

May 12, 2017

**Nissan Chemical,
- where unique & solution meet**

Presentation for Investors

FY2016 (April 1 – March 31, 2017) Financial Results

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Translation of presentation materials for the investor meeting held in Tokyo on May 12, 2017



NISSAN CHEMICAL INDUSTRIES, LTD.

FY2016 PL(1)

(¥billion)	FY2015			FY2016			Change			Change (%)	FY2016 Outlook as of Nov 2016		
	1H	2H	Total	1H	2H	Total	1H	2H	Total	Total	1H Actual	2H	Total
Sales	83.7	93.2	176.9	84.5	95.8	Record 180.3	+0.8	+2.6	+3.4	+2%	84.5	96.0	180.5
Operating Profit	14.3	14.3	28.6	14.7	16.7	Record 31.4	+0.4	+2.4	+2.8	+10%	14.7	15.2	29.9
Non-Operating Income/Expenses	0.8	0.1	0.9	-0.5	0.8	0.3	-1.3	+0.7	-0.6	-	-0.5	0.3	-0.2
Ordinary Income	15.1	14.4	29.5	14.2	17.5	Record 31.7	-0.9	+3.1	+2.2	+7%	14.2	15.5	29.7
Extraordinary Profit/Loss (2)	0.0	-1.2	-1.2	0.0	0.0	0.0	+0.0	+1.2	+1.2	-	0.0	0.0	0.0
Net Income (3)	11.1	11.3	22.4	10.6	13.4	Record 24.0	-0.5	+2.1	+1.6	+7%	10.6	11.9	22.5
EBITDA (4)	18.7	19.6	38.3	18.8	21.5	40.3	+0.1	+1.9	+2.0	+5%	18.8	20.8	39.6
EPS (¥/share)	71.21	72.16	143.37	69.00	87.97	156.97	-2.21	+15.81	+13.60	+9%	69.00	77.88	146.88
Dividend (¥/share)	18	26	44	24	28	52	+6	+2	+8		24	26	50
Total amount of Dividend	2.8	4.0	6.8	3.7	4.2	7.9	+0.9	+0.2	+1.1		3.7	3.9	7.6
OP Margin	17.0%	15.4%	16.2%	17.4%	17.4%	17.4%	+0.4%	+2.0%	+1.2%		17.4%	15.8%	16.6%
ROE	-	-	14.6%	-	-	15.1%	-	-	+0.5%		-	-	14.2%
FX Rate (¥/\$)	122	118		105	112						105	105	
Naphtha (¥/kl) (5)	48,000	37,700		31,400	38,200						31,400	34,400	
Comprehensive Income	9.6	11.9	21.5	7.4	16.4	23.8					7.4		

(1) FY2016 = April 1, 2016 - March 31, 2017

(2) FY2015 Actual: Gain on sales of investment securities+3.0, Impairment loss(TMAT*) -3.9,
Provision for loss on business of an affiliated company (Ammonia Terminal Company, Ltd**) -0.3

(3) Net income = Profit Attributable to Owners of Parent

(4) EBITDA = Operating Profit + Depreciation (5) Based on Trade Statistics of Japan Ministry of Finance

TMAT* (consolidated subsidiary)
=Thin Materials AG(Germany) 100% subsidiary of Nissan Chem
Temporary bonding materials for 3D packaging for semis

Ammonia Terminal Company, Ltd** (affiliated company)
=Joint venture company owned by Sumitomo Chem(40%),
Showa Denko(30%) and Nissan Chem(30%)

2H FY2016 Review

<vs. 2H FY2015>

(Sales) ◆Up ¥2.6 billion (+2.7%)

(OP) ◆Up ¥2.4 billion (+16.5%)

(Non-Operating Income and Expenses) ◆Up ¥0.7 billion

(Ordinary Income) ◆Up ¥3.1 billion (+21.5%)

(Extraordinary Profit/Loss) ◆Up ¥1.2 billion

(Net Income) ◆Up ¥2.1 billion (+19.9%)

(EPS) ◆Up ¥15.81 yen (+21.9%)

(+) Chemicals, Performance Materials, Agrochemicals

(-) Pharmaceuticals, Trading

(+) Performance Materials, Agrochemicals

(±) Chemicals, Trading

(-) Pharmaceuticals

(2H FY2015)

Gain on sales of investment securities +3.0,

Impairment loss(TMAT) -3.9,

Provision for loss on business of an affiliated company

(Ammonia Terminal Company, Ltd) -0.3

<vs. 2H FY2016 Outlook as of November 2016>

(Sales) ◆Down ¥0.2 billion

(OP) ◆Up ¥1.5 billion

(Non-Operating Income and Expenses) ◆Up ¥0.5 billion

(Ordinary Income) ◆Up ¥2.0 billion

(Net Income) ◆Up ¥1.5 billion

(EPS) ◆Up ¥10.09 yen

(+) Chemicals, Performance Materials, Pharmaceuticals

(-) Agrochemicals, Trading

(+) Chemicals, Performance Materials, Agrochemicals,
Pharmaceutical,

(-) Trading

FY2016 Review

<vs. FY2015>

(Sales) ◆Up ¥3.4 billion (+1.9%)

(+) Chemicals, Performance Materials, Agrochemicals
(-) Pharmaceuticals, Trading

(OP) ◆Up ¥2.8 billion (+9.9%)

(+) Performance Materials, Agrochemicals,
(-) Chemicals, Pharmaceuticals, Trading

(OP Margin) ◆17.4% **More than 10% OP Margin in 14 consecutive years since FY2003**

(Non-Operating
Income and Expenses) ◆Down ¥0.6 billion

(Ordinary Income) ◆Up ¥2.2 billion (+7.4%)

(Extraordinary Profit/Loss) ◆Up ¥1.2 billion

(Net Income) ◆Up ¥1.6 billion (+7.5%)

(EPS) ◆Up ¥13.60 yen (+9.5%)

(ROE) ◆15.1% (FY2015: 14.6%)

★OP and Ordinary Income renewed the highest results of a full year in three consecutive years

★Net Income renewed the highest results of a full year in four consecutive years

<Shareholder Return>

(Dividend) ◆1H ¥24, 2H ¥28, total ¥52/share, dividend payout ratio 33.1% (2.4% up vs. FY2015)
(¥8/share up vs. FY2015, ¥2/share up vs. 2H FY2016 Outlook as of November 2016)

(Share Repurchases) ◆¥9.0 billion, 2.6 million shares completed in FY2016
(Cancelled 1 million shares in May 2016, 1 million shares in August 2016,
2 million shares in May 2017)

(Total Payout Ratio) ◆70.4% (Mid-Term Business Plan target: maintain 70%)

FY2016

Non-Operating Income/Expenses, Extraordinary Profit/Loss, Comprehensive Income

	FY2015	FY2016	Change	(¥billion)
Non-Operating Income	2.48	2.25	-0.23	
Interest income, dividend income	0.60	0.75	+0.15	
Equity in earnings of affiliates	0.86	0.70	-0.16	
Gain on foreign exchange	0.00	0.00	+0.00	
Others	1.02	0.80	-0.22	
Non-Operating Expenses	1.56	1.98	+0.42	
Interest expense	0.19	0.16	-0.03	
Loss on disposal of fixed assets	0.32	0.60	+0.28	
Loss on foreign exchange	0.17	0.31	+0.14	
Others	0.88	0.91	+0.03	
Extraordinary Profit	3.08	0.00	-3.08	
Extraordinary Loss	4.25	0.00	-4.25	
Comprehensive Income	21.51	23.77	+2.26	
Net income	22.35	24.03	+1.68	
Non-controlling interests	0.21	0.16	-0.05	
Unrealized gains or losses on investment securities	-0.16	-0.44	-0.28	
Foreign currency translation adjustments	-0.80	0.19	+0.99	
Remeasurements of defined benefit plans	-0.09	-0.17	-0.08	

(¥billion)

FY2016

Cash Flows

	FY2015			FY2016			Change			FY2016 Outlook as of Nov 2016		
	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H Actual	2H	Total
CF from operating activities	27.6	2.4	30.0	29.4	3.1	32.5	+1.8	+0.7	+2.5	29.4	2.0	31.4
Profit before income tax	15.1	13.3	28.4	14.2	17.5	31.7	-0.9	+4.2	+3.3	14.2	15.5	29.7
Gain on sales of investment securities	0.0	-3.0	-3.0	0.0	0.0	0.0	+0.0	+3.0	+3.0	0.0	-0.2	-0.2
Impairment loss	0.0	3.9	3.9	0.0	0.2	0.2	+0.0	-3.7	-3.7	0.0	0.0	0.0
Provision for loss on business of associates	0.0	0.3	0.3	0.0	0.0	0.0	+0.0	-0.3	-0.3	0.0	0.0	0.0
Depreciation & Amortization	4.4	5.3	9.7	4.1	4.8	8.9	-0.3	-0.5	-0.8	4.1	5.6	9.7
Tax	-4.0	-3.4	-7.4	-4.9	-4.1	-9.0	-0.9	-0.7	-1.6	-4.9	-4.0	-8.9
Working capital, others	12.1	-14.0	-1.9	16.0	-15.3	0.7	+3.9	-1.3	+2.6	16.0	-14.9	1.1
CF from investing activities	-4.7	-3.7	-8.4	-4.5	-8.6	-13.1	+0.2	-4.9	-4.7	-4.5	-12.1	-16.6
Purchase of PPE	-4.3	-4.8	-9.1	-5.3	-7.1	-12.4	-1.0	-2.3	-3.3	-5.3	-12.3	-17.6
Purchase, sales and redemption of investment securities	0.1	1.8	1.9	0.0	2.2	2.2	-0.1	+0.4	+0.3	0.0	2.7	2.7
Others	-0.5	-0.7	-1.2	0.8	-3.7	-2.9	+1.3	-3.0	-1.7	0.8	-2.5	-1.7
CF from financing activities	-27.3	10.0	-17.3	-26.6	7.5	-19.1	+0.7	-2.5	-1.8	-26.6	11.8	-14.8
Dividends paid	-3.5	-2.8	-6.3	-4.0	-3.7	-7.7	-0.5	-0.9	-1.4	-4.0	-3.7	-7.7
Borrowings	-17.7	15.8	-1.9	-17.5	15.2	-2.3	+0.2	-0.6	-0.4	-17.5	15.5	-2.0
Purchase of treasury shares	-6.0	-3.0	-9.0	-5.0	-4.0	-9.0	1.0	-1.0	+0.0	-5.0	0.0	-5.0
Others	-0.1	0.0	-0.1	-0.1	0.0	-0.1	+0.0	-0.0	+0.0	-0.1	0.0	-0.1
Effect of FX rate changes on cash & cash equivalents	-0.2	-0.1	-0.3	-0.3	0.4	0.1	-0.1	+0.5	+0.4	-0.3	0.3	0.0
Change in cash & cash equivalents	-4.6	8.6	4.0	-2.0	2.4	0.4	+2.6	-6.2	-3.6	-2.0	2.0	0.0
Cash & cash equivalents at end of period	26.9	35.3		33.3	35.7		+6.4	+0.4		33.3	35.3	

FY2016 Balance Sheets

(¥billion)

	2016/3	2017/3	Change
Current assets	142.2	140.5	-1.7
Cash	35.3	35.7	+0.4
Accounts receivable	57.6	60.1	+2.5
Inventories	38.5	36.4	-2.1
Others	10.8	8.3	-2.5
Fixed assets	86.0	91.2	+5.2
Total PPE	47.5	52.0	+4.5
Intangible assets	0.9	1.6	+0.7
Investment securities	33.3	32.5	-0.8
Others	4.3	5.1	+0.8
Total assets	228.2	231.7	+3.5

	2016/3	2017/3	Change
Liabilities	71.3	68.0	-3.3
Accounts payable	15.4	14.9	-0.5
Borrowings	33.1	30.8	-2.3
Others	22.8	22.3	-0.5
Net assets	156.9	163.7	+6.8
Shareholders' equity	144.2	151.3	+7.1
Unrealized gains or losses on investment securities	10.5	10.1	-0.4
Foreign currency translation adjustments	0.2	0.2	+0.0
Minority interest	1.5	1.7	+0.2
Remeasurements of defined benefit plans	0.5	0.4	-0.1
Total liabilities & Net assets	228.2	231.7	+3.5

• D/E Ratio (1) -1.6% -3.2%

• Equity Ratio 68.1% 69.9%

• Change in shareholders' equity +6.8

= Net Income 24.0 - Dividend and others 17.2

(1) D/E Ratio = (Borrowings - Cash) / Shareholders' equity

FY2017 Outlook

(¥billion)

	FY2016 Actual				FY2017 Outlook				Change				Change (%)
	1H	(1Q)	2H	Total	1H	(1Q)	2H	Total	1H	(1Q)	2H	Total	Total
Sales	84.5	45.1	95.8	180.3	87.7	45.2	101.3	Record 189.0	+3.2	+0.1	+5.5	+8.7	+5%
Operating Profit	14.7	9.5	16.7	31.4	15.0	8.1	17.5	Record 32.5	+0.3	-1.4	+0.8	+1.1	+3%
Non-Operating Income/Expenses	-0.5	-0.1	0.8	0.3	0.1	0.5	0.7	0.8	+0.6	+0.6	-0.1	+0.5	-
Ordinary Income	14.2	9.4	17.5	31.7	15.1	8.6	18.2	Record 33.3	+0.9	-0.8	+0.7	+1.6	+5%
Extraordinary Profit/Loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	+0.0	+0.0	+0.0	+0.0	-
Net Income	10.6	6.8	13.4	24.0	11.5	6.5	13.7	Record 25.2	+0.9	-0.3	+0.3	+1.2	+5%
EBITDA (1)	18.8	11.5	21.5	40.3	19.9	-	23.7	43.6	+1.1	-	+2.2	+3.3	+8%
EPS (¥/share) (2)	69.00	44.31	87.97	156.97	76.36	-	91.18	167.54	+7.36	-	+3.21	+10.57	+7%
Dividend (¥/share)	24	-	28	52	28	-	32	60	+4	-	+4	+8	
Total amount of Dividend (2)	3.7	-	4.2	7.9	4.2	-	4.8	9.0	+0.5	-	+0.6	+1.1	
OP Margin	17.4%	21.1%	17.4%	17.4%	17.1%	17.9%	17.3%	17.2%	-0.3%	-3.2%	-0.1%	-0.2%	
ROE (2)	-	-	-	15.1%	-	-	-	15.0%	-	-	-	-0.1%	
FX Rate (¥/\$)	105	108	112		110	110	110						
Naphtha (¥/kl)	31,400	-	38,200		40,700	-	40,700						
Comprehensive income	7.4	4.9	16.4	23.8									

(1) EBITDA = Operating Profit + Depreciation

(2) FY2017 Outlook including effects of FY2017 share repurchase program announced on May 12, 2017

FY2017 Outlook

<vs. FY2016>

(Sales) ◆Up **¥8.7 billion (+4.8%)** (+) Chemicals, Performance Materials, Agrochemicals, Trading
(-) Pharmaceuticals

(OP) ◆Up **¥1.1 billion (+3.4%)** (+) Agrochemicals, Trading
(-) Chemicals, Performance Materials, Pharmaceuticals

(Non-Operating Income and Expenses) ◆Up **¥0.5 billion**

(Ordinary Income) ◆Up **¥1.6 billion (+5.0%)**

(Net Income) ◆Up **¥1.2 billion (+4.9%)**

(EPS) ◆Up **¥10.57 yen (+6.7%)**

(ROE) ◆15.0% (FY2016 15.1%)

Sales, OP, Ordinary Income, Net Income expected to renew the highest results of a full year recorded in FY2016

<Shareholder Return>

(Dividend) ◆1H ¥28, 2H ¥32, total ¥60/share, dividend payout ratio 35.8% (2.7% up vs. FY2016)
(¥8/share up vs. FY2016)

(Share Repurchases) ◆¥5.0 billion, 1.7 million shares (announced on May 12, 2017)

(Total Payout Ratio) ◆55.4% (Mid-Term Business Plan target: maintain 70%)

1Q and 1H FY2017 Outlook

<1Q vs. 1Q FY2016>

(Sales) ◆Up **¥0.1billion (+0.3%)** (+) Performance Materials, Trading
(-) Chemicals, Agrochemicals, Pharma

(OP) ◆Down **¥1.4billion (-14.8%)** (+) Performance Materials
(-) Chemicals, Agrochemicals, Pharma, Trading

(Non-Operating Income and Expenses) ◆Up **¥0.6billion**

(Ordinary Income) ◆Down **¥0.8billion (-8.1%)**

(Net Income) ◆Down **¥0.3billion (-4.8%)**

<1H vs. 1H FY2016>

(Sales) ◆Up **¥3.2billion (+3.8%)** (+) Chemicals, Performance Materials, Agrochemicals, Trading
(-) Pharma

(OP) ◆Up **¥0.3billion (+1.8%)** (+) Chemicals, Performance Materials, Agrochemicals, Trading
(-) Pharma

(Non-Operating Income and Expenses) ◆Up **¥0.6billion**

(Ordinary Income) ◆Up **¥0.9billion (+6.2%)**

(Net Income) ◆Up **¥0.9billion (+8.5%)**

FY2017 Outlook

Non-Operating Income/Expenses, Extraordinary Profit/Loss, Comprehensive Income

	FY2016 Actual	FY2017 Outlook	Change	(¥billion)
Non-Operating Income	2.25	1.94	-0.31	
Interest income, dividend income	0.75	0.62	-0.13	
Equity in earnings of affiliates	0.70	0.76	+0.06	
Gain on foreign exchange	0.00	0.00	+0.00	
Others	0.80	0.56	-0.24	
Non-Operating Expenses	1.98	1.12	-0.86	
Interest expense	0.16	0.13	-0.03	
Loss on disposal of fixed assets	0.60	0.54	-0.06	
Loss on foreign exchange	0.31	0.00	-0.31	
Others	0.91	0.45	-0.46	
Extraordinary Profit	0.00	0.00	0.00	
Extraordinary Loss	0.00	0.00	0.00	
Comprehensive Income	23.77	-	-	
Net income	24.03	-	-	
Non-controlling interests	0.16	-	-	
Unrealized gains or losses on investment securities	-0.44	-	-	
Foreign currency translation adjustments	0.19	-	-	
Remeasurements of defined benefit plans	-0.17	-	-	

FY2017 Cash Flows Outlook

	FY2016 Actual	FY2017 Outlook
CF from operating activities	32.5	36.6
Profit before income tax	31.7	33.3
Impairment loss	0.2	0.0
Depreciation & Amortization	8.9	11.1
Tax	-9.0	-6.1
Working capital, others	0.7	-1.7
CF from investing activities	-13.1	-17.7
Purchase of PPE	-12.4	-17.1
Purchase and sales of investment securities	2.2	0.0
Others	-2.9	-0.6
CF from financing activities	-19.1	-15.6
Dividends paid	-7.7	-8.5
Borrowings	-2.3	-2.1
Purchase of treasury shares	-9.0	-5.0
Others	-0.1	0.0
Effect of FX rate changes on cash & cash equivalents	0.4	0.0
Change in cash & cash equivalents	0.4	3.3
Cash & cash equivalents at end of period	35.7	39.0

(¥billion)

FY2016 Sales by Segment (1)

(¥billion)

	FY2015			FY2016			Change			Change (%)	FY2016 Outlook as of Nov 2016		
	1H	2H	Total	1H	2H	Total	1H	2H	Total	Total	1H Actual	2H	Total
Chem	16.7	17.6	34.3	16.5	18.3	34.8	-0.2	+0.7	+0.5	+1%	16.5	17.6	34.1
Fine Chemicals	5.5	5.1	10.6	5.3	5.4	10.7	-0.2	+0.3	+0.1	+0%	5.3	5.0	10.3
Basic Chemicals	11.2	12.5	23.7	11.2	12.9	24.1	+0.0	+0.4	+0.4	+2%	11.2	12.6	23.8
Performance Materials	26.0	25.8	51.8	25.5	27.3	52.8	-0.5	+1.5	+1.0	+2%	25.5	27.0	52.5
Agro	21.1	26.4	47.5	24.0	28.0	52.0	+2.9	+1.6	+4.5	+9%	24.0	28.2	52.2
Pharma	3.7	5.0	8.7	3.7	4.3	8.0	+0.0	-0.7	-0.7	-8%	3.7	3.9	7.6
Trading	27.5	28.1	55.6	27.6	27.6	55.2	+0.1	-0.5	-0.4	-1%	27.6	30.6	58.2
Others	8.9	12.0	20.9	8.6	15.4	24.0	-0.3	+3.4	+3.1	+15%	8.6	14.8	23.4
Adjustment	-20.2	-21.7	-41.9	-21.4	-25.1	-46.5	-1.2	-3.4	-4.6	-	-21.4	-26.1	-47.5
Total	83.7	93.2	176.9	84.5	95.8	180.3	+0.8	+2.6	+3.4	+2%	84.5	96.0	180.5

(1) Including inter-segment sales/transfers

FY2016 OP by Segment

(¥billion)

	FY2015			FY2016			Change			Change (%)
	1H	2H	Total	1H	2H	Total	1H	2H	Total	Total
Chem	1.4	2.5	3.9	1.3	2.5	3.8	-0.1	+0.0	-0.1	-3%
Performance Materials	6.3	5.7	12.0	6.2	6.3	12.5	-0.1	+0.6	+0.5	+4%
Agro	6.2	4.6	10.8	6.9	6.3	13.2	+0.7	+1.7	+2.4	+22%
Pharma	0.6	1.4	2.0	0.6	1.1	1.7	+0.0	-0.3	-0.3	-17%
Trading	0.9	0.9	1.8	0.8	0.9	1.7	-0.1	+0.0	-0.1	-6%
Others	0.0	0.5	0.5	0.0	1.0	1.0	+0.0	+0.5	+0.5	+103%
Adjustment	-1.1	-1.3	-2.4	-1.1	-1.4	-2.5	+0.0	-0.1	-0.1	-
Total	14.3	14.3	28.6	14.7	16.7	31.4	+0.4	+2.4	+2.8	+10%

FY2016 Outlook as of Nov 2016		
1H Actual	2H	Total
1.3	2.4	3.7
6.2	5.5	11.7
6.9	5.9	12.8
0.6	0.8	1.4
0.8	1.1	1.9
0.0	0.7	0.7
-1.1	-1.2	-2.3
14.7	15.2	29.9

FY2017 Sales Outlook by Segment (1)

(¥billion)

	FY2016 Actual				FY2017 Outlook				Change				Change (%)
	1H	(1Q)	2H	Total	1H	(1Q)	2H	Total	1H	(1Q)	2H	Total	Total
Chem	16.5	8.5	18.3	34.8	17.1	8.4	18.4	35.5	+0.6	-0.1	+0.1	+0.7	+2%
Fine Chemicals	5.3	2.8	5.4	10.7	5.3	2.6	5.1	10.4	+0.0	-0.2	-0.3	-0.3	-2%
Basic Chemicals	11.2	5.7	12.9	24.1	11.8	5.8	13.3	25.1	+0.6	+0.1	+0.4	+1.0	+4%
Performance Materials	25.5	12.6	27.3	52.8	27.9	13.8	29.7	57.6	+2.4	+1.2	+2.4	+4.8	+9%
Agro	24.0	14.5	28.0	52.0	24.9	13.5	31.4	56.3	+0.9	-1.0	+3.4	+4.3	+8%
Pharma	3.7	2.2	4.3	8.0	3.0	1.5	3.9	6.9	-0.7	-0.7	-0.4	-1.1	-14%
Trading	27.6	14.4	27.6	55.2	29.5	15.2	32.0	61.5	+1.9	+0.8	+4.4	+6.3	+11%
Others	8.6	4.0	15.4	24.0	9.2	4.7	12.5	21.7	+0.6	+0.7	-2.9	-2.3	-10%
Adjustment	-21.4	-11.1	-25.1	-46.5	-23.9	-11.9	-26.6	-50.5	-2.5	-0.8	-1.5	-4.0	-
Total	84.5	45.1	95.8	180.3	87.7	45.2	101.3	189.0	+3.2	+0.1	+5.5	+8.7	+5%

(1) Including inter-segment sales/transfers

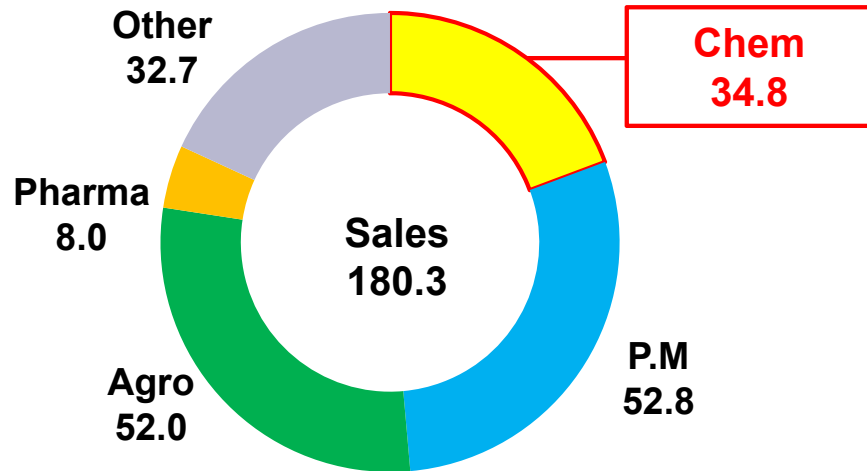
FY2017 OP Outlook by Segment

(¥billion)

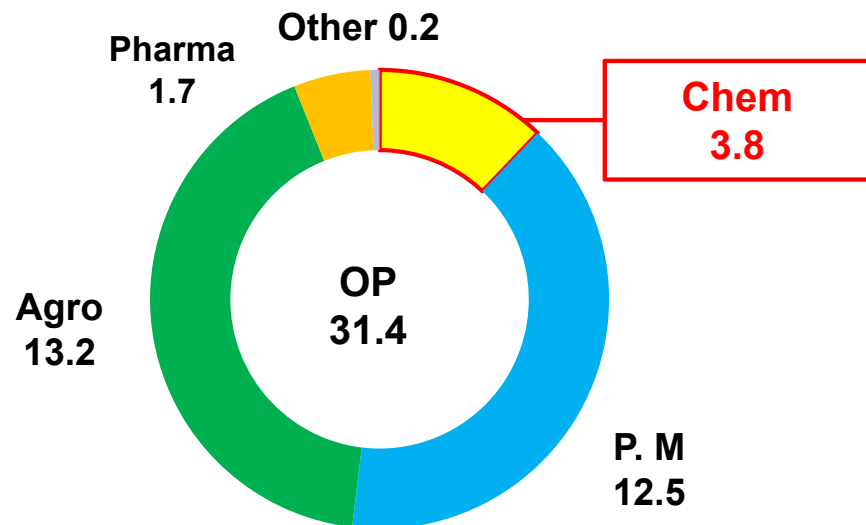
	FY2016 Actual				FY2017 Outlook				Change				Change (%)
	1H	(1Q)	2H	Total	1H	(1Q)	2H	Total	1H	(1Q)	2H	Total	Total
Chem	1.3	1.5	2.5	3.8	1.5	1.4	2.1	3.6	+0.2	-0.1	-0.4	-0.2	-6%
Performance Materials	6.2	3.0	6.3	12.5	6.3	3.2	6.0	12.3	+0.1	+0.2	-0.3	-0.2	-2%
Agro	6.9	4.5	6.3	13.2	7.6	3.8	8.0	15.6	+0.7	-0.7	+1.7	+2.4	+18%
Pharma	0.6	0.6	1.1	1.7	0.1	0.1	0.8	0.9	-0.5	-0.5	-0.3	-0.8	-46%
Trading	0.8	0.4	0.9	1.7	0.9	0.4	1.1	2.0	+0.1	+0.0	+0.2	+0.3	+18%
Others	0.0	0.0	1.0	1.0	-0.1	-0.1	0.6	0.5	-0.1	-0.1	-0.4	-0.5	-48%
Adjustment	-1.1	-0.5	-1.4	-2.5	-1.3	-0.7	-1.1	-2.4	-0.2	-0.2	+0.3	+0.1	-
Total	14.7	9.5	16.7	31.4	15.0	8.1	17.5	32.5	+0.3	-1.4	+0.8	+1.1	+3%

Chemicals – (A) Recent Financial Performance

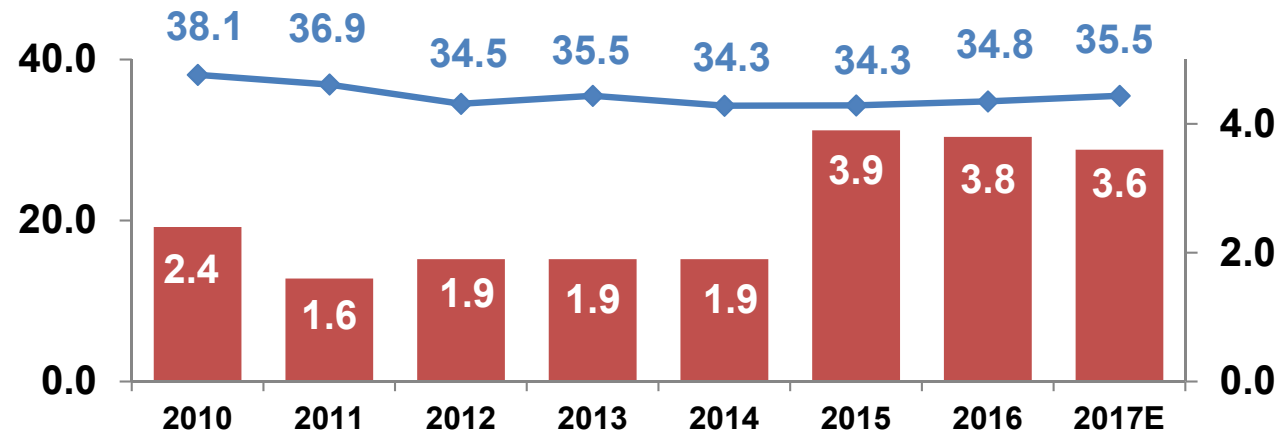
1. FY2016 Sales Distribution (¥billion)



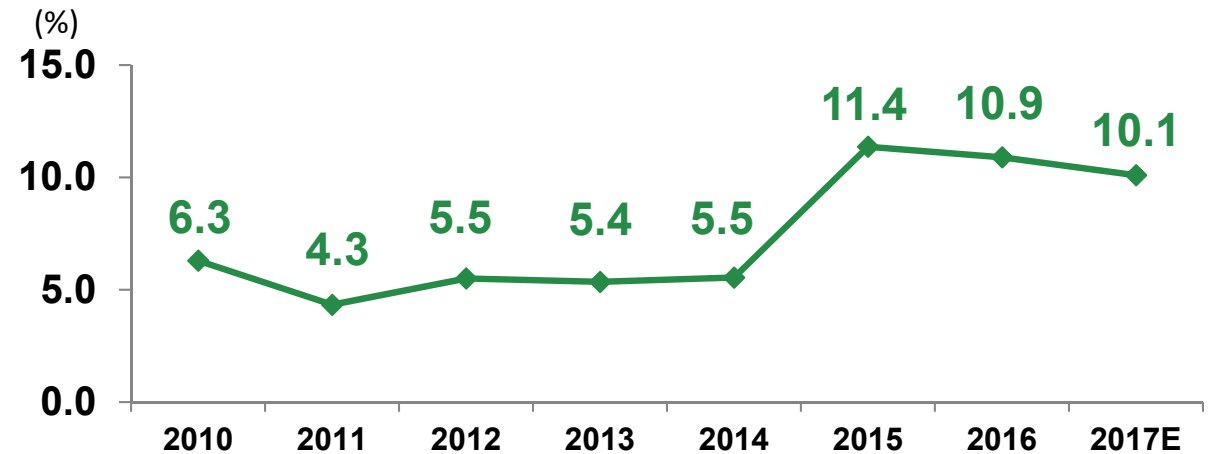
2. FY2016 OP Distribution (¥billion)



3. Recent Financial Performance (¥billion)



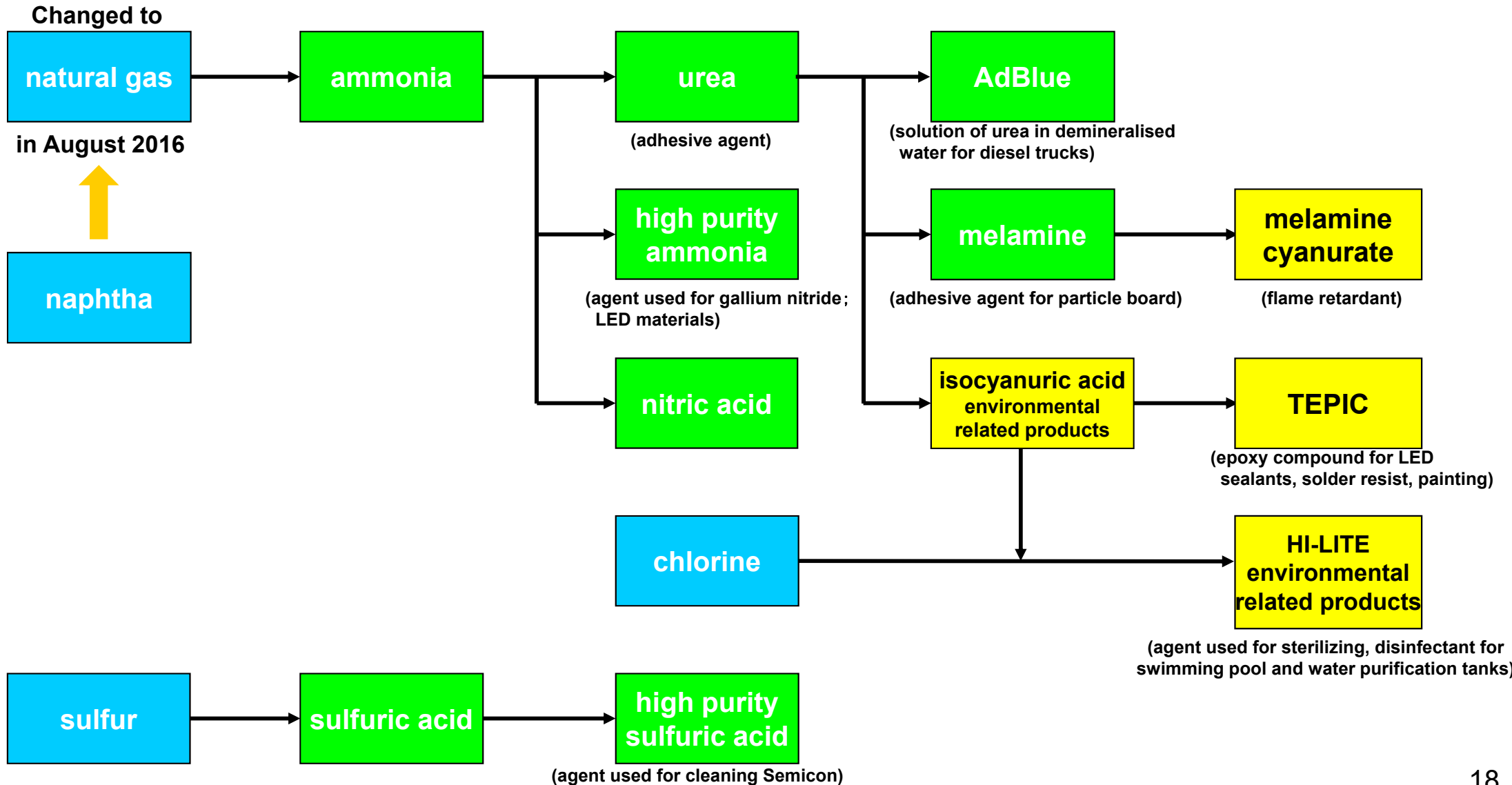
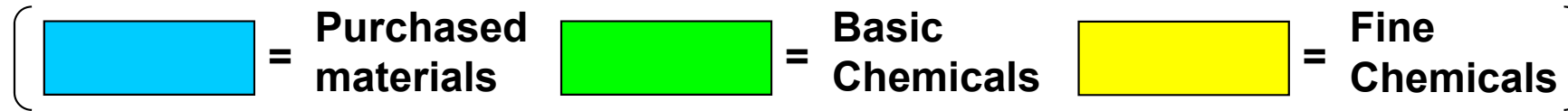
OP (right) Sales (left)



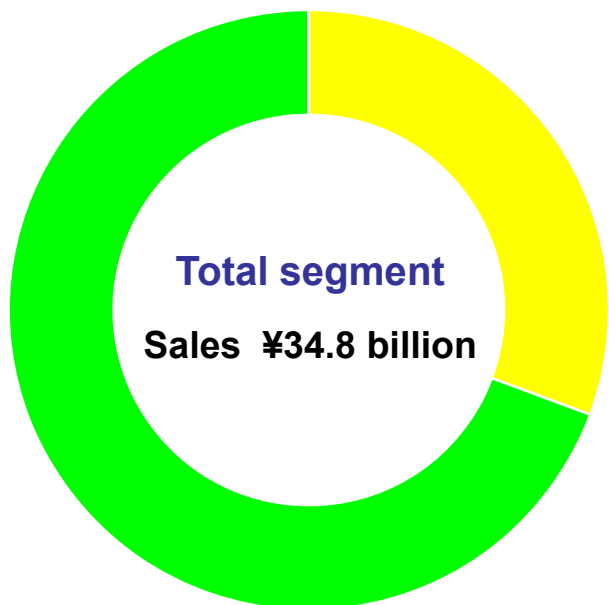
OP margin

Chemicals – (B) Flow Chart of Selected Basic and Fine Chemicals Products

- ◆ Core products of Basic Chemicals : Ammonia related products and sulfuric acid related products
- ◆ FY2016 ammonia domestic production capacity share 11%, high percentage of self-consumption of ammonia



Chemicals – (C) FY2016 Sales Distribution

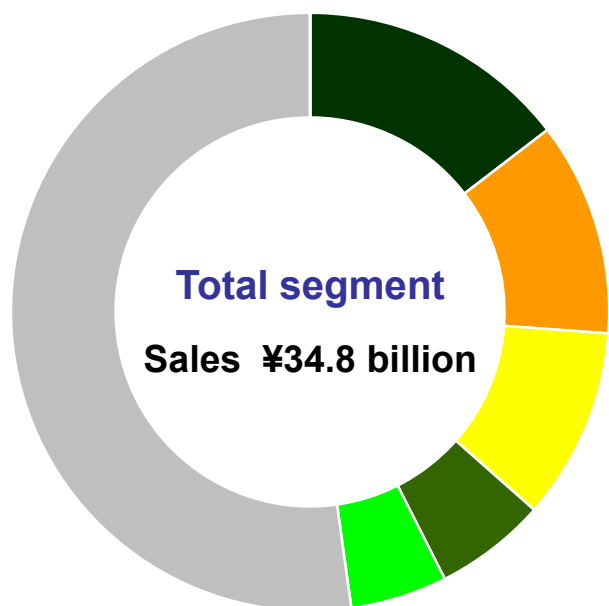


- Fine Chemicals 31%
- Basic Chemicals 69%

Fine Chemicals
Sales ¥10.7 billion



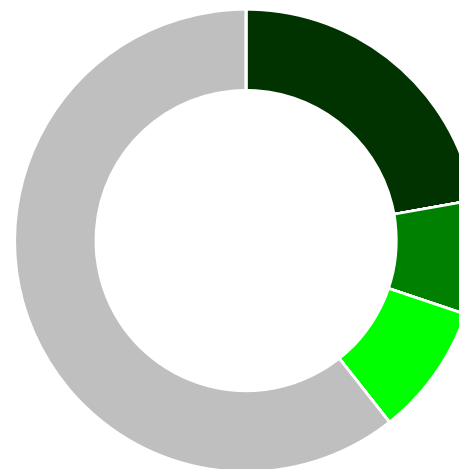
- TEPIC
- Environmental related products
- Others



- | | |
|----------------------|------------|
| Main Products | 50% |
| Others | 50% |

- < Main Products >
- Melamine
 - TEPIC
 - Environmental related products
 - Urea/AdBlue
 - High purity sulfuric acid
 - Others

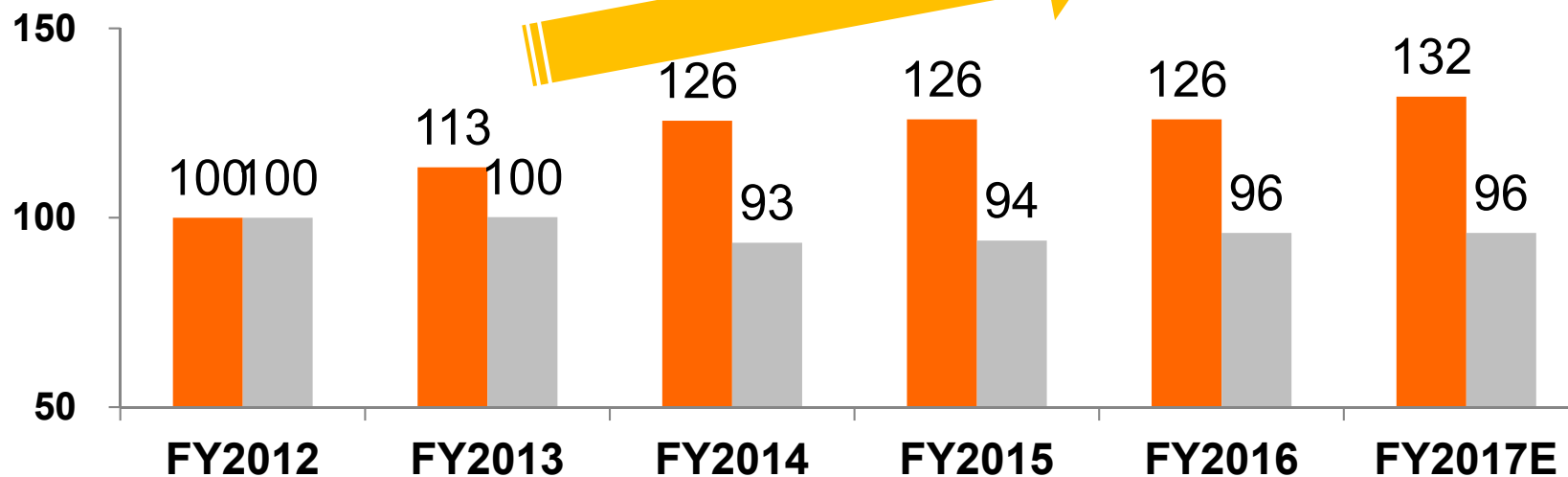
Basic Chemicals
Sales ¥24.1 billion



- | | |
|----------------------|------------|
| Main Products | 39% |
| Others | 61% |
- Melamine
 - High purity sulfuric acid
 - Urea/AdBlue
 - Others

Chemicals – (D) Growing Products

◆ Sales (FY2012=100)



■ Growing Products

TEPIC
FINEOXOCOL
AdBlue
High purity ammonia
Melamine cyanurate
etc.

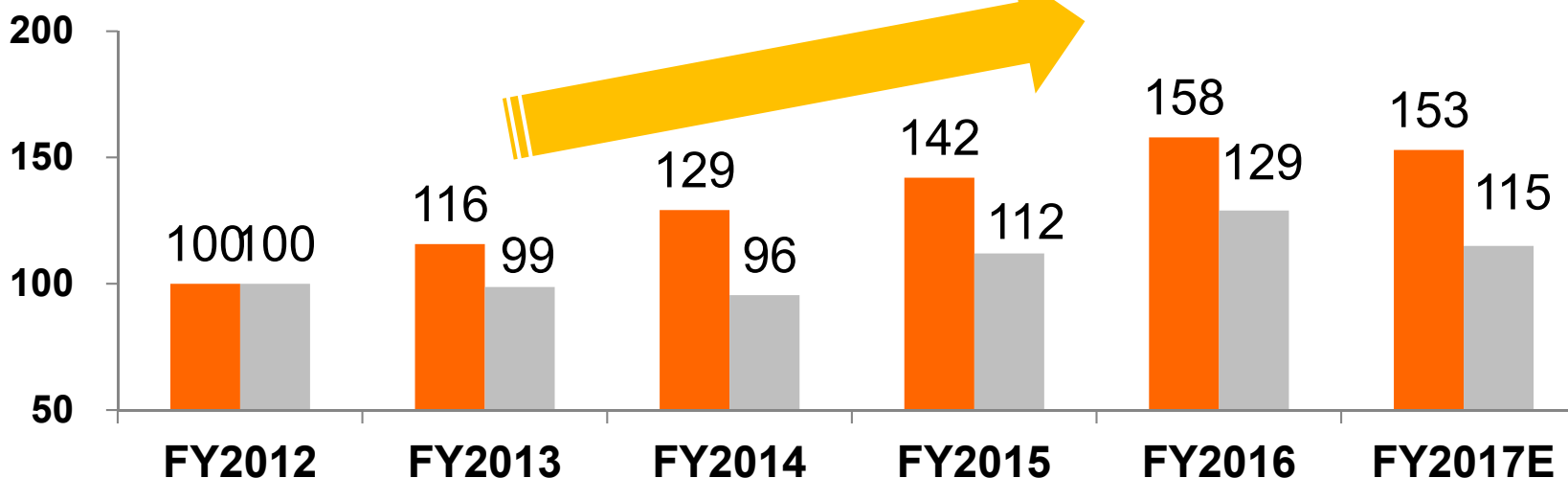
■ Matured Products

Melamine
Ammonia
Urea
Nitric acid
etc.

Growing Products'

% of Total Sales 21 23 26 26 26 26

◆ Marginal Profit (1) (FY2012=100)



(1) Marginal Profit : Sales – Variable Cost

Chemicals – (E-1) Production Capacity

◆ Production Capacity (FY2012 Production Capacity = 100)

		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017E
Growing Products	TEPIC	100	→			120	
	AdBlue	100	→		150	160	
	[Number of Plants(1)]	[2]	→		[4]	[5]	
	High purity ammonia	100	→	250			
Matured Products	Ammonia	100	→		80		
	Nitric acid	100	→	80	→		70

} Increasing
} Decreasing

(1) Including subcontractors

◆ Completed Cost Saving Investments at Toyama Ammonia Related Plants

Construction Cost: ¥0.5 billion

Cost Savings: ¥0.2-0.3billion/year

Contents: Utility and manpower savings

◆ Ammonia Feedstock Change Project

See Page E-2

Chemicals – (E-2)

Ammonia Feedstock Change Project

◆Project:

Change of feedstock for ammonia production at Toyama Plant from naphtha to natural gas

◆Purpose:

To pursue more stable profitability from ammonia and its derivative products by using natural gas

◆Construction Cost:

¥ 1.09 billion

◆Completion Period:

Completed in August 2016 as scheduled

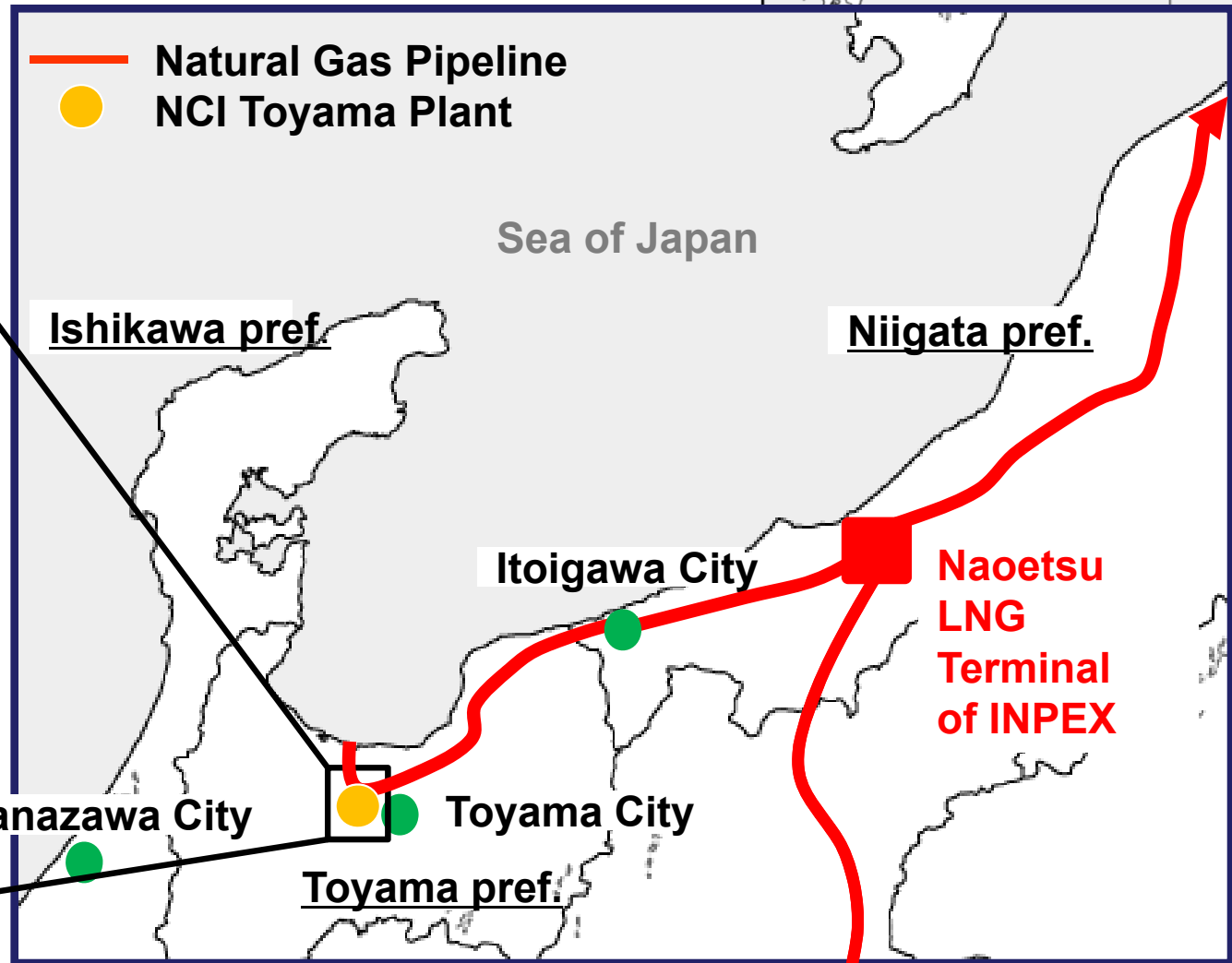
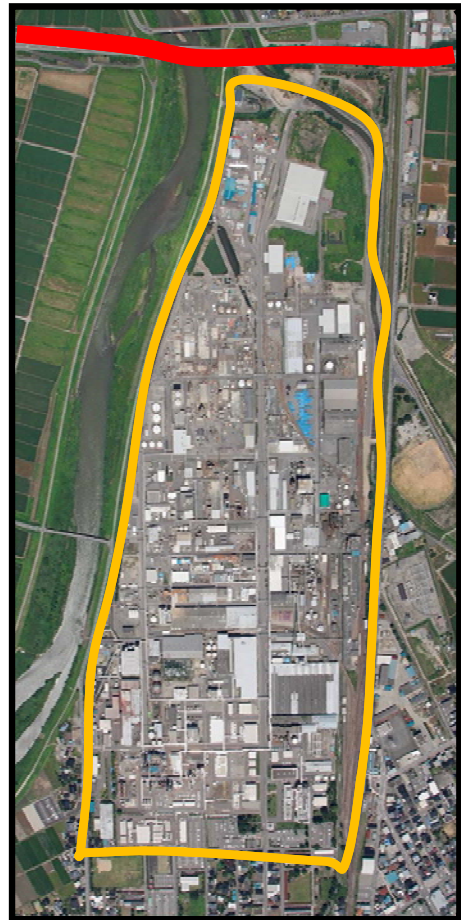
◆Extraordinary Loss:

Extraordinary loss of ¥ 704 million incurred in 3Q FY2014 (fiscal year ending in March 2015) as cost for dismantling the existing naphtha pipeline after completion of the project

Chemicals – (E-3)

Ammonia Feedstock Change Project

- Natural Gas Pipeline
- NCI Toyama Plant



Chemicals – (F) Fine Chemicals Subsegment

FY2016 Sales Review

<1H FY2016 vs. 1H FY2015>

- ◆ TEPIC : Export sales for general applications down, sales for electronic materials up
- ◆ Environmental related products : Domestic sales up due to one time large orders, export sales down

<2H FY2016 vs. 2H FY2015>

- ◆ TEPIC : Export sales for general applications up partly due to environmental regulations in China, sales for electronic materials up
- ◆ Environmental related products : Domestic sales up, export sales up

<2H FY2016 vs. 2H FY2016 Outlook as of Nov. 2016>

- ◆ TEPIC : Both applications above target
- ◆ Environmental related products : Domestic sales above target, export sales above target

FY2017 Sales Outlook

<vs. FY2016>

- ◆ TEPIC : Export sales for general applications up, sales for electronic materials up
- ◆ Environmental related products : Domestic sales down due to the absence of one time orders, export sales up

Main Products		Sales YOY Change								
		FY2016 Outlook as of Nov. 2016			FY2016 Actual			FY2017 Outlook		
		1H Actual	2H	Total	1H	2H	Total	1H	2H	Total
Total Subsegment		-3%	-3%	-3%	-3%	+4%	+0%	-0%	-5%	-3%
TEPIC	◆ Epoxy compound for : (A) electronic materials (solder resist, LED materials), (B) general applications such as powder coating agent for paint ◆ World largest producer	-9%	+2%	-4%	-9%	+19%	+5%	+19%	-10%	+2%
Environmental related products	◆ HI-LITE : made from chlorinated isocyanuric acid, used for sterilizing, disinfectant for swimming pool as well as water purification tank	+2%	+5%	+3%	+2%	+8%	+4%	-3%	+2%	-0%

Two products account for 75% of total consolidated subsegment sales (FY2016)

Chemicals – (G) Basic Chemicals Subsegment

FY2016 Sales Review

<1H FY2016 vs. 1H FY2015>

- ◆ Melamine : Domestic sales down, export sales up
- ◆ Urea including AdBlue : Urea flat, AdBlue up
- ◆ High purity sulfuric acid : Flat

<2H FY2016 vs. 2H FY2015>

- ◆ Melamine : Domestic sales up, export sales up
- ◆ Urea including AdBlue : Urea down due to volume increase as materials for melamine production, AdBlue up
- ◆ High purity sulfuric acid : Up

<2H FY2016 vs. 2H FY2016 Outlook as of Nov. 2016>

- ◆ Melamine : Both domestic and export sales above target
- ◆ Urea including AdBlue : Both urea and AdBlue below target
- ◆ High purity sulfuric acid : Above target

FY2017 Sales Outlook

<vs. FY2016>

- ◆ Melamine : Domestic sales up, export sales up
- ◆ Urea including AdBlue : Urea down due to volume increase as materials for melamine production, AdBlue up
- ◆ High purity sulfuric acid : Up due to demand increase by domestic semis customers

Main Products		Sales YOY Change								
		FY2016 Outlook as of Nov. 2016			FY2016 Actual			FY2017 Outlook		
		1H Actual	2H	Total	1H	2H	Total	1H	2H	Total
Total Subsegment		-0%	+1%	+0%	-0%	+3%	+2%	+5%	+3%	+4%
Melamine	◆ Mainly used as adhesive agent for particle board, medium density fiberboard, plywood	+1%	-7%	-3%	+1%	+11%	+6%	+10%	+8%	+9%
Urea including AdBlue	◆ Urea: mainly used for urea formaldehyde resin, adhesive agent ◆ AdBlue: solution of urea in demineralised water for diesel trucks to reduce Nox	+2%	+1%	+1%	+2%	-9%	-4%	+3%	+5%	+4%
High purity sulfuric acid	◆ Used to clean semiconductors ◆ Largest in domestic market	-1%	+4%	+2%	-1%	+9%	+4%	+13%	+1%	+7%

Three products account for 39% of total consolidated subsegment sales (FY2016)

Chemicals – (H) Profit Overview

(¥billion)

	FY2015 Actual			2H FY2016 E as of Nov. 2016	FY2016 Actual (A)			FY2017 Outlook (B)			Change (B) - (A)			Change(%) (B) - (A)		
	1H	2H	Total	2H	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H	2H	Total
Sales	16.7	17.6	34.3	17.6	16.5	18.3	34.8	17.1	18.4	35.5	+0.6	+0.1	+0.7	+3%	+1%	+2%
Fine	5.5	5.1	10.6	5.0	5.3	5.4	10.7	5.3	5.1	10.4	+0.0	-0.3	-0.3	+0%	-4%	-2%
Basic	11.2	12.5	23.7	12.6	11.2	12.9	24.1	11.8	13.3	25.1	+0.6	+0.4	+1.0	+5%	+3%	+4%
OP	1.4	2.5	3.9	2.4	1.3	2.5	3.8	1.5	2.1	3.6	+0.2	-0.4	-0.2	+13%	-16%	-6%

2H FY2016 Review

<vs. 2H FY2015>

(Fine Chemicals)

- ◆ Sales of TEPIC and environmental related products up
- ◆ Sales up, OP up

(Basic Chemicals)

- ◆ Sales of melamine and high purity sulfuric acid up
- ◆ Sales of urea including AdBlue down
- ◆ Fixed cost up
- ◆ Sales up, OP down

(Total Segment)

- ◆ Sales up ¥0.7billion(+4%), OP flat

FY2016 Review

<vs. FY2015>

(Fine Chemicals)

- ◆ Sales of TEPIC and environmental related products up
- ◆ Feedstock cost down, inventory adjustment cost up
- ◆ Sales of non-core products down
- ◆ Sales up, OP down

(Basic Chemicals)

- ◆ Sales of melamine and high purity sulfuric acid up
- ◆ Urea including AdBlue down
- ◆ Feedstock cost down
- ◆ Sales up, OP up

(Total Segment)

- ◆ Sales up ¥0.5billion(+1%), OP down ¥0.1billion
(including inventory adjustment cost up ¥0.3billion)(-3%)

2H FY2016 Review

<vs. 2H FY2016 Outlook as of Nov. 2016>

(Fine Chemicals)

- ◆ Sales of TEPIC and environmental related products above target
- ◆ Sales above target, OP below target

(Basic Chemicals)

- ◆ Sales of melamine and high purity sulfuric acid above target
- ◆ Sales of urea including AdBlue below target
- ◆ Sales above target, OP above target

(Total Segment)

- ◆ Sales up ¥0.7billion, OP up ¥0.1billion

FY2017 Outlook

<vs. FY2016>

(Fine Chemicals)

- ◆ Sales of TEPIC up
- ◆ Sales of environmental related products flat (domestic down, export up)
- ◆ Inventory adjustment cost down
- ◆ Sales down, OP up

(Basic Chemicals)

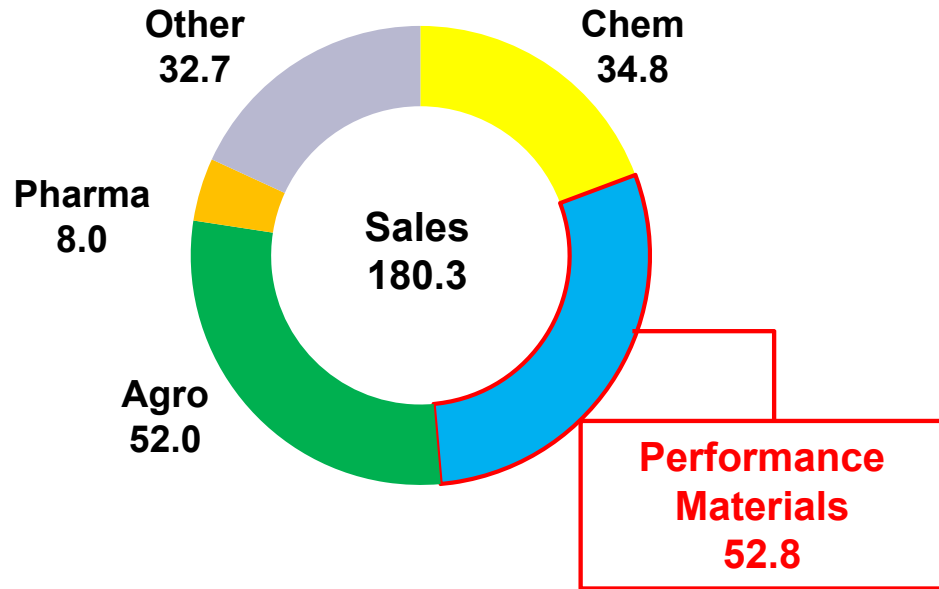
- ◆ Sales of melamine, urea including AdBlue, high purity sulfuric acid up
- ◆ Feedstock cost up
- ◆ Sales up, OP down

(Total Segment)

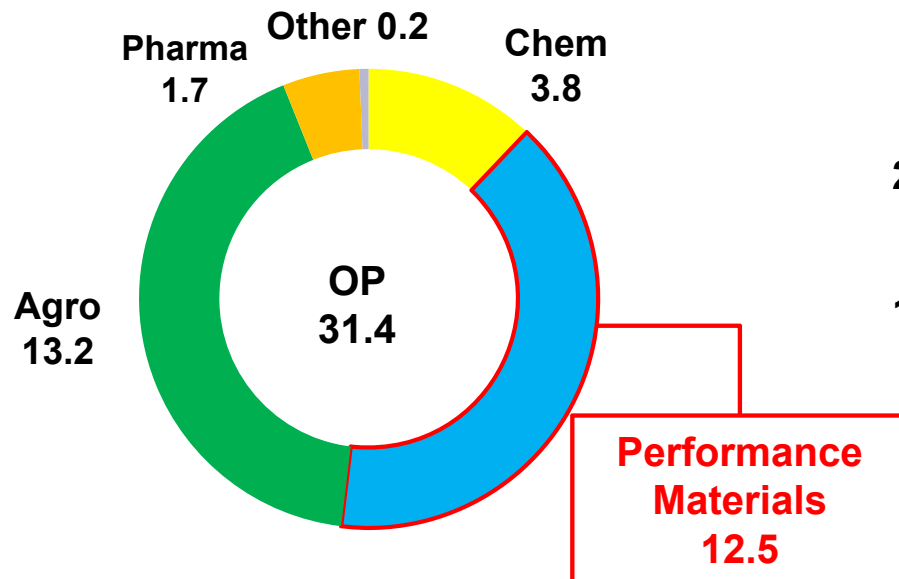
- ◆ Sales up ¥0.7billion(+2%), OP down ¥0.2 billion
(including inventory adjustment cost down ¥0.6billion)(-6%)

Performance Materials – (A) Recent Financial Performance

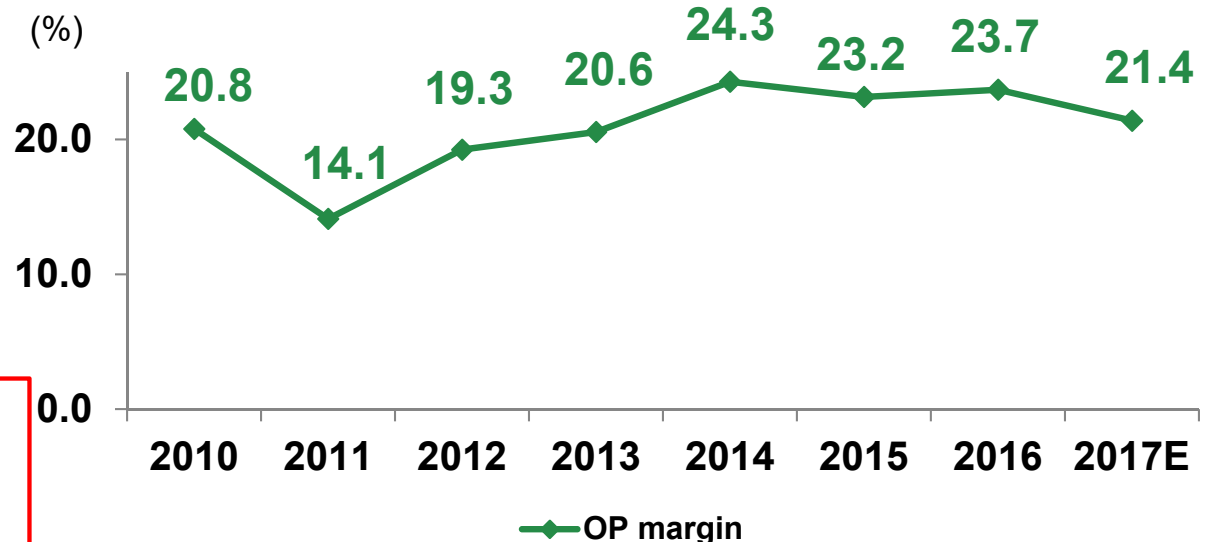
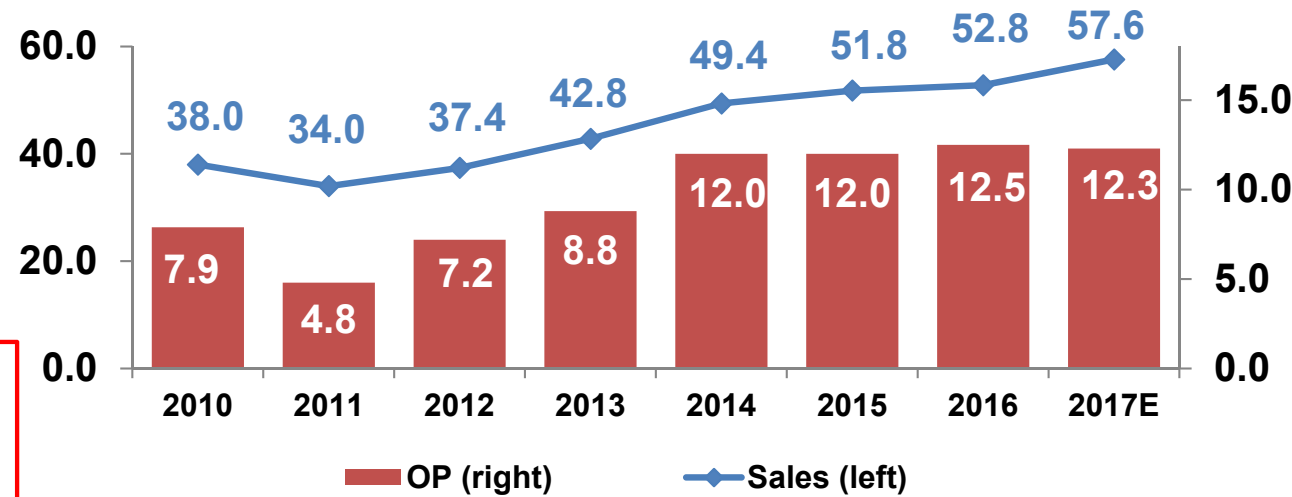
1. FY2016 Sales Distribution (¥billion)



2. FY2016 OP Distribution (¥billion)



3. Recent Financial Performance (¥billion)



Performance Materials – (B) Display Materials

FY2016 Sales Review

<1H FY2016 vs. 1H FY2015>

◆ Total Display Materials up 4% IPS/FFS up, TN and VA down, Photo-alignment IPS SUNEVER up substantially

<2H FY2016 vs. 2H FY2015>

◆ Total Display Materials up 7% IPS/FFS and VA up, TN down, Photo-alignment IPS SUNEVER up substantially

<2H FY2016 vs. 2H FY2016 Outlook as of Nov. 2016 >

◆ Total Display Materials above target IPS/FFS and TN above target, VA in line with target

FY2017 Sales Outlook

<vs. FY2016>

◆ Total Display Materials up 8% IPS/FFS and VA up, TN down, Photo-alignment IPS SUNEVER up substantially

Main Products	Sales YOY Change								
	FY2016 Outlook as of Nov. 2016			FY2016 Actual			FY2017 Outlook		
	1H Actual	2H	Total	1H	2H	Total	1H	2H	Total
Total SUNEVER	+4%	+2%	+3%	+4%	+7%	+5%	+6%	+9%	+8%
Other Display Materials	-3%	+35%	+16%	-3%	+21%	+9%	+10%	+27%	+20%
Total Display Materials	+4%	+3%	+3%	+4%	+7%	+5%	+6%	+10%	+8%

◆ Purchased patents and expertise of OLED hole injection and hole transport materials from Solvay (September 2016)

Performance Materials – (C) Semiconductors Materials

FY2016 Sales Review

<1H FY2016 vs. 1H FY2015>

◆ Total Semis Materials sales down 6%

KrF, ArF and other semis materials down

<2H FY2016 vs. 2H FY2015>

◆ Total Semis Materials sales up 6%

KrF, ArF and other semis materials up

<2H FY2016 vs. 2H FY2016 Outlook as of Nov. 2016 >

◆ Total Semis Materials below target

KrF above target, ArF and other semis materials below target

FY2017 Sales Outlook

<vs. FY2016>

◆ Total Semis Materials sales up 12%

KrF down, ArF and other semis materials up

Main Products	Sales YOY Change								
	FY2016 Outlook as of Nov. 2016			FY2016 Actual			FY2017 Outlook		
	1H Actual	2H	Total	1H	2H	Total	1H	2H	Total
KrF (ARC®)	-8%	+3%	-3%	-8%	+10%	+0%	+2%	-4%	-1%
ArF (ARC®)	-1%	+6%	+2%	-1%	+4%	+1%	+16%	+11%	+13%
Total	-3%	+5%	+1%	-3%	+7%	+1%	+10%	+5%	+8%
Other Semis Materials (1)	-15%	+36%	+10%	-15%	+3%	-6%	+29%	+30%	+29%
Total Semis Materials	-6%	+11%	+3%	-6%	+6%	-0%	+14%	+10%	+12%

(1) Multi layer process materials (OptiStack®), microlens materials, etc

◆ Semiconductor capex plan to capture long-term future business:

Main capex (approval basis): FY2014 Analyzing and evaluation R&D equipment (¥1.1 billion)

FY2015 Product development facilities(¥2.8 billion),

Analyzing and evaluation R&D equipment (¥0.8 billion),

Production capacity expansion (¥0.8 billion), NCK (¥0.7 billion),

Material Research Lab. (¥0.5 billion)

FY2016 NCK production capacity expansion (¥3.2 billion),

Analyzing and evaluation R&D equipment (¥1.0 billion), Material Research Lab. (¥0.5 billion)

FY2017 Material Research Lab. (¥0.3 billion)

Performance Materials – (D-1) Inorganic Materials

High performance
inorganic colloidal materials

SNOWTEX

colloidal silica
(water dispersed
silica sol)

Organo sol

organic solvent dispersed
silica sol

Alumina sol

water dispersed
alumina hydrate sol

SUNCOLLOID

high-refractive index
metal oxide sol

Celnax

zinc antimonate sol

< SNOWTEX Characteristics >

High transparency
High hydrophilicity
High heat resistance
High electro-conductivity
High hardness
Control refractive index
Increase friction
Increase bonding
Increase viscosity

< SNOWTEX Key functions >

Polishing

Coating

Binding

< Application Examples >

•Polishing

silicon wafer,
aluminum/glass
hard discs

•Coating for

special steel sheet,
plastic optical
lenses,
metals, plastic films

•Binding

catalyst carrier,
ceramics

Performance Materials – (D-2) SNOWTEX, Organo sol

FY2016 Sales Review

<1H FY2016 vs. 1H FY2015>

- ◆ SNOWTEX : Down (polishing materials down, non-polishing materials up)
- ◆ Organo sol : Down

<2H FY2016 vs. 2H FY2015>

- ◆ SNOWTEX : Up (polishing materials up, non-polishing materials down)
- ◆ Organo sol : Down

< 2H FY2016 vs. 2H FY2016 Outlook as of Nov. 2016>

- ◆ SNOWTEX : Above target (polishing materials above target, non-polishing materials below target)
- ◆ Organo sol : Below target

FY2017 Sales Outlook

<vs. FY2016>

- ◆ SNOWTEX : Flat (polishing materials up, non-polishing materials down)
- ◆ Organo sol : Up

Main Products		Consolidated Sales YOY Change								
		FY2016 Outlook as of Nov. 2016 (1)			FY2016 Actual (1)			FY2017 Outlook		
		1H Actual	2H	Total	1H	2H	Total	1H	2H	Total
SNOWTEX	◆ Mainly Used for : (A) polishing materials (silicon wafer, aluminum and glass hard disk), (B) non-polishing materials (NOx reduction catalyst, automobile catalyst, special steel sheet)	-4%	+2%	-1%	-4%	+6%	+1%	+3%	-3%	+0%
Organo sol	◆ Used for : hard coating materials, electronic information materials	-7%	-1%	-4%	-7%	-3%	-5%	+15%	+5%	+10%

(1) Non-consolidated basis

Performance Materials – (E) Profit Overview

(¥billion)

	FY2015 Actual			2H FY2016 E as of Nov. 2016	FY2016 Actual (A)			FY2017 Outlook (B)			Change (B) - (A)			Change (%) (B) - (A)		
	1H	2H	Total	2H	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H	2H	Total
Sales	26.0	25.8	51.8	27.0	25.5	27.3	52.8	27.9	29.7	57.6	+2.4	+2.4	+4.8	+9%	+9%	+9%
OP	6.3	5.7	12.0	5.5	6.2	6.3	12.5	6.3	6.0	12.3	+0.1	-0.3	-0.2	+2%	-6%	-2%

2H FY2016 Review

<vs. 2H FY2015>

- ◆ SUNEVER sales up (IPS/FFS and VA up, TN down)
- ◆ Total Semis Materials sales up (KrF, ArF and other materials up)
- ◆ Inorganic Materials sales up (SNOWTEX up, Organo sol down)
- ◆ Fixed cost up ¥0.3billion (including R&D)
- ◆ Sales up ¥1.5billion(+6%), OP up ¥0.6billion(+12%)

2H FY2016 Review

<vs. 2H FY2016 Outlook as of Nov. 2016>

- ◆ SUNEVER sales above target (IPS/FFS and TN above target, VA in line with target)
- ◆ Total Semis Materials sales below target (KrF above target, ArF and other materials below target)
- ◆ Inorganic Materials sales above target (SNOWTEX above target, Organo sol below target)
- ◆ Fixed cost down ¥0.8billion (including R&D)
- ◆ Sales up ¥0.3billion, OP up ¥0.8billion

FY2016 Review

<vs. FY2015>

- ◆ SUNEVER sales up (IPS/FFS and VA up, TN down)
- ◆ Total Semis Materials sales flat (KrF flat, ArF up, other materials down)
- ◆ Inorganic Materials sales flat (SNOWTEX up, Organo sol down)
- ◆ Fixed cost up ¥0.5billion (including R&D)
- ◆ Sales up ¥1.0billion(+2%), OP up ¥0.5billion(+4%)

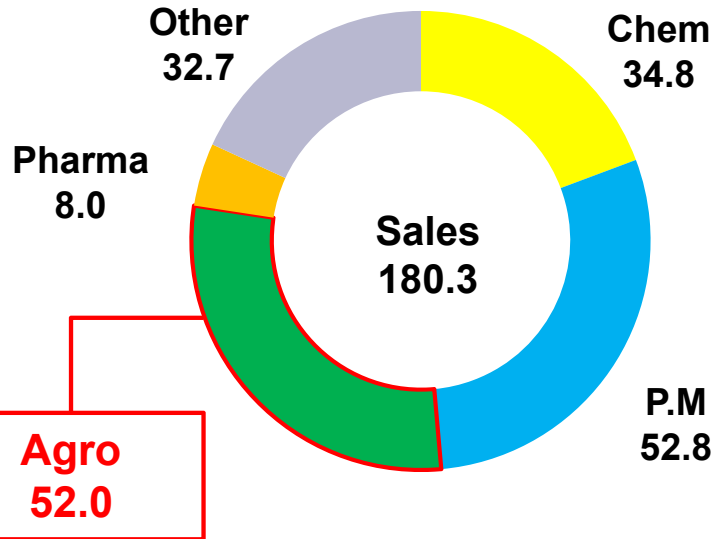
FY2017 Outlook

<vs. FY2016>

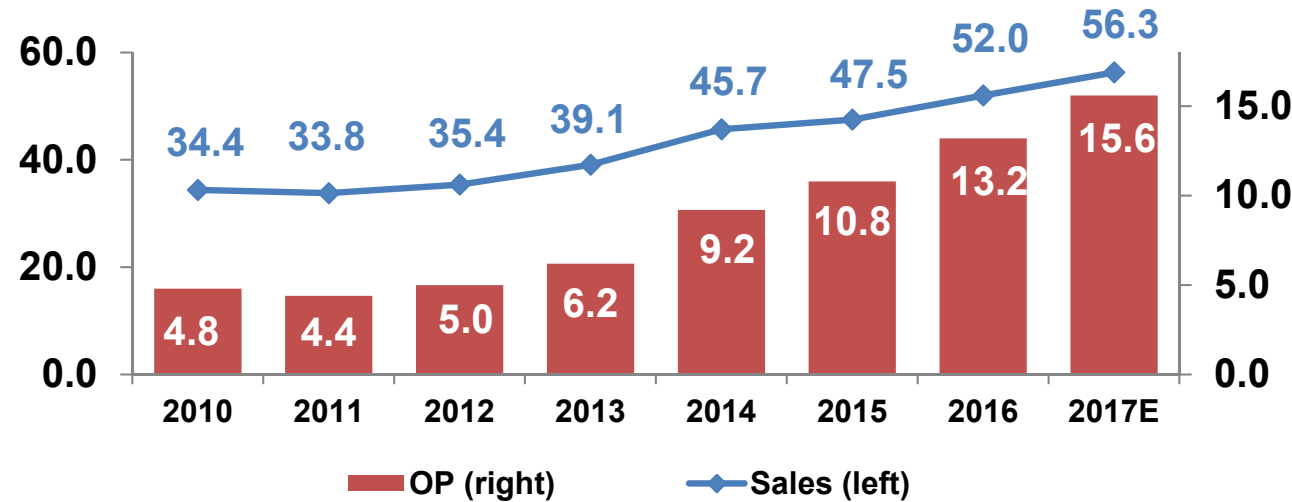
- ◆ SUNEVER sales up (IPS/FFS and VA up, TN down)
- ◆ Total Semis Materials sales up (KrF down, ArF and other materials up)
- ◆ Inorganic Materials sales up (SNOWTEX flat, Organo sol up)
- ◆ Fixed cost up ¥3.3billion (including R&D)
- ◆ Sales up ¥4.8billion(+9%), OP down ¥0.2billion(-2%)

Agrochemicals – (A) Recent Financial Performance

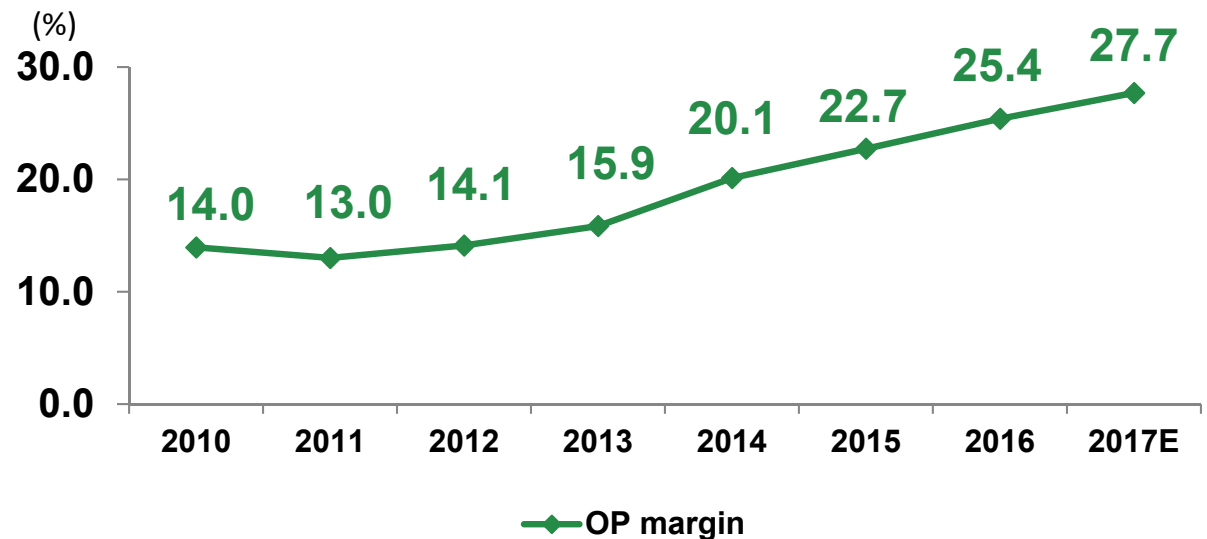
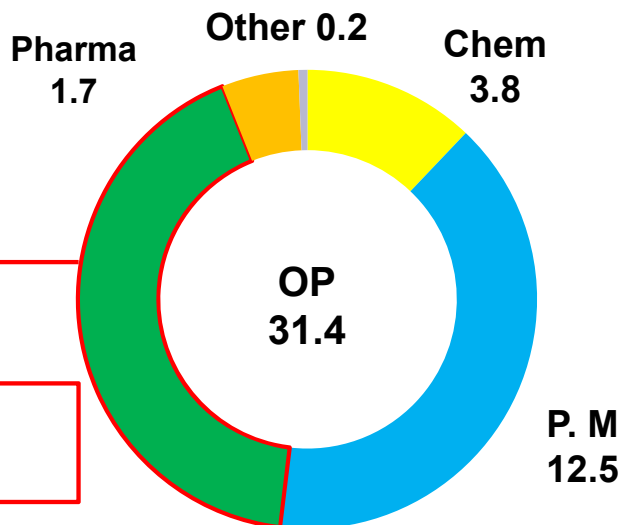
1. FY2016 Sales Distribution (¥billion)



3. Recent Financial Performance (¥billion)



2. FY2016 OP Distribution (¥billion)



Agrochemicals – (B) Sales YOY Change (Before Discount)

Main Products (in order of FY2016 sales amount)		Sales YOY Change		
		FY2015 /FY2014 (1)	FY2016 /FY2015 (1)	FY2017E /FY2016 (2)
ROUNDUP	herbicide	↘	↗↗	↘
Fluralaner	Animal health products	↗↗↗↗	↗↗↗↗	↗↗↗↗
ALTAR (NC-620)	herbicide	↗↗↗↗	↗↗↗	↗
TARGA	herbicide	↘	↗	↘
PERMIT	herbicide	↘↘	↘↘↘	↗
SIRIUS	herbicide	↘↘	↘↘	↘
LEIMAY/ORACLE	fungicide	↗↗	↗↗	↗↗
STARMITE	miticide	↘	↘↘	↘
PULSOR (THIFLUZAMIDE)	fungicide	↗	↘↘↘↘	↗↗
SANMITE	insecticide	↘	↘↘	↗↗

Domestic sales of all major products down due to a change in domestic shipment and pricing policies resulting in one-time sales shift from 2H FY2017 to 1Q FY 2018 (¥1.4billion)

YOY Change

+30%~	↗↗↗↗
+20~+30%	↗↗↗
+10~+20%	↗↗
+0~+10%	↗
-0~-10%	↘
-10~-20%	↘↘
-20~-30%	↘↘↘
-30%~	↘↘↘↘

(1) Non-consolidated basis
(2) Consolidated basis

Agrochemicals – (C) Overview

- ◆ Transforming from a stable profit sector into a high growth sector driven by ALTAIR (new paddy rice herbicide), ROUNDUP and FLURALANER
- ◆ Strengthening product portfolio by: in-house developed products, acquired products, licensed-in products

(launch)	(products)
FY2002	ROUNDUP (herbicide, acquired domestic business from Monsanto)
FY2008	LEIMAY (fungicide, in-house) STARMITE (miticide, in-house)
FY2009	PULSOR (THIFLUZAMIDE) (fungicide, acquired from Dow) PREVATHON (insecticide, licensed from DuPont)
FY2010	ROUNDUP AL for general household shower-type herbicide market, growing sharply
FY2011-12	ALTAIR (paddy rice herbicide, in-house) launched in Korea in FY2011 and in Japan in FY2012
FY2013	Fluralaner started to be supplied to MAH in July as scheduled
FY2014	BRAVECTO launched in several countries in EU in April and in the USA in June by MAH EXIREL/PYROSSO (CYAZYPYR) launched (insecticide, licensed from DuPont)
FY2015	BRAVECTO launched in Japan in July by Intervet K.K. TREFANOCIDE (herbicide, acquired by Gowan from Dow, exclusive sales right in Japan transferred to NCI)
FY2017-18	ISOCLAST (SULFOXAFLOL) (insecticide, licensed from Dow) ISOPYRAZAM (fungicide, licensed from Syngenta)
FY2019	GRACIA (Insecticide, in-house)
FY2022	General fungicide (in-house)

MAH: Merck Animal Health, the global animal health business unit of Merck
Intervet K.K: a Japanese subsidiary of MAH

- ◆ Expanded Fluralaner production capacity at two outsourced factories (March 2017)
- ◆ Full reconstruction of Biological Research Laboratories for Agro and Pharma segments completed (April 2017)
FY2010-2017 total capex ¥6.4 billion
- ◆ Construction of GRACIA plant started in May 2017 (to be completed in July 2018, capex ¥1.4billion)
- ◆ Acquired 3% share of IHARABRÁS (leading agro company in Brazil) in September 2011
- ◆ Established subsidiaries in China (April 2014) and Brazil (Aug. 2016) for sales support and product development
- ◆ Export sales account for 32% of FY2016 consolidated segment sales
(Asia:25%, Europe/Africa:64%, North/Central/South America:11%) *Including Fluralaner

Agrochemicals – (D) Fluralaner

◆Fluralaner

Invented by NCI and supplied to MAH as the active pharmaceutical ingredient of BRAVECTO

◆BRAVECTO

*Developed by MAH

*Veterinary medical product (chewable tablets) providing unique immediate and persistent tick and flea killing activity for dogs for 12 weeks, longer than currently available once-monthly commercialized products

*Launched by MAH in Germany, Spain, Italy, France, the Netherlands and the United Kingdom in April 2014, and in the USA in June 2014 (at present, launched in about 80 countries)

*Launched by Intervet K.K. in Japan in July 2015

*BRAVECTO Spot-On Solution for dogs and cats approved in EU in May 2016 and in USA in July 2016

*BRAVECTO Spot-On Solution for cats launched in EU in July 2016 and USA in December 2016

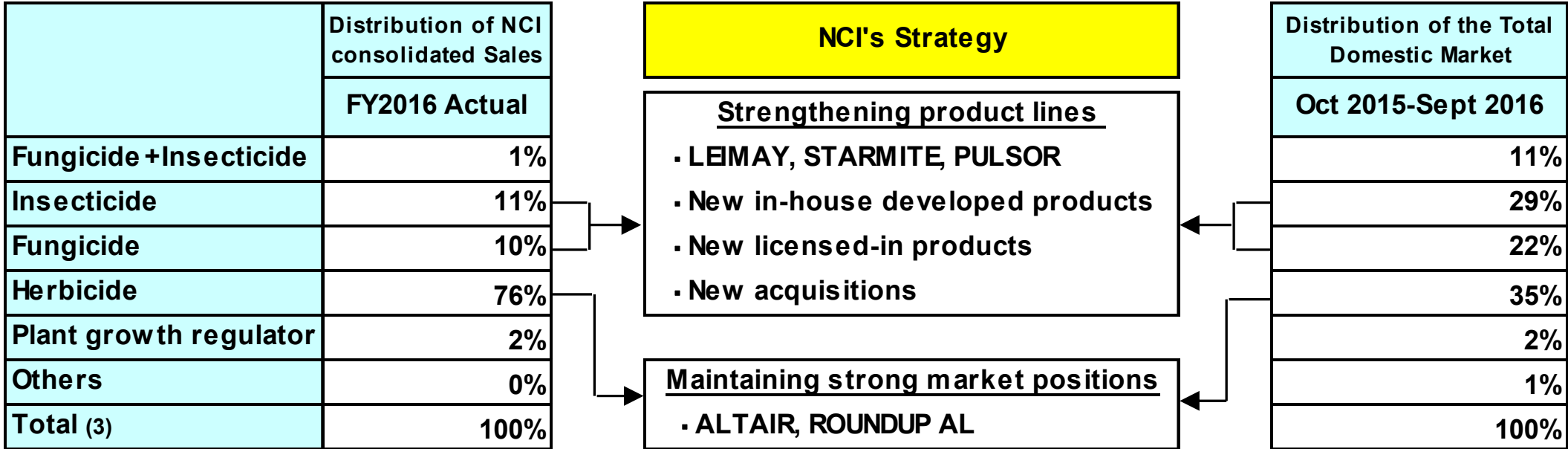
*BRAVECTO Spot-On Solution for dogs launched in Germany and Austria in January 2017



Agrochemicals – (E) Segment Sales (before discount)

	Sales YOY Change (2)													
	FY2013 Actual	FY2014 Actual	FY2015 Actual			FY2016 Outlook as of Nov. 2016			FY2016 Actual			FY2017 Outlook		
	Total	Total	1H	2H	Total	1H Actual	2H	Total	1H	2H	Total	1H	2H	Total
ROUNDUP	-0%	+17%	+2%	-3%	-0%	+20%	+7%	+13%	+20%	+6%	+13%	-1%	-7%	-4%
(ROUNDUP AL(1))	(+66%)	(+59%)	(+27%)	(+62%)	(+36%)	(+26%)	(+4%)	(+20%)	(+26%)	(+40%)	(+30%)	(+30%)	(-4%)	(+19%)

(1) ROUNDUP for general household, launched in FY2010, accounting for about 15% of FY2016 ROUNDUP sales
 (2) FY2013-2016 Actual: Non-consolidated basis, FY2017 Outlook: Consolidated basis



(3) Excluding Fluralaner

Agrochemicals – (F) Profit Overview

(¥billion)

	FY2015 Actual			2H FY2016 E as of Nov. 2016	FY2016 Actual (A)			FY2017 Outlook (B)			Change (B) - (A)			Change(%) (B) - (A)		
	1H	2H	Total	2H	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H	2H	Total
Sales	21.1	26.4	47.5	28.2	24.0	28.0	52.0	24.9	31.4	56.3	+0.9	+3.4	+4.3	+4%	+12%	+8%
OP	6.2	4.6	10.8	5.9	6.9	6.3	13.2	7.6	8.0	15.6	+0.7	+1.7	+2.4	+11%	+26%	+18%

2H FY2016 Review

<vs. 2H FY2015>

- ◆ Sales up: Fluralaner, ALTAIR(domestic, export), ROUNDUP, LEIMAY, TREFANOCIDE
- ◆ Sales down: PERMIT, TARGA(export), PULSOR, SIRIUS
- ◆ Inventory adjustment cost up ¥0.3billion
- ◆ Sales up ¥1.6billion(+6%), OP up ¥1.7billion(+38%)

2H FY2016 Review

<vs. 2H FY2016 Outlook as of Nov. 2016>

- ◆ Sales above target : ALTAIR(domestic, export), PERMIT(export), TARGA(export)
- ◆ Sales below target : Fluralaner, PULSOR(export), SANMITE
- ◆ Inventory adjustment cost down ¥0.2billion
- ◆ Sales down ¥0.2billion, OP up ¥0.4billion

FY2016 Review

<vs. FY2015>

- ◆ Sales up : Fluralaner, ALTAIR(domestic, export), ROUNDUP, TREFANOCIDE, TARGA(export), LEIMAY
- ◆ Sales down : PERMIT, PULSOR(export), SIRIUS
- ◆ Fixed cost up ¥0.3billion
- ◆ Inventory adjustment cost up ¥0.7billion
- ◆ Sales up ¥4.5billion(+9%), OP up ¥2.4billion(+22%)

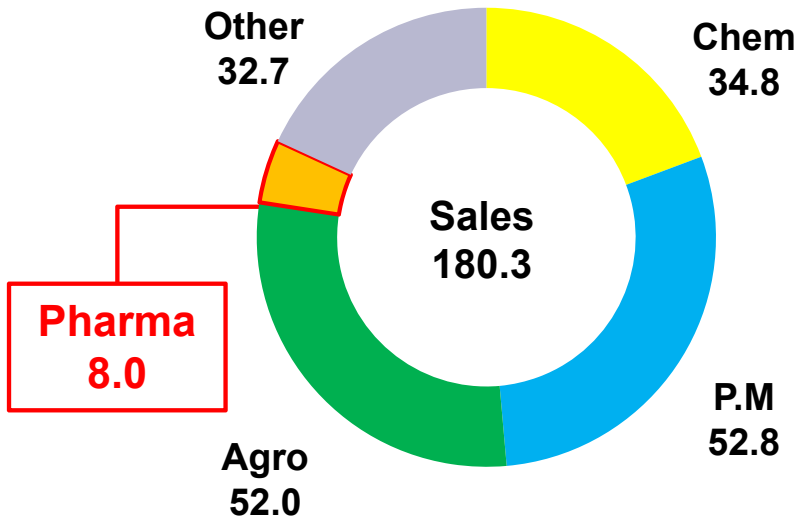
FY2017 Outlook

<vs. FY2016>

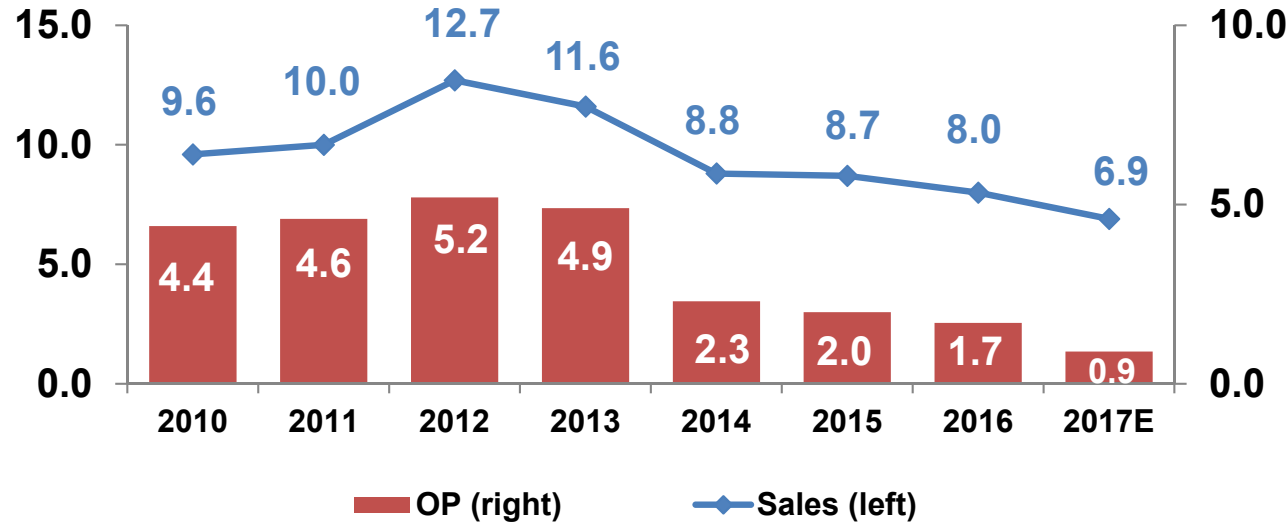
- ◆ Domestic sales of all major products down due to a change in domestic shipment and pricing policies resulting in one-time sales shift from 2H FY2017 to 1Q FY 2018 (¥1.4billion)
- ◆ Export sales up : Fluralaner, PERMIT, PULSOR, LEIMAY, SANMITE
- ◆ Export sales down : TARGA
- ◆ Fixed cost up ¥0.8billion
- ◆ Inventory adjustment cost down ¥0.2billion
- ◆ Sales up ¥4.3billion(+8%), OP up ¥2.4billion(+18%)

Pharmaceuticals – (A) Recent Financial Performance

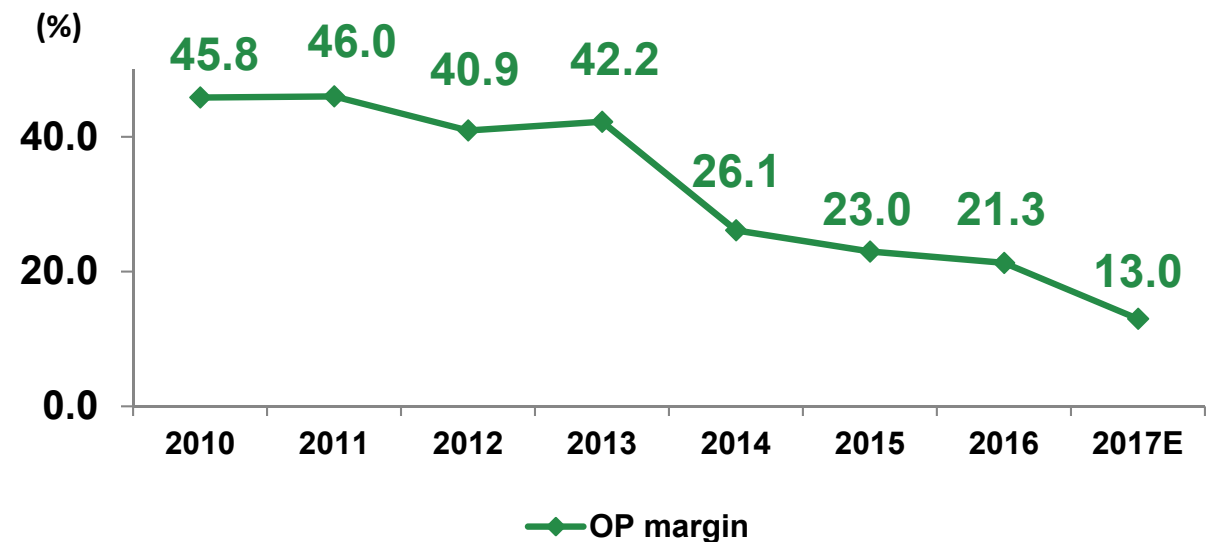
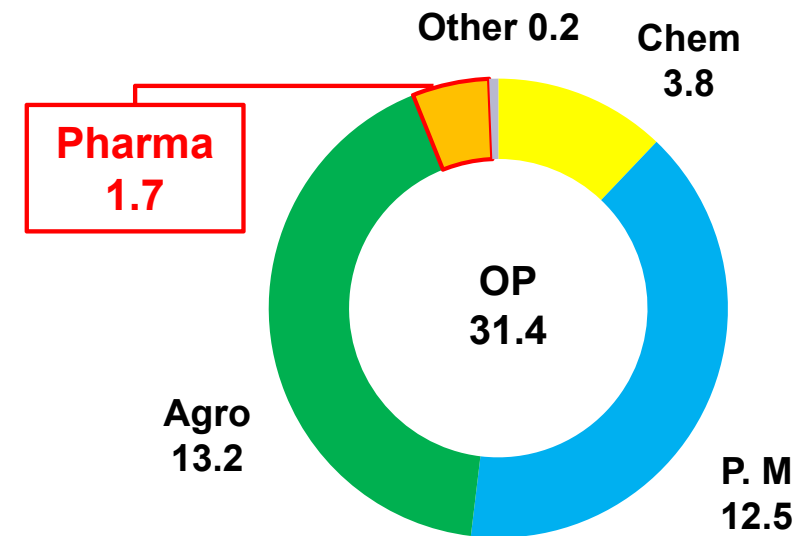
1. FY2016 Sales Distribution (¥billion)



3. Recent Financial Performance (¥billion)



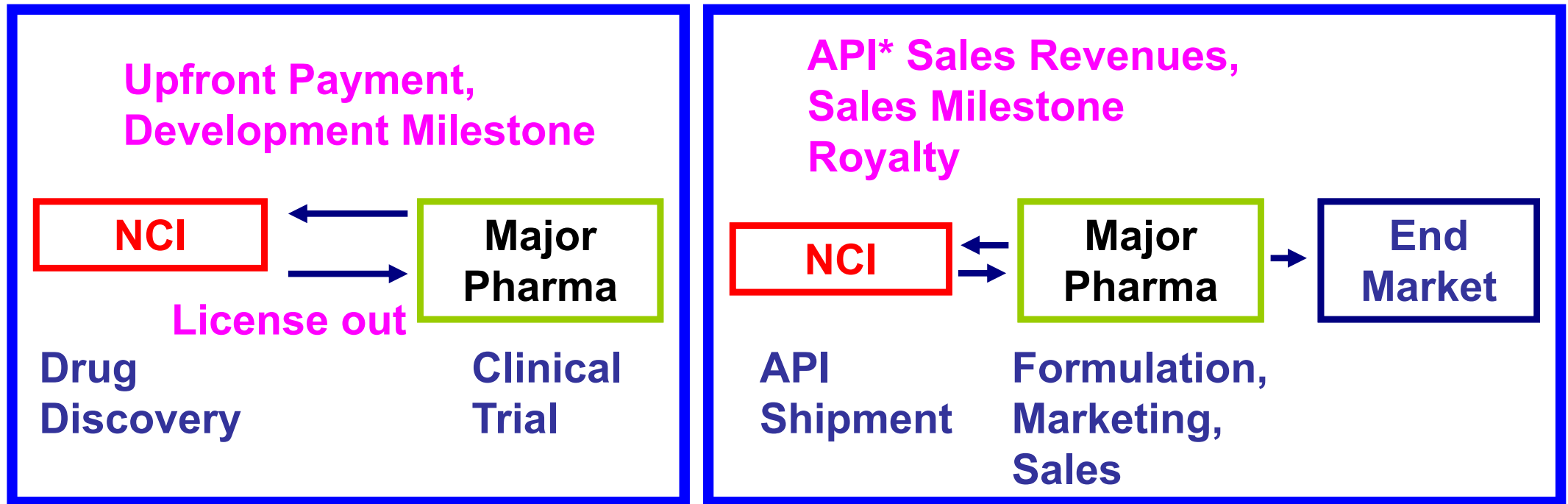
2. FY2016 OP Distribution (¥billion)



Pharmaceuticals – (B) NCI Business Model (New Drug)

- ◆ Unique ethical pharma business model without sales force

< Before Launch > → < After Launch >



API*: Active Pharmaceutical Ingredient

Pharmaceuticals – (C) LIVALO (Anti-Cholesterol Drug)

	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Outlook as of Nov. 2016	FY2016 Actual	FY2017 Outlook
Domestic End Market Sales (NHI drug price basis, ¥billion)	52.6	34.5	29.7	-	23.9	-
Domestic End Market Share (1)	21%	16%	15%	-	13%	-
Our Domestic and Export API Sales (¥billion)	10.2	6.9	5.8	5.1	5.2	4.3
Our Domestic and Export API Sales YOY Change (Our Domestic API Sales YOY Change)	-2% (-2%)	-32% (-46%)	-15% (-27%)	-13% (-41%)	-11% (-42%)	-17% (-40%)

(1) Excluding generic

- ◆ August 2013, domestic compound patent expired
- ◆ April 2014, filed complaints against certain companies in USA which had submitted Abbreviated New Drug Application(ANDA) with FDA
- ◆ Domestic market share 13% in FY2016
- ◆ FY2016 NHI drug price cut about -7~-9%
- ◆ Full reconstruction of Biological Research Laboratories completed (April 2017)

FY2016 Domestic Market Share(1)	
Crestor	60%
Lipitor	15%
LIVALO	13%
Mevalotin	7%

Pharmaceuticals – (D) LIVALO World Wide Strategy

Region	Country	Launch	Business Partner
Asia	Japan	Sep 2003	Kowa
	Korea	Jul 2005	JW Pharmaceutical
	Thailand	Jan 2008	Biopharm Chemicals
	China	Jul 2009	Kowa (Shanghai) Pharma
	Indonesia	May 2012	Tanabe Indonesia
	Taiwan	Jun 2012	Taiwan Tanabe
North America	USA	Jun 2010	Kowa (KPA)
Latin America	Mexico, Brazil, Colombia, Venezuela	Feb 2012-	Eli Lilly
Europe	Spain, Portugal, Ukraine, Greece,Switzerland	May 2011-	Recordati
Middle and Near East	Lebanon, Jordan, UAE, Kuwait, Saudi Arabia	Mar 2011-	Algorithm SAL

Selling in total 21 countries

Pharmaceuticals – (E) Pipeline

Product	Mechanism of action	Expected indications	Development partners
NIP-022	<ul style="list-style-type: none"> Thrombopoietin (TPO) receptor activation 	<ul style="list-style-type: none"> Thrombocytopenia 	<ul style="list-style-type: none"> Terminated the license agreement with Ono in April 2014 Entered into the license agreement with Yakult in October 2015 Started a Phase I clinical trial in Japan in July 2016
NT-702	<ul style="list-style-type: none"> Phosphodiesterase (PDE)3 inhibition 	<ul style="list-style-type: none"> Intermittent claudication Asthma 	<ul style="list-style-type: none"> Terminated the license agreement with Taisho Under consideration regarding seeking new partners
NTC-801	<ul style="list-style-type: none"> Acetylcholine-activated K⁺ channel current (IKACH) inhibition 	<ul style="list-style-type: none"> Arrhythmia (Atrial fibrillation) 	<ul style="list-style-type: none"> Terminated the license agreement with Teijin and BMS in September 2015 Under consideration regarding seeking new partners

◆ Strategic research collaboration

- With Shionogi for discovering novel antifungal drug candidates(Started in January 2016)
- With Mitsubishi Tanabe Pharma to create novel drug candidates for autoimmune diseases(Started in March 2017)
- With Shionogi for discovering novel analgesic drug candidates(Started in April 2017)

◆ Novel drug discovery research

To create innovative medicines by using the strategic chemical library, the precise organic synthesis technology and the state-of-the-art evaluation technology;

- In-house research : Focusing on cardiovascular disease and neurological disease as core therapeutic areas.
- Collaborative research : Utilizing open innovation effectively (e.g. Shionogi)

Pharmaceuticals – (F) Custom Chemicals

- ◆ Custom manufacturing and process researching services for pharmaceutical ingredients and intermediates from pre-clinical to commercial production stages
- ◆ October 2013, Custom Chemicals shifted from Chemicals Segment to Pharma Segment to seek synergy of the two divisions (organic synthesis technology, R&D/manufacturing/quality control systems)
- ◆ Focusing on obtaining new contracts including high activity and high-valued added GE API products (Prostaglandin and vitamin D3, etc.)

FY2016 Sales Review

<1H FY2016 vs. 1H FY2015>

- ◆ Up due to volume increase in existing products

<2H FY2016 vs. 2H FY2015>

- ◆ Up due to volume increase in existing products and new contracts

<2H FY2016 vs. 2H FY2016 Outlook as of Nov. 2016>

- ◆ In line with target

FY2017 Sales Outlook

<vs. FY2016>

- ◆ Up due to volume increase in existing products and new contracts

Sales YOY Change								
FY2016 Outlook as of Nov. 2016			FY2016 Actual			FY2017 Outlook		
1H Actual	2H	Total	1H	2H	Total	1H	2H	Total
+10%	+3%	+6%	+10%	+2%	+6%	-10%	+17%	+6%

Pharmaceuticals – (G) Profit Overview

(¥billion)

	FY2015 Actual			2H FY2016 E as of Nov. 2016	FY2016 Actual (A)			FY2017 Outlook (B)			Change (B) - (A)			Change (%) (B) - (A)		
	1H	2H	Total	2H	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H	2H	Total
Sales	3.7	5.0	8.7	3.9	3.7	4.3	8.0	3.0	3.9	6.9	-0.7	-0.4	-1.1	-19%	-9%	-14%
OP	0.6	1.4	2.0	0.8	0.6	1.1	1.7	0.1	0.8	0.9	-0.5	-0.3	-0.8	-84%	-23%	-46%

2H FY2016 Review

<vs. 2H FY2015>

- ◆ LIVALO sales down
(domestic sales down due to GE, export up)
- ◆ Custom Chemicals sales up
- ◆ Decrease in up-front payment
- ◆ Sales down ¥0.7billion(-13%), OP down ¥0.3billion(-25%)

2H FY2016 Review

<vs. 2H FY2016 Outlook as of Nov. 2016>

- ◆ LIVALO sales above target
(domestic sales in line with target, export above target)
- ◆ Custom Chemicals sales in line with target
- ◆ Up-front payment received (research collaboration with Mitsubishi Tanabe Pharma (unexpected in budget))
- ◆ Sales up ¥0.4billion, OP up ¥0.3billion

FY2016 Review

<vs. FY2015>

- ◆ LIVALO sales down (domestic down , export up)
- ◆ Custom Chemicals sales up
- ◆ Decrease in up-front payment
- ◆ Sales down ¥0.7billion(-8%), OP down ¥0.3billion(-17%)

FY2017 Outlook

<vs. FY2016>

- ◆ LIVALO sales down (domestic down , export down)
- ◆ Custom Chemicals sales up
- ◆ LIVALO ANDA related legal cost down
- ◆ Absence of up-front payment
- ◆ Sales down ¥1.1billion(-14%), OP down ¥0.8billion(-46%)

(Blank)

Capex/Depreciation/R&D by Segment

(¥billion)

	Capex (1)					Depreciation (2)					R&D expenses					% of Sales				
	2013	2014	2015	2016	2017E	2013	2014	2015	2016	2017E	2013	2014	2015	2016	2017E					
Chem	1.2	1.4	2.3	2.0	3.5	1.4	1.4	1.4	1.6	1.9	0.4	0.5	0.5	0.5	0.5	1.4%				
Performance M.	4.3	5.2	5.4	8.4	8.5	3.2	3.6	5.2	4.8	6.3	6.3	6.7	7.4	7.9	8.5	14.8%				
Agro	1.3	1.8	1.3	2.4	1.3	2.0	1.8	1.4	1.3	1.5	3.5	3.5	3.9	3.8	4.2	7.5%				
Pharma	0.6	0.4	0.4	0.9	0.6	1.2	0.9	0.8	0.7	0.7	2.9	2.7	2.4	2.2	2.5	36.2%				
Trading	0.0	0.0	0.0	0.0	0.3	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	-				
Others	1.4	0.1	0.8	0.6	0.6	0.6	0.7	0.8	0.4	0.6	1.1	1.6	1.6	1.7	1.5	-				
Total	8.8	9.8	10.2	14.3	14.8	8.5	8.5	9.7	8.9	11.1	14.2	15.0	15.8	16.1	17.2					
											R&D expenses/Sales					8.7%	8.7%	8.9%	8.9%	9.1%

(1) Capex
 Actual - Acceptance basis
 Outlook - Production commencement basis

(2) Depreciation Method
 SUNEVER, ARC®, OptiStack®
 - 4 year declining balance method
 (50.0% of initial capex amount in the 1st year)
 Other products - 8 year declining balance method
 (25.0% of initial capex amount in the 1st year)

R&D Personnel (Sept. 2016) –A	430
Total Professionals (Sept. 2016) –B	1,090
A/B	39%

※Parent company only

※Round number

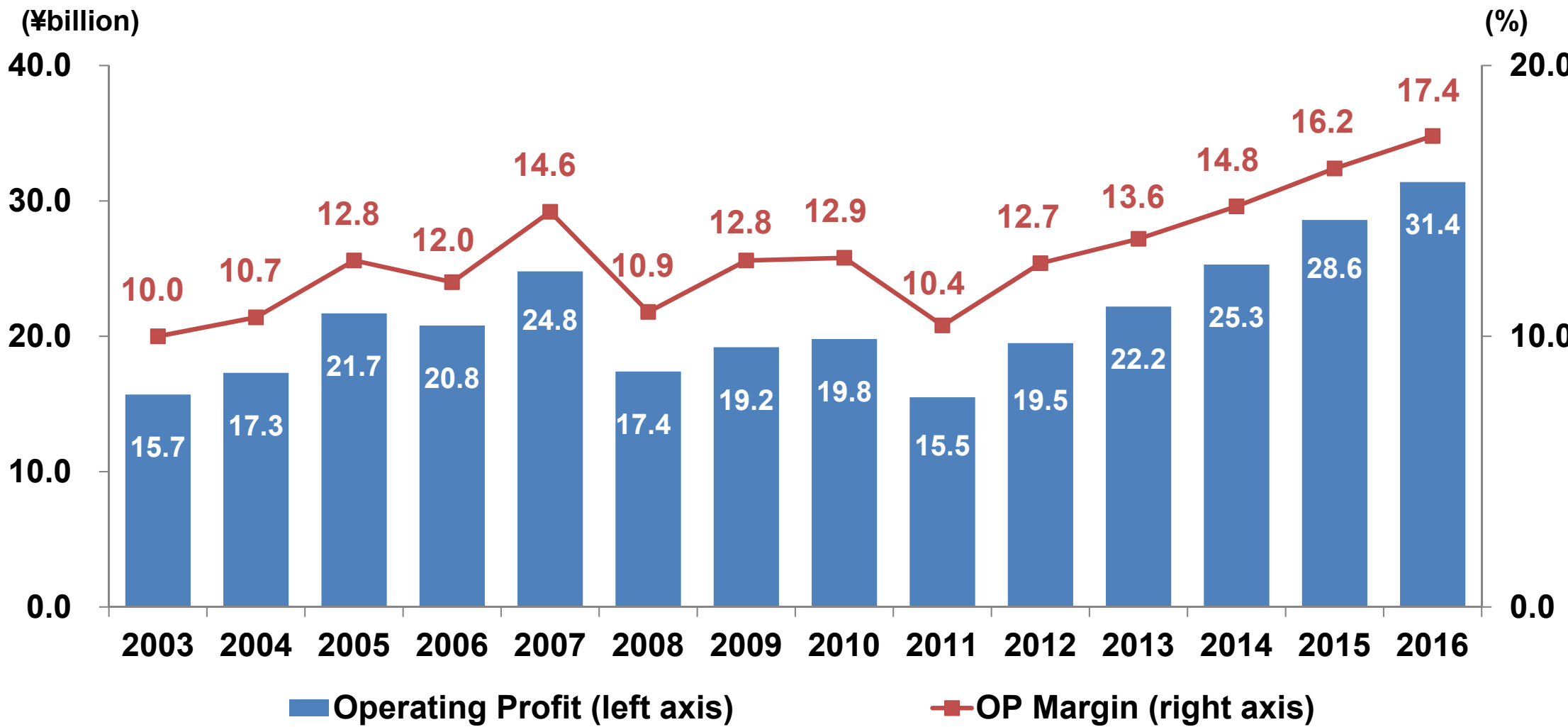
Main Capex Items (Approval Basis)

(¥billion)

FY2014 Actual		FY2015 Actual		FY2016 Actual		FY2017 Outlook	
Reconstruction of Biological Research Lab. The fifth stage (Facilities)	1.3	Semis (Product development facilities)	2.8	NCK Semis (Production capacity expansion)	3.2	Agro (Production facilities)	1.4
Semis (Analyzing and evaluation R&D equipment)	1.1	Material Research Lab. (Instruments)	1.7	Material Research Lab. (Instruments)	1.3	Chemicals (Product development plant)	1.2
Ammonia Feedstock Change Project	1.1	Agro (Formulation facilities)	1.2	Semis (Analyzing and evaluation R&D equipment)	1.0	Material Research Lab. (Instruments)	1.0
Electronic Materials Lab. (Instruments)	0.9	SUNEVER (Raw materials products)	1.0	Chemical Research Lab. (Instruments)	0.6	Chemical Research Lab. (Instruments)	0.6
Quality improvement of Inorganic Materials products	0.7	Semis (Analyzing and evaluation R&D equipment)	0.8	SNOWTEX (Production capacity expansion)	0.5	Display (Test facilities)	0.4
Chemical Research Lab. (Instruments)	0.6	Semis (Production capacity expansion)	0.8	NCK SUNEVER (Production capacity expansion)	0.3	Biological Research Lab. (Instruments)	0.3
NCK R&D Center (Instruments)	0.3	NCK Semis (Production capacity expansion)	0.7	SNOWTEX (Production capacity expansion)	0.3	Display (production facilities)	0.3
		Custom Chemicals (Production capacity expansion)	0.4	NCK R&D Center (Instruments)	0.2		
		TEPIC (Production capacity expansion)	0.3	Biological Research Lab. (Instruments)	0.2		
		Biological Research Lab. (Instruments)	0.2				
		NCK R&D Center (Instruments)	0.2				

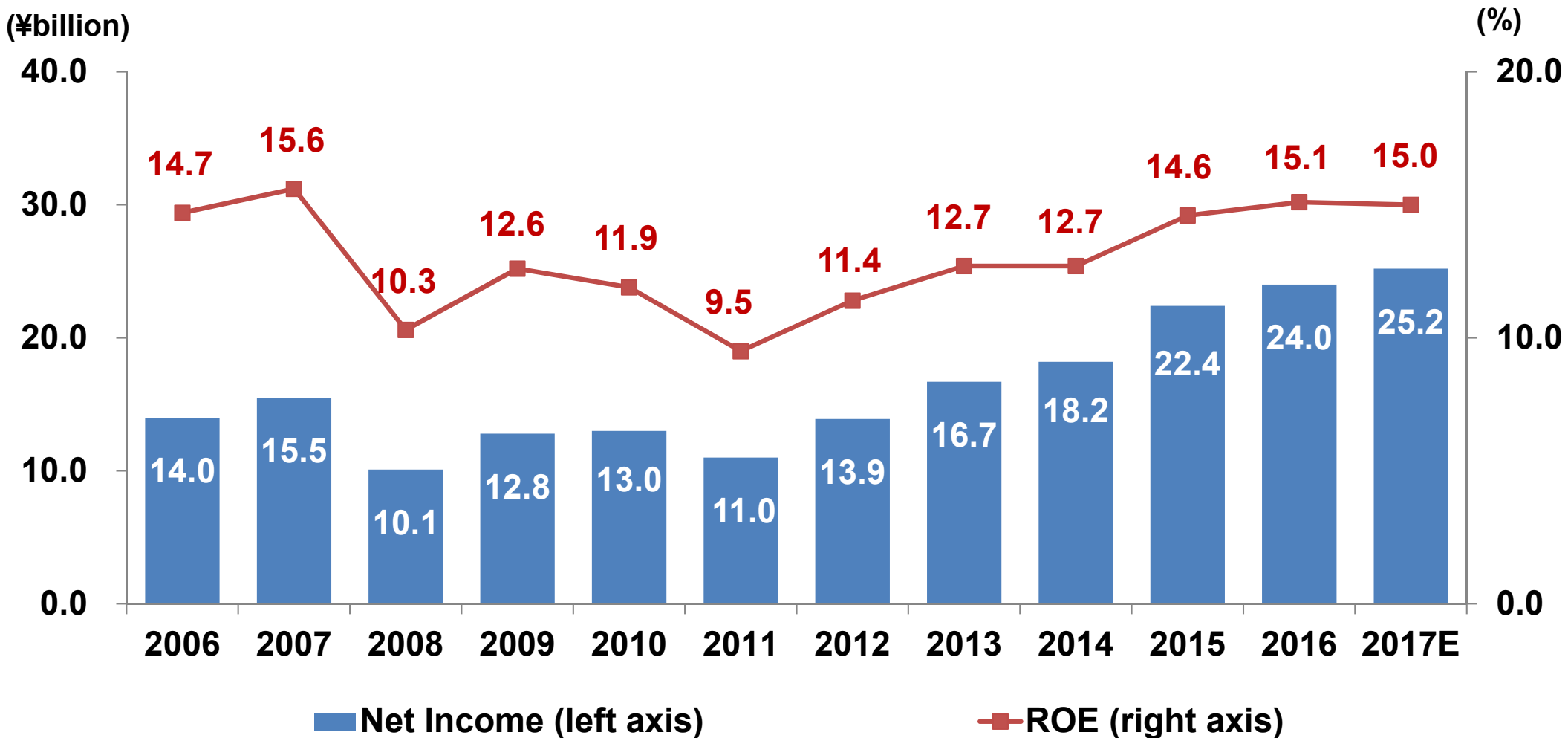
Our Characteristics - (A) Recording Stable OP Margin

◆ NCI has recorded more than 10% OP margin in 14 consecutive years (FY2003-2016)



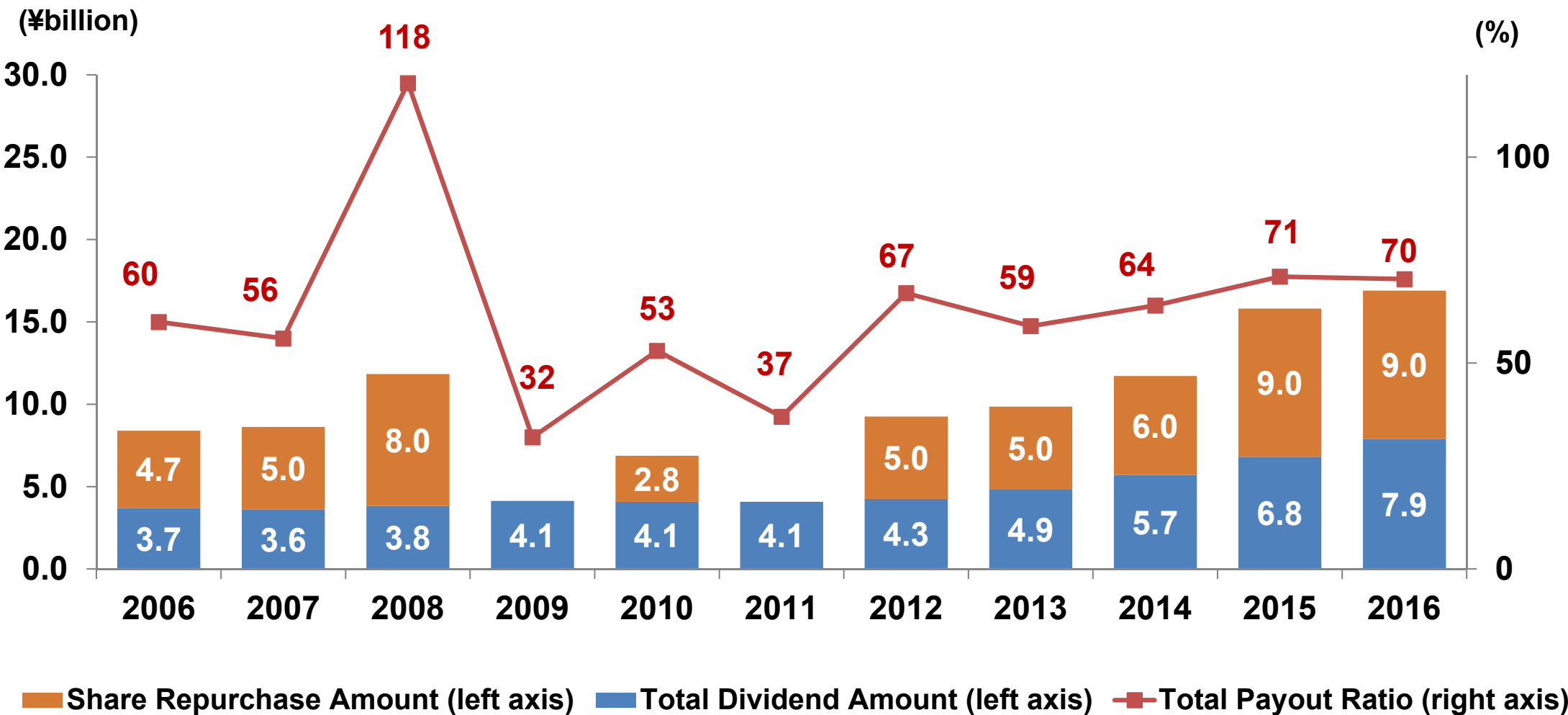
Our Characteristics - (B) High ROE

- ◆ The most important financial indicator for a long time
- ◆ Target : Maintain above 14% (15.1% in FY2016)
(Mid-Term Business Plan Vista 2021 (FY2016-2021))



Our Characteristics - (C) Shareholders Return Policy

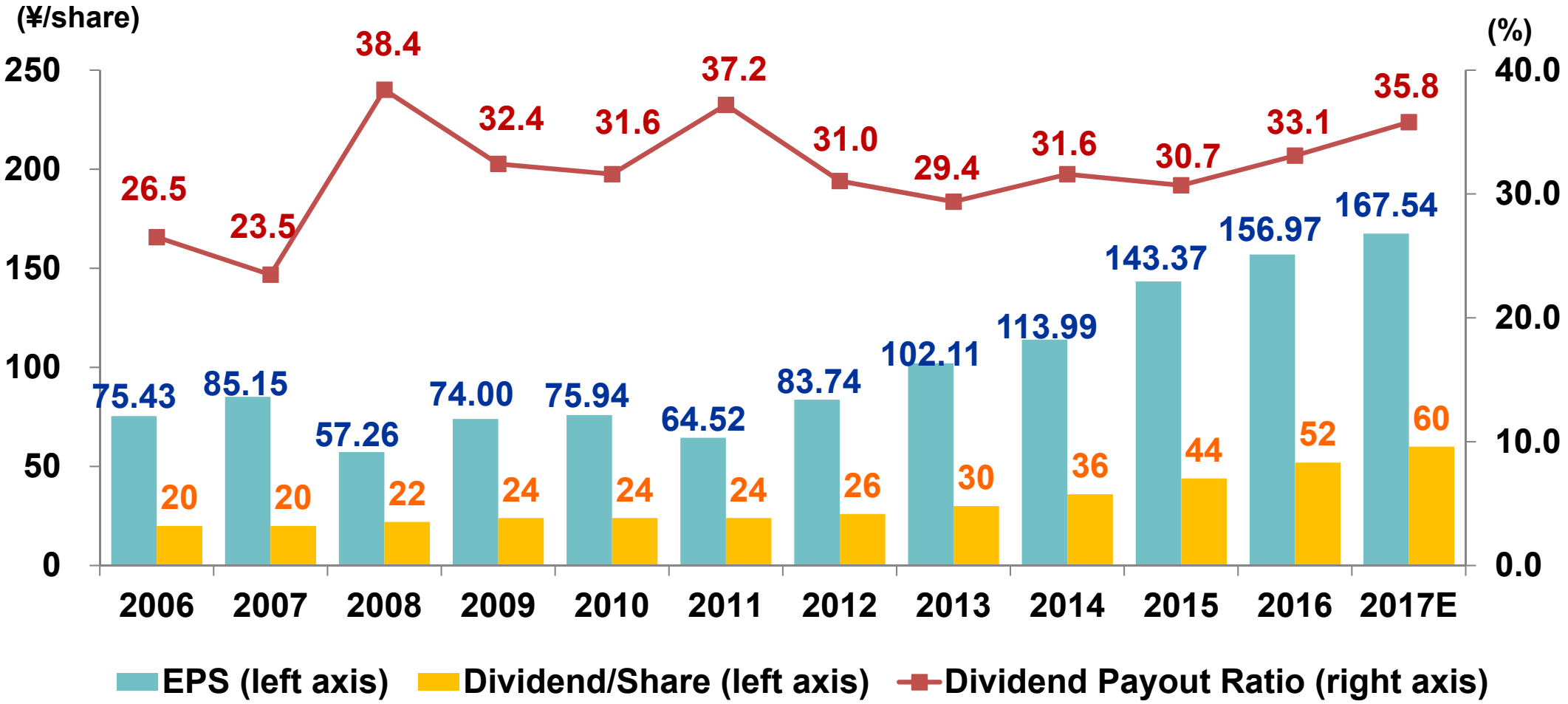
- ◆ Maintaining an aggressive shareholders return policy
- ◆ Target : Maintain 70% total payout ratio (70.4% in FY2016)
(Mid-Term Business Plan Vista 2021 (FY2016-2021))



Our Characteristics - (D) Shareholders Return Policy - Dividend

- ◆ Maintaining about 30% dividend payout ratio in recent years
- ◆ Target : Gradually increase to 40% in FY2018

(Mid-Term Business Plan Vista 2021 (FY2016-2021))



Our Characteristics - (E) Shareholders Return Policy - Share Repurchase

- ◆ Started share repurchase in 2006 only to enhance ROE
- ◆ Repurchased ¥54.5 billion, 34.8 million shares (18.5% of shares issued) in total from FY2006 to FY2016
- ◆ **Cancelled all repurchased shares**
- ◆ Target : Continue to repurchase shares to achieve the 70% total payout ratio

Shareholders Return FY2006 - 2016

Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Shares purchased (thousand shares)	3,500	3,399	7,355	0	2,167	0	6,372	3,263	2,764	3,333	2,621	34,774
Purchase costs (¥billion)	4.7	5.0	8.0	0.0	2.8	0.0	5.0	5.0	6.0	9.0	9.0	54.5
Shares cancelled (thousand shares)	3,000	3,635	7,000	0	3,000	0	6,000	4,000	3,000	2,000	2,000	33,635
Shares issued at FY end (million shares)	185	181	174	174	171	171	165	161	158	156	154	
Treasury shares at FY end (thousand shares)	1,367	1,233	1,660	1,709	885	886	1,258	522	287	1,621	2,242	

◆ Cancellation of shares:

1.0 million shares in May 2016, 1.0 million shares in August 2016 and 2.0 million shares in May 2017

◆ FY2017 share repurchase program (announced on May 12, 2017)

- Total number of shares repurchased :1.7 million shares
- Total amount :¥5.0 billion
- Period of repurchase :From May 15, 2017 to July 31, 2017

◆ Cash Management Policy

Aiming to control cash balance around the level of

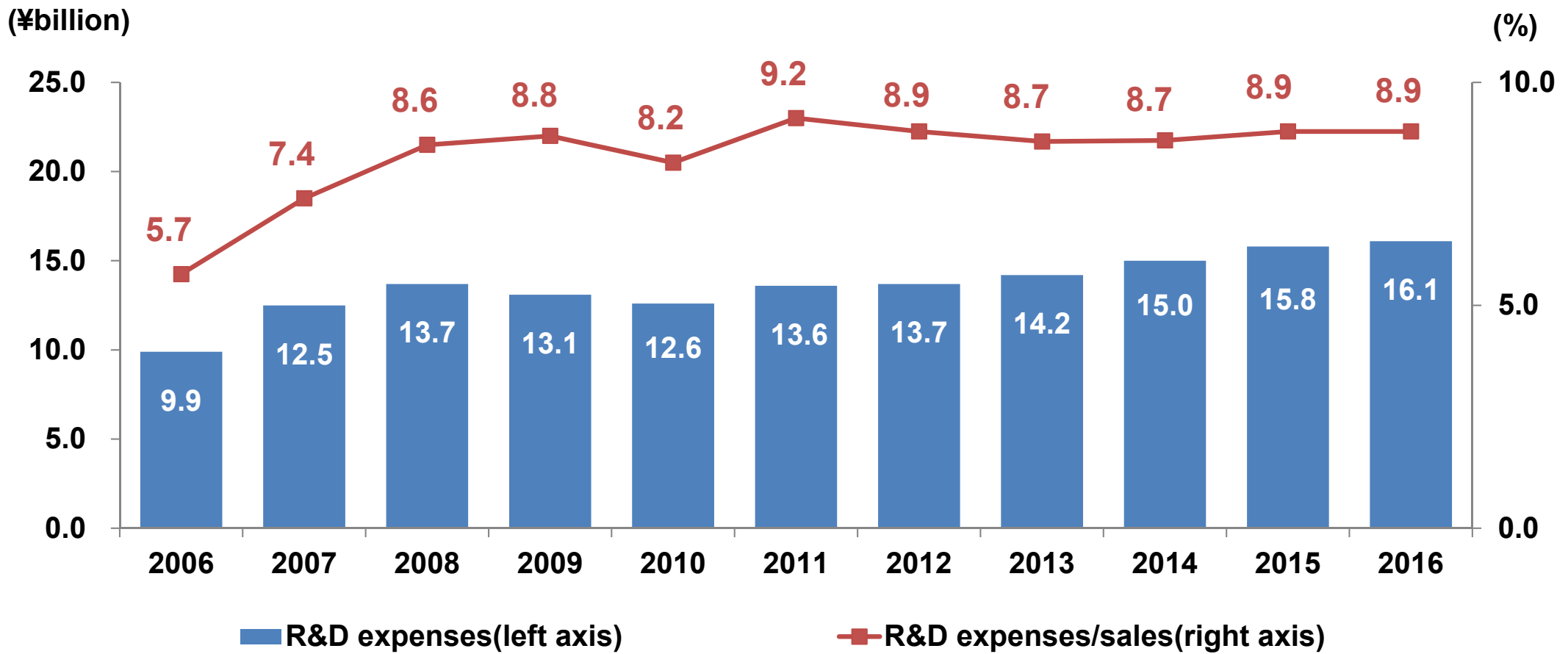
= Minimum required level

+ 1/3 of annual scheduled long-term borrowings repayment

+ 1/3 of short-term borrowings outstanding + Contingent risk reserves

Our Characteristics- (F-1) R&D Oriented Chemical Company

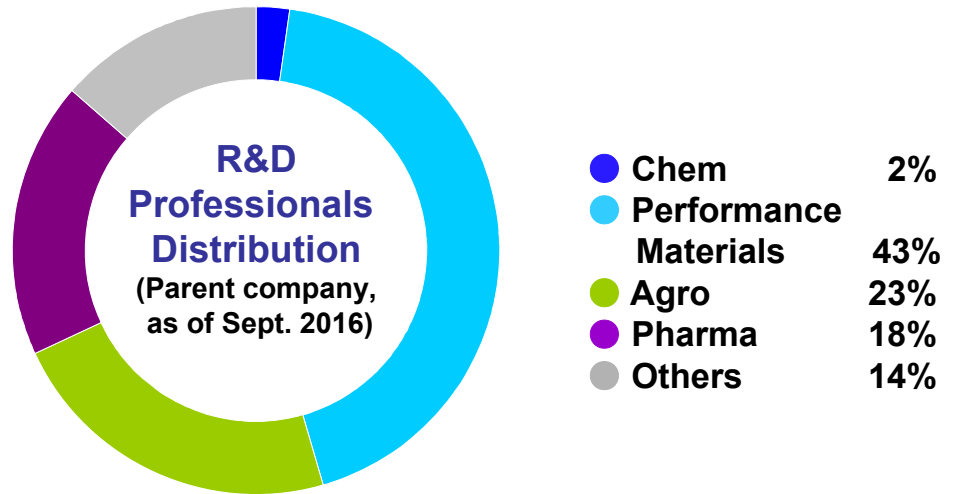
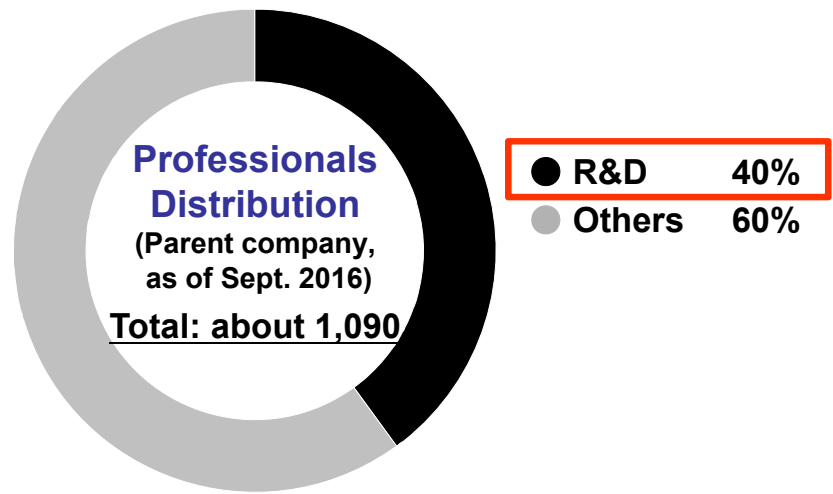
- ◆ FY2016 R&D expenses/sales: 8.9%
- ◆ Target: Maintain above 8% R&D expenses/sales
(Mid-Term Business Plan Vista 2021 (FY2016-2021))
- ◆ 40% of profession staff assigned to R&D centers



Our Characteristics- (F-2) R&D Oriented Chemical Company

◆ R&D by segment

		FY2016				
Segment	Main Products	Sales (¥billion)	OP (¥billion)	OP margin	R&D expenses (¥billion)	% of Sales
Chem	Ammonia related products, sulfuric acid related products, fine chemicals	34.8	3.8	10.9%	0.5	1.4%
Performance Materials	LCD alignment coating, Bottom anti-reflective coating for semicon Inorganic materials	52.8	12.5	23.7%	7.9	15.0%
Agro	Agrochemical	52.0	13.2	25.4%	3.8	7.3%
Pharma	LIVALO (anti-cholesterol drug), Custom Chemicals	8.0	1.7	21.3%	2.2	27.5%
Others		-	-	-	1.7	-
Total (including others and adjustment)		180.3	31.4	17.4%	16.1	8.9%



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Mid-Term Business Plan Vista 2021 (FY2016-2021)

Financial Indicators (A)

(¥billion)

1. PL	2015	2016	2018	2021
Sales	176.9	187.5	217.0	250.0
Operating Profit	28.6	29.7	35.0	40.0
Ordinary Income	29.5	30.4	35.6	40.8
Net Income	22.4	23.0	27.1	31.0
OP Margin	16.2%	15.8%	16.1%	16.0%
ROE	14.6%	14.3%	above 14%	above 14%
Dividend Payout Ratio	30.7%	33.3%	40%	40%
Total Payout Ratio	70.8%	maintain 70%	maintain 70%	maintain 70%

FX Rate (¥/\$)	1H 122	2H 118	FY2016 onward 115		
Naphtha (¥/KL) (4)	1H 48,000	2H 37,700	1H 35,400	2H 35,400	FY2017 onward 51,100

(¥billion)

2. Segment ⁽¹⁾	Sales				Operating Profit			
	2015	2016	2018	2021	2015	2016	2018	2021
Chem	34.3	35.4	38.0	40.5	3.9	4.9	4.0	4.5
Performance M.	51.8	55.3	68.0	82.9	12.0	11.7	15.4	18.4
Agro	47.5	52.1	58.6	67.0	10.8	11.3	12.9	16.7
Pharma	8.7	7.4	8.1	8.3	2.0	1.4	2.0	2.4
Trading,Others,Adjustment	34.6	37.3	44.3	51.3	-0.1	0.4	0.7	-2.0
Total	176.9	187.5	217.0	250.0	28.6	29.7	35.0	40.0

(1) Including inter-segment sales/transfers

Mid-Term Business Plan Vista 2021 (FY2016-2021)

Financial Indicators (B)

- ◆ **OP Margin : Maintain above 15% (FY2016 Actual 17.4%)**
- ◆ **ROE : Maintain above 14% (FY2016 Actual 15.1%)**
- ◆ **Dividend Payout Ratio :
Gradually increase to 40% in FY2018 (FY2016 Actual 33.1%)**
- ◆ **Total Payout Ratio :
Maintain 70% (FY2016 Actual 70.4%) New indicator**
- ◆ **R&D expenses/sales : above 8% (FY2016 Actual 8.9%)**

Mid-Term Business Plan Vista 2021 (FY2016-2021)

Sources of Sales Growth for Stage I (FY2016-2018)(C)

(1) Outlook made as of May 2016

Sales Growth (1) (FY2018 vs FY2015)		Below ¥1.0 billion	¥1.0 to ¥3.0 billion	Above ¥3.0 billion
Performance Materials	Chem	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #FFC0CB;">AdBlue</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #FFC0CB;">High purity ammonia</div> </div>	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #FFC0CB; width: fit-content; margin: 0 auto;">TEPIC</div>	
	Display		<div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content; margin: 0 auto;">VA</div>	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content; margin: 0 auto;">Photo-alignment IPS</div>
	Semis	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content; margin: 0 auto;">3D packaging materials (TMAT), New lithography materials</div>	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content; margin: 0 auto;">Bottom anti-reflective coating materials (ARC®)</div>	
	Inorganic		<div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content; margin: 0 auto;">Multi layer process materials</div>	
	New Field	<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content;">OLED materials</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content;">Sensor materials</div> </div> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content;">Light control film materials</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content;">HYPERTECH</div> </div>	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #ADD8E6; width: fit-content; margin: 0 auto;">Inorganic materials to enhance productivity of shale oil</div>	
Agro	<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #90EE90; width: fit-content;">New Insecticide (in-house)</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #90EE90; width: fit-content;">New licensed-in product</div> </div>	<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #90EE90; width: fit-content;">ROUNDUP</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #90EE90; width: fit-content;">ALTAIR</div> </div>	<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #90EE90; width: fit-content;">Fluralaner</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #90EE90; width: fit-content;">Export</div> </div>	
Pharma	<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #DDA0DD; width: fit-content;">LIVALO(export)</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #DDA0DD; width: fit-content;">Custom chemicals</div> </div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #DDA0DD; width: fit-content; margin: 0 auto;">Development of pipeline products</div>			
New Products	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; background-color: #FFDAB9; width: fit-content; margin: 0 auto;">Other new products</div>			

Mid-Term Business Plan Vista 2021 (FY2016-2021)

Initiatives for 2019 Onwards(D)

Information & Communications

Developing materials for:

- Heat-resistant lenses
- Light control film
- Optical interconnect

Creating next-generation display

Creating next-generation semis materials

Life Sciences

Developing :

- NC-515(insecticide)
- New fungicide
- New paddy rice herbicide

Developing NIP-022 (platelet increasing agent)

Promoting research collaboration of antifungal drug

Upgrading cell culture materials to the global standardized product

Environment & Energy

Developing materials for:

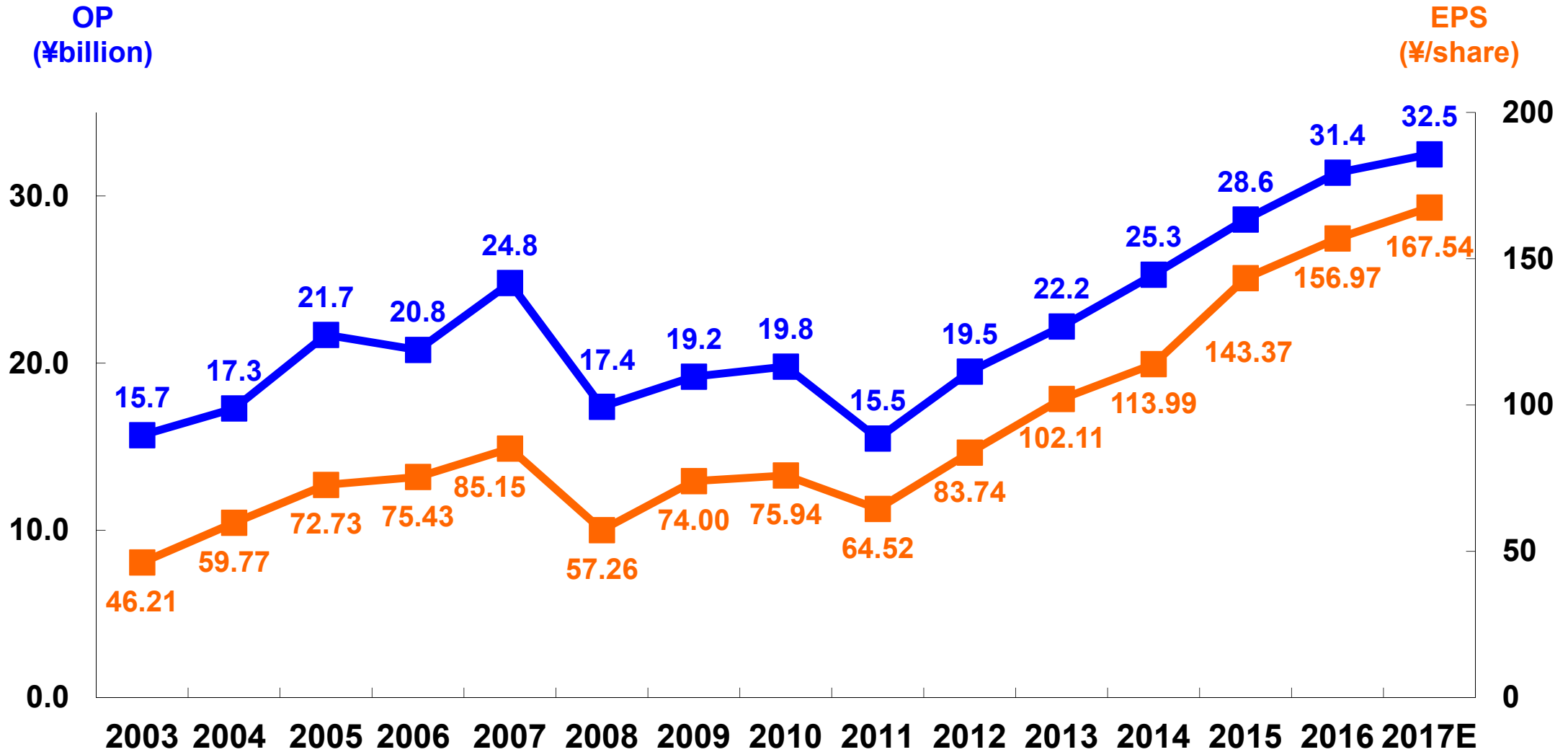
- Secondary batteries
- Fuel cells

Creating energy harvesting materials

R&D

Acquiring seeds in the biomedical materials field

Long-term Financial Performance Trend



Long Term Financial Performance Trend

(¥billion)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017E
Sales	155.9	161.4	169.1	174.4	169.2	160.2	149.0	154.2	148.6	153.8	163.7	171.2	176.9	180.3	189.0
Operating Profit	15.7	17.3	21.7	20.8	24.8	17.4	19.2	19.8	15.5	19.5	22.2	25.3	28.6	31.4	32.5
Ordinary Income	14.6	17.4	21.3	21.2	24.4	16.9	19.2	19.4	15.9	20.5	23.7	26.4	29.5	31.7	33.3
Net Income	8.7	11.3	13.7	14.0	15.5	10.1	12.8	13.0	11.0	13.9	16.7	18.2	22.4	24.0	25.2
EBITDA	26.1	26.9	31.6	30.5	34.5	27.6	30.1	30.2	25.9	29.0	30.8	33.8	38.3	40.3	43.6
OP Margin	10.0%	10.7%	12.8%	12.0%	14.6%	10.9%	12.8%	12.9%	10.4%	12.7%	13.6%	14.8%	16.2%	17.4%	17.2%
ROE	13.4%	15.2%	16.1%	14.7%	15.6%	10.3%	12.6%	11.9%	9.5%	11.4%	12.7%	12.7%	14.6%	15.1%	15.0%
EPS(¥/share)	46.21	59.77	72.73	75.43	85.15	57.26	74.00	75.94	64.52	83.74	102.11	113.99	143.37	156.97	167.54
Dividend(¥/share)	11	11	15	20	20	22	24	24	24	26	30	36	44	52	60
Dividend Payout Ratio	23.8%	18.4%	20.6%	26.5%	23.5%	38.4%	32.4%	31.6%	37.2%	31.0%	29.4%	31.6%	30.7%	33.1%	35.8%
Share Repurchase	-	-	-	4.7	5.0	8.0	-	2.8	-	5.0	5.0	6.0	9.0	9.0	5.0
Total Assets	172.6	169.4	183.2	177.3	172.7	172.3	181.4	183.4	190.1	199.2	208.0	223.9	228.2	231.7	-
Net Assets	69.2	78.5	92.0	98.1	100.1	95.7	106.5	112.4	119.6	126.7	137.8	151.3	156.9	163.7	-
Cash	5.9	4.3	8.5	11.0	7.6	9.7	14.8	21.1	27.9	31.9	30.8	31.3	35.3	35.7	-
Liabilities with Interest	57.4	44.6	41.5	32.4	34.4	45.5	42.1	39.9	38.9	38.1	36.1	35.1	33.1	30.8	-
D/E Ratio	78.0%	53.7%	38.5%	23.2%	27.2%	37.1%	26.0%	16.9%	9.3%	5.0%	4.1%	2.7%	-1.6%	-3.2%	-
Equity Ratio	40.1%	46.4%	50.2%	55.3%	58.0%	55.5%	58.7%	60.7%	62.4%	63.0%	65.7%	66.9%	68.1%	69.9%	-
Capex	6.6	6.6	9.2	12.1	10.9	13.9	10.1	9.6	8.3	8.1	8.8	9.8	10.2	14.3	14.8
Depreciation	10.4	9.6	9.9	9.7	9.7	10.2	11.0	10.4	10.5	9.5	8.5	8.5	9.7	8.9	11.1
R&D Expenses	8.7	8.6	9.2	9.9	12.5	13.7	13.1	12.6	13.6	13.7	14.2	15.0	15.8	16.1	17.2
R&D Expenses/Sales	5.6%	5.3%	5.4%	5.7%	7.4%	8.6%	8.8%	8.2%	9.2%	8.9%	8.7%	8.7%	8.9%	8.9%	9.1%

FY2011-2Q FY2013 Quarterly Sales by Segment⁽¹⁾

(Former Segmentation)

(¥billion)

	FY2011 Actual					FY2012 Actual					FY2013 Actual	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
Chem	9.4	9.2	9.0	9.3	36.9	9.1	8.8	8.9	9.8	36.6	9.5	9.1
Fine	3.0	2.9	2.4	2.6	10.9	2.9	2.7	2.4	3.2	11.2	2.9	3.1
Basic	6.4	6.3	6.6	6.7	26.0	6.2	6.1	6.5	6.6	25.4	6.6	6.0
Performance Materials	8.7	8.3	8.6	8.4	34.0	9.5	9.3	9.5	9.1	37.4	10.3	10.3
Agro	7.1	5.4	3.7	17.6	33.8	8.3	5.1	4.6	17.4	35.4	9.9	6.1
Pharma	2.9	2.3	2.4	2.4	10.0	3.5	1.8	3.1	2.2	10.6	2.9	2.8
Trading	11.6	10.9	10.8	11.5	44.8	11.9	10.8	12.5	11.4	46.6	12.7	11.8
Others	4.6	4.7	4.3	6.4	20.0	3.9	6.3	4.6	6.4	21.2	4.6	5.1
Adjustment	-7.7	-7.6	-7.3	-8.3	-30.9	-7.8	-9.4	-8.6	-8.2	-34.0	-9.7	-9.0
Total	36.6	33.2	31.5	47.3	148.6	38.4	32.7	34.6	48.1	153.8	40.2	36.2

(1) Including inter-segment sales/transfers

FY2011-2Q FY2013 Quarterly OP by Segment

(Former Segmentation)

(¥ billion)

	FY2011 Actual					FY2012 Actual					FY2013 Actual	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
Chem	1.0	-0.2	0.6	0.2	1.6	0.8	0.0	0.4	0.7	1.9	0.8	0.0
Performance Materials	1.7	0.9	1.1	1.1	4.8	2.1	2.0	1.6	1.5	7.2	2.1	2.3
Agro	1.2	-0.4	-1.5	5.1	4.4	1.6	-0.3	-1.1	4.8	5.0	2.3	0.1
Pharma	1.4	1.2	1.0	1.0	4.6	1.9	0.7	1.6	1.0	5.2	1.6	1.5
Trading	0.4	0.3	0.3	0.3	1.3	0.4	0.3	0.4	0.3	1.4	0.4	0.3
Others	0.0	0.0	-0.1	0.4	0.3	-0.1	0.2	0.1	0.5	0.7	0.1	0.1
Adjustment	-0.5	-0.4	-0.4	-0.2	-1.5	-0.4	-0.6	-0.5	-0.4	-1.9	-0.6	-0.4
Total	5.2	1.4	1.0	7.9	15.5	6.3	2.3	2.5	8.4	19.5	6.7	3.9
OP Margin	14.3%	4.0%	3.4%	16.6%	10.4%	16.5%	6.8%	7.5%	17.4%	12.7%	16.7%	10.6%

FY2012-FY2016 Quarterly Sales by Segment (1)

(New Segmentation)

(¥billion)

	FY2012 Actual					FY2013 Actual					FY2014 Actual					FY2015 Actual					FY2016 Actual				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Chem	8.6	8.3	8.7	8.9	34.5	9.3	8.6	8.8	8.8	35.5	8.5	8.2	9.1	8.5	34.3	8.7	8.0	9.0	8.6	34.3	8.5	8.0	9.1	9.2	34.8
Fine	2.4	2.2	2.2	2.3	9.1	2.7	2.6	2.3	2.3	9.9	2.7	2.6	2.8	2.5	10.6	3.0	2.5	2.5	2.6	10.6	2.8	2.5	2.7	2.7	10.7
Basic	6.2	6.1	6.5	6.6	25.4	6.6	6.0	6.5	6.5	25.6	5.8	5.6	6.3	6.0	23.7	5.7	5.5	6.5	6.0	23.7	5.7	5.5	6.4	6.5	24.1
Perf	9.5	9.3	9.5	9.1	37.4	10.3	10.3	11.1	11.1	42.8	11.8	12.4	13.0	12.2	49.4	13.0	13.0	13.6	12.2	51.8	12.6	12.9	13.8	13.5	52.8
Agro	8.3	5.1	4.6	17.4	35.4	9.9	6.1	5.5	17.6	39.1	12.3	6.2	5.7	21.5	45.7	13.6	7.5	5.0	21.4	47.5	14.5	9.5	4.2	23.8	52.0
Pharma	4.0	2.3	3.3	3.1	12.7	3.1	3.3	3.0	2.2	11.6	2.5	2.5	2.1	1.7	8.8	2.1	1.6	3.5	1.5	8.7	2.2	1.5	2.4	1.9	8.0
Trading	11.9	10.8	12.5	11.4	46.6	12.7	11.8	12.8	13.4	50.7	14.1	13.2	14.1	13.0	54.4	14.7	12.8	14.9	13.2	55.6	14.4	13.2	13.7	13.9	55.2
Others	3.9	6.3	4.6	6.4	21.2	4.6	5.1	4.9	6.8	21.4	3.8	4.7	4.6	7.8	20.9	4.1	4.8	4.7	7.3	20.9	4.0	4.6	5.8	9.6	24.0
Adjust	-7.8	-9.4	-8.6	-8.2	-34.0	-9.7	-9.0	-8.9	-9.8	-37.4	-10.5	-9.8	-10.7	-11.3	-42.3	-11.0	-9.2	-11.0	-10.7	-41.9	-11.1	-10.3	-11.4	-13.7	-46.5
Total	38.4	32.7	34.6	48.1	153.8	40.2	36.2	37.2	50.1	163.7	42.5	37.4	37.9	53.4	171.2	45.2	38.5	39.7	53.5	176.9	45.1	39.4	37.6	58.2	180.3

(1) Including inter-segment sales/transfers

FY2012-FY2016 Quarterly OP by Segment

(New Segmentation)

(¥billion)

	FY2012 Actual					FY2013 Actual					FY2014 Actual					FY2015 Actual					FY2016 Actual				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Chem	0.8	0.0	0.4	0.7	1.9	1.0	-0.2	0.6	0.5	1.9	1.0	-0.6	0.6	0.9	1.9	1.5	-0.1	1.2	1.3	3.9	1.5	-0.2	1.3	1.2	3.8
Perf	2.1	2.0	1.6	1.5	7.2	2.1	2.3	2.3	2.1	8.8	3.3	3.4	3.2	2.1	12.0	3.4	2.9	3.6	2.1	12.0	3.0	3.2	3.8	2.5	12.5
Agro	1.6	-0.3	-1.1	4.8	5.0	2.3	0.1	-0.8	4.6	6.2	4.0	0.0	-0.5	5.7	9.2	4.4	1.8	-1.3	5.9	10.8	4.5	2.4	-2.0	8.3	13.2
Pharma	1.9	0.7	1.6	1.0	5.2	1.4	1.7	1.4	0.4	4.9	0.8	0.8	0.4	0.3	2.3	0.4	0.2	1.6	-0.2	2.0	0.6	0.0	0.8	0.3	1.7
Trading	0.4	0.3	0.4	0.3	1.4	0.4	0.3	0.4	0.4	1.5	0.5	0.4	0.5	0.3	1.7	0.5	0.4	0.5	0.4	1.8	0.4	0.4	0.5	0.4	1.7
Others	-0.1	0.2	0.1	0.5	0.7	0.1	0.1	0.1	0.5	0.8	-0.1	0.0	0.1	0.6	0.6	0.0	0.0	0.0	0.5	0.5	0.0	0.0	0.2	0.8	1.0
Adjust	-0.4	-0.6	-0.5	-0.4	-1.9	-0.6	-0.4	-0.5	-0.4	-1.9	-0.6	-0.4	-0.7	-0.7	-2.4	-0.8	-0.3	-0.7	-0.6	-2.4	-0.5	-0.6	-0.6	-0.8	-2.5
Total	6.3	2.3	2.5	8.4	19.5	6.7	3.9	3.5	8.1	22.2	8.9	3.6	3.6	9.2	25.3	9.4	4.9	4.9	9.4	28.6	9.5	5.2	4.0	12.7	31.4
OPMargin	16.5%	6.8%	7.5%	17.4%	12.7%	16.7%	10.6%	9.3%	16.4%	13.6%	21.0%	9.6%	9.6%	17.2%	14.8%	20.9%	12.6%	12.5%	17.6%	16.2%	21.1%	13.3%	10.6%	21.9%	17.4%

Sales and Operating Profit by Segment

(¥billion)

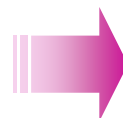
		FY2010		FY2011		FY2012		FY2013		FY2014		FY2015		FY2016		FY2017E		
Sales (A)	Chem	38.1	24.7%	36.9	24.8%	34.5	22.4%	35.5	21.7%	34.3	20.0%	34.3	19.4%	34.8	19.3%	35.5	18.8%	
	Perf	38.0	24.6%	34.0	22.9%	37.4	24.3%	42.8	26.1%	49.4	28.9%	51.8	29.3%	52.8	29.3%	57.6	30.5%	
	Agro	34.4	22.3%	33.8	22.7%	35.4	23.0%	39.1	23.9%	45.7	26.7%	47.5	26.9%	52.0	28.8%	56.3	29.8%	
	Pharma	9.6	6.2%	10.0	6.7%	12.7	8.3%	11.6	7.1%	8.8	5.1%	8.7	4.9%	8.0	4.4%	6.9	3.7%	
	Trading	44.1	28.6%	44.8	30.1%	46.6	30.3%	50.7	31.0%	54.4	31.8%	55.6	31.4%	55.2	30.6%	61.5	32.5%	
	Others	27.0	17.5%	20.0	13.5%	21.2	13.8%	21.4	13.1%	20.9	12.2%	20.9	11.8%	24.0	13.3%	21.7	11.5%	
	Adj	-37.0	-24.0%	-30.9	-20.8%	-34.0	-22.1%	-37.4	-22.8%	-42.3	-24.7%	-41.9	-23.7%	-46.5	-25.8%	-50.5	-26.7%	
	Total	154.2	100%	148.6	100%	153.8	100%	163.7	100%	171.2	100%	176.9	100%	180.3	100%	189.0	100%	
																	FY2016	
OP (B)	Chem	2.4	12.1%	1.6	10.3%	1.9	9.7%	1.9	8.6%	1.9	7.5%	3.9	13.6%	3.8	12.1%	3.6	11.1%	
	Perf	7.9	39.9%	4.8	31.0%	7.2	36.9%	8.8	39.6%	12.0	47.4%	12.0	42.0%	12.5	39.8%	12.3	37.8%	
	Agro	4.8	24.2%	4.4	28.4%	5.0	25.6%	6.2	27.9%	9.2	36.4%	10.8	37.8%	13.2	42.0%	15.6	48.0%	
	Pharma	4.4	22.2%	4.6	29.7%	5.2	26.7%	4.9	22.1%	2.3	9.1%	2.0	7.0%	1.7	5.4%	0.9	2.8%	
	Trading	1.4	7.1%	1.3	8.4%	1.4	7.2%	1.5	6.8%	1.7	6.7%	1.8	6.3%	1.7	5.4%	2.0	6.2%	
	Others	1.0	5.1%	0.3	1.9%	0.7	3.6%	0.8	3.6%	0.6	2.4%	0.5	1.7%	1.0	3.2%	0.5	1.5%	
	Adj	-2.1	-10.6%	-1.5	-9.7%	-1.9	-9.7%	-1.9	-8.6%	-2.4	-9.5%	-2.4	-8.4%	-2.5	-8.0%	-2.4	-7.4%	
	Total	19.8	100%	15.5	100%	19.5	100%	22.2	100%	25.3	100%	28.6	100%	31.4	100%	32.5	100%	
																	Segment Assets (D)	
																	26.1 11.3%	
																	48.0 20.7%	
																	55.6 24.0%	
																	10.2 4.4%	
																	19.8 8.5%	
																	10.7 4.6%	
																	61.3 26.5%	
																	231.7 100%	
Op Margin (C) = (B)/(A)	Chem	6.3%		4.3%		5.5%		5.4%		5.5%		11.4%		10.9%		10.1%		
	Perf	20.8%		14.1%		19.3%		20.6%		24.3%		23.2%		23.7%		21.4%		
	Agro	14.0%		13.0%		14.1%		15.9%		20.1%		22.7%		25.4%		27.7%		
	Pharma	45.8%		46.0%		40.9%		42.2%		26.1%		23.0%		21.3%		13.0%		
	Trading	3.2%		2.9%		3.0%		3.0%		3.1%		3.2%		3.1%		3.3%		
	Others	3.7%		1.5%		3.3%		3.7%		2.9%		2.4%		4.2%		2.3%		
	Total	12.9%		10.4%		12.7%		13.6%		14.8%		16.2%		17.4%		17.2%		
																		ROA (E) = (B)/(D)
																	14.6%	
																	26.0%	
																	23.7%	
																	16.7%	
																	8.6%	
																	9.3%	
																	13.6%	

FY2010-2011 : Former Segmentation, FY2012-2017E : New Segmentation

New Segmentation (From October 1, 2013)

Former Segmentation

Segment	Main Products	
Chem	Fine Chemicals	TEPIC Melamine cyanurate HI-LITE Custom Chemicals
	Basic Chemicals	Melamine Urea, AdBlue Ammonia, Sulfuric acid, Nitric acid High purity chemicals
Performance Materials	SUNEVER, NHC, ARC® (Bottom anti-reflective coating) OptiStack® (Multi layer process materials) Micro lens SNOWTEX, Organo silica sol Alumina sol, SUNCOLLOID CELNAX	
Agro	Agro	Herbicides Insecticides Fungicide
	Active substance of Veterinary medical product	
Pharma	LIVALO	
Trading	Nissei Corporation	
Others	Nissan Butsuryu, Nissan Green & Landscape, Nissan Engineering, Fertilizer	
Adjustment	R&D expenses of Advanced Materials & Planning Dept. included	



New Segmentation

Segment	Main Products	
Chem	Fine Chemicals	TEPIC Melamine cyanurate HI-LITE
	Basic Chemicals	Melamine Urea, AdBlue Ammonia, Sulfuric acid, Nitric acid High purity chemicals
Performance Materials	SUNEVER, NHC, ARC® (Bottom anti-reflective coating) OptiStack® (Multi layer process materials) Micro lens SNOWTEX, Organo silica sol Alumina sol, SUNCOLLOID CELNAX	
Agro	Agro	Herbicides Insecticides Fungicide
	Active substance of Veterinary medical product	
Pharma	LIVALO	
	Custom Chemicals	
Trading	Nissei Corporation	
Others	Nissan Butsuryu, Nissan Green & Landscape, Nissan Engineering, Fertilizer	
Adjustment	R&D expenses of Advanced Materials & Planning Dept. included	

Main Products by Segment (New Segmentation)

Segment	Products	Main Applications
Chem	◆ Fine Chemicals TEPIC Melamine cyanurate Environmental product	epoxy compound for LED sealants, solder resist, painting flame retardant HI-LITE (chlorinated isocyanuric acid for sterilizing)
	◆ Basic Chemicals Melamine AdBlue Ammonia, Sulfuric acid, Nitric acid High purity chemicals	adhesive agent for plywood solution of urea in demineralised water for diesel trucks to reduce NOx agents used for cleaning semiconductors
Performance Materials	◆ Electronic Materials SUNEVER ARC® OptiStack® NHC OPTIFOCUS ELSOURCE	LCD alignment coating bottom anti-reflective coating for semiconductors multi layer process material for semiconductors (Si-HM/SOC) *ARC® and OptiStack® are registered trade mark of Brewer Science, Inc. protective coating for touch panel microlens material for image sensor application hole injection layer materials for OLED
	◆ Inorganic Materials SNOWTEX Organo silica sol Alumina sol SUNCOLLOID CELNAX	water dispersed colloidal silica sol for polishing silicon wafers, special steel sheets, NOx reduction catalyst, electronic printing materials film coating, antistatic interference shielding, electronic printing materials automotive catalyst, electronic printing materials high refractive sol for lens antistatic sol for film
Agro	◆ Herbicide TARGA PERMIT SIRIUS, ALTAIR ROUNDUP ◆ Insecticide STARMITE, SANMITE, MITOKOHNE ◆ Fungicide LEIMAY/ORACLE PULSOR, IKARUGA, GREATAM (THIFLUZAMIDE) ◆ Animal health products Fluralaner (BRAVECTO)	soybean, rapeseed, sugarbeet corn, sugarcane, rice paddy rice non-selective herbicide for orchard, noncrop land fruits, tea, vegetables vegetables, potato, fruits potato, grape, turf active substance of BRAVECTO (veterinary medical product for dogs)
Pharma	LIVALO Custom Chemicals	Anti-cholesterol drug custom manufacturing and process services for pharmaceutical companies
Trading	Nissei Corporation	
Others	Transportation, Landscaping, Engineering, Fertilizer	

Forward Looking Statements

The forward looking statements in this material are based on information available at the time of preparation of the material. Although they reflect our current expectations, these statements are not guarantees of future performance, but include a number of risks and uncertainties. Actual results may largely differ from these statements due to various factors which may be beyond company control.

No information in this material is provided as an offer to buy or sell the shares of the company. We urge users of the material to make investment decision based upon own judgment.