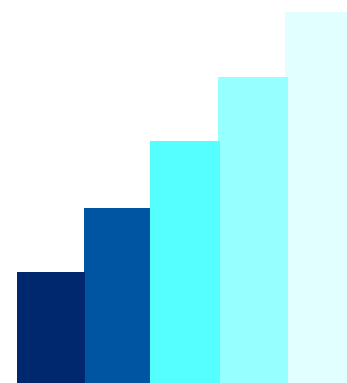


DATA BOOK



FY2017

3rd Quarter ended December 31, 2016

February 2nd, 2017

ARAKAWA CHEMICAL INDUSTRIES, LTD.

Achievement Transition (Consolidated)

DATA BOOK 2017



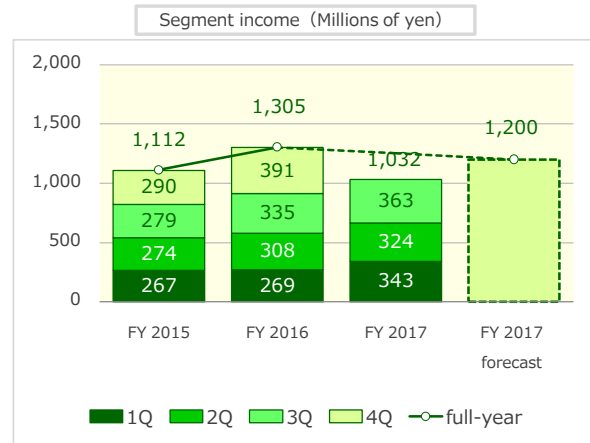
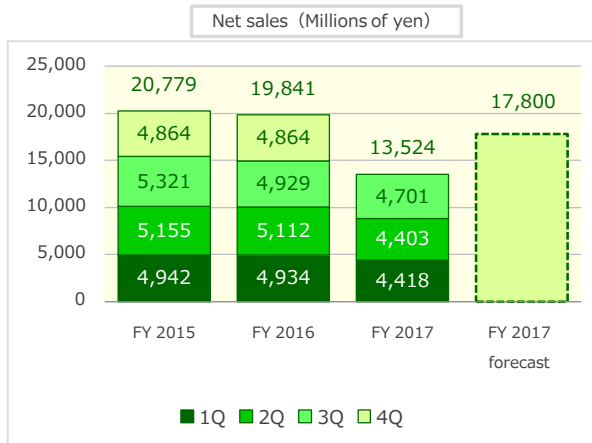
consolidated	FY 2015 (3Q)		FY 2016 (3Q)		FY 2017 (3Q)		FY 2015		FY 2016		FY 2017 forecast	
	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change
Net sales	60,932	9.9	59,762	△ 1.9	57,604	△ 3.6	81,742	9.0	79,119	△ 3.2	75,500	△ 4.6
Operating income	2,583	39.2	2,674	3.5	4,047	51.4	2,961	26.8	3,639	22.9	4,750	30.5
Ordinary income	2,938	34.6	2,921	△ 0.6	4,143	41.8	3,431	27.2	3,851	12.2	4,800	24.6
Profit attributable to non-controlling interests	2,012	56.0	1,875	△ 6.8	2,803	49.5	2,224	49.5	2,311	3.9	3,100	34.1

Management index transition

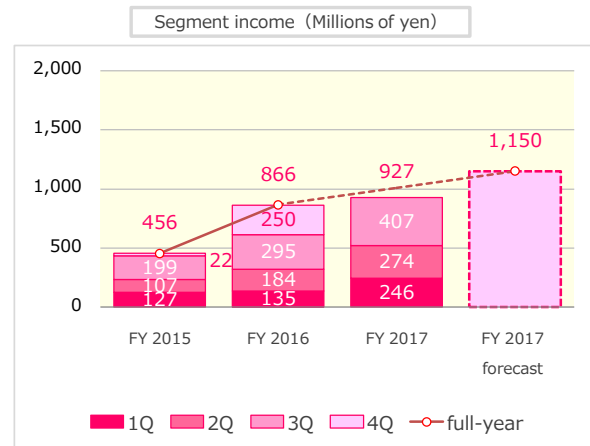
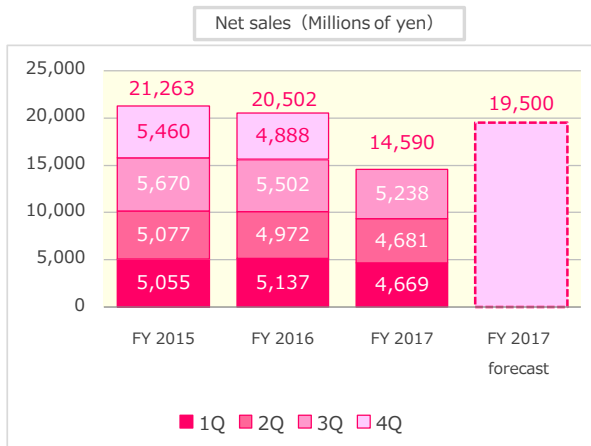
consolidated	FY 2015 (3Q)		FY 2016 (3Q)		FY 2017 (3Q)		FY 2015		FY 2016		FY 2017 forecast	
	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease
Capital investment	1,281	△ 357	1,156	△ 125	1,432	275	1,807	△ 189	2,993	1,185	2,700	△ 293
Depreciation and amortization	1,962	△ 210	1,971	9	1,948	△ 23	2,700	△ 252	2,717	17	2,800	82
R&D expenses	2,016	△ 75	2,090	74	2,299	208	2,703	△ 87	2,819	116	3,100	280
Interest-bearing debt	17,984	862	17,692	△ 292	14,509	△ 3,182	17,275	△ 1,329	17,426	151	15,000	△ 2,426
EBITDA	4,546	516	4,646	100	5,996	1,350	5,661	373	6,357	695	7,550	1,192

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

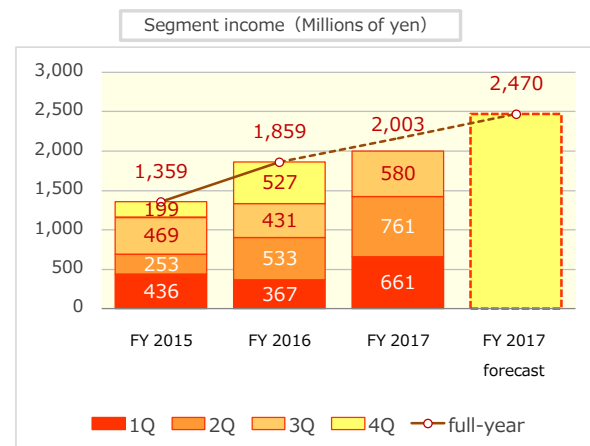
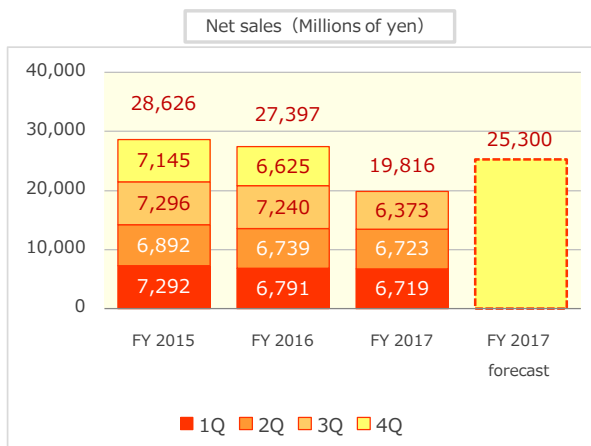
Paper chemicals



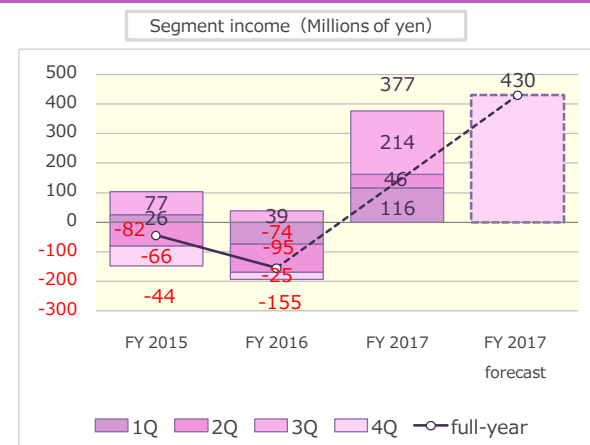
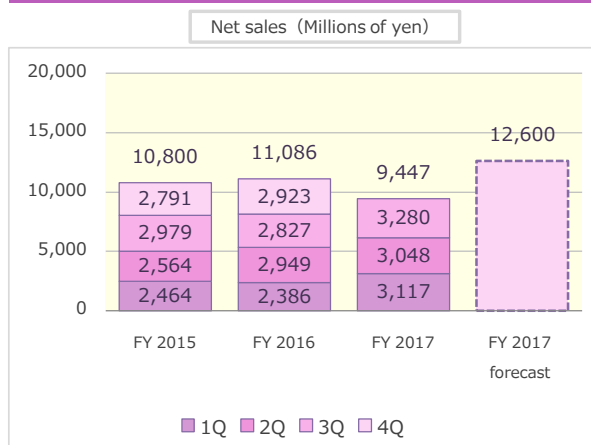
Coating chemicals



Adhesive Materials



Functional Materials



Segment Information (Consolidated)

Consolidated		FY 2015 (3Q)		FY 2016 (3Q)		FY 2017 (3Q)		FY 2015		FY 2016		FY 2017 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	15,419	–	14,977	△ 2.9	13,524	△ 9.7	20,779	–	19,841	△ 4.5	17,800	△ 10.3
	Segment income	822	–	913	11.2	1,032	13.0	1,112	–	1,305	17.3	1,200	△ 8.1
	Segment income/sales	5.3%		6.1%		7.6%		5.4%		6.6%		6.7%	
Coating chemicals	Net sales	15,803	–	15,613	△ 1.2	14,590	△ 6.6	21,263	–	20,502	△ 3.6	19,500	△ 4.9
	Segment income	434	–	615	41.7	927	50.7	456	–	866	89.7	1,150	32.8
	Segment income/sales	2.7%		3.9%		6.4%		2.1%		4.2%		5.9%	
Adhesive Materials	Net sales	21,481	–	20,771	△ 3.3	19,816	△ 4.6	28,626	–	27,397	△ 4.3	25,300	△ 7.7
	Segment income	1,159	–	1,332	14.9	2,003	50.4	1,359	–	1,859	36.8	2,470	32.8
	Segment income/sales	5.4%		6.4%		10.1%		4.7%		6.8%		9.8%	
Functional Materials	Net sales	8,008	–	8,162	1.9	9,447	15.7	10,800	–	11,086	2.7	12,600	13.6
	Segment income	21	–	△ 130	–	377	–	△ 44	–	△ 155	–	430	–
	Segment income/sales	0.3%		△1.6%		6.5%		△0.4%		△1.4%		3.4%	
Others	Net sales	220	–	236	7.2	226	△ 4.4	272	–	291	6.9	300	3.0
	Segment income	11	–	14	27.4	15	1.2	12	–	13	11.0	10	△ 25.4
	Segment income/sales	5.3%		6.3%		6.6%		4.4%		4.6%		3.3%	
Subtotal	Net sales	60,932	–	59,762	△ 1.9	57,604	△ 3.6	81,742	–	79,119	△ 3.2	75,500	△ 4.6
	Segment income	2,449	–	2,746	12.1	4,355	58.6	2,896	–	3,889	34.3	5,260	35.2
	Segment income/sales	4.0%		4.6%		7.6%		3.5%		4.9%		7.0%	
Consolidated total	Development Investment	△ 237	–	△ 229	–	△ 271	–	△ 318	–	△ 302	–	△ 400	–
	Segment income	2,211	–	2,516	13.8	4,083	62.3	2,577	–	3,586	39.2	4,860	35.5
	Segment income/sales	3.6%		4.2%		7.1%		3.2%		4.5%		6.4%	

The sales of business segmentation do not include intersegment sales.

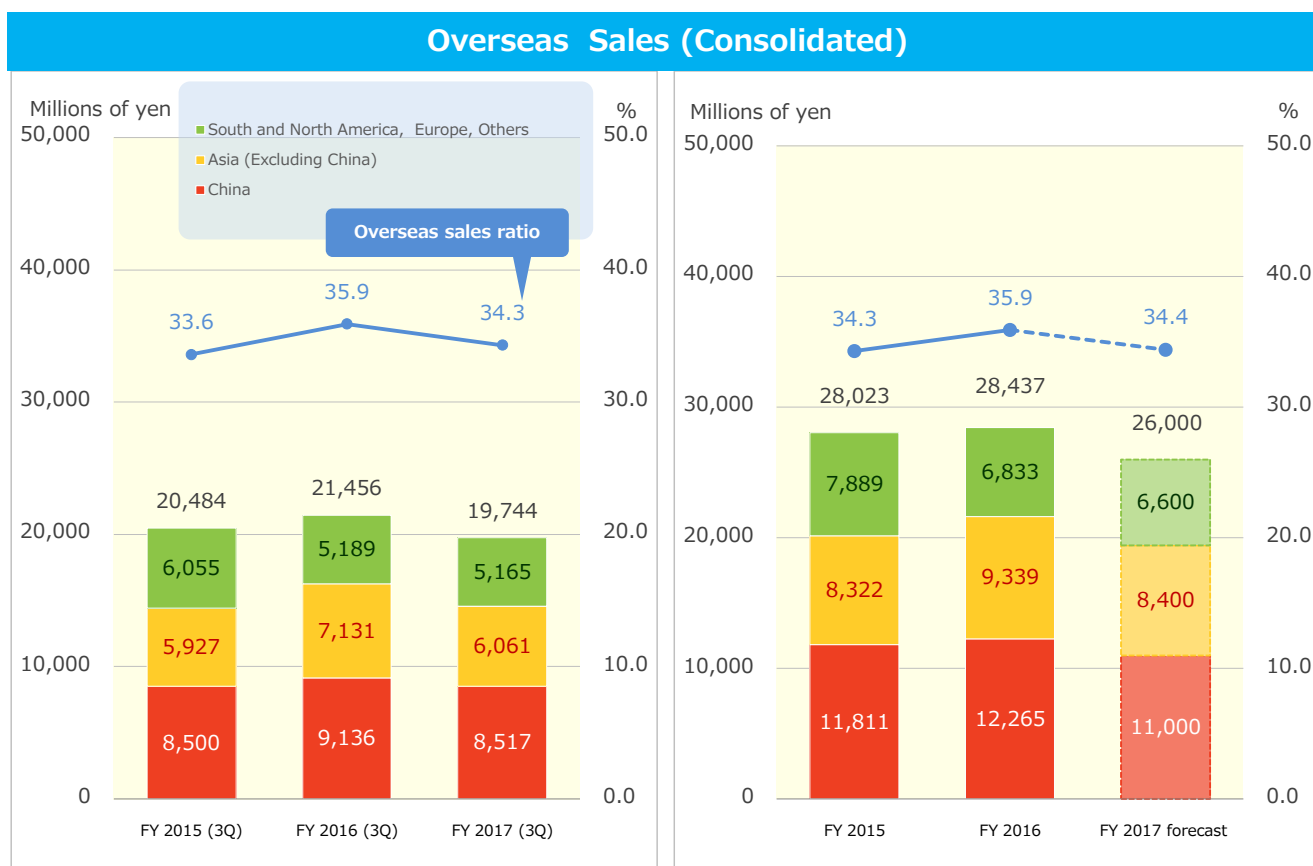
[Paper chemicals] Size agent, Paper strengthening agent, Latex, etc.

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

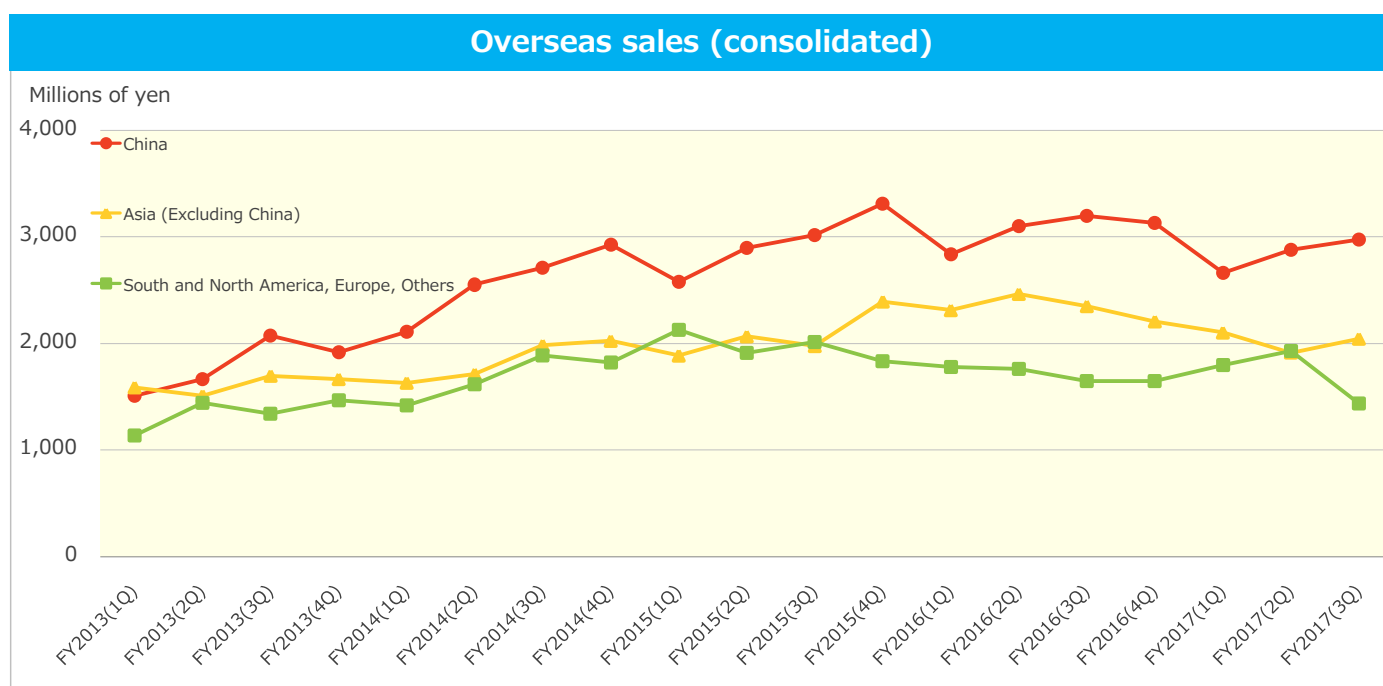
[Adhesive Materials] Adhesive resin, Colorless rosin derivatives, etc.

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

Overseas Sales (Consolidated)



Consolidated	FY 2015 (3Q)		FY 2016 (3Q)		FY 2017 (3Q)		FY 2015		FY 2016		FY 2017 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	20,484	16.3	21,456	4.7	19,744	△ 8.0	28,023	14.9	28,437	1.5	26,000	△ 8.6
Overseas sales in Asia	14,428	13.6	16,267	12.7	14,579	△ 10.4	20,133	14.1	21,604	7.3	19,400	△ 10.2
Overseas sales in China	8,500	15.3	9,136	7.5	8,517	△ 6.8	11,811	14.7	12,265	3.8	11,000	△ 10.3
Overseas sales ratio	33.6%		35.9%		34.3%		34.3%		35.9%		34.4%	



Balance Sheets (Consolidated)

(Unit: Millions of yen)

Item	FY2016(3Q)		FY2017(3Q)		FY2016		Increase /Decrease (A)–(B)
	(As of December 31, 2015)		(As of December 31, 2016)		(As of March 31, 2016)		
	Amount	Com- position ratio	Amount(B)	Com- position ratio	Amount(B)	Com- position ratio	
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	7,372		9,173		9,620		△ 446
2. Notes and accounts receivable–trade	29,756		27,843		26,529		1,314
3. Electronically recorded monetary claims – operating	947		1,359		935		424
4. Securities	232		–		232		△ 232
5. Merchandise and finished goods	7,703		7,253		7,911		△ 657
6. Work in process	1,213		846		1,122		△ 275
7. Raw materials and supplies	7,222		5,680		7,133		△ 1,452
8. Deferred tax assets	319		411		532		△ 120
9. Other	789		836		655		180
Allowance for doubtful accounts	△ 154		△ 145		△ 131		△ 14
Total current assets	55,403	65.3	53,259	64.8	54,541	65.4	△ 1,281
II Noncurrent assets							
1. Property, plant and equipment							
(1) Buildings and structures	7,841		7,683		8,105		△ 421
(2) Machinery, equipment and vehicles	6,510		6,221		7,032		△ 810
(3) Land	5,203		5,180		5,204		△ 23
(4) Construction in progress	1,198		203		739		△ 536
(5) Other	412		460		471		△ 11
Total property, plant and equipment	21,166	24.9	19,750	24.0	21,553	25.8	△ 1,803
2. Intangible assets							
(1) Goodwill	597		1,178		550		628
(2) Other	450		345		432		△ 87
Total intangible assets	1,047	1.2	1,523	1.9	983	1.2	540
3. Investments and other assets							
(1) Investment securities	6,512		6,953		5,549		1,403
(2) Deferred tax assets	185		186		204		△ 17
(3) Other	559		605		635		△ 30
Allowance for doubtful accounts	△ 23		△ 76		△ 87		10
Total investments and other assets	7,233	8.6	7,668	9.3	6,301	7.6	1,366
Total noncurrent assets	29,447	34.7	28,942	35.2	28,839	34.6	103
Total assets	84,850	100.0	82,202	100.0	83,380	100.0	△ 1,177

(Unit: Millions of yen)

Item	FY2016 (3Q)		FY2017 (3Q)		FY2016		Increase /Decrease (A) - (B)
	(As of December 31, 2015)		(As of December 31, 2016)		(As of March 31, 2016)		
	Amount	Com- positio n	Amount (A)	Com- positio n	Amount (B)	Com- positio n	
(Liabilities)		%		%		%	
I Current liabilities							
1. Notes and accounts payable-trade	11,251		10,736		10,286		450
2. Short-term loans payable	9,745		8,222		9,993	△	1,770
3. Notes and accounts receivable-trade	5,000		-		5,000	△	5,000
4. Electronically recorded monetary claims - operating	556		455		650	△	194
5. Accrued consumption taxes	209		242		219		23
6. Deferred tax liabilities	66		45		60	△	14
7. Provision for bonuses	520		592		1,086	△	494
8. Provision for directors' bonuses	38		54		57	△	3
9. Provision for repairs	-		73		-		73
10. Notes payable-facilities	123		94		54		39
11. Other	3,479		3,915		3,588		326
Total current liabilities	30,991	36.5	24,432	29.7	30,996	37.2	△ 6,564
II Noncurrent liabilities							
1. Bonds payable	-		5,000		-		5,000
2. Long-term loans payable	2,946		1,286		2,433	△	1,147
3. Deferred tax liabilities	1,311		1,396		895		501
4. Provision for repairs	25		-		37	△	37
5. Net defined benefit liability	555		539		764	△	225
6. Asset retirement obligations	91		112		92		20
7. Other	419		310		416	△	106
Total noncurrent liabilities	5,349	6.3	8,645	10.5	4,639	5.5	4,005
Total liabilities	36,340	42.8	33,077	40.2	35,636	42.7	△ 2,558
(Net assets)							
I Shareholders' equity							
1. Capital stock	3,291		3,320		3,293		26
2. Capital surplus	3,512		3,541		3,514		26
3. Retained earnings	35,586		38,189		36,022		2,166
4. Treasury stock	△ 12		△ 12		△ 12	△	0
Total shareholders' equity	42,378	49.9	45,038	54.8	42,819	51.4	2,219
II Accumulated other comprehensive income							
1. Valuation difference on available-for-sale securities	2,237		2,576		1,619		957
2. Foreign currency translation adjustment	2,037		△ 45		1,746	△	1,792
3. Remeasurements of defined benefit plans	153		△ 55		△ 56		0
Total accumulated other comprehensive income	4,427	5.2	2,476	3.0	3,310	4.0	△ 834
III Subscription rights to shares	16	0.0	1	0.0	16	0.0	△ 15
IV Minority interests	1,686	2.0	1,608	2.0	1,598	1.9	10
Total net assets	48,510	57.2	49,124	59.8	47,744	57.3	1,380
Total liabilities and net assets	84,850	100.0	82,202	100.0	83,380	100.0	△ 1,177

Statements of Income (Consolidated)

(Unit: Millions of yen)

Item	FY2016 (3Q)		FY2017 (3Q)		Increase/Decrease		FY2016	
	' 15/4-' 15/12		' 16/4-' 16/12		Amount	Rate of Change	' 15/4-' 16/12	
	Amount	Ratio	Amount	Ratio			Amount	Ratio
I Net sales	59,762	100.0	57,604	100.0	△ 2,157	△ 3.6	79,119	100.0
II Cost of sales	47,675	79.8	43,932	76.3	△ 3,743	△ 7.9	62,757	79.3
Gross profit	12,086	20.2	13,672	23.7	1,586	13.1	16,361	20.7
III Sel Electronically recorded monetary claims – operating	9,412	15.7	9,624	16.7	212	2.3	12,722	16.1
Operating income	2,674	4.5	4,047	7.0	1,373	51.4	3,639	4.6
IV Non-operating income								
Interest income	23		19				30	
Dividends income	144		141				156	
Real estate rent	91		43				121	
Foreign exchange gains	77		–				28	
Other	282	619	172	377	△ 241	△ 39.0	338	674
V Non-operating expenses								
Interest expenses	183		135				239	
Equity in losses of affiliates	26		–				26	
Foreign exchange losses	–		57				–	
Bond issuance cost	–		31				–	
Commission fee	89		–				89	
Other	71	371	55	281	△ 90	△ 24.3	106	463
Ordinary income		2,921		4,143	1,222	41.8		3,851
VI Extraordinary income								
Gain on sales of noncurrent assets	43		5				45	
Gain on sales of investment securities	127		1				126	
Compensation income	–		13				–	
State subsidy	–	170	–	20	△ 150	△ 88.0	15	188
VII Extraordinary loss								
Loss on sales of non-current assets	18		41				25	
Loss on sales of investment securities	–		0				–	
Provision of allowance for doubtful accounts	–		–				70	
Expenses for production base intensification	–	18	–	41	22	118.6	81	177
Income before income taxes		3,073		4,122	1,049	34.1		3,862
Income taxes-current	672		866				1,166	
Income taxes-deferred	335	1,008	202	1,069	60	6.0	133	1,299
Net income		2,064		3,053	989	47.9		2,562
Income before minority interests		189		250	61	32.5		251
Profit attributable to owners of parent		1,875		2,803	927	49.5		2,311

<Reference> Statements of Comprehensive Income (Consolidated)

Net income		2,064		3,053		989	47.9		2,562
Other comprehensive income									
Valuation difference on available-for-sale securities	△	334		957		1,291		△	952
Foreign currency translation adjustment	△	618		2,032		1,413		△	900
Remeasurements of defined benefit plans	△	12		0		13		△	221
Share of other comprehensive income of associates accounted for using equity method	△	26		–		26		△	25
Total other comprehensive income	△	991		1,074		82		△	2,100
Comprehensive income		1,072		1,979		906	84.5		462