



Challenge towards the Future with Customer-Driven Innovations

President & CEO
Mitsui Chemicals, Inc.

Tsutomu Tannawa

Mitsui Chemicals achieved an operating income of 102 billion yen in FY2016 after undergoing major restructuring. The 2025 Long-Term Business Plan “2025 LTBP” is newly established, and we aim for unknown areas with an operating income of 200 billion yen. The keywords to achieve this are “Creating New Customer Value through Innovations”. It is necessary to switch to a concept of customer-oriented market-in type from the one of a conventional product-out type.

Under the 3 year Mid-Term Business Plan “MTBP” started in FY2014 (2014 MTBP), Mitsui Chemicals achieved a record-high operating income of 102 billion yen in FY2016. 2017 marked the 20th anniversary of the establishment of Mitsui Chemicals.

“Our performance has recovered, and we have also started our 2025 LTBP. However, the path up to this point was very difficult. We have been pursuing painful restructuring bulk & commodity product businesses such as Phenol because market conditions deteriorated due

to globally stagnant demand after the global financial crisis in 2008 and problems of oversupply in China.

The mission of the 2014 MTBP secured business portfolio changes and financial health. With the business portfolio changes in particular, we focused on expanding the three targeted business domains and restructured the Basic Materials business.

On the other hand, challenging to ‘Restore Our Confidence and Pride of Mitsui Chemicals’ in the 2014 MTBP, I have continued to convey this message in order for our employees to regain the confidence

and pride.”

President Tsutomu Tannawa says Mitsui Chemicals firmly maintains the Corporate Vision. Meanwhile, the company will change the management system flexibly. He thinks that the result is important, the employees would be motivated by performance recovered.

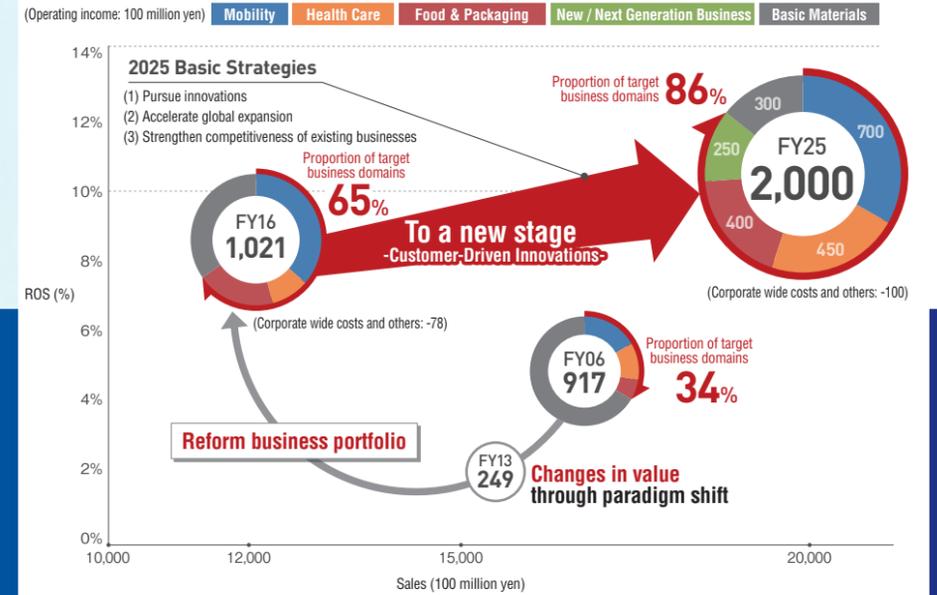
Operation income of 200 billion yen in FY2025

“As a result, there is also a sense of accomplishment by performance, and then, all the employee is probably regaining confidence.

Since I have recently talked about ‘Independence, Self-support and Self-motivation’ and they are starting to have that feeling.

Hence, Mitsui Chemicals is a serious

Mitsui Chemicals’ Target Position



Target operating income in FY2025 is 200 billion yen. We are entering a stage quite different from the present.

company with a good spirit, sometimes my messages may be taken too much seriously. They should take their way of thinking like ‘We have to take this way!’ or ‘I want to do this!’”

Mitsui Chemicals newly made 2025 LTBP, there will be 1 trillion yen of growth investments over 10 years in order to achieve an operating income of 200 billion yen.

“In aiming for an operating income of 200 billion yen, we are fully aware that we are going to enter a new world where is quite different than what it used to be. In order to improve the financial structure in the 2014 MTBP, we expect to see moderate profit growth in a couple of years since we have restrained investment quite a bit. We will steadily accumulate strength during this period, and must head towards

further growth investment in the next step. There is a target for 1 trillion yen of growth investment in the 10-year period.

We believe that there are ‘3 issues’ to aim for a new stage with an operating income of 200 billion yen in FY2025.

First is the growth and expansion of the three targeted business domains. In the Mobility, Healthcare and Food & Packaging businesses, we will expand businesses such as peripheral businesses, investment projects, and secure facility capacity to meet demand. Second, we will foster the next generation of new businesses and accelerate the creation of new products. Third is that we intend to further strengthen our competitiveness in the Basic Materials business.”

What kind of stance is needed in order to expand the targeted business domains?

Customer-Driven Innovations

“We believe that it is important to Create New Customer Value through Innovations and to resolve social issues through business activities. So that we put high priority on a concept of ‘Customer-Driven Innovations’.

We tend to consider making excellent products leads to winning in competition. Of course, we must have the ability to create superior technology and products. From now on it is necessary to combine accumulated technologies in our company and, in some cases to propose high value-added products and/or solutions to customers.”

We will keep our eyes open for customers, catch their needs and trouble quickly and make proposals with high added value. Then, social issues can be solved through business activities that align with

the mantra of “Creating New Customer Value through Innovations”, espoused in the 2025 LTBP, Tannowa convinced.

“Our proposal quality have been gradually improved, and the approach of R&D has changed a lot.

There is an example case of ‘sound solution’ in which our researchers heard customers’ needs. One restaurant chain had a problem with a noisy dishwasher, and we solved this applying sound analysis and exploiting characteristics of materials. Since sound requires a complex solution, I feel that our way of thinking has become quite more flexible fitting to customer’s needs.

We are also developing a rapid in-vitro diagnostic kit for the identification of bacteria to quickly identify causative bacteria of sepsis, and the need for this test kit is very high. In addition, reducing food loss and waste is also a big challenge in the world, and we are developing films to fur-

ther these solutions. We have also developed the metal & resin integration technology ‘POLYMETAC™’, which expected to adopt in automobiles in the future. Moreover, Mitsui Chemicals has also successfully developed the world’s first high-performance nonwoven, AIRYFA™, that realizes both softness and strength.”

Increasing opportunities for contact with customers and determining their needs will also arise collaboration with other companies.

We would like to be the first company to be consulted.

“In September this year, our company and Microwave Chemical Co., Ltd., a venture company from Osaka University (Suita City, Osaka Prefecture) agreed to form a strategic partnership. We are promoting the joint development of microwave-based next-generation chemical process technologies.

By promoting open innovation, we are accelerating the creation of new products and new businesses.”

Mitsui Chemicals has various human resources and technologies. Once Mitsui Chemicals practices Customer-Driven Innovations by combining these resources, innovative changes must certainly take place at the company.

“Whenever customers acknowledge variety of our products and wide range of technologies, they will think ‘Right, let’s ask Mitsui Chemicals’. Customers will call us first, because they will know that consulting with Mitsui Chemicals leads to good ideas. We want to be so..

The possibilities of chemistry are infinite. We would like to push ourselves to ‘Create New Customer Value Through Innovations’ and to resolve various social issues through future-looking, flexible ideas, without being restricted by existing frameworks.”



Mitsui Chemicals, Inc. Our 20th-Year Challenges

0→1 MAKE IT HAPPEN

Meeting the Challenge to Create New Customer Value through Innovations “Seven Persons at Mitsui Chemicals”

With four straight years of increased profits and its first record profits in 10 years, several years of restructuring are yielding results at Mitsui Chemicals, Inc. In 2017, the company is making a fresh start as it marks the 20th year since its launch. Looking ahead, it aims to create new customer value and resolve various social challenges through its businesses.

People create technology, and technology builds up people. The company is developing richly creative human resources within chemicals, a business with an extremely broad scope of application, and is honing the numerous technologies it has accumulated. Those people and technologies are truly the assets of Mitsui Chemicals.

This series puts the spotlight on seven persons who are pioneering the future of Mitsui Chemicals, and will introduce the stories behind those people and technologies over seven successive issues, beginning with this one.