

# Summary of Consolidated Financial Results

Denka Company Limited

## 1. Summary

### 1.1 Degree of progress toward forecasts

Operating income of third quarter was 23.4 billion yen, 6.0 billion higher year on year, due to improvement in profitability of styrene resins and their products, by drop of raw material prices and gain of sales amount of exported products by positive effect of weaker yen. In addition to the operating income, ordinary income 2.17 billion yen and net income 1.59 billion yen, these three are highest in the third quarter ever.

Although our business environment is uncertain, the target of highest operating income 30 billion yen is in line with initial forecast of year ending March 2016.

### 1.2 The result of Third Quarter and the forecast of fiscal year by segment

**Elastomers & Performance Plastics** : Earnings were increased improvement on profitability of styrene resins by drop of raw material prices and due to increase sales amount of chloroprene rubber by positive effect of weaker yen. In the fourth quarter 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 fourth quarter we estimate a severe market condition as this trend continued.

**Electronics & Innovative Products** : Steady sales of ALONBRIGHT(SiAlON Phosphor) increased earnings, though the sales of electronic circuit substrates and electronic packaging materials decreased. In the fourth quarter earnings is expected to keep sales as third quarter.

**Life Science & Environment Products** : Steady sales of flu vaccine and improved margin of plastic products increased earnings. In fiscal year, we estimate the operating income year ending March 2016 is in line with our original target.

### 1.3 Consolidated Financial Results and Forecast

	FY2015 3rd Quarter Apr to Dec	FY2014 3rd Quarter Apr to Dec	Inca. △Decry.
Net Sales	277.5	288.8	△ 11.4
Operating Income	23.4	17.4	6.0
Ordinary Income	21.7	18.4	3.4
Net Income	15.9	13.9	2.0

Billions of Yen

FY2015 Forecast Apr to Mar	FY2014 Actual Apr to Mar
375.0	384.0
30.0	24.0
27.0	24.3
19.0	19.0

## 2. Net Sales and Operating Income by segments

	FY2015 3rd Quarter Apr to Dec	FY2014 3rd Quarter Apr to Dec	Inca. △Decry.	
Elastomers & Performance Plastics	Sales	116.6	125.1	△ 8.5
	Operating Income	8.5	2.8	5.7
Infrastructure & Inorganic Materials	Sales	36.5	35.6	0.9
	Operating Income	0.7	2.2	△ 1.6
Electronics & Innovative Products	Sales	33.7	35.6	△ 1.9
	Operating Income	4.2	4.0	0.2
Life Science & Environment Products	Sales	60.6	61.7	△ 1.1
	Operating Income	9.0	7.3	1.7
Others	Sales	30.1	30.9	△ 0.8
	Operating Income	0.9	0.9	△ 0.0
Companywide	Sales	—	—	—
	Operating Income	0.1	0.1	0.0
Total	Sales	277.5	288.8	△ 11.4
	Operating Income	23.4	17.4	6.0

Billions of Yen

FY2015 Forecast Apr to Mar	FY2014 Actual Apr to Mar
155.0	166.3
11.0	4.4
50.0	47.8
1.0	2.7
45.0	48.3
6.0	6.4
80.0	80.2
11.0	9.2
45.0	41.4
1.0	1.3
—	—
—	0.1
375.0	384.0
30.0	24.0

### 3. Key operating factors

Billions of Yen

		FY2015 3rd Quarter Apr to Dec	FY2014 3rd Quarter Apr to Dec	Inca. △Decry.
Investment	Capital expenditure	14.9	14.2	0.6
	Others	12.7	2.3	10.4
		27.5	16.5	11.0
Depreciation		17.2	17.2	0.0
Research and Development		8.7	8.3	0.4
Interest-bearing debt		136.6	128.9	7.6

FY2015 Forecast Apr to Mar	FY2014 Actual Apr to Mar
28.0	21.3
13.0	4.7
41.0	26.0
23.0	23.0
11.7	11.1
130.0	122.5

	FY2015 3rd Quarter Apr to Dec	FY2014 3rd Quarter Apr to Dec
Yen / USD exchange rate	121.7	106.9
Naphtha price (yen/ Kl)	46,000	68,600

FY2015 Forecast Apr to Mar	FY2014 Actual Apr to Mar
121.0	109.9
43,700	63,700

### 4. Sales by segments

Billions of Yen

	Sales				
	FY2015 3rd Quarter Apr to Dec	FY2014 3rd Quarter Apr to Dec	Inca. △Decry.	Sales price	Sales volume
Elastomers & Performance Plastics	116.6	125.1	△ 8.5	△ 12.0	3.6
Infrastructure & Inorganic Materials	36.5	35.6	0.9	0.3	0.6
Electronics & Innovative Products	33.7	35.6	△ 1.9	0.4	△ 2.3
Life Science & Environment Products	60.6	61.7	△ 1.1	1.7	△ 2.8
Others	30.1	30.9	△ 0.8	-	△ 0.8
Total	277.5	288.8	△ 11.4	△ 9.7	△ 1.7

### 4. Operating income by segments

Billions of Yen

	Operating income					
	FY2015 3rd Quarter Apr to Dec	FY2014 3rd Quarter Apr to Dec	Inca. △Decry.	Sales price	Sales volume	Operating cost and others
Elastomers & Performance Plastics	8.5	2.8	5.7	△ 12.0	△ 0.8	18.5
Infrastructure & Inorganic Materials	0.7	2.2	△ 1.6	0.3	△ 0.1	△ 1.8
Electronics & Innovative Products	4.2	4.0	0.2	0.4	△ 0.7	0.5
Life Science & Environment Products	9.0	7.3	1.7	1.7	△ 2.3	2.3
Others	0.9	0.9	△ 0.0	-	△ 0.0	△ 0.0
Companywide	0.1	0.1	0.0	-	-	0.0
Total	23.4	17.4	6.0	△ 9.7	△ 4.0	19.6