

**A Statement of Accounts**  
**For the Nine Months Ended December 31, 2014**  
**3rd Quarter in Fiscal Year 2014**  
**(3Q-FY2014)**

**SANYO CHEMICAL INDUSTRIES, LTD.**

<http://www.sanyo-chemical.co.jp/>

Code: 4471



### <Notice>

Yen amounts described in this presentation material are rounded down.  
Ratios described in this presentation material are rounded off.

### <Cautionary Statement with Respect to Forward-Looking Statement>

This presentation material contains projections based on the assumptions, forward-looking statements and plans about the future of SANYO CHEMICAL INDUSTRIES, LTD. as of January 30, 2015. Actual performance results may vary significantly due to a variety of factors affecting the sphere of business that include but are not limited to: the world economy, competitive position, and fluctuations in the exchange rate, raw material costs, and others.

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## Corporate Data

Date of Establishment: November 1, 1949

Head Office: Higashiyama-ku, Kyoto

Capital: ¥13,051 million

Domestic Sales & Marketing Offices:

Tokyo, Osaka, Nagoya, Hiroshima, Fukuoka, Toyama

Domestic Factories:

Nagoya, Kinuura, Kashima, Kyoto, Kawasaki (San Chemical)

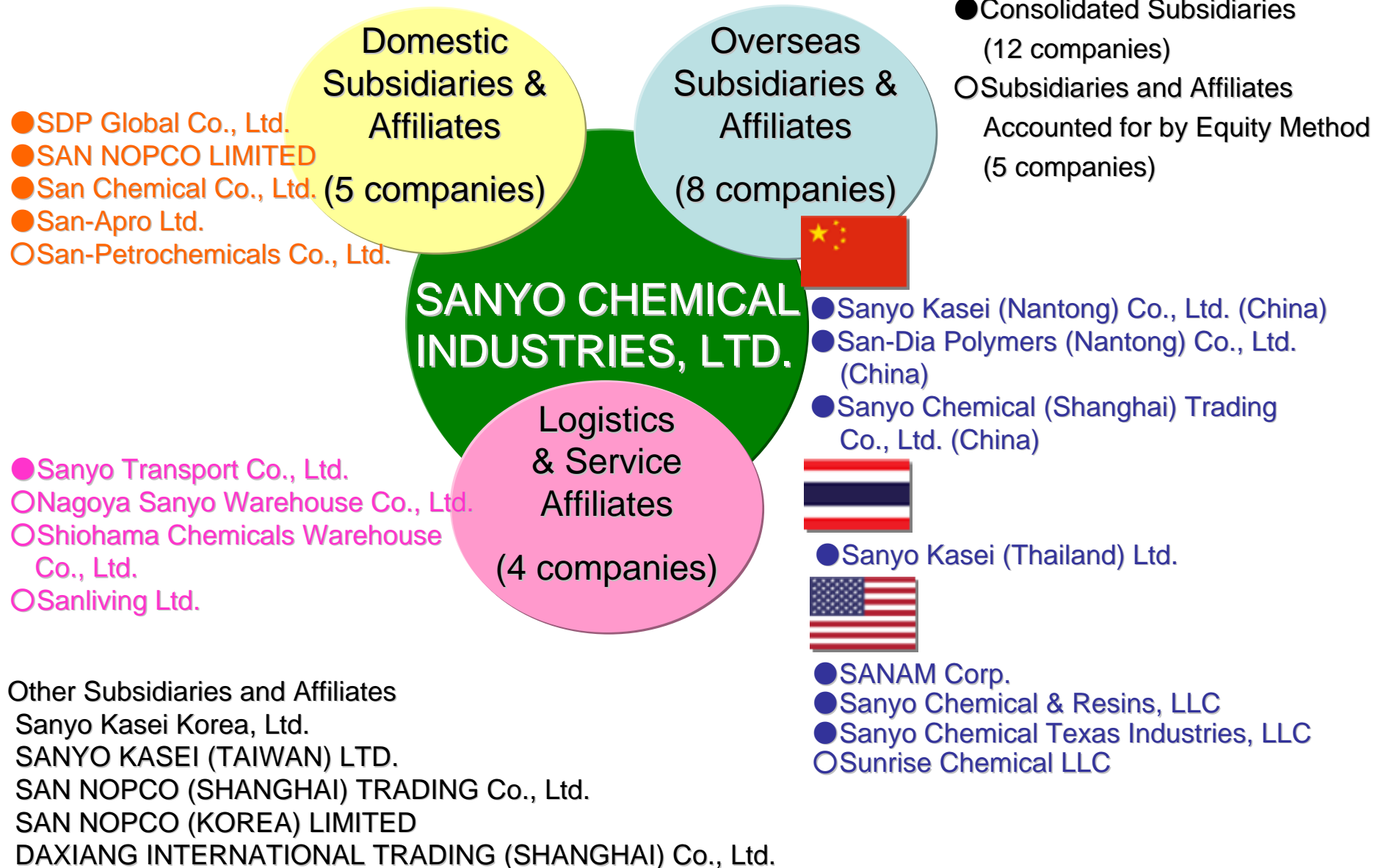
Consolidated Number of Employees:

1,971 (as of Dec. 31, 2014)

Line of Business:

Manufacture & sales of approx. 3,000 types of performance chemicals

# Sanyo Chemical Group



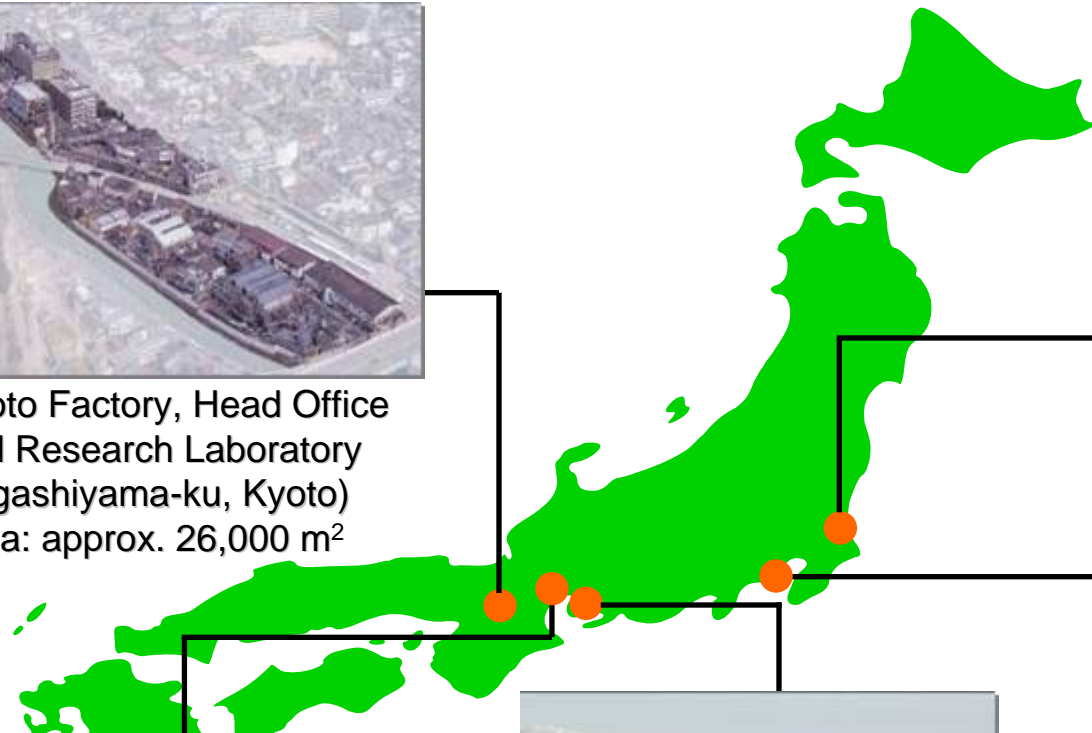
# Domestic Production Bases



Kyoto Factory, Head Office and Research Laboratory (Higashiyama-ku, Kyoto)  
Area: approx. 26,000 m<sup>2</sup>



Kashima Factory (Kamisu, Ibaraki)  
Area: approx. 130,000 m<sup>2</sup>



Nagoya Factory (Tokai, Aichi)  
Area: approx. 100,000 m<sup>2</sup>




Kinuura Factory (Handa, Aichi)  
Area: approx. 140,000 m<sup>2</sup>



San Chemical Co., Ltd. Kawasaki Factory (Kawasaki, Kanagawa)  
Area: approx. 11,000 m<sup>2</sup>

# Overseas Production Bases

 Sanyo Kasei (Nantong) Co., Ltd.



 San-Dia Polymers (Nantong) Co., Ltd.



 Sanyo Kasei (Thailand) Ltd.



 Sanyo Chemical Texas Industries, LLC



 Sanyo Chemical & Resins, LLC


# Overseas Sales Office



 Sanyo Chemical (Shanghai) Trading Co., Ltd.

 SAN NOPCO (SHANGHAI) TRADING Co., Ltd.

 Sanyo Kasei Korea, Ltd.

 SAN NOPCO (KOREA) LIMITED



 Sanyo Kasei (Thailand) Ltd.



 SANYO KASEI (TAIWAN) LTD.



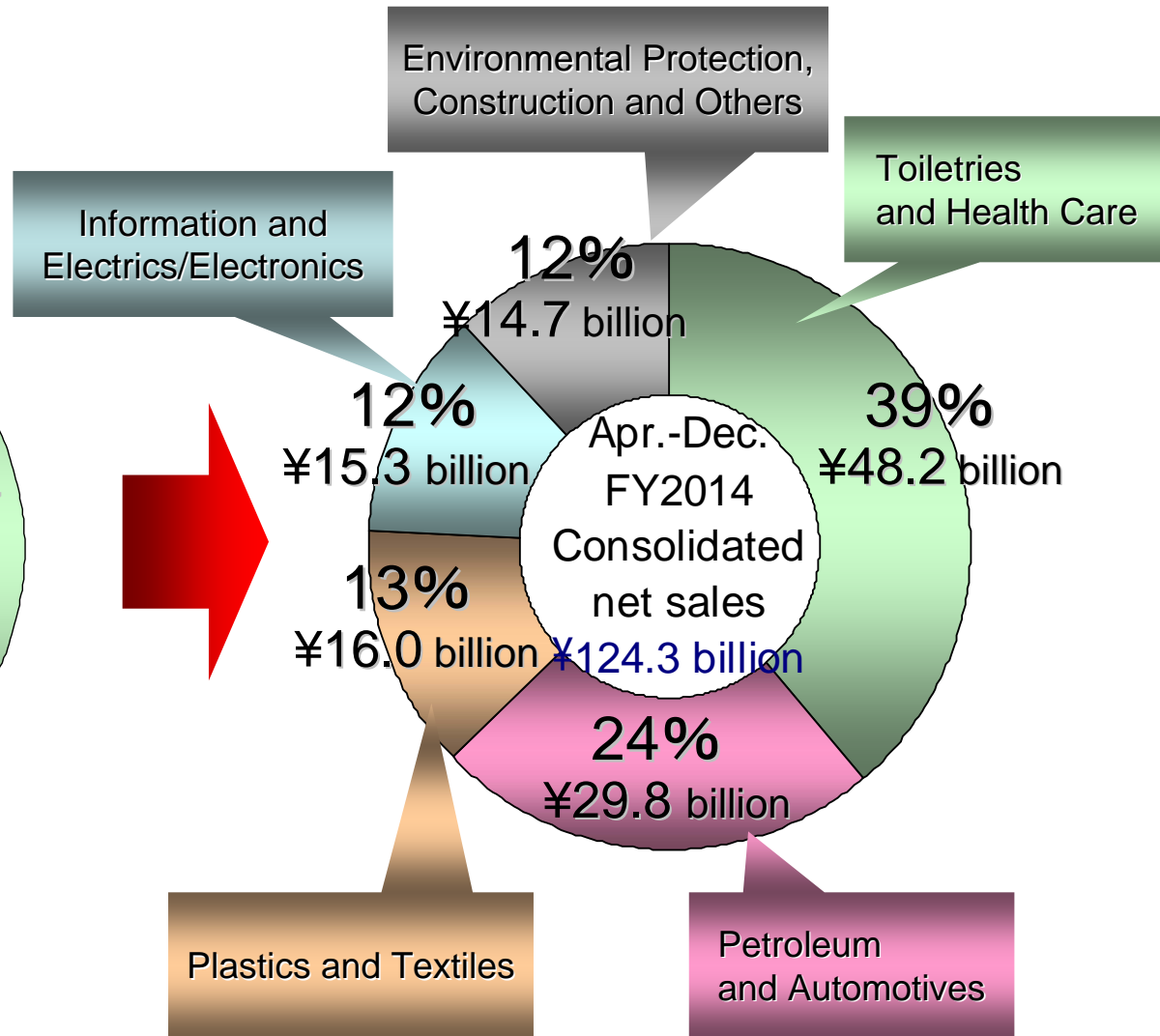
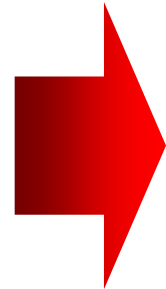
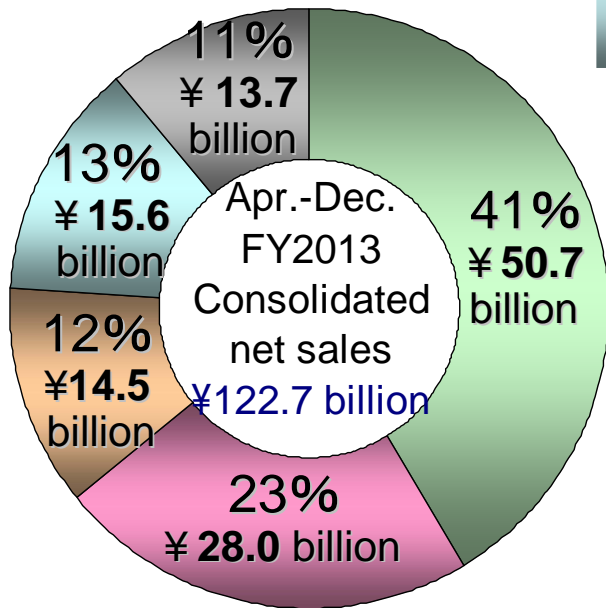
 SANAM Corp.

# Principal Products by Product Group

Class.	Sub-Category	Principal Products
Toiletries and Health Care	Toiletries	Surfactants for Detergents, Surfactants for Hair Care Products, Agents for Papermaking
	Health Care	Superabsorbent Polymers (SAPs), Base Materials for Pharmaceuticals, Germicides/Disinfectants, Surgical Hemostatic Agent, EIA Diagnostic Reagents, Potting Resins for Artificial Kidneys
Petroleum and Automotives		Thermoplastic Polyurethane Beads for the Interior Parts of Automobiles (TUBs), Raw Materials for Polyurethane Foams (PPG), Lubricating Oil Additives, Additives for Fuel Oils, Water-Soluble Cutting Fluids, Halogen-Free Cleaning Agents, Base Materials for Synthetic Lubricants, Paste Resins for Design Models, Resins for Automobile Paints
Plastics and Textiles	Plastics	Permanent Antistatic Agents, Pigment Dispersants, Resin Modifiers, Base Materials for Polyurethane Elastomers, Paint Resins, Chemical Boards for Models
	Textiles	Agents for Textile Manufacturing, Chemicals for Carbon Fibers, Agents for Fiberglass, Polyurethane Resins for Synthetic Leather
Information and Electrics /Electronics	Information	Polyester Beads (PEBs) Used as a Core Component of Polymerization Toners, Toner Resins
	Electrics /Electronics	Electrolytes for Aluminum Electrolytic Capacitors, Electrolytes for Electric Double-Layer Capacitors, Adhesive for Electronic Parts, Agents for Use in Electronic Parts Manufacturing, UV/EB Curing Resins
Environmental Protection, Construction and Others		Polymer Flocculants for Wastewater Treatment, PPG for Furniture and Heat Insulating Materials, Slurry Agents, Reactive Hot-Melt Adhesives, Raw materials for Building Sealants, Cement Agents



# Net Sales by Product Group



# Results of Operations for 3Q in FY2014

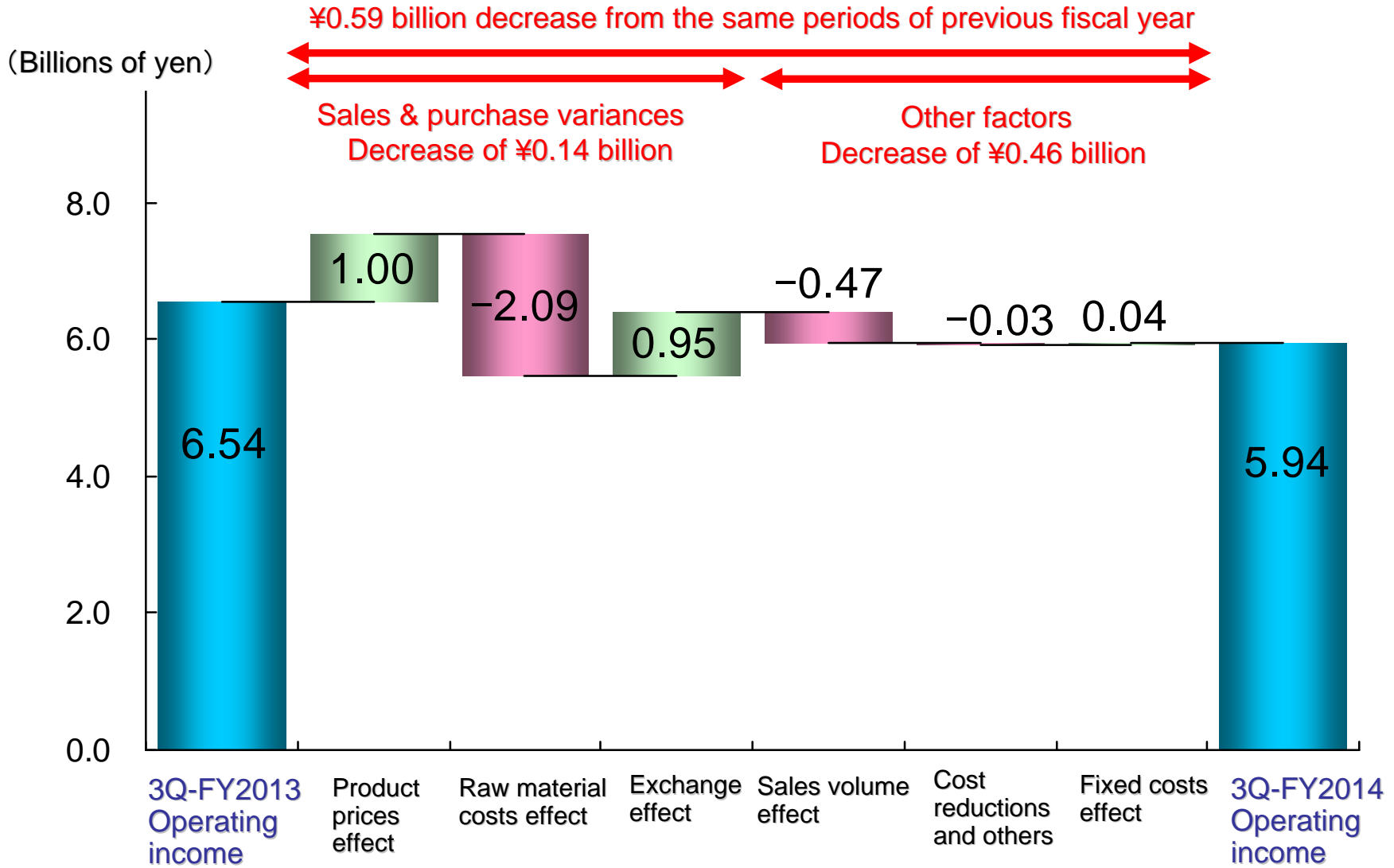
(Billions of yen)

Consolidated	Apr.-Dec.		Year on Year Change	
	FY2013	FY2014	Amount	Ratio (%)
Net sales	122.76	124.31	1.54	1
Operating income	6.54	5.94	(0.59)	(9)
Ordinary income	7.64	7.13	(0.50)	(7)
Net income	4.56	4.21	(0.34)	(8)
Comprehensive income	9.48	9.08	(0.39)	(4)

(Billions of yen)

Non-consolidated	Apr.-Dec.		Year on Year Change	
	FY2013	FY2014	Amount	Ratio (%)
Net sales	75.61	78.56	2.94	4
Operating income	2.67	2.41	(0.25)	(10)
Ordinary income	4.38	4.07	(0.30)	(7)
Net income	3.41	3.03	(0.38)	(11)

# Change in Consolidated Operating Income



# Change in Consolidated Net Income

(Billions of yen)

	April-Dec.		Year on Year Change
	FY2013	FY2014	
Operating income	6.54	5.94	(0.59)
Equity in earnings of unconsolidated subsidiaries and affiliates	0.02	0.56	0.53
Gain or loss on foreign exchange	0.55	0.51	(0.03)
Other non-operating profit and loss	0.51	0.10	(0.40)
Ordinary income	7.64	7.13	(0.50)
Gain and Loss on disposal/sales of property, plant and equipment	(0.49)	(0.46)	0.03
Other extraordinary income or loss	0.14	(0.13)	(0.27)
Income before income taxes and minority interests	7.29	6.53	(0.75)
Income taxes, etc.	(2.05)	(1.74)	0.30
Minority interests	(0.67)	(0.58)	0.09
Net income	4.56	4.21	(0.34)

# Consolidated Balance Sheet

(Billions of yen)

	Mar. 31 2014	Dec. 31 2014	Changed amount	Main Change Factor*
Current assets	81.2	91.4	10.2	Cash and deposits: 1.3, Notes and accounts receivable-trade: 6.5, Inventories: 1.8
Fixed assets	85.2	90.0	4.7	Property, plant and equipment: (0.8), Investment securities: 5.9
<b>Assets</b>	<b>166.5</b>	<b>181.5</b>	<b>14.9</b>	
Current liabilities	53.8	59.7	5.8	Notes and accounts payable-trade: 6.2, Short-term debt: 0.7
Long-term liabilities	8.7	10.3	1.5	Long-term debt: 0.6, Net defined benefit liability: (1.2), Deferred tax liabilities: 2.3
<b>Liabilities</b>	<b>62.6</b>	<b>70.0</b>	<b>7.4</b>	
Shareholder's equity	89.9	92.8	2.9	Net income: 4.2, Cash dividends paid: (1.6)
Other comprehensive income	9.2	13.4	4.1	Unrealized gains on other securities: 3.6, Foreign currency translation adjustment: 0.4
Minority interests	4.7	5.1	0.4	
<b>Net assets</b>	<b>103.9</b>	<b>111.4</b>	<b>7.5</b>	
<b>Total Liabilities and net assets</b>	<b>166.5</b>	<b>181.5</b>	<b>14.9</b>	

\* Each figure indicates the changed amount.

# Consolidated Cash Flows

(Billions of yen)

	April-Dec.		Changed amount	Main Change Factor*
	FY2013	FY2014		
Operating activities	12.2	7.9	(4.3)	
Income before income taxes and minority interests	7.2	6.5	(0.7)	
Depreciation and amortization	7.0	7.0	(0.0)	
Equity in earning of unconsolidated subsidiaries and affiliates	(0.0)	(0.5)	(0.5)	
(Increase) decrease in operating capital	0.9	(2.0)	(2.9)	Notes and accounts receivable-trade: (3.4), Inventories: (1.7), Notes and accounts payable: 2.2
Income taxes	(2.0)	(2.3)	(0.3)	
Others	(0.8)	(0.6)	0.2	
Investing activities	(6.1)	(6.0)	0.1	
Free cash flows	6.1	1.9	(4.1)	
Financing activities	(0.8)	(0.6)	0.1	(3Q in FY2014) Loans, Repayment: 1.2, Cash dividends paid: (1.6)
Effect of exchange rate changes on cash and cash equivalents	0.3	0.1	(0.2)	
Increase (decrease) in cash and cash equivalents	5.6	1.3	(4.2)	
Cash and cash equivalents at beginning of period	10.1	15.4	5.3	
Cash and cash equivalents at end of period	15.7	16.8	1.0	

\* Each figure indicates the changed amount.

# Forecast for FY2014

(Billions of yen)

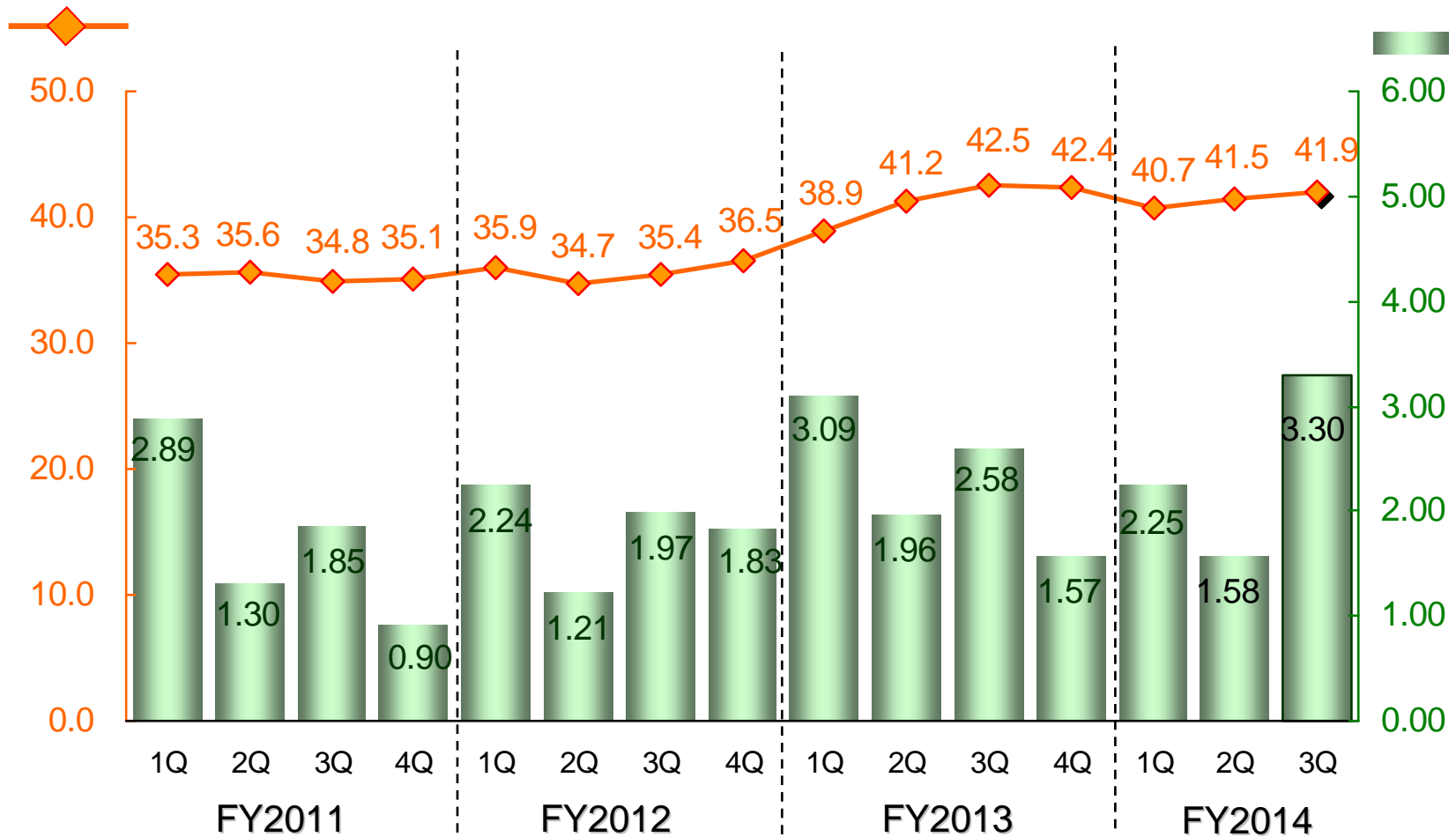
Consolidated	FY2014 Annual	Apr.-Dec. FY2014		FY2013 Annual
	Forecast	Result	Progress to Forecast (%)	Result
Net sales	172.00	124.31	72	165.18
Operating income	8.80	5.94	68	8.11
Ordinary income	10.00	7.13	71	9.21
Net income	6.00	4.21	70	4.91

Non-consolidated	FY2014 Annual	Apr.-Dec. FY2014		FY2013 Annual
	Forecast	Result	Progress to Forecast (%)	Result
Net sales	105.00	78.56	75	102.14
Operating income	3.50	2.41	69	3.21
Ordinary income	5.50	4.07	74	5.36
Net income	4.00	3.03	76	(0.26)

# Consolidated Business Result Trend

Net sales  
(Billions of yen)

Ordinary income  
(Billions of yen)

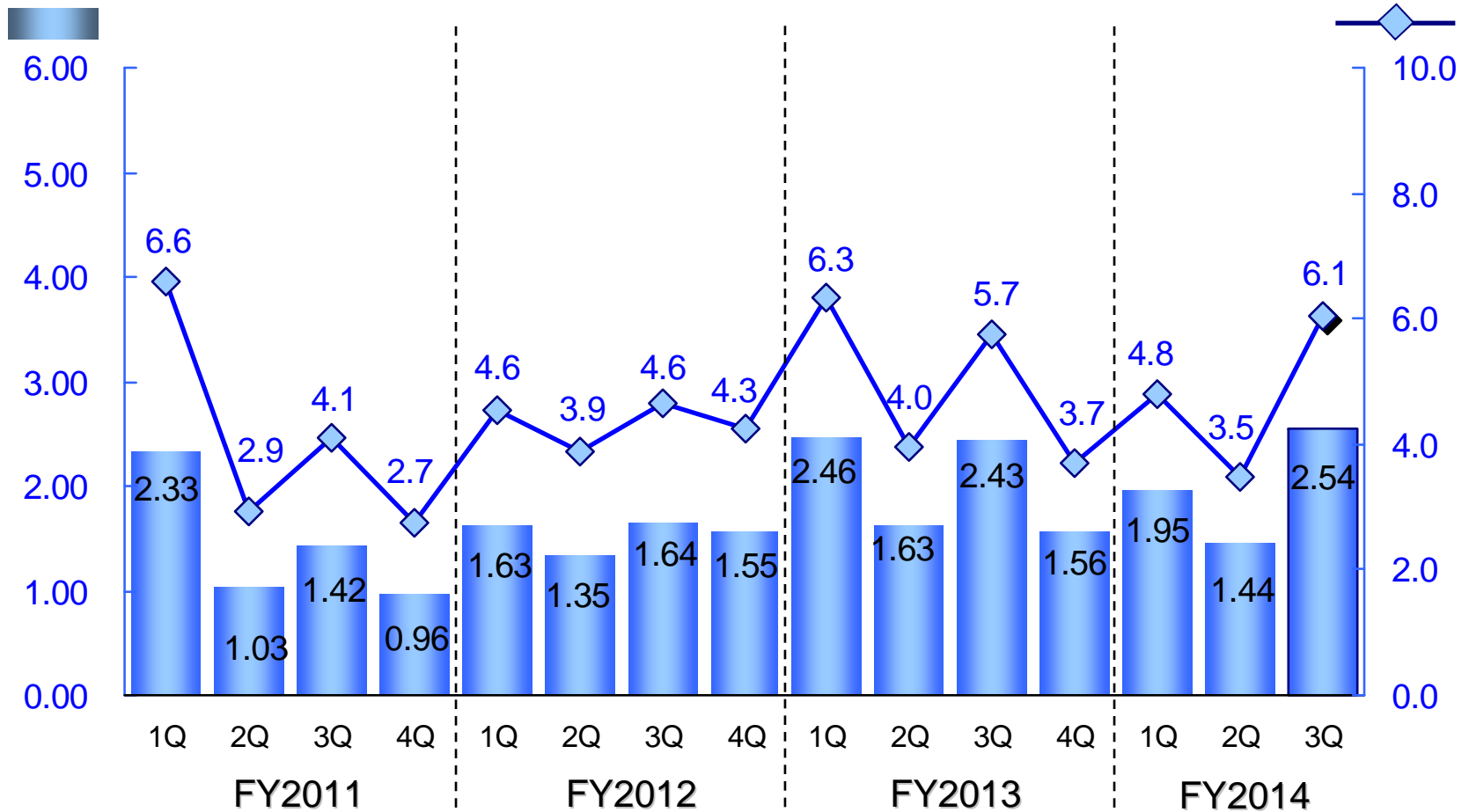




# Consolidated Operating Income Trend

Operating income  
(Billions of yen)

Operating income  
ratio (%)



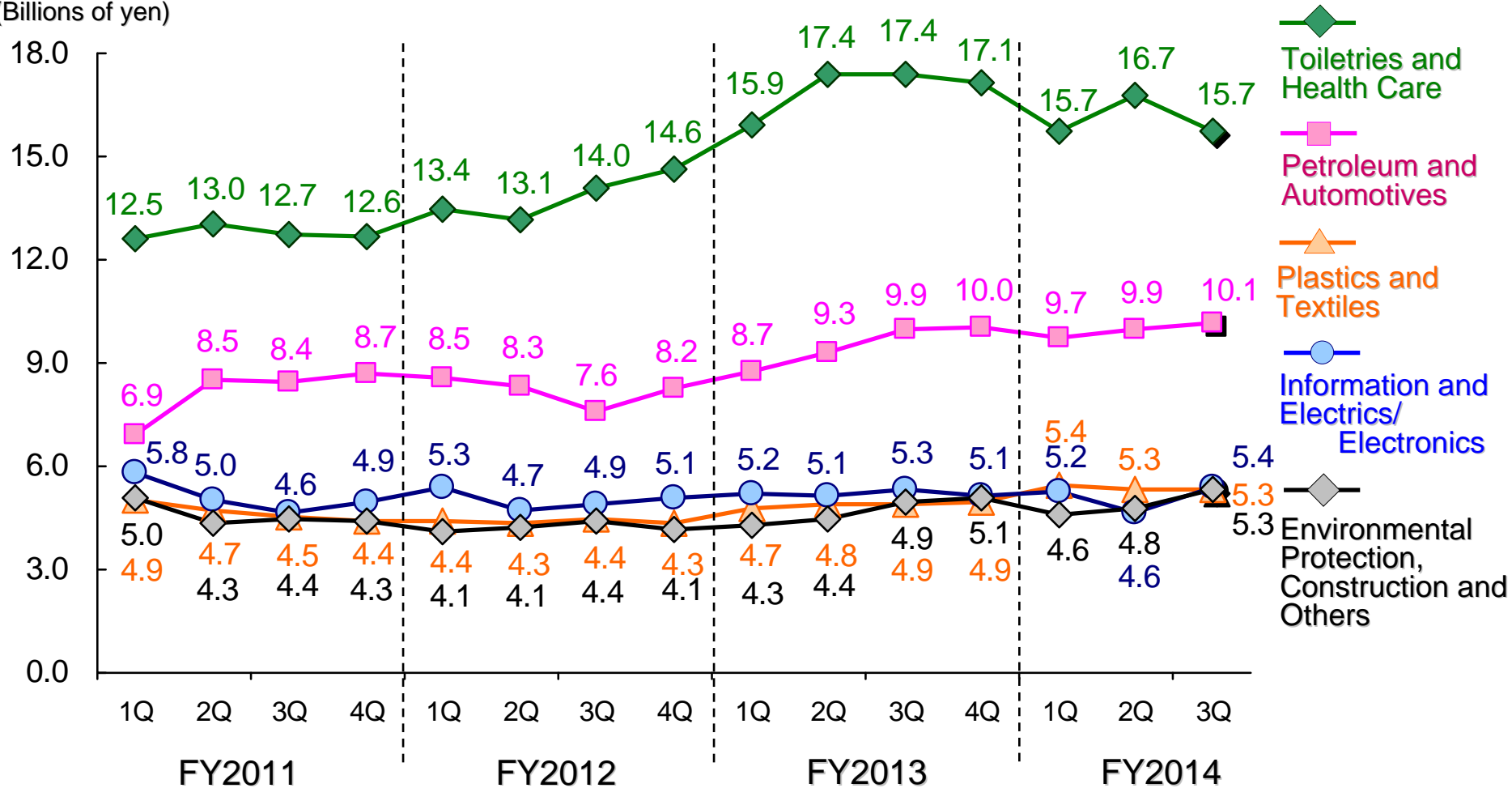
# Consolidated Net Sales by Product Group

(Billions of yen)

Product Group	Net Sales			Operating Income		
	Apr.-Dec. FY2013	Apr.-Dec. FY2014	Amount	Apr.-Dec. FY2013	Apr.-Dec. FY2014	Amount
<b>Toiletries and Health Care</b>	<b>50.72</b>	<b>48.27</b>	(2.44)	<b>3.16</b>	<b>2.55</b>	(0.61)
Toiletries	10.61	9.64	(0.96)			
Health Care	40.10	38.62	(1.48)			
<b>Petroleum and Automotives</b>	<b>28.05</b>	<b>29.86</b>	1.80	<b>1.19</b>	<b>0.65</b>	(0.53)
<b>Plastics and Textiles</b>	<b>14.55</b>	<b>16.05</b>	1.50	<b>1.75</b>	<b>1.80</b>	0.04
Plastics	9.02	10.38	1.36			
Textiles	5.52	5.67	0.14			
<b>Information and Electrics/Electronics</b>	<b>15.69</b>	<b>15.35</b>	(0.33)	<b>0.47</b>	<b>0.81</b>	0.33
Information	11.67	10.45	(1.22)			
Electrics/Electronics	4.01	4.90	0.88			
<b>Environmental Protection, Construction and Others</b>	<b>13.74</b>	<b>14.76</b>	1.02	<b>(0.05)</b>	<b>0.10</b>	0.15
<b>Total</b>	<b>122.76</b>	<b>124.31</b>	1.54	<b>6.54</b>	<b>5.94</b>	(0.59)

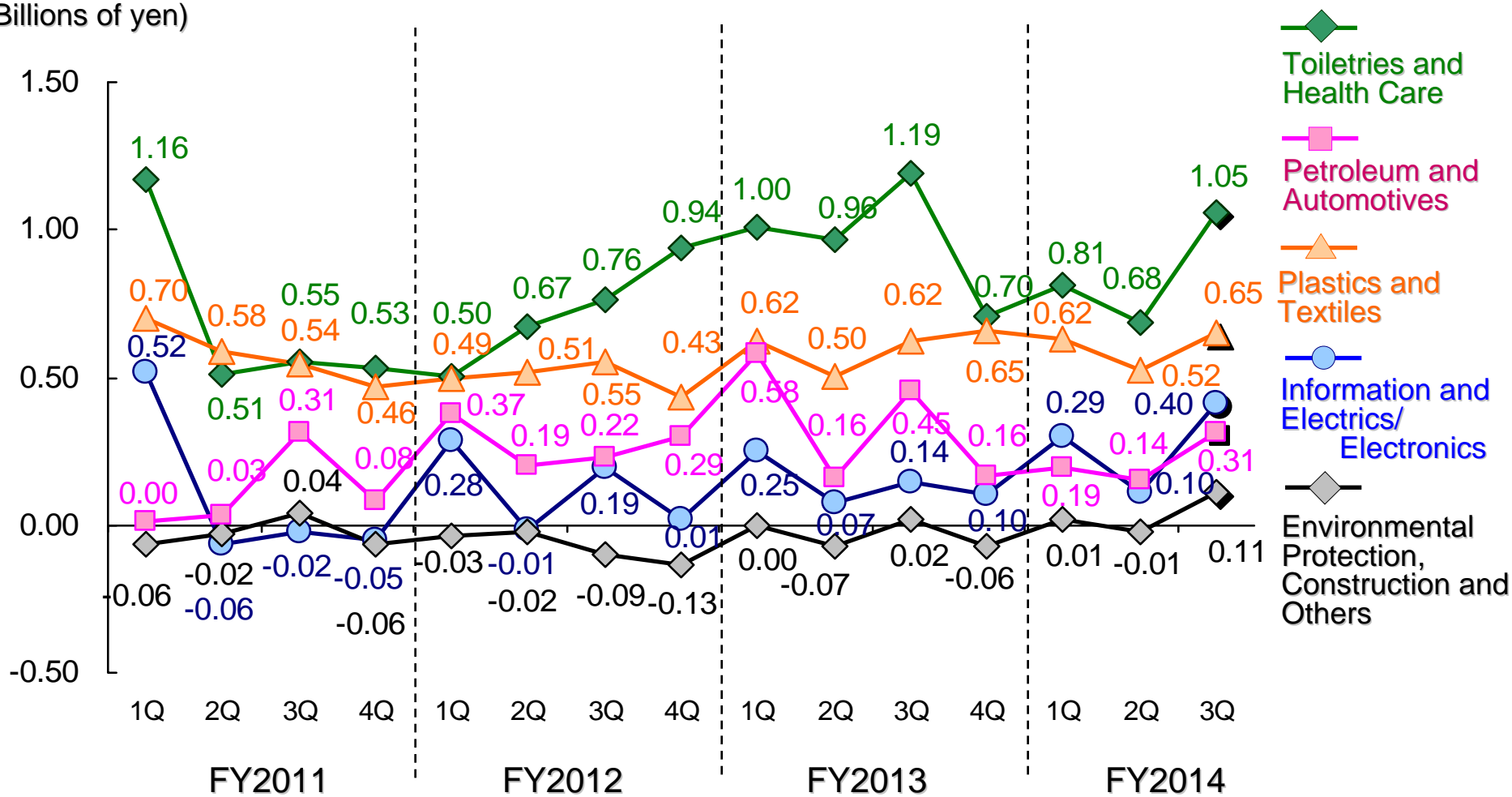
# Consolidated Net Sales Trend by Product Group

(Billions of yen)



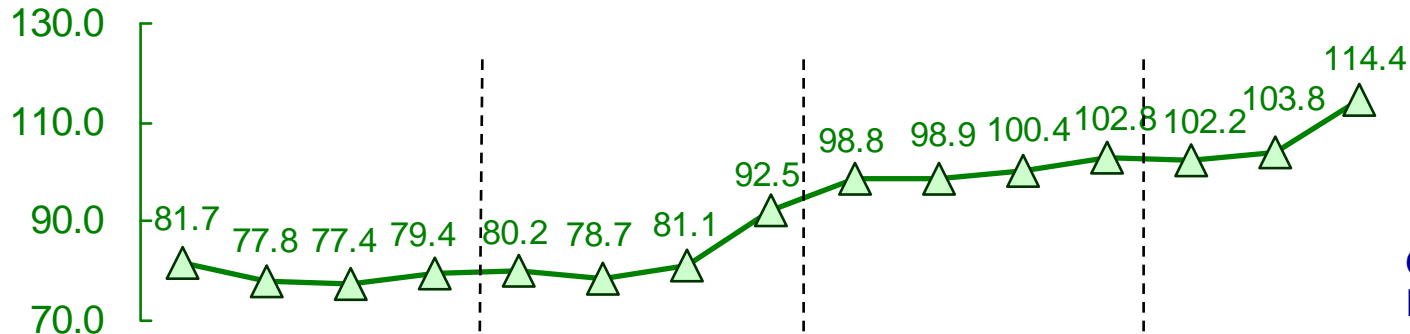
# Consolidated Operating Income Trend by Product Group

(Billions of yen)

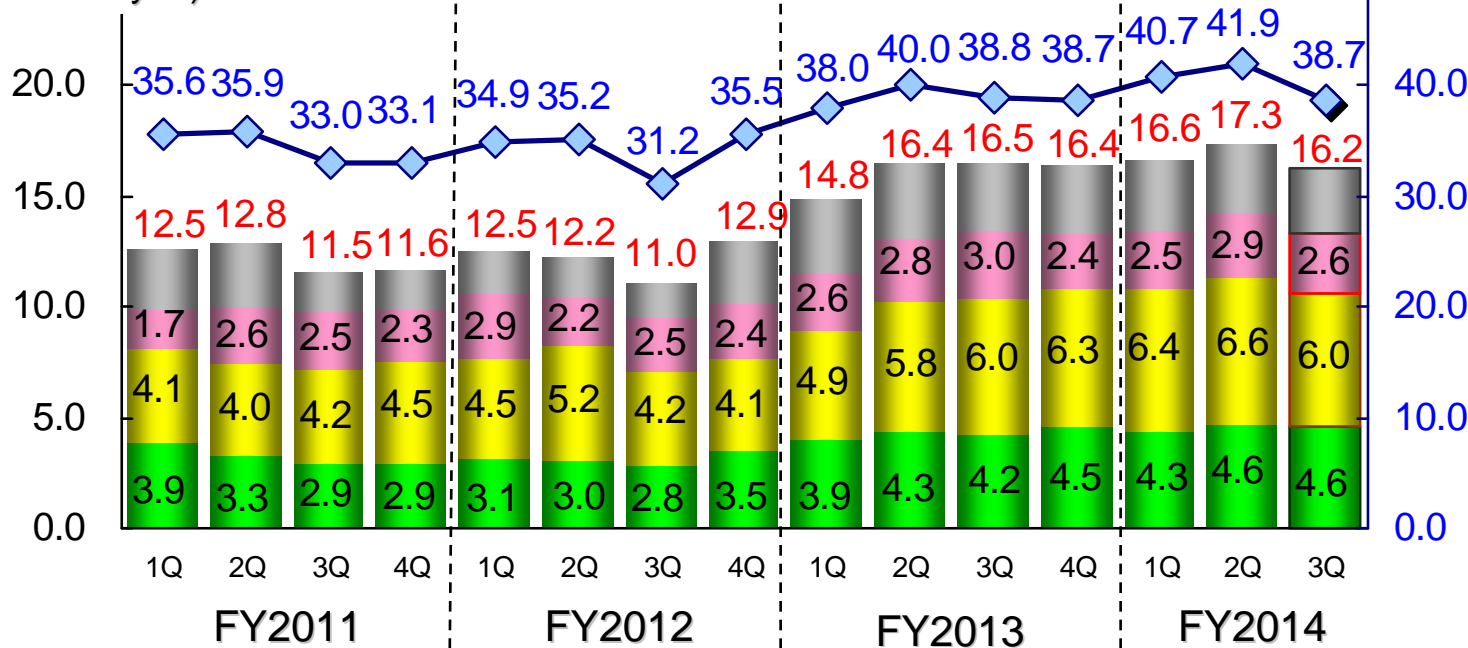


# Consolidated Overseas Sales Trend

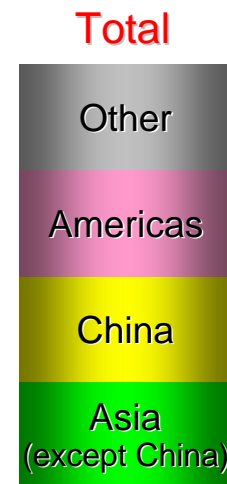
Average exchange rate  
(Yen/US\$)



Overseas sales  
(Billions of yen)



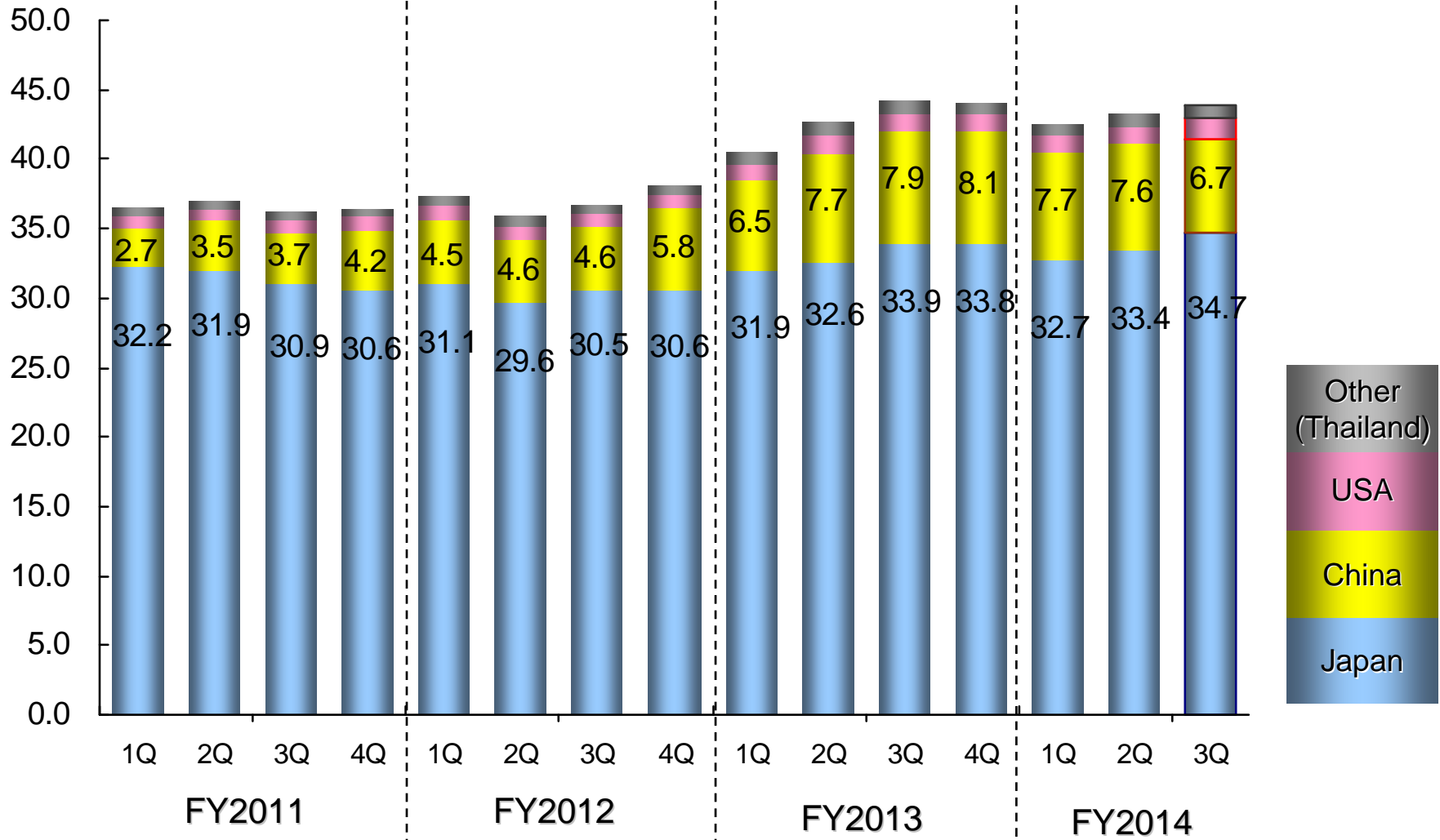
Overseas sales  
Ratio (%)



# Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

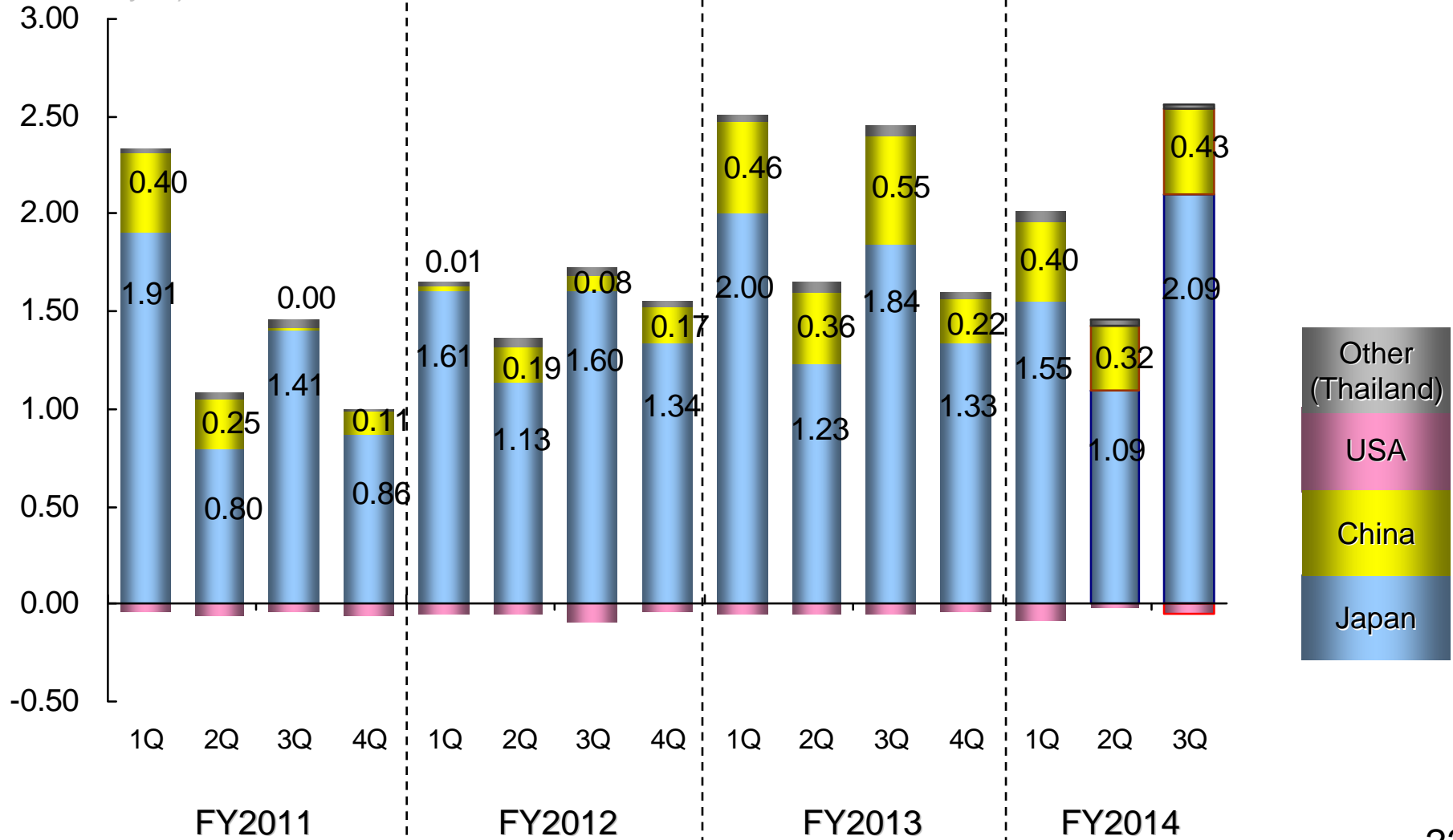
(Billions of yen)



# Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



# Strategic Products

## Strategic Products

29 items

*The driving force supporting higher profitability and business expansion*

New growth-driving products

Products related to energy,  
Electronic parts,  
Biotechnology, etc.

Basic products for expansion

SAP, Toner Materials,  
Raw Materials for  
Polyurethane Foams, etc.

(Billions of yen)

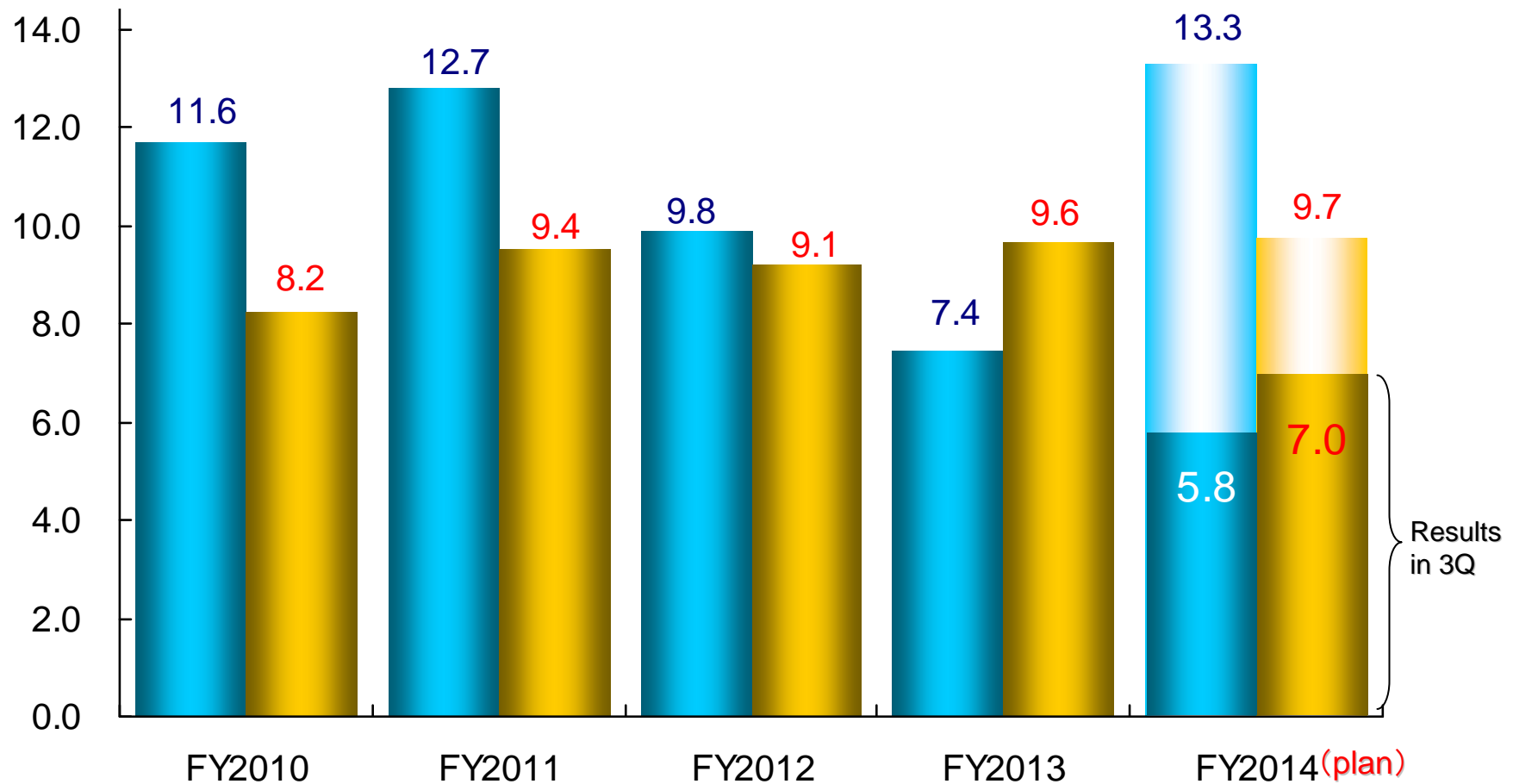
	FY2010	FY2011	FY2012	FY2013	Apr.-Dec. FY2014
Toiletries and Others	0.1	1.3	4.6	8.5	8.0
Automotives	9.1	11.3	13.5	15.4	12.0
Information and Electrics / Electronics	12.5	11.7	11.6	11.2	8.1
Strategic products total	21.8	24.3	29.7	35.2	28.1



# Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



(Billions of yen)



# Topics: Production Increase of Thermoplastic Polyurethane Beads for Thin Skin Automobile Interior

Contribution to improvement of automotive fuel efficiency and energy conservation in manufacturing

## Thermoplastic Polyurethane Beads for Thin Skins, THERPUS F

- Location: Nagoya Factory,  
Sanyo Chemical Texas Industries, LLC (SCTI, head office: Texas, USA)
- Output : 600 tons/year (current) ⇒ 3,000 tons / year (after production increase)
- Starting Operation Period: Nagoya Factory Oct. 2015,  
SCTI Jan. 2016



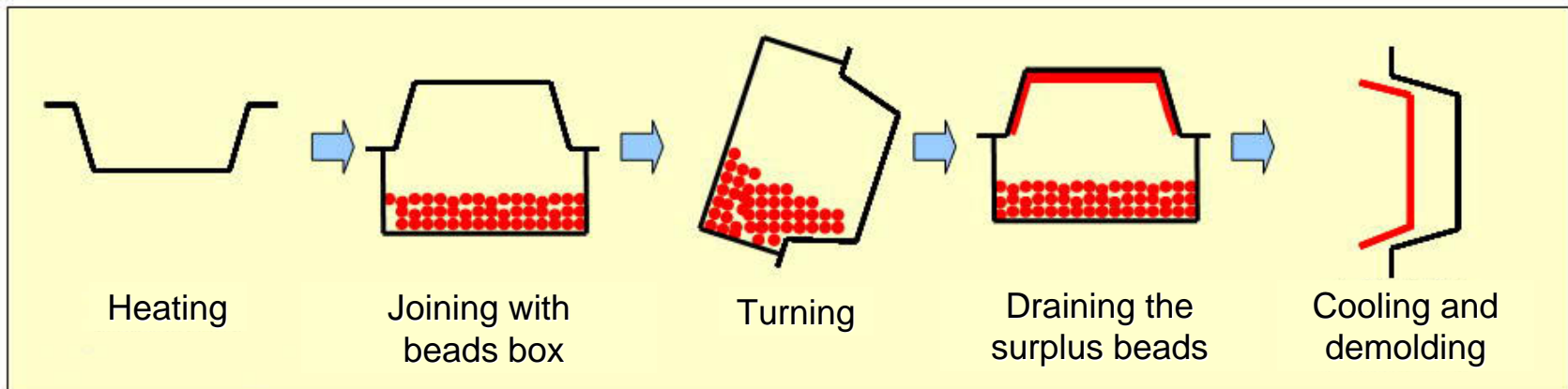
# Topics: Production Increase of Thermoplastic Polyurethane Beads for Thin Skin Automobile Interior

Its features are as follows.

- It achieves a two-fold increase in resin strength compared with conventional product.  
⇒ It helps Improve fuel efficiency.
- It enables a 50% maximum reduction in the instrument panel and other parts of automobile interiors.
- It is able to form a skin at a lower mold temperature than that of conventional one.  
⇒ It contributes to energy conservation.
- It can reduce thermal energy in molding. This also leads to a longer service life for the mold.



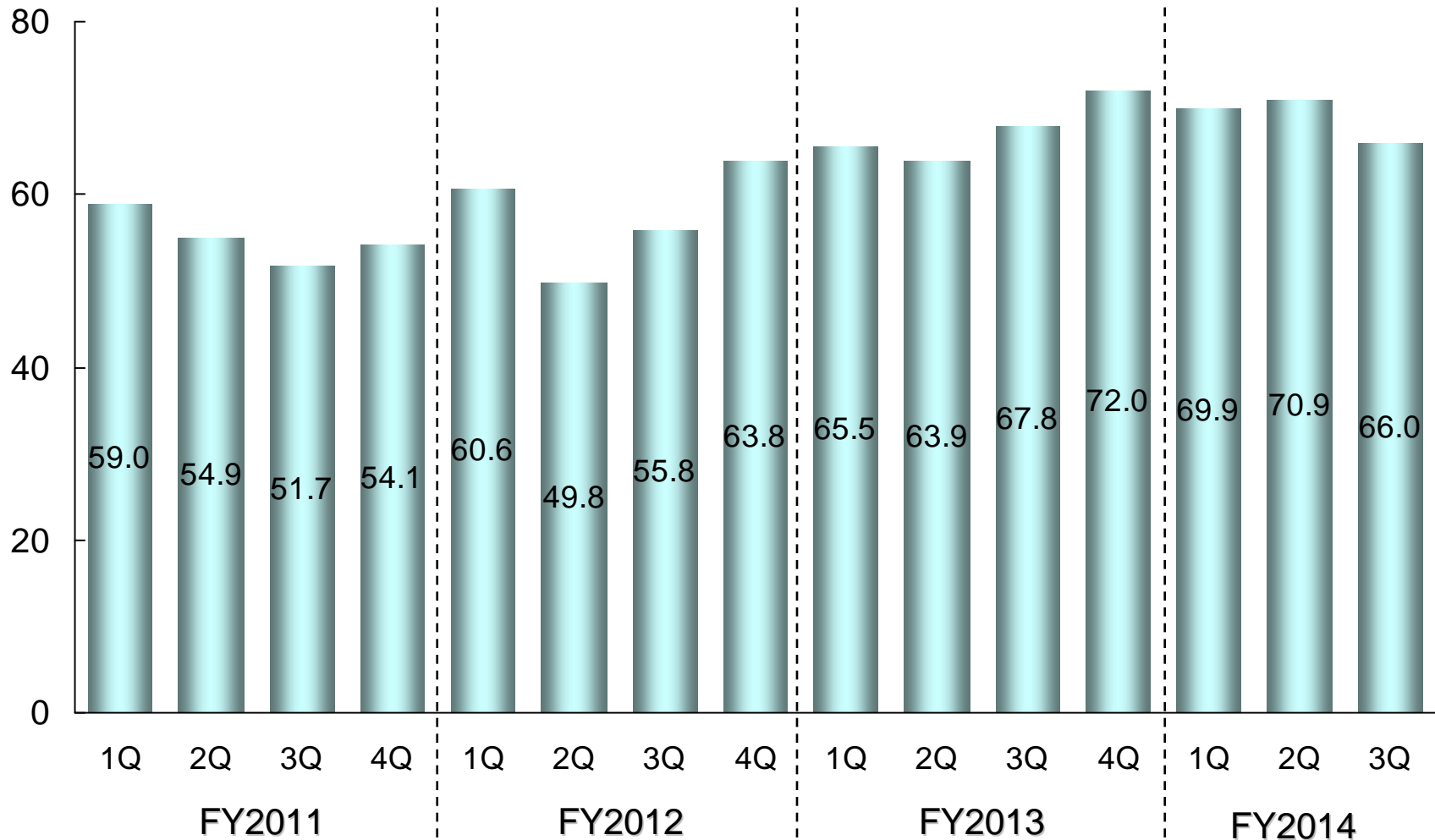
Meeting the need for lower environmental impact.



# Reference

# Transition of Price of Domestically Produced Naphtha

Domestic naphtha price  
(Thousands of yen/kl)



## Domestic Consolidated Subsidiaries (5 companies)

Company Name	Abbr.	Equity Ownership	Line of Business	
SDP Global Co., Ltd.	SDP	Sanyo Chemical Toyota Tsusho	70% 30%	Manufacture and sales of superabsorbent polymers
SAN NOPCO LIMITED	SNL	Sanyo Chemical	100%	Manufacture and sales of agents for pulp & paper, coating agents, a wide range of industrial agents, etc.
San Chemical Co., Ltd.	SCC	Sanyo Chemical JX Nippon Oil & Energy	50% 50%	Manufacture of raw materials for polyurethane foams, etc.
San-Apro Ltd.	SA	Sanyo Chemical Air-Products	50% 50%	Manufacture and sales of curing accelerators for epoxy resins, urethane catalysts, etc.
Sanyo Transport Co., Ltd.	—	Sanyo Chemical	100%	General trucking

## Overseas Consolidated Subsidiaries (7 companies)

Company Name	Abbr.	Equity Ownership		Line of Business
Sanyo Kasei (Nantong) Co., Ltd. [China]	SKN	Sanyo Chemical	100%	Manufacture and sales of surfactants, polyurethane resins, etc.
San-Dia Polymers (Nantong) Co., Ltd. [China]	SDN	SDP Global	100%	Manufacture and sales of superabsorbent polymers
Sanyo Chemical (Shanghai) Trading Co., Ltd. [China]	SCST	Sanyo Chemical	100%	Sales of surfactants, polyurethane resins, etc.
Sanyo Kasei (Thailand) Ltd. [Thailand]	SKT	Sanyo Chemical Toyota Tsusho and others	89% 11%	Manufacture and sales of surfactants, polyurethane resins, etc.
SANAM Corporation [USA]	SANAM	Sanyo Chemical	100%	Holding company of U.S. consolidated subsidiaries. Sales of lubricating oil additives, polyurethane beads, etc.
Sanyo Chemical & Resins, LLC [USA]	SCR	SANAM	100%	Manufacture of lubricating oil additives, etc.
Sanyo Chemical Texas Industries, LLC [USA]	SCTI	SANAM	100%	Manufacture of polyurethane beads

# Subsidiaries and Affiliates Accounted for by Equity Method (5 companies)

Company Name	Abbr.	Equity Ownership	Line of Business
San-Petrochemicals Co., Ltd.	SPCC	Sanyo Chemical 50% JX Nippon Oil & Energy 50%	Manufacture of raw materials for synthetic rubbers
Sunrise Chemical LLC [USA]	SRC	SANAM 50% JX Nippon Chemical Texas 50%	Manufacture of raw materials for synthetic rubbers
Nagoya Sanyo Warehouse Co., Ltd.	—	Sanyo Chemical 100%	Warehousing
Shiohama Chemicals Warehouse Co., Ltd.	—	Sanyo Chemical 50% JX Nippon Oil & Energy 50%	Warehousing
Sanliving Ltd.	SL	Sanyo Chemical 100%	Real estate, insurance and agency