

**A Statement of Accounts**  
**For the Three Months Ended June 30, 2014**  
**1<sup>st</sup> Quarter in Fiscal Year 2014**  
**(1Q-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 July 31, 2014. 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.

#### Please Contact

Public Relations Dept.

SANYO CHEMICAL INDUSTRIES, LTD.

TEL +81-75-541-4312

FAX +81-75-551-2557

E-mail [pr-group@sanyo-chemical.com](mailto:pr-group@sanyo-chemical.com)

## 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)

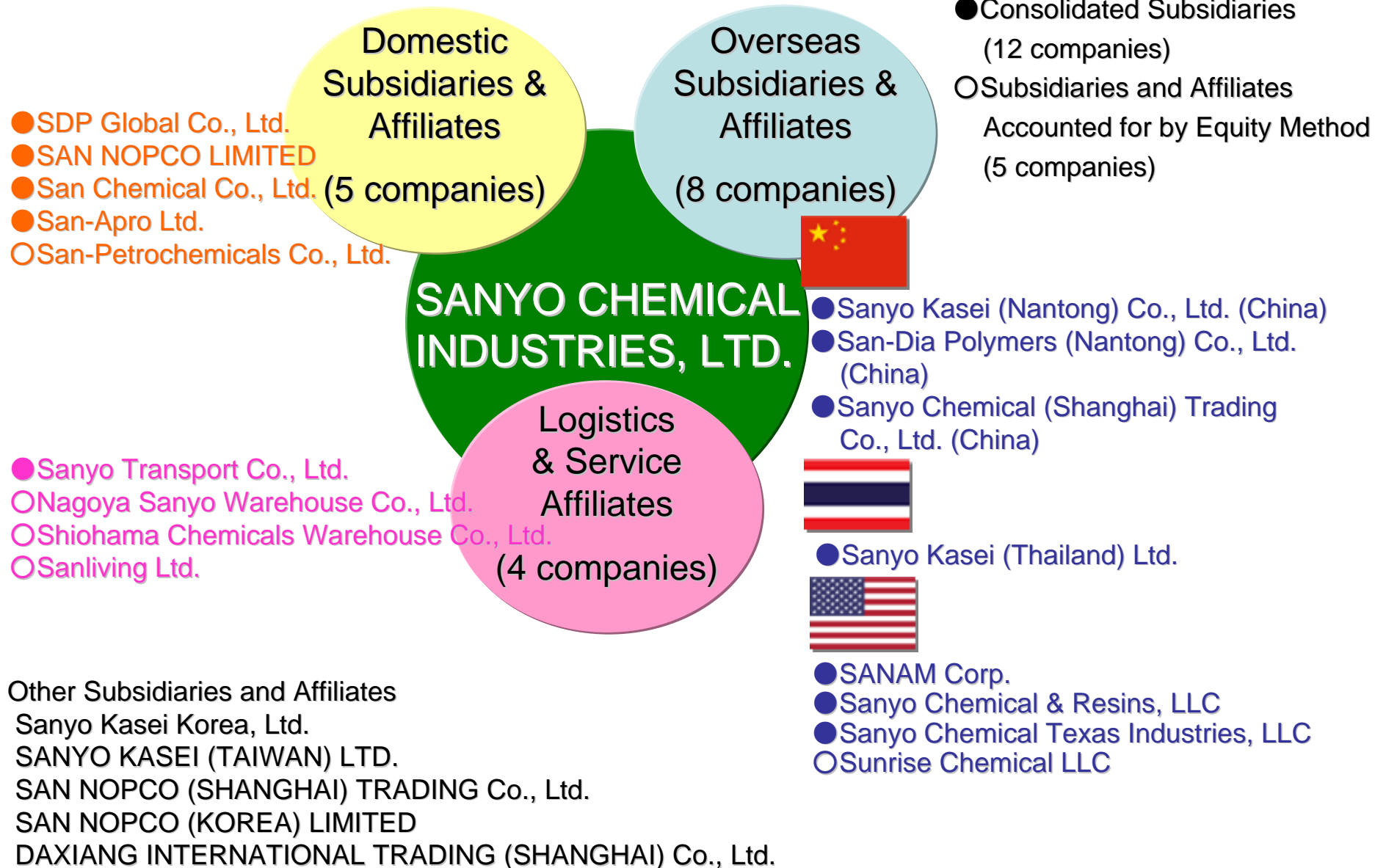
Consolidated Number of Employees:

1,967 (as of Jun 30, 2014)

Line of Business:

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

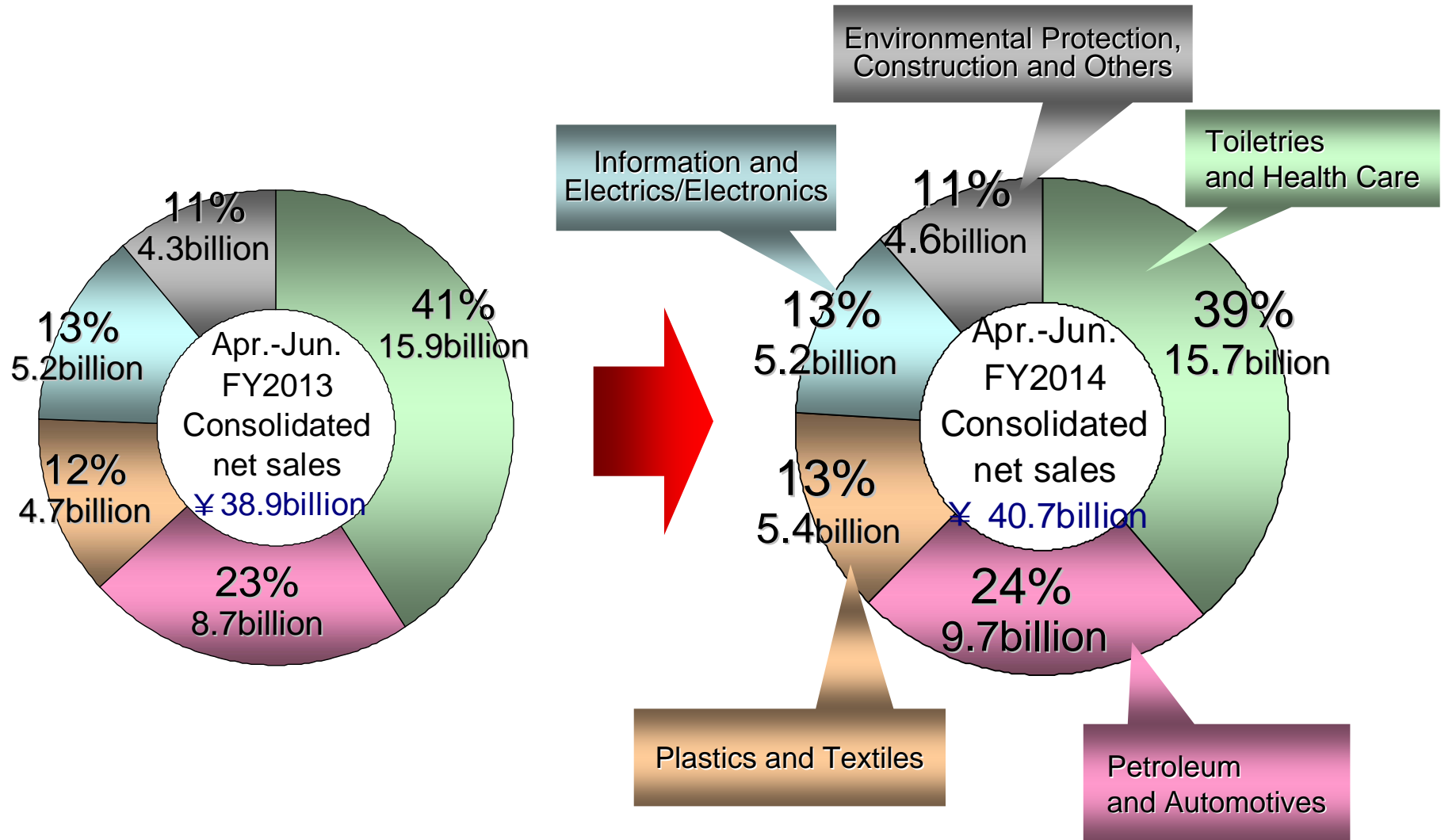
# Sanyo Chemical Group



# 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, 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 1Q in FY2014

(Billions of yen)

Consolidated	April-June		Year on Year Change	
	FY2013	FY2014	Amount	Ratio (%)
Net sales	38.99	40.79	1.79	5
Operating income	2.46	1.95	(0.51)	(21)
Ordinary income	3.09	2.25	(0.84)	(27)
Net income	2.00	1.35	(0.64)	(32)
Comprehensive income	4.39	1.79	(2.60)	(59)

(Billions of yen)

Non-consolidated	April-June		Year on Year Change	
	FY2013	FY2014	Amount	Ratio (%)
Net sales	24.47	26.01	1.54	6
Operating income	1.28	0.84	(0.44)	(35)
Ordinary income	1.90	1.37	(0.53)	(28)
Net income	1.47	1.03	(0.44)	(30)



# Results of Operations by Product Group for 1Q in FY2014

(Billions of yen)

Product Group	Net Sales			Operating Income		
	Apr.-Jun. FY2013	Apr.-Jun. FY2014	Changed Amount	Apr.-Jun. FY2013	Apr.-Jun. FY2014	Changed Amount
<b>Toiletries and Health Care</b>	15.91	<b>15.72</b>	(0.18)	1.00	<b>0.81</b>	(0.19)
Toiletries	3.36	3.23	(0.13)			
Health Care	12.54	12.49	(0.05)			
<b>Petroleum and Automotives</b>	8.77	<b>9.71</b>	0.94	0.58	<b>0.19</b>	(0.38)
<b>Plastics and Textiles</b>	4.76	<b>5.44</b>	0.68	0.62	<b>0.62</b>	0.00
Plastics	2.98	3.52	0.54			
Textiles	1.78	1.92	0.14			
<b>Information and Electrics/Electronics</b>	5.22	<b>5.27</b>	0.05	0.25	<b>0.29</b>	0.04
Information	3.89	3.60	(0.29)			
Electrics/Electronics	1.33	1.67	0.34			
<b>Environmental Protection, Construction and Others</b>	4.31	<b>4.62</b>	0.30	0.00	<b>0.01</b>	0.01
<b>Total</b>	38.99	<b>40.79</b>	1.79	2.46	<b>1.95</b>	(0.51)



# Results of Operations by Geographic Segments

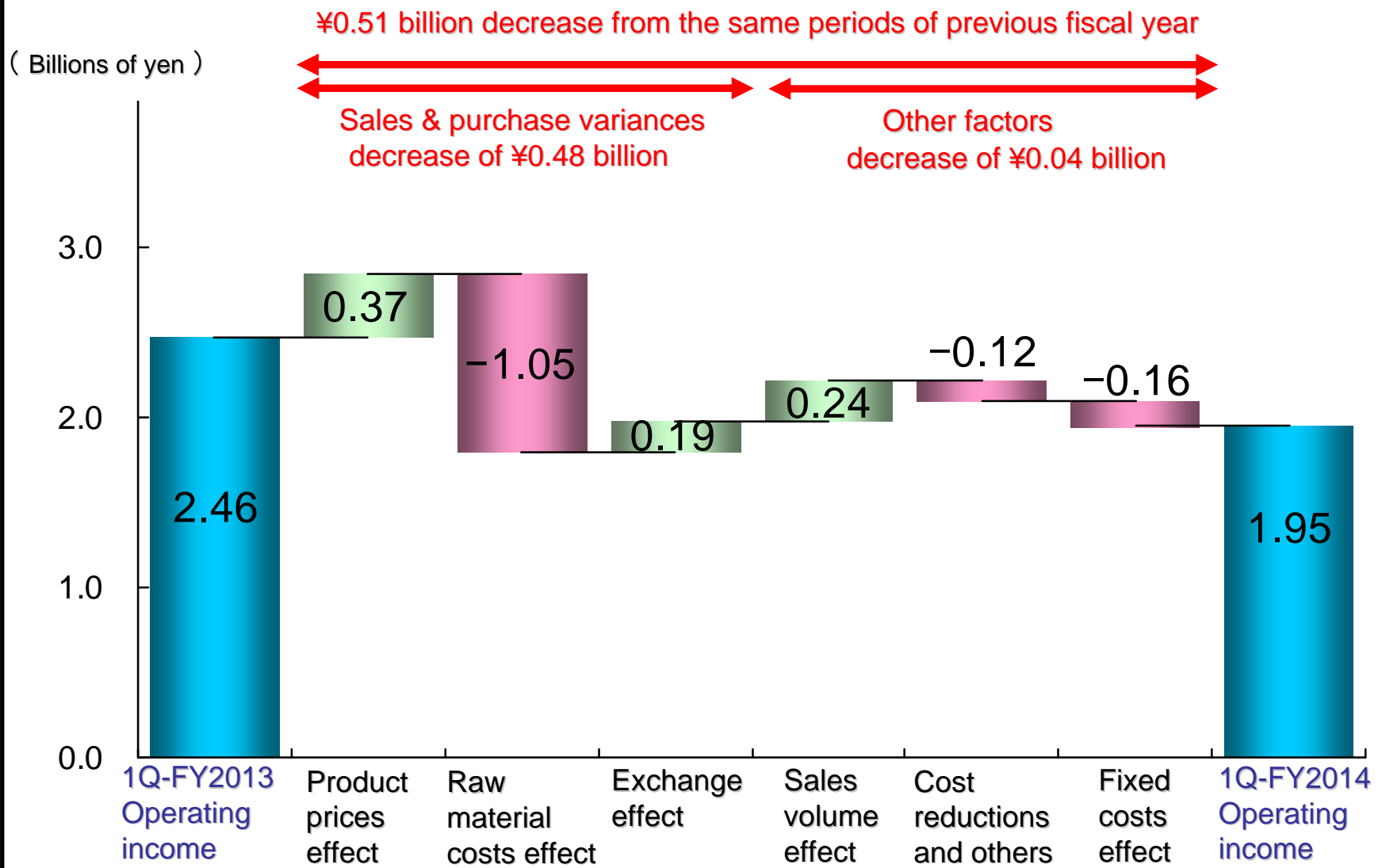
## for 1Q in FY2014

(Billions of yen)

	Net Sales			Operating income		
	Apr.-Jun. FY2013	Apr.-Jun. FY2014	Changed Amount	Apr.-Jun. FY2013	Apr.-Jun. FY2014	Changed Amount
Japan	31.92	32.70	0.77	2.00	1.55	(0.44)
USA	1.16	1.26	0.10	(0.04)	(0.08)	(0.03)
China	6.54	7.76	1.21	0.46	0.40	(0.06)
Other (Thailand)	0.86	0.84	(0.02)	0.03	0.04	0.01
Total*	38.99	40.79	1.79	2.46	1.95	(0.51)

\* Internal sales among segments are eliminated.

# Change in Consolidated Operating Income



# Change in Consolidated Net Income

( Billions of yen )

	April-June		Year on Year Change
	FY2013	FY2014	
Operating income	2.46	1.95	(0.51)
Equity in losses or earnings of unconsolidated subsidiaries and affiliates	0.14	0.20	0.06
Gain or loss on foreign exchange	0.30	(0.08)	(0.39)
Other non-operating profit and loss	0.17	0.18	0.00
Ordinary income	3.09	2.25	(0.84)
Gain and Loss on disposal/sales of property, plant and equipment	(0.11)	(0.15)	(0.03)
Other extraordinary income or loss	0.01	0.00	(0.01)
Income before income taxes and minority interests	2.99	2.09	(0.89)
Income taxes, etc.	(0.77)	(0.59)	0.17
Minority interests	(0.21)	(0.14)	0.06
Net income	2.00	1.35	(0.64)

# Consolidated Balance Sheet

(Billions of yen)

	Mar. 31 2014	Jun. 30 2014	Changed amount	Main Change Factor*
Current assets	81.2	82.7	1.5	Cash and deposits: (0.5), Inventories: 1.3
Fixed assets	85.2	84.8	(0.4)	Property, plant and equipment: (1.6) Investment securities: 1.3
<b>Assets</b>	<b>166.5</b>	<b>167.6</b>	<b>1.1</b>	
Current liabilities	53.8	54.6	0.7	Notes and accounts payable-trade: 1.0, Short-term debt: 0.3, Provision for bonuses: (0.8)
Long-term liabilities	8.7	7.9	(0.7)	Long-term debt: (0.4), Net defined benefit liability: (0.8), Deferred tax liabilities: 0.7
<b>Liabilities</b>	<b>62.6</b>	<b>62.6</b>	<b>0.0</b>	
Shareholder's equity	89.9	90.8	0.8	Net income: 1.3, Cash dividends paid: (0.8)
Other comprehensive income	9.2	9.6	0.4	Unrealized gains on other securities: 0.9, Foreign currency translation adjustment: (0.5)
Minority interests	4.7	4.5	(0.2)	
<b>Net assets</b>	<b>103.9</b>	<b>105.0</b>	<b>1.1</b>	
<b>Total Liabilities and net assets</b>	<b>166.5</b>	<b>167.6</b>	<b>1.1</b>	

\* Each figure indicates the changed amount.

# Consolidated Cash Flows

(Billions of yen)

	April-June		Changed amount	Main Change Factor*
	FY2013	FY2014		
Operating activities	4.4	1.9	(2.4)	
Income before income taxes and minority interests	2.9	2.0	(0.8)	
Depreciation and amortization	2.1	2.2	0.0	
Equity in earning of unconsolidated subsidiaries and affiliates	(0.1)	(0.2)	(0.0)	
(Increase) decrease in operating capital	0.9	(0.5)	(1.4)	Notes and accounts receivable-trade: (0.5), Inventories: (1.3), Notes and accounts payable: 0.4
Income taxes	(0.9)	(1.2)	(0.2)	
Others	(0.4)	(0.4)	0.0	
Investing activities	(2.4)	(1.3)	1.1	
Free cash flows	1.9	0.6	(1.3)	
Financing activities	(1.0)	(0.9)	0.1	(1Q in FY2014) Loans, Repayment: 0.0, Cash dividends paid: (0.8)
Effect of exchange rate changes on cash and cash equivalents	0.2	(0.2)	(0.4)	
Increase (decrease) in cash and cash equivalents	1.1	(0.5)	(1.6)	
Cash and cash equivalents at beginning of period	10.1	15.4	5.3	
Cash and cash equivalents at end of period	11.2	14.9	3.6	

\* Each figure indicates the changed amount.

# Forecast for FY2014

(Billions of Yen)

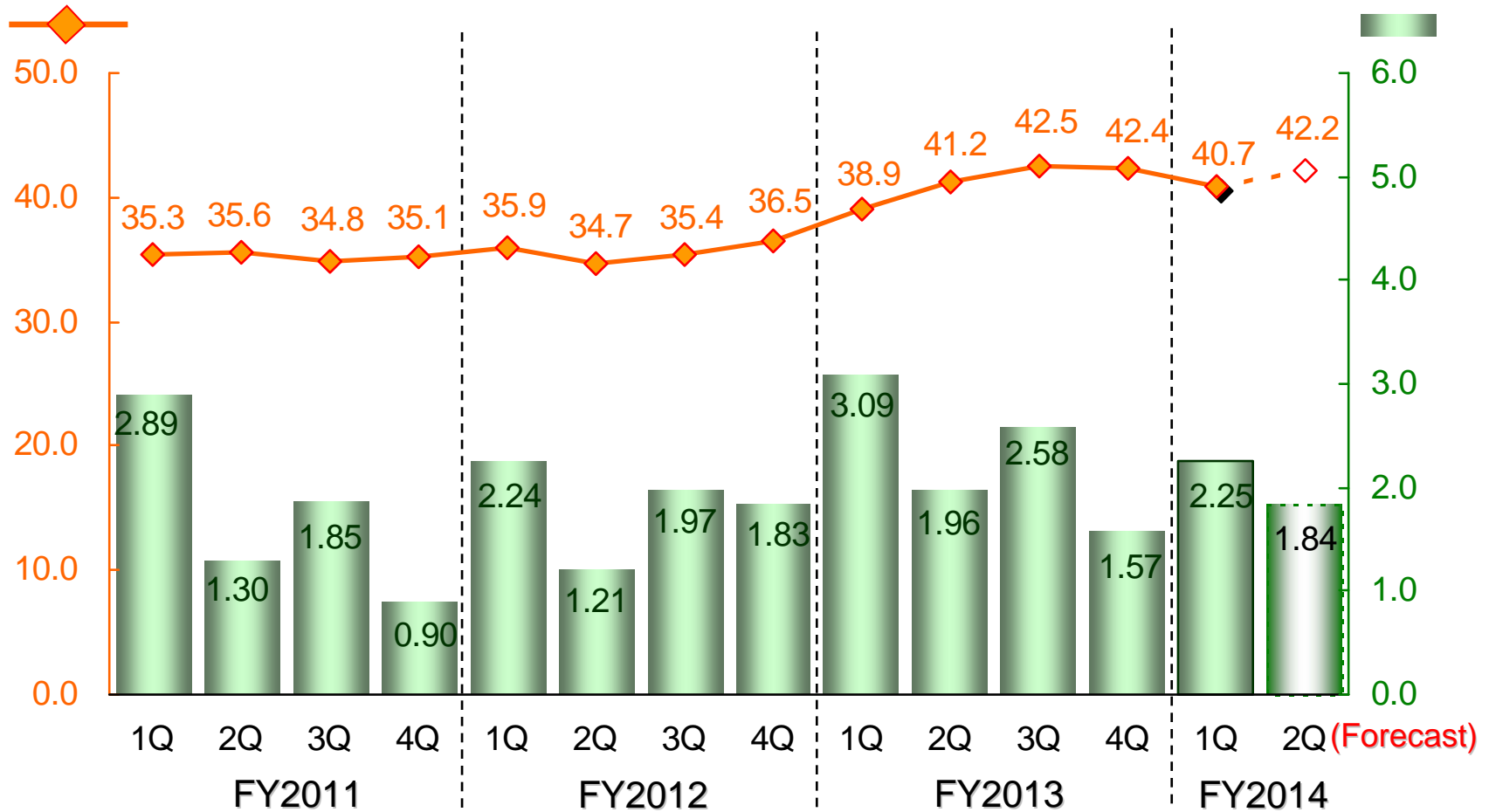
<b>Consolidated</b>	Apr.-Sep. FY2014	Apr.-Jun. FY2014	Progress to Forecast (%)*	FY2014 Annual Forecast	FY2013 Annual Result	Year on Year Change (%)
	Forecast	Result		Forecast	Result	
Net sales	83.00	40.79	49	172.00	165.18	4
Operating income	3.70	1.95	53	8.80	8.11	8
Ordinary income	4.10	2.25	55	10.00	9.21	9
Net income	2.50	1.35	54	6.00	4.91	22
<b>Non-consolidated</b>	Apr.-Sep. FY2014	Apr.-Jun. FY2014	Progress to Forecast (%)*	FY2014 Annual Forecast	FY2013 Annual Result	Year on Year Change (%)
	Forecast	Result		Forecast	Result	
Net sales	51.00	26.01	51	105.00	102.14	3
Operating income	1.20	0.84	70	3.50	3.21	9
Ordinary income	2.30	1.37	60	5.50	5.36	3
Net income	1.70	0.95	56	4.00	(0.26)	-

\* Progress to forecast for the 1H-FY2014.

# Consolidated Business Result Trend

Net sales  
(Billions of yen)

Ordinary income  
(Billions of yen)

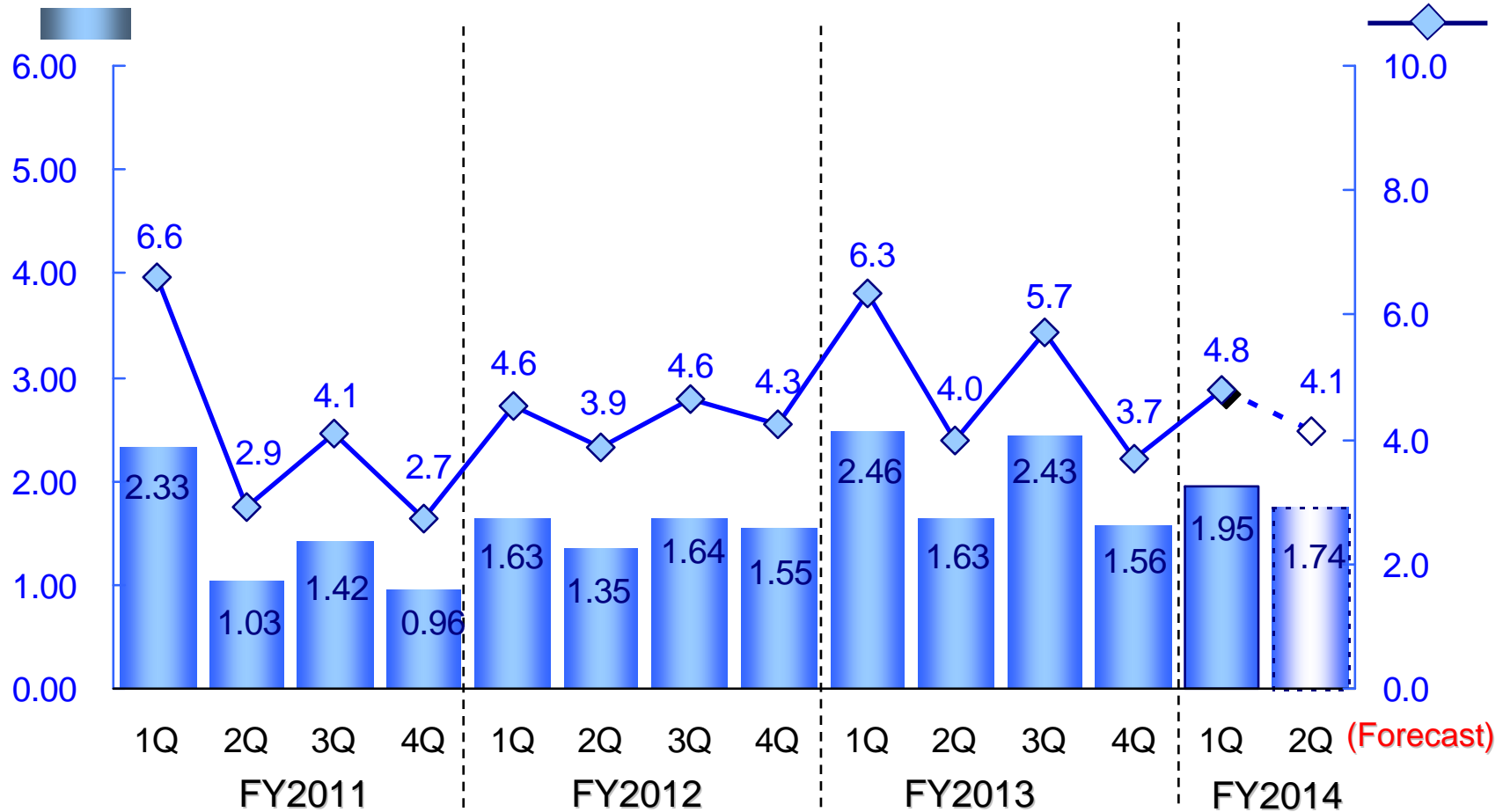




# Consolidated Operating Income Trend

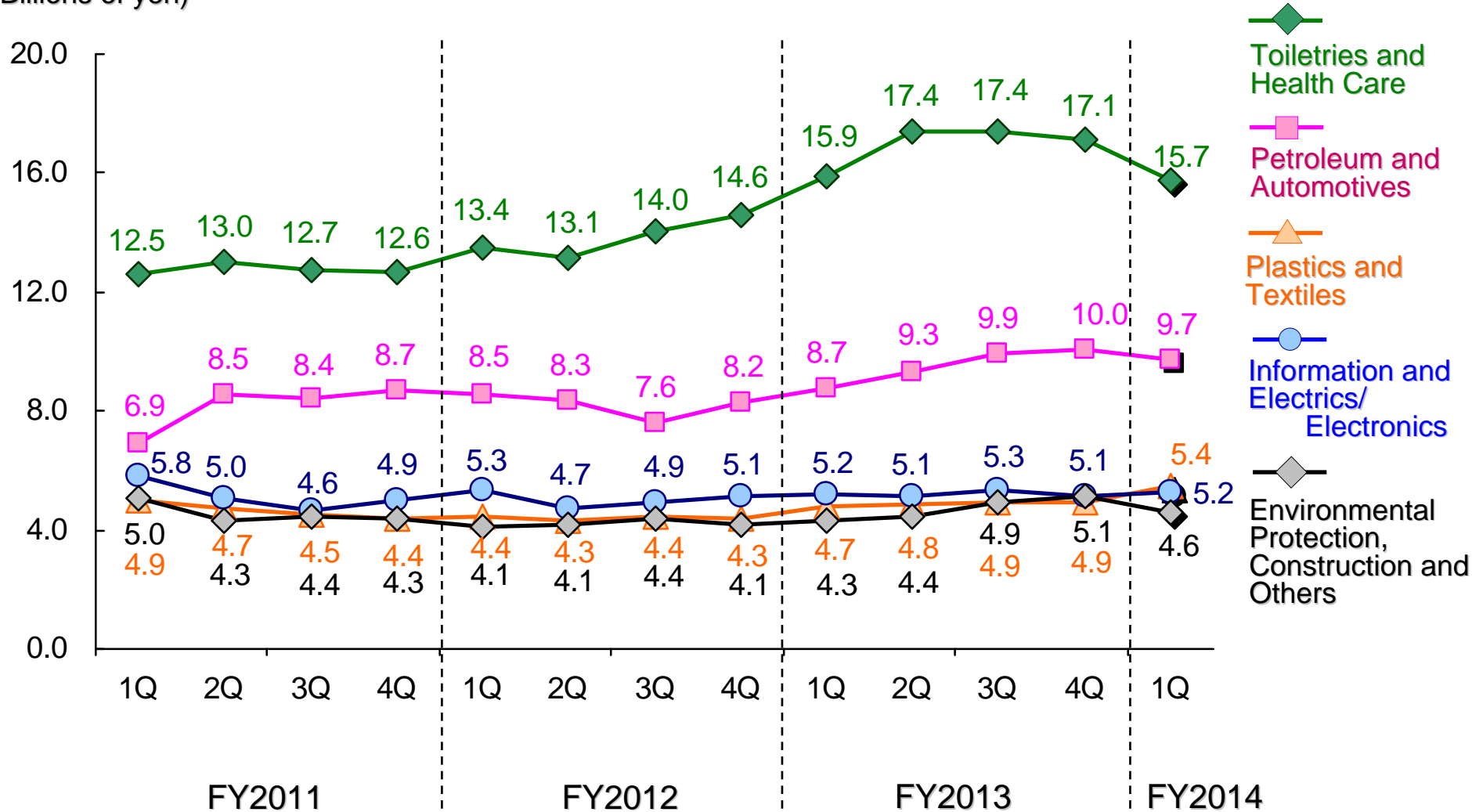
Operating income  
(Billions of yen)

Operating income  
ratio (%)



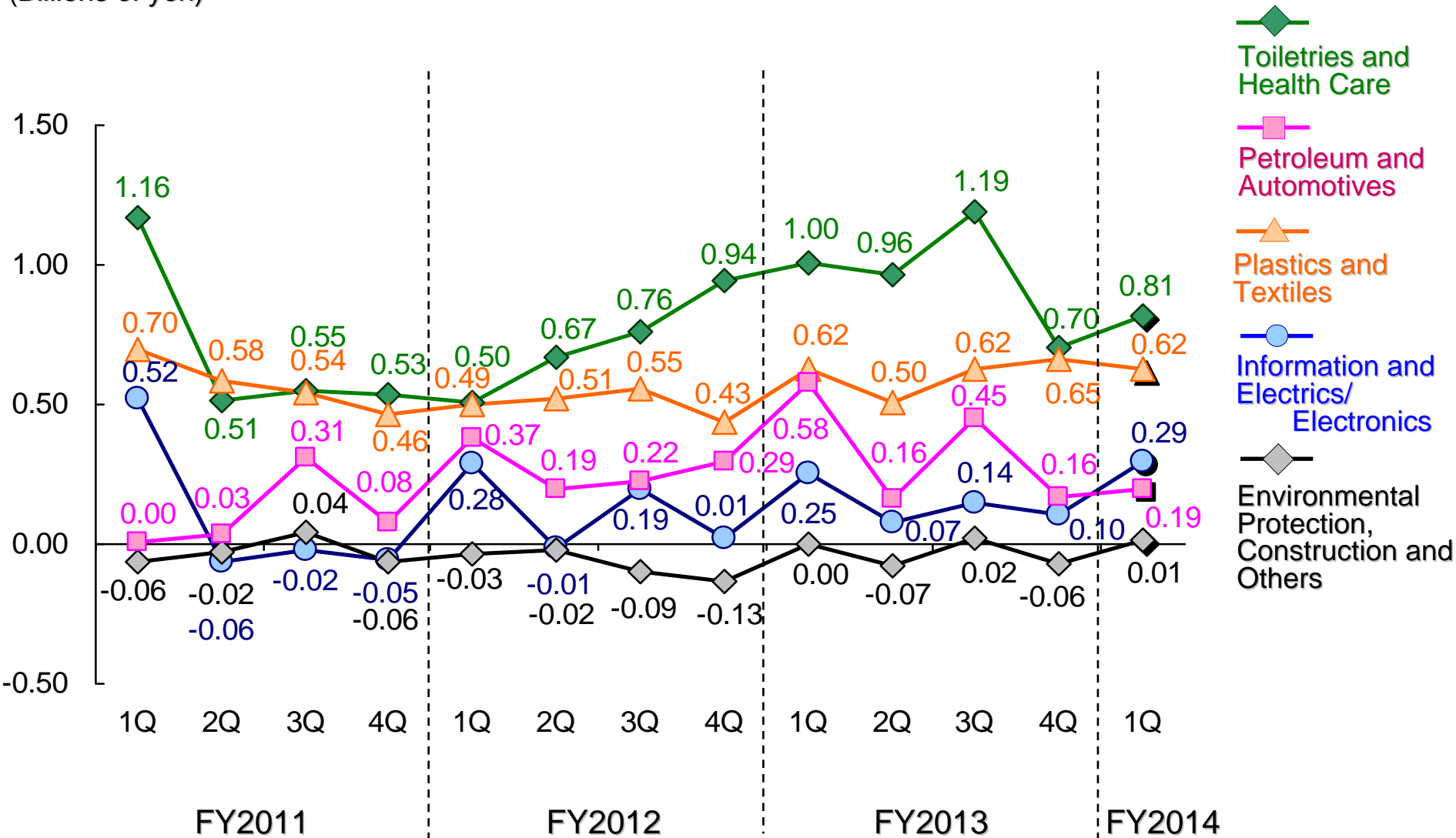
# Consolidated Net Sales Trend by Product Group

(Billions of yen)



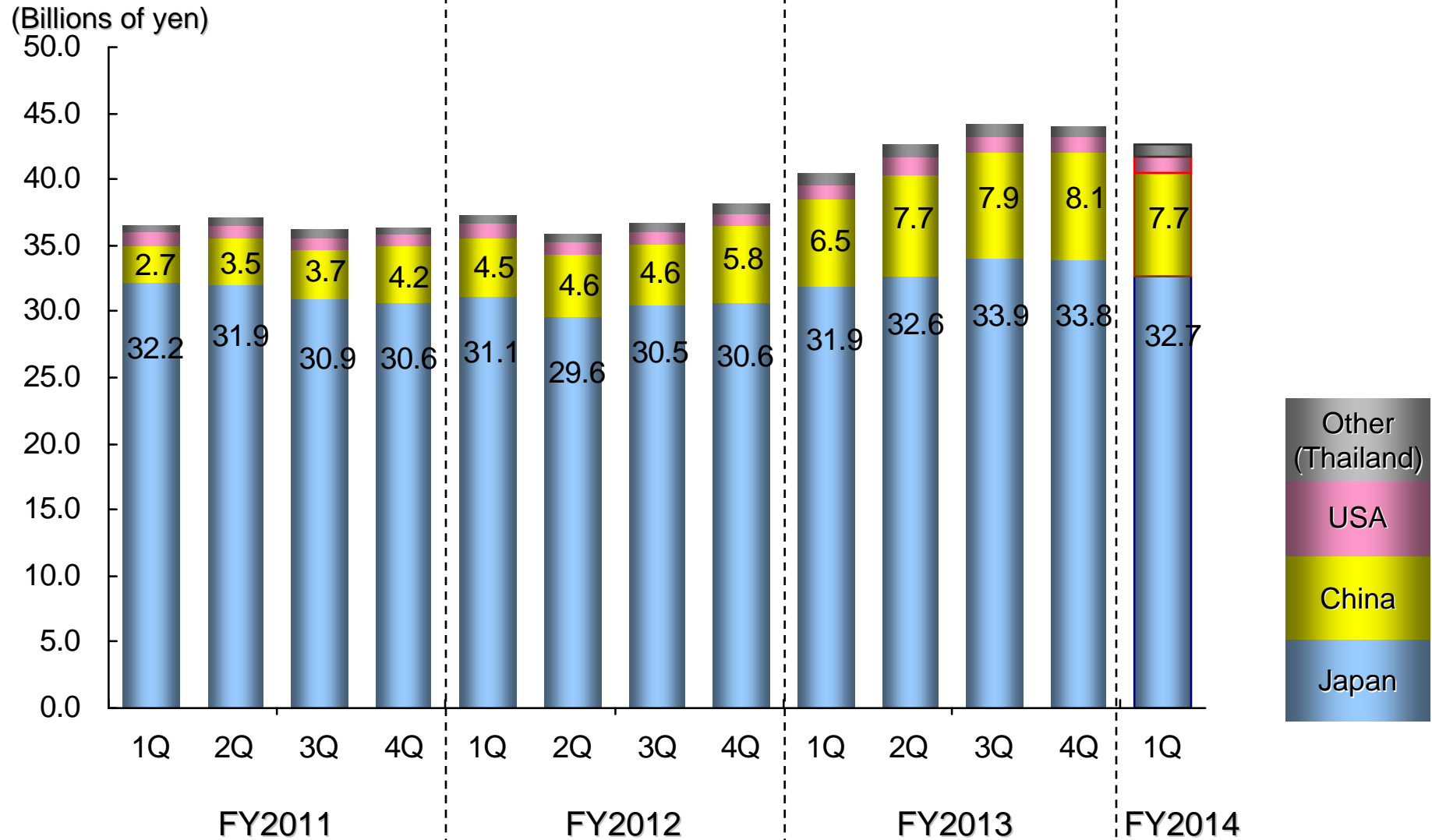
# Consolidated Operating Income Trend by Product Group

(Billions of yen)



# Consolidated Net Sales Trend by Geographic Segments

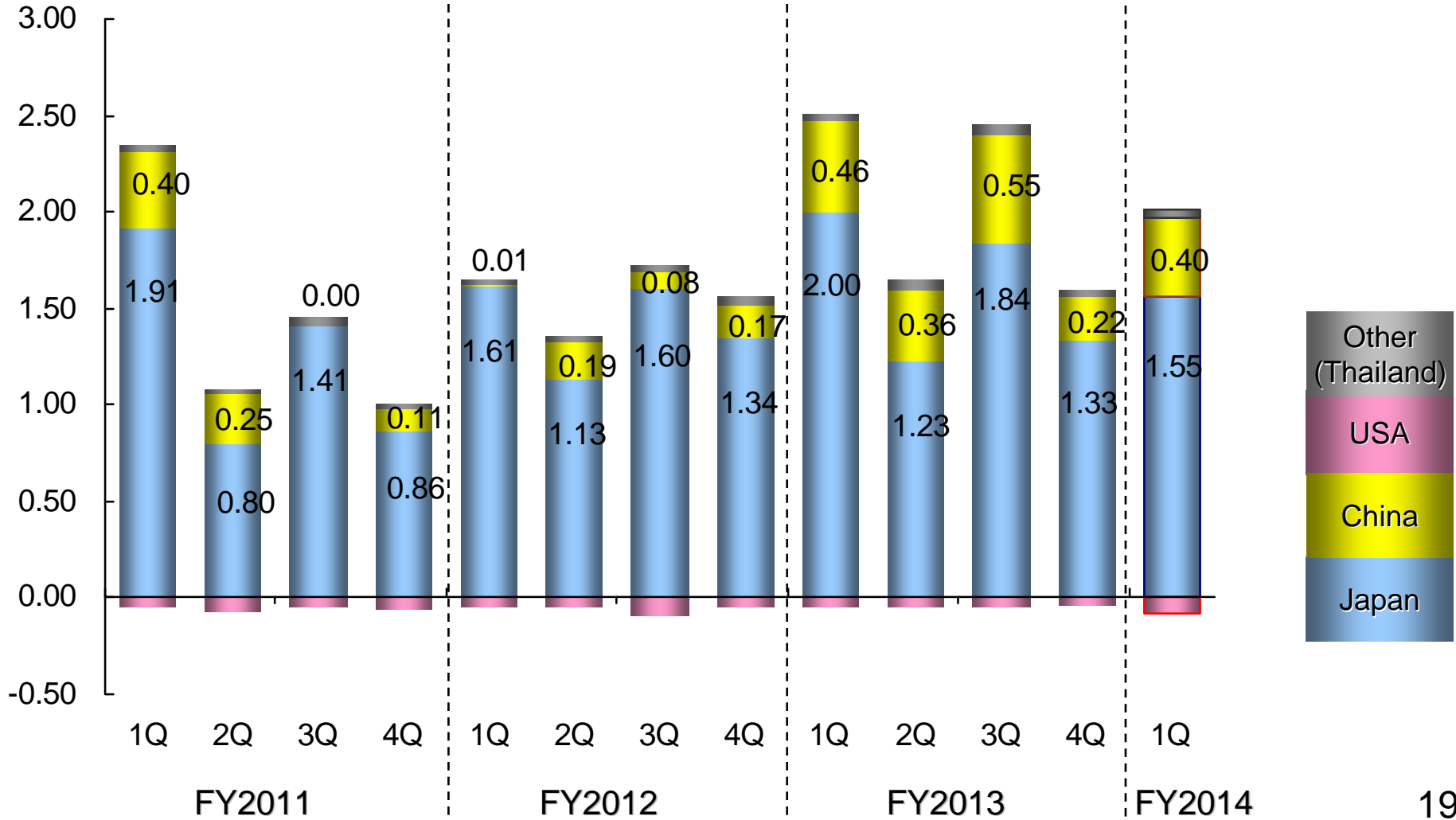
Internal sales among Sanyo Chemical Group are not eliminated.



# Consolidated Operating Income Trend by Geographic Segments

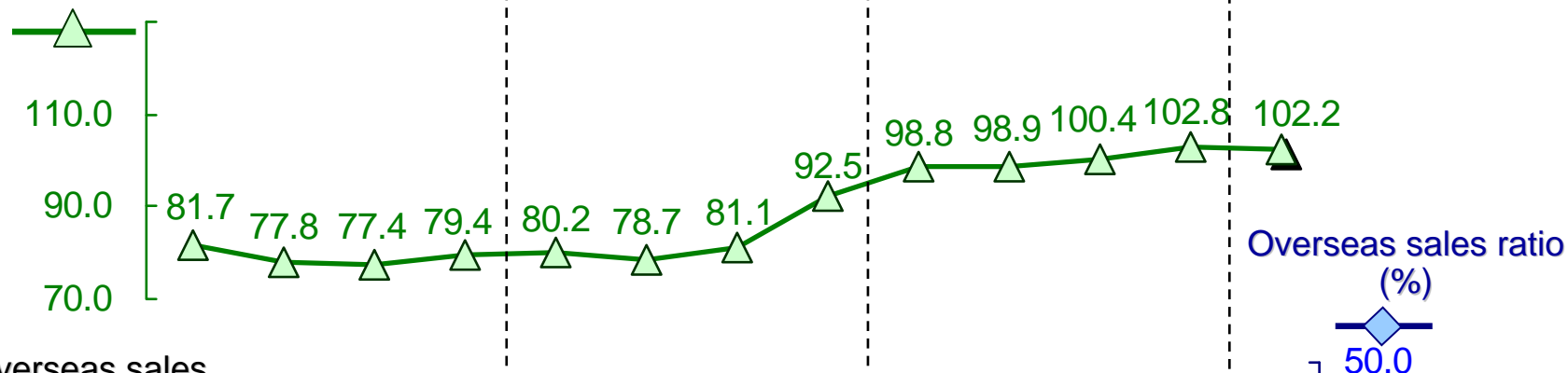
Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)

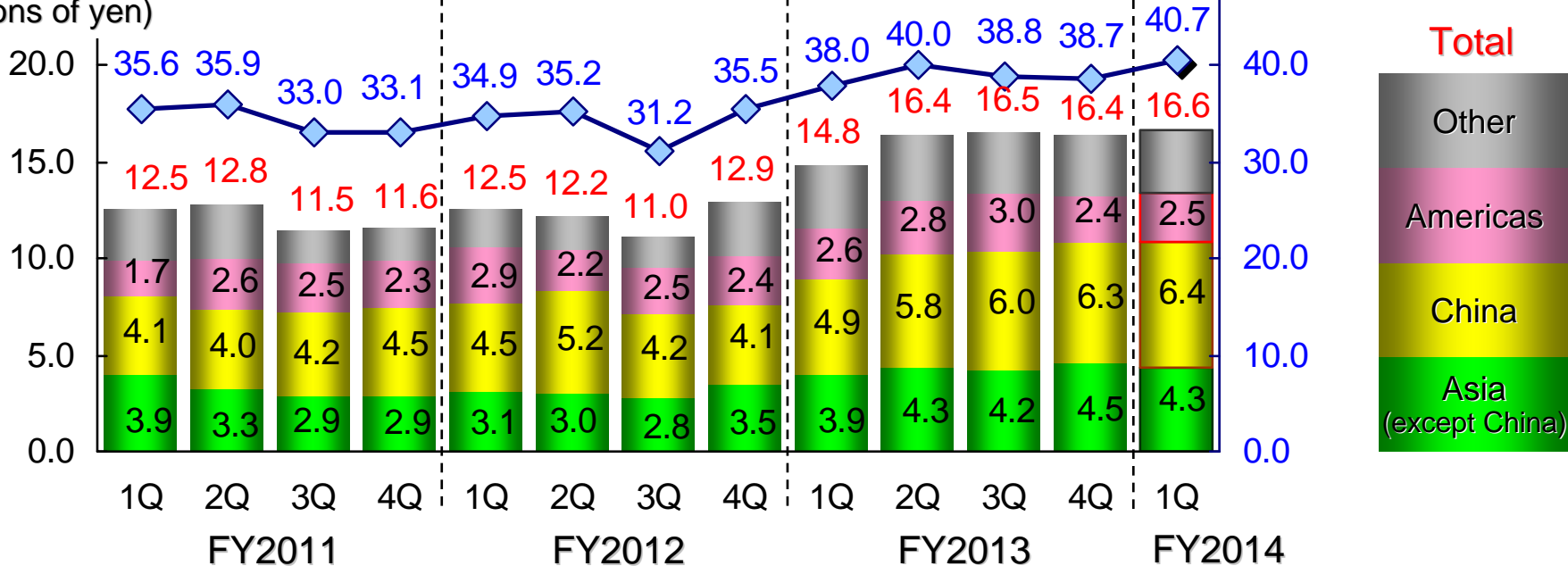


# Consolidated Overseas Sales Trend

Average exchange rate  
(Yen/US\$)



Overseas sales  
(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

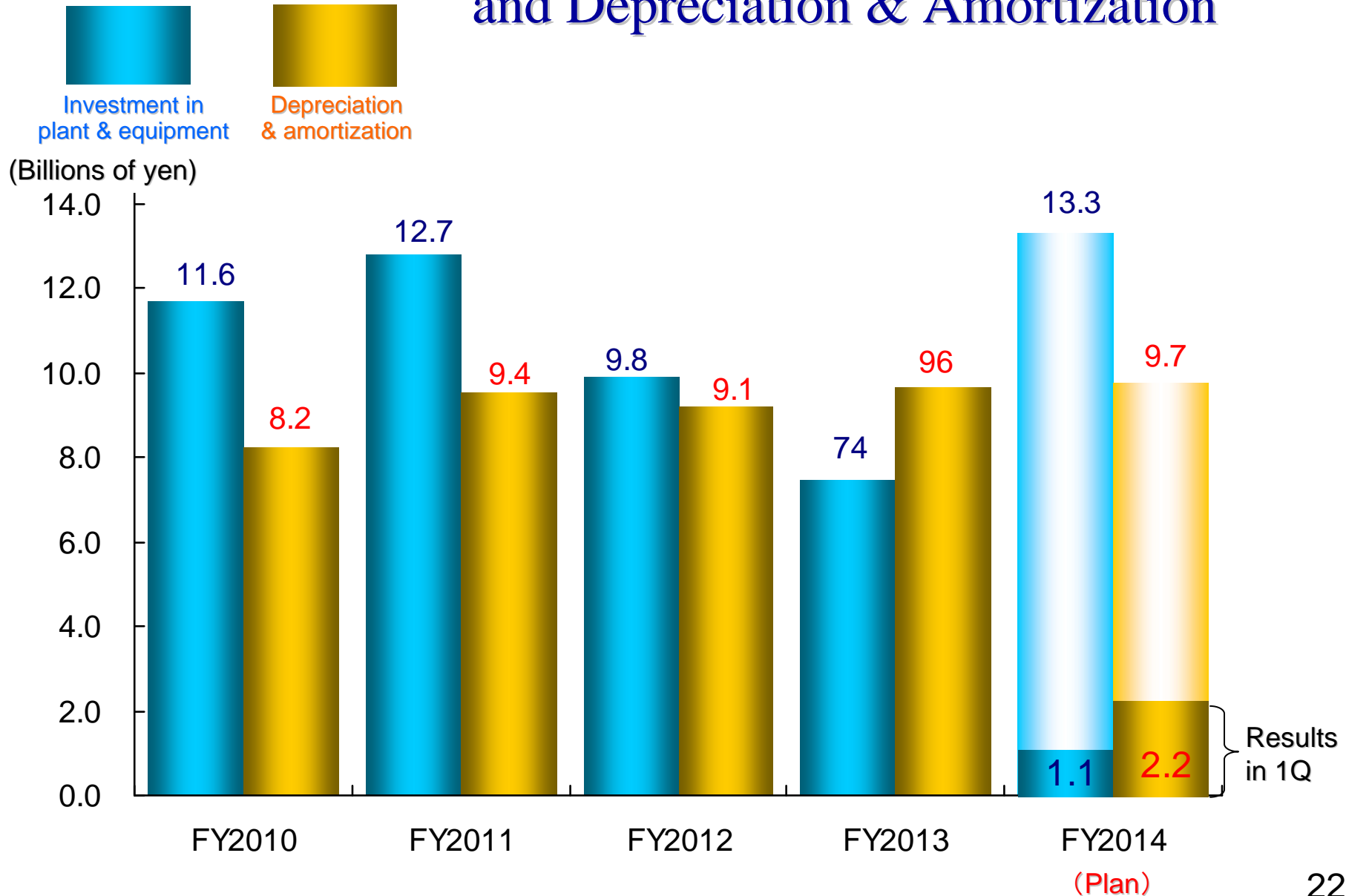
SAP, Toner Materials,  
Raw Materials for  
Polyurethane Foams, etc.

(Billions of yen)

	FY2010	FY2011	FY2012	FY2013	Apr.-Jun. FY2014
Toiletries and Others	0.1	1.3	4.6	8.5	2.2
Automotives	9.1	11.3	13.5	15.4	3.9
Information and Electrics / Electronics	12.5	11.7	11.6	11.2	2.8
Strategic products total	21.8	24.3	29.7	35.2	8.9



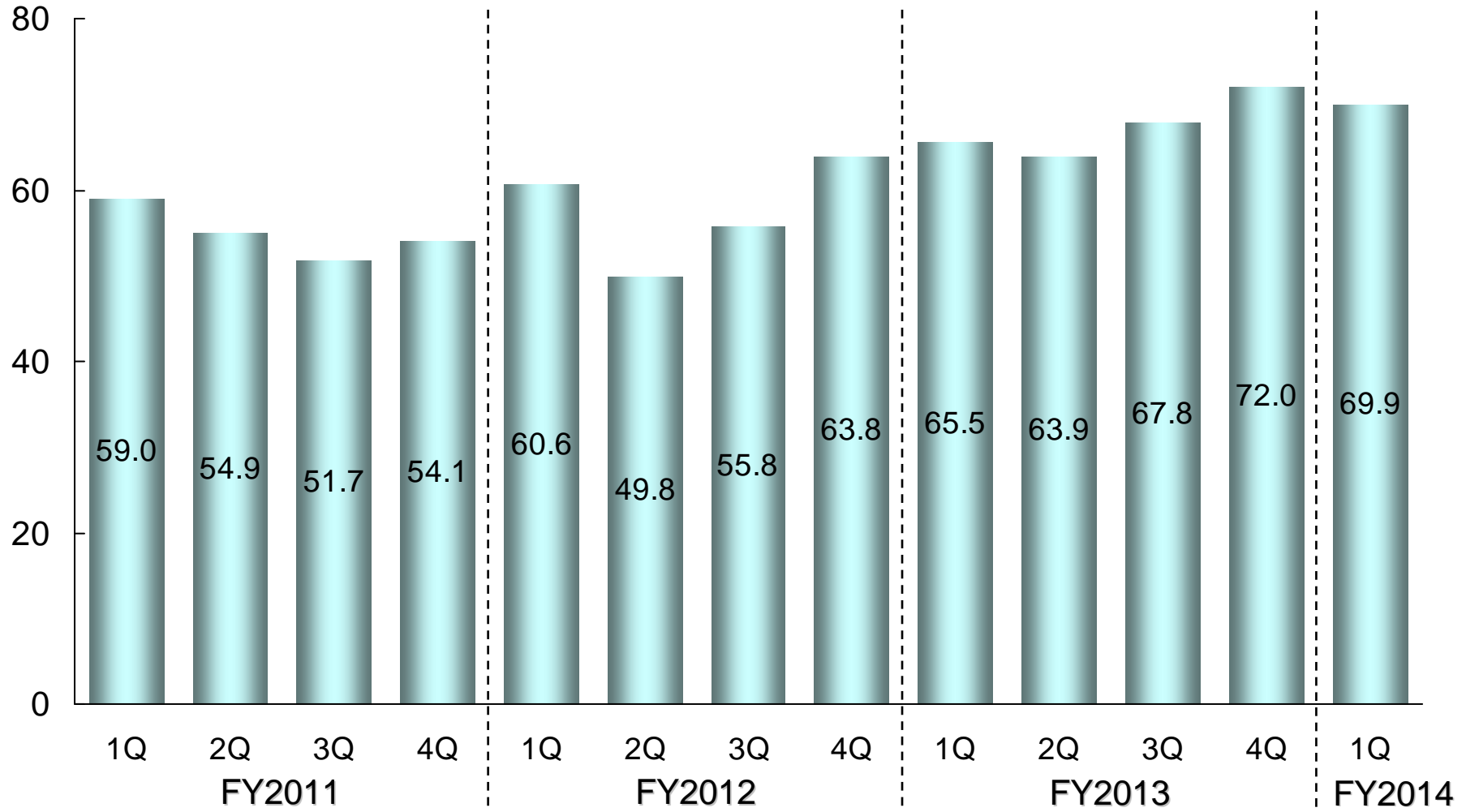
# Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



# Reference

# Transition of Price of Domestically Produced Naphtha

Domestic naphtha price  
(Thousands of yen/kl)



(Ref.-1)

## 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 industrial agents for pulp & paper, coatings, 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 toner resins, 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 JX Nippon Oil & Energy	50% 50%	Manufacture of raw materials for synthetic rubbers
Sunrise Chemical LLC [USA]	SRC	SANAM JX Nippon Chemical Texas	50% 50%	Manufacture of raw materials for synthetic rubbers
Nagoya Sanyo Warehouse Co., Ltd.	—	Sanyo Chemical	100%	Warehousing
Shiohama Chemicals Warehouse Co., Ltd.	—	Sanyo Chemical JX Nippon Oil & Energy	50% 50%	Warehousing
Sanliving Ltd.	SL	Sanyo Chemical	100%	Real estate, insurance and agency