

FYE March 2019 Second 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)

	17/09	18/09	Change	Vs. PY	Orig. Forecast (full year)
Net sales	3,875	4,044	+ 169	104%	8,280
Gross profit	502	529	+ 26	105%	1,073
<GP ratio>	13.0%	13.1%	+0.1%	—	13.0%
SG&A expenses	376	394	+ 18	105%	818
Operating income	126	134	+ 8	107%	255
Ordinary income	138	139	+ 1	101%	275
Profit attributable to owners of the parent	87	103	+ 15	118%	186
US\$ Exchange rate (period average)	@ 111.0	@ 110.3	@ 0.8	strong yen	@105
RMB Exchange rate (period average)	@ 16.4	@ 16.7	@ 0.3	weak yen	@ 16.5

【 Foreign exchange rate impact on 18/9 net sales and operating income results 】

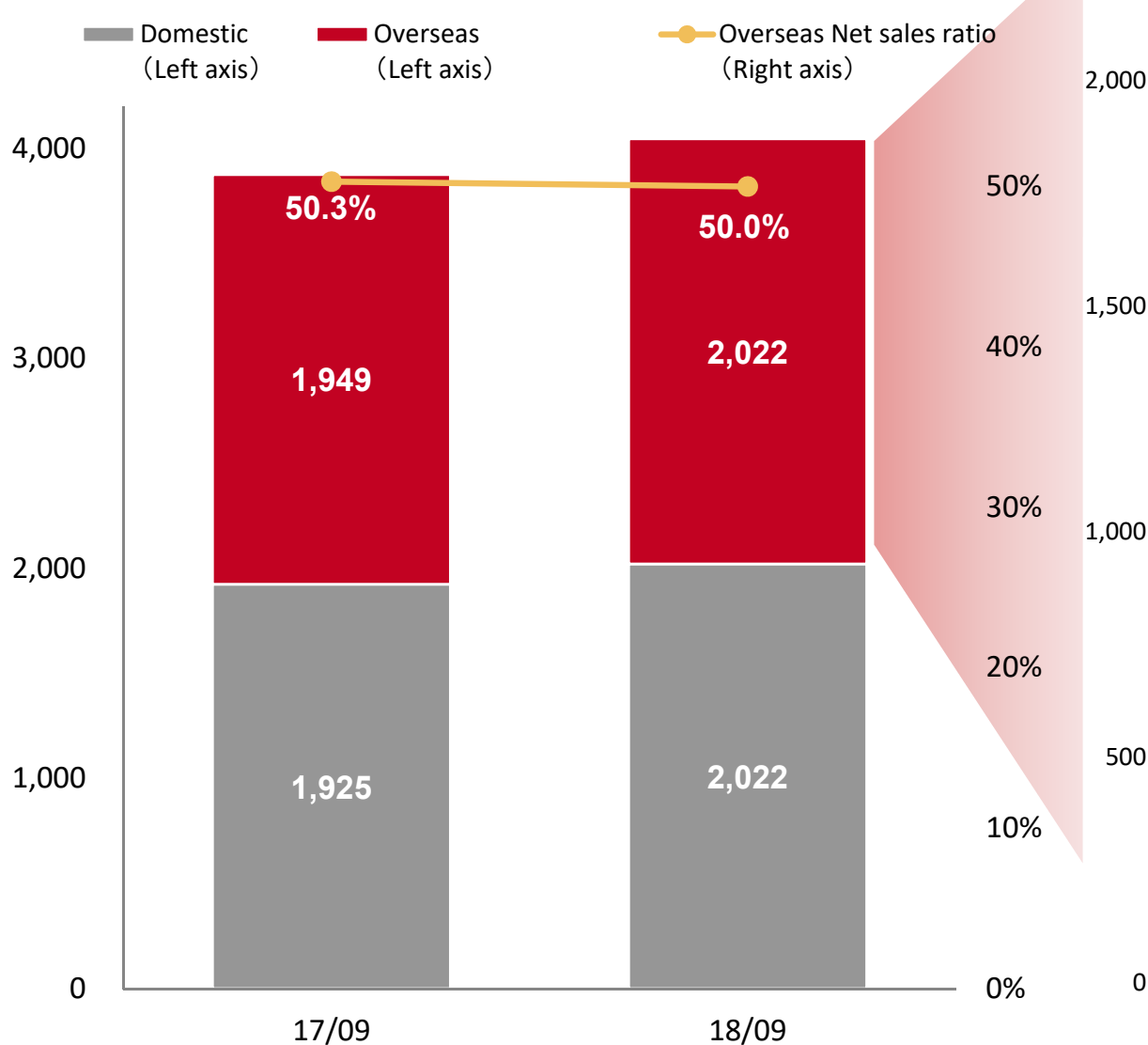
Net sales: +¥1.4 billion (approx.)

Operating income: +¥60 million (approx.)

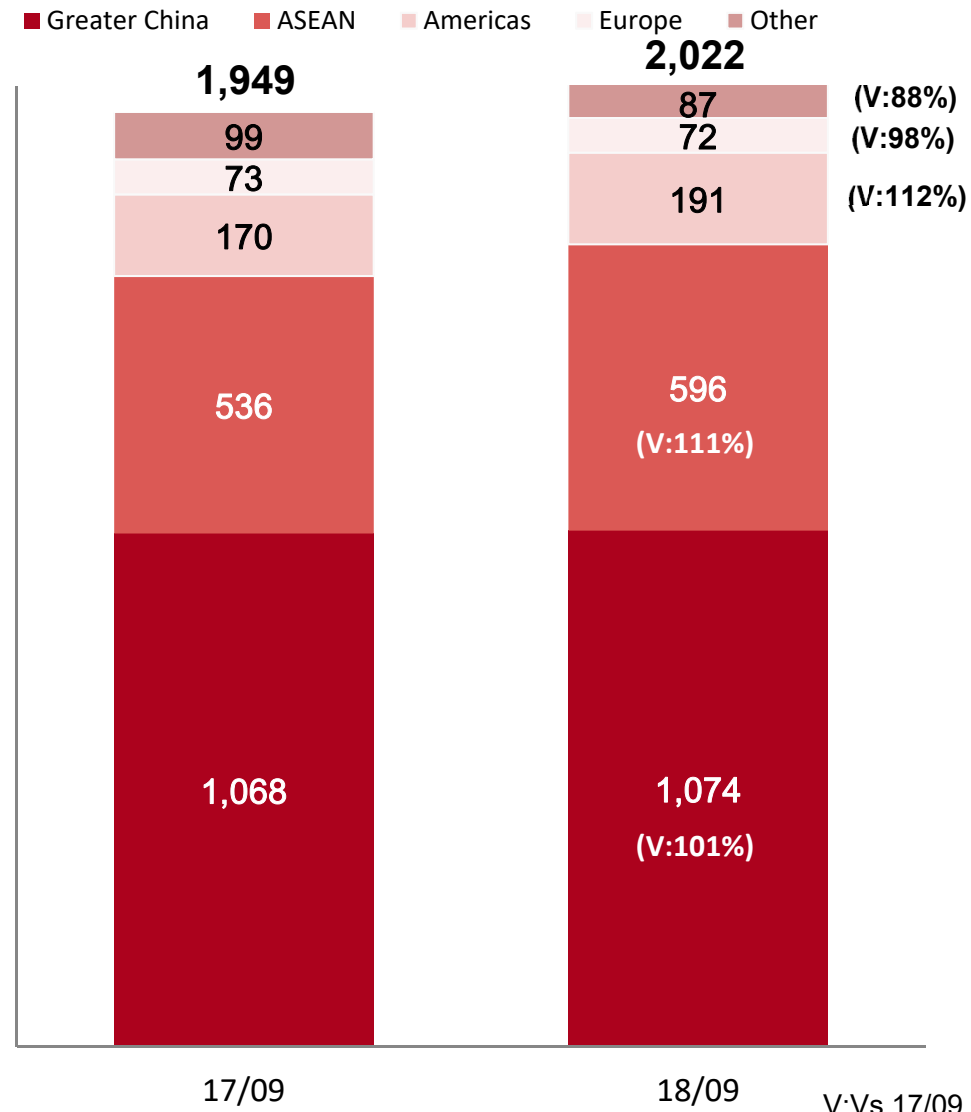
Net Sales by Region (Domestic, Overseas)

■ In addition to domestic businesses, performance was strong overseas, particularly in ASEAN and the Americas (overseas ratio of total sales at 50.0%)

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



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

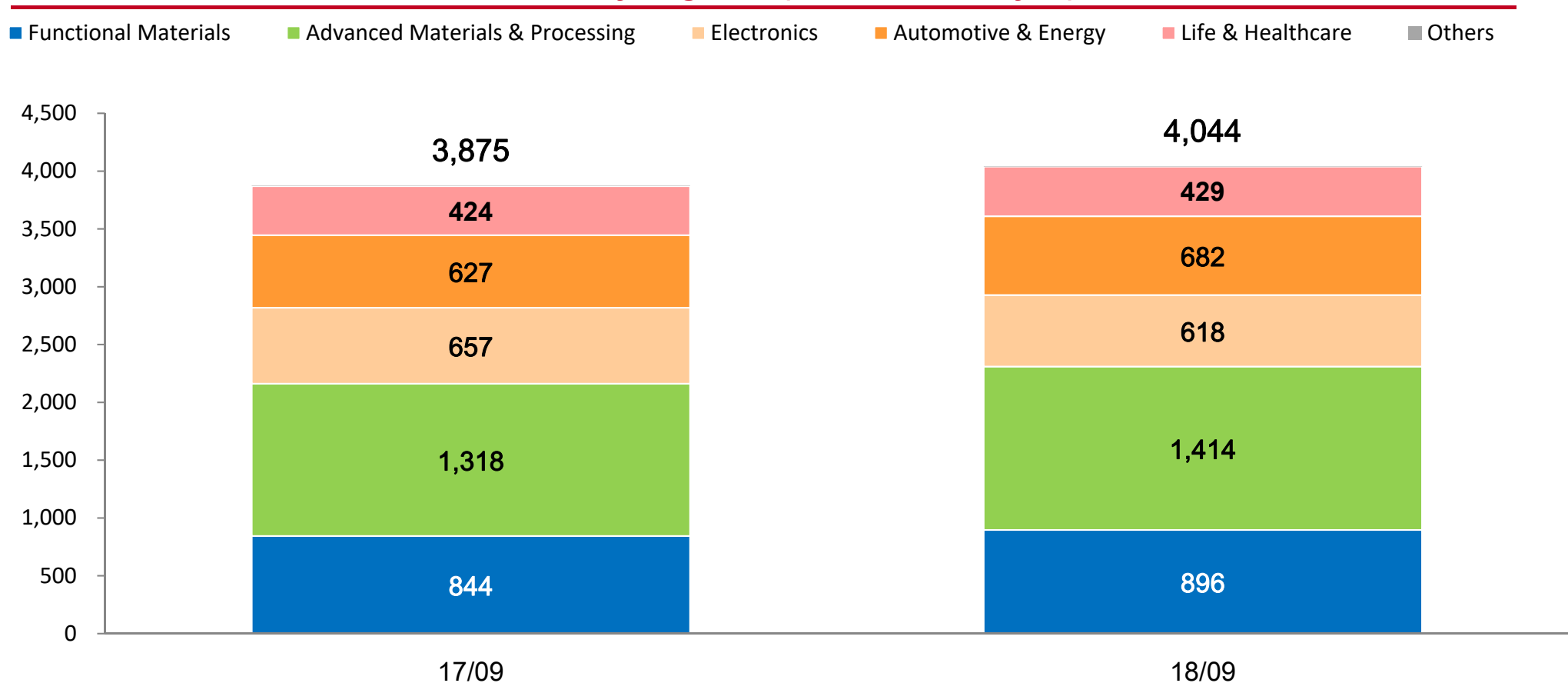


Net Sales: Two-Year Comparison (by Segment)

■ **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) acquisition of a US-based distributor in the second quarter of the prior consolidated 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)



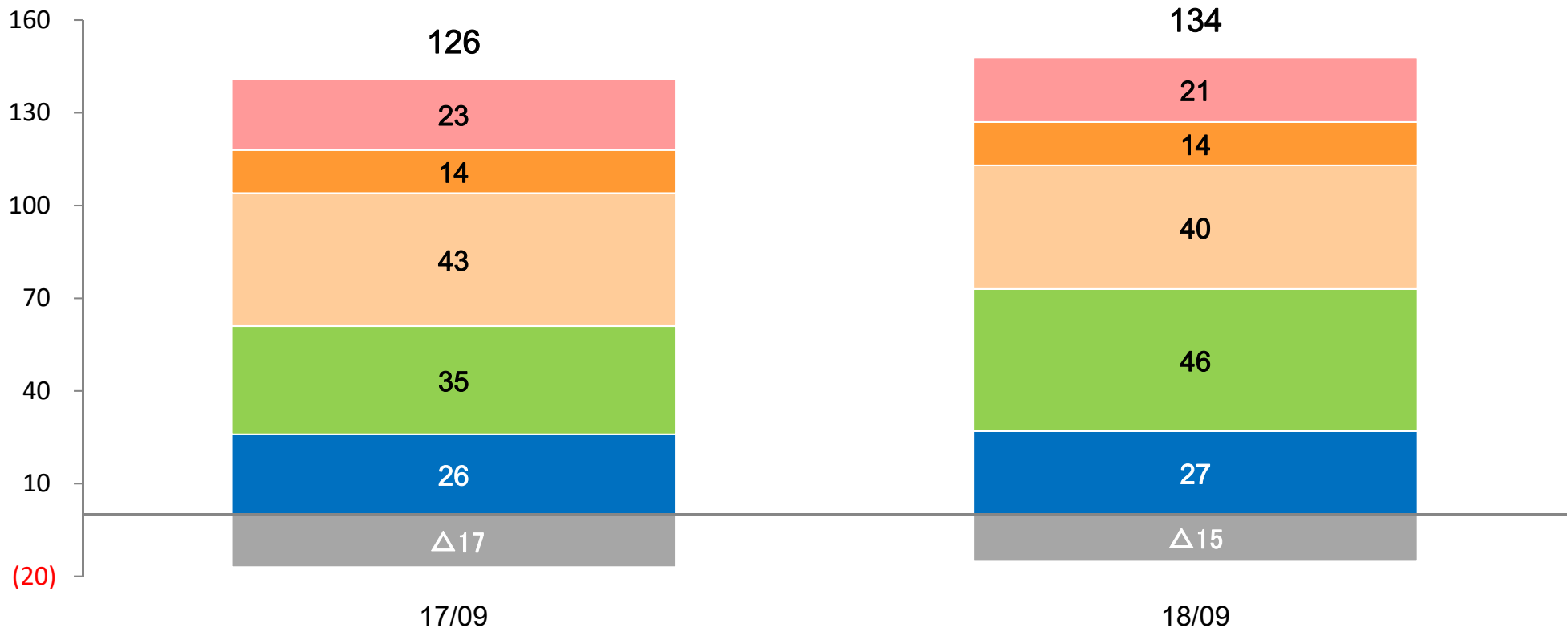
* The Company reclassified reportable segments in the current fiscal year (certain businesses in the Functional Materials segment reclassified to the Life & Healthcare segment). Results for the first six months of fiscal 2017 have been reclassified for comparison.

Operating income: Two-Year Comparison (by Segment)

■ **Advanced Materials & Processing: Higher profits, mainly due to improved profitability among manufacturing subsidiaries in Japan and overseas**

Operating income by Segment (100 millions of yen)

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



* The Company reclassified reportable segments in the current fiscal year (certain businesses in the Functional Materials segment reclassified to the Life & Healthcare segment). Results for the first six months of fiscal 2017 have been reclassified for comparison.

Consolidated Balance Sheets

- **Assets:** Increase of ¥23.8 billion, mainly due to increases in accounts receivable, inventories, and rising investments in securities due to gains in fair market prices
- **Liabilities:** Increase of ¥13.3 billion due to increases in and short-term loans and current portion of CP
- **Net assets:** Increase of ¥10.5 billion, mainly due to profit attributable to owners of the parent of ¥10.3 billion and increase in net unrealized holding gain on securities
- **Shareholders' Equity Ratio** down 0.3 points to 53.0%

Assets

	18/03	18/09	Change
Total current assets	3,533	3,713	+ 180
Cash and time deposits	433	401	△ 31
Notes and accounts receivable	2,259	2,377	+ 117
Inventories	736	830	+ 93
Other	103	103	+ 0
Total non-current assets	2,161	2,219	+ 58
Property, plant and equipment	672	686	+ 14
Intangible fixed assets	410	393	△ 17
Investments, other assets	1,078	1,139	+ 61
Investments in securities	1,004	1,066	+ 62
Other	74	73	△ 0
Total assets	5,694	5,933	+ 238

Liabilities and Net Assets

(100 millions of yen)

	18/03	18/09	Change
Total current liabilities	1,929	2,155	+ 225
Notes and accounts payable	1,180	1,195	+ 15
Short-term loans and current portion of CP	480	714	+ 234
Other	269	245	△ 24
Total long-term liabilities	676	583	△ 92
Long-term loans and Bonds	379	283	△ 95
Net defined benefit liability	145	133	△ 11
Other (Deferred tax liabilities, etc.)	152	166	+ 14
Total liabilities	2,606	2,739	+ 133
Total net assets	3,088	3,193	+ 105
Shareholders' equity	2,502	2,572	+ 69
Accumulated other comprehensive income	533	573	+ 39
Net unrealized holding gain on securities	507	530	+ 22
Translation adjustment	29	44	+ 15
Other	△ 3	△ 1	+ 1
Non-controlling interests	51	48	△ 3
Total liabilities and net assets	5,694	5,933	+ 238

Consolidated Cash Flows

Cash Flows

(100 millions of yen)

	18/09	主な内訳	17/09
Net cash provided by (used in) operating activities	▲ 39	Profit before income taxes +138 Depreciation and amortization +46 Working capital ▲184 Income tax paid ▲27	65
Net cash provided by (used in) investing activities	▲ 84	Purchases of tangible and intangible fixed assets ▲68 Purchases of investment in securities ▲16	▲ 102
Net cash provided by (used in) financing activities	89	Net increase (decrease) in short-term loans payable +109 Net increase (decrease) in commercial papers +20 Cash dividends paid ▲28	73
Effects of exchange rate changes on cash and cash equivalents	5		4
Net increase (decrease) in cash and cash equivalents	▲ 28		40
Cash and cash equivalents at beginning of the year	428	Japan 227、Greater China 117、, ASEAN 46、Europe 32、Americas 4	397
Cash and cash equivalents, at end of the period	400	Japan 217、Greater China 106、ASEAN 44、Europe 26、Americas 4	438



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These presentation materials contain forward-looking projections based on assumptions, forecasts, and plans as of November 2 , 2018. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.