



# FYE March 2015 Financial Highlights

May 8, 2015

NAGASE & CO., LTD.

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- **Net sales:** Higher sales in automobile-related business and office equipment and appliances business drive higher revenues
- **Operating profit:** Increase in gross profit and decrease in retirement benefit costs result in higher profits
- **Net income:** Lower gain on sale of investment securities and write down of deferred tax assets (due to tax law changes) result in lower net income.

(100 millions of yen)

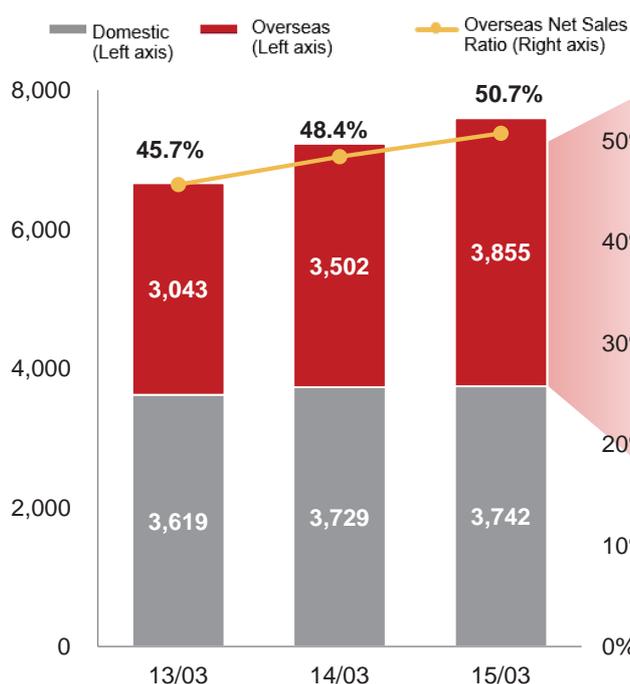
|                  | 14/03   | 15/03   | Change               | Vs. PY | Published Forecast (Revised 2Q) | Difference           | Vs. Goal |
|------------------|---------|---------|----------------------|--------|---------------------------------|----------------------|----------|
| Net sales        | 7,232   | 7,597   | +365                 | 105%   | 7,600                           | -2                   | 100%     |
| Gross profit     | 889     | 919     | +30                  | 103%   | 911                             | +8                   | 101%     |
| <GP ratio>       | 12.3%   | 12.1%   | -0.2%                | —      | 12.0%                           | —                    | —        |
| SG&A expenses    | 731     | 738     | +6                   | 101%   | 743                             | -4                   | 99%      |
| Operating profit | 157     | 181     | +23                  | 115%   | 168                             | +13                  | 108%     |
| Ordinary income  | 179     | 203     | +24                  | 114%   | 187                             | +16                  | 109%     |
| Net income       | 116     | 113     | -3                   | 97%    | 128                             | -14                  | 88%      |
| Exchange rate    | @¥100.5 | @¥109.9 | ¥9.4 yen devaluation |        | @¥103                           | @6.9 yen devaluation | —        |

(Per-yen exchange rate impact on net sales and operating profit)

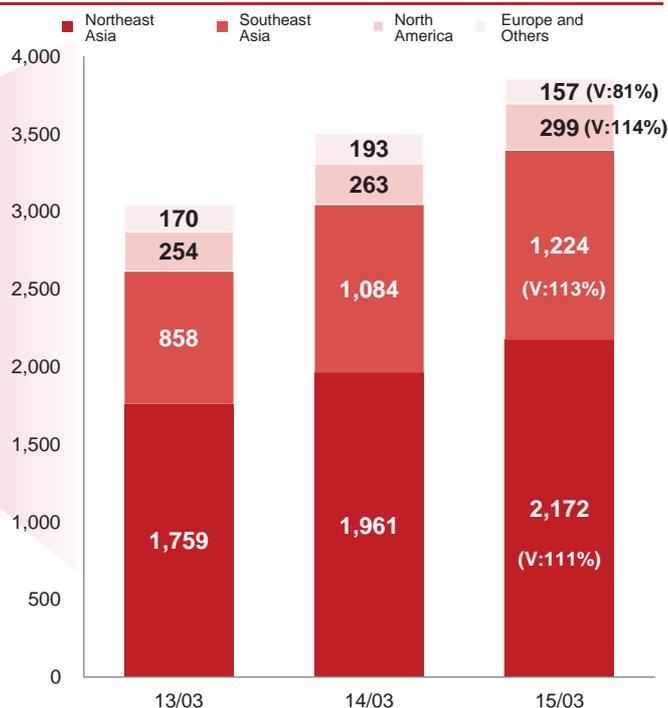
|                  | Impact of dollar/yen rate | Impact on 15/03 Actual    |
|------------------|---------------------------|---------------------------|
| Net sales        | ¥3.2 billion (approx.)    | + ¥ 30 billion (approx.)  |
| Operating profit | ¥ 80 million (approx.)    | + ¥ 800 million (approx.) |

- **Higher sales in all regions except Europe and Others; higher ratio of overseas sales to total sales (toward 50%+)**

Domestic & Overseas Sales (100 millions of yen, %)



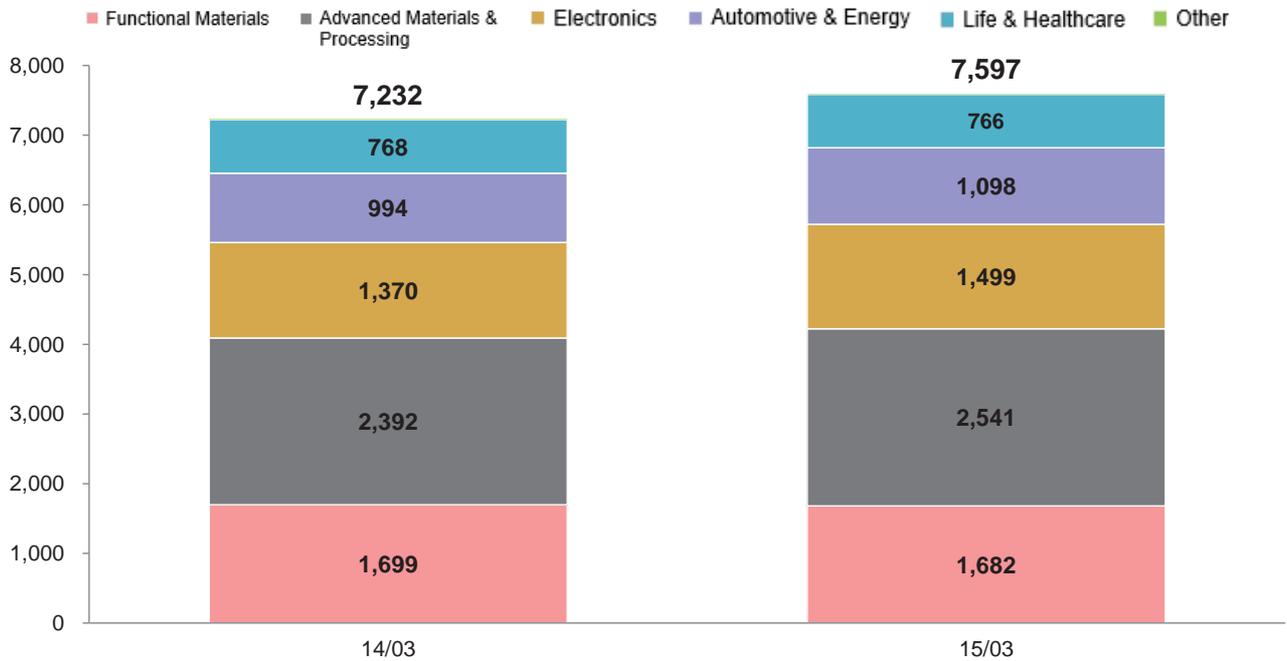
Overseas Sales by Region (100 millions of yen)



V: Vs. Same Period in Prior Fiscal Year

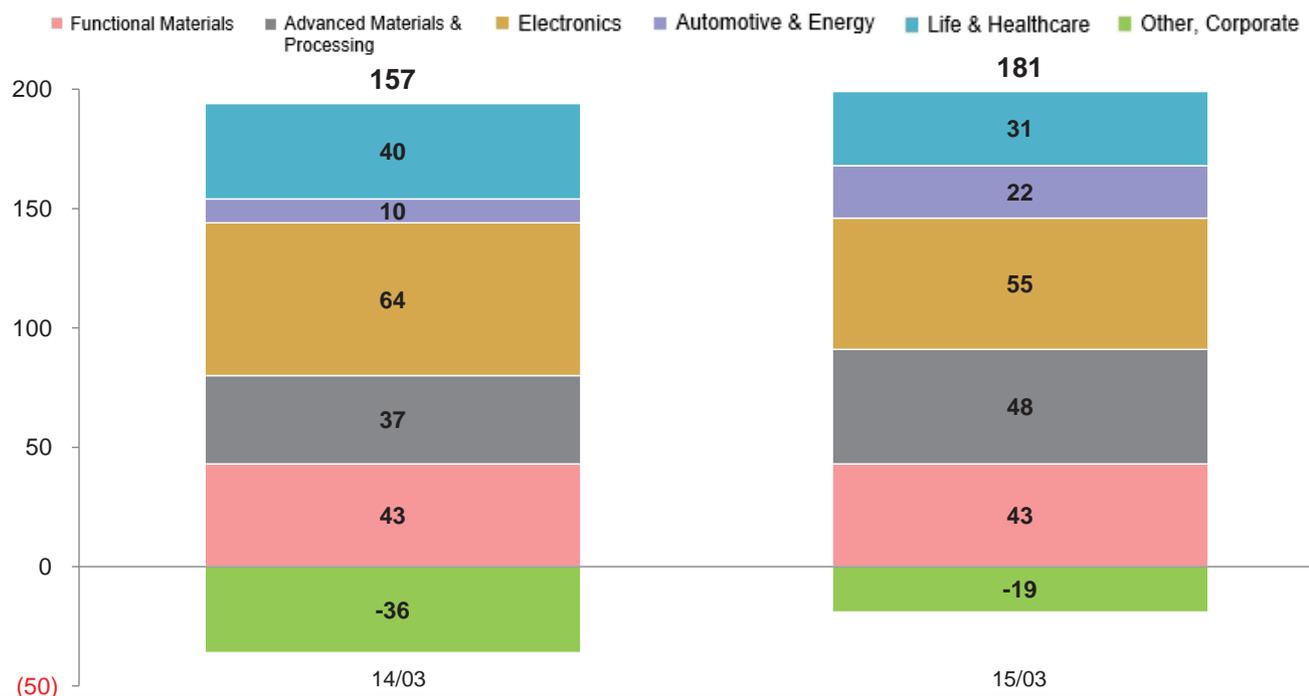
- Office equipment and appliances business experienced favorable sales
- LED-related materials, thin-glass panel processing and touch-panel materials sales all performed well
- Automobile-related components sold well in Japan, China, North America, and Southeast Asia

### Net Sales by Segment (100 millions of yen)



- Electronics segment recorded allowance for doubtful account at Taiwanese subsidiary
- Lower retirement benefit costs due to amortization of actuarial differences in retirement benefit obligations result in improved profitability

### Operating Profit by Segment (100 millions of yen)



■ Shareholders' equity ratio up 2.0 points to 51.5% (vs. 49.5% at end of prior year)

| Assets                          |              |              |             | Liabilities and Net Assets (100 millions of yen)                   |              |              |             |
|---------------------------------|--------------|--------------|-------------|--|--------------|--------------|-------------|
|                                 | 14/03        | 15/03        | Change      |  | 14/03        | 15/03        | Change      |
| <b>Total current assets</b>     | <b>3,063</b> | <b>3,298</b> | <b>+234</b> | <b>Total current liabilities</b>                                   | <b>1,636</b> | <b>1,764</b> | <b>+127</b> |
| Cash and time deposits          | 349          | 405          | +55         | Notes and accounts payable   | 1,050        | 1,057        | +7          |
| Notes and accounts receivable   | 2,029        | 2,082        | +52         | Short-term loans<br>(Including current portion of long-term loans) | 354          | 377          | +23         |
| Inventories                     | 574          | 690          | +115        | Current portion of bonds   | —            | 100          | +100        |
| Other current assets            | 109          | 120          | +11         | Other current liabilities  | 232          | 229          | -2          |
| <b>Total non-current assets</b> | <b>1,917</b> | <b>2,166</b> | <b>+248</b> | <b>Total long-term liabilities</b>                                 | <b>826</b>   | <b>826</b>   | <b>-0</b>   |
| Property, plant and equipment   | 639          | 667          | +28         | Long-term loans  | 271          | 303          | +31         |
| Intangible fixed assets         | 530          | 488          | -41         | Bonds  | 300          | 200          | -100        |
| Investments, other assets       | 748          | 1,010        | +262        | Net defined benefit liability                                      | 118          | 108          | -10         |
| Investments in securities       | 662          | 926          | +263        | Other<br>(Deferred tax liabilities, etc.)                          | 135          | 214          | +78         |
| Other fixed assets              | 85           | 84           | -1          | <b>Total liabilities</b>   | <b>2,462</b> | <b>2,590</b> | <b>+127</b> |
|                                 |              |              |             | <b>Total net assets</b>  | <b>2,518</b> | <b>2,875</b> | <b>+356</b> |
|                                 |              |              |             | Shareholders' equity   | 2,193        | 2,263        | +69         |
|                                 |              |              |             | Accumulated other comprehensive<br>income                          | 273          | 550          | +277        |
|                                 |              |              |             | Net unrealized holding<br>gain on securities                       | 247          | 449          | +201        |
|                                 |              |              |             | Translation adjustment   | 22           | 94           | +72         |
|                                 |              |              |             | Others   | 3            | 6            | +2          |
|                                 |              |              |             | Minority interests   | 51           | 61           | +9          |
| <b>Total assets</b>             | <b>4,981</b> | <b>5,465</b> | <b>+483</b> | <b>Total liabilities and net assets</b>                            | <b>4,981</b> | <b>5,465</b> | <b>+483</b> |

■ Increase in cash and equivalents of ¥6.6 billion. Increase in outlay for investments for capital investment, increase in working capital offset by cash from net income and cash from increase in long-term loans

**Cash Flows** (100 millions of yen)

|   | 14/03       | 15/03      | Main breakdown   |
|---|-------------|------------|--|
| Net cash provided by (used in) operating activities   | +127        | +154       | Income before income taxes +189<br>Depreciation and amortization/amortization of goodwill +109<br>Working capital -97<br>Corporate tax, etc. -83 |
| Net cash provided by (used in) investing activities   | -141        | -77        | Purchases of intangible fixed assets -119<br>Proceeds from sale of investment securities +24<br>Decrease in time deposits +11                    |
| Net cash provided by (used in) financing activities   | -118        | -32        | Repayment of long-term loans -68<br>Cash dividends paid -36<br>Increase in long-term loans +93   |
| Exchange gains related to cash and cash equivalents   | +11         | +21        |  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                       | <b>-121</b> | <b>+66</b> |  |
| Cash and cash equivalents at beginning of the year  | 458         | 338        |  |
| Impact of Other Changes<br>(Changes accompanying new consolidation or removal from consolidation) | +1          | +0         |  |
| <b>Cash and cash equivalents at end of the year</b>   | <b>338</b>  | <b>405</b> | Japan 223 Greater China 111<br>ASEAN 46  |

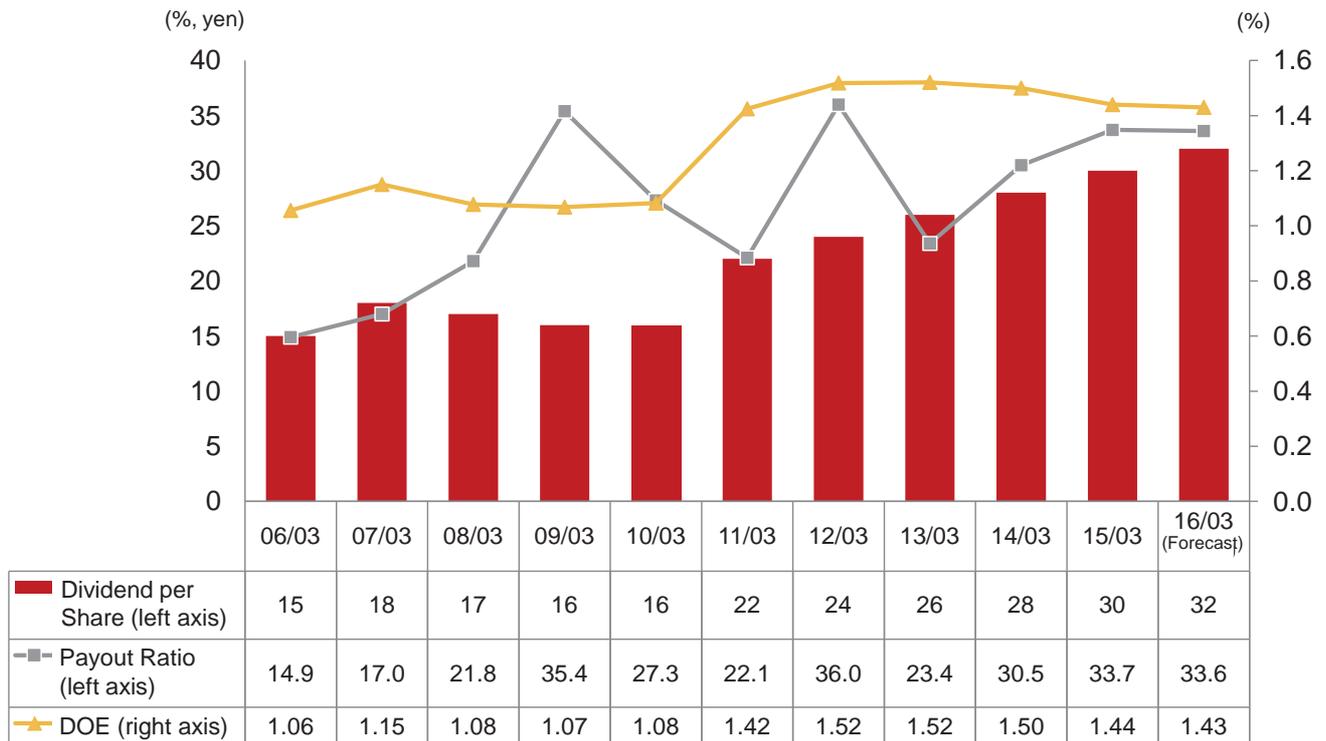
(100 millions of yen)

|                  | 15/03 Actual | 16/03 Forecast | Change                  | Vs. PY |
|------------------|--------------|----------------|-------------------------|--------|
| Net sales        | 7,597        | 8,230          | +632                    | 108%   |
| Gross profit     | 919          | 973            | +53                     | 106%   |
| <GP ratio>       | 12.1%        | 11.8%          | —                       | —      |
| SG&A expenses    | 738          | 778            | +39                     | 105%   |
| Operating profit | 181          | 195            | +13                     | 107%   |
| Ordinary income  | 203          | 206            | +2                      | 101%   |
| Net income       | 113          | 121            | +7                      | 107%   |
| Exchange rate    | @¥109.9      | @¥120          | @10.1yen<br>devaluation | —      |

(Millions of yen)

|                                   | 12/03<br>Actual | 13/03<br>Actual | 14/03<br>Actual | 15/03<br>Actual | 16/03<br>Forecast | Vs. PY |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|--------|
| Net sales                         | 631,854         | 666,272         | 723,212         | 759,713         | 823,000           | 108.3% |
| Functional Materials              | 177,126         | 167,017         | 169,973         | 168,238         | 177,600           | 105.6% |
| Advanced Materials & Processing   | 217,929         | 214,214         | 239,224         | 254,165         | 282,400           | 111.1% |
| Electronics                       | 110,495         | 125,014         | 137,026         | 149,947         | 162,400           | 108.3% |
| Automotive & Energy               | 76,113          | 83,068          | 99,441          | 109,851         | 117,400           | 106.9% |
| Life & Healthcare                 | 49,170          | 76,116          | 76,810          | 76,609          | 82,300            | 107.4% |
| Other                             | 1,018           | 841             | 737             | 900             | 900               | 99.9%  |
| Gross profit                      | 71,628          | 82,583          | 88,936          | 91,991          | 97,300            | 105.8% |
| Ratio                             | ( 11.3%)        | ( 12.4%)        | ( 12.3%)        | ( 12.1%)        | ( 11.8%)          |        |
| Operating profit                  | 13,427          | 15,578          | 15,789          | 18,153          | 19,500            | 107.4% |
| Ratio                             | ( 2.1%)         | ( 2.3%)         | ( 2.2%)         | ( 2.4%)         | ( 2.4%)           |        |
| Ordinary income                   | 15,690          | 17,927          | 17,905          | 20,366          | 20,600            | 101.1% |
| Ratio                             | ( 2.5%)         | ( 2.7%)         | ( 2.5%)         | ( 2.7%)         | ( 2.5%)           |        |
| Net income                        | 8,570           | 14,182          | 11,663          | 11,318          | 12,100            | 106.9% |
| Ratio                             | ( 1.4%)         | ( 2.1%)         | ( 1.6%)         | ( 1.5%)         | ( 1.5%)           |        |
| Total assets                      | 450,842         | 486,747         | 498,141         | 546,525         |                   |        |
| Equity capital                    | 204,706         | 228,505         | 246,723         | 281,398         |                   |        |
| Net worth ratio                   | 45.4%           | 46.9%           | 49.5%           | 51.5%           |                   |        |
| ROE (Equity capital/profit ratio) | 4.2%            | 6.5%            | 4.9%            | 4.3%            |                   |        |
| ROA (Total assets/profit ratio)   | 2.1%            | 3.0%            | 2.4%            | 2.2%            |                   |        |
| Earnings per share (yen)          | 66.69           | 111.31          | 91.86           | 89.10           | 95.25             | 106.9% |
| Debt equity ratio (times)         | 0.43            | 0.43            | 0.38            | 0.35            |                   |        |
| Consolidated companies            | 66              | 82              | 85              | 84              |                   |        |
| Consolidated subsidiaries         | 55              | 61              | 60              | 59              |                   |        |
| Equity method affiliates          | 11              | 21              | 25              | 25              |                   |        |

■ Next period: Interim dividend of 16 yen, year-end dividend of 16 yen for 32-yen dividend (scheduled)



\*FYE March 2015 year-end dividends to be addressed at annual shareholders' meeting scheduled for June 2015

# NAGASE & CO., LTD.

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Statements concerning earnings projections and other forecasts contained in these statements included forward-looking forecasts based on assumptions, forecasts, and plans available as of the date of this publication. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.