

FYE March 2017 Third Quarter Financial Highlights

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

- Net sales: Lower revenues, mainly due to the impact of the strong yen and a decrease in naphtha price
- Operating income: Lower, mainly due to ¥2.3 billion in expenses related to retirement benefit accounting actuarial losses (¥3.0 billion higher YoY)

(100 millions of yen)

	15/12	16/12	Change	Vs. PY	Published Forecast
Net sales	5,665	5,370	-294	95%	7,350
Gross profit	698	682	-15	98%	923
<GP ratio>	12.3%	12.7%	+0.4%	—	12.6%
SG&A expenses	549	565	+15	103%	- 778
Operating income	148	116	-31	79%	145
Ordinary income	153	127	-26	83%	160
Profit attributable to owners of the parent	95	88	- 7	93%	95
US\$ Exchange rate (period average)	@121.7	@106.6	@¥15.1 revaluation		@108

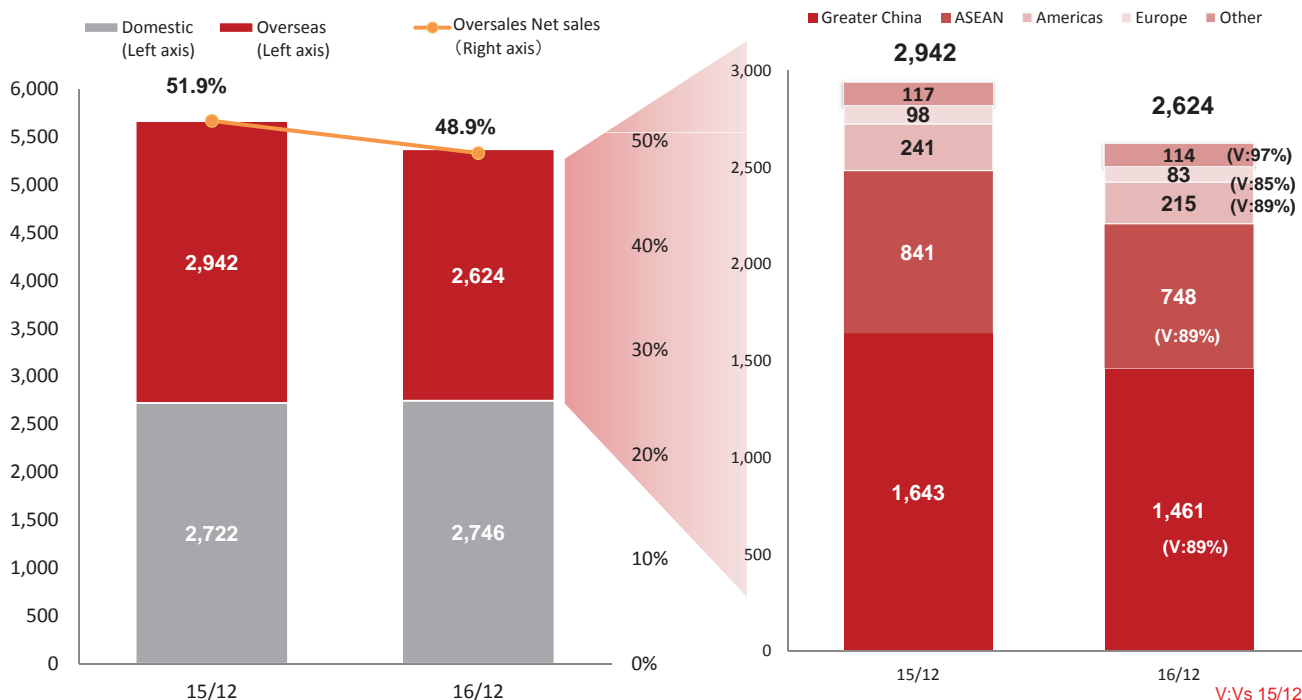
(Foreign exchange rate impact on 16/12 net sales and operating income results)
 Net sales: :- ¥44.7 billion (approx.)
 Operating income :- ¥1.7 billion (approx.)

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, %)

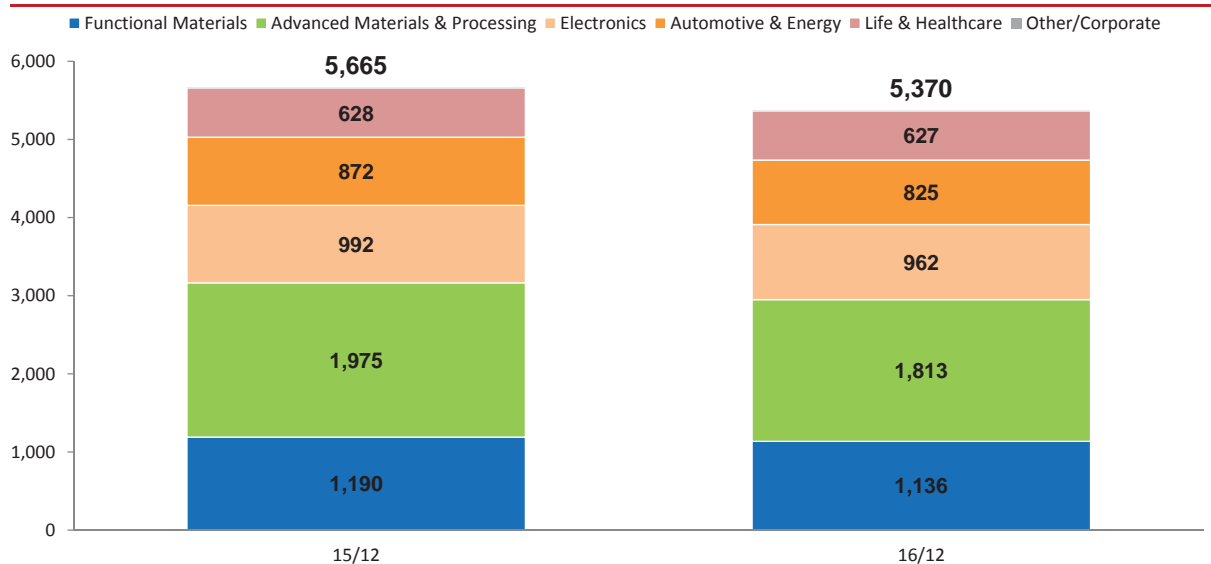
Overseas Sales by Region (100 millions of yen, %)



Net Sales: Two-Year Comparison (by Segment)

- **Functional Materials:** Lower, mainly due to decrease in naphtha prices and a downturn in domestic markets, despite higher sales of fluorochemicals for the electronics industry in Japan and sales of coating raw materials for automotive industry in ASEAN.
- **Advanced Materials & Processing:** Lower, While sales of plastics for packaging and container materials in Japan and sales of plastics in ASEAN were strong, the strong yen and lower sales of digital print processing materials in Japan and overseas drove overall performance lower.
- **Automotive & Energy:** Lower, mainly due to the strong yen and lower naphtha prices, despite strong performance in plastics.

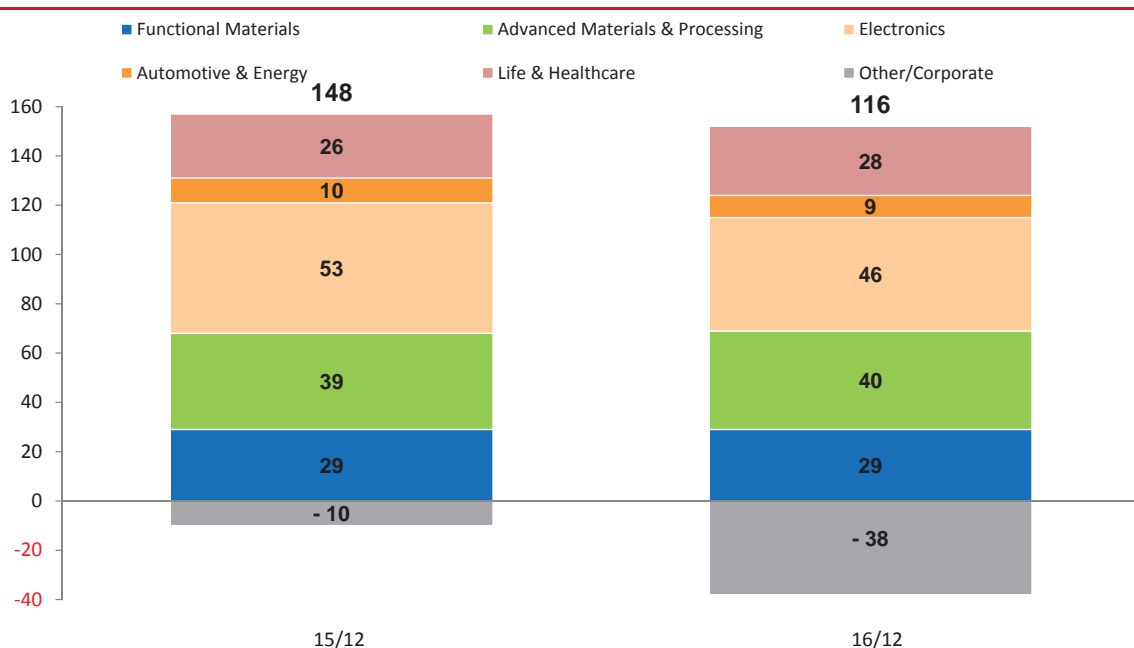
Net Sales by Segment (100 millions of yen)



Operating income: Two-Year Comparison (by Segment) NAGASE

- **Lower profits due to the negative impact of the strong yen on sales in each segment**
 - **Other/Corporate:** Recorded ¥2.3 billion in expenses related to retirement benefit accounting actuarial losses (¥3.0 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)

Net Sales by Segment (100 millions of yen)



Consolidated Balance Sheets



■ Despite sales of certain investments in securities, increases in notes and accounts receivable and increases in investments in securities due to price increases for retained shares resulted in higher assets.

■ Shareholders' Equity Ratio down 1 point to 52.5%

Assets				Liabilities and Net Assets (100 millions of yen)			
	16/03	16/12	Change		16/03	16/12	Change
Total current assets	3,123	3,391	+268	Total current liabilities	1,561	1,873	+312
Cash and time deposits	432	433	+1	Notes and accounts payable	978	1,164	+186
Notes and accounts receivable	1,963	2,244	+281	Short-term loans (Including current portion of long-term loans)	341	408	+67
Inventories	629	603	-26	Current portion of bonds	—	100	+100
Other	97	109	+11	Other	241	200	-41
Total non-current assets	1,997	2,092	+95	Total long-term liabilities	768	680	-87
Property, plant and equipment	664	684	+19	Long-term loans	231	202	-28
Intangible fixed assets	445	419	-25	Bonds	300	200	-100
Investments, other assets	887	989	+101	Net defined benefit liability	140	143	+2
Investments in securities	813	919	+106	Other (Deferred tax liabilities, etc.)	96	135	+38
Other	74	69	-4	Total liabilities	2,329	2,554	+224
				Total net assets	2,791	2,930	+138
				Shareholders' equity	2,346	2,383	+36
				Accumulated other comprehensive income	393	496	+103
				Net unrealized holding gain on securities	370	459	+88
				Translation adjustment	44	42	-1
				Other	△21	△5	+16
				Non-controlling interests	51	50	-1
Total assets	5,120	5,484	+363	Total liabilities and net assets	5,120	5,484	+363

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