

*\* This financial report is solely a translation of “Gyosekiyosou no Syusei ni Kannsuru Oshirase” (in Japanese, including attachments), which has been prepared in accordance with International Financial Reporting Standards (IFRS), for the convenience of readers who prefer an English translation.*

February 4, 2020

For Immediate Release

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## **Notice of Revisions to Earnings Forecast**

NIPPON SHOKUBAI CO., LTD. [Headquarters: Chuo-ku, Osaka; President: Yujiro Goto, TSE:4114] (“Nippon Shokubai”) hereby announces that, based on recent performance trends, Nippon Shokubai has decided to revise its full-year financial forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020) announced on July 31, 2019.

### 1. Revised consolidated financial forecasts

Revised consolidated full-year financial forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Estimates (A)	325,000	17,500	21,000	16,000	401.23
Revised Estimates (B)	305,000	11,000	14,500	9,500	238.23
Variance in Amount (B-A)	△20,000	△6,500	△6,500	△6,500	
Variance in Percentage (%)	△6.2	△37.1	△31.0	△40.6	
Full year of Fiscal Year Ended March 31, 2019	338,869	26,170	32,119	23,849	598.05

### 2. Revised non-consolidated financial forecasts

Revised non-consolidated full-year financial forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

	Revenue	Operating profit	Profit before tax	Profit	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Estimates (A)	217,500	12,600	20,400	16,500	413.77
Revised Estimates (B)	207,500	9,000	17,500	13,500	338.54
Variance in Amount (B-A)	△10,000	△3,600	△2,900	△3,000	
Variance in Percentage (%)	△4.6	△28.6	△14.2	△18.2	
Full year of Fiscal Year Ended March 31, 2019	232,222	17,356	26,216	20,371	510.83

### 3. Reasons for the revision (Consolidated, Non-consolidated)

On July 31, 2019, Nippon Shokubai made a downward revision of its initial financial forecasts for the fiscal year ending March 31, 2020. This was due to the reasons of narrowed spreads beyond our expectations owing to a decline in overseas market conditions of our products and higher levels of raw material prices, and lower sales volume due to a decline in demand mainly caused by the impact of trade friction between the United States and China, among others. At that time, Nippon Shokubai expected to see a recovery in spreads from the second half of the fiscal year onward, owing to a recovery in sales volume and stabilization in raw material prices.

However, demand has continued to decline during the fourth quarter of the fiscal year against a backdrop of trade friction between the United States and China and other factors. In the basic chemicals segment, spreads are expected to further narrow due to the continued decline in overseas market conditions of our products while domestic naphtha and other raw material prices are on the rise. Furthermore, sales volume is not expected to recover to our forecast level. In the functional chemicals segment as well, spreads are expected to narrow due to the same reasons, along with intensified competition centering on superabsorbent polymers. In addition, profits are estimated to decrease due partly to a decline in sales volume of our products for the automotive industry and electronic information material-related industry. As a result of the above, Nippon Shokubai revises downward the previously announced full-year financial forecasts.

(Note)

This material contains forward-looking statements and statements of this nature based on reasonable judgments in accordance with information currently available. Readers should be aware that actual results and events might differ substantially from these projections.

(Supplementary information)

Full-year forecasts by reportable segment

(Unit: Billions of yen)

	Basic Chemicals		Functional Chemicals		Environment & Catalysts		Adjustment	Total	
	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit	Operating profit	Revenue	Operating profit
Previous forecasts	131.0	8.5	185.5	7.8	8.5	0.4	0.8	325.0	17.5
Revised forecasts	122.0	6.0	173.0	3.7	10.0	0.6	0.7	305.0	11.0
Difference	△9.0	△2.5	△12.5	△4.1	1.5	0.2	△0.1	△20.0	△6.5

Note: Segment profit adjustment includes inter-segment transaction eliminations and corporate profit (loss) not allocated to reportable segments.