

The background features a light blue world map with white grid lines. In the lower-left foreground, there is a 3D-rendered globe of the Earth, showing continents and oceans in shades of blue and white.

# **Mitsui Chemicals**

## **Business Results & Outlook**

May 30, 2013

Toshikazu Tanaka

President & CEO

# Contents

1. Financial Results for FY2012
2. Financial Outlook for FY2013
3. Progress of Mid-Term Business Plan
4. Investment Plan and Financial Status
5. Conclusion

# Accident at Iwakuni-Ohtake Works

- On April 22, 2012 an explosion and fire occurred at the resorcinol plant
- Following the accident, an “Accident Investigation Committee” (AIC) comprised of external specialists was formed
- The Committee approved MCI’s preventive measures
- Following the accident, a “**Fundamental Safety Committee**” comprised of members from across the company was formed



3 subjects were extracted and 11 ongoing countermeasures were implemented

Thoroughly implement  
“fundamental safety measures” and  
cultivate an impressive “safety record” to  
**regain society’s trust**

# Financial Results for FY2012

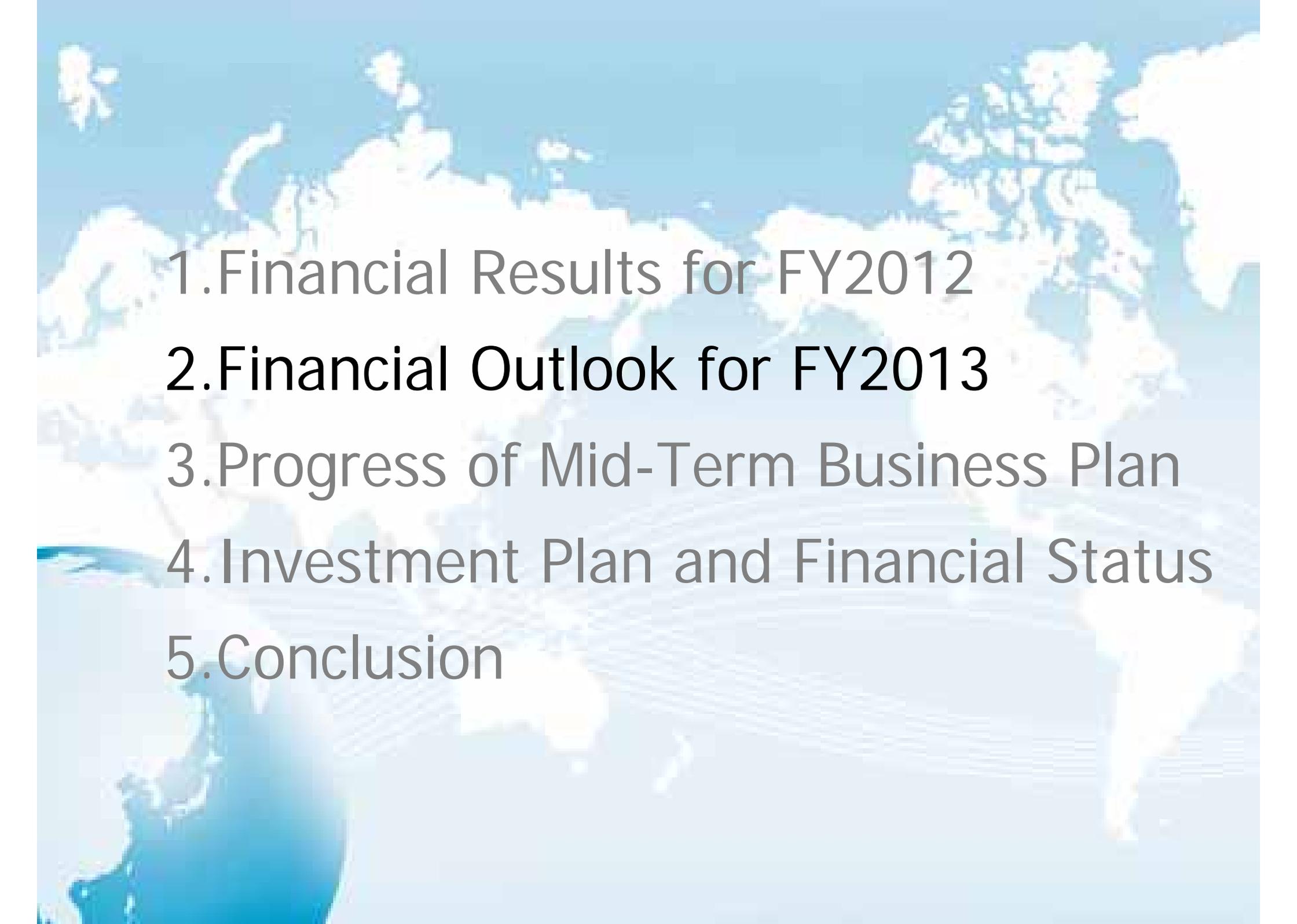
(billion yen)

Items	FY2011 Results	FY2012 Results	Increase (Decrease)
Sales	1,454.0	1,406.2	-47.8
Operating income	21.6	4.3	-17.3
Non-operating income	1.3	8.8	7.5
Ordinary income	22.9	9.2	-13.7
Special gains	-6.5	-10.0	-3.5
Net income before income taxes and minority interest	16.4	-0.8	-17.2
Net income	-1.0	-8.1	-7.1
Exchange Rate (Yen/US\$)	79	83	4
Domestic Standard Naphtha Price (Yen/KL)	54,900	57,500	2,600
Interest-bearing liabilities	464.8	507.2	42.4
Equity	367.4	376.8	9.4
D/E ratio	1.27	1.35	0.08
Dividend	6 yen/share	6 yen/share	-

# Operating Income for FY2012

(billion yen)

Segment	FY2011	FY2012	Change from FY11	Notes
Functional Chemicals	11.7	12.4	0.7	Expanded overseas demand
Functional Polymeric Materials	8.2	8.4	0.2	Increased sales volume
Polyurethane	△14.6	△2.6	12.0	Increased sales volume improvement in overseas markets
Basic Chemicals	8.6	△18.9	△27.5	Accident at Iwakuni-Ohtake Works Market downturn
Petrochemicals	8.9	7.7	△1.2	Deterioration in terms of trade Power trouble at Ichihara Works
Film & Sheets	0.2	△3.3	△3.5	Delay in demand recovery for solar cells Decreased net sales
Total (including "others")	21.6	4.3	△17.3	

A light blue world map is centered in the background of the slide. The map shows the continents in a slightly darker shade of blue against a lighter blue background. The text is overlaid on the map.

1. Financial Results for FY2012

2. Financial Outlook for FY2013

3. Progress of Mid-Term Business Plan

4. Investment Plan and Financial Status

5. Conclusion

# Forecast for FY2013

## Global Economy

- Expansion of U.S. economy
  - Progress of austerity relief in Europe
  - Economic slowdown in China and India
- ⇒ Global economy is projected gradually recover

## Japanese Economy

- "Abenomics" monetary easing, financial policy, growth strategy
- Weakening of yen and rising stock prices
- Increased demand related to 2011 earthquake
- Increased demand before consumption tax increase

Although there is a turnaround risk in emerging markets,  
overall **the global economy is expected to recover**  
**in the second half of FY2013**

# Financial Outlook for FY2013

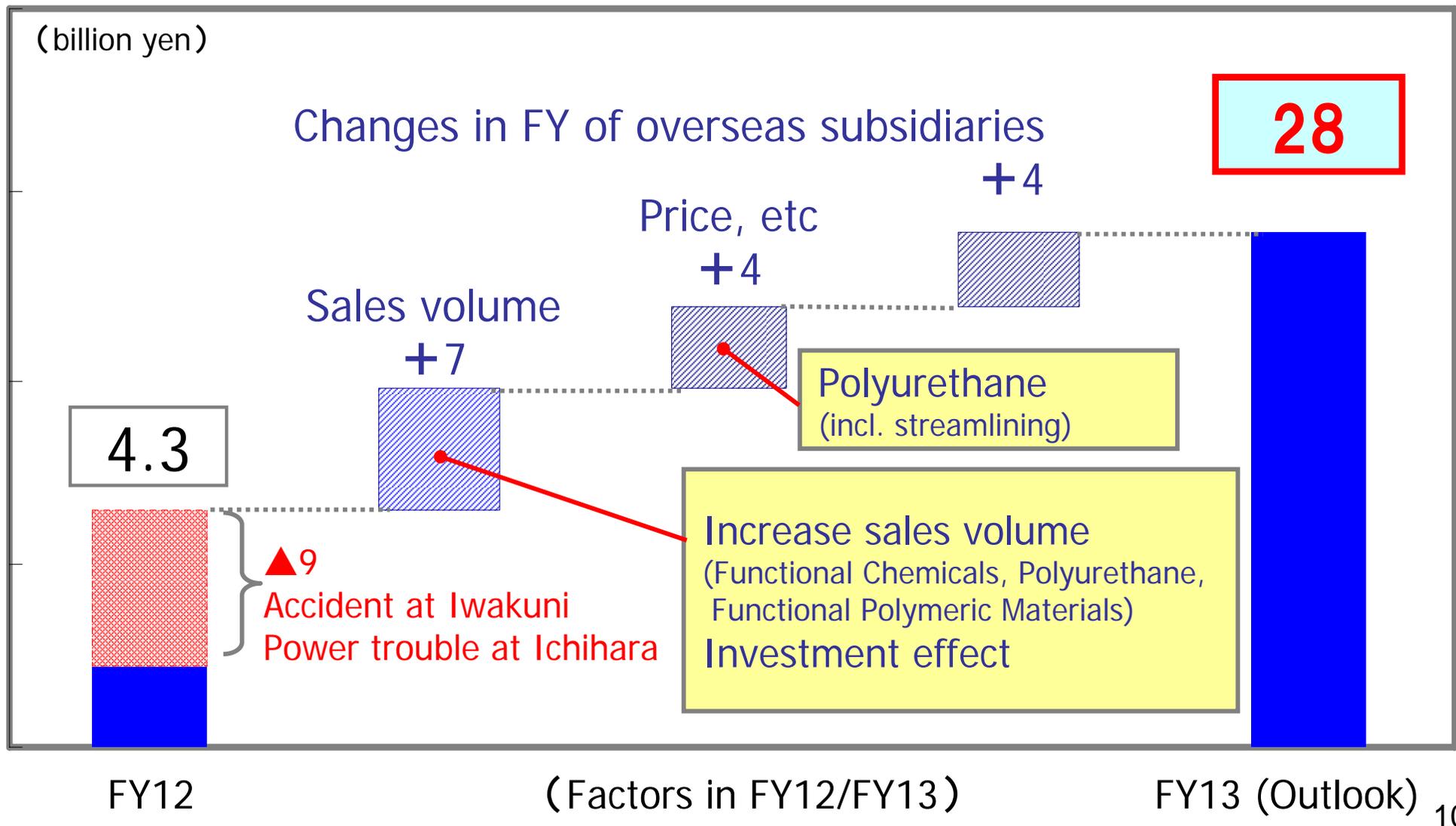
Items	(billion yen)		
	FY2012 Results	FY2013 Outlook	Increase (Decrease)
Sales	1,406.2	1,600.0	193.8
Operating income	4.3	28.0	23.7
Non-operating income	4.9	△5.0	△9.9
Ordinary income	9.2	23.0	13.8
Special gains	△10.0	△8.0	2.0
Net income	△8.1	5.0	13.1
Exchange Rate (Yen/US\$)	83	95	12
Domestic Standard Naphtha Price (Yen/KL)	57,500	63,000	5,500

# Operating Income for FY2013

(billion yen)

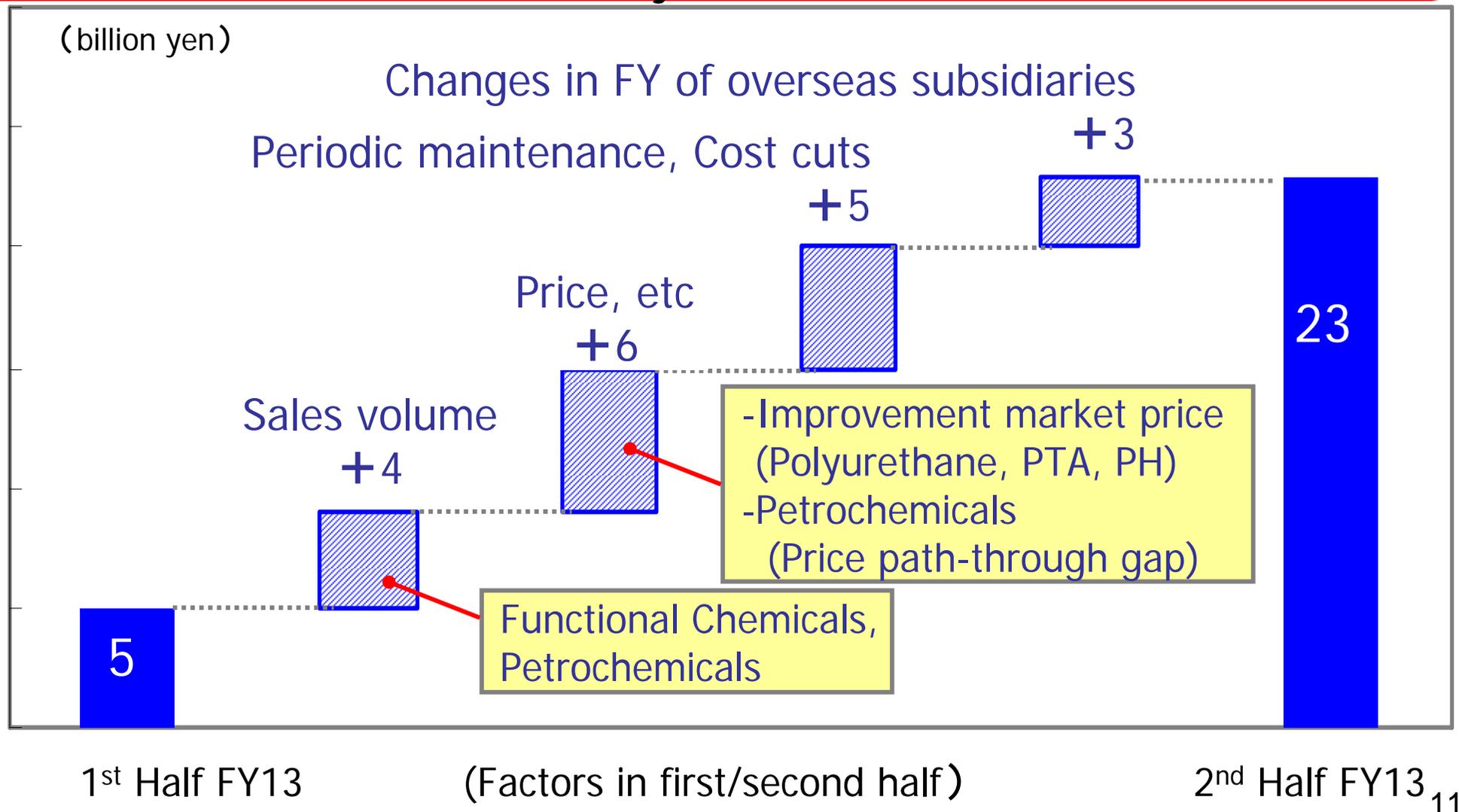
Segment	FY2012 (Full)	FY2013 (Outlook)			Change from FY2012
		1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Full	
Functional Chemicals	12.4	6.5	9.0	15.5	3.1
Functional Polymeric Materials	8.4	4.5	6.0	10.5	2.1
Polyurethane	△2.6	2.5	4.5	7.0	9.6
Basic Chemicals	△18.9	△9.0	△5.0	△14.0	4.9
Petrochemicals	7.7	4.5	11.5	16.0	8.3
Film & Sheets	△3.3	△1.0	△1.0	△2.0	1.3
<b>Total (incl. Others)</b>	<b>4.3</b>	<b>5.0</b>	<b>23.0</b>	<b>28.0</b>	<b>23.7</b>

FY2013 effects of recovery from accident, etc  
**Operating income forecast 28 billion yen**



# Operating Income (1<sup>st</sup> Half→2<sup>nd</sup> Half of FY2013)

In 1<sup>st</sup> half and 2<sup>nd</sup> half, effects of periodic maintenance, changes in accounting periods of overseas subsidiaries result in major differences



- 
- A light blue world map is visible in the background, showing the outlines of continents and oceans. The map is centered on the Atlantic Ocean, with North and South America on the left and Europe and Africa on the right.
1. Financial Results for FY2012
  2. Financial Outlook for FY2013
  - 3. Progress of Mid-Term Business Plan**
  4. Investment Plan and Financial Status
  5. Conclusion

## Target of Mitsui Chemicals Group

- Establish business portfolio for growth and sustainability
- Establish global presence focusing on Asia

## "5-5-5 Strategy"

- Channeling management resources into 3 key areas
- Target 100 billion yen in operating income as a chemical company with an undisputed global presence

1. “High Functional Products” to solve global issues such as food, health, and ageing

⇒ Early actualization and expansion through M&As and collaborations

- Healthcare (optical lens monomer, dental materials, nonwovens)
- Agrochemicals

2. “High Value Added Polymers” based on proprietary technology such as high performance catalysts

⇒ Reinforce high added value and acceleration of global deployment

- Metallocene polymers (Evolve, Tafmer, EPT)
- High function compounds (PP compounds, Admer)

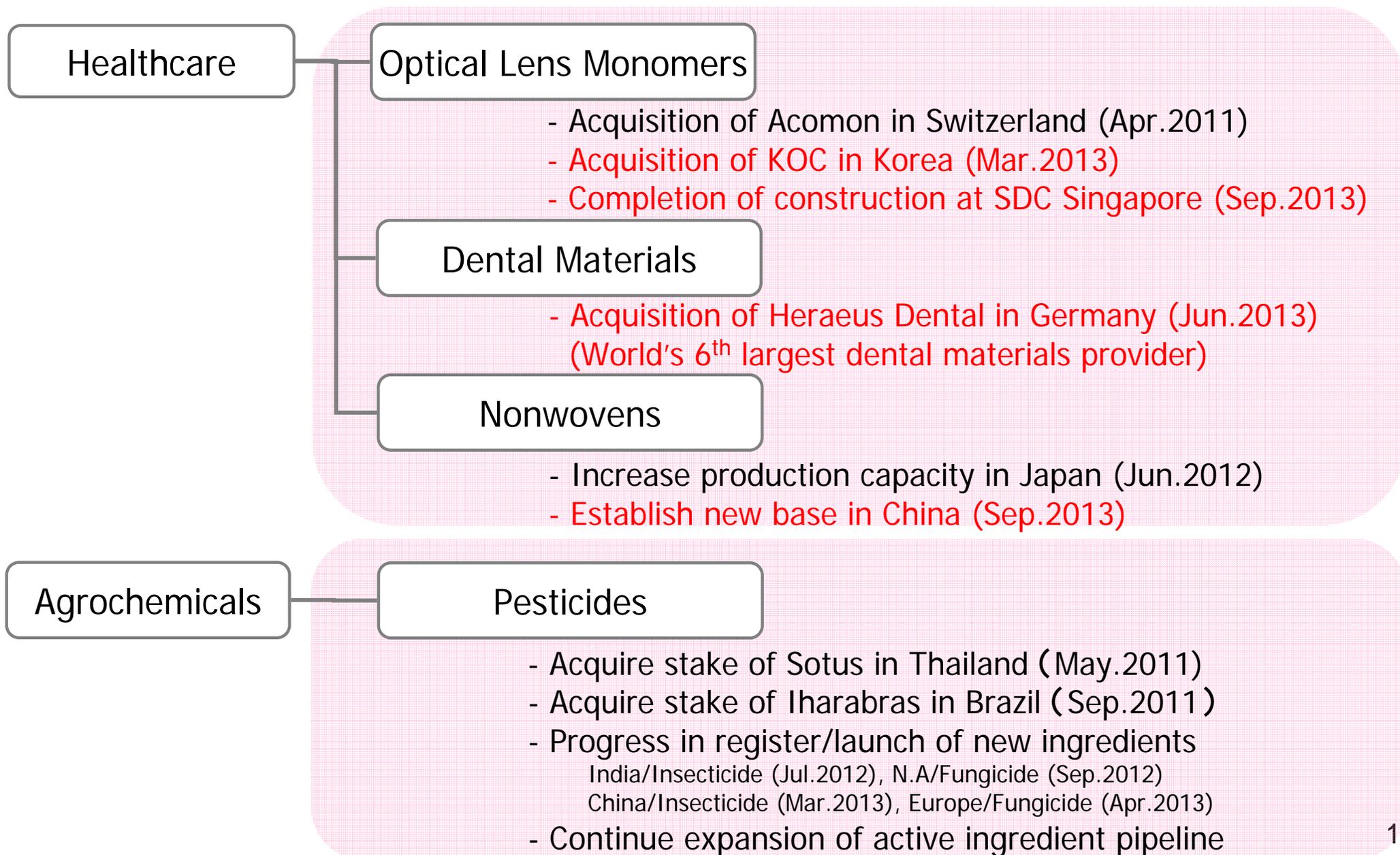
3. “Phenol Chains” with global presence

⇒ Restructuring measures for large-scale, unprofitable businesses

- Changes in Business Portfolio -

**“High Functional Products”  
Progress with Strategy**

## Early actualization and expansion through M&As and collaborations



“High Functional Products”

Optical Lens Monomers

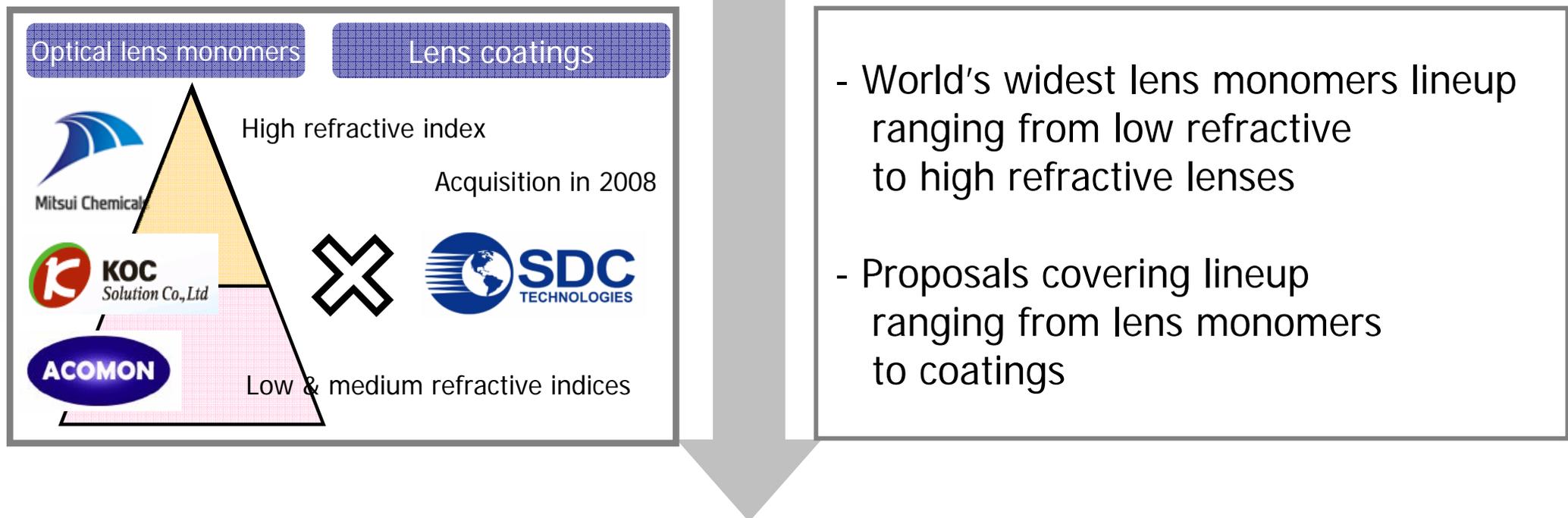
# 1. Optical Lens Monomers

## - Acquisition of KOC in Korea (May.2013)

Secure global presence as a top player by strengthening position in expanding Asian market

## - Establish SDC Asia Pacific in Singapore (construction completion: Sep.2013)

Strengthen lens coating products in Asia

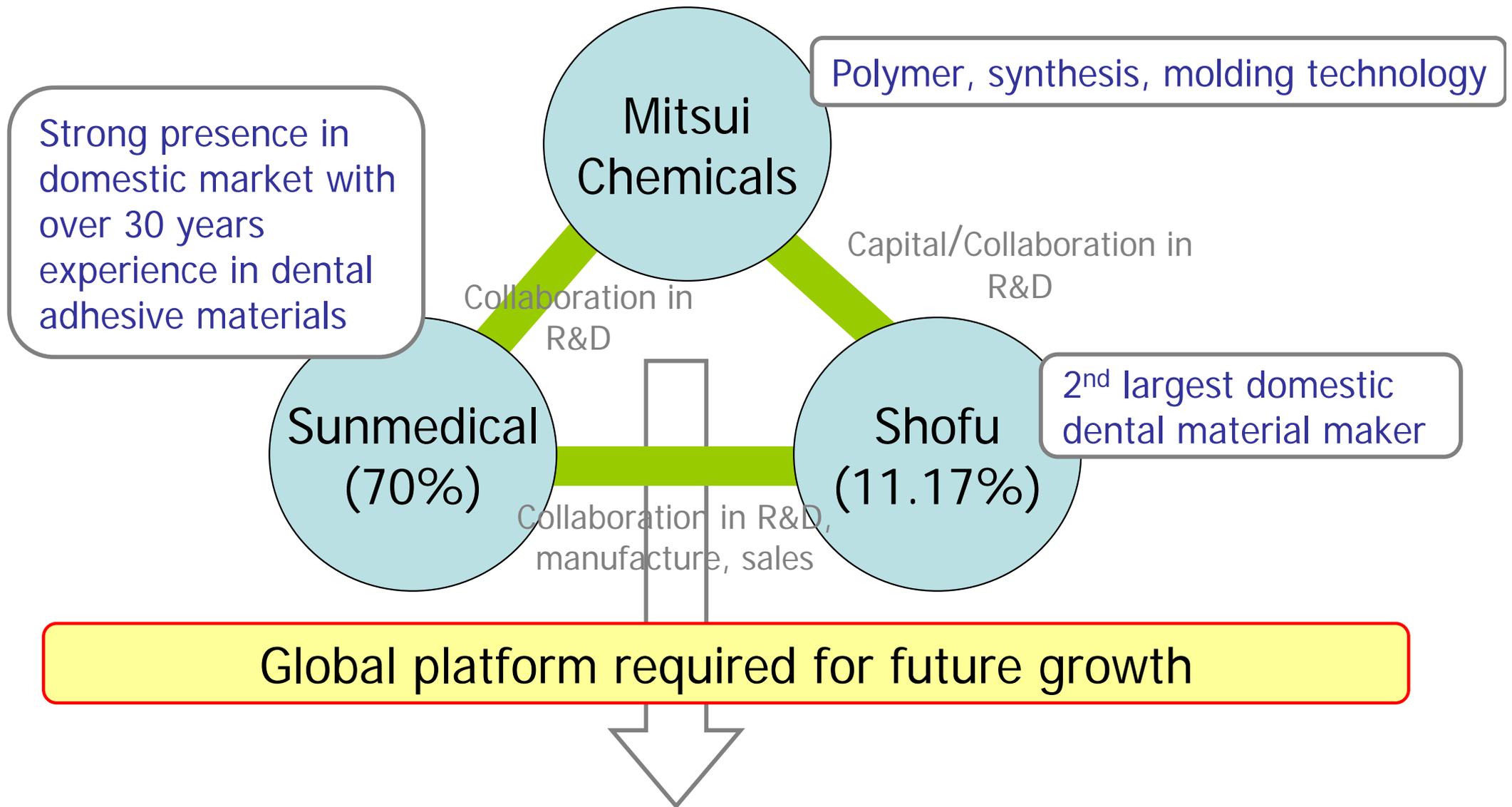


Secure position as global leader with total solution in optical lens

“High Functional Products”

Acquisition of Heraeus Dental

# 2-1. Dental Materials – Conditions & Themes



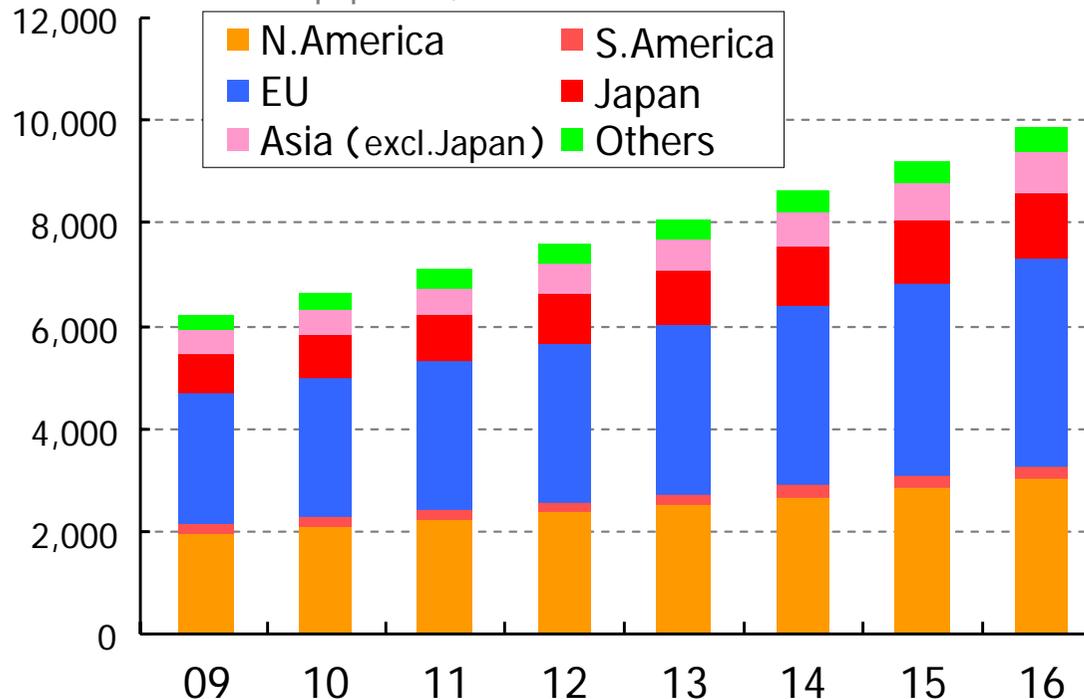
Acquisition of the world's 6<sup>th</sup> largest Heraeus Dental which boasts a global network in 22 countries

# 2-2. Dental Material Market

- Global dental material market will **stably grow** at a rate of 6 – 7 % due to **ageing of world population**
- **Good Asian potential from high growth** (over 8%)
- Synergy effect of **shift from metal to plastics** using Mitsui Chemicals' polymer technology

## Dental Material Market Growth by Area

(million US\$) ※excluding orthodontic appliances, dental drills, polishing equipment, etc.



## <Average Growth>

	'09-12	'12-16
N.America	6.4%	6.5%
S.America	6.3%	6.2%
EU	6.6%	6.7%
Japan	7.3%	7.4%
Asia(excl. Japan)	8.4%	8.5%
Others	5.6%	5.7%
Total	6.7%	6.8%

## 2-3. Heraeus Dental Acquisition

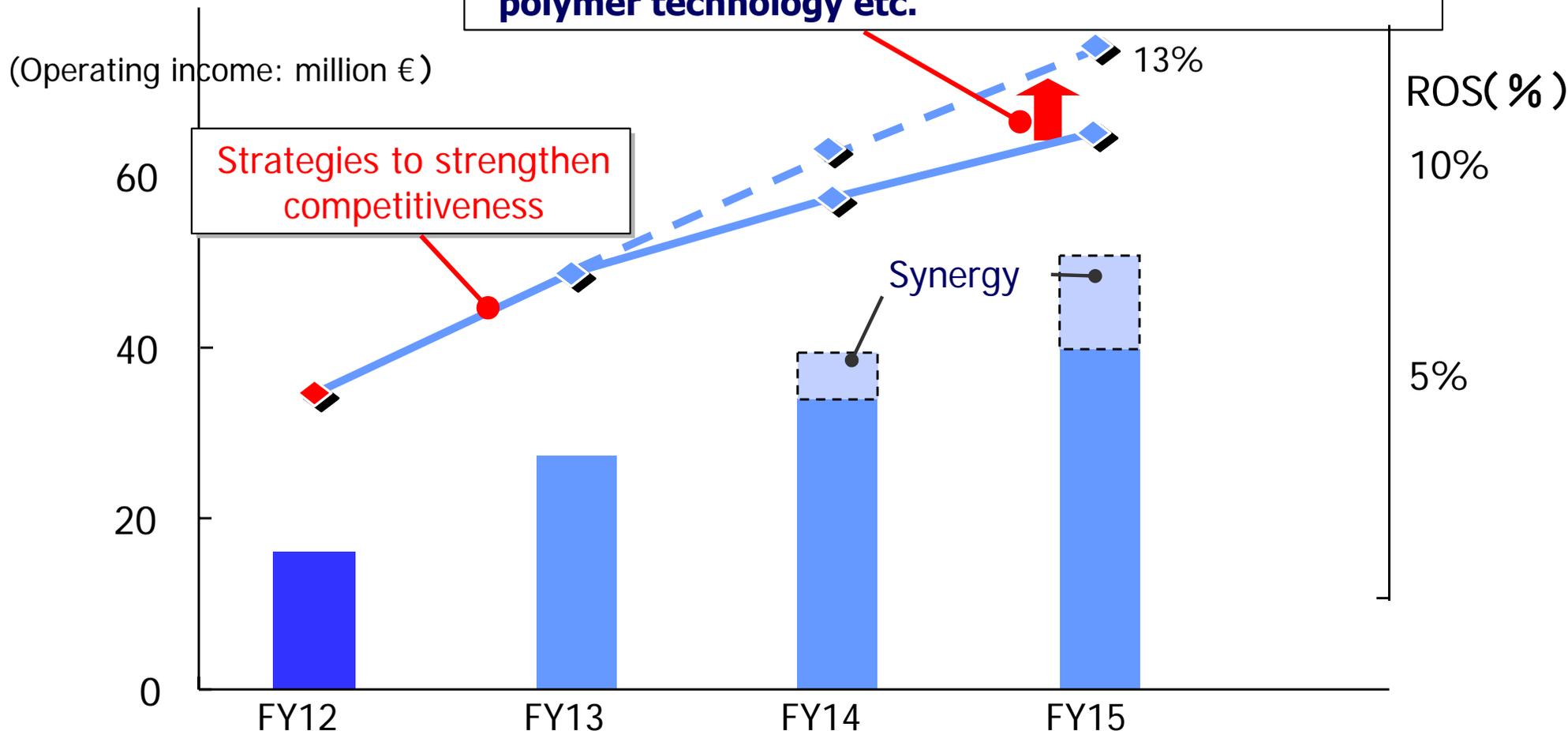
Agreement	April 4, 2013
Share transfer	June 2013 (tentative)
Company	Heraeus Kulzer GmbH (German) head office and 26 subsidiaries (share deal 17, asset deal 9)
Establishment	1935
Sites	<p>Sales sites: 22 countries (26 sites)</p> <p>Manufacture sites: 5 countries (9 sites)</p> <p>Europe 14 companies (Germany, The Netherlands, Sweden, etc.)</p> <p>Americas 3 companies (US, Mexico, Brazil)</p> <p>Asia/Oceania 9 companies (Japan, China, Australia, etc.)</p>
Employees	Approximately 1400
Consolidated sales	353.6 million EUR (2012)
Purchase price	450 million EUR

Major step in portfolio transformation

**Rationalization to strengthen competitiveness and synergy of future strategy for stable profitability**

- **Expansion through global manufacture and sales**  
Expand Heraeus Dental sales in Japan and Asia  
Global expansion of Sunmedical products
- **Joint development of new product using proprietary polymer technology etc.**

Synergy



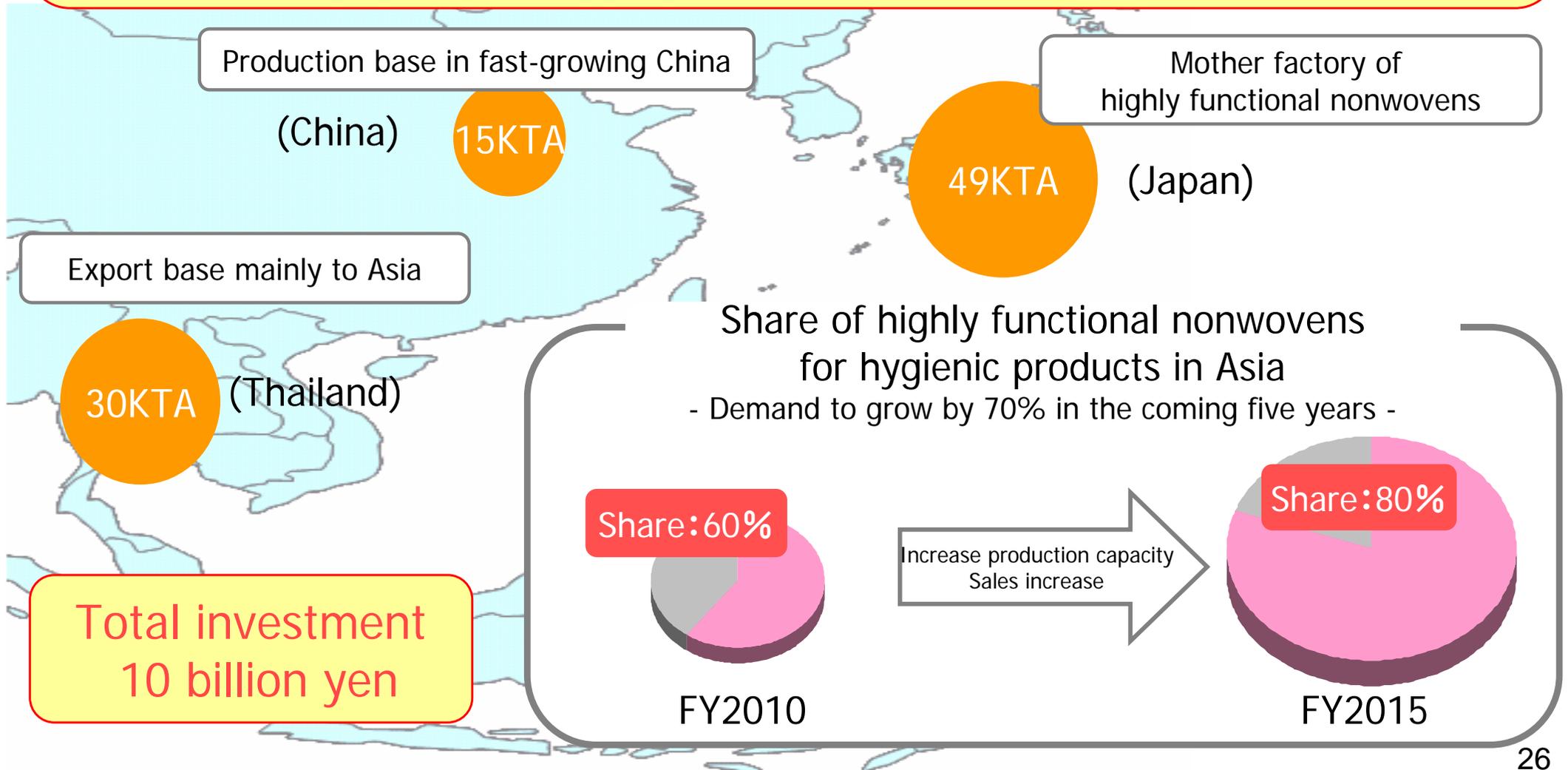


“High Functional Products”

Nonwovens

### 3. Highly Functional Nonwovens

- New base in China (15KTA, operation start: Sep.2013)
  - Increase production capacity in Japan (15KTA, operation start: Jun.2012)
- ⇒ 3 production bases to establish No.1 market share in Asia for highly functional nonwovens



- Changes in Business Portfolio -

**“High Value Added Polymers”  
Progress with Strategy**

Reinforce high added value and acceleration of global deployment

Metallocene Polymers

Evolve

- Establish new base in Singapore (2Q, 2015)

Tafmer

- Increase capacity for specialty Tafmer (1Q, 2014)

EPT

- Establish new base in China (1Q.2014)

High Function Compounds

PP compounds

- Acquisition of Produmaster in Brazil (May.2012)

- Increase capacity at several bases  
(U.S.A, Mexico, Thailand, China)

Admer

- Establish new base in China (4Q,2014)

# “High Value Added Polymers”

PP compounds

# PP compounds

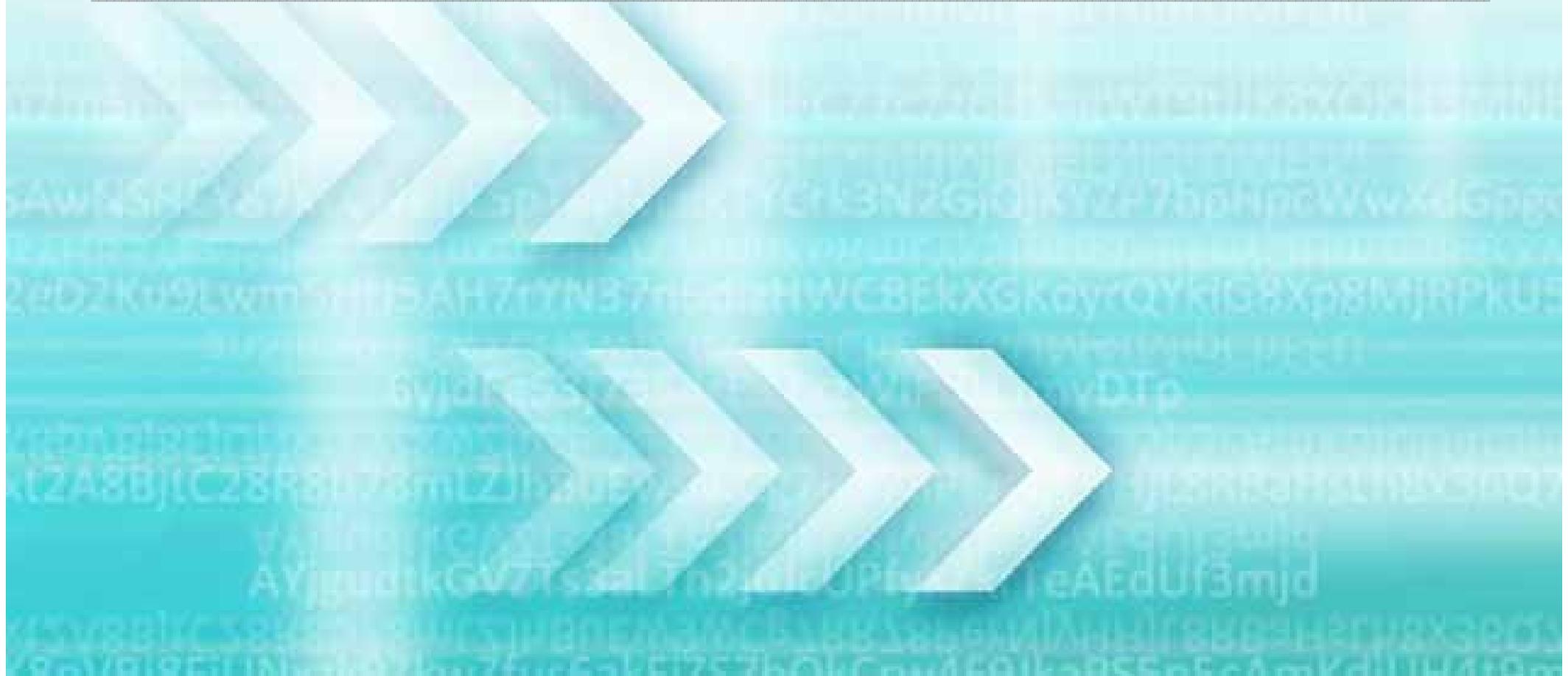
- New base in Brazil through acquisition (May 2012)
- Production augmentation at several bases
- Recognized by General Motors as 2012 Supplier of the Year  
(First time for Japanese compounds producer)

Global leader with 8 bases



Secure position as global leader with capacity from 740KTA (FY10) to 943KTA (FY13)

# Restructuring Measures for Large-scale, Low-profit Businesses



## Extensive reforms and cost reduction

Restructuring of Aroma Derivatives

Phenol Chains

Purified Terephthalic Acid (PTA)

Polyurethane

Restructuring of Petrochemicals

Polyolefin

Ethylene Center

# 1. Restructuring of Aroma Derivatives

Restructuring of Aroma Derivatives



(Acetone based IPA)

## Phenol Chains

- ① Acetone based IPA (60KTA, Apr.2013)
- ② New derivatives (Anone process, 1<sup>st</sup> H 2013)
- ③ Cost reduction (minus 3.5 billion yen, FY2013)
- ④ Secure competitive raw materials  
(Nghì Son project)

## Purified Terephthalic Acid (PTA)

- ① Strengthen cost competitiveness  
(Improvement in consumption of acetic acid)
- ② Adjustment to operations in Thailand  
(1 plant: temporary suspension)

## Polyurethane

- ① Rationalization  
- Suspension of Chiba Polyol (28KTA, Jun.2012)
- ② Impairment of polyurethane business (FY11)
- ③ Cost reduction (FY15 target 8 billion yen)  
- Further cost cuts (target 9.5 billion yen)
- ④ Collaboration with SABIC

Extensive Restructuring

# 2-1. Restructuring of Petrochemicals

## Restructuring of Petrochemicals



### Polyolefin

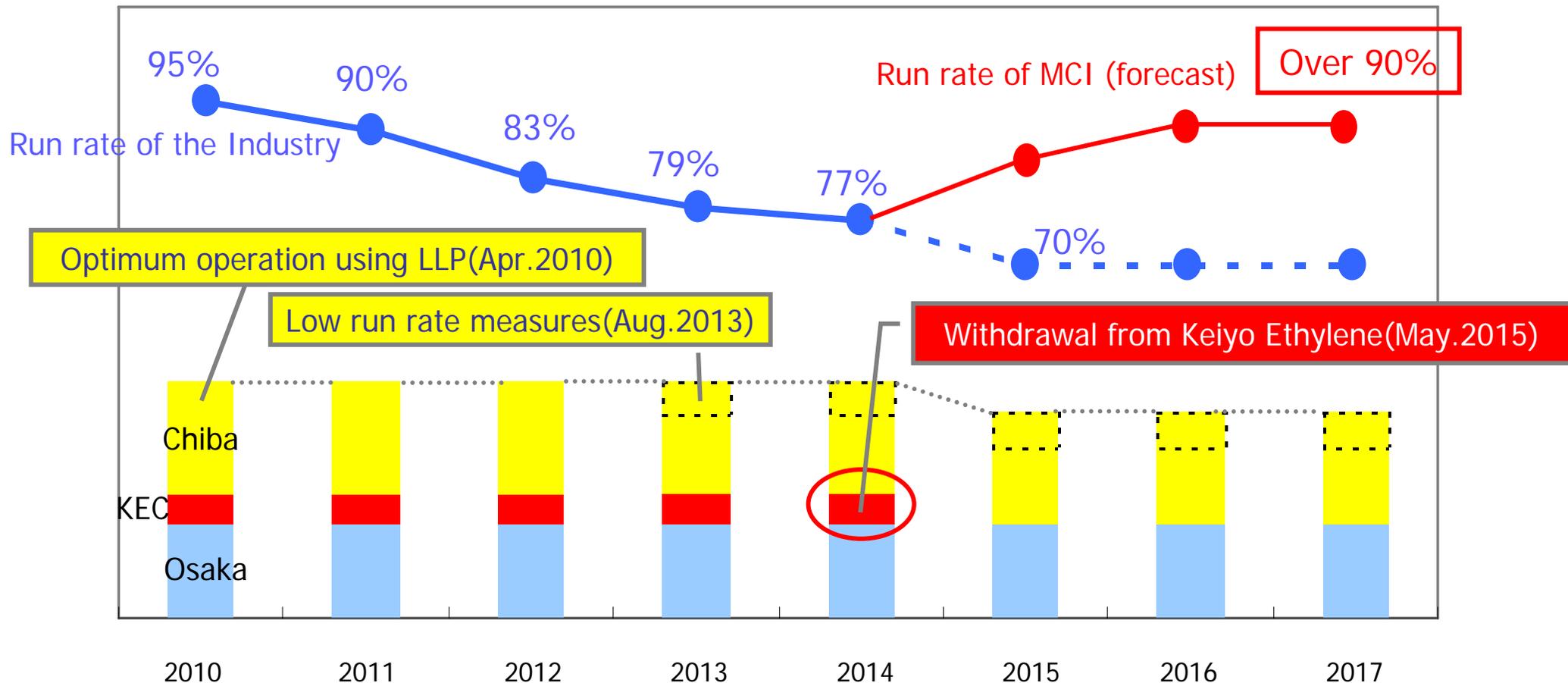
- ① Rationalization
  - Suspension of 2 PP plants  
(Ube:90KTA, Mar.2011, Ichihara:90KTA, Jul.2013)
  - Suspension of HDPE plant (Chiba:130KTA, Apr.2013)
- ② Cost reduction
  - Achieved 7 billion yen in FY11 and FY12 against FY10
  - Target 3 billion yen in FY13  
(Total cost reduction :10 billion yen)

### Ethylene Center

- ① Optimum operation using LLP
- ② Implement low run rate measures (Chiba LLP)
  - Economic efficiency even at 70% run rate (Aug.2013)
- ③ Withdrawal from Keiyo Ethylene (May.2015)
- ④ Further restructuring

# 2-2. Restructuring of Ethylene Center

- Japanese ethylene demand drops to 5 million tons
- ⇒ Establish optimum operations for switchover to low run rates

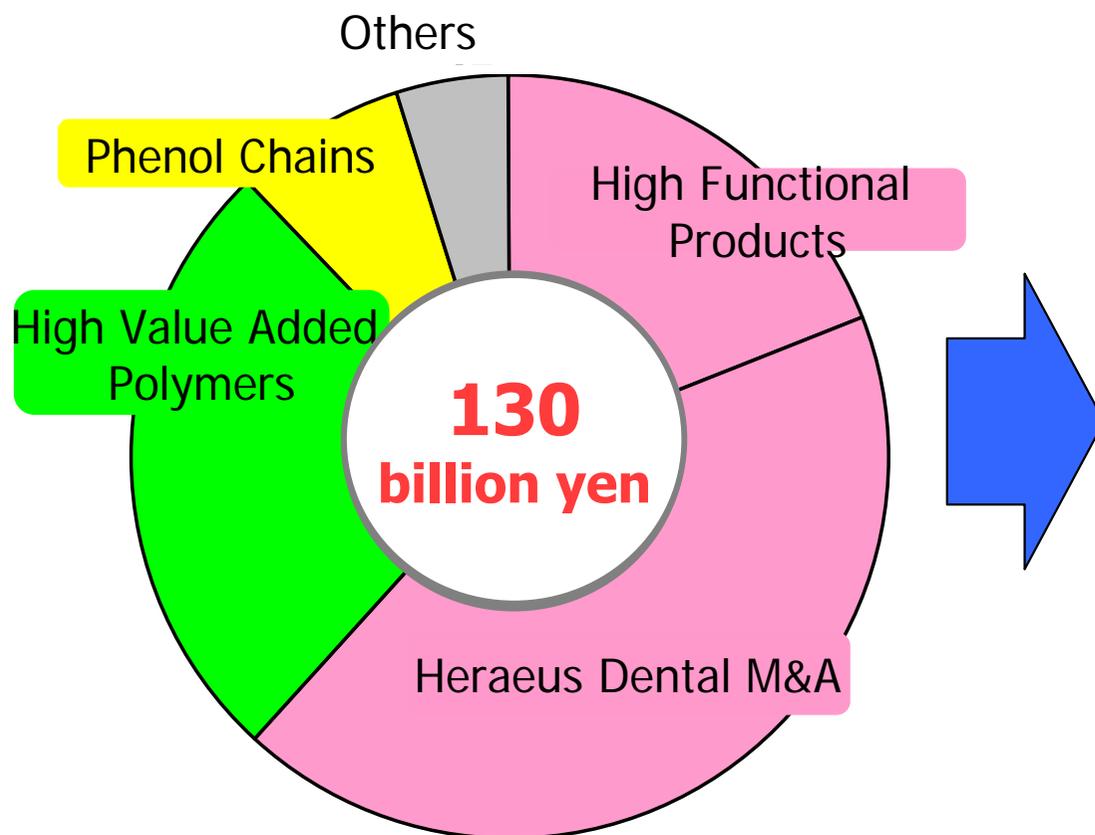


- Expanded use of LLP
- Further restructuring for optimum efficiency

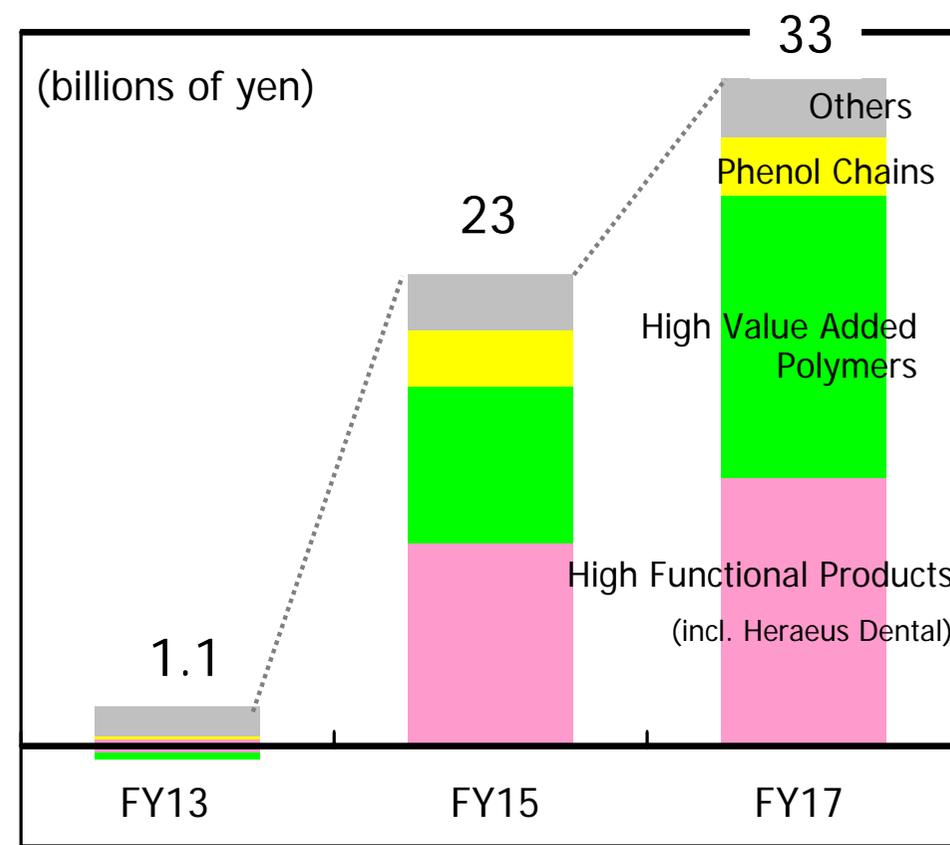
- 
1. Financial Results for FY2012
  2. Financial Outlook for FY2013
  3. Progress of Mid-Term Business Plan
  4. Investment Plan and Financial Status
  5. Conclusion

**Focus 90% of growth investments on “High Functional Products” and “High Value Added Polymers”**

FY11-13 Growth investments  
(incl. Heraeus Dental M&A)



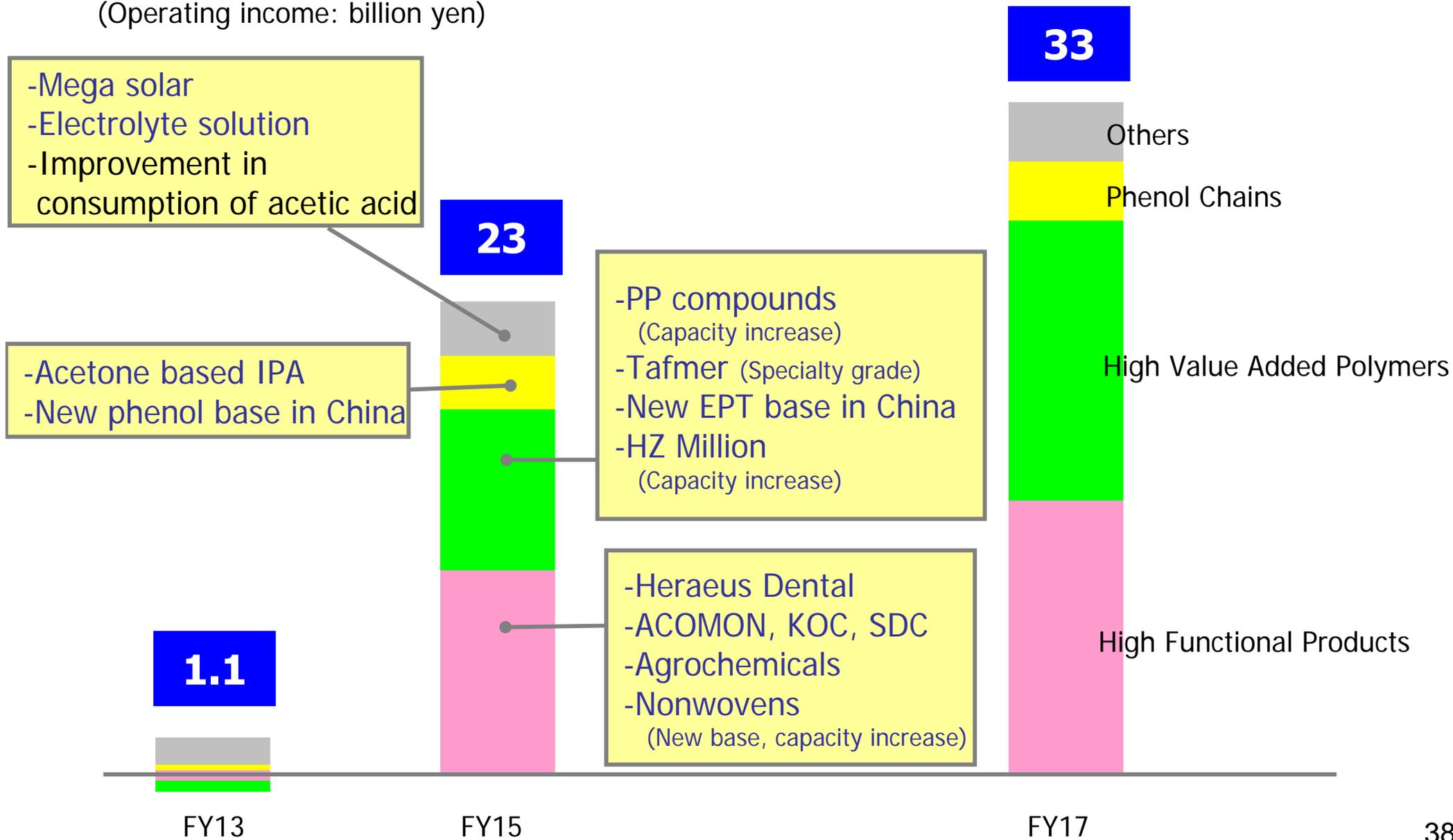
Investment effect (50 themes)



**Effect of growth investments during Mid-Term Business Plan will result in rapid expansion after FY2014**

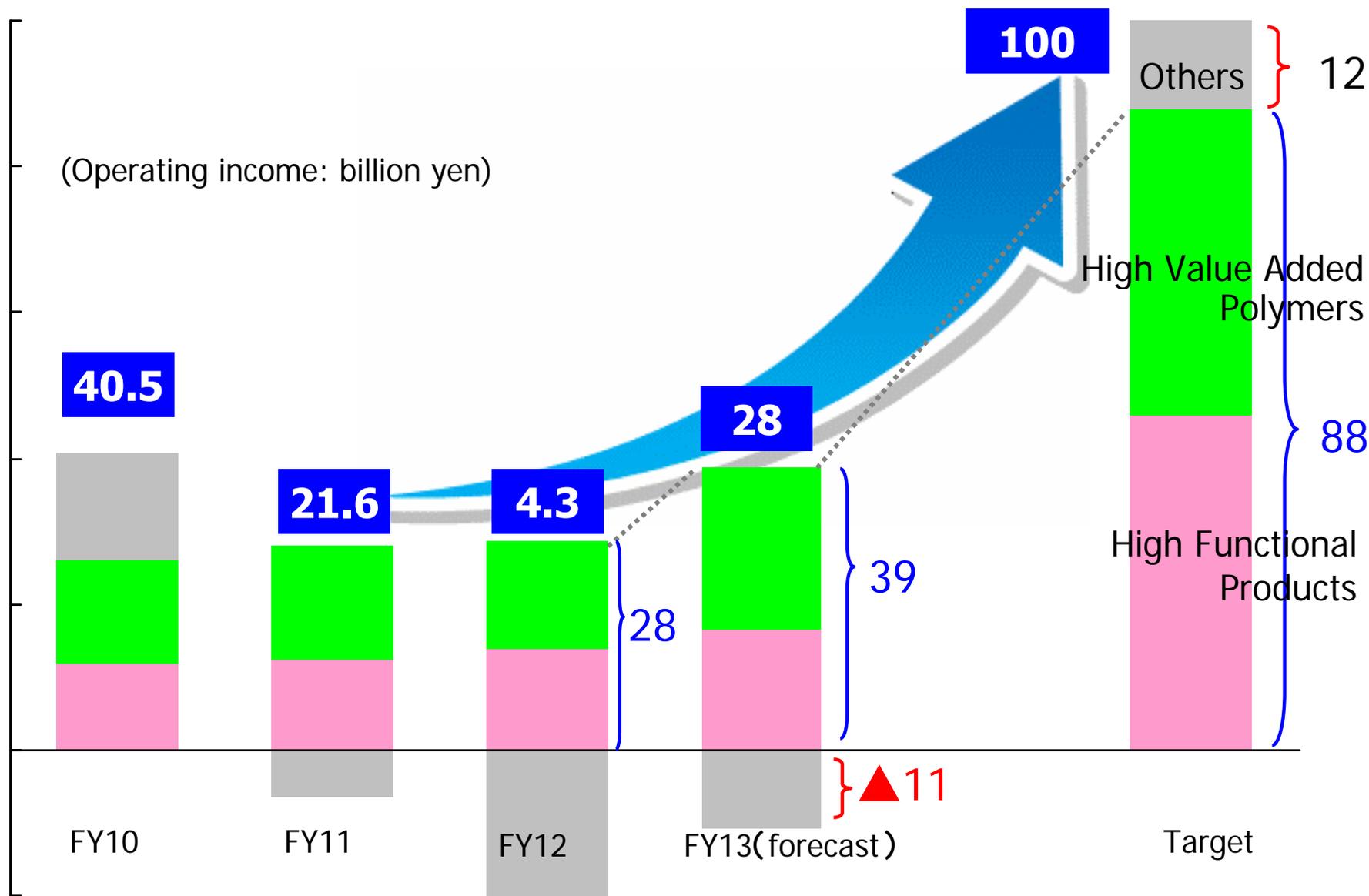
Over 50 ongoing investment themes

(Operating income: billion yen)



# Changes in Business Portfolio

Restructure business portfolio towards “High Functional Products” and “High Value Added Polymers” which are resilient to economic change  
 (Operating income of 2 key areas will account for 90%)

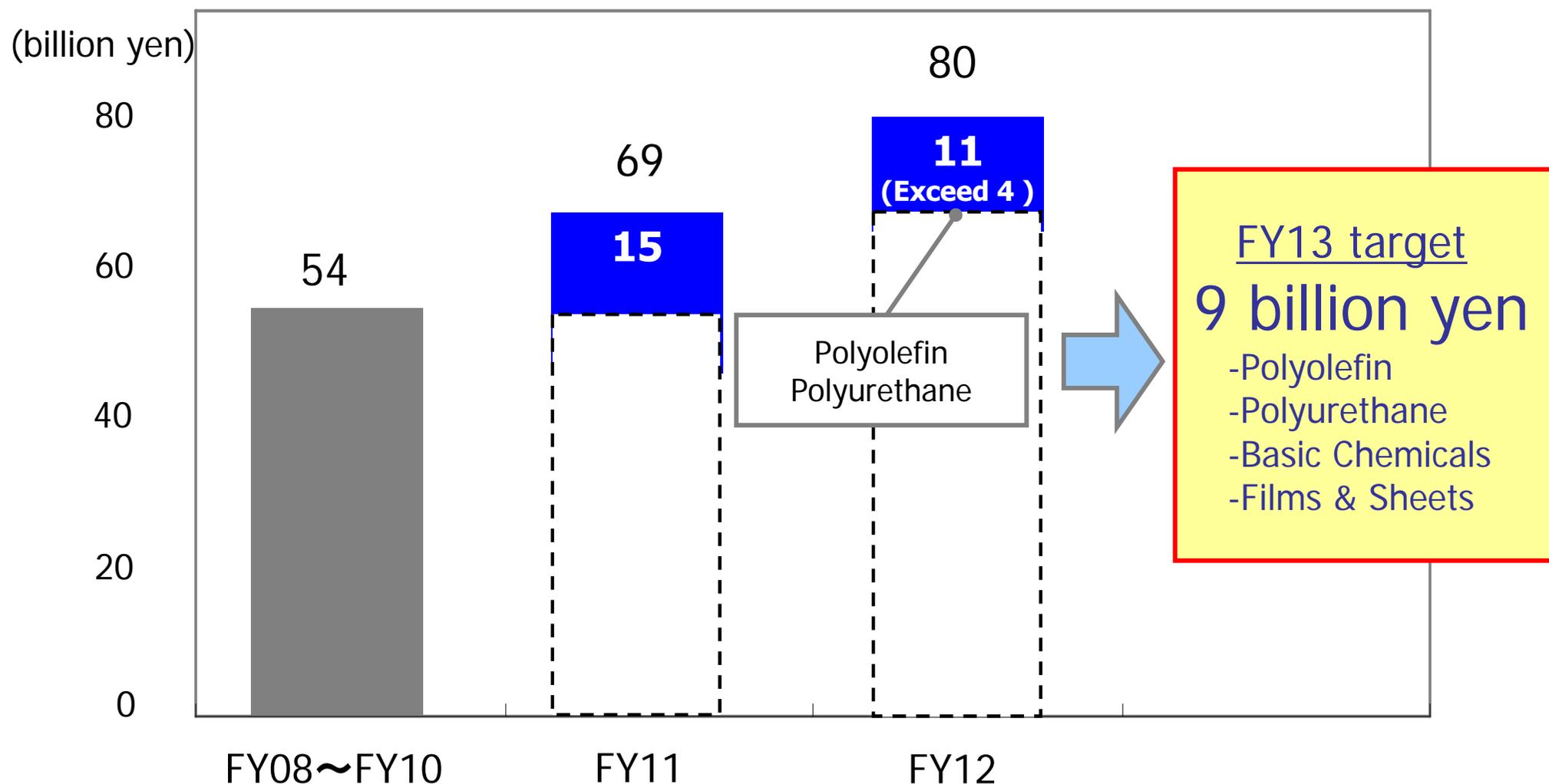


# Progress in Cost Reduction

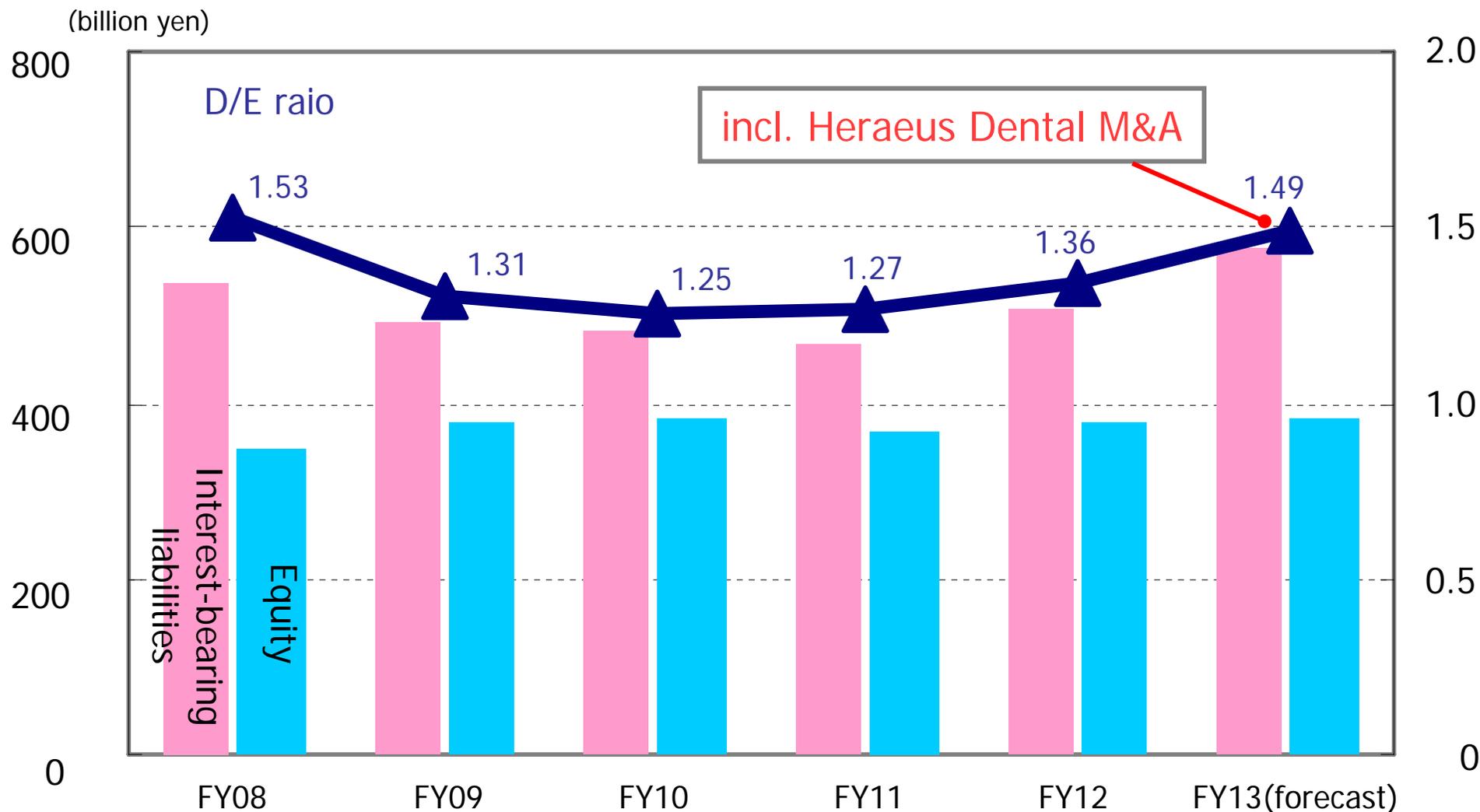
FY11 results: 15 billion yen, FY12 results: 11 billion yen

**FY13 target: 9 billion yen**

Actual cost cuts exceed target of Mid-Term Business Plan

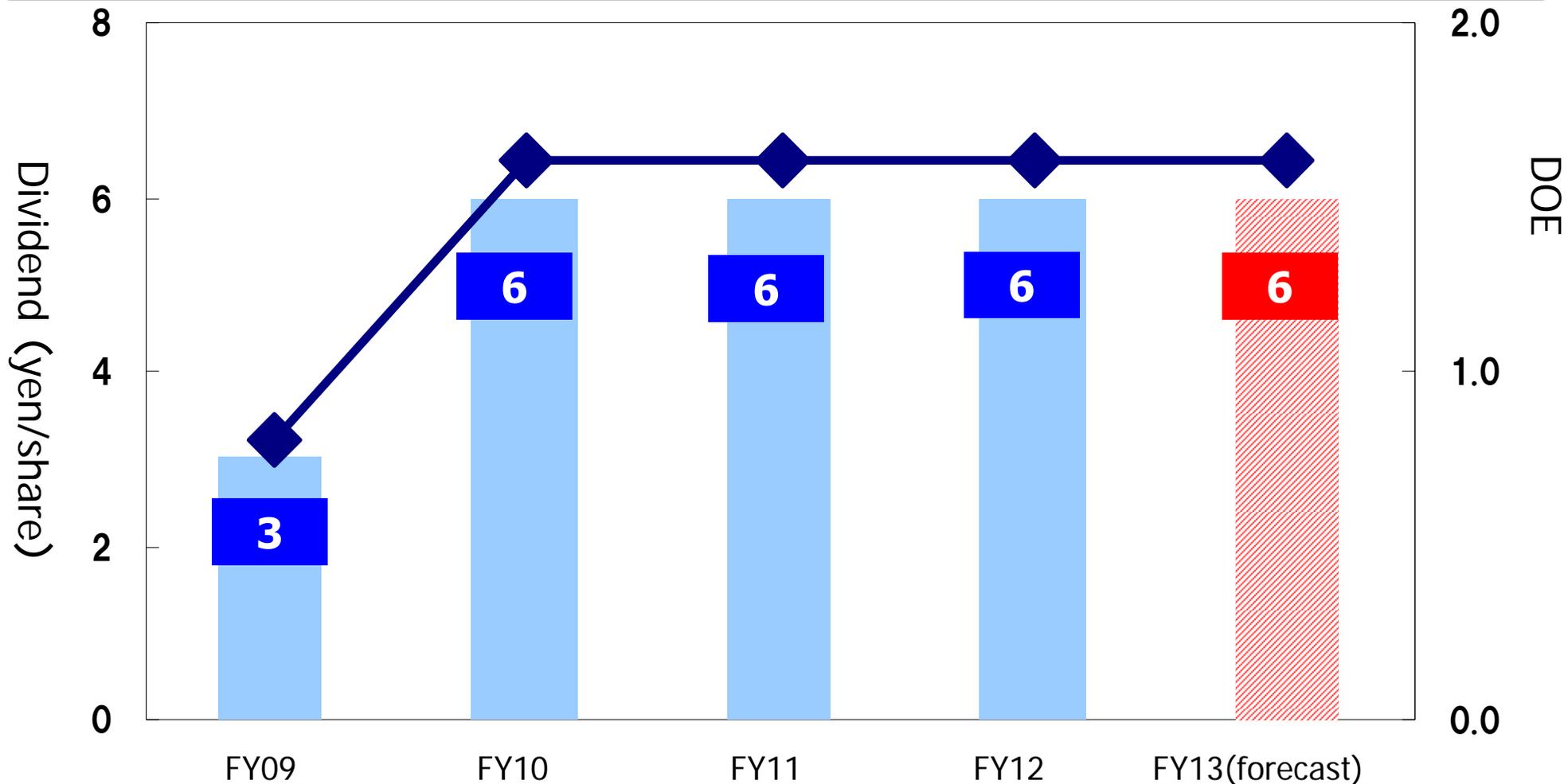


Execute strategy while balancing financial structure through concentrating investments and reducing costs



Note) excl. impact of applying the revised accounting standard of retirement benefit obligations at end of FY13

Dividends in FY2013 forecasted at 6 yen for full year  
(3 yen midterm, 3 yen year end)



**Efforts to continue stable dividend payout**  
consolidated dividend payout ratio target: over 25%,  
DOE target: over 2%

- 
1. Financial Results for FY2012
  2. Financial Outlook for FY2013
  3. Progress of Mid-Term Business Plan
  4. Investment Plan and Financial Status
  - 5. Conclusion**

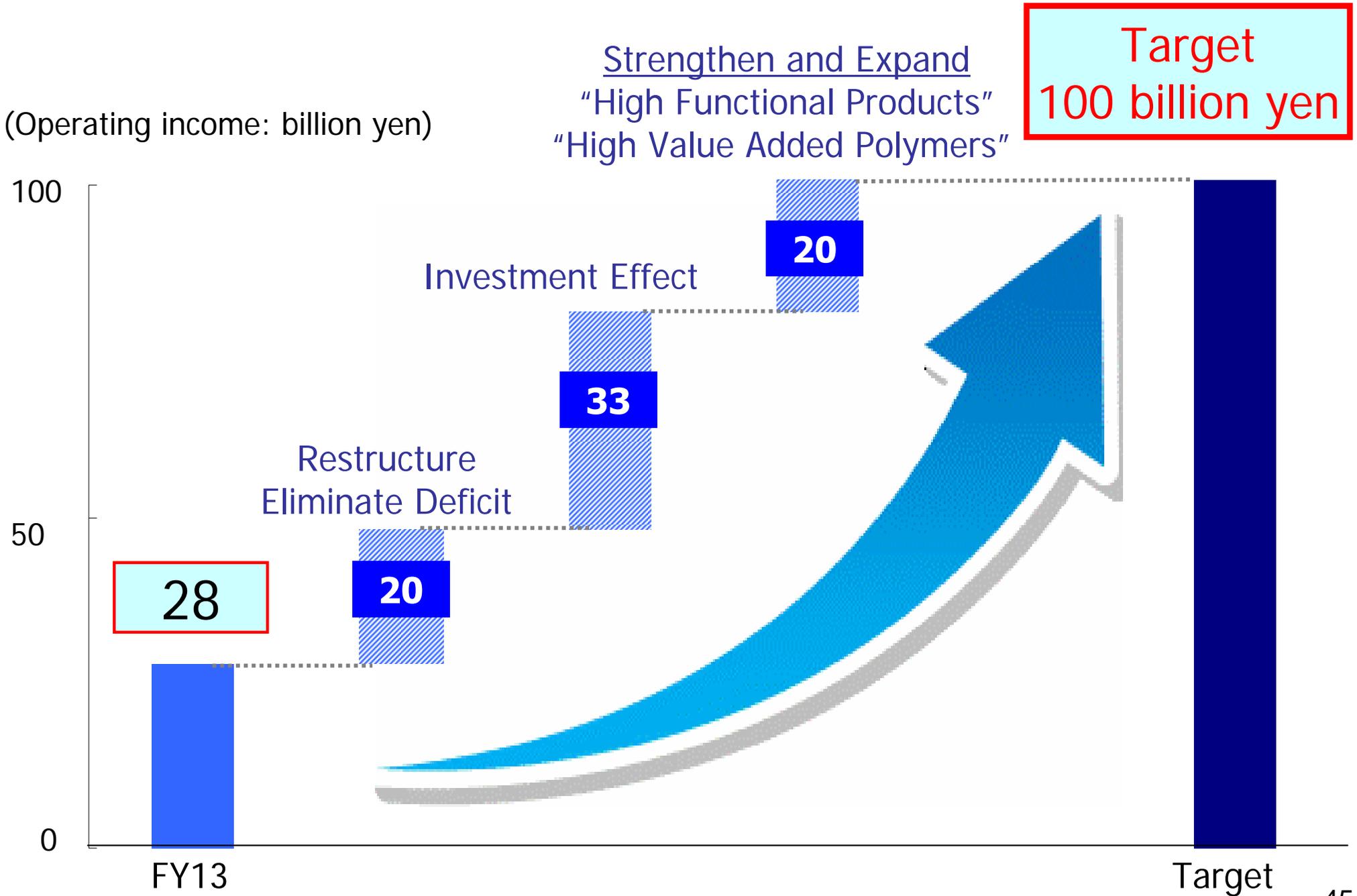
# Conclusion

## “Aggressive Management for Results”

- Implement ongoing restructuring measures for large-scale, low-profit businesses
  - Target operating income of over 28 billion yen in FY13
  - Stable earning growth in implemented large-scale M&A investments, PMI of M&As
- ⇒ Accomplishment of portfolio transformation resilient to economic change

# Growth Path to Target

(Operating income: billion yen)



# *Challenge Diversity One Team*

**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.**

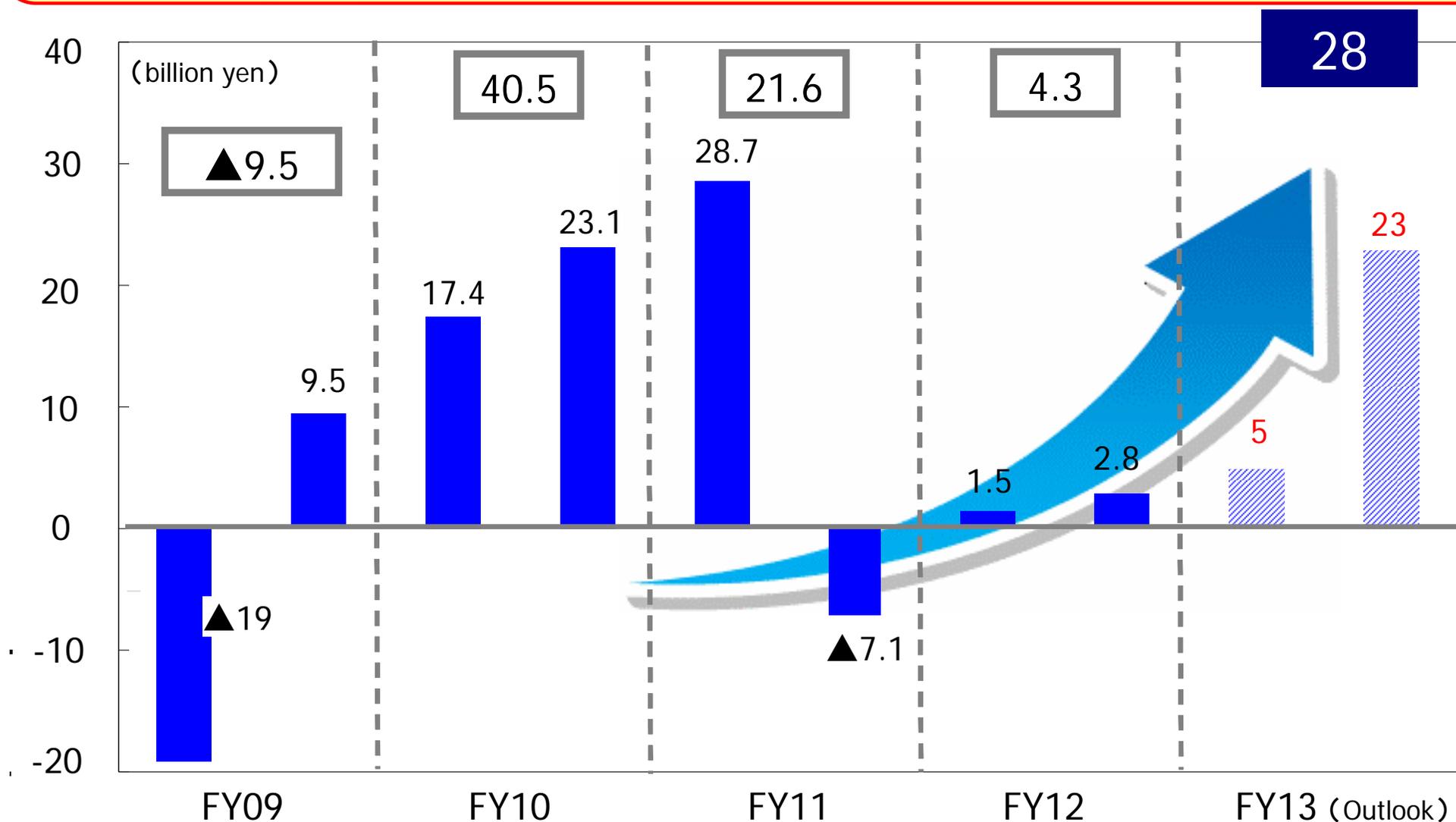
**Although Mitsui Chemicals has made careful efforts regarding the accuracy of the contents here, Mitsui Chemicals assumes no responsibility for problems including, but not limited to, incorrect information, or malicious tampering with the content of the data in this document by any third parties or 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.**

# Supplement



# Operating Income from FY09

- Target operating income at **28 billion yen** for FY13
- **Steady growth path** without negative special factors including explosion and fire



# Progress of High Functional Products

		FY2011	FY2012	FY2013	FY2014~	
Healthcare	Optical Lens Monomers	CHE) Acomon acquisition				
		Further strengthening as a top player		SGP) SDC new base		
				KOR) KOC acquisition		
	Dental Materials	Secure global base		GER) Heraeus Dental acquisition		
	Nonwovens	Establish 3 bases in Asia	JPN) Increase capacity		CHN) New base	
Agrochemicals	Pesticides	THA) Acquire stake in Sotus				
		BRA) Acquire stake in Iharabras				
				IND) Launch of insecticide		
				U.S.A.) Launch of fungicide		
				CHN) Launch of insecticide		
				EU) Launch of fungicide		
					BRA) Launch of insecticide	

Steady progress of "High Functional Products" which are resilient to economic change

## Business Area

## Products

### Prosthetics



Alloys



Artificial teeth



Dentures materials

### Dentistry



Composites



Bonding



Impressions

### Digital Prosthetics



Digital scanner

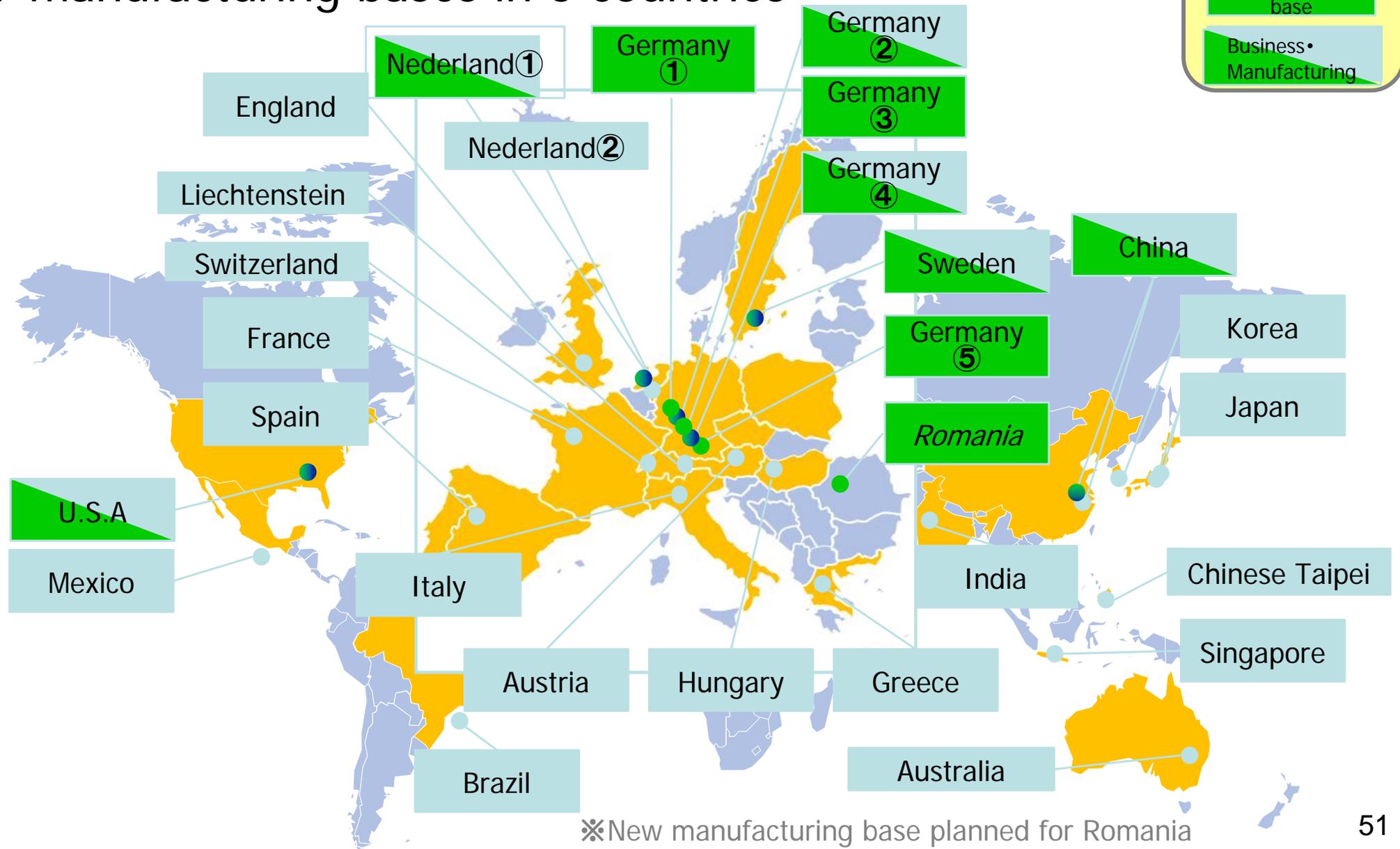


3D machining

# Bases of Heraeus Dental

-22 business offices in 22 countries

-9 manufacturing bases in 5 countries

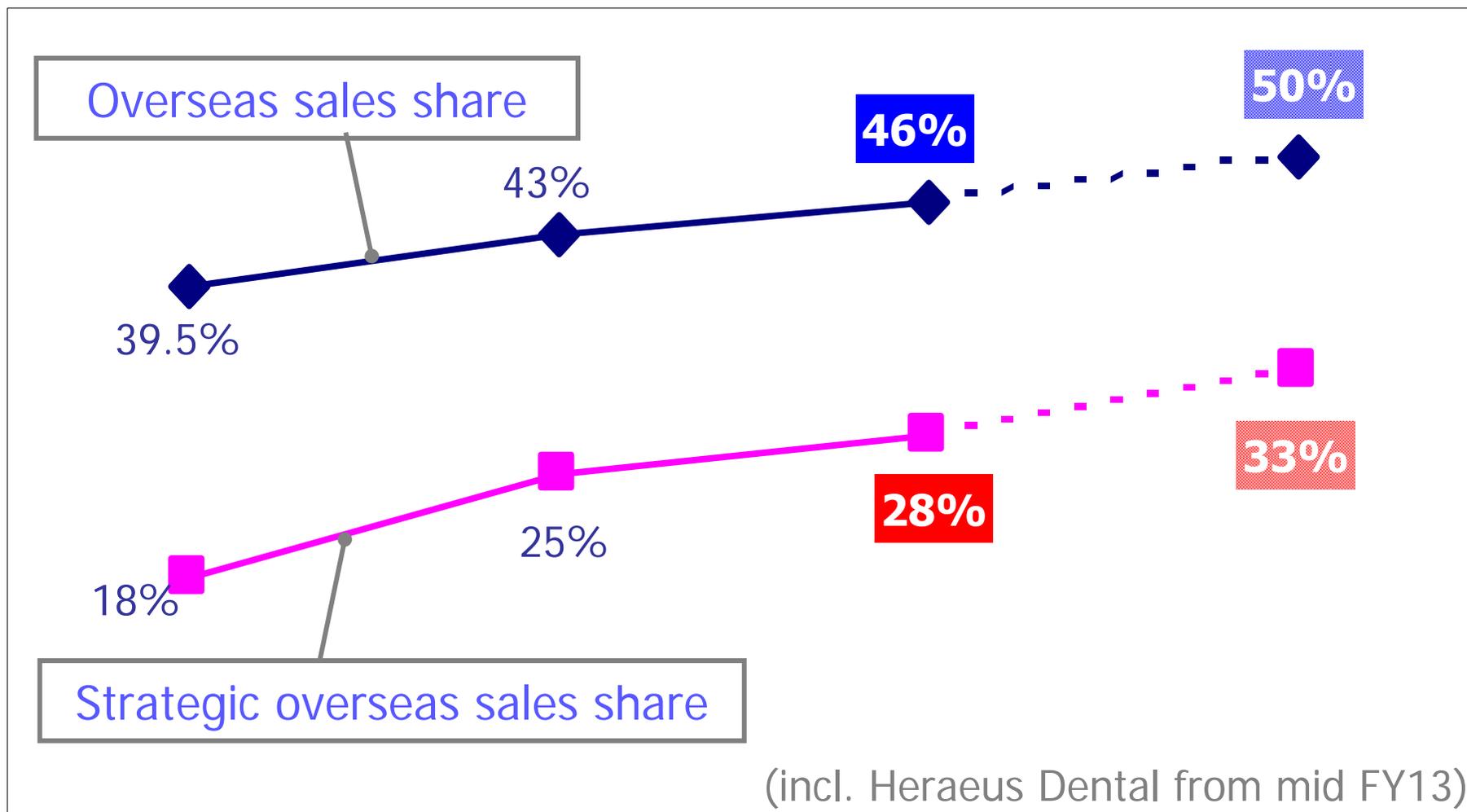


# Progress of High Value Added Polymers

		FY2011	FY2012	FY2013	FY2014~
Metalocene Polymers	Evolve		JPN) Increase capacity (+50KTA)		
	Tafmer	Strengthen market share in Asia		SGP) New base (300KTA, 2015)	
	EPT	Strengthen market share in Asia		SGP) Increase specialty Tafmer (8KTA)	
Big projects will start up after FY2014					
High Function Compounds	PP compounds		U.S.A.) Increase capacity (+14KTA)	(+28KTA) (+14KTA)	
	Admer	Secure position as global leader with 8 bases	MEX) Increase capacity (+13KTA)	(+25KTA)	
			BRA) Produmaster acquisition (+55KTA)		
			THA) Increase capacity (+18KTA)		
			CHN) Increase capacity (+9KTA)		
				(+10KTA)	
		Secure world's top share			CHN) New base

# Globalization - Overseas Sales Share

Target overseas sales expansion at 46% for FY13 and over 50% for FY15 by strengthening globalization efforts



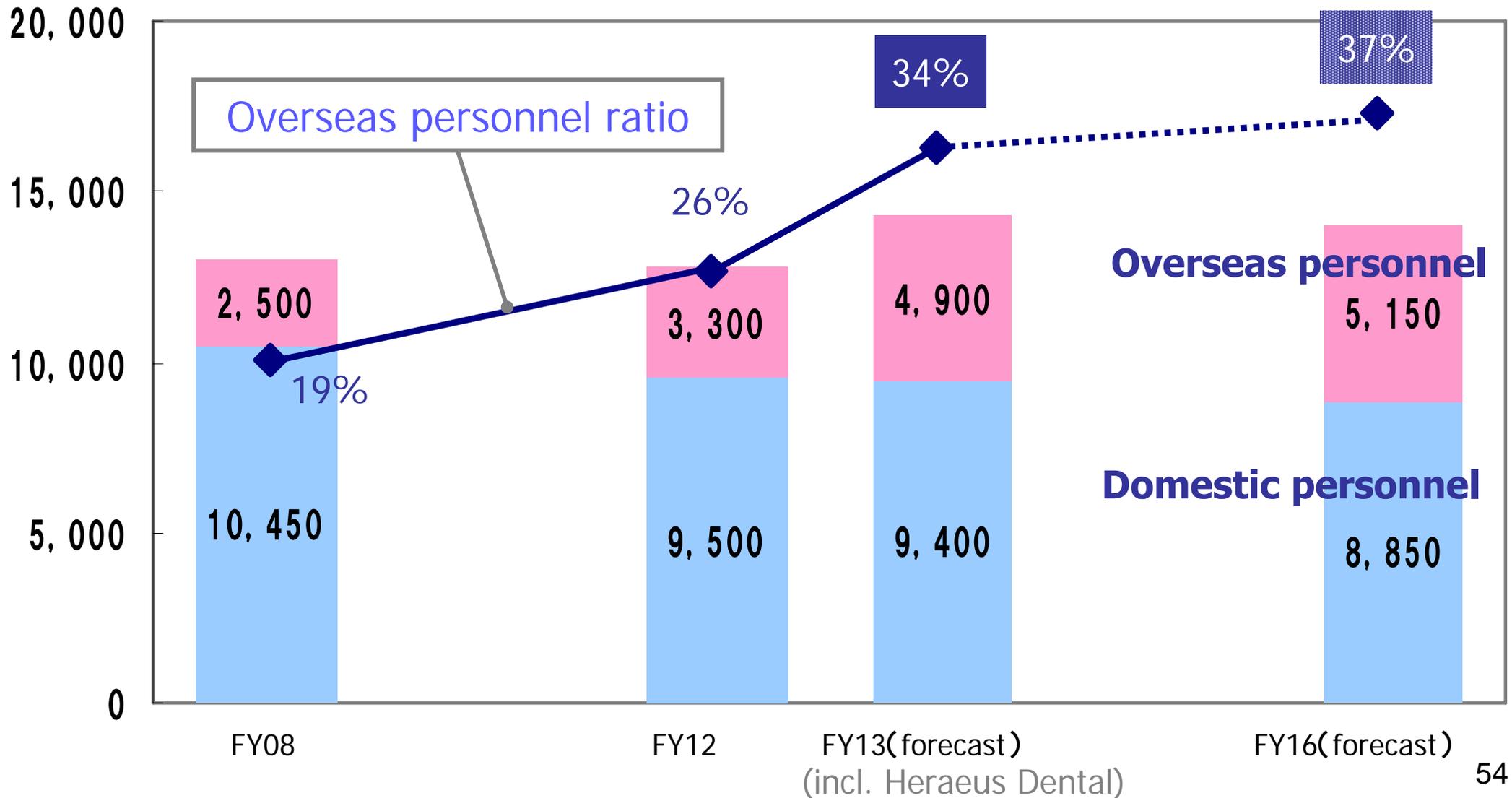
(Exchange rate) 93Yen/US\$

83Yen/US\$

95Yen/US\$

FY15 (forecast) →

Overseas Group personnel ratio expected to grow from 19% in FY08 to 34% in FY13 as a result of globalization



# Product Topics

# Integrated Metal/Resin Processing

## ■ Outline

- Mitsui Chemicals and Taiseiplas successfully developed integral molding technology for polypropylene and metals which allows strength and weight reduction

## ■ Features

- Allows **integral molding of polypropylene** - a general purpose, lightweight plastic - with general purpose metals such as **aluminum**
- Allows **easy molding of complex shaped materials**
- Allows bending strength similar to iron while **reducing weight by 1/3** when proprietary foaming technology is applied



Supply of next-generation automobile seat frame, pillar, and door material samples in late FY2013

**Contributes to lighter weight, better insulation, increased soundproofing of automobiles with less fuel consumption and improved comfort**

# SPASH™ (Freshness Retention Films)

## ■ Outline

- Freshness retention film for vegetables, flowers, fish, meat, and processed foods

## ■ Features

- SPASH™ helps retain freshness without sealing as is necessary when using conventional modified atmosphere films
- **SPASH™ helps suppress "wilting", "discoloration" and "dripping" of the contents, contributing to freshness and better taste**



Conventional films

SPASH™

Experiment with cut vegetables (cabbage)

2 days cool transport plus 3 days in low temperature storage

Used nationwide at agricultural cooperatives, fruit shops, restaurants, convenience stores, and seafood processors

**Reduces food loss** during shipment, in-store, at home

**Allows scheduling adjustments to shipping time**

## ■ Outline

- High quality hybrid rice seeds with high productivity and good taste

\*Hybrid seeds are not genetically modified seeds

## ■ Features

- Allows 1.5 times more productivity than conventional rice seeds
- Allows longer harvest periods than conventional rice
- Allows adjustment to harvest periods to avoid peak seasons



Increased use due to adoption by major restaurant chains and large-scale farms

Contributes to competitiveness and efficiency of farmers and agricultural cooperatives by high productivity and harvesting adjustments

# NOTIO™ SN (Controlled Nano Structure Elastomer)

## ■ Outline

- State-of-the-art syndiotactic elastomer with controlled nano structure with expanded uses as synthetic leather

## ■ Features

- NOTIO™ SN has superior scratch, abrasion, moisture, and mold resistance. Synthetic leathers using NOTIO™ SN are lightweight, phthalate-free, and organic solvent-free



Widely used in bags, wallets, small leather items, shoes, automobile interiors, furniture and so on with good evaluation results

Contributes to **lighter weights, better durability, freedom in design**, and **environment friendly** products with high consumer appeal

# PROVEST™ (Heat Resistant Polyester Resin)

## ■ Outline

- Polyester engineering plastic with high heat resistance

## ■ Features

- High heat resistance, yellow discoloration resistance
- High reflectance, long-term quality stability



Good evaluation as LED reflectors suited to growing needs for lighting applications and display backlights which require high-power LED substrate with good heat resistance

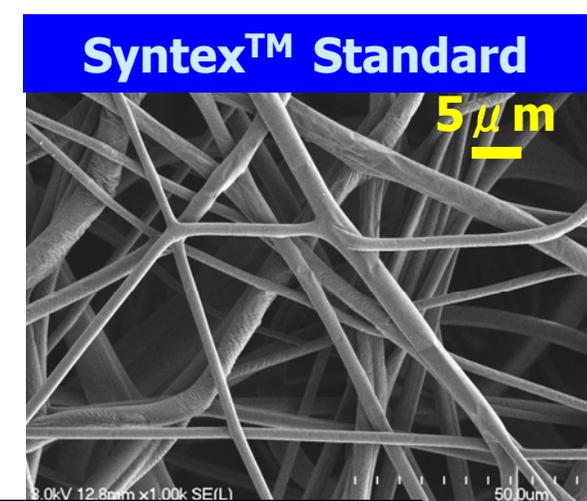
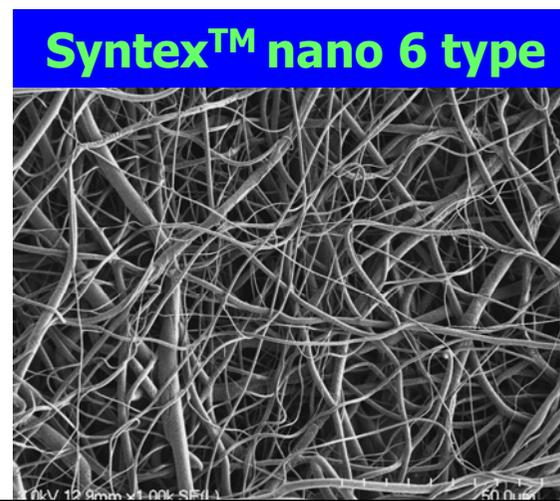
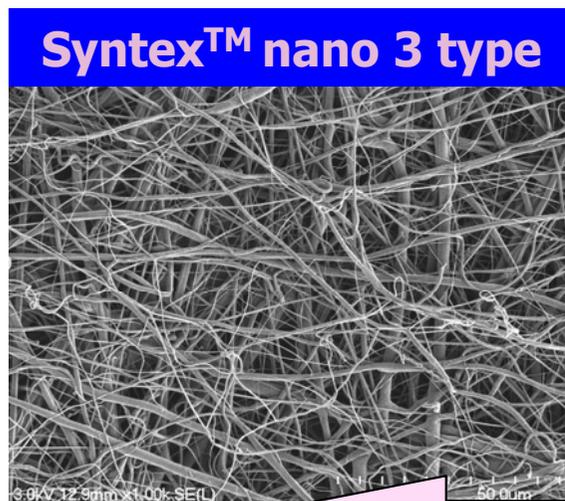
Contributes to high quality, small-size, long-term stability of LED lighting

## ■ Outline

- Microfiber meltblown nonwovens formed with super fine fiber  $1.0 \mu\text{m}$  or smaller in size.

## ■ Features

- By applying proprietary technology to “melt-blown” manufacturing methods for nonwovens, microfiber of the nano-level with fine pores with good bulk and high flow rates to prevent inclusion of fine particles is possible
- Unlike other microfibers with micro diameter particles, binder and solvents are not used, allowing extra-fine non-woven clean with no secondary pollution, such as elution



Fine fiber : Expanded use in liquid filters

Fine nano-level fibers can be used in precise filter applications

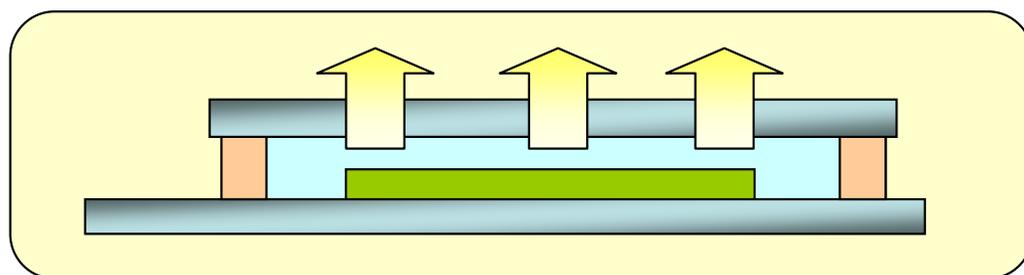
## ■ Outline

- Development of seal material for organic EL using MCI's proprietary polymer technologies

## ■ Features

- Low moisture content reduces damage to organic EL elements
- High transparency improves lighting efficiency
- Optimum material design for top emission structure

Top emission structure



Good evaluations received for use in organic EL displays and lighting

Contributes to quality stability and long life of organic EL  
Contributes to larger size, flexible displays

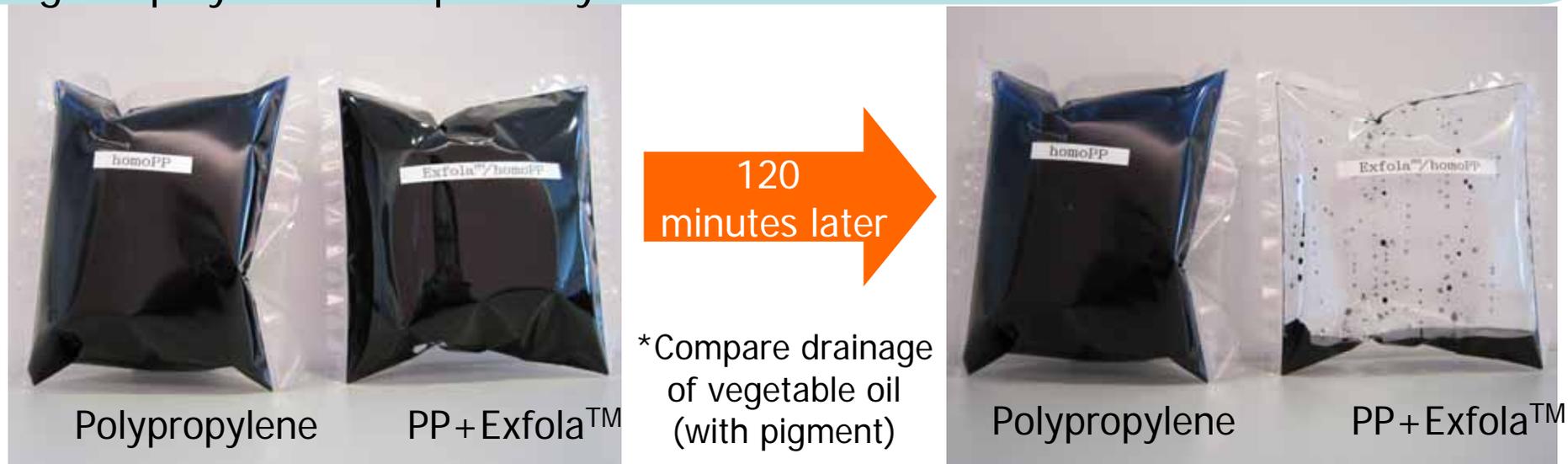
# Exfolat<sup>TM</sup> (Silicon-based Surface Modifier)

## ■ Outline

- Innovative modifier which transforms surfaces to be silicon-rich when added in small amounts to polyolefin without negative effects on “moldability”

## ■ Features

- Modifies surfaces for better release, water repellency, oil repellency, and abrasion resistance
- Exfolat<sup>TM</sup> resolves contamination and transfer caused by bleed out with its good polyolefin compatibility



Receiving good evaluations for use in release films, cosmetic containers, healthcare materials, etc.

Expected to contribute to improved release in polyolefin films and lessening of liquid residue in containers

# *Challenge Diversity One Team*

**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.**