

FYE March 2016 Financial Highlights

NAGASE & CO., LTD.
May 6, 2016

Copyright © 2016 NAGASE & CO., LTD.

Contents

 **NAGASE**

Consolidated Statements of Income	2
Net Sales by Region (Domestic, Overseas)	3
Net Sales: Two-Year Comparison (by Segment)	4
Operating Income: Two-Year Comparison (by Segment)	5
Consolidated Balance Sheets	6
Consolidated Cash Flows	7
FYE March 2017 Earnings Projections	8
Dividends	9

Copyright © 2016 NAGASE & CO., LTD.

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

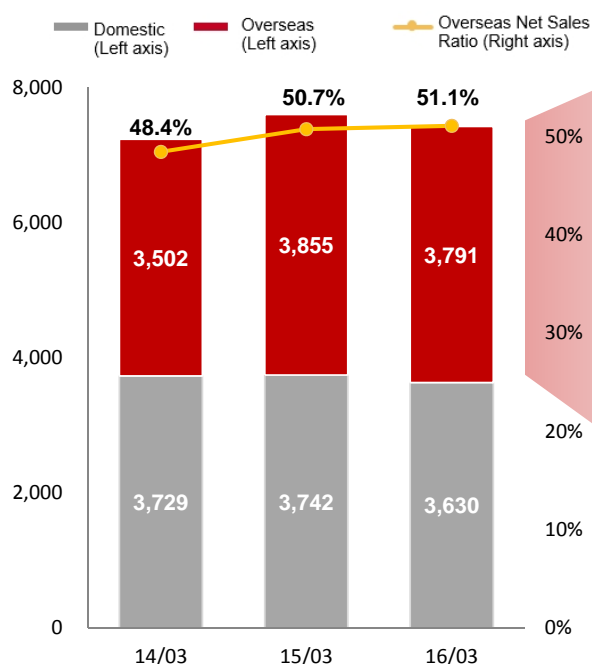
(Foreign exchange rate impact on 16/03 net sales and operating income results)

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

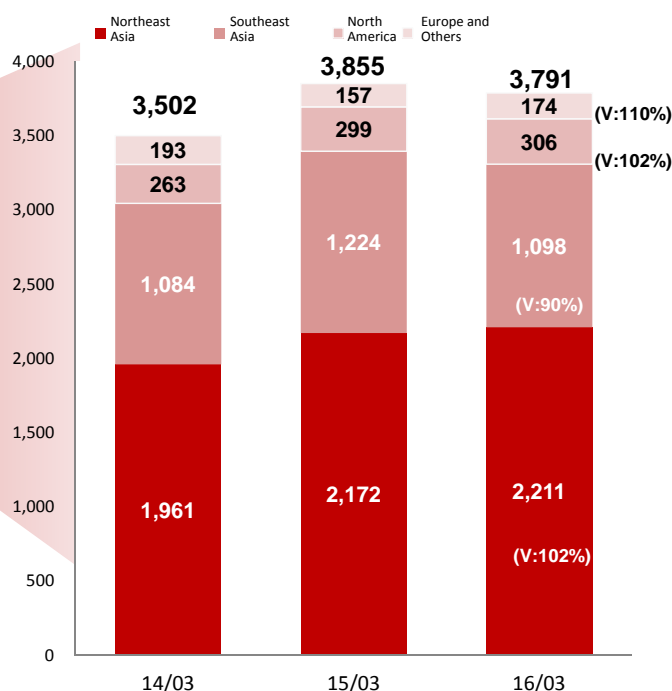
Net Sales by Region (Domestic, Overseas)

- **Continuing increase in Overseas Net Sales Ratio (exceeding 50%)**

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



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

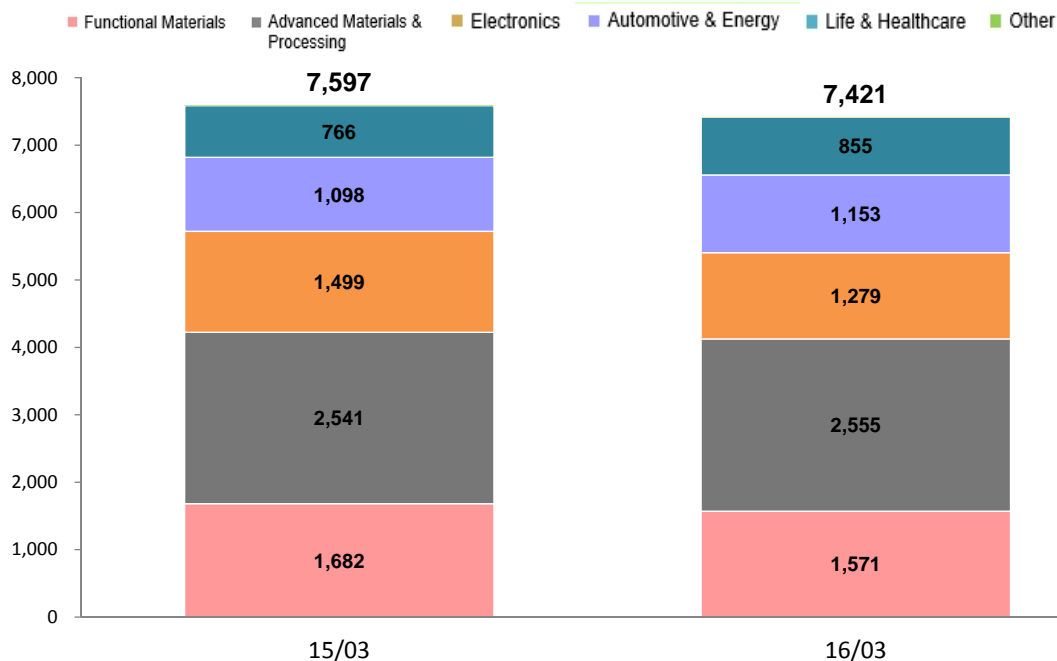


V:Vs 15/03

Net Sales: Two-Year Comparison (by Segment)

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

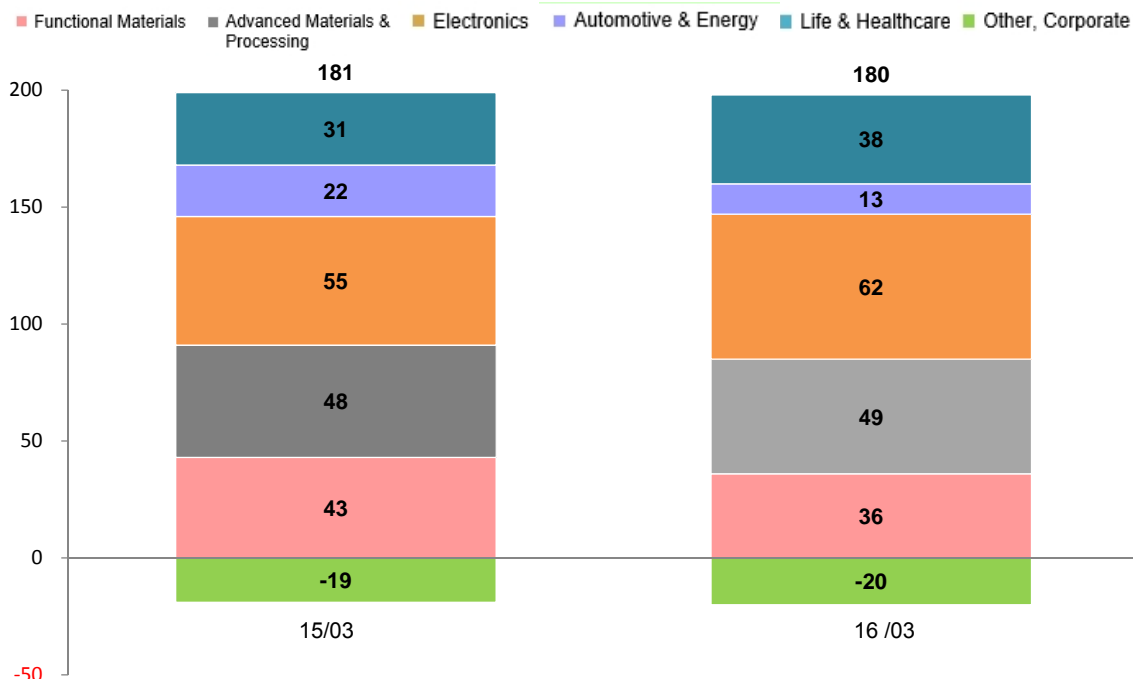
Net Sales by Segment (100 millions of yen)



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)



Consolidated Balance Sheets

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

Assets				Liabilities and Net Assets (100 millions of yen)			
	15/03	16/03	Change		15/03	16/03	Change
Total current assets	3,298	3,123	-175	Total current liabilities	1,764	1,561	-203
Cash and time deposits	405	432	+27	Notes and accounts payable	1,057	978	-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
Total non-current assets	2,166	1,997	-169	Total long-term liabilities	826	768	-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	Total liabilities	2,590	2,329	-260
Total assets	5,465	5,120	-344	Total net assets	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
				Total liabilities and net assets	5,465	5,120	-344

Copyright © 2016 NAGASE & CO., LTD.

6

Consolidated Cash Flows

■ 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

Copyright © 2016 NAGASE & CO., LTD.

7

FYE March 2017 Earnings Projections

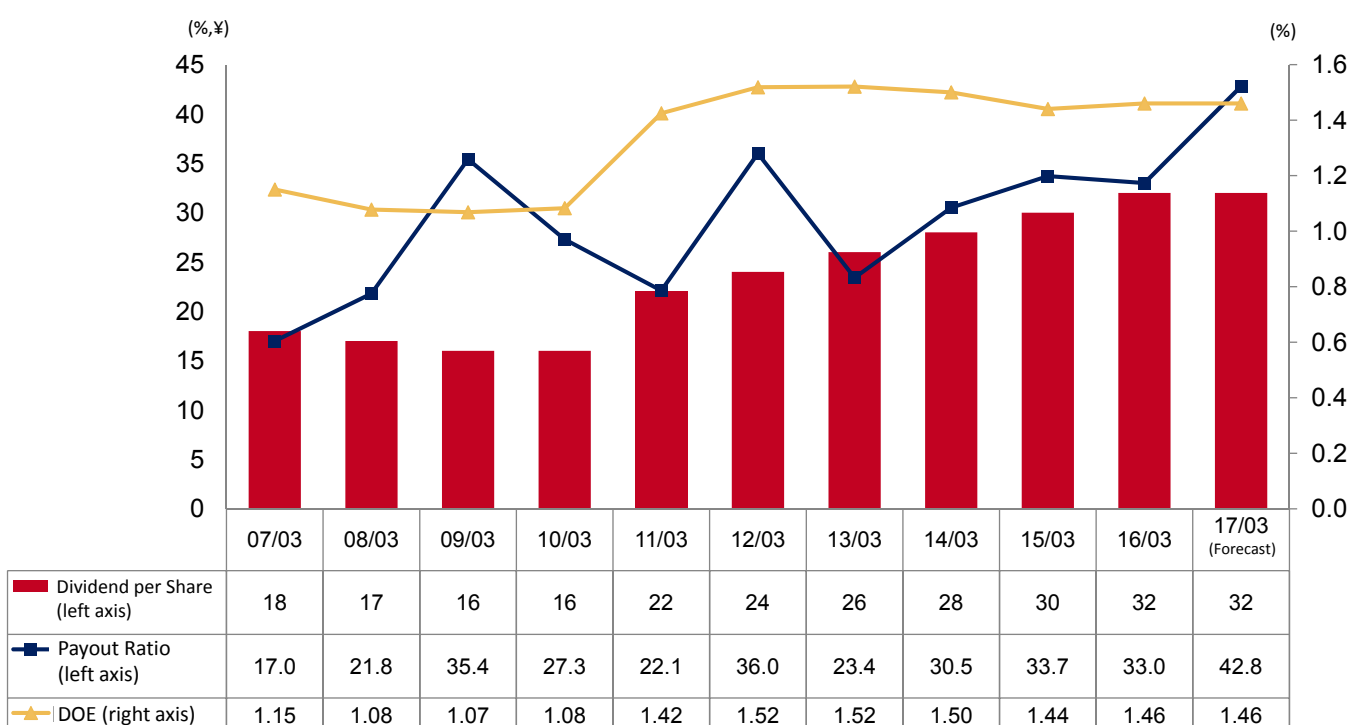
■ Sales level with prior year; ¥3.1 billion expense from retirement benefit actuarial losses result in lower operating income

(100 millions of yen)

	16/03 Actual	17/03 Forecast	Change	Vs. PY
Net sales	7,421	7,350	-71	99%
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	—

Dividends

■ 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

 **NAGASE**
Bringing it all together

<http://www.nagase.co.jp>

These presentation materials contain forward-looking projections based on assumptions, forecasts, and plans as of May 6, 2016. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.