

**May 12, 2016**

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

# **Presentation for Investors**

**FY2015 (April 1 – March 31, 2016) Financial Results**

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Director and Senior Executive Vice President**

**Translation of presentation materials for the investor meeting held in Tokyo on May 12, 2016**

**NISSAN CHEMICAL INDUSTRIES, LTD.**

# FY2015 PL<sup>(1)</sup>

(¥billion)

|                               | FY2014 |        |        | FY2015 |        |              | Change |        |        | Change (%) | FY2015 Outlook as of Nov 2015 |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------------|--------|--------|--------|------------|-------------------------------|--------|--------|
|                               | 1H     | 2H     | Total  | 1H     | 2H     | Total        | 1H     | 2H     | Total  | Total      | 1H Actual                     | 2H     | Total  |
| Sales                         | 79.9   | 91.3   | 171.2  | 83.7   | 93.2   | Record 176.9 | +3.8   | +1.9   | +5.7   | +3%        | 83.7                          | 97.8   | 181.5  |
| Operating Profit              | 12.5   | 12.8   | 25.3   | 14.3   | 14.3   | Record 28.6  | +1.8   | +1.5   | +3.3   | +13%       | 14.3                          | 13.7   | 28.0   |
| Non-Operating Income/Expenses | 0.2    | 0.9    | 1.1    | 0.8    | 0.1    | 0.9          | +0.6   | -0.8   | -0.2   | -11%       | 0.8                           | 0.4    | 1.2    |
| Ordinary Income               | 12.7   | 13.7   | 26.4   | 15.1   | 14.4   | Record 29.5  | +2.4   | +0.7   | +3.1   | +12%       | 15.1                          | 14.1   | 29.2   |
| Extraordinary Profit/Loss (2) | -0.4   | -0.7   | -1.1   | 0.0    | -1.2   | -1.2         | +0.4   | -0.5   | -0.1   | -          | 0.0                           | 0.0    | 0.0    |
| Net Income (3)                | 8.9    | 9.3    | 18.2   | 11.1   | 11.3   | Record 22.4  | +2.2   | +2.0   | +4.2   | +23%       | 11.1                          | 10.6   | 21.7   |
| EBITDA (4)                    | 16.2   | 17.6   | 33.8   | 18.7   | 19.6   | 38.3         | +2.5   | +2.0   | +4.5   | +13%       | 18.7                          | 19.4   | 38.1   |
| EPS (¥/share)                 | 55.15  | 58.84  | 113.99 | 71.21  | 72.16  | 143.37       | +16.06 | +13.32 | +29.38 | +26%       | 71.21                         | 68.32  | 139.53 |
| Dividend (¥/share)            | 14     | 22     | 36     | 18     | 26     | 44           | +4     | +4     | +8     |            | 18                            | 24     | 42     |
| Total amount of Dividend      | 2.2    | 3.5    | 5.7    | 2.8    | 4.0    | 6.8          | +0.6   | +0.5   | +1.1   |            | 2.8                           | 3.7    | 6.5    |
| OP Margin                     | 15.6%  | 14.1%  | 14.8%  | 17.0%  | 15.4%  | 16.2%        | +1.4%  | +1.3%  | +1.4%  |            | 17.0%                         | 14.0%  | 15.4%  |
| ROE                           | -      | -      | 12.7%  | -      | -      | 14.6%        | -      | -      | +1.9%  |            | -                             | -      | 14.1%  |
| FX Rate (¥/\$)                | 103    | 117    |        | 122    | 118    |              |        |        |        |            | 122                           | 120    |        |
| Naphtha (¥/kl) (5)            | 70,400 | 56,700 |        | 48,000 | 37,700 |              |        |        |        |            | 48,000                        | 51,000 |        |
| Comprehensive Income          | 10.2   | 13.9   | 24.1   | 9.6    | 11.9   | 21.5         |        |        |        |            | 9.6                           |        |        |

(1) FY2015 = April 1, 2015 - March 31, 2016

(2) 1H FY2014 -0.4: Product compensation expenses related to caking problems of PULSOR (agrochemical product)  
 2H FY2014 -0.7: Cost for dismantling the naphtha pipeline after completion of ammonia feedstock change project  
 2H FY2015 -1.4: 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) FY2015 Actual: Net income = Profit Attributable to Owners of Parent

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

# 2H FY2015 Review

<vs. 2H FY2014>

(Sales) ◆Up ¥1.9 billion (+2.1%)

(OP) ◆Up ¥1.5 billion (+11.7%)

(+) Performance Materials, Pharmaceuticals, Trading

(±) Chemicals

(-) Agrochemicals

(+) Chemicals, Performance Materials, Pharmaceuticals  
Trading

(-) Agrochemicals

(Non-Operating Income and Expenses) ◆Down ¥0.8 billion

(Ordinary Income) ◆Up ¥0.7 billion (+5.4%)

(Extraordinary Profit/Loss) ◆Down ¥0.5 billion

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

(Net Income) ◆Up ¥2.0 billion (+19.8%)

(EPS) ◆Up ¥13.32 yen (+22.6%)

<vs. 2H FY2015 Outlook as of November 2015>

(Sales) ◆Down ¥4.6 billion

(OP) ◆Up ¥0.6 billion

(+) Performance Materials

(±) Pharmaceuticals

(-) Chemicals, Agrochemicals, Trading

(+) Chemicals, Performance Materials

(-) Agrochemicals, Pharmaceutical, Trading

(Non-Operating Income and Expenses) ◆Down ¥0.3 billion

(Ordinary Income) ◆Up ¥0.3 billion

(Extraordinary Profit/Loss) ◆Down ¥1.2 billion

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

(Net Income) ◆Up ¥0.7 billion

(EPS) ◆Up ¥3.84 yen

# FY2015 Review

<vs. FY2014>

(Sales) ◆Up ¥5.7 billion (+3.3%) (+) Performance Materials, Agrochemicals, Trading

(±) Chemicals

(-) Pharmaceuticals

(OP) ◆Up ¥3.3 billion (+12.9%) (+) Chemicals, Agrochemicals, Trading

(±) Performance Materials

(-) Pharmaceuticals

(OP Margin) ◆16.2% More than 10% OP Margin in 13 consecutive years since FY2003

(Non-Operating Income and Expenses) ◆Down ¥0.2 billion

(Ordinary Income) ◆Up ¥3.1 billion (+11.9%)

(Extraordinary Profit/Loss) ◆Down ¥0.1 billion

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

(Net Income) ◆Up ¥4.2 billion (+22.8%)

(EPS) ◆Up ¥29.38 yen (+25.6%)

(ROE) ◆14.6% (FY2014: 12.7%) (FY2015 Mid-Term Business Plan Target: 13.4%)

Achieved

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

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

★Achieved FY2015 Mid-Term Business Plan Targets (p49)

<Shareholder Return>

(Dividend) ◆1H ¥18/share, 2H ¥26/share, total ¥44/share, Dividend payout ratio 30.7%

(¥8/share up vs. FY2014, ¥2/share up vs. 2H FY2015 Outlook as of November 2015)

(Share Repurchases) ◆¥9.0 billion, 3.3 million shares completed in FY2015

(Cancelled 2 million shares in July 2015, 1 million shares in May 2016)

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%)

# FY2015

## Non-Operating Income/Expenses, Extraordinary

### Profit/Loss, Comprehensive Income

|   | FY2014       | FY2015       | Change       | (¥billion) |
|---|--------------|--------------|--------------|------------|
| <b>Non-Operating Income</b>                         | <b>2.90</b>  | <b>2.48</b>  | <b>-0.42</b> |            |
| Interest income, dividend income                    | 0.63         | 0.60         | -0.03        |            |
| Equity in earnings of affiliates                    | 1.09         | 0.86         | -0.23        |            |
| Gain on foreign exchange                            | 0.48         | 0.00         | -0.48        |            |
| Others  | 0.70         | 1.02         | +0.32        |            |
| <b>Non-Operating Expenses</b>                       | <b>1.86</b>  | <b>1.56</b>  | <b>-0.30</b> |            |
| Interest expense                                    | 0.21         | 0.19         | -0.02        |            |
| Loss on disposal of fixed assets                    | 0.33         | 0.32         | -0.01        |            |
| Loss on foreign exchange                            | 0.00         | 0.17         | +0.17        |            |
| Others  | 1.32         | 0.88         | -0.44        |            |
| <b>Extraordinary Profit</b>                         | <b>0.00</b>  | <b>3.08</b>  | <b>+3.08</b> |            |
| <b>Extraordinary Loss</b>                           | <b>1.09</b>  | <b>4.25</b>  | <b>+3.16</b> |            |
| <b>Comprehensive Income</b>                         | <b>24.09</b> | <b>21.51</b> | <b>-2.58</b> |            |
| Net income  | 18.20        | 22.35        | +4.15        |            |
| Non-controlling interests                           | 0.18         | 0.21         | +0.03        |            |
| Unrealized gains or losses on investment securities | 4.54         | -0.16        | -4.70        |            |
| Foreign currency translation adjustments            | 0.95         | -0.80        | -1.75        |            |
| Remeasurements of defined benefit plans             | 0.22         | -0.09        | -0.09        |            |

(¥billion)

# FY2015 Cash Flows

|   | FY2014 |       |       | FY2015 |       |       | Change |      |       | FY2015 Outlook<br>as of Nov 2015 |       |       |
|---|--------|-------|-------|--------|-------|-------|--------|------|-------|----------------------------------|-------|-------|
|   | 1H     | 2H    | Total | 1H     | 2H    | Total | 1H     | 2H   | Total | 1H<br>Actual                     | 2H    | Total |
| <b>CF from operating activities</b>                     | 22.9   | -2.5  | 20.4  | 27.6   | 2.4   | 30.0  | +4.7   | +4.9 | +9.6  | 27.6                             | 3.4   | 31.0  |
| <b>Profit before income tax</b>                         | 12.3   | 13.0  | 25.3  | 15.1   | 13.3  | 28.4  | +2.8   | +0.3 | +3.1  | 15.1                             | 14.1  | 29.2  |
| Provision for business structure improvement            | 0.0    | 0.7   | 0.7   | 0.0    | 0.0   | 0.0   | +0.0   | -0.7 | -0.7  | 0.0                              | 0.0   | 0.0   |
| Gain on sales of investment securities                  | 0.0    | 0.0   | 0.0   | 0.0    | -3.0  | -3.0  | +0.0   | -3.0 | -3.0  | 0.0                              | 0.0   | 0.0   |
| Impairment loss   | 0.0    | 0.0   | 0.0   | 0.0    | 3.9   | 3.9   | +0.0   | +3.9 | +3.9  | 0.0                              | 0.0   | 0.0   |
| Provision for loss on business of associates            | 0.0    | 0.0   | 0.0   | 0.0    | 0.3   | 0.3   | +0.0   | +0.3 | +0.3  | 0.0                              | 0.0   | 0.0   |
| <b>Depreciation &amp; Amortization</b>                  | 3.7    | 4.8   | 8.5   | 4.4    | 5.3   | 9.7   | +0.7   | +0.5 | +1.2  | 4.4                              | 5.7   | 10.1  |
| <b>Tax</b>  | -3.7   | -3.3  | -7.0  | -4.0   | -3.4  | -7.4  | -0.3   | -0.1 | -0.4  | -4.0                             | -3.6  | -7.6  |
| <b>Working capital, others</b>                          | 10.6   | -17.7 | -7.1  | 12.1   | -14.0 | -1.9  | +1.5   | +3.7 | +5.2  | 12.1                             | -12.8 | -0.7  |
| <b>CF from investing activities</b>                     | -2.8   | -5.3  | -8.1  | -4.7   | -3.7  | -8.4  | -1.9   | +1.6 | -0.3  | -4.7                             | -9.3  | -14.0 |
| <b>Purchase of PPE</b>                                  | -3.8   | -4.8  | -8.6  | -4.3   | -4.8  | -9.1  | -0.5   | +0.0 | -0.5  | -4.3                             | -7.6  | -11.9 |
| Purchase, sales and redemption of investment securities | 1.7    | -0.3  | 1.4   | 0.1    | 1.8   | 1.9   | -1.6   | +2.1 | +0.5  | 0.1                              | -0.4  | -0.3  |
| <b>Others</b>   | -0.7   | -0.2  | -0.9  | -0.5   | -0.7  | -1.2  | +0.2   | -0.5 | -0.3  | -0.5                             | -1.3  | -1.8  |
| <b>CF from financing activities</b>                     | -23.3  | 11.2  | -12.1 | -27.3  | 10.0  | -17.3 | -4.0   | -1.2 | -5.2  | -27.3                            | 13.9  | -13.4 |
| <b>Dividends paid</b>                                   | -2.6   | -2.2  | -4.8  | -3.5   | -2.8  | -6.3  | -0.9   | -0.6 | -1.5  | -3.5                             | -2.8  | -6.3  |
| <b>Borrowings</b>                                       | -20.7  | 19.5  | -1.2  | -17.7  | 15.8  | -1.9  | +3.0   | -3.7 | -0.7  | -17.7                            | 16.7  | -1.0  |
| <b>Purchase of treasury shares</b>                      | 0.0    | -6.0  | -6.0  | -6.0   | -3.0  | -9.0  | -6.0   | +3.0 | -3.0  | -6.0                             | 0.0   | -6.0  |
| <b>Others</b>   | 0.0    | -0.1  | -0.1  | -0.1   | 0.0   | -0.1  | -0.1   | +0.1 | +0.0  | -0.1                             | 0.0   | -0.1  |
| Effect of FX rate changes on cash & cash equivalents    | 0.1    | 0.2   | 0.3   | -0.2   | -0.1  | -0.3  | -0.3   | -0.3 | -0.6  | -0.2                             | 0.2   | 0.0   |
| <b>Change in cash &amp; cash equivalents</b>            | -3.1   | 3.6   | 0.5   | -4.6   | 8.6   | 4.0   | -1.5   | +5.0 | +3.5  | -4.6                             | 8.2   | 3.6   |
| <b>Cash &amp; cash equivalents at end of period</b>     | 27.6   | 31.3  |       | 26.9   | 35.3  |       | -0.7   | +4.0 |       | 26.9                             | 34.9  |       |

# FY2015 Balance Sheets

(¥billion)

|                       | 2015/3       | 2016/3       | Change      |
|-----------------------|--------------|--------------|-------------|
| <b>Current assets</b> | <b>133.5</b> | <b>142.2</b> | <b>+8.7</b> |
| Cash                  | 31.3         | 35.3         | +4.0        |
| Accounts receivable   | 58.1         | 57.6         | -0.5        |
| Inventories           | 36.1         | 38.5         | +2.4        |
| Others                | 8.0          | 10.8         | +2.8        |
| <b>Fixed assets</b>   | <b>90.4</b>  | <b>86.0</b>  | <b>-4.4</b> |
| Total PPE             | 47.1         | 47.5         | +0.4        |
| Intangible assets     | 0.7          | 0.9          | +0.2        |
| Investment securities | 38.7         | 33.3         | -5.4        |
| Others                | 3.9          | 4.3          | +0.4        |
| <b>Total assets</b>   | <b>223.9</b> | <b>228.2</b> | <b>+4.3</b> |

|   | 2015/3       | 2016/3       | Change      |
|---|--------------|--------------|-------------|
| <b>Liabilities</b>                                  | <b>72.6</b>  | <b>71.3</b>  | <b>-1.3</b> |
| Accounts payable                                    | 15.1         | 15.4         | +0.3        |
| Borrowings  | 35.1         | 33.1         | -2.0        |
| Others  | 22.4         | 22.8         | +0.4        |
| <b>Net assets</b>                                   | <b>151.3</b> | <b>156.9</b> | <b>+5.6</b> |
| <b>Shareholders' equity</b>                         | <b>137.6</b> | <b>144.2</b> | <b>+6.6</b> |
| Unrealized gains or losses on investment securities | 10.7         | 10.5         | -0.2        |
| Foreign currency translation adjustments            | 0.9          | 0.2          | -0.7        |
| Minority interest                                   | 1.5          | 1.5          | +0.0        |
| Remeasurements of defined benefit plans             | 0.6          | 0.5          | -0.1        |
| <b>Total liabilities &amp; Net assets</b>           | <b>223.9</b> | <b>228.2</b> | <b>+4.3</b> |

• D/E Ratio (1) 2.7% -1.6%

• Equity Ratio 66.9% 68.1%

• Change in shareholders' equity +6.6

= Net Income 22.4 - Dividend and others 15.8

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

# FY2016 Outlook

(¥billion)

|                               | FY2015 Actual |        |        | FY2016 Outlook |        |              | Change |        |       | Change (%) |
|-------------------------------|---------------|--------|--------|----------------|--------|--------------|--------|--------|-------|------------|
|                               | 1H            | 2H     | Total  | 1H             | 2H     | Total        | 1H     | 2H     | Total | Total      |
| Sales                         | 83.7          | 93.2   | 176.9  | 86.0           | 101.5  | Record 187.5 | +2.3   | +8.3   | +10.6 | +6%        |
| Operating Profit              | 14.3          | 14.3   | 28.6   | 13.3           | 16.4   | Record 29.7  | -1.0   | +2.1   | +1.1  | +4%        |
| Non-Operating Income/Expenses | 0.8           | 0.1    | 0.9    | 0.0            | 0.7    | 0.7          | -0.8   | +0.6   | -0.2  | -24%       |
| Ordinary Income               | 15.1          | 14.4   | 29.5   | 13.3           | 17.1   | Record 30.4  | -1.8   | +2.7   | +0.9  | +3%        |
| Extraordinary Profit/Loss (1) | 0.0           | -1.2   | -1.2   | 0.0            | 0.0    | 0.0          | +0.0   | +1.2   | +1.2  | -          |
| Net Income                    | 11.1          | 11.3   | 22.4   | 10.2           | 12.8   | Record 23.0  | -0.9   | +1.5   | +0.6  | +3%        |
| EBITDA                        | 18.7          | 19.6   | 38.3   | 17.6           | 22.1   | 39.7         | -1.1   | +2.5   | +1.4  | +4%        |
| EPS (¥/share) (2)             | 71.21         | 72.16  | 143.37 | 66.56          | 83.80  | 150.36       | -4.65  | +11.64 | +6.99 | +5%        |
| Dividend (¥/share)            | 18            | 26     | 44     | 24             | 26     | 50           | +6     | +0     | +6    |            |
| Total amount of Dividend (2)  | 2.8           | 4.0    | 6.8    | 3.7            | 3.9    | 7.6          | +0.9   | -0.1   | +0.8  |            |
| OP Margin                     | 17.0%         | 15.4%  | 16.2%  | 15.5%          | 16.2%  | 15.8%        | -1.5%  | +0.8%  | -0.4% |            |
| ROE (2)                       | -             | -      | 14.6%  | -              | -      | 14.3%        | -      | -      | -0.3% |            |
| FX Rate (¥/\$)                | 122           | 118    |        | 115            | 115    |              |        |        |       |            |
| Naphtha (¥/kl)                | 48,000        | 37,700 |        | 35,400         | 35,400 |              |        |        |       |            |
| Comprehensive income          | 9.6           | 11.9   | 21.5   |                |        |              |        |        |       |            |

(1) 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) -0.4

(2) FY2016 Outlook including effects of FY2016 share repurchase program announced on May 12, 2016



# FY2016 Outlook

## <vs. FY2015>

**(Sales)** ◆Up    **¥10.6 billion (+6.0%)**    (+) Chemicals, Performance Materials, Agrochemicals, Trading  
(-) Pharmaceuticals

**(OP)** ◆Up    **¥1.1 billion (+3.8%)**    (+) Chemicals, Agrochemicals, Trading  
(-) Performance Materials, Pharmaceuticals

**(Non-Operating Income and Expenses)** ◆Down    **¥0.2 billion**

**(Ordinary Income)** ◆Up    **¥0.9 billion (+2.9%)**

**(Net Income)** ◆Up    **¥0.6 billion (+2.9%)**

**(EPS)** ◆Up    **¥6.99 yen (+4.9%)**

**(ROE)** ◆**14.3% (FY2015 14.6%)**

**Sales, OP, Ordinary Income, Net Income expected to renew the highest results of a full year(FY2015)**

## <Dividend and Share Repurchases>

**(Dividend)** ◆1H ¥24/share, 2H ¥26/share, total ¥50/share, Dividend payout ratio 33.3%  
(¥6/share up vs. FY2015)

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

# FY2016 Outlook

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

|   | FY2015<br>Actual | FY2016<br>Outlook | Change | (¥billion) |
|---|------------------|-------------------|--------|------------|
| <b>Non-Operating Income</b>                         | 2.48             | 1.84              | -0.64  |            |
| Interest income, dividend income                    | 0.60             | 0.59              | -0.01  |            |
| Equity in earnings of affiliates                    | 0.86             | 0.70              | -0.16  |            |
| Gain on foreign exchange                            | 0.00             | 0.00              | +0.00  |            |
| Others  | 1.02             | 0.55              | -0.47  |            |
| <b>Non-Operating Expenses</b>                       | 1.56             | 1.18              | -0.38  |            |
| Interest expense                                    | 0.19             | 0.20              | +0.01  |            |
| Loss on disposal of fixed assets                    | 0.32             | 0.64              | +0.32  |            |
| Loss on foreign exchange                            | 0.17             | 0.00              | -0.17  |            |
| Others  | 0.88             | 0.34              | -0.54  |            |
| <b>Extraordinary Profit</b>                         | 3.08             | 0.00              | -3.08  |            |
| <b>Extraordinary Loss</b>                           | 4.25             | 0.00              | -4.25  |            |
| <b>Comprehensive Income</b>                         | 21.51            | -                 | -      |            |
| Net income  | 22.35            | -                 | -      |            |
| Non-controlling interests                           | 0.21             | -                 | -      |            |
| Unrealized gains or losses on investment securities | -0.16            | -                 | -      |            |
| Foreign currency translation adjustments            | -0.80            | -                 | -      |            |
| Remeasurements of defined benefit plans             | -0.09            | -                 | -      |            |

# FY2016 Cash Flows Outlook

FY2015 Actual

FY2016 Outlook

(¥billion)

|  | FY2015 Actual | FY2016 Outlook |
|--|---------------|----------------|
| <b>CF from operating activities</b>                  | <b>30.0</b>   | <b>30.9</b>    |
| Profit before income tax                             | 28.4          | 30.3           |
| Gain on sales of investment securities               | -3.0          | 0.0            |
| Impairment loss                                      | 3.9           | 0.0            |
| Provision for loss on business of associates         | 0.3           | 0.0            |
| Depreciation & Amortization                          | 9.7           | 10.0           |
| Tax  | -7.4          | -9.2           |
| Working capital, others                              | -1.9          | -0.2           |
| <b>CF from investing activities</b>                  | <b>-8.4</b>   | <b>-14.4</b>   |
| Purchase of PPE                                      | -9.1          | -17.1          |
| Purchase and sales of investment securities          | 1.9           | 2.7            |
| Others   | -1.2          | 0.0            |
| <b>CF from financing activities</b>                  | <b>-17.3</b>  | <b>-14.7</b>   |
| Dividends paid                                       | -6.3          | -7.7           |
| Borrowings   | -1.9          | -2.0           |
| Purchase of treasury shares                          | -9.0          | -5.0           |
| Others   | -0.1          | 0.0            |
| Effect of FX rate changes on cash & cash equivalents | -0.3          | 0.0            |
| <b>Change in cash &amp; cash equivalents</b>         | <b>4.0</b>    | <b>1.8</b>     |
| <b>Cash &amp; cash equivalents at end of period</b>  | <b>35.3</b>   | <b>37.1</b>    |

# New Segmentation (From October 1, 2013)

## Former Segmentation

| Segment | Main Products          |  |
|---------|------------------------|--|
| Chem    | <b>Fine Chemicals</b>  | TEPIC<br>Melamine cyanurate<br>HI-LITE<br><b>Custom Chemicals</b>                        |
|         | <b>Basic Chemicals</b> | Melamine<br>Urea, AdBlue<br>Ammonia, Sulfuric acid, Nitric acid<br>High purity chemicals |

|                       |   |  |
|-----------------------|---|--|
| Performance Materials | SUNEVER, NHC,<br>ARC® (Bottom anti-reflective coating,<br>Multi layer process materials)<br>Micro lens<br>SNOWTEX, Organo silica sol<br>Alumina sol, SUNCOLLOID<br>CELNAX |  |
|-----------------------|---|--|

|      |  |   |
|------|--|---|
| Agro | Agro   | Herbicides<br>Insecticides<br>Fungicide |
|      | Active substance of Veterinary medical product |   |

|               |               |
|---------------|---------------|
| <b>Pharma</b> | <b>LIVALO</b> |
|---------------|---------------|

|         |                    |
|---------|--------------------|
| Trading | Nissei Corporation |
|---------|--------------------|

|        |  |
|--------|--|
| Others | Nissan Butsuryu, Nissan Green & Landscape,<br>Nissan Engineering, Fertilizer |
|--------|--|

|            |   |
|------------|---|
| Adjustment | R&D expenses of Advanced Materials & Planning Dept.<br>included |
|------------|---|



## New Segmentation

| Segment | Main Products   |  |
|---------|-----------------|--|
| Chem    | Fine Chemicals  | TEPIC<br>Melamine cyanurate<br>HI-LITE   |
|         | Basic Chemicals | Melamine<br>Urea, AdBlue<br>Ammonia, Sulfuric acid, Nitric acid<br>High purity chemicals |

|                       |   |  |
|-----------------------|---|--|
| Performance Materials | SUNEVER, NHC,<br>ARC® (Bottom anti-reflective coating,<br>Multi layer process materials)<br>Micro lens<br>SNOWTEX, Organo silica sol<br>Alumina sol, SUNCOLLOID<br>CELNAX |  |
|-----------------------|---|--|

|      |  |   |
|------|--|---|
| Agro | Agro   | Herbicides<br>Insecticides<br>Fungicide |
|      | Active substance of Veterinary medical product |   |

|               |  |
|---------------|--|
| <b>Pharma</b> | <b>LIVALO</b><br><b>Custom Chemicals</b> |
|---------------|--|

|         |                    |
|---------|--------------------|
| Trading | Nissei Corporation |
|---------|--------------------|

|        |  |
|--------|--|
| Others | Nissan Butsuryu, Nissan Green & Landscape,<br>Nissan Engineering, Fertilizer |
|--------|--|

|            |   |
|------------|---|
| Adjustment | R&D expenses of Advanced Materials & Planning Dept.<br>included |
|------------|---|

# FY2015 Sales by Segment (1)

(¥billion)

|                       | FY2014      |             |              | FY2015      |             |              | Change      |             |             | Change (%) | FY2015 Outlook as of Nov 2015 |             |              |
|-----------------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|------------|-------------------------------|-------------|--------------|
|                       | 1H          | 2H          | Total        | 1H          | 2H          | Total        | 1H          | 2H          | Total       | Total      | 1H Actual                     | 2H          | Total        |
| Chem                  | 16.7        | 17.6        | 34.3         | 16.7        | 17.6        | 34.3         | +0.0        | +0.0        | +0.0        | +0%        | 16.7                          | 18.2        | 34.9         |
| Fine Chemicals        | 5.3         | 5.3         | 10.6         | 5.5         | 5.1         | 10.6         | +0.2        | -0.2        | +0.0        | +1%        | 5.5                           | 5.3         | 10.8         |
| Basic Chemicals       | 11.4        | 12.3        | 23.7         | 11.2        | 12.5        | 23.7         | -0.2        | +0.2        | +0.0        | +0%        | 11.2                          | 12.9        | 24.1         |
| Performance Materials | 24.2        | 25.2        | 49.4         | 26.0        | 25.8        | 51.8         | +1.8        | +0.6        | +2.4        | +5%        | 26.0                          | 25.4        | 51.4         |
| Agro                  | 18.5        | 27.2        | 45.7         | 21.1        | 26.4        | 47.5         | +2.6        | -0.8        | +1.8        | +4%        | 21.1                          | 28.0        | 49.1         |
| Pharma                | 5.0         | 3.8         | 8.8          | 3.7         | 5.0         | 8.7          | -1.3        | +1.2        | -0.1        | -2%        | 3.7                           | 5.0         | 8.7          |
| Trading               | 27.3        | 27.1        | 54.4         | 27.5        | 28.1        | 55.6         | +0.2        | +1.0        | +1.2        | +2%        | 27.5                          | 31.5        | 59.0         |
| Others                | 8.5         | 12.4        | 20.9         | 8.9         | 12.0        | 20.9         | +0.4        | -0.4        | +0.0        | -0%        | 8.9                           | 12.0        | 20.9         |
| Adjustment            | -20.3       | -22.0       | -42.3        | -20.2       | -21.7       | -41.9        | +0.1        | +0.3        | +0.4        | -          | -20.2                         | -22.3       | -42.5        |
| <b>Total</b>          | <b>79.9</b> | <b>91.3</b> | <b>171.2</b> | <b>83.7</b> | <b>93.2</b> | <b>176.9</b> | <b>+3.8</b> | <b>+1.9</b> | <b>+5.7</b> | <b>+3%</b> | <b>83.7</b>                   | <b>97.8</b> | <b>181.5</b> |

(1) Including inter-segment sales/transfers

# FY2015 OP by Segment

(¥billion)

|                       | FY2014      |             |             | FY2015      |             |             | Change      |             |             | Change (%)  |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                       | 1H          | 2H          | Total       | 1H          | 2H          | Total       | 1H          | 2H          | Total       | Total       |
| Chem                  | 0.4         | 1.5         | 1.9         | 1.4         | 2.5         | 3.9         | +1.0        | +1.0        | +2.0        | +107%       |
| Performance Materials | 6.7         | 5.3         | 12.0        | 6.3         | 5.7         | 12.0        | -0.4        | +0.4        | +0.0        | +0%         |
| Agro                  | 4.0         | 5.2         | 9.2         | 6.2         | 4.6         | 10.8        | +2.2        | -0.6        | +1.6        | +17%        |
| Pharma                | 1.6         | 0.7         | 2.3         | 0.6         | 1.4         | 2.0         | -1.0        | +0.7        | -0.3        | -13%        |
| Trading               | 0.9         | 0.8         | 1.7         | 0.9         | 0.9         | 1.8         | -0.0        | +0.1        | +0.1        | +8%         |
| Others                | -0.1        | 0.7         | 0.6         | 0.0         | 0.5         | 0.5         | +0.1        | -0.2        | -0.1        | -18%        |
| Adjustment            | -1.0        | -1.4        | -2.4        | -1.1        | -1.3        | -2.4        | -0.1        | +0.1        | +0.0        | -           |
| <b>Total</b>          | <b>12.5</b> | <b>12.8</b> | <b>25.3</b> | <b>14.3</b> | <b>14.3</b> | <b>28.6</b> | <b>+1.8</b> | <b>+1.5</b> | <b>+3.3</b> | <b>+13%</b> |

| FY2015 Outlook as of Nov 2015 |      |       |
|-------------------------------|------|-------|
| 1H Actual                     | 2H   | Total |
| 1.4                           | 2.0  | 3.4   |
| 6.3                           | 4.7  | 11.0  |
| 6.2                           | 5.1  | 11.3  |
| 0.6                           | 1.5  | 2.1   |
| 0.9                           | 1.1  | 2.0   |
| 0.0                           | 0.5  | 0.5   |
| -1.1                          | -1.2 | -2.3  |
| 14.3                          | 13.7 | 28.0  |

# FY2016 Sales Outlook by Segment (1)

(¥billion)

|                              | FY2015 Actual |       |       |       | FY2016 Outlook |       |       |       | Change |      |      |       | Change (%) |
|------------------------------|---------------|-------|-------|-------|----------------|-------|-------|-------|--------|------|------|-------|------------|
|                              | 1H            | (1Q)  | 2H    | Total | 1H             | (1Q)  | 2H    | Total | 1H     | (1Q) | 2H   | Total | Total      |
| <b>Chem</b>                  | 16.7          | 8.7   | 17.6  | 34.3  | 17.5           | 8.9   | 17.9  | 35.4  | +0.8   | +0.2 | +0.3 | +1.1  | +3%        |
| <b>Fine Chemicals</b>        | 5.5           | 3.0   | 5.1   | 10.6  | 5.7            | 3.0   | 5.2   | 10.9  | +0.2   | +0.0 | +0.1 | +0.3  | +3%        |
| <b>Basic Chemicals</b>       | 11.2          | 5.7   | 12.5  | 23.7  | 11.8           | 5.9   | 12.7  | 24.5  | +0.6   | +0.2 | +0.2 | +0.8  | +3%        |
| <b>Performance Materials</b> | 26.0          | 13.0  | 25.8  | 51.8  | 26.6           | 13.1  | 28.7  | 55.3  | +0.6   | +0.1 | +2.9 | +3.5  | +7%        |
| <b>Agro</b>                  | 21.1          | 13.6  | 26.4  | 47.5  | 22.3           | 12.2  | 29.8  | 52.1  | +1.2   | -1.4 | +3.4 | +4.6  | +10%       |
| <b>Pharma</b>                | 3.7           | 2.1   | 5.0   | 8.7   | 3.4            | 1.6   | 4.0   | 7.4   | -0.3   | -0.5 | -1.0 | -1.3  | -15%       |
| <b>Trading</b>               | 27.5          | 14.7  | 28.1  | 55.6  | 28.8           | 14.2  | 31.2  | 60.0  | +1.3   | -0.5 | +3.1 | +4.4  | +8%        |
| <b>Others</b>                | 8.9           | 4.1   | 12.0  | 20.9  | 8.8            | 4.1   | 14.4  | 23.2  | -0.1   | +0.0 | +2.4 | +2.3  | +11%       |
| <b>Adjustment</b>            | -20.2         | -11.0 | -21.7 | -41.9 | -21.4          | -10.7 | -24.5 | -45.9 | -1.2   | +0.3 | -2.8 | -4.0  | -          |
| <b>Total</b>                 | 83.7          | 45.2  | 93.2  | 176.9 | 86.0           | 43.4  | 101.5 | 187.5 | +2.3   | -1.8 | +8.3 | +10.6 | +6%        |

(1) Including inter-segment sales/transfers

# FY2016 OP Outlook by Segment

(¥billion)

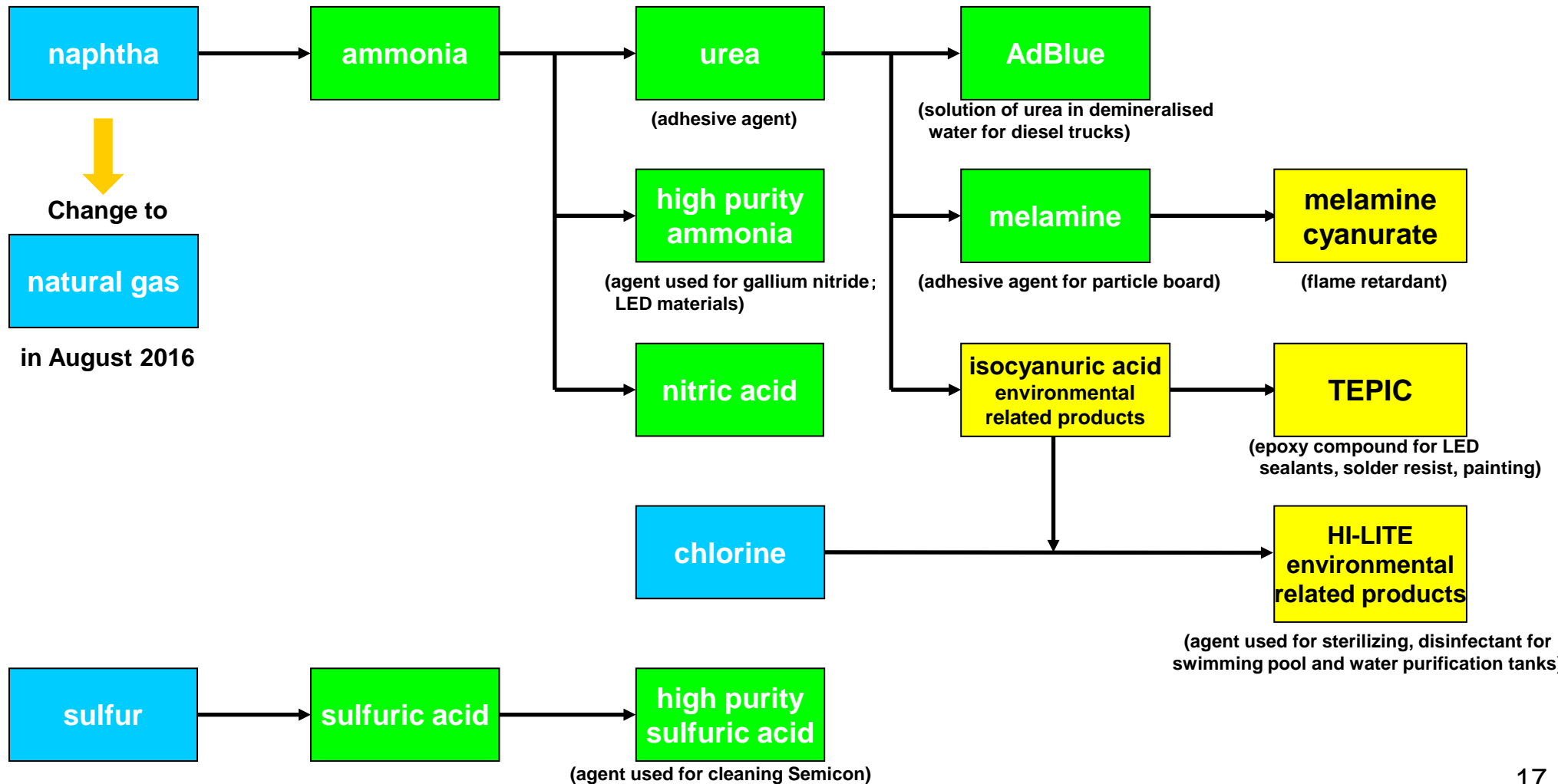
|                       | FY2015 Actual |            |             |             | FY2016 Outlook |            |             |             | Change      |             |             |             | Change (%) |
|-----------------------|---------------|------------|-------------|-------------|----------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
|                       | 1H            | (1Q)       | 2H          | Total       | 1H             | (1Q)       | 2H          | Total       | 1H          | (1Q)        | 2H          | Total       | Total      |
| Chem                  | 1.4           | 1.5        | 2.5         | 3.9         | 1.6            | 1.5        | 3.3         | 4.9         | +0.2        | +0.0        | +0.8        | +1.0        | +25%       |
| Performance Materials | 6.3           | 3.4        | 5.7         | 12.0        | 5.8            | 2.8        | 5.9         | 11.7        | -0.5        | -0.6        | +0.2        | -0.3        | -3%        |
| Agro                  | 6.2           | 4.4        | 4.6         | 10.8        | 5.8            | 3.0        | 5.5         | 11.3        | -0.4        | -1.4        | +0.9        | +0.5        | +4%        |
| Pharma                | 0.6           | 0.4        | 1.4         | 2.0         | 0.4            | 0.1        | 1.0         | 1.4         | -0.2        | -0.3        | -0.4        | -0.6        | -30%       |
| Trading               | 0.9           | 0.5        | 0.9         | 1.8         | 0.9            | 0.4        | 1.0         | 1.9         | +0.0        | -0.1        | +0.1        | +0.1        | +5%        |
| Others                | 0.0           | 0.0        | 0.5         | 0.5         | 0.0            | -0.1       | 0.8         | 0.8         | +0.0        | -0.1        | +0.3        | +0.3        | +68%       |
| Adjustment            | -1.1          | -0.8       | -1.3        | -2.4        | -1.2           | -0.6       | -1.1        | -2.3        | -0.1        | +0.2        | +0.2        | +0.1        | -          |
| <b>Total</b>          | <b>14.3</b>   | <b>9.4</b> | <b>14.3</b> | <b>28.6</b> | <b>13.3</b>    | <b>7.1</b> | <b>16.4</b> | <b>29.7</b> | <b>-1.0</b> | <b>-2.3</b> | <b>+2.1</b> | <b>+1.1</b> | <b>+4%</b> |



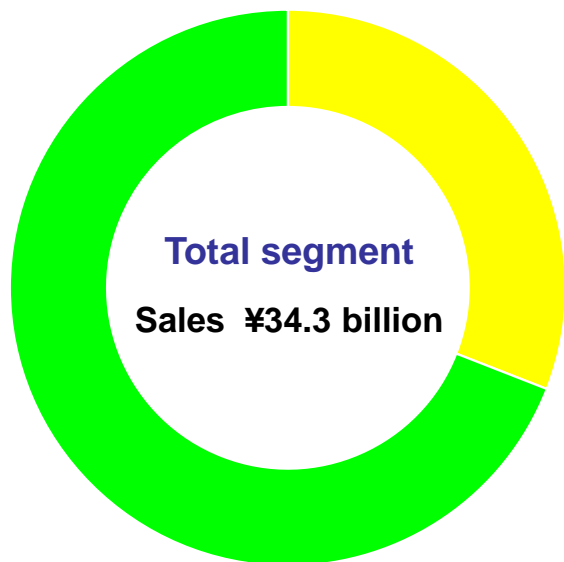
# Chemicals – (A) Flow Chart of Selected Basic and Fine Chemicals Products

- ◆ Core products of Basic Chemicals : Ammonia related products and sulfuric acid related products
- ◆ FY2015 ammonia domestic production capacity share 11%, high percentage of self-consumption of ammonia

  = Purchased materials   
   = Basic Chemicals   
   = Fine Chemicals

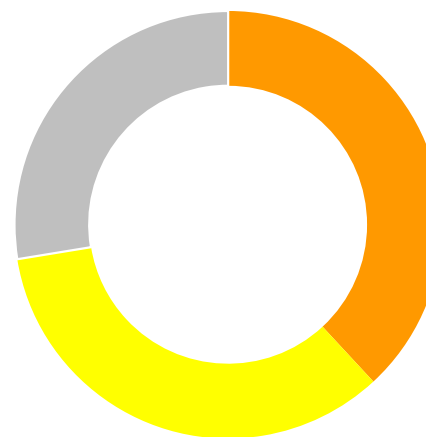


# Chemicals – (B) FY2015 Sales Distribution



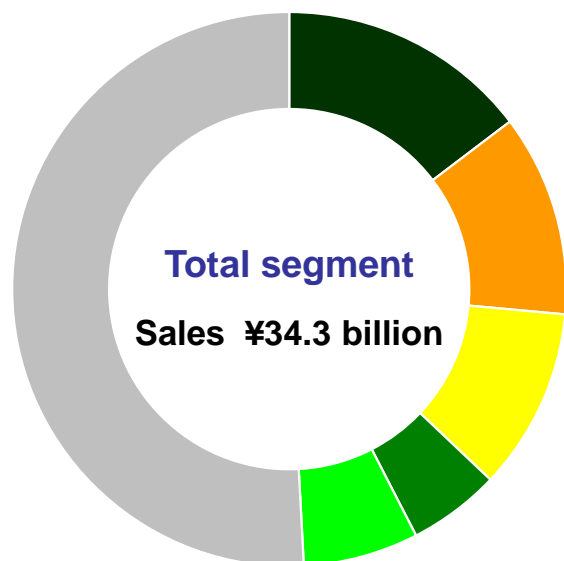
● Fine Chemicals 31%  
● Basic Chemicals 69%

**Fine Chemicals**  
Sales ¥10.6 billion



|               |     |
|---------------|-----|
| Main Products | 72% |
| Others        | 28% |

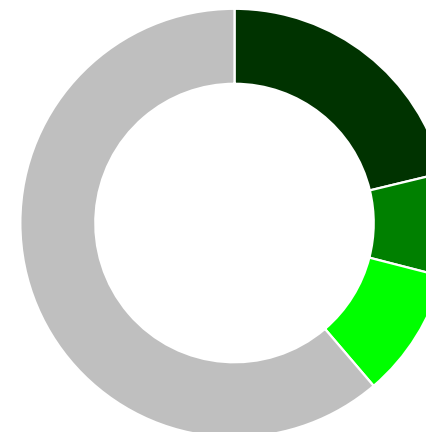
● TEPIC  
● Environmental related products  
● Others



|               |     |
|---------------|-----|
| Main Products | 49% |
| Others        | 51% |

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

**Basic Chemicals**  
Sales ¥23.7 billion

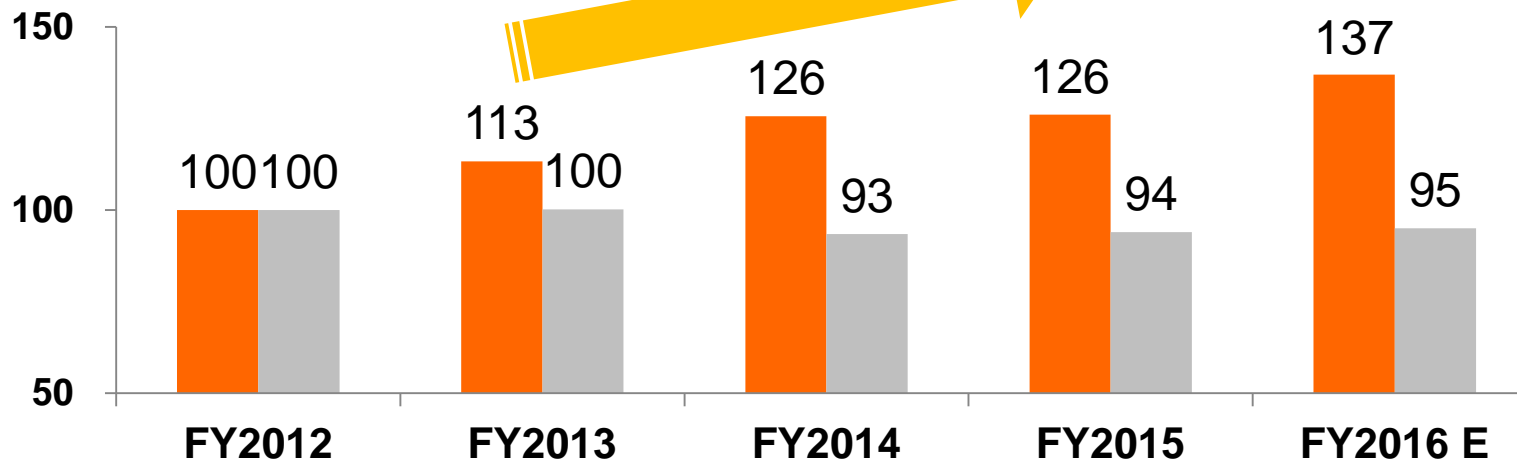


|               |     |
|---------------|-----|
| Main Products | 39% |
| Others        | 61% |

● Melamine  
● High purity sulfuric acid  
● Urea/AdBlue  
● Others

# Chemicals – (C) Growing Products

## ◆ Sales (FY2012=100)



### ■ Growing Products

TEPIC  
FINEOXOCOL  
AdBlue  
High purity ammonia  
Melamine cyanurate  
etc.

### ■ Matured Products

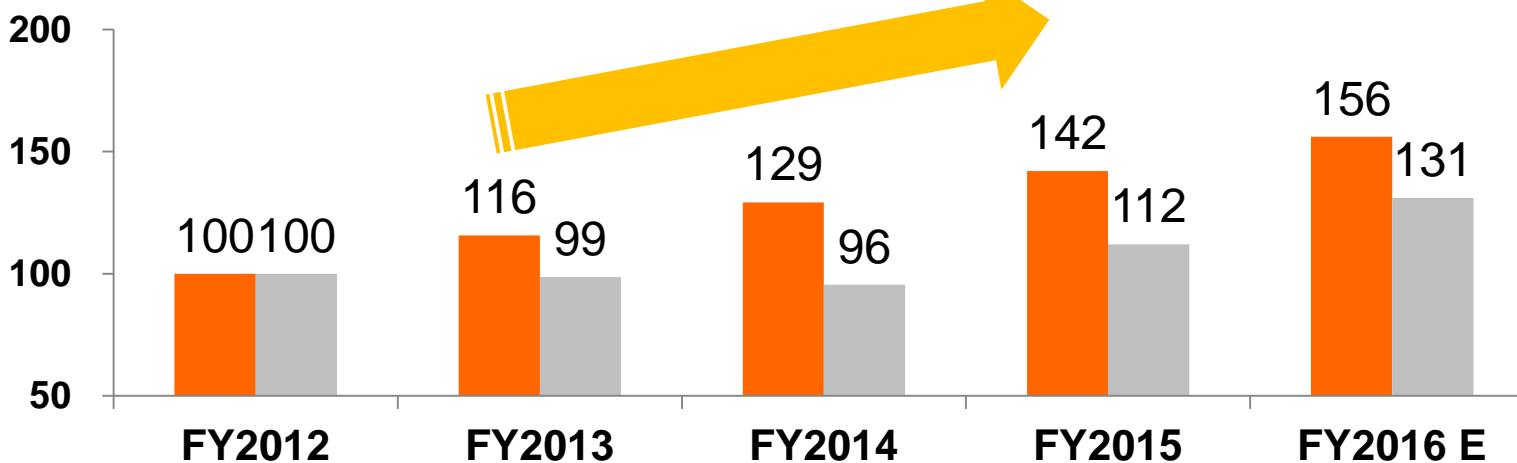
Melamine  
Ammonia  
Urea  
Nitric acid  
etc.

## Growing Products'

% of Total Sales

21                      23                      26                      26                      27

## ◆ Marginal Profit (1) (FY2012=100)



(1) Marginal Profit : Sales – Variable Cost

# Chemicals – (D-1) Production Capacity

## ◆ Production Capacity (FY2012 Production Capacity = 100)

|                  |                                 | FY2012       | FY2013 | FY2014       | FY2015 |            |              |
|------------------|---------------------------------|--------------|--------|--------------|--------|------------|--------------|
| Growing Products | TEPIC                           | 100          | →      |              | 120    | Increasing |              |
|                  | AdBlue<br>[Number of Plants(1)] | 100<br>[ 2 ] | →      | 150<br>[ 4 ] | →      |            | 160<br>[ 5 ] |
|                  | High purity ammonia             | 100          | →      | 250          |        |            |              |
| Matured Products | Ammonia                         | 100          | →      | 80           |        | Decreasing |              |
|                  | Nitric acid                     | 100          | →      | 80           |        |            |              |

(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 D-2 (p21)

# Chemicals – (D-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:

August 2016

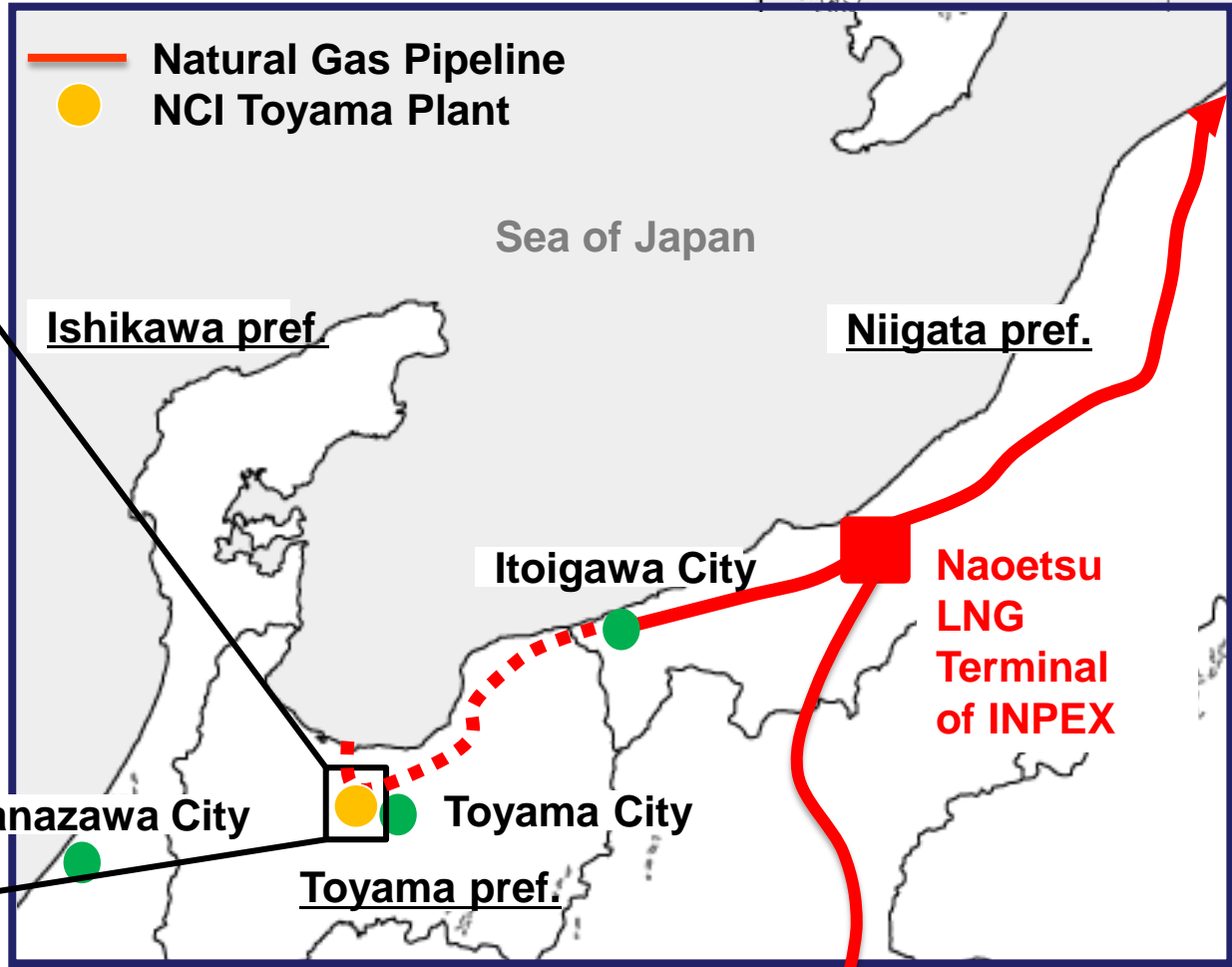
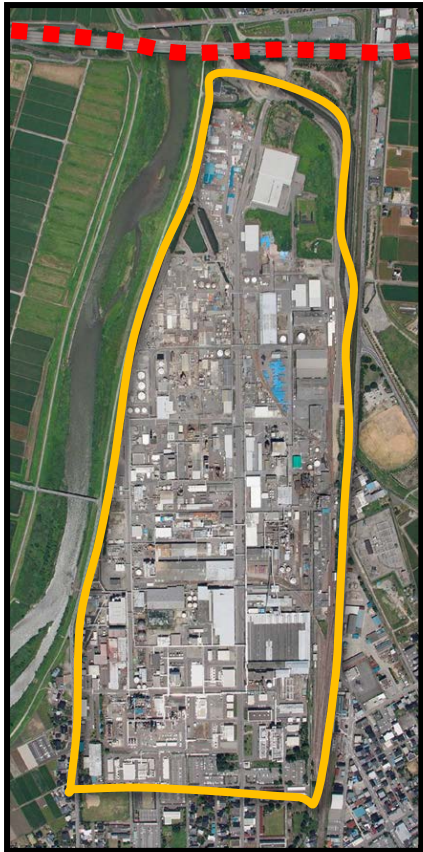
### ◆Extraordinary Loss:

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 – (D-3)

## Ammonia Feedstock Change Project

— Natural Gas Pipeline  
— NCI Toyama Plant



# Chemicals – (E) Fine Chemicals Subsegment

## FY2015 Sales Review

### <1H FY2015 vs. 1H FY2014>

- ◆ TEPIC : Sales for general applications down, sales for electronic materials down
- ◆ Environmental related products : Export sales up due to weak yen, domestic sales up due to the absence of negative impact by FY 2013 consumer tax hike seen in FY2014

### <2H FY2015 vs. 2H FY2014>

- ◆ TEPIC : Sales for general applications down, sales for electronic materials flat
- ◆ Environmental related products : Export sales up due to weak yen, domestic sales up due to the absence of negative impact by FY 2013 consumer tax hike seen in FY2014 as well as increase in market share

### <2H FY2015 vs. 2H FY2015 Outlook as of Nov. 2015>

- ◆ TEPIC : Sales for general applications below target, sales for electronic materials above target
- ◆ Environmental related products : Both export and domestic sales In line with target

## FY2016 Sales Outlook

### <vs. FY2015>

- ◆ TEPIC : Sales for general applications up, sales for electronic materials up
- ◆ Environmental related products : Export sales down, domestic sales up due to increase in market share

| Main Products                  |   | Sales YOY Change               |      |       |               |      |       |                |      |       |
|--------------------------------|---|--------------------------------|------|-------|---------------|------|-------|----------------|------|-------|
|                                |   | FY2015 Outlook as of Nov. 2015 |      |       | FY2015 Actual |      |       | FY2016 Outlook |      |       |
|                                |   | 1H Actual                      | 2H   | Total | 1H            | 2H   | Total | 1H             | 2H   | Total |
| Total Subsegment               |   | +4%                            | +1%  | +3%   | +4%           | -3%  | +1%   | +4%            | +3%  | +3%   |
| TEPIC                          | ◆ Epoxy compound for :<br>(A) electronic materials (solder resist, LED materials),<br>(B) general applications such as powder coating agent for paint<br>◆ World largest producer | -8%                            | -11% | -9%   | -8%           | -17% | -12%  | +9%            | +9%  | +9%   |
| Environmental related products | ◆ HI-LITE : made from chlorinated isocyanuric acid, used for sterilizing, disinfectant for swimming pool as well as water purification tank                                       | +18%                           | +9%  | +13%  | +18%          | +9%  | +14%  | +0%            | +10% | +4%   |

Two products account for 72% of total consolidated subsegment sales (FY2015)

# Chemicals – (F) Basic Chemicals Subsegment

## FY2015 Sales Review

### <1H FY2015 vs. 1H FY2014>

- ◆ Melamine : Domestic sales down due to weak housing construction, export sales up
- ◆ Urea including AdBlue : Up
- ◆ High purity sulfuric acid : Down due to lower consumption by domestic semis customers

### <2H FY2015 vs. 2H FY2014>

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

### <2H FY2015 vs. 2H FY2015 Outlook as of Nov. 2015>

- ◆ Melamine : Domestic sales below target, export sales above target
- ◆ Urea including AdBlue : In line with target
- ◆ High purity sulfuric acid : Below target due to lower consumption by domestic semis customers

## FY2016 Sales Outlook

### <vs. FY2015>

- ◆ Melamine : Domestic sales down (price down, volume up), export sales down
- ◆ Urea including AdBlue : Urea flat, AdBlue up
- ◆ High purity sulfuric acid : Up due to expansion of domestic semis capacity and increase in market share

| Main Products             |  | Sales YOY Change               |      |       |               |      |       |                |      |       |
|---------------------------|--|--------------------------------|------|-------|---------------|------|-------|----------------|------|-------|
|                           |  | FY2015 Outlook as of Nov. 2015 |      |       | FY2015 Actual |      |       | FY2016 Outlook |      |       |
|                           |  | 1H Actual                      | 2H   | Total | 1H            | 2H   | Total | 1H             | 2H   | Total |
| Total Subsegment          |  | -2%                            | +5%  | +2%   | -2%           | +2%  | +0%   | +5%            | +2%  | +3%   |
| Melamine                  | ◆ Mainly used as adhesive agent for particle board, medium density fiberboard, plywood   | +11%                           | +6%  | +8%   | +11%          | +15% | +13%  | -1%            | -11% | -6%   |
| Urea including AdBlue     | ◆ Urea: mainly used for urea formaldehyde resin, adhesive agent<br>◆ AdBlue: solution of urea in demineralised water for diesel trucks to reduce Nox | +7%                            | +13% | +10%  | +7%           | +13% | +10%  | +11%           | +2%  | +7%   |
| High purity sulfuric acid | ◆ Used to clean semiconductors<br>◆ Largest in domestic market   | -12%                           | +1%  | -6%   | -12%          | -3%  | -8%   | +5%            | +8%  | +7%   |

Three products account for 39% of total consolidated subsegment sales (FY2015)



# Chemicals – (G) Profit Overview

(¥billion)

|       | FY2014 Actual |      |       | 2H FY2015 E<br>as of Nov.<br>2015 | FY2015 Actual<br>(A) |      |       | FY2016 Outlook<br>(B) |      |       | Change<br>(B) - (A) |      |       | Change(%)<br>(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  | 18.2                              | 16.7                 | 17.6 | 34.3  | 17.5                  | 17.9 | 35.4  | +0.8                | +0.3 | +1.1  | +5%                    | +2%  | +3%   |
| Fine  | 5.3           | 5.3  | 10.6  | 5.3                               | 5.5                  | 5.1  | 10.6  | 5.7                   | 5.3  | 10.9  | +0.2                | +0.2 | +0.3  | +4%                    | +3%  | +3%   |
| Basic | 11.4          | 12.3 | 23.7  | 12.9                              | 11.2                 | 12.5 | 23.7  | 11.8                  | 12.6 | 24.5  | +0.6                | +0.1 | +0.8  | +5%                    | +2%  | +3%   |
| OP    | 0.4           | 1.5  | 1.9   | 2.0                               | 1.4                  | 2.5  | 3.9   | 1.6                   | 3.3  | 4.9   | +0.2                | +0.8 | +1.0  | +14%                   | +31% | +25%  |

## 2H FY2015 Review

<vs. 2H FY2014>

### (Fine Chemicals)

- ◆ Sales of TEPIC down
- ◆ Sales of environmental related products up
- ◆ Naphtha cost down
- ◆ Sales down, OP flat

### (Basic Chemicals)

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

### (Total Segment)

- ◆ Sales flat, OP up ¥1.0billion(+71%)

## 2H FY2015 Review

<vs. 2H FY2015 Outlook as of Nov. 2015>

### (Fine Chemicals)

- ◆ Sales of TEPIC below target
- ◆ Sales of environmental related products in line with target
- ◆ Sales below target, OP below target

### (Basic Chemicals)

- ◆ Sales of melamine above target
- ◆ Sales of urea including AdBlue in line with target
- ◆ Sales of high purity sulfuric acid below target
- ◆ Lower naphtha cost
- ◆ Sales below target, OP above target

### (Total Segment)

- ◆ Sales down ¥0.6 billion, OP up ¥0.5billion

## FY2015 Review

<vs. FY2014>

### (Fine Chemicals)

- ◆ Sales of TEPIC down, environmental related products up
- ◆ Naphtha cost down
- ◆ Sales flat, OP up

### (Basic Chemicals)

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

### (Total Segment)

- ◆ Sales flat, OP up ¥2.0billion(+107%)

## FY2016 Outlook

<vs. FY2015>

### (Fine Chemicals)

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

### (Basic Chemicals)

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

### (Total Segment)

- ◆ Sales up ¥1.1billion(+3%), OP up ¥1.0 billion(+25%)

(Blank)

# Performance Materials – (A) Display Materials

## FY2015 Sales Review

<1H FY2015 vs. 1H FY2014>

◆ Total Display Materials up 18%                      IPS/FFS and VA up, TN down

<2H FY2015 vs. 2H FY2014>

◆ Total Display Materials up 9%                      IPS/FFS up, VA and TN down

<2H FY2015 vs. 2H FY2015 Outlook as of Nov. 2015 >

◆ Total Display Materials above target      IPS/FFS and VA above target, TN below target

## FY2016 Sales Outlook

<vs. FY2015>

◆ Total Display Materials up 5%                      IPS/FFS and VA up, TN down

| Main Products                  | Sales YOY Change                  |      |       |               |      |       |                |       |       |
|--------------------------------|-----------------------------------|------|-------|---------------|------|-------|----------------|-------|-------|
|                                | FY2015 Outlook<br>as of Nov. 2015 |      |       | FY2015 Actual |      |       | FY2016 Outlook |       |       |
|                                | 1H<br>Actual                      | 2H   | Total | 1H            | 2H   | Total | 1H             | 2H    | Total |
| <b>Total SUNEVER</b>           | +18%                              | +0%  | +9%   | +18%          | +9%  | +13%  | +3%            | +7%   | +5%   |
| <b>Other Display Materials</b> | +1%                               | +97% | +47%  | +1%           | +15% | +7%   | +80%           | +189% | +136% |
| <b>Total Display Materials</b> | +18%                              | +1%  | +9%   | +18%          | +9%  | +13%  | +4%            | +9%   | +7%   |

# Performance Materials – (B) Semiconductors Materials

## FY2015 Sales Review

<1H FY2015 vs. 1H FY2014>

◆ Total Semis Materials sales down 4%

KrF and ArF up, other semis materials down

<2H FY2015 vs. 2H FY2014>

◆ Total Semis Materials sales down 5%

KrF down, ArF up, other semis materials down

<2H FY2015 vs. 2H FY2015 Outlook as of Nov. 2015 >

◆ Total Semis Materials below target

KrF, ArF and other semis materials below target

## FY2016 Sales Outlook

<vs. FY2015>

◆ Total Semis Materials sales up 11%

KrF down, ArF and other semis materials up

| Main Products                    | Sales YOY Change                  |            |             |               |             |             |                |             |             |
|----------------------------------|-----------------------------------|------------|-------------|---------------|-------------|-------------|----------------|-------------|-------------|
|                                  | FY2015 Outlook<br>as of Nov. 2015 |            |             | FY2015 Actual |             |             | FY2016 Outlook |             |             |
|                                  | 1H<br>Actual                      | 2H         | Total       | 1H            | 2H          | Total       | 1H             | 2H          | Total       |
| KrF (ARC®)                       | +1%                               | -4%        | -2%         | +1%           | -7%         | -3%         | -9%            | +4%         | -3%         |
| ArF (ARC®)                       | +3%                               | +8%        | +6%         | +3%           | +5%         | +4%         | +7%            | +15%        | +11%        |
| <b>Total</b>                     | <b>+2%</b>                        | <b>+2%</b> | <b>+2%</b>  | <b>+2%</b>    | <b>-0%</b>  | <b>+1%</b>  | <b>+0%</b>     | <b>+11%</b> | <b>+6%</b>  |
| <b>Other Semis Materials (1)</b> | <b>-23%</b>                       | <b>-1%</b> | <b>-12%</b> | <b>-23%</b>   | <b>-22%</b> | <b>-23%</b> | <b>+6%</b>     | <b>+58%</b> | <b>+31%</b> |
| <b>Total Semis Materials</b>     | <b>-4%</b>                        | <b>+1%</b> | <b>-1%</b>  | <b>-4%</b>    | <b>-5%</b>  | <b>-5%</b>  | <b>+2%</b>     | <b>+20%</b> | <b>+11%</b> |

(1) Multi layer process materials (ARC®), 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)

FY2016 NCK production capacity expansion (¥3.0 billion)

# Performance Materials – (C-1) Inorganic Materials

High performance  
inorganic colloidal materials

## SNOWTEX

colloidal silica  
(water dispersed  
silica sol)

## Alumina sol

water dispersed  
alumina hydrate sol

## SUNCOLLOID

high-refractive index  
metal oxide sol

## Celnax

zinc antimonate sol

## Organo sol

organic solvent dispersed  
silica 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 – (C-2) SNOWTEX, Organo sol

## FY2015 Sales Review

<1H FY2015 vs. 1H FY2014>

- ◆ SNOWTEX : Sales for polishing materials down, sales for non-polishing materials up
- ◆ Organo sol : Up

<2H FY2015 vs. 2H FY2014>

- ◆ SNOWTEX : Sales for polishing materials down, sales for non-polishing materials up
- ◆ Organo sol : Down

< 2H FY2015 vs. 2H FY2015 Outlook as of Nov. 2015>

- ◆ SNOWTEX : Sales for polishing materials below target, sales for non-polishing materials above target
- ◆ Organo sol : Above target

## FY2016 Sales Outlook

<vs. FY2015>

- ◆ SNOWTEX : Sales for polishing materials down, sales for non-polishing materials down
- ◆ Organo sol : Down

| Main Products |   | Sales YOY Change (1)              |      |       |               |     |       |                |     |       |
|---------------|---|-----------------------------------|------|-------|---------------|-----|-------|----------------|-----|-------|
|               |   | FY2015 Outlook<br>as of Nov. 2015 |      |       | FY2015 Actual |     |       | FY2016 Outlook |     |       |
|               |   | 1H<br>Actual                      | 2H   | Total | 1H            | 2H  | Total | 1H             | 2H  | Total |
| SNOWTEX       | ◆ Mainly Used for :<br>(A) polishing materials<br>(silicon wafer, aluminum and glass hard disk),<br>(B) non-polishing materials<br>( NOx reduction catalyst, automobile catalyst,<br>special steel sheet) | +4%                               | +2%  | +3%   | +4%           | +1% | +2%   | -5%            | -3% | -4%   |
| Organo<br>sol | ◆ Used for :<br>hard coating materials, electronic information materials  | +18%                              | -16% | -0%   | +18%          | -4% | +6%   | -11%           | -8% | -10%  |

(1) Non-consolidated basis

# Performance Materials – (D) Profit Overview

(¥billion)

|       | FY2014 Actual |      |       | 2H FY2015 E<br>as of Nov.<br>2015 | FY2015 Actual<br>(A) |      |       | FY2016 Outlook<br>(B) |      |       | Change<br>(B) - (A) |      |       | Change(%)<br>(B) - (A) |      |       |
|-------|---------------|------|-------|-----------------------------------|----------------------|------|-------|-----------------------|------|-------|---------------------|------|-------|------------------------|------|-------|
|       | 1H            | 2H   | Total | 2H                                | 1H                   | 2H   | Total | 1H                    | 2H   | Total | 1H                  | 2H   | Total | 1H                     | 2H   | Total |
| Sales | 24.2          | 25.2 | 49.4  | 25.4                              | 26.0                 | 25.8 | 51.8  | 26.6                  | 28.7 | 55.3  | +0.6                | +2.9 | +3.5  | +2%                    | +12% | +7%   |
| OP    | 6.7           | 5.3  | 12.0  | 4.7                               | 6.3                  | 5.7  | 12.0  | 5.8                   | 5.9  | 11.7  | -0.5                | +0.2 | -0.3  | -8%                    | +4%  | -3%   |

## 2H FY2015 Review

<vs. 2H FY2014>

- ◆ SUNEVER sales up (IPS/FFS up, VA and TN down)
- ◆ Total Semis Materials sales down (ArF up, KrF and other materials down)
- ◆ Inorganic Materials sales up (SNOWTEX up, Organo sol down)
- ◆ Fixed cost up ¥0.8billion (including R&D)
- ◆ Sales up ¥0.6billion(+2%), OP up ¥0.4billion(+6%)

## 2H FY2015 Review

<vs. 2H FY2015 Outlook as of Nov. 2015>

- ◆ SUNEVER sales above target (IPS/FFS and VA above target, TN below target)
- ◆ Total Semis Materials sales below target (KrF, ArF and other materials below target)
- ◆ Inorganic Materials sales above target (SNOWTEX below target, Organo sol above target)
- ◆ Fixed cost down ¥0.7billion (including R&D)
- ◆ Sales up ¥0.4billion, OP up ¥1.0billion

## FY2015 Review

<vs. FY2014>

- ◆ SUNEVER sales up (IPS/FFS and VA up, TN down)
- ◆ Total Semis Materials sales down (ArF up, KrF and other materials down)
- ◆ Inorganic Materials sales up (SNOWTEX and Organo sol up)
- ◆ Fixed cost up ¥2.3billion (including R&D)
- ◆ Sales up ¥2.4billion(+5%), OP flat

## FY2016 Outlook

<vs. FY2015>

- ◆ 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 and Organo sol down)
- ◆ Fixed cost up ¥1.8billion (including R&D)
- ◆ Sales up ¥3.5billion(+7%), OP down ¥0.3billion(-3%)

(Blank)



# Agrochemicals – (A) Sales YOY Change (Before Discount)

|  |             | Non-consolidated Sales YOY Change |                |                 |
|--|-------------|-----------------------------------|----------------|-----------------|
| Main Products<br>(in order of FY2015 sales amount) |             | FY2014 /FY2013                    | FY2015 /FY2014 | FY2016E /FY2015 |
| ROUNDUP  | herbicide   | ↗↗↗↗                              | ↘              | ↗               |
| ALTAIR (NC-620)                                    | herbicide   | ↗↗↗↗                              | ↗↗↗↗           | ↗↗↗↗            |
| TARGA  | herbicide   | ↗↗↗↗                              | ↘              | ↗↗↗↗            |
| PERMIT   | herbicide   | ↗↗                                | ↘↘↘↘           | ↘               |
| SIRIUS   | herbicide   | ↘↘↘↘                              | ↘↘↘↘           | ↗↗              |
| PULSOR (THIFLUZAMIDE)                              | fungicide   | ↗↗↗↗                              | ↗              | ↗↗↗↗            |
| LEIMAY/ORACLE                                      | fungicide   | ↗↗                                | ↗↗↗↗           | ↗↗↗↗            |
| STARMITE   | miticide    | ↗                                 | ↘              | ↘↘↘↘            |
| SANMITE  | insecticide | ↘                                 | ↘↘             | ↘               |

**YOY Change**

|          |      |
|----------|------|
| +15%~    | ↗↗↗↗ |
| +10~+15% | ↗↗↗  |
| +5~+10%  | ↗↗   |
| +0~+5%   | ↗    |
| -0~-5%   | ↘    |
| -5~-10%  | ↘↘   |
| -10~-15% | ↘↘↘  |
| -15%~    | ↘↘↘↘ |

# Agrochemicals – (B) 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    | <b>ROUNDUP</b> (herbicide, acquired domestic business from Monsanto)  |
| FY2008    | <b>LEIMAY</b> (fungicide, in-house)   |
|           | <b>STARMITE</b> (miticide, in-house)  |
| FY2009    | <b>PULSOR (THIFLUZAMIDE)</b> (fungicide, acquired from Dow)   |
|           | <b>PREVATHON</b> (insecticide, licensed from DuPont)  |
| FY2010    | <b>AVH</b> (herbicide, licensed from ZEN-NOH, Bayer and Hokko)  |
|           | <b>ROUNDUP AL</b> for general household market, growing steadily  |
| FY2011    | <b>ALTAIR</b> (paddy rice herbicide, in-house) launched in Korea  |
| FY2012    | <b>ALTAIR</b> (paddy rice herbicide, in-house) launched in Japan  |
| FY2013    | Shipment of <b>fluralaner</b> to MSD started in July as scheduled   |
| FY2014    | <b>BRAVECTO</b> launched in several countries in EU in April and in the USA in June                                 |
|           | <b>EXIREL/PYROSSO (CYAZYPYR)</b> launched (insecticide, licensed from DuPont)                                       |
| FY2015    | <b>BRAVECTO</b> launched in Japan in July by Intervet K.K.  |
|           | <b>TREFANOCIDE</b> launched (herbicide, Gowan acquired from Dow, exclusive sales right in Japan transferred to NCI) |
| FY2016    | <b>ISOCLAST (SULFOXAFLOX)</b> (insecticide, licensed from Dow),   |
| FY2017-18 | <b>Fruits/vegetables fungicide</b> (licensed-in product)  |
| FY2019    | <b>Insecticide</b> (in-house)   |
| FY2022    | <b>General fungicide</b> (in-house)   |
- MSD: MSD Animal Health, the global animal health business unit of Merck  
Intervet K.K: a Japanese subsidiary of MSD
- ◆ Full reconstruction of Biological Research Laboratories for Agro and Pharma segments
    - FY2010-2017 Total capex ¥6.4 billion (FY2015-2017 last phase ¥1.3 billion)
  - ◆ Acquired 3% share of IHARABRÁS (leading agro company in Brazil) in September 2011
  - ◆ Established a subsidiary in China in April 2014 for sales support and technical/marketing services
  - ◆ Export sales account for 31% of FY2015 non-consolidated segment sales
    - (Asia:30%, Europe/Africa:52%, North/Central/South America:18%) \*Including Fluralaner

# Agrochemicals – (C) Fluralaner

## ◆ Fluralaner

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

## ◆ BRAVECTO

\*Developed by MSD Animal Health

\*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 MSD 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 more than 65 countries)

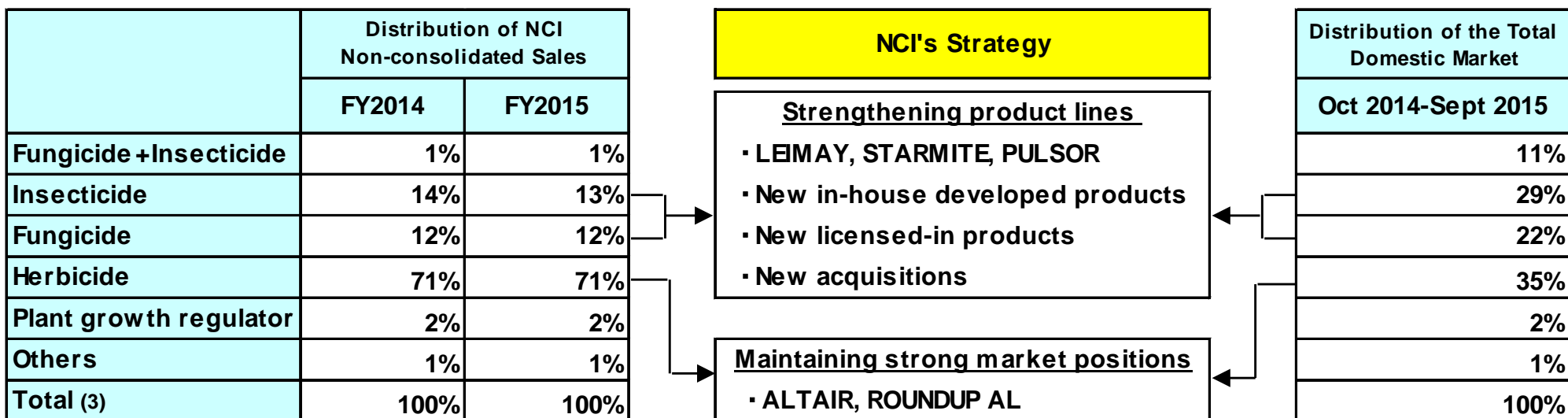
\*Launched by Intervet K.K. in Japan in July 2015

# Agrochemicals – (D) Non-consolidated Segment Sales (before discount)

|                      | Non-consolidated Sales YOY Change |               |                                |            |            |               |            |            |                |
|----------------------|-----------------------------------|---------------|--------------------------------|------------|------------|---------------|------------|------------|----------------|
|                      | FY2013 Actual                     | FY2014 Actual | FY2015 Outlook as of Nov. 2015 |            |            | FY2015 Actual |            |            | FY2016 Outlook |
|                      | Total                             | Total         | 1H                             | 2H         | Total      | 1H            | 2H         | Total      | Total          |
| <b>ROUNDUP</b>       | -0%                               | +17%          | +2%                            | +3%        | +3%        | +2%           | -3%        | -0%        | +5%            |
| (ROUNDUP AL(1))      | (+66%)                            | (+59%)        | (+27%)                         | (+10%)     | (+23%)     | (+27%)        | (+62%)     | (+36%)     | (-1%)          |
| <b>Others(2)</b>     | +14%                              | +13%          | +18%                           | +2%        | +7%        | +18%          | -2%        | +5%        | +10%           |
| <b>Total Segment</b> | <b>+11%</b>                       | <b>+14%</b>   | <b>+14%</b>                    | <b>+2%</b> | <b>+6%</b> | <b>+14%</b>   | <b>-2%</b> | <b>+4%</b> | <b>+9%</b>     |

(1) ROUNDUP for general household, launched in FY2010, accounting for 15% of FY2014 ROUNDUP sales

(2) Including Fluralaner



(3) Excluding Fluralaner

# Agrochemicals – (E) Profit Overview

(¥billion)

|       | FY2014 Actual |      |       | 2H FY2015 E<br>as of Nov.<br>2015 | FY2015 Actual<br>(A) |      |       | FY2016 Outlook<br>(B) |      |       | Change<br>(B) - (A) |      |       | Change(%)<br>(B) - (A) |      |       |
|-------|---------------|------|-------|-----------------------------------|----------------------|------|-------|-----------------------|------|-------|---------------------|------|-------|------------------------|------|-------|
|       | 1H            | 2H   | Total | 2H                                | 1H                   | 2H   | Total | 1H                    | 2H   | Total | 1H                  | 2H   | Total | 1H                     | 2H   | Total |
| Sales | 18.5          | 27.2 | 45.7  | 28.0                              | 21.1                 | 26.4 | 47.5  | 22.3                  | 29.8 | 52.1  | +1.2                | +3.4 | +4.6  | +5%                    | +13% | +10%  |
| OP    | 4.0           | 5.2  | 9.2   | 5.1                               | 6.2                  | 4.6  | 10.8  | 5.8                   | 5.5  | 11.3  | -0.4                | +0.9 | +0.5  | -7%                    | +19% | +4%   |

## 2H FY2015 Review

<vs. 2H FY2014>

- ◆ Sales up: Fluralaner, ALTAIR, TREFANOCIDE
- ◆ Sales down: PERMIT, TARGA(export), SIRIUS, STARMITE
- ◆ Domestic sales weak due to continued post-consumer-tax-hike fallback
- ◆ Some export and Fluralaner sales shifted to FY2016
- ◆ R&D expenses up
- ◆ Sales down ¥0.8billion(-3%), OP down ¥0.6billion(-13%)

## 2H FY2015 Review

<vs. 2H FY2015 Outlook as of Nov. 2015>

- ◆ Sales above target : Fluralaner, ALTAIR, TREFANOCIDE
- ◆ Sales below target : ROUNDUP, PERMIT, TARGA(export), SIRIUS, PULSOR
- ◆ Domestic sales weak due to continued post-consumer-tax-hike fallback
- ◆ Some export and Fluralaner sales below target due to shipments shifted to FY2016
- ◆ R&D expenses above target
- ◆ Sales down ¥1.6billion, OP down ¥0.5billion

## FY2015 Review

<vs. FY2014>

- ◆ Sales up : Fluralaner, ALTAIR, PULSOR(export), TREFANOCIDE
- ◆ Sales down : PERMIT, TARGA(export), SIRIUS
- ◆ Domestic sales weak due to continued post-consumer-tax-hike fallback
- ◆ R&D expenses up
- ◆ Sales up ¥1.8billion(+4%), OP up ¥1.6billion(+17%)

## FY2016 Outlook

<vs. FY2015>

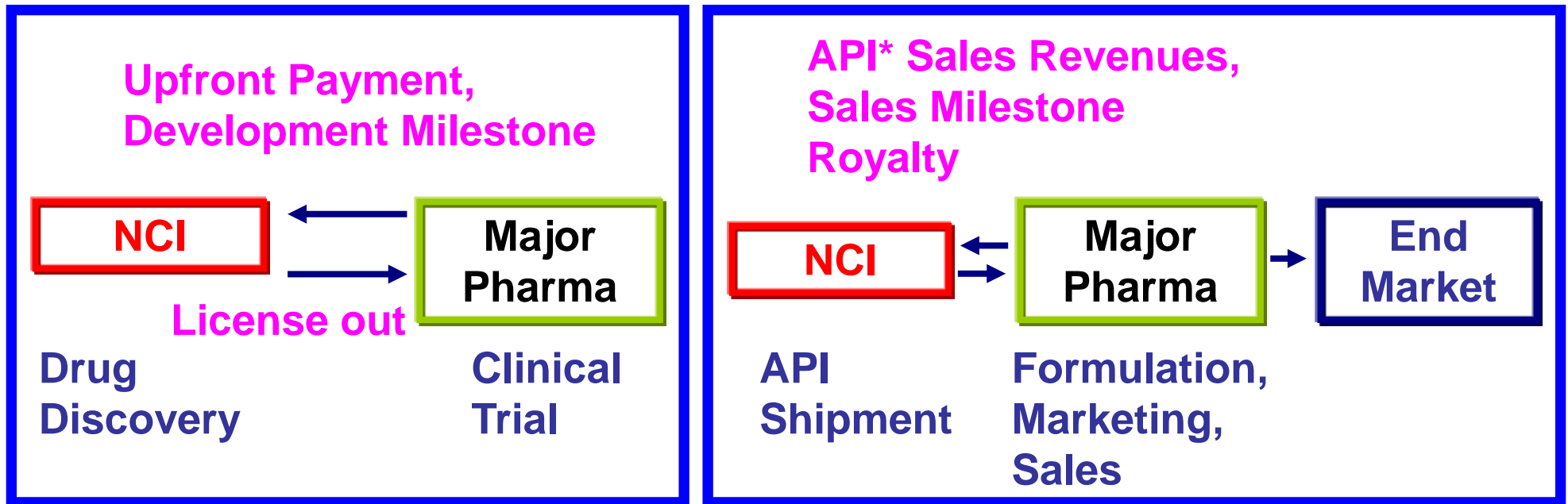
- ◆ Sales up : Fluralaner, ALTAIR, ROUNDUP, SIRIUS, PULSOR(export), LEIMAY, TREFANOCIDE, TARGA(export), ISOCLAST
- ◆ Sales down : STARMITE
- ◆ R&D expenses up +0.6billion  
(two pipeline products entering into advanced R&D stages)
- ◆ Other fixed cost up +0.7billion
- ◆ Inventory adjustment cost up
- ◆ Sales up ¥4.6billion(+10%), OP up ¥0.5billion(+4%)

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# Pharmaceuticals – (A) NCI Business Model

- ◆ Unique ethical pharma business model without sales force

< Before Launch > → < After Launch >



API\*: Active Pharmaceutical Ingredient

# Pharmaceuticals – (B) LIVALO (Anti-Cholesterol Drug)

|   | FY2013<br>Actual | FY2014<br>Actual | FY2015<br>Outlook<br>as of Nov. 2015 | FY2015<br>Actual | FY2016<br>Outlook |
|---|------------------|------------------|--------------------------------------|------------------|-------------------|
| Domestic End Market Sales<br>(NHI drug price basis, ¥billion)                       | 52.6             | 34.5             | -                                    | 29.7             | -                 |
| Domestic End Market Share (1)   | 21%              | 16%              | -                                    | 15%              | -                 |
| Our Domestic and Export API Sales (¥billion)  | 10.2             | 6.9              | 5.9                                  | 5.8              | 4.7               |
| Our Domestic and Export API Sales YOY Change<br>(Our Domestic API Sales YOY Change) | -2%<br>(-2%)     | -32%<br>(-46%)   | -15%<br>(-28%)                       | -15%<br>(-27%)   | -19%<br>(-37%)    |

(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 15% in FY2015
- ◆ FY2016 NHI drug price cut about -7~-9%
- ◆ Full reconstruction of Biological Research Laboratories (FY2010-2017)

| FY2015<br>Domestic Market Share(1) |            |
|------------------------------------|------------|
| Crestor                            | 53%        |
| Lipitor                            | 18%        |
| <b>LIVALO</b>                      | <b>15%</b> |
| Mevalotin                          | 8%         |



# Pharmaceuticals – (C) 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,<br>Colombia, Venezuela             | Feb 2012- | Eli Lilly              |
| Europe               | Spain, Portugal,<br>Ukraine,<br>Greece,Switzerland | May 2011- | Recordati              |
| Middle and Near East | Lebanon, Jordan, UAE,<br>Kuwait, Saudi Arabia      | Mar 2011- | Algorithm SAL          |

Selling in total 21 countries

# Pharmaceuticals – (D) Pipeline

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

## ◆ Strategic Research Collaboration with Shionogi

- Started in January 2016 for novel antifungal drug candidates

## ◆ 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 – (E) 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.)

## FY2015 Sales Review

<1H FY2015 vs. 1H FY2014>

- ◆ Down due to some shipments shifted to 2H, though a new contract signed for a high value-added GE API products

<2H FY2015 vs. 2H FY2014>

- ◆ Up due to some shipments shifted from 1H and a new contract signed for a high value-added GE API products

<2H FY2015 vs. 2H FY2015 Outlook as of Nov. 2015>

- ◆ Above target due to volume gain on existing products and the contract signed for a high value-added GE API products in FY2015

## FY2016 Sales Outlook

<vs. FY2015>

- ◆ Flat (existing products sales down, sales up for the new contract signed in FY2015)

| Sales YOY Change               |      |       |               |      |       |                |     |       |
|--------------------------------|------|-------|---------------|------|-------|----------------|-----|-------|
| FY2015 Outlook as of Nov. 2015 |      |       | FY2015 Actual |      |       | FY2016 Outlook |     |       |
| 1H Actual                      | 2H   | Total | 1H            | 2H   | Total | 1H             | 2H  | Total |
| -6%                            | +60% | +23%  | -6%           | +68% | +27%  | -5%            | +2% | -1%   |

# Pharmaceuticals – (F) Profit Overview

(¥billion)

|       | FY2014 Actual |     |       | 2H FY2015 E<br>as of Nov.<br>2015 | FY2015 Actual<br>(A) |     |       | FY2016 Outlook<br>(B) |     |       | Change<br>(B) - (A) |      |       | Change(%)<br>(B) - (A) |      |       |
|-------|---------------|-----|-------|-----------------------------------|----------------------|-----|-------|-----------------------|-----|-------|---------------------|------|-------|------------------------|------|-------|
|       | 1H            | 2H  | Total | 2H                                | 1H                   | 2H  | Total | 1H                    | 2H  | Total | 1H                  | 2H   | Total | 1H                     | 2H   | Total |
| Sales | 5.0           | 3.8 | 8.8   | 5.0                               | 3.7                  | 5.0 | 8.7   | 3.4                   | 4.0 | 7.4   | -0.3                | -1.0 | -1.3  | -9%                    | -19% | -15%  |
| OP    | 1.6           | 0.7 | 2.3   | 1.5                               | 0.6                  | 1.4 | 2.0   | 0.4                   | 1.0 | 1.4   | -0.2                | -0.4 | -0.6  | -35%                   | -28% | -30%  |

## 2H FY2015 Review

<vs. 2H FY2014>

- ◆ LIVALO sales up (large domestic shipment compared to 2H FY2014)
- ◆ Custom Chemicals sales up due to volume gain on existing products and a new contract for GE API products
- ◆ Up-front payment on NIP-022
- ◆ LIVALO ANDA related legal cost up
- ◆ Sales up ¥1.2billion(+29%), OP up ¥0.7billion(+96%)

## FY2015 Review

<vs. FY2014>

- ◆ LIVALO sales down (domestic down due to GE, export up)
- ◆ Custom Chemicals sales up (both existing products and new contracts sales up)
- ◆ Up-front payment on NIP-022
- ◆ LIVALO ANDA related legal cost up
- ◆ Sales down ¥0.1billion(-2%), OP down ¥0.3billion(-13%)

## 2H FY2015 Review

<vs. 2H FY2015 Outlook as of Nov. 2015>

- ◆ LIVALO sales in line with target
- ◆ Custom Chemicals sales above target (both existing products and new contracts sales above target)
- ◆ Sales in line with target, OP down ¥0.1billion

## FY2016 Outlook

<vs. FY2015>

- ◆ LIVALO sales down (domestic down due to GE and NHI drug price cut, export up)
- ◆ Custom Chemicals sales flat (existing products sales down, sales up for the new contract signed in FY2015)
- ◆ LIVALO ANDA related legal cost down
- ◆ Up front payment on pipeline products down
- ◆ Sales down ¥1.3billion(-15%), OP down ¥0.6billion(-30%)

# Capex/Depreciation/R&D by Segment

(¥billion)

|                | Capex (1)  |            |            |             |             | Depreciation (2) |            |            |            |             | R&D expenses       |             |             |             |             | % of Sales |      |      |      |      |
|----------------|------------|------------|------------|-------------|-------------|------------------|------------|------------|------------|-------------|--------------------|-------------|-------------|-------------|-------------|------------|------|------|------|------|
|                | 2012       | 2013       | 2014       | 2015        | 2016E       | 2012             | 2013       | 2014       | 2015       | 2016E       | 2012               | 2013        | 2014        | 2015        | 2016E       |            |      |      |      |      |
| Chem           | 0.9        | 1.2        | 1.4        | 2.3         | 1.9         | 1.6              | 1.4        | 1.4        | 1.4        | 1.8         | 0.4                | 0.4         | 0.5         | 0.5         | 0.6         | 1.7%       |      |      |      |      |
| Performance M. | 3.1        | 4.3        | 5.2        | 5.4         | 8.1         | 3.7              | 3.2        | 3.6        | 5.2        | 5.4         | 6.5                | 6.3         | 6.7         | 7.4         | 8.7         | 15.7%      |      |      |      |      |
| Agro           | 2.5        | 1.3        | 1.8        | 1.3         | 2.5         | 1.9              | 2.0        | 1.8        | 1.4        | 1.5         | 3.0                | 3.5         | 3.5         | 3.9         | 4.5         | 8.6%       |      |      |      |      |
| Pharma         | 0.8        | 0.6        | 0.4        | 0.4         | 0.8         | 1.5              | 1.2        | 0.9        | 0.8        | 0.8         | 2.6                | 2.9         | 2.7         | 2.4         | 2.3         | 31.1%      |      |      |      |      |
| Trading        | 0.0        | 0.0        | 0.0        | 0.0         | 0.1         | 0.1              | 0.1        | 0.1        | 0.1        | 0.1         | 0.0                | 0.0         | 0.0         | 0.0         | 0.0         | -          |      |      |      |      |
| Others         | 0.8        | 1.4        | 0.1        | 0.8         | 0.2         | 0.7              | 0.6        | 0.7        | 0.8        | 0.4         | 1.2                | 1.1         | 1.6         | 1.6         | 1.5         | -          |      |      |      |      |
| <b>Total</b>   | <b>8.1</b> | <b>8.8</b> | <b>9.8</b> | <b>10.2</b> | <b>13.6</b> | <b>9.5</b>       | <b>8.5</b> | <b>8.5</b> | <b>9.7</b> | <b>10.0</b> | <b>13.7</b>        | <b>14.2</b> | <b>15.0</b> | <b>15.8</b> | <b>17.6</b> |            |      |      |      |      |
|                |            |            |            |             |             |                  |            |            |            |             | R&D expenses/Sales |             |             |             |             | 8.9%       | 8.7% | 8.7% | 8.9% | 9.4% |

(1) Capex

Actual - Acceptance basis

Outlook - Production commencement basis

(2) Depreciation Method

SUNEVER, ARC®- 4 year declining balance method

(50.0% of initial capex amount in the 1<sup>st</sup> year)

Other products - 8 year declining balance method

(25.0% of initial capex amount in the 1<sup>st</sup> year)

|                                     |       |
|-------------------------------------|-------|
| R&D Personnel (Sept. 2015) –A       | 420   |
| Total Professionals (Sept. 2015) –B | 1,050 |
| A/B                                 | 40%   |

※Parent company only

※Round number

# Main Capex Items (Approval Basis)

(¥billion)

| FY2013 Actual  |     | FY2014 Actual   |     | FY2015 Actual                                    |     | FY2016 Outlook                              |     |
|--|-----|---|-----|--|-----|---|-----|
| Chemical Research Lab. (Instruments)                                     | 0.8 | Reconstruction of Biological Research Lab. The fifth stage (Facilities) | 1.3 | Semis (Product development facilities)           | 2.8 | NCK Semis (Production capacity expansion)   | 3.0 |
| Electronic Materials Lab. (Instruments)                                  | 0.8 | Semis (Analyzing and evaluation R&D equipment)                          | 1.1 | Material Research Lab. (Instruments)             | 2.2 | Material Research Lab. (Instruments)        | 1.2 |
| Reconstruction of Biological Research Lab. The fourth stage (Facilities) | 0.5 | Ammonia Feedstock Change Project  | 1.1 | Agro (Formulation facilities)                    | 1.2 | Chemicals (Product development plant)       | 1.2 |
|  |     | Electronic Materials Lab. (Instruments)                                 | 0.9 | SUNEVER (Raw materials products)                 | 1.0 | Agro (New product)                          | 0.8 |
|  |     | Quality improvement of Inorganic Materials products                     | 0.7 | Semis (Analyzing and evaluation R&D equipment)   | 0.8 | Chemical Research Lab. (Instruments)        | 0.7 |
|  |     | Chemical Research Lab. (Instruments)                                    | 0.6 | Semis (Production capacity expansion)            | 0.8 | Biological Research Lab. (Instruments)      | 0.3 |
|  |     | NCK R&D Center (Instruments)  | 0.3 | NCK Semis (Production capacity expansion)        | 0.7 | NCK SUNEVER (Production capacity expansion) | 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 |   |     |
|  |     |   |     | NCK R&D Center (Instruments)                     | 0.2 |   |     |

# Financial Strategy

## (A) Share Repurchases to Enhance ROE

- ◆ Started repurchase of shares in 2006
- ◆ Repurchased ¥45.5 billion, 32.2 million shares (17.1% of shares issued) in total from FY2006 to FY2015
- ◆ Cancelled all repurchased shares (as of May 2016)

### Shareholders Return FY2006 - 2015

|  | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | Total  |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Shares purchased (thousand shares)                                 | 3,500  | 3,399  | 7,355  | 0      | 2,167  | 0      | 6,372  | 3,263  | 2,764  | 3,333  | 32,153 |
| Purchase costs (¥billion)  | 4.7    | 5.0    | 8.0    | 0.0    | 2.8    | 0.0    | 5.0    | 5.0    | 6.0    | 9.0    | 45.5   |
| Shares cancelled (thousand shares)                                 | 3,000  | 3,635  | 7,000  | 0      | 3,000  | 0      | 6,000  | 4,000  | 3,000  | 2,000  | 31,635 |
| Shares issued at FY end (million shares)                           | 185    | 181    | 174    | 174    | 171    | 171    | 165    | 161    | 158    | 156    |        |
| Treasury share at FY end (thousand shares)                         | 1,367  | 1,233  | 1,660  | 1,709  | 885    | 886    | 1,258  | 522    | 287    | 1,621  |        |
| Dividend (¥billion)  | 3.7    | 3.6    | 3.8    | 4.2    | 4.1    | 4.1    | 4.3    | 4.9    | 5.7    | 6.8    |        |
| Dividend (¥/Share)   | 20     | 20     | 22     | 24     | 24     | 24     | 26     | 30     | 36     | 44     |        |
| Total payout ratio<br>(dividend + purchase of treasury shares) (%) | 60     | 56     | 118    | 32     | 53     | 37     | 67     | 59     | 64     | 71     |        |

#### ◆ Cancellation of shares

- Total number of shares cancelled :2.0 million shares (July 31, 2015)
- Total number of shares cancelled :1.0 million shares (May 10, 2016)

#### ◆ Repurchase plan announced on May 12, 2016

- Total number of shares repurchased :1.7 million shares
- Total amount :¥ 5.0 billion
- Period of repurchase :From May 13, 2016 to August 31, 2016

## (B) 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

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# Mid-Term Business Plan Vista 2015 Stage II (FY2013-2015)

## FY2015 Financial Targets (Mid-Term Plan vs. Actual)(A)

| 1. PL<br>(¥billion) | Mid-term Plan | Actual              | Variance |
|---------------------|---------------|---------------------|----------|
|                     | FY2015 (A)    | FY2015 (B)          | (B)-(A)  |
| Sales               | 180.0         | 176.9               | -3.1     |
| Operating Profit    | 26.0          | Achieved 28.6       | +2.6     |
| Ordinary Income     | 26.5          | Achieved 29.5       | +3.0     |
| Net Income          | 18.5          | Achieved 22.4       | +3.9     |
| EPS(¥)              | 113.00        | Achieved 143.37     | +30.37   |
| FX Rate (¥/\$)      | 85            | 1H 122 2H 118       |          |
| Naphtha (¥/kl)      | 61,000        | 1H 48,000 2H 37,700 |          |

| 2. Segment (1)<br>(¥billion) | Mid-term Plan |             | Actual       |             | Variance    |             |
|------------------------------|---------------|-------------|--------------|-------------|-------------|-------------|
|                              | Sales (2)     | OP          | Sales        | OP          | Sales       | OP          |
|                              | 2015 (C)      | 2015 (D)    | 2015 (E)     | 2015 (F)    | (E) - (C)   | (F) - (D)   |
| Chem                         | 41.5          | 4.9         | 36.6         | 4.5         | -4.9        | -0.4        |
| Performance M.               | 53.8          | 11.3        | 51.8         | 12.0        | -2.0        | +0.7        |
| Agro                         | 40.8          | 7.6         | 47.5         | 10.8        | +6.7        | +3.2        |
| Pharma                       | 7.9           | 3.5         | 6.4          | 1.4         | -1.5        | -2.1        |
| Trading,Others,Adjustment    | 36.0          | -1.3        | 34.6         | -0.1        | -1.4        | +1.2        |
| <b>Total</b>                 | <b>180.0</b>  | <b>26.0</b> | <b>176.9</b> | <b>28.6</b> | <b>-3.1</b> | <b>+2.6</b> |

(1) Former segmentation (2) Including inter-segment sales/transfers

# Mid-Term Business Plan Vista 2015 Stage II (FY2013-2015)

## FY2015 Sales Variance by Segment (Mid-Term Plan vs. Actual)(B)

|                | Sales Variance<br>2. (E) - (C) | FY2015 Actual<br>> FY2015 Mid-term Plan                               | FY2015 Actual<br>< FY2015 Mid-term Plan  |
|----------------|--------------------------------|---|--|
| Chem           | -4.9                           | Melamine(domestic, export)<br>TEPIC(general), Custom Chemicals        | Ammonia, High purity sulfuric acid,<br>TEPIC(electronic, liquid),<br>Urea/AdBlue, Fertilizer,<br>Environmental related products            |
| Performance M. | -2.0                           | IPS/FFS, Photo-alignment IPS,<br>ARC®(Bottom anti-reflective coating) | TN, VA, Other display materials,<br>ARC®(Multi layer process materials),<br>SNOWTEX(polishing, non-polishing),<br>Organo sol, New products |
| Agro           | +6.7                           | Fluralaner, ROUNDUP, ALTAIR,<br>Export                                | LEIMAY, SIRIUS   |
| Pharma         | -1.5                           | LIVALO(export)  | LIVALO(domestic)<br>Up-front payment   |
| <b>Total</b>   | <b>-3.1</b>                    |   |  |

# Mid-Term Business Plan Vista 2015 Stage II (FY2013-2015)

## FY2015 Financial Indicators (Mid-Term Plan vs. Actual)(C)

- ◆ Highest importance on ROE as well as OP margin

ROE : FY2015 Target 13.4% vs FY2015 Actual 14.6%

**achieved**

OP margin : FY2015 Target 14.4% vs FY2015 Actual 16.2%

**achieved**

- ◆ Dividend payout ratio above 30% vs FY2015 Actual 30.7%

— In addition, continue to repurchase shares timely

**achieved**

- ◆ R&D expenses/sales :

FY2015 Target 9.6% vs FY2015 Actual 8.9%

# 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 <sup>(1)</sup> | 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        |
| <b>Total</b>              | <b>176.9</b> | <b>187.5</b> | <b>217.0</b> | <b>250.0</b> | <b>28.6</b>      | <b>29.7</b> | <b>35.0</b> | <b>40.0</b> |

(1) Including inter-segment sales/transfers

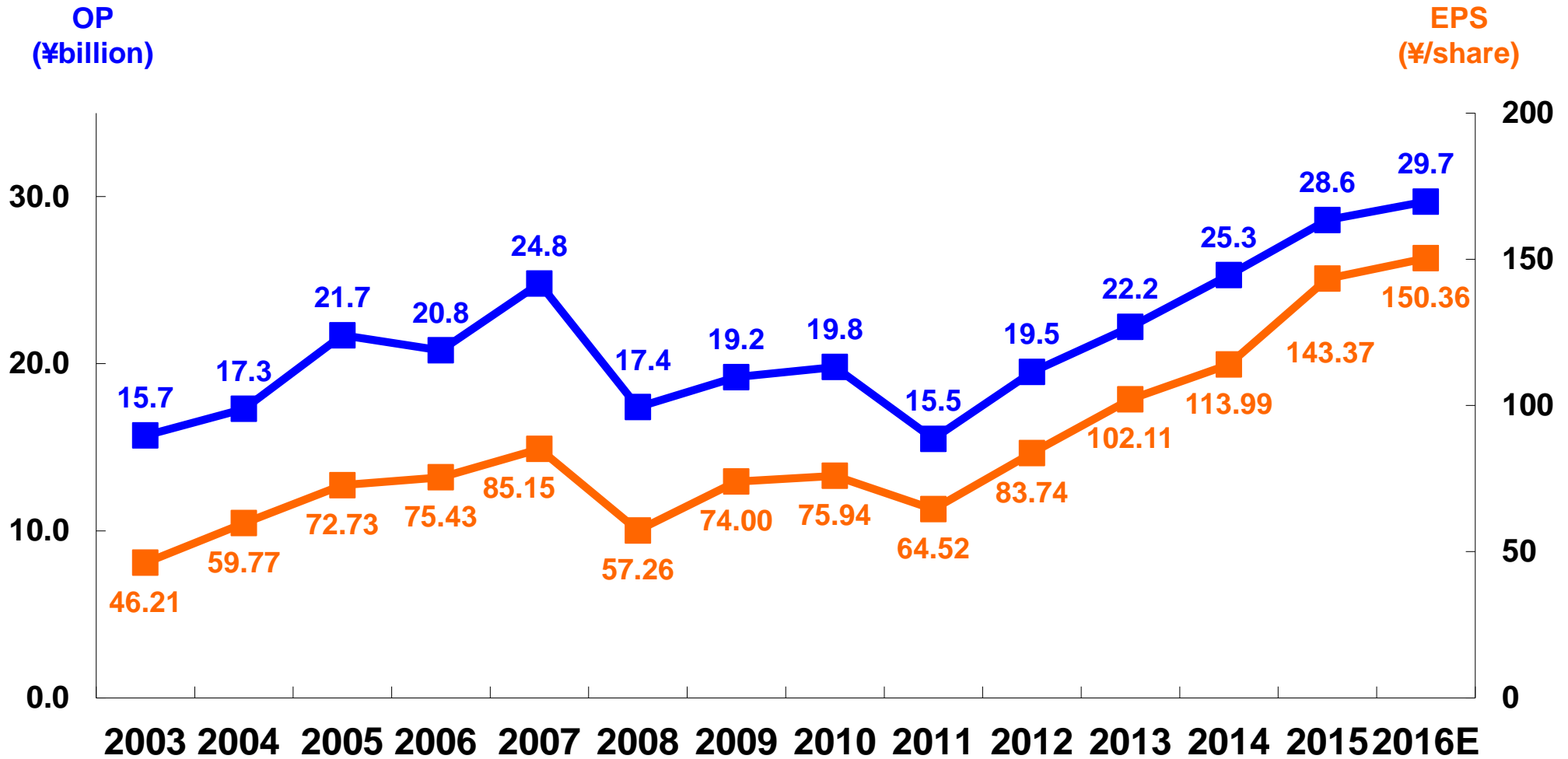
# Mid-Term Business Plan Vista 2021 (FY2016-2021)

## Financial Indicators (B)

- ◆ **OP Margin : Maintain above 15% (FY2015 Actual 16.2%)**
- ◆ **ROE : Maintain above 14% (FY2015 Actual 14.6%)**
- ◆ **Dividend Payout Ratio :  
Gradually increase to 40% in FY2018 (FY2015 Actual 30.7%)**
- ◆ **Total Payout Ratio :  
Maintain 70% (FY2015 Actual 70.8%) New indicator**
- ◆ **R&D expenses/sales : above 8% (FY2015 Actual 8.9%)**

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# Long-term Financial Performance Trend



# Long Term Financial Performance Trend

(¥billion)

|                           | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013   | 2014   | 2015   | 2016E  |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
| 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  | 187.5  |
| 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   | 29.7   |
| 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   | 30.4   |
| 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   | 23.0   |
| 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   | 39.7   |
| 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%  | 15.8%  |
| 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%  | 14.3%  |
| 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 | 150.36 |
| Dividend(¥/share)         | 11    | 11    | 15    | 20    | 20    | 22    | 24    | 24    | 24    | 26    | 30     | 36     | 44     | 50     |
| 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%  | 33.3%  |
| Share Repurchases         | -     | -     | -     | 4.7   | 5.0   | 8.0   | -     | 2.8   | -     | 5.0   | 5.0    | 6.0    | 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  | -      |
| 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  | -      |
| 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   | -      |
| 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   | -      |
| 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%  | -      |
| 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%  | -      |
| 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   | 13.6   |
| 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    | 10.0   |
| 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   | 17.6   |
| 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%   | 9.4%   |



# FY2011-2Q FY2013 Quarterly Sales by Segment <sup>(1)</sup>

(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        |
| <b>Total</b>          | <b>36.6</b>   | <b>33.2</b> | <b>31.5</b> | <b>47.3</b> | <b>148.6</b> | <b>38.4</b>   | <b>32.7</b> | <b>34.6</b> | <b>48.1</b> | <b>153.8</b> | <b>40.2</b>   | <b>36.2</b> |

(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         |
| <b>Total</b>          | <b>5.2</b>    | <b>1.4</b>  | <b>1.0</b>  | <b>7.9</b>   | <b>15.5</b>  | <b>6.3</b>    | <b>2.3</b>  | <b>2.5</b>  | <b>8.4</b>   | <b>19.5</b>  | <b>6.7</b>    | <b>3.9</b>   |
| <b>OP Margin</b>      | <b>14.3%</b>  | <b>4.0%</b> | <b>3.4%</b> | <b>16.6%</b> | <b>10.4%</b> | <b>16.5%</b>  | <b>6.8%</b> | <b>7.5%</b> | <b>17.4%</b> | <b>12.7%</b> | <b>16.7%</b>  | <b>10.6%</b> |

# FY2013-2015 Quarterly Sales by Segment (1)

(New Segmentation)

(¥billion)

|                       | FY2013 Actual |             |             |             |              | FY2014 Actual |             |             |             |              | FY2015 Actual |             |             |             |              |
|-----------------------|---------------|-------------|-------------|-------------|--------------|---------------|-------------|-------------|-------------|--------------|---------------|-------------|-------------|-------------|--------------|
|                       | 1Q            | 2Q          | 3Q          | 4Q          | Total        | 1Q            | 2Q          | 3Q          | 4Q          | Total        | 1Q            | 2Q          | 3Q          | 4Q          | Total        |
| Chem                  | 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         |
| Fine                  | 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         |
| Basic                 | 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         |
| Performance Materials | 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         |
| Agro                  | 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         |
| Pharma                | 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          |
| Trading               | 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         |
| Others                | 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         |
| Adjustment            | -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        |
| <b>Total</b>          | <b>40.2</b>   | <b>36.2</b> | <b>37.2</b> | <b>50.1</b> | <b>163.7</b> | <b>42.5</b>   | <b>37.4</b> | <b>37.9</b> | <b>53.4</b> | <b>171.2</b> | <b>45.2</b>   | <b>38.5</b> | <b>39.7</b> | <b>53.5</b> | <b>176.9</b> |

(1) Including inter-segment sales/transfers

# FY2013-2015 Quarterly OP by Segment

## (New Segmentation)

(¥billion)

|                       | FY2013 Actual |            |            |            |             | FY2014 Actual |            |            |            |             | FY2015 Actual |            |            |            |             |
|-----------------------|---------------|------------|------------|------------|-------------|---------------|------------|------------|------------|-------------|---------------|------------|------------|------------|-------------|
|                       | 1Q            | 2Q         | 3Q         | 4Q         | Total       | 1Q            | 2Q         | 3Q         | 4Q         | Total       | 1Q            | 2Q         | 3Q         | 4Q         | Total       |
| Chem                  | 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         |
| Performance Materials | 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        |
| Agro                  | 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        |
| Pharma                | 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         |
| Trading               | 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         |
| Others                | 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         |
| Adjustment            | -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        |
| <b>Total</b>          | <b>6.7</b>    | <b>3.9</b> | <b>3.5</b> | <b>8.1</b> | <b>22.2</b> | <b>8.9</b>    | <b>3.6</b> | <b>3.6</b> | <b>9.2</b> | <b>25.3</b> | <b>9.4</b>    | <b>4.9</b> | <b>4.9</b> | <b>9.4</b> | <b>28.6</b> |
| OP Margin             | 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%      | 15.8%       |

# Sales and Operating Profit by Segment

(¥billion)

|           |         | FY2010 |        | FY2011 |        | FY2012 |        | FY2013 |        | FY2014 |        | FY2015 |        | FY2016E |        |
|-----------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|
| 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%  | 35.4    | 18.9%  |
|           | 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%  | 55.3    | 29.5%  |
|           | 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%  | 52.1    | 27.8%  |
|           | 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%   | 7.4     | 3.9%   |
|           | 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%  | 60.0    | 32.0%  |
|           | 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%  | 23.2    | 12.4%  |
|           | 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% | -45.9   | -24.5% |
|           | Total   | 154.2  | 100%   | 148.6  | 100%   | 153.8  | 100%   | 163.7  | 100%   | 171.2  | 100%   | 176.9  | 100%   | 187.5   | 100%   |

|        |         |      |        |      |       |      |       |      |       |      |       |      |       |      |       |
|--------|---------|------|--------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|
| 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% | 4.9  | 16.5% |
|        | 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% | 11.7 | 39.4% |
|        | 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% | 11.3 | 38.0% |
|        | 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%  | 1.4  | 4.7%  |
|        | 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%  | 1.9  | 6.4%  |
|        | 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%  | 0.8  | 2.7%  |
|        | 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% | -2.3 | -7.7% |
|        | Total   | 19.8 | 100%   | 15.5 | 100%  | 19.5 | 100%  | 22.2 | 100%  | 25.3 | 100%  | 28.6 | 100%  | 29.7 | 100%  |

|                            |         |       |       |       |       |       |       |       |
|----------------------------|---------|-------|-------|-------|-------|-------|-------|-------|
| OP Margin<br>(C) = (B)/(A) | Chem    | 6.3%  | 4.3%  | 5.5%  | 5.4%  | 5.5%  | 11.4% | 13.8% |
|                            | Perf    | 20.8% | 14.1% | 19.3% | 20.6% | 24.3% | 23.2% | 21.2% |
|                            | Agro    | 14.0% | 13.0% | 14.1% | 15.9% | 20.1% | 22.7% | 21.7% |
|                            | Pharma  | 45.8% | 46.0% | 40.9% | 42.2% | 26.1% | 23.0% | 18.9% |
|                            | Trading | 3.2%  | 2.9%  | 3.0%  | 3.0%  | 3.1%  | 3.2%  | 3.2%  |
|                            | Others  | 3.7%  | 1.5%  | 3.3%  | 3.7%  | 2.9%  | 2.4%  | 3.4%  |
|                            | Total   | 12.9% | 10.4% | 12.7% | 13.6% | 14.8% | 16.2% | 15.8% |

|                    |         | FY2013 |       | FY2014 |       | FY2015 |       |
|--------------------|---------|--------|-------|--------|-------|--------|-------|
| Segment Assets (D) | Chem    | 25.8   | 12.4% | 25.2   | 11.3% | 26.6   | 11.7% |
|                    | Perf    | 38.0   | 18.3% | 43.9   | 19.6% | 40.9   | 17.9% |
|                    | Agro    | 48.6   | 23.4% | 53.6   | 23.9% | 52.9   | 23.2% |
|                    | Pharma  | 12.7   | 6.1%  | 11.4   | 5.1%  | 11.1   | 4.9%  |
|                    | Trading | 18.1   | 8.7%  | 18.5   | 8.3%  | 19.5   | 8.5%  |
|                    | Others  | 9.1    | 4.4%  | 9.9    | 4.4%  | 10.1   | 4.4%  |
|                    | Adj     | 55.7   | 26.8% | 61.4   | 27.4% | 67.1   | 29.4% |
|                    | Total   | 208.0  | 100%  | 223.9  | 100%  | 228.2  | 100%  |

|                      |         |       |       |       |
|----------------------|---------|-------|-------|-------|
| ROA<br>(E) = (B)/(D) | Chem    | 7.4%  | 7.5%  | 14.7% |
|                      | Perf    | 23.2% | 27.3% | 29.3% |
|                      | Agro    | 12.8% | 17.2% | 20.4% |
|                      | Pharma  | 38.9% | 20.2% | 18.0% |
|                      | Trading | 8.3%  | 9.2%  | 9.2%  |
|                      | Others  | 8.3%  | 6.1%  | 5.0%  |
|                      | Total   | 10.7% | 11.3% | 12.5% |

FY2010-2011 : Former Segmentation, FY2012-2015E : New Segmentation

# Main Products by Segment (New Segmentation)

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



***Synonymous with excellence***

# 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.**

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