

# Summary of Consolidated Financial Results

## DENKI KAGAKU KOGYO KABUSHIKI KAISHA

### 1. Summary

#### 1.1 Degree of progress toward forecasts

Because of temporary factor, the progress of several segments were slow at first quarter.

However we estimate financial result is in line with current forecast both first half and whole financial year 2014.

#### 1.2 The result of First Quarter and the forecast of Second Quarter in each segment

- In **Elastomers & Performance Plastics**, since shipment of chloroprene rubber and styrene resins increased, sales were higher year-on-year (YOY). On the other hand, profit was lower YOY due to shutdown maintenance of styrene monomer plant and delay of price revision corresponding to higher cost in raw materials and electricity.
- In **Infrastructure & Inorganic Materials**, although sales of special cement additives increased, profits were lower YOY because of decreased shipment of cement and fertilizers. In the second quarter, we estimate earnings will recover with sales growth of cement and special cement additives.
- In **Electronics & Innovative Products**, both sales and profits were higher YOY because of expanded shipment of functional films, ALONBRIGHT (SiAlON Phosphor) and thermally conductive substrate owing to overall recovery of demands for electronics. We estimate that sales of these products continue to grow in the second quarter.
- Because the shipment of healthcare products reduced temporarily such as macromolecular sodium hyaluronate and diagnostic reagents in addition to the downward sales of synthetic fiber and DX FILM, used for solar cells material, both sales and profits of **Life Science & Environment Products** were lower YOY.  
In following quarter, we expect higher earnings since the demand increase for these products as flu vaccine, diagnostic reagents, synthetic fiber and DX FILM

#### 1.3 Consolidated Financial Results and Forecast

Billions of Yen

	FY2014 1st Quarter Apr to Jun	FY2013 1st Quarter Apr to Jun	Incr. △Decr.
Net Sales	86.9	87.5	△ 0.7
Operating Income	2.9	5.2	△ 2.4
Ordinary Income	2.6	5.7	△ 3.1
Net Income	2.0	4.1	△ 2.1

FY2014 Forecast Apr to Sep	FY2014 Forecast Apr to Mar
192.0	400.0
10.5	25.0
9.5	23.5
7.0	18.0

### 2. Net Sales and Operating Income by segments

Billions of Yen

		FY2014 1st Quarter Apr to Jun	FY2013 1st Quarter Apr to Jun	Incr. △Decr.
Elastomers & Performance Plastics	Sales	39.0	38.5	0.5
	Operating Income	0.6	1.7	△ 1.1
Infrastructure & Inorganic Materials	Sales	10.6	11.1	△ 0.5
	Operating Income	0.6	1.1	△ 0.5
Electronics & Innovative Products	Sales	11.3	10.6	0.6
	Operating Income	1.0	0.6	0.3
Life Science & Environment Products	Sales	16.0	17.4	△ 1.3
	Operating Income	0.5	1.6	△ 1.1
Others	Sales	9.9	9.9	0.0
	Operating Income	0.2	0.2	0.0
Companywide	Sales	—	—	—
	Operating Income	△ 0.0	0.0	△ 0.0
Total	Sales	86.9	87.5	△ 0.7
	Operating Income	2.9	5.2	△ 2.4

FY2014 Forecast Apr to Sep	FY2014 Forecast Apr to Mar
84.0	174.0
2.0	4.0
25.0	52.0
2.0	4.5
25.0	50.0
2.5	5.0
38.0	84.0
3.5	10.5
20.0	40.0
0.5	1.0
—	—
—	—
192.0	400.0
10.5	25.0

### 3. Key operating factors

Billions of Yen

	FY2014 1st Quarter Apr to Jun	FY2013 1st Quarter Apr to Jun	Incr. △Decr.
Capital expenditure	3.2	5.4	△ 2.2
Depreciation	5.7	5.4	0.3
Research and Development	2.9	2.6	0.3
Interest-bearing debt	130.8	126.2	4.6

FY2014 Forecast Apr to Sep	FY2014 Forecast Apr to Mar
13.0	30.0
11.0	23.0
5.7	11.4
130.0	125.0

	FY2014 1st Quarter Apr to Jun	FY2013 1st Quarter Apr to Jun
Yen / USD exchange rate	102.2	98.8
Naphtha price (yen/ Kl)	70,100	65,500

### 4. Sales by segments

Billions of Yen

	Sales				
	FY2014 1st Quarter Apr to Jun	FY2013 1st Quarter Apr to Jun	Incr. △Decr.	Sales price	Sales volume
Elastomers & Performance Plastics	39.0	38.5	0.5	1.6	△ 1.1
Infrastructure & Inorganic Materials	10.6	11.1	△ 0.5	0.1	△ 0.6
Electronics & Innovative Products	11.3	10.6	0.6	△ 0.1	0.8
Life Science & Environment Products	16.0	17.4	△ 1.3	0.2	△ 1.5
Others	9.9	9.9	0.0	—	0.0
Total	86.9	87.5	△ 0.7	0.0	△ 2.4

### 4. Operating income by segments

Billions of Yen

	Operating income					
	FY2014 1st Quarter Apr to Jun	FY2013 1st Quarter Apr to Jun	Incr. △Decr.	Sales price	Sales volume	Operating cost and others
Elastomers & Performance Plastics	0.6	1.7	△ 1.1	1.6	0.3	△ 3.0
Infrastructure & Inorganic Materials	0.6	1.1	△ 0.5	0.1	△ 0.2	△ 0.4
Electronics & Innovative Products	1.0	0.6	0.3	△ 0.1	1.1	△ 0.6
Life Science & Environment Products	0.5	1.6	△ 1.1	0.2	△ 1.0	△ 0.3
Others	0.2	0.2	0.0	—	0.1	△ 0.0
Companywide	△ 0.0	0.0	△ 0.0	—	—	△ 0.0
Total	2.9	5.2	△ 2.3	1.7	0.2	△ 4.3