

MITSUI & CO LTD
Form 6-K
May 11, 2006

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Medium-term Management Outlook

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of May 10, 2006

Commission File Number 09929

Mitsui & Co., Ltd.

(Translation of registrant's name into English)

2-1, Ohtemachi 1-chome Chiyoda-ku, Tokyo 100-0004 Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated,

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domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _____ No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 10, 2006

MITSUI & CO., LTD.

By: /s/ Kazuya Imai
Name: Kazuya Imai
Title: Executive Director

Senior Executive Managing Officer

Chief Financial Officer

May 10, 2006

To Whom It May Concern:

Mitsui & Co., Ltd.

Mitsui & Co., Ltd. Medium-term Management Outlook

Mitsui & Co., Ltd (Mitsui) has released Overview of Medium-term Strategic & Financial Plan Global Growth 2006 and Medium-term Management Outlook - Mitsui s business and financial vision 3-5 years ahead.

For further information, please contact

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Overview of Medium-term Strategic & Financial Plan
Overview of Medium-term Strategic & Financial Plan
Global Growth 2006
Global Growth 2006
&
&
Medium-term Management Outlook
Medium-term Management Outlook
Mitsui's business and financial vision 3-5 years ahead
Mitsui's business and financial vision 3-5 years ahead

Mitsui & Co., Ltd.

Mitsui & Co., Ltd.

May 10, 2006

May 10, 2006

A Cautionary Note on Forward-Looking Statements:

This material contains statements (including figures) regarding Mitsui & Co., Ltd. (Mitsui) s corporate strategies, objectives, and other information that are forward-

looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the risks that may be faced but should not be

relied on solely in making investment and other decisions. You should be aware that a number of important risk factors could materially affect Mitsui's results of operations, financial condition, or business prospects, which could differ materially from those

presented in such forward-looking statements. These include, but are not limited to, (i) change in economic conditions that may affect Mitsui's operations, (ii) developments in markets for

products handled by Mitsui, (iii) fluctuations in currency exchange rates that may cause unexpected deterioration in the value of Mitsui's transactions, (iv) adverse political developments

that may create unavoidable delays or postponement of transactions and projects, (v) changes in laws, regulations, or policies that may affect Mitsui's operations, and (vi) Mitsui conducts its

operations that may affect Mitsui's ability to fulfill its commitments, and (vii) significant changes in the competitive environment. Mitsui's operations, Mitsui adopts

measures to control these and other types of risks, but this does not constitute a guarantee that such measures will be effective.

1
Copyright(C) Mitsui & Co., Ltd. 2006
68.4
121.1
202.4
100
7.5%
11.6%
14.5%

9.0%

04/3

05/3

06/3

Mid-term Plan

Net income

ROE

Review of Mid-term Plan 2006

Review of Mid-term Plan 2006

Nearly all segments expanded earning base supported by global economic growth

Current assets grew as transactions increased; Investment in mineral resources, energy and infrastructure projects led to an increase in total assets

Shareholders

equity increased, ROE improved and Net DER declined

Forex

rate (¥/US\$)

Oil price (US\$/bbl)

110

50

105

27

113

29

108

36

Iron ore price (US\$/DLT)

(representative price of fine ore)

19

23

39

23

(announced in May 2004)

2

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100.1

200.1

146.4

-134.2

-224.0

-347.3

-34.1

-23.9

-200.9

Operating C/F

Investment C/F

Free C/F

Overview of Mid-term Plan

Overview of Mid-term Plan

3.17
 3.54
 4.42
 2.93
 1.12
 3.82
 3.57
 4.75
 3.32
 1.68
 2.77
 3.36
 3.93
 2.38
 0.96

Current
 assets

Investments

Other
 assets

Other

Liabilities

Shareholders

equity

*(2.65)

*(2.72)

*(2.83)

04/3

04/3

06/3

06/3

05/3

05/3

Total assets ¥6.7

trn

Equity ¥0.96 trn

Net DER 2.8 X

(*) Figures in brackets in interest-bearing debt are net interest-bearing debt ,
 which is interest-bearing debt minus cash and cash equivalents and time deposits.

04/3

05/3

06/3

Balance Sheet

(¥

trillion)

Cash Flow

(¥

billion)

Total assets ¥7.6 trn

Equity ¥1.12 trn

Net DER 2.4 X
Total assets ¥8.6 trn
Equity ¥1.68 trn
Net DER 1.7 X
Interest-
bearing debt

3
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-32.5
-45.9
-24.2
11.3
29.0
41.2
13.4
17.5
20.9

30.6
11.6
19.4
42.8
40.9
18.7
35.4
54.7
11.4
12.1
4.8
11.8
32.0
11.8
11.0
5.5
24.4
-6.9
-3.2
10.6
10.6
04/3
05/3
06/3

Net Income by Operating Segment: Year Ended March 2006

Net Income by Operating Segment: Year Ended March 2006

(¥ billion)

06/3: Main Factors of Year-on-Year Changes

68.4
121.1
202.4

Iron & Steel Products

Strong markets for steel tubular products and steel sheets/plates
for automobiles and shipbuilding

Iron & Steel Raw Materials and Non-Ferrous Metals

Iron ore and coal prices up, impairment losses at Mitalco

Machinery & Infrastructure Projects

Strong performance in auto-related and power generation businesses

Chemical

Strong
ammonia
market,

lower

DPF

related

charges

(

36bn

9bn)

Energy

Rise in crude oil price, increase in interest expense on Sakhalin II,
Arcadia sold, decrease in profit from domestic subsidiaries,
increase in tax expenses on dividends from subsidiaries
Foods & Retail
Impairment
losses
at
MITSUI
FOODS,
Gain
from
7&i
shares
exchange
Lifestyle, Consumer Service, Information,
Electronics and Telecommunication
Strong
performance
of
NextCom
and
Telepark,
dividend
from
overseas
cell phone business
Logistics & Financial markets
Increase in equity in earnings of Mitsui Leasing
Overseas
Strong performance of Australian iron ore subsidiaries
All Others / Adjustments and Eliminations
Decline in valuation allowance for deferred tax assets; Increased gains
on sale of corporate real estate

4

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16.5

9.1

40.1

65.9

94.2

130.8

206.9

265.8

17.5

04/3

05/3

06/3

Operating Income (=Gross Profit - SG&A Expenses)

Equity in Earnings of Associated Companies (Net)

Financial Profit (=Interest Expense, Net of Interest Income +

Dividend Income)

Earning Power: Year Ended March 2006

Earning Power: Year Ended March 2006

(¥ billion)

188.4

369.1

289.3

Gross profit and equity in earnings
of associated companies up in
nearly all segments

Interest expenses increased due to
Sakhalin II and other investments
etc, and higher US\$ interest rates

Earning Power has nearly doubled between 04/3 and 06/3

Note:

Earning Power = Operating Income + Financial Profit + Equity in Earnings of Associated Companies (Net)

Figures from 04/3 to 05/3 have not been reclassified in line with SFAS144.

Net
financial
Revenues
of
certain
subsidiaries
engaged
mainly
in
consumer
financing
are
presented
as
gross
profit
from
05/3,
and are presented as interest income-net for 04/3.

5
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Overview of Mid-term Plan: Key Points
Overview of Mid-term Plan: Key Points

Continuous Review of our Business Portfolio

Active investment focused on Core areas and other Key areas

Significant improvement in net income of subsidiaries and associated companies, but total of net

losses of unprofitable companies exceeded the target

Evolution
of
our
Business
Models
Leveraging
Business
Engineering
Capabilities

Acquired BS digital broadcast license, planning mobile phone-based internet service with TBS

Expanding comprehensive business alliance with 7&i Holdings

Expanding
outsourcing
businesses
such
as
Quintiles
Transnational
Japan
K.K.,
and
Moshi-
Moshi
Hotline

Implementation of Global Strategy

Implementation of Asian Regional Managing Directorship, established product/service-based Business Division System in Europe, established three trading companies for wholesale trade in China

Reinforcement of Management Framework to Support Further Growth

Compliance with SOX 404, Reorganization of corporate staff divisions

Ensuring a thorough compliance awareness, based on the lessons learnt from the DPF incident

6

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Completed investment of ¥680 billion over 2 years
(vs. plan ¥500 billion)

Investment Plans

Investment Plans

(¥
billion)

Reinforcing mineral resources & energy businesses

Developing new businesses in growing markets

Expanding the stable earnings base

Note: The ¥70 billion difference between the total investment over two years and the

investments in projects noted above is accounted for by investments in other areas.

05/3

06/3

Total

LNG-Oil

Sakhalin II-Enfield-Equatorial Guinea, etc.

150

120

270

Iron Ore, Coal, Nickel, etc.

20

40

60

Infrastructure -

IPPs/Water supply etc.

70

90

160

IYG-TBS-Quintiles,

etc.

20

100

120

TOTAL

260

420

680

7

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Operating Results of Subsidiaries and Associated Companies

Operating Results of Subsidiaries and Associated Companies

(¥ billion)

94.3

94.0

115.7

261.3

184.9

-47.3

-71.1

-53.4

-34.5
-62.2
150.4
199.1
47.0
22.9
62.3
02/3
03/3
04/3
05/3
06/3

Loss from loss-making businesses

Income from profitable businesses

Net

c

06/3

Combined total net income increased by approx. ¥50 billion to ¥199.1 billion

Total losses from loss making businesses increased by ¥27.7 billion to ¥62.2 billion

Mitalco

-

¥14.5 billion

Impairment losses on plant facilities reflecting sharp rise in electric power prices

MITSUI FOODS -

¥10.9

billion

Impairment losses on land & facilities as a result of reorganization of distribution bases

Increase in interest expenses on Sakhalin II, up ¥6.7 billion (before tax)

8

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Reached agreements on responsive measures with all DPF users

Redeemed 98%
of DPFs
(as of May 8, 2006)

Completed compensation of all subsidies

Thorough training for employees; Compliance Week introduced

Implementation of measures to prevent occurrence of similar incidents enhanced
whistle-blowing mechanism, revised disciplinary systems and applications

DPF

DPF

Incident

Incident

Measures for DPF users; subsidies compensation

Compliance: Awareness and System

Before tax

After tax

05/3

¥36.0 billion

¥22.0 billion

06/3

¥9.0 billion

¥5.0 billion

Financial Impact

9

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Medium-term Management Outlook

Medium-term Management Outlook

Mitsui's

Mitsui's

business

business

and

and

financial

financial

vision

vision

3-5

3-5

years

years

ahead

ahead

Manage Our Business Portfolio to Create Value

Build a strategic business portfolio in order to create value
that meets the needs of customers and society

10

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3

5

years ahead

06/3 07/3

Corporate Vision 3-5 Years Ahead

Corporate Vision 3-5 Years Ahead

Quantitative Summary

Quantitative Summary

300-400

202.4

240

Net Income

ROE

Net

DER

Total Assets

Shareholders

Equity

14.5%

1.69

X

¥8.6

trillion

¥1.7 trillion

Approx. 1.5

X

12-15%

¥10-11

trillion

Free Cash Flow turns positive in 09/3

Net Interest-bearing

Debt

¥2.8 trillion

13.5%

1.58 X

¥9.3 trillion

¥1.9 trillion

¥3.0 trillion

(¥

billion)

11
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-31.6
-31.0
112.4
144.0
76.0
76.0
31.5

38.0

13.0

14.1

Contributions by Business Area

Contributions by Business Area

3-5

years ahead

06/3 07/3

Categorize four functional business areas,
and develop strategies for each focused on their specific features

Net Income

(¥ billion)

300~400

202.4

240

07/3 & 08/3 investment plans