

March 22, 2019

MITSUBISHI GAS CHEMICAL COMPANY, INC.

**Notice about the Continuation of the Joint Venture in Saudi Arabia  
of JSMC, a MGC's Equity Method Affiliate**

Japan Saudi Arabia Methanol Co., Inc. (JSMC), an equity method affiliate of Mitsubishi Gas Chemical Company, Inc. (MGC), has decided to continue its joint-venture methanol business (Saudi Methanol Company (AR-RAZI)) in Saudi Arabia, whose period expired on November 29, 2018, up to November 29, 2038.

**1. Reasons for the Continuation of the Joint Venture Business**

As previously announced via the December 4, 2018 press release entitled "Notice about the Methanol Joint Venture in Saudi Arabia of JSMC, a MGC's Equity Method Affiliate," JSMC has been engaged in discussions regarding the continuation of the aforementioned new scheme joint venture business, with March 31, 2019 set as the deadline for the final decision. Having performed a comprehensive examination of the agreed new scheme joint venture's economic rationality, including profitability, the various risk factors it faces and other considerations, JSMC has concluded that it should continue the business.

**2. Framework for the New Joint Venture Business**

JSMC will pay Saudi Basic Industries Corp. (SABIC) US\$1,350 million for the consideration of the transition to the new scheme of the joint venture business for the period of 20 years. This amount will be paid in equal annual installments over a period of three years once the approval of governmental authorities charged with ensuring fair competition in the relevant countries has been obtained.

With an eye to promoting energy conservation, MGC will also discuss undertaking the commercialization of new methanol technology with SABIC while considering utilizing such technology to renew its methanol plants.

**3. Impact on Operating Results**

MGC has not changed its business performance forecasts from those announced in its February 6, 2019 press release entitled "Revision of Business Performance." MGC will immediately announce any corrections in the forecasts when they may become necessary in the future.

For your reference, JSMC will amortize US\$1,350 million to be paid to SABIC using the straight-line method over the course of 20 years.

END

(For reference)

1. Overview of Japan Saudi Arabia Methanol Company, Inc. (JSMC)

(1) Company Name	Japan Saudi Arabia Methanol Company, Inc.
(2) Location	2-2-3 Uchisaiwai-cho, Chiyoda-ku, Tokyo
(3) Rep.Name/Title	Akira Ishiwada, Chairman & CEO
(4) Business Description	(a) Investments in and financing as well as business guidance for the company producing and distributing methanol in the Kingdom of Saudi Arabia (b) Import and distribution of methanol produced by the company stated in item (a) above
(5) Capital Stock	JPY 2,310 million
(6) Date of Foundation	November 12, 1979
(7) Fiscal Year End	December
(8) Stockholders' Equity	Approx. JPY 69.7 billion (as of the end of December, 2018)
(9) Total Assets	Approx. JPY 76.2 billion (as of the end of December, 2018)
(10) Shareholders	MGC: 47%, JICA and other 6 companies

2. Overview of Saudi Methanol Company (AR-RAZI)

(1) Company Name	SAUDI METHANOL COMPANY
(2) Location	Al-Jubail Industrial City, Kingdom of Saudi Arabia
(3) Rep.Name/Title	Ahmed M. Alumar, Chairman
(4) Business Description	Production and distribution of methanol
(5) Capital Stock	SAR 259 million
(6) Date of Foundation	February 9, 1980
(7) Fiscal Year End	December
(8) Stockholders' Equity	Approx. SAR 2,505 million (as of the end of December, 2018)
(9) Total Assets	Approx. SAR 6,240 million (as of the end of December, 2018)
(10) Shareholders	JSMC: 50%, SABIC: 50%

SAR 1 = approx. JPY 29.6 (as of the end of Dec. 28, 2018)

## INQUIRIES

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