

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



August 6, 2021

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (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
 Inquiries: Satoshi Takizawa, General Manager, Investor Relations Department
 TEL: +81-3-3283-5041
 Scheduled date to file quarterly securities report: August 12, 2021
 Scheduled date to commence dividend payments: –

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

1. Consolidated financial results for the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2021	160,036	–	14,616	–	18,505	–	14,352	–
June 30, 2020	133,515	(11.7)	7,948	(9.6)	10,149	97.4	6,831	90.5

Note: Comprehensive income Three months ended June 30, 2021 ¥16,915 million [–%]
 Three months ended June 30, 2020 ¥9,383 million [252.4%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2021	69.00	–
June 30, 2020	32.85	–

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the first three months of the fiscal year ending March 31, 2022, is the figure after applying the accounting standard and relevant revised ASBJ regulations. The percentage of year-on-year change is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2021	843,522	592,399	63.2
March 31, 2021	836,364	581,411	62.7

Reference: Equity

June 30, 2021 ¥533,147 million

March 31, 2021 ¥524,264 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the first three months of the fiscal year ending March 31, 2022, is the figure after applying the accounting standard and relevant revised ASBJ regulations.

2. Dividends

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	35.00	–	35.00	70.00
Fiscal year ending March 31, 2022	–				
Fiscal year ending March 31, 2022 (Forecast)		45.00	–	35.00	80.00

Note: Revisions to the forecast most recently announced: Yes

Breakdown of interim dividend for the fiscal year ending March 31, 2022: Ordinary dividend: 35.00 yen, Commemorative dividend: 10.00 yen

3. Consolidated business forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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
Six months ending September 30, 2021 (cumulative)	330,000	–	24,000	–	31,000	–	23,000	–	110.56
Fiscal year ending March 31, 2022	660,000	–	50,000	–	61,000	–	45,000	–	216.31

Note: Revisions to the forecast most recently announced: Yes

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and the above consolidated business forecasts are the figures after applying the accounting standard and relevant revised ASBJ regulations. The percentage of year-on-year change is not shown.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (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: Yes
 - (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 June 30, 2021	225,739,199
As of March 31, 2021	225,739,199

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

As of June 30, 2021	17,726,802
As of March 31, 2021	17,726,057

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

Three months ended June 30, 2021	208,012,787
Three months ended June 30, 2020	207,980,412

* 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.

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	101,785	89,594
Notes and accounts receivable - trade	159,018	—
Notes and accounts receivable - trade, and contract assets	—	154,081
Securities	269	254
Merchandise and finished goods	63,887	68,858
Work in process	13,242	15,593
Raw materials and supplies	44,145	48,448
Other	20,209	21,107
Allowance for doubtful accounts	△416	△426
Total current assets	402,141	397,510
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	92,274	95,897
Machinery, equipment and vehicles, net	81,113	80,451
Other, net	76,543	81,476
Total property, plant and equipment	249,931	257,824
Intangible assets		
Goodwill	4,914	5,121
Other	5,584	5,809
Total intangible assets	10,499	10,930
Investments and other assets		
Investment securities	158,718	162,136
Other	15,619	15,678
Allowance for doubtful accounts	△545	△556
Total investments and other assets	173,792	177,257
Total non-current assets	434,223	446,012
Total assets	836,364	843,522

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	75,308	78,707
Short-term borrowings	40,087	36,689
Income taxes payable	5,809	4,832
Provisions	6,373	3,933
Other	40,368	39,051
Total current liabilities	167,947	163,214
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	36,202	35,610
Provisions	1,517	1,345
Retirement benefit liability	7,150	7,826
Asset retirement obligations	5,113	5,038
Other	17,022	18,086
Total non-current liabilities	87,006	87,907
Total liabilities	254,953	251,122
Net assets		
Shareholders' equity		
Share capital	41,970	41,970
Capital surplus	34,301	34,310
Retained earnings	459,790	467,902
Treasury shares	△21,562	△21,564
Total shareholders' equity	514,499	522,618
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,419	13,071
Deferred gains or losses on hedges	△618	△850
Foreign currency translation adjustment	△3,542	△1,034
Remeasurements of defined benefit plans	△494	△658
Total accumulated other comprehensive income	9,765	10,528
Non-controlling interests	57,146	59,251
Total net assets	581,411	592,399
Total liabilities and net assets	836,364	843,522

2. Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	133,515	160,036
Cost of sales	102,798	120,487
Gross profit	30,717	39,548
Selling, general and administrative expenses	22,768	24,931
Operating profit	7,948	14,616
Non-operating income		
Interest income	101	78
Dividend income	1,088	1,112
Share of profit of entities accounted for using equity method	1,321	3,062
Other	815	796
Total non-operating income	3,327	5,049
Non-operating expenses		
Interest expenses	195	201
Personnel expenses for seconded employees	348	356
Other	582	602
Total non-operating expenses	1,126	1,160
Ordinary profit	10,149	18,505
Extraordinary income		
Gain on step acquisitions	—	796
Insurance claim income	—	744
Gain on sale of investment securities	—	527
Gain on sale of non-current assets	257	—
Total extraordinary income	257	2,067
Extraordinary losses		
Fire Loss	—	127
Impairment losses	—	105
Loss on sale of investment securities	135	—
Total extraordinary losses	135	233
Profit before income taxes	10,271	20,339
Income taxes	2,848	5,006
Profit	7,423	15,333
Profit attributable to non-controlling interests	591	980
Profit attributable to owners of parent	6,831	14,352

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	7,423	15,333
Other comprehensive income		
Valuation difference on available-for-sale securities	3,610	△1,370
Deferred gains or losses on hedges	△3	15
Foreign currency translation adjustment	△1,493	2,411
Remeasurements of defined benefit plans, net of tax	68	△87
Share of other comprehensive income of entities accounted for using equity method	△220	613
Total other comprehensive income	1,960	1,581
Comprehensive income	9,383	16,915
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,494	15,143
Comprehensive income attributable to non-controlling interests	△111	1,771

Segment Information

	FY2020 1Q*	FY2021 1Q	Change
Net sales	133.5	160.0	26.5
Basic Chemicals	76.9	94.5	17.6
Specialty Chemicals	62.3	66.7	4.3
Other and Adjustment	(5.7)	(1.2)	4.5
Operating profit	7.9	14.6	6.6
Basic Chemicals	0.8	8.1	7.2
Specialty Chemicals	7.6	7.4	(0.2)
Other and Adjustment	(0.5)	(0.9)	(0.3)
Non-operating profit	2.2	3.8	1.6
Ordinary profit	10.1	18.5	8.3
Basic Chemicals	1.7	9.4	7.6
Specialty Chemicals	8.4	9.6	1.2
Other and Adjustment	(0.0)	(0.5)	(0.5)
Extraordinary income and loss, net	0.1	1.8	1.7
Income before income taxes, etc.	10.2	20.3	10.0
Profit attributable to owners of parent	6.8	14.3	7.5

(Billions of yen, rounded down)

FY2020 Full Year Result*	FY 2021 First half Forecast	FY 2021 Full Year Forecast
595.7	330.0	660.0
337.8	194.5	390.2
267.8	137.9	274.5
(9.9)	(2.4)	(4.7)
44.5	24.0	50.0
12.8	11.4	20.3
34.8	14.5	33.5
(3.1)	(2.0)	(3.9)
5.7	7.0	11.0
50.2	31.0	61.0
14.2	13.9	25.7
37.5	18.6	38.7
(1.5)	(1.6)	(3.4)
(1.2)	0.0	(1.0)
48.9	31.0	60.0
36.0	23.0	45.0

【reference: former segments】

	FY2020 1Q*	FY2021 1Q	Change
Net sales	133.5	160.0	26.5
Natural Gas Chemicals	33.5	47.1	13.6
Aromatic Chemicals	43.4	48.2	4.7
Specialty Chemicals	47.1	49.1	2.0
Information and Advanced Materials	15.2	17.6	2.4
Other and Adjustment	(5.7)	(2.1)	3.6
Operating profit	7.9	14.6	6.6
Natural Gas Chemicals	(1.5)	2.5	4.1
Aromatic Chemicals	2.4	5.5	3.1
Specialty Chemicals	5.1	3.0	(2.0)
Information and Advanced Materials	2.5	4.4	1.8
Other and Adjustment	(0.5)	(0.9)	(0.3)
Non-operating profit	2.2	3.8	1.6
Ordinary profit	10.1	18.5	8.3
Natural Gas Chemicals	(0.6)	3.7	4.3
Aromatic Chemicals	2.3	5.6	3.3
Specialty Chemicals	5.7	4.9	(0.8)
Information and Advanced Materials	2.6	4.7	2.0
Other and Adjustment	(0.0)	(0.6)	(0.5)

FY2020 Full Year Result*	FY 2021 First half Forecast	FY 2021 Full Year Forecast
595.7	330.0	660.0
158.5	97.3	195.3
183.4	98.7	198.0
207.4	102.8	208.9
62.3	35.1	65.7
(16.0)	(4.1)	(8.1)
44.5	24.0	50.0
0.9	2.9	5.5
11.7	8.5	14.7
22.8	6.4	19.3
11.9	8.1	14.2
(3.0)	(1.9)	(3.8)
5.7	7.0	11.0
50.2	31.0	61.0
2.6	5.3	10.9
11.6	8.6	14.7
25.5	9.9	24.0
11.9	8.6	14.7
(1.5)	(1.6)	(3.4)

The breakdown by former segments is for reference only, calculated in accordance with past segments for convenience.

*Effective from the fiscal year ending March 31, 2022, the Company has changed the segments of some of its products.

Segment information for the previous fiscal year has also been prepared based on the classification method after the change

Other Information 1

		FY2017	FY2018	FY2019	FY2020	FY2021 Forecast
Investments (Billions of yen)	Full year	30.9	39.2	42.3	40.2	70.0
	1Q	6.1	9.1	11.5	8.7	11.5
Depreciation & amortization (Billions of yen)	Full year	27.0	27.4	29.5	30.6	33.0
	1Q	6.4	6.7	7.1	7.5	7.8
R&D expenditures (Billions of yen)	Full year	18.9	18.6	19.6	19.9	22.5
	1Q	4.5	4.5	4.5	4.7	4.9
Number of Staff	Year-end	8,009	8,276	8,954	8,998	10,091
ROA		10.6%	8.7%	3.9%	6.2%	7.2%
ROE		13.6%	11.3%	4.3%	7.1%	8.5%
ROIC (Ordinary income/invested capital)		13.2%	10.9%	4.9%	7.7%	8.8%

Other Information 2

	FY2017		FY2018		FY2019		FY2020		FY2021	
	Result		Result		Result		Result		Forecast	
	First half	Second half								
Exchange Rate (JPY/USD, Average)	111	111	110	112	109	109	107	105	109	108
Exchange Rate (JPY/EUR, Average)	126	133	130	127	121	120	121	126	131	130
crude oil (Dubai) (USD/BBL)	50	62	73	65	64	56	37	52	71	75
Methanol (USD/MT, Asian average spot price)	296	381	408	335	277	245	194	319	349	320
Mixed Xylene (USD/MT)	650	725	845	730	705	640	420	560	780	785
Bisphenol A (USD/MT)*	1,100 ~1,300	1,200 ~1,700	1,600 ~1,900	1,200 ~1,800	1,000 ~1,450	1,050 ~1,350	900 ~1,450	1,400 ~3,300	2,000 ~3,700	1,700 ~3,700
Polycarbonate (USD/MT)*	2,500 ~2,900	2,900 ~3,900	2,700 ~3,800	2,100 ~2,800	1,900 ~2,250	1,650 ~2,000	1,500 ~2,150	2,100 ~4,000	2,500 ~4,100	2,200 ~4,000

*Describe the minimum and maximum values during the period

Qualitative Information

From the first quarter of the fiscal year ending March 31, 2022, the MGC Group adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). Accordingly, the following descriptions regarding operating results for the first quarter of said fiscal year omit year-on-year changes in terms of amount and percentage comparisons with operating results for the same period of the previous fiscal year.

Consolidated Business Results for This Period

Overview of Results

(Billions of yen)

	FY2020/1Q	FY2021/1Q
Net sales	133.5	160.0
Operating income	7.9	14.6
Ordinary income	10.1	18.5
Net income attributable to owners of the parent	6.8	14.3

During the first three months of the fiscal year ending March 31, 2022 (April 1, 2021 – June 30, 2021), outlook for the world economy remained unclear despite signs of recovery in a growing scope of regions thanks to progress in vaccination against the novel coronavirus and other positive factors.

Against this backdrop, the MGC Group nevertheless benefitted from recovery in demand for automotive-related and other products, that had been heavily affected by the novel coronavirus pandemic, as well as constantly solid demand for semiconductor-related products reflecting market growth, along with improvement in market prices for methanol, purified isophthalic acid and other general-purpose products.

In addition, the MGC Group launched “GrowUP 2023,” a new medium-term management plan in April 2021. In line with this plan, the Group aims to shift to a profit structure resilient to changes in the business environment.

To this end, the Group is striving to:

- “Further strengthen competitively advantageous (“differentiating”) businesses,”
- “Accelerate creation and development of new businesses,” and
- “Reevaluate and rebuild unprofitable businesses.”

These efforts will help push ahead with business portfolio reforms.

The MGC Group’s net sales increased due mainly to upturns in market prices for methanol and other offerings as well as recovery in overall sales volume.

Furthermore, operating income rose, despite increases in raw material and fuel prices, lower sales volumes of optical polymers and other negative factors affecting profit. This was thanks primarily to recovery in demand for products that had been affected by fallout from the novel coronavirus pandemic in addition to rising market prices for general-purpose products.

Ordinary income increased due primarily to higher operating income as well as growth in equity in earnings of affiliates related to engineering plastics and other operations.

Operating results by segment are as described below.

Please note, the MGC Group revised the definition of its reportable segments in the first quarter of the fiscal year ending March 31, 2022. To provide comparative year-on-year segment results, the Group has restated the operating results of the first three months of the previous fiscal year to reflect the revised segmentation.

Results by Business Segment

Basic Chemicals

(Billions of yen)

	FY2020/1Q	FY2021/1Q
Sales	72.1	93.2
Operating income	0.8	8.1
Ordinary income	1.7	9.4

The methanol business saw increases in both net sales and earnings due mainly to a significant upturn in market prices compared with the same period of the previous fiscal year.

Methanol and ammonia-based chemicals posted increases in net sales and earnings reflecting such factors as a rise in neopentyl glycol market prices, despite higher raw material prices.

High-performance products*¹ posted increases in net sales and earnings thanks primarily to recovery in demand for meta-xylenediamine (MXDA), which had been affected by fallout from the novel coronavirus pandemic, and resulting growth in sales volume of this product.

*¹ MXDA, MX nylon, aromatic aldehydes and other offerings that had been previously classified as specialty aromatic chemicals

Xylene separators and derivatives*² saw increase in net sales and earnings due mainly to upturns in purified isophthalic acid (PIA) market prices.

*² Meta-xylene, PIA and other offerings that had been previously classified as general-purpose aromatic chemicals

Foamed plastics posted increases in net sales and earnings, despite higher raw material and fuel prices, thanks mainly to recovery in sales volume of automotive materials and other offerings.

Specialty Chemicals

(Billions of yen)

	FY2020/1Q	FY2021/1Q
Sales	61.2	66.7
Operating income	7.6	7.4
Ordinary income	8.4	9.6

Inorganic chemicals posted an increase in net sales 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.

Engineering plastics saw increases in net sales and earnings, despite higher raw material and fuel prices, due mainly to recovery in sales volumes in automotive-related and other fields in addition to an increase in sales prices.

Optical materials posted significant decreases in net sales and earnings, reflecting such factors as the lower sales volume of optical polymers due to the prolongation of inventory adjustment carried out by customers since the end of 2020.

Electronic materials saw increases in net sales and earnings. This was thanks mainly to robust showings of BT materials for semiconductor packaging, the core product category for electronic materials, reflecting growing demand for general-purpose materials for a broad range of applications including PC-related devices and home appliances, as well as constantly firm demand for products used in memory devices and 5G smartphones.

Oxygen absorbers such as AGELESS™ posted an increase in earnings, thanks mainly to recovery in domestic demand for products used for foodstuffs, achieving an improvement from the stagnation brought about by the novel coronavirus pandemic in the same period of the previous fiscal year.

Other

	FY2020/1Q	FY2021/1Q
Sales	0.1	0.0
Operating income	0.0	(0.0)
Ordinary income	0.1	(0.0)