

Mitsubishi Chemical Group

Shaping a Sustainable Global Future

Private consumption and investment have been the driving forces behind Japan's economic recovery from the COVID-19 pandemic, according to the International Monetary Fund. Furthermore, the IMF expects this growth to further accelerate in the current year. Exports are on the rise, and the forecasted current account surplus stands at a robust 2.9%, signaling the resurgence of Japan's globally competitive businesses.

The Japanese chemicals industry houses many of these businesses, with Japan ranking as the world's third-largest chemicals producer, according to the Japanese Chemical Industry Association. The chemicals industry contributes JPY 18 trillion in value-added to the economy, with JPY 2.6 trillion allocated to R&D, accounting for over a sixth of the manufacturing sector's R&D expenditure.

Mitsubishi Chemical Group (MCG) stands as one of the world's largest chemical producers. While the past decade witnessed growth that was not as robust as desired, the traditionally conservative company made a pivotal decision to bring in new leadership from outside. In December 2021, MCG launched "Forging the Future," a new management policy aimed at optimizing corporate value through a clearer strategy, driving operational excellence, and unlocking the company's immense growth potential.

Jean-Marc Gilson, Mitsubishi Chemical Group's President and CEO, the first foreigner to lead the company and a recognized leader with a clear strategic vision, shares his insights, saying, "Our first milestone was focusing on discipline and excellence within MCG to optimize financial performance. We simplified the organization, unified all goals, reduced costs, restructured, and invested heavily in digitalization. Over the past two years, we've made significant progress, and it's now time to embark on the next chapter—focusing on mid-term strategies and pillars for the future. We are concentrating on fewer industries, with our four key target markets being EV & mobility, digital, food, and medical."

Innovation and the deployment of cutting-edge technology have long been integral to the company's distinct competitive advantages. This, coupled with its customer-centric approach and consistent delivery of premium-quality products, sets Mitsubishi Chemical Group apart. At the core of MCG's business is its unique concept of "KAITEKI," signifying the company's commitment to the sustainable well-being of people and the planet. To achieve KAITEKI, MCG identifies three axes: MOT (Management of Technology), MOE (Management of Economics), and MOS (Management of Sustainability). MCG is dedicated to addressing environmental and social issues in collaboration with supply chain partners, customers, and other stakeholders in its ecosystem.

Gilson emphasizes, "Our drive is to provide innovative solutions that improve people's lives while ensuring profitability. We hold



Jean-Marc Gilson
President and CEO

a responsibility to our stakeholders, and our reputation and respect in the industry necessitate maintaining the highest standards."

To continue delivering value to stakeholders, the company is actively striving to become "the digital chemical company," with seamless digital integration as a central element of its strategy.

This digitalization initiative not only enhances the company's market position but also underscores its commitment to transformation.

Gilson states, "Investors are now witnessing our commitment to action. Our growth strategy, focusing on specific markets and product lines, is creating substantial value. They recognize our dedication to streamlining and refocusing the company. We have built that trust."

The company's financial results confirm the success of this strategy and reinforce investor confidence. In the 2022 financial year (ending March 2023), sales revenues surged by 16.5% to JPY 4.6 trillion.

MCG's share price has soared from below JPY 700 to above JPY 900 in the past year alone. With a leaner organization that specializes in growth segments, the company is well-positioned to continue delivering excellent returns in the coming years.

Furthermore, Mitsubishi Chemical Group is poised to strengthen its position as a partner for other businesses. This includes strategic collaborations, joint ventures, or distribution agreements with global industry leaders. As MCG develops and diversifies its client

portfolio on a global scale, opportunities for such collaborations are expected to grow. The company, which already generates more than half of its sales outside Japan, is actively working on building its international brand and establishing a robust presence in each market.

"We are committed to localizing sales while upholding our distinct Japanese qualities, which include our commitment to quality, exceptional customer service, and innovation," says Gilson. "We invest locally, embrace collaboration, and remain open to new opportunities."

The President of MCG is leading his company through a transformative journey, one that is already yielding positive results. This path aligns with other leading Japanese businesses that are also adapting to change while retaining the qualities and values that have made Japan such a successful nation.

Gilson concludes, "Japan, at times, has been introspective in recent years. It's time to open up. Many Japanese companies are beginning to realize that with the right approach, they can achieve remarkable success. Japan offers safety, excellent living conditions, top-notch infrastructure, outstanding people, and immense talent—advantages that should not be underestimated."



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