

Financial Summary

Results of the Nine Months of FY2014 & Outlook for FY2014

Mitsui Chemicals, Inc.

February 4, 2015

<Remarks>

FY2014 indicates the period from April 1, 2014 to March 31, 2015.

1. Results of the Nine Months of FY2014 (April 1, 2014 – December 31, 2014)	
1) Review on Nine Months of FY2014 (Business Overview and 3 rd Quarter Topics)	… 1, 2
2) Consolidated Financial Highlights	… 3, 4
3) Sales and Operating Income/Loss by Business Segment (compared with corresponding period of FY2013)	… 5
4) Non-Operating Income and Expenses	… 6
5) Extraordinary Gains and Losses	… 7
6) Consolidated Balance Sheet	… 8
7) Consolidated Statement of Cash Flow	… 9
2. Outlook for FY2014 (April 1, 2014 – March 31, 2015)	
1) Topics in 4 th Quarter of FY2014	…10
2) Consolidated Financial Highlights of Outlook	…11
3) Sales and Operating Income/Loss by Business Segment (compared with FY2013 results)	…12
4) Sales and Operating Income/Loss by Business Segment (compared with previous outlook)	…13
5) Non-Operating Income and Expenses	…14
6) Extraordinary Gains and Losses	…15
7) Consolidated Statement of Cash Flow	…16
(Appendix) Trends in Main Product Prices	…17
(Appendix) Topics in Nine Months of FY2014 (April through December 2014)	…18

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

1. Results of the Nine Months of FY2014

(April 1, 2014 – December 31, 2014)

1) Review on Nine Months of FY2014 (Business Overview and 3rd Quarter Topics)

<Business Overview>

- Demand for healthcare materials, such as ophthalmic lens monomers and nonwoven fabrics, was good due to expanded overseas demand.
- Strong demand for automotive related elastomers and PP compounds continued in North America.
- Healthy demand for functional polymers, especially in electronic and information applications such as smartphones.
- Domestic petrochemicals continued at around 90% operating rate for naphtha crackers through nine months of FY2014.
- Inventory valuation loss was small due to limited declines in naphtha prices in 3rd quarter.
- Domestic polyolefin business was stable.
- Business restructuring and cost cutting progressed as scheduled in bulk & commodity products.
- Losses decreased in basic chemicals due to improvement of terms of trade in phenols, etc.
- Losses decreased in polyurethanes owing to the impact of weaker yen although severe conditions continued overseas causing a downturn for TDI.

1) Review on Nine Months of FY2014 (Business Overview and 3rd Quarter Topics)

<Topics in 3rd Quarter>

(Major growth investments, new start-ups)

- Commercial operations of solar and wind power generation cooperative in Tahara, Japan (October 2014)
- Establishment of Korean marketing base, “Mitsui Chemicals, Inc. Korea Branch” (October 2014)
- US launch of Whole You™ brand which promises new healthcare solutions for those with sensory and physical mobility challenges (November 2014)
- Launch of two new aliphatic isocyanates (December 2014)
Prepare for large-scale production (production capacity total 2,000t/annum) at Omuta Works in 1st half of FY2016
- Commercial operations at new EPT production facility in China, “Shanghai Sinopec Mitsui Elastomers, Co., Ltd.” (75,000 tons/annum) (December 2014)
- Consolidation agreement of Mitsui Chemicals and SKC in polyurethane material business (December 2014)

(Business restructuring and streamlining)

- Business transfer for maleic anhydride and fumaric acid (October 2014)
Facility cession after removal of TDI plant etc. in 1st half of 2017 (tentative)
Production capacity : maleic anhydride 32,000 tons/annum, fumaric acid 15,000tons/annum
- Termination of LLDPE plant in Chiba (60,000 tons/annum) (October 2014)
- Commercial operations at new phenols plant in China, “Shanghai Sinopec Mitsui Chemical, Co., Ltd.” (phenol: 250,000 tons/annum, acetone: 150,000 tons/annum) (December 2014)

2) Consolidated Financial Highlights

(Billions of Yen)

() Denotes a minus

Items	FY2013 1-3Q	FY2014 1-3Q	Increase (Decrease)	%
Sales	1,108.8	1,165.2	56.4	5%
Operating income (loss)	15.1	32.7	17.6	116%
Non-operating income/expenses	(1.0)	3.9	4.9	-
Ordinary income (loss)	14.1	36.6	22.5	160%
Extraordinary gains/losses	(22.9)	(3.4)	19.5	-
Net income (loss) before income taxes and minority interests	(8.8)	33.2	42.0	-
Net income (loss)	(18.5)	19.0	37.5	-
Exchange Rate (Yen/US\$)	99	107	8	
Domestic Standard Naphtha Price (Yen/KL)	65,700	68,900	3,200	

2) Consolidated Financial Highlights

(Billions of Yen)

() Denotes a minus

Items	End of FY2013	End of FY2014 3rd Q	Increase (Decrease)	%
Interest-bearing liabilities	581.3	565.4	(15.9)	(3%)
Interest-bearing liabilities (net)	509.3	515.5	6.2	1%
Equity	352.8	395.3	42.5	12%
Net D/E Ratio (Times)	1.44	1.30	(0.14)	-
Equity ratio (%)	24.6	27.3	2.7	-

Items	End of FY2013 3Q	End of FY2013 (a)	End of FY2014 3Q (b)	Incr. (Decr.) (b)-(a)	Notes
Number of consolidated companies					
Number of consolidated subsidiaries	98	97	100	3	
Number of non-consolidated subsidiaries and affiliates to which the equity method is applied	40	38	38	0	
Total	138	135	138	3	

3) Sales and Operating Income/Loss by Business Segment (compared with corresponding period of FY2013)

(Billions of Yen)

() Denotes a minus

Segment	Sales			Operating Income/Loss			Breakdown		
	FY2013 1-3Q	FY2014 1-3Q	Incr. (Decr.)	FY2013 1-3Q	FY2014 1-3Q	Incr. (Decr.)	Volume	*Price	Costs
Functional Chemicals	127.4	158.4	31.0	12.1	10.4	(1.7)	1.7	0.1	(3.5)
Functional Polymeric Materials	120.9	128.4	7.5	9.3	11.9	2.6	2.1	0.1	0.4
Polyurethane	118.3	116.3	(2.0)	(4.8)	(2.8)	2.0	(0.7)	1.6	1.1
Basic Chemicals	287.2	240.2	(47.0)	(13.9)	(5.6)	8.3	(2.1)	5.4	5.0
Petrochemicals	376.9	437.5	60.6	15.4	19.0	3.6	1.0	1.7	0.9
Films and Sheets	60.0	62.6	2.6	1.2	3.1	1.9	1.0	0.0	0.9
Others	18.1	21.8	3.7	(4.2)	(3.3)	0.9	0.0	0.0	0.9
Total	1,108.8	1,165.2	56.4	15.1	32.7	17.6	3.0	8.9	5.7

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

4) Non-Operating Income and Expenses

(Billions of yen)

() Denotes a minus

Items	FY2013 1-3Q	FY2014 1-3Q	Incr. (Decr.)
Equity in earnings of non-consolidated subsidiaries and affiliates	1.2	0.4	(0.8)
Interest expenses, interest and dividend income	(2.9)	(2.7)	0.2
Gain (loss) on foreign exchange	0.7	6.0	5.3
Others	0.0	0.2	0.2
Total	(1.0)	3.9	4.9

5) Extraordinary Gains and Losses

(Billions of yen)

() Denotes a minus

Items	FY2013 1-3Q	FY2014 1-3Q	Incr. (Decr.)
Extraordinary gains (a)	0.7	1.9	1.2
Gain on sales of fixed assets	0.0	1.9	1.9
Insurance income	0.7	0.0	(0.7)
Extraordinary losses (b)	(23.6)	(5.3)	18.3
Loss on sales and disposal of fixed assets	(1.4)	(2.4)	(1.0)
Impairment loss	0.0	(1.8)	(1.8)
Business restructure improvement expenses (FY2013: Loss related to Phenol & Polyurethane Businesses etc.)	(22.2)	0.0	22.2
Others	0.0	(1.1)	(1.1)
Extraordinary gains and losses (a)+(b)	(22.9)	(3.4)	19.5

6) Consolidated Balance Sheet

(Billions of Yen)

() Denotes a minus

Items	End of Mar 2014	End of Dec 2014	Incr. (Decr.)	Items	End of Mar 2014	End of Dec 2014	Incr. (Decr.)
Current assets	777.1	786.4	9.3	Liabilities	1,022.6	992.2	(30.4)
Cash and deposits	72.0	49.9	(22.1)	Notes and accounts payables	219.8	208.8	(11.0)
Notes and accounts receivables	296.5	296.8	0.3	Interest-bearing liabilities	581.3	565.4	(15.9)
Inventories	301.2	329.3	28.1	Other liabilities	221.5	218.0	(3.5)
Other current assets	107.4	110.4	3.0				
Fixed assets	655.1	663.3	8.2	Net assets	409.6	457.5	47.9
Tangible and intangible fixed assets	498.0	499.8	1.8	Shareholders' equity	351.0	368.9	17.9
[Intangible fixed assets]	[72.2]	[70.0]	(2.2)	Other accumulated Comprehensive income	1.8	26.4	24.6
Investments & other non-current assets	157.1	163.5	6.4	Minority interest	56.8	62.2	5.4
Total	1,432.2	1,449.7	17.5	Total	1,432.2	1,449.7	17.5

7) Consolidated Statement of Cash Flow

(Billions of yen)

() Denotes a minus

Items	FY2013 1-3Q	FY2014 1-3Q	Incr. (Decr.)
I. Cash flows from operating activities (a)	27.2	27.5	0.3
II. Cash flows from investing activities (b)	(99.4)	(25.6)	73.8
Free cash flows (a)+(b)	(72.2)	1.9	74.1
III. Cash flows from financing activities	81.5	(27.5)	(109.0)
IV. Others	3.3	2.1	(1.2)
Net incr.(decr.) in cash and cash equivalents	12.6	(23.5)	(36.1)

2. Outlook for FY2014 (April 1, 2014 – March 31, 2015)

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

1) Topics for 4th Quarter of FY2014

(Major growth investment , new start-ups)

- Overseas PP compounds augmentation for total global 1 million tons/annum
Additional 40,000 tons/annum in North and Central America at end of FY2014 (tentative)
- Commercial operations at new functional compounds (Milastomer™, Admer™) production facility in China, "Mitsui Chemicals Functional Composites (Shanghai) Co., Ltd."
(11,000 tons/annum)

(Business restructuring and streamlining)

- Withdrawal from Keiyo Ethylene in Mar 2015 (tentative)

2) Consolidated Financial Highlights of Outlook

(Billions of yen)

() Denotes a minus

Items	FY2013 (a)		FY2014 Outlook (b)		Incr.(Decr.) (b)-(a)		Previous Outlook (on Nov 5, 2014)
	1-3Q	full year	1-3Q	full year	1-3Q	full year	full year
Sales	1,108.8	1,566.0	1,165.2	1,564.0	56.4	(2.0)	162.3
Operating income (loss)	15.1	24.9	32.7	40.0	17.6	15.1	40.0
Non-operating income/expenses	(1.0)	(2.4)	3.9	2.0	4.9	4.4	(2.0)
Ordinary income (loss)	14.1	22.5	36.6	42.0	22.5	19.5	38.0
Extraordinary gains/losses	(22.9)	(33.0)	(3.4)	(7.0)	19.5	26.0	(7.0)
Net income (loss) before income taxes and minority interests	(8.8)	(10.5)	33.2	35.0	42.0	45.5	31.0
Net income (loss)	(18.5)	(25.1)	19.0	15.0	37.5	40.1	14.0
Exchange Rate (Yen/US\$)	99	100	107	109	8	9	105
Domestic Standard Naphtha Price (Yen/KL)	65,700	67,300	68,900	62,500	3,200	(4,800)	67,700
Items	FY2013 (a)		FY2014 Outlook (b)		Incr.(Decr.) (b)-(a)		Full Year
	Interim dividend	year-end dividend	Interim dividend	year-end dividend	Interim dividend	year-end dividend	
Dividend (Yen /Share)	3.0	-	2.0	3.0	(1.0)	+3.0	5.0
	Full year	3.0	Full year	5.0	Full year	+2.0	

3) Sales and Operating Income/Loss by Business Segment (compared with FY2013 results)

Segment	Sales				Operating Income/Loss			
	FY2013 Results	Current Outlook	Incr. (Decr.)	Previous Outlook (on Nov 5, 2014)	FY2013 Results	Current Outlook	Incr. (Decr.)	Previous Outlook (on Nov 5, 2014)
Functional Chemicals	190.4	219.0	28.6	220.0	15.0	16.5	1.5	16.5
Functional Polymeric Materials	176.7	173.0	(3.7)	177.0	11.9	17.0	5.1	14.5
Polyurethane	163.8	162.0	(1.8)	162.0	(5.2)	(1.0)	4.2	(3.5)
Basic Chemicals	376.2	317.0	(59.2)	346.0	(17.4)	(7.5)	9.9	(7.5)
Petrochemicals	552.4	578.0	25.6	603.0	25.3	18.0	(7.3)	24.0
Films and Sheets	79.9	84.0	4.1	84.0	0.9	4.0	3.1	3.0
Others	26.6	31.0	4.4	31.0	(5.6)	(7.0)	(1.4)	(7.0)
Total	1,566.0	1,564.0	(2.0)	1,623.0	24.9	40.0	15.1	40.0

4) Sales and Operating Income/Loss by Business Segment (compared with previous outlook)

(Billions of Yen)

() Denotes a minus

Segment	Sales in FY2014			Operating Income/Loss in FY2014			Comments for Operating Income/loss [+] denotes profit trigger [-] denotes loss trigger
	Previous Outlook <small>(on Nov 5, 2014)</small>	Current Outlook	Incr. (Decr.)	Previous Outlook <small>(on Nov 5, 2014)</small>	Current Outlook	Incr. (Decr.)	
Functional Chemicals	220.0	219.0	(1.0)	16.5	16.5	0.0	
Functional Polymeric Materials	177.0	173.0	(4.0)	14.5	17.0	2.5	[+] Improvement in terms of trade for elastomer
Polyurethane	162.0	162.0	0.0	(3.5)	(1.0)	2.5	[+] Improvement in terms of trade for polyurethane materials
Basic Chemicals	346.0	317.0	(29.0)	(7.5)	(7.5)	0.0	
Petrochemicals	603.0	578.0	(25.0)	24.0	18.0	(6.0)	[-] Inventory valuation loss due to fall in naphtha prices [-] Sales decreases in polyolefins
Films and Sheets	84.0	84.0	0.0	3.0	4.0	1.0	[+] Sales increases in industrial films for electronic and information applications
Others	31.0	31.0	0.0	(7.0)	(7.0)	0.0	
Total	1,623.0	1,564.0	(59.0)	40.0	40.0	0.0	

5) Non-Operating Income and Expenses

(Billions of yen)

() Denotes a minus

Items	FY2013 (a)		FY2014 Outlook (b)		Incr.(Decr.) (b)-(a)		Previous Outlook (on Nov 5, 2014) full year
	1-3Q	full year	1-3Q	full year	1-3Q	full year	
Equity in earnings of non-consolidated subsidiaries and affiliates	1.2	0.8	0.4	0.5	(0.8)	(0.3)	1.0
Interest expenses, interest and dividend income	(2.9)	(3.3)	(2.7)	(4.0)	0.2	(0.7)	(4.0)
Gain (loss) on foreign exchange	0.7	0.2	6.0	6.0	5.3	5.8	1.8
Others	0.0	(0.1)	0.2	(0.5)	0.2	(0.4)	(0.8)
Total	(1.0)	(2.4)	3.9	2.0	4.9	4.4	(2.0)

6) Extraordinary Gains and Losses

(Billions of yen)

() Denotes a minus

Items	FY2013 (a)		FY2014 Outlook (b)		Incr.(Decr.) (b)-(a)		Previous Outlook (on Nov 5, 2014)
	1-3Q	full year	1-3Q	full year	1-3Q	full year	full year
Extraordinary gains and losses							
Gain on sales of fixed assets	0.0	2.5	1.9	1.9	1.9	(0.6)	0.2
Insurance income	0.7	4.1	0.0	0.0	(0.7)	(4.1)	0.0
Loss on sales and disposal of fixed assets	(1.4)	(2.3)	(2.4)	(4.0)	(1.0)	(1.7)	(4.0)
Impairment loss	0.0	(0.5)	(1.8)	(1.8)	(1.8)	(1.3)	(1.8)
Business restructure improvement expenses	(22.2)	(36.8)	0.0	0.0	22.2	36.8	0.0
Others	0.0	0.0	(1.1)	(3.1)	(1.1)	(3.1)	(1.4)
Total	(22.9)	(33.0)	(3.4)	(7.0)	19.5	26.0	(7.0)

7) Consolidated Statement of Cash Flow

(Billions of yen)

() Denotes a minus

Items	FY2013		FY2014 Outlook		Incr. (Decr.) (b)-(a)	Previous Outlook (on Nov 5, 2014)
	1-3Q	full year (a)	1-3Q	full year (b)		full year
I. Cash flows from operating activities (a)	27.2	43.5	27.5	63.0	19.5	51.0
II. Cash flows from investing activities (b)	(99.4)	(89.8)	(25.6)	(45.0)	44.8	(46.0)
Free cash flows (a)+(b)	(72.2)	(46.3)	1.9	18.0	64.3	5.0
III. Cash flows from financing activities	81.5	66.9	(27.5)	(42.0)	(108.9)	(30.0)
IV. Others	3.3	5.6	2.1	0.0	(5.6)	0.0
Net incr.(decr.) in cash and cash equivalents	12.6	26.2	(23.5)	(24.0)	(50.2)	(25.0)

(Appendix) Trends in Main Product Prices

(Naphtha prices are Domestic Standard Naphtha Price)

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

(ACP) : Asian contract price

Year	2012				2013				2014			
Month	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
Naphtha (Yen/KL)	54,100	60,600	49,800	55,800	63,800	65,500	63,900	67,800	72,000	69,900	70,900	66,000
PE (Yen/KG)	about (5)	about +20	about (20)	about +10	about +15	about +5		about +10	about +10			
PP (Yen/KG)	about (5)	about +20	about (20)	about +10	about +15	about +5		about +10	about +10			
PH (Yen/KG)												
BZ(ACP) (US\$/T)	\$1,160	\$1,160	\$1,110	\$1,320	\$1,430	\$1,310	\$1,250	\$1,290	\$1,330	\$1,270	\$1,380	\$1,060
BPA(Japan) (Yen/KG)	(30)	+25	(14) From Aug.	+13 From Nov	+36 From Mar				+21 From Mar			
	negotiation based on BZ price and BPA market price											
BPA (China) (US\$/T)	\$1,730	\$1,690	\$1,690	\$1,750	\$1,920	\$1,740	\$1,660	\$1,630	\$1,660	\$1,670	\$1,910	\$1,620
PTA (China) (US\$/T)	\$1,180	\$1,070	\$1,030	\$1,120	\$1,170	\$1,050	\$1,080	\$1,020	\$940	\$910	\$980	\$760
PX(ACP) (US\$/T)	\$1,560	\$1,500	\$1,340	\$1,530	\$1,630	\$1,410	\$1,450	\$1,440	\$1,300	\$1,260	\$1,350	\$1,040
TDI (US\$/T)	\$2,560	\$3,030	\$2,830	\$2,770	\$2,680	\$2,530	\$2,375	\$2,340	\$2,330	\$2,320	\$2,340	\$2,280

(Appendix) Topics in Nine Months of FY2014 (April through December 2014)

(Major growth investments)

- Acquisition of US Corning " SunSensors™" Photochromic Lens Material (May 2014)
- Signing of an exclusive global development and license agreement with BASF for a new insecticide (June 2014)
- Acquisition of Italian E.G.S., a 3D scanner & CAD software company for dental materials (July 2014)
- Signing of an exclusive license agreement for manufacture and distribution of ITRI's STOBA™ which prevents hazardous lithium-ion battery thermal runaway (September 2014)
- Acquisition of Kyowa Industrial Co., Ltd., a mold manufacturer with superior planning and prototyping capabilities (September 2014)
- Commercial operations of solar and wind power generation cooperative in Tahara, Japan (October 2014)
- Establishment of Korean marketing base, "Mitsui Chemicals, Inc. Korea Branch" (October 2014)
- US launch of Whole You™ brand which promises new healthcare solutions for those with sensory and physical mobility challenges (November 2014)
- Launch of two new aliphatic isocyanates (December 2014)
Prepare for large-scale production (production capacity total 2,000t/annum) at Omuta Works in 1st half of FY2016
- Commercial operations at new EPT production facility in China, "Shanghai Sinopec Mitsui Elastomers, Co., Ltd." (75,000 tons/annum) (December 2014)
- Joint venture agreement between Mitsui Chemicals and SKC in polyurethane material business (December 2014)

(Business restructure and streamlining)

- Termination of BPA facility in Chiba (90,000 tons/annum) and suspension of one BPA line in Singapore (70,000 tons/annum) → March 2014
- Signing of agreement for business transfer of maleic anhydride and fumaric Acid (July 2014)
- Termination of Chiba Phenol : 250,000 tons/annum (September 2014)
- Business transfer for maleic anhydride and fumaric acid (October 2014)
Facility cession after removal of TDI plant etc. in 1st half of 2017 (tentative)
Production capacity : maleic anhydride 32,000 tons/annum, fumaric acid 15,000tons/annum
- Termination of LLDPE plant in Chiba (60,000 tons/annum) (October 2014)
- Commercial operations at new phenols plant in China, "Shanghai Sinopec Mitsui Chemical, Co., Ltd." (phenol: 250,000 tons/annum, acetone: 150,000 tons/annum) (December 2014)



Mitsui Chemicals

Creating New Customer Value and
Solving Social Challenges through Business Activities