

FY ending March 2019 3<sup>rd</sup> Quarter

(Apr. to Dec.)

Consolidated Financial Results

Feb. 1, 2019

**DAICEL CORPORATION**

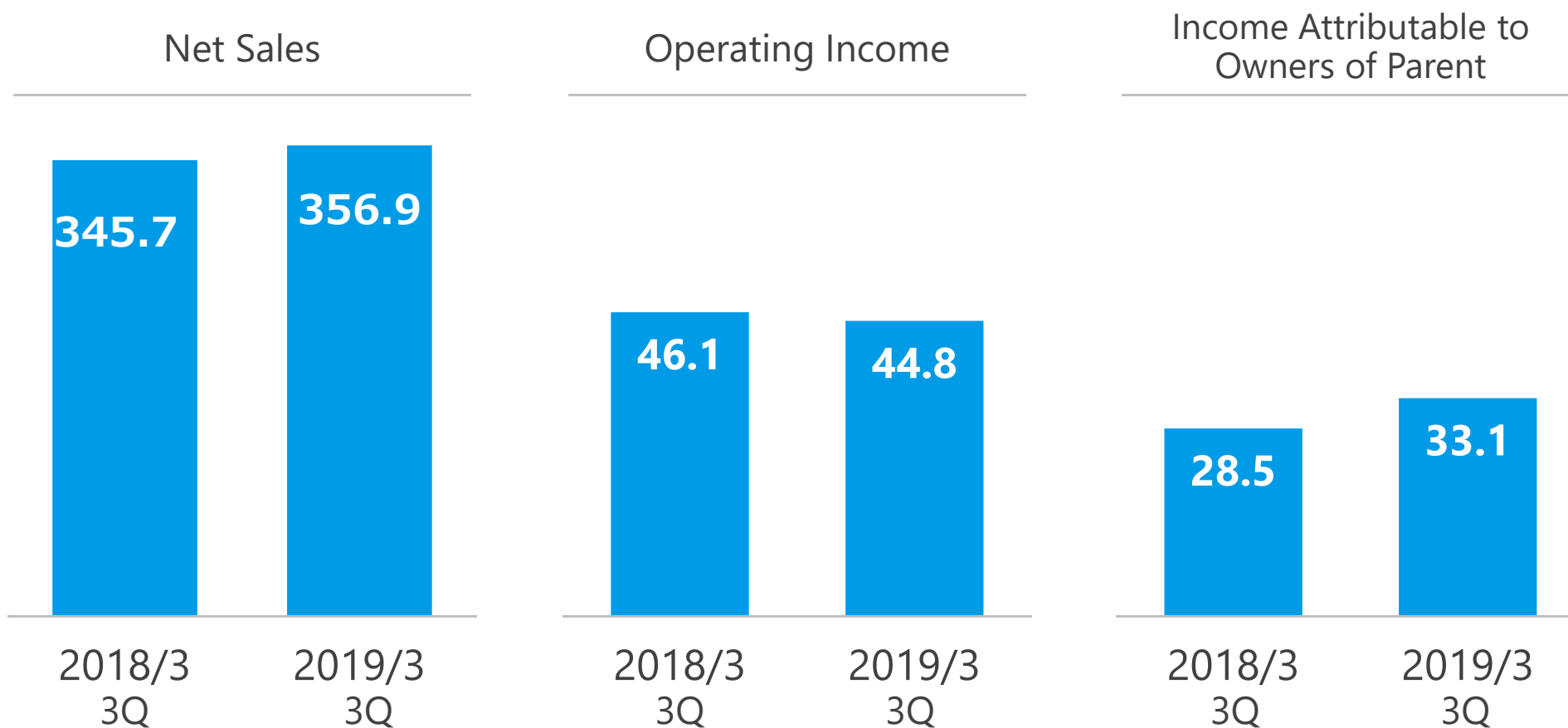
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# 1. Consolidated Financial Results

## Highlights

(billion yen)



- Increase in Net Sales, due mainly to an increase in sales volume of Organic Chemicals and Plastics, as well as the revision of selling prices.
- Decrease in Operating Income, due mainly to impact of rising raw material and fuel prices, as well as an increase in R&D costs.

# 1. Consolidated Financial Results

## Operating Results

(billion yen)

	2018/3 3Q	2019/3 3Q	Change	Rate of Change
Net Sales	345.7	356.9	+11.2	+3.2%
Gross Profit	103.8	105.4	+1.6	+1.6%
Operating Income	46.1	44.8	-1.3	-2.9%
Non-operating Income and Expenses	3.0	3.1	+0.2	+6.5%
Ordinary Income	49.1	47.9	-1.2	-2.4%
Extraordinary Income and Losses	-2.9	2.5	+5.5	-
Income Before Income Taxes	46.2	50.5	+4.3	+9.3%
Income Attributable to Owners of Parent	28.5	33.1	+4.6	+16.1%
Operating Income Ratio (%)	13.3%	12.5%	-0.8%	

### Exchange Rate

	2018/3 3Q	2019/3 3Q
USD/JPY	112	111

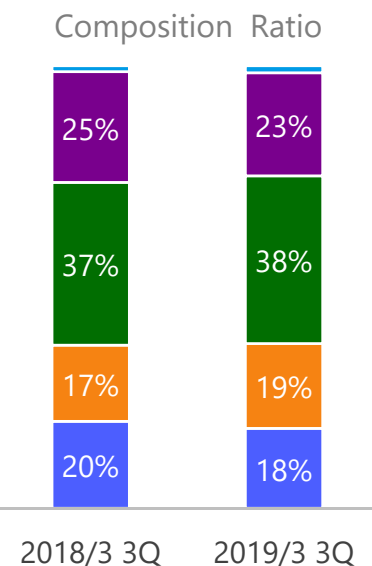
# 1. Consolidated Financial Results

## Net Sales and Operating Income by Segment

(billion yen)

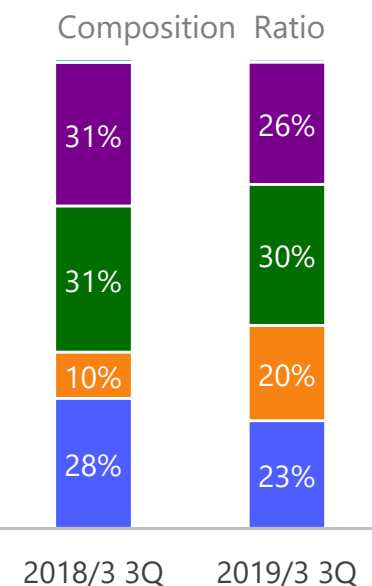
Net Sales		2018/3 3Q	2019/3 3Q	Change	Rate of Change	Analysis	
						Quantity	Prices
Cellulosic Derivatives		67.9	64.5	-3.4	-5.0%	-1.0	-2.4
Organic Chemicals		59.6	68.4	+8.8	+14.8%	+2.3	+6.5
Plastics		127.2	135.3	+8.1	+6.4%	+5.6	+2.5
Pyrotechnic Devices		86.5	83.2	-3.3	-3.8%	-3.1	-0.2
Others		4.6	5.6	+1.0	+22.8%	+1.0	-
<b>Total</b>		<b>345.7</b>	<b>356.9</b>	<b>+11.2</b>	<b>+3.2%</b>	<b>+4.8</b>	<b>+6.4</b>

※Total price impact +6.4 includes Exchange rate impact -1.0.



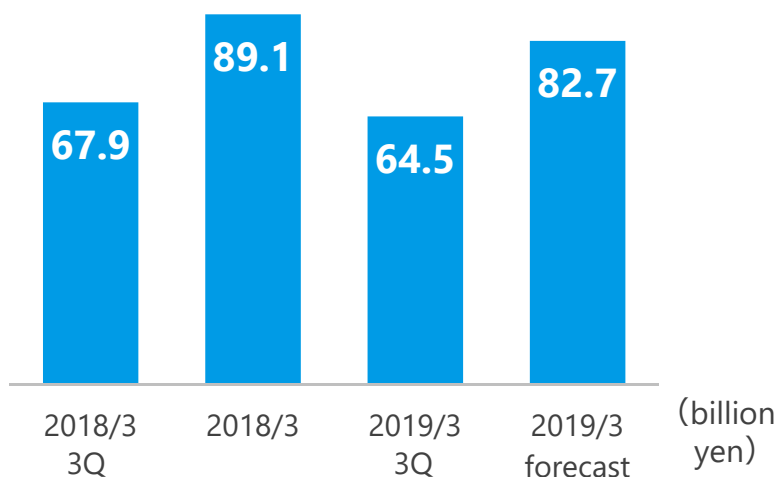
Operating Income		2018/3 3Q	2019/3 3Q	Change	Rate of Change	Analysis		
						Quantity	Prices	Other
Cellulosic Derivatives		15.7	12.9	-2.7	-17.5%	-0.5	-3.7	+1.4
Organic Chemicals		5.6	11.5	+5.9	+105.2%	+1.5	+3.3	+1.1
Plastics		17.6	17.0	-0.7	-3.7%	+1.8	-2.7	+0.3
Pyrotechnic Devices		17.3	14.7	-2.6	-15.2%	-2.2	-0.1	-0.3
Others		0.4	0.4	-0.0	-9.6%	-0.0	-	-
Corporate and Eliminations		-10.5	-11.6	-1.2	-11.0%	-	-	-1.2
<b>Total</b>		<b>46.1</b>	<b>44.8</b>	<b>-1.3</b>	<b>-2.9%</b>	<b>+0.6</b>	<b>-3.3</b>	<b>+1.4</b>

※Total price impact -3.3 includes Exchange rate impact -0.4.



# Cellulosic Derivatives

### Net Sales



**Net Sales -3.4 billion yen** (Exchange rate impact -0.3 billion yen)

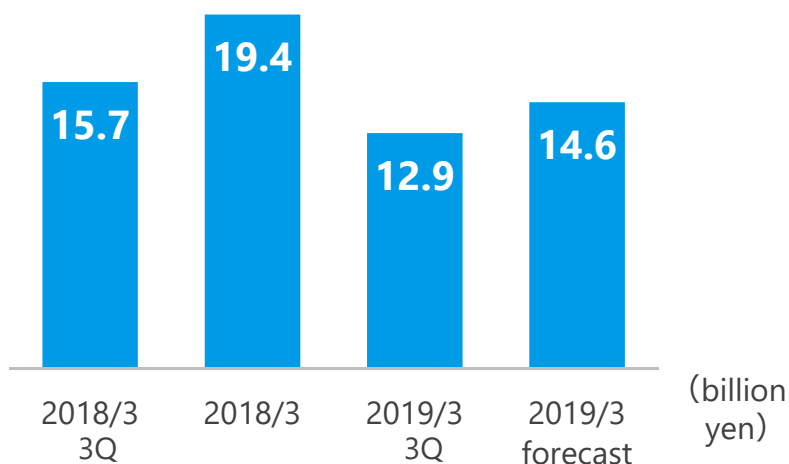
(Cellulose Acetate : Decrease )

- Slightly decrease in sales volume for LCD film application
- Decrease in sales volume for Cigarette Filter applications

(Acetate Tow for Cigarette Filters : Decrease )

- Softening of the market
- Flat sales volumes mitigated by our efforts amid the worldwide glut

### Operating Income



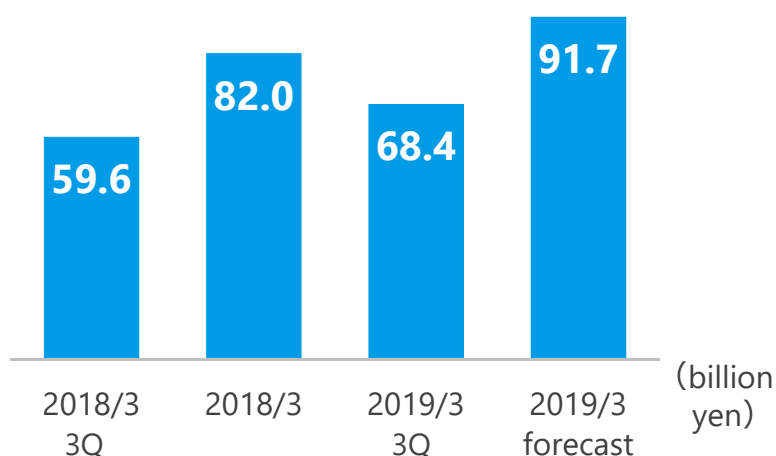
**Operating Income -2.7 billion yen**

- Decrease due mainly to the negative impact of rising raw material and fuel prices and the softening of the market on acetate tow for cigarette filters.

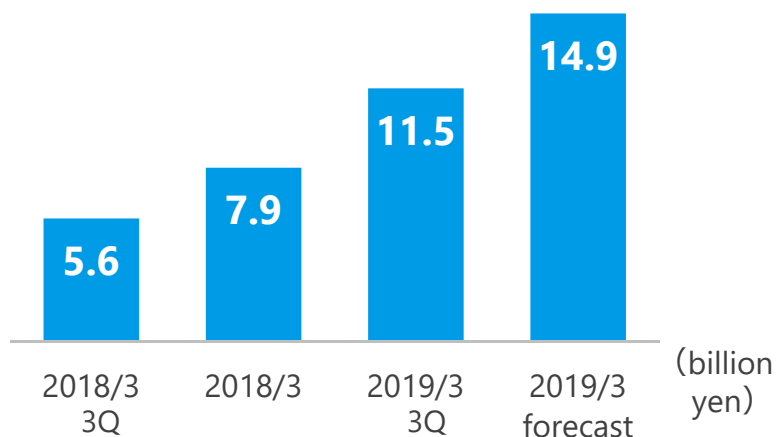
Note: Forecast is not revised from the previous forecast announced on Nov. 1, 2018.

# Organic Chemicals

### Net Sales



### Operating Income



**Net Sales +8.8 billion yen** (Exchange rate impact -0.1 billion yen)

(Acetic Acid : Increase)

- Solid demand and an upward trend in the market

(Organic Chemicals : Increase)

- Increase in sales volume. ■ Upward trend in the market.

(Performance Chemicals : Increase)

- Recovery from the fire at the peracetic acid plant in the previous fiscal year

- The revision of selling prices following the rise in raw material and fuel prices

- Solid demand for some products in cosmetics / health care

(Chiral Separation business : Increase)

- Increase in column and chiral stationary phase (CSP) sales.

- Growth of new business in India.

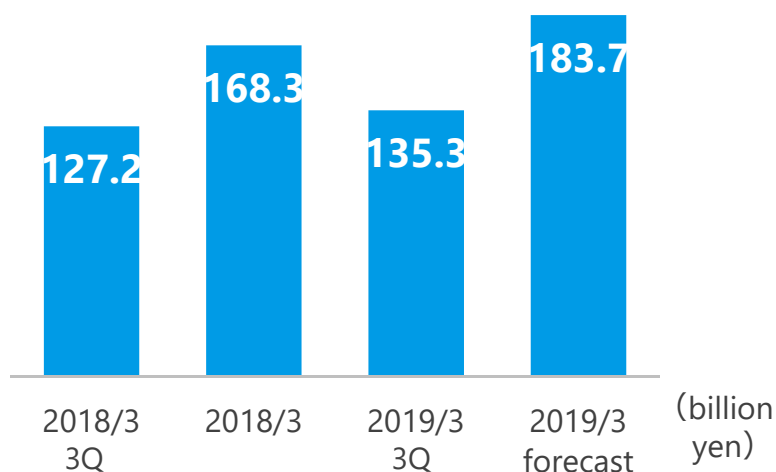
**Operating Income +5.9 billion yen**

- Increase due mainly to the increase in sales volume and a positive impact of the revision of selling prices following the rise in raw material and fuel prices.

Note: Forecast is not revised from the previous forecast announced on Nov. 1, 2018.

# Plastics

### Net Sales



**Net Sales +8.1 billion yen** (Exchange rate impact -0.5 billion yen)

(Engineering Plastics business : **Increase**)

- Increase in sales volume resulting from increased demand for automobile parts and progress in new parts adoption, despite the impact of sluggish smartphone sales
- The revision of selling prices following the rise in raw material and fuel prices

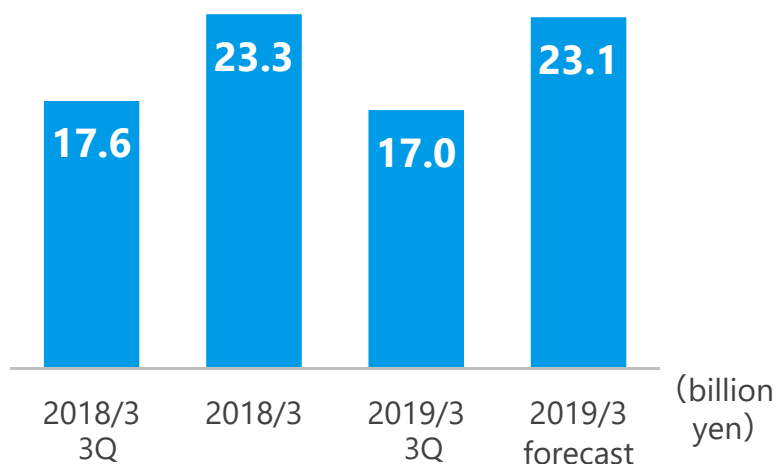
(Plastic Compound business : **Increase**)

- The revision of selling prices following the rise in raw material and fuel prices
- Decrease in sales volume

(Plastic Processing business : **Increase**)

- Increase in film sales

### Operating Income



**Operating Income -0.7 billion yen**

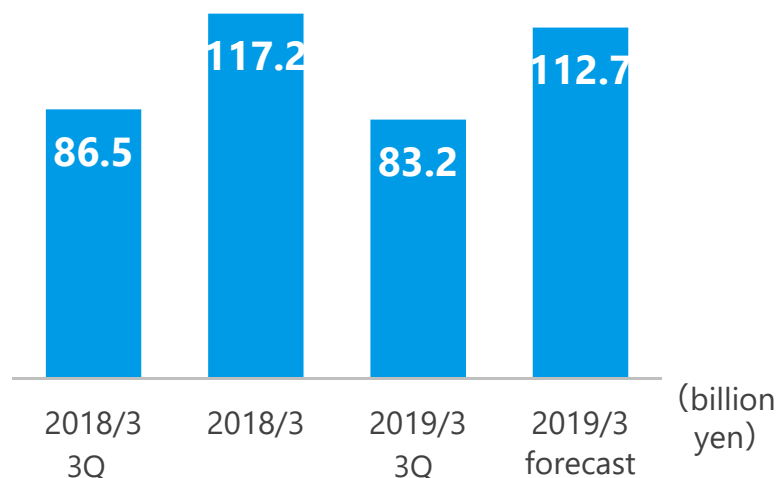
- Decrease due mainly to a rise in raw material and fuel costs, despite an increase in sales volume

Note: Forecast is not revised from the previous forecast announced on Nov. 1, 2018.



# Pyrotechnic Devices

### Net Sales



**Net Sales -3.3 billion yen** (Exchange rate impact -0.2 billion yen)

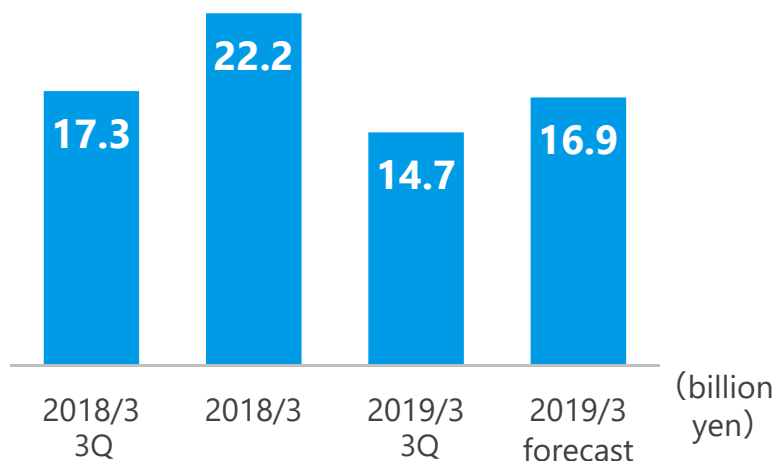
(Automobile Safety Parts business : Decrease )

- Increase in inflator sales volume
- Change in sales product mix

(Aerospace & Defense business : Decrease)

- Decrease in sales volume

### Operating Income



**Operating Income -2.6 billion yen**

- Decrease due mainly to the impact of the change in sales product mix

Note: Forecast is not revised from the previous forecast announced on Nov. 1, 2018.

# References

## Consolidated Balance Sheet

(billion yen)

	Mar. 31, 2018	Dec. 31, 2018	Change	Remarks
<b>Total Current Assets</b>	349.2	341.3	-7.9	
Cash, Deposits and Securities	129.3	105.4	-23.9	
Notes and Accounts Receivable-trade	93.3	95.0	+1.8	
Inventories	109.3	122.7	+13.5	
Other	17.4	18.1	+0.7	
<b>Total Non-current Assets</b>	291.1	293.4	+2.4	
Property, Plant and Equipment	184.0	194.6	+10.6	Acquisition+31.1, Depreciation-20.8, Others+0.3
Intangible Assets	8.6	10.8	+2.2	
Investments and Other Assets	98.4	88.0	-10.4	
<b>Total Assets</b>	<b>640.3</b>	<b>634.7</b>	<b>-5.6</b>	
<b>Liabilities</b>	226.7	216.3	-10.5	
Interest-bearing Liabilities	99.7	91.5	-8.2	Bonds-10.0, Interest-bearing liabilities ratio 14.4%
Other	127.0	124.8	-2.2	
<b>Total Net Assets</b>	413.5	418.5	+4.9	Capital adequacy ratio 61.4%
<b>Total Liabilities and Net Assets</b>	<b>640.3</b>	<b>634.7</b>	<b>-5.6</b>	

## Quarterly Results for Net Sales and Operating Income

(billion yen)

Net Sales	FY ended March 2018				FY ending March 2019		
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter
Cellulosic Derivatives	22.1	22.9	22.8	21.2	19.9	22.1	22.4
Organic Chemicals	19.6	19.5	20.5	22.5	22.7	22.4	23.2
Plastics	41.2	42.5	43.4	41.1	44.1	45.4	45.7
Pyrotechnic Devices	28.0	30.1	28.4	30.7	27.3	28.2	27.7
Others	1.3	1.7	1.6	1.8	1.4	1.5	2.7
Total	112.3	116.8	116.7	117.3	115.5	119.7	121.7

Operating Income	FY ended March 2018				FY ending March 2019		
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter
Cellulosic Derivatives	5.5	5.5	4.7	3.7	3.9	4.7	4.4
Organic Chemicals	2.1	1.5	2.0	2.3	3.8	3.3	4.4
Plastics	5.7	6.4	5.5	5.6	5.9	6.0	5.1
Pyrotechnic Devices	6.0	5.6	5.7	4.8	5.0	4.8	4.9
Others	0.0	0.2	0.1	0.3	0.1	0.1	0.1
Corporate and Eliminations	-3.6	-3.6	-3.2	-4.1	-4.0	-4.1	-3.5
Total	15.8	15.7	14.6	12.8	14.7	14.8	15.3

## Financial Forecast (FY ending March 2019)

(billion yen)

	FY ended March 2018			Forecast of FY ending March 2019			Change (B)-(A)
	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Total(A)	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Total(B)	
Cellulosic Derivatives	45.1	44.0	89.1	42.0	40.7	82.7	-6.4
Organic Chemicals	39.1	42.9	82.0	45.1	46.6	91.7	+9.7
Plastics	83.7	84.5	168.3	89.6	94.1	183.7	+15.4
Pyrotechnic Devices	58.1	59.1	117.2	55.5	57.2	112.7	-4.5
Others	3.0	3.4	6.4	3.0	5.2	8.2	+1.8
<b>Net Sales</b>	<b>229.0</b>	<b>233.9</b>	<b>463.0</b>	<b>235.2</b>	<b>243.8</b>	<b>479.0</b>	<b>+16.0</b>
Cellulosic Derivatives	11.0	8.3	19.4	8.6	6.0	14.6	-4.8
Organic Chemicals	3.6	4.3	7.9	7.1	7.8	14.9	+7.0
Plastics	12.2	11.1	23.3	11.9	11.2	23.1	-0.2
Pyrotechnic Devices	11.6	10.5	22.2	9.8	7.1	16.9	-5.3
Others	0.3	0.5	0.8	0.2	0.4	0.6	-0.2
Corporate and Eliminations	-7.2	-7.3	-14.5	-8.1	-8.0	-16.1	-1.6
<b>Operating Income</b>	<b>31.5</b>	<b>27.4</b>	<b>58.9</b>	<b>29.5</b>	<b>24.5</b>	<b>54.0</b>	<b>-4.9</b>
<b>Ordinary Income</b>	<b>33.1</b>	<b>27.9</b>	<b>61.1</b>	<b>32.2</b>	<b>25.8</b>	<b>58.0</b>	<b>-3.1</b>
<b>Income Attributable to Owners of Parent</b>	<b>19.6</b>	<b>17.5</b>	<b>37.1</b>	<b>22.4</b>	<b>17.6</b>	<b>40.0</b>	<b>+2.9</b>
(ref.) Exchange rate USD/JPY	111	111	111	110	110	110	

Note: Forecast of FY ending March 2019 is not revised from the previous forecast announced on Nov. 1, 2018.



## Assumptions

		FY ended March 2018		FY ending March 2019	
		1 <sup>st</sup> half (Results)	2 <sup>nd</sup> half (Results)	1 <sup>st</sup> half (Results)	2 <sup>nd</sup> half (Forecast)
Exchange Rate (USD/JPY)		111	111	110	110
Raw Materials	Methanol Asian spot price (USD/ton)	295	380	403	360
	Crude Oil Dubai (USD/bbl.)	50	62	73	70
	Domestic Naphtha (JPY/kl)	37,600	46,300	50,850	52,000

Note: Forecast of FY ending March 2019 is not revised from the previous forecast announced on Nov. 1, 2018.

## Notes Regarding Forward-Looking Statements

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