FY2014-16
CEO Explanation
Creating New Customer Value through Innovation

Nov. 19
2014

Mitsui Chemicals

淡輪 敏
Tsutomu Tannowa
President & CEO
Contents

- Business Performance
- Review of 2014 Mid-Term Business Plan
- Progress of Basic Strategies
- Management Target
Business Performance
Financial Result and Outlook for FY2014
## Financial Results & Outlook for FY2014

(Billion yen)

<table>
<thead>
<tr>
<th>Items</th>
<th>FY2013</th>
<th>FY2014</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st Half</td>
<td>Full Year</td>
<td>1st Half</td>
</tr>
</tbody>
</table>
| Sales                         | 731.6          | 1,566.0        | 776.0               | 1,623.0                           | 44.4  | 57.0
| Operating income              | 11.0           | 24.9           | 18.6                | 40.0                              | 7.6   | 15.1
| Non-operating income          | △ 0.3          | △ 2.4          | 0.8                 | △ 2.0                             | 1.1   | 0.4
| Ordinaly income               | 10.7           | 22.5           | 19.4                | 38.0                              | 8.7   | 15.5
| Special gains/losses          | △ 2.4          | △ 33.0         | △ 3.3               | △ 7.0                             | △ 0.9 | 26.0
| Net income                    | 1.0            | △ 25.1         | 7.4                 | 14.0                              | 6.4   | 39.1

△Denotes a minus

Exchange Rate (Yen/US$)        | 99             | 100            | 103                 | 105                               | 4     | 5
Domestic Standard Naphtha Price (Yen/KL) | 64,700       | 67,300         | 70,400               | 67,700                            | 5,700 | 400

### 2nd Half Outlook

<table>
<thead>
<tr>
<th>Items</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange Rate</td>
<td>107 Yen/US$</td>
</tr>
<tr>
<td>Naphtha Price</td>
<td>65,000 Yen/KL</td>
</tr>
</tbody>
</table>
# Operating Income Outlook for FY2014

(Billion yen) △ Denotes a minus

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2013</th>
<th>FY2014</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1stHalf</td>
<td>Full Year</td>
<td>1stHalf</td>
</tr>
<tr>
<td>Functional Chemicals</td>
<td>7.9</td>
<td>15.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Functional Polymeric Materials</td>
<td>7.4</td>
<td>11.9</td>
<td>7.2</td>
</tr>
<tr>
<td>Polyurethane</td>
<td>△4.1</td>
<td>△5.2</td>
<td>△3.5</td>
</tr>
<tr>
<td>Basic Chemicals</td>
<td>△8.0</td>
<td>△17.4</td>
<td>△4.4</td>
</tr>
<tr>
<td>Petrochemicals</td>
<td>9.8</td>
<td>25.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Film &amp; Sheets</td>
<td>0.9</td>
<td>0.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Total (Incl. Others)</td>
<td>11.0</td>
<td>24.9</td>
<td>18.6</td>
</tr>
</tbody>
</table>
Operating Income Trend

Volume +6.0

Terms of trade +2.9

Cost reduction, others +5.7

Volume +6.0

Terms of trade +2.9

Cost reduction, others +1.3

-Business restructuring
- Terminate Ichihara BPA plant and Chiba Phenol
- Suspend Singapore BPA plant
- Decrease of depreciation by impairment in Polyurethane

-Sales increase in Functional Chemicals and Functional Polymeric Materials

-Further sales expansion in Functional Polymeric Materials and Film & Sheets

-Improvement in Basic Chemicals

- Improvement in terms of trade in phenols
- Improvement in operation rate of crackers
- Downturn in terms of trade in Polyurethane

*Improvement in business restructuring

About 7.0 billion yen cost reduction through following measures
(Plant shutdowns, raw materials and utility cost reduction)

FY2013

Adjustment of accounting term ▲3.6

FY2013 (Previous)

FY2014 (Revised)
Operating Income from FY2010

(Billion yen)

FY2010: 40.5
FY2011: 21.6
FY2012: 4.3
FY2013: 24.9
FY2014 (Outlook): 40.0

▲Denotes a minus

- European Financial Crisis
- Economic slowdown in emerging countries

Accident at Iwakuni-Ohtake Works

-10.0 0 10.0 20.0 30.0 40.0

40.5 28.7 23.1 17.4

11.0 13.9 4.3 24.9

18.6 21.4 7.1

0 10.0 20.0 30.0 40.0
# Changes in Business Portfolio

<table>
<thead>
<tr>
<th>Sales</th>
<th>FY10</th>
<th>FY14</th>
<th>increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Functional Chemicals</strong></td>
<td>143.8</td>
<td>220.0</td>
<td>76.2</td>
</tr>
<tr>
<td><strong>Functional Polymeric Materials</strong></td>
<td>106.2</td>
<td>177.0</td>
<td>70.8</td>
</tr>
<tr>
<td>Polyurethane</td>
<td>144.8</td>
<td>162.0</td>
<td>17.2</td>
</tr>
<tr>
<td><strong>Basic Chemicals</strong></td>
<td>435.7</td>
<td>346.0</td>
<td>▲ 89.7</td>
</tr>
<tr>
<td><strong>Petrochemicals</strong></td>
<td>434.0</td>
<td>603.0</td>
<td>169.0</td>
</tr>
<tr>
<td>Film &amp; Sheets</td>
<td>108.0</td>
<td>84.0</td>
<td>▲ 24.0</td>
</tr>
<tr>
<td><strong>Total (incl.Others)</strong></td>
<td>1,391.7</td>
<td>1,623.0</td>
<td>231.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating income</th>
<th>FY10</th>
<th>FY14</th>
<th>increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Functional Chemicals</strong></td>
<td>10.9</td>
<td>16.5</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Functional Polymeric Materials</strong></td>
<td>7.2</td>
<td>14.5</td>
<td>7.3</td>
</tr>
<tr>
<td>Polyurethane</td>
<td>▲ 9.0</td>
<td>▲ 3.5</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Basic Chemicals</strong></td>
<td>20.4</td>
<td>▲ 7.5</td>
<td>▲ 27.9</td>
</tr>
<tr>
<td><strong>Petrochemicals</strong></td>
<td>12.8</td>
<td>24.0</td>
<td>11.2</td>
</tr>
<tr>
<td>Film &amp; Sheets</td>
<td>0.5</td>
<td>3.0</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total (incl.Others)</strong></td>
<td><strong>40.5</strong></td>
<td><strong>40.0</strong></td>
<td>▲ 0.5</td>
</tr>
</tbody>
</table>

- **Sales** (Billion yen, Segment adjusted)
  - FY10: 1,391.7
  - FY14: 1,623.0
  - Increase: 231.3

- **Operating income**
  - FY10: 40.5
  - FY14: 40.0
  - Increase: ▲ 0.5

- **Changes in Business Portfolio**
  - FY10: 18%
  - FY14: 25%
  - Increase: 7%
Improvement in Net Income

V-shaped turnaround in FY2014 and dividends front loading

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividends</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>6Yen</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>6Yen</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>6Yen</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>3Yen</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>5Yen</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Stable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Net income: billion yen)
▲Denotes a minus

Restructuring costs : approx. ▲60

Investment effect

Restructuring effect

(No dividend at period-end)

interim period-end
2Yen

3Yen

30.0
# Summary of FY2014 Management Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY2013</th>
<th>FY2014 (Previous)</th>
<th>FY2014 (Revised)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>¥1,566 billion</td>
<td>¥1,680 billion</td>
<td>¥1,623 billion</td>
</tr>
<tr>
<td><strong>Up 4%</strong></td>
<td>¥24.9 billion</td>
<td>¥35.0 billion</td>
<td>¥40.0 billion</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>¥24.9 billion</td>
<td>¥35.0 billion</td>
<td>¥40.0 billion</td>
</tr>
<tr>
<td><strong>Up 61%</strong></td>
<td>¥25.1 billion</td>
<td>¥12.0 billion</td>
<td>¥14.0 billion</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>¥25.1 billion</td>
<td>¥12.0 billion</td>
<td>¥14.0 billion</td>
</tr>
<tr>
<td><strong>Return to Profitability</strong></td>
<td>1.44</td>
<td>1.39</td>
<td>1.35</td>
</tr>
<tr>
<td><strong>Net D/E Improvement</strong></td>
<td>0.09 point</td>
<td>0.09 point</td>
<td>0.09 point</td>
</tr>
<tr>
<td><strong>Restored dividends</strong></td>
<td>¥3 per share (interim)</td>
<td>¥3 per share (period-end)</td>
<td>¥2 (interim), ¥3 (period-end)</td>
</tr>
</tbody>
</table>

(▲Denotes a minus)
Review of 2014 Mid-Term Business Plan
April 1, 2014- March 31, 2017
MCI Group Aspirations

Corporate Mission
Contribute to society by providing high-quality products and services to customers through innovations and the creation of materials and products while keeping in harmony with the global environment.

Corporate Target
Constantly pursuing innovation and growth to become a chemical group with an undisputed global presence.

Mega Trends
Social issues that the chemical industry must help resolve

Social challenges that the MCI Group must help resolve
- Realizing a cohesive society that is in harmony with the environment
- Realizing health and happiness in an ageing society
- Realizing industrial platforms that are in harmony with local communities

MCI Group’s Robust Business Platform

Technologies: polymer science, precision synthesis, and manufacturing process
Customer base, existing businesses, and global structure
Mobility: Every possible mode of human and commodity transportation

Targeted business domains that offer growth potential
- Mobility
- Healthcare
- Food & Packaging
- Basic Materials

Commodity chemicals, mainly petrochemicals and basic chemicals, that will support society and industry

Ideal Business Portfolio

- Market-driven business strategy to resolve various social challenges
- Advance peripheral and downstream businesses that harness strengths of existing businesses

(Operating income: billion yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014 (Previous)</th>
<th>FY2014 (Revised)</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobility</td>
<td>35.0</td>
<td>10 (+2)</td>
<td>10 (+0)</td>
<td>15</td>
</tr>
<tr>
<td>Healthcare</td>
<td>28</td>
<td>29 (+1)</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Food &amp; Packaging</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Materials, Others</td>
<td>30</td>
<td>10</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

(▲Denotes a minus)

Improvement in Basic Materials and Others: approx. ¥13 billion
- Steady progress of business restructuring (Phenol, PTA, Polyurethane)
- Terminate commodity polyolefin plants, cost reduction, etc.

Around 2020 Target

- Expansion of Agrochemicals
- Deployment of packaging businesses in Asia
- Strengthen ophthalmic lens monomers
- Strengthen Dental materials
- Nonwovens (expansion of capacity, new base in China)
- Strengthen PP compounds
- Enhancement of specialty Tafmer
- New EPT plant in China
- New Admer plant in China
- New Bio-Polyol plant in India
Progress of Basic Strategies in 2014 Mid-Term Business Plan
**Basic Strategies in 2014 Mid-Term Business Plan**

**Dynamically explore consumer value** to deliver optimal solutions across the Group’s full lineup of technologies, services, and its entire supply chain from materials to finished products.

| Mobility | Provide group-wide cross-organizational solutions that take full advantage of comprehensive strengths.  
(Light-weight, fuel efficiency, comfort, design, safety) |
|----------|---------------------------------------------------------------------------------------------------------|
| Healthcare | Establish a new growth platform through peripheral and downstream activities  
(Vision care, Oral care, new businesses relating to the senses and physical mobility) |
| Food & Packaging | Build a market-driven business model for the growing Asian market and secure business opportunities for a 3rd earning pillar |
| Basic Materials | Secure stable profits by strengthening cost competitiveness through optimizing Group needs and restructuring businesses |

Transform business portfolio by "**Creating New Customer Value through Innovation**"
## Basic Materials Strategy - Business Restructuring

### ◆ Bolster cost competitiveness by optimizing production sites  
### ◆ Progress of Restructuring

<table>
<thead>
<tr>
<th>Phenols</th>
<th>Japan</th>
<th>Optimize production (Terminate Chiba Phenol, Ichihara BPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phenols</td>
<td>China</td>
<td>Commercial operation of state-of-the-art plant for region top competitiveness (December 2014)</td>
</tr>
</tbody>
</table>
| Sinopec JV | Singapore | -Full operation of one line PH and one line BPA  
- Aim for further sales expansion to operate second line BPA |
| PTA      | Japan  | -Only domestic integrated manufacturer of PTA-PET  
- Responding to domestic demand, Iwakuni Works aims to increase 70% run rate to full run rate |
| Polyurethanes | Japan  | -Kashima Works will move suspension schedule forward from Dec 2016 to May 2016  
- Transfer of organic acid business to Fuso Chemical (October 2014)  
- Ongoing business restructuring |
| Nghi Son | Vietnam | Construction of facilities for future low-cost raw materials underway (tentative completion 2016) |
Progress of Basic Strategies
Enhancing LIB Safety

Exclusive license with Industrial Technology Research Institute of Taiwan (ITRI) for their STOBA™ technology to curb thermal runaway of lithium-ion batteries (Sep. 2014)

LIB Market Needs
- High energy
- High volume
- Large-scale

Gap with Reality
- Safety needs
- LIB Abnormalities: Voltage increase, Temperature increase
- Measures: Overcharge prevention, Heat resistant separator
- Thermal runaway
- Fire

Customer Value
- World’s first material to curb thermal runaway
- Lower fire risk
- Enhance reliability of products with STOBA™ (STOBA™ inside)
- Contribute to expansion of LIB market
- Establish manufacturing site in Taiwan by late FY2016 (Use of small-scale facilities until completion)
- Improve performance using MCI’s polymer science technology
- Study LIB materials using STOBA™
Proposing New Value for Automobiles

To bolster ability to collect information and provide new solutions for the mobility domain, MCI acquired Kyowa Industrial Co., Ltd., a mold manufacturer with superior planning and prototyping capabilities (September 2014).

(Value chain for automotive industry)

- Polymer
- Compounds
- Parts Materials
- Painting
- Assembly

Mitsui Chemicals Group | Parts makers | Automobile maker

Polymer solutions through bundling
Bonding/composite technology (metal resin integral molding)

Bolstering proposal abilities for parts and materials

Value Proposal Capability of MCI Group
- Robust customer base
- Global structure
- Technology development
- Structural analysis
- Polymer solutions through bundling

Use of group-wide cross-organizational strengths to propose lighter-weight materials, comfort, and design solutions.
Help automobile manufacturers accelerate development to bring about early realization of a cohesive society that is in harmony with the environment.
Progress of Basic Strategies

Healthcare
**Strengthen Peripheral Areas of Vision Care Material**

- **Acquisition of LTI**, US maker of ophthalmic lens hard coat material (July 2014)
- Launch of lens material “**UV+420cut™**” which helps protect eye retina (Oct 2014)

### Ophthalmic lens material (monomers)

- **High refractive**
- **Medium refractive**
- **Low refractive**
- **Photochromic lens material**

### Coatings

- **Thermoplastic hard coat material**
- **UV curable hard coat material**
- **Anti-fog coating**

### Finished product (eye glasses)

- **SDC Technologies**
  - Acquisition 2008
- **Lens Technology International**
  - Acquisition July 2014
- **FSI Coating Technologies**
  - Acquisition 2010

◆ **Strengthening peripheral areas** from ophthalmic lens monomers to coatings
◆ Strengthen lineup of high-performance ophthalmic lens monomers by addition of special need materials, such as lens monomers to contribute to eye disease prevention, and **create new customer value**
Market Growth for Digital Dental Technology

Annual Rate

+11%

3D Scan
Software (3D CAD)
3D Printer
3D CAM
Solution for Digital Dental Technology

- Acquisition of Italian E.G.S. (3D scanner/dental CAD software) (Jul 2014)
- Strengthen position in digital dental domain by **peripheral expansion**

**Dental impression** (Dentist) → **Design** (Laboratory) → **Manufacture** (Laboratory) → **Adjustment** (Dentist)

- **Crown & Bridge**
- **Dentures**

- **Scanable dental impression** (Polymer science)

- **3D scanner**
- **3D software**

**Value Proposal Capability of MCI Group**

- **Technical Development**
- **Global Structure**
- **Polymer solutions suited to digitalization**

- **Digital solutions**

**World’s No. 1 fitting simulation software**

- **For Dental Laboratories**
  Improve accuracy and productivity
- **For Dentists**
  Reduce chair time & patient complaints
- **For Patients**
  Reduce number of dentist visits
  Better fitting and better appearance
Launching a **New Healthcare Brand** in the US

[Http://www.whole-you.com](http://www.whole-you.com)
Progress of Basic Strategies

Food & Packaging
Food & Packaging

Expansion of Agrochemicals

- Bolster Agro businesses by **global expansion** and development of **new compounds** through market-driven business model
- Steady progress towards launch of **five next-generation active ingredients**
- Development of successor ingredients pipeline after FY2020

<table>
<thead>
<tr>
<th></th>
<th>Domestic</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2011</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fungicide</strong></td>
<td></td>
<td>16%</td>
</tr>
<tr>
<td><strong>Herbicide</strong></td>
<td></td>
<td>37 billion</td>
</tr>
<tr>
<td><strong>FY2013</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fungicide</strong></td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td><strong>Herbicide</strong></td>
<td></td>
<td>44 billion (+4)</td>
</tr>
<tr>
<td><strong>FY2014</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Insecticide</strong></td>
<td></td>
<td>33%</td>
</tr>
<tr>
<td><strong>Animal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>N.A/fungicide</td>
<td></td>
</tr>
<tr>
<td></td>
<td>India/insecticide</td>
<td></td>
</tr>
<tr>
<td></td>
<td>China/insecticide</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EU/fungicide</td>
<td></td>
</tr>
<tr>
<td><strong>Registration start</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Start sales in Japan</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FY2016</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fungicide</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Herbicide</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Insecticide</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Animal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>Brazil/insecticide</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Start sales (tentative)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Registration start</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Develop new compounds through market-driven model
- Strengthen global sales at secured bases
- Launch of five next-generation ingredients

- **27%** Launched new products Overseas bases 0→8
- **30%** Launched new products Overseas bases 9

- **44 billion** (+4)
- **50 billion**

- **50%** Domestic Overseas

- **100 Billion yen**
Deployment of Packaging Businesses in Asia

- Expanded demand for packaging from improvement in living standards and growth of food processing industry in Asia
- Creating customer value by cross-organizational marketing & technical support

Shanghai

- Quick customer response by Technical Support Center
- Strategic base for Asian marketing
- Location: Shanghai

Thailand

- High performance sealant films
- T.U.X™ 15 KTA (Commercial operations: 1H FY2015)
- Material for high performance sealant film (Hao-LL)

New Delhi

Tokyo

- Marketing base for high performance packaging
- Location: Tokyo

Taipei

- Strategic base for Asian marketing
- Quick customer response by Technical Support Center
- Location: Taipei

Singapore

- Location: Singapore
- Market Growth: 10-15%

Market Growth:
- Thailand: 15%
- New Delhi: 10%
- Tokyo: --%
- Taipei: --%
- Singapore: 15%
- Malaysia: 10%

Evolue™ 300 KTA
- Commercial operations: 1H FY2015
- Adhesive for packaging
### Growth Trajectory for Ideal Business Portfolio

**Growth investments in 14MTBP, Creating New Customer Value**

- Make full use of Group assets
- Create new businesses based on customer needs and values
- Bolster peripheral and downstream businesses in Vision Care and Oral Care domains
- Develop new businesses relating to senses and physical mobility
- Optimize Group resources of Film & Sheets
- Provide food solutions by utilizing Group technology

**Solution for digital dental technology**

<table>
<thead>
<tr>
<th>Food &amp; Packaging</th>
<th>Healthcare</th>
<th>Mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Expansion of Agrochemicals</td>
<td>- Strengthen ophthalmic lens monomers</td>
<td>- Strengthen PP compounds</td>
</tr>
<tr>
<td>- Deployment of packaging businesses in Asia</td>
<td>- Strengthen Dental materials</td>
<td>- Enhancement of specialty Tafmer</td>
</tr>
<tr>
<td>- Nonwovens (expansion of capacity, new base in China)</td>
<td>- Nonwovens (expansion of capacity, new base in China)</td>
<td>- New EPT plant in China</td>
</tr>
</tbody>
</table>

**Basic Materials & Others**

- Restructuring businesses

<table>
<thead>
<tr>
<th>FY2014 (Revised)</th>
<th>FY2016</th>
<th>Around 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 Gains from investments in 11MTBP</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

**Restructuring businesses**

- **Gains from investments in 11MTBP**
  - Expansion of Agrochemicals
  - Deployment of packaging businesses in Asia

- **Solution for digital dental technology**
  - Five next-generation active ingredients
  - New metalloocene polymer “EVL-E※”
  - Specialty isocyanates
  - Brand strategy for downstream expansion
  - Metal resin integral technology
  - Solution provider
  - LIB materials

- **Whole You**

(Operating income: billion yen)
**Topics**

Plant Operation Technology Training Center in Mobara
For Safe & Stable Operations

“Safety First”

- Contribute to industry by curriculums for third parties using Center strengths of “know-why” training, knowledge & skills, and training based on accumulated lessons

- The Center has received high acclaim and training participation requests from third parties
- Open for third party curriculums starting April 2015

**Chemical plant operation**

**Safety**

- Decrease trouble by automation & confidence
- Decrease in OJT training & experience

**Operation/Facility trouble**

- Learn from accidents
- Learn from cut model

**Topics**

- Methanol plant
- DDCS instruments/operation training

**Safety**

- Falls
- Liquid leaks
- Jamming
Management Target
Financial Outlook

- Priority on improving Group’s financial strength in 2014 MTBP
- Target early recovery in Net D/E to 1.2 point

※Incl. projected retirement obligations

Shareholders’ equity: Improvement from previous NDER outlook 1.39
Revised FY2014 Outlook

<table>
<thead>
<tr>
<th></th>
<th>Operating Income</th>
<th>Net Income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous ¥35.0 billion</td>
<td>→ ¥40.0 billion</td>
<td>Previous ¥12.0 billion</td>
<td>→ ¥14.0 billion</td>
</tr>
<tr>
<td>OP-ROA</td>
<td>2.8%</td>
<td>Net D/E</td>
<td>1.35</td>
</tr>
<tr>
<td>ROE</td>
<td>3.8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Target ROE over 8% during 14MTBP
### Mid- and Long-Term Management Targets

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014 Revised</th>
<th>FY2016</th>
<th>Around 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>¥1,566 billion</td>
<td>¥1,623 billion</td>
<td>¥1,750 billion</td>
<td>¥1,800 billion</td>
</tr>
<tr>
<td>Increase</td>
<td>Up 12%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>¥24.9 billion</td>
<td>¥40.0 billion</td>
<td>¥60.0 billion</td>
<td>¥100.0 billion</td>
</tr>
<tr>
<td>Increase</td>
<td>Up 141%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>▲¥25.1 billion</td>
<td>¥14.0 billion</td>
<td>¥30.0 billion</td>
<td>¥50.0 billion</td>
</tr>
<tr>
<td>Return to Profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROA Improvement</strong></td>
<td>1.8%</td>
<td>2.8%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Net D/E Improvement</strong></td>
<td>1.44</td>
<td>1.35</td>
<td>1.20</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Dividends Restore</strong></td>
<td>¥3/share</td>
<td>¥5/share</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Stable dividends**
(consolidated payout ratio: 25%↑, DOE:2.0↑)

*(▲Denotes a minus)*
Creating new customer value and solving social challenges through business activities
Statements made in this document with respect to Mitsui Chemicals' current plans, estimates, strategies, and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Mitsui Chemicals.

Information provided here, other than historical facts, refer to future prospects and performance, and has been prepared by Mitsui Chemicals management on the basis of currently available information. This covers various risks, including, but not limited to, economic conditions (especially, customer demand), foreign currency exchange rates and other factors. As a result, actual future performance may differ from any forecasts contained in this document.

Mitsui Chemicals has no responsibility for any possible damages arising from the use of this information nor does Mitsui Chemicals have any obligation to update present forward-looking statements, or release new ones, as a result of new information, future events or otherwise.

This document may not include all the information Mitsui Chemicals has disclosed to stock exchanges or made public in other ways. Please be aware that the content on this document is subject to change or deletion without advance notice.

Although Mitsui Chemicals has made careful efforts regarding the accuracy of the contents here, Mitsui Chemicals assumes no responsibility for problems including, but not limited to, incorrect information, or malicious tampering with the content of the data in this document by any third parties or problems resulting from downloading. Furthermore, this website is not an offer or a solicitation of an offer to buy or sell securities. Please be aware that decisions regarding investing are the responsibility of users themselves.
Creating New HealthCare Solution

HealthCare growth Strategy = Marketing × Material Science × Product Development

1. **Building a strong core** from healthcare material to healthcare device
   - Ophthalmic lens material/Dental material → Vision Care, Oral care, and Sensory and Physical Mobility domains (B2B→B2C)

2. **Establish a strong brand supported by HealthCare professionals, patients & the consumers**

3. **Continuous product development** through marketing activities throughout the world

Background of Whole You

- **Live your life to the fullest**
  - Senses & Physical Mobility
  - Freedom
  - Independence
  - Optimism
  - Joy
  - Satisfaction

Offer solutions that help those with sensory and physical challenges to live life to the fullest

出处：The Futures Company
Leveraging MCI’s material innovations, our mission is to help all patients and consumers to fully enjoy all the possibilities of their lives by offering personal solution and services in the Sensory & Physical mobility domain.

Emerging Market Need Toward the Healthcare

- Health can be beyond curing illness. To live life to the fullest
- Looking for the brand with holistic and personal approaches

Living Lab
(California, USA)

Material Science

Product Development

Academic Partner

Advisory Group

- Consumer needs & value mining
- Open Innovation with Academy & KOLs
- Developing new product ideas & identify technical challenges
- New technology acquisition, M&A, alignment and partnership

Input MCI’s material science technology

Introduce Innovative Healthcare products from Whole You into the US market
※ World’s biggest healthcare market
<table>
<thead>
<tr>
<th><strong>Company name</strong></th>
<th>Kyowa Industrial Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Sanjo City, Niigata Prefecture</td>
</tr>
<tr>
<td><strong>Shareholder</strong></td>
<td>Mitsui Chemicals, Inc. 100%</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>95 million yen</td>
</tr>
<tr>
<td><strong>Business area</strong></td>
<td>Manufacture and sale of injection molds &amp; presses</td>
</tr>
</tbody>
</table>
| **Establishment**| Established in 1963  
Reorganized in 2011 |
| **Sales**        | Approximately ¥7 billion yen (FY2013) |
| **Employees**    | Approximately 320 |
| **Sites**        | Japan: Head office (Sugue), Large-Parts Manufacturing Factory  
Overseas: USA (Chicago), Thailand, etc. |
<table>
<thead>
<tr>
<th>Company name</th>
<th>Lens Technology International, LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>La Mirada, California, USA</td>
</tr>
<tr>
<td>Shareholders</td>
<td>SDC  51.76%</td>
</tr>
<tr>
<td>Business area</td>
<td>Manufacture &amp; sales of UV coatings for plastic ophthalmic lenses</td>
</tr>
<tr>
<td>Establishment</td>
<td>1985</td>
</tr>
<tr>
<td>Sites</td>
<td>La Mirada, California, USA</td>
</tr>
<tr>
<td><strong>Company name</strong></td>
<td>E.G.S. S.r.l.</td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Bologna, Italy</td>
</tr>
<tr>
<td><strong>Shareholders</strong></td>
<td>MC Dental Holdings Europe 100%</td>
</tr>
<tr>
<td><strong>Business area</strong></td>
<td>Development, manufacture, &amp; sales of 3D scanners, software</td>
</tr>
<tr>
<td><strong>Establishment</strong></td>
<td>2002 Spinoff from Engines Engineering S.p.a (motorcycle design)</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>30</td>
</tr>
</tbody>
</table>
| **Other information** | -Sales of 3D scanners & CAD software for dental, cultural, beauty & cosmetic, sports, jewelry, medical, construction, etc. use  
-Global network with overseas sales exceeding 80% |