

# Financial Summary

Results of the First Half of FY2016 & Outlook for FY2016

**Mitsui Chemicals, Inc.**

November 1, 2016

<Remarks>

FY2016 indicates the period from April 1, 2016 to March 31, 2017.

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Please note that this document has been translated from the original Japanese into English for the convenience of our stakeholders. The information was originally provided in Japanese. If there is any discrepancy, the Japanese language version is the official document and is available on our Japanese language website.

# 1. Results of the First Half of FY2016

(April 1, 2016 – September 30, 2016)

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# 1) Review on 2<sup>nd</sup> Quarter of FY2016 (Business Overview and Topics)

## <Business Overview>

- **Mobility:** Overseas, healthy demand for elastomers, functional compounds and polypropylene compounds continued for automotive applications. Healthy demand continued in functional polymers especially for information and communication technology applications.
- **Healthcare:** Sales were stable in vision care materials. In nonwoven fabrics, consumption of premium paper diapers remained firm, but demand was impacted by the usage of distribution inventories. Sales in dental materials were stable mainly in Europe and North America.
- **Food & Packaging:** Sales for coating & engineering materials and functional films & sheets were stable. Sales in agrochemicals were dropped from the corresponding period in FY2015.
- **Basic Materials:** Healthy domestic demand continued and operating rates remained at high levels for naphtha crackers and other production facilities. Business restructuring and cost cutting also progressed as scheduled in bulk & commodity products.

# 1) Review on 2<sup>nd</sup> Quarter of FY2016 (Business Overview and Topics)

## <Topics>

- Construction starts to expand facilities for polypropylene compounds (July 2016, Total for U.S., Mexico, and India 50,000 tons/annum, commercial operations in FY2017)
- Construction starts to expand facilities for premium high performance nonwovens in Japan (July 2016, 6,000 tons/annum, commercial operations in FY2017)
- Taiwan joint venture for electrolyte solution starts operations (July 2016, 1,500 tons/annum)
- Mitsui Chemicals Agro reached an agreement for the business and capital tie-up with Cuulong in Vietnam (August 2016)
- Startup of Evolve™ Plant in Singapore (August 2016, 300,000 tons/annum)
- NTT Com and Mitsui Chemicals Succeeded Quality Prediction of Chemical Products using AI (September 2016)
- New High Performance Sunglass Lens Material NeoContrast™ (September 2016)

## <Topics for and after 3<sup>rd</sup> Quarter of FY2016 (Planned)>

- Construction starts to expand facilities for Milastomer™ in Japan (4<sup>th</sup> Quarter of FY2016, 5,000 tons/annum, commercial operations in FY2017)
- Commercial operations for breathable film facility in Thailand (4<sup>th</sup> Quarter of FY2016, 4,200 tons/annum)
- Commercial operations for 2 new specialty isocyanates in Japan (FY2016, 2,000 tons/annum)

## 2) Consolidated Financial Highlights

(Billions of Yen)

Items	FY2015 1st Half	FY2016 1st Half	Increase (Decrease)	%
Sales	708.6	568.7	(139.9)	(20%)
Operating income (loss)	41.4	45.4	4.0	10%
Non-operating income (expenses)	(0.2)	(3.5)	(3.3)	—
Ordinary income (loss)	41.2	41.9	0.7	2%
Extraordinary gains/losses	(0.1)	(2.2)	(2.1)	—
Net income (loss) before income taxes and minority interests	41.1	39.7	(1.4)	(4%)
Profit (loss) attributable to owners of parent	28.5	27.8	(0.7)	(2%)
Exchange Rate (Yen/US\$)	122	105	(17)	
Domestic Standard Naphtha Price (Yen/KL)	48,000	31,450	(16,550)	
Interim Dividend (Yen/Share)	4.0	5.0	1.0	—

## 2) Consolidated Financial Highlights

(Billions of Yen)

( ) Denotes a minus

Items	End of FY2015	End of FY2016 1st Half	Increase (Decrease)	%
Interest-bearing liabilities	473.0	455.2	(17.8)	(4%)
Interest-bearing liabilities (net)	393.4	355.3	(38.1)	(10%)
Equity	381.9	384.4	2.5	1%
Net D/E Ratio (Times)	1.03	0.92	(0.11)	—
Equity Ratio (%)	30.3	31.6	1.3	—

(Number of companies)

Items	FY2015	FY2016 1st Half	Increase (Decrease)
Consolidated companies			
Consolidated subsidiaries	95	95	0
Non-consolidated subsidiaries and affiliates to which the equity method is applied	36	37	1
Total	131	132	1

### 3) Sales and Operating Income/Loss by Business Segment (compared with corresponding period of FY2015)

(Billions of Yen)

( ) Denotes a minus

Segment	Sales			Operating Income/Loss			Breakdown			FY2016 1st Half Previous Outlook (on August 2, 2016)	
	FY2015 1st Half	FY2016 1st Half	Incr. (Decr.)	FY2015 1st Half	FY2016 1st Half	Incr. (Decr.)	Volume	Price *	Costs	Sales	Operating Income/Loss
Mobility	164.5	141.7	(22.8)	24.0	21.1	(2.9)	2.7	(5.0)	(0.6)	149.0	21.0
Healthcare	87.4	67.2	(20.2)	5.1	5.4	0.3	0.1	(0.3)	0.5	71.0	6.0
Food & Packaging	96.6	88.3	(8.3)	10.9	11.0	0.1	0.5	0.0	(0.4)	88.0	10.0
Basic Materials	341.3	253.2	(88.1)	4.3	11.8	7.5	(1.6)	5.3	3.8	257.0	11.0
Others	18.8	18.3	(0.5)	(2.9)	(3.9)	(1.0)	-	-	(1.0)	18.0	△ 4.0
Total	708.6	568.7	(139.9)	41.4	45.4	4.0	1.7	0.0	2.3	583.0	44.0

\* Price : Terms of trade, including both sales price and purchase price.



## 4) Non-Operating Income and Expenses, and Extraordinary Gains and Losses

(Billions of Yen)      **Non-Operating Income and Expenses**      ( ) Denotes a minus

Items	FY2015 1st Half	FY2016 1st Half	Incr. (Decr.)
Equity in earnings of non-consolidated subsidiaries and affiliates	3.7	1.0	(2.7)
Interest expenses, interest and dividend income	(2.5)	(1.1)	1.4
Gain (loss) on foreign exchange	(0.4)	(3.3)	(2.9)
Others	(1.0)	(0.1)	0.9
<b>Non-Operating Income and Expenses Total</b>	<b>(0.2)</b>	<b>(3.5)</b>	<b>(3.3)</b>

(Billions of Yen)      **Extraordinary Gains and Losses**      ( ) Denotes a minus

Items	FY2015 1st Half	FY2016 1st Half	Incr. (Decr.)
Gains on sales of fixed assets	1.2	0.5	(0.7)
Gains on transfer of business	3.7	—	(3.7)
<b>Extraordinary gains (a)</b>	<b>4.9</b>	<b>0.5</b>	<b>(4.4)</b>
Loss on sales and disposal of fixed assets	(2.1)	(2.4)	(0.3)
Impairment loss	(2.7)	(0.3)	2.4
Loss on restructuring of subsidiaries and affiliates	(0.2)	—	0.2
<b>Extraordinary losses (b)</b>	<b>(5.0)</b>	<b>(2.7)</b>	<b>2.3</b>
<b>Extraordinary gains and losses Total (a)+(b)</b>	<b>(0.1)</b>	<b>(2.2)</b>	<b>(2.1)</b>

# 5) Consolidated Balance Sheet

(Billions of Yen)

( ) Denotes a minus

Items	End of Mar. 2016	End of Sep. 2016	Incr. (Decr.)	Items	End of Mar. 2016	End of Sep. 2016	Incr. (Decr.)
Current Assets	628.2	604.6	(23.6)	Liabilities	815.7	773.2	(42.5)
Cash and deposits	79.6	99.9	20.3	Notes and accounts payables	118.3	109.2	(9.1)
Notes and accounts receivables	245.3	212.1	(33.2)	Interest-bearing liabilities	473.0	455.2	(17.8)
Inventories	240.7	233.2	(7.5)	Other liabilities	224.4	208.8	(15.6)
Other current assets	62.6	59.4	(3.2)	Net assets	443.2	442.3	(0.9)
Fixed Assets	630.7	610.9	(19.8)	Shareholders' equity	382.4	405.8	23.4
Tangible and intangible fixed assets	453.6	436.3	(17.3)	Other accumulated comprehensive income	(0.5)	(21.4)	(20.9)
[Intangible fixed assets]	[ 40.2 ]	[ 34.9 ]	[ (5.3) ]	Non-controlling interests	61.3	57.9	(3.4)
Investments and other non-current assets	177.1	174.6	(2.5)	Total	1,258.9	1,215.5	(43.4)
Total	1,258.9	1,215.5	(43.4)				

## 6) Consolidated Statement of Cash Flow

(Billions of Yen)

( ) Denotes a minus

Items	FY2015 1st Half	FY2016 1st Half	Incr. (Decr.)
I . Cash flows from operating activities (a)	86.7	67.5	(19.2)
II . Cash flows from investing activities (b)	(12.7)	(20.6)	(7.9)
Free cash flows (a)+(b)	74.0	46.9	(27.1)
III . Cash flows from financing activities	(58.5)	(22.3)	36.2
IV . Others	(0.7)	(3.4)	(2.7)
Net incr.(decr.) in cash and cash equivalents	14.8	21.2	6.4

## 2. Outlook for FY2016 (April 1, 2016 – March 31, 2017)

This summary contains forward-looking statements about the future plans, strategies, belief and performance of the Mitsui Chemicals Group as a whole and its individual consolidated companies. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Mitsui Chemicals Group and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, fluctuations in foreign currency exchange rates, fluctuations in the price of raw materials, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected and the Mitsui Chemicals Group cannot guarantee that these forward-looking statements are accurate or will be achieved.

# 1) Consolidated Financial Highlights of Outlook

(Billions of Yen)

( ) Denotes a minus

Items	FY2015 (a)		FY2016 Outlook (b)		Incr.(Decr.) (b)-(a)		FY2016 Previous Outlook (on August 2, 2016)	
	1st Half	Full Year	1st Half	Full Year	Full Year	%	1st Half	Full Year
Sales	708.6	1,343.9	568.7	1,174.0	(169.9)	(13%)	583.0	1,215.0
Operating income (loss)	41.4	70.9	45.4	88.0	17.1	24%	44.0	80.0
Non-operating income (expenses)	(0.2)	(7.7)	(3.5)	(8.0)	(0.3)	—	(4.0)	(9.0)
Ordinary income (loss)	41.2	63.2	41.9	80.0	16.8	27%	40.0	71.0
Extraordinary gains/losses	(0.1)	(21.9)	(2.2)	(7.0)	14.9	—	(3.0)	(6.0)
Net income (loss) before income taxes and minority interests	41.1	41.3	39.7	73.0	31.7	77%	37.0	65.0
Profit (loss) attributable to owners of parent	28.5	23.0	27.8	50.0	27.0	118%	25.0	44.0
Exchange Rate (Yen/US\$)	122	120	105	103	(17)		107	103
Domestic Standard Naphtha Price (Yen/KL)	48,000	42,800	31,450	32,200	(10,600)		32,300	32,700

Dividend (Yen/Share)	Interim	Year-end	Interim	Year-end	Interim	Year-end	Interim	Year-end
	4.0	4.0	5.0	5.0	+1.0	+1.0	4.0	5.0
Full year	8.0	Full year	10.0	Full year	+2.0	Full year	9.0	

## 2) Sales and Operating Income/Loss by Business Segment MITSUI CHEMICALS, INC.

(compared with FY2015 results)

(Billions of Yen)

(-) Denotes a minus

Segment	Sales					Operating Income/Loss				
	FY2015		FY2016 Outlook		Incr.(Decr.) (b) - (a)	FY2015		FY2016 Outlook		Incr.(Decr.) (d) - (c)
	1st Half	Full Year (a)	1st Half	Full Year (b)		1st Half	Full Year (c)	1st Half	Full Year (d)	
Mobility	164.5	318.2	141.7	295.0	(23.2)	24.0	44.9	21.1	40.0	(4.9)
Healthcare	87.4	161.1	67.2	142.0	(19.1)	5.1	11.6	5.4	15.0	3.4
Food & Packaging	96.6	195.2	88.3	182.0	(13.2)	10.9	20.3	11.0	19.0	(1.3)
Basic Materials	341.3	630.8	253.2	516.0	(114.8)	4.3	1.0	11.8	22.0	21.0
Others	18.8	38.6	18.3	39.0	0.4	(2.9)	(6.9)	(3.9)	(8.0)	(1.1)
Total	708.6	1,343.9	568.7	1,174.0	(169.9)	41.4	70.9	45.4	88.0	17.1

### 3) Operating Income/Loss by Business Segment (1<sup>st</sup> half vs. 2<sup>nd</sup> half of FY2016)

(Billions of Yen)

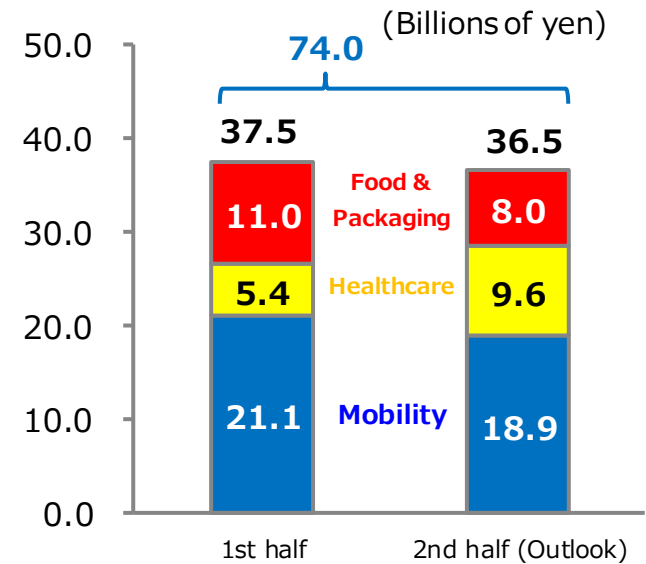
( ) Denotes a minus

Segment	Operating Income/Loss			Comments for Operating Income/Loss [+] denotes profit trigger [-] denotes loss trigger
	1st Half	2nd Half	Incr. (Decr.)	
Mobility	21.1	18.9	(2.2)	Stable sales, [-] forex, [-] terms of trade, etc.
Healthcare	5.4	9.6	4.2	[+] Sales expansion, etc.
Food & Packaging	11.0	8.0	(3.0)	[+] Sales expansion, [-] forex, [-] fixed costs, etc.
Basic Materials	11.8	10.2	(1.6)	[+] Regular maintenance of naphtha cracker in 1st half, [-] terms of trade, etc.
Others	(3.9)	(4.1)	(0.2)	
Total	45.4	42.6	(2.8)	

# 4) Trends of Business Segment

## Mobility, Healthcare and Food & Packaging Segments

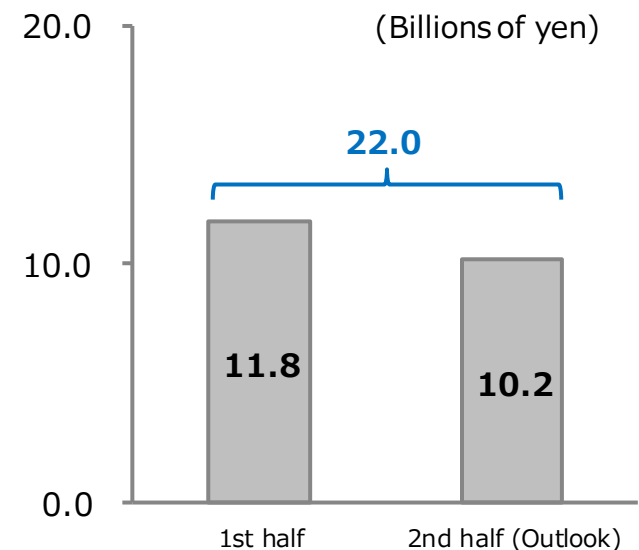
	Trends of Operating Income	
	1st half → 2nd half (outlook)	
Mobility	↘	Stable sales, [-] forex, [-] terms of trade, etc.
Healthcare	↗	[+] Sales expansion, etc.
Food & Packaging	↘	[+] Sales expansion, [-] forex, [-] fixed costs, etc.



## Breakdown of Basic Materials

	Sales Ratio (%)	Trends of Operating Income	
		1st half → 2nd half (outlook)	
Petrochemical feedstocks and Polyolefins	60%	↘	[+] Regular maintenance of naphtha cracker, [-] terms of trade, etc.
Phenols, PTA&PET and Industrial Chemicals	35%	↗	
Polyurethane Materials	5%	↗	[+] Terms of trade, etc.

Note: All figures are approximation for reference purpose only.





## 5) Non-Operating Income and Expenses, and Extraordinary Gains and Losses

(Billions of Yen) **Non-Operating Income and Expenses** ( ) Denotes a minus

Items	FY2015		FY2016 Outlook		Incr.(Decr.) (b) - (a)
	1st Half	Full Year (a)	1st Half	Full Year (b)	
Equity in earnings of non-consolidated subsidiaries and affiliates	3.7	(2.2)	1.0	(0.1)	2.1
Interest expenses, interest and dividend income	(2.5)	(2.6)	(1.1)	(3.0)	(0.4)
Gain (loss) on foreign exchange	(0.4)	(1.9)	(3.3)	(3.3)	(1.4)
Others	(1.0)	(1.0)	(0.1)	(1.6)	(0.6)
<b>Non-Operating Income and Expenses Total</b>	<b>(0.2)</b>	<b>(7.7)</b>	<b>(3.5)</b>	<b>(8.0)</b>	<b>(0.3)</b>

(Billions of Yen) **Extraordinary Gains and Losses** ( ) Denotes a minus

Items	FY2015		FY2016 Outlook		Incr.(Decr.) (b) - (a)
	1st Half	Full Year (a)	1st Half	Full Year (b)	
Gains on sales of fixed assets	1.2	5.1	0.5	0.5	(4.6)
Gains on transfer of business	3.7	3.7	–	–	(3.7)
<b>Extraordinary gains (a)</b>	<b>4.9</b>	<b>8.8</b>	<b>0.5</b>	<b>0.5</b>	<b>(8.3)</b>
Loss on sales and disposal of fixed assets	(2.1)	(5.6)	(2.4)	(7.2)	(1.6)
Impairment loss	(2.7)	(24.1)	(0.3)	(0.3)	23.8
Loss on restructuring of subsidiaries and affiliates	(0.2)	(1.0)	–	–	1.0
<b>Extraordinary losses (b)</b>	<b>(5.0)</b>	<b>(30.7)</b>	<b>(2.7)</b>	<b>(7.5)</b>	<b>23.2</b>
<b>Extraordinary gains and losses Total (a)+(b)</b>	<b>(0.1)</b>	<b>(21.9)</b>	<b>(2.2)</b>	<b>(7.0)</b>	<b>14.9</b>

## 6) Consolidated Statement of Cash Flow

(Billions of Yen)

( ) Denotes a minus

Items	FY2015		FY2016 Outlook		Incr.(Decr.) (b) - (a)	FY2016 Previous Outlook (on August 2, 2016)	
	1st Half	Full Year (a)	1st Half	Full Year (b)		1st Half	Full Year
I . Cash flows from operating activities (a)	86.7	145.9	67.5	110.0	(35.9)	55.0	107.0
II . Cash flows from investing activities (b)	(12.7)	(36.4)	(20.6)	(69.0)	(32.6)	(31.0)	(68.0)
Free cash flows (a)+(b)	74.0	109.5	46.9	41.0	(68.5)	24.0	39.0
III . Cash flows from financing activities	(58.5)	(79.0)	(22.3)	(40.0)	39.0	(35.0)	(46.0)
IV . Others	(0.7)	(2.9)	(3.4)	(3.0)	(0.1)	—	—
Net incr.(decr.) in cash and cash equivalents	14.8	27.6	21.2	(2.0)	(29.6)	(11.0)	(7.0)

## 7) Consolidated Accounting Fundamentals

( ) Denotes a minus

FY2016 Outlook  
(on May 13, 2016)

Items		FY2015		FY2016 Outlook		FY2016 Outlook (on May 13, 2016)	
		1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
Exchange Rate	Yen/US\$	122	120	105	103	110	110
Domestic Standard Naphtha Price	Yen/KL	48,000	42,800	31,450	32,200	33,000	33,000
Capital Expenditure	¥ Billions	21.1	43.4	18.7	54.0	25.0	56.0
Research and Development Expenses	¥ Billions	15.7	31.5	14.8	32.0	17.0	34.0
Depreciation and Amortization	¥ Billions	25.3	48.6	21.5	46.0	22.0	46.0
Financing Income and Expenses	¥ Billions	(2.5)	(2.6)	(1.1)	(3.0)	(1.5)	(3.0)
Interest-bearing Liabilities	¥ Billions	491.6	473.0	455.2	442.0	463.0	450.0
Net D/E ratio	times	1.00	1.03	0.92	0.90	1.02	0.92
Number of Employees	persons	13,626	13,447	13,487	13,400	13,800	13,700

## 3. Appendix

- 1) Trends in Product Prices
- 2) Increase/Decrease in Business Segment (Sales and Operating Income, year on year)
- 3) Sales and Operating Income/Loss by Business Segment (by Quarter)
- 4) Main Subsidiaries and Affiliates
- 5) Financial Summary
- 6) Sales by Region
- 7) Topics for 1<sup>st</sup> half of FY2016

This summary contains forward-looking statements about the future plans, strategies, belief and performance of the Mitsui Chemicals Group as a whole and its individual consolidated companies. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Mitsui Chemicals Group and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, fluctuations in foreign currency exchange rates, fluctuations in the price of raw materials, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected and the Mitsui Chemicals Group cannot guarantee that these forward-looking statements are accurate or will be achieved.

# 1) Trends in Product Prices

(Naphtha prices are Domestic Standard Naphtha Price )

(PE, PP, PH, BPA(Japan) : Change in Prices and Raw Materials Prices in Japan / BPA(China), PTA, TDI : Chinese Market Price)

(ACP) : Asian contract price

Year	2013	2014				2015				2016		
Month	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Naphtha (Yen/KL)	67,800	72,000	69,900	70,900	66,000	47,000	48,800	47,200	40,900	34,300	31,600	31,300
PE (Yen/KG)	about +10	about +10				about (30)			about (10)	about (10)		about (10)
PP (Yen/KG)	about +10	about +10				about (30)			about (10)	about (10)		about (10)
PH (Formula Price) (Yen/KG)												
BZ(ACP) (US\$/T)	\$1,290	\$1,330	\$1,270	\$1,380	\$1,060	\$650	\$790	\$720	\$610	\$560	\$640	\$640
BPA(Japan) (Yen/KG)		+21 From Mar.							(30) From Oct.			
	negotiation based on BZ price and BPA market price											
BPA (China) (US\$/T)	\$1,630	\$1,660	\$1,670	\$1,910	\$1,620	\$1,430	\$1,390	\$1,060	\$910	\$940	\$1,140	\$1,130
PTA (US\$/T)	\$1,020	\$940	\$910	\$980	\$760	\$620	\$720	\$630	\$600	\$570	\$610	\$610
PX(ACP) (US\$/T)	\$1,440	\$1,300	\$1,260	\$1,350	\$1,040	\$780	\$930	\$820	\$790	\$720	\$800	\$790
TDI (US\$/T)	\$2,340	\$2,330	\$2,320	\$2,340	\$2,280	\$1,940	\$1,740	\$1,570	\$1,510	\$1,510	\$2,080	\$2,360

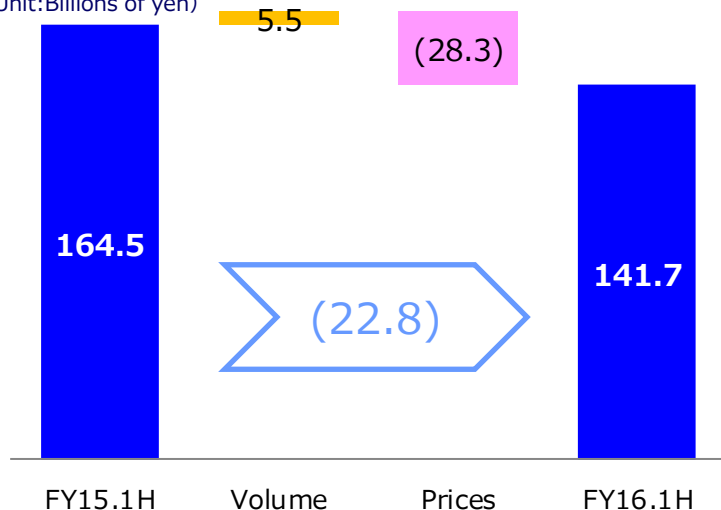
## 2-1) Increase/Decrease in Mobility

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (1<sup>st</sup> half of FY2016 vs. 1<sup>st</sup> half of FY2015)

( ) Denotes a minus

(Unit: Billions of yen)



**141.7 billion yen ((22.8) billion yen year on year)**

#### Volume +5.5 billion yen

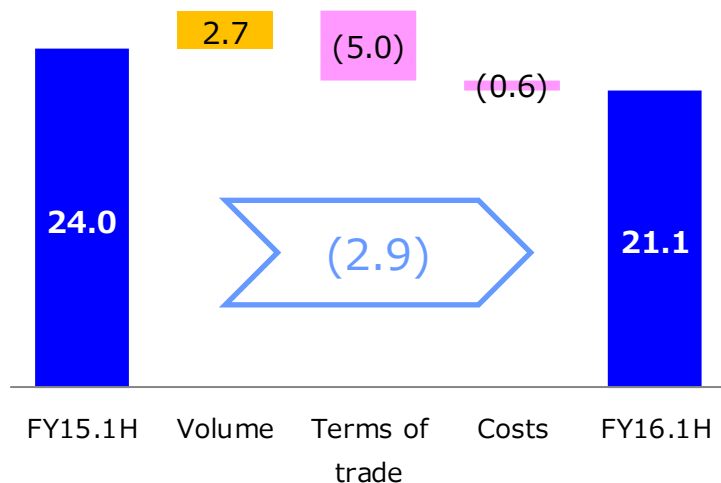
- Prompt response to healthy global automotive use demand.
- Prompt response to healthy demand for information and communication technology applications.

#### Prices (28.3) billion yen

- Decrease from sales price revision in line with downward swing in raw material prices.
- Decrease from strong yen, etc.

### Increase/Decrease of Operating Income (1<sup>st</sup> half of FY2016 vs. 1<sup>st</sup> half of FY2015)

(Unit: Billions of yen)



**21.1 billion yen ((2.9) billion yen year on year)**

#### Volume +2.7 billion yen

- Prompt response to healthy global automotive use demand.
- Prompt response to healthy demand for information and communication technology applications.

#### Terms of trade (5.0) billion yen

- Decrease from unfavorable terms of trade due to strong yen, etc.

#### Costs (0.6) billion yen

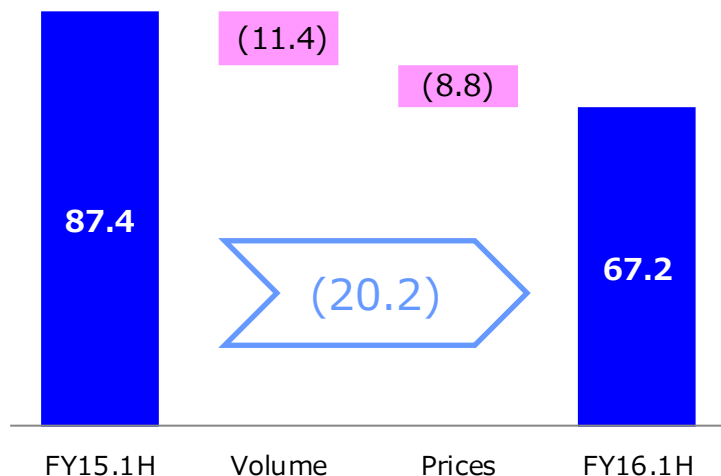
## 2-2) Increase/Decrease in Healthcare

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (1<sup>st</sup> half of FY2016 vs. 1<sup>st</sup> half of FY2015)

( ) Denotes a minus

(Unit: Billions of yen)



**67.2 billion yen ((20.2) billion yen year on year)**

#### Volume (11.4) billion yen

include effects of fiscal period adjustment in FY2015 : (11.4)

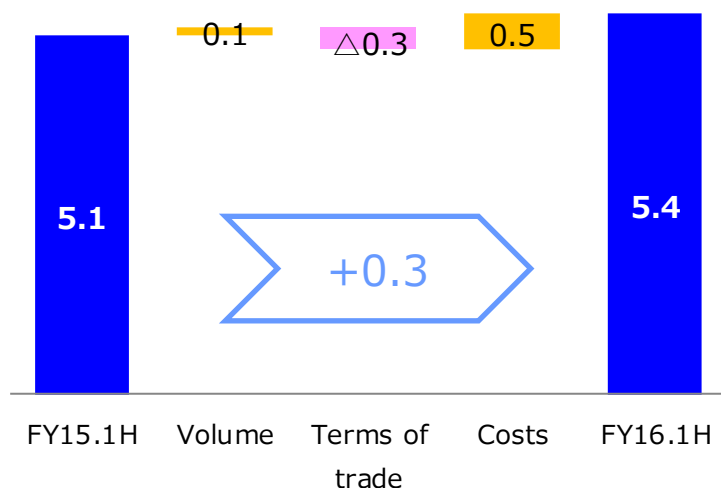
- Stable sales of vision care materials and dental materials.
- Customers' inventory adjustment in nonwoven fabrics.

#### Prices (8.8) billion yen

- Decrease from sales price revision in line with downward swing in raw material prices.
- Decrease from strong yen, etc.

### Increase/Decrease of Operating Income (1<sup>st</sup> half of FY2016 vs. 1<sup>st</sup> half of FY2015)

(Unit: Billions of yen)



**5.4 billion yen (+0.3 billion yen year on year)**

#### Volume +0.1 billion yen

- Stable sales of vision care materials and dental materials.
- Customers' inventory adjustment in nonwoven fabrics.

#### Terms of trade (0.3) billion yen

#### Costs +0.5 billion yen

- Decrease in fixed costs from depreciation of goodwill etc.

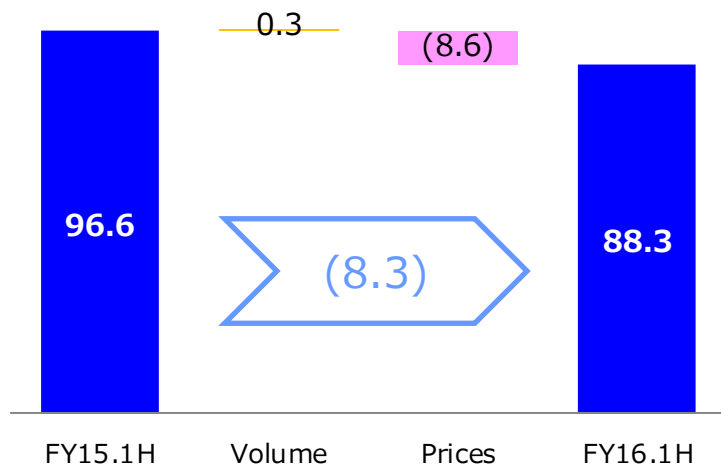
## 2-3) Increase/Decrease in Food & Packaging

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (1<sup>st</sup> half of FY2016 vs. 1<sup>st</sup> half of FY2015)

( ) Denotes a minus

(Unit: Billions of yen)



**88.3 billion yen ((8.3) billion yen year on year)**

#### Volume 0.3 billion yen

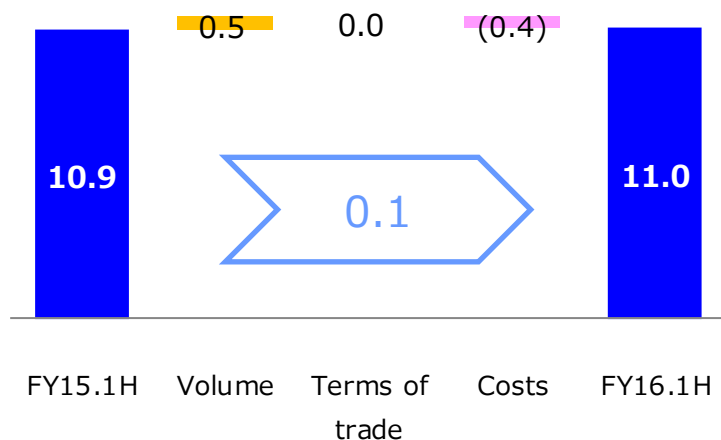
- Stable sales of coating & engineering materials, and functional films & sheets.
- Decrease in agrochemicals.

#### Prices (8.6) billion yen

- Decrease from sales price revision in line with downward swing in raw material prices.
- Decrease from strong yen, etc.

### Increase/Decrease of Operating Income (1<sup>st</sup> half of FY2016 vs. 1<sup>st</sup> half of FY2015)

(Unit: Billions of yen)



**11.0 billion yen (0.1 billion yen year on year)**

#### Volume 0.5 billion yen

- Stable sales of coating & engineering materials, and functional films & sheets.
- Decrease in agrochemicals.

#### Terms of trade 0.0 billion yen

#### Costs (0.4) billion yen



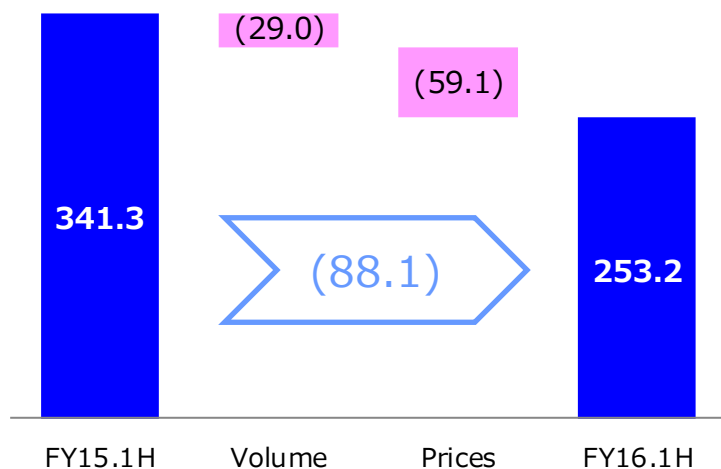
## 2-4) Increase/Decrease in Basic Materials

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (1<sup>st</sup> half of FY2016 vs. 1<sup>st</sup> half of FY2015)

( ) Denotes a minus

(Unit: Billions of yen)



**253.2 billion yen ((88.1) billion yen year on year)**

#### Volume (29.0) billion yen

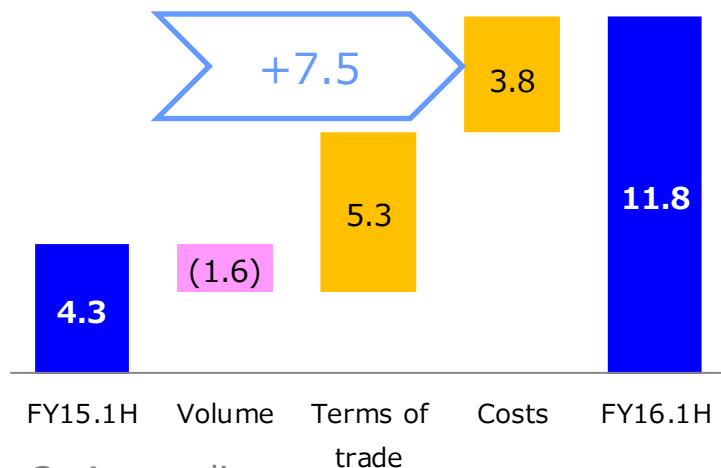
- Decrease from company split-up of polyurethane materials.
- Decrease from production rationalization, etc.

#### Prices (59.1) billion yen

- Decrease from sales price revision in line with downward swing in raw material prices.
- Decrease from strong yen, etc.

### Increase/Decrease of Operating Income (1<sup>st</sup> half of FY2016 vs. 1<sup>st</sup> half of FY2015)

(Unit: Billions of yen)



**11.8 billion yen (+7.5 billion yen year on year)**

#### Volume (1.6) billion yen

- Decrease from company split-up of polyurethane materials.
- Decrease from production rationalization, etc.

#### Terms of trade +5.3 billion yen

- Improvement from high operating rates.
- Market price, etc.

#### Costs +3.8 billion yen

- Improvement from production suspension of polyurethane materials, etc.

### 3) Sales and Operating Income/Loss by Business Segment (by Quarter)

#### Sales

(Billions of Yen)

() Denotes a minus

Segment	FY2015				FY2016	
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Mobility	86.2	78.3	76.2	77.5	74.7	67.0
Healthcare	49.2	38.2	37.8	35.9	35.1	32.1
Food & Packaging	50.3	46.3	47.7	50.9	44.4	43.9
Basic Materials	184.2	157.1	152.3	137.2	130.7	122.5
Others	9.2	9.6	9.2	10.6	8.8	9.5
Total	379.1	329.5	323.2	312.1	293.7	275.0

#### Operating Income/Loss

(Billions of Yen)

() Denotes a minus

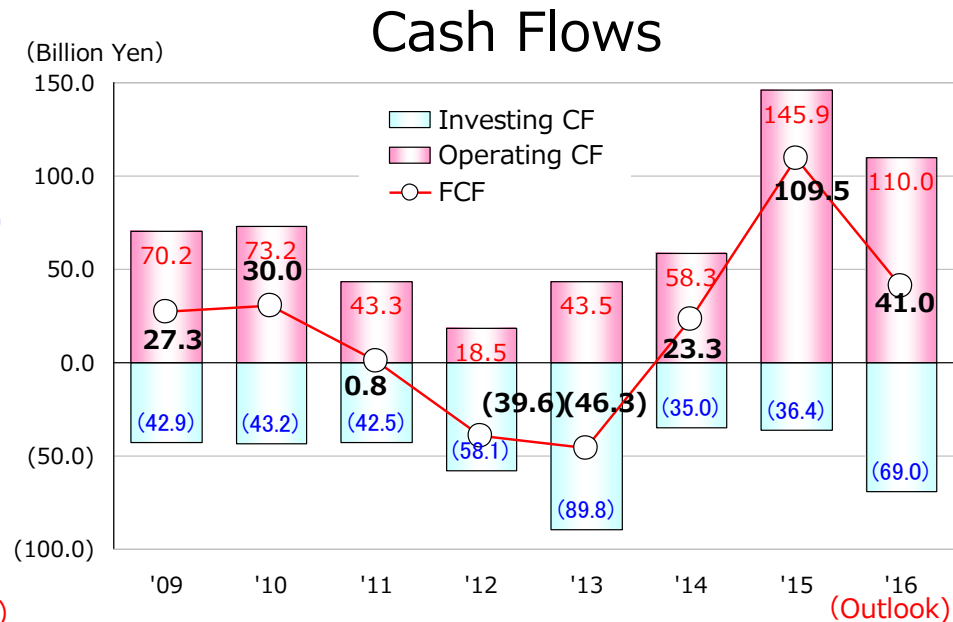
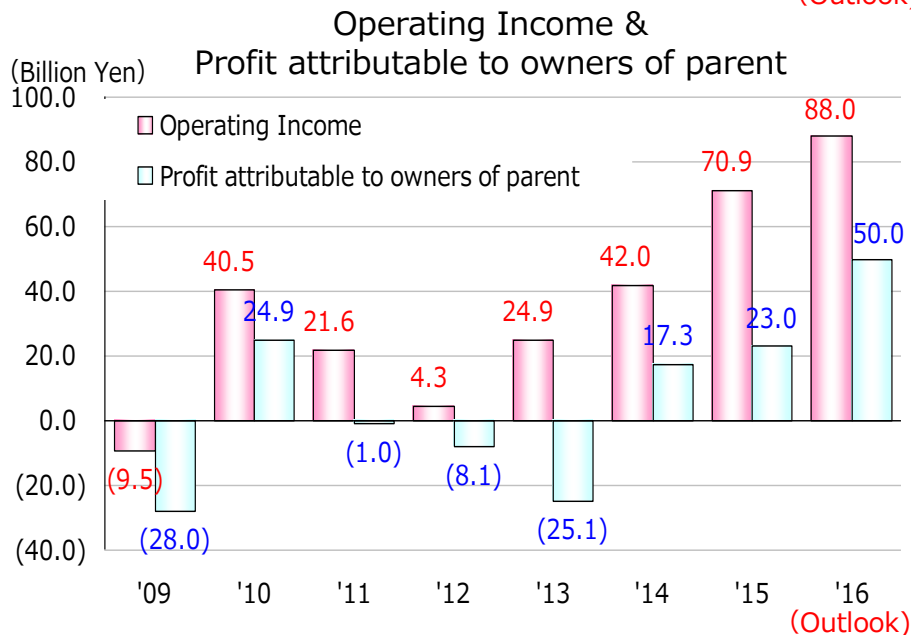
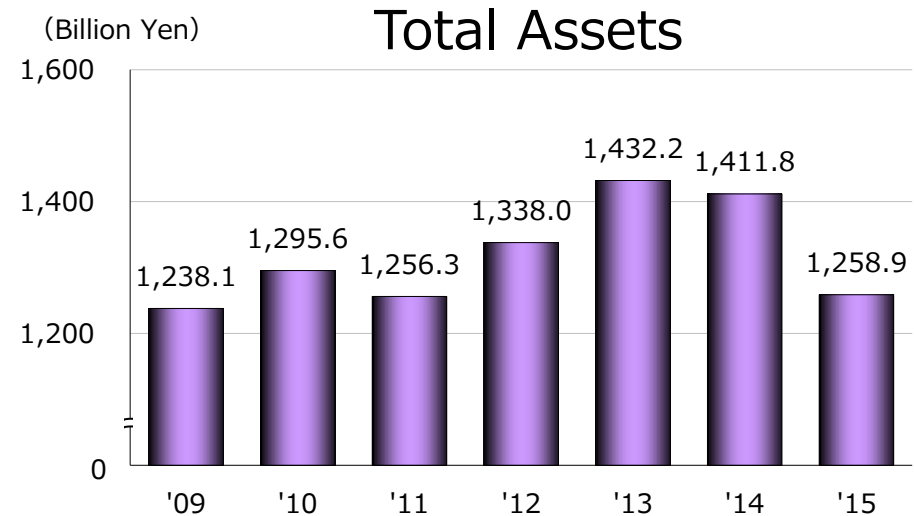
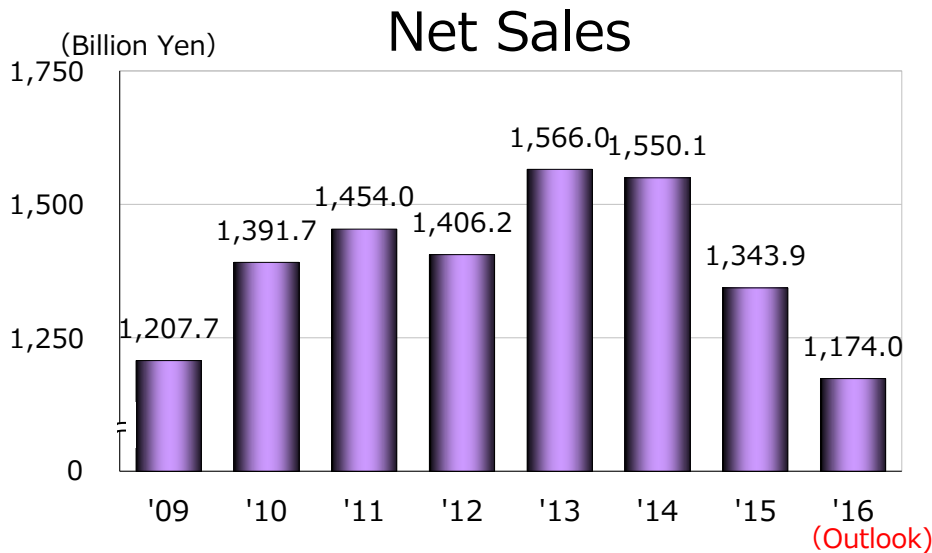
Segment	FY2015				FY2016	
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Mobility	12.8	11.2	10.9	10.0	12.0	9.1
Healthcare	2.2	2.9	3.3	3.2	3.2	2.2
Food & Packaging	6.5	4.4	4.8	4.6	5.7	5.3
Basic Materials	2.9	1.4	(1.9)	(1.4)	7.0	4.8
Others	(1.7)	(1.2)	(2.1)	(1.9)	(2.4)	(1.5)
Total	22.7	18.7	15.0	14.5	25.5	19.9

## 4) Main Subsidiaries and Affiliates

Items	Our share	Sales	Operating Income/Loss	
		FY2015	FY2015	FY2016 Outlook
<b>Subsidiaries</b>	%	Billions of Yen		
Prime Polymer	65.0	260	gain	↘ Terms of trade[-]
Advanced Composites	61.8	110	gain	↘ Terms of trade[-]
Mitsui Phenols Singapore	95.0	40	loss	→
Mitsui Elastomers Singapore	100.0	50	gain	↘ Terms of trade[-]
Mitsui Chemicals Tohcello, Inc.	100.0	80	gain	→
Mitsui Chemicals Agro, Inc.	100.0	50	gain	↘
<b>Affiliates</b>				
Dupont-Mitsui Polychemicals	50.0	40	gain	→
Dupont-Mitsui Fluorochemicals	50.0	30	gain	→
Shanghai Shinopec Mitsui Chemicals	50.0	30	loss	↗
Siam Mitsui PTA	50.0	70	loss	→

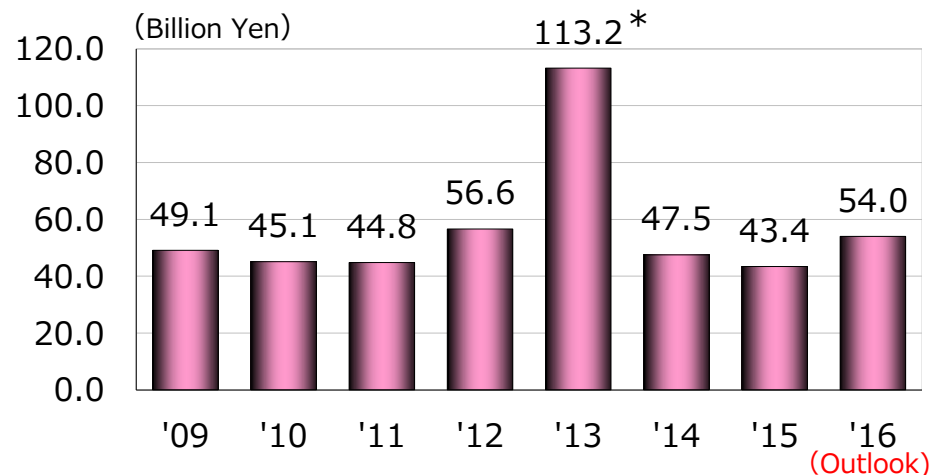
Operating Income/Loss : FY2016 outlook "→" represents "no change", or change less than 0.5 billion yen compared with FY2015.

# 5-1) Financial Summary



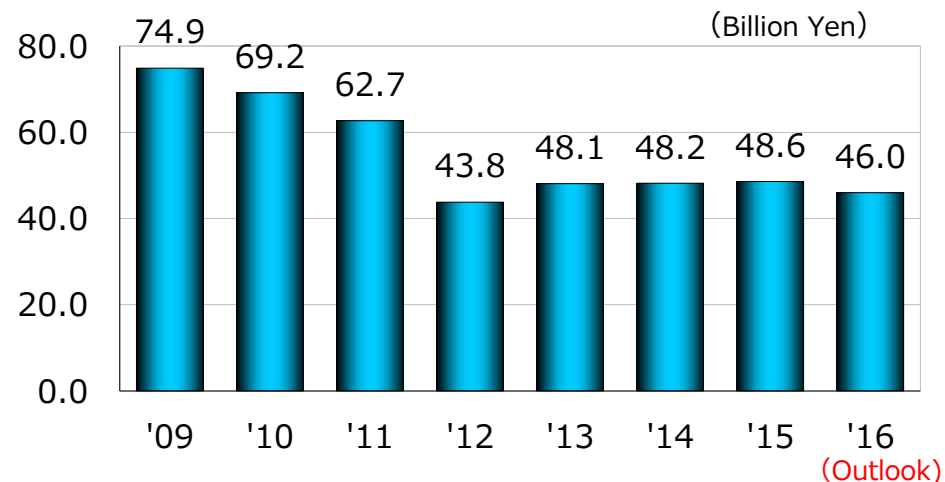
# 5-2) Financial Summary

## Capital Expenditure

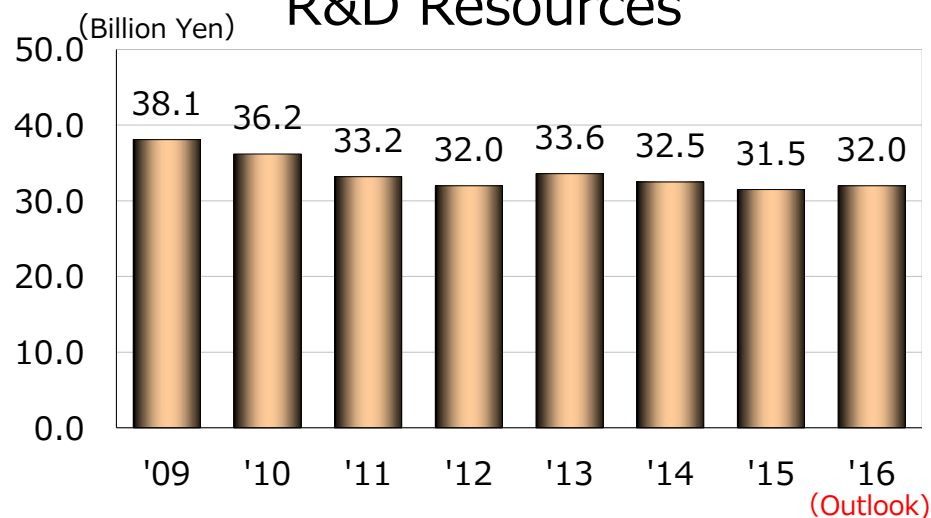


\* include Heraeus dental business acquisition 56.0 billion yen

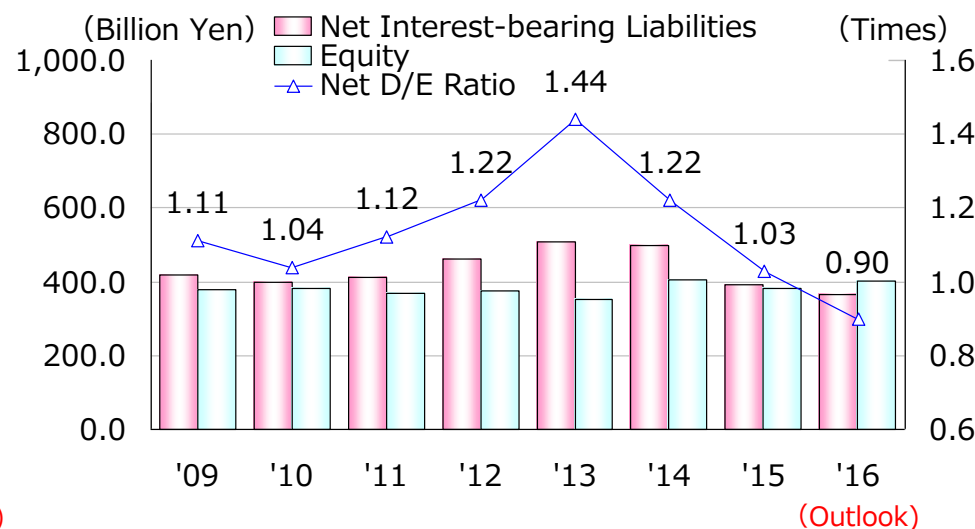
## Depreciation & Amortization



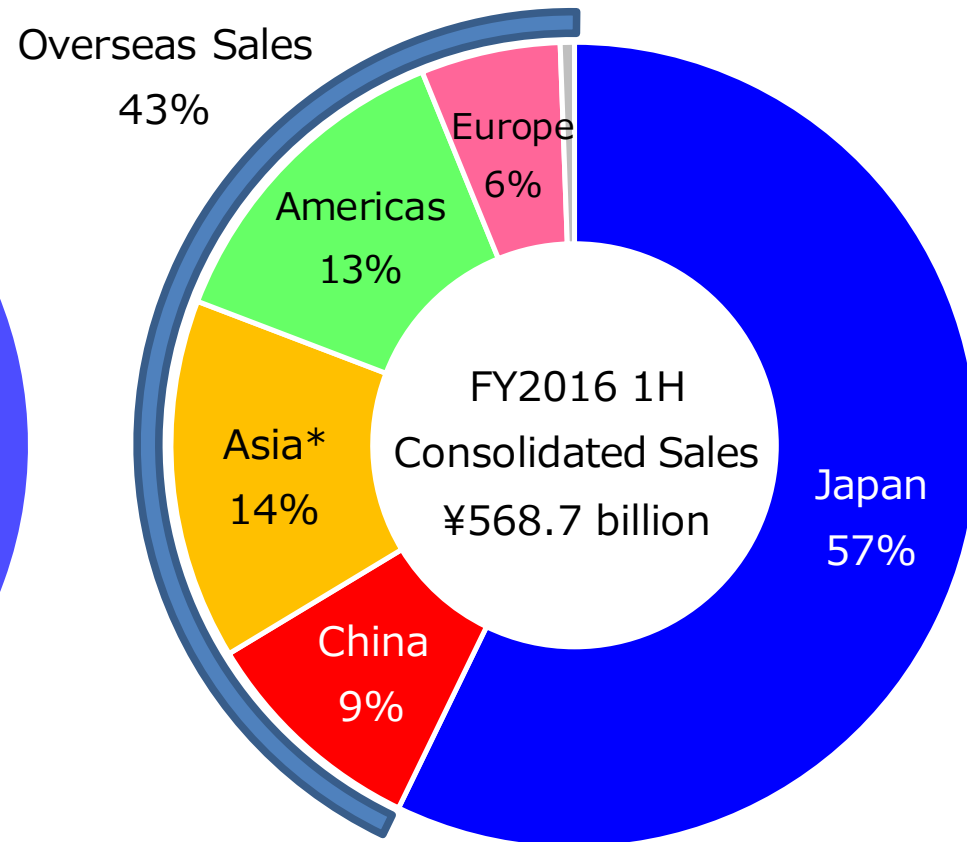
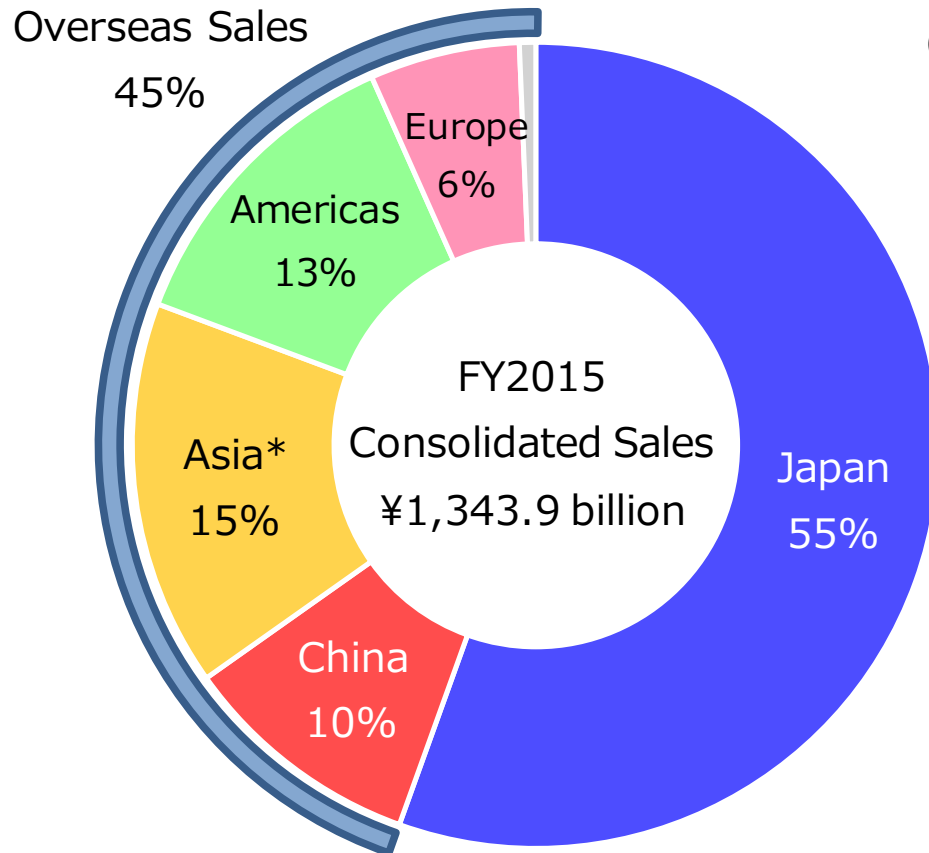
## R&D Resources



## Net D/E Ratio



## 6) Sales by Region



\* Asia excluding Japan and China

## 7) Topics for 1<sup>st</sup> Half of FY2016

### <Topics>

- Mitsui Chemicals commences operations at Korean subsidiary (April 2016)
- Construction starts at new facility for high performance nonwovens at Nagoya Works in Japan (April 2016, 15,000 tons/annum, commercial operations in FY2017)
- New system house base starts operations in Mexico (April 2016)
- Termination of MDI plant at Omuta Works in Japan (May 2016, 60,000 tons/annum)
- Mitsui Chemicals Agro and PI Industries entered into an agreement to establish a joint venture for agrochemical registration in India (May 2016)
- Construction starts to expand facilities for polypropylene compounds (July 2016, Total for U.S., Mexico, and India 50,000 tons/annum, commercial operations in FY2017)
- Construction starts to expand facilities for premium high performance nonwovens in Japan (July 2016, 6,000 tons/annum, commercial operations in FY2017)
- Taiwan joint venture for electrolyte solution starts operations (July 2016, 1,500 tons/annum)
- Mitsui Chemicals Agro reached an agreement for the business and capital tie-up with Cuulong in Vietnam (August 2016)
- Startup of Evolve™ Plant in Singapore (August 2016, 300,000 tons/annum)
- NTT Com and Mitsui Chemicals Succeeded Quality Prediction of Chemical Products using AI (September 2016)
- New High Performance Sunglass Lens Material NeoContrast™ (September 2016)



**Mitsui Chemicals**

Creating New Customer Value and  
Solving Social Challenges through Business Activities