



"Performance" Through Chemistry

Material for Financial Results Presentation For the Nine Months Ended December 31, 2019

Sanyo Chemical Industries, Ltd.

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

Securities code: 4471



<Notice>

Yen amounts described in this presentation material are rounded down to the nearest unit.
Other figures such as ratios are rounded off.

<Disclaimer>

This presentation material contains forward-looking statements including projections based on the assumptions, forecasts and plans as of February 4, 2020.
Actual results may differ significantly from such projections due to risks and uncertainties relating to changes in the global economy, state of competition, foreign currency exchange rates, trends in raw material costs and other factors.

<Inquiries about IR>

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Corporate Communications Division
Sanyo Chemical Industries, Ltd.

E-mail: pr-group@sanyo-chemical.group

Corporate Data



Date of Establishment: November 1, 1949

Head Office: Higashiyama-ku, Kyoto-shi

Share Capital: ¥13,051 million

Domestic Branches Offices and Sales & Marketing Offices:

Tokyo, Osaka, Nagoya, Hiroshima, Fukuoka

Domestic Factories:

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

Number of Employees (Consolidated Basis):

2,078 (as of December 31, 2019)

Line of Business:

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

Sanyo Chemical Group



Sanyo Chemical Group

- Consolidated Subsidiaries: 13 Companies
- Entities Accounted for Using the Equity Method: 5 Companies

Domestic (5 Companies)

- SDP Global Co., Ltd.
- SAN NOPCO LIMITED
- San Chemical Co., Ltd.
- San-Apro Ltd.
- San-Petrochemicals Co., Ltd.

Overseas (9 Companies)



- Sanyo Kasei (Nantong) Co., Ltd.
- San-Dia Polymers (Nantong) Co., Ltd.
- Sanyo Chemical (Shanghai) Trading Co., Ltd.



- Sanyo Kasei (Thailand) Ltd.



- SANAM Corporation
- Sanyo Chemical & Resins, LLC
- Sanyo Chemical Texas Industries, LLC
- Sunrise Chemical LLC



- SDP GLOBAL (MALAYSIA) SDN. BHD.

Logistics and Service Subsidiaries (4 Companies)

- Sanyo Transport Co., Ltd.
- Nagoya Sanyo Warehouse Co., Ltd.
- Shiohama Chemicals Warehouse Co., Ltd.
- Sanliving Ltd.

Other Subsidiaries and Affiliates:

Sanyo Kasei Korea, Ltd.
 SANYO KASEI (TAIWAN) LTD.
 SAN NOPCO (KOREA) LIMITED

Sanyo Chemical Manufacturing Korea, Ltd.
 SAN NOPCO (SHANGHAI) TRADING Co., Ltd.
 DaXiang International Trading (SHANGHAI) Co., Ltd.

APB Corporation

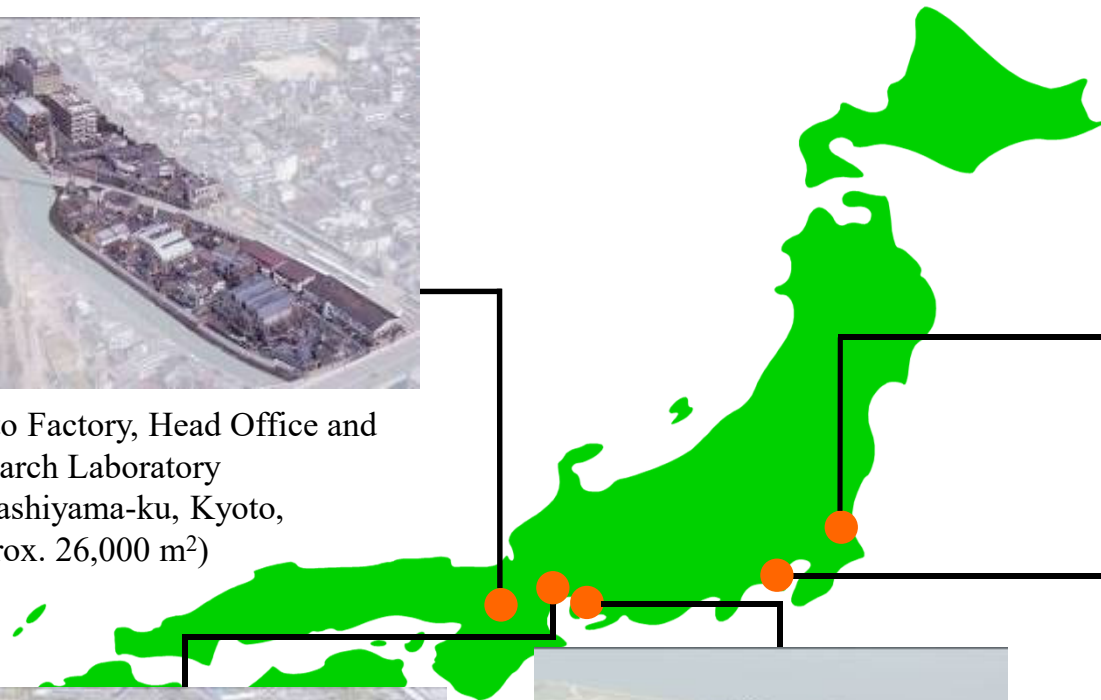
Domestic Production Bases



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



Kashima Factory
(Kamisu-shi, Ibaraki, Approx. 130,000 m²)



Nagoya Factory
(Tokai-shi, Aichi, Approx. 100,000 m²)




Kinuura Factory
(Handa-shi, Aichi, Approx. 140,000 m²)



San Chemical Co., Ltd., Kawasaki Factory
(Kawasaki-shi, Kanagawa, 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 Offices



 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.



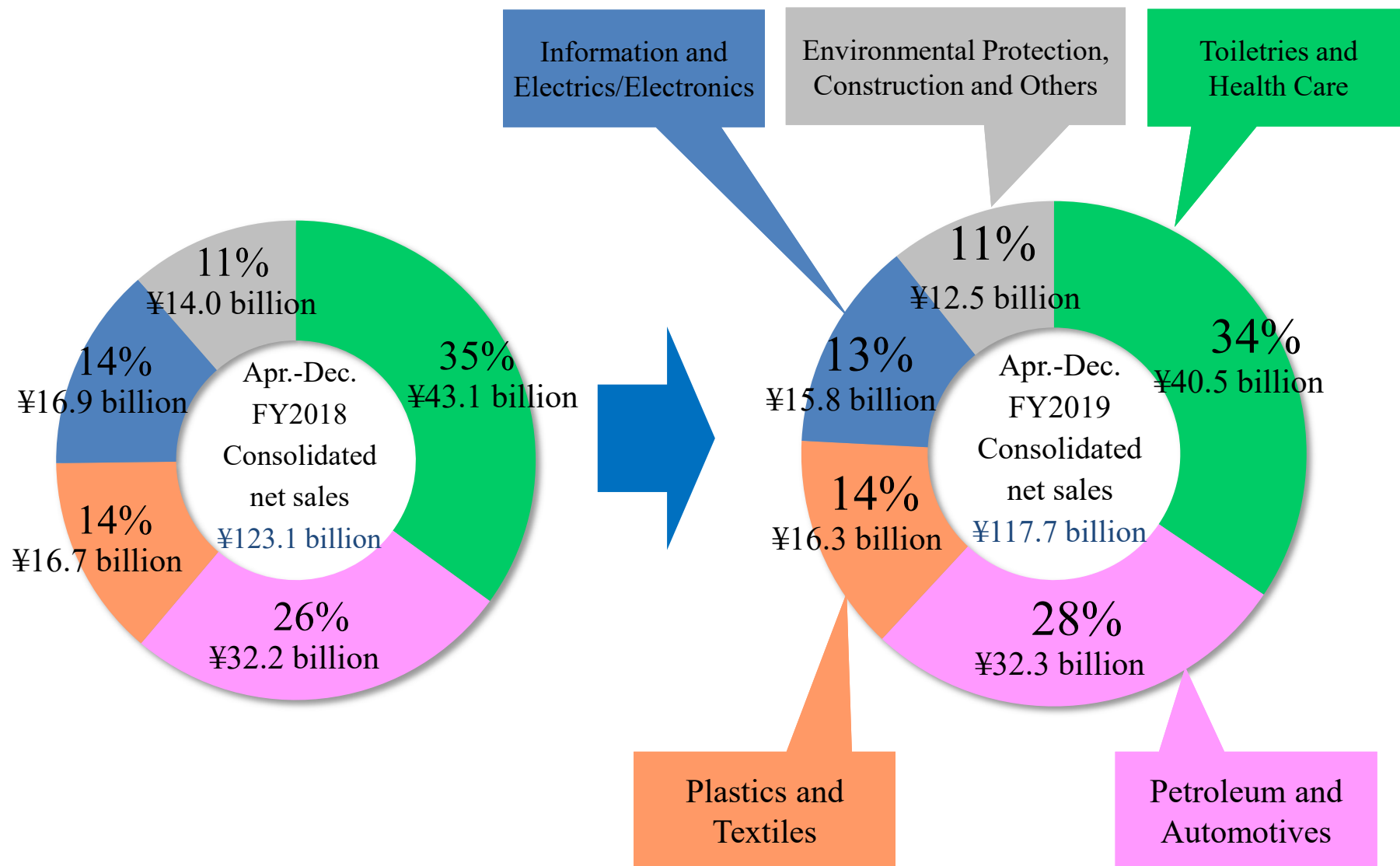
 SANAM Corporation

Principal Products by Industrial Field (Segment)



Broad category	Middle category	Principal products
Toiletries and Health Care	Toiletries	Surfactants for Detergents, Surfactants for Hair Care Products, Agents for Paper-making
	Health Care	Superabsorbent Polymers (SAP), Raw Materials for Pharmaceuticals, Germicides/Disinfectants, Surgical Hemostatic Agent, Clinical Diagnostic Reagents for Enzyme Immunoassay (EIA), Potting Resins for Artificial Kidneys
Petroleum and Automotives		Thermoplastic Polyurethane Beads (TUB) for the Interior Parts of Automobiles, Raw Materials for Polyurethane Foams (PPG), Lubricating Oil Additives, Additives for Fuel Oil, Water-Soluble Cutting Oil, 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, Raw Materials for Polyurethane Elastomers, Chemical Boards for Models
	Textiles	Chemicals for Textile Manufacturing, Chemicals for Carbon Fibers, Chemicals for Fiberglass, Polyurethane Resins for Artificial and Synthetic Leather
Information and Electrics/ Electronics	Information	Polyester Beads (PEB) Used as a Core Component of Polymerization Toners, Toner Binder
	Electrics/ Electronics	Electrolytes for Aluminum Electrolytic Capacitors, Electrolytes for Electric Double-Layer Capacitors, Adhesive for Electronic Parts, Chemicals 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 Chemicals, Reactive Hot-Melt Adhesives, Raw materials for Building Sealants, Cement Chemicals

Consolidated Net Sales by Segment



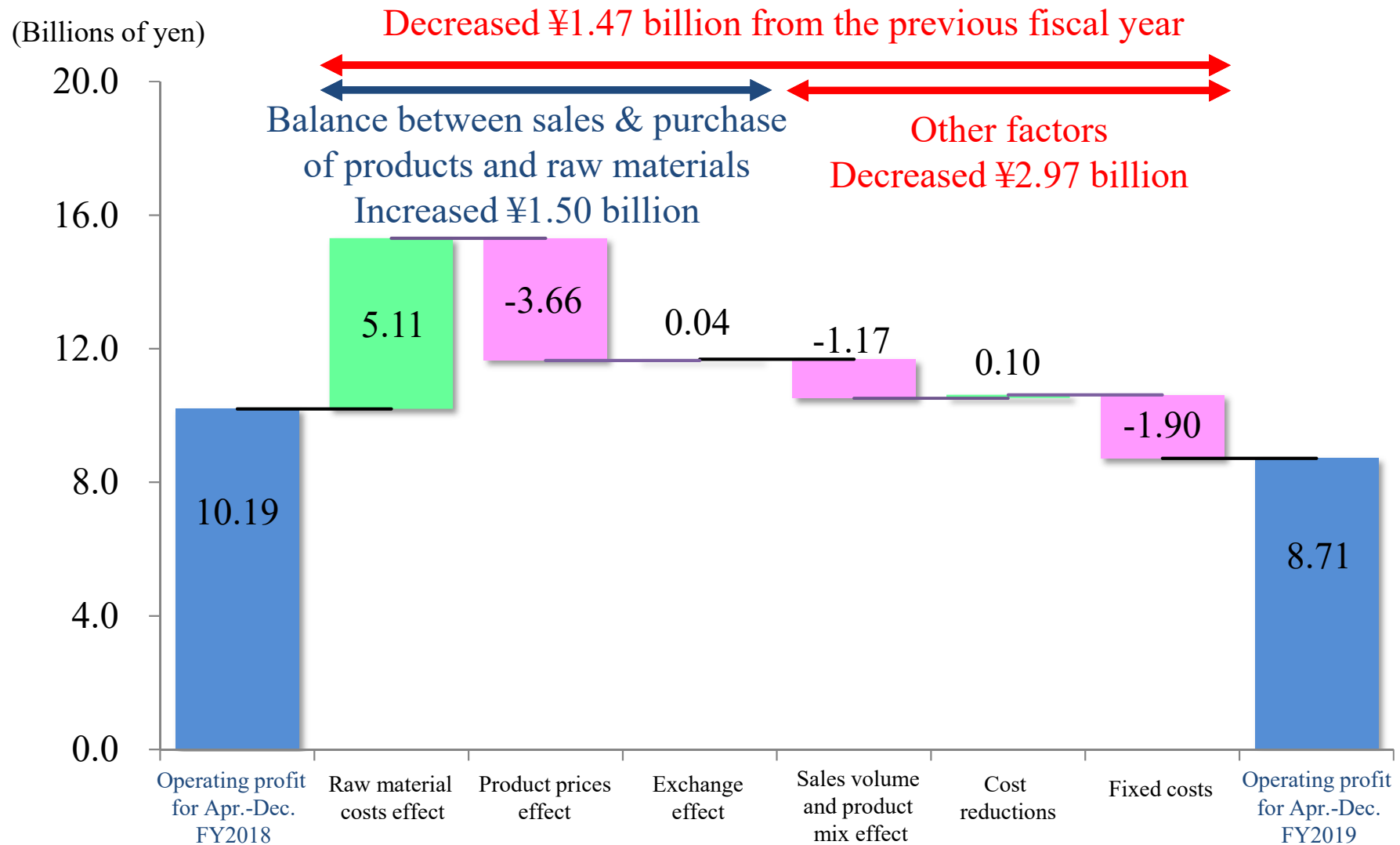
Earnings for Apr.-Dec. FY2019



(Billions of yen)

Consolidated	Apr.-Dec.		Year-on-Year Change	
	FY2018	FY2019	Amount	Ratio (%)
Net sales	123.19	117.72	(5.46)	(4)
Operating profit	10.19	8.71	(1.47)	(15)
Ordinary profit	12.37	9.20	(3.16)	(26)
Profit attributable to owners of parent	9.14	5.91	(3.22)	(35)
Comprehensive income	6.72	5.32	(1.40)	(21)

Year-on-Year Change in Consolidated Operating Profit by Factor



Year-on-Year Change in Consolidated Profit by Factor

(Billions of yen)

	Apr.-Dec.		Change amount
	FY2018	FY2019	
Operating profit	10.19	8.71	(1.47)
Share of profit (loss) of entities accounted for using equity method	1.11	0.05	(1.06)
Gain (loss) on foreign exchange	0.21	(0.25)	(0.46)
Other non-operating income (loss)	0.84	0.69	(0.15)
Ordinary profit	12.37	9.20	(3.16)
Gain (loss) on sales of non-current assets, loss on retirement of non-current assets	(0.58)	(0.83)	(0.24)
Other extraordinary income (loss)	0.96	0.17	(0.79)
Profit before income taxes	12.75	8.55	(4.20)
Income taxes	(3.35)	(2.52)	0.82
Profit attributable to non-controlling interests	(0.25)	(0.10)	0.14
Profit attributable to owners of parent	9.14	5.91	(3.22)

Consolidated Balance Sheet



(Billions of yen)

	March 31, 2019	December 31, 2019	Change amount	Main factors for changes
Current assets	95.0	89.3	(5.7)	Cash and deposits: (1.0), Notes and accounts receivable - trade, Electronically recorded monetary claims - operating: (3.9), Inventories: (0.4)
Non-current assets	98.5	97.4	(1.1)	Property, plant and equipment: (1.6), Construction in progress: 0.7
Total assets	193.6	186.7	(6.8)	
Current liabilities	52.5	43.4	(9.0)	Accounts payable - trade, Electronically recorded obligations - operating: 2.0, Short-term borrowings: (1.0), Income taxes payable: (2.8)
Non-current liabilities	8.4	8.1	(0.3)	Long-term borrowings: (0.7)
Total liabilities	61.0	51.6	(9.3)	
Shareholders' equity	117.8	120.7	2.9	Profit: 5.9, Cash dividends paid: (2.9)
Other comprehensive income	11.5	10.9	(0.5)	Foreign currency translation adjustment: 0.5
Non-controlling interests	3.2	3.4	0.1	
Total net assets	132.6	135.1	2.5	
Total liabilities and net assets	193.6	186.7	(6.8)	

Consolidated Statements of Cash Flows

(Billions of yen)

	Apr.-Dec.		Change amount	Special notes
	FY2018	FY2019		
Cash flows from operating activities	9.92	12.43	2.51	
Profit before income taxes	12.75	8.55	(4.20)	
Depreciation	6.71	6.79	0.07	
Share of loss (profit) of entities accounted for using equity method	(1.11)	(0.05)	1.06	
(Increase) decrease in operating capital	(5.67)	2.12	7.79	
Income taxes	(2.86)	(5.27)	(2.40)	
Other, net	0.10	0.29	0.19	
Cash flows from investing activities	(9.64)	(8.24)	1.40	Purchase of non-current assets 3Q FY2018:(9.27), 3Q FY2019:(6.78)
Free cash flows	0.27	4.19	3.92	
Cash flows from financing activities	(1.94)	(5.12)	(3.17)	Loans and Repayment 3Q FY2018:0.92, 3Q FY2019:(2.25)
Effect of exchange rate change on cash and cash equivalents	(0.08)	(0.11)	(0.03)	
Net increase (decrease) in cash and cash equivalents	(1.75)	(1.04)	0.70	
Cash and cash equivalents at beginning of period	17.37	19.15	1.77	
Cash and cash equivalents at end of period	15.62	18.10	2.47	

Earnings Forecast for FY2019 and Progress in Apr.-Dec. FY2019

<Assumptions for below forecasts>

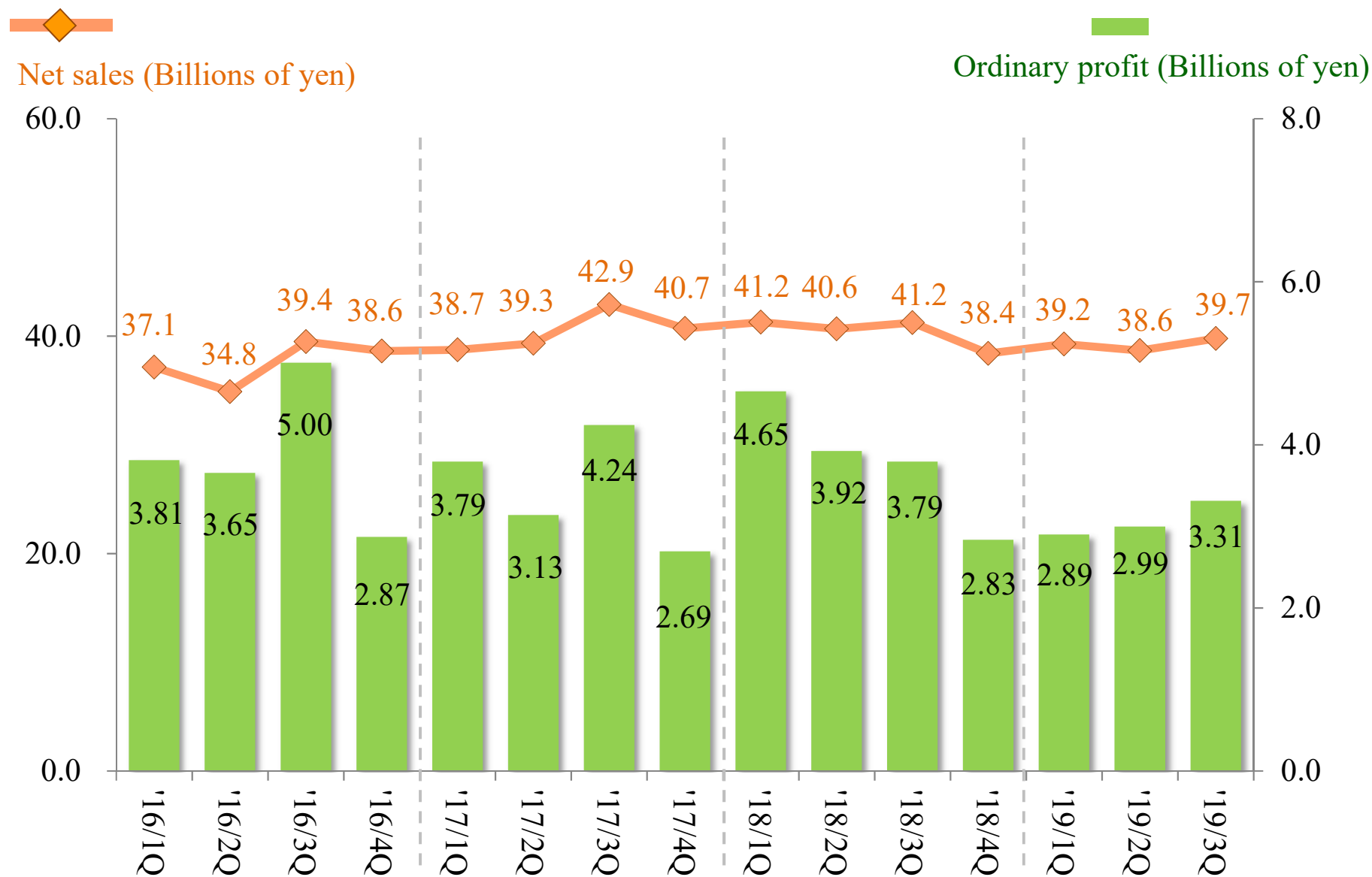
Price of naphtha produced in Japan: 40.5 thousand yen/kl, Exchange rate: 108 yen/U.S. dollar

(Billions of yen)

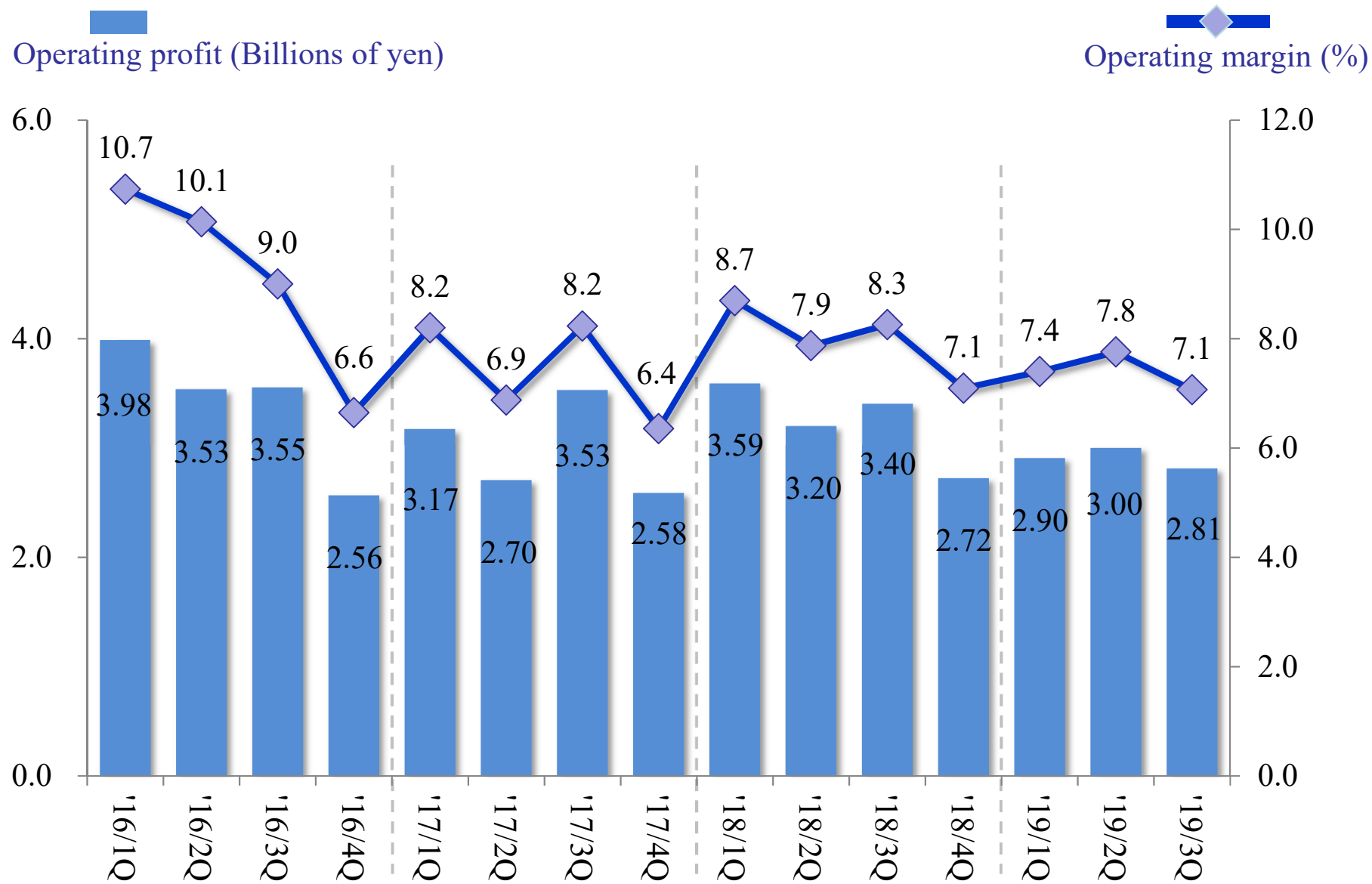
Consolidated	Full year of FY2019	Apr.-Dec. FY2019		Full year of FY2018
	Forecast*	Result	Progress (%)	Result
Net sales	160.00	117.72	74	161.50
Operating profit	12.50	8.71	70	12.91
Ordinary profit	13.00	9.20	71	15.20
Profit attributable to owners of parent	8.50	5.91	70	5.34

*Forecasts announced on September 26, 2019

Trends in Consolidated Earnings (Quarter Period)



Trends in Consolidated Operating Profit and Operating Margin (Quarter Period)



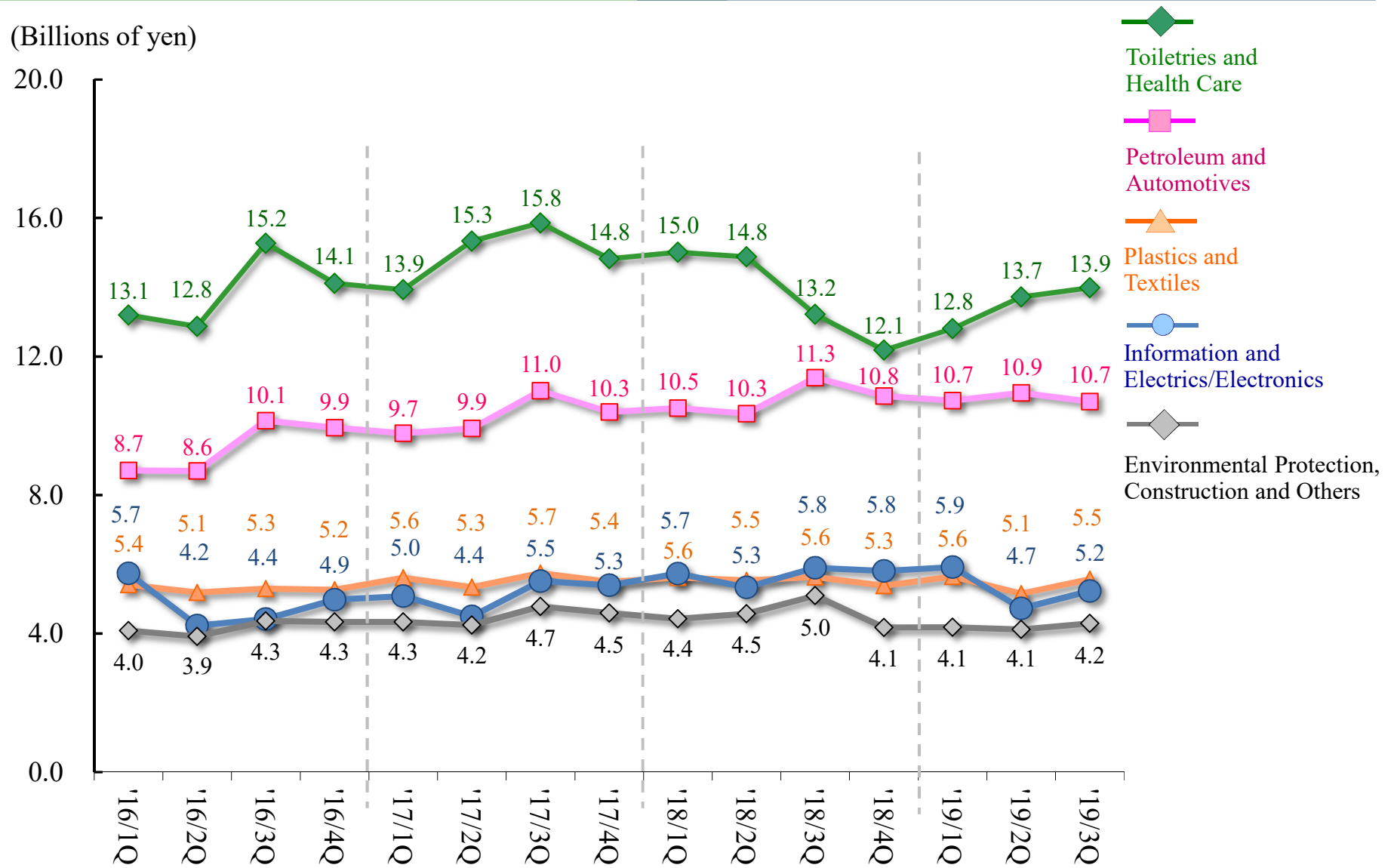
Consolidated Earnings by Segment



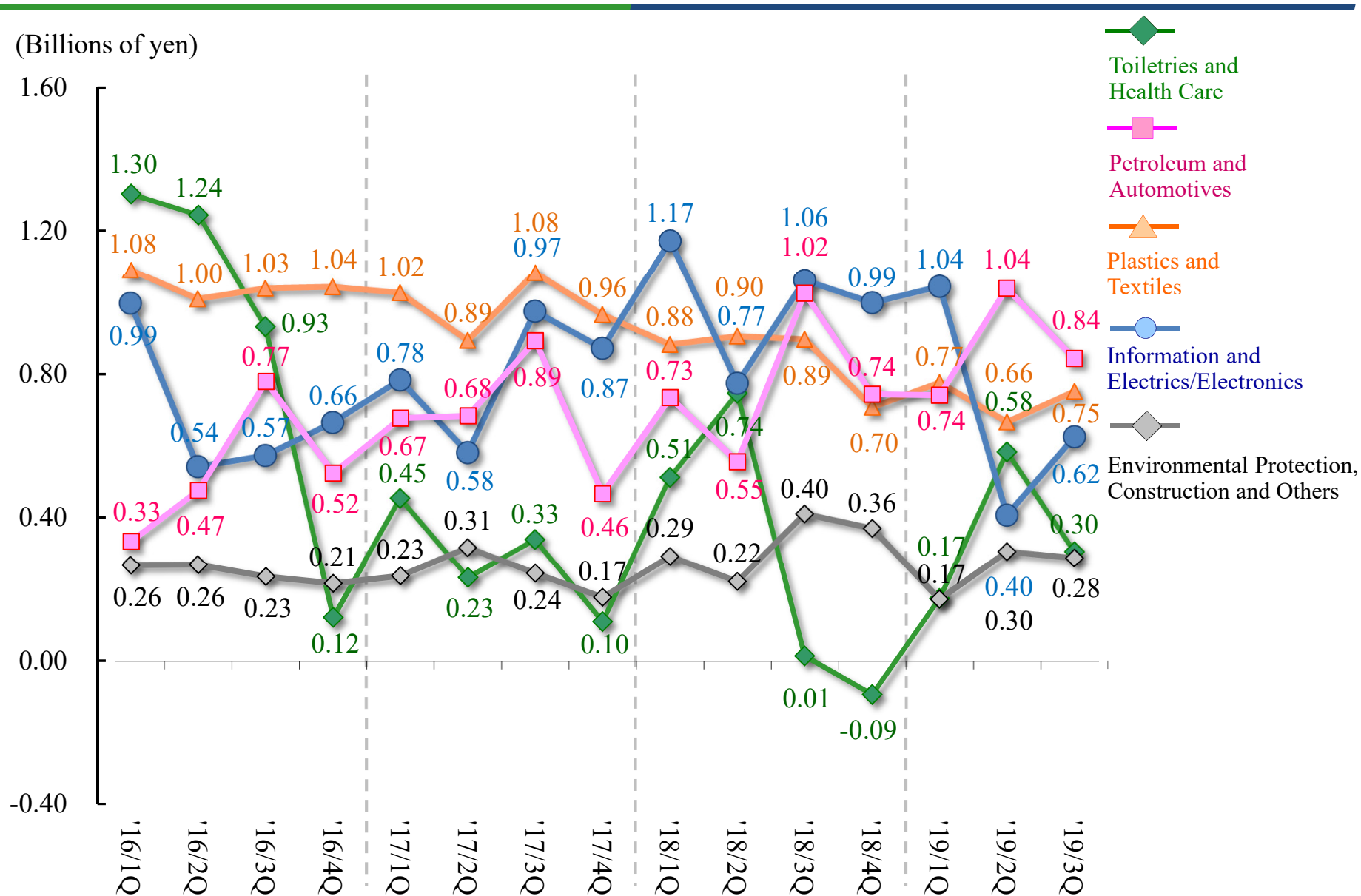
(Billions of yen)

Segment	Net sales			Operating profit		
	Apr.-Dec. FY2018	Apr.-Dec. FY2019	Change amount	Apr.-Dec. FY2018	Apr.-Dec. FY2019	Change amount
Toiletries and Health Care	43.11	40.51	(2.59)	1.27	1.06	(0.20)
Toiletries	11.06	10.16	(0.89)			
Health Care	32.05	30.34	(1.70)			
Petroleum and Automotives	32.25	32.37	0.12	2.31	2.62	0.30
Plastics and Textiles	16.78	16.37	(0.41)	2.68	2.19	(0.48)
Plastics	11.65	11.83	0.17			
Textiles	5.13	4.54	(0.59)			
Information and Electrics/Electronics	16.95	15.87	(1.08)	3.00	2.07	(0.93)
Information	11.18	10.50	(0.68)			
Electrics/ Electronics	5.76	5.37	(0.39)			
Environmental Protection, Construction and Others	14.09	12.59	(1.49)	0.92	0.76	(0.15)
Total	123.19	117.72	(5.46)	10.19	8.71	(1.47)

Trends in Consolidated Net Sales by Segment (Quarter Period)



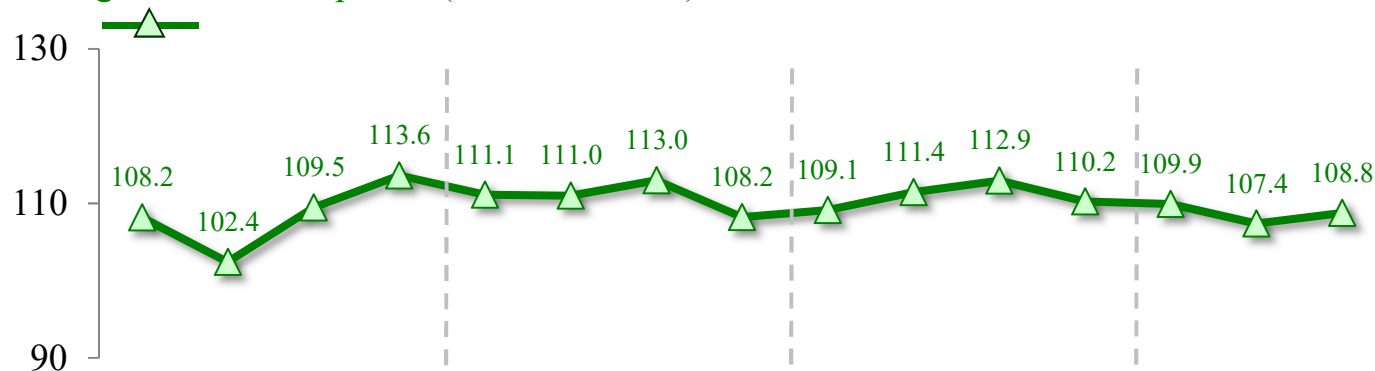
Trends in Consolidated Operating Profit by Segment (Quarter Period)



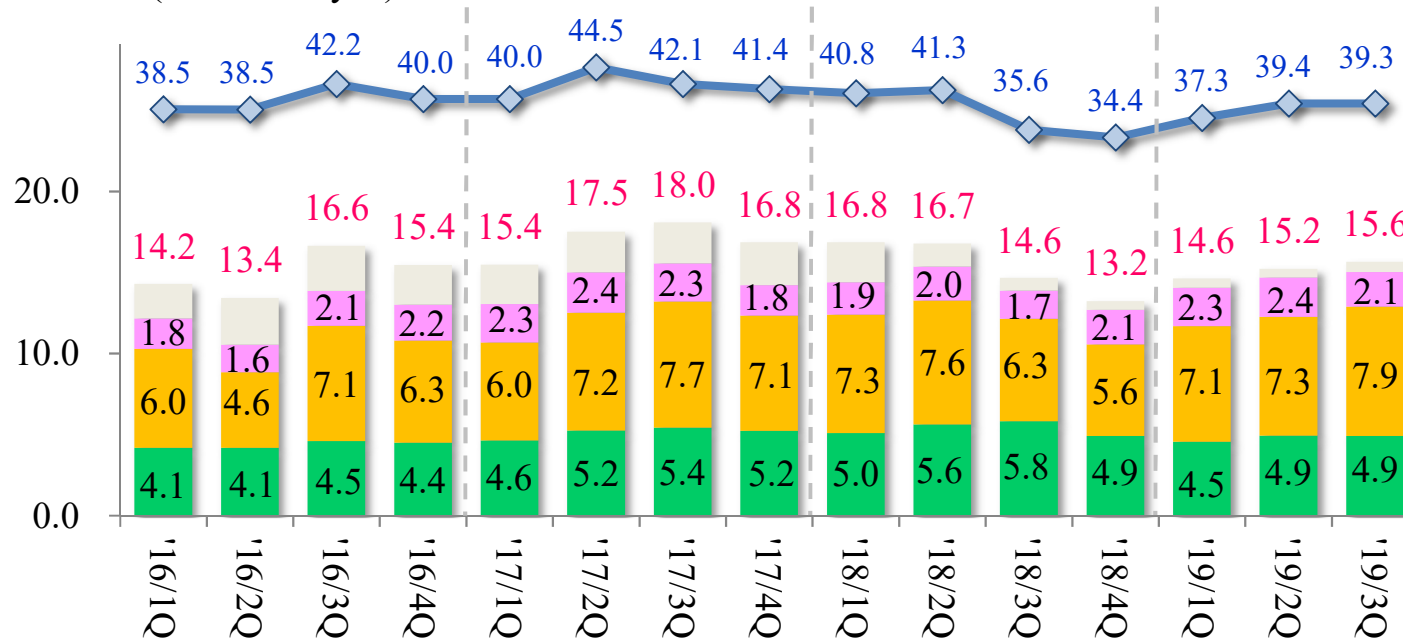
Trends in Overseas Net Sales



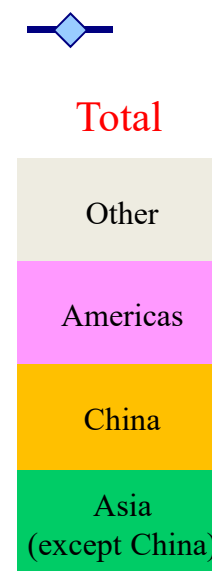
Exchange rate for each period (Yen/U.S. dollar)



Net sales (Billions of yen)

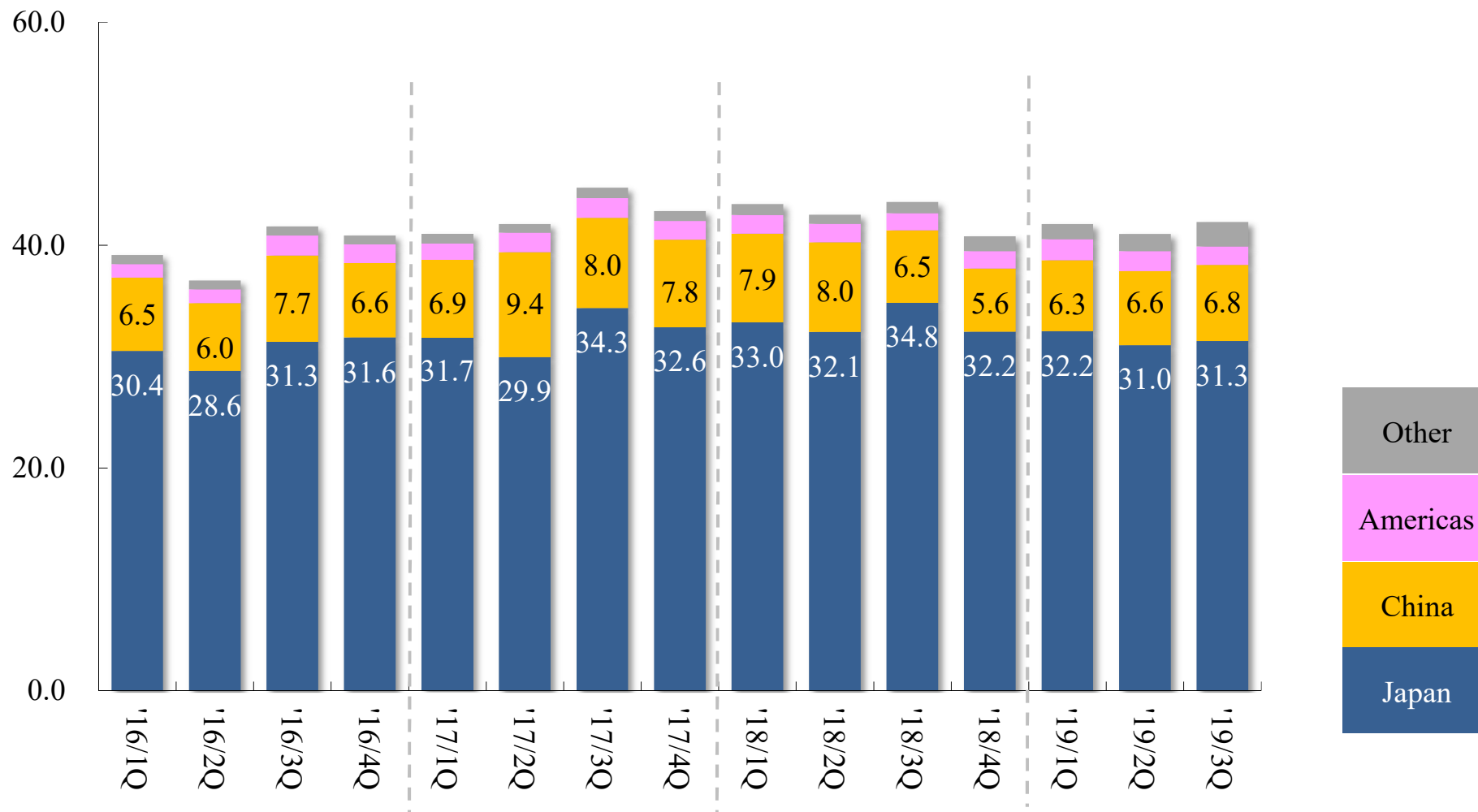


Overseas net sales ratio (%)



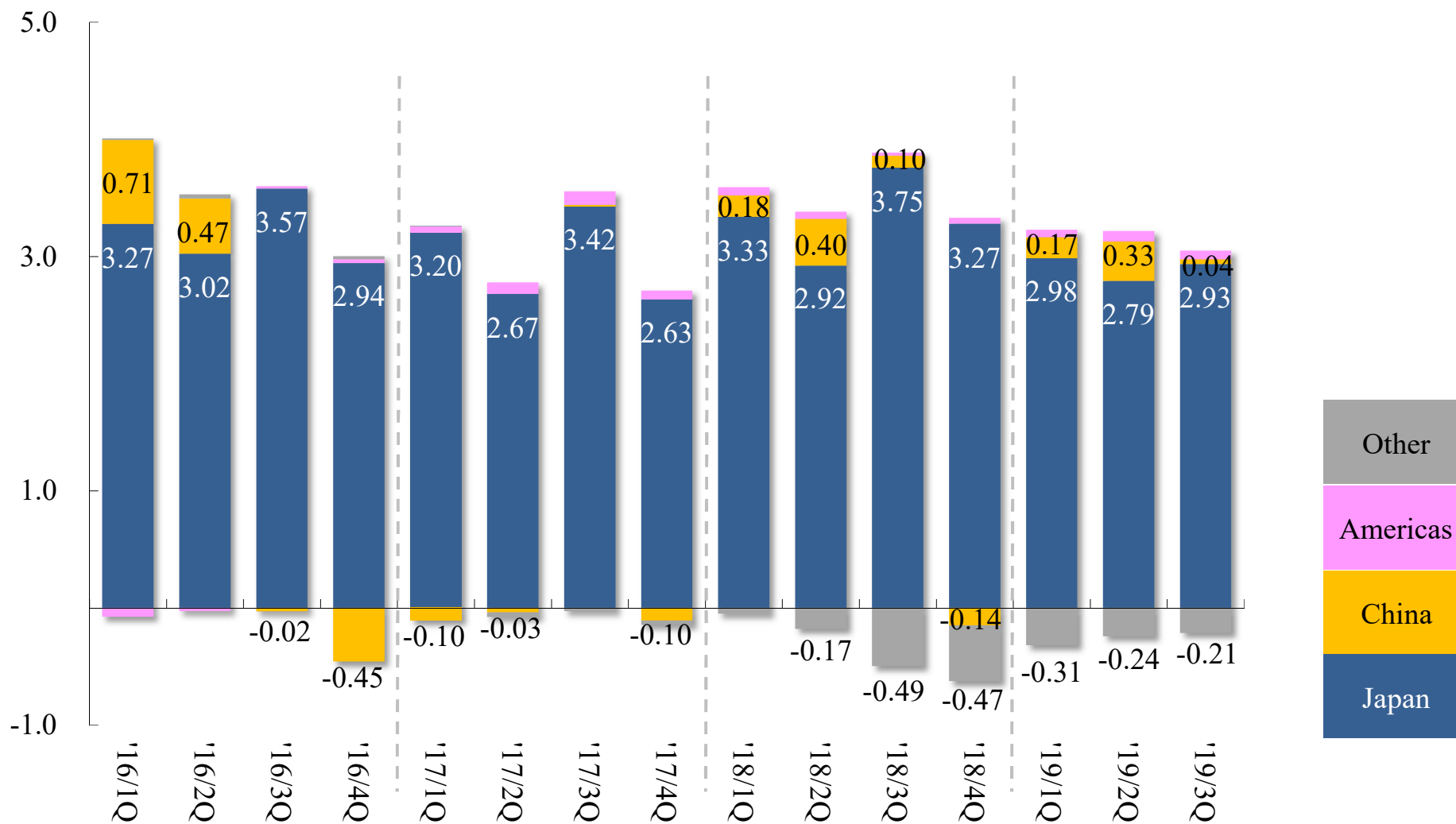
Trends in Consolidated Net Sales by Geographic Segments (Simple Addition)

(Billions of yen)

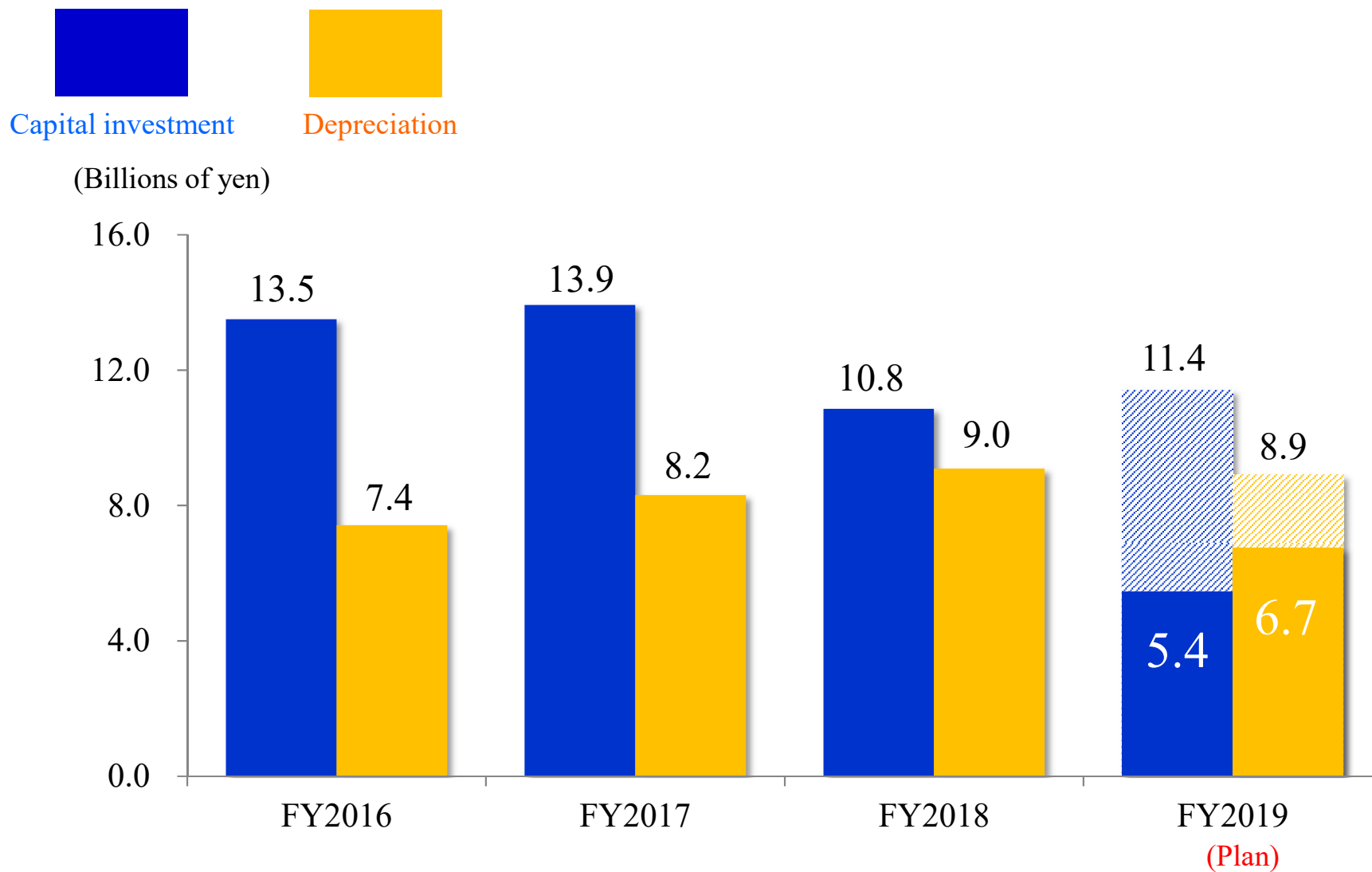


Trends in Consolidated Operating Profit by Geographic Segment (Simple Addition)

(Billions of yen)



Capital Investment and Depreciation (Consolidated)

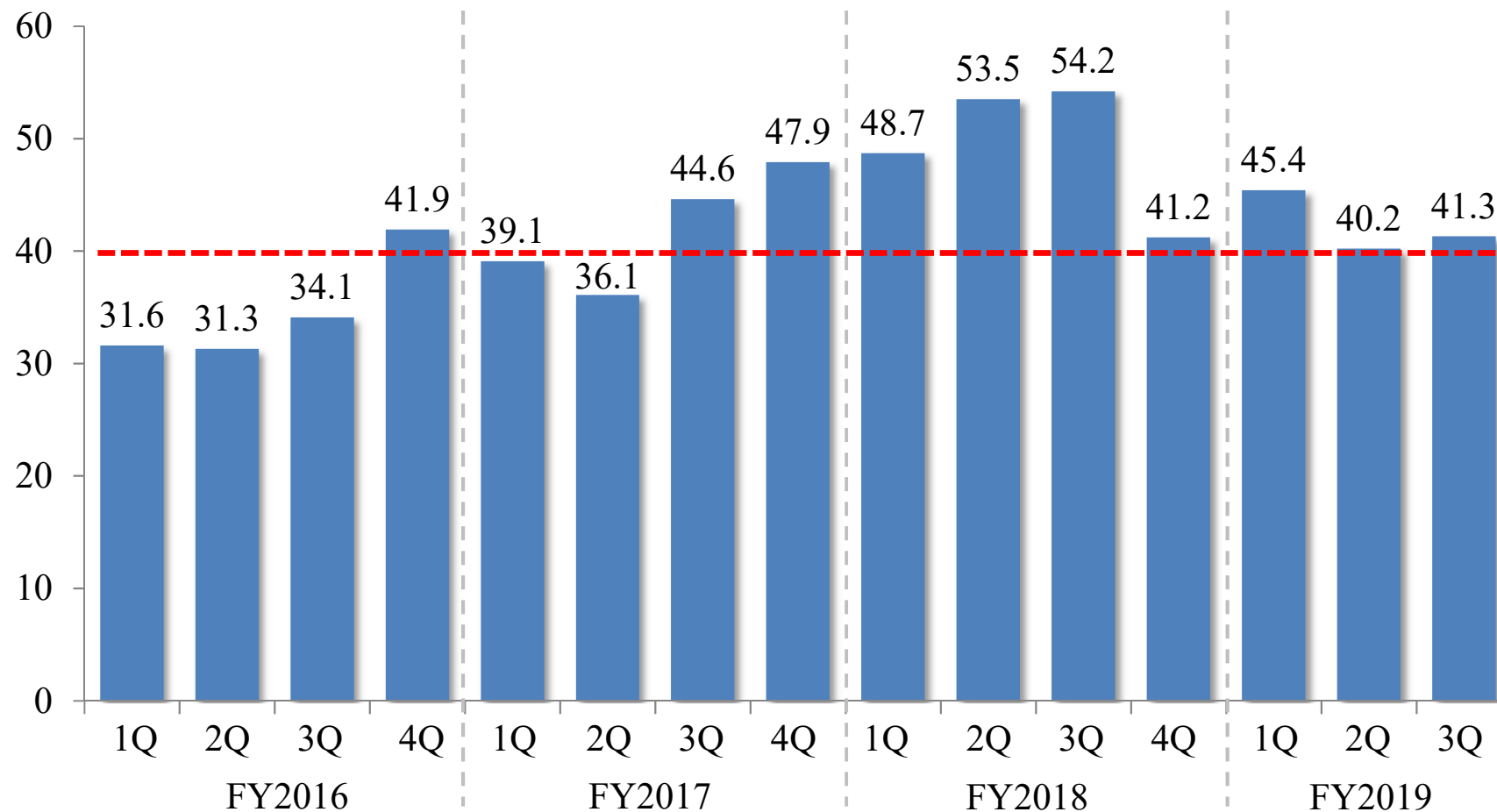


Reference

Trends in Price of Naphtha Produced in Japan



Price of Naphtha
(Thousands of yen/kl)



(Researched by Sanyo Chemical from newspaper articles)

Domestic Consolidated Subsidiaries (5 Companies)



Company Name	Abbr.	Share of Voting Rights	Line of Business
SDP Global Co., Ltd.	SDP	Sanyo Chemical Industries, Ltd. 70% Toyota Tsusho Corporation 30%	Manufacture and sales of superabsorbent polymers
SAN NOPCO LIMITED	SNL	Sanyo Chemical Industries, Ltd. 100%	Manufacture and sales of chemicals for pulp & paper, coating chemicals, a wide range of industrial chemicals, etc.
San Chemical Co., Ltd.	SCC	Sanyo Chemical Industries, Ltd. 50% JXTG Nippon Oil & Energy Corporation 50%	Manufacture of raw materials for polyurethane foams, etc.
San-Apro Ltd.	SA	Sanyo Chemical Industries, Ltd. 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 Industries, Ltd. 100%	General trucking business

Overseas Consolidated Subsidiaries (8 Companies)



Company Name	Country of incorporation	Abbr.	Share of Voting Rights	Line of Business
Sanyo Kasei (Nantong) Co., Ltd.	China	SKN	Sanyo Chemical Industries, Ltd. 100%	Manufacture of surfactants, polyurethane resins, etc.
San-Dia Polymers (Nantong) Co., Ltd.	China	SDN	SDP Global Co., Ltd. 100%	Manufacture and sales of superabsorbent polymers
Sanyo Chemical (Shanghai) Trading Co., Ltd.	China	SCST	Sanyo Chemical Industries, Ltd. 100%	Sales of surfactants, polyurethane resins, etc.
Sanyo Kasei (Thailand) Ltd.	Thailand	SKT	Sanyo Chemical Industries, Ltd. 79% VIV Interchem Co. Ltd., Toyota Tsusho Corporation, etc. 21%	Manufacture and sales of surfactants, polyurethane resins, etc.
SANAM Corporation	USA	SANAM	Sanyo Chemical Industries, Ltd. 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 Co., Ltd. 100%	Manufacture and sales of superabsorbent polymers

Entities Accounted for Using the Equity Method (5 Companies)



Company Name	Abbr.	Share of Voting Rights	Line of Business
San-Petrochemicals Co., LTD.	SPCC	Sanyo Chemical Industries, Ltd. 50% JXTG Nippon Oil & Energy Corporation 50%	Manufacture of raw materials for synthetic rubbers
Sunrise Chemical LLC [USA]	SRC	SANAM Corporation 50% JX Nippon Chemical Texas Inc. 50%	Manufacture of raw materials for synthetic rubbers
Nagoya Sanyo Warehouse Co., Ltd.	–	Sanyo Chemical Industries, Ltd. 100%	Warehousing
Shiohama Chemicals Warehouse Co., Ltd.	–	Sanyo Chemical Industries, Ltd. 50% JXTG Nippon Oil & Energy Corporation 50%	Warehousing
Sanliving Ltd.	SL	Sanyo Chemical Industries, Ltd. 100%	Real estate, insurance agency