



"Performance" Through Chemistry

A Statement of Accounts
For the Nine Months Ended Dec. 31, 2017
3rd Quarter in Fiscal Year 2017
(3Q-FY2017)

SANYO CHEMICAL INDUSTRIES, LTD.

<https://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 Jan. 31, 2018. 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.

Contact Information

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SANYO CHEMICAL INDUSTRIES, LTD.

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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)

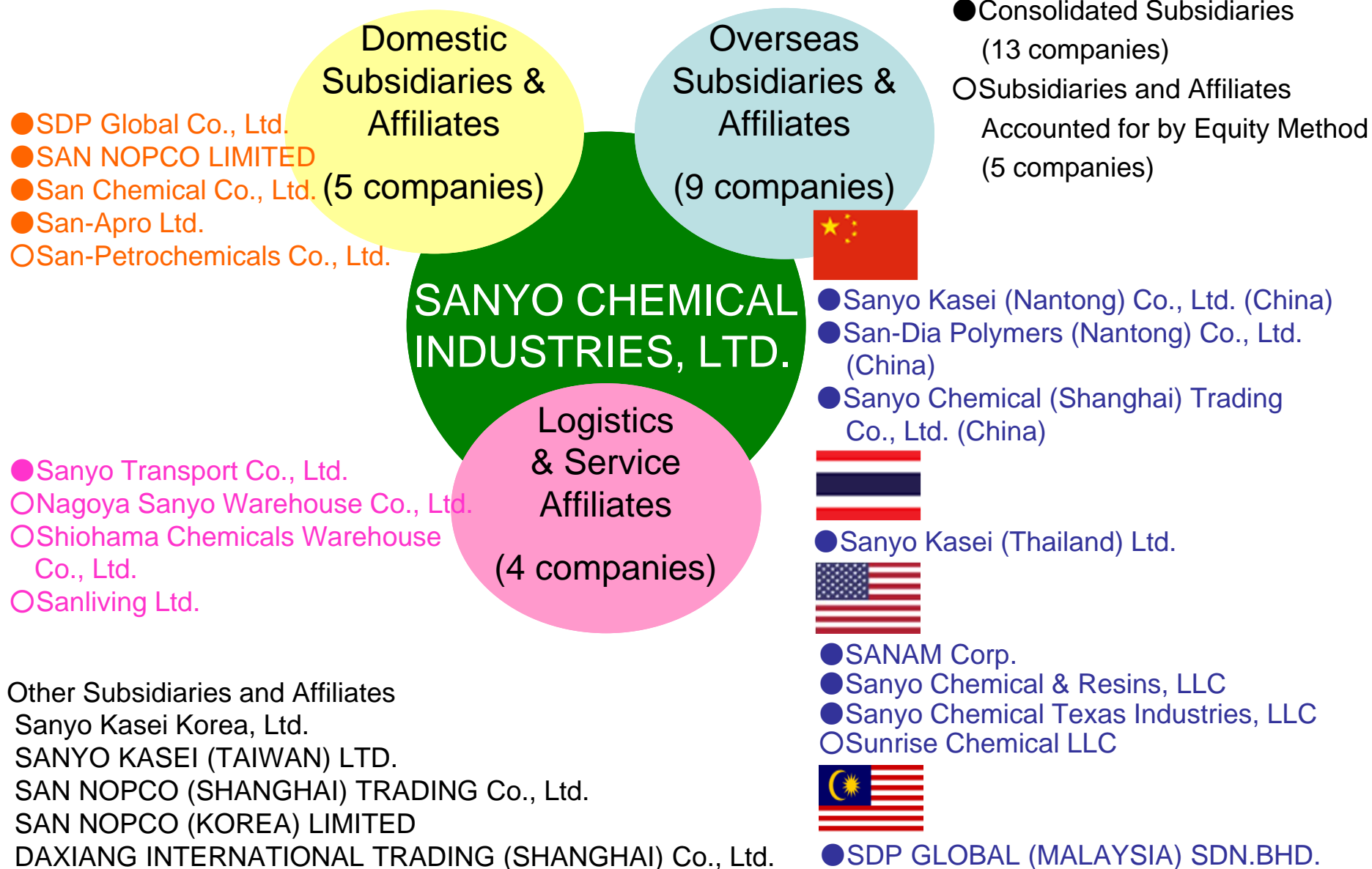
Consolidated Number of Employees:

2,064 (as of Dec. 31, 2017)

Line of Business:

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

Sanyo Chemical Group



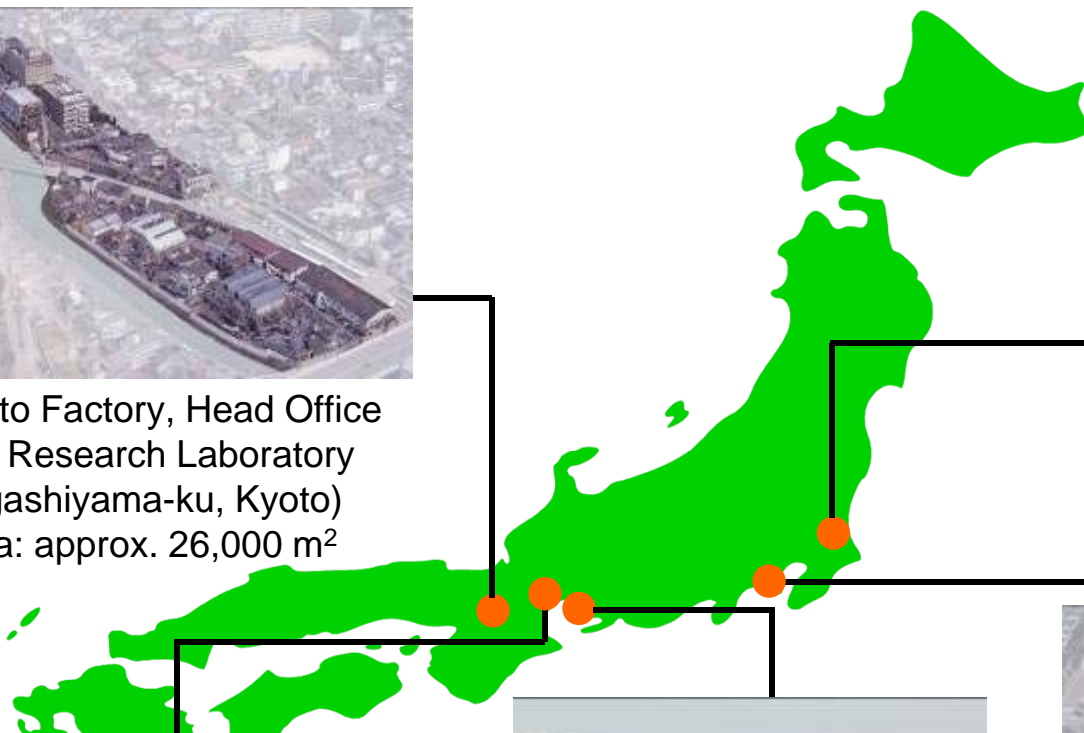
Domestic Production Bases



Kyoto Factory, Head Office and Research Laboratory (Higashiyama-ku, Kyoto)
Area: approx. 26,000 m²



Kashima Factory (Kamisu, Ibaraki)
Area: approx. 130,000 m²



Nagoya Factory (Tokai, Aichi)
Area: approx. 100,000 m²




Kinuura Factory (Handa, Aichi)
Area: approx. 140,000 m²



San Chemical Co., Ltd. Kawasaki Factory (Kawasaki, Kanagawa)
Area: approx. 11,000 m²

Overseas Production Bases



 Sanyo Kasei (Nantong) Co., Ltd.



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



 Sanyo Chemical & Resins, LLC



 Sanyo Kasei (Thailand) Ltd.



 Under construction
SDP GLOBAL(MALAYSIA)SDN.BHD.



 Sanyo Chemical Texas Industries, LLC

Overseas Sales Office



-  Sanyo Chemical (Shanghai) Trading Co., Ltd.
-  SAN NOPCO (SHANGHAI) TRADING Co., Ltd.
-  DaXiang International Trading (SHANGHAI) Co., Ltd.

-  Sanyo Kasei Korea, Ltd.
-  SAN NOPCO (KOREA) LIMITED



 Sanyo Kasei (Thailand) Ltd.



 SANYO KASEI (TAIWAN) LTD.



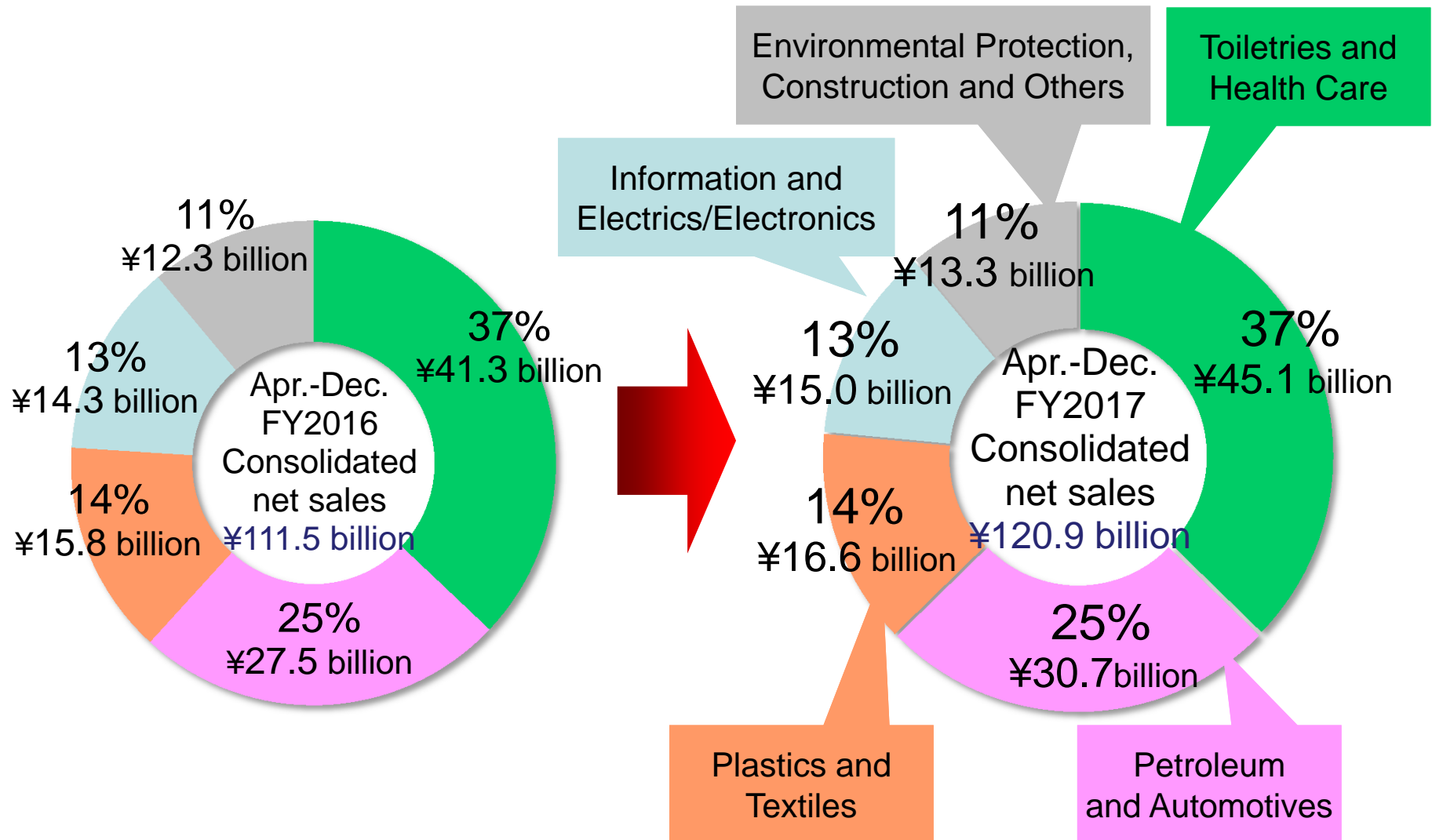
 SANAM Corp.

Principal Products by Product Group (Segment)



Segment		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, Enzyme immunoassay (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, Paint Resins, Defoaming Agents, Base Materials for Polyurethane Elastomers, 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, Adhesives for Electronic Parts, Agents for Use in Electronic Parts Manufacturing, UV/EB Curing Resins
Environmental Protection, Construction and Others		Polymer Flocculants for Wastewater Treatment, Cationic Monomer, PPG for Furniture and Heat Insulating Materials, Slurry Agents, Reactive Hot-Melt Adhesives, Raw Materials for Building Sealants, Cement Agents

Net Sales by Segment



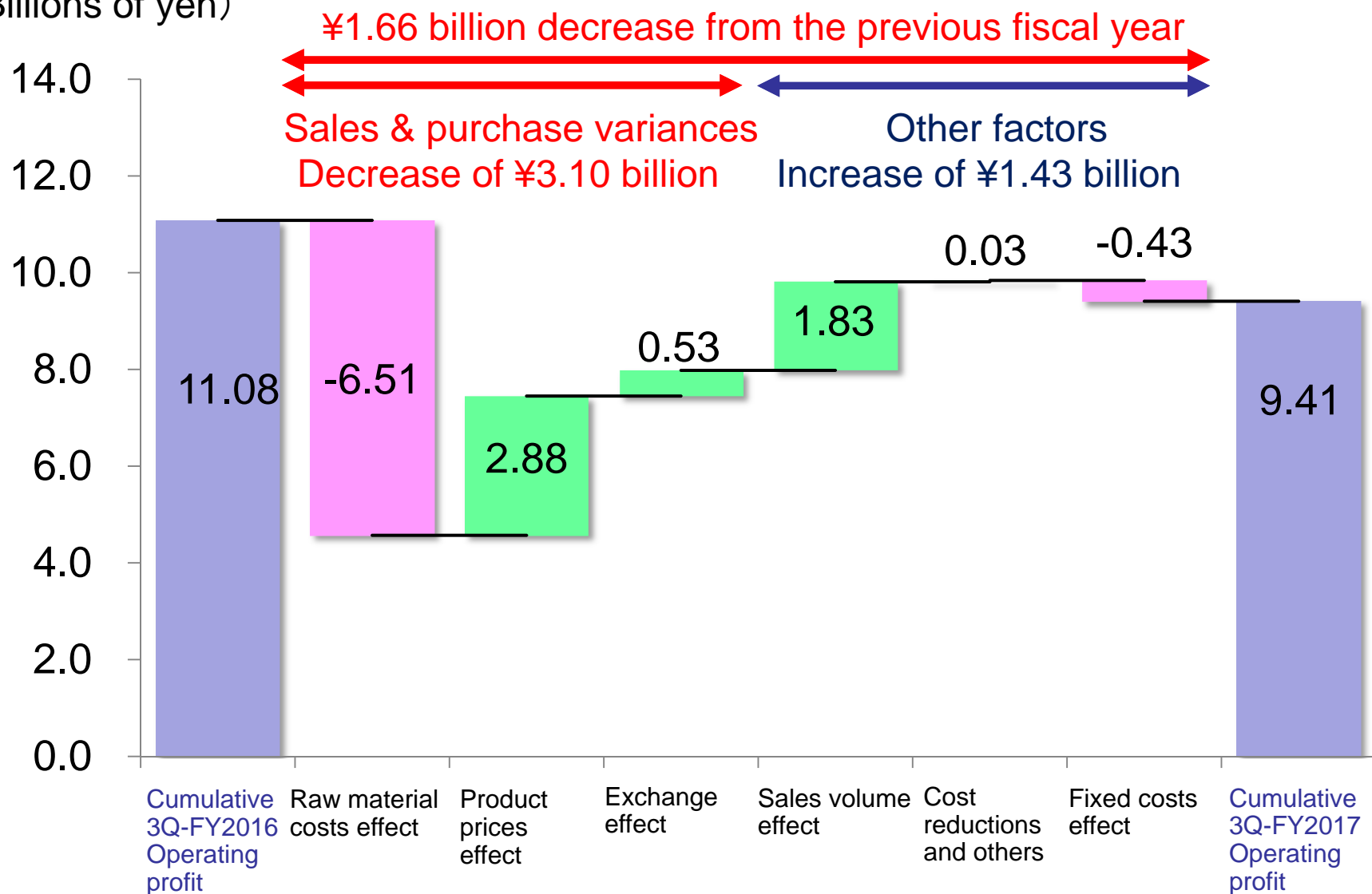
Results of Operations for Cumulative 3Q in FY2017

(Billions of yen)

Consolidated	Apr.-Dec.		Year on Year Change	
	FY2016	FY2017	Amount	Ratio (%)
Net sales	111.53	120.98	9.45	8
Operating profit	11.08	9.41	(1.66)	(15)
Ordinary profit	12.47	11.17	(1.29)	(10)
Profit attributable to owners of parent	8.58	7.73	(0.85)	(10)
Comprehensive income	9.14	12.38	3.23	35

Change in Consolidated Operating Profit by Factor

(Billions of yen)



Change in Consolidated Net Income



(Billions of yen)

	Apr.-Dec.		Year on Year Change
	FY2016	FY2017	
Operating profit	11.08	9.41	(1.66)
Equity in losses or earnings of unconsolidated subsidiaries and affiliates	0.64	0.43	(0.20)
Gain or loss on foreign exchange	0.10	0.54	0.44
Other non-operating profit or loss	0.64	0.77	0.13
Ordinary profit	12.47	11.17	(1.29)
Gain and Loss on disposal/sales of property, plant and equipment	(0.48)	(0.79)	(0.31)
Other extraordinary income or loss	0.02	0.12	0.10
Profit before income taxes	12.01	10.49	(1.51)
Income taxes, etc.	(2.79)	(2.47)	0.31
Profit attributable to non-controlling interests	(0.63)	(0.28)	0.34
Profit attributable to owners of parent	8.58	7.73	(0.85)

Consolidated Balance Sheet



(Billions of yen)

	Mar. 31 2017	Dec. 31 2017	Changed amount	Main Change Factor
Current assets	85.3	90.4	5.1	Cash and deposits: (6.1), Notes and accounts receivable-trade, Electronically recorded monetary claims-operating: 7.2, Inventories: 2.8
Non-current assets	101.5	110.3	8.7	Property, plant and equipment: 4.9, Investment securities: 3.4
Total assets	186.8	200.7	13.8	
Current liabilities	44.4	49.1	4.7	Accounts payable-trade, Electronically recorded obligations-operating: 7.9, Short-term loans: (2.9)
Non-current liabilities	14.7	14.2	(0.4)	Long-term debt: (1.5), Deferred tax liabilities: 1.0
Total liabilities	59.2	63.4	4.2	
Shareholder's equity	108.1	113.4	5.3	Profit attributable to owners of parent: 7.7, Cash dividends paid: (2.4)
Accumulated other comprehensive income	13.4	17.3	3.9	Valuation difference on available-for-sale securities: 2.7, Foreign currency translation adjustment: 1.2
Non-controlling interests	6.0	6.4	0.4	
Total net assets	127.6	137.2	9.6	
Total Liabilities and net assets	186.8	200.7	13.8	

Consolidated Cash Flows



(Billions of yen)

	Apr.-Dec.		Changed amount	Special Instruction
	FY2016	FY2017		
Operating activities	14.9	9.9	(4.9)	
Profit before income taxes	12.0	10.4	(1.5)	
Depreciation and amortization	5.4	6.1	0.6	
Equity in earning of unconsolidated subsidiaries and affiliates	(0.6)	(0.4)	0.2	
(Increase) decrease in operating capital	0.2	(1.9)	(2.1)	
Income taxes	(2.9)	(3.1)	(0.1)	
Others	0.7	(1.1)	(1.9)	
Investing activities	(10.5)	(9.7)	0.8	Purchase of non-current assets 1-3Q in FY2016: (10.2), 1-3Q in FY2017: (9.0)
Free cash flows	4.3	0.2	(4.0)	
Financing activities	(1.2)	(6.6)	(5.4)	Loans, Repayment 1-3Q in FY2016: 1.0, 1-3Q in FY2017: (3.9)
Effect of exchange rate changes on cash and cash equivalents	(0.7)	0.2	0.9	
Net increase (decrease) in cash and cash equivalents	2.3	(6.1)	(8.5)	
Cash and cash equivalents at beginning of period	19.3	23.1	3.8	
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries	(0.6)	—	0.6	
Cash and cash equivalents at end of period	21.0	16.9	(4.1)	

Forecast for FY2017



<Precondition for the forecast>

(Forecast at the beginning of the term)

Domestic naphtha price: 40 thousand of Yen/kl, Exchange rate: 110 Yen/US\$

(Current forecast)

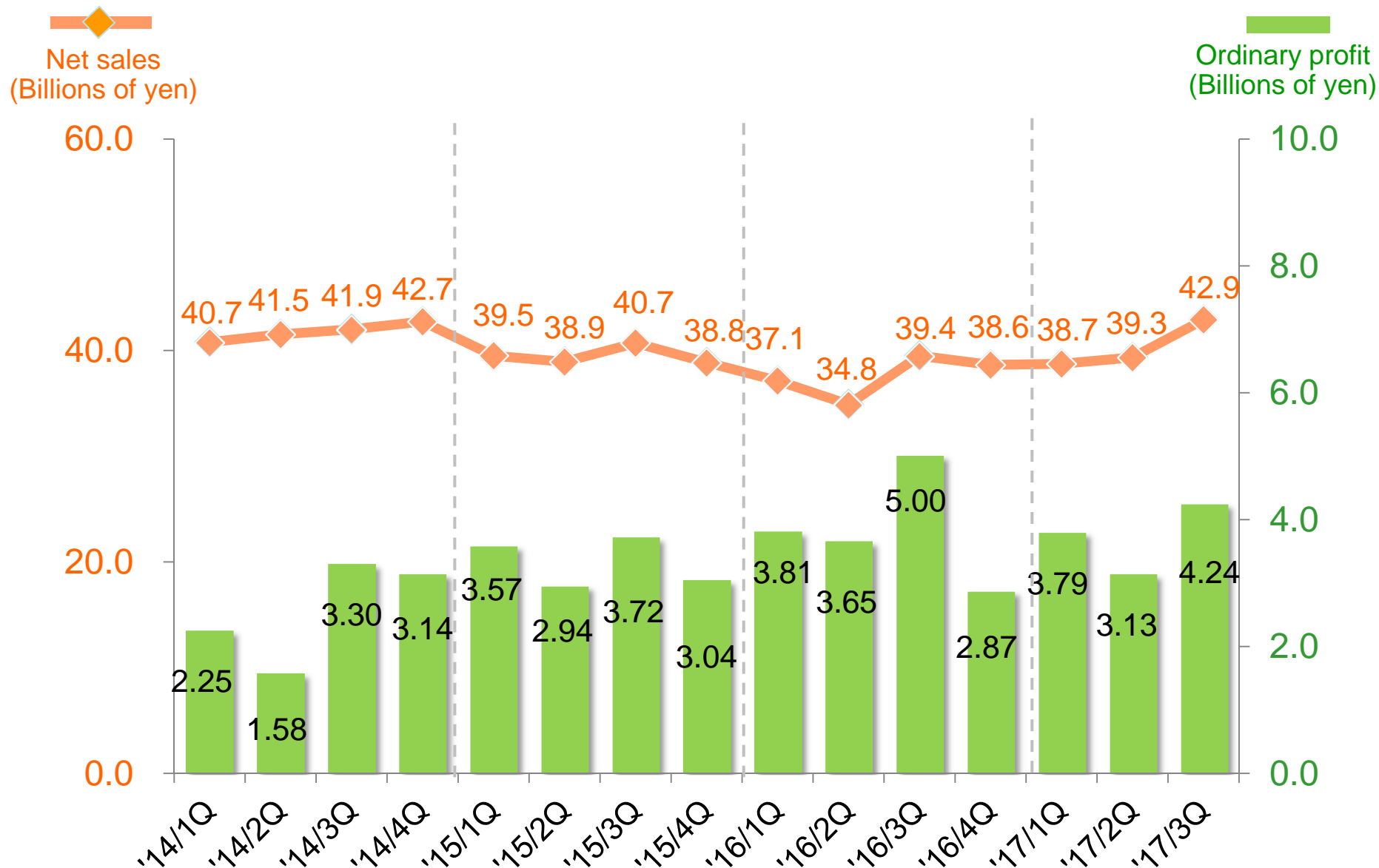
FY2017: Domestic naphtha price: 42 thousand of Yen/kl, Exchange rate: 112 Yen/US\$

4Q: Domestic naphtha price: 49 thousand of Yen/kl, Exchange rate: 112 Yen/US\$

(Billions of yen)

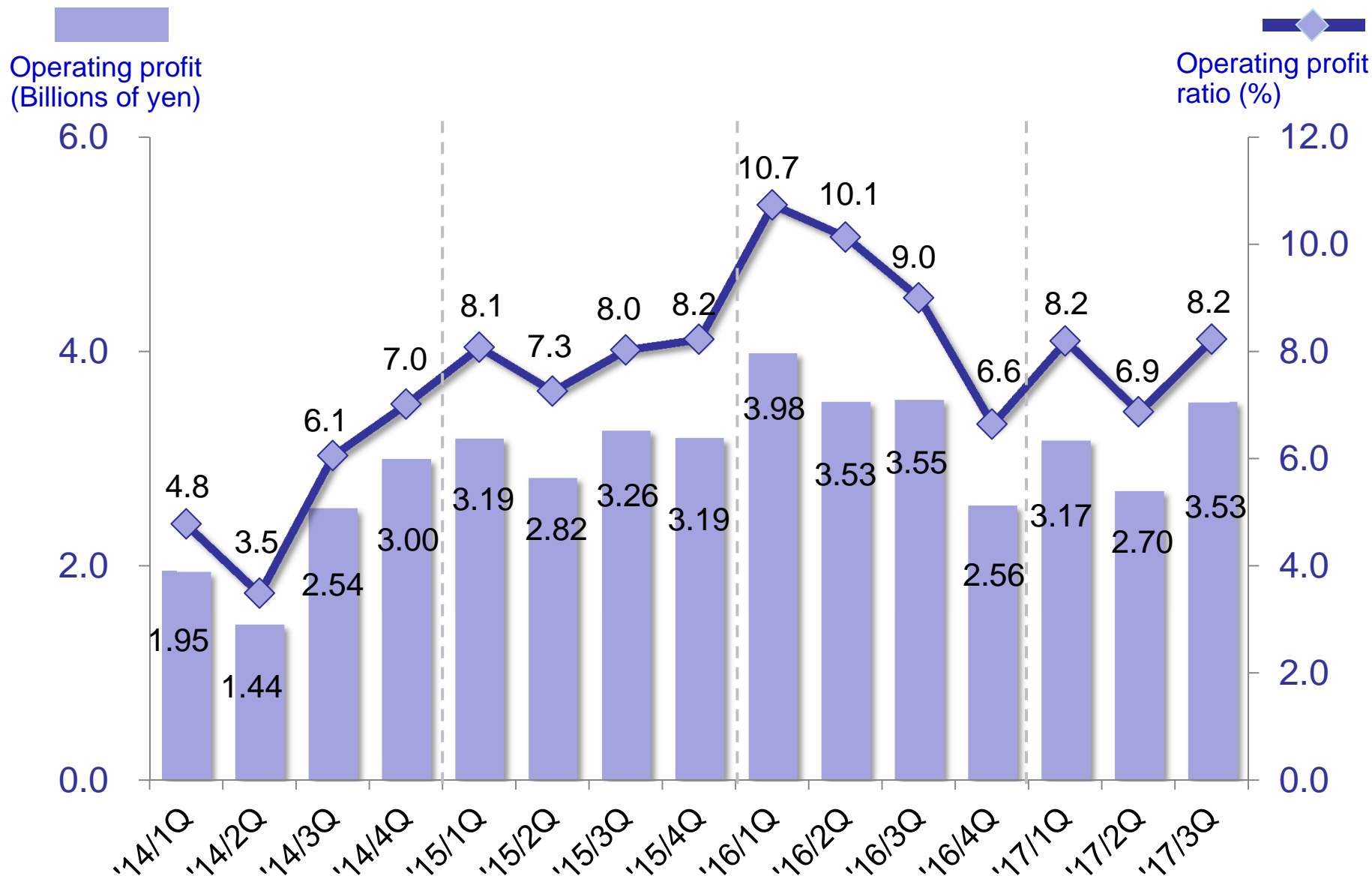
Consolidated	FY2017 annual			FY2016 annual
	Forecast at the beginning of the term (announced on Apr. 28, 2017)	Current forecast (announced on Jan. 31, 2018)	Difference	Result
Net sales	167.00	162.00	(5.00)	150.16
Operating profit	14.00	12.00	(2.00)	13.64
Ordinary profit	15.50	14.00	(1.50)	15.34
Profit attributable to owners of parent	11.00	10.00	(1.00)	10.19

Consolidated Business Result Trend



Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, adopted the straight-line method from FY2016.

Consolidated Operating Profit Trend



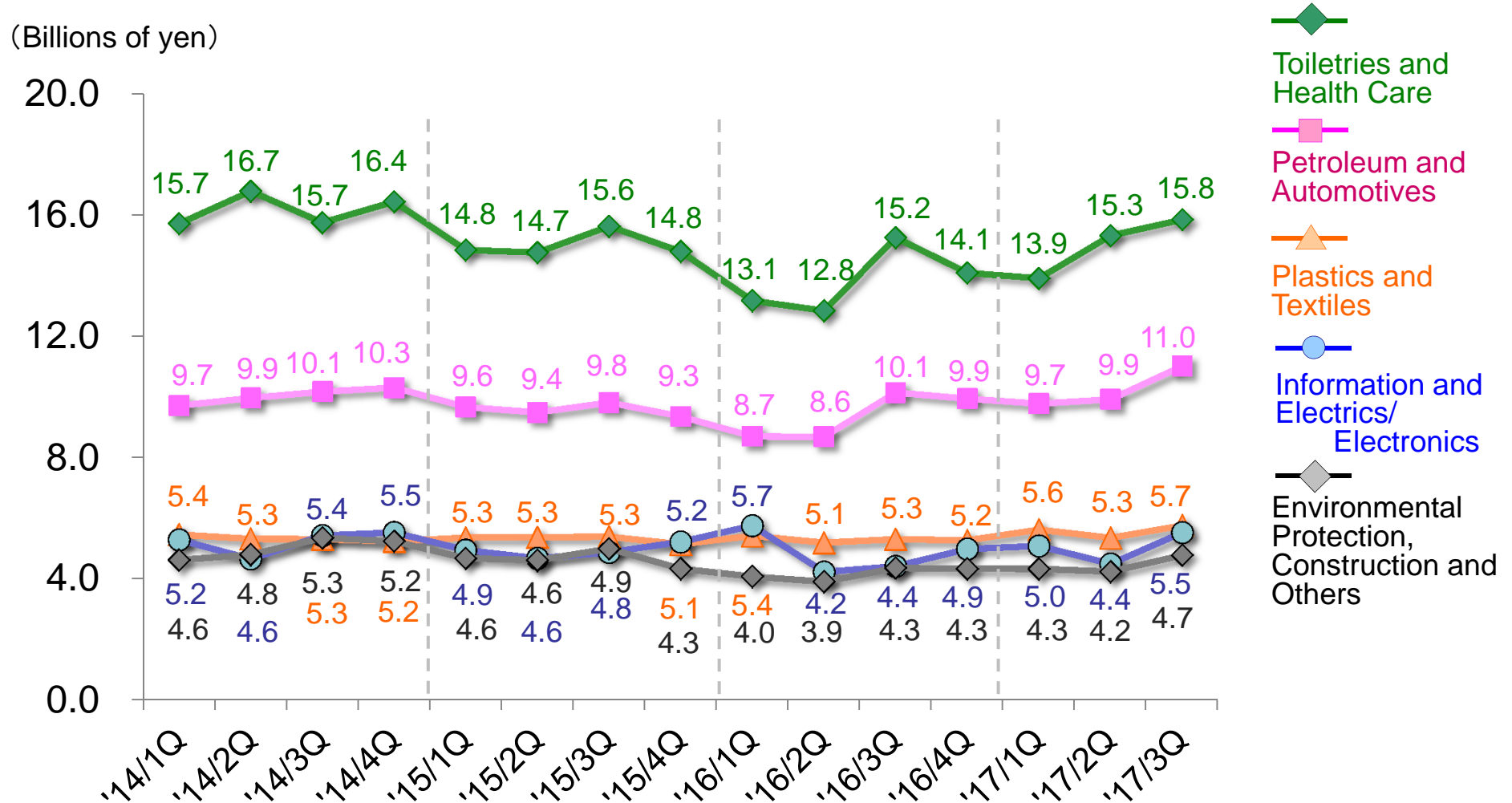
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Results of Operations by Segment for Cumulative 3Q in FY2017

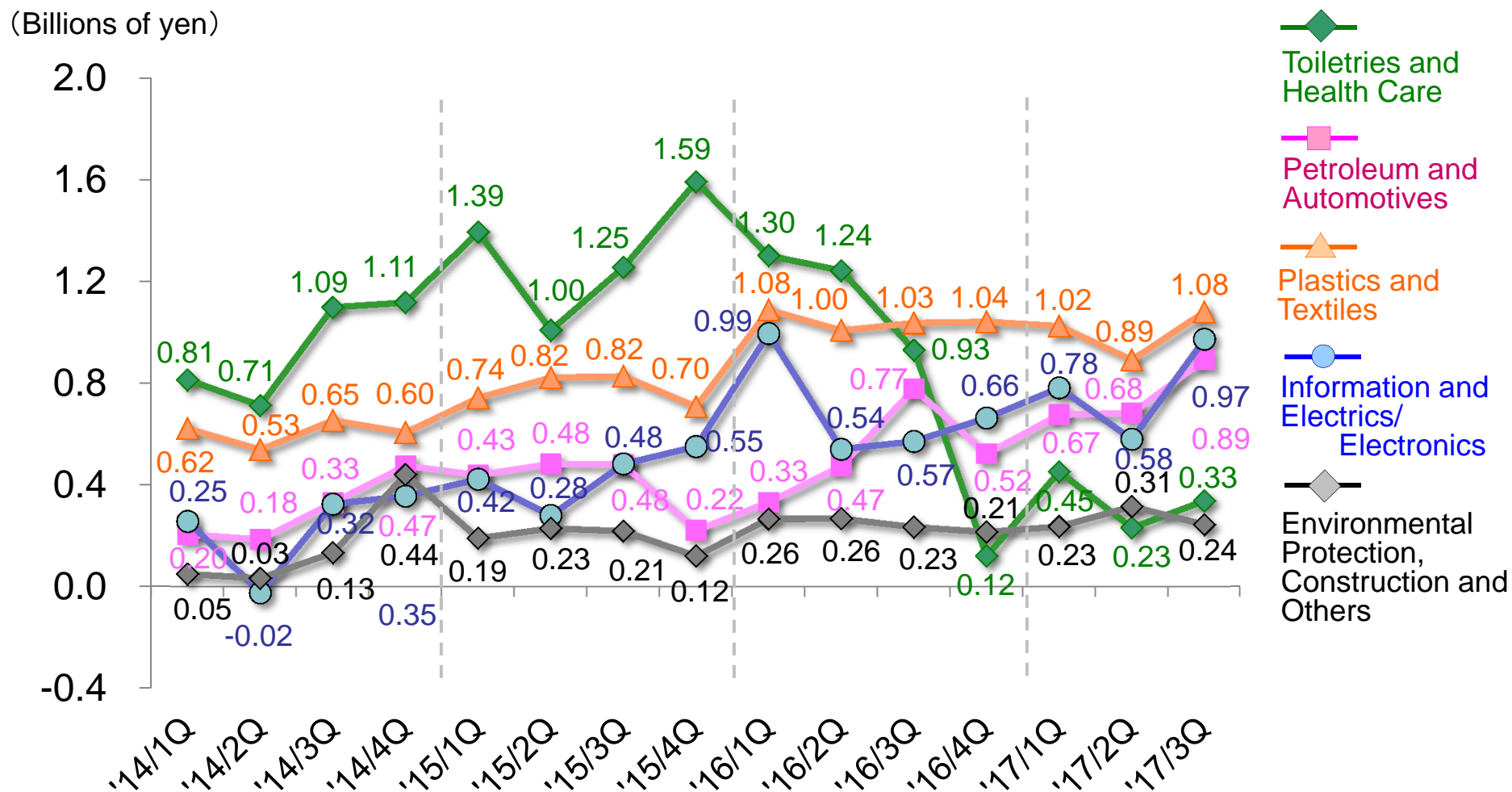
(Billions of yen)

Segment	Net Sales			Operating Profit		
	Apr.-Dec. FY2016	Apr.-Dec. FY2017	Changed Amount	Apr.-Dec. FY2016	Apr.-Dec. FY2017	Changed Amount
Toiletries and Health Care	41.33	45.12	3.79	3.47	1.02	(2.45)
Toiletries	9.78	9.89	0.10			
Health Care	31.54	35.23	3.68			
Petroleum and Automotives	27.55	30.71	3.16	1.58	2.25	0.66
Plastics and Textiles	15.89	16.69	0.80	3.13	2.99	(0.13)
Plastics	10.67	11.32	0.65			
Textiles	5.21	5.36	0.14			
Information and Electrics/Electronics	14.38	15.08	0.69	2.10	2.33	0.22
Information	9.38	9.69	0.30			
Electrics/Electronics	5.00	5.39	0.39			
Environmental Protection, Construction and Others	12.36	13.35	0.99	0.77	0.79	0.02
Total	111.53	120.98	9.45	11.08	9.41	(1.66)

Consolidated Net Sales Trend by Segment



Consolidated Operating Profit Trend by Segment

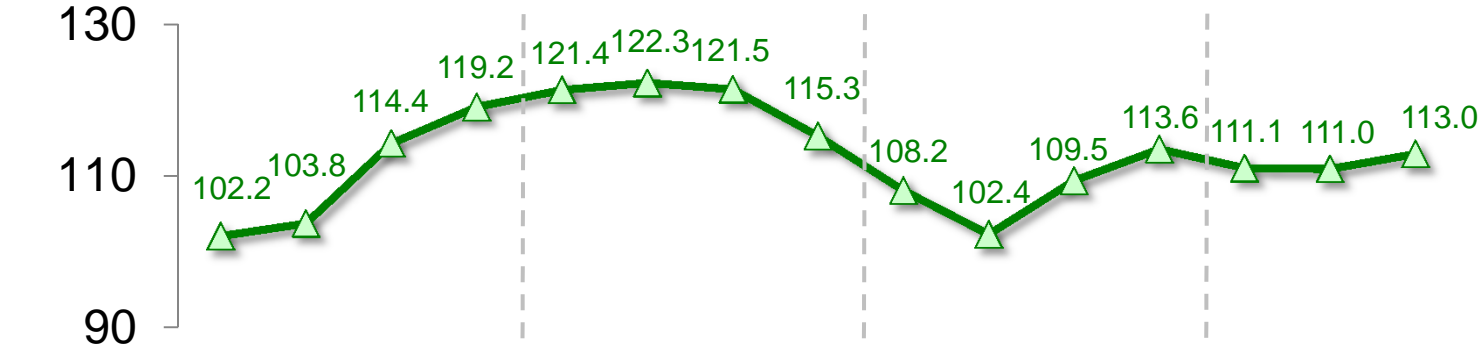


Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, adopted the straight-line method from FY2016.

Consolidated Overseas Sales Trend

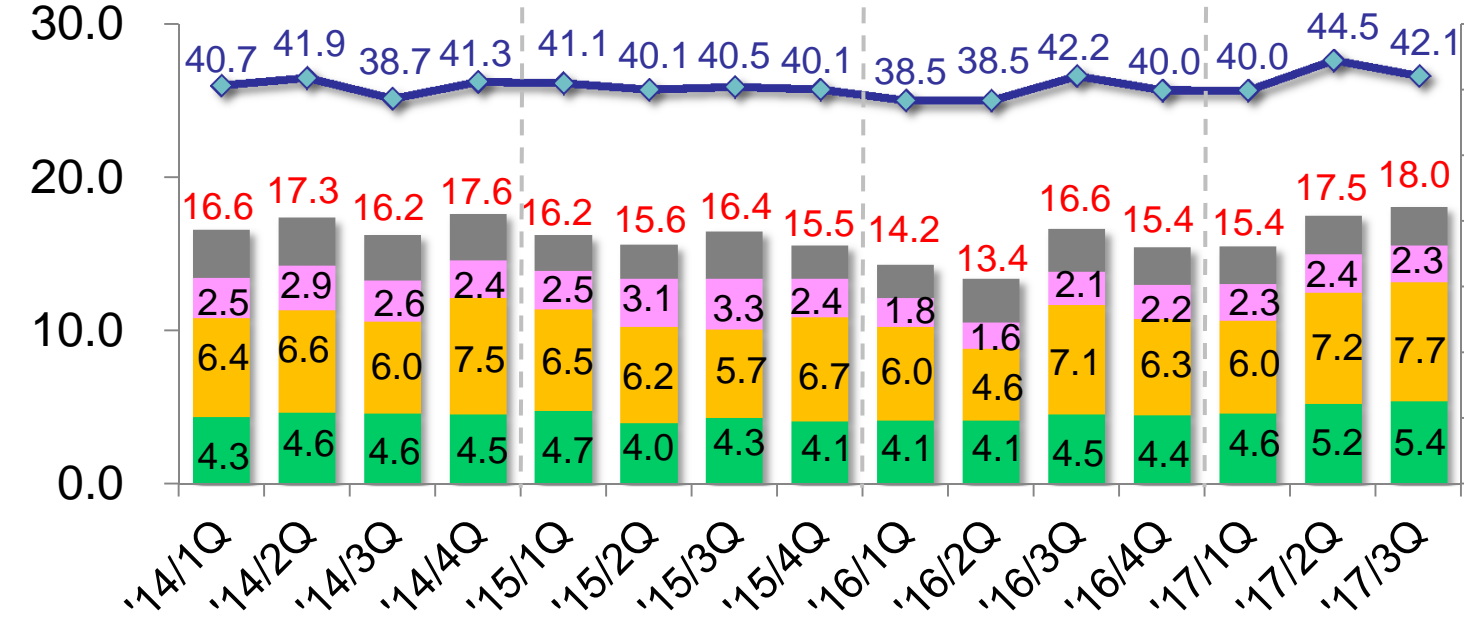


Average exchange rate
(Yen/US\$)

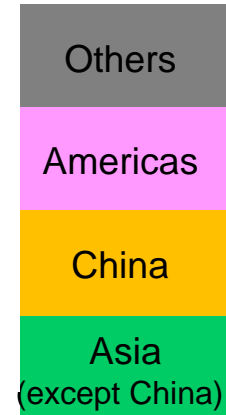


Overseas sales
(Billions of yen)

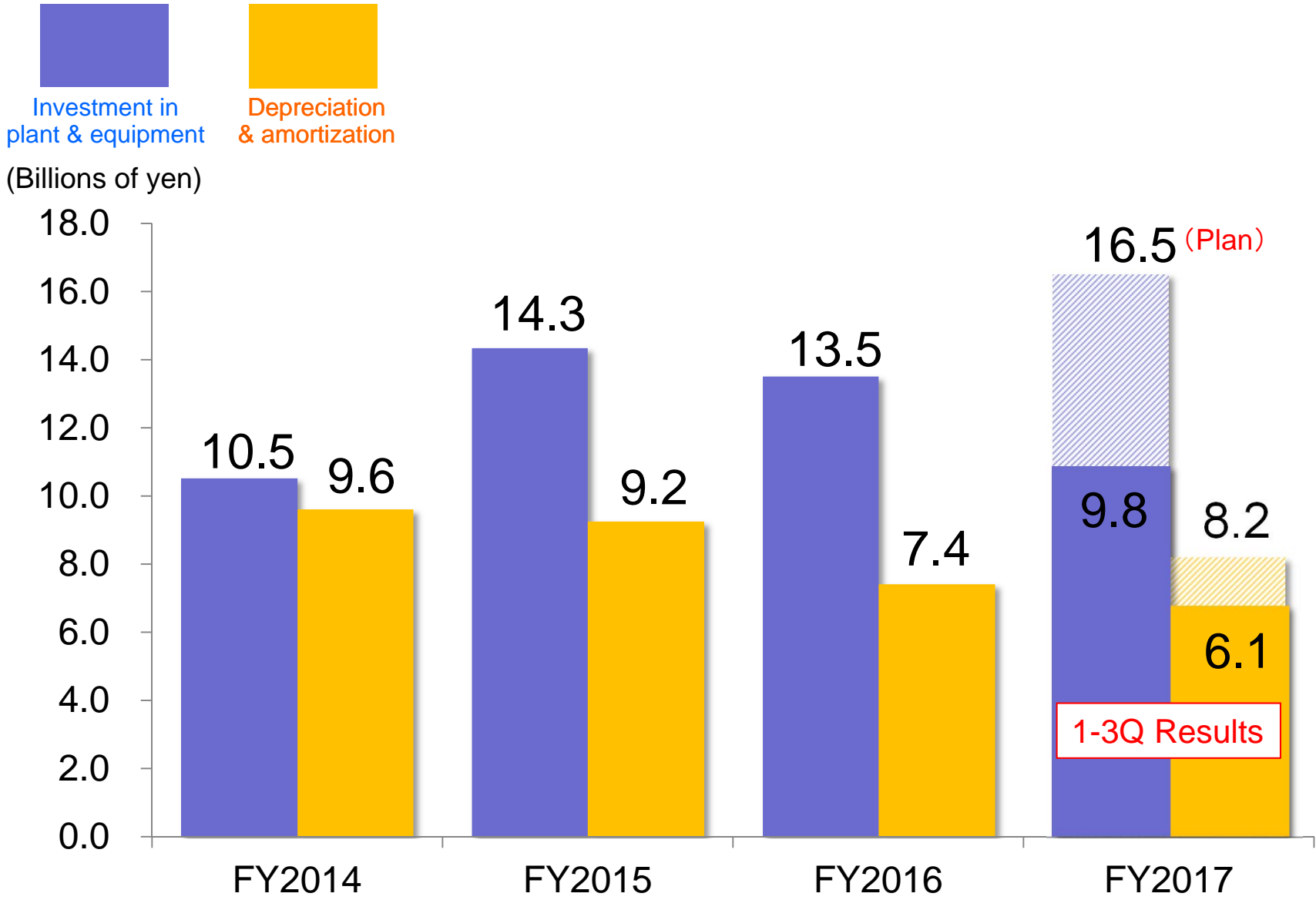
Overseas sales ratio (%)



Total



Consolidated Investment in Plant & Equipment, and Depreciation & Amortization

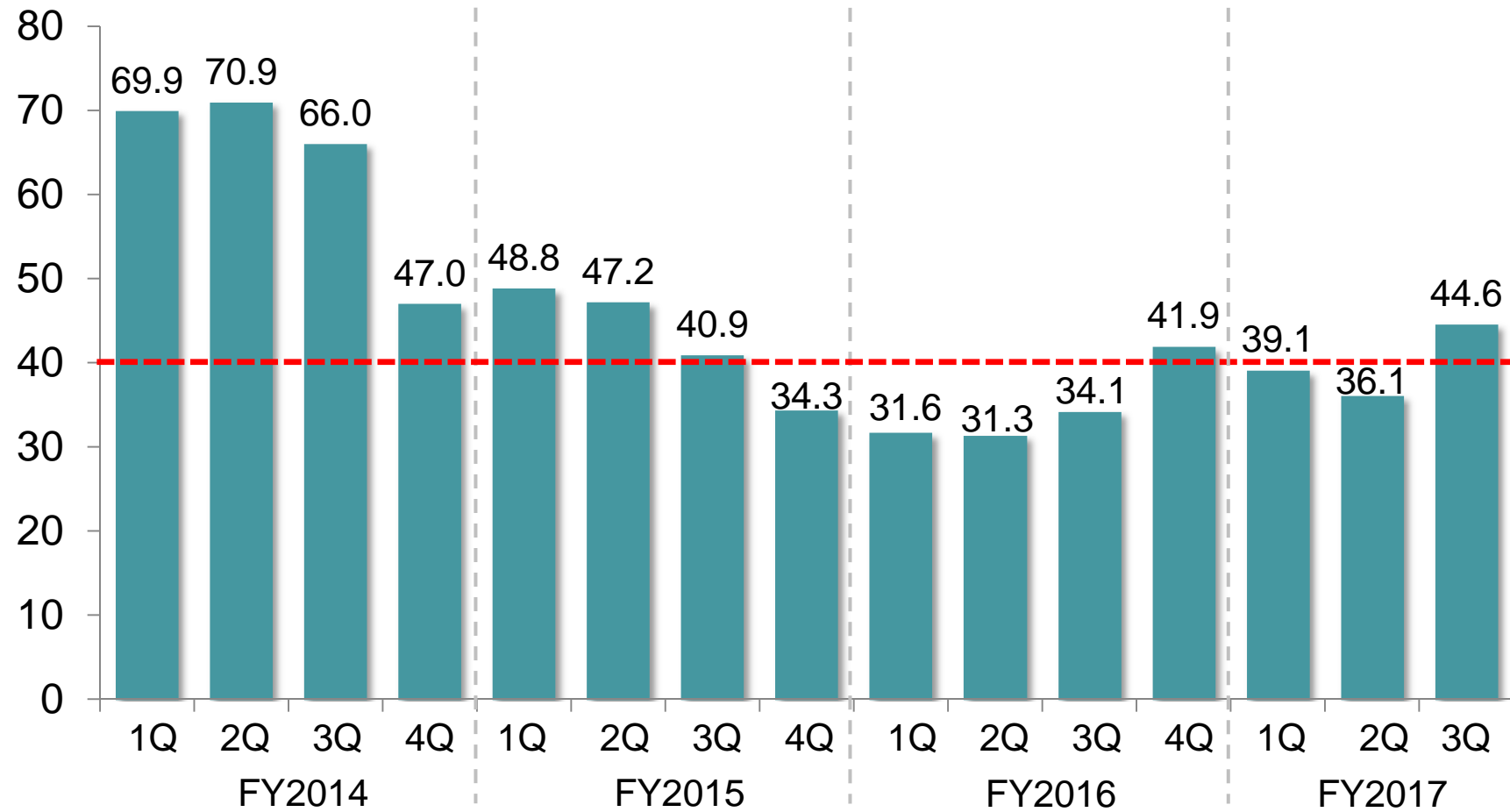


Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, adopted the straight-line method from FY2016.

Reference

Transition of Price of Naphtha produced in Japan

Naphtha price
(Thousands of yen/kl)



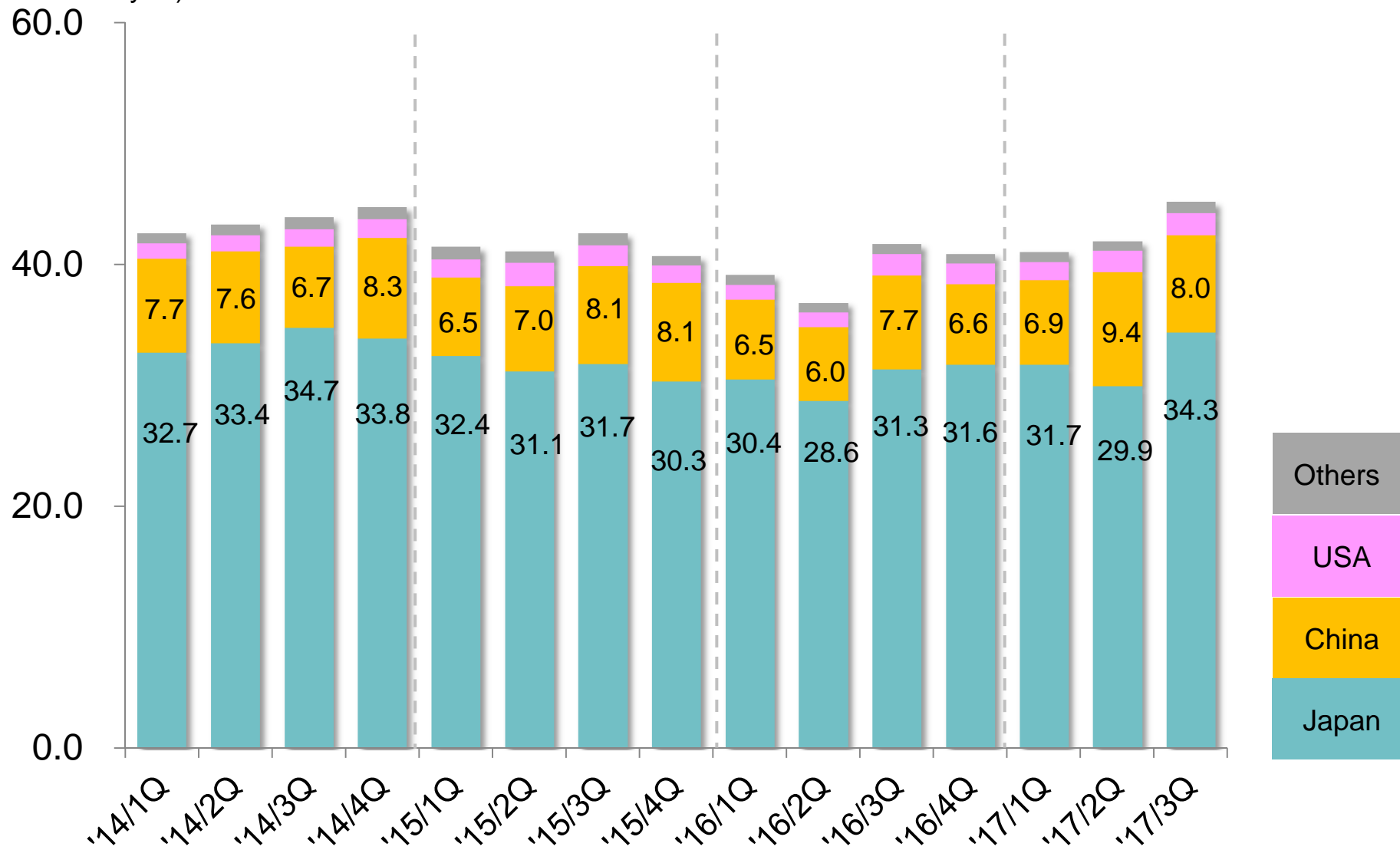
(Reference: Japanese newspapers, etc)

(Ref.-1)

Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)

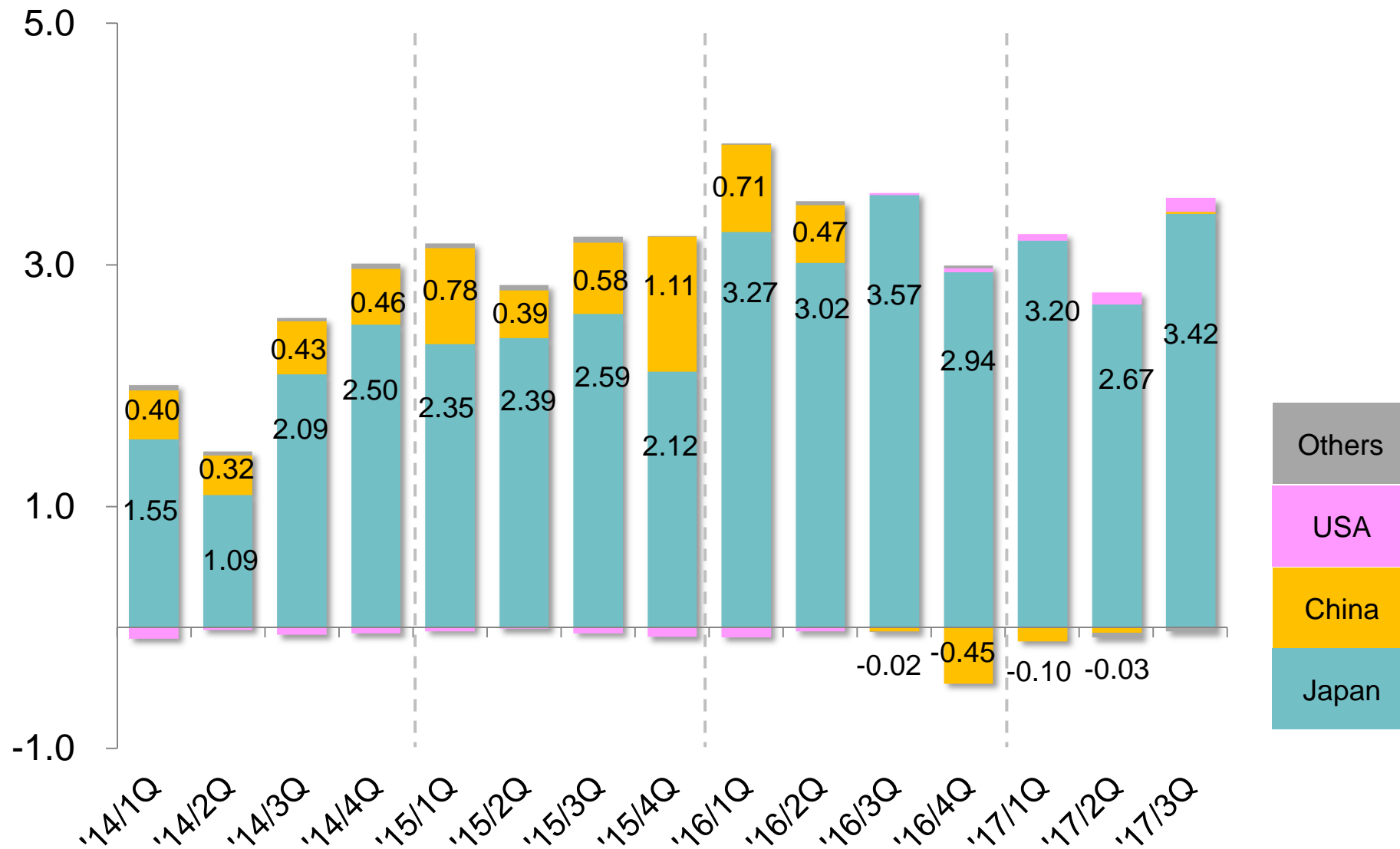


(Ref.-2)

Consolidated Operating Profit Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



(Ref.-3)

Japanese 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 JXTG Nippon Oil & Energy	50% 50%	Manufacture of raw materials for polyurethane foams, etc.
San-Apro Ltd.	SA	Sanyo Chemical Evonik International Holding B.V.	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 (8 companies)

Company Name	Abbr.	Equity Ownership		Line of Business
Sanyo Kasei (Nantong) Co., Ltd. [China]	SKN	Sanyo Chemical	100%	Manufacture 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 Corporation	100%	Manufacture of lubricating oil additives
Sanyo Chemical Texas Industries, LLC [USA]	SCTI	SANAM Corporation	100%	Manufacture of polyurethane beads
SDP GLOBAL (MALAYSIA) SDN.BHD. [Malaysia]	SDPM	SDP Global	100%	Manufacture and sales of superabsorbent polymers

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% JXTG Nippon Oil & Energy 50%	Manufacture of raw materials for synthetic rubbers
Sunrise Chemical LLC [USA]	SRC	SANAM Corporation 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% JXTG Nippon Oil & Energy 50%	Warehousing
Sanliving Ltd.	SL	Sanyo Chemical 100%	Real estate, insurance and agency

(Ref.-6)