



"Performance" Through Chemistry

Material for  
Financial Results Presentation  
For the Fiscal Year Ended  
March 31, 2020

Takao Ando, President & CEO  
Sanyo Chemical Industries, Ltd.

**Sanyo**  
**Chemical**

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 May 12, 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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Sanyo Chemical Industries, Ltd.

E-mail: [pr-group@sanyo-chemical.group](mailto:pr-group@sanyo-chemical.group)

# 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):  
2,060 (as of March 31, 2020)

Line of Business:

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

# Sanyo Chemical Group (as of March 31, 2020)




## Sanyo Chemical 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.

\* On April 1, 2020, Sanyo Transport Co., Ltd. and Nagoya Sanyo Warehouse Co., Ltd. merged, and the trade name was changed to Sanyo Chemical Logistics Co., 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

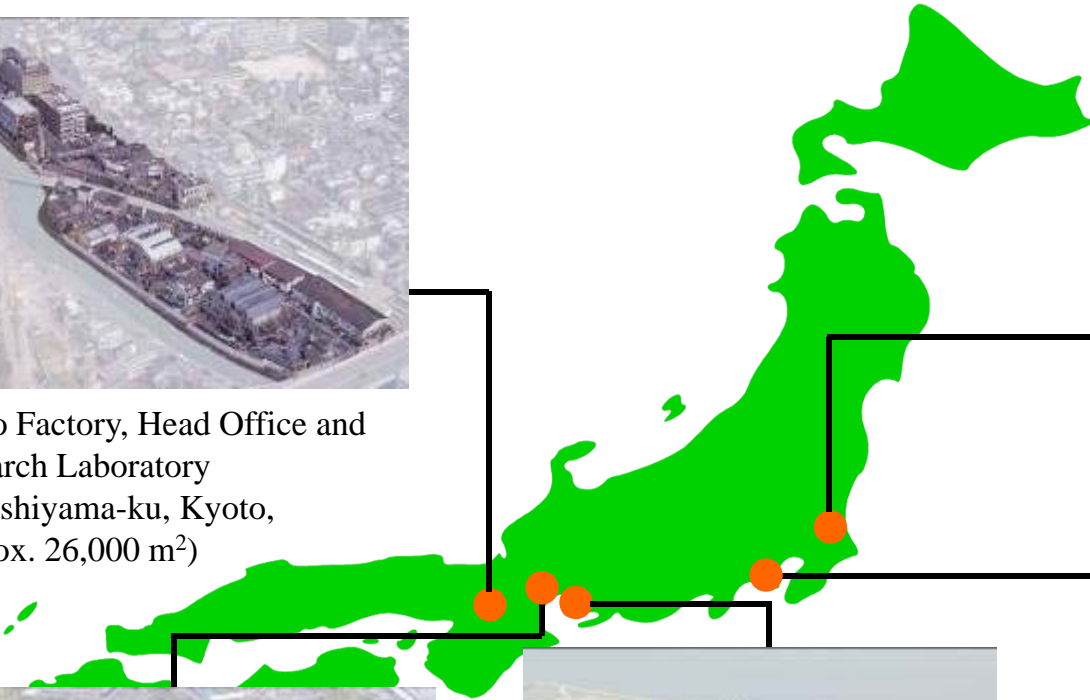
# Domestic Production Bases



Kyoto Factory, Head Office and Research Laboratory  
(Higashiyama-ku, Kyoto, Approx. 26,000 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 Kasei (Nantong) Co., Ltd.



 Sanyo Chemical & Resins, LLC



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



 Sanyo Chemical Manufacturing Korea, Ltd.



 SDP GLOBAL (MALAYSIA) SDN. BHD.



 Sanyo Kasei (Thailand) Ltd.

 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 (TAIWAN) LTD.



 Sanyo Kasei (Thailand) Ltd.



 SANAM Corporation

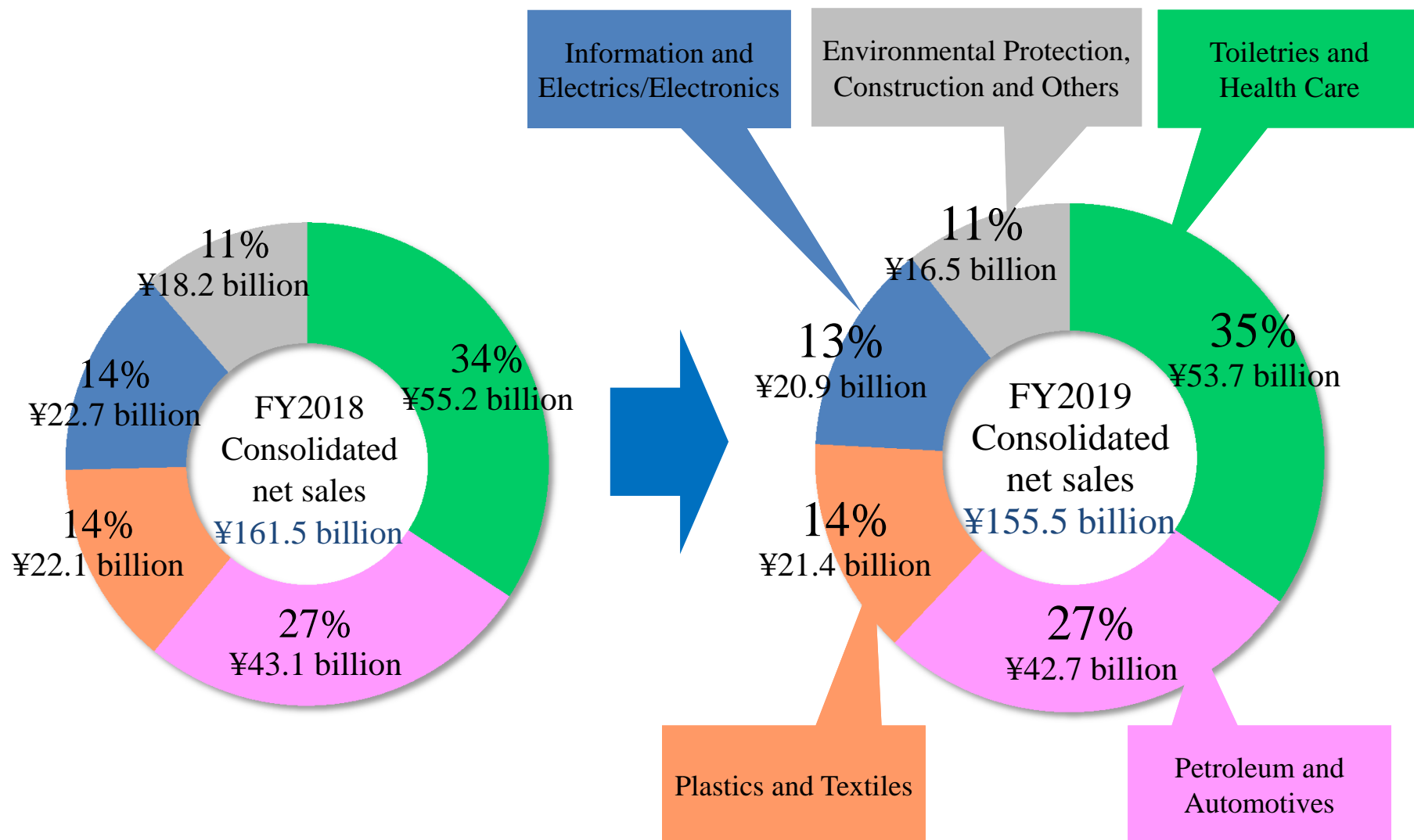
# Principal Products by Industrial Field (Segment)



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

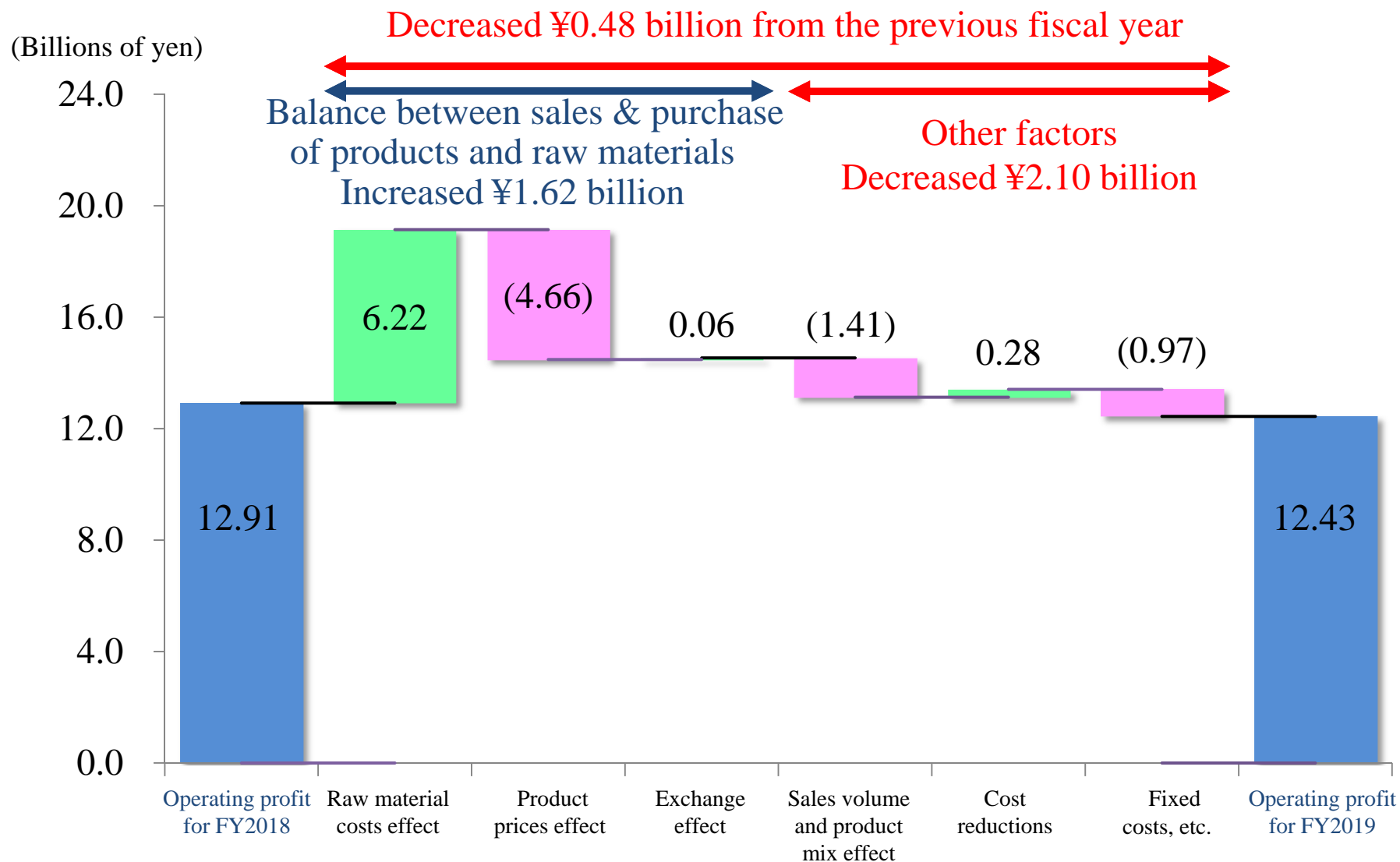


# Earnings for FY2019

(Billions of yen)

Consolidated	FY2018	FY2019	Year-on-Year Change	
			Amount	Ratio (%)
Net sales	161.59	155.50	(6.09)	(4)
Operating profit	12.91	12.43	(0.48)	(4)
Ordinary profit	15.20	12.70	(2.50)	(16)
Profit attributable to owners of parent	5.34	7.66	2.32	43
Comprehensive income	(0.76)	2.17	2.93	—

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



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

(Billions of yen)

	FY2018	FY2019	Change amount
<b>Operating profit</b>	12.91	12.43	(0.48)
Share of profit (loss) of entities accounted for using equity method	1.30	0.23	(1.07)
Gain (loss) on foreign exchange	0.24	(0.47)	(0.72)
Other non-operating income (loss)	0.72	0.50	(0.22)
<b>Ordinary profit</b>	15.20	12.70	(2.50)
Gain (loss) on sales of non-current assets, loss on retirement of non-current assets	(0.82)	(1.18)	(0.35)
Gain on (Loss on valuation of) sales of investment securities	2.41	(0.02)	(2.43)
Impairment loss	(8.79)	–	8.79
Other extraordinary income (loss)	(0.45)	(0.48)	(0.03)
<b>Profit before income taxes</b>	7.54	11.00	3.46
Income taxes	(4.75)	(3.25)	1.50
Profit attributable to non-controlling interests	2.56	(0.08)	(2.64)
<b>Profit attributable to owners of parent</b>	5.34	7.66	2.32

# Consolidated Balance Sheet

(Billions of yen)

	March 31, 2019	March 31, 2020	Change amount	Main factors for changes
Current assets	95.0	85.8	(9.2)	Cash and deposits: (1.1), Notes and accounts receivable - trade, Electronically recorded monetary claims - operating: (6.6), Inventories: (1.0)
Non-current assets	98.5	93.0	(5.5)	Property, plant and equipment: (1.6), Investment securities: (6.1)
<b>Total assets</b>	<b>193.6</b>	<b>178.8</b>	<b>(14.7)</b>	
Current liabilities	52.5	42.7	(9.7)	Accounts payable - trade, Electronically recorded obligations - operating: (7.3), Income taxes payable: (2.4)
Non-current liabilities	8.4	6.0	(2.4)	Long-term borrowings: (1.4), Deferred tax liabilities: (1.2)
<b>Total liabilities</b>	<b>61.0</b>	<b>48.7</b>	<b>(12.2)</b>	
Shareholders' equity	117.8	121.4	3.6	Profit: 7.6, Cash dividends paid: (2.9)
Other comprehensive income	11.5	6.1	(5.3)	Valuation difference on available-for-sale securities: (4.1), Foreign currency translation adjustment: (0.7)
Non-controlling interests	3.2	2.4	(0.7)	
<b>Total net assets</b>	<b>132.6</b>	<b>130.0</b>	<b>(2.5)</b>	
<b>Total liabilities and net assets</b>	<b>193.6</b>	<b>178.8</b>	<b>(14.7)</b>	

# Consolidated Statements of Cash Flows



(Billions of yen)

	FY2018	FY2019	Change amount	Special notes
Cash flows from operating activities	14.6	17.2	2.6	
Profit before income taxes	7.5	11.0	3.4	
Depreciation	9.1	9.1	(0.0)	
Impairment loss	8.7	–	(8.7)	
Share of profit (loss) of entities accounted for using equity method	(1.3)	(0.2)	1.0	
(Increase) decrease in operating capital	(7.3)	0.0	7.4	
Income taxes	(2.8)	(5.3)	(2.4)	
Other	0.6	2.5	1.8	
Cash flows from investing activities	(11.3)	(11.1)	(0.1)	Purchase of non-current assets FY2018: (11.55), FY2019: (8.19)
Free cash flows	3.2	4.2	0.9	
Cash flows from financing activities	(1.4)	(7.0)	(5.5)	Loans and Repayment FY2018: 1.3, FY2019: (2.2)
Effect of exchange rate change on cash and cash equivalents	(0.0)	(0.1)	(0.1)	
Net increase (decrease) in cash and cash equivalents	1.7	(1.1)	(2.9)	
Cash and cash equivalents at beginning of period	17.3	19.1	1.7	
Cash and cash equivalents at end of period	19.1	18.0	(1.1)	

# Key Management Indicators

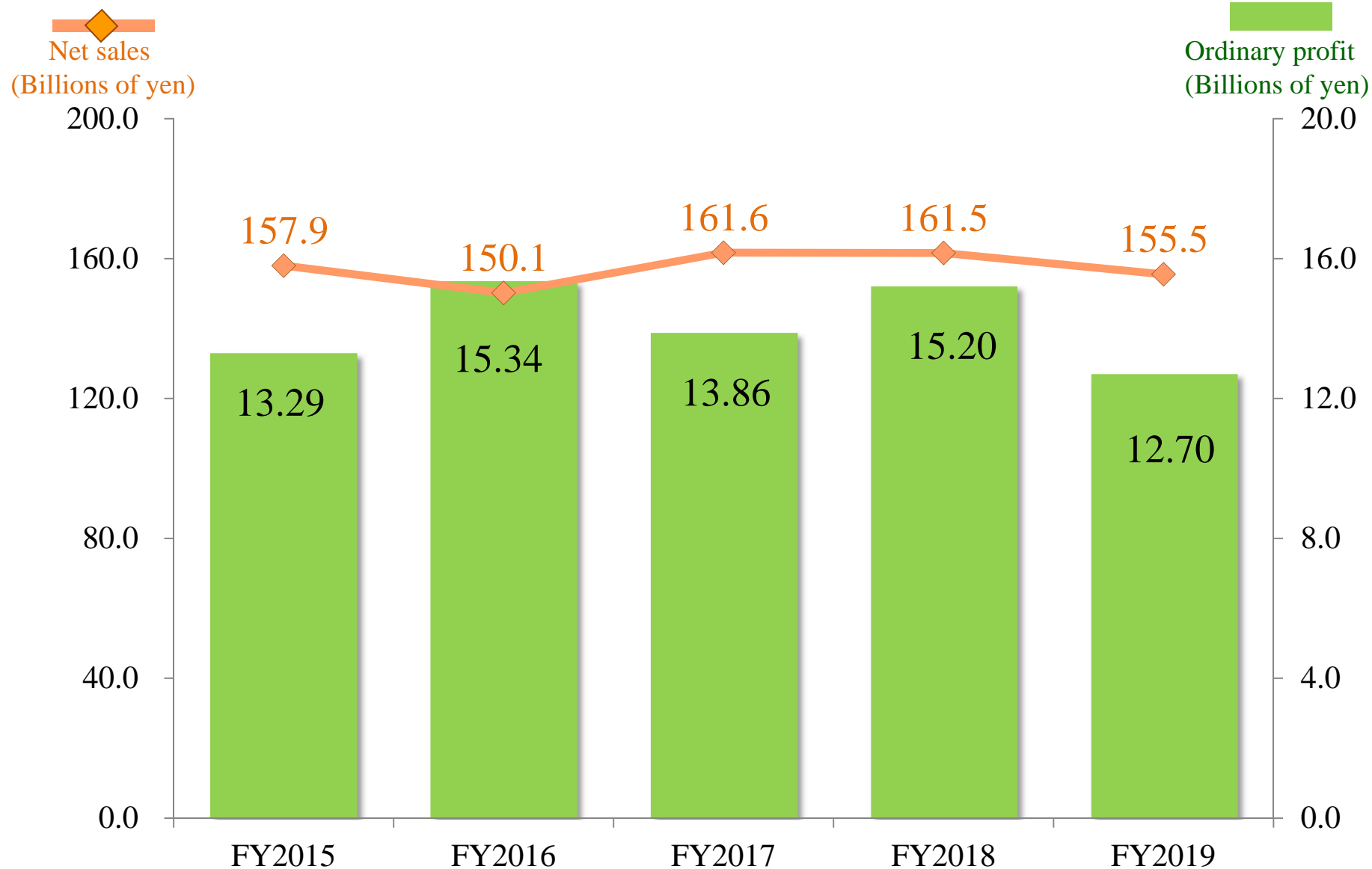
	Unit	FY2018	FY2019	Year-on-Year Change
Total assets	Billions of yen	193.6	178.8	(14.7)
Return on assets	%	7.7	6.8	(0.9)pt
Equity	Billions of yen	129.3	127.6	(1.7)
Equity ratio	%	66.8	71.4	+4.6pt
Return on equity	%	4.1	6.0	+1.9pt
Interest-bearing debt	Billions of yen	11.9	9.6	(2.3)
Debt/equity ratio	Times	0.09	0.08	(0.01)pt

**Considering the unclear future business environment due to the novel coronavirus disease (COVID-19) pandemic and the plunge in the oil and petroleum product markets, we have decided that it is too difficult to reasonably calculate our earnings forecasts at the current stage, and have left them undecided.**

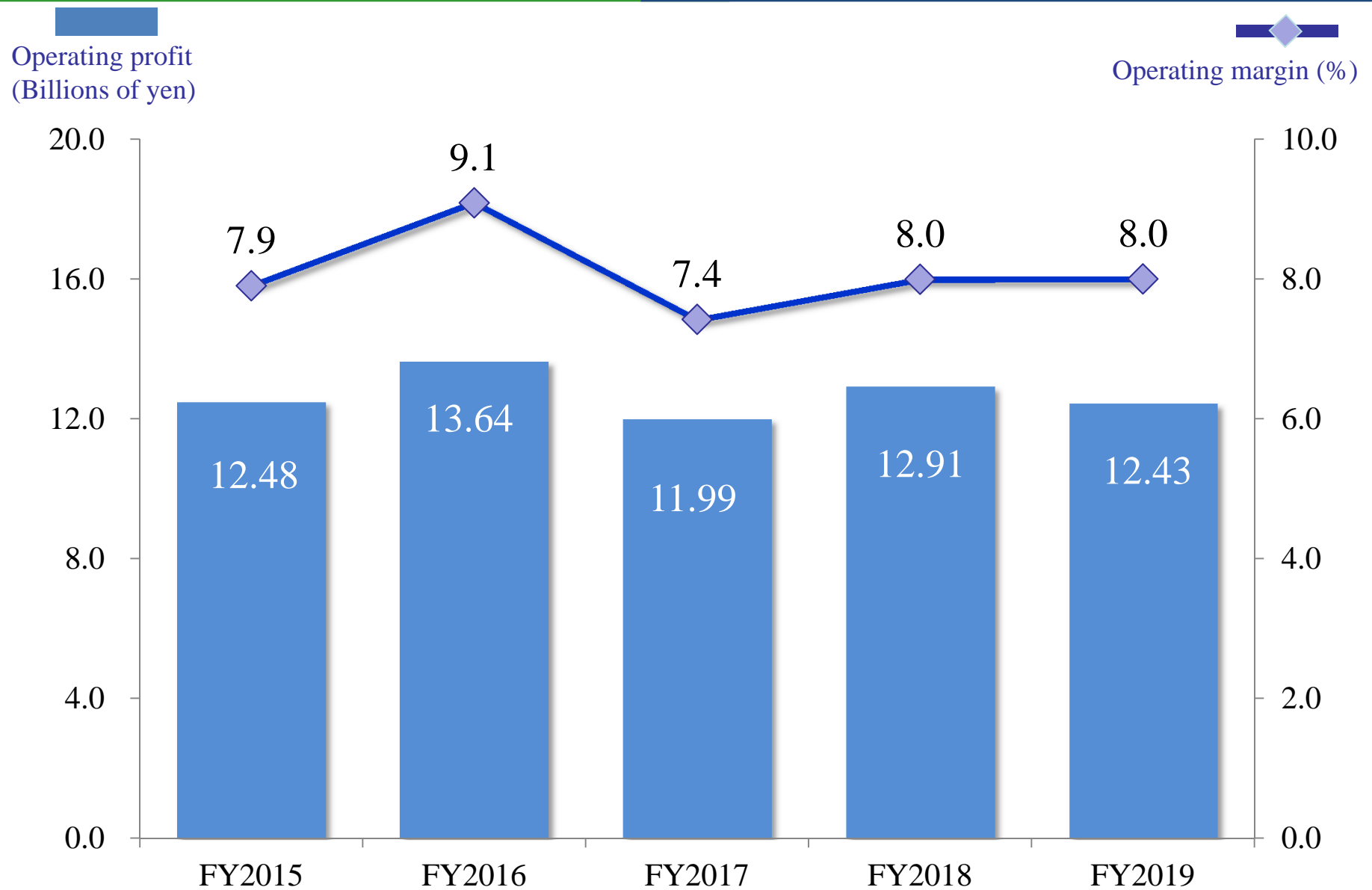
**We will promptly release the earnings forecasts at the point in the future when we can make reasonable calculations.**



# Trends in Consolidated Earnings



## Trends in Consolidated Operating Profit and Operating Margin



# Consolidated Earnings by Segment

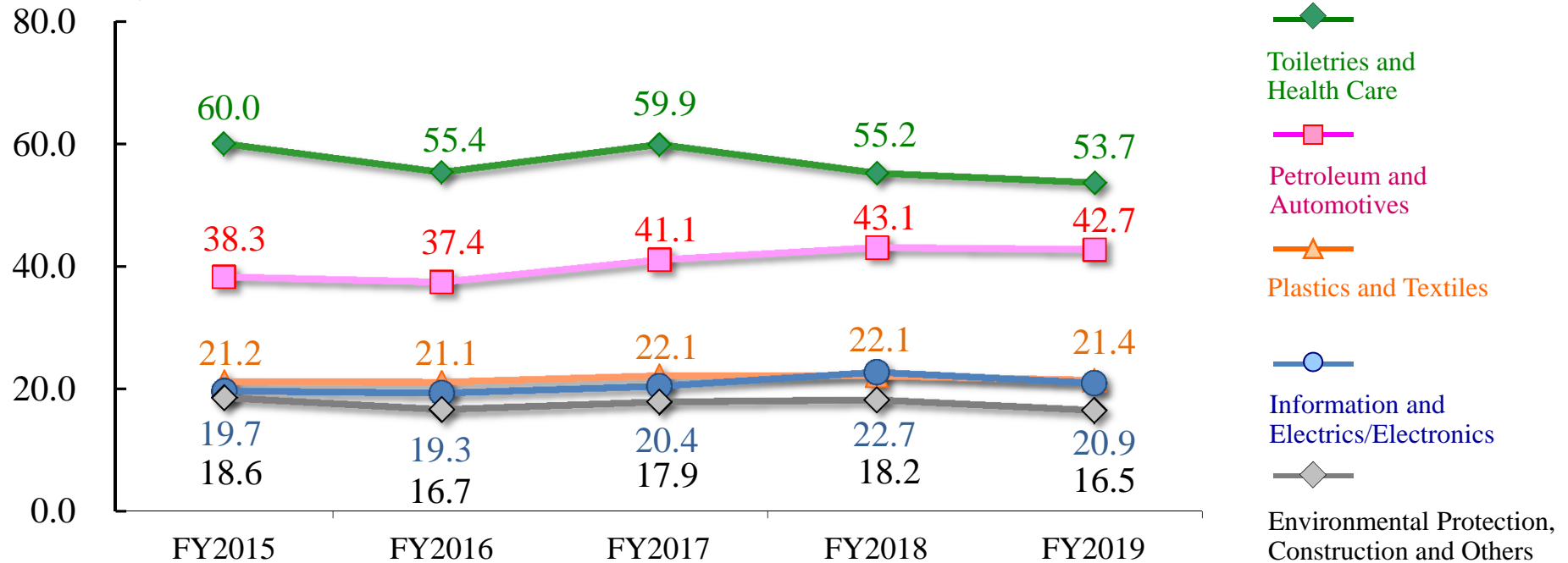
**Sanyo  
Chemical**

(Billions of yen)

Segment	Net sales			Operating profit		
	FY2018	FY2019	Change amount	FY2018	FY2019	Change amount
Toiletries and Health Care	55.29	53.72	(1.56)	1.17	1.59	0.41
Toiletries	14.54	13.35	(1.18)			
Health Care	40.75	40.37	(0.37)			
Petroleum and Automotives	43.10	42.77	(0.33)	3.05	3.74	0.68
Plastics and Textiles	22.16	21.45	(0.71)	3.38	3.00	(0.38)
Plastics	15.38	15.49	0.10			
Textiles	6.78	5.96	(0.82)			
Information and Electrics/Electronics	22.76	20.98	(1.77)	4.00	2.93	(1.06)
Information	15.25	13.94	(1.31)			
Electrics/Electronics	7.50	7.04	(0.46)			
Environmental Protection, Construction and Others	18.26	16.56	(1.69)	1.29	1.16	(0.12)
Total	161.59	155.50	(6.09)	12.91	12.43	(0.48)

# Trends in Consolidated Net Sales by Segment

(Billions of yen)

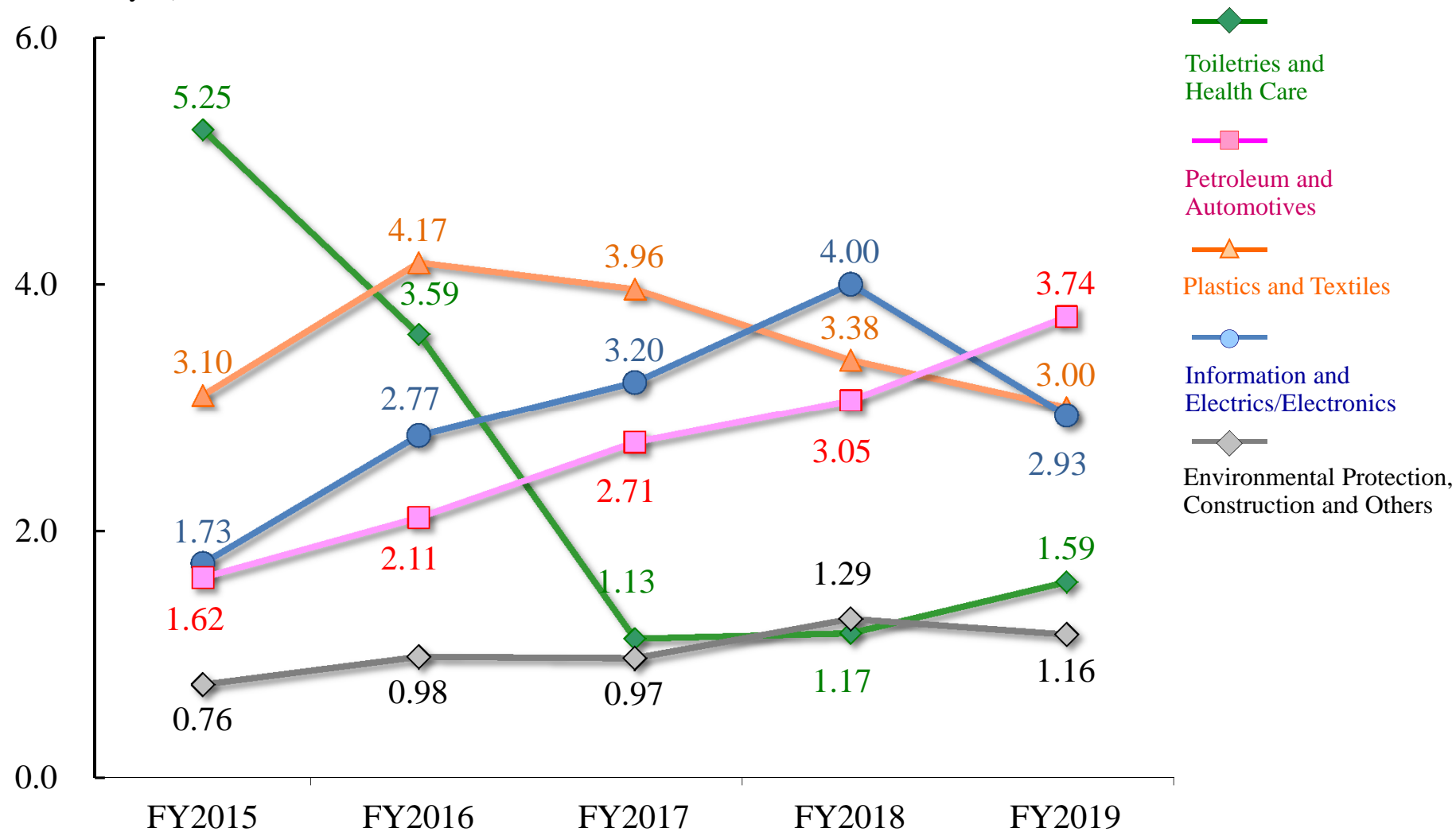


## Main factors for changes in FY2019 earnings (compared with the previous fiscal year)

- Toiletries and Health Care:** Sales of polyethyleneglycol were weak both in Japan and overseas. Although SDP Malaysia began real operations, sales of superabsorbent polymers were flat due to a decline in product prices with the drop in raw materials prices
- Petroleum and Automotives:** Sales of lubricant additives were flat. While sales of high function products of thermoplastic polyurethane beads increased due to an increase in vehicle models adopting them, sales of raw materials for polyurethane foams decreased
- Plastics and Textiles:** Exports of oil agents for textile manufacturing to China decreased due to the impact of the export tariff issue between the US and China
- Information and Electrics/Electronics:** Sales of polyester beads decreased due to users' inventory adjustments. Sales of electrolytes for aluminum electrolytic capacitors were weak, despite brisk sales of adhesives for electronic parts
- Environmental Protection, Construction and Others:** Sales were weak for raw materials for building sealants and PPG for furniture and heat insulating materials

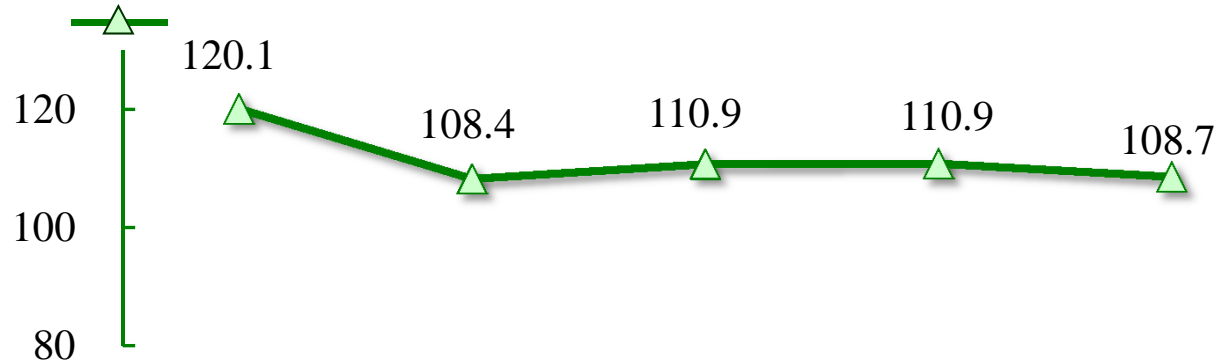
# Trends in Consolidated Operating Profit by Segment

(Billions of yen)



# Trends in Overseas Net Sales

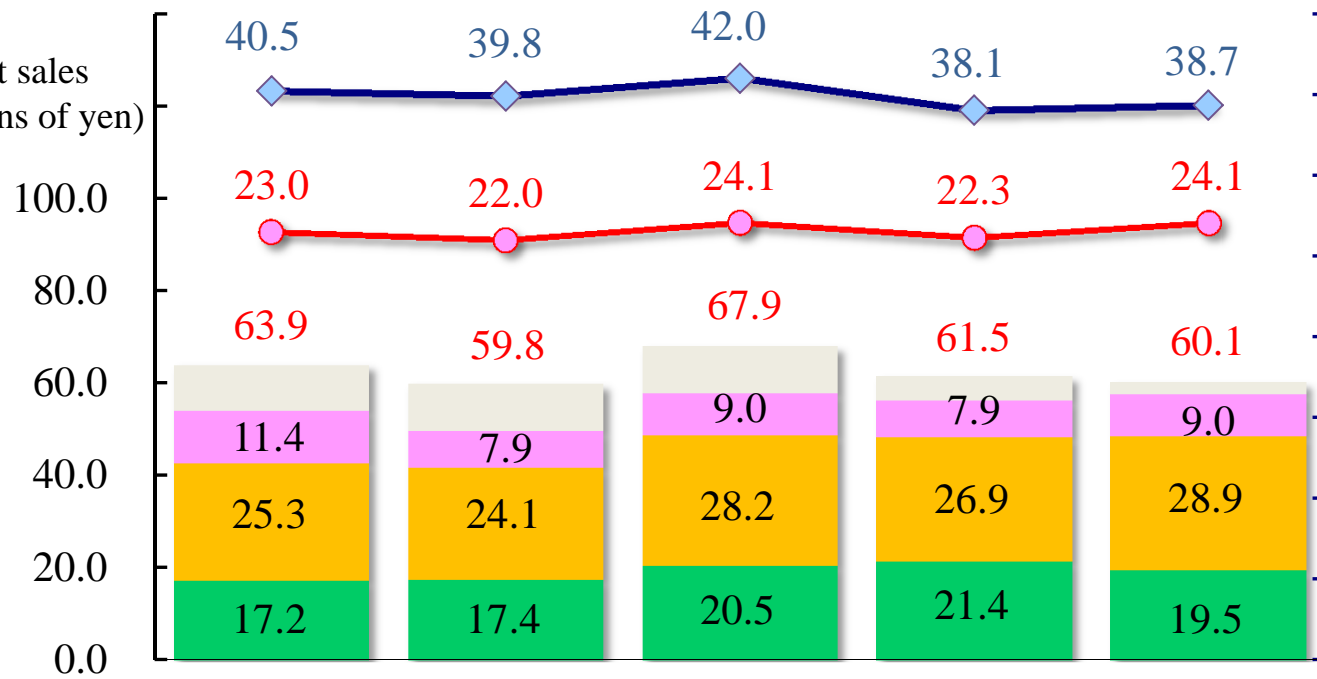
Exchange rate for each period (Yen/U.S. dollar)



Overseas net sales ratio (%)

Overseas production volume ratio (%)

Net sales (Billions of yen)



50.0

40.0

30.0

20.0

10.0

0.0

Total

Other

Americas

China

Asia (except China)

FY2015

FY2016

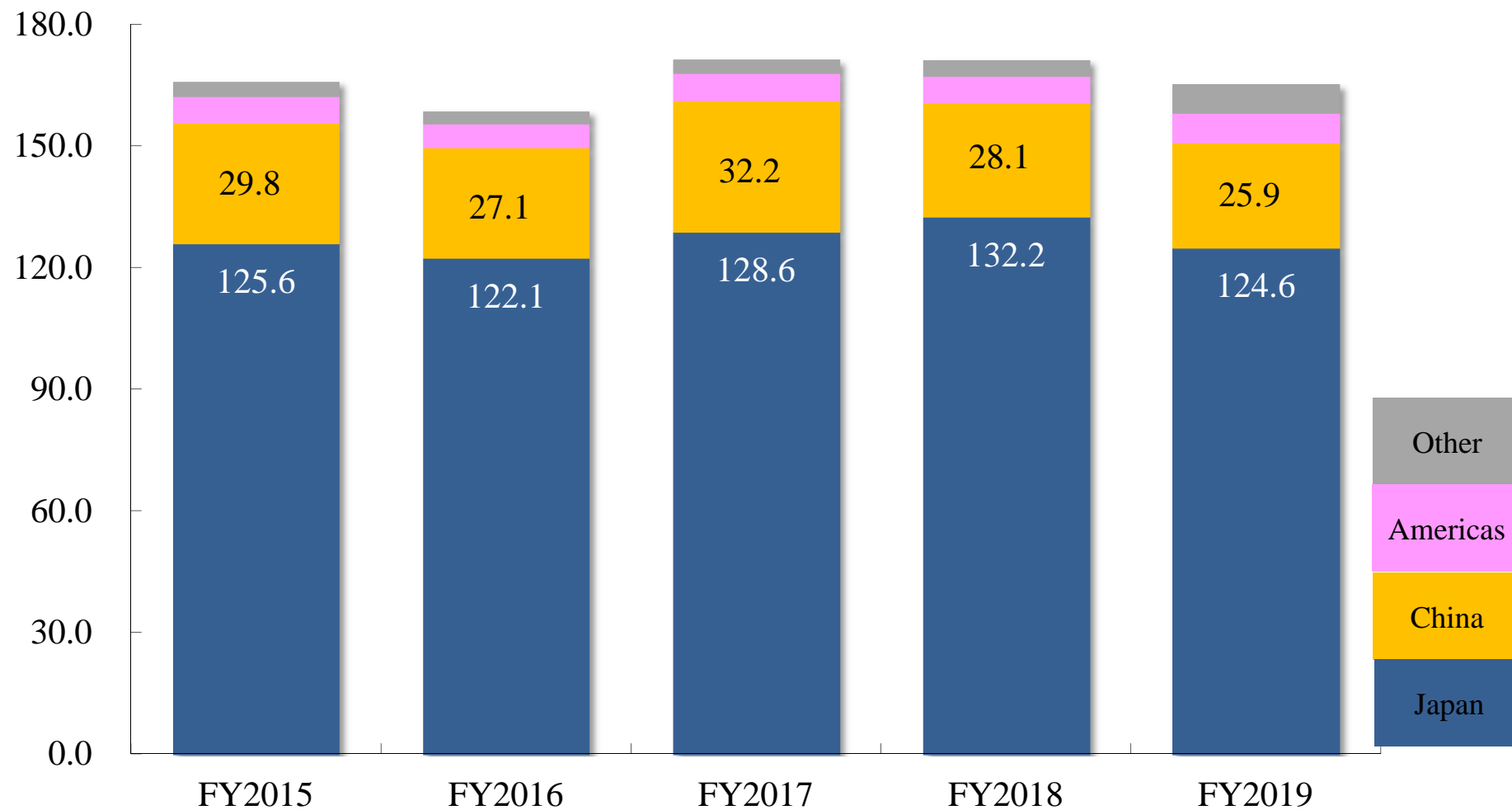
FY2017

FY2018

FY2019

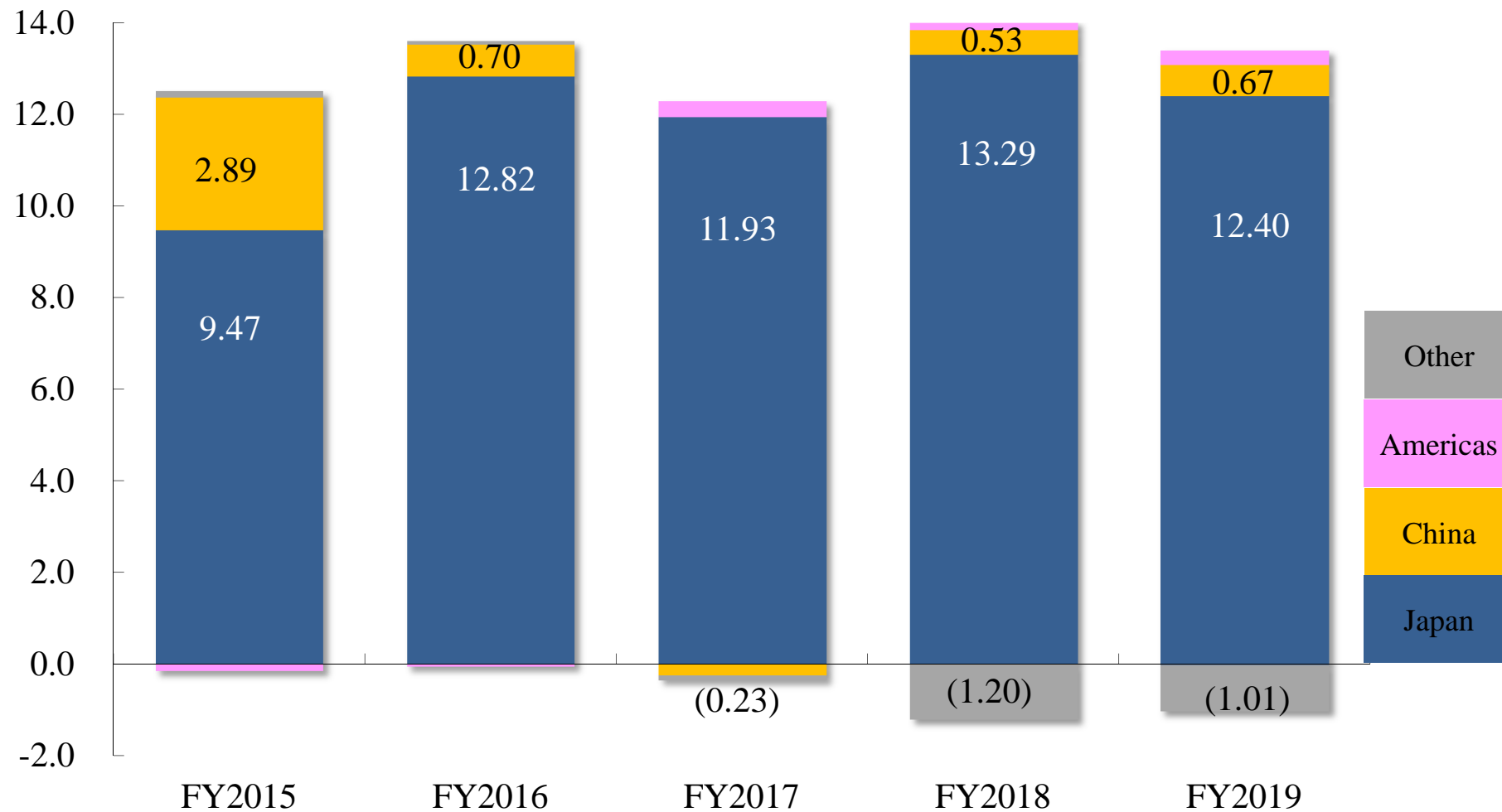
## Trends in Consolidated Net Sales by Geographic Segments (Simple Addition)

(Billions of yen)



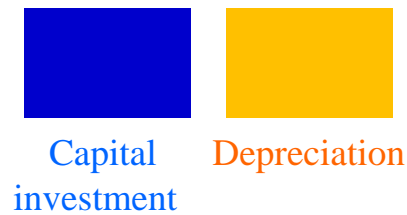
## Trends in Consolidated Operating Profit by Geographic Segment (Simple Addition)

(Billions of yen)

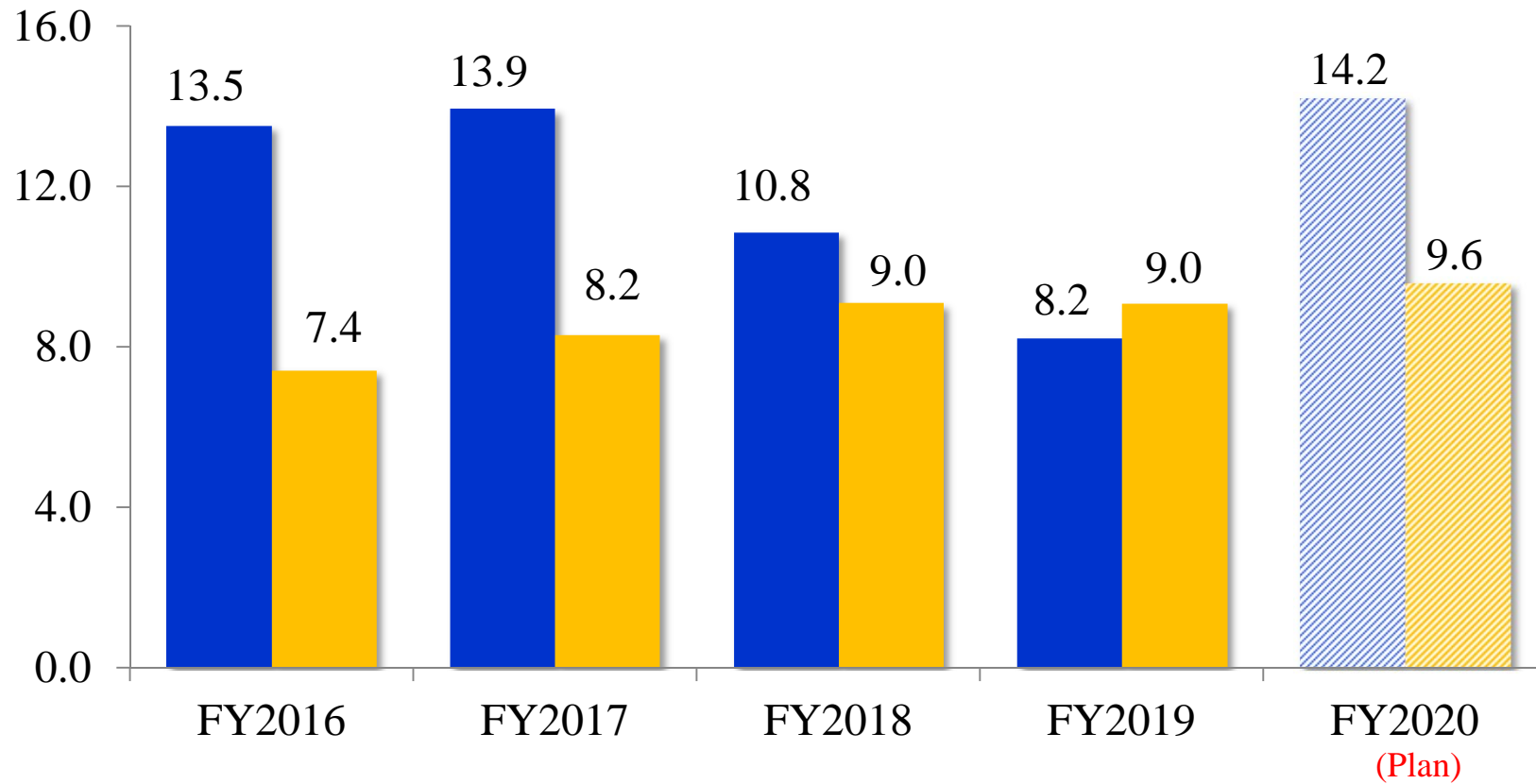




# Capital Investment and Depreciation (Consolidated)



(Billions of yen)



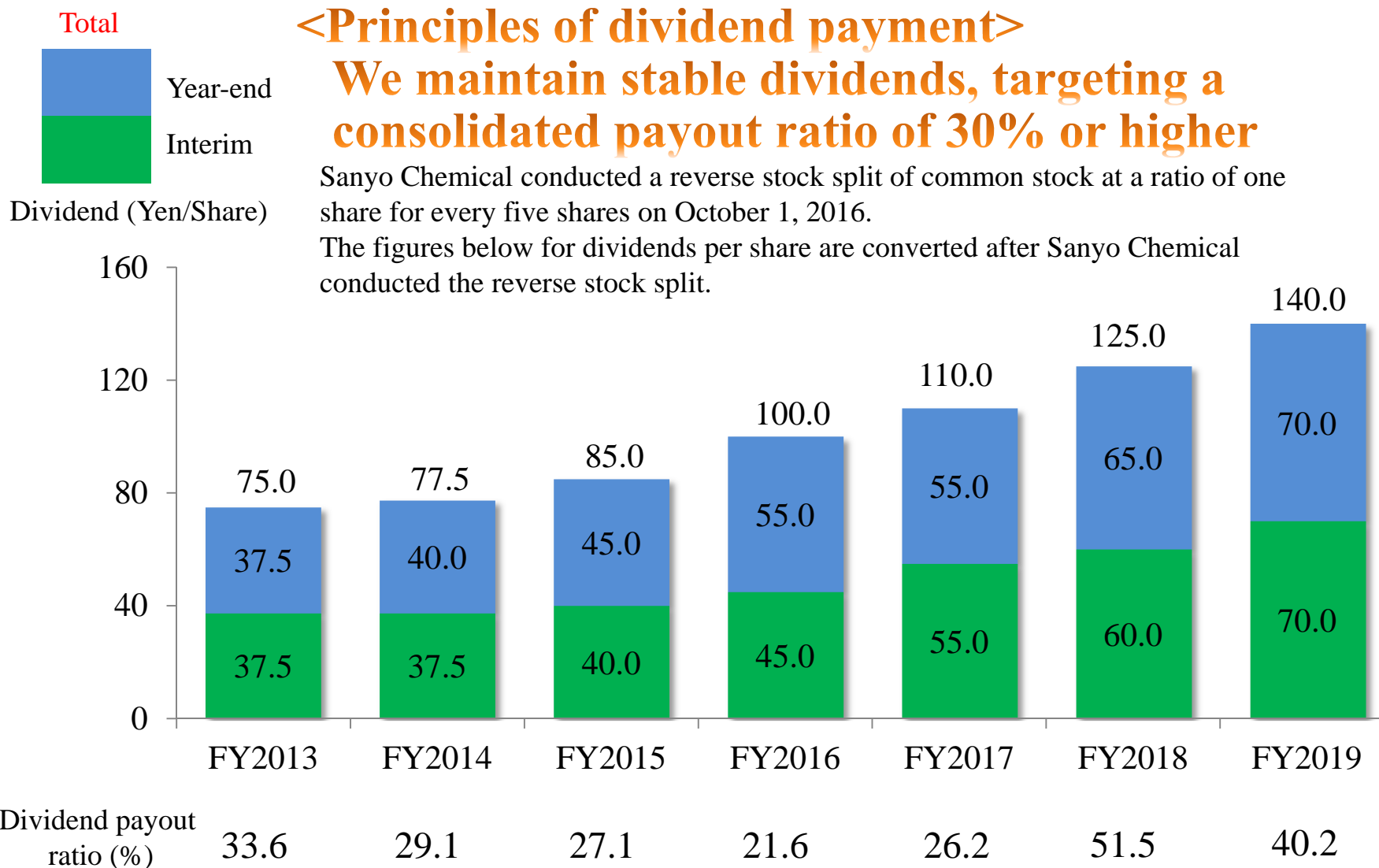
# Trends in Dividend per Share and Dividend Payout Ratio (Consolidated)

## <Principles of dividend payment>

**We maintain stable dividends, targeting a consolidated payout ratio of 30% or higher**

Sanyo Chemical conducted a reverse stock split of common stock at a ratio of one share for every five shares on October 1, 2016.

The figures below for dividends per share are converted after Sanyo Chemical conducted the reverse stock split.



Our forecasts for the interim and year-end dividends for the fiscal year ending March 31, 2021 are undecided at present and will be promptly released at the point where earnings forecasts can be disclosed.

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

**Topics**

# Business Integration with Nippon Shokubai Co., Ltd.



**May 29, 2019**  
**Execution of a Basic Agreement**

**For the New Company**  
**Established five integration principles**

**November 29, 2019**  
**Execution of a Final Agreement**

**New company name: Synfomix**

**Integration Preparatory Committee**  
**Breakout sessions, divisional meetings,**  
**working groups**

**Our goal is to establish**  
**Synfomix on October 1, 2020**



**1** Nippon Shokubai's fiscal year 2019 performance outlook has been downwardly revised (February 4, 2020)

**▶ A need has emerged to reevaluate the validity of the business integration conditions**

**2** Global outbreak of COVID-19

**▶ Financial, economic, market and other elements of the business environment have become rapidly unpredictable**

Several unpredicted events have occurred

**April 13, 2020**

**We have decided to implement reviews due to changing conditions**

**Postpone the Business Integration  
(effective date of the share transfer)  
for half a year until April 1, 2021**

**Reassess the share transfer ratio**

**The goal of our business integration is unchanged**

**Based on the “spirit of equality,” by creating synergistic effects in various points in the businesses of both companies, we will create pride and job satisfaction among the employees**



Sanyo Chemical and Nippon Shokubai are **optimal partners** for their further, mutual development, and realizing this business integration is the optimal choice for our future

# All polymer battery

The world's first new technology that has transitioned to resin as a core component material of lithium-ion batteries

Realizing the idea of APB Corporation's President Horie using Sanyo Chemical's surface control technology



## Features

- Compact and high volume
- Highly reliable during abnormal situations
- Reduces unnecessary parts



Cells for stationary systems  
(smartphone placed in front for scale)



## To spread and industrialize world's first technologies

Coordination with operating companies in various fields is required

The APB implemented around ¥8.0 billion in additional funding



JFEケミカル株式会社

**JXTG**ホールディングス



大林組



**TEIJIN**



**NAGASE**

YOKOGAWA



# The world's first all-resin battery technology Moving soon to the mass-production phase

We established a process and built a mass-production factory in Fukui prefecture



The validity of the rough design was confirmed on a pilot scale



APB Fukui Plant  
(tentative name)

Land:	23,733 m <sup>2</sup>
Building:	steel-frame structure, two floors
Floor space:	8,627.96 m <sup>2</sup> (2,609.95 <i>tsubo</i> )

**Technological license completed from Sanyo Chemical to APB**  
**To realize prompt mass production, we are using an all-Japan system to bring all-resin batteries to the world**

## Expanding the applied parts for surgical hemostatic agents

In 2011 Acquired manufacturing and sales authorization approval for highly controlled implant-type medical devices (Class IV) with stringent efficacy and safety screenings

**As this was a new medical device with no equivalent products, it was limited to use in cardiovascular surgeries where hemorrhaging is the most difficult to stop (supplemental anti-hemorrhaging material for the anastomotic region between the thoracic aorta or branching artery arch and artificial blood vessels)**



January 2019 Efficacy and safety confirmed in a post-manufacturing and sales study (post-marketing study)

July 2019 Acquisition of CE Marking

March 2020

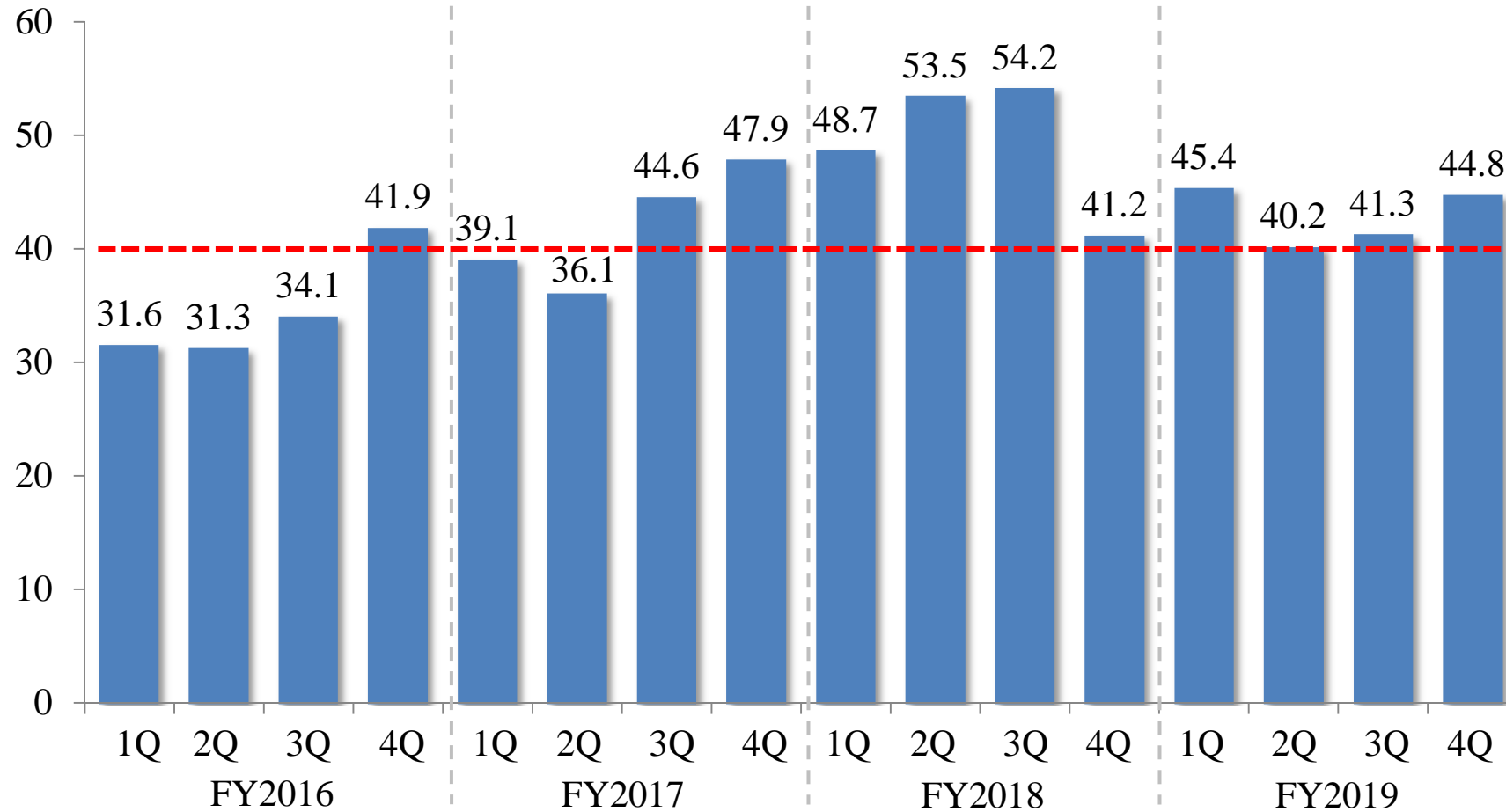
**Expansion of applied parts approved by the Ministry of Health, Labour and Welfare**

**Scope of use expanded to anastomotic regions for all blood vessels excluding cerebral blood vessels**

***Sanyo***  
***Chemical*** Reference

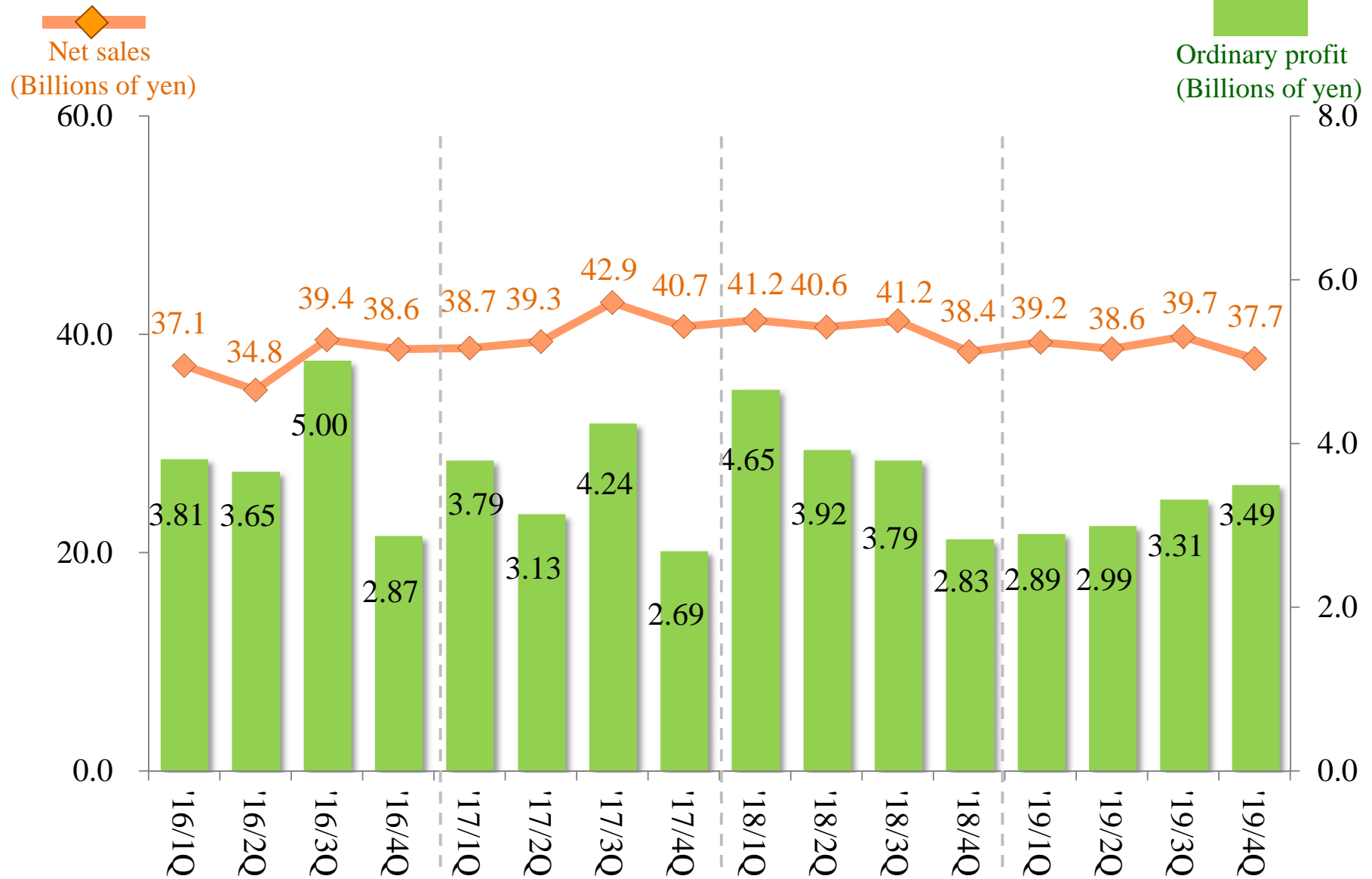
# Trends in Price of Naphtha Produced in Japan

Price of Naphtha  
(Thousands of yen/kl)

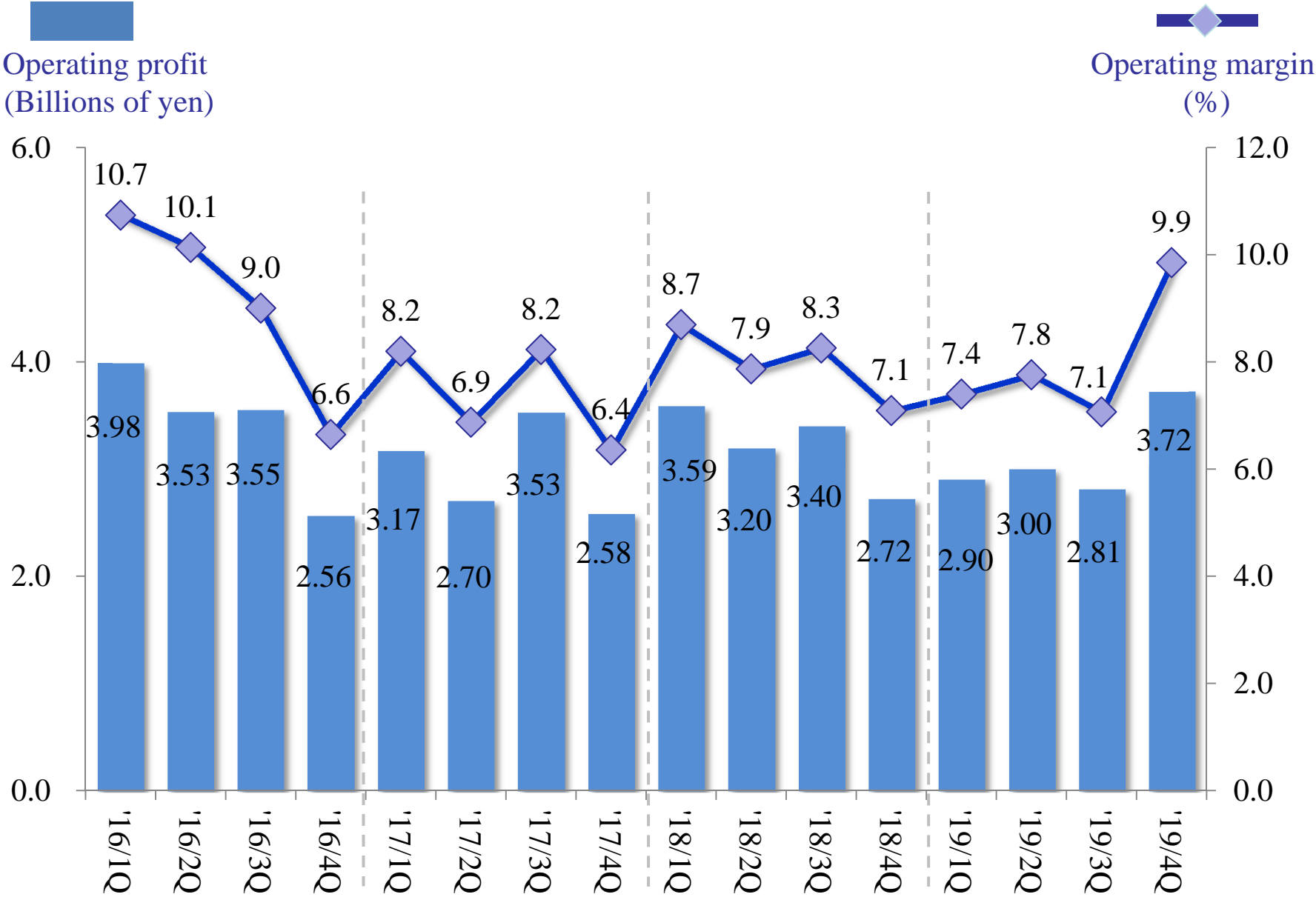


(Researched by Sanyo Chemical)

# Trends in Consolidated Earnings (Quarter Period)

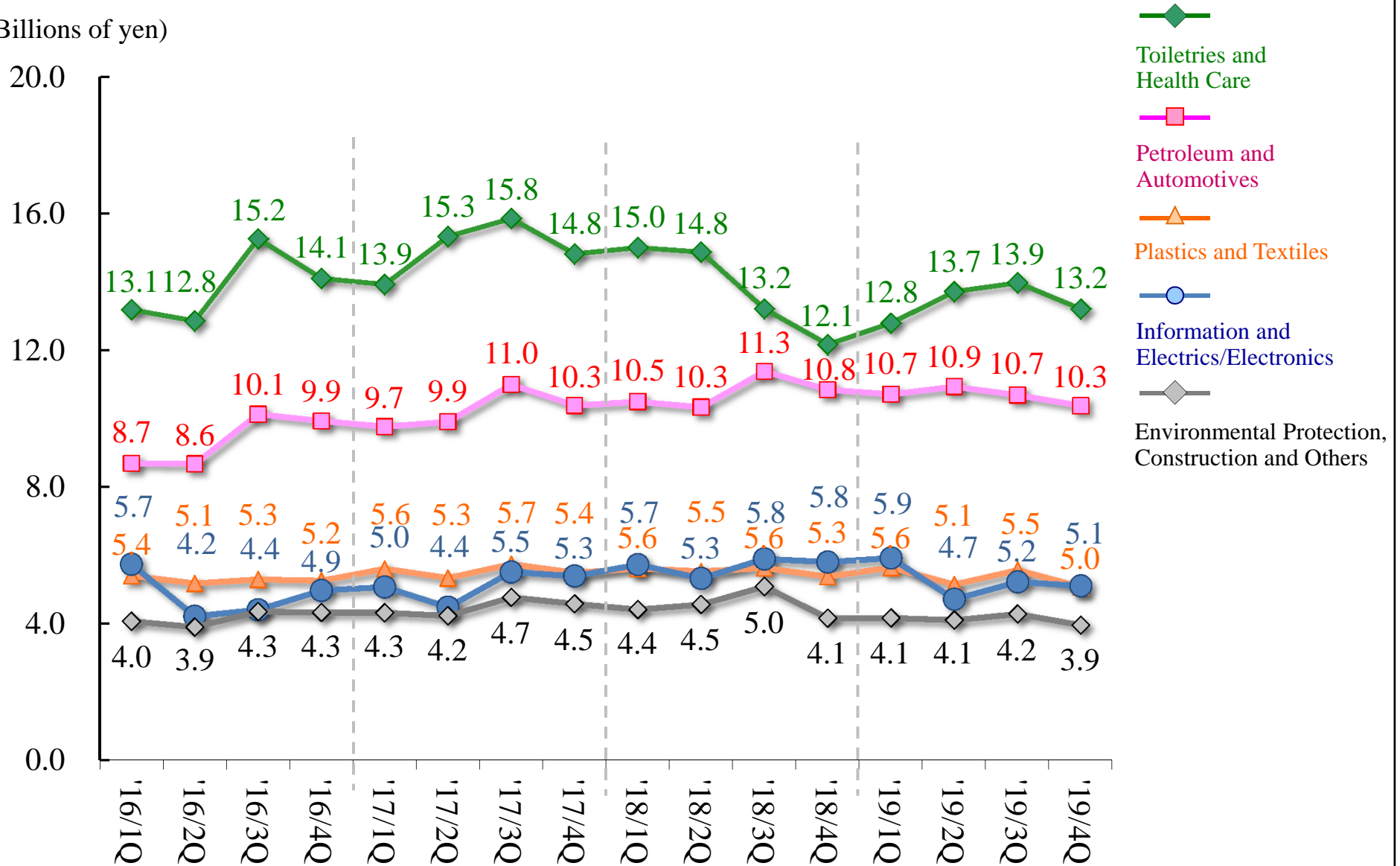


# Trends in Consolidated Operating Profit and Operating Margin (Quarter Period)



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

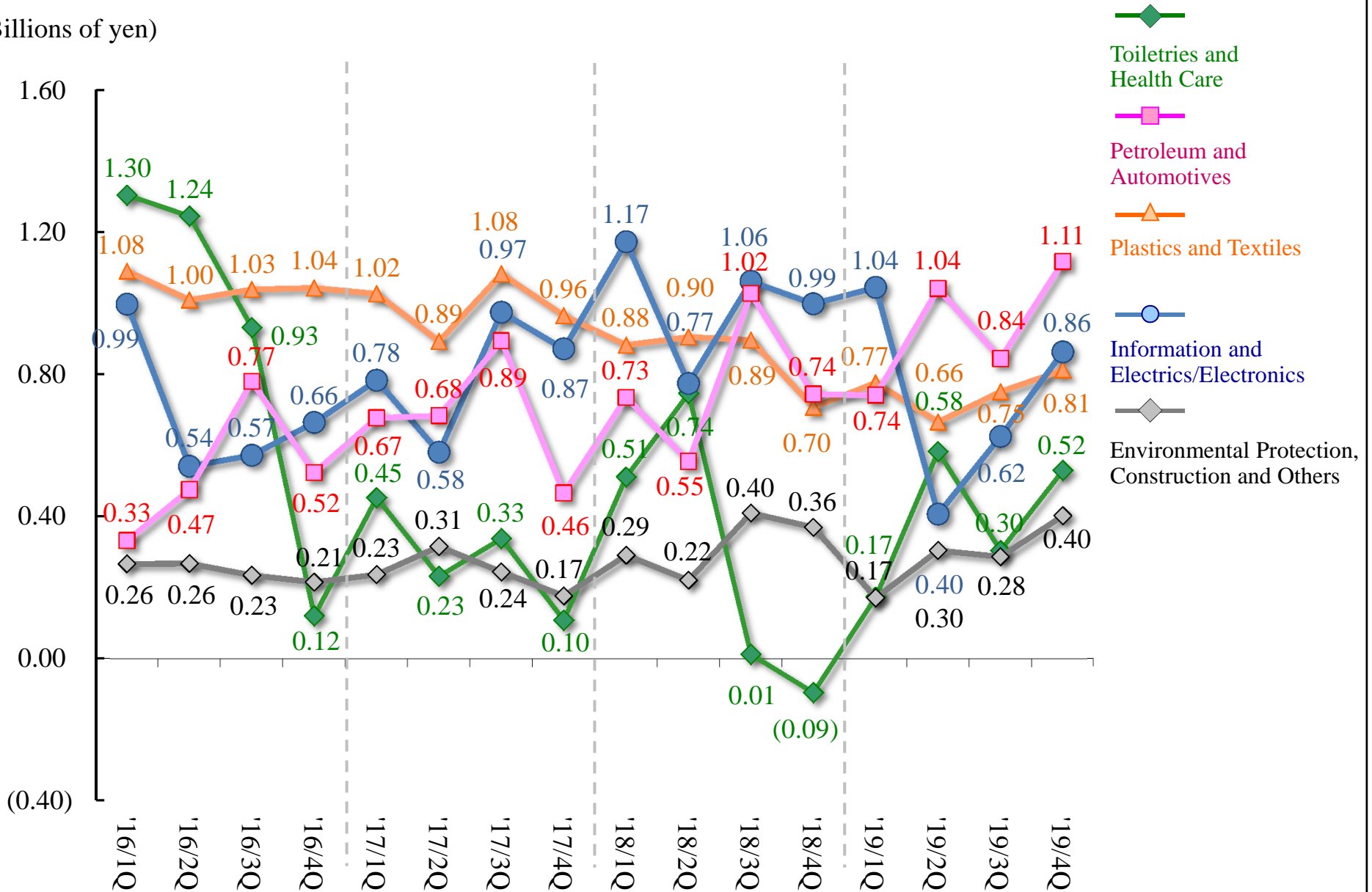
(Billions of yen)





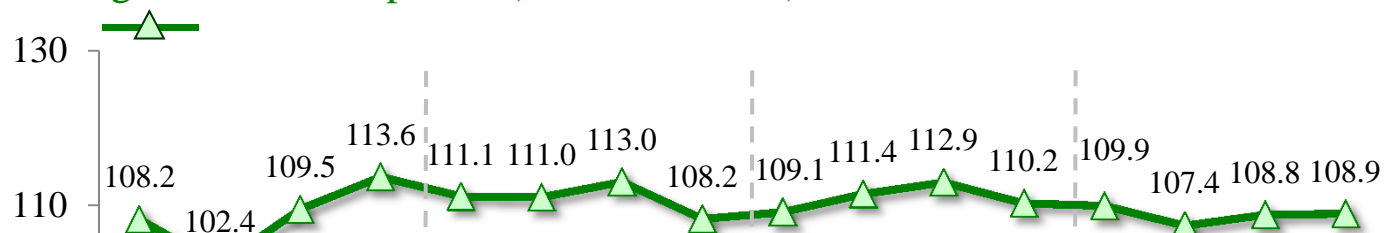
# Trends in Consolidated Operating Profit by Segment (Quarter Period)

(Billions of yen)



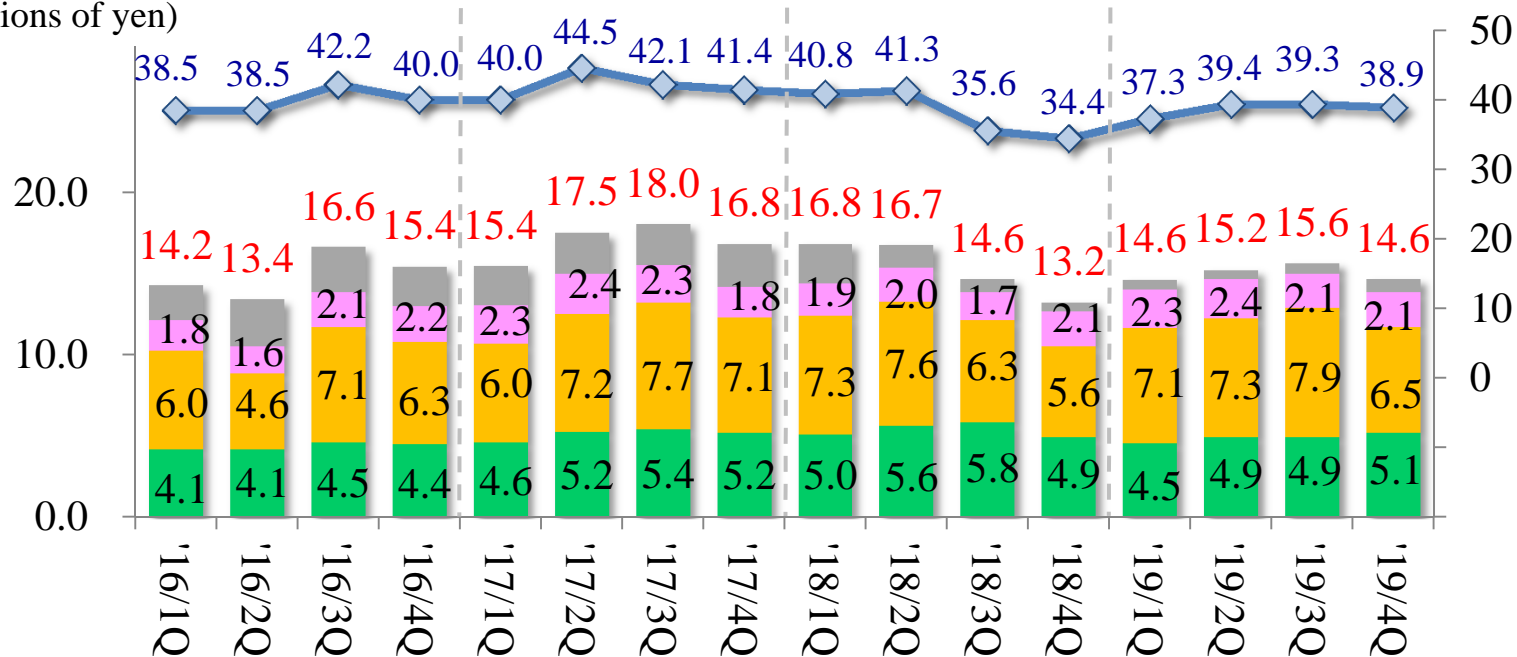
# Trends in Overseas Net Sales

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



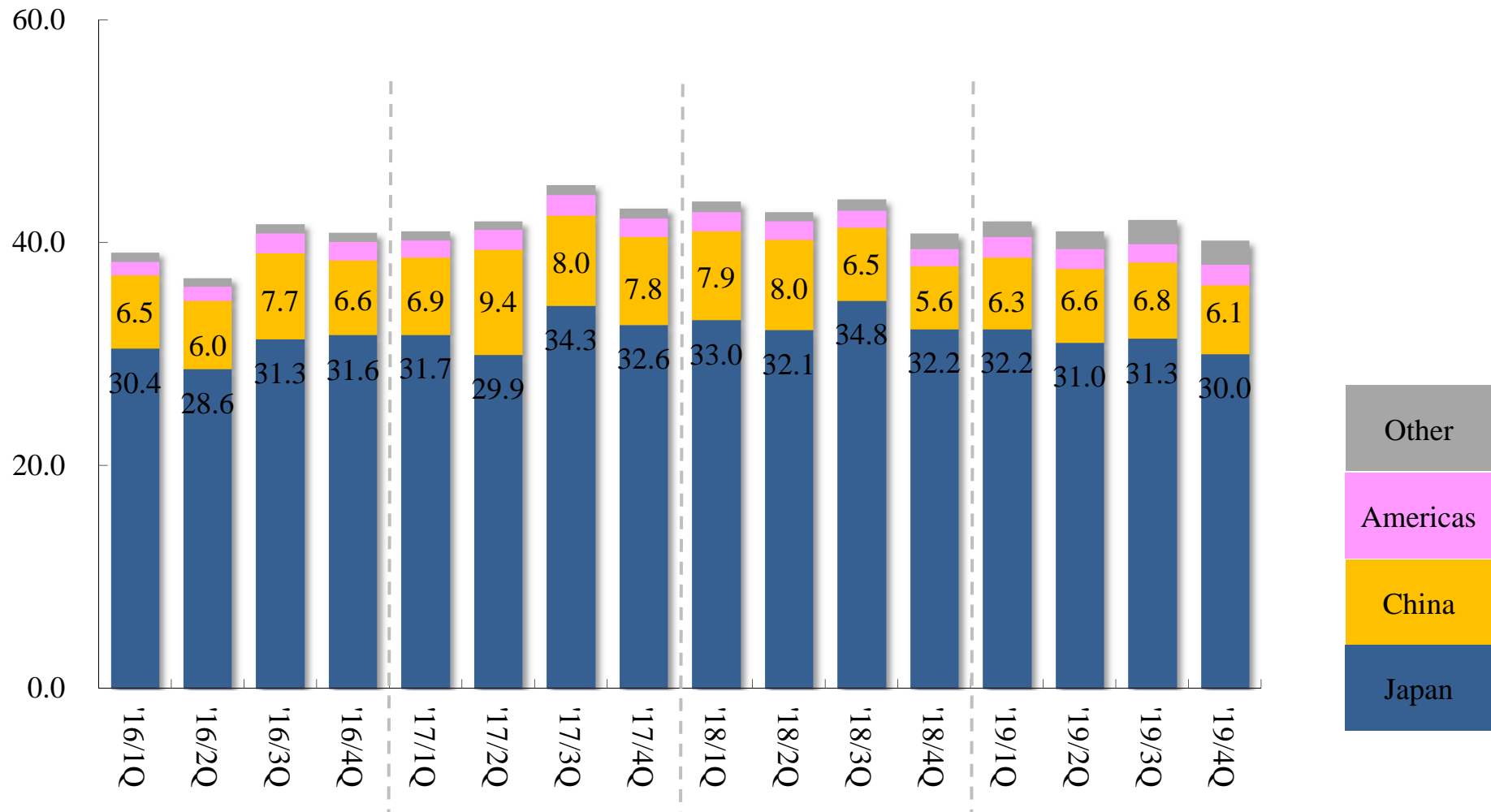
Net sales  
(Billions of yen)

Overseas net sales ratio (%)



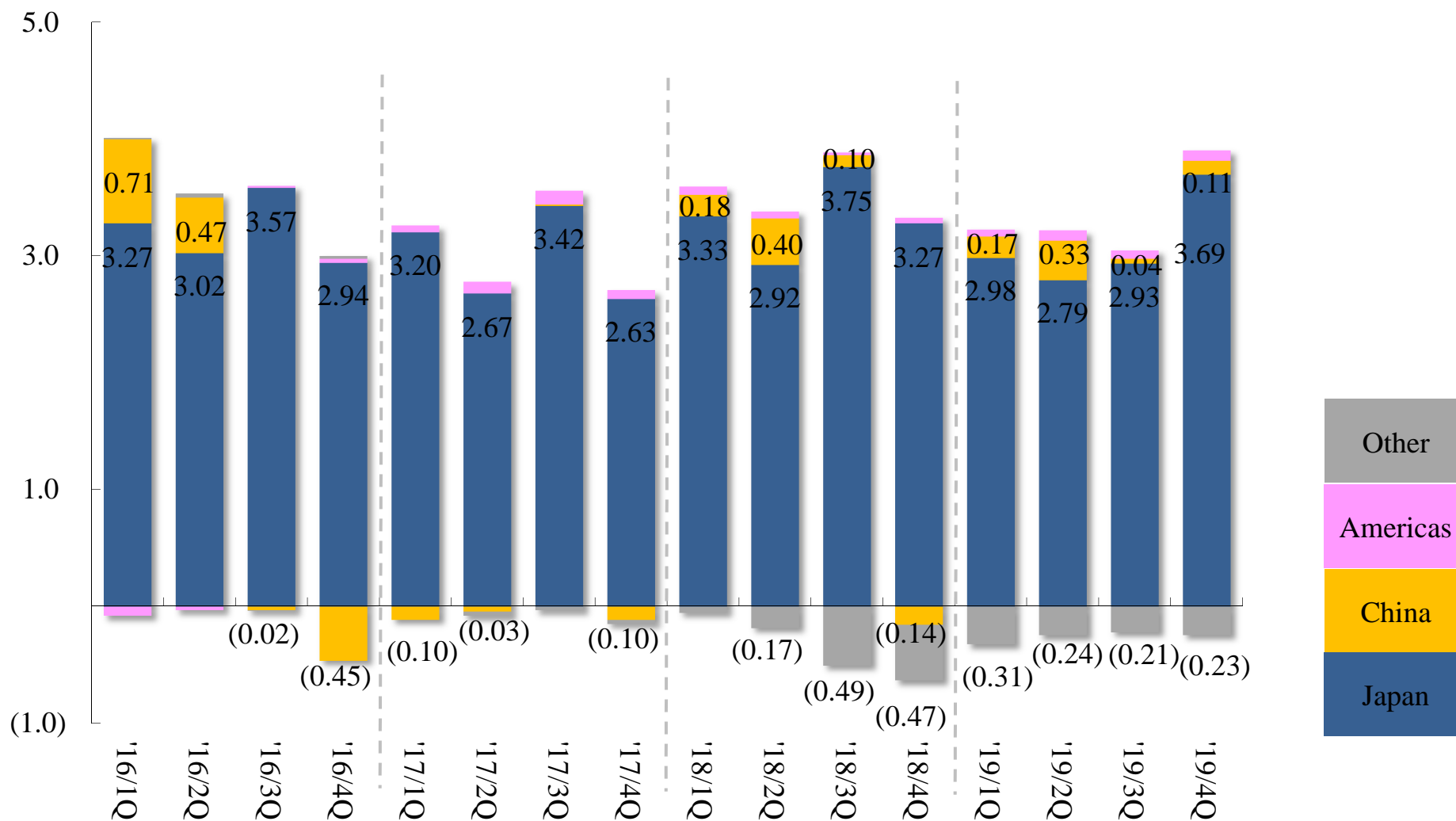
# Trends in Consolidated Net Sales by Geographic Segments (Simple Addition)

(Billions of yen)



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

(Billions of yen)



## 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% 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

\*On April 1, 2020, Sanyo Transport Co., Ltd. and Nagoya Sanyo Warehouse Co., Ltd. merged, and the trade name was changed to Sanyo Chemical Logistics Co., Ltd.

## 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 lubricant additives, polyurethane beads, etc.
Sanyo Chemical & Resins, LLC	USA	SCR	SANAM Corporation 100%	Manufacture of lubricant 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

\*On April 1, 2020, Sanyo Transport Co., Ltd. and Nagoya Sanyo Warehouse Co., Ltd. merged, and the trade name was changed to Sanyo Chemical Logistics Co., Ltd.