



"Performance" Through Chemistry

A Statement of Accounts
For the Nine Months Ended Dec. 31, 2018
3rd Quarter in Fiscal Year 2018
(3Q-FY2018)

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 Feb. 4, 2019. 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)

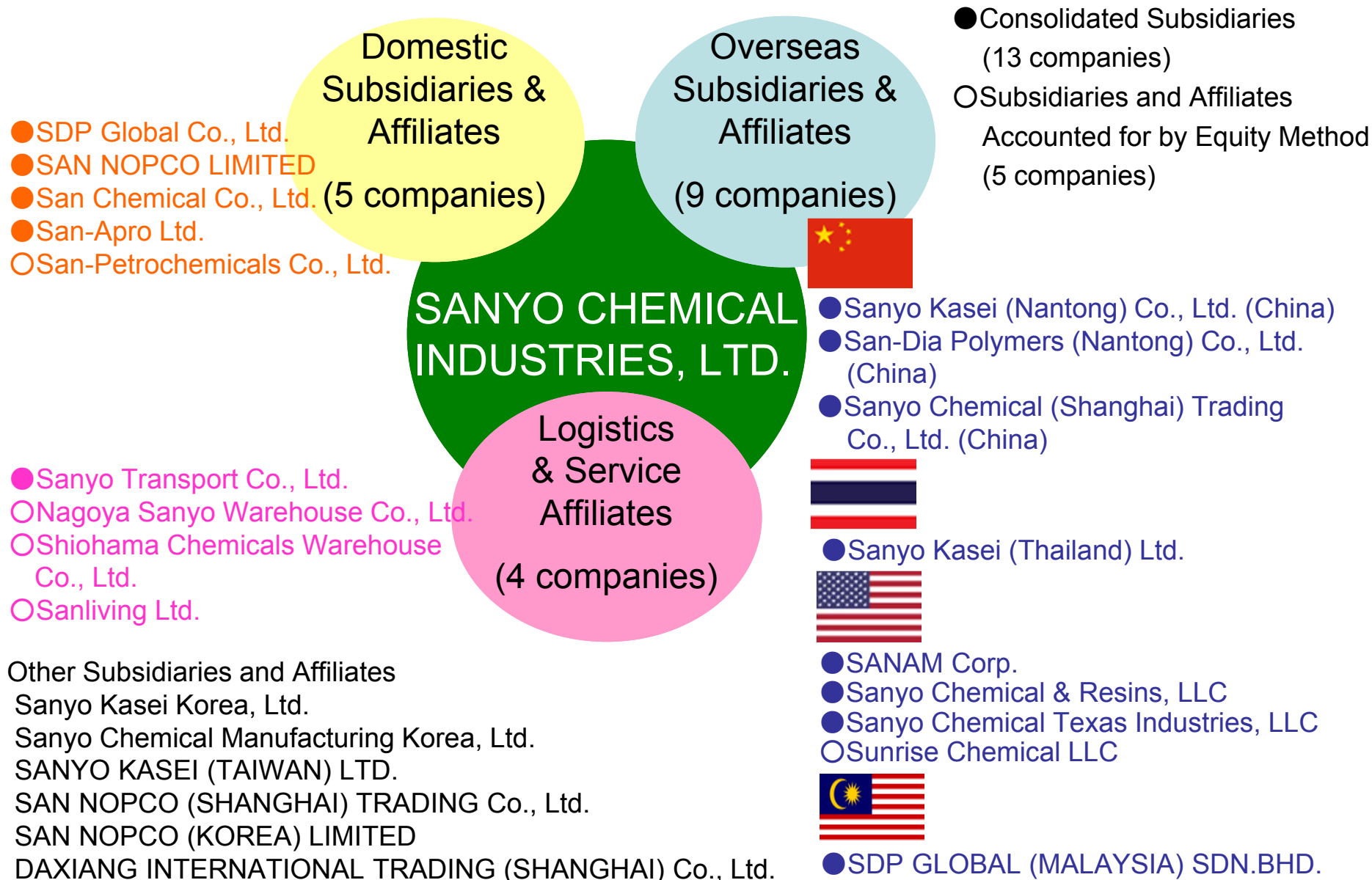
Consolidated Number of Employees:

2,097 (as of Dec. 31, 2018)

Line of Business:

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

Sanyo Chemical Group



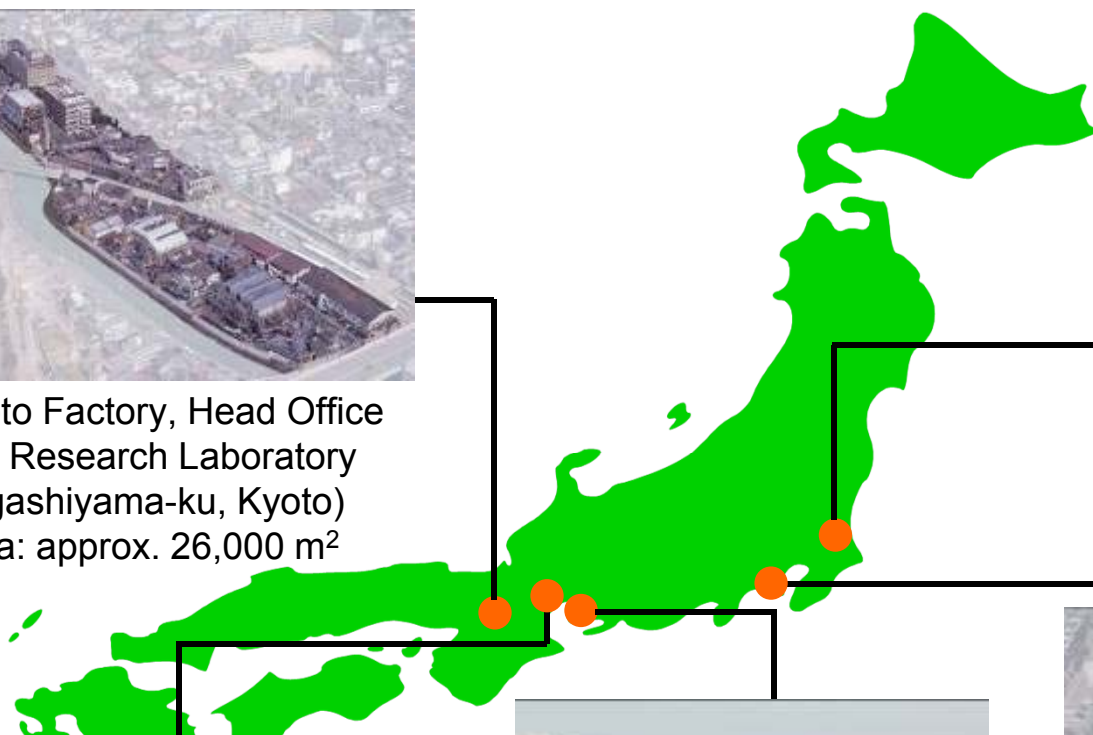
Domestic Production Bases



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.



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



 Sanyo Chemical & Resins, LLC



 Sanyo Chemical Manufacturing Korea, 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) LIMITED



 Sanyo Kasei (Thailand) Ltd.



 SANYO KASEI (TAIWAN) LTD.



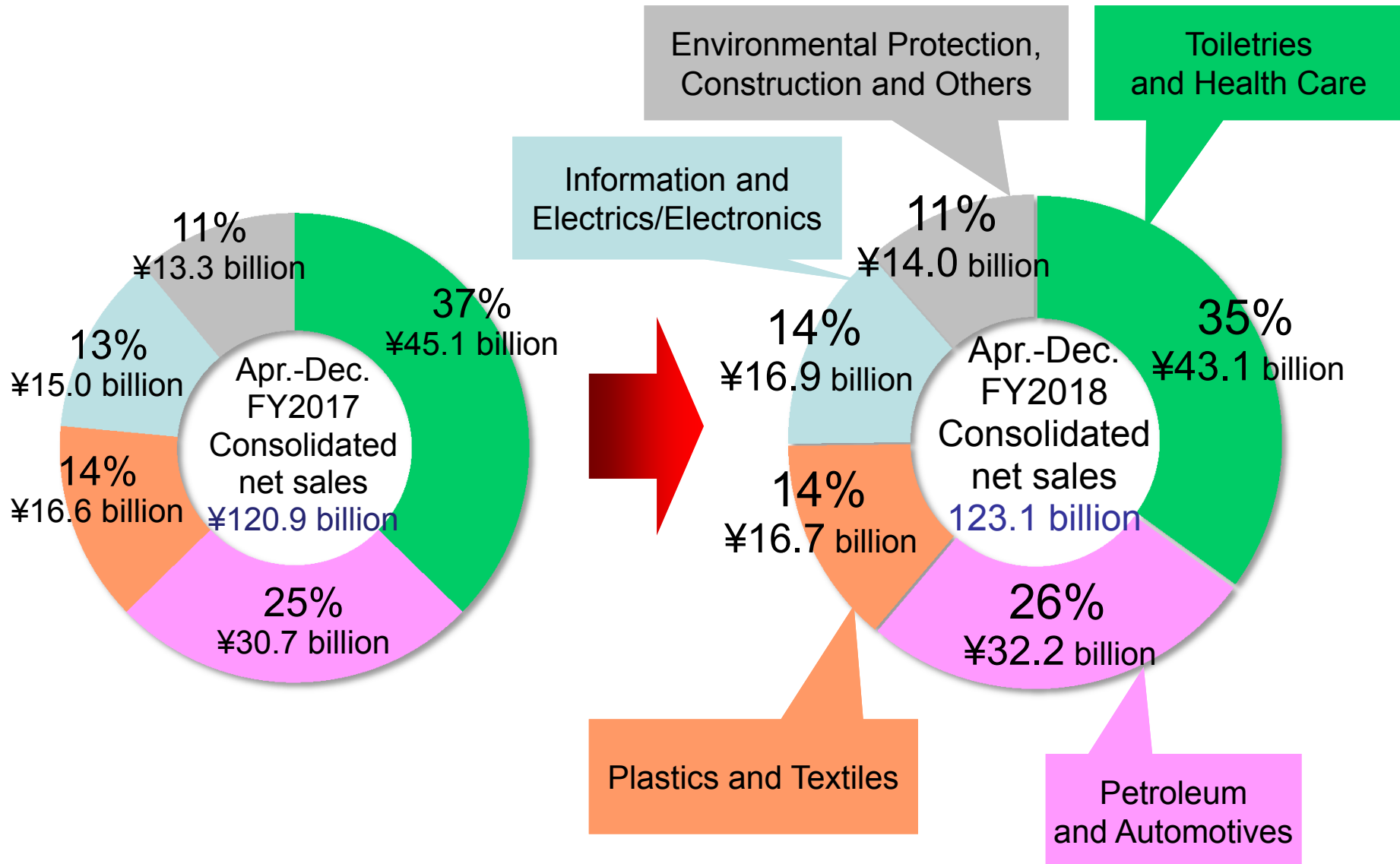
 SANAM Corp.

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 (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, Fuel Oil Additives, 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 (PEB) 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

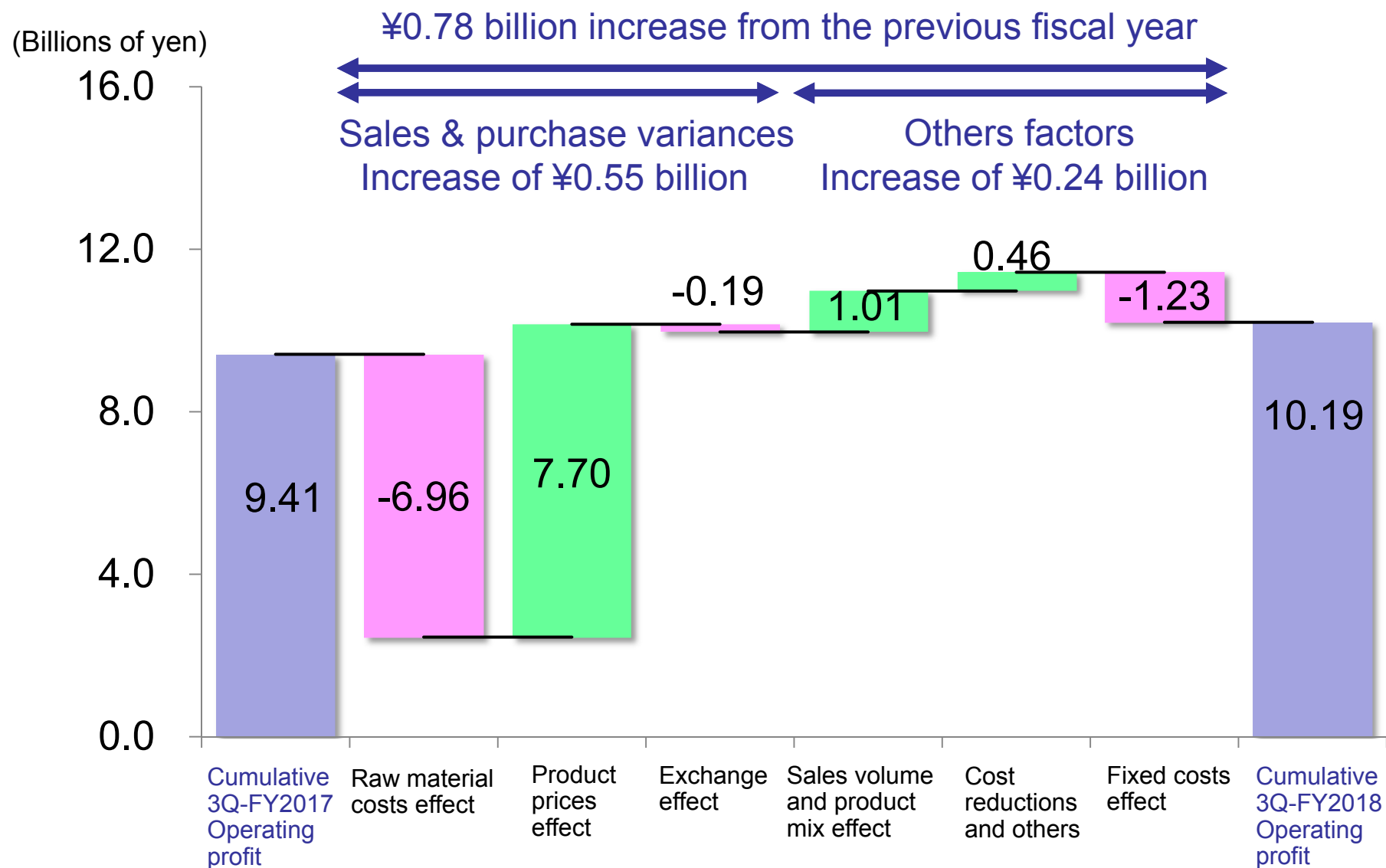


Results of Operations for Cumulative 3Q in FY2018

(Billions of yen)

Consolidated	Apr.-Dec.		Year on Year Change	
	FY2017	FY2018	Amount	Ratio (%)
Net sales	120.98	123.19	2.21	2
Operating profit	9.41	10.19	0.78	8
Ordinary profit	11.17	12.37	1.19	11
Profit attributable to owners of parent	7.73	9.14	1.41	18
Comprehensive income	12.38	6.72	(5.65)	(46)

Change in Consolidated Operating Profit by Factor



Change in Consolidated Net Income



(Billions of yen)

	Apr.-Dec.		Year on Year Change
	FY2017	FY2018	
Operating profit	9.41	10.19	0.78
Share of profit of entities accounted for using equity method	0.43	1.11	0.68
Gain or loss on foreign exchange	0.54	0.21	(0.33)
Other non-operating income and loss	0.77	0.84	0.07
Ordinary profit	11.17	12.37	1.19
Gain and Loss on disposal/sales of property, plant and equipment	(0.79)	(0.58)	0.21
Gain on sale of investment securities and loss on valuation of investment securities	—	0.92	0.92
Other extraordinary income or loss	0.12	0.04	(0.07)
Profit before income taxes	10.49	12.75	2.26
Income taxes, etc.	(2.47)	(3.35)	(0.87)
Profit attributable to non-controlling interests	(0.28)	(0.25)	0.03
Profit attributable to owners of parent	7.73	9.14	1.41

Consolidated Balance Sheet



(Billions of yen)

	Mar. 31 2018	Dec. 31 2018	Changed amount	Main Change Factor
Current assets	88.9	93.0	4.0	Cash and deposits: (1.7), Notes and accounts receivable-trade, Electronically recorded monetary claims-operating: 0.2, Inventories: 5.5
Non-current assets	110.2	108.7	(1.5)	Property, plant and equipment: 0.7, Investment securities: (3.4)
Total assets	199.1	201.7	2.5	
Current liabilities	50.1	51.2	1.0	Short-term loans: 2.4
Non-current liabilities	12.7	10.3	(2.3)	Long-term debt: (1.2), Deferred tax liabilities: (0.9)
Total liabilities	62.9	61.6	(1.2)	
Shareholder's equity	115.0	121.6	6.6	Profit attributable to owners of parent: 9.1, Cash dividends paid: (2.5)
Accumulated other comprehensive income	15.0	12.4	(2.5)	Valuation difference on available-for-sale securities: (2.4), Foreign currency translation adjustment: (0.1)
Non-controlling interests	6.1	5.9	(0.1)	
Total net assets	136.2	140.1	3.8	
Total Liabilities and net assets	199.1	201.7	2.5	

Our Group applied Partial Amendments to Accounting Standard for Tax Effect Accounting from the first quarter for fiscal year 2018. Therefore the previous fiscal year is applied retroactively.

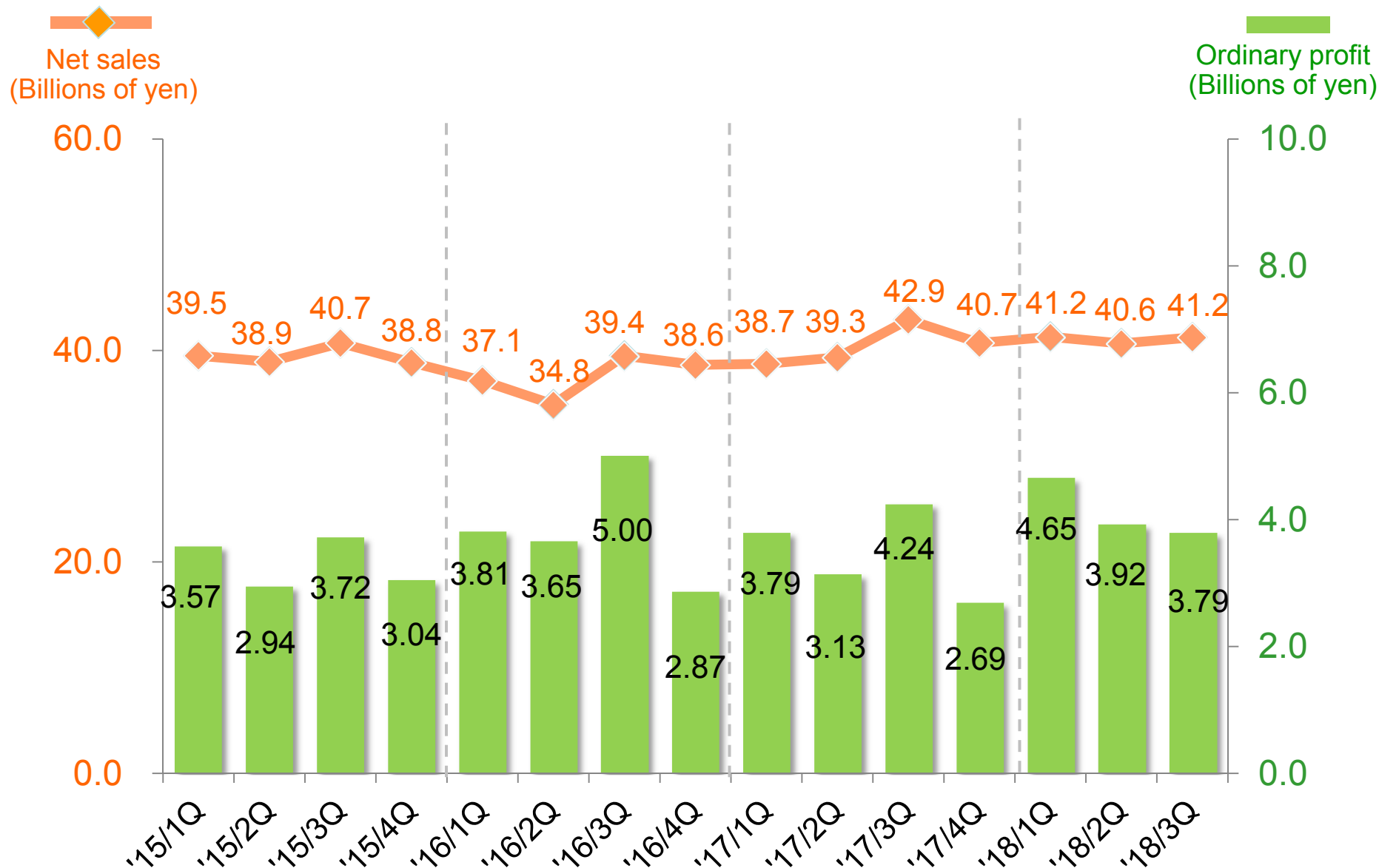
Consolidated Cash Flows



(Billions of yen)

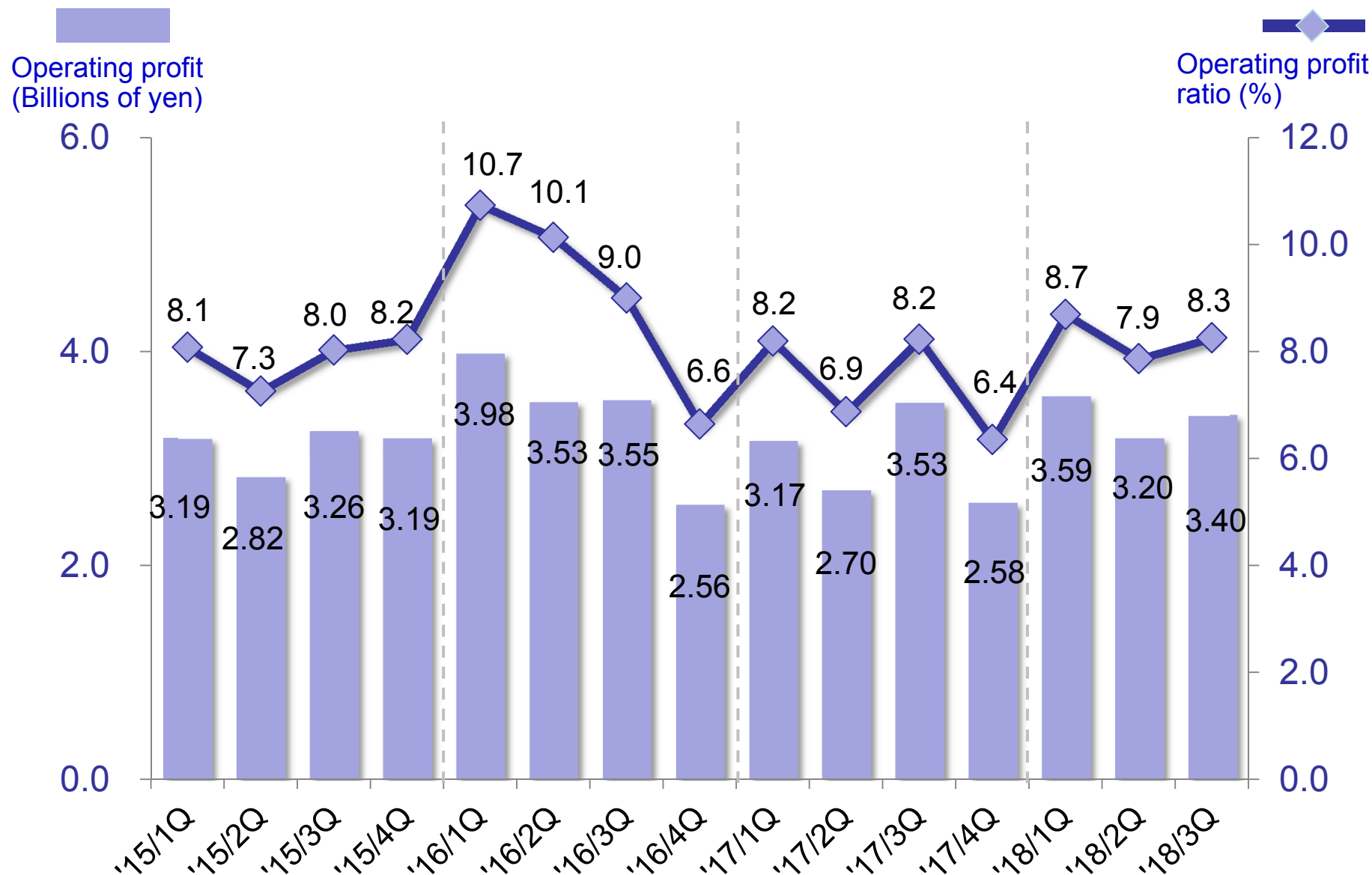
	Apr.-Dec.		Changed amount	Special Instruction
	FY2017	FY2018		
Operating activities	9.9	9.9	(0.0)	
Profit before income taxes	10.4	12.7	2.2	
Depreciation and amortization	6.1	6.7	0.5	
Equity in earning of unconsolidated subsidiaries and affiliates	(0.4)	(1.1)	(0.6)	
(Increase) decrease in operating capital	(1.9)	(5.6)	(3.7)	
Income taxes	(3.1)	(2.8)	0.2	
Others	(1.1)	0.1	1.2	
Investing activities	(9.7)	(9.6)	0.0	Purchase of non-current assets 1-3Q in FY2017: (9.0), 1-3Q in FY2018: (9.2)
Free cash flows	0.2	0.2	0.0	
Financing activities	(6.6)	(1.9)	4.7	Loans, Repayment 1-3Q in FY2017: (3.9), 1-3Q in FY2018: 0.9
Effect of exchange rate changes on cash and cash equivalents	0.2	(0.0)	(0.2)	
Net increase (decrease) in cash and cash equivalents	(6.1)	(1.7)	4.4	
Cash and cash equivalents at beginning of period	23.1	17.3	(5.7)	
Cash and cash equivalents at end of period	16.9	15.6	(1.3)	

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.

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.

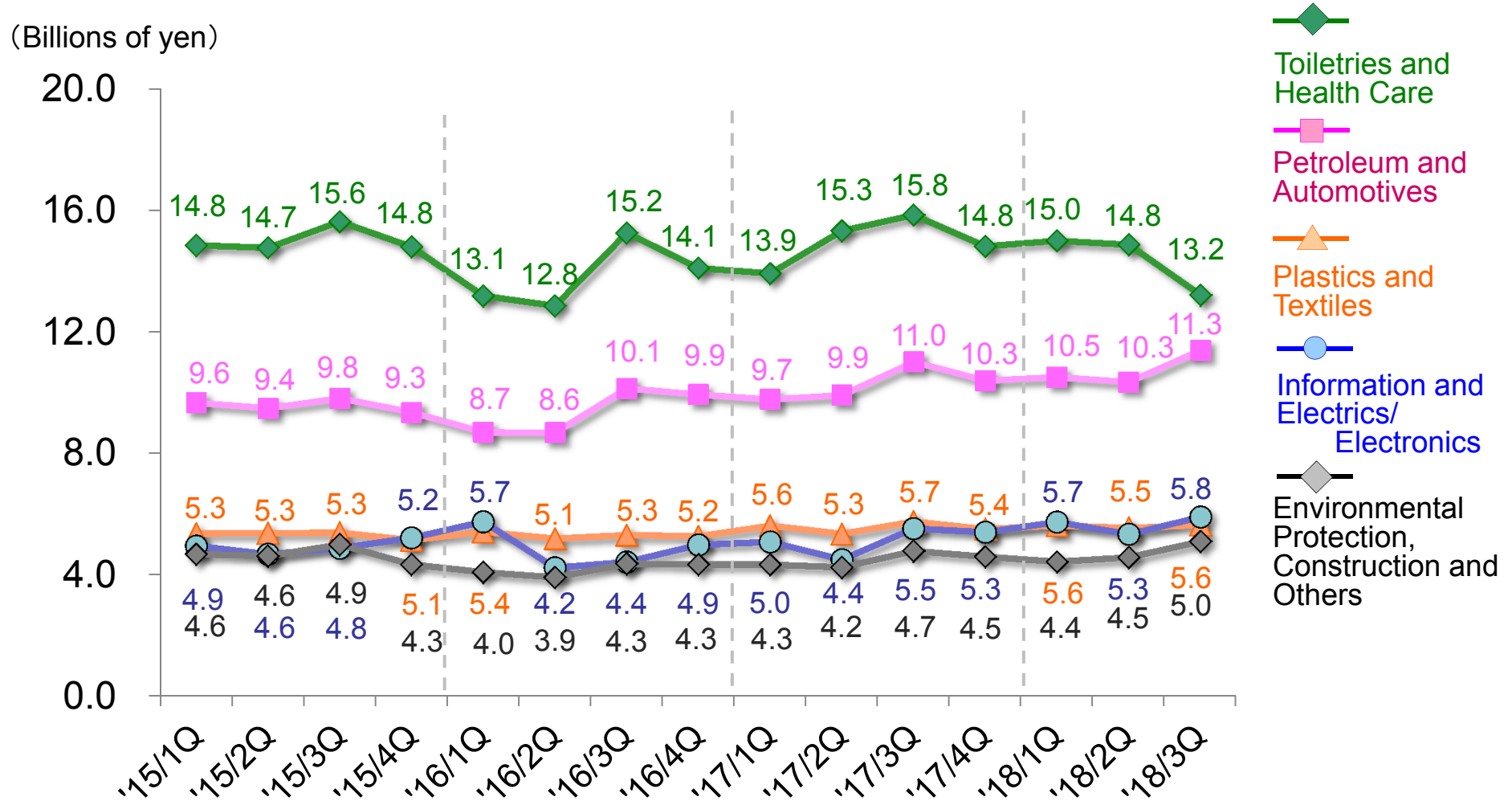
Business Results of Operations by Segment for Cumulative 3Q in FY2018



(Billions of yen)

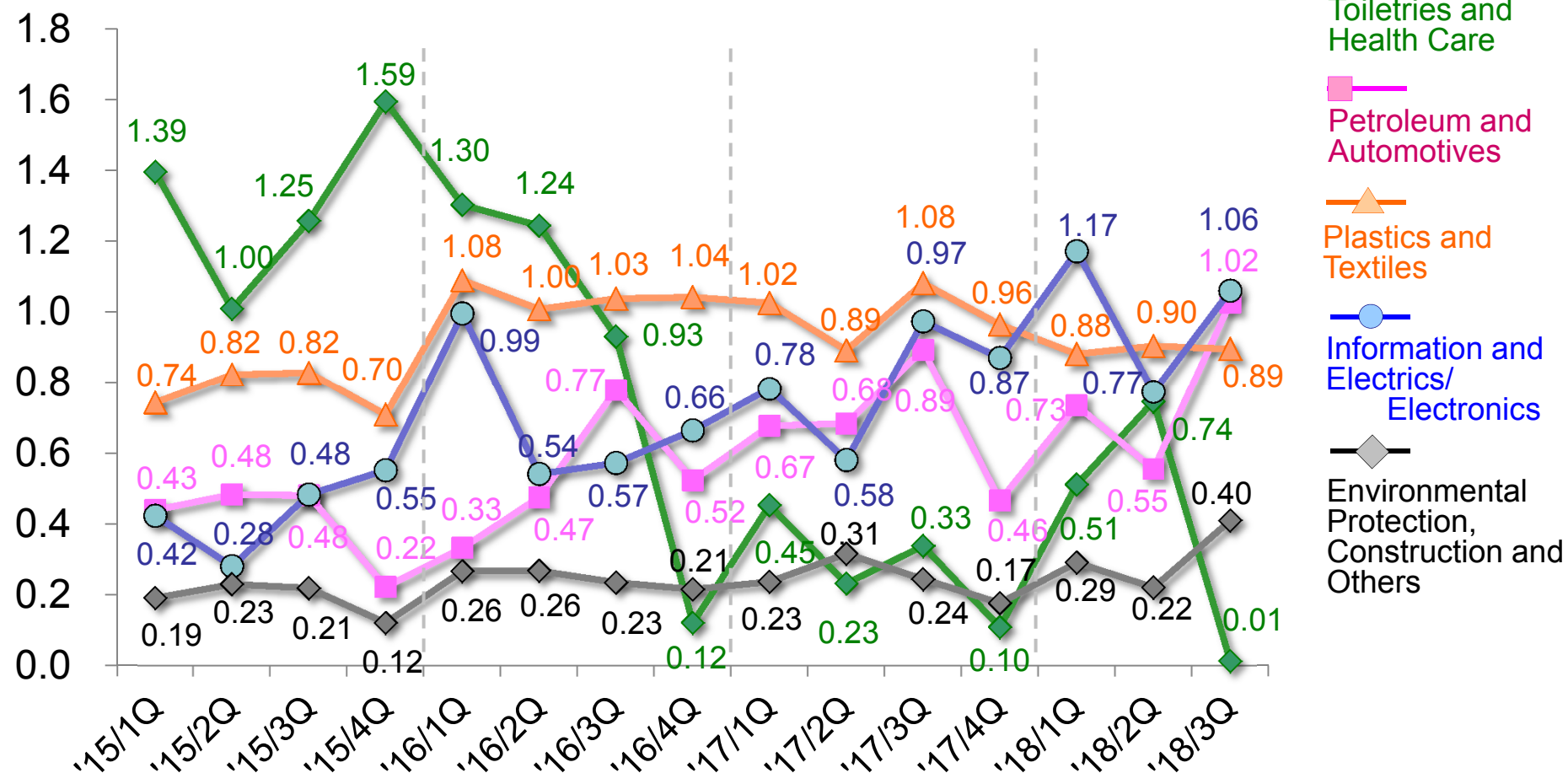
Segment	Net Sales			Operating Profit		
	Apr.-Dec. FY2017	Apr.-Dec. FY2018	Changed Amount	Apr.-Dec. FY2017	Apr.-Dec. FY2018	Changed Amount
Toiletries and Health Care	45.12	43.11	(2.01)	1.02	1.27	0.24
Toiletries	9.89	11.06	1.16			
Health Care	35.23	32.05	(3.18)			
Petroleum and Automotives	30.71	32.25	1.53	2.25	2.31	0.06
Plastics and Textiles	16.69	16.78	0.08	2.99	2.68	(0.31)
Plastics	11.32	11.65	0.32			
Textiles	5.36	5.13	(0.23)			
Information and Electrics/Electronics	15.08	16.95	1.86	2.33	3.00	0.66
Information	9.69	11.18	1.49			
Electrics/Electronics	5.39	5.76	0.36			
Environmental Protection, Construction and Others	13.35	14.09	0.73	0.79	0.92	0.12
Total	120.98	123.19	2.21	9.41	10.19	0.78

Consolidated Net Sales Trend by Segment



Consolidated Operating Profit Trend by Segment

(Billions of yen)

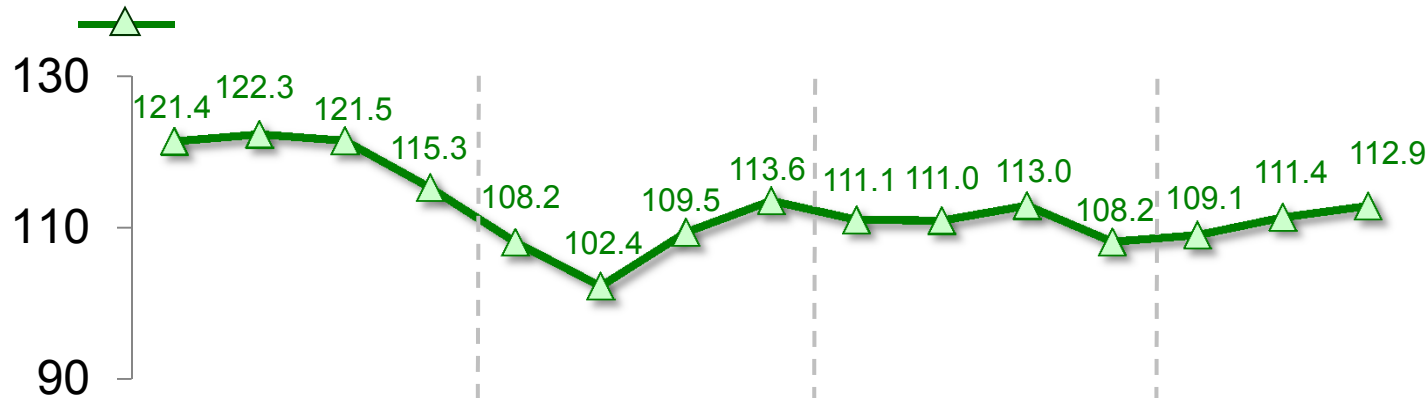


Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, adopted the straight-line method from FY2016.

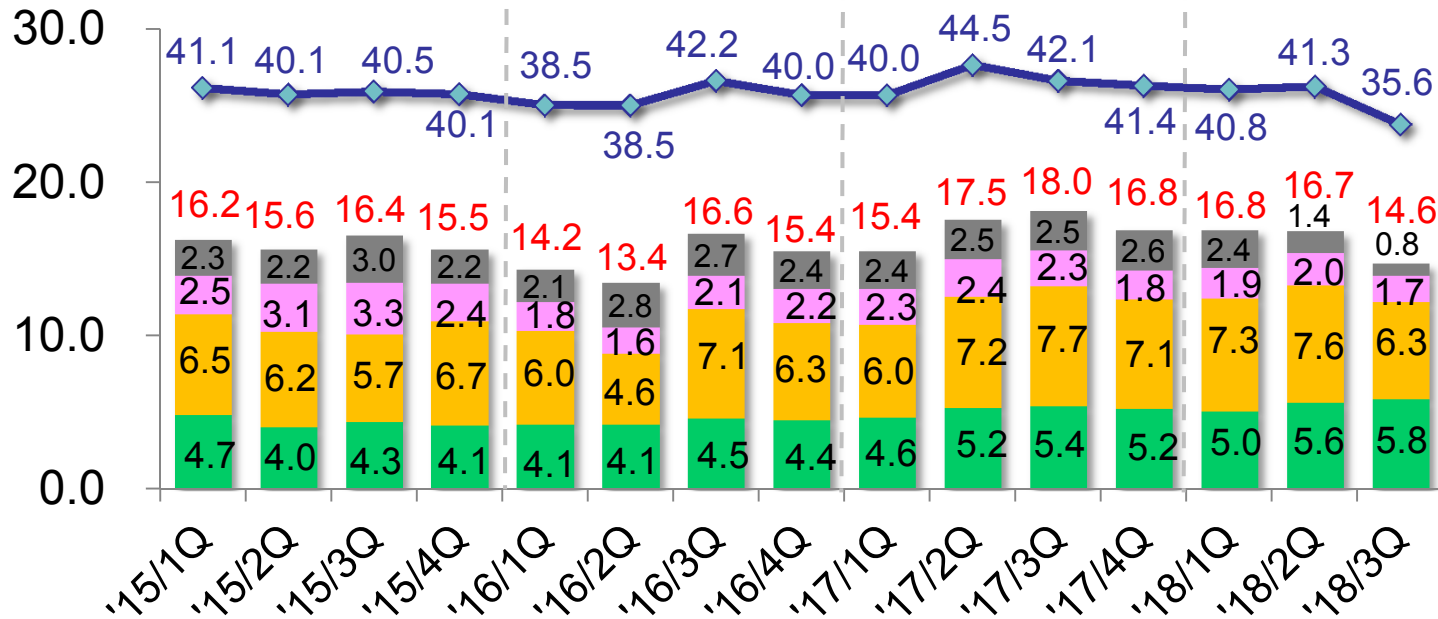
Consolidated Overseas Sales Trend



Average exchange rate
(Yen/US\$)



Overseas sales
(Billions of yen)



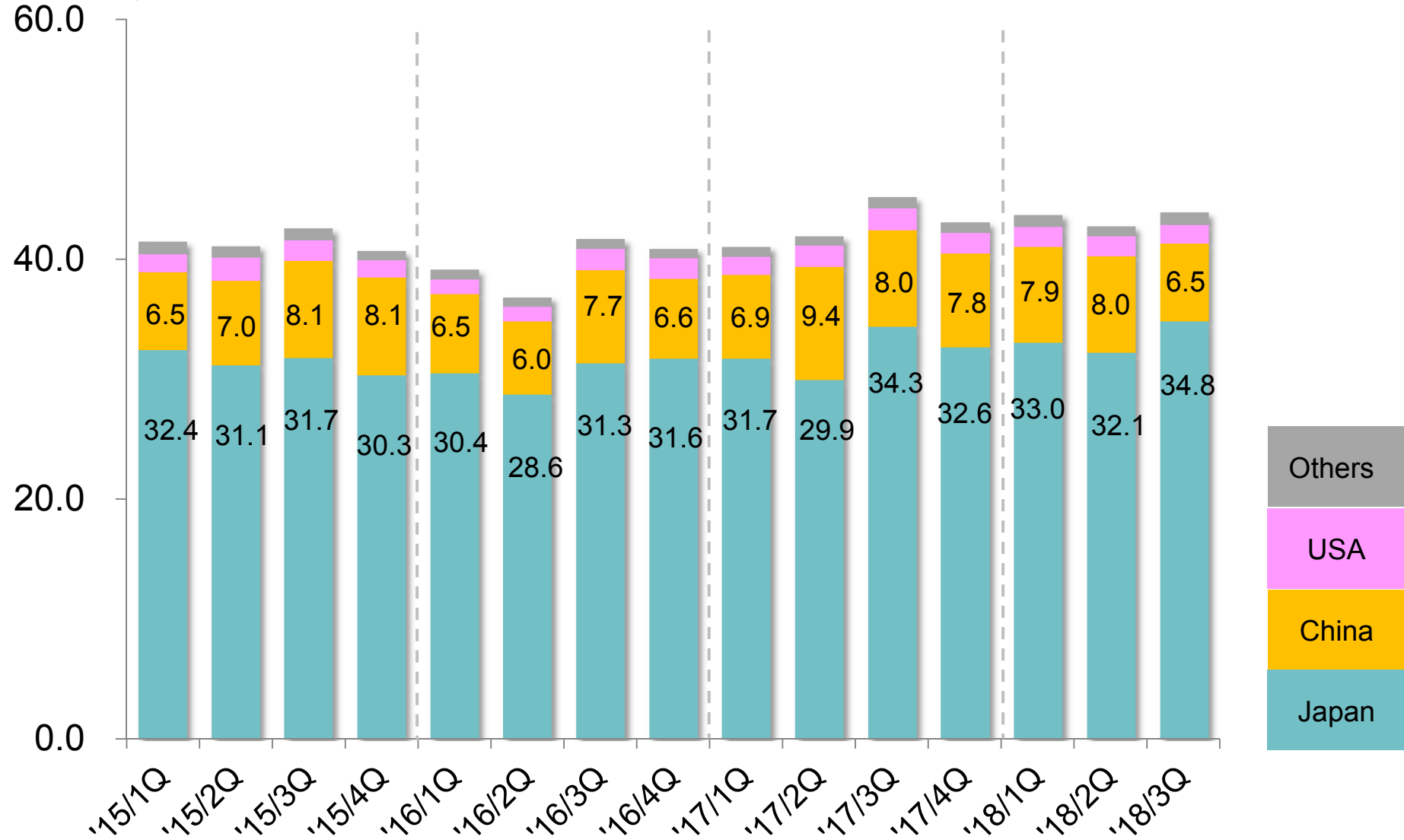
Overseas sales ratio (%)



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

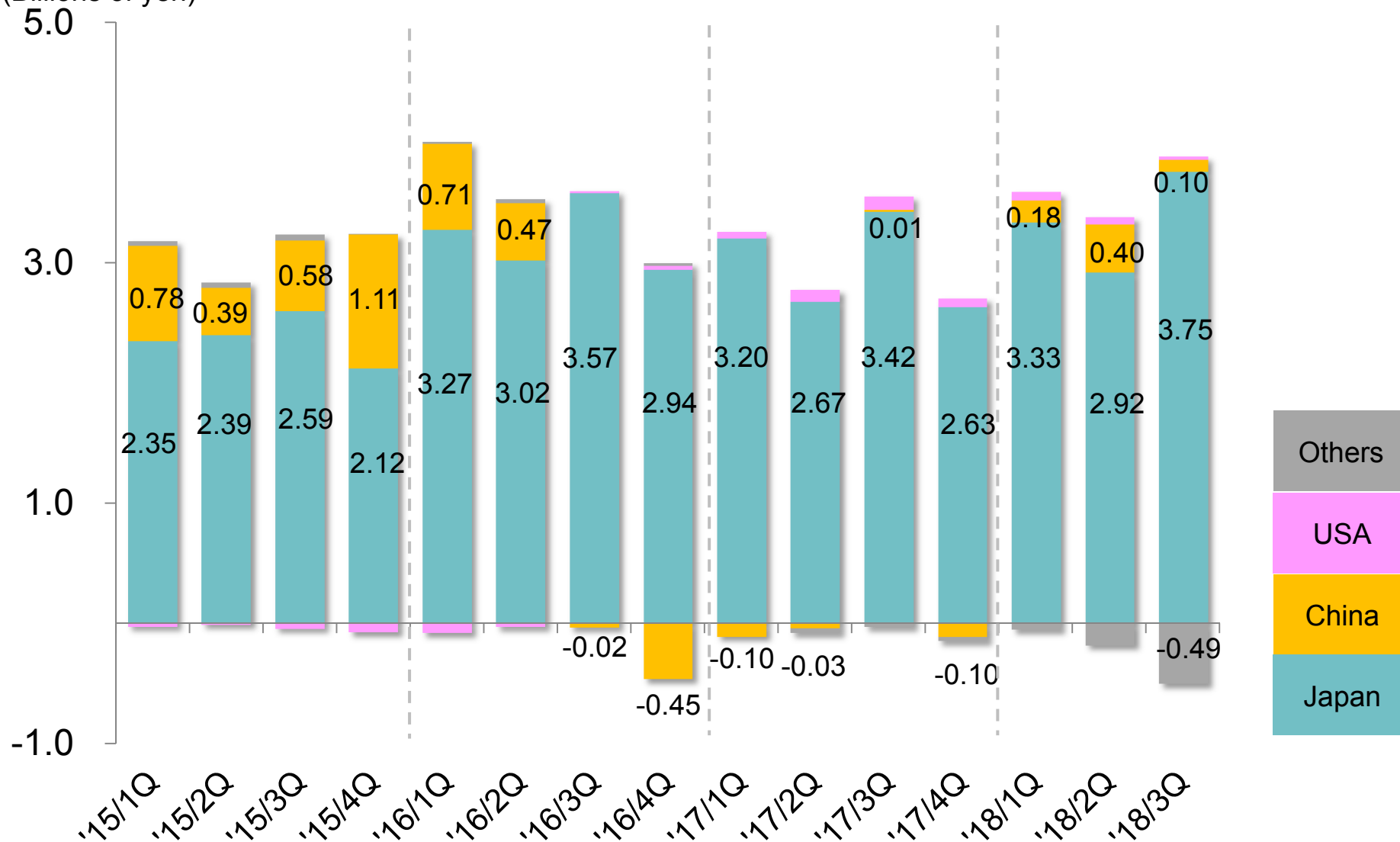
(Billions of yen)



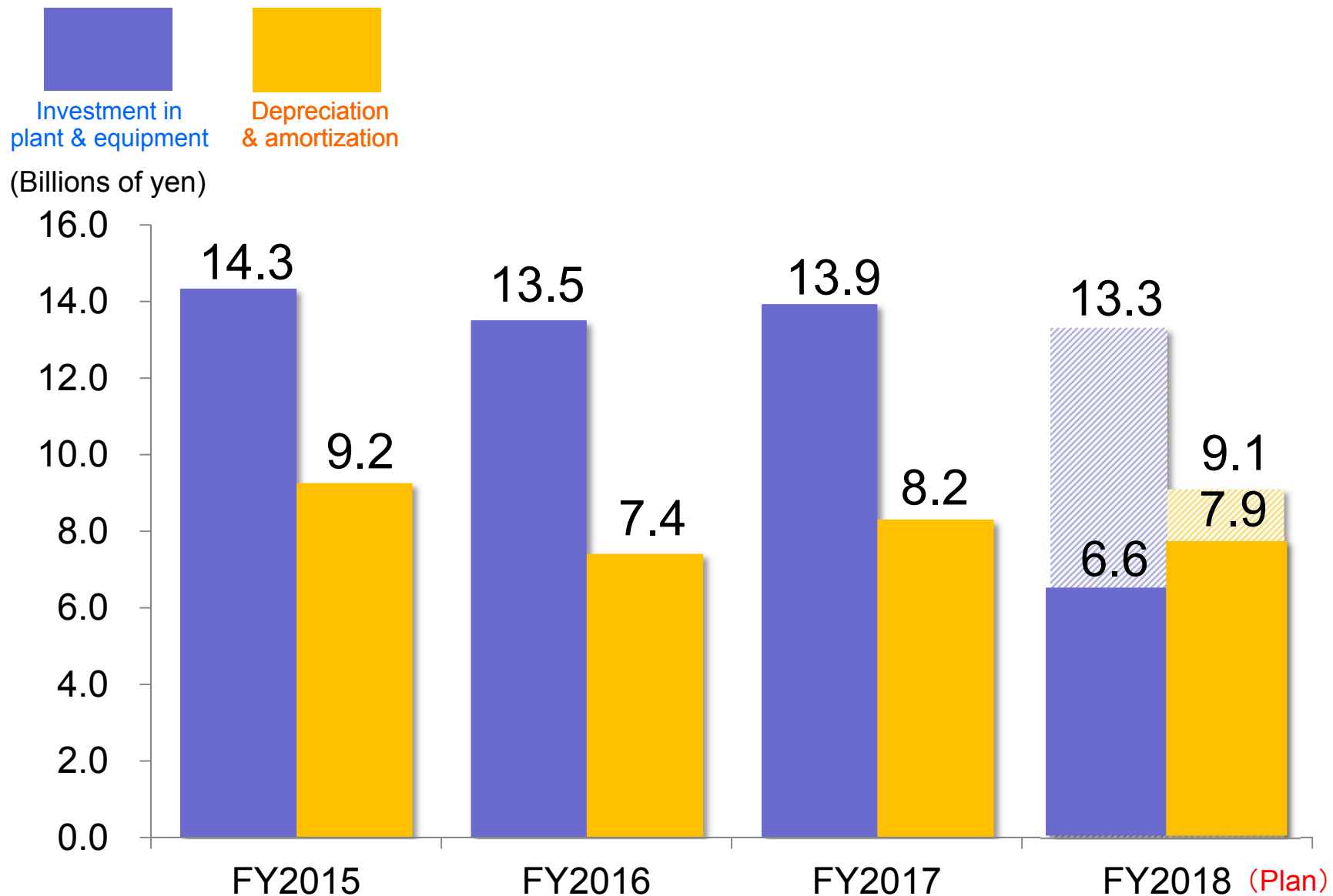
Consolidated Operating Profit Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



Consolidated Investment in Plant & Equipment, and Depreciation & Amortization

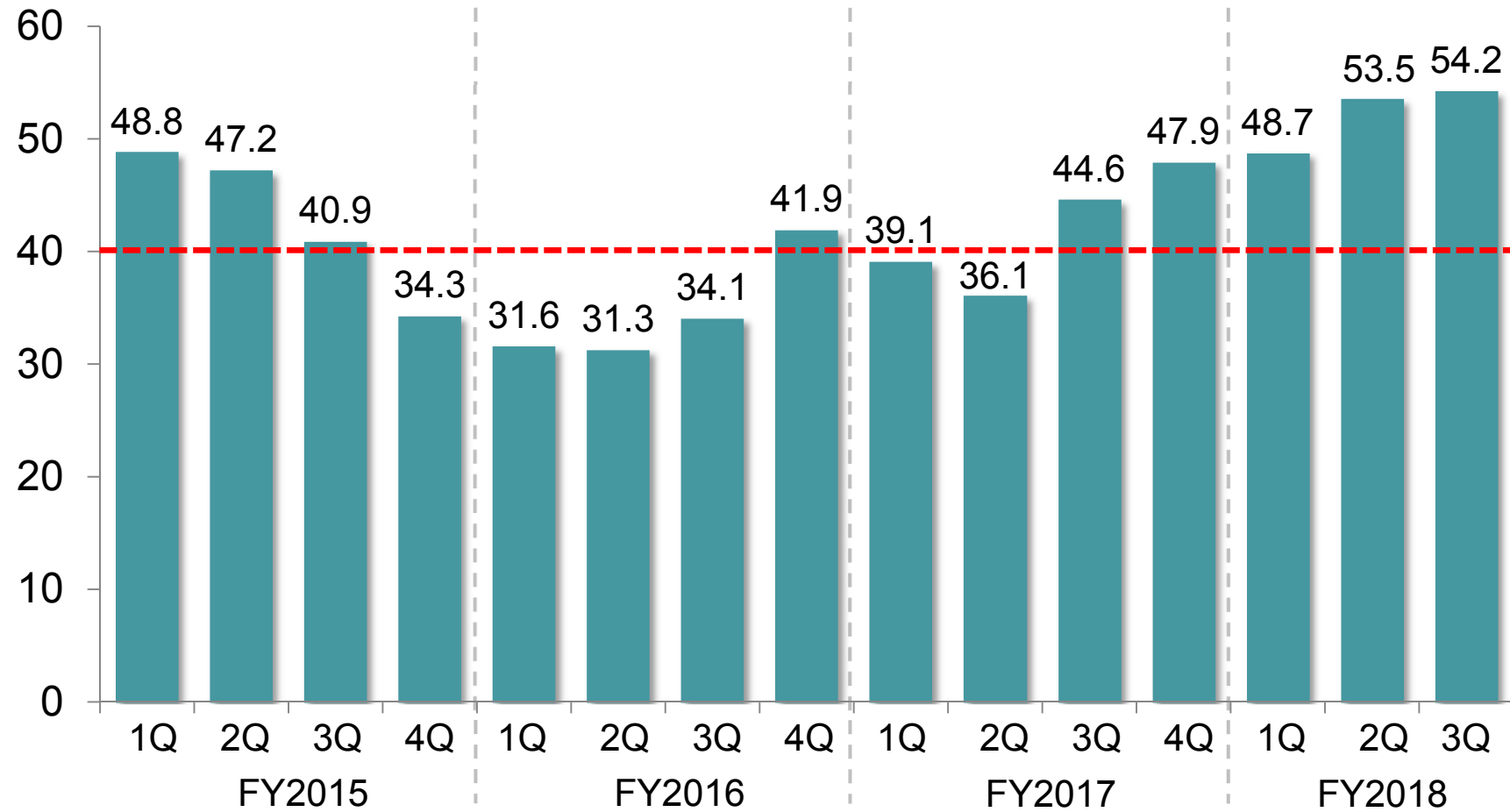


Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, adopted the straight-line method from FY2016.

Reference

Transition of Price of Naphtha produced in Japan

Naphtha price
(Thousands of yen/kl)



(Reference: Japanese newspapers, etc)

Japanese Consolidated Subsidiaries (5 companies)



Company Name	Abbr.	Equity Ownership	Line of Business
SDP Global Co., Ltd.	SDP	Sanyo Chemical 70% Toyota Tsusho 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 50% JXTG Nippon Oil & Energy 50%	Manufacture of raw materials for polyurethane foams, etc.
San-Apro Ltd.	SA	Sanyo Chemical 50% Evonik International Holding B.V. 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