

2. Dividends

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2020	Yen –	Yen 35.00	Yen –	Yen 35.00	Yen 70.00
Fiscal year ending March 31, 2021	–	35.00	–		
Fiscal year ending March 31, 2021 (Forecast)				35.00	70.00

(Note) Revisions to the forecast most recently announced: None

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 profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2021	590,000	(3.8)	36,000	5.1	40,000	28.5	30,000	41.8	144.23

(Note) Revisions to the forecast most recently announced: Yes

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Excluded: 2 companies (Company names: MGC MONTNEY HOLDINGS LTD., Tokyo Shokai, Ltd.)

- (2) Application of special accounting for preparing quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

- (4) Number of shares outstanding (common stock)

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

As of December 31, 2020	225,739,199
As of March 31, 2020	225,739,199

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

As of December 31, 2020	17,725,409
As of March 31, 2020	17,758,765

- (iii) Average number of shares (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2020	208,001,258
Nine months ended December 31, 2019	211,335,469

- * Quarterly financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

- * Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

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.

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	78,227	107,419
Notes and accounts receivable - trade	141,279	149,972
Securities	3,514	1
Merchandise and finished goods	62,359	60,171
Work in process	13,154	12,569
Raw materials and supplies	39,282	42,319
Other	21,975	21,160
Allowance for doubtful accounts	△1,124	△841
Total current assets	358,669	392,772
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	84,339	90,885
Machinery, equipment and vehicles, net	81,079	79,729
Other, net	74,419	71,969
Total property, plant and equipment	239,838	242,584
Intangible assets		
Goodwill	5,293	5,009
Other	5,303	5,277
Total intangible assets	10,597	10,287
Investments and other assets		
Investment securities	149,158	154,087
Other	14,111	15,467
Allowance for doubtful accounts	△640	△543
Total investments and other assets	162,628	169,011
Total non-current assets	413,063	421,884
Total assets	771,733	814,657

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	70,776	78,204
Short-term borrowings	33,980	39,107
Current portion of bonds payable	10,000	10,000
Income taxes payable	5,539	2,504
Provisions	6,003	3,540
Other	37,275	41,699
Total current liabilities	163,574	175,056
Non-current liabilities		
Bonds payable	—	20,000
Long-term borrowings	29,043	27,295
Provisions	3,527	1,611
Retirement benefit liability	9,333	9,735
Asset retirement obligations	3,560	3,592
Other	14,552	17,201
Total non-current liabilities	60,016	79,435
Total liabilities	223,591	254,491
Net assets		
Shareholders' equity		
Share capital	41,970	41,970
Capital surplus	34,234	34,328
Retained earnings	439,701	449,753
Treasury shares	△21,600	△21,560
Total shareholders' equity	494,306	504,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,789	11,895
Deferred gains or losses on hedges	4	△806
Foreign currency translation adjustment	△6,701	△8,450
Remeasurements of defined benefit plans	△2,877	△2,673
Total accumulated other comprehensive income	△1,785	△35
Non-controlling interests	55,619	55,709
Total net assets	548,141	560,165
Total liabilities and net assets	771,733	814,657

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	463,971	428,181
Cost of sales	365,698	328,442
Gross profit	98,273	99,739
Selling, general and administrative expenses	71,863	70,404
Operating profit	26,409	29,335
Non-operating income		
Interest income	420	270
Dividend income	2,017	2,277
Rental income	1,125	1,083
Share of profit of entities accounted for using equity method	—	3,825
Other	1,068	1,437
Total non-operating income	4,632	8,894
Non-operating expenses		
Interest expenses	725	589
Personnel expenses for seconded employees	1,174	1,064
Rental expenses	1,160	1,037
Share of loss of entities accounted for using equity method	3,234	—
Other	2,162	2,227
Total non-operating expenses	8,457	4,918
Ordinary profit	22,584	33,311
Extraordinary income		
Gain on sales of investment securities	2,293	1,496
Gain on sales of non-current assets	—	257
Compensation income	—	152
Gain on step acquisitions	1,016	—
Insurance claim income	564	—
Total extraordinary income	3,874	1,905
Extraordinary losses		
Impairment loss	—	373
loss compensation	—	307
Provision for loss on guarantees	439	—
Loss on disposal of non-current assets	357	—
Provision for loss on compensation	220	—
Accident loss	193	—
Provision for loss on business of subsidiaries and associates	143	—
Total extraordinary losses	1,353	681
Profit before income taxes	25,105	34,536
Income taxes	7,525	5,779
Profit	17,580	28,756
Profit attributable to non-controlling interests	2,802	2,723
Profit attributable to owners of parent	14,778	26,033

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	17,580	28,756
Other comprehensive income		
Valuation difference on available-for-sale securities	1,110	4,180
Deferred gains or losses on hedges	△1	△6
Foreign currency translation adjustment	△3,302	△82
Remeasurements of defined benefit plans, net of tax	△270	241
Share of other comprehensive income of entities accounted for using equity method	2,108	△1,232
Total other comprehensive income	△356	3,100
Comprehensive income	17,223	31,857
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,752	29,375
Comprehensive income attributable to non-controlling interests	1,470	2,481

Segment Information

(Billions of yen, rounded down)

	FY2019 1-3Q	FY2020 1-3Q	Change	FY2019 Full Year Result	FY 2020 Full Year Forecast
Net sales	463.9	428.1	(35.7)	613.3	590.0
Basic Chemicals	276.8	229.4	(47.4)	363.8	314.3
Specialty Chemicals	192.2	194.9	2.7	255.9	269.3
Other and Adjustment	(5.0)	3.8	8.8	(6.4)	6.3
Operating profit	26.4	29.3	2.9	34.2	36.0
Basic Chemicals	11.1	6.3	(4.7)	11.2	6.1
Specialty Chemicals	17.1	24.5	7.3	25.5	32.2
Other and Adjustment	(1.9)	(1.5)	0.3	(2.5)	(2.4)
Non-operating profit	(3.8)	3.9	7.8	(3.1)	4.0
Ordinary profit	22.5	33.3	10.7	31.1	40.0
Basic Chemicals	4.0	8.2	4.2	4.7	8.6
Specialty Chemicals	19.3	25.7	6.3	28.1	33.1
Other and Adjustment	(0.8)	(0.7)	0.0	(1.8)	(1.7)
Extraordinary income and loss, net	2.5	1.2	(1.2)	3.2	(2.0)
Income before income taxes, etc.	25.1	34.5	9.4	34.3	38.0
Profit attributable to owners of parent	14.7	26.0	11.2	21.1	30.0

【reference】*

	FY2019 1-3Q	FY2020 1-3Q	Change	FY2019 Full Year Result	FY 2020 Full Year Forecast
Net sales	463.9	428.1	(35.7)	613.3	590.0
Natural Gas Chemicals	126.7	106.3	(20.3)	163.7	151.2
Aromatic Chemicals	153.9	127.1	(26.7)	201.1	167.5
Specialty Chemicals	152.5	149.9	(2.5)	202.0	206.2
Information and Advanced Materials	40.8	46.9	6.0	54.8	65.0
Other and Adjustment	(10.1)	(2.3)	7.8	(8.4)	(0.1)
Operating profit	26.4	29.3	2.9	34.2	36.0
Natural Gas Chemicals	(0.0)	(2.6)	(2.6)	0.1	(2.8)
Aromatic Chemicals	11.2	9.0	(2.2)	11.1	9.0
Specialty Chemicals	13.1	16.3	3.1	19.9	20.8
Information and Advanced Materials	3.9	8.1	4.1	5.6	11.3
Other and Adjustment	(1.9)	(1.5)	0.4	(2.5)	(2.4)
Non-operating profit	(3.8)	3.9	7.8	(3.1)	4.0
Ordinary profit	22.5	33.3	10.7	31.1	40.0
Natural Gas Chemicals	(6.5)	(0.4)	6.1	(5.7)	0.2
Aromatic Chemicals	10.6	8.7	(1.8)	10.4	8.3
Specialty Chemicals	15.0	17.3	2.2	22.3	21.5
Information and Advanced Materials	4.2	8.3	4.1	5.8	11.5
Other and Adjustment	(0.8)	(0.7)	0.0	(1.8)	(1.7)

*The figures for FY2020 are reference figures that have been simply rearranged for comparison with the new segment.

Other Information 1

		FY2016	FY2017	FY2018	FY2019	FY2020 Forecast
Investments (Billions of yen)	Full year	35.0	30.9	39.2	42.3	45.0
	1-3Q	24.1	23.2	28.7	32.1	26.7
Depreciation & amortization (Billions of yen)	Full year	25.6	27.0	27.4	29.5	31.0
	1-3Q	18.8	20.0	20.3	21.9	22.6
R&D expenditures (Billions of yen)	Full year	19.2	18.9	18.6	19.6	20.5
	1-3Q	14.2	14.2	13.8	14.0	14.9
Number of Staff	Year-end	8,034	8,009	8,276	8,954	9,252
ROA (Ordinary income)		8.4%	10.6%	8.7%	3.9%	5.0%
ROE (Net income)		12.0%	13.6%	11.3%	4.3%	6.0%

Other Information 2

	FY2016		FY2017		FY2018		FY2019		FY2020	
	Result		Result		Result		Result		Result	Forecast
	First half	Second half	First half	Second half	First half	Second half	1-3Q	4Q	1-3Q	4Q
Exchange Rate (JPY/USD, Average)	105	112	111	111	110	112	109	109	106	105
Exchange Rate (JPY/EUR, Average)	118	119	126	133	130	127	121	120	122	125
crude oil (Dubai) (USD/BBL)	43	51	50	62	73	65	64	51	40	50
Methanol (USD/MT, Asian average spot price)	230	327	296	381	408	335	265	249	222	330
Mixed Xylene (USD/MT)	660	680	650	725	845	730	700	590	430	500
Bisphenol A (USD/MT)*	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 ~1,500	1,000 ~1,400	900 ~2,400	1,500 ~2,400
Polycarbonate (USD/MT)*	2,200 ~2,500	2,400 ~2,800	2,500 ~2,900	2,900 ~3,900	2,700 ~3,800	2,100 ~2,800	1,800 ~2,300	1,600 ~1,900	1,500 ~3,200	2,200 ~3,000

*Describe the minimum and maximum values during the period

Qualitative Information

Consolidated Business Results for This Period

Overview of Results

(Billions of yen)

	Apr.1-Dec.31, 2019	Apr.1-Dec.31, 2020	Change
Net sales	463.9	428.1	(35.7)
Operating income	26.4	29.3	2.9
Ordinary income	22.5	33.3	10.7
Net income attributable to owners of the parent	14.7	26.0	11.2

During the first nine months of the fiscal year ending March 2021 (April 1 – December 31, 2020), the world economy remained harsh due to the global fallout from the novel coronavirus pandemic. Meanwhile, the Japanese economy saw signs of recovery in such aspects as production and exports, but the outlook for the future continues to be unclear due to major resurgences of the virus that emerged in winter.

Against this backdrop, the MGC Group nevertheless saw consistently strong demand for its semiconductor-related products and optical polymers. On the other hand, demand for such offerings as automotive-related products fell in the first half due to the novel coronavirus pandemic, while, at the same time, market prices remained sluggish for general-purpose products. However, the third quarter brought overall recovery in demand, along with upturns in methanol and polycarbonate market prices.

As a result, the MGC Group's net sales decreased year on year due primarily to a drop in the sales volume of general-purpose aromatic chemicals, foamed plastics and engineering plastics, in addition to the lower market prices of general-purpose products.

However, group operating income rose year on year, despite increases in repair and other fixed costs, thanks primarily to growth in the sales volume of semiconductor-related products and optical polymers, lower raw material and fuel prices, and a decrease in selling, general and administrative expenses.

Ordinary income increased due to the higher operating income as well as improvement in equity in earnings of affiliates related to overseas methanol producing companies that reflected the absence of one-off costs (¥7.8 billion) recorded in the same period of the previous fiscal year in connection with a joint venture in Saudi Arabia.

Net income attributable to owners of the parent grew significantly due mainly to the increase in ordinary income and a decrease in tax-related expenses.

Operating results by segment are as described below.

In addition, the MGC Group revised the definition of its reportable segments in the first quarter of the fiscal year ending March 31, 2021. To provide comparative year-on-year segment results, the Group has restated the operating results of the first nine months of the previous fiscal year to reflect the revised segmentation.

Results by Business Segment

Basic Chemicals

(Billions of yen)

	Apr.1-Dec.31, 2019	Apr.1-Dec.31, 2020	Change
Sales	271.7	223.8	(47.8)
Operating income	11.1	6.3	(4.7)
Ordinary income	4.0	8.2	4.2

The methanol business saw a decline in net sales due to a decrease in market prices compared with the same period of the previous fiscal year. However, the third-quarter upturn in methanol market prices caused earnings from this business to improve.

Methanol and ammonia-based chemicals posted a decrease in earnings compared with the same period of the previous fiscal year due mainly to a decline in market prices of MMA-based products and an increase in repair costs.

Specialty aromatic chemical products posted a decrease in earnings compared with the same period of the previous fiscal year, due to lower first-half demand for meta-xylenediamine for housing-related and other applications, despite solid sales of aromatic aldehydes.

General-purpose aromatic chemical products suffered decreases in net sales and earnings compared with the same period of the previous fiscal year. This was, despite lower raw material and fuel prices, mainly attributable to sluggish sales volumes of purified isophthalic acid and meta-xylene, as well as lower sales prices of these offerings.

Foamed plastics posted a slight decrease in earnings compared with the same period of the previous fiscal year. This was mainly attributable to significantly lower first-half demand in the automotive industry, despite the industry's third-quarter recovery in sales and growing product demand associated with food packaging and civil engineering..

Specialty Chemicals

(Billions of yen)

	Apr.1-Dec.31, 2019	Apr.1-Dec.31, 2020	Change
Sales	191.6	194.6	2.9
Operating income	17.1	24.5	7.3
Ordinary income	19.3	25.7	6.3

Inorganic chemicals posted an increase in earnings compared with the same period of the previous fiscal year thanks primarily to growth in the sales volume of chemicals for use in semiconductor manufacturing.

Earnings from engineering plastics edged down from the same period of the previous fiscal year. This came, despite substantial recovery in demand for polycarbonates and polyacetal for automotive and other applications in the third quarter, due to lower first-half demand in the automotive field and other negative factors.

Optical materials posted increases in net sales and earnings due to the growing use of multiple camera lenses in smartphones and growth in optical polymer sales volume thanks to measures executed in October 2019 to enhance production capacity.

Electronic materials saw increases in net sales and earnings. This was mainly attributable to growing demand for products used in data centers and other ICT-related fields as well as the higher sales volume of BT materials for semiconductor packaging, the core product category for electronic materials, reflecting the introduction of a new product for use in antenna-in-package substrates to be installed in 5G-compatible smartphones.

Oxygen absorbers such as AGELESS™ posted an increase in earnings compared with the same period of the previous fiscal year, despite a decline in demand for offerings used in souvenirs and other tourism-related products, thanks mainly to a solid volume of exports.

(End)