



Briefings on Financial Results

Of the Fiscal 2017

May 25, 2018

ADEKA Corporation
(Securities code: 4401)

Financial Results Overview

Of the Fiscal 2017

[April 1, 2017 – March 31, 2018]

President and Chief Executive Officer Akio Kohri

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1. Fiscal 2017 Consolidated Performance

Fiscal 2017 Consolidated Performance

Consolidated
data

(Unit: 100 million yen)

	Fiscal 2016	Fiscal 2017	Increase/ decrease	Increase/ decrease ratio (%)
Net sales	2,234	2,396	161	7.2
Operating profit	210	213	2	1.4
Ordinary profit	218	223	4	2.2
Profit attributable to owners of parent	153	153	0	0.1
Net profit per share (yen/share)	149.0	149.2	0.2	
Dividend (yen/share)	35	39	4	

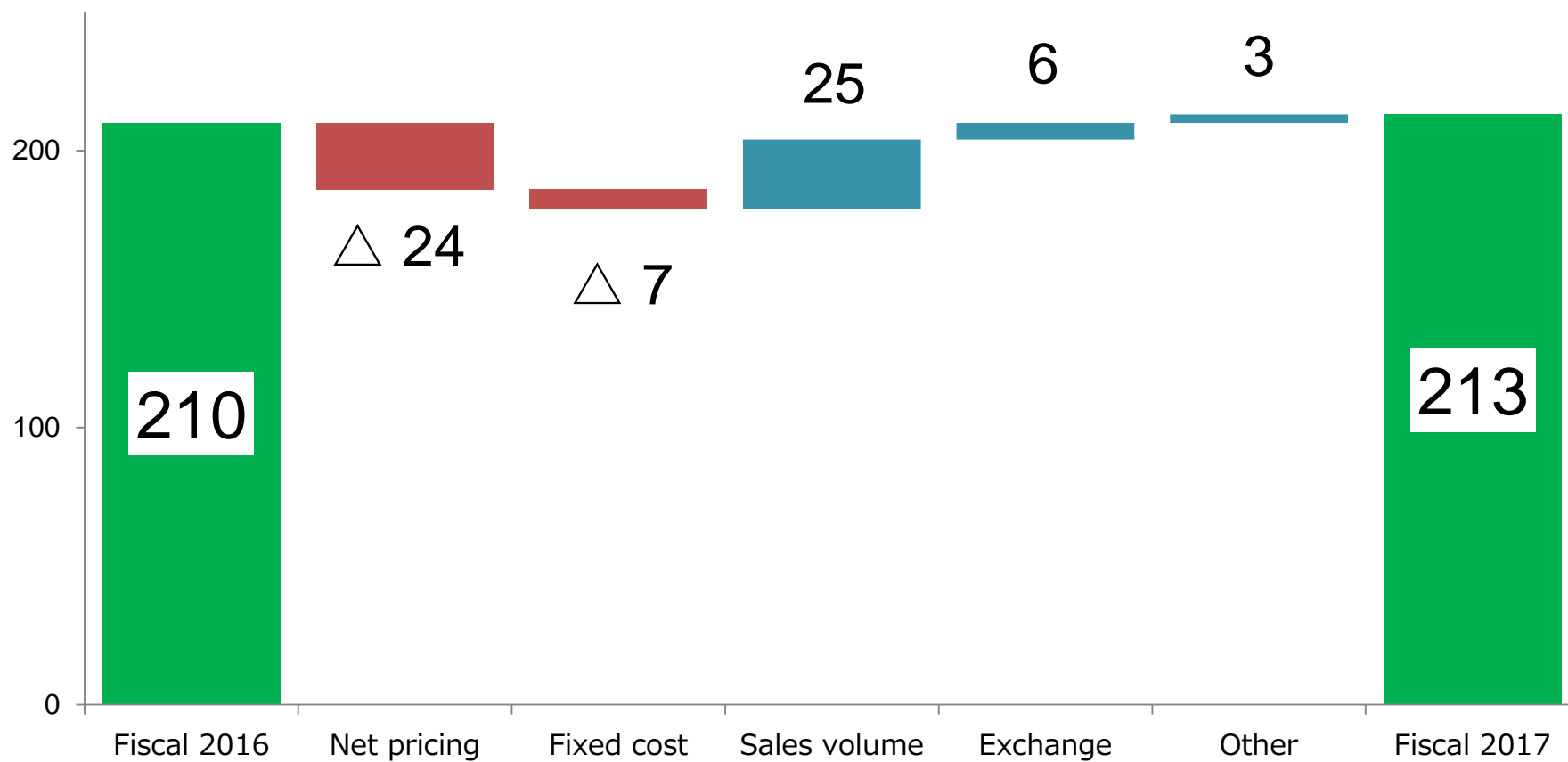
- Net sales, operating profit, ordinary profit, and net profit all reached record highs for three consecutive fiscal years (sixth consecutive fiscal year of higher sales and profits).
- Sales of both chemicals and food products increased due to brisk sales, but operating profit increased slightly due to the impact of higher raw material costs and increased fixed costs due to capital investment.
- The dividend was set at ¥39 per share, an increase of ¥4 per share from the initial forecast (May 11, 2017), taking into account the company's results and financial condition for the current fiscal year in a comprehensive manner.

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Analysis of Operating Profit

Consolidated data

(Unit: 100 million yen)



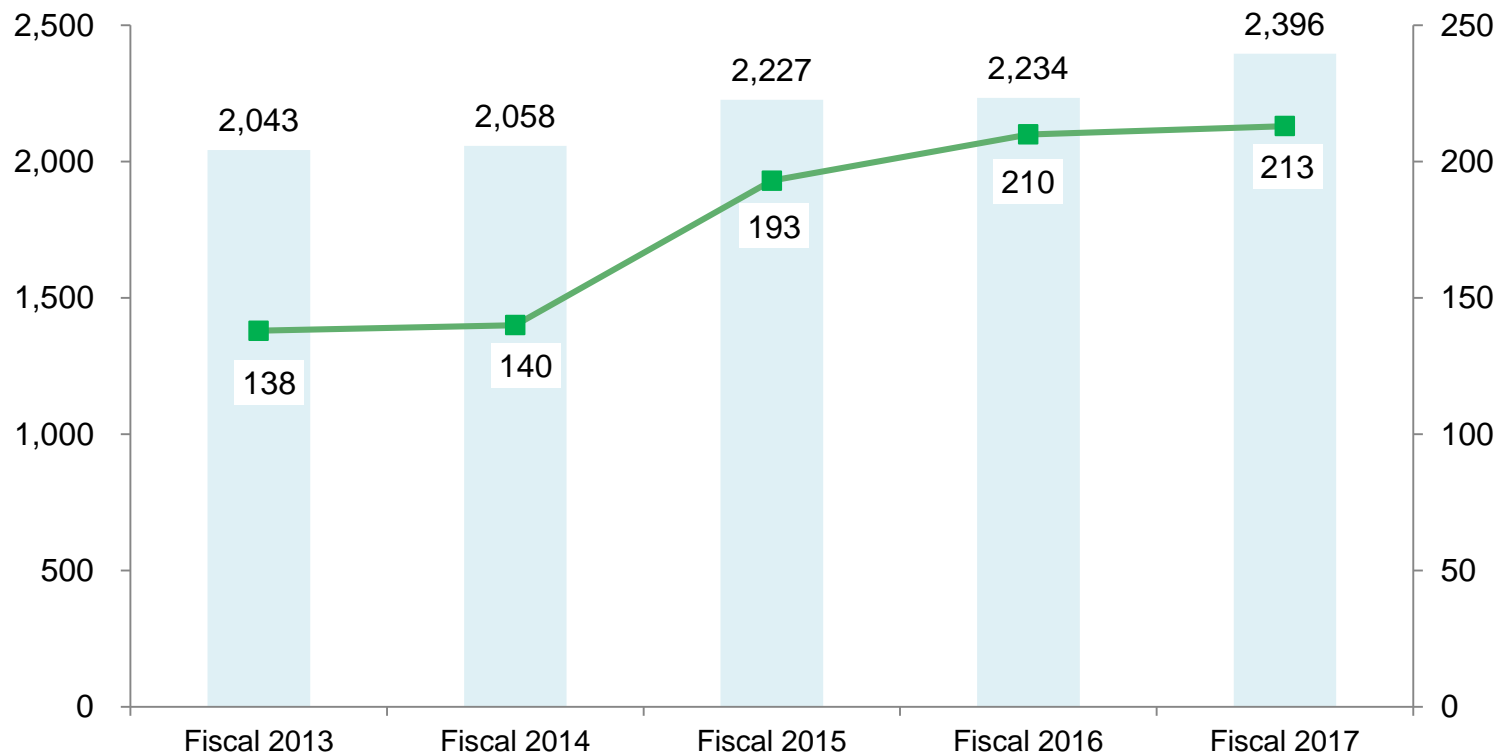
Note : Figures are expressed in units of 100 million yen and have been rounded off.

Fiscal 2017 Consolidated Performance (By segment)

Sales:
¥ 100 million

— sales — Operating profit

Operating Profit:
¥ 100 million



Note1 : The data of FY 2014 has been readjusted by applying the accounting method change retroactively.

Note2 : Figures are expressed in units of 100 million yen and have been rounded off.

Fiscal 2017 Consolidated Performance (By segment)

Consolidated
data

	Fiscal 2016	Fiscal 2017	Increase/ decrease	Increase/ decrease ratio (%)
Sales	2,234	2,396	161	7.2
Chemicals	1,476	1,585	109	7.4
<i>Electronics and IT materials</i>	197	233	35	18.0
<i>Functional chemicals</i>	1,104	1,171	66	6.0
<i>Commodity chemicals</i>	174	181	7	4.1
Food products	664	698	34	5.2
Other	93	111	17	19.0
Operating profit	210	213	2	1.4
Chemicals	183	197	13	7.5
<i>Electronics and IT materials</i>	29	52	22	77.2
<i>Functional chemicals</i>	122	118	△ 4	△ 3.3
<i>Commodity chemicals</i>	31	26	△ 5	△ 15.9
Food products	22	13	△ 8	△ 38.0
Other	4	2	△ 2	△ 49.0

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Segmental Information :

Electronics and IT materials

Consolidated
data

Electronics and IT materials (Increase in sales and profit)

1. In Information Media Materials , sales of photo(Light) curing resins, photoinitiators, and resist resins used in optical films and photoresists were favorable, in response to demand in the semiconductor market, as well as high-definition LCDs.
2. In electronic materials, demand continued to be robust, mainly for data centers, and sales of dielectric constant materials used in DRAM and 3D-NAND trended strongly. In addition, sales of circuit materials for etching printed circuit boards and lead frames were robust in Japan.

(Unit: ¥100 million)

	Fiscal 2016	Fiscal 2017	Increase/decrease
Sales	197	233	35
Operating profit	29	52	22

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Segmental Information :

Functional Chemicals

Consolidated
data

Functional chemicals (increase in sales/decrease in profit)

1. In polymer additives, sales for polyolefins such as light stabilizers and antioxidants trended strongly both in Japan and overseas against the backdrop of increased production of synthetic resins used in automobiles. Sales of plasticizers and stabilizers for PVC were also strong in Japan and overseas.
 2. In surface specialties, sales were robust due to the widespread use of lubricants for automotive engine oil in Japan and overseas. Sales of reactive type emulsifiers for paints and adhesives and glycol-based moisturizers for cosmetics were also robust, mainly in overseas markets.
 3. In functional polymers, sales of special epoxy resins used for adhesion of electronic parts and structural adhesion of automobiles and sales of water borne resins mainly used for paints remained favorable.
- ◆ The impact of higher raw material prices on functional chemicals as a whole was significant.

(Unit: ¥100 million)

	Fiscal 2016	Fiscal 2017	Increase/decrease
Sales	1,104	1,171	66
Operating profit	122	118	△ 4

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Commodity Chemicals

Consolidated
data

Commodity chemicals (increase in sales/decrease in profit)

1. In Propylene glycols, sales were firm due to solid demand for daily necessities such as toiletries and for heating-type tobacco applications.
 2. Sales of hydrogen peroxide grew steadily due to the expansion of its derivatives for use in electronic circuits for LCDs and other applications.
- ◆ Higher prices for raw materials and fuels had a major impact on commodity chemicals as a whole.

(Unit: ¥100 million)

	Fiscal 2016	Fiscal 2017	Increase/decrease
Sales	174	181	7
Operating profit	31	26	△ 5

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Segmental Information :

Food products

Consolidated
data

Food products (increase in sales/decrease in profit)

1. In Japan, sales of margarine, shortings, whipping cream, and other products for bakery, confectionery, and Western confectionery were robust.
 2. Overseas, the company expanded sales in China and Southeast Asia by strengthening its sales and development structure and developing products that meet local needs.
- ◆ The food business as a whole suffered from the impact of rising prices for raw materials such as oil and milk ingredients, and profits declined despite efforts to revise sales prices.

(Unit: ¥100 million)

	Fiscal 2016	Fiscal 2017	Increase/decrease
Sales	664	698	34
Operating profit	22	13	△ 8

Note : Figures are expressed in units of 100 million yen and have been rounded off.



2. Fiscal 2018 Prospective Performance

Fiscal2018 Prospective performance

Consolidated
data

(Unit: ¥ 100 million)

	Fiscal 2018			Increase /decrease	Increase/ decrease ratio (%)
	1st half (forecast)	2st half (forecast)	Whole FY (forecast)		
Net sales	1,270	1,320	2,590	193	8.1
Operating profit	103	118	221	7	3.6
Ordinary profit	106	126	232	8	3.9
Profit attributable to owners of parent	71	88	159	5	3.6
2nd-quarter net profit per share (yen/share)	69.0	85.5	154.5	5.3	
Dividend (yen/share)	21	22	43	4	

		Fiscal 2018 Prerequisite	Fiscal 2017 Performance
Exchange	¥/\$	110.00	110.85
	¥/€	133.00	129.70
Naphtha	¥/KL	50,000	41,925

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Reclassification of business segments

- “Polymer additives” included in functional chemicals is designated as a new sub-segment.
- The new sub-segment, Advanced Chemicals, consists of surface specialties, functional polymers, and commodity chemicals.

(Unit: ¥ 100 million)

【Previous segment】

Segment	Sales in FY 2017
Chemicals	1,585
Electronics and IT materials	233
Functional chemicals	1,171
<i>Polymer Additives</i>	825
<i>Surface specialties</i>	346
<i>Functional Polymers</i>	
Commodity chemicals	181
Food products	698
Other	111

Independent

Integration

【New segment】

Segment	Sales in FY 2017
Chemicals	1,585
Polymer Additives	825
IT Chemicals	233
Advanced Chemicals	527
Food products	698
Other	111

Note1 : From the 1Q of fiscal 2018 financial results announcement (scheduled for August 3), ADEKA plans to disclose information using a new segment.

Note2 : “Electronics and IT materials” changes segment name to “IT Chemicals”.

Fiscal 2018 Prospective performance (By segment)

(Unit:¥ 100 million)

Consolidated
data

	the 1st half (a)	the 2nd half (b)	Forecast for fiscal 2018 (a+b)	Fiscal 2017 performance (c)	Increase /Decrease (a+b-c)	Increase /decrease ratio (%)
Sales	1,270	1,320	2,590	2,396	193	8.1
Chemicals	862	888	1,750	1,585	164	10.3
<i>Polymer Additives</i>	445	460	905	825	79	9.6
<i>IT Chemicals</i>	120	125	245	233	11	5.1
<i>Advanced Chemicals</i>	297	303	600	527	72	13.8
Food products	358	382	740	698	41	5.9
Other	50	50	100	111	△ 11	△ 10.3
Operating profit	103	118	221	213	7	3.6
Chemicals	98	104	202	197	4	2.5
<i>Polymer Additives</i>	35	36	71	73	△ 2	△ 3.1
<i>IT Chemicals</i>	31	32	63	52	10	20.0
<i>Advanced Chemicals</i>	32	36	68	71	△ 3	△ 4.7
Food products	4	13	17	13	3	22.6
Other	1	1	2	2	△ 0	△ 13.8

Note : Figures are expressed in units of 100 million yen and have been rounded off.



3. Business Strategy

Business Strategy

Polymer Additives

- Additives for polyolefin resins: focus on expanding sales of high-performance products, such as nucleating agents/clarifying agents and light stabilizers, which have been enhanced in facilities, and general-purpose products, such as one-pack granule additives.
- Plasticizers and stabilizers for PVC: expanded to Asian automobiles, in particular, in response to strong demand for PVC worldwide.
- Flame retardants: expand sales to existing customers and develop new customers.

IT Chemicals

- Information media materials: expand sales of photo(Light) curing resins for optical films, mainly in Asia and Japan, while introducing new products for photoinitiators for color filters and semiconductor photoresists.
- Electronic materials: expand sales of semiconductor materials such as high-dielectric materials for DRAM, 3D-NAND, and logic IC, which continue to enjoy strong demand, and to rapidly commercialize etching chemicals for LCDs.

Advanced Chemicals

- Surface specialties: expand mainly in Europe, Asia, and Japan for engine oil additives that contribute to improving the fuel efficiency of automobiles, cosmetic ingredients that have completed REACH registrations, and reactive type emulsifiers that continue to be used for adhesives.
- Functional polymers: expand the use of special epoxy resins targeting the automotive and electronics fields, and promote the establishment of a global production system.
- Industrial chemicals, peroxide products, etc.: improve profitability in response to rising raw material prices and expand sales of derived hydrogen peroxide and propylene glycol to strengthen our business base.

Foods products

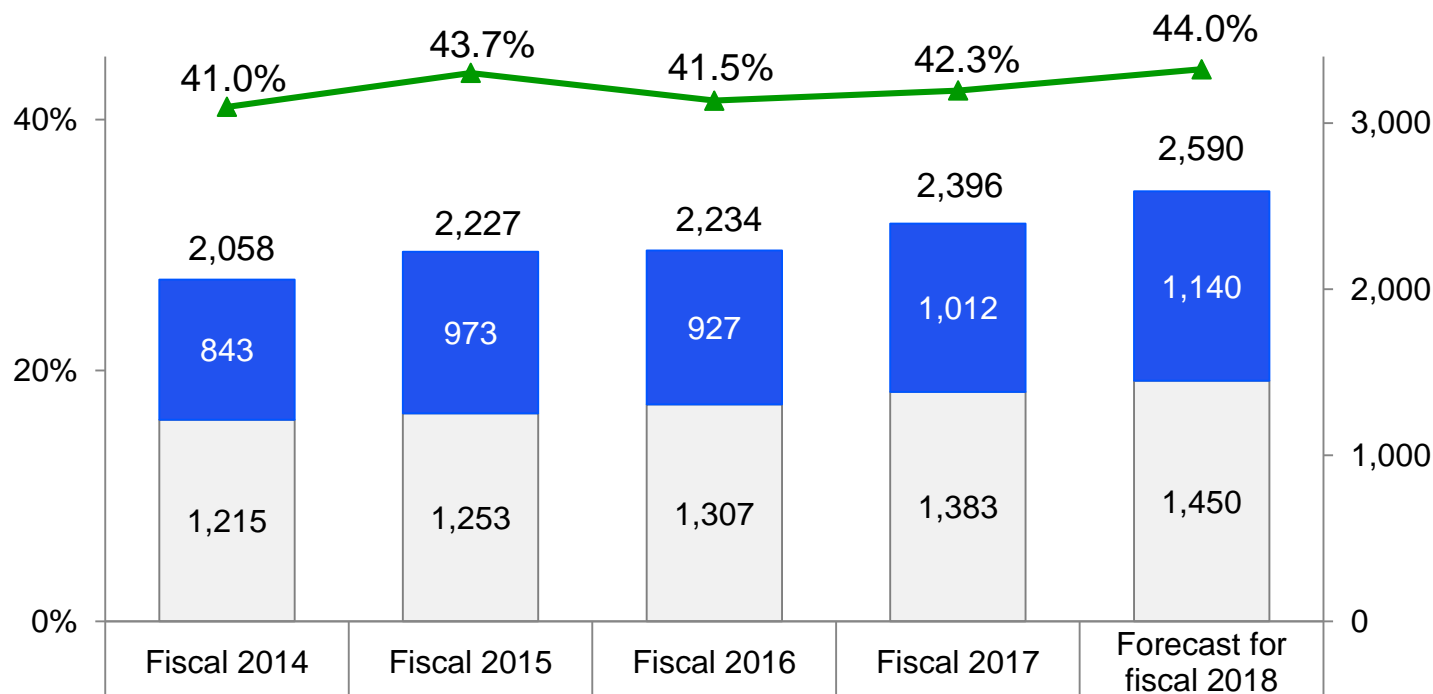
- In Japan, we will expand sales of strategic products and new products in the bakery, confectionery, and confectionery markets, and strengthen its business base. At the same time, promote the integration of products and the improvement of production efficiency in order to improve profitability. It also aims to expand sales by developing applications for functional food.
- Overseas, in addition to strengthening marketing and acquiring new customers in China, and expand sales of processed foods with increased capacity in Singapore, and strengthen sales to key customers in Malaysia, thereby expanding both the scale and profits of its business.



4. For Your Reference

Overseas Sales (for reference purposes)

(Unit: ¥ 100 million)



Overseas sales	843	973	927	1,012	1,140
Domestic sales	1,215	1,253	1,307	1,383	1,450
Overseas sales rate	41.0%	43.7%	41.5%	42.3%	44.0%
Sales	2,058	2,227	2,234	2,396	2,590

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Supplemental Documents for Financial Results Overview

- I. Supplemental documents for consolidated financial performance
- II. Management indexes
- III. For information purposes:
 - Overview of information on financial results of single-base and consolidated subsidiaries
 - Overview of ADEKA Group
(consolidated subsidiaries/affiliated company accounted for by the equity-method)
 - Major products by the business segments

Director and Managing Operating Officer Haruhiko Tomiyasu

I . Supplementary Data for the Consolidated Closing of Accounts

1. Consolidated Balance Sheet

	As of Mar 31, 2017	As of Mar 31, 2018	increase/ decrease
Assets			
Current assets ①	155,901	166,841	10,939
Fixed assets	134,583	146,079	11,495
Tangible fixed assets ②	80,121	85,546	5,424
Intangible fixed assets	3,982	4,080	98
Investment and other assets ③	50,479	56,452	5,972
Total assets	290,485	312,920	22,435
Liabilities			
Current liabilities ④	67,845	75,816	7,971
Long-term liabilities ⑤	34,682	32,015	△ 2,666
Total liabilities	102,528	107,832	5,304
Net assets			
Shareholders' equity	166,755	178,363	11,607
Capital stock	22,899	22,944	44
Capital surplus	19,926	19,985	58
Retained earnings	124,520	135,988	11,467
Treasury stock	△ 590	△ 554	36
Accumulated other comprehensive income	13,321	18,256	4,934
Valuation difference on available-for-sale securities	8,919	12,002	3,083
Reserve for land revaluation	4,276	4,276	—
Translation adjustment	2,604	4,346	1,741
Adjustments for retirement Benefits	△ 2,477	△ 2,368	109
Minority interests	7,879	8,468	589
Total net assets	187,956	205,088	17,131
Total liabilities and net assets	290,485	312,920	22,435

(Unit: ¥ million)

POINT①

Increase in current assets

Increase in Notes and accounts receivable 5,146

POINT②

Increase in tangible fixed assets

Increase in machinery and equipment 3,210

POINT③

Increase in investments and other assets

Increase in investment securities 4,063

POINT④

Increase in current liabilities

Increase in trade payables 5,454

POINT⑤

Decrease in long-term liabilities

Decrease in long-term debts payable △ 4,118

Note1 : Figures are expressed in units of 100 million yen and have been rounded off.

Note2 : Accumulated depreciation of tangible fixed assets 169,129million yen

I . Supplementary Data for the Consolidated Closing of Accounts

2. Cash Flow Statement (Summary)

Consolidated
data

(Unit: ¥ million)

	Fiscal 2016 (from April 1, 2016 to March 31, 2017)	Fiscal 2017 (from April 1, 2017 to March 31, 2018)
Cash flows from operating activities	22,183	22,221
Cash flows from investing activities ①	△ 16,666	△ 19,139
Cash flows from financing activities	△ 3,805	△ 5,825
Effect of exchange-rate changes on cash and cash equivalents	△ 1,019	883
Net increase/decrease in cash and cash equivalents (increase)	692	△ 1,860
Cash and cash equivalents at the beginning of period	49,981	50,762
Cash and cash equivalents from newly consolidated subsidiaries	89	—
Cash and cash equivalents at the end of period	50,762	48,902

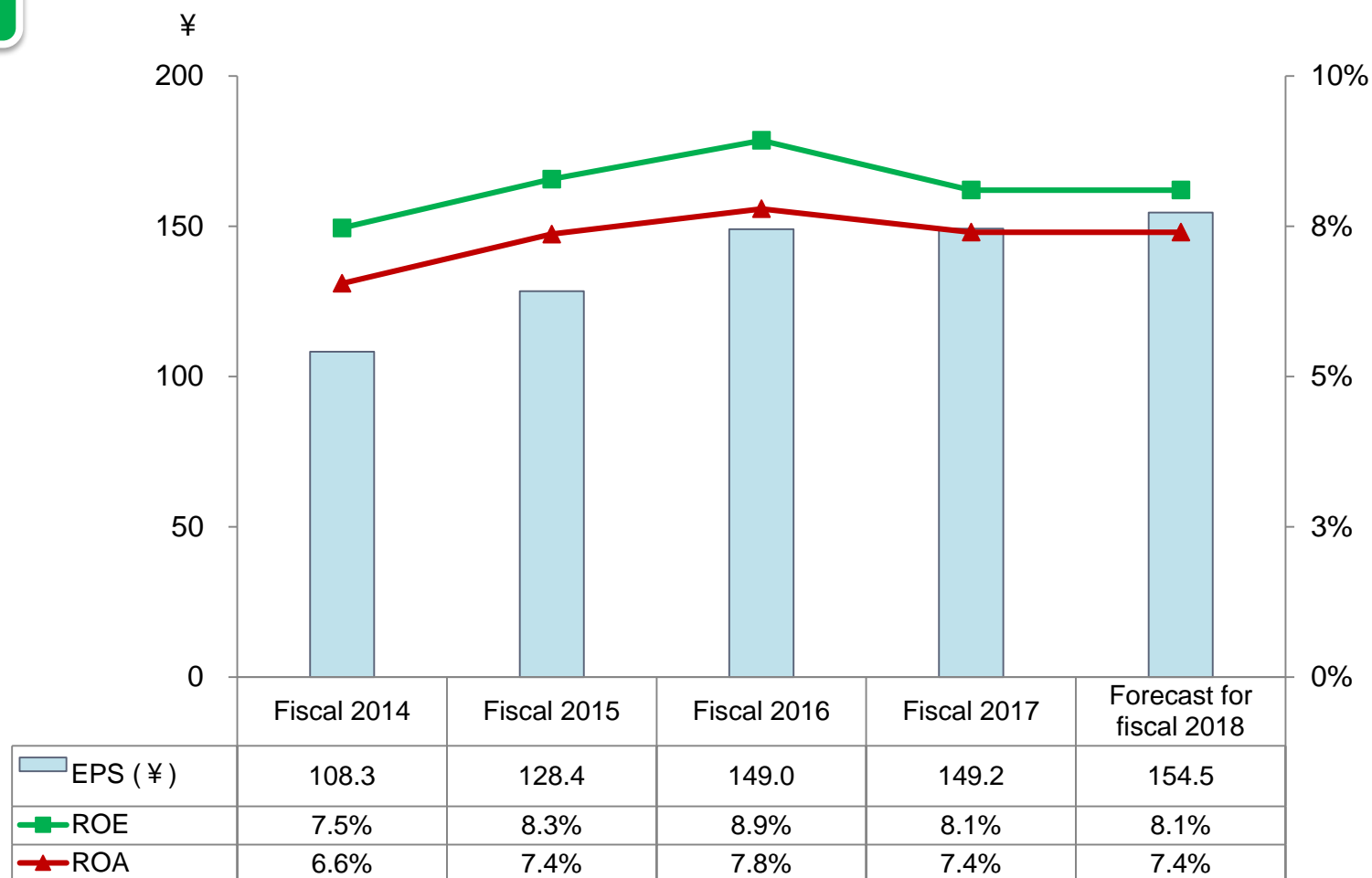
POINT① The increase in cash flows from investing activities is mainly due to an increase in payments for purchase of property, plant and equipment.

Note : Figures are expressed in units of 100 million yen and have been rounded off.

II . Management Indexes, etc.

II - 1. Profitability

Consolidated
data



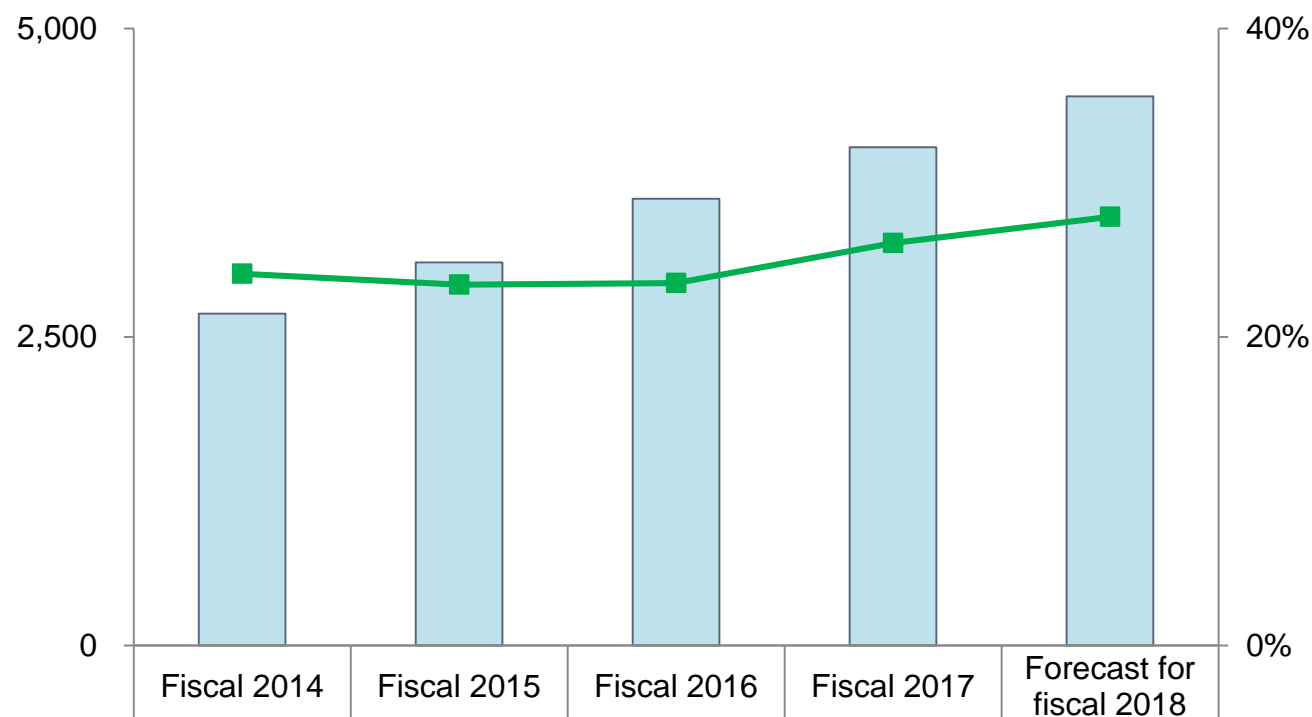
Note : The data of FY 2014 has been readjusted by applying the accounting method change retroactively.

II . Management Indexes, etc.

II - 2. Dividend payout ratio and dividends

Consolidated
data

¥ million



Dividend (¥)	26	30	35	39	43
Total dividend	2,690	3,104	3,621	4,037	4,451
Dividend payout ratio	24.1%	23.4%	23.5%	26.1%	27.8%

Note1 : The dividend of 35 yen in FY2016 includes a commemorative dividend of 5 yen in commemoration of the 100th anniversary of our founding.

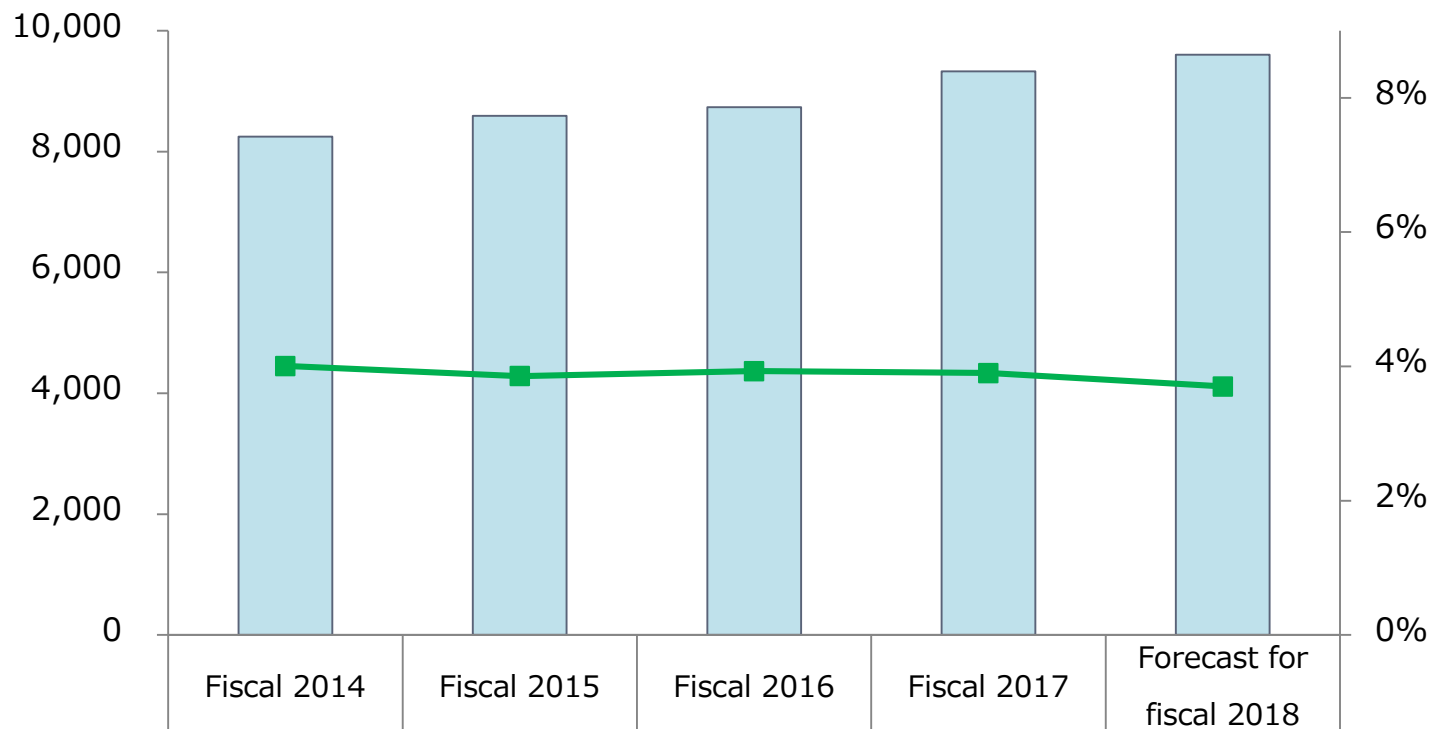
Note2 : Figures are expressed in units of 100 million yen and have been rounded off.

II . Management Indexes, etc.

II - 3. Research and development costs

Consolidated
data

¥ million



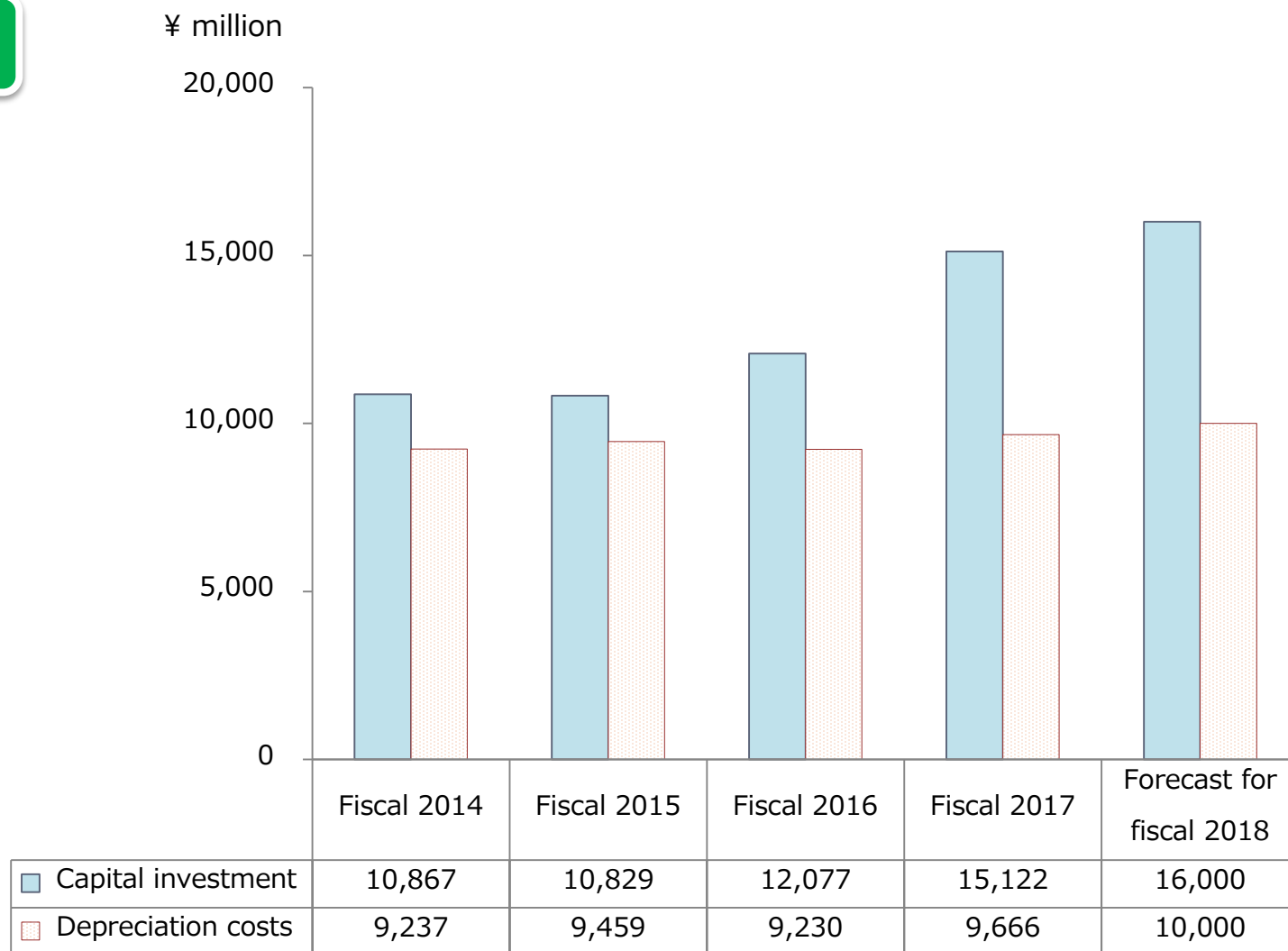
■ Research and development costs	8,247	8,588	8,735	9,327	9,600
■ Rate of research and development costs to sales	4.0%	3.9%	3.9%	3.9%	3.7%

Note : Research and development expense are expressed in units of 100 million yen and have been rounded off.

II . Management Indexes, etc.

II - 4. Capital investment

Consolidated
data

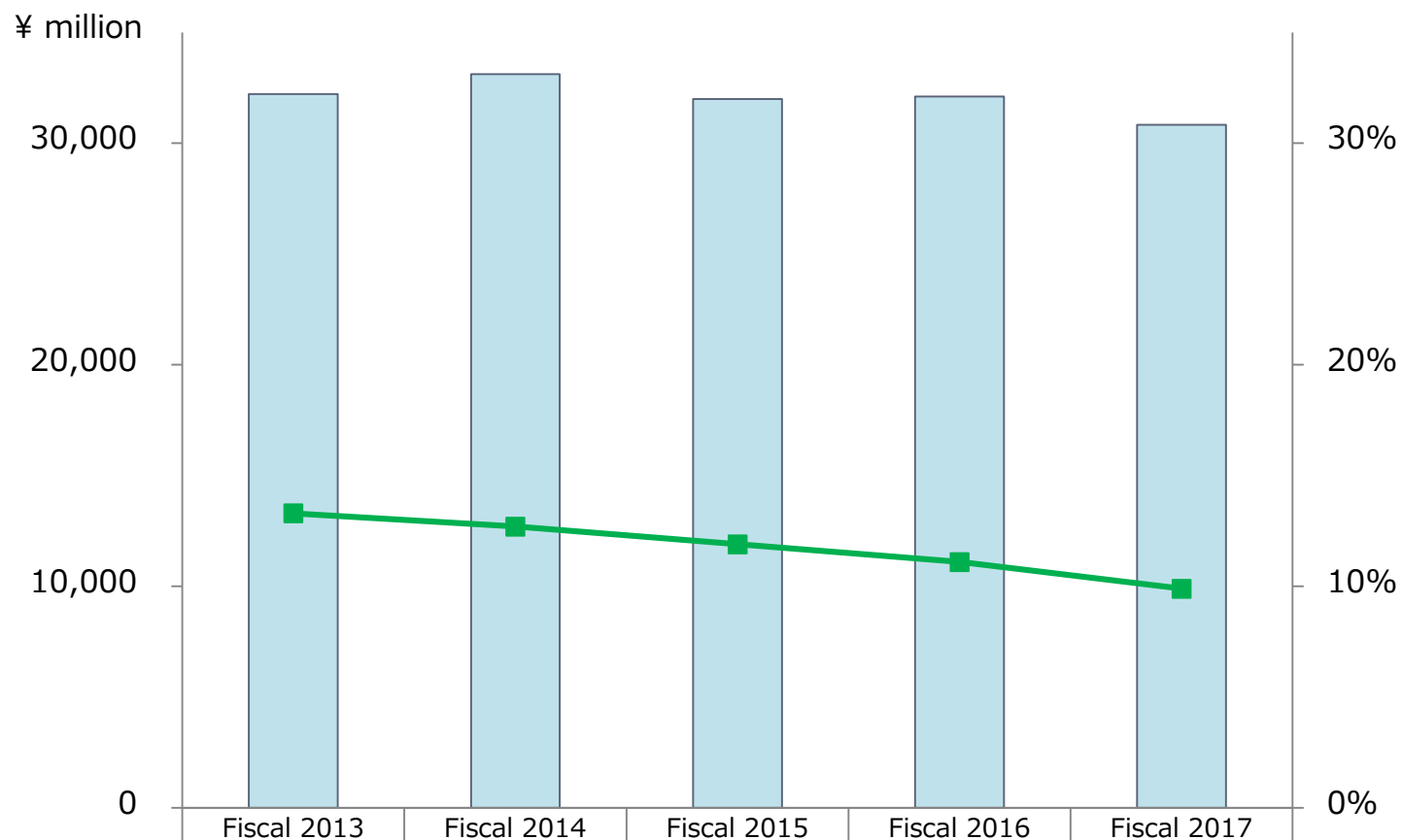


Note : Capital investment and depreciation are expressed in units of 100 million yen and have been rounded off.

II . Management Indexes, etc.

5. Interest-bearing liabilities

Consolidated
data



Liabilities with interest	32,222	33,123	32,003	32,108	30,828
Degree of dependence on interest-bearing liabilities	13.3%	12.7%	11.9%	11.1%	9.9%

Note : Liabilities with interest are expressed in units of 100 million yen and have been rounded off.

III. for your reference

1. Overview of non-consolidated and consolidated closing accounts

(Unit: ¥100 million)

Non-consolidated closing of accounts				
	Results in fiscal 2016	Results in fiscal 2017	Increase/decrease	Increase/decrease ratio (%)
Sales	1,249	1,313	63	5.1
Operating profit	126	130	4	3.8
Ordinary profit	143	154	10	7.5
NET profit for the Term	109	116	6	6.0
NET profit per share for the Term	106.0	112.3		

Domestic companies (11)				
	Results in fiscal 2016	Results in fiscal 2017	Increase/decrease	Increase/decrease ratio (%)
Sales	816	879	63	7.8
Operating profit	17	17	△ 0	△ 1.2

Overseas companies (16)				
	Results in fiscal 2016	Results in fiscal 2017	Increase/decrease	Increase/decrease ratio (%)
Sales	1,182	1,294	111	9.5
Operating profit	73	76	2	3.4

Consolidation adjustment accounts (deleted)		
	Results in fiscal 2016	Results in fiscal 2017
Sales	△ 1,014	△ 1,090
Operating profit	△ 6	△ 6

Note : Figures are expressed in units of 100 million yen and have been rounded off.

III. for your reference

2. Consolidated Subsidiaries (11 companies in Japan)

Segment	Consolidated subsidiary	Capital	Controlling share(%)	Line of business
Chemicals	ADEKA CHEMICAL SUPPLY CORP.	¥ 104million	98.04 (Indirect ownership: 3.61)	Sales of chemical products, and the development, manufacturing and sales of metal processing oils, etc.
Chemicals	ADEKA CLEAN AID CORP.	¥ 140million	100.00	Development and sales of kitchen detergents for commercial use, industrial detergents, etc.
Chemicals	OXIRANE CHEMICAL CORP.	¥ 600million	51.00	Manufacturing and sales of epoxy plasticizers, etc.
Food products	ADEKA FOOD SALES CORP.	¥ 42million	100.00	Sales of edible processed oils and fats for confectionary and breads, and sales of other foodstuffs, etc.
Food products	YONGO CO.,LTD.	¥ 18million	92.14	Wholesaling of ingredients for confectionery and bakery business use.
Food products	ADEKA FINE FOODS CORP.	¥ 50million	100.00	Manufacturing and sales of mayonnaise products, oil and fat processed food products and processed products using seafood.
Food products	UEHARA FOOD INDUSTRY CO.,LTD.	¥ 70million	100.00	Manufacturing and sales of flour paste products, bean-jams and retort pouch foods.
Food products	CROWN CO.,LTD.	¥ 10million	51.00	Wholesale business of food materials such as edible oils and fats
Others	ADEKA LOGISTICS CORP.	¥ 50million	100.00	General and principal contracting of logistics for the company, warehousing, leasing of vehicles, etc.
Others	ADEKA ENGINEERING & CONSTRUCTION CORP.	¥ 130million	100.00	Design, construction, and construction supervision of facility plants, and facilities maintenance.
Others	ADEKA LIFE-CREATE CORP.	¥ 65million	90.00 (Indirect ownership: 10.00)	Trading, brokerage and management of real estate, property and life insurance agency, sales in the OA equipment area, and management of buildings and company-owned apartments

Note : Capitals are expressed in units of 100 million yen and have been rounded off.

III. for your reference

3. Consolidated Subsidiaries (16 overseas companies)

Country	Segment	Consolidated subsidiary	Capital	Controlling share(%)	Line of business
U.S.	Chemicals	ADEKA USA CORP.	US\$1 million	100.00	Sales of chemical products.
U.S.	Chemicals	AMFINE CHEMICAL CORP.	US\$16 million	60.00	Manufacturing and sales of polymer additives.
U.S.	Chemicals	AM STABILIZERS CORP.	US\$8.5 million	60.00 (Indirect ownership:60.00)	Manufacturing and sales of polymer additives.
GERMANY	Chemicals	ADEKA Europe GmbH	€0.5 million	100.00	Sales of chemical products.
FRANCE	Chemicals	ADEKA POLYMER ADDITIVES EUROPE SAS	€3 million	100.00 (Indirect ownership:100.00)	Manufacturing and sales of polymer additives.
CHINA	Chemicals	ADEKA (CHAINA) CO., LTD.	US\$11 million	100.00	Sales of chemical products.
CHINA	Chemicals	ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.	US\$20.5million	100.00	Manufacturing and sales of polymer additives, functional resins, electronic materials and similar products.
CHINA	Chemicals	ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD.	US\$21.54million	50.00	Manufacturing and sales of polymer additives.
CHINA	Food products	ADEKA FOODS (CHANGSHU) CO., LTD.	US\$15 million	70.00	Manufacturing and sales of processed oils and fats, processed foods
TAIWAN	Chemicals	CHANG CHIANG CHEMICAL CO., LTD.	NT\$30 million	50.50	Sales of polymer additives and plasticizers .
TAIWAN	Chemicals	ADEKA FINE CHEMICAL TAIWAN CORP.	NT\$200 million	100.00	Manufacturing and sale of chemical products
SOUTH KOREA	Chemicals	ADEKA KOREA CORP.	₩15 billion	100.00	Manufacturing and sale of chemical products
THAILAND	Chemicals	ADEKA FINE CHEMICAL (THAILAND) CO., LTD.	฿ 350 million	81.00	Manufacturing and sale of chemical products
SINGAPORE	Chemicals	ADEKA (ASIA) PTE.LTD.	US\$ 0.8 million	100.00	Sales of chemical products.
SINGAPORE	Food Products	ADEKA(SINGAPORE)PTE.LTD.	S\$8 million	90.00	Manufacturing and sales of processed oils and fats, frozen piecrusts and related food products.
Malaysia	Food products	ADEKA FOODS(ASIA)SDN.BHD.	RM45million	60.00	Manufacturing and sales of processed oils and fats.

III. for your reference

4. Equity method-applicable companies

Two equity method-applicable companies	Capital	Controlling share	Line of business
NIHON NOHYAKU CO., LTD.	¥10,939 million	24.21%	Manufacturing and sales of agrichemicals and other products.
CO-OP CLEAN CO., LTD.	¥80 million	46.88%	Development and sales of soap, detergents and similar products.
SHOWA KOSAN CO.,LTD.	¥550 million	20.81%	Sale of synthetic resins, chemical products, industrial materials, electronic materials and environmental concerns.

* There was no change in the number of equity method-applicable companies.

Note : Capitals are expressed in units of 100 million yen and have been rounded off.

III. for your reference

5. Core products of each business category

Business category		Core products
Reportable segment	Polymer additives	Additives for polyolefins (nucleating/clarifying agents, light stabilizers, UV absorbers, antioxidants, etc.), PVC plasticizers/stabilizers, Flame retardants
	IT Chemicals	High-purity materials for semiconductors, AFES System and etching agents, Photo(light) curing resins, photoinitiators, Imaging materials, and others.
	Advanced chemicals	Epoxy resins, Polyurethanes, Water borne resins, Surfactants, Lubricants, Metal working fluid, Cosmetic ingredients, Polypropylene glycol, Hydrogen peroxide, Industrial fats and oil-induced products, Water-swelling sealing materials, and others.
	Food products	Margarines, Shortenings, Oil and fats for chocolate, Oils and fats for frying, Whipping cream, Enriched milk products, Fillings, Frozen pie crusts, Mayonnaise dressing, functional foods, and others.
Other business		Designing of equipment plants, Construction and construction management, Maintenance of equipment, Logistic services, Warehousing, Leasing of vehicles, Real estate and insurance business, and others.

Notice on Forecast Performance and Business Plans

The forecast performance and business plans specified in this document have been prepared based on information available as of the date of publication, as well as on various prerequisites; therefore, the actual results may differ from these forecasts or plans depending on various factors that may arise hereafter.