

Fiscal 2014 Financial Results

– supplementary financial summary –

May 12, 2015

Asahi Kasei Corporation

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Disclaimer

The forecasts and estimates shown in this document are dependent on a variety of assumptions and economic conditions. Plans and figures depicting the future do not imply a guarantee of actual outcomes.

Consolidated Results for Fiscal Year 2014

Summary of financial results (i)

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(¥ billion)

	FY 2013	FY 2014		FY 2014 vs FY 2013		Actual vs forecast	
		Actual	Forecast in Feb.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,897.8	1,986.4	1,991.0	88.6	+4.7%	(4.6)	-0.2%
Operating income	143.3	157.9	158.0	14.6	+10.2%	(0.1)	-0.0%
Ordinary income	142.9	166.5	164.0	23.7	+16.6%	2.5	+1.6%
Net income	101.3	105.7	103.0	4.4	+4.3%	2.7	+2.6%

Key operating factors

Naphtha price (¥/kL, domestic)	67,325	63,450	62,950
¥/US\$ exchange rate (market average)	100	110	109

Financial position

At closing	FY 2013	FY 2014	Increase (decrease)
Total assets	1,915.1	2,014.5	99.4
Equity	912.7	1,082.7	170.0
Interest-bearing debt	303.9	269.0	(34.9)
Debt/equity ratio	0.33	0.25	(0.08)

Summary of financial results (ii)

	FY 2013	FY 2014
Net income per share (EPS)	¥72.48	¥75.62
Dividends per share	¥17	¥19
Payout ratio	23.5%	25.1%
Net income per total assets (ROA)	5.5%	5.4%
Net income per shareholders' equity (ROE)	11.7%	10.6%
Shareholders' equity per share (BPS)	¥653.15	¥775.05

Scope of consolidation

Number of consolidated subsidiaries	131	140
Number of affiliates for which the equity method is applied	40	37

Employees at year end	29,127	30,313
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Statements of income

Asahi**KASEI**

(¥ billion)

	FY 2013		FY 2014		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,897.8	100.0%	1,986.4	100.0%	88.6	+4.7%
Cost of sales	1,385.7	73.0%	1,439.3	72.5%	53.6	+3.9%
Gross profit	512.1	27.0%	547.1	27.5%	35.0	+6.8%
Selling, general and administrative expenses	368.7	19.4%	389.1	19.6%	20.4	+5.5%
Operating income	143.3	7.6%	157.9	8.0%	14.6	+10.2%
Net non-operating income (expenses)	(0.5)		8.6		9.1	
of which,						
net financing income (expense)	1.4		2.2		0.8	
net equity in earnings (losses) of affiliates	(1.8)		1.7		3.5	
foreign exchange gains (loss)	0.4		5.2		4.8	
Ordinary income	142.9	7.5%	166.5	8.4%	23.7	+16.6%
Net extraordinary income (loss)	21.0		(8.1)		(29.1)	
Income before income taxes and minority interests	163.9	8.6%	158.4	8.0%	(5.4)	-3.3%
Income taxes	(61.8)		(51.5)		10.2	
Minority interest in income	(0.8)		(1.2)		(0.4)	
Net income	101.3	5.3%	105.7	5.3%	4.4	+4.3%

Financing activity

Financing income and expenses

(¥ billion)

	FY 2013	FY 2014	Increase (decrease)
Interest expenses	(3.4)	(3.1)	0.3
Interest income	1.2	1.4	0.2
Dividends income	3.7	3.9	0.2
Others	(0.1)	(0.1)	(0.0)
Total	1.4	2.2	0.8

Interest-bearing debt

(¥ billion)

	FY 2013	FY 2014	Increase (decrease)
At closing			
Short-term loans payable	103.6	96.0	(7.6)
Commercial paper	10.0	–	(10.0)
Long-term loans payable	146.0	130.4	(15.6)
Bonds payable	40.0	40.0	–
Lease obligations	4.2	2.6	(1.6)
Total	303.9	269.0	(34.9)

Extraordinary income and loss

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(¥ billion)

	FY 2013	FY 2014	Increase (decrease)
Extraordinary income			
Gain on sales of investment securities	0.3	2.8	2.4
Gain on sales of noncurrent assets	1.7	0.4	(1.3)
Income from compensation for damage	53.5	–	(53.5)
Total extraordinary income	55.5	3.1	(52.4)
Extraordinary loss			
Loss on sales of investment securities	–	0.1	0.1
Loss on valuation of investment securities	1.2	1.1	(0.1)
Loss on disposal of noncurrent assets	5.6	4.7	(0.8)
Impairment losses	0.4	1.3	0.8
Business structure improvement expenses	22.5	4.0	(18.5)
Loss on discontinuation of development project	4.8	–	(4.8)
Total extraordinary loss	34.5	11.2	(23.3)
Net extraordinary income (loss)	21.0	(8.1)	(29.1)

Balance sheets

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(¥ billion)

	At end of Mar. 2014	At end of Mar. 2015	Increase (decrease)		At end of Mar. 2014	At end of Mar. 2015	Increase (decrease)
Current assets	890.4	891.6	1.2	Liabilities	989.3	916.8	(72.5)
Cash and deposits	151.5	123.8	(27.7)	Current liabilities	576.8	507.4	(69.3)
Notes and accounts receivable–trade	316.7	325.6	8.9	Noncurrent liabilities	412.5	409.4	(3.2)
Inventories	328.5	339.7	11.1	Net assets	925.8	1,097.7	172.0
Other current assets	93.7	102.5	8.8	Shareholders' equity	815.6	879.0	63.4
Noncurrent assets	1,024.7	1,123.0	98.3	Capital stock	103.4	103.4	–
Property, plant and equipment	480.5	502.5	22.0	Capital surplus	79.4	79.4	0.0
Intangible assets	258.4	286.1	27.7	Retained earnings	635.4	699.3	63.9
Investments and other assets	285.7	334.4	48.6	Treasury stock	(2.6)	(3.0)	(0.4)
				Accumulated other comprehensive income	97.1	203.6	106.5
				Minority interests	13.1	15.1	2.0
Total assets	1,915.1	2,014.5	99.4	Total liabilities and net assets	1,915.1	2,014.5	99.4

Cash flows and primary investments

Cash flows		(¥ billion)	
	FY 2013	FY 2014	
a. Net cash provided by (used in) operating activities	244.2	137.6	
b. Net cash provided by (used in) investing activities	(103.8)	(100.5)	
c. Free cash flows [a+b]	140.4	37.1	
d. Net cash provided by (used in) financing activities	(105.1)	(74.0)	
e. Effect of exchange rate change on cash and cash equivalents	3.3	5.5	
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	38.6	(31.4)	
g. Cash and cash equivalents at beginning of period	104.0	143.1	
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	0.5	0.6	
i. Cash and cash equivalents at end of period [f+g+h]	143.1	112.3	

Primary investments		(¥ billion)	
	FY 2013	FY 2014	
Capital expenditure (tangible)	82.5	78.3	
Capital expenditure (intangible)	9.9	10.9	
Total capital expenditure	92.4	89.1	
Depreciation and amortization excluding goodwill	86.1	86.1	
Amortization of goodwill	8.8	9.3	
Total depreciation and amortization	94.9	95.4	
R&D expenditures	71.1	75.5	

FY 2014 vs FY 2013 sales and operating income by segment¹

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(¥ billion)

	Sales			Operating income			FY 2014 forecast in Feb.	
	FY 2013	FY 2014	Increase (decrease)	FY 2013	FY 2014	Increase (decrease)	Sales	Operating income
Chemicals & Fibers	912.5	954.6	42.1	47.4	64.6	17.2	958.0	63.5
Homes & Construction Materials	589.4	603.8	14.4	68.5	63.0	(5.5)	604.0	62.5
Electronics	145.0	150.4	5.4	14.2	14.3	0.1	152.0	16.0
Health Care	232.4	257.1	24.7	26.7	30.8	4.1	256.0	30.5
Others	18.5	20.5	2.0	1.7	0.9	(0.8)	21.0	1.5
Corporate expenses and eliminations	–	–	–	(15.3)	(15.8)	(0.5)	–	(16.0)
Consolidated	1,897.8	1,986.4	88.6	143.3	157.9	14.6	1,991.0	158.0

¹ Beginning with FY 2014, the former Chemicals segment and the former Fibers segment are combined as a new Chemicals & Fibers segment, the former Homes segment and the former Construction Materials segment are combined as a new Homes & Construction Materials segment, and the former Health Care segment and the former Critical Care segment are combined as a new Health Care segment.

FY 2014 vs FY 2013 sales and operating income by business category¹

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(¥ billion)

	Sales			Operating income			FY 2014 forecast in Feb.	
	FY 2013	FY 2014	Increase (decrease)	FY 2013	FY 2014	Increase (decrease)	Sales	Operating income
Chemicals	791.6	824.3	32.7	38.9	54.2	15.3	827.0	54.0
Fibers	120.9	130.3	9.4	8.6	10.5	1.9	131.0	9.5
Homes	534.4	551.8	17.4	63.0	59.2	(3.8)	551.0	58.5
Construction Materials	55.0	52.0	(3.0)	5.5	4.1	(1.5)	53.0	4.0
Electronics	145.0	150.4	5.4	14.2	14.3	0.1	152.0	16.0
Health Care	152.5	146.5	(6.1)	30.3	26.7	(3.5)	147.0	26.5
Critical Care	79.8	110.6	30.8	(3.5)	4.1	7.6	109.0	4.0
Others	18.5	20.5	2.0	1.7	0.9	(0.8)	21.0	1.5
Corporate expenses and eliminations	–	–	–	(15.3)	(16.1)	(0.8)	–	(16.0)
Consolidated	1,897.8	1,986.4	88.6	143.3	157.9	14.6	1,991.0	158.0

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

Sales and operating income increases/decreases by business category¹, FY 2014 vs FY 2013 (i)

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(¥ billion)

		FY 2013	FY 2014	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Chemicals	Sales	791.6	824.3	32.7	21.3	(2.0)	24.3	13.4	–
	Operating income	38.9	54.2	15.3	0.4			–	16.9
Fibers	Sales	120.9	130.3	9.4	4.1	3.0	2.0	2.3	–
	Operating income	8.6	10.5	1.9	1.6			–	(2.7)
Homes	Sales	534.4	551.8	17.4	5.5	11.6	–	0.4	–
	Operating income	63.0	59.2	(3.8)	0.8			–	(16.2)
Construction Materials	Sales	55.0	52.0	(3.0)	(3.6)	0.6	–	–	–
	Operating income	5.5	4.1	(1.5)	(0.9)			–	(1.1)
Electronics	Sales	145.0	150.4	5.4	12.1	(6.7)	6.9	–	–
	Operating income	14.2	14.3	0.1	5.9			–	0.9

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

Sales and operating income increases/decreases by business category¹, FY 2014 vs FY 2013 (ii)

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(¥ billion)

		FY 2013	FY 2014	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Health Care	Sales	152.5	146.5	(6.1)	(2.6)	(3.4)	1.8	–	–
	Operating income	30.3	26.7	(3.5)	(1.8)			–	1.7
Critical Care	Sales	79.8	110.6	30.8	23.1	(0.1)	(0.4)	7.8	–
	Operating income (loss)	(3.5)	4.1	7.6	16.6			–	(8.9)
Others	Sales	18.5	20.5	2.0	2.0	–	–	–	–
	Operating income	1.7	0.9	(0.8)	0.1			–	(0.9)
Corporate expenses and eliminations	Operating loss	(15.3)	(16.1)	(0.8)	–	–	–	–	(0.8)
Consolidated	Sales	1,897.8	1,986.4	88.6	61.9	2.9	34.6	23.8	–
	Operating income	143.3	157.9	14.6	22.8			–	(11.2)

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

Overseas sales by business category¹

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(¥ billion)

	FY 2013			FY 2014			Increase (decrease)	
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		% change
Chemicals	791.6	354.8	44.8%	824.3	374.1	45.4%	19.3	+5.4%
Fibers	120.9	48.3	39.9%	130.3	55.7	42.8%	7.5	+15.5%
Homes	534.4	–	–	551.8	–	–	–	–
Construction Materials	55.0	–	–	52.0	–	–	–	–
Electronics	145.0	90.4	62.4%	150.4	95.6	63.6%	5.2	+5.7%
Health Care	152.5	35.2	23.1%	146.5	37.4	25.5%	2.2	+6.2%
Critical Care	79.8	79.3	99.3%	110.6	109.5	99.0%	30.2	+38.1%
Others	18.5	0.7	3.7%	20.5	1.0	4.6%	0.3	+39.1%
Total	1,897.8	608.7	32.1%	1,986.4	673.3	33.9%	64.6	+10.6%
Sales to East Asia ²		340.5	17.9%		353.5	17.8%	13.0	+3.8%
of which, sales to China		187.2	9.9%		194.0	9.8%	6.8	+3.6%

Sales, excluding Homes
and Construction Materials

1,308.4 608.7 46.5% 1,382.6 673.3 48.7%

¹ Corresponding to the former operating segments.

² China, Korea, and Taiwan.

Forecast for Fiscal Year 2015

Consolidated operating performance forecast

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(¥ billion)

	FY 2013	FY 2014			FY 2015 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,897.8	966.9	1,019.5	1,986.4	959.0	1,041.0	2,000.0	13.6
Operating income	143.3	70.9	87.0	157.9	70.5	93.5	164.0	6.1
Ordinary income	142.9	74.2	92.4	166.5	71.5	95.0	166.5	(0.0)
Net income	101.3	49.5	56.1	105.7	44.0	62.0	106.0	0.3

Naphtha price (¥/kL, domestic)	67,325	70,400	56,500	63,450	50,000	50,000	50,000	(13,450)
¥/US\$ exchange rate (market average)	100	103	117	110	115	115	115	5

	FY 2013	FY 2014	FY 2015
Dividends per share	¥17	¥19	¥20 (planned)
Payout ratio	23.5%	25.1%	26.4%

Sales and operating income forecast by segment¹

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Sales forecast by segment

(¥ billion)

	FY 2014			FY 2015 forecast			Increase (decrease) b-a
	H1	H2	Total a	H1	H2	Total b	
Chemicals & Fibers	477.5	477.2	954.6	447.0	447.0	894.0	(60.6)
Homes & Construction Materials	282.5	321.3	603.8	282.0	354.0	636.0	32.2
Electronics	74.0	76.4	150.4	80.0	81.0	161.0	10.6
Health Care	121.4	135.7	257.1	138.0	148.0	286.0	28.9
Others	11.6	8.9	20.5	12.0	11.0	23.0	2.5
Consolidated	966.9	1,019.5	1,986.4	959.0	1,041.0	2,000.0	13.6

Operating income forecast by segment

(¥ billion)

	FY 2014			FY 2015 forecast			Increase (decrease) b-a
	H1	H2	Total a	H1	H2	Total b	
Chemicals & Fibers	26.6	38.0	64.6	32.5	34.5	67.0	2.4
Homes & Construction Materials	28.8	34.3	63.0	23.5	39.5	63.0	(0.0)
Electronics	7.4	6.9	14.3	8.0	8.5	16.5	2.2
Health Care	15.0	15.9	30.8	14.5	19.0	33.5	2.7
Others	0.7	0.2	0.9	0.0	0.5	0.5	(0.4)
Corporate expenses and eliminations	(7.5)	(8.3)	(15.8)	(8.0)	(8.5)	(16.5)	(0.7)
Consolidated	70.9	87.0	157.9	70.5	93.5	164.0	6.1

¹ Beginning with FY 2014, the former Chemicals segment and the former Fibers segment are combined as a new Chemicals & Fibers segment, the former Homes segment and the former Construction Materials segment are combined as a new Homes & Construction Materials segment, and the former Health Care segment and the former Critical Care segment are combined as a new Health Care segment.

Sales forecast by business category¹

AsahiKASEI

(¥ billion)

	FY 2014			FY 2015 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	413.1	411.2	824.3	381.0	380.0	761.0	(63.3)
Fibers	64.4	66.0	130.3	66.0	67.0	133.0	2.7
Homes	256.0	295.8	551.8	254.0	326.0	580.0	28.2
Construction Materials	26.5	25.5	52.0	28.0	28.0	56.0	4.0
Electronics	74.0	76.4	150.4	80.0	81.0	161.0	10.6
Health Care	73.3	73.2	146.5	75.0	75.0	150.0	3.5
Critical Care	48.1	62.5	110.6	63.0	73.0	136.0	25.4
Others	11.6	8.9	20.5	12.0	11.0	23.0	2.5
Consolidated	966.9	1,019.5	1,986.4	959.0	1,041.0	2,000.0	13.6

¹ Corresponding to the former operating segments.

Operating income forecast by business category¹

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(¥ billion)

	FY 2014			FY 2015 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	22.0	32.3	54.2	27.0	29.0	56.0	1.8
Fibers	4.7	5.8	10.5	5.5	5.5	11.0	0.5
Homes	27.0	32.3	59.2	21.0	37.0	58.0	(1.2)
Construction Materials	2.1	2.0	4.1	2.5	2.5	5.0	0.9
Electronics	7.4	6.9	14.3	8.0	8.5	16.5	2.2
Health Care	14.7	12.0	26.7	12.5	13.0	25.5	(1.2)
Critical Care	0.3	3.8	4.1	2.0	6.0	8.0	3.9
Others	0.7	0.2	0.9	0.0	0.5	0.5	(0.4)
Corporate expenses and eliminations	(7.8)	(8.3)	(16.1)	(8.0)	(8.5)	(16.5)	(0.4)
Consolidated	70.9	87.0	157.9	70.5	93.5	164.0	6.1

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

Forecast by business category¹

	(¥billion)	FY 14	FY 15 forecast	Outlook
Chemicals	Sales Operating income	824.3 54.2	761.0 56.0	Decreased shipments of styrene and deteriorated market prices for acrylonitrile in petrochemicals. Increased shipments of synthetic rubber and engineering plastics in performance polymers. Increased shipments in each product category in specialty products. Sales decrease, but operating income increase.
Fibers	Sales Operating income	130.3 10.5	133.0 11.0	Increased shipments of nonwovens, Roica elastic polyurethane filament, and Bemberg cupro fiber. Sales and operating income increase.
Homes	Sales Operating income	551.8 59.2	580.0 58.0	Increased deliveries of Hebel Maison apartment buildings in order-built homes and of home units in Atlas series condominium buildings in real estate. Higher costs for construction work and building materials. Sales increase, but operating income decrease.
Construction Materials	Sales Operating income	52.0 4.1	56.0 5.0	Increased shipments of Hebel autoclaved aerated concrete panels and Neoma high-performance phenolic foam insulation panels. Sales and operating income increase.
Electronics	Sales Operating income	150.4 14.3	161.0 16.5	Electronic devices: Benefit from weaker yen. Firm shipments of electronic devices for smartphones. Electronic materials: Declined sales prices. Benefit from weaker yen. Increased shipments of high-end products in each product category. Sales and operating income increase in Electronics overall.
Health Care	Sales Operating income	146.5 26.7	150.0 25.5	Pharmaceuticals: Increased shipments of Teribone osteoporosis drug and other products. Higher SG&A such as R&D expenses. Devices: Increased shipments of Planova virus removal filters and other products. Sales increase, but operating income decrease in Health Care overall.
Critical Care	Sales Operating income	110.6 4.1	136.0 8.0	Higher SG&A with reinforced sales activity. Continued expansion of operations centered on LifeVest wearable defibrillators. Sales and operating income increase.

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

Appendix

Quarterly sales by business category¹

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(¥ billion)

	FY 2013				FY 2014				FY 2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	H1 forecast	H2 forecast
Chemicals	193.1	203.9	201.4	193.2	196.9	216.2	217.9	193.3	381.0	380.0
Fibers	28.8	31.0	30.1	31.0	30.9	33.5	32.9	33.1	66.0	67.0
Homes	98.4	140.0	121.8	174.2	105.5	150.5	124.2	171.6	254.0	326.0
Construction Materials	13.1	14.7	15.0	12.2	12.3	14.2	14.1	11.4	28.0	28.0
Electronics	36.5	38.2	36.6	33.7	35.8	38.2	39.9	36.5	80.0	81.0
Health Care	38.3	37.5	41.2	35.6	35.7	37.5	39.7	33.5	75.0	75.0
Critical Care	17.8	19.8	20.1	22.2	23.3	24.9	29.8	32.7	63.0	73.0
Others	4.0	4.0	4.5	6.0	6.9	4.8	4.6	4.3	12.0	11.0
Total	430.0	489.0	470.7	508.1	447.1	519.8	503.1	516.3	959.0	1,041.0

¹ Corresponding to the former operating segments.

Quarterly operating income by business category¹

Asahi**KASEI**

(¥ billion)

	FY 2013				FY 2014				FY 2015	
	Q1 ²	Q2 ²	Q3 ²	Q4	Q1	Q2	Q3	Q4	H1 forecast	H2 forecast
Chemicals	10.2	13.0	10.0	5.7	7.1	14.9	18.0	14.2	27.0	29.0
Fibers	2.2	2.2	2.3	1.8	2.2	2.5	2.6	3.2	5.5	5.5
Homes	6.6	19.9	12.2	24.2	8.4	18.5	11.9	20.4	21.0	37.0
Construction Materials	1.3	1.7	2.0	0.5	0.9	1.2	1.4	0.6	2.5	2.5
Electronics	3.8	5.5	3.6	1.4	4.0	3.4	5.9	1.0	8.0	8.5
Health Care	9.0	7.4	10.0	3.9	8.1	6.6	9.3	2.7	12.5	13.0
Critical Care	(1.5)	(0.5)	(0.7)	(0.8)	(0.3)	0.6	2.4	1.4	2.0	6.0
Others	0.4	0.4	0.2	0.8	0.4	0.3	0.2	0.1	0.0	0.5
Corporate expenses and eliminations	(3.7)	(3.6)	(4.0)	(4.0)	(4.2)	(3.6)	(3.9)	(4.4)	(8.0)	(8.5)
Total	28.3	45.9	35.6	33.5	26.6	44.3	47.8	39.2	70.5	93.5

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

² The figures for Q1, Q2, and Q3 2013 have been revised retroactively to reflect the consolidation of one subsidiary in the Electronics segment in Q3 2013.

Primary investments by business category¹

AsahiKASEI

(¥ billion)

	Capital expenditures			Depreciation and amortization ²			R&D expenditures		
	FY 2013	FY 2014	FY 2015 forecast	FY 2013	FY 2014	FY 2015 forecast	FY 2013	FY 2014	FY 2015 forecast
Chemicals	30.8	31.9	35.0	31.1	28.8		15.2	15.2	
Fibers	8.0	9.8	13.5	5.9	6.8		3.1	3.0	
Homes	8.7	9.2	7.0	5.9	6.5		2.2	2.3	
Construction Materials	6.4	1.7	1.5	2.2	3.0		0.9	0.8	
Electronics	14.6	11.6	16.0	14.3	13.9		16.4	17.1	
Health Care	9.5	6.5	7.0	10.0	8.9		19.7	21.4	
Critical Care	8.7	10.1	11.0	10.0	11.2		6.2	8.3	
Others	1.4	1.4	1.5	1.0	1.1		0.1	0.1	
Corporate expenses, assets, and eliminations	4.5	6.9	7.5	5.7	5.9		7.5	7.3	
Total	92.4	89.1	100.0	86.1	86.1	93.0	71.1	75.5	84.0

Amortization of goodwill

8.8 9.3

¹ Corresponding to the former operating segments.

² Amortization of goodwill is excluded and shown separately below the table.

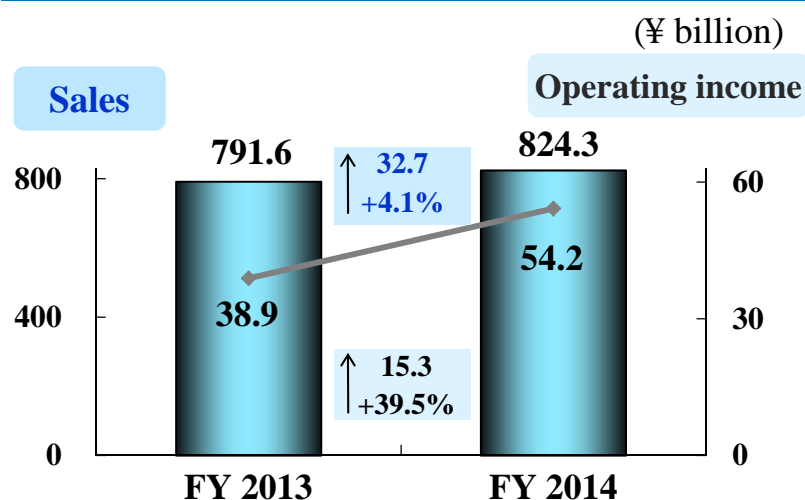
Completed in FY 2014

- Bemberg cupro fiber – capacity increase in Nobeoka-shi, Miyazaki, Japan, May 2014.*
- Duranol polycarbonatediol (PCD) – new 3,000 t/y plant in China, Nov. 2014.

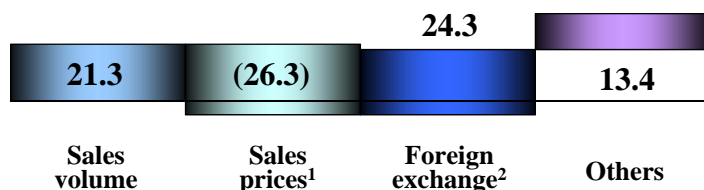
Under construction at FY 2014 year-end

- Solution-SBR – 50,000 t/y capacity increase in Singapore, first half 2015.*
- Duranate hexamethylene diisocyanate (HDI)-based polyisocyanate – 10,000 t/y capacity increase in China, early 2015.
- AZP transparent polymer for optical applications – new several thousand t/y plant in Sodegaura-shi, Chiba, Japan, first half 2015.
- Spunbond nonwoven – 20,000 t/y capacity increase in Thailand, Nov. 2015.*
- Plastic compounds – second plant in the US, 30,000 t/y, early 2016.*

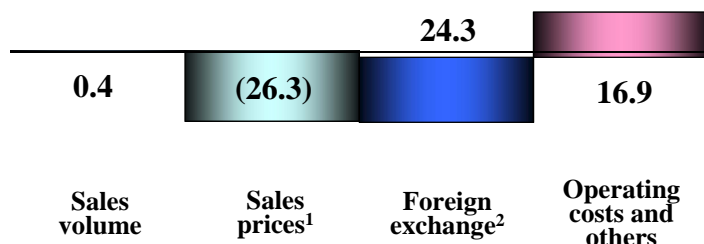
* Investment of ¥3 billion or more.



Sales increases/decreases due to:



Operating income increases/decreases due to:



¹ Increase (decrease) in sales prices excluding impact of foreign exchange

² Impact of foreign exchange on sales prices

Review of operations

Petrochemicals:

Declined market prices for styrene. Positive effects of strengthening of petrochemical operations in Japan. Substantial improvement of terms of trade for acrylonitrile due to firm market prices and lower feedstock costs. Sales and operating income increase.

Performance polymers:

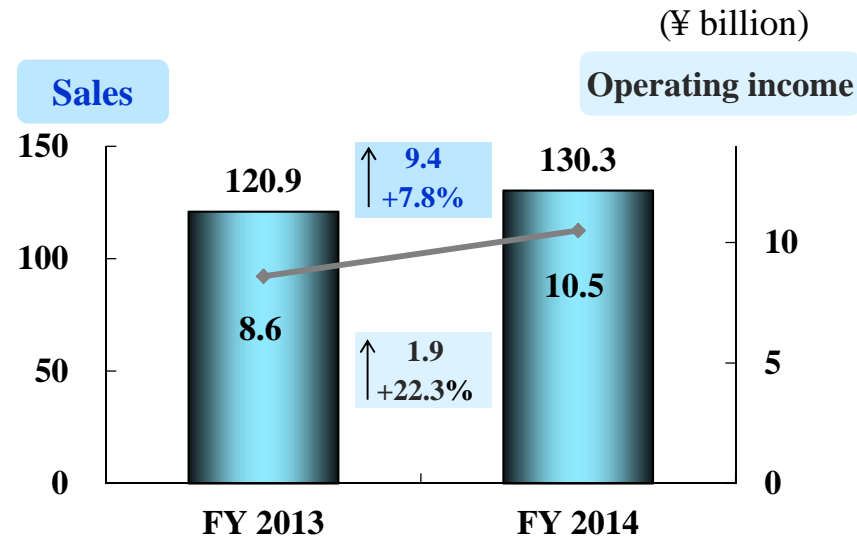
Benefit from weaker yen. Firm sales of engineering plastics. Synthetic rubber impacted by lower market prices for general-purpose products. Sales and operating income increase.

Specialty products:

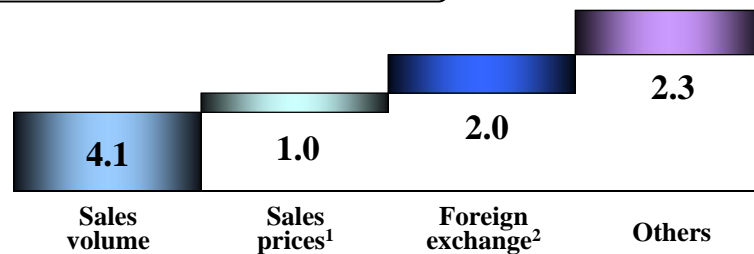
Firm sales of ion-exchange membranes. Impact of consumption tax increase for Saran Wrap cling film and other consumables. Sales and operating income increase.

Highlights

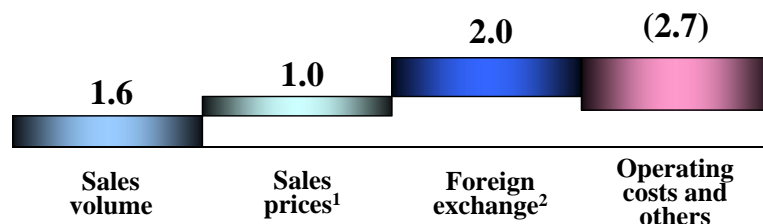
- May, decision to construct a second plant for plastic compounds in the US.
- June, decision to construct manufacturing facilities for AZP, a new transparent polymer featuring zero birefringence for optical applications.
- November, start-up of a new plant for Duranol polycarbonatediol in China.
- January, decision to construct a validation plant at Mizushima Works in Okayama, Japan, for a newly developed process to produce diphenyl carbonate, a monomer of polycarbonate, via dialkyl carbonate obtained from CO₂ and alcohol.
- April 2015, Microza hollow-fiber membrane selected for Singapore's largest wastewater reclamation plant, the Second Changi NEWater Plant.



Sales increases/decreases due to:



Operating income increases/decreases due to:



¹ Increase (decrease) in sales prices excluding impact of foreign exchange

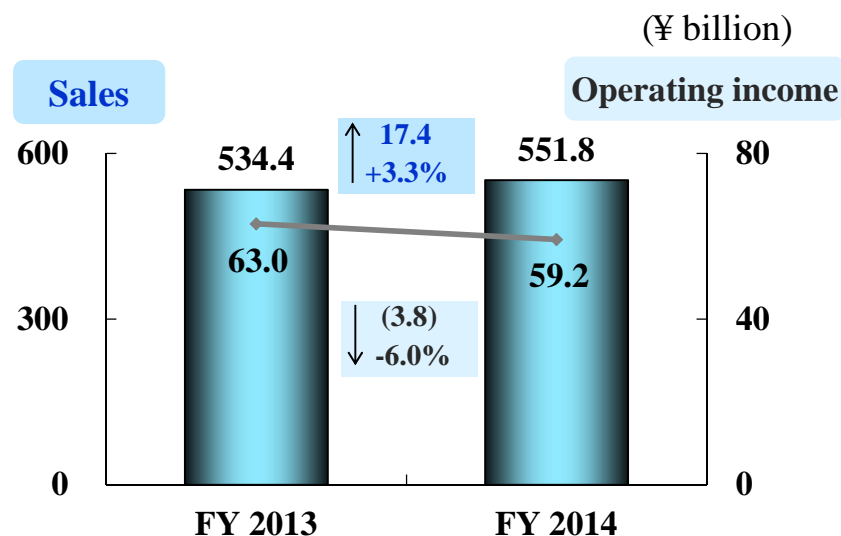
² Impact of foreign exchange on sales prices

Review of operations

Increased depreciation expenses for a new production facility for Bemberg cupro fiber. Benefit from weaker yen. Firm sales of Bemliese continuous-filament cellulosic nonwoven for facial masks etc., of Lamous artificial suede for automotive interiors, and of Roica elastic polyurethane filament. Sales and operating income increase.

Highlights

- May, decision to expand production capacity for spunbond nonwoven in Thailand.
- June, start of commercial operation of new production facility for Bemberg.
- September, launch of Roboden elastic electric wire using Roica.
- October, opening of Cupro Lining Museum+.
- December, commercialization of NanoAct cellulose nanobeads as labels for lateral flow immunoassay.



Results by product category

(¥ billion)

	FY 2013		FY 2014		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	394.1	49.1	404.2	43.6	10.1	(5.5)
Real estate (Asahi Kasei Fudousan Residence)	85.8	5.8	92.0	6.9	6.2	1.0
Remodeling (Asahi Kasei Reform)	52.6	6.5	53.6	6.3	1.0	(0.2)
Other housing-related, etc.	1.9	1.6	2.0	2.5	0.1	0.9
Total	534.4	63.0	551.8	59.2	17.4	(3.8)

Review of operations

Order-built homes:

- Increased deliveries mainly for Hebel Maison apartment buildings based on strong orders in the previous fiscal year. Increase in materials costs and in SG&A such as sales promotion expenses. Sales increase, but operating income decrease.
- Year-on-year, value of new orders increased by 1.0%, reaching a record-high, with a decrease in H1 as a reaction to the surge in demand prior to the consumption tax increase, and an increase in H2 due to firm order trends centered on apartment buildings.

Real estate, remodeling and others:

Firm performance of rental management in real estate. Decreased orders in remodeling in reaction to the surge in demand prior to the consumption tax increase. Sales and operating income increase.

Highlights

- May, adoption of newly developed seismic damping system as standard equipment for Hebel Haus Frex steel-framed three-story houses.
- Launch of new products for greater flexibility in spatial design and more varied appearance; Hebel Haus Cut&Gable in August, and Hebel Haus terra craft and Hebel Haus SOFIT in November.
- March, decision to establish a joint LLC in Vietnam and construct the first overseas plant of Asahi Kasei Homes, for steel-frame members other than the main structural frame.

Homes (i)

Sales¹ and order trends

(¥ billion, % indicates year-on-year comparison)

		Value of new orders during the term	Sales of order-built homes	Sales of pre-built homes		Other sales	Consolidated subsidiaries	Consolidated	Order backlog		
FY10	H1	181.7 (+17.6%)	125.5 (+8.3%)	9.4 (+79.8%)		1.1	37.5 (+4.8%)	173.5 (+10.0%)	363.4		
	H2	172.8 (+13.4%)	176.6 (+6.1%)	18.4 (-31.7%)		1.5	39.2 (+4.5%)	235.7 (+1.6%)	359.5		
	annual	354.5 (+15.5%)	302.1 (+7.0%)	27.8 (-13.6%)		2.5	76.8 (+4.6%)	409.2 (+5.0%)			
FY11	H1	189.4 (+4.2%)	145.9 (+16.3%)	11.9 (+26.5%)		1.5	40.6 (+8.3%)	200.0 (+15.2%)	403.0		
	H2	182.5 (+5.6%)	193.7 (+9.7%)	11.8 (-35.7%)		46.5 (+14.2%)		252.0 (+6.9%)	391.8		
	annual	371.9 (+4.9%)	339.6 (+12.4%)	23.7 (-14.7%)		88.7 (+11.8%)		452.0 (+10.4%)			
		Value of new orders during the term	Sales of order-built homes, etc.	Sales of real estate				Sales of remodeling	Other sales	Consolidated	Order backlog
				Pre-built homes	Rental housing	Other	Total				
FY12	H1	207.5 (+9.5%)	161.4	4.4	23.3	1.1	28.8	21.6	1.2	213.0 (+6.5%)	441.5
	H2	204.9 (+12.3%)	205.9	16.2	24.5	1.1	41.9	24.7	0.7	273.1 (+8.4%)	444.6
	annual	412.4 (+10.9%)	367.3	20.6	47.8	2.2	70.6	46.3	1.9	486.2 (+7.6%)	
FY13	H1	251.9 (+21.4%)	181.0 (+12.1%)	4.5	26.2	1.4	32.1	24.5	0.8	238.4 (+11.9%)	519.9
	H2	169.4 (-17.3%)	213.1 (+3.5%)	24.8	27.9	1.1	53.7	28.1	1.1	296.0 (+8.4%)	481.5
	annual	421.3 (+2.2%)	394.1 (+7.3%)	29.3	54.1	2.5	85.8	52.6	1.9	534.4 (+9.9%)	
FY14	H1	217.6 (-13.6%)	187.9 (+3.9%)	9.8	29.3	1.4	40.6	26.3	1.1	256.0 (+7.4%)	516.3
	H2	208.0 (+22.8%)	216.2 (+1.5%)	18.0	31.8	1.6	51.4	27.3	0.9	295.8 (-0.1%)	514.5
	annual	425.7 (+1.0%)	404.2 (+2.6%)	27.8	61.1	3.1	92.0	53.6	2.0	551.8 (+3.3%)	
FY15	forecast	447.0 (+5.0%)	408.5 (+1.1%)	41.5	69.5	3.0	114.0	55.5	2.0	580.0 (+5.1%)	565.5

¹ Product categories are revised from FY 2012. A portion of sales previously included in pre-built homes is now included in order-built homes, etc. Otherwise, sales in the previous pre-built homes category are now included in real estate.

Homes (ii)

Breakdown of FY 2014 sales and orders of Asahi Kasei Homes

(% change from previous year)

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	217.1	-4.0%	7,132	-4.4%	211.7	-3.7%	7,165	-0.4%
	3+ story	86.6	+1.4%	3,459	+3.4%	98.6	-3.9%	4,066	+0.4%
	Total	303.7	-2.6%	10,591	-2.0%	310.2	-3.8%	11,231	-0.1%
Multi-dwelling homes	1-2 story	32.8	+18.3%	2,533	+16.0%	41.2	+16.5%	3,202	+14.8%
	3+ story	56.1	+25.1%	4,331	+29.2%	74.2	+16.9%	5,677	+18.7%
	Total	89.0	+22.5%	6,864	+24.0%	115.4	+16.8%	8,879	+17.3%
Order-built homes total		392.7	+2.2%	17,455	+6.8%	425.7	+1.0%	20,110	+6.9%
Other ¹		11.5	+17.5%	29	(19.4%)	-	-	-	-
Asahi Kasei Homes total		404.2	+2.6%	17,484	+6.8%	425.7	+1.0%	20,110	+6.9%

¹ Includes sales of street-corner showrooms and land for Hebel Haus construction, insurance commissions, etc.

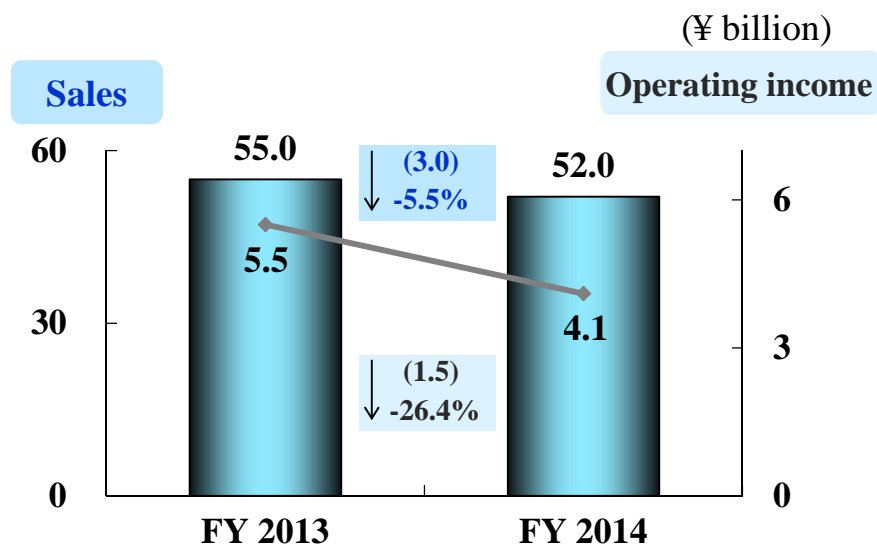
Homes (iii)

Breakdown of sales and order forecast of Asahi Kasei Homes for FY 2015

(% change from previous year)

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	187.6	-13.6%	6,570	-7.9%	222.0	+4.9%	7,510	+4.8%
	3+ story	94.3	+8.8%	4,070	+17.7%	104.0	+5.5%	4,300	+5.8%
	Total	281.9	-7.2%	10,640	+0.5%	326.0	+5.1%	11,810	+5.2%
Multi-dwelling homes	1-2 story	40.7	+24.0%	3,250	+28.3%	43.0	+4.4%	3,360	+4.9%
	3+ story	73.4	+30.7%	5,720	+32.1%	78.0	+5.1%	6,000	+5.7%
	Total	114.1	+28.2%	8,970	+30.7%	121.0	+4.8%	9,360	+5.4%
Order-built homes total		396.0	+0.8%	19,610	+12.3%	447.0	+5.0%	21,170	+5.3%
Other ¹		12.5	+9.1%	40	+37.9%	-	-	-	-
Asahi Kasei Homes total		408.5	+1.1%	19,650	+12.4%	447.0	+5.0%	21,170	+5.3%

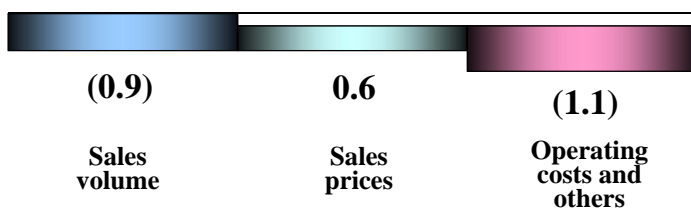
¹ Includes sales of street-corner showrooms and land for Hebel Haus construction, insurance commissions, etc.



Sales increases/decreases due to:



Operating income increases/decreases due to:

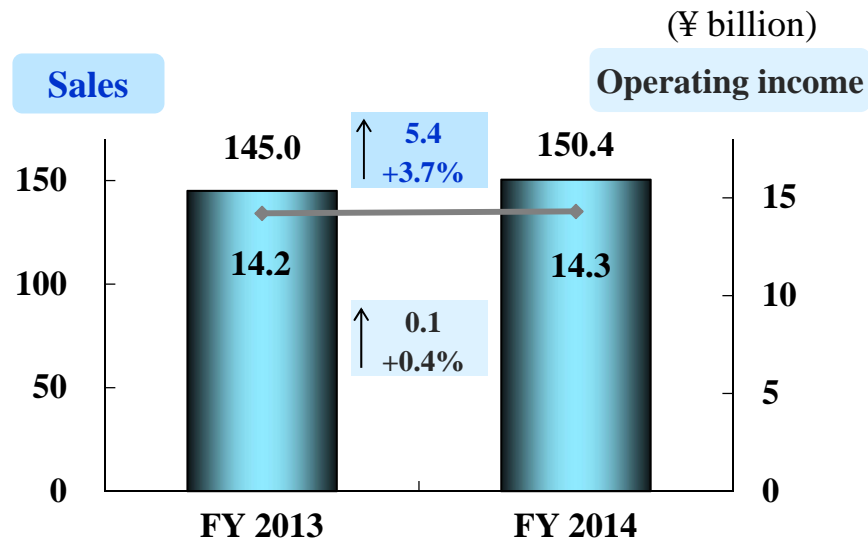


Review of operations

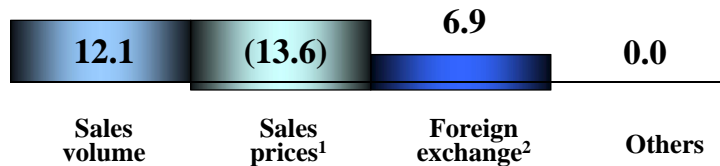
Increased shipments of Hebel autoclaved aerated concrete panels. For Neoma high-performance phenolic foam insulation panels, decreased shipments in reaction to the surge in demand prior to the consumption tax increase, and increased depreciation expenses for a new production line. Sales and operating income decrease.

Highlights

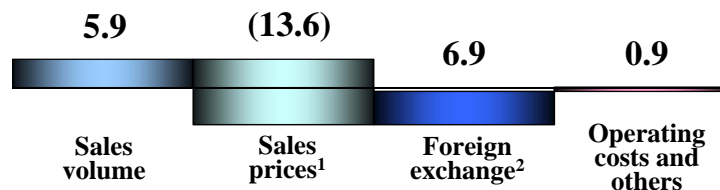
- June, launch of Neoma panel for insulation retrofitting that enables residents to continue living in the house during installation.



Sales increases/decreases due to:



Operating income increases/decreases due to:



Review of operations

Electronic devices:

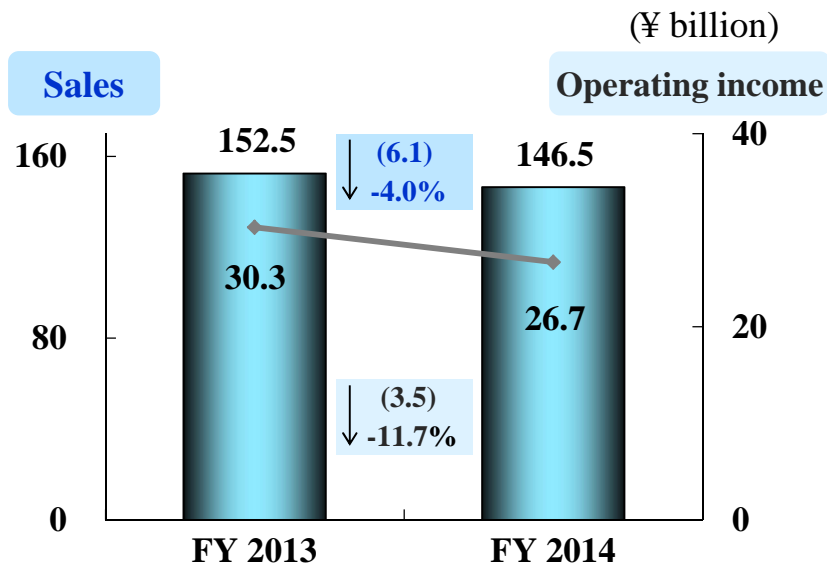
Benefit from weaker yen. Increased shipments of electronic devices for smartphones. Increase in cost of goods sold due to a devaluation of inventories in relation to structural improvement of the power management device business continuing from last fiscal year. Sales increase, but operating income decrease.

Electronic materials:

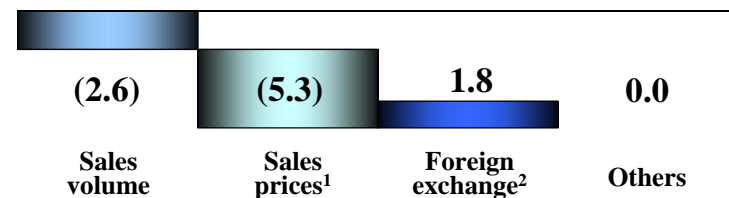
Benefit from weaker yen. Increased sales of high-end products in each product category. Decreased sales prices mainly for Hipore Li-ion battery separator. Sales and operating income increase.

¹ Increase (decrease) in sales prices excluding impact of foreign exchange

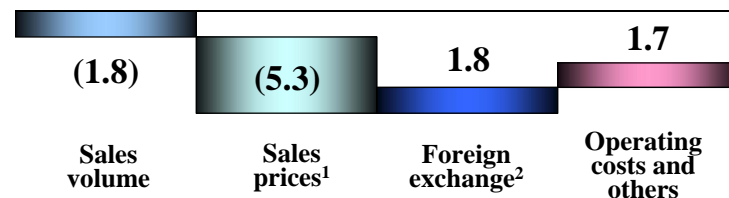
² Impact of foreign exchange on sales prices



Sales increases/decreases due to:



Operating income increases/decreases due to:



¹ Increase (decrease) in sales prices excluding impact of foreign exchange

² Impact of foreign exchange on sales prices

Review of operations

Pharmaceuticals:

Reduced reimbursement prices for pharmaceutical products excluding new drugs. Decreased shipments of Teribone osteoporosis drug in reaction to the surge in demand prior to the consumption tax increase. Sales and operating income decrease.

Devices:

Firm overseas sales of dialysis products and therapeutic apheresis devices. Increased shipments of Planova virus removal filters. Benefit from weaker yen. Sales and operating income increase.

Highlights

- May, decision to construct a new manufacturing facility for recombinant thrombomodulin alpha, the active ingredient of Reomodulin anticoagulant intravenous infusion 12800, in Fuji-shi, Shizuoka, Japan.
- July, application in Japan for manufacturing and marketing of XIAFLEX for Dupuytren's contracture.
- December, agreement with Dong-A ST Co., Ltd. granting the company exclusive rights in Korea for the development and sale of Teribone.
- March, decision to construct a new spinning plant for Planova BioEX filters.
- April 2015, decision to withdraw from nutritional products business.

Health Care (i)

Sales of Health Care category

(¥ billion)

		FY 2013			FY 2014		
		H1	H2	Total	H1	H2	Total
	Domestic pharamaceuticals	40.8	41.4	82.2	38.1	37.1	75.2
	Others	3.3	2.6	5.8	2.4	3.0	5.4
Asahi Kasei Pharma consolidated		44.1	43.9	88.0	40.5	40.1	80.6
Devices ¹		31.7	32.8	64.5	32.7	33.2	65.9
Total		75.8	76.8	152.5	73.3	73.2	146.5

¹Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

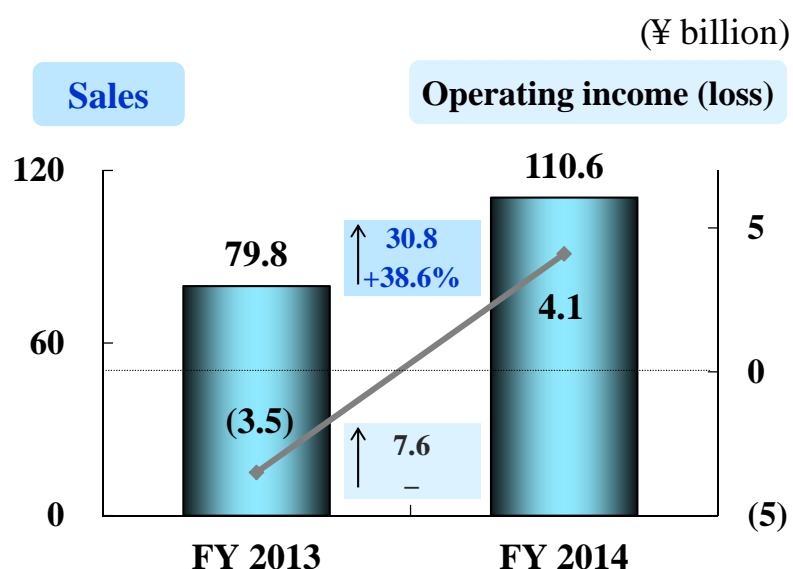
	FY 2013			FY 2014		
	H1	H2	Total	H1	H2	Total
Teribone	12.8	14.1	26.9	12.5	12.9	25.4
Flivas	7.0	7.2	14.2	6.5	6.7	13.2
Recomodulin	5.9	6.7	12.6	5.5	6.1	11.7
Elcitonin	4.3	3.6	7.9	3.3	2.8	6.1
Bredinin	3.2	3.1	6.3	2.8	2.7	5.6

Main pharmaceutical products

	Generic name	Mechanism/ substance class	Indication	Formulation
Teribone	Teriparatide acetate	Synthetic human parathyroid hormone (PTH)	Osteoporosis with high risk of fracture	Injection
Flivas	Naftopidil	Selective α -1 blocker	Benign prostatic hypertrophy	Tablet
Recomodulin	Recombinant thrombomodulin alpha	Anticoagulant	Disseminated intravascular coagulation	Injection
Elcitonin	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection
Bredinin	Mizoribine	Immunosuppressant	Rheumatoid arthritis, kidney transplantation, nephrosis syndrome, lupus nephritis	Tablet

Pharmaceutical pipeline

Development stage	Code name, form, generic name	Remarks	Classifications	Indication	Origin
Pending approval	AK-160, injection	New biologic	Collagenase clostridium histolyticum	Dupuytren's contracture	Licensed
Phase III	AK-156, injection, zoledronic acid	New efficacy, new dose; once-yearly administration	Bisphosphonate	Osteoporosis	Licensed
Phase II	HC-58, injection, elcatonin	Additional indication	Calcitonin	Shoulder hand syndrome	In-house
Phase III (overseas)	ART-123, injection, recombinant thrombomodulin alpha	New biologic	Recombinant human thrombomodulin	Severe sepsis with coagulopathy	In-house
	HE-69, mizoribine	Additional indication	Immunosuppressant	Lupus nephritis, nephrotic syndrome	In-house
Phase II (overseas)	AK106	New chemical entity	Anti-inflammatory	Rheumatoid arthritis	In-house



Review of operations

Smooth expansion of LifeVest wearable defibrillator operations. Increased sales of other products such as defibrillators and related accessories. Increased SG&A with reinforced sales activity. Sales and operating income increase.

Highlights

- June, approval in Japan for manufacturing and marketing of the R Series defibrillator for hospital use.
- October, agreement to purchase substantially all assets of Impact Instrumentation, Inc., a U.S. manufacturer of respiratory care products.
- November, agreement to purchase substantially all assets of InnerCool temperature management business of Royal Philips, of the Netherlands.
- November, application for approval of a new indication for the Thermogard intravascular temperature management system with Japan's Pharmaceuticals and Medical Devices Agency.
- December, agreement to acquire Advanced Circulatory Systems, Inc., a U.S. manufacturer of intrathoracic pressure regulation products.

Financial performance of Critical Care

(¥ billion)

	FY 2013			FY 2014		
	H1	H2	FY 2013	H1	H2	FY 2014
Net sales	37.5	42.3	79.8	48.1	62.5	110.6
Gross operating income before PPA ¹ impact	4.6	4.9	9.5	6.6	11.0	17.6
Amortization/depreciation from PPA ¹ revaluation	(6.6)	(6.4)	(13.0)	(6.3)	(7.2)	(13.5)
Goodwill	(3.5)	(3.6)	(7.1)	(3.7)	(4.3)	(7.9)
Other intangible assets, etc.	(3.1)	(2.8)	(5.9)	(2.7)	(2.9)	(5.6)
Consolidated operating income (loss)	(2.0)	(1.5)	(3.5)	0.3	3.8	4.1

¹ Purchase price allocation.

Statements of comprehensive income

Asahi**KASEI**

			(¥ billion)
	FY 2013	FY 2014	increase (decrease)
a: Income before minority interests	102.1	106.9	4.8
Net increase or decrease in unrealized gain on other securities	13.0	37.9	25.0
Deferred gains or losses on hedges	0.7	(1.5)	(2.3)
Foreign currency translation adjustment	29.1	48.9	19.8
Remeasurements of defined benefit plans	-	17.1	17.1
Share of other comprehensive income of affiliates accounted for using equity method	1.2	5.1	3.9
b: Other comprehensive income	44.0	107.6	63.6
Comprehensive income [a+b]	146.1	214.5	68.4
Comprehensive income attributable to owners of the parent	145.0	212.2	67.2
Comprehensive income attributable to minority interests	1.1	2.3	1.2