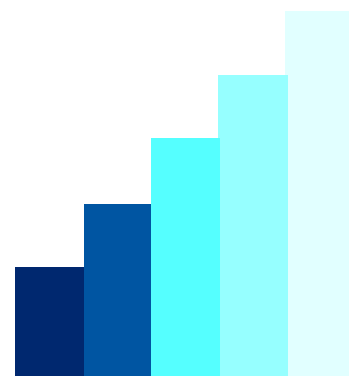


# DATA BOOK



# FY2018

3rd Quarter ended December 31, 2017

## Achievement Transition ( Consolidated )



consolidated	FY 2016 (3Q)		FY 2017 (3Q)		FY 2018 (3Q)		FY 2016		FY 2017		FY 2018 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>	59,762	△ 1.9	57,604	△ 3.6	<b>61,062</b>	<b>6.0</b>	79,119	△ 3.2	77,380	△ 2.2	80,000	3.4
<b>Operating income</b>	2,674	3.5	4,047	51.4	<b>4,198</b>	<b>3.7</b>	3,639	22.9	5,095	40.0	4,900	△ 3.8
<b>Ordinary income</b>	2,921	△ 0.6	4,143	41.8	<b>4,505</b>	<b>8.7</b>	3,851	12.2	5,314	38.0	5,200	△ 2.2
Profit attributable to owners of parent	1,875	△ 6.8	2,803	49.5	<b>2,929</b>	<b>4.5</b>	2,311	3.9	3,416	47.8	3,100	△ 9.3

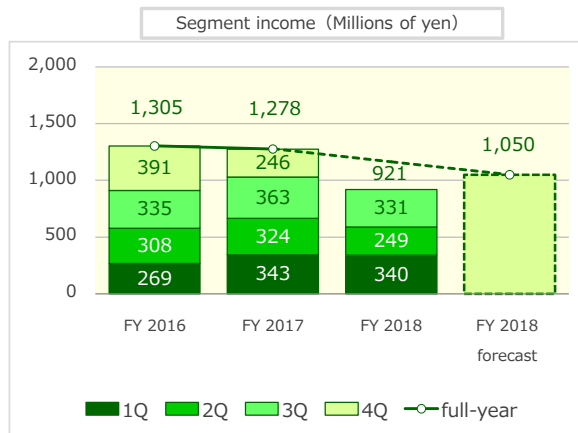
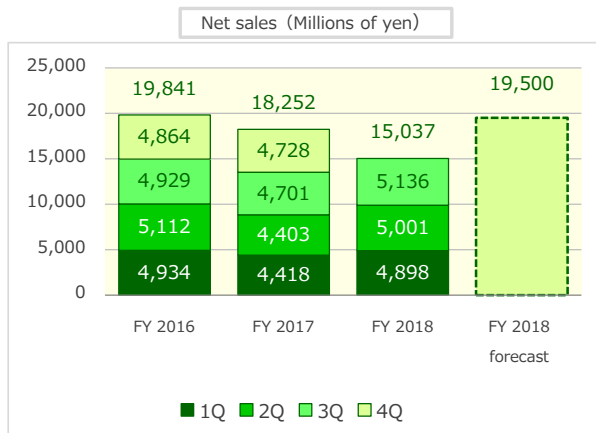
## Management index transition

consolidated	FY 2016 (3Q)		FY 2017 (3Q)		FY 2018 (3Q)		FY 2016		FY 2017		FY 2018 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>	1,156	△ 125	1,432	275	<b>1,193</b>	△ 238	2,993	1,185	2,107	△ 885	3,000	892
<b>Depreciation and amortization</b>	1,971	9	1,948	△ 23	<b>1,917</b>	△ 31	2,717	17	2,661	△ 55	2,600	△ 61
<b>R&amp;D expenses</b>	2,090	74	2,299	208	<b>2,377</b>	<b>78</b>	2,819	116	3,179	359	3,350	170
<b>Interest-bearing debt</b>	17,692	△ 292	14,509	△ 3,182	<b>11,356</b>	△ 3,153	17,426	151	13,300	△ 4,126	11,000	△ 2,300
<b>EBITDA</b>	4,646	100	5,996	1,350	<b>6,115</b>	<b>118</b>	6,357	695	7,757	1,400	7,500	△ 257

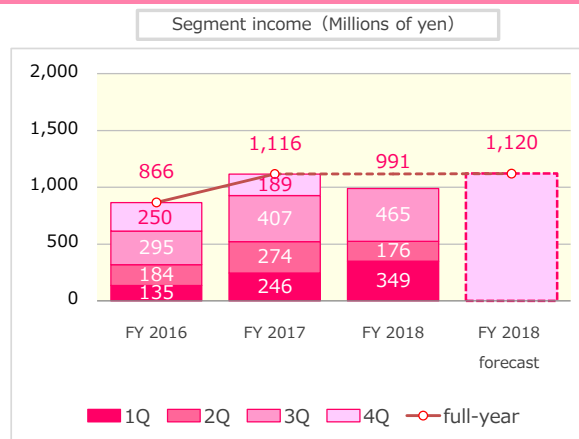
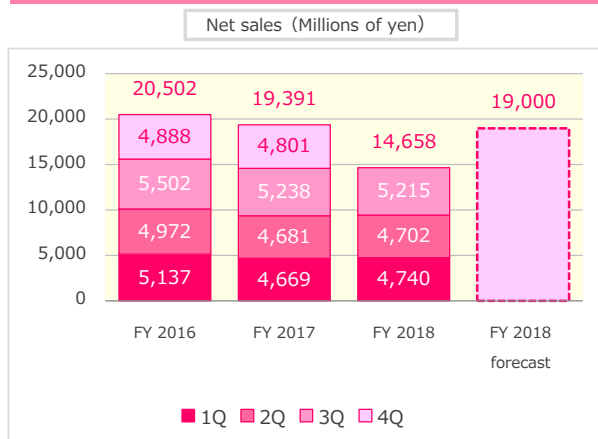
[ EBITDA ] Earnings Before Interest , Taxes , Depreciation , and Amortization

### Segment Information (Consolidated)

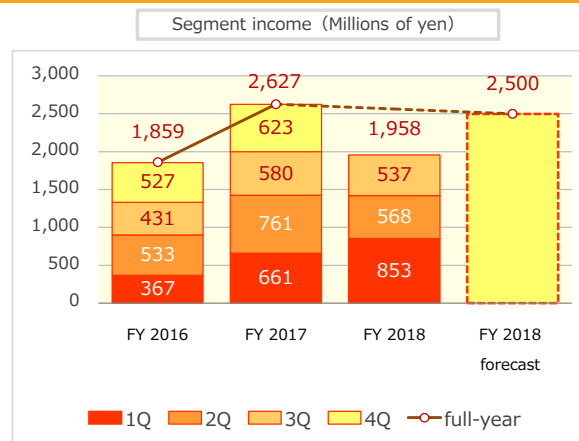
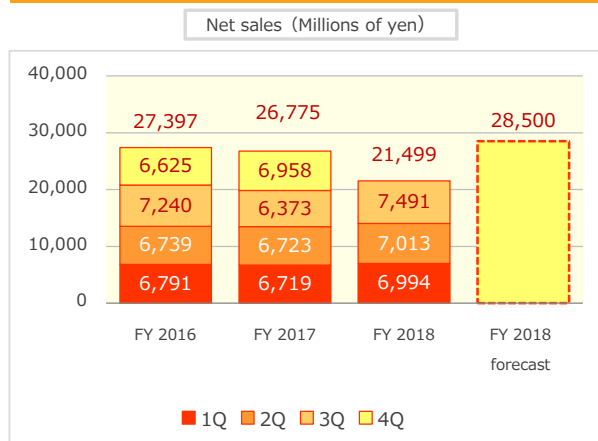
#### Paper chemicals



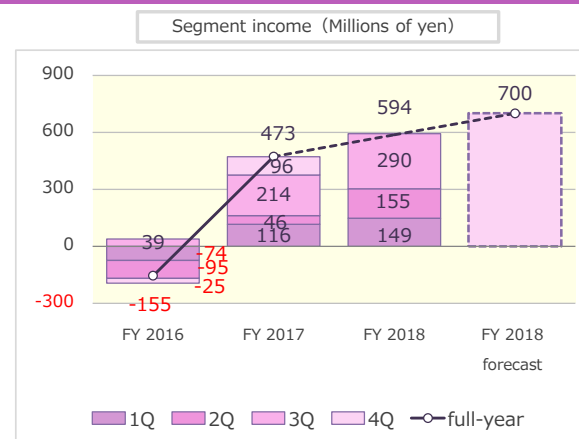
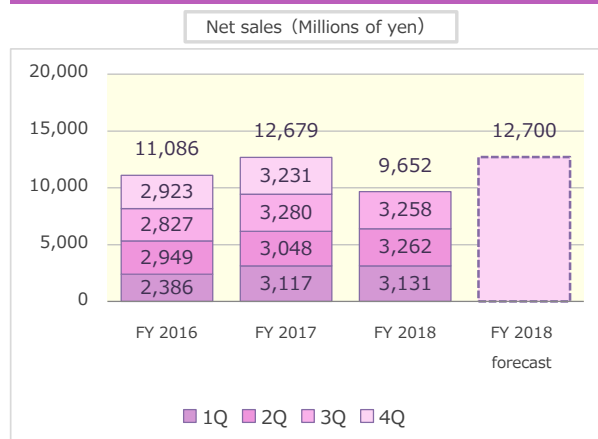
#### Coating chemicals



#### Adhesive Materials



#### Functional Materials



## Segment Information (Consolidated)

Consolidated		FY 2016 (3Q)		FY 2017 (3Q)		FY 2018 (3Q)		FY 2016		FY 2017		FY 2018 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	14,977	△ 2.9	13,524	△ 9.7	<b>15,037</b>	<b>11.2</b>	19,841	△ 4.5	18,252	△ 8.0	19,500	6.8
	Segment income	913	11.2	1,032	13.0	<b>921</b>	<b>△ 10.7</b>	1,305	17.3	1,278	△ 2.0	1,050	△ 17.9
	Segment income/sales	6.1%		7.6%		<b>6.1%</b>		6.6%		7.0%		5.4%	
Coating chemicals	Net sales	15,613	△ 1.2	14,590	△ 6.6	<b>14,658</b>	<b>0.5</b>	20,502	△ 3.6	19,391	△ 5.4	19,000	△ 2.0
	Segment income	615	41.7	927	50.7	<b>991</b>	<b>6.9</b>	866	89.7	1,116	28.9	1,120	0.3
	Segment income/sales	3.9%		6.4%		<b>6.8%</b>		4.2%		5.8%		5.9%	
Adhesive Materials	Net sales	20,771	△ 3.3	19,816	△ 4.6	<b>21,499</b>	<b>8.5</b>	27,397	△ 4.3	26,775	△ 2.3	28,500	6.4
	Segment income	1,332	14.9	2,003	50.4	<b>1,958</b>	<b>△ 2.3</b>	1,859	36.8	2,627	41.3	2,500	△ 4.9
	Segment income/sales	6.4%		10.1%		<b>9.1%</b>		6.8%		9.8%		8.8%	
Functional Materials	Net sales	8,162	1.9	9,447	15.7	<b>9,652</b>	<b>2.2</b>	11,086	2.7	12,679	14.4	12,700	0.2
	Segment income	△ 130	-	377	-	<b>594</b>	<b>57.7</b>	△ 155	-	473	-	700	47.8
	Segment income/sales	△ 1.6%		4.0%		<b>6.2%</b>		△ 1.4%		3.7%		5.5%	
Others	Net sales	236	7.2	226	△ 4.4	<b>214</b>	<b>△ 5.4</b>	291	6.9	282	△ 3.1	300	6.4
	Segment income	14	27.4	15	1.2	<b>22</b>	<b>49.1</b>	13	11.0	16	19.3	20	25.0
	Segment income/sales	6.3%		6.6%		<b>10.5%</b>		4.6%		5.7%		6.7%	
Subtotal	Net sales	59,762	△ 1.9	57,604	△ 3.6	<b>61,062</b>	<b>6.0</b>	79,119	△ 3.2	77,380	△ 2.2	80,000	3.4
	Segment income	2,746	12.1	4,355	58.6	<b>4,489</b>	<b>3.1</b>	3,889	34.3	5,512	41.7	5,390	△ 2.2
	Segment income/sales	4.6%		7.6%		<b>7.4%</b>		4.9%		7.1%		6.7%	
Consolidated total	*Development Investment	△ 229	-	△ 271	-	<b>△ 273</b>	<b>-</b>	△ 302	-	△ 385	-	△ 490	-
	Segment income	2,516	13.8	4,083	62.3	<b>4,215</b>	<b>3.2</b>	3,586	39.2	5,126	42.9	4,900	△ 4.4
	Segment income/sales	4.2%		7.1%		<b>6.9%</b>		4.5%		6.6%		6.1%	

\*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.

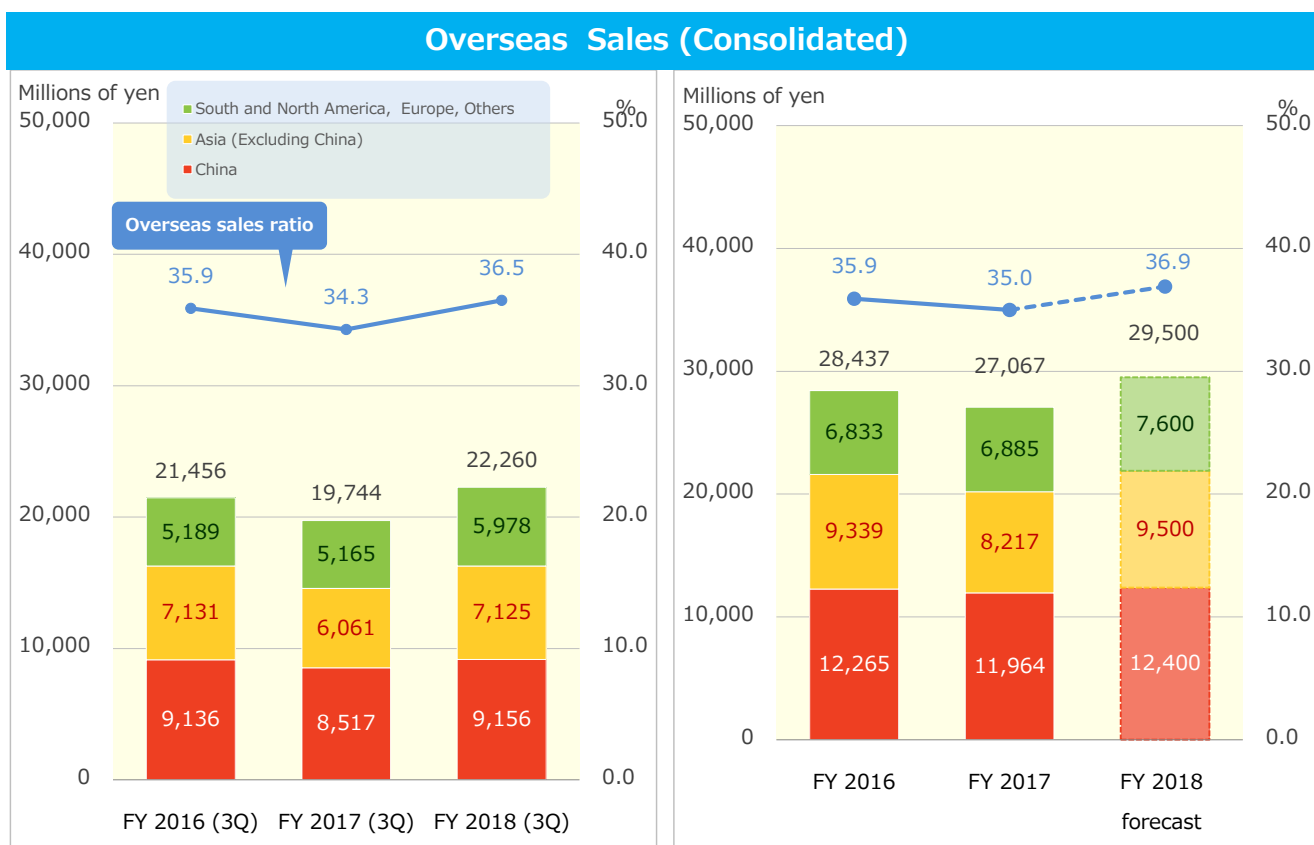
## Expected cost caused by the explosion and fire accident at Fuji Plant.

Although it is difficult to estimate rationally re-start time of the suspended facilities, compensation, removal and repair expenses, impact to the business including sales and insurance income, ARAKAWA CHEMICAL INDUSTRIES, LTD. estimated the impact of the accident to its financial forecast (EBT) for the fiscal year ending March, 2018 based on some reasonable assumptions and available information is 650 million yen.

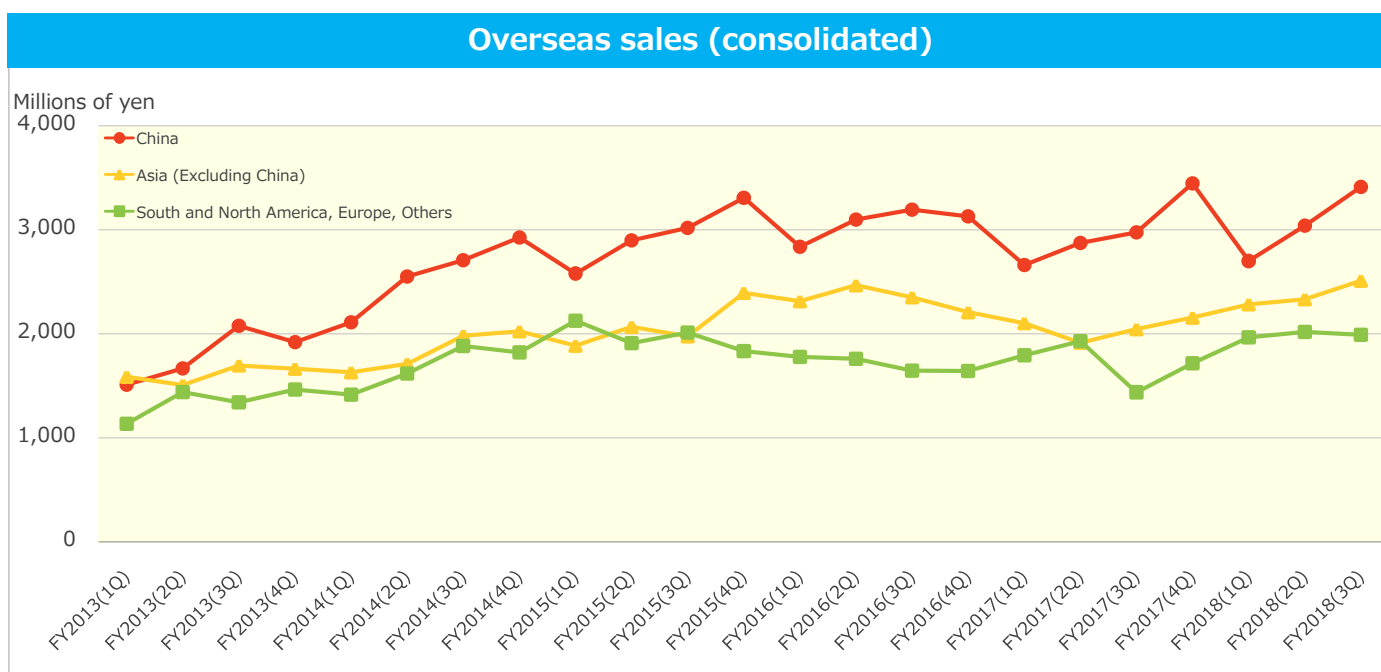
(Expected cost to financial forecast for the full fiscal year ending March 31, 2018)

	Amount (Millions of yen)	Notes
Operating income	△ 250	Loss by decrease of volume of production and sales, and supply of a substitute.
Extraordinary income or loss	△ 400	Costs related to compensation, removal, etc., fixed costs and insurance revenues due to shutdown of production facilities due to accidents.
Total	△ 650	

## Overseas Sales (Consolidated)



Consolidated	FY 2016 (3Q)		FY 2017 (3Q)		FY 2018 (3Q)		FY 2016		FY 2017		FY 2018 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>	21,456	4.7	19,744	△ 8.0	<b>22,260</b>	<b>12.7</b>	28,437	1.5	27,067	△ 4.8	29,500	9.0
Overseas sales in Asia	16,267	12.7	14,579	△ 10.4	<b>16,281</b>	<b>11.7</b>	21,604	7.3	20,182	△ 6.6	21,900	8.5
Overseas sales in China	9,136	7.5	8,517	△ 6.8	<b>9,156</b>	<b>7.5</b>	12,265	3.8	11,964	△ 2.4	12,400	3.6
<b>Overseas sales ratio</b>	35.9%		34.3%		<b>36.5%</b>		35.9%		35.0%		36.9%	



## Balance Sheets (Consolidated)

(Unit : Millions of yen)

Item	FY2017 (3Q)		FY2018 (3Q)		FY2017		Increase /Decrease (A) - (B)
	(As of December 31, 2016)		(As of December 31, 2017)		(As of March 31, 2017)		
	Amount	Com- position ratio	Amount (A)	Com- position ratio	Amount (B)	Com- position ratio	
(Assets)		%		%		%	
<b>I Current assets</b>							
1. Cash and deposits	9,173		8,580		10,212		△ 1,631
2. Notes and accounts receivable-trade	27,843		29,230		25,939		3,290
3. Electronically recorded monetary claims - operating	1,359		1,659		1,161		498
4. Merchandise and finished goods	7,253		7,076		7,661		△ 585
5. Work in process	846		954		998		△ 43
6. Raw materials and supplies	5,680		7,045		6,359		685
7. Deferred tax assets	411		459		668		△ 208
8. Other	836		1,305		956		349
Allowance for doubtful accounts	△ 145		△ 126		△ 153		26
Total current assets	53,259	64.8	56,184	63.8	53,804	64.1	2,380
<b>II Noncurrent assets</b>							
1. Property, plant and equipment							
(1) Buildings and structures	7,683		7,605		7,766		△ 161
(2) Machinery, equipment and vehicles	6,221		6,137		6,614		△ 476
(3) Land	5,180		5,193		5,190		3
(4) Construction in progress	203		656		163		492
(5) Other	460		471		465		6
Total property, plant and equipment	19,750	24.0	20,063	22.8	20,199	24.1	△ 135
2. Intangible assets							
(1) Goodwill	1,178		895		1,107		△ 211
(2) Other	345		395		374		21
Total intangible assets	1,523	1.9	1,290	1.5	1,481	1.8	△ 190
3. Investments and other assets							
(1) Investment securities	6,953		9,416		7,430		1,985
(2) Net defined benefit asset	-		602		386		215
(3) Deferred tax assets	186		137		159		△ 21
(4) Other	605		386		521		△ 135
Allowance for doubtful accounts	△ 76		△ 68		△ 85		17
Total investments and other assets	7,668	9.3	10,474	11.9	8,413	10.0	2,060
Total noncurrent assets	28,942	35.2	31,828	36.2	30,094	35.9	1,734
Total assets	82,202	100.0	88,013	100.0	83,898	100.0	4,114

(Unit : Millions of yen)

Item	FY2017 (3Q)		FY2018 (3Q)		FY2017		Increase /Decrease (A) - (B)
	(As of December 31, 2016)		(As of December 31, 2017)		(As of March 31, 2017)		
	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	10,736		11,793		9,967		1,826
2. Short-term loans payable	8,222		6,356		7,957		△ 1,600
3. Electronically recorded monetary claims - operating	455		370		880		△ 510
4. Accrued consumption taxes	242		161		179		△ 17
5. Deferred tax liabilities	45		0		45		△ 44
6. Provision for bonuses	592		616		1,276		△ 659
7. Provision for directors' bonuses	54		44		80		△ 36
8. Provision for repairs	73		-		80		△ 80
9. Notes payable-facilities	94		49		63		△ 14
Other	3,915		5,107		3,929		1,178
Total current liabilities	24,432	29.7	24,500	27.8	24,459	29.1	40
<b>II Noncurrent liabilities</b>							
1. Bonds payable	5,000		5,000		5,000		-
2. Long-term loans payable	1,286		-		343		△ 343
3. Deferred tax liabilities	1,396		2,355		1,695		659
4. Provision for repairs	-		30		-		30
5. Net defined benefit liability	539		347		335		11
6. Asset retirement obligations	112		224		212		12
7. Other	310		285		295		△ 9
Total noncurrent liabilities	8,645	10.5	8,243	9.4	7,881	9.4	361
Total liabilities	33,077	40.2	32,743	37.2	32,340	38.5	402
(Net assets)							
<b>I Shareholders' equity</b>							
1. Capital stock	3,320		3,343		3,343		-
2. Capital surplus	3,541		3,564		3,564		-
3. Retained earnings	38,189		40,885		38,802		2,082
4. Treasury stock	△ 12		△ 13		△ 12		△ 0
Total shareholders' equity	45,038	54.8	47,779	54.3	45,697	54.5	2,082
<b>II Accumulated other comprehensive income</b>							
1. Valuation difference on available-for-sale securities	2,576		4,275		2,904		1,370
2. Foreign currency translation adjustment	△ 45		1,263		1,026		236
3. Remeasurements of defined benefit plans	△ 55		261		286		△ 25
Total accumulated other comprehensive income	2,476	3.0	5,800	6.6	4,218	5.0	1,581
<b>III Subscription rights to shares</b>	1	0.0	-	-	-	-	-
<b>IV Minority interests</b>	1,608	2.0	1,689	1.9	1,641	2.0	48
Total net assets	49,124	59.8	55,269	62.8	51,557	61.5	3,712
Total liabilities and net assets	82,202	100.0	88,013	100.0	83,898	100.0	4,114

## Statements of Income (Consolidated)

(Unit: Millions of yen)

Item	FY2017 (3Q)		FY2018 (3Q)		Increase/ Decrease		FY2017	
	' 16/4-' 16/12		' 17/4-' 17/12				' 16/4-' 17/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of Change	Amount	Ratio
I Net sales	57,604	100.0	61,062	100.0	3,457	6.0	77,380	100.0
II Cost of sales	43,932	76.3	46,950	76.9	3,018	6.9	59,111	76.4
Gross profit	13,672	23.7	14,111	23.1	439	3.2	18,269	23.6
III Selling, general and administrative expenses	9,624	16.7	9,913	16.2	289	3.0	13,173	17.0
Operating income	4,047	7.0	4,198	6.9	150	3.7	5,095	6.6
IV Non-operating income								
Interest income	19		7				25	
Dividends income	141		155				157	
Real estate rent	43		85				58	
Foreign exchange gains	-		56				3	
Other	172	377	186	491	114	30.4	282	527
V Non-operating expenses								
Interest expenses	135		121				177	
Foreign exchange losses	57		-				-	
Bond issuance cost	31		-				31	
Other	55	281	62	184	97	34.5	98	308
Ordinary income		4,143		4,505	361	8.7		5,314
VI Extraordinary income								
Gain on sales of noncurrent assets	5		0				5	
Gain on sales of investment securities	1		151				1	
Reversal of foreign currency translation adjustment	-		285				-	
Compensation income	13		-				13	
State subsidy	-	20	-	437	417	-	15	36
VII Extraordinary loss								
Loss on sales of non-current assets	41		38				80	
Loss on explosion and fire accident	-		156				-	
Loss on valuation of non-current assets	-		-				2	
Loss on sales of investment securities	0		-				0	
Loss on valuation of investments in capital of subsidiaries and associates	-		-				91	
Loss on business liquidation of subsidiaries and associates	-	41	257	452	410	991.0	-	174
Income before income taxes		4,122		4,491	368	8.9		5,176
Income taxes-current	866		879				1,469	
Income taxes-deferred	202	1,069	289	1,168	99	9.3	△ 17	1,452
Net income		3,053		3,322	268	8.8		3,724
Income before minority interests		250		393	142	57.1		307
Profit attributable to owners of parent		2,803		2,929	125	4.5		3,416

## &lt;Reference&gt; Statements of Comprehensive Income (Consolidated)

Net income		3,053		3,322	268	8.8		3,724
Other comprehensive income								
Valuation difference on available-for-sale securities		957		1,370	412			1,285
Foreign currency translation adjustment		△ 2,032		169	2,201			△ 780
Remeasurements of defined benefit plans		0		△ 25	△ 25			341
Total other comprehensive income		△ 1,074		1,514	2,588			846
Comprehensive income		1,979		4,836	2,857	144.4		4,571