



August 1, 2017

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the First Quarter of the Fiscal Year Ending March 31, 2018

1. Business Results for the First Quarter of the Fiscal Year Ending March 31, 2018 ("FY2017")
(Business Period: April 1, 2017 — June 30, 2017)

Millions of Yen	
The First Quarter of the Current Fiscal Year ("FY2017")	The First Quarter of the Previous Fiscal Year ("FY2016")
April 1, 2017 - June 30, 2017	April 1, 2016 - June 30, 2016

(1) Results of Operations:

	898,018	794,594
Sales revenue	898,018	794,594
Core operating income*	95,453	70,612
Operating income	90,997	65,005
Earnings before taxes	89,588	60,053
Net Income	63,332	41,221
Net income attributable to owners of the parent	47,708	26,078
Comprehensive income (loss)	79,845	(15,625)

* Core operating income: Operating income excluding special items

(Yen)

Earnings per share - Basic	33.15	17.80
- Diluted	30.66	17.79

(2) Segment Information:

[Sales Revenue by Business Segment]

Performance Products	277,163	262,006
Chemicals	287,917	221,726
Industrial Gases	149,151	131,702
Health Care	138,059	134,895
Others	45,728	44,265
Total	898,018	794,594

[Core Operating Income (Loss) by Business Segment]

Performance Products	26,449	24,163
Chemicals	34,107	7,102
Industrial Gases	13,433	11,526
Health Care	21,961	29,080
Others	953	922
Elimination & corporate	(1,450)	(2,181)
Total	95,453	70,612

Millions of Yen	
As of June 30, 2017	As of March 31, 2017

(3) Financial Position:

Total assets	4,551,133	4,463,547
Total equity	1,743,785	1,698,197
Equity attributable to owners of the parent	1,135,410	1,091,398
Ratio of equity attributable to owners of the parent to total assets (%)	24.9	24.5

Millions of Yen	
The First Quarter of the Current Fiscal Year ("FY2017")	The First Quarter of the Previous Fiscal Year ("FY2016")
April 1, 2017 - June 30, 2017	April 1, 2016 - June 30, 2016

(4) Cash Flows:

Net cash provided by (used in) operating activities	88,227	99,304
Net cash provided by (used in) investing activities	(126,324)	(23,301)
Net cash provided by (used in) financing activities	(19,483)	(43,175)
Cash and cash equivalents at end of the period	307,156	288,067

Notes:

1. The Company has reclassified business segments from FY2017. Accordingly, segment information for FY2016 has been restated to match.
2. We have categorized the terephthalic acid business in India and China as the discontinued business, based on the decision to transfer that business in both countries. Therefore, sales revenue, core operating income, operating income and earnings before taxes in the consolidated financial results for the first quarter of the previous fiscal year are recorded without the discontinued business.

2. Forecast for the Current Fiscal Year

	Millions of Yen	
	The First Half of FY2017	FY2017
	April 1, 2017 - September 30, 2017	April 1, 2017 - March 31, 2018
Sales revenue	1,800,000	3,650,000
Core operating income	157,000	310,000
Operating income	152,000	290,000
Net income attributable to owners of the parent	74,000	137,000

(Yen)

Earnings per share - Basic	51.42	95.19
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3. Business Performance and Financial Position

(1) Business Performance

Consolidated Performance for the First Quarter of the Fiscal Year Ending March 31, 2018 (Fiscal 2017): Three Months Ended June 30, 2017

Overview of General Performance

The business environment surrounding the Mitsubishi Chemical Holdings Group during the first quarter of fiscal 2017 remained generally favorable due primarily to continuing firm demand in its three business domains, as well as rising market prices for some products in the Industrial Materials domain.

Against this background, sales revenue for the first quarter of fiscal 2017 increased by ¥103.4 billion, or 13.0% year on year, to ¥898.0 billion. Core operating income rose by ¥24.9 billion, or 35.2% year on year, to ¥95.5 billion, and operating income was up ¥26.0 billion, or 40.0% year on year, at ¥910 billion. Earnings before taxes rose by ¥29.6 billion, or 49.2% year on year, to ¥89.6 billion. Net income attributable to owners of the parent grew ¥21.6 billion, or 82.9% year on year, to ¥47.7 billion.

Overview of Business Segments

The overview of financial results by business segment for the first quarter of fiscal 2017 is shown below.

Gains or losses by segment are stated with core operating income which excludes gains or losses from special items including losses incurred by business withdrawals, streamlining, and others.

Notes:

- In the following sections, all comparisons are with the same period of the previous fiscal year unless stated otherwise.
- From the first quarter of fiscal 2017, new business segments are used for the announcement of financial results. The business segments were reviewed and reclassified into “Performance Products, Chemicals,” “Industrial Gases,” and “Health Care,” based on the following factors.

Mitsubishi Chemical Holdings integrated three consolidated subsidiaries — Mitsubishi Chemical Corporation, Mitsubishi Plastics, Inc., and Mitsubishi Rayon Co., Ltd. — into one company, and established the new Mitsubishi Chemical Corporation on April 1, 2017. This was executed in consideration of the need to establish an organizational structure that can take full advantage of each company’s resources and strengths to address a rapidly changing business climate and drive the expansion of their business toward accomplishing the goals of the five-year medium-term management plan, *APTSIS 20*, which began in fiscal 2016.

Taking this opportunity, Mitsubishi Chemical Holdings, the holding company of the four operating companies — the new Mitsubishi Chemical, Mitsubishi Tanabe Pharma Corporation, Life Science Institute, Inc., and Taiyo Nippon Sanso Corporation — stepped up its efforts to plan medium-term strategies for each of four business segments (Performance Products, Chemicals, Industrial Gases, and Health Care) in which four operating companies are mainly engaged, enhance monitoring of *APTSIS 20*, and shift to a management system that accelerate growth strategies for these four business segments.

Business Domains	Business Segments	Business Sub-Segment		
		Busiensses		
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, Functionial 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	Carbon	Carbon
	Industrial Gases			Industrial gases
Health Care	Health Care			Pharmaceuticals
				Life science

Performance Products Segment, Performance Products Domain

Sales revenue in this segment increased by ¥15.2 billion, to ¥277.2 billion. Core operating income was up ¥2.2 billion, at ¥26.5 billion.

In functional products, sales of advanced moldings and composites including high performance engineering plastics, alumina fibers, and other products remained firm, and sales remained steady for films for displays in electronics and displays.

In performance chemicals, sales volumes of advanced polymers increased compared to the same period of fiscal 2016, when scheduled maintenance and repairs for phenol-polycarbonate related production facilities had a significant impact. In addition, sales volumes of battery materials for automobiles in new energy increased.

Core operating income increased, due primarily to higher sales volumes as a whole, despite a rise in raw material costs for some products.

Chemicals Segment, Industrial Materials Domain

Sales revenue in this segment was rose by ¥66.2 billion, to ¥287.9 billion. Core operating income grew ¥27.1 billion, to ¥34.1 billion.

In MMA, sales prices increased, accompanying a rise in MMA monomer market prices.

In petrochemicals, 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.

In carbon, sale prices rose, accompanying a rise in coking coal prices.

Core operating income increased due primarily to a broadening in the price differential between raw materials and products in MMA and carbon and less impact of the smaller scheduled maintenance and repairs at petrochemicals production facilities.

Major initiatives in the Chemicals segment during the first quarter of fiscal 2017 included:

- The Saudi Methacrylates Company, a joint venture between Mitsubishi Chemical Corporation and Saudi Basic Industries Corporation achieved mechanical completion of production facilities for MMA monomer (250 kt/y) and PMMA (40 kt/y) in April 2017. Commercial operations are slated to begin in August 2017.
- Mitsubishi Chemical Corporation's subsidiary, Japan Polypropylene Corporation decided to construct a new production facility for polypropylene (150 kt/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, Industrial Materials Domain

Sales revenue in this segment increased by ¥17.4 billion, to ¥149.1 billion. Core operating income was up ¥1.9 billion, at ¥13.4 billion.

In industrial gases, sales revenue and core operating income increased, reflecting continued firmness in the domestic industrial gas business and including the results of businesses acquired in the U.S. and Australia starting in the second quarter and fourth quarter of fiscal 2016, respectively.

Health Care Segment, Health Care Domain

Sales revenue in this segment totaled ¥138.1 billion, an increase of ¥3.2 billion. Core operating income was down ¥7.1 billion, at ¥22.0 billion.

Pharmaceuticals recorded higher sales revenue, mainly due to sales growth of domestic ethical pharmaceuticals and ongoing steady royalty revenues from products licensed out overseas including *Gilenya*, a treatment for multiple sclerosis.

Core operating income decreased due primarily to increased business development costs in the U.S., in addition to R&D expenses.

A major initiative in the Health Care segment during the first quarter of fiscal 2017 included:

- Mitsubishi Tanabe Pharma Corporation's *RADICAVA*, a free-radical scavenger discovered by Mitsubishi Pharma Corporation (current Mitsubishi Tanabe Pharma) was approved by the U.S. Food and Drug Administration for an indication of amyotrophic lateral sclerosis (ALS). Sales of *RADICAVA* in the U.S. through Mitsubishi Tanabe Pharma's subsidiary, MT Pharma

America, Inc. are slated to begin in August 2017.

Others

Sales revenue in this segment was up ¥1.4 billion, to ¥45.7 billion and core operating income remained unchanged and stood at ¥1.0 billion, reflecting continued overall firmness in logistics and other business.

Forward-looking Statements

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 market conditions, and the effect of industry competition. The company expectations for the forward-looking statements are described in page [2] hereof.

Reference

(1) Condensed Consolidated Statement of Profit or Loss

Three months ended June 30, 2016 and 2017

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Continuing operations		
Sales revenue	794,594	898,018
Cost of sales	(556,724)	(625,981)
Gross profit	237,870	272,037
Selling, general and administrative expenses	(170,749)	(181,762)
Other income	2,742	2,382
Other expenses	(8,849)	(7,238)
Equity income	3,991	5,578
Operating income	65,005	90,997
Financial income	3,290	3,456
Financial expenses	(8,242)	(4,865)
Earnings before taxes	60,053	89,588
Income taxes	(19,905)	(26,256)
Net income from continuing operations	40,148	63,332
Discontinued operations		
Net income from discontinued operations	1,073	—
Net income	41,221	63,332
Net income attributable to		
Owners of the parent	26,078	47,708
Non-controlling interests	15,143	15,624
Net income	41,221	63,332
Earnings per share		
Basic (Yen)		
Continuing operations	17.07	33.15
Discontinued operations	0.73	—
Total	17.80	33.15
Diluted (Yen)		
Continuing operations	17.06	30.66
Discontinued operations	0.73	—
Total	17.79	30.66

(2) Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2016 and 2017

	(Millions of yen)	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Net income	41,221	63,332
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value	(6,914)	4,353
Remeasurements of defined benefit pensions plans	(2,696)	6,519
Share of other comprehensive income (loss) of investments accounted for using the equity method	(20)	(24)
Total items that will not be reclassified to profit or loss	(9,630)	10,848
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(40,226)	6,778
Net gain (loss) on derivatives designated as cash flow hedges	(1,717)	575
Share of other comprehensive income(loss) of investments accounted for using the equity method	(5,273)	(1,688)
Total items that may be subsequently reclassified to profit or loss	(47,216)	5,665
Total other comprehensive income (net of tax)	(56,846)	16,513
Total comprehensive income	(15,625)	79,845
Total comprehensive income attributable to		
Owners of the parent	(15,099)	61,277
Non-controlling interests	(526)	18,568

(3) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2017	June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	363,510	307,156
Trade receivables	776,191	795,339
Inventories	538,131	554,805
Other financial assets	215,446	282,128
Other current assets	58,184	72,205
Subtotal	1,951,462	2,011,633
Assets held for sales	16,916	17,339
Total current assets	1,968,378	2,028,972
Non-current assets		
Property, plant and equipment	1,431,681	1,445,176
Goodwill	312,950	313,572
Intangible assets	227,169	233,168
Investments accounted for using the equity method	136,734	133,806
Other financial assets	252,921	256,771
Other non-current assets	39,079	46,846
Deferred tax assets	94,635	92,822
Total non-current assets	2,495,169	2,522,161
Total assets	4,463,547	4,551,133

(Millions of yen)

	March 31, 2017	June 30, 2017
Liabilities		
Current liabilities		
Trade payables	437,914	439,602
Bonds and borrowings	577,737	622,678
Income tax payable	21,287	26,386
Other financial liabilities	184,909	193,549
Provisions	6,057	6,160
Other current liabilities	116,691	120,202
Subtotal	1,344,595	1,408,577
Liabilities directly associated with assets held for sales	5,307	5,924
Total current liabilities	1,349,902	1,414,501
Non-current liabilities		
Bonds and borrowings	1,116,005	1,089,974
Other financial liabilities	27,489	26,830
Retirement benefit liabilities	128,338	128,346
Provisions	25,018	24,778
Other non-current liabilities	38,439	39,027
Deferred tax liabilities	80,159	83,892
Total non-current liabilities	1,415,448	1,392,847
Total liabilities	2,765,350	2,807,348
Equity		
Common stock	50,000	50,000
Additional paid-in capital	321,703	321,748
Treasury stock	(43,587)	(43,573)
Retained earnings	761,364	797,398
Other components of equity	1,918	9,837
Equity attributable to owners of the parent	1,091,398	1,135,410
Non-controlling interests	606,799	608,375
Total equity	1,698,197	1,743,785
Total liabilities and equity	4,463,547	4,551,133

(4) Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2016

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2016	50,000	317,544	(16,240)	610,909
Net income	—	—	—	26,078
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	26,078
Purchase of treasury stock	—	—	(4)	—
Disposal of treasury stock	—	(2)	2	—
Cash dividends	—	—	—	(11,718)
Changes in interests in subsidiaries	—	(292)	—	—
Transfer from other components of equity to retained earnings	—	—	—	(1,725)
Total transactions with owners	—	(294)	(2)	(13,443)
Balance at June 30, 2016	50,000	317,250	(16,242)	623,544

Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value	Remeasurements of defined benefit pensions plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2016	37,054	—	(25,246)	(1,824)	9,984	972,197	623,954	1,596,151
Net income	—	—	—	—	—	26,078	15,143	41,221
Other comprehensive income	(5,356)	(1,627)	(32,574)	(1,620)	(41,177)	(41,177)	(15,669)	(56,846)
Total comprehensive income	(5,356)	(1,627)	(32,574)	(1,620)	(41,177)	(15,099)	(526)	(15,625)
Purchase of treasury stock	—	—	—	—	—	(4)	—	(4)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	(11,718)	(16,422)	(28,140)
Changes in interests in subsidiaries	—	—	—	—	—	(292)	446	154
Transfer from other components of equity to retained earnings	98	1,627	—	—	1,725	—	—	—
Total transactions with owners	98	1,627	—	—	1,725	(12,014)	(15,976)	(27,990)
Balance at June 30, 2016	31,796	—	(57,820)	(3,444)	(29,468)	945,084	607,452	1,552,536

Three months ended June 30, 2017

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2017	50,000	321,703	(43,587)	761,364
Net income	—	—	—	47,708
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	47,708
Purchase of treasury stock	—	—	(9)	—
Disposal of treasury stock	—	(22)	23	—
Cash dividends	—	—	—	(17,271)
Changes in interests in subsidiaries	—	67	—	—
Changes in scope of consolidation	—	—	—	(53)
Transfer from other components of equity to retained earnings	—	—	—	5,650
Total transactions with owners	—	45	14	(11,674)
Balance at June 30, 2017	50,000	321,748	(43,573)	797,398

	Other components of equity				Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Net gain (loss) on revaluation of financial assets measured at fair value	Remeasurements of defined benefit pensions plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges				
Balance at April 1, 2017	46,831	—	(43,886)	(1,027)	1,918	1,091,398	606,799	1,698,197
Net income	—	—	—	—	—	47,708	15,624	63,332
Other comprehensive income	2,751	5,445	4,818	555	13,569	13,569	2,944	16,513
Total comprehensive income	2,751	5,445	4,818	555	13,569	61,277	18,568	79,845
Purchase of treasury stock	—	—	—	—	—	(9)	—	(9)
Disposal of treasury stock	—	—	—	—	—	1	—	1
Cash dividends	—	—	—	—	—	(17,271)	(17,831)	(35,102)
Changes in interests in subsidiaries	—	—	—	—	—	67	917	984
Changes in scope of consolidation	—	—	—	—	—	(53)	(78)	(131)
Transfer from other components of equity to retained earnings	(205)	(5,445)	—	—	(5,650)	—	—	—
Total transactions with owners	(205)	(5,445)	—	—	(5,650)	(17,265)	(16,992)	(34,257)
Balance at June 30, 2017	49,377	—	(39,068)	(472)	9,837	1,135,410	608,375	1,743,785

(5) Condensed Consolidated Statement of Cash Flow

Three months ended June 30, 2016 and 2017

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities		
Earnings before taxes	60,053	89,588
Earnings before taxes from discontinued operations	1,252	—
Depreciation and amortization	42,004	43,765
Equity income	(3,991)	(5,578)
Interest and dividend income	(3,239)	(3,093)
Interest expenses	3,998	3,867
(Increase) decrease in trade receivables	34,768	(15,575)
(Increase) decrease in inventories	13,992	(14,370)
Increase (decrease) in trade payables	(17,994)	(658)
Increase (decrease) in retirement benefit assets and liabilities, net	112	1,162
Other	6,621	13,037
Subtotal	137,576	112,145
Interest received	644	513
Dividends received	8,468	10,222
Interest paid	(3,421)	(4,063)
Income tax (paid) received, net	(43,963)	(30,590)
Net cash provided by (used in) operating activities	99,304	88,227
Cash flows from investing activities		
Purchase of property, plant and equipment	(47,107)	(48,139)
Proceeds from sales of property, plant and equipment	3,723	867
Purchase of intangible assets	(1,227)	(8,587)
Purchase of other financial assets	(15,907)	(159,677)
Proceeds from sales/redemption of other financial assets	969	150,958
Net cash outflow on acquisition of subsidiaries	(5,742)	(1,788)
Net (Increase) decrease of time deposits	41,929	(60,233)
Other	61	275
Net cash provided by (used in) investing activities	(23,301)	(126,324)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(29,986)	64,279
Net increase (decrease) in commercial papers	(30,000)	(36,000)
Proceeds from long-term borrowings	24,086	8,717
Repayment of long-term borrowings	(17,839)	(9,216)
Proceeds from issuance of bonds	39,777	—
Repayment from redemption of bonds	—	(10,000)
Net (increase) decrease in treasury stock	(4)	(9)
Dividends paid to owners of the parent	(11,718)	(17,271)
Dividends paid to non-controlling interests	(16,522)	(17,831)
Proceeds from stock issuance to non-controlling interests	975	1,085
Other	(1,944)	(3,237)
Net cash provided by (used in) financing activities	(43,175)	(19,483)
Effect of exchange rate changes on cash and cash equivalents	(11,909)	840
Net increase (decrease) in cash and cash equivalents	20,919	(56,740)
Cash and cash equivalents at the beginning of the period	267,148	363,510
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sales	—	(103)
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	364
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	125
Cash and cash equivalents at the end of the period	288,067	307,156