

# Business Segment IR Meeting

## Mitsubishi Corporation



## Petroleum & Chemicals Group



# Presenters from Petroleum & Chemicals Group

Takeshi Hagiwara: Group CEO

Osamu Takeuchi: General Manager, Group CEO Office

Shingo Torii: General Manager, Group Administration Dept.

Hiroki Haba: Division COO, Petroleum Div.

Akifumi Suzuki: Division COO, Petrochemicals Div.

Eisuke Sasaki: Division COO, Basic Chemicals Div.

# Agenda

## 1. Group Overview

- Group mission
- Positioning in MC's business portfolio
- Main products, organizational structure, major investments

## 2. Group Policy

- Basic policy of the Group
- Strategies for each business area
- Business concepts in the focus areas
  - ✓ Next generation Service Station (SS) business (Mitsubishi Corporation Energy)
  - ✓ Sustainable plastics business
  - ✓ CO<sub>2</sub>-free ammonia business
- Profit and investment plans

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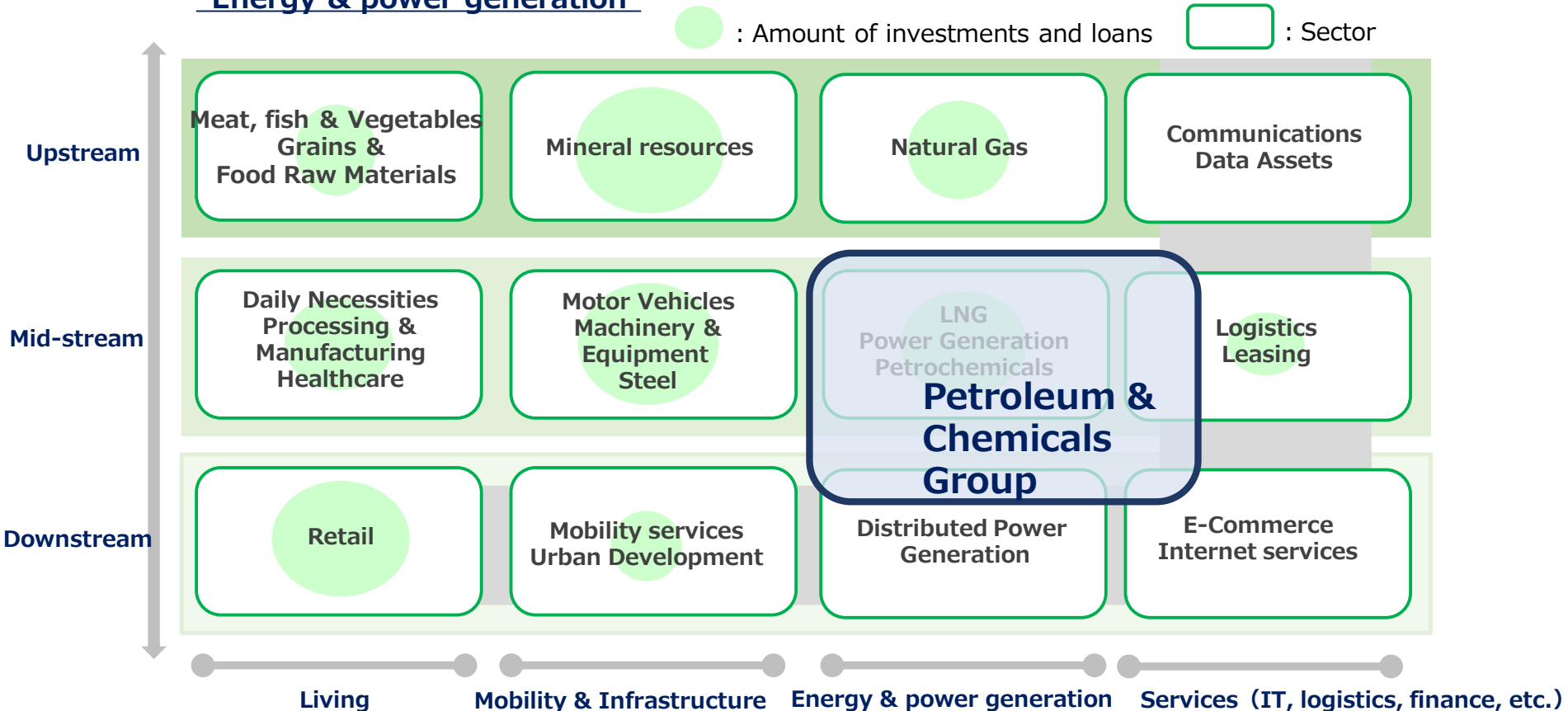
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# 1. : Group Mission

With heightened importance of **shifting to a low carbon society and implementing environment-related measures**, and in consideration of the impact on the petroleum and chemical industries, the Group will contribute to **solving challenges faced by the industry**, by **selectively focusing** on businesses in which Mitsubishi Corporation can leverage on its strengths and functions.

# 1. Group Overview : Positioning in MC's business portfolio

The Petroleum & Chemicals Group is strengthening initiatives in “Downstream and Services”, together with business operations in the “Mid-stream” area of “Energy & power generation”



In the underlying businesses(※), we will strengthen our profitability by shifting our positioning, based on changes in the market as well as the future profit pool. Moreover, we will launch and strengthen new businesses by expanding from the current mid-stream into **downstream and services**.

# 1. Group Overview : Main products

## Petroleum Division

### Commodities

Crude oil, naphtha, LPG, kerosene, diesel oil, heavy oil, gasoline, wood pellets, etc.



Service Stations



Electric power



Household gas

Petrochemical raw materials



## Petrochemicals Division

### Commodities

Olefins, polyolefins, polyester raw materials (aromatics, ethylene glycol, etc.), urethane raw materials, silicone, paint and coating materials, etc.



Mobility



Apparel



Packaging



Residential and urban infrastructure



Agriculture

## Basic Chemicals Division

### Commodities

Industrial salt, caustic soda, PVC raw materials, chlorine products, fertilizer raw materials, fertilizer products, methanol, ethanol, ammonia, etc.

Natural gas

Plant resources

Mineral resources

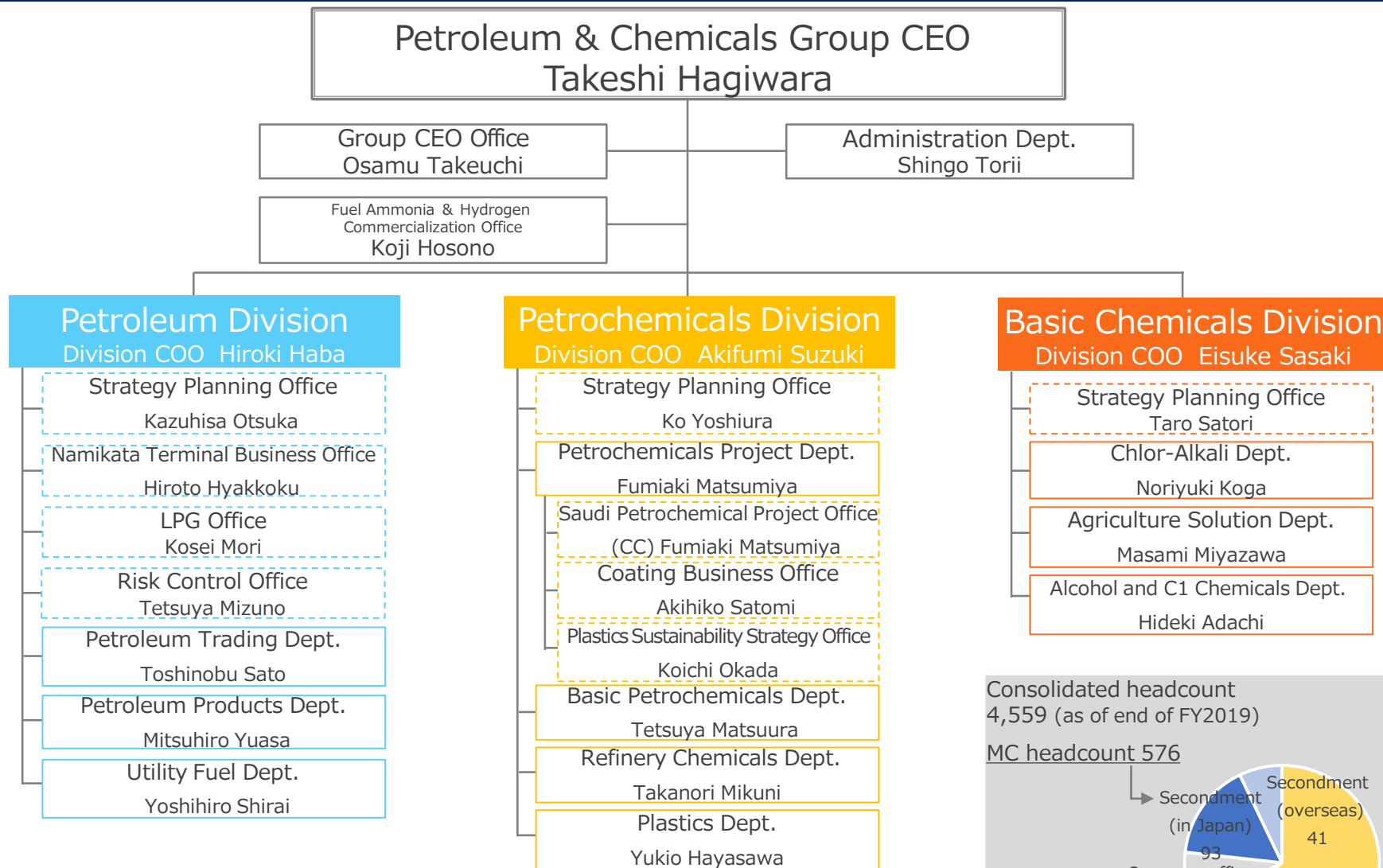
Marine resources

Crude oil

Crude oil (naphtha)  
Natural gas

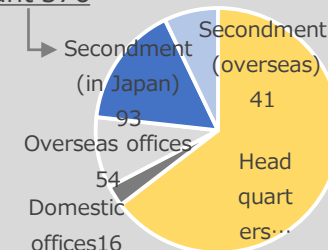
Natural gas  
Marine, plant and mineral resources

# 1. Group Overview : Organizational structure



Consolidated headcount  
4,559 (as of end of FY2019)

MC headcount 576



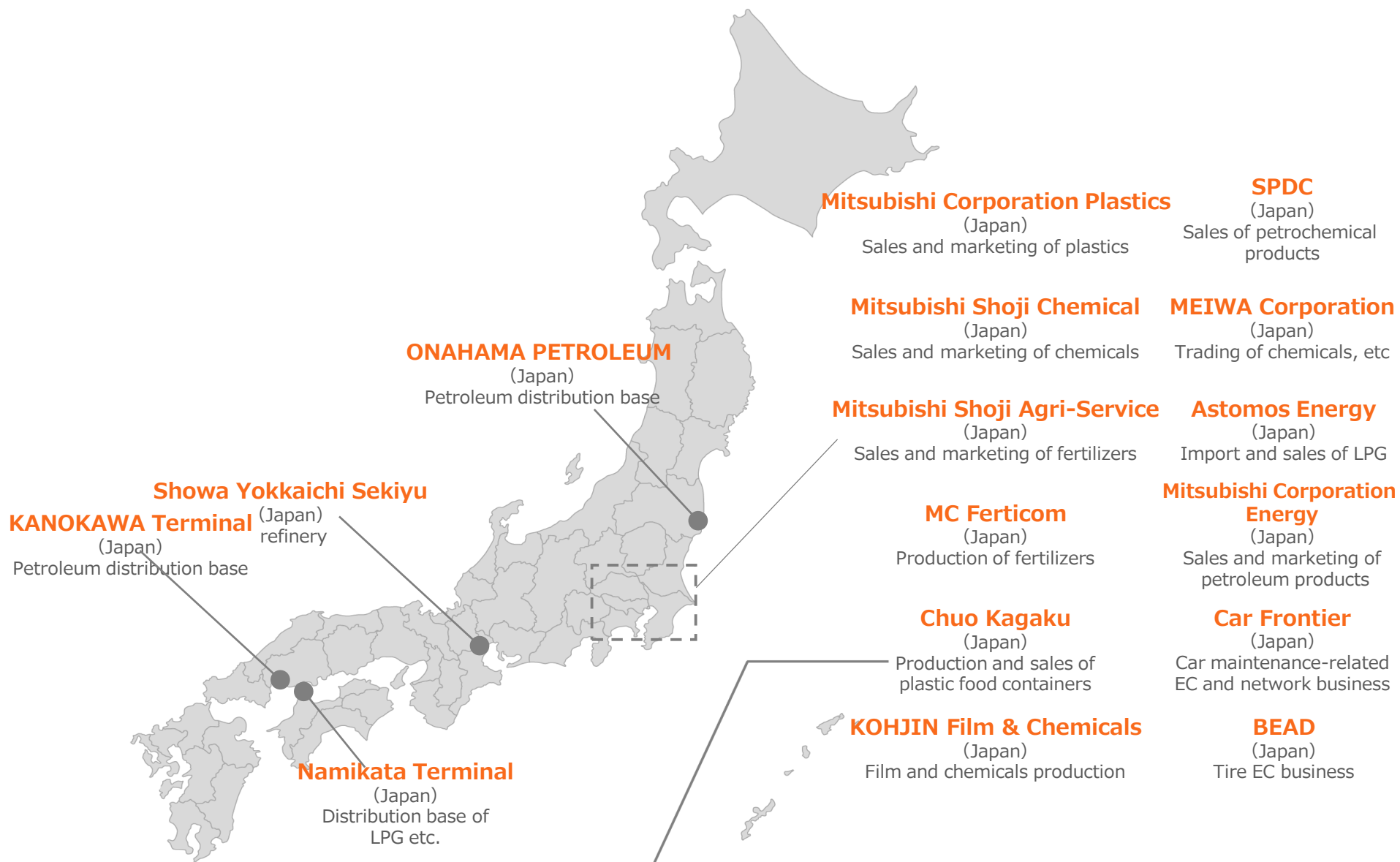


# 1. Group Overview : Main Investments (Overseas)



(Companies in blue are trading subsidiaries)

# 1. Group Overview : Main Investments (Domestic)



# 1. Group Overview : Main Investments (1/2)



## Mitsubishi Corporation Energy

Location : Japan

Established : 2015

Shareholders : Mitsubishi Corporation 100%

Overview : Trading of various petroleum products / Construction and operation of service stations

MC Energy's core business is the wholesale and retail of petroleum products. Its subsidiary Car Frontier is involved in mobility-related network and e-commerce businesses.



## Astomos Energy

Location : Japan

Established : 2006

Shareholders : Mitsubishi Corporation 49% Idemitsu Kosan 51%

Overview : Import and sales of LPG

Astomos is one of the largest LPG companies worldwide in terms of trading volume, handles roughly 25% of domestic demand.



## SHARQ (SPDC)

Company name : Eastern Petrochemical Company "SHARQ"

Location : Saudi Arabia

Established : 1981

SHARQ Shareholders : SPDC 50% SABIC 50%

SPDC Shareholders : Mitsubishi Corporation 33.34%

Overview : Production & Sales of ethylene glycol and polyethylene

Production capacity : 1.5mm tons of ethylene glycol, 1.6 mm tons of polyethylene  
Through three capacity expansions, SHARQ has grown into one of the largest petrochemical makers in the world, and its products are sold throughout the world.

# 1. Group Overview : Main Investments(2/2)



## Chuo Kagaku

Location : Japan

Established : 1961

Shareholders : Mitsubishi Corporation 60.59%

Overview : Production and sales of plastic food packaging and containers  
Chuo Kagaku focuses on R&D and develops a wide range of materials and products to meet the needs of consumers and their diversifying lifestyles.



## ESSA

Company name : Exportadora de Sal S.A. de C.V.

Location : Mexico

Established : 1979

Shareholders : Mitsubishi Corporation 49% Mexico government 51%

Overview : Production and sales of salt

Production capacity : 7 million tons

Produces salt through the environment-friendly method of solar evaporation of sea water. Handles roughly half of Japan's salt import.



## CGCL

Company name : Caribbean Gas Chemical Limited

Location : Trinidad and Tobago

Established : 2013

Start of commercial production : Scheduled for October 2020

Shareholders : Mitsubishi Corporation 26.25%

Overview : Production and sales of methanol and dimethyl ether

Production capacity : 1 mm tons of methanol, 20,000 tons of dimethyl ether

Uses the rich natural gas reserves of Trinidad and Tobago as its resources.

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## 2. Group policy : Basic policy of the Group

The 4 top priorities of the Group are 【Value creation through **DX**】, 【Strengthening **downstream and services**】, as well as the industry-wide challenge of 【Shifting to a **low carbon and circular economy**-based business model】 and 【Making use of **new clean energy**】.

We will seek to grow the size and quality of Group earnings, by optimizing the business portfolio to strengthen the underlying business, while creating new businesses.

**Solving issues faced  
by the industry**

**Reposition the  
Group's standing**

**Low carbon,  
circular economy**

**New clean energy**

**DX**

**Downstream and  
services**

**Mid-to-long term themes for the growth of the Group**



## 2. Group policy : Strategies for each business area

Area	Main strategy	Main Underlying Business	New businesses
① <b>Petroleum</b>	Lead the shift to a new business model, based on market needs, from oil refinery to service stations (SS)	Showa Yokkaichi Sekiyu Mitsubishi Corporation Energy Trading, etc.	<p>Accurately grasp the anticipated trends in each industry and market. Conceive and realize new businesses in which we can leverage on our strength and functions</p> <div> <p><b>Key themes</b></p> <ul style="list-style-type: none"> <li>Low carbon, circular economy</li> <li>New clean energy</li> <li>DX</li> <li>Downstream and services</li> </ul> </div> <p><u>Concrete business concepts</u></p> <ul style="list-style-type: none"> <li>Next generation Service Stations (network and e-commerce businesses)</li> <li>LPG retail</li> <li>Sustainable plastics</li> <li>CO<sub>2</sub>-free ammonia</li> <li>EV-related materials</li> </ul>
② <b>Refinery chemicals</b>	Shift to an environment-compatible business, in response to the chemical shift by refineries	PC Aroma Trading, etc.	
③ <b>Ethylene and derivatives</b>	Implement measures to strengthen the SHARQ business, while creating the business "seeds" and "drivers" for future growth	SPDC Trading, etc.	
④ <b>Alcohol / C1 chemicals</b>	Create a low-carbon society through the CO <sub>2</sub> -free ammonia business	METOR, CGCL Trading, etc.	
⑤ <b>Chlor-alkali</b>	Lead the shift in the industry by solving the problem of excessive electricity-use. Expand downstream in the salt business	ESSA Trading, etc.	
⑥ <b>Mobility &amp; EV-related</b>	Develop business "seeds" and "drivers" of growth in LiB-related businesses of EVs, which will lead to low carbon and a circular economy	MEIWA Corporation etc.	

# 2. Group policy : Business concepts in focus areas (1/3)

## ◆ Next generation Service Station (SS) business

Downstream and services

DX

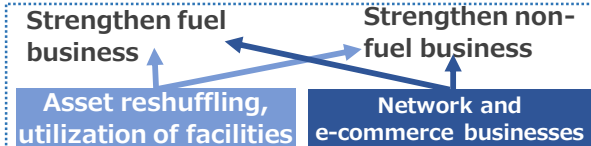
《Changes in the environment / challenges》

- Progression of CASE, less demand for gasoline due to population decline, etc.
- Disparity in demand/supply balance between petroleum products (gasoline↘, kerosene & diesel→)
- Decline in SS sales

Key theme

Re-strengthen value of facilities and offices

Strategy



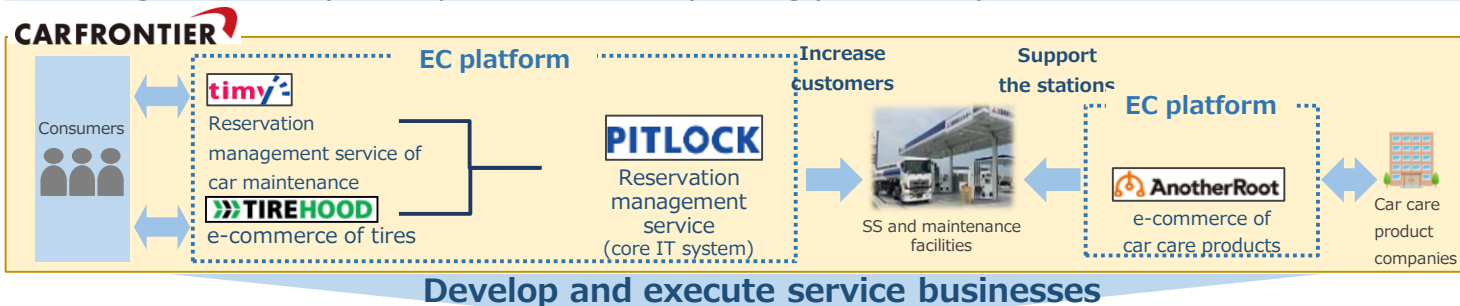
## ■ Policy / strategy

Utilize the real SS facilities in the value chain from refinery to SS and improve profitability by expanding and achieving synergies with the network and e-commerce businesses.

## ■ Overview of business concept

Network and e-commerce business  
(Mitsubishi Corporation Energy/Car Frontier(CF))

Started the CF business in FY2016, with the aim of strengthening the retail business and creating the network and e-commerce business using the SS network. Currently focusing on creating an industry-wide platform and improving profitability.



### Network business (PITLOCK/timy)

PITLOCK timy

A network business, connecting car owners with SS's and car maintenance facilities. Promoting the digitalization of the car maintenance industry.

Planning phase

### Tire EC business(TIREHOOD)

TIREHOOD

Tire EC business using SS facilities etc.  
**Set up a joint venture with AUTOBACS SEVEN** and pursuing growth.

Execution phase



## 2. Group policy : Business concepts in focus areas (2/3)

### ◆ Sustainable plastics business

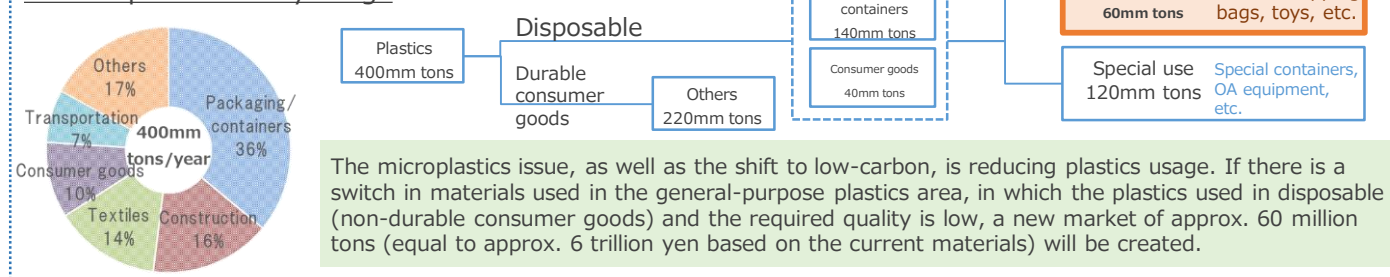
Low carbon,  
circular economy

#### ■ Policy / strategy

With the rising awareness towards the environment, we will establish a low carbon and circular economy business model in the plastics industry, and create new sources of revenue.

#### 《Overview of the plastics market》

Plastics production by usage



#### ■ Overview of business concepts

Create a new plastics businesses in the new markets of sustainable plastic technology, alternative materials, etc., while developing and commercializing new materials through close collaboration with brand owners, which are the users of plastics.

##### PET resin production business (Thailand)

Increased stake in Thai Shinkong, and participating in PET resin production business using chemical recycling technology. Respond to challenges currently faced by the industry.

Execution phase

##### Alternative material business

Participation in the alternative material business, using left-over materials from paper factories. Seeking to expand applications.

Execution phase

##### Bioplastics business

Currently considering this business, which will achieve 100% non-fossil fuel derived plastic. Also considering expansion into Paper mixed material business.

Planning phase

##### Biodegradable plastics business

In this business, we will assess the potential technologies and consider to participate in various ways to solve the problem of marine plastics.

Assessment phase

# 2. Group policy : Business concepts in focus areas (3/3)

## ◆ CO<sub>2</sub>-free ammonia business

New clean energy

### ■ Policy / strategy

With climate change becoming a major issue, we will contribute to the introduction and social implementation of CO<sub>2</sub>-free ammonia (hydrogen), which is anticipated to become a new clean energy source, which will lead our group to future growth.

#### 《Impact of introducing CO<sub>2</sub>-free ammonia in electric power generation》

Scenario	All coal power plants in Japan shift to 20% mixed combustion	All coal power plants in Japan shift 100% to ammonia
Reduction of CO <sub>2</sub>	Approx. 40mm tons	Approx. 200mm tons
Demand for ammonia	Approx. 20mm tons	Approx. 80mm tons

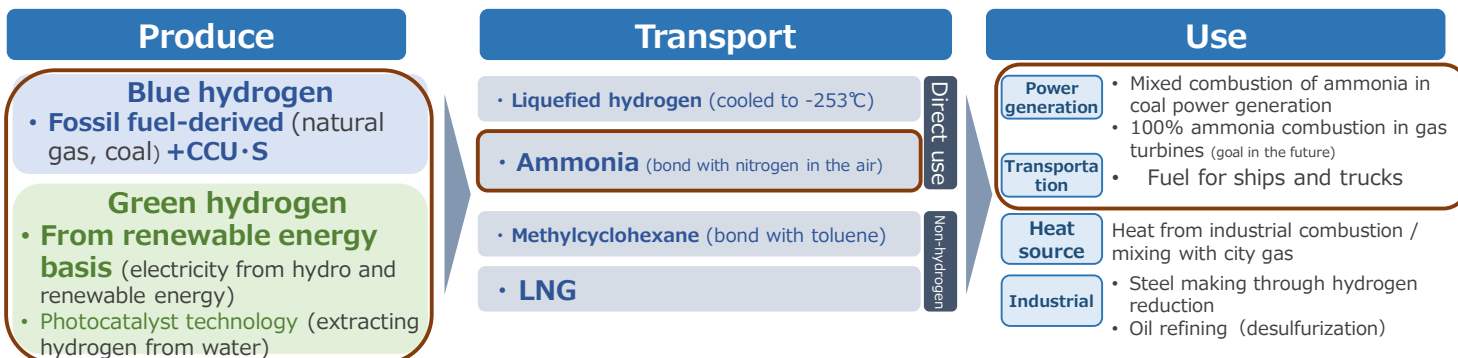
(Reference) Global demand for ammonia is 200mm tons, out of which roughly 18mm tons is transported by sea  
(2.5 trillion yen)

### ■ Overview of business concept

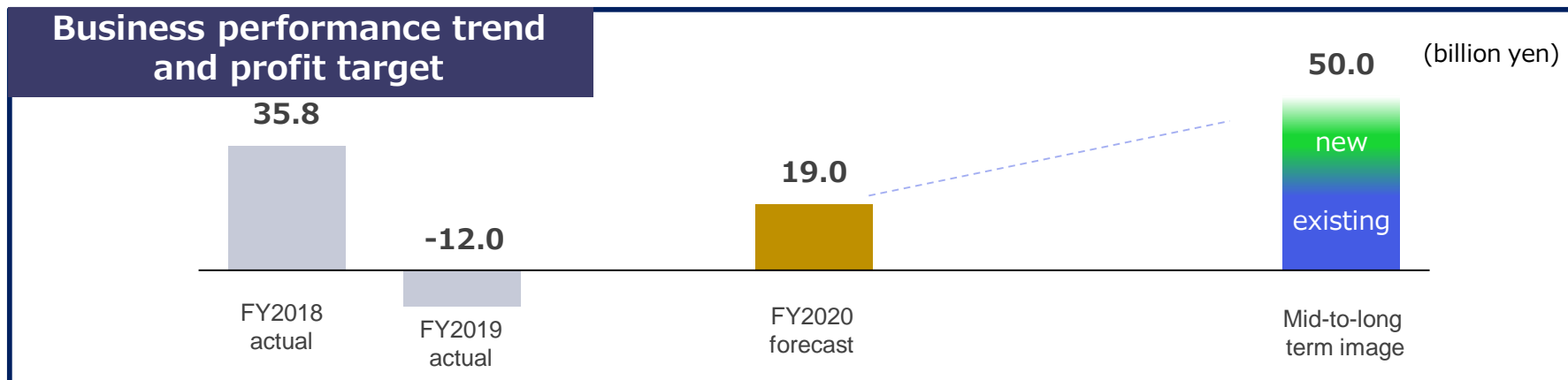
In the value chain of CO<sub>2</sub>-free ammonia, assess business potential of “production and transportation of hydrogen carrier”, and “use in electric power generation, etc.”, together with a partner.

#### 《Overview of hydrogen / CO<sub>2</sub>-free ammonia value chain

Key business domains of our Group



## 2. Group policy : Profit and investment plans



### Investment plan

- Portfolio reshuffling of 40-50 billion yen during the current Midterm Corporate Strategy period (FY2019-2021)
- Decided to invest roughly 10 billion yen in focus areas during the current fiscal year
- Make new investments according to Group basic policy, while considering the impact from COVID-19

(Forward-Looking Statements)

This release contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the Company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices. Accordingly, Mitsubishi Corporation wishes to caution readers that actual results may differ materially from those projected in this release and that Mitsubishi Corporation bears no responsibility for any negative impact caused by the use of this release.