

FY ending March 2020 1st Half

Consolidated Financial Results



November 1, 2019

DAICEL CORPORATION

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President's Message

The Company celebrated its 100th anniversary on September 8, 2019.

We would like to express our respect for the efforts of our predecessors and extend our sincere gratitude to our shareholders and many other stakeholders.

There have been various changes in the environment surrounding our company over the past 100 years, and we have implemented structural reforms in response, but these have not been sufficient. As a result, we will implement unprecedented structural reforms this year.

We recognize the severity of the current situation, which is expected to result in a decline in operating income for the fourth consecutive year. In order to bring about a recovery towards another growth period, we will clarify our short term goals and planned reforms in the mid- and long-term, and carry them out with resolve.

I will lead the Group and work on initiatives for recovery of business performance and future growth.

We would like to request your continued guidance and support in our upcoming endeavors.

President and CEO



Financial Results

(billion yen)

		19/3 1H Results	20/3 1H Forecasts	20/3 1H results	Y on Y		vs Forecasts	
					Change	%	Change	%
Net sales		235.2	226.0	210.7	-24.6	-10.4%	-15.3	-6.8%
Operating income		29.5	20.0	17.9	-11.7	-39.5%	-2.1	-10.7%
Ordinary income		32.2	20.5	18.7	-13.6	-42.1%	-1.8	-9.0%
Income attributable to owners of parent		22.4	10.5	11.7	-10.7	-47.8%	+1.2	+11.3%
Exchange rate USD/JPY		110	110	109				
Cellulosic Derivatives	Net sales	42.0	38.5	37.8	-4.2	-10.0%	-0.7	-1.8%
	Ordinary income	8.6	6.8	6.3	-2.3	-26.3%	-0.5	-7.0%
Organic Chemicals	Net sales	45.1	44.0	41.1	-4.1	-9.0%	-2.9	-6.7%
	Ordinary income	7.1	7.2	5.4	-1.7	-23.9%	-1.8	-25.1%
Plastics	Net sales	89.6	92.0	84.5	-5.1	-5.7%	-7.5	-8.1%
	Ordinary income	11.9	12.0	11.7	-0.2	-1.6%	-0.3	-2.5%
Pyrotechnic Devices	Net sales	55.5	46.0	42.3	-13.3	-23.9%	-3.7	-8.1%
	Ordinary income	9.8	2.7	2.3	-7.5	-76.4%	-0.4	-14.1%
Others	Net sales	3.0	5.5	5.0	+2.0	+68.9%	-0.5	-8.8%
	Ordinary income	0.2	0.2	0.3	+0.0	+21.5%	+0.1	+33.0%
Corporate	Ordinary income	-8.1	-8.9	-8.1	-0.1	-0.8%	+0.8	+8.5%

◇ Y on Y

Sales and operating income are decreased due mainly to the following reasons.

- Slowdown in Chinese economy
- Decrease in inflator sales volume and change in product lineups
- Decline in sales volume of cellulose acetate
- Increase in R & D expenses
- Exchange rate fluctuations

◇ vs. Forecasts

Sales and operating income decreased due to the slowdown in Chinese economy, exchange rate fluctuations, etc.

Net income attributable to owners of the parent increased because the sales of investment securities, which had been planned in the second half, took place in the first half.

Net Sales and Operating Income by Segment (Y on Y)

(billion yen)

Net Sales	19/3 1H Results	20/3 1H Results	Change	%	Analysis		
					Quantity	Prices	Exchange rate Impact
Cellulosic Derivatives	42.0	37.8	-4.2	-10.0%	-3.2	-1.1	-0.4
Organic Chemicals	45.1	41.1	-4.1	-9.0%	-2.4	-1.7	-0.2
Plastics	89.6	84.5	-5.1	-5.7%	-2.9	-2.2	-0.7
Pyrotechnic Devices	55.5	42.3	-13.3	-23.9%	-11.2	-2.1	-0.4
Others	3.0	5.0	+2.0	+68.9%	+2.0	-	-
Total	235.2	210.7	-24.6	-10.4%	-17.5	-7.0	-1.7

Operating Income	19/3 1H Results	20/3 1H Results	Change	%	Analysis			
					Quantity	Prices	Exchange rate Impact	Others
Cellulosic Derivatives	8.6	6.3	-2.3	-26.3%	-2.9	-0.9	-0.3	+1.5
Organic Chemicals	7.1	5.4	-1.7	-23.9%	-1.0	-0.0	-0.1	-0.7
Plastics	11.9	11.7	-0.2	-1.6%	+0.2	-0.2	-0.3	-0.2
Pyrotechnic Devices	9.8	2.3	-7.5	-76.4%	-8.1	-1.4	-0.0	+1.9
Others	0.2	0.3	+0.0	+21.5%	+0.0	-	-	-
Corporate	-8.1	-8.1	-0.1	-0.8%	-	-	-	-0.1
Total	29.5	17.9	-11.7	-39.5%	-11.7	-2.4	-0.6	+2.5

*Exchange rate impact is included in price impact.

Net Sales and Operating Income by Segment (vs Forecasts)

(billion yen)

Net Sales	20/3 1H Forecasts	20/3 1H Results	Change	%	Analysis		
					Quantity	Prices	Exchange rate Impact
Cellulosic Derivatives	38.5	37.8	-0.7	-1.8%	-0.2	-0.5	-0.3
Organic Chemicals	44.0	41.1	-2.9	-6.7%	-2.5	-0.5	-0.2
Plastics	92.0	84.5	-7.5	-8.1%	-5.6	-1.9	-0.6
Pyrotechnic Devices	46.0	42.3	-3.7	-8.1%	-3.5	-0.2	-0.3
Others	5.5	5.0	-0.5	-8.8%	-0.5	-	-
Total	226.0	210.7	-15.3	-6.8%	-12.3	-3.1	-1.5

Operating Income	20/3 1H Forecasts	20/3 1H Results	Change	%	Analysis			
					Quantity	Prices	Exchange rate Impact	Others
Cellulosic Derivatives	6.8	6.3	-0.5	-7.0%	-1.0	-0.7	-0.3	+1.3
Organic Chemicals	7.2	5.4	-1.8	-25.1%	-1.3	-0.5	-0.1	-0.0
Plastics	12.0	11.7	-0.3	-2.5%	-2.3	+0.8	-0.2	+1.2
Pyrotechnic Devices	2.7	2.3	-0.4	-14.1%	-1.4	+0.1	-0.0	+1.0
Others	0.2	0.3	+0.1	+33.0%	+0.1	-	-	-
Corporate	-8.9	-8.1	+0.8	+8.5%	-	-	-	+0.8
Total	20.0	17.9	-2.1	-10.7%	-6.0	-0.3	-0.6	+4.1

*Exchange rate impact is included in price impact.

Forecasts(Full Year)

(billion yen)

		19/3 Results	20/3 Initial forecasts	20/3 Revised forecasts	Y on Y		vs Initial Forecasts	
					Change	%	Change	%
Net sales		464.9	461.0	431.0	-33.9	-7.3%	-30.0	-6.5%
Operating income		51.2	43.0	36.0	-15.2	-29.6%	-7.0	-16.3%
Ordinary income		53.4	45.0	38.0	-15.4	-28.9%	-7.0	-15.6%
Income attributable to owners of parent		35.3	26.5	21.5	-13.8	-39.1%	-5.0	-18.9%
Exchange rate USD/JPY		111	110	107				
Cellulosic Derivatives	Net sales	83.2	82.0	77.0	-6.2	-7.5%	-5.0	-6.1%
	Ordinary income	16.0	13.5	11.2	-4.8	-30.0%	-2.3	-17.0%
Organic Chemicals	Net sales	89.5	90.0	85.0	-4.5	-5.0%	-5.0	-5.6%
	Ordinary income	14.4	15.5	12.5	-1.9	-13.1%	-3.0	-19.4%
Plastics	Net sales	175.9	186.5	171.0	-4.9	-2.8%	-15.5	-8.3%
	Ordinary income	20.6	23.5	22.4	+1.8	+8.6%	-1.1	-4.7%
Pyrotechnic Devices	Net sales	107.9	91.0	87.5	-20.4	-18.9%	-3.5	-3.8%
	Ordinary income	15.6	7.0	5.3	-10.3	-66.0%	-1.7	-24.3%
Others	Net sales	8.4	11.5	10.5	+2.1	+25.5%	-1.0	-8.7%
	Ordinary income	0.6	0.5	0.6	-0.0	+1.9%	+0.1	+20.0%
Corporate	Ordinary income	-16.0	-17.0	-16.0	-0.0	+0.2%	+1.0	+5.9%

◇ Y on Y

Sales and operating income are expected to decrease due mainly to the following reasons.

- Slowdown in Chinese economy
- Decrease in inflator sales volume and change in product lineups
- Sales volume decline in cellulose acetate
- Increase in R & D expenses
- Exchange rate fluctuations

◇ vs. Initial Forecasts

Sales and operating income are expected to decrease due mainly to the following reasons.

- Slowdown in Chinese economy
- Delay in sales expansion of cellulose acetate
- Increasing costs associated with decreased inflator sales volume and lower operations
- Exchange rate fluctuations

Analysis of Forecasts (Full Year) vs. Initial Forecasts

	Analysis	Sales revenue	Operating income	Factors for operating income changes
Cellulosic Derivatives	Quantity	-35	-18	(Decrease) Delay in sales expansion of cellulose acetate for cigarette filters
	Prices	-15	-16	(Decrease) Exchange rate fluctuations
	Others	—	+11	(Increase) Inventory prices
Organic Chemicals	Quantity	-40	-25	(Decrease) Decline in sales volume for acetic acid, acetic acid derivatives, and some performance chemical products due to the slowdown in Chinese economy
	Prices	-10	-8	(Decrease) Downward trends in the market for acetic acid and acetic acid derivatives, Exchange rate fluctuations (Increase) Lower raw material prices
	Others	—	+2	(Increase) Cost reduction
Plastics	Quantity	-123	-29	(Decrease) Decline in sales volume for engineering plastics due to the slowdown in Chinese economy (Increase) Increase in sales volume for sales expansion of general-purpose products
	Prices	-32	+14	(Increase) Lower raw material prices (Decrease) Lower average selling price due to the increase of sales volume for general-purpose market, Exchange rate fluctuations
	Others	—	+4	(Increase) Cost reduction
Pyrotechnic Devices	Quantity	-21	-17	(Decrease) Decrease in sales volume of inflators due to slow sales of automobiles in North America and China, Cost increase from the slow down of capacity utilization
	Prices	-14	-7	(Decrease) Exchange rate fluctuations
	Others	—	+7	(Increase) Cost reduction



Review

We have reported the outlook for declines in sales and profits from the beginning of this fiscal year, but as the business environment becomes more difficult, the current business performance has become more severe. In order to overcome this situation and ensure medium-to long term growth again, we are examining our current activities and any shortcomings.

Since 1990 (start of our first long term plan), we have been working on innovation to anticipate changes in the times, and have achieved positive results.

- Organizational culture reform through organizational structure and personnel system reform
- Stabilization of quality and improvement of productivity through production innovation, production process innovation and business process innovation
- Growth by strengthening group management and global expansion

On the other hand, while working on creating new businesses and reforming the business structure, we were able to create some new products, but they have not grown to the scale of a viable business. In addition, our profits have been declining due to delays in responding to sudden changes in the business environment over the past few years.



Review

The reasons for the delay in creating new businesses and lowered profits in existing businesses were that our organization and internal systems were unable to respond quickly to social and economic changes, and the expansion of management resources necessary for reforms was delayed.

◆ **Unable to sufficiently catch up with social needs**

Aimed for downstream development and high added value, however expansion of the foundation necessary to recognize the real needs of the customer domain and advance into different fields was insufficient.

◆ **Lack of speed in alliances and M&A for expanding the business base**

Due to poor proactive research of target projects and themes and the lack of knowledge for dealing with projects, the speed of initiatives could not speed up enough.

◆ **Delays in reorganization of Business Units (BU) in response to market changes and transfer of authority**

Resource allocation to growth BUs by reorganization of BUs and authority transfer were behind the schedule.

◆ **Unsatisfactory strengthening of corporate organizations to formulate and promote Company-wide strategies**

Corporate departments responsible for company-wide functions including strengthening of existing businesses, creating new businesses, expanding business foundations and BU reorganizations, were not sufficient.



Basic Policies Under the New System

Basic Approach for Profit Recovery and Future Growth

Since the establishment of the new system, we have been swiftly promoting necessary initiatives and proceeding with the formulation of the next management plan, in order to recover and strengthen profitability and re-establish a foundation for future growth. The basic approaches for formulating the management plan are as follows:

- ◇ We will undertake a drastic review of existing organizations. First, we will strengthen corporate departments to accelerate the planning and promotion of group-wide strategies.
- ◇ In addition to thorough cost reductions that can now be made, we will accelerate efforts to strengthen the foundation and make every effort to recover profits from the next fiscal year. At the setout, we will change our work style drastically. While halving the number of R&D themes and reducing the number of meetings, we will revise structures such as the HR system for speedier and simpler administration to achieve their original purposes.
- ◇ Actively recruit human resources who possess the insights that our company does not currently have, such as customer industries, financial industries, universities and public institutions, and incorporate not only our own resources but also diverse wisdom to create new businesses and accelerate M&As.



Reform with Speed & Simplicity

(1) Corporate Department Reform

Through the following organizational reforms, we will accelerate the creation of new businesses and the promotion of strategies across the entire company, as well as alliances with other companies and M&As.

① Establishment of New “Innovation and Business Development Headquarters”

Aiming to create new businesses, we have integrated “R&D Headquarters”, “New Business Development”, and “Production Technology Headquarters” and created the new organization.

Through integrating the functions of product development, mass production technology, and commercialization, we will accelerate the expansion of the scale of new business creation themes, and the start up and commercialization of new business creation.

② Establishment of New “Strategic Planning Headquarters”

As the department to promote company-wide strategies, it will play the following roles:

- Planning and promotion of company-wide business strategies such as organizational structure reform
- Promotion of alliances with other companies and M&As
- Promotion of actions to bring out synergies between BUs

③ Establishment of New “Research Center”

This new organization works as a think tank with a research function to connect our products and technologies with social needs from external perspectives such as customers and universities, and search for new mid- and long-term business projects. This center is directly controlled by the President. The head of the center previously worked in The Ministry of Economy, Trade and Industry, and the Center consists mainly of former executives in customer industries such as the automobile industry and electrical industry, and researchers at institutions such as universities.



Reform with Speed & Simplicity

(1) Corporate Department Reform

Through the following organizational reforms, we will enhance the competitiveness of existing businesses, improve productivity through the proactive use of IT and AI, and strengthen the strategic functions of the corporate support department and the Group company management function.

④ Reorganization to “Production Management Headquarters”

Through reorganization of the “Production Technology Headquarters”, we will conduct thorough cost reductions mainly in manufacturing sites and strengthen competitiveness.

⑤ Establishment of New “Digital Strategy Division”

In all business functions - production, sales, research, and corporate support, we will proactively introduce and utilize IT and AI to dramatically improve productivity. This will also lead to further development of production and process innovations.

⑥ Establishment of New “Corporate Planning”

This was created as a department responsible for strategic planning functions within the Corporate Support Headquarters. This department will play a role to strengthen the strategic functions of corporate support departments like setting management plans, managing progresses, and resource allocations.

⑦ Strengthen “Corporate Sustainability” Function

In order to achieve sustainable growth, we will instill the sustainable management policy throughout the group and strengthen the group corporate management function.



Reform with Speed & Simplicity

(2) Initiatives for Profit Recovery

① Thorough Cost Reduction

We are conducting cost reduction initiatives throughout the Group. In the current fiscal year, we are planning cost reductions totaling 10.9 billion yen.

At the beginning of the year, we planned to reduce costs by 10.5 billion, an increase from our regular cost reductions of around 6 billion per year.

We have long been identifying potential cost-cutting measures. We have strengthened this approach and the total potentially reducible cost has reached approximately 30 billion yen. In this fiscal year, we started additional cost reductions of 0.4 billion yen from some of these potential measures.

◇ Main cost reduction initiatives

[Company-wide] Reduction of outsourcing costs

[Pyrotechnic Devices] Personnel saving through automation, personnel structure planning in accordance with demands

[Cellulosic Derivatives] Expense reduction of external warehouses for pulp and cellulose acetate

[Cellulosic Derivatives] Material cost reduction by managing the use of various types of pulp

[Cellulosic Derivatives] Expense reduction of external warehouses and delivery by reviewing of shipping locations of cigarette tow

[Aboshi Plant] Start selling electricity, review the supplier of supplementary power

[Ohtake Plant] Exploring new customers for electricity sales, expense reduction of energy by self-delivery of electricity

② Reconsideration of Production Site/Withdrawal and Selling Off of Unprofitable Businesses

Reduction of fixed costs and improvement of productivity by aggregation of group companies in North America



Reform with Speed & Simplicity

(2) Initiatives for Profit Recovery

③ Technological Innovation / Initiatives Regarding Sales

◇ Technological Innovation

- Newly establishment of 1,3-butylene glycol (1,3-BG) production plant (scheduled to start production in Oct 2020)
 - ⇒ Responding to demand in the Asian cosmetic markets
 - ⇒ Double the production capacity of our product featuring strength of odorless grade.
 - ⇒ Reducing variable costs by production process innovation
 - ⇒ Realizing stable supply with multiple production locations
- Transition of raw material of acetic acid (carbon monoxide) in line with the renewal of aging plant (scheduled to start production in Jun 2021)
 - ⇒ Reducing variable costs by transition of raw material to coal (from asphalt to coal)

* Facility investment totals approx. 60 billion yen for establishment of new 1,3-BG production plant and the renewal of acetic acid raw materials plant

◇ Initiatives regarding sales

- Sales expansion of cellulose acetate by improving product quality
- Sales share expansion of POM utilizing the Technical Solution Center in Europe
- Sales expansion of automobile airbag inflators in the growing Indian market
- Integration of inflator types (cataloging)
- Development and market introduction of more competitive inflators and gas generants



Reform with Speed & Simplicity

(3) Mid-and Long-Term Management Policies

We will announce next mid-and long-term management policies in the spring of 2020.

We are expecting that severe business performance will continue without taking countermeasures, due to several factors like increased depreciation costs of existing investment projects. The depreciation costs will peak in the fiscal year ending March 2023 and decline thereafter.

We will continue our efforts to recover performance at an early stage by thoroughly reducing costs, consolidating production sites, and withdrawing from unprofitable businesses.

In addition, while working on technological innovation and sales reinforcement, we will speed up new business creation and M&A by the corporate organizational reform.

Through these initiatives, we aim to get on another growth track.

In formulating this medium-term management policy, we have not set any format or limitations and undertake discussions with a free mindset, considering the characteristics of each business and department, in order to reflect how we should be.

Corporate organizational reform is just the first step. We will proceed with further reforms in our organizations.

In addition to sales and profit plans, we will clarify the various assumable risks and the actions against these risks. Also, we will provide indicators to confirm the progress of these plans and estimates.

Details will be explained next spring.



Return to Shareholders

Dividends

Commemorative Dividend of 2 yen at Year-end Dividend

The Company celebrated its 100th anniversary on September 8, 2019. We would like to express our sincere appreciation for the warm support and cooperation of all of our stakeholders, including shareholders.

With gratitude for the support and cooperation of our shareholders, we decided to pay a commemorative dividend of 2 yen per share for the year-end dividend for the fiscal year ending March 31, 2020.

Share Buy-back

Started to Purchase Own Stocks for 20 billion yen.

In addition to improving the return to shareholders, we took into account the prospects for the future capital adequacy ratio and decided to purchase 20 billion yen of treasury stock from November 2019 to July 2020. We plan to cancel all the acquired shares.

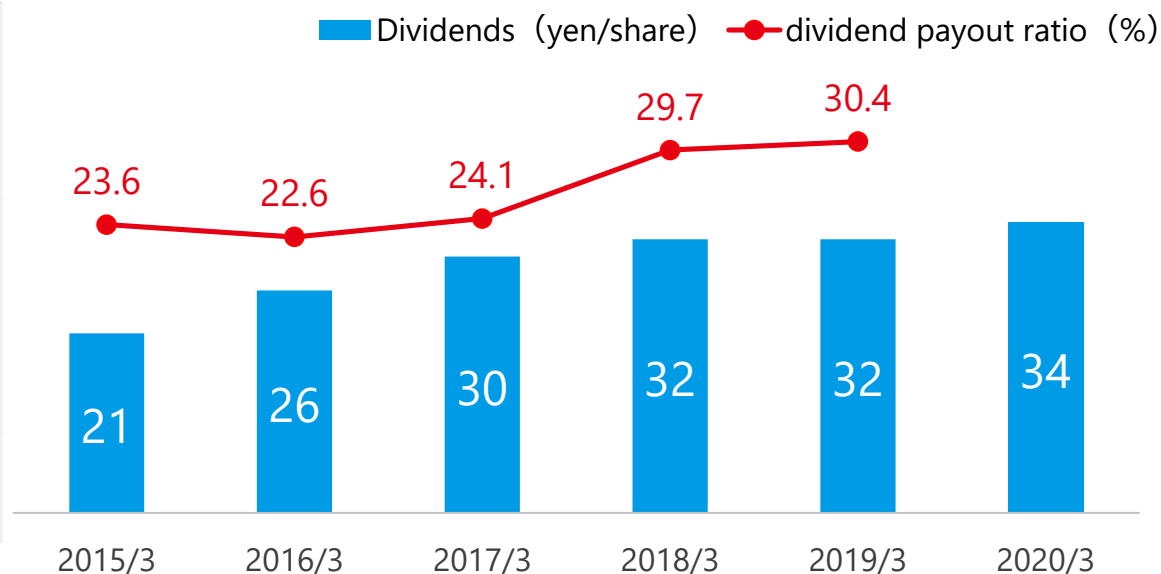
In the current fiscal year, we have already acquired approximately 6.1 billion yen of treasury stock.

Return to Shareholders

FY ending March 2020

- Interim dividends : 16 yen per share (as announced at the beginning of this fiscal year)
Forecast of Annual dividends : 34 yen per share
(Increase of 2 yen from the last announcement due to commemorative dividend)
- Purchase of own stocks of 5.94 million shares for 6.1 billion yen.
(Period of purchase: From Apr to Aug 2019 – as announced Feb 2019)
- Start to purchase own stocks of 22 million shares for 20 billion yen.
(Period of purchase: From Nov 2019 to Jul 2020)

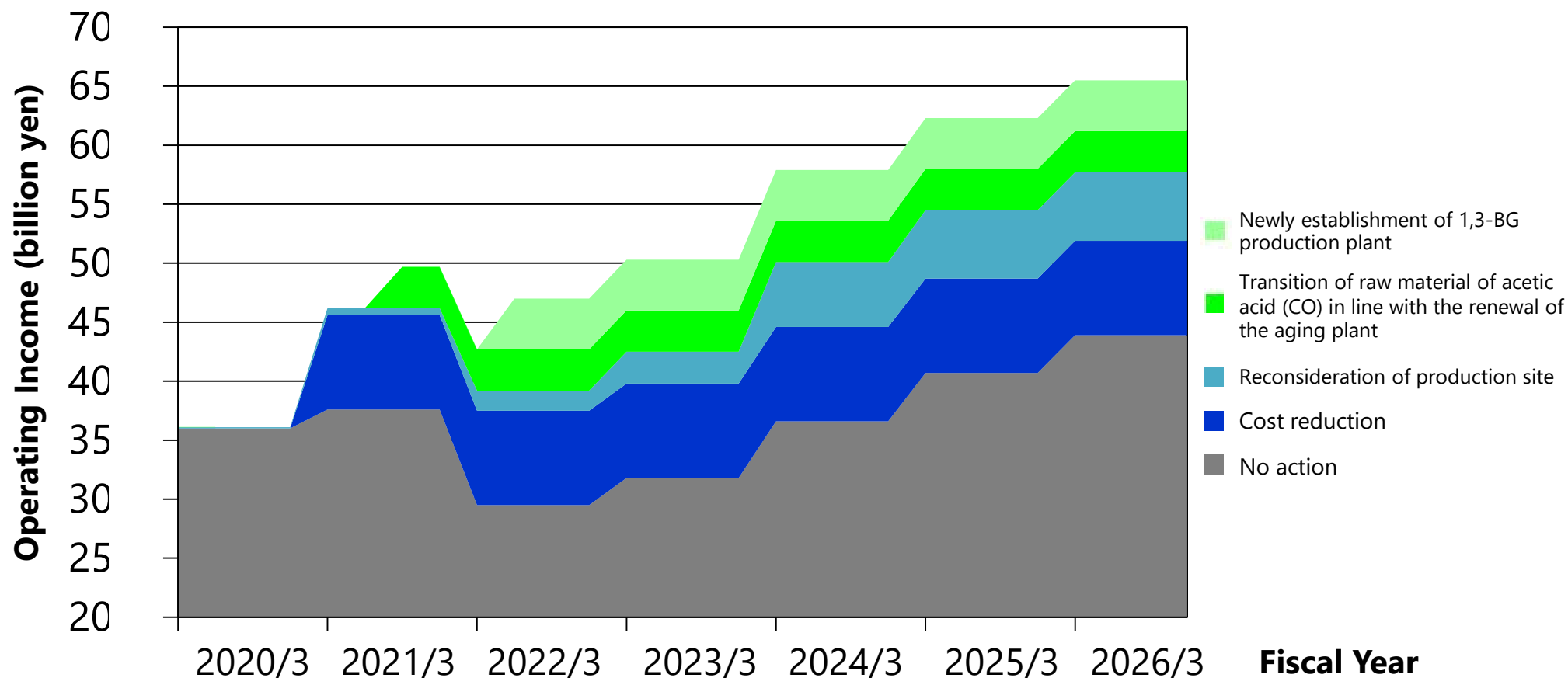
(yen/share)	2019/3	2020/3
For 1 st Half	16	16
For 2 nd Half	16	18 (Forecast) Incl. commemorative dividend : 2 yen
Annual	32	34 (Forecast)



REFERENCES



How Could Profit-recovering Initiatives Affect Operating Income?



We are expecting that severe business performance will continue due mainly to an increase in depreciation costs of ongoing investment projects. However, we will continue our effort to recover performance at an early stage by initiatives referred P14-15. Please note that above figure is not outlook of our performance.

(Topic) Expanding the Scope of Application of Pyro

◇ **Intentional shutoff with electrical signal during emergencies**

- Isolates the battery in the event of an accident to prevent fire and electric shock to responders.
- Protects against overcurrent due to a short circuit or other malfunction of electrical circuitry.
- Prevents fires and accidents due to short circuits or abnormal heat generation when circuits are energized during time of disaster.
- Prevents work errors from misoperation by remote control.

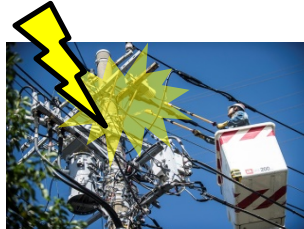
Accidents



Circuit malfunctions



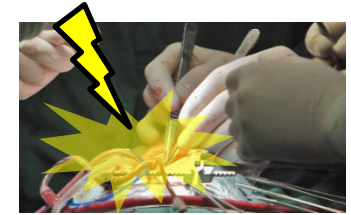
Industrial maintenance work



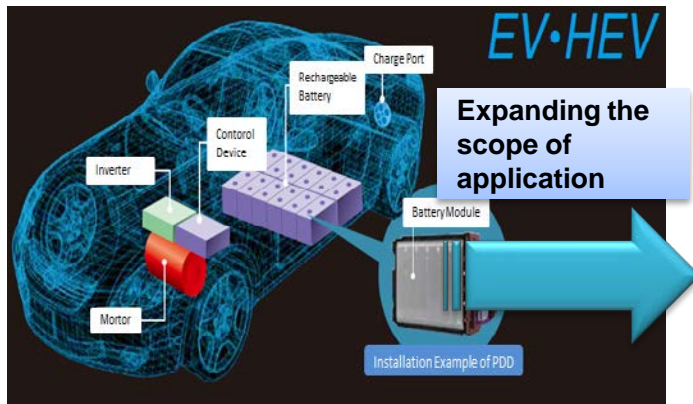
Energization after disaster recovery



Misoperation when no errors can be permitted



—From auto makers to advanced tech industries—



Power distribution panels for photovoltaic systems



Powered exoskeletons



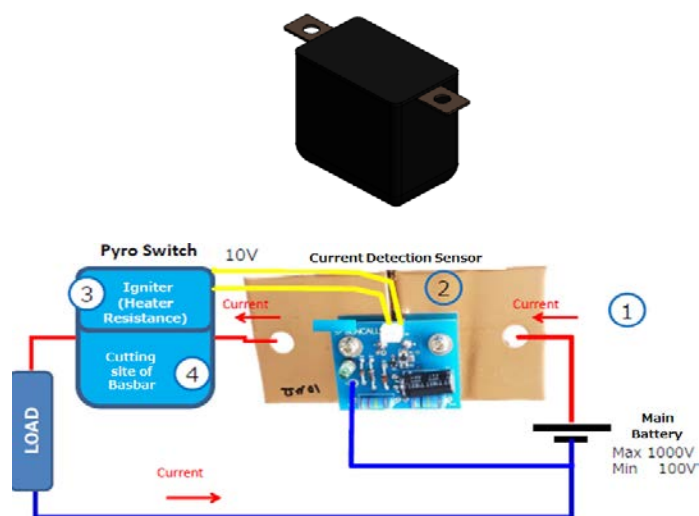
Robotic da Vinci Surgical System

(Topic) Consumerization of the Aerospace & Defense System Business

◇ Instant shutoff of high-current circuits at specific current values by means of pyrotechnology, a technology refined in the airbag inflator business

<Self-contained Pyro Fuse>

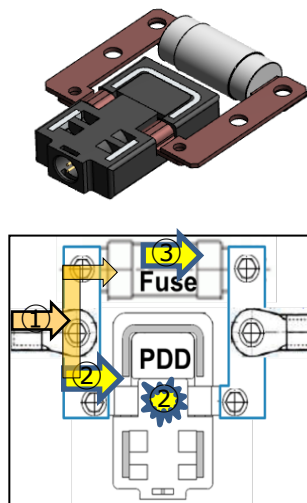
A device that instantly opens a circuit when it self-detects a current abnormality



The sensor mounted on the device automatically triggers an instantaneous shutoff when the predetermined voltage or current value is exceeded.

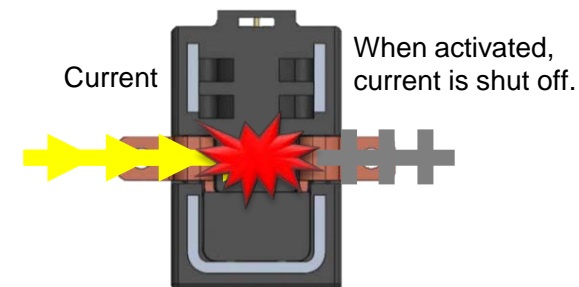
<HYBRID Pyro Fuse>

A device that instantly opens a circuit at any specified current value



A high-performance Pyro Fuse functions to limit the rated current while a high-performance fuse handles the arc-extinguishing function. These functions can be integrated into a miniaturized device.

<Mechanism>



<Wirecutter>

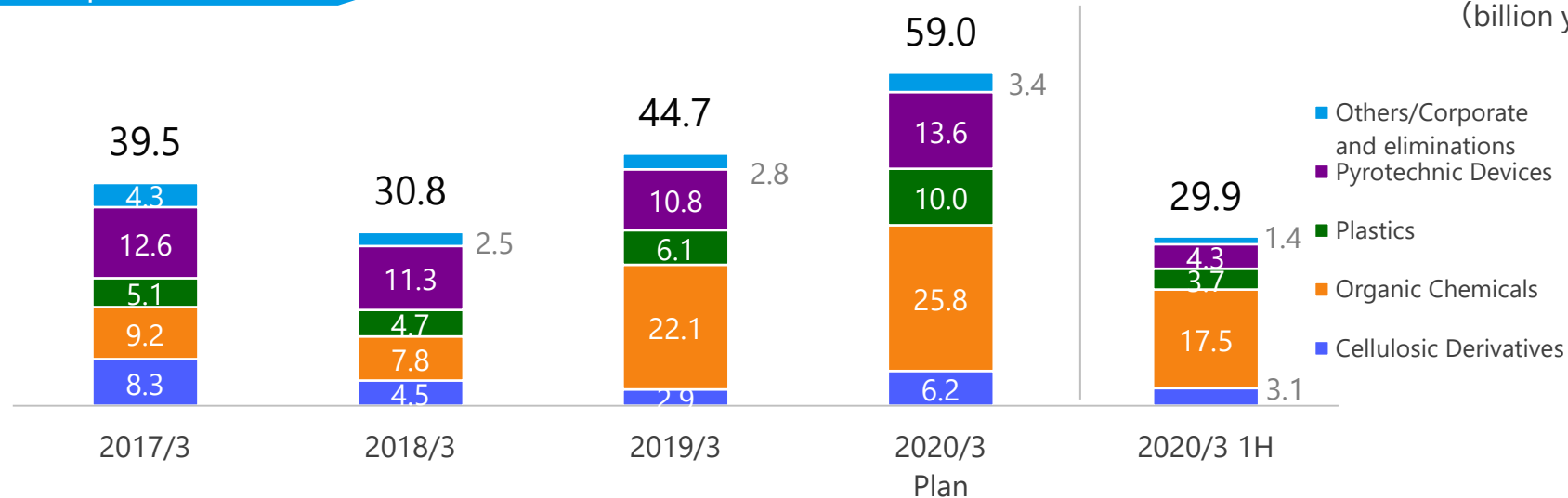
A device that opens a circuit when intentionally triggered



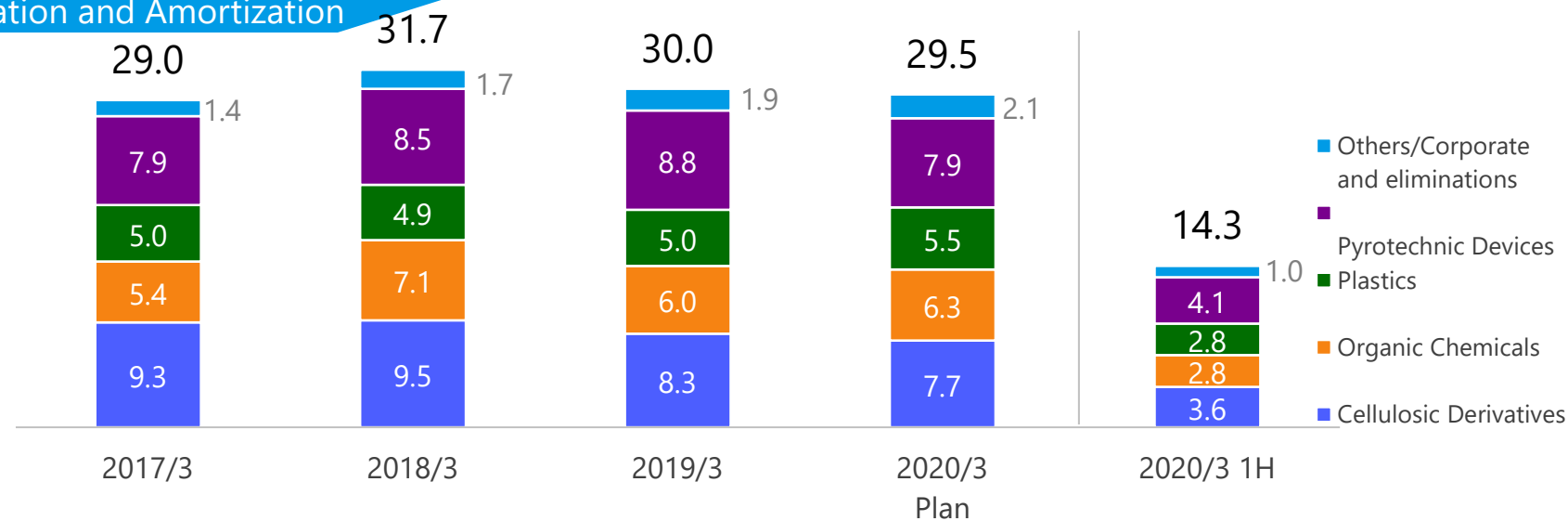
Suitable for a wide range of applications, including cutting tethers of variable vent valves

Capital Expenditures

(billion yen)

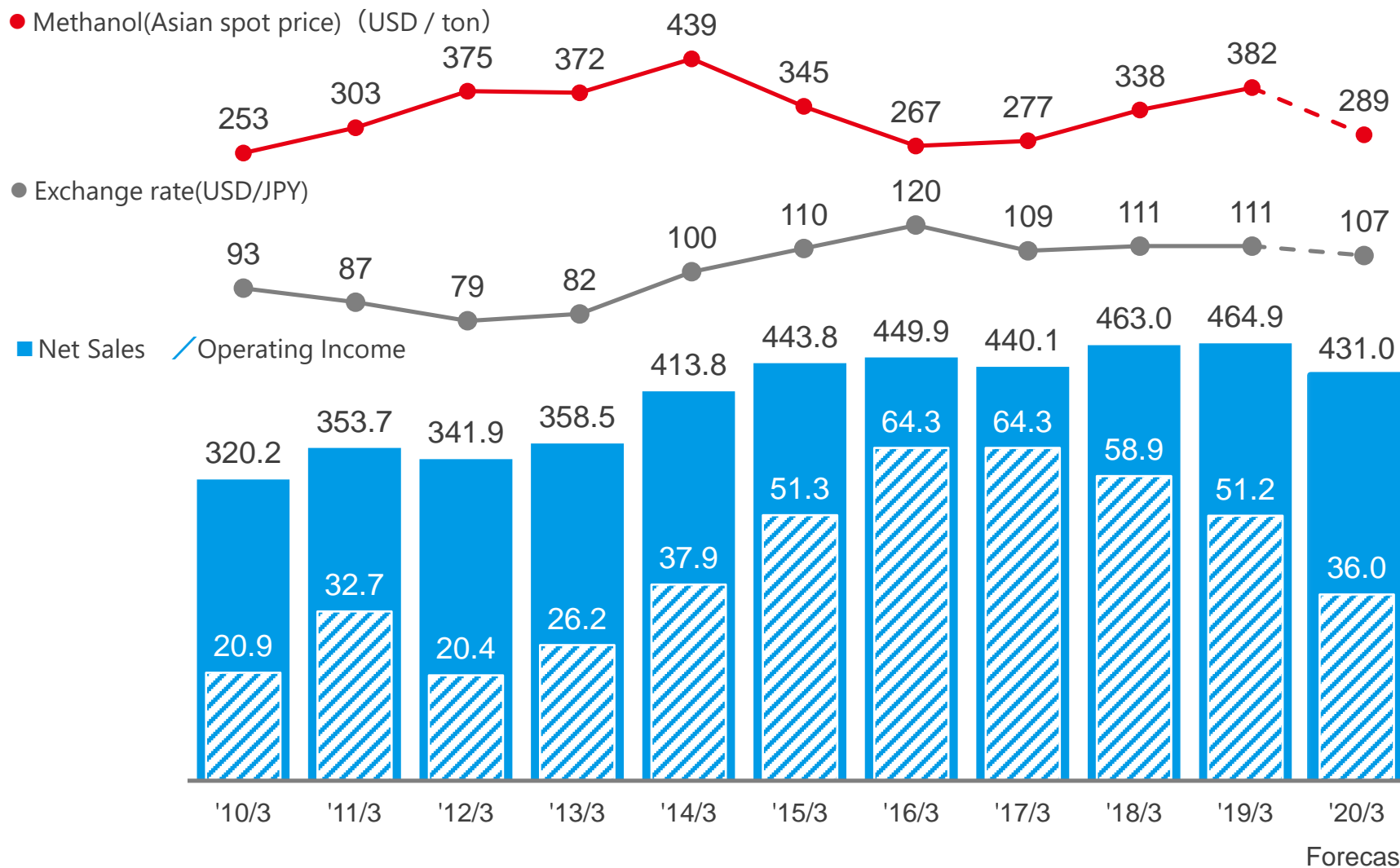


Depreciation and Amortization



Trend in Net Sales and Operating Income and Forecast

(billion yen)





Consolidated Balance Sheet

(billion yen)

		Mar. 31, 2019	Sep. 30, 2019	Change	Remarks
Total current assets		354.0	319.2	-34.8	
	Cash, deposits and short-term investment securities	120.3	106.8	-13.5	
	Notes and accounts receivable-trade	90.2	77.3	-12.9	
	Inventories	126.2	118.2	-8.0	
	Other	17.4	16.9	-0.5	
Total non-current assets		300.8	311.7	+11.0	
	Property, plant and equipment	197.4	215.6	+18.1	Acquisition+28.9, Depreciation-13.4, Others+2.6
	Intangible fixed assets	12.7	12.1	-0.5	
	Investments and other assets	90.7	84.0	-6.6	
Total assets		654.8	631.0	-23.8	
Liabilities		231.5	215.4	-16.2	
	Interest-bearing liabilities	104.3	103.0	-1.3	
	Other	127.2	112.4	-14.8	
Total net assets		423.2	415.6	-7.7	Capital adequacy ratio 61.3%
Total liabilities and net assets		654.8	631.0	-23.8	

Consolidated Statements of Income

(billion yen)

	2019/3 1 st Half	2020/3 1 st Half	Change	%	Remarks
Net sales	235.2	210.7	-24.6	-10.4%	
Gross profit	69.7	58.6	-11.0	-15.8%	
SG&A Expenses	40.1	40.8	+0.6	+1.6%	
Operating income	29.5	17.9	-11.7	-39.5%	
Non-operating income and expenses	2.7	0.8	-1.9	-70.7%	Foreign exchange-1.8
Ordinary income	32.2	18.7	-13.6	-42.1%	
Extraordinary income and losses	2.9	1.8	-1.1	-37.7%	Insurance income-1.0
Income before income taxes	35.1	20.4	-14.7	-41.8%	
Income attributable to owners of parent	22.4	11.7	-10.7	-47.8%	
Operating income ratio (%)	12.5%	8.5%	-4.0%		

Consolidated Cash Flow Statement

(billion yen)

		2019/3 1 st Half	2020/3 1 st Half	Change	Remarks
	Cash flows from operating activities	26.9	35.3	+8.4	Inventories+15.8, Notes and accounts receivable - trade+10.3, Income before income taxes-14.7
	Cash flows from investing activities	-24.1	-29.2	-5.1	Purchase of property, plant and equipment-4.9, Purchase of investments in capital of subsidiaries and associates+2.3
	Free cash flows	2.8	6.1	+3.3	
	Cash flows from financing activities	-25.0	-18.2	+6.8	Redemption of bonds+10.0, Short-term loans payable-4.8
	Other	0.6	-2.3	-2.8	
	Net increase (decrease) in cash and cash equivalents	-21.6	-14.3	+7.2	
	Cash and cash equivalents at end of period	106.7	105.7	-1.0	

Quarterly Results for Net Sales and Operating Income

(billion yen)

Net Sales	FY ended March 2019				FY ending March 2020	
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	1 st Quarter	2 nd Quarter
Cellulosic Derivatives	19.9	22.1	22.4	18.8	18.2	19.7
Organic Chemicals	22.7	22.4	23.2	21.1	20.7	20.4
Plastics	44.1	45.4	45.7	40.6	41.4	43.1
Pyrotechnic Devices	27.3	28.2	27.7	24.7	21.4	20.9
Others	1.4	1.5	2.7	2.7	2.3	2.8
Total	115.5	119.7	121.7	107.9	103.9	106.8

Operating Income	FY ended March 2019				FY ending March 2020	
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	1 st Quarter	2 nd Quarter
Cellulosic Derivatives	3.9	4.7	4.4	3.1	3.3	3.0
Organic Chemicals	3.8	3.3	4.4	2.9	3.3	2.1
Plastics	5.9	6.0	5.1	3.7	5.3	6.4
Pyrotechnic Devices	5.0	4.8	4.9	0.9	1.3	1.0
Others	0.1	0.1	0.1	0.2	0.0	0.2
Corporate	-4.0	-4.1	-3.5	-4.4	-4.1	-4.1
Total	14.7	14.8	15.3	6.4	9.2	8.7

Revision of Financial Forecast (FY ending March 2020)

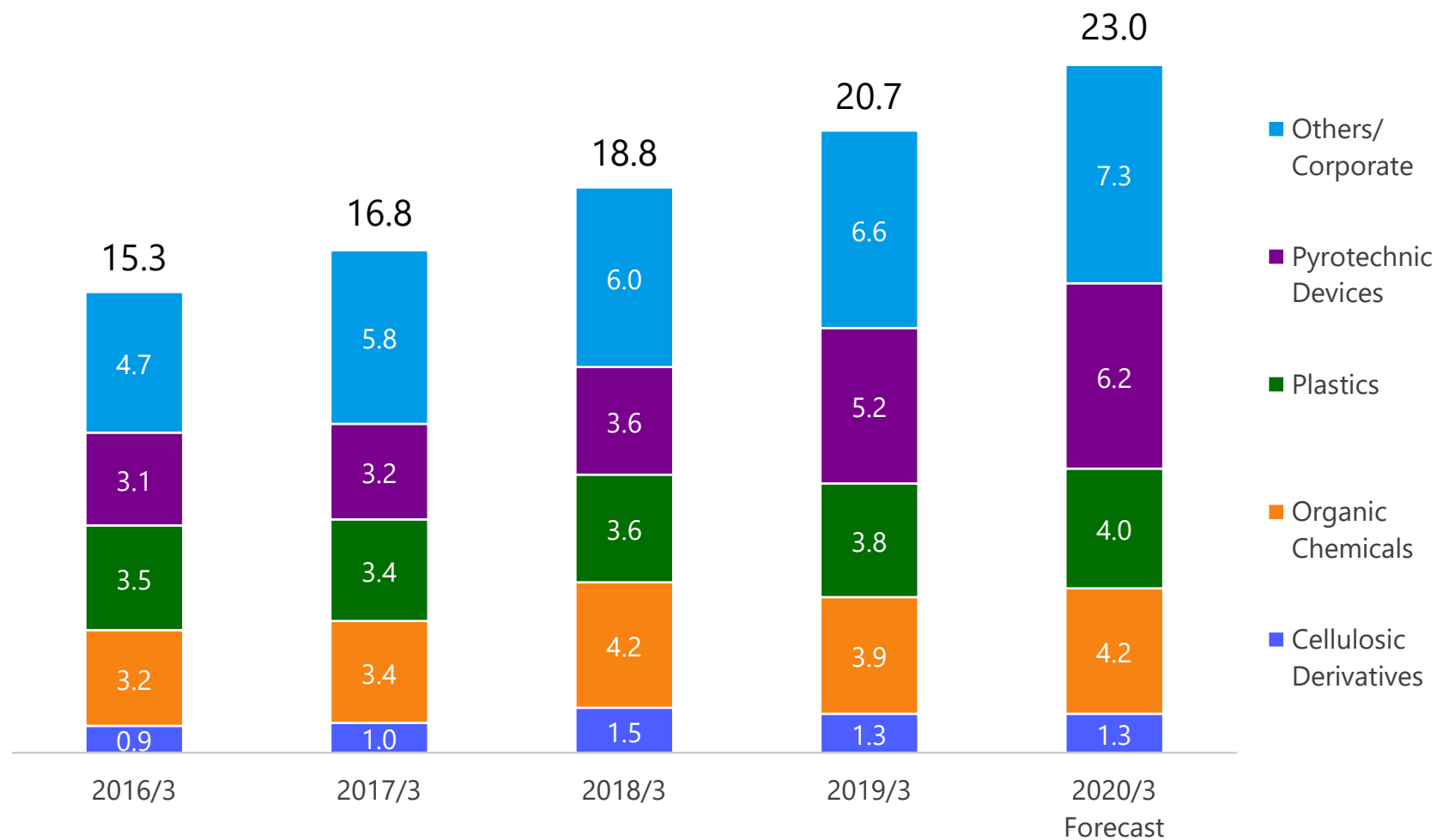
(billion yen)

		Announcement on May 9, 2019			Current Announcement			Change (B)-(A)
		1 st Half	2 nd Half	Total(A)	1 st Half	2 nd Half	Total(B)	
	Cellulosic Derivatives	38.5	43.5	82.0	37.8	39.2	77.0	-5.0
	Organic Chemicals	44.0	46.0	90.0	41.1	43.9	85.0	-5.0
	Plastics	92.0	94.5	186.5	84.5	86.5	171.0	-15.5
	Pyrotechnic Devices	46.0	45.0	91.0	42.3	45.2	87.5	-3.5
	Others	5.5	6.0	11.5	5.0	5.5	10.5	-1.0
Net sales		226.0	235.0	461.0	210.7	220.3	431.0	-30.0
	Cellulosic Derivatives	6.8	6.7	13.5	6.3	4.9	11.2	-2.3
	Organic Chemicals	7.2	8.3	15.5	5.4	7.1	12.5	-3.0
	Plastics	12.0	11.5	23.5	11.7	10.7	22.4	-1.1
	Pyrotechnic Devices	2.7	4.3	7.0	2.3	3.0	5.3	-1.7
	Others	0.2	0.3	0.5	0.3	0.3	0.6	+0.1
	Corporate	-8.9	-8.1	-17.0	-8.1	-7.9	-16.0	+1.0
Operating income		20.0	23.0	43.0	17.9	18.1	36.0	-7.0
Ordinary income		20.5	24.5	45.0	18.7	19.3	38.0	-7.0
Income attributable to owners of parent		10.5	16.0	26.5	11.7	9.8	21.5	-5.0
(ref.) Exchange rate USD/JPY		110	110	110	109	105	107	



R&D

(billion yen)





Assumptions

		2019/3 Results		2020/3 Initial forecasts		2020/3 Revised forecasts	
		1 st Half	2 nd Half	1 st Half	2 nd Half	1 st Half (Results)	2 nd Half
Exchange rate (USD/JPY)		110	112	110	110	109	105
Raw Materials	Methanol Asian spot price (USD/ton)	403	360	320	320	277	300
	Crude Oil Dubai (USD/bbl.)	73	65	60	60	64	60
	Domestic Naphtha (JPY/kl)	50,850	47,600	40,000	40,000	42,700	40,000

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