



## Consolidated Financial Results for the Nine Months Ended September 30, 2017 (Japan GAAP) (The fiscal year ending December 31, 2017)

November 14, 2017  
Stock Exchange: Tokyo  
Head Office: Tokyo  
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### Company Name: DIC Corporation

Listing Code Number: 4631

URL: <http://www.dic-global.com/en/>

Representative: Yoshiyuki Nakanishi, Representative Director, President and CEO

Contact Person: Hiroshi Nagai, Corporate Controller, Accounting Department

Preparation of Supplemental Explanatory Materials: Yes

Holding of Quarterly Financial Results Meeting: No

Scheduled Filing Date of Securities Report: November 14, 2017

(Yen amounts are rounded to the nearest million, except for per share information)

### 1. Consolidated Financial Results for the Nine Months Ended September 30, 2017 (January 1, 2017 – September 30, 2017)

#### (1) Consolidated operating results

(The percentages indicate the changes from the same period in the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
Nine months ended September 30, 2017	583,310	4.3	40,555	0.5	40,676	-2.5	35,119	38.9
Nine months ended September 30, 2016	559,515	-9.2	40,337	9.3	41,739	17.4	25,278	9.9

Note: Comprehensive income (JPY million): Nine months ended September 30, 2017 38,580 (—%)  
Nine months ended September 30, 2016 -9,454 (—%)

	Earnings per share basic	Earnings per share diluted
	JPY	JPY
Nine months ended September 30, 2017	370.70	—
Nine months ended September 30, 2016	266.63	—

The Company implemented a consolidation of shares of common stock by a factor of 10 to 1 with July 1, 2016, as the effective date. Earnings per share basic is calculated based on the assumption that the consolidation had been implemented at the beginning of the fiscal year ended December 31, 2016.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	JPY (million)	JPY (million)	%
As of September 30, 2017	864,015	331,634	35.1
As of December 31, 2016	764,828	307,017	36.4

Note: Shareholders' equity (JPY million): As of September 30, 2017 303,472 As of December 31, 2016 278,535

### 2. Cash Dividends

	Cash dividends per share				
(Record date)	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	JPY	JPY	JPY	JPY	JPY
FY2016	—	4.00	—	60.00	—
FY2017	—	60.00	—	—	—
FY2017 (Plan)	—	—	—	60.00	120.00

Note: Revision of the forecasts for the dividends payment: No

The year-end cash dividend per share for fiscal year 2016 reflects the impact of the consolidation of shares, while the annual cash dividend per share for fiscal year 2016 has been omitted. If the consolidation of shares had been taken into consideration, the annual cash dividends per share for fiscal year 2016 would be 100 yen.

### 3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2017 (January 1, 2017 – December 31, 2017)

(The percentages indicate the changes from the same period in the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share basic
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
FY2017	790,000	5.1	56,000	3.4	56,000	0.4	41,000	17.9	432.87

Note: Revision of the forecasts for the consolidated operating results for the fiscal year ending December 31, 2017: Yes

For details, please refer to "Analysis of Results of Operations (3) Operating Results Forecasts for Fiscal Year 2017."

## Notes

- (1) Changes in the scope of consolidation for significant subsidiaries during the nine months ended September 30, 2017: No
- (2) Adoption of accounting methods which are exceptional for quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and accounting estimates, and restatements
  - 1) Changes in accounting policies arising from revision of accounting standards: No
  - 2) Changes in accounting policies other than 1): No
  - 3) Changes in accounting estimates: No
  - 4) Restatements: No
- (4) Number of shares issued (common stock)
  - 1) Number of shares issued at the end of the period, including treasury shares
 

As of September 30, 2017	95,156,904 shares,	As of December 31, 2016	95,156,904 shares
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  - 2) Number of treasury shares at the end of the period
 

As of September 30, 2017	510,987 shares,	As of December 31, 2016	356,552 shares
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  - 3) Average number of shares issued during the period, excluding treasury shares
 

For the nine months ended September 30, 2017	94,738,202 shares,	For the nine months ended September 30, 2016	94,806,072 shares
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\* Each of the number of shares listed above is calculated based on the assumption that the consolidation of shares had been implemented at the beginning of the fiscal year ended December 31, 2016.

\* From the second quarter in the fiscal year ending December 31, 2017, the Company introduced the Board Benefit Trust (BBT.) The shares held by the trust are included in the number of treasury shares.

Note: **Presented quarterly consolidated financial results are not subject to quarterly review procedures.**

Note: **Explanation of the appropriate use of performance forecasts, and other special items**

### Caution concerning forward-looking statements

The above forecasts of future performance are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, the users should be aware that actual results may differ from any expressed future performance herein due to various factors.

## Analysis of Results of Operations

### (1) Overview of Operating Results

While economic conditions worldwide recovered gradually in the nine months ended September 30, 2017, economic uncertainty, fluctuations in the financial and capital markets and the direction of oil prices, among others, continued to warrant caution. Moderate recovery persisted in the economies of North America and Europe. A revival was seen in Asia. Japan's economy also continued to rally steadily.

In this environment, consolidated net sales increased 4.3%, to ¥583.3 billion, reflecting multiple factors, including firm shipments.

Operating income advanced 0.5%, to ¥40.6 billion, as higher sales of high-value-added products and the progress of cost reductions offset the impact of rising raw materials prices, among others.

Ordinary income declined 2.5%, to ¥40.7 billion, with contributing factors including higher foreign exchange losses and other non-operating expenses.

Net income attributable to owners of the parent climbed 38.9%, to ¥35.1 billion, owing to a decrease in extraordinary loss and a one-time decline in tax expenses, as well as to other factors.

(Billions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017	Change (%)	Change (%) 〔Local currency basis〕
Net sales	559.5	<b>583.3</b>	4.3%	3.3%
Operating income	40.3	<b>40.6</b>	0.5%	1.1%
Ordinary income	41.7	<b>40.7</b>	-2.5%	—
Net income attributable to owners of the parent	25.3	<b>35.1</b>	38.9%	—

Note: The exchange rates used to translate the results of overseas DIC Group companies for the nine months ended September 30, 2017 and 2016, respectively, are as follows:

Nine months ended September 30, 2017: ¥112.23/US\$1.00 (average for the nine months ended September 30, 2017)

Nine months ended September 30, 2016: ¥109.53/US\$1.00 (average for the nine months ended September 30, 2016)

## (2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	Nine months ended September 30, 2016	Nine months ended September 30, 2017	Change (%)	Change (%) Local currency basis	Nine months ended September 30, 2016	Nine months ended September 30, 2017	Change (%)	Change (%) Local currency basis
Printing Inks	273.0	<b>275.9</b>	1.0%	-0.1%	13.5	<b>12.1</b>	-10.5%	-8.1%
Fine Chemicals	97.3	<b>102.1</b>	4.9%	3.1%	10.9	<b>13.1</b>	19.8%	18.7%
Polymers	133.3	<b>145.4</b>	9.0%	8.4%	14.3	<b>13.8</b>	-3.2%	-3.7%
Compounds	45.4	<b>47.9</b>	5.4%	5.1%	3.8	<b>3.5</b>	-8.8%	-7.1%
Application Materials	40.6	<b>40.8</b>	0.7%	0.5%	1.4	<b>1.8</b>	31.5%	30.9%
Others, Corporate and eliminations	(30.1)	<b>(28.8)</b>	—	—	(3.6)	<b>(3.7)</b>	—	—
Total	559.5	<b>583.3</b>	4.3%	3.3%	40.3	<b>40.6</b>	0.5%	1.1%

Segment results in key markets are as follows. Year-on-year percentage changes in squared parentheses represent increases or decreases on a local currency basis. Interregional transactions within the Printing Inks segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Printing Inks segment differ from the figures presented above.

## Printing Inks

### *Japan*

Net sales	¥57.0 billion	Change	-3.6%
Operating income	¥2.8 billion	Change	-21.3%

Sales of packaging inks benefited from firm shipments. Nonetheless, overall sales in Japan decreased, reflecting factors such as diminished demand for publishing inks and news inks.

Operating income fell sharply, owing to the aforementioned sales results and other factors.

### *The Americas and Europe*

Net sales	¥178.0 billion	Change	1.8%	[0.6%]
Operating income	¥6.4 billion	Change	0.6%	[7.4%]

Although shipments of packaging inks advanced, sales in North America slipped, with causes including waning demand for publishing inks and news inks. In Europe, sales edged up, as firm shipments of publishing inks and packaging inks countered falling demand for news inks. Sales in Central and South America rose, buoyed by robust shipments of packaging inks. As a result, overall sales in the Americas and Europe increased.

Despite the aforementioned sales results and positive factors such as rationalization measures, operating income was held to a slight gain. This was attributable to foreign currency fluctuations, among others.

### *Asia and Oceania*

Net sales	¥47.8 billion	Change	4.2%	[1.7%]
Operating income	¥3.0 billion	Change	-17.4%	[-19.8%]

While shipments of packaging inks were solid, sales in the People's Republic of China (PRC) decreased, hindered by factors such as flagging demand for publishing inks and news inks. In Southeast Asia, sales were pushed up by higher shipments of publishing inks and packaging inks. Sales in Oceania fell, with causes including fading demand for news inks. Sales in India increased, bolstered by brisk shipments of publishing inks and packaging inks. For these and other reasons, overall sales in Asia and Oceania rose.

Operating income declined, regardless of the aforementioned sales results, a consequence of soaring raw materials prices and other factors.

### Fine Chemicals

Net sales	¥102.1 billion	Change	4.9%	[3.1%]
Operating income	¥13.1 billion	Change	19.8%	[18.7%]

Sales of pigments were up, supported by a steep increase in shipments of functional pigments, including those for color filters and cosmetics. Sales of TFT LCs rose substantially, reflecting favorable shipments. These factors supported higher segment sales.

Segment operating income was up significantly, underpinned by an improved product mix, among others.

### Polymers

Net sales	¥145.4 billion	Change	9.0%	[8.4%]
Operating income	¥13.8 billion	Change	-3.2%	[-3.7%]

Sales in Japan rose, bolstered by increased shipments of high-value-added products, polystyrene and other products. Sales overseas were up sharply, thanks to generally firm shipments. For these and other reasons, segment sales advanced.

Notwithstanding the aforementioned sales results, segment operating income declined. Factors behind this result included rising raw materials prices.

### Compounds

Net sales	¥47.9 billion	Change	5.4%	[5.1%]
Operating income	¥3.5 billion	Change	-8.8%	[-7.1%]

Healthy shipments pushed up sales of polyphenylene sulfide (PPS) compounds. Steadily expanding shipments bolstered sales of jet inks. Owing to these and other factors, segment sales rose.

Segment operating income fell, despite the aforementioned sales results. Reasons behind this result included increases in raw materials prices and costs associated with advance investments.

### Application Materials

Net sales	¥40.8 billion	Change	0.7%	[0.5%]
Operating income	¥1.8 billion	Change	31.5%	[30.9%]

Segment sales increased, with contributing factors including higher shipments of industrial adhesive tapes and hollow-fiber membrane modules.

Segment operating income rose substantially, spurred by an improved product mix and efforts to reduce costs, among others.

### (3) Operating Results Forecasts for Fiscal Year 2017

The Company has revised its operating results forecasts for fiscal year 2017 from those published on August 9, 2017, as shown below.

(Billions of yen)

	FY2016	FY2017 (Forecasts)	Change (%)	Change (%) [Local currency basis]
Net sales	751.4	<b>790.0</b> [790.0]	5.1%	3.7%
Operating income	54.2	<b>56.0</b> [58.0]	3.4%	2.9%
Ordinary income	55.8	<b>56.0</b> [58.0]	0.4%	—
Net income attributable to owners of the parent	34.8	<b>41.0</b> [37.5]	17.9%	—

Note: Forecasts in squared parentheses are those published on August 9, 2017.

### Reasons for Revision of Operating Results Forecasts

Despite generally favorable net sales, the Company has revised its operating income and ordinary income forecasts for fiscal year 2017. This move was prompted by expectations that shipments of certain high-value-added products will fall short of projections and that the impact of rising raw materials prices will be greater than previously thought. In light of results in the nine months ended September 30, 2017, the Company has also revised its forecast for net income attributable to owners of the parent.

### **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 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.



## Consolidated Quarterly Balance Sheet

(Millions of yen)

	As of December 31, 2016	As of September 30, 2017
(Assets)		
Current assets		
Cash and deposits	17,241	53,295
Notes and accounts receivable-trade	215,369	226,883
Merchandise and finished goods	82,611	88,789
Work in process	9,461	10,024
Raw materials and supplies	53,605	58,613
Other	31,289	34,193
Allowance for doubtful accounts	(10,839)	(10,871)
Total current assets	398,737	460,926
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	92,092	92,532
Machinery, equipment and vehicles, net	66,342	70,074
Tools, furniture and fixtures, net	10,142	10,882
Land	50,169	50,319
Construction in progress	7,915	6,312
Total property, plant and equipment	226,660	230,119
Intangible assets		
Goodwill	501	271
Software	4,878	4,073
Other	3,563	3,772
Total intangible assets	8,942	8,116
Investments and other assets		
Investment securities	41,007	71,185
Net defined benefit asset	28,074	28,574
Other	62,895	66,637
Allowance for doubtful accounts	(1,487)	(1,542)
Total investments and other assets	130,489	164,854
Total non-current assets	366,091	403,089
Total assets	764,828	864,015

## Consolidated Quarterly Balance Sheet

(Millions of yen)

	As of December 31, 2016	As of September 30, 2017
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	94,392	116,287
Short-term loans payable	96,391	69,084
Commercial papers	—	56,000
Income taxes payable	4,153	5,268
Provision for bonuses	7,050	6,766
Other	63,353	53,001
Total current liabilities	265,339	306,406
Non-current liabilities		
Bonds payable	30,000	50,000
Long-term loans payable	109,918	126,194
Net defined benefit liability	28,072	24,944
Asset retirement obligations	1,334	1,376
Other	23,148	23,461
Total non-current liabilities	192,472	225,975
Total liabilities	457,811	532,381
(Net assets)		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,094	94,445
Retained earnings	159,541	183,284
Treasury shares	(1,213)	(1,823)
Total shareholders' equity	348,979	372,463
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,248	6,972
Deferred gains or losses on hedges	(187)	(15)
Foreign currency translation adjustment	(48,626)	(49,274)
Remeasurements of defined benefit plans	(26,879)	(26,674)
Total accumulated other comprehensive income	(70,444)	(68,991)
Non-controlling interests	28,482	28,162
Total net assets	307,017	331,634
Total liabilities and net assets	764,828	864,015

## Consolidated Quarterly Statement of Income

(Millions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Net sales	559,515	583,310
Cost of sales	425,305	447,634
Gross profit	134,210	135,676
Selling, general and administrative expenses		
Employees' salaries and allowances	30,847	31,425
Provision of allowance for doubtful accounts	1,709	137
Provision for bonuses	3,647	3,727
Retirement benefit expenses	1,310	635
Other	56,360	59,197
Total selling, general and administrative expenses	93,873	95,121
Operating income	40,337	40,555
Non-operating income		
Interest income	397	1,205
Dividends income	326	380
Foreign exchange gains	128	—
Equity in earnings of affiliates	2,652	3,116
Other	1,778	1,313
Total non-operating income	5,281	6,014
Non-operating expenses		
Interest expenses	2,473	2,583
Foreign exchange losses	—	1,146
Other	1,406	2,164
Total non-operating expenses	3,879	5,893
Ordinary income	41,739	40,676
Extraordinary income		
Gain on change in equity	—	544
Gain on bargain purchase	78	—
Total extraordinary income	78	544
Extraordinary loss		
Loss on disposal of non-current assets	3,567	1,985
Severance costs	802	456
Early termination fee	—	376
Provision of allowance for doubtful accounts	566	—
Loss on disaster	438	—
Total extraordinary loss	5,373	2,817
Income before income taxes and non-controlling interests	36,444	38,403
Income taxes	9,078	1,472
Net income	27,366	36,931
Net income attributable to non-controlling interests	2,088	1,812
Net income attributable to owners of the parent	25,278	35,119

## Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Net income	27,366	36,931
Other comprehensive income		
Valuation difference on available-for-sale securities	168	1,692
Deferred gains or losses on hedges	70	172
Foreign currency translation adjustment	(44,750)	(812)
Remeasurements of defined benefit plans, net of tax	9,460	228
Share of other comprehensive income of associates accounted for using equity method	(1,768)	369
Total other comprehensive income	(36,820)	1,649
Comprehensive income	(9,454)	38,580
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(10,465)	36,572
Comprehensive income attributable to non-controlling interests	1,011	2,008