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MEMBERSHIP

May 12, 2020

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (Under Japanese GAAP)

Company name: **Mitsubishi Gas Chemical Company, Inc.**
 Listing: Tokyo Stock Exchange
 Securities code: 4182
 URL: <https://www.mgc.co.jp/eng/>
 Representative: Masashi Fujii, Representative Director, President
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 TEL: +81-3-3283-5041
 Scheduled date of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date to commence dividend payments: June 8, 2020
 Scheduled date to file annual securities report: June 25, 2020

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Summary of consolidated income statement (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	613,344	(5.5)	34,260	(17.2)	31,116	(55.0)	21,158	(61.5)
March 31, 2019	648,986	2.1	41,386	(34.0)	69,199	(14.3)	55,000	(9.1)

Note: Comprehensive income March 31, 2020 ¥13,988 million [(74.2) %]
 March 31, 2019 ¥54,318 million [(19.7) %]

Fiscal year ended	Net income per share	Net income diluted per share	Return on equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
March 31, 2020	100.50	—	4.3	3.9	5.6
March 31, 2019	257.46	—	11.3	8.7	6.4

Reference: Equity in earnings of affiliates
 March 31, 2020 ¥(1,282) million
 March 31, 2019 ¥28,408 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	771,733	548,141	63.8	2,368.11
March 31, 2019	804,038	553,282	62.6	2,354.25

Reference: Equity

March 31, 2020

¥492,521 million

March 31, 2019

¥502,961 million

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2020	74,234	(33,922)	(49,563)	70,043
March 31, 2019	64,042	(42,761)	(31,396)	80,379

2. Dividends

	Annual dividend					Total dividend payment (total)	Dividend payout ratio (consolidated)	Dividend to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2019	–	35.00	–	35.00	70.00	14,953	27.2	3.1
March 31, 2020	–	35.00	–	35.00	70.00	14,861	69.7	3.0
Fiscal year ending May 31, 2021 (Forecast)	–	35.00	–	35.00	70.00		85.6	

3. Consolidated business forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2020 (cumulative)	270,000	(11.0)	8,000	(50.1)	6,000	(48.7)	4,000	(50.9)	19.23
Fiscal year ending March 31, 2021	580,000	(5.4)	27,000	(21.2)	26,000	(16.4)	17,000	(19.7)	81.74

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at term end (including treasury stock)

March 31, 2020	225,739,199
March 31, 2019	231,739,199

(ii) Number of shares of treasury stock at term-end

March 31, 2020	17,758,765
March 31, 2019	18,099,472

(iii) Average number of shares

March 31, 2020	210,529,901
March 31, 2019	213,630,153

[Reference] Outline of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	351,348	(6.3)	17,268	(25.3)	30,066	(27.3)	29,332	(15.4)
March 31, 2019	375,129	2.9	23,122	(26.1)	41,329	(23.7)	34,690	(16.2)

Fiscal year ended	Net income per share	Net income diluted per share
	Yen	Yen
March 31, 2020	139.33	—
March 31, 2019	162.39	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2020	425,713	290,955	68.3	1,398.96
March 31, 2019	457,427	291,198	63.7	1,363.04

Reference: Equity

March 31, 2020

¥290,955 million

March 31, 2019

¥291,198 million

2. Non-consolidated business forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2020 (cumulative)	160,000	(6.7)	4,000	(54.2)	7,000	(65.1)	7,000	(64.3)	33.66
Fiscal year ending March 31, 2021	340,000	(3.2)	15,000	(13.1)	20,000	(33.5)	17,000	(42.0)	81.74

* These financial statements are exempt from audit procedure.

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

1. Forecasts, etc., recorded in this document contain forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

For details on the financial forecast, please refer to page 5.

Outlook for FY2020

Looking at future economic trends, a strong sense of uncertainty prevails regarding the severity of the impact of the novel coronavirus pandemic in Japan and elsewhere in the world, with current conditions making it difficult to forecast when the spread of the virus can be contained.

With this in mind, MGC formulated its operating results forecasts for the fiscal year ending March 31, 2021, based on the assumption that the global economy will remain sluggish during the first half due to the novel coronavirus pandemic and that in the second half the economy will be on a recovery track.

Although the negative factors described above may impact consolidated operating results, MGC nevertheless believes that electronic materials and optical polymer will not be significantly affected as these operations have been supported by solid demand throughout the fiscal year ended March 31, 2020. On the other hand, MGC anticipates an overall demand decline in a broad range of fields, including automobiles, housing and infrastructure as well as electric and electronic devices. Accordingly, it is believed that foamed plastics, engineering plastics, specialty aromatic chemicals and other MGC Group products designed to serve as raw materials for the aforementioned fields could be negatively affected.

The forecasts assume a crude oil price of US\$30 per barrel for the first half and US\$45 per barrel for the second half of the fiscal year ending March 31, 2021. MGC therefore anticipates a reduction in costs due to decreases in raw material and crude oil prices.

The forecasts assume exchange rates of ¥105=US\$1 and ¥120=€1.

Moreover, MGC expects to record higher repair costs while anticipating increases in R&D expenses and depreciation costs in order to focus on executing initiatives aimed at creating new businesses and strategic investments aimed at securing growth.

Taking these factors into account, MGC's consolidated operating results forecasts for the fiscal year ending March 31, 2021 include net sales of ¥580.0 billion, operating income of ¥27.0 billion, ordinary income of ¥26.0 billion and net income attributable to owners of the parent of ¥17.0 billion.

With regard to non-consolidated operating results forecasts, MGC's forecasts for the year include net sales of ¥340.0 billion, operating income of ¥15.0 billion, ordinary income of ¥20.0 billion and net income of ¥17.0 billion.

Lastly, MGC's actual operating results may significantly differ from the abovementioned forecasts due to such factors as conditions associated with the containment of the novel coronavirus pandemic. Upon the emergence of factors necessitating revision, MGC will notify its stakeholders of any updated forecasts in a timely manner.

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	91,130	78,227
Notes and accounts receivable - trade	155,507	141,279
Securities	23	3,514
Merchandise and finished goods	67,681	62,359
Work in process	13,308	13,154
Raw materials and supplies	38,262	39,282
Other	13,965	21,975
Allowance for doubtful accounts	△1,033	△1,124
Total current assets	378,845	358,669
Non-current assets		
Property, plant and equipment		
Buildings and structures	207,981	220,252
Accumulated depreciation	△126,351	△135,913
Buildings and structures, net	81,630	84,339
Machinery, equipment and vehicles	457,159	484,798
Accumulated depreciation	△378,458	△403,719
Machinery, equipment and vehicles, net	78,700	81,079
Land	39,826	41,109
Leased assets	750	2,611
Accumulated depreciation	△373	△785
Leased assets, net	377	1,825
Construction in progress	20,522	23,113
Other	48,151	51,266
Accumulated depreciation	△40,716	△42,894
Other, net	7,435	8,371
Total property, plant and equipment	228,492	239,838
Intangible assets		
Goodwill	3,841	5,293
Leased assets	5	0
Software	2,187	2,251
Other	2,579	3,052
Total intangible assets	8,614	10,597
Investments and other assets		
Investment securities	177,011	149,158
Long-term loans receivable	2,831	3,153
Deferred tax assets	2,510	3,482
Retirement benefit asset	1,174	974
Other	5,101	6,500
Allowance for doubtful accounts	△543	△640
Total investments and other assets	188,086	162,628
Total non-current assets	425,193	413,063
Total assets	804,038	771,733

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	80,089	70,776
Short-term borrowings	58,749	33,980
Current portion of bonds payable	—	10,000
Accrued expenses	20,493	18,008
Lease obligations	97	429
Income taxes payable	3,439	5,539
Provision for bonuses	5,539	5,616
Provision for bonuses for directors (and other officers)	2	44
Provision for environmental measures	129	76
Provision for loss compensation	—	60
Provision for loss on business of subsidiaries and associates	—	200
Provision for loss on liquidation of subsidiaries and associates	505	—
Provision for loss on business withdrawal	17	6
Provision for business restructuring	19	—
Asset retirement obligations	113	0
Other	19,223	18,837
Total current liabilities	188,420	163,574
Non-current liabilities		
Bonds payable	10,000	—
Long-term borrowings	26,615	29,043
Lease obligations	290	1,260
Deferred tax liabilities	9,521	9,200
Provision for retirement benefits for directors (and other officers)	337	433
Provision for loss on guarantees	2,358	—
Provision for environmental measures	164	237
Provision for business restructuring	1,017	1,329
Provision for loss on liquidation of subsidiaries and associates	72	1,170
Other provisions	218	356
Retirement benefit liability	5,247	9,333
Asset retirement obligations	2,324	3,560
Other	4,166	4,091
Total non-current liabilities	62,336	60,016
Total liabilities	250,756	223,591
Net assets		
Shareholders' equity		
Share capital	41,970	41,970
Capital surplus	34,298	34,234
Retained earnings	439,080	439,701
Treasury shares	△19,930	△21,600
Total shareholders' equity	495,418	494,306
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	13,023	7,789
Deferred gains or losses on hedges	1	4
Revaluation reserve for land	222	—
Foreign currency translation adjustment	△6,327	△6,701
Remeasurements of defined benefit plans	623	△2,877

Total accumulated other comprehensive income	7,542	△1,785
Non-controlling interests	50,321	55,619
Total net assets	553,282	548,141
Total liabilities and net assets	804,038	771,733

2. Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	648,986	613,344
Cost of sales	512,857	481,950
Gross profit	136,129	131,394
Selling, general and administrative expenses	94,742	97,133
Operating profit	41,386	34,260
Non-operating income		
Interest income	642	565
Dividend income	2,200	2,226
Rental income	1,623	1,551
Share of profit of entities accounted for using equity method	28,408	—
Other	1,819	1,390
Total non-operating income	34,694	5,733
Non-operating expenses		
Interest expenses	1,018	968
Personnel expenses for seconded employees	1,430	1,512
Loss on disposal of non-current assets	988	1,237
Foreign exchange losses	594	1,342
Rental expenses	1,634	1,628
Share of loss of entities accounted for using equity method	—	1,282
Other	1,216	905
Total non-operating expenses	6,882	8,877
Ordinary profit	69,199	31,116
Extraordinary income		
Subsidy income	—	※1 6,794
Gain on sales of investment securities	989	2,676
Reversal of provision for loss on guarantees	—	※2 1,024
Gain on step acquisitions	—	※3 1,016
Gain on sales of non-current assets	※4 714	※4 859
Insurance claim income	※5 116	※5 564
Gain on bargain purchase	—	492
Gain on reversal of asset retirement obligations	※6 650	—
Total extraordinary income	2,471	13,428
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	—	※7 5,652
Provision for loss on liquidation of subsidiaries and associates	—	※8 1,098
Loss on valuation of investment securities	690	939
Loss on disposal of non-current assets	※9 646	※9 565
Impairment loss	—	※10 381
Provision for business restructuring	—	※11 350
Loss on valuation of interest rate swaps	—	228
loss compensation	—	217
Provision for loss on business of subsidiaries and associates	—	※12 200
Loss on step acquisitions	—	※13 197
Accident loss	—	※14 193
Provision for environmental measures	—	※15 177

Provision for loss on guarantees	※16 1,267	—
Total extraordinary losses	2,604	10,202
Profit before income taxes	69,066	34,343

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Income taxes - current	8,333	8,373
Income taxes - deferred	753	1,482
Total income taxes	9,087	9,855
Profit	59,979	24,487
Profit attributable to non-controlling interests	4,979	3,329
Profit attributable to owners of parent	55,000	21,158

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	59,979	24,487
Other comprehensive income		
Valuation difference on available-for-sale securities	△4,212	△5,172
Deferred gains or losses on hedges	1	3
Foreign currency translation adjustment	△2,232	△3,431
Remeasurements of defined benefit plans, net of tax	△1,812	△3,386
Share of other comprehensive income of entities accounted for using equity method	2,594	1,488
Total other comprehensive income	△5,661	△10,498
Comprehensive income	54,318	13,988
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	50,795	11,884
Comprehensive income attributable to non-controlling interests	3,522	2,104

3. Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	41,970	34,578	399,033	△19,966	455,616
Changes during period					
Dividends of surplus			△14,953		△14,953
Profit attributable to owners of parent			55,000		55,000
Purchase of treasury shares				△6	△6
Disposal of treasury shares		53		42	95
Cancellation of treasury shares					
Transfer from retained earnings to capital surplus					
Change in scope of consolidation					
Change in ownership interest of parent due to transactions with non-controlling interests		△333			△333
Reversal of revaluation reserve for land					
Net changes in items other than shareholders' equity					
Total changes during period	—	△280	40,046	35	39,802
Balance at end of period	41,970	34,298	439,080	△19,930	495,418

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	17,261	△0	222	△7,614	1,878	11,747	51,780	519,144
Changes during period								
Dividends of surplus								△14,953
Profit attributable to owners of parent								55,000
Purchase of treasury shares								△6
Disposal of treasury shares								95
Cancellation of treasury shares								
Transfer from retained earnings to capital surplus								

Change in scope of consolidation								
Change in ownership interest of parent due to transactions with non-controlling interests								△333
Reversal of revaluation reserve for land								
Net changes in items other than shareholders' equity	△4,238	1	—	1,287	△1,254	△4,204	△1,459	△5,664
Total changes during period	△4,238	1	—	1,287	△1,254	△4,204	△1,459	34,138
Balance at end of period	13,023	1	222	△6,327	623	7,542	50,321	553,282

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of period	41,970	34,298	439,080	△19,930		495,418
Changes during period						
Dividends of surplus			△14,861			△14,861
Profit attributable to owners of parent			21,158			21,158
Purchase of treasury shares				△8,733		△8,733
Disposal of treasury shares		11		40		51
Cancellation of treasury shares		△7,023		7,023		—
Transfer from retained earnings to capital surplus		6,959	△6,959			—
Change in scope of consolidation			1,246			1,246
Change in ownership interest of parent due to transactions with non-controlling interests		△10				△10
Reversal of revaluation reserve for land			37			37
Net changes in items other than shareholders' equity						
Total changes during period	—	△63	621	△1,669		△1,111
Balance at end of period	41,970	34,234	439,701	△21,600		494,306

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		

	securities							
Balance at beginning of period	13,023	1	222	△6,327	623	7,542	50,321	553,282
Changes during period								
Dividends of surplus								△14,861
Profit attributable to owners of parent								21,158
Purchase of treasury shares								△8,733
Disposal of treasury shares								51
Cancellation of treasury shares								—
Transfer from retained earnings to capital surplus								—
Change in scope of consolidation								1,246
Change in ownership interest of parent due to transactions with non-controlling interests								△10
Reversal of revaluation reserve for land								37
Net changes in items other than shareholders' equity	△5,233	3	△222	△374	△3,500	△9,327	5,298	△4,029
Total changes during period	△5,233	3	△222	△374	△3,500	△9,327	5,298	△5,141
Balance at end of period	7,789	4	—	△6,701	△2,877	△1,785	55,619	548,141

4. Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	69,066	34,343
Depreciation	27,451	29,591
Loss (gain) on disposal of non-current assets	870	778
Amortization of goodwill	260	380
Share of loss (profit) of entities accounted for using equity method	△28,408	1,282
Impairment loss	—	381
Loss on tax purpose reduction entry of non-current assets	—	5,652
Subsidy income	—	△6,794
Gain on reversal of asset retirement obligations	△650	—
Insurance claim income	△173	△572
Increase (decrease) in allowance for doubtful accounts	△137	187
Increase (decrease) in retirement benefit liability	△682	△48
Interest and dividend income	△2,842	△2,791
Interest expenses	1,018	968
Loss (gain) on sales of short-term and long-term investment securities	△1,041	△2,682
Loss (gain) on valuation of short-term and long-term investment securities	837	762
Decrease (increase) in trade receivables	8,059	19,048
Decrease (increase) in inventories	△15,750	5,694
Increase (decrease) in trade payables	△7,290	△13,799
Increase (decrease) in accrued consumption taxes	△1,141	1,976
Increase (decrease) in provision for retirement benefits for directors (and other officers)	68	△245
Increase (decrease) in provision for loss on withdrawal from business	△107	△11
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	△144	592
Increase (decrease) in provision for loss on guarantees	1,270	△2,358
Other, net	5,779	△3,920
Subtotal	56,313	68,416
Interest and dividends received	2,804	2,755
Dividends received from entities accounted for using equity method	12,323	10,693
Interest paid	△1,020	△1,030
Income taxes paid	△6,552	△7,173
Proceeds from insurance income	173	572
Net cash provided by (used in) operating activities	64,042	74,234

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Purchase of non-current assets	△37,409	△43,453
Proceeds from sales of non-current assets	891	1,144
Purchase of investment securities	△5,039	△1,544
Proceeds from sales of investment securities	648	4,702
Loan advances	△493	△731
Collection of loans receivable	445	398
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	5,810
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	939	—
Other, net	△2,743	△248
Net cash provided by (used in) investing activities	△42,761	△33,922
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△10,599	△14,927
Proceeds from long-term borrowings	16,773	8,697
Repayments of long-term borrowings	△17,893	△15,768
Purchase of treasury shares	△6	△8,733
Dividends paid	△14,953	△14,861
Dividends paid to non-controlling interests	△1,751	△1,890
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△2,859	△1,208
Other, net	△105	△870
Net cash provided by (used in) financing activities	△31,396	△49,563
Effect of exchange rate change on cash and cash equivalents	190	△1,342
Net increase (decrease) in cash and cash equivalents	△9,925	△10,594
Cash and cash equivalents at beginning of period	90,304	80,379
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	258
Cash and cash equivalents at end of period	80,379	70,043

4. Segment Information

(Millions of yen, rounded down)

	FY2018						Consolidated
	Natural Gas Chemicals	Aromatic Chamials	Specialty Chemicals	Information & Advanced	Other	Adjustments	
Sales:							
Sales to third parties	180,554	211,123	204,634	51,986	686	-	648,986
Inter segment sales	7,770	593	1,099	9	127	(9,601)	-
	188,325	211,717	205,734	51,996	814	(9,601)	648,986
Ordinary income	22,665	13,961	28,206	4,480	480	(594)	69,199
Segment aseets	204,278	211,795	238,546	72,484	30,606	46,326	804,038
Others:							
Depreciation and amortization	5,512	8,734	8,710	3,616	19	858	27,451
Amortization of goodwill	-	260	-	-	-	-	260
Interest income	81	218	265	38	0	36	642
Interest expenses	76	772	633	109	7	(582)	1,018
Equity in earnings of affiliates	19,402	7	7,875	783	340	-	28,408
Investment in affiliates accounted for by the equity method	74,222	464	22,230	10,520	4,178	800	112,417
Capital expenditures	5,792	14,630	14,406	2,303	0	2,146	39,279

(Millions of yen, rounded down)

	FY2019						Consolidated
	Natural Gas Chemicals	Aromatic Chamials	Specialty Chemicals	Information & Advanced	Other	Adjustments	
Sales:							
Sales to third parties	157,158	200,174	200,396	54,716	898	-	613,344
Inter segment sales	6,632	952	1,621	165	123	(9,495)	-
	163,790	201,127	202,017	54,881	1,021	(9,495)	613,344
Ordinary income	(5,711)	10,470	22,329	5,846	8	(1,827)	31,116
Segment aseets	194,091	204,126	235,638	75,080	34,569	28,226	771,733
Others:							
Depreciation and amortization	6,352	9,588	8,724	3,853	19	1,052	29,591
Amortization of goodwill	123	256	-	-	1	-	380
Interest income	59	218	236	27	9	14	565
Interest expenses	112	710	562	72	5	(494)	968
Equity in earnings of affiliates	(4,973)	49	3,357	344	(60)	-	(1,282)
Investment in affiliates accounted for by the equity method	64,623	499	20,002	10,537	-	(149)	95,513
Capital expenditures	7,294	15,022	14,677	2,635	1	2,759	42,389

FY2019 Outline of Consolidated Results

(Billions of yen, rounded down)

	FY2018	FY2019	Change	Change (%)	FY 2020 First half forecast	FY 2020 Full Year forecast
Net sales	648.9	613.3	(35.6)	(5.5)	270.0	580.0
Natural Gas Chemicals	188.3	163.7	(24.5)	(13.0)	68.4	146.4
Aromatic Chemicals	211.7	201.1	(10.5)	(5.0)	79.7	174.0
Specialty Chemicals	205.7	202.0	(3.7)	(1.8)	98.1	208.1
Information and Advanced Materials	51.9	54.8	2.8	5.5	26.2	53.0
Other and Adjustment	(8.7)	(8.4)	0.3	-	(2.5)	(1.6)
Operating income (loss)	41.3	34.2	(7.1)	(17.2)	8.0	27.0
Natural Gas Chemicals	3.3	0.1	(3.2)	(96.4)	(2.2)	(1.5)
Aromatic Chemicals	14.6	11.1	(3.5)	(23.9)	1.1	6.4
Specialty Chemicals	21.2	19.9	(1.3)	(6.5)	8.5	20.3
Information and Advanced Materials	3.9	5.6	1.7	44.5	2.3	4.6
Other and Adjustment	(1.8)	(2.5)	(0.7)	-	(1.8)	(2.8)
Non-operating profit	27.8	(3.1)	(30.9)	(111.3)	(2.0)	(1.0)
Ordinary income	69.1	31.1	(38.0)	(55.0)	6.0	26.0
Natural Gas Chemicals	22.6	(5.7)	(28.3)	(125.2)	(3.8)	(1.8)
Aromatic Chemicals	13.9	10.4	(3.4)	(25.0)	0.7	5.6
Specialty Chemicals	28.2	22.3	(5.8)	(20.8)	7.7	19.4
Information and Advanced Materials	4.4	5.8	1.3	30.5	2.5	4.9
Other and Adjustment	(0.1)	(1.8)	(1.7)	-	(1.2)	(2.0)
Extraordinary income and loss, net	(0.1)	3.2	3.3	-	1.0	1.0
Income before income taxes, etc.	69.0	34.3	(34.7)	(50.3)	7.0	27.0
Net income attributable to owners of the parent	55.0	21.1	(33.8)	(61.5)	4.0	17.0

4. Other Information 1

		FY2016	FY2017	FY2018	FY2019	FY2020 Forecast
Investments (Billions of yen)	Full year	35.0	30.9	39.2	42.3	50.0
	1H	13.7	13.9	18.6	22.4	23.0
Depreciation & amortization (Billions of yen)	Full year	25.6	27.0	27.4	29.5	31.0
	1H	12.2	13.1	13.5	14.4	15.0
R&D expenditures (Billions of yen)	Full year	19.2	18.9	18.6	19.6	21.5
	1H	9.6	9.5	9.1	9.4	10.8
Number of Staff	Year-end	8,034	8,009	8,276	8,954	9,184
ROA (Ordinary income)		8.4%	10.6%	8.7%	3.9%	3.3%
ROE (Net income)		12.0%	13.6%	11.3%	4.3%	3.5%

5. Other Information 2

	FY2015		FY2016		FY2017		FY2018		FY2019		FY2020
	Result		Result		Result		Result		Result		Forecast
	First half	Second half	Full year								
Exchange Rate (JPY/USD, Average)	122	118	105	112	111	111	110	112	109	109	105
Exchange Rate (JPY/EUR, Average)	135	130	118	119	126	133	130	127	121	120	120
crude oil (Dubai) (USD/BBL)	56	36	43	51	50	62	73	65	64	56	38
Methanol (USD/MT, Asian average spot price)	301	230	230	327	296	381	408	335	277	245	240
Mixed Xylene (USD/MT)	740	630	660	680	650	725	845	730	705	640	470
Bisphenol A (USD/MT)*	950 ~1,500	850 ~1,100	1,000 ~1,200	1,000 ~1,400	1,100 ~1,300	1,200 ~1,700	1,600 ~1,900	1,200 ~1,800	1,000 ~1,450	1,050 ~1,350	700 ~1,300
Polycarbonate (USD/MT)*	2,100 ~2,650	2,000 ~2,400	2,200 ~2,500	2,400 ~2,800	2,500 ~2,900	2,900 ~3,900	2,700 ~3,800	2,100 ~2,800	1,900 ~2,250	1,650 ~2,000	1,400 ~2,000

*Describe the minimum and maximum values during the period

Qualitative Information

Consolidated Business Results for This Period

Overview of Results

(Billions of yen)

	FY2018	FY2019	Change
Net sales	648.9	613.3	(35.6)
Operating income	41.3	34.2	(7.1)
Ordinary income	69.1	31.1	(38.0)
Net income attributable to owners of the parent	55.0	21.1	(33.8)

During the fiscal year ended March 2020 (April 1 2019 – March 31, 2020), the world economy was affected by heightening tension between the United States and China over trade issues. Moreover, the novel coronavirus emerged from January 2020, creating a global pandemic that caused significant deceleration in economic activities and heightened the sense of uncertainty over the future.

Against this background, the MGC Group nevertheless saw consistently strong demand for its semiconductor-related products. The Group also benefitted from growing demand for offerings for optical use, such as products used in smartphone cameras thanks to the widespread use of multiple camera lenses in smartphones, in addition to those used in vehicle-mount cameras. However, the Group's overall business environment remained challenging, as market prices of such key products as methanol, polycarbonates, purified isophthalic acid and other general-purpose products remained sluggish.

Despite the harsh business environment, the Group strove to live up to its vision of "Creating value to share with society" and, to this end, has been implementing the MGC Advance2020 Medium-term Management Plan since April 2018. Specifically, in line with the plan's basic policies, the Group carried out such strategies as "Strengthening the earnings power of existing businesses with a focus on core businesses," "Creating and developing new businesses" and "Implementing investment strategies to form an optimal business portfolio." Thus, the Group's accomplishments in the fiscal year ended March 31, 2020 included the launch of a new production facility for super-pure hydrogen peroxide in North America and the strengthening of production capacity for optical polymers. The MGC Group also made progress in initiatives to upgrade its consolidated business structure via, for example, the inclusion of Japan U-pica Co. Ltd. into the scope of consolidation while pushing ahead with procedures to complete the merger of three of its Group companies and consolidate their trading functions.

However, the MGC Group's net sales decreased year on year, reflecting the decline in market prices for methanol, polycarbonates and other products.

Group operating income also fell year on year, despite an increase in the sales volume of optical resin polymer and that of BT materials for semiconductor packaging, due to drops in market prices for such products as polycarbonates, purified isophthalic acid and methanol.

Ordinary income also decreased, due to the fall in operating income as well as a significant deterioration in equity in earnings (losses) of affiliated companies related to overseas methanol producing companies. This reflected falling methanol market prices as well as one-off costs recorded at a joint venture, described below, in Saudi Arabia.

As previously announced, from the fiscal year ended March 31, 2020, MGC's Consolidated Financial Statements reflect the impact of the decreased ratio of equity held by Japan Saudi Arabia Methanol Co., Inc. (JSMC), an equity method affiliate, in the Saudi Methanol Company (AR-RAZI) and amortization costs associated with cash to be paid as consideration for the continuation of the joint venture status of AR-RAZI. MGC also recorded one-off costs totaling ¥7.8 billion, including loss related to the sale of shares of AR-RAZI as well as additional tax-related expenses. The aforementioned factors are included in equity in losses of affiliates.

Results by Business Segment

Natural Gas Chemicals

(Billions of yen)

	FY2018	FY2019	Change
Sales	180.5	157.1	(23.3)
Operating income	3.3	0.1	(3.2)
Ordinary income	22.6	(5.7)	(28.3)

The methanol business saw decreases in both net sales and earnings due to a decrease in market prices compared with the previous year.

Methanol and ammonia-based chemicals posted a decrease in earnings compared with the previous fiscal year due to lower market prices of MMA and neopentyl glycol.

Despite higher crude oil sales volume, results for crude oil and other energy sources remained virtually unchanged from the previous fiscal year, reflecting such factors as plunges in crude oil prices.

Aromatic Chemicals

(Billions of yen)

	FY2018	FY2019	Change
Sales	211.1	200.1	(10.9)
Operating income	14.6	11.1	(3.5)
Ordinary income	13.9	10.4	(3.4)

Specialty aromatic chemical products posted a decrease in earnings from the previous fiscal year as demand for meta-xylenediamine became weaker in the fourth quarter, despite growing sales volume of aromatic aldehydes.

General-purpose aromatic chemical products suffered decreases in net sales and earnings compared with the previous fiscal year. Negative factors included lower sales prices of purified isophthalic acid and meta-xylene.

Foamed plastics suffered a year-on-year decline in earnings, primarily due to weak demand and a rise in fixed costs associated with the construction of production systems to meet new demand.

Specialty Chemicals

(Billions of yen)

	FY2018	FY2019	Change
Sales	204.6	200.3	(4.2)
Operating income	21.2	19.9	(1.3)
Ordinary income	28.2	22.3	(5.8)

Inorganic chemicals posted lower earnings compared with the previous year, despite growth in the sales volume of chemicals for use in semiconductor manufacturing. This was primarily due to higher fixed costs in connection with the launch of a new production facility for super-pure hydrogen peroxide in North America, deterioration in the profitability of hydrogen peroxide and a decline in the sales volume of chemicals for use in liquid crystal display production.

Earnings from the engineering plastics business stayed virtually unchanged from the previous fiscal year. While market prices for polycarbonates declined significantly from the previous year, optical polymer sales volumes increased due to the growing use of multiple camera lenses in smartphones and the execution of measures to enhance production capacity.

Information & Advanced Materials

(Billions of yen)

	FY2018	FY2019	Change
Sales	51.9	54.7	2.7
Operating income	3.9	5.6	1.7
Ordinary income	4.4	5.8	1.3

Electronic materials saw increases in net sales and earnings. This was mainly attributable to overall recovery of demand in contrast with stagnation in the latter half of the previous fiscal year, the performance of products used in smartphones and memory devices that have been supported by growth in demand from the third quarter onward, and higher sales volumes of BT materials for semiconductor packaging, the core product category for electronic materials.

Oxygen absorbers such as AGELESS™ posted a decrease in earnings compared with the previous year. This was due mainly to a downturn in showings of those sold in Japan for use in confectionary packages, reflecting the impact of natural disasters and the novel coronavirus pandemic.

(End)