

Summary of Consolidated Financial Results

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1. Summary

1.1 Degree of progress toward forecasts

Profit from Oct to Dec was higher than from Jul to Sep. Though there are negative factor such as shutdown maintenance of styrene monomer plant, higher cost in electricity and upfront-expenditure of implementing the growth strategy, the sales and profit from Apr to Dec were higher year-on-year(YOY) due to demands for electronics, benefits of yen undervaluation and drop of raw material prices.

Total profit for fiscal year 2014 will be in line with initial forecast however there are differences between segments and sales will be lower than initial forecasts mainly because market price of chemical products are lower.

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

Elastomers & Performance Plastics : Though there were shutdown maintenance of styrene monomer plant, higher cost in electricity and sales and profit from Apr to Dec were higher YOY because of benefits of yen undervaluation and improving profitability due to drop of raw material prices.

In fiscal year, we estimate profit will be higher than previous forecast because we would ensure margin.

Infrastructure & Inorganic Materials : Sales and profit were lower YOY. Although shipment of cement and special cement additives will increase, we estimate earning will be under previous forecast in the fiscal year.

Electronics & Innovative Products : Both sales and profit were higher YOY because of expanded shipment of functional films, ALONBRIGHT (SiAlON Phosphor) and thermally conductive substrate due to overall recovery of demands for electronics. We estimate earnings will be higher than previous forecast because demands of these products will be strong continually.

Life Science & Environment Products : Because shipment of macromolecular sodium hyaluronate, health care products reduced temporally, profit were below YOY. Even though the shipment of vaccine and diagnostic reagents related with influenza was the same level YOY, we estimate profit will be lower than previous one in the fiscal year.

1.3 Consolidated Financial Results and Forecast

Billions of Yen

	FY2014 3rd Quarter Apr to Dec	FY2013 3rd Quarter Apr to Dec	Inca. △Decry.
Net Sales	288.8	280.4	8.4
Operating Income	17.4	16.5	0.9
Ordinary Income	18.4	17.0	1.4
Net Income	13.9	11.4	2.4

FY2014 Forecast Apr to Mar	FY2013 Actual Apr to Mar
390.0	376.8
25.0	21.2
23.5	20.6
18.0	13.6

2. Net Sales and Operating Income by segments

Billions of Yen

	FY2014 3rd Quarter Apr to Dec	FY2013 3rd Quarter Apr to Dec	Inca. △Decry.
Elastomers & Performance Plastics	Sales	125.1	120.9
	Operating Income	2.8	2.7
Infrastructure & Inorganic Materials	Sales	35.6	37.3
	Operating Income	2.2	3.3
Electronics & Innovative Products	Sales	35.6	31.3
	Operating Income	4.0	1.7
Life Science & Environment Products	Sales	61.7	60.5
	Operating Income	7.3	8.0
Others	Sales	30.9	30.4
	Operating Income	0.9	0.7
Companywide	Sales	—	—
	Operating Income	0.1	0.0
Total	Sales	288.8	280.4
	Operating Income	17.4	16.5

FY2014 Forecast Apr to Mar	FY2013 Actual Apr to Mar
165.0	166.5
5.0	4.0
50.0	49.6
3.0	4.0
50.0	42.1
6.0	2.7
80.0	78.0
10.0	9.5
45.0	40.6
1.0	1.0
—	—
—	0.1
390.0	376.8
25.0	21.2

3. Key operating factors

Billions of Yen

	FY2014 3rd Quarter Apr to Dec	FY2013 3rd Quarter Apr to Dec	Inca. △Decry.
Capital expenditure	14.2	18.1	△ 3.9
Depreciation	17.2	16.8	0.4
Research and Development	8.3	8.1	0.2
Interest-bearing debt	128.9	122.1	6.8

FY2014 Forecast Apr to Mar	FY2013 Actual Apr to Mar
23.0	25.7
23.0	22.3
11.3	10.8
123.0	120.7

	FY2014 3rd Quarter Apr to Dec	FY2013 3rd Quarter Apr to Dec
Yen / USD exchange rate	106.9	99.4
Naphtha price (yen/ Kl)	68,600	65,800

FY2014 Forecast Apr to Mar	FY2013 Actual Apr to Mar
110.0	100.2
63,300	67,300

4. Sales by segments

Billions of Yen

	Sales				
	FY2014 3rd Quarter Apr to Dec	FY2013 3rd Quarter Apr to Dec	Inca. △Decry.	Sales price	Sales volume
Elastomers & Performance Plastics	125.1	120.9	4.1	3.2	0.9
Infrastructure & Inorganic Materials	35.6	37.3	△ 1.7	0.2	△ 1.9
Electronics & Innovative Products	35.6	31.3	4.3	△ 0.5	4.8
Life Science & Environment Products	61.7	60.5	1.2	0.5	0.7
Others	30.9	30.4	0.5	—	0.5
Total	288.8	280.4	8.4	3.4	5.0

4. Operating income by segments

Billions of Yen

	Operating income					
	FY2014 3rd Quarter Apr to Dec	FY2013 3rd Quarter Apr to Dec	Inca. △Decry.	Sales price	Sales volume	Operating cost and others
Elastomers & Performance Plastics	2.8	2.7	0.1	3.2	0.4	△ 3.5
Infrastructure & Inorganic Materials	2.2	3.3	△ 1.1	0.2	△ 0.6	△ 0.7
Electronics & Innovative Products	4.0	1.7	2.4	△ 0.5	3.9	△ 1.1
Life Science & Environment Products	7.3	8.0	△ 0.7	0.5	0.2	△ 1.5
Others	0.9	0.7	0.2	0.0	0.3	△ 0.0
Companywide	0.1	0.0	0.0	—	—	0.0
Total	17.4	16.5	0.9	3.4	4.2	△ 6.7