

# Summary of Consolidated Financial Results

## 1. Summary

### 1.1 Progress toward forecasts

Operating Income of 10.8 billion yen in three months ended December 31st 2017 was higher YOY.

In nine months ended December 31st 2017, the cost of R & D increased mainly in the healthcare field, on the other hand shipment of chloroprene rubber and electronics & innovative products increased in addition sales price revisions corresponding to rising raw material prices. Therefore operating income was 25.1 billion yen, and ordinary income was 25.6 billion yen, net income was 18.9 billion yen, all of them are higher YOY and highest ever the 3rd quarter.

We expect to continue strong shipment of chloroprene rubber and electronic and advanced products.

Therefore the full-year forecast operating profit, upward to 33.0 billion yen.

### 1.2 The result of 3rd quarter ( Apr to Dec) and the forecast of fiscal year by segment

**Elastomers & Performance Plastics** : Earnings of 3rd quarter 11.7 billion yen were higher YOY, because of non-shutdown maintenance year and price revision of chloroprene rubber. We estimate 15.5 billion yen of earnings, 2.0 billion higher than last estimation, due to continuance of those trends .

**The Infrastructure & Social Solutions** : Earnings of 3rd quarter were 0.7 billion yen same level as previous year. Although sales of special cement additives were lower YOY, shipments of alumina fiber, corrugated tubes for both agriculture and civil engineering and exported cement were increased. We estimate 1.0 billion yen of earnings 0.5 billion yen lower than last estimation.

**Electronics & Innovative Products** : Earnings of 3rd quarter 7.0 billion yen were higher YOY. Because shipment of fused silica filler and spherical alumina for semiconductor sealants, ALONBIGHT(SiAlON Phosphor), electronic packing materials, thermally conductive aluminum substrates and highly-reliable thermally conductive plates were increased.

We expect earnings of 4th quarter will be higher YOY since the sales of these products will continue to gain. As a result in fiscal year, we estimate earnings will be 9.5 yen billion yen, same as last estimation.

**Living & Environmental Products** : Earnings of 3rd quarter 1.0 billion yen and lower YOY. Because shipments of synthetic fiber decreased YOY. We estimate earnings will be 1.0 billion yen, 0.5 billion yen lower than last estimation.

**Life Innovation** : Although sales volume of reagent increased, due to the fact that production and sales of influenza vaccines accompanying delays in the selection of vaccine production strains declined YOY and the burden of R & D expenses, etc., earnings of 3rd quarter were 4.3 billion yen, lower YOY. We estimate earnings will be 5.5 billion yen, same last estimation.

### 1.4 Consolidated Financial Results and Forecast

Billions of Yen

	FY2017 3rd Quarter Apr to Dec	FY2016 3rd Quarter Apr to Dec	Incr. △Decr.	FY2017 Forecast Apr to Mar	FY2016 Actual Apr to Mar
Net Sales	293.1	266.7	26.4	400.0	362.6
Operating Income	25.1	18.8	6.4	33.0	25.8
Ordinary Income	25.6	17.5	8.1	31.0	23.2
Net Income	18.9	13.6	5.4	22.0	18.1

## 2. Net Sales and Operating Income by segments

Billions of Yen

		FY2017 3rd Quarter Apr to Dec	FY2016 3rd Quarter Apr to Dec	Incr. △Decr.	FY2017 Forecast Apr to Mar	FY2016 Actual Apr to Mar
Elastomers & Performance Plastics materials	Sales	131.1	108.2	22.9	179.0	151.7
	Operating Income	11.7	4.6	7.1	15.5	7.8
Infrastructure & Social Solutions	Sales	40.0	38.6	1.4	54.0	51.8
	Operating Income	0.7	0.9	△ 0.2	1.0	0.9
Electronics & Innovative Products	Sales	40.2	33.9	6.4	56.0	46.3
	Operating Income	7.0	5.1	1.9	9.5	7.1
Living & Environment Products	Sales	31.0	31.2	△ 0.2	42.0	41.2
	Operating Income	1.0	1.5	△ 0.5	1.0	1.5
Life innovation	Sales	24.9	26.9	△ 2.0	34.0	34.0
	Operating Income	4.3	6.4	△ 2.1	5.5	7.9
Others/ Companywide	Sales	26.0	28.0	△ 2.1	35.0	37.7
	Operating Income	0.5	0.3	0.2	0.5	0.7
Total	Sales	293.1	266.7	26.4	400.0	362.6
	Operating Income	25.1	18.8	6.4	33.0	25.8

### 3. Key operating factors

Billions of Yen

		FY2017 3rd Quarter Apr to Dec	FY2016 3rd Quarter Apr to Dec	Incr. △Decr.	FY2017 Forecast Apr to Mar	FY2016 Actual Apr to Mar
Investment	Capital expenditure	16.5	18.1	△ 1.6	27.0	25.7
	M&A etc.	4.2	0.8	3.4	4.2	1.2
		20.7	18.9	1.8	31.2	26.9
Depreciation		18.6	18.2	0.3	25.0	24.4
Research and Development		10.2	9.6	0.6	15.0	13.0
Interest-bearing debt		123.5	122.6	0.9	112.0	113.7

	FY2017 3rd Quarter Apr to Dec	FY2016 3rd Quarter Apr to Dec
Yen / USD exchange rate	111.8	106.9
Naphtha price (yen/ Kl)	40,000	32,800

	FY2017 Forecast Apr to Mar	FY2016 Actual Apr to Mar
	111.4	108.8
	42,550	34,600

### 4. Sales by segments

Billions of Yen

	Sales				
	FY2017 3rd Quarter Apr to Dec	FY2016 3rd Quarter Apr to Dec	Incr. △Decr.	Sales price	Sales volume
Elastomers & Performance Plastics	131.1	108.2	22.9	20.0	2.9
Infrastructure & Social Solutions	40.0	38.6	1.4	△ 0.0	1.4
Electronics & Innovative Products	40.2	33.9	6.4	△ 0.3	6.7
Living & Environment Products	31.0	31.2	△ 0.2	0.5	△ 0.7
Life innovation	24.9	26.9	△ 2.0	△ 0.4	△ 1.6
Others	26.0	28.0	△ 2.1	-	△ 2.1
Total	293.1	266.7	26.4	19.8	6.6

### 4. Operating income by segments

	Operating income					
	FY2017 3rd Quarter Apr to Dec	FY2016 3rd Quarter Apr to Dec	Incr. △Decr.	Sales price	Sales volume	Operating cost and others
Elastomers & Performance Plastics	11.7	4.6	7.1	20.0	2.2	△ 15.0
Infrastructure & Social Solutions	0.7	0.9	△ 0.2	△ 0.0	0.3	△ 0.5
Electronics & Innovative Products	7.0	5.1	1.9	△ 0.3	3.5	△ 1.3
Living & Environment Products	1.0	1.5	△ 0.5	0.5	△ 0.3	△ 0.7
Others	4.3	6.4	△ 2.1	△ 0.4	△ 0.9	△ 0.9
Others/Companywide	0.5	0.3	0.2	-	0.0	0.2
Total	25.1	18.8	6.4	19.8	4.8	△ 18.2