Mitsubishi Gas Chemical Company, Inc.
May 9, 2012

New Mid-term Management Plan “MGC Will2014”

MGC has introduced the new Mid-term Management Plan “MGC Will2014,” which covers the three-year period from FY2012 (ending March 2013) to FY2014 (ending March 2015).

1. Positioning of the New Mid-term Management Plan “MGC Will2014”
In 2009, MGC decided that, in order to achieve further sustainable growth despite increasing economic uncertainty, we needed to formulate and implement a business plan from a long-term perspective. Consideration was first given to determining what kind of company MGC should aim to become by 2021 (the “desired MGC Group in 2021”). The previous Mid-term Management Plan “MGC Will 2011” (FY2009-2011) was the first step in achieving this goal. The new “MGC Will2014” represents the second step in the process.

2. Review of the Previous Mid-term Management Plan “MGC Will 2011”
Unfortunately, we were unable to achieve the numerical targets we had set for MGC Will 2011. This was partly due to unexpected external factors such as the global financial crisis, the sharp appreciation of the yen against other currencies, and the major natural disaster that hit eastern Japan in March 2011. During the period, however, we made aggressive investments, above all, in our core businesses. We are convinced that these investments will result in positive contributions to our future revenue and earnings.

Consolidated parameter	FY2009 result	FY2010 result	FY2011 result	FY2011 planned
Net sales (billion yen)	384.5	451.0	452.2	550.0
Operating income (billion yen)	4.0	23.3	9.0	40.0
Ordinary income (billion yen)	7.3	36.3	26.1	50.0
ROA (%)*	1.4	6.5	4.5	≧9.0
D/E ratio	0.62	0.66	0.66	≦0.6

* Ordinary income/total assets

3. Overview of the New Mid-term Management Plan “MGC Will2014”

Group Vision

The MGC Group aims to develop and grow sustainably on the global stage as a leading chemicals group with major presence and a strong platform of proprietary technology while taking CSR in all its activities.

Basic Strategies

- Strengthening the core businesses
- Restructuring loss-making businesses
- Accelerating development of new businesses
- Improving total enterprise quality in support of sustainable growth

MGC has a wide range of products, from basic chemicals such as methanol, to high-performance products such as AGELESS® oxygen absorber. In the methanol business, the company has production sites in Saudi Arabia, Venezuela, and Brunei. With good access to natural gas resources for raw material supply, this production network enables the company to distribute methanol throughout the world. In high-performance products such as electronics chemicals, sheets/films, BT products, and AGELESS® oxygen absorber, the co-creation of value with customers allows us to offer differentiated products with a development platform. This accounts for our tangible presence in all market segments. In these core businesses, we will not only continue to make the most of their existing strengths, but also take an M&A approach to strengthen our business even further.

On the other hand, we have concluded that the loss-making businesses require structural reform. Unexpected deterioration in the business environment and increasing competition have surpassed our efforts to make these operations profitable within the existing framework. Although we have already set up structural reform projects in cooperation with the relevant businesses, we will continue to study all possibilities and implement reform plans as soon as they are ready.

Where the basic strategy of “accelerating development of new businesses” is concerned, we have set up the “Next Generation Business Project Group” to reinforce our existing research and development. The new organization integrates internal resources through a cross-organizational approach. Development targets include medical packing solutions, next-generation battery materials, and new structural materials. By 2021, the new businesses created by the project will achieve net sales of 100 billion yen.

To achieve sustainable growth, we need to further improve all aspects of management quality. To improve total enterprise quality in support of sustainable growth, we will squarely face challenges such as developing global human resources, improving the ability of the manufacturing floor, achieving production with low environmental impact, cost reductions, and higher group-wide business efficiency.

4. Target financial indicator values

Consolidated parameter	Target (FY2014)
Net sales	¥600 billion
Operating income	¥40 billion
Ordinary income	¥60 billion
ROA (ordinary income/total assets)	9.0%

Assumptions:

Exchange rate: ¥80/USD

Crude oil price (Dubai): 2012: 115 USD/bbl, 2013: 115 USD/bbl, 2014: 120 USD/bbl