

Operational Summary

for the Fiscal Year Ended March 31, 2018

May 10, 2018

Mitsubishi Chemical Holdings Corporation

Table of Contents

Consolidated Financial Statements for FY2017 Page No.

Statements of Operations 4

Sales Revenue and Core Operating Income
by Business Segment 5

Analysis of Core Operating Income 6

Overview of Business Segments 7

Special Items 11

Cash Flows 12

Statements of Financial Positions 13

FY2018 Forecasts Page No.

Statement of Operations 15

Sales Revenue and Core Operating Income 16

Cash Flows Targets 17

Dividend Forecast 18

Acquisition of Treasury Stock 19

References Page No.

Number of Subsidiaries and affiliates and
Overseas Sales Revenue and Core Operating
Income 21

Statements of Operations [Quarterly Data] 22

Sales Revenue and Core Operating Income
by Business Segment [Quarterly Data] 23

Special Items [Quarterly Data] 24

Capital Expenditure, Depreciation &
Amortization, R&D Expenses, and Number of
Employees by Business Segment 25

Trend of Performance 26

Trend of Financial Position 27

Business Segment Information 28

List of Abbreviations

FY2018	April 1, 2018 – March 31, 2019	
	1st Half (1H):	April 1, 2018 – September 30, 2018
	2nd Half (2H):	October 1, 2018 – March 31, 2019
FY2017	April 1, 2017 – March 31, 2018	
	1st Quarter (1Q):	April 1, 2017 – June 30, 2017
	2nd Quarter (2Q):	July 1, 2017 – September 30, 2017
	3rd Quarter (3Q):	October 1, 2017 – December 31, 2017
	4th Quarter (4Q):	January 1, 2018 – March 31, 2018
	1st Half (1H):	April 1, 2017 – September 30, 2017
	2nd Half (2H):	October 1, 2017 – March 31, 2018
FY2016	April 1, 2016 – March 31, 2017	
MCHC	Mitsubishi Chemical Holdings Corporation	
MCC	Mitsubishi Chemical Corporation	
MTPC	Mitsubishi Tanabe Pharma Corporation	
LSII	Life Science Institute, Inc.	
TNSC	Taiyo Nippon Sanso Corporation	

Consolidated Statements of Operations

Exchange Rate (¥/\$)	111.3	110.1	110.7	108.7	2.0	2%
Naphtha Price (¥/kl)	37,600	46,300	41,900	34,700	7,200	21%

(Billions of Yen)

		1H	2H	FY2017	FY2016	Change	%
Continuing Operations	Sales Revenue	1,804.8	1,919.6	3,724.4	3,376.1	348.3	10%
	Core Operating Income *	192.3	188.2	380.5	307.5	73.0	24%
	Special Items	(7.0)	(17.8)	(24.8)	(38.9)	14.1	
	Operating Income	185.3	170.4	355.7	268.6	87.1	32%
	Financial Income/Expenses	(5.1)	(6.5)	(11.6)	(10.3)	(1.3)	
	(Dividend included above)	[2.9]	[1.4]	[4.3]	[3.9]	[0.4]	
	(Foreign Exchange Gain/Loss included above)	[(0.7)]	[(2.3)]	[(3.0)]	[(0.5)]	[(2.5)]	
	Earnings before Taxes	180.2	163.9	344.1	258.3	85.8	
	Income Taxes	(48.9)	(18.8)	(67.7)	(44.4)	(23.3)	
	Net Income from Continuing Operations	131.3	145.1	276.4	213.9	62.5	
Net Income from Discontinued Operations	-	-	-	2.6	(2.6)		
Net Income	131.3	145.1	276.4	216.5	59.9		
Net Income Attributable to Owners of the Parent	100.5	111.3	211.8	156.3	55.5	36%	
Net Income Attributable to Non-Controlling Interests	30.8	33.8	64.6	60.2	4.4		

* Equity income included

11.6	15.7	27.3	18.9	8.4
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Core operating income is calculated as operating income (loss) excluding certain gains and expenses attributable to non-recurring factors (losses incurred by business withdrawal and contraction, etc.).

Sales Revenue and Core Operating Income by Business Segment

(Billions of Yen)

*All figures are approximation for reference purpose only.

		1H	2H	FY2017	FY2016	Change
Total Consolidated	Sales Revenue	1,804.8	1,919.6	3,724.4	3,376.1	348.3
	Core Operating Income	192.3	188.2	380.5	307.5	73.0
Functional Products	Sales Revenue	384.6	397.5	782.1	745.3	36.8
	Core Operating Income	32.9	25.1	58.0	62.3	(4.3)
Performance Chemicals	Sales Revenue	176.1	187.7	363.8	327.3	36.5
	Core Operating Income	17.9	18.1	36.0	31.9	4.1
Performance Products	Sales Revenue	560.7	585.2	1,145.9	1,072.6	73.3
	Core Operating Income	50.8	43.2	94.0	94.2	(0.2)
MMA	Sales Revenue	184.9	201.0	385.9	285.9	100.0
	Core Operating Income	52.2	57.4	109.6	37.9	71.7
Petrochemicals	Sales Revenue	258.4	279.6	538.0	500.3	37.7
	Core Operating Income	14.5	11.4	25.9	20.9	5.0
Carbon Products	Sales Revenue	128.3	125.1	253.4	197.9	55.5
	Core Operating Income	5.2	7.2	12.4	3.8	8.6
Chemicals	Sales Revenue	571.6	605.7	1,177.3	984.1	193.2
	Core Operating Income	71.9	76.0	147.9	62.6	85.3
Industrial Gases	Sales Revenue	302.2	336.5	638.7	574.6	64.1
	Core Operating Income	28.1	29.4	57.5	52.1	5.4
Health Care	Sales Revenue	273.2	283.4	556.6	547.0	9.6
	Core Operating Income	41.0	40.2	81.2	98.4	(17.2)
Others	Sales Revenue	97.1	108.8	205.9	197.8	8.1
	Core Operating Income	0.5	(0.6)	(0.1)	0.2	(0.3)

[Inventory valuation gain/loss]

Performance Chemicals	(0.6)	1.4	0.8	1.7	(0.9)
Petrochemicals	(1.7)	10.1	8.4	2.5	5.9
Carbon products	(0.9)	0.5	(0.4)	0.8	(1.2)
Total	(3.2)	12.0	8.8	5.0	3.8

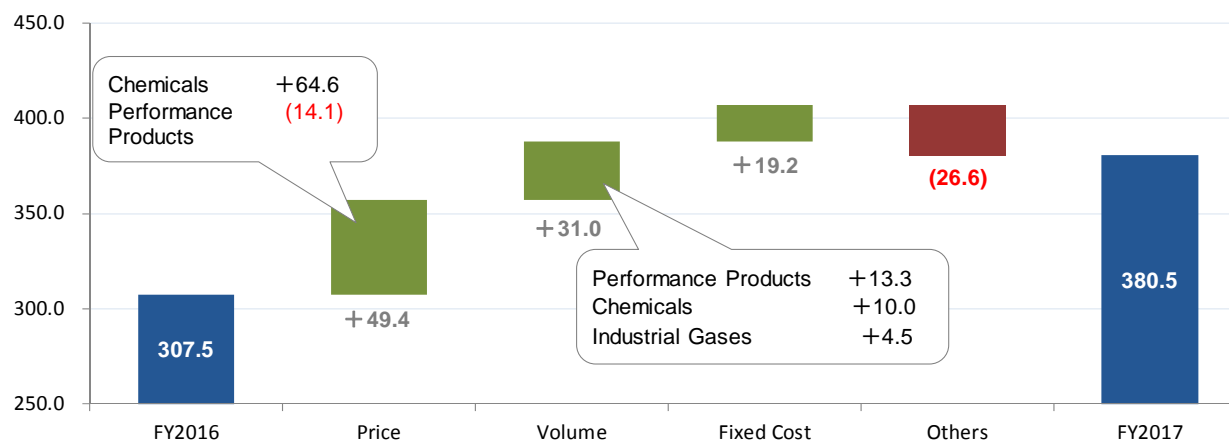
Analysis of Core Operating Income

(Billions of Yen)

	FY2017	FY2016	Change	Change			
				Price	Volume	Fixed Cost	Others *
Total Consolidated	380.5	307.5	73.0	49.4	31.0	19.2	(26.6)
Performance Products	94.0	94.2	(0.2)	(14.1)	13.3	9.9	(9.3)
Chemicals	147.9	62.6	85.3	64.6	10.0	5.0	5.7
Industrial Gases	57.5	52.1	5.4	(0.9)	4.5	1.6	0.2
Health Care	81.2	98.4	(17.2)	(0.2)	4.0	2.5	(23.5)
Others	(0.1)	0.2	(0.3)	0.0	(0.8)	0.2	0.3

* Items included are impacts from inventory valuation gain/loss and Equity Income, etc.

Changes in exchange rates	5.7	6.5	1.3	-	(2.1)
Changes in foreign currency translation included in above		5.7			

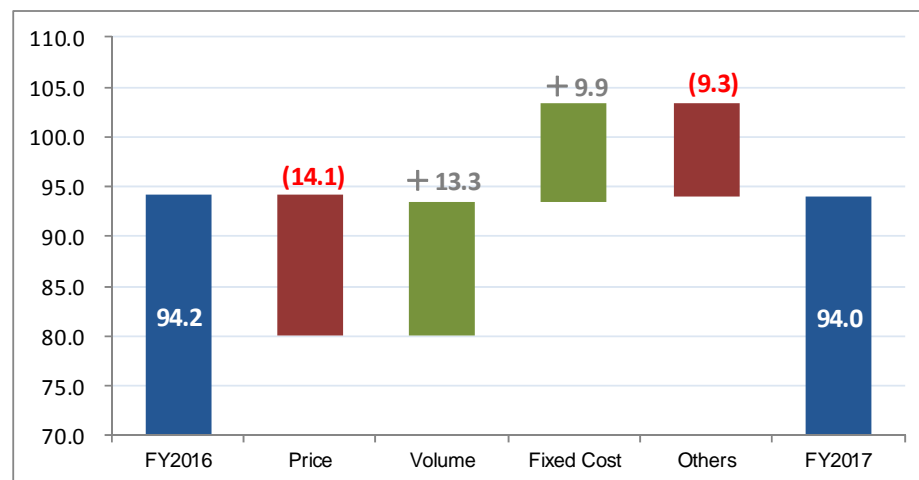


Performance Products Segment

(Billions of Yen)

		FY2017	FY2016	Change
Functional Products	Sales Revenue	782.1	745.3	36.8
	Core Operating Income	58.0	62.3	(4.3)
Performance Chemicals	Sales Revenue	363.8	327.3	36.5
	Core Operating Income	36.0	31.9	4.1
Performance Products	Sales Revenue	1,145.9	1,072.6	73.3
	Core Operating Income	94.0	94.2	(0.2)

< Analysis of Core Operating Income >



- MCC decided to build a new production facility in Thailand for its *DIAMIRON* multilayer co-extruded film, which is used in food packaging, medical supplies and devices, and a wide range of other fields. Commercial operation is slated to start in April 2020.

Functional Products	
Sales revenue	Sales remained steady in films for displays in electronics and displays, in addition to advanced moldings and composites including high-performance engineering plastics, alumina fibers, and other products.
Core operating income	Profit decreased due primarily to a rise in raw material costs for high-performance films and films for displays, despite higher sales volumes of high-performance engineering plastics and alumina fibers.
Performance Chemicals	
Sales revenue	In advanced polymers, market prices for phenol-polycarbonate chain continued firm, and sales volumes increased as the impact of scheduled plant maintenance and repairs during fiscal 2016 was resolved. In addition, sales volumes of battery materials for automobiles in the new energy business increased.
Core operating income	Profit increased, due primarily to higher sales volumes of performance polymers and battery materials for automobiles, in addition to continued firm market prices of phenol-polycarbonate products.

<Major initiatives>

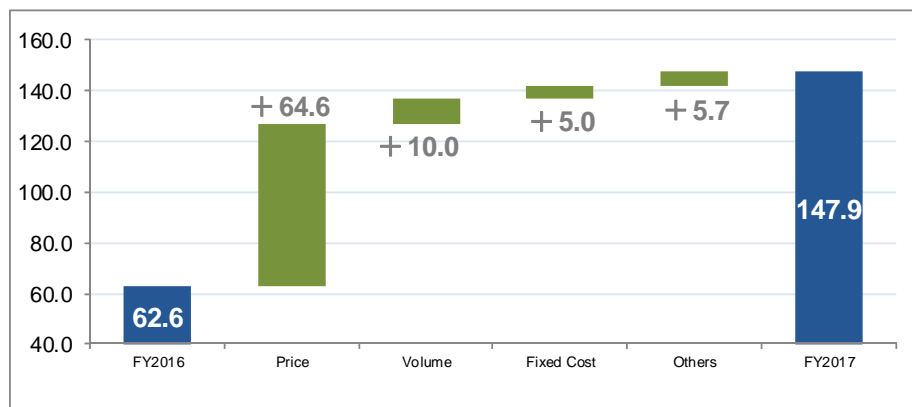
- Changshu UM Battery Materials Co., Ltd., a 50-50 joint venture established by MCC and Ube Industries, Ltd. to further strengthen their technological capabilities and cost competitiveness in China by utilizing both companies' intellectual property and R&D capacities began production and sale of electrolytes for lithium-ion batteries in January 2018.
- MCC decided to absorb its wholly owned subsidiary, Nippon Kasei Chemical Co., Ltd. which produces and sells inorganic chemicals and other products in the High-Performance Chemicals business domain, in a move to accelerate its business portfolio reformation and more quickly realize synergies. The absorption merger was implemented on April 1, 2018.

Chemicals Segment

(Billions of Yen)

		FY2017	FY2016	Change
MMA	Sales Revenue	385.9	285.9	100.0
	Core Operating Income	109.6	37.9	71.7
Petrochemicals	Sales Revenue	538.0	500.3	37.7
	Core Operating Income	25.9	20.9	5.0
Carbon products	Sales Revenue	253.4	197.9	55.5
	Core Operating Income	12.4	3.8	8.6
Chemicals	Sales Revenue	1,177.3	984.1	193.2
	Core Operating Income	147.9	62.6	85.3

< Analysis of Core Operating Income >



- MCC's subsidiary, Japan Polypropylene Corporation suspended its polypropylene production line (300kt/y) for four months from the end of September 2017, due to the partially damaged production line. Operation resumed at the end of January 2018.

MMA	
Sales revenue	MMA monomer market prices rose in line with continuing firm demand.
Core operating income	Profit increased due primarily to a broadening in the price differential between raw materials and product in MMA, despite rising raw material prices.
Petrochemicals	
Sales revenue	With continued firmness in the demand and supply balance, sales volumes increased, reflecting rising sales prices brought on by higher raw material prices and a smaller impact from ethylene production facility scheduled maintenance and repairs, which were less than in the previous period.
Core operating income	Profit increased reflecting continued firm market prices for petrochemicals, a smaller impact from ethylene production facility scheduled maintenance and repairs, which were less than in the previous period, and other factors, despite the impact of a partially damaged polyolefin production line.
Carbon Products	
Sales revenue	Sale prices rose, accompanying a rise in coking coal prices.
Core operating income	Profit increased due primarily to continued steady demand, a broadening in the price differential between raw materials and products, accompanying rising market prices in coke and needle coke.

<Major initiatives>

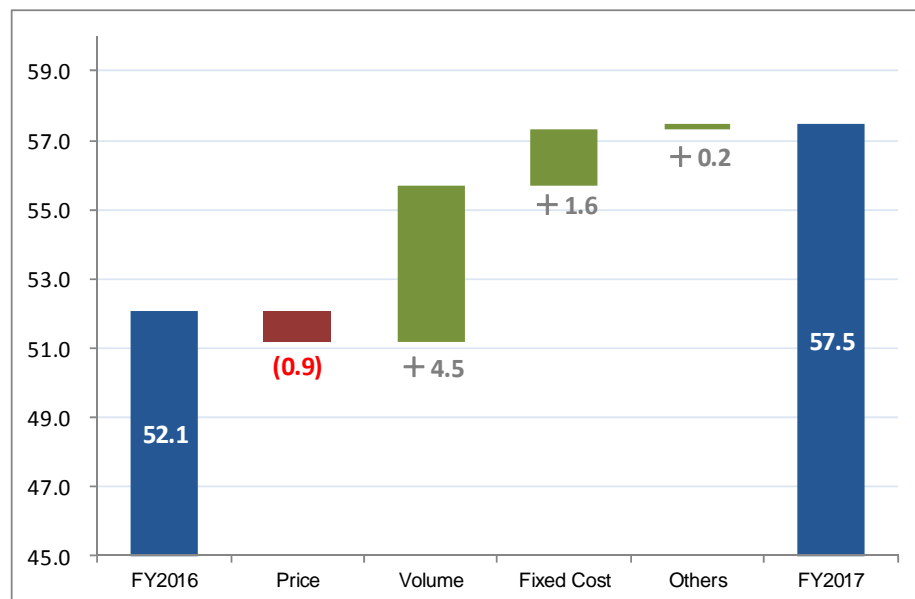
- The Saudi Methacrylates Company, a joint venture between MCC and Saudi Basic Industries Corporation achieved completion of production facilities for MMA monomer (250kt/y) and PMMA (40kt/y). Commercial operation of both facilities commenced in April 2018.
- MCC's subsidiary, Japan Polypropylene Corporation decided to construct a new production facility for polypropylene (150kt/y) at its Goi Plant, as part of its structural reforms in April 2017. Commercial operation is scheduled to begin in October 2019.

Industrial Gases Segment

(Billions of Yen)

		FY2017	FY2016	Change
Industrial Gases	Sales Revenue	638.7	574.6	64.1
	Core Operating Income	57.5	52.1	5.4

< Analysis of Core Operating Income >



Industrial Gases	
Sales revenue	Sales revenue increased, reflecting continued firmness in domestic and overseas sales of electronics material gases. Another positive factor was the inclusion of results of businesses acquired in the U.S. and Australia starting in the second quarter and the fourth quarter of fiscal 2016, respectively.
Core operating income	Profit increased, reflecting continued firmness in the domestic industrial gas business such as separate gases, in addition to the effects of the acquisition and firm sales of electronics material gases mentioned above.

<Major initiatives>

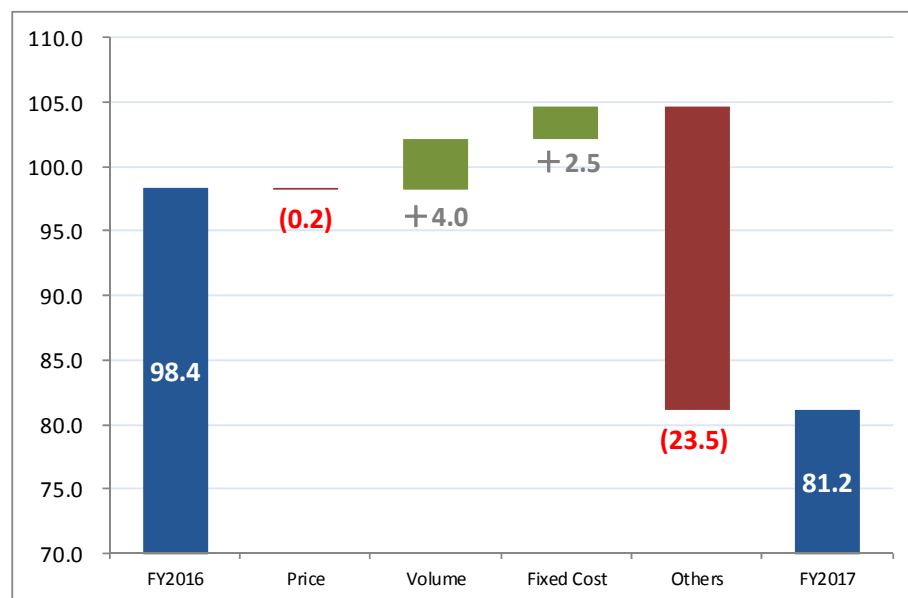
- TNSC, through its U.S. subsidiary Matheson Tri-Gas, Inc., concluded a purchase and sale agreement with Gazprom Export, a subsidiary of Russia's state-owned gas company Gazprom, for helium produced in East Siberia by Gazprom, in February 2018.

Health Care Segment

(Billions of Yen)

		FY2017	FY2016	Change
Health Care	Sales Revenue	556.6	547.0	9.6
	Core Operating Income	81.2	98.4	(17.2)

< Analysis of Core Operating Income >



Health Care	
Sales revenue	Pharmaceuticals recorded higher sales revenue, due mainly to higher sales volumes of priority ethical pharmaceutical products including Simponi, a treatment for rheumatoid arthritis and significant sales growth of Radicava, a treatment for amyotrophic lateral sclerosis (ALS) in the U.S., despite a lower sales brought on by a generic drug business transfer and other factors.
Core operating income	Profit decreased due primarily to increased R&D expenses and business development costs in the U.S., despite continued favorable sales of <i>Radicava</i> .

<Major initiatives>

- MTPC's *Radicava*, a free-radical scavenger discovered by Mitsubishi Pharma Corporation (current MTPC) was approved by the U.S. Food and Drug Administration for an indication of ALS in May 2017. Sales of *Radicava* in the U.S. through MTPC's subsidiary, MT Pharma America, Inc. began in August.
- MTPC made NeuroDerm Ltd. a consolidated subsidiary in October 2017. NeuroDerm is a clinical-stage pharmaceutical company that develops novel formulation technology and drug-device combinations for Parkinson's disease.
- LSII began exploratory clinical trials of Muse cell-based product to treat acute myocardial infarction in January 2018, with the aim of acquiring manufacture and sales approval in fiscal 2021. And in February of the same year, it decided to construct a new cell process facility (CPF) for commercialization of the Muse-based product. The facility is slated to commence operation in January 2019.

Consolidated Special Items

(Billions of Yen)

	4Q	FY2017	FY2016	Change
Total Special Items	(14.0)	(24.8)	(38.9)	14.1
Impairment loss	(3.6)	(9.7)	(15.0)	5.3
Loss on sale and disposal of fixed assets	(3.5)	(5.6)	(2.9)	(2.7)
Prior service cost	(5.0)	(5.0)	(0.8)	(4.2)
Integration-related expenses of MCC	(1.2)	(3.8)	(1.0)	(2.8)
Special retirement expenses	(0.0)	(2.4)	(2.5)	0.1
Provision for loss on litigation	-	(1.2)	-	(1.2)
Environmental expenses	(1.0)	(1.0)	(6.8)	5.8
Gain on sale of intercompany securities	0.1	3.7	-	3.7
Gain on sale of property, plant and equipment	0.8	3.6	0.9	2.7
Others	(0.6)	(3.4)	* (10.8)	7.4

*Including the impact of losses incurred by the Kumamoto earthquake in Japan (4.0 billion yen)

[Special Items by Business Segment]

Performance Products	(4.8)	(6.9)	* (16.6)	9.7
Chemicals	(0.4)	(3.7)	(8.2)	4.5
Industrial Gases	(0.7)	(0.7)	(1.9)	1.2
Health Care	(0.0)	(1.4)	(3.0)	1.6
Others	(8.1)	(12.1)	(9.2)	(2.9)

Consolidated Cash Flows

	Based on statements of cash flows		Adjusted cash flows*		<reference> Target for FY2017 Forecast (announced on May 12)
	FY2017	FY2016	FY2017	FY2016	
Net cash provided by operating activities	397.9	396.6	397.9	396.6	350.0
Income before income taxes	344.1	260.6	344.1	260.6	277.0
Depreciation and amortization	178.9	174.0	178.9	174.0	182.0
Change in operating receivables/payables	(28.9)	32.7	(28.9)	32.7	} (44.0)
Change in Inventories	(70.9)	(9.2)	(70.9)	(9.2)	
Others	(25.3)	(61.5)	(25.3)	(61.5)	(65.0)
Net cash used in investment activities	(335.9)	(289.1)	(326.6)	(292.9)	(250.0)
Capital expenditure	(228.3)	(205.8)	(228.3)	(205.8)	(249.0)
Sale of assets	51.9	37.0	51.9	37.0	} (1.0)
Investment and loans receivable, etc.	(159.5)	(120.3)	(150.2)	(124.1)	
Free cash flow	62.0	107.5	71.3	103.7	100.0
Net cash used in financing activities	(150.6)	1.4			
Interest bearing debts	(68.3)	134.3			
Additional acquisition of consolidated subsidiaries' stocks	(3.7)	(48.8)			
Dividends, etc.	(78.6)	(84.1)			
Increase (Decrease) in cash and cash equivalents	(88.6)	108.9			
Effect of exchange rate changes and change in scope of consolidation	2.7	(12.5)			
Cash and cash equivalents at the beginning of the period	363.5	267.1			
Cash and cash equivalents at the end of the period	277.6	363.5			

* Adjusted cash flows based on actual results are calculated by excluding cash flows from investment of surplus funds for explanatory purposes.

Consolidated Statements of Financial Positions

	Mar. 31, 2018	Mar. 31, 2017	Change		Mar. 31, 2018	Mar. 31, 2017	Change
Cash and cash equivalents	277.6	363.5	(85.9)	Interest-bearing debts	1,606.1	1,693.7	(87.6)
Trade receivables	854.8	776.2	78.6	Trade payables	488.6	437.9	50.7
Inventories	607.7	538.1	69.6	Other liabilities	686.4	633.7	52.7
Other current assets	311.6	290.6	21.0	Total liabilities	2,781.1	2,765.3	15.8
Total current assets	2,051.7	1,968.4	83.3	Shareholders' equity	1,284.5	1,089.5	195.0
Tangible and Intangible fixed assets	1,788.7	1,658.9	129.8	Other components of equity	1.3	1.9	(0.6)
Goodwill	323.4	313.0	10.4	Total equity attributable to owners of the parent	1,285.8	1,091.4	194.4
Investment and other non-current assets	536.8	523.2	13.6	Non-controlling interests	633.7	606.8	26.9
Total non-current assets	2,648.9	2,495.1	153.8	Total equity	1,919.5	1,698.2	221.3
Total assets	4,700.6	4,463.5	237.1	Total liabilities and equity	4,700.6	4,463.5	237.1
				Net interest-bearing debts *1	1,139.5	1,155.9	(16.4)
				Net D/E ratio	0.89	1.06	(0.17)
				Ratio of equity attributable to owners of the parent	27.4%	24.5%	2.9%
				ROE *2	17.8%	15.1%	2.7%

(Billions of Yen)

*1 Net interest-bearing debts (as of March 31, 2018)
 = interest bearing debts (1,606.1 billion yen)
 - (cash and cash equivalents (277.6 billion yen) + investments of surplus funds (189.0 billion yen))

*2 Ratio of net income attributable to owners of the parent

Consolidated Financial Results Forecasts for FY2018

Consolidated Statements of Operations

Exchange Rate (¥/\$)	105.0	105.0	105.0	110.7	(5.7)	(5%)
Naphtha Price (¥/kl)	50,000	50,000	50,000	41,900	8,100	19%

(Billions of Yen)

	1H	2H	FY2018 Forecast	FY2017 Actual	Change	%
Sales Revenue	1,935.0	1,995.0	3,930.0	3,724.4	205.6	6%
Core Operating Income	172.0	183.0	355.0	380.5	(25.5)	(7%)
Special Items	(4.0)	(14.0)	(18.0)	(24.8)	6.8	
Operating Income	168.0	169.0	337.0	355.7	(18.7)	(5%)
Financial Income/Expenses	(6.0)	(6.0)	(12.0)	(11.6)	(0.4)	
Earnings before Taxes	162.0	163.0	325.0	344.1	(19.1)	(6%)
Income Taxes	(46.0)	(41.0)	(87.0)	(67.7)	(19.3)	
Net Income	116.0	122.0	238.0	276.4	(38.4)	(14%)
Net Income Attributable to Owners of the Parent	91.0	93.0	184.0	211.8	(27.8)	(13%)
Net Income Attributable to Non-Controlling Interests	25.0	29.0	54.0	64.6	(10.6)	

Consolidated Sales Revenue and Core Operating Income by Business Segment

(Billions of Yen)

* All figures are approximation for reference purpose only.

		1H	2H	FY2018 Forecast	FY2017 Actual	Change
Total Consolidated	Sales Revenue	1,935.0	1,995.0	3,930.0	3,724.4	205.6
	Core Operating Income	172.0	183.0	355.0	380.5	(25.5)
Functional Products	Sales Revenue	400.0	410.0	810.0	782.1	27.9
	Core Operating Income	29.0	33.5	62.5	58.0	4.5
Performance Chemicals	Sales Revenue	190.0	200.0	390.0	363.8	26.2
	Core Operating Income	14.0	18.5	32.5	36.0	(3.5)
Performance Products	Sales Revenue	590.0	610.0	1,200.0	1,145.9	54.1
	Core Operating Income	43.0	52.0	95.0	94.0	1.0
MMA	Sales Revenue	225.0	200.0	425.0	385.9	39.1
	Core Operating Income	57.0	34.0	91.0	109.6	(18.6)
Petrochemicals	Sales Revenue	285.0	315.0	600.0	538.0	62.0
	Core Operating Income	6.0	17.0	23.0	25.9	(2.9)
Carbon Products	Sales Revenue	130.0	125.0	255.0	253.4	1.6
	Core Operating Income	8.5	8.0	16.5	12.4	4.1
Chemicals	Sales Revenue	640.0	640.0	1,280.0	1,177.3	102.7
	Core Operating Income	71.5	59.0	130.5	147.9	(17.4)
Industrial Gases	Sales Revenue	324.0	338.0	662.0	638.7	23.3
	Core Operating Income	29.0	32.5	61.5	57.5	4.0
Health Care	Sales Revenue	271.0	292.0	563.0	556.6	6.4
	Core Operating Income	31.0	42.0	73.0	81.2	(8.2)
Others	Sales Revenue	110.0	115.0	225.0	205.9	19.1
	Core Operating Income	(2.5)	(2.5)	(5.0)	(0.1)	(4.9)

Consolidated Cash Flows Targets

	Adjusted by excluding cash flows from investment of surplus funds	
	FY2018 Target	FY2017 Actual
	(Billions of Yen)	
Net cash provided by operating activities	394.0	397.9
Income before income taxes	325.0	344.1
Depreciation and amortization	185.0	178.9
Change in working capital	0.0	(99.8)
Others	(116.0)	(25.3)
Net cash used in investment activities	(254.0)	(326.6)
Capital expenditure	(264.0)	(228.3)
Investment and loans receivables, etc.	10.0	(98.3)
Free cash flow	140.0	71.3

Dividend Forecast

MCHC's basic policy of returning profits to shareholders emphasizes enhancement of shareholder value by increasing the value of the company. Therefore, using 30% of the medium-term level as a guideline for the consolidated dividend payout ratio, MCHC will make stable dividend payments, while maintaining sufficient internal reserves as resources to develop future businesses.

Under this policy, and based on the financial results announcement for fiscal 2017, MCHC will increase its year-end dividend forecast for the fiscal year ended March 2018 by ¥2, and make the revision to ¥17. As a result, the annual dividend forecast will be increased by ¥12 per share from fiscal 2016, to ¥32.

In addition, for the annual dividend forecast for fiscal 2018, MCHC plans to pay ¥34 per share, an increase of ¥2 per share from fiscal 2017.

		IFRS			J-GAAP	
		FY2018 Forecast	FY2017 Forecast	FY2016 Actual	FY2015 Actual	FY2014 Actual
Cash dividends per share (Yen)	Interim	17	15	8	7	6
	Year-end	17	* 17	12	8	7
	Total (Annual)	34	32	20	15	13
Net income per share (Yen)	Year-end	¥127.83	¥147.14	¥106.73	¥31.70	¥41.40
Consolidated dividend pay out ratio	Total (Annual)	26.6%	21.7%	18.7%	47.3%	31.4%

*Year-end dividend for fiscal 2017 will be set at the meeting of the Board of Directors to be held on May 16.

Acquisition of Treasury Stock

Outline

1. Reason for Acquisition of Treasury Stock

To implement flexible capital management policies in response to changes in the business environment.

2. Type of Stock to be Acquired: MCHC Common stock

3. Total Number of Shares to be Acquired: Up to 20,000,000 shares

4. Total Acquisition Price for Shares: Up to ¥20 billion

5. Acquisition Period: May 11 – June 15, 2018

6. Method of Acquisition

(1) Purchase through the off-auction own shares repurchase trading system (ToSTNeT-3)

MCHC will entrust the purchase of its treasury stock at the closing price on May 10, 2018, through the off-auction own shares repurchase trading system of the Tokyo Stock Exchange (ToSTNeT-3) at 8:45 a.m. on May 11, 2018. (No changes in the trading method or trading time will be made.) This purchase order will be valid only at the trading time mentioned above. In addition, MCHC will announce the acquisition price after determining today's closing share price.

(2) Market purchase after the purchase through ToSTNeT-3

MCHC will continue to acquire treasury stock through market purchase on the basis of discretionary trading pertaining to acquisition of treasury stock up to the total number of shares or total acquisition price obtained by subtracting the total number of shares and total acquisition price acquired through the off-auction own shares repurchase trading system of the Tokyo Stock Exchange (ToSTNeT-3) from the total number of shares to be acquired and total acquisition price, in case the total number of shares and total acquisition price through the aforementioned ToSTNeT-3 system did not reach the acquisition limit of either the total number of shares to be acquired or the total acquisition price resolved by the Board of Directors on May 10, 2018.

References

Number of Subsidiaries and affiliates of MCHC

Overseas Sales Revenue and Core Operating Income

(Number of companies)

The number of Subsidiaries and affiliates of MCHC	IFRS			J-GAAP		
	FY2017	FY2016	FY2015	FY2015	FY2014	FY2013
MCHC and affiliated companies	708	731	753	749	762	450
Companies in consolidation scope	653	592	600	598	601	414
MCHC and consolidated subsidiaries	515	510	522	522	523	361
Japan	203	193	200	200	210	135
Overseas	312	317	322	322	313	226
Joint Operation	4	4	2			
Affiliates accounted for by the equity method	134	78	76	76	78	53

Net sales and operating income by geographic area

based on location of MCHC and consolidated subsidiaries

(Billions of Yen)

Japan	2,589.6	2,408.6	2,499.0	2,553.1	2,534.7	2,415.1
Overseas *1	1,134.8	967.5	1,044.4	*2 1,270.0	1,121.6	1,083.7
Sales revenue	3,724.4	3,376.1	3,543.4	3,823.1	3,656.3	3,498.8
Japan	223.2	211.5	232.4	225.8	140.6	103.7
Overseas *1	157.3	96.0	68.0	*2 54.2	25.1	6.8
Core Operating Income (J-GAAP : Operating Income)	380.5	307.5	300.4	280.0	165.7	110.5

Overseas sales based on location of customers

Overseas sales revenue *1	1,547.0 41.6%	1,333.6 39.5%	1,430.0 40.4%	*2 1,659.2 *3 43.4%	1,519.1 41.5%	1,457.1 *4 41.6%
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*1 Discontinued operations are not included.

*3 Overseas sales ratio, excluding impacts of 78.5 billion yen associated with a change in accounting periods in some of overseas subsidiaries is 41.3%.

*4 Overseas sales ratio, excluding impacts of 145.6 billion yen associated with a change in accounting periods in some of overseas subsidiaries is 39.5%.

*2 Discontinued operations are included as shown below.

(Billions of Yen)

By geographic area		
Sales revenue	Overseas	131.4
Core Operating Income	Overseas	(9.1)
By location of customers		
Sales revenue		131.4

Statement of Operations [Quarterly Data]

		107.9	102.9	111.3	112.9	111.4	111.2	112.7	107.5
		31,600	31,300	34,000	41,800	39,100	36,100	44,600	47,900
		(Billions of Yen)				(Billions of Yen)			
		FY2016				FY2017			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Continuing Operations	Sales Revenue	794.6	791.7	864.3	925.5	898.0	906.8	957.4	962.2
	Core Operating Income *1	70.6	65.7	93.8	77.4	95.5	96.8	112.7	75.5
	Special Items	(5.6)	(10.6)	(3.5)	(19.2)	(4.5)	(2.5)	(3.8)	(14.0)
	Operating Income	65.0	55.1	90.3	58.2	91.0	94.3	108.9	61.5
	Financial Income/Expenses	(5.0)	(3.5)	3.3	(5.1)	(1.4)	(3.7)	(1.4)	(5.1)
	(Dividend included above)	2.5	0.2	1.0	0.2	2.6	0.3	1.1	0.3
	(Foreign Exchange Gain/Loss included above)	(3.9)	(0.7)	5.5	(1.4)	(0.7)	0.0	0.2	(2.5)
	Earnings before Taxes	60.0	51.6	93.6	53.1	89.6	90.6	107.5	56.4
	Income Taxes	(19.9)	17.5	(25.6)	(16.4)	(26.3)	(22.6)	(15.0)	(3.8)
	Net Income from Continuing Operations	40.1	69.1	68.0	36.7	63.3	68.0	92.5	52.6
Net Income from Discontinued Operations	1.1	(1.2)	2.7	(0.0)	-	-	-	-	
Net Income	41.2	67.9	70.7	36.7	63.3	68.0	92.5	52.6	
Net Income Attributable to Owners of the Parent	26.1	53.1	52.6	24.5	47.7	52.8	68.5	42.8	
Net Income Attributable to Non-Controlling Interests	15.1	14.8	18.1	12.2	15.6	15.2	24.0	9.8	
	*1 Equity income included	4.0	3.4	5.4	6.1	5.6	6.0	6.7	9.0

Sales Revenue and Core Operating Income by Business Segment [Quarterly Data]

* All figures are approximation for reference purpose only.

(Billions of Yen)

(Billions of Yen)

		FY2016				FY2017			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total Consolidated	Sales Revenue	794.6	791.7	864.3	925.5	898.0	906.8	957.4	962.2
	Core Operating Income	70.6	65.7	93.8	77.4	95.5	96.8	112.7	75.5
Functional Products	Sales Revenue	182.0	183.6	187.7	192.0	188.7	195.9	199.7	197.8
	Core Operating Income	16.1	16.1	17.3	12.8	16.7	16.2	15.4	9.7
Performance Chemicals	Sales Revenue	80.0	78.5	79.8	89.0	88.5	87.6	91.9	95.8
	Core Operating Income	8.2	6.6	9.0	8.1	9.8	8.1	9.7	8.4
Performance Products	Sales Revenue	262.0	262.1	267.5	281.0	277.2	283.5	291.6	293.6
	Core Operating Income	24.3	22.7	26.3	20.9	26.5	24.3	25.1	18.1
MMA	Sales Revenue	68.9	67.2	72.2	77.6	92.3	92.6	96.7	104.3
	Core Operating Income	6.7	9.1	11.1	11.0	24.3	27.9	29.2	28.2
Petrochemicals	Sales Revenue	113.1	110.4	133.2	143.6	127.5	130.9	141.6	138.0
	Core Operating Income	0.4	(0.2)	8.2	12.5	5.8	8.7	8.5	2.9
Carbon Products	Sales Revenue	39.7	42.6	46.3	69.3	68.1	60.2	59.5	65.6
	Core Operating Income	(0.1)	0.7	1.4	1.8	4.0	1.2	3.2	4.0
Chemicals	Sales Revenue	221.7	220.2	251.7	290.5	287.9	283.7	297.8	307.9
	Core Operating Income	7.0	9.6	20.7	25.3	34.1	37.8	40.9	35.1
Industrial Gases	Sales Revenue	131.7	133.8	145.5	163.6	149.1	153.1	163.7	172.8
	Core Operating Income	11.5	12.9	14.5	13.2	13.4	14.7	15.8	13.6
Health Care	Sales Revenue	134.9	128.5	151.5	132.1	138.1	135.1	155.6	127.8
	Core Operating Income	29.1	19.9	33.0	16.4	22.0	19.0	31.2	9.0
Others	Sales Revenue	44.3	47.1	48.1	58.3	45.7	51.4	48.7	60.1
	Core Operating Income	(1.3)	0.6	(0.7)	1.6	(0.5)	1.0	(0.3)	(0.3)

Special Items [Quarterly Data]

	(Billions of Yen)				(Billions of Yen)			
	FY2016				FY2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total Special Items	(5.6)	(10.6)	(3.5)	(19.2)	(4.5)	(2.5)	(3.8)	(14.0)
Impairment loss	(0.9)	(7.0)	(1.9)	(5.2)	(0.0)	(1.1)	(5.0)	(3.6)
Loss on sale and disposal of fixed assets	(0.2)	(0.8)	(0.5)	(1.4)	(0.8)	(0.3)	(1.0)	(3.5)
Prior service cost	(0.8)	-	-	-	-	-	-	(5.0)
Integration-related expenses of MCC	(0.1)	(0.2)	(0.2)	(0.5)	(2.2)	(0.2)	(0.2)	(1.2)
Special retirement expenses	(1.4)	(0.6)	(0.1)	(0.4)	(1.1)	(0.8)	(0.5)	(0.0)
Provision for loss on litigation	-	-	-	-	-	-	(1.2)	-
Environmental expenses	-	-	-	(6.8)	-	-	-	(1.0)
Gain on sale of intercompany securities	-	-	-	-	-	-	3.6	0.1
Gain on sale of property, plant and equipment	0.6	(0.0)	0.1	0.2	0.1	0.1	2.6	0.8
Others	(2.8)	(2.0)	(0.9)	(5.1)	(0.5)	(0.2)	(2.1)	(0.6)

*Including the impact of losses incurred by the Kumamoto earthquake in Japan (4.0 billion yen)

[Special Items by Business Segment]

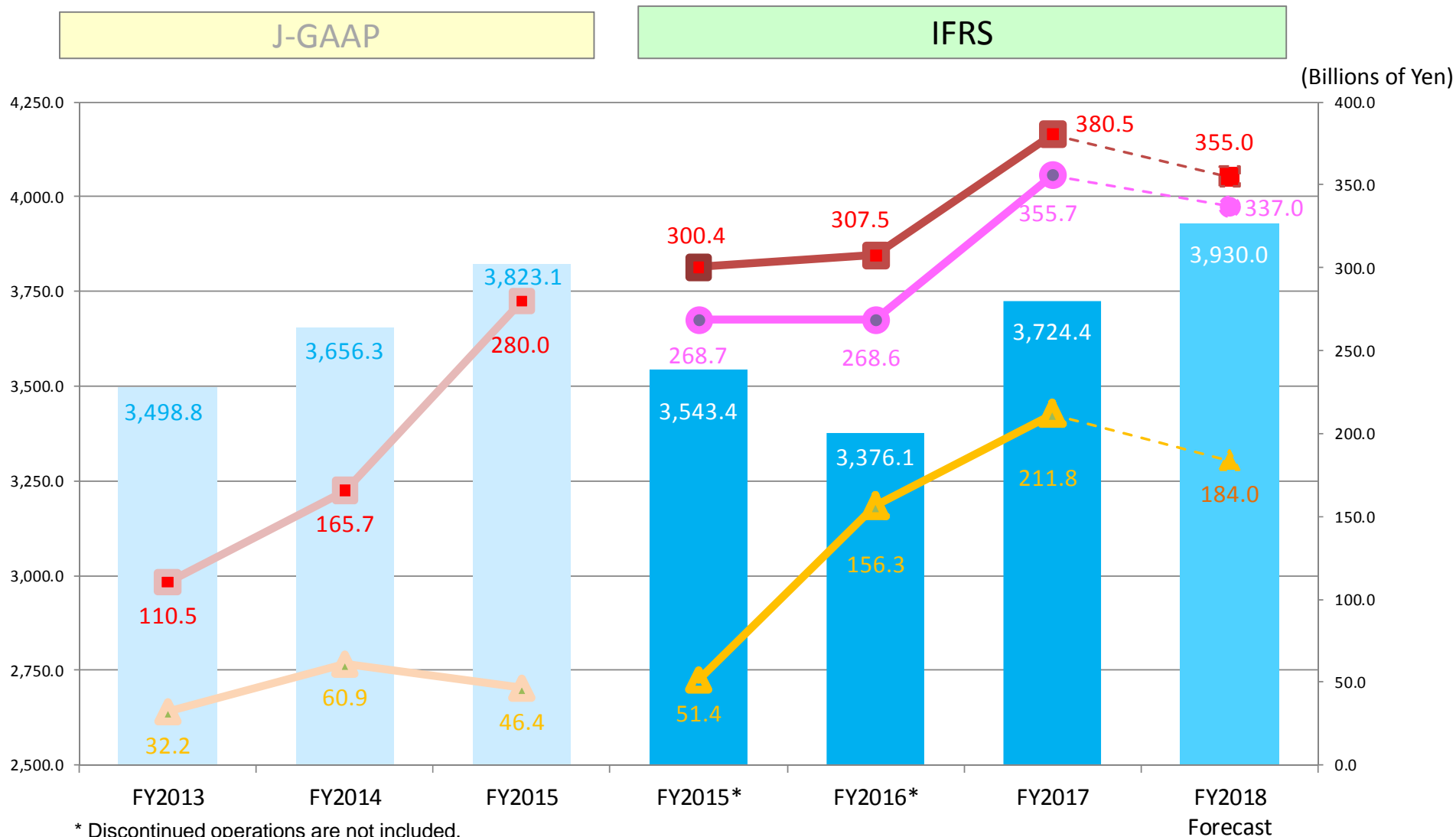
Performance Products	*1 (3.4)	*1 (5.1)	*1 (1.4)	(6.7)	(0.3)	(0.2)	(1.6)	(4.8)
Chemicals	(2.4)	(3.3)	(1.9)	(0.6)	(0.4)	(0.2)	(2.7)	(0.4)
Industrial Gases	0.2	(0.0)	(0.0)	(2.1)	0.1	(0.1)	0.0	(0.7)
Health Care	0.1	(1.0)	(0.1)	(2.0)	(0.9)	(2.0)	1.5	(0.0)
Others	(0.1)	(1.2)	(0.1)	(7.8)	(3.0)	(0.0)	(1.0)	(8.1)

Capital Expenditure, Depreciation & Amortization, R&D Expenses, and Number of Employees by Business segment

(Billions of Yen, until otherwise noted)

	Capital Expenditure		Depreciation & Amortization		R&D Expenses		Number of Employees
	FY2018 Forecast	FY2017 Actual	FY2018 Forecast	FY2017 Actual	FY2018 Forecast	FY2017 Actual	FY2017 Actual
Performance Products	79.0	68.3	53.0	54.9	32.0	27.6	23,601
Chemicals	74.0	61.9	59.0	53.7	11.0	10.0	8,510
Industrial Gases	79.0	61.6	50.0	45.7	3.0	3.0	16,746
Health Care	27.0	27.5	17.0	19.1	104.0	92.1	11,894
Others	5.0	5.9	6.0	5.5	10.0	6.1	8,479
Total	264.0	225.2	185.0	178.9	160.0	138.8	69,230

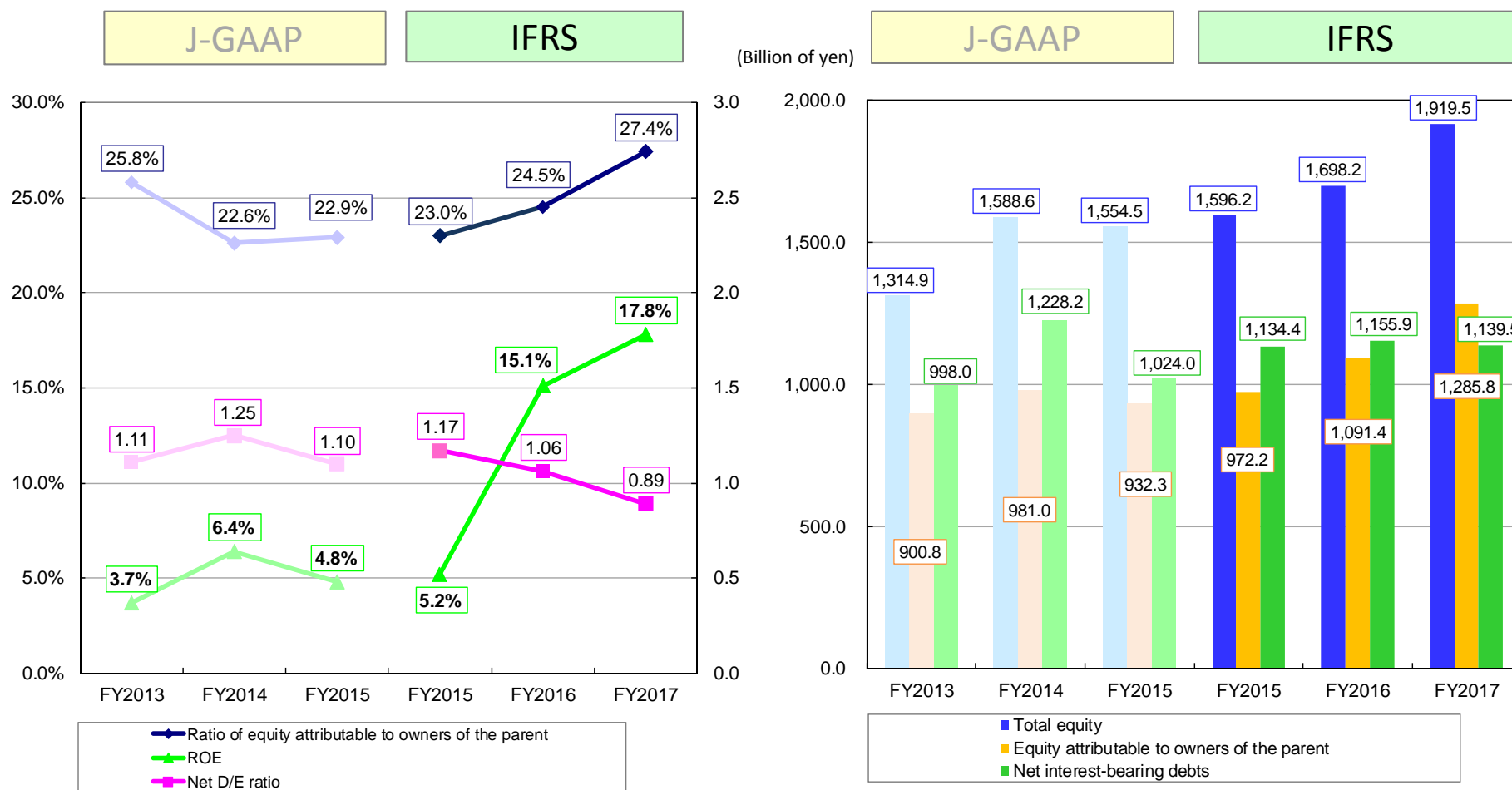
Trend of Performance



■ Net sales/Sales Revenue
● Operating income in IFRS

■ Operating income/Core Operating Income
▲ Net income attributable to Shareholders of the parent

Trend of Financial Position



J-GAAP	IFRS
Net assets	Total equity
Shareholder's equity	Equity attributable to owners of the parent
Net interest-bearing debts	Net interest-bearing debts
Shareholder's equity ratio	Ratio of equity attributable to owners of the parent
ROE (Return on Equity)	ROE (Ratio of net income attributable to owners of the parent)
Net D/E ratio	Net D/E ratio

Business Segment Information

Business Domain	Business Segment	Business Sub-Segment		
			Businesses	
Performance Products	Performance Products	Functional Products	Electronics and Displays	Optical films, Electronics and displays, Acetyl
			High Performance Films	Packaging films, Industrial films
			Environment and Living Solutions	Aqua and separator solutions, Infrastructure solutions and agricultural materials
			Advanced Moldings and Composites	High performance engineering plastics, Fibers and textile, Carbon fiber and composite materials, Functional moldings and composites, Almina fiber and light metal products
		Performance Chemicals	Advanced Polymers	Performance polymers, Engineering polymers, Sustainable resources
			High Performance Chemicals	Performance chemicals, Performance materials, Food ingredients
			New Energy	Lithium ion battery materials, Energy transduction device materials
Industrial Materials	Chemicals	MMA	MMA	MMA
		Petrochemicals	Petrochemicals	Basic petrochemicals, Polyolefins, Basic chemical derivatives
		Carbon Products	Carbon	Carbon
	Industrial Gases		Industrial gases	
Health Care	Health Care		Pharmaceuticals	
			Life science	

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties, which may be beyond company control.

Actual results could differ materially due to numerous factors, including without limitation, marketing conditions and the effects of industry competition.