



sojitz

New way, New value

SOJITZ IR DAY 2015

Chemicals Division

December 17, 2015

Sojitz Corporation

Tsutomu Tanaka
Chief Operating Officer,
Chemicals Division



Contents

- ◆ Division Overview
- ◆ Petroleum Resin Business
- ◆ Plastic Resin Business
- ◆ Methanol Business
- ◆ Growth Strategies (Overview)
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Caution regarding Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements.

The company will provide timely disclosure of any material changes, events, or other relevant issues.



Operating Companies, Overseas Sites, and Staff

Medical &
Healthcare
Business
Development
Office

Basic
Chemicals
Dept.

Speciality
Chemicals
Dept.

Chemical
Resources
Dept.

Advanced
Materials
Dept.

Osaka
Business
Dept.

Sojitz
Pla-Net

Chemicals group

Ecological materials and resources group

Plastic Resins

Japan: 13 companies
approx. 1,000 employees
Overseas: 33 companies
approx. 700 employees

**Europe, Africa, Middle
East, Russia & NIS**
Operating companies: 3
Employees: Approx. 60

China
Operating companies: 15
Employees: Approx. 110

Asia & Oceania
Operating companies: 10
Employees: Approx. 470

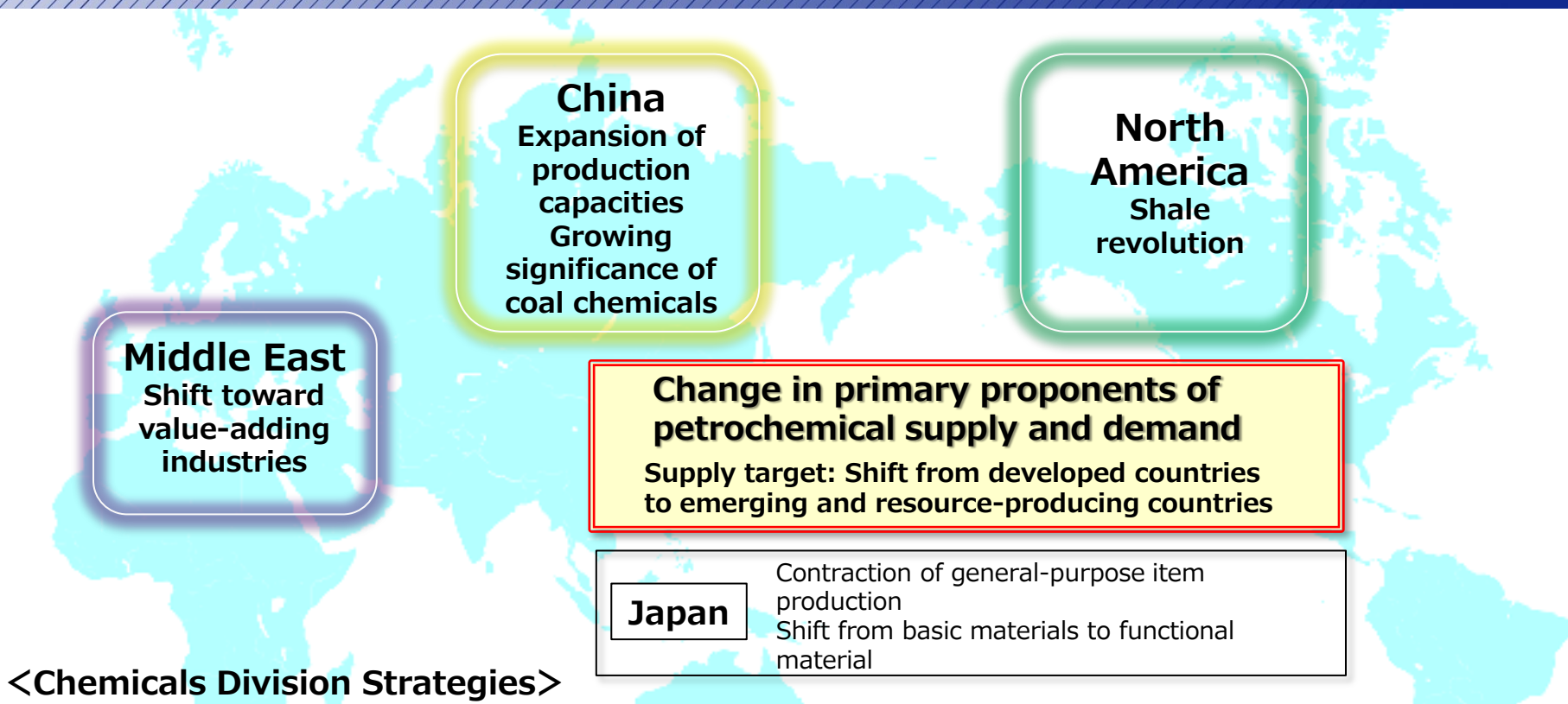
The Americas
Operating companies: 5
Employees: Approx. 60

(As of September 30, 2015)

* Employee numbers include those of the Company
and its consolidated subsidiaries.



Business Environment



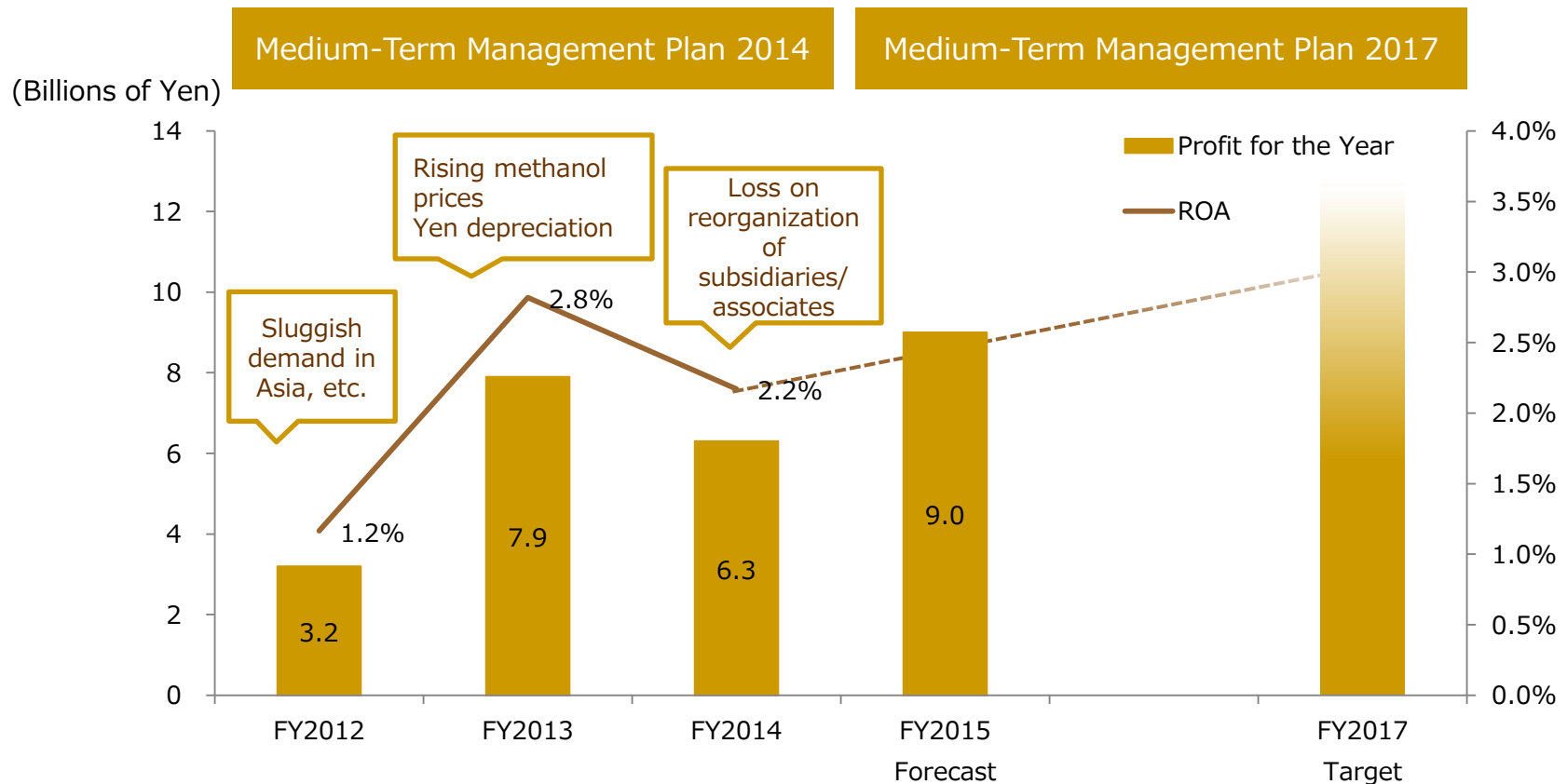
<Chemicals Division Strategies>

Take advantage of business opportunities in growing overseas markets

- ✓ **Expand global trading business**
Leverage prime customer assets and overseas sales network to deliver competitive products
- ✓ **Conduct investments and loans based on trades**
Secure competitive supply sources → Create value



Performance and Progress toward Goals for Final Year of Medium-Term Management Plan



Total Assets	274.6	280.3	290.1
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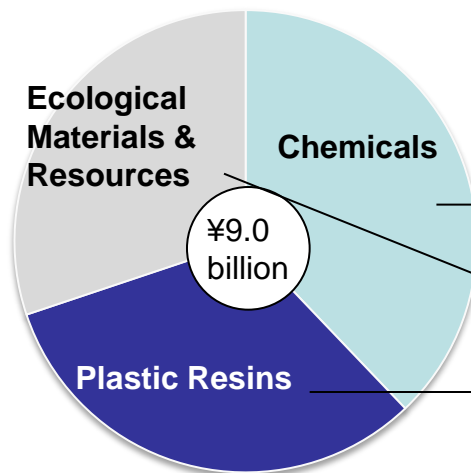
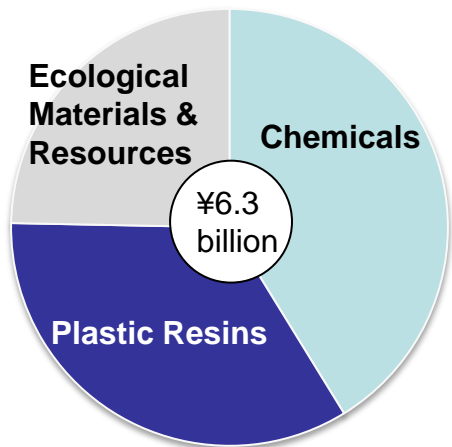
Profit Breakdowns

Profit for the year

FY2014 Results

FY2015 Forecast

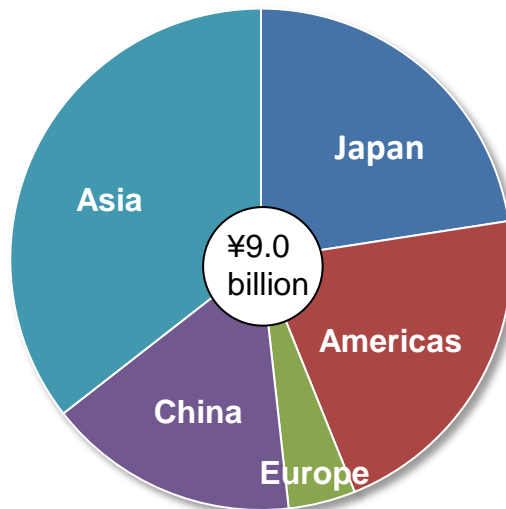
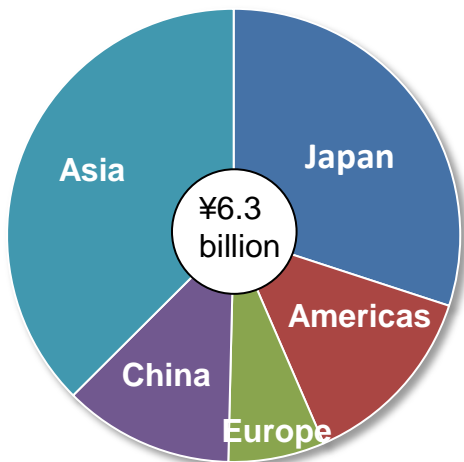
By Business



5 core businesses

- Methanol
- Petroleum resins
- Industrial salts
- Scarce resources
- Plastic resins

By Region



Expand sales in China and the Americas



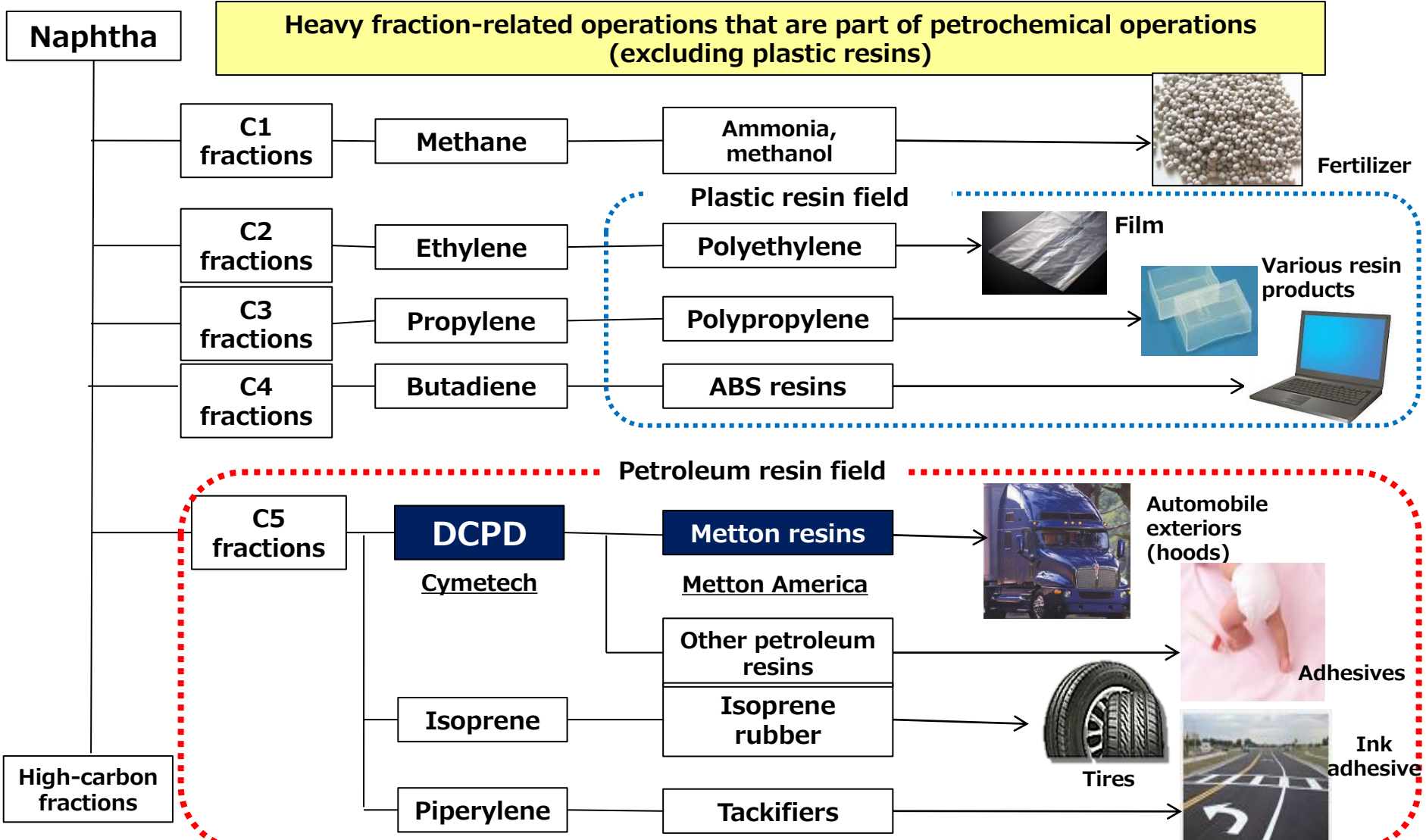
1. Petroleum Resin Business

- About Petroleum Resin Business
- Market Trend
- Sojitz's Initiatives and Strengths
- Initiatives under Medium-Term Management Plan 2017



1. Petroleum Resin Business

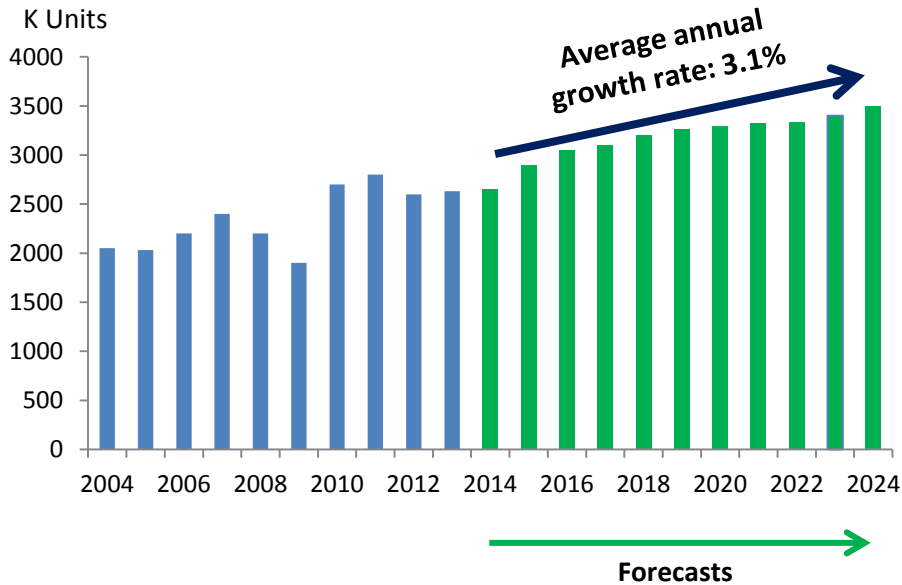
—About Petroleum Resin Business





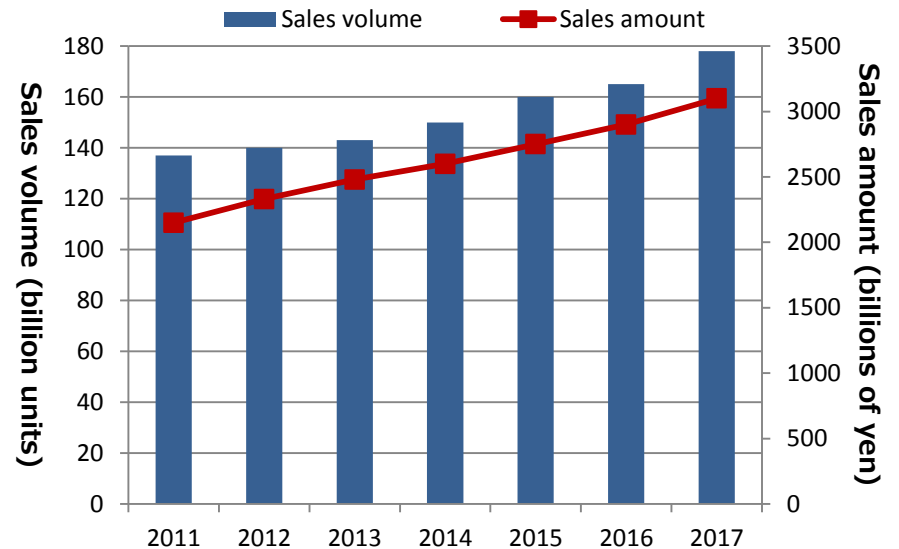
1. Petroleum Resin Business—Market Trends

Metton Resin Demand Projections
Based on Global Truck Market Forecasts



Source: Truck Market 2024, Deloitte Consulting GmbH

Petroleum Resin Demand Projections Based on
Global Disposable Diaper Market Forecasts



Source: Chemical Report, Fuji Chimera Research Institute, Inc., May 2015

Strong ongoing demand for petroleum resins



1. Petroleum Resin Business —Sojitz's Initiatives and Strengths

Sojitz's Business Domain

C5 fractions

Distribution

DCPD

Distribution

Petroleum resins

Distribution

End products

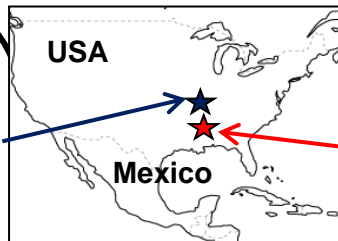
Tightening supply situation for C5 fractions due to increased significance of shale gas



Rising price for DCPD due to supply and demand gap between upstream and downstream areas



Strong market growth



- Cymetech: 100% ownership
- Manufacture and sale of high-purity DCPD

Strengths

- ◆ Stable procurement capabilities for tight-supply C5 fractions realized by securing supply sources
- ◆ Ability to leverage presence as one of few DCPD manufacturers in North America

High-purity DCPD

DCPD Resin materials

- Metton America: 100% ownership
- Manufacture and sale of Metton resins

Strengths

- ◆ Presence as 1 of only 2 Metton resin manufacturers worldwide
- ◆ Improved competitiveness due to integrated production system with Cymetech
- ◆ Sojitz's functions for selling to North America, South America, Europe, and Russia

Other petroleum resin manufacturers

Construction of North American petroleum resin value chain from position of manufacturing company



1. Petroleum Resin Business—Initiatives under Medium-Term Management Plan 2017

C5 Fraction Supplier



Approaching
new
initiatives



Petroleum resin users

Vertical expansion

- Acquisition of capabilities in new business fields

Horizontal expansion

Cymetech

- Diversification of raw material supply sources
→ Stable procurement of raw materials
- Improvement of manufacturing efficiency
- Effective utilization of byproducts
→ Exploration of new applications and customers

Metton America

- Expansion of sales
→ Approach toward Russia, India, and other emerging countries
- Improvement of manufacturing efficiency
- Development of new products

Further strengthening of North American petroleum resin value chain through integrated vertical-horizontal expansion



2. Plastic Resin Business

- About Plastic Resin Business
- Packaging Materials
- Automotive Materials
- Initiatives under Medium-Term Management Plan 2017



2. Plastic Resin Business



**Packing
Materials**



**Automotive
Materials**

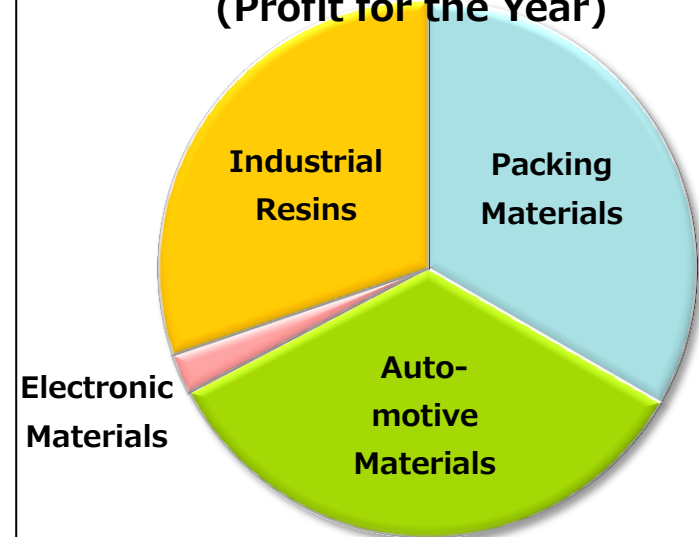


**Electronic
Materials**



**Industrial
Resins**

**FY2015 Profit Breakdown Forecast
(Profit for the Year)**



<Main Subsidiaries and Associates>

Japan: Pla Matels Corporation, Sojitz Technoplas Corporation

Americas: American Biaxis Inc., Sojitz Plastics America Inc.

Europe: Biaxis Oy, Ltd.

China: Takagi Auto Parts (Foshan) Co., Ltd.; Sojitz Plastics (China) Ltd., Sojitz Plastic (Shenzhen) Ltd.; Asahi Kasei (Suzhou) Plastics Compound Co., Ltd.; Japan Super Engineering Plastics (Shenzhen) Co., Ltd.; Richao Engineering Plastics (Beijing) Co., Ltd.; Supreme Development Co., Ltd.; Yantai Sandie Plastic Products Co., Ltd.

Globe-spanning sales network based in four main fields



2. Plastic Resin Business (Packing Materials)

Main Applications for Packaging Materials

Containers for meat and processed food products
Plastic and garbage bags
PET bottles
Pharmaceutical packaging
Retort pouches
Food trays (Naruhotto)



Heat-resistant laminated films generally consist of 3 layers: an outer layer made of polyester / polyethylene terephthalate (PET), a middle layer made of AL foil, and an inner layer made of CPP.

Initiatives



**Biaxis Oy
(Films)**

**American Biaxis Inc.
(Films)**

- ✓ Operations currently centered on Europe and North America
- ✓ Investment in nylon film manufacturers Biaxis (Finland) and American Biaxis North America
- ✓ Focus on sales of highly functional food packaging for preventing deterioration of ham, sausages, and other processed foods

Strengths

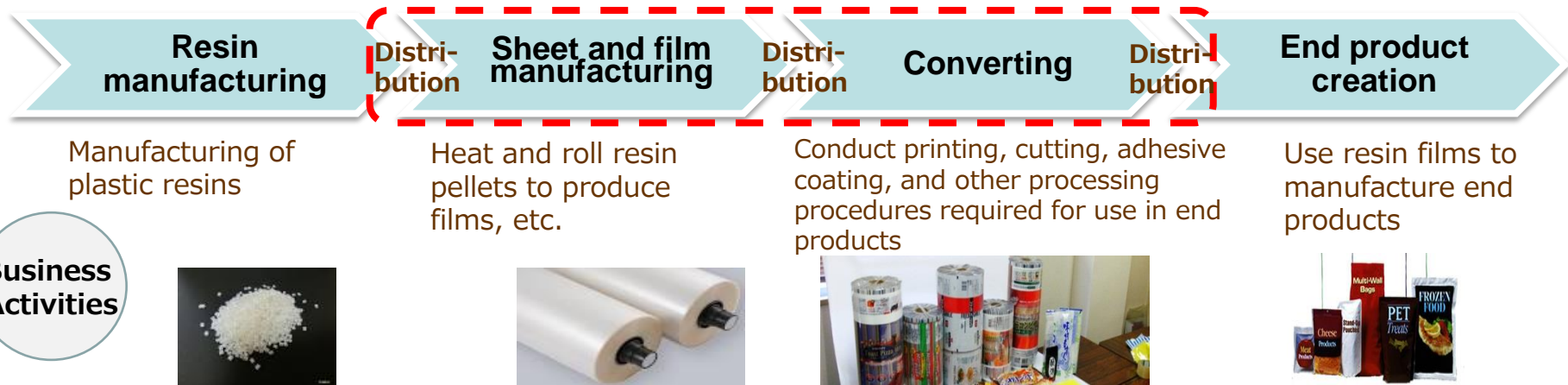
- ◆ Packaging material value chain spanning from raw materials to end products
- ◆ Foundation of overseas commercial rights for barrier packaging materials
- ◆ Strong relationships with prominent Japanese manufacturers
- ◆ Track record in Europe and North America



2. Plastic Resin Business—Packaging Materials

Value Chain

Sojitz's Business Domain



Strategies

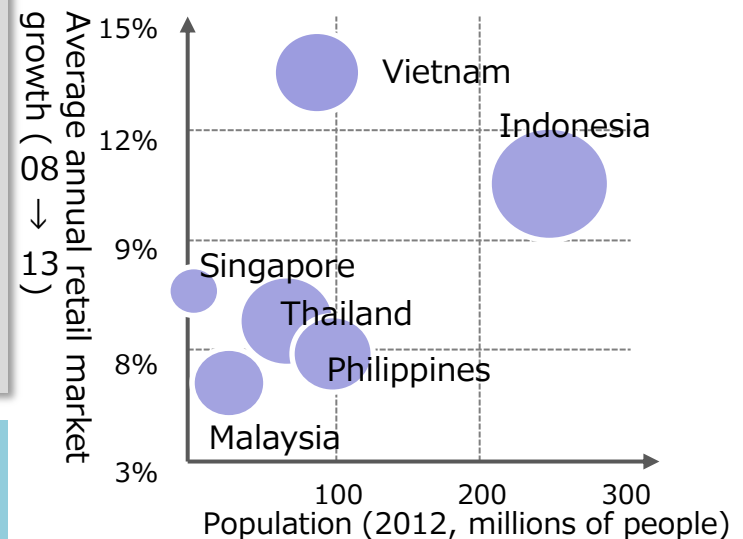
Focus market: Southeast Asia

Introduce value chain model established in Europe and the U.S. into Asia

Invest in prominent packaging material manufacturers to grow distribution revenues as a trusted partner and jointly expand overseas

Strive to enter into packaging material business in Southeast Asia

Southeast Asian Packaging Material Market

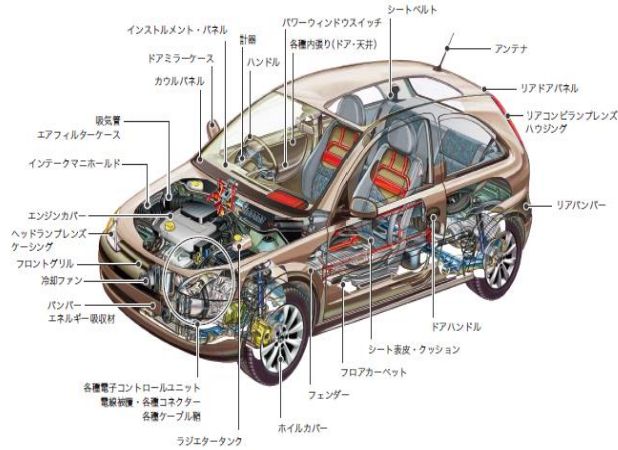


Source: Mitsubishi UFJ Research and Consulting Co., Ltd.



2. Plastic Resin Business—Automotive Materials

Automobile Parts Made with Plastic Resins



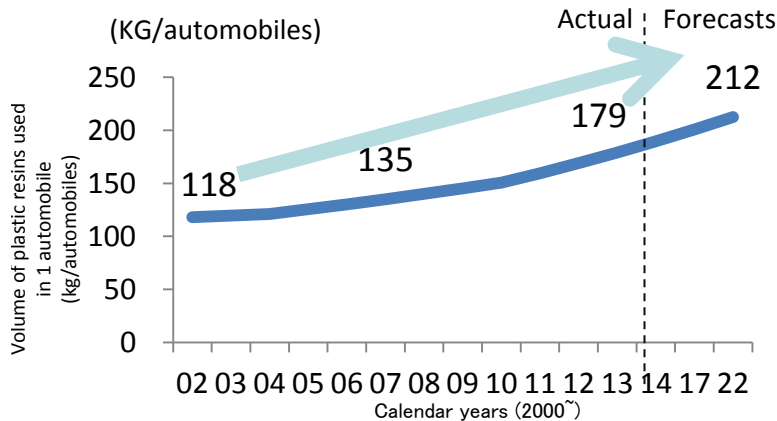
Initiatives



Takagi Auto Parts (Foshan) (Automobile Parts)

- ✓ Business focused on distribution and including compounding and parts molding operations
- ✓ Investment in Chinese plastic resin automobile parts manufacturer Takagi Auto Parts (Foshan)
- ✓ Value chain from compounding to parts molding

Volume of Plastic Resins used in 1 Automobile



Source: Discussion Materials – Plastics Compounding, The Hongkong and Shanghai Banking Corporation Limited, November 2013

Strengths

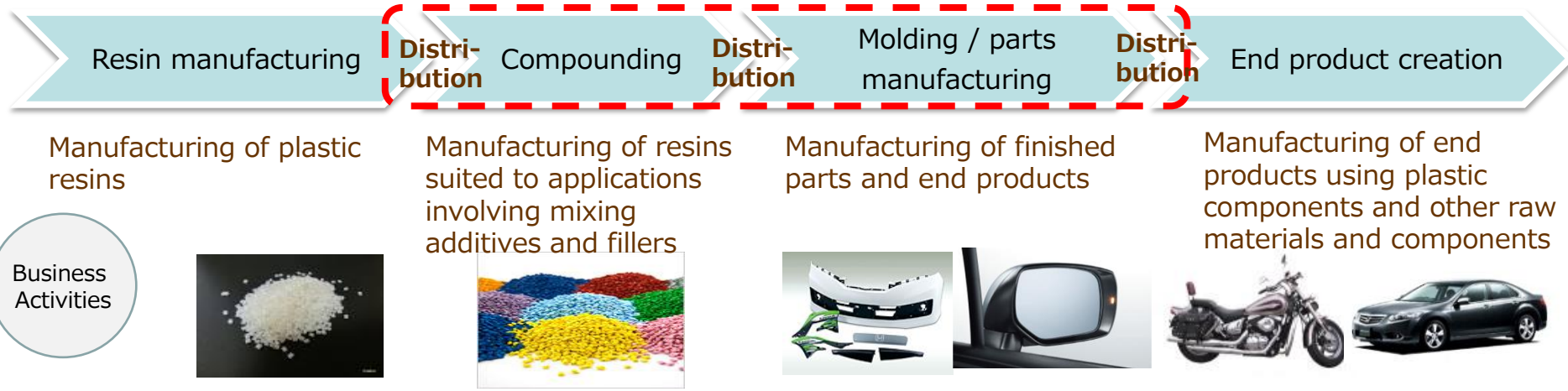
- ◆ Long-standing relations with Japanese automobile and parts manufacturers
- ◆ Network with highly specialized human resources positioned in Indonesia, Thailand, and China



2. Plastic Resin Business—Automotive Materials

Value Chain

Sojitz's Business Domain



Business Activities

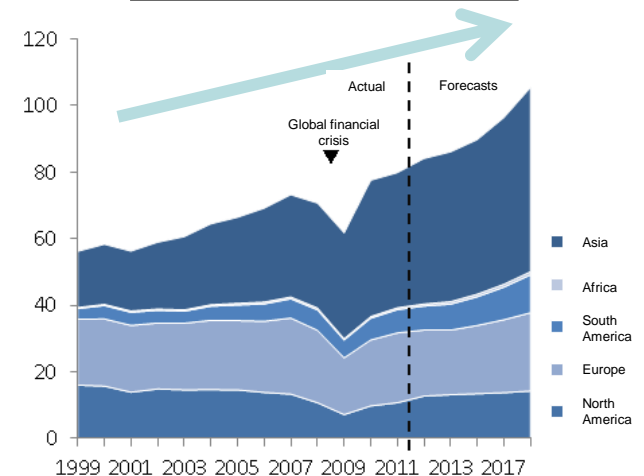
— Strategies —

Focus markets: India, Mexico

- Introduce business model developed in China into other regions
- Position Japan and Asia as earnings foundations and allocate capital and human resources to emerging countries
- Transition toward portfolio focused on both distribution and business revenues

Expand sales volumes centered on emerging countries

Global Automobile Production



Source: International Organization of Motor Vehicle Manufacturers (figures for 2002–2013)
World Automobile Production and Sales Projections 2013: Automotive Industry of 2022, IRC Co., Ltd. (figures for 2014–2022)



2. Plastic Resin Business

Taking Advantage of Growing Demand

Map of Operations

Highly functional packaging materials



■ Takagi Auto Parts (Foshan) (Automobile Parts)



■ American Biaxis Inc. (Films)



■ Biaxis Oy (Films)

Plastic resins:
Automobiles, motorcycles

■ Sojitz Group site

Future initiatives

- Expand sales networks: Southeast Asia for packaging materials and Mexico, India, and other emerging countries for automotive materials
- Increase sales structure resin moving capacity from 1.0 million tons to 1.5 million tons



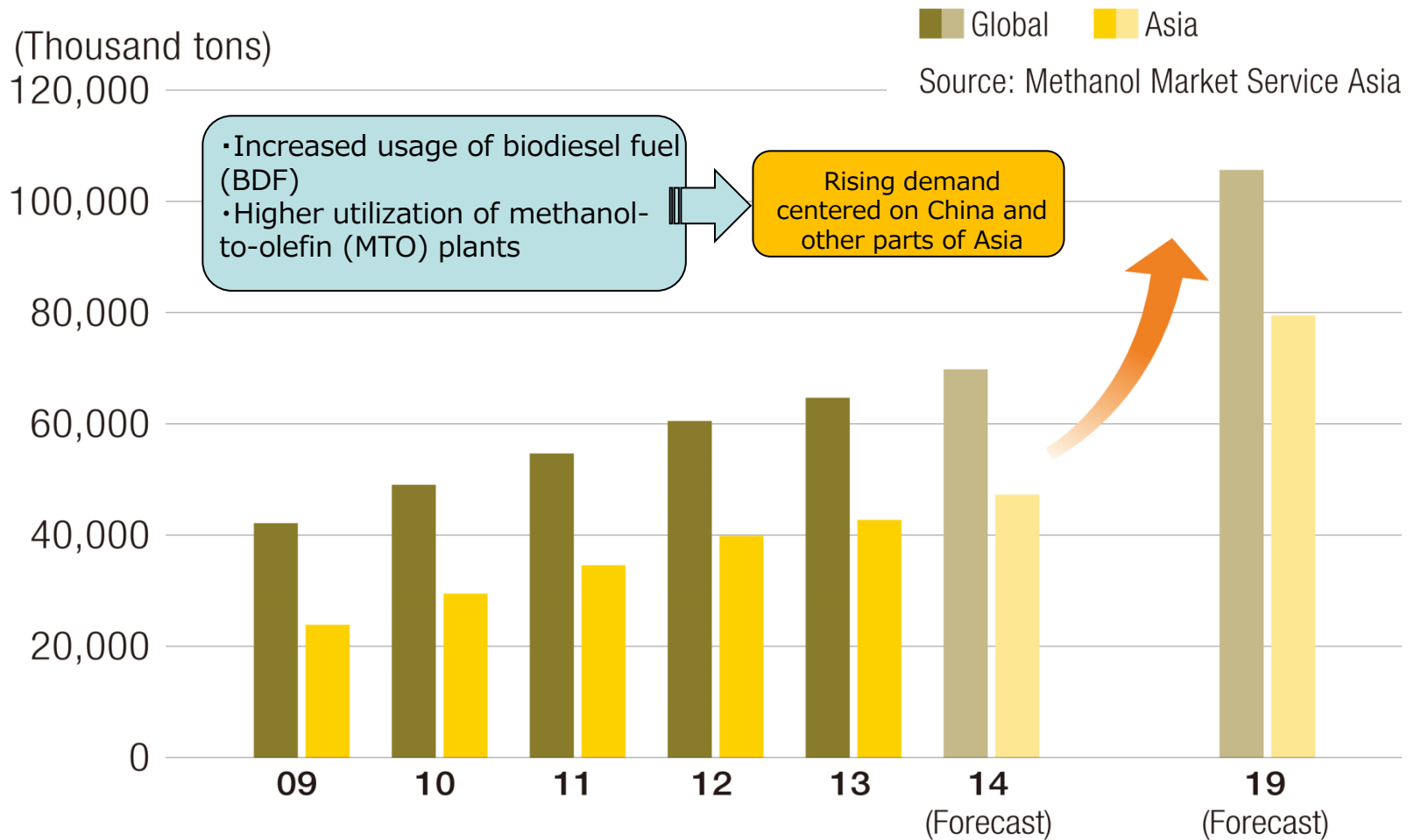
3. Methanol Business

- Market Trends
- Sojitz's Future Directives





3. Methanol Business—Market Trends



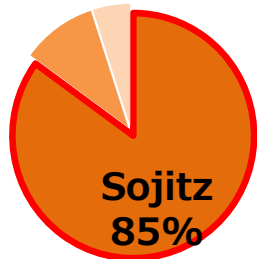
Demand growth in brisk Asian market



3. Methanol Business —Sojitz's Future Directives

Maintain stake in PT. Kaltim Methanol Industri (KMI) manufacturing plant

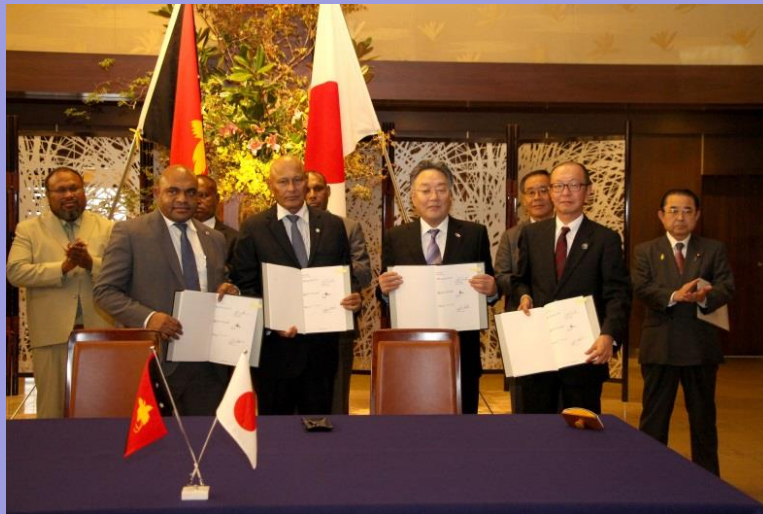
<Ownership>



- Position as manufacturer
- Plant operation expertise



KMI (Indonesia)



Establishment of 2nd KMI plant
<Initiative in Papua New Guinea>

Oct. 2015



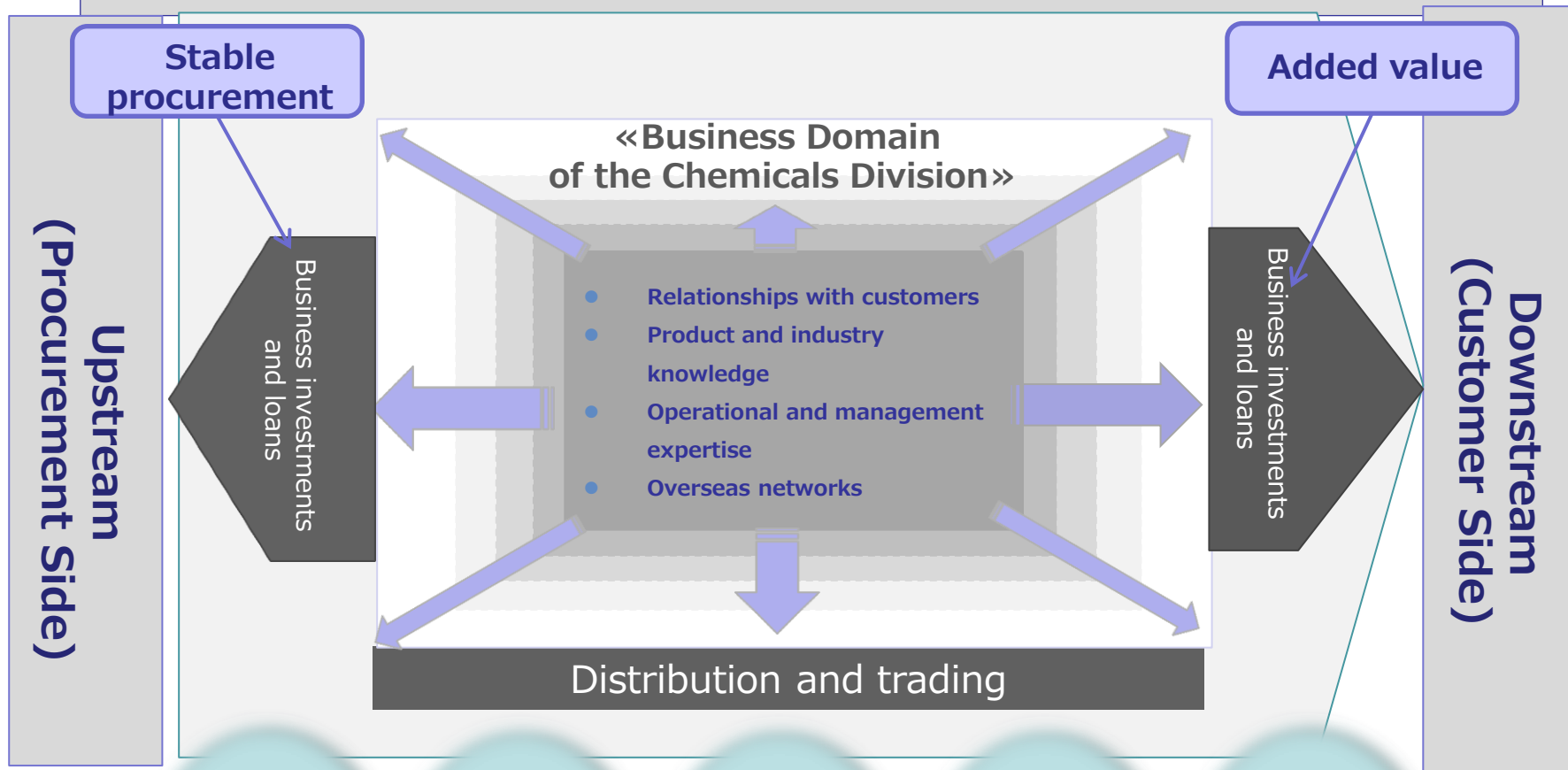
NPCP HOLDINGS LTD

Agreement reached to establish joint-venture with national oil company
NPCP HOLDINGS LTD.



Growth Strategies

Realize sustainable growth through distribution, trading, and business investments and loans



Methanol

Petroleum resins

Industrial salts

Scarce resources

Plastic resins



Supplementary Materials



Chemicals Division —Product Lines & Businesses

Basic Chemicals Dept.	<ul style="list-style-type: none">◆Methanol: 85% stake in KMI of Indonesia and position as business operator◆Solvents and liquid chemicals: 2 tanks in Japan and leading domestic share
Speciality Chemicals Dept.	<ul style="list-style-type: none">◆Butadiene: Long-term purchase agreement for synthetic rubber raw materials with Braskem of Brazil
Chemical Resources Dept.	<ul style="list-style-type: none">◆Rare earths: Imports from China, financing of Lynas of Australia◆Lithium compounds: History of more than 30 years of marketing and selling in Japan◆Industrial salts: Leading domestic handling share of Indian and Australian industrial salt
Advanced Materials Dept.	<ul style="list-style-type: none">◆Agroscience: Operations expanding centered on supply of agrochemicals and other agricultural materials
Osaka Business Dept.	<ul style="list-style-type: none">◆Barite: Acquired mining interests, position as first Japanese company to undertake refining and sales operations◆Cosmetics: Unique anti-aging brand developed through Sojitz Cosmetics
Medical & Healthcare Business Development Office	<ul style="list-style-type: none">◆Medical and healthcare: Initiatives being advanced centered on hospitals and pharmaceuticals
Sojitz Pla-Net	<ul style="list-style-type: none">◆Raw materials for resins and synthetic fibers: Global business operations



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New way, New value