

FYE March 2019 First Quarter Financial Highlights

NAGASE & CO., LTD.

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Consolidated Statements of Income

■ Net sales : Higher, mainly due to strong performance in base areas (Functional Materials, Advanced Materials & Processing)

■ Operating income : Higher, mainly due to higher revenues and increased profitability at manufacturing subsidiaries

(100 millions of yen)

	17/06	18/06	Change	Vs. PY	Orig. Forecast (full year)
Net sales	1,871	1,986	+ 114	106%	8,280
Gross profit	240	265	+ 24	110%	1,073
<GP ratio>	12.9%	13.3%	+0.5%	—	13.0%
SG&A expenses	184	195	+ 10	106%	818
Operating income	56	69	+ 13	124%	255
Ordinary income	63	76	+ 12	120%	275
Profit attributable to owners of the parent	34	54	+ 20	158%	186
US\$ Exchange rate (period average)	@ 111.1	@ 109.1	@ 2.0	strong yen	@105
RMB Exchange rate (period average)	@ 16.2	@ 17.1	@ 0.9	weak yen	@ 16.5

【 Foreign exchange rate impact on 18/6 net sales and operating income results 】

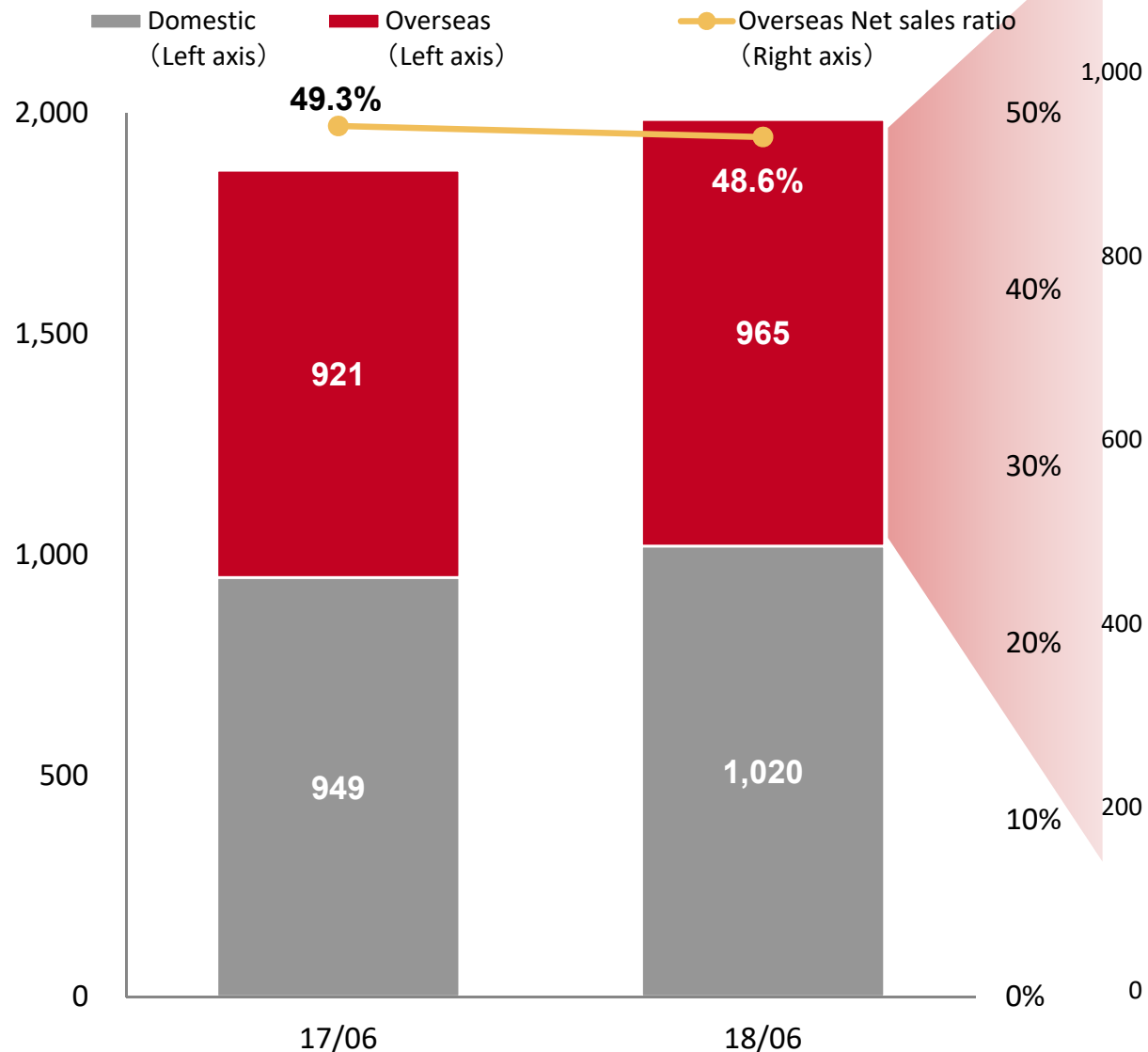
Net sales: +¥1.6 billion (approx.)

Operating income: +¥70 million (approx.)

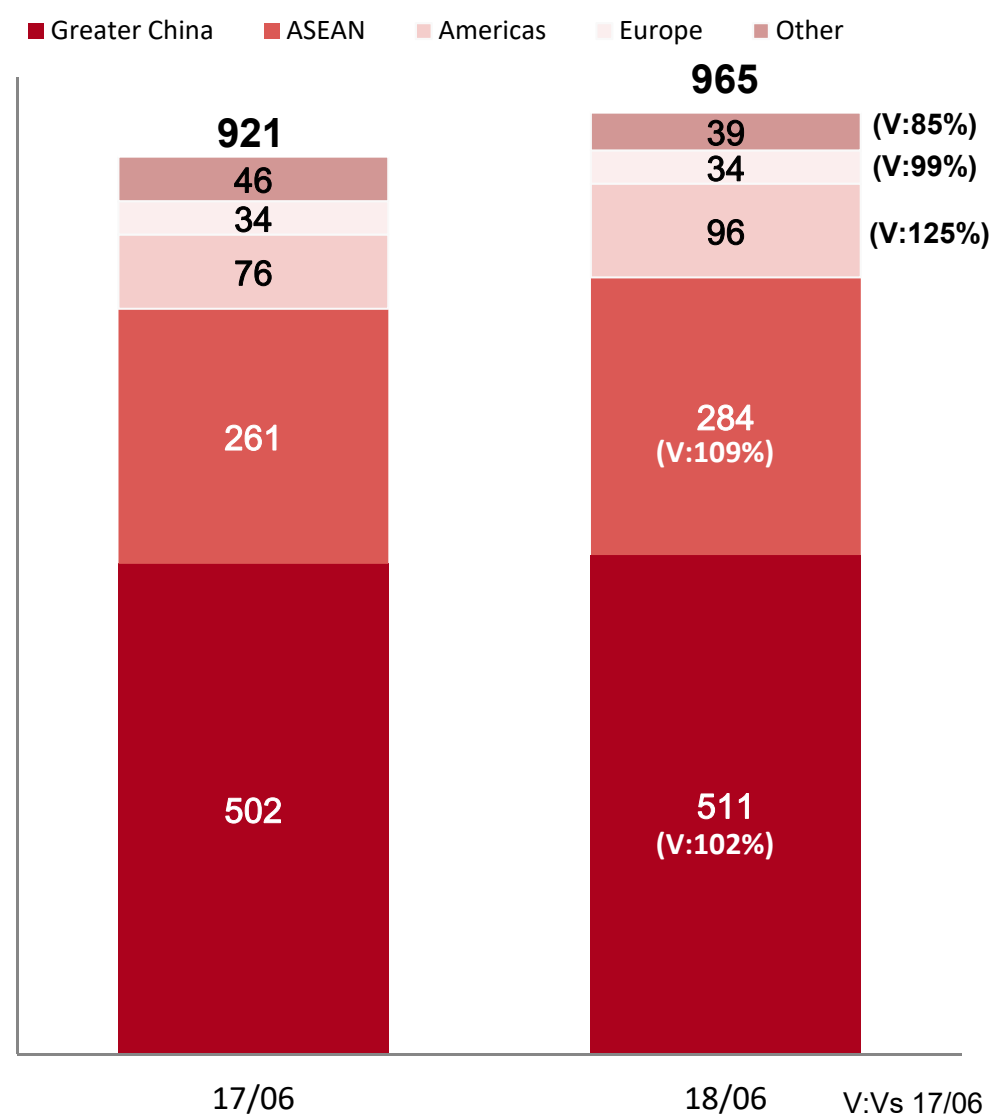
Net Sales by Region (Domestic, Overseas)

■ In addition to domestic businesses, performance was strong overseas, particularly in ASEAN and the Americas (overseas ratio of total sales at 48.6%)

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



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



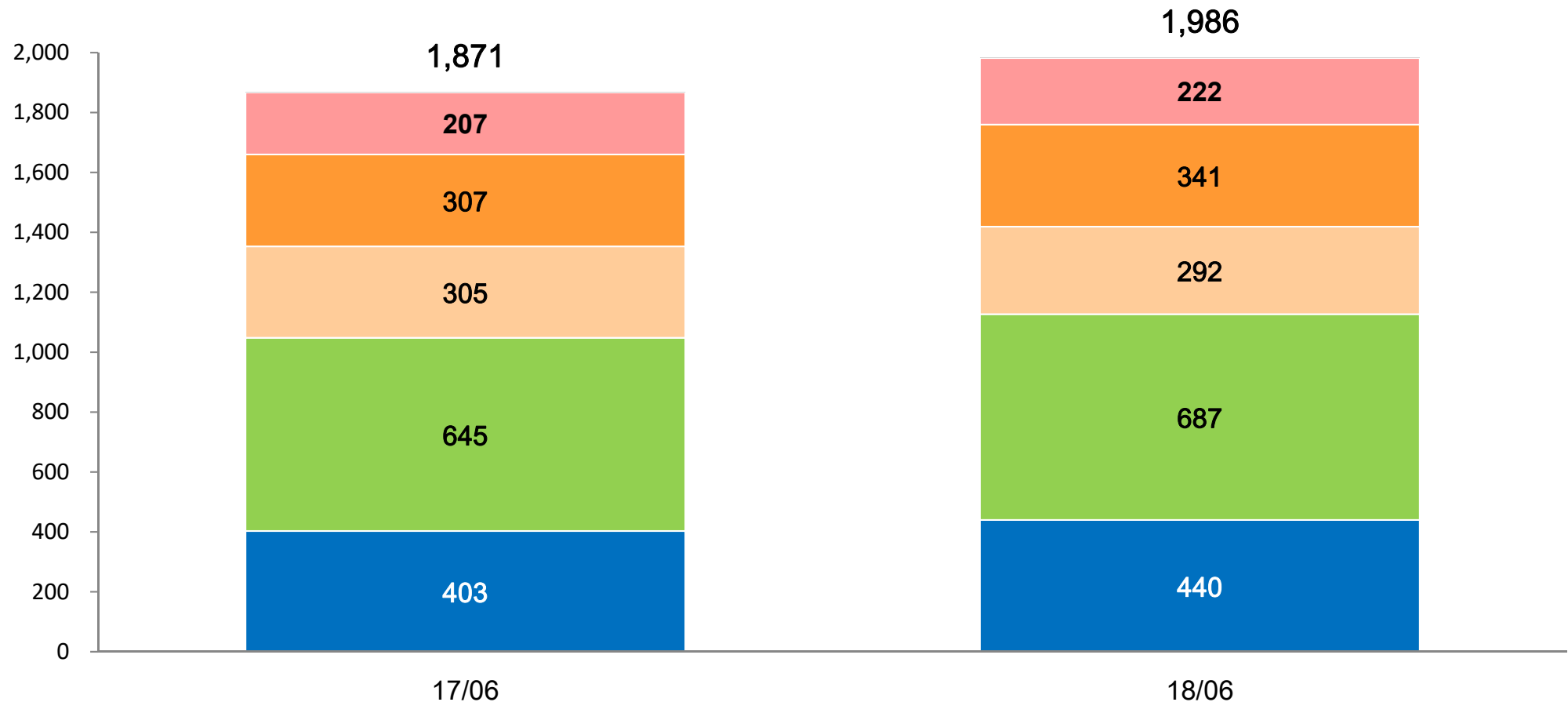
Net Sales: Two-Year Comparison (by Segment)

■ **Functional Materials** : Higher sales, driven by (1) increase in sales of coating raw materials and urethane materials, spurred by strong automotive production and naphtha price increases; (2) increased sales of electronics chemicals, etc.; and (3) additional sales of U.S. distributor acquired in the second quarter of the prior fiscal year

■ **Advanced Materials & Processing** : Higher sales in Japan and overseas, mainly due to increased sales of plastics and digital print processing materials

Net Sales by Segment (100 millions of yen)

■ Functional Materials ■ Advanced Materials & Processing ■ Electronics ■ Automotive & Energy ■ Life & Healthcare ■ Others

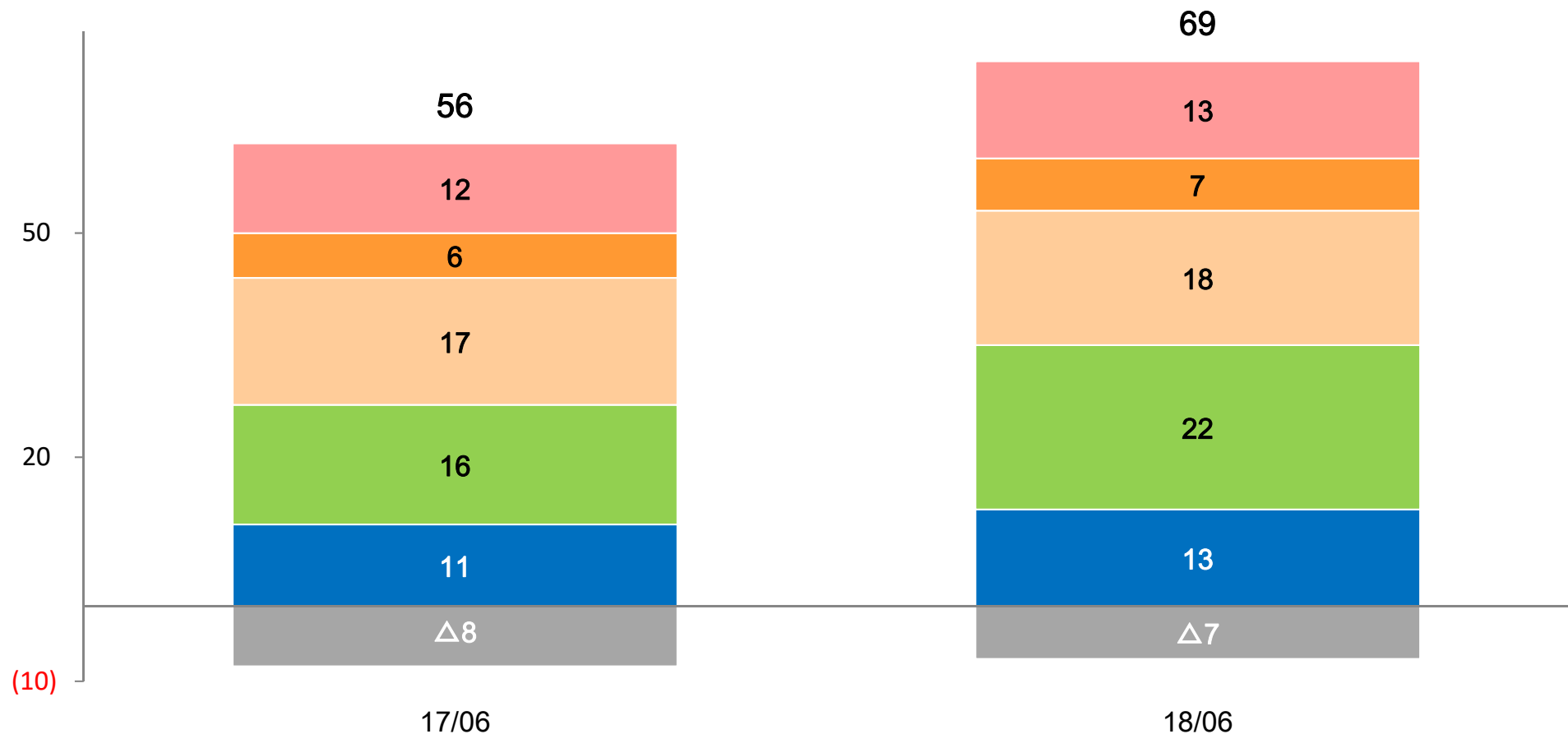


Operating income: Two-Year Comparison (by Segment)

- **Advanced Materials & Processing: Higher profits, mainly due to improved profitability among manufacturing subsidiaries in Japan and overseas**
- **Electronics: Higher profits, mainly due to strong performance of high-margin businesses in Greater China**

Operating income by Segment (100 millions of yen)

■ Functional Materials ■ Advanced Materials & Processing ■ Electronics ■ Automotive & Energy ■ Life & Healthcare ■ Others/Corporate



(10)

Consolidated Balance Sheets

- **Assets:** Increase of ¥13.6 billion, mainly due to increases in accounts receivable, inventories, and rising investments in securities due to gains in fair market prices
- **Liabilities:** Increase of ¥9.5 billion due to increases in and short-term loans and current portion of CP
- **Net assets:** Increase of ¥4.0 billion, mainly due to profit attributable to owners of the parent of ¥5.4 billion and increase in net unrealized holding gain on securities
- **Shareholders' Equity Ratio** down 0.5 points to 52.8%

Assets

	18/03	18/06	Change
Total current assets	3,533	3,643	+ 110
Cash and time deposits	433	418	△ 14
Notes and accounts receivable	2,259	2,315	+ 55
Inventories	736	804	+ 67
Other	103	105	+ 1
Total non-current assets	2,161	2,187	+ 25
Property, plant and equipment	672	666	△ 5
Intangible fixed assets	410	401	△ 9
Investments, other assets	1,078	1,118	+ 40
Investments in securities	1,004	1,048	+ 44
Other	74	70	△ 3
Total assets	5,694	5,830	+ 136

Liabilities and Net Assets

(100 millions of yen)

	18/03	18/06	Change
Total current liabilities	1,929	2,110	+ 180
Notes and accounts payable	1,180	1,195	+ 14
Short-term loans and current portion of CP	480	601	+ 121
Other	269	313	+ 43
Total long-term liabilities	676	591	△ 84
Long-term loans and Bonds	379	279	△ 99
Net defined benefit liability	145	146	+ 0
Other (Deferred tax liabilities, etc.)	152	166	+ 14
Total liabilities	2,606	2,702	+ 95
Total net assets	3,088	3,128	+ 40
Shareholders' equity	2,502	2,523	+ 21
Accumulated other comprehensive income	533	553	+ 19
Net unrealized holding gain on securities	507	523	+ 15
Translation adjustment	29	31	+ 2
Other	△ 3	△ 2	+ 0
Non-controlling interests	51	51	△ 0
Total liabilities and net assets	5,694	5,830	+ 136



Bringing it all together

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

These presentation materials contain forward-looking projections based on assumptions, forecasts, and plans as of August 3 , 2018. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.