



**Mitsui Chemicals**  
Group

# **Business Strategy Presentation focused on the integration of Polyolefins business Basic & Green Materials**

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Senior Managing Executive Officer

Business Sector President, Basic & Green Materials Business Sector

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- ▶ **The aims and strategic positioning of the integration of Polyolefins business related to the direction of Mitsui Chemicals Group's business portfolio transformation**

**CEO HASHIMOTO Osamu**

- ▶ **Business Strategy of Basic & Green Materials**
  - The integration of Polyolefins business
  - Business Plan

**Senior Managing Executive Officer  
IZAWA Kazumasa**

**VISION 2030**  
Current phase onward

~2030

Specialty chemicals  
domains



**L&HC**



**Mobility**



**ICT**

## Active investment & returns

Ophthalmic lens materials  
Agrochemical products  
TAFMER™/ADMER™  
ICROS™ Tape  
APEL™

## Organic growth

Ophthalmic lens materials & coating materials  
Agrochemical products  
Automotive-related and other materials  
Monomaterials  
Semiconductor-related materials  
Optical-related materials

## New businesses + M&A

Around existing areas of focus  
Medical solutions  
Semiconductor & assembly solutions  
Relating to solutions

Becoming a high-growth, high-profitability  
**global specialty company**

Proactively **invest resources** including M&A that will help accelerate growth and **pursue global expansion**  
Carry out **restructuring and portfolio transformation** for businesses with profitability and capital efficiency issues



**B&GM**

## Speeding up restructuring

PH TDI  
PTA/PET PE/PP

## Bolstering downstream businesses

High-performance PP  
High-performance MDI Catalysts

## Decarbonization

Ammonia firing

## Biomass

Bio-based hydrocarbons

## Recycling

Chemical recycles

## CCU

Carbon Neutral Research Center

**Green Sustainable  
Chemicals Division**

Becoming a strong **basic and green materials company** that supports Japanese industry

Step up efforts to advance  
**regional and multi-company collaborations**

Aiming to build a globally competitive, Japan-leading business entity through transformation and collaborations with other companies

### Aims of the split

Create in the petrochemical sector a Japan-leading green chemical business entity with a competitive edge against imports, through accelerated transformation and collaborations with other companies

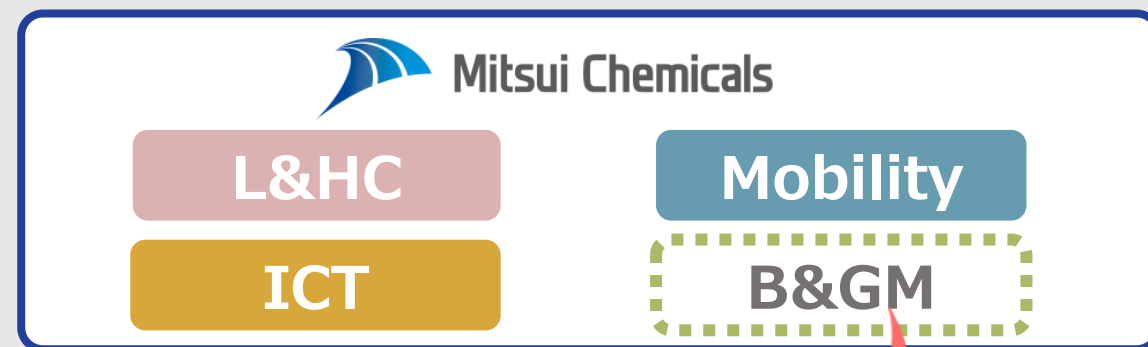
Enable the specialty chemicals domains and the B&GM business – each requiring a different speed of decision-making – to execute strategies under their own governance structures

Support Japanese industry through contributions to economic security, enhanced quality of life via further performance improvements to materials, carbon neutrality, and other initiatives

While we will strive to realize this ideal vision as early as possible, the business will be split off by around 2027.



### Ideal vision



A strong basic & green materials company that supports Japanese industry

Transformation & collaborations with other companies

Competitors, etc.

## Take the first step toward strengthening Polyolefins business for a strong company that supports Japanese industry

Substantial progress made with internally driven restructuring

### Second phase of restructuring (FY25~)

<b>PH</b> Japan	Closure of Ichihara plant end of Oct. FY25 / Stable supply network through collaboration with other companies
<b>PH</b> Overseas	Transfer of Equity Method in China (Withdrawal from all the global sites )
<b>PO</b> Japan	High-performance PP plant starts up FY25 / 1PP line at Chiba to close FY26 Business integration (Sumitomo Chemical · Idemitsu Kosan · Mitsui Chemicals) FY26★
<b>MDI</b> Overseas	Study into next production increase for debottlenecking
<b>TDI</b> Japan	Plant downsizing (120Kt ⇒ 50Kt July. FY25) ★
<b>Crackers</b>	Study into consolidation at Chiba LLP(FY27) Establish a LLP for the collaboration among three companies in west Japan Aug. FY25 ★ / Accelerate the study into optimal production



Competitors, etc.

Further Transformation &  
collaborations with other companies



Highly capital-efficient  
PH chain

Highly capital-  
efficient strong  
polyolefins business

High-profitability  
Polyurethane  
business centered  
on high-performance  
MDI

Competitive Green  
Crackers

A strong  
basic & green  
materials  
company  
that supports  
Japanese  
industry

Becoming a strong  
business entity  
able to support  
domestic industry

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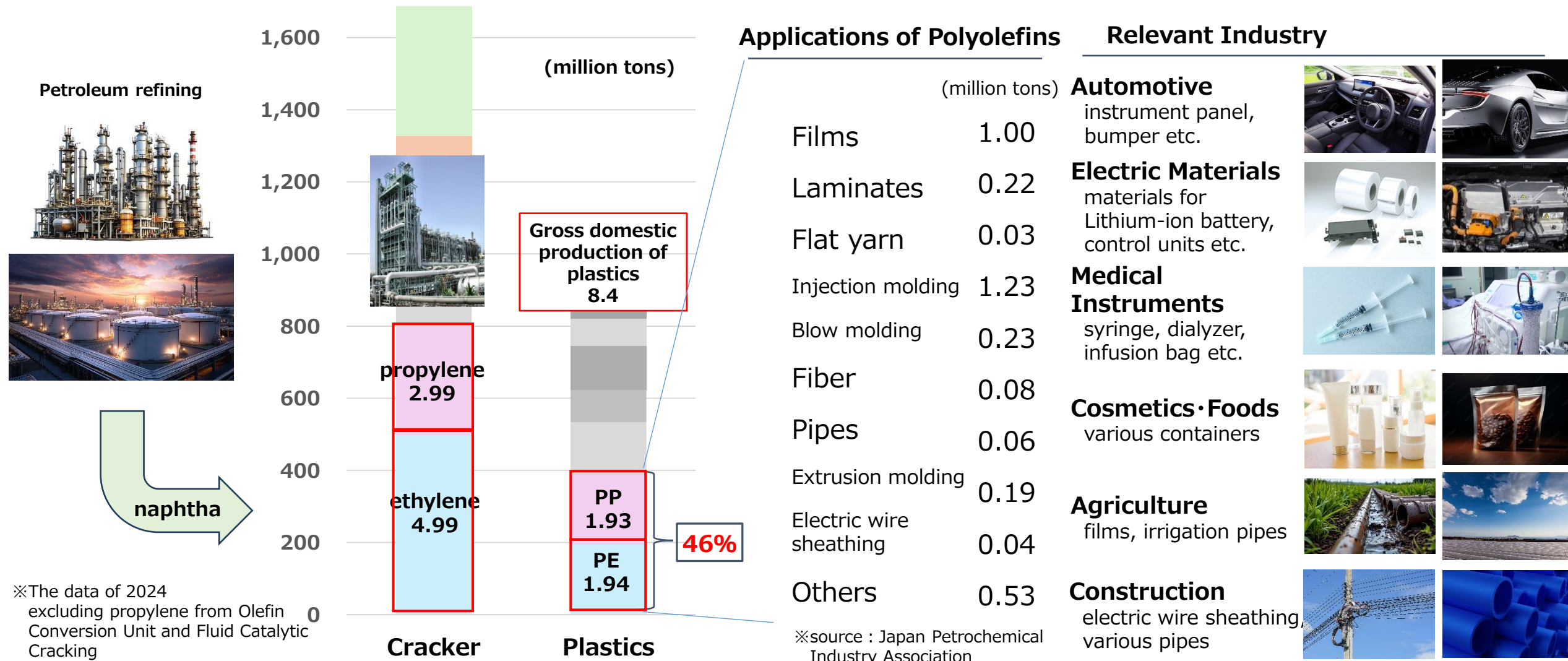
CEO HASHIMOTO Osamu

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Polyolefins are made from naphtha produced by petroleum refining and their applications are extend across various industrial sectors. They are highly important materials from the perspective of economic security and essential products for domestic industry.

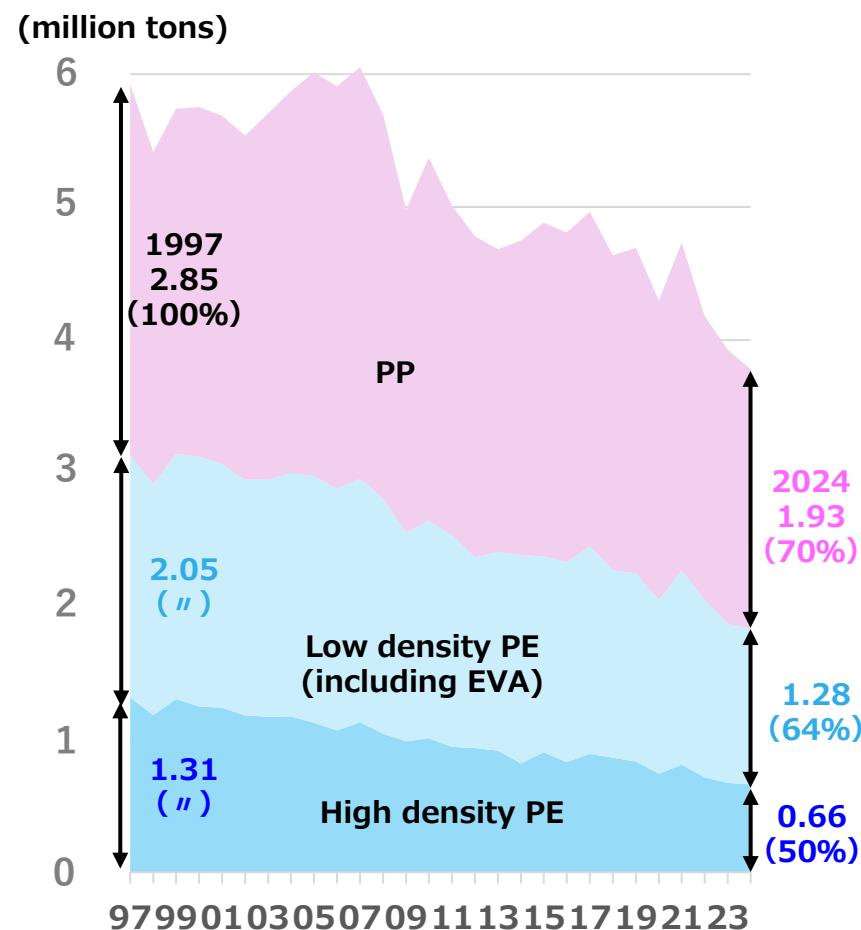
※source : Based on data from The Japan Plastics Industry Federation and statistics from Japan Petrochemical Industry Association, certain data have been partially estimated in-house.





Although domestic polyolefins makers have promoted reorganization and consolidation, consolidation has not progressed as much as in oil refinery industry(4 companies) and steel industry (3 blast furnace steelmakers), and as a result, excess capacity remains unresolved.

Trend of domestic production of PP / PE



※source : The Japan Plastics Industry Federation

As of September 1994

Mitsui Petrochemical Industries	(PE, PP)
Idemitsu Petrochemical Co., Ltd.	( " )
Sumitomo Chemical Co., Ltd.	( " )
Mitsubishi Petrochemical Co., Ltd.	( " )
Mitsubishi Kasei Corporation	( " )
Tonen Chemical Corporation	( " )
Showa Denko K.K.	( " )
Nippon Petrochemicals Co., Ltd.	( " )
Tosoh Corporation	( " )
Asahi Chemical Industry Co., Ltd.	( " )
Chisso Corporation	( " )
Ube Industries Ltd.	( " )
Maruzen Polymer Co., Ltd.	(PE )
Nippon Unicar Company Limited	(PE )
DuPont-Mitsui Polychemicals Co., Ltd.	(PE )
Mitsui Toatsu Chemicals	( PP)
Tokuyama Corporation	( PP)

PE : 15 companies (3.55 million tons/year)  
PP : 14 companies (2.58 million tons/year)

As of April 2025

Prime Polymer Co., Ltd.	(PE, PP)
SUMITOMO CHEMICAL COMPANY, LIMITED	(PE, PP)
Japan Polyethylene Corporation	(PE )
Japan Polypropylene Corporation	( PP)
SunAllomer Ltd.	( PP)
Tosoh Corporation	(PE )
Asahi kasei Corp.	(PE )
KEIYO POLYETHYLENE CO., LTD.	(PE )
UBE-MARUZEN POLYETHYLENE CO., LTD.	(PE )
ENEOS NUC Corporation	(PE )
Dow-Mitsui Polychemicals Company, Ltd.	(PE )

※product capacity : fiscal year-end 2023

PE : 9 companies (3.23 million tons/year)  
PP : 4 companies (2.62 million tons/year)

※source : Japan Petrochemical Industry Association



Due to declining domestic demand caused by population decrease and changes in lifestyle, demand for domestically produced polyolefins is expected to shrink further. With domestic production capacity expected to be halved, business restructuring is inevitable.

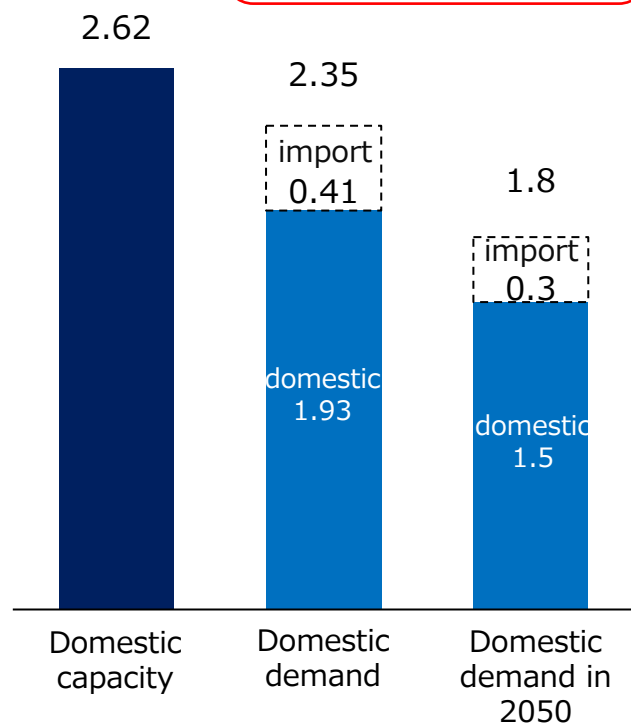
### Domestic demand for PP (2024)

(million tons)

Excess capacity assuming continued 2024 production levels

0.69

1.12



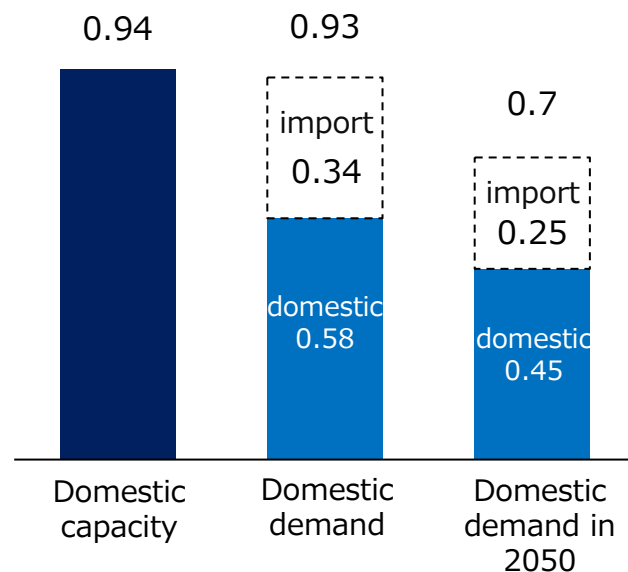
### Domestic demand for LLDPE (2024)

(million tons)

Excess capacity assuming continued 2024 production levels

0.36

0.49



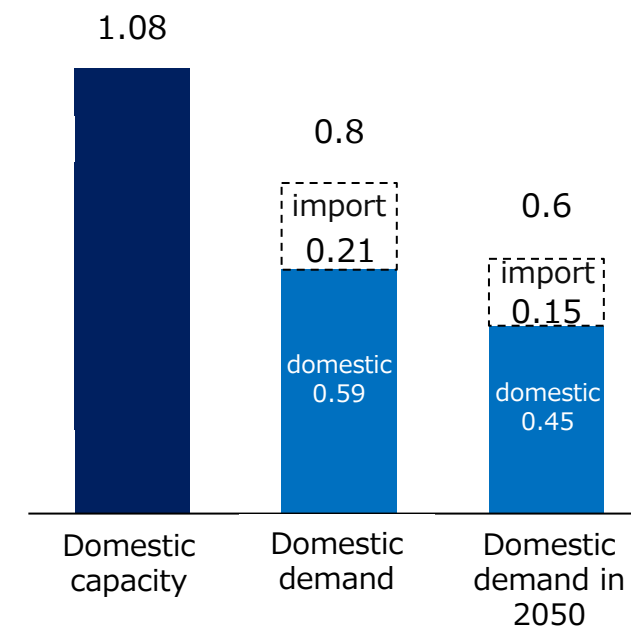
### Domestic demand for HDPE (2024)

(million tons)

Excess capacity assuming continued 2024 production levels

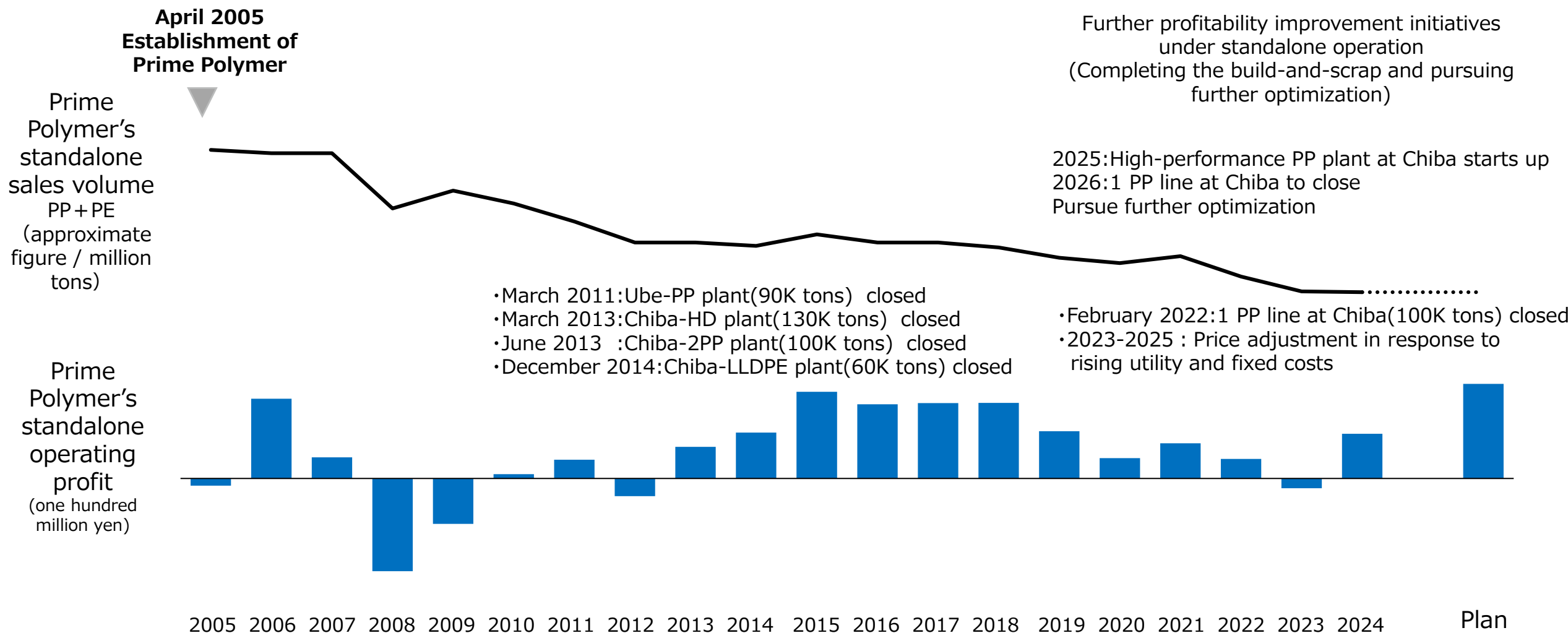
0.49

0.63



※The 2050 figures are our estimates

- Although Prime Polymer had optimized production and maintained profitability following the 2008 financial crisis, it has experienced sluggish earnings since 2020 due to the impact of COVID-19 pandemic.
- Since 2023, it's earnings have improved driven by production optimization and price adjustments. Looking ahead we plan to expand earnings by optimizing production capacity through build-and-scrap initiatives.



**Integrated domestic polyolefins business of SUMITOMO CHEMICAL COMPANY, LIMITED (“SUMITOMO”) into Prime Polymer Co., Ltd.(“PRM”). SUMITOMO will acquire a stake in PRM as a shareholder.**

## Outline of PRM

Company name	Prime Polymer Co., Ltd.
Domestic sites	Head office(Tokyo), Sales office(Nagoya, Osaka) Fundamental Research Laboratory, Packaging and Industrial Materials Laboratory, Automotive Materials Laboratory, Ichihara Works, Anesaki Works, Osaka Works,
Affiliated Companies	Evolve Japan Co., Ltd.(“Evolve Japan”) Prime Evolve Singapore Pte. Ltd. Tokuyama Polypropylene Co., Ltd.(“Tokuyama PP”)
Established	April 1, 2005
President and Vice president	YOSIZUMI Fumio, President YAMADA Eiichiro, Executive Vice President
Capital	20 billions of yen(Mitsui Chemicals(“Mitsui”) 65% ; Idemitsu Kosan(“Idemitsu”) 35%)
Sales Revenue	286.3 billions of yen (Standalone PRM, FY 24)
Production Capacity	PP:1.26 million tons/year (including Tokuyama PP ) PE:0.55 million tons/year (including Evolve Japan)
Number of Employees	710 (as of the end of March 2025)

## SUMITOMO's business to be integrated

Business	<ul style="list-style-type: none"> <li>•Domestic PP business(including PP-CPD business)</li> <li>•Domestic LLDPE business(including Evolve Japan)</li> </ul> ※excluding domestic LDPE business, overseas affiliated companies*
Sites	Head office(Tokyo), Branch office(Nagoya) Chiba Works, EGM laboratory
Sales revenue	101 billions of yen (FY 24)
Production Capacity	PP :0.33 million tons/year PE :0.17 million tons/year
Number of Employees	Approximately 200

\*•PO business in Singapore and Saudi Arabia  
•PP-CPD business in Thailand, Europe and the US

- Integrated SUMITOMO's business listed above into PRM
- SUMITOMO will acquire PRM's shares for consideration

### 【Investment ratio in PRM】

- Before integration : Mitsui 65%, Idemitsu 35%
- After integration : Mitsui 52%, Idemitsu 28%, SUMITOMO 20%

We will realize profitability improvement and increased capital efficiency in polyolefins business by generating integration synergies worth more than 8 billion yen through initiatives including consolidation of facilities and product lines. (Post-integration, we aim to improve ROIC in our polyolefins business by 1-2% compared to the current level.)

### Cost reduction effects through rationalization and related initiatives

(billions of yen)	
Items	Intended effects
Optimization of production capacity •Additional actions to close and consolidate facilities ⇒ PP : 1 line, PE : 1 line	about 4
Consolidation of product lines / productivity improvement	about 2
Reduction of administration functions etc.	about 2
Amount of synergies	about 8

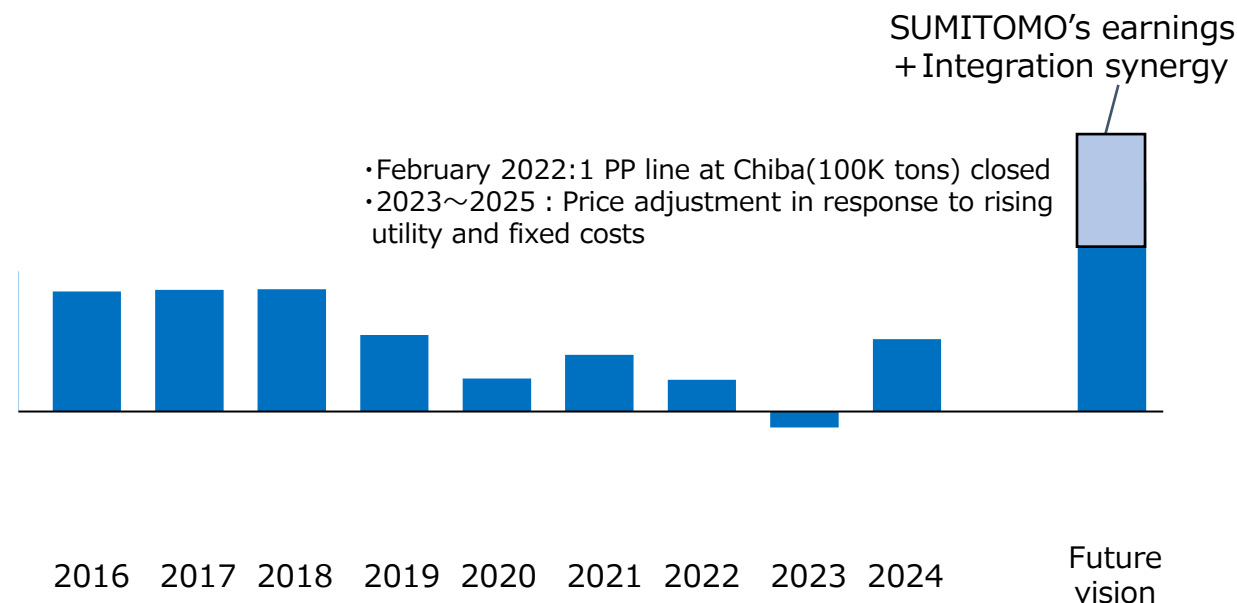
We will strive to realize synergy effects exceeding 8 billion yen by further initiatives.

Future profitability improvement initiatives independently by PRM  
(Completing of build-and-scrap of PP, further optimization)

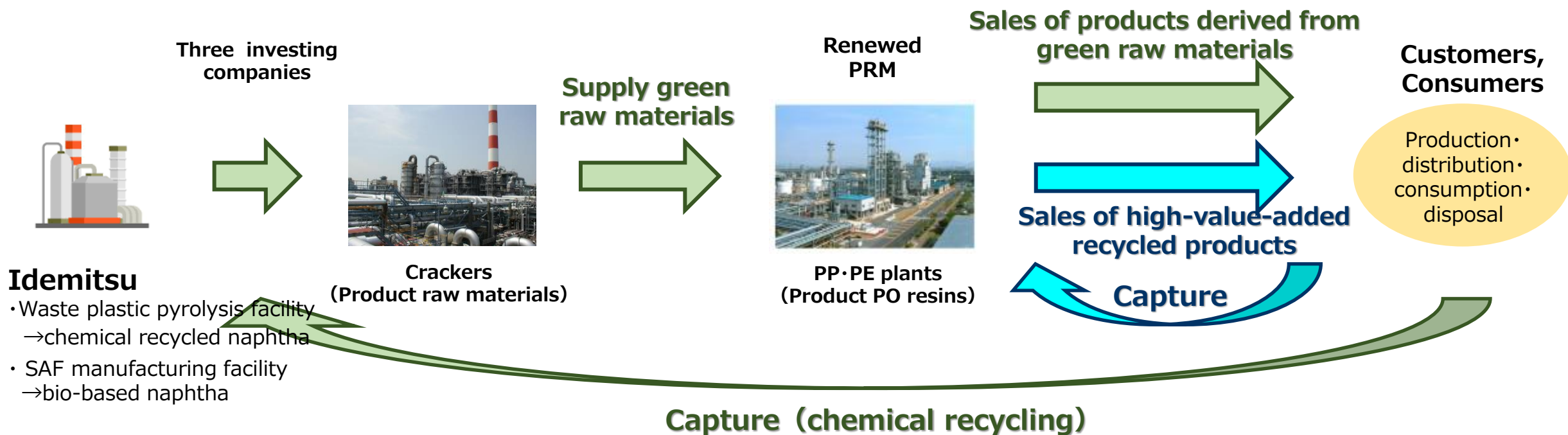
- 2025: High-performance PP plant at Chiba starts up
- 2026: 1 PP line at Chiba to close
- Pursue further optimization

Integration synergy with SUMITOMO

- Additional closure : 1 PP / 1 PE line at Chiba
- Consolidation of product lines, productivity improvement, reduction of administration functions, etc.

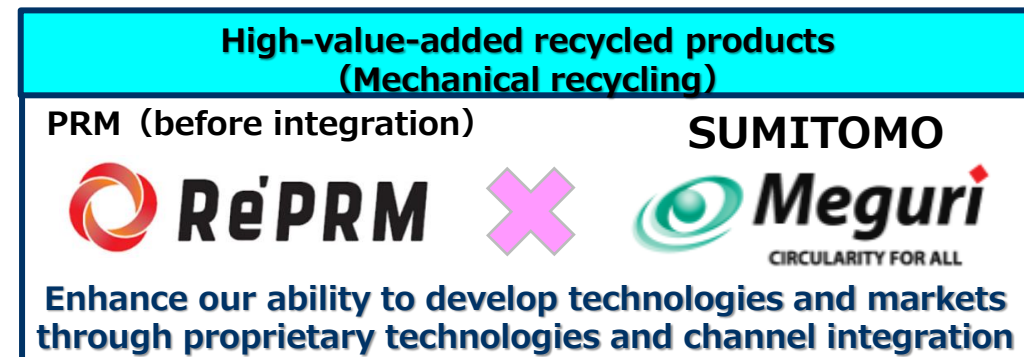
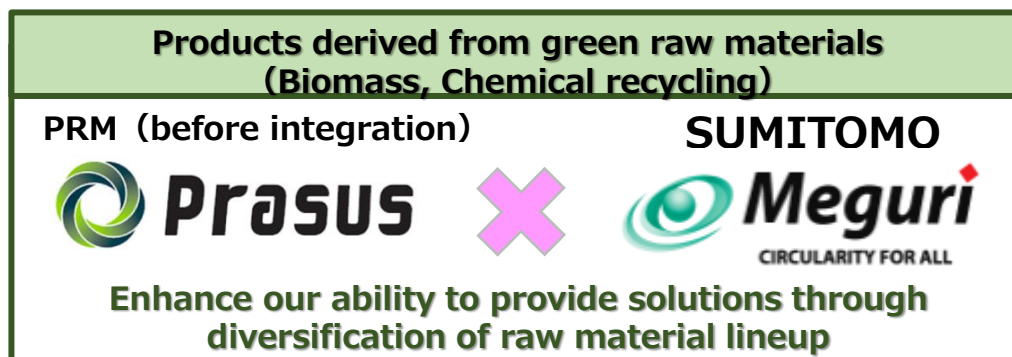


The renewed PRM aims to become a true prime solution partner for customers in the emerging green society by combining “Green raw material supply capability by the three investing companies”, “Technologies and channels of PRM (before integration)”, “Technologies and channels from SUMITOMO”.



**Mitsui, SUMITOMO**

- imported bio-based naphtha
- chemical recycled naphtha



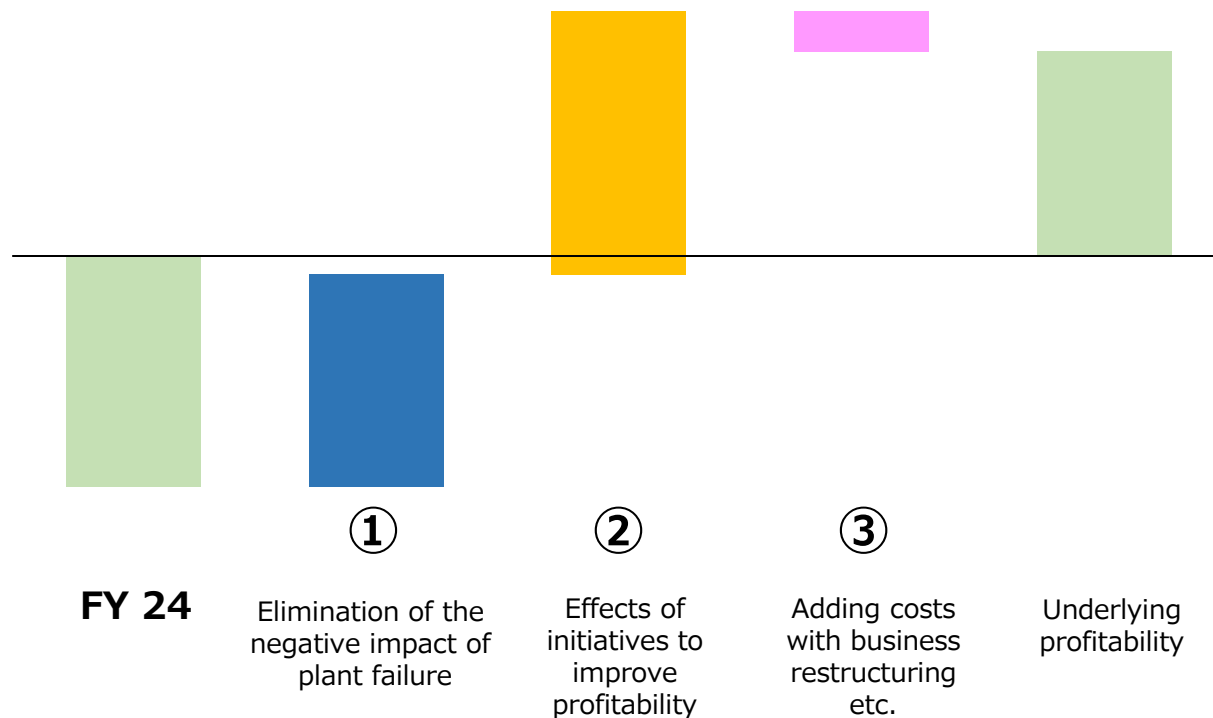
By adding the effects of elimination of the negative impact of plant failure in Osaka Works ("plant failure") and ongoing initiatives to improve profitability to the FY24 performance, current underlying profitability of Basic & Green Materials ("B&GM") business is at the ¥10 billion level.

### Profitability of B&GM business

Operating income before special items (billions of yen)

▲11.4

10



### Increase or decrease factors for operating income before special items

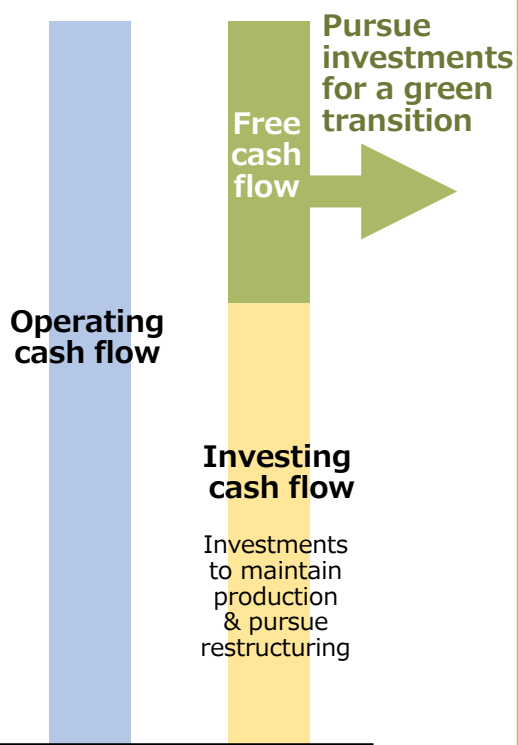
- ① **Elimination of the negative impact of plant failure** **+10.5**
- ② **Effects of initiatives to improve profitability** **+ 13**
  - sales growth
  - sales price adjustment in response to rising utility and fixed costs
  - cost reduction
  - business restructuring, etc.
- ③ **Adding costs with business restructuring, etc.** **△ 2**
  - closure of Ichihara PH plant in second half of 2025 (brought forward)

(billions of yen)

B&GM business will achieve 36 billions of yen of operating income before special items in 2030 by promoting the second phase of restructuring and bolstering downstream businesses.  
Integration with SUMITOMO is an important item to the initiatives above.

### Making the B&GM business self-sustaining

#### Cumulative cash flow plan from FY25 to FY30



Business	Ideal state	2025~2030 Promoting the second phase of restructuring and bolstering downstream business	Improving profitability (billions of yen)
Crackers	Competitive crackers	(East Japan)2027:Decision to consolidation at Chiba LLP (West Japan)Establish a LLP for the collaboration among three companies and accelerate the study into optimal cracker production	+17
PH	Highly capital-efficient PH chain	•2025: Transfer of Equity Method in China •Closure of Ichihara PH plant in second half of 2025 (brought forward)	
PTA•PET	Securing profit through optimal business structure	Domestic facilities have been closed by 2024	
Polyurethanes	High-profitability polyurethane business centered on high-performance MDI	•2025:Downsizing of Omuta TDI plant •High-performance MDI: Beginning study into next production increase for debottlenecking	
Polyolefins (PP•PE)	Highly capital-efficient high-performance polyolefins business	•Completion of build-and-scrap of PP 2025: High-performance PP plant starts up 2026: 1 PP line at Chiba to close •Considering further optimization	Integration synergy more than +8
		•Optimization by integration with SUMITOMO Additional closure 1 PP / 1 PE line at Chiba, Consolidation of product lines, productivity improvement, reduction of administration functions, etc.	

Current underlying profitability  
**10**



Promoting the second phase of restructuring and bolstering downstream business  
**more than +25**



2030:B&GM business  
•Operating income before special items :**36**  
•ROIC: **Around 6.5%**  
(billions of yen)



The background of the slide is a photograph of a bright blue sky filled with soft, white, fluffy clouds. Sunlight is visible, creating a lens flare effect in the lower-left quadrant. A large, solid blue arrow points from the left edge towards the right, starting behind the text and extending to the right edge of the frame.

A global solutions company that  
leads change and contributes to a sustainable future

Chemistry for Sustainable World



**Mitsui Chemicals**

***Challenge Diversity One Team***

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