



NAGASE

FYE March 2012
Financial Briefing

**A Technology and Intelligence Oriented Company
that Turns Wisdom into Business**

Nagase & Co., Ltd.
May 25, 2012



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FYE March 2012 Results

Despite signs of recovery from the March 11 earthquake and tsunami, income and profit decreased for reasons that include historical highs in the yen valuation, declining demand in the U.S. and Europe, the flooding in Thailand and stagnating business for LCD manufacturers in Japan.
(Gross profit ratio increased by 0.2%.)

(Billions of yen)

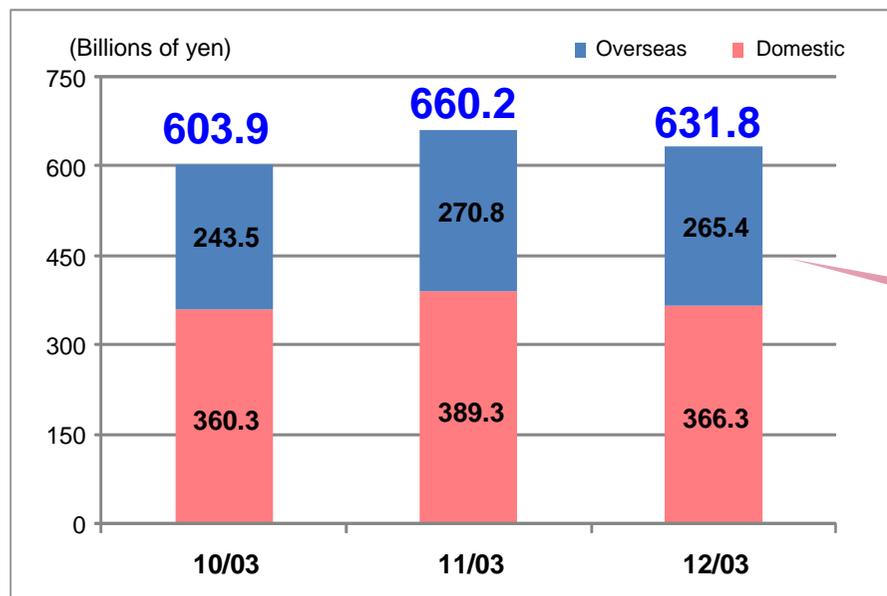
	11/03	12/03	Change	vs. PY	Forecast (As of Oct.)
Net sales	660.2	631.8	-28.3	96%	630.0
Gross profit (GP ratio)	73.0 (11.1%)	71.6 (11.3%)	-1.3	98%	71.9 (11.4%)
SG&A expenses	-54.2	-58.2	3.9	107%	-56.4
Operating profit	18.7	13.4	-5.3	72%	15.5
Ordinary income	20.6	15.6	-4.9	76%	17.0
Net income	12.8	8.5	-4.2	67%	10.0
Net income per share	¥99.76	¥66.69			
Exchange rate	@87.31	@79.62			

New consolidated companies: FUKUI YAMADA KAGAKU KOGYO Co., Ltd., Sofix Corp., Nagase Filter Co., Ltd., CAPTEX Co., Ltd., Hayashibara Co., Ltd. (1 month), Engineered Materials Systems Inc. (3 months)

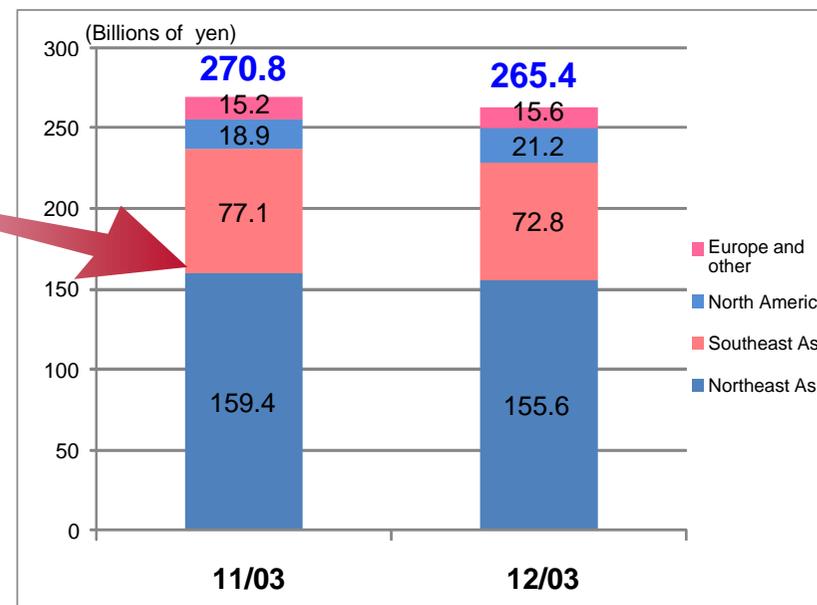
New affiliates accounted for using the equity method: ON Co-Labo Corporation, Nagase Colors & Chemicals Co., Ltd., (As of the fourth quarter this company accounted for using the equity method.)

Net sales ¥631.8 bil (Domestic ¥366.3 bil; Overseas ¥265.4 bil) ¥28.3 bil decrease from the previous fiscal year

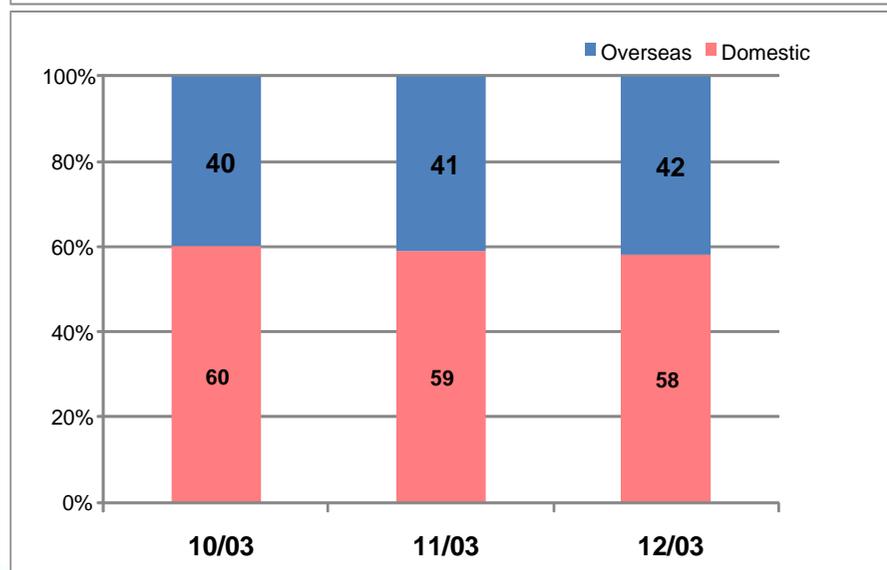
(Domestic: -¥23.0bil; Overseas -¥5.3 bil)



Overseas Sales by Region (vs. PY)



- Overseas Net Sales Ratio Increase (41%→42%) -
 Since domestic sales decrease was larger, overseas sales ratio increased.

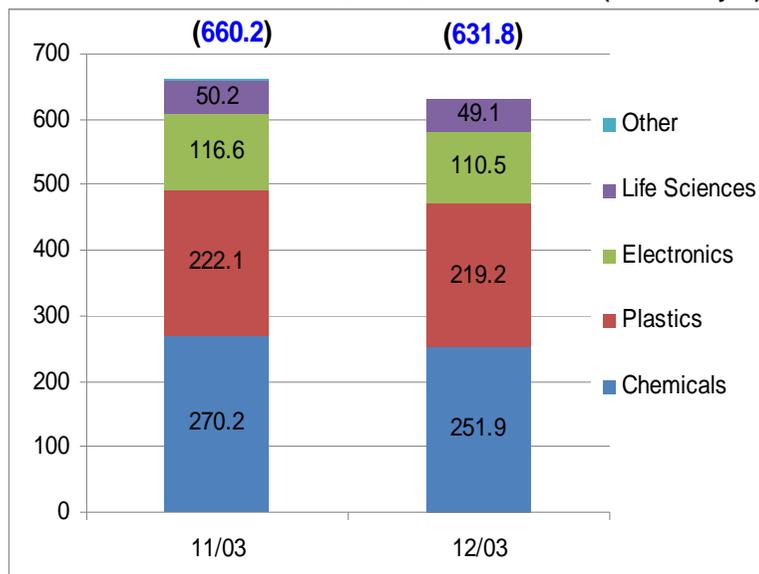


USD-JPY Avg. Exchange Rate over Three Fiscal Years

FY2009 Avg.	FY2010 Avg.	FY2011 Avg.
93.71	87.31	79.62
-9.1(rise)	-6.4(rise)	-7.7(rise)

Net Sales by Segment

(Billions of yen)



Net Sales by Segment (vs. PY)

Chemicals ¥251.9 bil (-¥18.3 bil, -7%)

- In Japan, sales of display-related functional dyes, precision abrasive materials for HDD and semiconductor industries, etc. decreased
- Overseas sales decreased due to sluggish sales of game machine related items in Northeast Asia
- Sales increased in Southeast Asia and North America mainly due to favorable sales of automotive-related paint

Plastics ¥219.2 bil (-¥2.8 bil, -1%)

- In Japan, exports of injection molding equipment to China decreased.
- In the second half, sales slightly improved due to recovery in automotive-related business.
- Overseas sales increased in Northeast Asia, Southeast Asia and North America due to favorable business conditions in the automotive industry.
- Demand for household appliances in Europe declined due to the economic downturn in Europe, and the OA related high pricing strategy was ailing

Electronics ¥110.5 bil (-¥6.1 bil, -5%)

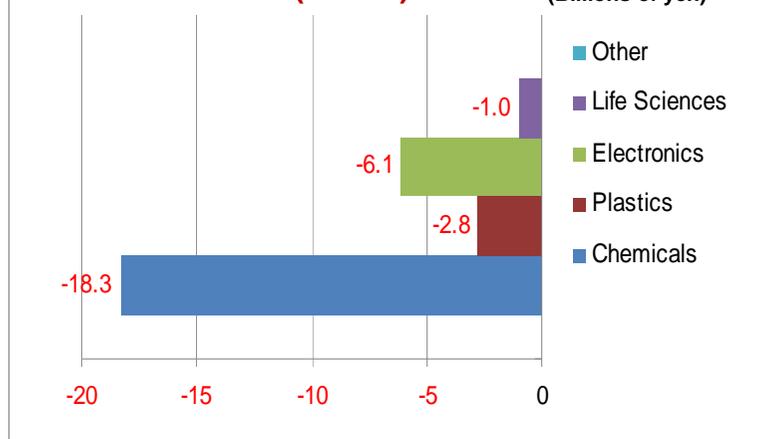
- Sales were favorable for formulated epoxy resin for heavy electrics and mobile phones
- Sales of TV LCD panels and chemicals for semiconductor production decreased
- Sales were favorable for optical films, touch panels, smartphones and materials for LCD panels
- Our pull-out from the domestic TV LCD panel components processing business resulted in an overall sales decline

Life Sciences ¥49.1 bil (-¥1.0 bil, -2%)

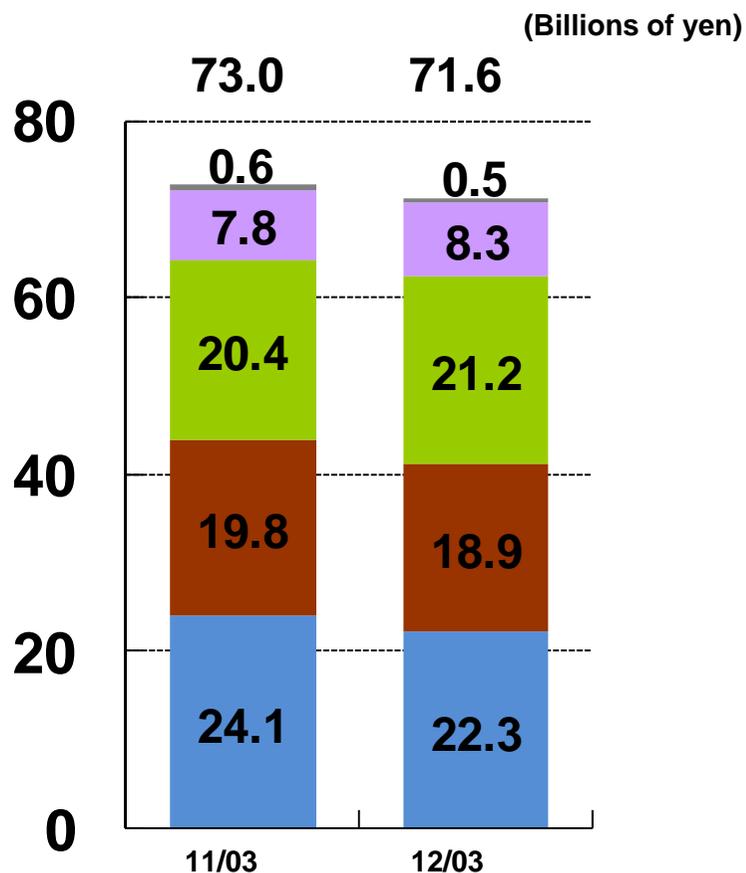
- Sales of injection medicines, etc. in the pharmaceutical area increased
 - Sales of pharmaceutical raw materials and intermediates and daily commodities decreased as did sales of agricultural-related products
 - Sales of cosmetics steadily increased (new business from this period)
 - Overall sales decreased due to sales decline in health foods and make-up products
- *Consolidated PL for Mar. alone for Hayashibara (Net sales: ¥2.07 bil)

Change in Net Sales by Segment (vs. PY)

(Billions of yen)



Gross Profit: ¥71.6 bil -¥1.3 bil -1.9%



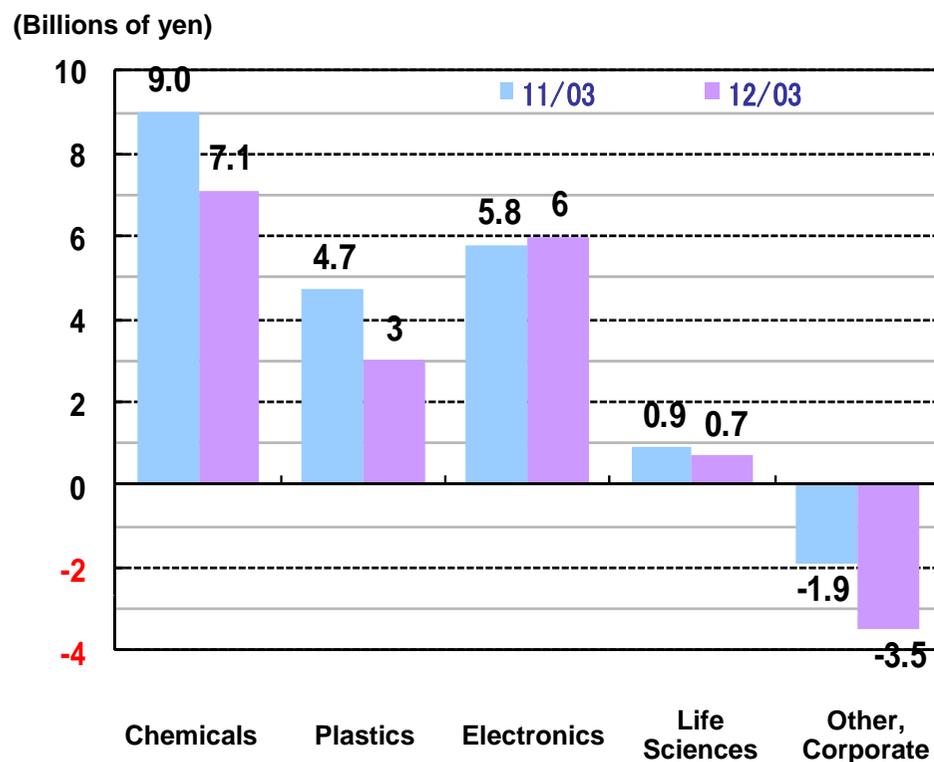
Gross Profit by Segment (vs. PY)

Chemicals	¥22.3 bil	-¥1.7 bil	-7.4%
Plastics	¥18.9 bil	-¥0.8 bil	-4.4%
Electronics	¥21.2 bil	+0.7 bil	+3.9%
Life Sciences	¥8.3 bil	+0.5 bil	+6.8%

■ Chemicals
 ■ Plastics
 ■ Electronics
■ Life Sciences
 ■ Other

Operating Profit: ¥13.4 bil -¥5.3 bil -28.3%

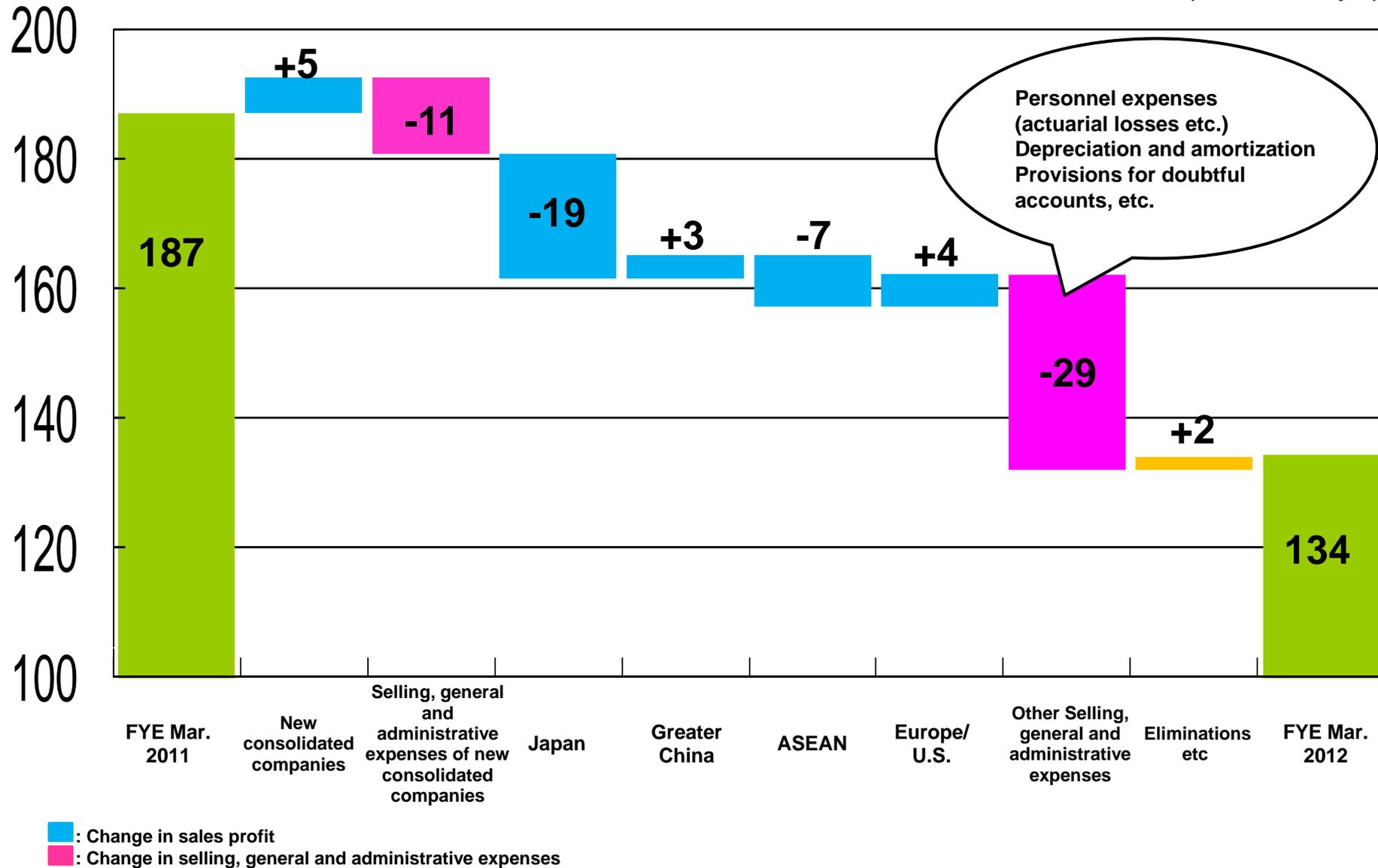
<Operating Profit by Segment>



Operating Profit by Segment (vs. PY)

Chemicals	¥7.1 bil	-¥1.9 bil	-21.3%
Plastics	¥3.0 bil	-¥1.6 bil	-35.5%
Electronics	¥6.0 bil	+¥0.1 bil	+3.3%
Life Sciences	¥0.7 bil	-¥0.2 bil	-25.7%

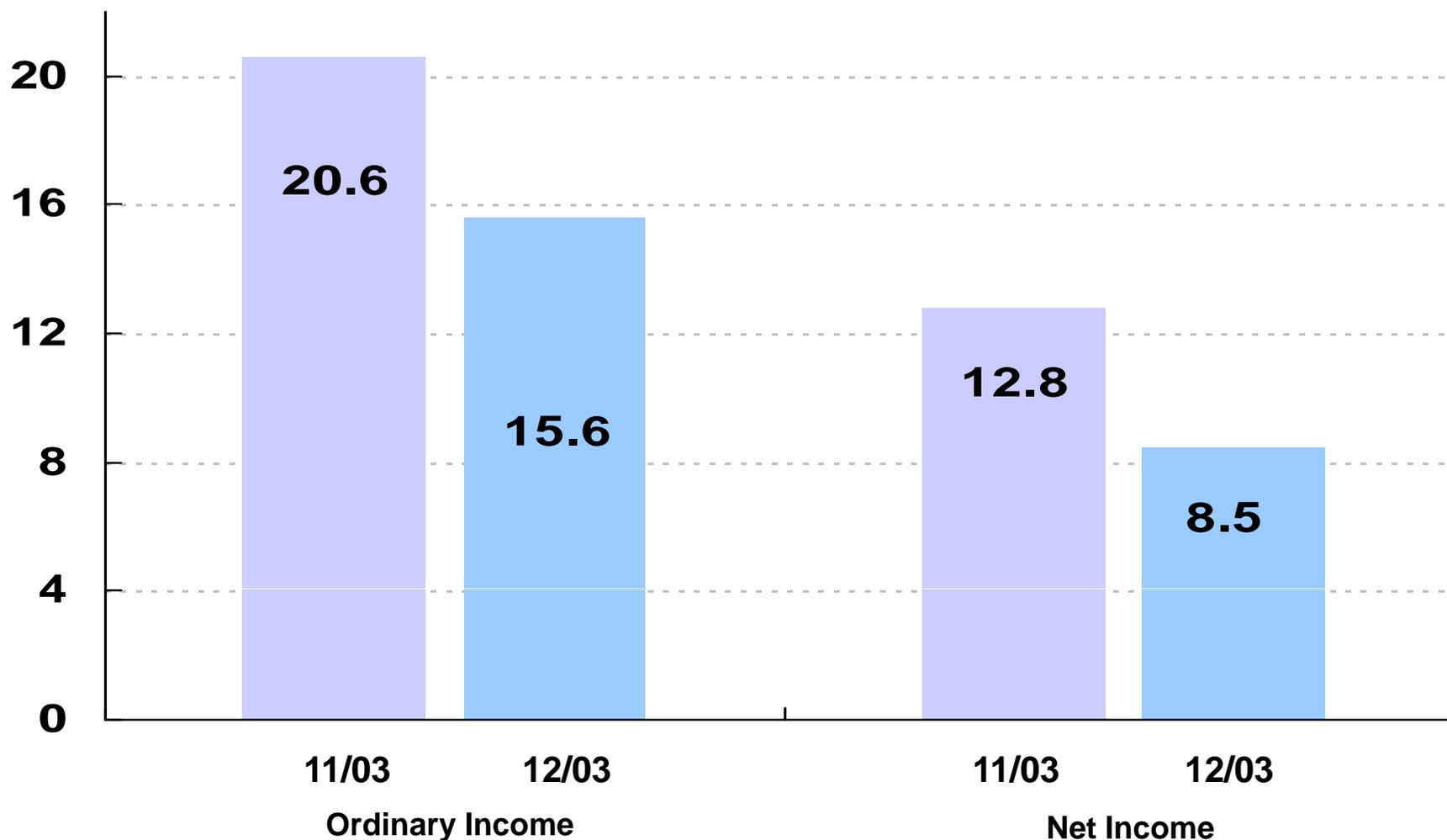
(100 millions of yen)



Ordinary Income: ¥15.6 bil -¥4.9 bil -24.3%

Net Income: ¥8.5 bil -¥4.2 bil -33.6%

(Billions of yen)



- ◆ For reasons including the acquisition of Hayashibara non-current assets/intangible fixed assets and debt , etc. increased and total assets increased by ¥75.5 bil
- ◆ For reasons including the month-end holiday effect , notes and accounts receivable increased and due to inventory increase, etc., working capital increased by ¥12.6 bil

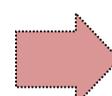
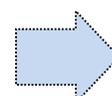
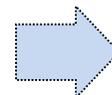
(Billions of yen)

Assets	11/03	12/03	Change	Liabilities and Net Assets	11/03	12/03	Change
Cash and time deposits	47.2	29.1	-18.0	Notes and accounts payable	101.6	109.1	+7.4
Notes and accounts receivable	186.1	197.7	+11.5	Short-term loans	16.1	50.1	+34.0
Inventories	36.7	45.2	+8.5	Other current liabilities	20.6	22.3	+1.6
Other current assets	7.2	10.1	+2.8	Long-term debt	10.5	38.2	+27.6
Property, plant and equipment	39.9	56.7	+16.8	Accrued retirement benefits for employees	7.2	10.0	+2.7
Intangible fixed assets	3.6	57.4	+53.7	Other fixed liabilities	9.6	8.1	-1.4
Investments in securities	50.7	49.0	-1.7	Shareholders' equity	195.9	201.1	+5.2
Other fixed assets	3.7	5.3	+1.6	(Portion less treasury stock, at cost)	(-5.4)	(-5.4)	(-0.0)
				Net unrealized holding gain on securities	13.1	12.7	-0.4
				Translation adjustment	-7.6	-9.1	-1.5
				Stock acquisition rights	0.2	0.1	-0.1
				Minority interests	7.5	7.9	+0.3
				Total net assets	209.3	212.7	+3.4
				(Equity ratio)	(53.7%)	(45.4%)	(-8.3%)
Total assets	375.3	450.8	+75.5	Total liabilities and net assets	375.3	450.8	+75.5

Impact of Consolidation of Hayashibara Co., Ltd. on BS and PL

(Billions of yen)

Investment 70.2 Loans 58.0 Cash on hand 12.2	Working capital 7.9
	Property, plant and equipment, other assets and debts 9.0
	Deferred tax assets 9.0
	Intangible fixed assets 21.8
	Deferred tax liabilities -7.8
	Goodwill 30.3



(Impact in the fiscal year)

Paid off for each primary product	
To selling, general and administrative expenses	-¥1.5 bil
*Straight-line depreciation over 13 -17 years	
To deferred taxes	+¥0.5 bil
To Selling, general and administrative expenses	-¥1.5 bil
*Straight-line depreciation over 20 years	

Impact of consolidation of Hayashibara on PL

	FYE Mar. 2012 (1 month)	FYE Mar. 2013 (12 months)
Sales	¥2.0 bil	¥27.3 bil
Operating profit	-¥0.1 bil	¥3.0 bil
Net income	-¥0.1 bil	¥2.6 bil

- ◆ **Operating cash flows:** Even though the company earned ¥23.7 billion in total income before income taxes and addition of depreciation and amortization, the increase in working capital and income tax payments, etc. led to ¥5.6 billion in net cash provided by operating activities.
- ◆ **Investment cash flows:** Invested ¥81.0 billion in Hayashibara and others.
- ◆ **Financing cash flows:** Borrowed ¥56.9 billion for investment in Hayashibara and others.

(Billions of yen)

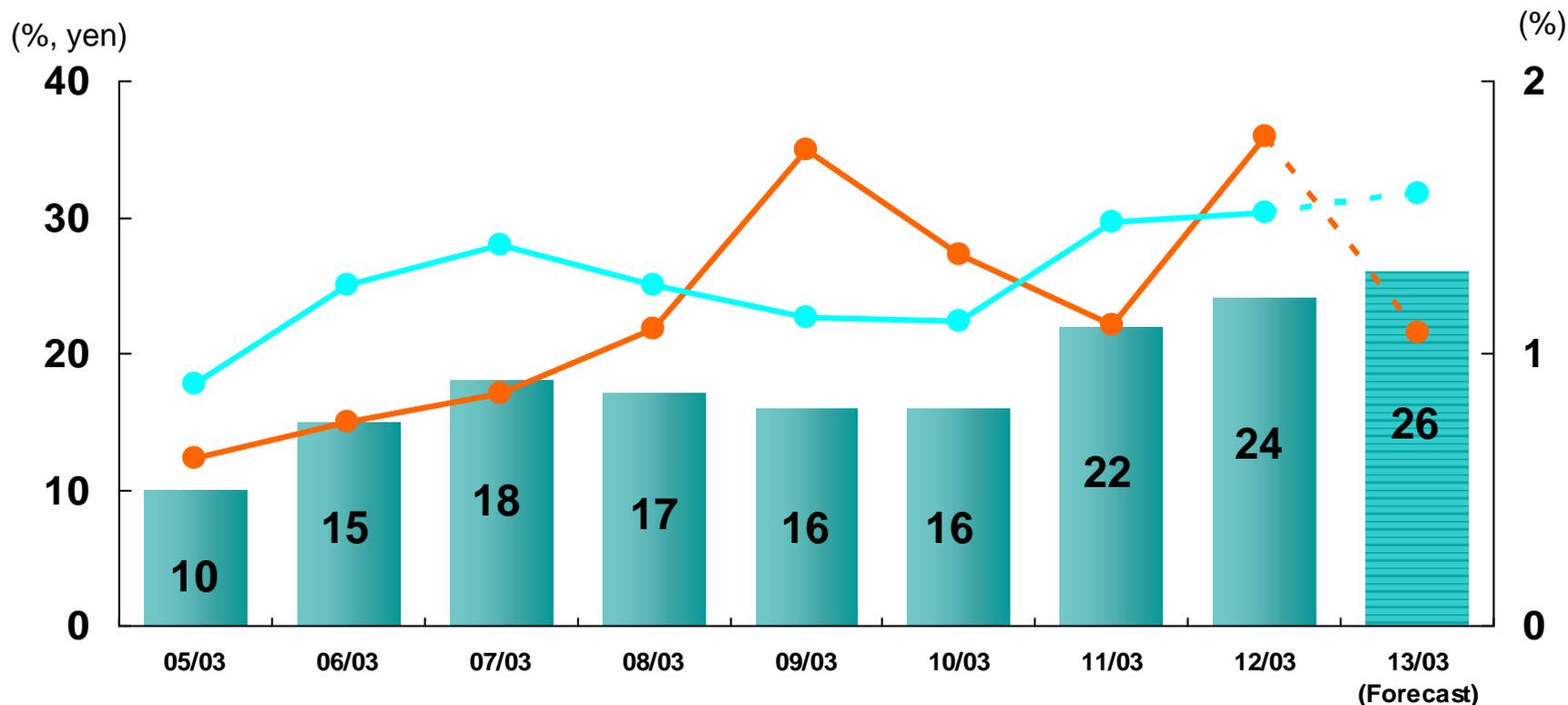
	12/03	Main breakdown	11/03
Net cash provided by (used in) operating activities	+5.6	Income before income taxes 16.5 Depreciation and amortization 7.2 Working capital -10.8 Corporate tax, etc. -7.8	+10.9
Net cash provided by (used in) investing activities	-81.0	Purchases of property, plant and equipment -11.2 Purchases of intangible fixed assets -1.4 Payment for acquisitions, etc. -67.7	-9.1
Net cash provided by (used in) financing activities	+56.9	Increase in short-term loans +22.9 Increase in long-term debt +39.2 Payment of dividends -3.2	+3.5
Net increase (decrease) in cash and cash equivalents	-18.8		+4.1
Increase (decrease) in cash and cash equivalents accompanying consolidation	+0.1		+0.2
Cash and cash equivalents at the end of the period	28.5	Cash and cash equivalents on the balance sheet ¥29.1 bil – ¥0.6 bil in certificates of deposit due after three months = ¥28.5 bil	47.2

(10 millions of yen)

	Company Name	Net Sales	vs. PY	Operating Profit	vs. PY	Net Income	vs. PY
Parent Company	Nagase & Co., Ltd.	43,599.0	95%	257.8	48%	762.8	100%
Manufacturing companies	Nagase ChemteX Corp.	2,719.1	88%	274.8	72%	154.0	67%
	Nagase Medicals Co., Ltd.	363.1	106%	19.2	162%	8.9	181%
	Total for manufacturing	7,653.9	112%	420.9	77%	190.8	51%
Domestic sales companies	Nagase Plastics Co., Ltd.	2,971.2	105%	27.2	142%	13.2	142%
	Nagase Chemical Co., Ltd.	1,348.8	97%	20.5	92%	10.4	84%
	Nagase Elex Co., Ltd.	750.3	105%	17.8	132%	9.3	116%
	Total for domestic sales	8,255.4	95%	112.8	92%	59.7	76%
Overseas sales companies	Nagase (Hong Kong) Ltd.	4,952.1	93%	78.3	66%	76.1	78%
	Shanghai Nagase Trading Co., Ltd.	2,402.8	122%	30.1	100%	20.0	105%
	Nagase (Thailand) Co., Ltd.	2,368.8	97%	79.4	76%	58.9	78%
	Total for overseas sales	23,327.5	101%	475.9	79%	411.1	94%

*Note: Category totals are the simple sum of figures for each company and do not match consolidated figures.

Our basic policy is to continue paying a stable dividend to our shareholders in line with our consolidated results as we improve our earnings power and management structure. **We look to improve per-share dividends** based on considerations of consolidated payout ratio and consolidated dividend to equity ratio.



Dividend per share
 Payout ratio (left axis)
 DOE (right axis) (%)

	05/03	06/03	07/03	08/03	09/03	10/03	11/03	12/03	13/03 (forecast)
Payout ratio	12.3	14.9	17.0	21.8	35.4	27.3	22.1	36.0	21.6
DOE	0.89	1.25	1.40	1.25	1.13	1.12	1.48	1.54	1.59

*A year-end dividend for FY ended Mar. 2012 will be discussed at shareholders meeting to be held in June 2012.

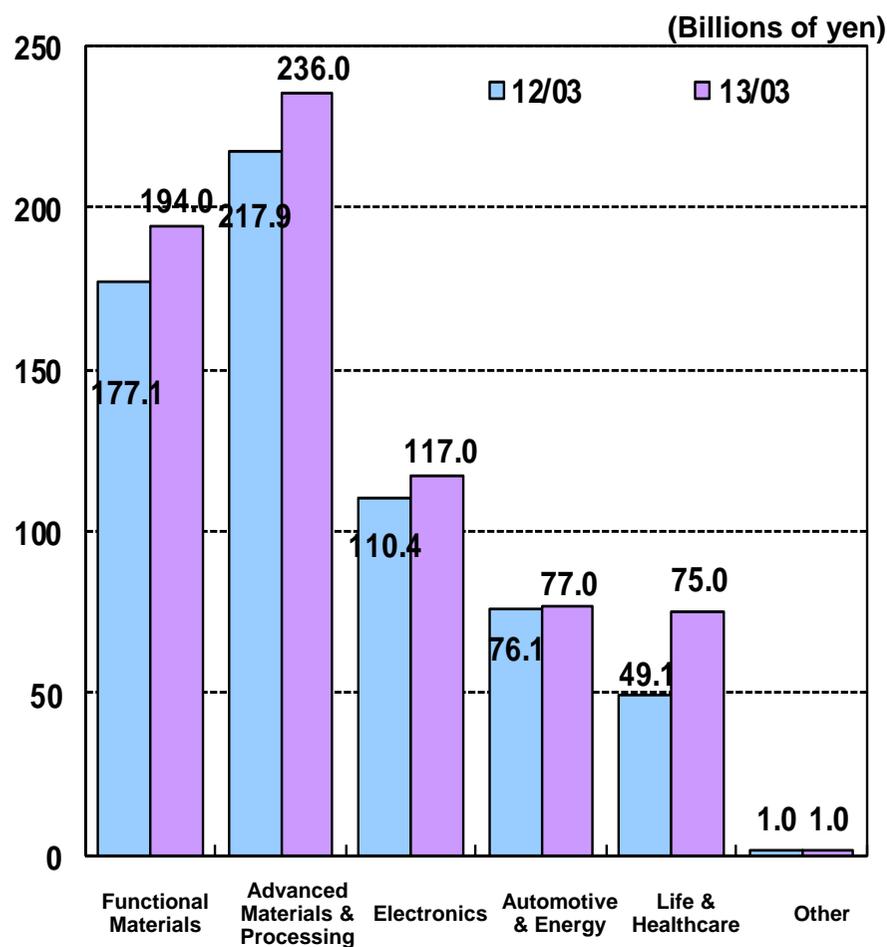
FYE March 2013 Earnings Projections

(Billions of yen, except earnings per share)

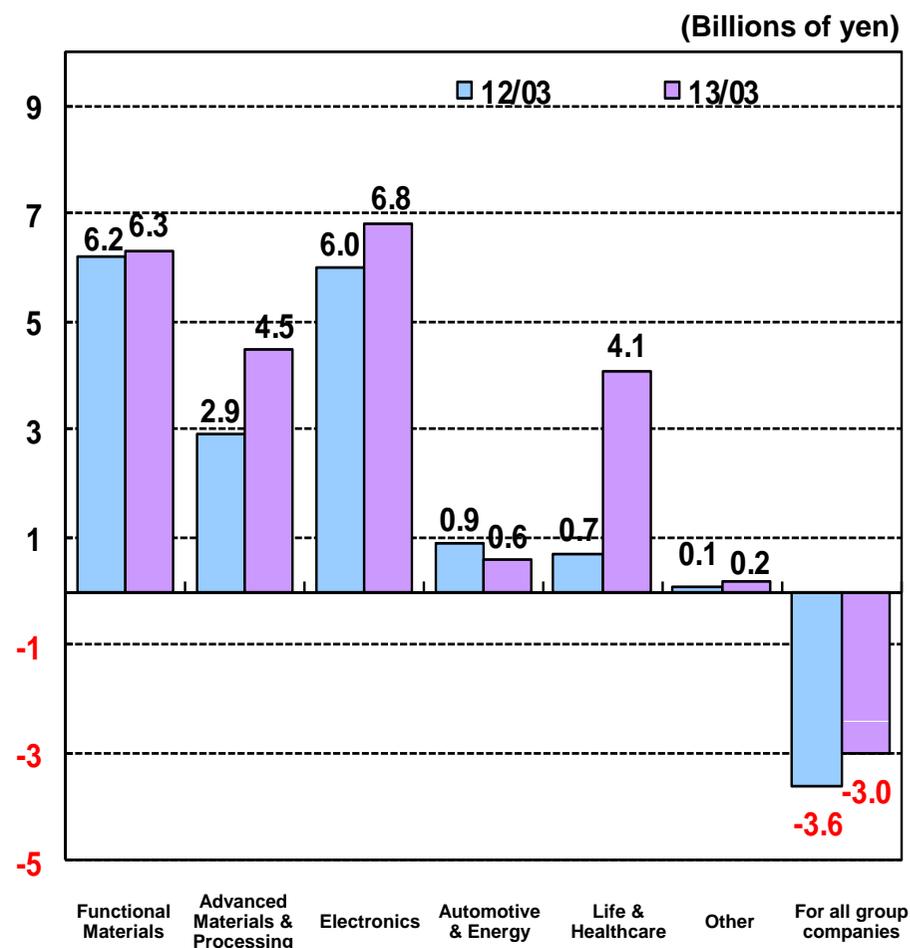
	12/03 Actual	13/03 Forecast	Change	vs. PY
Net sales	631.8	700.0	+68.1	111%
Gross profit (GP ratio)	71.6 (11.3%)	87.5 (12.5%)	+15.8	122%
SG&A expenses	58.2	68.0	+9.8	117%
Operating profit	13.4	19.5	+6.0	145%
Ordinary income	15.6	20.5	+4.8	131%
Net income	8.5	15.5	+6.9	181%
Dividends per share	¥24.00	¥26.00	-	-
Assumed exchange rate (\$1US)	¥79.60	¥78.00		

- The above forecast includes ¥27.3 bil (net sales), ¥3.0 bil (operating profit) (*) and ¥2.6 bil (net income) of Hayashibara.
*¥3.0 bil (general and administrative expenses) was deducted from the above figures as amortization of intangible fixed assets (including goodwill) connected with the purchase of Hayashibara shares.
- The company and its domestic affiliates changed the method of accounting for depreciation of property, plant and equipment from the declining balance method to the straight-line method. We have also revised our estimate of the useful life of certain assets. Accordingly, we forecast a ¥2.2 bil decrease in depreciation and amortization expenses, and we have reflected this change in the preceding earnings forecast.

<Net Sales Forecast by Segment>



<Operating Profit by Segment>



*The figures for 12/03 were calculated using figures from previous segments for new segments.

**Mid-Term Management Plan “CHANGE” 11
Overview**

Management Philosophy

The Nagase Group is a member of the world society. As such, it is our duty to maintain good and fair business practices and, through continued growth and development, provide society with the goods and services needed while improving the welfare of our employees.

Our vision for the future

(For Customers)

Anticipate changes in the market structure and environment, growing together with our customers as we offer unique solutions

(For Employees)

Allow stakeholders to realize their dreams and ideals through our business

(For Shareholders/investors)

Continue to grow and increase value, using our strengths in technology

(For Society)

Contribute to making a better society and global environment



1 Select and concentrate Businesses

- Acquisition of Hayashibara Co., Ltd.,
- Acquisition of “Color formers (heat-sensitive dyes)” business and a related company
- Pull-out from unprofitable businesses (such as optical wave guide production)

2 Build businesses around environment- and energy-related technologies

- Acquisition of CAPTEX Co., Ltd., a developer and manufacturer of lithium-ion battery modules and commencement of construction of a mass production plant
- Commencement of activities for the practical application of a rare metal recovery process using microorganisms
- Establishment of organizations dedicated to promoting environment and energy related businesses (Environment & Energy Office and Energy Device Office were integrated in FY2012)

3 Strengthen R&D and manufacturing functions

- Acquisition of Engineered Materials Systems Inc. (U.S.), a formulated epoxy resin production site
- Improvement of Nagase ChemteX Corp. production facilities (Harima, Fukuchiyama)
- Establishment of a coating lab in India

4 Promote globalization

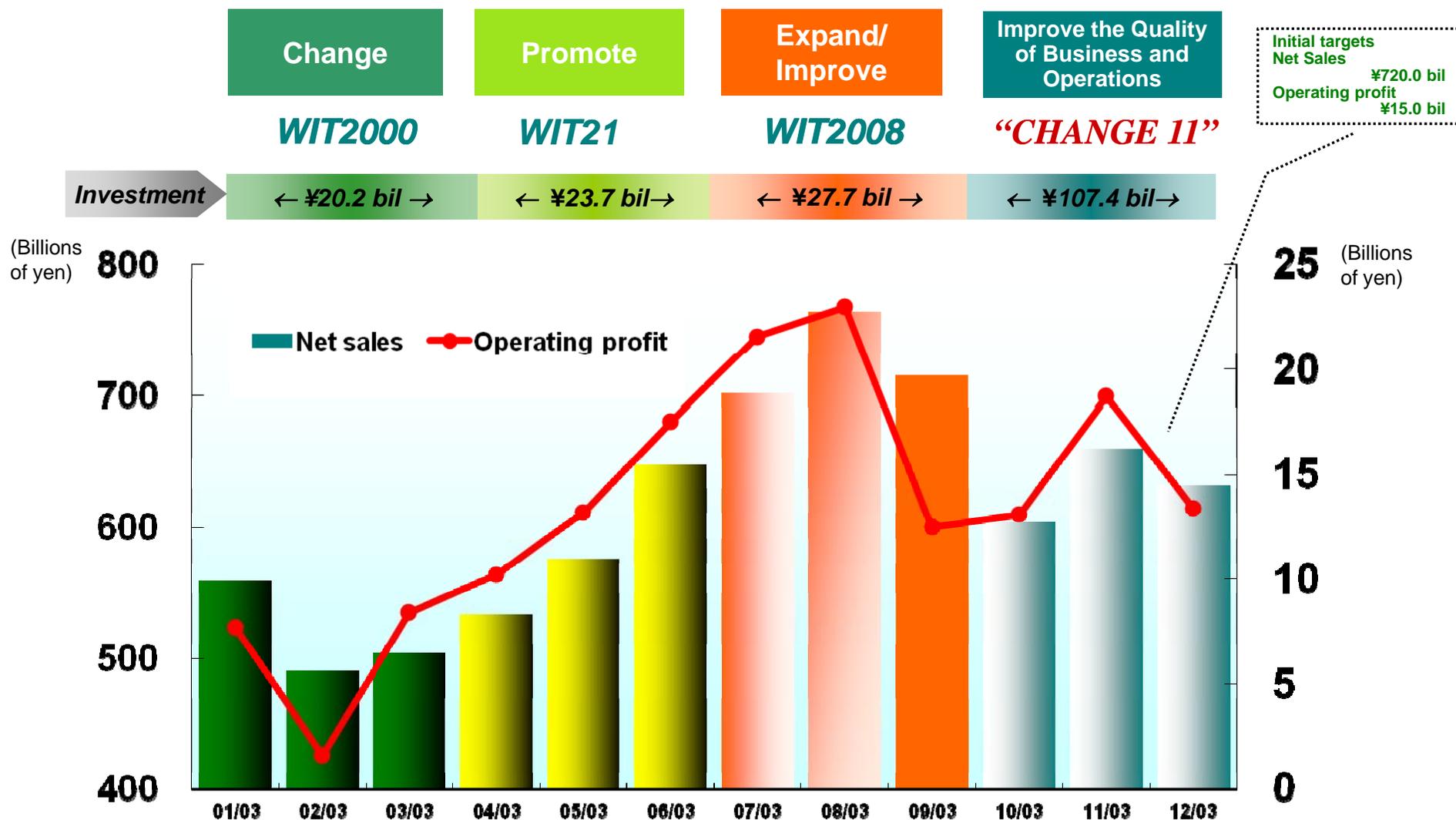
- Improvement of overseas business sites (Mexico, Australia, Bangladesh and China)
- Commencement of resin additives business for Petro Rabigh in Saudi Arabia
- Establishment of a production JV (flame laminated materials for automotive applications in Mexico, blow-molded products for automotive interiors in the U.S.)

5 Strengthen risk management

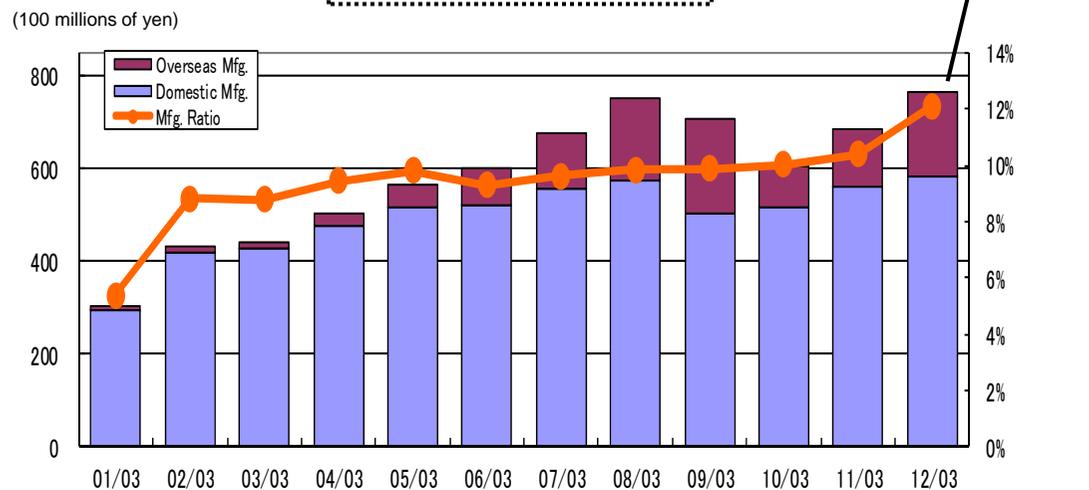
- Improvement of BCP (Business Continuity Plan) in each department, relocation of in-house servers to an outside data center.
- Improvement and enhancement of system to control product and quality risks
- Establishment of Nagase Business Management and Planning (Shanghai) Co., Ltd. to enable rapid decision making and enhance risk management in Greater China.

6 Promote employee diversity and work-life balance

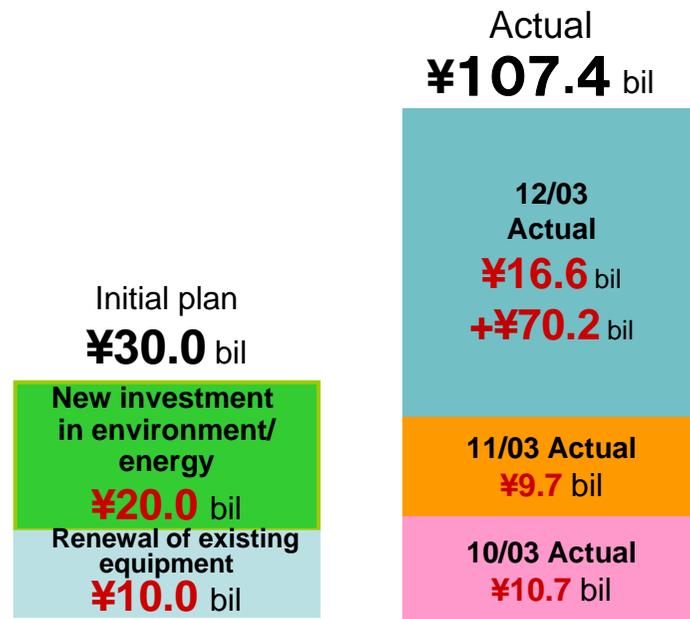
- Improvement of training for each level of Nagase Group employees in Japan and overseas
- Implementation of work environment improvements (no-overtime-work day, improvement of child-care leave, seminars with visiting lecturers, etc.)



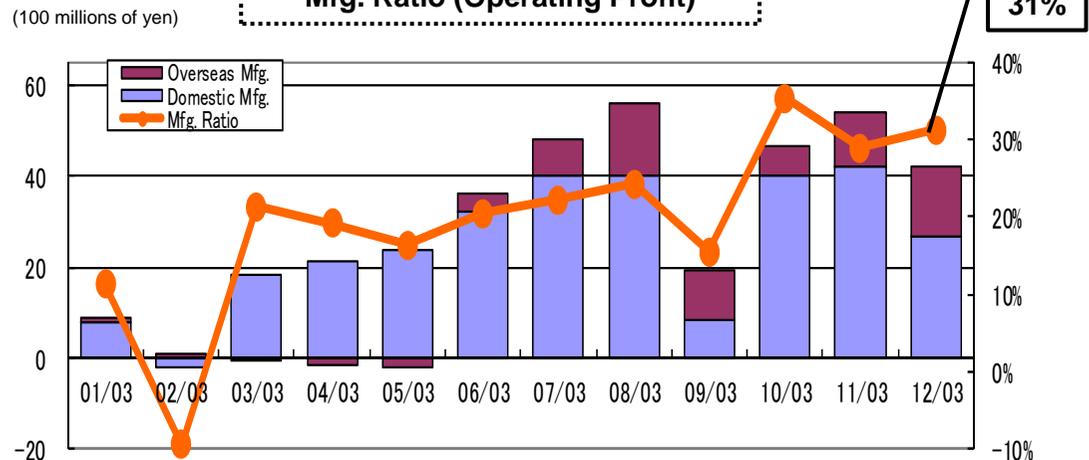
Mfg. Ratio (Net Sales)



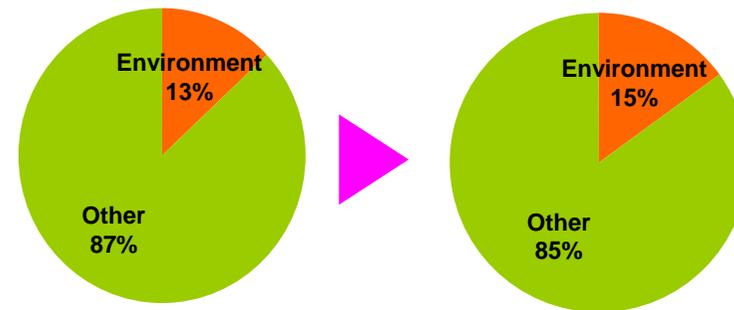
Investment (over 3 years)



Mfg. Ratio (Operating Profit)



Environment-/Energy-Related Net Sales Ratio



Outcomes of “CHANGE” 11**◆ Pervasion of innovative awareness of quality improvement throughout the group****<Improvement of business quality>**

- ✓ Expansion of investment in new businesses, mainly manufacturing
- ✓ Improvement of a Group-wide spirit of cooperation and commencement of activities
- ✓ Discontinuation of unprofitable businesses and businesses which have departed from the strategy

<Improvement of business management>

- ✓ Strengthening of overseas business infrastructures
- ✓ Enhancement of consolidated management structure and improvement of IT infrastructure
- ✓ Enhancement of risk management system

Challenges for the next mid-term plan

- ◆ Accelerating reform
- ◆ Pursuing growth and higher added value in target businesses
- ◆ Creation of more businesses based on cooperative ventures
- ◆ Creation of a stronger management matrix at the intersection of business and geographical location
- ◆ Development of more expertise and resources to respond to a diversifying range of business models

New Mid-Term Management Plan

Change-S2014

Changes in the External Environment

- ◆ Blunted Japanese market growth and expanding emerging markets
- ◆ Changes in competitive environment due to expansion of FTA
- ◆ Impacts on supply chain due to natural disasters
- ◆ Accelerating relocation of manufacturing overseas
- ◆ Expectation of new energy sources triggered by issues related to nuclear power
- ◆ Heightened environmental awareness globally
- ◆ Escalation of competition for bio, environment and energy related technologies
- ◆ Expansion of life science and healthcare market triggered by population increase and aging society
- ◆ Increase in country risks (U.S., Europe, Arab countries, China, etc.)
- ◆ Ongoing strong yen

“CHANGE”11 -- To the Next Stage --

[Positioning]	PERVASION OF <i>CHANGE</i> (changing consciousness to change oneself)
[Basic Strategy]	Improvement of the quality of business and operations

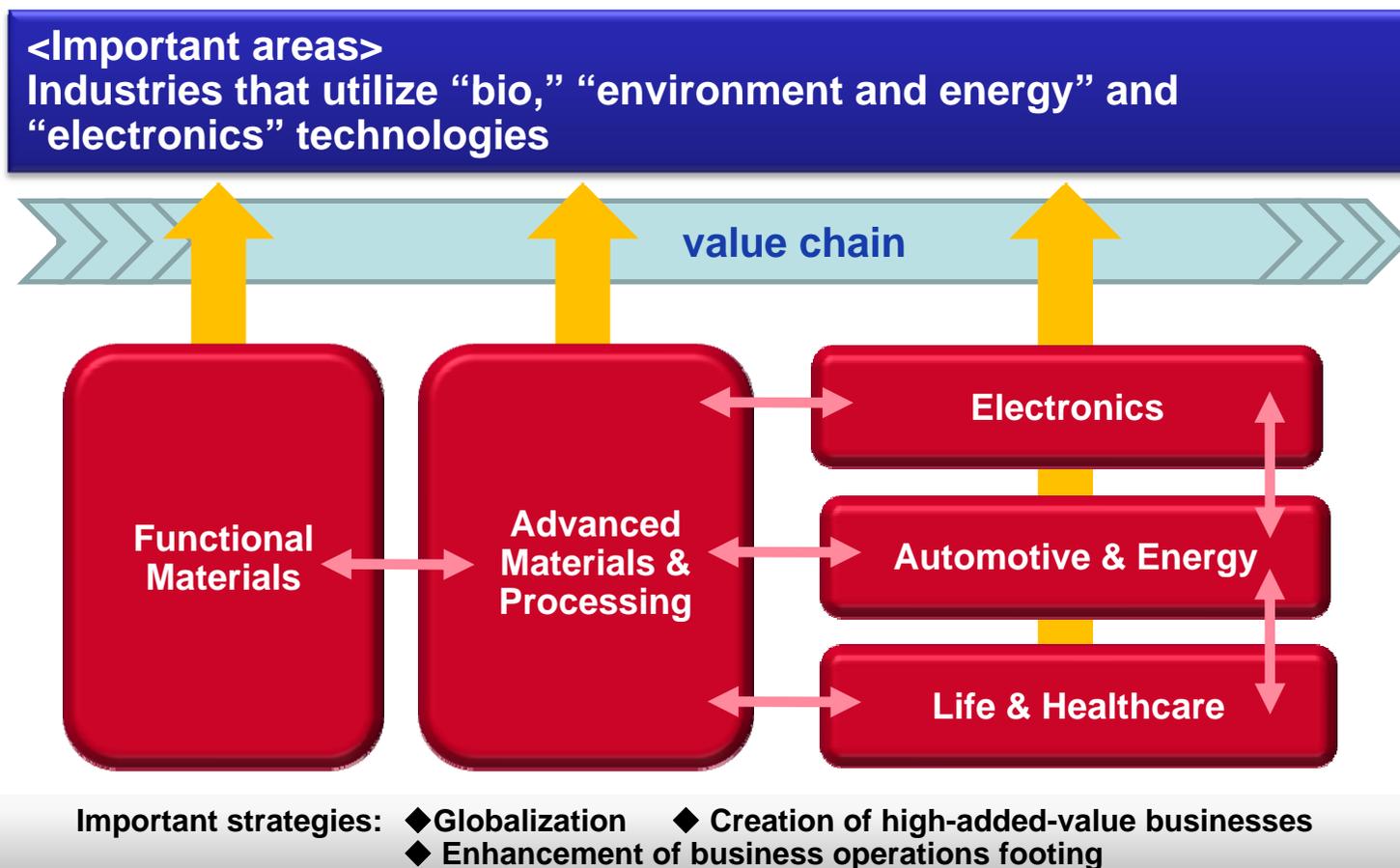
***Change-S2014***

[Positioning]	ACCELERATION OF <i>CHANGE</i> (accelerating changes by improving functions)
[Basic Strategy]	Accelerate the improving quality of our business and operations, bring the total strength of the Nagase Group to bear throughout the value chain in our strategic markets, and expand our unique solutions globally, creating sustained growth

*The “S” in ***Change-S2014*** stands for “Speed up,” “Step up,” and “Sustainable growth.”

Change-S2014

Through reorganization of business segments in the value chain, businesses to be focused on and their strengths will be clarified. The Company aims to grow important businesses, where “bio,” “environment and energy” and “electronics” technologies are utilized, by combining the above strengths.



Change-S2014

Segment	Function (Goal)
Functional Materials	Development of “unique, stable and safe” materials. Supplying materials to industries related to the three important areas and other segments
Advanced Materials & Processing	Designing and processing for primary processing (formulations and compounds) and secondary processing (moldings and functional films) of materials. Development of unique applications of materials.
Electronics	Continuing to deliver highly original products and services by taking into account potential needs of electronics area in advance. Provision of information, obtained from downstream in the value chain, to other segments.
Automotive & Energy	Creation of a new business model by focusing on technical innovation in environmentally-friendly energy related areas. Development of global business.
Life & Healthcare	In the spirit of no constraint from existing business areas, creation and development of high value added niche businesses with broad vision in medical, food and life related areas.

Conventional segments: Separated into four product groups



New segments: Reorganized according to position in value chain and each primary industry

Conventional segments

Chemicals

- Colors & Imaging Department
- Performance Chemicals Department
- Speciality Chemicals Department

Plastics

- Polymer Global Account Department
- Automotive Solutions Department
- Polymer Products Department

Electronics

- Electronic Chemicals Department
- Electronic Materials Department

Life Sciences

- Fine Chemicals Department
- Beauty Care Products Department

- Energy Device Office
- Environment & Energy Office

New segments

Functional Materials

- Performance Chemicals Department
- Speciality Chemicals Department

Advanced Materials & Processing

- Colors & Imaging Department
- Polymer Global Account Department
- Polymer Products Department

Electronics

- Electronic Chemicals Department
- Electronic Materials Department

Automotive & Energy

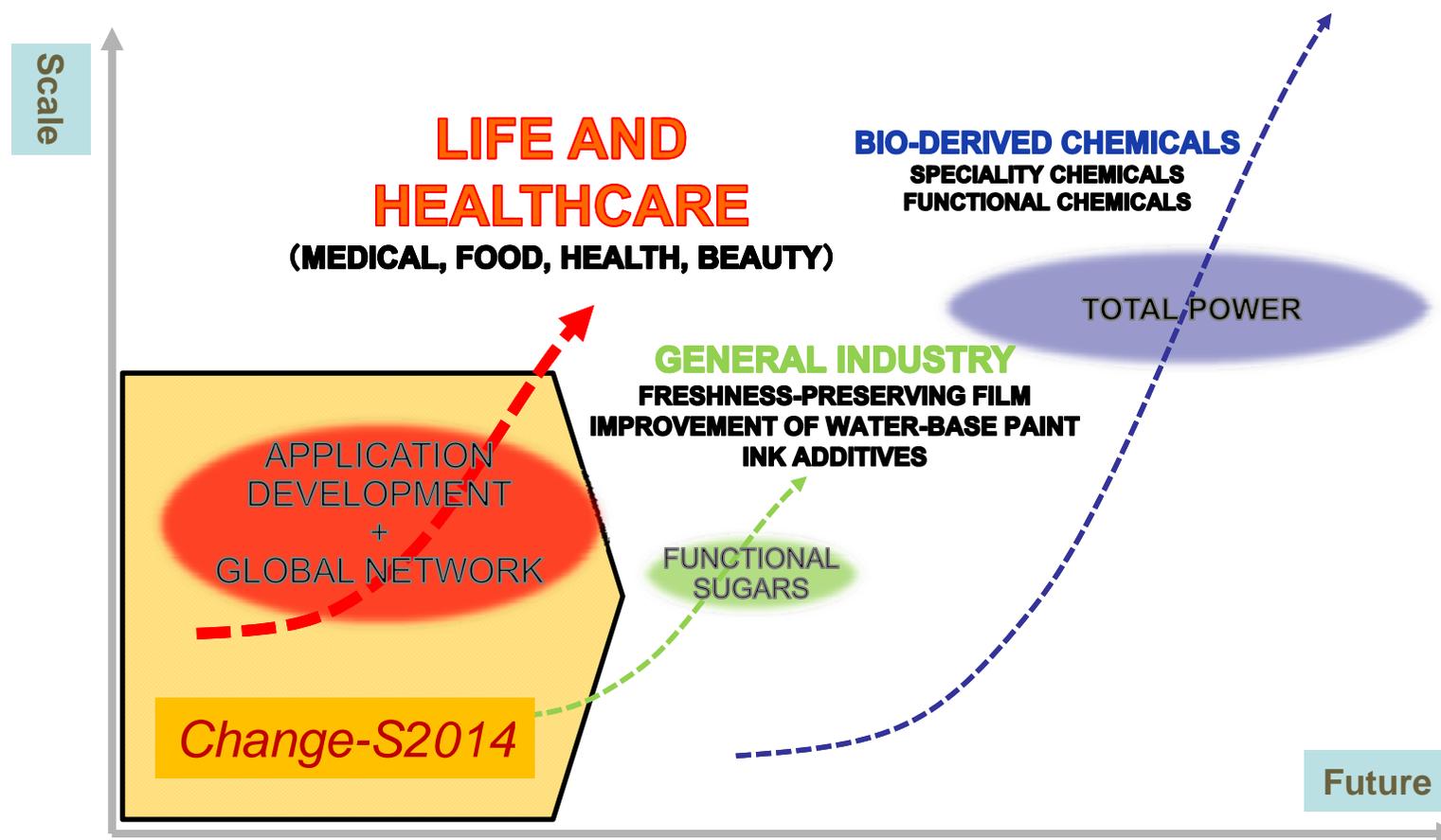
- Automotive Solutions Department
- Energy Business Office

Life & Healthcare

- Fine Chemicals Department
- Beauty Care Products Department

Change-S2014

Commencing realization of synergies from acquisition of Hayashibara ~~Change-S2014~~ aims to expand business in life and healthcare related area by combining trading company functions (marketing and global network) and manufacturing functions (R&D, application development and production).



Change-S2014

Based on advancement of technical innovation, creation of a unique business model and development of global business by conducting activities related to not only systems and units but also materials and components suitable for application needs.

Area of functional Materials

Special organic chemicals
Resin, coating raw materials

Area of processed materials

Engineering plastic
Film seat
Surface treating agent

Area of final application

Renewable energy generation

Solar power, wind power, biomass



Smart grid

HEMS/BEMS
High capacity storage battery



Environmentally-friendly vehicle

Car electronics device
Power module
Light weight unit



Change-S2014

China (Nagase ChemteX Wuxi)
Production and R&D of products for the Chinese market which has high growth potential



New R&D Center will be established in FY2012

U.S. (Engineered Materials Systems Inc.)
The U.S. production site that delivers unique technologies and products worldwide



Japan (Nagase ChemteX Corp.)
Head office functions for global expansion of epoxy business
R&D for leading-edge epoxy materials

New clean room production building



<Example:
Global development of epoxy business>

Based on long accumulated resin modification technology, expanding Japanese and overseas production and development sites for a wide variety of products, primarily epoxy resins, and realizing provision of further unique solutions

Change-S2014

■ Improved Consolidated Management Structure

- Establishment of efficient Group operating structure
- Encouragement of workforce exchange within the Group
- Strengthening of financial footing
 - Maintaining appropriate balance of debt and capital
 - Enhancement of monitoring system for investment and operating cash flows
 - Review of efficient asset utilization
- Development of IT infrastructure

■ Stronger Risk Management

- Enhancement of internal controls and risk management of the Group companies
- Enhancement of transaction risk management for manufacturers

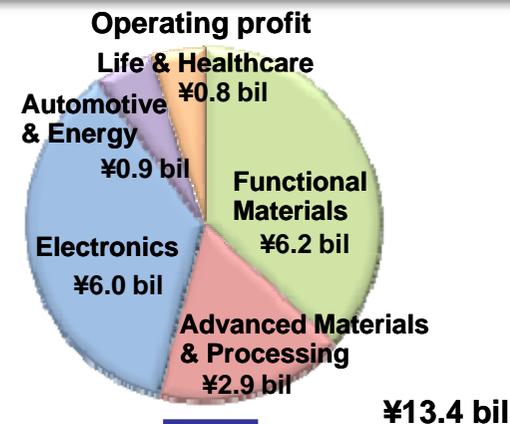
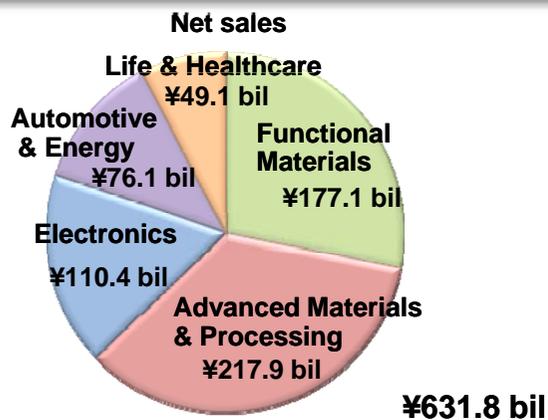
■ Human Resource Development

- Hiring, training and utilization of a workforce that can respond to the diverse demands of business

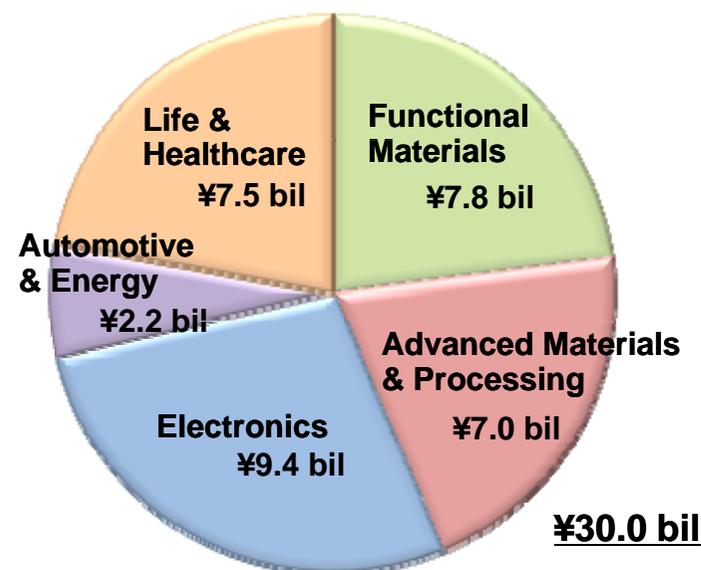
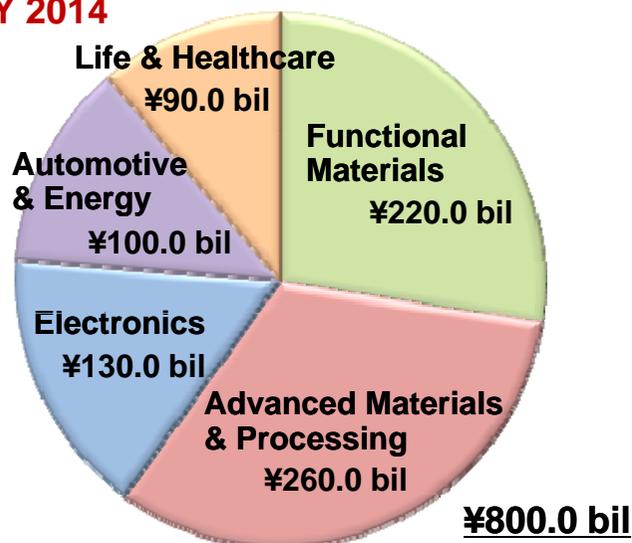
Change-S2014**Numerical targets****FY 2014****Target consolidated net sales****¥800.0 billion****Target consolidated operating income****¥30.0 billion****ROE****8.0%****Investment (3 years)****¥40.0 billion**

Change-S2014

FY 2011



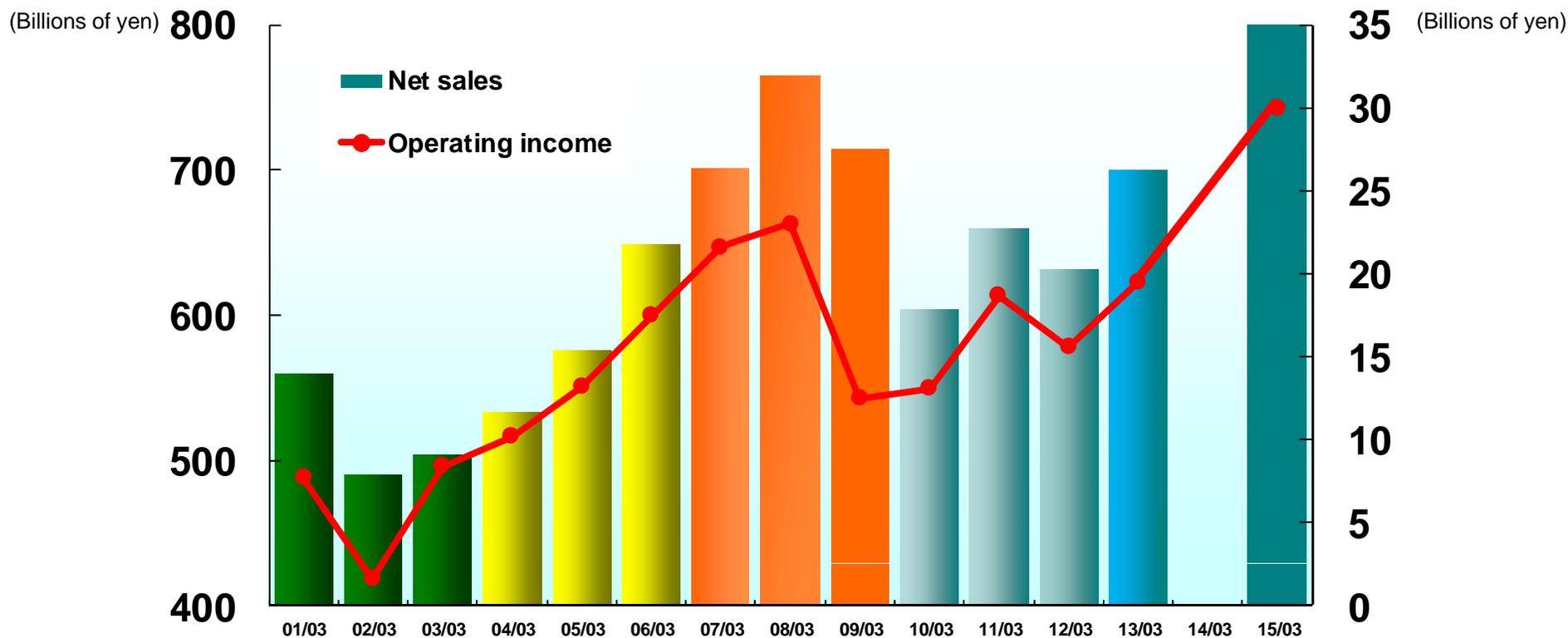
Targets for FY 2014



*Hayashibara is consolidated in the Life & Healthcare segment.

*The above business segment figures do not include other segments or the Group's common segments, so the total amount for business segments do not conform to disclosed figures.

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This presentation materials contain forward-looking projections based on assumptions, forecasts, and plans as of May 25, 2012. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.