FY2014-15-16
CEO Explanation
Creating New Customer Value through Innovation

Mitsui Chemicals

淡輪 敏
Tsutomu Tannowa
President & CEO
Contents

- Business Performance

- Progress of Mid-Term Business Plan

- Management Target
Business Performance

FY2014 Financial Results and FY2015 Outlook
## FY2014 Financial Results & FY2015 Outlook

### (Billion yen)

<table>
<thead>
<tr>
<th>Items</th>
<th>FY2013 Results</th>
<th>FY2014 Results</th>
<th>FY2015 Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,566</td>
<td>1,550</td>
<td>1,410</td>
</tr>
<tr>
<td>Operating income</td>
<td>24.9</td>
<td>42.0</td>
<td>52.0</td>
</tr>
<tr>
<td>Non-operating income</td>
<td>△ 2.4</td>
<td>2.4</td>
<td>△ 5.0</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>22.5</td>
<td>44.4</td>
<td>47.0</td>
</tr>
<tr>
<td>Special gains/losses</td>
<td>△ 33.0</td>
<td>△ 8.6</td>
<td>△ 5.0</td>
</tr>
<tr>
<td>Net income</td>
<td>△ 25.1</td>
<td>17.3</td>
<td>25.0</td>
</tr>
</tbody>
</table>

### Increase (Decrease)

<table>
<thead>
<tr>
<th></th>
<th>FY13→FY14</th>
<th>FY14→FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>△ 15.9</td>
<td>△ 140.1</td>
</tr>
<tr>
<td>Operating income</td>
<td>17.1</td>
<td>10.0</td>
</tr>
<tr>
<td>Non-operating income</td>
<td>4.8</td>
<td>△ 7.4</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>21.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Special gains/losses</td>
<td>24.4</td>
<td>3.6</td>
</tr>
<tr>
<td>Net income</td>
<td>△ 42.4</td>
<td>△ 7.7</td>
</tr>
</tbody>
</table>

Exchange Rate(Yen/US $): 100 110 120
Domestic Standard Naphtha Price(Yen/KL): 67,300 63,500 50,000
△ Deotes a minus
### Changes in Initial Management Outlook

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initial Outlook</td>
<td>Results</td>
<td>Initial Target</td>
</tr>
<tr>
<td>Sales</td>
<td>1,566</td>
<td>1,680</td>
<td>1,550</td>
</tr>
<tr>
<td>Operating income</td>
<td>24.9</td>
<td>35.0</td>
<td>42.0</td>
</tr>
<tr>
<td>Net income</td>
<td>△25.1</td>
<td>12.0</td>
<td>17.3</td>
</tr>
</tbody>
</table>

(Billion yen)

▲Denotes a minus
### Operating Income (After Segment Adjustment)

*Segment Adjusted*

(Billion yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2013 (Reference)</th>
<th>FY2014 Results</th>
<th>FY2015 Outlook</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Healthcare</strong></td>
<td>10.0</td>
<td>9.5</td>
<td>12.0</td>
<td>△0.5 2.5</td>
</tr>
<tr>
<td><strong>Functional Polymeric Materials</strong></td>
<td>11.7</td>
<td>18.7</td>
<td>19.5</td>
<td>7.0 0.8</td>
</tr>
<tr>
<td><strong>Polyurethane</strong></td>
<td>△5.2</td>
<td>△3.5</td>
<td>△1.5</td>
<td>1.7 2.0</td>
</tr>
<tr>
<td><strong>Basic Chemicals</strong></td>
<td>△18.0</td>
<td>△8.3</td>
<td>△2.5</td>
<td>9.7 5.8</td>
</tr>
<tr>
<td><strong>Petrochemicals</strong></td>
<td>26.4</td>
<td>21.6</td>
<td>20.5</td>
<td>△4.8 △1.1</td>
</tr>
<tr>
<td><strong>Food &amp; Packaging</strong></td>
<td>5.3</td>
<td>9.1</td>
<td>10.0</td>
<td>3.8 0.9</td>
</tr>
<tr>
<td><strong>Total(Incl.Others)</strong></td>
<td>24.9</td>
<td>42.0</td>
<td>52.0</td>
<td>17.1 10.0</td>
</tr>
</tbody>
</table>

△ Denotes a minus
Operating Income  Net Income

<table>
<thead>
<tr>
<th>FY2013 Results</th>
<th>FY2014 Results</th>
<th>FY2015 Outlook</th>
<th>FY2016 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Billion yen, ▲Denotes a minus)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2015 Results</td>
<td>FY2015 Outlook</td>
<td>FY2015 Target</td>
<td></td>
</tr>
</tbody>
</table>

Operating Income: 24.9
Net Income: 17.3

FY2016 Target: 30.0 + α

Around 2020 Target: 100

May 20, 2015
## Summary of FY2015 Management Targets

<table>
<thead>
<tr>
<th>(FY14→FY15)</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015 (Outlook)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>▲9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,566 (billion yen)</td>
<td>1,550</td>
<td>1,410 (billion yen)</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>+24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>24.9 (billion yen)</td>
<td>42.0</td>
<td>52.0 (billion yen)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>▲+25.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>25.1 (billion yen)</td>
<td>17.3</td>
<td>25.0 (billion yen)</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>+1.5 Point</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>4.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td><strong>Net D/E Improvement</strong></td>
<td>0.1 Point</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.44</td>
<td>1.22</td>
<td>1.12</td>
</tr>
<tr>
<td><strong>Restored Dividends</strong></td>
<td>¥3/share</td>
<td>¥5/share</td>
<td>¥6/share</td>
</tr>
</tbody>
</table>

**FY2014 Results**
- ROE: +1.5 Point
- Net D/E Improvement: 0.1 Point

**FY2015 Outlook**
- Sales expansion in targeted business domains
- Naphtha price declines
- Termination of large-scale plants
- PU business reassigned to non-consolidated status
- Restructuring in advance of schedule
- Recovery of growth investments
- Improve FCF
- Implement large-scale restructuring
- Reduce interest-bearing debt
- Maintain shareholder dividends policy

(▲Denotes a minus)
Progress of Mid-Term Business Plan
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

✓ Basic Materials become profitable in FY2015
✓ Achieve 100 billion yen operating income by concentrating R&D expenditures to accelerate strategy

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

(Operating income : billion yen)
(▲Denotes a minus )

Initial Plan 60.0 + α

Corporate wide R&D costs, etc.

Basic Materials
Food & Packaging
Healthcare
Mobility

Incl. adjustment of accounting terms +2

May 20, 2015

Basic Materials

Food & Packaging

Healthcare

Mobility

FY2013
FY2014
FY2015 (Outlook)
FY2016 (Target)
Around 2020 (Target)

30
36
35
30

10
12
15

7
9.5
11.5

16.5
5

10
5

100
**Basic Materials Strategy – Business Restructuring**

- **Bolster cost competitiveness by optimizing production sites**
- **Good Progress in Restructuring**

<table>
<thead>
<tr>
<th>Phenols</th>
<th>Japan</th>
<th>- <strong>Optimize production</strong> (Terminate Chiba Phenol, Ichihara BPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Sinopec JV</td>
<td>- <strong>Commercial operation</strong> of state-of-the-art plant for region top cost competitiveness (Dec.2014)</td>
<td></td>
</tr>
</tbody>
</table>
| Singapore | - Full run rates at one PH & one BPA line.  
- Increase sales to extent of one fully running BPA line to 1 fully running PH line and 2 fully running BPA lines |
| PTA | Japan | - **Only domestic integrated manufacturer of PTA-PET**  
- Respond to domestic demand, Iwakuni Works aims to increase 70% run rate to full run rate |
| Poly-urethanes | Japan | - Suspend Omuta MDI plant and Kashima Works (May 2016)  
- Transfer of organic acid business to Fuso Chemical (Oct. 2014)  
- **Establish PU material business JV with Korean SKC** (Jul. 2015) |
| Petro-chemicals | Vietnam | - Construction of facilities for future low-cost raw materials (completion in 2016, tentative) |
| | Japan | - **Withdrawal from Keiyo Ethylene** (Mar. 2015)  
→ Improve cracker run rates by 10% (against FY13) |
Global Expansion of PU Material Businesses

- **① Establish optimum operations**
  - Terminate non-competitive plants and maintain competitive plants

- **② Global deployment of system products**
  - Strengthen position by strategic deployment through business alliances

- **③ Expand specialty isocyanate business**
  - Reinforce Coatings & Engineering business through specialty isocyanates

**Establishment of JVs**

- Establish JV with SKC (Jul. 1, 2015)
  - Provide total solutions to customers as a global comprehensive manufacturer of polyurethane materials

**Terminations**

- Terminate Chiba Polyol (June, 2012)
  - ▲28KTA

- Sale of organic acid business (Oct. 2014)
  - ▲47KTA

- Terminate Kashima TDI (May, 2016)
  - ▲117KTA

- Terminate Omuta MDI (May, 2016)
  - ▲60KTA

**Expansion**

- Establish large-scale XDI plant (Oct. 2015)
  - +5KTA

- Launch new specialty isocyanates (Aug. 2016)
  - +2KTA

Steady progress in transforming Polyurethane Business portfolio
### Additional Effects of Business Restructuring

#### Phenols

<table>
<thead>
<tr>
<th>(Billion yen)</th>
<th>FY2014</th>
<th>FY2015 (Outlook)</th>
<th>FY2016 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>★ Terminate BPA in Japan (▲90KTA, Mar.2014)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>★ Terminate BPA in Singapore (▲70KTA, Mar.2014)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>★ Terminate Chiba Phenol (▲250KTA, Sep.2014)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>★ Terminate BPA in Japan (▲90KTA, Mar.2014)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>★ Terminate BPA in Singapore (▲70KTA, Mar.2014)</td>
<td></td>
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</tbody>
</table>

#### PTA

<table>
<thead>
<tr>
<th>(Billion yen)</th>
<th>FY2014</th>
<th>FY2015 (Outlook)</th>
<th>FY2016 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>★ Withdrawal from PTA in Indonesia (▲540KTA, Feb.2014)</td>
<td>★ Establish JV with SKC (Jul.2015)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Polyurethanes

<table>
<thead>
<tr>
<th>(Billion yen)</th>
<th>FY2014</th>
<th>FY2015 (Outlook)</th>
<th>FY2016 (Target)</th>
</tr>
</thead>
</table>

#### Petrochemicals

<table>
<thead>
<tr>
<th>(Billion yen)</th>
<th>FY2014</th>
<th>FY2015 (Outlook)</th>
<th>FY2016 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>★ Terminate LLDPE plant (▲60KTA, Oct.2014)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Restructuring effect**

- 14

** Improvement of run rate of Phenols and PTA
- 10

** Synergy effect of JV of PU (After FY2016)**
Progress of Basic Strategies
Expansion of Mobility Domain

✓ Front loading of mobility domain expansion

Make full use of information, technologies, and customer relationships that extend beyond company and organizational boundaries focusing mainly on automotive materials that have a robust customer platform.

Create new businesses based on customer needs and values.

Measures

- Make full use of information, technologies, and customer relationships that extend beyond company and organizational boundaries focusing mainly on automotive materials that have a robust customer platform.
- Create new businesses based on customer needs and values.

(Operating income: billion yen)

- PP Compounds: Expansion of production capacity
- Tafmer: Enhancement of specialty Tafmer
- EPT: New plant in China
- Admer/Milastomer: New plant in China
- Lucant: Strong alliance with Lubrizol

Initial Plan

- 30
- 35 (Initial Plan : 28)
- 36
- 30 + α
- 40 (Target)

(billion yen)

Incl. adjustment of accounting terms +2

Recovery of investments

Metal resin integral technology
“POLYMETAC”
Next-generation LIB materials
Deployment of specialty isocyanates
Bolster ability to provide solutions

FY2013 FY2014 FY2015 (Outlook) FY2016 (Target) Around2020 (Target)

May 20, 2015
Recovery of Growth Investments

- Commercial operation of new EPT plant in China (Feb. 2014)
- Commercial operation of China plant for automotive use Milastomer and gasoline tank use Admer (Mar. 2015)
- Strong alliance with Lubrizol for Lucant (synthetic oil to improve fuel efficiency, Sep. 2014)
- Completion of PP compounds expansion in North and Central America (May 2015)

EPT
- JV with Sinopec (Shanghai Sinopec Mitsui Elastomers, Co., Ltd.)
- Expansion in glass-run channel and weather strip use
- Capacity: 75KTA

Milastomer™
- Lightweight, highly recyclable synthetic rubber material
- Expansion in interior use and as sealing material
- Capacity: 11KTA

Admer™
- Lighter weight gasoline tanks

Lucant™
- Gear oil for differentials and CVT·AT transmissions
- Collaboration with US Lubrizol brings advantage of strong sales network enabling contribution to economical fuel use worldwide

PP-Compounds
- Expand US & Mexico
- Global 1 million tons
As a Solution Provider

- Bolster ability to provide solutions, such as acquisition of molder Kyowa Industrial Co., Ltd., to strengthen business base for future growth

<table>
<thead>
<tr>
<th>Light-weight &amp; economical solution</th>
<th>Safety solution</th>
<th>Comfort solution</th>
<th>Design solution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiber-reinforced composite materials</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand application for CF-SMC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glass Fiber PP “MOSTRON™”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Super lightweight thermoplastic CFRP material</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LIB safety materials</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World’s first material to prevent thermal runaway in LIBs “STOBATM”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lighter weight composites</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metal-resin molding technology “POLYMETACTM”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Air pressure monitoring system</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New application for “TPX™”</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Automotive lens &amp; new display devices</strong></td>
<td></td>
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</tr>
<tr>
<td>New application for “APEL™”</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Turbo charger</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thermoplastic polyimide “Aurum™”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Noise reduction material</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abrasion resistant “Lubmer™”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific frequency absorption material</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Design improvement paints</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New application for specialty isocyanates Better appearance Faster paint time</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Progress of Basic Strategies

Healthcare
Expansion of Healthcare Domain

- Bolster downstream and peripheral businesses that harness strengths to develop new products
- Develop new businesses relating to the senses & physical mobility based on polymer science

(Operating income: billion yen)

- Vision Care
  - Expansion of ophthalmic lens monomers
  - Strengthen peripheral areas
- Oral Care
  - Acquisition of Heraeus Kulzer
- Expansion of Nonwovens in Asia

- Steady growth and improved earnings from new products and wider applications

<table>
<thead>
<tr>
<th>Measures</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015 (Outlook)</th>
<th>FY2016 (Target)</th>
<th>Around2020 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Target</td>
<td>10</td>
<td>9.5</td>
<td>12</td>
<td></td>
<td>15</td>
</tr>
</tbody>
</table>

- Strengthen & steadily implement strategy for dental materials
  - Digital solutions
  - Asia strategy
  - Synergy
- Brand strategy for downstream expansion
- Further expansion of Nonwovens

Recovery of investments

Strengthening strategy & steady implementation

May 20, 2015
Strengthen Peripheral Areas of Vision Care Material

- Launch of lens material “UV+420cut” which helps to protect eye retina
- Launch of Bio-based lens material “Do Green” (Jan. 2015)

Ophthalmic lens material (monomers)

- High refractive
- Medium refractive
- Low refractive
- Photochromic lens material
- Bio-based lens material

Coatings

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

Finished product (eye glasses)

- Support ITU World Triathlon Yokohama (May 2015)
- Joint development with Yokohama City and SWANS of Do Green™ sunglasses using bio-based material
Deployment of Nonwovens in Asia

- Establish three bases in Asia (Japan, Thailand, China) to expand high performance nonwovens share
- Expansion strategy to include in-bound demand

Market Growth (Asia) 10%

49 KTA

**China (Tianjin)**
- Operation start (Jan. 2014)
- Continue full operation

15 KTA

**Japan**
- Strategic base for high performance nonwovens
- In-bound demand expansion & full run rates at plants

30 KTA

**Thailand**
- Asia export base

6 KTA

**Thailand**
- Continued full run rates for breathable film

Enhance customer value to use consistent R&D from raw materials to spinning & processing.

- Strategic base for high performance nonwovens
- In-bound demand expansion & full run rates at plants

Good sales for newly developed high performance nonwovens

Good flexibility & elasticity
Expansion of Dental Materials

- Complete rationalization to improve cost competitiveness
- Shift to expansion of digital solutions and new products introduction to expand non-metallic material business

<table>
<thead>
<tr>
<th>Year</th>
<th>Sale of Metal Materials</th>
<th>Sale of Non-Metallic Materials (resins, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2015</td>
<td>▲10%</td>
<td>4 new digital instruments ▲9%</td>
</tr>
<tr>
<td>FY2016</td>
<td>▲10%</td>
<td>12 new products +8%</td>
</tr>
<tr>
<td>FY2017</td>
<td>▲10%</td>
<td></td>
</tr>
</tbody>
</table>

Rationalization
- Rationalization successfully completed
- Improve run rate at Romania plant
Lineup Expansion

- Launch new brand “Whole You™” which provides solutions to those with sensory and physical mobility challenges (Nov.2014)
- Introduce innovative healthcare products with MCI’s material science into the US market

Whole You™

- New Fit CAD/CAM Dentures
- Oral appliance for OSA
- Electronic eyewear

※OSA: Obstructive sleep apnea
※From May 1st mouthpiece shipment

“One touch” focus
Progress of Basic Strategies

Food & Packaging
Expansion of F&P Domain

Front loading of Food & Packaging domain expansion

<table>
<thead>
<tr>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>◆ Optimize internal and external resources of films &amp; sheets</td>
</tr>
<tr>
<td>◆ Provide food solutions by utilizing Group technology</td>
</tr>
</tbody>
</table>

(Operating income: billion yen)

<table>
<thead>
<tr>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015 (Outlook)</th>
<th>FY2016 (Target)</th>
<th>Around2020 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>11.5</td>
<td>11.5</td>
<td>Initial Plan $10 + \alpha$</td>
<td>20</td>
</tr>
</tbody>
</table>

- Agrochemicals
  - Establishment of overseas bases
  - Promotion of global registration of active ingredients
  - Evolue™
    - Establish new plant in Singapore
  - Film & Sheets
    - Establish new base in Thailand

- Agrochemicals
  - Five next-generation active ingredients
  - Specialty isocyanates
  - New metalloocene polymer “EVL-ETM”

Recovery of investments

Bolster global strategy
Expansion of Agrochemicals

- Bolster Agro businesses by **global expansion**, Asian strategy, 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

### FY2011 to FY2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic</th>
<th>Overseas</th>
<th>Sales %</th>
<th>New Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>16%</td>
<td>37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2013</td>
<td>27%</td>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2014</td>
<td>35%</td>
<td>47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2015</td>
<td>35%</td>
<td>52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>50%</td>
<td>50+α</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2022</td>
<td></td>
<td></td>
<td>50%</td>
<td>100 Billion yen</td>
</tr>
</tbody>
</table>

**Key Points**

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

**Tokyo**
- Marketing base for high performance packaging

**New Delhi**

**Thailand**
- High performance sealant films

**Evolue™ 300 KTA**
- Construction completion: Mar. 2015
- Commercial operation: Aug. 2015

**T.U.X™ 15 KTA**
- Operation start in Jan. 2014

**Singapore**
- Strategic base for Asian marketing
- Quick customer response by Technical Support Center

**Malaysia**

**Market Growth 15%**

**Market Growth 10%**

**Market Growth 10-15%**

**Market Growth 10%**
Topics

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

- Contribute to industry by curriculums for third parties using Center strengths of “know-why” training, knowledge & skills, and training based on accumulated lessons
- High marks and applications from chemical and commodity manufactures, engineering companies, etc. to training programs which commenced in Apr. 2015

Study development of new training services & course expansion in partnership with plant control knowledgeable Yokogawa Solution Service
Successful portfolio transformation resilient to economic change
Establishment of stable, high profit structure
Management Target
Cash Flow Plan

- Both Consolidated & non-consolidated FCF is **positive** in FY2014
- Additional improvement expected after FY2015

(Billion yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>CF from investing</th>
<th>CF from operating</th>
<th>Free CF</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY04</td>
<td>96.5</td>
<td>63.4</td>
<td>33.1</td>
</tr>
<tr>
<td>FY05</td>
<td>-0.797</td>
<td>21.5</td>
<td>58.2</td>
</tr>
<tr>
<td>FY06</td>
<td>100.5</td>
<td>14.2</td>
<td>78.2</td>
</tr>
<tr>
<td>FY07</td>
<td>92.4</td>
<td>27.3</td>
<td>76.3</td>
</tr>
<tr>
<td>FY08</td>
<td>54.9</td>
<td>30</td>
<td>42.9</td>
</tr>
<tr>
<td>FY09</td>
<td>70.2</td>
<td></td>
<td>43.2</td>
</tr>
<tr>
<td>FY10</td>
<td>73.2</td>
<td></td>
<td>42.5</td>
</tr>
<tr>
<td>FY11</td>
<td>43.3</td>
<td></td>
<td>39.6</td>
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<tr>
<td>FY12</td>
<td>18.5</td>
<td></td>
<td>58.1</td>
</tr>
<tr>
<td>FY13</td>
<td>43.5</td>
<td></td>
<td>89.8</td>
</tr>
<tr>
<td>FY14</td>
<td>58.3</td>
<td>23.3</td>
<td>35</td>
</tr>
<tr>
<td>FY15</td>
<td>81</td>
<td>27</td>
<td>54</td>
</tr>
</tbody>
</table>

▲Denotes a minus

Outlook
✓ Achieve 2014 MTBP Target  Net D/E=1.2 one year in advance

※Incl. projected retirement obligations

↓ Significant improvement from initial outlook of 1.39
✓ **Growth investments** +30% against initial outlook to accelerate strategy, while placing priority on financial improvement

### 11MTBP (FY11-13)
- Maintenance: 90
- Growth: 140
- Total: 230

### 14MTBP (FY14-16)
- Priority Allotment to Mobility, Healthcare, and F&P
- Maintenance: 90
- Growth: 50
- Total: 140

### Revised 14MTBP (FY14-16)
- Accelerate growth strategy
- Maintenance: 90
- Growth: 50
- Total: 155

Return on 11 Mid-term growth investments

Growth investments +30% against initial outlook to accelerate strategy, while placing priority on financial improvement.
Shareholder Returns

✓ Continue efforts to return profits by stable dividends in accordance with the consolidated results

(Billion yen, ▲Denotes a minus)

(Yen/Share)

Dividends (Year-end) Dividends (interim) Net income

<table>
<thead>
<tr>
<th>Year</th>
<th>(Yen/Share)</th>
<th>Net Income</th>
<th>Dividends (Year-end)</th>
<th>Dividends (interim)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY06</td>
<td>4</td>
<td>▲52.3</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>FY07</td>
<td>6</td>
<td>▲2.8</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>FY08</td>
<td>3</td>
<td>▲1.0</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>FY09</td>
<td>▲3</td>
<td>▲8.1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>FY10</td>
<td>▲7</td>
<td>▲50</td>
<td>▲3</td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>▲24.9</td>
<td>▲25.1</td>
<td>▲3</td>
<td></td>
</tr>
<tr>
<td>FY12</td>
<td>▲3</td>
<td></td>
<td>▲3</td>
<td></td>
</tr>
<tr>
<td>FY13</td>
<td>3</td>
<td>17.3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>FY14</td>
<td>5Yen</td>
<td>25.0</td>
<td>3Yen</td>
<td></td>
</tr>
<tr>
<td>FY15</td>
<td>6Yen</td>
<td>6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Target: Consolidated payout ratio over 25%, DOE over 2%
Outlook for FY2015

FY2015 Outlook

Operating Income
¥52.0 billion

Net Income
¥25.0 billion

OP-ROA
3.7%

Net D/E
1.12

ROE
6.0%
## Mid- and Long-Term Management Targets

<table>
<thead>
<tr>
<th></th>
<th>FY2013 Results</th>
<th>FY2014 Results</th>
<th>FY2015 Outlook</th>
<th>FY2016 Target</th>
<th>Around 2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>1,566 (billion yen)</td>
<td>1,550</td>
<td>1,410</td>
<td>1,750</td>
<td>1,800</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>24.9 (billion yen)</td>
<td>42.0</td>
<td>52.0</td>
<td>60.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>▲25.1 (billion yen)</td>
<td>17.3</td>
<td>25.0</td>
<td>30.0</td>
<td>50.0</td>
</tr>
<tr>
<td><strong>ROA</strong></td>
<td>1.8%</td>
<td>3.0%</td>
<td>3.7%</td>
<td>4.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>–</td>
<td>4.5%</td>
<td>6.0%</td>
<td>8.0%</td>
<td>Over 10%</td>
</tr>
<tr>
<td><strong>Net D/E</strong></td>
<td>1.44</td>
<td>1.22</td>
<td>1.12</td>
<td>→</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>¥3/share</td>
<td>¥5/share</td>
<td>¥6/share</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Stable dividends**
(consolidated payout ratio: 25%↑, DOE:2%↑)
Creating new customer value and solving social challenges through business activities
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