

FYE March 2018 Third Quarter Financial Highlights

NAGASE & CO., LTD.
February 5, 2018

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NAGASE achieved record highs for sales and all profits for the cumulative consolidated third quarter

■ **Net sales:** Higher, mainly due to strong sales in all segments and the lower valuation of the yen

■ **Operating income:** Higher, mainly due to operating profit growth and lower amortization of retirement benefit accounting actuarial differences

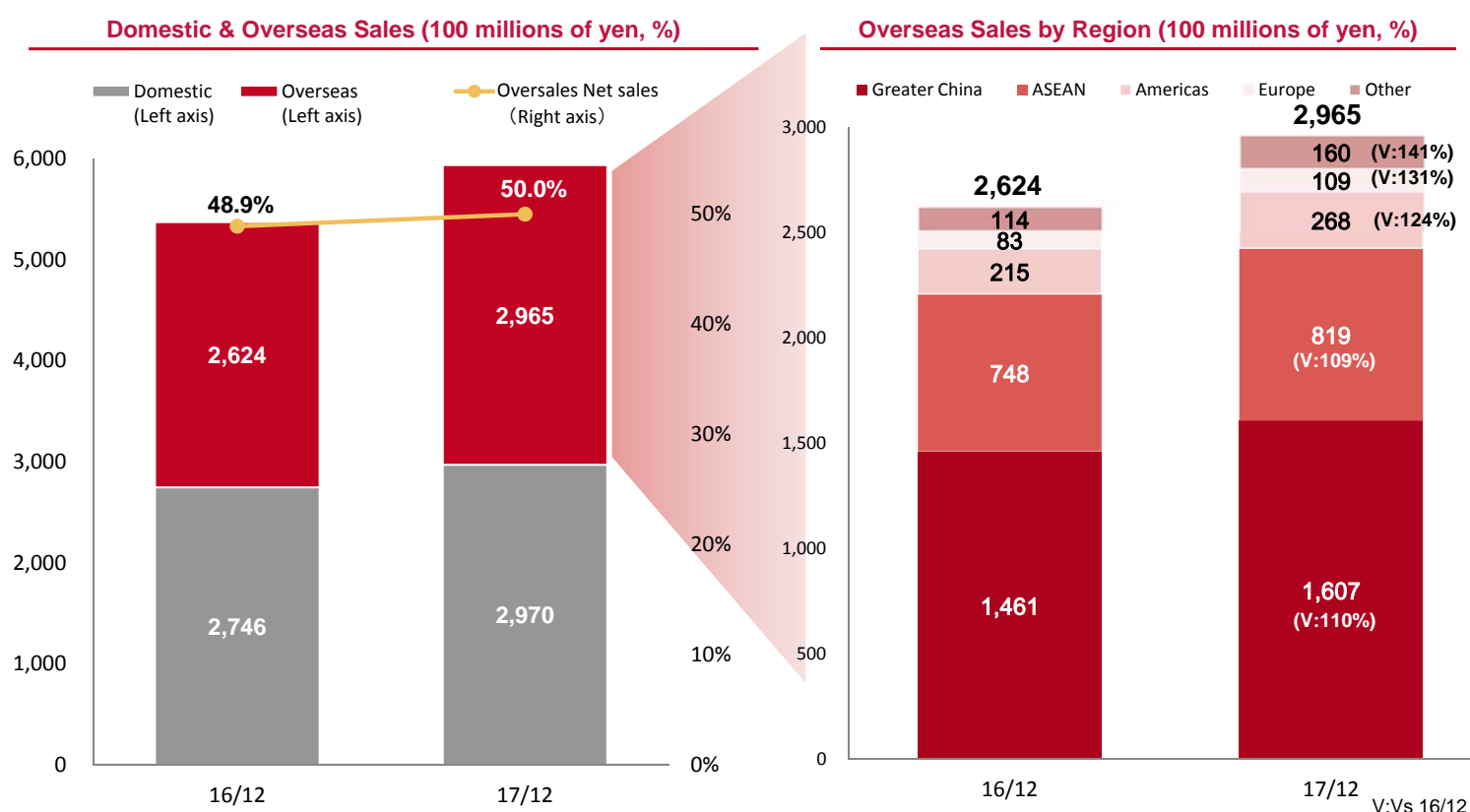
(100 millions of yen)

	16/12	17/12	Change	Vs. PY	Revised Forecast (full year)
Net sales	5,370	5,935	+564	111%	7,710
Gross profit	682	779	+96	114%	1,000
<GP ratio>	12.7%	13.1%	+0.4%	—	13.0%
SG&A expenses	565	575	+10	102%	765
Operating income	116	203	+86	174%	235
Ordinary income	127	221	+93	174%	255
Profit attributable to owners of the parent	88	146	+57	165%	160
US\$ Exchange rate (period average)	@106.6	@111.7	@5.1devaluation		@111.0
RMB Exchange rate (period average)	@15.9	@16.6	@0.7devaluation		@16.4

【 Foreign exchange rate impact on 17/12 net sales and operating income results 】
 Net sales: +¥15 billion (approx.) Operating income: +¥530 million (approx.)

Net Sales by Region (Domestic, Overseas)

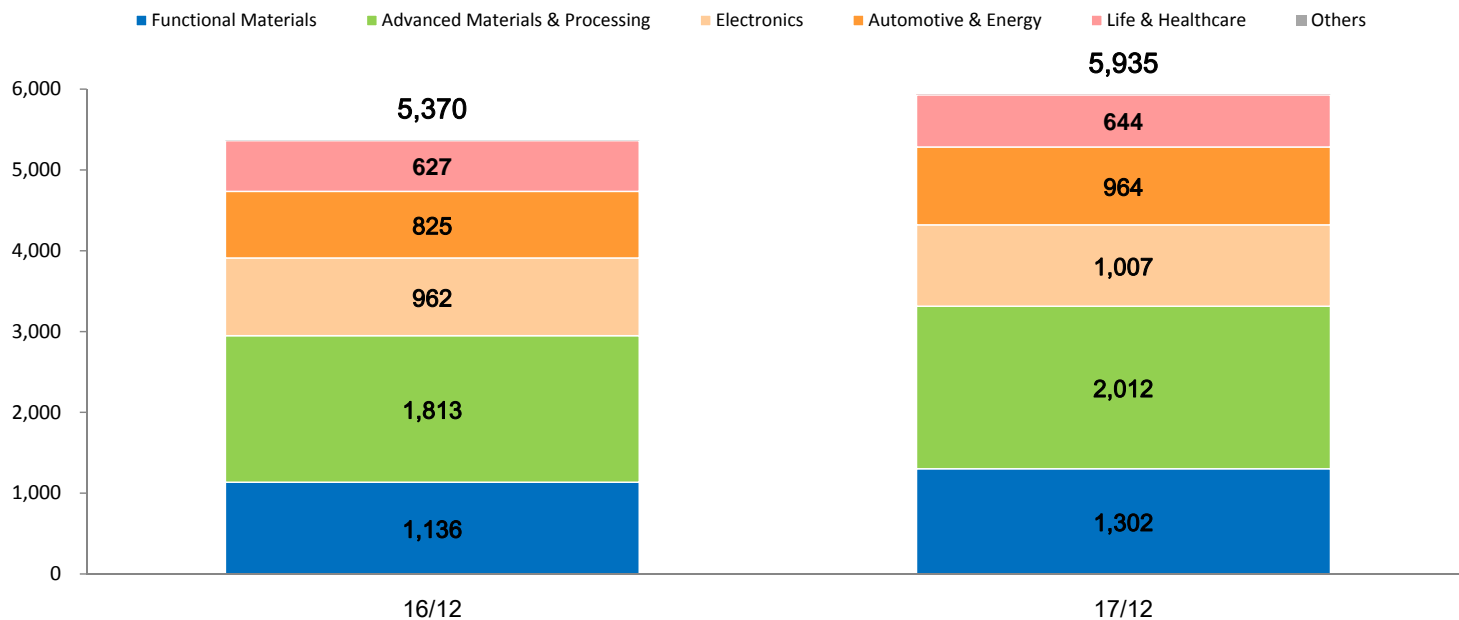
■ **Higher sales in Japan and every region overseas (overseas ratio of total sales 50.0%)**



Net Sales: Two-Year Comparison (by Segment)

- **Functional Materials:** Higher sales, mainly due to improved sales of coating raw materials and urethane materials associated with higher production of automobiles, improved sales of fluorochemical for use in semiconductor, and the impact of acquisition of Fitz Chem Corporation (U.S. specialty chemicals distributor)
- **Advanced Materials & Processing:** Higher sales mainly due to increase in sales of plastics in Japan and overseas

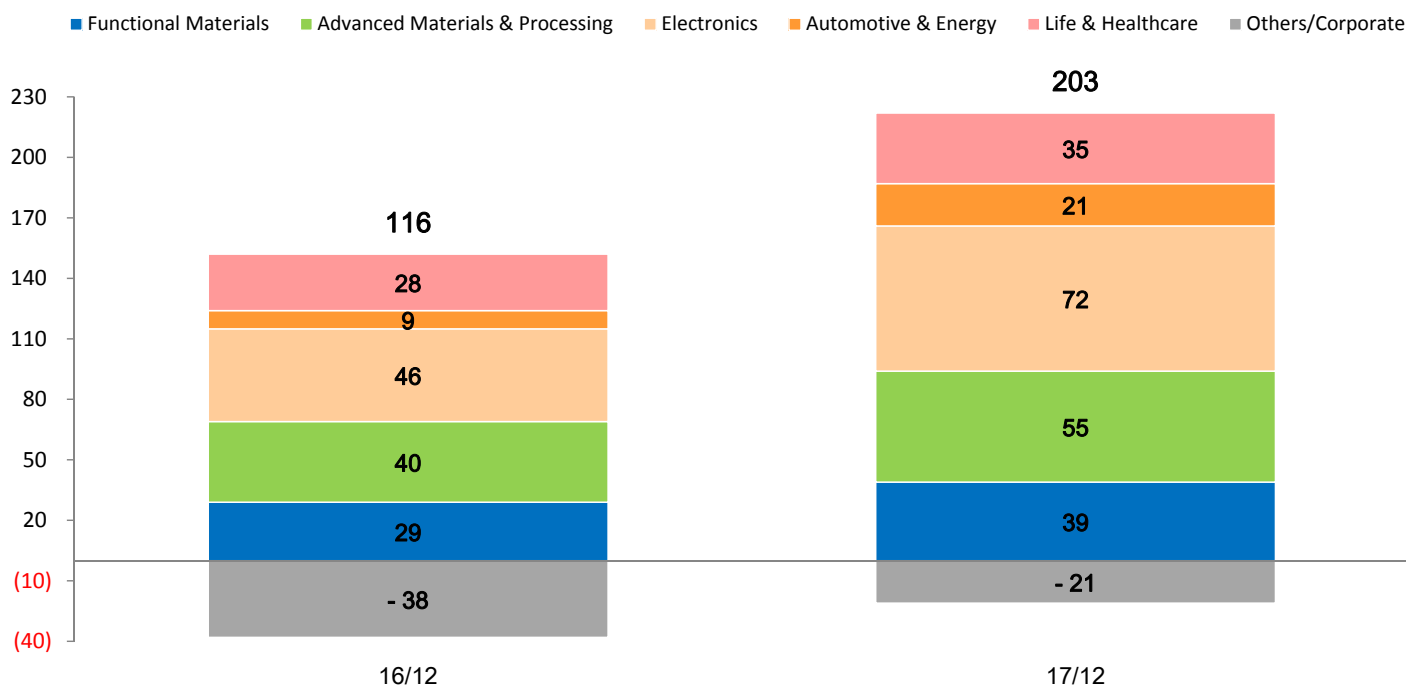
Net Sales by Segment (100 millions of yen)



Operating income: Two-Year Comparison (by Segment)

- In addition to higher sales among all segments, growth of manufacturing subsidiaries in Electronics, Advanced Materials & Processing, and other segments also had a positive impact.
- In addition to the preceding, lower amortization of retirement benefit accounting actuarial differences for the Others/Corporate segment resulted in overall increase in operating income of ¥8.6 billion.

Operating income by Segment (100 millions of yen)



- **Assets:** Increase of ¥63.7 billion, mainly due to increases in accounts receivable and inventories, as well as rising investments in securities due to gains in fair market prices
- **Net assets:** Increase of ¥21.8 billion, mainly due to profit attributable to owners of the parent of ¥14.6 billion and increase in net unrealized holding gain on securities
- **Shareholders' Equity Ratio** down 2.2 points to 52.5%

Assets				Liabilities and Net Assets (100 millions of yen)			
	17/03	17/12	Change		17/03	17/12	Change
Total current assets	3,212	3,677	+465	Total current liabilities	1,664	1,944	+279
Cash and time deposits	398	457	+59	Notes and accounts payable	1,020	1,236	+215
Notes and accounts receivable	2,068	2,382	+314	Loans and Commercial paper and Current portion of bonds	416	468	+51
Inventories	631	731	+100	Other	227	239	+12
Other	114	105	-8	Total long-term liabilities	690	830	+139
Total non-current assets	2,095	2,268	+172	Long-term loans and Bonds	400	486	+85
Property, plant and equipment	676	695	+19	Net defined benefit liability	146	146	-0
Intangible fixed assets	407	425	+17	Other (Deferred tax liabilities, etc.)	143	198	+54
Investments, other assets	1,011	1,147	+135	Total liabilities	2,355	2,774	+418
Investments in securities	945	1,084	+138	Total net assets	2,951	3,170	+218
Other	66	63	-2	Shareholders' equity	2,396	2,495	+99
				Accumulated other comprehensive income	505	623	+117
				Net unrealized holding gain on securities	476	570	+93
				Translation adjustment	31	54	+22
				Other	-2	-1	+1
				Non-controlling interests	49	51	+1
Total assets	5,307	5,945	+637	Total liabilities and net assets	5,307	5,945	+637



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

These presentation materials contain forward-looking projections based on assumptions, forecasts, and plans as of February 5, 2018. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.