

# FYE March 2016 Financial Briefing

May 27, 2016

**NAGASE & CO., LTD.**

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## FYE March 2016 Results

### Consolidated Statements of Income

- **Net sales:** Lower due to lower Electronics and Functional Materials sales, despite higher sales in Life & Healthcare
- **Ordinary income:** Decrease due to a loss in equity affiliates and a downturn in foreign exchange gains
- **Profit attributable to owners of the parent:** Higher due to lower tax expenses associated with the application of the Consolidated Tax Payment System, despite impairment of goodwill and business assets.

(100 millions of yen)

	15/03	16/03	Change	Vs. PY	Published Forecast	Achievement
<b>Net sales</b>	7,597	7,421	-175	98%	8,230	90%
<b>Gross profit</b>	919	916	-3	100%	973	94%
<b>&lt;GP ratio&gt;</b>	12.1%	12.4	+0.2%	—	11.8%	—
<b>SG&amp;A expenses</b>	738	736	-1	100%	778	—
<b>Operating income</b>	181	180	-1	99%	195	92%
<b>Ordinary income</b>	203	183	-19	90%	206	89%
<b>Profit attributable to owners of the parent</b>	113	123	+9	109%	121	102%
US\$ Exchange rate (period average)	@¥109.9	@¥120.1	@¥10.2 devaluation		@¥120	—

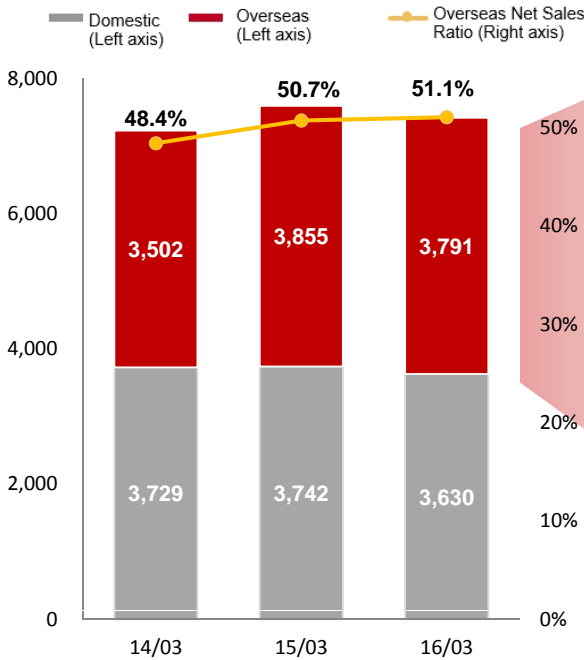
(Foreign exchange rate impact on 16/03 net sales and operating income results)

Net sales: +¥22.6 billion (approx.);  
 Operating income: +¥670 million (approx.)

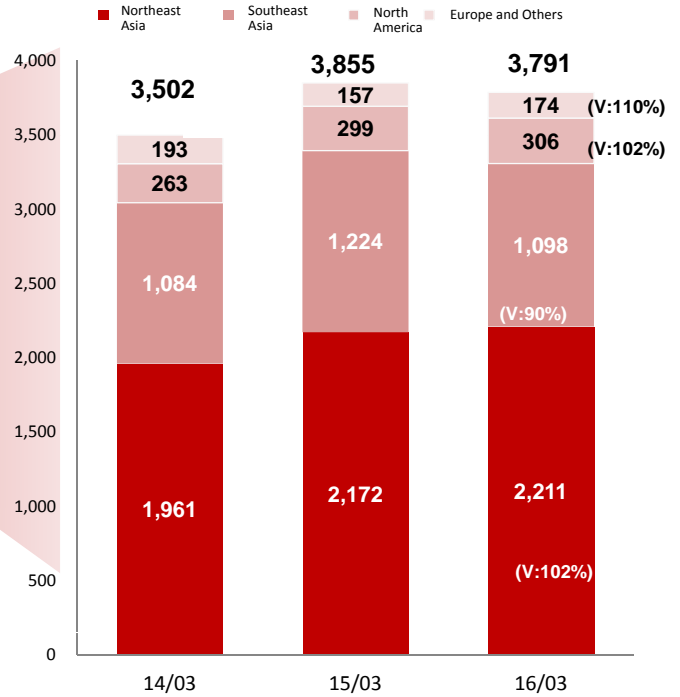
# Net Sales by Region (Domestic, Overseas)

Overall decrease in revenues due to contraction in electronics-related business for Southeast Asia, despite higher revenues overseas (excluding Southeast Asia)

Domestic & Overseas Sales (100 millions of yen, %)



Overseas Sales by Region (100 millions of yen, %)

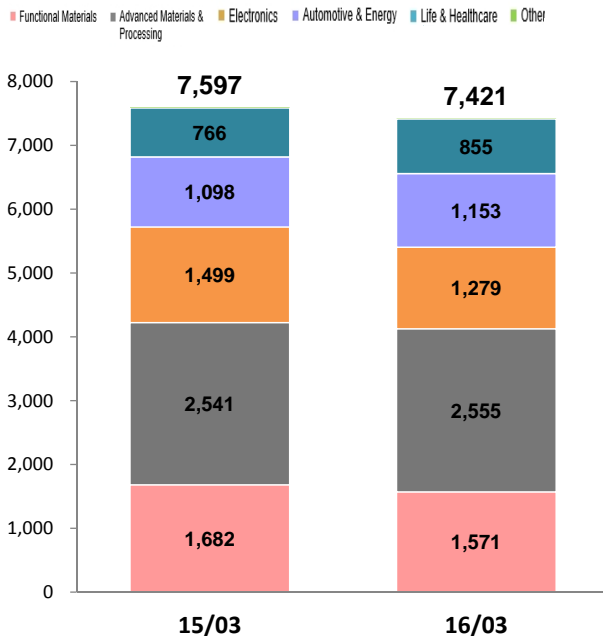


V:Vs 15/03

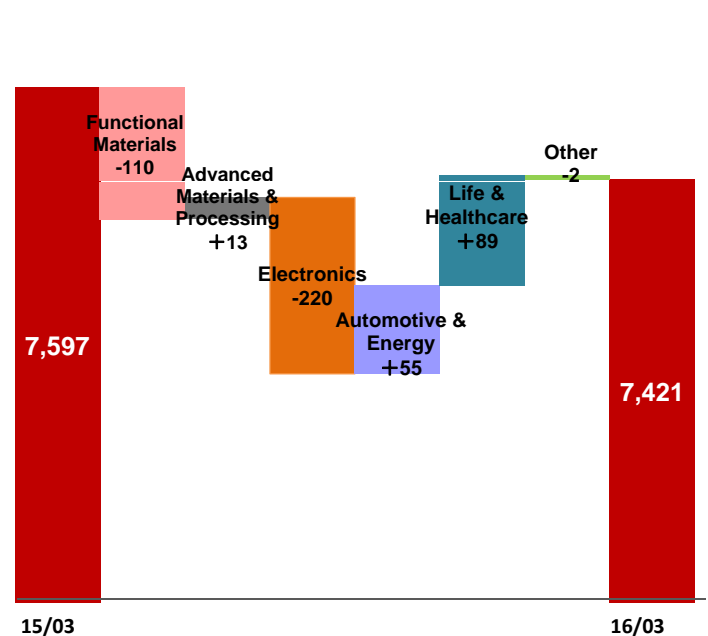
# Net Sales: Two-Year Comparison (by Segment)

- Functional Materials: Lower sales of coating raw materials and urethane materials due to decrease in auto production in Japan and sluggish housing market
- Electronics: Lower sales of liquid-crystal related products due to sluggishness of the smartphone market
- Life & Healthcare: Higher sales of Hayashibara products and raw materials to the skincare and toiletries markets

Net Sales by Segment (100 millions of yen)



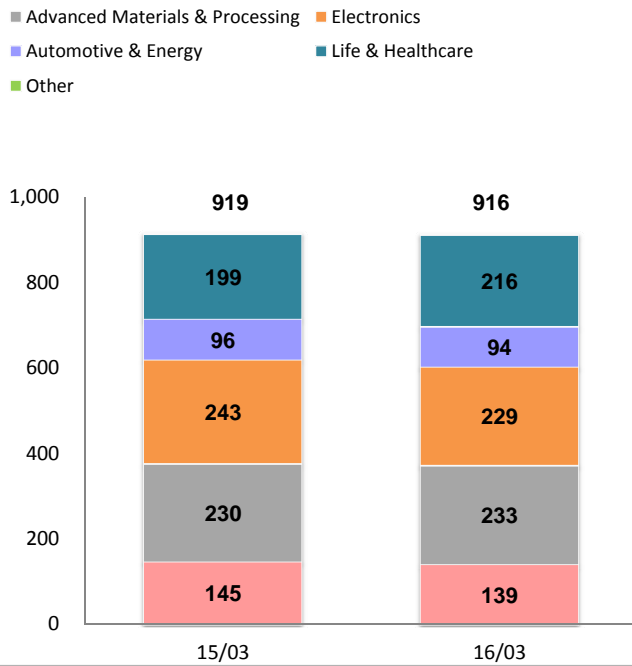
Change in Net Sales by Segment (100 millions of yen)



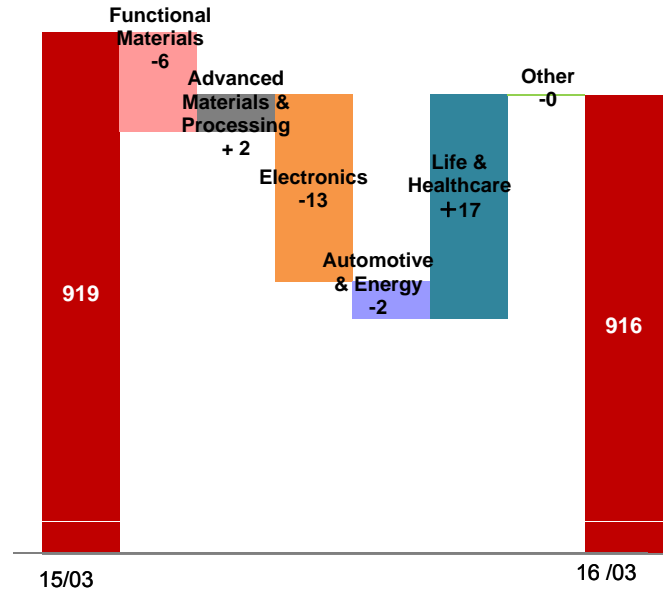
# Gross Profit: Two-Year Comparison (by Segment)

Higher profits driven by higher revenues

Gross Profit by Segment  
(100 millions of yen)



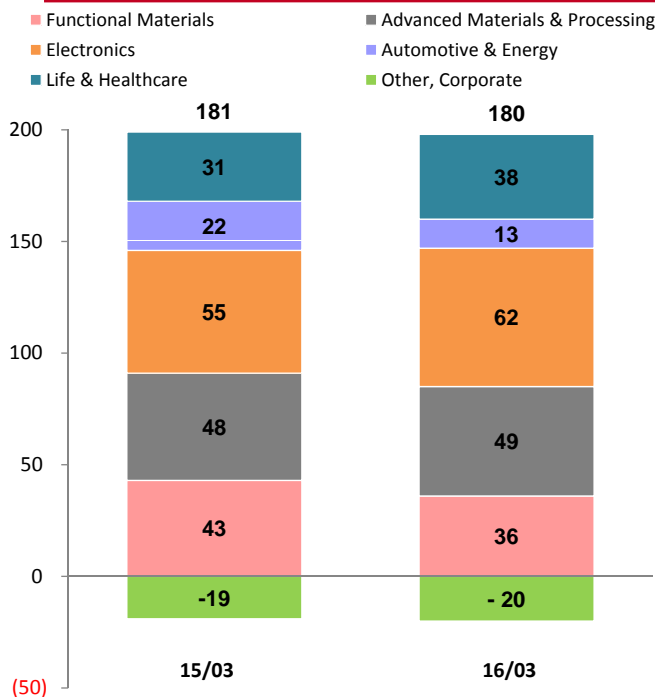
Change in Gross Profit by Segment  
(100 millions of yen)



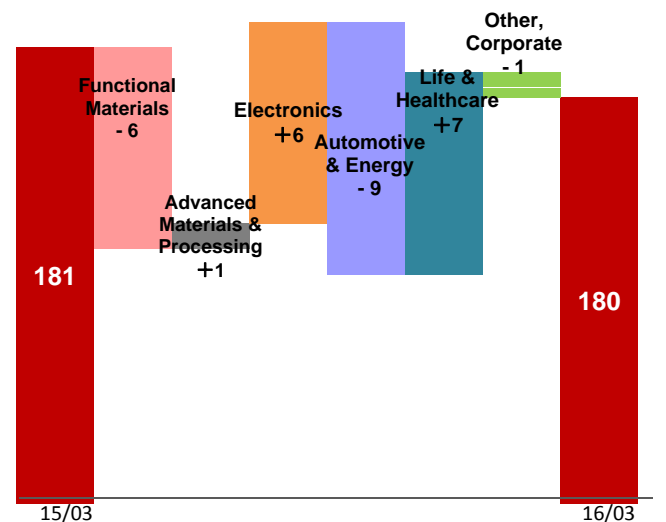
# Operating Income: Two-Year Comparison (by Segment)

- Electronics: Increase due to allowance for doubtful accounts at a Taiwanese subsidiary during the prior fiscal year
- Automotive & Energy: Lower profits due to expenses related to launching new domestic business

Operating Income by Segment  
(100 millions of yen)



Change in Operating Income by Segment  
(100 millions of yen)

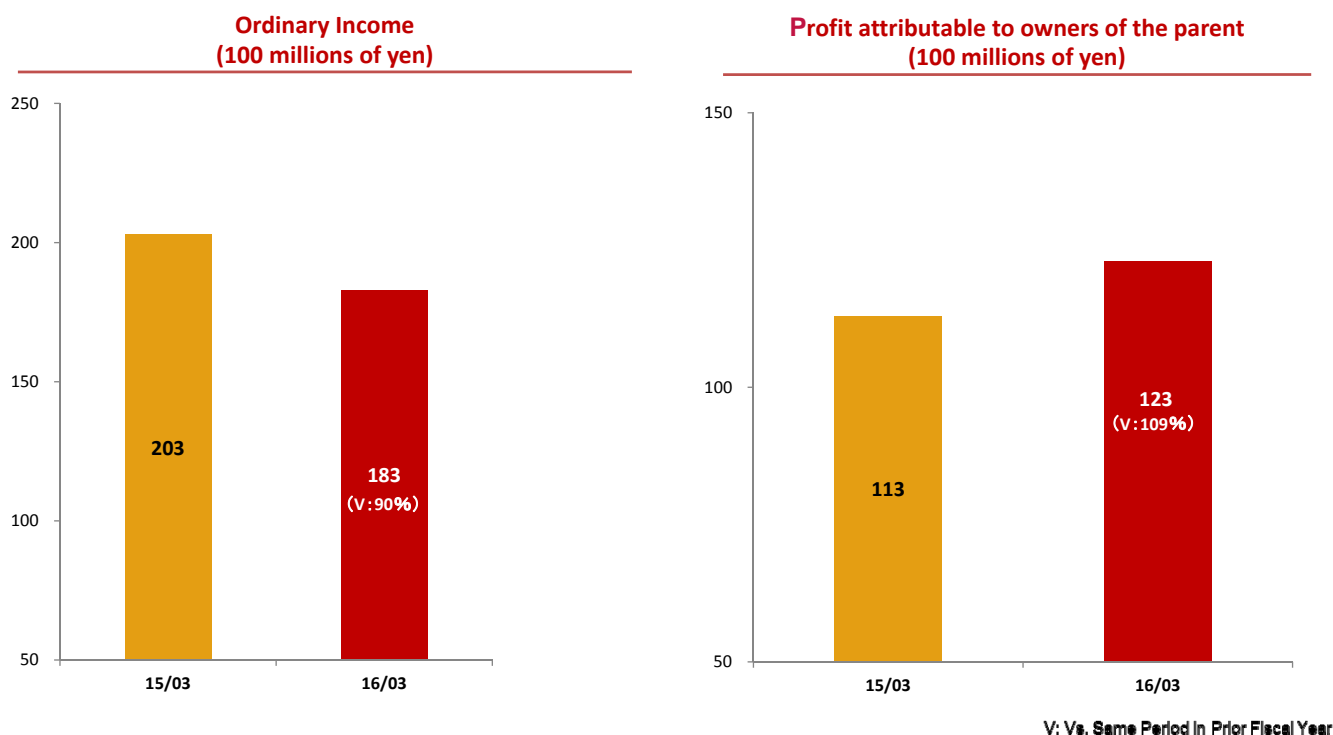


(50)

## Ordinary Income and

### Profit attributable to owners of the parent: Two – Year Comparison

- Increase in profit attributable to owners of the parent due to lower tax expenses associated with the application of the Consolidated Tax Payment System beginning FYE March 2017



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## Earnings of Major Consolidated Companies



- Strong sales of Hayashibara TREHA™ to the food industry and AA2G™ to the skin care industry. Despite higher revenues, lower profits due to increase in depreciation with the start of operations at new plants

Company Name		Net Sales	Vs. PY	Operating Profit	Vs. PY
Parent Company	<b>NAGASE &amp; CO., LTD.</b>	<b>4,256</b>	<b>94%</b>	<b>32</b>	<b>70%</b>
Manufacturing Companies	Hayashibara Co., Ltd.	241	102%	45	94%
	Nagase ChemteX Corp.	237	90%	18	89%
	<b>Total for manufacturing (Note)</b>	<b>964</b>	<b>99%</b>	<b>75</b>	<b>92%</b>
Domestic Sales Companies	Nishinohon Nagase Co., Ltd.	83	116%	5	180%
	Nagase Plastics Co., Ltd.	325	96%	5	108%
	Nagase Chemical Co., Ltd.	158	103%	2	133%
	<b>Total for domestic sales (Note)</b>	<b>827</b>	<b>98%</b>	<b>18</b>	<b>124%</b>
Overseas Sales Companies	Shanghai Hua Chang Trading Co., Ltd.	359	107%	9	103%
	Guangzhou Nagase Trading Ltd.	300	107%	9	102%
	Nagase (Thailand) Co., Ltd.	357	101%	8	80%
	<b>Total for overseas sales (Note)</b>	<b>3,566</b>	<b>102%</b>	<b>73</b>	<b>118%</b>

(100 millions of yen)

\*Note: Category totals are the simple sum of figures for each company and do not match consolidated figures.

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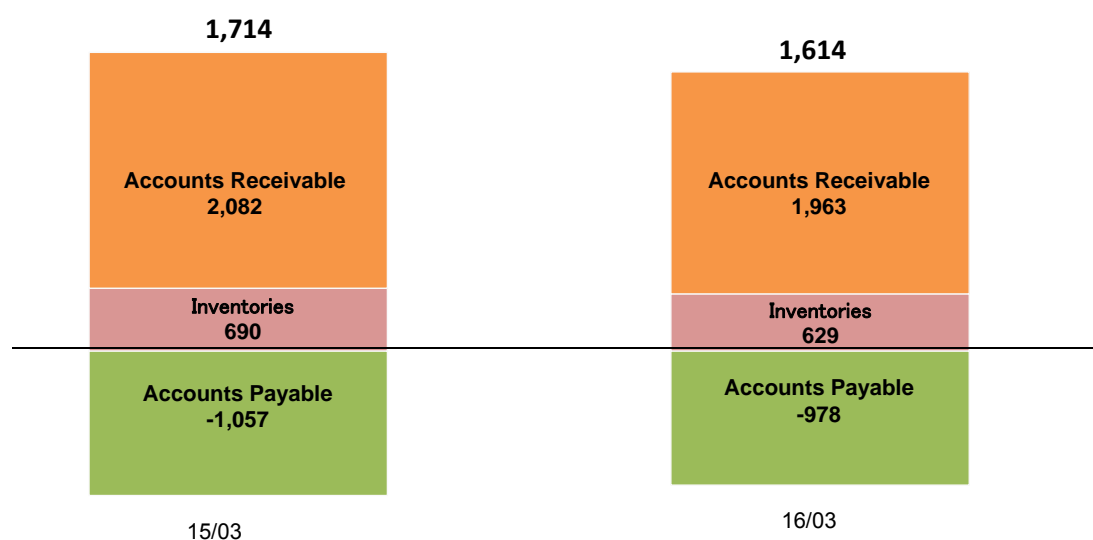
■ Shareholders' equity ratio up 2.0 points to 53.5% (vs. 51.5% at prior year-end) due to decrease in

Assets				Liabilities and Net Assets (100 millions of yen)			
	15/03	16/03	Change		15/03	16/03	Change
<b>Total current assets</b>	3,298	<b>3,123</b>	-175	<b>Total current liabilities</b>	1,764	<b>1,561</b>	-203
Cash and time deposits	405	432	+27	Notes and accounts payable	1,057	<b>978</b>	-79
Notes and accounts receivable	2,082	1,963	-118	Short-term loans (Including current portion of long-term loans)	377	341	-36
Inventories	690	629	-60	Current portion of bonds	100	—	-100
Other	120	97	-22	Other	229	241	+12
<b>Total non-current assets</b>	2,166	<b>1,997</b>	-169	<b>Total long-term liabilities</b>	826	<b>768</b>	-57
Property, plant and equipment	667	664	-2	Long-term loans	303	231	-72
Intangible fixed assets	488	445	-43	Bonds	200	300	+100
Investments, other assets	1,010	887	-123	Net defined benefit liability	108	140	+32
Investments in securities	926	813	-112	Other (Deferred tax liabilities, etc.)	214	96	-118
Other	84	74	-10	<b>Total liabilities</b>	2,590	<b>2,329</b>	-260
				<b>Total net assets</b>	2,875	2,791	-83
				Shareholders' equity	2,263	2,346	+83
				Accumulated other comprehensive income	550	393	-157
				Net unrealized holding gain on securities	449	370	-78
				Translation adjustment	94	44	-50
				Other	6	-21	-28
				Non-controlling interests	61	51	-9
<b>Total assets</b>	<b>5,465</b>	<b>5,120</b>	-344	<b>Total liabilities and net assets</b>	<b>5,465</b>	<b>5,120</b>	-344

## Change in Working Capital

- NAGASE & Co., Ltd. experienced slower turnover due to a lower composition of overseas sales (decrease in those overseas sales having quicker turnover); however, stronger inventory monitoring led to improved inventory turnover period and working capital improvement of ¥1 billion.
- Despite the large impact of exchange rate fluctuations at consolidated subsidiaries, reductions in inventory in Southeast Asia and North America resulted in ¥9 billion improvement in working capital.

### Working Capital (100 millions of yen)



- Despite outlays for property, plant and equipment and payments for dividends, cash and cash equivalents ¥2.3 billion higher due to cash created via profits and improved working capital

## Cash Flows

(100 millions of yen)

	16/03	Main breakdown	15/03
Net cash provided by (used in) operating activities	+293	Income before income taxes +152 Depreciation and amortization/amortization of goodwill +111 Working capital +61 Income tax paid-45	+154
Net cash provided by (used in) investing activities	(126)	Purchases of property, plant and equipment -89 Purchases of intangible fixed assets -18 Purchases of investment securities -21	(77)
Net cash provided by (used in) financing activities	(128)	Short, long-term loans (net payments/proceeds) -82 Payments of dividends -39	(32)
Exchange rate effect on cash and cash equivalents	(15)		+21
Net increase (decrease) in cash and cash equivalents	+23		+66
Cash and cash equivalents at beginning of the year	405	Japan223 Greater China111 ASEAN46 Europe17 North America6	338
Impact of other changes	—		+0
Cash and cash equivalents at end of year	429	Japan239 Greater China124 ASEAN42 Europe18 North America4	405

# FYE March 2017 Earnings Projections

- Sales level with prior year; ¥3.1 billion expense from retirement benefit actuarial losses result in lower operating income

(100 millions of yen)

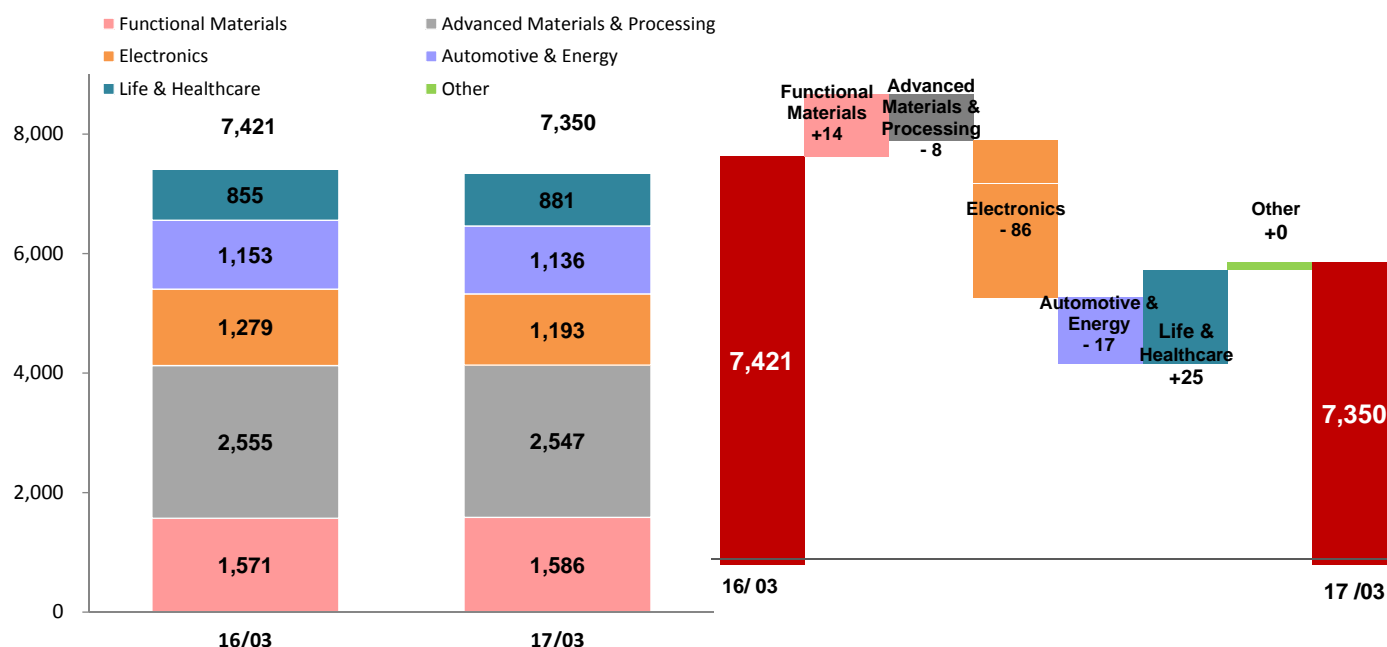
	16/03 Actual	17/03 Forecast	Change	Vs. PY
Net sales	7,421	7,350	-71	99%
Gross profit	916	923	+6	101%
<GP ratio>	12.4%	12.6%	+0.2%	—
SG&A expenses	736	778	+41	106%
Operating income	180	145	-35	80%
Ordinary income	183	160	-23	87%
Profit attributable to owners of the parent	123	95	-28	77%
US\$ Exchange rate (period average)	@120.1	@108	@¥12.1 appreciation	—

## Net Sales Forecast (by Segment)

- Electronics segment forecasts lower revenues overall due to contraction in low-margin businesses related to certain touch panels
- Life & Healthcare segment forecasts overall higher revenues, driven by strong performance of TREHA™ and other Hayashibara products, as well as strong anti-cancer drug business sales.

Net Sales by Segment  
(100 millions of yen)

Change in Net Sales by Segment  
(100 millions of yen)

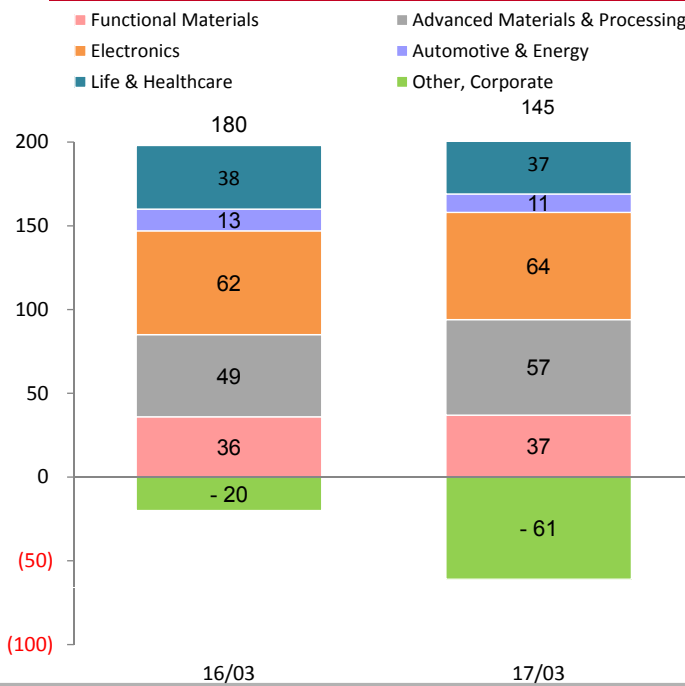




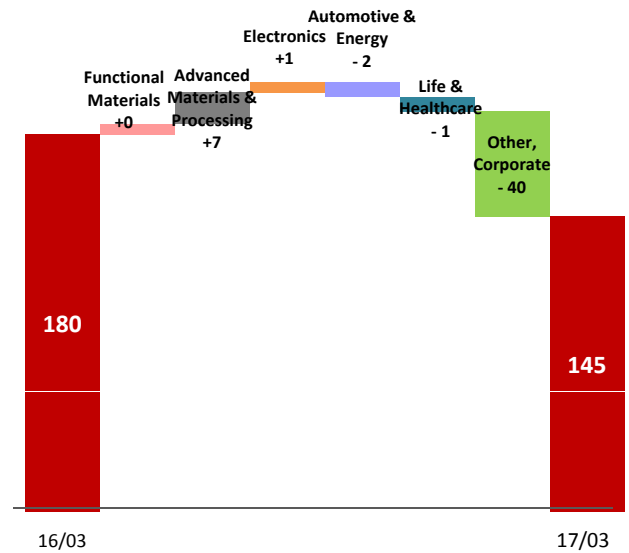
# Operating Income Forecast (by Segment)

- Higher profits expected for Advanced Materials & Processing segment due to profit improvements at certain manufacturing subsidiaries
- Revised discount rate based on lower interest rates, leading to retirement benefit actuarial losses (-¥3.1 billion); expected to result in increase in retirement benefit expenses (-¥4 billion vs. PY, which was ¥900 million)

Operating Income by Segment  
(100 millions of yen)

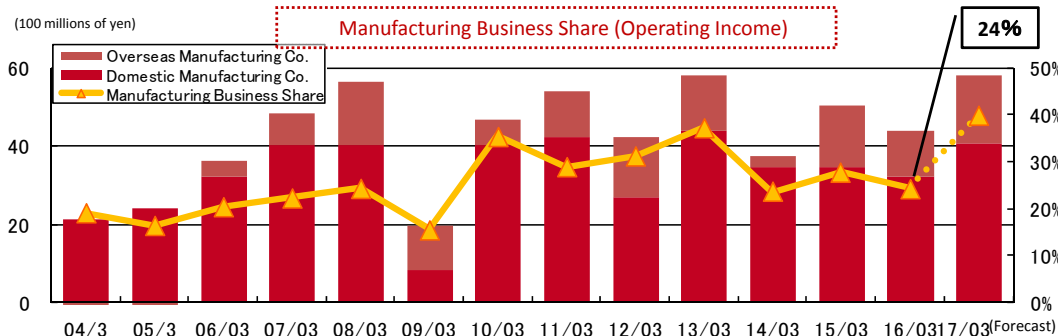
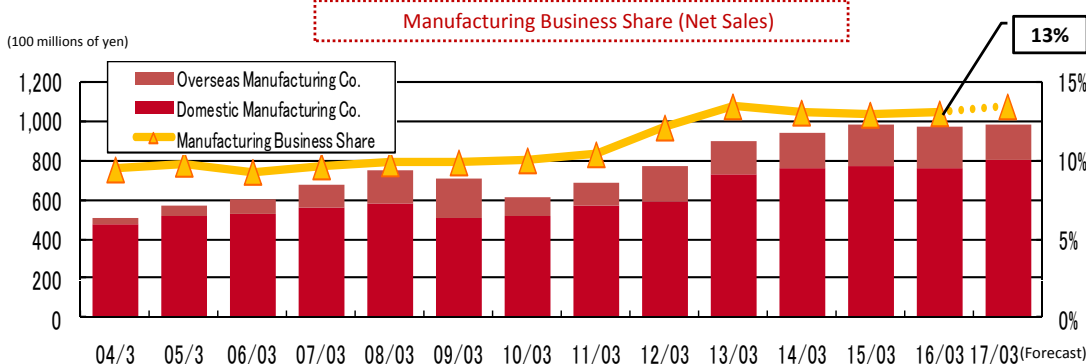


Change in Operating Income by Segment  
(100 millions of yen)



# Investment Results and Manufacturing Business Share

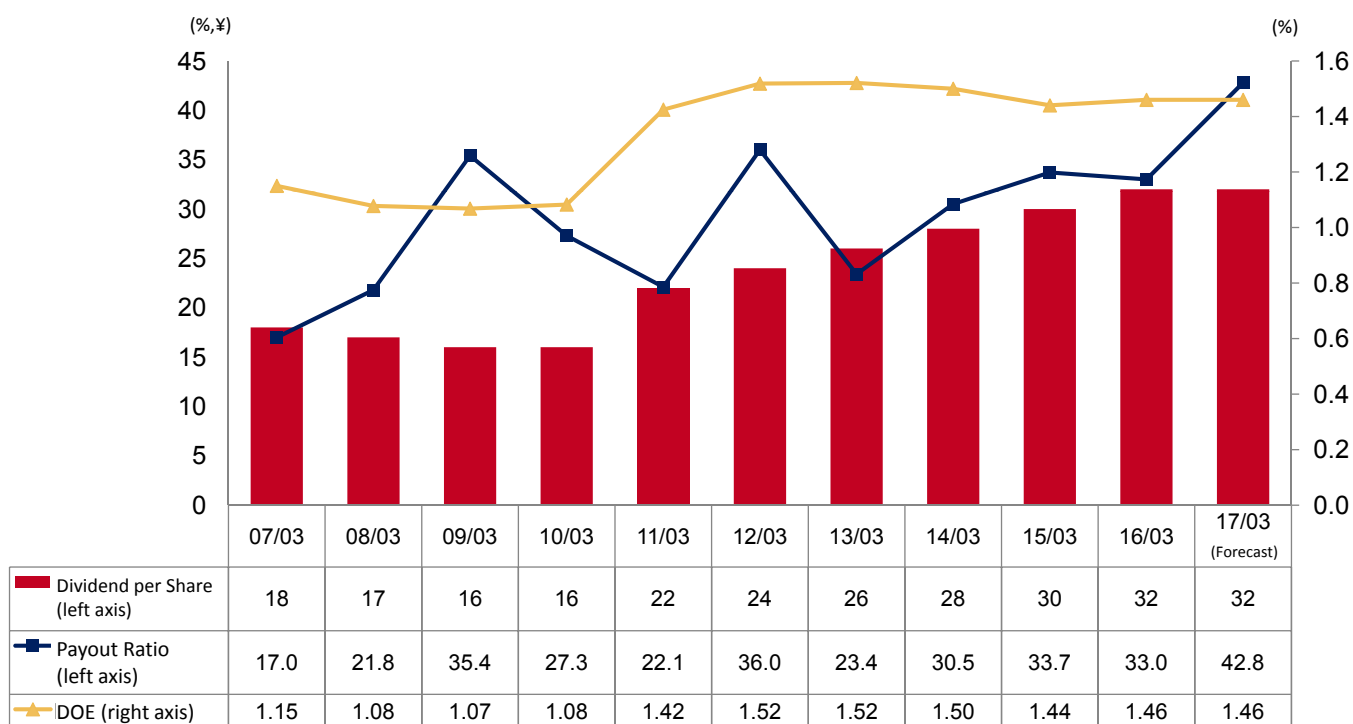
- Investments and financing to bolster manufacturing function, R&D function, technical/information-related capacity, and global networks will create proprietary/competitive advantages; improve business quality and corporate value.



Investment (FY2016)

Actual  
13.7 billion

■ Forecast: Annual ¥32 per share.(interim: ¥16, year-end: ¥16)



\*16/03 year-end dividend to be submitted for approval to general meeting of shareholders scheduled for June 2016



## Mid-term Management Plan **ACE-2020**

Accountability • Commitment • Efficiency

## Management Philosophy

We recognize our responsibility to society and offer beneficial products and services while maintaining the highest standards of integrity. Through our growth, we will contribute to society and enrich the lives of our employees.

## NAGASE Vision

To realize a sustainable world where people live with peace of mind, each of us embodies our value proposition, Identify, Develop and Expand thorough daily activities.

### Goal to 2032

**Normalization of the profit more than tripled**

#### Challenges for Growth

#### Reinforce the Management Platform for Growth

- Realize a significant growth by allocating management resources to focused business and by shifting operation from Japan-centrism to multinational management system.
- Set up growth investment frame of 200 B yen. Consider large investment as a method to achieve long term objectives.

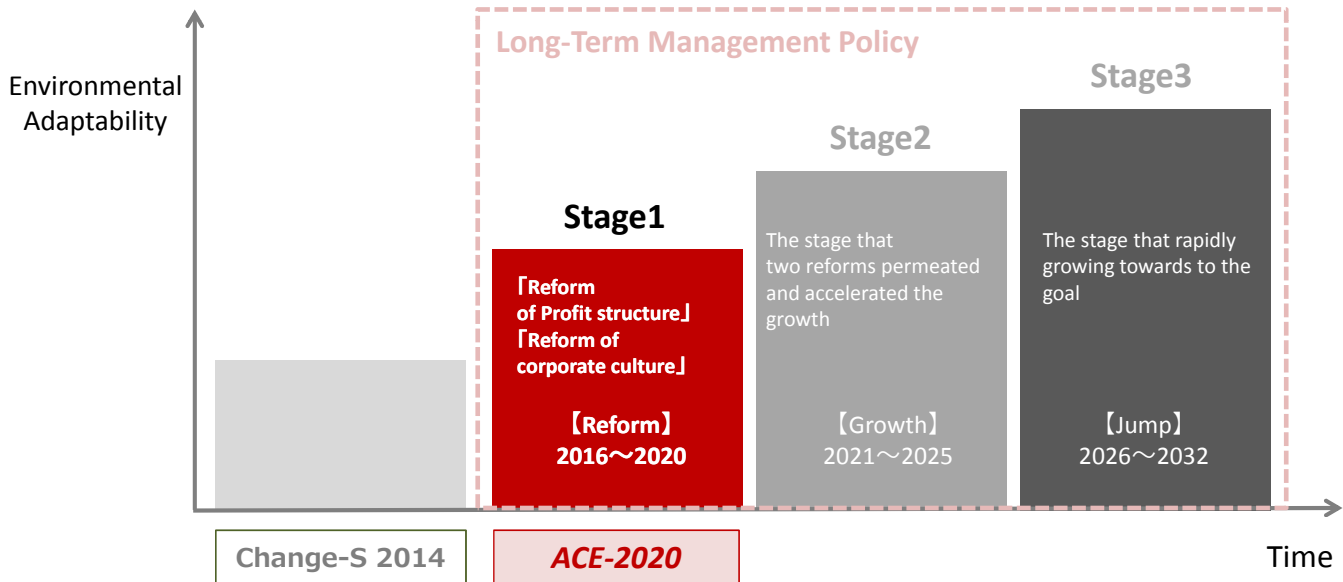
- To lead growth challenges to success, construct a management platform that will contribute to business expansion and globalization.

- Increase growth investment
- Accelerate organic growth
- Expand overseas operation

- Restructure global governance
- Increase flexibility in HR management
- Enhance safety and assurance
- Consolidate communication infrastructure

To achieve our goal by 2032, the last year of Long-Term Management Policy, we divide 17 years of its term into 3 and start stage 1 as the beginning of the Mid-Term management Plan ACE-2020.

\* Our goal: Normalization of the profit more than tripled.



## ACE-2020 Basic Policy

**NAGASE Transforms from “Shosha/Trading” to “Business Designer”.**

NAGASE strings all the groups together to create and provide new value to the world through 6 key functions.

Leverage Group functions to achieve the quantitative and qualitative targets.

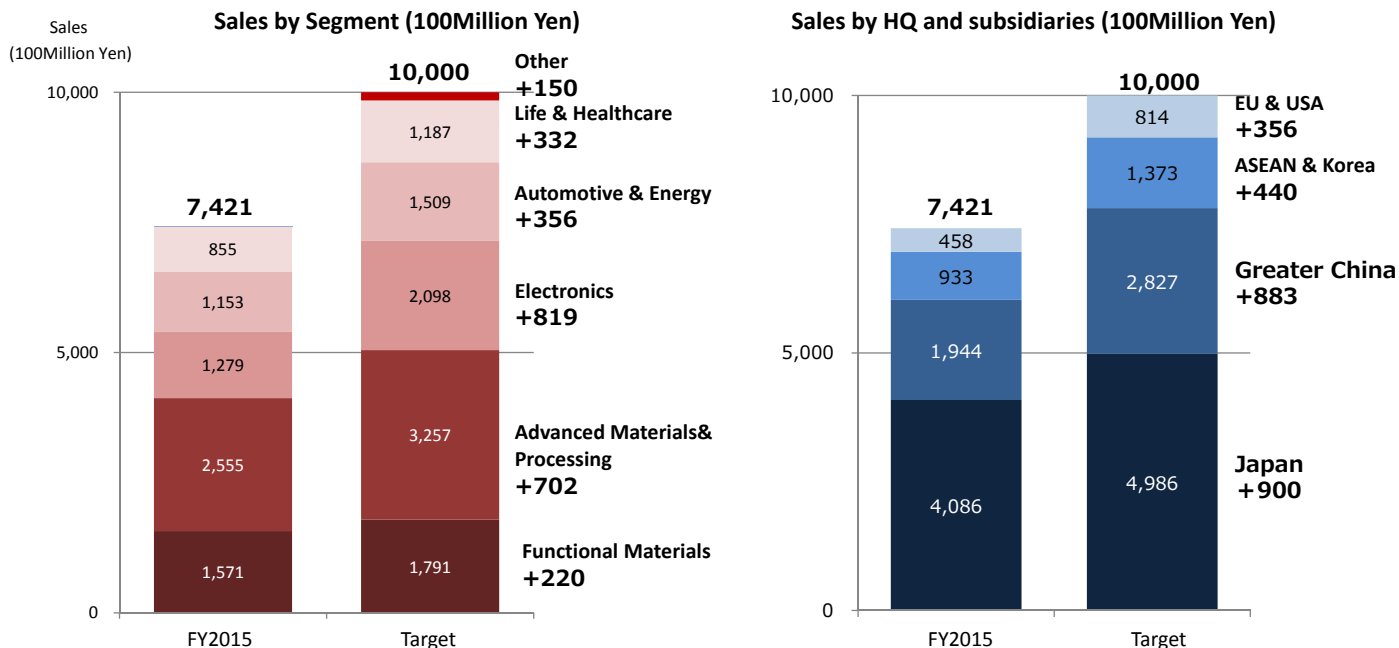


【6 Functions】

Reform Profit Structure	Reform Corporate Culture
<p style="text-align: center; color: #c00000;"><b>Portfolio Optimization</b></p> <p>Categorization of business and execution of strategy that matches with the area Replacement of asset and reallocation of resources Acceleration in investment that creates core business of group</p> <p style="text-align: center; color: #c00000;"><b>Expand and Strengthen Revenue Base</b></p> <p>Accelerate globalization ” G6000” Improve manufacturing profitability</p>	<p style="text-align: center; color: #6aa84f;"><b>Mindset</b></p> <p>Breed independence and responsibility Share the management’s message Thorough monitoring and PDCA</p> <p style="text-align: center; color: #6aa84f;"><b>Strengthen Management Platform</b></p> <p>Pursue efficiency HR development</p>

## Consolidated Sales

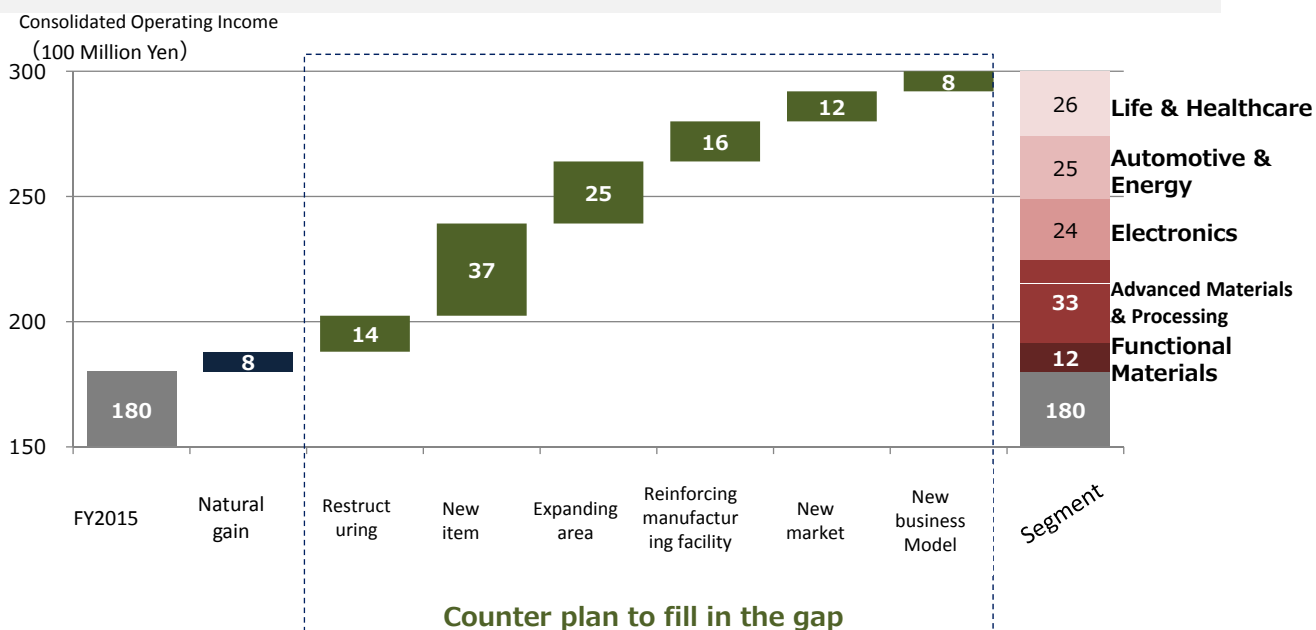
Normalize 1.0 Trillion Yen or more



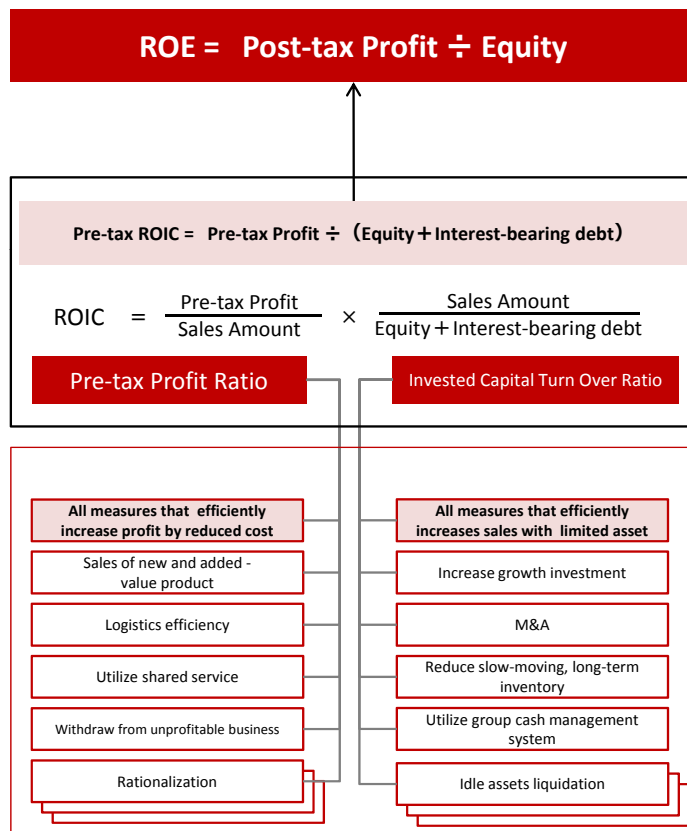
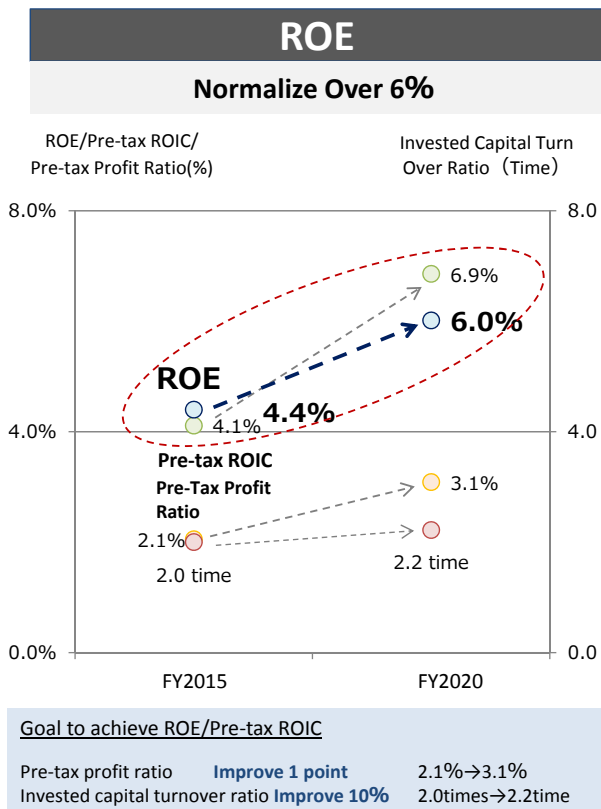
\*Figure differs from Sales by region stated in quarterly report

## Consolidated Operating Profit

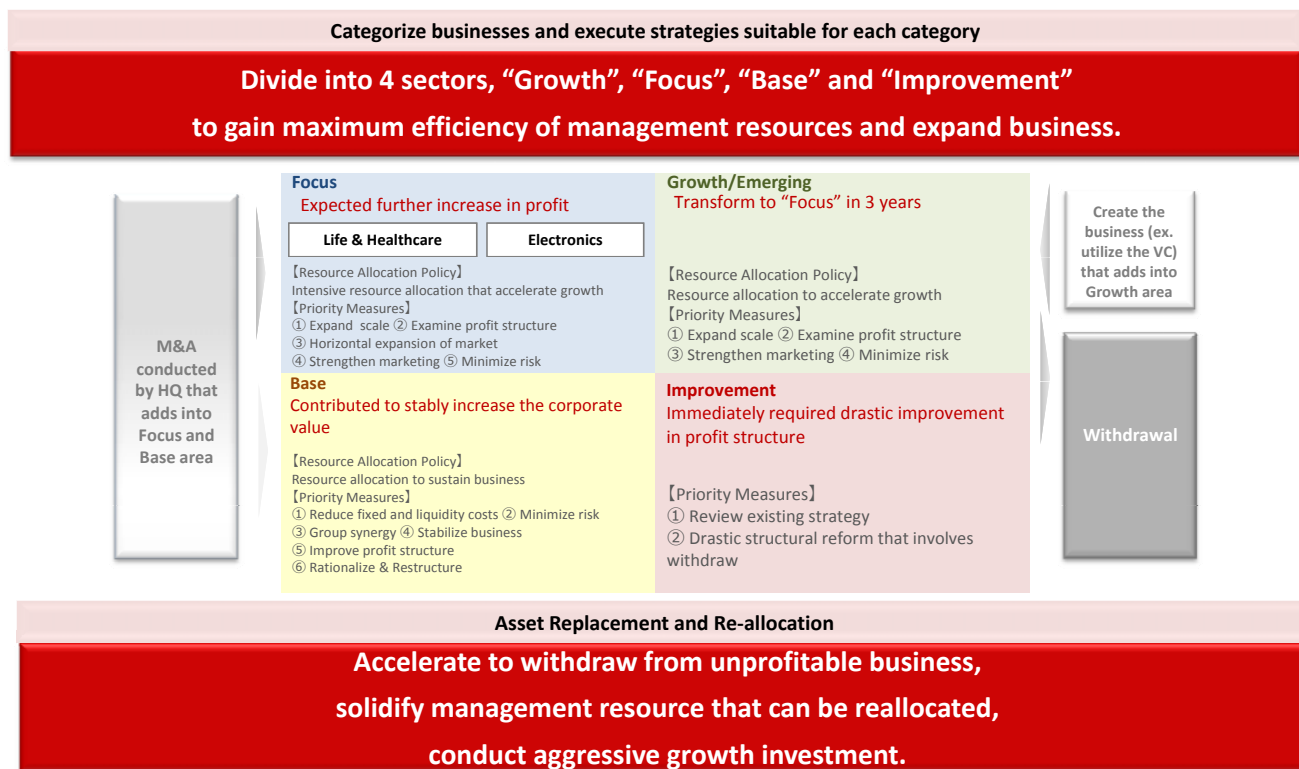
Normalize 30 Billion Yen or more



※ Natural gain : Natural increase or decrease corresponding to changes in business conditions or an industry  
 ※ Counter plan to fill in the gap : Counter plan from Natural gain to Target



## Portfolio Optimization



Categorize profitable and unprofitable business by using NPV(Net Present Value) and comparing hurdle rate/IRR to accelerate asset replacement.

## Accelerate Globalization "G6000"

**Proactively execute own market strategy in each area.  
Elevate group presence by increase in sales.**

### Aim for \*600 Billion Yen of total sales of overseas group

- Search and execute growth investment (M&A) that matches with the market strategy of the designated area and accelerate the business development to expand business (especially focused in North America).
- New market development via strengthened 'out-out' organic ties.

## Improve Manufacturing Profitability

**As a long term strategy, group manufacturing companies manage autonomously,  
and create a new business based on a scenario agreed upon by manufacturing, development and sales.**

- To grow focused businesses by prioritizing and improving mid-term free-cash-flow over the short-term sales profit.
- To pursue profit structure analysis and management stabilization via effective reduction in cost (improve B/E point).
- New product development and placement of the product into market, cultivation of new market and penetrate into high value added field. e.g. Overseas sales expansion of Trehalose, capital investment of epoxy sheet material, R&D on conductive material for coating and etc.
- Creating a scenario and HRD which focuses on overseas market expansion. (Overseas marketing and production)

\* The figures on this file are all management accounting data (simple sum)  
It is different from the figures disclosed on the consolidated financial statement.

## Build Accountability, Responsibility and Risk Awareness

**Set mid-term management plan as a goal that proactively achieves  
and act responsible.**

## Share Management's Message

**Create better communication infrastructure,  
and the entire group collectively strives for the same goal.**

## Thorough Monitoring and PDCA

**Make full use of dashboard and thorough monitoring to carry out PDCA cycle  
to achieve KGI/KPI.**

## Pursue Efficiency

**Eliminate excess/duplication and increase efficiency of the organization/function  
to improve consolidated SGA ratio by 0.5%**

## HR Development

**Strongly drive HR development  
to increase group competitiveness and sustainable growth**

### KGI (Key Goal Indicator)

KGI	FY2015	FY2020
Consolidated Sales Amount	742.1 Billion Yen	1.0 Trillion Yen or more
Consolidated Operating Income	18.0 Billion Yen	30.0 Billion Yen or more
ROE	4.4%	6.0% or more

### KPI (Key Performance Indicator) Factor index to achieve KGI

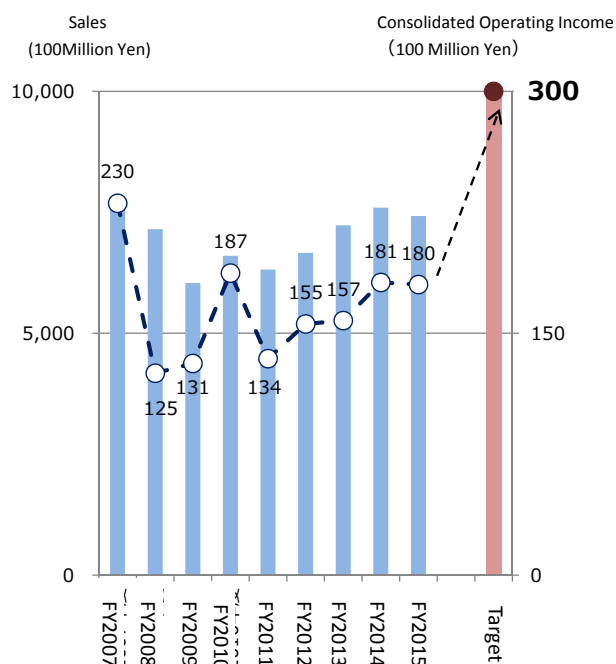
Reform/Strategy	measures	KPI (Index)	FY2015	FY2020
Profit Structure Reform Indicator	Increase Focused Business (Portfolio Optimization)	* Operating Profit in Focus Area Growing investment distribution ratio in focus area	10.3B Yen N/A	16.9B yen 35% <
	Accelerate Globalization (Expand and Strengthen Profit Structure)	* Overseas Group Sales Sales Growth Rate in USA	424.7B Yen N/A	600B Yen 170%
	Increase Manufacturing Profitability (Expand and Strengthen Profit Structure)	* Operating Profit from Manufacturing * Break-Even Point Sales Ratio	8.3B Yen 82%	14.4B Yen 73%
Corporate Culture Reform Indicator	Pursue Efficiency (Strengthen Management Platform)	Consolidated Selling, General and Administrative Ratio	9.9%	9.4%
Financial Strategy Indicator	Investment	Growth Investment	N/A	* 100B Yen
	Financial Structure	Rating (R&I)	[A]	[A] or more

\* Total numbers in 5 years  
 \* The figures in this document are all management accounting data (simple sums) It is different from the figures disclosed on the consolidated financial statement.

### Appendix : Past results and ACE-2020 Target

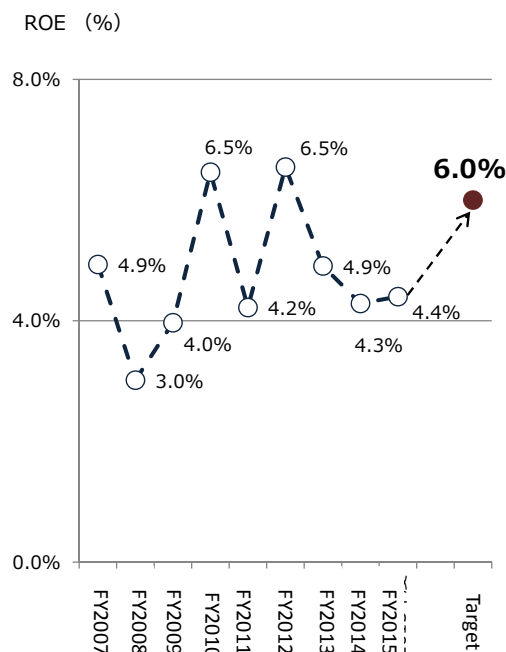
#### Consolidated Sales

Normalize 1.0 Trillion Yen or more



#### ROE

Normalize Over 6% at early stage





## (Reference) Information by Segment

### Functional Materials Segment

#### <Net Sales/Operating Income by Location>

(100 millions of yen)

	FYE03/16		FYE03/17		
	Year Actual	Vs. PY	Year Forecast	Vs. PY	
<b>Net sales</b>	Domestic	1,501	92%	1,524	102%
	Overseas	465	103%	455	98%
	Eliminations	-395	-	-393	-
	<b>Total</b>	<b>1,571</b>	<b>93%</b>	<b>1,586</b>	<b>101%</b>
<b>Operating income</b>	Domestic	27	82%	29	106%
	Overseas	10	91%	8	84%
	Eliminations	-0	-	-0	-
	<b>Total</b>	<b>36</b>	<b>86%</b>	<b>37</b>	<b>101%</b>

\*Figures above are a combination of consolidated entities by location. Inter-region eliminations not reflected; adjustments provided in the eliminations column

#### FYE March 2016 Actual

##### Net sales

**¥157.1 billion (93%)**

- ◆ The performance chemicals business reported lower revenues overall. While sales were higher in China and the Americas, lower automotive production and slow demand for house paints in Japan resulted in lower sales of coating raw materials and urethane materials.
- ◆ The speciality chemicals business reported lower sales overall. While sales were strong for plastic additives, sales were weak for semiconductor and other electronics industry-related chemicals and processing oils.

##### Operating income

**¥3.6 billion (86%)**

- ◆ Lower profits due to move/facilities expansion at subsidiaries.

#### FYE March 2017 Outlook

- ◇ Overall higher revenues and profits; despite weak performance overseas, domestic manufacturing subsidiaries showed a recovery.



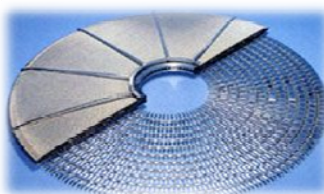
### Performance Chemicals Department

**Coating Materials:**  
Used in automotive bodies, etc.



### Performance Chemicals Department

**Urethane Materials:**  
Used in car seat cushions, etc., due to high adhesion and elasticity.



### Speciality Chemicals Department

**Denafilter™:**  
Used to remove contaminants during the film manufacturing process for LCD panels and other products.  
Produced by subsidiary Nagase Filter Co., Ltd.

# Advanced Materials & Processing Segment

## <Net Sales/Operating Income by Location>

(100 millions of yen)

	FYE03/16		FYE03/17		
	Year Actual	Vs. PY	Year Forecast	Vs. PY	
<b>Net sales</b>	Domestic	1,550	96%	1,609	104%
	Overseas	1,617	103%	1,567	97%
	Eliminations	-613	-	-629	-
	<b>Total</b>	<b>2,555</b>	<b>101%</b>	<b>2,547</b>	<b>100%</b>
<b>Operating income</b>	Domestic	24	101%	30	126%
	Overseas	24	101%	25	107%
	Eliminations	+1	-	+2	-
	<b>Total</b>	<b>49</b>	<b>104%</b>	<b>57</b>	<b>114%</b>

\*Figures above are a combination of consolidated entities by location. Inter-region eliminations not reflected; adjustments provided in the eliminations column

## FYE March 2016 Actual

**Net sales**      **¥255.5 billion (101%)**

- ◆ The colors and imaging business reported lower revenues overall. While sales of plastics increased, sales were lower for dyes and additives, information printing materials, **anti-reflective** optical sheets, LCD TV reflectors, and conductive materials.
- ◆ The segment's business selling plastics to the office equipment industry reported higher net sales overall, mainly due to higher revenues in Northeast Asia and Southeast Asia, despite lower performance domestically.

**Operating income**      **¥4.9 billion (104%)**

- ◆ Higher profits, mainly due to higher net sales.

## FYE March 2017 Outlook

- ◇ Net sales level with prior year; higher profit mainly due to improved profits at manufacturing subsidiaries.

# Advanced Materials & Processing Segment



**Colors & Advanced Processing Department**

**Color Formers:**  
Subsidiary Fukui Yamada Chemical Co., Ltd. manufactures ink raw materials used in thermal paper for printing receipts, tickets, etc.



**Colors & Advanced Processing Department**

**Conductive Material (Denatron):**  
Anti-static material used in films manufactured by subsidiary Nagase ChemteX.



**Colors & Advanced Processing Department**

**Anti-Reflective Optical Film:**  
Anti-reflective optical sheets used in smartphones, car navigation systems, etc.



**Colors & Advanced Processing Department**

**Copolyester Resin (Tritan™):**  
Copolyester resin with improved heat resistance to 100 °C and greater. Used in glass-like containers.



**Polymer Global Account Department**

**Engineering Plastics:**  
Used in office equipment products.

# Electronics Segment

## <Net Sales/Operating Income by Location>

(100 millions of yen)

	FYE03/16		FYE03/17		
	Year Actual	Vs. PY	Year Forecast	Vs. PY	
<b>Net sales</b>	Domestic	1,259	89%	1,256	100%
	Overseas	731	90%	637	87%
	Eliminations	-711	-	-700	-
	<b>Total</b>	<b>1,279</b>	<b>85%</b>	<b>1,193</b>	<b>93%</b>
<b>Operating income</b>	Domestic	38	103%	38	99%
	Overseas	27	142%	27	100%
	Eliminations	-3	-	-1	-
	<b>Total</b>	<b>62</b>	<b>112%</b>	<b>64</b>	<b>102%</b>

\* Figures above are a combination of consolidated entities by location. Inter-region eliminations not reflected; adjustments provided in the eliminations column (including amortization of goodwill).

## FYE March 2016 Actual

### Net sales

**¥127.9 billion (85%)**

- ◆ The electronic chemicals business reported higher overall sales, driven by increased sales of epoxy resin-related products.
- ◆ The electronic materials business reported lower overall sales, mainly due to lower sales of liquid crystal-related products affected by sluggishness in the smartphone market.

### Operating income

**¥6.2 billion (112%)**

- ◆ Higher profits due to recording of allowance for doubtful accounts at Taiwanese subsidiary in the prior fiscal year.

## FYE March 2017 Outlook

- ◇ Higher profits despite lower revenues, mainly due to the commencement of a thin glass processing business in China.



### Electronic Chemicals Department

#### Chemicals Used for LCD Panel Manufacturing:

Manufactured by subsidiary Nagase ChemteX. Used in the manufacturing of LCD panels.



### Electronic Chemicals Department

#### Epoxy Resins:

Manufactured by subsidiary Nagase ChemteX. Used in a variety of industrial sectors, including sealants for semiconductors, optical component materials for displays, and adhesive agents used in everything from construction and building materials to electrical equipment, electronics, automobiles, ships, and wind power generation.



### Electronic Materials Department

#### Materials for LCD-Related Products:

Sales of display device peripheral components and touch panel materials for smartphones and tablet PCs.

## <Net Sales/Operating Income by Location>

(100 millions of yen)

	FYE03/16		FYE03/17		
	Year Actual	Vs. PY	Year Forecast	Vs. PY	
<b>Net sales</b>	Domestic	546	99%	564	103%
	Overseas	828	109%	781	94%
	Eliminations	-221	-	-209	-
	<b>Total</b>	<b>1,153</b>	<b>105%</b>	<b>1,136</b>	<b>98%</b>
<b>Operating income</b>	Domestic	-9	-	-8	93%
	Overseas	21	95%	19	90%
	Eliminations	+1	-	+0	-
	<b>Total</b>	<b>13</b>	<b>58%</b>	<b>11</b>	<b>85%</b>

\*Figures above are a combination of consolidated entities by location. Inter-region eliminations not reflected; adjustments provided in the eliminations column

### FYE March 2016 Actual

#### Net sales

**¥115.3 billion (105%)**

- ◆ Net sales for the automobile-related business increased. Despite a rise in sales of products for certain car models, domestic sales were level with the prior year due to the impact of lower auto production. Overseas, sales were strong in the Americas, China, and Southeast Asia.

#### Operating income

**¥1.3 billion (58%)**

- ◆ Lower profits due to costs related to the launch of new businesses in Japan

### FYE March 2017 Outlook

- ◇ Lower revenues and profits, mainly due to higher yen valuation and decline in naphtha prices.



### Automotive Solutions Department

**Resins (Polycarbonate):** Used in headlights and other applications.  
**Resins (PP):** Used in bumpers and other applications.



### Automotive Solutions Department

**Resin (PCABS, etc.), Decorative Films:** Used in/around instrument panels and dashboards.



### Automotive Solutions Department

**Floorboard Manufacturing:** Performed by an affiliated company.

## <Net Sales/Operating Income by Location>

(100 millions of yen)

	FYE03/16		FYE03/17		
	Year Actual	Vs. PY	Year Forecast	Vs. PY	
<b>Net sales</b>	Domestic	1,022	108%	1,063	104%
	Overseas	127	102%	121	95%
	Eliminations	-294	-	-303	-
	<b>Total</b>	<b>855</b>	<b>112%</b>	<b>881</b>	<b>103%</b>
<b>Operating income</b>	Domestic	66	107%	65	97%
	Overseas	4	145%	2	58%
	Eliminations	-32	-	-30	-
	<b>Total</b>	<b>38</b>	<b>122%</b>	<b>37</b>	<b>96%</b>

\* Figures above are a combination of consolidated entities by location. Inter-region eliminations not reflected; adjustments provided in the eliminations column (including amortization of goodwill).

### FYE March 2016 Actual

#### Net sales

**¥85.5 billion (112%)**

- ◆ The life & healthcare products business reported higher revenues overall, mainly due to higher sales of TREHA™ and other products to the food materials industry in Japan and overseas, as well as higher sales of AA2G™ and other raw materials to the skin care and toiletries fields.
- ◆ The beauty care products business reported lower revenues overall, mainly due to slow sales of existing products, despite growth in new product sales during the second half of the year.

#### Operating income

**¥3.8 billion (122%)**

- ◆ Higher profits, mainly due to higher net sales.

### FYE March 2017 Outlook

◇ Higher revenues mainly due to strong performance in Hayashibara products (TREHA™, AA2G™) and the anti-cancer drug business, despite lower sales of raw materials to the skin care and toiletries industries. Lower profits, however, mainly due to increased expenses to strengthen structures for future growth.



## Life & Healthcare Products Department

### TREHA™:

Manufactured by subsidiary Hayashibara Co., Ltd. TREHA™ is a sweetener functional saccharide that slows quality degradation caused by freezing or drying. A sweetener used for a wide variety of processed foods including traditional Japanese and western confections .



## Life & Healthcare Products Department

### AA2G™:

Manufactured by subsidiary Hayashibara Co., Ltd. AA2G™ is a stabilized vitamin C, produced by combining unstable vitamin C with glucose. Used in domestic and overseas whitening cosmetics due to its stability, resistance to staining, and promotion of vitamin C bioactivity.



## Life & Healthcare Products Department

### Pharmaceuticals and Medical Field:

Conducts sales of pharmaceutical raw materials and intermediates; subsidiary Nagase Medicals Co., Ltd. engaged in the manufacture of anti-cancer drugs.



## Beauty Care Products Department

### Cosmetics Materials:

NAGASE & CO., LTD. is engaged in the sales of cosmetics materials. Subsidiary Nagase Beauty Care Co., Ltd. is engaged in the manufacture and sale of cosmetics and health foods.