

0→1 MAKE IT HAPPEN

FY20-2 Creating New Customer Value
through Innovations

CEO PRESENTATION



橋本 修

HASHIMOTO Osamu

Mitsui Chemicals Inc.

President & CEO

Nov 26, 2020

1 Introduction



With a “second wave” of COVID-19 on the rise – first in the West and now also in Japan – I would like to offer my deepest sympathies to those who have contracted the virus. I would also like to express my heartfelt gratitude to health care workers, as well as to everyone else working around the clock to keep society running.

This will be my second presentation of business results and outlook since I took on the mantle of president. When I gave the previous outlook back in spring, I explained how the major impact from the pandemic had forced the Mitsui Chemicals Group to project a significant decrease in profits compared to the last few years. Those conditions then saw us put an emphasis on solving high-priority social issues under the pandemic, maintaining the group’s financial infrastructure and accelerating business portfolio reform.

Although we remain cautious about the business environment, with signs of a demand recovery in some industries since then, the Mitsui Chemicals Group has made upward revisions to its business results forecast for the full fiscal year.

And while global circumstances continue to make forecasting the future as difficult as ever, the Mitsui Chemicals Group will engage with social issues head-on as we hold dialogues with all our stakeholders to help speed up our improvement of corporate value.

November, 2020

HASHIMOTO Osamu

Contents

▶ **Business Performance**

▶ **FY20 Strategic Policy and Progress**

-Direction of Transformation in Basic Materials

-Topics on Targeted Business Domains

-Toward a New VISION 2030

▶ **Financial Overview**

- ① Income down for first half of FY2020 due to impact of COVID-19
- ② Expected to face lingering impact in second half but recover to largely match second half of FY2019
- ③ Net income expected to be on par with FY2019 level

(JPY bn)

Items	FY2019 IFRS* ²		FY2020 IFRS* ¹			Increase (Decrease) FY19→FY20		
	1H	FY	1H	2H	FY	1H	2H	FY
	Results	Results	Results	Outlook	Outlook			
Sales revenue	679	1,350	537	638	1,175	△ 142	△ 33	△ 175
Operating income before special items	39.7	72.3	18.6	31.4	50.0	① △ 21.1	② △ 1.2	△ 22.3
Non-recurring items	△ 2.8	△ 7.7	△ 0.7	2.7	2.0	2.1	7.6	9.7
Operating income	36.9	64.6	17.9	34.1	52.0	△ 19.0	6.4	△ 12.6
Financial income /expenses	△ 1.3	△ 3.8	△ 2.2	△ 2.8	△ 5.0	△ 0.9	△ 0.3	△ 1.2
Net income attributable to owners of the parent	20.4	34.0	9.6	23.4	33.0	△ 10.8	9.8	③ △ 1.0
Exchange rate(JPY/USD)	109	109	107	106	106	△ 2	△ 4	△ 3
Domestic standard naphtha price(JPY/KL)	42,800	42,900	27,600	32,000	29,800	△ 15,200	△ 11,000	△ 13,100

















*1) As of FY2020, we are using IFRS for our accounting standards.

*2) FY2019 IFRS figures were prepared for the purpose of comparison with FY2020 outlook figures and are tentative figures which have not been subject to certified audit. The same applies throughout the remainder of document.

- ① **Major income drop in Mobility segment** due to significant automotive production decline, delayed prototyping projects
- ② **Steady performance expected in Health Care, Food & Packaging segments** despite recession
- ③ Major impact in Basic Materials segment from inventory valuation loss caused by decline in naphtha prices

Segment (JPY bn)	FY2018 (J-GAAP)	FY2019 (IFRS)		FY2020 (IFRS)			Increase (Decrease) FY19→FY20
	Operating income	Operating income before special items		Operating income before special items			
	FY	1H	FY	1H	2H	FY	
	Results	Results	Results	Results	Outlook	Outlook	
Mobility	42.7	22.5	43.1	8.2	15.8	24.0	△14.3 △4.8 △19.1 ①
Health Care	13.6	5.9	13.2	7.2	8.8	16.0	1.3 1.5 2.8 ②
Food & Packaging	17.8	7.8	17.0	9.5	9.0	18.5	1.7 △0.2 1.5 ②
(Targeted domains)	74.1	36.2	73.3	24.9	33.6	58.5	△11.3 △3.5 △14.8
Basic Materials	27.8	6.9	9.4	△4.6	1.6	△ 3.0	△11.5 △0.9 △12.4 ③
Others	△ 8.5	△3.4	△ 10.4	△1.7	△3.8	△ 5.5	1.7 3.2 4.9
Total	93.4	39.7	72.3	18.6	31.4	50.0	△21.1 △1.2 △22.3
Exchange rate(JPY/USD)	111	109	109	107	106	106	△ 2 △ 4 △ 3
Domestic standard naphtha price (JPY/KL)	49,400	42,800	42,900	27,600	32,000	29,800	△ 15,200 △ 11,000 △ 13,100

Good rate of recovery to our level of orders received

Segment		Area	1H FY20	2H FY20	Current circumstances
Mobility	PP Compounds Elastomers	N.A., Asia, Japan			<ul style="list-style-type: none"> • Production levels recovering at all bases around the world • Sales good in China and North America, and operations going well at new European base
	Solutions Biz.	EU, Asia, Japan			<ul style="list-style-type: none"> • Impact from postponed OEM development & prototyping projects • Impact from exhibitions being cancelled around the world
ICT	Performance Polymers Semiconductor tape	Asia			<ul style="list-style-type: none"> • Good performance for smartphone lens materials • Operations going well at new Taiwanese plant for semiconductor tape
Health Care	Vision Care Dental Materials	EU, N.A., Asia Japan			<ul style="list-style-type: none"> • Vision care: demand recovering; start of new initiative with major North American retailer • Dental materials: demand recovering in steady fashion
	Nonwovens	Asia, Japan			<ul style="list-style-type: none"> • Special demand slowing down, but overall demand remains high
F&P	Packaging Materials	Asia, Japan			<ul style="list-style-type: none"> • Steady demand despite delayed launch of new food-related products
	Agrochemicals	Asia, Japan			<ul style="list-style-type: none"> • Going well, with the second half being a period of high demand • High level of exports
Basic Materials	Petrochemicals Basic Chemicals Polyolefins Polyurethanes	Asia, Japan			<ul style="list-style-type: none"> • Steady recovery in demand heading into the second half

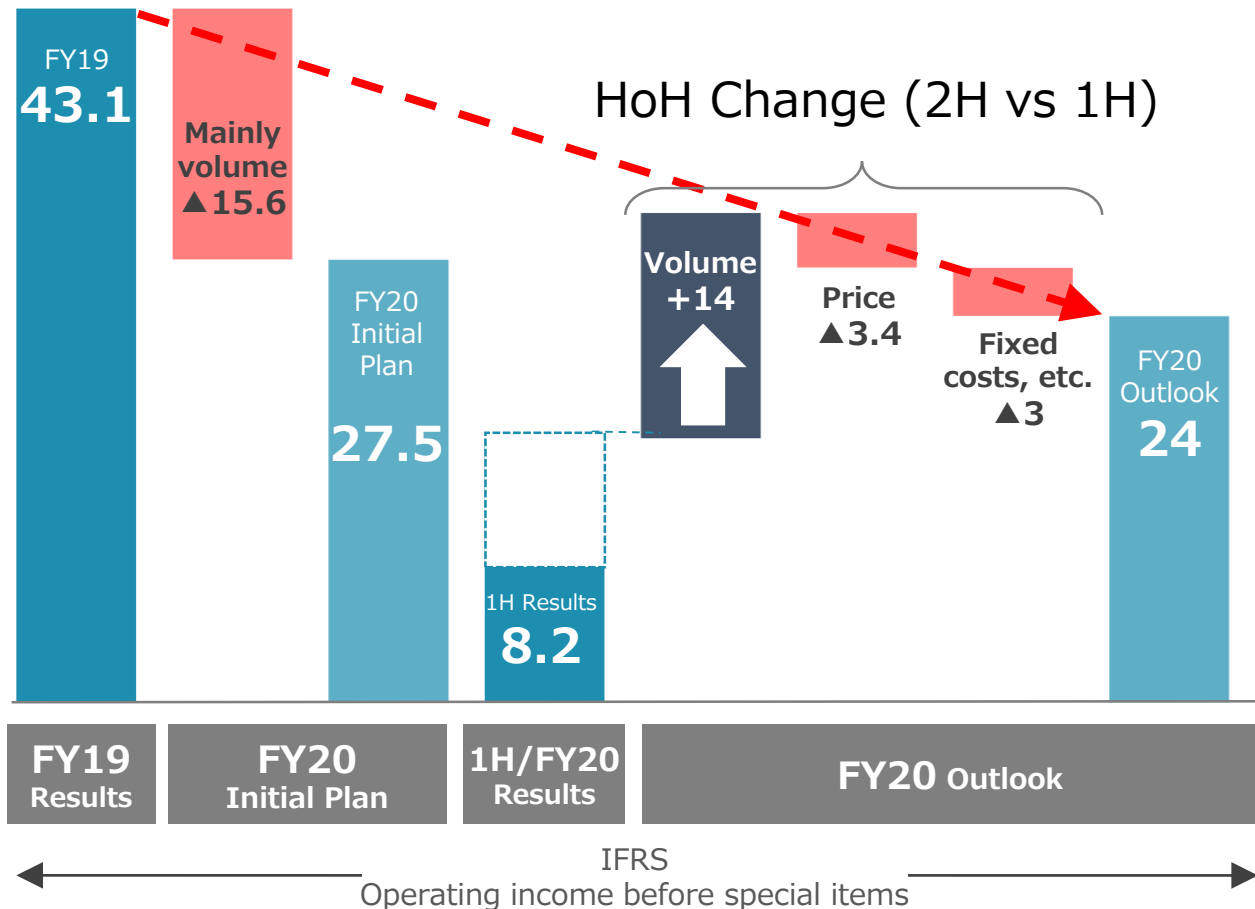
5 Segment 1: Mobility

Operating income before special items (IFRS)

YoY
▲19.1

Initial plan → Outlook
▲3.5

(JPY bn)



1 H/FY20 HIGHLIGHTS

1H/FY19→1H/FY20

Sales
▲30%

Operating income before special items
▲64%

- ✓ Major impact due to global automotive production falling amid COVID-19; sales down significantly outside China, which showed early recovery, and Europe, where new base came online
- ✓ Sales down significantly in solutions business due to delays in customers' development projects
- ✓ ICT applications saw little impact from COVID-19

FY20 OUTLOOK HIGHLIGHTS

FY19→FY20

Sales
▲18%

Operating income before special items
▲44%

COVID-19 impact
▲20B yen

(2H/FY20)

- ✓ Volume improvement due to automotive production recovery
- ✓ Solutions business on the way to recovery
- ✓ ICT applications staying firm

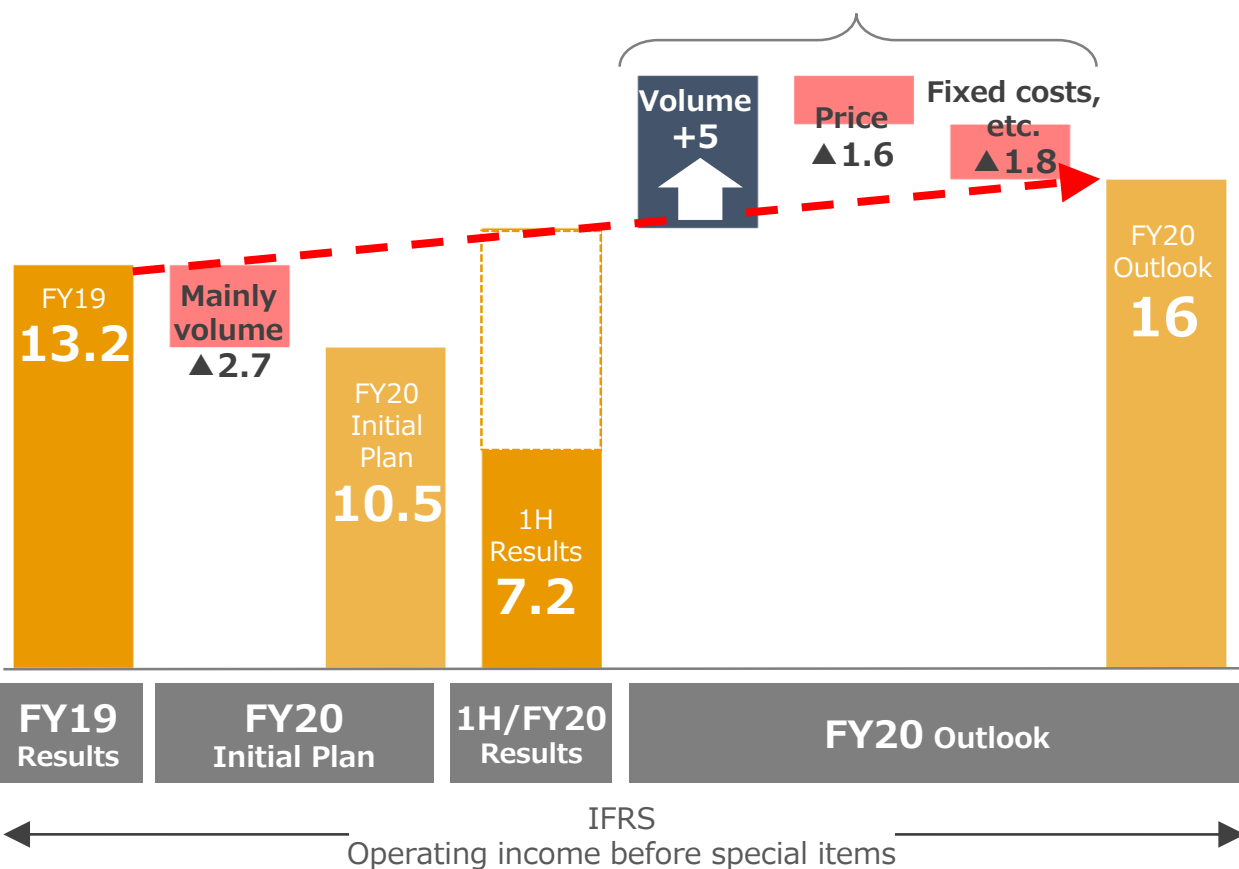
Operating income before special items (IFRS)

YoY
+2.8

Initial plan → Outlook
+5.5

(JPY bn)

HoH Change (2H vs 1H)



1H/FY20 HIGHLIGHTS

1H/FY19→1H/FY20

Sales

▲5%

Operating income
before special items

+22%

- ✓ Demand down due to closure of glasses retailers, especially in Europe
- ✓ Special demand for masks, medical gowns, etc.; demand recovery for diapers
- ✓ Demand down for dental materials due to decline in dentist visits

FY20 OUTLOOK HIGHLIGHTS

FY19→FY20

Sales

▲1%

Operating income
before special items

+21%

COVID-19
impact

▲2B
yen

(2H/FY20)

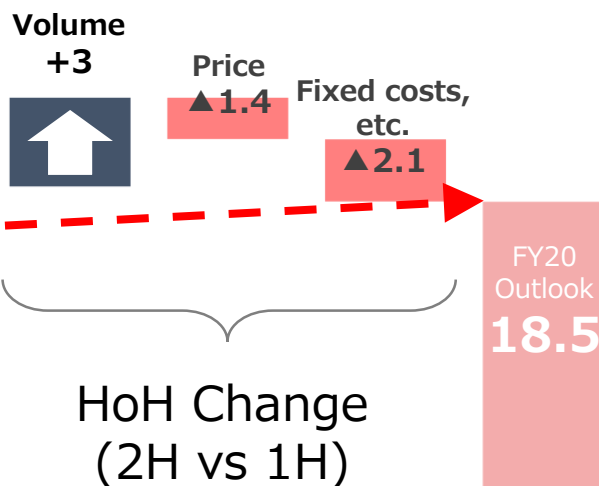
- ✓ Good level of orders for vision care materials; strong recovery in demand
- ✓ Nonwovens see end of special demand but continued high demand
- ✓ Demand recovery for dental materials

Operating income before special items (IFRS)

YoY
+1.5

Initial plan → Outlook
+2.5

(JPY bn)



1H/FY20 HIGHLIGHTS

1H/FY19→1H/FY20

Sales
▲7%

Operating income before special items
+22%

- ✓ Business going well for semiconductor tape
- ✓ Sales down for coating materials due to COVID-19
- ✓ Domestic agrochemical sales up due to pest outbreaks and overseas sales also doing well

FY20 OUTLOOK HIGHLIGHTS

FY19→FY20

Sales
▲3%

Operating income before special items
+9%

COVID-19 impact
▲1B
yen

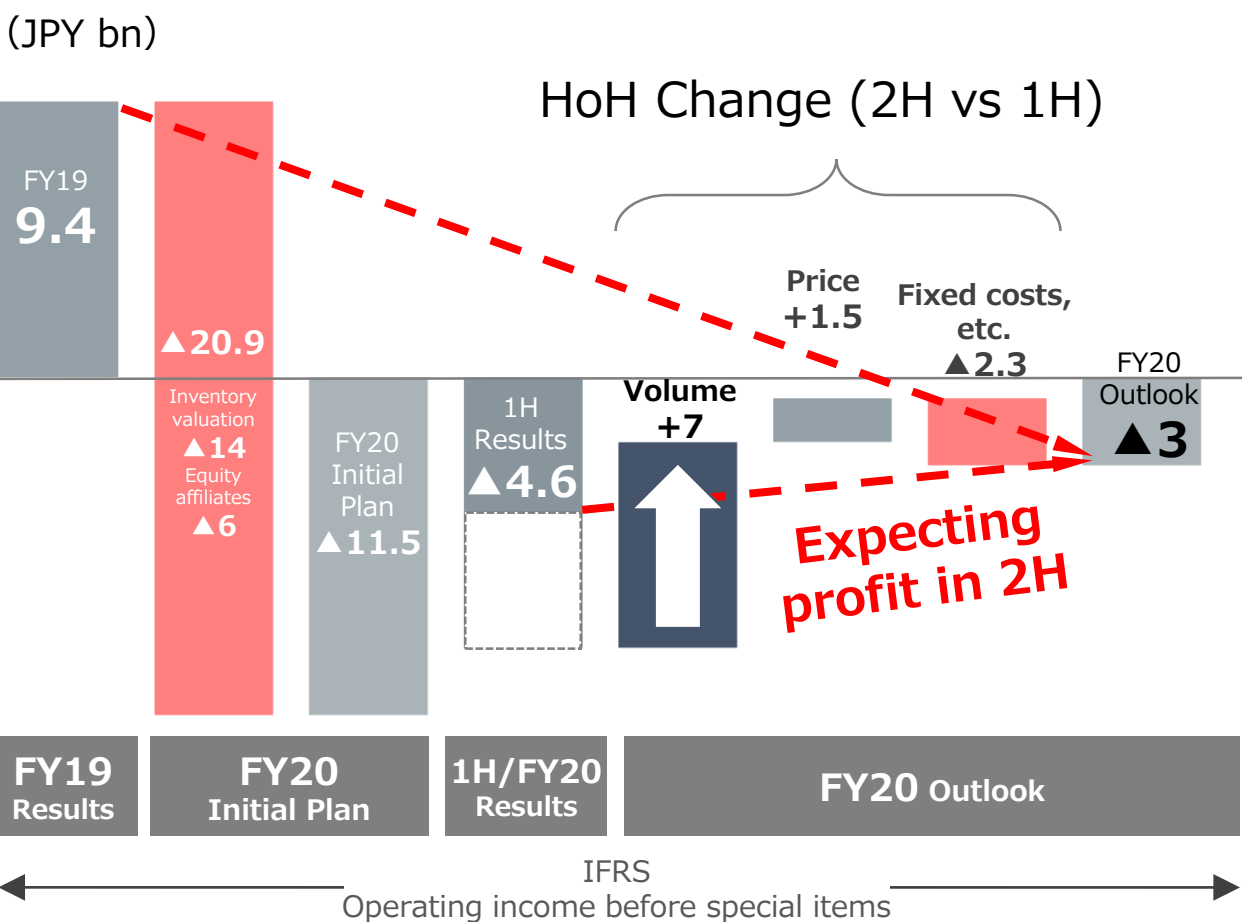
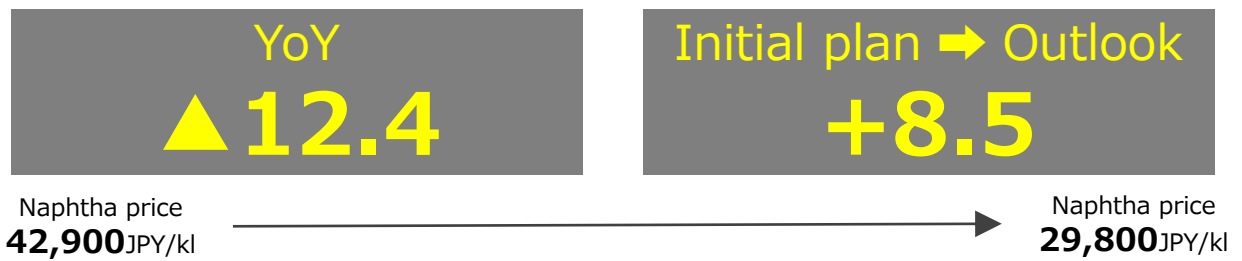
(2H/FY20)

- ✓ Overall minor impact from COVID-19
- ✓ Growth in semiconductor tape business following smooth launch of new Taiwanese plant
- ✓ Rising sales of agrochemicals due to overseas marketing efforts



8 Segment 4: Basic Materials

Operating income before special items (IFRS)



1H/FY20 HIGHLIGHTS

1H/FY19→1H/FY20

Operating income before special items
In Red in 1H

Inventory valuation loss*1
▲7B yen

- ✓ Volume drop not as bad as initially expected
- ✓ Improving market conditions for acetone
- ✓ Delays to licensing projects

FY20 OUTLOOK HIGHLIGHTS

FY19→FY20

Inventory valuation loss*1
▲11B yen

COVID-19 impact
▲3B yen

(2H/FY20)

- ✓ General recovery in volume
- ✓ Outlook incorporates expectation that market conditions will weaken for phenol, acetone

*1) Includes effects of pricing formula cutoff issues

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- ▶ Financial Overview

4 PRIORITIES

01

Response to COVID-19

- ① Strengthening financial infrastructure and securing cash flow for further downside risks
- ② Making substantive contributions in the fight against COVID-19

02

Solidifying reform for Basic Materials

- ① Solidifying further restructuring plans before the end of FY2020 for our Basic Materials segment to reduce volatility

03

Speeding toward business portfolio reform

- ① Securing returns from our investments in Mobility, Food & Packaging segments and actualizing a new growth model swiftly
- ② Accelerating growth through active investments in ICT, Health Care domains

04

Toward a New VISION 2030

- ① Addressing changes in a post-COVID-19 society
- ② Further pursuing and developing our ESG and triple bottom line management
- ③ Work style reform

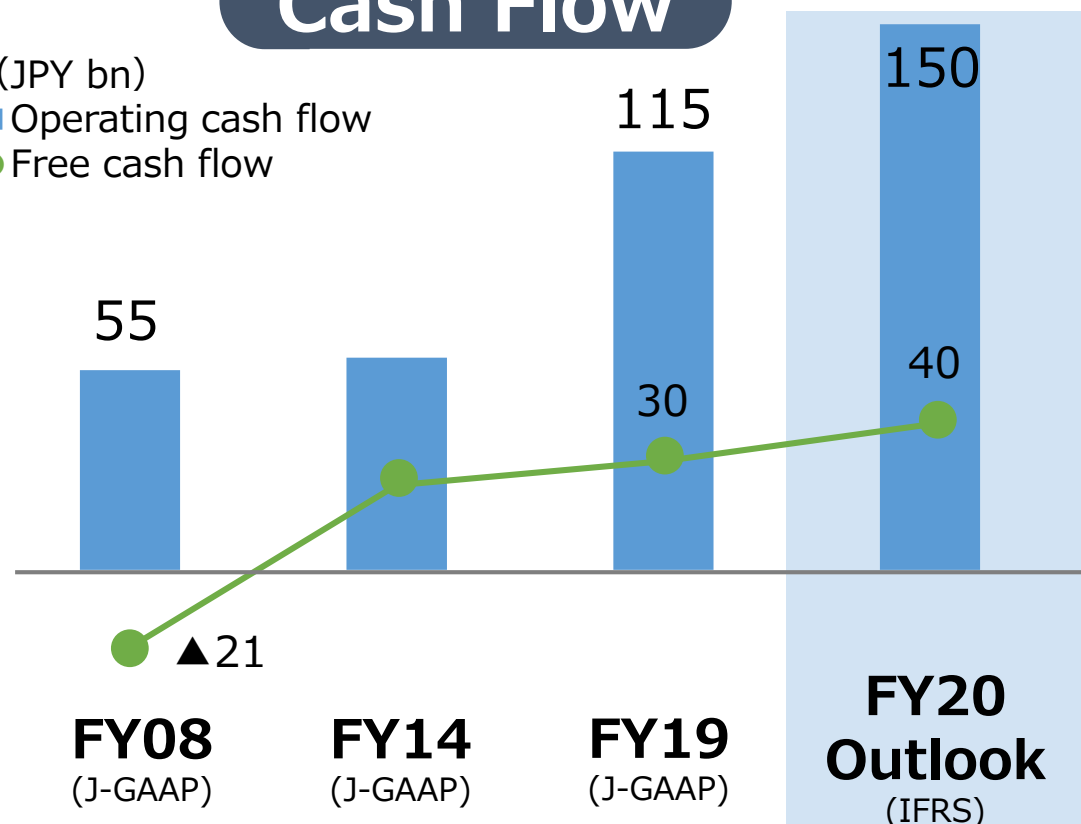
Maintaining sound financial position even amid COVID-19 recession

Cash Flow

(JPY bn)

■ Operating cash flow

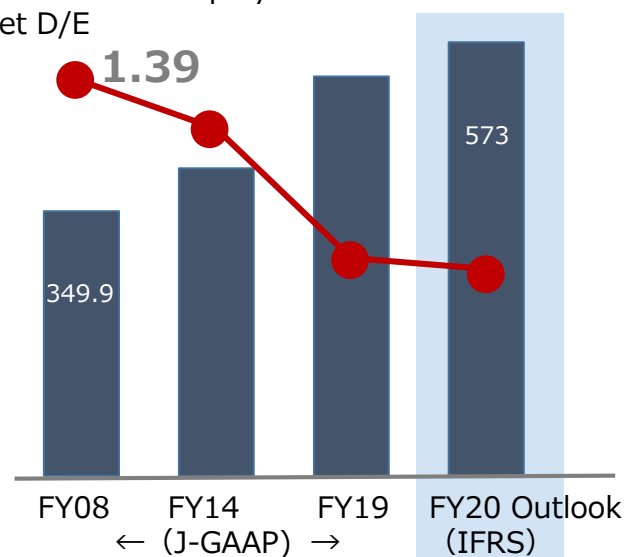
● Free cash flow



**Stable cash generation
even amid recession**

■ Shareholders' equity

● Net D/E



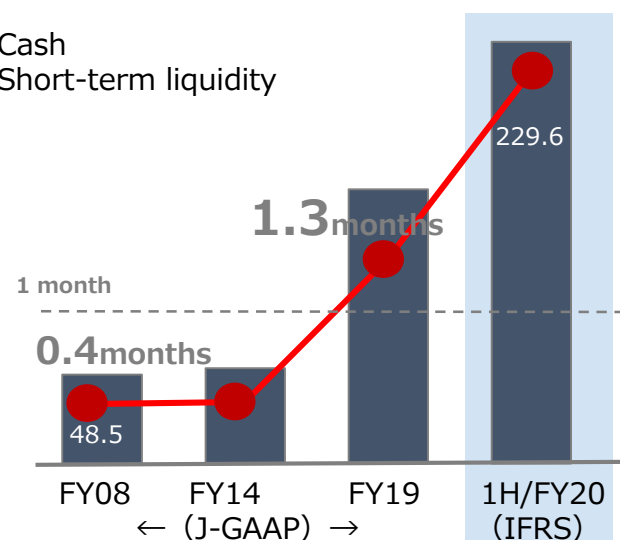
Net D/E

FY20 Outlook

0.73

■ Cash

● Short-term liquidity

Short-term
liquidity

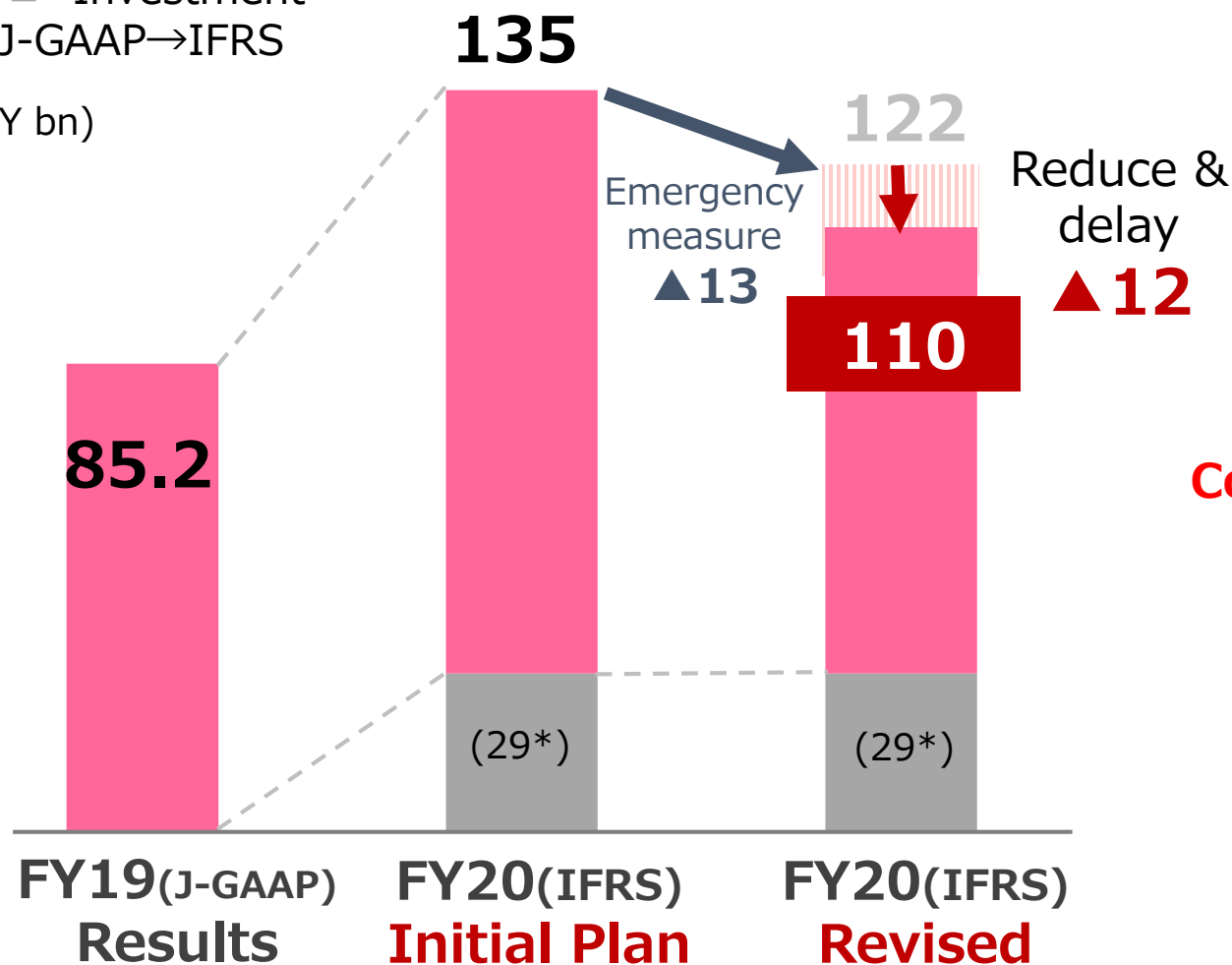
1H/FY20

2.3 months

Investments

■ + ■ Investment
■ J-GAAP→IFRS

(JPY bn)



*As we move over to IFRS, repair expenses for FY20 will be factored into assets as capital expenditure (29B yen)

Cost down

Reduce investments

Compared to initial plan ▲**25B** yen

Proactive stance

Continuing investments and M&A for the future

Mobility	Turning ARRK into wholly owned subsidiary
Health Care	Acquiring additional stake of Shofu Acquiring COTEC (Germany)
F&P	Acquiring SMC biz from DIC Kako
Basic Materials	Takeover bid for Honshu Chemical Industry
New Business	Investing into Monozukuri Ventures

Masks and medical gowns



Yokkaichi, Mie

① Production increases for **MB nonwovens**
(Jan.2020)

*For mask nose clamps

② Production increases for **TEKNOROTE™***
(Oct.2020)

Bringing annual production capacity to enough for 3 billion masks

On top of efforts to provide supply for existing customers



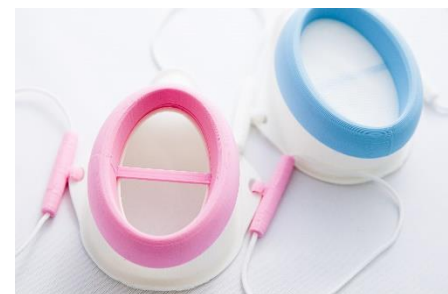
*Specifically isolation gowns

For medical gowns*

- Rapidly established a system capable of supplying enough nonwovens for 10 million medical gowns per month (April 2020)

3D-printed masks

- Joint development with Nagoya University
- Nonwoven filter switching system
→ Use only 1/10th the amount of nonwovens
- Supply by way of crowdfunding site



Face shields



(Dow-Mitsui Polychemicals)
Developed face shields using Himilan™

Used Himilan™ – a strong, transparent, wear-resistant, oil-resistant material – to develop face shields for supply to local governments.



(Siemens)
3D-printed face shields coated with UNISTOLE™

Reduces the risk of virus or bacteria particles remaining in the micropores of 3D-printed frames.

- ① Good adhesion performance, surface smoothness
- ② Alcohol resistance and scratch resistance
- ③ Improved elasticity to prevent cracking
- ④ UV sterilization capabilities

Significant improvements to reusability – not just single-use

Photo : Siemens Pte Ltd, Singapore

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Restructuring efforts proving to reduce volatility, providing a major boost to cumulative cash flow

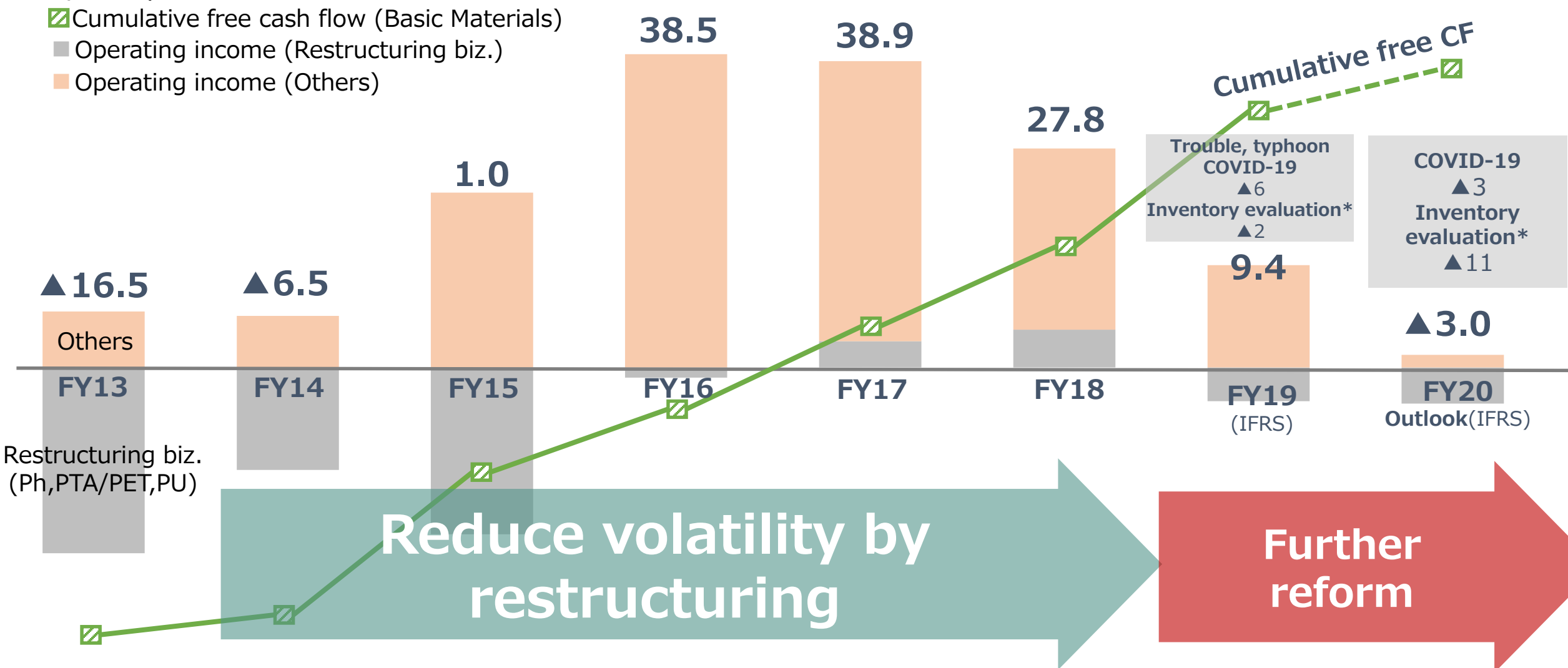
(JPY bn)

■ Cumulative free cash flow (Basic Materials)

■ Operating income (Restructuring biz.)

■ Operating income (Others)

* Includes effects of pricing formula cutoff



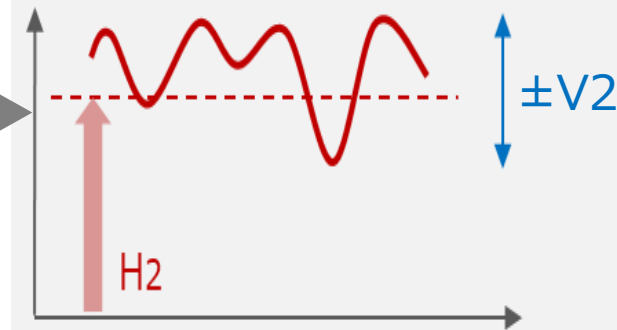
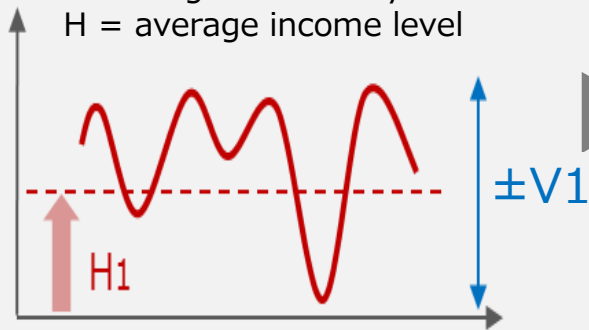
Pursuing reform with a view of company-wide optimization for reduced volatility range and ratio

Reducing volatility

Current understanding

Future direction

V = range of volatility
H = average income level



1 Reducing the range of volatility (V)

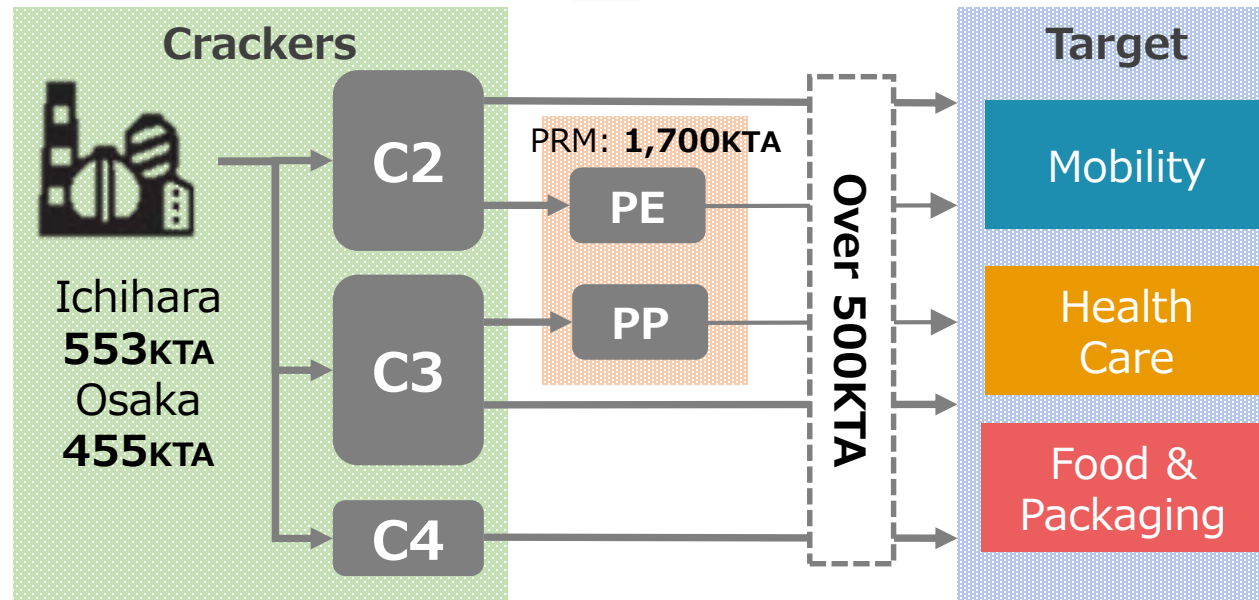
- Carrying out restructuring strategy, inventory reductions, grade consolidation, pricing strategy reviews

2 Reducing the ratio of volatility (Improving income level [H])

- Bolstering downstream businesses by way of chain rollouts (high-performance and niche products)

Crackers as a strategic foundation for the entire Group

Stably supplying competitive raw materials



Improving cracker competitiveness
→ faster growth of target domains

Energy efficiency

Installing gas turbine

For derivatives

Bolstering high-purity C3

Debottle-necking

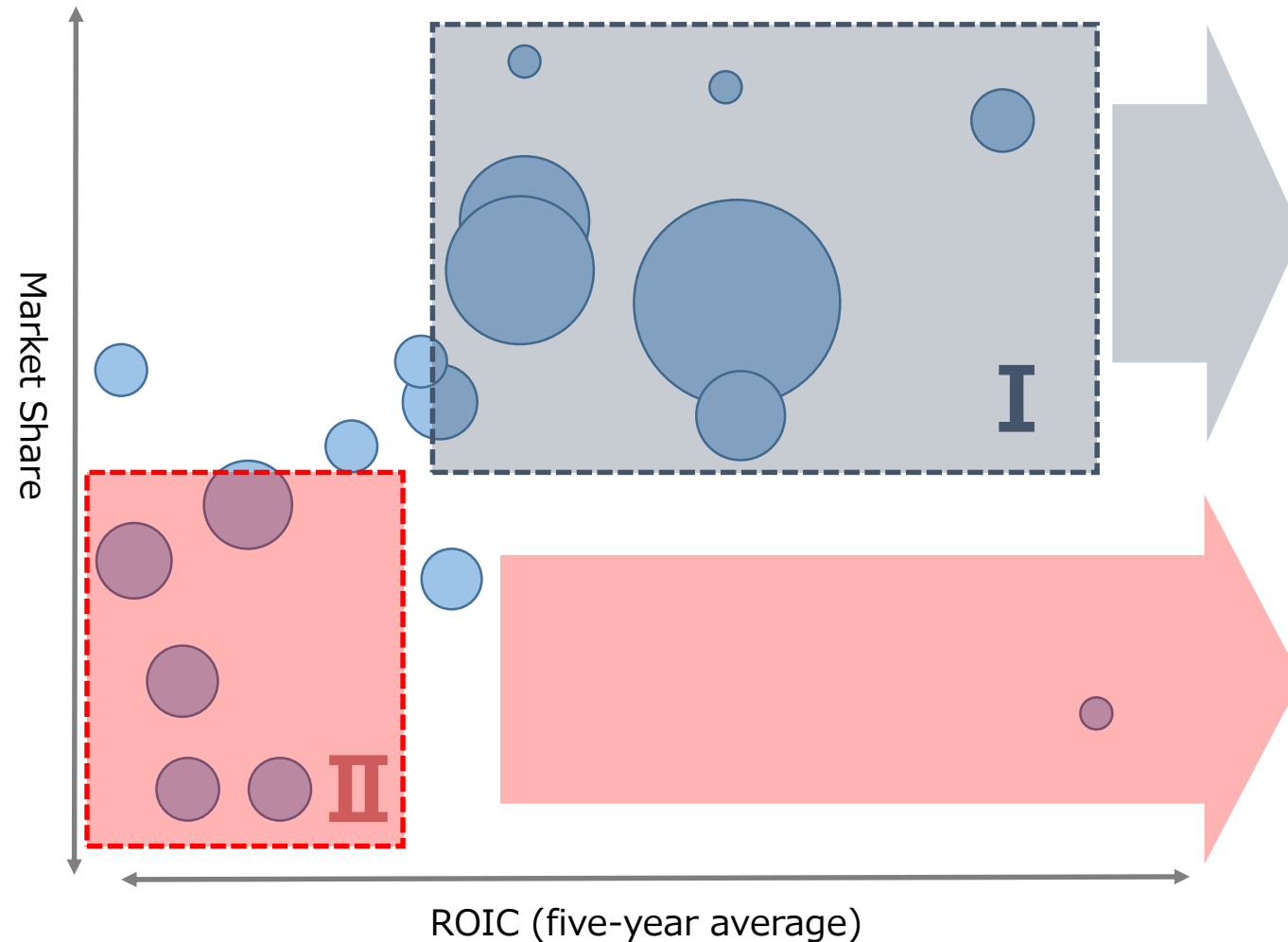
Adding cracking furnace

Diversifying raw materials

Propane cracking etc.

Pursuing product portfolio reform through two approaches

Product portfolio for Basic Materials



I

Bolstering and expanding downstream businesses

Bolstering profitability via our distinctive technologies and products

- ① Higher performance
- ② Bolstering our chains by expanding niche products

II

Pursuing optimization and restructuring

Optimization centered around collaborating with both domestic and overseas partners

- ① Thorough cost-cutting
- ② Optimizing our chains
- ③ Downsizing and going asset-light



HONSHU CHEMICAL INDUSTRY

Founded **1914**

Business

Raw material for high-performance polymer, electrical materials, pharmaceuticals, and agrochemicals

Bases

Wakayama, Japan (Factory, Laboratory)
Germany (Hi-Bis GmbH)

Sales
(consolidated)

21.3B JPY (FY2019)

**Operating
income**
(consolidated)

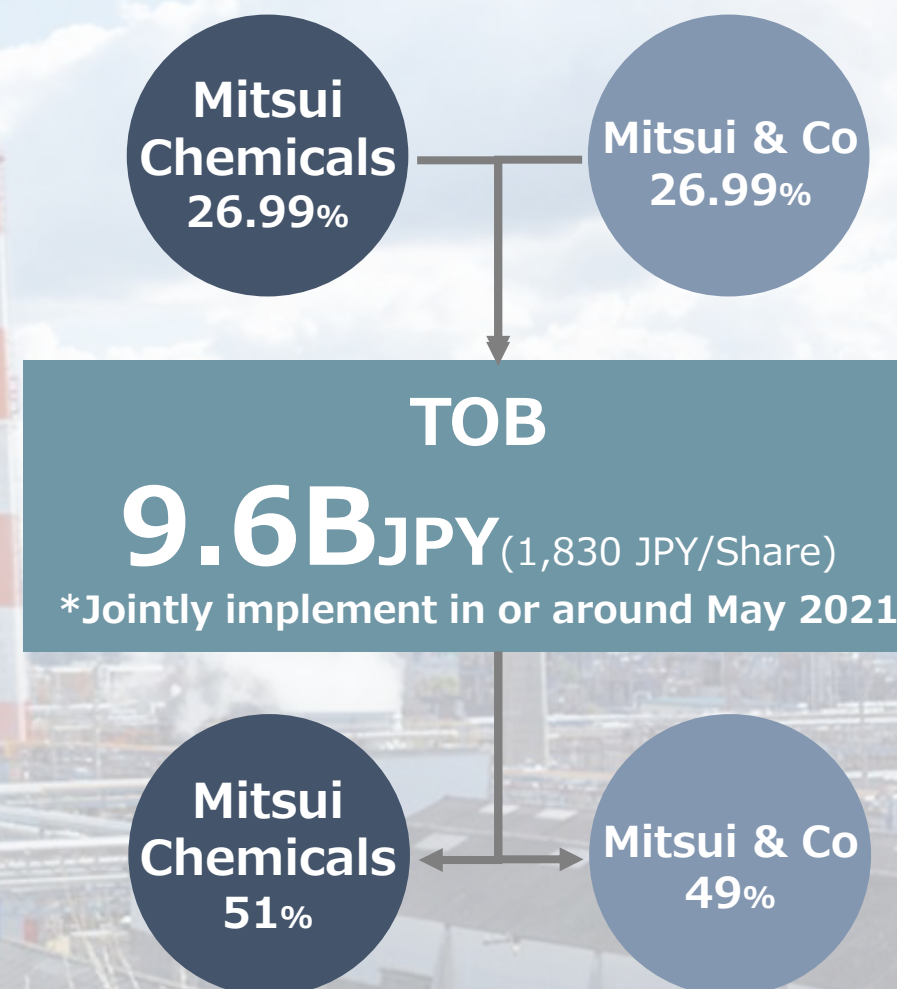
3B JPY (FY2019)

Employees
(Consolidated)

360 persons

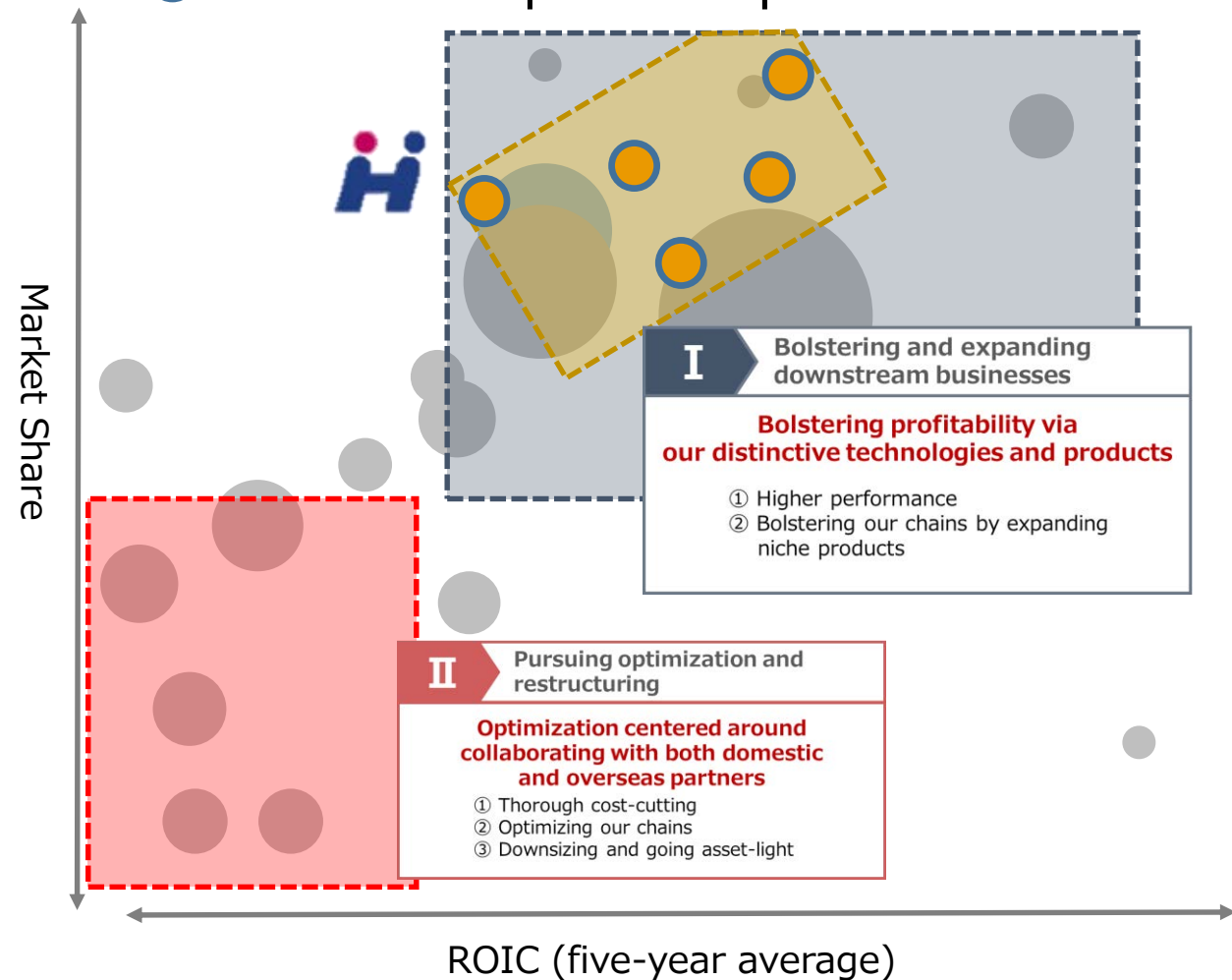
Outline of Takeover Bid

-Friendly takeover bid-

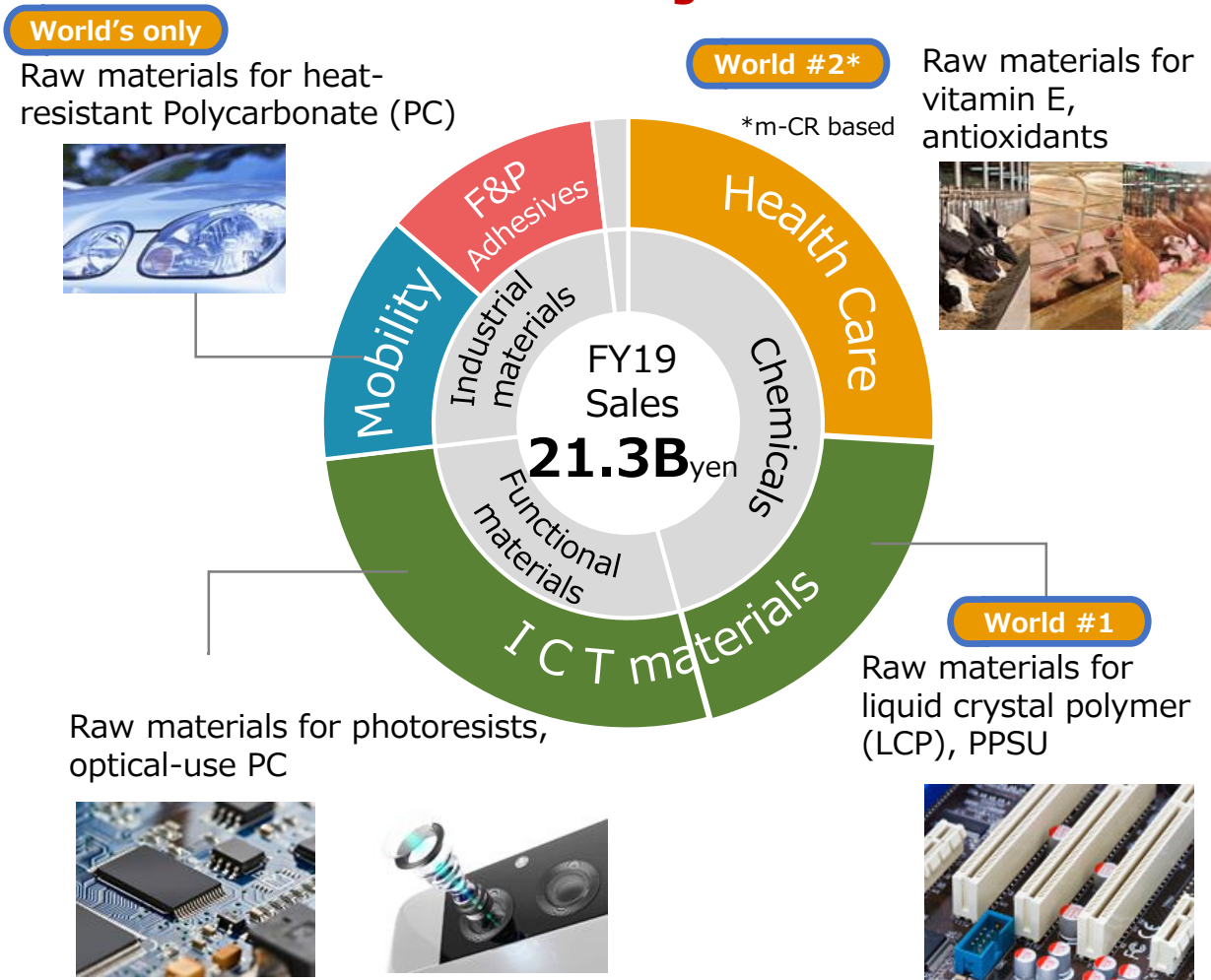


- ① Bolstering aroma chain with an expanded lineup of high-performance monomers for ICT, Health Care
- ② Realizing synergies quickly through increased capital relationship (26.99% → 51%)

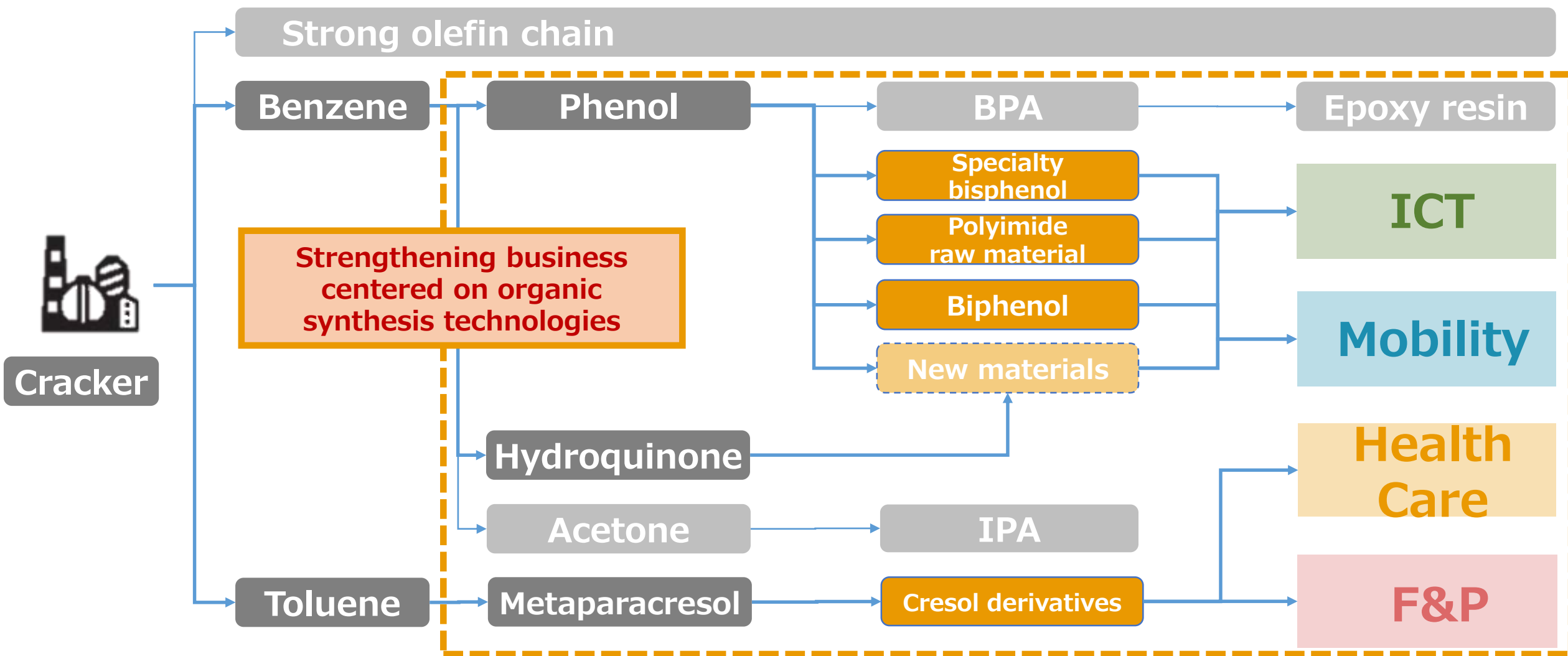
Enhanced product portfolio



Expanded lineup of high-performance monomers for target domains



Expansion and growth for aroma derivatives (high-performance monomers)



① Bolstering existing businesses

② Creating new businesses & products

③ Establishing foundations for sustainable growth

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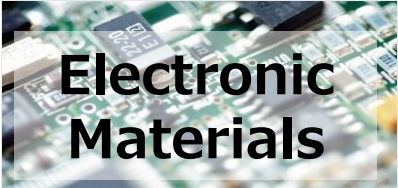


ICT MATERIALS

Actively investing to form our
next target domain

Our next target domain: ICT materials that contribute to digitalization (Sales target: 100B JPY)

ICT-related materials

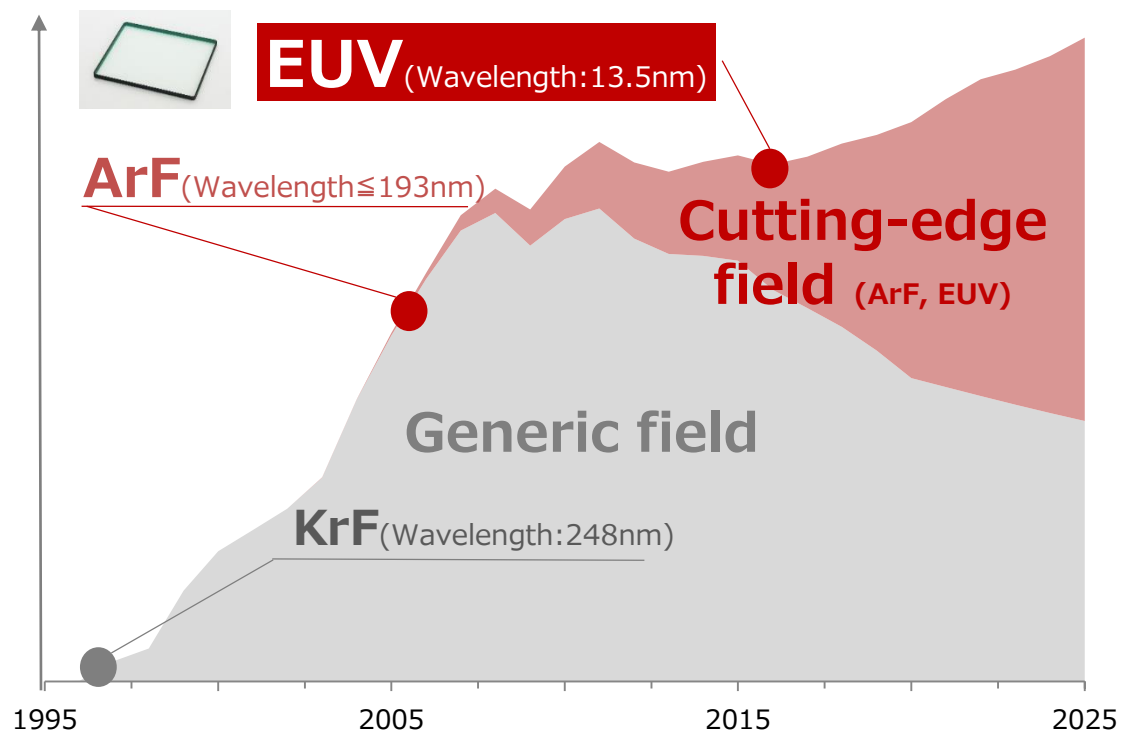
	Mobility	Health Care	F&P	Basic Materials	New Business Incubation Center
 Semi-conductors	Expanding MITSUI PELLICLE™ (ArF, EUV)	Expanding SYNTEX™ nano Filters, etc.	Expanding ICROS™ Tape Process tape for semiconductors	Special gas Silane, disilane, etc. Photoresist raw material	PIVAR™ : Polyimide varnish Semiconductor testing process
 Display & Imaging	TPX™ Reflective film PROVEST™ Reflective parts for LED	TouchFocus™ Next-gen. eyewear Functional dye Color filter Luminous sensitivity adjustment filter	STRUCTBOND™ Sealing material for LCD and OLED	Optical polycarbonate raw material	Display process ECRIOS™ : transparent polyimide Imaging process
 Sensing	Expanding APEL™ Lens material				Sensors & Solutions μFLEX™, PIEZOLA™ Piezoelectric materials
 Electronic Materials	ARLEN™ Modified polyamide 6T		SP-PET™ Film for MLCC Opulent™ Heat-resistant release film	LCP raw material	Packaging process for electronic devices With Elephantech, CONNECTEC JAPAN

EUV pellicle

(Completion: 4Q/FY2020 at Iwakuni-Ohtake Works)

Growing needs for refinement of semiconductor circuits for 5G

Volume



Installing EUV pellicle facilities
Aiming for No.1 pellicle supplier in
cutting-edge fields (ArF & EUV)

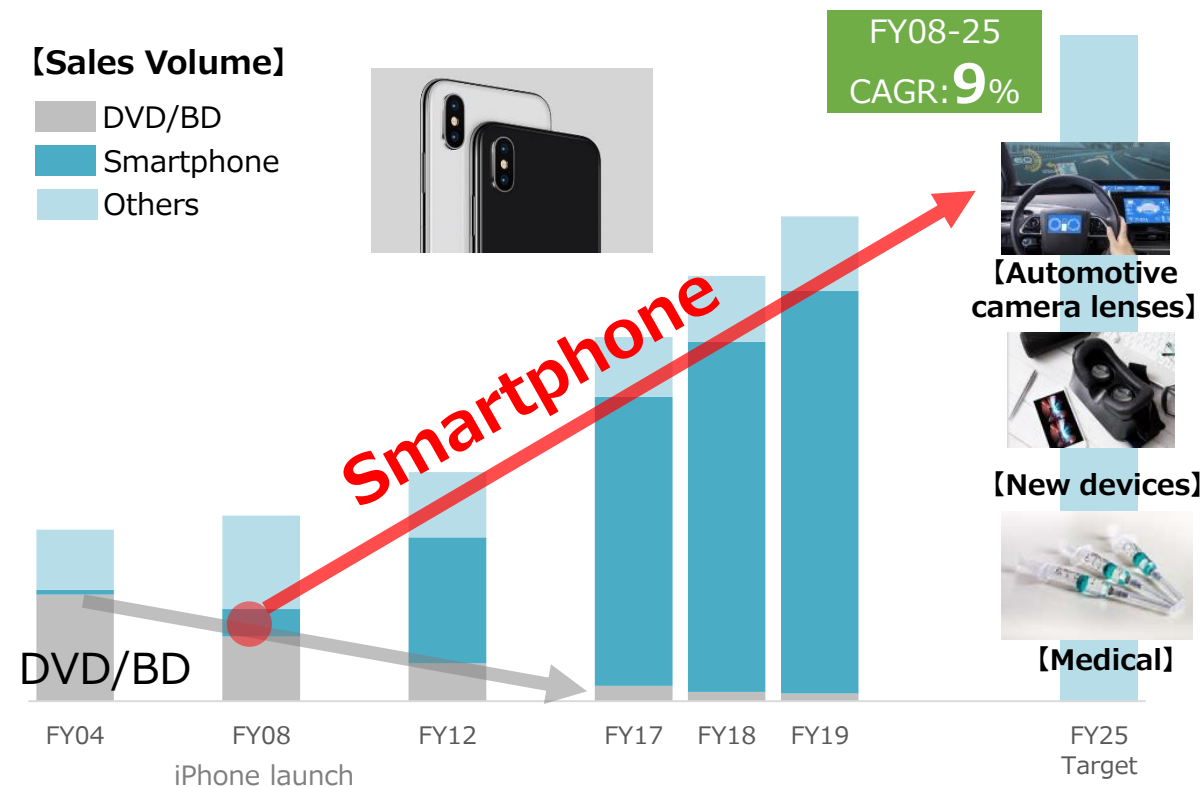
Construction on track for new APEL™ plant

(Completion: March 2022 at Osaka Works)

Steady growth due to multi-lens smartphones

[Sales Volume]

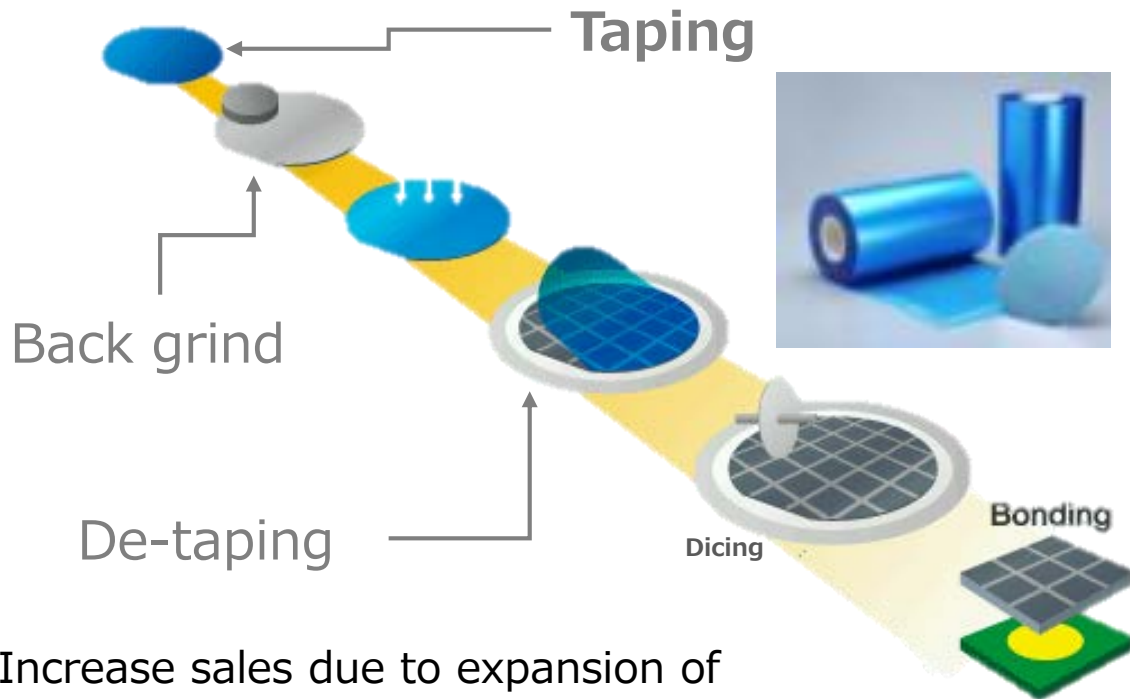
- DVD/BD
- Smartphone
- Others



Considering broader applications
and further expansion

New ICROS™ Tape plant in Taiwan successfully on stream

World's No.1 share protective tape used in semiconductor wafer back grinding

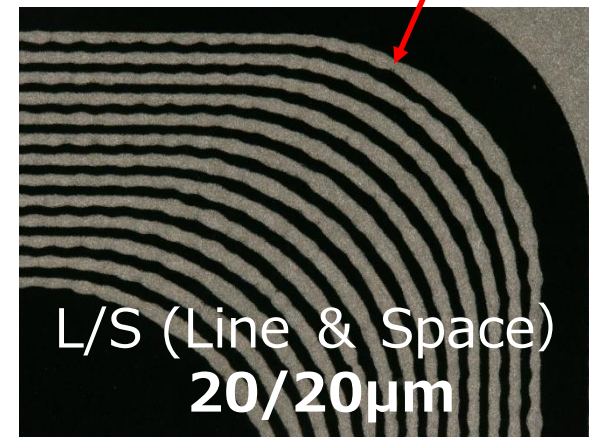
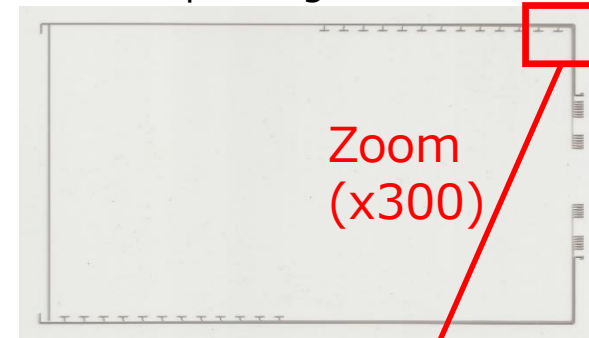


- Increase sales due to expansion of high-performance grade and cultivation of new applications
- Expand demand with start of **5G services**

Further capacity increase under feasibility study

(Mitsui Fine Chemicals) Development of ultrafine screen printing technology

High-performance polyurethane squeegees to enable micro-scale circuit printing



L/S (Line & Space) = 20/20μm
Applications in electrode printing for touch panels

Progress in growth investments and new projects

ICT-related projects (Partial list)		Schedule			
		FY19	FY20	FY21	FY22
New Business Incubation Center					
Semiconductor	EUV pellicle - New plant @Japan				
	ICROS™ Tape - New base @Taiwan				
	Syntex™ nano - Increased capacity @Japan				
Display & Imaging	APEL™ - New plant @Japan				
	ECRIOS™				
	Functional dye for color filter				
Sensing	Functional dye for luminous sensitivity adjustment filter				
	Piezoelectric materials				
	Z-Works: Strategic partnership				
Electronic Materials	Elephantech: Strategic partnership				
	Additive Manufacturing Center with Elephantech				
	Setting up Elephantech's new factory at Nagoya Works				
	CONNECTEC JAPAN: Strategic partnership				



Mobility

Providing solutions that make full use of our comprehensive strengths

Resumed production at all bases along with global recovery in automotive production
Growing needs for lightweighting as various countries shift to EV strategies

North America

Market Outlook $\blacktriangle 25\% \rightarrow \blacktriangle 16\%$

- OEM production trending toward recovery since **July**
- **LGFP operations started in September**



South America

Market Outlook $\blacktriangle 25\% \rightarrow \blacktriangle 23\%$

- Brazilian OEM production trending toward recovery since **August**

Europe

Market Outlook $\blacktriangle 25\% \rightarrow \blacktriangle 18\%$

- **New European base started operations in June**
- Concerns for economic activity amid a second wave of COVID-19



ASEAN+India

Market Outlook $\blacktriangle 30\% \rightarrow \blacktriangle 29\%$

- **Thai expansion completed; operations started in September**
- Thai and Indian OEM production trending toward recovery since **August**

Japan

Market Outlook $\blacktriangle 20\% \rightarrow \blacktriangle 15\%$

- **Established a production system for LGFP**
- OEM production trending toward recovery since **September**

China

Market Outlook $\blacktriangle 15\% \rightarrow +15\%$

- **Production uptick continuing at higher rate than last year**
- **Construction of LGFP facilities completed in June**



Acquiring DIC Kako's SMC and molding operations
to strengthen our own SMC business and fiber-reinforced composite materials
(Set to launch as JC Kako in December 2020)

70% increase to SMC production capacity

Establishing an integrated supply chain
spanning raw materials to molding

Unsaturated polyester resin

SMC

Compression molding

Japan Composite

20
KTA

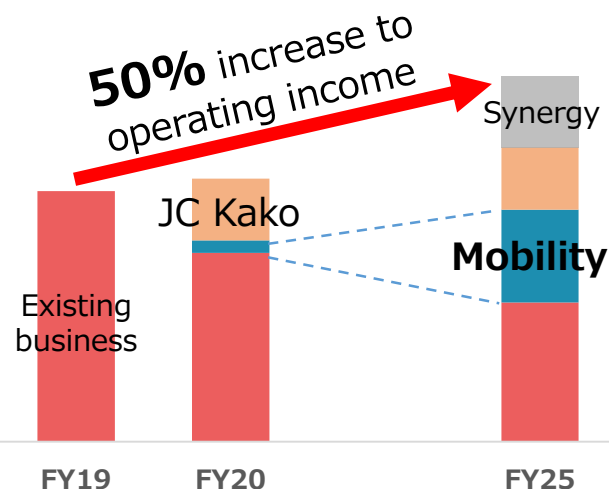
Molds: Kyowa Industrial Design: MDC*, ARK

13
KTA

JC Kako (DIC Kako)

*Mobility Development Center

50% increase to operating income



Strengthen total solutions

- ① Leaning on our strengths to roll out residential applications
- ② Capturing growing demand in the mobility sector (for GF- and CF-reinforced resins)

Light weight

Strength

Surface quality

Heat resistance

Rigidity

Dimensional stability

Increasing adoption in automotive parts

Replacing metals to significantly improve weight and freedom of design

Hoods



Fenders

Tailgate lifts (rear door)



EV battery cases



Construction finished for new LUCANT™ plant (20KTA; set to begin operations in April 2021 at Ichihara)

Increasing production capacity for TAFMER™ (25KTA; After 3Q/FY20 in Singapore)



Iwakuni-Ohtake

20
KTAIchihara
(Apr. 2021)Ceremony for end of construction
in November 2020

③ Functional liquid polymers

- Resin modifiers
- Sliding agents for engineering plastics
- Molding aids
- Silicone-free defoamers

Utilizing materials expertise
to develop new applications

Tie-up with U.S.-based Lubrizol

World's largest manufacturer
of lubricant additives

Fuel efficiency

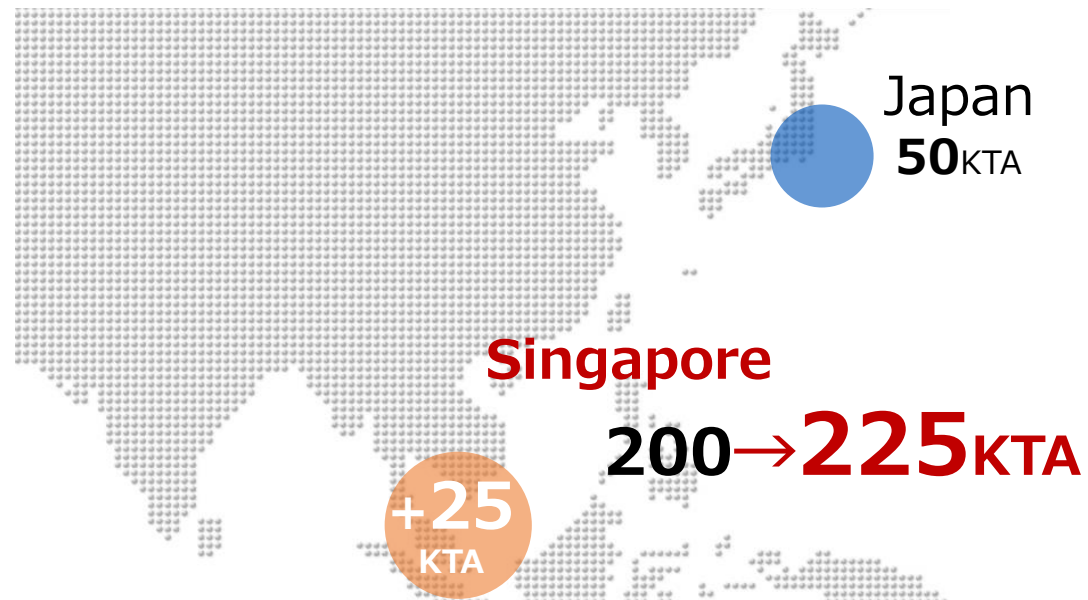
① Automotive lubricants

Driveline lubricants
(for differentials, transmissions)



② Industrial lubricants

Gear oil, grease, hydraulic oil

Japan
50KTA

Singapore

200 → 225 KTA

+25
KTA

Mobility



Packaging



Shoes & Encapsulants



Engineering plastic modifiers



Expanding our pipeline for monetization projects for FY21 onward;
moving into a phase where we can reap the rewards of our investments

Mobility investment projects (partial list)		Capacity (KTA)	Schedule for profit contribution						Note
			Stable growth			Accelerate growth			
			FY17	FY18	FY19	FY20	FY21	FY22	
PP Compounds	Increased capacity@India	10							✓Global top strategy in 8 global bases ✓Increase in automobile production ✓PP usage continues to increase along with lightweight needs
	Increased capacity@N.A	20							
	Increased capacity@Mexico	10							
	Increase capacity@Thailand	13							
	New base@Netherlands	30							
Long glass fiber reinforced PP	Increase capacity@Japan	3.5							✓Establish 3-base global network ✓Expand resin parts
	New base@N.A	3.5							
	New base@China	3.5							
Performance Compounds	MILASTOMER™: Increased capacity@Japan	5							✓Global expansion ✓Enhance solution capability
	MILASTOMER™: Acquired TPS business	-							
	MILASTOMER™: Increase capacity@N.A	6							
	MILASTOMER™: Increased capacity@Japan	-							
	ADMER™: Increased capacity@Japan	-							
LiB related materials	Electrolyte: Increased capacity@Japan	5							✓Adopted by major LiB manufacturer in Japan and China utilizing original additive technology ✓Secure global standard position in LiB separator material
	Electrolyte: Increased capacity@China	5							
	HI-ZEX MILLION™: Increased capacity@Japan	1							
Elastomers	TAFMER™: Increase capacity@Singapore	25							✓Secure global top share
	Specialty TAFMER™: Increased Capacity@Japan	-							
Semiconductor materials	EUV pellicle: New facility@Japan	-							✓Be a No.1 in cutting-edge area
Lubricant oil materials	LUCANT™: New base@Japan	20							✓Expansion with Lubrizol
Solution	Acquired ARRK	-							✓Offer total solution globally ✓Promote trend toward resin
	ARRK: wholly own subsidiary	-							
	Mobility Development Center	-							
	Design & Solution Center	-							
	CoE	-							

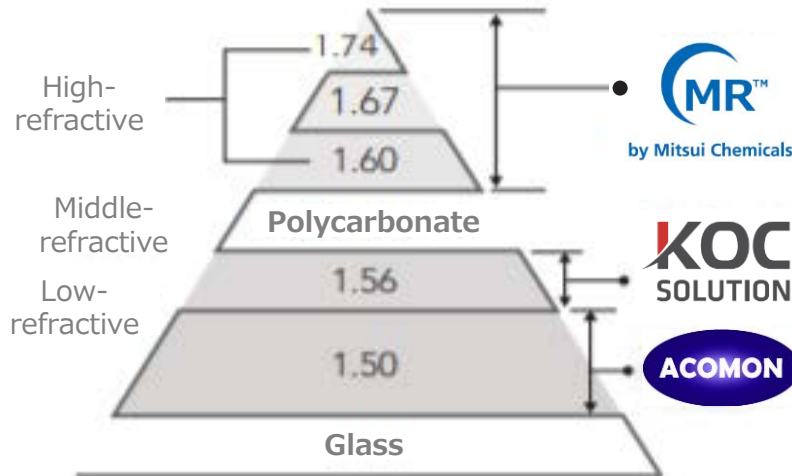


Health Care

Providing products & services
that contribute to quality of life
through chemical innovations

Sales growth for lens monomers

- ① Making sure to capture global demand growth
- ② Switching to MR™ Series in North American polycarbonate market



Start of new initiative with major North American retailer

(October 2020)

- ✓ MR™ receiving good feedback for its strength and optical properties (clear vision)
- ✓ Starting a full, step-by-step switchover from polycarbonate

Strengthening operations for coating materials

Acquired COTEC, a German manufacturer of hydrophobic, antireflective coatings

(October 2020)

Fleshing out our lineup of lens coatings

A leading company in hard coatings

SDC

Technologies

Hard coatings

Anti-fog coatings

Coating equipment

Technology for deposition and thin-film coatings

COTEC

Ultra-hydrophobic nano-coatings

Anti-reflective coatings

Coating equipment



Non-coat Coated

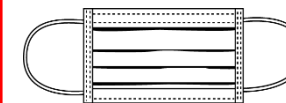
Making global contributions to QOV (Quality of View)

Capacity expansion completed in line with growing nonwovens demand Speeding up rollout for industrial use



October 2020

Increased production capacity for
TEKNOROTE™ for mask nose clamps
(approx. 150% increase)



April 2020

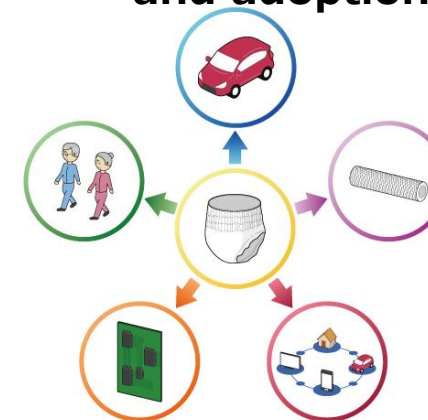
- Established emergency supply system for medical gowns (10 million per month)

October 2018

- Increased production capacity for soft nonwovens (15KTA, Nagoya)
- Increased production capacity for stretchable nonwovens (6KTA, Yokkaichi)

Bolstering our rollout
for industrial use

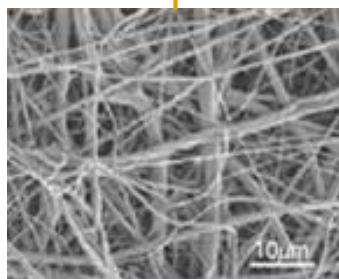
Progress in development of
and adoption in new applications



- Mobility
- Filters
- IoT products
- IC products
- Medical

May 2020

- Developed new mask with Nagoya University



January 2020

- Increased production capacity for meltblown nonwovens (50% increase)



Food &

Packaging

Providing solutions for world
food problems and seizing new
business opportunities

Speeding up overseas rollout of agrochemicals

TENEBENAL™ Dinotefuran

Agrochemical
(BASF & our channels)

Vector
(IVCC; Gates Foundation)

Agrochemical



Registered in
5 countries
Started sales

Malaria
eradication efforts

- Priority agreement with IVCC
- Plans to start large-scale trials in Africa

Applications in
7 countries

Sales growth
in **Brazil**

For sugarcane,
soybeans, coffee

More
countries

Advancing
development

Pursuing
local growth

Considering further production increases

New material that senses temperature while conforming to the contours of human body

HUMOFIT™

CONCEPT

HUMAN + THERMO + FIT =

- Temperature dependency
- Shape memory

HUMOFIT™
website



Apparel



Mobility



Sports



Health & Nursing



Vibration &
Sound proofing

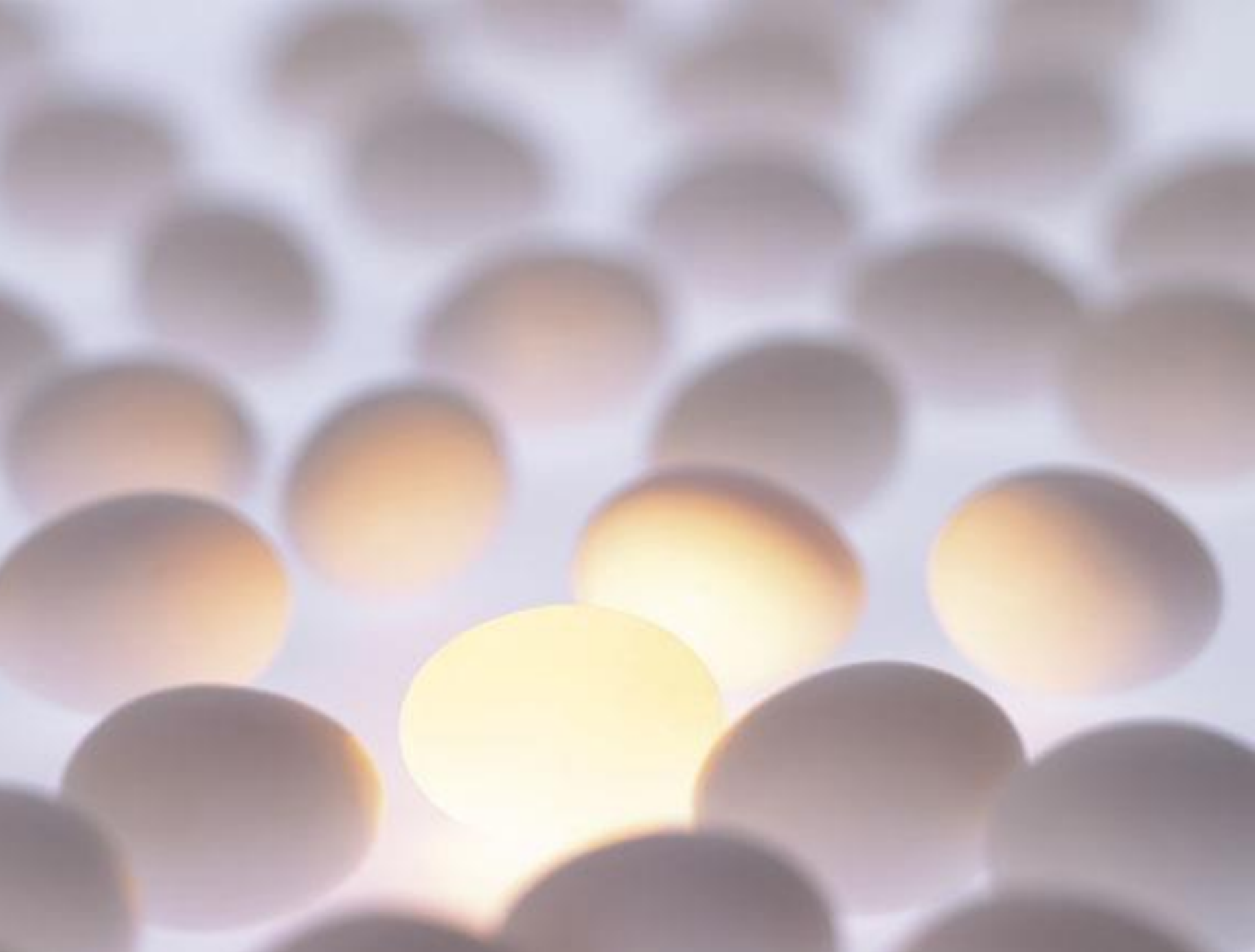


MATERNITY

Development of women's underwear able to accommodate changes in body size



HUMOFIT™



New Business

Incubation Center

Pursuing creation and early-stage
development of future new businesses

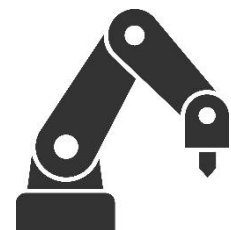
Exploring and creating new businesses in all fields

NEW BUSINESS
INCUBATION CENTER



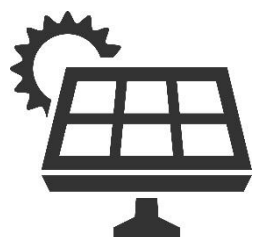
ICT
MATERIALS

Creating new businesses to become our next target domain



ROBOT
MATERIALS

Developing materials and components for industrial and communications robots of the future



ENERGY
SOLUTIONS

Solar and wind power generation business
Solar power generation diagnostics business (Japan, India)



OPEN
INNOVATION

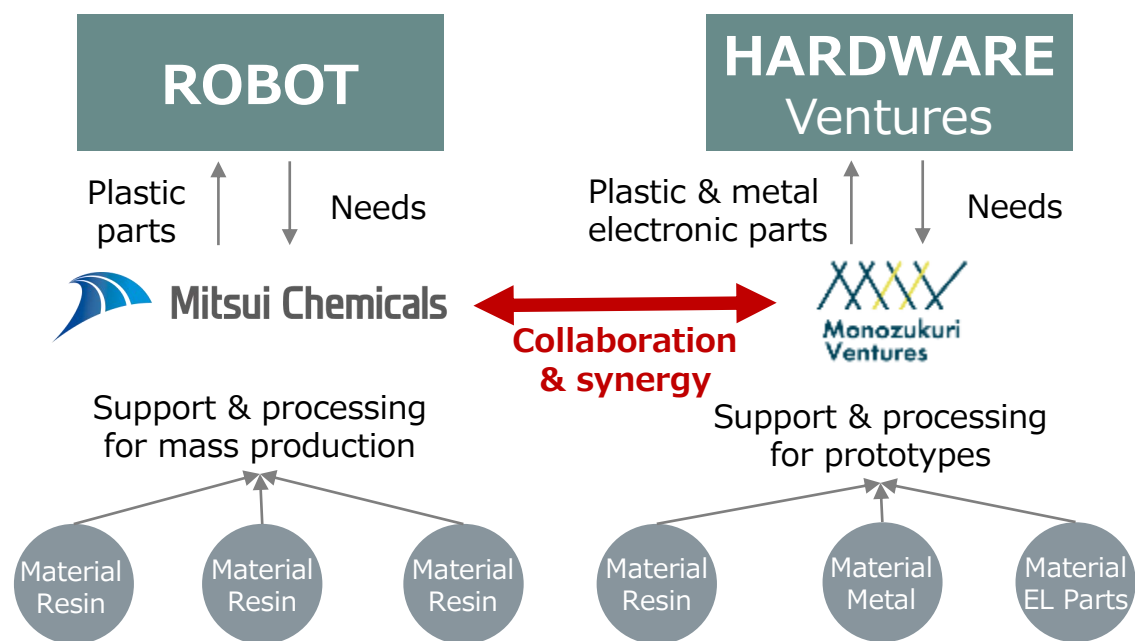
Nexus for open innovation & CVC

*Medical Solutions business transferred to Health Care segment

Investment into Monozukuri Ventures (Nov. 2020)



Venture capital and technical consulting for hardware startups
(operating in Japan & North America)

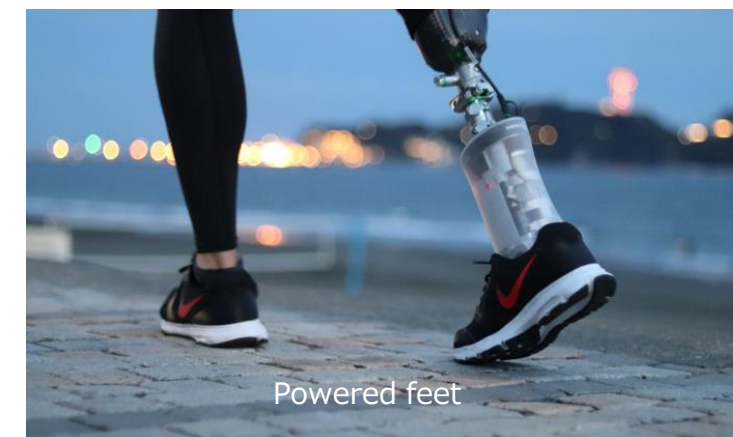


Helping customers speed up the path to mass production

Production support for powered prosthetic legs (BionicM)



Supporting, and collaborating on multiple parts for,
manufacturing with an aim toward mass production



Left: HIGUCHI Kentaro, athlete
Right: SUN Xiaojun, CEO

Sights set on CYBATHLON 2020

An international sporting competition where
people with disabilities are supported by
state-of-the-art technology

4 PRIORITIES

01

Response to COVID-19

- ① Strengthening financial infrastructure and securing cash flow for further downside risks
- ② Making substantive contributions in the fight against COVID-19

02

Solidifying reform for Basic Materials

- ① Solidifying further restructuring plans before the end of FY2020 for our Basic Materials segment to reduce volatility

03

Speeding toward business portfolio reform

- ① Securing returns from our investments in Mobility, Food & Packaging segments and actualizing a new growth model swiftly
- ② Accelerating growth through active investments in ICT, Health Care domains

04

Toward a New VISION 2030

- ① Addressing changes in a post-COVID-19 society
- ② Further pursuing and developing our ESG and triple bottom line management
- ③ Work style reform

New Society / New Values

Digital shift

Industry restructuring

Centralization → decentralization

Changes in human activity

Environmental awareness

Manufacturing

- Decentralization and strengthening of supply chains
- Review of integrated globalization efforts
- Data driven manufacturing by DX
- Open and locally based joint efforts with industries, ventures and academia

Individualized work styles

- Creation of organizational setups, business systems and HR systems compatible with new work styles
- "3C" business culture based on employee's initiative and free thinking (Creativity, Communication, Collaboration)
- New organizational infrastructure between individual and company

ICT

- Surge of digitalization in industries across the board; growth for communications/ semiconductors/ IoT devices; burgeoning new industries

Mobility

- CASE
- Comfort
- Merging of digital and analog (Design, supply chains, modularization)

Health Care

- Acceleration of DX
- Monitoring & modeling
- Online services
- Hygiene & distancing

F&P

- Stronger supply chain for self-sufficient food supply
- Transport & preservation technologies
- Evolution in packaging

ESG

- Stakeholder capitalism
- Green recovery
- Carbon neutral
- Circular economy

Tackling climate change and plastic waste to achieve circular economy

Plastic waste

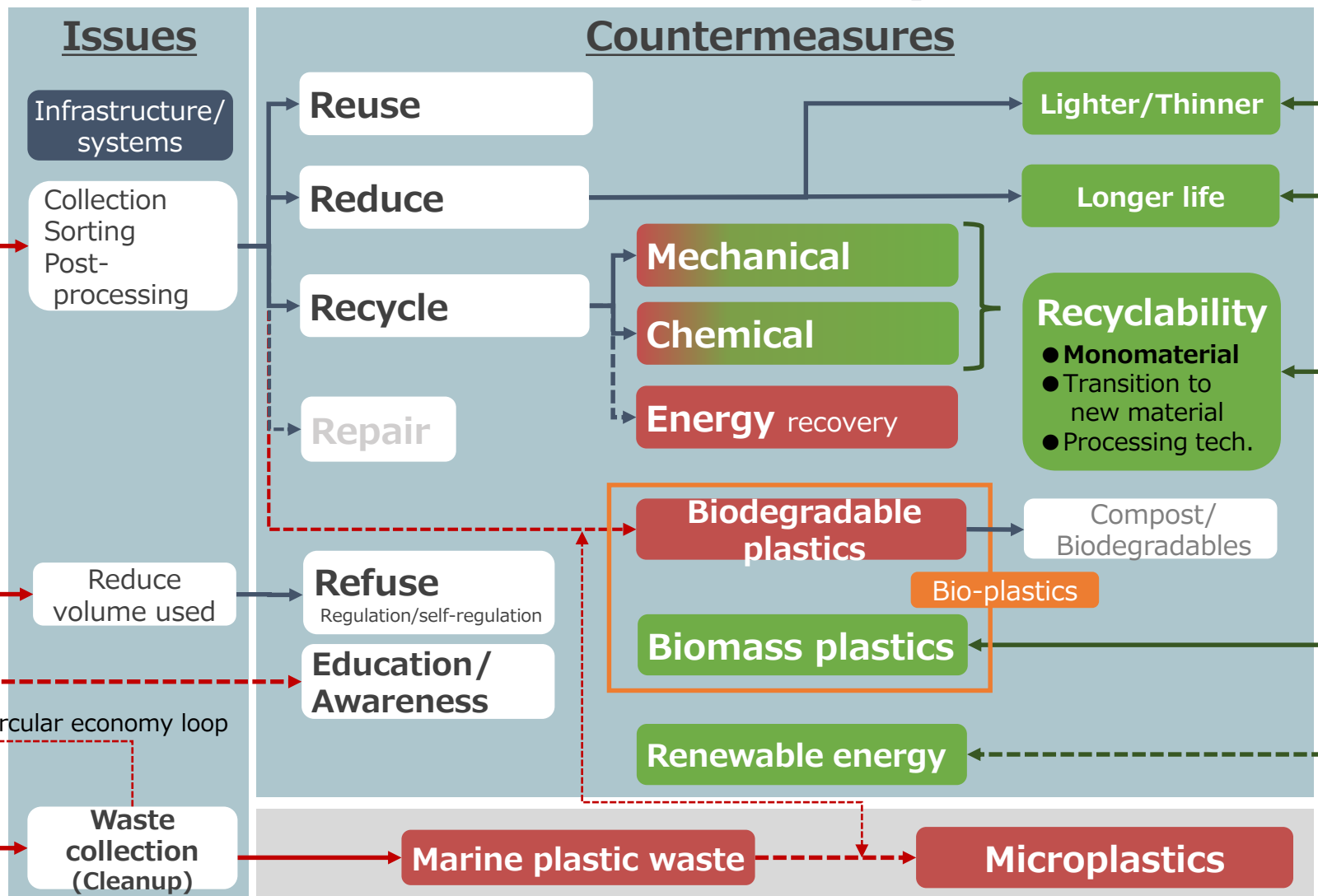
Circular Economy

Climate change



Prevent leakage

(Industry initiatives)
AEPW*1
CLOMA*2
JaIME*3



Paris Agreement

Reduce CO₂
Popularize biomass plastics
Reduce greenhouse gas emissions

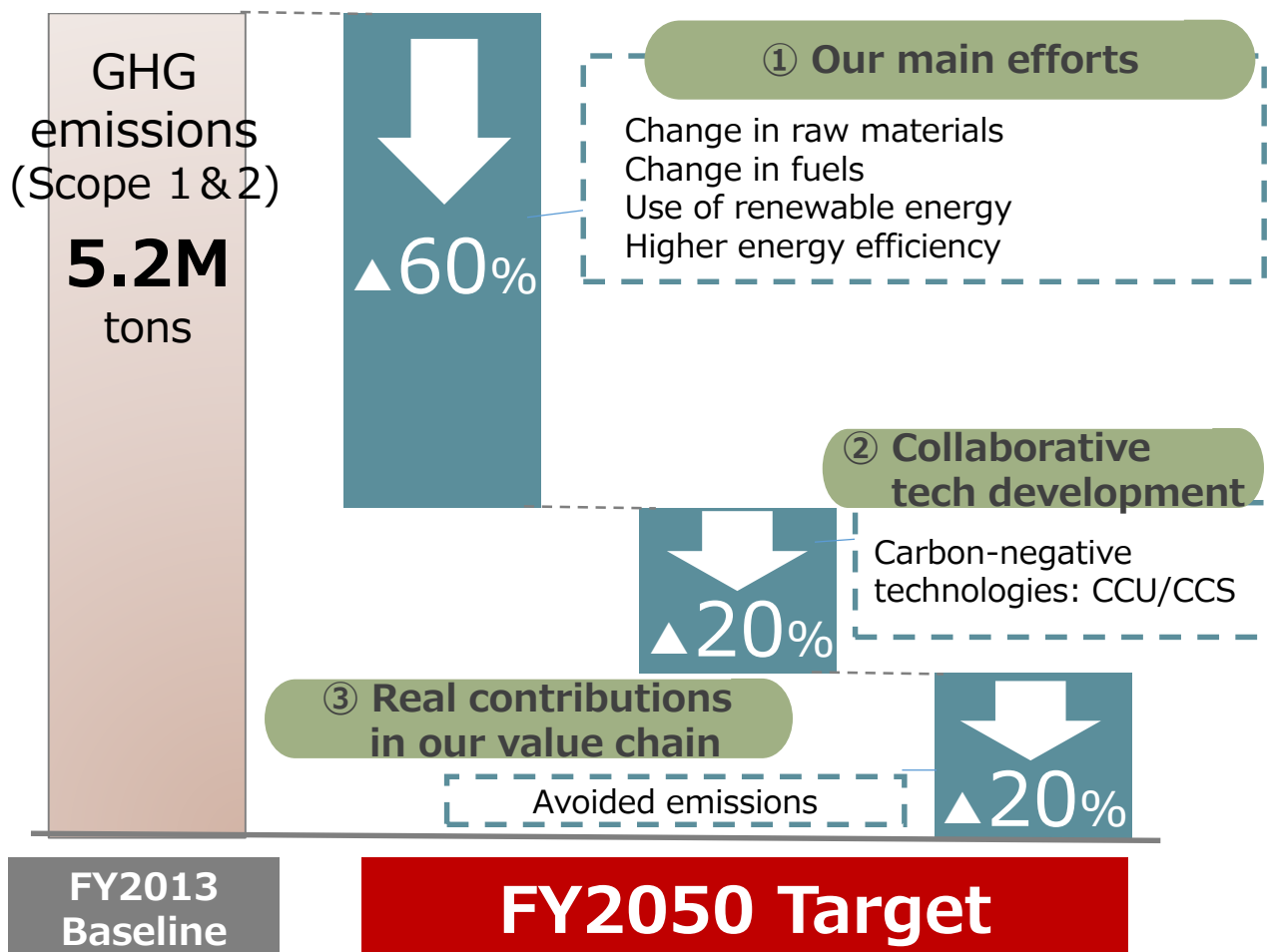
Climate change measures in each country



*1) Alliance to End Plastic Waste
 *2) Japan Clean Ocean Material Alliance
 *3) Japan Initiative for Marine Environment
 *4) TCFD; Declared support in Jan. 2019

Using a three-pronged approach to reach **net zero GHG emissions**

Going step-by-step as we aim for net zero emissions by 2050



	(Examples)	(GHG emissions reduction)
①	Change in fuels	Use of LNG cold energy (October 2010, Osaka) ▲38KTA
	Change in fuels	Introduction of high-efficiency gas turbines (November 2020, Osaka) ▲70KTA
	Change in raw materials	Looking at biomass raw materials, chemical recycling -
	Change in raw materials	Pilot project for bio-PP (with MoE) ▲420KTA (per 100KTA of bio-PP)
	Renewable energy	Tahara Solar-Wind Power plant in Mobara ▲32KTA
②	Use of CCU technologies	CO ₂ -to-methanol process (with METI, NEDO, Kyushu University) -
	CO ₂ -free hydrogen	Artificial photosynthesis project (with NEDO) -
③	Expanding Blue Value™ products	Sales target of 1.5T yen Target ▲1,000KTA

Mitsui Chemicals Group to become a **carbon neutral company** by 2050

1

To make major contributions to social reform by pursuing net zero GHG emissions by 2050

2

Working with customers to achieve widespread implementation of GHG-reducing products, allowing us to maximize our avoided emissions

Aiming to facilitate diverse working styles, **improve engagement and maximize productivity**

Improved labor productivity = higher competitiveness

Optimization

Maximization
(more quality & diversity)

Higher engagement

Work style reform Phase I

Work style reform Phase II

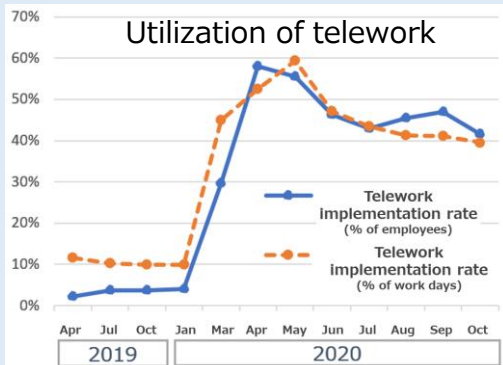
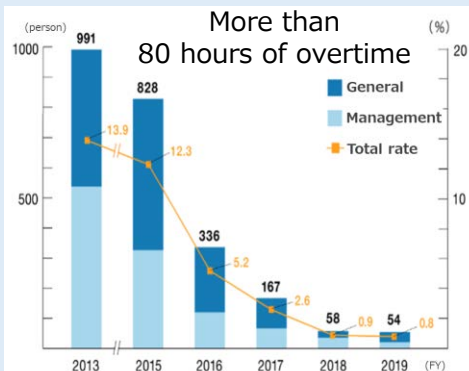
President's Work Style Reform Declaration (2017)

Reducing overtime

Introducing telework system

System of flexible hours

Encouraging days off



COVID-19

"Taking initiative, Sense of duty & Collaborative structure"

Combining the power of individuals to form an organization of comprehensive strength

Human resources strategy

Corporate culture

Business operation system

Evaluation system

Making our expanded telework system permanent

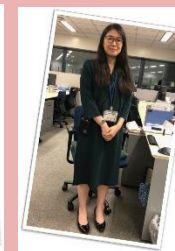
Adopting casual dress

Creating guidelines for side-jobs

April 2021 onward

August 2020 onward

January 2021 onward



Gaining different experiences outside and working with diverse talents

Expand horizons and develop abilities

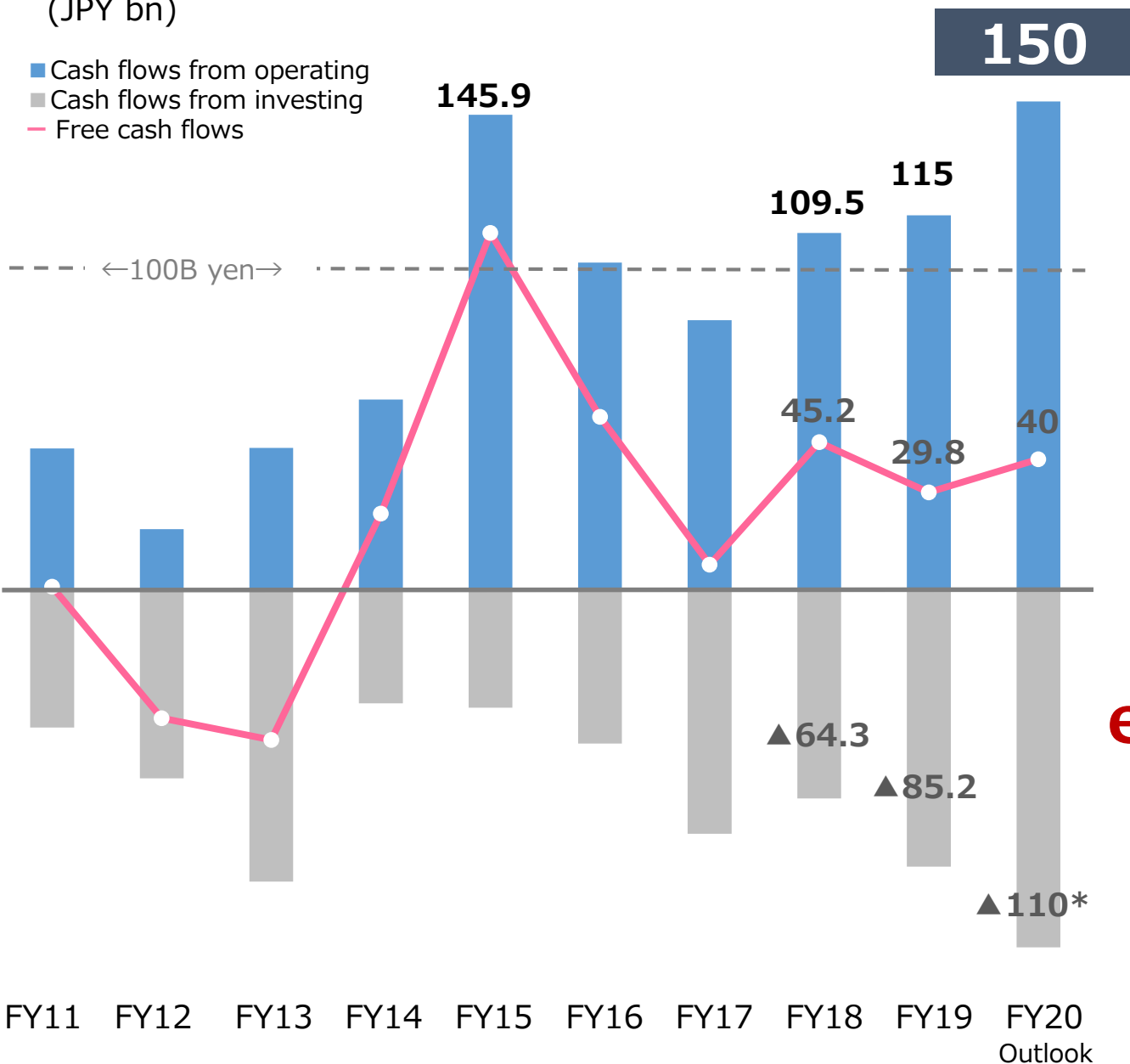
Pursuing systems and infrastructure that will facilitate the **best mix** of work styles for each country and region

Contents

- ▶ **Business Performance**
- ▶ **FY20 Strategic Policy and Progress**
 - Direction of Transformation in Basic Materials
 - Topics on Targeted Business Domains
 - Toward a New VISION 2030
- ▶ **Financial Overview**

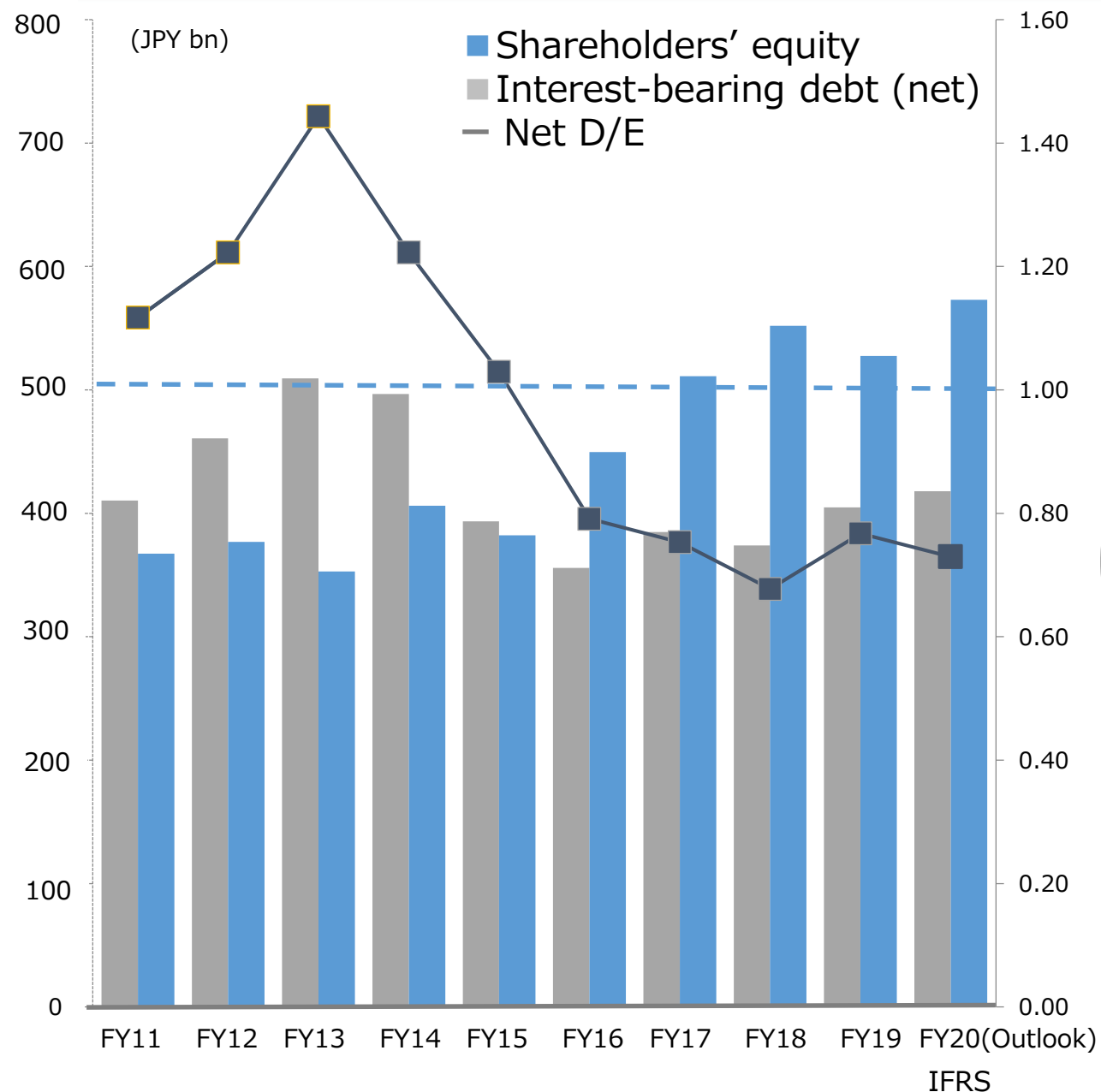
(JPY bn)

- Cash flows from operating
- Cash flows from investing
- Free cash flows



Operating cash flow remains at high level even amid COVID-19 recession

*As we move over to IFRS, repair expenses for FY20 will be factored into assets as capital expenditure (29B yen)

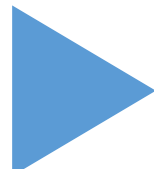


FY20 (IFRS)

Net D/E

Initial Plan

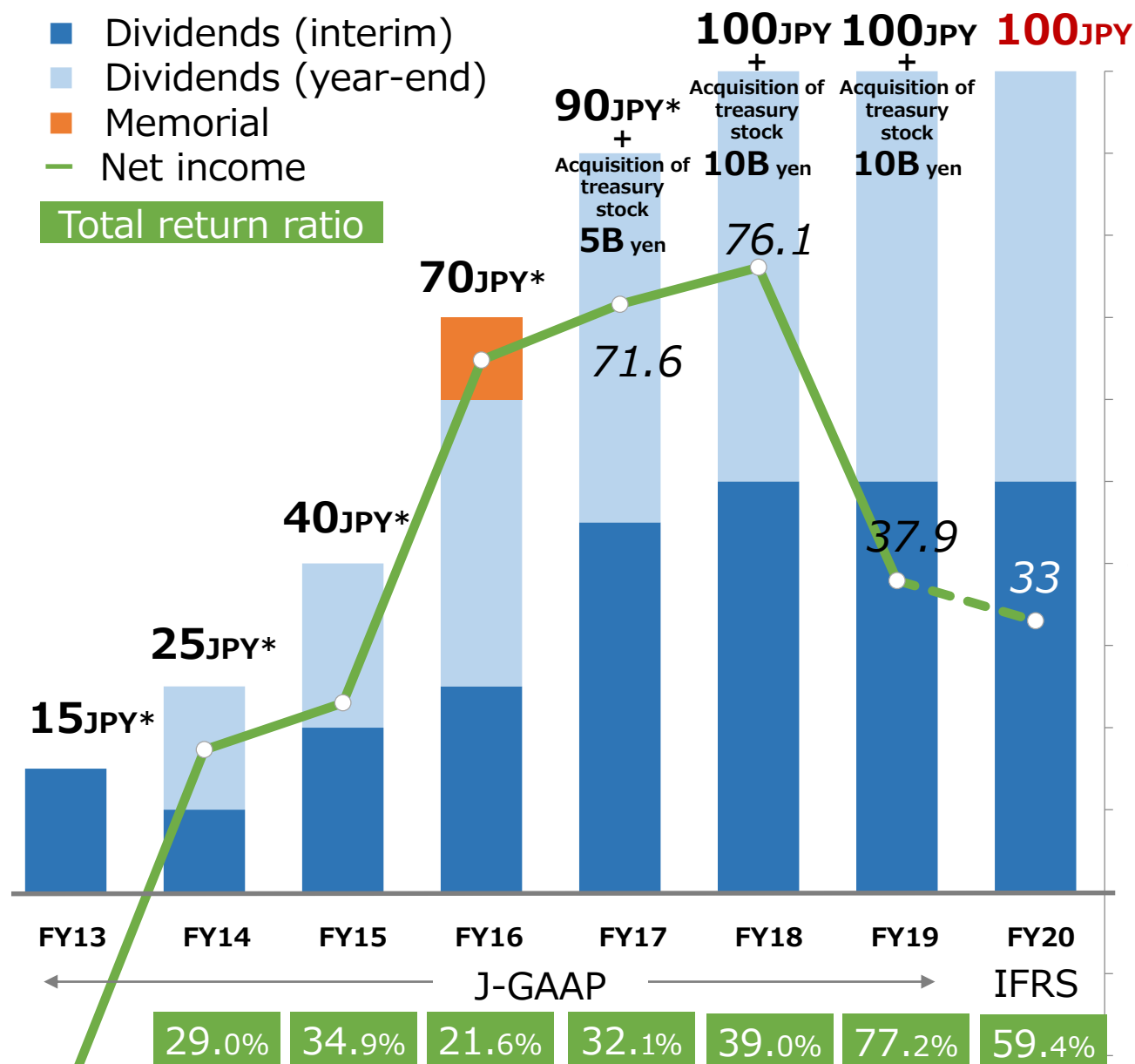
Revised Outlook

0.80  0.73

**Improving
financial position
even amid COVID-19
recession**

- Dividends (interim)
- Dividends (year-end)
- Memorial
- Net income

Total return ratio



*Dividends recalculated based on share consolidation

Interim

Year-end

FY20

$$50 \text{ JPY/share} + 50 \text{ JPY/share} = 100 \text{ JPY/share}$$

Total return ratio : 59.4%

Shareholder return policy

- Target total return ratio: **30% or more**
- Stable and continuous dividend
- Flexibly acquire treasury stock

Reviewing

VISION
2025

2,000

200
(10%)

—

10%
or more8%
or more0.8
or less30%
or more

(JPY bn)	J-GAAP		J-GAAP	J-GAAP	IFRS		Reviewing
IFRS	FY15 Results	»»	FY18 Results	FY19 Results	FY20 Outlook	»»»	VISION 2025
Sales revenue* ¹	1,344	»»	1,483	1,339	1,175	»»»	2,000
Operating income before special items* ¹ (ROS)	70.9 (5.3%)	»»	93.4 (6.3%)	71.6 (5.3%)	50.0 (4.3%)	»»»	200 (10%)
Net income attributable to owners of the parent* ¹	23.0	»»	76.1	37.9	33.0	»»»	—
ROE	5.8%	»»	14.3%	7.0%	6.0%	»»»	10% or more
ROIC* ²	4.9%	»»	5.7%	4.4%	2.9%	»»»	8% or more
Net D/E	1.03	»»	0.68	0.76	0.73	»»»	0.8 or less
Total return ratio	34.9%	»»	39.0%	77.2%	59.4%	»»»	30% or more

*1) Using net sales, operating income and profit attributable to owners of parent for J-GAAP

*2) ROIC (return on invested capital) = NOPAT/invested capital

To seize opportunities brought by new values, needs, risks and other rapid social changes in the post-COVID world, we will review our long-term business plan with an eye toward a new vision for our Group, which links strategic, organizational and technological approaches

The background of the slide is a vibrant blue sky filled with soft, white, fluffy clouds. A large, solid blue arrow points from the left side of the image towards the right, partially overlapping the sky and the white background on the right. The text is centered within the blue sky area.

**Creating new customer value and
solving social challenges
through business activities**

0→1 MAKE IT HAPPEN



Mitsui Chemicals

Challenge Diversity One Team

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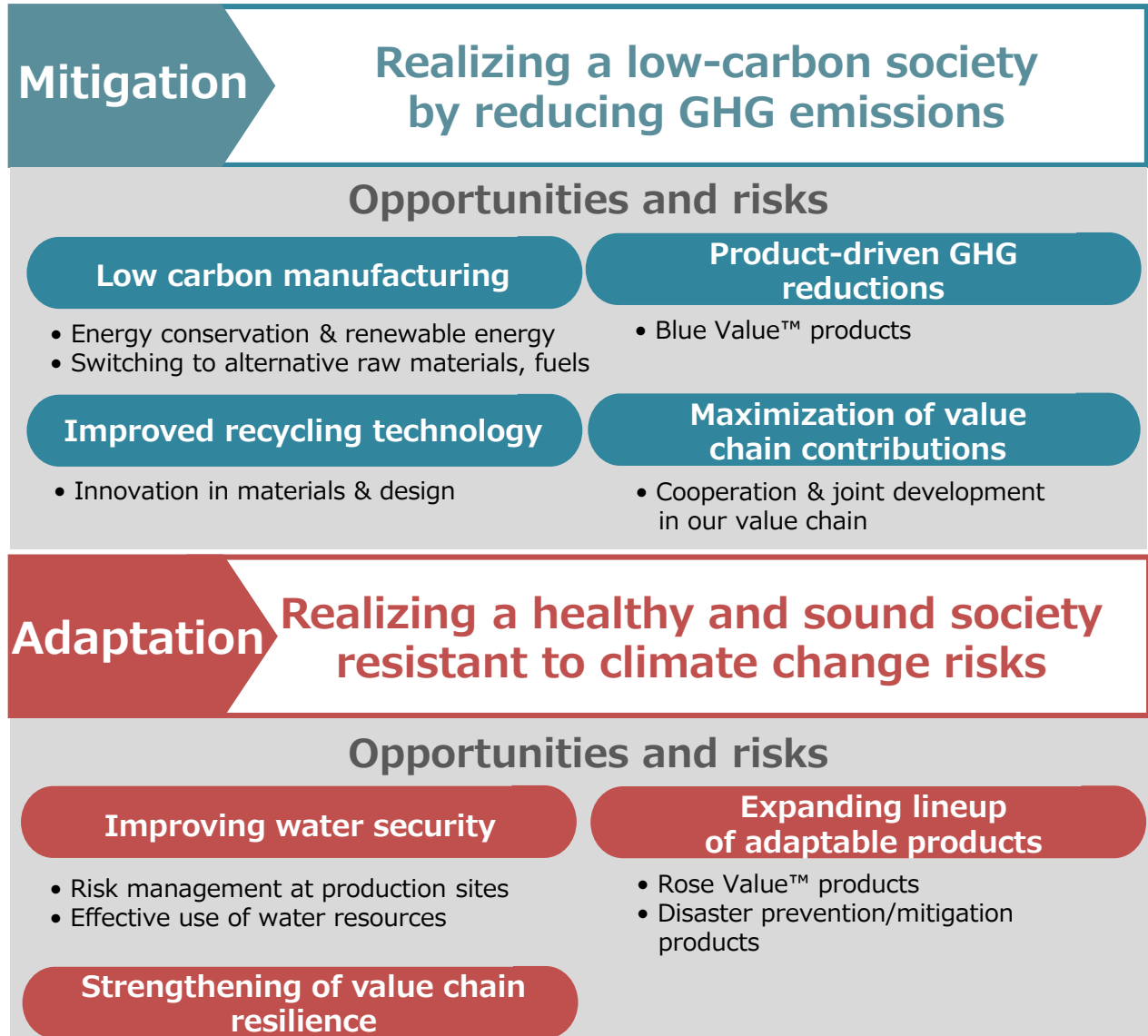
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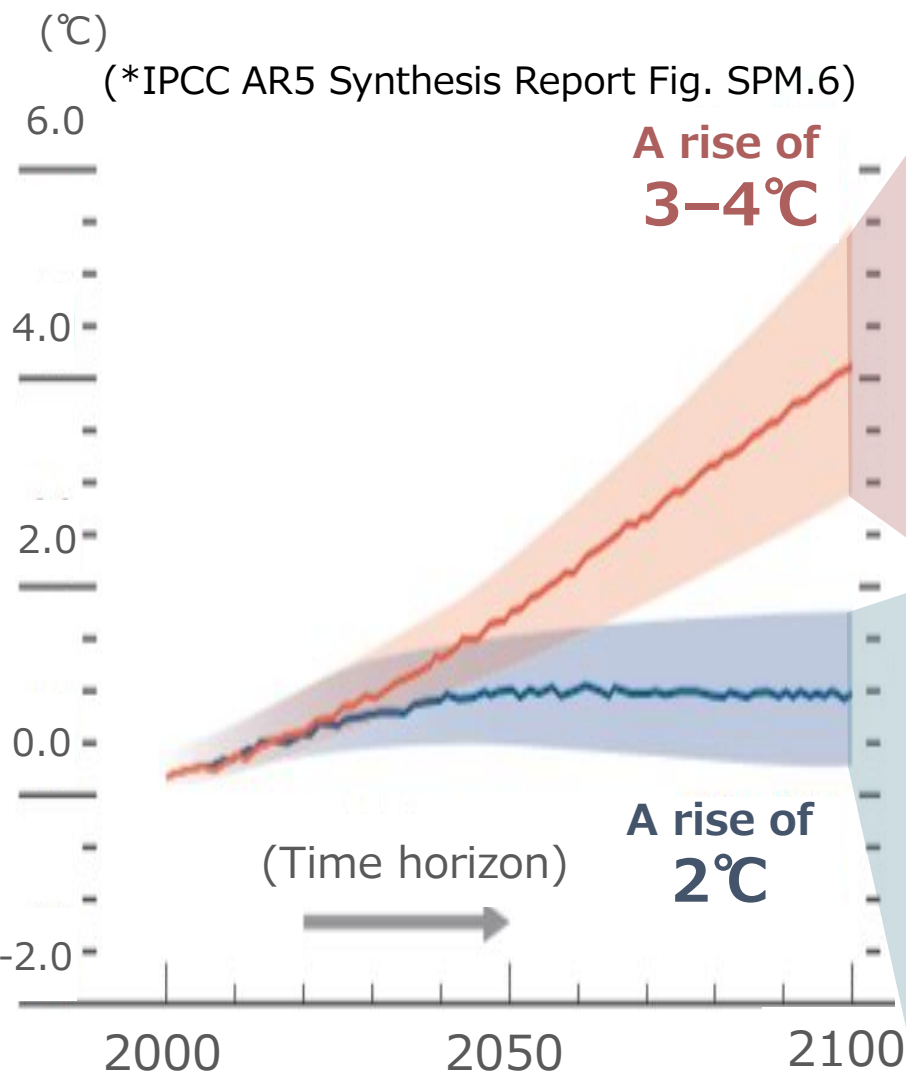
Launched a company-wide structure (June 2020)



Climate change policy (May 2019)



Carrying out scenario analysis and business impact evaluations to help devise and execute a concrete strategy



Scenario analysis (2050)

(GHG emissions rise 30%)

- ◆ Carbon prices rising
- ◆ Demand rising for fossil-fuel energy and raw materials
 - Rising prices for coal, oil, gas
 - Rising prices for electric power
- ◆ Frequent natural disasters caused by abnormal weather
- ◆ **Adaptable products and technology (Rose Value™ products) to be useful**

(GHG emissions fall 50%)

- ◆ Carbon prices rising significantly
- ◆ Shifts in energy and raw materials
 - Renewable energy becomes the norm
 - Recycling
 - Utilization of biomass, CO₂ raw materials, hydrogen
- ◆ Car industry stops internal combustion engine sales, transitions to EVs
- ◆ Natural disasters gradually growing worse
- ◆ **Blue Value™ products to be useful**

Impact on business

