

FYE March 2017 Financial Highlights

NAGASE & CO., LTD.
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Agenda

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 2018 Earnings Projections	8
Dividends	9

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Consolidated Statements of Income

- Net sales: Lower, mainly due to the impact of the strong yen and a decrease in naphtha prices
- Operating income: Lower, mainly due to ¥3.1 billion in expenses related to retirement benefit accounting actuarial losses (¥4.0 billion negative impact in prior year)

(100 millions of yen)

	16/03	17/03	Change	Vs. PY	Published Forecast	Achievement
Net sales	7,421	7,223	△198	97%	7,350	98%
Gross profit	916	915	△1	100%	923	99%
<GP ratio>	12.4	12.7	+0.3%	—	12.6%	—
SG&A expenses	736	764	+28	104%	778	—
Operating income	180	150	△29	83%	145	104%
Ordinary income	183	163	△20	89%	160	102%
Profit attributable to owners of the parent	123	103	△19	84%	95	109%
US\$ Exchange rate (period average)	@120.1	@108.3	@11.7 revaluation		@108	—

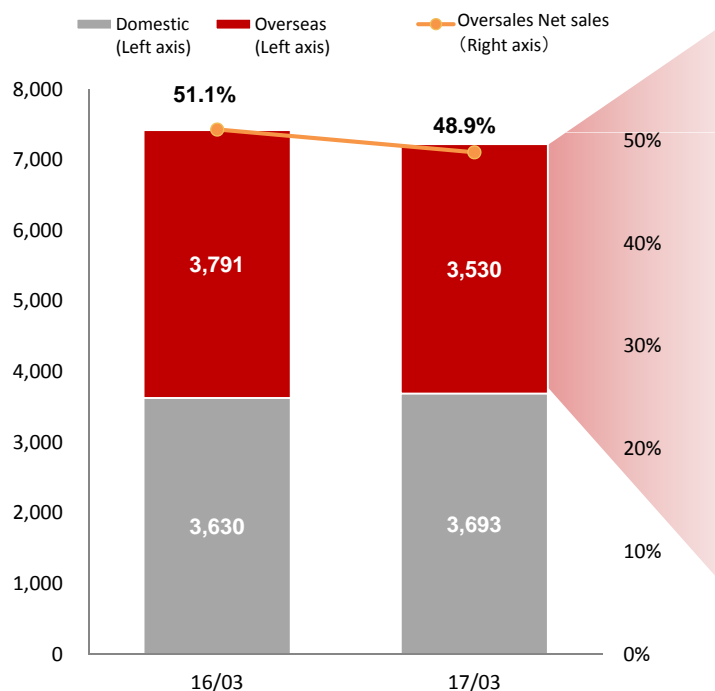
(Foreign exchange rate impact on 17/03 net sales and operating income results)

Net sales :- ¥46.8 billion (approx.)
Operating income :- ¥1.7 billion (approx.)

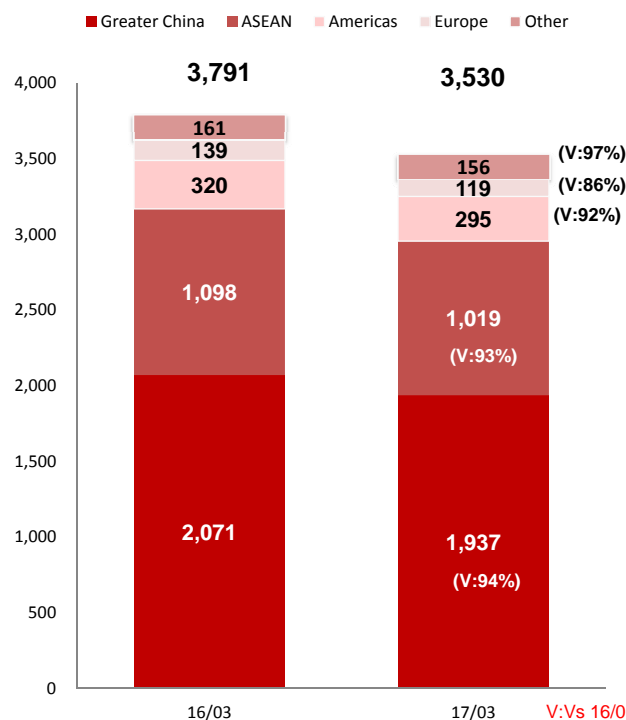
Net Sales by Region (Domestic, Overseas)

- Higher sales in Japan; lower sales overseas due to the impact of the strong yen

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



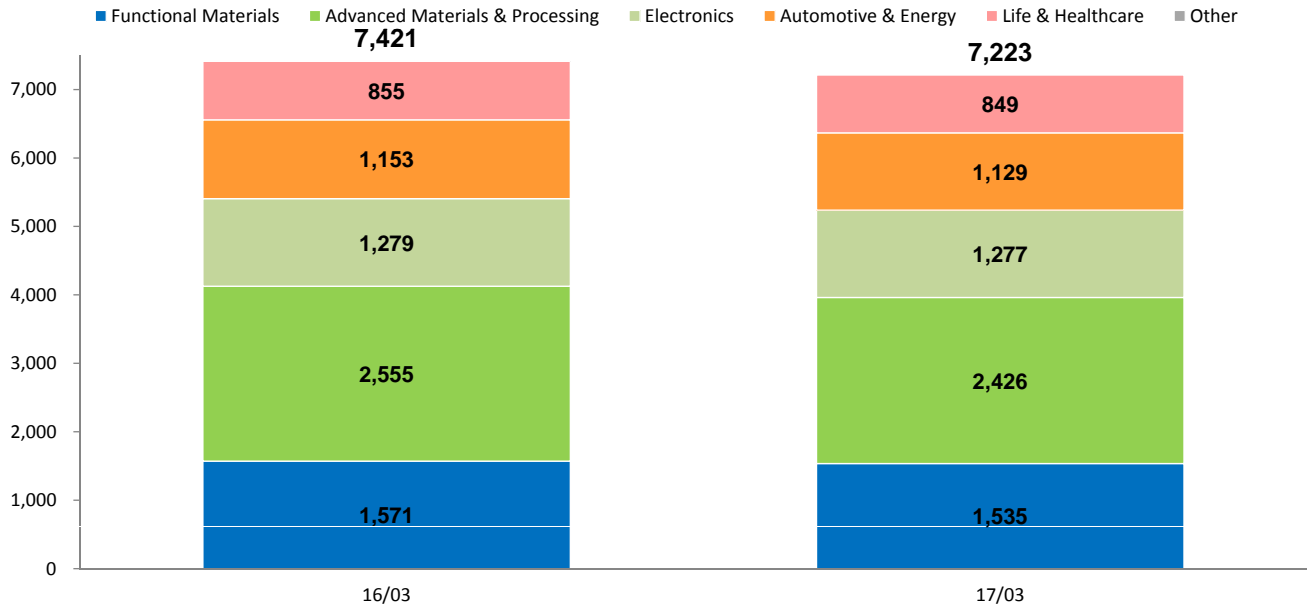
Overseas Sales by Region (100 millions of yen, %)



Net Sales: Two-Year Comparison (by Segment)

- **Functional Materials:** Lower segment sales, mainly due to a decrease in naphtha prices driving sales of coating raw materials and urethane materials lower. At the same time, sales of plastic additives and silicone materials were strong in the Americas.
- **Advanced Materials & Processing:** Lower segment sales. Despite higher performance in conductive materials, sales of plastic materials in Greater China were lower, as were sales of plastic resins for packaging applications and digital print processing materials in Japan and overseas.
- **Automotive & Energy:** Lower segment sales. Despite strong performance in the plastics business in Japan, lower naphtha prices drove sales down overseas.

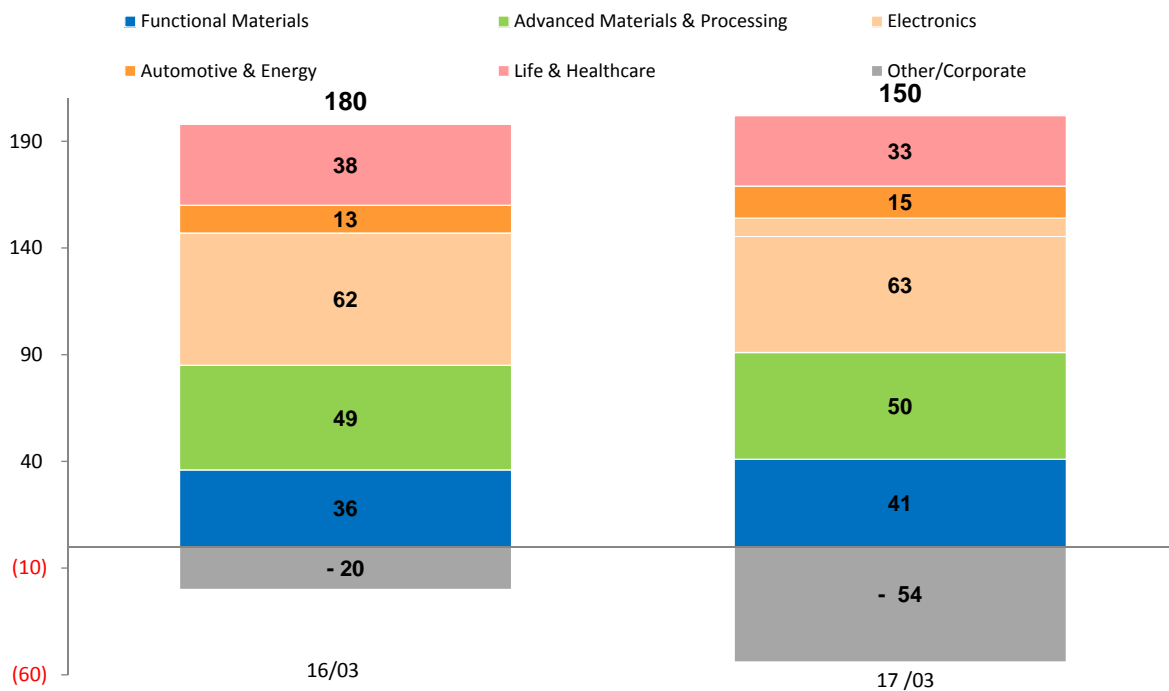
Net Sales by Segment (100 millions of yen)



Operating income: Two-Year Comparison (by Segment)

- **Although profits in the Life & Healthcare segment were down due to lower sales of cosmetics and health foods, other segments reported higher profits, mainly due to profitability improvements and cost reduction measures at manufacturing subsidiaries.**
- **Other/Corporate:** Recorded ¥3.1 billion in expenses related to retirement benefit accounting actuarial losses (¥4.0 billion negative impact in prior year).
*Posted retirement benefit actuarial loss of ¥3.1 billion 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

■ Current assets increased, mainly due to increases in notes and accounts receivable

■ Non-current assets increased, mainly due to increases in investments in securities (price increases for retained shares offset sales of some securities)

■ Shareholders' Equity Ratio up 1.2 point to 54.7%

Assets				Liabilities and Net Assets (100 millions of yen)			
	16/03	17/03	Change		16/03	17/03	Change
Total current assets	3,123	3,212	+88	Total current liabilities	1,561	1,664	+103
Cash and time deposits	432	398	- 34	Notes and accounts payable	978	1,020	+42
Notes and accounts receivable	1,963	2,068	+105	Short-term loans (Including current portion of long-term loans)	341	316	-24
Inventories	629	631	+2	Current portion of bonds	—	100	+100
Other	97	114	+16	Other	241	327	+85
Total non-current assets	1,997	2,095	+98	Total long-term liabilities	768	690	-77
Property, plant and equipment	664	676	+11	Long-term loans	231	200	-30
Intangible fixed assets	445	407	-37	Bonds	300	200	-100
Investments, other assets	887	1,011	+124	Net defined benefit liability	140	146	+5
Investments in securities	813	945	+132	Other (Deferred tax liabilities, etc.)	96	143	+47
Other	74	66	- 7	Total liabilities	2,329	2,355	+26
				Total net assets	2,791	2,951	+160
				Shareholders' equity	2,346	2,396	+50
				Accumulated other comprehensive income	393	505	+112
				Net unrealized holding gain on securities	370	476	+106
				Translation adjustment	44	31	-12
				Other	- 21	- 2	+19
				Non-controlling interests	51	49	- 2
Total assets	5,120	5,307	+186	Total liabilities and net assets	5,120	5,307	+186

Consolidated Cash Flows

■ Cash and cash equivalents lower by ¥3.1 billion. Despite an increase of ¥14.5 billion in cash flows from operating activities (¥16.1 billion in profit before income taxes), the company made ¥6.5 billion in cash outlays for investing activities (¥11.5 billion in purchases of property, plant and equipment) and ¥10.5 billion in cash outlays for financing activities (¥4.9 billion in net cash outlays for short-term loans, ¥4.0 billion in dividend payments). *By region, cash decreased ¥4.4 billion in connection with increased working capital in Greater China.

Cash Flows (100 millions of yen)

	17/03	Main breakdown	16/03
Net cash provided by (used in) operating activities	+145	Profit before income taxes +161 Depreciation and amortization/amortization of goodwill +109 Increase in adjustments for retirement benefits +32 Working capital - 77 Income tax paid - 77	+293
Net cash provided by (used in) investing activities	-65	Purchases of property, plant and equipment -106 Purchases of intangible fixed assets included in other assets -8 Purchases of investment in securities -18 Proceeds from sales of investments in securities +46	- 126
Net cash provided by (used in) financing activities	-105	Short, long-term loans (net payments/proceeds) -49 Cash dividends paid - 40 Purchase of treasury stock -11	- 128
Effects of exchange rate changes on cash and cash equivalents	- 5		- 15
Net increase (decrease) in cash and cash equivalents	- 31		+23
Cash and cash equivalents at beginning of the year	429	Japan 239 , Greater China 115 , ASEAN42 , Europe 18 , Americas 4 , Other 9	405
Cash and cash equivalents, at end of the period	397	Japan 254 , Greater China 70 , ASEAN 35 , Europe 18 , Americas 5 , Other 13	429

FYE March 2018 Earnings Projections

■ **Net sales:** Higher net sales. Despite our projection of lower sales of liquid crystal-related products in our Electronics segment, other segments are expected to report higher sales, including stronger performance of plastics in our Advanced Materials & Processing segment.

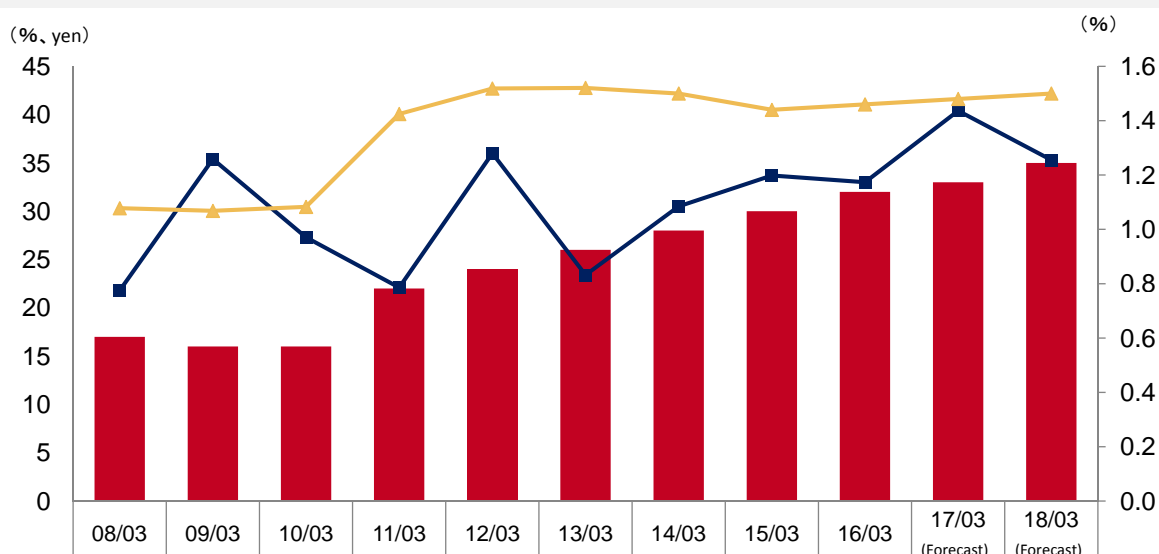
■ **Operating income:** Higher profits due to increased revenues. Further, amortization of retirement benefit actuarial losses are expected to be ¥0.3 billion (representing a ¥2.8 billion positive impact on earnings compared to the prior fiscal year). (100 millions of yen)

	17/03Actual	18/03Forecast	Change	Vs. PY
Net sales	7,223	7,320	+96	101%
Operating income	150	191	+40	127%
Ordinary income	163	209	+45	128%
Profit attributable to owners of the parent	103	125	+21	121%
US\$ Exchange rate (period average)	@108.3	@108	@¥0.3 revaluation	—

Dividends

■ **Current period:** Annual ¥33 per share dividend (¥1 increase YoY), representing a ¥16 interim and ¥17 year-end dividend

■ **Next period:** Annual ¥35 per share dividend (¥2 increase YoY), representing a ¥17 interim and ¥18 year-end dividend



■ Dividend per Share (left axis)	17	16	16	22	24	26	28	30	32	33	35
■ Payout Ratio (left axis)	21.8	35.4	27.3	22.1	36.0	23.4	30.5	33.7	33.0	40.4	35.3
■ DOE (right axis)	1.08	1.07	1.08	1.42	1.52	1.52	1.50	1.44	1.46	1.48	1.50

*17/03 year-end dividend to be submitted for approval to general meeting of shareholders scheduled for June 2017

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These presentation materials contain forward-looking projections based on assumptions, forecasts, and plans as of May 2 , 2017. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.