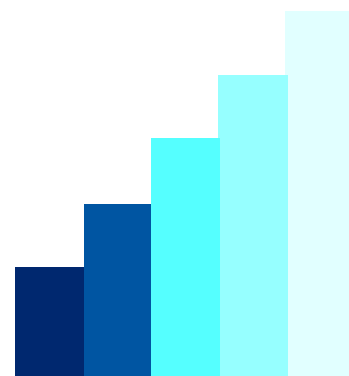


DATA BOOK



FY2019

1st Quarter ended June 30, 2018

August 1st, 2018

ARAKAWA CHEMICAL INDUSTRIES, LTD.

Achievement Transition (Consolidated)



consolidated	FY 2017 (1Q)		FY 2018 (1Q)		FY 2019 (1Q)		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
Net sales	19,000	△ 1.7	19,838	4.4	19,758	△ 0.4	77,380	△ 2.2	80,782	4.4	82,000	1.5
Operating income	1,414	92.5	1,629	15.2	1,073	△ 34.1	5,095	40.0	4,892	△ 4.0	4,550	△ 7.0
Ordinary income	1,361	73.0	1,712	25.8	1,230	△ 28.1	5,314	38.0	5,218	△ 1.8	4,800	△ 8.0
Profit attributable to owners of parent	937	88.7	1,119	19.4	776	△ 30.7	3,416	47.8	3,111	△ 8.9	3,250	4.4

Management index transition

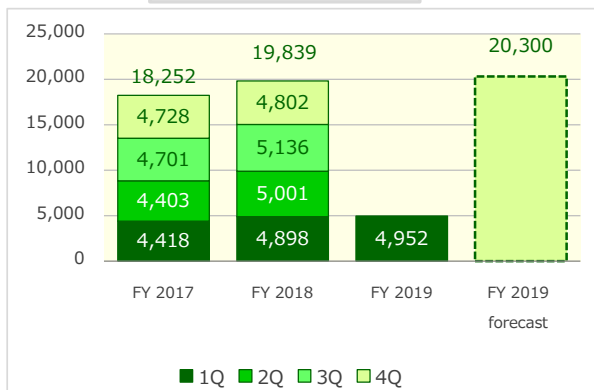
consolidated	FY 2017 (1Q)		FY 2018 (1Q)		FY 2019 (1Q)		FY 2017		FY 2018		FY 2019 forecast	
	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease
Capital investment	761	419	313	△ 448	491	178	2,107	△ 885	1,937	△ 170	4,300	2,362
Depreciation and amortization	640	21	614	△ 26	631	16	2,661	△ 55	2,613	△ 48	2,850	236
R&D expenses	755	70	798	42	736	△ 61	3,179	359	3,220	41	3,300	79
Interest-bearing debt	15,579	△ 3,759	13,143	△ 2,436	11,252	△ 1,891	13,300	△ 4,126	11,269	△ 2,031	15,500	4,230
EBITDA	2,055	701	2,244	188	1,704	△ 540	7,757	1,400	7,506	△ 251	7,400	△ 106

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

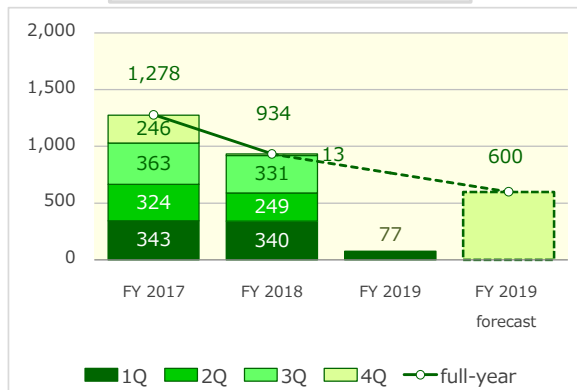
Segment Information (Consolidated)

Paper chemicals

Net sales (Millions of yen)

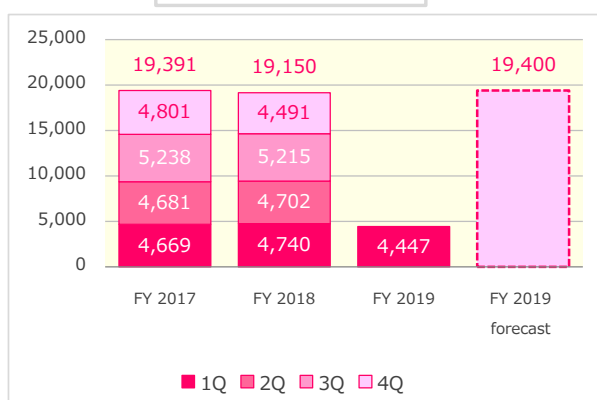


Segment income (Millions of yen)

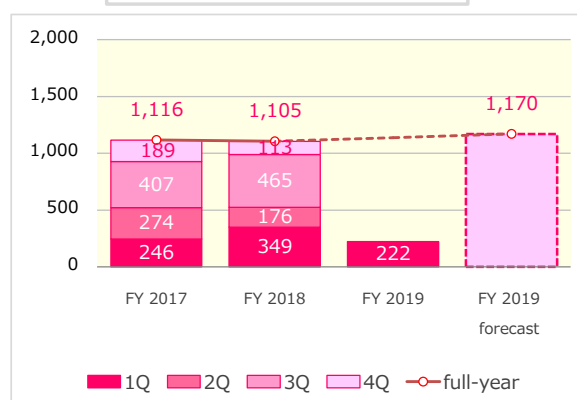


Coating chemicals

Net sales (Millions of yen)

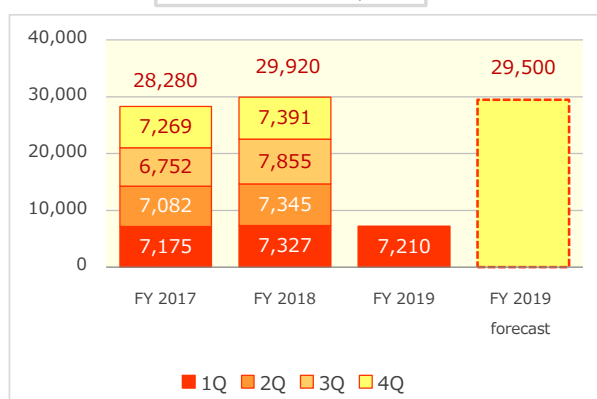


Segment income (Millions of yen)

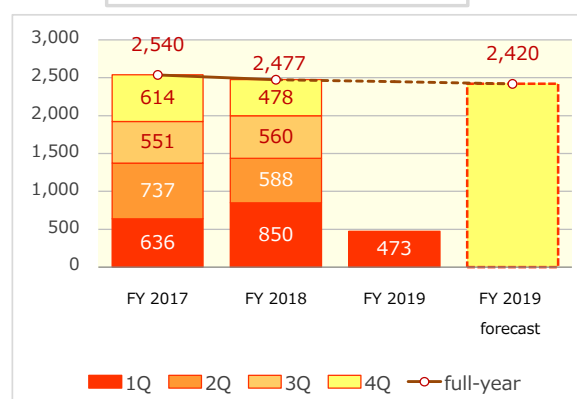


Adhesive Materials

Net sales (Millions of yen)

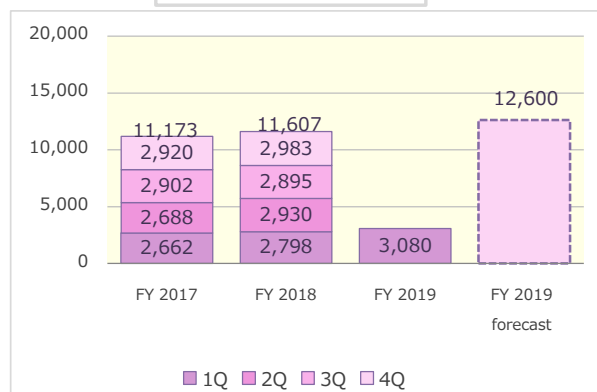


Segment income (Millions of yen)

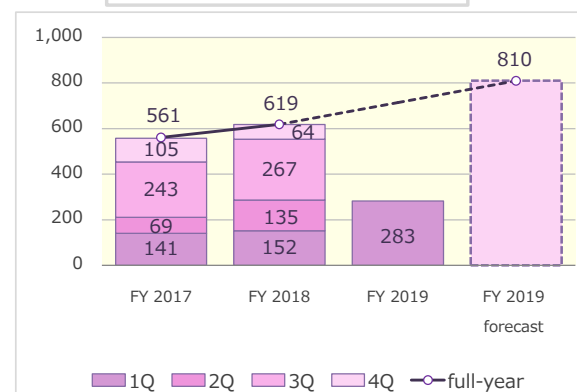


Functional Materials

Net sales (Millions of yen)



Segment income (Millions of yen)



Segment Information (Consolidated)

Consolidated		FY 2017 (1Q)		FY 2018 (1Q)		FY 2019 (1Q)		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	4,418	△ 10.5	4,898	10.9	4,952	1.1	18,252	△ 8.0	19,839	8.7	20,300	2.3
	Segment income	343	27.5	340	△ 1.0	77	△ 77.1	1,278	△ 2.0	934	△ 26.9	600	△ 35.8
	Segment income/sales	7.8%		6.9%		1.6%		7.0%		4.7%		3.0%	
Coating chemicals	Net sales	4,669	△ 9.1	4,740	1.5	4,447	△ 6.2	19,391	△ 5.4	19,150	△ 1.2	19,400	1.3
	Segment income	246	81.1	349	42.0	222	△ 36.2	1,116	28.9	1,105	△ 1.0	1,170	5.9
	Segment income/sales	5.3%		7.4%		5.0%		5.8%		5.8%		6.0%	
Adhesive Materials	Net sales	7,175	–	7,327	2.1	7,210	△ 1.6	28,280	–	29,920	5.8	29,500	△ 1.4
	Segment income	636	–	850	33.5	473	△ 44.3	2,540	–	2,477	△ 2.5	2,420	△ 2.3
	Segment income/sales	8.9%		11.6%		6.6%		9.0%		8.3%		8.2%	
Functional Materials	Net sales	2,662	–	2,798	5.1	3,080	10.1	11,173	–	11,607	3.9	12,600	8.6
	Segment income	141	–	152	7.7	283	85.6	561	–	619	10.5	810	30.7
	Segment income/sales	5.3%		5.5%		9.2%		5.0%		5.3%		6.4%	
Others	Net sales	74	△ 6.3	72	△ 2.8	66	△ 7.3	282	△ 3.1	265	△ 5.8	200	△ 24.7
	Segment income	5	△ 11.1	7	39.7	6	△ 12.1	16	19.3	24	55.3	20	△ 19.5
	Segment income/sales	7.5%		10.7%		10.1%		5.7%		9.4%		10.0%	
Subtotal	Net sales	19,000	△ 1.7	19,838	4.4	19,758	△ 0.4	77,380	△ 2.2	80,782	4.4	82,000	1.5
	Segment income	1,374	95.0	1,700	23.7	1,064	△ 37.4	5,512	41.7	5,162	△ 6.4	5,020	△ 2.8
	Segment income/sales	7.2%		8.6%		5.4%		7.1%		6.4%		6.1%	
Consolidated total	Development Investment	△ 79	–	△ 91	–	△ 83	–	△ 385	–	△ 374	–	△ 420	–
	Segment income	1,294	104.4	1,608	24.2	981	△ 39.0	5,126	42.9	4,787	△ 6.6	4,600	△ 3.9
	Segment income/sales	6.8%		8.1%		5.0%		6.6%		5.9%		5.6%	

*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.

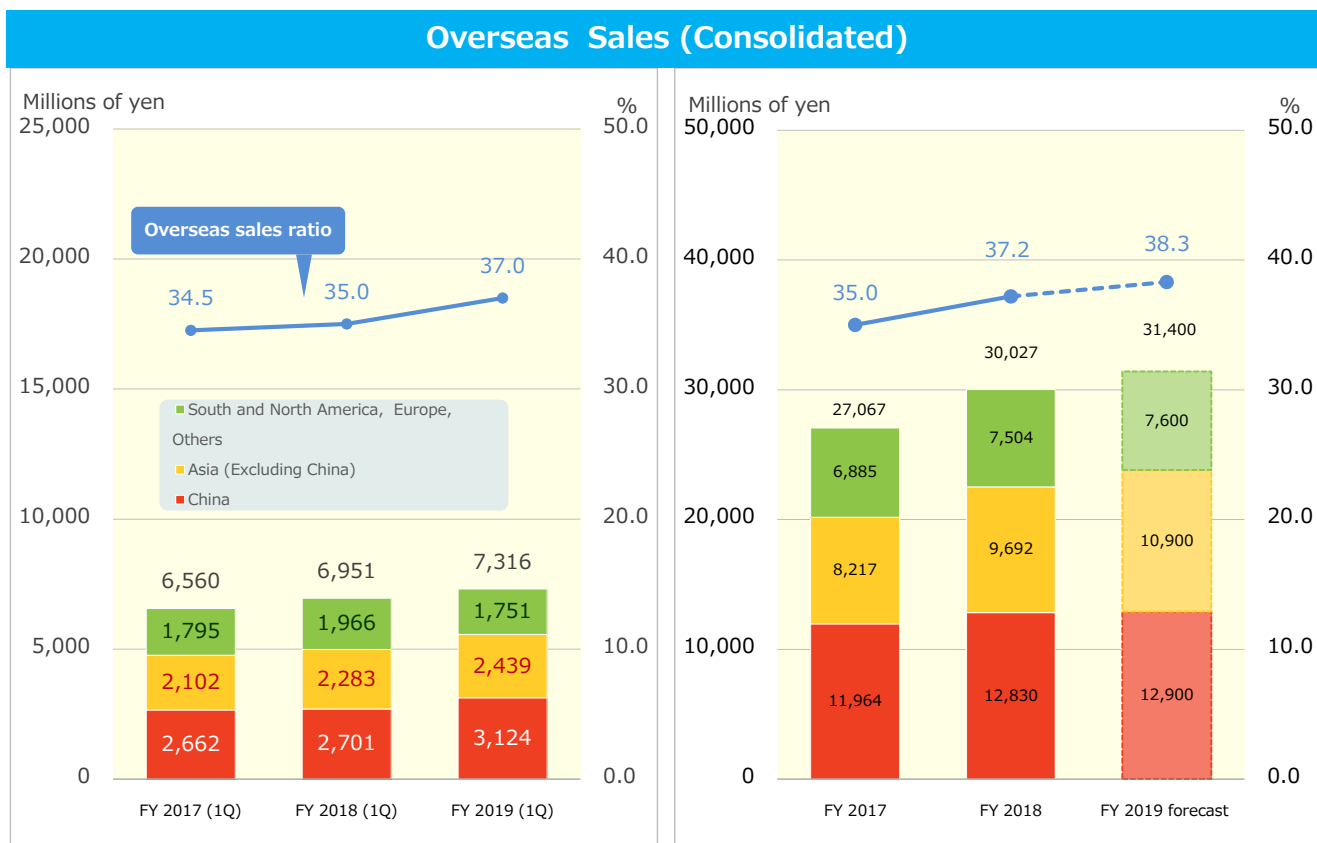
[Functional Materials] Compound materials for electronics, Functional fine chemical materials, Polishing agent for hard disk substrates, Flux cleaning System, etc.

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

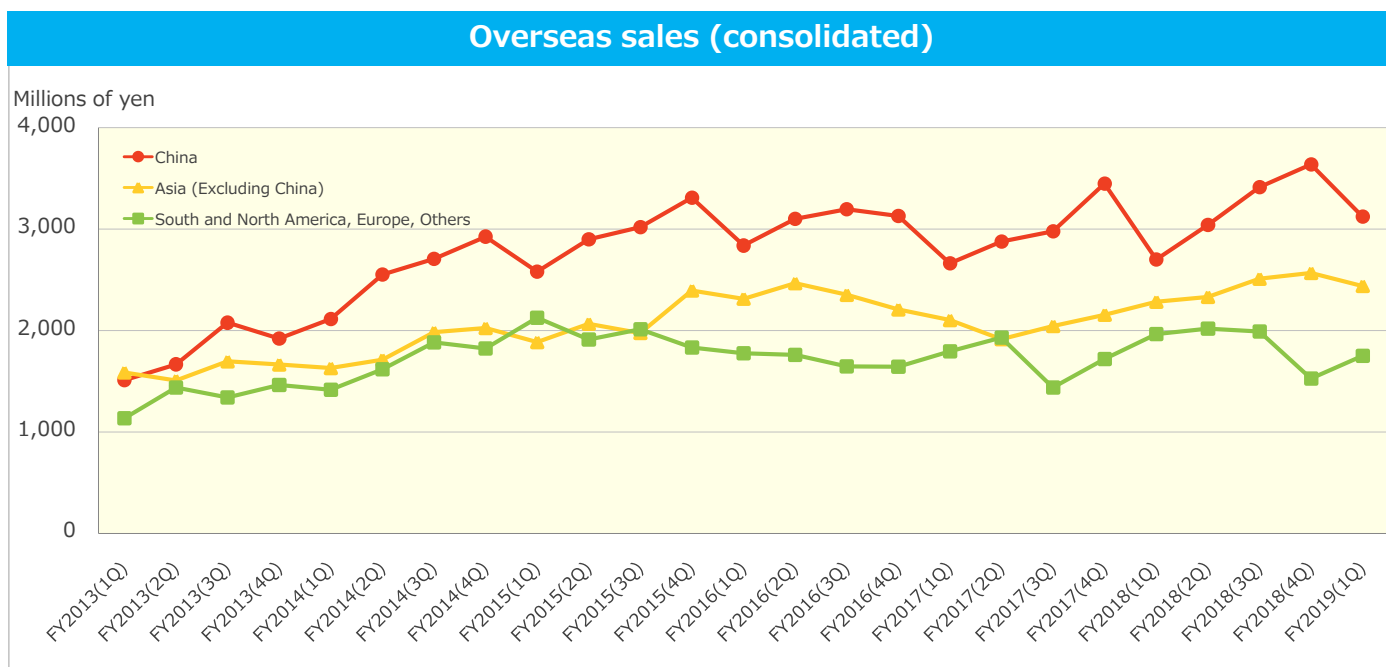
From FY2018, classification of some products has been changed from Functional Materials to Adhesive Materials.

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 (1Q)		FY 2018 (1Q)		FY 2019 (1Q)		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
Overseas sales	6,560	△ 5.3	6,951	5.9	7,316	5.3	27,067	△ 4.8	30,027	10.9	31,400	4.6
Overseas sales in Asia	4,765	△ 7.5	4,984	4.6	5,564	11.6	20,182	△ 6.6	22,522	11.6	23,800	5.7
Overseas sales in China	2,662	△ 6.2	2,701	1.5	3,124	15.7	11,964	△ 2.4	12,830	7.2	12,900	0.5
Overseas sales ratio	34.5%		35.0%		37.0%		35.0%		37.2%		38.3%	



Balance Sheets (Consolidated)

(Unit: Millions of yen)

Item	FY2018 (1Q)		FY2019 (1Q)		FY2018		Increase /Decrease (A) - (B)
	(As of June 30, 2017)		(As of June 30, 2018)		(As of March 31, 2018)		
	Amount	Com- position ratio	Amount (A)	Com- position ratio	Amount (B)	Com- position ratio	
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	9,939		6,587		8,471		△ 1,883
2. Notes and accounts receivable - trade	25,486		27,584		28,342		△ 758
3. Electronically recorded monetary claims - operating	1,365		1,998		1,829		169
4. Merchandise and finished goods	7,969		8,322		8,051		271
5. Work in process	1,116		1,118		893		225
6. Raw materials and supplies	6,579		7,126		7,272		△ 146
8. Other	1,107		1,164		1,420		△ 256
Allowance for doubtful accounts	△ 127		△ 122		△ 123		1
Total Current assets	53,437	63.8	53,780	61.6	56,158	63.1	△ 2,377
II Noncurrent assets							
1. Property, plant and equipment							
(1) Buildings and structures	7,682		7,618		7,708		△ 90
(2) Machinery, equipment and vehicles	6,278		5,954		6,181		△ 226
(3) Land	5,190		5,194		5,195		△ 1
(4) Construction in progress	125		2,181		1,139		1,041
(5) Other	488		470		466		4
Total property, plant and equipment	19,765	23.6	21,418	24.5	20,691	23.2	727
2. Intangible assets							
(1) Goodwill	1,035		754		824		△ 70
(2) Other	368		421		379		41
Total intangible assets	1,404	1.7	1,175	1.3	1,204	1.4	△ 29
3. Investments and other assets							
(1) Investment securities	7,994		8,834		8,806		27
(2) Net defined benefit asset	457		1,636		1,538		98
(3) Deferred tax assets	272		251		291		△ 39
(4) Other	515		344		401		△ 56
Allowance for doubtful accounts	△ 83		△ 70		△ 72		1
Total investments and other assets	9,157	10.9	10,996	12.6	10,964	12.3	31
Total noncurrent assets	30,326	36.2	33,590	38.4	32,861	36.9	729
Total assets	83,764	100.0	87,370	100.0	89,019	100.0	△ 1,648

(Unit : Millions of yen)

Item	FY2018(1Q)		FY2019(1Q)		FY2018		Increase /Decrease (A) - (B)
	(As of June 30, 2017)		(As of June 30, 2018)		(As of March 31, 2018)		
	Amount	Com- position ratio	Amount (A)	Com- position ratio	Amount (B)	Com- position ratio	
(Liabilities)		%		%		%	
I Current liabilities							
1. Notes and accounts payable - trade	9,867		11,539		12,043		△ 503
2. Short-term loans payable	7,980		6,012		6,269		△ 256
3. Income taxes payable	531		382		642		△ 259
4. Accrued consumption taxes	173		140		135		4
5. Provision for bonuses	617		622		1,272		△ 650
6. Provision for directors' bonuses	24		20		80		△ 60
7. Provision for repairs	145		42		-		42
8. Notes payable - facilities	105		182		214		△ 31
9. Other	4,299		4,630		4,993		△ 363
Total current liabilities	23,743	28.4	23,572	27.0	25,651	28.8	△ 2,078
II Noncurrent liabilities							
1. Bonds payable	5,000		5,000		5,000		-
2. Long-term loans payable	163		240		-		240
3. Deferred tax liabilities	1,636		1,901		1,724		177
4. Provision for repairs	-		60		45		15
5. Net defined benefit liability	336		333		328		4
6. Asset retirement obligations	210		291		297		△ 5
7. Other	303		263		276		△ 13
Total noncurrent liabilities	7,650	9.1	8,090	9.2	7,671	8.6	419
Total liabilities	31,393	37.5	31,663	36.2	33,323	37.4	△ 1,659
(Net assets)							
I Shareholders' equity							
1. Capital stock	3,343		3,343		3,343		-
2. Capital surplus	3,564		3,564		3,564		-
3. Retained earnings	39,468		41,452		41,068		384
4. Treasury shares	△ 12		△ 13		△ 13		-
Total shareholders' equity	46,362	55.3	48,346	55.3	47,962	53.9	384
II Accumulated other comprehensive income							
1. Valuation difference on available-for-sale securities	3,291		3,861		3,880		△ 18
2. Foreign currency translation adjustment	837		1,088		1,434		△ 345
3. Remeasurements of defined benefit plans	278		823		847		△ 23
Total accumulated other comprehensive income	4,407	5.3	5,774	6.6	6,161	6.9	△ 387
III Minority interests	1,600	1.9	1,586	1.9	1,572	1.8	14
Total net assets	52,370	62.5	55,707	63.8	55,696	62.6	10
Total liabilities and net assets	83,764	100.0	87,370	100.0	89,019	100.0	△ 1,648

Statements of Income (Consolidated)

(Unit: Millions of yen)

Item	FY2018 (1Q) 17/4 - 17/6		FY2019 (1Q) 18/4 - 18/6		Increase/ Decrease		FY2018 17/4 - 18/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of Change	Amount	Ratio
I Net Sales	19,838	100.0	19,758	100.0	△ 79	△ 0.4	80,782	100.0
II Cost of sales	14,944	75.3	15,287	77.4	343	2.3	62,478	77.3
Gross profit	4,893	24.7	4,470	22.6	△ 422	△ 8.6	18,303	22.7
III Selling, general and administrative expenses	3,263	16.5	3,397	17.2	133	4.1	13,410	16.6
Operating income	1,629	8.2	1,073	5.4	△ 556	△ 34.1	4,892	6.1
IV Non-operating income								
Interest income	1		1				13	
Dividend income	60		60				184	
Real estate rent	28		28				113	
Foreign exchange gains	-		67				23	
Other	52	143	48	206	62	43.7	233	568
V Non-operating expenses								
Interest expenses	40		39				164	
Foreign exchange losses	5		-				-	
Other	16	61	9	49	△ 11	△ 19.1	78	242
Ordinary income		1,712		1,230	△ 481	△ 28.1		5,218
VI Extraordinary income								
Gain on sales of non-current assets	-		0				0	
Gain on sales of investment securities	-		7				151	
Reversal of provision foreign currency translation adjustment	-		-				285	
State subsidy	-		-				15	
Insurance income	-	-	0	8	8	-	-	452
VII Extraordinary loss								
Loss on sales and retirement of non-current assets	1		4				99	
Loss on explosion and fire	-		-				554	
Loss on valuation of investment securities	-		-				44	
Loss on business liquidation of subsidiaries and associates	-	1	-	4	2	182.0	251	949
Income before income taxes		1,710		1,234	△ 476	△ 27.9		4,721
Income taxes-current	214		144				1,258	
Income taxes-deferred	280	495	232	377	△ 118	△ 23.9	△ 123	1,134
Net income		1,214		856	△ 358	△ 29.5		3,587
Income before minority interests		95		80	△ 14	△ 15.7		475
Profit attributable to owners of parent		1,119		776	△ 343	△ 30.7		3,111

<Reference> Statements of Comprehensive Income (Consolidated)

Net income		1,214		856	△ 358	△ 29.5		3,587
Other comprehensive income								
Valuation difference on available-for-sale		386		△ 18	△ 405			975
Foreign currency translation adjustment		△ 171		△ 411	△ 240			367
Remeasurements of defined benefit plans, net of		△ 8		△ 22	△ 14			557
Total other comprehensive income		206		△ 453	△ 660			1,900
Comprehensive income		1,421		403	△ 1,018	△ 71.6		5,487