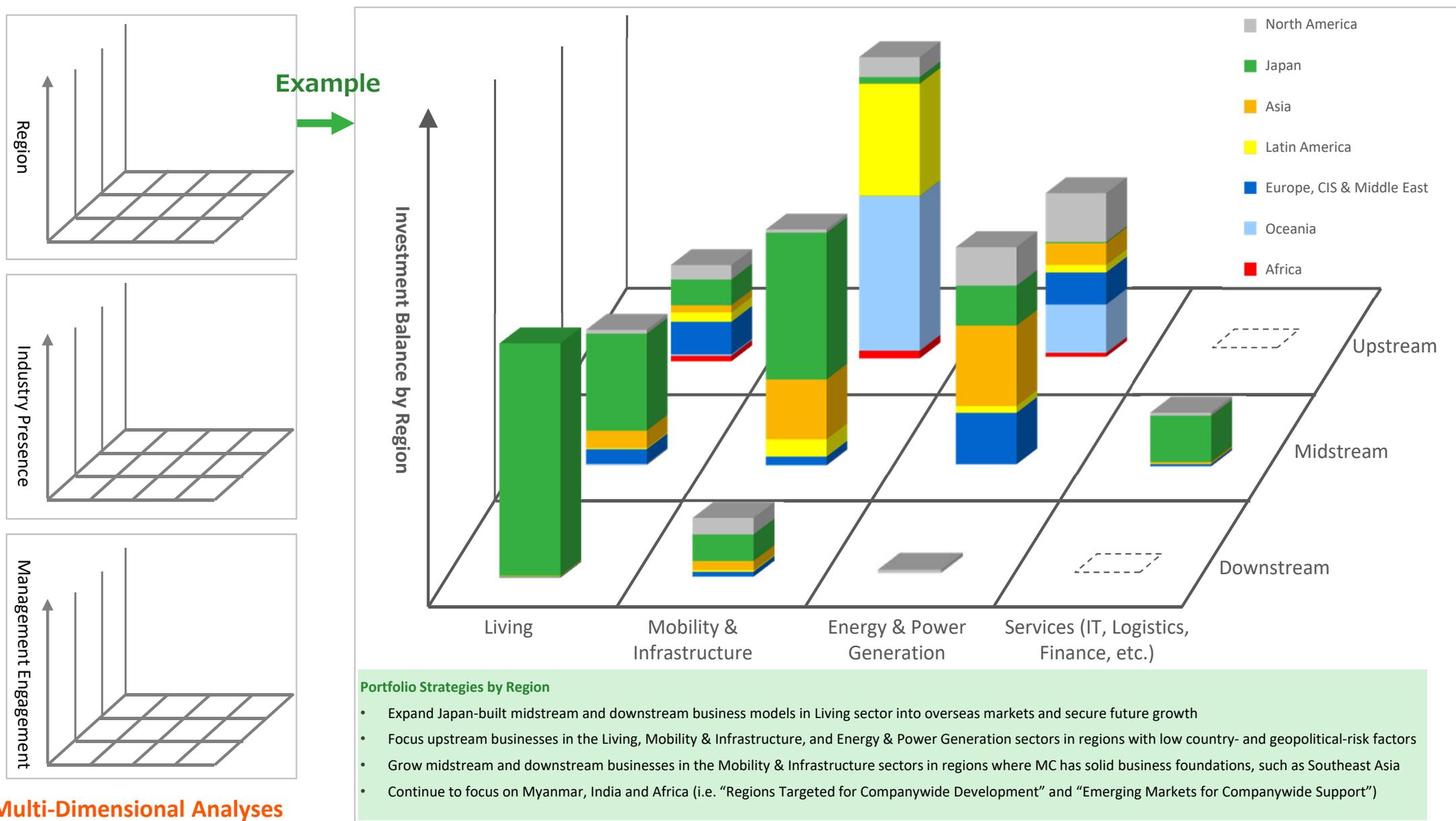
Portfolio Strategies Aimed at Stimulating Further Growth

By strengthening our operations in the Services Sector and downstream businesses, we will endeavor to stimulate more growth in what is currently a very stable business portfolio.



Strategy Conception Through Multi-Dimensional Portfolio Analyses

We will optimize MC's portfolio by analyzing the company's businesses from a number of different vantage points, including region, industry presence and management engagement.

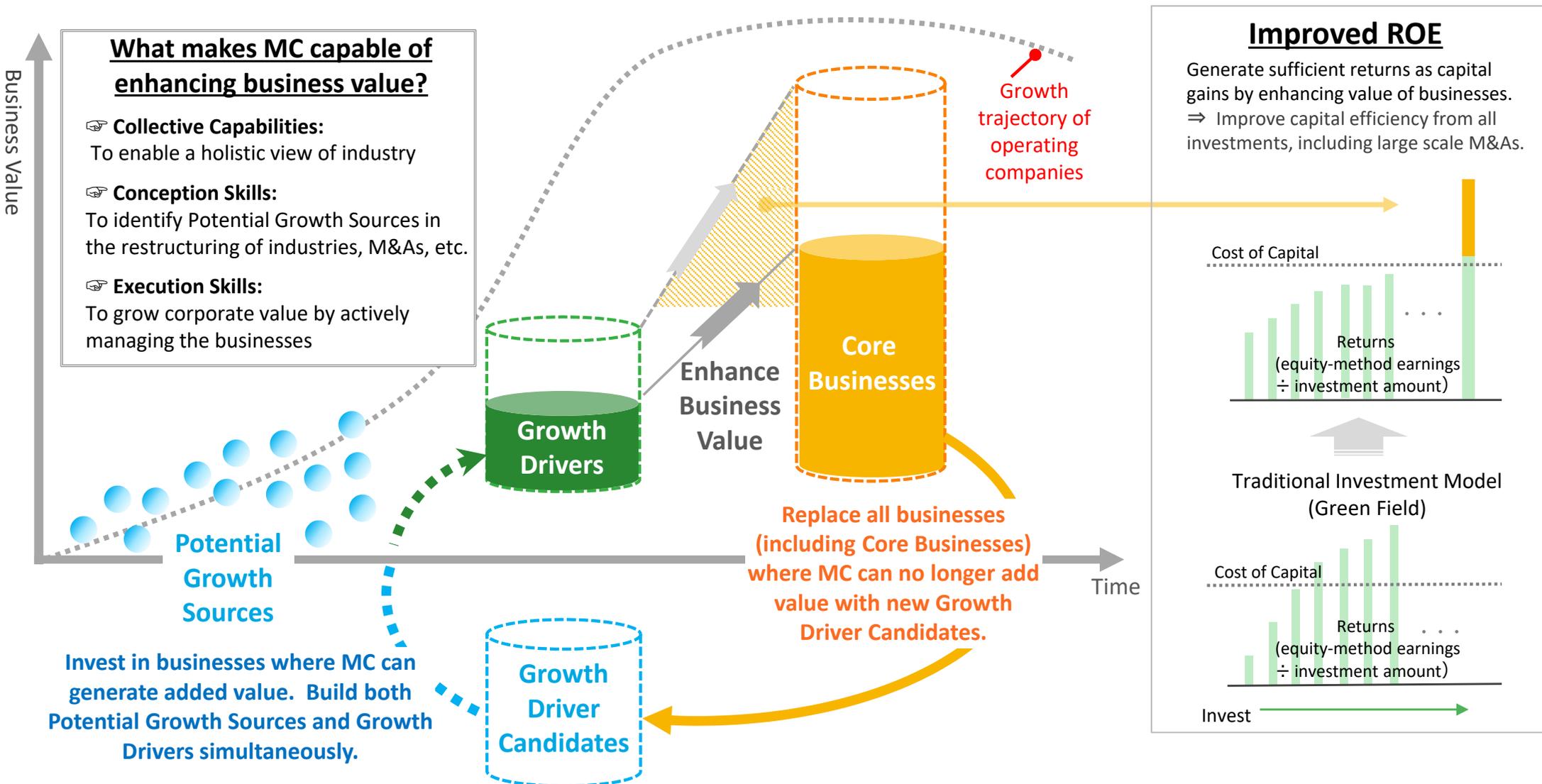


Value-Added Cyclical Growth Model & Improved ROE

We will identify Potential Growth Sources and nurture them into Growth Drivers and Core Businesses by enhancing their value. In this new cyclical growth model, even Core Businesses will be replaced with new Growth Driver Candidates if MC can no longer add value to them. This will have the added benefit of improving MC's ROE.

Potential Growth Sources → Growth Drivers → Core Businesses

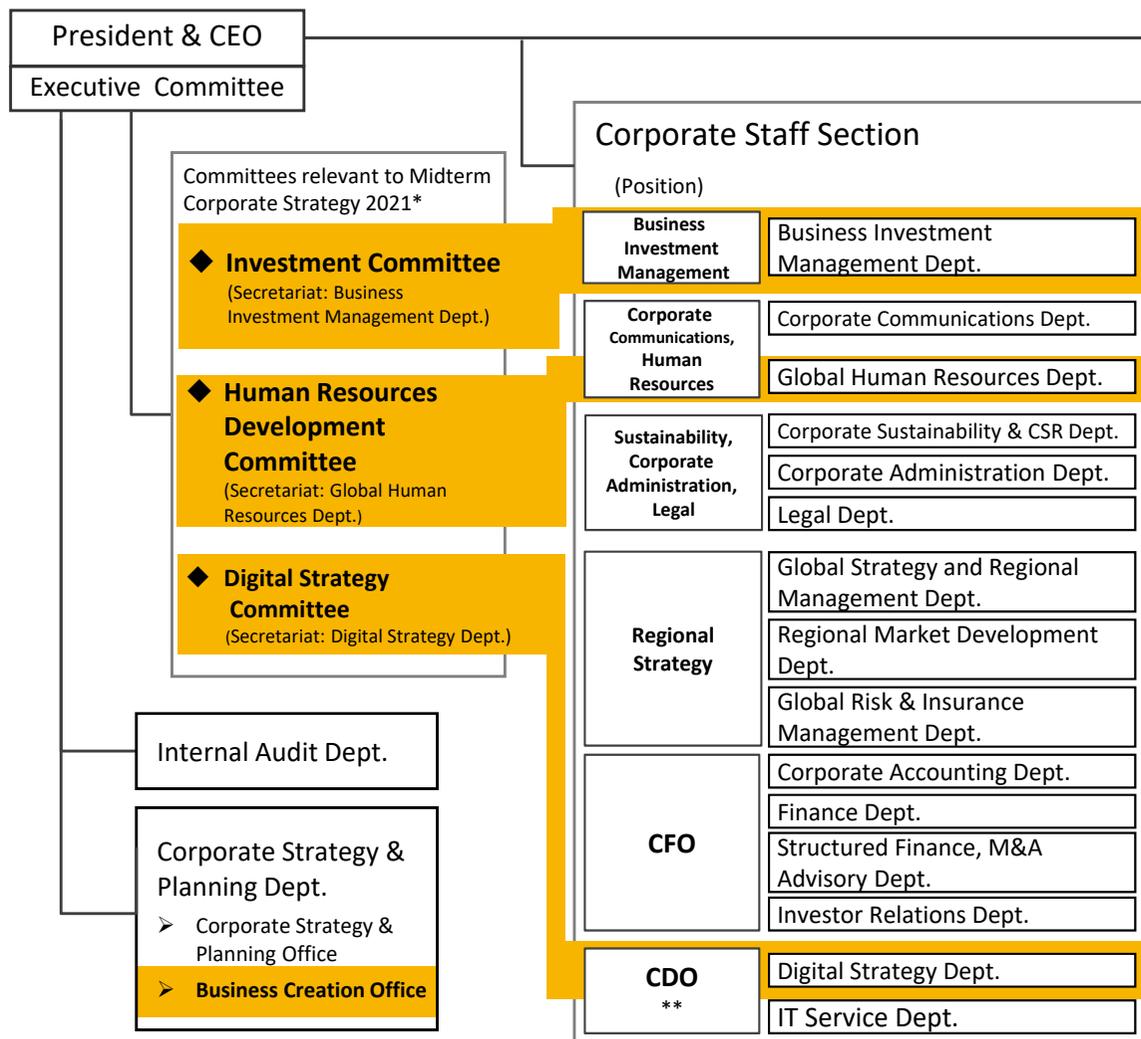
Our new growth model will enhance business value through this divestment-to-reinvestment cycle



Reorganizations

To enhance our business creation capabilities and realize our envisioned portfolio, we will be restructuring MC into 10-Business Groups as of April 2019.

The Corporate Staff Section will be rearranged to focus on the main themes of Midterm Corporate Strategy 2021, namely our business portfolio, HR development and digital strategies.



Business Groups ***	Divisions
Natural Gas	<ul style="list-style-type: none"> Natural Gas (Asia Pacific) Natural Gas (Americas, Europe and ME)
Industrial Materials	<ul style="list-style-type: none"> Carbon Steel Business Performance Materials
Petroleum & Chemicals	<ul style="list-style-type: none"> Petroleum Petrochemicals Basic Chemicals
Mineral Resources	<ul style="list-style-type: none"> Mineral Resources Investment Mineral Resources Trading
Industrial Infrastructure	<ul style="list-style-type: none"> Plant Engineering Industrial Machinery Ship & Aerospace
Automotive & Mobility	<ul style="list-style-type: none"> Automotive Business Isuzu Business
Food Industry	<ul style="list-style-type: none"> Food Sciences Food Resources Fresh Food Products Consumer Products
Consumer Industry	<ul style="list-style-type: none"> Retail Apparel & S. P. A. Healthcare & Distribution Logistics Business
Power Solution	<ul style="list-style-type: none"> Environmental Business New Energy & Power Generation
Urban Development	<ul style="list-style-type: none"> Urban Infrastructure Urban Development Asset Finance

*) Other Committees reporting to Executive Committee: Business Strategy Committee, Management Strategy Meeting, Sustainability & CSR Committee, Compliance Committee, Disclosure Committee
 **) Chief Digital Officer

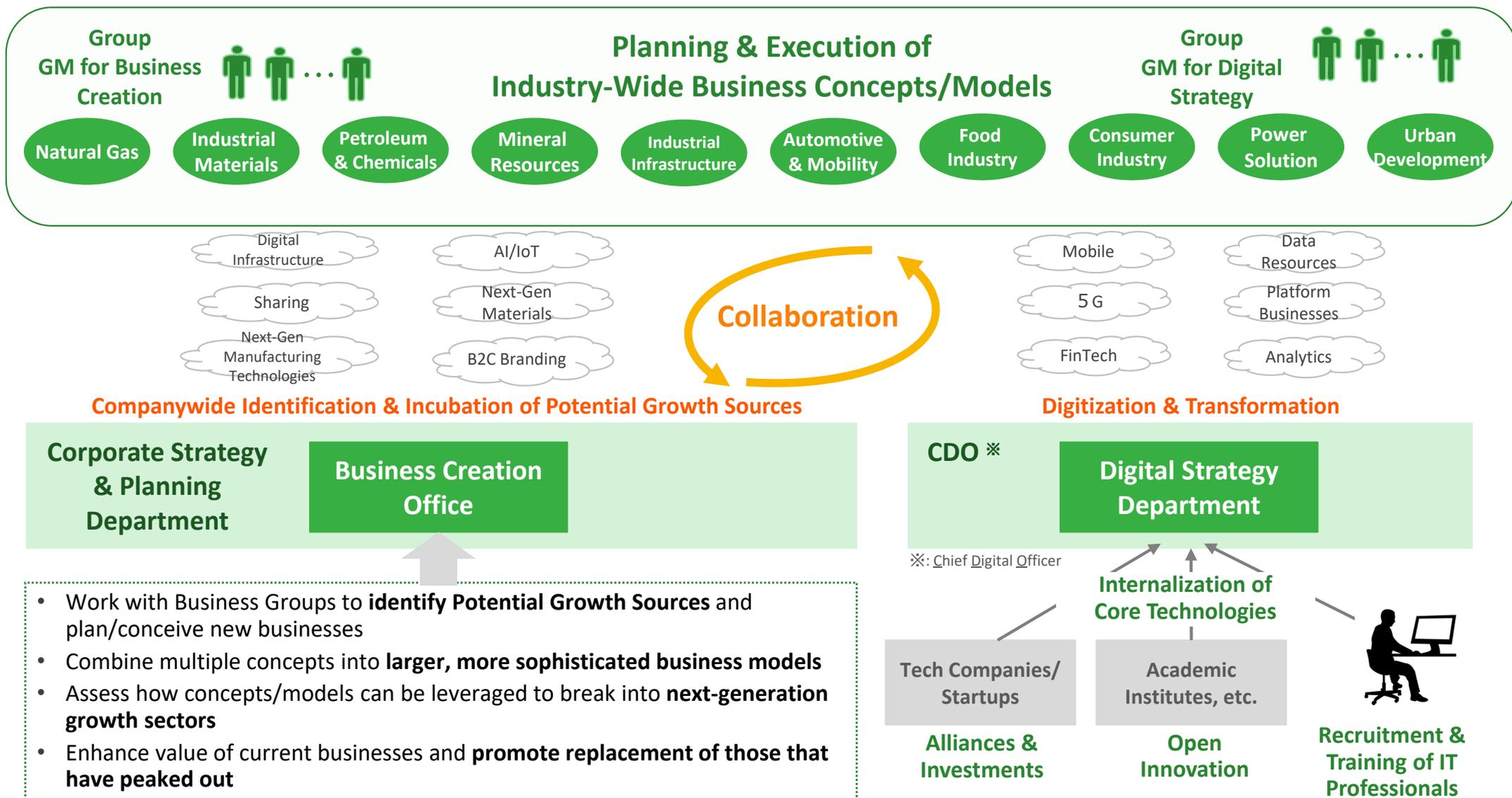
***) The number of Business Group Administration Departments is to be increased from seven to eight.

Missions of the New Business Groups

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 providing solutions for industries, 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.

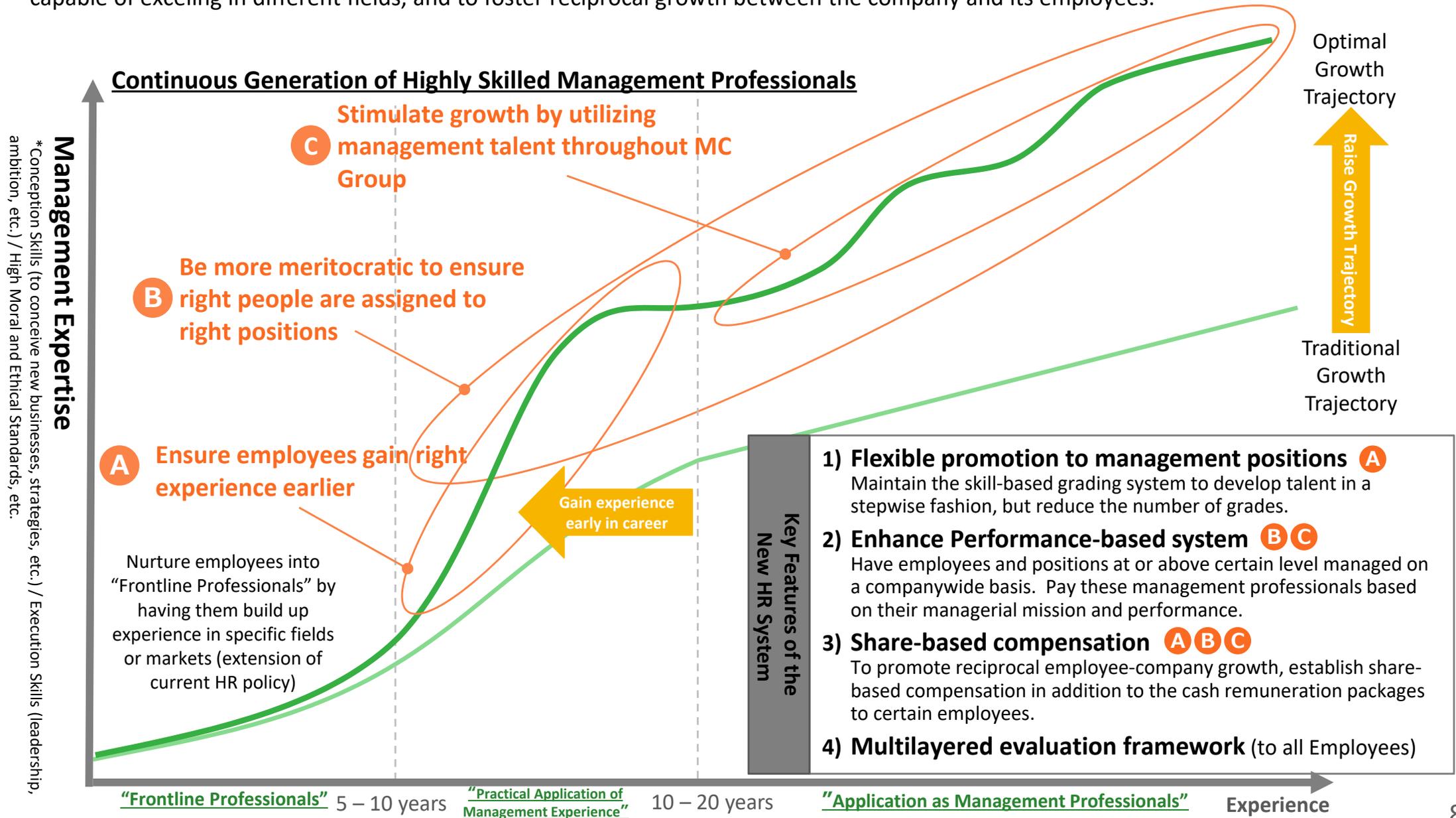
Enhancement of New Business Concepts & Digital Strategies

The Group Business Creation GM and Digital Strategy GM will work with the Business Creation Office and Digital Strategy Department to develop new business models.



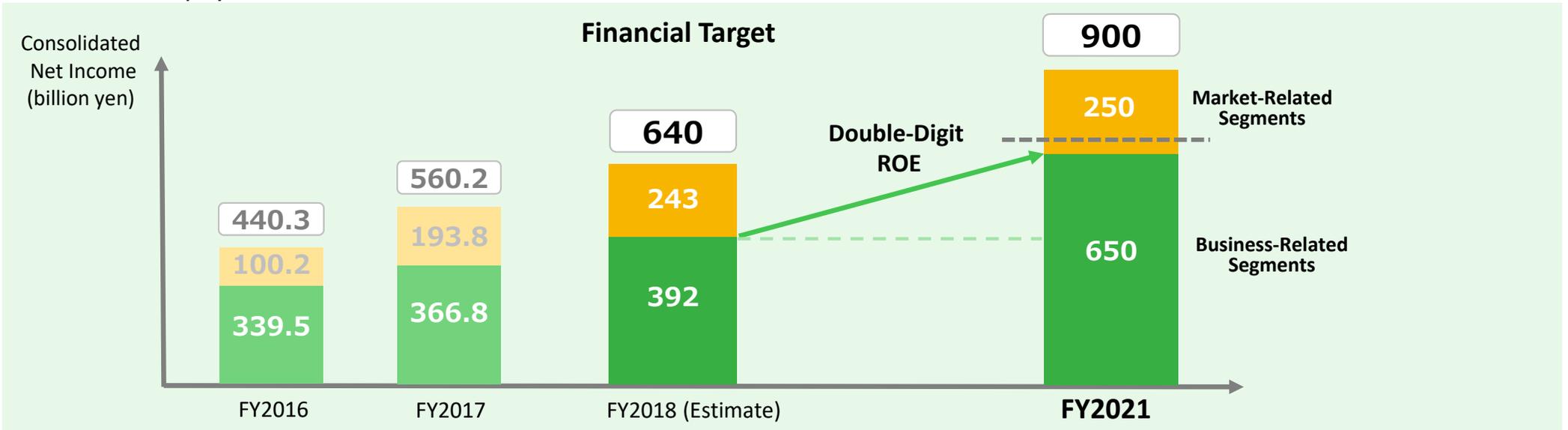
HR System Reforms

We will be revising MC’s HR system to: (1) Ensure that employees gain the right experience to become management professionals earlier in their careers; (2) Be more meritocratic to ensure that the right people are assigned to the right positions; and (3) Utilize management talent more widely and effectively throughout the MC Group. Our aims are to continuously produce highly skilled management professionals capable of exceling in different fields, and to foster reciprocal growth between the company and its employees.



Financial Targets & Capital Policy

By continuously growing MC's Business-Related Segments and making it more competitive in Market-Related Segments, we will aim for an even higher double-digit ROE. We will extend the current progressive dividend scheme, and aim to increase MC's dividend payout ratio from 30% to 35% in the future.



Capital Policy

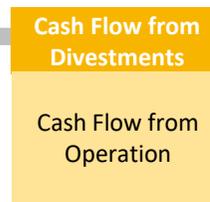
Investment Plan

- Invest as necessary regardless of Business Group performance ⇒ Clean break from "market-follower" investment practice
- Maintain optimal asset balance in Business Related and Market-Related Segments (at least 70% in Business-Related Segment)

Cash Out



Cash In



Financial Discipline

Divestment Plan

- Divest to generate cash flow for new investments
- Assign divestment target to each Business Group

Dividend Policy



Dividend for net income of 900 billion yen with dividend payout ratio of 35% will be around 200 yen/ share

We will increase MC's shareholder returns by flexibly buying back the company's shares in a financially disciplined manner (e.g. paying due consideration to our optimal Investment Leverage Ratio range).

(Forward-Looking Statements)

- This release contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices.
- Accordingly, Mitsubishi Corporation wishes to caution readers that actual results may differ materially from those projected in this release and that Mitsubishi Corporation bears no responsibility for any negative impact caused by the use of this release.

(Notes Regarding these Presentation Materials)

- Consolidated net income in this presentation shows the amount of net income attributable to owners of the Parent, excluding noncontrolling interests. Equity shows the amount of equity attributable to owners of the Parent, excluding noncontrolling interests, which is a component of total equity.