



December 9, 2015

## Formulation of APTSIS 20 New Medium-Term Management Plan

Mitsubishi Chemical Holdings Corporation

Mitsubishi Chemical Holdings Corporation has formulated its New Medium-Term Management Plan *APTSIS 20*, which will be in effect for the five-year period from fiscal 2016 to fiscal 2020, as set out below. Stated under the Plan is what form the Company should be taking in 2020, having “established a foundation as “THE KAITEKI COMPANY” being recognized on a truly global level by increasing profitability, pursuing innovation and contributing to sustainability.”

### Medium-Term Management Plan, APTSIS 20: Outline

#### 1. Basic Policy

Aiming to remain a high growth/high profit-model company through businesses in the performance products, industrial materials, and health care domains	
Growth	<ul style="list-style-type: none"> <li>➤ Enhancement of sustainable growth and profitability through portfolio management</li> <li>➤ Improvement of profitability of overseas businesses</li> <li>➤ Making new energy businesses competitive sooner</li> <li>➤ Promotion of generating synergies in the MCHC Group</li> <li>➤ Enhancement of competitiveness by the integration of three chemical operating companies</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>➤ Realization of high-productivity corporate structure</li> <li>➤ Implementation of fundamental measures for unprofitable businesses and low-profit businesses</li> </ul>
Strengthening foundations	<ul style="list-style-type: none"> <li>➤ Thorough safety/compliance measures</li> <li>➤ Improvement of global management systems</li> <li>➤ Strengthening of financial position</li> </ul>

#### 2. Numerical Targets

Attain ROE of more than 10% to improve capital efficiency

Financial index	IFRS-base	(Reference) JGAAP
Core operating income	¥380.0 billion	(operating income) ¥340.0 billion
ROS (core operating income)	8%	(ROS (Operating income) 7%
Net income attributable to Shareholders of the parent	¥180.0 billion	¥150.0 billion
ROE	12%	11%
Net D/E ratio	0.8	

\*Gains/losses incurred by staged gain/loss introduced in accordance with transition to IFRS  
Ordinary income excluding gains/losses incurred by non-recurring factors

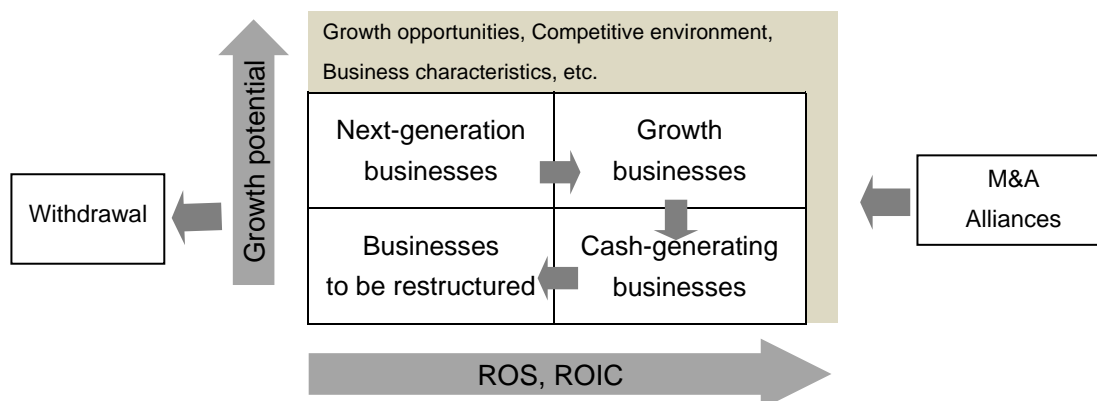
#### Prerequisites

Crude oil/naphtha	FY2016-FY2017 Brent crude oil US\$50/bbl FY2018-FY2020 Brent crude oil US\$70/bbl	Domestic-standard naphtha: ¥38,000/kl Domestic-standard naphtha: ¥52,000/kl
Exchange rates	¥120/US\$, ¥140/€	



(2) Business Portfolio Management

- ◆ Targeting the formation of high-growth, high-profit entities, implement thorough business portfolio management
- ◆ Based on evaluations of return on invested capital (ROIC), growth (sales growth ratio), and return on sales, give consideration to and position/rank contributory factors, such as growth opportunities, competitive environment, and business characteristics



(3) Next-Generation Businesses

- ◆ We select the following items as incubation businesses which should be instrumental to growth in 2020 – 2025.
- ◆ We promote business development of Next-generation businesses using OSB (Open Shared Business) framework.

Next-generation businesses	Research areas
Healthcare solutions	<ul style="list-style-type: none"> <li>• Regenerative medicine</li> <li>• Diagnostic support systems</li> <li>• Plant-derived vaccines</li> </ul>
Bio solutions	<ul style="list-style-type: none"> <li>• Functional vegetables and growth factors, using plant factories</li> <li>• Plant-derived monomers and polymers</li> <li>• Effective usage of enterobacterium</li> </ul>
Gas solutions	<ul style="list-style-type: none"> <li>• CO2 enriched water system</li> <li>• Cryopreservation-related technologies</li> <li>• Hydrogen stations</li> <li>• Medical applications of gases</li> <li>• Stable isotope pharmaceuticals</li> <li>• Gas/liquid separation materials</li> </ul>
New energy and frontier materials	<ul style="list-style-type: none"> <li>• Organic photovoltaic materials</li> <li>• Silicon-related materials</li> </ul>
Solutions integrating big data and ICT	<ul style="list-style-type: none"> <li>• Proactive utilization of big data/ICT for all activities ranging from manufacturing, R&amp;D to businesses and services</li> </ul>

(4) Global Development

- ◆ Increase overseas sales ratio from 43% (2015 forecasts) to 50% (2020)
- ◆ Enhance business support functions of each region, promote collaboration among business units

## 6. Toward Enhancing KAITEKI Value

### (1) Materiality Assessment

Based on the environmental recognition on (i) Society / Economy / Market, (ii) Health / Medicine and (iii) Global Environment / Resources, we identify priority issues to be addressed as “Materiality” and use them as management strategy guidelines.

### (2) Direction of MOS

We identify MOS indices (Sustainability) which are related to “Materiality” and consist of Sustainability [Green], Health, Comfort as management indices and contribute enhancement of our corporate value with strengthening of collaboration between MOE (management of economy) and MOT (management of technology).

### (3) Direction of MOT

We shall advance R&D by bringing together outstanding resources from Japan and overseas, and contribute to the realization of KAITEKI through innovation.

\*Related link:

[http://www.mitsubishichem-hd.co.jp/english/ir/library/analysts\\_meeting.html](http://www.mitsubishichem-hd.co.jp/english/ir/library/analysts_meeting.html)

The forward-looking statements are based largely on information available as of the date hereof, and are subject to risks and uncertainties which may be beyond Company control. Actual results could differ largely, due to numerous factors, including but not limited to the following: Group companies execute businesses in many different fields, such as information and electronics, performance products, polymers and processed products, pharmaceuticals, carbon and inorganic products, industrial gases and petrochemicals, and these business results are subjected to influences of world demands, exchange rates, price and procurement volume of crude oil and naphtha, trends in market prices, speed in technology innovation, National Health Insurance price revision, product liabilities, lawsuits, laws, and regulations.