

**February 8, 2019**

# **Presentation for Investors**

## **3Q FY2018 (April 1- December 31, 2018)**

### **Financial Results**

**Presented by Junichi Miyazaki,  
Director, Senior Executive Vice President & CFO**

**Translation of presentation materials for the conference call held on February 8, 2019**



**Nissan Chemical**  
CORPORATION

**Institutional  
Investor**  
2018 - ALL-JAPAN EXECUTIVE TEAM

# 3Q FY2018 Actual

(¥billion)

	FY2017 Actual			FY2018 Actual			Change			FY2018 Outlook as of Nov. 2018
	1H	3Q	1-3Q Total	1H	3Q	1-3Q Total	1H	3Q	1-3Q Total	3Q
Sales	91.0	41.7	132.7	98.0	43.9	Record 141.9	+7.0	+2.2	+9.2	42.9
Operating Profit	17.3	5.1	22.4	19.4	4.4	Record 23.8	+2.1	-0.7	+1.4	3.2
Non-Operating Income/Expenses	0.5	1.0	1.5	1.2	0.4	1.6	+0.7	-0.6	+0.1	0.5
Ordinary Income	17.8	6.1	23.9	20.6	4.8	Record 25.4	+2.8	-1.3	+1.5	3.7
Extraordinary Profit/Loss	-	-	-	-	-	-	-	-	-	-
Net Income (1)	13.2	4.5	17.7	15.4	3.4	Record 18.8	+2.2	-1.1	+1.1	2.6
EBITDA (2)	22.0	7.8	29.8	24.4	7.3	31.7	+2.4	-0.5	+1.9	-
EPS (¥/share)	87.40	30.28	117.68	103.53	23.11	126.64	+16.13	-7.17	+8.96	-
OP Margin	19.0%	12.3%	16.9%	19.8%	10.1%	16.8%	+0.8%	-2.2%	-0.1%	7.5%
FX Rate (¥/\$)	111	113	112	110	113	111				
Naphtha (¥/kl) (3)	37,700	44,600	40,100	51,200	54,200	52,400				
Comprehensive Income	16.7	6.0	22.7	16.7	-1.3	15.4				

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

(2) EBITDA = Operating Profit + Depreciation

(3) Based on Trade Statistics of Japan Ministry of Finance

# 3Q FY2018 Highlight

## 1. 3Q Actual

(1) 3Q (October 1- December 31, 2018)

1) vs. 3Q FY2017

- ◆ OP down ¥0.7billion (3Q FY2018 ¥4.4billion vs. 3Q FY2017 ¥5.1billion)  
(However, ¥1.2billion above target (¥3.2billion) announced in Nov. 2018)
- ◆ Performance Materials OP up due to substantial sales increase in Display Materials
- ◆ Chemicals OP down due to TEPIC sales decrease and raw materials cost up
- ◆ Agro OP down due to Fluralaner sales decrease as already announced in Nov. 2018
- ◆ Pharma OP down due to Custom Chemicals sales decrease

2) vs. 3Q FY2018 Outlook as of Nov. 2018 (see p18)




- ◆ OP above target ¥1.2billion (3Q FY2018 ¥4.4billion vs. 3Q FY2018 Outlook ¥3.2billion)
- ◆ Chemicals OP below target
- ◆ Performance Materials OP above target due to substantial sales increase in Display Materials
- ◆ Agro and Pharma OP above target partly due to some shipments shifted from 4Q FY2018










(2) 1-3Q (April 1- December 31, 2018)

- ◆ OP up ¥1.4billion and renewed the highest results  
(1-3Q FY2018 ¥23.8billion vs. 1-3Q FY2017 ¥22.4billion)
- ◆ Performance Materials OP up due to substantial increase in Display and Semis Materials
- ◆ Agro OP up due to Fluralaner sales increase
- ◆ Chemicals OP down due to raw materials cost up and melamine plant troubles in 1H FY2018 despite sales volume and price up
- ◆ Pharma OP down due to LIVALO sales decrease (export up, domestic down) and Custom Chemicals sales decrease due to absence of a large development project completed in FY2017

# 3Q FY2018 Highlight

## 2. 4Q FY2018 Segment Sales Trend vs. 4Q FY2018 Outlook as of Nov. 2018 (see p17)

	Estimated to be above target at present
	Estimated to be below target at present
	Estimated to be in line with target at present

		vs. 4Q FY2018 Sales Outlook as of Nov. 2018	Sales Trend
Chem	Fine Chemicals		TEPIC(for general applications) estimated to be below target due to slow down of the Chinese market and price decrease in the Asian market
	Basic Chemicals		Melamine estimated to be below target due to slow down of the Chinese market and price decrease in the Asian market
P.M	Display		SUNEVER estimated to be below target due to slow down of smartphone market and impacts of CPT (Taiwan) restructuring
	Semis		ARC® and Multi layer process materials estimated to be in line with target
	Inorganic		Inorganic Materials estimated to be in line with target
Agro	Agro		Estimated to be below target due to earlier shipments in 3Q
	Fluralaner		Fluralaner estimated to be in line with target
Pharma	LIVALO		Estimated to be below target due to earlier shipments in 3Q
	Custom Chemicals		Estimated to be below target due to earlier shipments in 3Q

## 3. Full Year FY2018 Outlook as of Nov. 2018

No revision (see p19)

# 3Q FY2018 Review

## <vs. 3Q FY2017>

(Sales) ◆Up ¥2.2 billion(+5.2%)

(+) Chemicals, Performance Materials, Trading

(-) Agrochemicals, Pharmaceuticals

(OP) ◆Down ¥0.7 billion (-13.8%)

(+) Performance Materials, Trading

(-) Chemicals, Agrochemicals, Pharmaceuticals

(Ordinary Income) ◆Down ¥1.3 billion (-21.9%)

(Net Income) ◆Down ¥1.1 billion (-24.8%)

(EPS) ◆Down ¥7.17 (-23.7%)

## <vs. 3Q FY2018 Outlook as of Nov. 2018>

(Sales) ◆Up ¥1.0 billion

(+) Performance Materials, Agrochemicals , Pharmaceuticals, Trading

(-) Chemicals

(OP) ◆Up ¥1.2 billion

(+) Performance Materials, Agrochemicals, Pharmaceuticals, Trading

(-) Chemicals

(Ordinary Income) ◆Up ¥1.1 billion

(Net Income) ◆Up ¥0.8 billion

# 1-3Q FY2018 Review

<vs. 1-3Q FY2017>

(Sales) ◆Up	¥9.2 billion	(+6.9%)	(+) Chemicals, Performance Materials, Agrochemicals, Trading (-) Pharmaceuticals
(OP) ◆Up	¥1.4 billion	(+6.4%)	(+) Performance Materials, Agrochemicals, Trading (-) Chemicals, Pharmaceuticals
(Ordinary Income) ◆Up	¥1.5 billion	(+6.0%)	
(Net Income) ◆Up	¥1.1 billion	(+6.2%)	
(EPS) ◆Up	¥8.96	(+7.6%)	

Sales, OP, Ordinary Income and Net Income renewed the highest results

<Shareholders Return>

(Dividend) ◆1H ¥40/share, 2H ¥42/share (dividend payout ratio : 40.6%)  
(1H up ¥8, 2H up ¥6 vs. FY2017)(no revision vs. FY2018 Outlook as of November 2018)

(Share Repurchase) ◆¥5.0 billion, 1.0 million shares completed in June 2018  
(cancelled 2 million shares in May 2018 and August 2018)  
◆¥4.0 billion, 0.9 million shares (announced on February 8, 2019)

(Total Payout Ratio) ◆70.5% based on ¥82/share dividend and ¥9.0 billion share repurchase

# Cash Flows

(¥billion)

	1-3Q FY2017 Actual	1-3Q FY2018 Actual	FY2017 Actual	FY2018 Outlook as of Nov. 2018
<b>CF from operating activities</b>	<b>34.3</b>	<b>32.4</b>	<b>37.7</b>	<b>35.2</b>
Income before income taxes & non-controlling interests	23.9	25.4	36.2	40.1
Depreciation & amortization	7.4	7.9	10.5	11.1
Income taxes paid	-7.0	-9.2	-7.3	-9.7
Working capital, others	10.0	8.3	-1.7	-6.3
<b>CF from investing activities</b>	<b>-12.0</b>	<b>-9.7</b>	<b>-15.2</b>	<b>-12.9</b>
Purchase of PPE	-10.7	-7.4	-13.8	-12.3
Purchase and sales of investment securities	-0.7	-0.5	-0.7	-0.5
Others	-0.6	-1.8	-0.7	-0.1
<b>CF from financing activities</b>	<b>-31.6</b>	<b>-37.2</b>	<b>-20.3</b>	<b>-22.3</b>
Cash dividends paid	-9.1	-11.3	-9.1	-11.3
Borrowings	-17.5	-20.8	-2.1	-2.0
Share repurchase (1)	-5.0	-5.0	-9.0	-9.0
Others	0.0	-0.1	-0.1	0.0
Effect of exchange rate change on cash & cash equivalents	0.1	-0.1	-0.2	0.0
<b>Change in cash &amp; cash equivalents</b>	<b>-9.2</b>	<b>-14.6</b>	<b>2.0</b>	<b>0.0</b>
<b>Cash &amp; cash equivalents at the end of period</b>	<b>26.5</b>	<b>23.1</b>	<b>37.7</b>	<b>37.7</b>

(1) FY2018 Outlook as of Nov. 2018 including share repurchase program ¥4.0 billion announced on February 2019

# Balance Sheets

(¥billion)

	2017/12	2018/3 (A)	2018/12 (B)	Change (B) - (A)
<b>Current assets</b>	<b>123.4</b>	<b>145.6</b>	<b>126.3</b>	<b>-19.3</b>
Cash	26.5	37.7	23.1	-14.6
Accounts receivable	47.2	65.4	48.2	-17.2
Inventories	44.7	37.8	48.9	+11.1
Others	5.0	4.7	6.1	+1.4
<b>Fixed assets</b>	<b>101.2</b>	<b>100.4</b>	<b>95.3</b>	<b>-5.1</b>
Total PPE	54.4	54.5	53.9	-0.6
Intangible assets	1.7	1.8	1.6	-0.2
Investment securities	39.4	38.5	34.6	-3.9
Others	5.7	5.6	5.2	-0.4
<b>Total assets</b>	<b>224.6</b>	<b>246.0</b>	<b>221.6</b>	<b>-24.4</b>

	2017/12	2018/3 (A)	2018/12 (B)	Change (B) - (A)
<b>Liabilities</b>	<b>52.3</b>	<b>69.6</b>	<b>46.3</b>	<b>-23.3</b>
Accounts payable	19.4	18.6	20.3	+1.7
Borrowings	13.3	28.6	7.9	-20.7
Others	19.6	22.4	18.1	-4.3
<b>Net assets</b>	<b>172.3</b>	<b>176.4</b>	<b>175.3</b>	<b>-1.1</b>
<b>Shareholders' equity</b>	<b>155.0</b>	<b>160.4</b>	<b>162.9</b>	<b>+2.5</b>
Valuation difference on available-for-sale securities	14.2	13.7	10.2	-3.5
Foreign currency translation adjustment	0.9	0.1	0.1	-0.0
<b>Non-controlling interests</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>	<b>-0.1</b>
Remeasurements of defined benefit plans	0.4	0.4	0.4	-0.0
<b>Total liabilities &amp; Net assets</b>	<b>224.6</b>	<b>246.0</b>	<b>221.6</b>	<b>-24.4</b>

\*Balance Sheets as of 2017/12 and 2018/3 are restated to reflect changes in presentation from including an impact of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

• **Equity Ratio** 75.9% 71.0% 78.3%  
 • **D/E Ratio (1)** -8.5% -5.7% -9.3%  
 • **Change in shareholders' equity +2.5**  
 = Net Income 18.8 - Dividend and others 16.3

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



# FY2017-18 Quarterly Sales by Segment (1)

(¥billion)

	FY 2017 Actual				FY 2018 Actual				FY2018 Outlook as of Nov. 2018
	1Q	2Q	3Q	1-3Q Total	1Q	2Q	3Q	1-3Q Total	3Q
<b>Chem</b>	8.8	7.9	9.2	25.9	8.7	8.3	9.6	26.6	10.2
<b>Fine Chemicals</b>	2.8	2.5	2.8	8.1	2.7	2.4	2.6	7.7	2.8
<b>Basic Chemicals</b>	6.0	5.4	6.4	17.8	6.0	5.9	7.0	18.9	7.4
<b>Performance Materials</b>	14.1	15.0	15.1	44.2	15.6	16.4	16.6	48.6	15.8
<b>Agro</b>	14.6	11.5	6.4	32.5	16.4	12.3	5.9	34.6	5.7
<b>Pharma</b>	2.1	1.4	2.3	5.8	1.8	1.9	1.9	5.6	1.3
<b>Trading</b>	14.6	14.5	15.9	45.0	17.8	15.6	18.1	51.5	17.3
<b>Others</b>	5.4	4.3	4.6	14.3	4.6	5.9	7.2	17.7	5.4
<b>Adjustment</b>	-12.2	-11.0	-11.8	-35.0	-14.0	-13.3	-15.4	-42.7	-12.8
<b>Total</b>	47.4	43.6	41.7	132.7	50.9	47.1	43.9	141.9	42.9

(1) Including inter-segment sales/transfers

# FY2017-18 Quarterly OP by Segment

(¥billion)

	FY2017 Actual				FY2018 Actual				FY2018 Outlook as of Nov.2018
	1Q	2Q	3Q	1-3Q Total	1Q	2Q	3Q	1-3Q Total	3Q
Chem	1.5	-0.2	1.2	2.5	1.6	-0.4	1.0	2.2	1.4
Performance Materials	3.6	4.1	4.0	11.7	3.9	4.2	4.3	12.4	3.5
Agro	4.5	3.6	-0.6	7.5	5.1	4.7	-1.3	8.5	-1.4
Pharma	0.5	0.0	0.6	1.1	0.3	0.3	0.4	1.0	0.1
Trading	0.4	0.5	0.5	1.4	0.6	0.5	0.6	1.7	0.5
Others	0.1	0.1	0.1	0.3	0.1	0.1	0.2	0.4	0.0
Adjustment	-0.6	-0.8	-0.7	-2.1	-0.9	-0.7	-0.8	-2.4	-0.9
<b>Total</b>	<b>10.0</b>	<b>7.3</b>	<b>5.1</b>	<b>22.4</b>	<b>10.7</b>	<b>8.7</b>	<b>4.4</b>	<b>23.8</b>	<b>3.2</b>

# 1-3Q FY2018 Sales Review

vs. 1-3Q FY2017 and vs. 3Q FY2018 Outlook as of Nov. 2018 (undisclosed)

Chem		YOY		vs 3Q Outlook as of Nov. 2018 (undisclosed)
		3Q	1-3Q	
Fine Chem	TEPIC	-5%	-6%	Above
	Environmental related products	+6%	+7%	Below
Basic Chem	Melamine	+33%	+29%	Below
	Urea including AdBlue	+4%	-1%	Above
	High purity sulfuric acid	-1%	-3%	Below

Performance Materials		YOY		vs 3Q Outlook as of Nov. 2018 (undisclosed)
		3Q	1-3Q	
Display	Total SUNEVER	+9%	+8%	Above
	Other Display Materials (1)	-12%	-7%	Below
	Total Display Materials	+9%	+8%	Above
Semiconductor	KrF (ARC®)	-4%	-2%	Above
	ArF (ARC®)	+18%	+15%	Above
	Total	+12%	+10%	Above
	Other Semiconductors Materials (2)	+45%	+44%	In Line
	Total Semiconductors Materials	+19%	+17%	Above
Inorganic	SNOWTEX	+1%	+2%	Above
	Organo / Monomer Sol	+12%	-3%	Below
	Oilfield Materials	-44%	+4%	Below
	Total Inorganic Materials	-1%	+5%	Below

(1) Hole injection layer materials, Alignment materials for LC retarder, etc.

(2) Multi layer process materials (OptiStack®), EUV under layer, CMOS image sensor materials, 3D packaging process materials, etc.

\*ARC® and OptiStack® are registered trade mark of Brewer Science, Inc.

# 1-3Q FY2018 Sales Review

vs. 1-3Q FY2017 and vs. 3Q FY2018 Outlook as of Nov. 2018 (undisclosed)

## Agro(1)

	YOY	vs 3Q Outlook as of Nov. 2018 (undisclosed)
	1-3Q	
ROUNDUP (2)	-11%	Above
Fluralaner	↗↗↗	Below
ALTAIR	↘	Below
TARGA	↗	Above
PERMIT	↗↗	Above
Other main products (3)	↘	Below
Total segment	+5%	Above

## Pharma

	YOY		vs 3Q Outlook as of Nov. 2018 (undisclosed)
	3Q	1-3Q	
LIVALO	-6%	-0%	Above
Custom Chemicals	-38%	-9%	Above

### YOY Change

+20~+29%	↗↗↗
+10~+19%	↗↗
+0~+9%	↗
-0~-9%	↘

- (1) Before discount
- (2) ROUNDUP for general household accounting for 17% of FY2017 ROUNDUP sales
- (3) LEIMAY, SIRIUS, PULSOR(THIFLUZAMIDE), STARMITE, SANMITE

# Profit Overview - Chemicals

(¥billion)

	FY2017 Actual (A)	FY2018 Actual (B)	Change (B) - (A)	Change (%) (B) - (A)	FY2018 Outlook as of Nov. 2018	FY2017 Actual	FY2018 Actual
	3Q	3Q	3Q	3Q	3Q	1-3Q	1-3Q
<b>Sales</b>	9.2	9.6	+0.4	+5%	10.2	25.9	26.6
<b>Fine</b>	2.8	2.6	-0.2	-6%	2.8	8.1	7.7
<b>Basic</b>	6.4	7.0	+0.6	+9%	7.4	17.8	18.9
<b>OP</b>	1.2	1.0	-0.2	-13%	1.4	2.5	2.2

## 3Q FY2018 Review

<vs. 3Q FY2017>

### (Fine Chemicals)

- ◆ Sales of TEPIC for both general applications and electronic materials down
- ◆ Sales of environmental related products up
- ◆ Sales down, OP down

### (Basic Chemicals)

- ◆ Sales of melamine up
- ◆ Sales of urea including AdBlue up
- ◆ Sales of high purity sulfuric acid down
- ◆ Price increases
- ◆ Feedstock and raw materials cost up
- ◆ Sales up, OP up

### (Total Segment)

- ◆ Sales up ¥0.4 billion, OP down ¥0.2 billion

## 3Q FY2018 Review

<vs. 3Q FY2018 Outlook as of Nov. 2018>

### (Fine Chemicals)

- ◆ Sales of TEPIC for general applications above target, for electronic materials below target
- ◆ Sales of environmental related products below target
- ◆ Sales of other products below target
- ◆ Sales below target, OP below target

### (Basic Chemicals)

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

### (Total Segment)

- ◆ Sales down ¥0.6 billion, OP down ¥0.4 billion

# Profit Overview - Performance Materials

(¥billion)

	FY2017 Actual (A)	FY2018 Actual (B)	Change (B) - (A)	Change(%) (B) - (A)	FY2018 Outlook as of Nov. 2018	FY2017 Actual	FY2018 Actual
	3Q	3Q	3Q	3Q	3Q	1-3Q	1-3Q
Sales	15.1	16.6	+1.5	+11%	15.8	44.2	48.6
OP	4.0	4.3	+0.3	+8%	3.5	11.7	12.4

## 3Q FY2018 Review

<vs. 3Q FY2017>

- ◆ SUNEVER sales up (IPS and VA up, TN down)
- ◆ Total Semis Materials sales up  
(KrF down, ArF and other semis materials up  
(Multi layer up, EUV and other new materials up))
- ◆ Inorganic Materials sales down  
(SNOWTEX and Organo/Monomer sol up, Oilfield materials down)
- ◆ Fixed cost up ¥0.8 billion (including R&D)
- ◆ Sales up ¥1.5 billion, OP up ¥0.3 billion

## 3Q FY2018 Review

<vs. 3Q FY2018 Outlook as of Nov. 2018>

- ◆ SUNEVER sales above target  
(IPS and VA above target, TN below target)
- ◆ Total Semis Materials sales above target  
(KrF and ArF above target, other semis materials in line with target  
(Multi layer below target, EUV and other new materials above target))
- ◆ Inorganic Materials sales below target  
(SNOWTEX above target, Organo/Monomer sol and Oilfield materials  
below target)
- ◆ Fixed cost above expectations ¥0.2 billion (including R&D)
- ◆ Inventory adjustment cost below expectations (¥0.2 billion)
- ◆ Sales up ¥0.8 billion, OP up ¥0.8 billion

# Profit Overview - Agrochemicals

(¥billion)

	FY2017 Actual (A)	FY2018 Actual (B)	Change (B) - (A)	Change(%) (B) - (A)	FY2018 Outlook as of Nov. 2018	FY2017 Actual	FY2018 Actual
	3Q	3Q	3Q	3Q	3Q	1-3Q	1-3Q
Sales	6.4	5.9	-0.5	-6%	5.7	32.5	34.6
OP	-0.6	-1.3	-0.7	-	-1.4	7.5	8.5

## 3Q FY2018 Review

<vs. 3Q FY2017>

- ◆ Sales up : GRACIA(export), LEIMAY(export), ROUNDUP, ALTAIR(domestic), PULSOR(export)
- ◆ Sales down : Fluralaner, TARGA(export), STARMITE(export), SIRIUS(domestic and export), PERMIT
- ◆ Fixed cost up ¥0.4 billion
- ◆ Sales down ¥0.5 billion, OP down ¥0.7 billion

## 3Q FY2018 Review

<vs. 3Q FY2018 Outlook as of Nov. 2018>

- ◆ Sales above target : GRACIA(export), LEIMAY(export), PERMIT(export), ROUNDUP, TARGA(export)
- ◆ Sales below target : Fluralaner, ALTAIR(domestic), PULSOR(export), SIRIUS(domestic), SANMITE(export), STARMITE(export)
- ◆ Sales above target mainly due to shipment shift from 4Q FY2018 to 3Q (excluding ROUNDUP)
- ◆ Sales up ¥0.2 billion, OP up ¥0.1 billion

# Profit Overview - Pharmaceuticals

(¥billion)

	FY2017 Actual (A)	FY2018 Actual (B)	Change (B) - (A)	Change(%) (B) - (A)	FY2018 Outlook as of Nov. 2018	FY2017 Actual	FY2018 Actual
	3Q	3Q	3Q	3Q	3Q	1-3Q	1-3Q
Sales	2.3	1.9	-0.4	-21%	1.3	5.8	5.6
OP	0.6	0.4	-0.2	-25%	0.1	1.1	1.0

## 3Q FY2018 Review

<vs. 3Q FY2017>

- ◆ LIVALO sales down  
(domestic sales down due to GE, export up)
- ◆ Custom Chemicals sales down due to absence of a large development project completed in FY2017
- ◆ Inventory adjustment cost down ¥0.2 billion
- ◆ Sales down ¥0.4 billion, OP down ¥0.2 billion

## 3Q FY2018 Review

<vs. 3Q FY2018 Outlook as of Nov. 2018>

- ◆ LIVALO sales above target  
(domestic sales below target, export above target)
- ◆ Custom Chemicals sales above target
- ◆ LIVALO(export) and Custom Chemicals sales above target due to shipment shift from 4Q FY2018 to 3Q
- ◆ Sales up ¥0.6 billion, OP up ¥0.3 billion



# FY2015-3Q FY2018 Quarterly Sales by Segment (1)

(¥billion)

	FY2015 Actual					FY2016 Actual					FY2017 Actual					FY2018 Actual			FY2018 Outlook as of Nov.2018	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	3Q	4Q
Chem	8.7	8.0	9.0	8.6	34.3	8.5	8.0	9.1	9.2	34.8	8.8	7.9	9.2	9.0	34.9	8.7	8.3	9.6	10.2	10.6
Fine	3.0	2.5	2.5	2.6	10.6	2.8	2.5	2.7	2.7	10.7	2.8	2.5	2.8	2.5	10.6	2.7	2.4	2.6	2.8	3.4
Basic	5.7	5.5	6.5	6.0	23.7	5.7	5.5	6.4	6.5	24.1	6.0	5.4	6.4	6.5	24.3	6.0	5.9	7.0	7.4	7.2
P.M	13.0	13.0	13.6	12.2	51.8	12.6	12.9	13.8	13.5	52.8	14.1	15.0	15.1	14.6	58.8	15.6	16.4	16.6	15.8	16.0
Agro	13.6	7.5	5.0	21.4	47.5	14.5	9.5	4.2	23.8	52.0	14.6	11.5	6.4	25.6	58.1	16.4	12.3	5.9	5.7	28.2
Pharma	2.1	1.6	3.5	1.5	8.7	2.2	1.5	2.4	1.9	8.0	2.1	1.4	2.3	1.7	7.5	1.8	1.9	1.9	1.3	2.0
Trading	14.7	12.8	14.9	13.2	55.6	14.4	13.2	13.7	13.9	55.2	14.6	14.5	15.9	14.5	59.5	17.8	15.6	18.1	17.3	15.6
Others	4.1	4.8	4.7	7.3	20.9	4.0	4.6	5.8	9.6	24.0	5.4	4.3	4.6	7.2	21.5	4.6	5.9	7.2	5.4	6.6
Adjust	-11.0	-9.2	-11.0	-10.7	-41.9	-11.1	-10.3	-11.4	-13.7	-46.5	-12.2	-11.0	-11.8	-11.9	-46.9	-14.0	-13.3	-15.4	-12.8	-14.4
<b>Total</b>	<b>45.2</b>	<b>38.5</b>	<b>39.7</b>	<b>53.5</b>	<b>176.9</b>	<b>45.1</b>	<b>39.4</b>	<b>37.6</b>	<b>58.2</b>	<b>180.3</b>	<b>47.4</b>	<b>43.6</b>	<b>41.7</b>	<b>60.7</b>	<b>193.4</b>	<b>50.9</b>	<b>47.1</b>	<b>43.9</b>	<b>42.9</b>	<b>64.6</b>

(1) Including inter-segment sales/transfers

# FY2015-3Q FY2018 Quarterly OP by Segment

(¥billion)

	FY2015 Actual					FY2016 Actual					FY2017 Actual					FY2018 Actual			FY2018 Outlook as of Nov.2018	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	3Q	4Q
Chem	1.5	-0.1	1.2	1.3	3.9	1.5	-0.2	1.3	1.2	3.8	1.5	-0.2	1.2	0.9	3.4	1.6	-0.4	1.0	1.4	1.3
P.M	3.4	2.9	3.6	2.1	12.0	3.0	3.2	3.8	2.5	12.5	3.6	4.1	4.0	2.5	14.2	3.9	4.2	4.3	3.5	3.7
Agro	4.4	1.8	-1.3	5.9	10.8	4.5	2.4	-2.0	8.3	13.2	4.5	3.6	-0.6	8.9	16.4	5.1	4.7	-1.3	-1.4	10.0
Pharma	0.4	0.2	1.6	-0.2	2.0	0.6	0.0	0.8	0.3	1.7	0.5	0.0	0.6	0.1	1.2	0.3	0.3	0.4	0.1	0.5
Trading	0.5	0.4	0.5	0.4	1.8	0.4	0.4	0.5	0.4	1.7	0.4	0.5	0.5	0.4	1.8	0.6	0.5	0.6	0.5	0.5
Others	0.0	0.0	0.0	0.5	0.5	0.0	0.0	0.2	0.8	1.0	0.1	0.1	0.1	0.3	0.6	0.1	0.1	0.2	0.0	0.4
Adjust	-0.8	-0.3	-0.7	-0.6	-2.4	-0.5	-0.6	-0.6	-0.8	-2.5	-0.6	-0.8	-0.7	-0.5	-2.6	-0.9	-0.7	-0.8	-0.9	-0.9
<b>Total</b>	<b>9.4</b>	<b>4.9</b>	<b>4.9</b>	<b>9.4</b>	<b>28.6</b>	<b>9.5</b>	<b>5.2</b>	<b>4.0</b>	<b>12.7</b>	<b>31.4</b>	<b>10.0</b>	<b>7.3</b>	<b>5.1</b>	<b>12.6</b>	<b>35.0</b>	<b>10.7</b>	<b>8.7</b>	<b>4.4</b>	<b>3.2</b>	<b>15.5</b>

# Full Year FY2018 Outlook as of Nov. 2018 (no revision afterwards)

(¥billion)

	FY2017 Actual					FY2018 Outlook as of Nov. 2018					Change			Change (%)	
	1H	(3Q)	(4Q)	2H	Total	1H Actual	(3Q)	(4Q)	2H	Total	1H Actual	2H	Total	Total	
Sales	91.0	41.7	60.7	102.4	193.4	98.0	42.9	64.6	107.5	Record	205.5	+7.0	+5.1	+12.1	+6%
Operating Profit	17.3	5.1	12.6	17.7	35.0	19.4	3.2	15.5	18.7	Record	38.1	+2.1	+1.0	+3.1	+9%
Non-Operating Income/Expenses	0.5	1.0	-0.3	0.7	1.2	1.2	0.5	0.3	0.8		2.0	+0.7	+0.1	+0.8	-
Ordinary Income	17.8	6.1	12.3	18.4	36.2	20.6	3.7	15.8	19.5	Record	40.1	+2.8	+1.1	+3.9	+11%
Extraordinary Income/Loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	-	-	-	-
Net Income (1)	13.2	4.5	9.4	13.9	27.1	15.4	2.6	12.0	14.6	Record	30.0	+2.2	+0.7	+2.9	+11%
EBITDA (2)	22.0	7.8	15.7	23.5	45.5	24.4	-	-	24.8		49.2	+2.4	+1.3	+3.7	+8%
EPS (¥/share) (3)	87.40	30.28	62.62	92.90	180.30	103.53	-	-	98.39		201.92	+16.13	+5.49	+21.62	+12%
Dividend (¥/share)	32	-	-	36	68	40	-	-	42		82	+8	+6	+14	
Total amount of Dividend (3)	4.8	-	-	5.4	10.2	5.9	-	-	6.2		12.1	+1.1	+0.8	+1.9	
OP Margin	19.0%	12.3%	20.7%	17.3%	18.1%	19.8%	7.5%	24.0%	17.4%		18.5%	+0.8%	+0.1%	+0.4%	
ROE (3)	-	-	-	-	16.1%	-	-	-	-		16.9%			+0.8%	
FX Rate (¥/\$)	111	-	-	111		110	-	-	110						
Naphtha (¥/kl)	37,700	-	-	46,200		51,200	-	-	52,400						
Comprehensive Income	16.7	6.0	8.1	14.1	30.8	16.7									

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

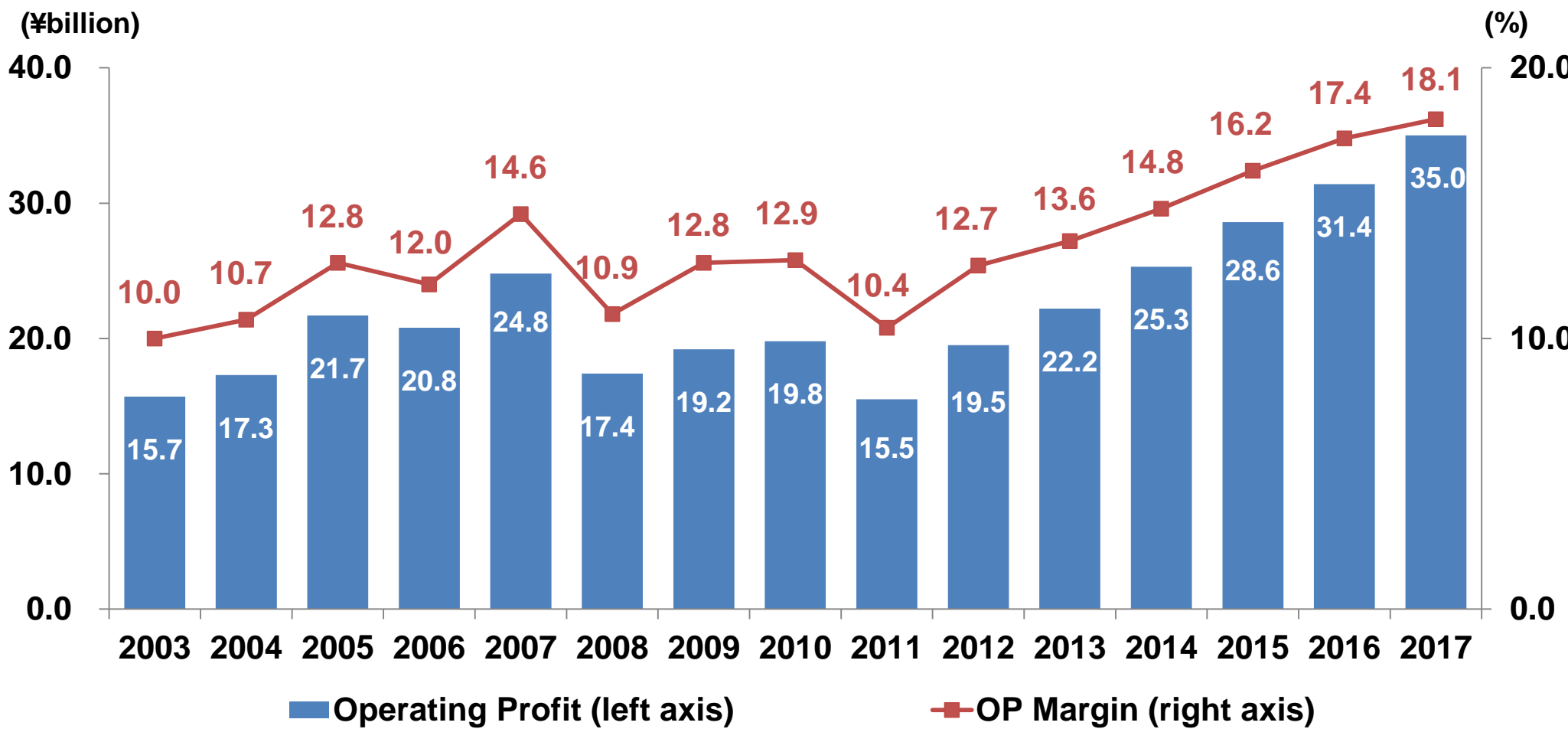
(2) EBITDA = Operating Profit + Depreciation

(3) FY2018 Outlook including effects of FY2018 share repurchase programs ¥5.0 billion ended on June 2018 and ¥4.0 billion announced on February 2019

(Blank)

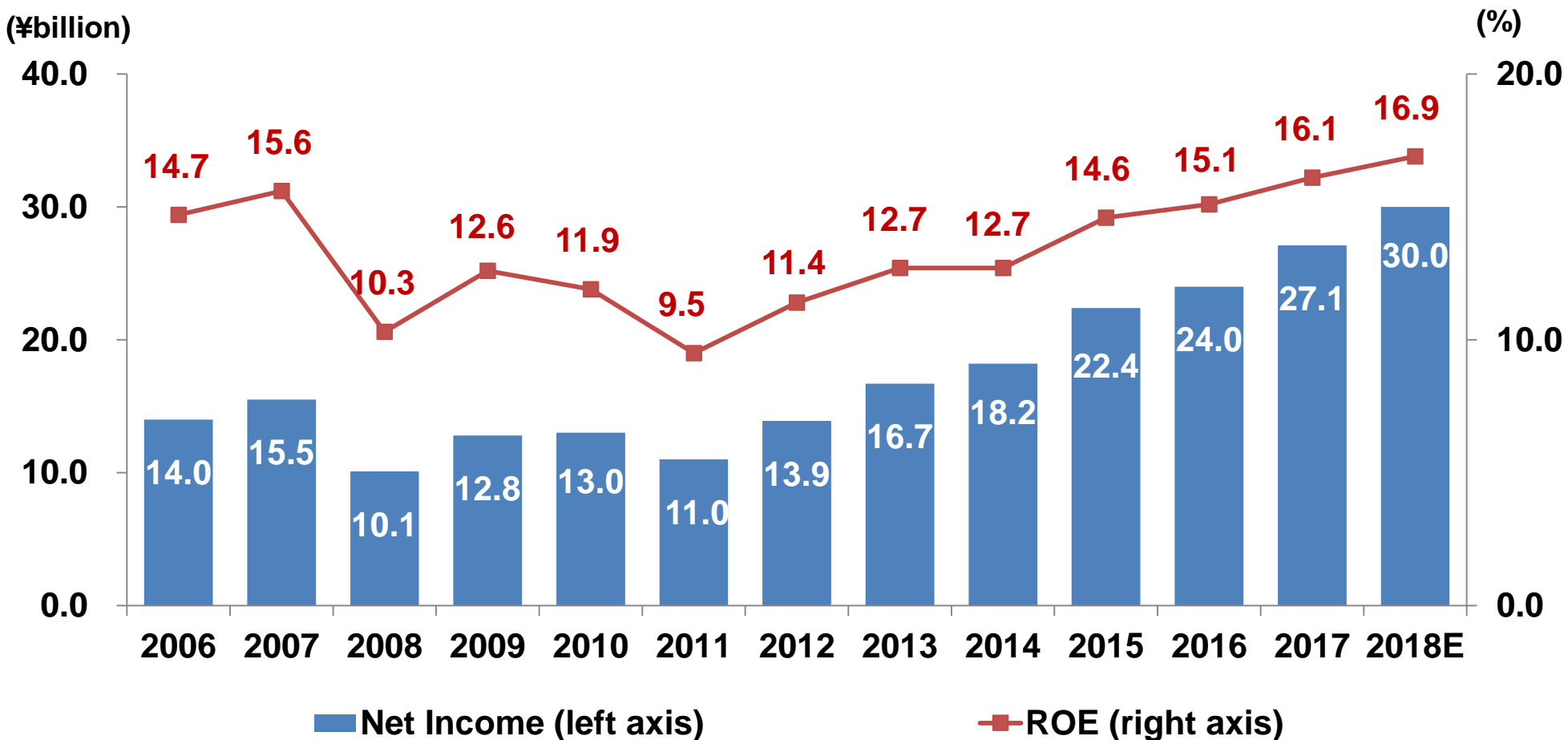
# Our Characteristics - (A) Recording Stable OP Margin

◆ NCC has recorded more than 10% OP margin in 15 consecutive years (FY2003-2017)



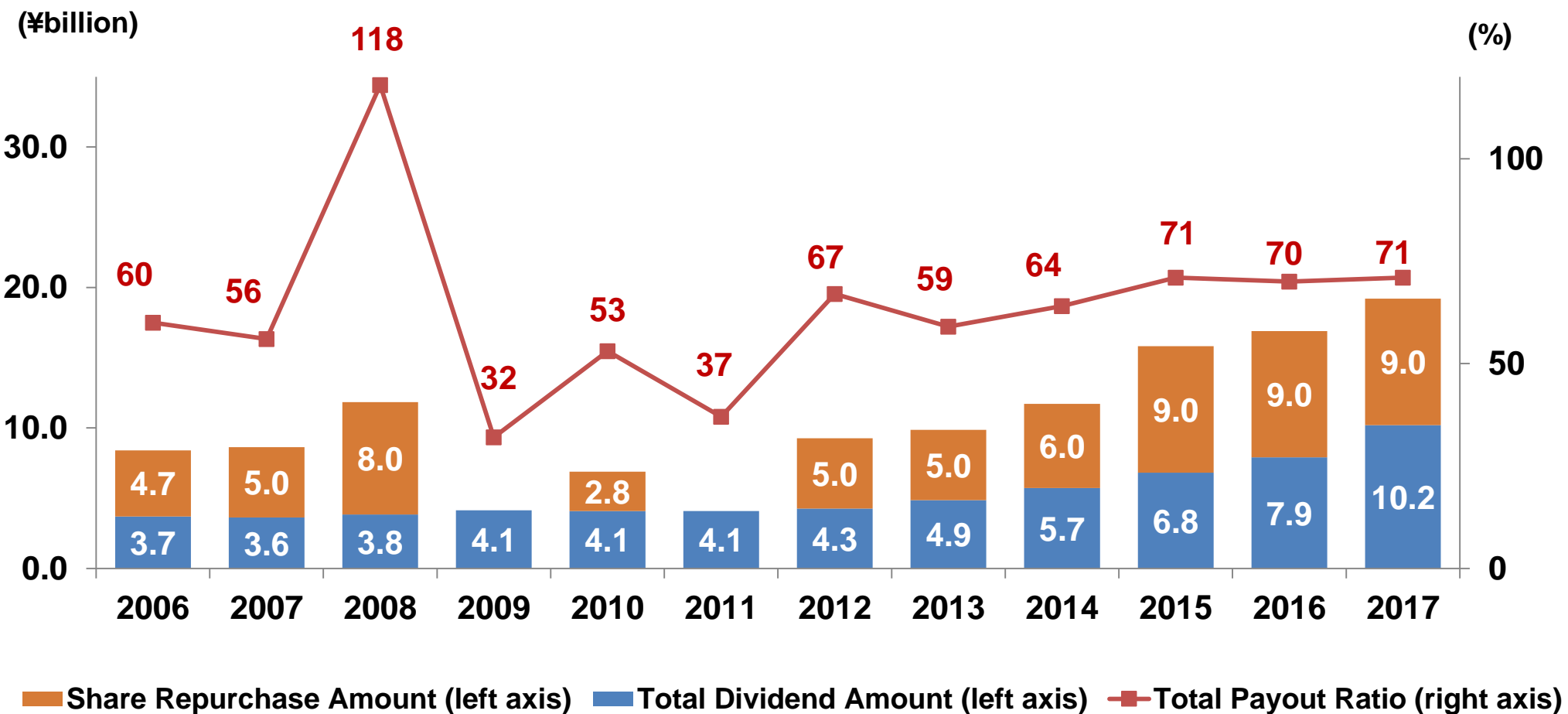
# Our Characteristics - (B) High ROE

- ◆ The most important financial indicator for a long time
- ◆ Target : Maintain above 14% (FY2017 Actual 16.1%)  
(Mid-Term Business Plan Vista 2021 (FY2016-2021))



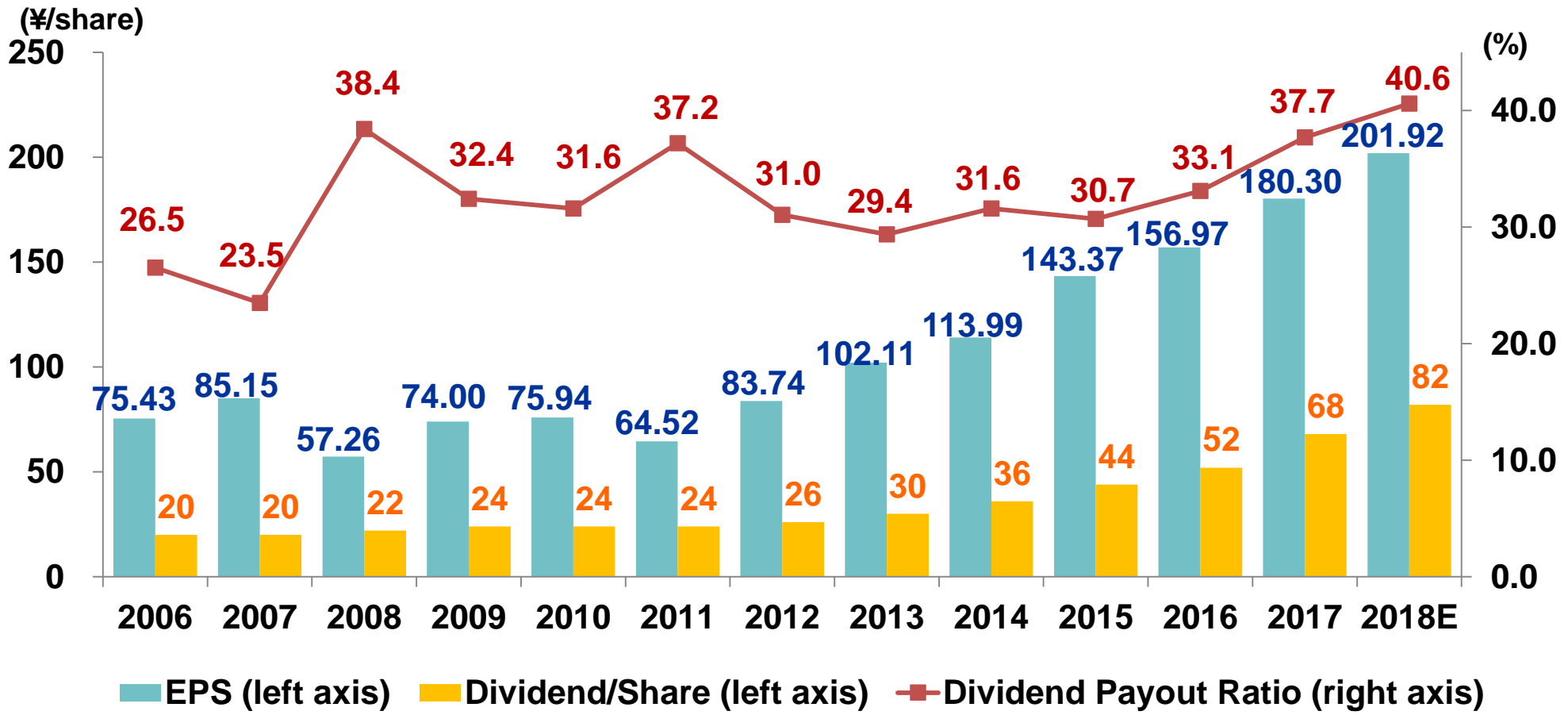
# Our Characteristics - (C) Shareholders Return Policy

- ◆ Maintaining an aggressive shareholders return policy
- ◆ Target : Maintain 70% total payout ratio (FY2017 Actual 70.7%)  
(Mid-Term Business Plan Vista 2021 (FY2016-2021))



# Our Characteristics - (D) Shareholders Return Policy - Dividend

- ◆ Maintaining about 30% dividend payout ratio in recent years
- ◆ Target : Gradually increase to 40% in FY2018  
 (FY2016 Actual 33.1%, FY2017 Actual 37.7%)  
 (Mid-Term Business Plan Vista 2021 (FY2016-2021))





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

- ◆ Started share repurchase in 2006 only to enhance ROE
- ◆ Repurchased ¥63.5 billion, 37.1 million shares (19.8% of shares issued) in total from FY2006 to FY2017
- ◆ **Cancelled all repurchased shares**
- ◆ Target : Continue to repurchase shares to achieve the 70% total payout ratio

## Shareholders Return FY2006 - 2017

Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Shares purchased (thousand shares)	3,500	3,399	7,355	0	2,167	0	6,372	3,263	2,764	3,333	2,621	2,292	37,066
Purchase costs (¥billion)	4.7	5.0	8.0	0.0	2.8	0.0	5.0	5.0	6.0	9.0	9.0	9.0	63.5
Shares cancelled (thousand shares)	3,000	3,635	7,000	0	3,000	0	6,000	4,000	3,000	2,000	2,000	3,000	36,635
Shares issued at FY end (million shares)	185	181	174	174	171	171	165	161	158	156	154	151	
Treasury shares at FY end (thousand shares)	1,367	1,233	1,660	1,709	885	886	1,258	522	287	1,621	2,242	1,535	

## ◆ FY2018 share repurchase programs

	1st (completed)	2nd (on going)
Total number of shares repurchased	1.0 million shares	Up to 0.9 million shares
Total amount	¥5.0 billion	Up to ¥4.0 billion
Period of repurchase	May 14, 2018 - June 8, 2018	February 12, 2019 -

Cancellation of treasury shares : 1.0 million shares in May 8, 2018 and 1.0 million shares in August 31, 2018

## ◆ Cash Management Policy

Aiming to control cash balance around the level of

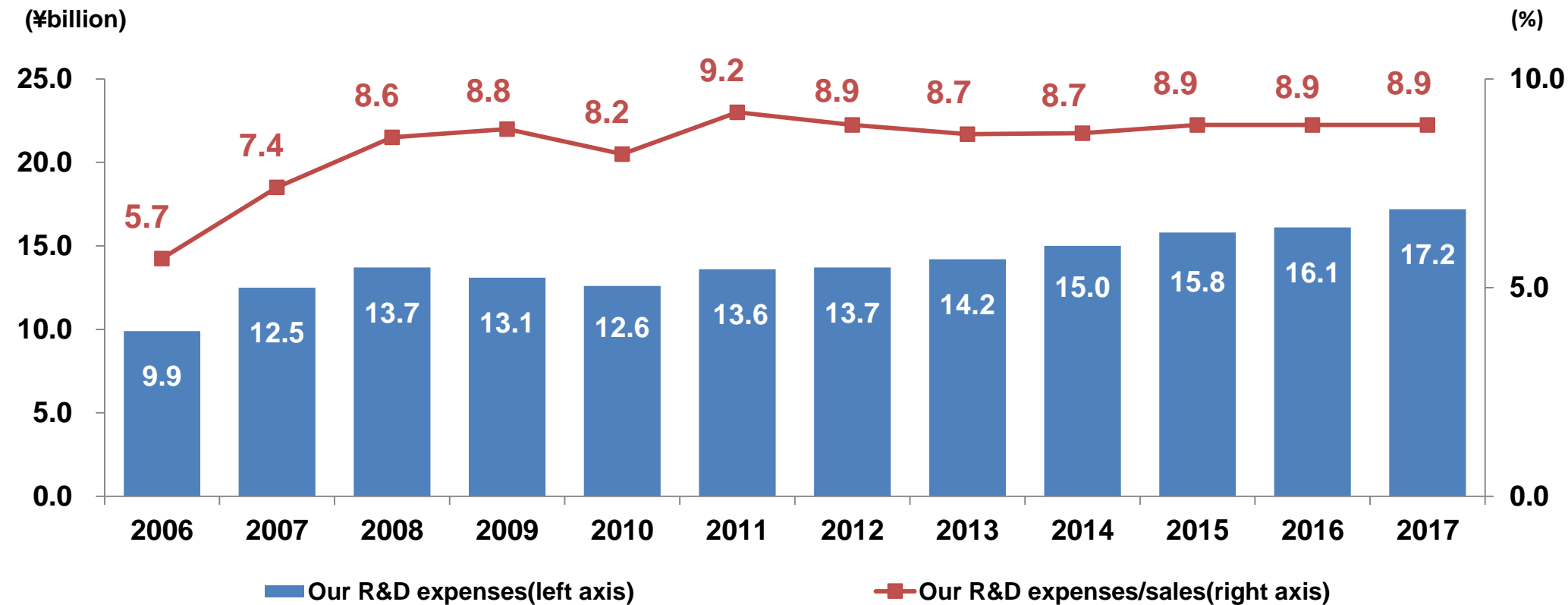
= Minimum required level

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

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

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

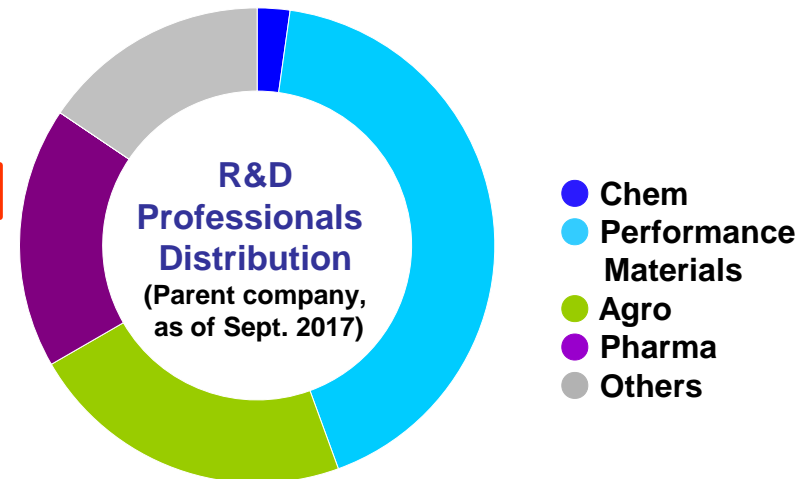
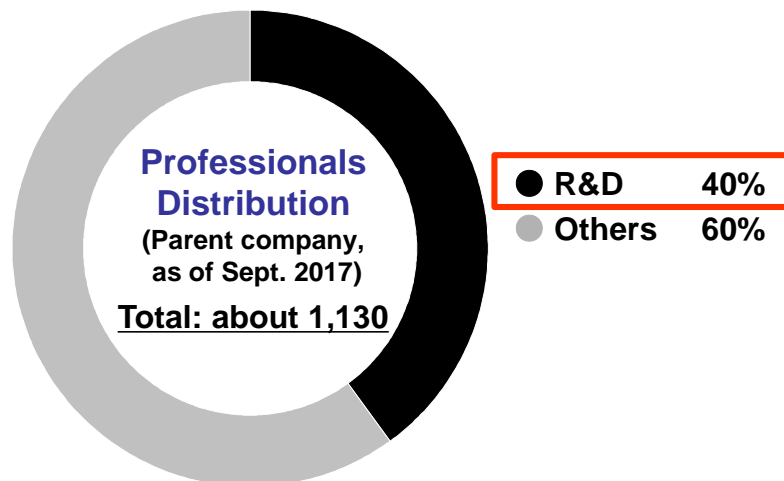
- ◆ FY2017 R&D expenses/sales: 8.9%
- ◆ Target: Maintain above 8% R&D expenses/sales  
(Mid-Term Business Plan Vista 2021 (FY2016-2021))
- ◆ 40% of profession staff assigned to R&D centers



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

## ◆ R&D by segment

Segment	FY2017 Actual				
	Sales (¥billion)	OP (¥billion)	OP margin	R&D expenses (¥billion)	% of Sales
Chemicals	34.9	3.4	9.7%	0.6	1.7%
Performance Materials	58.8	14.2	24.1%	8.1	13.8%
Agrochemicals	58.1	16.4	28.2%	4.3	7.4%
Pharmaceuticals	7.5	1.2	16.0%	2.5	33.3%
Others	-	-	-	1.7	-
<b>Total (including others and adjustment)</b>	<b>193.4</b>	<b>35.0</b>	<b>18.1%</b>	<b>17.2</b>	<b>8.9%</b>



# Forward Looking Statements

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

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



**Nissan Chemical**  
CORPORATION