



FY2022 3Q
**Consolidated
Financial Results**

 **mitsubishi GAS CHEMICAL COMPANY, INC.**

February 9, 2023

TSE 4182



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FY2022 3Q Results



- Although rises in raw material and fuel prices and transportation costs, and a drop in demand for electronic materials negatively impacted profits, both sales and profits increased due to the depreciation of the yen and strong sales of polyacetal and other factors.

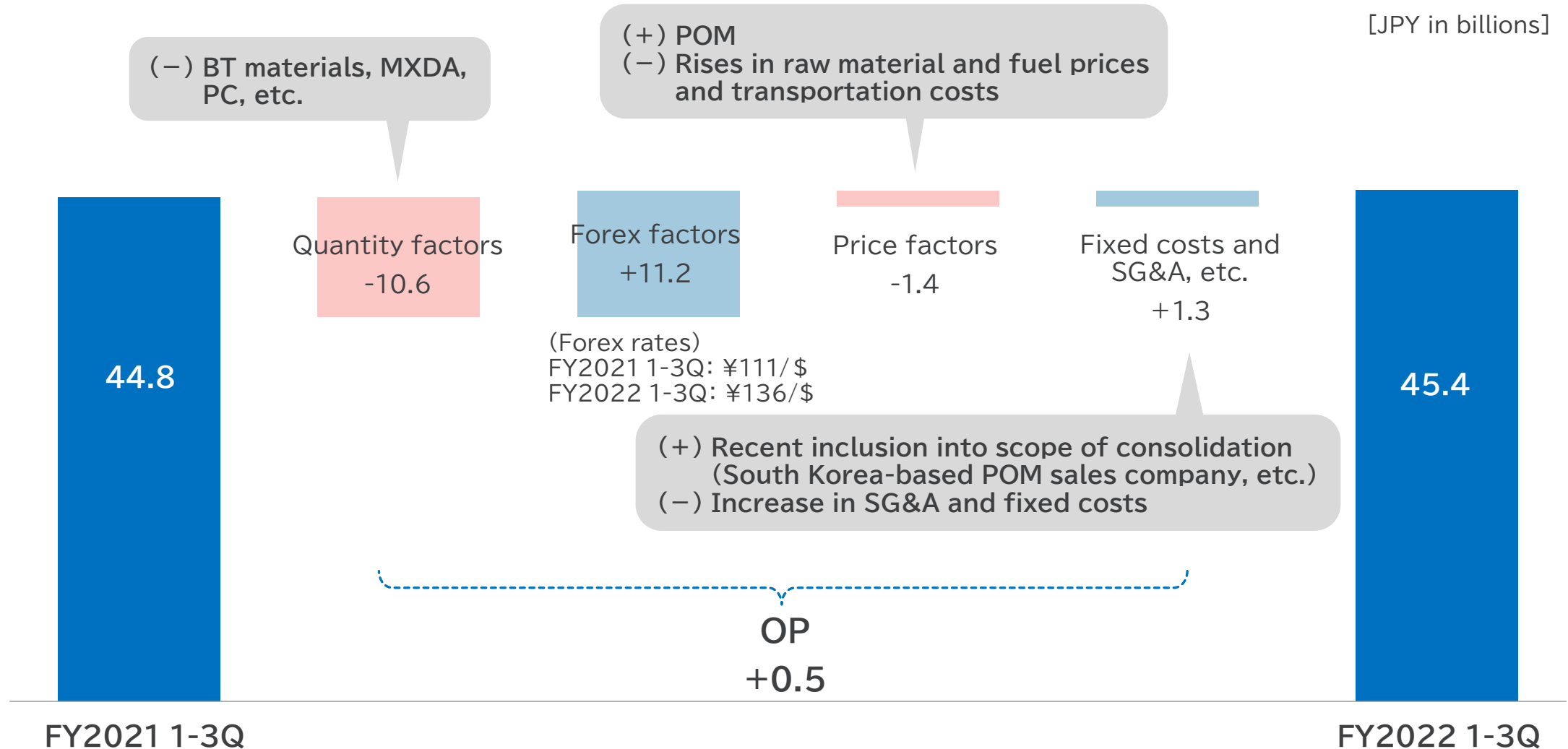
[JPY in billions]	FY2021 1-3Q	FY2022 1-3Q	Changes	
			Amount	%
Net Sales	525.2	599.3	74.0	14.1
Operating profit	44.8	45.4	0.5	1.1
Equity in earnings of affiliates	10.9	14.3	3.4	–
Ordinary profit	58.3	63.7	5.4	9.4
Profit attributable to owners of parent	39.3	44.5	5.1	13.1
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E P S (JPY)	189.16	216.59		
FX (JPY/USD)	111	137		

(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 3Q Increase and Decrease Factors of Operating Profit (YoY)



[JPY in billions]



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FY2022 3Q Results by Segment

Reference: Results by Former Segment



[JPY in billions]	FY2021 1-3Q	FY2022 1-3Q	Changes
Net sales	525.2	599.3	74.0
Basic Chemicals	316.7	365.7	48.9
Specialty Chemicals	212.5	239.1	26.5
Other/Adjustment	(3.9)	(5.5)	(1.5)
Operating profit	44.8	45.4	0.5
Basic Chemicals	23.5	18.9	(4.5)
Specialty Chemicals	24.4	28.4	4.0
Other/Adjustment	(3.0)	(2.0)	1.0
Ordinary profit	58.3	63.7	5.4
Basic Chemicals	28.8	29.0	0.1
Specialty Chemicals	31.2	33.5	2.2
Other/Adjustment	(1.8)	1.2	3.0

[JPY in billions]	FY2021 1-3Q	FY2022 1-3Q	Changes
Net sales	525.2	599.3	74.0
Natural Gas	167.8	187.1	19.3
Aromatic	151.6	181.6	30.0
Specialty	158.3	190.4	32.0
Information & Advanced Materials	54.2	48.7	(5.4)
Other/Adjustment	(6.7)	(8.6)	(1.9)
Operating profit	44.8	45.4	0.5
Natural Gas	8.3	8.2	(0.0)
Aromatic	15.1	10.6	(4.5)
Specialty	11.6	20.1	8.4
Information & Advanced Materials	12.6	8.2	(4.4)
Other/Adjustment	(2.9)	(1.9)	1.0
Ordinary profit	58.3	63.7	5.4
Natural Gas	13.5	17.5	4.0
Aromatic	15.3	11.5	(3.8)
Specialty	17.5	23.0	5.5
Information & Advanced Materials	13.7	10.4	(3.3)
Other/Adjustment	(1.7)	1.2	3.0

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

FY2022 3Q Results

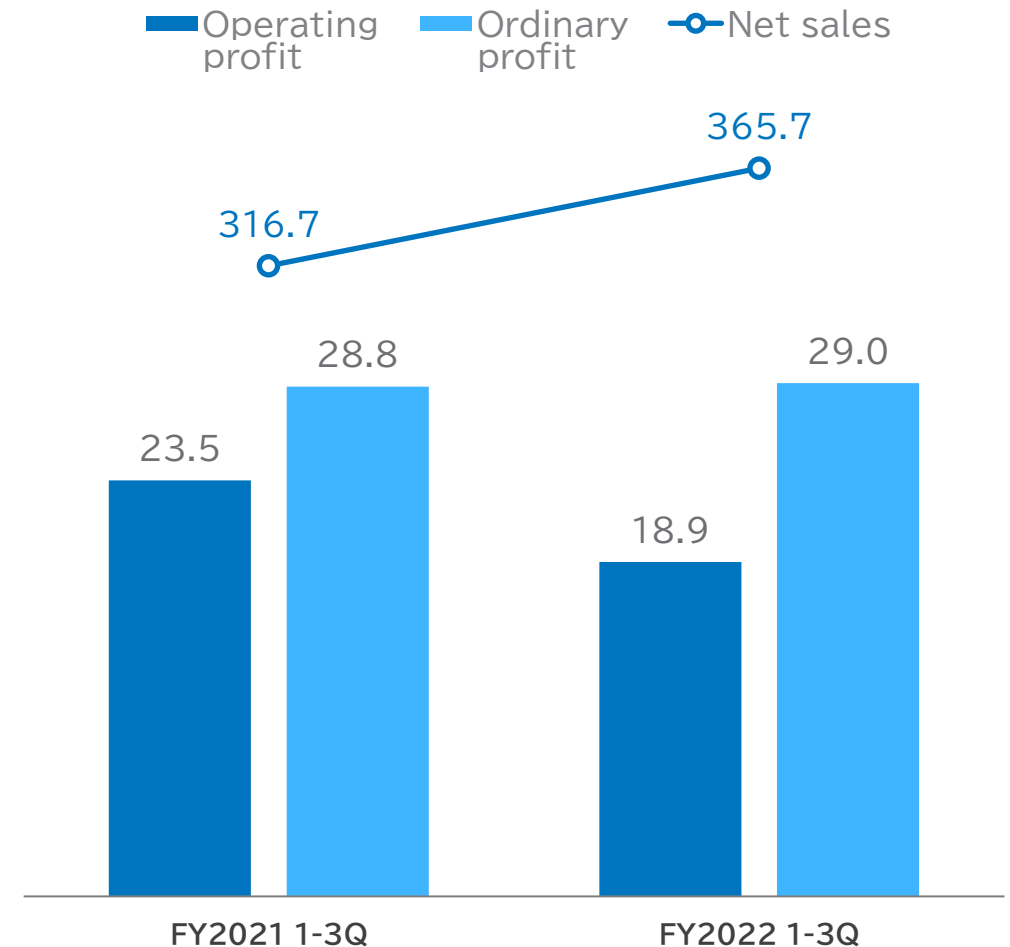
Net sales: Sales increased due to the depreciation of the yen and revising sales price in response to higher raw material and fuel prices.

Operating profit: Despite the positive effect of yen depreciation, profit was lower than in the same period of the previous year due to higher raw material and fuel prices and transportation costs, as well as a temporary failure of production equipment for MXDA.

Equity in earnings of affiliates: Despite downturns in methanol market prices, earnings increased due to the reversal of deferred tax liabilities at an overseas methanol producing company.

- **Methanol:** Net sales increased thanks to the depreciation of the yen and other positive factors, despite somewhat lower market price (from \$394 in FY21 1-3Q to \$366 in FY22 1-3Q). Equity in earnings of affiliates also increased.
- **Methanol and ammonia-based chemicals:** Earnings fell below the previous year's level due to deterioration in neopentyl glycol market prices, despite progress in profitability adjustment offsetting the negative impact of higher raw material and fuel prices.
- **High-performance products:** Earnings decreased due mainly to a temporary failure of production equipment for MXDA, 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 profitability of purified isophthalic acid (PIA).
- **Foamed plastics (JSP):** Earnings decreased due mainly to rises in raw material and fuel prices outpacing the timing of product price revisions.

[JPY in billions]



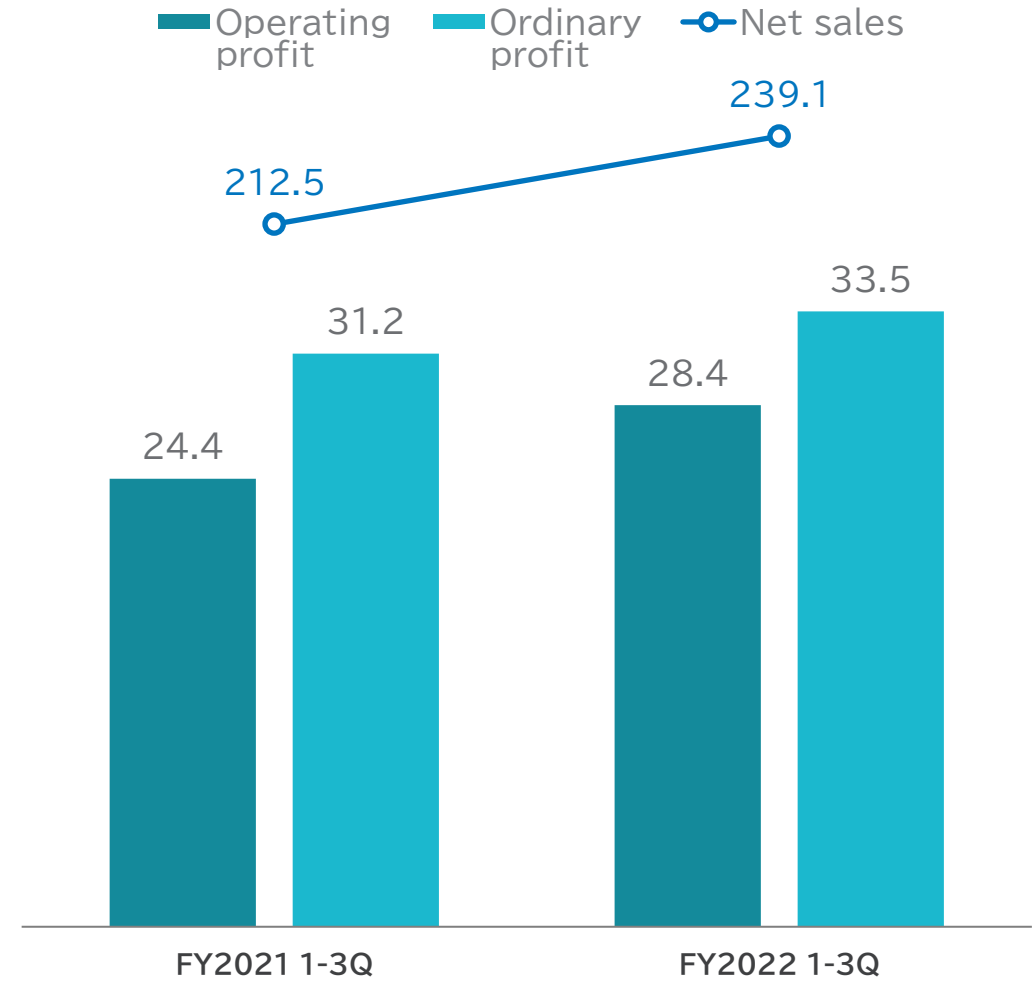
FY2022 3Q Results

Net sales: Sales increased thanks primarily to the depreciation of the yen and higher sales volumes of polyacetal and inorganic chemicals.

Operating profit: Profit increased due to higher profit from polyacetal.

- **Inorganic chemicals:** Earnings decreased despite growth in the sales volume of chemicals for semiconductors, due mainly to rises in transportation costs and raw material and fuel prices.
- **Engineering plastics:** Earnings increased despite lower sales volumes of polycarbonate and polycarbonate sheets films, thanks to robust sales of polyacetal as well as the inclusion of a South Korea-based polyacetal sales company into the scope of consolidation.
- **Optical materials:** Earnings remained on par with the same period of the previous fiscal year amid stagnant demand for smartphones, a primary application of optical polymers, even though earnings escaped the negative impact of inventory adjustments carried out by customers in the prior fiscal year.
- **Electronic materials:** Earnings decreased reflecting such factors as declining demand for general-purpose materials for use in PC-related devices and home appliances, which constitute a part of BT materials for IC plastic packaging, the core product category for electronic materials. Other negative factors included stagnation in demand for highly functional materials for use in smartphones and memory devices in 3Q.
- **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 mainly to rises in raw material prices and transportation costs.

[JPY in billions]



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2 | Results and Forecast by Segment

3 | FY2022 Forecast

FY2022 Full-Year Forecast



- The full-year forecast is expected to be lower than the previous forecast due to a decline in sales volume of electronic materials and a deteriorating profit environment for polycarbonate.

[JPY in billions]	FY2022 Previous Forecast*	FY2022 Revised Forecast	Changes		FY2021 Results
			Amount	%	
Net sales	810.0	790.0	(20.0)	(2.5)	705.6
Operating profit	60.0	52.0	(8.0)	(13.3)	55.3
Equity in earnings of affiliates	16.9	17.3	0.4	-	14.8
Ordinary profit	80.0	72.0	(8.0)	(10.0)	74.1
Profit attributable to owners of parent	57.0	50.0	(7.0)	(12.3)	48.2
EPS (JPY)	277.63	243.54			232.15
ROE (%)	9.7	8.5			8.8
ROIC** (%)	10.3	9.0			10.4
FX (JPY/USD)	137	135			112

*Announced on Nov. 8, 2022

**ROIC=Ordinary profit/invested capital

[Basic Chemicals]

- **Methanol:** 2H market forecast has been revised to \$350 due to stagnant demand in China and other regions (previous forecast \$390) (3Q \$347, 4Q \$355).
- **High Performance Products:** Demand is expected to weaken mainly in Europe and the U.S. However, volume recovery is expected from 3Q to 4Q after the failures in MXDA production equipment.
*In the former Aromatic Chemicals segment, repair expenses are expected to increase in 4Q (by approx. ¥2.0 bn from 3Q) due to major scheduled maintenance at Mizushima plant (no change from the previous forecast).

[Specialty Chemicals]

- **Inorganic chemicals:** Operating profit of inorganic chemicals as a whole is expected to be in line with the previous forecast. Although demand for chemicals for semiconductors has been slowing since 3Q, price pass-through of higher raw material and fuel prices and transportation costs is expected to progress in 4Q.
- **Engineering plastics:** While polyacetal is expected to remain firm, polycarbonate is expected to see a decline in profit due to overall market weakness.
- **Optical materials:** Operating profit of optical polymers is expected to be in line with the previous forecast due to continued weakness in overall smartphone demand. While sales were strong in 3Q due to inventory buildup before the Chinese New Year, profit is expected to decline in 4Q compared to 3Q due to the reaction to the inventory buildup.
- **Electronic materials:** Operating profit is expected to be lower than the previous forecast because demand for BT materials will decline not only in general-purpose materials for PCs and home appliances, but also in low thermal expansion materials and high-frequency materials for smartphones and memory devices.

■ Assumed exchange rate: \$1=¥130 (¥10 appreciation from the previous forecast), €1=¥140 (unchanged from the previous forecast)

(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.)

■ Assumed crude oil prices: \$85/bbl. (\$15/bbl. down from the previous forecast)

(Sensitivity (USD, rough estimate): \$1/bbl. increase (drop) in crude oil reduces (raises) income by ¥0.15 bn (exclude methanol affect).)

Appendix

Results and Forecast by Segment



[JPY in billions]	FY2021 Results			FY2022 Results/Previous Forecast*			FY2022 Results/Revised Forecast		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Net sales	335.8	369.7	705.6	394.9	415.0	810.0	394.9	395.0	790.0
Basic Chemicals	200.9	224.4	425.3	236.3	256.3	492.6	236.3	243.1	479.5
Specialty Chemicals	137.5	147.9	285.5	161.8	161.9	323.8	161.8	155.5	317.4
Other/Adjustment	(2.6)	(2.5)	(5.2)	(3.3)	(3.2)	(6.5)	(3.3)	(3.6)	(6.9)
Operating profit	30.0	25.3	55.3	33.5	26.4	60.0	33.5	18.4	52.0
Basic Chemicals	15.8	9.8	25.7	14.4	6.4	20.9	14.4	4.5	19.0
Specialty Chemicals* ²	15.9	17.6	33.6	20.3	21.9	42.3	20.3	15.6	36.0
Other/Adjustment	(1.8)	(2.1)	(4.0)	(1.3)	(1.9)	(3.2)	(1.3)	(1.7)	(3.0)
Ordinary profit	38.7	35.3	74.1	49.9	30.0	80.0	49.9	22.0	72.0
Basic Chemicals	19.1	10.9	30.0	20.8	12.3	33.2	20.8	11.4	32.3
Specialty Chemicals	20.7	24.6	45.4	25.3	20.2	45.5	25.3	15.3	40.6
Other/Adjustment	(1.1)	(0.2)	(1.3)	3.7	(2.5)	1.1	3.7	(4.6)	(0.9)

* Announced on Nov. 8, 2022

FY2022 3Q Balance Sheets



[JPY in billions]	Mar. 31, 2022	Dec. 31, 2022	Changes
Current assets	452.2	520.2	68.0
Cash and deposits	102.0	120.4	18.3
Trade notes and Accounts receivable	176.5	196.7	20.1
Inventories	155.6	182.2	26.5
Others	17.9	20.8	2.9
Non-current assets	476.4	536.6	60.1
Tangible assets	276.3	309.6	33.2
Intangible assets	11.2	12.1	0.9
Investments and other assets	188.7	214.7	26.0
Total assets	928.6	1,056.8	128.2

[JPY in billions]	Mar. 31, 2022	Dec. 31, 2022	Changes
Liabilities	297.7	385.9	88.1
Trade note and accounts payable	92.3	107.3	14.9
Interest-bearing debt	117.6	174.1	56.5
Others	87.7	104.4	16.6
Net assets	630.8	670.9	40.1
Shareholders' equity	547.2	568.9	21.6
Accumulated other comprehensive income	21.5	36.0	14.5
Non controlling interest	62.1	66.0	3.9
Total liabilities and net assets	928.6	1,056.8	128.2
Equity ratio	61.2%	57.2%	

Appendix: Key Indicators (1)



[JPY in billions]	2018	2019	2020	2021	2022 (F)
Capital expenditure [1-3Q]	39.2 [28.7]	42.3 [32.1]	40.2 [26.7]	54.7 [41.6]	68.0 [49.0]
Depreciation & amortization [1-3Q]	27.4 [20.3]	29.5 [21.9]	30.6 [22.6]	31.9 [23.9]	33.0 [24.9]
R&D expenditure [1-3Q]	18.6 [13.8]	19.6 [14.0]	19.9 [14.9]	21.0 [15.6]	23.5 [17.1]
Employees (as of Mar. 31)	8,276	8,954	8,998	9,888	10,398
EPS (Yen)	257	101	173	232	243
ROA (%)	8.7	3.9	6.2	8.4	7.2
ROE (%)	11.3	4.3	7.1	8.8	8.5
ROIC (%)	10.9	4.9	7.7	10.4	9.0
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	1-3Q	4Q	1-3Q	4Q
FX(JPY/USD)	110	112	109	109	107	105	111	116	137	130
FX(JPY/EUR)	130	127	121	120	121	126	131	130	141	140
Crude oil (Dubai) (USD/bbl.)	73	65	64	56	37	52	72	96	97	85
Methanol (USD/MT)	408	335	277	245	194	319	394	412	366	355
Mixed xylene (USD/MT)	845	730	705	640	420	560	780	975	1,040	895
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	2,100 ~3,700	2,200 ~2,450	1,250 ~2,200	1,250 ~1,500
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	2,650 ~4,050	2,650 ~3,050	1,800 ~2,900	1,850 ~2,300

*Describe the minimum and maximum values during the period

Sensitivity (rough estimates)

FX (USD): 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.

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

Crude oil (Dubai): \$1/bbl. increase (drop) in crude oil reduces (raises) profit by ¥0.15 bn (exclude methanol affect).

Methanol: \$1/MT increase (drop) in market price raises (reduces) equity in earnings of affiliates by ¥0.1 bn.

Reference: Results and Forecast by Former Segment



	FY2021 Results			FY2022 Result/Previous Forecast*			FY2022 Result/Revised Forecast		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Net sales	335.8	369.7	705.6	394.9	415.0	810.0	394.9	395.0	790.0
Natural Gas	104.9	121.3	226.2	119.4	136.8	256.3	119.4	127.6	247.0
Aromatic	97.6	105.1	202.8	119.0	121.3	240.3	119.0	117.6	236.6
Specialty	102.3	111.8	214.1	126.1	129.5	255.7	126.1	129.7	255.9
Information & Advanced Materials	35.3	36.1	71.5	35.8	32.4	68.2	35.8	25.8	61.6
Other/Adjustment	(4.3)	(4.6)	(9.1)	(5.4)	(5.1)	(10.6)	(5.4)	(5.7)	(11.2)
Operating profit	30.0	25.3	55.3	33.5	26.4	60.0	33.5	18.4	52.0
Natural Gas	5.4	4.3	9.7	6.5	3.4	10.0	6.5	2.6	9.1
Aromatic	10.4	5.5	16.0	7.9	3.0	10.9	7.9	1.9	9.8
Specialty	7.8	9.5	17.4	12.9	15.1	28.1	12.9	14.0	27.0
Information & Advanced Materials	8.0	8.1	16.1	7.4	6.7	14.1	7.4	1.5	9.0
Other/Adjustment	(1.7)	(2.1)	(3.9)	(1.3)	(1.9)	(3.2)	(1.3)	(1.7)	(3.0)
Ordinary profit	38.7	35.3	74.1	49.9	30.0	80.0	49.9	22.0	72.0
Natural Gas	8.5	5.4	14.0	12.1	9.7	21.9	12.1	9.5	21.7
Aromatic	10.5	5.5	16.0	8.7	2.5	11.3	8.7	1.8	10.6
Specialty	12.0	15.5	27.6	16.4	13.1	29.6	16.4	12.9	29.4
Information & Advanced Materials	8.6	9.1	17.8	8.8	7.0	15.9	8.8	2.3	11.2
Other/Adjustment	(1.0)	(0.2)	(1.3)	3.7	(2.5)	1.1	3.7	(4.6)	(0.9)

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

* Announced on Nov. 8, 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™, etc.)

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