

FY ending March 2018 3rd Quarter Consolidated Financial Results

Feb. 2, 2018

DAICEL CORPORATION

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Operating Results

(billion yen)

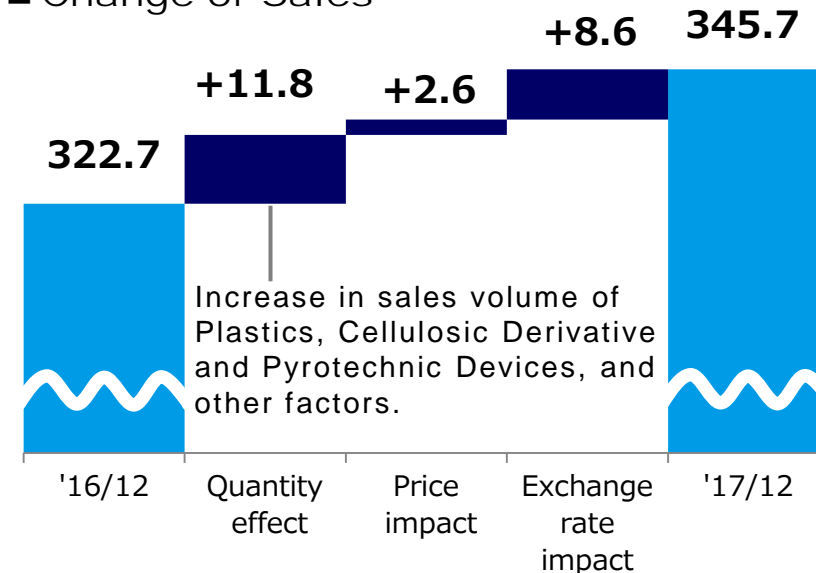
	FY ended March 2017 3rd Quarter	FY ending March 2018 3rd Quarter	Change	Change Rate
Sales	322.7	345.7	23.0	+7.1%
Operating profit	48.1	46.1	-2.0	-4.1%
Ordinary profit	49.5	49.1	-0.4	-0.8%
Profit attributable to owners of parent	32.3	28.5	-3.8	-11.8%
Exchange rate(USD/JPY)	107	112		

- Increase in sales, due mainly to an increase in sales volume of Plastics, Cellulosic Derivative and Pyrotechnic Devices.
- Decrease in operating profit, due mainly to the impact of rising raw material and fuel procurement prices and increases in depreciation costs, as well as a fire that occurred at the peracetic acid plant of the Ohtake Plant.

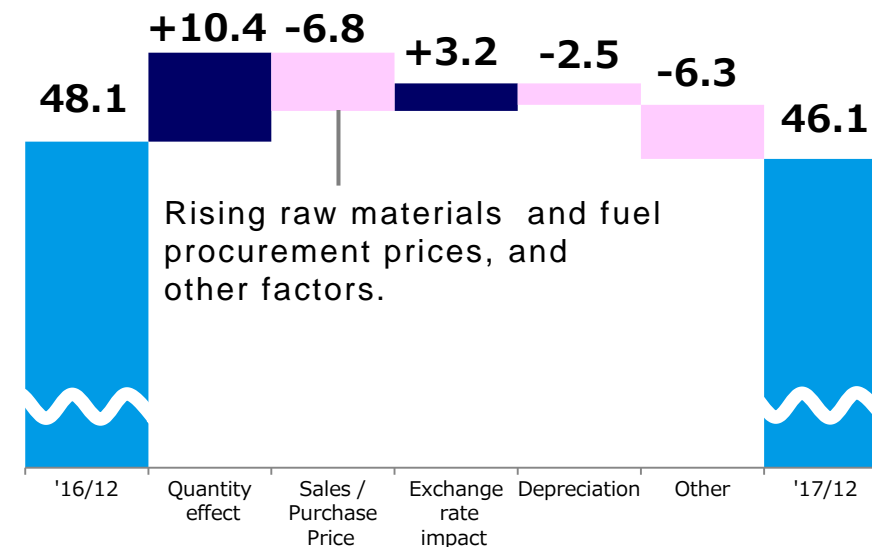
Consolidated Profit and Loss Statement

	(billion yen)			
	FY ended March 2017 3rd Quarter	FY ending March 2018 3rd Quarter	Change	Change Rate
Net Sales	322.7	345.7	+23.0	+7.1%
Gross profit	100.8	103.8	+3.0	+3.0%
Selling, general and administrative expenses	52.7	57.6	+5.0	+9.4%
Operating Profit	48.1	46.1	-2.0	-4.1%
Non-operating income and expenses	1.4	3.0	+1.6	+114.3%
Ordinary Profit	49.5	49.1	-0.4	-0.8%
Extraordinary income and losses	0.8	-2.9	-3.7	-
Profit before income taxes	50.3	46.2	-4.1	-8.2%
Income taxes	12.6	12.1	-0.5	-3.7%
Profit attributable to non-controlling interests	5.4	5.6	+0.2	+3.1%
Profit attributable to owners of parent	32.3	28.5	-3.8	-11.8%
Exchange rate(USD/JPY)	107	112		

Change of Sales



Change of Operating Profit



Sales and Operating Profit by Segment



(billion yen)

【Sales】

	FY ended March 2017 3rd Quarter	FY ending March 2018 3rd Quarter	Change	Change Rate	Analysis	
					Quantity	Prices
Cellulosic Derivatives	65.2	67.9	+2.7	+4.1%	+4.1	-1.5
Organic Chemicals	55.3	59.6	+4.3	+7.7%	+0.2	+4.1
Plastics	117.2	127.2	+10.0	+8.5%	+5.5	+4.5
Pyrotechnic Devices	80.5	86.5	+6.0	+7.4%	+1.9	+4.1
Others	4.5	4.6	+0.1	+1.6%	+0.1	
Total	322.7	345.7	+23.0	+7.1%	+11.8	+11.2

Composition ratio	'17/12	'16/12	Stacked Bar Chart Data			
			Cellulosic Derivatives	Organic Chemicals	Plastics	Pyrotechnic Devices
	19.6%	17.2%	36.8%	25.0%		
	20.2%	17.1%	36.3%	24.9%		

【Operating Profit】

	FY ended March 2017 3rd Quarter	FY ending March 2018 3rd Quarter	Change	Change Rate	Analysis		
					Quantity	Prices	Other
Cellulosic Derivatives	17.1	15.7	-1.4	-8.2%	+2.2	-2.9	-0.7
Organic Chemicals	8.5	5.6	-2.9	-34.4%	+0.4	+0.4	-3.7
Plastics	16.7	17.6	+0.9	+5.5%	+3.7	-1.2	-1.6
Pyrotechnic Devices	15.2	17.3	+2.2	+14.2%	+4.3	0.0	-2.1
Others	0.5	0.4	-0.1	-19.9%	-0.1		
Corporate and eliminations	-9.8	-10.5	-0.6	-6.3%			-0.6
Total	48.1	46.1	-2.0	-4.1%	+10.4	-3.6	-8.8

Composition ratio	'17/12	'16/12	Stacked Bar Chart Data			
			Cellulosic Derivatives	Organic Chemicals	Plastics	Pyrotechnic Devices
	27.7%	9.9%	31.1%	30.6%		
	29.5%	14.7%	28.8%	26.2%		

Sales: + 2.7 billion yen (Exchange rate impact: + 2.3 billion yen)

◆ Cellulose Acetate :

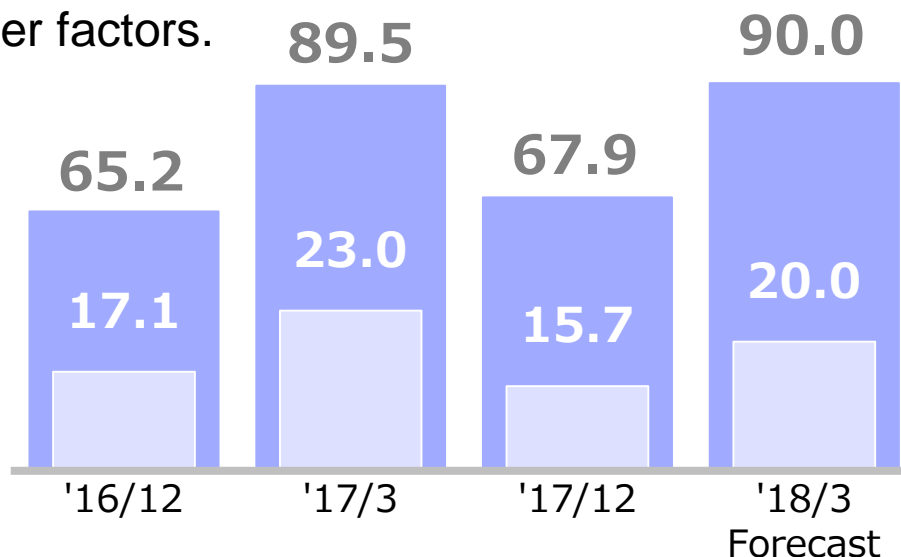
Remained flat. Demand decreased for LCD film applications, however it increased for other applications.

◆ Acetate Tow for Cigarette Filters :

Despite the softening of the market resulting from the world-wide glut, sales posted growth due to our efforts in strengthening relationships with main customers, growth of sales volume by cultivation of new customers, favorable foreign exchange rates and other factors.

Operating Profit: - 1.4 billion yen

Decrease in operating profit due mainly to the negative impact of the softening of the market on acetate tow for cigarette filters and an increase in raw material and fuel prices.

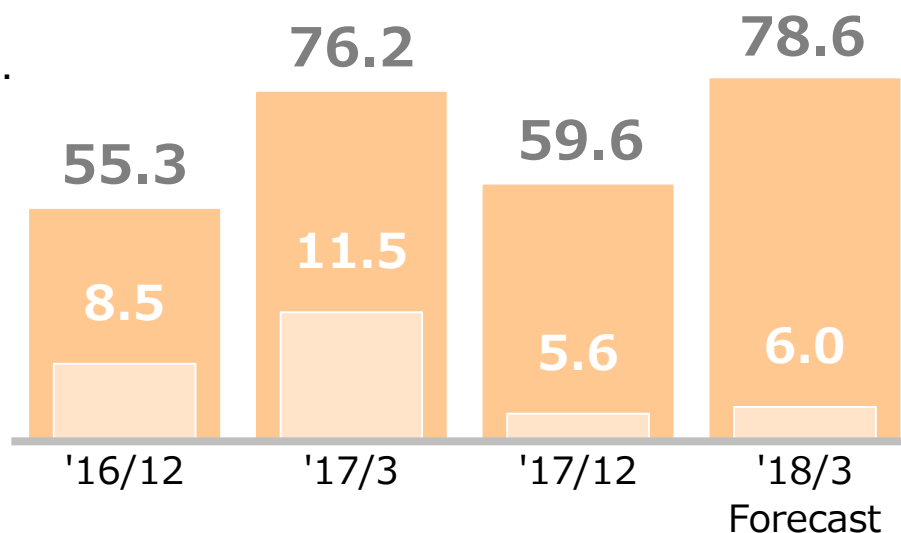


Sales: + 4.3 billion yen (Exchange rate impact: + 0.8 billion yen)

- ◆ Acetic Acid : Posted growth due mainly to an upward trend in the market, even amid decline in sales volume as the biennial periodical maintenance of our Aboshi Plant was implemented during the period under review.
- ◆ Organic Chemicals : Growth in sales due to an increase in sales volume and other factors.
- ◆ Performance Chemicals : Remained flat. While sales volume of peracetic acid derivative decreased due to a fire that occurred at the peracetic acid plant of the Ohtake Plant, sales volume of other products for electronic materials registered an increase.
- ◆ Chiral Separation business : Growth in sales due to increases in column and chiral stationary phase (CSPs) sales, as well as the growth of new business in India.

Operating Profit: - 2.9 billion yen

Decrease in operating profit due to the impact of rising raw material and fuel procurement prices, increases in R&D and depreciation costs, and other factors.



Sales: + 10.0 billion yen (Exchange rate impact: + 3.1 billion yen)

◆ Engineering Plastics business :

Growth in sales, supported by increases in demand for automobile parts and smartphones, an increase in sales volume resulting from progress in new parts adoption, favorable foreign exchange rates and other factors.

◆ Plastic Compound business :

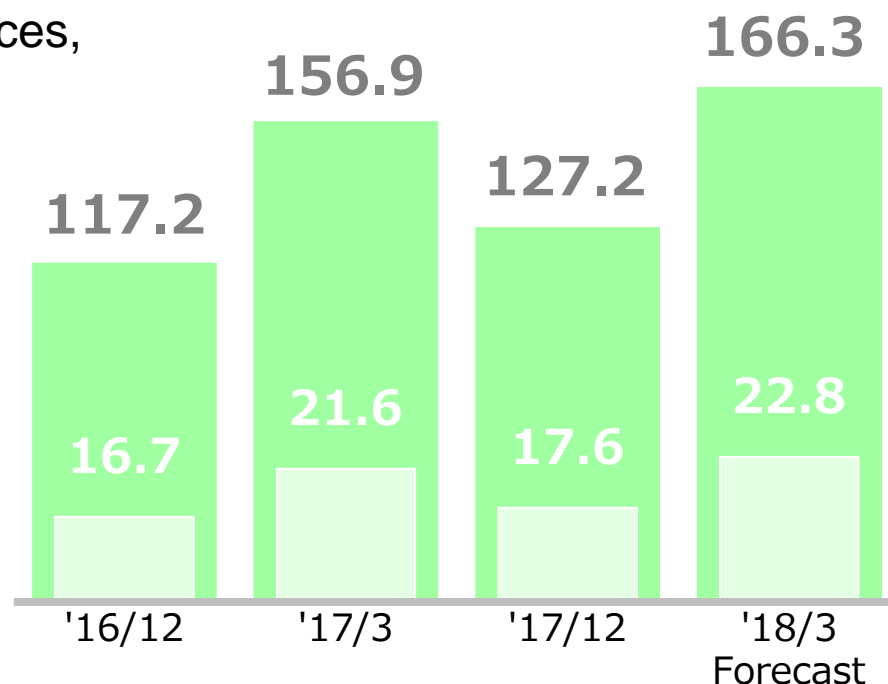
Growth in sales due primarily to rising raw material and fuel procurement prices and the subsequent revision of selling prices, and favorable foreign exchange rates.

◆ Plastic Processing business :

Decrease in sales due to a decline in sheet sales.

Operating Profit: + 0.9 billion yen

Increase in operating profit due to an increase in sales volume and other factors, despite a rise in raw material and fuel procurement prices.



Sales: + 6.0 billion yen (Exchange rate impact: + 2.4 billion yen)

◆ Automobile Safety Parts business :

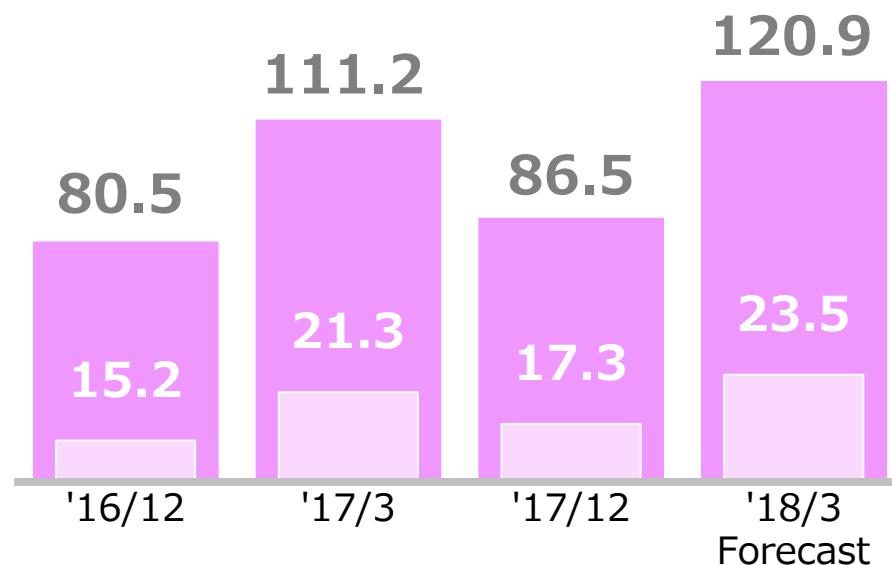
Growth in sales, thanks to an increase in inflator sales volume, favorable foreign exchange rates and other factors.

◆ Aerospace & Defense business :

Posted a decline in sales because of a decrease in volume of some products procured by the Ministry of Defense.

Operating Profit: + 2.2 billion yen

Increase in operating profit due to an increase in sales volume and other factors.



References

Consolidated Balance Sheet



(billion Yen)

	As of Mar. 31, 2017	As of Dec. 31, 2017	Change	Remarks
Total current assets	307.2	347.0	+39.7	
Cash, Deposits and Short-term investment securities	96.9	121.2	+24.3	
Notes and accounts receivable-trade	88.3	95.8	+7.5	
Inventories	100.7	107.7	+7.0	
Other	21.3	22.3	+0.9	
Total non-current assets	292.5	305.5	+13.0	
Property, plant and equipment	185.2	189.1	+3.9	Acquisition: +23.8, Depreciation: -22.2 Currency translation differences: +2.6, Retirement: -0.3
Intangible fixed assets	9.6	9.3	-0.4	
Investments and other assets	97.7	107.2	+9.5	Investment securities: +10.2
Total assets	599.7	652.5	+52.7	
Liabilities	200.3	236.2	+35.9	
Interest-bearing Liabilities	72.3	106.4	+34.1	Bonds: +30.0, Interest-bearing liabilities ratio: 16.3%
Other	128.0	129.8	+1.8	
Total net assets	399.4	416.3	+16.8	Capital adequacy ratio: 59.6%
Total liabilities and net assets	599.7	652.5	+52.7	

Quarterly Result for Sales and Operating Profit



(billion yen)

	FY ended March 2017				FY ending March 2018		
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter
Sales	103.7	106.1	112.9	117.3	112.3	116.8	116.7
Cellulosic Derivatives	22.3	21.2	21.8	24.3	22.1	22.9	22.8
Organic Chemicals	19.0	17.5	18.8	20.9	19.6	19.5	20.5
Plastics	37.9	38.5	40.8	39.8	41.2	42.5	43.4
Pyrotechnic Devices	23.3	27.4	29.9	30.7	28.0	30.1	28.4
Others	1.3	1.6	1.7	1.7	1.3	1.7	1.6
Operating Profit	17.2	13.4	17.5	16.2	15.8	15.7	14.6
Cellulosic Derivatives	6.4	5.3	5.4	5.9	5.5	5.5	4.7
Organic Chemicals	3.5	2.2	2.8	3.0	2.1	1.5	2.0
Plastics	6.3	5.0	5.4	4.8	5.7	6.4	5.5
Pyrotechnic Devices	4.1	4.4	6.7	6.1	6.0	5.6	5.7
Others	0.1	0.2	0.2	0.2	0.0	0.2	0.1
Corporate and eliminations	-3.2	-3.7	-3.0	-4.0	-3.6	-3.6	-3.2

Trend in Capital Investment/Depreciation/R&D

Note: Announcement on Nov. 1. Forecast is not reviewed at 3rd quarter account settlement.

						(billion yen)
【Capital Investment】	FY ended March 2014	FY ended March 2015	FY ended March 2016	FY ended March 2017	FY ending March 2018 (Forecast)	
Cellulosic Derivatives	7.1	14.9	13.5	8.3	6.6	
Organic Chemicals	3.8	6.4	5.8	9.2	7.1	
Plastics	10.1	2.3	4.3	5.1	5.7	
Pyrotechnic Devices	3.7	6.2	15.1	12.6	17.6	
Others/ Corporate and eliminations	0.9	0.9	1.6	4.3	3.0	
Total	25.6	30.6	40.3	39.5	40.0	
【Depreciation and Amortization】	FY ended March 2014	FY ended March 2015	FY ended March 2016	FY ended March 2017	FY ending March 2018 (Forecast)	
Cellulosic Derivatives	7.6	6.2	6.7	9.3	9.3	
Organic Chemicals	4.9	4.5	4.4	5.4	7.0	
Plastics	5.1	6.3	5.6	5.0	5.3	
Pyrotechnic Devices	5.2	5.3	5.9	7.9	8.7	
Others/ Corporate and eliminations	0.8	1.2	1.3	1.4	1.7	
Total	23.7	23.4	23.9	29.0	32.0	
【R&D】	FY ended March 2014	FY ended March 2015	FY ended March 2016	FY ended March 2017	FY ending March 2018 (Forecast)	
Total	13.4	14.0	15.3	16.8	19.9	

Financial Forecast

Note: Announcement on Nov. 1. Forecast is not reviewed at 3rd quarter account settlement.

	(billion yen)						
	FY ended March 2017			FY ending March 2018			Change (B) - (A)
	1st half	2nd half	Total (A)	1st half	2nd half (forecast)	Total (B)	
Sales	209.8	230.3	440.1	229.0	233.0	462.0	+21.9
Cellulosic Derivatives	43.5	46.0	89.5	45.1	44.9	90.0	+0.5
Organic Chemicals	36.5	39.7	76.2	39.1	39.5	78.6	+2.4
Plastics	76.3	80.6	156.9	83.7	82.6	166.3	+9.4
Pyrotechnic Devices	50.6	60.6	111.2	58.1	62.8	120.9	+9.7
Others	2.9	3.4	6.2	3.0	3.2	6.2	-0.0
Operating Profit	30.6	33.7	64.3	31.5	27.0	58.5	-5.8
Cellulosic Derivatives	11.7	11.3	23.0	11.0	9.0	20.0	-3.0
Organic Chemicals	5.7	5.8	11.5	3.6	2.4	6.0	-5.5
Plastics	11.3	10.3	21.6	12.1	10.7	22.8	+1.2
Pyrotechnic Devices	8.5	12.8	21.3	11.6	11.9	23.5	+2.2
Others	0.3	0.4	0.7	0.3	0.4	0.7	-0.0
Corporate and eliminations	-6.8	-7.0	-13.8	-7.2	-7.3	-14.5	-0.7
Ordinary profit	29.5	36.7	66.2	33.1	27.9	61.0	-5.2
Profit attributable to owners of parent	19.1	24.1	43.2	19.6	17.4	37.0	-6.2
Exchange rate (USD/JPY)	105	111	109	111	110	111	

※Assumptions : Methanol(Asian spot price),USD290/ton, Crude oil, Dubai USD52/bbl, Domestic Naphtha JPY38,000/kl

Return to Shareholders

Note: Forecast is not reviewed at 3rd quarter account settlement.

Dividends for 1st half	16 yen per share
Dividends for 2nd half (Forecast)	16 yen per share
Annual Dividends (Forecast)	32 yen per share

Reacquisition of 7.5 million shares
of company stock for approximately 10 billion yen.
(Period of purchase: From August 2017 to January 2018)

We expect to achieve the target dividend payout ratio
of 30% for FY ending March 2018,
set in the 3D-III medium-term plan.

Forecast of the dividend payout ratio is based on the financial forecast announced on Nov. 1, 2017.

Notes regarding Forward-Looking Statements

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