

4631.T : Tokyo Stock Exchange



# DIC Corporation

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## Consolidated Financial Results FY2020: Nine Months Ended September 30

November 2020

Color & Comfort



## FY2020 nine months results

- Consolidated net sales were down. The spread of COVID-19 infection subsided in many areas in the third quarter, leading to signs of an improvement in shipments, but demand failed to recover to pre-pandemic levels. As a consequence, sales shrank in all segments. Net sales were 5.2% higher in the third quarter (July 1–September 30, 2020) than in the second quarter (April 1–June 30, 2020).
- Operating income decreased. Overseas, shipments recovered, particularly of printing inks, but pigments for cosmetics continued to struggle. In Japan, demand for a broad range of industrial products, including materials for use in automobiles and building materials, lingered in a recovery phase and shipments of high-value-added products remained weak, resulting in a deterioration of the overall product mix. The decline in operating income was despite the fact that negative factors were offset by cost reductions facilitated by lower raw materials prices, as well as by reduced activity expenses and rationalization measures.
- Net income attributable to owners of the parent fell. The principal factor behind this result was one-time costs associated with an acquisition.

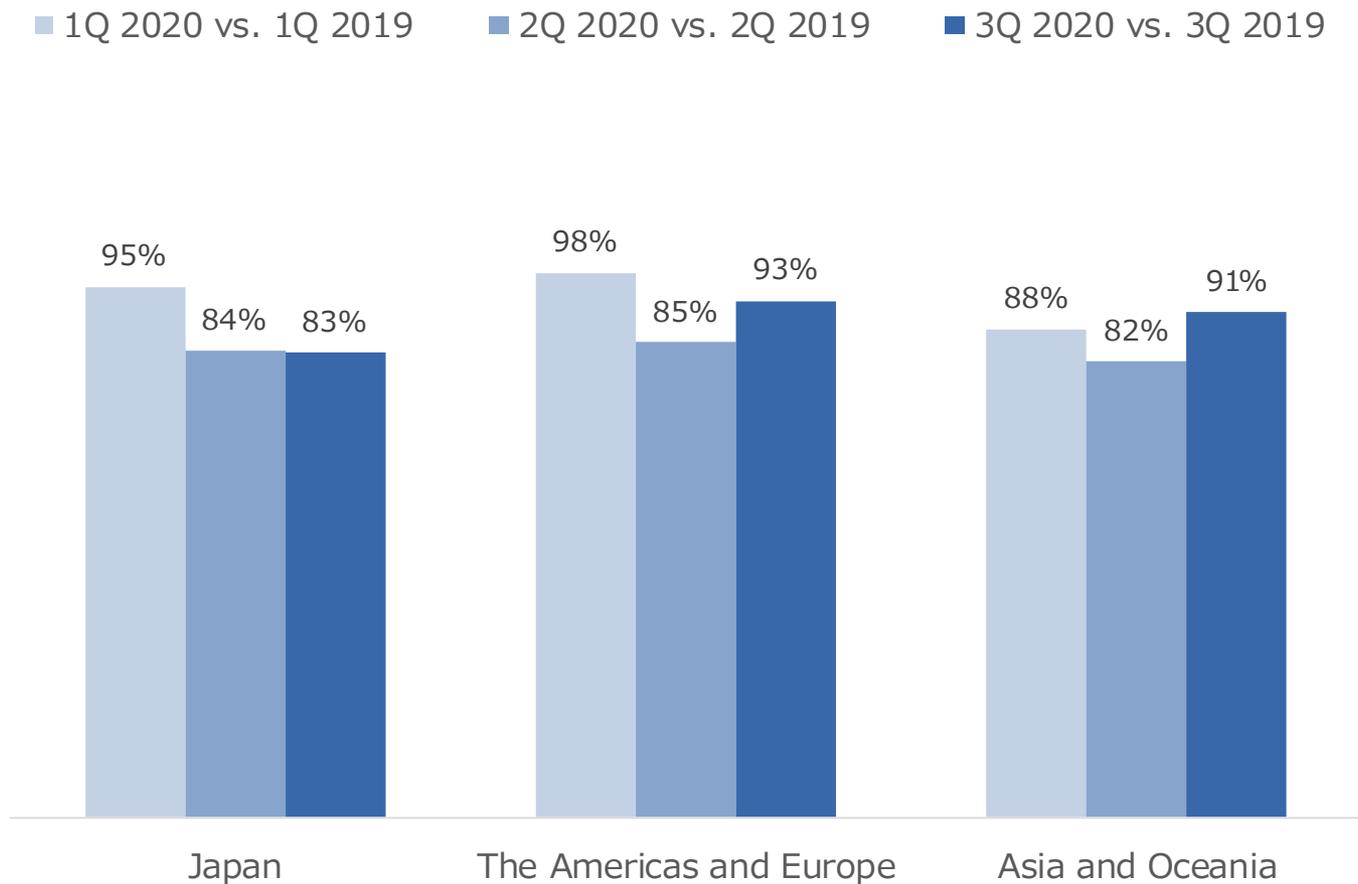
## FY2020 operating results forecasts

- The forecast for operating income for the full term remains unchanged at ¥35.0 billion. Owing to regional strengths and weaknesses, the breakdown by segment has been revised.

The fiscal year of all overseas and domestic companies in the DIC Group ends on December 31. This document presents consolidated results for the first nine months of fiscal year 2020, ended September 30, 2020

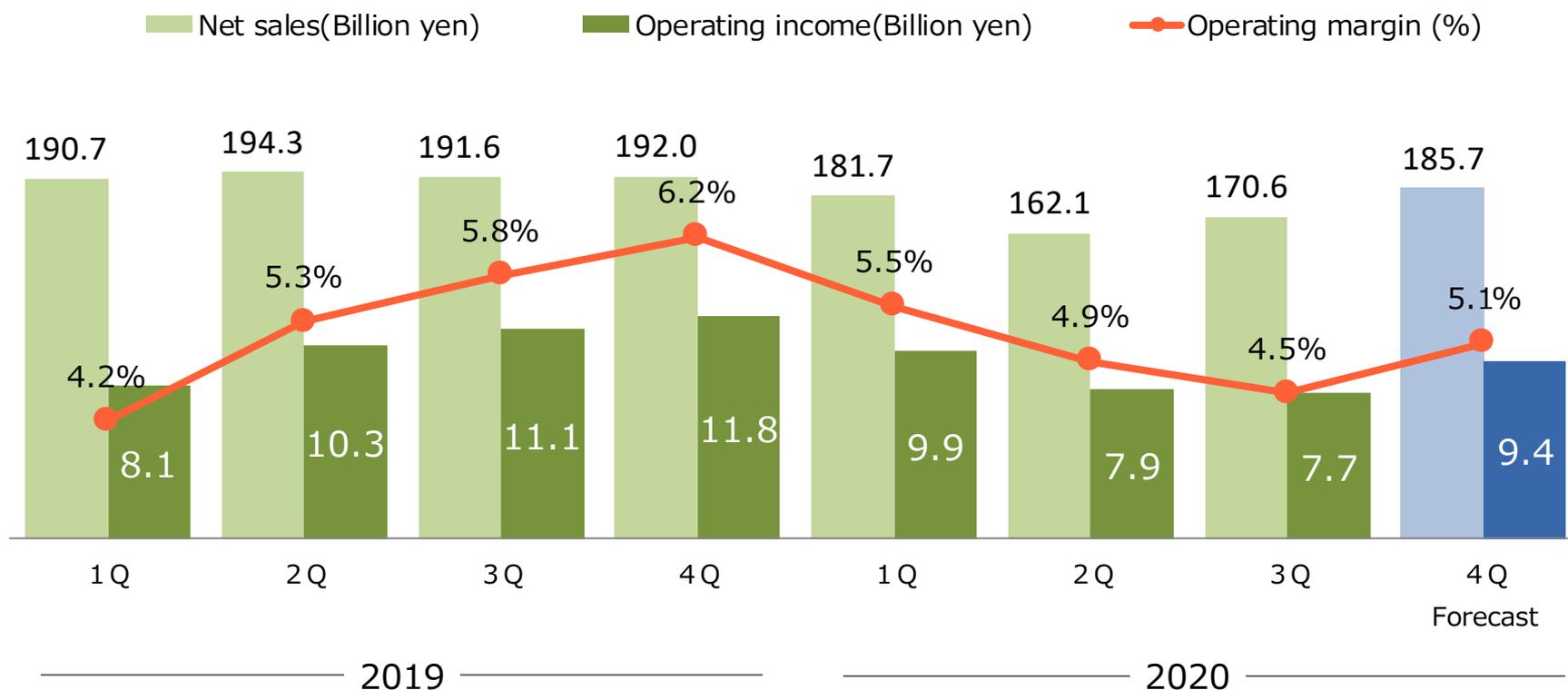
# Changes in quarterly net sales by region

Net sales picked up in the Americas and Europe, and in Asia and Oceania in the third quarter, but remained in a recovery phase in Japan.



# Quarterly performance data (fiscal year 2019–fiscal year 2020)

Operating income is expected to pick up in the fourth quarter after bottoming out in the third quarter.



## Summary of financial results

(Billion yen)	2019 9 Months	2020 9 Months	% Change	% Change on a local currency basis
<b>Net sales</b>	576.6	<b>514.3</b>	-10.8%	-8.2%
<b>Operating income</b>	29.5	<b>25.6</b>	-13.2%	-8.1%
Operating margin	5.1%	<b>5.0%</b>	—	—
<b>Ordinary income</b>	30.0	<b>23.0</b>	-23.4%	—
<b>Net income*</b>	18.3	<b>13.9</b>	-24.1%	—
EPS (Yen)	193.64	<b>146.99</b>	—	—
<b>EBITDA**</b>	50.1	<b>43.6</b>	-12.9%	—
Average rate	YEN/US\$	109.15	<b>107.16</b>	-1.8%
	YEN/EUR	122.56	<b>120.49</b>	-1.7%

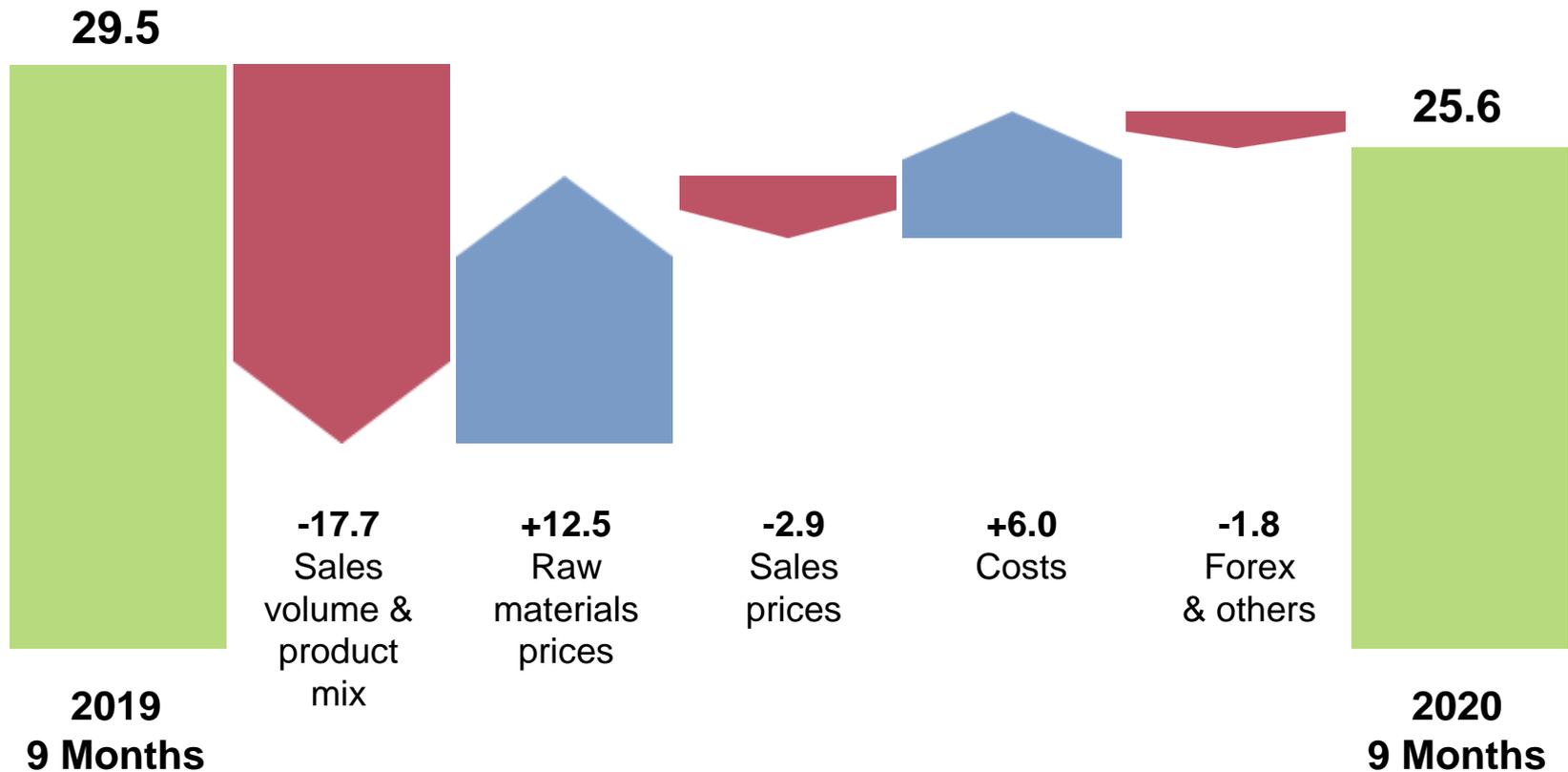
\* Net income attributable to owners of the parent

\*\* EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization

# Operating income variance

- Shipments began to improve in the third quarter from the second quarter, but the impact of sinking shipments remained significant.
- Lower raw materials prices and cost-cutting efforts, which focused on rationalization, were insufficient to offset flagging shipments, pushing down operating income.

(Billion yen)



## Timeline

Because procedures related to this acquisition are still ongoing, the closing schedule has been changed to the first quarter of 2021.

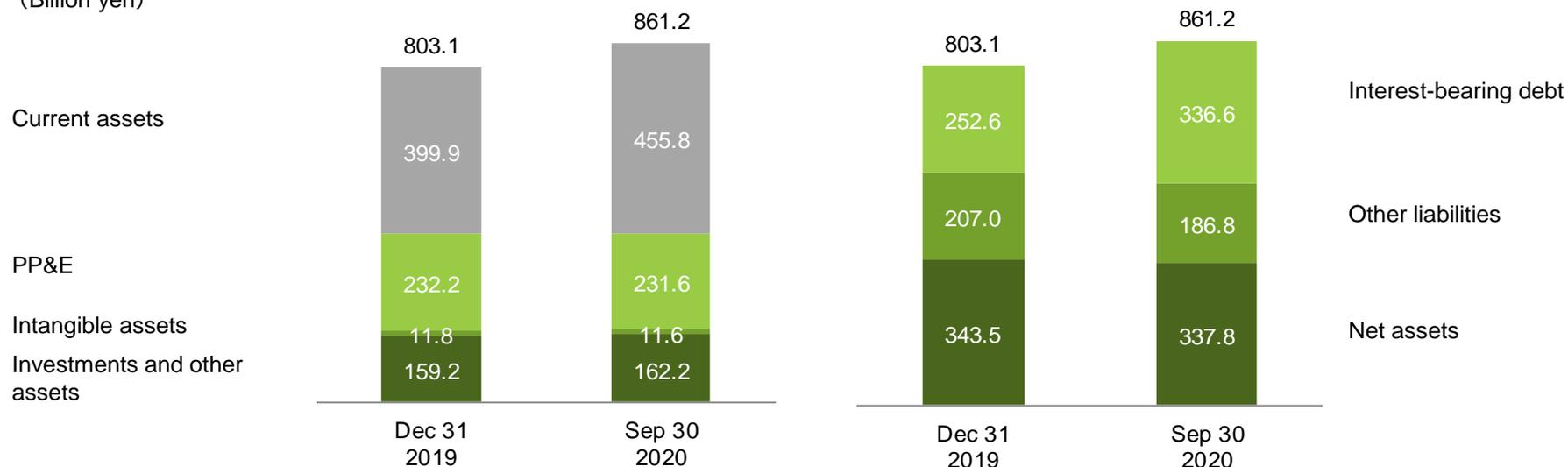
## Impact on FY2020 financial results

DIC had not incorporated any impact from this transaction into its fiscal year 2020 full-term forecasts, so this rescheduling is not expected to affect its results for the period.

# Financial health

## Balance sheet

(Billion yen)



## Financial health

(Billion yen)	Dec 31 2019	Sep 30 2020	Change
Interest-bearing debt	252.6	<b>336.6</b>	84.0
Net interest-bearing debt	235.8	<b>226.6</b>	-9.2
Net assets	343.5	<b>337.8</b>	-5.7
D/C ratio *	42.4%	<b>49.9%</b>	
Net D/C ratio **	40.7%	<b>40.2%</b>	
Equity ratio	38.9%	<b>35.6%</b>	
BPS (Yen)	3,304.34	<b>3,235.75</b>	
Closing rate (YEN/US\$)	108.71	<b>105.50</b>	



Up as a result of an increase in cash on hand

\* D/C ratio: Interest-bearing debt / (Interest-bearing debt + Net assets)

\*\*Net D/C ratio: Net Interest-bearing debt / (Net Interest-bearing debt + Net assets)

# Segment results

(Billion yen)	Net sales					Operating income					Operating margin	
	2019 9 Months	2020 9 Months	Change	% Change	% Change on a local currency basis	2019 9 Months	2020 9 Months	Change	% Change	% Change on a local currency basis	2019 9 Months	2020 9 Months
<b>Packaging &amp; Graphic</b>	312.1	<b>286.2</b>	-25.9	-8.3%	-4.6%	13.1	<b>13.5</b>	0.5	+ 3.5%	+ 12.4%	4.2%	<b>4.7%</b>
Japan	85.4	<b>75.3</b>	-10.1	-11.8%	-11.8%	4.5	<b>3.4</b>	-1.1	-24.4%	-24.4%	5.2%	<b>4.5%</b>
The Americas and Europe	184.0	<b>174.1</b>	-9.8	-5.3%	+ 0.1%	5.5	<b>7.3</b>	1.8	+ 32.6%	+ 49.4%	3.0%	<b>4.2%</b>
Asia and Oceania	51.1	<b>44.6</b>	-6.5	-12.7%	-9.2%	3.1	<b>3.1</b>	0.0	+ 0.9%	+ 4.0%	6.0%	<b>6.9%</b>
Eliminations	(8.4)	<b>(7.8)</b>	0.6	-	-	0.1	<b>(0.2)</b>	-0.3	-	-	-	-
<b>Color &amp; Display</b>	89.6	<b>79.9</b>	-9.7	-10.8%	-8.5%	8.8	<b>6.3</b>	-2.5	-28.9%	-26.7%	9.8%	<b>7.9%</b>
Japan	22.7	<b>20.4</b>	-2.2	-9.9%	-9.9%	4.1	<b>4.0</b>	-0.0	-0.5%	-0.5%	17.9%	<b>19.8%</b>
Overseas	74.4	<b>65.1</b>	-9.3	-12.5%	-9.6%	4.7	<b>2.2</b>	-2.5	-52.9%	-49.1%	6.4%	<b>3.4%</b>
Eliminations	(7.5)	<b>(5.7)</b>	1.8	-	-	0.0	<b>0.0</b>	-0.0	-	-	-	-
<b>Functional Products</b>	199.9	<b>170.4</b>	-29.5	-14.8%	-14.1%	12.9	<b>11.2</b>	-1.7	-13.1%	-12.4%	6.5%	<b>6.6%</b>
Japan	148.2	<b>128.0</b>	-20.2	-13.6%	-13.6%	7.4	<b>5.6</b>	-1.9	-25.4%	-25.4%	5.0%	<b>4.3%</b>
Overseas	68.9	<b>57.4</b>	-11.6	-16.8%	-14.8%	5.4	<b>5.7</b>	0.3	+ 5.1%	+ 7.2%	7.8%	<b>9.9%</b>
Eliminations	(17.1)	<b>(14.9)</b>	2.2	-	-	0.1	<b>0.0</b>	-0.1	-	-	-	-
Others, Corporate and eliminations	(25.0)	<b>(22.2)</b>	2.8	-	-	(5.3)	<b>(5.5)</b>	-0.2	-	-	-	-
<b>Total</b>	576.6	<b>514.3</b>	-62.3	-10.8%	-8.2%	29.5	<b>25.6</b>	-3.9	-13.2%	-8.1%	5.1%	<b>5.0%</b>
YEN/US\$	109.15	<b>107.16</b>		-1.8%		109.15	<b>107.16</b>		-1.8%			
YEN/EUR	122.56	<b>120.49</b>		-1.7%		122.56	<b>120.49</b>		-1.7%			

# Packaging & Graphic

## Net sales

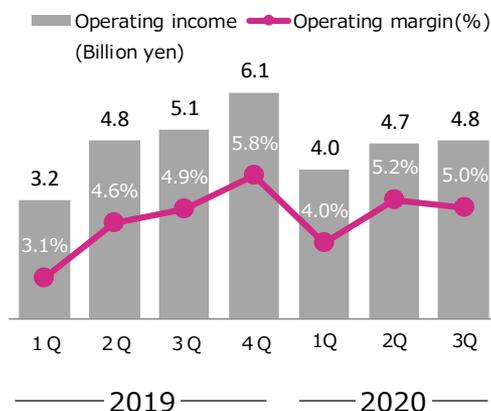
- Segment sales were level in the Americas and Europe on a local currency basis, as shipments of packaging inks remained firm and shipments of publication inks picked up.
- In Asia, segment sales declined, despite an increase in the People's Republic of China (PRC) in the third quarter.
- Owing to the depreciation of the euro and emerging economy currencies, the decline in segment net sales on a yen basis widened.

## Operating income

- Segment operating income remained on an uptrend, underpinned by firm shipments of printing inks in the Americas and Europe. Rationalization measures and lower raw materials prices also contributed.
- In Japan, shipments of high-value-added jet inks languished, pushing the operating margin down.

(Billion yen)	Net sales					Operating income					Operating margin	
	2019 9 Months	2020 9 Months	Change	% Change	% Change on a local currency basis	2019 9 Months	2020 9 Months	Change	% Change	% Change on a local currency basis	2019 9 Months	2020 9 Months
<b>Packaging &amp; Graphic</b>	312.1	<b>286.2</b>	-25.9	-8.3%	-4.6%	13.1	<b>13.5</b>	0.5	+3.5%	+12.4%	4.2%	<b>4.7%</b>
Japan	85.4	<b>75.3</b>	-10.1	-11.8%	-11.8%	4.5	<b>3.4</b>	-1.1	-24.4%	-24.4%	5.2%	<b>4.5%</b>
The Americas and Europe	184.0	<b>174.1</b>	-9.8	-5.3%	+0.1%	5.5	<b>7.3</b>	1.8	+32.6%	+49.4%	3.0%	<b>4.2%</b>
Asia and Oceania	51.1	<b>44.6</b>	-6.5	-12.7%	-9.2%	3.1	<b>3.1</b>	0.0	+0.9%	+4.0%	6.0%	<b>6.9%</b>
Eliminations	(8.4)	<b>(7.8)</b>	0.6	-	-	0.1	<b>(0.2)</b>	-0.3	-	-	-	-

## Operating income/margin



## Sales of principal products

(Billion yen)	% Change	
<b>Packaging inks*</b>	-1%	Sales in the Americas and Europe remained comparatively stable. In Asia, sales in the PRC recovered sharply from the impact of COVID-19.
<b>Publication inks*</b>	-21%	Sales dwindled as demand, having slumped under the influence of the pandemic, failed to recover completely despite an improvement in the third quarter from the second quarter in all regions.
<b>Jet inks</b>	-9%	Sales were down, as the expanded use of teleworking arrangements depressed demand for office use.
<b>Polystyrene</b>	-14%	Sales declined, owing to falling sales prices.
<b>Multilayer films</b>	-0%	Shipments remained firm, owing to an increase in the adoption of DIC Group products.

\*Change on a local currency basis

# Color & Display

## Net sales

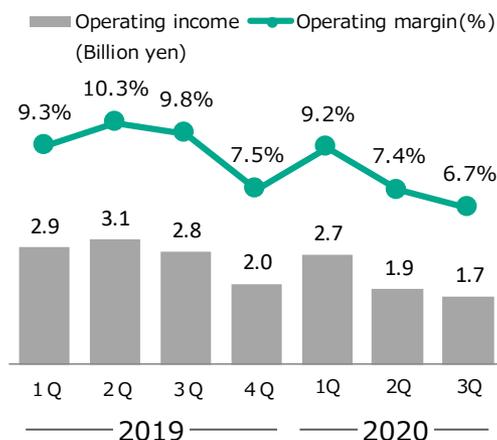
- Signs of an improvement were seen in shipments of pigments for color filters and of thin-film transistor liquid crystals (TFT LCs) accompanying a recovery in the market for liquid crystal displays (LCDs).
- In contrast, shipments of pigments for cosmetics remained sluggish, owing to lifestyle changes.

## Operating income

- Segment operating income plunged overseas as production adjustments prompted the cutting of operating rates at certain production facilities, making it impossible to absorb fixed and other costs.

(Billion yen)	Net sales					Operating income					Operating margin	
	2019 9 Months	2020 9 Months	Change	% Change	% Change on a local currency basis	2019 9 Months	2020 9 Months	Change	% Change	% Change on a local currency basis	2019 9 Months	2020 9 Months
<b>Color &amp; Display</b>	89.6	<b>79.9</b>	-9.7	-10.8%	-8.5%	8.8	<b>6.3</b>	-2.5	-28.9%	-26.7%	9.8%	<b>7.9%</b>
Japan	22.7	<b>20.4</b>	-2.2	-9.9%	-9.9%	4.1	<b>4.0</b>	-0.0	-0.5%	-0.5%	17.9%	<b>19.8%</b>
Overseas	74.4	<b>65.1</b>	-9.3	-12.5%	-9.6%	4.7	<b>2.2</b>	-2.5	-52.9%	-49.1%	6.4%	<b>3.4%</b>
Eliminations	(7.5)	<b>(5.7)</b>	1.8	-	-	0.0	<b>0.0</b>	-0.0	-	-	-	-

## Operating income/margin



## Sales of principal products

(Billion yen)	% Change	
General-purpose pigments	-9%	Shipments of pigments for printing inks remained listless, but pigments for coatings and plastics picked up.
Functional pigments	-15%	Shipments of pigments for color filters showed signs of improvement, but pigments for cosmetics continued to struggle.
Liquid crystal (LC) materials	-10%	A recovery in the market for LCDs supported firm shipments. The decline from the corresponding period of the previous fiscal year narrowed.
Health foods	-14%	

# Functional Products

## Net sales

- Despite an improvement in the third quarter after a steep fall in net sales in the second quarter, a full-scale revival remained elusive, causing segment sales to shrink. Sales overseas began to improve ahead of sales in Japan, led by products for automotive applications.

## Operating income

- Overall shipments declined. In addition, sales of high-value-added epoxy resins slowed, prompting a deterioration of the product mix. Lower raw materials prices and cost reductions were insufficient to offset these factors, as a result of which operating income declined.

(Billion yen)	Net sales					Operating income					Operating margin	
	2019 9 Months	2020 9 Months	Change	% Change	% Change on a local currency basis	2019 9 Months	2020 9 Months	Change	% Change	% Change on a local currency basis	2019 9 Months	2020 9 Months
<b>Functional Products</b>	199.9	<b>170.4</b>	-29.5	-14.8%	-14.1%	12.9	<b>11.2</b>	-1.7	-13.1%	-12.4%	6.5%	<b>6.6%</b>
Japan	148.2	<b>128.0</b>	-20.2	-13.6%	-13.6%	7.4	<b>5.6</b>	-1.9	-25.4%	-25.4%	5.0%	<b>4.3%</b>
Overseas	68.9	<b>57.4</b>	-11.6	-16.8%	-14.8%	5.4	<b>5.7</b>	0.3	+5.1%	+7.2%	7.8%	<b>9.9%</b>
Eliminations	(17.1)	<b>(14.9)</b>	2.2	-	-	0.1	<b>0.0</b>	-0.1	-	-	-	-

## Operating income/margin



## Sales of principal products

(Billion yen)	% Change	
Environment-friendly resins*	-15%	Shipments of resins for use in automobiles and housing construction applications were sluggish.
Epoxy resins	-4%	Shipments for 5G-enabled communications devices slowed.
Polyphenylene sulfide (PPS) compounds	-17%	Sales declined despite signs of an improvement after a steep fall in demand in the second quarter.
Industrial tapes	-3%	Despite robust demand for use in smartphones, sales declined as shipments for use in office automation (OA) equipment languished.
Hollow-fiber membrane modules	+2%	Shipments for use in semiconductor fabrication were firm.

\* DIC uses the term "Environment-friendly resins" to describe strategic resins designed to improve both environmental performance and functionality. These include waterborne, UV-curable, polyester, acrylic and polyurethane resins.

# Consolidated balance sheet

(Billion yen)	Dec 31 2019	Sep 30 2020	Change
Current assets	399.9	455.8	55.9
Property, plant and equipment	232.2	231.6	-0.6
Intangible assets	11.8	11.6	-0.2
Investments and other assets	159.2	162.2	3.0
<b>Total assets</b>	<b>803.1</b>	<b>861.2</b>	<b>58.1</b>
Current liabilities	210.1	240.6	30.5
Non-current liabilities	249.5	282.8	33.3
<b>Total liabilities</b>	<b>459.6</b>	<b>523.4</b>	<b>63.8</b>
Shareholders' equity	407.4	409.7	2.3
Accumulated other comprehensive income	(94.7)	(103.4)	-8.7
[Foreign currency translation adjustment]	[(72.7)]	[(85.9)]	[-13.2]
Non-controlling interests	30.8	31.5	0.8
<b>Total net assets</b>	<b>343.5</b>	<b>337.8</b>	<b>-5.7</b>
<b>Total liabilities and net assets</b>	<b>803.1</b>	<b>861.2</b>	<b>58.1</b>
Closing rate (YEN/US\$)	108.7	105.5	
Shareholders' equity to total assets	38.9%	35.6%	
Interest-bearing debt	252.6	336.6	84.0
Cash and deposits	16.8	110.0	93.2



-  • Cash on hand was increased.
- As a result, interest-bearing debt also rose.

# Consolidated statement of income

(Billion yen)	2019 9 Months	2020 9 Months	Change
<b>Net sales</b>	<b>576.6</b>	<b>514.3</b>	<b>-62.3</b>
Cost of sales	(453.0)	(400.5)	52.5
Selling, general and administrative expenses	(94.1)	(88.2)	5.9
<b>Operating income</b>	<b>29.5</b>	<b>25.6</b>	<b>-3.9</b>
Interest expenses	(1.0)	(0.7)	0.2
Equity in earnings of affiliates	1.8	0.2	-1.6
Foreign exchange gains (losses)	(0.7)	(0.9)	-0.2
Other, net	0.4	(1.1)	-1.5
<b>Ordinary income</b>	<b>30.0</b>	<b>23.0</b>	<b>-7.0</b>
Extraordinary income	2.9	3.0	0.2
Extraordinary loss	(6.8)	(5.5)	1.2
Income before income taxes	26.1	20.5	-5.6
Income taxes	(6.5)	(4.9)	1.6
Net income	19.6	15.6	-4.0
Net income attributable to non-controlling interests	(1.3)	(1.7)	-0.4
<b>Net income attributable to owners of the parent</b>	<b>18.3</b>	<b>13.9</b>	<b>-4.4</b>
Average rate	YEN/US\$	109.15	107.16
	YEN/EUR	122.56	120.49

## Extraordinary income and loss

	2019 9 Months	2020 9 Months
<b>Extraordinary income</b>		
Gain on sales of non-current assets	1.3	1.7
Gain on bargain purchase	-	1.3
Gain on sales of subsidiaries and affiliates securities	1.6	-
<b>Extraordinary loss</b>		
 Acquisition related expenses	(1.1)	(3.4)
Loss on disposal of non-current assets	(1.5)	(1.4)
Severance costs	(0.6)	(0.8)
Impairment loss	(1.5)	-
Loss on disaster	(1.2)	-
Provision of allowance for doubtful accounts	(0.6)	-
Amortization of past service costs	(0.4)	-

 Acquisition of BASF SE's Colors & Effects business

# Consolidated statement of cash flows

(Billion yen)	2019 9 Months	2020 9 Months	Change
Cash flows from operating activities	30.2	43.0	12.8
[Excluding the impact of restraint of A/R securitization]	[43.2]	[43.0]	[(0.2)]
Cash flows from investing activities	(24.6)	(29.2)	-4.6
Cash flows from financing activities	44.7	75.7	31.0
[Excluding the impact of restraint of A/R securitization]	[31.7]	[75.7]	[44.0]
Cash and cash equivalents at end of the period	69.9	104.7	34.8
<b>Free cash flow</b>	<b>5.6</b>	<b>13.8</b>	<b>8.2</b>
[Excluding the impact of restraint of A/R securitization]	[18.6]	[13.8]	[(4.8)]
Increase (decrease) in working capital	(10.8)	9.1	19.9
[Excluding the impact of restraint of A/R securitization]	[2.3]	[9.1]	[6.9]
Capital expenditure and investment	27.0	26.7	-0.4
Depreciation and amortization	24.3	24.0	-0.2

Note : Consolidated statement of cash flows fall outside the scope of required disclosure. Accordingly, these figures are provided for reference only.

## FY2020 forecasts: Full-year operating results

The forecast for net sales and operating income for the full-year remains unchanged. Owing to regional strengths and weaknesses, the breakdown by segment has been revised.

(Billion yen)	2019	2020 Forecast	% Change	% Change on a local currency basis
<b>Net sales</b>	768.6	<b>700.0</b>	-8.9%	-6.2%
<b>Operating income</b>	41.3	<b>35.0</b>	-15.3%	-10.2%
Operating margin	5.4%	<b>5.0%</b>	—	—
Ordinary income	41.3	<b>31.5</b>	-23.7%	—
<b>Net income*</b>	23.5	<b>15.0</b>	-36.2%	—
EPS (Yen)	248.29	<b>158.48</b>	—	—
<b>EBITDA</b>	67.4	<b>57.1</b>	-15.3%	—
Capital expenditure and investment	37.5	<b>35.0</b>	-6.6%	
Depreciation and amortization	33.1	<b>32.5</b>	-1.9%	
Average rate				
YEN/US\$	109.11	<b>106.78</b>	-2.1%	
YEN/EUR	122.13	<b>119.35</b>	-2.3%	
ROE	7.7%	<b>4.8%</b>		
D/C ratio **	42.4%	<b>44.7%</b>		
Annual dividends per share (Yen)	100.0	<b>100.0</b>		
Payout ratio	40.3%	<b>63.1%</b>		

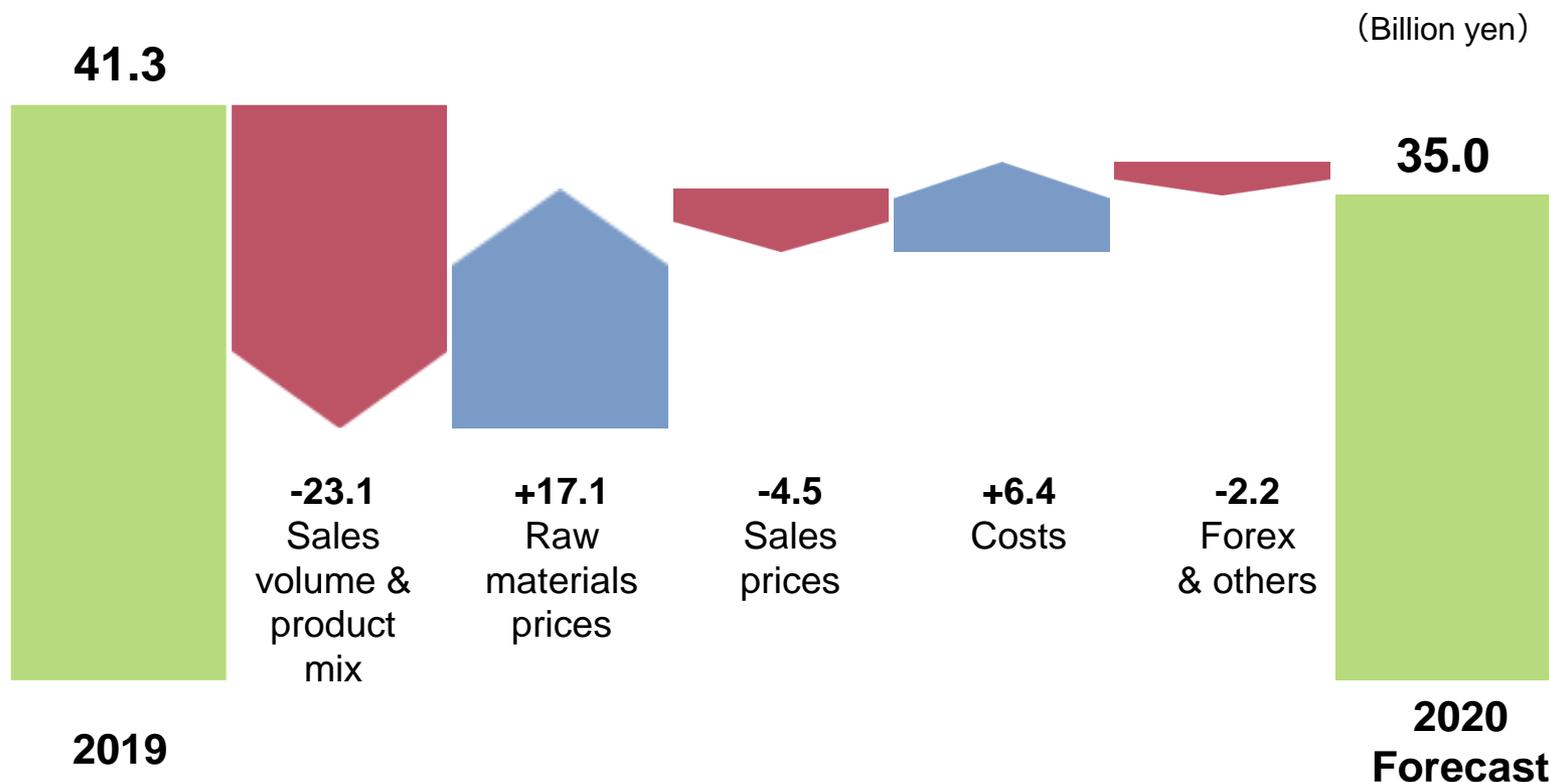
Note: Revised from the previous forecast  
¥38.0 billion.

\* Net income attributable to owners of the parent

\*\* D/C ratio: Interest-bearing debt / (Interest-bearing debt + Net assets)

## Operating income variance

- Despite signs that shipments have picked up, demand for a broad range of industrial products, including those for use in automobiles and building materials, remains in a recovery phase, while an improvement in sales of pigments for cosmetics—demand for which had plunged as a consequence of lifestyle changes—is likely to take time. Accordingly, significant declines are anticipated in both sales volume and the product mix.
- With the positive impact of lower raw materials prices insufficient to offset falling shipments, full-term operating income is expected to decline.



# FY2020 forecasts: Full-year segment results (Revision of segment breakdown)

(Billion yen)	Net sales					Operating income					Operating margin	
	2019	2020 Forecast	Change	% Change	% Change on a local currency basis	2019	2020 Forecast	Change	% Change	% Change on a local currency basis	2019	2020 Forecast
<b>Packaging &amp; Graphic</b>	416.4	<b>392.0</b>	-24.4	-5.9%	-2.4%	19.2	<b>19.5</b>	0.3	+ 1.5%	+ 6.8%	4.6%	<b>5.0%</b>
Japan	114.7	<b>103.0</b>	-11.6	-10.1%	-10.1%	6.4	<b>4.8</b>	-1.6	-24.4%	-26.2%	5.6%	<b>4.7%</b>
The Americas and Europe	244.3	<b>237.4</b>	-6.8	-2.8%	+ 2.2%	8.2	<b>10.3</b>	2.0	+ 24.6%	+ 33.5%	3.4%	<b>4.3%</b>
Asia and Oceania	68.7	<b>62.9</b>	-5.9	-8.5%	-4.9%	4.5	<b>4.4</b>	-0.1	-2.3%	+ 3.5%	6.5%	<b>7.0%</b>
Eliminations	(11.3)	<b>(11.3)</b>	-0.0	-	-	0.1	<b>(0.0)</b>	-0.1	-	-	-	-
<b>Color &amp; Display</b>	116.4	<b>107.5</b>	-8.9	-7.7%	-4.7%	10.8	<b>8.4</b>	-2.4	-22.2%	-17.7%	9.3%	<b>7.8%</b>
Japan	29.7	<b>27.8</b>	-1.9	-6.3%	-6.3%	4.8	<b>5.8</b>	0.9	+ 19.2%	+ 20.1%	16.3%	<b>20.7%</b>
Overseas	95.8	<b>88.8</b>	-7.0	-7.3%	-3.6%	6.0	<b>2.6</b>	-3.3	-55.8%	-48.2%	6.2%	<b>3.0%</b>
Eliminations	(9.1)	<b>(9.1)</b>	-0.0	-	-	(0.0)	<b>(0.0)</b>	0.0	-	-	-	-
<b>Functional Products</b>	268.6	<b>235.5</b>	-33.1	-12.3%	-11.5%	19.2	<b>15.1</b>	-4.2	-21.7%	-20.7%	7.2%	<b>6.4%</b>
Japan	199.3	<b>177.0</b>	-22.4	-11.2%	-11.2%	11.6	<b>7.0</b>	-4.6	-40.0%	-42.5%	5.8%	<b>3.9%</b>
Overseas	91.9	<b>81.3</b>	-10.7	-11.6%	-9.1%	7.5	<b>8.1</b>	0.7	+ 8.8%	+ 16.1%	8.1%	<b>10.0%</b>
Eliminations	(22.7)	<b>(22.7)</b>	-0.0	-	-	0.2	<b>(0.0)</b>	-0.2	-	-	-	-
Others, Corporate and eliminations	(32.8)	<b>(35.0)</b>	-2.2	-	-	(7.9)	<b>(7.9)</b>	-0.1	-	-	-	-
<b>Total</b>	768.6	<b>700.0</b>	-68.6	-8.9%	-6.2%	41.3	<b>35.0</b>	-6.3	-15.3%	-10.2%	5.4%	<b>5.0%</b>
YEN/US\$	109.11	<b>106.78</b>		-2.1%		109.11	<b>106.78</b>		-2.1%			
YEN/EUR	122.13	<b>119.35</b>		-2.3%		122.13	<b>119.35</b>		-2.3%			

## Packaging & Graphic

Shipments of packaging inks are expected to be solid. Segment operating results forecasts for the Americas and Europe have been revised up.

## Color & Display

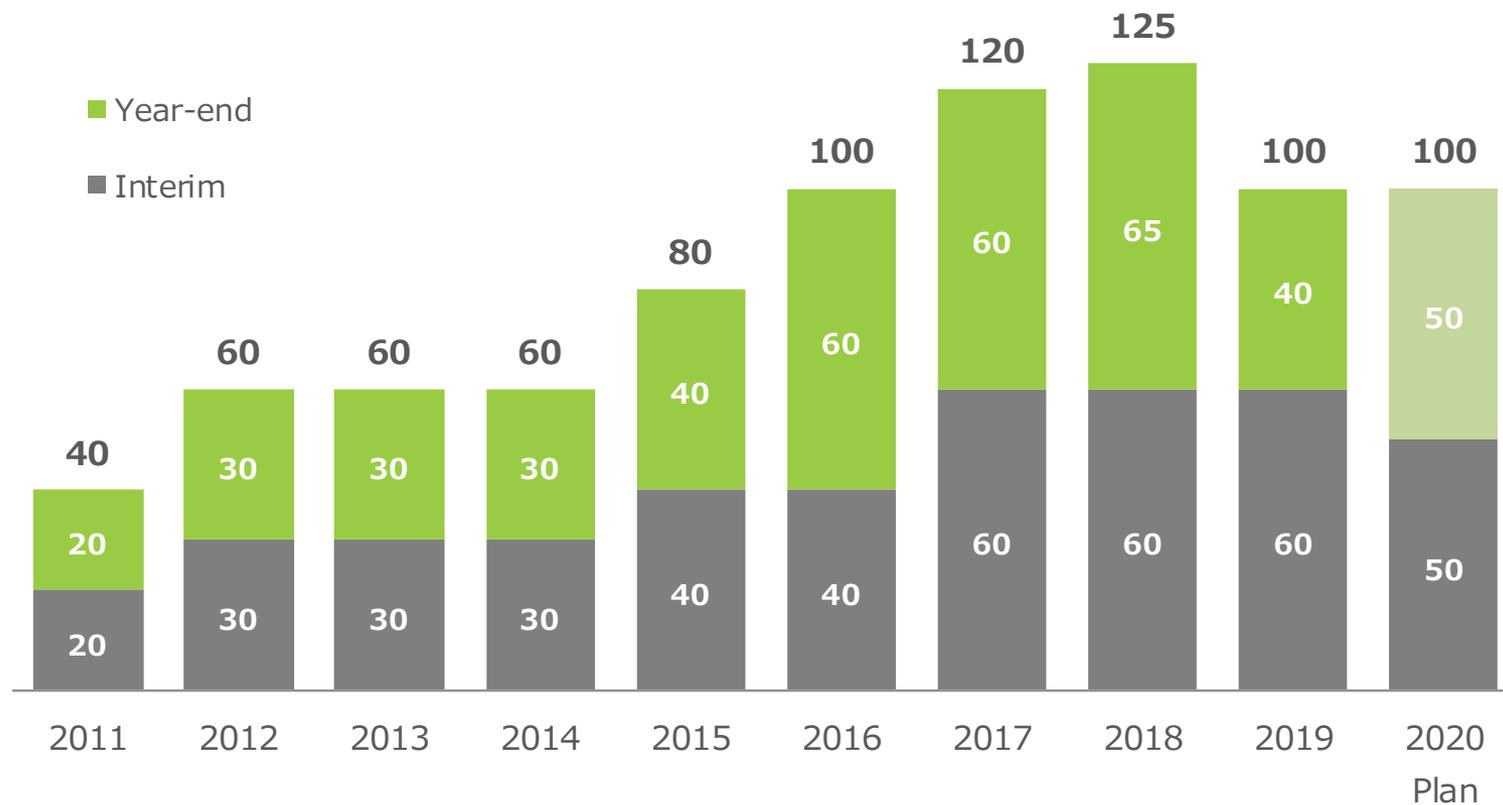
The impact of lifestyle changes is expected to delay a recovery in demand for pigments for cosmetics. Segment operating results forecasts have been revised down.

## Functional Products

Products for use in automobiles began recovering in the third quarter, but the pace is likely to remain slow. Segment operating results forecasts have been revised down.

# Annual dividend per share

The forecast for annual dividend per share remains unchanged at ¥100, level with fiscal year 2019.



## Major topics (July to September 2020)

Jul

The DIC Group establishes the DIC Sustainability Index.  
—*A yardstick for measuring environmental impact reduction and contribution to society—*

Jul

A new seed film for fabricating wiring on high-frequency printed wiring boards developed by DIC and Taiyo Ink Mfg. Co., Ltd., wins in the 16th JPCA\* awards.  
—*Acclaimed as a technology that will reduce transmission loss in the high-frequency bands used for 5G—*

\* Japan Electronics Packaging and Circuits Association

Jul

DIC is selected for inclusion in the globally recognized FSTSE4Good and FTSE Blossom Japan, environmental, social and governance (ESG) indices for the second consecutive year.

Jul

DIC product becomes first in Japan containing Spirulina-derived phycocyanin to be approved as a functional food.

Aug

DIC becomes founding member University of Tokyo-based Quantum Innovation Initiative Consortium.  
—*Initiative will facilitate the exchange of information among industry, academia and government to advance quantum computing and its use in developing the materials of the future—*

Aug

Renaissance, Inc., is excluded from the scope of consolidation.

Aug

DIC develops DIFAREN® A7440Bio, a new bioplastic-based nashiji (pear skin) packaging film with outstanding aesthetic appeal.  
—*New product has earned certification under the Biomass Mark program (20% biomass content) as an environment-friendly product—*

News Releases  
<https://www.dic-global.com/en/news/2020/>



## Major topics (July to September 2020)

Aug

An agreement is signed for the transfer of DIC Kako, Inc.'s sheet molding compound and molded products businesses.

Sep

DIC Graphics Corporation absorbed wholly owned subsidiary DIC Machinery & Printer's Supplies, Inc.

Sep

DIC enters into agreement to establish a strategic partnership with DuPont of the United States in the water treatment business.

*—Alliance will center on sales of degassing modules for water treatment with the aim of broadening sales channels in Asia, the United States and Europe—*

Sep

DIC participates in the Neural Model Development Unit, which will focus on the integration of research in neuroscience and artificial intelligence (AI) facilitated by the establishment of the Consortium for Applied Neuroscience.

*—Unit will focus on the integration of research in neuroscience and AI from the perspective of chemical materials and the application of findings in the area of product development—*

Sep

The conclusion of a Positive Impact Finance agreement.

*—DIC's efforts to contribute to the achievement of the SDGs earn praise from financial institutions—*

Sep

DIC receives an incentive award in the 3rd EcoPro Awards for its sheet-form heat storage material, which makes it possible to maintain an ideal atmospheric temperature without using energy.



# Business segments and principal products

## Packaging & Graphic



Net sales  
¥416.4 bn



Operating income /Margin  
¥19.2 bn  
4.6%

Packaging materials that bring safety and peace of mind

## Color & Display



Net sales  
¥116.4 bn



Operating income /Margin  
¥10.8 bn  
9.3%

Color and display materials that make life colorful

## Functional Products



Net sales  
¥268.6 bn



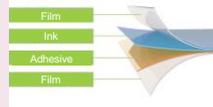
Operating income /Margin  
¥19.2 bn  
7.2%

Functional products that add comfort



Packaging inks  
Packaging adhesives  
Packaging materials

Polystyrene  
Multilayer films



Security inks



Jet inks



Publication inks

### Functional pigments



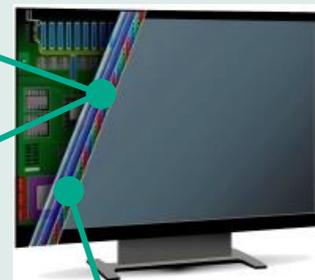
Pigments for color filters



Pigments for cosmetics



Effect pigments



Liquid crystal materials



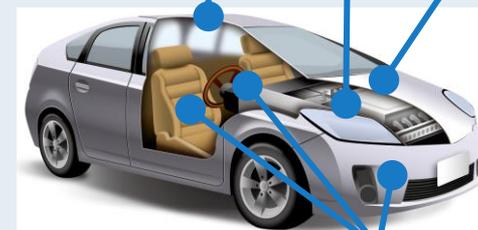
Natural colorants



Industrial tapes



PPS compounds



Environment-friendly products\*



Epoxy resins



Hollow-fiber membrane modules

Note: Fiscal year 2019 actual

\*Waterborne resins, UV-curable resins, Polyester resins, Acrylic resins, Urethane resins

# Quarterly trends in segment results (Reference)

## Net sales

(Billion yen)



## Operating income

(Billion yen)

Progress rate as per the full-year operating forecast (35 billion yen)

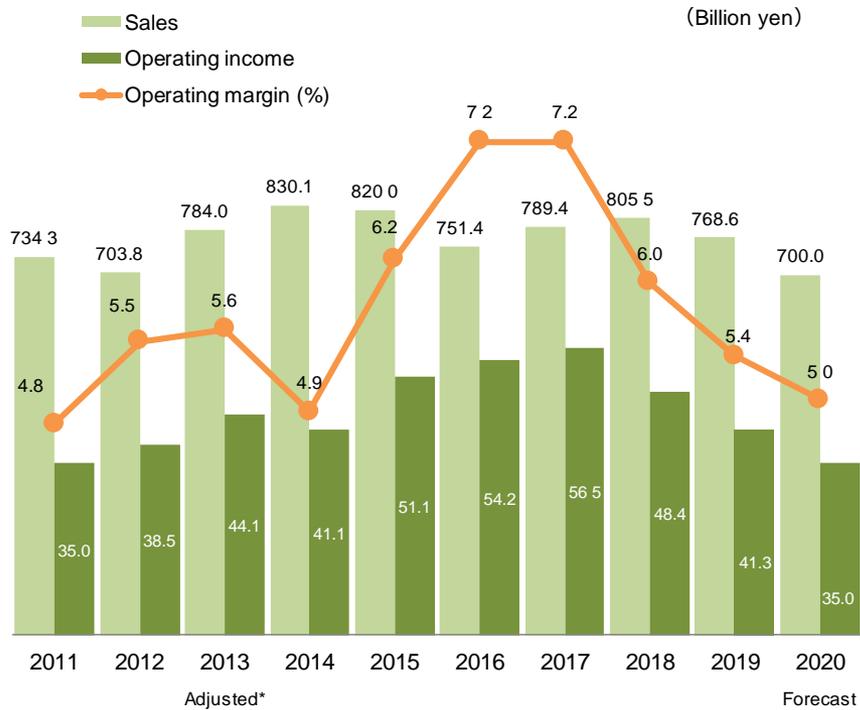
	3M	6M	9M	FY
2020 (%)	28.4	51.0	73.1	
2019 (%)	19.7	44.9	71.9	100.8



■ Packaging & Graphic    
 ■ Color & Display    
 ■ Functional Products    
 ■ Others, Corporate and eliminations

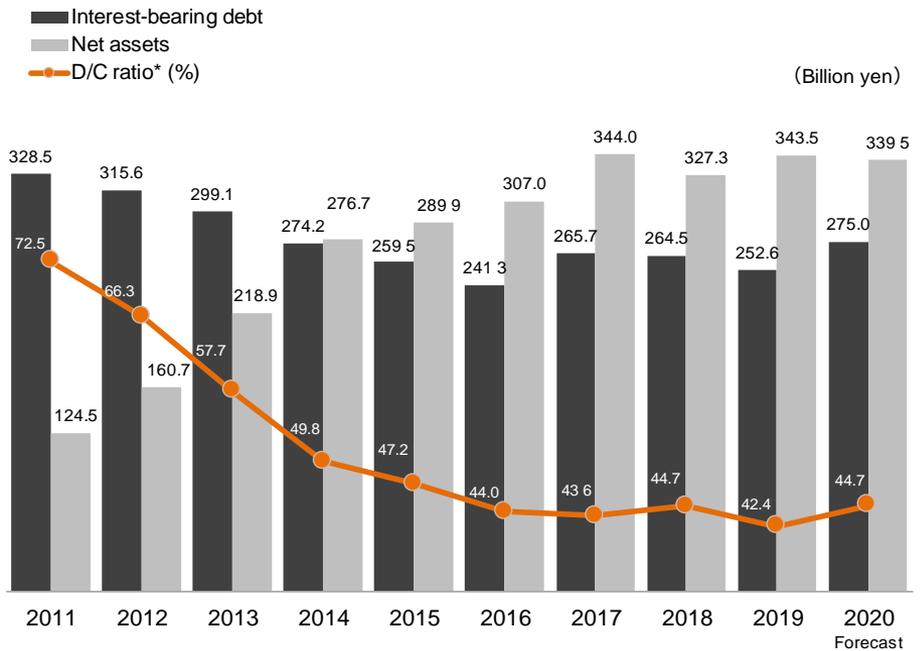
# Historical performance data (Reference)

## Operating results



\* Adjusted to reflect the impact of the changes in the fiscal year-end

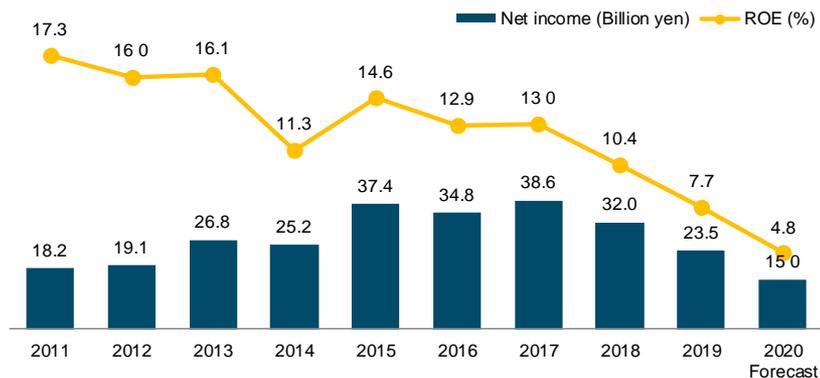
## Financial health



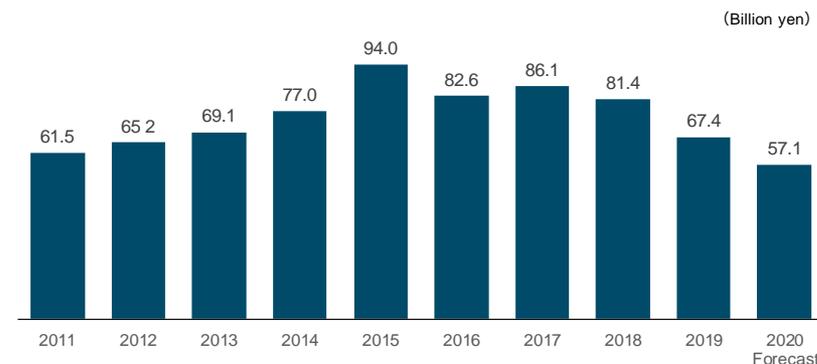
\* D/C ratio: Interest-bearing debt / (Interest-bearing debt + Net assets)

# Historical performance data (Reference)

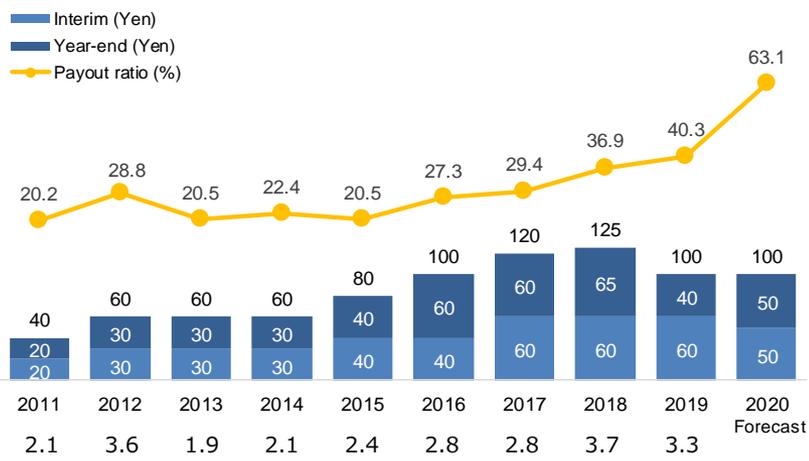
## ROE



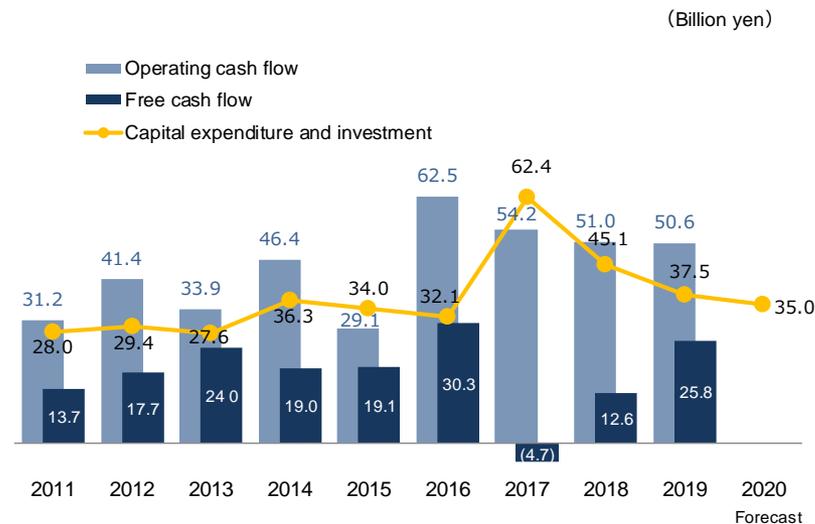
## EBITDA\*\*\*



## Shareholder returns\*



## Capital expenditure and investment, operating cash flows



\* Adjusted to reflect the impact of the consolidation of shares of common stock

\*\* Dividend yield: Annual dividends / Closing price per share at fiscal year-end

\*\*\* EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization



# Color & Comfort

## **Disclaimer Regarding Forward-Looking Statements**

Statements herein, other than those of historical fact, are forward-looking statements that reflect management's projections based on information available as of the publication date. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, economic conditions in Japan and overseas, market trends, raw materials prices, interest rate trends, currency exchange rates, conflicts, litigations, disasters and accidents, as well as the possibility the Company will incur special losses related to the restructuring of its operations.