

# Summary of Consolidated Financial Results

Denka Company Limited

## 1. Summary

### 1.1 Review

Operating income of 2nd quarter was 14.6 billion yen, 5.2 billion higher year on year, due to yen depreciation in addition to improved margin of resins and their products with lower raw material price. It is 2.1 billion higher than initial forecast. Profit attributable to owners of parent was 9.9 billion yen, a record high result for the 2nd quarter.

The target of operating income year ending March 2016 is in line with initial forecast, and the amount 30 billion yen is the highest ever.

### 1.2 The result of Second Half and the forecast of fiscal year by segment

**Elastomers & Performance Plastics** : Earnings were increased due to gain of sales amount of chloroprene rubber by positive effect of weaker yen and improvement on profitability of styrene resins by drop of raw material prices, in addition, decrease of shutdown maintenance expense and cost in electricity also contributed to increase in income. In the 2nd half we estimate rise in profit as this trend continued.

**Infrastructure & Inorganic Materials** : Although sales of special cement additives increased, shipment of cement and fertilizers reduced. As a result, earnings of this segment became lower YOY.

In the 2nd half it is expected that earnings will be higher than 1st half owing to increasing demand for special cement additives.

**Electronics & Innovative Products** : Earnings were higher YOY because sales of ALONBRIGHT(SiAlON Phosphor) and thermally conductive substrate increased.

In the 2nd half earnings is expected to keep sales as 1st half.

**Life Science & Environment Products** : However shipment of plastic gutter and insulating adhesive tape reduced, sales of synthetic fiber and flu vaccine, profitability improvement of food packaging materials contributed to increased profit. We estimate higher earnings since the demand increase for these products as flu vaccine.

## 1. Consolidated Financial Results and Forecast

Billions of Yen

	FY2015 1st Half Apr to Sep	FY2014 1st Half Apr to Sep	Incr. △Decr.	FY2015 Forecast Apr to Mar	FY2014 Actual Apr to Mar
Net Sales	182.6	186.9	△ 4.2	375.0	384.0
Operating Income	14.6	9.4	5.2	30.0	24.0
Ordinary Income	13.5	9.4	4.1	27.0	24.3
Profit attributable to owners of parent	9.9	7.5	2.4	19.0	19.0

## 2. Net Sales and Operating Income by segments

Billions of Yen

		FY2015 1st Half Apr to Sep	FY2014 1st Half Apr to Sep	Incr. △Decr.	FY2015 Forecast Apr to Mar	FY2014 Actual Apr to Mar
Elastomers & Performance Plastics	Sales	80.9	84.1	△ 3.1	155.0	166.3
	Operating Income	6.9	2.2	4.7	11.0	4.4
Infrastructure & Inorganic Materials	Sales	23.6	23.3	0.3	50.0	47.8
	Operating Income	0.3	1.4	△ 1.1	1.0	2.7
Electronics & Innovative Products	Sales	22.8	23.5	△ 0.6	45.0	48.3
	Operating Income	3.1	2.5	0.6	6.0	6.4
Life Science & Environment Products	Sales	35.7	36.3	△ 0.5	80.0	80.2
	Operating Income	3.7	2.8	1.0	11.0	9.2
Others	Sales	19.5	19.8	△ 0.3	45.0	41.4
	Operating Income	0.5	0.5	0.0	1.0	1.3
Companywide	Sales	-	-	-	-	-
	Operating Income	△ 0.0	0.0	△ 0.0	-	0.1
Total	Sales	182.6	186.9	△ 4.2	375.0	384.0
	Operating Income	14.6	9.4	5.2	30.0	24.0

### 3. Key operating factors

Billions of Yen

		FY2015 1st Half Apr to Sep	FY2014 1st Half Apr to Sep	Incr. △Decr.	FY2015 Forecast Apr to Mar	FY2014 Actual Apr to Mar
Investment	Capital expenditure	9.0	8.0	1.0	24.0	21.3
	Others	7.4	1.2	6.2	12.6	4.7
		16.4	9.2	7.2	36.6	26.0
Depreciation		11.4	11.4	△ 0.0	23.0	23.0
Research and Development		5.8	5.6	0.2	11.7	11.1
Interest-bearing debt		132.2	130.1	2.0	133.0	122.5

	FY2015 1st Half Apr to Sep	FY2014 1st Half Apr to Sep	FY2015 Forecast Apr to Mar	FY2014 Actual Apr to Mar
Yen / USD exchange rate	121.8	103.0	121.0	109.9
Naphtha price (yen/ Kl)	47,900	70,350	45,000	63,700

### 4. Sales by segments

Billions of Yen

	Sales				
	FY2015 1st Half Apr to Sep	FY2014 1st Half Apr to Sep	Incr. △Decr.	Sales price	Sales volume
Elastomers & Performance Plastics	80.9	84.1	△ 3.1	△ 7.8	4.7
Infrastructure & Inorganic Materials	23.6	23.3	0.3	0.3	0.1
Electronics & Innovative Products	22.8	23.5	△ 0.6	0.5	△ 1.1
Life Science & Environment Products	35.7	36.3	△ 0.5	0.4	△ 0.9
Others	19.5	19.8	△ 0.3	-	△ 0.3
Total	182.6	186.9	△ 4.2	△ 6.7	2.4

### 4. Operating income by segments

Billions of Yen

	Operating income					
	FY2015 1st Half Apr to Sep	FY2014 1st Half Apr to Sep	Incr. △Decr.	Sales price	Sales volume	Operating cost and others
Elastomers & Performance Plastics	6.9	2.2	4.7	△ 7.8	△ 0.2	12.7
Infrastructure & Inorganic Materials	0.3	1.4	△ 1.1	0.3	△ 0.2	△ 1.1
Electronics & Innovative Products	3.1	2.5	0.6	0.5	△ 0.3	0.4
Life Science & Environment Products	3.7	2.8	1.0	0.4	△ 1.0	1.6
Others	0.5	0.5	0.0	-	△ 0.0	0.1
Companywide	△ 0.0	0.0	△ 0.0	-	-	△ 0.0
Total	14.6	9.4	5.2	△ 6.7	△ 1.7	13.6