



We are dedicated to fulfilling the MGC Group Vision to “Create values to share with society” and generate sustained business growth.

Toshikiyo Kurai

President and Representative Director

Q1 Could you please describe the Group Vision to “Create values to share with society.”

A1 Our vision is to provide values that society needs and that it can use in a wide range of areas, and through that to generate business growth for our Group.

We are focusing our efforts on developing technologies and products that contribute to resolving the issues directly facing society. As the sales of these technologies and products increase, our business also grows. This is how we envision the MGC Group and is the essence of our Group Vision to “Create values to share with society.”

This vision was set as the primary objective of the MGC Advance2017 medium-term business plan, and there were two reasons for this.

The first was related to the plan’s basic initiative to reconstruct underperforming businesses and to reconsider our loss-producing businesses by asking “Is society benefitting from the products we are making and selling?”

The second was related to the basic initiative to strengthen the earning power of existing businesses with a

focus on the core businesses and also to create and develop new businesses. The objective was to clearly identify the areas where we can best apply our capabilities so we can clearly focus on the businesses where we can provide technologies and products that society needs.

Our efforts over the past three years have had a certain degree of success reconstructing underperforming businesses, and we are now focusing attention on creating and developing new businesses.

Q2 Please review the Group performance in fiscal 2017, the final year of the MGC Advance2017 medium-term business plan.

A2 We established a “muscular” operating structure and generated record-high sales and profits.

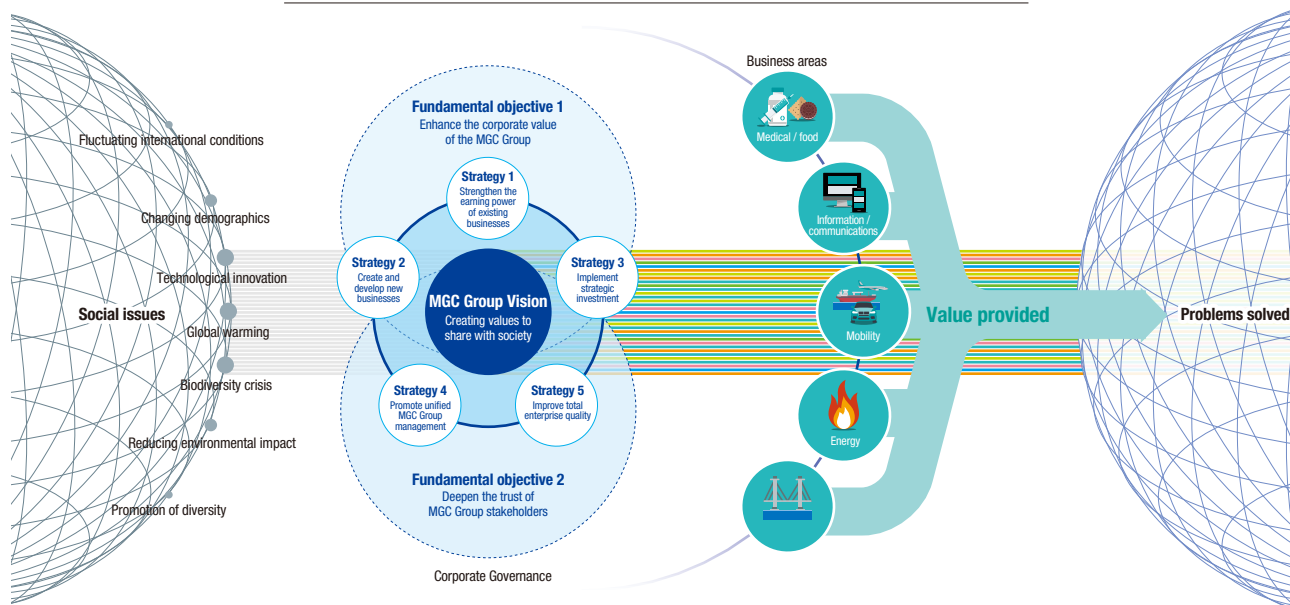
Our performance during the three years of the MGC Advance2017 medium-term business plan was very strong. We boosted sales and profits to record levels and achieved the plan’s profit targets ahead of schedule.

Several external factors worked in our favor, including stable foreign exchange rates and crude oil prices, rising

MGC Advance2020

A brighter future from bigger dreams!

The period from April 2018 to March 2021



prices for commodity products, and the tighter environmental regulations in China. Internally, we steadily advanced our structural reform and created a “muscular” operating structure. These elements combined to produce growth that was clearly evident in our operating income. In past years, assessments of the Group’s profit performance were mainly based on ordinary income because of the large contribution from our overseas equity-method affiliate companies, particularly group companies producing methanol. We plan to maintain consistent growth in both operating income and ordinary income.

We also achieved favorable results in the area of safety, as we had no serious accidents or troubles during the period. I believe that the smooth operations also helped us take advantage of the favorable business conditions. Our group-wide safety initiatives enabled us to advance the development of our manufacturing infrastructure and provided a foundation for our steady growth during the period.

Q3 Could you please introduce the new MGC Advance2020 medium-term business plan that the Group launched this year.

A3 The objectives of the new plan are to enhance our corporate value and deepen the trust of MGC Group stakeholders

The new medium-term business plan has two core objectives: to enhance the corporate value of the MGC

Group and to further build stakeholder trust in our enterprise.

Corporate value is a complex matrix of attributes starting with the quantitative elements of our sales, profits and assets and including the qualitative elements of our management and technological capabilities, marketing abilities, brand power, potential for future earnings growth, contribution to society and preserving the environment.

One way we are seeking to increase our quantitative value is by investing in our personnel. To make the MGC Group even stronger, it is essential to bring out the potential in each of our employees. I believe that creating a company where employees feel they can express themselves through their work and that they are motivated to work is fundamental to raising our corporate value.

Our quantitative consolidated performance targets for fiscal 2020 are sales of 750 billion yen, operating income of 65 billion yen, and ordinary income of 90 billion yen with ROE of at least 12%. We plan to use the “muscular” operating structure formulated during the previous medium-term business plan to leverage our safe and stable production infrastructure to realize consistent growth unaffected by changes in external conditions. We will also firmly establish the investment businesses overseas, including those in Trinidad and Tobago and the United States, and extend the progress of the previous plan by actively and tenaciously creating and developing new businesses.

Q4 What business fields will you be focusing on?

A4 We have set five fields as the business domains we should be advancing in: medical/food, information/communications, mobility, energy, and infrastructure.

When we think about how we can contribute to solving issues, we understand that we can best contribute through the MGC Group's domains of strength, which are medical/food, information/communications, mobility, energy, and infrastructure. We have designated these five fields as the business domains we should be advancing in. Among these, we are particularly focused on the medical/food, information/communication, and mobility fields.

In the medical/food domain, we established Cultivecs in June 2016, a joint venture with Nippon Kayaku, to be a contract manufacturer of antibody drugs. Antibody drug production operations had been highly dependent on overseas production, and creating the ability to expand operations within Japan and help lower local medical costs made this a very meaningful development.

Our contributions in the medical/food domain are truly diverse, and include developing the multilayer plastic container OXYCAPT to provide plastic containers as a solution for issues related to glass instruments as well as factory agricultural farms enabling safe and secure production and increased self-reliance for food production.

In the information/communications domain, we developed the transparent polyimide film Neopulim and several other high-performance resins that are contributing to increasing the technical functions of smartphones and other devices.

In the mobility domain, we supply a variety of high-performance materials including key automobile structural segments and parts, paint, and batteries that lighten vehicle weights and help advance the development of electric vehicles.

To further build on these successes, I believe we must conduct R&D geared toward creating value that society needs while also more actively communicating. The MGC Group provides "materials," and the full impact of the value these can provide to society cannot be realized without our engaging with the makers of the final products. We will

step up our communications with the final product makers and also seek to communicate more clearly with our stakeholders.

Q5 What is the process for generating innovation through R&D?

A5 We create innovation mainly through our R&D but also through all of our business segments.

The dramatic changes in the environment and increasing complexity of social issues in recent years has made it essential to accelerate R&D and our business development. One of the distinguishing features and the strength of the MGC Group is that we produce over 90% of our products using our own technologies. Nevertheless, we must be careful not to become too self-reliant. Led by our new business development department, we are engaging in collaborative open innovation, investing in venture companies, and conducting M&A.

Pursuing innovation is not limited to our R&D and new business development departments. Every employee must look for areas around them that could be improved and be proactive about proposing and implementing change. The small innovations add up to strengthening our overall organization.

Q6 Sustainable Development Goals for the global society are becoming a forefront issue. What is the MGC Group's approach to SDGs?

A6 We are deeply conscious of our responsibility as a maker of chemicals and seek to contribute to creating a sustainable society.

The 17 Sustainable Development Goals and 169 targets of the United Nations' 2030 Agenda for Sustainable Development very clearly shows the path we need to take as a corporation. For us, I believe Goal 12 to "ensure sustainable consumption and production patterns" is the most germane. Because the manufacture of chemicals is a materials industry, it is difficult to see how the final products made from the materials we produce will be used in society.

As a provider of chemicals, we have a social responsibility to follow how the products we supply affect society and the environment and to take an overall view across the complete upstream and downstream of our product supply chains to decrease the negative impact and increase the positive impact. As we do so, I believe we will find clues to how we can create new value.

It's also important to reduce the environmental impact from our business operations. We issue the MGC Group Environmental Sustainability Declaration in April 2018, and I believe that key to fulfilling our environmental objectives is take the approach that our environmental initiatives are not a burden, but an opportunity. Saving energy lowers energy costs; preserving resources reduces our input costs. Creating new product, technologies, and operations that are environmentally sustainable is good for both society and our company. I believe this is also furthers our vision to "create value to share with society."

Q7 How do you view shareholders return?

A7 Fundamental to shareholder return is maintaining stable dividends while also taking into account our business performance. We are also conscious of the total return ratio.

The MGC Group's basic policy is "building corporate value raises profits for shareholder and all stakeholders." Based on this, we seek to maintain an optimal balance of internal reserves and shareholder return.

In fiscal 2017, progress with our structural reforms helped us generate earnings surpassing our forecasts. Based on the strong result, we raised our dividend payment amount by 21 yen from the previous year* to a total dividend payment per share for the year to 59 yen. The dividend distribution amount to shareholders is determined based on our policy to maintain dividend stability, in consideration of our business performance and future capital investment plans, and also with regard to our dividend on equity ratio. In addition, we also aim to maintain a certain level of total return ratio.

* The 21 yen increase is based on the share consolidation effected on October 1, 2016



Q8 Lastly, do you have a message you would like to communicate to stakeholders?

A8 I look forward to ongoing dialogue with all stakeholders to help deepen understanding of Mitsubishi Gas Chemical.

I am looking forward to continuing our dialogue with all stakeholders to deepen their understanding of the MGC Group's strengths, our growth strategies, and our contributions to protecting the environment. We updated our website in May 2018 to make more information about our activities available, and I hope everyone will take time to look at it.

Hearing the honest opinions of our stakeholders is invaluable to the company. I look forward to hearing from you and making our company better.

Toshikiyo Kurai

President and Representative Director