

FY ended March 2019

Consolidated Financial Results

May 9, 2019

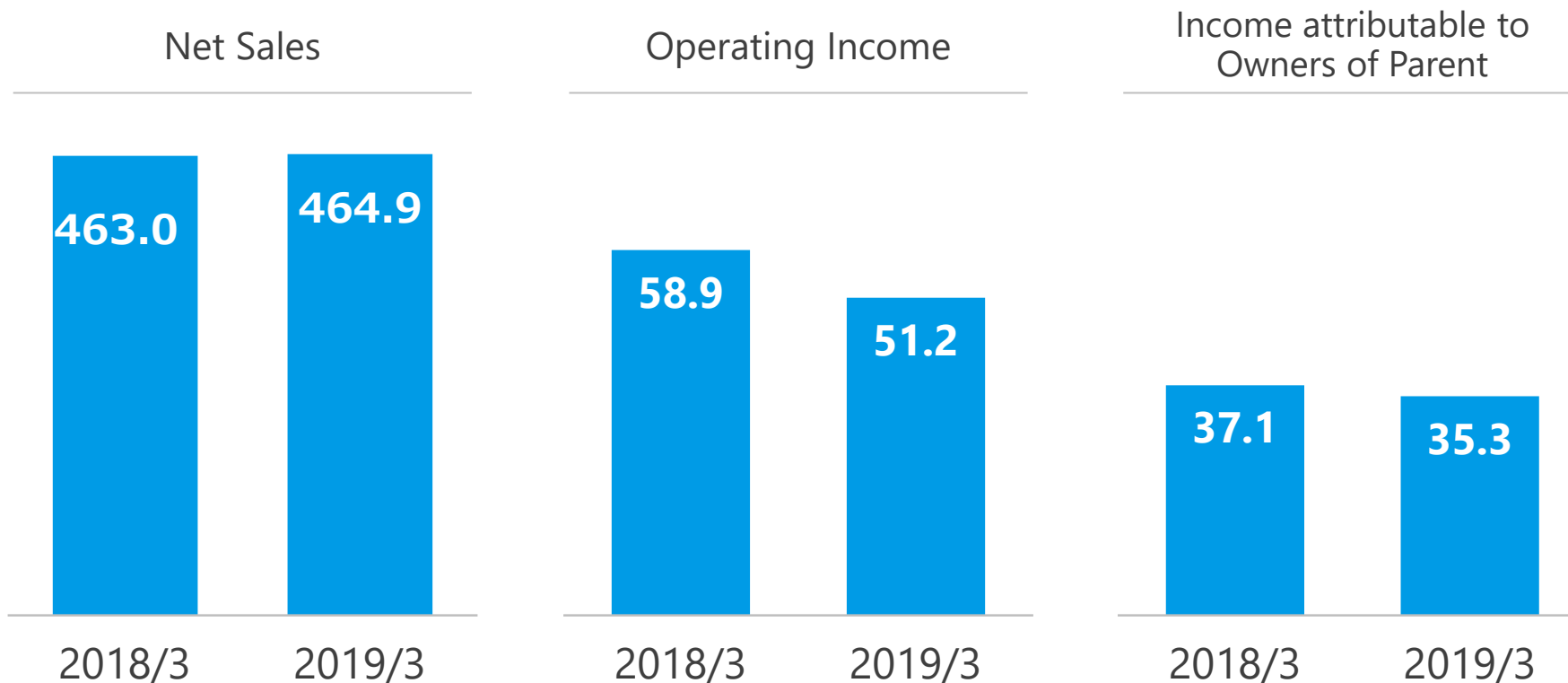
DAICEL CORPORATION

Index

1. Consolidated Financial Results	P. 3
2. Forecast - FY ending March 2020	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)



Although increased sales volume and higher sales price revisions in Organic chemicals segment and Plastics segment, sales revenue increased slightly and operating income decreased due to higher raw material and fuel prices, softening market conditions for acetate tow for cigarette filters, changes in the sales mix of inflators for automobile airbags, and increased R & D expenses.

Operating Results

(billion yen)

	2018/3	2019/3	Change	Rate of change
Net sales	463.0	464.9	+1.9	+0.4%
Gross profit	137.2	133.8	-3.4	-2.5%
Operating income	58.9	51.2	-7.8	-13.2%
Non-operating income and expenses	2.2	2.3	+0.1	+4.7%
Ordinary income	61.1	53.4	-7.7	-12.5%
Extraordinary income and losses	-1.9	0.3	+2.2	-
Income before income taxes	59.2	53.7	-5.5	-9.3%
Income attributable to owners of parent	37.1	35.3	-1.8	-4.8%
ROE (%)	9.8%	9.1%	-0.7%	
Operating income ratio (%)	12.7%	11.0%	-1.7%	

Exchange rate

	2018/3	2019/3
USD/JPY	111	111

Prices of Raw Materials

	2018/3	2019/3
Methanol Asian spot price (USD/ton)	338	382
Crude oil Dubai (USD/bbl.)	56	69
Domestic Naphtha (JPY/kl)	41,950	49,350

Net Sales and Operating Income by Segment

(billion yen)

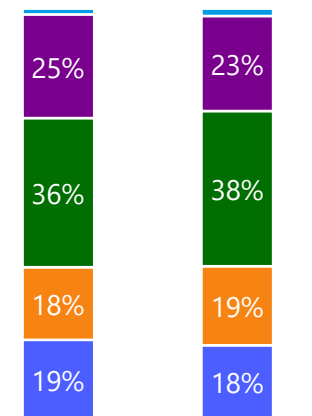
Net Sales		2018/3	2019/3	Change	Rate of change	Analysis	
						Quantity	Prices
Cellulosic Derivatives		89.1	83.2	-5.8	-6.5%	-3.3	-2.5
Organic Chemicals		82.0	89.5	+7.5	+9.1%	+0.2	+7.3
Plastics		168.3	175.9	+7.6	+4.5%	+4.4	+3.2
Pyrotechnic Devices		117.2	107.9	-9.3	-7.9%	-8.3	-1.0
Others		6.4	8.4	+2.0	+30.8%	+2.0	-
Total		463.0	464.9	+1.9	+0.4%	-5.0	+6.9

※Total price impact +6.9 includes Exchange rate impact +0.1.

Operating Income		2018/3	2019/3	Change	Rate of change	Analysis		
						Quantity	Prices	Other
Cellulosic Derivatives		19.4	16.0	-3.3	-17.3%	-1.2	-3.7	+1.5
Organic Chemicals		7.9	14.4	+6.5	+81.8%	+0.8	+4.5	+1.1
Plastics		23.3	20.6	-2.6	-11.3%	+1.2	-3.0	-0.8
Pyrotechnic Devices		22.2	15.6	-6.6	-29.7%	-5.6	-0.6	-0.4
Others		0.8	0.6	-0.2	-21.8%	-0.2	-	-
Corporate and eliminations		-14.5	-16.0	-1.5	-10.4%	-	-	-1.5
Total		58.9	51.2	-7.8	-13.2%	-4.9	-2.8	-0.1

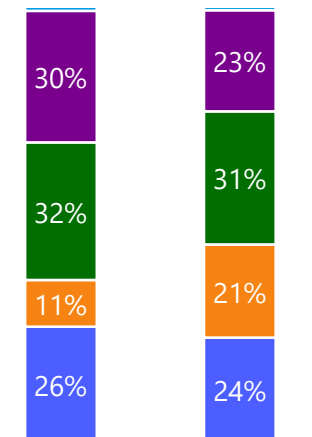
※Total price impact -2.8 includes Exchange rate impact +0.0.

Composition ratio



2018/3 2019/3

Composition ratio



2018/3 2019/3

 Forecast

(billion yen)

	2019/3 (Results)	2020/3 (Forecast)	Change	Rate of change
Net sales	464.9	461.0	-3.9	-0.8%
Operating income	51.2	43.0	-8.2	-16.0%
Ordinary income	53.4	45.0	-8.4	-15.8%
Income attributable to owners of parent	35.3	26.5	-8.8	-24.9%
Operating income ratio (%)	11.0%	9.3%	-1.7%	

Exchange rate

	2019/3 (Results)	2020/3 (Forecast)
USD/JPY	111	111

Prices of Raw Materials

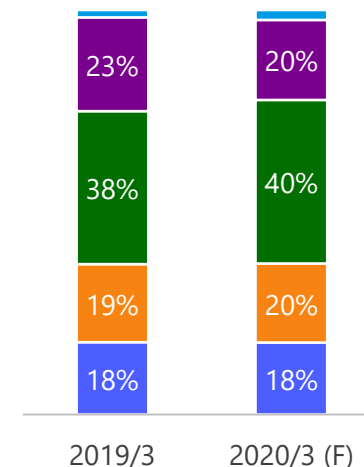
	2019/3 (Results)	2020/3 (Forecast)
Methanol Asian spot price (USD/ton)	382	320
Crude oil Dubai (USD/bbl.)	69	60
Domestic Naphtha (JPY/kl)	49,350	40,000

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

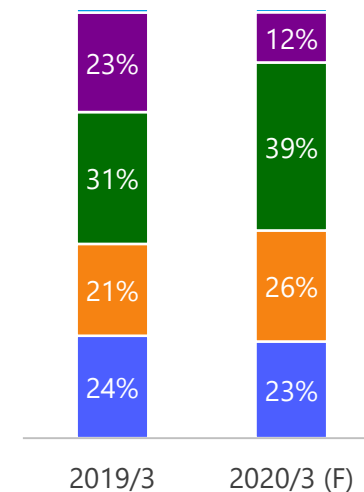
Net Sales		2019/3 (Results)	2020/3 (Forecast)	Change	Rate of change
Cellulosic Derivatives		83.2	82.0	-1.2	-1.5%
Organic Chemicals		89.5	90.0	+0.5	+0.5%
Plastics		175.9	186.5	+10.6	+6.1%
Pyrotechnic Devices		107.9	91.0	-16.9	-15.6%
Others		8.4	11.5	+3.1	+37.5%
Total		464.9	461.0	-3.9	-0.8%

Operating Income		2019/3 (Results)	2020/3 (Forecast)	Change	Rate of change
Cellulosic Derivatives		16.0	13.5	-2.5	-15.7%
Organic Chemicals		14.4	15.5	+1.1	+7.7%
Plastics		20.6	23.5	+2.9	+14.0%
Pyrotechnic Devices		15.6	7.0	-8.6	-55.1%
Others		0.6	0.5	-0.1	-15.1%
Corporate and eliminations		-16.0	-17.0	-1.0	-6.0%
Total		51.2	43.0	-8.2	-16.0%

Composition ratio

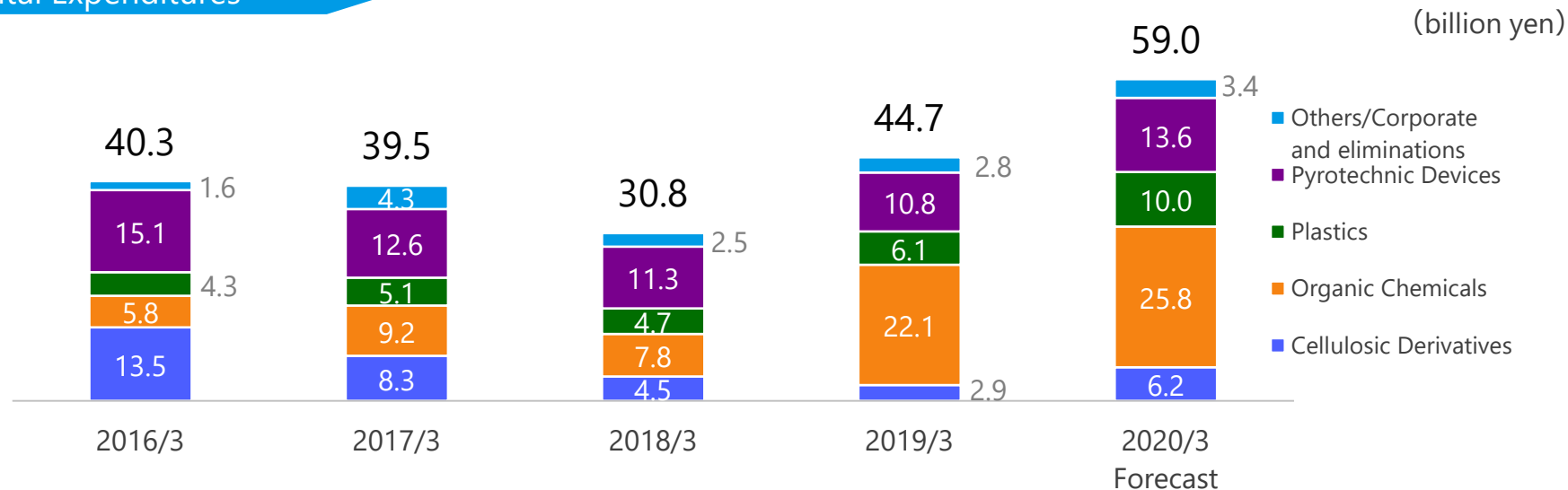


Composition ratio

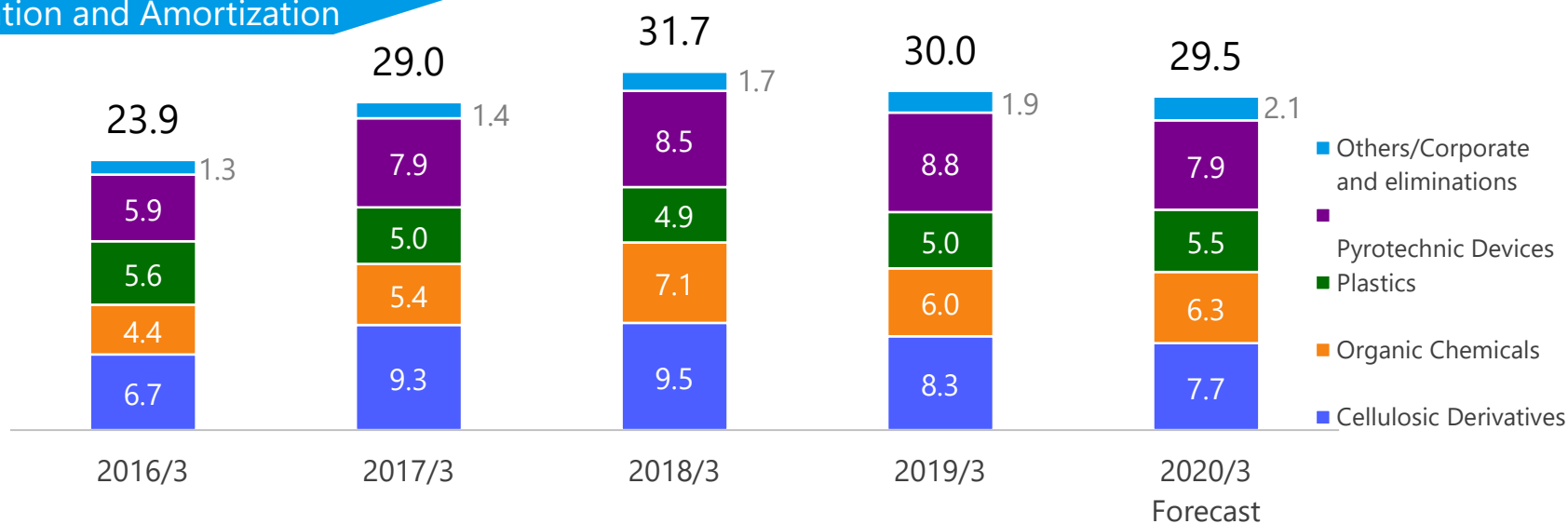


3. Capital Expenditures/Depreciation and Amortization

Capital Expenditures

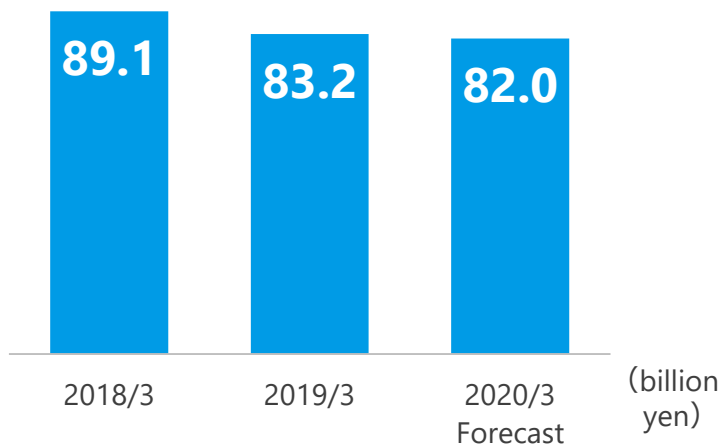


Depreciation and Amortization



Cellulosic Derivatives

Net Sales



Net Sales -5.8 billion yen

(Cellulose Acetate : Decrease)

- Decrease in sales volume for LCD film application and cigarette filter applications

(Acetate Tow for Cigarette Filters : Decrease)

- Flat sales volumes mitigated by our efforts amid the worldwide glut
- Decline in selling price due to softening of the market

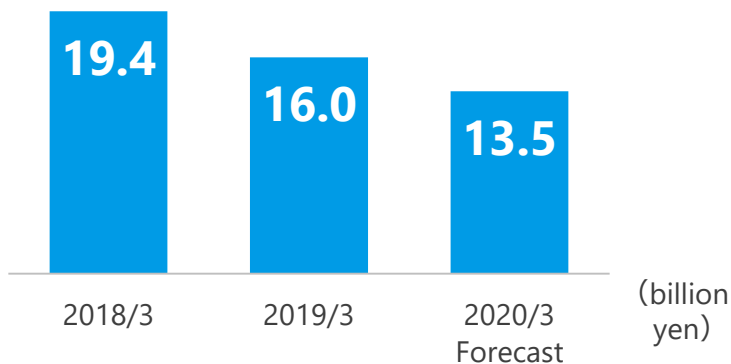
Operating income

Operating Income -3.3 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.

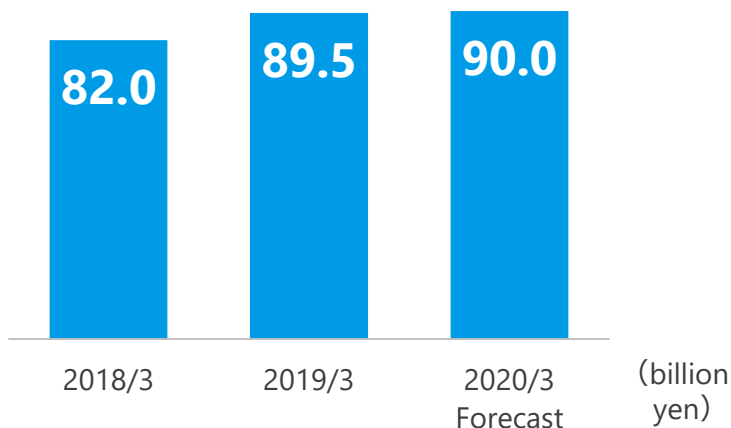
2020/3 Forecast : Decrease in sales and income

- Cellulose acetate: Decrease sales volume for LCD film applications and cigarette filter applications
- Acetate Tow for Cigarette Filters: Increase in sales volume, decline in selling price due to changes in the sales product mix.

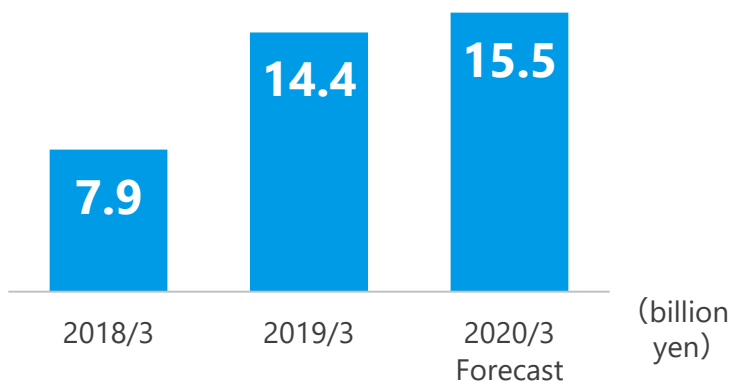


Organic Chemicals

Net Sales



Operating income



Net Sales +7.5 billion yen

(Acetic Acid : Increase)

- Solid demand and an upward trend in the market

(Organic Chemicals : Increase)

- Decrease 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 +6.5 billion yen

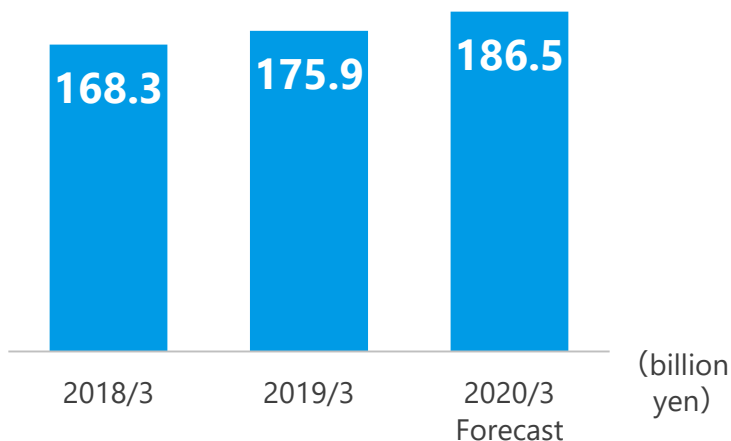
- Increase due mainly to the increase in sales volume and a positive impact of the revision of selling prices following the rise in raw material and fuel prices

2020/3 Forecast : Increase in sales and income

- Acetic acid: Downward trend in the market
- Downward trend in raw material and fuel prices
- Performance Chemicals: Increase in sales due to increase in electronic materials products and cosmetics/healthcare

Plastics

Net Sales



Net Sales +7.6 billion yen

(Engineering Plastics business : Increase)

- Increase in sales volume resulting from increased demand for automobile parts and progress in new parts adoption, despite the impact of the economic slowdown in China during second half of the fiscal year
- The revision of selling prices following the rise in raw material and fuel prices and other costs

(Plastic Compound business : Flat)

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

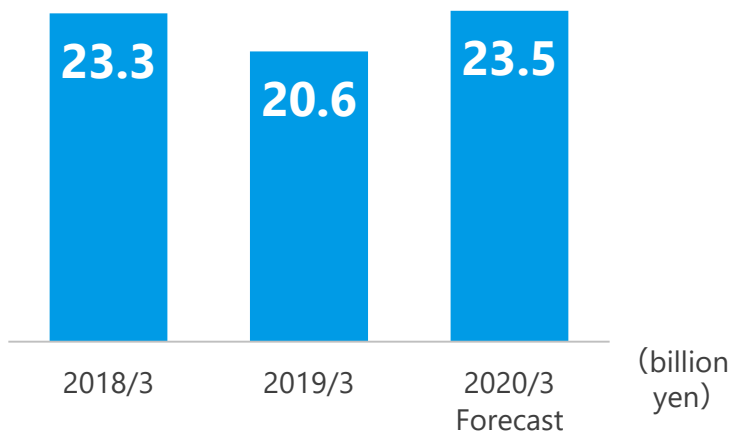
(Plastic Processing business : Increase)

- Increase in film sales

Operating Income -2.6 billion yen

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

Operating income

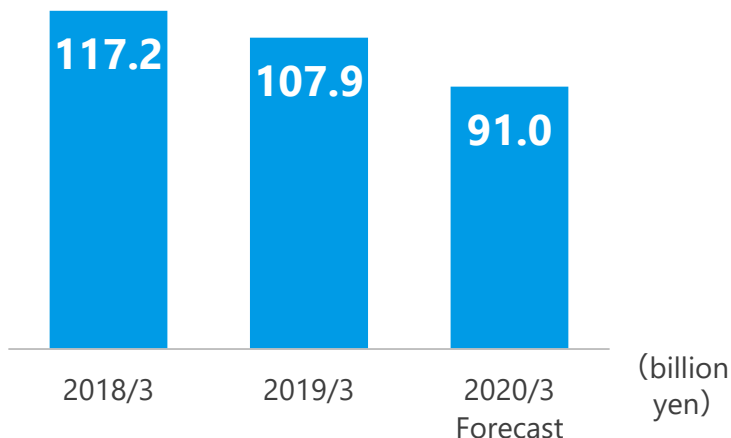


2020/3 Forecast : Increase in sales and income

- Downward trend in raw material and fuel prices
- Engineering Plastics: Increase in sales volume

Pyrotechnic Devices

Net Sales



Net Sales -9.3 billion yen

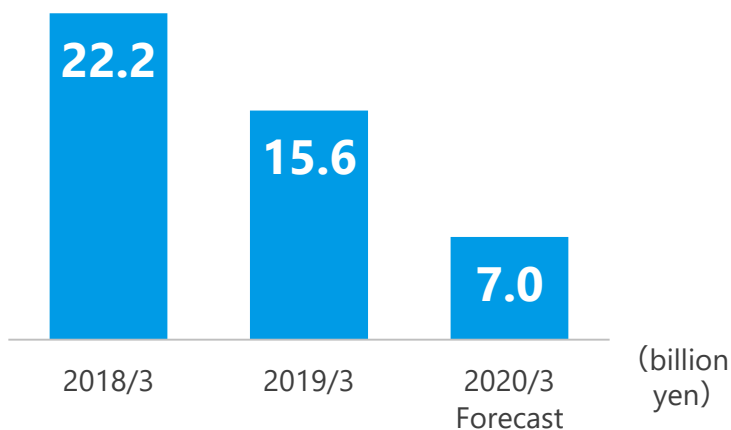
(Automobile Safety Parts business : Decrease)

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

(Aerospace & Defense business : Increase)

- Increase in sales volume

Operating income



Operating Income -6.6 billion yen

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

2020/3 Forecast : Decrease in sales and income

- Slight decrease in sales volume of inflators
- Decrease in sales and income due to changes in sales product mix
- Increase in R&D costs for future growth and cost for strengthening of business foundations, such as assuring product safety and quality control.

Return to Shareholders

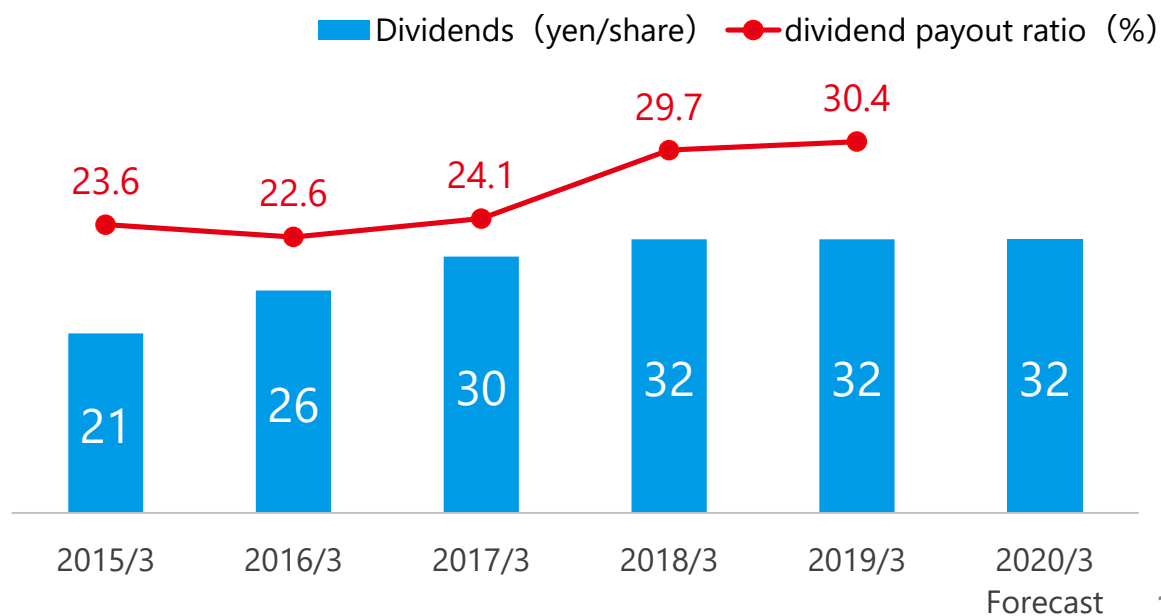
FY ended March 2019

- Dividends for 2nd half : 16 yen per share, Annual dividends : 32 yen per share
- Buyback of 8.0 million shares of company stock for approximately 10 billion yen. (Acquisition period: May to Dec. 2018)
- Currently repurchasing 8.5 million shares of company stock for a maximum of 10 billion yen. (Acquisition period: Feb. to Aug. 2019. Acquired approximately 2.5 million shares for 3 billion yen by the end of March 2019)
- Canceled 18 million shares of treasury stock in March 2019.

FY ending March 2020

- Forecast of Annual dividends : 32 yen per share

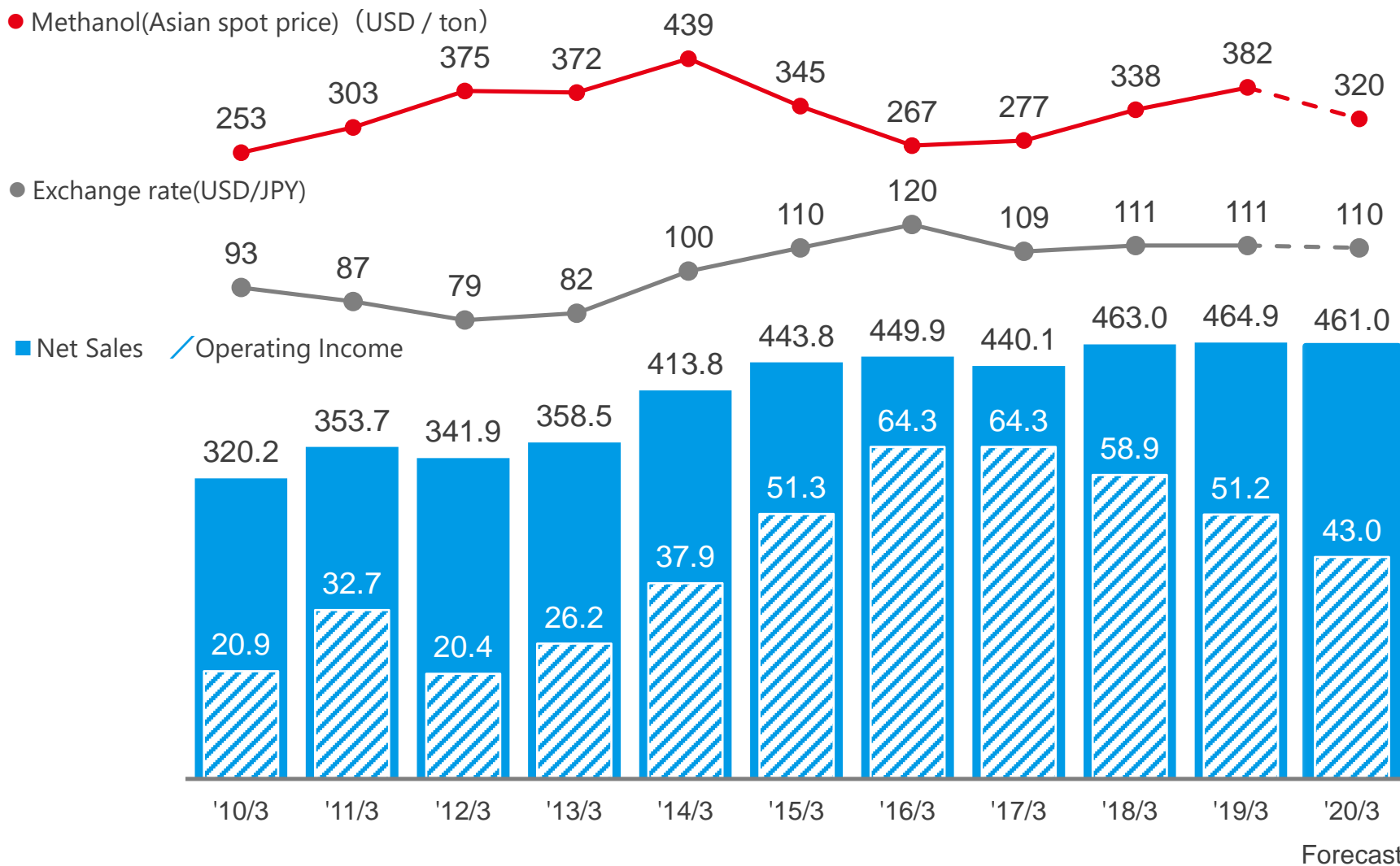
Dividends (yen/share)	2019/3 (Results)	2020/3 (Forecast)
For 1 st Half	16	16
For 2 nd Half	16	16
Annual	32	32



REFERENCES

Trend in Net Sales and Operating Income and Forecast

(billion yen)



Consolidated Balance Sheet

(billion yen)

		Mar. 31, 2018	Mar. 31, 2019	Change	Remarks
Total current assets		349.2	354.0	+4.8	
	Cash, deposits and short-term investment securities	129.3	120.3	-9.0	
	Notes and accounts receivable-trade	93.3	90.2	-3.1	
	Inventories	109.3	126.2	+16.9	
	Other	17.4	17.4	+0.1	
Total non-current assets		291.1	300.8	+9.7	
	Property, plant and equipment	184.0	197.4	+13.4	Acquisition+42.6, Depreciation-28.3, Others-0.9
	Intangible fixed assets	8.6	12.7	+4.1	
	Investments and other assets	98.4	90.7	-7.8	
Total assets		640.3	654.8	+14.5	
Liabilities		226.7	231.5	+4.8	
	Interest-bearing liabilities	99.7	104.3	+4.6	
	Other	127.0	127.2	+0.2	
Total net assets		413.5	423.2	+9.7	Capital adequacy ratio 60.1%
Total liabilities and net assets		640.3	654.8	+14.5	


 Consolidated Cash Flow Statement

(billion yen)

		2018/3	2019/3	Change
	Cash flows from operating activities	66.9	58.5	-8.4
	Cash flows from investing activities	-33.2	-41.1	-7.9
	Free cash flows	33.7	17.4	-16.3
	Cash flows from financing activities	-2.0	-25.6	-23.7
	Other	0.3	-0.1	-0.3
	Net increase (decrease) in cash and cash equivalents	32.0	-8.3	-40.3
	Cash and cash equivalents at end of period	128.3	120.0	-8.3

Quarterly Results for Sales and Operating income

(billion yen)

Net Sales	FY ended March 2018				FY ended March 2019			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Cellulosic Derivatives	22.1	22.9	22.8	21.2	19.9	22.1	22.4	18.8
Organic Chemicals	19.6	19.5	20.5	22.5	22.7	22.4	23.2	21.1
Plastics	41.2	42.5	43.4	41.1	44.1	45.4	45.7	40.6
Pyrotechnic Devices	28.0	30.1	28.4	30.7	27.3	28.2	27.7	24.7
Others	1.3	1.7	1.6	1.8	1.4	1.5	2.7	2.7
Total	112.3	116.8	116.7	117.3	115.5	119.7	121.7	107.9

Operating income	FY ended March 2018				FY ended March 2019			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Cellulosic Derivatives	5.5	5.5	4.7	3.7	3.9	4.7	4.4	3.1
Organic Chemicals	2.1	1.5	2.0	2.3	3.8	3.3	4.4	2.9
Plastics	5.7	6.4	5.5	5.6	5.9	6.0	5.1	3.7
Pyrotechnic Devices	6.0	5.6	5.7	4.8	5.0	4.8	4.9	0.9
Others	0.0	0.2	0.1	0.3	0.1	0.1	0.1	0.2
Corporate and eliminations	-3.6	-3.6	-3.2	-4.1	-4.0	-4.1	-3.5	-4.4
Total	15.8	15.7	14.6	12.8	14.7	14.8	15.3	6.4

Forecast - Financial Forecast -

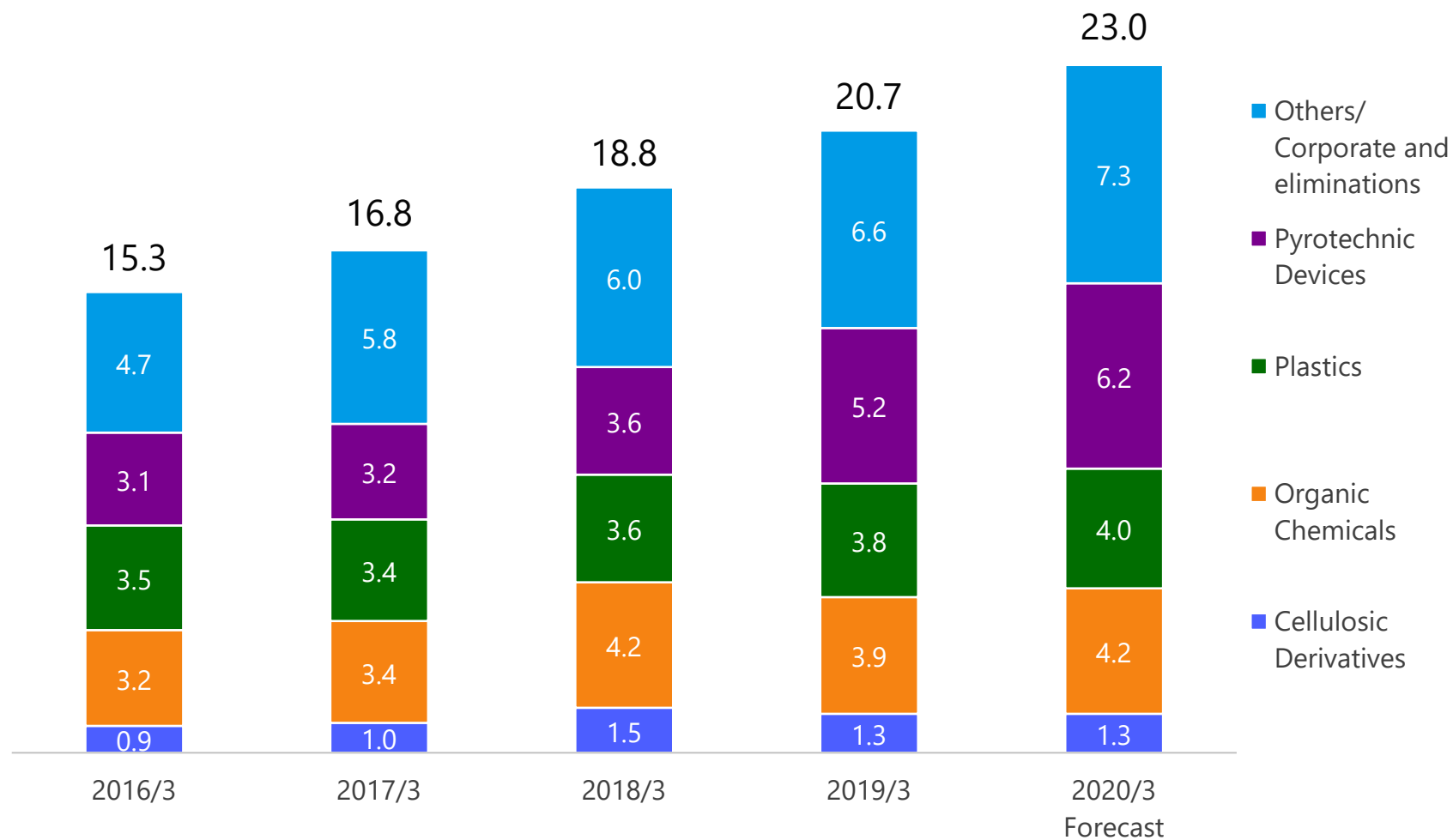
(billion yen)

		FY ended March 2019 (Results)			FY ending March 2020 (Forecast)			Change (B)-(A)
		1st Half	2nd Half	Total(A)	1st Half	2nd Half	Total(B)	
	Cellulosic Derivatives	42.0	41.2	83.2	38.5	43.5	82.0	-1.2
	Organic Chemicals	45.1	44.4	89.5	44.0	46.0	90.0	+0.5
	Plastics	89.6	86.3	175.9	92.0	94.5	186.5	+10.6
	Pyrotechnic Devices	55.5	52.4	107.9	46.0	45.0	91.0	-16.9
	Others	3.0	5.4	8.4	5.5	6.0	11.5	+3.1
Net sales		235.2	229.6	464.9	226.0	235.0	461.0	-3.9
	Cellulosic Derivatives	8.6	7.4	16.0	6.8	6.7	13.5	-2.5
	Organic Chemicals	7.1	7.3	14.4	7.2	8.3	15.5	+1.1
	Plastics	11.9	8.7	20.6	12.0	11.5	23.5	+2.9
	Pyrotechnic Devices	9.8	5.8	15.6	2.7	4.3	7.0	-8.6
	Others	0.2	0.4	0.6	0.2	0.3	0.5	-0.1
	Corporate and eliminations	-8.1	-7.9	-16.0	-8.9	-8.1	-17.0	-1.0
Operating income		29.5	21.7	51.2	20.0	23.0	43.0	-8.2
Ordinary income		32.2	21.2	53.4	20.5	24.5	45.0	-8.4
Income attributable to owners of parent		22.4	12.9	35.3	10.5	16.0	26.5	-8.8
(ref.) Exchange rate USD/JPY		110	112	111	110	110	110	



R&D

(billion yen)





Assumptions

		FY ended March 2019		FY ending March 2020	
		1 st half (Results)	2 nd half (Results)	1 st half (Forecast)	2 nd half (Forecast)
Exchange rate (USD/JPY)		110	112	110	110
Raw Materials	Methanol Asian spot price (USD/ton)	403	360	320	320
	Crude Oil Dubai (USD/bbl.)	73	65	60	60
	Domestic Naphtha (JPY/kl)	50,850	47,600	40,000	40,000

- 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.

