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Mitsui Chemicals, Inc.

Mitsui Chemicals to Close Phenol Plant at Ichihara Works

Advancing a restructuring initiative for the formation of a green chemicals business

Mitsui Chemicals, Inc. (Tokyo: 4183; President & CEO: HASHIMOTO Osamu) today announced that it has decided to close the phenol plant at its Ichihara Works by no later than fiscal 2026.

The Mitsui Chemicals Group's Basic & Green Materials Business Sector, which includes phenol business, is aiming to redefine itself as a sustainable green chemicals business centered around competitive derivatives. As the Group works toward an optimized production setup at our crackers line with demand, it will need to ensure that its derivatives are competitive – a need which prompted the Group to begin restructuring its Basic & Green Materials Business Sector shortly after the 2008 global financial crisis. The Group is now further accelerating its efforts toward this end as part of a second phase of restructuring, which will include the newly announced plant closure.

Mitsui Chemicals currently produces phenol at three locations: Ichihara in Chiba, Takaishi in Osaka and Shanghai in China. Following the launch of phenol production at the Ichihara Works in 1970, Mitsui Chemicals' phenol business continued to grow, driven by rising demand for key derivatives bisphenol A and phenolic resin. Since 2022, however, a range of factors have made the business environment more difficult – including falling domestic demand, as well as a drastic oversupply on account of new production facilities launched in China and other parts of Asia. Mitsui Chemicals has responded with a range of rationalization efforts in order to sustain the business, but has now decided that it is no longer feasible to secure the profitability needed to maintain phenol production at its Ichihara Works.

As a result, an impairment loss on fixed assets of this business was recorded as other operating expenses.

*This impairment loss has been incorporated in the financial forecast for FY2023 (April 1, 2023 to March 31, 2024) announced on February 7, 2024.

While the phenol plant at the Ichihara Works will cease operations, Mitsui Chemicals intends to maintain a steady supply of products to its customers by building a phenol chain with high capital efficiency and stable profitability.

Overview of the phenol plant to be closed

Products	Phenol, acetone, α -methylstyrene
Production facilities	Within Ichihara Works (Ichihara, Chiba)
Production capacity	190,000 tons/year
Plant closure schedule	By fiscal 2026

The table below shows how the newly announced plant closure will fit into Mitsui Chemicals' ongoing initiative to improve capital efficiency in the Basic & Green Materials Business Sector.

◆ Progress of initiative to improve capital efficiency in the Basic & Green Materials Business Sector
(from CEO Presentation on November 28, 2023)

	FY13-17	FY18-22	FY23-25	Ideal state
	Securing stable earnings via restructuring	Reducing volatility	Improving capital efficiency (8% ROIC by FY30)	
PH	AC-based IPA production starts	Honshu Chemical Industry takeover bid	2023: AC-based IPA capacity boost Mulling efforts to bolster production of HQ	Highly capital-efficient PH chain
	Chiba BPA/PH plant closed	MPS share transfer	Ichihara PH plant will close by no later than fiscal 2026	
PTA & PET	Indonesia PTA business share transfer	Thailand PTA & PET business partial share transfer	2023: Iwakuni-Ohtake PTA plant closed 2024: Iwakuni-Ohtake PET plant to close	Securing profit through optimal business structure
	Bio-PPG joint venture established		2023: PPG LLP founded 2024: High-performance MDI plant to start up	
Polyurethane	Kashima TDI plant closed Omuta MDI plant closed	MCNS dissolved	2025: Omuta TDI plant to be downsized	High-profitability polyurethane business centered on high-performance MDI
	High-performance PE plant established in Singapore PP catalyst plant starts up		2024: High-performance PP plant to start up	
PP & PE	2 PE lines at Chiba closed 1 PP line at Chiba closed		2023: 1 PP line at Chiba closed Mulling optimization via multi-company collaborations	Highly capital-efficient high-performance polyolefins business
	Chiba LLP founded Withdrawal from Keiyo Ethylene		2027: Mulling close of Anegasaki plant Further Mulling reorganization & capacity optimization in line with demand	
Crackers				Competitive crackers

Gray boxes = restructuring

White boxes = bolstering downstream businesses

In pursuing portfolio reform as part of its VISION 2030 Long-Term Business Plan, Mitsui Chemicals aims to become a truly global specialty company by leaning on the two key pillars of a high-growth, high-profitability global specialty chemicals business and a sustainable green chemicals business centered on competitive derivatives.

Mitsui Chemicals' Basic & Green Materials Business Sector supplies materials to a wide range of industries that together act as the backbone of society. And going forward, this business sector will pursue a green chemical transition by replacing petrochemical raw materials with alternatives such as bio-based hydrocarbons and chemical recycling. These efforts will drive a green shift in important industries where Japan is globally competitive, including semiconductors, automobiles and pharmaceuticals, helping in turn to build a sustainable society.