



FY2022 1Q
Results Presentation

 **mitsubishi GAS CHEMICAL COMPANY, INC.**

August 5, 2022

TSE 4182



1 | FY2022 1Q Results

2 | Results and Forecast by Segment

3 | FY2022 Forecast

1 | FY2022 1Q Results

2 | Results and Forecast by Segment

3 | FY2022 Forecast

FY2022 1Q Results



- Both sales and profits increased, despite higher raw material and fuel prices and transportation costs, due to the depreciation of the yen and other factors. Operating profit and ordinary profit reached record highs.

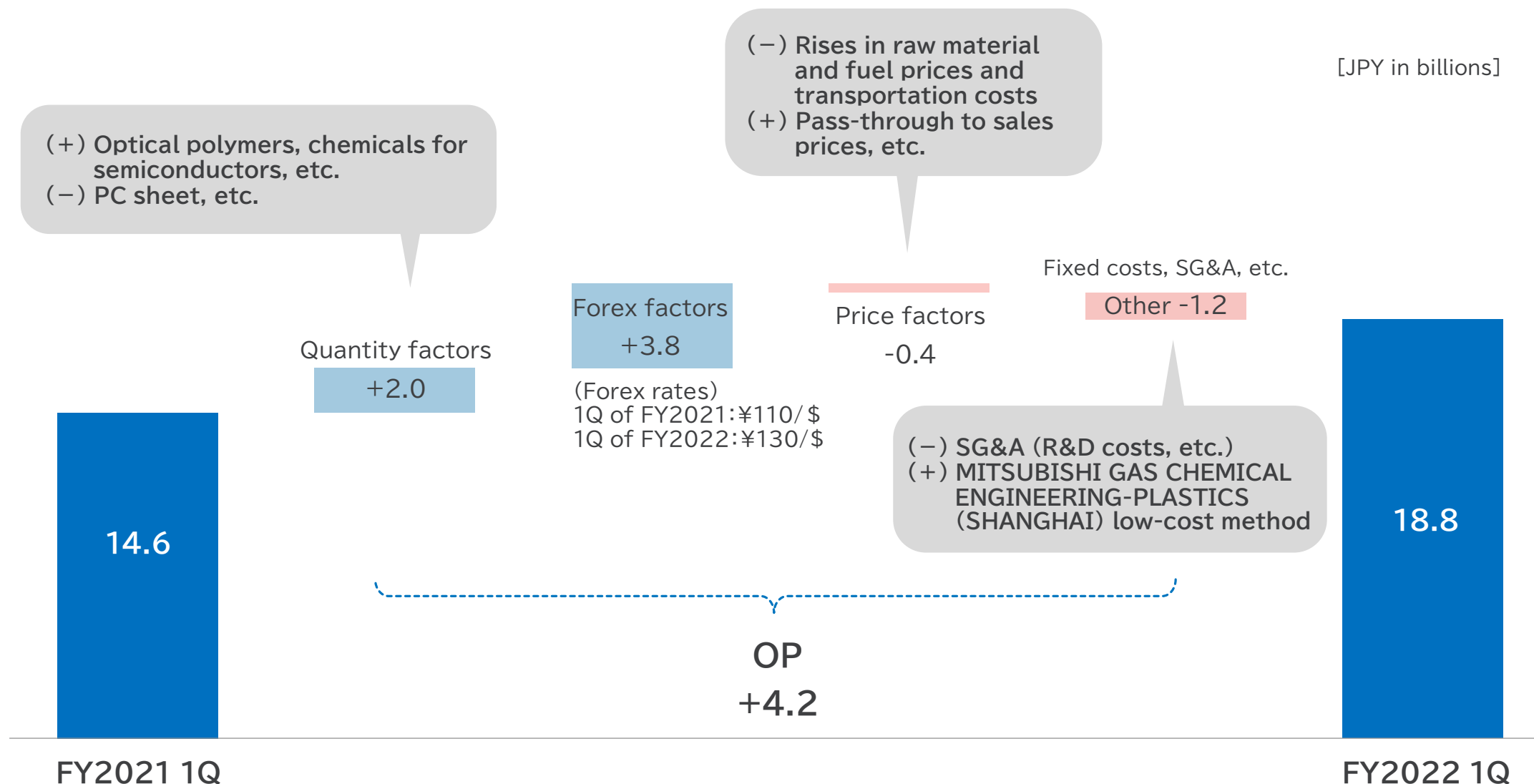
[JPY in billions]	FY2021 1Q	FY2022 1Q	Changes	
			Amount	%
Net sales	160.0	193.9	33.9	21.2
Operating profit	14.6	18.8	4.2	28.9
Equity in earnings of affiliates	3.0	2.2	(0.7)	-
Ordinary profit	18.5	24.8	6.3	34.5
Profit attributable to owners of parent	14.3	16.1	1.7	12.3
<hr/>				
E P S (JPY)	69.00	77.73		
FX (JPY/USD)	110	130		

(Note) Figures shown on this and the following pages are rounded down to the closest 0.1 billion. Percentage figures, per-share indicators, and performance assumptions are rounded off to the closest whole number.

FY2022 1Q Increase and Decrease Factors of Operating Profit (YoY)



[JPY in billions]



1 | FY2022 1Q Results

2 | Results and Forecast by Segment

3 | FY2022 Forecast

FY2022 1Q Results by Segment

[JPY in billions]	FY2021 1Q	FY2022 1Q	Changes
Net sales	160.0	193.9	33.9
Basic Chemicals	94.5	117.1	22.5
Specialty Chemicals	66.7	78.8	12.1
Other/Adjustment	(1.2)	(2.0)	(0.7)
Operating profit	14.6	18.8	4.2
Basic Chemicals	8.1	7.6	(0.4)
Specialty Chemicals	7.4	12.0	4.6
Other/Adjustment	(0.9)	(0.9)	0
Ordinary profit	18.5	24.8	6.3
Basic Chemicals	9.4	8.4	(1.0)
Specialty Chemicals	9.6	14.5	4.8
Other/Adjustment	(0.5)	1.9	2.5

Reference: Results by Former Segment



[JPY in billions]	FY2021 1Q	FY2022 1Q	Changes
Net sales	160.0	193.9	33.9
Natural Gas	47.1	61.6	14.4
Aromatic	48.2	56.5	8.3
Specialty	49.1	59.6	10.4
Information & Advanced Materials	17.6	19.2	1.6
Other/Adjustment	(2.1)	(3.1)	(1.0)
Operating profit	14.6	18.8	4.2
Natural Gas	2.5	3.8	1.2
Aromatic	5.5	3.8	(1.7)
Specialty	3.0	7.5	4.5
Information & Advanced Materials	4.4	4.5	0.1
Other/Adjustment	(0.9)	(0.9)	0
Ordinary profit	18.5	24.8	6.3
Natural Gas	3.7	3.9	0.2
Aromatic	5.6	4.4	(1.2)
Specialty	4.9	9.0	4.1
Information & Advanced Materials	4.7	5.4	0.7
Other/Adjustment	(0.6)	1.9	2.5

(Note) The figures are reference figures that have been simply rearranged for comparison with the new segment.

FY2022 1Q Results

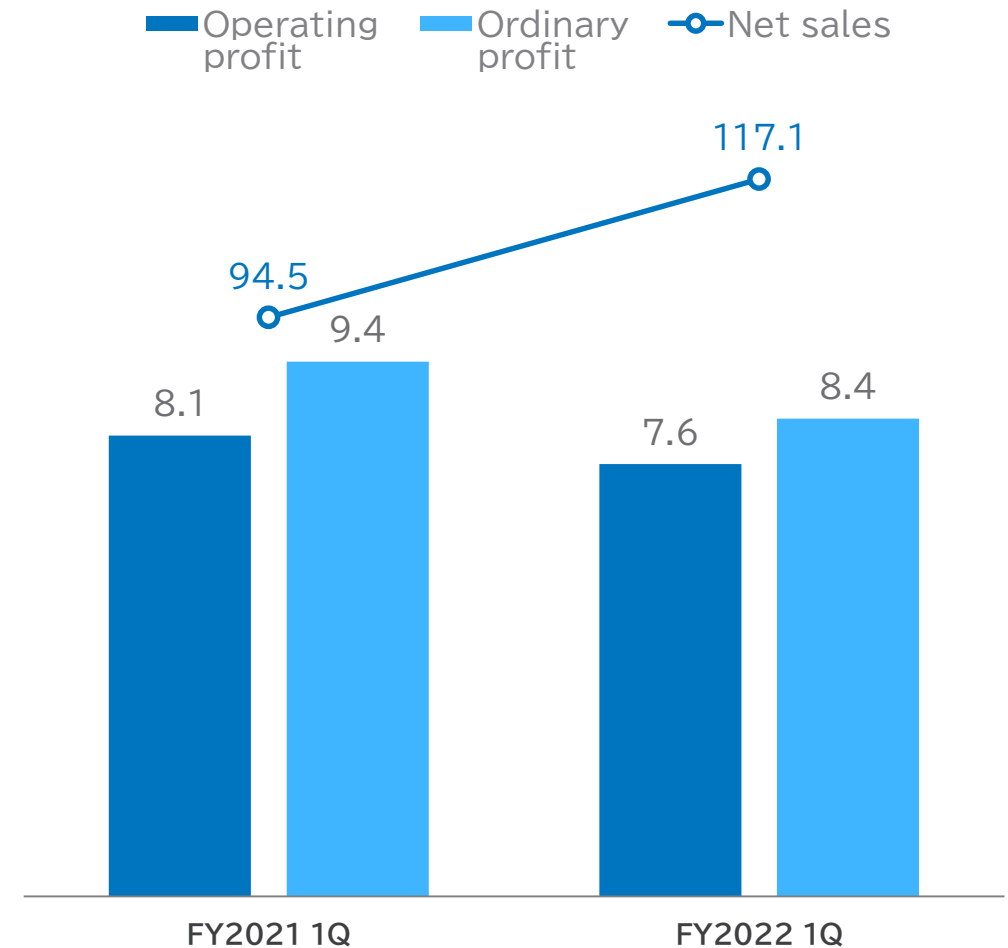
Net sales: Net sales increased due to the depreciation of the yen, the pass-through of surge in raw material and fuel prices to sales prices, and higher market prices for methanol and other products.

Operating profit: Despite the depreciation of the yen, operating profit was lower than the same period of the previous year due to rises in raw material and fuel costs and transportation costs.

Equity in earnings of affiliates: Despite higher methanol market prices, earnings declined due to foreign exchange losses.

- **Methanol:** Net sales increased due mainly to an upturn in market prices compared with the same period of the previous fiscal year (from \$358 in FY2021 1Q to \$401 in FY2022 1Q). Equity in earnings of affiliates decreased.
- **Methanol and ammonia-based chemicals:** Earnings increased compared with the same period of the previous year despite higher raw material prices, thanks to profitability adjustments on the back of robust demand.
- **High-performance products:** Earnings decreased due mainly to rises in raw material and fuel prices and transportation costs, despite the higher sales volume of aromatic aldehydes.
- **Xylene separators and derivatives:** Earnings decreased due mainly to rises in raw material and fuel prices and resulting deterioration in the profitability of purified isophthalic acid (PIA).
- **Foamed plastics (JSP):** Earnings decreased due mainly to higher raw material and fuel prices, despite the higher sales volume of flat panel display shields and other offerings.

[JPY in billions]



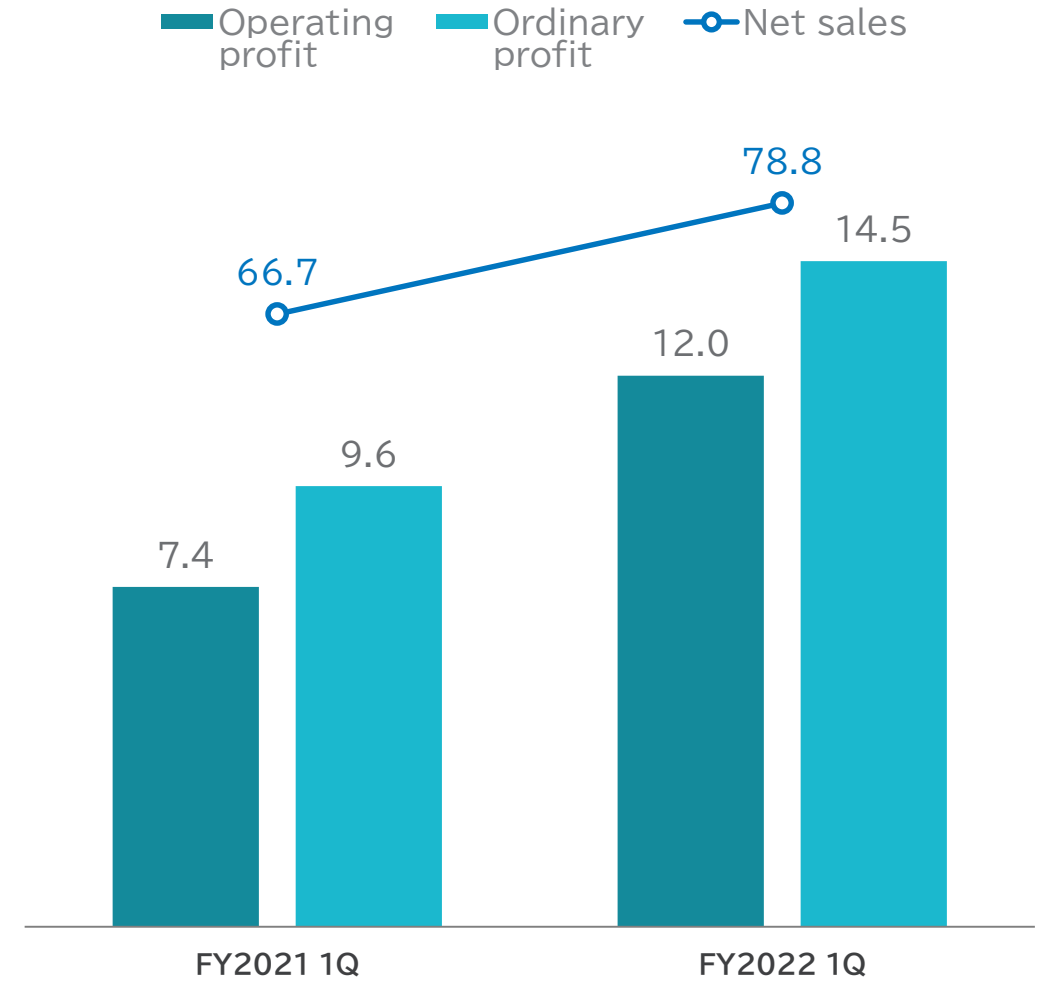
FY2022 1Q Results

Net sales: Sales increased due to the depreciation of the yen and strong sales of polyacetal.

Operating profit: Operating profit increased due to higher profit from engineering plastics and a recovery in sales of optical resin polymers.

- **Inorganic chemicals:** This business was buoyed by growth in the sales volume of chemicals for use in semiconductor manufacturing while seeing such negative factors as rises in raw material and fuel prices and transportation costs. As a result, earnings from these offerings were virtually unchanged from the same period of the previous fiscal year.
- **Engineering plastics:** This business saw increases in net sales and earnings thanks to constantly robust sales of polyacetal as well as an improvement in the profitability of a polycarbonate manufacturing base in China.
- **Optical materials:** This business posted increases in net sales and earnings, despite stagnant demand for smartphones, a primary application of optical polymers, because demand was still above the level seen in the same period of the previous fiscal year in which inventory adjustments carried out by customers resulted in a downturn.
- **Electronic materials:** This business saw increases in net sales and earnings. This was thanks mainly to strong showings of BT materials for IC plastic packaging, the core product category for electronic materials, which benefitted from robust sales of offerings used in memory chips and laptop PC processors as well as the depreciation of the yen, despite declining demand for general-purpose materials for use in PC-related devices and home appliances.
- **Oxygen absorbers:** Earnings remained on par with the same period of the previous fiscal year despite the ongoing robustness of overseas sales—which were buoyed by the depreciation of the yen—especially in the food packaging field, due to rises in raw material prices and transportation costs.

[JPY in billions]



1 | FY2022 1Q Results

2 | Results and Forecast by Segment

3 | FY2022 Forecast

FY2022 Forecast



[JPY in billions]	FY2022 1H			FY2022 2H			FY2022		
	Previous forecast	Forecast	Changes	Previous forecast	Forecast	Changes	Previous forecast	Forecast	Changes
Net sales	390.0	400.0	10.0	410.0	410.0	0	800.0	810.0	10.0
Operating profit	30.0	31.0	1.0	31.5	31.5	0	61.5	62.5	1.0
Equity in earnings of affiliates	8.4	8.7	(0.2)	12.1	10.2	(1.8)	20.6	19.0	(1.5)
Ordinary profit	39.0	41.0	2.0	42.5	42.5	0	81.5	83.5	(2.0)
Profit attributable to owners of parent	29.0	30.0	1.0	32.0	32.0	0	61.0	62.0	(1.0)

[FY2022 1H]

Compared to the initial forecast, operating profit +1.0 billion yen, ordinary profit +2.0 billion yen

Compared to the initial forecast, a downturn in sales volume of optical polymers and BT materials, as well as higher raw material and fuel prices are expected. However, net sales and each profit level are expected to exceed the previous forecast due to the effect of yen depreciation and strong sales of polyacetal.

[FY2022 2H]

Due to the uncertain outlook for the business environment, including foreign exchange rates and raw material and fuel prices at this time, the previous forecast has been left unchanged (revisions by segment have been made).

See page 13 for key points of the second half forecast.

- Maintenance costs for Niigata and Kashima plants, etc. are expected to increase (approx. 2.5 billion yen compared to 1Q).
- Methanol: We assume a market price of \$380 (1Q: \$401).
- High Performance Products: Demand is expected to remain strong. We will gradually promote the pass-through of rises in raw material and fuel prices to sales prices.
- Inorganic chemicals: Sales of chemicals for semiconductors are expected to be firm as in 1Q.
- Engineering plastics: Supply-demand conditions for polyacetal are expected to remain tight. Polycarbonate market conditions are assumed to be weak as in 1Q.
- Optical materials: Demand is weak at the moment, and we forecast lower sales and profits compared to the 1Q, partly due to a reaction to the inventory buildup in the 1Q.
- Electronic materials: In BT materials, general-purpose materials are expected to remain weak as in 1Q. We expect sales and profits to decrease from 1Q due to customers' inventory adjustment caused by the decline in final demand.

■FX assumptions (2Q): \$1=¥130 (same as 1Q), €1=¥135 (¥3 appreciation against 1Q)

(Sensitivity (USD, rough estimate): with an appreciation (depreciation) of ¥1 against the USD, annual operating profit falls (increases) by ¥0.6 bn, while annual ordinary profit falls (increases) by ¥0.5 bn.)

■Crude oil price assumption (2Q): \$110/bbl. (\$2 increase from 1Q)

(Sensitivity (USD, rough estimate): A 1 dollar/bbl. increase (drop) in crude oil reduces (raises) income by 0.15 billion yen (exclude methanol affect).)

Key Points of the Forecast for FY2022 2H



[Basic Chemicals]

- Methanol: Market price forecast is set at US\$420/MT (unchanged from the initial forecast) based on seasonal factors (heating-related demand in winter) and constantly high crude oil prices.
- High Performance Products: MXDA and aromatic aldehydes are both expected to maintain robust sales.
- Xylene separators and derivatives: Concern is growing over deterioration in the profitability of purified isophthalic acid (PIA) due to higher raw material and fuel prices.
- As in the past years, we are planning to conduct a scheduled maintenance at the Mizushima Plant in 4Q. Expenses will increase this year due to a major maintenance that takes place once every two years.

[Specialty Chemicals]

- Inorganic chemicals: Demand is likely to remain strong for chemicals used in semiconductor manufacturing, even as customer trends in each region require close attention.
- Engineering plastics: Polyacetal sales are expected to remain robust; despite the overall weakness of polycarbonate market prices, a manufacturing base in China are likely to enjoy ongoing improvement in profitability.
- Optical materials: Although projected stagnation in overall smartphone demand will negatively affect optical polymers, the release of new models is expected to serve as a tailwind in the second half as they use such polymers.
- Electronic materials: BT materials require caution against the continuation of downstream inventory adjustments; however, sales of low warp materials and high-frequency materials are likely to remain relatively strong.

■ Assumed exchange rates: \$1=¥130 (+¥5 from the previous forecast); €1=¥135 (+¥5 from the previous forecast)

Resulting operating profit increase from the previous forecast: +¥1,500 million (2H)

■ Assumed crude oil prices: US\$110/bbl. (+US\$10 from the previous forecast)

Resulting operating profit decrease from the previous forecast: -¥750 million (2H)

Appendix

Results and Forecast by Segment



[JPY in billions]	FY2021			FY2022 previous forecast*			FY2022 forecast		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Net sales	335.8	369.7	705.6	390.0	410.0	800.0	400.0	410.0	810.0
Basic Chemicals	200.9	224.4	425.3	223.3	236.5	459.8	234.9	239.6	474.5
Specialty Chemicals	137.5	147.9	285.5	169.7	176.3	346.0	168.9	174.0	342.9
Other/Adjustment	(2.6)	(2.5)	(5.2)	(3.0)	(2.8)	(5.9)	(3.8)	(3.7)	(7.5)
Operating profit	30.0	25.3	55.3	30.0	31.5	61.5	31.0	31.5	62.5
Basic Chemicals	15.8	9.8	25.7	11.6	9.0	20.6	13.1	8.7	21.9
Specialty Chemicals	15.9	17.6	33.6	20.2	24.2	44.4	19.6	24.4	44.1
Other/Adjustment	(1.8)	(2.1)	(4.0)	(1.8)	(1.7)	(3.5)	(1.7)	(1.7)	(3.5)
Ordinary profit	38.7	35.3	74.1	39.0	42.5	81.5	41.0	42.5	83.5
Basic Chemicals	19.1	10.9	30.0	17.1	15.8	33.0	17.0	16.5	33.6
Specialty Chemicals	20.7	24.6	45.4	23.2	28.7	52.0	24.1	28.0	52.1
Other/Adjustment	(1.1)	(0.2)	(1.3)	(1.4)	(2.1)	(3.5)	(0.1)	(2.1)	(2.3)

*Announced on May 12, 2022

FY2022 1Q Balance Sheets



[JPY in billions]	Mar. 31, 2022	Jun. 30, 2022	Changes	[JPY in billions]	Mar. 31, 2022	Jun. 30, 2022	Changes
Current assets	452.2	480.8	28.6	Liabilities	297.7	343.5	45.7
Cash and deposits	102.0	107.9	5.8	Trade note and accounts payable	92.3	97.1	4.8
Trade notes and Accounts receivable	176.5	182.1	5.6	Interest-bearing debt	117.6	147.2	29.5
Inventories	155.6	170.9	15.2	Others	87.7	99.1	11.4
Others	17.9	19.7	1.8				
Non-current assets	476.4	510.6	34.1	Net assets	630.8	647.9	17.0
Tangible assets	276.3	291.8	15.4	Shareholders' equity	547.2	551.0	3.8
Intangible assets	11.2	11.6	0.3	Accumulated other comprehensive income	21.5	32.6	11.0
Investments and other assets	188.7	207.1	18.3	Non controlling interest	62.1	64.2	2.1
Total assets	928.6	991.4	62.8	Total liabilities and net assets	928.6	991.4	62.8
				Equity ratio	61.2%	58.9%	

Appendix: Key Indicators (1)



[JPY in billions]	2018	2019	2020	2021	2022 (F)
Capital expenditure [1Q]	39.2 [9.1]	42.3 [11.5]	40.2 [8.7]	54.7 [11.5]	90.0 [15.3]
Depreciation & amortization [1Q]	27.4 [6.7]	29.5 [7.1]	30.6 [7.5]	31.9 [7.8]	34.0 [7.9]
R&D expenditure [1Q]	18.6 [4.5]	19.6 [4.5]	19.9 [4.7]	21.0 [4.9]	24.5 [5.5]
Employees (as of Mar. 31)	8,276	8,954	8,998	9,888	10,425
EPS (Yen)	257	101	173	232	302
ROA (%)	8.7	3.9	6.2	8.4	8.7
ROE (%)	11.3	4.3	7.1	8.8	10.6
ROIC (%)	10.9	4.9	7.7	10.4	10.7
Dividend (yen) [of which, interim dividend]	70.0 [35.0]	70.0 [35.0]	70.0 [35.0]	80.0* [45.0*]	80.0 [40.0]

*Commemorative dividend: 10.0 yen

Appendix: Key Indicators (2)

	FY2018		FY2019		FY2020		FY2021		FY2022	
	1H	2H	1H	2H	1H	2H	1H	2H	1H (F)	2H (F)
FX(JPY/USD)	110	112	109	109	107	105	110	115	130	130
FX(JPY/EUR)	130	127	121	120	121	126	131	130	137	135
Crude oil (Dubai) (USD/BBL)	73	65	64	56	37	52	69	87	109	110
Methanol (USD/MT)	408	335	277	245	194	319	370	428	391	420
Mixed xylene (USD/MT)	845	730	705	640	420	560	780	875	1,250	1,150
Bisphenol A (USD/MT)*	1,600 ~1,900	1,200 ~1,800	1,000 ~1,450	1,050 ~1,350	900 ~1,450	1,400 ~3,300	2,750 ~3,700	2,100 ~3,150	1,400 ~2,200	1,300 ~2,000
Polycarbonate (USD/MT)*	2,700 ~3,800	2,100 ~2,800	1,900 ~2,250	1,650 ~2,000	1,500 ~2,150	2,100 ~4,000	3,100 ~4,050	2,650 ~3,650	1,800 ~2,900	1,700 ~2,500

*Describe the minimum and maximum values during the period

Sensitivity (rough estimates)

FX (USD): with an appreciation (depreciation) of 1 yen against the USD, annual operating profit falls (increases) by 0.6 billion yen, while annual ordinary profit falls (increases) by 0.5 billion yen.

FX (EUR): with an appreciation (depreciation) of 1 yen against the USD, annual operating profit falls (increases) by 0.1 billion yen, while annual ordinary profit falls (increases) by 0.1 billion yen.

Crude oil (Dubai): A 1 dollar/BBL increase (drop) in crude oil reduces (raises) income by 0.15 billion yen (exclude methanol affect).

Methanol: A 1 dollar/MT increase (drop) in market price raises (reduces) equity in earnings of affiliates by 0.1 billion yen.

Reference: Results and Forecast by Former Segment



	FY2021			FY2022 previous forecast*			FY2022 forecast		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Net sales	335.8	369.7	705.6	390.0	410.0	800.0	400.0	410.0	810.0
Natural Gas	104.9	121.3	226.2	111.8	123.3	235.1	120.9	129.4	250.4
Aromatic	97.6	105.1	202.8	113.3	115.0	228.3	116.1	112.3	228.4
Specialty	102.3	111.8	214.1	132.1	137.6	269.8	132.5	139.3	271.8
Information & Advanced Materials	35.3	36.1	71.5	37.6	38.7	76.4	36.5	34.7	71.2
Other/Adjustment	(4.3)	(4.6)	(9.1)	(4.9)	(4.7)	(9.7)	(6.0)	(5.8)	(11.9)
Operating profit	30.0	25.3	55.3	30.0	31.5	61.5	31.0	31.5	62.5
Natural Gas	5.4	4.3	9.7	3.9	3.2	7.2	4.9	4.1	9.0
Aromatic	10.4	5.5	16.0	7.6	5.7	13.4	8.1	4.6	12.8
Specialty	7.8	9.5	17.4	10.4	14.7	25.1	11.6	16.1	27.7
Information & Advanced Materials	8.0	8.1	16.1	9.7	9.4	19.2	8.0	8.3	16.3
Other/Adjustment	(1.7)	(2.1)	(3.9)	(1.8)	(1.7)	(3.5)	(1.7)	(1.7)	(3.5)
Ordinary profit	38.7	35.3	74.1	39.0	42.5	81.5	41.0	42.5	83.5
Natural Gas	8.5	5.4	14.0	9.5	10.4	19.9	8.7	12.2	20.9
Aromatic	10.5	5.5	16.0	7.6	5.4	13.0	8.3	4.3	12.7
Specialty	12.0	15.5	27.6	12.7	18.6	31.3	14.8	18.4	33.3
Information & Advanced Materials	8.6	9.1	17.8	10.5	10.1	20.7	9.2	9.5	18.8
Other/Adjustment	(1.0)	(0.2)	(1.3)	(1.4)	(2.1)	(3.5)	(0.1)	(2.1)	(2.3)

(Note) The figures are reference figures that have been simply rearranged for comparison with the new segments.

*Announced on May 12, 2022

Reference: Main products of Each Reportable Segment



Reportable Segments	Former Segments	Main Products
Basic Chemicals	Natural Gas Chemicals	<ul style="list-style-type: none"> •Methanol •Methanol and ammonia-based chemicals (ammonia and amines, MMA products, formalin and polyol products, etc.) •Energy resources and environmental businesses
	Aromatic Chemicals	<ul style="list-style-type: none"> •High-performance products (MXDA, MX nylon, aromatic aldehydes, etc.) •Xylene separators and derivatives (Meta-xylene, purified isophthalic acid (PIA), etc.) •Foamed plastics (JSP)
Specialty Chemicals	Specialty Chemicals	<ul style="list-style-type: none"> •Inorganic chemicals (electronic chemicals (super-pure hydrogen peroxide, hybrid chemicals), hydrogen peroxide, etc.) •Engineering plastics (polycarbonate/sheet film, polyacetal, etc.) •Optical materials (optical polymers, ultra-high refractive lens monomer, etc.)
	Information and Advanced Materials	<ul style="list-style-type: none"> •Electronic materials (BT materials for IC plastic packaging, etc.) •Oxygen absorbers (AGELESS™)

Disclaimer

These materials contain performance forecasts and other statements concerning the future. These forward-looking statements are based on information available at the time. These materials were prepared and on certain premises judged to be reasonable. None of these forward-looking statements are intended to be guarantees of future performance. Various factors may cause actual performance to differ significantly from forecasts.

