

November 2, 2020

MITSUBISHI GAS CHEMICAL COMPANY, INC.

Notice on the Announcement of Differences between First-Half Performance Forecasts and Actual Results as well as Revision of Full-Year Operating Results Forecasts

Mitsubishi Gas Chemical Company, Inc. (MGC) hereby announces differences between performance forecasts for the first half of the fiscal year ending March 31, 2021 (April 1 – September 30, 2020), which it disclosed on August 6, 2020, and actual results publicized today. Also, MGC hereby announces the revision of its full-year operating results forecasts.

1. Differences between First-Half Performance Forecasts and Actual Results

(1) Consolidated basis (April 1 – September 30, 2020)

(In millions of yen)

	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of the parent	Net income per share (¥)
Previous forecast (A)	270,000	12,000	12,000	9,000	43.27
Actual Results (B)	266,637	14,370	16,541	14,255	68.54
Change (B-A)	△3,362	2,370	4,541	5,255	
Change (%)	△1.2	19.8	37.8	58.4	
Results for the previous 1H (ending September 2019)	303,369	16,034	11,690	8,147	38.45

(2) Non-consolidated basis (April 1 – September 30, 2020)

(In millions of yen)

	Net sales	Operating profit	Ordinary profit	Net income	Net income per share (¥)
Previous forecast (A)	160,000	5,000	9,000	9,000	43.27
Actual Results (B)	151,601	6,003	10,293	11,841	56.93
Change (B-A)	△8,398	1,003	1,293	2,841	
Change (%)	△5.2	20.1	14.4	31.6	
Results for the previous 1H (ending September 2019)	171,531	8,743	20,083	19,594	92.47

(3) Reasons for Differences

MGC's consolidated operating results were buoyed by improvement in non-consolidated business performance as well as an increase in equity in earnings of methanol producing companies and other affiliates related to engineering plastics. These factors caused each earnings indicator to exceed previous forecasts.

With regard to non-consolidated operating results, net sales decreased as sales volumes recorded by such business units as the Basic Chemicals division were lower than the forecasts. Nevertheless, operating income and ordinary income exceeded previous forecasts, thanks in part to a decrease in selling, general and administrative expenses. As a result, net income also surpassed the previous forecast, reflecting higher-than-expected ordinary income and a decrease in tax-related expenses due to such factors as deductions of losses on valuation of stocks of affiliates recorded in the past fiscal years.

2. Revisions of Full-Year Operating Results Forecasts

(1) Consolidated basis (April 1, 2020 – March 31, 2021)

(In millions of yen)

	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of the parent	Net income per share (¥)
Previous forecast (A)	560,000	29,000	26,000	17,000	81.74
Revised forecast (B)	550,000	29,000	30,000	24,000	115.39
Change (B - A)	△10,000	—	4,000	7,000	
Change (%)	△1.8	—	15.4	41.2	
Results for the previous year (ending March 2020)	613,344	34,260	31,116	21,158	100.50

(2) Non-consolidated basis (April 1, 2020 – March 31, 2021)

(In millions of yen)

	Net sales	Operating profit	Ordinary profit	Net income	Net income per share (¥)
Previous forecast (A)	330,000	15,000	20,000	17,000	81.74
Revised forecast (B)	320,000	15,000	20,000	20,000	96.15
Change (B - A)	△10,000	—	—	3,000	
Change (%)	△3.0	—	—	17.6	
Results for the previous year (ending March 2020)	351,348	17,268	30,066	29,332	139.33

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(3) Reasons for Revisions

As it did in formulating the previous forecasts, MGC assumes that the world economy will remain on a recovery track in the second half of the fiscal year ending March 31, 2021, with demand for the MGC Group products expected to enjoy overall recovery. However, as the timing of the containment of the novel coronavirus pandemic is not predictable, the outlook for the future continues to be unclear.

Amid this business environment, MGC has made overall downward revisions to the sales forecasts for the second half. These revisions are used as a basis for the full-year consolidated operating results forecasts, which also incorporate the greater-than-expected business results of the first half. Taking these and other factors into account, the Group's forecast for operating income remains unchanged from the previous forecast. On the other hand, the Group expects ordinary income and net income attributable to owners of the parent to surpass its previous forecasts as it anticipates an increase in equity in earnings of affiliates based on its revised forecasts for methanol market conditions and other factors.

With regard to non-consolidated operating results forecasts, the Group revised its second-half sales forecasts, just as it did for consolidated operating results, to provide a basis for full-year forecasts. Taking this and other factors into account, the Group anticipates operating income and ordinary income on par with the previous forecasts while expecting net income to exceed the previous forecast.

The above forecasts assume exchange rates of ¥105=\$1 and ¥120 =€1, both of which remain unchanged from the previous forecasts, for the remaining months of the fiscal year.

Note: The above forecasts are based on information currently available to MGC as of the date of the announcement of this document. Actual operating results may vary due to various factors.

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