

Financial Summary

Results of the 1st Quarter of FY2018 & Outlook for FY2018

Mitsui Chemicals, Inc.

Aug 2, 2018

<Remarks>

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

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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 the 1st Quarter of FY2018

(April 1, 2018 – June 30, 2018)

1) Review on 1st 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, nonwoven fabrics and dental materials were stable.
- **Food & Packaging:** Sales for coating & engineering materials, performance films & sheets and agrochemicals were stable.
- **Basic Materials:** Healthy domestic demand continued and operating rates remained at high levels for naphtha crackers and other production facilities. The overseas market for petrochemical and other such products remained strong due mainly to healthy demand.

1) Review on 1st Quarter of FY2018 (Business Overview and Topics)

<Topics>

- Acquisition of shares of US 3D Printer Manufacturer B9Creations (April 2018)
- Kulzer Sets out to Develop New Dental CAD Software with Artificial Intelligence (AI) (May 2018)
- Establishment of New Production Facilities for MOSTRON™-L GFPP (May 2018, 3,500 tons/annum, commercial operations in September 2019)
- Establishment of New PP Compounds Company in Netherlands (June 2018, 30,000 tons /annum, commercial operations in June 2020)

2) Consolidated Financial Highlights

(Billions of Yen)

Items	FY2017 1st Q	FY2018 1st Q	Increase (Decrease)	%
Net sales	309.0	356.3	47.3	15%
Operating income	27.3	26.3	(1.0)	(3%)
Non-operating incomes and expenses	1.0	5.1	4.1	—
Ordinary income	28.3	31.4	3.1	11%
Extraordinary gains and losses	2.5	(0.5)	(3.0)	—
Net income before income taxes and minority interests	30.8	30.9	0.1	0%
Profit attributable to owners of parent	22.7	23.5	0.8	3%
Exchange rate (Yen/US\$)	111	109	(2)	
Domestic standard naphtha price (Yen/KL)	39,100	48,700	9,600	

2) Consolidated Financial Highlights

(Billions of Yen)

() Denotes a minus

Items	End of Mar. 2018	End of Jun. 2018	Increase (Decrease)	%
Interest-bearing liabilities	463.7	481.5	17.8	4%
Interest-bearing liabilities (net)	381.8	384.7	2.9	1%
Equity	511.6	525.7	14.1	3%
Net D/E Ratio (Times)	0.75	0.73	(0.02)	—
Equity Ratio (%)	35.7	36.2	0.5	—

(Number of companies)

Items	End of Mar. 2018	End of Jun. 2018	Increase (Decrease)
Consolidated companies			
Consolidated subsidiaries	115	115	0
Non-consolidated subsidiaries and affiliates to which the equity method is applied	39	40	1
Total	154	155	1

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		
	FY2017 1st Q	FY2018 1st Q	Incr. (Decr.)	FY2017 1st Q	FY2018 1st Q	Incr. (Decr.)	Volume	Terms of trade	Costs
Mobility	77.7	97.3	19.6	11.5	10.8	(0.7)	1.1	(0.5)	(1.3)
Health Care	34.2	36.2	2.0	2.9	3.6	0.7	0.5	(0.2)	0.4
Food & Packaging	45.8	47.5	1.7	4.6	3.3	(1.3)	0.1	(0.3)	(1.1)
Basic Materials	145.3	170.1	24.8	10.8	11.0	0.2	1.6	0.0	(1.4)
Others	6.0	5.2	(0.8)	△ 2.5	△ 2.4	0.1	-	-	0.1
Total	309.0	356.3	47.3	27.3	26.3	(1.0)	3.3	(1.0)	(3.3)

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 Q	FY2018 1st Q	Incr. (Decr.)
Equity in earnings of non-consolidated subsidiaries and affiliates	1.7	4.5	2.8
Interest expenses, interest and dividend income	(0.3)	0.2	0.5
Gain (loss) on foreign exchange	0.0	0.6	0.6
Others	(0.4)	(0.2)	0.2
Non-operating incomes and expenses total	1.0	5.1	4.1

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

Items	FY2017 1st Q	FY2018 1st Q	Incr. (Decr.)
Gain on sales of non-current assets & investment securities	2.5	0.1	(2.4)
Extraordinary gains (a)	2.5	0.1	(2.4)
Loss on sales and disposal of non-current assets	(0.0)	(0.4)	(0.4)
Loss on valuation of investment securities	0.0	(0.2)	(0.2)
Extraordinary losses (b)	(0.0)	(0.6)	(0.6)
Extraordinary gains and losses total (a)+(b)	2.5	(0.5)	(3.0)

5) Consolidated Balance Sheet

(Billions of Yen)

() Denotes a minus

Items	End of Mar. 2018	End of Jun. 2018	Incr. (Decr.)	Items	End of Mar. 2018	End of Jun. 2018	Incr. (Decr.)
Current assets	731.3	751.9	20.6	Liabilities	844.1	854.2	10.1
Cash and deposits	80.2	95.3	15.1	Notes and accounts payables	162.2	164.2	2.0
Notes and accounts receivables	306.9	301.7	(5.2)	Interest-bearing liabilities	463.7	481.5	17.8
Inventories	274.3	285.6	11.3	Other liabilities	218.2	208.5	(9.7)
Other current assets	69.9	69.3	(0.6)	Net assets	587.2	599.8	12.6
Fixed assets	700.0	702.1	2.1	Shareholders' equity	485.6	500.1	14.5
Tangible fixed assets	432.9	432.5	(0.4)	Other accumulated comprehensive income	26.0	25.6	(0.4)
Intangible fixed assets	31.5	30.8	(0.7)	Non-controlling interests	75.6	74.1	(1.5)
Investments and other non-current assets	235.6	238.8	3.2	Total	1,431.3	1,454.0	22.7
Total	1,431.3	1,454.0	22.7				

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 Q	FY2018 1st Q	Incr. (Decr.)
I . Cash flows from operating activities (a)	22.1	25.5	3.4
II . Cash flows from investing activities (b)	(9.1)	(15.1)	(6.0)
Free cash flows (a)+(b)	13.0	10.4	(2.6)
III . Cash flows from financing activities	(22.4)	4.4	26.8
IV . Others	0.2	0.3	0.1
Net incr.(decr.) in cash and cash equivalents	(9.2)	15.1	24.3

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 2nd Quarter of FY2018

<Topics>

- Mitsui Chemicals Agro: Global license agreement to advance innovative parasiticides for companion animals with Bayer Animal Health (July 2018)
- Commercial operations for high performance nonwovens at Nagoya Works in Japan (2nd Quarter of FY2018, 15,000 tons/annum)
- Commercial operations for capacity expansion of premium high performance nonwovens in Japan (2nd Quarter of FY2018, +6,000 tons/annum)
- Construction starts to expand facilities for thermoplastic olefinic elastomer Milastomer™ in North America (4th 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 May 15, 2018)	
	1st Half	Full Year	1st Half	Full Year	Full Year	%	1st Half	Full Year
Net sales	620.9	1,328.5	725.0	1,490.0	161.5	12%	715.0	1,480.0
Operating income	48.2	103.5	47.0	106.0	2.5	2%	47.0	106.0
Non-operating incomes and expenses	1.7	6.7	5.0	6.0	(0.7)	–	5.0	6.0
Ordinary income	49.9	110.2	52.0	112.0	1.8	2%	52.0	112.0
Extraordinary gains and losses	4.8	(16.0)	(3.0)	(5.0)	11.0	–	(3.0)	(5.0)
Net income before income taxes and minority interests	54.7	94.2	49.0	107.0	12.8	14%	49.0	107.0
Profit attributable to owners of parent	38.2	71.6	36.0	80.0	8.4	12%	36.0	80.0
Exchange rate (Yen/US\$)	111	111	110	108	(3)		105	105
Domestic standard naphtha price (Yen/KL)	37,600	41,900	50,900	49,900	8,000		49,000	49,000

Dividend (Yen/Share)	Interim	Year-end	Interim	Year-end	Interim	Year-end	Interim	Year-end
	* 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. 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) Financial Summary
- 5) 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

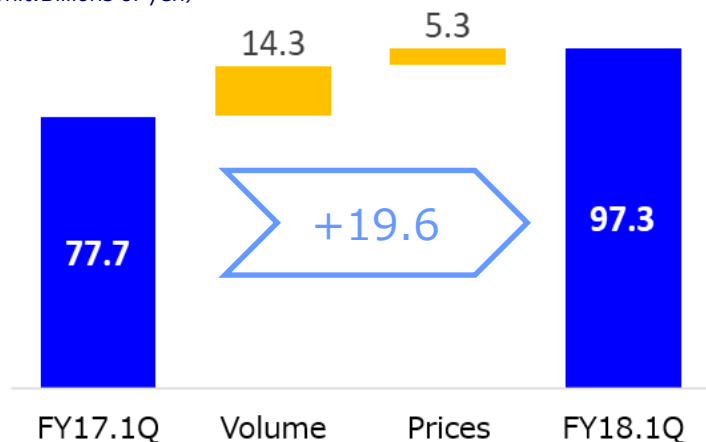
Year	2015		2016				2017				2018	
Month	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
Naphtha (Yen/KL)	47,200	40,900	34,300	31,600	31,300	34,100	41,900	39,100	36,100	44,600	47,900	48,700
PE (Yen/KG)		about (10)	about (10)		about (10)		about +20		about (5)	about +10	about +10	
PP (Yen/KG)		about (10)	about (10)		about (10)		about +20		about (5)	about +10	about +10	
PH (Formula Price) (Yen/KG)												
BZ(ACP) (US\$/T)	\$720	\$610	\$560	\$640	\$640	\$670	\$950	\$790	\$770	\$830	\$920	\$850
BPA(Japan) (Yen/KG)		(30) From Oct.					+20 From Mar.					
	negotiation based on BZ price and BPA market price											
BPA (China) (US\$/T)	\$1,060	\$910	\$940	\$1,140	\$1,130	\$1,170	\$1,360	\$1,200	\$1,220	\$1,420	\$1,670	\$1,800
PTA (US\$/T)	\$630	\$600	\$570	\$610	\$610	\$610	\$670	\$630	\$640	\$690	\$760	\$810
PX(ACP) (US\$/T)	\$820	\$790	\$720	\$800	\$790	\$790	\$890	\$810	\$800	\$890	\$950	\$980
TDI (US\$/T)	\$1,570	\$1,510	\$1,510	\$2,080	\$2,360	\$3,590	\$3,480	\$3,500	\$3,680	\$4,380	\$4,470	\$4,150

2-1) Increase/Decrease in Mobility

(Net sales and Operating Income, year on year)

Increase/Decrease of Net Sales (1st Quarter of FY2018 vs. 1st Quarter of FY2017) () Denotes a minus

(Unit: Billions of yen)



97.3 billion yen (+19.6 billion yen year on year)

Volume +14.3 billion yen

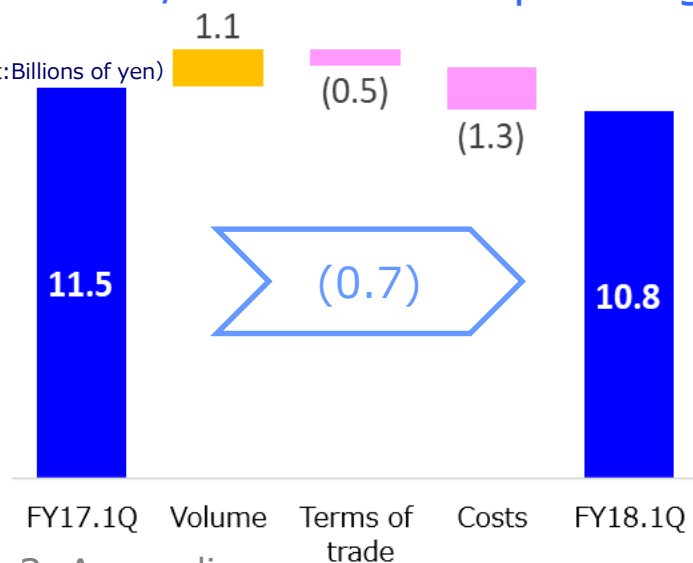
- Prompt response to healthy global automotive use demand.
- Prompt response to healthy demand for information and communication technology applications.
- Acquisition of shares of ARRK corporation in 4Q of FY2017, etc.

Prices +5.3 billion yen

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

Increase/Decrease of Operating Income (1st Quarter of FY2018 vs. 1st Quarter of FY2017)

(Unit: Billions of yen)



10.8 billion yen ((0.7) billion yen year on year)

Volume +1.1 billion yen

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

Terms of trade (0.5) billion yen

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

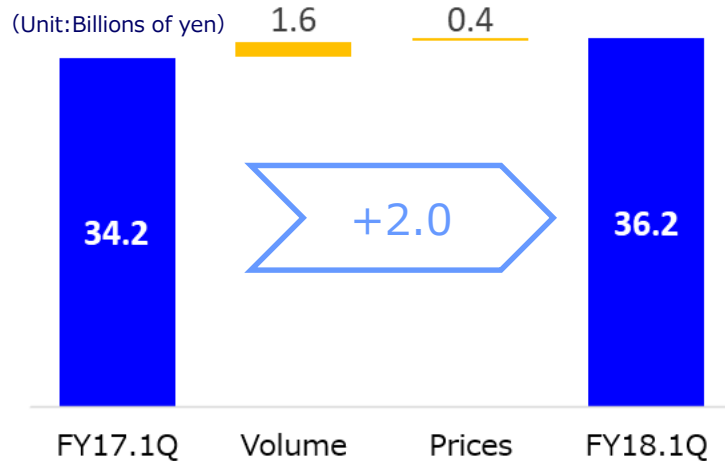
Costs (1.3) billion yen

- 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 (1st Quarter of FY2018 vs. 1st Quarter of FY2017)



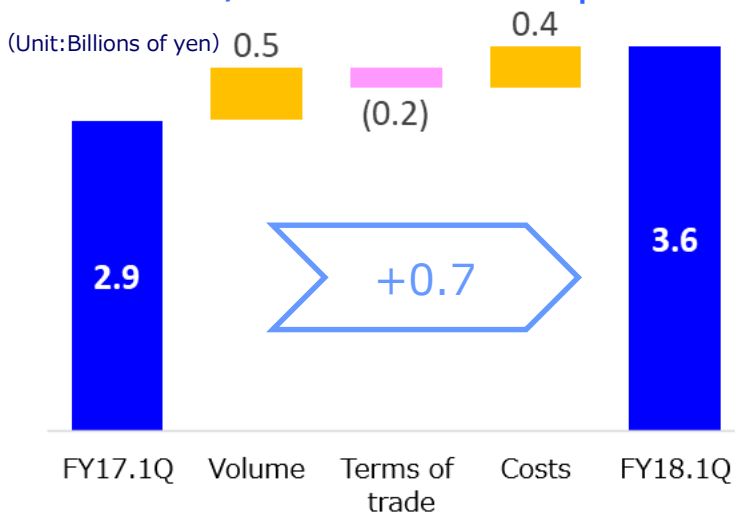
36.2 billion yen (+2.0 billion yen year on year)

Volume +1.6 billion yen

- Stable sales of vision care materials and dental materials.

Prices +0.4 billion yen

Increase/Decrease of Operating Income (1st Quarter of FY2018 vs. 1st Quarter of FY2017)



3.6 billion yen (+0.7 billion yen year on year)

Volume +0.5 billion yen

- Stable sales of vision care materials and dental materials.

Terms of trade (0.2) billion yen

Costs +0.4 billion yen

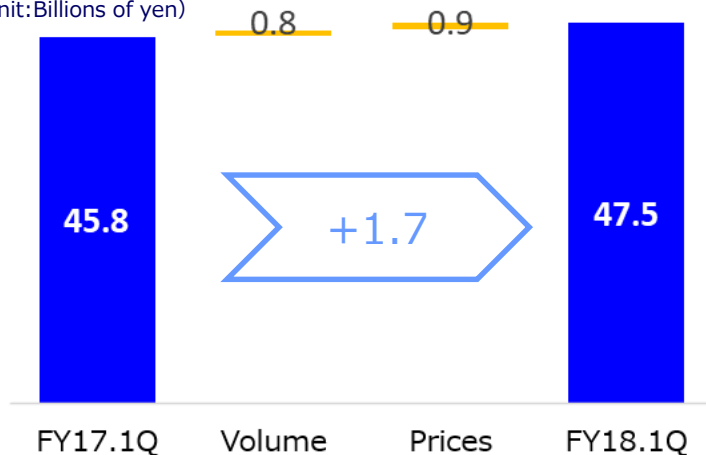
- Decrease in goodwill amortization expenses of dental materials, etc.

2-3) Increase/Decrease in Food & Packaging

(Net sales and Operating Income, year on year)

Increase/Decrease of Net Sales (1st Quarter of FY2018 vs. 1st Quarter of FY2017) () Denotes a minus

(Unit: Billions of yen)



47.5 billion yen (+1.7 billion yen year on year)

Volume +0.8 billion yen

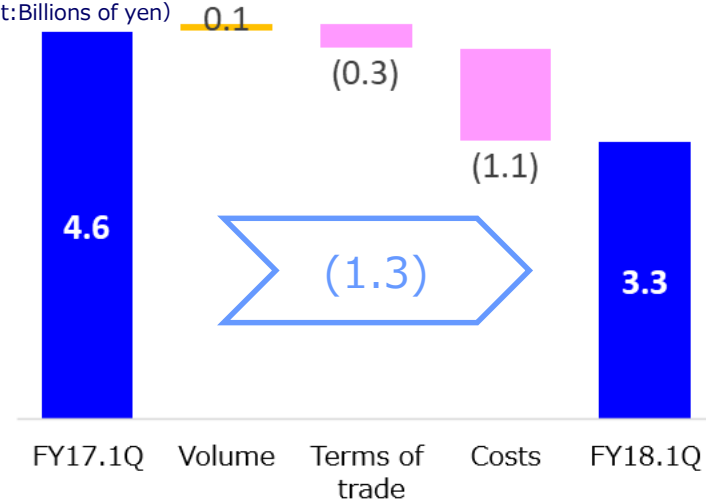
- Stable sales of performance films & sheets and agrochemicals.

Prices +0.9 billion yen

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

Increase/Decrease of Operating Income (1st Quarter of FY2018 vs. 1st Quarter of FY2017)

(Unit: Billions of yen)



3.3 billion yen ((1.3) billion yen year on year)

Volume +0.1 billion yen

- Stable sales of performance films & sheets and agrochemicals.

Terms of trade (0.3) billion yen

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

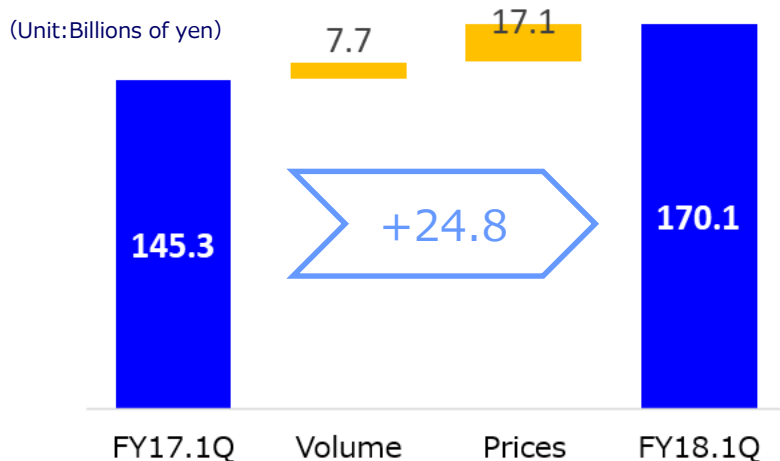
Costs (1.1) billion yen

- Development costs, etc.

2-4) Increase/Decrease in Basic Materials

(Net sales and Operating Income, year on year)

Increase/Decrease of Net Sales (1st Quarter of FY2018 vs. 1st Quarter of FY2017) () Denotes a minus



170.1 billion yen (+24.8 billion yen year on year)

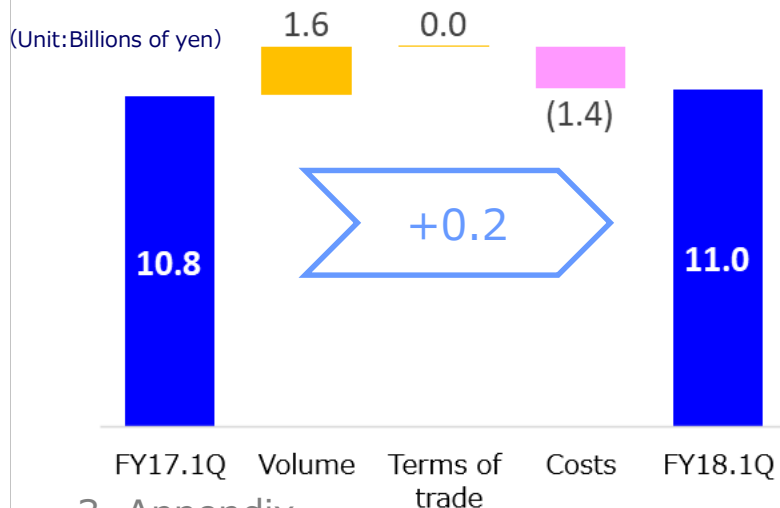
Volume +7.7 billion yen

- Stable sales of polyolefin and other such products.

Prices +17.1 billion yen

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

Increase/Decrease of Operating Income (1st Quarter of FY2018 vs. 1st Quarter of FY2017)



11.0 billion yen (+0.2 billion yen year on year)

Volume +1.6 billion yen

- Stable sales of polyolefin and other such products.

Terms of trade +0.0 billion yen

Costs (1.4) billion yen

- Regular maintenance, etc.

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

Net sales (Billions of Yen)

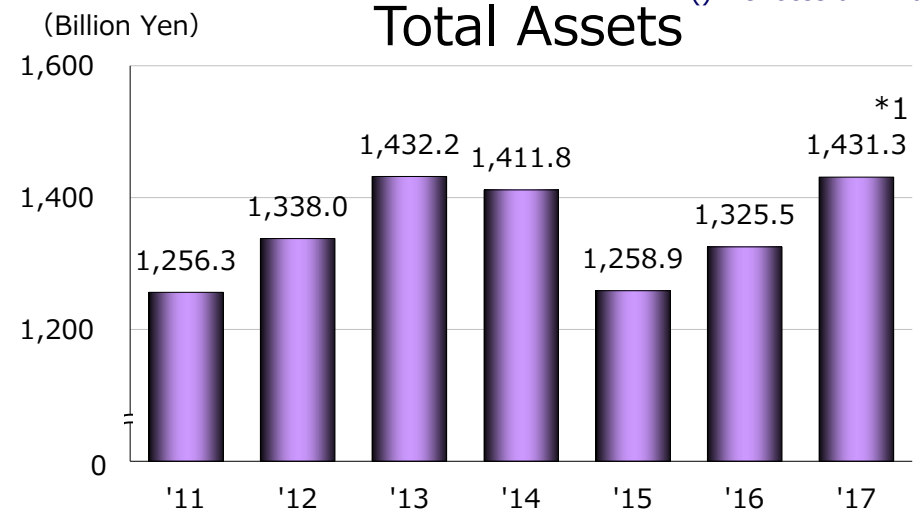
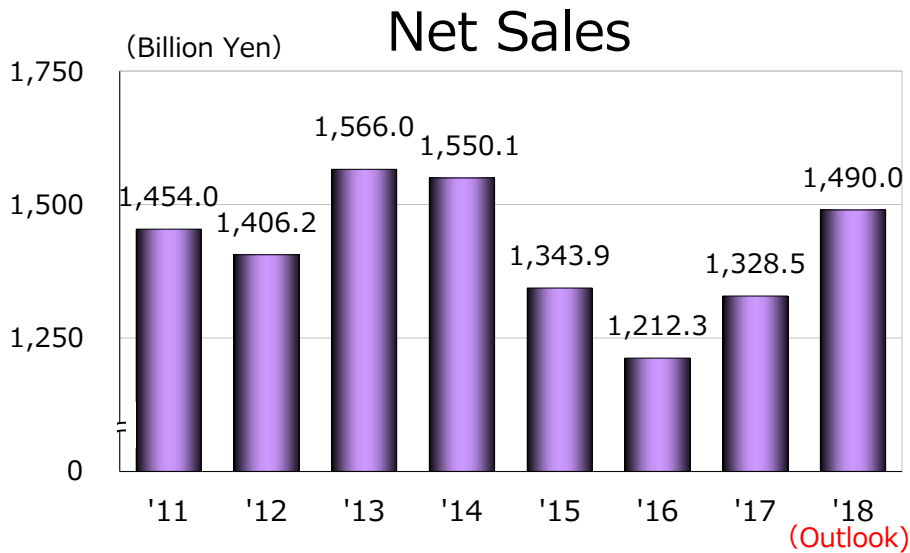
Segment	FY2017				FY2018
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Mobility	77.7	75.7	81.4	96.2	97.3
Health Care	34.2	33.9	35.3	35.7	36.2
Food & Packaging	45.8	49.2	49.6	51.2	47.5
Basic Materials	145.3	146.9	166.8	178.7	170.1
Others	6.0	6.2	5.8	6.9	5.2
Total	309.0	311.9	338.9	368.7	356.3

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

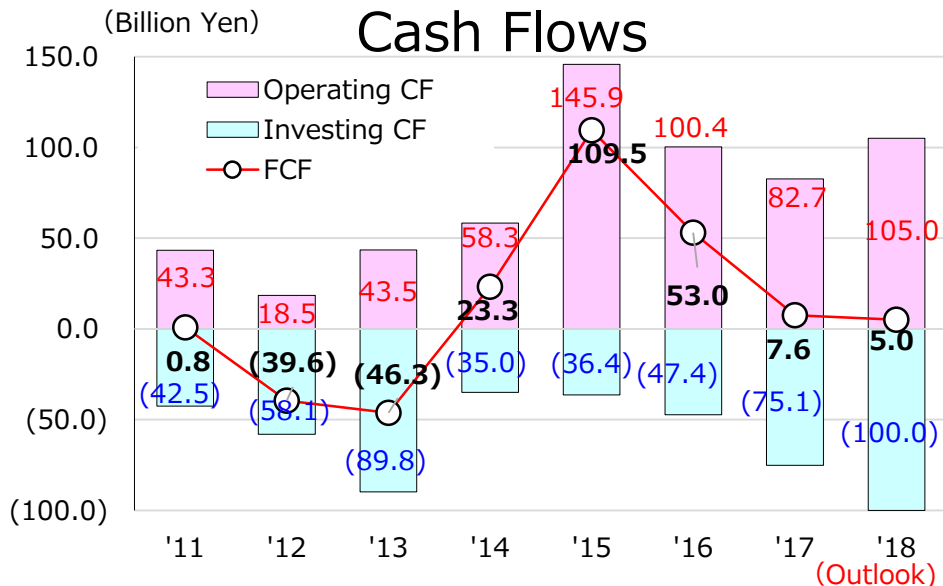
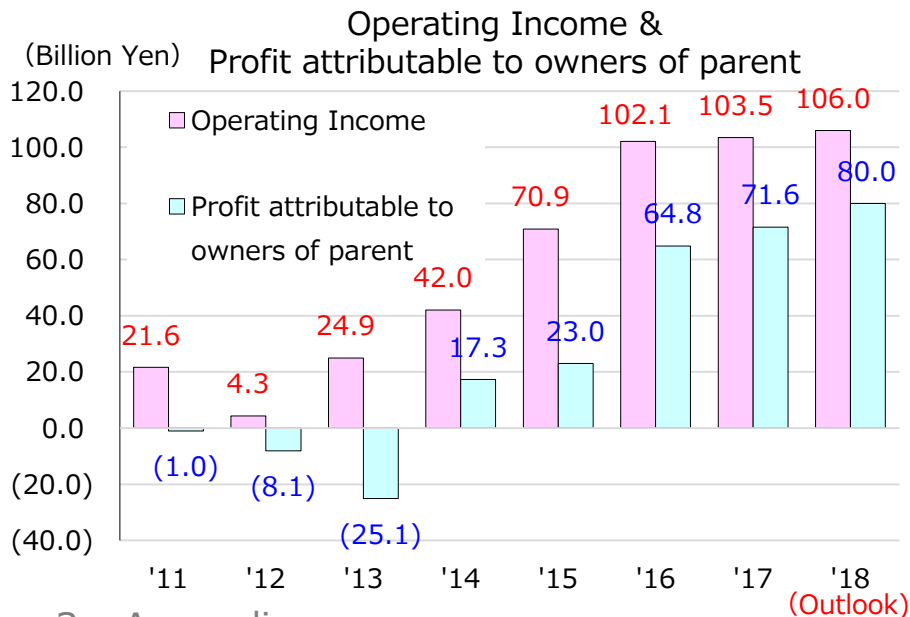
Segment	FY2017				FY2018
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Mobility	11.5	10.5	10.9	9.4	10.8
Health Care	2.9	1.9	3.1	2.9	3.6
Food & Packaging	4.6	5.5	4.4	5.4	3.3
Basic Materials	10.8	4.6	11.1	12.4	11.0
Others	(2.5)	(1.6)	(2.0)	(2.3)	(2.4)
Total	27.3	20.9	27.5	27.8	26.3

4-1) Financial Summary

() Denotes a minus

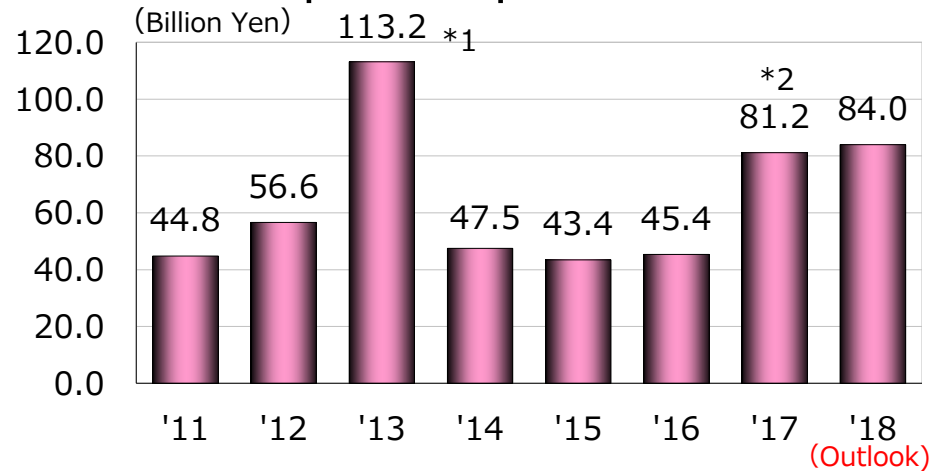


*1. Consolidated balance sheet as of FY2017 is restated to reflect changes in presentation from including an impact of "Partial Amendments to Accounting Standard for Tax Effect Accounting".

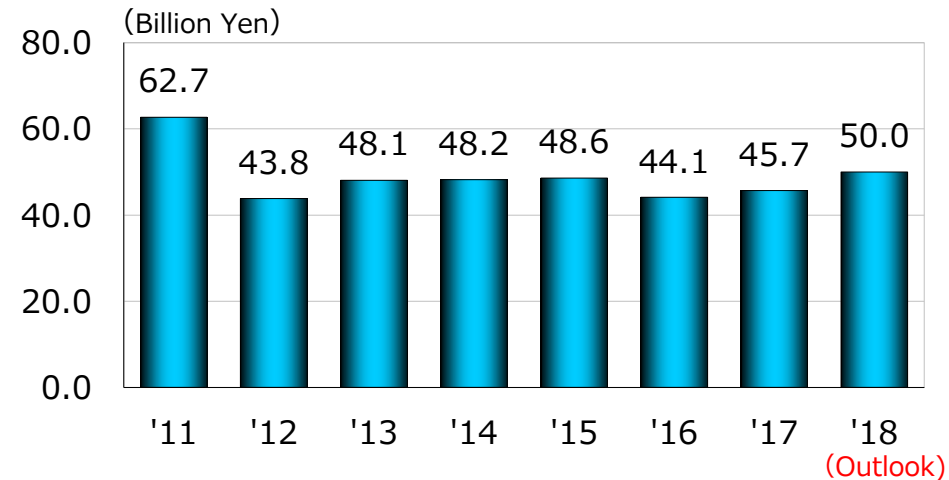


4-2) Financial Summary

Capital Expenditure



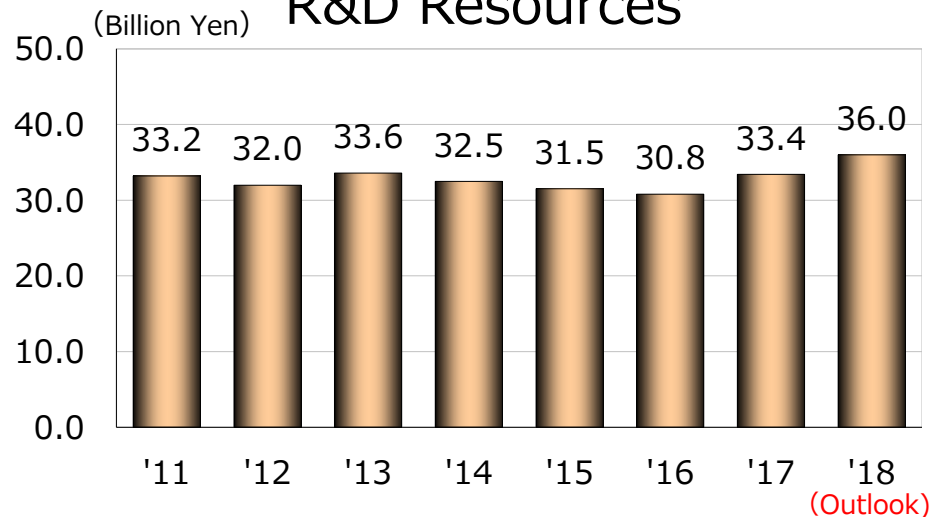
Depreciation & Amortization



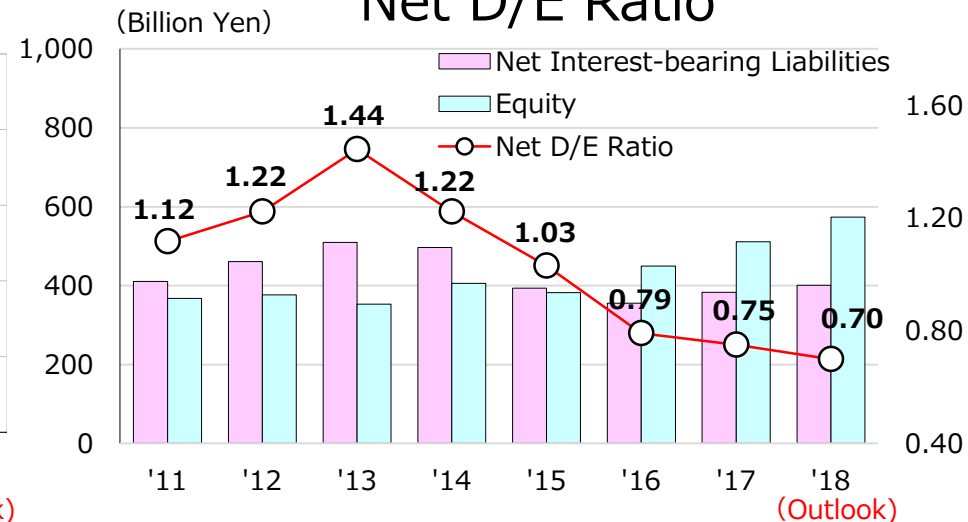
*1. Include Heraeus dental business acquisition 56.0 billion yen

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

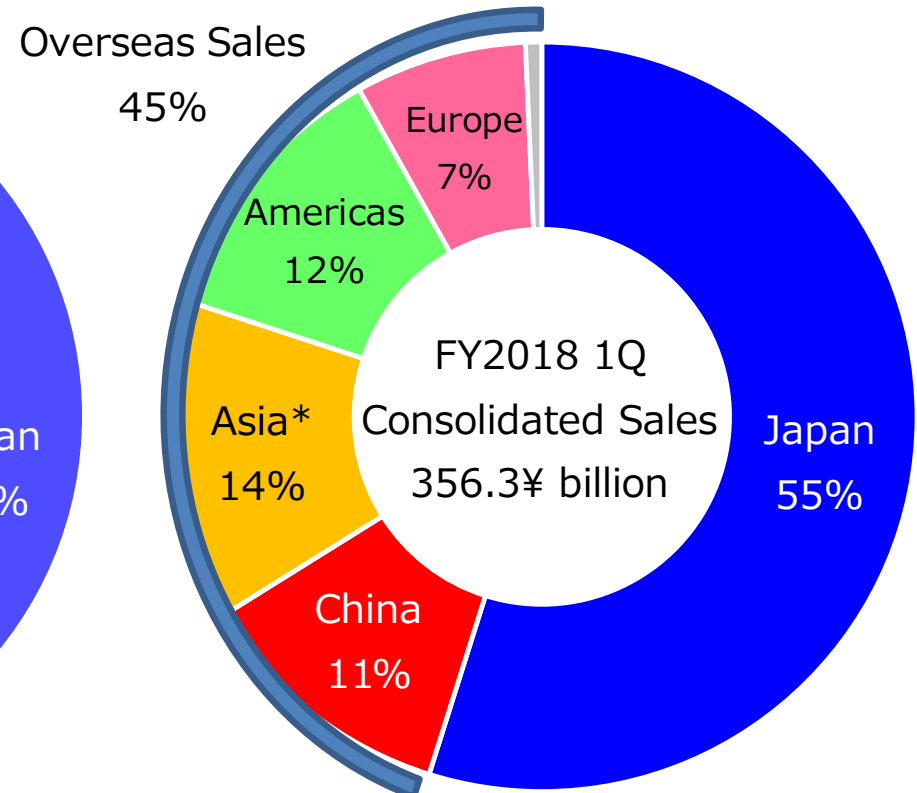
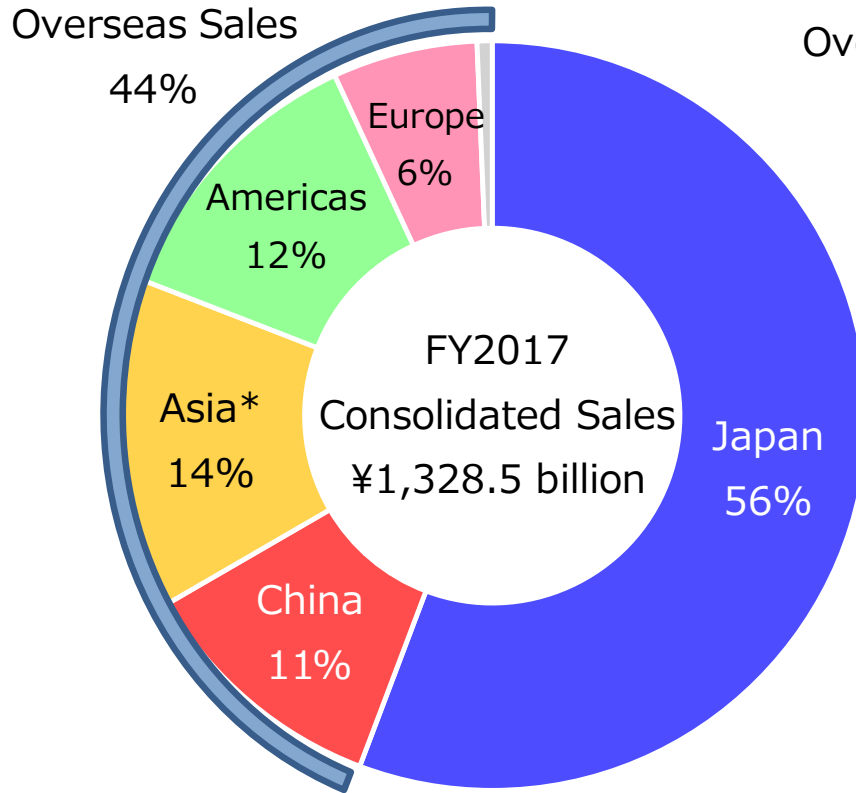
R&D Resources



Net D/E Ratio



5) Net sales by Region



* Asia excluding Japan and China



Mitsui Chemicals

Creating New Customer Value and
Solving Social Challenges through Business Activities