
Full Year Results Presentation Fiscal Year 2014

(April 1, 2014 - March 31, 2015)

(Disclaimer)

Forecasts contained in this material are based on information available at the time of presentation, and no commitment or guarantee is given that business policies will be implemented or target figures achieved.

FY2014 Consolidated Results

	FY2013	FY2014	Changes	Changes(%)	(Billion Yen)
Net sales	534.4	529.5	(4.8)	(0.9)	
Operating income	11.4	14.9	3.5	30.5	
Equity in earnings of affiliates	20.4	28.9	(8.4)	(41.4)	
Ordinary income	30.8	43.0	12.2	39.7	
Net income	14.9	44.3	29.4	197.4	
Net income per share (¥)	33.03	98.26			
ROE(%)	5.0	12.9			
Interim dividend (¥)	12.0	14.0			
Exchange rate (¥/\$)	100	110			

(Net Sales)

Suffered a decline. While polycarbonates (PC) and electronic chemicals achieved higher sales volumes, business restructuring had adverse effects such as lower sales volumes of general-purpose aromatic chemicals.

(Operating income)

Surpassed the prior-year level. Positive contributions came from the improved profitability of export products thanks to the weaker yen, higher sales volumes of electronic chemicals, and higher profitability for PC.

(Ordinary income)

Grew not only due to the higher operating income, but also due to an increase in equity in earnings of overseas methanol producing affiliates.

(Net income)

Achieved a significant improvement due to positive factors such as a lower impairment loss and the recognition of extraordinary incomes.

FY2014 Non-operating & Extraordinary Items

	FY2013	FY2014	Changes	(Billion Yen)
Non-operating items	19.3	28.0	8.7	
Equity in earnings of affiliates	20.4	28.9	8.4	
Financial income or loss	(1.0)	(0.1)	0.8	
Others	(0.1)	(0.7)	(0.7)	
Extraordinary income	1.0	9.3	8.3	
Gain on sales of investment securities	0.2	2.8	2.5	
Gain on step acquisitions	-	2.0	2.0	
Subsidy income	-	1.6	1.6	
Compensation income	-	1.0	1.0	
Others	0.7	1.7	0.9	
Extraordinary losses	(14.0)	(5.3)	8.7	
Loss on reduction of noncurrent assets	-	(1.6)	(1.6)	
Impairment losses	(11.6)	(1.1)	10.5	
Business structure improvement expenses	(1.5)	(1.0)	0.5	
Others	(0.9)	(1.6)	(0.7)	

(Equity in earnings of affiliates)

Achieved a substantial increase as overseas methanol producers were successful due to the market price hike in the beginning of the fiscal year, the weaker yen, and the resumed operation of the Brunei site.

(Extraordinary income)

Included a gain on sales of investment securities (due to the sale of strategically held shares) and a gain on step acquisition generated by converting JSP into a consolidated subsidiary.

(Extraordinary losses)

Achieved a substantial improvement from the previous fiscal year, in which the MGC polycarbonate subsidiary in Shanghai recognized an impairment loss.

FY2014 Consolidated Balance Sheets

(Billion Yen)

	As of March 31, 2014	As of March 31, 2015	Changes		As of March 31, 2014	As of March 31, 2015	Changes
Current assets	287.6	372.1	84.5	Liabilities	333.9	367.9	33.9
Cash	38.7	62.3	23.5	Trade notes & accounts payable	71.6	79.3	7.6
Trade notes & accounts receivable	127.8	152.7	24.8	Interest bearing debt	204.4	215.6	11.1
Inventories	99.1	110.3	11.1	Others	57.8	72.9	15.1
Others	21.8	46.7	24.8	Net assets	323.8	422.4	98.5
Noncurrent assets	370.1	418.2	48.0	Shareholders' equity	309.2	348.3	39.0
Tangible & intangible assets	194.4	245.1	50.6	Accumulated other comprehensive income	2.9	28.8	25.9
Investment securities	167.2	164.2	(30.0)	Minority interests	11.6	45.2	33.5
Others	8.4	8.8	4				
Total assets	657.8	790.3	132.5	Total liabilities & net assets	657.8	790.3	132.5

Equity ratio	47.5%	47.7%
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FY2014 Consolidated Cash Flows

(Billion Yen)

	FY2013	FY2014	Changes
Operating cash flows	27.1	76.9	49.7
Net income before taxes	17.7	47.0	29.2
Depreciation Expenses	23.5	23.7	0.2
Equity in earnings of affiliates	(20.4)	(28.9)	(8.4)
Dividends received from equity method affiliates	18.7	34.7	15.9
Working capital etc.	(12.4)	0.3	12.7
Investing activity cash flows	(29.8)	(23.5)	6.3
Free cash flow	(27)	53.4	56.1
Financing activity cash flows	7.1	(25.0)	(32.1)
Effect of exchange rate changes on cash and cash equivalents	5.5	6.5	1.0
Increase (decrease) in cash and cash equivalents	10.4	35.	24.9
Cash and cash equivalents at end of year	37.3	72.6	35.3

FY2015 Consolidated Forecasts

	FY2014 (Results)	FY2015 (Forecasts)	Changes		(Billion Yen)
			Changes	%	
Net sales	529.5	620.0	90.4	17.1	
Operating income	14.9	25.0	10.0	66.7	
Equity in earnings of affiliates	28.9	15.0	(13.9)	(48.2)	
Ordinary income	43.0	37.0	(6.0)	(14.0)	
Net income or loss before taxes	47.0	35.0	(12.0)	(25.6)	
Net income or loss	44.3	29.0	(15.3)	(34.7)	
Net income per share (¥)	98.26	64.21			
ROE(%)	12.9	7.5			
dividend (¥)	14.0	16.0			
Exchange rates (¥/\$)	110	115			

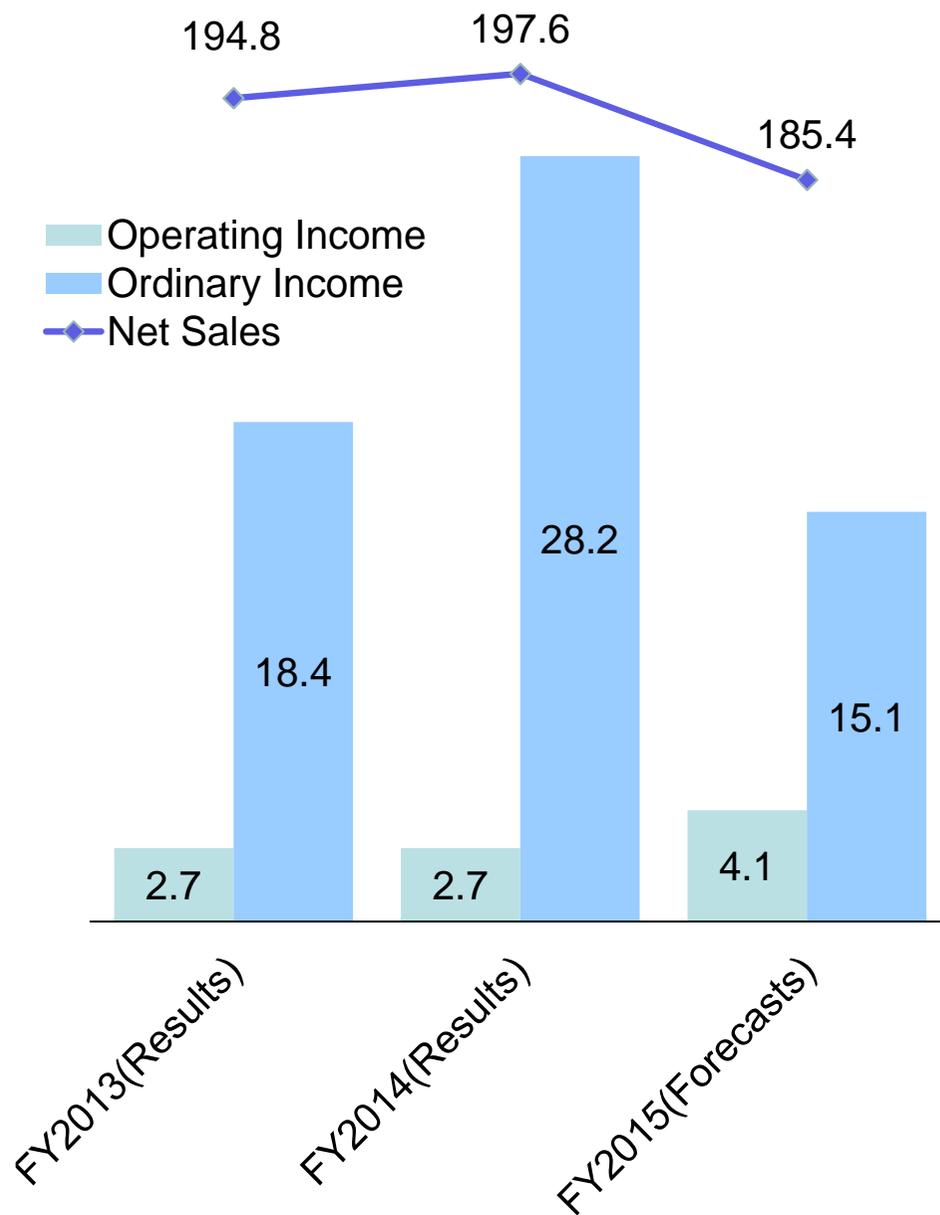
- Net sales and operating income will increase substantially due to the conversion of JSP into a consolidated subsidiary.
- Effects of the weaker yen and increases in the margins of aromatic chemicals due to lower raw material and fuel prices will also contribute to the increase in operating income.
- Equity in earnings of overseas methanol producing companies will fall due to lower market prices and the turnaround of the Brunei site, pushing down ordinary income.
- Net income is also expected to be lower than in fiscal 2014. In addition to the expected decline in ordinary income, the anticipated reduction is accounted for by the fact that the fiscal 2014 figure includes extraordinary incomes.
- Annual dividend ¥16 per share (an increase of ¥2 per share)

FY2015 Consolidated Forecasts by Segment

(Billion Yen)

	FY2013(Results)			FY2014(Results)			FY2015(Forecasts)		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
Net sales	266.4	267.9	534.4	267.8	261.7	529.5	310.0	310.0	620.0
Natural Gas Chemicals	89.9	104.9	194.8	97.7	99.8	197.6	91.5	93.8	185.4
Aromatic Chemicals	76.4	65.0	141.5	65.3	57.9	123.3	107.2	108.3	215.6
Specialty Chemicals	77.3	77.2	154.5	82.3	83.6	166.0	89.1	85.7	174.9
Information & Advanced Materials	28.8	26.6	55.4	29.9	28.2	58.2	30.7	29.4	60.1
Others & Adjustments	(6.0)	(5.9)	(11.9)	(7.6)	(8.0)	(15.6)	(8.7)	(74.0)	(16.1)
Operating income	10.1	1.3	11.4	6.3	8.6	14.9	11.0	14.0	25.0
Natural Gas Chemicals	1.9	0.7	2.7	0.6	2.0	2.7	1.2	2.9	4.1
Aromatic Chemicals	2.1	0.7	2.8	1.5	1.4	3.0	5.9	6.3	12.3
Specialty Chemicals	3.7	0.2	3.9	3.2	5.0	8.2	2.6	4.1	6.7
Information & Advanced Materials	3.4	0.8	4.2	2.2	1.5	3.8	2.7	1.9	4.6
Others & Adjustments	(1.1)	(1.2)	(2.3)	(1.3)	(1.5)	(2.8)	(1.5)	(1.4)	(2.9)
Ordinary income	21.7	9.1	30.8	23.9	19.0	43.0	15.0	22.0	37.0
Natural Gas Chemicals	10.8	7.5	18.4	18.3	9.9	28.2	4.8	10.2	15.1
Aromatic Chemicals	1.9	0.2	2.1	(0.3)	1.3	1.0	4.9	5.6	10.6
Specialty Chemicals	4.2	(0.4)	3.8	2.9	6.2	9.1	3.2	4.8	8.0
Information & Advanced Materials	3.7	1.1	4.8	2.4	1.5	4.0	2.6	2.0	4.6
Others & Adjustments	0.9	0.5	1.5	0.5	(0.0)	0.5	(0.7)	(0.7)	(1.5)

Natural Gas Chemicals Company



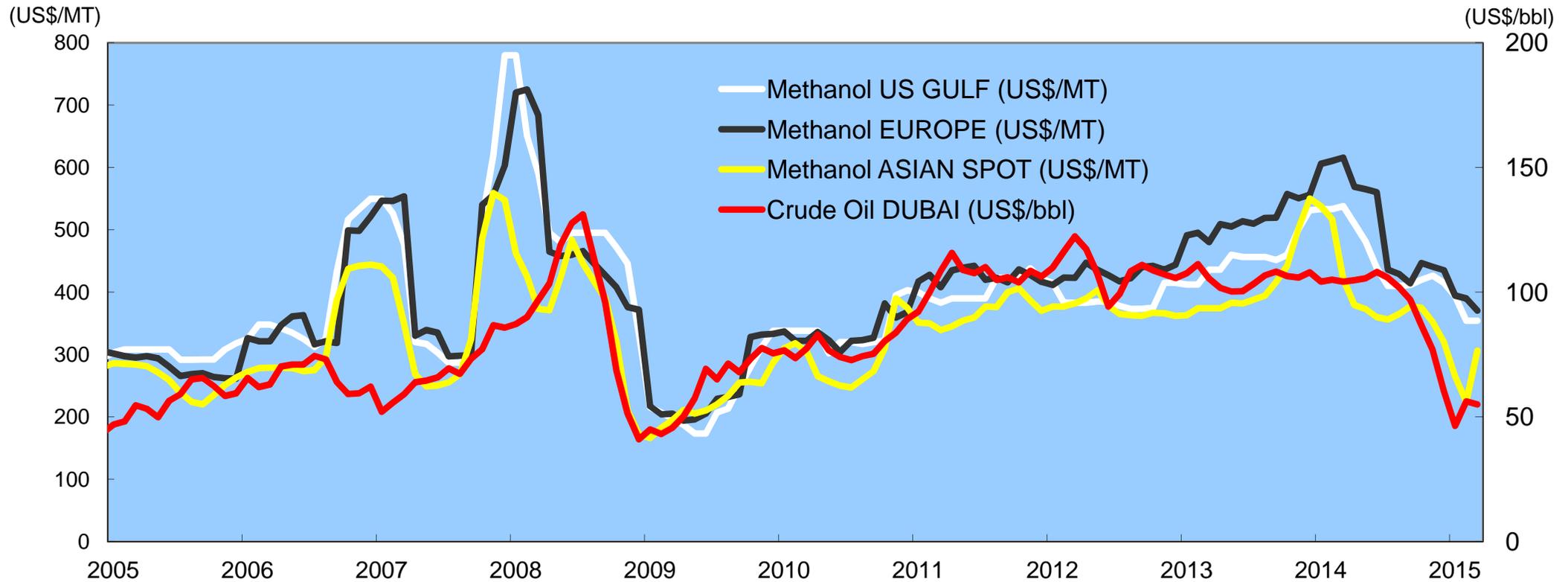
FY2014(Results)

- Both net sales and operating income were at prior-year levels.
- Equity in earnings of overseas methanol producing companies grew due to the market price hike in the beginning of the fiscal year, the weaker yen, and the resumed operation of the Brunei site, resulting in an increase in ordinary income.

FY2015(Forecasts)

- Methanol expects lower net sales in relation to declines in international market prices.
- Ordinary income will decline due to negative factors such as the impact of falling market prices on the performance of overseas methanol producing companies and the turnaround of equipment at the Brunei site.

Appendix : Trend in Methanol Prices



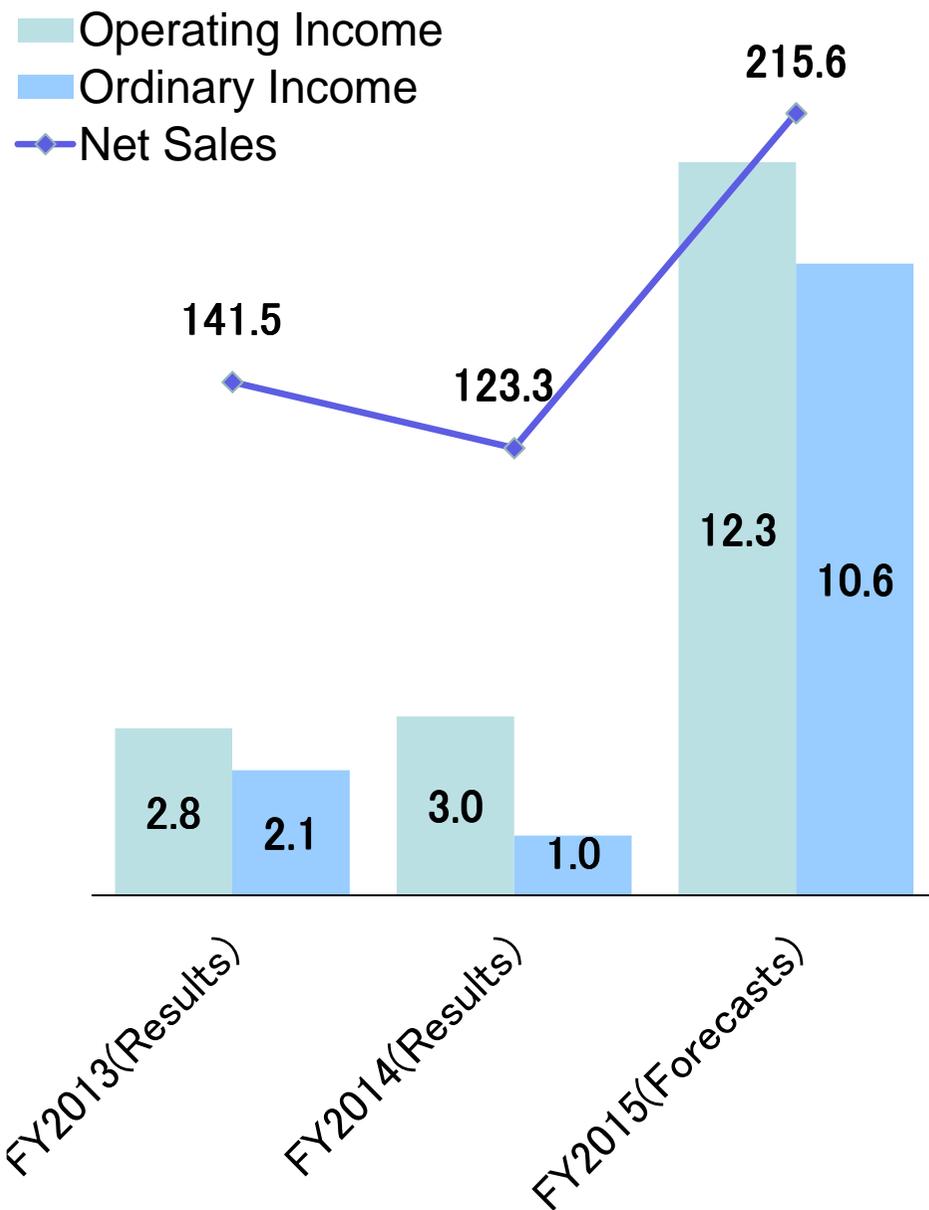
FY2014 Results

With major overseas plants resuming operation in the beginning of the fiscal year, market prices remained at pre-hike levels (in the upper range of US \$300/MT) starting in April. Declines in crude oil prices starting in October pushed down market prices at the yearend through the beginning of 2015.

FY2014 Forecasts

While methanol market prices are affected by crude oil prices, supply and demand is expected to show good balance overall, partly due to the start of the operation of a new MTO plant in China. The Asian average spot price is assumed to be US\$ 305/MT.

Aromatic Chemicals Company



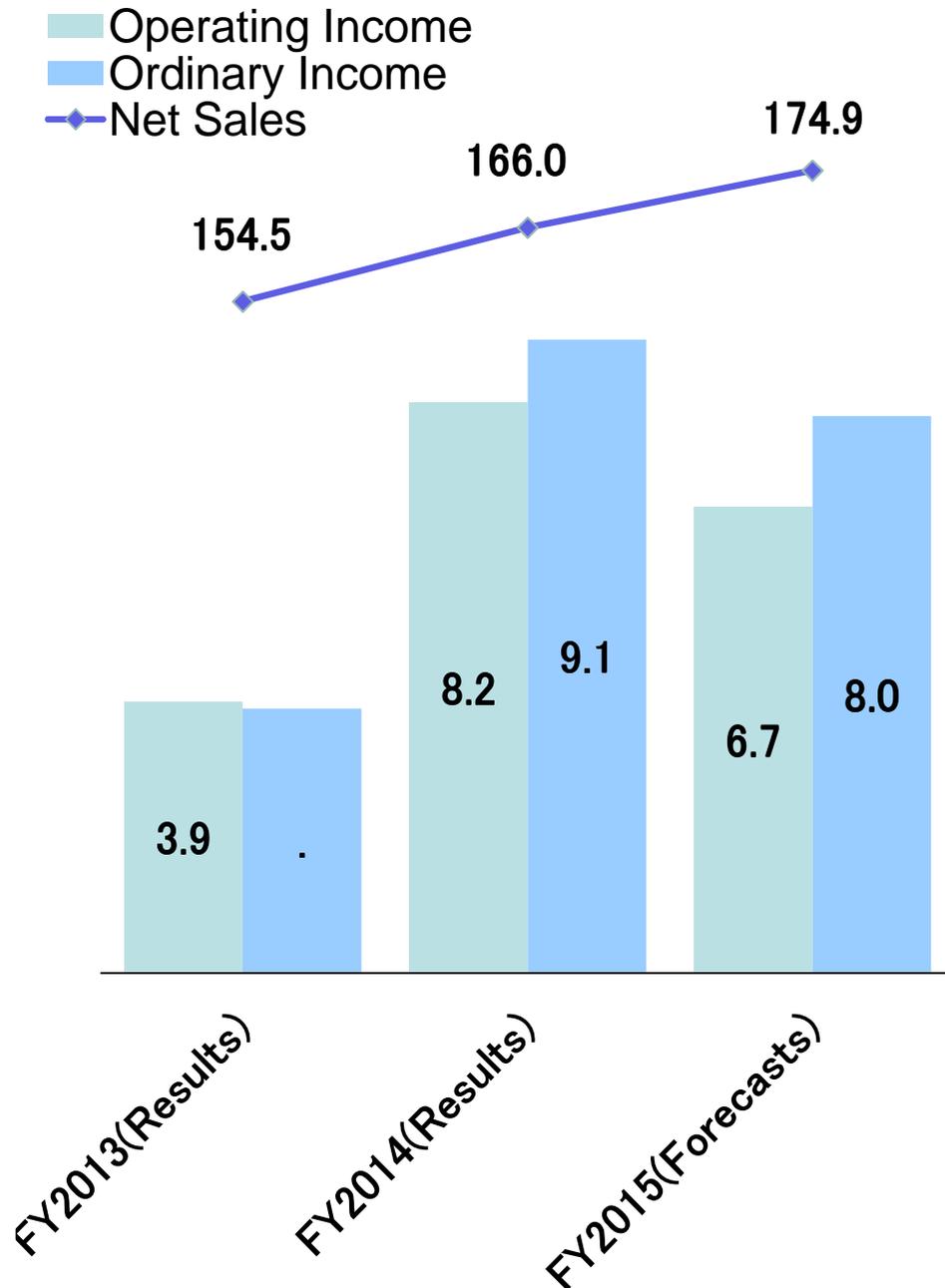
FY2014(Results)

- Net sales suffered a substantial decline because business restructuring led to a reduction in sales volumes of purified isophthalic acid and other products.
- Operating income was slightly higher than the previous year. Despite the worsening of the business environment of PTA and phthalic anhydride, there was the positive impact of higher sales volumes of meta-xylenediamine (MXDA) and aromatic aldehydes, as well as the effects of the weaker yen.

FY2015(Forecasts)

- Both net sales and operating income will increase substantially due to the conversion of JSP into a consolidated subsidiary.
(In fiscal 2015, JSP is expected to post net sales of ¥119.0 billion and an operating income of ¥7.0 billion.)
- Steady developments in the sales volumes of MXDA and aromatic aldehydes as well as broader margins due to the weaker yen and lower raw material prices will contribute to the expected increase in operating income.

Specialty Chemicals Company



FY2014(Results)

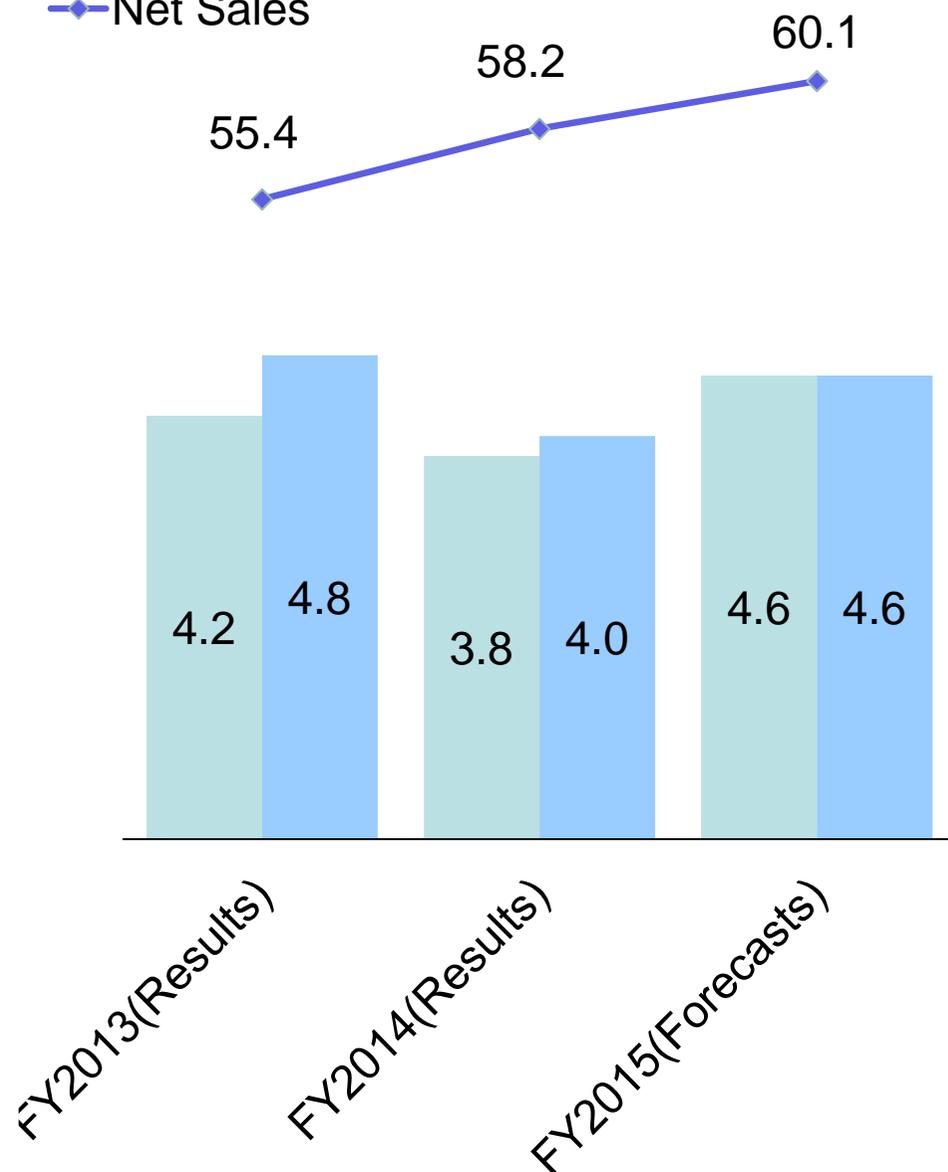
- Higher sales volumes for products such as electronic chemicals (super-pure hydrogen peroxide and hybrid chemicals) and PC led to a year-on-year increase in net sales.
- Operating income increased from the prior-year level. Positive factors included higher sales volumes achieved by electronic chemicals and special polycarbonates, a reduction in the depreciation expenses at the PC subsidiary in Shanghai due to the recognition of an impairment loss in the previous year, and efforts to improve profitability.

FY2015(Forecasts)

- Operating income is expected to suffer a year-on-year drop. While lower raw material prices and improved profitability allow us to expect to improve PC/POM profitability, hybrid chemicals for semiconductor/LCD applications are expected to decline in sales volumes.

Information & Advanced Materials Company

Operating Income
Ordinary Income
Net Sales



FY2014(Results)

- Net sales grew over the previous year. Due to strong developments in the semiconductor market, BT materials, and those for smartphone-related applications in particular, achieved higher sales volumes. Oxygen absorbers suffered from rather weak sales in Japan due to the consumption tax increase, but achieved higher sales for products for overseas markets. The Company also benefited from the weaker yen.
- Operating income was lower due to negative factors such as higher costs incurred as the second Thai site for electronic materials started commercial operation.

FY2015(Forecasts)

- The second Thai site completed approval by major customers before the end of fiscal 2014.
- Growth is expected in both revenue and earnings due to higher sales volumes for BT materials, as well as domestic sales recovery and further overseas sales growth in oxygen absorbers.

Topics

Natural Gas Chemicals

Methanol

- Signed major project contracts under the methanol/dimethyl ether (DME) production/distribution plans in the Republic of Trinidad and Tobago.
- Methanol : 1 MMTPA, Dimethyl ether : 2KMTPA
- Scheduled Start Date : October 2018
- Total Investment : Roughly US\$ 1,000 million
- Capital : About US\$ 300million, Investment Ratio : 26.25%

Aromatic Chemicals

- Conversion of JSP into a consolidated subsidiary through a tender offer
- Pursuit of company-wide synergy in RD and production

Information & Advanced Materials

BT materials

- The second Thai site has almost completed approval by major customers, starting full-scale shipment.
- Pursuit of optimal product mix for the production network consisting of the Japanese plant and the Thai site.

Oxygen Absorbers

- Construction of a production site at QOL Innovation Center Shirakawa for integration and renovation of domestic production and strengthening the production base. Production will start in February 2017.

Participation in the Canadian shale gas LNG project

- Investment in the shale gas and LNG projects in British Columbia, Canada, both of which are undertaken by PETRONAS, Japan Petroleum Exploration (JAPEx), and other parties to obtain an offtake right to 120 KM tonnes/y of LNG

Appendix : Key Indicators (1)

1. Key indicators(consolidated)

(Billion yen)

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015(F)
Capital expenditure (Of which, H1)	29.5 (14.7)	39.4 (16.0)	35.1 (19.3)	27.6 (14.1)	35.4 (14.6)	42.4 (22.4)	30.9 (17.7)	25.4 (13.8)	22.2 (10.3)	41.0 (20.0)
Depreciation & amortization (Of which, H1)	19.8 (9.1)	24.5 (11.0)	28.9 (13.5)	29.5 (13.7)	29.0 (13.8)	27.7 (13.4)	23.0 (10.7)	23.5 (11.4)	23.7 (11.5)	28.0 (14.0)
R&D expenditure (Of which, H1)	11.5 (5.8)	13.6 (6.6)	14.7 (6.7)	16.2 (7.4)	16.4 (7.4)	17.4 (8.8)	15.1 (7.2)	16.1 (8.0)	16.8 (8.0)	19.0 (9.5)
Employees (as of March 31)	4,561	4,686	4,902	4,920	4,979	5,216	5,323	5,445	8,254	8,424
Earnings per share (Yen)	86.63	87.01	15.30	12.89	41.92	27.28	(17.25)	33.03	98.25	64.21
ROA (Return on assets)	10.5%	10.2%	1.2%	1.4%	6.5%	4.5%	4.6%	4.8%	5.9%	4.7%
ROE (Return on equity)	15.0%	13.7%	2.5%	2.2%	6.9%	4.4%	(2.8%)	5.0%	12.9%	7.5%
Dividend (yen) (Of which, interim dividend)	14.0 (6.0)	16.0 (8.0)	16.0 (8.0)	8.0 (4.0)	8.0 (4.0)	12.0 (6.0)	12.0 (6.0)	12.0 (6.0)	14.0 (7.0)	16.0 (8.0)

2. Capex, depreciation and amortization by segment (consolidated)

(Billion yen)

		FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2013
Capex	Natural Gas Chemicals	6.2	5.6	10.7	7.1	14.0	13.9	6.3	4.5	5.7
	Aromatic Chemicals	7.5	17.2	10.6	7.7	4.5	4.7	5.7	2.3	4.0
	Specialty Chemicals	8.7	7.4	9.1	8.1	14.8	21.6	15.0	11.2	7.6
	Information &Advanced Materials	7.0	9.2	4.7	4.5	1.8	1.8	3.3	6.6	4.3
	Other	0.0	0.0	0.0	0.1	0.3	0.1	0.3	0.5	0.3
Depreciation	Natural Gas Chemicals	4.6	5.4	6.4	7.5	8.6	7.7	6.2	6.3	6.9
	Aromatic Chemicals	3.7	5.2	7.7	7.9	7.8	7.7	5.8	4.1	3.9
	Specialty Chemicals	8.0	9.6	9.7	8.6	8.0	8.4	7.7	9.5	9.2
	Information &Advanced Materials	3.6	4.2	5.1	5.1	4.2	3.5	2.7	3.1	3.3
	Other	0.0	0.0	0.0	0.4	0.4	0.3	0.3	3	0.3

Appendix : Key Indicators (2)

3. Performance assumptions

	FY2006		FY2007		FY2008		FY2009		FY2010	
	H1	H2								
Methanol (US\$/MT)	276	376	332	398	424	336	195	246	283	307
Mixed Xylene (US\$/MT)	1,000	870	960	950	1,200	600	770	870	830	1,050
Bisphenol A (US\$/MT)	1,200 ~1,600	1,600 ~1,700	1,800 ~2,000	1,800 ~2,000	1,800 ~2,000	800 ~1,500	1,000 ~1,300	1,200 ~1,700	1,800 ~2,100	2,100 ~2,500
Polycarbonate (US\$/MT)	2,900 ~3,100	2,400 ~2,750	2,600 ~2,850	2,400 ~2,850	2,450 ~2,850	1,900 ~2,450	1,900 ~2,400	2,400 ~2,900	2,450 ~2,950	2,400 ~2,900
Exchange rate (JPY/US\$)	115	119	119	109	106	95	96	90	89	82

	FY2011		FY2012		FY2013		FY2014		FY2015 (Forecasts)	Remarks
	H1	H2	H1	H2	H1	H2	H1	H2(F)		
Methanol (US\$/MT)	349	385	385	364	375	449	43.2	35.8	30.5	Asian spot average price
Mixed Xylene (US\$/MT)	1,260	1,280	1,190	1,320	1,230	1,160	1,100	7.31	65.0	Spot price (FOB-Korea)
Bisphenol A (US\$/MT)	2,000 ~2,500	1,400 ~1,800	1,500 ~1,800	1,600 ~2,000	1,550 ~1,800	1,550 ~1,700	1,600 ~2,000	1,200 ~1,900	1,100 ~1,500	Average CIF price
Polycarbonate (US\$/MT)	2,800 ~3,000	2,600 ~2,900	2,500 ~2,800	2,500 ~2,800	2,400 ~2,600	2,400 ~2,600	2,500 ~2,700	2,300 ~2,700	2,200 ~2,600	
Exchange rate (JPY/US\$)	80	78	79	87	99	102	103	117	115	

FY2014 Consolidated Results by Segment

(Billion Yen)

	FY2013(Results)				FY2014(Results)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	130.3	136.1	131.3	136.6	134.7	133.1	133.5	128.1
Natural Gas Chemicals	43.7	46.1	47.5	57.4	50.2	47.5	50.3	49.4
Aromatic Chemicals	37.5	38.8	34.6	30.4	33.5	31.7	31.5	26.3
Specialty Chemicals	36.9	40.3	38.1	39.0	39.7	42.6	41.1	42.5
Information & Advanced Materials	14.7	14.0	13.8	12.8	15.2	14.6	14.6	13.6
Others & Adjustments	(2.7)	(3.3)	(2.8)	(3.0)	(4.0)	(3.5)	(4.2)	(3.8)
Operating income	6.6	3.4	2.0	(0.6)	3.1	3.1	5.0	3.5
Natural Gas Chemicals	0.9	1.0	0.7	0.0	(0.2)	0.8	0.9	1.1
Aromatic Chemicals	1.4	0.6	1.3	(0.6)	0.4	1.0	1.4	0.0
Specialty Chemicals	2.3	1.3	(0.4)	0.6	1.5	1.7	2.2	2.7
Information & Advanced Materials	1.8	1.5	0.9	(0.0)	1.3	0.9	0.8	0.7
Others & Adjustments	0.0	(1.1)	(0.6)	(0.6)	0.0	(1.3)	(0.4)	(1.0)
Ordinary income	13.9	7.7	6.8	2.2	13.4	10.5	10.4	8.6
Natural Gas Chemicals	5.6	5.1	3.8	3.7	9.4	8.8	3.8	6.0
Aromatic Chemicals	1.3	0.5	1.3	(1.1)	0.3	(0.6)	1.4	(0.0)
Specialty Chemicals	3.4	0.8	(0.5)	0.1	1.1	1.7	2.7	3.5
Information & Advanced Materials	2.1	1.5	0.9	0.1	1.5	0.9	0.8	0.7
Others & Adjustments	1.2	(0.3)	1.1	(0.5)	1.0	(0.4)	1.5	(1.5)

Dividend

(Billion Yen)

		FY2013 (Results)	FY2014 (Results)	FY2015 (Forecasts)
Dividends per share	H1	6.0	7.0	8.0
	H2	6.0	7.0	8.0
	FY	12.0	14.0	16.0
Total amount of dividends	H1	27billion Yen	31billion Yen	36billion Yen
	H2	27billion Yen	31billion Yen	36billion Yen
	FY	54billion Yen	63billion Yen	72billion Yen
Net income per share	FY	33.03	98.26	64.21
Dividend payout ratio	FY	36.3%	14.2%	24.9%