

For the First Quarter of the Fiscal Year Ending March 31, 2019

* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

Summary of Consolidated Financial Results
For the First Quarter of the Fiscal Year Ending March 31, 2019
(Three Months Ended June 30, 2018)

August 2, 2018

Company name: NIPPON SHOKUBAI CO., LTD. Listing: TSE (First Section)
 Code number: 4114 URL: <http://www.shokubai.co.jp/>
 Representative: Yujiro Goto, President and Representative Member of the Board
 Contact for inquiries: Teruhisa Wada, General Manager of General Affairs Dept. Phone: +81-6-6223-9111
 Scheduled quarterly report filing date: August 9, 2018
 Scheduled date of dividend payment: -
 Supplementary quarterly materials prepared: None
 Quarterly results information meeting held: None

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019 (hereafter FY 2018) (from April 1, 2018 to June 30, 2018)

(1) Consolidated operating results (cumulative)

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Jun. 30, 2018	89,178	11.1	8,236	9.1	10,262	11.3	7,576	18.5
Three months ended Jun. 30, 2017	80,294	11.5	7,550	34.6	9,224	47.9	6,391	34.6

Note: Comprehensive income (millions of yen): Three months ended June 30, 2018: 7,509 4.5%
 Three months ended June 30, 2017: 7,188 - %

	Basic earnings per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2018	189.98	-
Three months ended Jun. 30, 2017	160.26	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2018	467,540	314,869	66.6	7,804.96
As of Mar. 31, 2018	467,386	310,762	65.7	7,705.05

Reference: Shareholders' equity (millions of yen): As of June 30, 2018: 311,253
 As of Mar. 31, 2018: 307,271

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2017	-	75.00	-	85.00	160.00
FY 2018	-				
FY 2018 (forecast)		80.00	-	80.00	160.00

Note: Revisions to dividends forecast during the period: No

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2019
(from April 1, 2018 to March 31, 2019)

(Percentages indicate rate of changes year-over-year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	170,000	6.9	12,000	-14.5	15,000	-10.3	11,500	-4.3	288.37
Full year	350,000	8.4	27,000	1.0	32,500	0.6	24,500	0.9	614.36

Note: Revisions to consolidated earnings forecast during the period: No

※Notes

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries that affect the scope of consolidation): None
- (2) Application of simplified accounting methods and accounting methods peculiar to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies; changes in accounting estimates; restatements
 - 1) Changes in accounting policies due to amendment of accounting standards: None
 - 2) Other changes in accounting policies: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None
- (4) Number of shares issued and outstanding (common stock)
 - 1) Number of shares issued and outstanding at the end of the period (including treasury stock)

	Jun. 30, 2018:	40,800,000 shares	Mar. 31, 2018:	40,800,000 shares
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 - 2) Number of treasury stock at the end of the period

	Jun. 30, 2018:	921,090 shares	Mar. 31, 2018:	920,844 shares
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 - 3) Average number of shares outstanding during the period

	Three months ended Jun. 30, 2018:	39,879,026 shares	Three months ended Jun. 30, 2017:	39,880,831 shares
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※Indication regarding execution of audit procedures

This quarterly financial results report is exempt from the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the audit procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

※Appropriate use of business forecasts; other special items

In this document, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements.

Qualitative Information, Financial Statements, etc.**1. Consolidated Operating Results****(1) Overview**

(Unit: Millions of yen)

	Three months ended Jun. 30, 2017	Three months ended Jun. 30, 2018	Change		FY2017
			(Amount)	(% growth)	
Net sales	80,294	89,178	8,884	11.1%	322,801
Operating profit	7,550	8,236	685	9.1%	26,727
Ordinary profit	9,224	10,262	1,038	11.3%	32,293
Profit attributable to owners of parent	6,391	7,576	1,185	18.5%	24,280
Basic earnings per share	160.26 yen	189.98 yen	29.72 yen	18.5%	608.84 yen
ROA (Return on Assets)	8.4%	8.8%	-	0.4 points	7.2 %
ROE (Return on Equity)	8.8%	9.8%	-	1.0 points	8.1 %
Foreign exchange rates (\$ and EUR)	\$=111.09 yen EUR=122.26 yen	\$=109.10 yen EUR=130.03 yen		-1.99 yen 7.77 yen	\$= 110.82 yen EUR= 129.70 yen
Naphtha price	39,100 yen/kl	48,700 yen/kl		9,600 yen/kl	41,900 yen/kl

Notes:

1. The ROA and ROE figures shown for each three-month period are annualized.
2. As the Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28; February 16, 2018), etc., from the beginning of the first quarter of the current fiscal year, ROA for the first quarter of the previous fiscal year and ROA for the previous fiscal year are calculated by using the amounts determined after retrospective adoption of said amendments, etc.

3. Quarterly Consolidated Financial Statements**(1) Consolidated Balance sheets**

(Unit: Millions of yen)

	1Q-FY2017 As of Jun.30, 2017	1Q-FY2018 As of Jun.30, 2018
Assets		
Current assets		
Cash and deposits	55,920	53,156
Notes and accounts receivable - trade	78,038	81,260
Merchandise and finished goods	31,414	33,626
Work in process	5,437	5,946
Raw materials and supplies	20,163	19,622
Other	7,440	7,573
Allowance for doubtful accounts	-9	-10
Total current assets	198,403	201,173
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	59,751	59,207
Land	32,609	32,612
Construction in progress	44,470	45,644
Other, net	42,965	42,747
Accumulated impairment loss	-4,553	-4,588
Total property, plant and equipment	175,241	175,621
Intangible assets		
Other	3,531	3,558
Total intangible assets	3,531	3,558
Investments and other assets		
Investment securities	74,707	71,482
Other	15,570	15,771
Allowance for doubtful accounts	-66	-65
Total investments and other assets	90,211	87,188
Total non-current assets	268,983	266,367
Total assets	467,386	467,540
Liabilities		
Current liabilities		
Notes and accounts payable - trade	58,066	57,994
Short-term loans payable	8,244	8,836
Current portion of long-term loans payable	4,438	6,019
Income taxes payable	5,489	2,856
Provision for bonuses	3,405	5,205
Other provision	2,614	3,009
Other	10,378	7,954
Total current liabilities	92,636	91,874
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	35,301	32,019
Net defined benefit liability	13,607	13,486
Other	5,081	5,292
Total non-current liabilities	63,989	60,797
Total liabilities	156,624	152,671

(Unit: Millions of yen)

	1Q-FY2017 As of Jun.30, 2017	1Q-FY2018 As of Jun.30, 2018
Net assets		
Shareholders' equity		
Capital stock	25,038	25,038
Capital surplus	22,400	22,400
Retained earnings	248,158	252,345
Treasury shares	-6,263	-6,265
Total shareholders' equity	289,334	293,518
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,786	14,392
Deferred gains or losses on hedges	3	4
Foreign currency translation adjustment	4,868	4,939
Remeasurements of defined benefit plans	-1,719	-1,600
Total accumulated other comprehensive income	17,937	17,735
Non-controlling interests	3,491	3,616
Total net assets	310,762	314,869
Total liabilities and net assets	467,386	467,540

(2) Consolidated Statements of Income and Statements of Comprehensive Income**Consolidated Statements of Income**

(Unit: Millions of yen)

	1Q-FY2017 As of Jun.30, 2017	1Q-FY2018 As of Jun.30, 2018
Net sales	80,294	89,178
Cost of sales	62,999	71,035
Gross profit	17,295	18,143
Selling, general and administrative expenses	9,745	9,908
Operating profit	7,550	8,236
Non-operating income		
Interest income	42	71
Dividend income	525	564
Share of profit of entities accounted for using equity method	847	1,327
Technical support fee	28	17
Foreign exchange gains	99	—
Miscellaneous income	436	447
Total non-operating income	1,977	2,427
Non-operating expenses		
Interest expenses	104	102
Foreign exchange losses	—	82
Taxes and dues	68	65
Miscellaneous loss	131	152
Total non-operating expenses	303	400
Ordinary profit	9,224	10,262
Profit before income taxes	9,224	10,262
Income taxes - current	3,294	2,780
Income taxes - deferred	-503	-172
Total income taxes	2,791	2,607
Profit	6,433	7,655
Profit attributable to non-controlling interests	41	78
Profit attributable to owners of parent	6,391	7,576

	1Q-FY2017 As of Jun.30, 2017	1Q-FY2018 As of Jun.30, 2018
Profit	6,433	7,655
Other comprehensive income		
Valuation difference on available-for-sale securities	1,844	-396
Deferred gains or losses on hedges	0	1
Foreign currency translation adjustment	-1,064	1,145
Remeasurements of defined benefit plans, net of tax	-463	104
Share of other comprehensive income of entities accounted for using equity method	437	-1,000
Total other comprehensive income	755	-146
Comprehensive income	7,188	7,509
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,208	7,374
Comprehensive income attributable to non-controlling interests	-21	135

(3) Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	1Q-FY2017 As of Jun.30, 2017	1Q-FY2018 As of Jun.30, 2018
Cash flows from operating activities		
Profit before income taxes	9,224	10,262
Depreciation	4,178	4,156
Interest and dividend income	-567	-635
Interest expenses	104	102
Share of loss (profit) of entities accounted for using equity method	-847	-1,327
Decrease (increase) in notes and accounts receivable - trade	-2,244	-2,874
Decrease (increase) in inventories	-716	-2,017
Increase (decrease) in notes and accounts payable - trade	-2,401	-206
Increase (decrease) in accrued consumption taxes	826	147
Other, net	2,892	2,673
Subtotal	10,448	10,280
Interest and dividend income received	2,327	3,629
Interest expenses paid	-170	-144
Income taxes paid	-3,614	-5,199
Net cash provided by (used in) operating activities	8,991	8,566
Cash flows from investing activities		
Purchase of property, plant and equipment	-8,805	-6,851
Proceeds from sales of investment securities	81	0
Purchase of shares of subsidiaries and associates	-612	—
Collection of investments in capital	388	0
Other, net	453	171
Net cash provided by (used in) investing activities	-8,496	-6,680
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,464	307
Proceeds from long-term loans payable	8,399	—
Repayments of long-term loans payable	-6,942	-1,579
Purchase of treasury shares	-2	-2
Cash dividends paid	-2,991	-3,390
Dividends paid to non-controlling interests	-2	-9
Other, net	-7	-7
Net cash provided by (used in) financing activities	918	-4,680
Effect of exchange rate change on cash and cash equivalents	-8	249
Net increase (decrease) in cash and cash equivalents	1,405	-2,545
Cash and cash equivalents at beginning of period	51,700	51,612

(Unit: Millions of yen)

	1Q-FY2017 As of Jun.30, 2017	1Q-FY2018 As of Jun.30, 2018
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries	-1,414	—
Cash and cash equivalents at end of period	51,691	49,066

(4) Notes Concerning Quarterly Consolidated Financial Statements

【Going Concern Assumption】

Not applicable.

【Notes on Substantial Changes in the Amount of Shareholders' Equity】

Not applicable.

【Additional Information】

As the Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018), etc., from the beginning of the first quarter of the current fiscal year, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under non-current liabilities.

【Segment Information】

I Three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)

1. Information concerning net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	30,165	42,656	7,472	80,294	-	80,294
(2) Intergroup sales and transfers	9,257	1,504	585	11,347	-11,347	-
Total	39,423	44,160	8,058	91,641	-11,347	80,294
Segment Income (loss)	4,068	3,348	206	7,622	-71	7,550

Notes: 1. The "Segment Income" adjustment refers to inter-segment transaction eliminations amounting to -71 million yen.

2. Segment income is adjusted for Operating Income described in Consolidated Statements of Income.

2. Information concerning impairment loss of noncurrent assets or goodwill etc. by reporting segment

Not applicable.

II Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018)

1. Information concerning net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	33,505	47,474	8,199	89,178	-	89,178
(2) Intergroup sales and transfers	10,369	1,874	389	12,632	-12,632	-
Total	43,874	49,348	8,588	101,810	-12,632	89,178
Segment Income (loss)	3,842	4,309	-13	8,137	98	8,236

Notes: 1. The "Segment Income" adjustment refers to inter-segment transaction eliminations amounting to 98 million yen.

2. Segment income is adjusted for Operating Income described in Consolidated Statements of Income.

2. Information concerning impairment loss of noncurrent assets or goodwill etc. by reporting segment

Not applicable.

【Supplementary Information】**Overseas Sales**

Three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	16,996	9,943	7,265	3,863	38,067
II. Consolidated sales					80,294
III. Overseas sales to consolidated sales	21.2%	12.4%	9.0%	4.8%	47.4%

Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	19,129	11,706	7,685	3,105	41,625
II. Consolidated sales					89,178
III. Overseas sales to consolidated sales	21.5%	13.1%	8.6%	3.5%	46.7%

Notes:

1. Geographical segments are classified according to geographical proximity.
2. Specific countries of each area:
 - (1) Asia: East and South East Asian countries
 - (2) Europe: European countries
 - (3) North America: North American countries
 - (4) Others: Areas/countries except Asia, Europe, North America, and Japan
3. "Overseas sales" means sales to outside Japan by NIPPON SHOKUBAI CO., LTD. and its consolidated subsidiaries.

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