

Mitsui Chemicals

CEO Explanation Business Results & Outlook

November 20, 2013

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President & CEO



1. Financial Result & Outlook for FY2013

2. Progress of Mid-Term Business Plan

3. Investment Plan and Financial Status

Results of 1st Half of FY2013 & Forecast for FY2013

(billion yen)

() Denotes a minus

Items	FY2012		FY2013		Increase(decrease)	
	1st Half	Full year	1st Half	Full year	1st Half	Full year
Sales	680.5	1,406.2	731.6	1,550.0	51.1	143.8
Operating income	1.5	4.3	11.0	25.0	9.5	20.7
Non-operating income/expenses	(4.0)	4.9	(0.3)	(4.0)	3.7	(8.9)
Ordinary income(loss)	(2.5)	9.2	10.7	21.0	13.2	11.8
Special gains/losses	(9.0)	(10.0)	(2.4)	(7.0)	6.6	3.0
Net income(loss) before income taxes and minority interes	(11.5)	(0.8)	8.3	14.0	19.8	14.8
Net income(loss)	(15.3)	(8.1)	1.0	1.0	16.3	9.1

Exchange rate(Yen/US\$)

79

83

99

99

20

16

Domestic standard

Naphtha Price(Yen/KL)

55,200

57,500

64,700

64,900

9,500

7,400

Operating Income/Loss (by business segment)

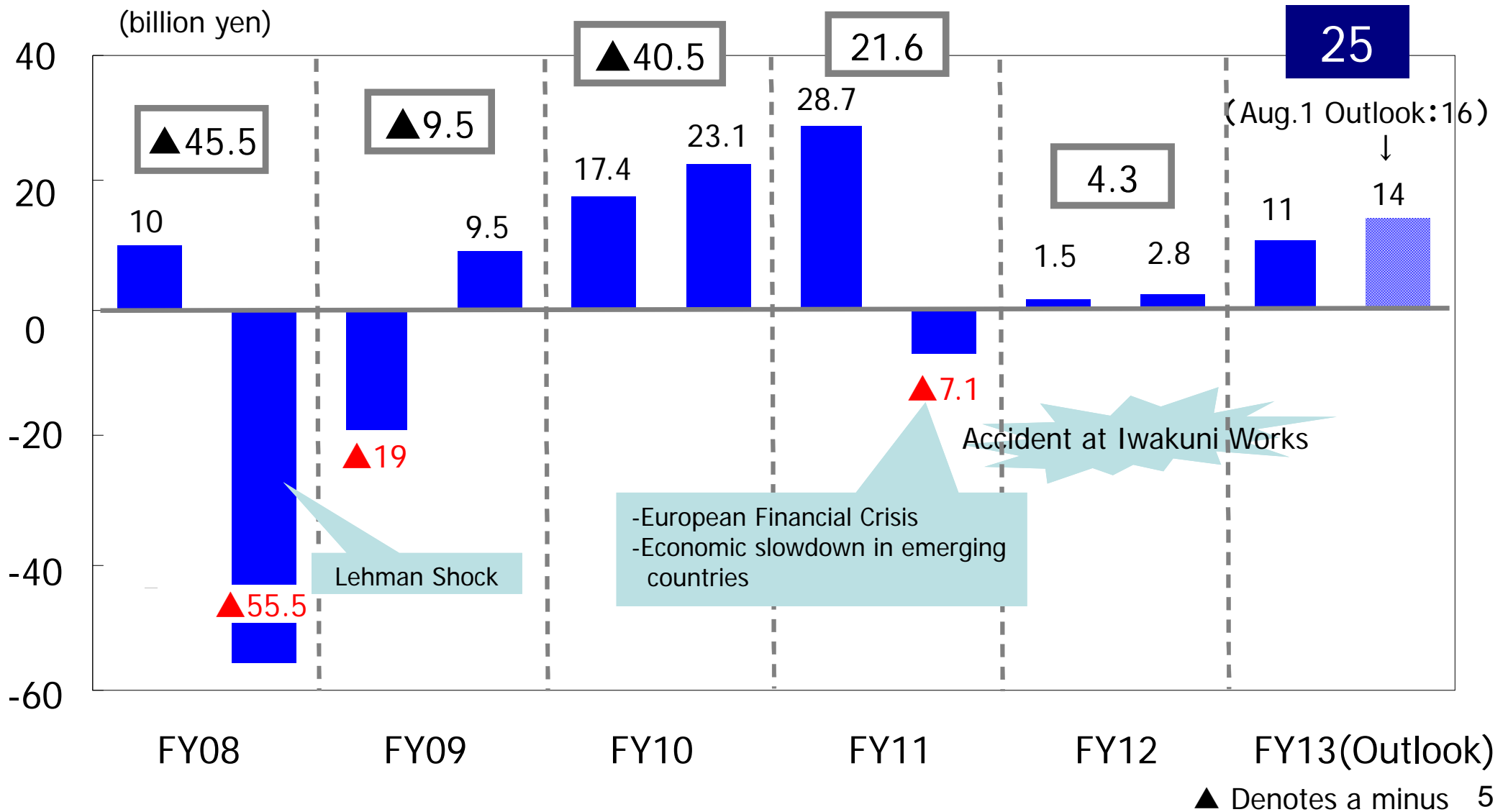
(billion yen)

() Denotes a minus

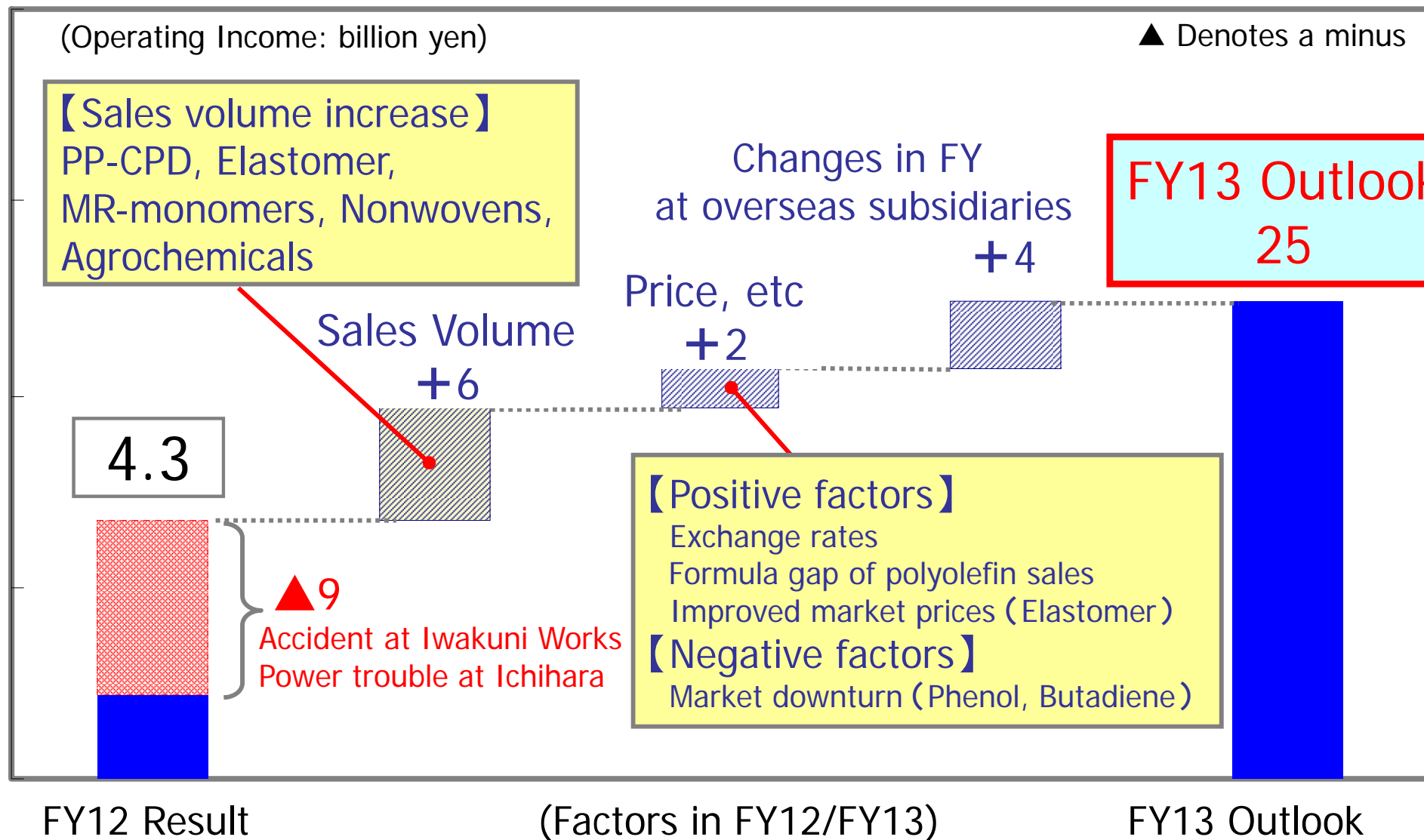
Segment	FY2012		FY2013		Increase(decrease)	
	1st Half	Full year	1st Half	Full year	1st Half	Full year
Functional Chemicals	7.2	12.4	7.9	16.5	0.7	4.1
Functional Polymeric Materials	4.7	8.4	7.4	13.0	2.7	4.6
Polyurethane	(1.8)	(2.6)	(4.1)	(2.0)	(2.3)	0.6
Basic Chemicals	(7.0)	(18.9)	(8.0)	(16.0)	(1.0)	2.9
Petrochemicals	1.5	7.7	9.8	19.5	8.3	11.8
Films and Sheets	(1.5)	(3.3)	0.9	(0.5)	2.4	2.8
Total (including Others)	1.5	4.3	11.0	25.0	9.5	20.7

Operating Income from FY2008

Despite being on the recovery track, the outlook for the 2nd half is severe



FY2013 Effects of recovery from accident, etc. Operating income forecast 25 billion yen





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High Functional Products

- Ophthalmic Lens Monomers, Dental Materials, Nonwovens, Agrochemicals

High Value Added Polymers

- PP-Compounds, AdmerTM, EvolveTM, TafmerTM, EPT, etc.

Phenol Chains

- Fundamental restructuring measures



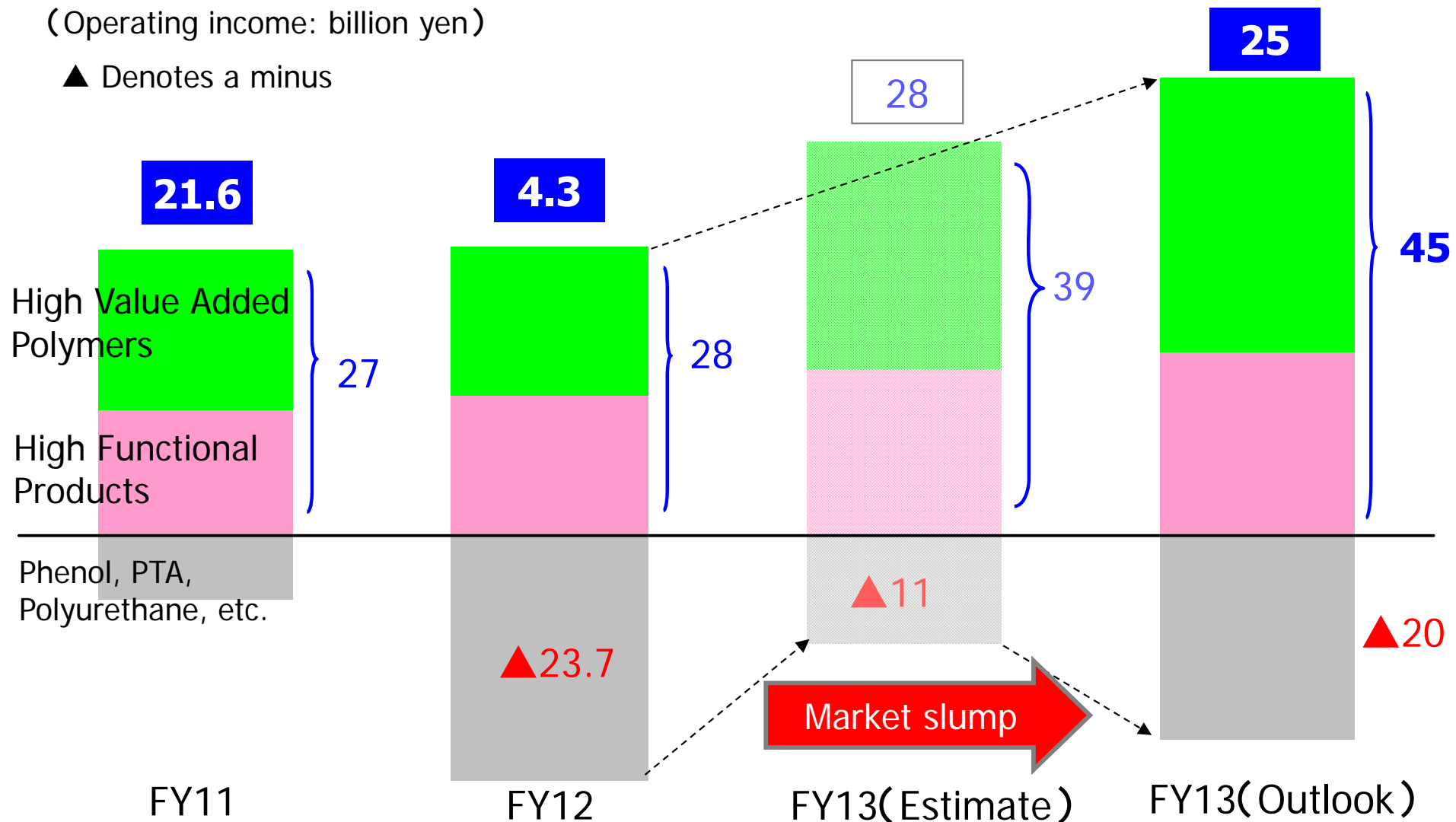
- ① Restructuring measures for volatile volume market business
 - Phenol, PTA, Polyurethane (TDI)
- ② Reinforce “High Functional Products” and “High Value Added Polymers”

Business Portfolio Condition and Challenges

- Steady progress for “High Functional Products” and “High Value Added Polymers”
- Sluggish conditions for volatile volume market products (Phenol, PTA, and Polyurethane)

(Operating income: billion yen)

▲ Denotes a minus



Condition of Business Restructuring

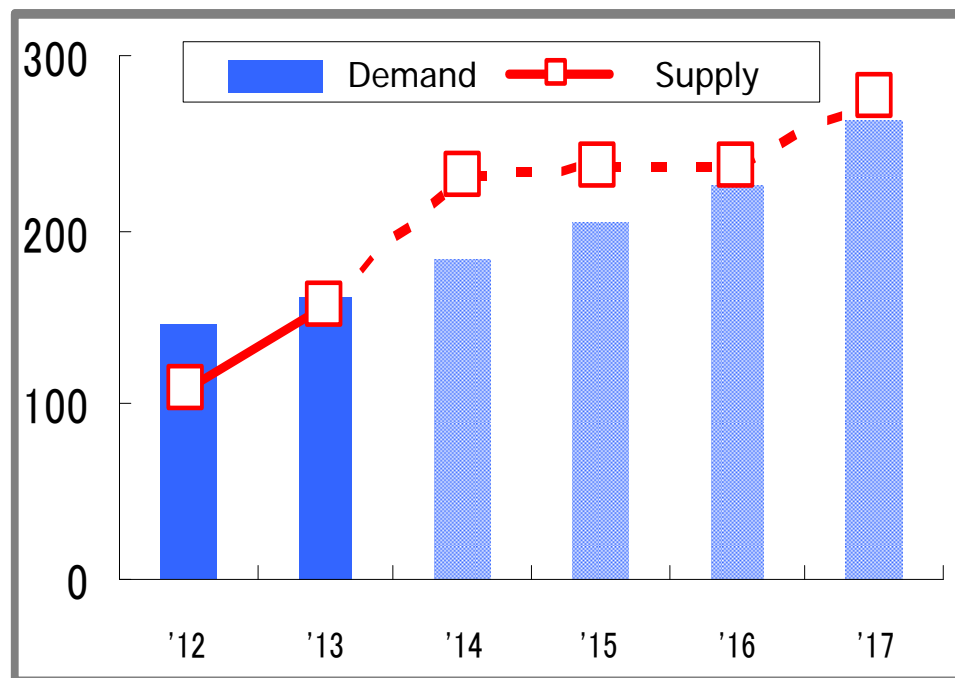
① Phenol Chains

② PTA

③ Polyurethane (TDI)

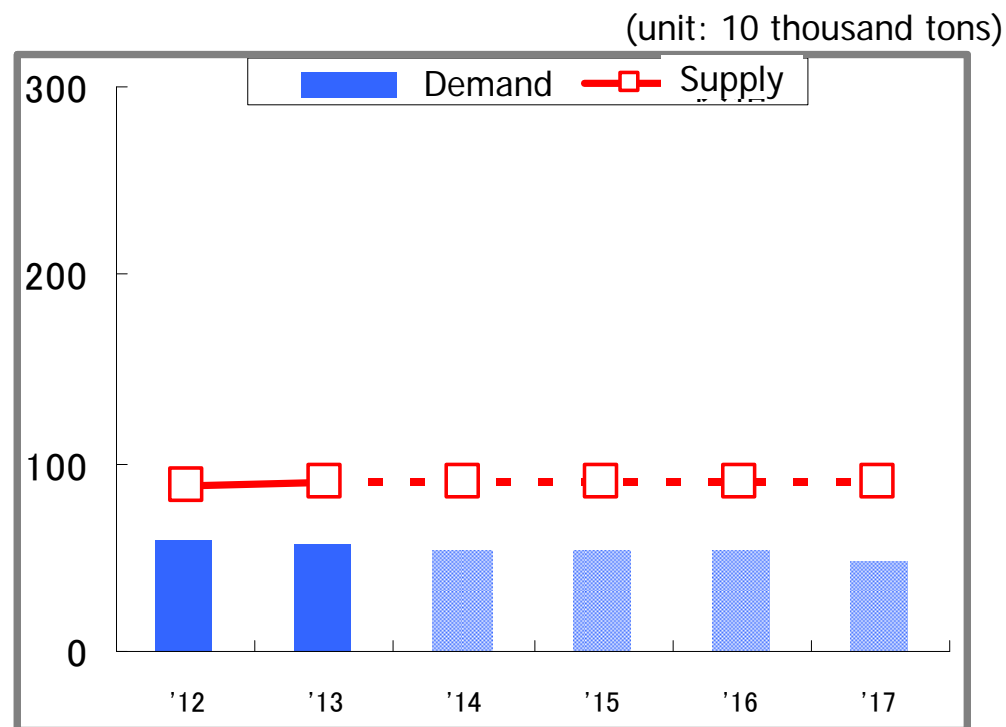
Over supply after 2014 from new facilities and production increases in China

China



Improvement in supply and demand in 2017

Japan



Surplus 300KTA
High utility costs

① Phenols – Conditions and Directions -

【Strengths in Phenol Business】

- Sites in emerging ASEAN countries and China
- Multiple derivatives and measures for surplus acetone
- Cooperation with influential partners

Local Production and Local Consumption

Cost Reduction

Regional Cooperation

China

Shanghai
250KTA

Under construction
✕JV with Sinopec

- Competitive utility and low materials costs
- Strong sales structure

Competitive new plants

Japan

Chiba
Osaka
640KTA

Optimization of plant operations

Singapore

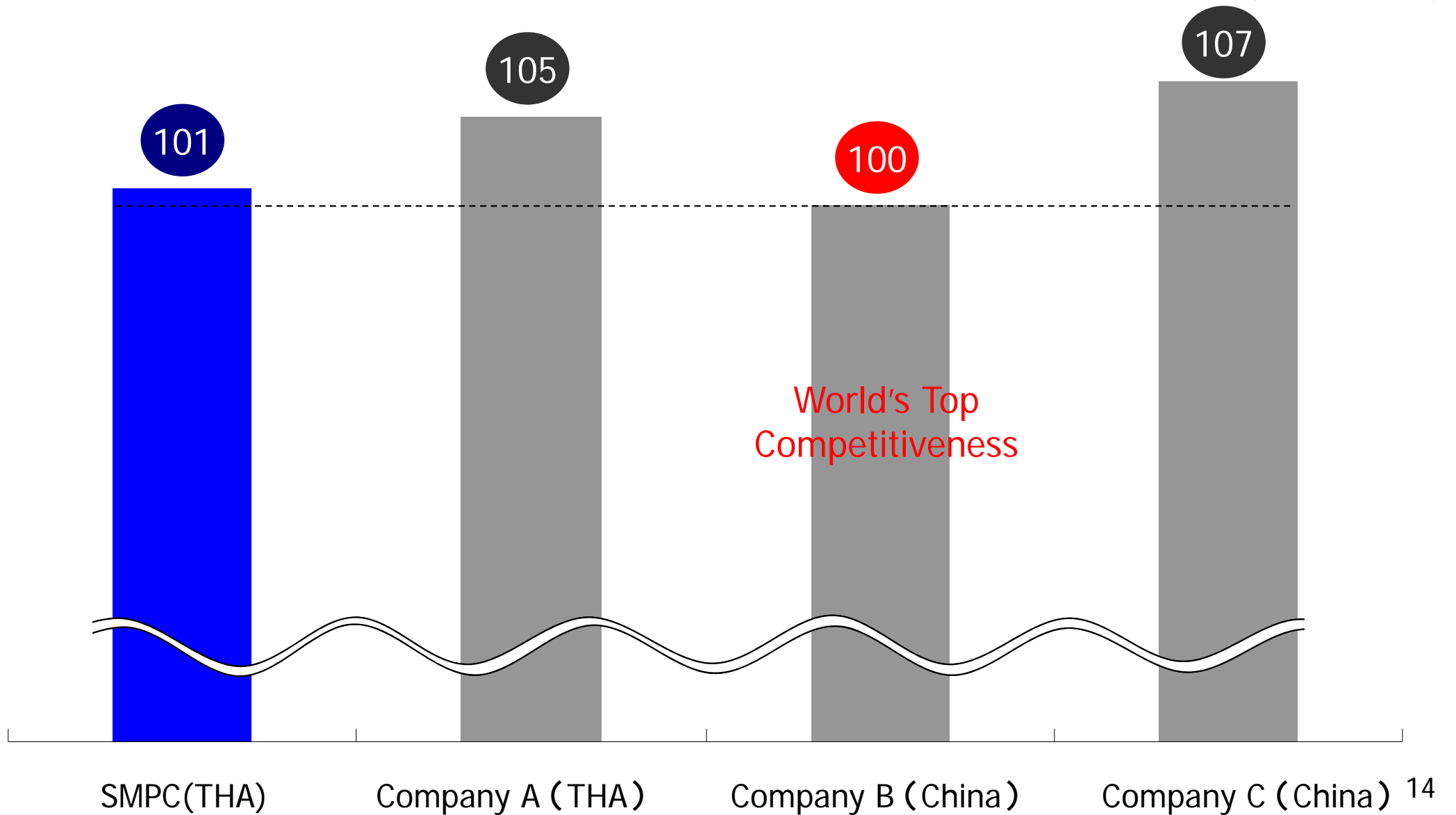
Singapore
310KTA

Measures for high utility costs

◆ SMPC (Thailand):

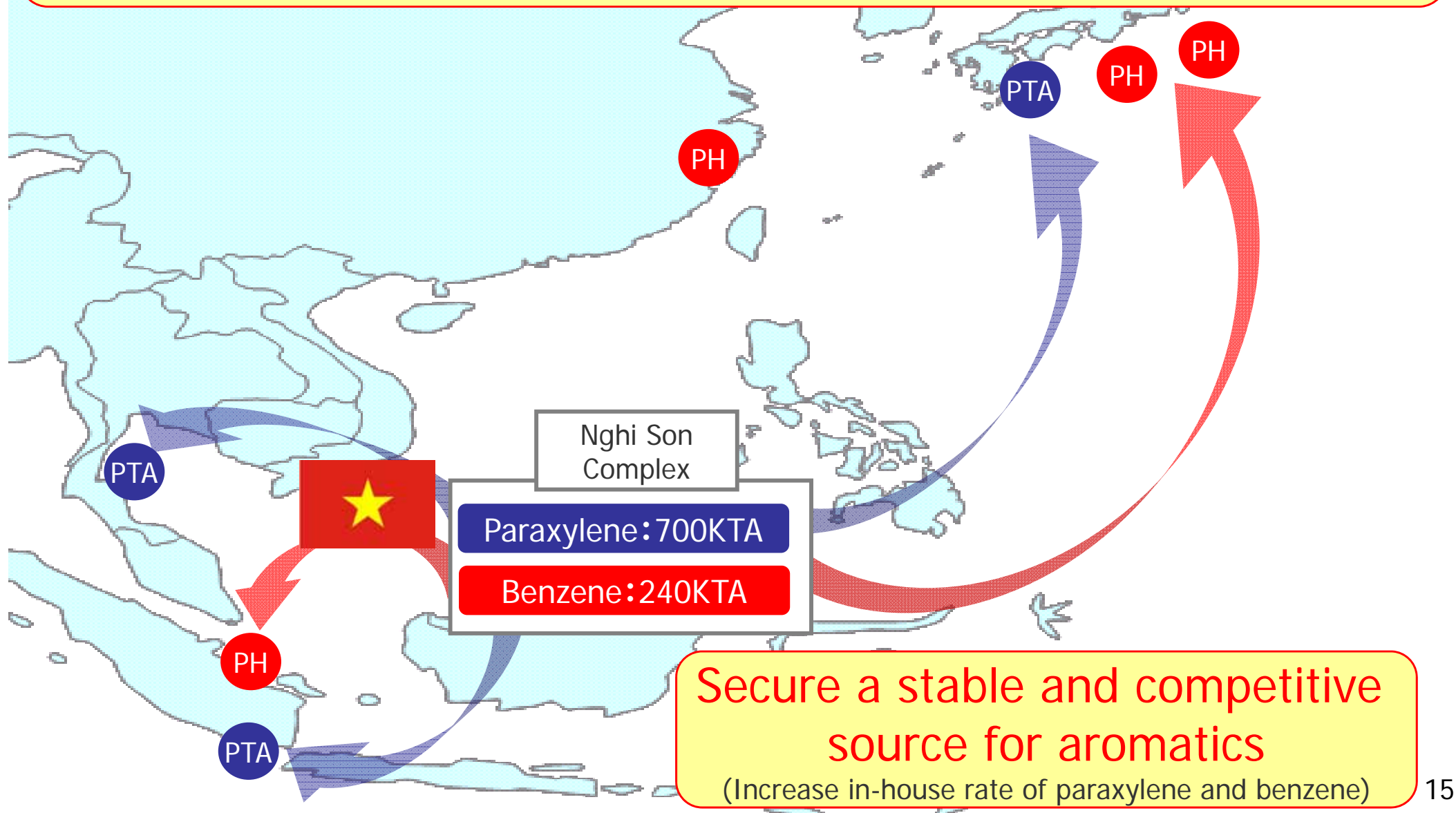
Secure world's top class competitiveness through rationalization

(MCI estimate)



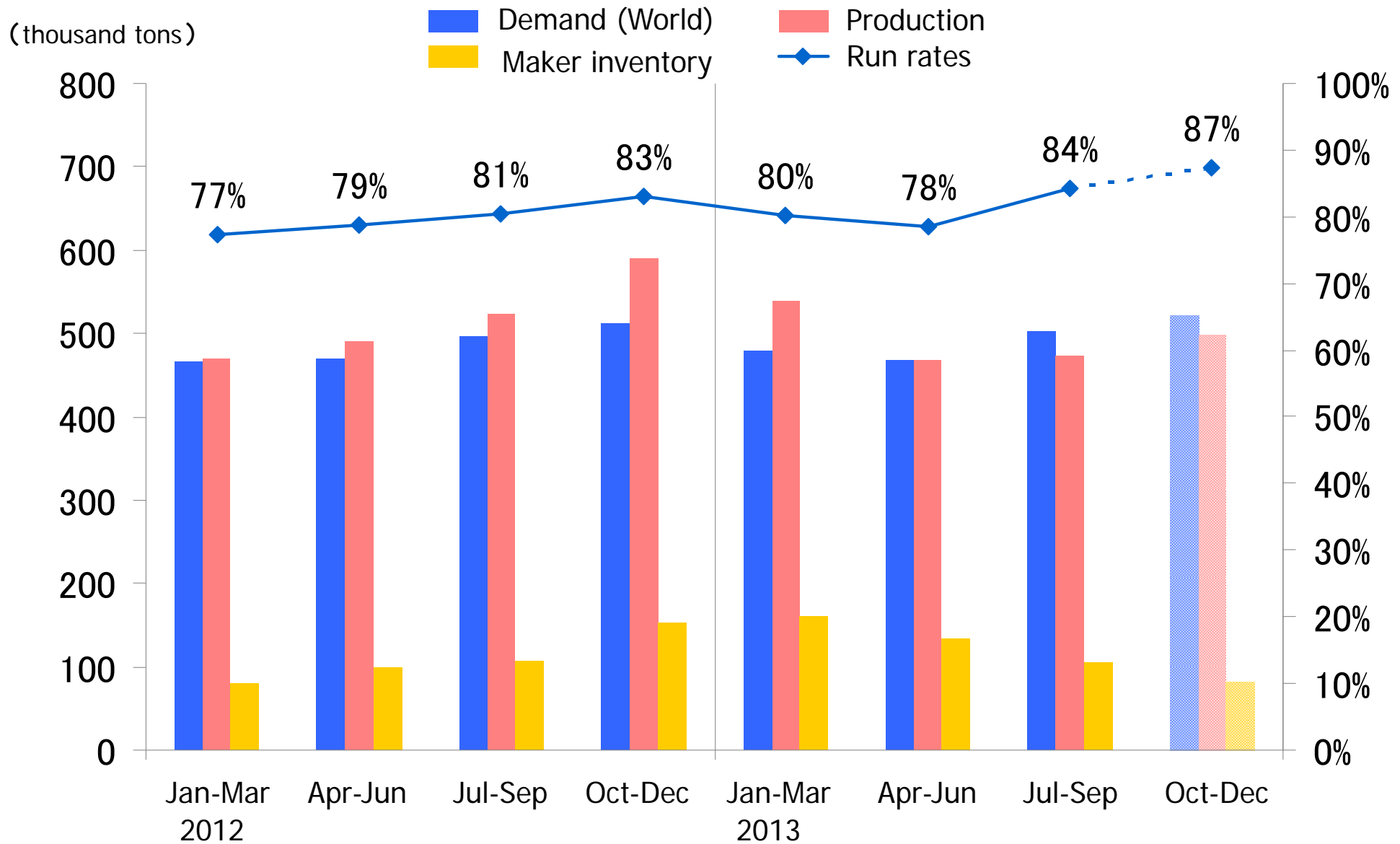
- Competitive large scale refinery and petrochemical complex in rapidly growing Vietnam (Operation commencement: 2017)

(Idemitsu: 35.1%, KPI: 35.1%, PVN: 25.1%, Mitsui Chemicals: 4.7%)



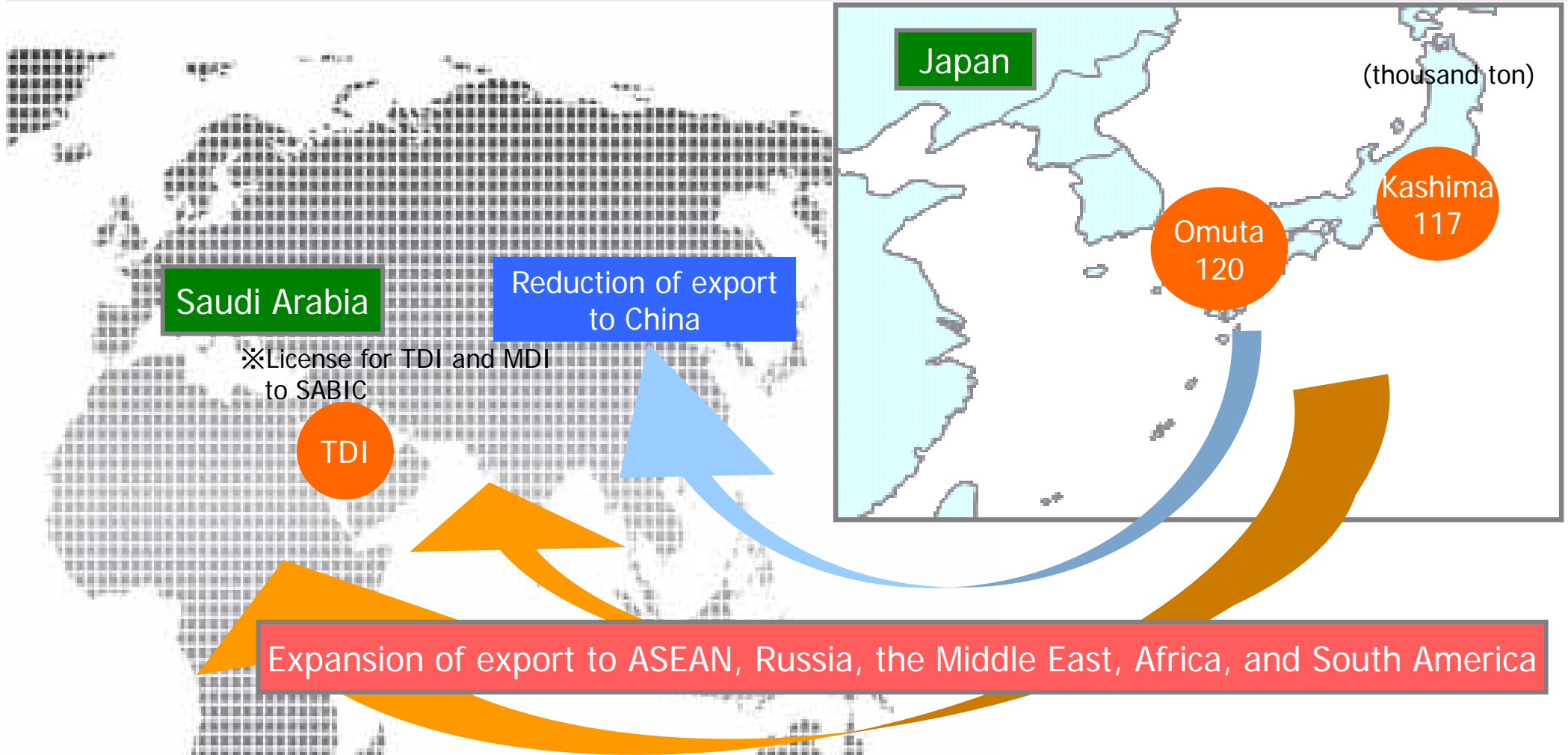
Secure a stable and competitive source for aromatics
(Increase in-house rate of paraxylene and benzene)

③ Polyurethane (TDI) - Supply and Demand - Restructuring of Volatile Business



Inventory rationalization through production adjustments and demand recovery predicted to bolster improvements in supply and market in second half of FY2013

③ Polyurethane (TDI) – Condition and Measures - Restructuring of Volatile Business




【Measures】

- ① Decrease in export dependence to China (50% → 30%)
- ② Cost reduction (FY15 target 8 billion yen → 10 billion yen)
- ③ Reinforcement of system housing business

⇒ Study further measures

~Changes in Business Portfolio~



High Functional Products

Steady progress in High Functional Products through M&A

	FY11	FY12	FY13	FY14~
Ophthalmic Lens Monomers	CHE) ACOMON acquisition			
	Further strengthening position as a top player		SGP) SDC new base	
Dental Materials			KOR) KOC acquisition	
	Secure global base		GER) Heraeus Dental acquisition	
			USA.) DENTCA acquisition	
Nonwovens		JPN) Increase capacity(+15KTA)		
	Establish 3 bases in Asia 64KTA→94KTA		CHN) New base(15KTA)	

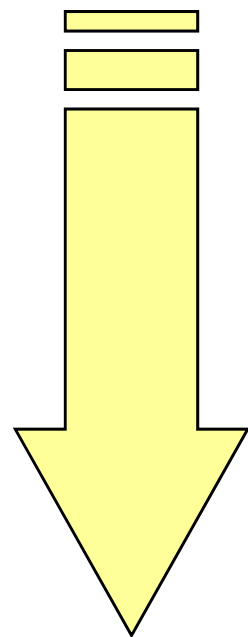
Progress of High Functional Products (2/2)

	FY11	FY12	FY13	FY14~	
Agrochemicals	THA) Acquire stake in Sotus				
			THA) New R&D base		
	BRA) Acquire stake in Iharabras				
			BRA) Launch of insecticide		
	Establish global bases		IND) Launch of insecticide		
	Progress in legal registration		USA) Launch of fungicide		
			CHN) Launch of insecticide		
			EUR) Launch of fungicide		

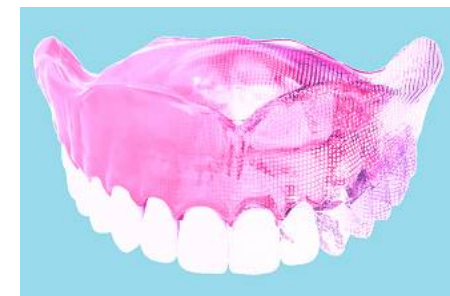
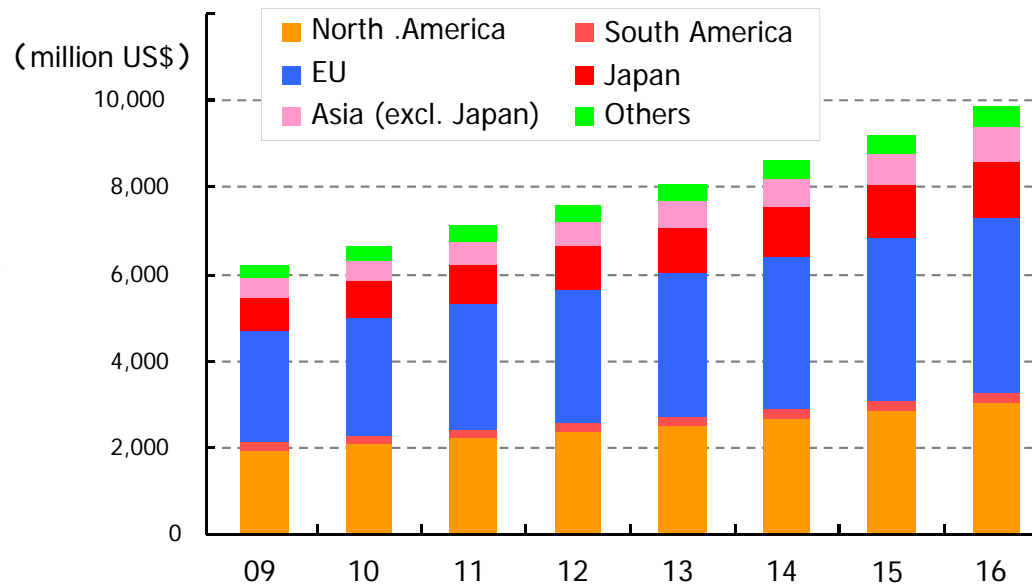
Expansion of Dental Materials

High Functional Products

- Global dental materials market will stably grow at a rate of 6-7% attributable to ageing of world population
- Material shift from metal to plastics



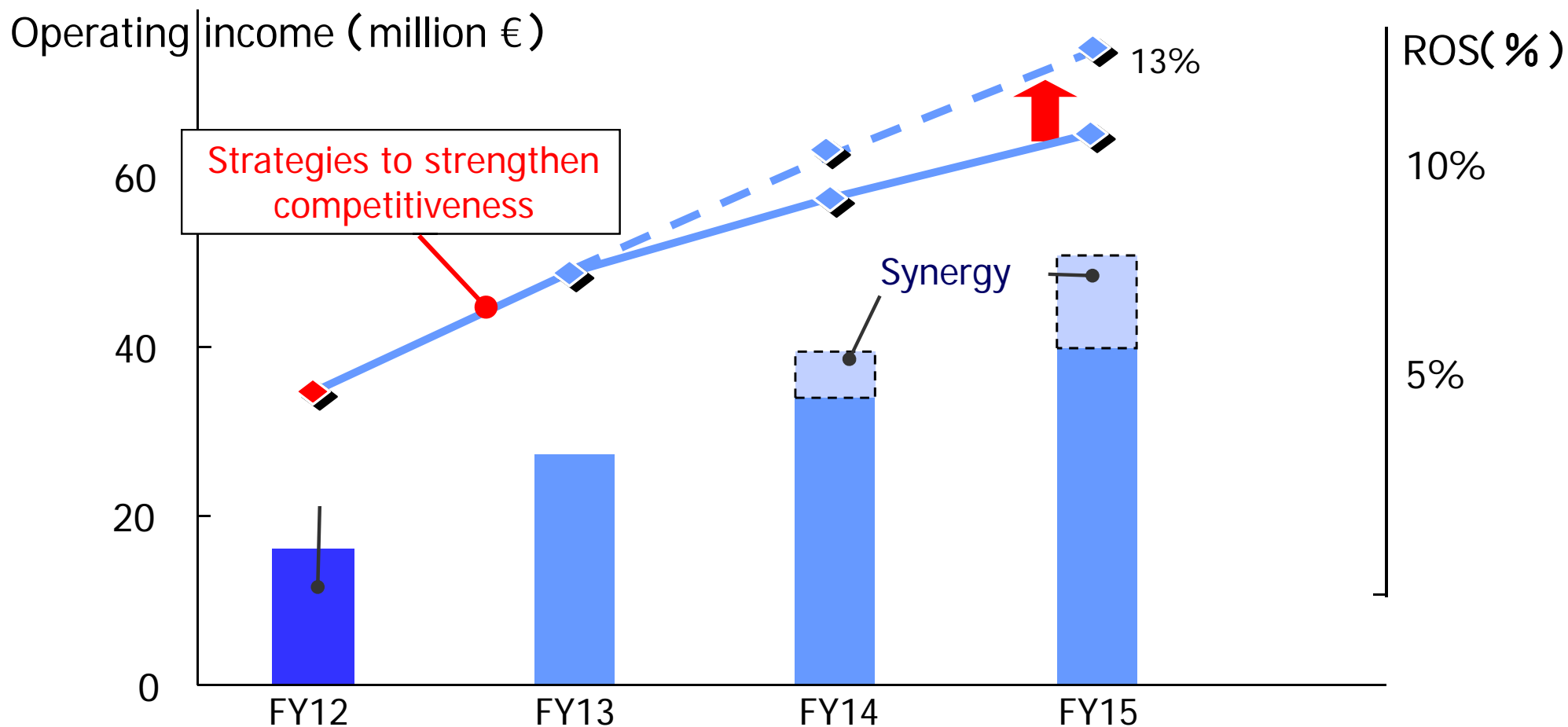
Dental Material Market: 800 billion yen



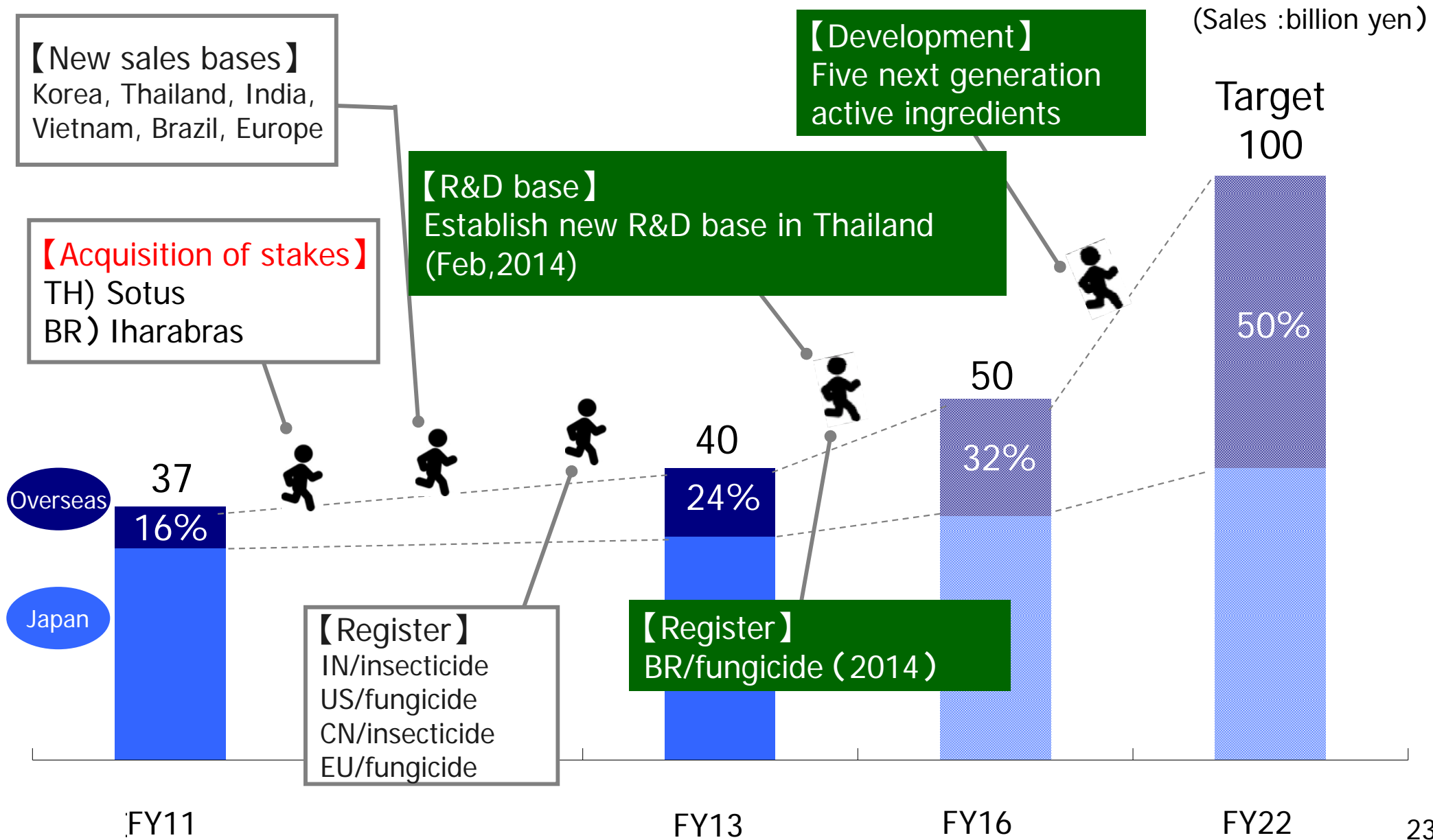
- ① Acquisition of Heraeus Dental**
World's 6th largest dental materials provider with sales in 22 countries
- ② Acquisition of DENTCA**
Dentures using CAD/CAM and 3-D printers

Synergy

- ◆ Expansion through global production and sales
 - Expansion of Heraeus Kulzer sales in Japan and Asia
 - Sales of Sun Medical products under Heraeus Kulzer brand
- ◆ Joint development of new products using proprietary polymer technology



Acceleration of global deployment through new bases and registration



~Changes in Business Portfolio~

High Value Added Polymers

Major Projects Scheduled for Start Up After FY2014

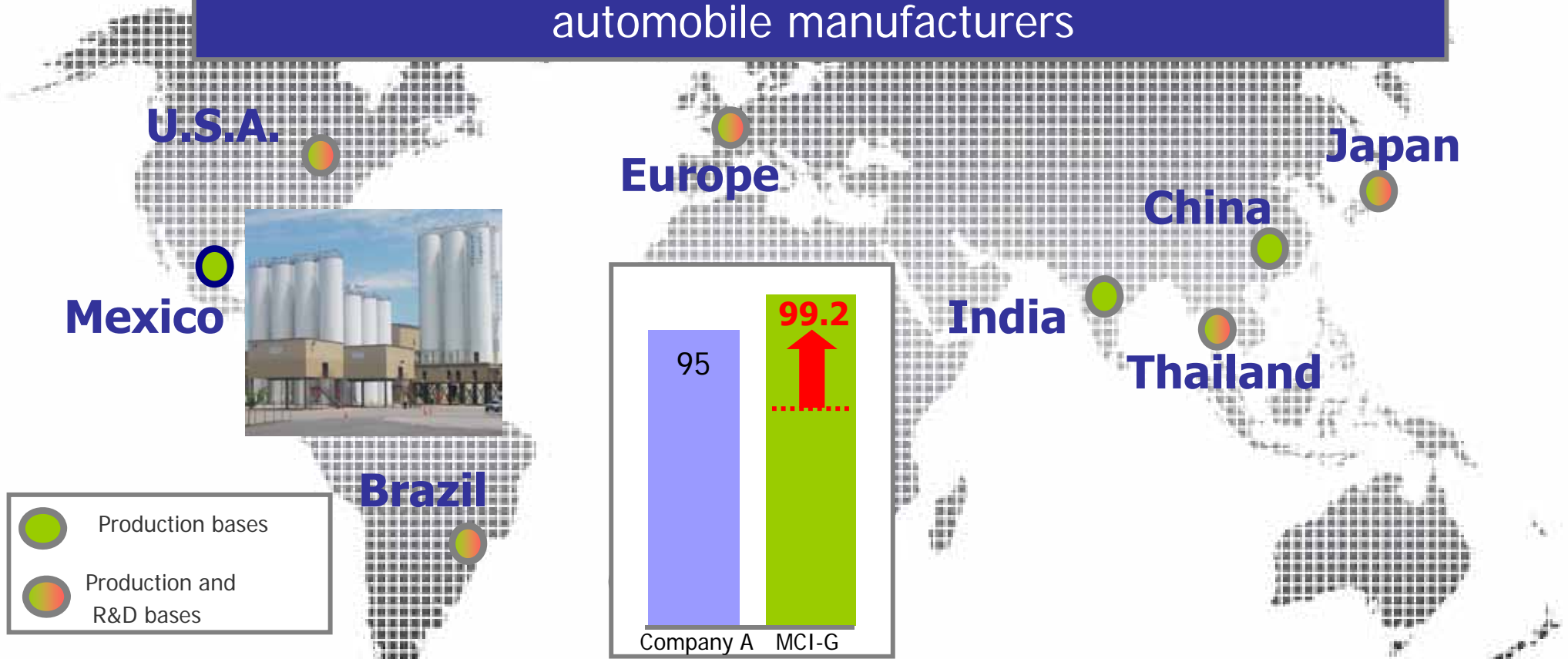
	FY11	FY12	FY13	FY14 & after
Evolve™	<p>Strengthen market share in Asia 250KTA→600KTA</p>	<p>JPN) Increase capacity(+50KTA)</p>	<p>SGP) new base (300KTA, 2015)</p>	
Tafmer™	<p>Strengthen position as world's top provider 250KTA</p>	<p>SGP) Increase specialty Tafmer(8KTA)</p>		
EPT	<p>Strengthen market share in Asia 95KTA→170KTA</p>		<p>CHN) New base(75KTA)</p>	
Bio-Polyol			<p>IND) New base(8KTA, 2015)</p>	

Progress of High Value Added Polymers (2/2)

	FY11	FY12	FY13	FY14~
PP compounds		USA) Increase capacity (+14KTA)		
			+28KTA	
			+14KTA	
				+14KTA
		MEX) Increase capacity (+13KTA)		
			+25KTA	+13KTA
Admer™	Secure position as global leader with 8 bases and 1,000KTA capacity			
		BRA) Produmaster acquisition (+55KTA)		
		THA) Increase capacity (+18KTA)		
			+15KTA	
	CHN) Increase capacity (+9KTA)			
			+10KTA	
	Secure position as world's top provider			CHN) New base

- Strengthen global capacity through expansions in U.S.A. and Mexico
- Study feasibility of establishing R&D base in Europe

Contribute to global and local strategies of automobile manufacturers



Global leader with capacity of 1,000KTA (FY2014)

- **Establishment of New JV for Bio-polyol in India** (Operation from Jan 2015)
Production of bio-polyol from non-edible castor and contribute to CO₂ reduction



* India is the world's largest hub in castor oil production

Outline of Joint Venture

Jayant Agro-Organics(50%)



- The world's leading producer of castor oil

Mitsui Chemicals(40%)



- Largest supplier for automotive interior polyurethane foam materials
- World's only Bio-polyol manufacturer and supplier

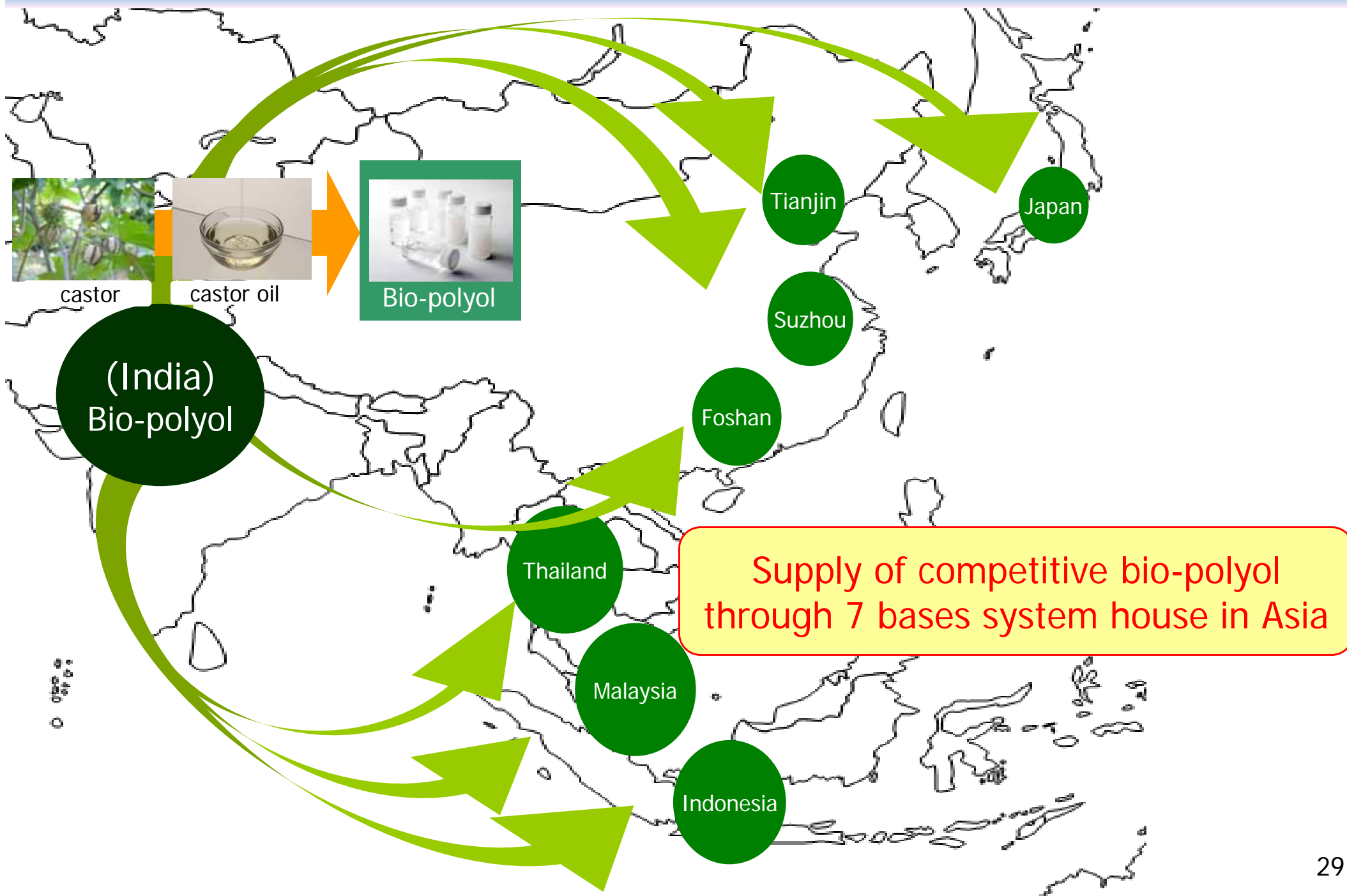
Itoh Oil Chemical (10%)



- Japan's leader in castor oil production with high manufacturing technology and high quality control expertise



(Joint venture agreement signing ceremony) 28

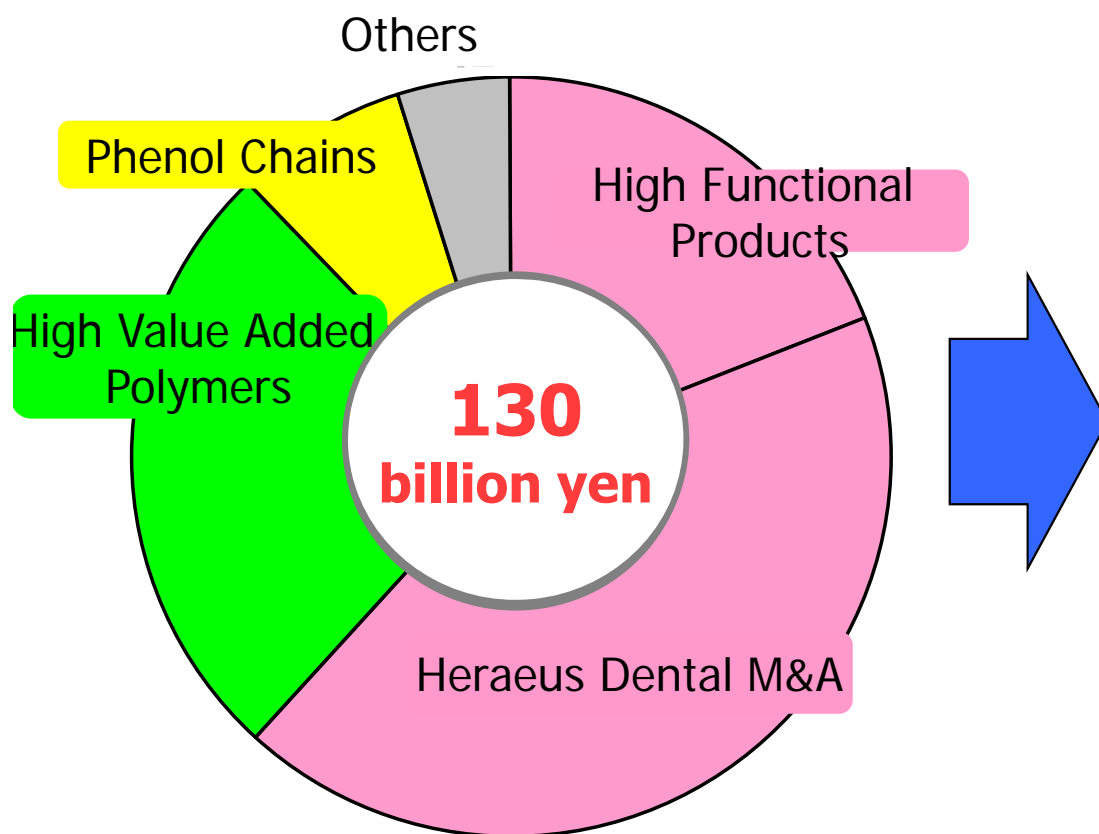


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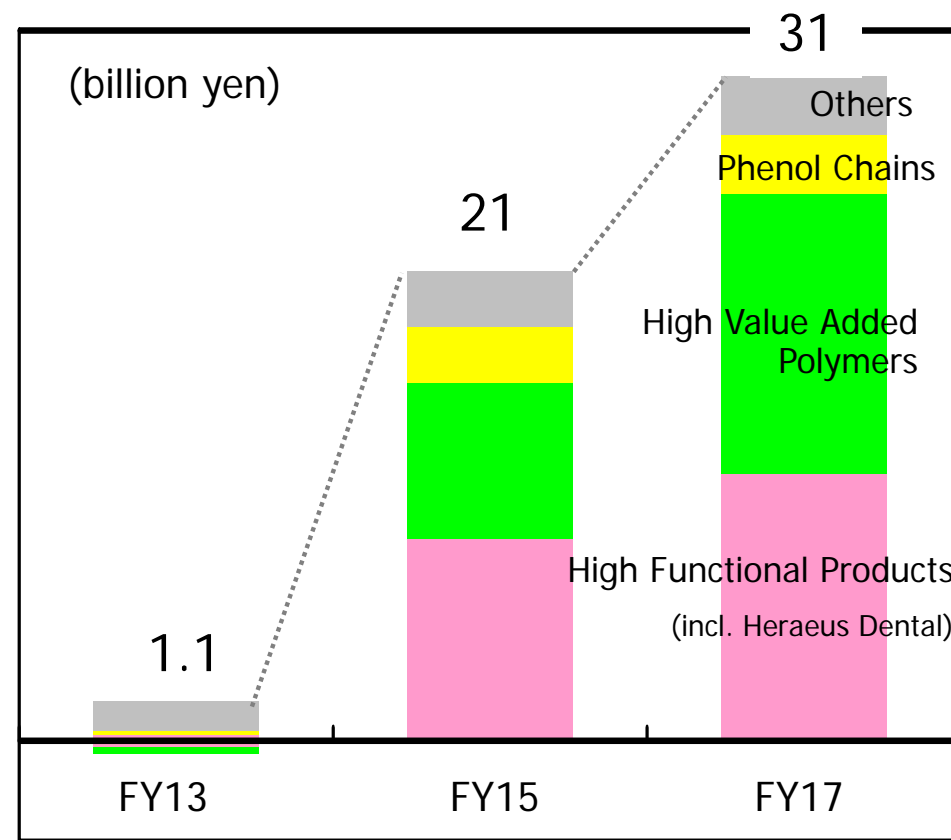
Effect of Investments

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

FY2011-2013 Growth investments



Investment effect (50 themes)

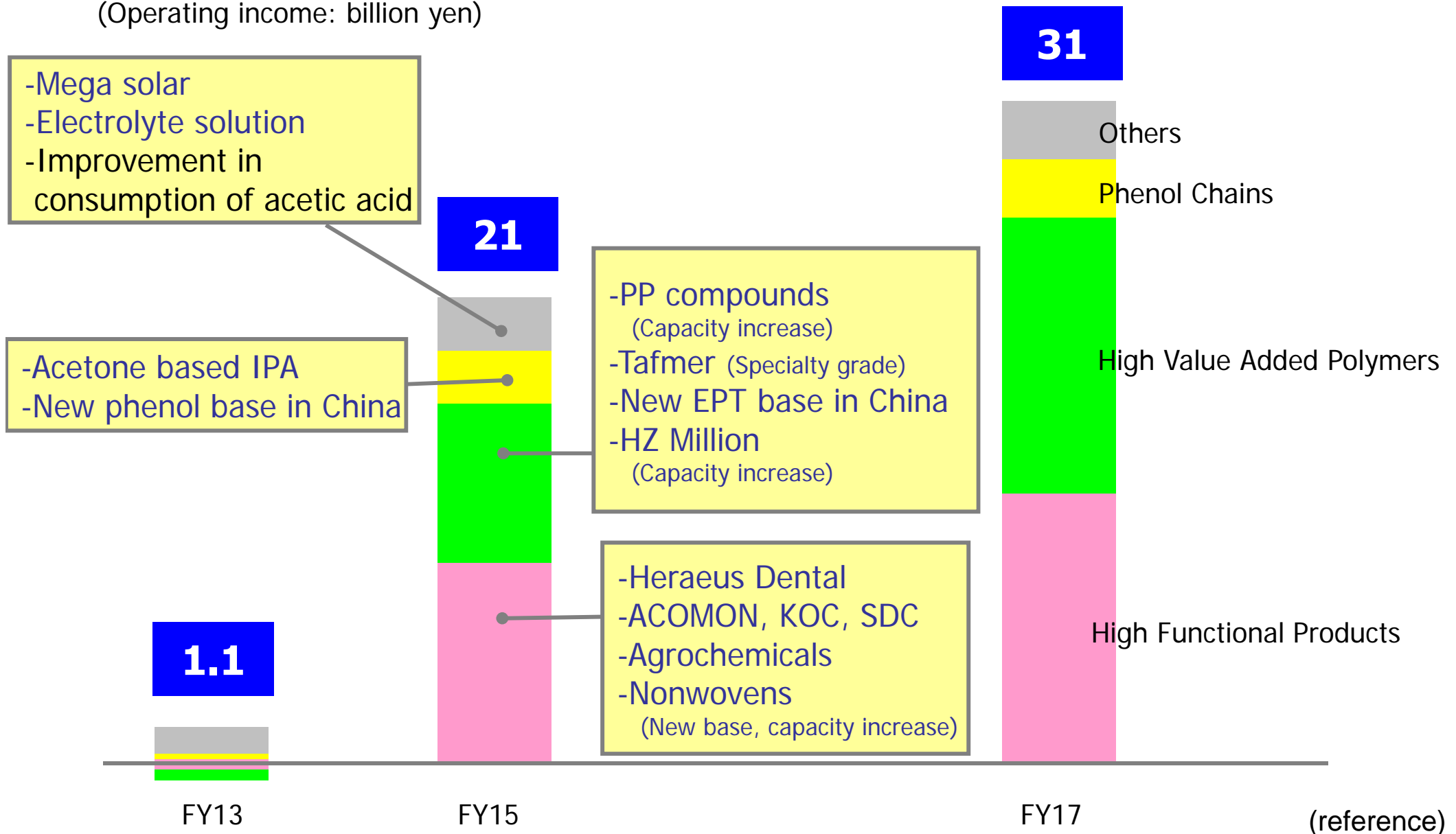


Effect of growth investments during Mid-Term Business Plan will result in rapid expansion after FY2014

(Appendix) Investment Themes

Over 50 ongoing investment themes

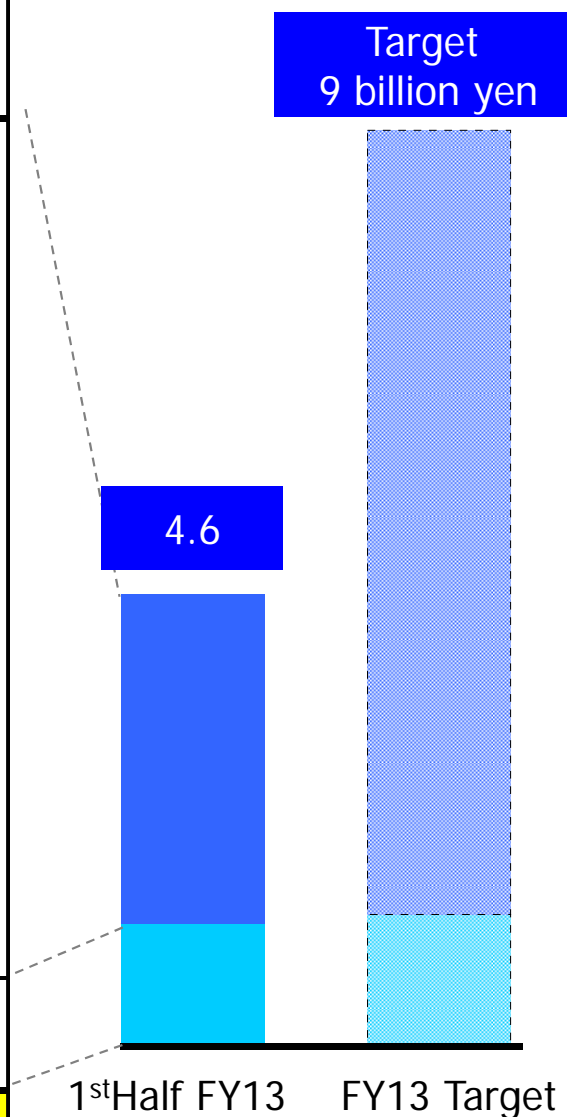
(Operating income: billion yen)



Progress in Cost Reduction

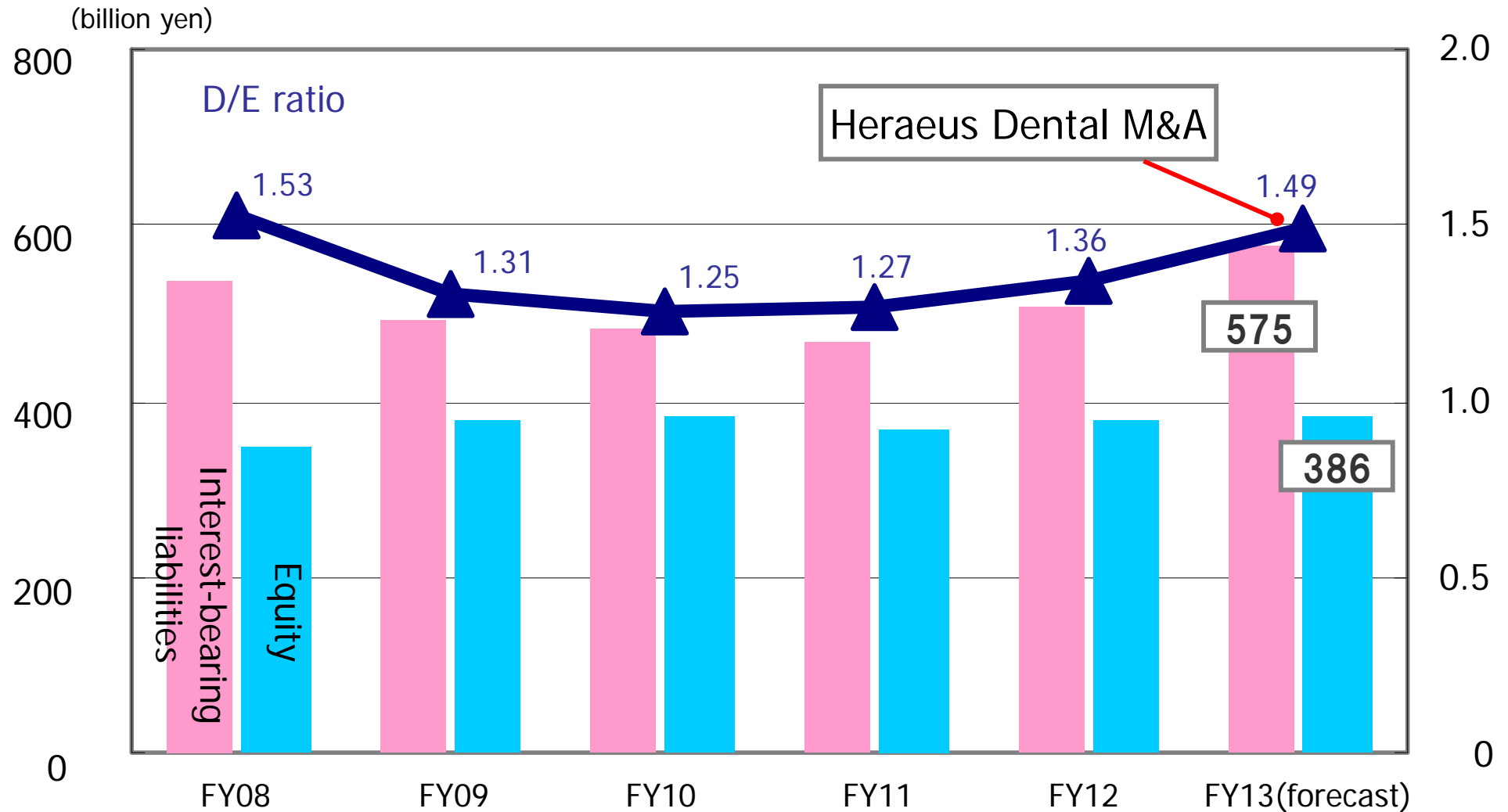
1st Half FY2013 Results : 4.6 billion yen

Item	FY13 Target	1 st Half FY13 Results
Polyolefin - Suspension of commodity plants		
Polyurethane - Extensive restructuring (Omuta Works)		
Phenol, PTA, others -Utility cost reduction -Improvement in consumption rate -Steam saving	7.7	3.4
Film & Sheets -Improvement in productivity -Reduction of sales & administrative costs		
Others (Purchasing, Logistics)	1.3	1.2
Total	9	4.6



Financial Outlook

Efforts to improve balance sheet



Note) excl. projected retirement obligations in FY13

Conclusion

“Perfect Change in Business Portfolio”

- ◆ Steady progress in expansion of “High Functional Products” and “High Value Added Polymers”
- ◆ Clarify restructuring plan during FY2013 and execute the plan during the next Mid-Term Business Plan

Challenge, Diversity, One Team

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