

# Financial Summary

Results of the 1<sup>st</sup> Half of FY2018 & Outlook for FY2018

**Mitsui Chemicals, Inc.**

November 1, 2018

<Remarks>

FY2018 indicates the period from April 1, 2018 to March 31, 2019.

1. Results of the 1st Half of FY2018 (April 1, 2018 – September 30, 2018)	
1) Review on 2nd Quarter of FY2018 (Business Overview and Topics)	… 1, 2
2) Consolidated Financial Highlights	… 3, 4
3) Net sales and Operating Income/Loss by Business Segment (compared with corresponding period of FY2017 results)	… 5
4) Non-Operating Income and Expenses, and Extraordinary Gains and Losses	… 6
5) Consolidated Balance Sheet	… 7
6) Consolidated Statement of Cash Flow	… 8
2. Outlook for FY2018 (April 1, 2018 – March 31, 2019)	
1) Topics for and after 3rd Quarter of FY2018	… 9
2) Consolidated Financial Highlights of Outlook	… 10
3) Net sales and Operating Income/Loss by Business Segment (compared with FY2017 results)	… 11
4) Operating Income/Loss by Business Segment (1 <sup>st</sup> half vs. 2 <sup>nd</sup> half of FY2018)	… 12
5) Non-Operating Income and Expenses, and Extraordinary Gains and Losses	… 13, 14
6) Consolidated Statement of Cash Flow	… 15
7) Summary of Repurchase of Own Shares	… 16
8) Consolidated Accounting Fundamentals	… 17
3. Appendix	… 18~27

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 1<sup>st</sup> Half of FY2018

(April 1, 2018 –September 30, 2018)

---

# 1) Review on 2<sup>nd</sup> Quarter of FY2018 (Business Overview and Topics)

## <Business Overview>

- **Mobility:** Overseas, healthy demand for elastomers, performance compounds and polypropylene compounds continued for automotive applications. Healthy demand continued in performance polymers especially for information and communication technology applications.
- **Health Care:** Sales for vision care materials and dental materials were stable. In nonwoven fabrics, sales were impacted by decreasing export of disposable diapers from Japan overall, but high performance grade products were stable.
- **Food & Packaging:** Sales for coating & engineering materials, performance films & sheets and agrochemicals were steady.
- **Basic Materials:** Healthy domestic demand continued. Operating rates of naphtha crackers and other production facilities were lower than the same period of the previous fiscal year due to a fire at Osaka Works, but kept at high level overall. The overseas market for petrochemical and other such products remained strong due mainly to healthy demand.

# 1) Review on 2<sup>nd</sup> Quarter of FY2018 (Business Overview and Topics)

## <Topics>

- Mitsui Chemicals Agro: License agreement for parasiticides for companion animals with Bayer Animal Health (July 2018)
- Mitsui Chemicals & SKC Polyurethanes: Commercial operations for new polyurethane system house in India (July 2018, 15,000 tons/annum)
- Capacity expansion of LUCANT™ Hydrocarbon-Based Synthetic Fluid (August 2018, 20,000 tons/annum, Commercial operations in February 2021)
- Capacity expansion of TAFMER™ High-Performance Elastomers (August 2018, +25,000 tons/annum, Completion in July 2020)
- Commercial operations for capacity expansion of HI-ZEX MILLION™ Ultra-High Molecular Weight Polyethylene (August 2018, +1,000 tons/annum)
- Establishment of new production facility in North America for Long Glass Fiber Reinforced Polypropylene (September 2018, 3,500 tons/annum, Commercial operations in October 2019)

## 2) Consolidated Financial Highlights

(Billions of Yen)

Items	FY2017 1st Half	FY2018 1st Half	Increase (Decrease)	%
Net sales	620.9	720.9	100.0	16%
Operating income	48.2	49.7	1.5	3%
Non-operating incomes and expenses	1.7	8.7	7.0	—
Ordinary income	49.9	58.4	8.5	17%
Extraordinary gains and losses	4.8	(2.7)	(7.5)	—
Net income before income taxes and minority interests	54.7	55.7	1.0	2%
Profit attributable to owners of parent	38.2	41.8	3.6	9%
Exchange rate (Yen/US\$)	111	110	(1)	
Domestic standard naphtha price (Yen/KL)	37,600	51,100	13,500	
Dividend (Yen/Share)	* 45	50	5.0	—

\*The Group conducted 5-to-1 share consolidation on October 1, 2017. The dividend for FY2017 Interim is calculated assuming the share consolidation retrospectively.

## 2) Consolidated Financial Highlights

(Billions of Yen)

( ) Denotes a minus

Items	End of Mar. 2018	End of Sep. 2018	Increase (Decrease)	%
Interest-bearing liabilities	463.7	467.0	3.3	1%
Interest-bearing liabilities (net)	381.8	370.2	(11.6)	(3%)
Equity	511.6	553.5	41.9	8%
Net D/E Ratio (Times)	0.75	0.67	(0.08)	—
Equity Ratio (%)	35.7	37.1	1.4	—

(Number of companies)

Items	End of Mar. 2018	End of Sep. 2018	Increase (Decrease)
Consolidated companies			
Consolidated subsidiaries	115	116	1
Non-consolidated subsidiaries and affiliates to which the equity method is applied	39	40	1
Total	154	156	2

### 3) Net sales and Operating Income/Loss by Business Segment (compared with corresponding period of FY2017 results)

(Billions of Yen)

( ) Denotes a minus

Segment	Net sales			Operating Income/Loss			Breakdown			FY2018 1st Half Previous Outlook (on August 2, 2018)	
	FY2017 1st Half	FY2018 1st Half	Incr. (Decr.)	FY2017 1st Half	FY2018 1st Half	Incr. (Decr.)	Volume	Terms of trade	Costs	Net sales	Operating Income/Loss
Mobility	153.4	195.2	41.8	22.0	20.1	(1.9)	2.8	(2.8)	(1.9)	193.0	21.5
Health Care	68.1	71.2	3.1	4.8	6.3	1.5	1.4	(0.4)	0.5	73.0	5.5
Food & Packaging	95.0	96.6	1.6	10.1	8.8	(1.3)	0.1	(1.0)	(0.4)	100.0	10.5
Basic Materials	292.2	346.3	54.1	15.4	18.4	3.0	(0.7)	6.8	(3.1)	347.0	14.0
Others	12.2	11.6	(0.6)	△ 4.1	△ 3.9	0.2	-	-	0.2	12.0	(4.5)
Total	620.9	720.9	100.0	48.2	49.7	1.5	3.6	2.6	(4.7)	725.0	47.0



## 4) Non-Operating Income and Expenses, and Extraordinary Gains and Losses

(Billions of Yen) **Non-Operating Incomes and Expenses** ( ) Denotes a minus

Items	FY2017 1st Half	FY2018 1st Half	Incr. (Decr.)
Equity in earnings of non-consolidated subsidiaries and affiliates	2.3	8.6	6.3
Interest expenses, interest and dividend income	(0.7)	(0.3)	0.4
Gain (loss) on foreign exchange	0.2	0.8	0.6
Others	(0.1)	(0.4)	(0.3)
<b>Non-operating incomes and expenses total</b>	<b>1.7</b>	<b>8.7</b>	<b>7.0</b>

(Billions of Yen) **Extraordinary Gains and Losses** ( ) Denotes a minus

Items	FY2017 1st Half	FY2018 1st Half	Incr. (Decr.)
Gain on sales of non-current assets & investment securities	3.2	0.2	(3.0)
Gain on transfer of business	0.0	0.7	0.7
Gain on forgiveness of debts	2.0	0.0	(2.0)
<b>Extraordinary gains (a)</b>	<b>5.2</b>	<b>0.9</b>	<b>(4.3)</b>
Loss on sales and disposal of non-current assets	(0.4)	(1.2)	(0.8)
Impairment loss	0.0	(0.7)	(0.7)
Loss on valuation of investment securities	0.0	(0.2)	(0.2)
Loss on fire	0.0	(1.5)	(1.5)
<b>Extraordinary losses (b)</b>	<b>(0.4)</b>	<b>(3.6)</b>	<b>(3.2)</b>
<b>Extraordinary gains and losses total (a)+(b)</b>	<b>4.8</b>	<b>(2.7)</b>	<b>(7.5)</b>

# 5) Consolidated Balance Sheet

(Billions of Yen)

( ) Denotes a minus

Items	End of Mar. 2018	End of Sep. 2018	Incr. (Decr.)	Items	End of Mar. 2018	End of Sep. 2018	Incr. (Decr.)
Current assets	731.3	774.8	43.5	Liabilities	844.1	863.0	18.9
Cash and deposits	80.2	96.8	16.6	Notes and accounts payables	162.2	173.2	11.0
Notes and accounts receivables	306.9	299.5	(7.4)	Interest-bearing liabilities	463.7	467.0	3.3
Inventories	274.3	309.8	35.5	Other liabilities	218.2	222.8	4.6
Other current assets	69.9	68.7	(1.2)	Net assets	587.2	628.2	41.0
Fixed assets	700.0	716.4	16.4	Shareholders' equity	485.6	518.6	33.0
Tangible fixed assets	432.9	436.9	4.0	Other accumulated comprehensive income	26.0	34.9	8.9
Intangible fixed assets	31.5	30.6	(0.9)	Non-controlling interests	75.6	74.7	(0.9)
Investments and other non-current assets	235.6	248.9	13.3	Total	1,431.3	1,491.2	59.9
Total	1,431.3	1,491.2	59.9				

Note: Consolidated balance sheet as of FY2017 is restated to reflect changes in presentation from including an impact of "Partial Amendments to Accounting Standard for Tax Effect Accounting".

## 6) Consolidated Statement of Cash Flow

(Billions of Yen)

( ) Denotes a minus

Items	FY2017 1st Half	FY2018 1st Half	Incr. (Decr.)
I . Cash flows from operating activities (a)	49.1	53.5	4.4
II . Cash flows from investing activities (b)	(21.0)	(26.8)	(5.8)
Free cash flows (a)+(b)	28.1	26.7	(1.4)
III . Cash flows from financing activities	(16.6)	(12.0)	4.6
IV . Others	(0.5)	0.6	1.1
Net incr.(decr.) in cash and cash equivalents	11.0	15.3	4.3

## 2. Outlook for FY2018

(April 1, 2018 – March 31, 2019)

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 and after 3<sup>rd</sup> Quarter of FY2018

## <Topics>

- Commercial operations for high performance nonwovens at Nagoya Works in Japan (October 2018, 15,000 tons/annum)
- Commercial operations for capacity expansion of premium high performance nonwovens in Japan (October 2018, +6,000 tons/annum)
- Transferring a Portion of Shares in Siam Mitsui PTA and Thai PET Resin (December 2018)
- Construction starts to expand facilities for thermoplastic olefinic elastomer Milastomer in North America (4<sup>th</sup> Quarter of FY2018, 6,000 tons/annum, commercial operations in FY2019)

## 2) Consolidated Financial Highlights of Outlook

(Billions of Yen)

( ) Denotes a minus

Items	FY2017 (a)		FY2018 Outlook (b)		Incr.(Decr.) (b)-(a)		FY2018 Previous Outlook (on Aug 2, 2018)	
	1st Half	Full Year	1st Half	Full Year	Full Year	%	1st Half	Full Year
Net sales	620.9	1,328.5	720.9	1,540.0	211.5	16%	725.0	1,490.0
Operating income	48.2	103.5	49.7	106.0	2.5	2%	47.0	106.0
Non-operating incomes and expenses	1.7	6.7	8.7	11.0	4.3	-	5.0	6.0
Ordinary income	49.9	110.2	58.4	117.0	6.8	6%	52.0	112.0
Extraordinary gains and losses	4.8	(16.0)	(2.7)	(9.0)	7.0	-	(3.0)	(5.0)
Net income before income taxes and minority interests	54.7	94.2	55.7	108.0	13.8	15%	49.0	107.0
Profit attributable to owners of parent	38.2	71.6	41.8	80.0	8.4	12%	36.0	80.0
Exchange rate (Yen/US\$)	111	111	110	110	(1)		110	108
Domestic standard naphtha price (Yen/KL)	37,600	41,900	51,100	54,600	12,700		50,900	49,900

	Interim	Year-end	Interim	Year-end	Interim	Year-end	Interim	Year-end
Dividend (Yen/Share)	* 45.0	45.0	50.0	50.0	5.0	5.0	50.0	50.0
	Full year	90.0	Full year	100.0	Full year	10.0	Full year	100.0

\*The Group conducted 5-to-1 share consolidation on October 1, 2017. The dividend for FY2017 Interim is calculated assuming the share consolidation retrospectively.

### 3) Net sales and Operating Income/Loss by Business Segment (compared with FY2017 results)

(Billions of Yen)

( ) Denotes a minus

Segment	Net sales					Operating Income/Loss				
	FY2017		FY2018 Outlook		Incr.(Decr.) (b) - (a)	FY2017		FY2018 Outlook		Incr.(Decr.) (d) - (c)
	1st Half	Full Year (a)	1st Half	Full Year (b)		1st Half	Full Year (c)	1st Half	Full Year (d)	
Mobility	153.4	331.0	195.2	401.0	70.0	22.0	42.3	20.1	42.5	0.2
Health Care	68.1	139.1	71.2	147.0	7.9	4.8	10.8	6.3	13.0	2.2
Food & Packaging	95.0	195.8	96.6	206.0	10.2	10.1	19.9	8.8	21.5	1.6
Basic Materials	292.2	637.7	346.3	761.0	123.3	15.4	38.9	18.4	37.0	(1.9)
Others	12.2	24.9	11.6	25.0	0.1	(4.1)	(8.4)	(3.9)	(8.0)	0.4
Total	620.9	1,328.5	720.9	1,540.0	211.5	48.2	103.5	49.7	106.0	2.5

## 4) Operating Income/Loss by Business Segment (1<sup>st</sup> half vs. 2<sup>nd</sup> half of FY2018)

(Billions of Yen)

() Denotes a minus

Segment	Operating Income/Loss			Comments for Operating Income/Loss [+] denotes profit trigger [-] denotes loss trigger
	1st Half	2nd Half (Outlook)	Incr. (Decr.)	
Mobility	20.1	22.4	2.3	[+] Sales expansion, etc.
Health Care	6.3	6.7	0.4	[+] Sales expansion, [-] fixed costs, etc.
Food & Packaging	8.8	12.7	3.9	[+] Sales expansion, [+] terms of trade, etc.
Basic Materials	18.4	18.6	0.2	[-] terms of trade, [-] Time lag of fixed costs, [+] Regular maintenance in 1st half, [+] Fire at Osaka works in 1st half, etc.
Others	(3.9)	(4.1)	(0.2)	
Total	49.7	56.3	6.6	

### Breakdown of Basic Materials

	Sales Ratio (%)	Trends of Operating Income	
		1st Half → 2nd Half (outlook)	
Petrochemical feedstocks and Polyolefins	60%	↘	[-] terms of trade, [-] Time lag of fixed costs, [+] Regular maintenance in 1st half, [+] Fire at Osaka works in 1st half, etc.
Phenols, PTA&PET and Industrial Chemicals	35%	→	[-] terms of trade, [+] Regular maintenance in 1st half, [+] Fire at Osaka works in 1st half, etc.
Polyurethane Materials	5%	→	

Note: All figures are approximation for reference purpose only.



## 5) Non-Operating Income and Expenses, and Extraordinary Gains and Losses

(Billions of Yen)

( ) Denotes a minus

Items	FY2017		FY2018 Outlook		Incr.(Decr.) (b) - (a)
	1st Half	Full Year (a)	1st Half	Full Year (b)	
Equity in earnings of non-consolidated subsidiaries and affiliates	2.3	7.1	8.6	13.0	5.9
Interest expenses, interest and dividend income	(0.7)	(0.7)	(0.3)	(1.0)	(0.3)
Gain (loss) on foreign exchange	0.2	(1.2)	0.8	0.0	1.2
Others	(0.1)	1.5	(0.4)	(1.0)	(2.5)
Non-operating incomes and expenses total	1.7	6.7	8.7	11.0	4.3

## 5) Non-Operating Income and Expenses, and Extraordinary Gains and Losses

(Billions of Yen)

( ) Denotes a minus

Items	FY2017		FY2018 Outlook		Incr.(Decr.) (b) - (a)
	1st Half	Full Year (a)	1st Half	Full Year (b)	
Gain on sales of non-current assets & investment securities	3.2	3.6	0.2	0.2	(3.4)
Gain on transfer of business	0.0	0.6	0.7	0.7	0.1
Gain on revision of retirement benefit plan	0.0	0.3	0.0	0.0	(0.3)
Gain on forgiveness of debts	2.0	2.0	0.0	0.0	(2.0)
Extraordinary gains (a)	5.2	6.5	0.9	0.9	(5.6)
Loss on sales and disposal of non-current assets	(0.4)	(2.4)	(1.2)	(7.5)	(5.1)
Impairment loss	0.0	(15.0)	(0.7)	(0.7)	14.3
Loss on valuation of investment securities	0.0	(5.1)	(0.2)	(0.2)	4.9
Loss on fire	0.0	0.0	(1.5)	(1.5)	(1.5)
Extraordinary losses (b)	(0.4)	(22.5)	(3.6)	(9.9)	12.6
Extraordinary gains and losses Total (a)+(b)	4.8	(16.0)	(2.7)	(9.0)	7.0

## 6) Consolidated Statement of Cash Flow

(Billions of Yen)

Items	FY2017		FY2018 Outlook		Incr.(Decr.) (b) - (a)
	1st Half	Full Year (a)	1st Half	Full Year (b)	
I . Cash flows from operating activities (a)	49.1	82.7	53.5	105.0	22.3
II . Cash flows from investing activities (b)	(21.0)	(75.1)	(26.8)	(90.0)	(14.9)
Free cash flows (a)+(b)	28.1	7.6	26.7	15.0	7.4
III . Cash flows from financing activities	(16.6)	(10.2)	(12.0)	(15.0)	(4.8)
IV . Others	(0.5)	(1.5)	0.6	0.0	1.5
Net incr.(decr.) in cash and cash equivalents	11.0	(4.1)	15.3	0.0	4.1

## 7) Summary of Repurchase of Own Shares

### <Basic Policy on Shareholder Returns>

Under the policy on shareholder returns, in addition to continually raising dividends in line with performance trends, Mitsui Chemicals Inc. (hereafter, the Company) will flexibly acquire treasury stock depending on the stock price and market environment, therefore to enhance returns to shareholders.

Specifically, the Company will aim to achieve a total return ratio of 30% or more.

Note: Total return ratio = (dividends paid + treasury stock acquired) / profit attributable to owners of parent

### <Summary of Repurchase of Own Shares>

a) Reason for repurchase

In order to improve the shareholder return as well as capital efficiency

b) Class and total number of shares to be repurchased

Common stock up to 5,000,000 shares

c) Total amount of repurchase

Up to 10.0 billion yen

d) Repurchase period

From November 2, 2018 to January 31, 2019

e) Repurchase method

Market purchases based on the discretionary dealing contract regarding repurchase of own shares

## 8) Consolidated Accounting Fundamentals

( ) Denotes a minus

Items		FY2017		FY2018 Outlook	
		1st Half	Full Year	1st Half	Full Year
Exchange Rate	Yen/US\$	111	111	110	110
Domestic Standard Naphtha Price	Yen/KL	37,600	41,900	51,100	54,600
Capital Expenditures	¥ Billions	27.0	81.2	24.5	74.0
Research and Development Expenses	¥ Billions	16.2	33.4	17.7	36.0
Depreciation and Amortization	¥ Billions	22.1	45.7	24.3	50.0
Financing Incomes and Expenses	¥ Billions	(0.7)	(0.7)	(0.3)	(1.0)
Interest-bearing Liabilities	¥ Billions	438.0	463.7	467.0	482.0
Net D/E Ratio	times	0.70	0.75	0.67	0.70
Number of Employees	persons	13,521	17,277	17,640	17,700

## 3. Appendix

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

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 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	2015				2016				2017				2018			
Month	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Naphtha (Yen/KL)	40,900	34,300	31,600	31,300	34,100	41,900	39,100	36,100	44,600	47,900	48,700	53,500				
PE (Yen/KG)	about (10)	about (10)		about (10)		about +20		about (5)	about +10	about +10		about +10				about +10
PP (Yen/KG)	about (10)	about (10)		about (10)		about +20		about (5)	about +10	about +10		about +10				about +10
PH (Formula Price) (Yen/KG)																
BZ(ACP) (US\$/T)	\$610	\$560	\$640	\$640	\$670	\$950	\$790	\$770	\$830	\$920	\$850	\$860				
BPA(Japan) (Yen/KG)	(30) From Oct.					+20 From Mar.										
	negotiation based on BZ price and BPA market price															
BPA (China) (US\$/T)	\$910	\$940	\$1,140	\$1,130	\$1,170	\$1,360	\$1,200	\$1,220	\$1,420	\$1,670	\$1,800	\$1,810				
PTA (US\$/T)	\$600	\$570	\$610	\$610	\$610	\$670	\$630	\$640	\$690	\$760	\$810	\$960				
PX(ACP) (US\$/T)	\$790	\$720	\$800	\$790	\$790	\$890	\$810	\$800	\$890	\$950	\$980	\$1,140				
TDI (US\$/T)	\$1,510	\$1,510	\$2,080	\$2,360	\$3,590	\$3,480	\$3,500	\$3,680	\$4,380	\$4,470	\$4,150	\$3,400				

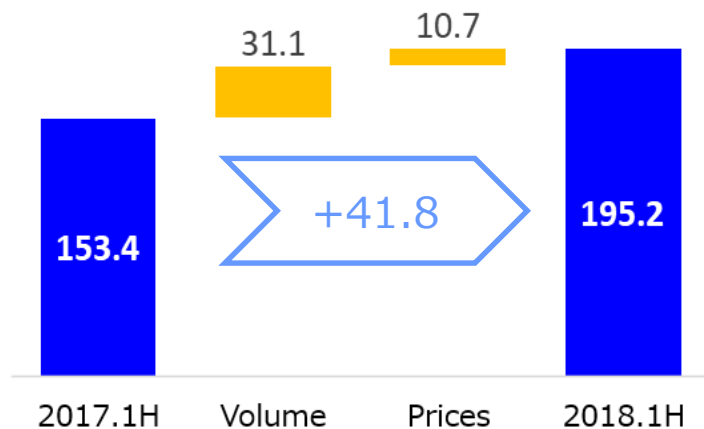
## 2-1) Increase/Decrease in Mobility

(Net sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (1<sup>st</sup> Half of FY2018 vs. 1<sup>st</sup> Half of FY2017)

( ) Denotes a minus

(Unit: Billions of yen)



➤ **Volume +31.1 billion yen**

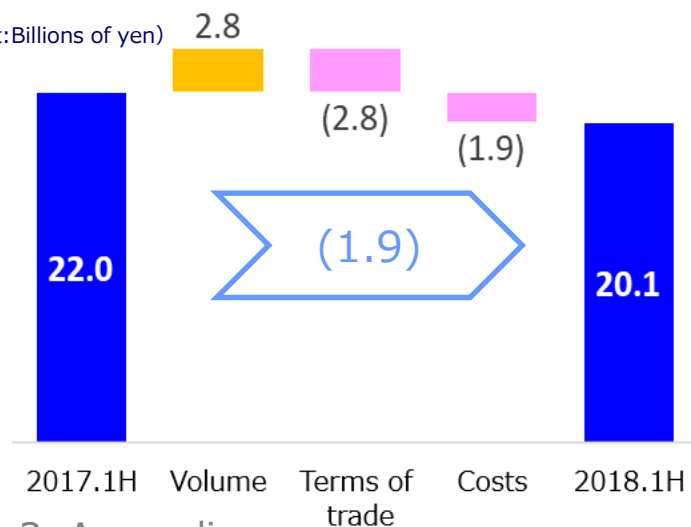
- Prompt response to healthy global automotive use demand.
- Prompt response to healthy demand for information and communication technology applications.
- Acquisition of shares of ARRK corporation in 4Q of FY2017, etc.

➤ **Prices +10.7 billion yen**

- Increase from sales price revision in line with upward swing in raw material prices, etc.

### Increase/Decrease of Operating Income (1<sup>st</sup> Half of FY2018 vs. 1<sup>st</sup> Half of FY2017)

(Unit: Billions of yen)



➤ **Volume +2.8 billion yen**

- Prompt response to healthy global automotive use demand.
- Prompt response to healthy demand for information and communication technology applications.

➤ **Terms of trade (2.8) billion yen**

- Decrease from unfavorable terms of trade due to upward swing in raw material prices, etc.

➤ **Costs (1.9) billion yen**

- Development costs.
- Acquisition of shares of ARRK corporation in 4Q of FY2017, etc.

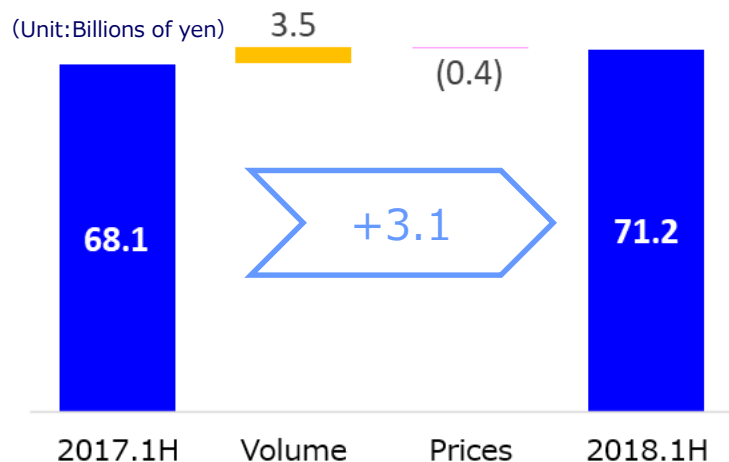


## 2-2) Increase/Decrease in Health Care

(Net sales and Operating Income, year on year)

( ) Denotes a minus

### Increase/Decrease of Net Sales (1<sup>st</sup> Half of FY2018 vs. 1<sup>st</sup> Half of FY2017)

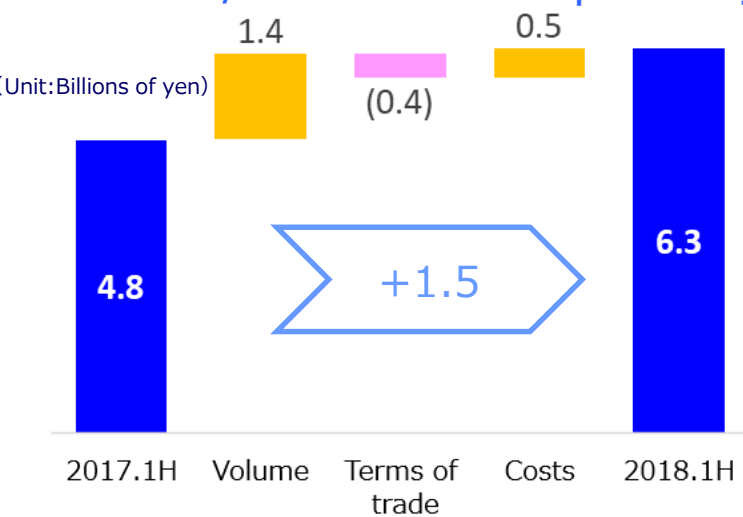


➤ **Volume +3.5 billion yen**

- Stable sales of vision care materials and dental materials.

➤ **Prices (0.4) billion yen**

### Increase/Decrease of Operating Income (1<sup>st</sup> Half of FY2018 vs. 1<sup>st</sup> Half of FY2017)



➤ **Volume +1.4 billion yen**

- Stable sales of vision care materials and dental materials.

➤ **Terms of trade (0.4) billion yen**

➤ **Costs +0.5 billion yen**

- Decrease in goodwill amortization expenses of dental materials, etc.

## 2-3) Increase/Decrease in Food & Packaging

(Net sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (1<sup>st</sup> Half of FY2018 vs. 1<sup>st</sup> Half of FY2017)

( ) Denotes a minus

(Unit: Billions of yen)



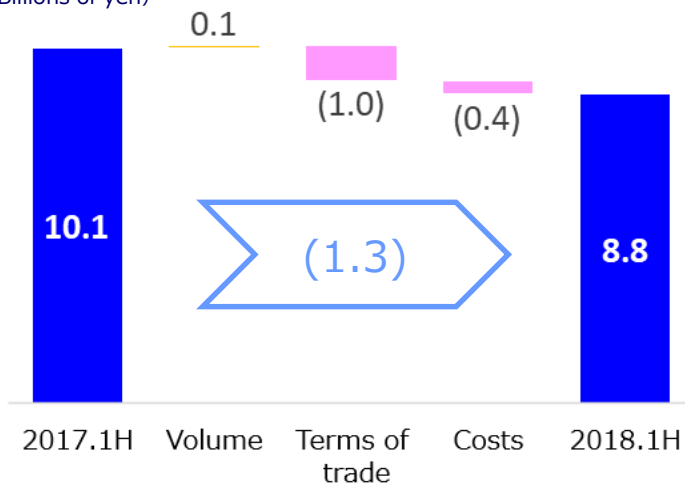
➤ **Volume (0.7) billion yen**

➤ **Prices +2.3 billion yen**

- Increase from sales price revision in line with upward swing in raw material prices, etc.

### Increase/Decrease of Operating Income (1<sup>st</sup> Half of FY2018 vs. 1<sup>st</sup> Half of FY2017)

(Unit: Billions of yen)



➤ **Volume +0.1 billion yen**

➤ **Terms of trade (1.0) billion yen**

- Decrease from unfavorable terms of trade due to upward swing in raw material prices, etc.

➤ **Costs (0.4) billion yen**

- Development costs, etc.

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

(Net sales and Operating Income, year on year)

### Increase/Decrease of Net Sales (1<sup>st</sup> Half of FY2018 vs. 1<sup>st</sup> Half of FY2017)

( ) Denotes a minus

(Unit: Billions of yen)



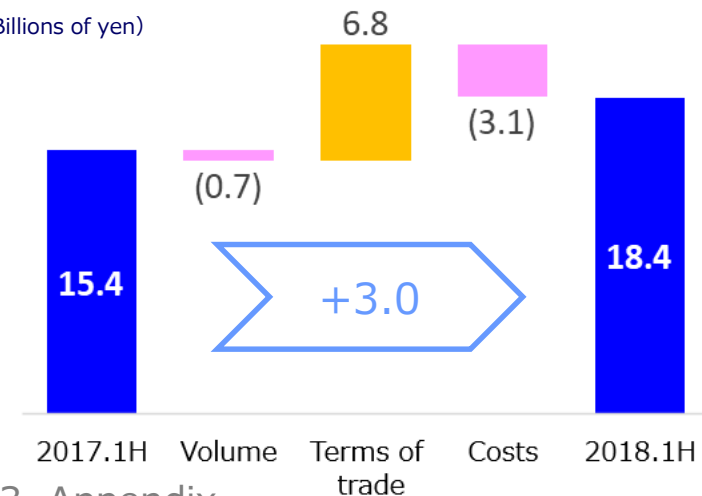
➤ **Volume +5.7 billion yen**

➤ **Prices +48.4 billion yen**

- Increase from sales price revision in line with upward swing in raw material prices, etc.

### Increase/Decrease of Operating Income (1<sup>st</sup> Half of FY2018 vs. 1<sup>st</sup> Half of FY2017)

(Unit: Billions of yen)



➤ **Volume (0.7) billion yen**

- Sales decrease due to a fire at Osaka works, etc.

➤ **Terms of trade +6.8 billion yen**

- Market price of phenol, etc.

➤ **Costs (3.1) billion yen**

- Cost increase due to a fire at Osaka works, etc.

### 3) Net sales and Operating Income/Loss by Business Segment (by Quarter)

#### Net sales (Billions of Yen)

Segment	FY2017				FY2018	
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Mobility	77.7	75.7	81.4	96.2	97.3	97.9
Health Care	34.2	33.9	35.3	35.7	36.2	35.0
Food & Packaging	45.8	49.2	49.6	51.2	47.5	49.1
Basic Materials	145.3	146.9	166.8	178.7	170.1	176.2
Others	6.0	6.2	5.8	6.9	5.2	6.4
<b>Total</b>	<b>309.0</b>	<b>311.9</b>	<b>338.9</b>	<b>368.7</b>	<b>356.3</b>	<b>364.6</b>

#### Operating Income/Loss ( ) Denotes a minus es a minus es a minus es a minus

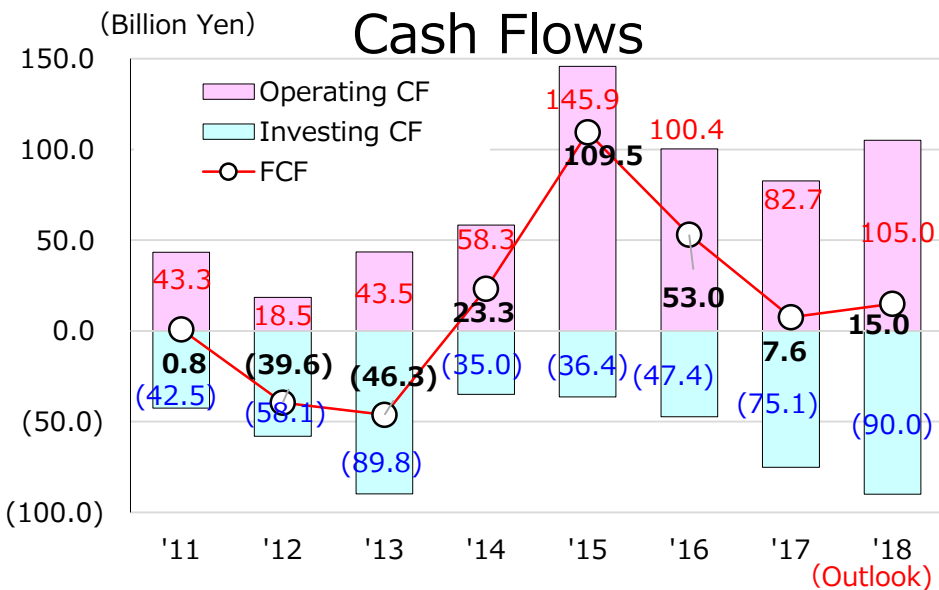
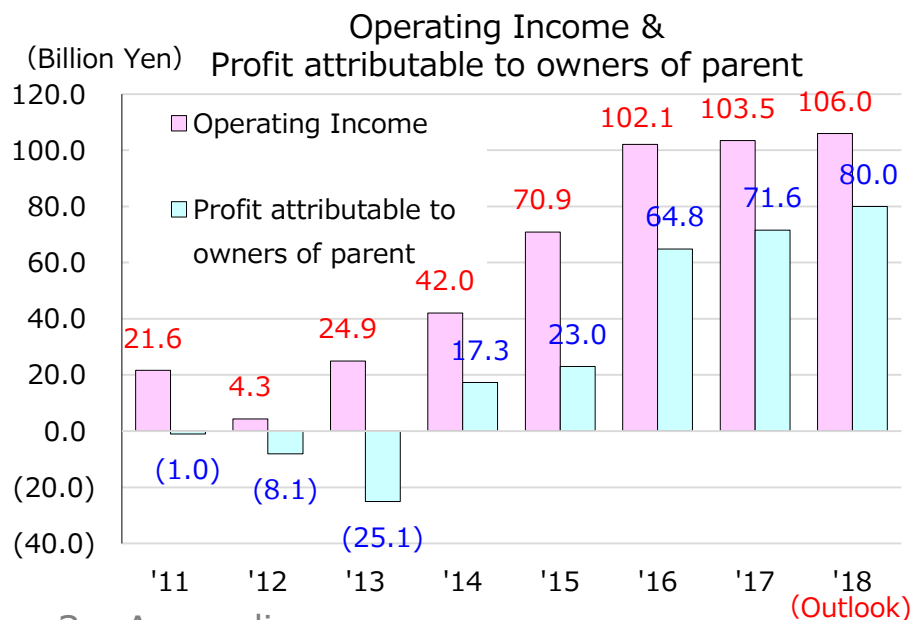
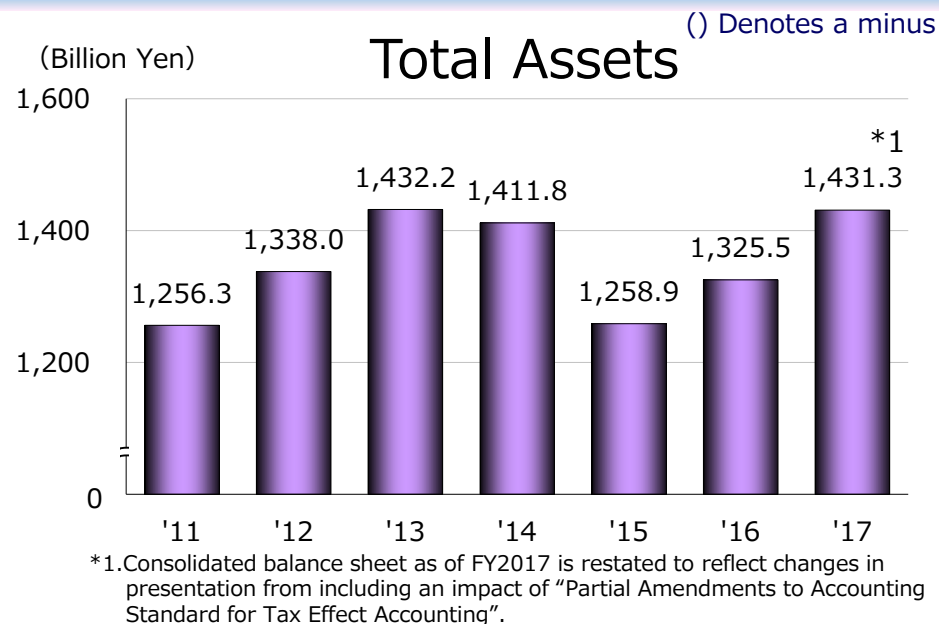
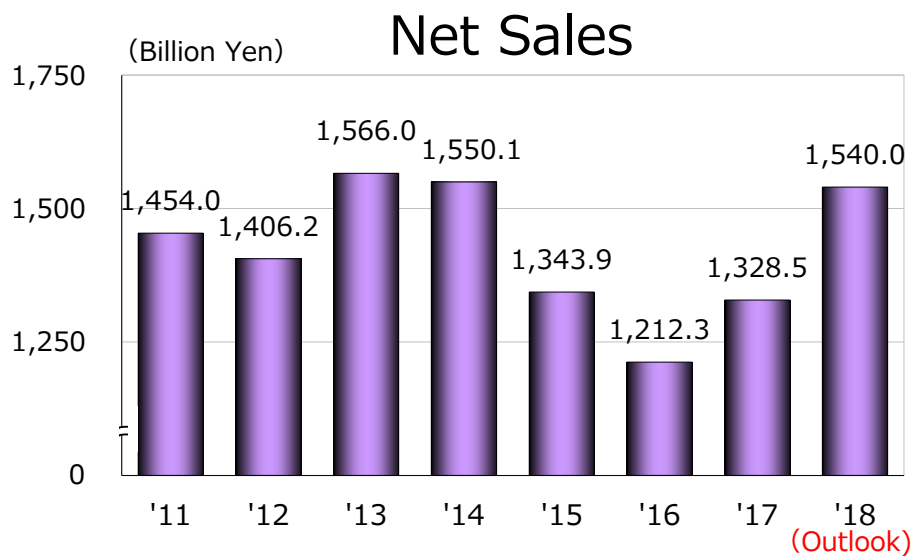
Segment	FY2017				FY2018	
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Mobility	11.5	10.5	10.9	9.4	10.8	9.3
Health Care	2.9	1.9	3.1	2.9	3.6	2.7
Food & Packaging	4.6	5.5	4.4	5.4	3.3	5.5
Basic Materials	10.8	4.6	11.1	12.4	11.0	7.4
Others	(2.5)	(1.6)	(2.0)	(2.3)	(2.4)	(1.5)
<b>Total</b>	<b>27.3</b>	<b>20.9</b>	<b>27.5</b>	<b>27.8</b>	<b>26.3</b>	<b>23.4</b>

## 4) Main Subsidiaries and Affiliates

Items	Our share	Net sales	Operating Income/Loss	
		FY2017	FY2017	FY2018 Outlook
<b>Subsidiaries</b>	%	Billions of Yen		
Prime Polymer	65.0	230	gain	➔ Terms of trade[-]
Advanced Composites	61.8	100	gain	➔
Mitsui Phenoles Singapore	95.0	60	gain	➔
Mitsui Elastomers Singapore	100.0	50	gain	➔ Terms of trade[-]
Mitsui Chemicals Tohcello, Inc.	100.0	80	gain	➔
Mitsui Chemicals Agro, Inc.	100.0	40	gain	➔
<b>Affiliates</b>				
Dupont-Mitsui Polychemicals	50.0	40	gain	➔ Terms of trade[-]
Chemours-Mitsui Fluoroproducts	50.0	30	gain	➔
Shanghai Sinopec Mitsui Chemicals	50.0	40	loss	➔

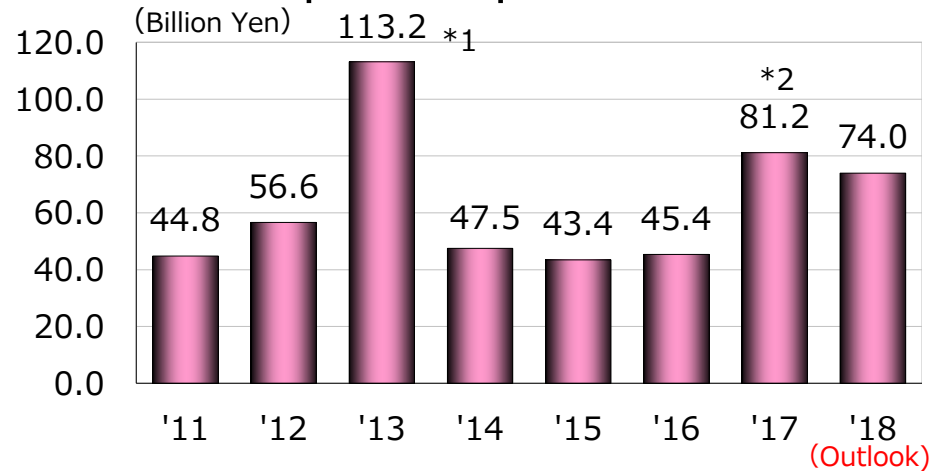
Operating Incom/Loss : FY2018 outlook "→" represents "no change", or change less than 0.5 billion yen compared with FY2017.

# 5-1) Financial Summary

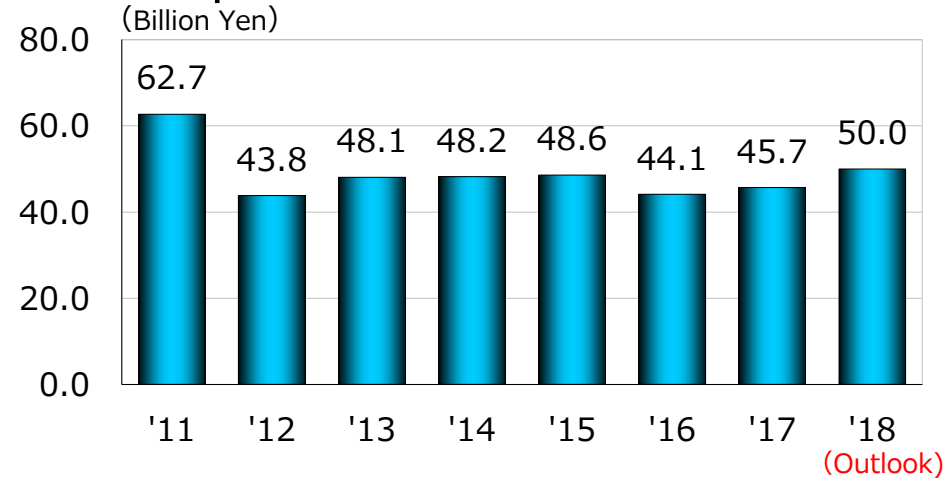


# 5-2) Financial Summary

## Capital Expenditure



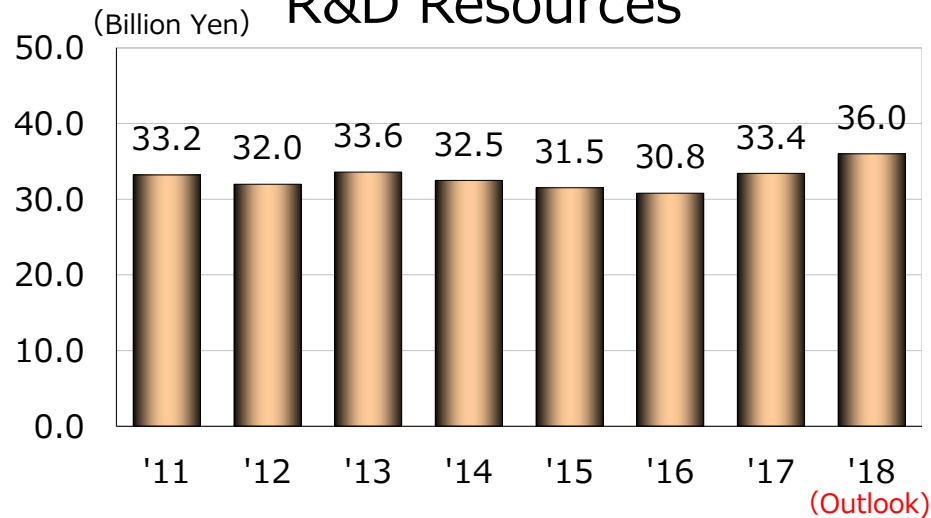
## Depreciation & Amortization



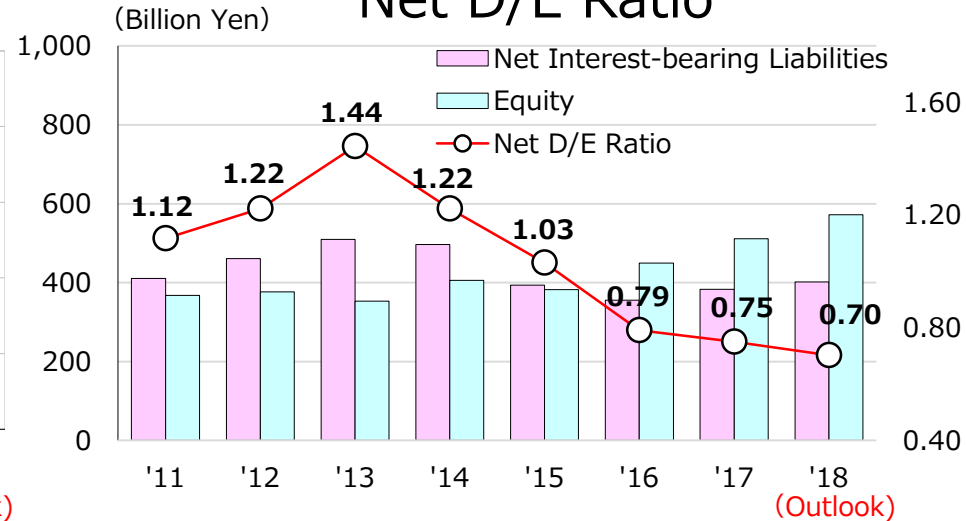
\*1. Include Heraeus dental business acquisition 56.0 billion yen

\*2. Include acquisition of shares of ARRK corporation 23.9 billion yen

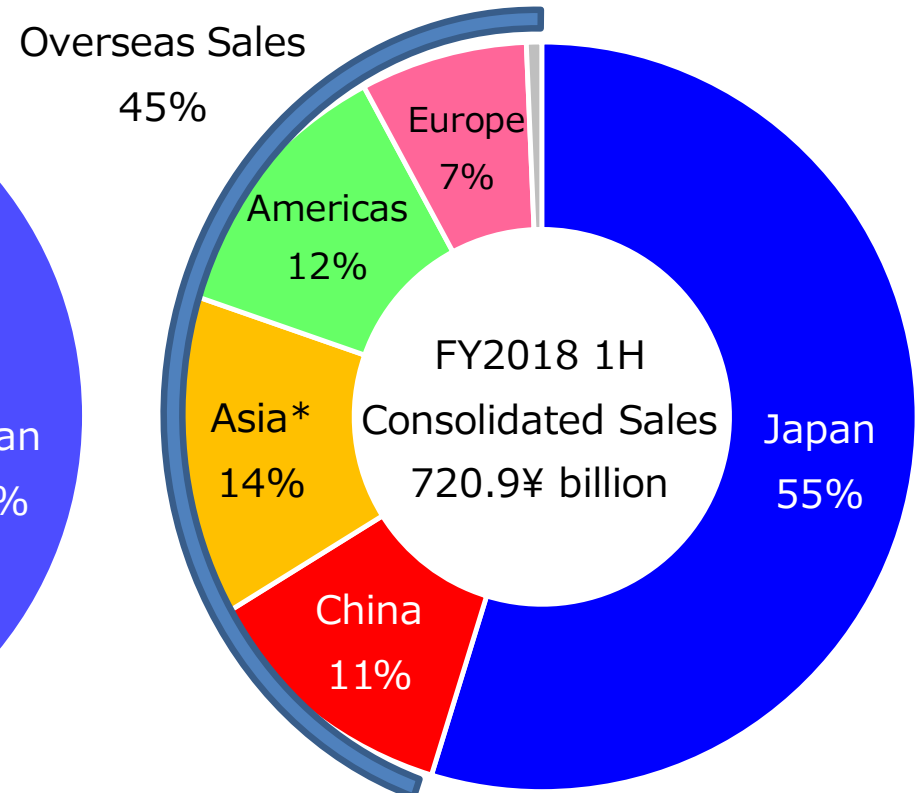
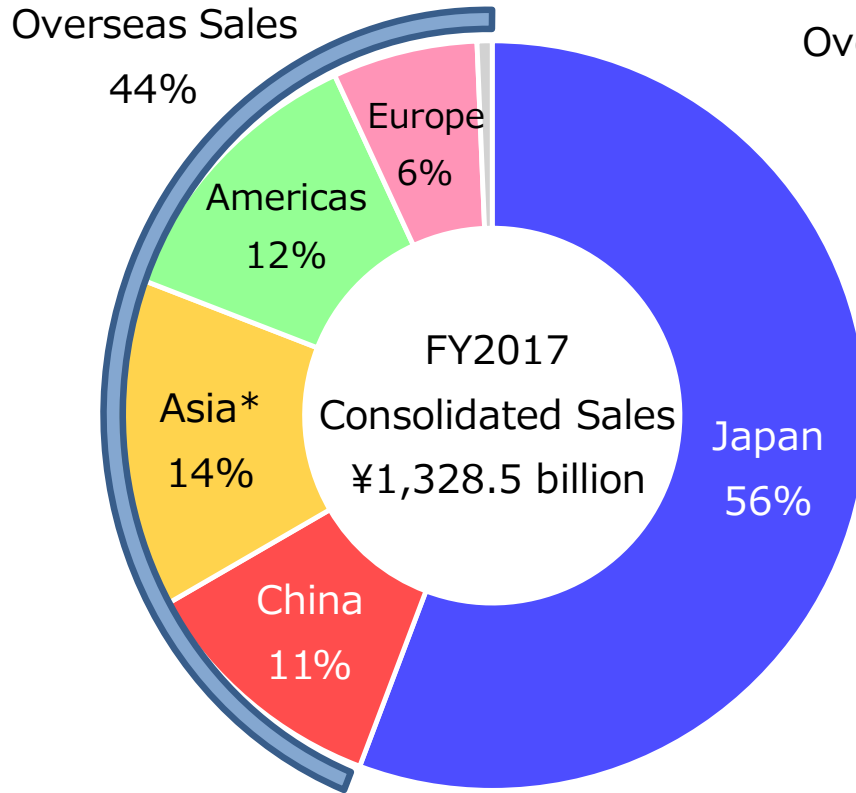
## R&D Resources



## Net D/E Ratio



## 6) Net sales by Region



\* Asia excluding Japan and China





# Mitsui Chemicals

Creating New Customer Value and  
Solving Social Challenges through Business Activities