



**Consolidated Financial Results for the Three Months Ended March 31, 2018 (Japan GAAP)**  
**(The fiscal year ending December 31, 2018)**

May 15, 2018  
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: Kaoru Ino, Representative Director, President and CEO

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Preparation of Supplemental Explanatory Materials: Yes

Holding of Quarterly Financial Results Meeting: No

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

**1. Consolidated Financial Results for the Three Months Ended March 31, 2018 (January 1, 2018 – March 31, 2018)**

**(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)	%
Three months ended March 31, 2018	196,197	3.8	11,024	-16.0	11,032	-16.7	7,410	-16.2
Three months ended March 31, 2017	189,010	0.4	13,130	6.4	13,250	9.7	8,839	28.7

Note: Comprehensive income (JPY million): Three months ended March 31, 2018 -4,820 (—%)  
Three months ended March 31, 2017 2,836 (—%)

	Earnings per share basic	Earnings per share diluted
	JPY	JPY
Three months ended March 31, 2018	78.29	—
Three months ended March 31, 2017	93.24	—

**(2) Consolidated financial position**

	Total assets	Net assets	Shareholders' equity ratio to total assets
	JPY (million)	JPY (million)	%
As of March 31, 2018	887,588	332,816	34.3
As of December 31, 2017	831,756	343,951	37.9

Note: Shareholders' equity (JPY million): As of March 31, 2018 304,418 As of December 31, 2017 315,129

**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
FY2017	—	60.00	—	60.00	120.00
FY2018	—	—	—	—	—
FY2018 (Plan)	—	60.00	—	65.00	125.00

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

**3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2018 (January 1, 2018 – December 31, 2018)**

(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
First half of FY2018	400,000	4.5	26,000	-0.1	26,000	-0.3	17,500	0.3	184.90
FY2018	820,000	3.9	58,000	2.7	58,000	1.8	40,000	3.6	422.63

Note: Revision of the forecasts for the consolidated operating results for the fiscal year ending December 31, 2018: No

## Notes

- (1) Changes in the scope of consolidation for significant subsidiaries during the three months ended March 31, 2018: 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 March 31, 2018	95,156,904 shares,	As of December 31, 2017	95,156,904 shares
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  - 2) Number of treasury shares at the end of the period
 

As of March 31, 2018	510,140 shares,	As of December 31, 2017	512,293 shares
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  - 3) Average number of shares issued during the period, excluding treasury shares
 

For the three months ended March 31, 2018	94,646,384 shares,	For the three months ended March 31, 2017	94,799,829 shares
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\* From the second quarter in the fiscal year ended 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: **Quarterly consolidated financial results are not subject to quarterly review procedures conducted by certified public accountants or audit firms.**

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

Economic conditions worldwide recovered gradually in the three months ended March 31, 2018. Moderate recovery persisted in the economies of North America and Europe. The shift toward revival continued in Asia. Japan's economy also rallied steadily.

In this environment, consolidated net sales advanced 3.8%, to ¥196.2 billion, reflecting multiple factors, including product price increases and firm shipments.

Operating income declined 16.0%, to ¥11.0 billion, hampered by rising raw materials prices and an increase in distribution costs, among others.

Ordinary income decreased 16.7%, to ¥11.0 billion, with contributing factors including lower operating income.

Net income attributable to owners of the parent was down 16.2%, to ¥7.4 billion. Reasons behind this result included the decrease in ordinary income.

(Billions of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018	Change (%)	Change (%) [Local currency basis]
Net sales	189.0	<b>196.2</b>	3.8%	2.5%
Operating income	13.1	<b>11.0</b>	-16.0%	-18.5%
Ordinary income	13.3	<b>11.0</b>	-16.7%	—
Net income attributable to owners of the parent	8.8	<b>7.4</b>	-16.2%	—
¥/US\$1.00 (Average rate)	113.64	<b>108.65</b>		
¥/EUR1.00 (Average rate)	121.13	<b>133.61</b>		

## (2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	Three months ended March 31, 2017	Three months ended March 31, 2018	Change (%)	Change (%) Local currency basis	Three months ended March 31, 2017	Three months ended March 31, 2018	Change (%)	Change (%) Local currency basis
Printing Inks	89.9	<b>92.9</b>	3.3%	1.8%	4.0	<b>2.5</b>	-36.6%	-38.4%
Fine Chemicals	34.3	<b>33.9</b>	-1.2%	-1.6%	4.2	<b>4.2</b>	0.0%	-3.0%
Polymers	46.9	<b>49.4</b>	5.2%	4.3%	4.5	<b>4.0</b>	-10.7%	-11.6%
Compounds	15.0	<b>15.7</b>	4.2%	2.4%	0.8	<b>0.8</b>	4.6%	0.2%
Application Materials	12.8	<b>13.1</b>	2.6%	1.9%	0.8	<b>0.5</b>	-32.0%	-32.4%
Others, Corporate and eliminations	(9.9)	<b>(8.8)</b>	—	—	(1.2)	<b>(1.0)</b>	—	—
Total	189.0	<b>196.2</b>	3.8%	2.5%	13.1	<b>11.0</b>	-16.0%	-18.5%

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	¥18.1 billion	Change	-4.5%
Operating income	¥0.5 billion	Change	-56.3%

Sales of packaging inks were level, a consequence of inventory adjustments by customers, among others. Nonetheless, overall sales in Japan declined, reflecting factors such as diminished demand for publishing inks and news inks.

Operating income fell sharply, owing to the aforementioned sales results, as well as to rising raw materials prices, higher distribution costs and other factors.

### *The Americas and Europe*

Net sales	¥60.8 billion	Change	5.1%	[2.7%]
Operating income	¥1.5 billion	Change	-23.6%	[-28.8%]

Waning demand for publishing inks and news inks pushed down sales in North America. In Europe, sales increased, boosted by brisk shipments of packaging inks. Sales in Central and South America were up, buoyed by robust shipments of packaging inks and news inks. As a result, sales in the Americas and Europe advanced, underpinned by an increase in overall sales of packaging inks.

Operating income declined dramatically, despite the aforementioned sales results, reflecting rising raw materials prices, among others.

### *Asia and Oceania*

Net sales	¥16.4 billion	Change	7.4%	[6.9%]
Operating income	¥0.6 billion	Change	-37.0%	[-36.6%]

Higher shipments of packaging inks and publishing inks bolstered sales in the People's Republic of China (PRC) and Southeast Asia. Sales in Oceania fell, with causes including fading demand for publishing inks and news inks. Sales in India increased in all product categories. For these and other reasons, overall sales in Asia and Oceania advanced.

Operating income decreased significantly, regardless of the aforementioned sales results, a consequence of rising raw materials prices and other factors.

### Fine Chemicals

Net sales	¥33.9 billion	Change	-1.2%	[-1.6%]
Operating income	¥4.2 billion	Change	0.0%	[-3.0%]

Sales of pigments were down, despite an increase in shipments of pigments for color filters and effect pigments. Reasons behind this result included a temporary lull in shipments of pigments for cosmetics and flagging demand for other pigments. Sales of TFT LCs rose, reflecting expanded shipments to existing customers. These factors led to a decrease in segment sales.

Notwithstanding an improved product mix, segment operating income was level, owing to rising raw materials prices, among others.

### Polymers

Net sales	¥49.4 billion	Change	5.2%	[4.3%]
Operating income	¥4.0 billion	Change	-10.7%	[-11.6%]

Sales of epoxy resins and other products for electronic and electrical equipment advanced in both Japan and overseas. For these and other reasons, segment sales increased.

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

### Compounds

Net sales	¥15.7 billion	Change	4.2%	[2.4%]
Operating income	¥0.8 billion	Change	4.6%	[0.2%]

Shipments of polyphenylene sulfide (PPS) compounds and jet inks expanded steadily. As a consequence, segment sales were up.

Regardless of rising raw materials prices and other factors, segment operating income advanced, bolstered by the aforementioned sales results.

### Application Materials

Net sales	¥13.1 billion	Change	2.6%	[1.9%]
Operating income	¥0.5 billion	Change	-32.0%	[-32.4%]

Segment sales increased, reflecting higher shipments of industrial adhesive tapes and hollow-fiber membrane modules.

Segment operating income was down substantially, notwithstanding the aforementioned sales results. Contributing factors included rising raw materials prices.

### (3) Operating Results Forecasts for Fiscal Year 2018

(Billions of yen)

	First half of FY2017	First half of FY2018	Change (%)	FY2017	FY2018	Change (%)
Net sales	382.7	400.0	4.5%	789.4	820.0	3.9%
Operating income	26.0	26.0	-0.1%	56.5	58.0	2.7%
Ordinary income	26.1	26.0	-0.3%	57.0	58.0	1.8%
Net income attributable to owners of the parent	17.4	17.5	0.3%	38.6	40.0	3.6%

Note: Forecasts are unchanged from those published on February 14, 2018.

### 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, 2017	As of March 31, 2018
(Assets)		
Current assets		
Cash and deposits	17,883	78,102
Notes and accounts receivable-trade	226,968	221,187
Merchandise and finished goods	90,010	89,966
Work in process	9,053	9,459
Raw materials and supplies	58,911	60,249
Other	32,914	35,742
Allowance for doubtful accounts	(10,763)	(10,093)
Total current assets	424,976	484,612
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	92,443	90,343
Machinery, equipment and vehicles, net	70,554	68,867
Tools, furniture and fixtures, net	11,129	11,123
Land	50,307	49,888
Construction in progress	7,244	6,974
Total property, plant and equipment	231,677	227,195
Intangible assets		
Goodwill	199	147
Software	3,837	3,458
Customer-related assets	874	4,173
Other	2,674	4,022
Total intangible assets	7,584	11,800
Investments and other assets		
Investment securities	76,867	73,724
Net defined benefit asset	33,408	34,954
Other	58,729	55,551
Allowance for doubtful accounts	(1,485)	(248)
Total investments and other assets	167,519	163,981
Total non-current assets	406,780	402,976
Total assets	831,756	887,588



## Consolidated Quarterly Balance Sheet

(Millions of yen)

	As of December 31, 2017	As of March 31, 2018
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	117,199	120,764
Short-term loans payable	89,062	93,519
Commercial papers	—	60,500
Income taxes payable	4,793	3,932
Provision for bonuses	7,071	6,134
Other	48,465	50,299
Total current liabilities	266,590	335,148
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	122,017	123,316
Net defined benefit liability	22,774	20,185
Asset retirement obligations	1,329	1,291
Other	25,095	24,832
Total non-current liabilities	221,215	219,624
Total liabilities	487,805	554,772
(Net assets)		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,445	94,445
Retained earnings	186,768	188,490
Treasury shares	(1,828)	(1,820)
Total shareholders' equity	375,942	377,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,874	6,540
Deferred gains or losses on hedges	(3)	0
Foreign currency translation adjustment	(46,462)	(58,904)
Remeasurements of defined benefit plans	(22,222)	(20,890)
Total accumulated other comprehensive income	(60,813)	(73,254)
Non-controlling interests	28,822	28,398
Total net assets	343,951	332,816
Total liabilities and net assets	831,756	887,588

## Consolidated Quarterly Statement of Income

(Millions of yen)

	Three months ended March, 2017	Three months ended March, 2018
Net sales	189,010	196,197
Cost of sales	144,672	152,992
Gross profit	44,338	43,205
Selling, general and administrative expenses		
Employees' salaries and allowances	10,525	11,048
Provision of allowance for doubtful accounts	15	(34)
Provision for bonuses	1,260	1,146
Retirement benefit expenses	233	26
Other	19,175	19,995
Total selling, general and administrative expenses	31,208	32,181
Operating income	13,130	11,024
Non-operating income		
Interest income	306	717
Dividends income	174	180
Equity in earnings of affiliates	829	877
Other	514	586
Total non-operating income	1,823	2,360
Non-operating expenses		
Interest expenses	762	1,005
Foreign exchange losses	150	177
Other	791	1,170
Total non-operating expenses	1,703	2,352
Ordinary income	13,250	11,032
Extraordinary loss		
Loss on disposal of non-current assets	562	513
Severance costs	243	232
Total extraordinary loss	805	745
Income before income taxes and non-controlling interests	12,445	10,287
Income taxes	2,930	2,364
Net income	9,515	7,923
Net income attributable to non-controlling interests	676	513
Net income attributable to owners of the parent	8,839	7,410

## Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Three months ended March, 2017	Three months ended March, 2018
Net income	9,515	7,923
Other comprehensive income		
Valuation difference on available-for-sale securities	404	(1,306)
Deferred gains or losses on hedges	206	3
Foreign currency translation adjustment	(8,905)	(11,611)
Remeasurements of defined benefit plans, net of tax	1,226	1,329
Share of other comprehensive income of associates accounted for using equity method	390	(1,158)
Total other comprehensive income	(6,679)	(12,743)
Comprehensive income	2,836	(4,820)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,180	(5,031)
Comprehensive income attributable to non-controlling interests	656	211