



Making your dreams come true

**FY2019 2Q (April 1 to September 30, 2019)**

# Financial Results Materials (Highlights)

October 25, 2019

Forecasts for operational performances, as well as future predictions described in this document, were prepared based on information available as of the day on which this document was released. This document in no way guarantees the contents and operational performances of the company in the future.

**CHORI CO., LTD.**

## Key Points of the Summary

### ▶ Business Results Summary (YoY Comparison)

**Net sales :** Although sluggish on a standalone basis, essentially secured a level on a par with the previous fiscal year

**Earnings :** Profitable at each level of income and increased profits  
Ordinary income, the Company's standard profit, recorded a record high for the second consecutive 1H  
The rate of progress for the full-year profit forecast remained steady

### ▶ Profitability

All segments enhanced profitability and increased profits

ROA: 8.5% (+1.2% YoY)

ROE: 11.8% (+1.1% YoY)

### ▶ Financial Base

Equity ratio: 50.4% Maintained at a high level

### ▶ Shareholder returns

Implemented an interim dividend payment of ¥31 per share (Continued increased payment. Interim dividend payment in previous fiscal year was ¥26 per share)

Forecast year-end dividend ¥62 per share (forecast seventh consecutive increase in dividend)

### ▶ Other

Started rolling out the chemical fertilizers business in Nigeria, Africa. Issued news release titled "Participation in Chemical Fertilizers Production Project in Nigeria" on October 25, 2019.

## Business Results Breakdown (YoY Comparison)



### POINT

- **Net sales:** Decreased revenue in the Chemicals Business, mainly in the organic chemicals sector, but expansion in the Machinery Business ensured results were comparable with the previous fiscal year
- **Each level of income:**  
Increased income due to enhanced profitability in the Fibers, Textiles and Garments Business and Chemicals Business, and the effect of increased revenue in the Machinery Business

Unit: billions of yen

	<b>FY2018 Apr.-Sep.</b>	<b>FY2019 Apr.-Sep.</b>	<b>Difference</b>	<b>Ratio</b>
Net Sales	<b>173.2</b>	<b>164.4</b>	<b>-8.8</b>	<b>-5.1%</b>
Gross Profit	<b>14.1</b>	<b>14.4</b>	<b>+0.3</b>	<b>+2.4%</b>
Selling, general and administrative expenses	<b>10.0</b>	<b>9.8</b>	<b>-0.2</b>	<b>-1.8%</b>
Operating income	<b>4.1</b>	<b>4.6</b>	<b>+0.5</b>	<b>+12.3%</b>
Ordinary income	<b>4.5</b>	<b>4.9</b>	<b>+0.3</b>	<b>+7.6%</b>
Net income attributable to owners of the parent	<b>3.0</b>	<b>3.2</b>	<b>+0.3</b>	<b>+9.3%</b>

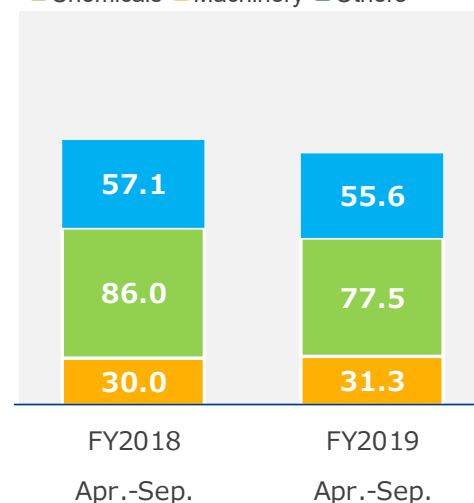
## Segment Results

### Net sales

Unit: billions of yen

	FY2018 Apr.-Sep.	FY2019 Apr.-Sep.	Difference
Fibers, Textiles and Garments	57.1	55.6	-1.6
Chemicals	86.0	77.5	-8.5
Machinery	30.0	31.3	+1.3
Others	0.0	0.0	+0.0
<b>Total</b>	<b>173.2</b>	<b>164.4</b>	<b>-8.8</b>

■ Fibers, Textiles and Garments  
■ Chemicals ■ Machinery ■ Others



#### Fibers, Textiles and Garments

...Decreased sales and increased profit

**Steady**

Overseas base materials

**Improvement**

Domestic fibers, textiles, and garments

#### Chemicals

...Decreased sales and increased profit

**Steady**

Fine chemicals  
Inorganic chemical materials  
Life sciences

**Sluggish**

Organic chemical materials

#### Machinery

...Increased sales and profit

**Steady**

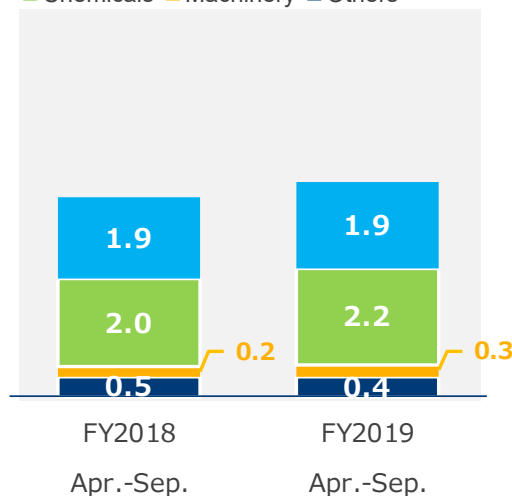
Vehicles

### Ordinary income

Unit: billions of yen

	FY2018 Apr.-Sep.	FY2019 Apr.-Sep.	Difference
Fibers, Textiles and Garments	1.9	1.9	+0.1
Chemicals	2.0	2.2	+0.2
Machinery	0.2	0.3	+0.1
Others	0.5	0.4	-0.0
<b>Total</b>	<b>4.5</b>	<b>4.9</b>	<b>+0.3</b>

■ Fibers, Textiles and Garments  
■ Chemicals ■ Machinery ■ Others



\* Adjusted amounts for "Other" are included.

## Net Sales by Operation



● Trade ratio : 71.0%(+1.1% YoY)

Domestic sales : Decreased sales centered on the Fibers, Textiles and Garments Business

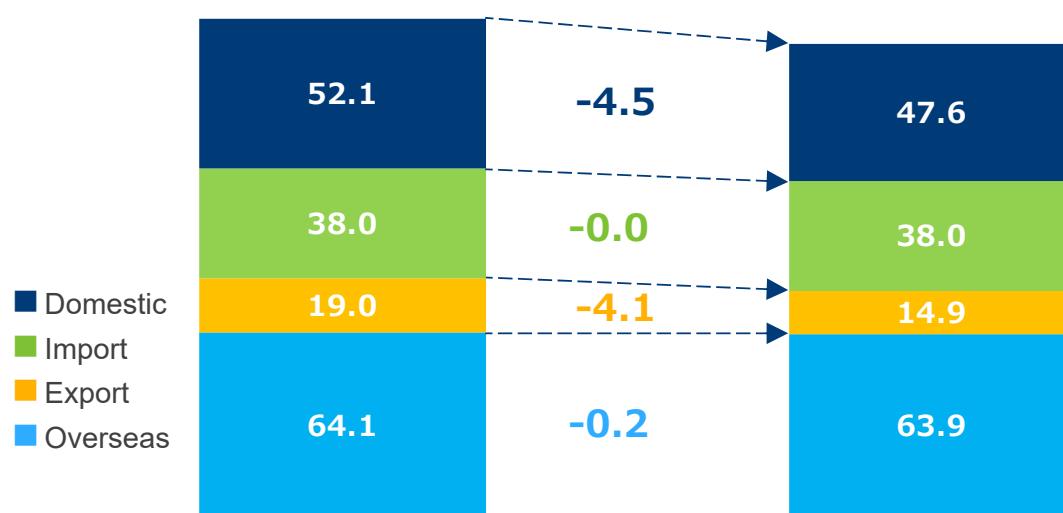
Export sales : Decreased sales centered on the Chemicals Business

**Net sales** 173.2  
**Overseas transactions** 121.1  
(Trade ratio) (69.9%)

**Net sales** 164.4  
**Overseas transactions** 116.8  
(Trade ratio) (71.0%)

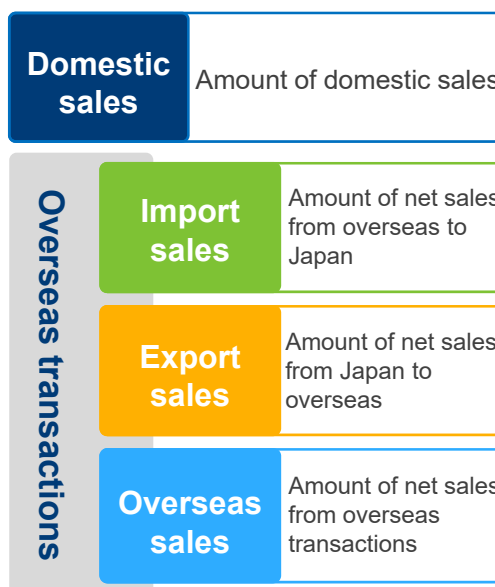
**Net sales** -8.8  
**Overseas transactions** -4.3  
(Trade ratio) (+1.1%)

Unit: billions of yen



FY2018 Apr.-Sep.

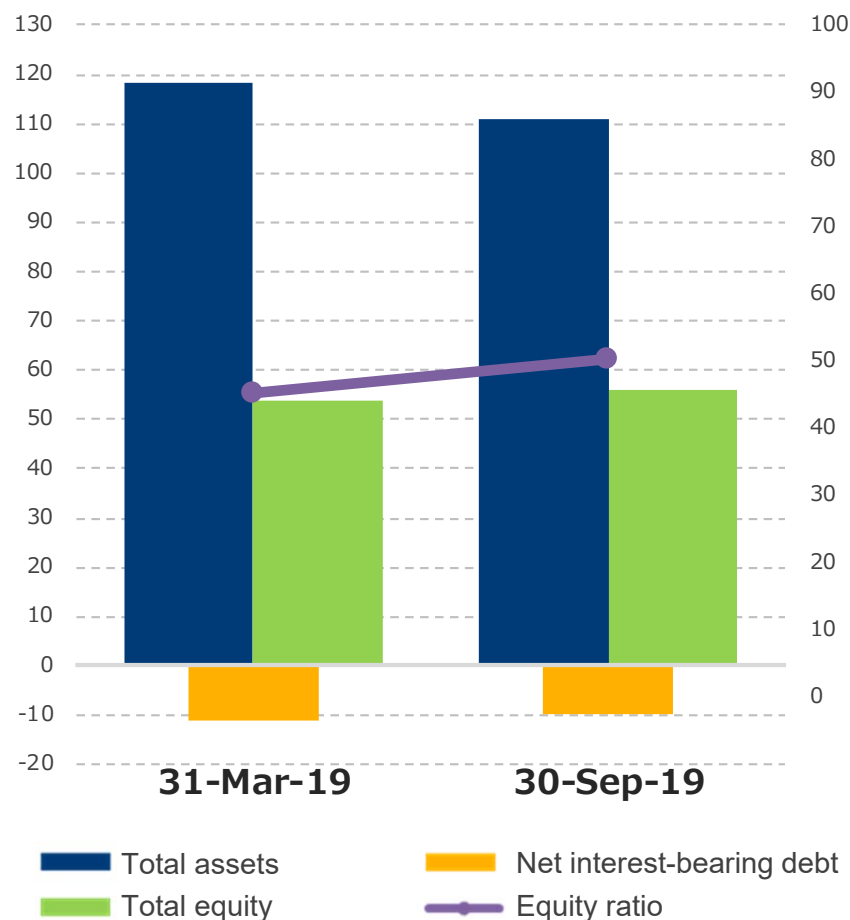
FY2019 Apr.-Sep.



## Financial Position

Unit: billions of yen

Unit: %



### Financial soundness

Unit: billions of yen

	31-Mar-19	30-Sep-19	Difference
Total assets	118.5	110.9	-7.6
Net interest-bearing debt	-10.9	-10.0	+0.9
Total equity	53.8	55.9	+2.1
Equity ratio	45.4%	50.4%	+5.0%

### Profitability/Capital efficiency

	31-Mar-19	30-Sep-19(*)	Difference
ROA (Ordinary income basis)	7.3%	8.5%	+1.2%
ROA (Net income basis)	4.7%	5.6%	+0.9%
ROE (Net income basis)	10.7%	11.8%	+1.1%

\* Annual basis

## Cash Flows



- **Cash flows from operating activities:**  
Provided ¥1.3 billion due to decreases in notes and accounts receivable and inventories
- **Cash flows from investing activities:**  
Used ¥1.3 billion due to payments, etc. for business investments
- **Cash flows from financing activities:**  
Used ¥0.8 billion due to payments, etc. for dividends

Unit: billions of yen

	<b>FY2018 Apr.-Sep.</b>	<b>FY2019 Apr.-Sep.</b>	<b>Difference</b>
Cash flows from operating activities	<b>-1.0</b>	<b>1.3</b>	<b>+2.3</b>
Cash flows from investing activities	<b>-1.1</b>	<b>-1.3</b>	<b>-0.2</b>
Cash flows from financing activities	<b>-1.7</b>	<b>-0.8</b>	<b>+0.9</b>
Effect of exchange rate change on cash and cash equivalents	<b>-0.1</b>	<b>-0.1</b>	<b>+0.0</b>
Net change in cash and cash equivalents	<b>-3.9</b>	<b>-0.9</b>	<b>+3.0</b>
Cash and cash equivalents at end of period	<b>10.9</b>	<b>11.2</b>	<b>+0.3</b>

## FY2019 Business Results Forecast



- We have implemented various measures laid out in the Mid-Term Management Plan “Chori Innovation Plan 2019.” As a result, we have made steady strides toward achieving the targets for the plan’s final year.
- Progress toward achieving the full-year business results forecast was steady in the FY2019 Apr.-Sep. period, with profits at each level around 55% of the forecast.

Unit: billions of yen

	FY2018 Result	FY2019 Forecast	Difference	Ratio	FY2019 Apr.-Sep. Result	FY2019 Forecast Progress
Net Sales	356.5	370.0	+13.5	+3.8%	164.4	44.4%
Operating income	8.1	8.3	+0.3	+3.1%	4.6	55.6%
Ordinary income	8.7	9.0	+0.3	+3.9%	4.9	54.2%
Net income attributable to owners of the parent	5.6	5.8	+0.2	+3.0%	3.2	55.8%



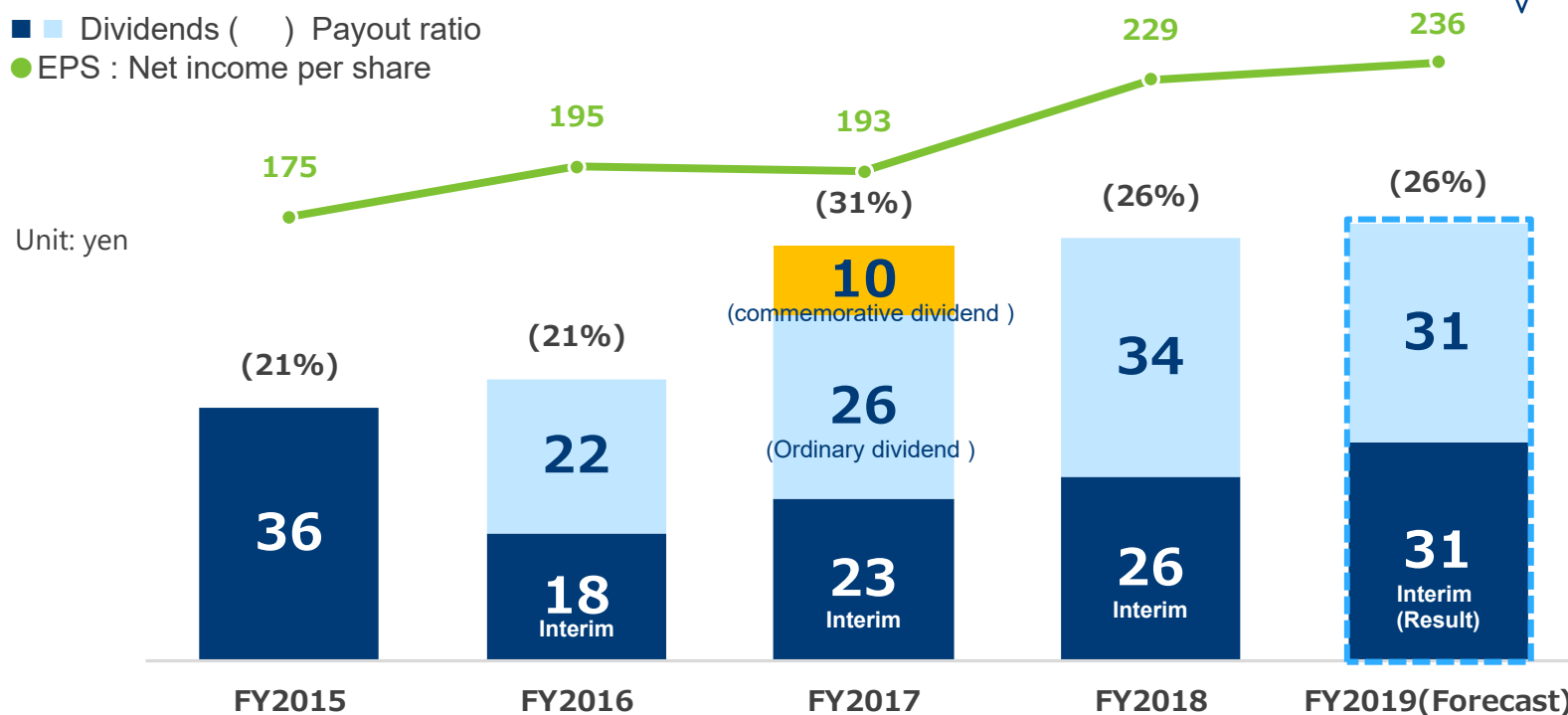
## Interim Dividend and FY2019 Forecast Dividend

### Dividend Basic Policy

We seek to make performance-based dividends based on net income levels for the current term from the perspective of motivational profit distribution and ensuring stable management finances with enough internal funds for business development reserved (dividend payout ratio of 25% or more).

### Trends in per-share dividend

- Dividends ( ) Payout ratio
- EPS : Net income per share



M a k i n g   y o u r   d r e a m s   c o m e   t r u e

**CHORI CO.,LTD.**