



1st Quarter of Fiscal Year ending March 2021
Consolidated Financial Results

May 27, 2020



DAICEL CORPORATION

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Overview of New Segments

New Segments	Divisions / Companies		Main Products	Previous Segments
Medical / Healthcare	Healthcare SBU	Cosmetics BU	Cosmetic ingredients such as 1,3-butylene glycol, low-irritation surfactants	Organic Chemicals
		Health Foods BU	Naturally derived ingredients and supplements such as equol and konjac ceramide	
	CPI Company	Analytical Tools BU	Chiral columns, High-purity chiral reagents, etc.	Others
	Innovation and Business Development	New Business Development	Co-processed excipients Such as orally disintegrating tablets	
Smart	Smart SBU	Display BU	Cellulose acetate for optical films	Cellulosic Derivatives
			High-performance optical films	Plastics
		IC/Semiconductor BU	Resist materials, Solvents for printed electronics	Organic Chemicals
		Sensing BU	Optical devices, Semiconductor devices	Others
Safety	Safety SBU	Mobility BU	High-performance resin materials for automotive parts	Plastics
			Automobile Airbag Inflators	Pyrotechnic Devices
		Industry BU	Pyrotechnic goods for civilian uses such as PGG, Power disconnect devices	
Materials	Material SBU	Acetyl BU	Cellulose acetate for applications other than optical films	Cellulosic Derivatives
			Acetate tow for cigarette filters	
			Acetic acid, Acetic acid derivatives	Organic Chemicals
		Chemical BU	Organic chemicals such as Alicyclic-epoxy-resin, Caprolactone derivatives	
Engineering Plastics	Polyplastics Daicel Miraizu DM Novafoam Daicel Pack Systems		Engineering Plastics such as POM, PBT, LCP, PPS, COC	Plastics
			Resin compound products such as SAN, MS, ABS resin, Polymer alloys	
			Plastics processing products such as Polystyrene sheet, Coating films	
			Water-soluble polymer	Cellulosic Derivatives
Others	Daicen Membrane-Systems		Membrane separation systems	Others
	Safety SBU	Aerospace & Defense Systems	Defense-related products	Pyrotechnic Devices

Financial Results

(billion yen)

	20/3 1Q Results	21/3 1Q Results	Change	%	21/3 Forecasts* (Full Year)	Progression Rate (%)
Net sales	103.9	82.9	-21.0	-20.2%	386.0	21.5%
Operating income	9.2	3.1	-6.1	-66.3%	17.5	17.7%
Ordinary income	9.5	3.9	-5.6	-59.2%	19.5	19.9%
Income attributable to owners of parent	5.3	0.6	-4.7	-88.1%	10.0	6.4%
Exchange rate USD/JPY	110	108			105	

The business environment for the first quarter of the consolidated financial results deteriorated significantly because demand decreased in various industries including vehicle production due to the impact of COVID-19.

Amid such circumstances, sales revenue and operating income decreased due to a decrease in sales volume of main products such as automobile airbag inflator and engineering plastics.

Income attributable to owners of parent also decreased due mainly to the extraordinary loss in automobile airbag inflator business and aerospace & defense systems business, in addition to the factors of operating income decline.

※ Forecasts of Fiscal Year ending March 2021 is not revised from previous forecast announced on May 27, 2020.

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

(billion yen)

Net Sales	20/3 1Q Results	21/3 1Q Results	Change	%	Analysis		
					Quantity	Prices	Exchange rate Impact
Medical / Healthcare	4.0	3.9	-0.0	-0.7%	+0.4	-0.4	-0.1
Smart	6.3	5.1	-1.2	-19.4%	-1.1	-0.1	-0.0
Safety	20.4	10.7	-9.7	-47.6%	-9.3	-0.4	-0.1
Materials	26.9	25.6	-1.3	-4.8%	+0.6	-1.9	-0.3
Engineering Plastics	44.1	35.2	-8.9	-20.2%	-7.7	-1.2	-0.4
Others	2.2	2.4	+0.2	+9.3%	+0.2	-	-
Total	103.9	82.9	-21.0	-20.2%	-17.0	-4.0	-1.0

Operating Income	20/3 1Q Results	21/3 1Q Results	Change	%	Analysis			
					Quantity	Prices	Exchange rate Impact	Others
Medical / Healthcare	0.7	0.4	-0.2	-37.2%	-0.0	-0.3	-0.0	+0.1
Smart	1.3	0.6	-0.7	-53.1%	-0.5	+0.2	+0.0	-0.3
Safety	1.4	-2.3	-3.7	-269.8%	-5.4	+0.1	+0.0	+1.6
Materials	4.5	3.9	-0.6	-14.2%	-0.5	-0.4	-0.2	+0.2
Engineering Plastics	5.4	3.9	-1.5	-28.0%	-2.5	+0.8	-0.2	+0.2
Others	0.0	0.4	+0.4	+7016.7%	+0.4	-	-	-
Corporate	-4.1	-3.8	+0.3	+6.2%	-	-	-	+0.3
Total	9.2	3.1	-6.1	-66.3%	-8.5	+0.4	-0.4	+2.1

*Exchange rate impact is included in price impact.

Business Situation

During the first quarter, each business was significantly affected by COVID-19.

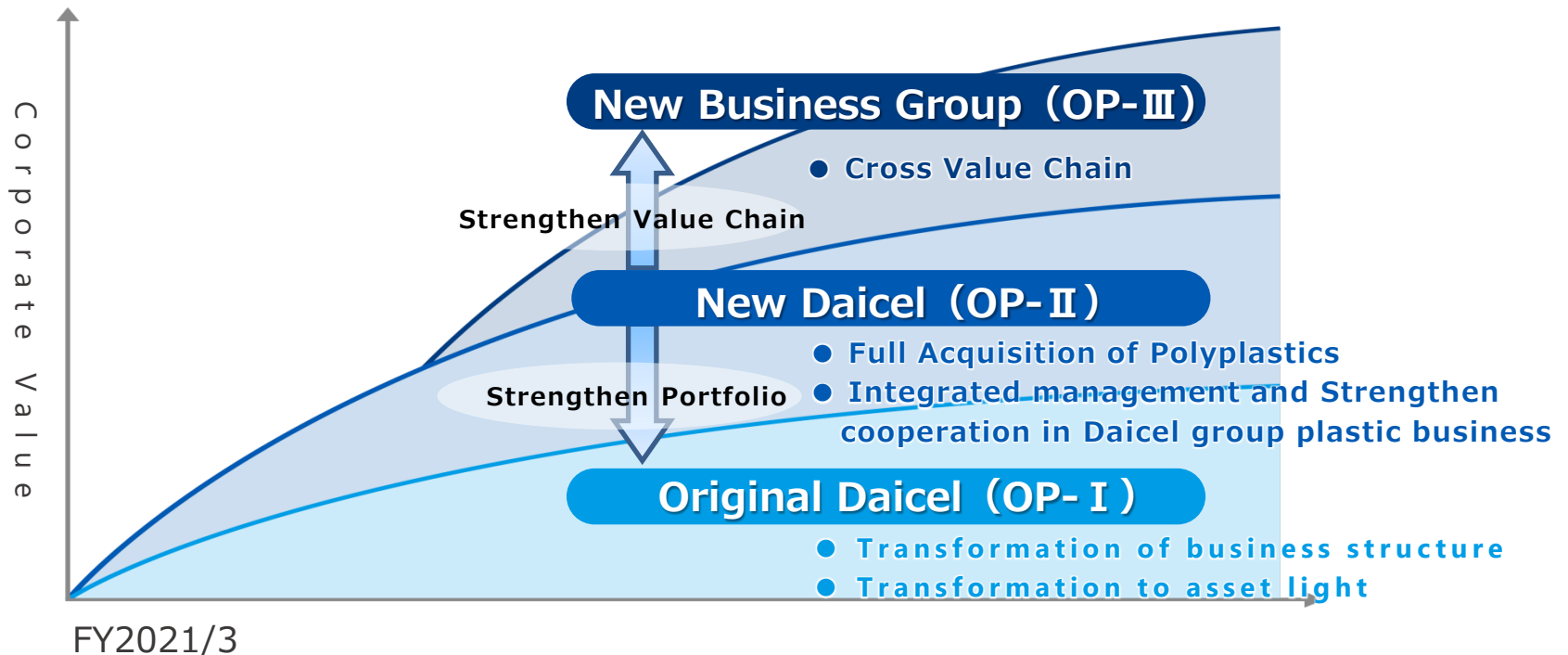
Medical / Healthcare	<ul style="list-style-type: none"> • Consumer demand for cosmetics declined. • In the chiral separation business, new business in India grew, although customer utilization declined in the United States.
Smart	<ul style="list-style-type: none"> • Demand for the flat panel display market decreased. • The semiconductor market has been recovering, mainly in Japan.
Safety	<ul style="list-style-type: none"> • Vehicle production decreased.
Materials	<ul style="list-style-type: none"> • Demand for acetic acid decreased, and market prices fell. The price of acetic acid derivatives fell along with the market price of acetic acid. • Cigarette filter tow was affected by a decrease in tobacco sales due to the impact of coronavirus, but in the first quarter, there was a movement to secure raw materials for major overseas customers. • Sales of caprolactone derivatives and alicyclic-epoxy-resin were affected by a decline in automobile production and weak demand in the display market.
Engineering Plastics	<ul style="list-style-type: none"> • Vehicle production decreased. • Sales of smartphones were sluggish.

New Long-term Vision and New Mid-term Strategy

In June 5, 2020, we announced “DAICEL VISION 4.0” as our fourth long-term vision, and medium-term strategy “Accelerate 2025”.

We have defined three operations (OP-I, OP-II, OP-III) for achieving the goals of “DAICEL VISION 4.0”, and positioned “Accelerate 2025” as a phase to simultaneously execute the Original Daicel (OP-I), the New Daicel (OP-II) and prepare for the execution of the New Business Group (OP-III).

“Accelerate 2025” shows strategies for further our growth and improving corporate value through coexistence and co-prosperity in a total supply chain beyond the framework of companies and plants.



Full Acquisition of Polyplastics

In July 20, 2020, we decided to conclude an agreement for the acquisition of all the issued shares of Polyplastics Co., Ltd., which are held by Celanese Corporation for 1.575 billion USD (approx. 168.5 billion yen) to make Polyplastics Co., Ltd. a wholly owned subsidiary of Daicel.

As an approach to the New Business Group(OP-III), we will promote business reorganization centered on Polyplastics Co., Ltd. In addition, we will effort to acquire new business and business resources via M&A, acquire new business and accelerate industry restructuring through JVs and/or alliances.

Expanding options for growth strategy by the full acquisition

As the degree of freedom in developing geographical markets expands,
Expanding options such as development and introduction of new products and investment for capacity expansion

▶ Accelerate global business expansion

- Expansion of LCP business in Europe and Americas
- Timely capacity enhancement in response to increasing demand

▶ Promotion of new business development

- New product development utilizing R&D resources of the Daicel Group
- Further expansion into super engineering plastics

▶ Maximize group synergies

- Pursuit of group synergies such as horizontal development of business model and new application development through market sharing
- Improving human productivity by integrating the functions of indirect departments and exchanging human resources

Creating New Value

【Power Disconnected Device】

Instant electrical disconnecter to prevent current flow from EV battery after a collision. It enables safe, instantaneous shutdown of high-voltage electric currents.



【 New injectable drug delivery devices】

Actranza™ lab

This device has the potential to efficiently deliver large molecules such as plasmid DNA encoding genes into the cells of the administered region.



【Nanodiamonds】

DINNOVARE™

By controlling the friction interface metal-free and enable energy saving drive.



【Highly Biodegradable Cellulose Acetate】

CAFBLO™

We have developed cellulose acetate with dramatically improved marine biodegradability. Our cellulose acetate products have been certificated “BiomassPla” and “GreenPla” by JPBA.



Return to Shareholders

FY ending March 2021

- Dividend forecast**

Forecast of Annual dividends : 32 yen per share

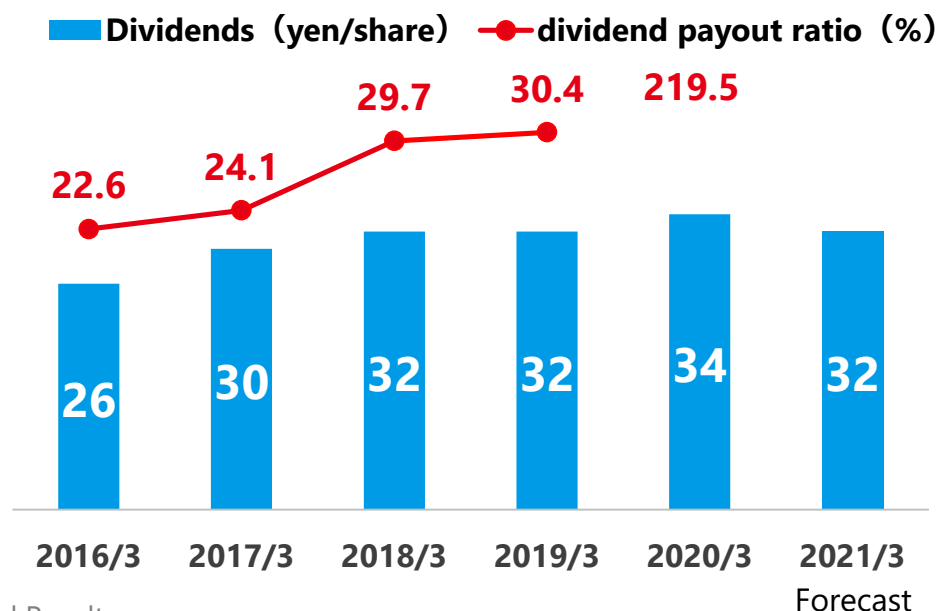
(Same as the ordinary dividend for the previous term. In the previous year, an additional 2 yen as commemorative dividend)

- Purchase of own stocks of 9.68 million shares for 8.3 billion yen.**

(Period of purchase: From Apr to July 2020. The total amount acquired from Nov 2019 to July 2020 is 21.46 million shares for 20 billion yen)

Dividends (yen/share)	2020/3 (Results)	2021/3 (Forecast)
For 1 st Half	16	16
For 2 nd Half	18*	16
Annual	34	32

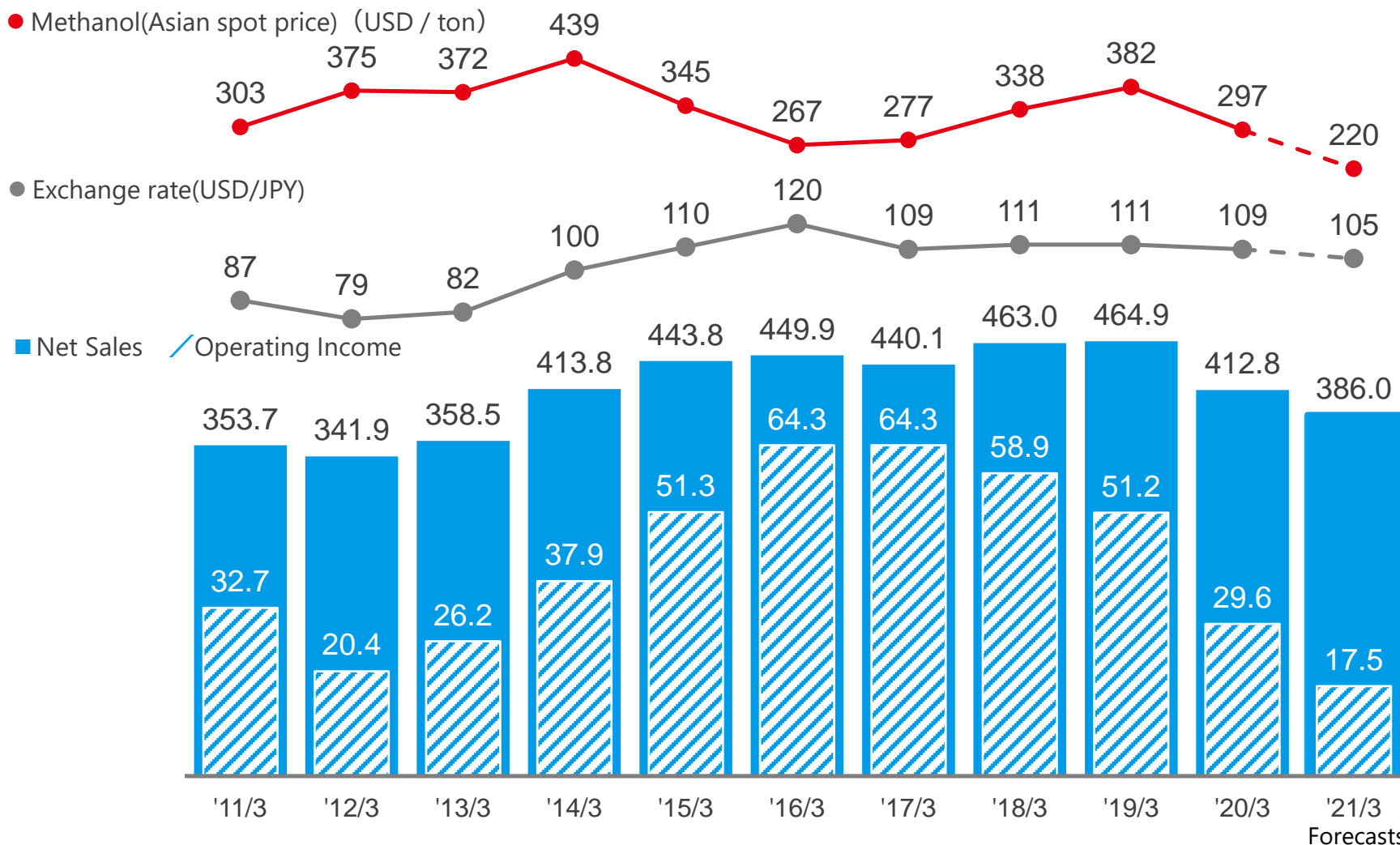
* Ordinary dividend 16 · Commemorative dividend 2



REFERENCES

Trend in Net Sales and Operating Income and Forecasts

(billion yen)



※ Forecasts of Fiscal Year ending March 2021 is not revised from previous forecast announced on May 27, 2020.

Consolidated Balance Sheet

(billion yen)

		Mar. 31, 2020	Jun. 30, 2020	Change	Remarks
Total current assets		298.0	290.0	-8.0	
	Cash, deposits and short-term investment securities	81.4	84.4	+3.0	
	Notes and accounts receivable-trade	79.5	66.9	-12.6	
	Inventories	117.4	118.9	+1.5	
	Other	19.7	19.8	+0.1	
Total non-current assets		300.0	299.5	-0.5	
	Property, plant and equipment	204.3	206.7	+2.3	Acquisition+8.4, Depreciation-5.5, Impairment loss-0.6
	Intangible fixed assets	13.4	12.9	-0.5	
	Investments and other assets	82.2	79.9	-2.3	
Total assets		598.0	589.5	-8.5	
Liabilities		205.4	214.6	+9.2	
	Interest-bearing liabilities	92.8	111.5	+18.7	
	Other	112.6	103.1	-9.5	
Total net assets		392.6	374.9	-17.7	Capital adequacy ratio 59.0%
Total liabilities and net assets		598.0	589.5	-8.5	

Consolidated Statements of Income

(billion yen)

	2020/3 1Q	2021/3 1Q	Change	%	Remarks
Net sales	103.9	82.9	-21.0	-20.2%	
Gross profit	29.3	22.0	-7.3	-24.9%	
SG&A Expenses	20.2	18.9	-1.2	-6.1%	
Operating income	9.2	3.1	-6.1	-66.3%	
Non-operating income and expenses	0.3	0.8	+0.5	+142.2%	
Ordinary income	9.5	3.9	-5.6	-59.2%	
Extraordinary income and losses	-0.3	-0.9	-0.6	-	Impairment loss-0.7
Income before income taxes	9.2	3.0	-6.3	-67.7%	
Income attributable to owners of parent	5.3	0.6	-4.7	-88.1%	
Operating income ratio (%)	8.8%	3.7%	-5.1%		

Financial Forecast (FY ending March 2021)

(billion yen)

		2020/3 Results			2021/3 Forecasts			Change (B)-(A)
		1 st Half	2 nd Half	Total(A)	1 st Half	2 nd Half	Total(B)	
	Medical / Healthcare	7.8	7.2	15.1	7.0	8.5	15.5	+0.4
	Smart	12.9	12.5	25.3	10.0	14.5	24.5	-0.8
	Safety	39.8	35.0	74.8	27.0	34.0	61.0	-13.8
	Materials	55.1	54.3	109.4	49.0	55.5	104.5	-4.9
	Engineering Plastics	89.9	86.3	176.1	73.0	93.5	166.5	-9.6
	Others	5.2	6.9	12.1	6.0	8.0	14.0	+1.9
Net sales		210.7	202.1	412.8	172.0	214.0	386.0	-26.8
	Medical / Healthcare	1.0	0.3	1.3	0.5	0.0	0.5	-0.8
	Smart	2.3	1.0	3.4	0.6	1.9	2.5	-0.9
	Safety	2.4	1.0	3.3	-2.7	2.7	0.0	-3.3
	Materials	7.9	7.9	15.8	6.7	6.3	13.0	-2.8
	Engineering Plastics	12.0	8.9	20.9	7.0	9.0	16.0	-4.9
	Others	0.3	0.5	0.8	0.8	0.7	1.5	+0.7
	Corporate	-8.1	-7.7	-15.9	-7.9	-8.1	-16.0	-0.1
Operating income		17.9	11.8	29.6	5.0	12.5	17.5	-12.1
Ordinary income		18.7	13.1	31.8	6.0	13.5	19.5	-12.3
Income attributable to owners of parent		11.7	-6.7	5.0	1.5	8.5	10.0	+5.0
(ref.) Exchange rate USD/JPY		109	109	109	105	105	105	

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Assumptions

		2019/3		2020/3		2021/3	
		1 st Half (Results)	2 nd Half (Results)	1 st Half (Results)	2 nd Half (Results)	1 st Half (Forecasts)	2 nd Half (Forecasts)
Exchange rate (USD/JPY)		110	112	109	109	105	105
Raw Materials	Methanol Asian spot price (USD/ton)	403	360	277	245	220	220
	Crude Oil Dubai (USD/bbl.)	73	65	64	56	25	25
	Domestic Naphtha (JPY/kl)	50,850	47,600	42,800	42,700	19,000	19,000

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