

# Financial Summary

Results of FY2014 & Outlook for FY2015

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**Mitsui Chemicals, Inc.**

May 12, 2015

<Remarks>

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

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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 FY2014

(April 1, 2014 – March 31, 2015)

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# 1) Review of FY2014 (Business Overview and 4<sup>th</sup> Quarter Topics)

## <Business Overview>

- Demand for healthcare materials, such as ophthalmic lens materials and nonwovens fabric, was good due to expanded overseas demand.
- Strong demand for automotive related elastomers and PP compounds continued in North and Central America.
- Healthy demand for functional polymers continued, especially in electronic and information applications such as smartphones.
- Domestic petrochemicals booked inventory valuation loss due to oil price drops in the last half of FY2014.
- Weak demand for some products due to laid back buying was seen, but operating rates for naphtha crackers continued at a high level.
- Overall business was stable.
- Business restructuring and cost cutting progressed as scheduled in bulk & commodity products.
- Losses decreased in phenols due to improvement of terms of trade which were attributed to delays in new plants startups.
- Losses decreased in polyurethanes owing to the impact of weaker yen although severe conditions continued overseas causing a downturn for TDI.

# 1) Review of FY2014 (Business Overview and 4<sup>th</sup> Quarter Topics)

## <Topics in 4<sup>th</sup> Quarter>

### **(Major growth investments, new start-ups)**

- Development of plant-derived high refractive index lens material "Do Green™"  
(January 2015)
- Startup of new functional compounds (Milastomer™, Admer™) production facility in China,  
"Mitsui Chemicals Functional Composites (Shanghai) Co., Ltd."  
(11,000 tons/annum) (March 2015)
- Whole You, Inc. acquisition of Respire Medical (March 2015)
- Overseas PP compounds augmentation for total global 1 million tons/annum (March 2015)  
Additional 40,000 tons/annum in North and Central America

### **(Business restructuring and streamlining)**

- Withdrawal from Keiyo Ethylene (Mar 2015)

## 2) Consolidated Financial Highlights

(Billions of Yen)

( ) Denotes a minus

Items	FY2013	FY2014	Increase (Decrease)	%	Previous Outlook (on Feb 4, 2015)
Sales	1,566.0	1,550.1	(15.9)	(1%)	1,564.0
Operating income (loss)	24.9	42.0	17.1	69%	40.0
Non-operating income (expenses)	(2.4)	2.4	4.8	—	2.0
Ordinary income (loss)	22.5	44.4	21.9	97%	42.0
Extraordinary gains/losses	(33.0)	(8.6)	24.4	—	△ 7.0
Net income (loss) before income taxes and minority interests	(10.5)	35.8	46.3	—	35.0
Net income (loss)	(25.1)	17.3	42.4	—	15.0
Exchange Rate (Yen/US\$)	100	110	10		109
Domestic Standard Naphtha Price (Yen/KL)	67,300	63,500	(3,800)		62,500
Dividend (Yen/Share)	3.0	5.0	2.0	—	5.0

## 2) Consolidated Financial Highlights

(Billions of Yen)

( ) Denotes a minus

Items	FY2013	FY2014	Increase (Decrease)	%
Interest-bearing liabilities	581.3	548.7	(32.6)	(6%)
Interest-bearing liabilities (net)	509.3	496.7	(12.6)	(2%)
Equity	352.8	406.2	53.4	15%
Net D/E Ratio (Times)	1.44	1.22	(0.22)	—
Equity Ratio (%)	24.6	28.8	4.2	—

(Number of companies)

Items	FY2013	FY2014	Increase (Decrease)	Notes
Consolidated companies				
Consolidated subsidiaries	97	100	3	
Non-consolidated subsidiaries and affiliates to which the equity method is applied	38	37	△ 1	
Total	135	137	2	

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

(Billions of Yen)

( ) Denotes a minus

Segment	Sales			Operating Income/Loss			Breakdown			
	FY2013	FY2014	Incr. (Decr.)	FY2013	FY2014	Incr. (Decr.)	Volume	Price *	Costs	Fiscal Period Adjustment in FY2013
Functional Chemicals	190.4	219.0	28.6	15.0	14.6	(0.4)	3.1	0.1	(3.0)	(0.6)
Functional Polymeric Materials	176.7	174.5	(2.2)	11.9	18.9	7.0	3.2	4.0	0.7	(0.9)
Polyurethane	163.8	154.8	(9.0)	(5.2)	(3.5)	1.7	(1.7)	2.2	1.3	(0.1)
Basic Chemicals	376.2	311.2	(65.0)	(17.4)	(7.4)	10.0	(2.4)	6.3	6.1	0.0
Petrochemicals	552.4	576.8	24.4	25.3	20.9	(4.4)	0.1	(3.6)	1.1	(2.0)
Films and Sheets	79.9	82.7	2.8	0.9	3.7	2.8	0.8	0.8	1.2	0.0
Others	26.6	31.1	4.5	(5.6)	(5.2)	0.4	0.0	0.0	0.4	0.0
<b>Total</b>	<b>1,566.0</b>	<b>1,550.1</b>	<b>(15.9)</b>	<b>24.9</b>	<b>42.0</b>	<b>17.1</b>	<b>3.1</b>	<b>9.8</b>	<b>7.8</b>	<b>(3.6)</b>

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

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

(Billions of Yen)

( ) Denotes a minus

Segment	Sales			Operating Income/Loss			Comments for Operating Income/Loss [+] denotes profit trigger [-] denotes loss trigger
	FY2014 Outlook (on Feb 4, 2015)	FY2014	Incr. (Decr.)	FY2014 Outlook (on Feb 4, 2015)	FY2014	Incr. (Decr.)	
Functional Chemicals	219.0	219.0	0.0	16.5	14.6	(1.9)	[-] Sales decrease of license [-] Front-load research cost spending on agrochemicals
Functional Polymeric Materials	173.0	174.5	1.5	17.0	18.9	1.9	[+] Sales increase, etc.
Polyurethane	162.0	154.8	(7.2)	(1.0)	(3.5)	(2.5)	[-] Worth in terms of trade for polyurethane materials
Basic Chemicals	317.0	311.2	(5.8)	(7.5)	(7.4)	0.1	
Petrochemicals	578.0	576.8	(1.2)	18.0	20.9	2.9	[+] Less impact for naphtha price downturn
Films and Sheets	84.0	82.7	(1.3)	4.0	3.7	(0.3)	
Others	31.0	31.1	0.1	(7.0)	(5.2)	1.8	[+] Period shift in expenditure
Total	1,564.0	1,550.1	(13.9)	40.0	42.0	2.0	

## 5) Non-Operating Income and Expenses

(Billions of Yen) ( ) Denotes a minus

Items	FY2013	FY2014	Incr. (Decr.)
Equity in earnings of non-consolidated subsidiaries and affiliates	0.8	(0.1)	(0.9)
Interest expenses, interest and dividend income	(3.3)	(2.3)	1.0
Gain (loss) on foreign exchange	0.2	5.2	5.0
Others	(0.1)	(0.4)	(0.3)
<b>Total</b>	<b>(2.4)</b>	<b>2.4</b>	<b>4.8</b>

## 6) Extraordinary Gains and Losses

(Billions of Yen)

( ) Denotes a minus

Items	FY2013	FY2014	Incr. (Decr.)
Extraordinary gains			
Gains on sales of fixed assets	2.5	2.3	(0.2)
Insurance income	4.1	—	(4.1)
Subtotal (a)	6.6	2.3	(4.3)
Extraordinary losses			
Loss on sales and disposal of fixed assets	(2.3)	(4.5)	(2.2)
Impairment loss	(0.5)	(5.3)	(4.8)
Business restructure improvement expenses (FY2013: Loss related to Phenol and Polyurethane Businesses, etc.)	(36.8)	—	36.8
Others	—	(1.1)	(1.1)
Subtotal (b)	(39.6)	(10.9)	28.7
Extraordinary gains and losses (a)+(b)	(33.0)	(8.6)	24.4

# 7) Consolidated Balance Sheet

(Billions of Yen)

( ) Denotes a minus

Items	End of Mar 2014	End of Mar 2015	Incr. (Decr.)	Items	End of Mar 2014	End of Mar 2015	Incr. (Decr.)
Current Assets	777.1	731.7	(45.4)	Liabilities	1,022.6	940.5	(82.1)
Cash and deposits	72.0	52.0	(20.0)	Notes and accounts payables	219.8	164.2	(55.6)
Notes and accounts receivables	296.5	299.1	2.6	Interest-bearing liabilities	581.3	548.7	(32.6)
Inventories	301.2	291.3	(9.9)	Other liabilities	221.5	227.6	6.1
Other current assets	107.4	89.3	(18.1)				
Fixed Assets	655.1	680.1	25.0	Net assets	409.6	471.3	61.7
Tangible and intangible fixed assets	498.0	506.4	8.4	Shareholders' equity	351.0	367.1	16.1
[Intangible fixed assets]	[ 72.2 ]	[ 72.8 ]	[ 0.6 ]	Other accumulated comprehensive income	1.8	39.1	37.3
Investments and other non-current assets	157.1	173.7	16.6	Minority interest	56.8	65.1	8.3
<b>Total</b>	<b>1,432.2</b>	<b>1,411.8</b>	<b>(20.4)</b>	<b>Total</b>	<b>1,432.2</b>	<b>1,411.8</b>	<b>(20.4)</b>

## 8) Consolidated Statement of Cash Flow

(Billions of Yen)

( ) Denotes a minus

Items	FY2013	FY2014	Incr. (Decr.)
I . Cash flows from operating activities (a)	43.5	58.3	14.8
II . Cash flows from investing activities (b)	(89.8)	(35.0)	54.8
Free cash flows (a)+(b)	(46.3)	23.3	69.6
III . Cash flows from financing activities	66.9	(46.6)	(113.5)
IV . Others	5.6	2.7	(2.9)
Net incr.(decr.) in cash and cash equivalents	26.2	(20.6)	(46.8)

## 2. Outlook for FY2015 (April 1, 2015 – March 31, 2016)

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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) Outlook of Operations & Topics in FY2015

## <Outlook of Operations>

- The fiscal 2015 global economy is predicted to gradually recover, especially in the United States and other developed countries, while the pace of economic growth in China continues to slow down.
- The Japanese economy is expected to grow as a result of the delay in the proposed consumption tax hike. Individual consumption is expected to recover against a backdrop of improved employment and increased income.
- The effect of business restructuring of volatile market products and steady business expansion in growth driving domains, leads the Mitsui Chemicals Group to forecast its business performance and earnings growth.

## <Topics>

- Establishment of new polyurethane material joint venture with SKC (July 2015)
- Commercial operations at new Evolve™ plant in Singapore (300,000 tons/annum) (1<sup>st</sup> half of 2015)
- Commercial operations at world's first large scale XDI plant at Omuta Works in Japan (5,000tons/annum) (October 2015)
- New bio-polyol facilities in India (2<sup>nd</sup> half of 2015)

## 2) Consolidated Financial Highlights of Outlook

(Billions of Yen)

( ) Denotes a minus

Items	FY2014		FY2015 Outlook		Increase (Decrease)	
	1st Half	Full Year	1st Half	Full Year	Full Year	%
Sales	776.0	1,550.1	700.0	1,410.0	(140.1)	(9%)
Operating income (loss)	18.6	42.0	18.0	52.0	10.0	24%
Non-operating income (expenses)	0.8	2.4	(4.0)	(5.0)	(7.4)	—
Ordinary income (loss)	19.4	44.4	14.0	47.0	2.6	6%
Extraordinary gains/losses	(3.3)	(8.6)	(1.0)	(5.0)	3.6	—
Net income (loss) before income taxes and minority interests	16.1	35.8	13.0	42.0	6.2	17%
Net income (loss)	7.4	17.3	5.0	25.0	7.7	45%

Exchange Rate (Yen/US\$)	103	110	120	120	10
Domestic Standard Naphtha Price (Yen/KL)	70,400	63,500	50,000	50,000	(13,500)

	Interim	Year-end	Interim	Year-end
Dividend (Yen/Share)	2.0	3.0	3.0	3.0
	Full year	5.0	Full year	6.0

### 3) Change in Business Segments

(Billions of Yen)

( ) Denotes a minus

FY2014		
Former Segment	Sales	Operating Income
Functional Chemicals	219.0	14.6
Functional Polymeric Materials	174.5	18.9
Polyurethane	154.8	(3.5)
Basic Chemicals	311.2	(7.4)
Petrochemicals	576.8	20.9
Films and Sheets	82.7	3.7
Others	31.1	(5.2)
<b>Total</b>	<b>1,550.1</b>	<b>42.0</b>

 Healthcare Materials,  
Dental Materials and  
Nonwovens Fabric

 Fine & Performance  
Chemicals


Licensing



Agrochemicals



FY2014			
New Segment	Businesses	Sales	Operating Income
Healthcare	Healthcare Materials, Dental Materials and Nonwovens Fabric	144.5	9.5
Functional Polymeric Materials	Elastomer, Performance Compounds and Performance Polymers	174.5	18.7
Polyurethane	Polyurethane Materials and Coating & Engineering Materials	154.8	(3.5)
Basic Chemicals	Phenols, PTA·PET, Industrial Materials and <b>Fine &amp; Performance Chemicals</b>	324.5	(8.3)
Petrochemicals	Petrochemical Feedstocks, Polyolefins and <b>Licensing</b>	584.4	21.6
Food and Packaging	Packaging Films, Industrial Films, Functional Sheets and <b>Agrochemicals</b>	129.2	9.1
Others	–	38.2	(5.1)
<b>Total</b>	<b>–</b>	<b>1,550.1</b>	<b>42.0</b>

## 4) Sales and Operating Income/Loss by Business Segment (compared with FY2014 results)

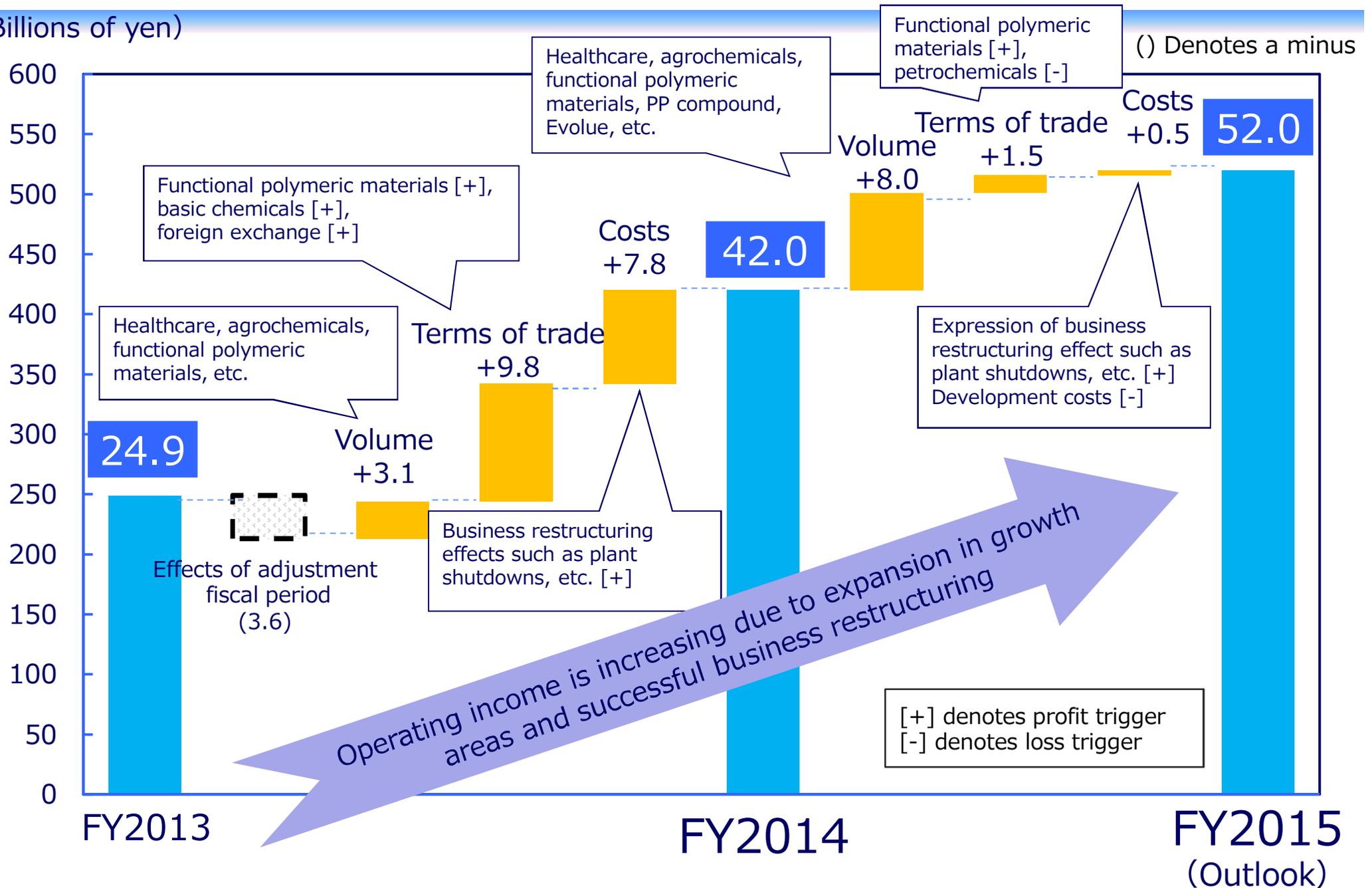
(Billions of Yen)

( ) Denotes a minus

Segment	Sales			Operating Income/Loss			Comments for Operating Income/Loss [+] denotes profit trigger [-] denotes loss trigger
	FY2014	FY2015 Outlook	Incr. (Decr.)	FY2014	FY2015 Outlook	Incr. (Decr.)	
Healthcare	144.5	158.0	13.5	9.5	12.0	2.5	[+] Sales increases in ophthalmic lens materials and nonwovens fabric, etc.
Functional Polymeric Materials	174.5	176.0	1.5	18.7	19.5	0.8	[+] Sales increases in functional polymers, etc. [-] Development cost
Polyurethane	154.8	118.0	(36.8)	(3.5)	(1.5)	2.0	[+] Sales increases in coating & engineering materials, etc.
Basic Chemicals	324.5	293.0	(31.5)	(8.3)	(2.5)	5.8	[+] Improve terms of trade in industrial chemicals [+] Cost reduction such as plant shutdowns
Petrochemicals	584.4	492.0	(92.4)	21.6	20.5	(1.1)	[+] Sales increases in PP compound, Evolve, etc. [-] Negative price impact in polyolefins [+] Withdrawal from Keiyo Ethylene
Food and Packaging	129.2	133.0	3.8	9.1	10.0	0.9	[+] Sales increases in films, sheets and agrochemicals, [-] Development cost
Others	38.2	40.0	1.8	(5.1)	(6.0)	(0.9)	[-] Cost for new business development
<b>Total</b>	<b>1,550.1</b>	<b>1,410.0</b>	<b>(140.1)</b>	<b>42.0</b>	<b>52.0</b>	<b>10.0</b>	

# 5) Transition of Operating Income (FY2013→FY2014→FY2015)

(Billions of yen)



# 6) Sales and Operating Income/Loss by Business Segment

(1<sup>st</sup> half and full year)

(Billions of Yen)

( ) Denotes a minus

Segment	Sales					Operating Income/Loss				
	FY2014		FY2015 Outlook		Incr.(Decr.) (b) - (a)	FY2014		FY2015 Outlook		Incr.(Decr.) (b) - (a)
	1st Half	Full Year (a)	1st Half	Full Year (b)		1st Half	Full Year (a)	1st Half	Full Year (b)	
Healthcare	71.0	144.5	84.0	158.0	13.5	4.7	9.5	5.5	12.0	2.5
Functional Polymeric Materials	85.7	174.5	89.0	176.0	1.5	7.1	18.7	10.0	19.5	0.8
Polyurethane	75.0	154.8	65.0	118.0	(36.8)	(3.5)	(3.5)	(1.5)	(1.5)	2.0
Basic Chemicals	171.8	324.5	147.0	293.0	(31.5)	(5.1)	(8.3)	(2.5)	(2.5)	5.8
Petrochemicals	294.0	584.4	233.0	492.0	(92.4)	12.5	21.6	6.0	20.5	(1.1)
Food and Packaging	61.4	129.2	62.0	133.0	3.8	5.3	9.1	4.5	10.0	0.9
Others	17.1	38.2	20.0	40.0	1.8	(2.4)	(5.1)	(4.0)	(6.0)	(0.9)
<b>Total</b>	<b>776.0</b>	<b>1,550.1</b>	<b>700.0</b>	<b>1,410.0</b>	<b>(140.1)</b>	<b>18.6</b>	<b>42.0</b>	<b>18.0</b>	<b>52.0</b>	<b>10.0</b>

## 7) Non-Operating Income and Expenses

(Billions of Yen)

( ) Denotes a minus

Items	FY2014		FY2015 Outlook		Incr.(Decr.) (b) - (a)
	1st Half	Full Year (a)	1st Half	Full Year (b)	
Equity in earnings of non-consolidated subsidiaries and affiliates	0.4	(0.1)	(1.0)	1.0	1.1
Interest expenses, interest and dividend income	(1.6)	(2.3)	(2.5)	(5.0)	(2.7)
Gain (loss) on foreign exchange	1.8	5.2	—	—	(5.2)
Others	0.2	(0.4)	(0.5)	(1.0)	(0.6)
Total	0.8	2.4	(4.0)	(5.0)	(7.4)

## 8) Extraordinary Gains and Losses

(Billions of Yen)

( ) Denotes a minus

Items	FY2014		FY2015 Outlook		Incr.(Decr.) (b) - (a)
	1st Half	Full Year (a)	1st Half	Full Year (b)	
Extraordinary gains					
Gains on sales of fixed assets	0.2	2.3	–	–	(2.3)
Subtotal (a)	0.2	2.3	–	–	(2.3)
Extraordinary losses					
Loss on sales and disposal of fixed assets	(1.5)	(4.5)	(1.0)	(5.0)	(0.5)
Impairment loss	(1.8)	(5.3)	–	–	5.3
Others	(0.2)	(1.1)	–	–	1.1
Subtotal (b)	(3.5)	(10.9)	(1.0)	(5.0)	5.9
Extraordinary gains and losses (a)+(b)	(3.3)	(8.6)	(1.0)	(5.0)	3.6

## 9) Consolidated Statement of Cash Flow

(Billions of Yen)

( ) Denotes a minus

Items	FY2014		FY2015 Outlook		Incr.(Decr.) (b) - (a)
	1st Half	Full Year (a)	1st Half	Full Year (b)	
I . Cash flows from operating activities (a)	15.1	58.3	37.0	81.0	22.7
II . Cash flows from investing activities (b)	(16.8)	(35.0)	(31.0)	(54.0)	(19.0)
Free cash flows (a)+(b)	(1.7)	23.3	6.0	27.0	3.7
III . Cash flows from financing activities	(11.7)	(46.6)	(5.0)	(29.0)	17.6
IV . Others	0.5	2.7	—	—	(2.7)
Net incr.(decr.) in cash and cash equivalents	(12.9)	(20.6)	1.0	(2.0)	18.6

# 10) Consolidated Accounting Fundamentals

( ) Denotes a minus

Items		FY2014		FY2015 Outlook	
		1st Half	Full Year	1st Half	Full Year
Exchange Rate	Yen/US\$	103	110	120	120
Domestic Standard Naphtha Price	Yen/KL	70,400	63,500	50,000	50,000
Capital Expenditure	¥ Billions	19.1	47.5	25.0	44.0
<i>Capital Expenditure (excluding acquisition)</i>	¥ Billions	16.0	43.1	25.0	44.0
Research and Development Expenses	¥ Billions	15.8	32.5	17.0	33.0
Depreciation and Amortization	¥ Billions	23.7	48.2	26.0	53.0
Financing Income and Expenses	¥ Billions	(1.6)	(2.3)	(2.5)	(5.0)
Interest-bearing Liabilities	¥ Billions	576.2	548.7	550.0	530.0
Net D/E ratio	times	1.39	1.22	1.21	1.12
Number of Employees	persons	14,345	14,363	14,700	14,600

## 3. Appendix

- 1) Trends in Main Product Prices
- 2) Increase/Decrease in Business Segment (Sales and Operating Income, year on year)
- 3) Sales and Operating Income/Loss by Business Segment (by Quarter)
- 4) Main Subsidiaries and Affiliates
- 5) Financial Summary
- 6) Topics of FY2014

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) 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)

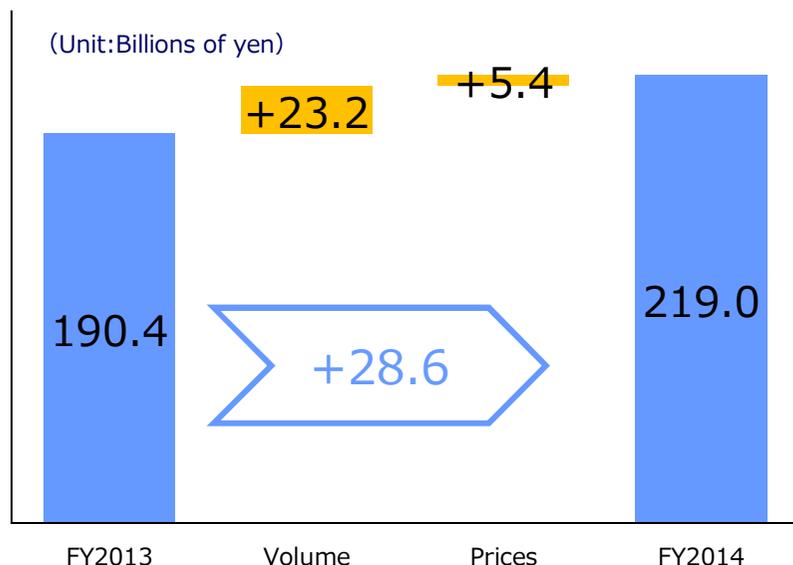
(ACP) : Asian contract price

Year	2012			2013				2014				2015
Month	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.
Naphtha (Yen/KL)	60,600	49,800	55,800	63,800	65,500	63,900	67,800	72,000	69,900	70,900	66,000	47,000
PE (Yen/KG)	about +20	about (20)	about +10	about +15	about +5		about +10	about +10				about (30)
PP (Yen/KG)	about +20	about (20)	about +10	about +15	about +5		about +10	about +10				about (30)
PH (Formula Price) (Yen/KG)												
BZ(ACP) (US\$/T)	\$1,160	\$1,110	\$1,320	\$1,430	\$1,310	\$1,250	\$1,290	\$1,330	\$1,270	\$1,380	\$1,060	\$650
BPA(Japan) (Yen/KG)	+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)	\$1,690	\$1,690	\$1,750	\$1,920	\$1,740	\$1,660	\$1,630	\$1,660	\$1,670	\$1,910	\$1,620	\$1,430
PTA (US\$/T)	\$1,070	\$1,030	\$1,120	\$1,170	\$1,050	\$1,080	\$1,020	\$940	\$910	\$980	\$760	\$620
PX(ACP) (US\$/T)	\$1,500	\$1,340	\$1,530	\$1,630	\$1,410	\$1,450	\$1,440	\$1,300	\$1,260	\$1,350	\$1,040	\$780
TDI (US\$/T)	\$3,030	\$2,830	\$2,770	\$2,680	\$2,530	\$2,375	\$2,340	\$2,330	\$2,320	\$2,340	\$2,280	\$1,940

## 2-1) Increase/Decrease in Functional Chemicals

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (FY2014 vs. FY2013)



**219.0 billion yen (+28.6 billion yen year on year)**

#### Volume + 23.2 billion yen

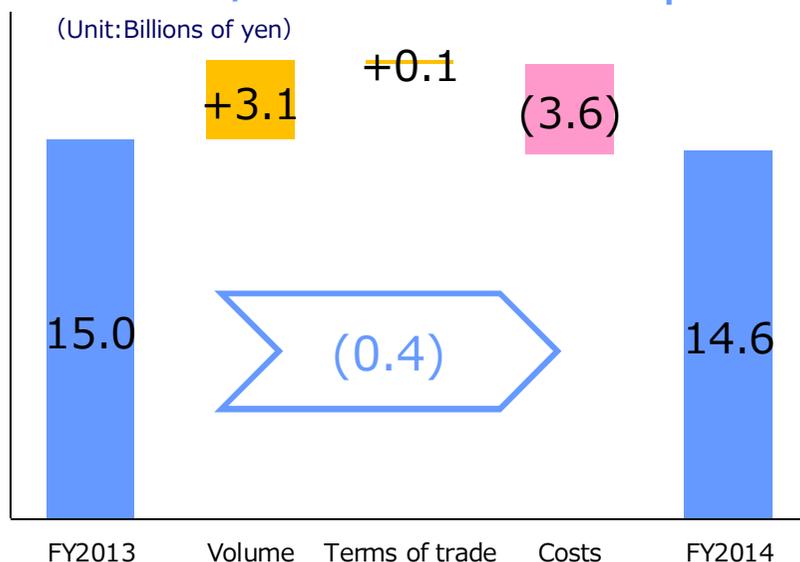
include effects of fiscal period adjustment in FY2013 : (4.7)

- Increase in overseas demand for ophthalmic lens materials, nonwovens, and agrochemicals etc.
- Increase from acquisition of dental material business

#### Price + 5.4 billion yen

- Increase from foreign exchange gains in agrochemicals and healthcare

### Increase/Decrease of Operating Income (FY2014 vs. FY2013)



**14.6 billion yen ( (0.4) billion yen year on year)**

#### Volume +3.1 billion yen

- Sales growth from expanded export of ophthalmic lens materials, nonwovens, and agrochemicals, etc.

#### Terms of trade +0.1 billion yen

- Improvement from weak yen, etc.

#### Costs (3.6) billion yen

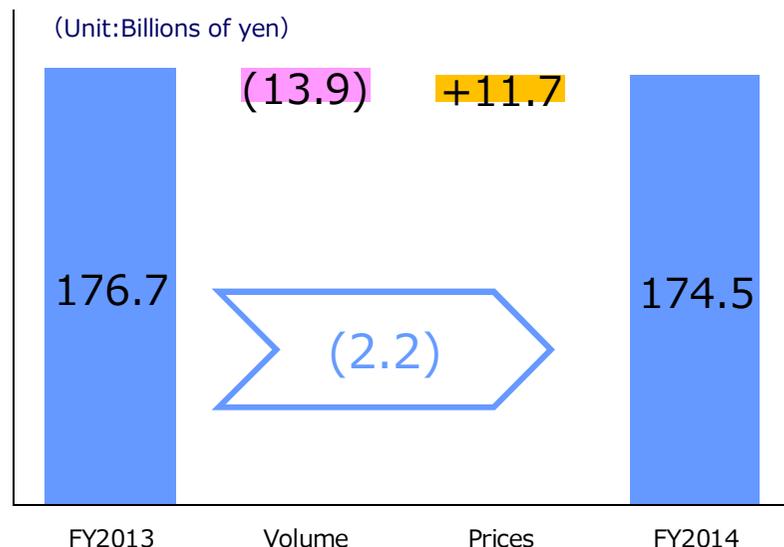
include effects of fiscal period adjustment in FY2013 : (0.6)

- Increase in fixed costs from depreciation of goodwill related to acquisition of dental material business
- Increase in fixed costs, etc.

## 2-2) Increase/Decrease in Functional Polymeric Materials

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (FY2014 vs. FY2013)



**174.5 billion yen ( (2.2) billion yen year on year)**

#### Volume (13.9) billion yen

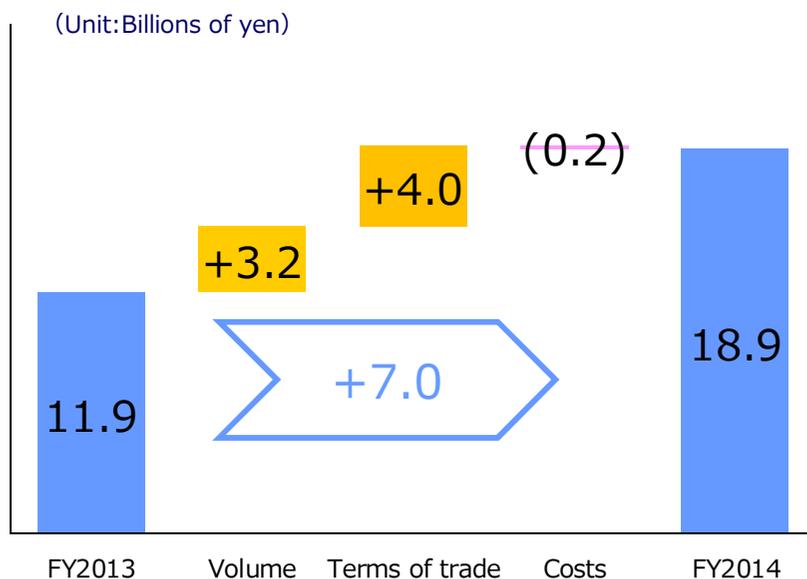
include effects of fiscal period adjustment in FY2013 : (14.1)

- Increase from brisk sales in elastomers and functional compounds attributed to expanded automotive use demand mainly in North America and Asia
- Increase from brisk sales in functional polymers from expanded demand for use in smartphones, electronic and information film applications

#### Price +11.7 billion yen

- Increase from foreign exchange gains

### Increase/Decrease of Operating Income (FY2014 vs. FY2013)



**18.9 billion yen (+7.0 billion yen year on year)**

#### Volume +3.2 billion yen

- Increase from brisk sales in elastomers and functional compounds attributed to expanded automotive use demand
- Increase from brisk sales in functional polymers from expanded demand for use in smartphones, electronic and information film applications

#### Terms of trade +4.0 billion yen

- Increase from weak yen, etc.

#### Costs (0.2) billion yen

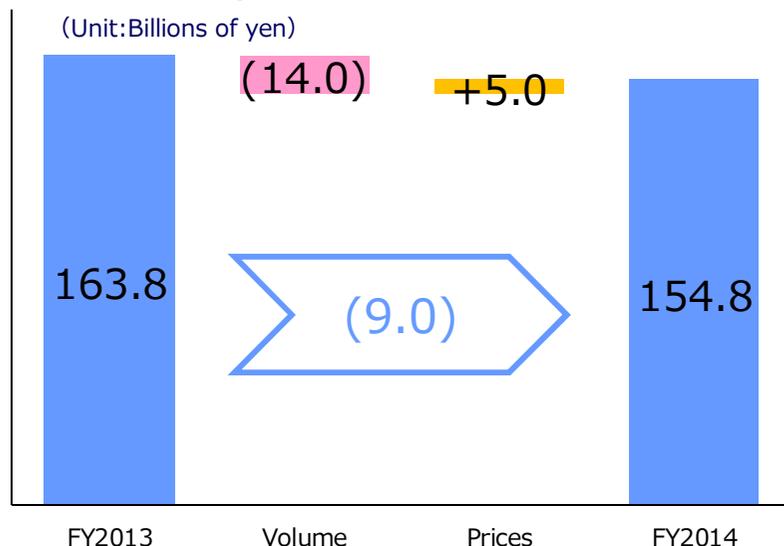
include effects of fiscal period adjustment in FY2013 : (0.9)

- Decrease in fixed costs related to sales administration and R&D, etc.

## 2-3) Increase/Decrease in Polyurethane

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (FY2014 vs. FY2013)



**154.8 billion yen ( (9.0) billion yen year on year)**

#### Volume (14.0) billion yen

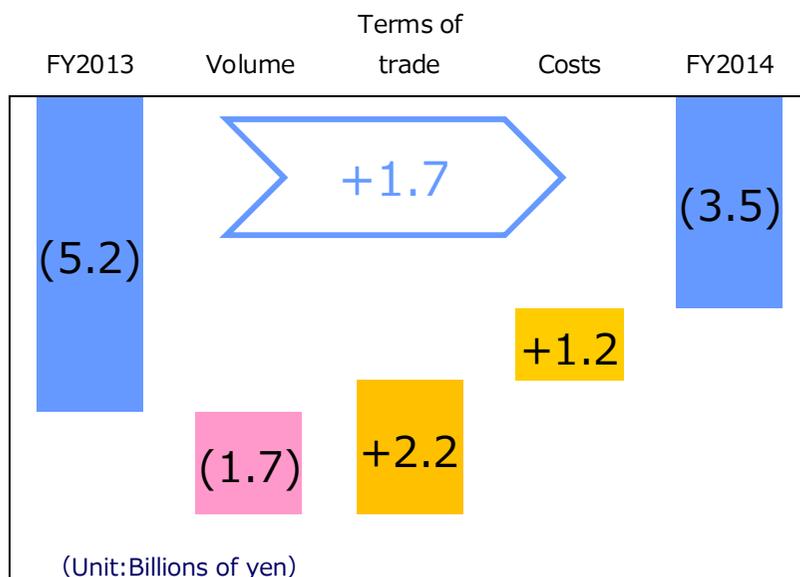
include effects of fiscal period adjustment in FY2013 : (0.8)

- Decrease from drop in sales volume of polyurethane materials such as TDI

#### Price +5.0 billion yen

- Increase from foreign exchange gains

### Increase/Decrease of Operating Income (FY2014 vs. FY2013)



**(3.5) billion yen (+1.7 billion yen year on year)**

#### Volume (1.7) billion yen

- Decrease from drop in sales volume of polyurethane materials, etc.

#### Terms of trade +2.2 billion yen

- Increase from weak yen offset drop in overseas market prices of TDI

#### Costs +1.2 billion yen

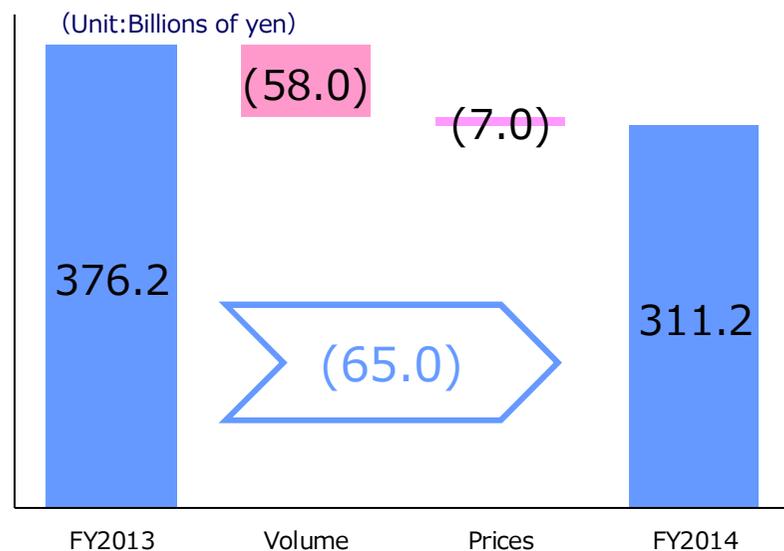
include effects of fiscal period adjustment in FY2013 : (0.1)

- Increase from cost cuts for general cost, etc.

## 2-4) Increase/Decrease in Basic Chemicals

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (FY2014 vs. FY2013)



**311.2 billion yen ( (65.0) billion yen year on year)**

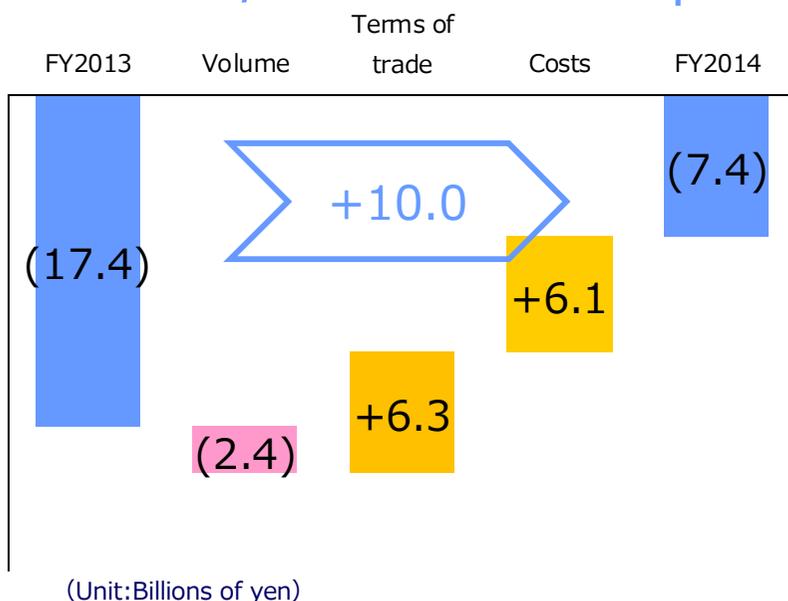
#### Volume (58.0) billion yen

- Decrease from drop in PTA sales due to change in status of "Siam Mitsui PTA Co., Ltd." ("SMPC") from a consolidated subsidiary to an equity method affiliate by share transfer
- Decrease from drop in phenol sales attributed to "local production for local consumption", etc.

#### Price (7.0) billion yen

- Decrease in market prices due to downturn in oil prices

### Increase/Decrease of Operating Income (FY2014 vs. FY2013)



**(7.4) billion yen (+10.0 billion yen year on year)**

#### Volume (2.4) billion yen

- Decrease from drop in PTA sales due to change in status of SMPC from a consolidated subsidiary to an equity method affiliate

#### Terms of trade +6.3 billion yen

- Phenols, etc.

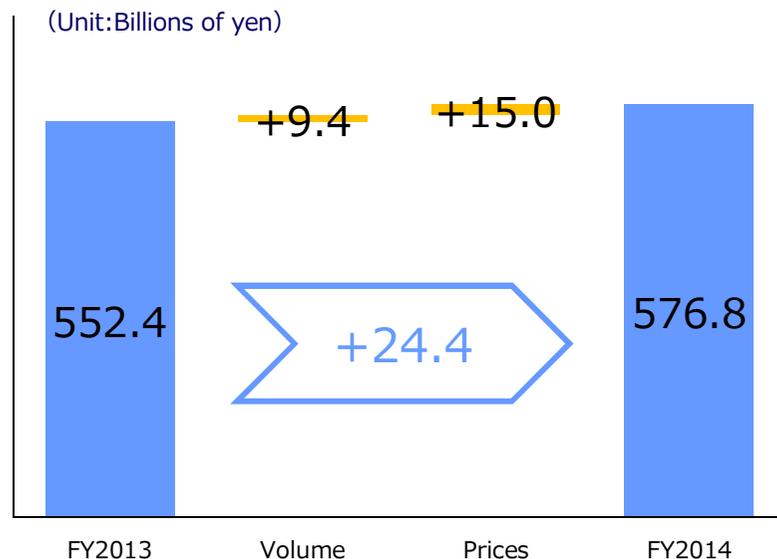
#### Costs +6.1 billion yen

- Gains from decrease in fixed costs due to change in status of SMPC from a consolidated subsidiary to an equity method affiliate
- Decrease in fixed costs from termination of phenol and BPA plants, etc.

## 2-5) Increase/Decrease in Petrochemicals

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (FY2014 vs. FY2013)



**576.8 billion yen (+22.4 billion yen year on year)**

**Volume +9.4 billion yen**

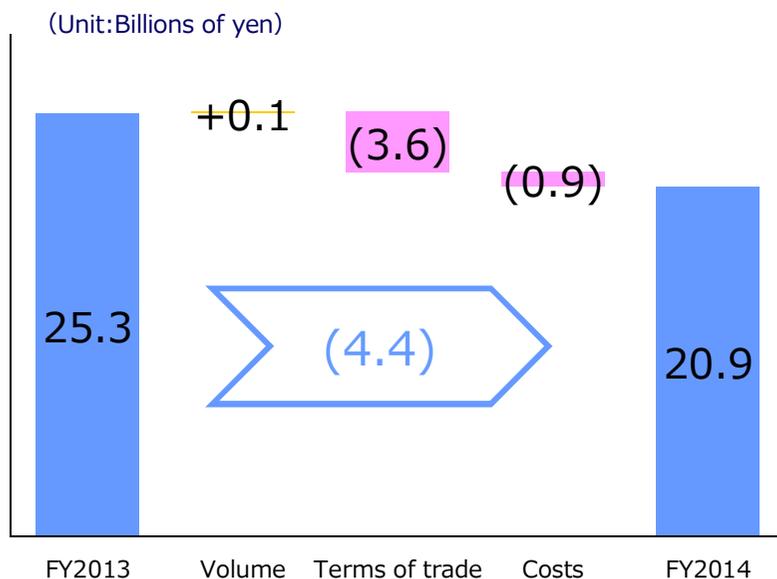
**include effects of fiscal period adjustment in FY2013 : (24.3)**

- Increase from strong demand for overseas automotive PP compounds

**Price +15.0 billion yen**

- Increase from foreign exchange gains

### Increase/Decrease of Operating Income (FY2014 vs. FY2013)



**20.9 billion yen ( (4.4) billion yen year on year)**

**Volume +0.1 billion yen**

- Increase from strong demand for overseas PP compounds

**Terms of trade (3.6) billion yen**

- Decrease from inventory valuation loss offset upswing in operating rates of naphtha crackers, etc.

**Costs (0.9) billion yen**

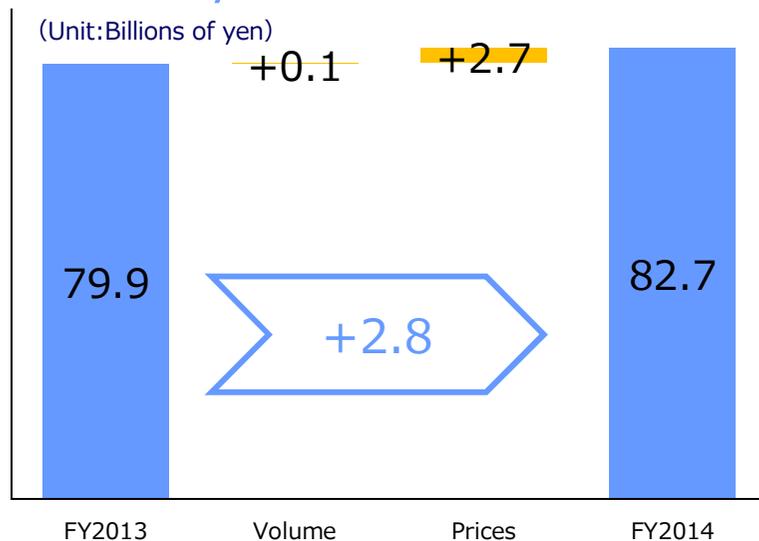
**include effects of fiscal period adjustment in FY2013 : (2.0)**

- Decrease in fixed costs related to termination of polyolefin plants, etc.

## 2-6) Increase/Decrease in Films and Sheets

(Sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (FY2014 vs. FY2013)



**82.7 billion yen (+2.8 billion yen year on year)**

**Volume +0.1 billion yen**

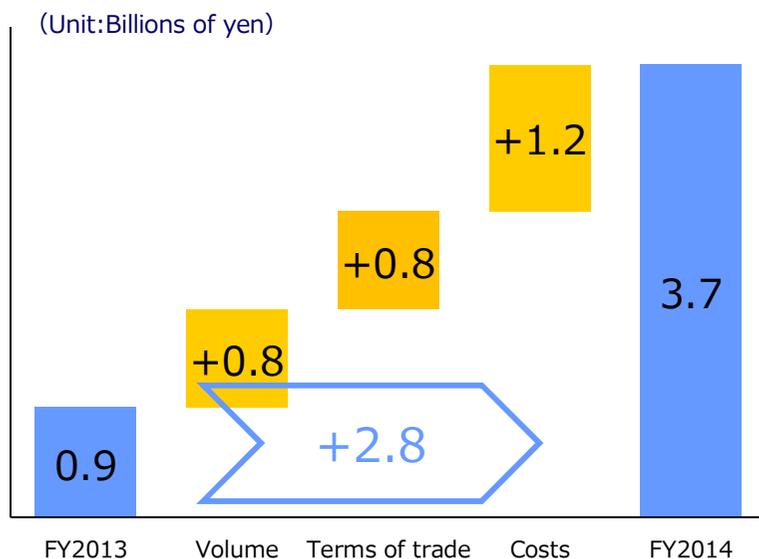
**include effects of fiscal period adjustment in FY2013 : (0.8)**

- Increase in demand for industrial films for electronic and information applications offset decreases in packaging films and functional sheets

**Price +2.7 billion yen**

- Increase from foreign exchange gains

### Increase/Decrease of Operating Income (FY2014 vs. FY2013)



**3.7 billion yen (+2.8 billion yen year on year)**

**Volume +0.8 billion yen**

- Increase in sales of industrial films for electronic and information applications, etc.

**Terms of trade +0.8 billion yen**

- Increase from price revision in early FY2014
- Increase from weak yen, etc.

**Costs +1.2 billion yen**

- Gains from cost reductions in general costs

### 3) Sales and Operating Income/Loss by Business Segment

(by Quarter)

#### Sales

(Billions of Yen)

( ) Denotes a minus

Segment	FY2013				FY2014			
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar <sup>※1</sup>	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Functional Chemicals	38.5	39.3	49.6	63.0	53.3	51.9	53.2	60.6
Functional Polymeric Materials	39.9	41.1	39.9	55.8	42.6	43.1	42.7	46.1
Polyurethane	36.1	40.2	42.0	45.5	35.7	39.3	41.3	38.5
Basic Chemicals	105.2	98.9	83.1	89.0	81.0	84.2	75.0	71.0
Petrochemicals	118.0	123.3	135.6	175.5	149.9	140.9	146.7	139.3
Films and Sheets	19.7	19.7	20.6	19.9	19.8	20.7	22.1	20.1
Others	5.7	6.0	6.4	8.5	6.9	6.7	8.2	9.3
Total	363.1	368.5	377.2	457.2	389.2	386.8	389.2	384.9

※1 include effects of fiscal period adjustment: 46.1 billion yen

#### Operating Income/Loss

(Billions of Yen)

( ) Denotes a minus

Segment	FY2013				FY2014			
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar <sup>※2</sup>	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Functional Chemicals	3.9	4.0	4.2	2.9	4.7	3.1	2.6	4.2
Functional Polymeric Materials	3.8	3.6	1.9	2.6	3.9	3.3	4.7	7.0
Polyurethane	(1.7)	(2.4)	(0.7)	(0.4)	(2.1)	(1.4)	0.7	(0.7)
Basic Chemicals	(2.7)	(5.3)	(5.9)	(3.5)	(2.8)	(1.6)	(1.2)	(1.8)
Petrochemicals	7.1	2.7	5.6	9.9	7.2	5.1	6.7	1.9
Films and Sheets	0.7	0.2	0.3	(0.3)	0.8	0.9	1.4	0.6
Others	(1.8)	(1.1)	(1.3)	(1.4)	(1.3)	(1.2)	(0.8)	(1.9)
Total	9.3	1.7	4.1	9.8	10.4	8.2	14.1	9.3

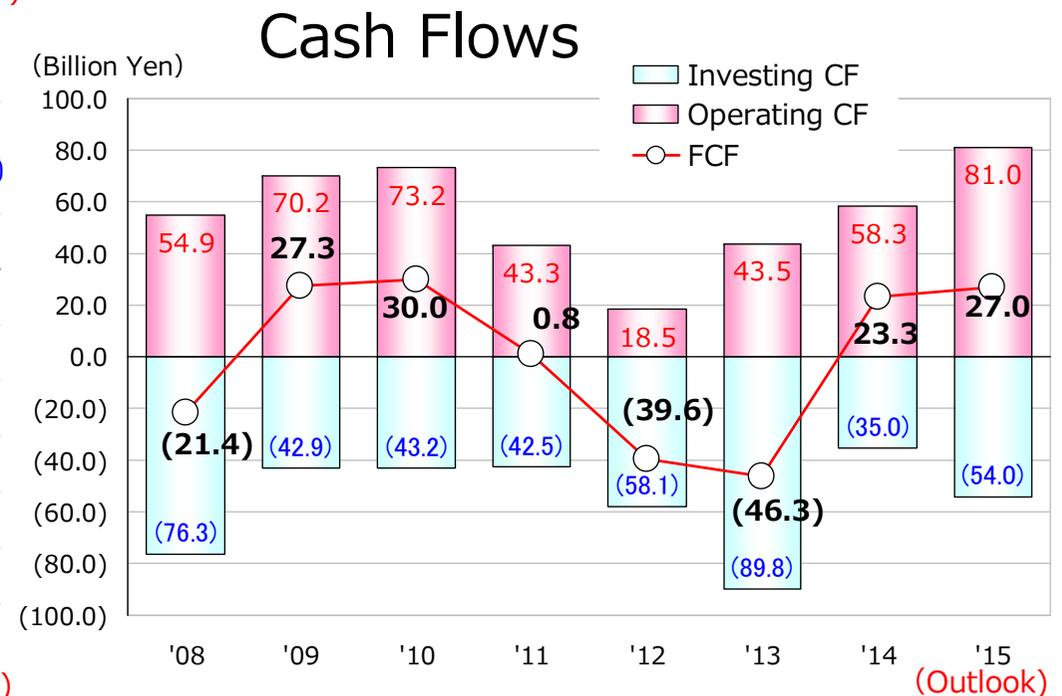
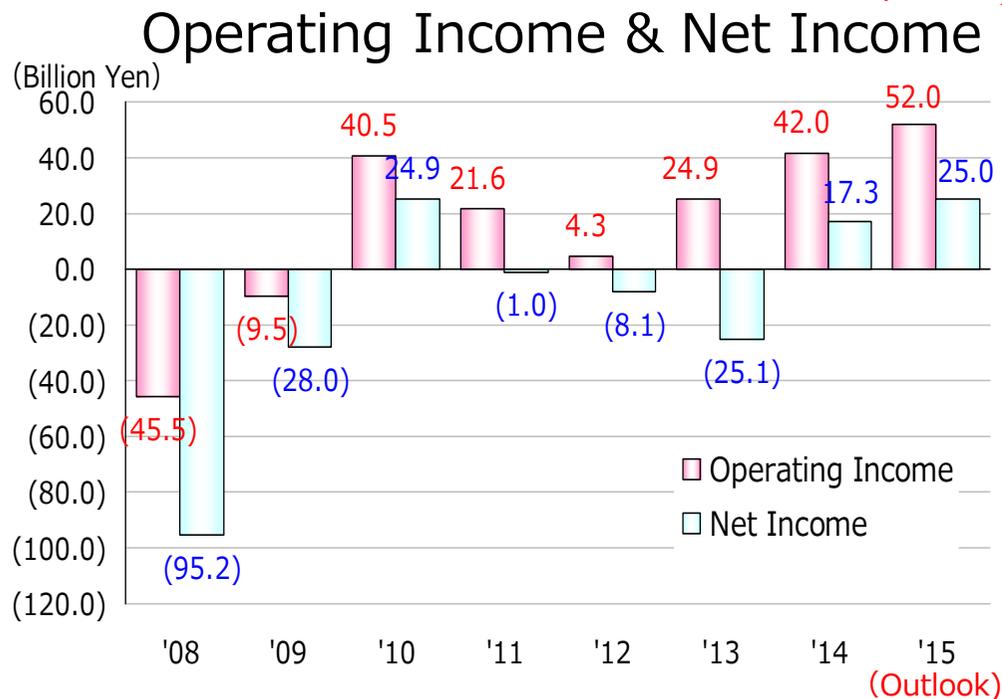
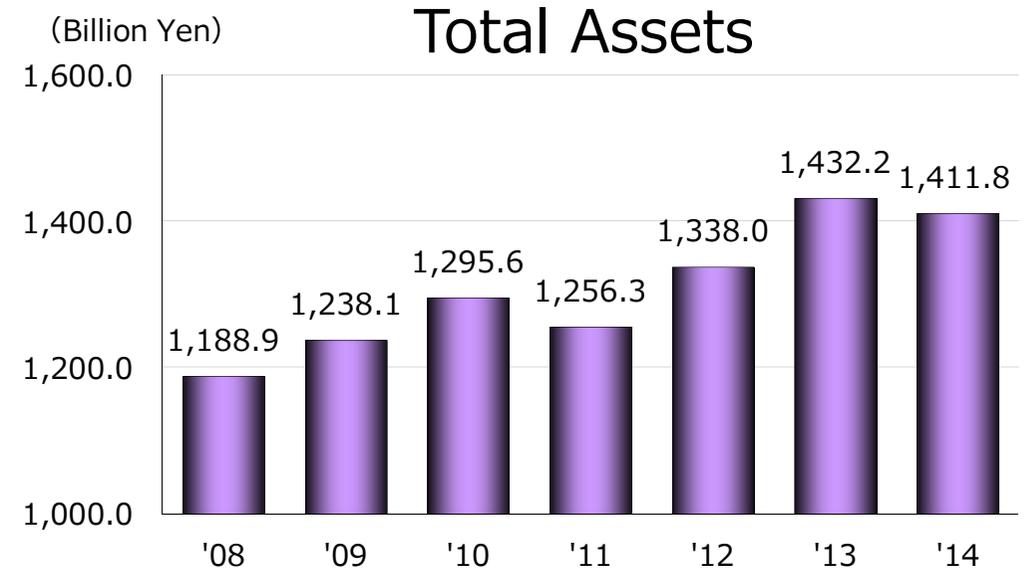
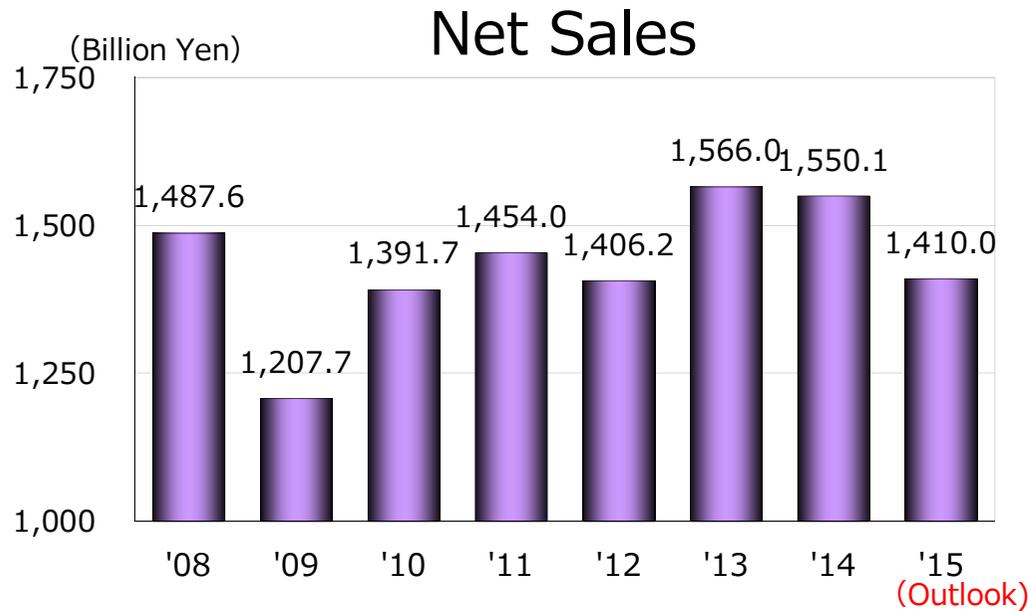
※2 include effects of fiscal period adjustment: 3.6 billion yen

## 4) Main Subsidiaries and Affiliates

Items	Common stock		Our share	Sales	Operating Income/Loss	
				FY2014	FY2014	FY2015 Outlook
<b>Subsidiaries</b>			%	Billions of Yen		
Prime Polymer	Billions of Yen	20	65.0	300	gain	→
Advanced Composites	Millions of USD	14.1	61.8	100	gain	→
Mitsui Phenols Singapore	Millions of USD	210	95.0	70	gain	→
Mitsui Elastomers Singapore	Millions of USD	96	100.0	60	gain	→
Mitsui Chemicals Agro, Inc.	Billions of Yen	0.35	100.0	40	gain	→
Mitsui Chemicals Tohcello, Inc.	Billions of Yen	3.45	100.0	80	gain	→
<b>Affiliates</b>						
Dupont-Mitsui Polychemicals	Billions of Yen	6.5	50.0	40	gain	→
Dupont-Mitsui Fluorochemicals	Billions of Yen	2.9	50.0	30	gain	→
Siam Mitsui PTA	Millions of BAHT	4,800	50.0	90	loss	→

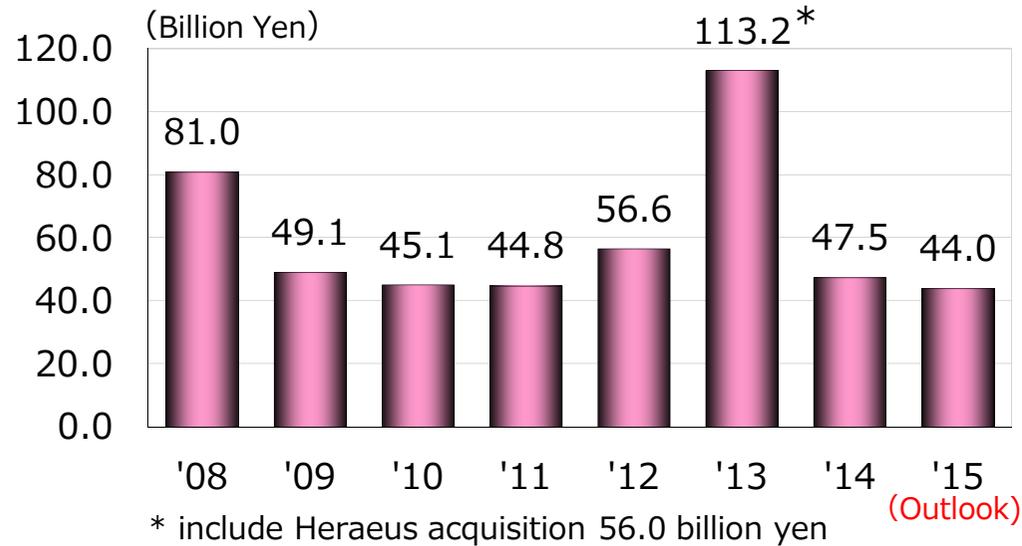
Operating Income/Loss : FY2015 outlook "→" represents "no change", or change less than 0.5 billion yen compared with FY2014.

# 5-1) Financial Summary

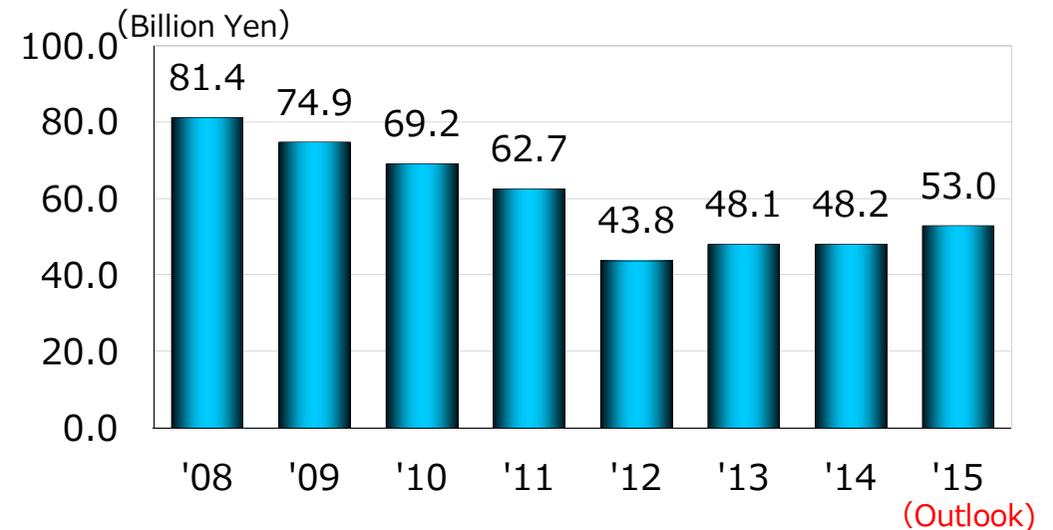


# 5-2) Financial Summary

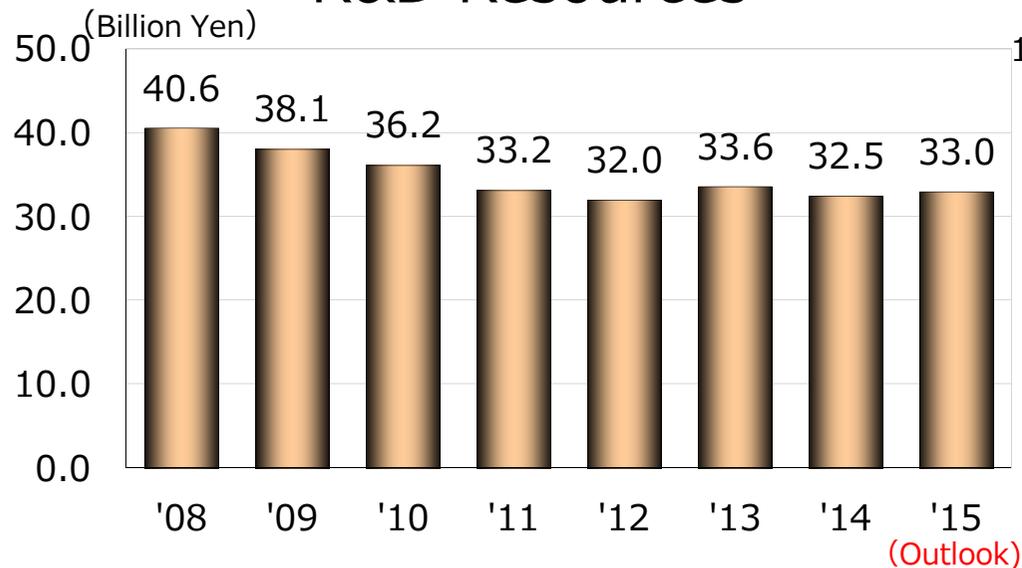
## Capex



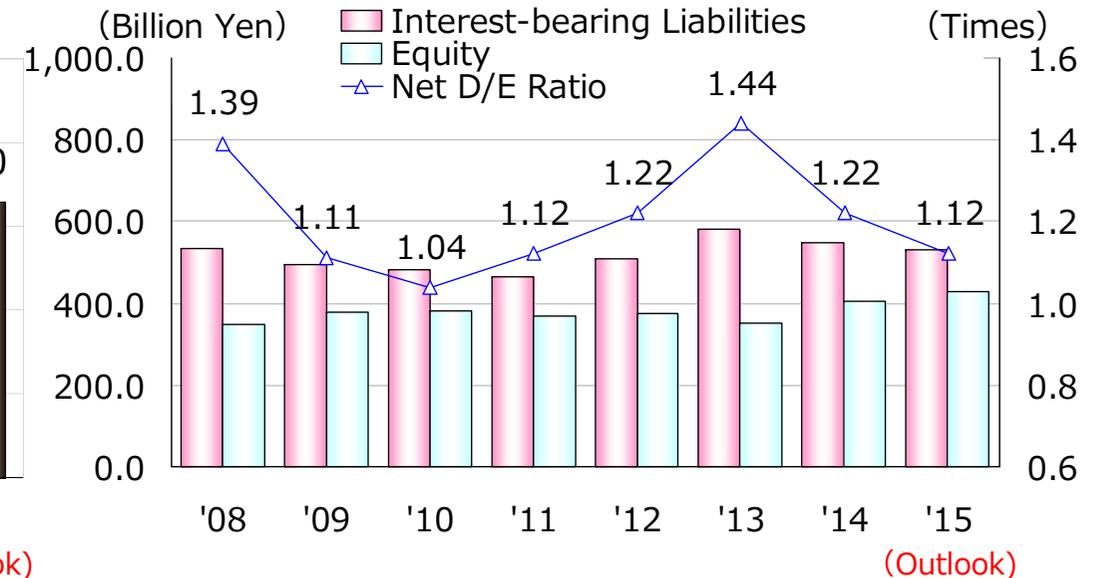
## Depreciation



## R&D Resources



## Net D/E Ratio



## 6-1) Topics of FY2014

### (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 1<sup>st</sup> 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)
- Development of plant-derived high refractive index lens material "Do Green™" (January 2015)
- Startup of new functional compounds (Milastomer™, Admer™) production facility in China, "Mitsui Chemicals Functional Composites (Shanghai) Co., Ltd." (11,000 tons/annum) (March 2015)
- Whole You, Inc. acquisition of Respire Medical (March 2015)
- Overseas PP compounds augmentation for total global 1 million tons/annum (March 2015)  
Additional 40,000 tons/annum in North and Central America

## 6-2) Topics of FY2014

### **(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 1<sup>st</sup> 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)
- Withdrawal from Keiyo Ethylene (Mar 2015)



**Mitsui Chemicals**

Creating New Customer Value and  
Solving Social Challenges through Business Activities