

**Denka**

Possibility  
of  
chemistry

# *Results Presentation of FY2019*

Denka Co.,Ltd

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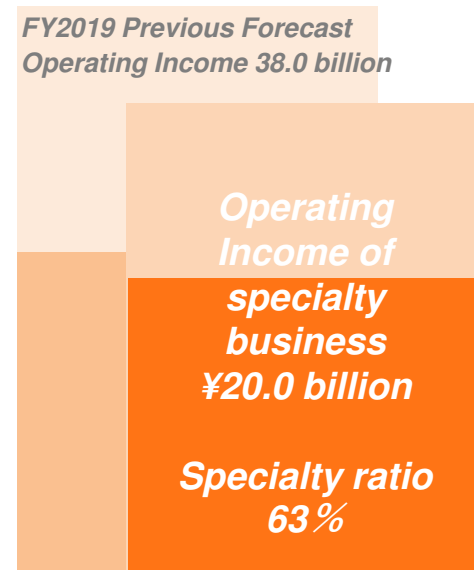
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Operating Income  
**¥33.7 billion**  
 Operating Margin  
**8.5 %**

Operating Income  
**¥34.2 billion**  
 Operating Margin  
**8.3 %**

Operating Income  
**¥31.6 billion**  
 Operating Margin  
**8.3 %**



**FY2017  
 Actual**

**FY2018  
 Actual**

**FY2019  
 Actual**

in billion Yen

	<b>FY 2019</b> <i>Act</i>	<b>FY 2018</b> <i>Act</i>	<b>Incr.</b> <b>▲</b> <b>Decr.</b>	
<b>Sales</b>	<b>380.8</b>	<b>413.1</b>	<b>▲32.3</b>	<i>Elastomer &amp; Performance Plastics</i> ▲ 3.3 <i>Infrastructure &amp; Social Solutions</i> + 0.5 <i>Electronics &amp; Innovative Products</i> + 0.6 <i>Living &amp; Environment Products</i> ▲ 0.8 <i>Life Innovation</i> + 0.7 <i>Others</i> ▲ 0.4
<i>Overseas sales to total sales</i>	<b>41.0 %</b>	<b>42.6 %</b>	<b>▲ 1.6 %</b>	
<b>Operating Income</b>	<b>31.6</b>	<b>34.2</b>	<b>▲2.6</b>	← ▲ 2.6
<b>Operating Marign</b>	<b>8.3 %</b>	<b>8.3 %</b>	<b>+ 0.0 %</b>	<i>Loss on disposal of non-current assets and profit of equity method affiliates etc.</i> (▲1.6 ← ▲1.4) ▲ 0.2
<b>Ordinary Income</b>	<b>30.0</b>	<b>32.8</b>	<b>▲2.8</b>	← ▲ 2.8
				<i>Extraordinary gains and losses and corporate tax etc.</i> (▲7.3 ← ▲7.8) + 0.5
<b>Profit attributable to owners of parent</b>	<b>22.7</b>	<b>25.0</b>	<b>▲2.3</b>	← ▲2.3

*in billion Yen***Sales 380.8 (▲ 32.3 )**

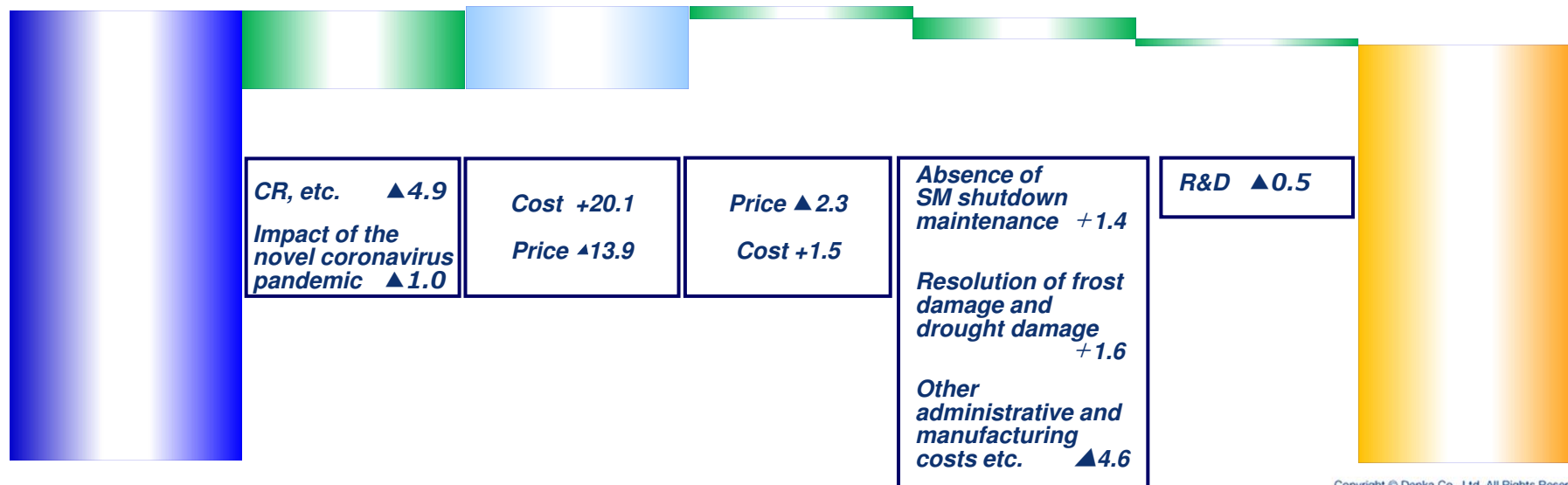
- ① **Decrease in sales volume** (▲ 16.1)
- ② **Differences in sales prices** (▲ 16.3)

**Operating Income 31.6 (▲ 2.6 )**

- ① **Decreased Shipment :** (▲ 5.9)  
*Chloroprene rubber, etc. ▲4.9*  
*Impact of the novel coronavirus pandemic ▲1.0*
- ② **Spread except yen depreciation :** ( + 6.2)  
*products price revision +20.1 vs increase in cost ▲13.9*
- ③ **Yen depreciation :** (▲ 0.9)  
*Increase in cost ▲2.3 vs products price merit in yen +1.5*
- ④ **Other costs :** (▲ 1.6)  
*Absence of periodic shutdown maintenance of SM +1.4*  
*Absence of damage previously incurred due to cold wave*  
*and the restoration of hydroelectric power generation output +1.6*  
*Other administrative and manufacturing costs, etc. ▲4.6*
- ⑤ **R&D expenses** (▲ 0.5)

*in billion Yen*

<b>FY2018 Actual</b>	<b>Decreased shipment</b>	<b>Spread except yen depreciation</b>	<b>Yen depreciation</b>	<b>Other costs</b>	<b>Cost of upfront investment</b>	<b>FY2019 Actual</b>
<b>34.2</b>	<b>▲5.9</b>	<b>+6.2</b>	<b>▲0.9</b>	<b>▲1.6</b>	<b>▲0.5</b>	<b>31.6</b>



in billion Yen

Sales	FY 2019 Act	FY 2018 Act	Incr. ▲Decr.
Elastomers & Performance Plastics	149.3	179.2	▲ 29.9
Infrastructure & Social Solutions	54.8	54.8	▲ 0.0
Electronic & Innovative Products	68.0	67.1	+ 0.9
Living & Environment Products	37.0	39.0	▲ 2.1
Life Innovation	35.5	34.1	+ 1.4
Others	36.2	38.8	▲ 2.6
<b>Total</b>	<b>380.8</b>	413.1	▲ 32.3

Price	Volume
▲ 17.5	▲ 12.4
+ 1.5	▲ 1.6
+ 1.1	▲ 0.1
▲ 0.9	▲ 1.1
▲ 0.4	+ 1.8
—	▲ 2.6
▲ 16.3	▲ 16.1

Operating Income	FY 2019 Act	FY 2018 Act	Incr. ▲Decr.
Elastomers & Performance Plastics	10.9	14.2	▲ 3.3
Infrastructure & Social Solutions	0.3	▲ 0.3	+ 0.5
Electronic & Innovative Products	12.4	11.8	+ 0.6
Living & Environment Products	0.1	0.9	▲ 0.8
Life Innovation	7.0	6.3	+ 0.7
Others	0.9	1.3	▲ 0.4
<b>Total</b>	<b>31.6</b>	34.2	▲ 2.6

Price	Volume	Cost & Others
▲ 17.5	▲ 6.2	+ 20.4
+ 1.5	▲ 0.5	▲ 0.5
+ 1.1	+ 0.4	▲ 0.8
▲ 0.9	▲ 0.7	+ 0.8
▲ 0.4	+ 1.0	+ 0.0
—	+ 0.0	▲ 0.5
▲ 16.3	▲ 5.9	+ 19.5

in billion Yen

	<b>FY 2020 Forecast</b>	<b>FY2019 Actual</b>	<b>Incr. ▲Decr.</b>	
<b>Sales</b>	<b>360.0</b>	<b>380.8</b>	<b>▲ 20.8</b>	Elastomer & Performance Plastics ▲ 3.4 Infrastructure & Social Solutions + 1.7 Electronics & Innovative Products + 1.1 Living & Environment Products + 0.4 Life Innovation + 0.0 Others ▲ 0.4
<b>Operating Income</b>	<b>31.0</b>	<b>31.6</b>	<b>▲ 0.6</b>	← ▲0.6
<b>Operating income to sales</b>	<b>(8.5 %)</b>	<b>(8.3 %)</b>	<b>(+ 0.2 %)</b>	Loss on disposal of non-current assets and profit of equity method affiliates etc. (▲2.0 ← ▲1.6) ▲ 0.4
<b>Ordinary Income</b>	<b>29.0</b>	<b>30.0</b>	<b>▲ 1.0</b>	← ▲ 1.0
				corporate tax etc. (▲2.0 ← ▲1.3) ▲ 0.7
<b>Profit attributable to owners of parent</b>	<b>21.0</b>	<b>22.7</b>	<b>▲ 1.7</b>	← ▲ 1.7



<i>Economic Precondition</i>	<i>FY2020</i>	<i>FY2019</i>
Forex [USD 1.0 = Yen]	<b>108.0</b>	109.1
Naphtha price [Yen/Kl]	<b>32,000</b>	42,650

in billion Yen

<i>reference</i>	<i>FY2020</i>	<i>FY2019</i>	<i>Incr. ▲Decr.</i>
<i>Investment</i>	<b>47.0</b>	36.9	+10.1
<i>Capital expenditure</i>		34.2	
<i>M &amp; A etc.</i>	<b>47.0</b>	2.7	+10.1
<i>Depreciation</i>	<b>24.0</b>	22.5	+1.5
<i>R&amp;D</i>	<b>16.0</b>	15.0	+1.0
<i>Debt with interest</i>	<b>152.0</b>	134.3	+17.7

**Sales**      **360.0**      (**▲20.8**)

*in billion Yen*

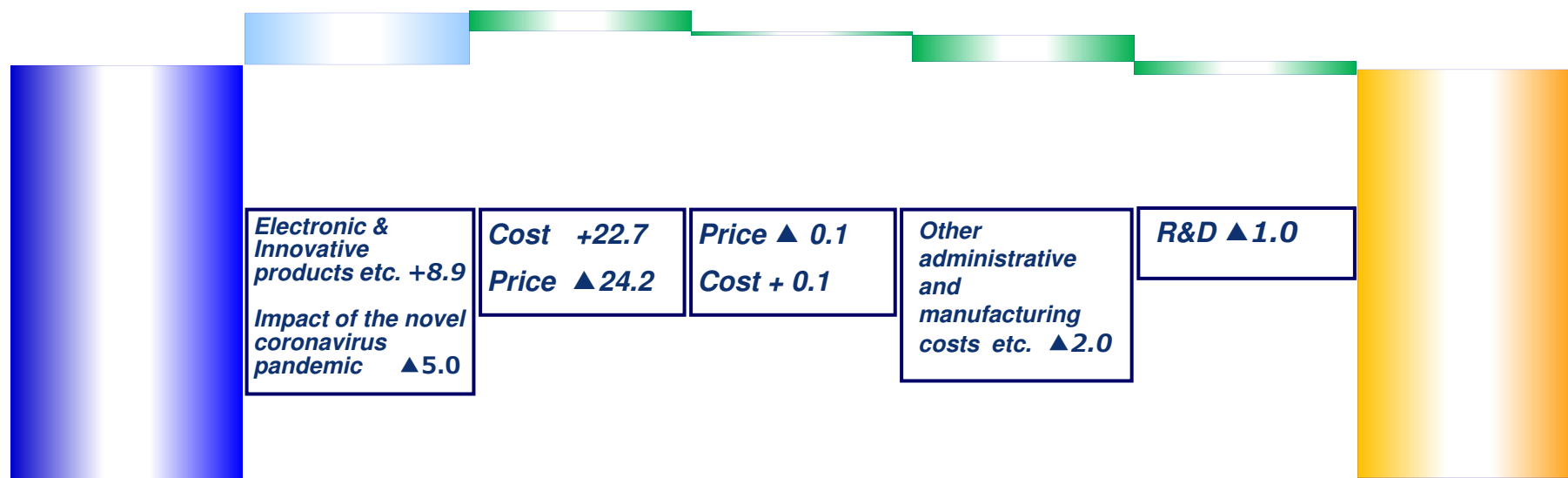
- ① **Decrease in sales volume**      (+ 3.5)
- ② **Differences in sales prices**      (▲24.3)

**Operating Income**      **31.0**      (**▲0.6**)

- ① **Increased Shipment :**      (+ 3.9)  
*Electronic & Innovative products , etc. +8.9*  
*Impact of the novel coronavirus pandemic (▲1.0→▲6.0) ▲5.0*
- ② **Spread except yen depreciation :**      (▲ 1.5)  
*Products price revision ▲ 24.2 vs Decrease in cost + 22.7*
- ③ **Yen depreciation :**      (▲ 0.0)  
*Products price demerit in yen ▲ 0.1 vs decrease in cost + 0.1*
- ④ **Other administrative and manufacturing costs etc**      (▲ 2.0)
- ⑤ **R&D expenses**      (▲ 1.0)

in billion Yen

<b>FY2019 Actual</b>	<b>Increased shipment</b>	<b>Spread except yen depreciation</b>	<b>Yen depreciation</b>	<b>Other costs</b>	<b>Cost of upfront investment</b>	<b>FY2020 Forecast</b>
<b>31.6</b>	<b>+ 3.9</b>	<b>▲1.5</b>	<b>▲ 0.0</b>	<b>▲ 2.0</b>	<b>▲ 1.0</b>	<b>31.0</b>



in billion Yen

Sales	FY 2020 Forecast	FY 2019 Act	Incr. ▲Decr.
Elastomers & Performance Plastics	125.0	149.3	▲ 24.3
Infrastructure & Social Solutions	55.0	54.8	+ 0.2
Electronic & Innovative Products	73.0	68.0	+ 5.0
Living & Environment Products	33.0	37.0	▲ 4.0
Life Innovation	38.0	35.5	+ 2.5
Others	36.0	36.2	▲ 0.2
<b>Total</b>	<b>360.0</b>	<b>380.8</b>	<b>▲ 20.8</b>

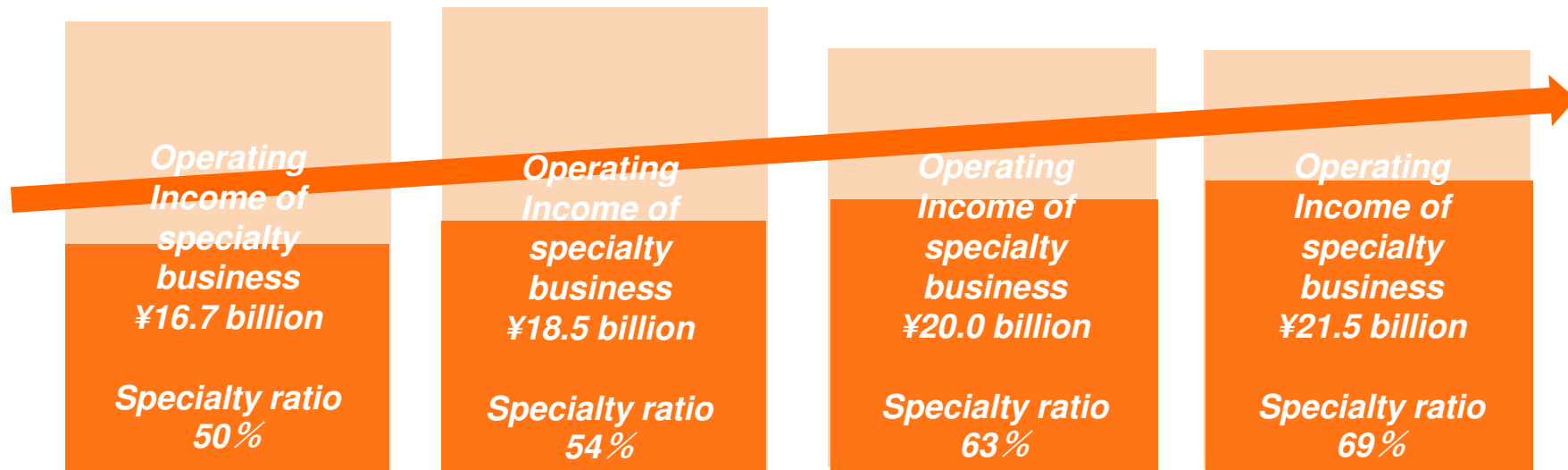
Price	Volume
▲23.7	▲0.6
+0.9	▲0.7
▲0.5	+5.4
▲1.1	▲2.9
+0.1	+2.4
—	▲0.2
▲24.3	+3.5

Operating Income	FY 2020 Forecast	FY 2019 Act	Incr. ▲Decr.
Elastomers & Performance Plastics	7.5	10.9	▲ 3.4
Infrastructure & Social Solutions	2.0	0.3	+ 1.7
Electronic & Innovative Products	13.5	12.4	+ 1.1
Living & Environment Products	0.5	0.1	+ 0.4
Life Innovation	7.0	7.0	+ 0.0
Others	0.5	0.9	▲ 0.4
<b>Total</b>	<b>31.0</b>	<b>31.6</b>	<b>▲ 0.6</b>

Price	Volume	Cost & Others
▲23.7	▲0.0	+20.3
+0.9	+0.2	+0.7
▲0.5	+3.1	▲1.5
▲1.1	▲0.9	+2.3
+0.1	+2.2	▲2.2
—	▲0.6	+0.2
▲24.3	+3.9	+19.8

		<i>FY2016 Actual</i>	<i>FY2017 Actual</i>	<i>FY2018 Actual</i>	<i>FY2019 Actual</i>	<i>FY2020 Forecast</i>
<b>Net Income</b>	<i>in billion Yen</i>	<b>18.1</b>	<b>23.0</b>	<b>25.0</b>	<b>22.7</b>	<b>21.0</b>
Dividend per share ※		7.0	10.5	12.0	12.5	TBD
Total Dividend	<i>in billion Yen</i>	6.2	9.2	10.5	10.8	
Payout Ratio		34 %	40 %	42%	48%	
Share buyback	<i>in billion Yen</i>	2.9	2.3	2.1		
<b>Total Shareholder Return</b>	<i>in billion Yen</i>	<b>9.1</b>	<b>11.5</b>	<b>12.6</b>	<b>10.8</b>	
<b>Total Return Ratio</b>		<b>50 %</b>	<b>50 %</b>	<b>50 %</b>	<b>48%</b>	
<b>Depreciation</b>	<i>in billion Yen</i>	<b>24.4</b>	<b>24.6</b>	<b>22.9</b>	<b>22.5</b>	
<b>Capital expenditure, M&amp;A</b>	<i>in billion Yen</i>	<b>26.9</b>	<b>27.0</b>	<b>32.8</b>	<b>36.9</b>	
<b>ROE</b>		<b>8.<sup>3</sup> %</b>	<b>10.<sup>0</sup> %</b>	<b>10.<sup>3</sup> %</b>	<b>9.<sup>1</sup> %</b>	

※ The Company consolidated its shares in the proportion of 5 common shares to one common share, effective as of October 1, 2017. As for the forecast of the year-end dividends for the fiscal year ending March 31, 2018, we quote the amount that takes into account the impact of the said share consolidation.



**Steady growth of specialty business**

**① Contribution to countermeasures against the novel coronavirus**

- Develop rapid test kits for the novel coronavirus (antigen/antibody detection employing the immunochromato-method)
- Develop measures for testing the disease other than those using the immunochromato-method (applying for emergency approval in Taiwan, U.S. and Japan by acting in collaboration with PlexBio, in which Denka holds a 33.4% equity stake)
- Provide raw material for Avigan® (diethyl malonate)
- Launch basic research with an eye to developing a vaccine for the disease
- Expand CR marketing to supply medical glove materials

**② New businesses in the healthcare field**

- Commercialize the G47Δ oncolytic virus
- Promote CANCERPLEX®, a genome-based panel examination method for cancer diagnosis
- Develop panel examination methods and diagnostic devices to detect pathogenic microorganisms and drug resistant bacteria genes
- Develop norovirus vaccines (phase I clinical testing started in Europe)

**③ New products to be delivered in response to needs arising from megatrends in the field of the environment and energy**

- Expand our capacity to supply EV-related products (spherical alumina, ultra-pure acetylene black and ceramics-based electronic circuit substrates)
- Develop and release new products designed to meet needs associated with the introduction of the 5G communications infrastructure and the emergence of "CASE" next-generation automobile technologies (LCP films, high dielectric constant fillers and low dielectric loss tangent fillers)

\* Avigan is a registered trade name of FUJIFILM Toyama Chemical Co., Ltd.

\* CANCERPLEX is a registered trade name of KEW, Inc.

**< Cautionary statement regarding forward-looking information >**

***Target figures in this material are not forecasts of business results. In addition, any description relating to the future in this material is subject to known or unknown risks and uncertainties, although it is based on management's current assumptions and beliefs in light of the information currently available to it. Please be cautioned that a number of important factors could cause actual results to differ significantly from the description in the material.***

***Such risks and uncertainties include adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launch, pricing, and product initiatives of competitors, the inability of the Company to market existing and new products effectively, interruptions in production, infringements of the company's intellectual property rights and the adverse outcome of material litigation.***



Possibility of chemistry

**Denka**