



"Performance" Through Chemistry

A Statement of Accounts
For the Fiscal Year Ended March 31, 2018
Fiscal Year 2017
(FY2017)

SANYO CHEMICAL INDUSTRIES, LTD.
Takao Ando, President & CEO

<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 May 21, 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

Public Relations Dept.

SANYO CHEMICAL INDUSTRIES, LTD.

TEL +81-75-541-4312

FAX +81-75-551-2557

E-mail 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)

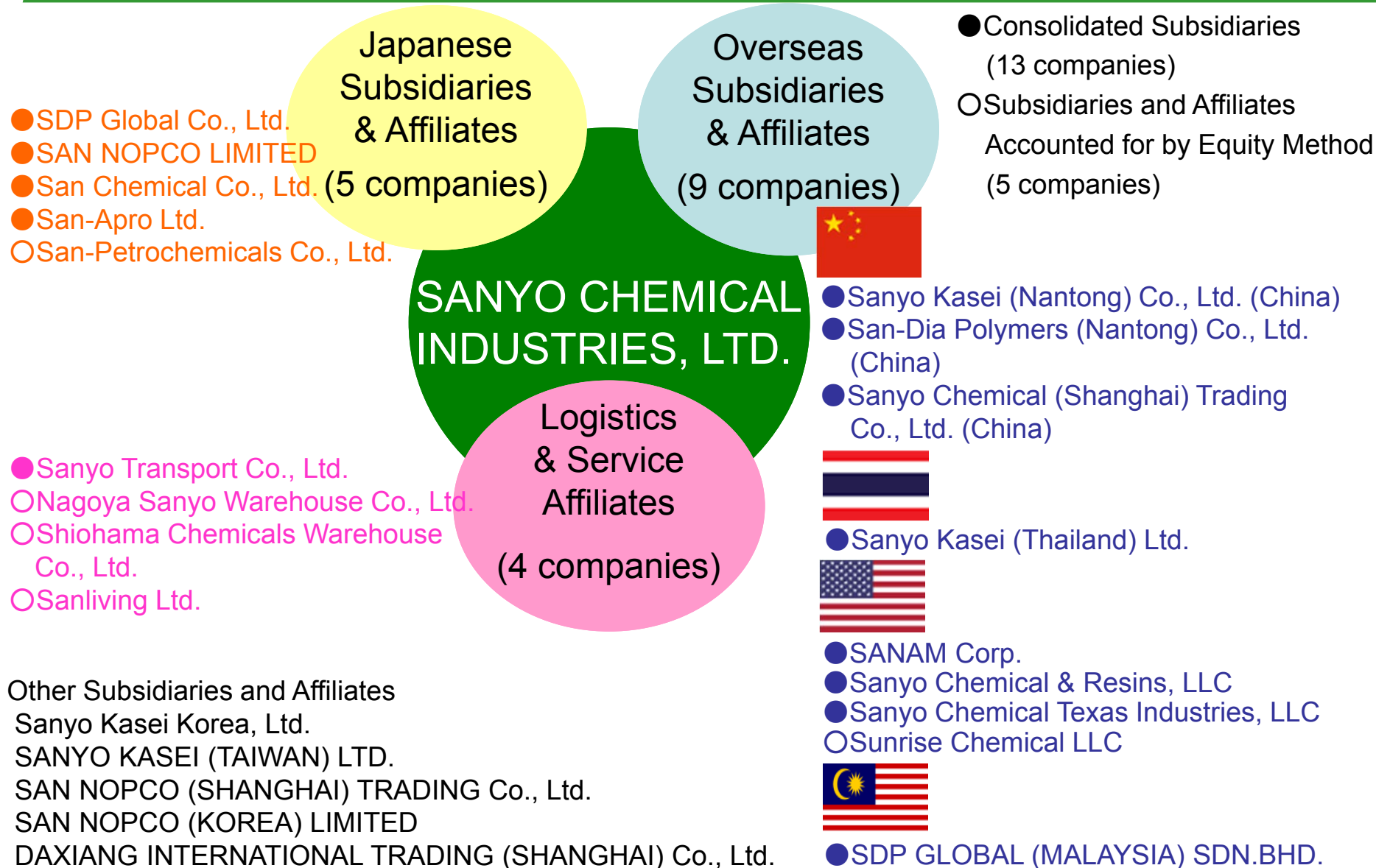
Consolidated Number of Employees:

2,053 (as of March. 31, 2018)

Line of Business:

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

Sanyo Chemical Group



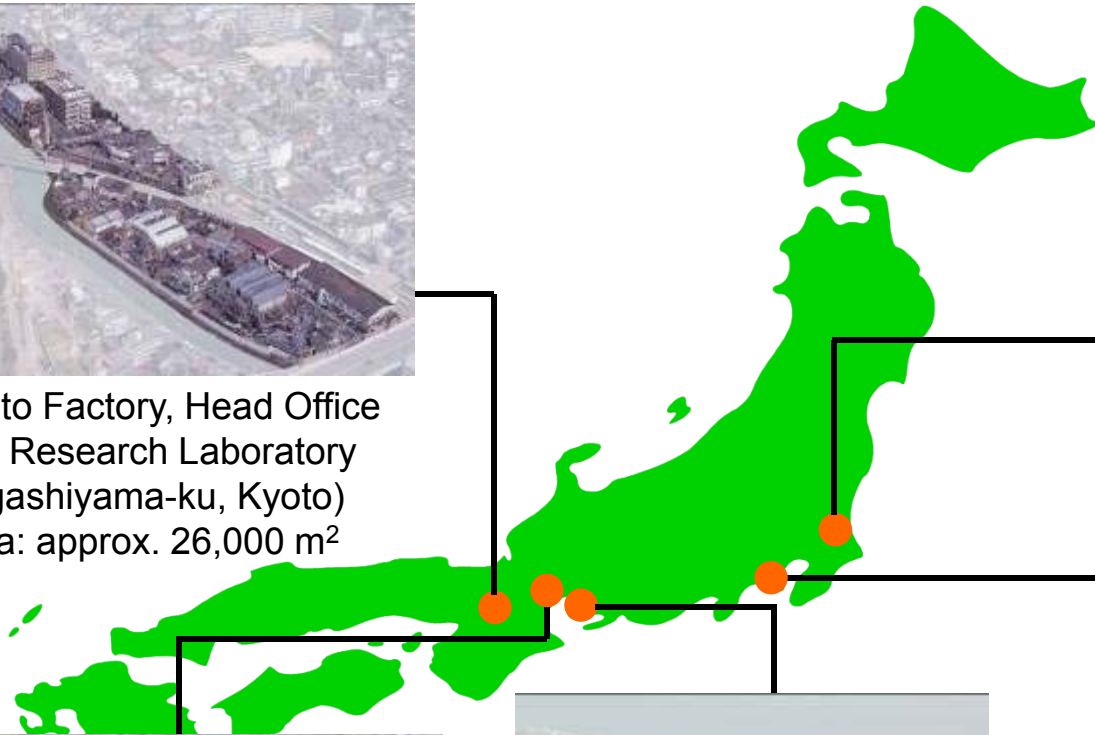
Domestic Production Bases



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.



 Sanyo Chemical & Resins, LLC



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



 Sanyo Kasei (Thailand) Ltd.




 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) LTD.



 Sanyo Kasei (Thailand) Ltd.



 SANYO KASEI (TAIWAN) LTD.



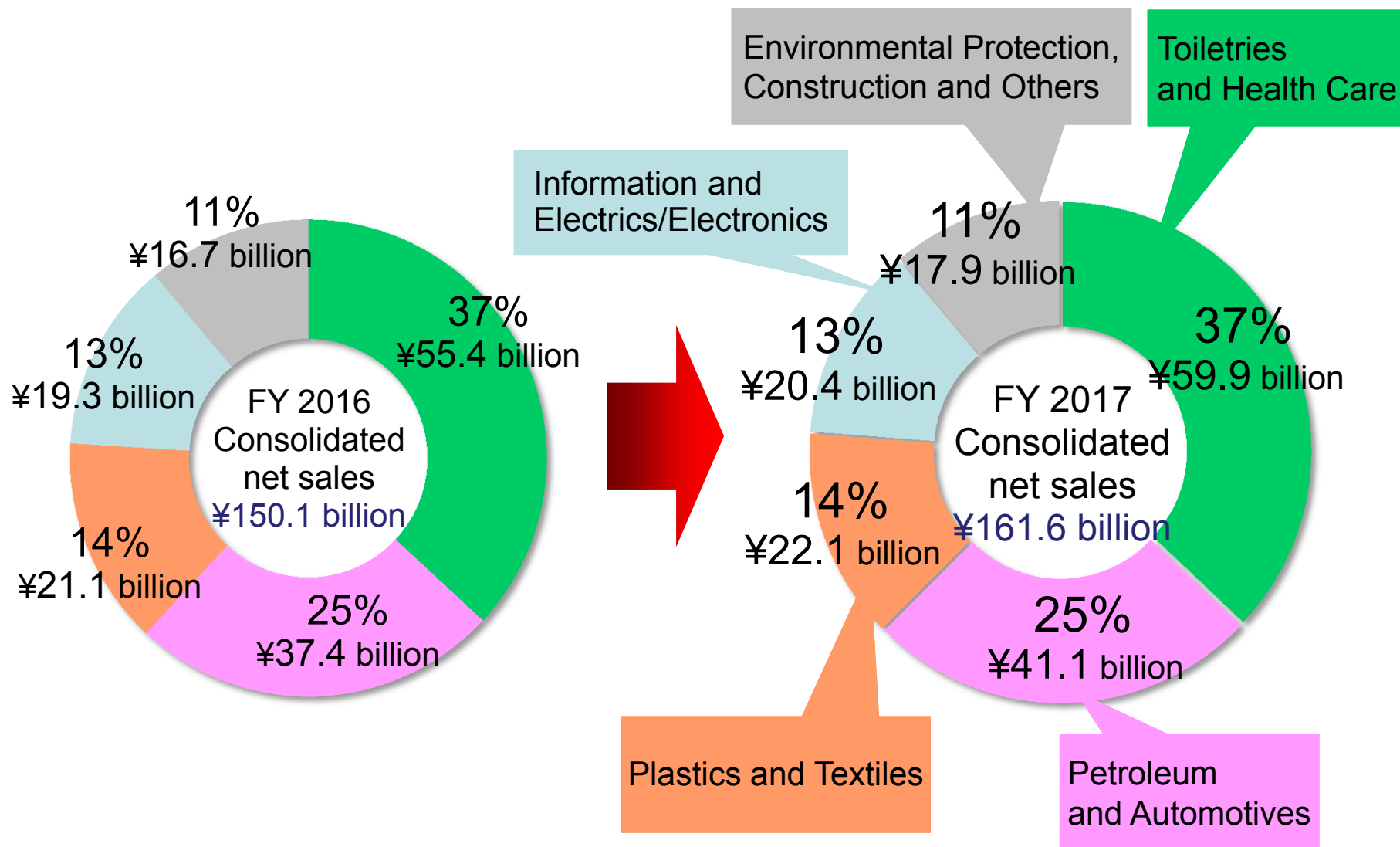
 SANAM Corp.

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 (SAP), 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 (TUB), Raw Materials for Polyurethane Foams (PPG), Lubricating Oil Additives, Additives for Fuel Oil, 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 Agent, 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 (PEB) 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, 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



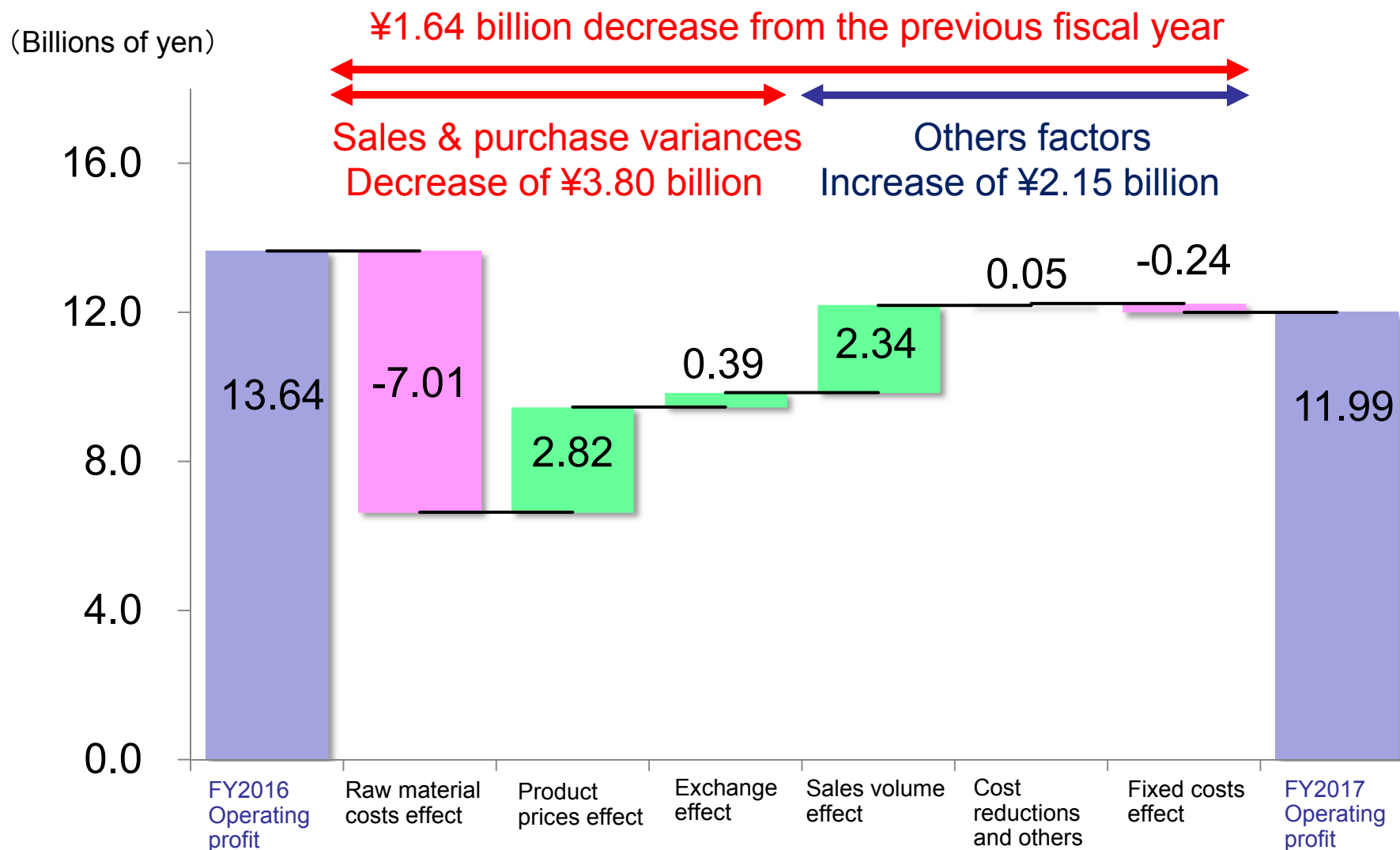
Results of Operations for FY2017



(Billions of yen)

Consolidated	FY2016	FY2017	Year on Year Change	
			Amount	Ratio (%)
Net sales	150.16	161.69	11.52	8
Operating profit	13.64	11.99	(1.64)	(12)
Ordinary profit	15.34	13.86	(1.47)	(10)
Profit attributable to owners of parent	10.19	9.27	(0.92)	(9)
Comprehensive income	11.19	11.35	0.15	1

Change in Consolidated Operating Profit by Factor



Change in Consolidated Net Income



(Billions of yen)

	FY2016	FY2017	Year on Year Change
Operating profit	13.64	11.99	(1.64)
Share of profit of entities accounted for using equity method	1.19	0.83	(0.35)
Gain or loss on foreign exchange	(0.14)	0.22	0.36
Other non-operating income and loss	0.64	0.81	0.16
Ordinary profit	15.34	13.86	(1.47)
Gain and Loss on disposal/sales of property, plant and equipment	(0.68)	(1.04)	0.35
Impairment loss	(0.83)	—	0.83
Loss on closing of factory	—	(0.76)	(0.76)
Other extraordinary income or loss	0.03	0.08	0.05
Profit before income taxes	13.85	12.14	(1.70)
Income taxes paid, etc.	(3.02)	(2.77)	0.24
Profit attributable to non-controlling interests	(0.64)	(0.09)	0.54
Profit attributable to owners of parent	10.19	9.27	(0.92)

Consolidated Balance Sheet



(Billions of yen)

	Mar. 31 2017	Mar. 31 2018	Year on Year Change	Main Change Factor
Current assets	85.3	90.1	4.7	Cash and deposits: (5.7), Notes and accounts receivable-trade, Electronically recorded monetary claims-operating: 7.5, Inventories: 2.3
Non-current assets	101.5	110.0	8.4	Property, plant and equipment: 6.3, Investment securities: 1.2
Total assets	186.8	200.1	13.2	
Current liabilities	44.4	50.1	5.7	Accounts payable-trade, Electronically recorded obligations-operating: 8.2, Short-term loans: (3.0)
Non-current liabilities	14.7	13.6	(1.0)	Long-term debt: (2.2), Deferred tax liabilities: 0.3
Total liabilities	59.2	63.8	4.6	
Shareholder's equity	108.1	115.0	6.8	Profit attributable to owners of parent: 9.2, Cash dividends paid: (2.4)
Accumulated other comprehensive income	13.4	15.0	1.6	Valuation difference on available-for-sale securities : 0.8, Foreign currency translation adjustment: 0.7
Non-controlling interests	6.0	6.1	0.1	
Total net assets	127.6	136.2	8.6	
Total liabilities and net assets	186.8	200.1	13.2	

Consolidated Cash Flows



(Billions of yen)

	FY2016	FY2017	Changed amount	Special instruction on FY2016
Operating activities	20.4	15.7	(4.7)	
Profit before income taxes	13.8	12.1	(1.7)	
Depreciation and amortization	7.4	8.3	0.8	
Equity in earning of unconsolidated subsidiaries and affiliates	(1.1)	(0.8)	0.3	
(Increase) decrease in operating capital	1.3	(1.5)	(2.8)	
Income taxes	(3.0)	(3.1)	(0.0)	
Others	1.9	0.6	(1.2)	
Investing activities	(14.1)	(14.1)	0.0	Purchase of non-current assets FY2016: (13.3), FY2017: (13.0)
Free cash flows	6.2	1.5	(4.7)	
Financing activities	(1.0)	(7.3)	(6.2)	Loans, Repayment FY2016: 1.2, FY2017: (4.5)
Effect of exchange rate changes on cash and cash equivalents	(0.7)	0.0	0.8	
Increase (decrease) in cash and cash equivalents	4.4	(5.7)	(10.1)	
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	23.1	17.3	(5.7)	

Forecast for FY2018



<Precondition for the forecast>

Price of naphtha produced in Japan: 47 thousand of Yen/kl, Exchange rate: 110 Yen/US\$

(Billions of Yen)

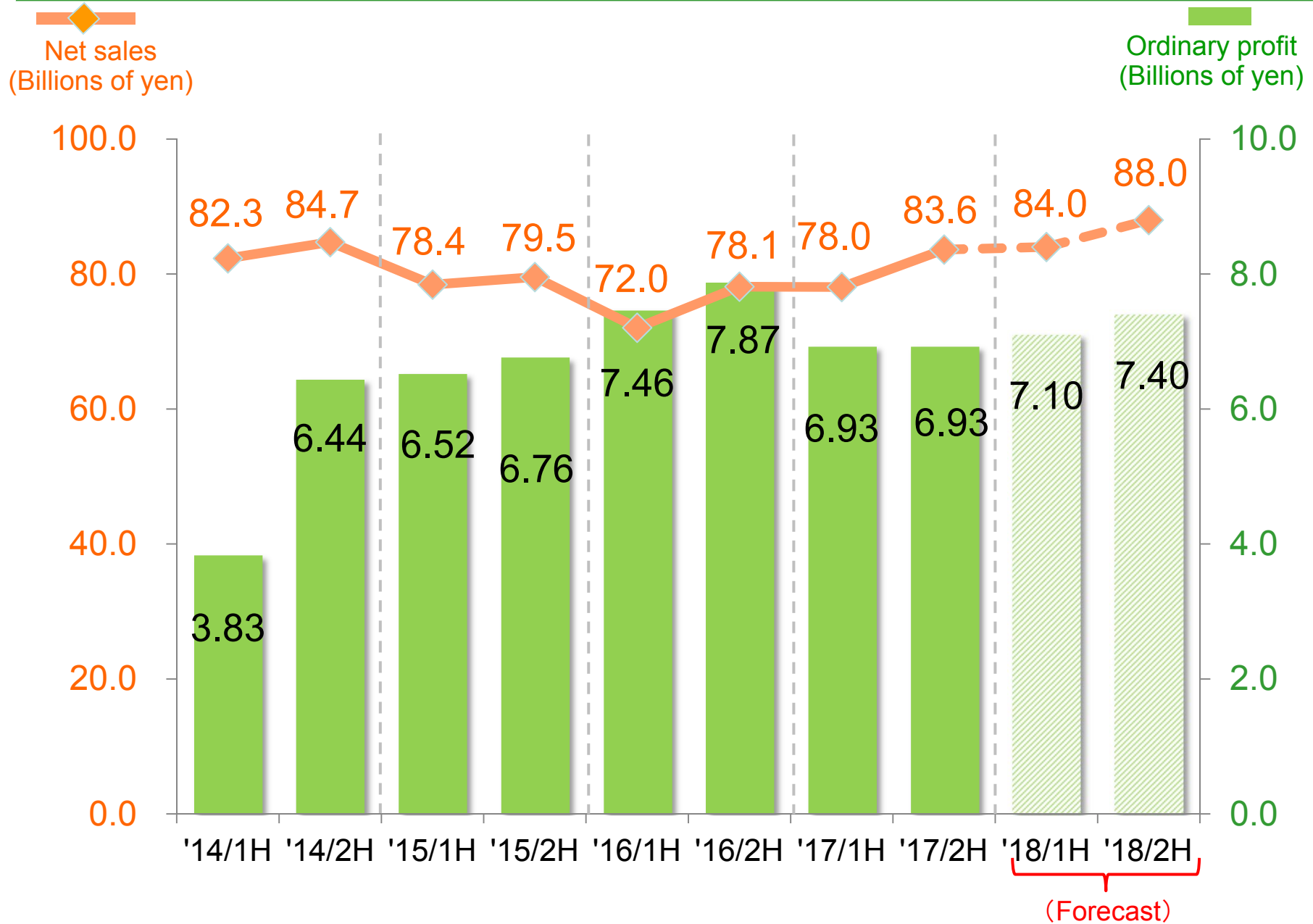
Consolidated	Annual			1H: April-September		
	FY2018 forecast	FY2017	Rate of change(%)	FY2018 forecast	FY2017	Rate of change(%)
Net sales	172.0	161.6	6	84.0	78.0	7
Operating profit	13.0	11.9	8	6.3	5.8	8
Ordinary profit	14.5	13.8	5	7.1	6.9	2
Profit attributable to owners of parent	10.0	9.2	8	4.9	4.7	3
ROE	7.5	7.4	+0.1pt			

Financial Highlights

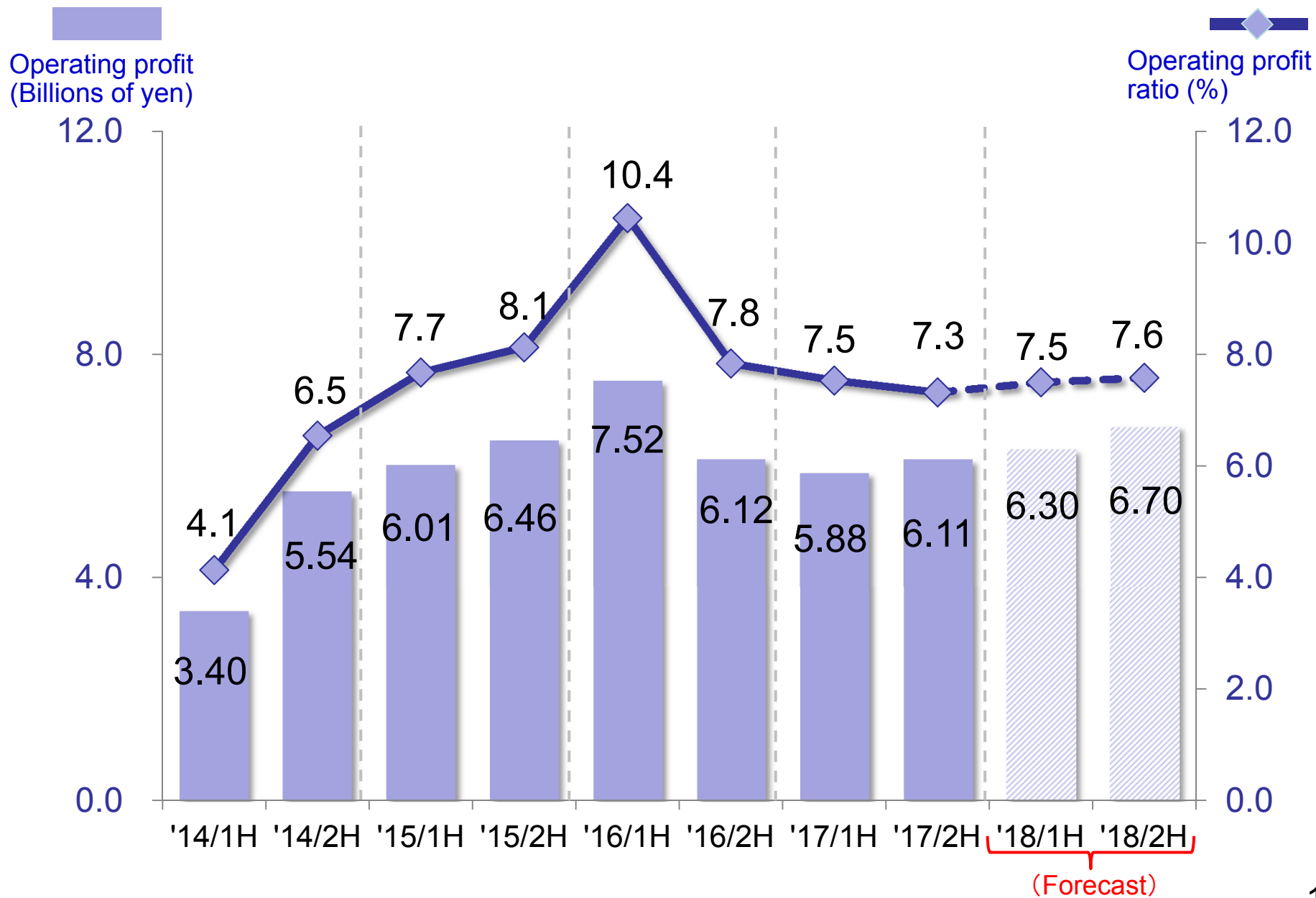


	Unit	FY2016	FY2017	Year on Year Change
Total assets	Billions of yen	186.8	200.1	13.2
Total assets ordinary profit ratio	%	8.5	7.2	(1.3pt)
Shareholder's equity	Billions of yen	121.6	130.0	8.4
Shareholder's equity ratio	%	65.1	65.0	(0.1pt)
Return on equity	%	8.7	7.4	(1.3pt)
Interest-bearing debt	Billions of yen	15.2	10.5	(4.6)
Debt/equity ratio	Times	0.13	0.08	(0.05)

Consolidated Business Result Trend



Consolidated Operating Profit Trend



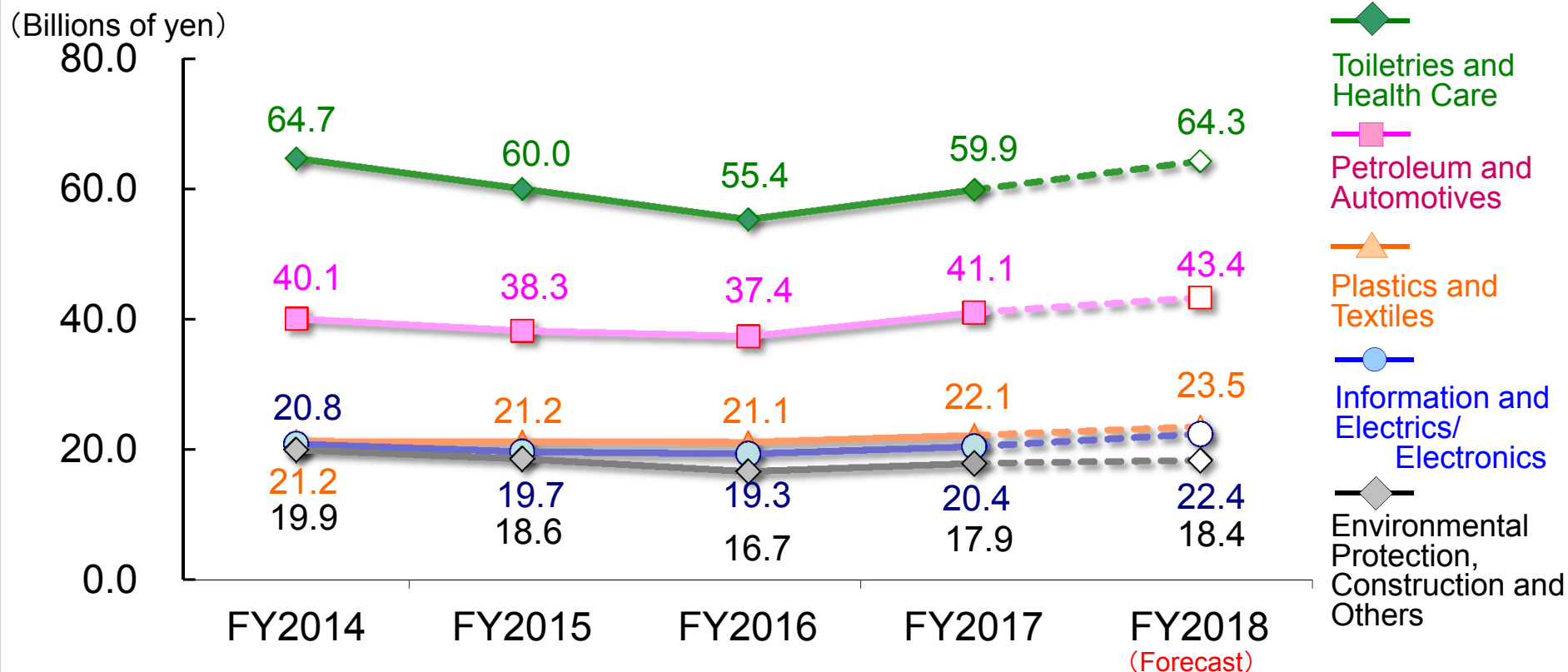
Business Results by Segment



(Billions of yen)

Segment	Net Sales			Operating Profit		
	FY2016	FY2017	Year on Year Change	FY2016	FY2017	Year on Year Change
Toiletries and Health Care	55.44	59.95	4.50	3.59	1.13	(2.46)
Toiletries	12.94	13.23	0.29			
Health Care	42.50	46.71	4.21			
Petroleum and Automotives	37.49	41.11	3.61	2.11	2.71	0.60
Plastics and Textiles	21.15	22.19	1.03	4.17	3.96	(0.21)
Plastics	14.20	15.12	0.91			
Textiles	6.94	7.06	0.11			
Information and Electrics/Electronics	19.36	20.48	1.11	2.77	3.20	0.43
Information	12.84	13.44	0.59			
Electrics/Electronics	6.51	7.04	0.52			
Environmental Protection, Construction and Others	16.70	17.94	1.24	0.98	0.97	(0.01)
Total	150.16	161.69	11.52	13.64	11.99	(1.64)

Consolidated Net Sales Trend by Segment

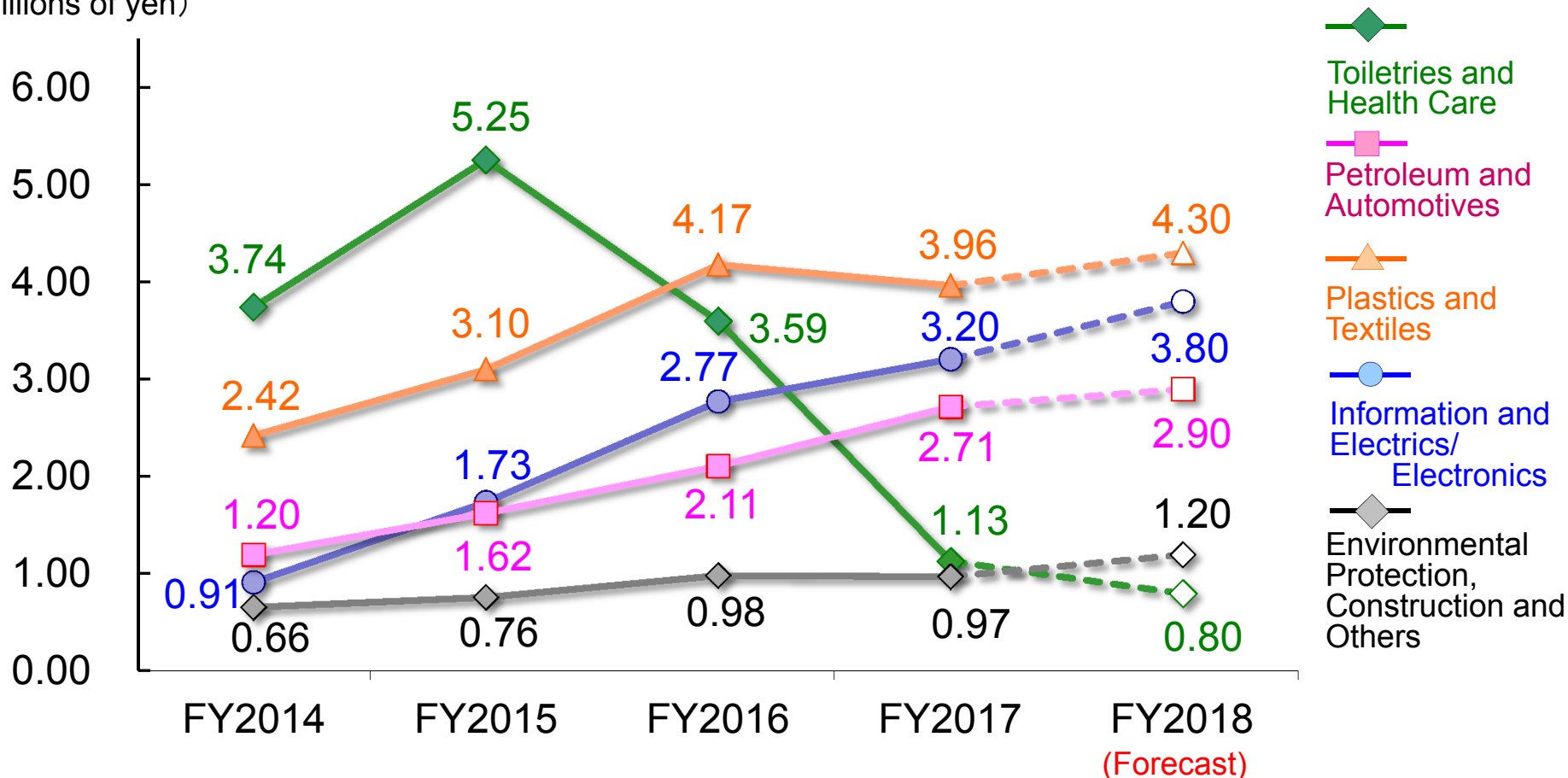


The Main Factor of Change in FY2017 Business Results by Segment (Compared with the Previous Fiscal Year)

- Toiletries and Health Care** : Sales increased because sales of hair care products were brisk, and foreign sales of SAP (superabsorbent polymers) and sales of their new products expanded.
- Petroleum and Automotives** : Sales increased due to domestic and foreign sales expansion of lubricating oil additives despite flat sales of TUB (thermoplastic polyurethane beads).
- Plastics and Textiles** : Sales increased because sales of permanent antistatic agents increased on the domestic and foreign market. In the Textiles segment, sales of chemicals for carbon fibers and polyurethane resins used for synthetic leather and elastomer fiber increased briskly, though sales of fiberglass agents were weak.
- Information and Electrics / Electronics** : Sales increased due to steady demand increase for polyester beads as a core component of polymerization toners and toner resins for pulverized toners, and brisk demand for UV/EB curing resins, etc.
- Environmental Protection, Construction and Others** : Sales increased due to brisk demand for cationic monomers and brisk sales of PPG (raw materials for polyurethane foams) used in furniture and heat insulating materials in Japan.

Consolidated Operating Profit Trend by Segment

(Billions of yen)



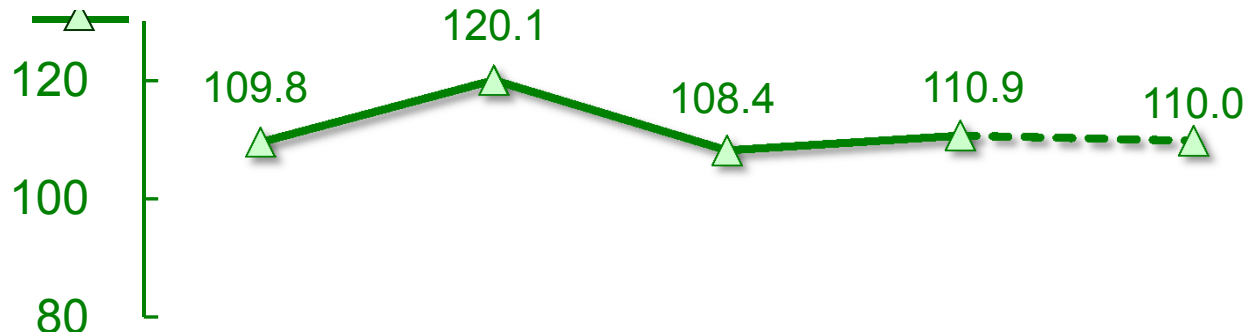
The Main Factor of Change in FY2017 Business Results by Segment (Compared with the Previous Fiscal Year)

- Toiletries and Health Care : Profit decreased substantially due to degradation of spread between sales and purchase despite sales volume increase of SAP (superabsorbent polymers).
- Petroleum and Automotives : Profit increased due to brisk sales increase of lubricating oil additives despite influence by a rise in raw materials costs.
- Plastics and Textiles : Profit decreased due to reduction of spread between sales and purchase by a rise in raw materials costs.
- Information and Electrics / Electronics : Profit increased due to brisk sales increase of UV/EB curing resins despite influence by a rise in raw materials costs.
- Environmental Protection, Construction and Others : Profit decreased slightly due to reduction of spread between sales and purchase by a rise in raw materials costs.

Consolidated Overseas Sales Trend



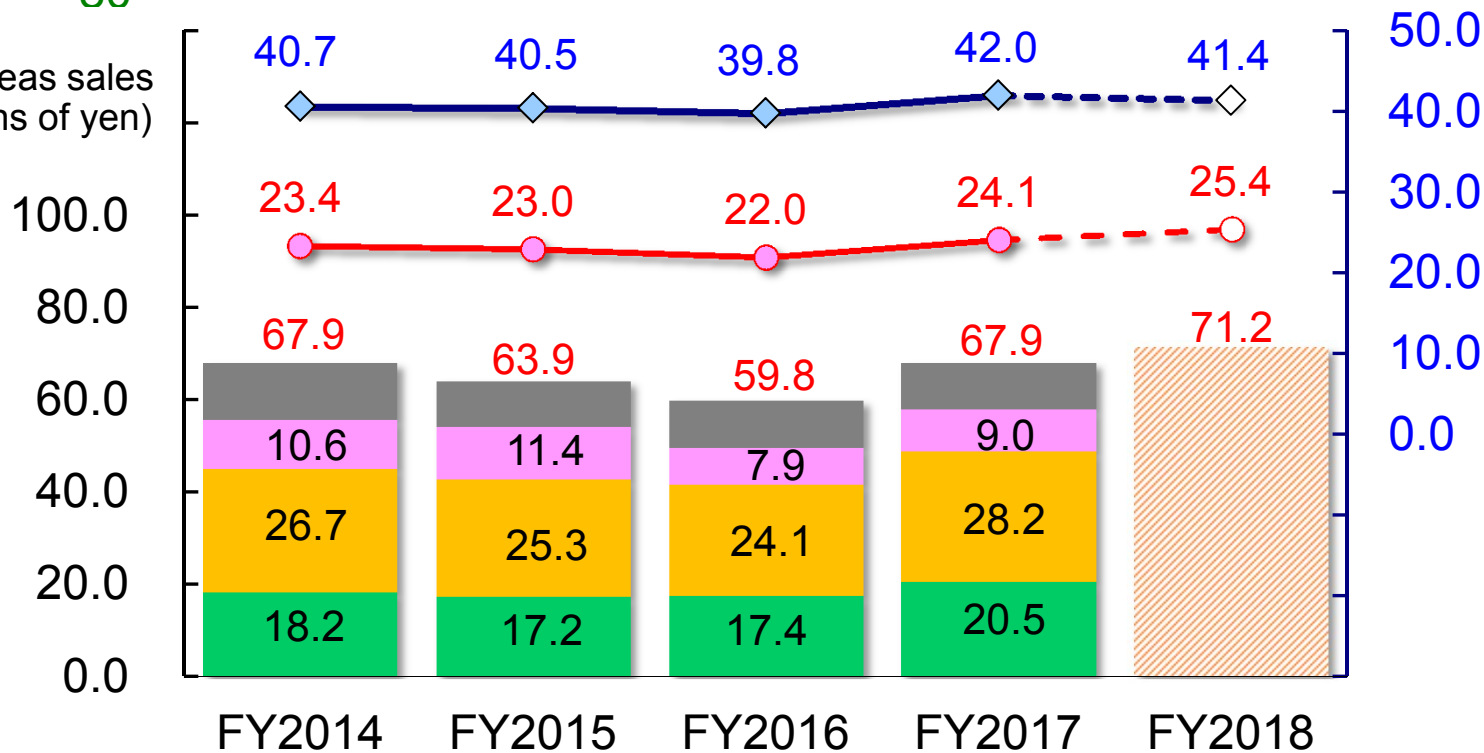
Average exchange rate
(Yen/US\$)



Overseas sales ratio (%)

Overseas production ratio (%)

Overseas sales
(Billions of yen)



Overseas sales ratio (%)

Total

Others

Americas

China

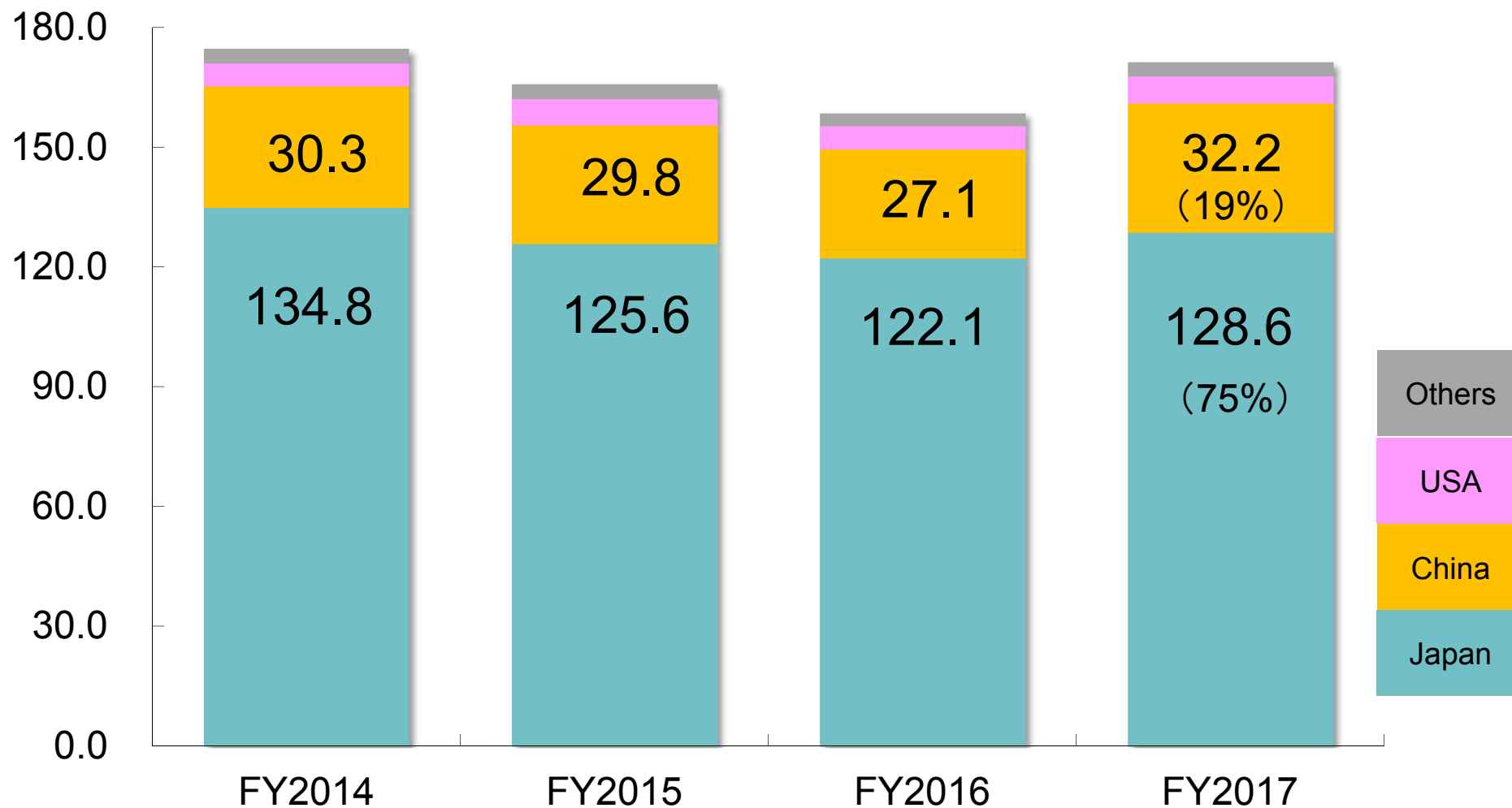
Asia
(except China)

(Forecast)

Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

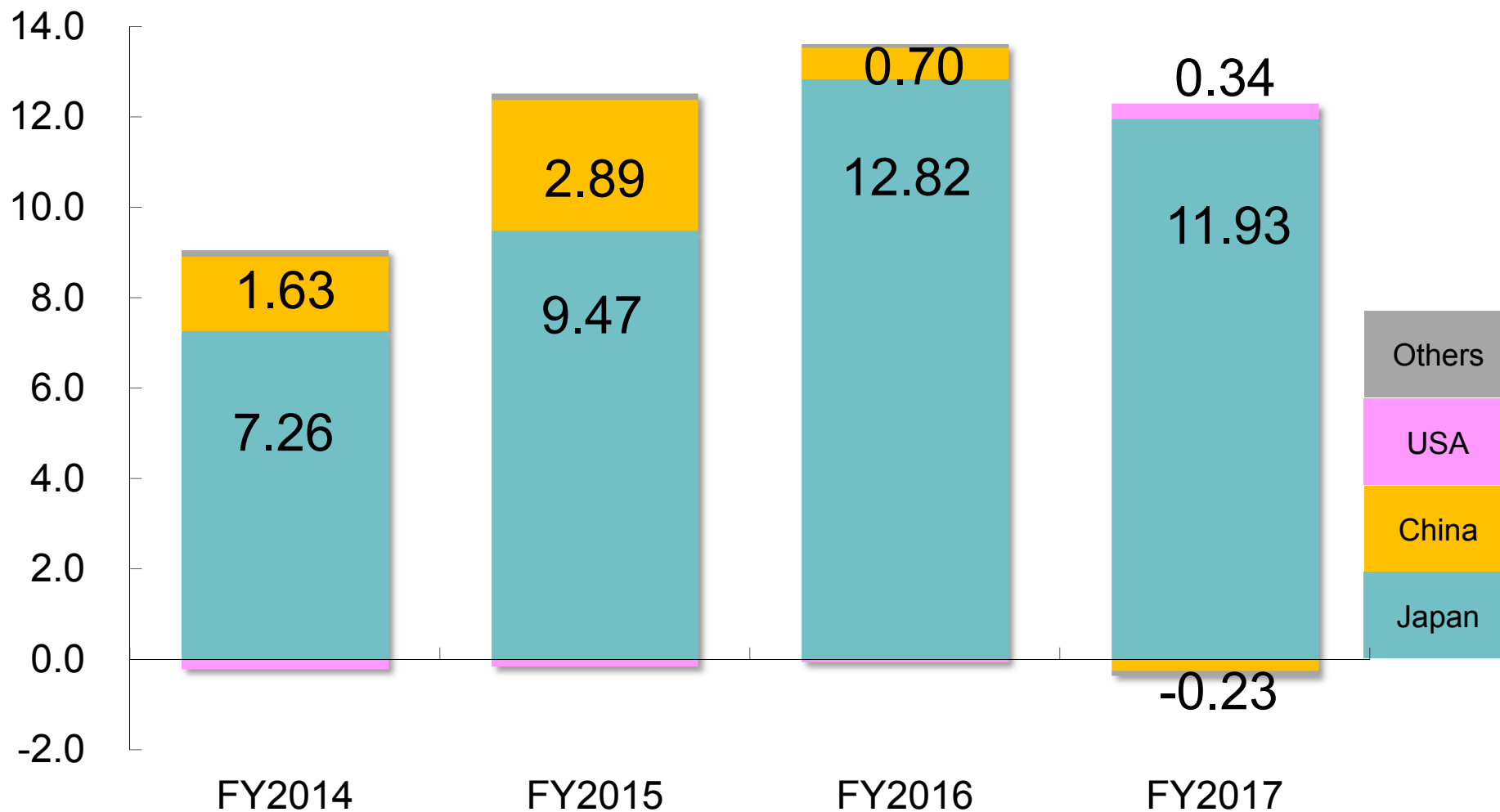
(Billions of yen)



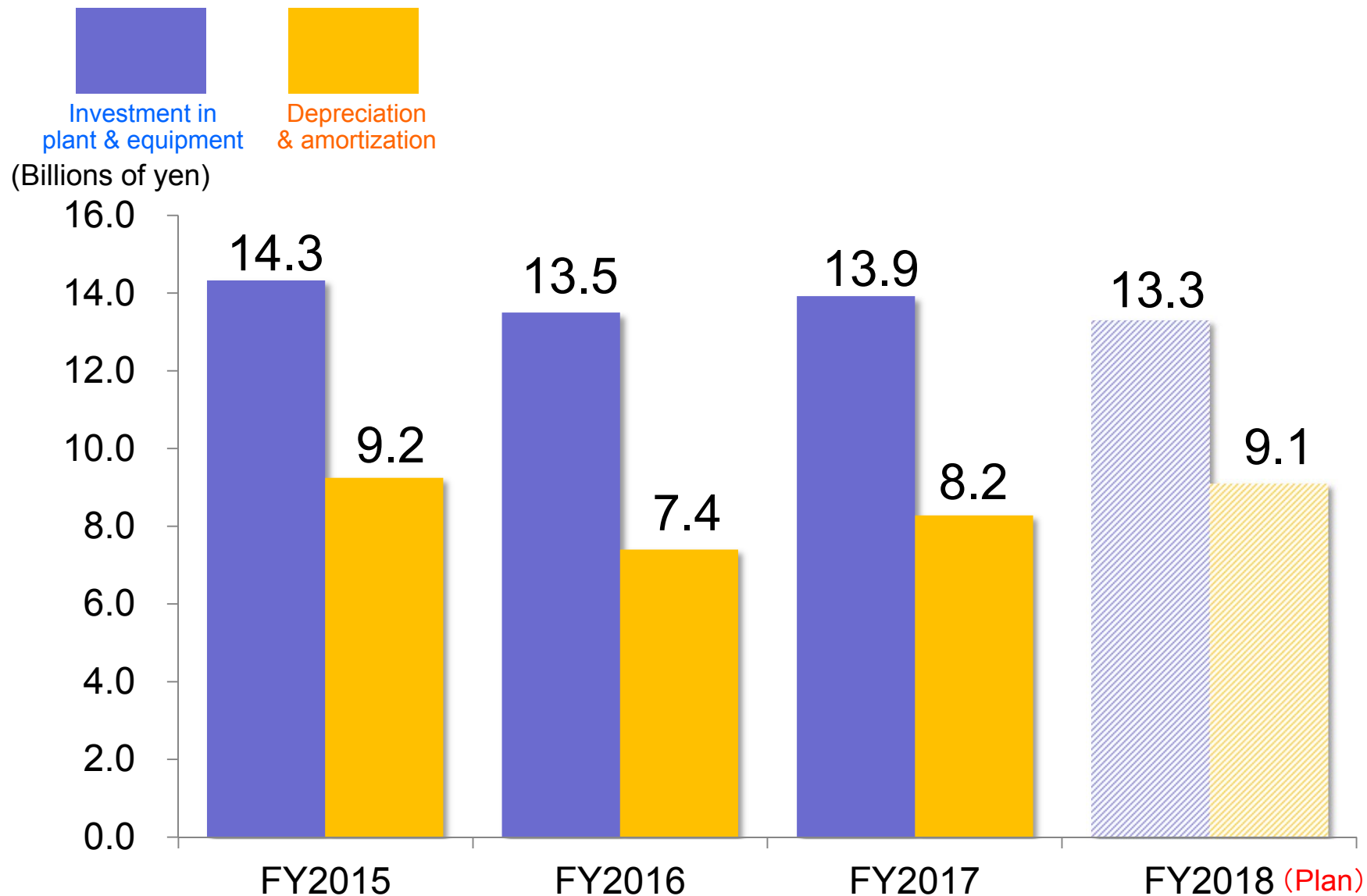
Consolidated Operating Profit Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



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.

Consolidated Dividends per Share & Payout Ratio Trend

Total

Year-end

Interim

Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2016. The figures above for consolidated dividends per share are converted after Sanyo Chemical conducts the reverse stock split.

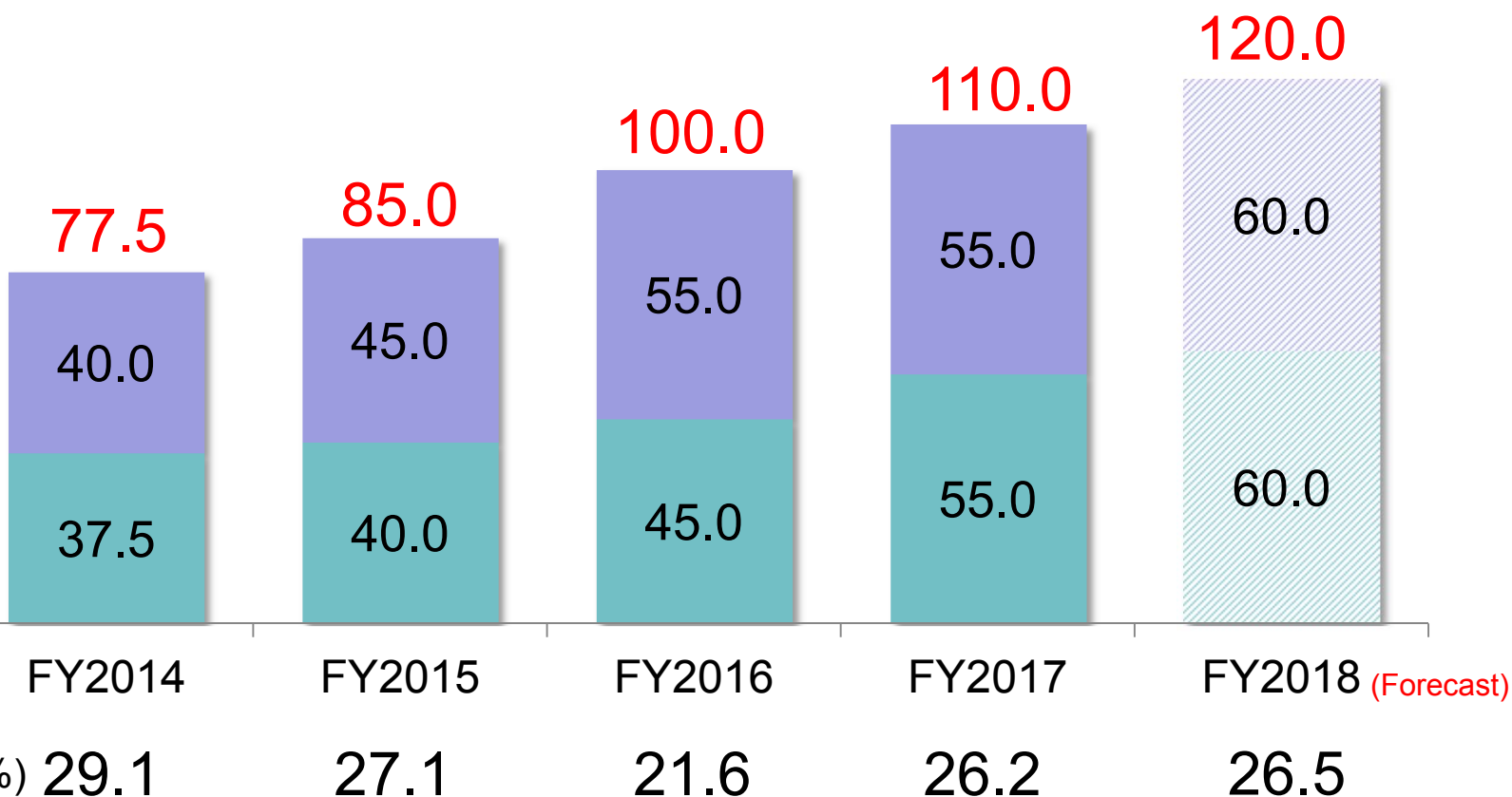
Dividends
(Yen/share)

120

80

40

0



The Tenth Medium-Term Management Plan

New Sanyo for 2027



May 22, 2018

SANYO CHEMICAL INDUSTRIES, LTD.

1. Company Motto
2. Recalling the Ninth Medium-Term Management Plan
3. Vision of Sanyo Chemical
4. New Sanyo for 2027

1 . Company Motto



Company Motto (Management Philosophy)

Let us contribute to building a better society through our corporate activities.

2. Recalling the Ninth Medium-Term Management Plan

The Ninth Medium-Term Management Plan (FY2015-FY2018)

Co-creation with customers
Global expansion



Transformation of the earnings
structure
Achieving sustainable growth

[Targets for FY2018]	Net sales	¥230.0 billion
	Operating profit	¥21.5 billion
	ROE	10%+



[Results for FY2017]	Net sales	¥161.6 billion
	Operating profit	¥11.9 billion
	ROE	7.4%

Along with major changes in the business environment, such as fluctuations in crude oil prices and intensified competition in SAP (superabsorbent polymers) business, the management system also underwent major changes, including the introduction of the divisional organization system and the launch of a project in collaboration with other company. Although it is the final year of the Ninth Medium-Term Management Plan, we have started a new medium-term management plan.

3. Vision of Sanyo Chemical



Re-allocate management resources aiming at our Vision in ten years.

Vision of Sanyo Chemical

We have grown to be a unique, global, and highly profitable company, where all our employees proud themselves, find meaning in their work, and contribute to society.

The Tenth Medium-Term Management Plan: Concrete measures for the next three years (FY2018 to FY2020), looking ten years ahead.

New Sanyo for 2027

3. Vision of Sanyo Chemical



New Sanyo for 2027

Period: FY2018-FY2020

Slogan: "KAERU"

"Each employee will personally commit to changing our corporate culture."

Change ourselves for next 3 years to realize our vision

FY2020 (Goal) (Consolidated, billion yen)	
Net sales	180 billion
Operating profit	18 billion
Operating profit ratio	10%
ROE	10%

FY2027 (Vision) (Consolidated, billion yen)	
Net sales	250 billion
Operating profit	35 billion
Operating profit ratio	14%
ROE	12%

Going Beyond "KAERU"

The tenth plan is the first step to the next ten years.

We have grown to be a unique, global, and highly profitable company, where all employees proud themselves, find meaning in their work, and contribute to society.

[Guiding Principles] A unique global company that contributes to society through performance chemicals that play an active role in various surfaces.

Aiming at our Vision

New Sanyo for 2027

FY2020

From FY2021 onwards

FY2027

4 . The Tenth Medium-Term Management Plan

New Sanyo for 2027

In order to realize our Vision, we will change from within for the first three years.

KAERU

New Sanyo for 2027

Committed to Change

- Shift to high-value-added products
- Eliminate “Waste, Impracticality and Inconsistency”
- Create an open corporate climate
- Accelerate business from the customer perspective
- Encourage flexible and diverse work styles and approaches

4-1. New Sanyo for 2027

Guiding Principles

A unique global company that contributes to society through performance chemicals that play an active role in various surfaces

Source of Strengths

- Extensive technical knowledge centered on surface activity control technology
- Fast translation of the customer's values and needs to functions, from functions to physical properties, and from physical properties to composition and synthesis process
- Timely solution-based proposal through customer experience
- A corporate culture that encourages challenges
- A reliable company that fulfills social responsibility

Business Areas

- Performance chemicals business that play an active role in various surfaces
- New business will be developed in the "Energy & Electronics" area and "Biotechnology & Medical" area.

4-2. Management Strategy

Strengthening core business

Shift management resources to strategic business
Strengthen profitability through cost structural reform

Creation of new business

Energy & Electronics area
Biotechnology & Medical area

Accelerate overseas expansion

Overseas sales expansion of power products built in Japan

New plan for the future

Solution-based proposal to customers by strengthening and integrating core technologies and reinforcing marketing capabilities

Building partnership

Expedite open innovation through collaboration with other companies

Strengths of Sanyo Chemical Group

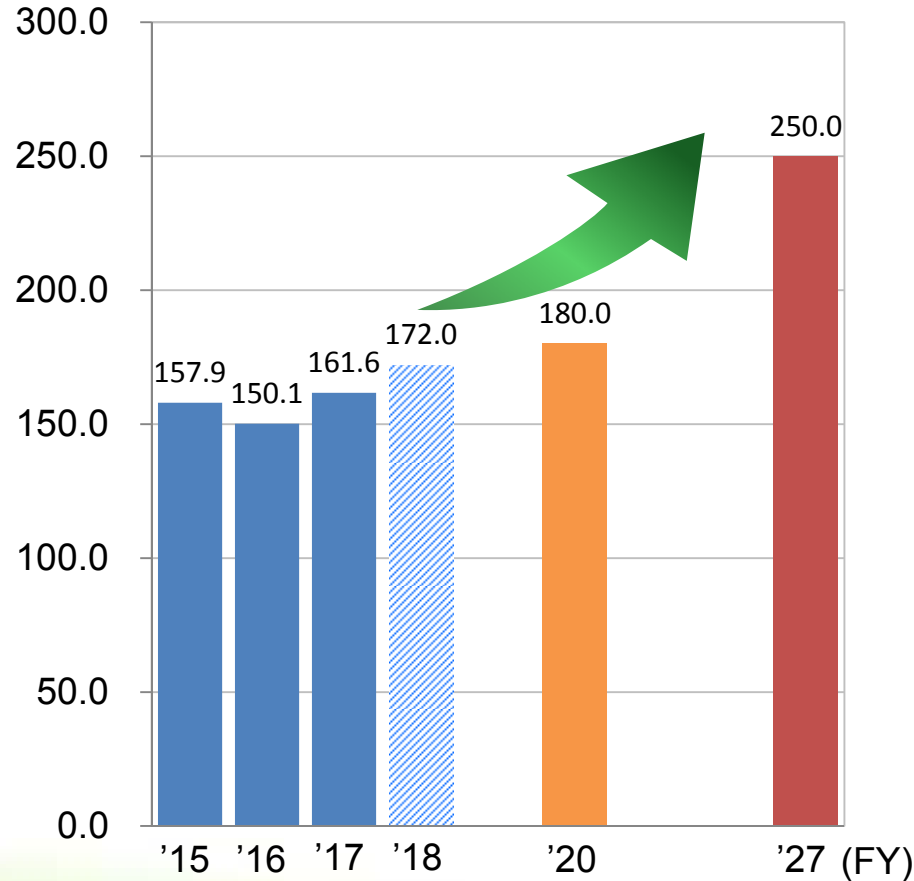
- Shifting management resources to businesses and transactions that can demonstrate the strengths of Sanyo Chemical.
- Deepen core competence centering on surface activity control technology. Provide customers with valuable performances and solutions unique to Sanyo Chemical.

4-3. Numerical Goal

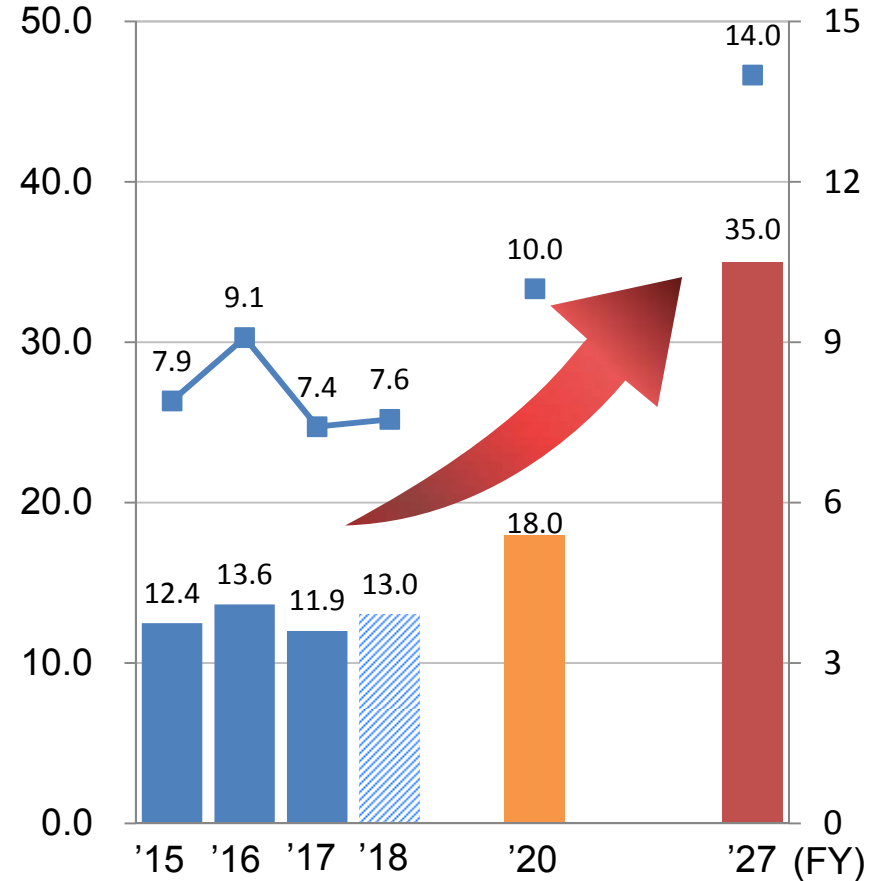


<Precondition for the forecast> Price of naphtha produced in Japan: 47 thousand of Yen/kl, Exchange rate: 110 Yen/US\$

Net sales
(Billions of yen)



Operating profit
(Billions of yen)



FY2020 (Consolidated)

Net Sales: ¥180.0 billion

Operating profit (Operating profit ratio): ¥18.0 billion (10%)

ROE: 10%

4-3. Numerical Goal < by Segment >

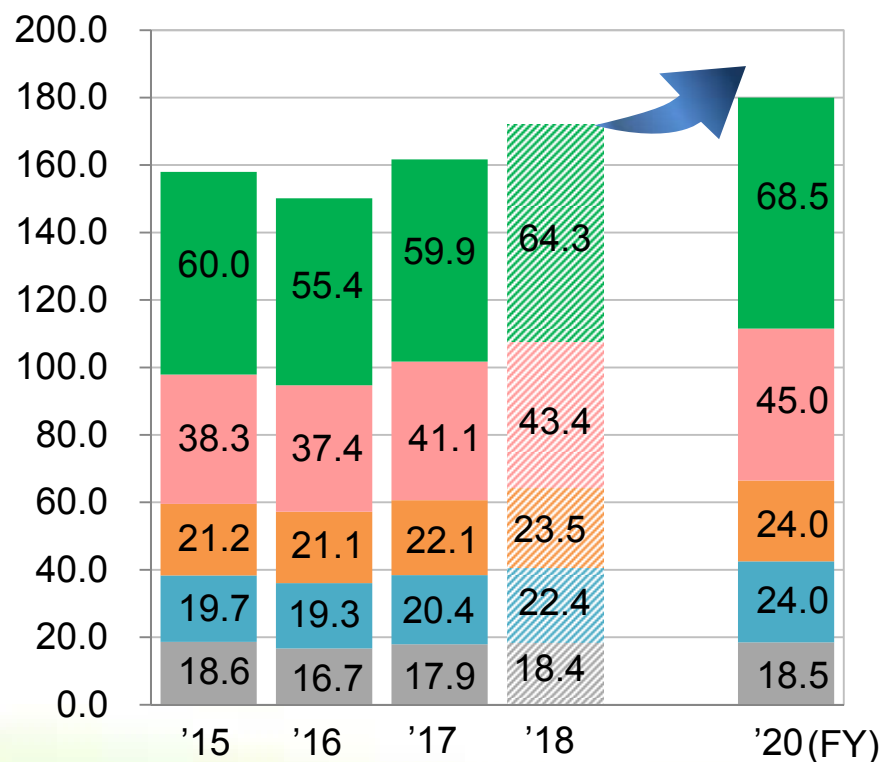
(Billion of yen)

	Net sales			Operating profit		
	FY2017	FY2020	Changed amount	FY2017	FY2020	Changed amount
Toiletries and Health Care	59.9	68.5	+8.5	1.1	2.6	+1.4
Petroleum and Automotives	41.1	45.0	+3.8	2.7	4.5	+1.7
Plastics and Textiles	22.1	24.0	+1.8	3.9	5.0	+1.0
Information and Electrics/Electronics	20.4	24.0	+3.5	3.2	4.7	+1.4
Environmental Protection, Construction and Others	17.9	18.5	+0.5	0.9	1.2	+0.2
Total	161.6	180.0	+18.3	11.9	18.0	+6.0

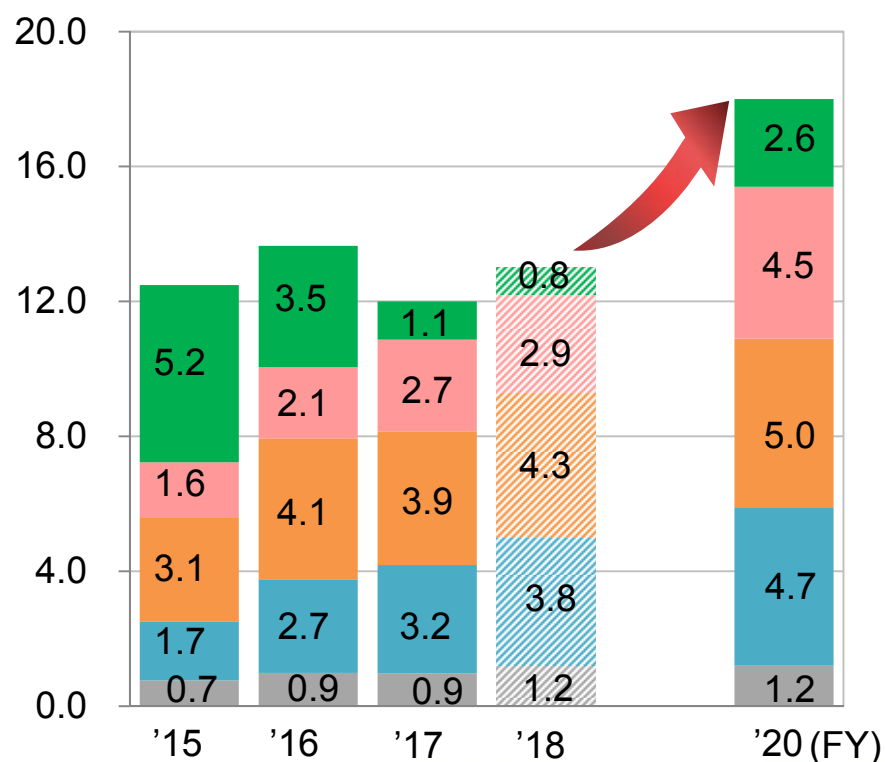
4-3. Numerical Goal <by Segment>

■ Toiletries and Health Care
 ■ Petroleum and Automotives
 ■ Plastics and Textiles
■ Information and Electrics/Electronics
 ■ Environmental Protection, Construction and Others

Net sales
(Billions of yen)



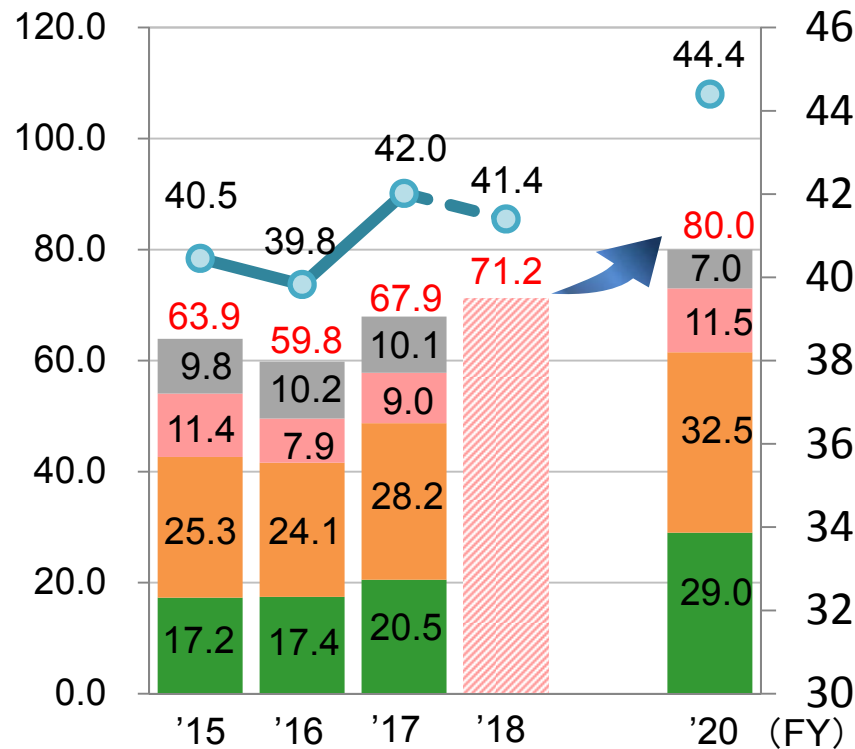
Operating profit
(Billions of yen)



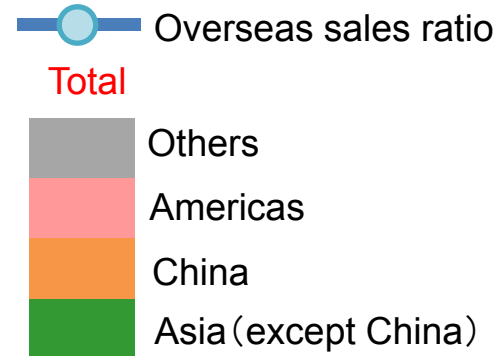
4-3. Numerical Goal <Overseas Sales>

Overseas sales
(Billions of yen)

Overseas sales ratio
(%)



- Strengthen global business
- Execution of alliance strategy
- Right production in the right place
- Global personnel development



4-4. Investment Plan and Dividend Policy

R&D investment

R&D investment of approximately 18 billion yen to strengthen the core business and create new business

Capital investment

Capital investment (cumulative): A total of 35 billion yen is planned.

- Invest in business that can demonstrate our strengths, such as lubricating oil additives and permanent antistatic agents
- Along with changes in product mix, efficient utilization of existing facilities

Dividend policy

The main management task is to increase the return on profits to our shareholders while improving the earning capacity of the Group by reinforcing the corporate infrastructure into the future.

Dividends are paid on a stable basis, with the consolidated payout ratio by 30% or more.

4-5. Business Strategy

We will boldly shift management resources to the business and transactions that can further demonstrate our strengths, as well as aggressively invest in new business for the future.

[Existing business]

(1) Business where new actions are taken for further growth
(Surfactants, lubricating oil additives, resin additives, etc.)

- Positioning with a view to the whole markets
- Formulation of development themes derived from solution-based proposal
- Execution of development combining core technologies
- Facility design linked with research stage gate
- Global expansion utilizing local agents and overseas technical laboratories

(2) Business changed with a sense of speed in line with changes in management environment

PPG (raw materials for polyurethane foams) business:

- Shift to high-value-added products
- Downsize business
- Launch GC Polyol (promotion of right production in the right place on global platform)

SAP (superabsorbent polymers) business:

- Looking forward ten years ahead, consider all possibilities in this three years

4-5. Business Strategy

[New business]

Aggressively invest management resources into items expected to form new markets in the near future.

- (1) Energy & Electronics business
 - New type of lithium ion rechargeable battery
 - Automotive electronics materials, etc.
- (2) Biotechnology & Medical business
 - New drug related materials (DDS: drug delivery system)
 - Silk-elastin, etc.
- (3) Other businesses
 - Development of cosmetic materials for skin care
 - Development of a comprehensive platform in Agriculture & Nutrition areas

4-6. Segment-based Medium-Term Business Strategy



Toiletries & Health Care Segments

Global expansion	Infrastructure reinforcement	New business	Corporate partnership
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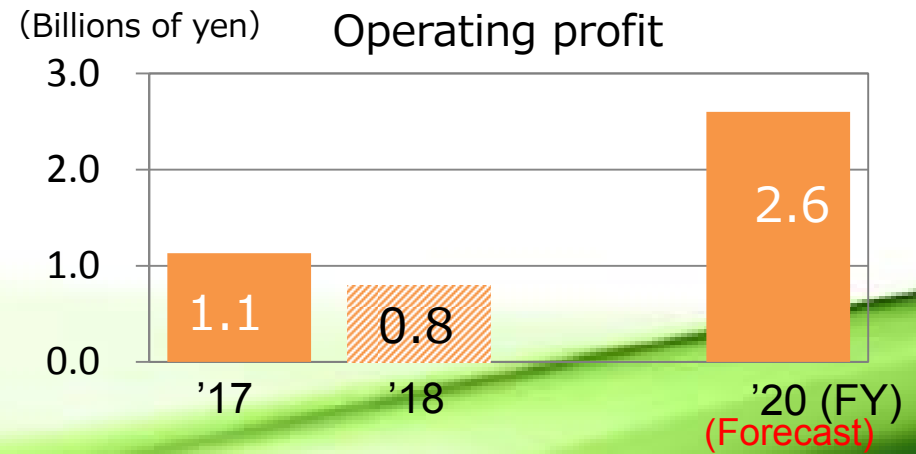
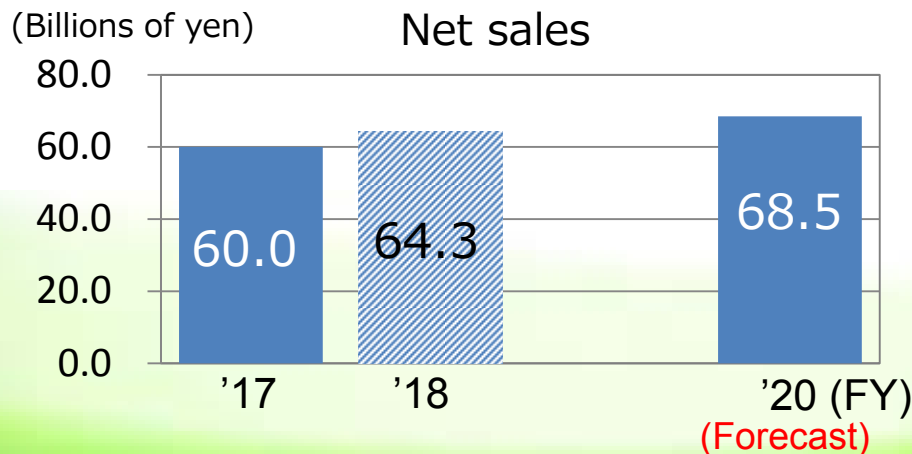
Toiletries Segment

- Global expansion by surfactant-related technology developed in domestic markets
- Taking new actions to reinforce infrastructure in the skin care markets



Health Care Segment

- In the SAP (superabsorbent polymers) business, profitability improvement through reallocation of resources, process improvement, and thorough cost reduction
- In biotechnology business, taking new actions for the future, such as development of new drug related materials



4-6. Segment-based Medium-Term Business Strategy



Petroleum & Automotive Segments

Global expansion	Infrastructure reinforcement	New business	Corporate partnership
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Lubricating oil additive business

- Preparation period to accelerate overseas business expansion
- Establish business infrastructure through capital investment by FY2020

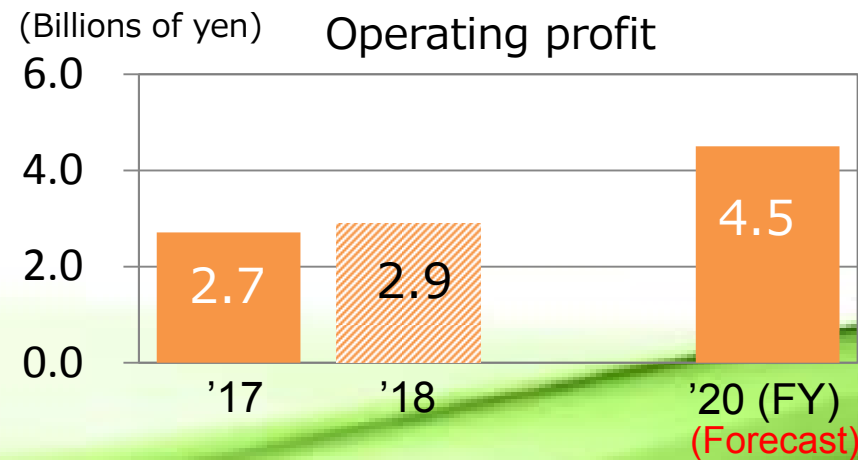
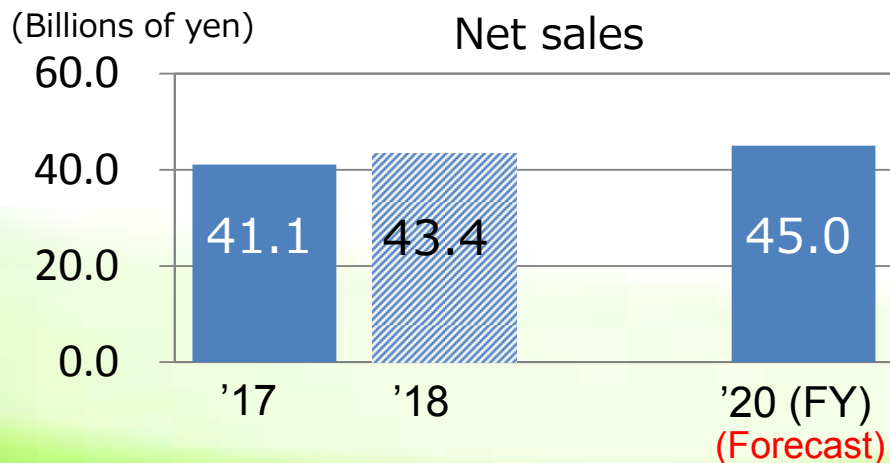


PPG (raw materials for polyurethane foams) business

- Shift to high-value-added products and downsize business by reallocation of resources
- Launch GC Polyol to promote the right production in the right place on global platform

TUB (thermoplastic polyurethane beads) business

- Further sales expansion and promotion of cost reduction



4-6. Segment-based Medium-Term Business Strategy



Plastics & Textile Segments

Global expansion	Infrastructure reinforcement	New business	Corporate partnership
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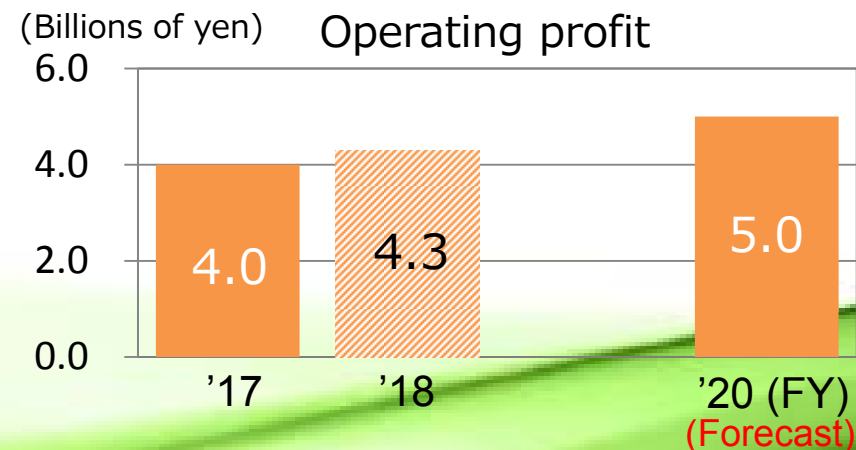
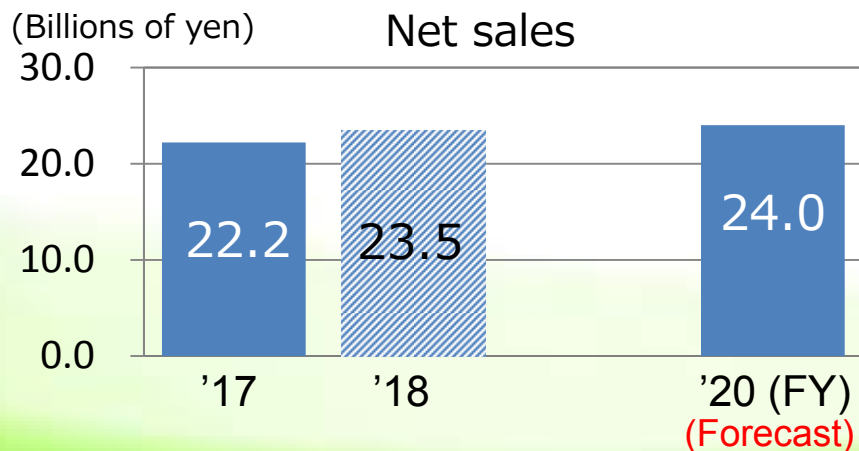
Plastics Segment

- Customer-oriented product development and expansion of global business
- Promote steady business expansion in the niche markets



Textile Segment

- Accelerate global expansion
- Expansion to peripheral applications by solution-based proposal



4-6. Segment-based Medium-Term Business Strategy



Information & Electrics/Electronics Segments

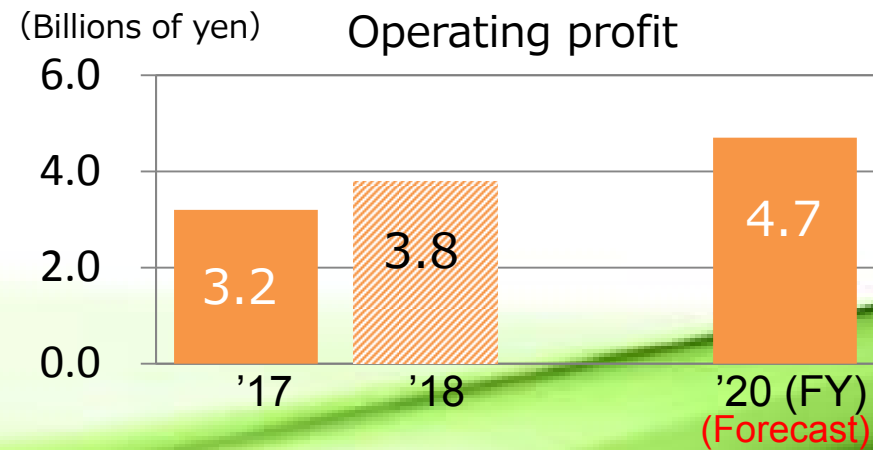
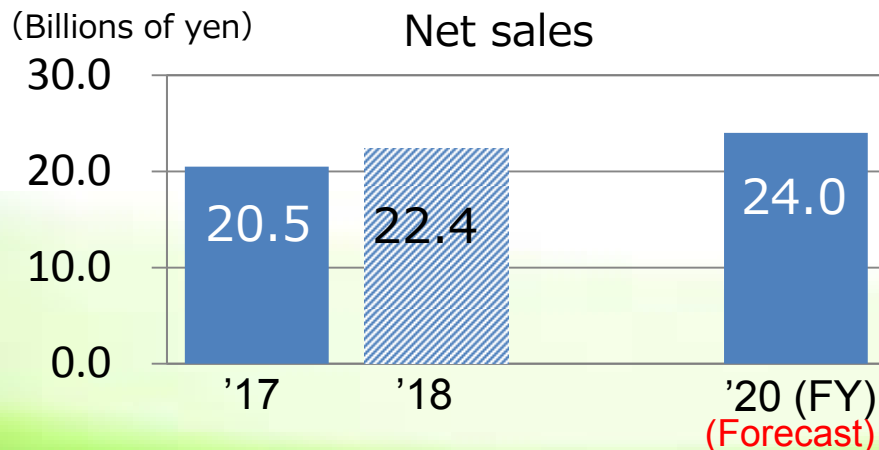


Information Segment

- Deepen trust through customer experience
- Strengthen cost competitiveness

Electrics/Electronics Segment

- Promote new market development through customer experience
- Focus resources on new items in the Energy & Electronics Segments to accelerate development



4-6. Segment-based Medium-Term Business Strategy

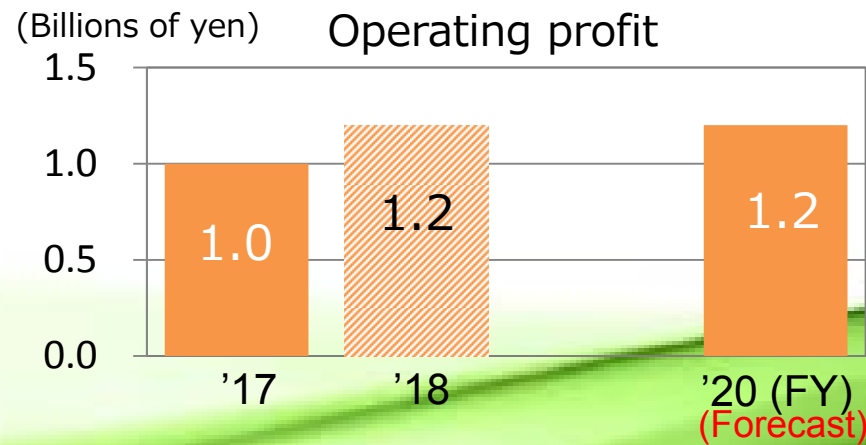
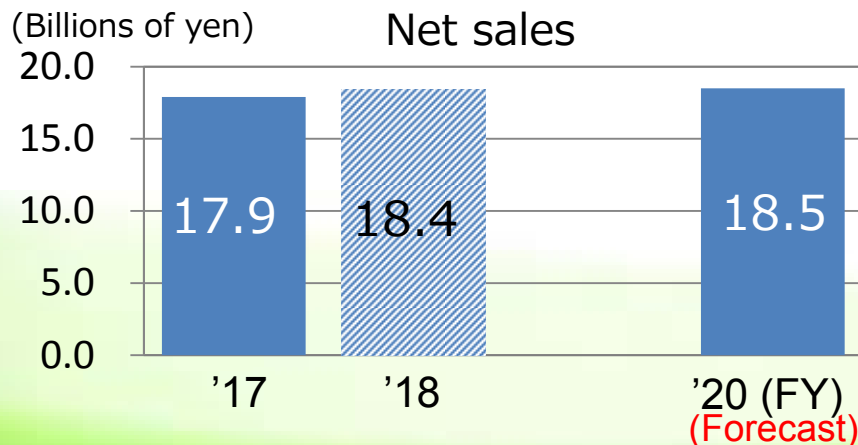


Environmental Protection, Construction & Other Segments

Global expansion	Infrastructure reinforcement	New business	Corporate partnership
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Environmental Protection & Construction Segments

- Development of a comprehensive platform in Agriculture & Nutrition area
- In the PPG (raw materials for polyurethane foams) business, shift to high-value-added products and downsize business by reallocation of resources
- Launch GC Polyol to promote right production in the right place on global platform



4-7. Structural Reform for Execution of Business Strategy

(1) Establish a mechanism for developing highly profitable new products

- Strengthen marketing capabilities that seamlessly integrate Sales and Research
- Strengthen solution-based proposal capability combining multiple core technologies

(2) Strengthen production technology capabilities

- Linkage with research stage gate
- Planned development and optimal placement of human resources

(3) Personnel system reform to promote reallocation of management resources

- Strengthen human development through rotation and formulation of career-path system

(4) Promotion of globalization

- Strengthen planning and execution capabilities of alliance and global strategies
- Improve earning capacity in overseas business
- Development of Group staff

4-7. Structural Reform for Execution of Business Strategy

(5) Deepening Individual-based management

- Work-style reform
- Promotion of diversity

Individual-based management: A management system designed to encourage employees to take on challenges by utilizing the company's programs and tools, so that each and every person can grow with the Company, and ensure their job satisfaction and well-being)

(6) Establish companywide projects

- Establish a work-style reform project and further promote the reform
- With the surfactant agent project, achieve more profits in the surfactant agent business
- With the global procurement project, realize optimal raw material procurement based on global information

Aiming to better for “*more*”

Sanyo Chemical Group will “**KAERU**”* its work style and the corporate culture in order to reach our goals in ten years (FY2027) to meet the diverse needs of people who aspire for a safe, secure, and prosperous society.

By “**KAERU**” our Company to a place where each and every employee feels proud and finds meaning in working in our Company and where the employee can grow with the Company, we shall seek to improve for “*more*” and contribute to society.

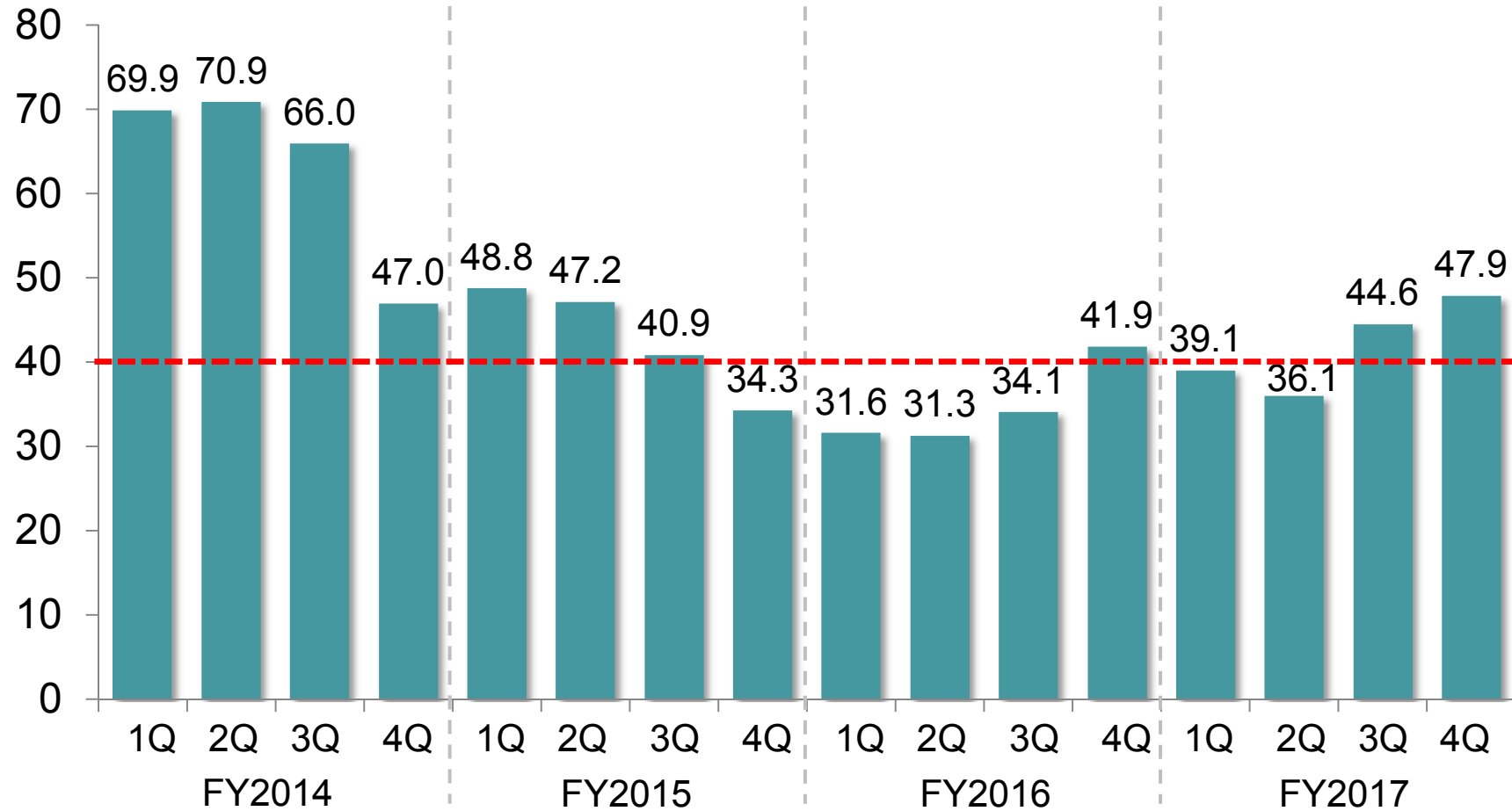
*“**KAERU**”: “Each employee will personally commit to changing our corporate culture.”

To be a truly unique and excellent corporate group that operates on a Global Scale

Reference

Transition of Price of Naphtha Produced in Japan

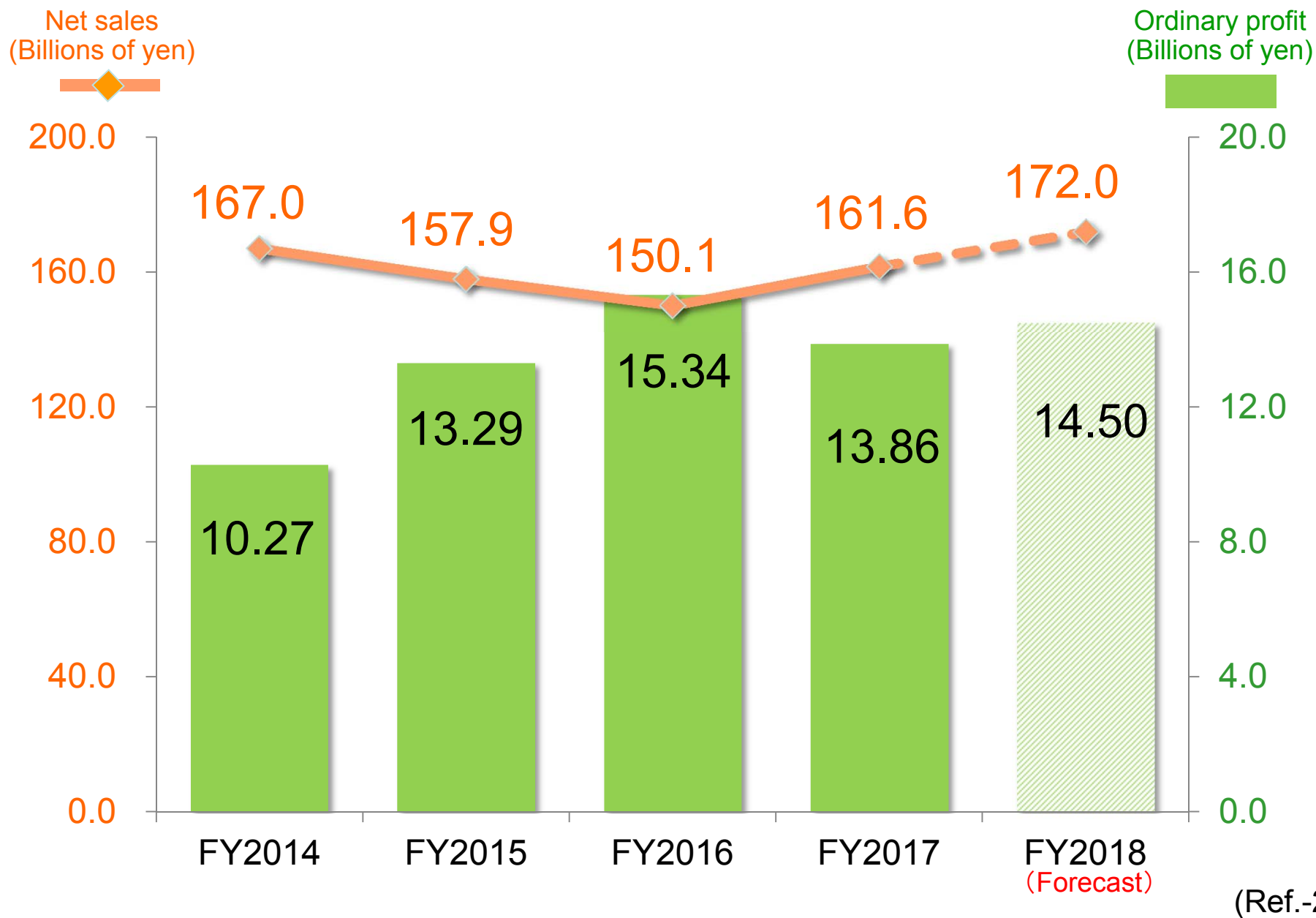
Naphtha price
(Thousands of yen/kl)



(Reference: Japanese newspapers, etc)

(Ref.-1)

Consolidated Business Result Trend



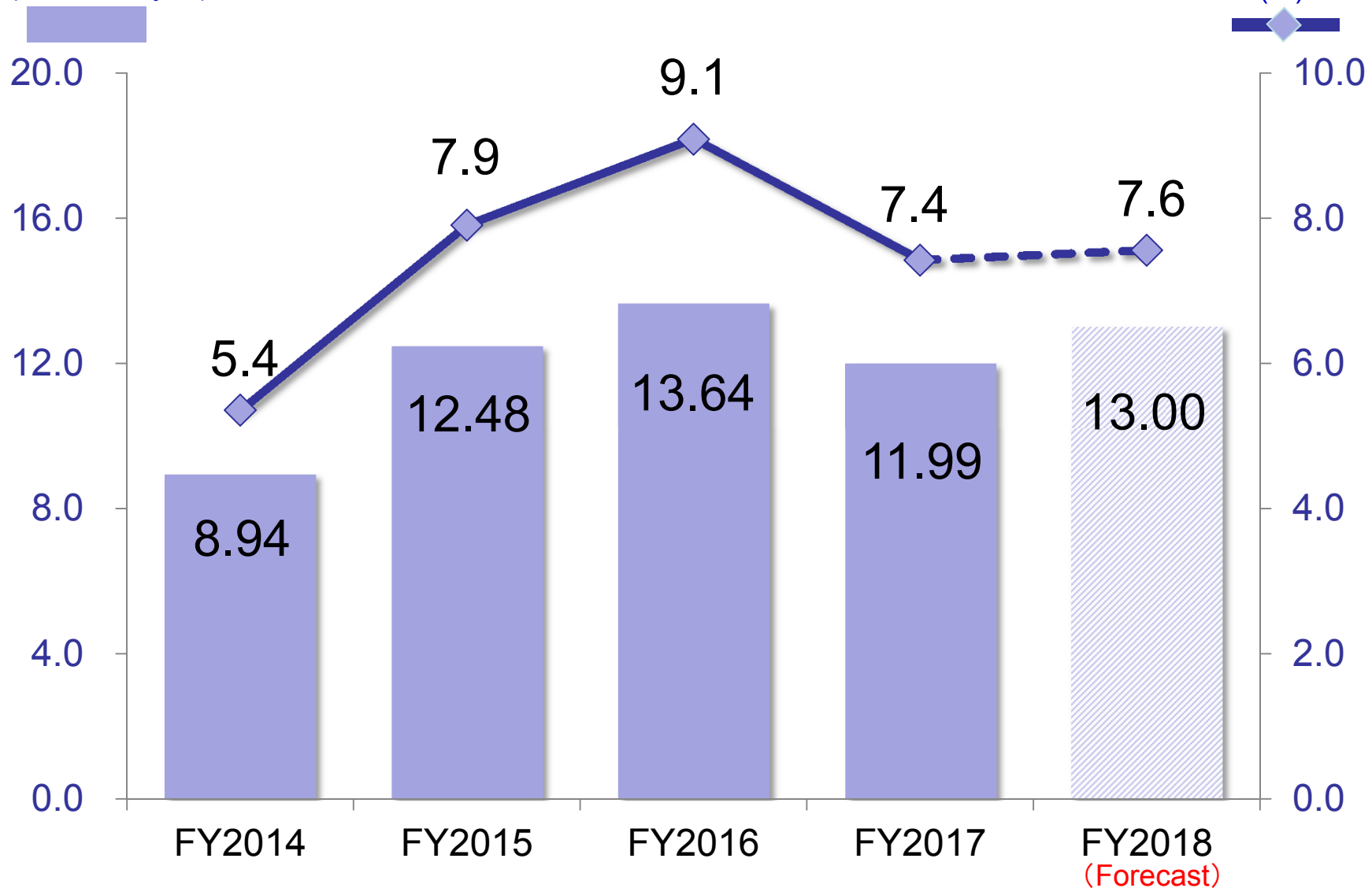
(Ref.-2)

Consolidated Operating Profit Trend



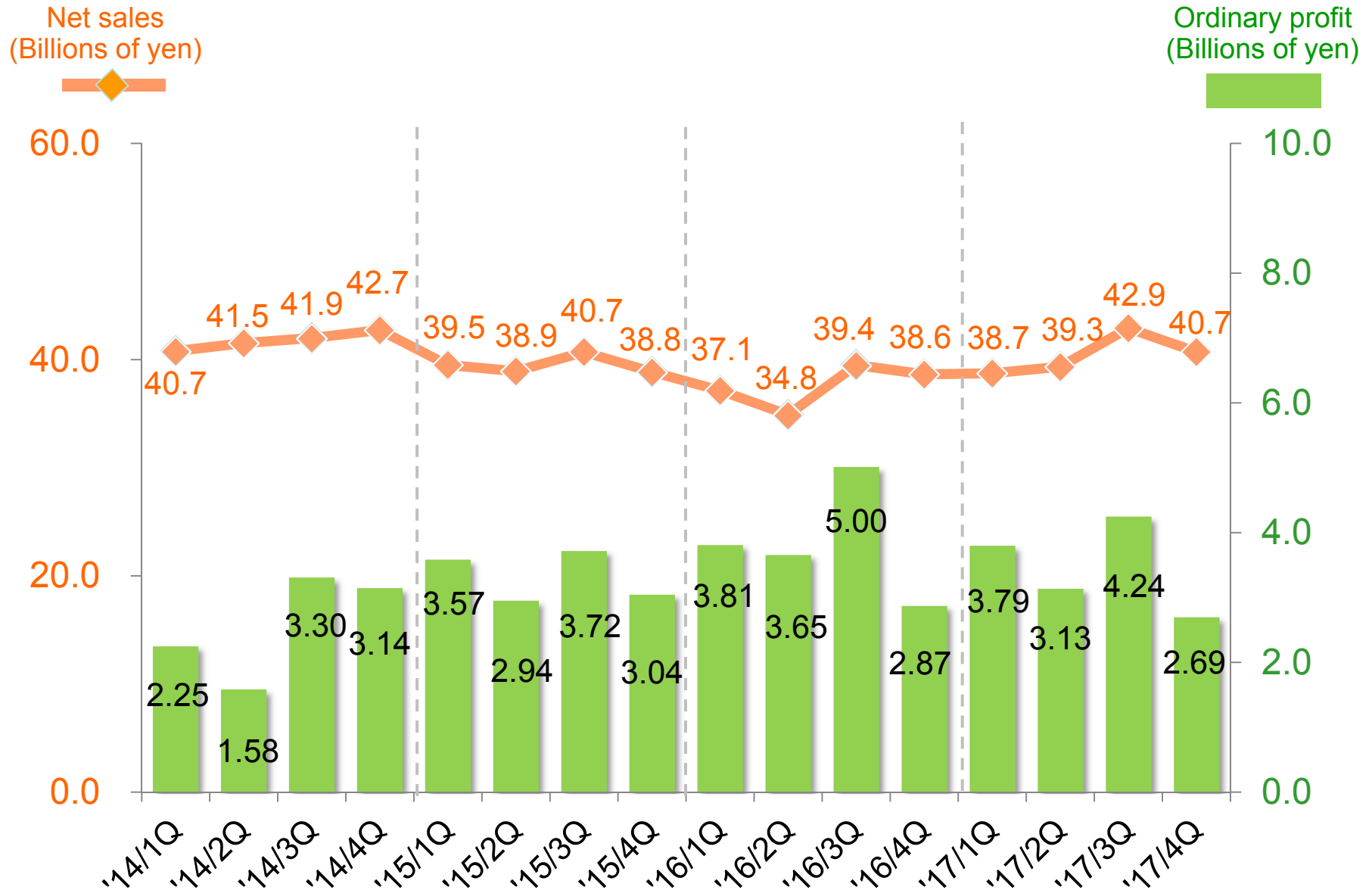
Operating profit
(Billions of yen)

Operating profit ratio
(%)



(Ref.-3)

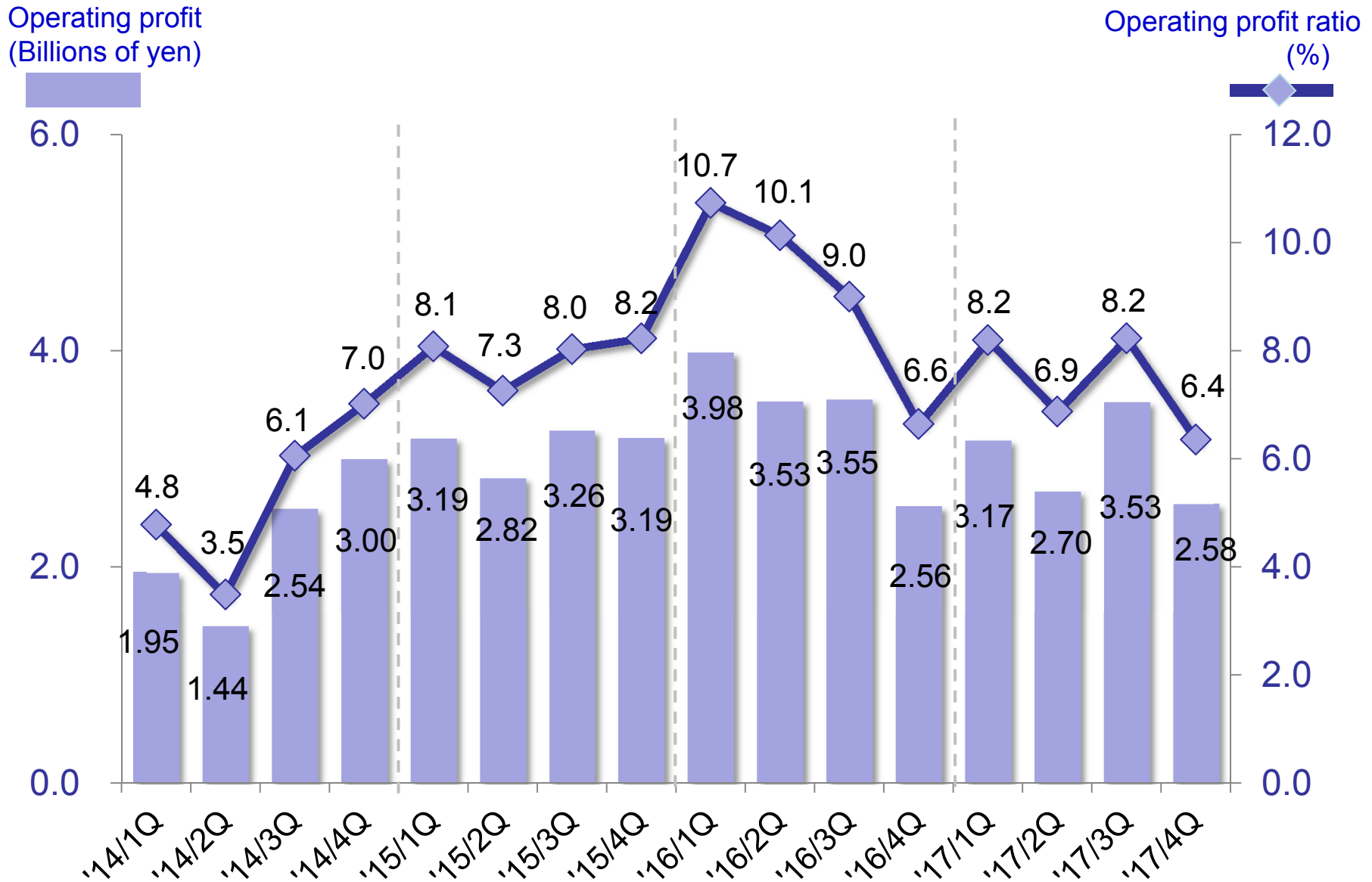
Consolidated Business Result Trend



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.

(Ref.-4)

Consolidated Operating Profit Trend



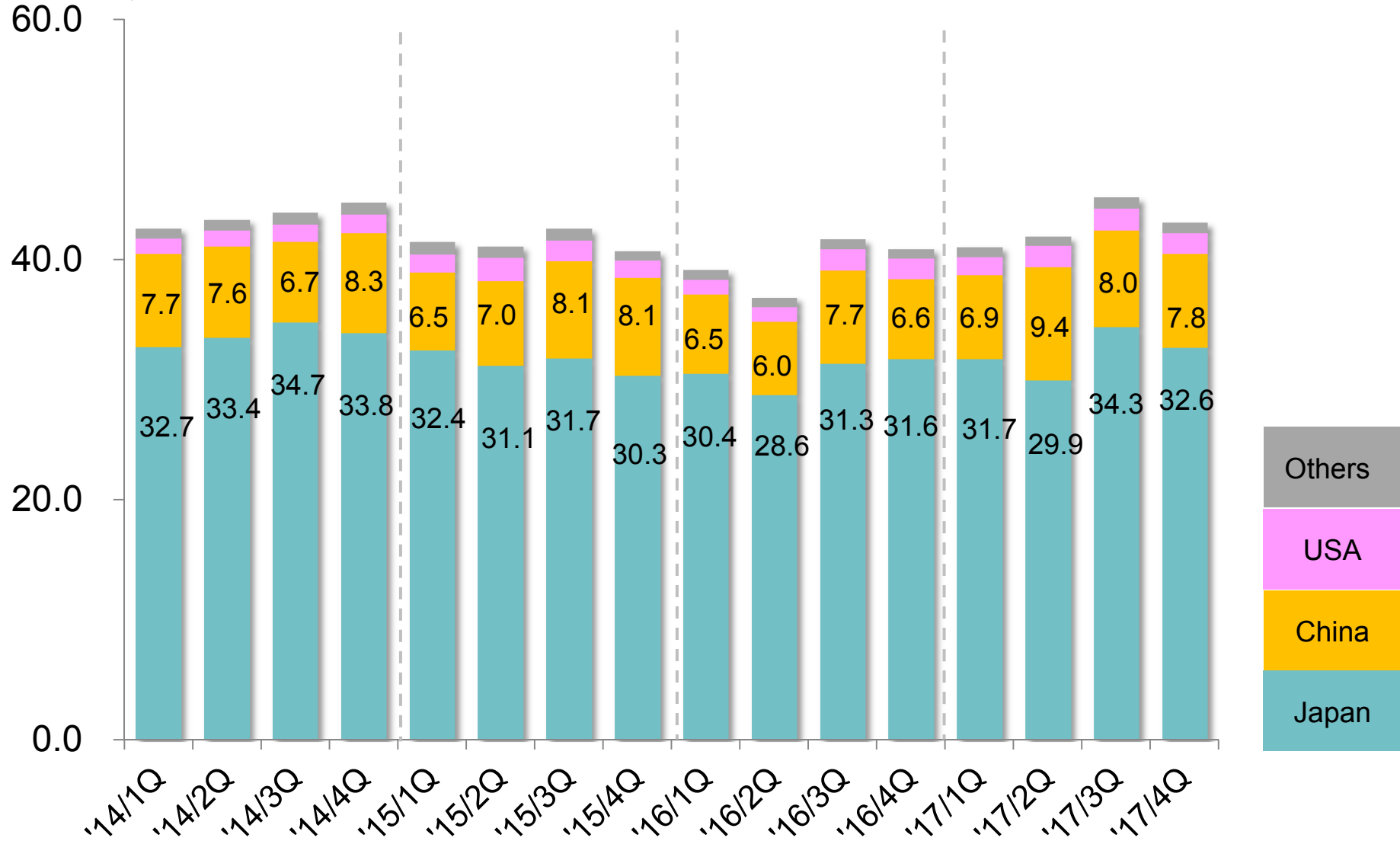
Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, adopted the straight-line method from FY2016.

(Ref.-5)

Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)

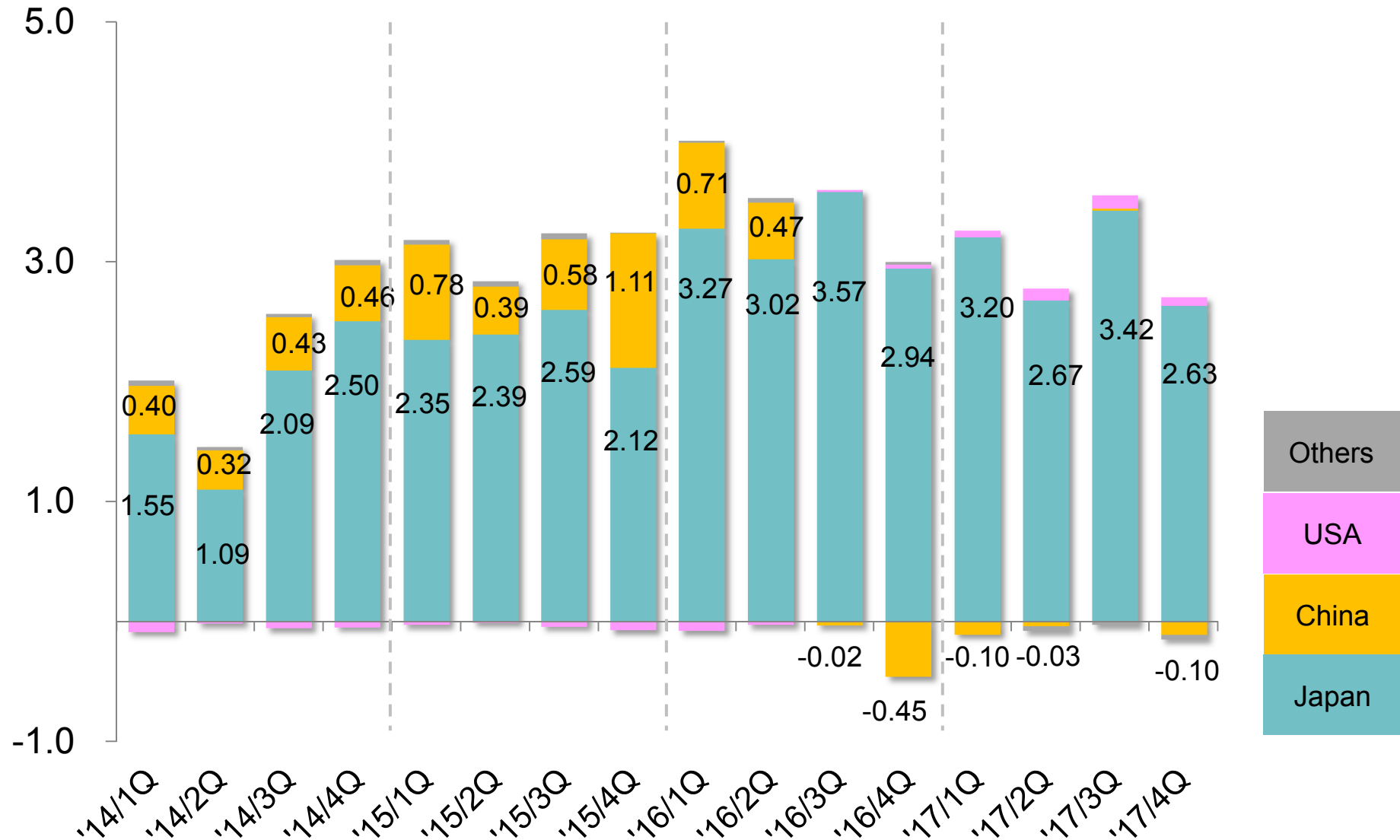


(Ref.-6)

Consolidated Operating Profit Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

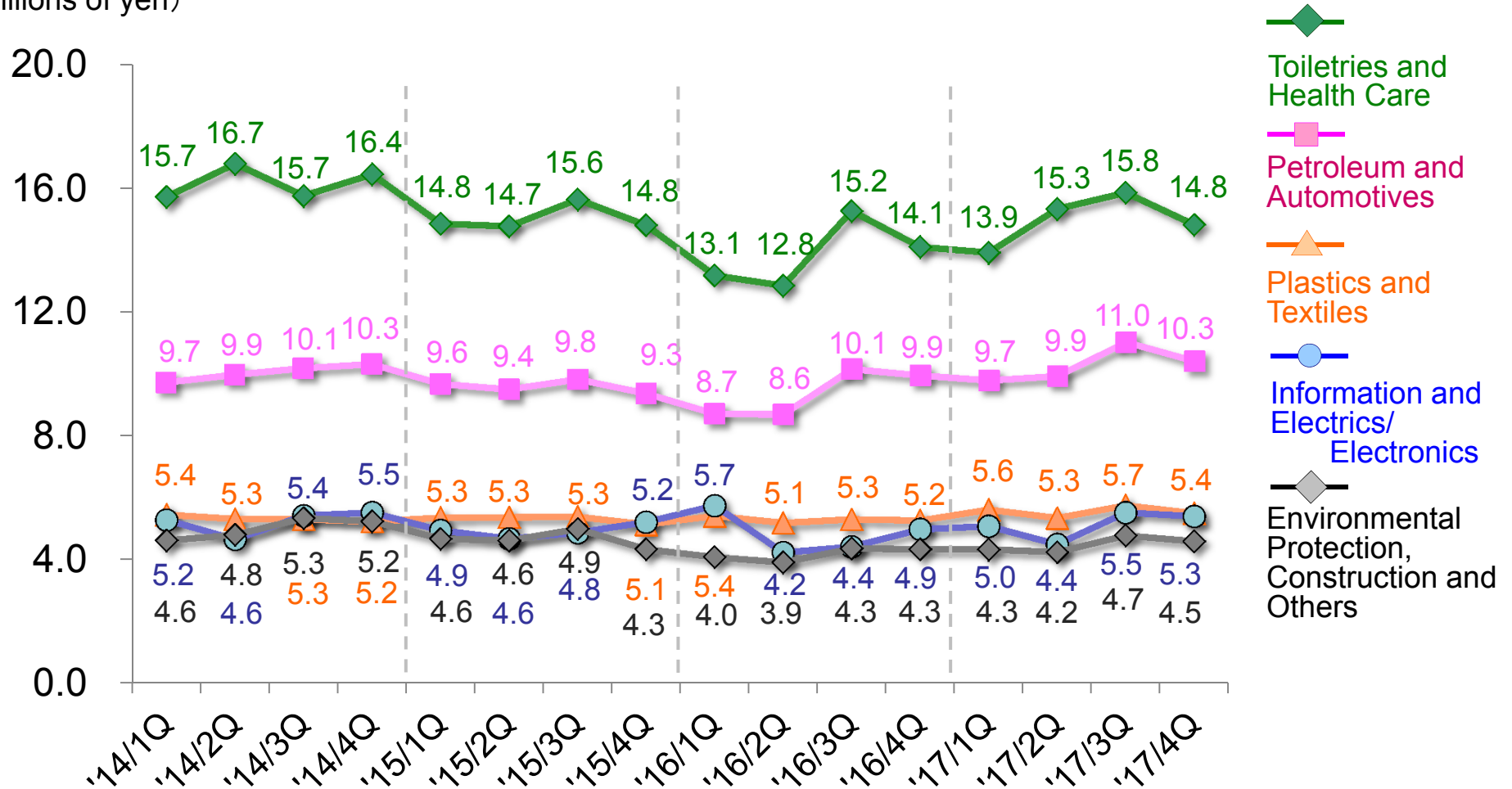
(Billions of yen)



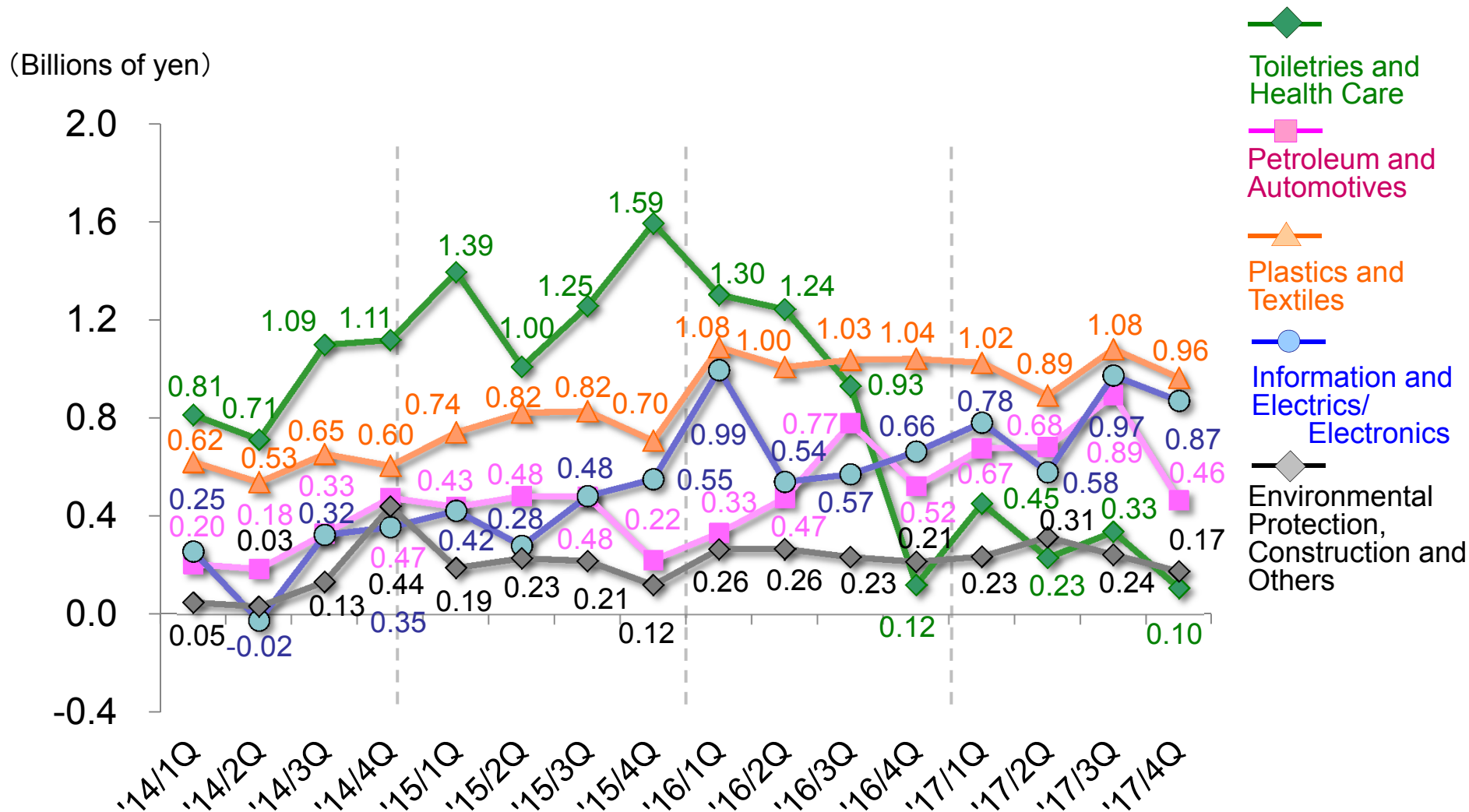
(Ref.-7)

Consolidated Net Sales Trend by Segment

(Billions of yen)



Consolidated Operating Profit Trend by Segment

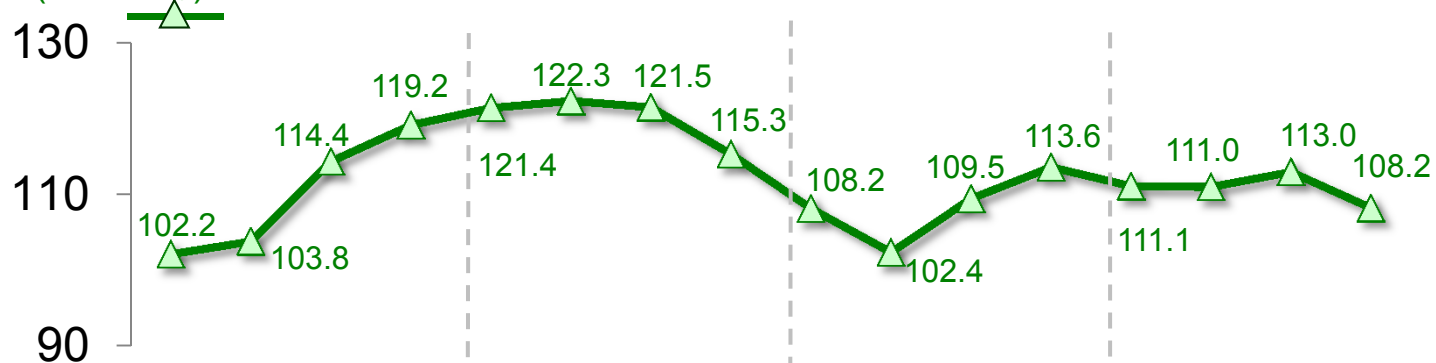


Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, adopted the straight-line method from FY2016.

Consolidated Overseas Sales Trend

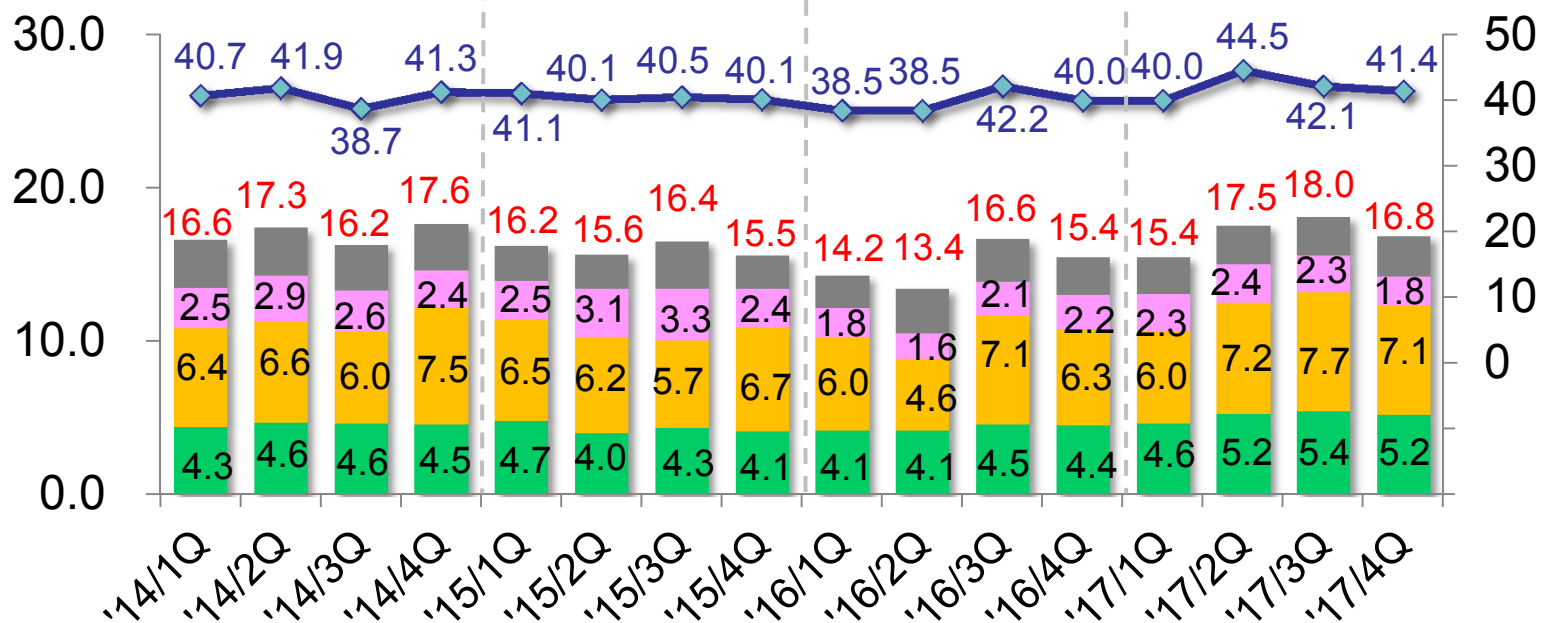


Average exchange rate
(Yen/US\$)



Overseas sales
(Billions of yen)

Overseas sales ratio (%)



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 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, toner resins, etc.
Sanyo Chemical & Resins, LLC [USA]	SCR	SANAM	100%	Manufacture of lubricating oil additives
Sanyo Chemical Texas Industries, LLC [USA]	SCTI	SANAM	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