

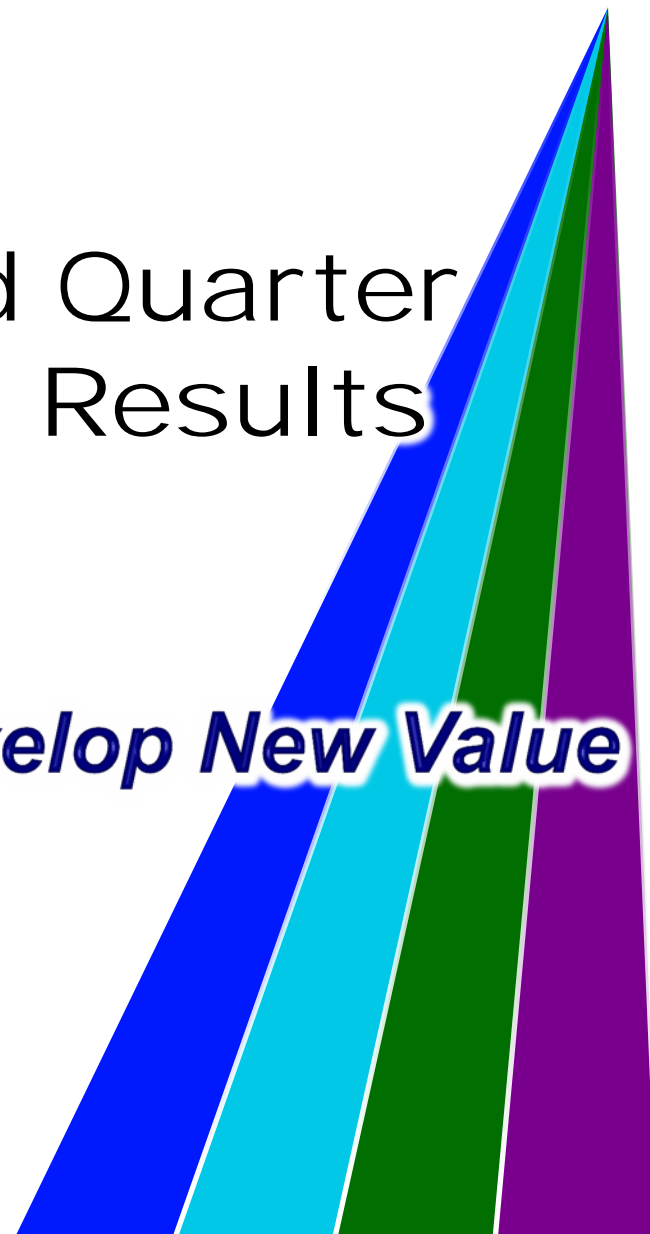


# FY2015 (4/2015 - 3/2016) 2nd Quarter Consolidated Financial Results

***Develop New Value***

**DAICEL CORPORATION**

November 9, 2015



**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**



# FY2015 (4/2015 - 3/2016) 2nd Quarter Consolidated Financial Results

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Note:

As of April 1, 2015, the Company has changed the notation for the Fiscal Year.  
The notation for the fiscal year ending March 2016 is "FY 2015".

# Operating Results

	(billion yen)			
	<b>FY2014 ('14/4-'15/3)</b>	<b>FY2015 ('15/4-'16/3)</b>	<b>Change</b>	<b>YoY</b>
	<b>2nd Quarter</b>	<b>2nd Quarter</b>	<b>(B)-(A)</b>	<b>(%)</b>
	<b>(A)</b>	<b>(B)</b>		
<b>Sales</b>	218.7	226.5	+7.8	+3.6%
<b>Operating profit</b>	25.4	31.6	+6.2	+24.6%
<b>Ordinary profit</b>	26.5	32.7	+6.2	+23.5%
<b>Profit attributable to owners of parent</b>	17.0	21.3	+4.4	+25.9%
<b>Exchange rate</b>	Yen 103 / \$	Yen 122 / \$		

Note:

As of April 1, 2015, the Company has changed the notation for the Fiscal Year. The notation for the fiscal year ending March 2016 is "FY 2015".

# Consolidated Profit and Loss Statement

( billion yen )

	FY 2014 2nd Quarter (A)	FY 2015 2nd Quarter (B)	Change (B) – (A)	Remarks
Net Sales	218.7	226.5	+7.8	Quantity -6.3 Prices +14.1(Exchange gain +20.6)
Gross profit	56.5	66.2	+9.7	
Selling, general and administrative expenses	31.1	34.6	+3.4	
Operating Profit	25.4	31.6	+6.2	Quantity effect -2.9      Other -5.4 Price impact +14.5(Exchange gain +7.3)
Non-operating income and expenses	1.1	1.1	-0.0	
Ordinary Profit	26.5	32.7	+6.2	
Extraordinary gain and loss	-0.2	0.3	+0.5	
Profit before income taxes and minority interests	26.3	33.0	+6.7	
Income tax	7.1	8.8	+1.7	
Profit attributable to non-controlling shareholder	2.3	2.9	+0.6	
Profit attributable to owners of parent	17.0	21.3	+4.4	
Exchange rate	¥ 103 /\$	¥ 122 /\$		

# Analysis for Sales and Operating Profit

	FY 2014 2nd Quarter ( A )	FY 2015 2nd Quarter ( B )	Change (B) – (A)	Analysis	
				Quantity	Prices
Cellulosic Derivatives	48.0	53.7	+5.7	+0.2	+5.5
Organic Chemicals	45.0	41.0	-4.0	-4.3	+0.3
Plastics	83.7	83.5	-0.2	-3.6	+3.5
Pyrotechnic Devices	39.2	45.4	+6.2	+1.3	+4.9
Other products	2.7	2.9	+0.1	+0.1	
Total	218.7	226.5	+7.8	-6.3	+14.2

## 【Operating Profit】

	FY 2014 2nd Quarter ( A )	FY 2015 2nd Quarter ( B )	Change (B) – (A)	Impact Analysis		
				Quantity	Prices	Other
Cellulosic Derivatives	12.8	15.6	+2.8	-0.4	+5.1	-1.9
Organic Chemicals	4.4	5.8	+1.3	-0.9	+2.6	-0.4
Plastics	8.0	9.9	+1.9	-1.7	+4.1	-0.5
Pyrotechnic Devices	4.8	5.9	+1.1	+0.2	+2.6	-1.8
Other products	0.0	-0.1	-0.1	-0.1	0	0
Companywide	-4.7	-5.5	-0.8	0	0	-0.8
Total	25.4	31.6	+6.2	-2.9	+14.5	-5.4



# FY 2015 Forecast

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# Assumptions

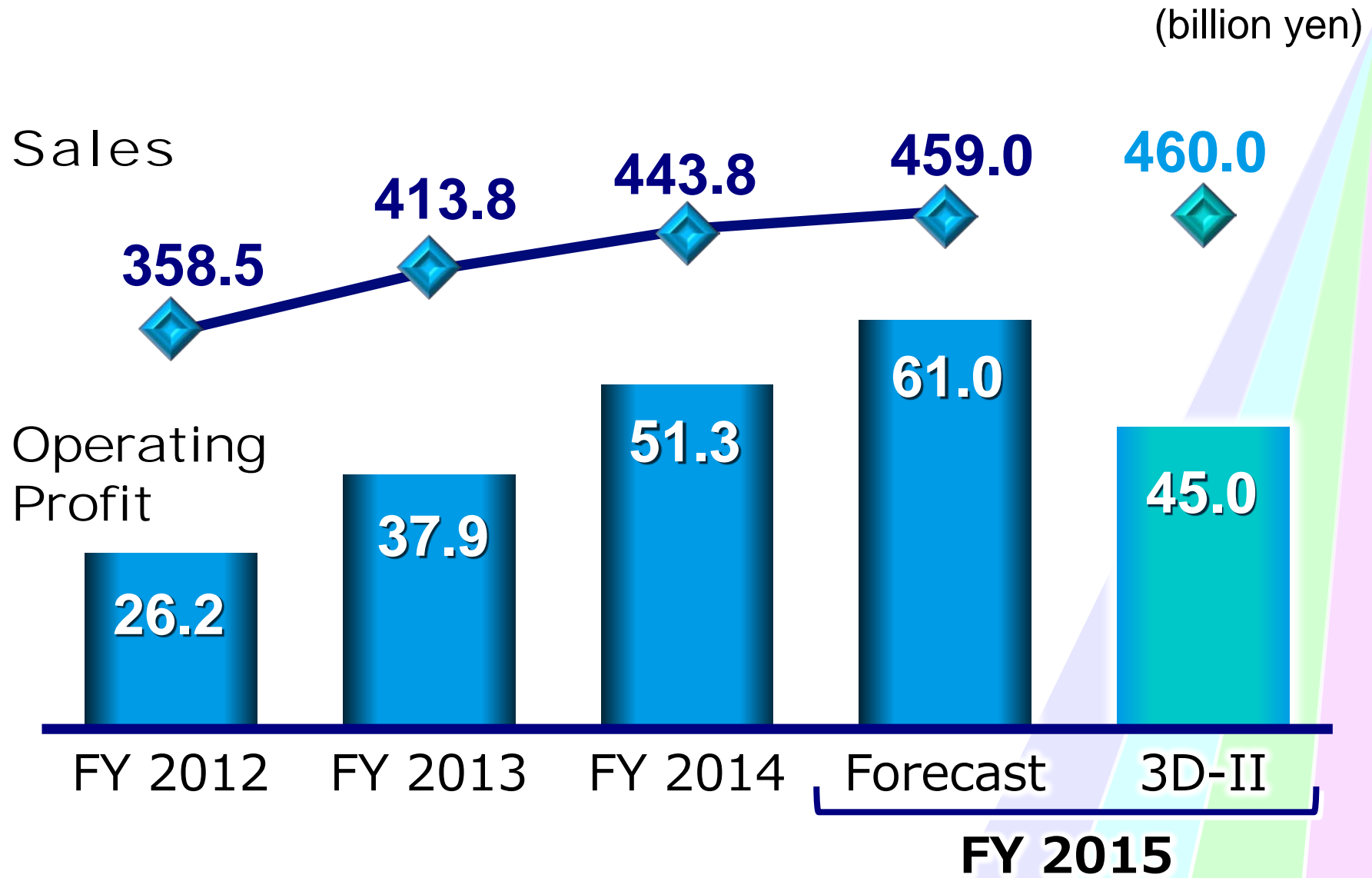
		<b>FY2014</b> (4/2014 - 3/2015)		<b>FY2015</b> (4/2015 - 3/2016)	
		<b>First half Result</b>	<b>Second half Result</b>	<b>First half Result</b>	<b>Second half Plan</b>
<b>Exchange rate</b>		Yen 103 / \$	Yen 117 / \$	Yen 122 / \$	Yen 120 / \$
<b>Raw Materials</b>	<b>Methanol (Asian spot price)</b>	US\$ 375 /ton	US\$ 326 /ton	US\$ 303 /ton	US\$ 360 /ton
	<b>Crude oil, Dubai</b>	US\$ 104 /bbl	US\$ 63 /bbl	US\$ 56 /bbl	US\$ 60 /bbl
	<b>Domestic Naphtha</b>	Yen 70,400 /kl	Yen 56,500 /kl	Yen 47,900 /kl	Yen 47,000 /kl



# FY 2015 Forecast

	(billion yen)			
	<b>FY2014 ( '14/4 - '15/3 ) Results</b>	<b>FY2015 ( '15/4 - '16/3 ) Forecast</b>	<b>Change</b>	<b>Y o Y ( % )</b>
<b>Sales</b>	443.8	459.0	+15.2	+3.4%
<b>Operating profit</b>	51.3	61.0	+9.7	+18.9%
<b>Ordinary profit</b>	55.1	63.0	+7.9	+14.4%
<b>Profit attributable to owners of parent</b>	31.3	39.0	+7.7	+24.8%
<b>Exchange rate</b>	Yen 110 / \$	Yen 121 / \$		

# Trends in Sales and Operating Profit



# Sales and Operating Profit (YoY)

(billion yen)

【Sales】	FY 2014 Results ( A )	FY 2015 Forecast ( B )	Change (B) - (A)
Cellulosic Derivatives	95.7	100.0	+4.3
Organic Chemicals	89.0	85.9	-3.1
Plastics	169.5	169.0	-0.5
Pyrotechnic Devices	83.6	97.5	+13.9
Other products	5.9	6.6	+0.7
Total	443.8	459.0	+15.2

【Operating Profit】	FY 2014 Results ( A )	FY 2015 Forecast ( B )	Change (B) - (A)
Cellulosic Derivatives	25.7	27.5	+1.8
Organic Chemicals	9.5	11.0	+1.5
Plastics	15.9	19.3	+3.4
Pyrotechnic Devices	10.0	13.9	+3.9
Other products	0.0	0.0	0
Companywide	-9.9	-10.7	-0.8
Total	51.3	61.0	+9.7

# Return to Shareholders

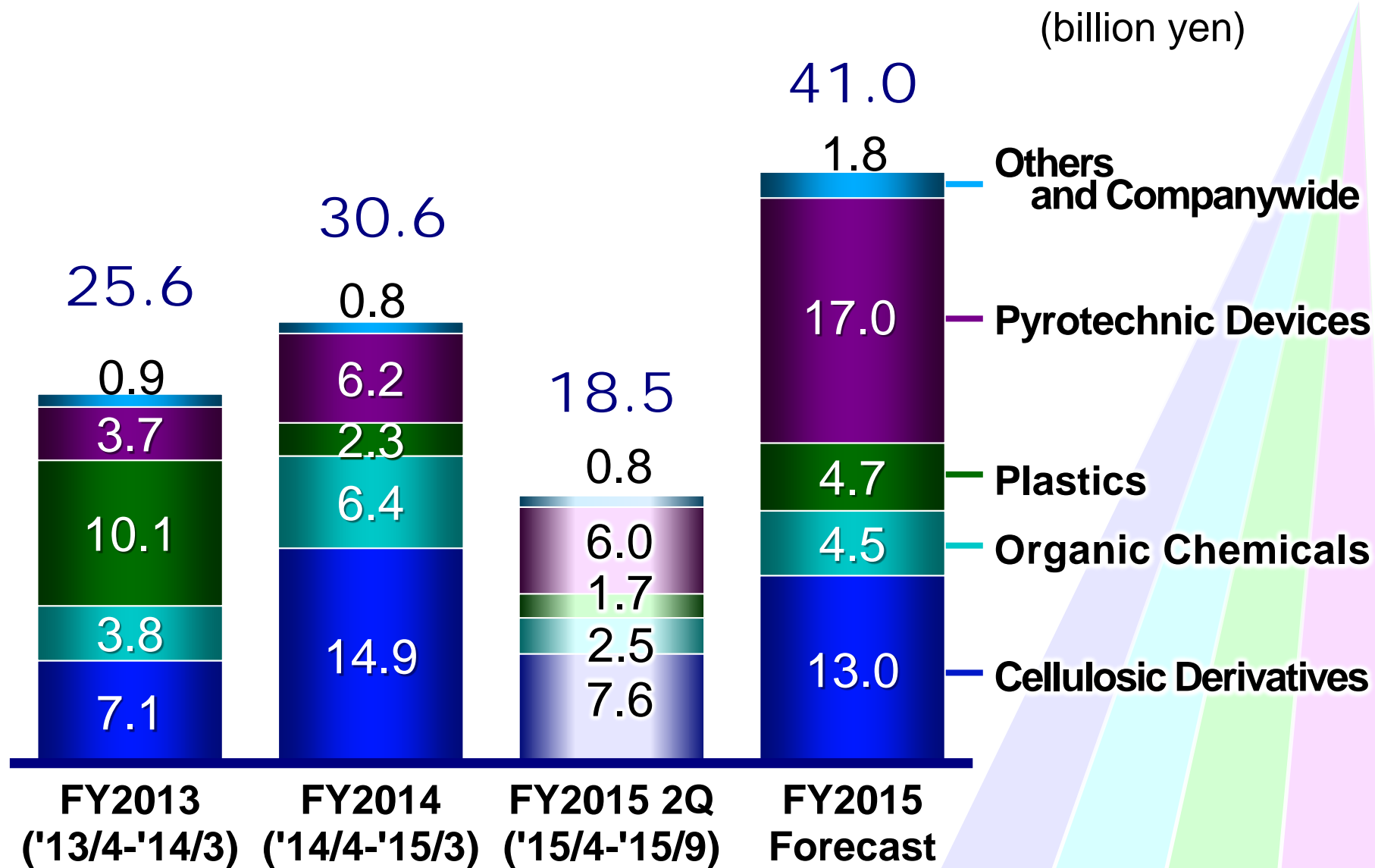
<b>Dividends for 1st half</b>	<b>13 yen per share</b>	Comparison with the previous year: 5 yen dividend increase
<b>Dividends for 2nd half</b>	<b>13 yen per share</b>	
<b>Annual dividends</b>	<b>26 yen per share</b>	Comparison with the previous year: 5 yen dividend increase

We have determined the purchase of own stocks for 2.6 million shares in the funds of 4 billion yen.

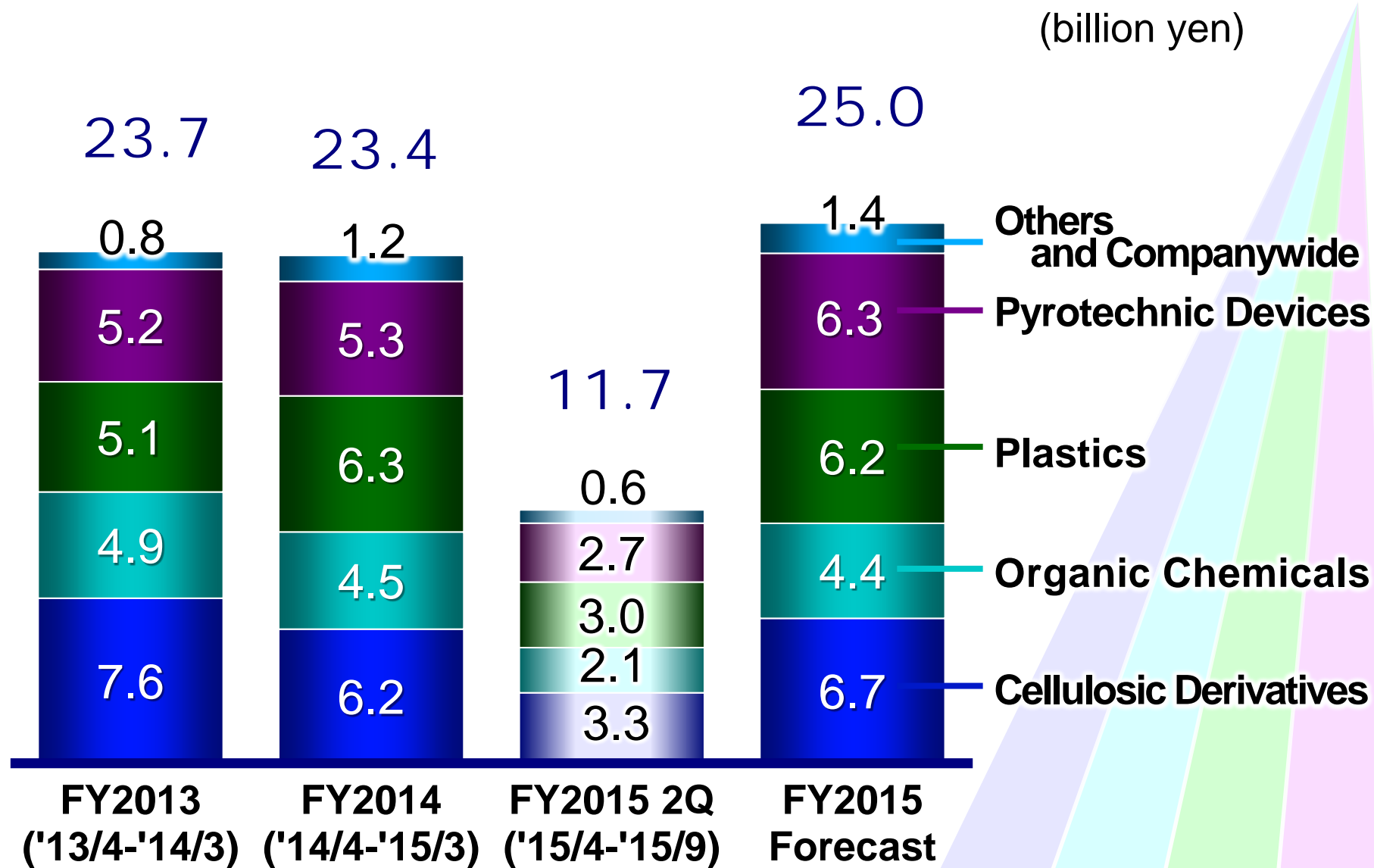
Outlook of the shareholder return ratio in FY 2015 through the combination of dividend and stock buy-back: 34%

※ The target for the shareholder return ratio in the 3D-II mid-term plan: 30%

# 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

+ 5.7 billion yen

Foreign exchange gain

6.3 billion yen

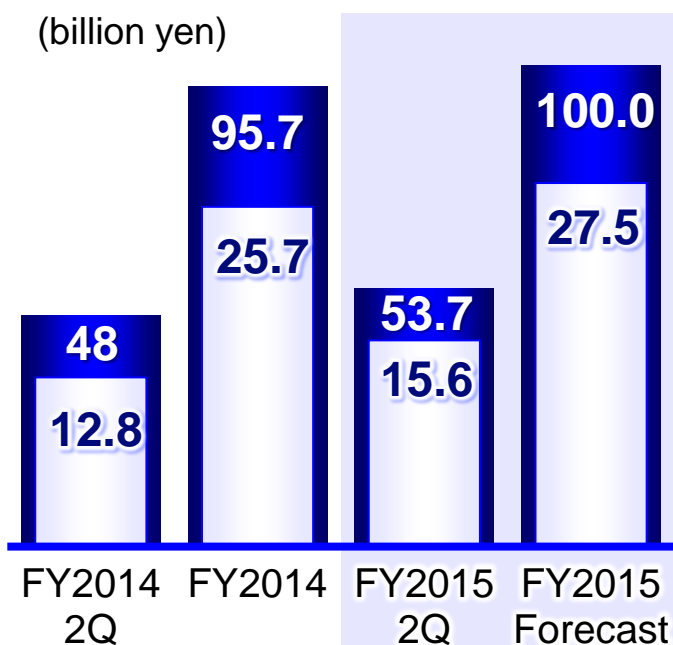
- ◆ **Cellulose acetate** : Despite the decrease in LCD film applications, increased in sales due to the increase sales volume in other applications.
- ◆ **Acetate tow for cigarette filters** : Increased in sales due to the effect of weaker yen, despite the decrease in sales volume due to destocking in China and the slowdown of global demand.

Operating profit

+ 2.8 billion yen

Increased in profit due to the effect of weaker yen, despite the stagnant of sales volume.

(billion yen)



## *FY 2015 Forecast*

- ✓ In LCD film applications, there are some reasons for decrease including thinning of TAC film.
- ✓ In the cigarette filter applications, there are unstable factors including destocking in customers and the slowdown in demand.

**In the segment, forecast the increase in sales and profit due to the effect of weaker yen.**



# Organic Chemicals

Sales

- 4.0 billion yen

Foreign exchange gain

2.1 billion yen

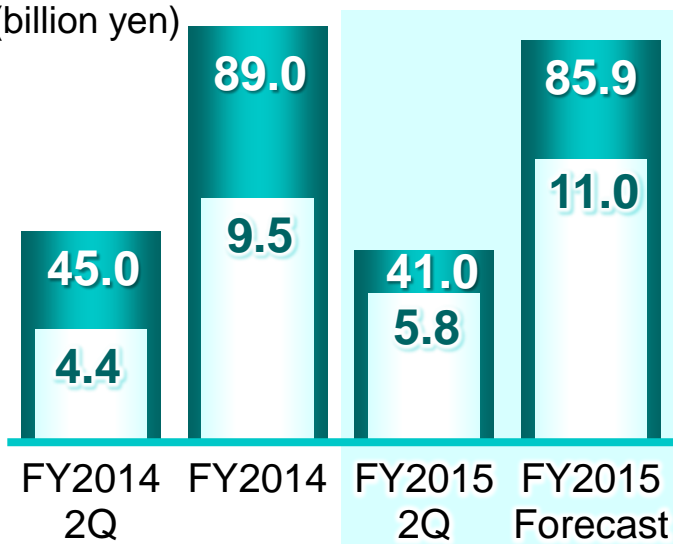
- ◆ **Acetic acid:** Decreased in sales due to sales volume decline coupled with the biennial repairs performed at the Aboshi Plant.
- ◆ **Organic commodity products :** Although the sales volume in the electronic materials field was leveling off, decreased in sales due to the sales volume decline in coating applications.
- ◆ **Organic designed products :** Although sales of some products remained low, increased in sales due to the effect of weaker yen.
- ◆ **Chiral separation:** Although sales of columns in China and India was strong, decreased in sales due to the termination of spot orders for large scale separation service.

Operating profit

+ 1.3 million yen

Increased in profit due to the lower price of raw material and the effect of weaker yen.

(billion yen)



## ***FY 2015 Forecast***

Outlook in the 2nd half of FY 2015:

- ✓ Raw material prices increase.
- ✓ Decrease in sales volume for the electric materials field.

**Forecast the increase in profit for the full year.**

# Plastics

Sales

- 0.2 billion yen

Foreign exchange gain

7.2 billion yen

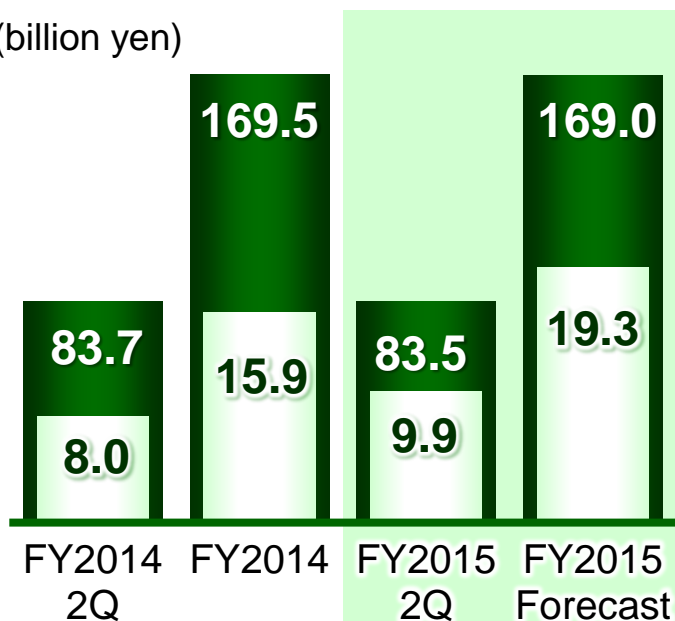
- ◆ **Engineering plastics** : Although sales volume affected by the slowdown in the Chinese economy, slower growth in production of Japanese automobile manufacturers, and sluggish sales of electronic device products, increased slightly in sales due to the effect of weaker yen.
- ◆ **Thermoplastic compounds** : Despite the sluggish sales in Japanese domestic market, increased in sales due to the effect of weaker yen and the increase in overseas sales volume.
- ◆ **Plastics Processing** : Decreased in sales due to the decrease in sales volume for sheets.

Operating profit

+ 1.9 billion yen

Increased in profit due to the effect of weaker yen and lower price of raw materials.

(billion yen)



## *FY 2015 Forecast*

Outlook in the 2nd half of FY 2015:

- ✓ Hard fight in the electric materials field.
- ✓ Forecast the recovery of sales volume in other field.

**In the segment,  
forecast the increase in profit  
due to the effect of weaker yen.**

# Pyrotechnic Devices

Sales

+ 6.2 billion yen

Foreign exchange gain

5.0 billion yen

## ◆ Automotive safety parts :

Although sales of inflators remained almost flat under the decrease of automobile production in China and Southeast Asia, increased in sales due to the effect of weaker yen and the increase in sales volume of initiators\*.

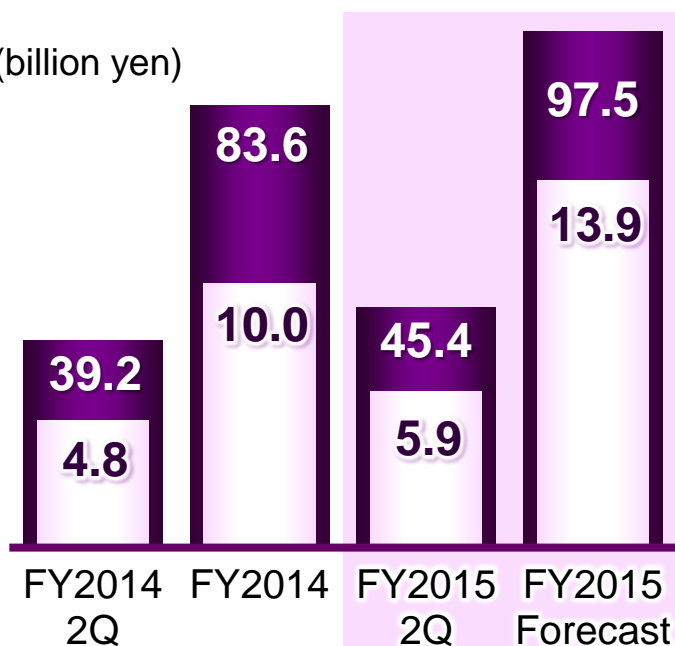
\* initiator: ignition parts of inflators

Operating profit

+ 1.1 billion yen

Increased in profit due to the effect of weaker yen.

(billion yen)



## *FY 2015 Forecast*

In the 2nd half of FY 2015, forecast the increase in sales and profit due to the increase factors including the start of production increase for inflator that responded to urgent demand.



# References

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# Consolidated Balance Sheet

( billion yen )

	End of March, 2015 ( A )	End of Sept. 2015 ( B )	Change (B) - (A)	Remarks
<b>Assets</b>	279.8	284.9	+5.1	
Cash, Deposits and	69.8	72.5	+2.7	
Short-term investment securities				
Notes and	83.4	85.1	+1.7	
accounts receivable-trade				
Inventories	107.1	105.7	-1.4	
Other	19.5	21.6	+2.0	
<b>Total noncurrent assets</b>	285.5	280.4	-5.1	
Property, plant and equipment	166.9	168.9	+2.1	Acquisition: +18, Depreciation: -11, Currency translation differences: -4.5 Other: -0.4
Intangible assets	13.2	12.5	-0.8	
Investments and other assets	105.4	99.0	-6.4	Investment securities: -6.4 (Mainly due to the increase in market value)
<b>Total assets</b>	<b>565.3</b>	<b>565.3</b>	<b>-0.1</b>	
<b>Liabilities</b>	209.2	202.4	-6.8	
Interest-bearing Liabilities	87.0	85.9	-1.1	Interest-bearing liabilities ratio: 15.19%
Other	122.2	116.5	-5.7	
<b>Net assets</b>	356.2	362.9	+6.7	Capital adequacy ratio: 58.9%
<b>Total liabilities and net assets</b>	<b>565.3</b>	<b>565.3</b>	<b>-0.1</b>	

# Modification of Financial forecast

	<b>FY2015 Forecast</b>						( billion yen )
	Last announcement			Announcement in this time			Change (B) - (A)
	1st half	2nd half	Total (B)	1st half	2nd half	Total (B)	
Sales	230.0	237.0	467.0	226.5	232.5	459.0	- 8.0
Cellulosic Derivatives	50.5	51.0	101.5	53.7	46.3	100.0	- 1.5
Organic Chemicals	42.5	44.8	87.3	41.0	44.9	85.9	- 1.4
Plastics	88.0	86.0	174.0	83.5	85.5	169.0	- 5.0
Pyrotechnic Devices	46.0	51.5	97.5	45.4	52.1	97.5	—
Other products	3.0	3.7	6.7	2.9	3.7	6.6	- 0.1
Operating Profit	26.5	27.5	54.0	31.6	29.4	61.0	+ 7.0
Cellulosic Derivatives	12.6	12.4	25.0	15.6	11.9	27.5	+ 2.5
Organic Chemicals	4.5	4.4	8.9	5.8	5.2	11.0	+ 2.1
Plastics	9.7	9.3	19.0	9.9	9.4	19.3	+ 0.3
Pyrotechnic Devices	5.1	6.3	11.4	5.9	8.0	13.9	+ 2.5
Other products	-0.0	0.3	0.3	-0.1	0.1	0.0	- 0.3
Companywide	-5.4	-5.2	-10.6	-5.5	-5.2	-10.7	- 0.1
Ordinary profit	27.5	28.5	56.0	32.7	30.3	63.0	+ 7.0
Profit attributable to owners of parent	17.5	17.5	35.0	21.3	17.7	39.0	+ 4.0
Exchange rate (Yen/USD)	115	115	115	122	120	121	

# Notes regarding Forward-Looking Statements

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