

FY2017 (4/2017 - 3/2018) 1st Quarter Consolidated Financial Results

Aug. 3, 2017

DAICEL CORPORATION

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Operating Results

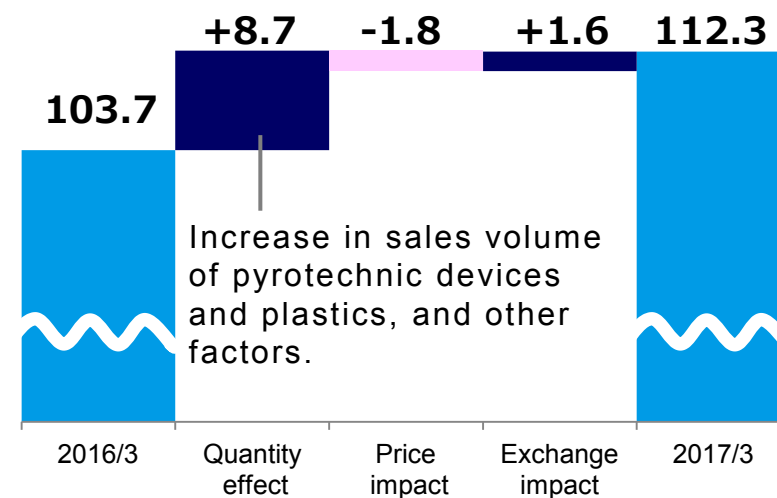
			(billion yen)	
	FY2016	FY2017	Change	Change
	1st Quarter	1st Quarter		Rate
Sales	103.7	112.3	+8.6	+8.3%
Operating profit	17.2	15.8	-1.4	-8.2%
Ordinary profit	16.0	16.6	+0.6	+3.9%
Profit attributable to owners of parent	10.6	9.1	-1.5	-13.7%
Exchange rate	JPY 108 /USD	JPY 111 /USD		

- Increase in sales, due mainly to an increase in sales volume of pyrotechnic devices and plastics.
- Decrease in operating profit, due to the impact of rising raw materials and fuel procurement prices, increases in depreciation costs and other factors.

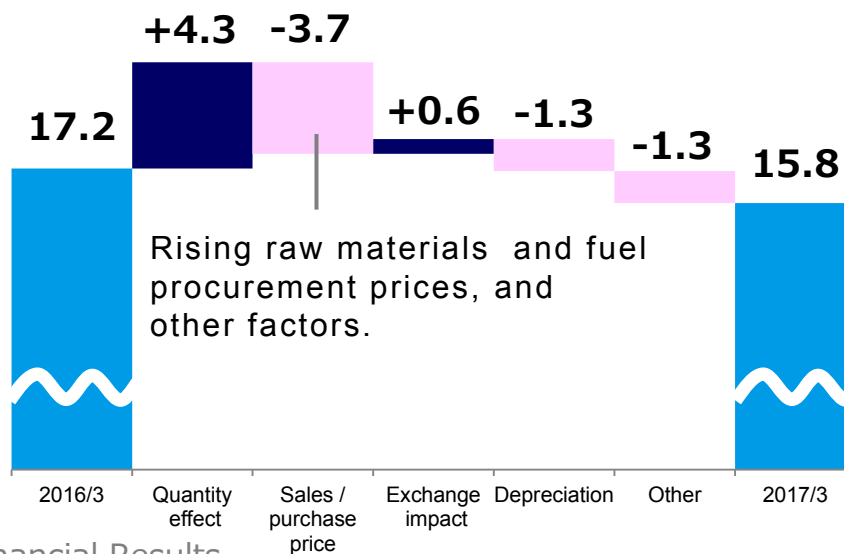
Consolidated Profit and Loss Statement

	FY 2016 1st Quarter	FY 2017 1st Quarter	Change	(billion yen) Change Rate
Net Sales	103.7	112.3	+8.6	+8.3%
Gross profit	34.3	34.8	+0.5	+1.5%
Selling, general and administrative expenses	17.1	19.0	+1.9	+11.2%
Operating Profit	17.2	15.8	-1.4	-8.2%
Non-operating income and expenses	-1.2	0.8	+2.0	—
Ordinary Profit	16.0	16.6	+0.6	+3.9%
Extraordinary gain and loss	0.2	-0.2	-0.3	—
Profit before income taxes and minority interests	16.1	16.4	+0.3	+1.9%
Income tax	3.7	5.5	+1.8	+49.9%
Profit attributable to non-controlling shareholder	1.9	1.8	-0.1	-4.1%
Profit attributable to owners of parent	10.6	9.1	-1.5	-13.7%
Exchange rate	JPY 108 /USD	JPY 111 /USD		

■ Change of Sales



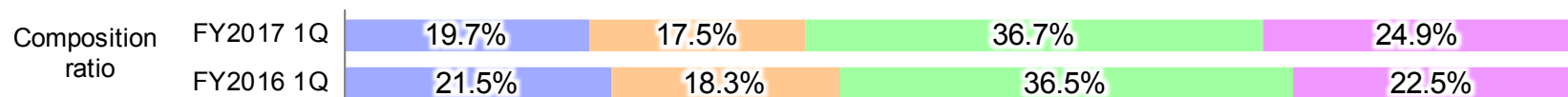
■ Change of Operating Profit



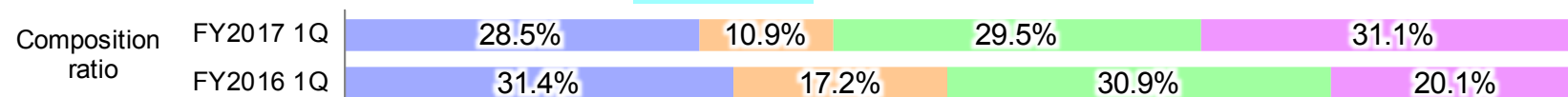
Analysis for Sales and Operating Profit

(billion yen)

■ Sales		FY2016 1st Quarter	FY2017 1st Quarter	Change	Change Rate	Analysis	
						Quantity	Prices
	Cellulosic Derivatives	22.3	22.1	-0.2	-0.7%	+0.7	-0.9
	Organic Chemicals	19.0	19.6	+0.6	+3.3%	0.0	+0.6
	Plastics	37.9	41.2	+3.3	+8.8%	+3.0	+0.3
	Pyrotechnic Devices	23.3	28.0	+4.8	+20.4%	+4.9	-0.1
	Other products	1.3	1.3	+0.0	+3.7%	0.0	-
	Total	103.7	112.3	+8.6	+8.3%	+8.7	-0.2



■ Operating Profit		FY2016 1st Quarter	FY2017 1st Quarter	Change	Change Rate	Impact Analysis		
						Quantity	Prices	Other
	Cellulosic Derivatives	6.4	5.5	-0.9	-13.9%	+0.1	-1.1	+0.1
	Organic Chemicals	3.5	2.1	-1.4	-39.4%	0.0	-0.4	-1.0
	Plastics	6.3	5.7	-0.6	-8.7%	+1.4	-1.4	-0.6
	Pyrotechnic Devices	4.1	6.0	+1.9	+47.6%	+2.8	-0.2	-0.6
	Other products	0.1	0.0	-0.1	-73.9%	-0.1	0.0	0.0
	Corporate and eliminations	-3.2	-3.6	-0.5	-14.9%	0.0	0.0	-0.5
	Total	17.2	15.8	-1.4	-8.2%	+4.3	-3.1	-2.6



Sales - 0.2 billion yen (Exchange impact + 0.4 billion yen)

◆Cellulose acetate:

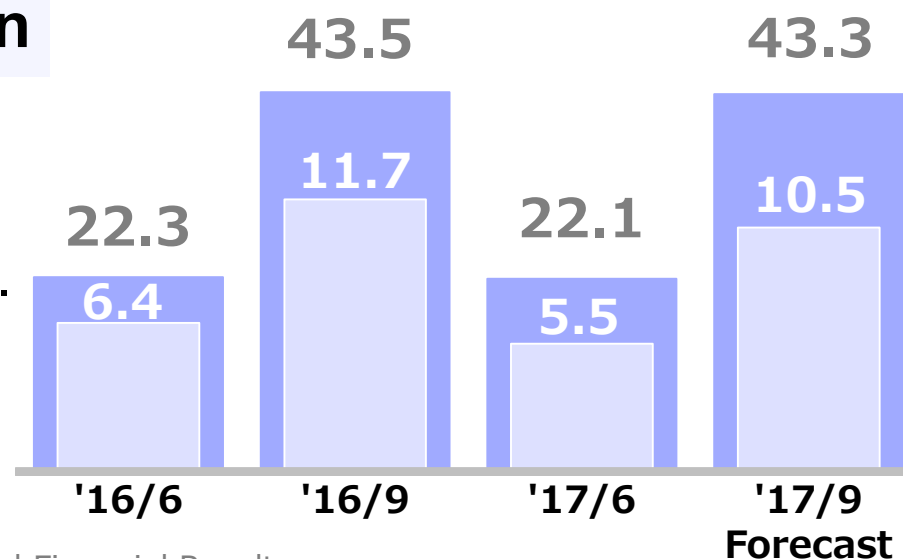
Posted growth. Demand slightly decreased for LCD film applications, however increased for other applications.

◆Acetate tow for cigarette filters:

Sales volume remained almost unchanged, but sales dropped due to the softening of the market.

Operating profit - 0.9 billion yen

Decrease in profit due mainly to the negative impact of the softening of the market on acetate tow for cigarette filters.



Sales + 0.6 billion yen (Exchange impact + 0.1 billion yen)

◆Acetic acid:

Posted a decline in sales volume as the biennial periodical maintenance of our Aboshi Plant was implemented during the period under review. However, there was only a small decline in sales due mainly to an upward trend in the market.

◆Organic chemicals:

Increase in sales because of an increase in sales volume and other factors.

◆Performance chemicals:

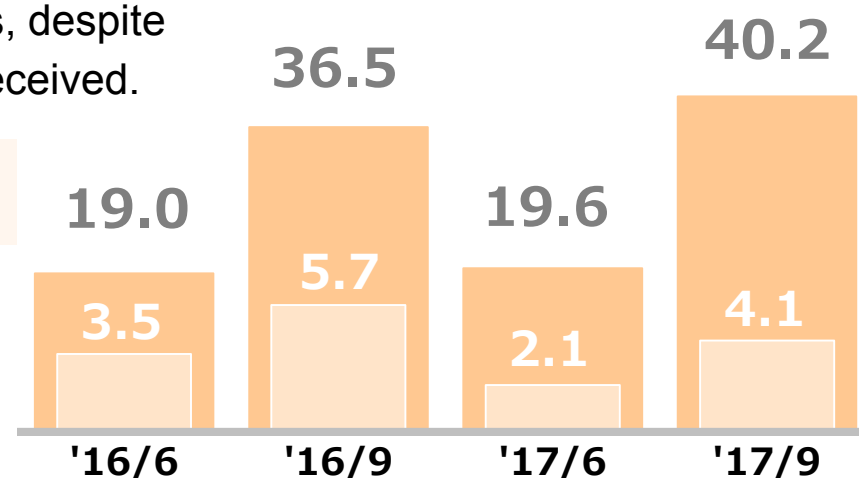
Increase in sales because of an increase in sales volume for electronic materials and other factors.

◆Chiral separation business:

Remained flat, due mainly to a decline in filler sales, despite an increase in contract separation service orders received.

Operating profit - 1.4 billion yen

Decrease in profit due to the impact of rising raw material and fuel procurement prices, increases in R&D and depreciation costs, and other factors.



Sales + 3.3 billion yen (Exchange impact + 0.6 billion yen)

◆ Engineering plastics business:

Increase in sales because of an increase in sales volume supported by solid automobile production.

◆ Plastic compound business:

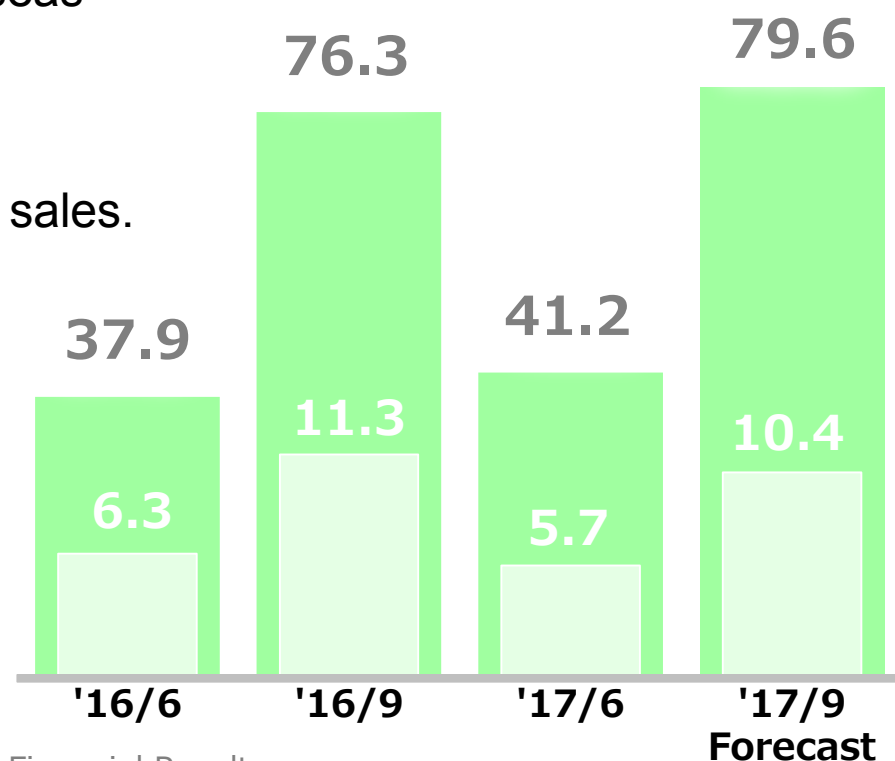
Increase in sales due to an increase in overseas sales volume and other factors.

◆ Plastic processing business:

Decrease in sales due to a decline in sheets sales.

Operating profit - 6 billion yen

Decrease in profit due to a rise in raw material and fuel procurement prices and other factors, despite an increase in sales volume.



Sales + 4.8 billion yen (Exchange impact + 0.5 billion yen)

◆Automobile safety parts business:

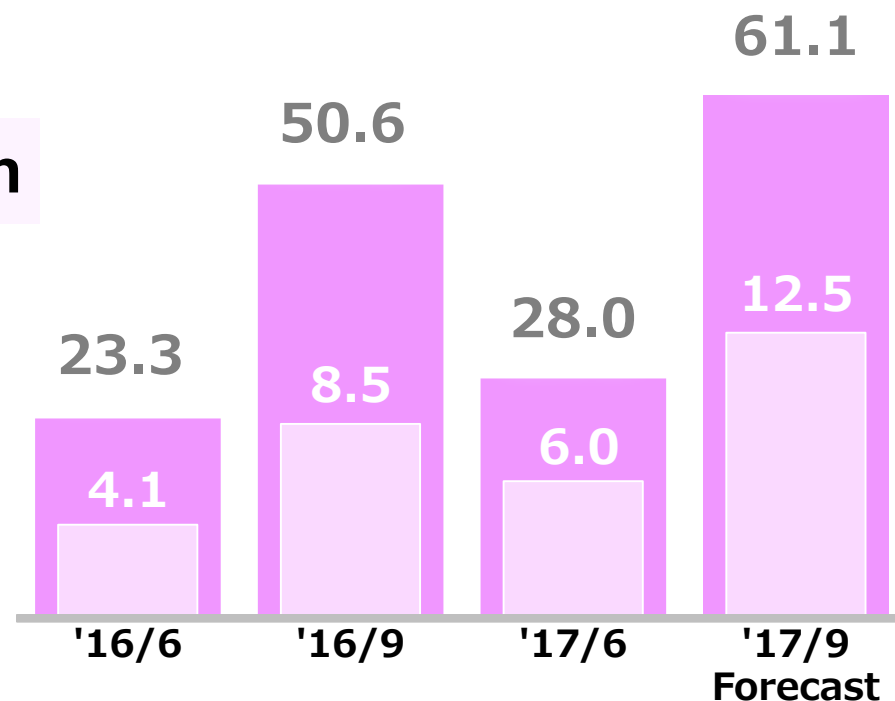
Increase in sales, because of an increase in inflator sales volume and other factors.

◆Aerospace & Defense business:

Decrease.

Operating profit + 1.9 billion yen

Increase in profit due to an increase in sales volume and other factors.



We have determined the purchase of own stocks
for 7.5 million shares in the funds of 10 billion yen.

(Period of purchase: From August 2017 to March 2018)

Forecast of FY2017 dividends

(No change from the Announcement on May 10, 2017.)

Annual dividends : 32 yen per share

(Dividends for 2nd half : 16 yen per share)

- Dividend payout ratio (%) of FY 2017 will be about 30 %.
- The target for dividend payout ratio (%) in the 3D-III mid-term plan:
30 % and more

※ Forecast of dividend payout ratio is calculated from Financial forecast announced in May 10.

References

Consolidated Balance Sheet



(billion Yen)

	End of March, 2017	End of March, 2017	Change	Remarks
Total current assets	307.2	306.4	-0.8	
Cash, Deposits and Short-term investment securities	96.9	97.8	+0.9	
Notes and accounts receivable-trade	88.3	84.5	-3.9	
Inventories	100.7	103.7	+3.0	
Other	21.3	20.5	-0.9	
Total non-current assets	292.5	294.2	+1.7	
Property, plant and equipment	185.2	185.7	+0.5	Acquisition: +7.6, Depreciation: -7.2, Currency translation differences: +0.4, Other: -0.2
Intangible fixed assets	9.6	9.6	-0.0	
Investments and other assets	97.7	99.0	+1.3	Investment securities: +1.9
Total assets	599.7	600.7	+0.9	
Total liabilities	200.3	201.2	+0.9	
Interest-bearing Liabilities	72.3	76.1	+3.8	Interest-bearing liabilities ratio: 12.7%
Other	128.0	125.1	-2.9	
Total net assets	399.4	399.5	+0.0	Capital adequacy ratio: 62.3%
Total liabilities and net assets	599.7	600.7	+0.9	

Financial forecast (YoY)

Note: Announcement at May 10. Forecast is not reviewed at 1st quarter account settlement.

(billion yen)

	FY2016 ('16/4-'17/3)			FY2017 ('17/4-'18/3)			Change (B) - (A)
	Result			Forecast			
	1st half	2nd half	Total (A)	1st half	2nd half	Total (B)	
Sales	209.8	230.3	440.1	227.5	232.5	460.0	+19.9
Cellulosic Derivatives	43.5	46.0	89.5	43.3	46.4	89.7	+0.2
Organic Chemicals	36.5	39.7	76.2	40.2	41.8	82.0	+5.8
Plastics	76.3	80.6	156.9	79.6	80.4	160.0	+3.1
Pyrotechnic Devices	50.6	60.6	111.2	61.1	60.4	121.5	+10.3
Other products	2.9	3.4	6.2	3.3	3.5	6.8	+0.6
Operating Profit	30.6	33.7	64.3	30.5	30.5	61.0	-3.3
Cellulosic Derivatives	11.7	11.3	23.0	10.5	10.2	20.7	-2.3
Organic Chemicals	5.7	5.8	11.5	4.1	4.9	9.0	-2.5
Plastics	11.3	10.3	21.6	10.4	9.6	20.0	-1.6
Pyrotechnic Devices	8.5	12.8	21.3	12.5	12.0	24.5	+3.2
Other products	0.3	0.4	0.7	0.3	0.5	0.8	+0.1
Corporate and eliminations	-6.8	-7.0	-13.8	-7.3	-6.7	-14.0	-0.2
Ordinary profit	29.5	36.7	66.2	31.0	31.0	62.0	-4.2
Profit attributable to owners of parent	19.1	24.1	43.2	18.0	19.0	37.0	-6.2
Exchange rate (JPY/USD)	105	111	109	110	110	110	

Assumptions: Exchange rate ¥110/\$, Methanol US\$300/ton, Crude oil US\$55/bbl, Domestic naphtha ¥42,000/kl

Notes regarding Forward-Looking Statements

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