

Start of “Progress2030” Long-Term Business Plan and “Vista2021” Medium-Term Business Plan  
*“Aiming to Be a Company that Creates the Future”*

In April 2013, The Nissan Chemical Group launched “Vista2015 Stage II,” a three-year medium-term business plan. Since then, we have been executing two basic strategies which are “creating new products and new businesses” and “pursuit of business structure reforms.” Regarding new products, active ingredient of veterinary pharmaceutical, display materials and others have enjoyed growth, while the development of new materials such as organic nanoparticle and three-dimensional cell culture media have made progress. We have also steadily advanced the development of research infrastructures to accelerate the creation of new materials, established a local subsidiary in China, and pursued other initiatives. As a result of these efforts, operating profit for the fiscal year 2015 reached 28.6 billion yen, exceeding the target by 2.6 billion yen.

While global economic trends are becoming increasingly uncertain, we have identified that “foray into new business domains”, “development of new products that match market trends”, and “enhancing R&D capability” as our tasks for ensuring sustainable growth. To overcome these challenges and secure growth, in April 2016, we launched “Progress2030,” a long-term business plan for the period to 2030, and “Vista2021,” a six-year medium-term business plan which shows our ideal situation of 2021.

In developing these plans, we adopted new business model called “Future-Creating Enterprise that responds to social needs with unique, innovative technologies.” We will strive to develop in synergy with society by helping to solve social issues such as global warming, energy problems and food shortages.

1. Outline of “Progress2030”

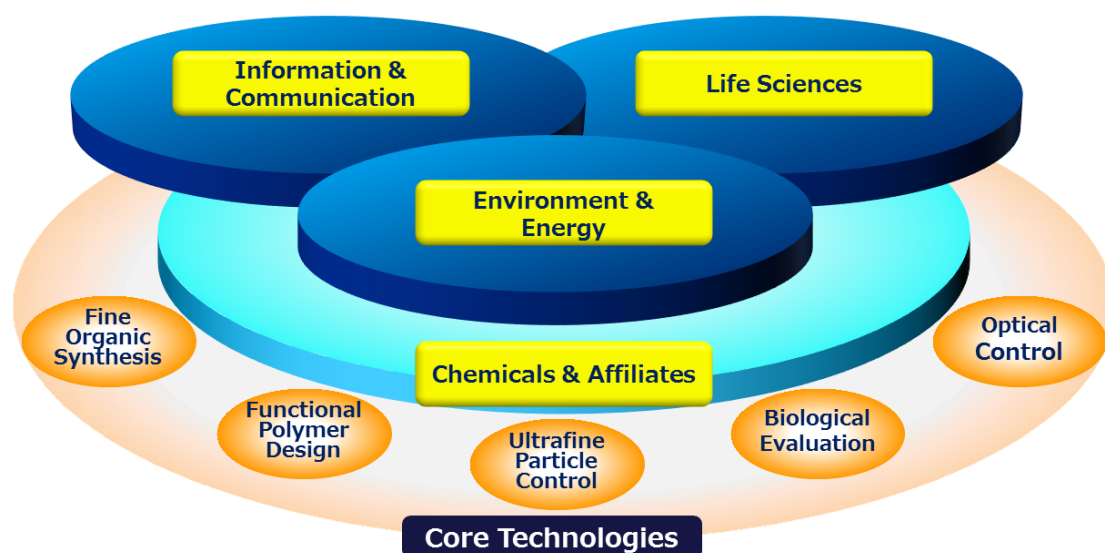
(1) The company’s 2030 vision

A corporate group which provides new values for helping to enrich people’s lives by integrating internal and external knowledge with facing globally-changing society

A group of first-class pioneers who blaze a way to the future with enthusiasm by trusts they have built and skills they have cultivated

(2) Business domains

“Information & Communication”, “Life Sciences”, “Environment & Energy” and “Chemicals & Affiliates” that are based on the five core technologies



### (3) Basic strategies

Entering new fields by evolving, deepening and expanding unique technologies

- 1) Information & Communication (display, semiconductor, inorganic, optical functional, and sensor materials)

For display, semiconductor and inorganic materials, we will provide products based on technological innovations in the market. We will also create sensor materials by using our existing technologies and optical functional materials by establishing optical control technologies.

- 2) Life Sciences (agrochemicals, veterinary pharmaceuticals, pharmaceuticals and biomedical materials)

We will strengthen the pipeline for agrochemicals and pharmaceuticals, also develop new veterinary pharmaceuticals. In addition, we will create biomedical materials that contribute to advanced medical care using accumulated technologies for biological evaluation and material design.

- 3) Environment & Energy (batteries, energy harvesting and thermal control materials)

We will establish a device evaluation technology then supply battery materials and materials that contribute to efficient use of energy.

- 4) Chemicals & Affiliates (basic chemicals, fine chemicals, and affiliates)

In addition to responding to business environmental changes, we will introduce high-performance compounds related to TEPIC®, an epoxy compound.

### (4) Business size

Net sales: 300 billion yen (100 from Information & Communication, 100 from Life Sciences, 50 from Environment & Energy and 50 from Chemicals & Affiliates)

Operating profit: 50 billion yen (operating margin: 16.7%)

## 2. Outline of "Vista2021"

A six-year plan starting in FY2016 (The period is divided into the first three years (2016 to 2018) as Stage I and the second three years (2019 to 2021) as Stage II)

### (1) Ideal situation of 2021

Information & Communication and Life Sciences are the driving force for growth while Chemicals & Affiliates achieve a stable profit.

Establish the foundation of Environment & Energy business and a position as a promising chemical manufacturer that keeps moving forward with a strong presence.

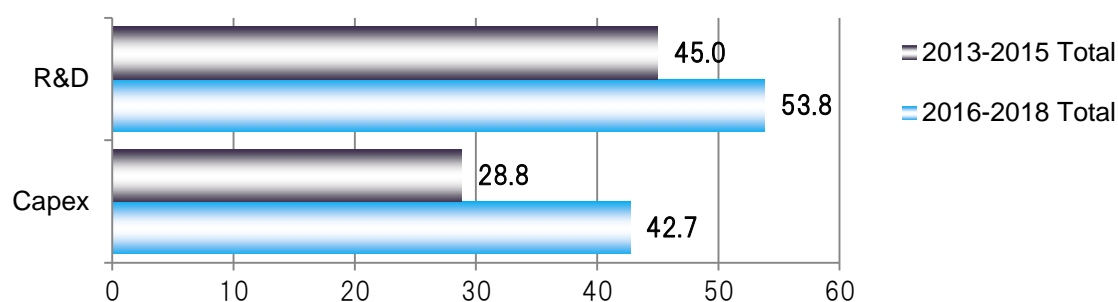
### (2) Financial targets (billion yen)

		2015	2016	2018	2021
Net Sales	Chemicals	34.3	35.4	38.0	40.5
	Performance Materials	51.8	55.3	68.0	82.9
	Agrochemicals	47.5	52.1	58.6	67.0
	Pharmaceuticals	8.7	7.4	8.1	8.3
	Trading, Others & Adjustment	34.6	37.3	44.3	51.3
	Total	176.9	187.5	217.0	250.0
Operating Profit	Chemicals	3.9	4.9	4.0	4.5
	Performance Materials	12.0	11.7	15.4	18.4
	Agrochemicals	10.8	11.3	12.9	16.7
	Pharmaceuticals	2.0	1.4	2.0	2.4
	Trading, Others & Adjustment	-0.1	0.4	0.7	-2.0
	Total	28.6	29.7	35.0	40.0
Ordinary Income		29.5	30.4	35.6	40.8
Net Income		22.4	23.0	27.1	31.0

Naphtha(¥/KL): FY2015 42,800 FY2016 35,400 FY2017 and onward 51,100

FX rate(¥/\$): FY2015 1H 122 2H 118 FY2016 and onward 115

(3) R&D expenses and capex(three-year total, billion yen)



3. Outline of "Vista2021 Stage I"

(1) Basic strategies

- 1) Maximizing the profit from existing products  
Boosting the market shares of products for growing fields, driving overseas business expansion, and reducing costs
- 2) Improving marketing power  
Identifying market needs by moving closer to customers and obtaining information about advanced materials
- 3) Enhancing R&D capability  
Improving existing technologies, establishing new technologies, and accelerating the development of new products

(2) Sources of growth for Stage I

- 1) Chemicals
  - i. Increasing the sales of AdBlue®, a high-grade urea solution, and high purity ammonia
  - ii. Creating actual demand for TEPIC® in new grades
- 2) Performance Materials
  - i. Increasing sales of display materials for photo-alignment IPS and HYPERTECH®, multi-branched organic nanoparticles
  - ii. Expanding sales of anti-reflective coating materials for semiconductors, and multilayer process materials and launching sensor materials
  - iii. Entering the oil & gas business fields with selling chemicals that enhance productivity of oil well
  - iv. Developing materials for OLED and expanding sales
  - v. Enhancing production systems and customer services in overseas countries
- 3) Agrochemicals
  - i. Expanding sales of ALTAIR®, a paddy rice herbicide, and launching a new product line of ROUNDUP®, a non-selective herbicide
  - ii. Establishing overseas subsidiaries and increasing sales in overseas markets
  - iii. Expanding application of Fluralaner, an active ingredient of veterinary pharmaceutical, to "spot on" drugs for transdermal administration for dogs and cats
- 4) Pharmaceuticals
  - i. Deriving new products and enhancing the pipeline
  - ii. Expanding the business of custom manufacturing service for active ingredients of generic drugs

(4) Initiatives for Stage II and onward

- 1) Information & Communication
  - i. Developing heat-resistant lenses, light control film and optical interconnect materials
  - ii. Creating next-generation display and semiconductor materials

- 2) Life Sciences
  - i. Developing NC-515 insecticide, new fungicides and paddy rice herbicides
  - ii. Jointly developing NIP-022, a platelet increasing agent and promoting the research collaboration of antifungal drugs
  - iii. Achieving global standardization of cell culture materials
- 3) Environment & Energy
  - i. Developing materials for secondary batteries and fuel cells
  - ii. Creating energy harvesting materials
- 4) R&D
  - i. Acquiring seeds in the field of biomedical materials
  - ii. Introducing cutting-edge technologies through open innovations
  - iii. Developing new business fields by strengthening and fusion of core technologies
- (5) Financial indicators
 

Operating margin:	15% or higher
ROE:	14% or higher
R&D expenses / Sales ratio:	8% or higher
Dividend payout ratio:	To be increased in a stepwise manner from FY2016 and onward, aiming for 40% in FY2018
Total payout ratio:	Maintaining 70%

The Nissan Chemical Group will steadily act in accordance with the basic strategies in this plan and will make concerted efforts to realize its corporate vision of becoming “a corporate group that contributes to human survival and development.”