



MITSUI & CO.

Chemicals

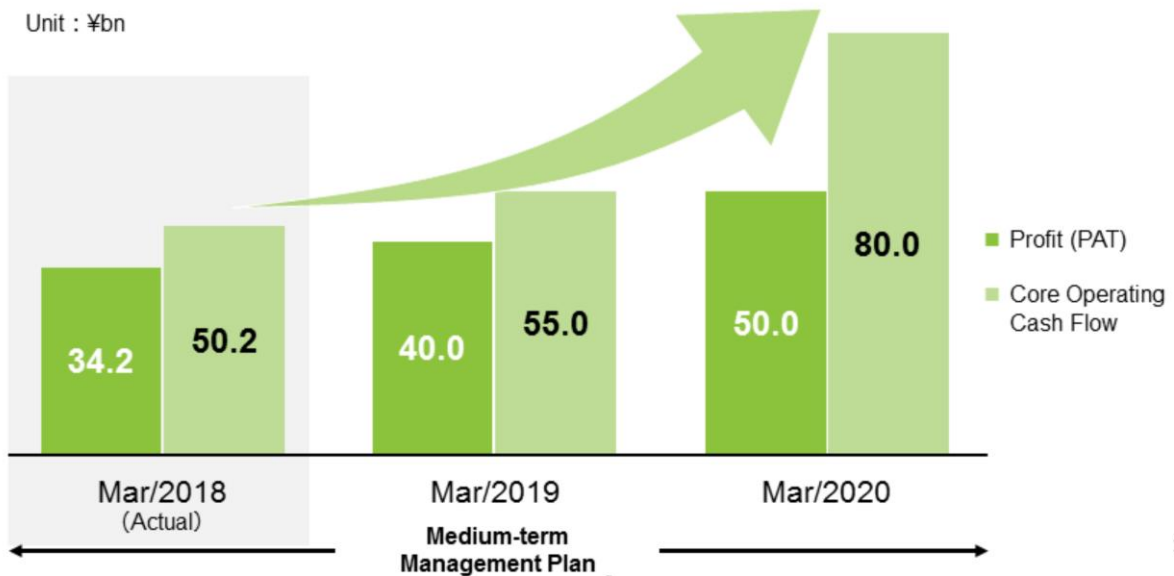
Sayu Ueno

Basic Materials Business Unit

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Quantitative Targets Profit(PAT)/Core Operating Cash Flow

Unit : ¥bn



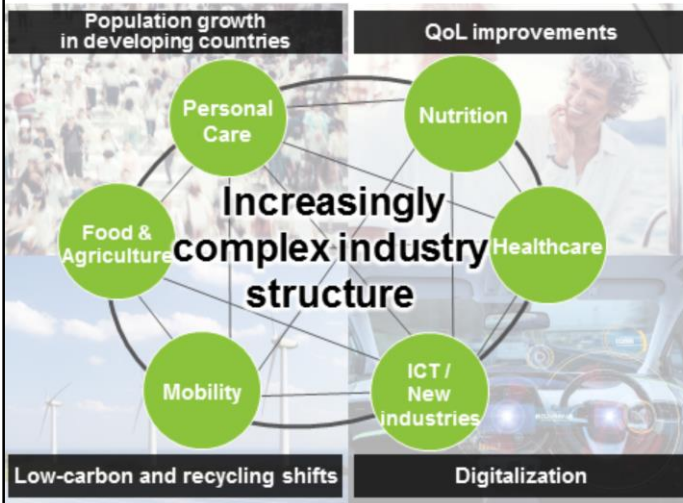
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While business results for the Chemicals segment in the year to March 2018 include the one-off profit resulting from revisions to the US tax code, profit decline in the Novus business was covered by profit from trading and other businesses such as methanol, and the segment's basic earning power is improving.

Looking ahead, we are further accelerating efforts to improve the quality of each project, bring projects to fruition, and enhance our business platform as we seek to achieve the targets of the medium-term management plan.

Business Environment



New business opportunities where industries intersect

Increase in demand for industrial solutions based on chemicals and materials

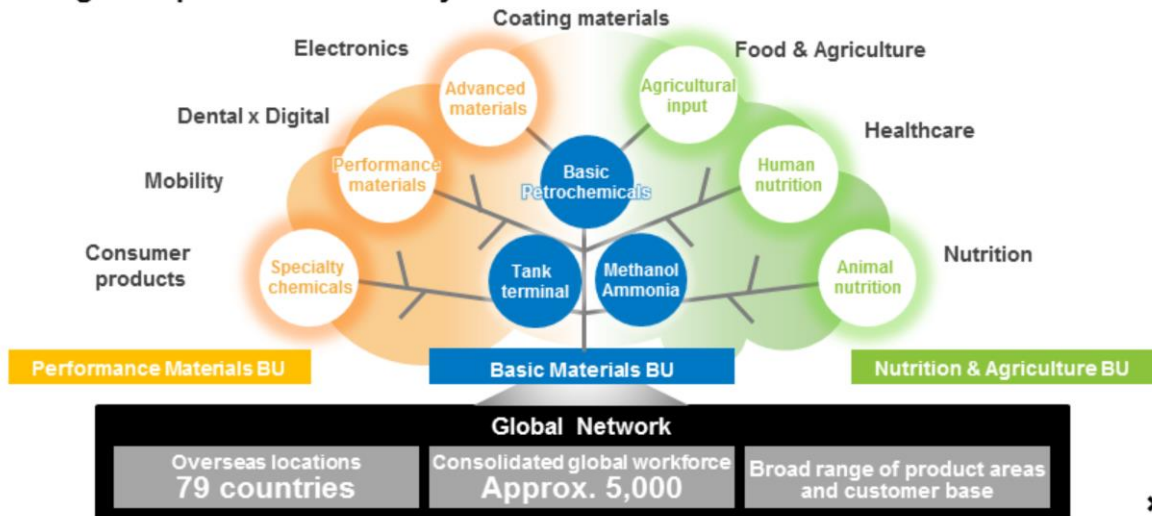
Amid major era-defining trends, the structure of industry is becoming more complicated than ever.

There are new business opportunities where different industries intersect and the demand for industrial solutions based on chemicals and materials is increasing.

The Chemicals segment has direct access to every industry and we aim to firmly seize these opportunities.

Competitive Advantages

Connect the chemical industry with related industries and create new business through the power of chemistry



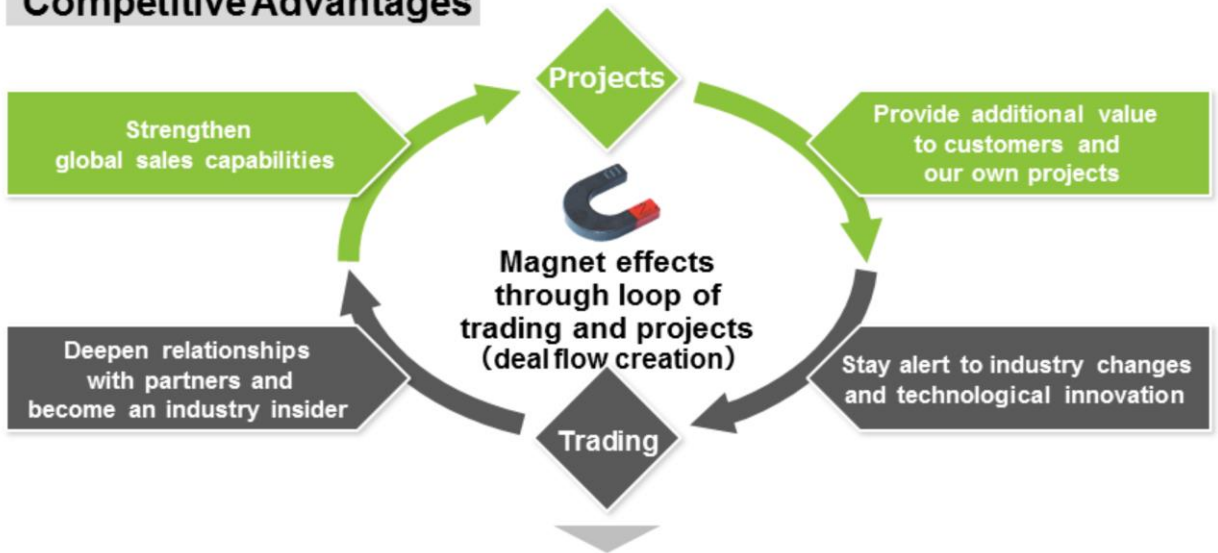
Mitsui's Chemicals segment is pursuing an agile management approach across a three business unit system.

The Basic Materials Business Unit watches industry trends and works to further strengthen domestic and international partnerships and develop trading and projects that create deal flow.

One of the Performance Materials Business Unit's roles is in the research and development of new materials that address era-defining trends, and it is pursuing new value-creating business through performance materials.

The Nutrition & Agriculture Unit is pursuing business development from a perspective that incorporates food, agriculture, health, and nutrition.

Competitive Advantages



Drive forward business initiatives, high investment efficiency

Through trading and projects based on networks and customer relationships we are achieving growth by creating a 'magnet' effect that will help us attract new business opportunities.

In many of the projects we will be aiming to actively drive initiatives and generate high investment efficiency.

We have increased the percentage of net profit derived from investment assets to the level of 6.5% of the segment. We expect to be able to increase this to around 8% after reaching cruising speed with new investments in growth areas.

Basic Strategies

- 01 Execute bolt-on investments
- 02 Reinforce trading capabilities
- 03 Engage in new growth opportunities

1 Execute bolt-on investments

Animal Nutrition

◆ Strengthen methionine business at NOVUS

- Stable demand growth(6%/yr.)
- Top market share in the U.S. and competitive edge (plant location and product form)
- Plan to increase production capacity

[methionine production locations]



◆ Develop and expand specialty feed additive business

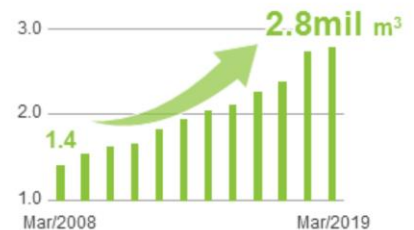
In Animal Nutrition we are strengthening the business by increasing Methionine production capacity at Novus. The business has structural strengths such as the location advantage of owning a factory in the core market of the US and the ease of handling on the customer side due to the fact that the product is in liquid form.

We are accelerating specialty business development and sales in other feed additives such as organic minerals and enzymes.

1 Execute bolt-on investments

Tank Terminal

- ◆ **Geographic advantage & advanced safety management framework**
- ◆ **Increased export of petroleum and petrochemical products due to the competitiveness of U.S. shale**
- ◆ **Doubled tank capacity in past 10years
Continuing further expansions**



Even without the effect of revisions to the US tax code, profit in the Tank Terminal business increased over the previous fiscal year.

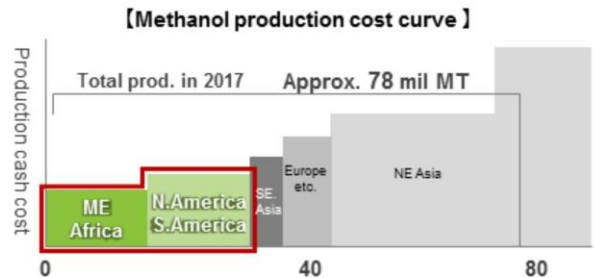
US exports of petroleum and petrochemical products will increase due to the competitiveness of the US shale, while in Europe, imports from the US, the Middle East and other countries outside the region are expected to climb. Consequently, demand for tank storage is also increasing.

We are strengthening our business base by maintaining and enhancing the safety management frameworks we have established over many years while pushing ahead steadily with expansion plans.

1 Execute bolt-on investments

Methanol

- ◆ Steady demand growth (5-6%/yr.)
- ◆ Top class cost competitiveness
- ◆ Continuously pursue further capacity expansions

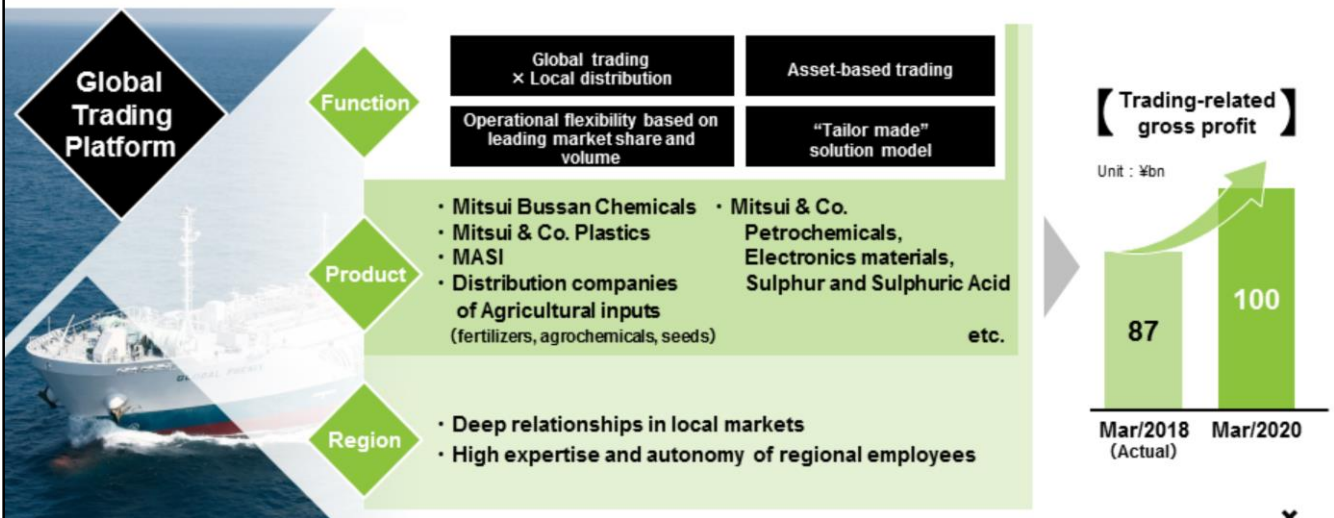


In the Methanol business, in the year to March 2018 amid a strong market we increased profits over the previous year in the US and Kingdom of Saudi Arabia.

With competitive gas at both plants, we are positioned on the left side of the production cost curve, and we are in a strong position to capture upside potential from market upturns.

We will consider new projects while operating existing plants stably and proceeding with new expansions.

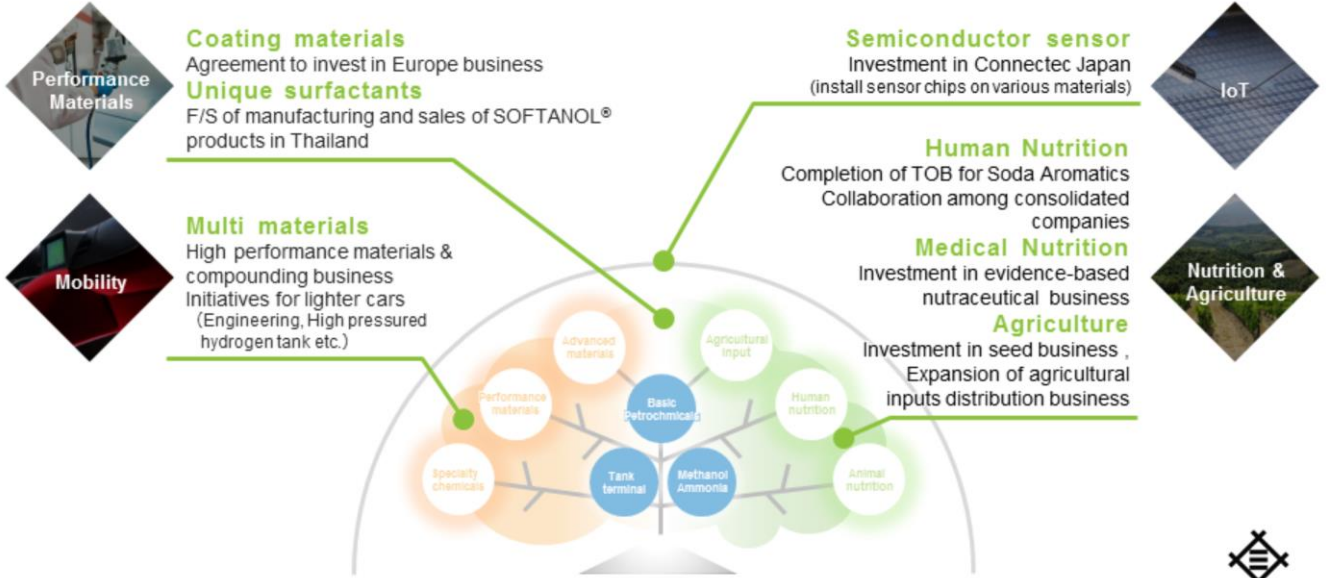
2 Reinforce trading capabilities



We are providing value add to customers through the combination of the regional expertise we have gained by being embedded in local markets all over the world, wide-ranging product expertise, and functional expertise.

We are steadily expanding our trading platform globally, not just at Mitsui but at consolidated subsidiaries such as Mitsui & Co., Plastics Ltd., Mitsui Bussan Chemicals Co., Ltd., and European Sulphur & sulfuric acid distribution company Aglobis AG.

3 Engage in new growth opportunities



In new growth areas we are accelerating initiatives related to coating materials, functional materials such as unique surfactants, the use of a wider range of materials in mobility, the field of Nutrition & Agriculture, and semiconductor sensors in the field of IoT.

3 Engage in new growth opportunities

Coating
Materials

Industry characteristics

- ◆ “Tailor made” R&D/proposals
- ◆ Expertise-intensive industry
(Technology & Service Network)

▶ High entry barrier
High profitability

Mitsui Strengths

- ◆ Global sales network
- ◆ Presence in various industries
⇒ expansion of sales portfolio &
demand creation

Helios Group

- ◆ Comprehensive coating
company in Europe
- ◆ Kansai Paint Group
- ◆ Strong in industrial coatings

**Pursue further investment opportunities
Strengthen business base**


In Coating Materials we have reached an agreement with Kansai Paint Co., Ltd to invest in Europe-based Kansai Helios Group.

This field requires participants to develop and propose products that are tailored to the customer’s specific demands—in other words, integral quality improvement and craftsmanship. It is an expertise-intensive industry and barriers to entry are high.

We are expanding sales reach by leveraging Mitsui’s global network—including customers and business partners of Machinery & Infrastructure and other segments.

We will continue to pursue investment opportunities in the sector.

3 Engage in new growth opportunities



Nutrition & Agriculture

- ◆ Challenge new areas between “foods” and “pharmaceuticals”
- ◆ Address demand for high-added value such as solutions for presymptomatic disease, QoL improvements, enhanced taste and flavor
- ◆ Develop agrochemical and seed businesses through product portfolio enhancement
- ◆ Strengthen agricultural inputs distribution business through geographical expansion and business model evolution

In the nutrition field, in November last year we invested in a US-based seller and manufacturer of evidence-based nutraceutical.

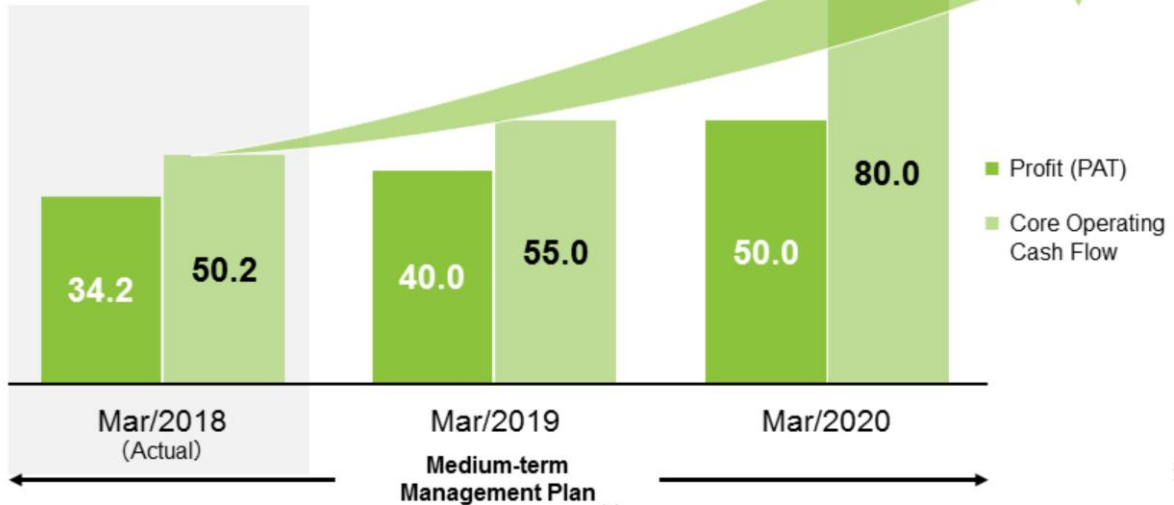
In the food science field, we launched a takeover bid with Toray Industries Inc. for Soda Aromatic Co., Ltd, and with this and our subsidiaries Sun-ei Sucrochemical Co., Ltd. and B Food Science Co., Ltd. we will address the diversifying needs of consumers.

In the agricultural field, we acquired a seed treatment fungicide business and a vegetable seed company.

In our agricultural inputs distribution business, we are working to strengthen global expansion through investments in ETG and regional expansion of businesses in Latin American countries. We will leverage the specialist human resources across the consolidated group to develop a high value-add business model.

Quantitative Targets

Unit : ¥bn



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In the year to March 2018, we made solid progress in the enhancement of existing businesses, the strengthening of our trading, and our initiatives in new areas.

To ensure that our medium-term goal is a more realistic one, for the fiscal year to March 2019 we will work to achieve results and improvements in many projects, and at the same time accelerate our initiatives in new growth areas. And, we will ensure these efforts lead to the success of the Chemicals segment over the medium to long term.