

Summary of Consolidated Financial Results

Denka Company Limited

1. Summary

1.1 Overview of FY2015

Operating income of this year was increased, due to improvement in profitability of styrene resins and their products by drop of raw material prices, gain of sales amount of flu vaccine and costdown as a result of "Thorough examination of all kind of cost". In addition, operating income of this year was 30.6 billion yen, 6.6 billion higher year on year, ordinary income 27.0 billion yen and net profit attributable to owners of parent 19.5 billion yen, these three are highest ever.

1.2 The result of FY2015 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.

Infrastructure & Social Solutions : Although sales of special cement additives increased, domestic sales of cement and other products reduced. As a result, earnings of this segment became lower YOY.

Electronics & Innovative Products : Steady sales of ALONBRIGHT(SiAlON Phosphor) increased earnings, though the sales of electronic circuit substrates, highly-reliable thermal conductive Plates and electronic packaging materials decreased.

Life Science & Environment Products : Sales of flu vaccine and improved margin of plastic products increased earnings, though plastic rain gutters, Underground drainpipes for agriculture and civil engineering decreased.

1.3 Forecast of FY2016

We expect to increase shipment of chloroprene rubber of U.S. subsidiary and electronic & innovative products. Although there are spread compression of petrochemical products, negative effect of stronger Yen, shutdown maintenance cost of styrene monomer and cost of upfront investment for overseas business and R&D, we estimate operating income of this year is 31.0 billion yen, ordinary income 28.0 billion yen and net profit attributable to owners of parent 20.5 billion yen, highest ever.

1.4 Consolidated Financial Results and Forecast

Billions of Yen

	FY2015 Apr to Mar	FY2014 Apr to Mar	Incr. △Decr.	FY2016 Forecast Apr to Sep	FY2016 Forecast Apr to Mar	Incr. △Decr.
Net Sales	369.9	384.0	△ 14.1	175.0	375.0	5.1
Operating Income	30.6	24.0	6.6	12.0	31.0	0.4
Ordinary Income	27.0	24.3	2.7	10.0	28.0	1.0
Profit attributable to owners of parent	19.5	19.0	0.5	7.0	20.5	1.0

2. Net Sales and Operating Income by segments

Billions of Yen

		FY2015 Apr to Mar	FY2014 Apr to Mar	Incr. △Decr.	FY2016 Forecast Apr to Sep	FY2016 Forecast Apr to Mar	Incr. △Decr.
Elastomers & Performance Plastics	Sales	155.6	166.3	△ 10.7	70.0	150.0	△ 5.6
	Operating Income	11.0	4.4	6.6	4.5	9.0	△ 2.0
Infrastructure & Social Solutions	Sales	49.1	47.8	1.3	25.0	55.0	5.9
	Operating Income	0.9	2.7	△ 1.8	1.0	3.0	2.1
Electronics & Innovative Products	Sales	45.7	48.3	△ 2.6	25.0	50.0	4.3
	Operating Income	6.1	6.4	△ 0.4	3.0	7.0	0.9
Life Science & Environment Products	Sales	79.4	80.2	△ 0.8	35.0	80.0	0.6
	Operating Income	11.5	9.2	2.3	3.0	11.0	△ 0.5
Others	Sales	40.1	41.4	△ 1.3	20.0	40.0	△ 0.1
	Operating Income	1.1	1.3	△ 0.2	0.5	1.0	△ 0.1
Companywide	Sales	-	-	-	-	-	-
	Operating Income	0.1	0.1	0.0	-	-	△ 0.1
Total	Sales	369.9	384.0	△ 14.1	175.0	375.0	5.1
	Operating Income	30.6	24.0	6.6	12.0	31.0	0.4

3. Key operating factors

Billions of Yen

		FY2015 Apr to Mar	FY2014 Apr to Mar	Incr. △Decr.	FY2016 Forecast Apr to Sep	FY2016 Forecast Apr to Mar	Incr. △Decr.
Investment	Capital expenditure	21.2	21.3	△ 0.1	10.0	28.0	6.8
	M&A etc.	16.7	4.7	12.1			△ 16.7
		38.0	26.0	12.0	10.0	28.0	△ 10.0
Depreciation		23.2	23.0	0.2	12.0	24.0	0.8
Research and Development		11.8	11.1	0.7	6.0	13.0	1.2
Interest-bearing debt		124.6	122.5	2.1	120.0	115.0	△ 9.6

	FY2015 Apr to Mar	FY2014 Apr to Mar
Yen / USD exchange rate	120.1	109.9
Naphtha price (yen/ Kl)	42,850	63,700

	FY2016 Forecast Apr to Sep	FY2016 Forecast Apr to Mar
	109.0	109.0
	33,500	33,500

4. Sales by segments

Billions of Yen

	Sales				
	FY2015 Apr to Mar	FY2014 Apr to Mar	Incr. △Decr.	Sales price	Sales volume
Elastomers & Performance Plastics	155.6	166.3	△ 10.7	△ 18.2	7.5
Infrastructure & Social Solutions	49.1	47.8	1.3	0.3	1.0
Electronics & Innovative Products	45.7	48.3	△ 2.6	0.3	△ 3.0
Life Science & Environment Products	79.4	80.2	△ 0.8	1.3	△ 2.1
Others	40.1	41.4	△ 1.3	-	△ 1.3
Total	369.9	384.0	△ 14.1	△ 16.3	2.1

5. Operating income by segments

Billions of Yen

	Operating income					
	FY2015 Apr to Mar	FY2014 Apr to Mar	Incr. △Decr.	Sales price	Sales volume	Operating cost and others
Elastomers & Performance Plastics	11.0	4.4	6.6	△ 18.2	0.9	23.9
Infrastructure & Social Solutions	0.9	2.7	△ 1.8	0.3	△ 0.1	△ 2.0
Electronics & Innovative Products	6.1	6.4	△ 0.4	0.3	△ 0.9	0.3
Life Science & Environment Products	11.5	9.2	2.3	1.3	△ 2.1	3.1
Others	1.1	1.3	△ 0.2	-	△ 0.2	-
Companywide	0.1	0.1	0.0	-	-	0.0
Total	30.6	24.0	6.6	△ 16.3	△ 2.4	25.3