

May 13, 2019

MITSUBISHI GAS CHEMICAL COMPANY, INC.

Notice regarding Targets under “MGC Advance2020”

Mitsubishi Gas Chemical Company, Inc. (MGC) hereby announces that it has revised its consolidated ordinary income target announced on May 9, 2018, for fiscal 2020, the final year of the MGC Advance2020 Medium-term Management Plan.

1. Background

MGC has been pursuing the Group Vision of “Creating value to share with society” while implementing basic policies aimed at securing growth in overall corporate value and winning the trust of all the Group’s stakeholders. To this end, MGC engaged in various business activities in a bid to achieve the fiscal 2020 targets it had previously set for four key management indices.

However, MGC expects to face the unavoidable impact of a significant decrease in equity in earnings of affiliates associated with a joint methanol business in Saudi Arabia due to changes in the joint-venture business scheme, the content of which had not been determined at the time of the announcement of MGC Advance2020 and thus could not be reflected in the plan. Upon finalizing the agreement between MGC’s equity-method affiliate and the joint venture partner, these changes include halving the former’s equity stake in the joint venture. Taking these factors into account, MGC has decided to reflect these changes in the plan, re-setting its consolidated ordinary income target as described in the next section.

Please note that MGC has not revised other aspects of the management plan. The basic policies, strategies being deployed and assumptions used in the formulation of the plan remain unchanged.

2. Targets

(Billions of yen)

Consolidated indices	Fiscal 2020 targets		Change
	Initial targets (A)*	Revised targets (B)	(B – A)
Net sales	750	750	–
Operating income	65	65	–
Ordinary income	90	80	(10)
ROE	12% or higher	12% or higher	–

* Announced on May 9, 2018

3. Future Initiatives

In line with the MGC Advance2020 Medium-term Management Plan, the Company is pushing ahead with the following strategies.

- Strengthening the earnings power of existing businesses with a focus on core businesses
- Creating and developing new businesses
- Implementing investment strategies to form an optimal business portfolio
- Promoting unified MGC Group management
- Improving total enterprise quality to support sustainable growth

Looking ahead, MGC will remain committed to executing these strategies, with all Group companies working as one to achieve the aforementioned management targets. In particular, MGC will strengthen the earnings power of existing businesses, especially core businesses, by, for example, boosting its meta-xylenediamine (MXDA) production capacity. Along with this proactive approach to strategic investment aimed at reinforcing the foundations of existing businesses, the Company will accelerate the creation and development of new businesses by enhancing its R&D structure while taking full advantage of technologies and human resources available within and outside the Group. Moreover, to establish an optimal business portfolio that is resilient against changes in the external environment, the Company will effectively allocate management resources and is determined to adhere to its current budget in which it has set aside ¥200 billion and ¥66 billion for, respectively, investment and R&D to be undertaken during the period of the management plan.

Note: Descriptions of plans, targets and other forward-looking statements in this document are based on information available to management and other assumptions held to be reasonable at the date of release. Accordingly, the information contained herein involves uncertainties. Various factors may cause actual results to differ materially from these forward-looking statements.

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INQUIRIES

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