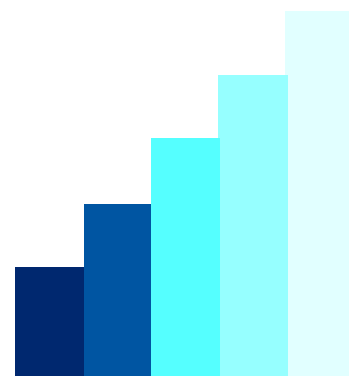


# DATA BOOK



# FY2019

3rd Quarter ended December 31, 2018

February 4th, 2019

ARAKAWA CHEMICAL INDUSTRIES, LTD.

## Achievement Transition ( Consolidated )



consolidated	FY 2017 (3Q)		FY 2018 (3Q)		FY 2019 (3Q)		FY 2017		FY 2018		FY 2019 forecast	
	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change
<b>Net sales</b>	57,604	△ 3.6	61,062	6.0	<b>60,534</b>	△ 0.9	77,380	△ 2.2	80,782	4.4	81,500	0.9
<b>Operating income</b>	4,047	51.4	4,198	3.7	<b>3,097</b>	△ 26.2	5,095	40.0	4,892	△ 4.0	4,000	△ 18.2
<b>Ordinary income</b>	4,143	41.8	4,505	8.7	<b>3,475</b>	△ 22.9	5,314	38.0	5,218	△ 1.8	4,400	△ 15.7
Profit attributable to owners of parent	2,803	49.5	2,929	4.5	<b>3,544</b>	<b>21.0</b>	3,416	47.8	3,111	△ 8.9	4,000	28.6

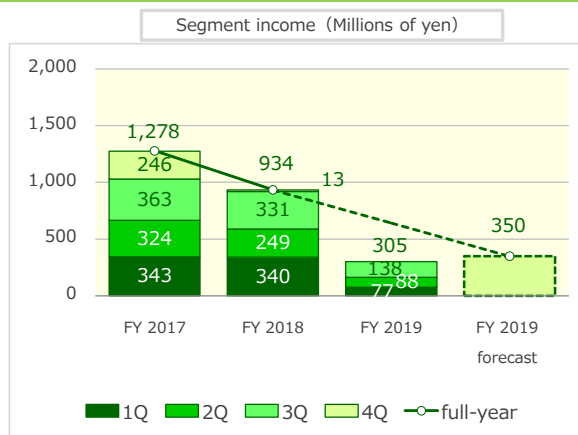
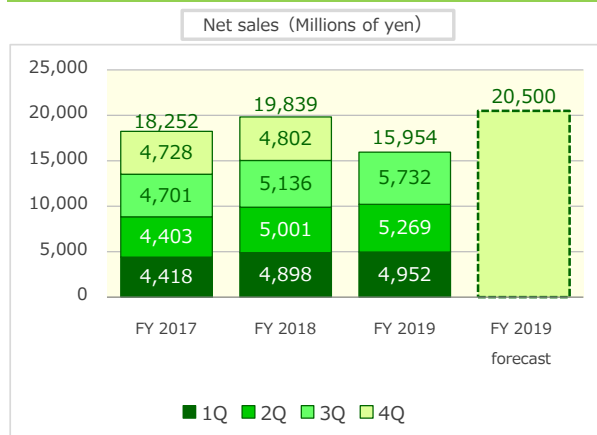
## Management index transition

consolidated	FY 2017 (3Q)		FY 2018 (3Q)		FY 2019 (3Q)		FY 2017		FY 2018		FY 2019 forecast	
	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease
<b>Capital investment</b>	1,432	275	1,193	△ 238	<b>1,551</b>	<b>358</b>	2,107	△ 885	1,937	△ 170	4,300	2,362
<b>Depreciation and amortization</b>	1,948	△ 23	1,917	△ 31	<b>2,053</b>	<b>136</b>	2,661	△ 55	2,613	△ 48	2,850	236
<b>R&amp;D expenses</b>	2,299	208	2,377	78	<b>2,262</b>	△ 115	3,179	359	3,220	41	3,300	79
<b>Interest-bearing debt</b>	14,509	△ 3,182	11,356	△ 3,153	<b>14,565</b>	<b>3,209</b>	13,300	△ 4,126	11,269	△ 2,031	15,500	4,230
<b>EBITDA</b>	5,996	1,350	6,115	118	<b>5,151</b>	△ 963	7,757	1,400	7,506	△ 251	6,850	△ 656

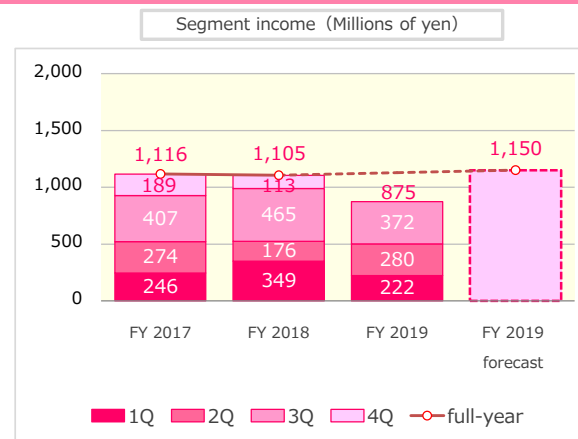
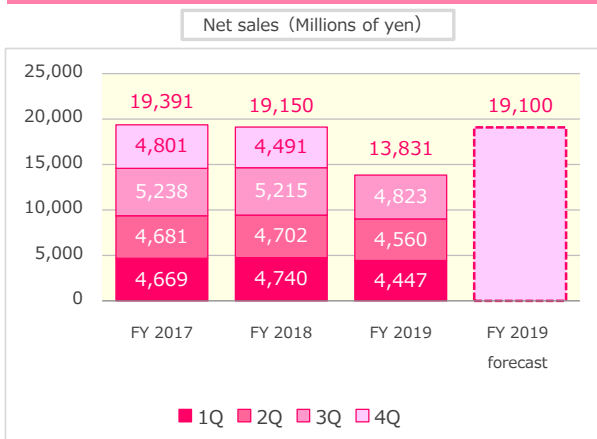
[ EBITDA ] Earnings Before Interest , Taxes , Depreciation , and Amortization

### Segment Information (Consolidated)

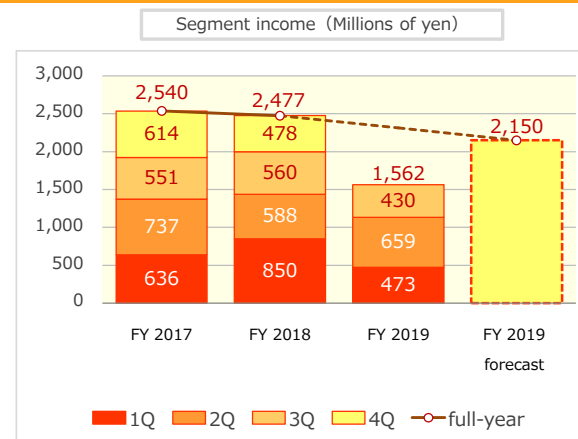
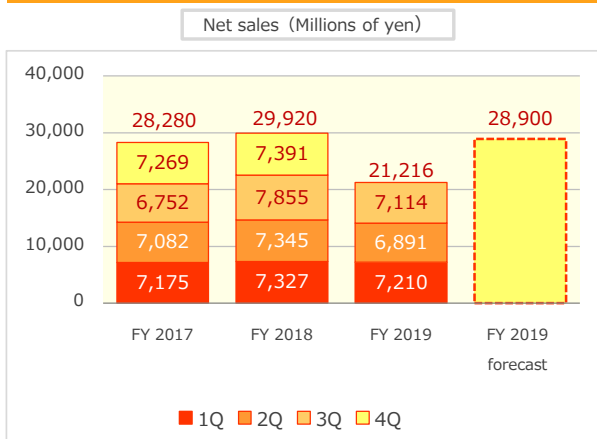
## Paper Chemicals



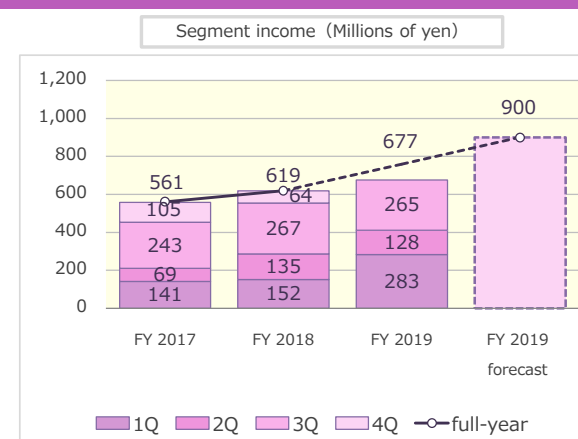
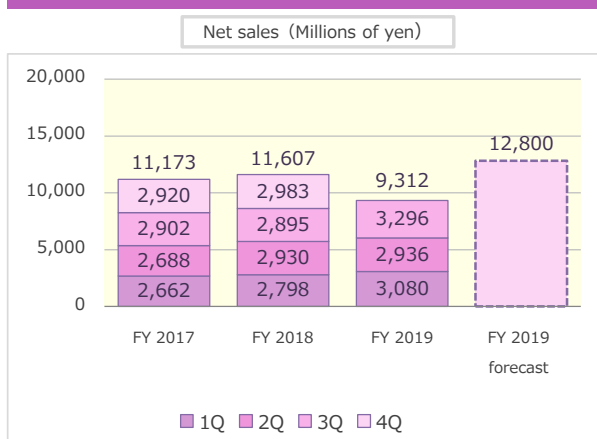
## Coating Chemicals



## Adhesive Materials



## Functional Materials



## Segment Information (Consolidated)

Consolidated		FY 2017 (3Q)		FY 2018 (3Q)		FY 2019 (3Q)		FY 2017		FY 2018		FY 2019 forecast	
		Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change
Paper chemicals	Net sales	13,524	△ 9.7	15,037	11.2	15,954	6.1	18,252	△ 8.0	19,839	8.7	20,500	3.3
	Segment income	1,032	13.0	921	△ 10.7	305	△ 66.9	1,278	△ 2.0	934	△ 26.9	350	△ 62.6
	Segment income/sales	7.6%		6.1%		1.9%		7.0%		4.7%		1.7%	
Coating chemicals	Net sales	14,590	△ 6.6	14,658	0.5	13,831	△ 5.6	19,391	△ 5.4	19,150	△ 1.2	19,100	△ 0.3
	Segment income	927	50.7	991	6.9	875	△ 11.7	1,116	28.9	1,105	△ 1.0	1,150	4.0
	Segment income/sales	6.4%		6.8%		6.3%		5.8%		5.8%		6.0%	
Adhesive Materials	Net sales	21,010	1.2	22,528	7.2	21,216	△ 5.8	28,280	–	29,920	5.8	28,900	△ 3.4
	Segment income	1,925	44.5	1,998	3.8	1,562	△ 21.8	2,540	–	2,477	△ 2.5	2,150	△ 13.2
	Segment income/sales	9.2%		8.9%		7.4%		9.0%		8.3%		7.4%	
Functional Materials	Net sales	8,253	1.1	8,624	4.5	9,312	8.0	11,173	–	11,607	3.9	12,800	10.3
	Segment income	455	–	555	21.9	677	22.0	561	–	619	10.5	900	45.2
	Segment income/sales	5.5%		6.4%		7.3%		5.0%		5.3%		7.0%	
Others	Net sales	226	△ 4.4	214	△ 5.4	218	2.0	282	△ 3.1	265	△ 5.8	200	△ 24.7
	Segment income	15	1.2	22	49.1	22	△ 0.3	16	19.3	24	55.3	20	△ 19.5
	Segment income/sales	6.6%		10.5%		10.2%		5.7%		9.4%		10.0%	
Subtotal	Net sales	57,604	△ 3.6	61,062	6.0	60,534	△ 0.9	77,380	△ 2.2	80,782	4.4	81,500	0.9
	Segment income	4,355	58.6	4,489	3.1	3,443	△ 23.3	5,512	41.7	5,162	△ 6.4	4,570	△ 11.5
	Segment income/sales	7.6%		7.4%		5.7%		7.1%		6.4%		5.6%	
Consolidated total	*Development Investment	△ 271	–	△ 273	–	△ 256	–	△ 385	–	△ 374	–	△ 400	–
	Segment income	4,083	62.3	4,215	3.2	3,186	△ 24.4	5,126	42.9	4,787	△ 6.6	4,170	△ 12.9
	Segment income/sales	7.1%		6.9%		5.3%		6.6%		5.9%		5.1%	

\*Applied research and development expense that will be the source of growth in the medium to long term.

The sales of business segmentation do not include intersegment sales.

[Paper chemicals] Size agent, Paper strengthening agent, Latex, etc.

[Coating chemicals] Printing ink resin, Paint resin, Polymerization emulsifier, UV/EB curable resin, etc.

[Adhesive Materials] Adhesive resin, Colorless rosin derivatives, etc.

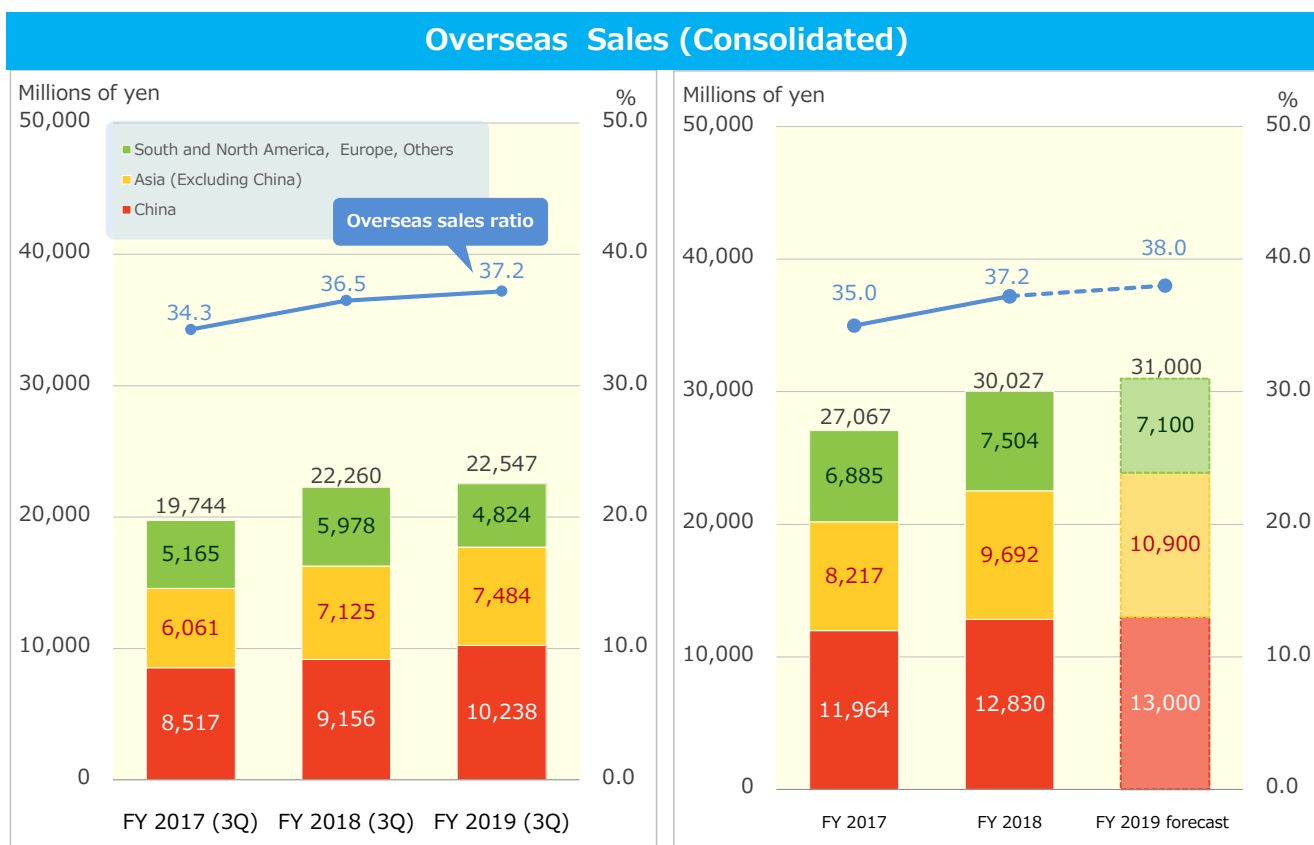
[Functional Materials] Compound materials for electronics, Functional fine chemical materials, Polishing agent for hard disk substrates, Flux cleanig System, etc.

[Others] Insurance business, Real estate agent, etc.

From FY2018, classification of some products has been changed from Functional Materials to Adhesive Materials.

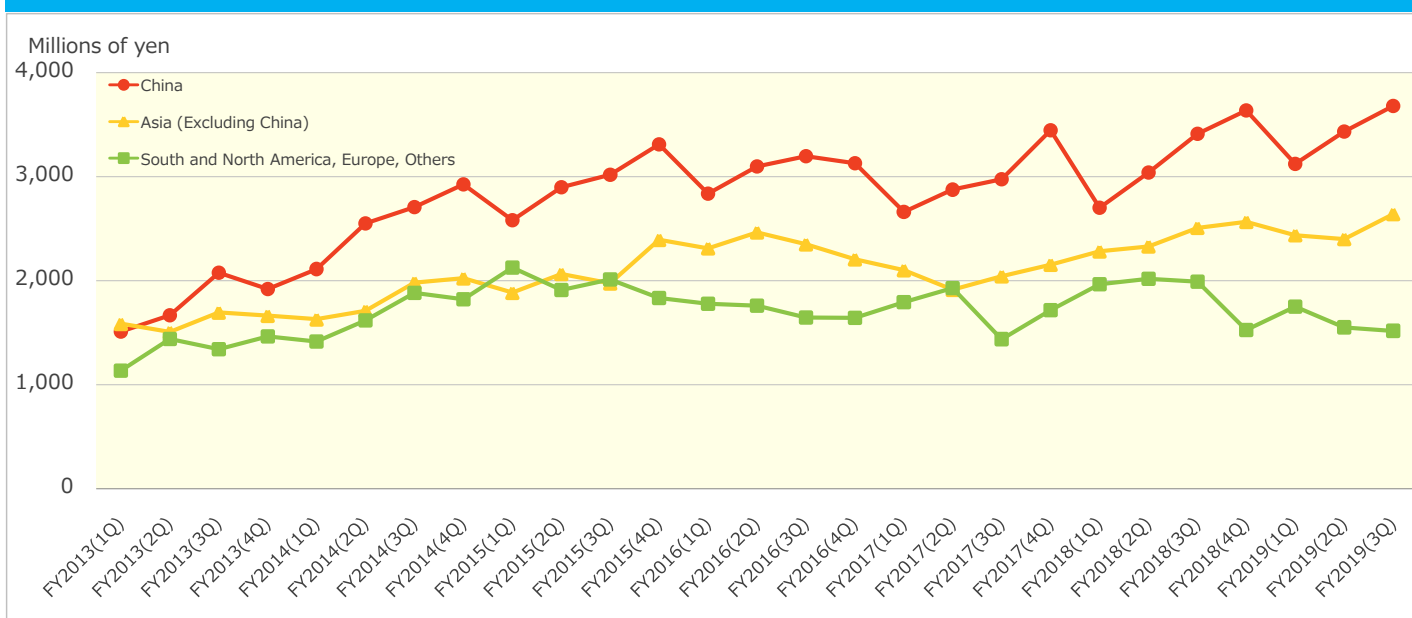
The figures of FY2016 and FY2017 stated above have been modified to reflect the operating results based on the business segment after this change.

## Overseas Sales (Consolidated)



Consolidated	FY 2017 (3Q)		FY 2018 (3Q)		FY 2019 (3Q)		FY 2017		FY 2018		FY 2019 forecast	
	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change
<b>Overseas sales</b>	19,744	△ 8.0	22,260	12.7	<b>22,547</b>	<b>1.3</b>	27,067	△ 4.8	30,027	10.9	31,000	3.2
Overseas sales in Asia	14,579	△ 10.4	16,281	11.7	<b>17,723</b>	<b>8.9</b>	20,182	△ 6.6	22,522	11.6	23,900	6.1
Overseas sales in China	8,517	△ 6.8	9,156	7.5	<b>10,238</b>	<b>11.8</b>	11,964	△ 2.4	12,830	7.2	13,000	1.3
<b>Overseas sales ratio</b>	34.3%		36.5%		<b>37.2%</b>		35.0%		37.2%		38.0%	

## Overseas sales (consolidated)



## Balance Sheets (Consolidated)

(Unit: Millions of yen)

Item	FY2018 (3Q)		FY2019 (3Q)		FY2018		Increase /Decrease (A) - (B)
	(As of December 31, 2017)		(As of December 31, 2018)		(As of March 31, 2018)		
	Amount	Com- position ratio	Amount (A)	Com- position ratio	Amount (B)	Com- position ratio	
(Assets)		%		%		%	
<b>I Current assets</b>							
1. Cash and deposits	8,580		8,710		8,471		239
2. Notes and accounts receivable - trade	29,230		28,500		28,342		157
3. Electronically recorded monetary claims - operating	1,659		2,146		1,829		317
4. Merchandise and finished goods	7,076		8,838		8,051		786
5. Work in process	954		1,043		893		150
6. Raw materials and supplies	7,045		7,390		7,272		118
7. Other	1,305		1,241		1,420		△ 179
Allowance for doubtful accounts	△ 126		△ 125		△ 123		△ 1
<b>Total Current assets</b>	<b>55,725</b>	<b>63.5</b>	<b>57,747</b>	<b>62.0</b>	<b>56,158</b>	<b>63.1</b>	<b>1,588</b>
<b>II Noncurrent assets</b>							
1. Property, plant and equipment							
(1) Buildings and structures	7,605		7,565		7,708		△ 142
(2) Machinery, equipment and vehicles	6,137		5,644		6,181		△ 536
(3) Land	5,193		5,144		5,195		△ 51
(4) Construction in progress	656		6,321		1,139		5,182
(5) Other	471		507		466		41
<b>Total property, plant and equipment</b>	<b>20,063</b>	<b>22.8</b>	<b>25,184</b>	<b>27.0</b>	<b>20,691</b>	<b>23.2</b>	<b>4,492</b>
2. Intangible assets							
(1) Goodwill	895		613		824		△ 210
(2) Other	395		408		379		28
<b>Total intangible assets</b>	<b>1,290</b>	<b>1.5</b>	<b>1,021</b>	<b>1.1</b>	<b>1,204</b>	<b>1.4</b>	<b>△ 182</b>
3. Investments and other assets							
(1) Investment securities	9,416		6,771		8,806		△ 2,034
(2) Net defined benefit asset	602		1,836		1,538		298
(3) Deferred tax assets	339		247		291		△ 43
(4) Other	386		380		401		△ 21
Allowance for doubtful accounts	△ 68		△ 67		△ 72		4
<b>Total investments and other assets</b>	<b>10,676</b>	<b>12.2</b>	<b>9,168</b>	<b>9.9</b>	<b>10,964</b>	<b>12.3</b>	<b>△ 1,795</b>
<b>Total noncurrent assets</b>	<b>32,030</b>	<b>36.5</b>	<b>35,375</b>	<b>38.0</b>	<b>32,861</b>	<b>36.9</b>	<b>2,514</b>
<b>Total assets</b>	<b>87,755</b>	<b>100.0</b>	<b>93,122</b>	<b>100.0</b>	<b>89,019</b>	<b>100.0</b>	<b>4,102</b>

(Unit: Millions of yen)

Item	FY2018 (3Q) (As of December 31, 2017)		FY2019 (3Q) (As of December 31, 2018)		FY2018 (As of March 31, 2018)		Increase / Decrease (A) - (B)
	Amount	Com- position ratio	Amount (A)	Com- position ratio	Amount (B)	Com- position ratio	
(Liabilities)		%		%		%	
<b>I Current liabilities</b>							
1. Notes and accounts payable - trade	11,793		12,835		12,043		792
2. Short-term loans payable	6,356		5,655		6,269	△	613
3. Income taxes payable	370		492		642	△	149
4. Accrued consumption taxes	161		98		135	△	37
5. Provision for bonuses	616		670		1,272	△	601
6. Provision for directors' bonuses	44		50		80	△	30
7. Provision for repairs	-		90		-		90
8. Notes payable - facilities	49		129		214	△	84
9. Other	5,107		5,011		4,993		17
Total current liabilities	24,499	27.9	25,034	26.9	25,651	28.8	△ 616
<b>II Noncurrent liabilities</b>							
1. Bonds payable	5,000		5,000		5,000		-
2. Long-term loans payable	-		3,910		-		3,910
3. Deferred tax liabilities	2,098		1,419		1,724	△	304
4. Provision for repairs	30		-		45	△	45
5. Net defined benefit liability	347		331		328		3
6. Asset retirement obligations	224		296		297	△	1
7. Other	285		285		276		8
Total noncurrent liabilities	7,986	9.1	11,243	12.1	7,671	8.6	3,571
Total liabilities	32,486	37.0	36,278	39.0	33,323	37.4	2,955
(Net assets)							
<b>I Shareholders' equity</b>							
1. Capital stock	3,343		3,343		3,343		-
2. Capital surplus	3,564		3,564		3,564		-
3. Retained earnings	40,885		43,808		41,068		2,740
4. Treasury shares	△ 13		△ 13		△ 13	△	0
Total shareholders' equity	47,779	54.5	50,702	54.5	47,962	53.9	2,740
<b>II Accumulated other comprehensive income</b>							
1. Valuation difference on available-for-sale securities	4,275		2,450		3,880	△	1,429
2. Foreign currency translation adjustment	1,263		1,099		1,434	△	334
3. Remeasurements of defined benefit plans	261		777		847	△	69
Total accumulated other comprehensive income	5,800	6.6	4,327	4.6	6,161	6.9	△ 1,834
<b>III Minority interests</b>	1,689	1.9	1,814	1.9	1,572	1.8	241
Total net assets	55,269	63.0	56,844	61.0	55,696	62.6	1,147
Total liabilities and net assets	87,755	100.0	93,122	100.0	89,019	100.0	4,102

## Statements of Income(Consolidated)

(Unit: Millions of yen)

Item	FY2018 (3Q) '17/4-'17/12		FY2019 (3Q) '18/4-'18/12		Increase/ Decrease		FY2018 '17/4-'18/3		
	Amount	Ratio	Amount	Ratio	Amount	Rate of Change	Amount	Ratio	
I Net Sales	61,062	100.0	60,534	100.0	△ 527	△ 0.9	80,782	100.0	
II Cost of sales	46,950	76.9	47,071	77.8	121	0.3	62,478	77.3	
Gross profit	14,111	23.1	13,462	22.2	△ 649	△ 4.6	18,303	22.7	
III Selling, general and administrative expenses	9,913	16.2	10,364	17.1	451	4.6	13,410	16.6	
Operating income	4,198	6.9	3,097	5.1	△ 1,100	△ 26.2	4,892	6.1	
IV Non-operating income									
Interest income	7		13				13		
Dividend income	155		164				184		
Real estate rent	85		80				113		
Foreign exchange gains	56		135				23		
Other	186	491	146	540	48	9.8	233	568	
V Non-operating expenses									
Interest expenses	121		111				164		
Other	62	184	50	162	△ 21	△ 11.7	78	242	
Ordinary income		4,505		3,475	△ 1,030	△ 22.9		5,218	
VI Extraordinary income									
Gain on sales of non-current assets	0		5				0		
Gain on sales of investment securities	151		7				151		
Insurance income	-		1,854				-		
Reversal of provision foreign currency translation adjustment	285		-				285		
State subsidy	-	437	-	1,866	1,429	326.6	15	452	
VII Extraordinary loss									
Loss on sales and retirement of non-current assets	38		78				99		
Loss on explosion and fire	156		-				554		
Loss on valuation of investment securities	-		-				44		
Loss on business liquidation of subsidiaries and associates	257	452	-	78	△ 374	△ 82.7	251	949	
Income before income taxes		4,491		5,264	772	17.2		4,721	
Income taxes-current	879		1,059				1,258		
Income taxes-deferred	289	1,168	398	1,457	289	24.8	△ 123	1,134	
Net income		3,322		3,806	483	14.6		3,587	
Income before minority interests		393		261	△ 131	△ 33.5		475	
Profit attributable to owners of parent		2,929		3,544	615	21.0		3,111	
<b>&lt;Reference&gt; Statements of Comprehensive Income(Consolidated)</b>									
Net income		3,322		3,806	483	14.6		3,587	
Other comprehensive income									
Valuation difference on available-for-sale securities		1,370		△ 1,429	△ 2,799			975	
Foreign currency translation adjustment		169		△ 354	△ 523			367	
Remeasurements of defined benefit plans, net of tax		△ 25		△ 69	△ 44			557	
Total other comprehensive income		1,514		△ 1,853	△ 3,367			1,900	
Comprehensive income		4,836		1,952	△ 2,884	△ 59.6		5,487	