

# FY2016 (4/2016 - 3/2017) 3rd Quarter Consolidated Financial Results

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A decorative graphic on the right side of the slide, consisting of four overlapping, upward-pointing triangles in blue, cyan, green, and purple, creating a sense of growth and progress.

**DAICEL CORPORATION**

February 2, 2017

## **FY 2016 (4/2016 - 3/2017) 3rd Quarter Consolidated Financial Results**

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# FY2016 (4/2016 - 3/2017) 3rd Quarter Consolidated Financial Results

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A decorative graphic on the right side of the slide, consisting of four parallel diagonal lines that form a triangular shape pointing upwards. The lines are colored blue, cyan, green, and purple from left to right.

# Operating Results

(billion yen)

	<b>FY2015 ('15/4-'16/3) 3rd Quarter (A)</b>	<b>FY2016 ('16/4-'17/3) 3rd Quarter (B)</b>	<b>Change (B)-(A)</b>	<b>YoY (%)</b>
<b>Sales</b>	342.1	322.7	-19.4	-5.7%
<b>Operating profit</b>	49.4	48.1	-1.3	-2.6%
<b>Ordinary profit</b>	51.0	49.5	-1.5	-3.0%
<b>Profit attributable to owners of parent</b>	33.9	32.3	-1.6	-4.7%
<b>Exchange rate</b>	Yen 122 / \$	Yen 107 / \$		

# Consolidated Profit and Loss Statement

( billion yen )

	FY 2015 3rd Quarter (A)	FY 2016 3rd Quarter (B)	Change (B) – (A)	Remarks
Net Sales	342.1	322.7	-19.4	Quantity +18.3 Prices -37.7 (Exchange loss -24.6)
Gross profit	101.2	100.8	-0.4	
Selling, general and administrative expenses	51.8	52.7	+0.9	
Operating Profit	49.4	48.1	-1.3	Quantity effect +13.1      Other -1.0 Price impact -13.3 (Exchange loss -8.8)
Non-operating income and expenses	1.6	1.4	-0.3	
Ordinary Profit	51.0	49.5	-1.5	
Extraordinary gain and loss	1.6	0.8	-0.8	
Profit before income taxes and minority interests	52.6	50.3	-2.3	
Income tax	14.3	12.6	-1.7	
Profit attributable to non-controlling shareholder	4.5	5.4	+0.9	
Profit attributable to owners of parent	33.9	32.3	-1.6	
Exchange rate	¥ 122 /\$	¥ 107 /\$		

# Information by Segment

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# Analysis for Sales and Operating Profit

## 【Sales】

( billion yen )

	FY 2015 3rd Quarter ( A )	FY 2016 3rd Quarter ( B )	Change ( B ) – ( A )	Analysis	
				Quantity	Prices
Cellulosic Derivatives	81.1	65.2	-15.8	-7.5	-8.4
Organic Chemicals	61.9	55.3	-6.6	+0.4	-7.0
Plastics	123.9	117.2	-6.8	+8.1	-14.9
Pyrotechnic Devices	70.6	80.5	+9.9	+17.4	-7.5
Other Businesses	4.7	4.5	-0.2	-0.2	
Total	342.1	322.7	-19.4	+18.3	-37.7

## 【Operating Profit】

	FY 2015 3rd Quarter ( A )	FY 2016 3rd Quarter ( B )	Change ( B ) – ( A )	Impact Analysis		
				Quantity	Prices	Other
Cellulosic Derivatives	23.5	17.1	-6.4	-1.1	-3.4	-2.0
Organic Chemicals	8.4	8.5	+0.1	+0.6	-2.3	+1.8
Plastics	15.2	16.7	+1.5	+4.1	-5.4	+2.8
Pyrotechnic Devices	10.2	15.2	+5.0	+8.9	-2.2	-1.7
Other Businesses	-0.0	0.5	+0.6	+0.6		
Corporate and eliminations	-7.9	-9.8	-1.9			-1.9
Total	49.4	48.1	-1.3	+13.1	-13.3	-1.0

# Cellulosic Derivatives

Sales

- 15.8 billion yen

Foreign exchange loss

6.4 billion yen

## ◆ Cellulose acetate :

LCD film application stayed steady,  
but overall sales decreased due to reduction in other applications and  
the impact of unfavorable foreign exchange rates and other factors.

## ◆ Acetate tow for cigarette filters :

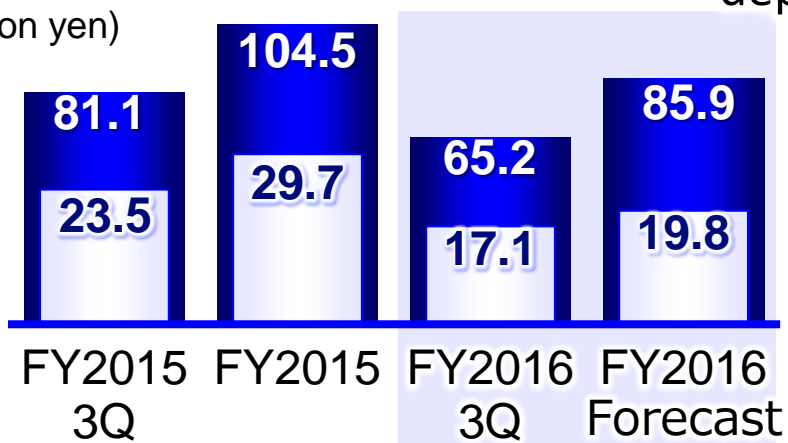
Amid slack demand worldwide, sales decreased due to  
unfavorable foreign exchange rates and other factors,  
despite our efforts in strengthening relationships with main customers  
and finding new customers.

Operating profit

- 6.4 billion yen

Decrease in profit due to unfavorable  
foreign exchange rates ,an increase in  
depreciation costs and other factors.

(billion yen)





# Organic Chemicals

Sales

- 6.6 billion yen

Foreign exchange loss

2.5 billion yen

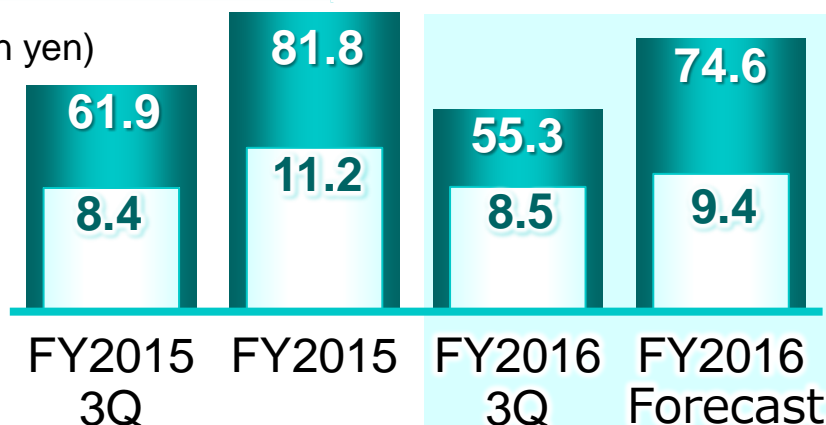
- ◆ **Acetic acid:** Sales decreased due to unfavorable foreign exchange rates and sluggish market conditions, though sales volume increased as the biennial periodic maintenance was not implemented in Aboshi plant.
- ◆ **Organic chemicals :** Decrease in sales due to unfavorable foreign exchange rates, the impact of falling crude oil prices on selling prices and other factors, despite an increase in the sales volume of electronic materials and other applications..
- ◆ **Performance chemicals :** Slight Increase in sales thanks to solid demand for some products in the electronic materials, cosmetics/healthcare and other markets, despite the effect of unfavorable foreign exchange rates.
- ◆ **Chiral separation :** Decrease in sales due to the unfavorable foreign exchange rates and other factors, despite the strong sales of columns in India.

Operating profit

+ 0.1 billion yen

Increase in profit due to a drop in raw material and other factors.

(billion yen)



# Plastics

Sales

- 6.8 billion yen

Foreign exchange loss

8.8 billion yen

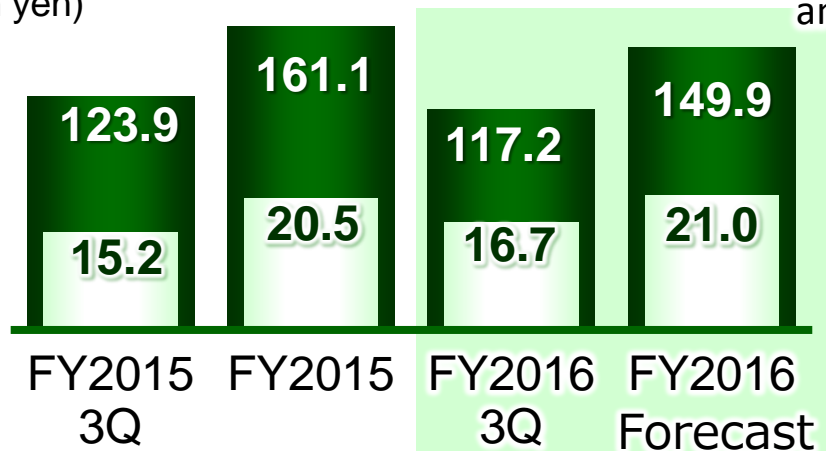
- ◆ **Engineering plastics business:** Growth in the sales quantity buoyed by solid automobile production in China and Southeast Asia, despite deceleration in emerging economies including China and a slowdown in the electronic device market. However, unfavorable foreign exchange rates, the impact of falling raw material and fuel prices on selling prices and other factors pushed down sales.
- ◆ **Plastic compound business:** Decrease in sales due to unfavorable foreign exchange rates, impact of falling crude oil prices on selling prices, although sales volume increased.
- ◆ **Plastic processing business:** Decrease in sales due to the decrease in sales volume for sheets.

Operating profit

+ 1.5 billion yen

Increase in profit due to an increase in sales volume, a decrease in raw material and fuel procurement costs, profit improvement achieved by each company and other factors.

(billion yen)



# Pyrotechnic Devices

Sales

+ 9.9 billion yen

Foreign exchange loss

6.9 billion yen

## ◆ Automobile safety parts business :

Through the increased production for urgent demand of inflators and the start of production at 2nd Manufacturing Plant in US, increase in sales due to the increase in sales volume, despite the impact of unfavorable foreign exchange rates.

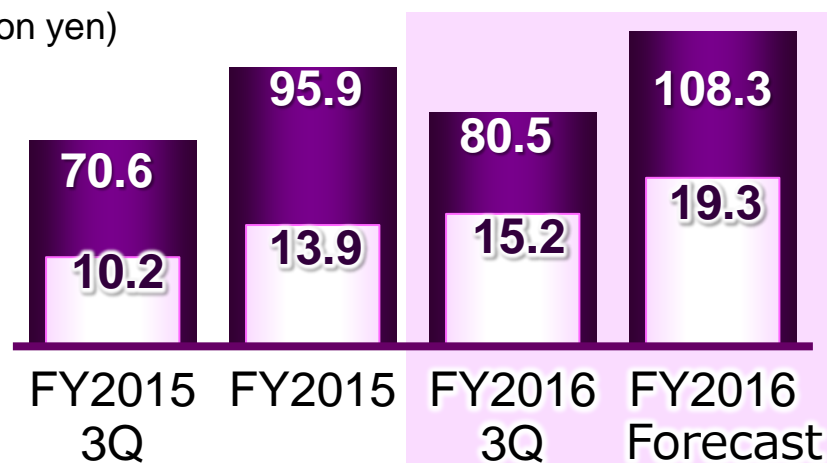
## ◆ Aerospace and defense businesses : Decrease in sales.

Operating profit

+ 5.0 billion yen

Increase in profit due to a rise in sales volume and other factors.

(billion yen)



# References

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# Consolidated Balance Sheet

( billion yen )

	End of Mar, 2016 ( A )	End of Dec, 2016 ( B )	Change (B) - (A)	Remarks
<b>Assets</b>	276.8	286.6	+9.7	
Cash, Deposits and Short-term investment securities	66.7	73.4	+6.7	
Notes and accounts receivable-trade	84.5	93.8	+9.4	
Inventories	104.9	99.4	-5.5	
Other	20.8	19.9	-0.9	
<b>Total noncurrent assets</b>	283.4	294.2	+10.8	
Property, plant and equipment	175.6	186.8	+11.2	Acquisition: +30.4, Depreciation: -19.5, Currency translation differences: +0.7 Other: -0.4
Intangible assets	11.3	10.3	-1.1	
Investments and other assets	96.4	97.1	+0.7	
<b>Total assets</b>	<b>560.2</b>	<b>580.8</b>	<b>+20.6</b>	
<b>Liabilities</b>	191.5	190.9	-0.5	
Interest-bearing Liabilities	71.3	70.8	-0.5	Interest-bearing liabilities ratio: 12.2%
Other	120.2	120.1	-0.1	
<b>Net assets</b>	368.7	389.8	+21.1	Capital adequacy ratio: 62.1%
<b>Total liabilities and net assets</b>	<b>560.2</b>	<b>580.8</b>	<b>+20.6</b>	

# Financial forecast (YoY)

Note: Announcement at 2nd quarter. Forecast is not reviewed at 3rd quarter account settlement.

( billion yen )

	FY2015 ('15/4-'16/3)			FY2016 ('16/4-'17/3)			Change (B) - (A)
	Result			Forecast			
	1st half	2nd half	Total (A)	1st half	2nd half	Total (B)	
Sales	226.5	223.4	449.9	209.8	215.2	425.0	- 24.9
Cellulosic Derivatives	53.7	50.7	104.5	43.5	42.4	85.9	- 18.6
Organic Chemicals	41.0	40.8	81.8	36.5	38.1	74.6	- 7.2
Plastics	83.5	77.6	161.1	76.3	73.6	149.9	- 11.2
Pyrotechnic Devices	45.4	50.5	95.9	50.6	57.7	108.3	+ 12.4
Other Businesses	2.9	3.7	6.6	2.9	3.4	6.3	- 0.3
Operating Profit	31.6	32.7	64.3	30.6	25.9	56.5	- 7.8
Cellulosic Derivatives	15.6	14.1	29.7	11.7	8.1	19.8	- 9.9
Organic Chemicals	5.8	5.4	11.2	5.7	3.7	9.4	- 1.8
Plastics	9.9	10.6	20.5	11.3	9.7	21.0	+ 0.5
Pyrotechnic Devices	5.9	8.0	13.9	8.5	10.8	19.3	+ 5.4
Other Businesses	-0.1	0.3	0.2	0.3	0.3	0.6	+ 0.4
Corporate and eliminations	-5.5	-5.6	-11.1	-6.8	-6.8	-13.6	- 2.5
Ordinary profit	32.7	32.7	65.4	29.5	26.0	55.5	- 9.9
Profit attributable to owners of parent	21.3	19.0	40.3	19.1	16.9	36.0	- 4.3
Exchange rate (Yen/USD)	122	118	120	105	100	103	

# Return to Shareholders

Note: Announcement at 2nd quarter.

Dividends forecast for 2nd half is not reviewed at 3rd quarter account settlement.

<b>Dividends for 1st half</b>	<b>13 yen per share</b>
<b>Dividends for 2nd half</b>	<b>13 yen per share</b>
<b>Annual dividends</b>	<b>26 yen per share</b>

- We have purchased own stocks of 2.97 million shares in the funds for 4 billion yen.  
(May to June 2016)
- We have canceled treasury stocks of 15 million shares. (May 2016)

## Outlook of the shareholder return ratio in FY 2016: 36%

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

# Notes regarding Forward-Looking Statements

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