
First Half Results Presentation

Fiscal Year 2009

First half of fiscal year ending March 31, 2010

This English translation contains modified extracts from a results presentation held on November 5, 2009. Forecasts contained in this material are based on information available at the time of presentation, and no commitment or guarantee is given that business policies will be implemented or target figures achieved.

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MITSUBISHI GAS CHEMICAL COMPANY, INC.

FY2009 consolidated first half results

(Billion yen)

	FY2009 H1	FY2008 H1	Change	Change %
Net sales	180.8	269.2	(88.4)	(32.8%)
Operating income (loss)	(1.1)	9.6	(10.7)	-
Equity in earnings of affiliates	2.5	10.8	(8.4)	(77.1%)
Ordinary income	(2.6)	20.0	(22.5)	-
Net income before tax	(3.6)	18.8	(22.4)	-
Net income	(2.4)	14.6	(17.0)	-
Debt-equity ratio	0.64	0.51	0.13	25.5%
ROA*	-	3.3%	-	-
ROE	-	4.8%	-	-
Net income per share (yen)	(5.4)	31.5	(36.9)	-
Interim dividend (yen)	4.0	8.0	(4.0)	(50.0%)

* Ordinary income base

- Overall sales volumes fell significantly, except for some products such as methanol and PC films for flat panel displays
- Sales prices, mainly for commodity chemicals, declined substantially due to the decline in raw materials prices
- Non-consolidated net sales decreased ¥63.2 billion, comprising ¥21.6 bn in volume factors and ¥41.6 bn in pricing factors
- An operating loss was recorded due to a major decline in sales volumes and deterioration in margins
- Equity in earnings of affiliates declined significantly mainly at overseas methanol producing companies
- Interim dividend revised to ¥4, a ¥2 reduction on forecasts announced on May 8, 2009

Note: Throughout this presentation, all figures are rounded off to the nearest unit.

FY2009 H1 consolidated results by segment

(Billion yen)

	FY2008		FY2009		
	H1	H2	H1	Q1	Q2
Net sales	269.2	178.4	180.8	85.3	95.5
Natural Gas Chemicals	88.0	62.9	55.1	25.6	29.5
Aromatic Chemicals	79.3	42.8	44.1	22.0	22.1
Specialty Chemicals	72.6	53.9	55.4	24.2	31.2
Information & Advanced Materials	35.7	22.4	29.6	15.0	14.6
Other	0.6	0.5	0.5	0.2	0.2
Eliminations and Corporate	(6.9)	(4.0)	(3.9)	(1.7)	(2.1)
Operating income	9.6	(12.7)	(1.1)	(2.1)	1.0
Natural Gas Chemicals	0.9	(5.7)	(4.2)	(3.5)	(0.7)
Aromatic Chemicals	1.5	(8.9)	(3.3)	(0.8)	(2.6)
Specialty Chemicals	3.1	3.3	3.3	0.9	2.4
Information & Advanced Materials	4.2	(1.9)	2.8	1.2	1.6
Other	0.3	0.2	0.2	0.1	0.1
Eliminations and Corporate	(0.4)	0.3	0.1	(0.0)	0.1
For reference:					
Equity in earnings of affiliates	10.8	3.9	2.5	0.5	2.0

Consolidated FY2009 H1 non-operating and extraordinary items



(Billion yen)

	FY2009 H1	FY2008 H1	Change
Non-operating items	(1.5)	10.3	(11.8)
Equity in earnings of affiliates	2.5	10.8	(8.4)
Financing loss	(0.3)	(0.1)	(0.2)
Exchange rate loss	(1.6)	0.6	(2.2)
Other	(2.1)	(1.0)	(1.1)
Extraordinary income	0.2	-	0.2
Profit on sale of fixed assets	0.2	-	0.2
Extraordinary loss	(1.2)	(1.1)	(0.1)
Impairment loss	(0.5)	-	(0.5)
Bad debts loss	(0.4)	-	(0.4)
Loss on withdraw from a business	(0.3)	-	(0.3)
Transfer to allowance for bad debts	-	(1.1)	1.1
Loss on devaluation of investment securities	-	(0.0)	0.0

Note: Changes on this table are with respect to the amount of change on the statements of income

FY2009 H1 consolidated balance sheets



(Billion yen)

	As of Sep. 30, 2009	As of March 31, 2009	Change	Comments
Current assets	212.1	215.3	(3.2)	
Cash	20.6	23.2	(2.6)	
Trade notes and accounts receivable	93.1	74.5	18.5	
Inventories	62.5	65.3	(2.8)	
Other	35.9	52.3	(16.4)	
Property, plant and equipment	324.5	315.3	9.2	
Tangible and intangible assets	170.1	169.5	0.6	Capex: ¥14.1 bn, Translation gain on yen depreciation: ¥0.9 bn, Depreciation: minus ¥13.7 bn, Disposals, etc.: minus ¥7 bn
Investment securities	129.6	121.5	8.1	Increase reflects translation gain on yen depreciation, market gains
Other assets	24.8	24.2	0.6	
Total assets	536.6	530.6	6.0	
Liabilities	261.3	258.5	2.8	
Trade notes and accounts payable	50.4	40.3	10.1	
Interest-bearing debt	170.0	174.6	(4.6)	
Other	40.9	43.6	(2.7)	
Net assets	275.3	272.1	3.2	
Shareholders' equity	285.6	291.7	(6.1)	Shareholders' equity ratio 9/2009: 49.7%; 3/2009: 49.9%
Valuation and translation adjustments	(18.7)	(26.8)	8.1	Increase reflects translation gain on yen depreciation, market gains
Minority interests	8.4	7.2	1.1	
Total liabilities and net assets	536.6	530.6	6.0	

FY2009 H1 consolidated cash flows



	FY2009 H1	FY2008 H1	Change
Operating activity cash flows	12.1	23.1	(11.0)
Net income before tax	(3.6)	18.8	(22.4)
Depreciation expenses	13.7	13.5	0.2
Equity in earnings of affiliates	(2.5)	(10.8)	8.4
Dividends received from equity method affiliates	4.3	6.8	(2.5)
Working capital, etc.	(4.9)	0.6	(5.6)
Income taxes paid	5.1	(5.8)	10.9
Investing activity cash flows	(15.7)	(21.0)	5.3
Capital expenditure	(15.0)	(19.9)	4.9
Investment and financing, etc.	(0.7)	(1.1)	0.4
Financing activity cash flows	(8.8)	(1.7)	(7.1)
Change in borrowings and bonds	(5.0)	2.3	(7.3)
Dividends paid	(3.8)	(4.0)	0.2
Effect of exchange rate changes on cash and cash equivalents	0.0	(0.6)	0.6
Increase (decrease) in cash and cash equivalents	(12.4)	(0.3)	(12.1)
Increase due to change in scope of consolidation	0.8	0.1	0.7
Cash and cash equivalents at end of period	41.5	37.1	4.4

(Billion yen)

Natural Gas Chemicals



(Billion yen)

	FY2008 (results)			FY2009 (results/forecasts)			Change		
	H1	H2	FY	H1 (results)	H2 (forecast)	FY (forecast)	H1	H2	FY
Net sales	88.0	62.9	150.9	55.1	66.5	121.6	(32.9)	3.6	(29.2)
Operating income	0.9	(5.7)	(4.9)	(4.2)	(2.1)	(6.2)	(5.0)	3.7	(1.4)

FY2009 H1 (results)

➤ Methanol

Despite higher sales volumes driven by pre-marketing initiatives toward planned operation of new plants, average market prices (Jan-June 2009) fell from \$470 to \$170, resulting in a major decline in sales. Equity in earnings also fell significantly

➤ Methanol and ammonia derivatives

Sales volumes fell due to faltering demand, while the prolonged suspension of ammonia facilities also had a negative effect, resulting in sales and earnings significantly below FY2008 H1

➤ Enzymes and coenzymes

Coenzyme Q10 remained flat, despite higher domestic sales volumes, which offset a fall in exports

➤ Natural gas and other energy

Earnings decreased substantially as crude oil prices fell to less than half of those in FY2008 H1

FY2009 H2 (forecasts)

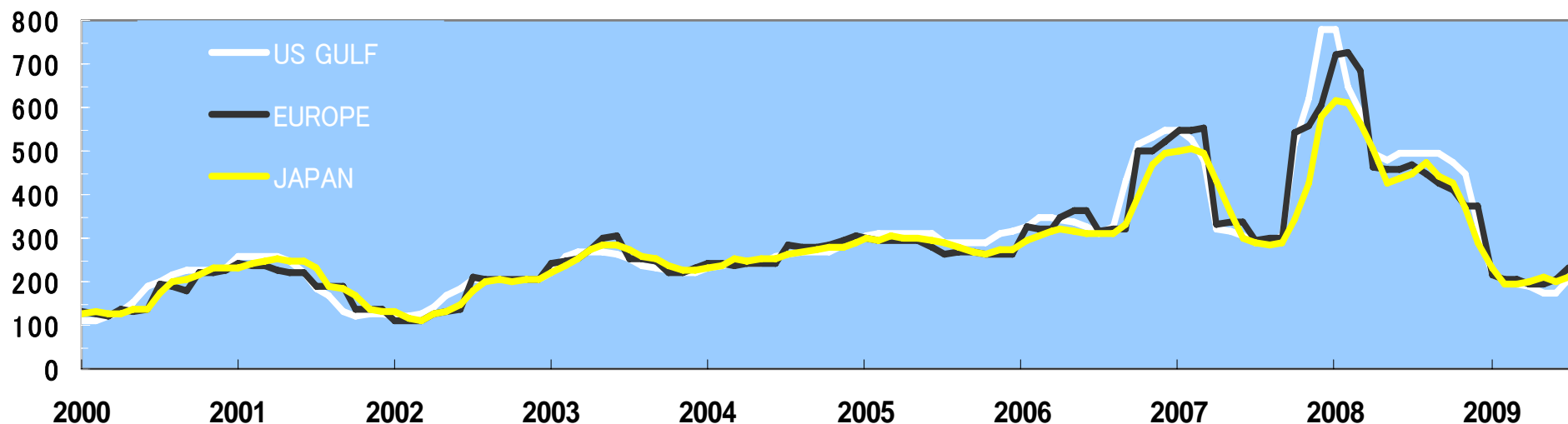
Average market prices are expected to exceed those of H1 by \$50, leading to an increase in sales. Equity in earnings also expected to improve on H1

Demand is expected to gradually recover, but fall short of profitable levels

Similar trend to H1 expected

Slight improvement expected with rise in crude oil prices

Trends in methanol prices: Natural Gas Chemicals



Outlook for 2010

Supply and demand trends: Overall demand worldwide is expected to increase with growth in demand for fuel applications in China, in addition to demand for chemical applications. In supply, although new plants are scheduled to start production in Brunei and Venezuela (0.85 million t/y each), Oman (1 million t/y) and Egypt (1.3 million t/y), increasing demand is expected to be sufficient to absorb this impact. Coal-based plants in China are likely to restart and suspend operation in response to market movements.

⇒ **Price trends:** Market prices are expected to move within the \$250-300 range based on assumption of current crude oil prices, reflecting the regulating effect of coal-based plants' operation in China

Trends in capital expenditure, product development: Natural Gas Chemicals



Product	Trend	Comments
Methanol	<ul style="list-style-type: none"> ◇ Venezuela: 850,000 t/y; under construction (operational in 2010 Q2) Brunei: 850,000 t/y; under construction (operational in 2010 Q2) ◇ Chongqing: Plan aborted 	
Spiroglycol (SPG) SPG-PET ALTESTER®	<ul style="list-style-type: none"> ◇ Mizushima plant: 1,500 t/y (shared facility); Commercial operation began in July 2009 ⇒ Developing market for SPG–PET <i>ALTESTER®</i>, using SPG as a raw material, in the field of foods and electronics component packaging application ⇒ Construction of SPG–PET facility scheduled for 2010 ⇒ Consider future construction of large scale facility depending on market response 	Applications SPG: polymer raw material, antioxidant, etc. DOG: UV curing resin, etc.
Specialty amino acid	<ul style="list-style-type: none"> ◇ Niigata plant: new facility construction completed in April 2009 	Applications Pharmaceutical intermediate
Pyrrroloquinoline quinone (PQQ)	<ul style="list-style-type: none"> ◇ Sales started in US ⇒ Consider future construction of large scale facility depending on market response 	Applications Health food ingredient (brain food)

Aromatic Chemicals

(Billion yen)

	FY2008 (results)			FY2009 (results/forecasts)			Change		
	H1	H2	FY	H1 (results)	H2 (forecast)	FY (forecast)	H1	H2	FY
Net sales	79.3	42.8	122.1	44.1	50.0	94.1	(35.1)	7.2	(27.9)
Operating income	1.5	(8.9)	(7.4)	(3.3)	(1.4)	4.8	(4.9)	7.5	2.6

FY2009 H1 (results)

➤ Metaxylene diamine, MX nylon

In addition to faltering demand, inventory adjustment by customers continued for longer than anticipated, resulting in substantial declines in earnings

➤ Purified isophthalic acid

Deteriorating margins by continued intense competition from the previous year and lower sales volumes stemming from sluggish demand resulted in substantial declines in revenue and earnings

➤ Other specialty aromatic chemicals

Sales volumes including aromatic aldehyde decreased due to the impact of inventory adjustments by customers, resulting in lower revenue and earnings

FY2009 H2 (forecasts)

Full recovery in demand expected; earnings to improve

Intense competitive environment to continue; earnings expected to weaken

Increase in sales volumes expected with recovery in demand; earnings likely to exceed H1

Aromatic Chemicals

Product	Trend	Comments
Meta-xylene	<ul style="list-style-type: none"> ◇ Mizushima plant: 70,000 t/y; Construction completed in October 2009 ⇒ Operation scheduled to begin in FY2010, based on trends in demand for metaxylene derivatives 	
Transparent and highly heat resistant polyimide film <i>Neopulim</i>[®]	<ul style="list-style-type: none"> ◇ Steadily advancing evaluations for flexible display and flexible photovoltaic cell applications ⇒ Accelerating market development toward full-fledged commercialization in fiscal 2012 (production of 100,000 m² per month) 	<p>Applications: Transparent electrode substrates (flexible displays, light sensors, photovoltaic cells)</p> <p>Properties: High heat resistance, transparent</p>
Purified naphthalene dicarboxylic acid (PNA)	<ul style="list-style-type: none"> ◇ Mizushima plant: 900 t/y facility; under construction (scheduled to begin operation in March 2010) ⇒ Expand business in naphthalenedicarboxylic acid dimethyl ester (NDCM) 	<p>Applications: Raw material for liquid crystalline polymer</p>
Gas barrier adhesive <i>MAXIVE</i>[®]	<ul style="list-style-type: none"> ◇ Generating demand for food packaging adhesives, oxygen barrier coating, and specialty coating for packaging materials ⇒ Aim to achieve full-fledged commercialization in fiscal 2012 (2,000 t/y) 	<p>Applications: Food packaging, industrial packaging, etc.</p> <p>Properties: Gas barrier compatible adhesives</p>
New damping material <i>Neofade</i>[®]	<ul style="list-style-type: none"> ◇ Implementing market development ⇒ Aim to achieve early commercialization by developing multiple grades 	<p>Applications: Damping materials, sound-proof materials</p> <p>Properties: Polyester material that efficiently absorbs vibrations</p>

Specialty Chemicals

(Billion yen)

	FY2008 (results)			FY2009 (results/forecasts)			Change		
	H1	H2	FY	H1 (results)	H2 (forecast)	FY (forecast)	H1	H2	FY
Net sales	72.6	53.9	126.4	55.4	64.7	120.1	(17.2)	10.8	(6.4)
Operating income	3.1	3.3	6.4	3.3	3.2	6.5	0.2	(0.1)	0.1

FY2009 H1 (results)

➤ Inorganic chemicals for industrial use

Sales volumes of hydrogen peroxide fell due to faltering demand for paper pulp, but price revisions ensured earnings were roughly level with FY2008 H1

➤ Electronic chemicals

Chemicals for semiconductors and LCDs entered a recovery trend but fell short of FY2008 H1; revenue and earnings, including those at overseas subsidiaries, declined

➤ Engineering plastics

In PC and POM, stagnation in demand for auto applications resulted in lower revenue and earnings

In PC sheets and films, earnings increased substantially due to strong demand for PC films for FPD

FY2009 H2 (forecasts)

Improvement expected with higher sales volumes of hydrogen peroxide and other products

Similar trend to H1 expected

Demand for PC, POM expected to be higher than in H1
In PC sheets and films, higher sales volumes expected for PC films for FPD, but sales prices likely to decrease

Trends in capital expenditure, product development: Specialty Chemicals



Product	Trend
Hydrogen peroxide	◇ Zhangjiagang, Jiangsu Province, China: 30,000 t/y; construction completed in September (Scheduled to be operational in December 2009)
Electronic chemicals	◇ Yokkaichi plant, Japan: 12,000 t/y ultra pure hydrogen peroxide; construction completed in September (scheduled to be operational in FY2010 Q1) ⇒ Adds to Yamakita plant, Saga plant to form three-point production framework in Japan ◇ Singapore : 1,000 t/y chemical polishing agent plant; under construction (scheduled to be operational in FY2010 H1) ⇒ Meet growing demand in S.E. Asia for printed circuit board applications ◇ U.S. : ultra pure ammonia 3,000 t/y; under construction (scheduled to be operational in 2010) ⇒ Meet growing demand in U.S. for semiconductor applications
Polycarbonate	◇ Shanghai: 100,000 t/y; decision to proceed with construction (schedule to be operational in April 2012) ⇒ Build location to combine materials production, compounds production and technical advice
Polycarbonate films	◇ Examine feasibility of increasing production capacity for PC films for FPD
Specialty polycarbonate	◇ Kashima plant: 400t/y; under construction (scheduled to be operational in FY2010 Q2) ⇒ Develop for optical lens and film applications
Polyacetal	◇ Examine feasibility of increasing overseas production capacity

Information & Advanced Materials



(Billion yen)

	FY2008 (results)			FY2009 (results/forecasts)			Change		
	H1	H2	FY	H1 (results)	H2 (forecast)	FY (forecast)	H1	H2	FY
Net sales	35.7	22.4	58.1	29.6	30.9	60.5	(6.1)	8.5	2.4
Operating income	4.2	(1.9)	2.3	2.8	2.5	5.2	(1.4)	4.4	2.9

FY2009 H1 (results)

➤ **Electronic materials**

In BT materials, although there was a recovery in demand for semiconductor packaging, it remained slightly short of levels in FY2008 H1, resulting in lower revenue and earnings. High performance epoxy materials and LE sheets recorded lower revenue and earnings due to declines in sales volumes. Despite lower revenue, Japan Circuit Industrial Co., Ltd. improved earnings by reducing fixed costs

➤ **Oxygen absorbers**

Results were slightly short of FY2008 H1 due to intense competition in sales to the domestic food industry

FY2009 H2 (forecasts)

BT materials will enter a period of stagnating demand from December 2009, which is expected to result in slow sales. High performance epoxy materials and LE sheets are expected to follow similar trends to H1.

Japan Circuit Industrial Co., Ltd. is expected to improve its revenue and earnings through increased sales volumes of high value added products

Robust performance exceeding H1 is expected

Trends in electronic materials net sales and world semiconductor market

Information and Advanced Materials



Electronic materials net sales	100.0	56.4	60.2	78.9	90.6	114.3	120.9	135.4	90.9	96.5
World semiconductor market scale	100.0	68.0	68.9	81.4	104.2	111.3	121.2	125.1	121.7	95.3

FY2009 consolidated forecasts by segment



(Billion yen)

	FY2008 (results)			FY2009 (results / forecasts)			Change		
	H1	H2	FY	H1 (results)	H2 (forecast)	FY (forecast)	H1	H2	FY
Net sales	269.2	178.4	447.6	180.8	209.2	390.0	(88.4)	30.8	(57.6)
Natural Gas Chemicals	88.0	62.9	150.9	55.1	66.5	121.6	(32.9)	3.6	(29.2)
Aromatic Chemicals	79.3	42.8	122.1	44.1	50.0	94.1	(35.1)	7.2	(27.9)
Specialty Chemicals	72.6	53.9	126.4	55.4	64.7	120.1	(17.2)	10.8	(6.4)
Information & Advanced Materials	35.7	22.4	58.1	29.6	30.9	60.5	(6.1)	8.5	2.4
Other	0.6	0.5	1.1	0.5	0.6	1.1	(0.2)	0.1	(0.1)
Eliminations and Corporate	(6.9)	(4.0)	(10.9)	(3.9)	(3.4)	(7.3)	3.0	0.6	3.6
Operating income	9.6	(12.7)	(3.1)	(1.1)	2.1	1.0	(10.7)	14.8	4.1
Natural Gas Chemicals	0.9	(5.7)	(4.9)	(4.1)	(2.1)	(6.2)	(5.0)	3.7	(1.4)
Aromatic Chemicals	1.5	(8.9)	(7.4)	(3.3)	(1.4)	(4.8)	(4.9)	7.5	2.6
Specialty Chemicals	3.1	3.3	6.4	3.3	3.2	6.5	0.2	(0.1)	0.1
Information & Advanced Materials	4.2	(1.9)	2.3	2.8	2.5	5.2	(1.4)	4.4	2.9
Other	0.3	0.2	0.6	0.2	0.1	0.3	(0.1)	(0.2)	(0.3)
Eliminations and Corporate	(0.4)	0.3	(0.1)	0.1	(0.1)	(0.0)	0.5	(0.4)	0.1
For reference:									
Earnings in equity affiliates	10.8	3.9	14.7	2.5	4.5	7.0	(8.4)	0.6	(7.7)

FY2009 consolidated full-year forecast

(Billion yen)

	FY2009 (forecast)	FY2008 (results)	Change	Change %
Net sales	390.0	447.6	(57.6)	(12.9%)
Operating income (loss)	1.0	(3.1)	4.1	-
Equity in earnings of affiliates	7.0	14.7	(7.7)	(52.4%)
Ordinary income	2.0	7.0	(5.0)	-
Net income before tax	0.5	5.3	(4.8)	-
Net income	1.0	7.0	(6.0)	-

- Assumed exchange rate of ¥90 = US\$1
- Overall demand expected to follow recovery trend, but pace will be slow
- Operating income expected to shift to profitability but at a low level
- Equity in earnings, primarily of overseas methanol affiliates is forecast to improve in the second half
- Forecast interim and year-end dividend of ¥4 respectively

D/E ratio	0.64	0.66	(0.02)	(3.0%)
ROA*	0.4%	1.2%	(0.8%)	(66.7%)
ROE	0.4%	2.5%	(2.1 %)	(84.0%)
Net income per share (yen)	2.2	15.3	(11.1)	(72.5%)
Annual dividend (yen)	8.0	16.0	(8.0)	(50.0%)

* Ordinary income basis

Dividends

		FY2009 (Results/ forecast)	FY2008 (Results)	FY2007 (Results)
Dividend per share	Interim	¥4.0	¥8.0	¥8.0
	Full-year	¥4.0	¥8.0	¥8.0
	Total	¥8.0	¥16.0	¥16.0
Total dividend payments	Interim	¥1.8 bn	¥3.7 bn	¥3.7bn
	Full-year	¥1.8 bn	¥3.6 bn	¥3.7 bn
	Total	¥3.6 bn	¥7.3 bn	¥7.4 bn
Net income per share	Full-year	¥2.21	¥15.30	¥87.01
Consolidated payout ratio	Total	362.0%	104.6%	18.4 %