

# Briefings on Financial Results

For the 3<sup>rd</sup> Quarter of the fiscal year ended Mar. 31,2021

Mar. 16, 2021

【TSE 4401】



# Financial Results Overview

FY2020 3<sup>rd</sup> Quarter

Apr. 1, 2020 – Dec. 31, 2020

President and Chief Executive Officer

**Hidetaka Shirozume**



- 1. FY2020/3Q Consolidated Results** . . . P3
- 2. FY2020 Consolidated Forecasts and Business Strategy** . . . P11
- 3. For Reference** . . . P13  
Progress of mid-term management plan “BEYOND 300 ”  
Overseas Sales

# FY2020/3Q Consolidated Results

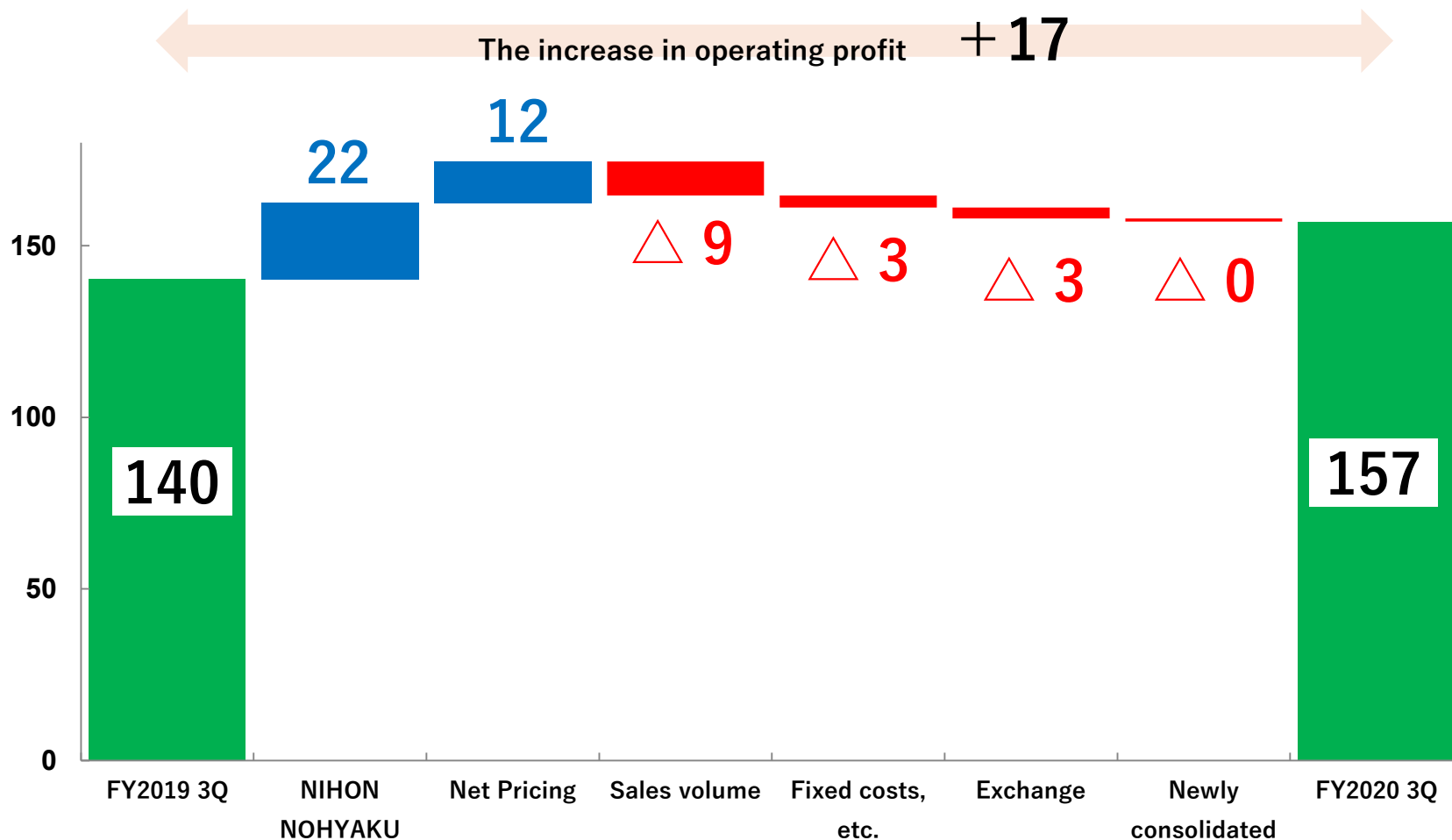
Unit: 100 million yen

	FY2019/3Q	FY2020/3Q	Amounts	Rate (%)
Sales	2,183	2,138	△ 45	△ 2.1
Operating profit	140	157	17	12.1
Current profit	133	151	18	13.9
Profit attributable to owners of parent	101	104	2	2.9
Net profit per share (yen/share)	98.2yen	100.8yen	2.6yen	

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

# Analysis of Operating Profit

Unit: 100 million yen



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

# FY2020/3Q Consolidated Results - By segment -

Unit: 100 million yen

	FY2019/3Q	FY2020/3Q	Amounts	Rate (%)
<b>Sales</b>	<b>2,183</b>	<b>2,138</b>	△ 45	△ 2.1
<b>Chemicals</b>	<b>1,219</b>	<b>1,146</b>	△ 73	△ 6.0
<i>Polymer Additives</i>	611	563	△ 48	△ 7.9
<i>Electronics and IT materials</i>	194	210	16	8.6
<i>Functional chemicals</i>	413	372	△ 41	△ 10.0
<b>Food products</b>	<b>532</b>	<b>511</b>	△ 20	△ 3.8
<b>Life Science</b>	<b>370</b>	<b>417</b>	46	12.5
<b>Other</b>	<b>60</b>	<b>62</b>	2	3.3
<b>Operating profit</b>	<b>140</b>	<b>157</b>	17	12.1
<b>Chemicals</b>	<b>134</b>	<b>131</b>	△ 3	△ 2.7
<i>Polymer Additives</i>	50	40	△ 9	△ 19.1
<i>Electronics and IT materials</i>	46	55	8	18.9
<i>Functional chemicals</i>	38	35	△ 2	△ 7.4
<b>Food products</b>	<b>9</b>	<b>7</b>	△ 2	△ 24.9
<b>Life Science</b>	<b>▲ 10</b>	<b>11</b>	22	-
<b>Other</b>	<b>6</b>	<b>6</b>	0	12.3

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

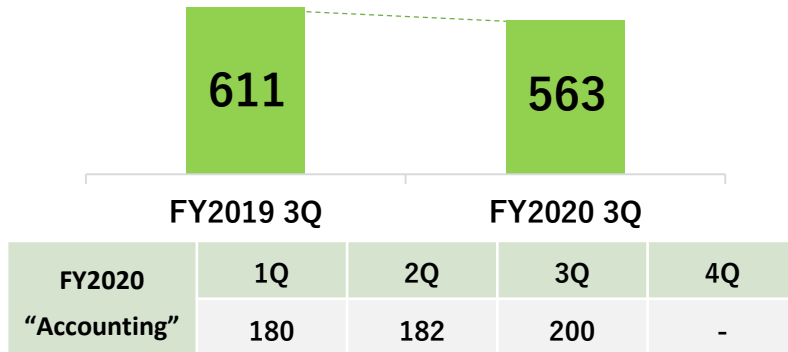


# Chemicals “Polymer additives”

## ◆ Sales

Unit: 100 million yen

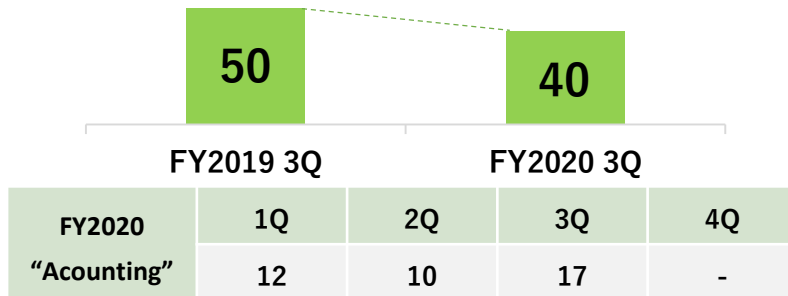
△ 7.9%



## ◆ Operating profit

Unit: 100 million yen

△ 19.1%



### Main factor (YoY)

Rallying from the third quarter

#### ◆ Automobile

weak

Nucleating Agents, Light Stabilizers, Plasticizers for Rubbers

#### ◆ Building material

weak

PVC Stabilizers

#### ◆ Food packaging, Medical use

steady

Clarifying Agents

#### ◆ All plastic products

weak

Antioxidants

#### ◆ Home appliances frame

strong

Flame retardants for Engineering plastics

### Main factor (YoY)

Sales volume

△ 12

Net pricing

3

Fixed costs, etc.

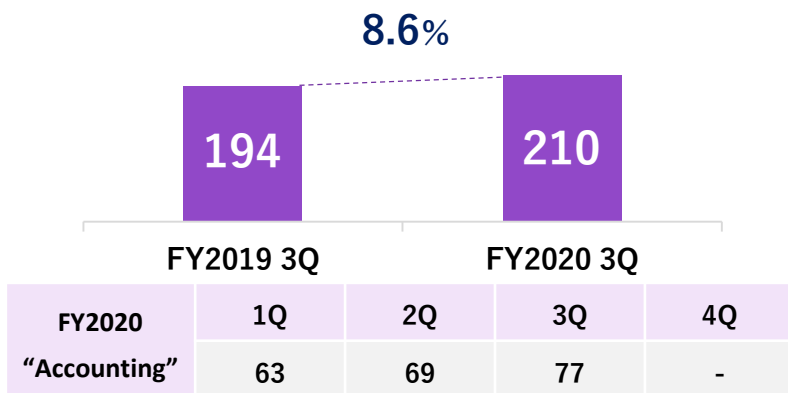
1

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

# Chemicals “Electronics and IT materials”

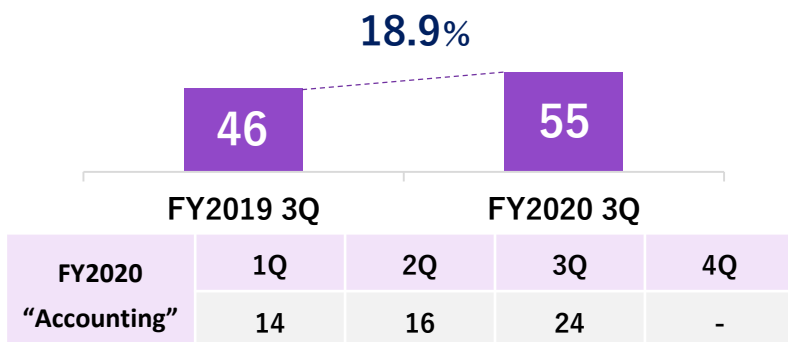
## ◆ Sales

Unit: 100 million yen



## ◆ Operating profit

Unit: 100 million yen



### Main factor (YoY)

#### ◆ Semiconductor

Brisk demand for 5G communication, miniaturization of semiconductors through EUV exposure

strong

Photoacid generator used for semiconductor lithography  
New products for advanced DRAM (High-k materials)

steady

Products for NAND

#### ◆ Display

Growing demand for LCD and OLED panels due to changing lifestyles

strong

Photo(Light) Curing Resins for Optical film  
Photoinitiator for color filter

steady

Etchants for printed circuit boards

### Main factor (YoY)

Sales volume

11

Net pricing

△ 2

Fixed costs, etc.

1

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

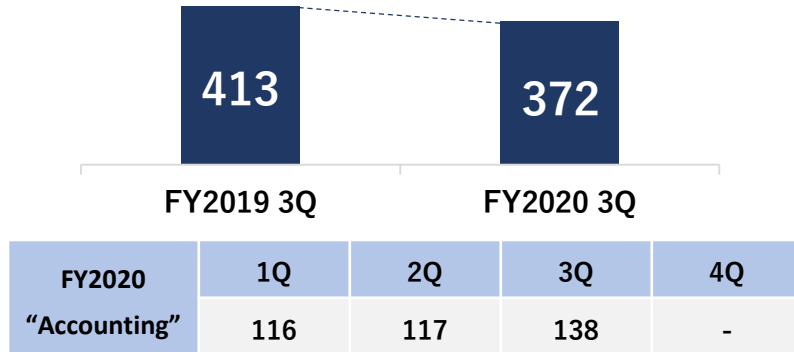


# Chemicals “Functional chemicals”

## ◆ Sales

Unit: 100 million yen

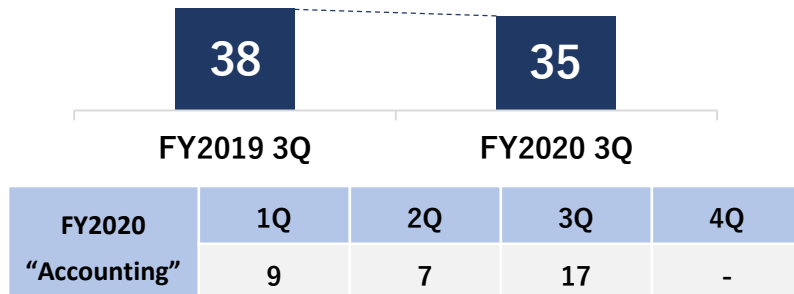
△ 10.0%



## ◆ Operating profit

Unit: 100 million yen

△ 7.4%



### Main factor (YoY)

Rallying from the third quarter

#### ◆ Automobile

weak

Lubricant additive for engine oil,  
Special Type Epoxy Resins

#### ◆ Civil engineering and construction, Industrial Agents

steady

Surfactants, Peroxygen Chemicals,  
Propylene Glycol

#### ◆ Cosmetics, toiletries

steady

Surfactants for hand soap, disinfectant

weak

Cosmetic Ingredients

### Main factor (YoY)

Net pricing

10

Sales volume

△ 7

Costs and others

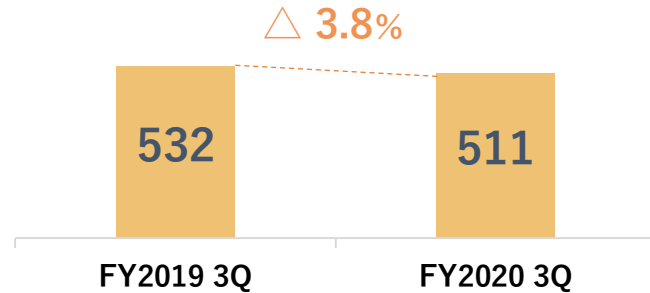
△ 4

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

# Food Products

## ◆ Sales

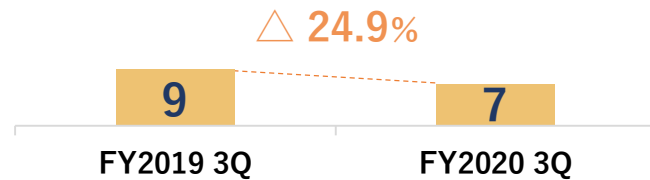
Unit: 100 million yen



FY2020	1Q	2Q	3Q	4Q
"Accounting"	163	163	184	-

## ◆ Operating profit

Unit: 100 million yen



FY2020	1Q	2Q	3Q	4Q
"Accounting"	2	0	4	-

### Main factor (YoY)

#### ◆ Bread, confectionery in JAPAN, CHINA and SOUTHEAST ASIA

**weak** Margarines, shortening

#### ◆ Souvenir sweets

**weak** Margarines, shortening, fillings

#### ◆ Western confectionery, dessert

**strong** Whipping cream

#### ◆ Bread "food loss reduction and labor saving"

**steady** Margarine for kneading "Marvelous"

Received the "2020 Nikkei Excellent Product and Service Award Nikkei MJ Award"

Combination of original functional materials (Inclusion of multiple enzymes and others) × High dispersion technology (Dispersed all over the dough)

Extending the consumability period (to 1.5 folds that of conventional products)

### Main factor (YoY)

Sales volume

△ 2

Net pricing

1

Costs and others

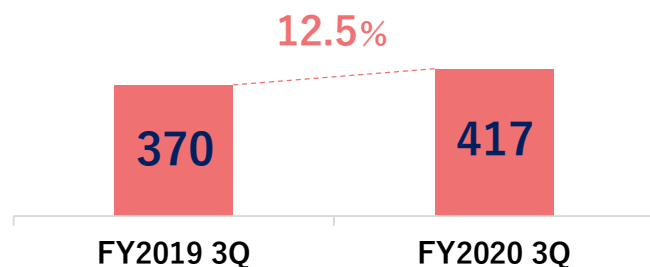
△ 1

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

# Life Science “NIHON NOHYAKU”

## ◆ Sales

Unit: 100 million yen



FY2020	1Q	2Q	3Q	4Q
“Accounting”	140	149	127	-

## ◆ Operating profit

Unit: 100 million yen



FY2020	1Q	2Q	3Q	4Q
“Accounting”	10	0	1	-

### Main factor (YoY)

#### ◆ Agrochemicals

**strong** JAPAN, EUROPE, INDIA

**weak** BRAZIL

#### ◆ Pharmaceuticals, others

**strong** Field of Nail Athlete's foot  
Topical antifungal agent *Luliconazole*

### Main factor (YoY)

Earnings hiked after the effect of expansion of agrochemical sales in Japan, Europe and India

#### < JAPAN >

- Normalized sales according to the time of use and distribution of Agrochemicals
- Spread and sales expansion of mainstay independently developed products including fungicide for paddy rice and for horticulture

#### < EUROPE >

- Demand for plant growth regulators expanded due to stricter regulations in Europe (switching from competitors' products)

#### < INDIA >

- Rising demand for herbicide due to many sunny days during the rainy season and strong sales of insecticide

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

# Revision of Consolidated Annual Forecasts

Unit: 100 million yen

FY2020 Consolidated Annual Forecasts	Previous forecast Nov. 13, 2020	Revised forecast Feb. 12, 2021	Adjustment	Rate (%)
Sales	2,900	3,140	240	8.3
Operating profit	200	240	40	20.0
Current profit	192	240	48	25.0
Profit attributable to owners of parent	120	137	17	14.2
Net profit per share - yen/share -	116.2yen	132.7yen	16.5yen	

- Taking into account the impact of harmonization of account closing dates among 10 overseas consolidated subsidiaries in the USA, China, Taiwan, Thailand, and the UAE  
(Roughly estimated at 20.0 billion yen in terms of net sales and 1.0 billion yen in terms of operating profit)
- Revised upwards in view of the consolidated cumulative results for the third quarter, recent market conditions and performance trends

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

Assumed foreign exchange rate  
107.00yen/\$、119.00yen/€

# FY2020 Prospective Performance - By segment -

Unit: 100 million yen

	1H Results	3Q Results	Annual Forecasts (a)	FY2019 Results (b)	Amounts (a)-(b)	Rate (%)	Previous forecast (Nov. 13, 2020) (c)	Adjustment (a)-(c)
<b>Sales</b>	<b>1,386</b>	<b>752</b>	<b>3,140</b>	<b>3,041</b>	<b>98</b>	<b>3.2</b>	<b>2,900</b>	<b>240</b>
<b>Chemicals</b>	<b>729</b>	<b>417</b>	<b>1,684</b>	<b>1,641</b>	<b>42</b>	<b>2.6</b>	<b>1,498</b>	<b>186</b>
<i>Polymer Additives</i>	<i>362</i>	<i>200</i>	<i>865</i>	<i>821</i>	<i>43</i>	<i>5.3</i>	<i>737</i>	<i>128</i>
<i>Electronics and IT materials</i>	<i>133</i>	<i>77</i>	<i>282</i>	<i>264</i>	<i>17</i>	<i>6.7</i>	<i>266</i>	<i>16</i>
<i>Functional chemicals</i>	<i>233</i>	<i>138</i>	<i>537</i>	<i>556</i>	<i>△ 19</i>	<i>△ 3.4</i>	<i>495</i>	<i>42</i>
<b>Food products</b>	<b>327</b>	<b>184</b>	<b>683</b>	<b>710</b>	<b>△ 27</b>	<b>△ 3.8</b>	<b>660</b>	<b>23</b>
<b>Life Science</b>	<b>289</b>	<b>127</b>	<b>700</b>	<b>604</b>	<b>95</b>	<b>15.9</b>	<b>670</b>	<b>30</b>
<b>Other</b>	<b>39</b>	<b>22</b>	<b>73</b>	<b>85</b>	<b>△ 12</b>	<b>△ 14.6</b>	<b>72</b>	<b>1</b>
<b>Operating profit</b>	<b>89</b>	<b>67</b>	<b>240</b>	<b>225</b>	<b>14</b>	<b>6.6</b>	<b>200</b>	<b>40</b>
<b>Chemicals</b>	<b>71</b>	<b>59</b>	<b>181</b>	<b>175</b>	<b>5</b>	<b>3.3</b>	<b>155</b>	<b>26</b>
<i>Polymer Additives</i>	<i>23</i>	<i>17</i>	<i>63</i>	<i>66</i>	<i>△ 3</i>	<i>△ 4.8</i>	<i>50</i>	<i>13</i>
<i>Electronics and IT materials</i>	<i>31</i>	<i>24</i>	<i>76</i>	<i>59</i>	<i>16</i>	<i>26.9</i>	<i>66</i>	<i>10</i>
<i>Functional chemicals</i>	<i>17</i>	<i>17</i>	<i>42</i>	<i>49</i>	<i>△ 7</i>	<i>△ 14.7</i>	<i>39</i>	<i>3</i>
<b>Food products</b>	<b>2</b>	<b>4</b>	<b>11</b>	<b>15</b>	<b>△ 4</b>	<b>△ 30.0</b>	<b>10</b>	<b>1</b>
<b>Life Science</b>	<b>10</b>	<b>1</b>	<b>40</b>	<b>26</b>	<b>13</b>	<b>52.7</b>	<b>27</b>	<b>13</b>
<b>Other</b>	<b>4</b>	<b>2</b>	<b>8</b>	<b>7</b>	<b>0</b>	<b>0.6</b>	<b>8</b>	<b>0</b>

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



# Progress of mid-term management plan BEYOND 300

	<b>FY2018 Performance</b> 1st year of <i>BEYOND 300</i>	<b>FY2019 Performance</b> 2nd year of <i>BEYOND 300</i>	<b>FY2020 Forecast</b> Final-year of <i>BEYOND 300</i>	<b>FY2020 Target</b> Final-year of <i>BEYOND 300</i>
Consolidated sales	<b>299.3</b> billion yen	<b>304.1</b> billion yen	<b>314.0</b> billion yen	<b>Over 300</b> billion yen - Via organic growth -
<i>Organic growth</i>	<b>255.0</b> billion yen	<b>238.8</b> billion yen		
Operating income margin	<b>8.9%</b>	<b>7.4%</b>	<b>7.6%</b>	<b>10%</b>
ROE	<b>8.5%</b>	<b>7.3%</b>	<b>6.3%</b>	<b>10%</b>
Investment and finance	<b>36.2</b> billion yen/year	<b>17.2</b> billion yen/year	<b>15.0</b> billion yen/year	<b>100</b> billion yen/3 years
<i>Capital investment</i>	<b>17.4</b> billion yen/year	<b>17.2</b> billion yen/year	<b>15.0</b> billion yen/year	<b>50</b> billion yen/3 years
<i>M&amp;A funds</i>	<b>18.8</b> billion yen execution	—	—	<b>50</b> billion yen/3 years
Dividend	Dividend payout ratio <b>27.1%</b>	Dividend payout ratio <b>32.5%</b>	Dividend payout ratio <b>36.2%</b>	Dividend payout ratio <b>30%</b> (Target for the final year of the plan after incremental increases)

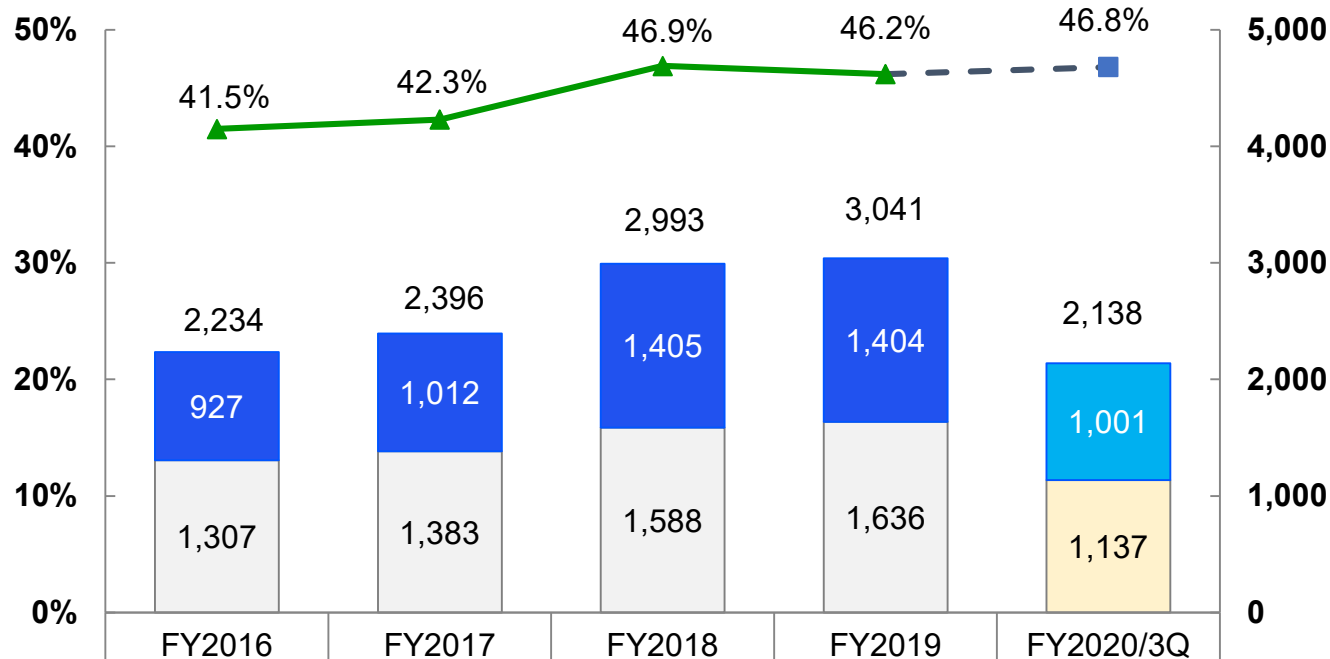
Organic growth : Aims to reach sales exceeding 300 billion yen with business growth from polymer additives, chemicals and food products.

- Excluding contributions from M&A -



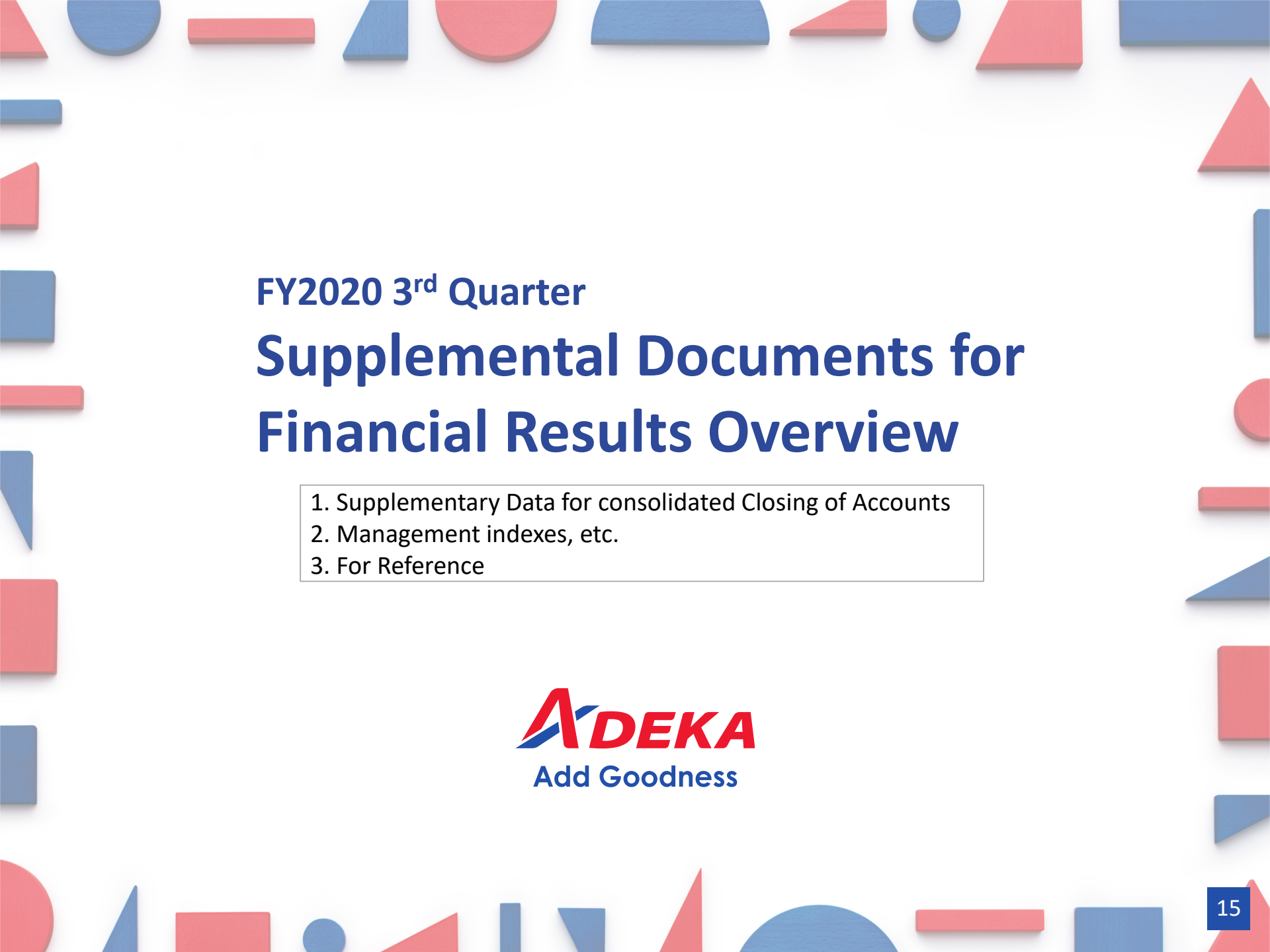
# Overseas Sales - For reference -

Unit: 100 million yen



Overseas sales	927	1,012	1,405	1,404	1,001
Domestic sales	1,307	1,383	1,588	1,636	1,137
Overseas sales ratio	41.5%	42.3%	46.9%	46.2%	46.8%
sales	2,234	2,396	2,993	3,041	2,138

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



# FY2020 3<sup>rd</sup> Quarter Supplemental Documents for Financial Results Overview

1. Supplementary Data for consolidated Closing of Accounts
2. Management indexes, etc.
3. For Reference



# 1 Consolidated Balance Sheet

	As of Mar. 31, 2020	As of Dec. 31, 2020	increase/ decrease
<b>Assets</b>			
Current assets	2,276	2,311	35
Fixed assets	1,818	1,790	△ 27
Tangible fixed assets	1,132	1,189	57
Intangible fixed assets	163	160	△ 2
Investment and other assets	522	440	△ 81
Total assets ①	4,094	4,102	8
<b>Liabilities</b>			
Current liabilities	927	952	25
Long-term liabilities	661	589	△ 71
Total liabilities	1,588	1,541	△ 46
<b>Net assets</b>			
Shareholders' equity	2,014	2,060	46
Capital stock	229	229	-
Capital surplus	199	200	0
Retained earnings	1,588	1,634	45
Treasury stock	△ 4	△ 4	0
Accumulated other comprehensive income	88	110	22
Valuation difference on available-for-sale securities	65	81	15
Reserve for land revaluation	42	42	-
Translation adjustment	1	6	4
Adjustments for retirement Benefits	△ 20	△ 18	1
Minority interests	403	389	△ 14
Total net assets ②	2,506	2,561	54
Total liabilities and net assets	4,094	4,102	8

Unit: 100 million yen

POINT①

**Decrease in total liabilities** △ 46

Decrease in short-term borrowings △ 48

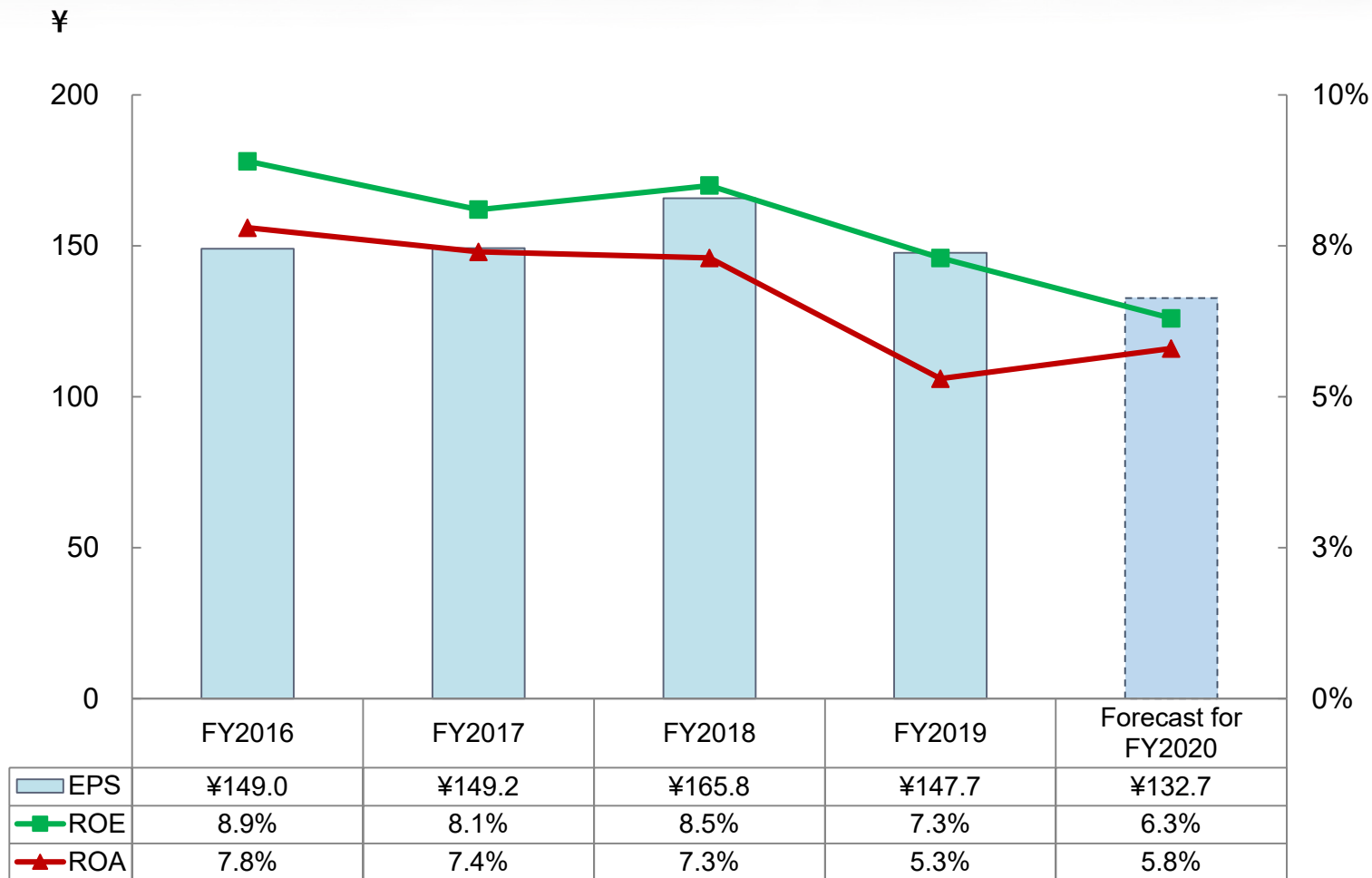
POINT②

**Increase in total net assets** 54

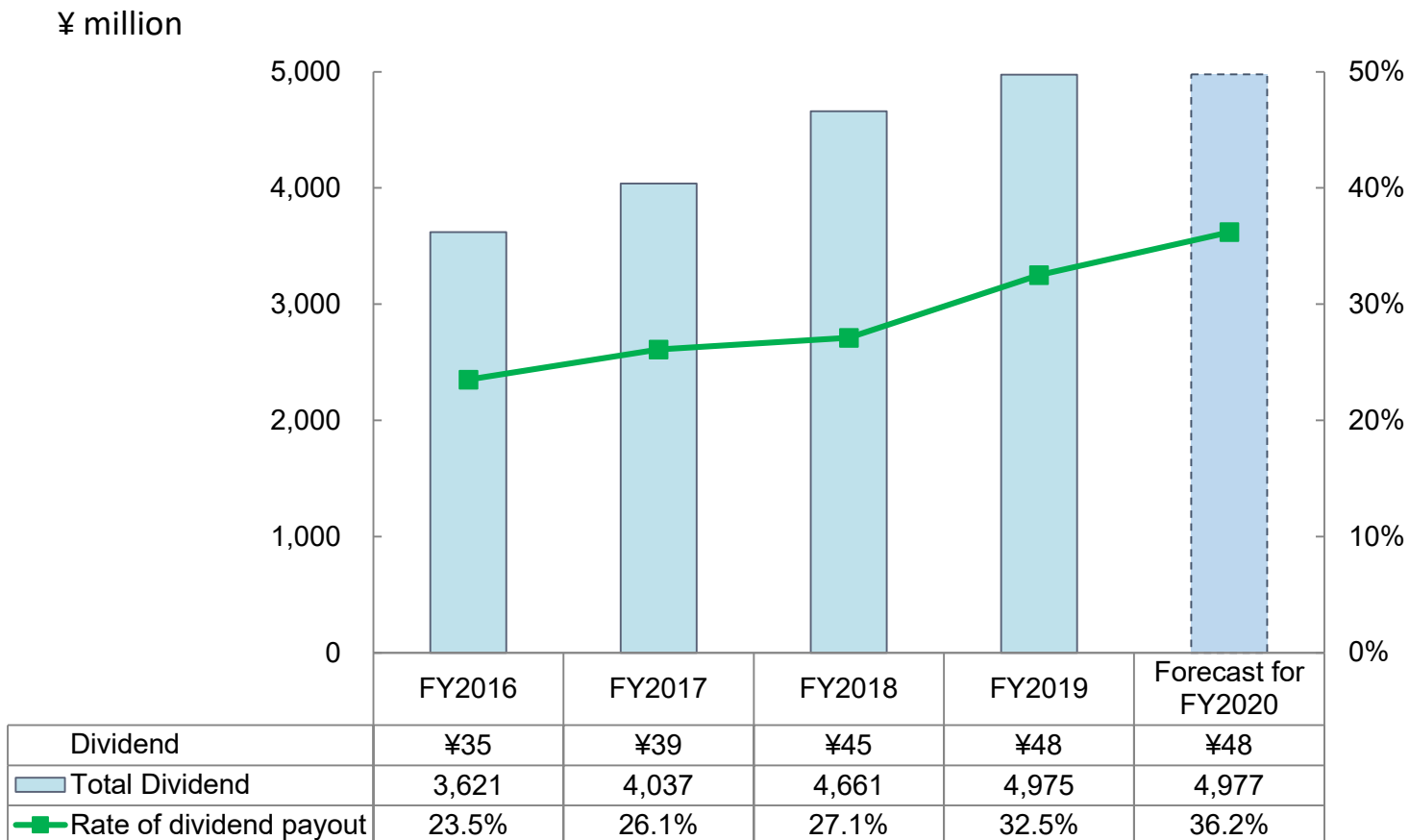
Increase in retained earnings 45

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

# 1 Profitability



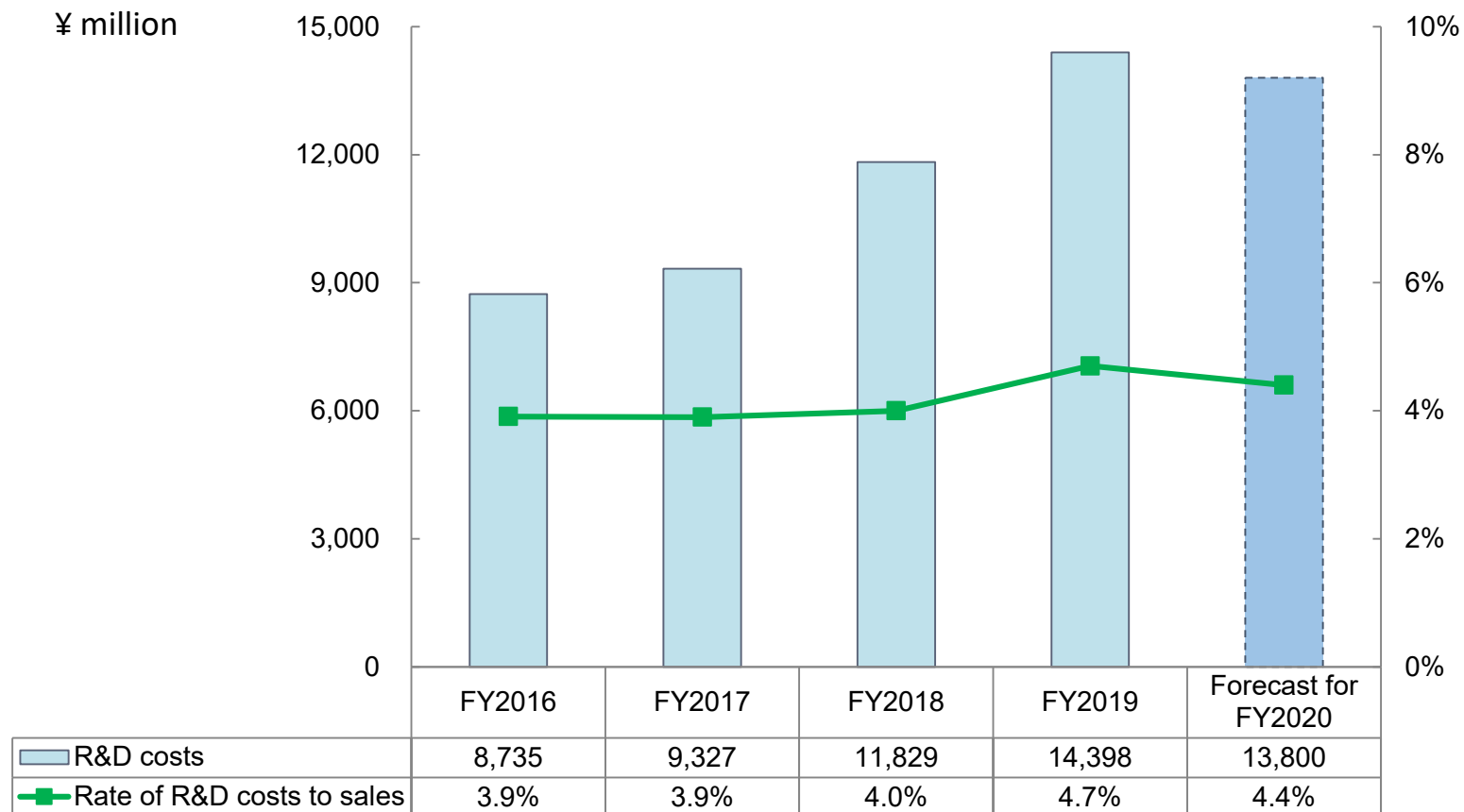
## 2 Dividend payout ratio and dividends



Note 1: Dividends in FY2016 include a commemorative dividend of five yen in commemoration of the 100th anniversary.

Note 2: Figures are expressed in units of million yen and have been rounded off.

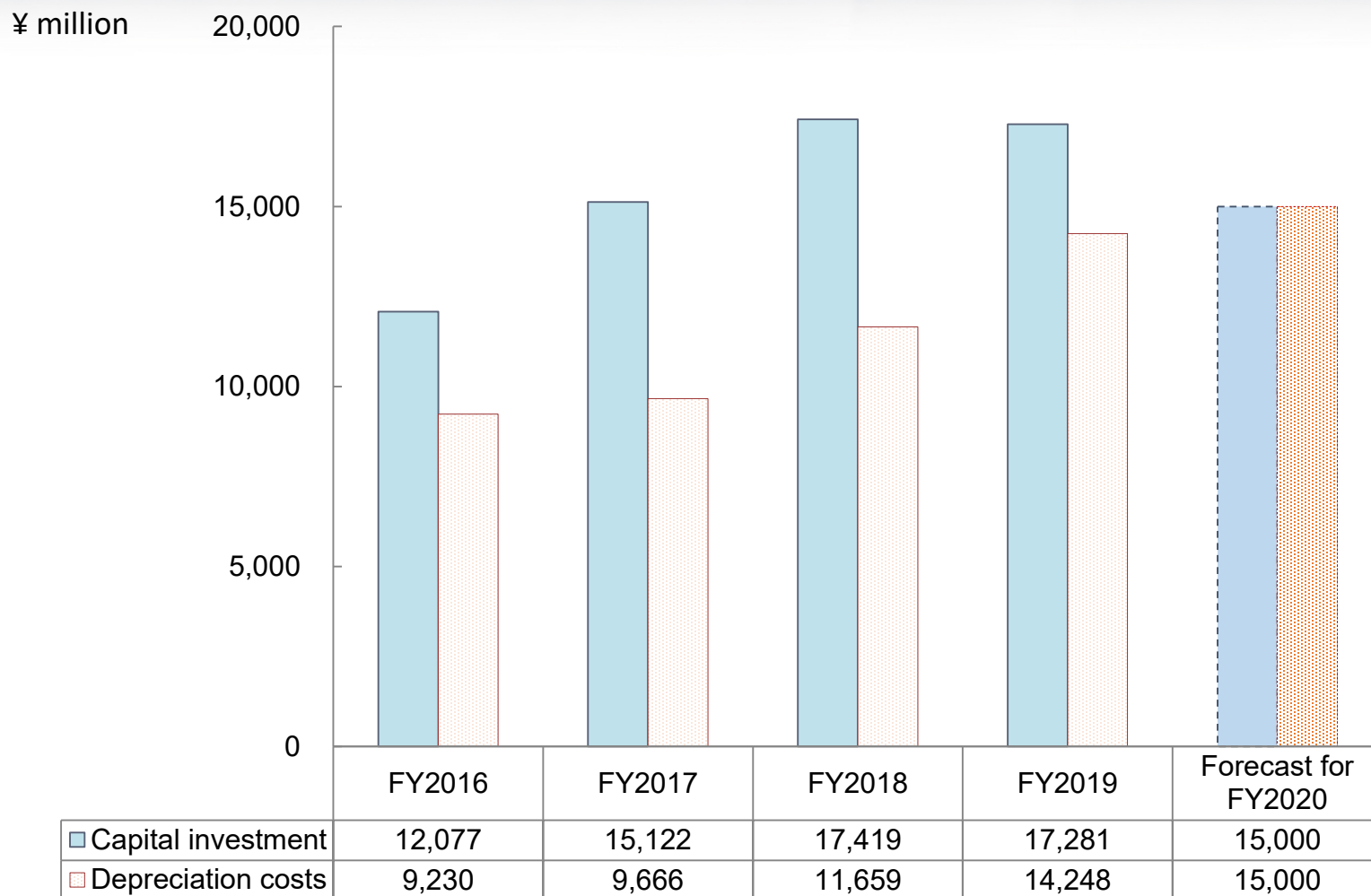
# 3 Research and development costs



Note : R&D expense are expressed in units of million yen and have been rounded off.



# 4 Capital investment



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

# Core products of each business segments

Business category		Core products	
Reporting segment	Chemicals	Polymer Additives	Additives for polyolefins, PVC plasticizers/stabilizers, Flame retardants, and others.
		Electronics and IT materials	High-purity materials for semiconductors, AFES System and etching agents, Photo(Light)/heat curing materials, photoinitiators, Imaging materials, and others.
		Functional Chemicals	Epoxy resins, Polyurethanes, Water-borne resins, Surfactants, Lubricant additives, Kitchen detergent, Cosmetic ingredients, Polypropylene glycol, Hydrogen peroxide and derivative products, Water-swelling sealing materials, and others.
	Food products	Margarines, Shortenings, Oil and fats for chocolate, Oils and fats for frying, Whipping cream, Kneading cream, Fillings, Frozen pie crusts, Mayonnaise dressing, functional foods, and others.	
	Life science	Agrochemicals, Agricultural materials, Pharmaceuticals & Veterinary products, Wood preservative, 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.

In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.