



NIPPON SHOKUBAI CO., LTD.

Financial Results for the fiscal year ended March 2015



May 13, 2015

President

Masanori Ikeda

Voluntary translation for readers' convenience



The progress of Long-term Business Plan
“Reborn Nippon Shokubai 2020”
and
forecast for the full year of FY 2015



President
Masanori Ikeda

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“Reborn Nippon Shokubai 2020”
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constituting a unit, Reverse stock split

Explanation of acronyms

SAP	: Superabsorbent Polymers
AA	: Acrylic Acid
AES	: Acrylates
EO	: Ethylene Oxide

1. The outline of “Reborn Nippon Shokubai 2020”

Targets for 2020

	Sales	Ordinary Income	ROA	Sales of *New Product
<u>Target for FY2020 (long-term) :</u>	<u>500</u>	<u>50</u>	<u>9.5%</u>	<u>47</u>
Target for FY2016 Mid-term :	393	34	8.5%	29

(Billion Yen)

New Long-term Business Plan ”Reborn Nippon Shokubai 2020”

Business Policy

- ◇ Safe, reliable production activities
- ◇ Highlighting profitability over sales

Strategies

- ◇ Strengthening existing and core business
- ◇ Establishing new businesses as soon as possible, and launching new products to the market quickly

•New Products : Total sales of products launched within the last five years, excluding SAP

2. Financial Results for the fiscal year ended March 2015



(Unit : Billion Yen)	FY2013 Results	FY2014 Results
Net sales	302.1	374.9
Operating income	13.8	26.1
Ordinary income	16.6	29.9
Net income	10.5	19.1
ROA	4.4%	7.3%
ROE	4.7%	7.6%

Exchange rate :
Domestic naphtha price

100.21yen / US\$, 134.33yen / EUR
67,300yen /kL

109.88yen /US\$, 138.68yen / EUR
63,500JPY/kL

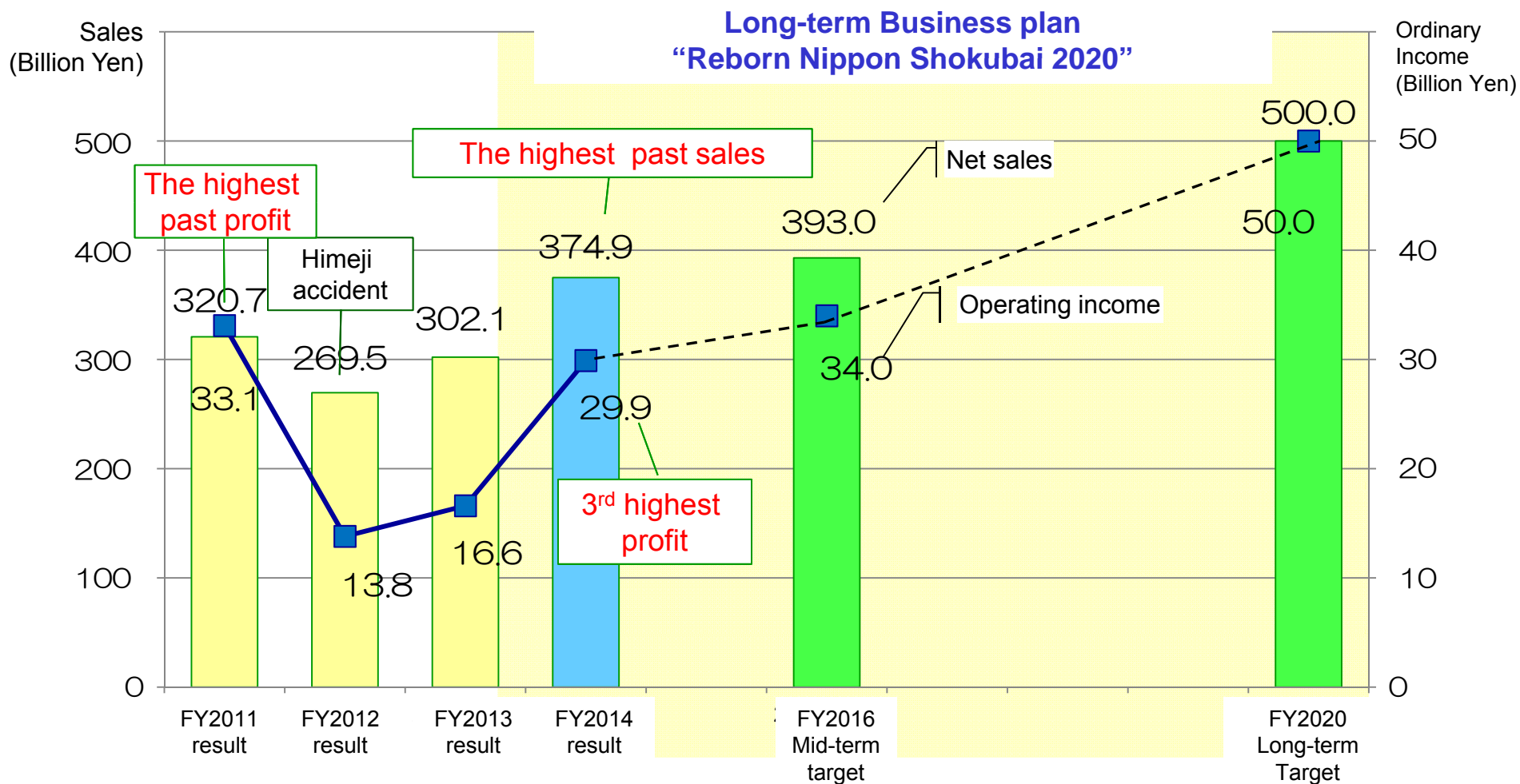
Increase in sales and income

- Increase in sales volume, with Himeji Plant going back on line after the accident
- Lower raw materials costs and appropriate margins

FY2014

- Smoothly started the medium-term business plan
- Fully recovered from the Himeji accident

2. Financial Results for the fiscal year ended March 2015



Assumptions :
 Domestic naphtha price 65,000yen/kl, 100yen/US\$, 130yen/EUR

3. Trend by business area

1) AA/SAP

AA : Supply and demand trend

Demand	Global demand approx. 4800 kilo tons per year (“KT/y”) (2014 estimate) Assuming mid-term annual growth rate around 5%
Supply	Substantial capacity expansion plan for 2014 to 2015 mostly in China (anticipating excess of supply over demand for a while) capacity expansion plan Global : 2,000 KT/y (including China : 1,300 KT/y)

The progress of this term

Keeping High Operating Rate

New AA plant at Himeji (80KT/y)

keeping high operating rate

Safe and reliable operations

Recurrence prevention countermeasures are implemented definitely throughout Nippon Shokubai group (continuation)



AA Plant

3. Trend by business area

1) AA/SAP

SAP : Supply and demand trend

Demand Global demand approx. 2150 KT/y (2014 estimate)

Assuming mid-term annual growth rate from 6 to 7 %

Supply Besides current majors, emerging manufacturers plan to enter and reinforce presence

2014 Expansion : global total 200KT/Y

2015 Expansion plan: global total 200KT/Y (excluding China)

The progress of this term

Keeping High Operating Rate

Expanding customer base

June 2016 : New SAP plant at Himeji

(Annual Production capacity 50KT/y)

- to prove enhance production capacity per one facility
- to prove our latest technology for improving productivity



SAP Plant

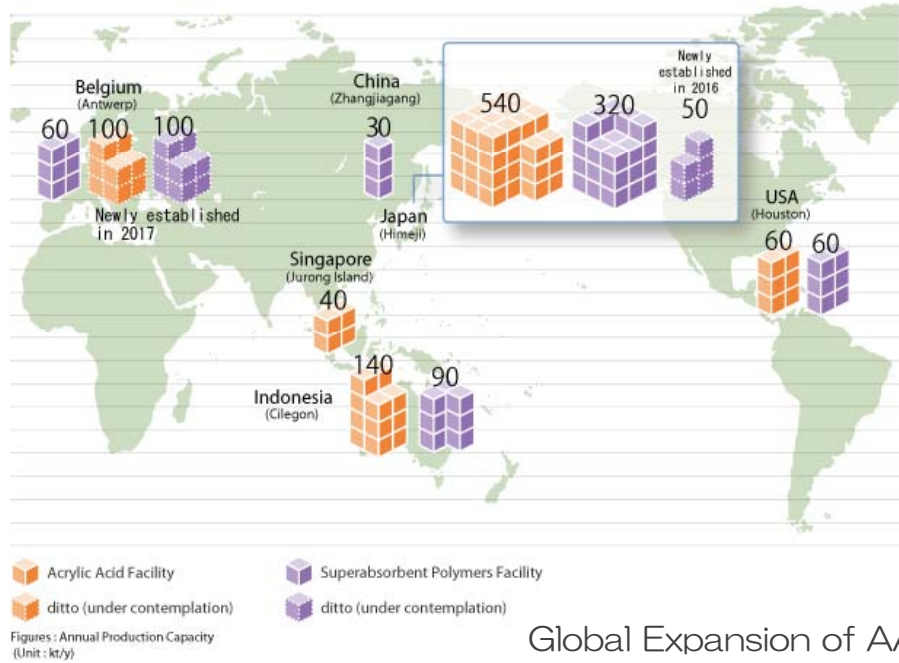
3. Trend by business area

1) AA/SAP

Business strategy of Long-term Business Plan

- ◆ Maintaining its top share of the global market and world-class technologies in the superabsorbent polymers business
- ◆ Aiming to be a leading global player in the acrylic monomer business
- ◆ Maintaining and strengthening our competitiveness—a strength that will make sustainable growth and global business development possible

Expansion ; AA 100KT/Y, SAP 100KT/Y at Belgium



The progress of the investment plan

	Annual Production Capacity		Unit : KT/y
	Current	Planned	
AA	780	100 Completion scheduled for Oct. 2017 (Belgium)	880
SAP	560	50+100 Completion scheduled for Jun.2016(Himeji) , Oct.2017 (Belgium)	710

Global Expansion of AA/SAP

Further expansion is considered

3. Trend by business area

2) EO

Business strategy of Long-term Business Plan

- ◆ Strengthening the foundation of this core business by changing the product portfolio and entering growth markets, thereby maintaining a steady cash flow.

The progress of this term

Secondary alcohol ethoxylates (“SOFTANOL”) : Surfactant

- 1)outstanding wetting power
 - 2)easy to handle due to low viscosity
 - 3)excellent biodegradability
- ⇒Increasing demand for household liquid detergents

Considering expansion (outside Japan)
Our future strategy will be decided in FY2015

Water-soluble polymers (“AQUALIC ”) : Builder for detergents

Increasing demand for liquid detergents

Focusing R&D ⇒ expanding sales



detergents

3. Trend by business area

3) Performance Chemical Business

Business strategy of Long-term Business Plan

- ◆ Positioning ourselves as a top global supplier
- ◆ Exploring new markets and access growth markets through our original products and technologies
- ◆ Expanding our line of unique chemicals, using materials created in house, to form the next mainstay of corporate profits.

The progress of this term

Acrylic resin for optical materials (“ACRYVIEWA”) : LCDs material

Good heat-resistance and transparency ⇒ **Increasing demand**

Expand production capacity **3,000 MT/y in 2016 Spring**

(Including the current capacity 6,000 MT/y, **total capacity will be 9,000 MT/y**)

N-Phenylmaleimide < PMI >: improving agent of thermal resistance for resins

Expanding sales, while competition is intensifying

Specialty acrylates: paints material

Increasing demand for car paints, **Expanding sales**



ACRYVIEWA Plant

3. Trend by business area

4) New Energy Materials

Business strategy of Long-term Business Plan

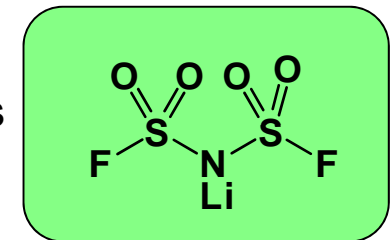
- ◆ Positioning new energy-related materials as one of our next core businesses
- ◆ Accelerating the development and marketing of these materials
- ◆ Aiming to develop a material that will become the de facto standard in the new energy markets

The progress of this term

Lithium bis (fluorosulfonyl) imide <LiFSI> (“IONEL”)

High performance electrolytes, additives for extended life for lithium-ion batteries

Increasing sales, evaluated for automobile battery in earnest



Solid electrolyte polymer (ICP: ion conductive polymer)

Electric vehicles, Energy storage system

Increasing sales, Developing new model



LiFSI

3. Trend by business area

5) New Business, New Product

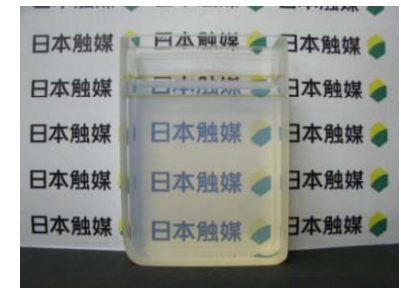
New Business

- ◆ Preparing to enter into the health and medical materials sector for a new business area
- ◆ **Strategic investment**

New Products

The Dispersion of Zirconia Nanoparticles (“ZIRCOSTAR”)

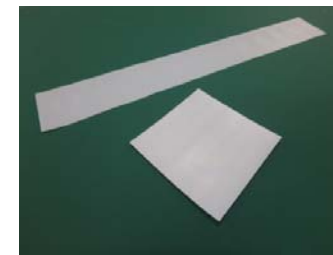
- Good dispersibility in various organic materials
- Matching materials for high refractive index which can realize transparency even in high concentration
- Effective to realize high image quality and electric power saving for display
→ **Trial marketing has been started.**



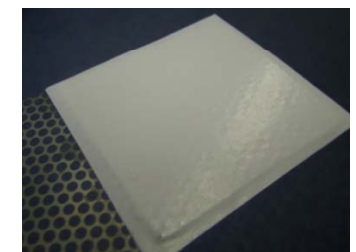
The Dispersion of Zirconia Nanoparticles “ZIRCOSTAR”

Ion-Conducting Film and Zinc electrode with Anion-Conducting Layer

- Useful for safety and low cost zinc rechargeable batteries
- Making battery life **10 times longer** than conventional one



Ion-Conducting Film



Zinc electrode with Anion-Conducting Layer

4. Financial Forecasts for the Fiscal Year Ending March 31, 2016 (FY2015)



(Unit : Billion Yen)	FY2014 result	FY2015 forecasts
Net sales	374.9	360.0
Operating income	26.1	31.0
Ordinary income	29.9	32.0
Net income	19.1	22.5
ROA	7.3%	7.5%
ROE	7.6%	8.2%

Exchange rate :
Domestic naphtha price

109.88yen /US\$, 138.68yen/EUR
63,500yen /kL

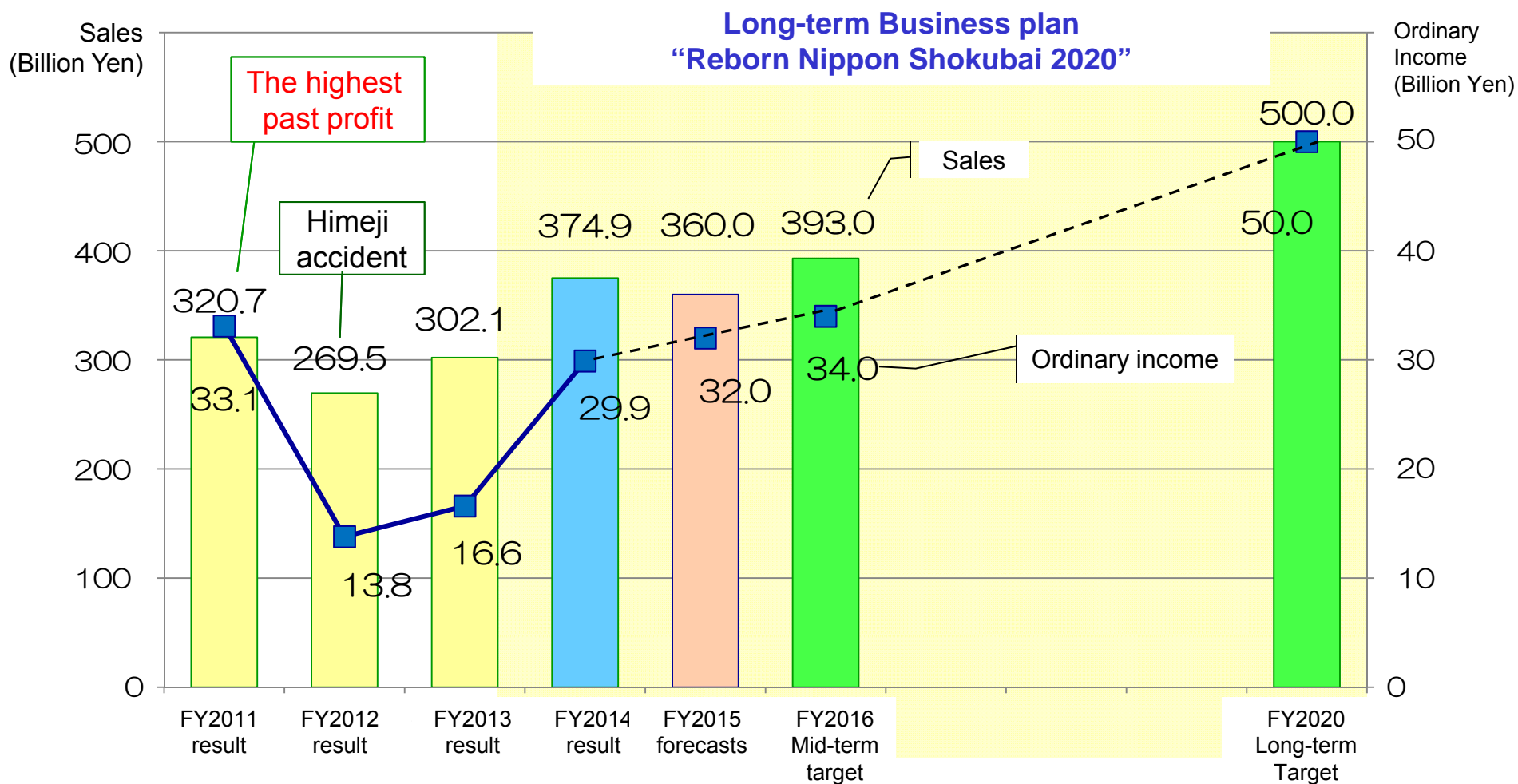
115yen/US\$, 130yen/EUR
50,000yen/kL

We must achieve the plan for FY2015 to accomplish mid-term business plan

For the achievement of the plan

- Safe, reliable production activities
- Increasing sales volume
- Keeping appropriate margin
- Launching new products to the market quickly by the entire company
- Improving profitability
- Procuring raw materials etc. at lower cost, reducing costs

5. The progress of “Reborn Nippon Shokubai 2020”



Assumptions : Domestic naphtha price 65,000 yen/kl,
exchange rate : 100 yen/US\$, 130 yen/EUR

5. Return Policy

Taking overall account of business expansion and strengthening of corporate structure, and based on forecasts of the trend in consolidated earnings, we are aiming to improve levels in the medium term

FY2014 dividend,

Net Income 19.1 billion yen

Yen/share	Interim	End of period	Total
Total	11	13	24

8 yen higher than last period
The highest ever dividend

FY2015 dividend, Forecast

Net Income 22.5 billion yen

Yen/share	Interim	End of period	Total
Total	13	13	26

2 yen higher than FY2014
Above the highest

	FY 2014	FY 2015 (Forecasts)	Average FY 2012- FY 2014
Payout ratio	25.5%	23.5%	29.9%

7 . The Change of the number of shares constituting unit, Reverse stock split



1. **Change of the number of shares constituting a unit**

1,000 shares ⇒ 100shares

2. **Reverse stock split**

A reverse stock split at a ratio of one share for every five shares

Total number of issued shares : 204 million shares ⇒ 40.8 million shares

3. **The total number of authorized shares**

636million shares ⇒ 127.2million shares

※Effective date : October 1, 2015

※Approval at Ordinary General Meeting of Shareholders are required

The investment unit of the Company's stock will be one-half of its previous level.

For the details, please read "Notice concerning the Change of the Number of Shares Constituting a Unit, Reverse Stock Split and Partial Amendments to the Articles of Incorporation" announced on May 11th, 2015.

Notes to Readers



This presentation material (“Material”) is aiming to provide readers referential information, not to persuade investment. Material contains forward-looking statements and statements of this nature based on reasonable judgments in accordance with information currently available. We do not commit nor guarantee the contents of Material. Readers should be aware that actual results and events might differ substantially from these projections.

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