

# Material for Financial Results Presentation For the Nine Months Ended December 31, 2020

Sanyo Chemical Industries, Ltd.

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

Securities code: 4471

***Sanyo***  
***Chemical***

<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, 2021. 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.

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# Corporate Data

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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):

2,107 (as of December 31, 2020)

Line of Business:

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

# Sanyo Chemical Group

**Sanyo**  
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**Sanyo Chemical Group**

- Consolidated Subsidiaries: 13 Companies
- Entities Accounted for Using the Equity Method: 4 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 (3 Companies)

- Sanyo Chemical Logistics 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

**Sanyo**  
**Chemical**



Kyoto Factory, Head Office and  
Research Laboratory  
(Higashiyama-ku, Kyoto,  
Approx. 26,000 m<sup>2</sup>)



Kashima Factory  
(Kamisu-shi, Ibaraki, Approx. 130,000 m<sup>2</sup>)



Nagoya Factory  
(Tokai-shi, Aichi, Approx. 100,000 m<sup>2</sup>)



Kinuura Factory  
(Handa-shi, Aichi, Approx. 140,000 m<sup>2</sup>)



San Chemical Co., Ltd., Kawasaki Factory  
(Kawasaki-shi, Kanagawa, Approx. 11,000 m<sup>2</sup>)



# Overseas Production Bases

**Sanyo**  
**Chemical**



Sanyo Kasei (Nantong) Co., Ltd.



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



Sanyo Chemical Manufacturing Korea, Ltd.



Sanyo Kasei (Thailand) Ltd.



SDP GLOBAL (MALAYSIA) SDN. BHD.



Sanyo Chemical Texas Industries, LLC



# Overseas Sales Offices

**Sanyo**  
**Chemical**



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

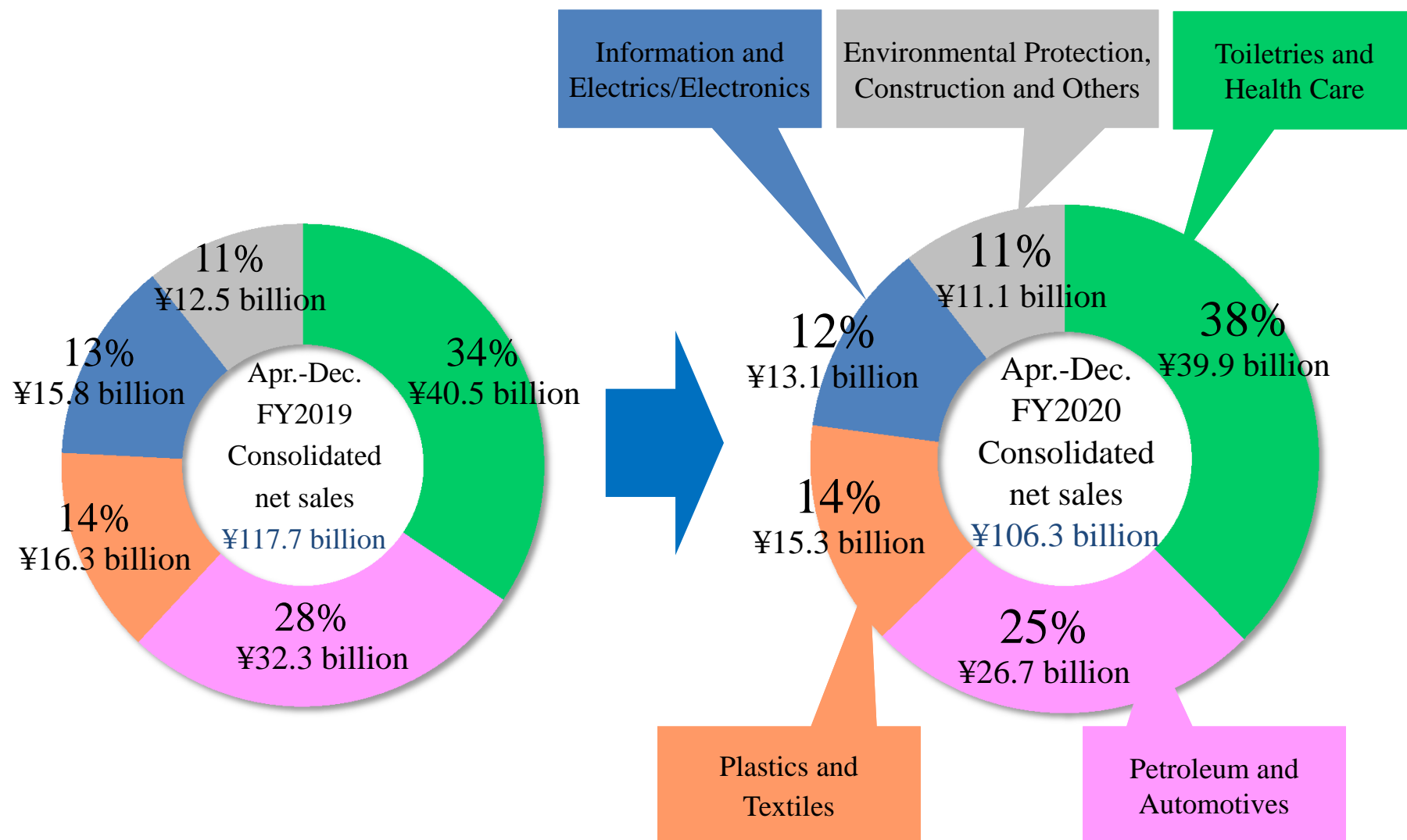
# Principal Products by Industrial Field (Segment)

| 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), Lubricant 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

**Sanyo**  
**Chemical**

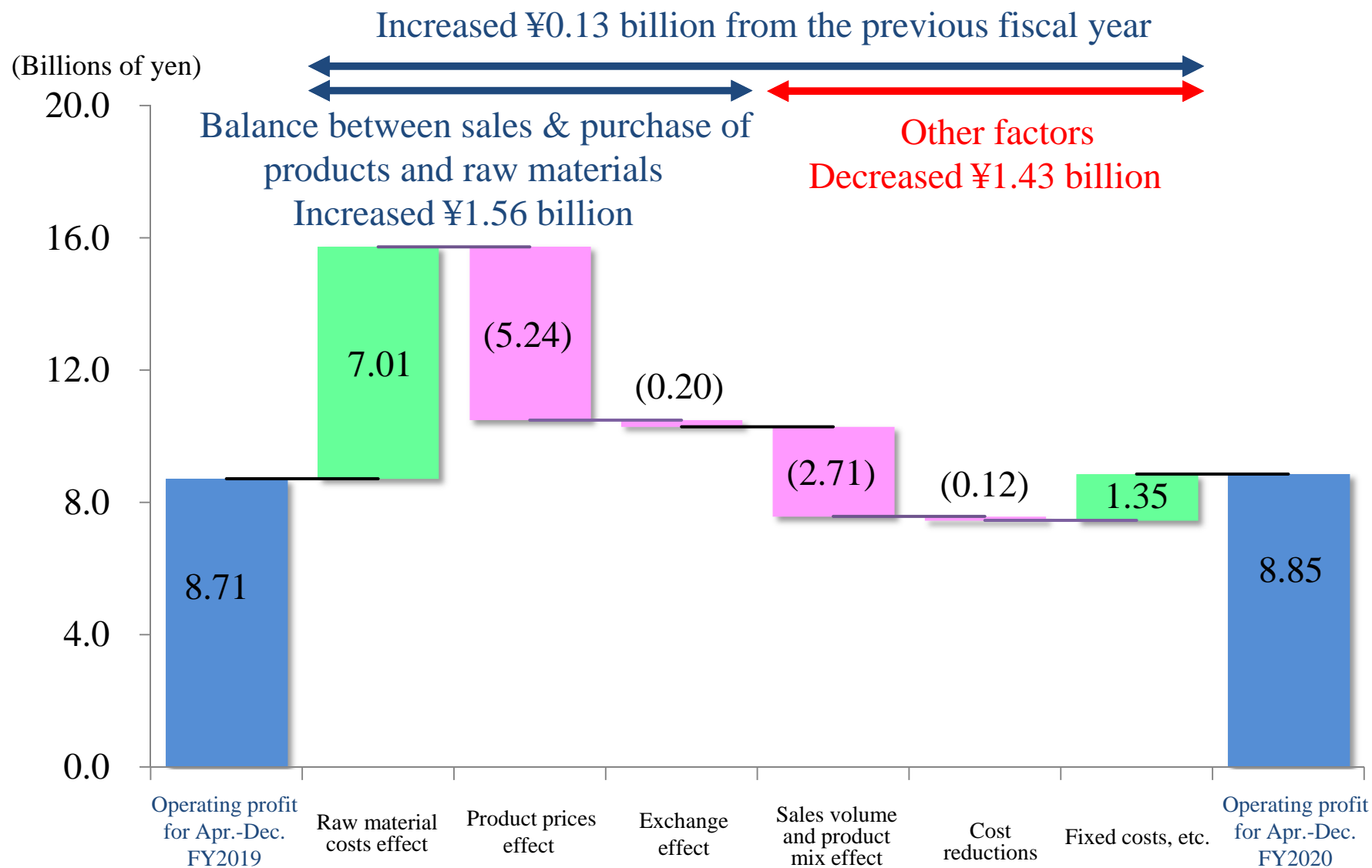


# Earnings for Apr.-Dec. FY2020

(Billions of yen)

| Consolidated                            | Apr.-Dec. |        | Year-on-Year Change |           |
|---|-----------|--------|---------------------|-----------|
|   | FY2019    | FY2020 | Amount              | Ratio (%) |
| Net sales                               | 117.72    | 106.33 | (11.39)             | (10)      |
| Operating profit                        | 8.71      | 8.85   | 0.13                | 2         |
| Ordinary profit                         | 9.20      | 8.81   | (0.39)              | (4)       |
| Profit attributable to owners of parent | 5.91      | 4.37   | (1.54)              | (26)      |
| Comprehensive income                    | 5.32      | 9.03   | 3.71                | 70        |

# 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 |
|--|-----------|--------|---------------|
|  | FY2019    | FY2020 |               |
| Operating profit   | 8.71      | 8.85   | 0.13          |
| Share of profit (loss) of entities accounted for using equity method                 | 0.05      | (0.31) | (0.37)        |
| Gain (loss) on foreign exchange  | (0.25)    | (0.23) | 0.02          |
| Other non-operating income (loss)  | 0.69      | 0.51   | (0.18)        |
| Ordinary profit  | 9.20      | 8.81   | (0.39)        |
| Gain (loss) on sales of non-current assets, loss on retirement of non-current assets | (0.83)    | (0.72) | 0.10          |
| Impairment loss  | —         | (0.34) | (0.34)        |
| Loss on cancellation of integration  | —         | (0.83) | (0.83)        |
| Other extraordinary income (loss)  | 0.17      | 0.02   | (0.15)        |
| Profit before income taxes   | 8.55      | 6.92   | (1.62)        |
| Income taxes   | (2.52)    | (2.20) | 0.32          |
| Profit attributable to non-controlling interests                                     | (0.10)    | (0.34) | (0.24)        |
| Profit attributable to owners of parent  | 5.91      | 4.37   | (1.54)        |



# Consolidated Balance Sheet

(Billions of yen)

|                                  | March 31,<br>2020 | December 31,<br>2020 | Change<br>amount | Main factors for changes   |
|----------------------------------|-------------------|----------------------|------------------|--|
| Current assets                   | 85.8              | 88.2                 | 2.3              | Cash and deposits: 2.2   |
| Non-current assets               | 93.0              | 98.6                 | 5.5              | Investment securities: 4.8   |
| Total assets                     | 178.8             | 186.8                | 7.9              |  |
| Current liabilities              | 42.7              | 44.9                 | 2.1              | Accounts payable - trade, Electronically recorded obligations - operating: 1.4 |
| Non-current liabilities          | 6.0               | 6.6                  | 0.6              | Long-term borrowings: (0.7), Deferred tax liabilities: 1.3                     |
| Total liabilities                | 48.7              | 51.5                 | 2.7              |  |
| Shareholders' equity             | 121.4             | 122.7                | 1.3              | Profit: 4.3, Cash dividends paid: (3.0)  |
| Other comprehensive income       | 6.1               | 10.1                 | 4.0              | Valuation difference on available-for-sale securities: 3.5                     |
| Non-controlling interests        | 2.4               | 2.3                  | (0.1)            |  |
| Total net assets                 | 130.0             | 135.2                | 5.1              |  |
| Total liabilities and net assets | 178.8             | 186.8                | 7.9              |  |

# Consolidated Statements of Cash Flows



(Billions of yen)

|  | Apr.-Dec. |        | Change<br>amount | Special notes  |
|--|-----------|--------|------------------|--|
|  | FY2019    | FY2020 |                  |  |
| Cash flows from operating activities   | 12.43     | 14.98  | 2.54             |  |
| Profit before income taxes   | 8.55      | 6.92   | (1.62)           |  |
| Depreciation   | 6.79      | 7.17   | 0.38             |  |
| Impairment loss  | —         | 0.34   | 0.34             |  |
| Share of loss (profit) of entities<br>accounted for using equity method  | (0.05)    | 0.31   | 0.37             |  |
| Decrease (increase) in operating<br>capital  | 2.12      | 1.96   | (0.16)           |  |
| Income taxes   | (5.27)    | (2.11) | 3.15             |  |
| Other, net   | 0.29      | 0.37   | 0.07             |  |
| Cash flows from investing activities   | (8.24)    | (9.39) | (1.15)           | Purchase of non-current assets<br>1-3Q FY2019: (6.78), 1-3Q FY2020: (6.34) |
| Free cash flows  | 4.19      | 5.58   | 1.39             |  |
| Cash flows from financing activities   | (5.12)    | (2.82) | 2.29             | Loans and Repayment<br>1-3Q FY2019: (2.25), 1-3Q FY2020: 0.75              |
| Effect of exchange rate change on<br>cash and cash equivalents   | (0.11)    | 0.07   | 0.19             |  |
| Net increase (decrease) in cash and<br>cash equivalents  | (1.04)    | 2.83   | 3.88             |  |
| Cash and cash equivalents at<br>beginning of period  | 19.15     | 18.00  | (1.14)           |  |
| Increase (decrease) in cash and cash<br>equivalents resulting from changes in<br>the fiscal year-end of consolidated<br>subsidiaries | —         | (0.65) | (0.65)           |  |
| Increase (decrease) in cash and cash<br>equivalents resulting from change in<br>scope of consolidation                               | —         | 0.11   | 0.11             |  |
| Cash and cash equivalents at end of<br>period  | 18.10     | 20.30  | 2.19             |  |

# Earnings Forecast for FY2020 and Progress in Apr.-Dec. FY2020

<Assumptions for below forecasts>

Price of naphtha produced in Japan: 31 thousand yen/kl, Exchange rate: 106 yen/U.S. dollar

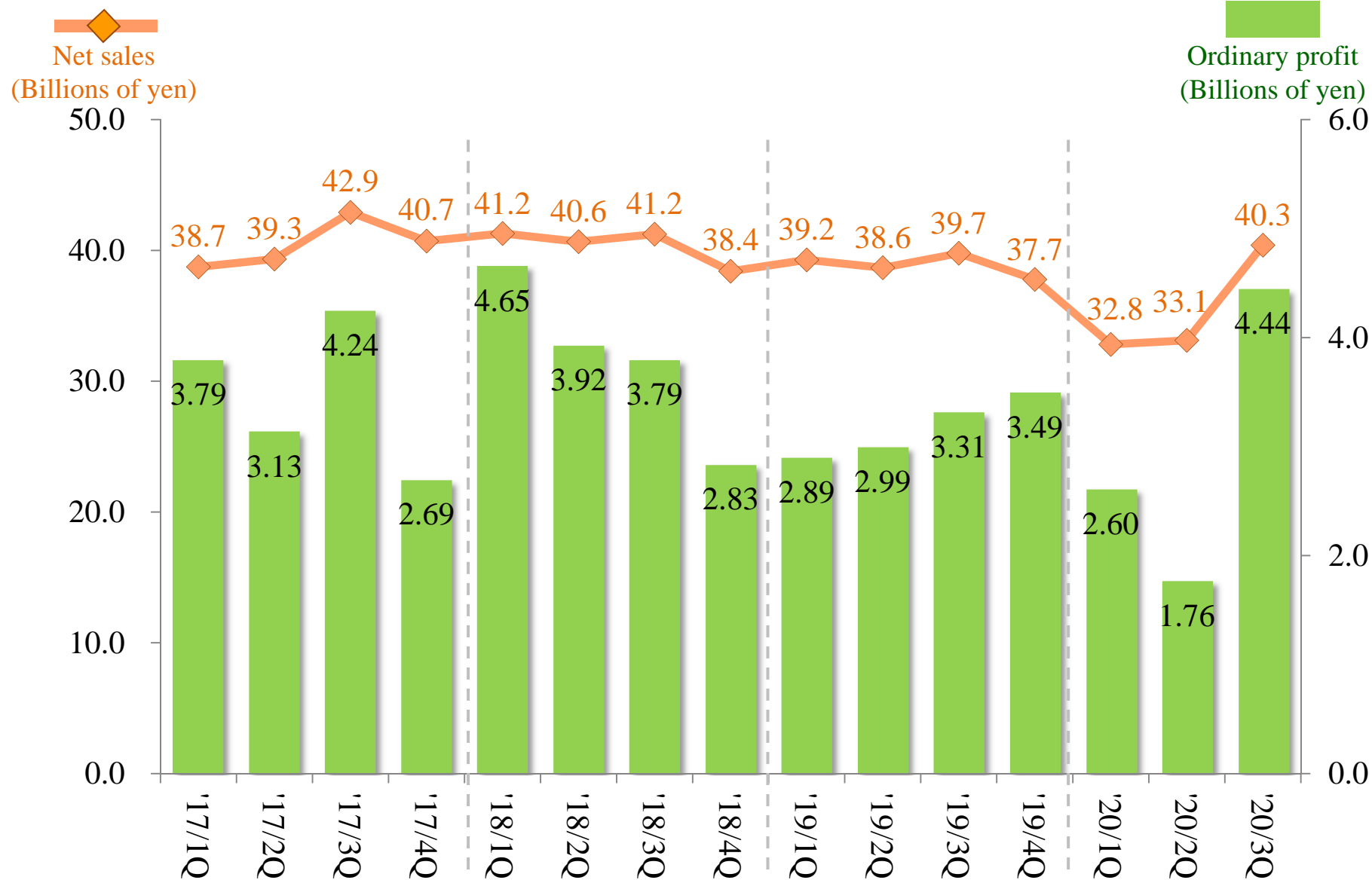
(Billions of yen)

| Consolidated                            | Full year of FY2020 | Apr.-Dec. FY2020 |              | Full year of FY2019 |
|---|---------------------|------------------|--------------|---------------------|
|   | Forecast*           | Result           | Progress (%) | Result              |
| Net sales                               | 140.00              | 106.33           | 76           | 155.50              |
| Operating profit                        | 11.50               | 8.85             | 77           | 12.43               |
| Ordinary profit                         | 12.00               | 8.81             | 73           | 12.70               |
| Profit attributable to owners of parent | 7.00                | 4.37             | 63           | 7.66                |

\*Forecasts announced on November 6, 2020

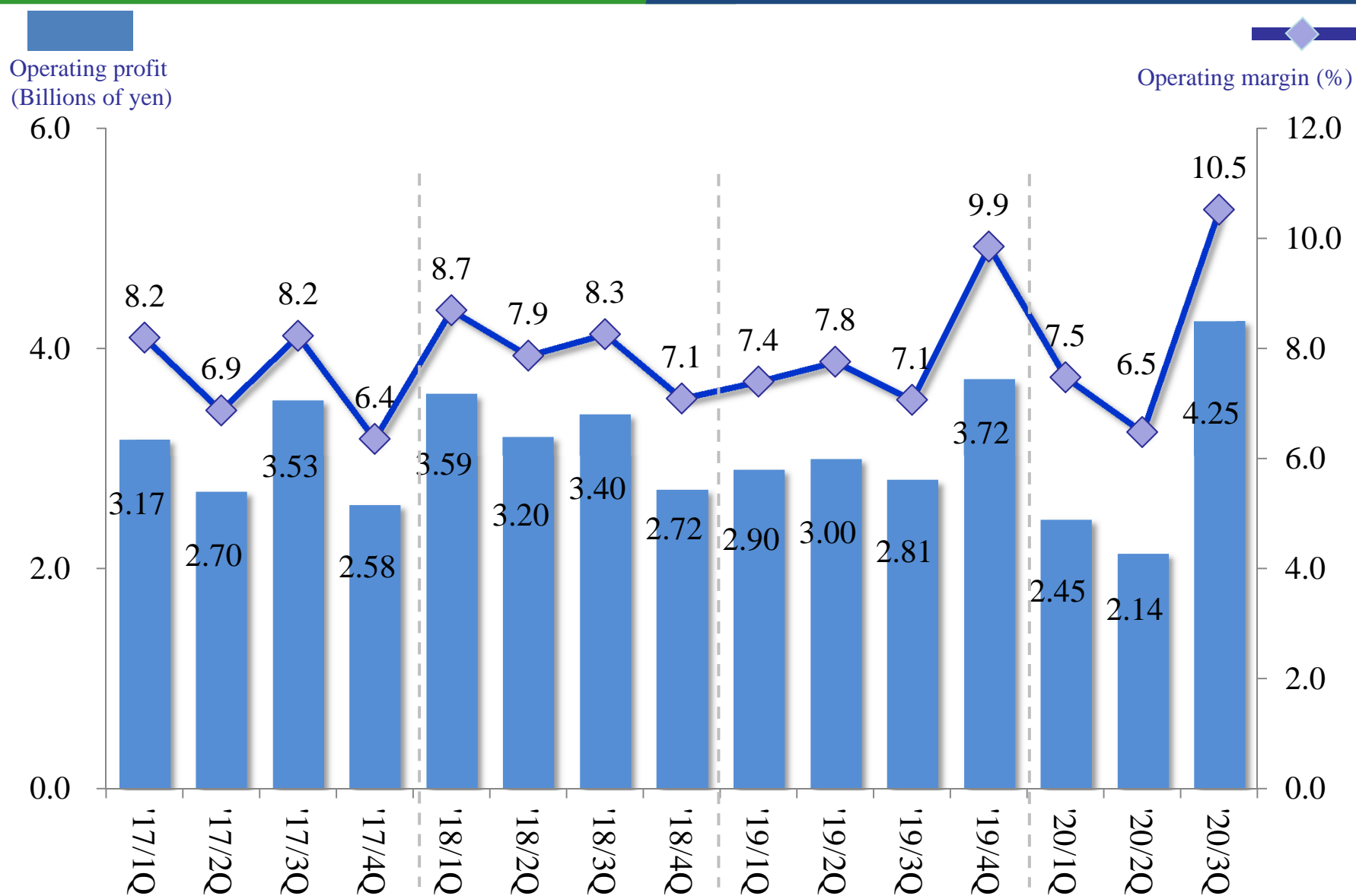
# Trends in Consolidated Earnings (Quarter Period)

**Sanyo**  
**Chemical**





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



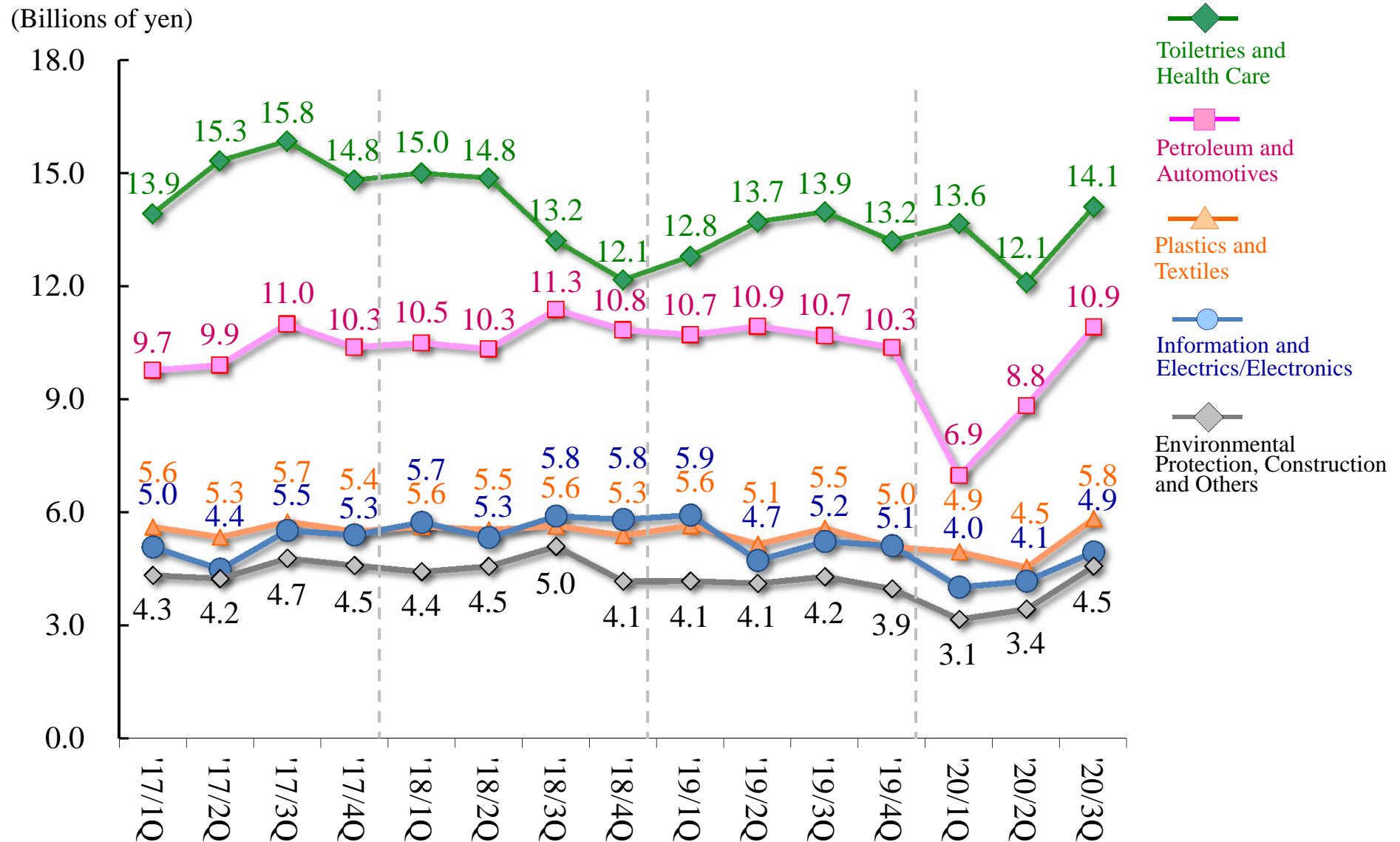
# Consolidated Earnings by Segment

**Sanyo**  
**Chemical**

(Billions of yen)

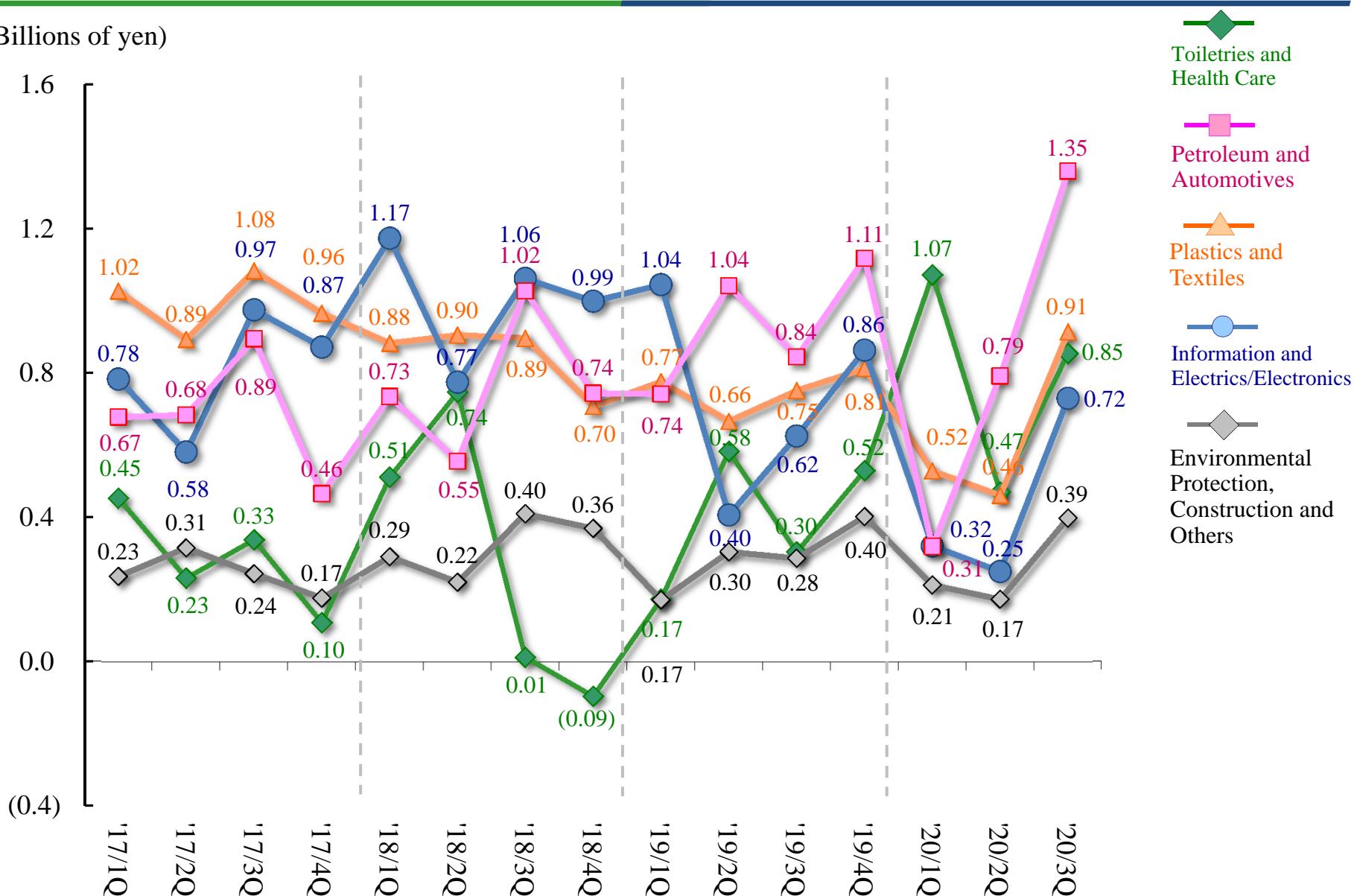
| Segment  | Net sales           |                     |                  | Operating profit    |                     |                  |
|--|---------------------|---------------------|------------------|---------------------|---------------------|------------------|
|  | Apr.-Dec.<br>FY2019 | Apr.-Dec.<br>FY2020 | Change<br>amount | Apr.-Dec.<br>FY2019 | Apr.-Dec.<br>FY2020 | Change<br>amount |
| Toiletries and Health Care                           | 40.51               | 39.90               | (0.60)           | 1.06                | 2.39                | 1.33             |
| Toiletries   | 10.16               | 9.66                | (0.50)           |                     |                     |                  |
| Health Care  | 30.34               | 30.23               | (0.10)           |                     |                     |                  |
| Petroleum and Automotives                            | 32.37               | 26.77               | (5.60)           | 2.62                | 2.46                | (0.15)           |
| Plastics and Textiles                                | 16.37               | 15.32               | (1.04)           | 2.19                | 1.90                | (0.28)           |
| Plastics   | 11.83               | 11.44               | (0.38)           |                     |                     |                  |
| Textiles   | 4.54                | 3.88                | (0.65)           |                     |                     |                  |
| Information and<br>Electrics/Electronics             | 15.87               | 13.14               | (2.72)           | 2.07                | 1.30                | (0.77)           |
| Information  | 10.50               | 7.46                | (3.03)           |                     |                     |                  |
| Electrics/Electronics                                | 5.37                | 5.67                | 0.30             |                     |                     |                  |
| Environmental Protection,<br>Construction and Others | 12.59               | 11.18               | (1.41)           | 0.76                | 0.78                | 0.02             |
| Total  | 117.72              | 106.33              | (11.39)          | 8.71                | 8.85                | 0.13             |

# Trends in Consolidated Net Sales by Segment (Quarter Period)



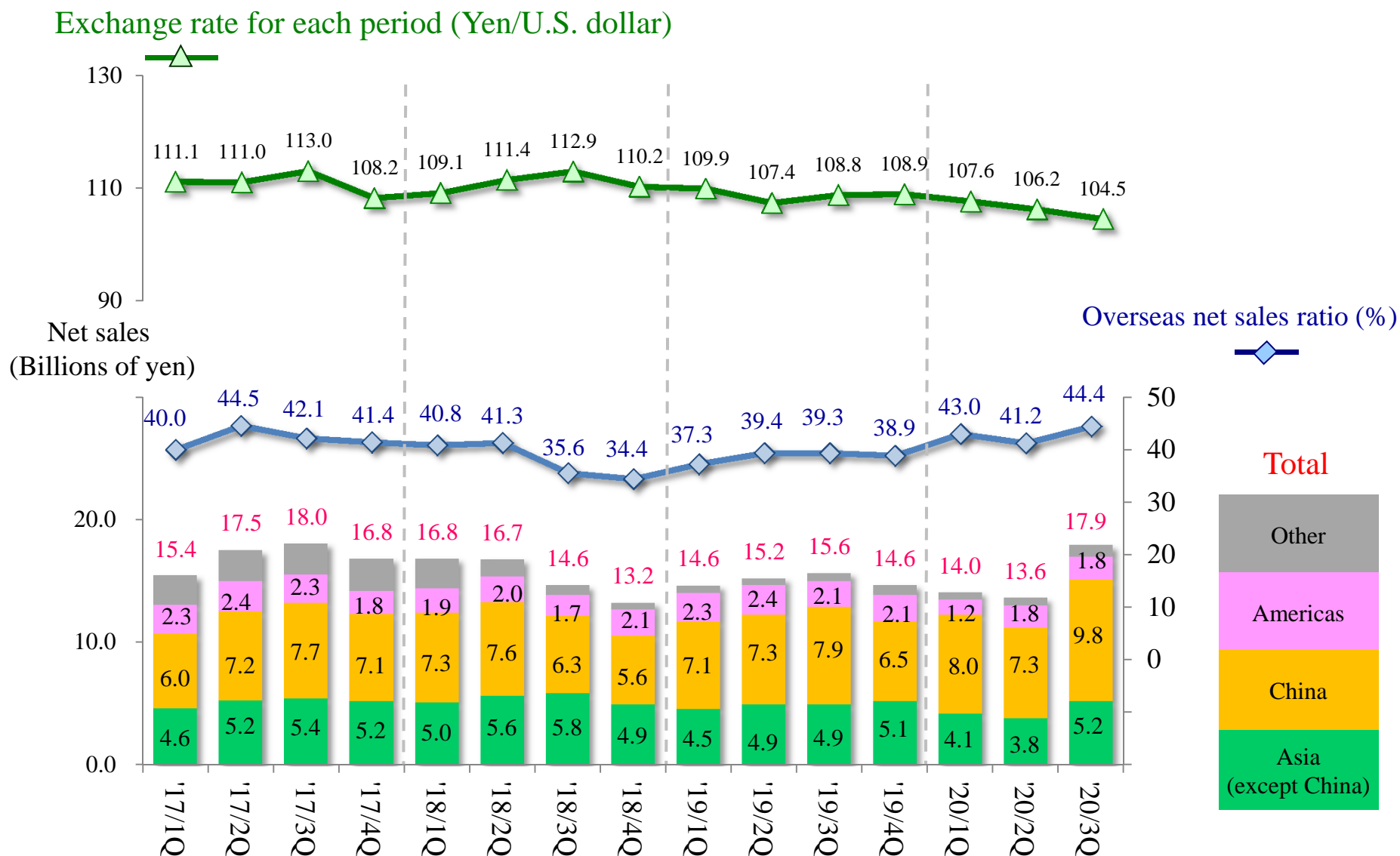
# Trends in Consolidated Operating Profit by Segment (Quarter Period)

(Billions of yen)



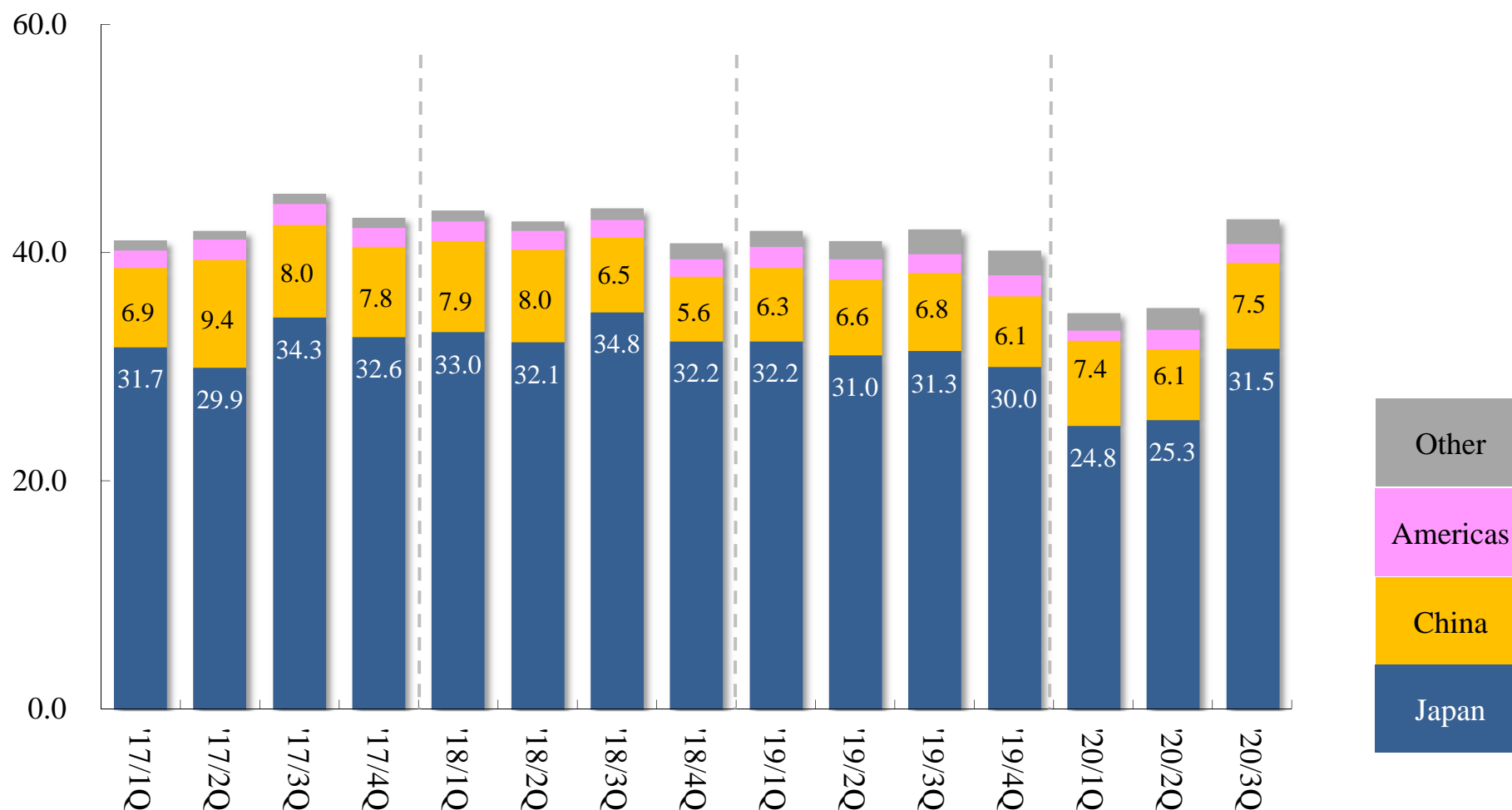


# Trends in Overseas Net Sales (Quarter Period)



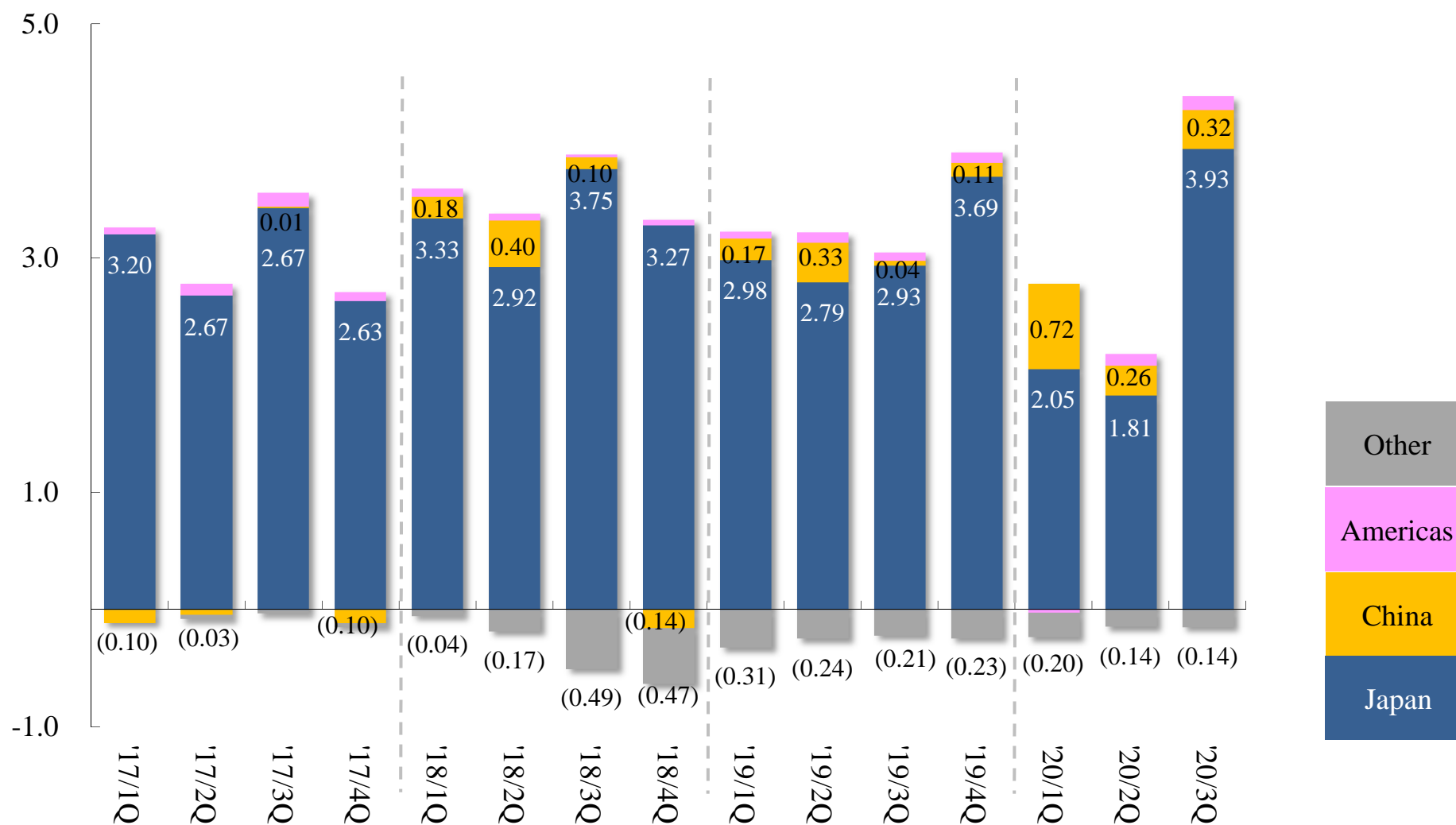
# Trends in Consolidated Net Sales by Geographic Segments (Simple Addition)

(Billions of yen)

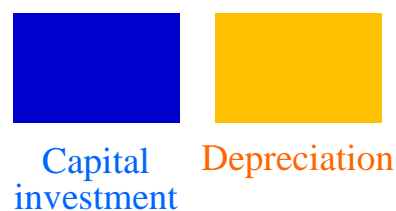


## Trends in Consolidated Operating Profit by Geographic Segment (Simple Addition)

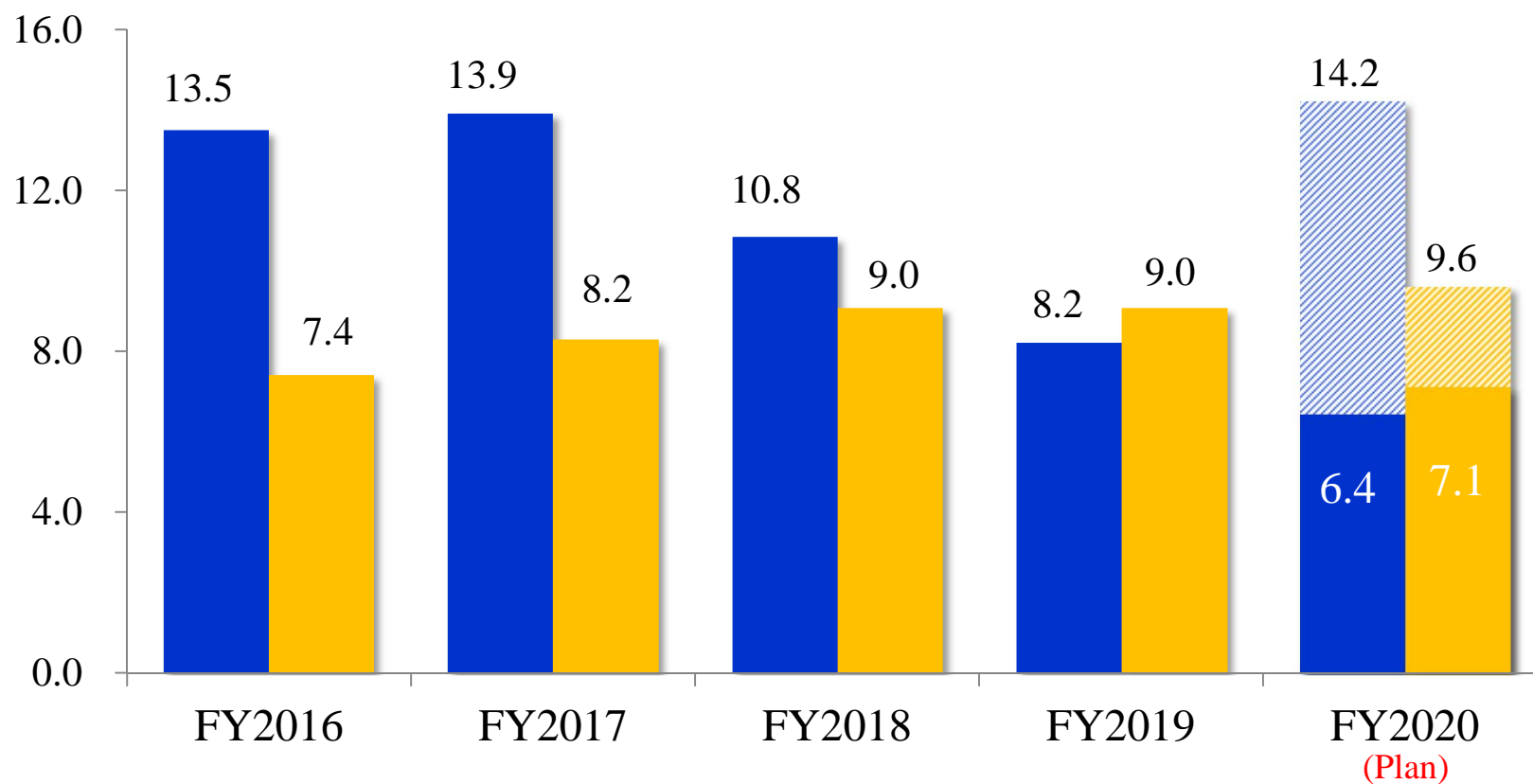
(Billions of yen)



# Capital Investment and Depreciation (Consolidated)

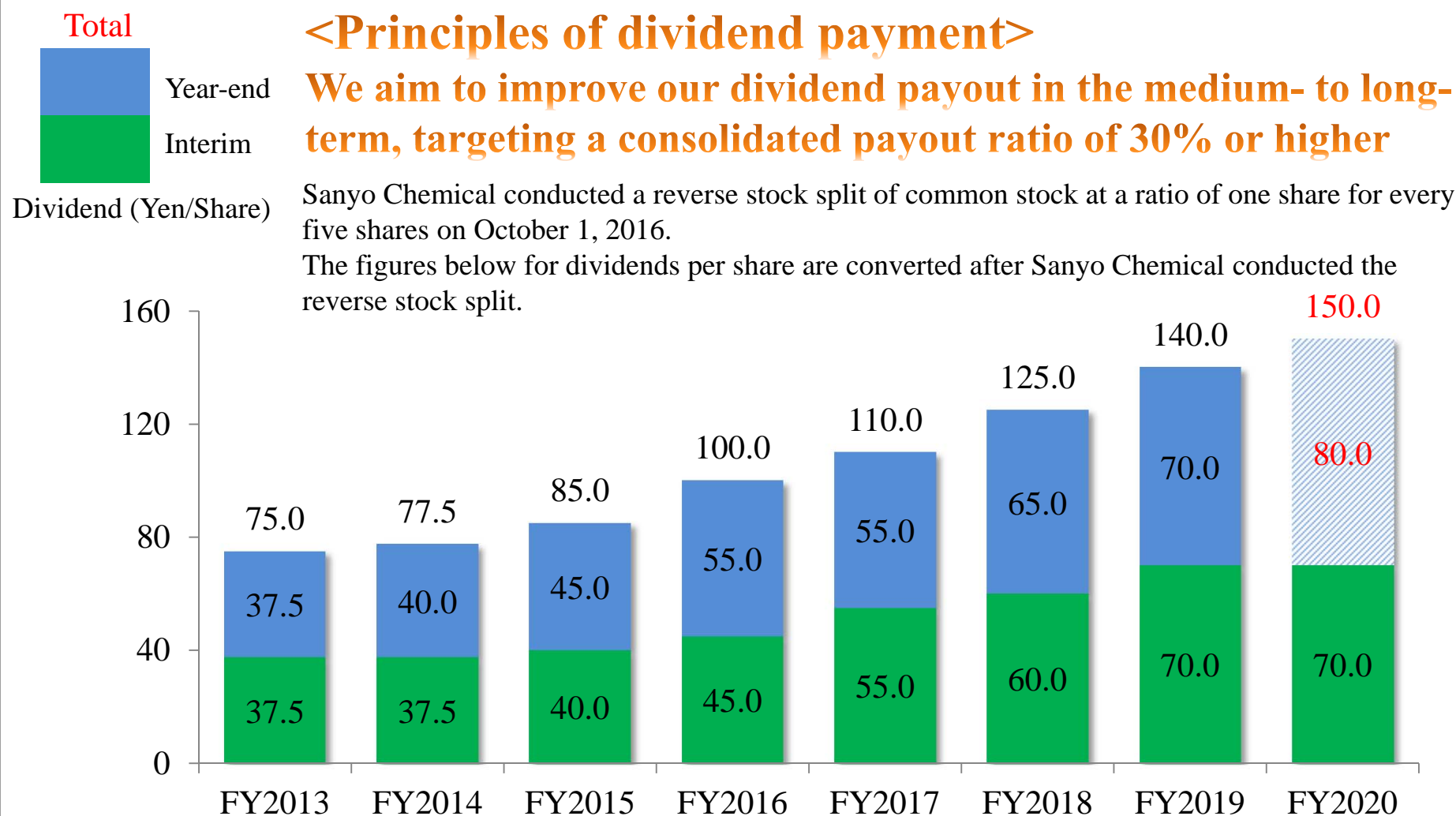


(Billions of yen)





## Trends in Dividend per Share and Dividend Payout Ratio (Consolidated)

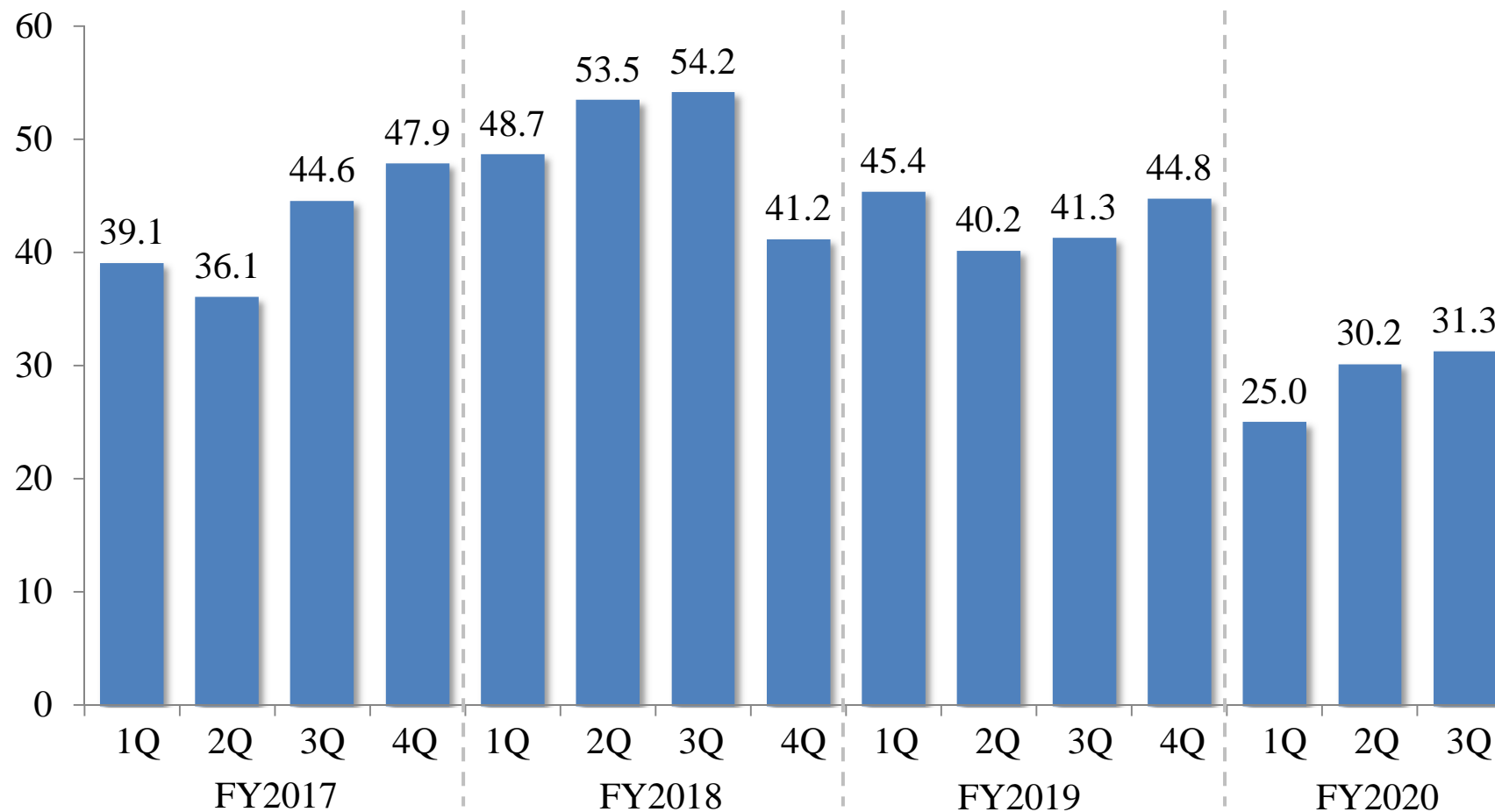


\* In terms of the dividends per share at the end of the period under review, after a comprehensive consideration of factors, including the results for the nine months ended December 31, 2020, and the financial condition and the business environment over the medium to long term, we have revised our forecast and increased the dividend by ¥10 from the previous forecast of ¥70, to ¥80 per share at a meeting of the Board of Directors held on February 4, 2021.

# Reference

# Trends in Price of Naphtha Produced in Japan

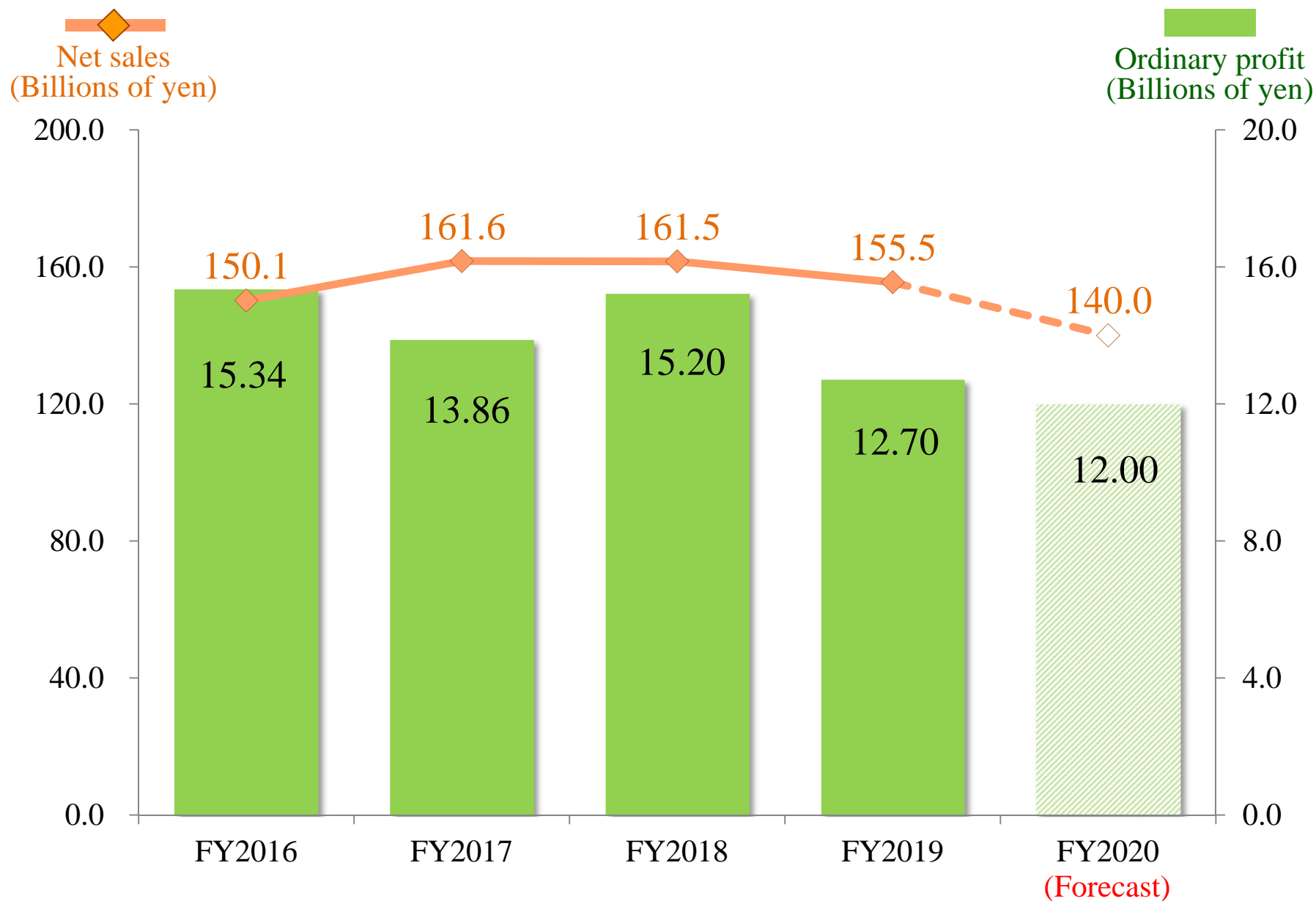
Price of Naphtha  
(Thousands of yen/kl)



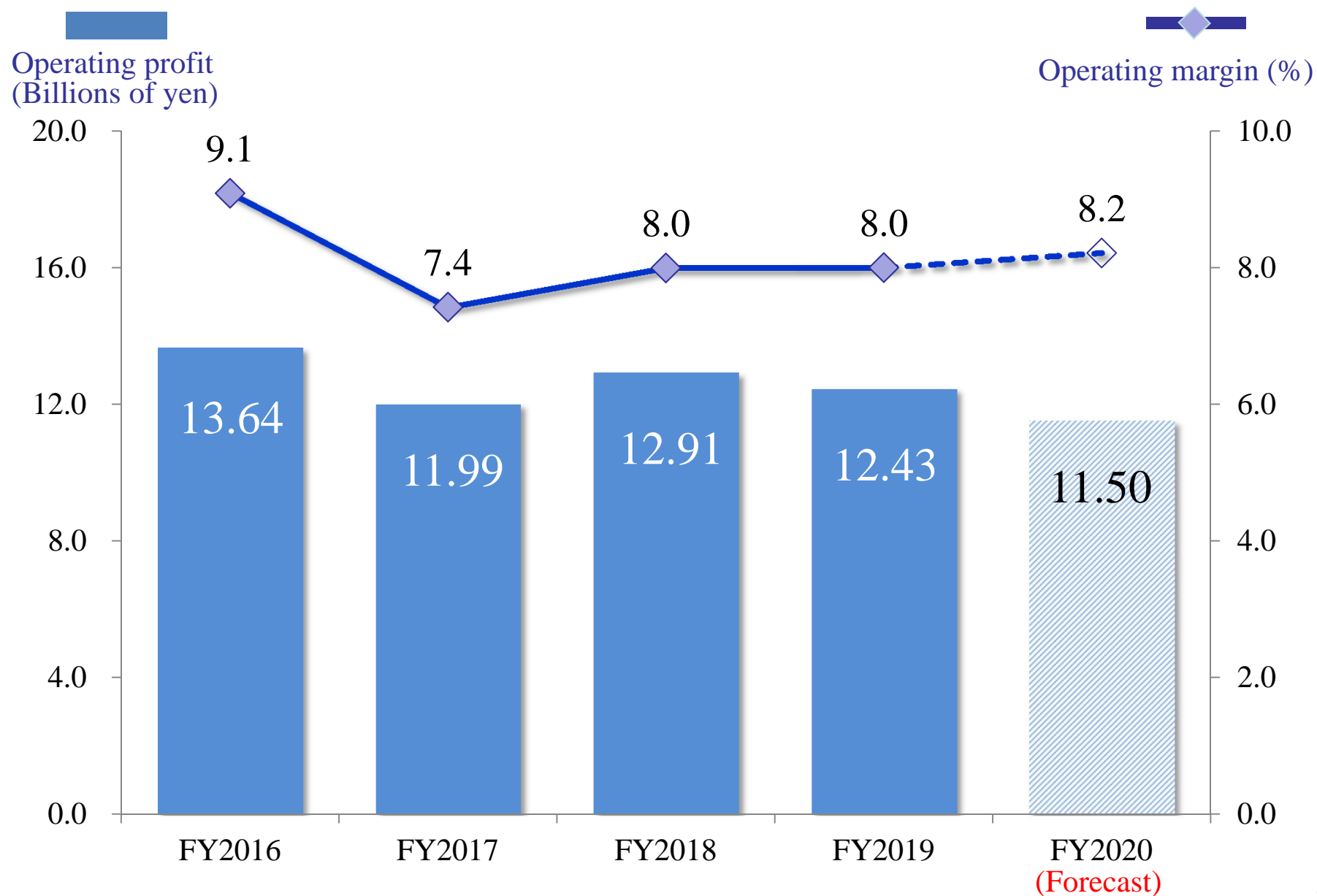
(Researched by Sanyo Chemical)

# Trends in Consolidated Earnings

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**Chemical**

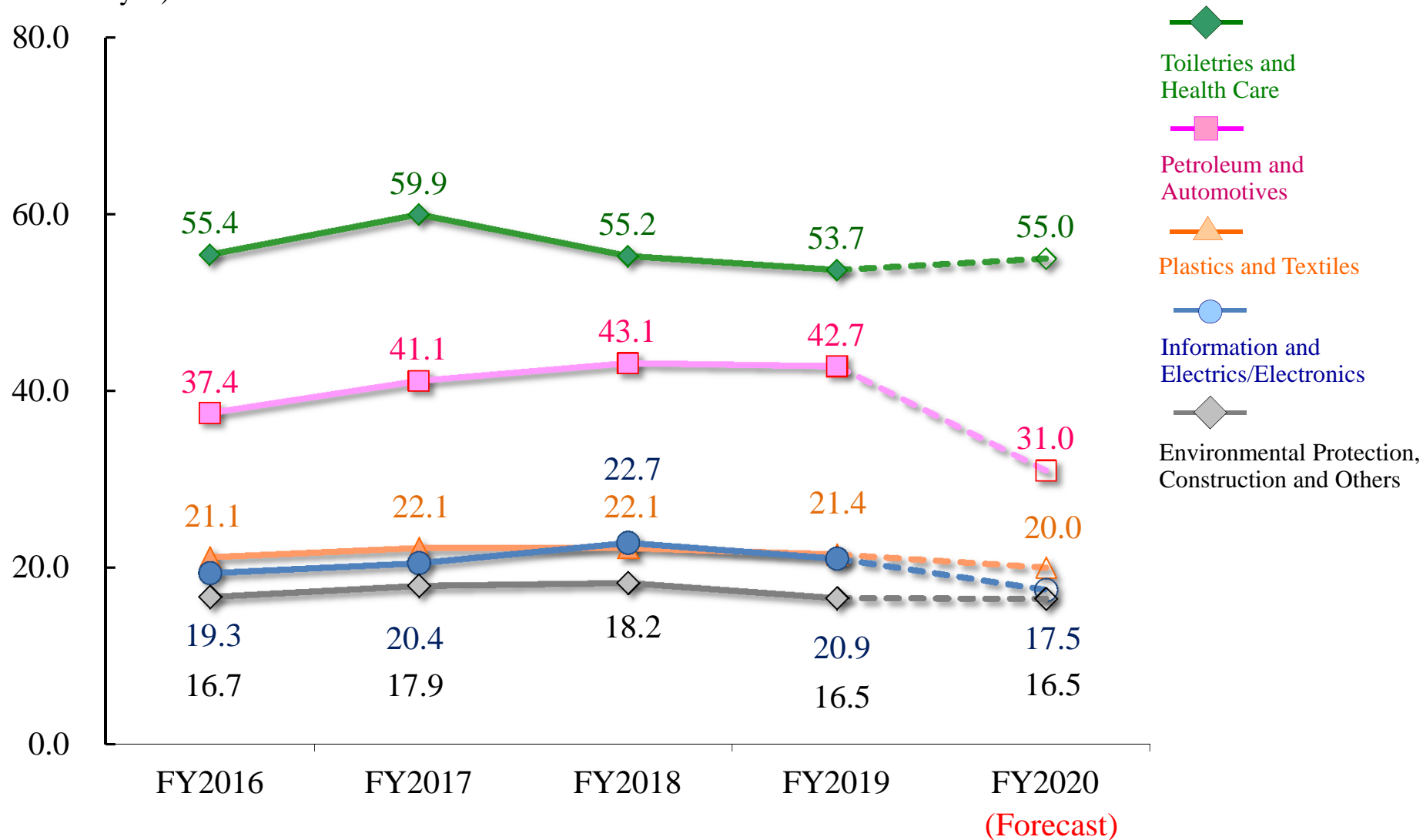


# Trends in Consolidated Operating Profit and Operating Margin



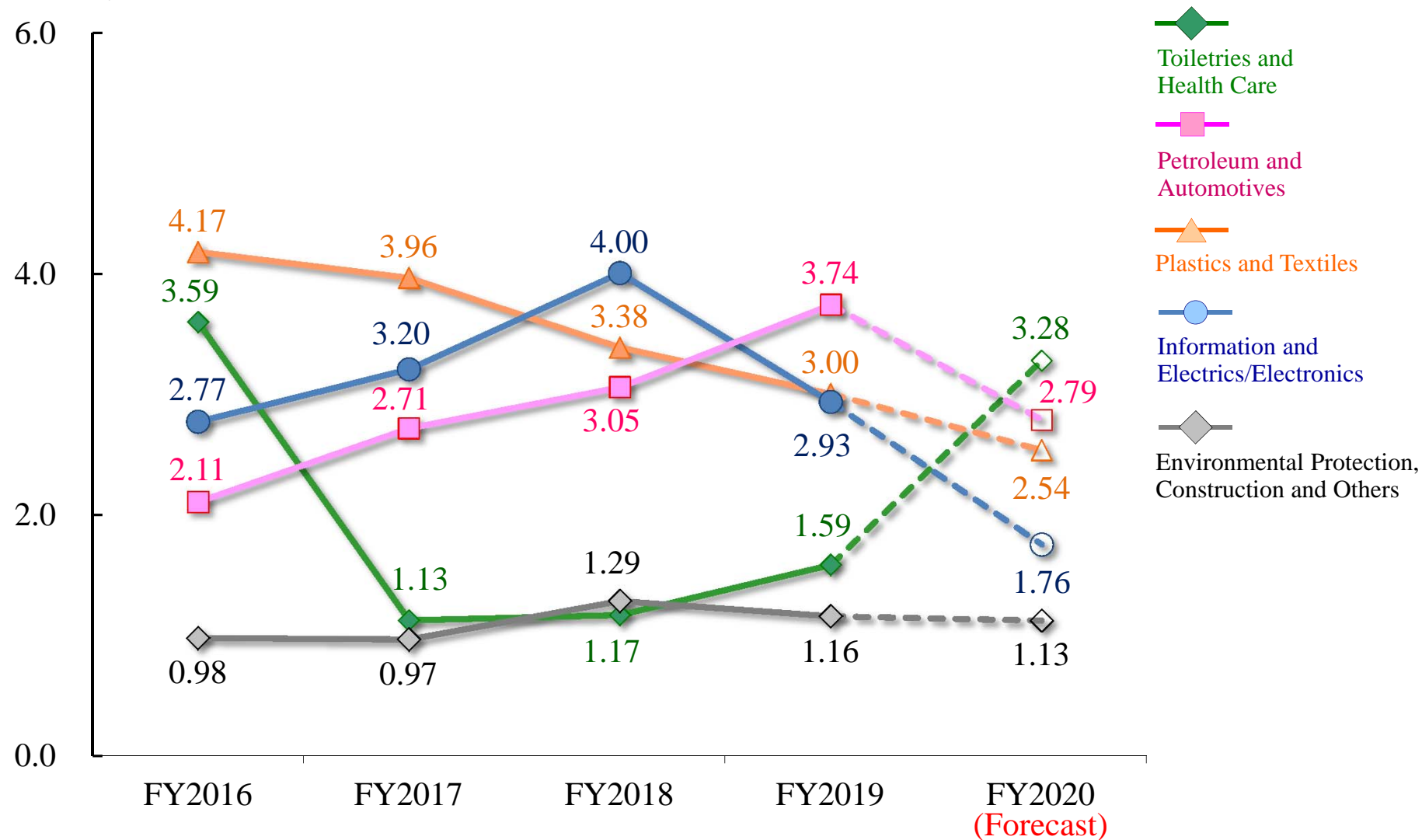
# Trends in Consolidated Net Sales by Segment

(Billions of yen)



# Trends in Consolidated Operating Profit by Segment

(Billions of yen)





## Domestic Consolidated Subsidiaries (5 Companies)

| Company Name                       | Abbr. | Share of Voting Rights   | Line of Business   |
|------------------------------------|-------|--|--|
| SDP Global Co., Ltd.               | SDP   | Sanyo Chemical Industries, Ltd. 100%   | 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%<br>ENEOS Corporation 50%                 | Manufacture of raw materials for polyurethane foams, etc.  |
| San-Apro Ltd.                      | SA    | Sanyo Chemical Industries, Ltd. 50%<br>Evonik International Holding B.V. 50% | Manufacture and sales of curing accelerators for epoxy resins, urethane catalysts, etc.                            |
| Sanyo Chemical Logistics 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%<br>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<br>Sales of lubricant additives, polyurethane beads, etc. |
| Sanyo Chemical & Resins, LLC                | USA                      | SCR   | SANAM Corporation 100%   | (Factory closed)  |
| 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 (4 Companies)

| Company Name                           | Abbr. | Share of Voting Rights                                       | Line of Business                                   |
|--|-------|--|--|
| San-Petrochemicals Co., Ltd.           | SPCC  | Sanyo Chemical Industries, Ltd. 50%<br>ENEOS Corporation 50% | Manufacture of raw materials for synthetic rubbers |
| Sunrise Chemical LLC [USA]             | SRC   | SANAM Corporation 50%<br>JX Nippon Chemical Texas Inc. 50%   | Manufacture of raw materials for synthetic rubbers |
| Shiohama Chemicals Warehouse Co., Ltd. | —     | Sanyo Chemical Industries, Ltd. 50%<br>ENEOS Corporation 50% | Warehousing  |
| Sanliving Ltd.                         | SL    | Sanyo Chemical Industries, Ltd. 100%                         | Real estate, insurance agency                      |