Design the Future





May 13, 2013

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Operating Results



(¥100 million)

	FY 2011	FY 2012	Changes (B) – (A)	Y o Y (%)
Sales	3,419	3,585	+166	+4.8%
Operating profit	204	262	+58	+28.2%
Ordinary profit	211	286	+75	+35.5%
Net profit	118	154	+35	+30.0%

Exchange rate	¥79/\$	¥82/\$
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Consolidated Profit and Loss Statement



(¥100million)

				(+100111111011)
	FY 2011 (A)	FY 2012 (B)	Changes (B)-(A)	Remarks
Net Sales	3,419	3,585	+166	Quantity +96 Prices +70 (Exchange gain +53)
Gross profit	707	809	+101	
Selling, general and administrative expenses	503	547	+44	
Operating Profit	204	262	+58	Quantity effect +58 Other -24 Price impact +248 (Exchange gain +10)
Non-operating income and expenses	7	24	+17	Improved Exchange gain or loss +10
Ordinary Profit	211	286	+75	
Extraordinary gain and loss	∆ 11	∆ 33	Δ 22	
Profit before income taxes and minority interests	200	253	+53	
Income Taxes,Minority interests in profit (loss)	81	99	+18	
Net Profit	118	154	+35	

Exchange rate \pm 79/\$ \pm 82/\$

Shareholder Reduction



Dividends for 4th quarter: 7 yen per share

Annual dividends: 12 yen per share (Increased dividends: 2 yen per share)

The shareholder return ratio

FY 2011	FY 2012	FY 2013	
21.2%	45.2%	27.5%	

We have set a target of 30% for the shareholder return ratio*

* Amount of dividends plus Amount of acquired treasury stocks divided by Consolidated net income for the year

Analysis for Sales and Operating Profit



【Sales】 (¥100 million)

	FY 2012	FY 2013	Changes	Anal	ysis
	(A)	(B)	(B) - (A)	Quantity	Prices
Cellulosic Derivatives	721	745	+24	-35	+59
Organic Chemicals	765	715	-50	-31	-19
Plastics	1,336	1,402	+67	+39	+27
Pyrotechnic Devices	532	660	+128	+125	+3
Other products	66	64	-2	-2	
Total	3,419	3,585	+166	+96	+70

[Operating Profit] (¥100 million)

	FY 2012	FY 2013	Changes	lm	pact Analys	is
	(A)	(B)	(B) - (A)	Quantity	Prices	Other
Cellulosic Derivatives	78	136	+59	-15	+32	+42
Organic Chemicals	54	53	-1	+8	-23	+14
Plastics	99	112	+13	+19	+21	-27
Pyrotechnic Devices	50	41	-9	+49	-7	-51
Other products	10	8	-2	-2	0	0
Companywide	-86	-87	-2	+0	0	-2
Total	205	262	+57	+58	+24	-24



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Precondition



		FY 2	013	FY 2	014
		First half Results	Second half Results	First half Plan	Second half Plan
	Exchange rate	Yen 80 / \$	Yen 85 / \$	Yen 95 / \$	Yen 95 / \$
ıw rials	Methanol (Asian spot price)	\$376	\$370	\$380	\$380
Raate	Crude oil, Dubai	\$106	\$108	\$110	\$110
Ž	Domestic Naphtha	Yen 55,000 /kl	Yen 59,600 /kl	Yen 60,000 /kl	Yen 60,000 /kl

FY 2013 Forecast



(¥100 million)

	FY 2013	FY 2014	Changes (B) – (A)	Y o Y (%)
Sales	3,585	4,050	+465	+13.0%
Operating profit	262	350	+88	+33.6%
Ordinary profit	286	360	+74	+26.0%
Net profit	154	200	+46	+30.1%

Exchange rate	Yen 82/\$	Yen 95 / \$
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Trends in Sales and Operating Profit



(¥100 million)





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Cellulosic Derivatives



Sales

+ 2.4 billion yen

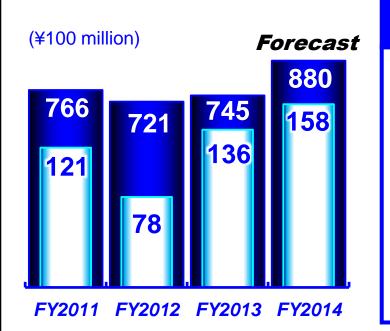
Foreign exchange gain 1.4 billion yen

- Cellulose acetate: Decreased in sales due to mainly weak LCD TV's demand.
- Acetate tow for cigarette filters: Under the full production through the full year, its sales volume was the same level as the previous year. However, increased in sales due to its price increases for high raw material, and effect of weaker yen in the fourth quarter.

Operating profit

+ 5.9 billion yen

Increased in profit due to price increases and decrease in depreciation.



FY 2014 Forecast

◆ Cellulose acetate

TAC: Forecast of slight decrease in sales volume.

- ✓ Thinning of TAC film.
- ✓ Intensify competition with other materials.

Acetate tow

Forecast of increase in sales volume.

- ✓ Starting the joint venture with Mitsubishi Rayon.
- ✓ Start up the facilities enhanced for Ohtake and Aboshi in July this year.

Organic Chemicals



Sales

- 5.0 billion yen

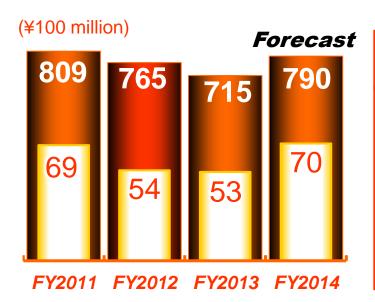
Foreign exchange gain 0.6 billion yen

- Acetic acid: Despite the increase in sales volume by strong overseas demand for PTA, remained to be increased slightly in sales due to deterioration in market conditions.
- Commodity products and Designed products: Despite to increase in sales of ethyl acetate, decreased in sales due to sluggish demand from overseas, in particular, to affect by stagnant demand for e-material.
- Chiral chemicals: Decreased in sales due to the decline of orders for separation services, despite the strong sales of columns in China and Europe.

Operating profit

- 80 million yen

Despite decrease in depreciation, decreased slightly in profit due to the decline in selling prices.



FY 2014 Forecast

Forecast of Increase in sales volume due to an improvement of the export environment for relaxation of strong yen under mild recovery of the product demand mainly on automotive products.

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Plastics



Sales

+ 6.7 billion yen

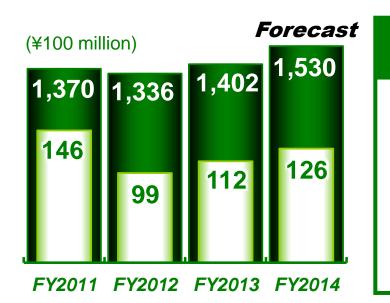
Foreign exchange gain 1.9 billion yen

- ◆ Polyplastics (closing month is December): + 6.8 billion yen Increased in sales due to adjustments for sales price depending on higher fuel and raw material costs, and recovery of automotive production, despite the impact of strong yen and boycott of Japanese cars in China.
- Daicel polymer: 0.2 billion yen Decreased in sales due to weak demand in electric machinery and electronic material market, despite steady demand for automotive parts.

Operating profit

+ 1.3 billion yen

Increased in profit due to adjustments for sales price, and increase in sales volume.



FY 2014 Forecast

♦ Polyplastics

Forecast of sales volume increases mainly for automotive.

Daicel polymer

Forecast of increase in sales at the bases of Shanghai and Hong Kong.

Pyrotechnic Devices



Sales

+ 12.8 billion yen

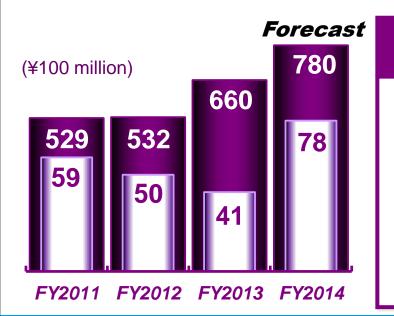
Foreign exchange gain 1.3 billion yen

- Automobile Airbag Inflators : Greatly increased in sales.
 - ✓ Greatly increased in sales volume of automobile airbag inflators due to recovery of automotive production.
 - Sales volume: 47 million units ⇒ 54 million units (increased 7 million units)
 - ✓ Special Devices, Inc. (the manufacturing and sales company of initiator) was newly consolidated.

Operating profit

- 0.9 billion yen

Decreased in profit due to increase of expenses corresponding to the rapid expansion of demand in the United States, the boycott of Japanese cars in China, and acquisition costs for Special Devices, Inc.



FY 2014 Forecast

Automobile Airbag Inflators

Forecast of greatly increase in sales volume.

- Increasing of automotive production.
- The new orders by expanding sales.

Sales volume plan in FY 2014:

62 million units (8 million units plus)

Profit improvement of subsidiaries in the United States.



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Activities for New Business Creation



Target area:

Electronics, Energy, Environment, Medical/ Health care

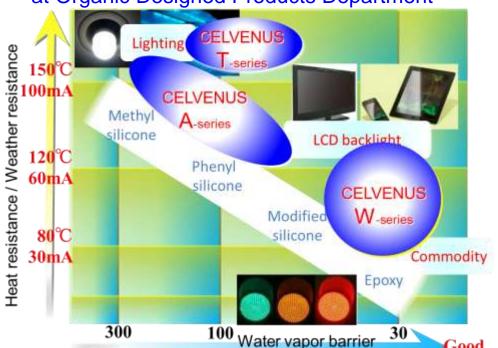
Electronics, Energy, Environment, Medical/ Health care							
	Research	Studying Ir Developing Products	ndustrialization Customer Testing	Market Launch (Including paid samples)			
Electronics	LED Transparent	Encapsulants / OLE	D panel sealants				
	Compounds for ca	amera lenses					
	Films for touch pa	anels					
Energy	Ultra-Dispersed D	Diamonds					
/ Environment	Visible Light Resp	oonse-type Titanium	Oxide Photocataly	rst			
Medical / Health care	Pre-mixture addition for Orally Disi	ive ntegrating tablets					
, illocatali ocalo	EQUOL (Anti-aging ma	aterial derived fro	om soybeans)				

Electronics



LED Transparent Encapsulants CELVENUS®

- Started up the trial production plant in Arai Plant in June this year.
- ➤ By the integrated development system from raw materials to sealants, we can respond to new feature requests.
- We will promote full-dress market development at Organic Designed Products Department



Compounds for camera lenses

Placed on the market to

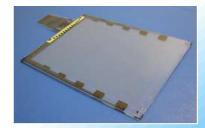
CELEVENUS® O series

as UV/Thermal curing Transparent Material.



Films for touch panels

By making use of the materials and technologies of Daicel group, We developed and launched new functionality films.

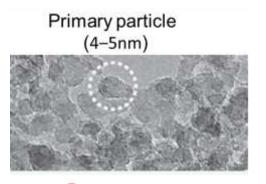


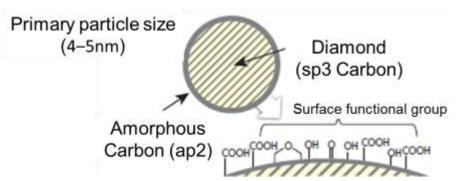
Electronics, Energy, Environment



Ultra-Dispersed Diamonds (UDD)

- Daicel will perform integrated production of UDD as well as design and development of products for particular applications.
- ◆ Its explosion test facility will be established in the Harima Plant in 2013.



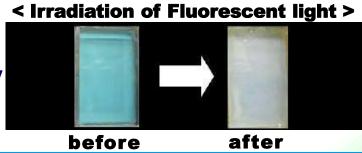


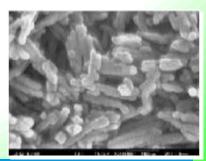
CelMuse® as Visible Light Response-type Titanium Oxide Photocatalyst

- Daicel Finechem Ltd. has started its marketing activities.
- In 2013, we will move its production equipment to Arai Plant from Central Research Center, and expand production capacity.

Disassemble the organic substances by high oxidative capacity

Evaluation method that conforms to JIS1703-2





Medical/ Health care



Pre-mixture additive for Orally Disintegrating tablets

Developed for orally disintegrating tablets which can be taken safely and conveniently without water Pharmaceutical additives having functions of both disintegrators and excipient



It is currently under evaluation stagefor adoption in Japanese pharmaceutical company.

Aim to sell as the additives for medicines that be launched into market in 2014.

FlavoCel® as EQUOL (Anti-aging material derived from soybeans)

Production using "the microbial biotechnology" researched by Daicel for many years.

Started offering samples to customers, and its effectiveness is beginning to be confirmed.

We aim to commercialize in 2013.

Activities in Each Segment for 3D-I



- (1) Enhancement of core businesses
- (2) Development and enhancement of businesses from a global perspective (3) Increased cost-competitiveness
- (4) Enhanced cooperation with business partners
- (5) Pursuit of M&A from a strategic perspective
- (6) Enhancement of business foundations

(5) Increased cost-competitiveness (5) Limiting						ipentiveness	(o) Emandement of Business foundations
(1)	(2)	(3)	(4)	(5)	(6)		Activities
•		•	•	•		Cellulosic Derivatives	Establishment of a Joint Venture for the Production of Acetate Tow for Cigarette Filters with Mitsubishi Rayon Co., Ltd.
•		•				Cellulosic Derivatives	Expanding the acetate tow production facilities in Ohtake and Aboshi (Start of production scheduled in July 2013)
						Cellulosic Derivatives	Increase of acetate tow production capacity in China JV.
						Organic Chemicals	Nov. 2011: Increased production capacity of ethyl acetate
						Organic Chemicals	Mar. 2013: Relocation and expansion for Daicel Chiral Technologies (China) Co., Ltd.
						Plastics	Sep. 2011: Polyplastics Korea Ltd. is established in Seoul, Korea.
						Plastics	Jan. 2012: Polyplastics Taiwan Co., Ltd. increased compounding capacity.
•	•					Plastics	Mar. 2012: Polyplastics (Nantong) Ltd. as compounding company is established in Nantong, China. (Start of compounding operation scheduled in Autumn 2013)
						Plastics	Apr. 2012: Daicel Polymer (Thailand) Co., Ltd. is established in Thailand.
						Plastics	Apr. 2012: Polyplastics USA, Inc. is established in Michigan, U.S.A.
						Plastics	Apr. 2012: DM Novafoam Co. Ltd. as JV for low density foam plastics is established
•		•		•		Plastics	Aug.2012: Polyplastics Completed the Acquisition of German Monomer Supplier "LCPG" for LCP.
•		•				Plastics	Oct. 2012: Hirohata Plant moved the long-fiber-reinforced plastic production equipment from Aboshi Plant, thereby, production was increased.
						Plastics	Nov. 2012: Polyplastics Europe GmbH is established in Frankfurt, Germany
•	•	•				Plastics	Construction for new 90,000 t/y POM production facility at Polyplastics Asia Pacific Sdn. Bhd. in Malaysia. (Start of production scheduled in Early 2014)
•	•					Pyrotechnic Devices	Nov. 2011: Daicel Safety Systems Korea, Inc. is established in South Korea. (Start of production scheduled in Dec. 2013)
							Apr. 2012: Completed the acquisition of Special Devices, Inc. as initiator manufacturer.
						Sep. 2012: The Abo	shi Plant installed City-gas Cogeneration facility.
						Mar. 2013: Renewed	d our Operation Training Center (TRC).

Cellulosic Derivatives



Strengthening of our acetate tow business

As joint venture, Toyama Filter Tow Co., Ltd. has started.

- In October 1st, 2012, Mitsubishi Rayon Co., Ltd. spun off its Manufacturing department of acetate tow and established Toyama Filter Tow Co., Ltd.
- In May 1st, 2013, Daicel acquired 35% of the outstanding shares of Toyama Filter Tow Co., Ltd., and it became a joint venture.

Expand the acetate tow production facilities in Ohtake

Increase the acetate tow production capacity in Aboshi



These production facilities will start up in July 2013. Production capacity increase 10%



Cellulosic Derivatives



Acetate tow

Promoting

the increase of acetate tow production capacity in the framework of the China JV.

Xi'an Huida Chemical Industries Co., Ltd.



Xi'an Da-An Chemical Industries Co., Ltd. (Ningbo Da-An Chemical 100% investment)





Acetate Flakes

Organic Chemicals



Commodity products Strengthening and expanding our ethanol chain.

The ethyl acetate production capacity of the Ohtake Plant was increased by 50% in November, 2011.

Designed products

Making good condition of infrastructure for developing high-performance materials.

Acceleration of the development speed. Establishment of mass-production technologies.



In Arai, established the trial production plant and built the quality assurance system.

Electronic materials field such as LED encapsulants, semiconductor resist materials and others as our target, we will accelerate these developments and establish the mass-production technologies.

Chiral chemicals

In April 2013,

we were relocated the local subsidiary of Shanghai, China.

By the effective use of new facilities, we will expand our business of column sales, separation contracting services and new chiral reagent sales

Expansion of the business around our field

New Analytical Service

We started "New Analytical Service" that provides analysis support services through the validation and the establishment of analytical methods at the local subsidiary in India.

Plastics



Polyplastics

Development and enhancement of businesses in the global. Enhancement of the business foundations.

Became our subsidiary in Aug. 2012

LCP Leuna Carboxylation Plant GmbH

Establishment in Nov. 2012 Polyplastics Europe GmbH

Establishment in Sept. 2011

Polyplastics Korea Ltd.

Establishment in Apr. 2012

Polyplastics USA, Inc.

o Polyplastics

Mar. 2012:

Polyplastics (Nantong) Ltd.

as compounding company is established in Nantong, China. (Start of compounding operation scheduled in Autumn 2013)

Jan. 2012:

Polyplastics Taiwan Co., Ltd.

increased compounding capacity.

Constructing new 90,000 t/y POM production facility

at Polyplastics Asia Pacific Sdn. Bhd. in Malaysia. (Start of production scheduled in Early 2014).

New Resin Creator

Daicel Polymer Ltd.

Apr. 2012: Daicel Polymer (Thailand) Co., Ltd. is established in Thailand.

Oct. 2012: Increased production capacity for the long-fiber-reinforced plastics

Pyrotechnic Devices



Enhancement of our inflator business foundations.





Daicel Safety Systems Korea, Inc.

Established November 2011. Start of production scheduled in December 2013.

Special Devices, Inc.

Completed the acquisition of SDI and expansion in initiator production capacity. Pursue synergies on all sides such as production, development and marketing.

Enhancement of business foundations (Company Wide)



The Aboshi Plant installed City-gas Cogeneration facility. Started operation of CHP plant in September 2012.

The new-model gas turbine for power generation as the world's highest rate in this output class was installed.

100% self-sufficient power was became possible in Aboshi Plant.

The new-model gas turbine for high efficiency power generation in the 30MW-class developed by KHI



- Electric efficiency: Approximately 36%
- Total energy efficiency in the cogeneration system: Approximately 86%



CHP: Combined Heat and Power

Enhancement of business foundations (Company Wide)



Renewed our Operation Training Center (TRC).

In 2002, our operation training center was established for mastering the method of the intellectual and integrated production system and operation technology common to the whole company. In March 2013, we have renewed it and built new facility.

Begin with basic, and go back to basics.

We are training steadily future "people" for the Daicel's Monozukuri.



New Operation Training Center

At new TRC, we can be more functional teaching and training.

- Training room
- Control room
- Practical room
- Training equipment which can feel the danger
- Small-scale test plant

We will build the chemical plants which has a higher safety.

From **Design**, to **Development**



Safe operations, Product safety and Ensuring quality as our Top Priority

Develop New Values

3D-II Medium-Term Plan (for FY 2014–16)

3D-I Medium-Term Plan (for FY 2011–13)

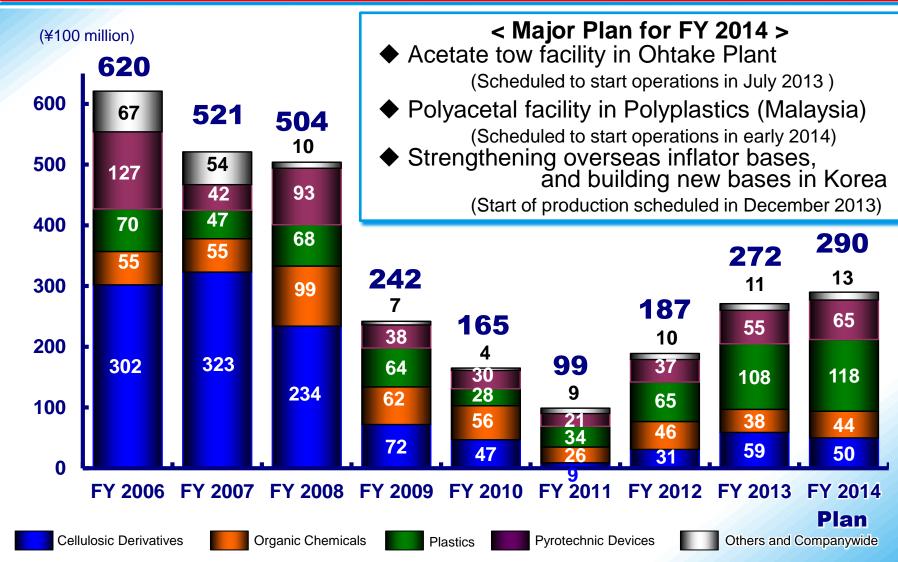
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We are performing steadily for the basic strategy of 3D-I Medium-Term Plan.

- Development of new businesses
- Enhancement of core businesses
- Development and enhancement of businesses from a global perspective
- Increased cost-competitiveness
- Enhanced cooperation with business partners
- Pursuit of M&A from a strategic perspective
- Enhancement of business foundations

Trend for Investment in Plant and Equipment

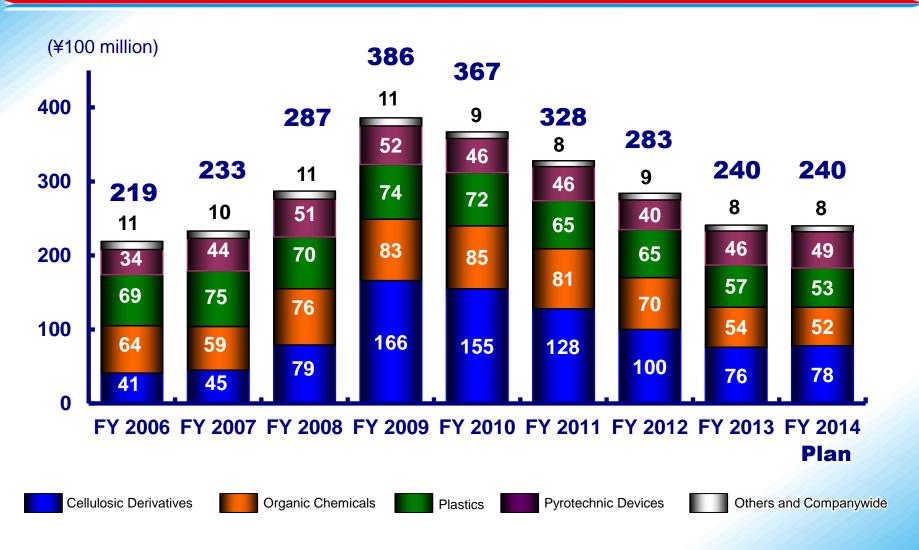




Note: The amount of increase accompanied with the new consolidation is not included.

Depreciation





Note: Amortization of goodwill is not included.

Consolidated Balance Sheet



(¥100million)

	End of March, 2012 (A)	End of March, 2013 (B)	Changes (B) - (A)	Remarks	
Assets	1,972	2,322	+350		
Cash, Deposits and Short-term investment securities	356	547	+192		
Notes and accounts receivable-trade	767	770	+3		
Inventories	711	830	+118	Increased the inventory amount of acetate tow in preparation for the biennial periodical repairs in Aboshi.	
Other	138	175	+37		
Total noncurrent assets	2,010	2,293	+283		
Property, plant and equipment	1,392	1,493	+101	Acquisition: 260, Newly consolidated: 20, Depreciation: -228	
Intangible assets	24	136	+112	Newly consolidated: 101	
Investments and other assets	594	664	+70	Investment securities: 49 (Increase in market value)	
Total assets	3,982	4,615	+633		
Liabilities	1,635	1,986	+351		
Interest-bearing Liabilities	832	992	+160	Interest-bearing liabilities ratio: 21.5%	
Other	802	994	+192		
Net assets	2,347	2,629	+282	Capital adequacy ratio: 52.2%	
Total liabilities and net assets	3,982	4,615	+633		

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(Reference) FY2014 Financial forecast (YoY)



(Yen 100 million)

								(ren roc) million)
	FY 2013 Result				FY2014 Forecast				Changes
	1 Q	1st half	2nd half	Total(A)	1 Q	1st half	2nd half	Total(B)	(B) - (A)
Sales	880	1,773	1,812	3,585	945	1,960	2,090	4,050	465
Cellulosic Derivatives	186	363	382	745	209	430	450	880	135
Organic Chemicals	184	357	358	715	186	381	409	790	75
Plastics	343	704	698	1,402	355	740	790	1,530	128
Pyrotechnic Devices	154	319	340	660	180	375	405	780	120
Other products	13	30	34	64	15	34	36	70	7
Operating Profit	65	136	126	262	65	160	190	350	88
Cellulosic Derivatives	34	67	69	136	37	79	79	158	22
Organic Chemicals	13	24	28	53	9	28	42	70	17
Plastics	28	62	49	112	26	63	63	126	14
Pyrotechnic Devices	10	22	19	41	15	33	45	78	37
Other products	1	4	4	8	0	2	4	6	-2
Companywide	-22	-44	-44	-87	-22	-45	-43	-88	-1
Ordinary profit	66	137	148	286	72	165	195	360	74
Net profit	38	72	82	154	50	95	105	200	46
Exchange rate (Yen/US\$)	80	80	85	82	95	95	95	95	

Notes regarding Forward-Looking Statements

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