

FY ending March 2019 1<sup>st</sup> Half

Consolidated Financial Results

November 1, 2018

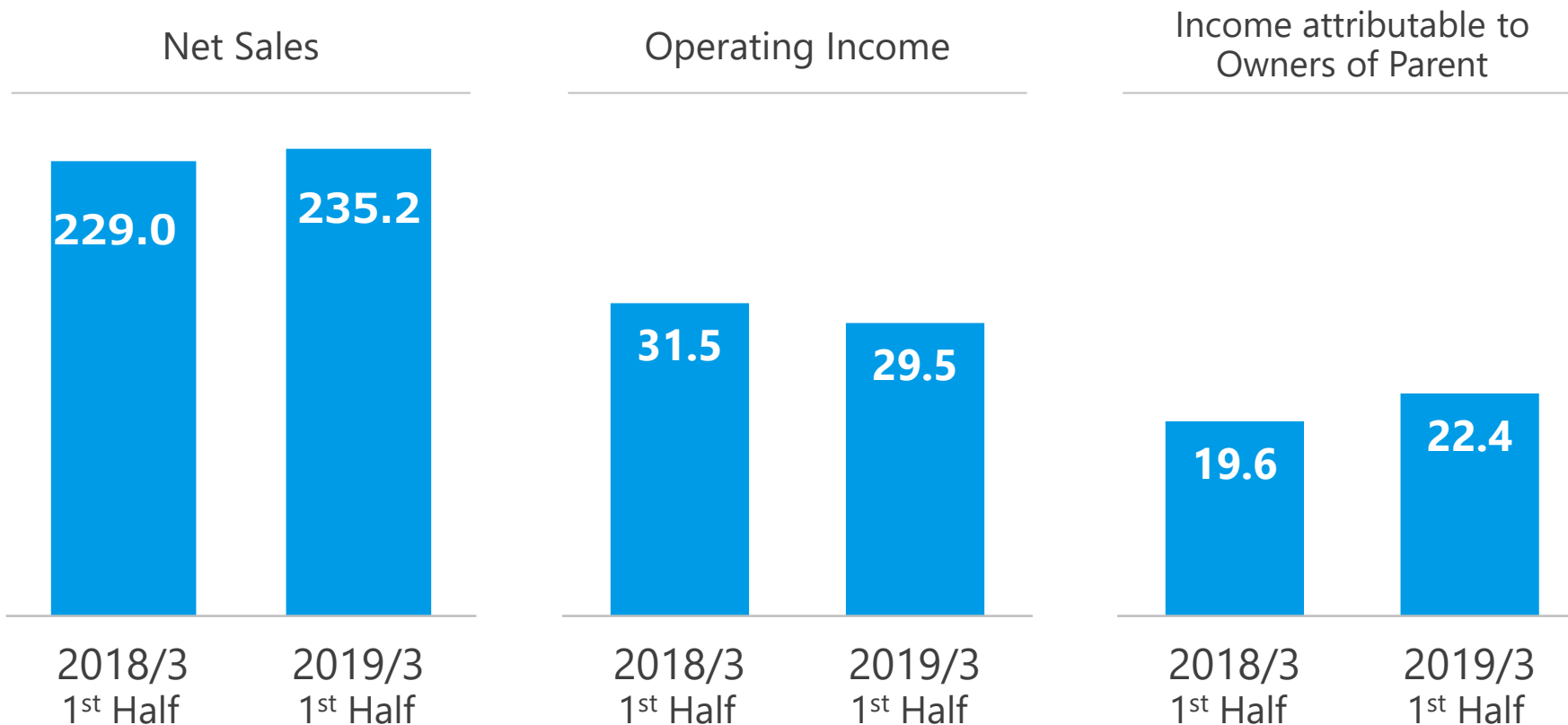
**DAICEL CORPORATION**

## Index

1. Consolidated Financial Results	P. 3
2. Forecast - FY ending March 2019	P. 6
3. Capital Expenditures/ Depreciation and Amortization	P. 8
4. Information by Segment	P. 9
5. Return to Shareholders	P. 13
6. References	P. 14

## Highlights

(billion yen)



- Increase in Net Sales, due mainly to an increase in sales volume of Organic Chemicals and Plastics, as well as the revision of selling prices.
- Decrease in Operating Income, due mainly to impact of rising raw material and fuel prices, as well as an increase in R&D costs.

## Operating Results

(billion yen)

	2018/3 1st Half	2019/3 1st Half	Change	Rate of change
Net sales	229.0	235.2	+6.2	+2.7%
Gross profit	69.9	69.7	-0.3	-0.4%
Operating income	31.5	29.5	-2.0	-6.3%
Non-operating income and expenses	1.7	2.7	+1.1	+65.0%
Ordinary income	33.1	32.2	-0.9	-2.7%
Extraordinary income and losses	0.0	2.9	+2.8	+5841.7%
Income before income taxes	33.2	35.1	+1.9	+5.7%
Income attributable to owners of parent	19.6	22.4	+2.8	+14.4%
Operating income ratio (%)	13.8%	12.5%	-1.3%	

### Prices of Raw Materials

	2018/3 1st Half	2019/3 1st Half
Methanol Asian spot price (USD/ton)	295	403
Crude oil Dubai (USD/bbl.)	50	73
Domestic Naphtha (JPY/kl)	37,600	50,850

### Exchange rate

	2018/3 1st Half	2019/3 1st Half
USD/JPY	111	110

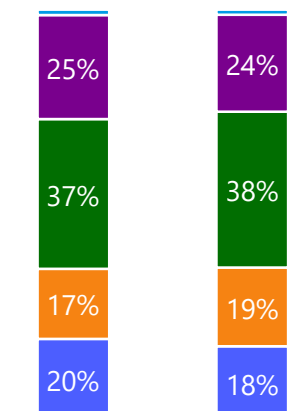
## Net Sales and Operating Income by Segment

(billion yen)

Net Sales		2018/3 1st Half	2019/3 1st Half	Change	Rate of change	Analysis	
						Quantity	Prices
Cellulosic Derivatives		45.1	42.0	-3.0	-6.7%	-1.4	-1.7
Organic Chemicals		39.1	45.1	+6.0	+15.4%	+1.7	+4.3
Plastics		83.7	89.6	+5.9	+7.0%	+4.0	+1.8
Pyrotechnic Devices		58.1	55.5	-2.6	-4.4%	-2.8	+0.2
Others		3.0	3.0	-0.1	-2.2%	-0.1	-
<b>Total</b>		<b>229.0</b>	<b>235.2</b>	<b>+6.2</b>	<b>+2.7%</b>	<b>+1.5</b>	<b>+4.7</b>

※Total price impact +4.7 includes Exchange rate impact -1.0.

Composition ratio

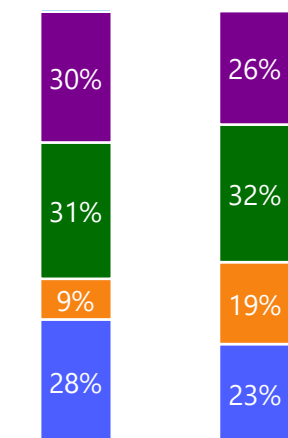


2018/3 1H      2019/3 1H

Operating Income		2018/3 1st Half	2019/3 1st Half	Change	Rate of change	Analysis		
						Quantity	Prices	Other
Cellulosic Derivatives		11.0	8.6	-2.4	-22.2%	-0.2	-2.7	+0.5
Organic Chemicals		3.6	7.1	+3.5	+95.5%	+0.8	+2.2	+0.4
Plastics		12.1	11.9	-0.3	-2.1%	+0.7	-2.0	+1.1
Pyrotechnic Devices		11.6	9.8	-1.8	-15.7%	-1.4	+0.1	-0.5
Others		0.3	0.2	-0.1	-19.2%	-0.1	-	-
Corporate and eliminations		-7.2	-8.1	-0.9	-12.0%	-	-	-0.9
<b>Total</b>		<b>31.5</b>	<b>29.5</b>	<b>-2.0</b>	<b>-6.3%</b>	<b>-0.1</b>	<b>-2.5</b>	<b>+0.7</b>

※Total price impact -2.5 includes Exchange rate impact -0.4.

Composition ratio



2018/3 1H      2019/3 1H

 Forecast

	2018/3 (Results)	2019/3 (Forecast)	Change	Rate of change
Net sales	463.0	479.0	+16.0	+3.5%
Operating income	58.9	54.0	-4.9	-8.4%
Ordinary income	61.1	58.0	-3.1	-5.1%
Income attributable to owners of parent	37.1	40.0	+2.9	+7.9%
Operating income ratio (%)	12.7%	11.3%	-1.5%	

(billion yen)

2019/3 (Initial forecast)*
478.0
51.0
53.0
37.0

\*Announced on May 10, 2018

Prices of Raw Materials

	2018/3(Results)	2019/3(Forecast)
Methanol Asian spot price (USD/ton)	338	382
Crude oil Dubai (USD/bbl.)	56	72
Domestic Naphtha (JPY/kl)	41,950	51,425

Exchange rate

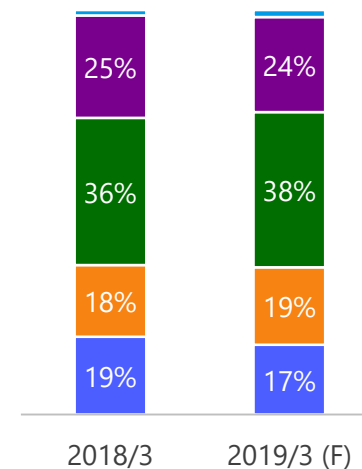
	2018/3(Results)	2019/3(Forecast)
USD/JPY	111	110

## Forecast - Net Sales and Operating Income by Segment - (billion yen)

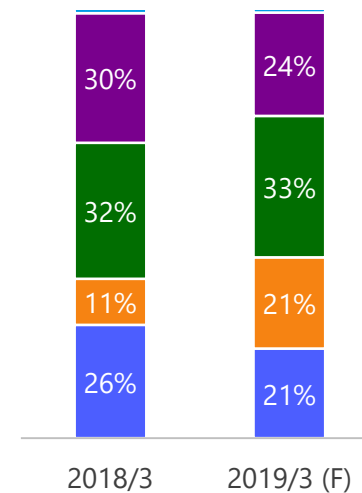
Net Sales		2018/3 (Results)	2019/3 (Forecast)	Change	Rate of change
Cellulosic Derivatives		89.1	82.7	-6.4	-7.2%
Organic Chemicals		82.0	91.7	+9.7	+11.8%
Plastics		168.3	183.7	+15.4	+9.2%
Pyrotechnic Devices		117.2	112.7	-4.5	-3.8%
Others		6.4	8.2	+1.8	+28.2%
<b>Total</b>		<b>463.0</b>	<b>479.0</b>	<b>+16.0</b>	<b>+3.5%</b>

Operating Income		2018/3 (Results)	2019/3 (Forecast)	Change	Rate of change
Cellulosic Derivatives		19.4	14.6	-4.8	-24.6%
Organic Chemicals		7.9	14.9	+7.0	+88.2%
Plastics		23.3	23.1	-0.2	-0.7%
Pyrotechnic Devices		22.2	16.9	-5.3	-23.8%
Others		0.8	0.6	-0.2	-20.3%
Corporate and eliminations		-14.5	-16.1	-1.6	-10.9%
<b>Total</b>		<b>58.9</b>	<b>54.0</b>	<b>-4.9</b>	<b>-8.4%</b>

Composition ratio

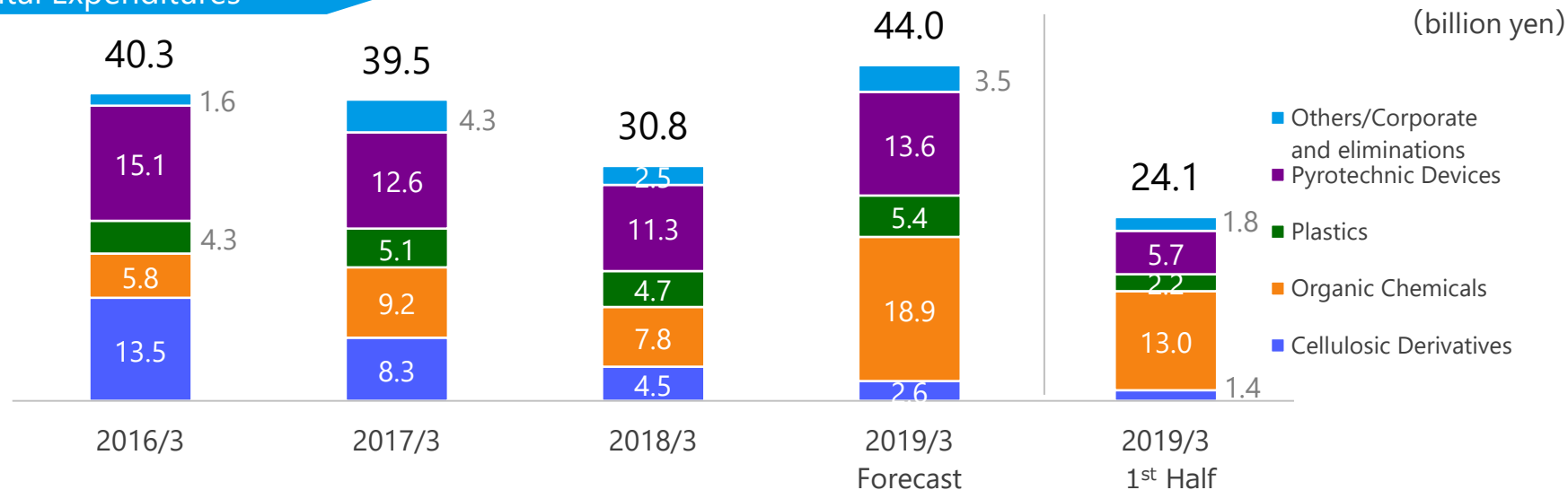


Composition ratio

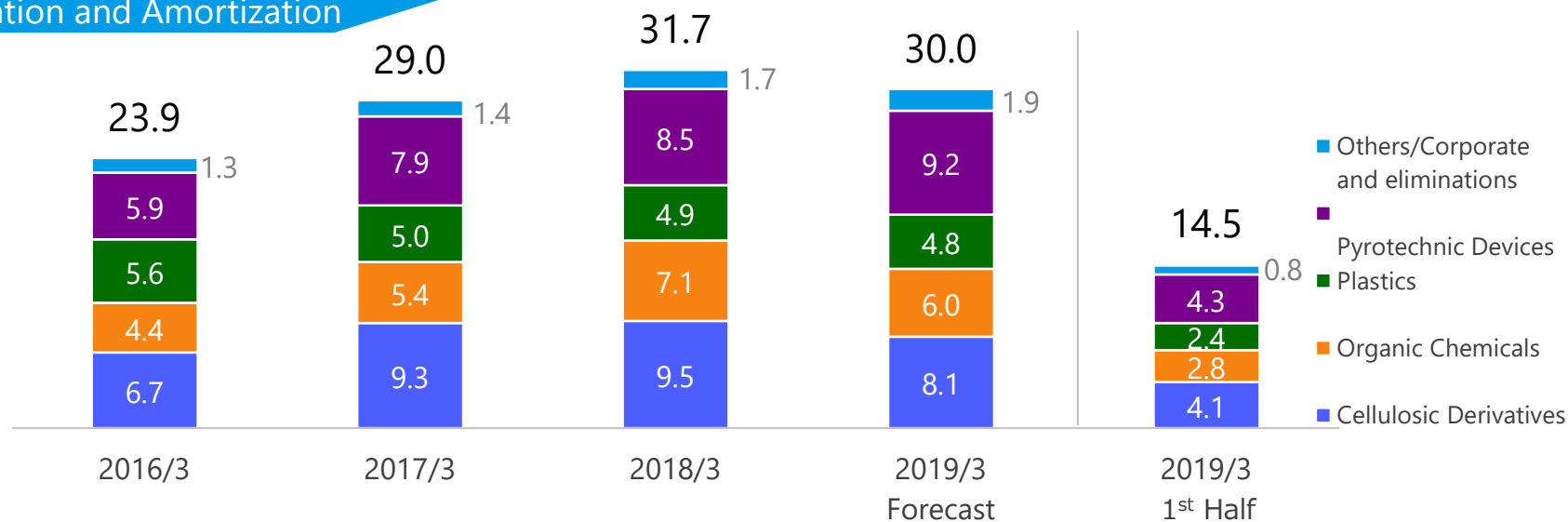


### 3. Capital Expenditures/Depreciation and Amortization

#### Capital Expenditures



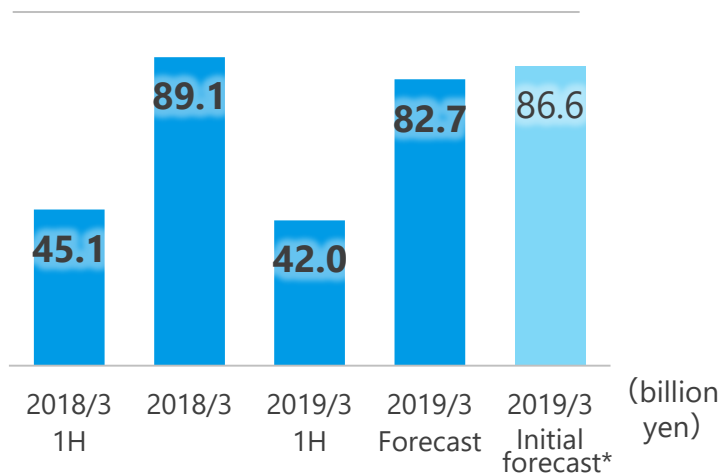
#### Depreciation and Amortization



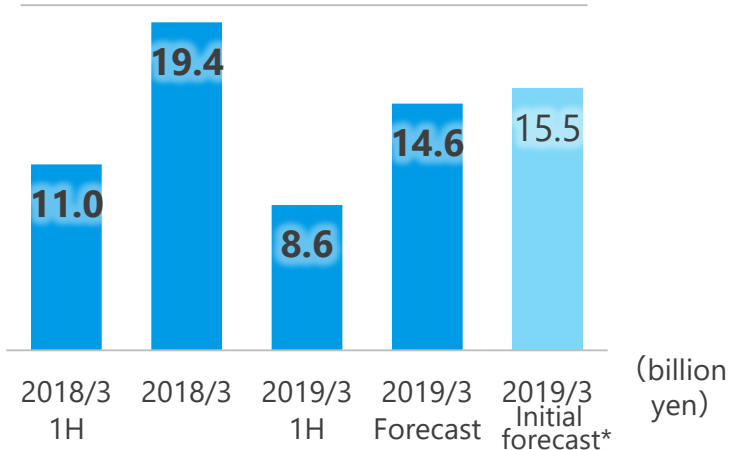


## Cellulosic Derivatives

### Net Sales



### Operating Income



\*Initial forecast was announced on May 10, 2018

FY ending March 2019 1st Half Consolidated Financial Results

### Net Sales -3.0 billion yen (Exchange rate impact -0.3 billion yen)

(Cellulose Acetate : Flat)

- Slightly decrease in sales volume for LCD film application
- Increase in sales volume for other applications

(Acetate Tow for Cigarette Filters : Decrease)

- Softening of the market
- Decrease in sales volume due to shipment of some products ahead of schedule and other factors

### Operating Income -2.4 billion yen

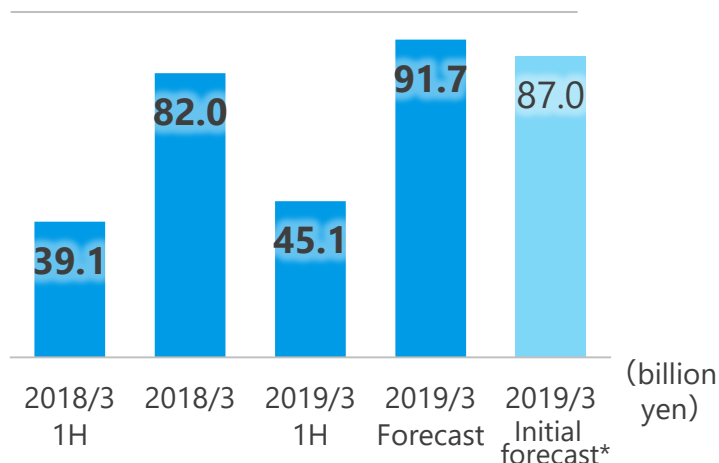
- Decrease due mainly to the negative impact of rising raw material and fuel prices and the softening of the market on acetate tow for cigarette filters.

### 2019/3 Forecast

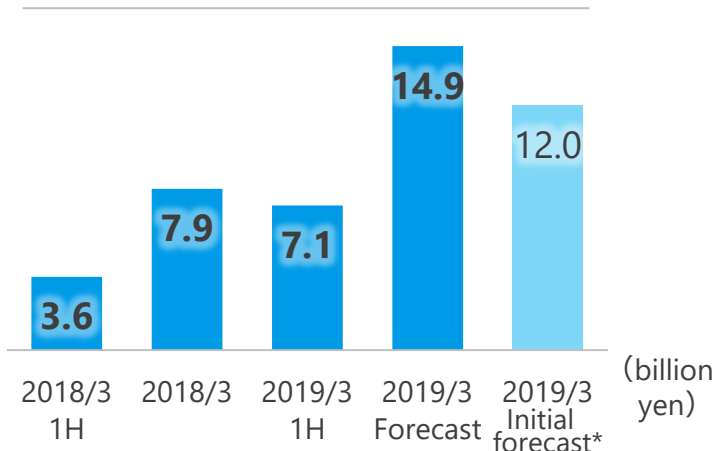
- Decrease in Net Sales and Operating Income
- Cellulose acetate: Decrease in sales volume for acetate tow for cigarette filters application and other applications
- Acetate Tow for Cigarette Filters: In world-wide glut, but full-capacity operation will be maintained. Flat in sales volume, decline in selling price

# Organic Chemicals

## Net Sales



## Operating Income



\*Initial forecast was announced on May 10, 2018

FY ending March 2019 1st Half Consolidated Financial Results

### Net Sales +6.0 billion yen (Exchange rate impact -0.1 billion yen)

(Acetic Acid : Increase)

- Solid demand and an upward trend in the market

(Organic Chemicals : Increase)

- Increase in sales volume. ■ Upward trend in the market.

(Performance Chemicals : Increase)

- Recovery from the fire at the peracetic acid plant in the previous fiscal year
- The revision of selling prices following the rise in raw material and fuel prices
- Solid demand for some products in cosmetics / health care

(Chiral Separation business : Increase)

- Increase in column and chiral stationary phase (CSP) sales.
- Growth of new business in India.

### Operating Income +3.5 billion yen

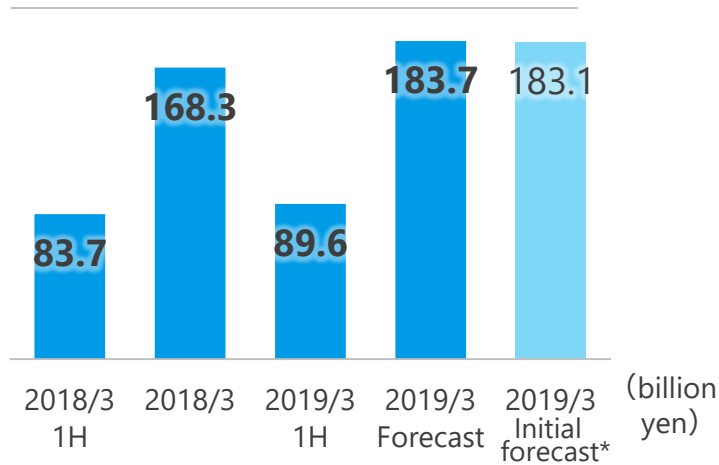
- Increase due mainly to the increase in sales volume and a positive impact of the revision of selling prices following the rise in raw material and fuel prices.

## 2019/3 Forecast

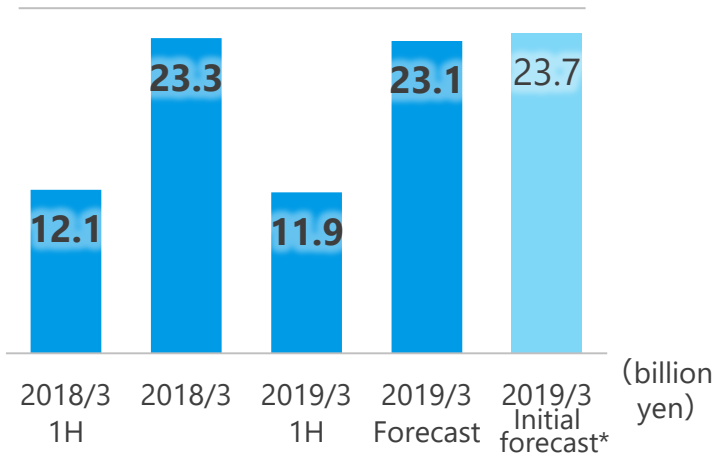
- Increase in Net Sales and Operating Income
- Upward trend in Acetic acid market
- Increase in sales volume
- The revision of selling prices following the rise in raw material and fuel prices
- Recovery from the fire at the peracetic acid plant in the previous fiscal year

# Plastics

## Net Sales



## Operating Income



\*Initial forecast was announced on May 10, 2018

### Net Sales +5.9 billion yen (Exchange rate impact -0.4 billion yen)

(Engineering Plastics business : Increase)

- Increase in sales volume resulting from increased demand for automobile parts and progress in new parts adoption
- The revision of selling prices following the rise in raw material and fuel prices

(Plastic Compound business : Increase)

- The revision of selling prices following the rise in raw material and fuel prices

(Plastic Processing business : Increase)

- Increase in film sales

### Operating Income -0.3 billion yen

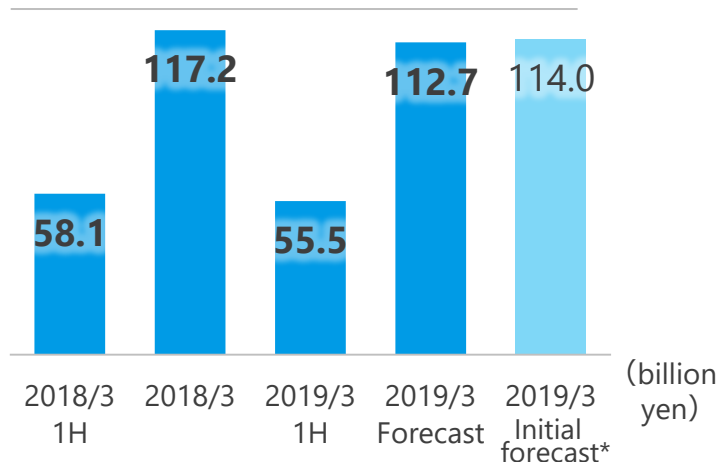
- Slightly decrease due mainly to a rise in raw material and fuel costs, despite an increase in sales volume

## 2019/3 Forecast

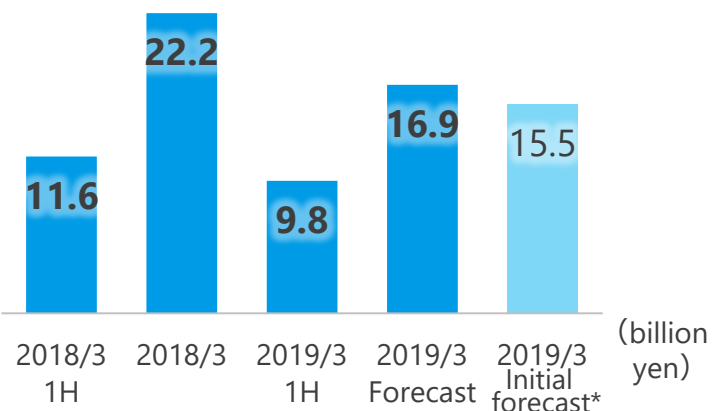
- Increase in Net Sales / Slightly decrease in Operating income
- Engineering Plastics: Increase in sales volume due to growing demand
- Operating income will slightly decrease due to rising raw fuel costs and increased costs for future growth

# Pyrotechnic Devices

Net Sales



Operating income



\*Initial forecast was announced on May 10, 2018

FY ending March 2019 1st Half Consolidated Financial Results

**Net Sales -2.6 billion yen** (Exchange rate impact -0.2 billion yen)

(Automobile Safety Parts business : **Slightly decrease**)

- Increase in inflator sales volume
- Change in sales product mix

(Aerospace & Defense business : **Decrease**)

- Decrease in volume of some products procured by the Ministry of Defense

**Operating Income -1.8 billion yen**

- Decrease due mainly to the impact of the change in sales product mix

## 2019/3 Forecast

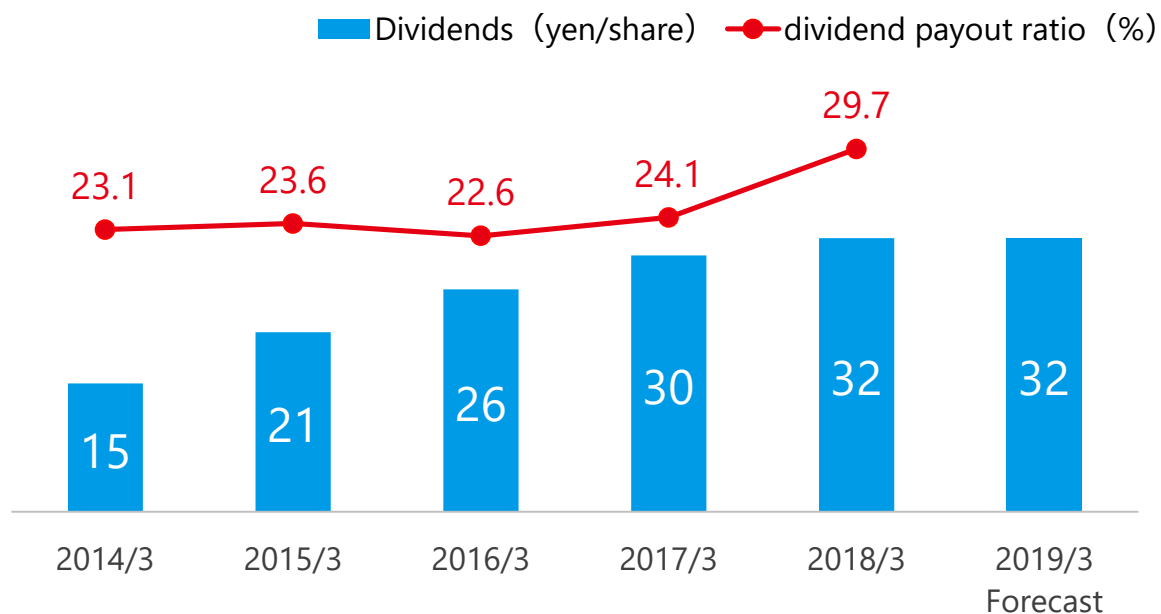
- Decrease in Net Sales and Operating Income
- Increase in sales volume of inflators
- Decrease in operating income mainly due to change in sales composition
- Increase in R&D costs for future growth and costs for strengthening of business foundations, such as assuring product safety and quality control

## Return to Shareholders

### FY ending March 2019

- Interim dividends : 16 yen per share / Forecast of Annual dividends : 32 yen per share  
(No change from last announcement)
- Purchase of own stocks for 8.3 million shares in the funds of 10 billion yen.  
(Period of purchase: From May 2018 to March 2019)

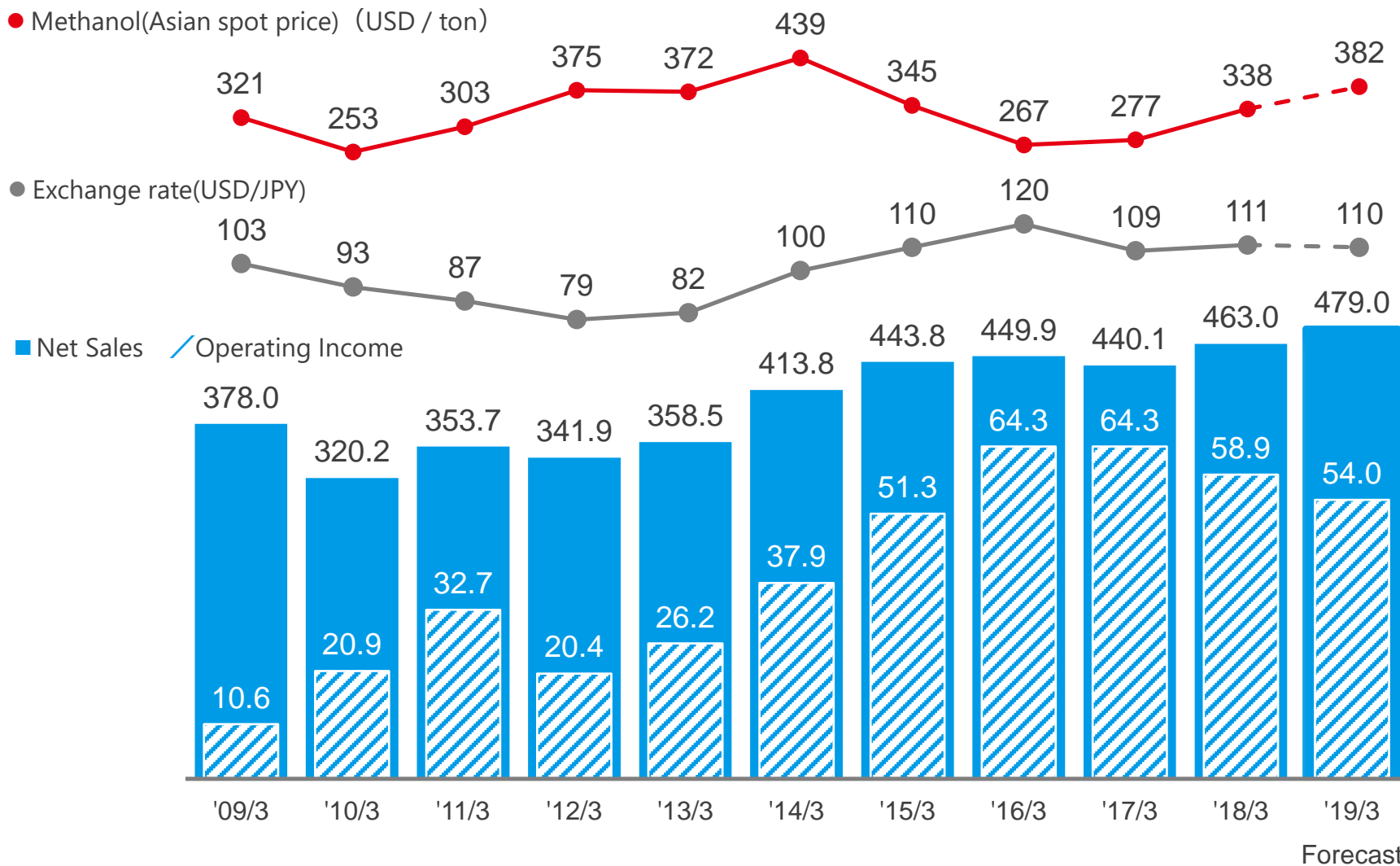
Dividends (yen/share)	2018/3	2019/3
For 1 <sup>st</sup> Half	16	16
For 2 <sup>nd</sup> Half	16	16 (Forecast)
Annual	32	32 (Forecast)



# REFERENCES

## Trend in Net Sales and Operating Income and Forecast

(billion yen)



## Consolidated Balance Sheet

(billion yen)

		Mar. 31, 2018	Sep. 30, 2018	Change	Remarks
Total current assets		349.2	342.2	-7.0	
	Cash, deposits and short-term investment securities	129.3	108.1	-21.1	
	Notes and accounts receivable-trade	93.3	94.7	+1.4	
	Inventories	109.3	120.8	+11.5	
	Other	17.4	18.5	+1.1	
Total non-current assets		291.1	304.5	+13.4	
	Property, plant and equipment	184.0	195.6	+11.5	Acquisition+23.1, Depreciation-13.6, Others+2.0
	Intangible fixed assets	8.6	11.0	+2.4	
	Investments and other assets	98.4	97.9	-0.5	
<b>Total assets</b>		<b>640.3</b>	<b>646.7</b>	<b>+6.4</b>	
Liabilities		226.7	217.5	-9.2	
	Interest-bearing liabilities	99.7	90.3	-9.4	Bonds-10.0, Interest-bearing liabilities ratio 14.0%
	Other	127.0	127.2	+0.2	
Total net assets		413.5	429.2	+15.6	Capital adequacy ratio 61.8%
<b>Total liabilities and net assets</b>		<b>640.3</b>	<b>646.7</b>	<b>+6.4</b>	




 Consolidated Cash Flow Statement

(billion yen)

	2018/3 1 <sup>st</sup> Half	2019/3 1 <sup>st</sup> Half	Change
Cash flows from operating activities	29.7	26.9	-2.8
Cash flows from investing activities	-20.6	-24.1	-3.5
Free cash flows	9.1	2.8	-6.3
Cash flows from financing activities	17.9	-25.0	-42.9
Other	1.1	0.6	-0.5
Net increase (decrease) in cash and cash equivalents	28.1	-21.6	-49.7
Cash and cash equivalents at end of period	124.4	106.7	-17.7

## Quarterly Results for Net Sales and Operating Income

(billion yen)

Net Sales	FY ended March 2018				FY ending March 2019	
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter
Cellulosic Derivatives	22.1	22.9	22.8	21.2	19.9	22.1
Organic Chemicals	19.6	19.5	20.5	22.5	22.7	22.4
Plastics	41.2	42.5	43.4	41.1	44.1	45.4
Pyrotechnic Devices	28.0	30.1	28.4	30.7	27.3	28.2
Others	1.3	1.7	1.6	1.8	1.4	1.5
<b>Total</b>	<b>112.3</b>	<b>116.8</b>	<b>116.7</b>	<b>117.3</b>	<b>115.5</b>	<b>119.7</b>

Operating Income	FY ended March 2018				FY ending March 2019	
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter
Cellulosic Derivatives	5.5	5.5	4.7	3.7	3.9	4.7
Organic Chemicals	2.1	1.5	2.0	2.3	3.8	3.3
Plastics	5.7	6.4	5.5	5.6	5.9	6.0
Pyrotechnic Devices	6.0	5.6	5.7	4.8	5.0	4.8
Others	0.0	0.2	0.1	0.3	0.1	0.1
Corporate and eliminations	-3.6	-3.6	-3.2	-4.1	-4.0	-4.1
<b>Total</b>	<b>15.8</b>	<b>15.7</b>	<b>14.6</b>	<b>12.8</b>	<b>14.7</b>	<b>14.8</b>

## Modification of Financial Forecast (FY ending March 2019)

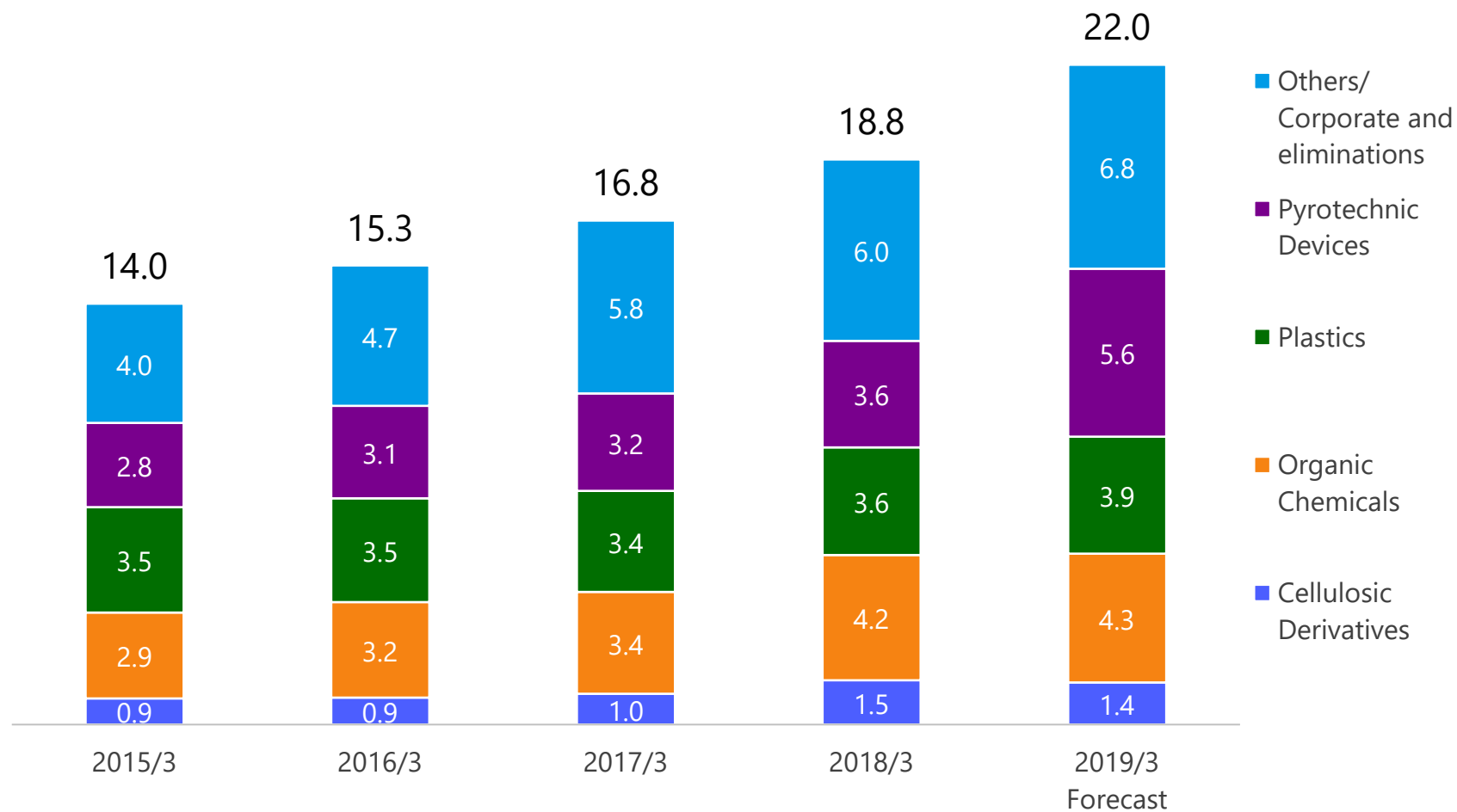
(billion yen)

		Announcement on May 10, 2018			Announcement in this time			Change (B)-(A)
		1st Half	2nd Half	Total(A)	1st Half	2nd Half	Total(B)	
	Cellulosic Derivatives	43.1	43.5	86.6	42.0	40.7	82.7	-3.9
	Organic Chemicals	43.0	44.0	87.0	45.1	46.6	91.7	+4.7
	Plastics	90.6	92.5	183.1	89.6	94.1	183.7	+0.6
	Pyrotechnic Devices	55.1	58.9	114.0	55.5	57.2	112.7	-1.3
	Others	3.2	4.1	7.3	3.0	5.2	8.2	+0.9
<b>Net sales</b>		<b>235.0</b>	<b>243.0</b>	<b>478.0</b>	<b>235.2</b>	<b>243.8</b>	<b>479.0</b>	<b>+1.0</b>
	Cellulosic Derivatives	8.5	7.0	15.5	8.6	6.0	14.6	-0.9
	Organic Chemicals	6.0	6.0	12.0	7.1	7.8	14.9	+2.9
	Plastics	12.0	11.7	23.7	11.9	11.2	23.1	-0.6
	Pyrotechnic Devices	7.9	7.6	15.5	9.8	7.1	16.9	+1.4
	Others	0.3	0.5	0.8	0.2	0.4	0.6	-0.2
	Corporate and eliminations	-8.2	-8.3	-16.5	-8.1	-8.0	-16.1	+0.4
<b>Operating income</b>		<b>26.5</b>	<b>24.5</b>	<b>51.0</b>	<b>29.5</b>	<b>24.5</b>	<b>54.0</b>	<b>+3.0</b>
<b>Ordinary income</b>		<b>27.5</b>	<b>25.5</b>	<b>53.0</b>	<b>32.2</b>	<b>25.8</b>	<b>58.0</b>	<b>+5.0</b>
<b>Income attributable to owners of parent</b>		<b>19.0</b>	<b>18.0</b>	<b>37.0</b>	<b>22.4</b>	<b>17.6</b>	<b>40.0</b>	<b>+3.0</b>
(ref.) Exchange rate USD/JPY		110	110	110	110	110	110	



R&amp;D

(billion yen)





## Assumptions

		FY ended March 2018		FY ending March 2019	
		1 <sup>st</sup> half (Results)	2 <sup>nd</sup> half (Results)	1 <sup>st</sup> half (Results)	2 <sup>nd</sup> half (Forecast)
Exchange rate (USD/JPY)		111	111	110	110
Raw Materials	Methanol Asian spot price (USD/ton)	295	380	403	360
	Crude Oil Dubai (USD/bbl.)	50	62	73	70
	Domestic Naphtha (JPY/kl)	37,600	46,300	50,850	52,000

- The purpose of this document is to provide information and not to persuade any individual to take any action in response to the information contained in this document. Daicel has made the greatest possible effort to prepare this document with accurate information. The information in this document, however, may be inaccurate and may involve risk, and we do not guarantee the accuracy or reliability of this information.
- The reader is advised that the use of the information in this document is at your own risk. Any investment according to the prospects, target values, etc. appearing in this document might result in a loss. Daicel accepts no responsibility for such an eventuality.

All rights reserved by Daicel Corporation.

This document shall not be copied or distributed to a third party without the permission of Daicel Corporation.

