

A Statement of Accounts
For the Three Months Ended June 30, 2019
1st Quarter in Fiscal Year 2019
(1Q-FY2019)

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 July 31, 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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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

Domestic Factories:

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

Consolidated Number of Employees:

2,095 (as of June 30, 2019)

Line of Business:

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



Sanyo Chemical Group

● Consolidated Subsidiaries (13 companies)

○ Subsidiaries and Affiliates

Accounted for by Equity Method (5 companies)

Domestic subsidiaries
(5 companies)

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

- San-Apro Ltd.
- San-Petrochemicals Co., Ltd.

Overseas subsidiaries
(9 companies)



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



- Sanyo Kasei (Thailand) Ltd.



- SANAM Corp.
- Sanyo Chemical & Resins, LLC
- Sanyo Chemical Texas Industries, LLC
- Sunrise Chemical LLC



- SDP GLOBAL (MALAYSIA) SDN.BHD.

Logistics/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

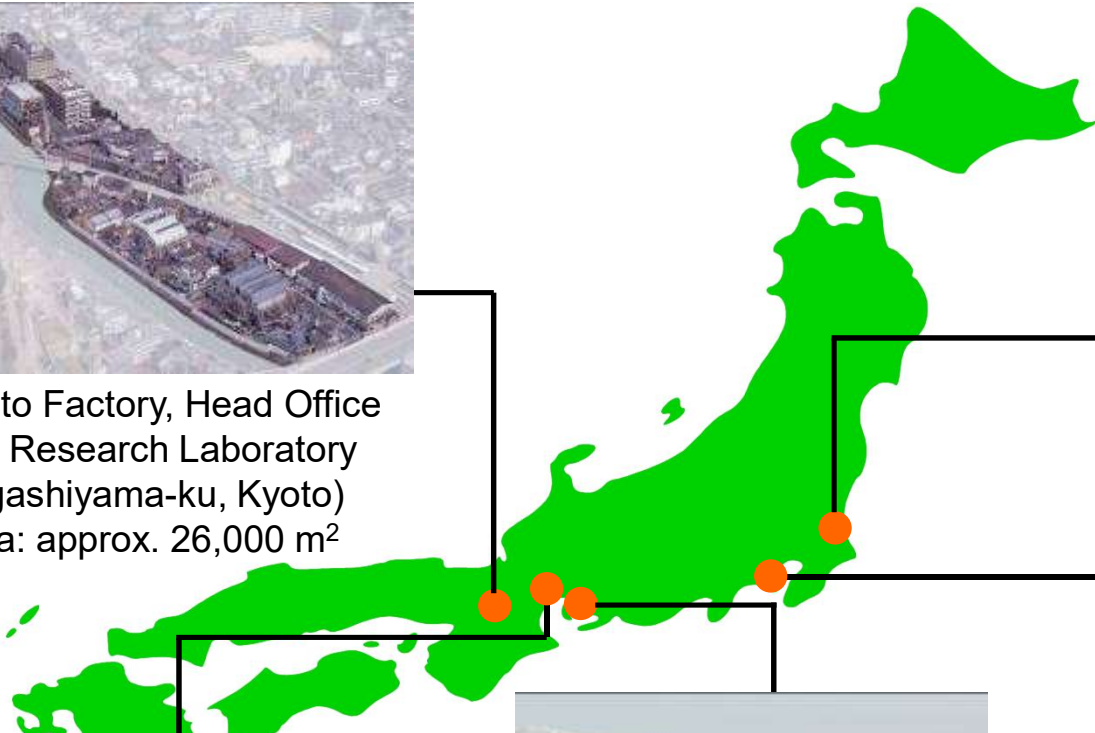
Domestic Production Bases



Kyoto Factory, Head Office and Research Laboratory (Higashiyama-ku, Kyoto)
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 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) LTD.



 Sanyo Kasei (Thailand) Ltd.



 SANYO KASEI (TAIWAN) LTD.

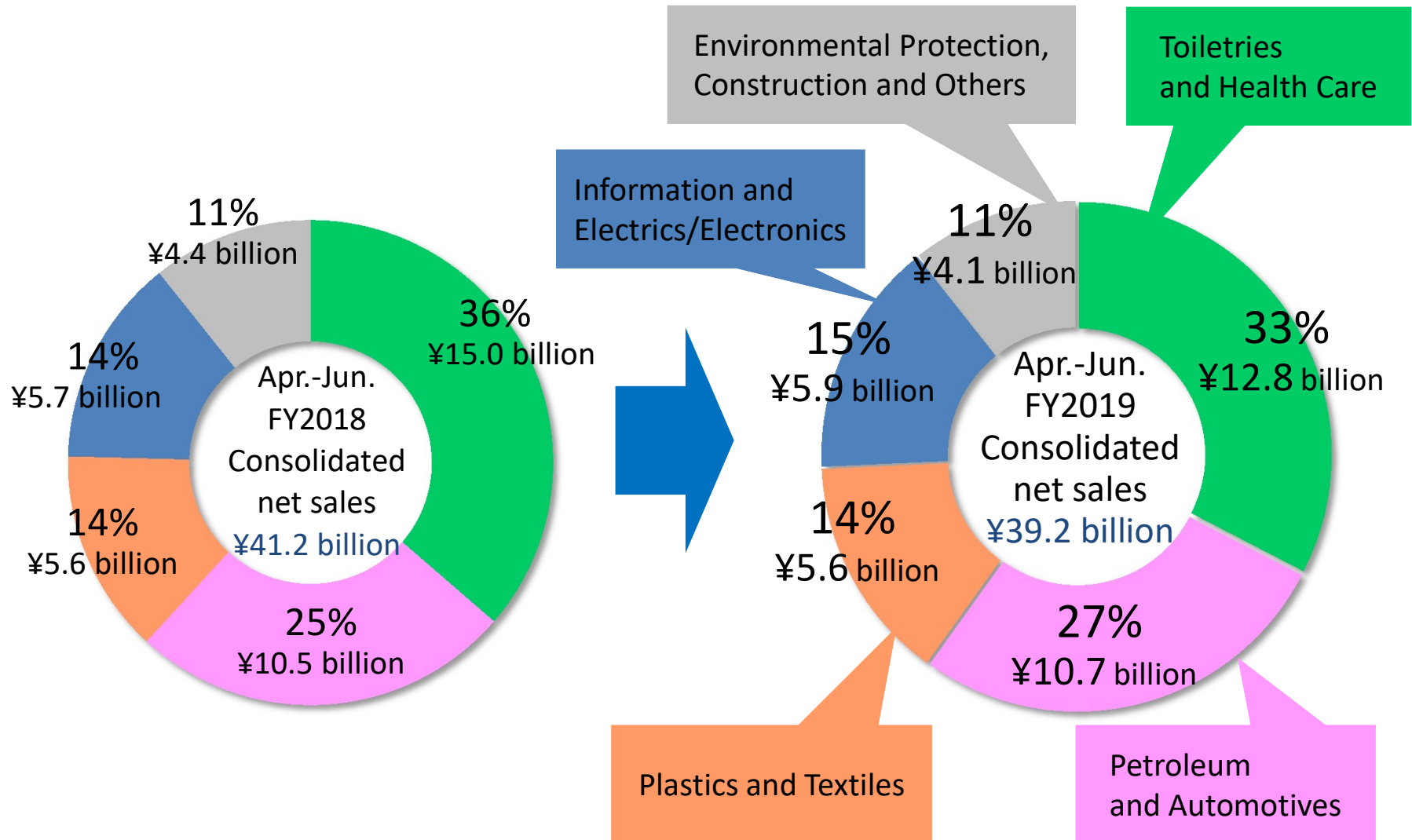


 SANAM Corp.

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



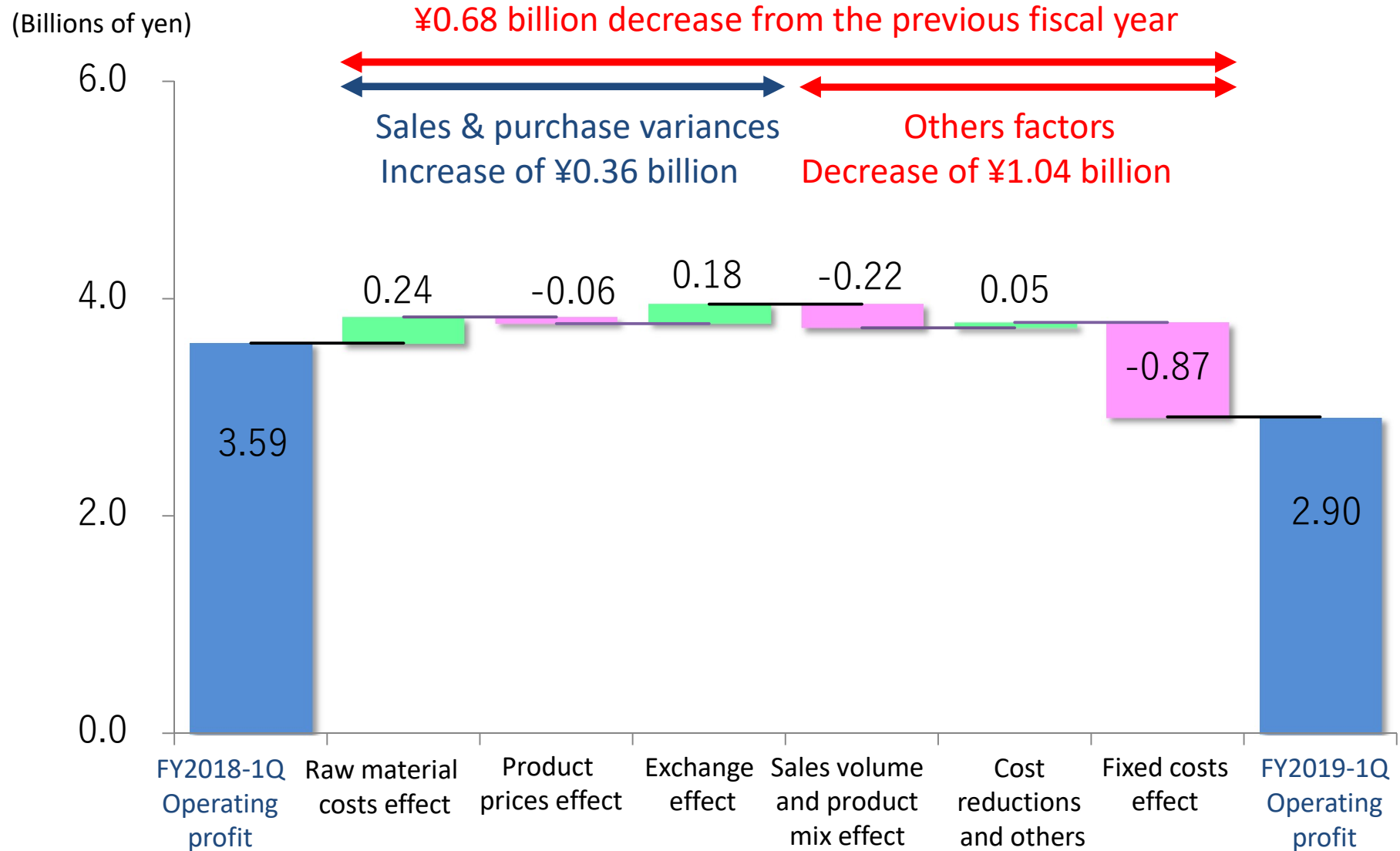
Results of Operations for 1Q in FY2019



(Billions of yen)

Consolidated	Apr.-Jun.		Year on Year Change	
	FY2018	FY2019	Amount	Ratio (%)
Net sales	41.29	39.27	(2.01)	(5)
Operating profit	3.59	2.90	(0.68)	(19)
Ordinary profit	4.65	2.89	(1.75)	(38)
Profit attributable to owners of parent	3.17	1.79	(1.37)	(43)
Comprehensive income	4.16	1.02	(3.14)	(75)

Change in Consolidated Operating Profit by Factor



Change in Consolidated Net Income



(Billions of yen)

	Apr.-Jun.		Year on Year Change
	FY2018	FY2019	
Operating profit	3.59	2.90	(0.68)
Share of profit of entities accounted for using equity method	0.43	0.12	(0.31)
Gain or loss on foreign exchange	0.22	(0.46)	(0.68)
Other non-operating income and loss	0.40	0.33	(0.06)
Ordinary profit	4.65	2.89	(1.75)
Gain and loss on sales of non-current assets, Loss on retirement of non-current assets	(0.17)	(0.19)	(0.01)
Other extraordinary income or loss	—	0.0	0.0
Profit before income taxes	4.47	2.70	(1.77)
Income taxes, etc.	(1.20)	(0.92)	0.27
Profit or loss attributable to non-controlling interests	(0.10)	0.01	0.11
Profit attributable to owners of parent	3.17	1.79	(1.37)

Consolidated Balance Sheet



(Billions of yen)

	Mar. 31 2019	Jun. 30 2019	Changed amount	Main Change Factor
Current assets	95.0	87.4	(7.6)	Cash and deposits: (2.7), Notes and accounts receivable-trade, Electronically recorded monetary claims-operating: (3.3), Inventories: (1.5)
Non-current assets	98.5	97.3	(1.2)	Property, plant and equipment: (0.9)
Total assets	193.6	184.7	(8.8)	
Current liabilities	52.5	44.1	(8.3)	Accounts payable-trade, Electronically recorded obligations-operating: (2.0), Short-term loans: (1.7)
Non-current liabilities	8.4	8.5	0.0	
Total liabilities	61.0	52.7	(8.2)	
Shareholder's equity	117.8	118.1	0.3	Profit attributable to owners of parent: 1.7, Cash dividends paid: (1.4)
Accumulated other comprehensive income	11.5	10.9	(0.5)	Foreign currency translation adjustment: (0.5)
Non-controlling interests	3.2	2.8	(0.3)	
Total net assets	132.6	131.9	(0.6)	
Total Liabilities and net assets	193.6	184.7	(8.8)	

Consolidated Cash Flows



(Billions of yen)

	Apr.-Jun.		Changed amount	Special Instruction
	FY2018	FY2019		
Operating activities	3.7	3.6	(0.0)	
Profit before income taxes	4.4	2.7	(1.7)	
Depreciation and amortization	2.0	2.2	0.1	
Share of loss (profit) of entities accounted for using equity method	(0.4)	(0.1)	0.3	
(Increase) decrease in operating capital	(0.3)	2.6	3.0	
Income taxes	(1.5)	(3.1)	(1.6)	
Others	(0.4)	(0.6)	(0.1)	
Investing activities	(3.7)	(2.6)	1.0	Purchase of non-current assets 1Q in FY2018: (3.6), 1Q in FY2019 : (2.5)
Free cash flows	0.0	1.0	1.0	
Financing activities	(0.8)	(3.6)	(2.7)	Loans, Repayment 1Q in FY2018: 0.5, 1Q in FY2019 : (1.9)
Effect of exchange rate changes on cash and cash equivalents	(0.0)	(0.2)	(0.2)	
Net increase (decrease) in cash and cash equivalents	(0.8)	(2.7)	(1.9)	
Cash and cash equivalents at beginning of period	17.3	19.1	1.7	
Cash and cash equivalents at end of period	16.5	16.3	(0.1)	

Forecast for FY2019 and Progress in 1Q-FY2019

<Precondition for the forecast>

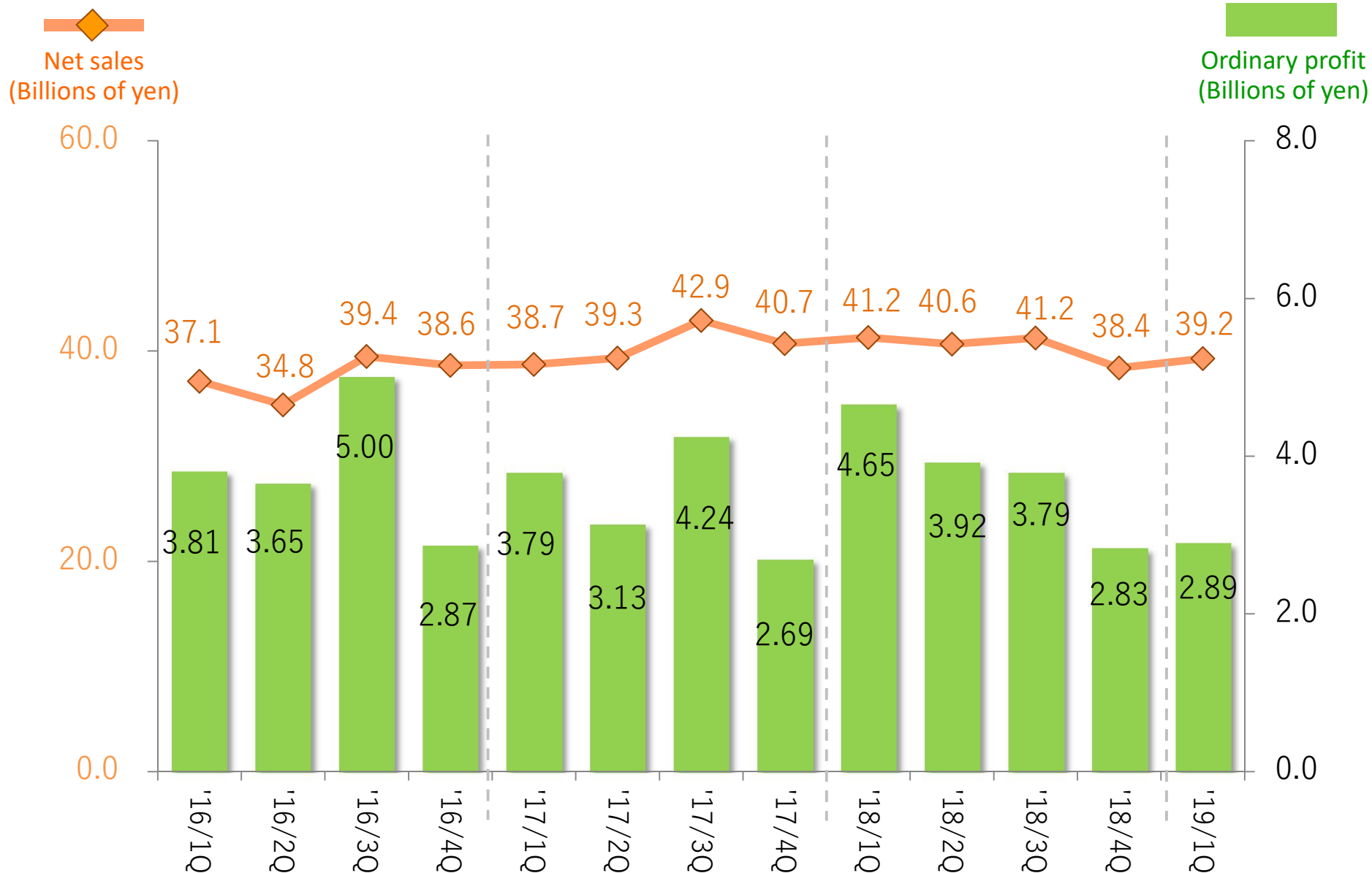
Price of naphtha produced in Japan: 48 thousands of Yen/kl, Exchange rate: 110 Yen/US\$

(Billions of yen)

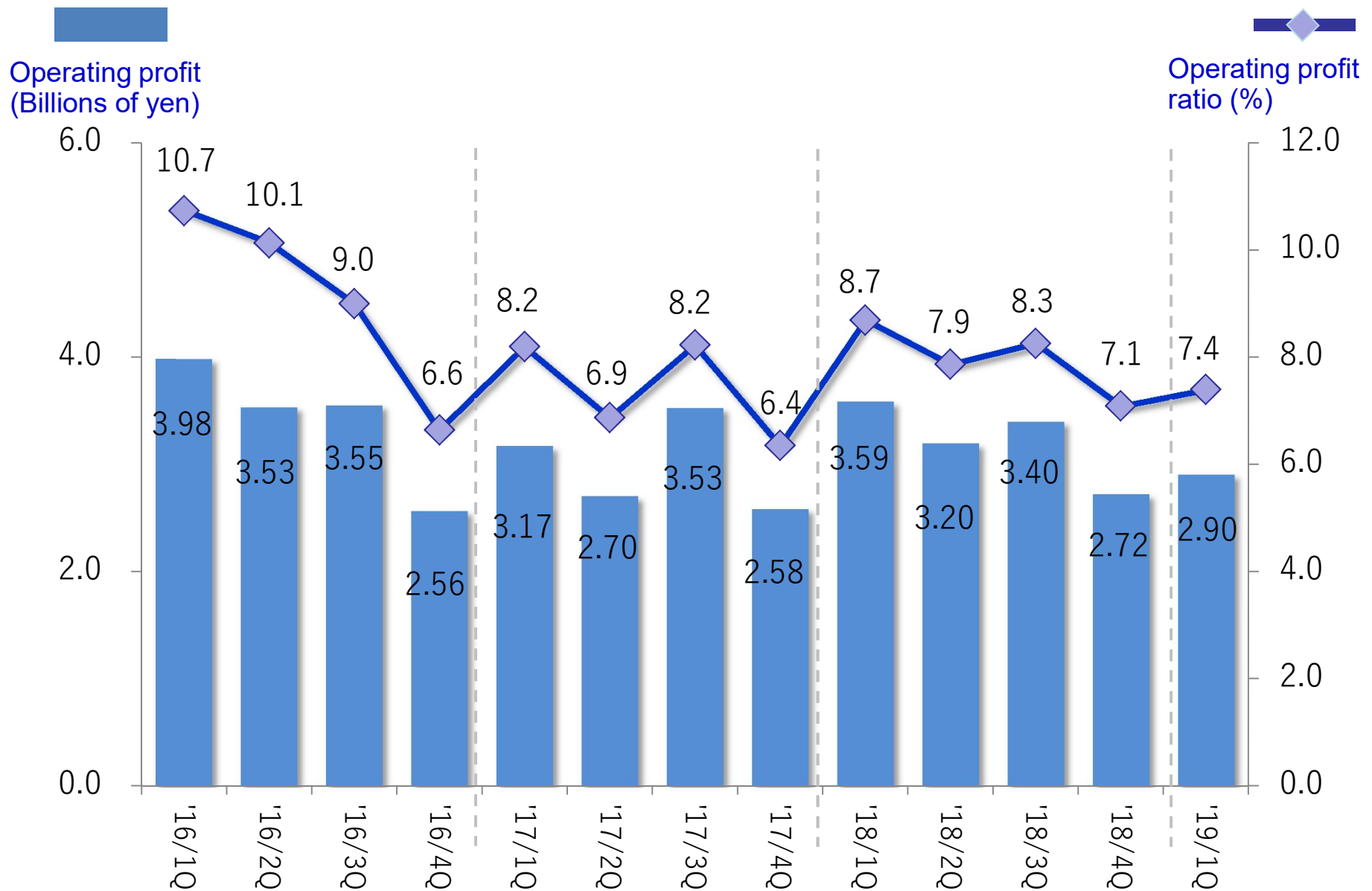
Consolidated	FY2019 Annual	Apr.-Jun. FY2019		FY2018 Annual
	Forecast*	Result	Progress to Forecast(%)	Result
Net sales	170.00	39.27	23.1	161.59
Operating profit	14.50	2.90	20.0	12.91
Ordinary profit	16.00	2.89	18.1	15.20
Profit attributable to owners of parent	10.50	1.79	17.1	5.34

* Forecasts announced on May 8, 2019

Consolidated Business Result Trend



Consolidated Operating Profit Trend



Business Results by Segment for 1Q in FY2019

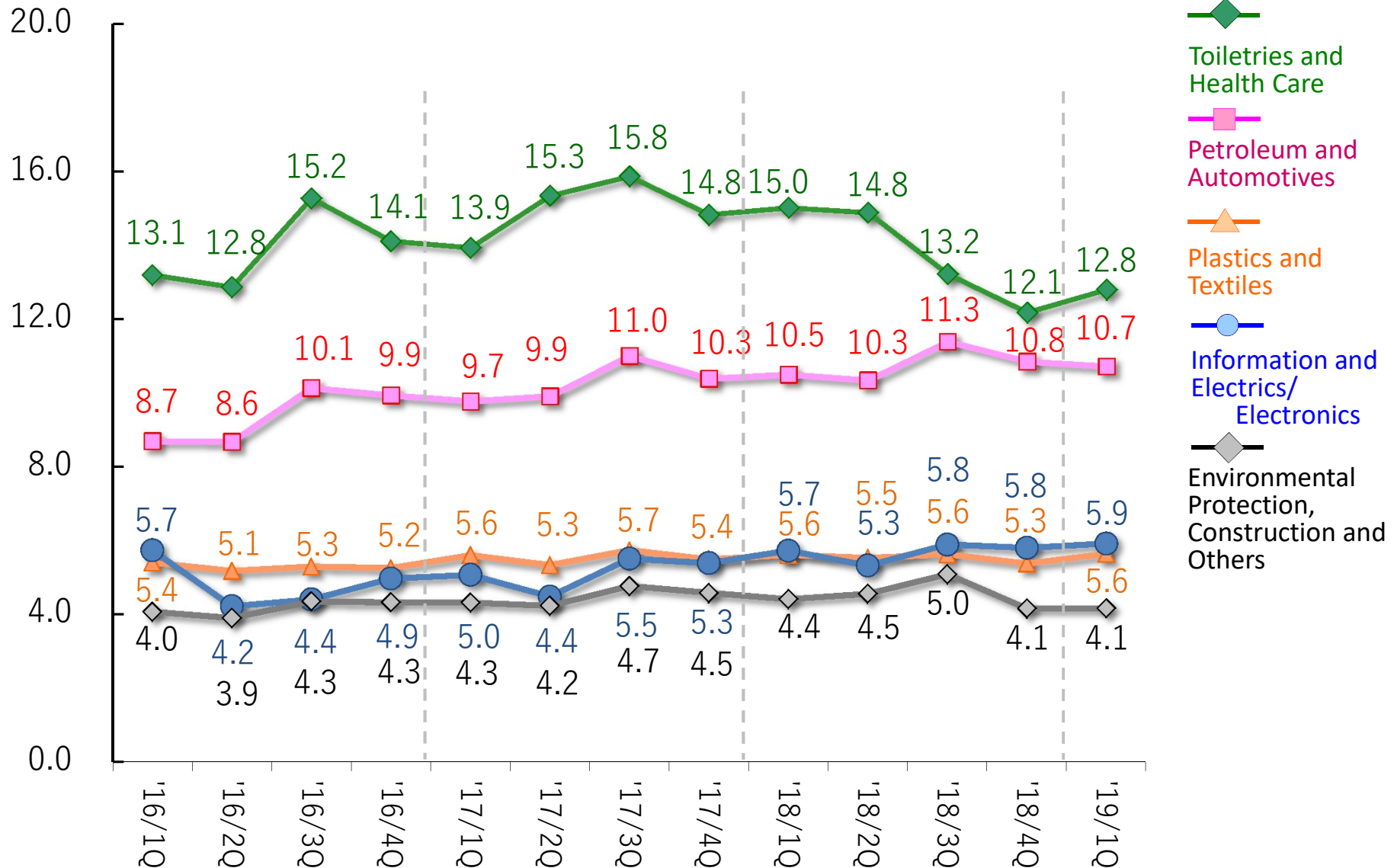
(Billions of yen)

Segment	Net Sales			Operating Profit		
	Apr.-Jun. FY2018	Apr.-Jun. FY2019	Changed Amount	Apr.-Jun. FY2018	Apr.-Jun. FY2019	Changed Amount
Toiletries and Health Care	15.01	12.80	(2.20)	0.51	0.17	(0.33)
Toiletries	3.56	3.41	(0.15)			
Health Care	11.44	9.38	(2.05)			
Petroleum and Automotives	10.50	10.72	0.21	0.73	0.74	0.00
Plastics and Textiles	5.61	5.64	0.02	0.88	0.77	(0.10)
Plastics	3.86	4.13	0.27			
Textiles	1.75	1.50	(0.24)			
Information and Electrics/Electronics	5.72	5.92	0.19	1.17	1.04	(0.12)
Information	3.89	4.16	0.26			
Electrics/Electronics	1.83	1.75	(0.07)			
Environmental Protection, Construction and Others	4.42	4.18	(0.24)	0.29	0.17	(0.11)
Total	41.29	39.27	(2.01)	3.59	2.90	(0.68)

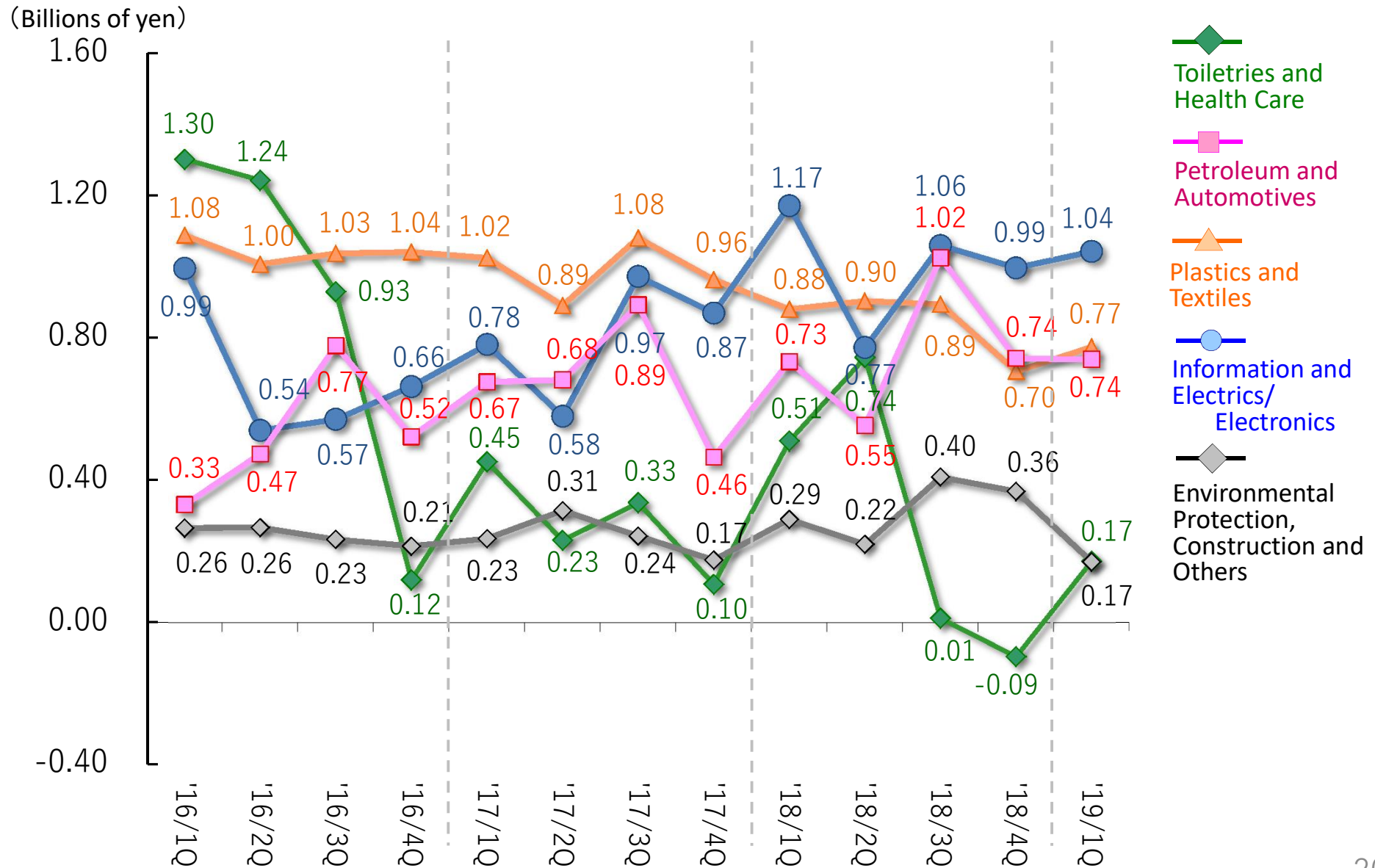
Consolidated Net Sales Trend by Segment



(Billions of yen)

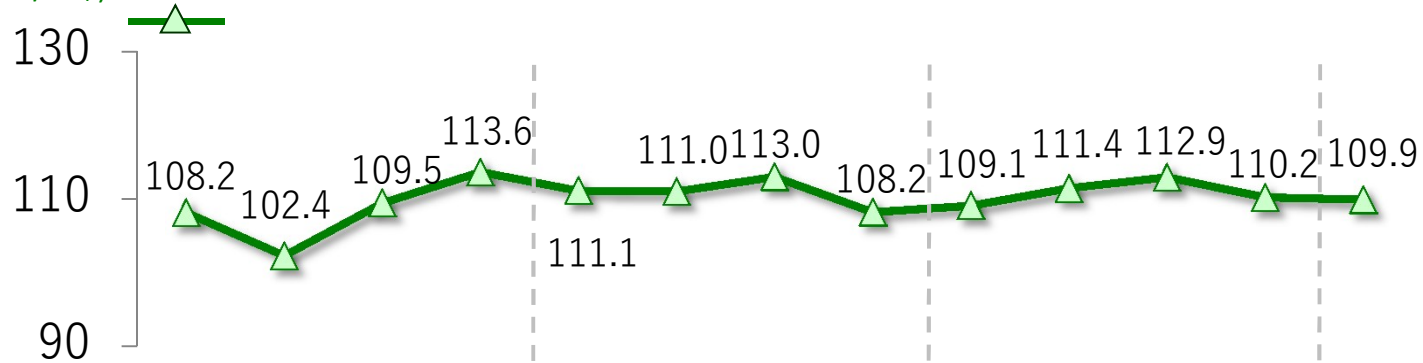


Consolidated Operating Profit Trend by Segment

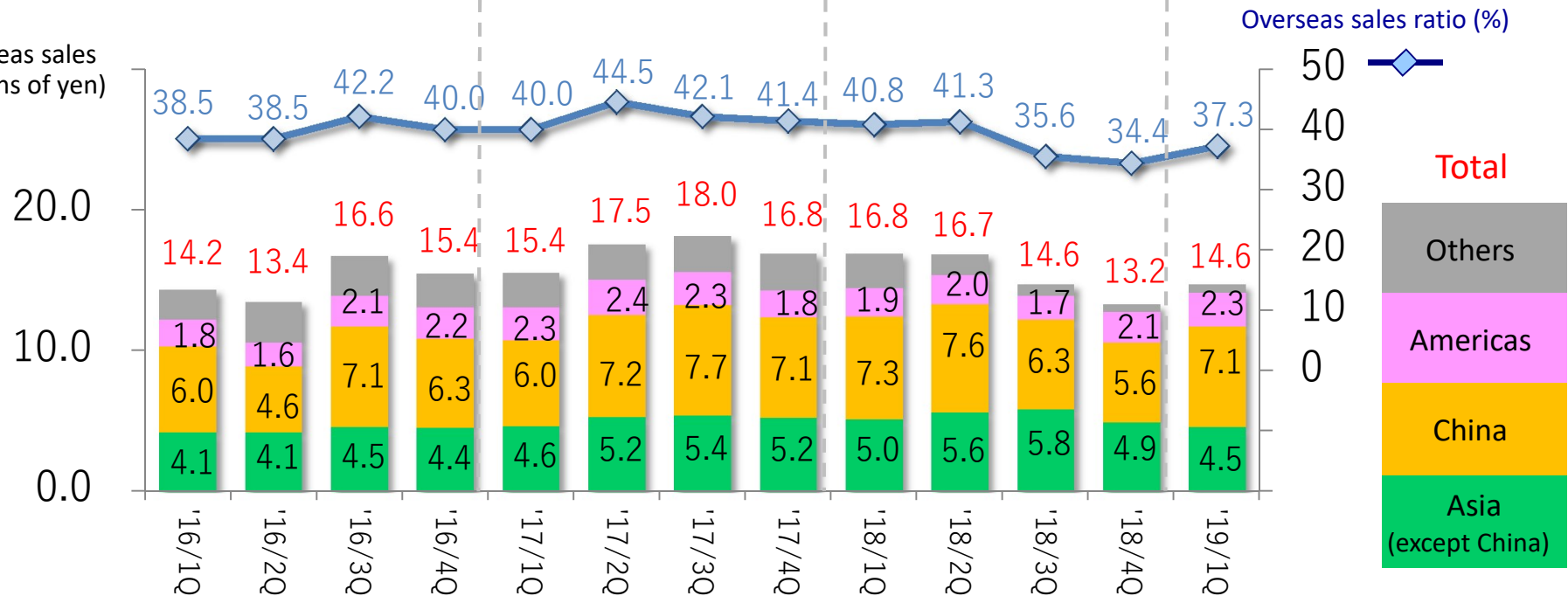


Consolidated Overseas Sales Trend

Average exchange rate
(Yen/US\$)



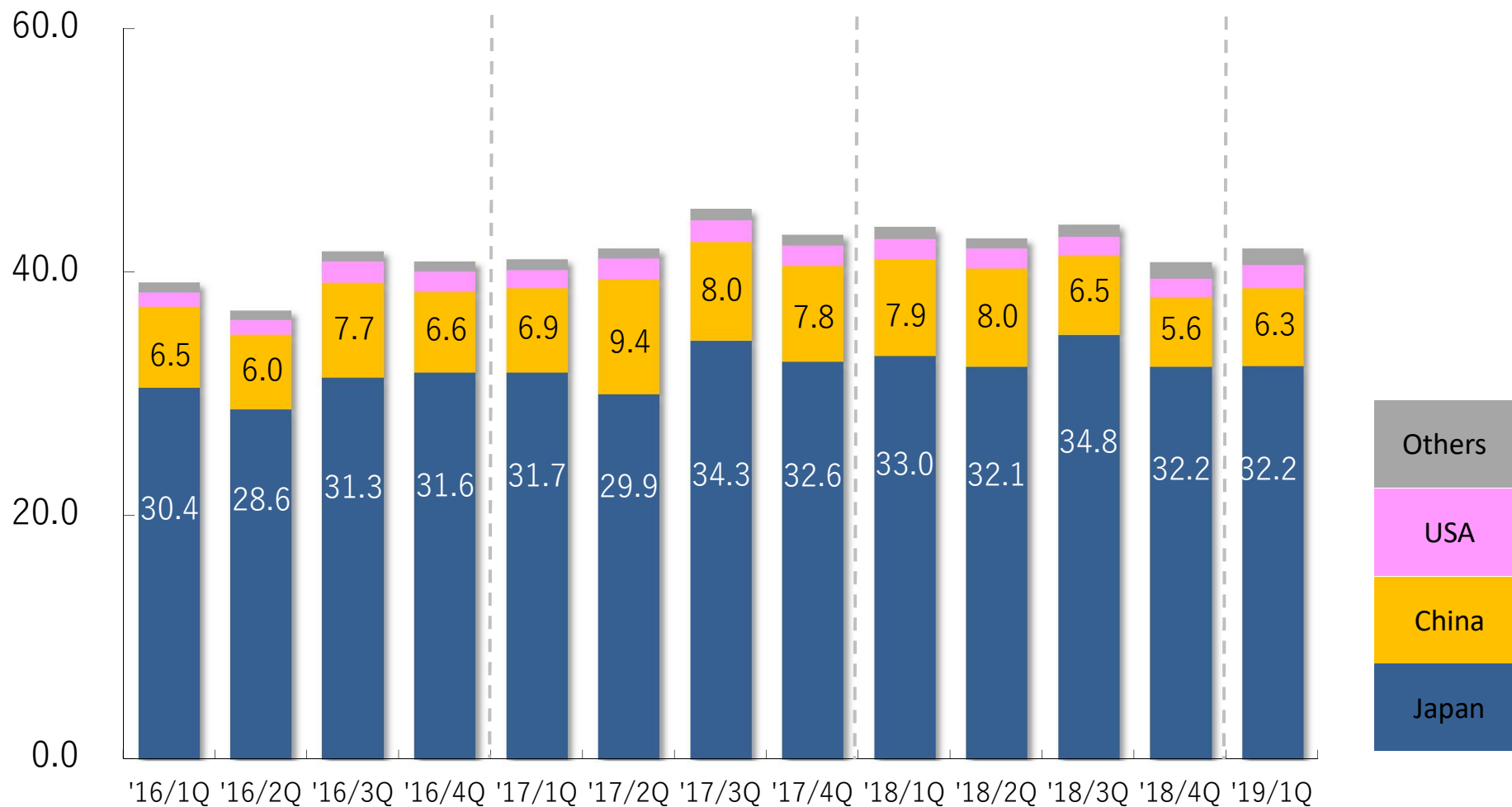
Overseas sales
(Billions of yen)



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

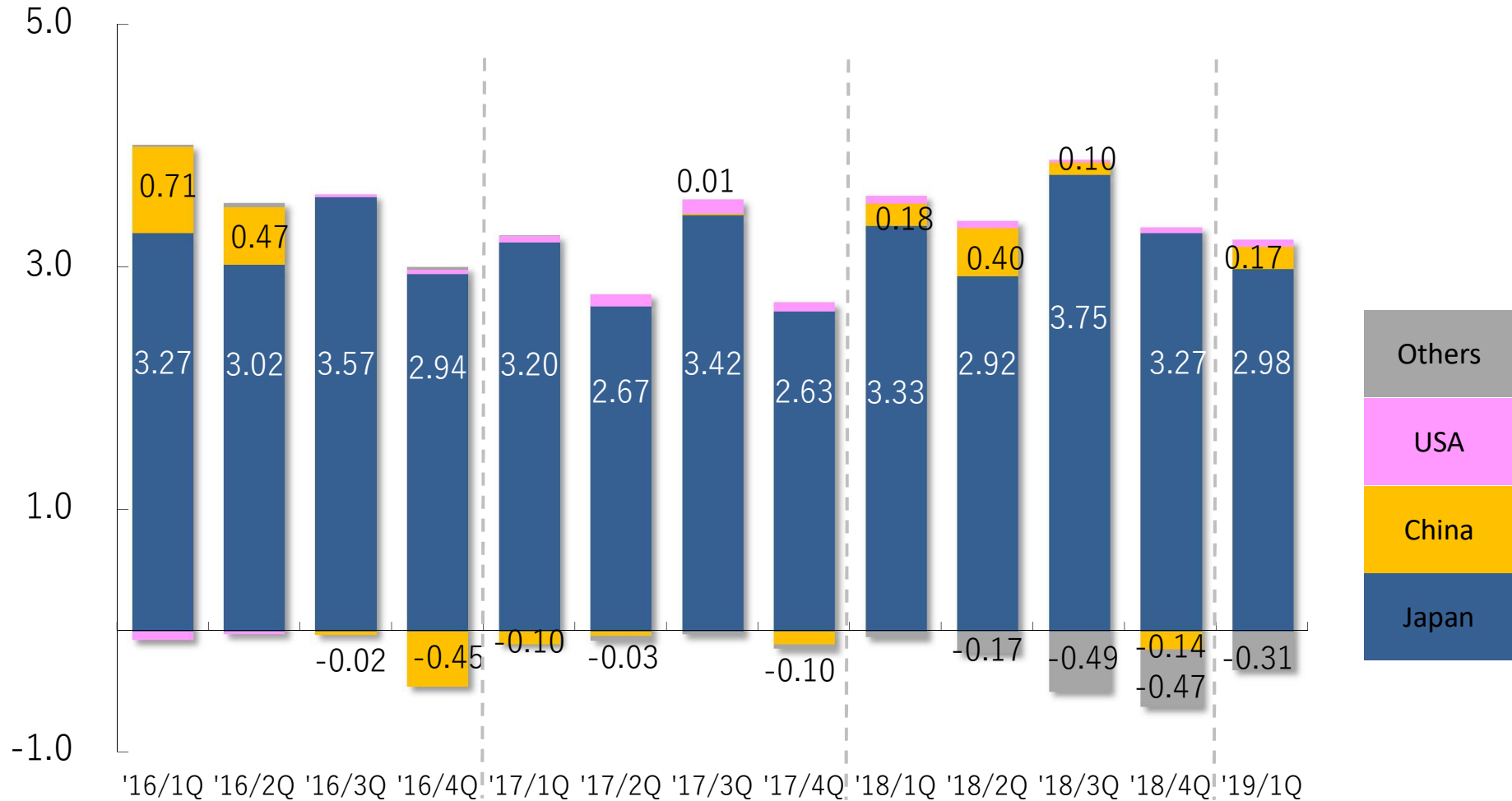
(Billions of yen)



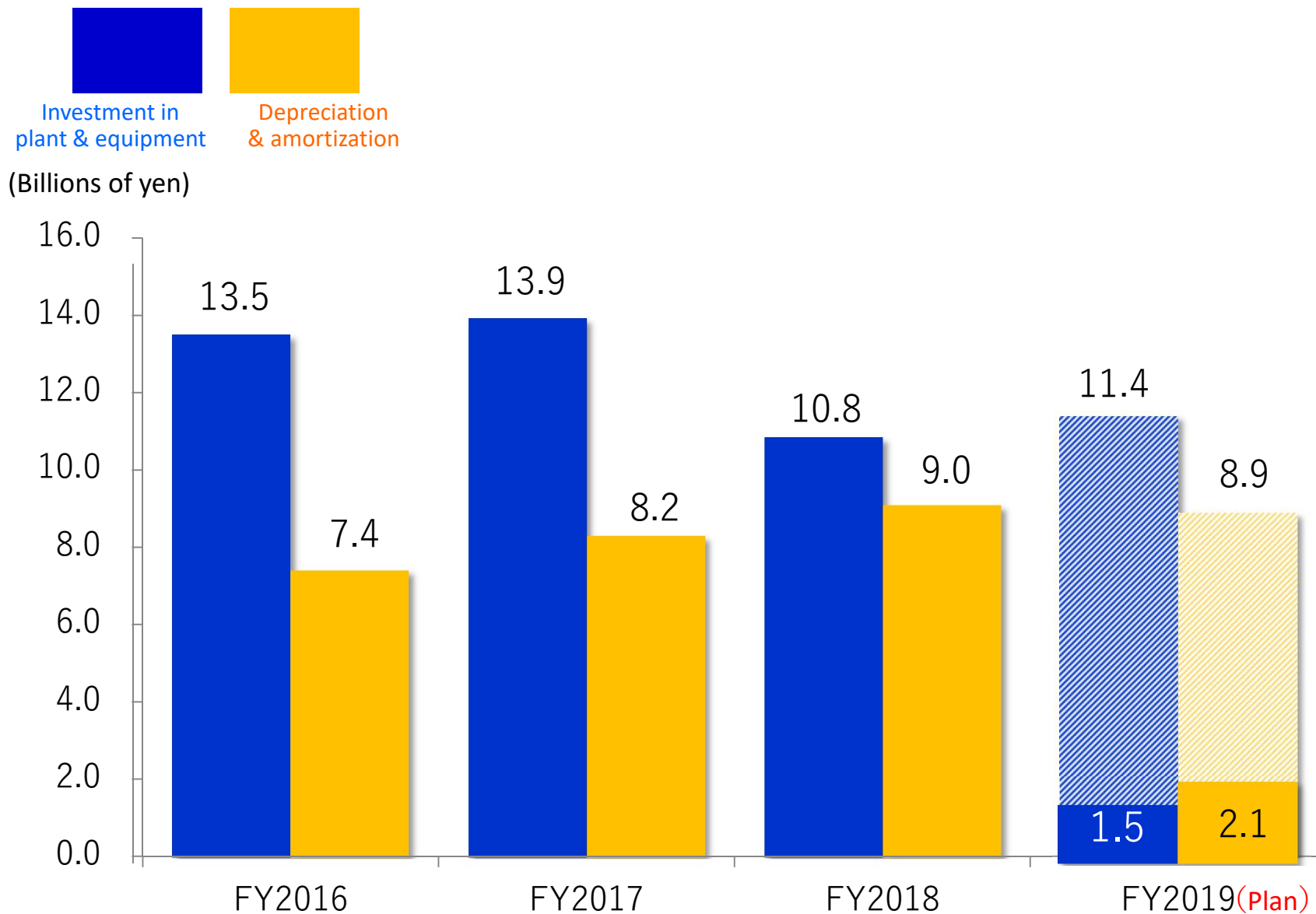
Consolidated Operating Profit Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



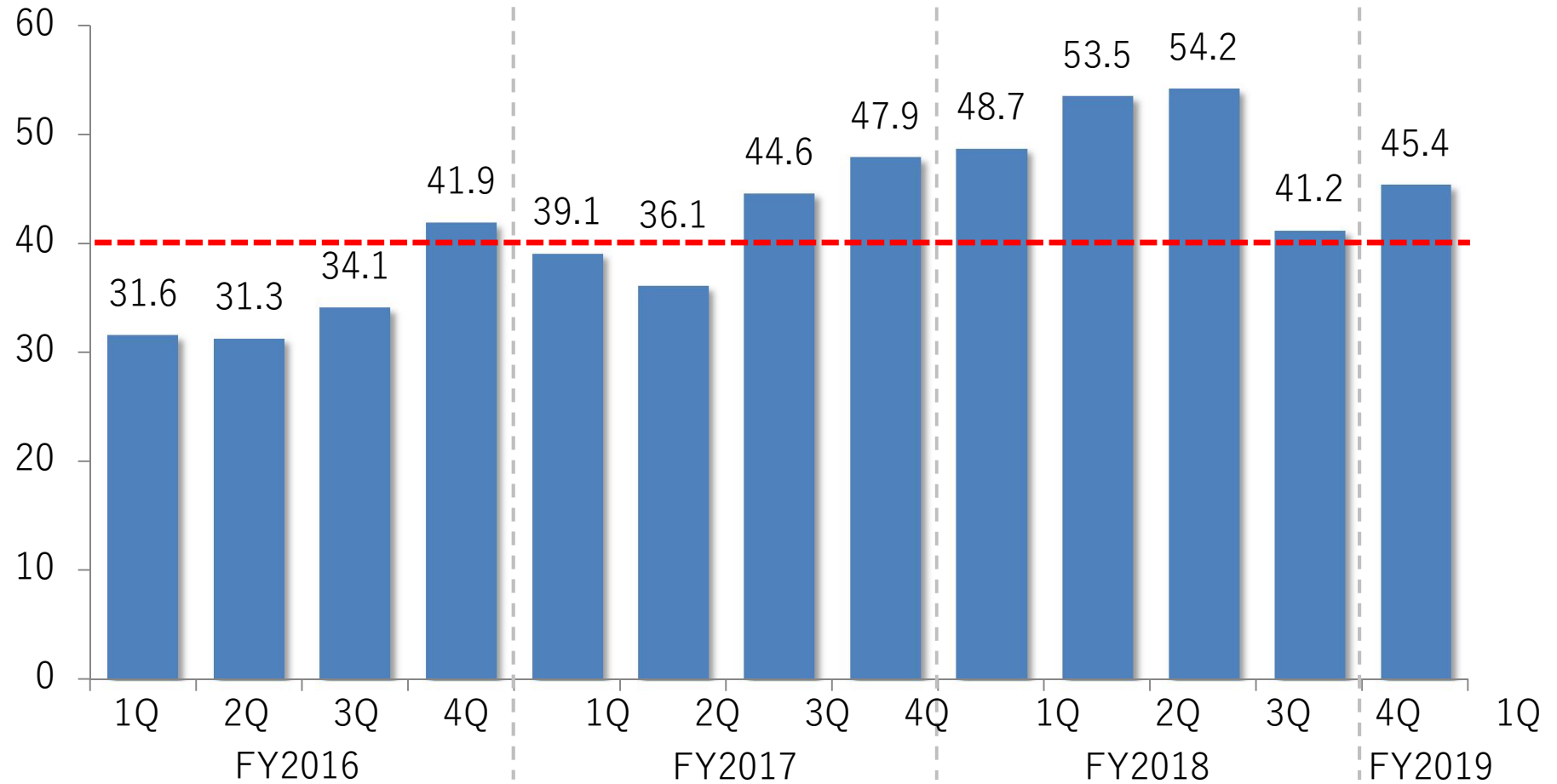
Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



Reference

Transition of Price of Naphtha Produced in Japan

Naphtha price
(Thousands of yen/kl)



(Reference: Japanese newspapers, etc)

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, polyurethane beads, 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 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