

FYE March 2017 First Quarter Financial Highlights

**NAGASE & CO., LTD.
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Consolidated Statements of Income

- Net sales: Lower, mainly due to sales declines in Functional Materials and Advanced Materials & Processing segments, despite growth in the Life & Healthcare segment
- Operating income: Lower, mainly due to ¥700 million in expenses related to retirement benefit accounting actuarial losses (¥1 billion higher YoY)
- Profit attributable to owners of the parent: Lower, mainly due to loss on sales of shares of subsidiaries and affiliates

(100 millions of yen)

	15/06	16/06	Change	Vs. PY	Published Forecast
Net sales	1,851	1,733	-117	94%	7,350
Gross profit	235	225	-9	96%	923
<GP ratio>	12.7%	13.0%	-	+0.3%	12.6%
SG&A expenses	185	190	+4	103%	778
Operating income	49	35	-14	71%	145
Ordinary income	53	39	-14	73%	160
Profit attributable to owners of the parent	34	22	-11	66%	95
US\$ Exchange rate (period average)	@¥121.4	@¥108.1	@¥13.2 revaluation		@108

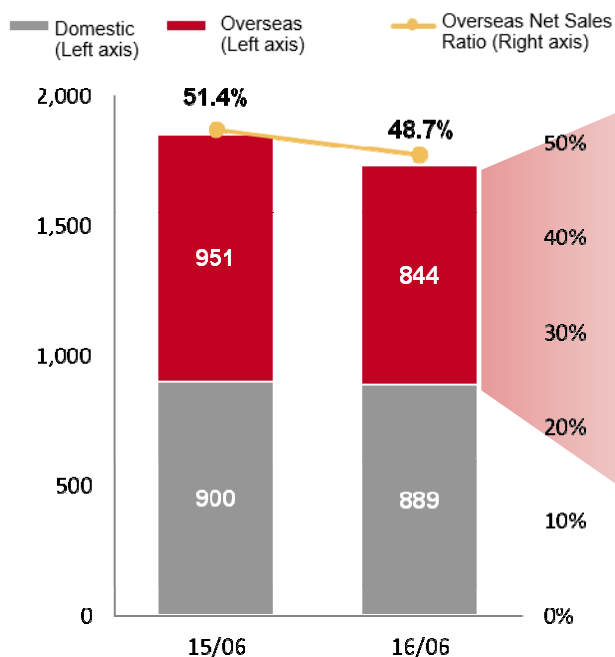
(Foreign exchange rate impact on 16/06 net sales and operating income results)

Net sales: -¥13.4 billion (approx.);
Operating income: -¥600 million (approx.)

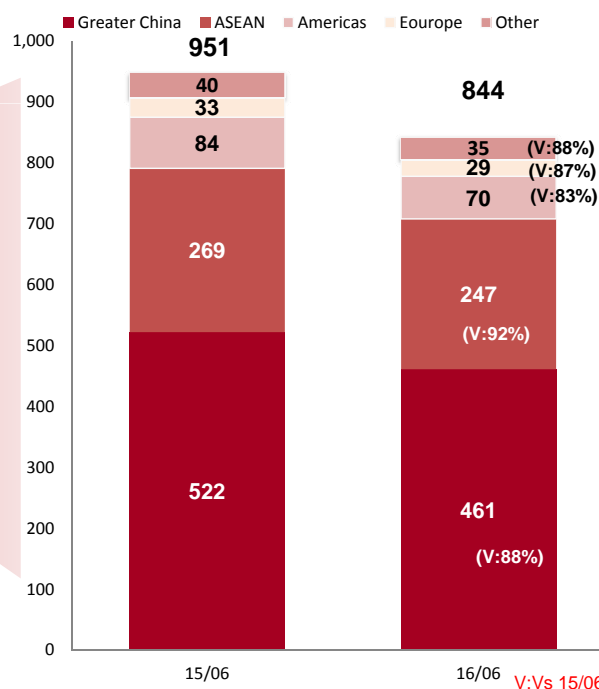
Net Sales by Region (Domestic, Overseas)

- Lower sale in all regions overseas, mainly due to the impact of the strong yen

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



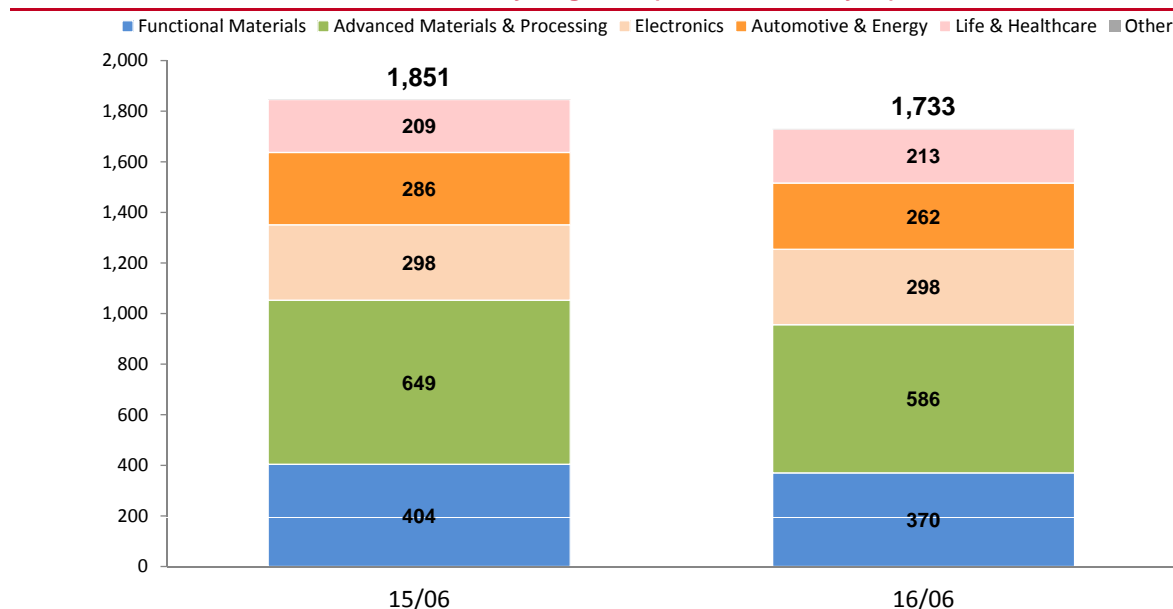
Overseas Sales by Region (100 millions of yen, %)



Net Sales: Two-Year Comparison (by Segment)

- **Functional Materials segment** :lower, mainly due to slow domestic demand and a decline in sales of raw materials for plastics
- **Advanced Materials & Processing segment** :lower, mainly due to a drop in sales overseas caused by naphtha price declines and the strong yen
- **Life & Healthcare segment** posted higher ,mainly due to the strong performance of raw materials in the skin care and toiletries industry

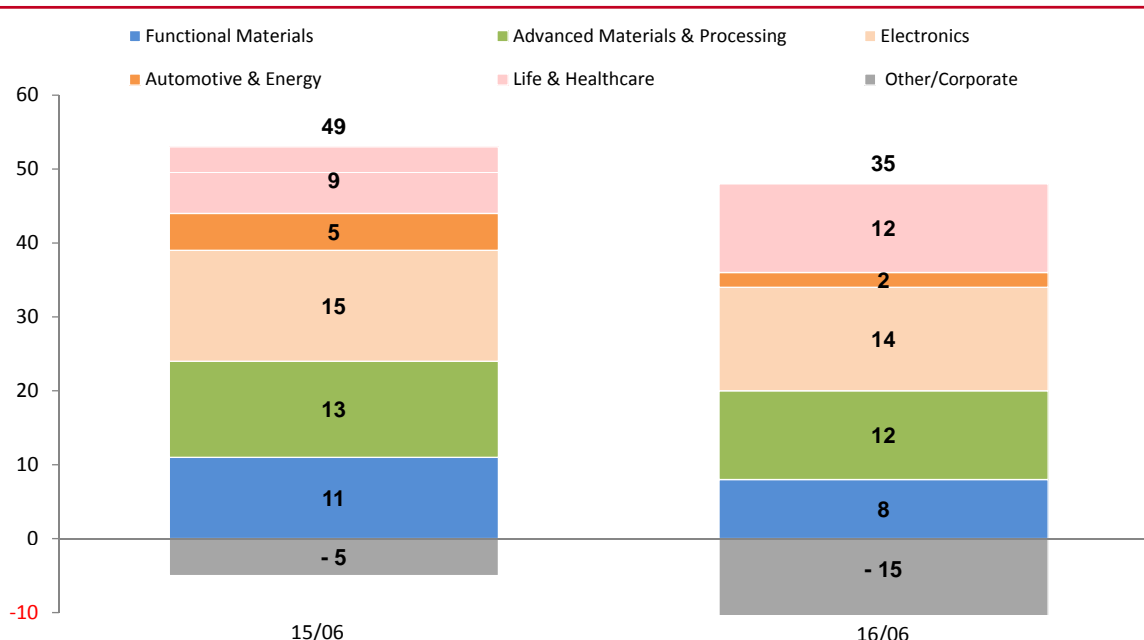
Net Sales by Segment (100 millions of yen)



Operating income: Two-Year Comparison (by Segment)

- **Gross profit** lower (¥900 million decrease), mainly due to decline in net sales
 - **Other/Corporate**: Lower, mainly due posting ¥700 million in expenses related to retirement benefit accounting actuarial losses (¥1 billion higher YoY)
- *Posted retirement benefit actuarial loss of ¥3.1 billion occurred at end of prior period, after revising the discount rate to reflect low market interest rates(fully amortized this year)

Operating Income by Segment (100 millions of yen)



Consolidated Balance Sheets



- Decline in assets, mainly due to a decrease in investments in securities and a contraction in working capital
- Decline in net assets, mainly due to net unrealized holding gain on securities caused by the strong yen and a decrease in investments in securities caused by a decline in fair values

Assets

	16/03	16/06	Change
Total current assets	3,123	3,004	-118
Cash and time deposits	432	373	-58
Notes and accounts receivable	1,963	1,933	-30
Inventories	629	606	-22
Other	97	90	-7
Total non-current assets	1,997	1,932	-64
Property, plant and equipment	664	678	+14
Intangible fixed assets	445	436	-8
Investments, other assets	887	817	-69
Investments in securities	813	754	-59
Other	74	63	-10
Total assets	5,120	4,937	-183

Liabilities and Net Assets (100 millions of yen)

	16/03	16/06	Change
Notes and accounts payable	1,561	1,574	+13
Short-term loans (Including current portion of long-term loans)	978	960	-17
Current portion of bonds	341	325	-16
Other	—	100	+100
Total long-term liabilities	241	189	-52
Total current liabilities	768	647	-120
Bonds	231	222	-9
Net defined benefit liability	300	200	-100
Other (Deferred tax liabilities, etc.)	140	141	+0
Total liabilities	96	84	-12
Total net assets	2,329	2,222	-107
Shareholders' equity	2,791	2,715	-76
Accumulated other comprehensive income	2,346	2,348	+1
Net unrealized holding gain on securities	393	322	-71
Translation adjustment	370	347	-23
Other	44	-9	-53
Non-controlling interests	-21	-16	+5
Notes and accounts payable	51	44	-7
Total liabilities and net assets	5,120	4,937	-183



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These presentation materials contain forward-looking projections based on assumptions, forecasts, and plans as of August 4, 2016. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.