

Results Presentation

Fiscal Year 2015

(April 1, 2015 - March 31, 2016)

(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.

Topics of FY2015/FY2016

Basic Strategies of Mid-term Management Plan MGC Advance2017	Action of FY2015/FY2016
Enhancing the profitability of existing businesses, especially core businesses	<ul style="list-style-type: none">➤ Decision on investment in the methanol/DME production/sales business in Trinidad and Tobago➤ Updating the methylamine production equipment➤ Decision to increase production capacity for glycidyl methacrylate (GMA) (to meet strong demand as a raw material primarily for automobile top coating)➤ Starting domestic sale of pyrroloquinoline quinone (PQQ)➤ Progress in domestic geothermal operations (in Iwate, Akita, and Hokkaido)➤ Developing a glasses lens monomer with the world's highest refractive index (1.80)➤ Increased capacity for specialty PCs (strong demand for products used in camera lenses in mobile devices)➤ Final decision on conditional investment in the Canadian shale gas LNG project

Topics of FY2015/FY2016 (Continued)

Basic Strategies of Mid-term Management Plan MGC Advance2017	Action of FY2015/FY2016
Restructuring underperforming businesses	<ul style="list-style-type: none"> ➤ Decision on the dissolution of Japan Circuit Industrial Co., Ltd. ➤ Discontinuing ammonia production and optimizing utilities at the Niigata Plant
Development and creating new businesses	<ul style="list-style-type: none"> ➤ Opening the QOL Innovation Center Shirakawa ➤ Developing a technology for mass-production of LiBH₄-based solid electrolyte (in collaboration with Tohoku University) ➤ Setting up the Business Strategies Office (to accelerate M&A studies and promote the development of new businesses)
Improving group-wide operational efficiency	<ul style="list-style-type: none"> ➤ Continuing work to introduce Business Management Units (BMUs)
(Other)	<ul style="list-style-type: none"> ➤ Decision on change in share unit (from 1,000 to 100 shares) and consolidation of shares (two shares into a single share)

Outline of FY2015 Results and FY2016 Forecasts

<FY2015 Results>

- Group net sales and operating income grew: there was an improvement in the revenue and earnings from aromatic chemicals and engineering plastics due to lower prices of raw materials and fuels as well as the weaker yen. A further contribution came from the conversion of JSP into a consolidated subsidiary.
- Net income attributable to parent company shareholders declined since equity in earnings of affiliates was reduced primarily due to lower methanol market prices.
- Compared with the previous forecasts announced on February 3, 2016, all segments now anticipate better figures.

<FY2016 Forecasts>

- The Group will likely face declines in revenue and earnings due to the stronger yen, severer competition in the Electronics Chemicals business, and continued low market prices of methanol.

FY2015 Consolidated Profit & Loss Statement

(JPY in billions)

	FY2014	FY2015	Change	Change(%)	FY2015 forecast
Net sales	529.5	593.5	63.9	12.1%	600.0
Operating income	14.9	34.0	19.0	126.8%	28.5
(Equity in earnings of affiliates)	27.8	16.6	(11.2)	-	14.0
(Other operating income & loss)	(0.8)	(5.2)	(4.3)	-	(5.5)
Ordinary income	42.0	45.4	3.4	8.2%	37.0
(Extraordinary income & loss)	4.0	0.4	(3.6)	-	-
Net income before taxes	46.0	45.8	(0.1)	▲0.4%	37.0
(Income taxes, etc.)	1.6	7.0	(5.4)	-	-
Net income attributable to non-controlling interests	1.0	4.6	(3.5)	-	-
Net income attributable to owners of the parent	43.3	34.1	(9.2)	▲21.3%	29.0

EPS (JPY)	95.97	76.92
ROE (%)	12.6	9.0
FX (JPY/USD)	110	120

*Effects of exchange rate: Net sales +28.9, Operating income +6.7, Ordinary income +8.5

FY2015 Non-operating & Extraordinary Items

(JPY in billions)

	FY2014	FY2015	Change
Non-operating items	27.0	11.4	(15.5)
Equity in earnings of affiliates	27.8	16.6	(11.2)
Financial income or loss	(0.1)	0.2	0.4
Foreign exchange gains or losses	0.5	(3.8)	(4.3)
Others	(1.2)	(1.6)	(0.4)

Extraordinary income	9.3	4.1	(5.2)
Gain on sales of investment securities	2.8	3.4	0.5
Subsidy income	1.6	0.3	(1.3)
Gain on step acquisitions	2.0	0.0	(2.0)
Compensation income	1.0	0.0	(1.0)
Others	1.7	0.4	(1.3)
Extraordinary losses	(5.3)	(3.7)	1.6
Impairment losses	(1.1)	(1.5)	(0.4)
Loss on liquidation of subsidiaries and affiliates	0.0	(1.1)	(1.1)
Business structure improvement expenses	(1.0)	(0.5)	0.4
Loss on reduction of noncurrent assets	(1.6)	-	1.6
Others	(1.6)	(0.5)	1.0

- Equity in earnings of affiliates
Natural gas chemicals: -140
(primarily due to lower market prices of methanol and the turnaround of equipment at the Brunei site)
Specialty chemicals: +41
(primarily due to greater spreads for PC/POM)
- Foreign exchange gains or loss
FY2015: The stronger yen towards the end of the fiscal year and the weaker renminbi and Thai baht resulted in exchange losses.
- Gain on sales of investment securities
From the sale of strategically held shares in both FY2014 and FY2015.
- Impairment losses
FY2015: Impairment losses related to manufacturing equipment for PC sheets and films
- Loss on liquidation of subsidiaries and affiliates
Related to the decision to dissolve Japan Circuit Industrial Co., Ltd.

FY2015 Consolidated Balance Sheets

(JPY in billions)

	Mar. 31, 2015	Mar. 31, 2016	Change		Mar. 31, 2015	Mar. 31, 2016	Change
Current assets	372.1	341.2	(30.9)	Liabilities	367.9	316.4	(51.4)
Cash and deposits	62.3	84.0	21.7	Trade note and accounts payable	79.3	60.8	(18.5)
Trade notes and accounts receivable	152.7	136.4	(16.3)	Interest-bearing debt	215.6	181.4	(34.1)
Inventories	110.3	100.1	(10.2)	Others	72.9	74.2	1.2
Others	46.7	20.6	(26.1)				
Non-current assets	418.6	398.3	(20.2)	Net assets	422.8	423.1	0.2
Tangible assets	235.9	230.5	(5.3)	Shareholders' equity	348.9	373.2	24.2
Intangible assets	9.2	8.7	(0.4)	Accumulated other comprehensive income	28.6	3.6	(24.9)
Investments and others assets	173.4	159.0	(14.4)	Non controlling interest	45.2	46.1	0.9
Total assets	790.7	739.5	(51.2)	Total liabilities and net assets	790.7	739.5	(51.2)
				Equity ratio	47.8%	51.0%	
				BPS (JPY)	836	854	

FY2015 Consolidated Cash Flows

(JPY in billions)

	FY2014	FY2015	Change
Operating activity cash flow	76.9	84.6	7.6
Income before income taxes, etc.	46.0	45.8	(0.1)
Depriciation and amortization	23.7	26.7	2.9
Equity in earnings of affiliates	(27.8)	(16.6)	11.2
Dividends received from equity method affiliates	34.7	18.6	(16.0)
Working capital etc.	6.0	10.9	4.9
Income taxes paid	(5.7)	(0.8)	4.8
Investing activity cash flows	(23.5)	(31.9)	(8.3)
Capital expenditure	(21.8)	(28.6)	(6.7)
Investment and financing, etc.	(1.7)	(3.3)	(1.6)
Free cash flows	53.4	52.7	(0.7)
Financing activity cash flows	(25.0)	(47.3)	(22.3)
Change in borrowings and bonds	(19.1)	(33.2)	(14.0)
Purchase of treasury stock	(0.0)	(7.4)	(7.4)
Dividends paid	(5.8)	(6.6)	(0.8)
Effect of exchange rate change on cash and cash equivalents	6.5	(2.2)	(8.8)
Net increase (decrease) in cash and cash equivalents	35.3	3.1	(32.2)
Cash and cash equivalents at end of period	72.6	75.8	3.1

FY2016 Consolidated Business Forecasts

(JPY in billions)

	FY2015 Results	FY2016 Forecasts	Change	Change (%)	FY2017 Plan	※2
Net sales	593.5	530.0	(63.5)	-10.7%	700.0	
Operating income	34.0	23.0	(11.0)	-32.4%	40.0	
(Equity in earnings of affiliates)	16.6	11.0	(5.6)	-	-	
Ordinary income	45.4	32.0	(13.4)	-29.6%	55.0	
Net income before income taxes, etc.	45.8	31.0	(14.8)	-32.4%	-	
Net income attributable to owners of the parent	34.1	21.0	(13.1)	-38.5%	-	
EPS (JPY)	76.92	95.10	※1		-	
ROE (%)	9.0	5.3			>9.0	
FX (JPY/USD)	120	110			115	

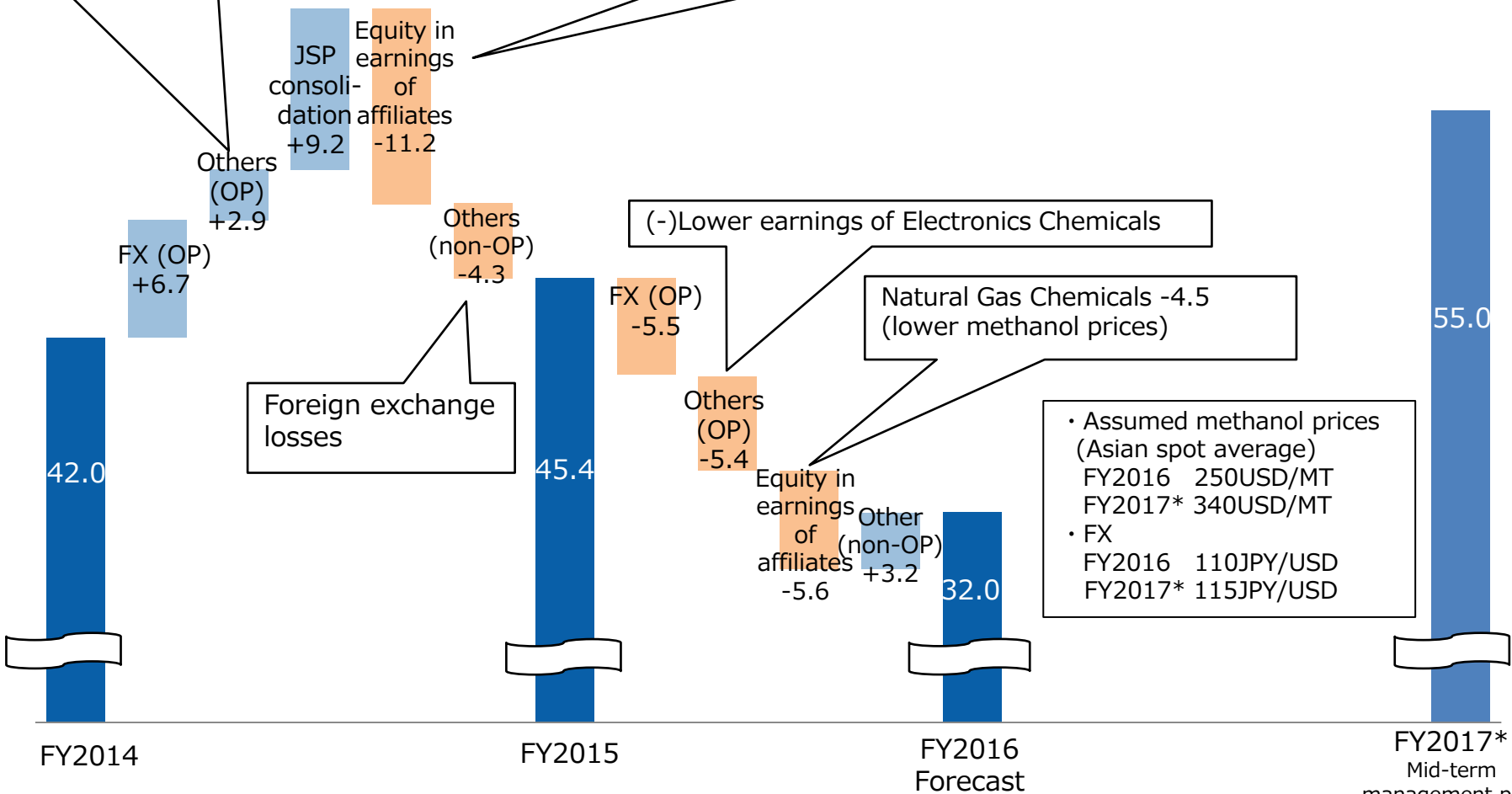
※1 *Concerning net income per share of the Consolidated Business Forecasts (Full year) for FY 2016, the effects of the consolidation of sharest are taken into account. Net income per share of the Consolidated Business Forecasts (Full year) for FY 2016 without taking into account the consolidation of shares is 47.55 yen.

※2 From mid-term management plan "MGC Advance2017" (disclosed in May 2015)

Increase and Decrease Factors of Ordinary Income

(+) Improvement earnings from aromatic chemicals & engineering plastics due to lower prices of raw materials an fuels
 (+) Increase sales volume of special PCs
 (-) Decline sales volume of PC sheets/films & BT materials

Natural Gas Chemicals -14.0 (lower methanol prices)
 Specialty Chemicals +3.4 (higher margins of (PC/POM))
 JSP -1.7 (consolidation)



(-) Lower earnings of Electronics Chemicals

Natural Gas Chemicals -4.5 (lower methanol prices)

- Assumed methanol prices (Asian spot average)
 FY2016 250USD/MT
 FY2017* 340USD/MT
- FX
 FY2016 110JPY/USD
 FY2017* 115JPY/USD

*Disclosed May 2015

Capex and Shareholder Return

<CAPEX>

(JPY in billions)

	FY2014	FY2015	FY2016 (E)
Natural Gas Chemicals	5.7	5.3	6.0
Aromatics Chemicals	4.0	10.6	11.5
Specialty Chemicals	7.6	9.9	10.2
Information and Advanced Materials	4.3	3.8	6.0
Other	0.3	0.7	1.3
Total	22.2	30.5	35.0

Other Investments FY2014 Shale Gas and LNG project in Canada
FY2015 Methanol and DME project in Trinidad and Tobago

<Shareholder Return>

➤FY2015

Year-end dividend per share : ¥8
Annual dividend per share : ¥16
Dividend payout ratio : 20.7%
Shares buy back (2%, 10million shares)

➤FY2016

Dividend : No Changes from FY2015
Dividend payout ratio : 33.6%
Shares buy back (2%, 10million shares)

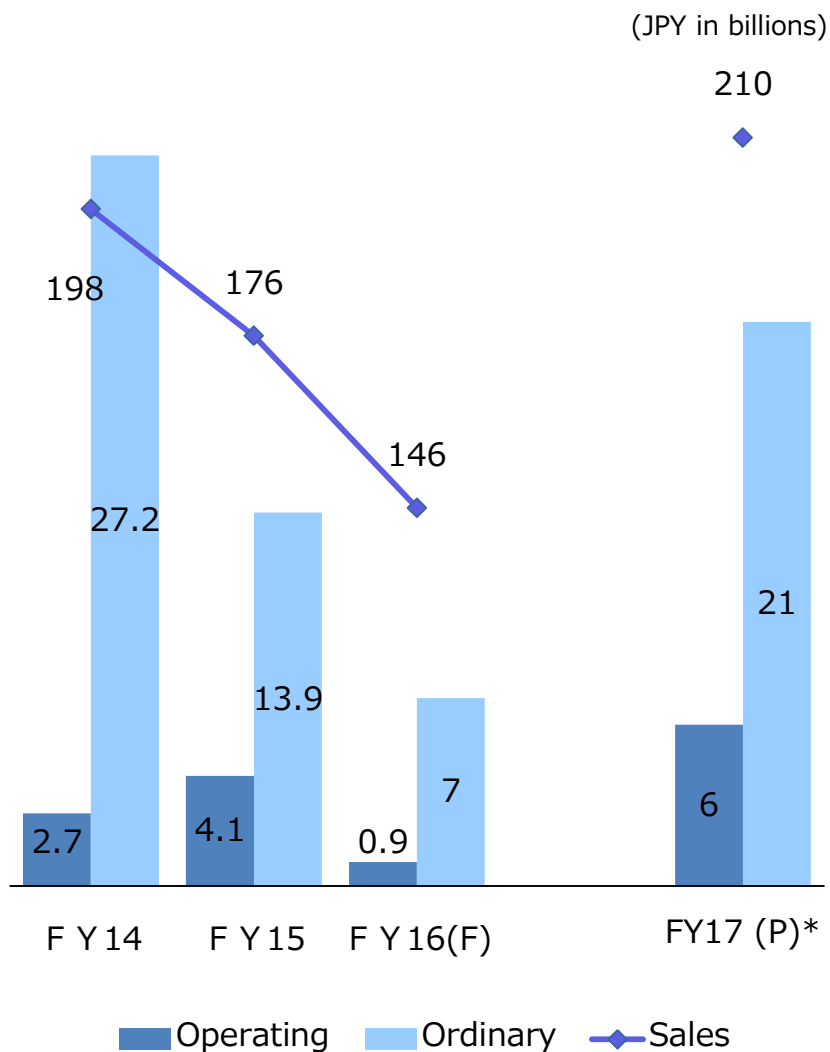
Consolidated Results & Forecasts by Segment

【単位：億円】

	FY2014			FY2015			FY2016 (forecasts)			*FY2017
	1H	2H	FY	1H	2H	FY	1H	2H	FY	Plan
Net sales	267.8	261.7	529.5	300.2	293.2	593.5	260.0	270.0	530.0	700.0
Natural Gas	97.7	99.8	197.6	92.8	82.8	175.6	71.4	74.3	145.7	210.0
Aromatic	65.3	57.9	123.3	105.0	100.8	205.8	93.7	97.6	191.4	240.0
Specialty	82.3	83.6	166.0	82.7	87.5	170.2	76.6	79.4	156.0	200.0
Information & Advanced	29.9	28.2	58.2	26.4	28.8	55.2	24.3	24.3	48.7	70.0
Corporate / Adjustment	(7.6)	(8.0)	(15.6)	(6.8)	(6.7)	(13.5)	(6.1)	(5.8)	(11.9)	(20.0)
Operating income	6.3	8.6	14.9	15.3	18.6	34.0	9.0	14.0	23.0	40.0
Natural Gas	0.6	2.0	2.7	2.1	1.9	4.1	(0.5)	1.4	0.9	6.0
Aromatic	1.5	1.4	3.0	7.7	7.4	15.2	6.7	7.7	14.5	16.0
Specialty	3.2	5.0	8.2	5.6	7.4	13.0	3.5	4.8	8.4	12.0
Information & Advanced	2.2	1.5	3.8	1.1	2.9	4.0	1.0	1.4	2.5	6.0
Corporate / Adjustment	(1.3)	(1.5)	(2.8)	(1.4)	(1.0)	(2.4)	(1.9)	(1.5)	(3.4)	0.0
Ordinary income	22.9	19.0	42.0	21.1	24.3	45.4	14.0	18.0	32.0	55.0
Natural Gas	17.2	9.9	27.2	7.7	6.1	13.9	2.6	4.3	7.0	21.0
Aromatic	(0.3)	1.3	1.0	7.1	6.5	13.7	6.2	7.0	13.2	15.0
Specialty	2.9	6.2	9.1	5.8	9.7	15.5	5.0	6.1	11.1	13.0
Information & Advanced	2.4	1.5	4.0	0.8	2.9	3.8	1.5	1.2	2.8	6.0
Corporate / Adjustment	0.5	0.0	0.5	(0.4)	(1.2)	(1.6)	(1.4)	(0.9)	(2.3)	0.0

*Disclosed May 2015

Natural Gas Chemicals



*Disclosed May 2015

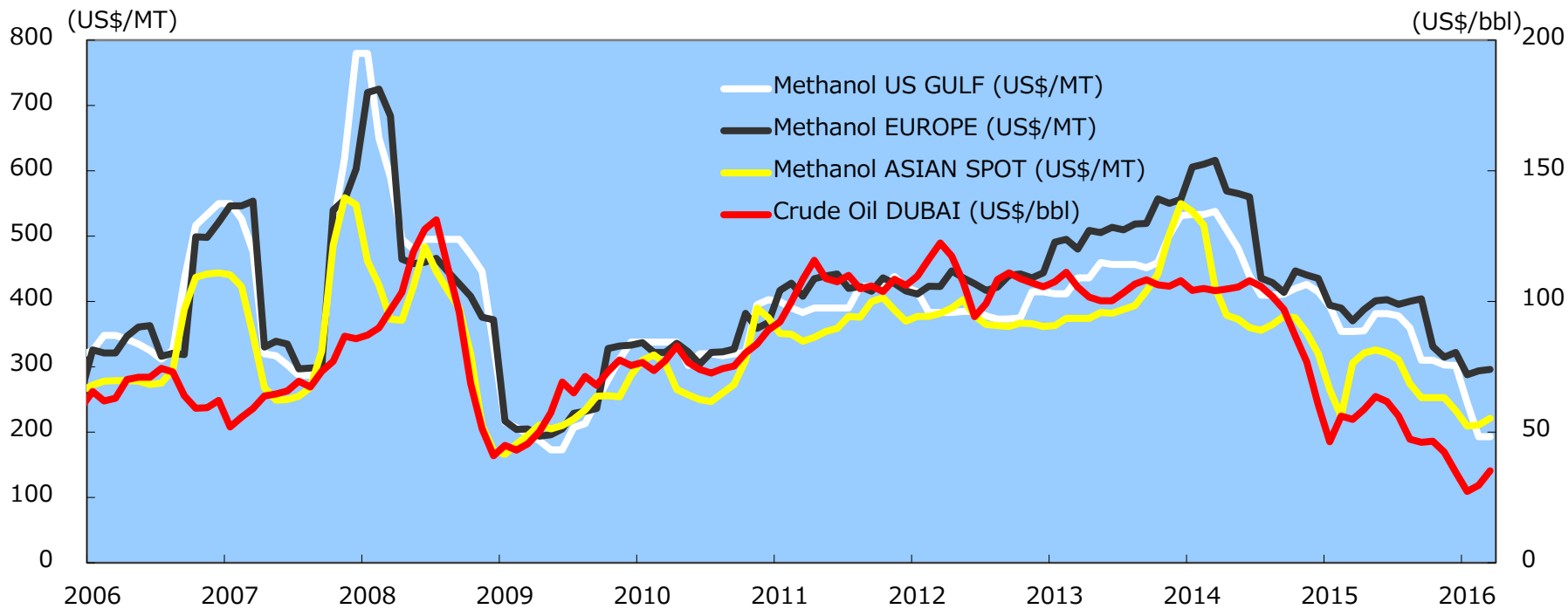
FY2015 results

- Revenue fell primarily due to lower methanol market prices.
- Despite lower earnings from crude oil sales due to declines in prices, the profitability primarily of MMA-based products improved thanks to the weaker yen and lower raw material prices, resulting in higher operating income.
- Group ordinary income declined because equity in earnings of affiliates declined due to lower methanol market prices and the turnaround of the Brunei site.

FY2016 forecasts

- Operating income will decline primarily due to reductions in the profitability of methanol derivatives (mainly because of the stronger yen) and in the revenue and earnings from crude oil sales.
- Despite the lack of turnaround in Brunei, continued low market prices of methanol and price hikes in Saudi Arabia for natural gas, the raw material used in the segment, will reduce equity in earnings of affiliates and therefore ordinary income.

Natural Gas Chemicals -Methanol Prices-



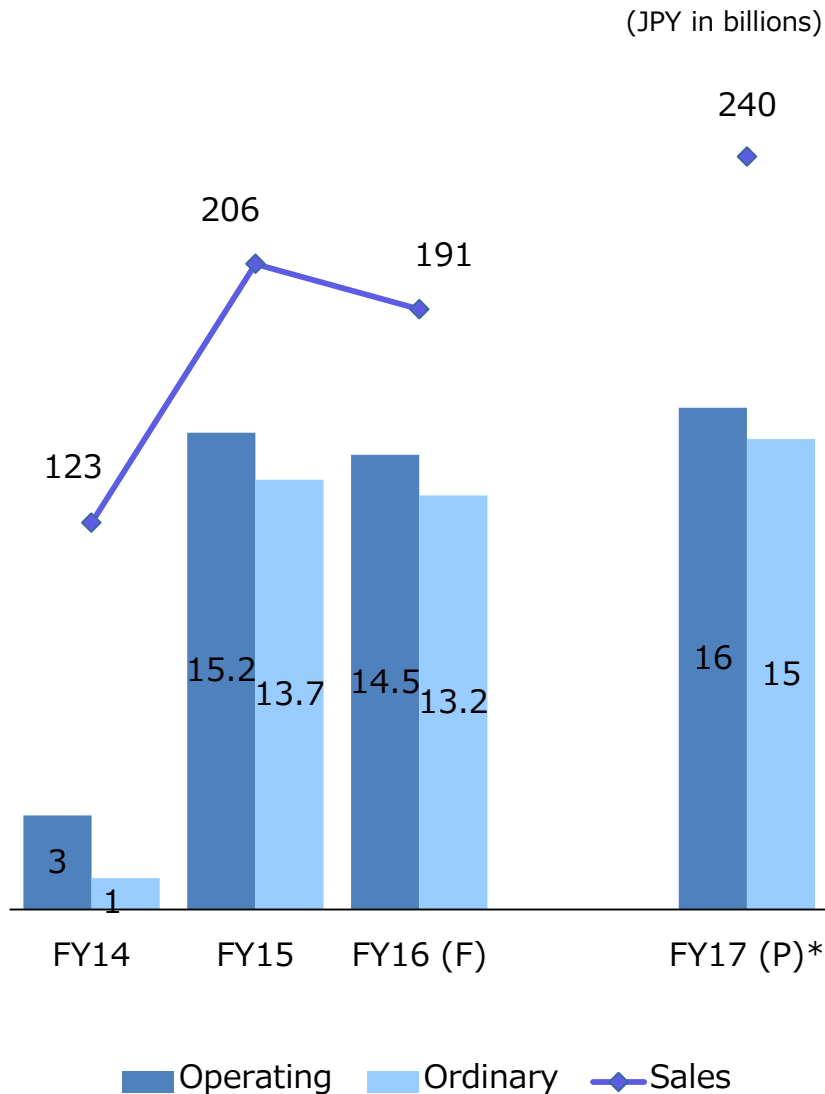
FY2015 results

Despite steady developments until Q1 (April-June), Q2 (July-September) and the following quarters suffered from lower demand primarily in China, primarily due to declines in crude oil prices. International market prices were low during H2 partly due to the eased balance of supply and demand achieved by the completion of new plants in North America.

FY2016 forecasts

While existing products for chemical applications are affected by the business downturn, the new MTO plants in China plan to start operation, allowing for growth in overall demand for methanol. On the other hand, international market prices will likely remain at low levels, partly due to the full-year operation of the new plants completed in North America in FY2015.

Aromatic Chemicals



*Disclosed May 2015

FY2015 results

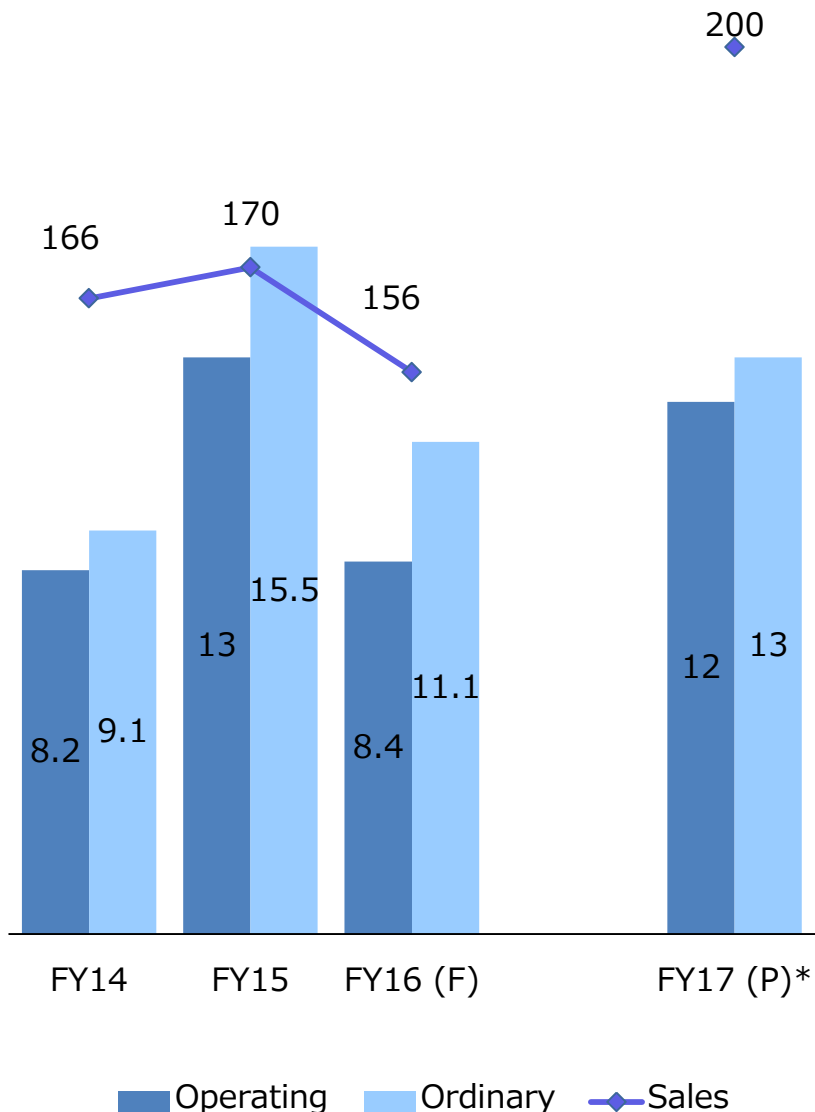
- Both revenue and earnings increased due to the conversion of JSP into a consolidated subsidiary, the weaker yen, and lower prices of fuels and raw materials.
- MXDA for curing agents in Europe grew steadily, while Nylon-MXD6 achieved a higher sales volume due to recovery of domestic demand for PET bottles and growth of products for engineering plastics used in automobiles. Sales volume of aromatic aldehydes remained at the prior-year level.
- Purified isophthalic acid achieved stable revenue and earnings since there were no fluctuations in supply and demand.

FY2016 forecasts

- Lower earnings are expected since there will be an impact of the stronger yen, while prices of raw materials and fuels are likely to remain low.
- MXDA and Nylon MXD6 will likely grow steadily, while aromatic aldehydes will decline in sales volume due to reasons including inventory adjustments by customers.
- Except for the impact of the stronger yen, purified isophthalic acid will continue to benefit from a steady business environment.
- JSP is expected to remain at much the same levels as in the previous fiscal year. Despite the expected growth of overseas businesses, it will face difficulty in pricing in Japan and be impacted by the stronger yen.

Specialty Chemicals

(JPY in billions) FY2015 results



*Disclosed May 2015

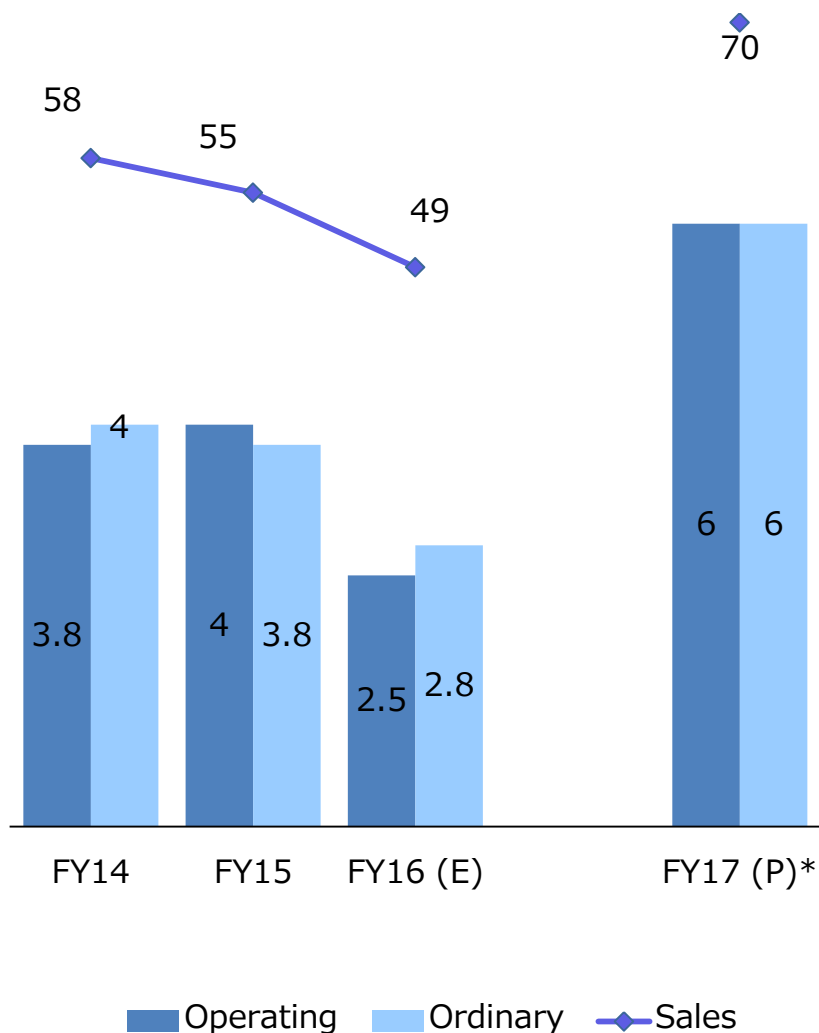
- Inorganic chemicals achieved prior year-level earnings. Despite lower sales volumes of hybrid chemicals, there were positive effects such as an increase in the sales volume of super-pure hydrogen peroxide at the U.S. and South Korean sites and corrected sales prices for hydrogen peroxide.
- PC/POM posted a higher revenue due to greater spreads resulting from lower raw material prices and growth of specialty PCs for use in camera lenses in mobile devices.
- PC sheets and films suffered declines in both revenue and earnings due to a lower sales volume of products for FPDs.
- Despite exchange losses suffered at overseas subsidiaries, PC/POM-related equity in earnings of affiliates grew, due to greater spreads, resulting in a higher ordinary income.

FY2016 forecasts

- Inorganic chemicals will suffer lower earnings due to severer competition in the Electronics Chemicals business.
- PC-BPA spreads are expected to drop compared with FY 2015. The Shanghai site is expected to increase sales of high value-added products, and the sales volume of specialty PCs will likely increase.
- PC sheets and films will continue to face a difficult business environment.

Information and Advanced Materials

(JPY in billions)



*Disclosed May 2015

FY2015 results

- Electronic materials suffered reductions in both revenue and earnings. Despite improvements in earnings at some subsidiaries, sluggish demand for semiconductors — during H1 in particular — caused BT materials customers to adjust their inventories, resulting in lower sales volumes.
- Oxygen absorbers posted growth in both revenue and earnings, thanks to strong sales in overseas food and medical markets.

FY2016 forecasts

- BT materials expect higher sales volumes. Despite the negative effects of the stronger yen, they will continue sales in line with the real demand in H2 FY2015 and after.
- Oxygen absorbers expect continued sales success in the domestic market and an increase in use in overseas markets.
- The segment will have a lower consolidated net sales due to the dissolution of Japan Circuit Industrial Co., Ltd.

Appendix : Key Indicators (1)

1. Key indicators(consolidated)

JPY in billions

FY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016(F)
Capital expenditure (Of which, H1)	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)	30.5 (14.9)	35.0 (17.0)
Depreciation & amortization (Of which, H1)	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)	26.7 (13.1)	26.0 (13.0)
R&D expenditure (Of which, H1)	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)	18.9 (9.2)	21.0 (10.5)
Employees (as of March 31)	4,686	4,902	4,920	4,979	5,216	5,323	5,445	8,254	8,176	7,972
Earnings per share (Yen)	87	15	13	42	27	(17)	33	96	77	95*
ROA (Return on assets)	10.2	1.2	1.4	6.5	4.5	4.6	4.8	5.8	5.9	4.2
ROE (Return on equity)	13.7	2.5	2.2	6.9	4.4	(2.8)	5.0	12.6	9.0	5.3
Dividend (yen) (Of which, interim dividend)	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)	-* (8.0)

*Concerning net income per share of the Consolidated Business Forecasts (Full year) for FY 2016, the effects of the consolidation of shares are taken into account. Net income per share of the Consolidated Business Forecasts (Full year) for FY 2016 without taking into account the consolidation of shares is 47.55 yen.

Appendix : Key Indicators (2)

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

JPY in billions

FY		2007	2008	2009	2010	2011	2012	2013	2014	2015
Capex	Natural Gas Chemicals	5.6	10.7	7.1	14.0	13.9	6.3	4.5	5.7	5.3
	Aromatic Chemicals	17.2	10.6	7.7	4.5	4.7	5.7	2.3	4.0	10.6
	Specialty Chemicals	7.4	9.1	8.1	14.8	21.6	15.0	11.2	7.6	9.9
	Information & Advanced Materials	9.2	4.7	4.5	1.8	1.8	3.3	6.6	4.3	3.8
	Other	0.0	0.0	0.1	0.3	0.1	0.3	0.5	0.3	0.7
Depreciation	Natural Gas Chemicals	5.4	6.4	7.5	8.6	7.7	6.2	6.3	6.9	6.1
	Aromatic Chemicals	5.2	7.7	7.9	7.8	7.7	5.8	4.1	3.9	8.2
	Specialty Chemicals	9.6	9.7	8.6	8.0	8.4	7.7	9.5	9.2	8.8
	Information & Advanced Materials	4.2	5.1	5.1	4.2	3.5	2.7	3.1	3.3	3.0
	Other	0.0	0.0	0.4	0.4	0.3	0.3	0.3	0.3	0.3

Appendix : Key Indicators (3)

3. Performance assumptions

	FY2008		FY2009		FY2010		FY2011		FY2012	
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Methanol (US\$/MT)	424	336	195	246	283	307	349	385	385	364
Mixed Xylene (US\$/MT)	1,200	600	770	870	830	1,050	1,260	1,280	1,190	1,320
Bisphenol A (US\$/MT)	1,800 ~2,000	800 ~1,500	1,000 ~1,300	1,200 ~1,700	1,800 ~2,100	2,100 ~2,500	2,000 ~2,500	1,400 ~1,800	1,500~ 1,800	1,600~ 2,000
Polycarbonate (US\$/MT)	2,450 ~2,850	1,900 ~2,450	1,900 ~2,400	2,400 ~2,900	2,450 ~2,950	2,400 ~2,900	2,800 ~3,000	2,600 ~2,900	2,500~ 2,800	2,500~ 2,800
Exchange rate (JPY/US\$)	106	95	96	90	89	82	80	78	79	87

	FY2013		FY2014		FY2015		FY2016	Remarks
	H1	H2	H1	H2	H1	H2		
Methanol (US\$/MT)	375	449	432	358	301	230	250	Asian spot average price
Mixed Xylene (US\$/MT)	1,230	1,160	1,100	730	740	630	650	Spot price (FOB-Korea)
Bisphenol A (US\$/MT)	1,550 ~1,800	1,550 ~1,700	1,600 ~2,000	1,200 ~1,900	950 ~1,500	850 ~1,100	900 ~1,200	Average CIF price
Polycarbonate (US\$/MT)	2,400 ~2,600	2,400 ~2,600	2,500 ~2,700	2,300 ~2,700	2,100 ~2,650	2,000 ~2,400	1,800 ~2,100	
Exchange rate (JPY/US\$)	99	102	103	117	122	118	110	