



FY2016 Earnings Conference

November 29, 2016

(Note) The earnings forecasts and other forward-looking statements indicated in these materials are based on currently available information and certain assumptions deemed to be reasonable, and there is a possibility that these statements may differ from actual performance due to a variety of factors.



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<http://www.nichino.co.jp>

Earnings Conference Program

I. FY2016 Earnings

II. Review of Medium-Term Business Plan

III. FY2017 Targets

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I. FY2016 Earnings

FY2016 Earnings (YoY comparison)

Revenues and income decreased (Unit: 100 million yen, %)

	FY2016	FY2015	YoY comparison	Growth %
	Earnings	Earnings		
Net Sales	506	569	△ 63	△ 11.0
Domestic agrochemical sales	196	199	△ 3	△ 1.5
Overseas agrochemical sales	214	247	△ 32	△ 13.0
Chemical products/ pharmaceuticals	49	45	4	8.7
Revenues from licensing	29	62	△ 32	△ 52.2
Other	18	17	1	2.9
Cost of sales	305	309	△ 4	△ 1.4
Gross profit	201	260	△ 59	△ 22.5
SG&A	157	160	△ 3	△ 2.1
Operating income	44	99	△ 55	△ 55.5
Ordinary income	39	94	△ 55	△ 58.8
Extraordinary losses	15	10	5	53.4
Profit attributable to owners of parent	10	56	△ 46	△ 81.6

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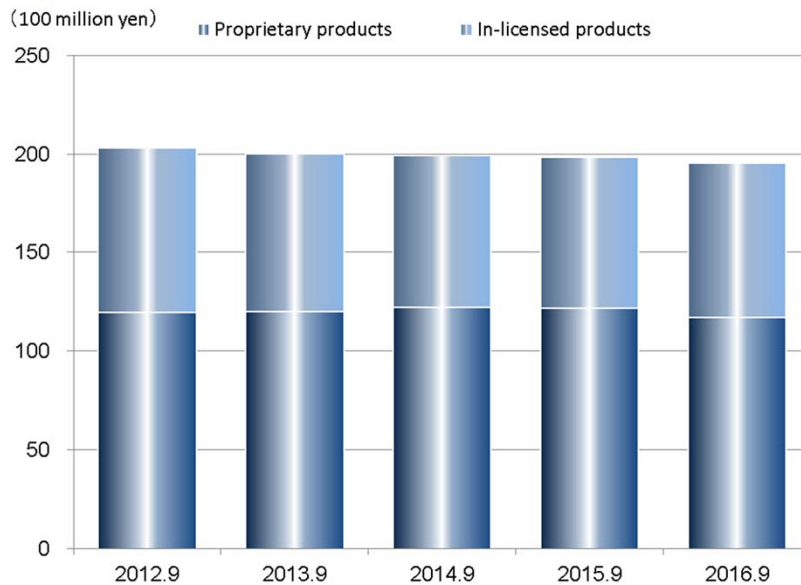
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Net sales for fiscal 2016 were 50.6 billion yen, representing a 6.3 billion yen decline in revenues (11.0% decrease) year on year.

Operating income was 4.4 billion yen, down 5.5 billion yen (55.5% decrease) year on year and ordinary income was 3.9 billion yen, down 5.5 billion yen (58.8% decrease) year on year. This was largely due to a decline in revenues from licensing and the transition towards yen appreciation. Furthermore, profit attributable to owners of parent was 1 billion yen, down 4.6 billion yen (81.6% decrease) year on year. This was in part due to having recorded “product recall related costs” as extraordinary losses.

Domestic agrochemical sales - percentage of net sales

Revenues decreased due to adjustment of distribution inventory and unstable weather conditions



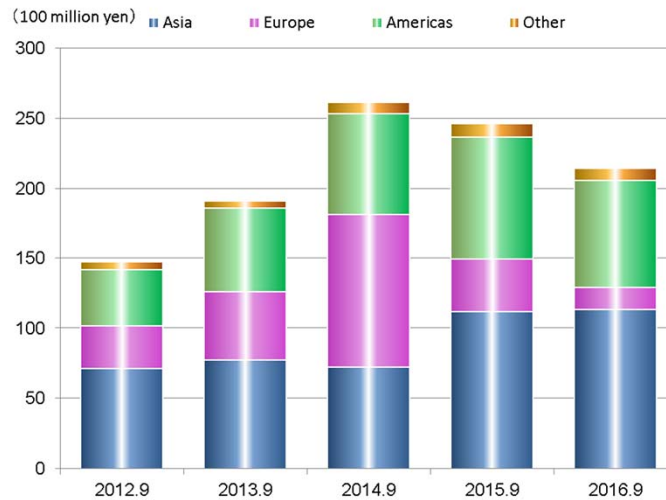
This graph shows transitions in net sales composition for domestic agrochemical sales. During fiscal 2016, we launched six new products as we worked to expand our product portfolio. We also worked to popularize our new miticide DANIKONG and other proprietary products.

Among agrochemical technical grades, net sales of the horticultural insecticide COLT increased as the product's application field extended.

However, overall domestic agrochemical sales was 19.6 billion yen, down 300 million yen year on year. Agrochemical demand was weak due to distribution inventory adjustment and the impact of unstable weather conditions.

Overseas agrochemical sales - net sales by region

Revenues decreased due to yen appreciation and a decline in sales of the technical grade of Phoenix



Actual currency rates:
110.77 yen/USD (previous year: 118.20 yen), 124.98 yen/euro (previous year: 136.69 yen)

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This graph shows transitions in net sales overseas for agrochemicals by region.

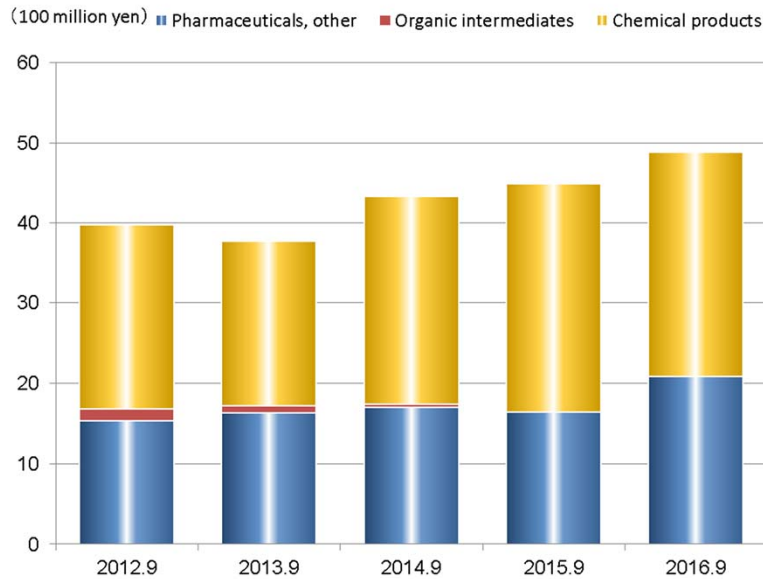
During fiscal 2016, small pest infestations and unstable weather conditions resulted in previous year inventory adjustments. As a result, net sales struggled to grow in the Americas and in major Asian markets such as India and Vietnam.

Total overseas net sales were 21.4 billion yen, down 3.2 billion yen. This was mainly due to the end of technical grade sales of Phoenix to Bayer CropScience, which is included in sales for Europe shown in purple in the graph.

Furthermore, actual currency rates for fiscal 2016 were as shown in the graph.

Chemical products, pharmaceutical products, and others - net sales by business segment

Pharmaceutical business grew stably



This graph shows transitions in chemical product and pharmaceutical product sales by business segment.

Net sales for the pharmaceutical business grew in fiscal 2016 as we began providing the antifungal agent luliconazole as the active ingredient for LUCONAC, the topical onychomycosis agent launched by Sato Pharmaceutical Co., Ltd. and POLA PHARMA INC. in April 2016.

As a result, net sales for chemical and pharmaceutical products were 4.9 billion yen, an increase of 400 million yen.

II. Review of Medium-Term Business Plan

Basic policies of the Medium-Term Business Plan

**(Vision) Nichino Group - Growing Global :
Becoming an Outstanding Globally
Competitive Company**

-Contributing to society by supporting the
agriculture industry-

**(Medium-Term Business Plan)
Advance to Growing Global 2018**

Improve profitability

- Improve profitability of domestic businesses
- Improve cost competitiveness
- Optimize expenses

Promote growth strategies

- Strengthen capability of creating new active ingredients
- Improve business competitiveness
- Enhance Group capabilities

Strengthen business platform

- Develop and utilize human resources
- Build platform for global operations

Our Group is implementing our three-year Medium-Term Business Plan “Advance to Growing Global 2018: Becoming an Outstanding Globally Competitive Company”, launched in fiscal 2016.

Looking at the policies and main strategies of this plan, our Group has identified two core pillars for this Medium-Term Business Plan; “increasing profit” and “promoting growth strategies”. In these strategies, we will expand business scope by implementing initiatives focused on business expansion, including M&A, partnerships, and product acquisitions.

We will work aggressively to strengthen our business platform in order to implement these strategies as we aim to achieve our Medium-Term Business Plan and our Group Vision.

Target scale and ideal business model

To be an R&D focused company: **No.1** in Japan and **Top 10** in the world in the future (Sales over 200 billion yen)

Our Ideal Status for 2021

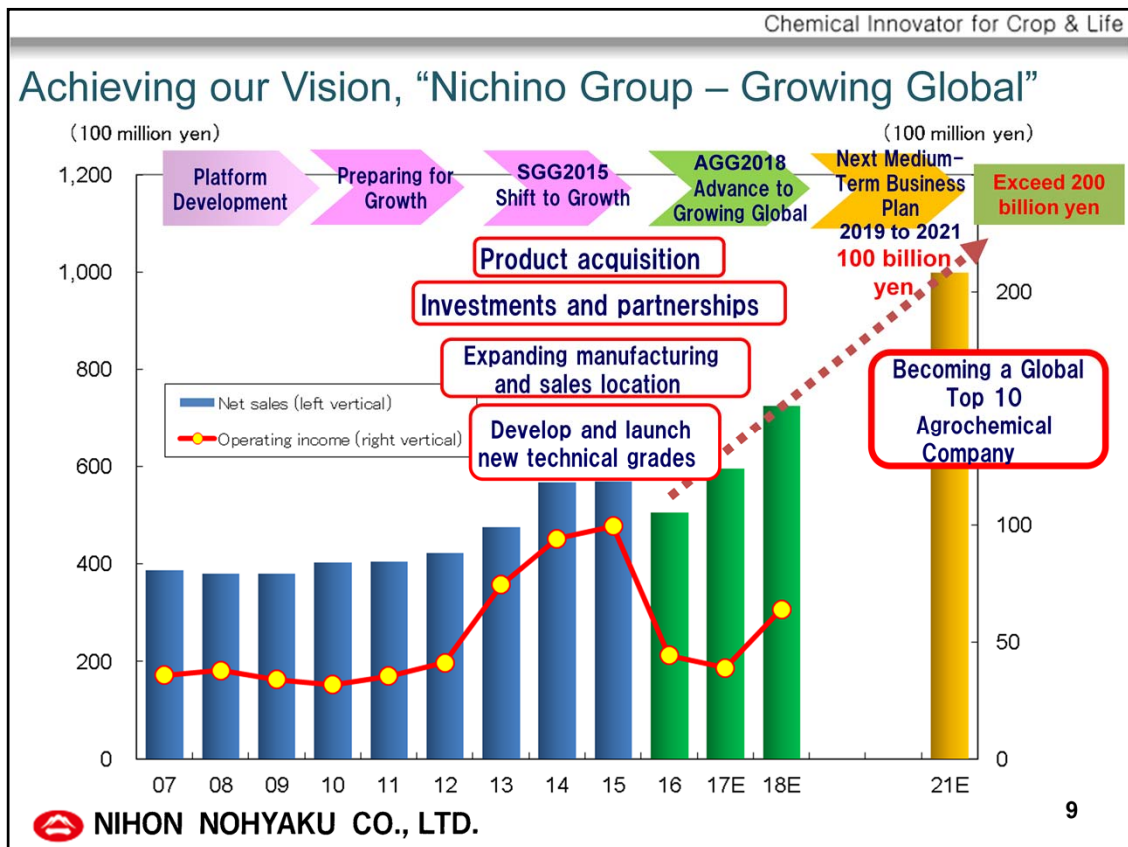
- To be a company where every employee has high motivation, pride and will for their work
- To achieve the target sales of **100** billion yen
- To globally deploy high value-added new products, existing proprietaries and high quality generics
- To be a leading agrochemical company in the market share, business scale & profitability by having solid domestic base
- To be a globally outstanding company by expanding bases for development, production & sales in worldwide major market

Our ideal situation is to be a research and development-oriented company with net sales exceeding 200 billion yen and a business scale that makes us No. 1 in Japan and top 10 globally.

Achieving net sales of 200 billion yen in such a short period is not a simple task. As such, when we drafted our previous Medium-Term Business Plan, we outlined the interim goal of 100 billion yen in net sales for fiscal 2018, which represents the timing by which we will have implemented the growth strategies from two consecutive three-year Medium-Term Business Plans since fiscal 2013.

However, currency markets have since transitioned towards yen appreciation, agriculture markets in emerging economies were down due to the expanded use of GMO crops and unstable weather conditions, and the market dealt with excessive inventory on a global scale. With such changes in our business environment, we decided to reevaluate our Medium-Term Business Plan.

As a result, we determined that conditions in our operating environment required us to revise the timing for achieving net sales of 100 billion to fiscal 2021, three years later to our original target. On the other hand, of the five qualitative goals outlined here, excluding net sales we will achieve ahead of schedule.



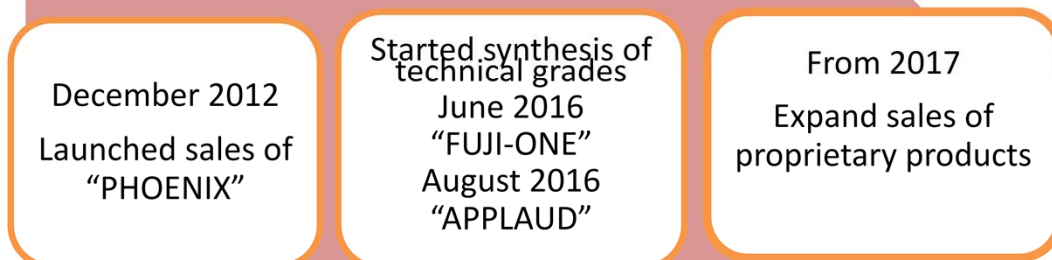
This graph shows actual versus planned performance for net sales and operating income between fiscal 2007 and fiscal 2021.

Fiscal 2007 to fiscal 2012 is a period which we laid our business foundation and prepared growth. Earnings during this period were stable but in order to strengthen research and development investments, embody our corporate principles, and to aim for further growth and achievements in the future, we realized we needed to set aggressive goals and develop strategy. Thus, in fiscal 2013 we shifted our focus to growth initiatives.

We view the goal of 100 billion yen in net sales by fiscal 2021 as a turning point along our path towards becoming achieving our Group Vision of becoming a research and development-oriented company with net sales exceeding 200 billion yen and ranks as a Global Top 10 company.

Status of Medium-Term Business Plan Hyderabad Chemical Pvt.Ltd.(HCL)

- Consolidated subsidiary as of 3Q/FY2015
- In September 2015, created and began operating J-SOX system



The status of our new Medium-Term Business Plan is as above.

With the aim of expanding our business scope, during the previous Medium-Term Business Plan, we made investments in India's Hyderabad Chemical and Brazil's Sipcam Nichino Brasil.

During the current Medium-Term Business Plan, as part of our promotion of growth strategies we will strengthen our partnerships with the two companies as we aim to create synergy.

Speaking specifically regarding the status of progress for the Medium-Term Business Plan, Hyderabad Chemical was added to the scope of consolidation from the third quarter of fiscal 2015. We also established and began operating a J-SOX system in September of last year as part of our PMI efforts.

Regarding sales of proprietary drugs, we began sales of Phoenix in December of last year. With the aim of strengthening Group manufacturing functions for intermediates, in June 2016 we began manufacturing of the rice paddy insecticide FUJI-ONE in June and the gardening insecticide APPLAUD in August.

From 2017, we will strive to expand sales of our proprietary products.

Status of Medium-Term Business Plan

Sipcam Nichino Brasil S.A.(SNB)

- Use investments to strengthen financial structure
- In the end of FY2016, it became a consolidated subsidiary



August 2015

Launched sales of:
"APPLAUD"
"DANITRON"

October 2016

Launched sales of:
"orthosulfamuron"

From 2017
Expand sales of proprietary products

FY2021

Plan to launch sales of
"PHOENIX"

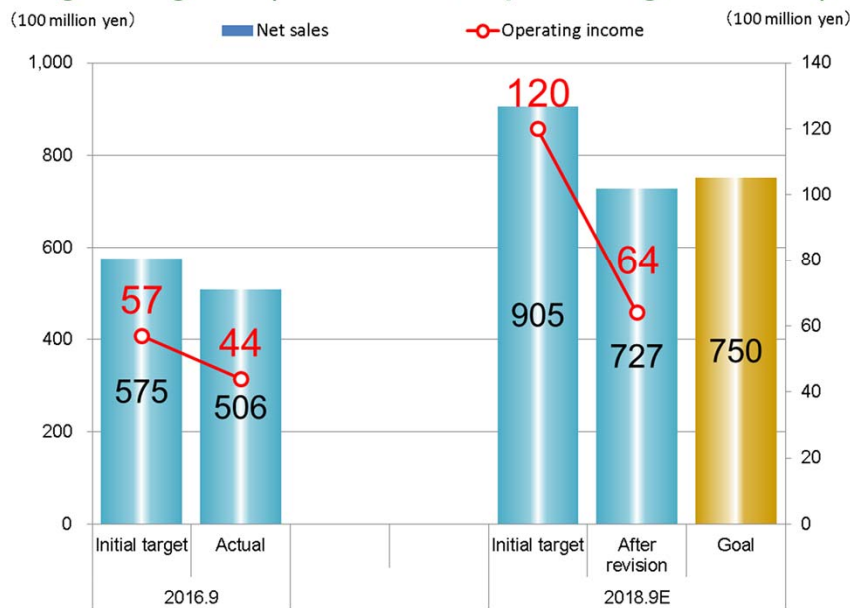
We began applying equity method accounting to Sipcam Nichino Brasil from the end of September 2014. We later increased our capital investment in the company as part of efforts to strengthen their financial structure. On September 30, 2016, the company became a consolidated subsidiary.

Regarding proprietary products, we began sales of "APPLAUD" and the miticide "DANITRON" in August 2015 and in October 2016 we launched sales of "orthosulfamuron", an agent for sugar cane ripening.

From 2017, we are aiming to further expand sales of our proprietary products.

We currently assign exclusive licensing rights for "PHOENIX" in Brazil to Bayer CropScience but we are planning to launch sales from fiscal 2021, after the product patent expires.

Review of Medium-Term Business Plan Earnings targets (net sales, operating income)



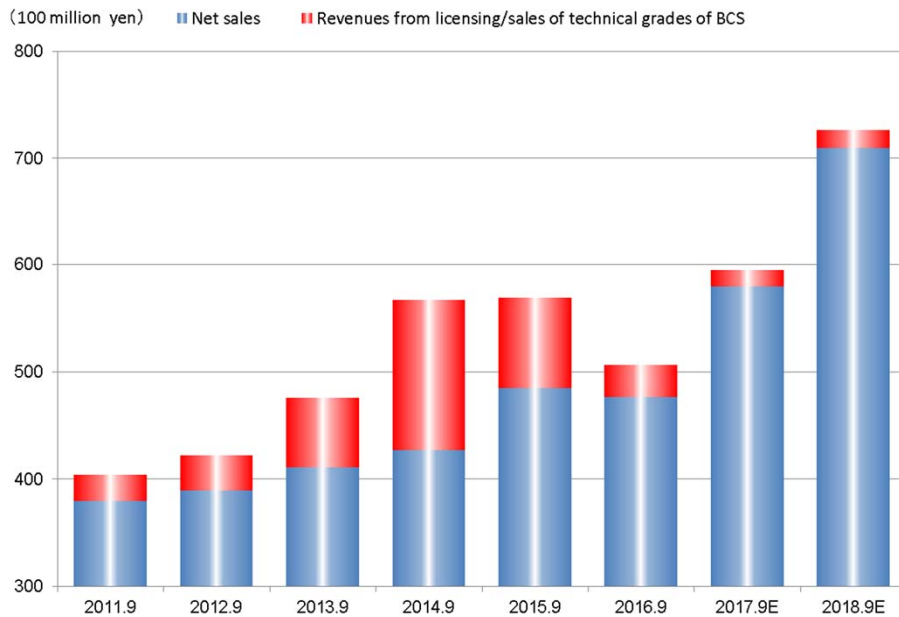
As explained above, after the results of the previous fiscal year, we assessed currency markets and other changes in the operating environment affecting existing businesses, reviewed M&A plans and other previously outlined plans, added new proposals, and reevaluated earnings targets.

As shown in the graph, we revised earnings for fiscal 2018, the final year of our Medium-Term Business Plan, from 90.5 billion yen to 72.7 billion yen for net sales and from 12 billion yen to 6.4 billion yen for operating income.

However, we will aim to achieve net sales of 75.0 billion yen, the goal figure shown in orange, by further improving existing and new businesses during the Plan period.

Transitions in consolidated earnings

Solid growth in net sales



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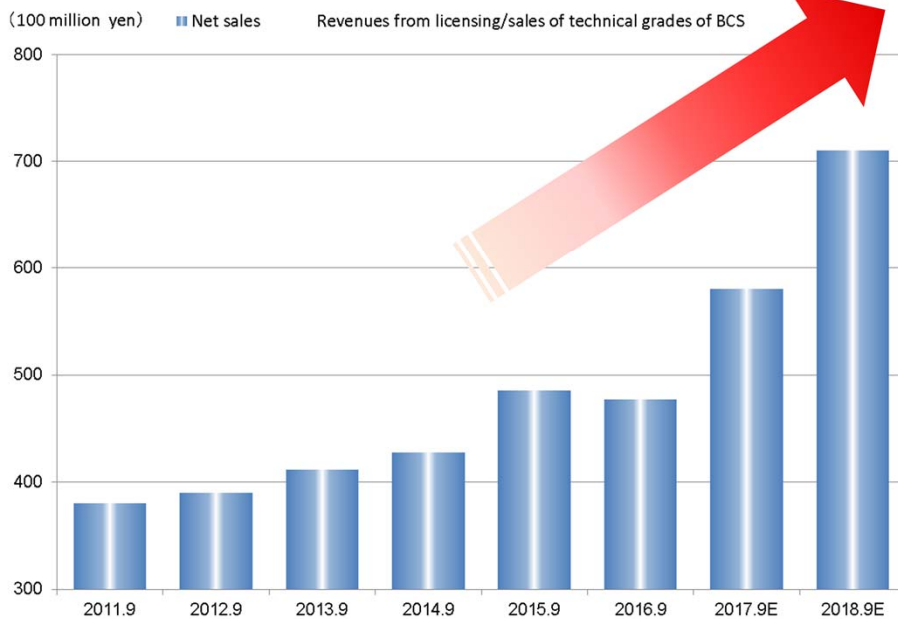
This graph shows actual versus planned performance for net sales and operating income between fiscal 2011 and fiscal 2018. Blue represents net sales from business operations. Here we show net sales from conventional business separately from revenues from licensing and sales of technical grades to Bayer CropScience, which are shown in red, because these are aspects of business that are difficult for us to control.

Up to fiscal 2015, business net sales grew smoothly and overall net sales grew thanks to steady growth of net sales from business operations and increased revenues from licensing and sales of technical grades to Bayer CropScience.

During the previous fiscal year, the end of technical grades to Bayer CropScience and lower revenues from licensing, both shown in red, caused total net sales to decline but net sales from business operations, shown in blue, were almost unchanged from fiscal 2015.

Transitions in consolidated earnings

Solid growth in net sales



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From this fiscal year, we will realize the synergy generated with Hyderabad Chemical and Sipcam Nichino Brasil, through the promotion of new growth strategies we will aim for further growth of net sales from business operations.

Progress in R&D

Successfully launching new agents amid growing difficulty of creation of new active ingredients

Product name	Classification/ characteristics	2015	2016	2017	2018	2019	2020	2021	2022	2023
DANIKONG (pyflubumide)	Miticide Effective against a wide variety of mites	→								
		(Domestic release in March 2015)								
MAJOR (picoxystrobin)	Horticultural fungicide Effective a wide range of disease damage	→	→							
		(Domestic release in July 2016)								
PARADE (pyraziflumid)	Horticultural fungicide Effective a wide range of disease damage	→	→	→	→	→	→	→		
		(Domestic release planned for 2018)				(USA release planned for 2021)				
NNI-1501	Paddy insecticide Effective against whiteback hoppers and leafhoppers	→	→	→	→	→	→	→	→	→
		(Domestic release planned for 2021)				(India release planned for 2023)				

Our growth strategies, the strengthening of our research and development capabilities are as above.

In recent years, discovering new bioactive compounds, in other words, creation of new active ingredients, has become more difficult. At the same time, safety assessment standards have risen and the cost of maintaining existing registrations has increased, resulting in a dramatic increase in research and development expenses.

Amid such conditions, we are investing more than 10% of annual net sales into research and development in order to further enhance our R&D capabilities. Our new agent development and launch to market schedule is as shown in the table. Last year, we launched the new miticide agent “DANIKONG” in March.

In July 2016 we launched “MAJOR”, a horticultural fungicide for which we acquired development rights in Japan from DuPont, and we are anticipating peak net sales of 500 million yen.

We also completed the registration application process for “PARADE”, the general fungicide agent applicable in a wide variety of uses such as rice paddies, horticulture, and lawns, and are anticipating launch to market in 2018. We also are developing this product for the US market and are working with the goal of launch to market in 2021. We are anticipating peak net sales of 1.5 to 2.0 billion yen on the Japanese market and, including US development, anticipate approximately 4.0 billion yen.

Furthermore, the decision was made to conduct simultaneous development in Japan and India for the new rice paddy insecticide NNI-1501, and began full-scale development in both countries with the goal of launching to market in 2021 and 2023, respectively. We are anticipating peak net sales of 1.0 billion yen on the Japanese market and 4.0 to

5.0 billion yen in India.

Promote overseas release of existing proprietary products

Miticide “DANIKONG” (pyflubumide)

- Registered technical grades in Korea, aiming for 2017 product registration

Insecticide “COLT” (pyrifluquinazon)

- Filed for registration in USA for food products, aiming to launch sales in 2018

General insecticide “HACHI-HACHI” (tolfenpyrad)

- Application expanding in California, USA, also in development in Brazil

SU herbicide “orthosulfamuron”

- Continuing evaluation of new compound formula, aiming to expand to global markets

The status of overseas development of existing proprietary products is as above.

For “DANIKONG”, registration in Korea for the technical grades was completed in August 2016 and we are working with business partners with the goal of securing product registration in 2017.

We collaborated with our subsidiary, Nichino America to file for food product use registration for “COLT” in August 2016 and are aiming to launch sales in 2018.

The general pesticide “HACHI-HACHI” is already sold in parts of the US and we are planning to file for registration in 2017 in order to expand use into California, a major market for this product. We also are developing the product for the Brazil market.

For “orthosulfamuron”, we continue to evaluating new blended agents containing “orthosulfamuron” as we aim to expand the product to global markets.

Loss of USA registration for “PHOENIX” (flubendiamide)

Our approach and policy

- As it relates to safety concerns regarding one of sediment dwellers indicated by the US Environmental Protection Agency (EPA), we are confident that there are no problems when the product is used in accordance with the safety standards outlined for registration in each country.
- No additional cases of revoked registration in other major countries where product is registered (Korea, Vietnam, India, etc. countries in Asia as well as Brazil and other regions in Latin America)
- Focus on cooperating with domestic and international experts to clarify the adequacy of our approach by publishing scientific papers on validation results.
- Continue evaluating re-registration in the US

Our approach and policies concerning the loss of agrochemical registration for “PHOENIX” in the US are as above.

Registration for “PHOENIX” in the US was revoked in September 2016.

However, we are confident that, when used in accordance with the safety standards outlined for registration in Japan and other countries, there are no problems related to the safety concerns for one of sediment dwellers indicated by the Environmental Protection Agency for this product.

We are proactively communicating with the relevant authorities of major countries where the product is registered in Asia, including Korea, Vietnam, India, as well as Brazil and other countries in Latin America but there no cases of revoked registration like in the US.

Moving forward, we will focus on cooperating with domestic and international experts to clarify the adequacy of our approach by publishing scientific papers on validation results.

Furthermore, we will continue evaluating re-registration in the US.

III. FY2017 Targets

FY2017 Targets (YoY comparison)

Increased revenues, decreased income (Unit: 100 million yen, %)

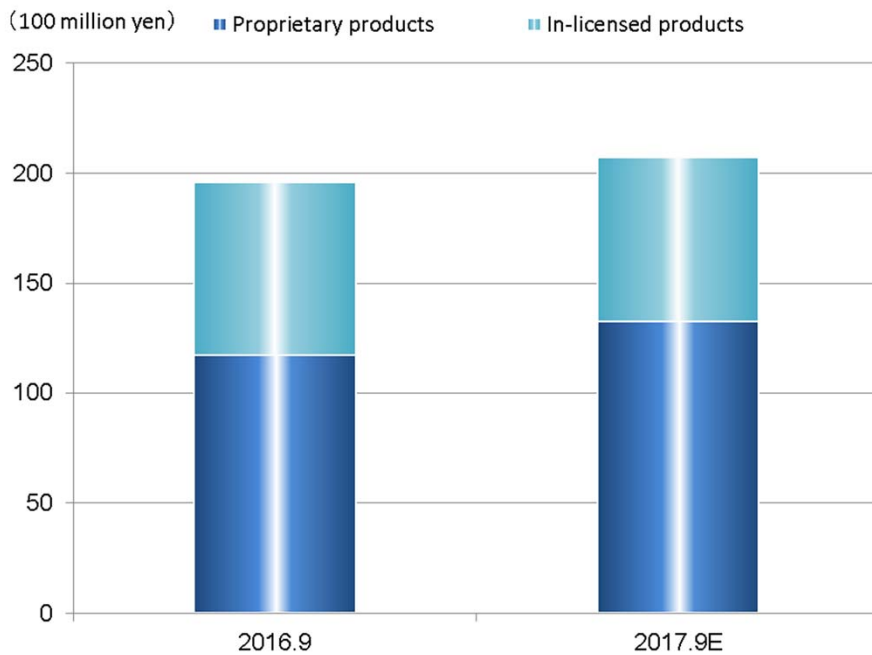
	FY2017	FY2016		
	Target	Earnings	YoY comparison	Growth %
Net sales	595	506	89	17.5
Domestic agrochemical sales	207	196	11	5.7
Overseas agrochemical sales	307	214	93	43.1
Chemical products/pharmaceuticals	46	49	△ 3	△ 5.7
Revenues from licensing	15	29	△ 14	△ 49.0
Other	20	18	2	11.4
Cost of sales	371	305	66	21.7
Gross profit	224	201	23	11.2
SG&A	185	157	27	17.7
Operating income	39	44	△ 5	△ 11.9
Ordinary income	36	39	△ 3	△ 6.9
Extraordinary loss	0	15	△ 15	△ 100.0
Profit attributable to owners of parent	22	10	12	112.5

We are targeting net sales of 59.5 billion yen, up 8.9 billion yen (17.5% increase) year on year. This will be driven mainly by growth in overseas agrochemical sales, including the new consolidation of Sipcam Nichino Brasil.

We will target operating income of 3.9 billion yen, down 500 million yen (11.9% decrease) year on year and ordinary income of 3.6 billion yen, down 300 million yen (6.9% decrease) year on year. This mainly reflects future business expansion in line with our Medium-Term Business Plan and increased SG&A expenses of 2.7 billion yen.

On the other hand, during the previous fiscal year we recorded extraordinary losses, however this fiscal year, conditions will normalize, thus we are targeting profit attributable to owners of parent of 2.2 billion yen, up 1.2 billion yen (112.5% increase) year on year.

Domestic agrochemical sales - percentage of net sales

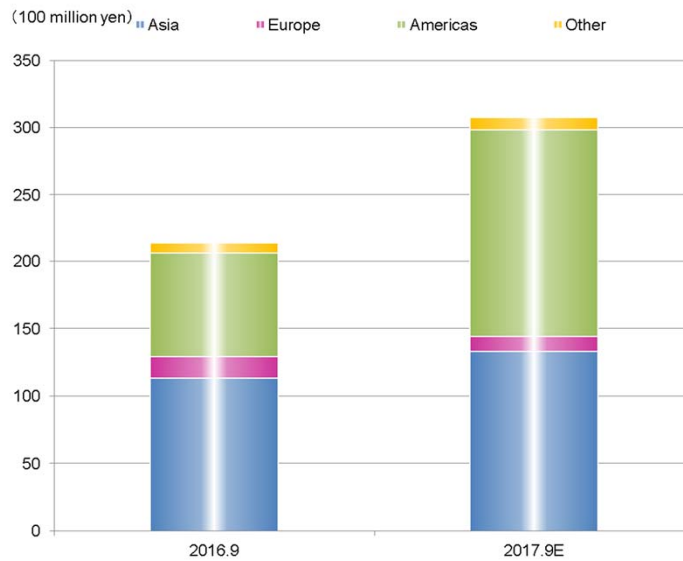


This graph shows the net sales composition for domestic agrochemical sales this fiscal year.

We will work to expand sales of “DANIKONG”, the rice paddy fungicide “V-GET”, and other major proprietary products as well as “MAJOR” released last year and “BEET-UP”, the sugar beet herbicide planned for release this fiscal year. As a result, we are planning on net sales of 20.7 billion yen, up 1.1 billion yen year on year.

Overseas agrochemical sales - net sales by region

Net sales growth in Asia & Americas



Assumed currency rates: 105 yen/USD, 120 yen/euro

This graph shows net sales overseas for agrochemicals by region for the current fiscal year.

In the Asia region, we expect sales to grow as we expand use and popularity of “PHOENIX” in each country while accelerating efforts related to establishing manufacturing and sales systems at Hyderabad Chemical for our proprietary products.

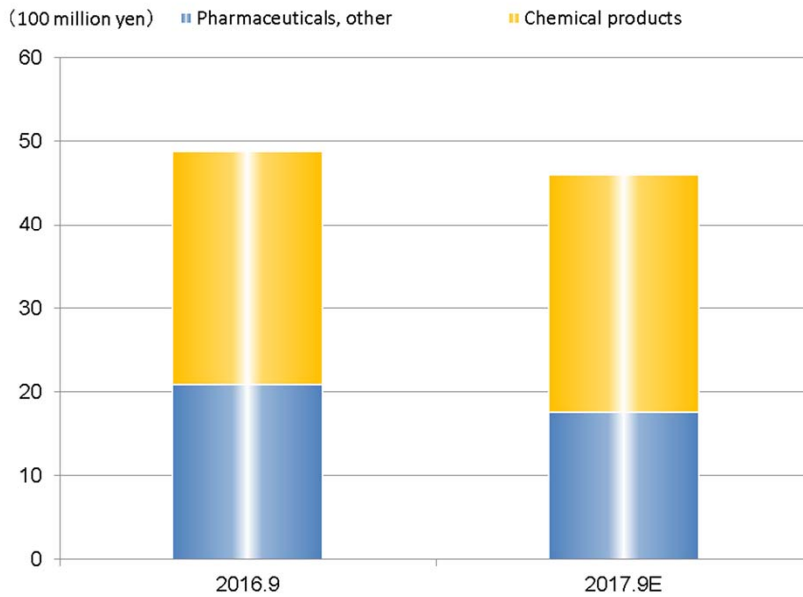
In the Americas, we expect sales of our proprietary products to grow thanks to the inclusion of Sipcam Nichino Brasil in the scope of consolidation and continued efforts to support their operations, will lead to the quick establishment of a sales system for expanding product sales in Brazil.

Based on the above, we are targeting overseas net sales of 30.7 billion yen (year-on-year increase of 9.3 billion yen).

Furthermore, currency targets for the current fiscal year are as shown here.

Chemical products, pharmaceutical products, others - net sales by business segment

Pharmaceutical business revenues to decline



This graph shows current term targets for chemical and pharmaceutical product net sales.

For the chemical products business, we will utilize the partnership with Agrimart to expand our technology into sales companies, thereby maintaining and expanding our termite control business.

Dividend targets

Continuing to issue stable dividends

			13.9	14.9	15.9	16.9	17.9E
Net income	million yen		4,715	6,137	5,625	1,035	2,200
Total dividend amount	million yen		869	1,002	1,002	1,002	1,002
Dividend per share	Interim	yen	4.5	6.5	7.5	7.5	7.5
	Year-end	yen	8.5	8.5	7.5	7.5	7.5
	Total	yen	13.0	15.0	15.0	15.0	15.0
Dividend payout ratio	%		18.4	16.3	17.8	96.8	45.6

Lastly, based on our policy of continuous stable dividends, we are targeting an annual dividend of 15 yen for the current fiscal year.

Continuously, we will work to ensure appropriate profit returns based on a comprehensive evaluation of the economic environment, earnings, business plans, and financial conditions.