



# FY 2015 2nd Quarter Consolidated Financial Results Briefing

***Develop New Value***

**DAICEL CORPORATION**

November 7, 2014



**FY 2015 2nd Quarter Consolidated Financial Results**

**P 3 ~ P 6**

**FY 2015 Forecast**

**P 7 ~ P 11**

**Return to Shareholders**

**P 12**

**Trends in Plant and Equipment Investment**

**P 13**

**Depreciation**

**P 14**

**Information by Segment**

**P 15 ~ P 19**

**References**

**P 20 ~ P 22**



# FY 2015 2nd Quarter Consolidated Financial Results

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# Operating Results

(billion yen)

	FY 2014 2nd Quarter ( A )	FY 2015 2nd Quarter ( B )	Change (B) – (A)	Y o Y ( % )
<b>Sales</b>	197.0	218.7	+21.7	+11.0%
<b>Operating profit</b>	17.6	25.4	+7.8	+44.3%
<b>Ordinary profit</b>	19.2	26.5	+7.3	+37.7%
<b>Net profit</b>	12.1	17.0	+4.8	+39.7%
<b>Exchange rate</b>	Yen 98 / \$	Yen 103 / \$		

# Consolidated Profit and Loss Statement

( billion yen )

	FY 2014 2nd Quarter (A)	FY 2015 2nd Quarter (B)	Change (B) – (A)	Remarks
<b>Net Sales</b>	197.0	218.7	+21.7	Quantity +15.2 Prices +6.5 (Exchange gain +5.8)
<b>Gross profit</b>	46.7	56.5	+9.8	
<b>Selling, general and administrative expenses</b>	29.1	31.1	+2.0	
<b>Operating Profit</b>	17.6	25.4	+7.8	Quantity effect +7.6      Other -+2.5 Price impact +2.6 (Exchange gain +1.6)
<b>Non-operating income and expenses</b>	1.6	1.1	-0.5	
<b>Ordinary Profit</b>	19.2	26.5	+7.3	
<b>Extraordinary gain and loss</b>	1.7	-0.2	-1.9	
<b>Profit before income taxes and minority interests</b>	20.9	26.3	+5.4	
<b>Income Taxes,Minority interests in profit (loss)</b>	8.8	9.3	+0.6	
<b>Net Profit</b>	12.1	17.0	+4.8	
<b>Exchange rate</b>	¥ 98 /\$	¥ 103 /\$		

# Analysis for Sales and Operating Profit

## 【Sales】

( billion yen )

	FY 2014 2nd Quarter ( A )	FY 2015 2nd Quarter ( B )	Change (B) – (A)	Analysis	
				Quantity	Prices
Cellulosic Derivatives	43.5	48.0	+4.5	+2.5	+2.0
Organic Chemicals	38.6	45.0	+6.4	+4.4	+2.0
Plastics	74.1	83.7	+9.5	+7.4	+2.1
Pyrotechnic Devices	37.8	39.2	+1.4	+1.0	+0.4
Other products	2.8	2.7	-0.1	-0.1	
Total	197.0	218.7	+21.7	+15.2	+6.5

## 【Operating Profit】

	FY 2014 2nd Quarter ( A )	FY 2015 2nd Quarter ( B )	Change (B) – (A)	Impact Analysis		
				Quantity	Prices	Other
Cellulosic Derivatives	9.0	12.8	+3.8	+1.9	+2.7	-0.7
Organic Chemicals	3.3	4.4	+1.1	+2.0	+0.3	-1.2
Plastics	5.4	8.0	+2.6	+2.9	-0.3	-0.1
Pyrotechnic Devices	4.3	4.8	+0.6	+0.8	-0.0	-0.2
Other products	0.0	0.0	0	0	0	0
Companywide	(4.4)	(4.7)	-0.4	0	0	-0.4
Total	17.6	25.3	+7.7	+7.6	+2.6	-2.5



# FY 2015 Forecast

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A decorative graphic on the right side of the slide consisting of four overlapping triangles that point towards the top right corner. The triangles are colored blue, cyan, green, and purple from left to right, creating a sense of depth and growth.

# Assumptions

		FY 2014		FY 2015	
		First half Result	Second half Result	First half Result	Second half Plan
<b>Exchange rate</b>		Yen 98 / \$	Yen 101 / \$	Yen 103 / \$	Yen 105 / \$
<b>Raw Materials</b>	<b>Methanol (Asian spot price)</b>	US\$ 390 /ton	US\$ 490 /ton	US\$ 370 /ton	US\$ 400 /ton
	<b>Crude oil, Dubai</b>	US\$ 104 /bbl	US\$ 106 /bbl	US\$ 104 /bbl	US\$ 105 /bbl
	<b>Domestic Naphtha</b>	Yen 64,700 /kl	Yen 69,400 /kl	Yen 70,400 /kl	Yen 70,000 /kl

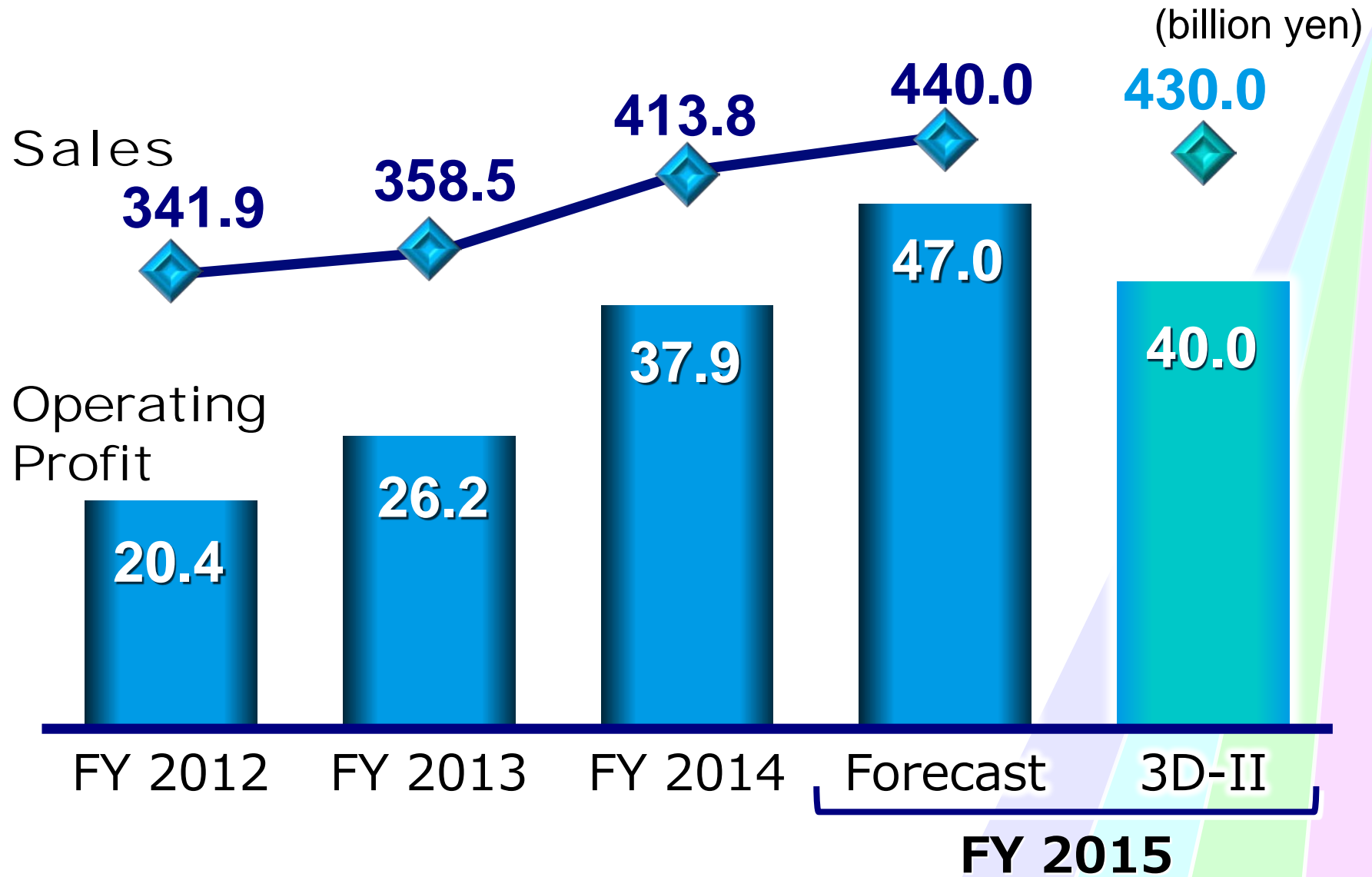


# FY 2015 Forecast

(billion yen)

	<b>FY 2014 Results ( A )</b>	<b>FY 2015 Forecast ( B )</b>	<b>Change (B) – (A)</b>	<b>Y o Y ( % )</b>
<b>Sales</b>	413.8	440.0	+26.2	+6.3%
<b>Operating profit</b>	37.9	47.0	+9.1	+24.0%
<b>Ordinary profit</b>	41.4	48.5	+7.1	+17.1%
<b>Net profit</b>	22.8	28.5	+5.7	+24.8%
<b>Exchange rate</b>	Yen 100 / \$	Yen 104 / \$		

# Trends in Sales and Operating Profit



# Sales and Operating Profit (YoY)

(100 million Yen)

## 【Sales】

	<b>FY 2014 Results ( A )</b>	<b>FY 2015 Forecast ( B )</b>	<b>Change (B) - (A)</b>
Cellulosic Derivatives	92.6	93.0	+0.4
Organic Chemicals	80.7	88.8	+8.1
Plastics	154.0	168.5	+14.5
Pyrotechnic Devices	80.1	83.0	+2.9
Other products	6.4	6.7	+0.3
<b>Total</b>	<b>413.8</b>	<b>440.0</b>	<b>+26.2</b>

## 【Operating Profit】

	<b>FY 2014 Results ( A )</b>	<b>FY 2015 Forecast ( B )</b>	<b>Change (B) - (A)</b>
Cellulosic Derivatives	19.1	22.0	+2.9
Organic Chemicals	6.0	7.5	+1.5
Plastics	11.0	15.3	+4.3
Pyrotechnic Devices	10.5	11.2	+0.7
Other products	0.3	0.3	0
<b>Companywide</b>	<b>(9.0)</b>	<b>(9.3)</b>	<b>-0.3</b>
<b>Total</b>	<b>37.9</b>	<b>47.0</b>	<b>+9.1</b>

- ◆ **The Company will increase the dividend by 2 yen; the dividend forecast for the 2nd half is 10 yen per share.**

Thus, we will pay an annual dividend of 18 yen per share, a 3 yen per share increase over the previous year including the interim dividend.

## The shareholder return ratio

FY 2012	FY 2013	FY 2014	FY 2015 (Forecast)
45.2%	27.5%	23.1%	22.2%

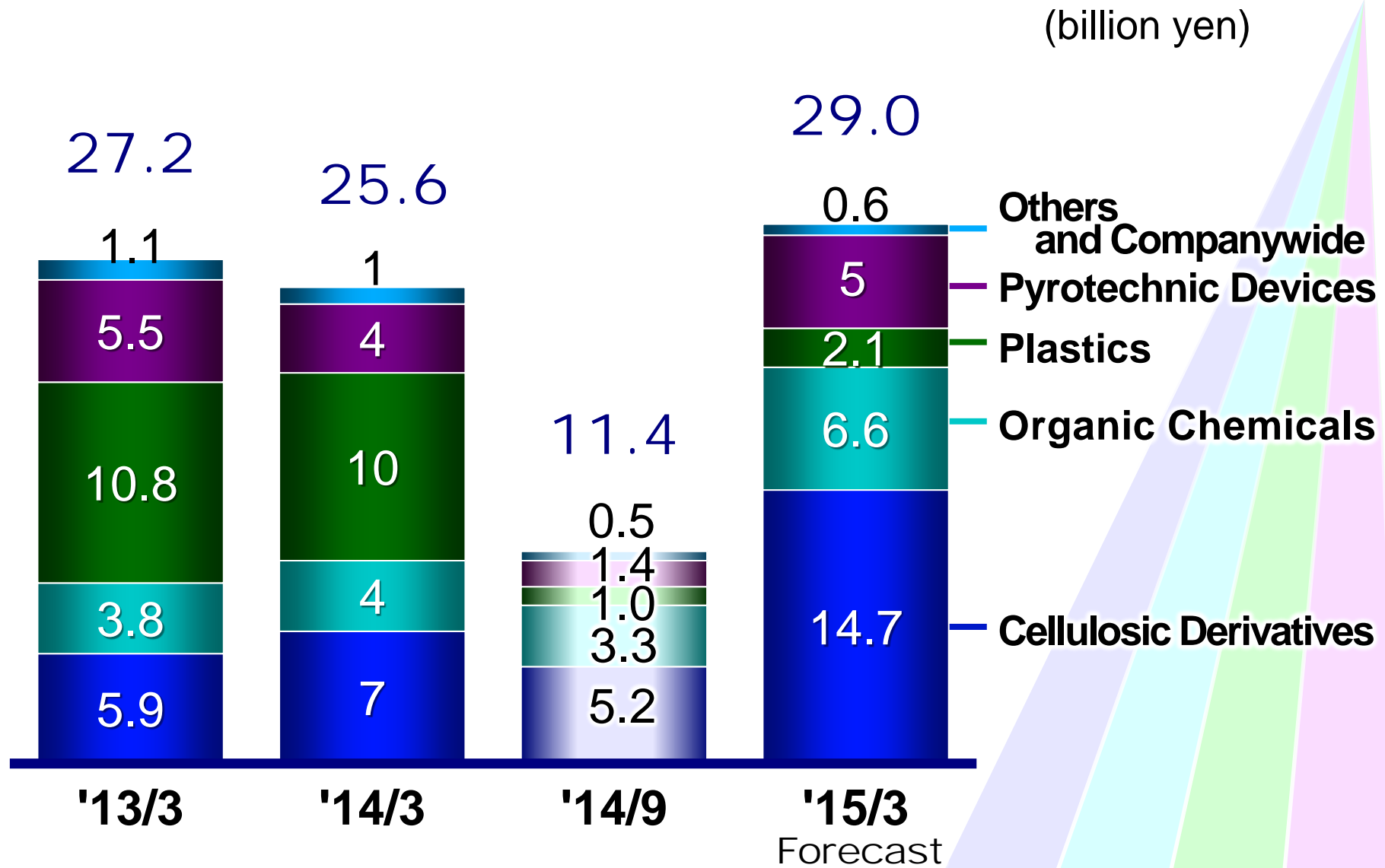
We have set a target of 30% for the shareholder return ratio\*

\* Dividends plus Acquired treasury stocks divided by Consolidated net income for the year

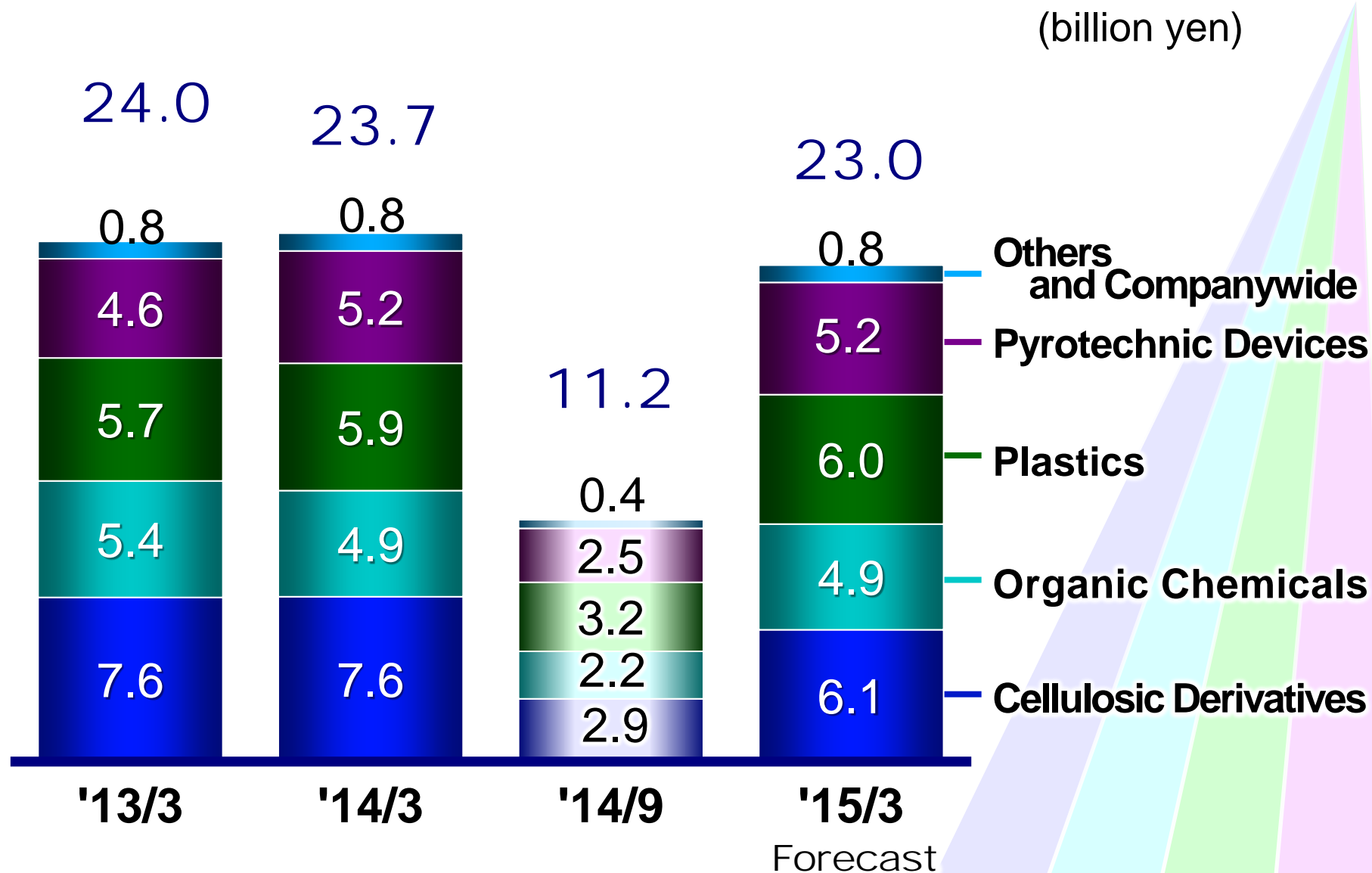
- ◆ **Change in Number of Shares per Share Unit**

As of January 2015, the Company will change the number of common shares per share unit from 1,000 to 100.

# Trend for Investment in Plant and Equipment



# Depreciation





# Information by Segment

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Four triangles of different colors (blue, cyan, green, and purple) are stacked on top of each other, pointing upwards towards the right side of the slide. They are positioned to the right of the main text.

# Cellulosic Derivatives

Sales

+ 4.5 billion yen

Foreign exchange gain

1.3 billion yen

◆ **Cellulose acetate** : Increased in sales due to the increase of shipping volume for JV with Mitsubishi Rayon, despite decrease for LCD film applications.

◆ **Acetate tow for cigarette filters** : Increased in sales due to the following factors:

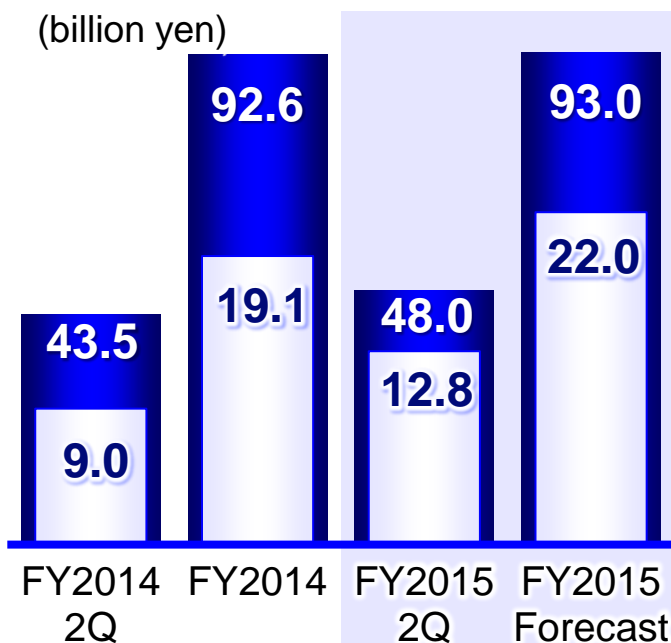
- Strong overseas sales
- In FY 2015, Aboshi plant does not schedule the biennial repair.
- Production increase in JV with Mitsubishi Rayon, Otake plant and Aboshi plant.
- Selling price correction.
- The effect of the weak yen

Operating profit

+ 3.8 billion yen

Increased in profit due to the increase of sales volume, selling price correction and the effect of the weak yen.

(billion yen)



## *FY 2015 Forecast*

### ◆ **Cellulose acetate**

Forecast decrease in sales volume due to thinning of TAC film in LCD film applications, despite strong sales for cigarette filter applications.

### ◆ **Acetate tow**

Forecast increase in sales volume.

**In the segment,  
forecast increase in sales and profit.**



# Organic Chemicals

Sales

+ 6.4 billion yen

Foreign exchange gain

0.6 billion yen

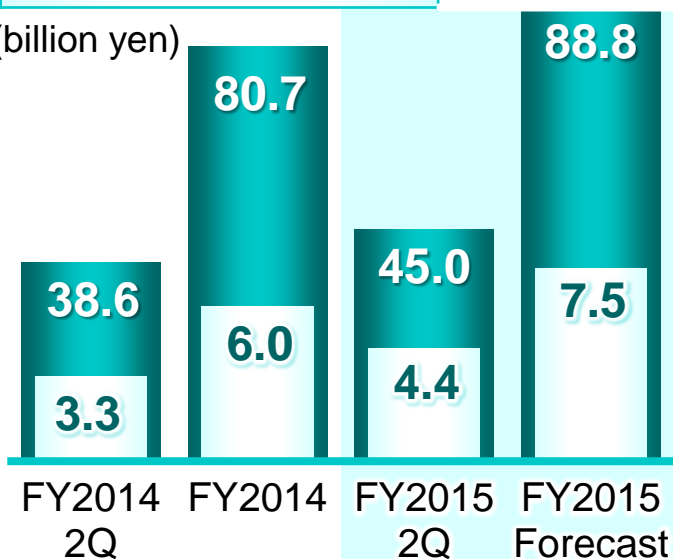
- ◆ **Acetic acid:** Increased in sales due to the following factors:
  - Strong sales for vinyl acetate and other applications.
  - In FY 2015, Aboshi plant does not schedule biennial repairs.
  - Selling price correction.
- ◆ **Organic commodity products :** Increased in sales due to selling price correction and increase in sales quantity for e-materials.
- ◆ **Organic designed products :** Increased in sales due to strong overseas sales.
- ◆ **Chiral separation:** Increased in sales due to the increase in orders for separation service and the strong sales of columns in China and India.

Operating profit

+ 1.1 million yen

Increased in profit due to the increase of sales volume and selling price correction.

(billion yen)



## ***FY 2015 Forecast***

Forecast increase in sales and profit due to continued strong sales quantity along with stable foreign exchange and raw material prices.

# Plastics

**Sales**

+ 9.5 billion yen

**Foreign exchange gain**

2.9 billion yen

◆ **Polyplastics:** + 8.9 billion yen (The company has changed its closing month from December to March.)

Increased in sales due to the impact of foreign exchange and the increase of sales quantity in electronic devices and automobile field.

◆ **Daicel polymer Gr. :** + 0.3 billion yen

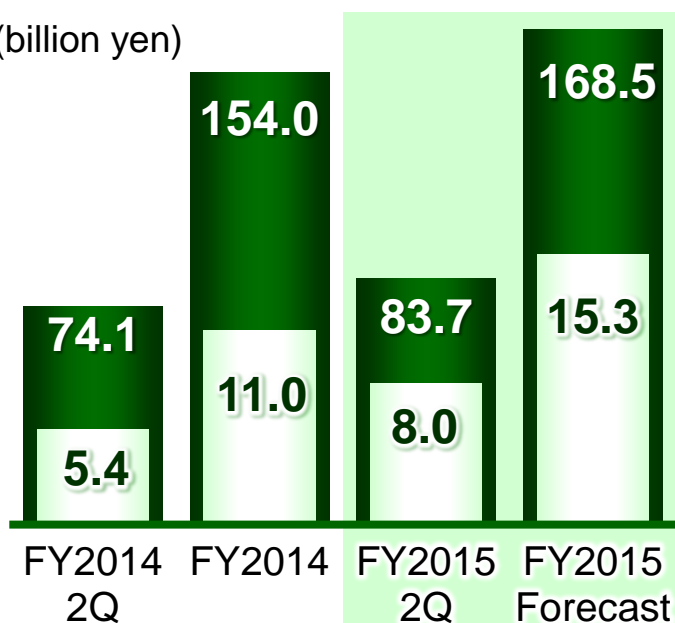
Increased in sales due to the strong demand for electronic parts and electrical appliances.

**Operating profit**

+ 2.6 billion yen

Increased in profit due to the impact of foreign exchange and increase in sales volume.

(billion yen)



## *FY 2015 Forecast*

Forecast increase in sales and profit due to the impact of foreign exchange and the continuous strong sales quantity in electronic devices and automobile field.

# Pyrotechnic Devices

Sales

+ 1.4 billion yen

Foreign exchange gain

1.1 billion yen

## ◆ Automobile Airbag Inflators :

Despite the effect of the sales decline after the spike in demand prior to the consumption tax hike, increased in sales compared with the same period of the previous year due to the impact of foreign exchange and the increase of sales volume in China and ASEAN.

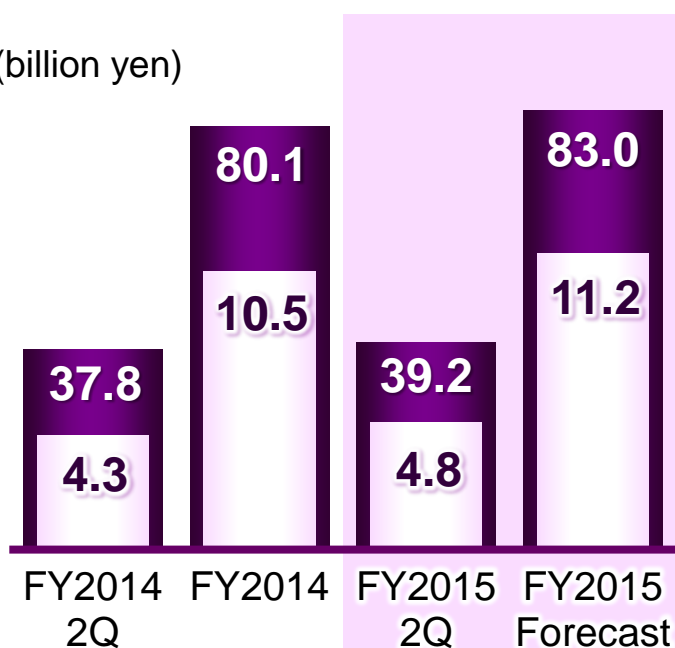
■ Sales volume increased 4.5% compared with second quarter of last year.

Operating profit

+ 0.6 billion yen

Increased in profit due to the effect of weak yen and the increase of sales volume.

(billion yen)



## *FY 2015 Forecast*

### ◆ Automobile Airbag Inflators

Forecast increase in sales and profit due to the increase in sales volume of inflators, profit improvement of U.S. subsidiary and the impact of foreign exchange.



# References

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# Consolidated Balance Sheet

( billion yen )

	End of March, 2014 ( A )	End of Sept. 2014 ( B )	Change (B) - (A)	Remarks
<b>Assets</b>	261.0	278.6	+17.6	
Cash, Deposits and	68.2	73.1	+4.9	
Short-term investment securities				
Notes and	85.6	84.5	-1.1	
accounts receivable-trade				
Inventories	89.8	102.1	+12.3	Increase in inventories mainly due to the start of operation for new POM facilities
Other	17.4	19.0	+1.6	
<b>Total noncurrent assets</b>	248.8	258.7	+9.9	
Property, plant and equipment	157.0	157.7	+0.6	Acquisition: 11.2, Depreciation: -10.5, Currency translation differences: 2.4 Other: -2.5
Intangible assets	13.6	13.5	-0.2	
Investments and other assets	78.1	87.6	+9.4	Investment securities: 7.4 (Mainly due to the increase in market value)
<b>Total assets</b>	<b>509.8</b>	<b>537.4</b>	<b>+27.5</b>	
<b>Liabilities</b>	214.0	214.9	+0.9	
Interest-bearing Liabilities	105.9	100.4	-5.5	Interest-bearing liabilities ratio: 18.7%
Other	108.1	114.5	+6.4	
<b>Net assets</b>	295.8	322.5	+26.7	Capital adequacy ratio: 54.7%
<b>Total liabilities and net assets</b>	<b>509.8</b>	<b>537.4</b>	<b>+27.5</b>	

# Modification of Financial forecast

## FY2015 Forecast

( billion yen )

	Last announcement			Announcement in this time			Change (B) - (A)
	1st half	2nd half	Total (B)	1st half	2nd half	Total (B)	
Sales	213.0	219.0	432.0	218.7	221.3	440.0	+ 8.0
Cellulosic Derivatives	45.0	45.0	90.0	48.0	45.0	93.0	+ 3.0
Organic Chemicals	43.1	43.4	86.5	45.0	43.8	88.8	+ 2.3
Plastics	82.0	82.5	164.5	83.7	84.8	168.5	+ 4.0
Pyrotechnic Devices	40.3	43.7	84.0	39.2	43.8	83.0	- 1.0
Other products	2.6	4.4	7.0	2.7	4.0	6.7	- 0.3
Operating Profit	20.0	21.0	41.0	25.4	21.6	47.0	+ 6.0
Cellulosic Derivatives	10.7	9.8	20.5	12.8	9.2	22.0	+ 1.5
Organic Chemicals	2.5	2.5	5.0	4.4	3.1	7.5	+ 2.5
Plastics	6.5	6.7	13.2	8.0	7.3	15.3	+ 2.1
Pyrotechnic Devices	5.0	6.2	11.2	4.8	6.4	11.2	+ 0.0
Other products	0.1	0.3	0.4	0.0	0.3	0.3	- 0.1
Companywide	-4.8	-4.5	-9.3	-4.7	-4.6	-9.3	+ 0.0
Ordinary profit	20.5	21.5	42.0	26.5	22.0	48.5	+ 6.5
Net profit	12.0	12.0	24.0	17.0	11.5	28.5	+ 4.5
Exchange rate (Yen/USD)	100	100	100	103	105	104	

# Notes regarding Forward-Looking Statements

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**Based on Chemistry,  
Expanding Beyond Chemistry**

