

Fiscal quarter ended
December 2016
– supplementary financial summary –

February 7, 2017
Asahi Kasei Corporation

Consolidated results for fiscal quarter ended Dec. 2016

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Consolidated results for fiscal quarter ended Dec. 2016

Period from April 1 to December 31, 2016,
and October 1 to December 31, 2016.

Summary of financial results¹

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(¥ billion)

	2015		2016		Oct.–Dec. 2016 vs. 2015		Apr.–Dec. 2016 vs. 2015		FY 2016 forecast in Nov. <i>b</i>	% of forecast <i>a/b</i>
	Oct.–Dec.	Apr.–Dec.	Oct.–Dec.	Apr.–Dec. <i>a</i>	Increase (decrease)	% change	Increase (decrease)	% change		
Net sales	490.9	1,448.4	466.1	1,356.8	(24.8)	-5.1%	(91.5)	-6.3%	1,830.0	74.1%
Operating income	42.2	126.6	43.4	114.1	1.2	+2.8%	(12.5)	-9.9%	145.0	78.7%
Ordinary income	43.2	124.6	48.5	118.4	5.4	+12.4%	(6.2)	-5.0%	144.0	82.2%
Net income attributable to owners of the parent	24.6	71.7	36.7	89.7	12.2	+49.5%	17.9	+25.0%	99.0	90.6%

Key operating factors

Naphtha price (¥/kL, domestic)	40,900	45,600	34,000	32,300
¥/US\$ exchange rate (market average)	122	122	109	107

Financial position

	At end of Mar. 2016	At end of Dec. 2016	Increase (decrease)
Total assets	2,211.7	2,340.7	128.9
Equity	1,041.9	1,135.4	93.5
Interest-bearing debt	449.7	469.4	19.7
Debt/equity ratio	0.43	0.41	(0.02)

¹ Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included from Q2 2015.

Statements of income

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(¥ billion)

	2015				2016				Oct-Dec. 2016 vs. 2015		Apr.-Dec. 2016 vs. 2015	
	Oct-Dec.		Apr.-Dec.		Oct-Dec.		Apr.-Dec.		Increase (decrease)	% change	Increase (decrease)	% change
		% of sales		% of sales		% of sales		% of sales				
Net sales	490.9	100.0%	1,448.4	100.0%	466.1	100.0%	1,356.8	100.0%	(24.8)	-5.1%	(91.5)	-6.3%
Cost of sales	343.0	69.9%	1,010.4	69.8%	317.8	68.2%	928.7	68.4%	(25.3)	-7.4%	(81.8)	-8.1%
Gross profit	147.9	30.1%	438.0	30.2%	148.4	31.8%	428.2	31.6%	0.5	+0.3%	(9.8)	-2.2%
Selling, general and administrative expenses	105.7	21.5%	311.3	21.5%	105.0	22.5%	314.0	23.1%	(0.7)	-0.7%	2.7	+0.9%
Operating income	42.2	8.6%	126.6	8.7%	43.4	9.3%	114.1	8.4%	1.2	+2.8%	(12.5)	-9.9%
Net non-operating income (expenses)	1.0	/	(2.0)	/	5.2	/	4.3	/	4.2	/	6.3	/
of which,												
net financing income (expenses)	0.5	/	2.1	/	0.6	/	1.7	/	0.1	/	(0.4)	/
net equity in earnings (losses) of affiliates	(0.0)	/	(1.9)	/	1.3	/	2.6	/	1.3	/	4.5	/
foreign exchange gains (loss)	(0.2)	/	(1.0)	/	3.6	/	0.3	/	3.8	/	1.3	/
Ordinary income	43.2	8.8%	124.6	8.6%	48.5	10.4%	118.4	8.7%	5.4	+12.4%	(6.2)	-5.0%
Net extraordinary income (loss)	(6.0)	/	(11.5)	/	2.2	/	3.0	/	8.2	/	14.5	/
Income before income taxes	37.2	7.6%	113.1	7.8%	50.7	10.9%	121.4	8.9%	13.5	+36.4%	8.3	+7.3%
Income taxes	(12.0)	/	(40.3)	/	(13.5)	/	(30.4)	/	(1.5)	/	9.8	/
Net income attributable to non-controlling interests	(0.6)	/	(1.1)	/	(0.5)	/	(1.3)	/	0.1	/	(0.2)	/
Net income attributable to owners of the parent	24.6	5.0%	71.7	5.0%	36.7	7.9%	89.7	6.6%	12.2	+49.5%	17.9	+25.0%

Extraordinary income and loss

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(¥ billion)

	2015		2016		Oct.–Dec.	Apr.–Dec.
	Oct.–Dec.	Apr.–Dec.	Oct.–Dec.	Apr.–Dec.	'16 vs. '15 Increase (decrease)	'16 vs. '15 Increase (decrease)
Gain on sales of investment securities	0.0	0.0	6.0	9.9	6.0	9.8
Gain on sales of noncurrent assets	0.1	0.2	0.0	0.1	(0.1)	(0.2)
Total extraordinary income	0.2	0.3	6.0	9.9	5.9	9.7
Loss on valuation of investment securities	–	0.3	0.0	0.0	0.0	(0.2)
Loss on disposal of noncurrent assets	0.9	2.4	1.0	2.3	0.0	(0.1)
Impairment loss	2.0	2.3	0.0	0.1	(2.0)	(2.3)
Business structure improvement expenses	0.7	1.2	2.8	3.8	2.1	2.6
Provision for loss on litigation	(2.9)	–	–	–	2.9	–
Litigation settlement	1.2	1.2	–	–	(1.2)	(1.2)
Loss on piling business ¹	1.3	1.3	–	–	(1.3)	(1.3)
Business integration expense	0.9	0.9	0.0	0.7	(0.9)	(0.2)
Special retirement expenses and other ²	2.1	2.1	–	–	(2.1)	(2.1)
Total extraordinary loss	6.1	11.7	3.8	6.9	(2.3)	(4.8)
Net extraordinary income (loss)	(6.0)	(11.5)	2.2	3.0	8.2	14.5

¹ Expenses incurred such as for investigation of manipulation of data in precast concrete pile installation work previously performed by Asahi Kasei Construction Materials Corp.

² Severance allowance, etc. for management personnel of Polypore International, LP, who retired following the acquisition by Asahi Kasei Corp.

Balance sheets

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(¥ billion)

	At end of Mar. 2016	At end of Dec. 2016	Increase (decrease)		At end of Mar. 2016	At end of Dec. 2016	Increase (decrease)
Current assets	856.0	954.6	98.6	Liabilities	1,154.3	1,188.6	34.3
Cash and deposits	146.1	189.0	43.0	Current liabilities	725.7	686.9	(38.7)
Notes and accounts receivable–trade	280.1	310.0	29.9	Noncurrent liabilities	428.7	501.7	73.1
Inventories	336.7	360.4	23.7	Net assets	1,057.4	1,152.0	94.6
Other current assets	93.1	95.2	2.1	Shareholders' equity	942.7	1,004.8	62.1
Noncurrent assets	1,355.7	1,386.1	30.3	Capital stock	103.4	103.4	–
Property, plant and equipment	556.0	564.2	8.2	Capital surplus	79.4	79.4	0.0
Intangible assets	494.6	486.5	(8.1)	Retained earnings	763.1	825.2	62.1
Investments and other assets	305.1	335.4	30.2	Treasury stock	(3.2)	(3.2)	(0.1)
				Accumulated other comprehensive income	99.2	130.6	31.4
				Non-controlling interests	15.5	16.6	1.1
Total assets	2,211.7	2,340.7	128.9	Total liabilities and net assets	2,211.7	2,340.7	128.9

Cash flows

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(¥ billion)

	2015		2016	
	Oct.–Dec.	Apr.–Dec.	Oct.–Dec.	Apr.–Dec.
a. Net cash provided by (used in) operating activities	13.8	125.8	33.2	123.7
b. Net cash provided by (used in) investing activities	(25.5)	(261.0)	(12.6)	(63.1)
c. Free cash flows [a+b]	(11.7)	(135.2)	20.7	60.6
d. Net cash provided by (used in) financing activities	32.7	197.8	29.9	(13.4)
e. Effect of exchange rate change on cash and cash equivalents	(2.0)	(6.1)	4.9	(5.1)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	19.0	56.5	55.4	42.0
g. Cash and cash equivalents at beginning of period	156.1	112.3	132.3	145.3
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	–	6.3	–	0.4
i. Cash and cash equivalents at end of period [f+g+h]	175.0	175.0	187.8	187.8

Sales and operating income by segment¹, Oct.–Dec. 2015 and 2016

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(¥ billion)

	Sales			Operating income		
	Oct.–Dec. 2015	Oct.–Dec. 2016	Increase (decrease)	Oct.–Dec. 2015	Oct.–Dec. 2016	Increase (decrease)
Material ²	255.1	251.8	(3.2)	18.3	25.8	7.5
Homes	158.2	139.5	(18.7)	17.4	12.4	(5.0)
Health Care	73.0	69.1	(3.9)	11.1	9.4	(1.7)
Others	4.6	5.7	1.0	1.2	2.0	0.8
Corporate expenses and eliminations	–	–	–	(5.8)	(6.3)	(0.4)
Consolidated	490.9	466.1	(24.8)	42.2	43.4	1.2

¹ Beginning with FY 2016, the former Chemicals & Fibers segment and the former Electronics segment are combined as a Material segment, and the former Homes & Construction Materials segment is renamed as a Homes segment; the Health Care segment remains unchanged. As a result, the former 4 segments are revised into the 3 segments of Material, Homes, and Health Care. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Material segment from Q2 2015.

Sales and operating income by segment¹, Apr.–Dec. 2015 and 2016

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(¥ billion)

	Sales			Operating income		
	Apr.–Dec. 2015	Apr.–Dec. 2016	Increase (decrease)	Apr.–Dec. 2015	Apr.–Dec. 2016	Increase (decrease)
Material ²	776.6	713.5	(63.1)	66.3	63.2	(3.1)
Homes	441.9	427.0	(14.9)	44.4	38.9	(5.5)
Health Care	216.3	201.4	(15.0)	31.8	26.9	(4.8)
Others	13.6	15.0	1.4	3.5	4.4	1.0
Corporate expenses and eliminations	–	–	–	(19.3)	(19.3)	(0.0)
Consolidated	1,448.4	1,356.8	(91.5)	126.6	114.1	(12.5)

¹ Beginning with FY 2016, the former Chemicals & Fibers segment and the former Electronics segment are combined as a Material segment, and the former Homes & Construction Materials segment is renamed as a Homes segment; the Health Care segment remains unchanged. As a result, the former 4 segments are revised into the 3 segments of Material, Homes, and Health Care. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Material segment from Q2 2015.

Sales and operating income increase/decrease by business category¹, Oct.–Dec. 2016 vs. 2015 (i)

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(¥ billion)

		Oct.–Dec. 2015	Oct.–Dec. 2016	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Fibers	Sales	33.8	31.4	(2.4)	0.0	(1.4)	(0.7)	(1.0)	–
	Operating income	4.1	3.3	(0.7)	0.4			–	0.2
Chemicals	Sales	185.7	184.0	(1.7)	8.9	(5.1)	(5.4)	(5.6)	–
	Operating income	15.6	20.8	5.2	1.8			–	8.5
Electronics ²	Sales	35.5	36.4	0.9	6.3	(3.7)	(1.1)	(1.8)	–
	Operating income	(1.3)	1.7	3.0	2.6			–	4.2
Homes	Sales	144.4	125.4	(19.0)	0.8	(0.4)	–	(19.4)	–
	Operating income	15.5	10.8	(4.7)	(1.1)			–	(3.2)
Construction Materials	Sales	13.8	14.1	0.3	(0.4)	(0.2)	–	0.9	–
	Operating income	2.1	1.9	(0.3)	0.0			–	(0.1)

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Sales and operating income increase/decrease by business category¹, Oct.–Dec. 2016 vs. 2015 (ii)

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(¥ billion)

		Oct.–Dec. 2015	Oct.–Dec. 2016	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign	Others	Operating costs and others
Health Care	Sales	36.9	34.3	(2.6)	1.0	(3.2)	(0.7)	(0.4)	–
	Operating income	7.7	5.4	(2.3)	0.5			–	0.4
Critical Care	Sales	36.1	34.8	(1.4)	1.2	1.1	(0.1)	(3.7)	–
	Operating income	3.4	4.0	0.6	0.9			–	(1.4)
Others	Sales	4.6	5.7	1.0	1.0	–	–	–	–
	Operating income	1.2	2.0	0.8	0.6			–	0.2
Corporate expenses and eliminations	Operating loss	(6.0)	(6.5)	(0.5)	–	–	–	–	(0.5)
Consolidated	Sales	490.9	466.1	(24.8)	18.9	(12.9)	(8.0)	(30.8)	–
	Operating income	42.2	43.4	1.2	5.8			–	8.3

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals. Refer to p. 27 "Revised segments and business categories."

Sales and operating income increase/decrease by business category¹, Apr.–Dec. 2016 vs. 2015 (i)

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(¥ billion)

		Apr.–Dec. 2015	Apr.–Dec. 2016	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign	Others	Operating costs and others
Fibers	Sales	100.6	93.7	(6.9)	1.4	(5.0)	(2.4)	(3.4)	–
	Operating income	11.4	9.3	(2.1)	0.8			–	2.1
Chemicals	Sales	587.1	516.6	(70.5)	(11.0)	(41.5)	(20.8)	(18.1)	–
	Operating income	49.8	52.5	2.7	0.9			–	43.2
Electronics ²	Sales	88.9	103.3	14.3	26.8	(9.1)	(4.5)	(3.4)	–
	Operating income	5.1	1.4	(3.7)	5.8			–	(0.3)
Homes	Sales	402.4	390.3	(12.2)	0.2	1.9	–	(14.3)	–
	Operating income	39.9	35.4	(4.5)	(1.6)			–	(4.8)
Construction Materials	Sales	39.4	36.7	(2.7)	(4.1)	(0.3)	–	1.8	–
	Operating income	5.2	3.7	(1.6)	(1.0)			–	(0.2)

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Sales and operating income increase/decrease by business category¹, Apr.–Dec. 2016 vs. 2015 (ii)

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(¥ billion)

		Apr.–Dec. 2015	Apr.–Dec. 2016	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	112.4	102.1	(10.3)	1.3	(9.9)	(3.2)	(1.6)	–
	Operating income	23.6	16.1	(7.5)	0.5			–	1.9
Critical Care	Sales	103.9	99.2	(4.6)	6.9	1.3	(0.1)	(12.8)	–
	Operating income	8.2	10.8	2.6	5.2			–	(3.9)
Others	Sales	13.6	15.0	1.4	1.4	–	–	–	–
	Operating income	3.5	4.4	1.0	0.1			–	0.9
Corporate expenses and eliminations	Operating loss	(20.0)	(19.5)	0.5	–	–	–	–	0.5
Consolidated	Sales	1,448.4	1,356.8	(91.5)	22.8	(62.6)	(31.0)	(51.8)	–
	Operating income	126.6	114.1	(12.5)	10.8			–	39.3

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals. Refer to p. 27 “Revised segments and business categories.”

Forecast for fiscal year 2016

Consolidated operating performance forecast¹

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(¥ billion)

	FY 2015			FY 2016 revised forecast					FY 2016 forecast in Nov.
	H1	H2	Total	H1	H2		Total		
					Oct.–Dec.	Jan.–Mar.		forecast	
Net sales	957.4	983.5	1,940.9	890.7	466.1	513.2	979.3	1,870.0	1,830.0
Operating income	84.4	80.8	165.2	70.8	43.4	38.9	82.3	153.0	145.0
Ordinary income	81.4	79.9	161.4	69.9	48.5	35.6	84.1	154.0	144.0
Net income attributable to owners of the parent	47.2	44.6	91.8	52.9	36.7	16.4	53.1	106.0	99.0

Key operating factors

Naphtha price (¥/kL, domestic)	48,000	37,600	42,800	31,450	34,000	42,000	38,000	34,725	33,225
¥/US\$ exchange rate (market average)	122	118	120	105	109	110	110	108	103

	FY 2015	FY 2016
Dividends per share	¥20	¥20 (planned)
Payout ratio	30.4%	26.3%

¹ Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included from Q2 2015.

Sales forecast by business category¹

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(¥ billion)

	FY 2015			FY 2016 revised forecast					FY 2016 forecast in Nov. <i>b</i>	Increase (decrease) <i>a-b</i>
	H1	H2	Total	H1	H2		Total <i>a</i>			
					Oct.–Dec.	Jan.–Mar.		forecast		
Fibers	66.8	65.2	132.1	62.3	31.4	31.3	62.7	125.0	125.0	–
Chemicals	401.3	349.4	750.7	332.5	184.0	177.5	361.5	694.0	666.0	28.0
Electronics ²	53.4	68.2	121.6	66.9	36.4	35.7	72.1	139.0	132.0	7.0
Homes	258.0	325.0	583.0	264.8	125.4	180.8	306.2	571.0	570.0	1.0
Construction Materials	25.6	23.8	49.4	22.6	14.1	12.2	26.4	49.0	50.0	(1.0)
Health Care	75.6	69.3	144.9	67.8	34.3	31.9	66.2	134.0	133.0	1.0
Critical Care	67.7	72.8	140.5	64.5	34.8	36.7	71.5	136.0	132.0	4.0
Others	8.9	9.7	18.7	9.3	5.7	7.1	12.7	22.0	22.0	–
Consolidated	957.4	983.5	1,940.9	890.7	466.1	513.2	979.3	1,870.0	1,830.0	40.0

¹ Corresponding to the former operating segments. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Operating income (loss) forecast by business category¹

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(¥ billion)

	FY 2015			FY 2016 revised forecast					FY 2016 forecast in Nov. <i>b</i>	Increase (decrease) <i>a-b</i>
	H1	H2	Total	H1	H2		Total <i>a</i>			
					Oct.–Dec.	Jan.–Mar.		forecast		
Fibers	7.4	6.5	13.9	6.0	3.3	2.7	6.0	12.0	12.0	–
Chemicals	34.2	26.7	60.9	31.7	20.8	13.0	33.8	65.5	62.0	3.5
Electronics ²	6.4	(1.9)	4.4	(0.3)	1.7	(0.4)	1.3	1.0	(2.0)	3.0
Homes	24.4	41.0	65.4	24.6	10.8	23.6	34.4	59.0	61.0	(2.0)
Construction Materials	3.1	2.7	5.8	1.8	1.9	0.8	2.6	4.5	4.0	0.5
Health Care	15.9	8.4	24.3	10.7	5.4	1.3	6.8	17.5	15.5	2.0
Critical Care	4.8	7.2	11.9	6.8	4.0	4.2	8.2	15.0	14.5	0.5
Others	2.2	1.5	3.8	2.4	2.0	0.6	2.6	5.0	4.0	1.0
Corporate expenses and eliminations	(14.0)	(11.3)	(25.3)	(13.0)	(6.5)	(6.9)	(13.4)	(26.5)	(26.0)	(0.5)
Consolidated	84.4	80.8	165.2	70.8	43.4	38.9	82.3	153.0	145.0	8.0

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Sales and operating income forecast by segment¹

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Sales forecast

(¥ billion)

	FY 2015			FY 2016 revised forecast					FY 2016 forecast in Nov. <i>b</i>	Increase (decrease) <i>a-b</i>
	H1	H2	Total	H1	H2		Total <i>a</i>			
					Oct.–Dec.	Jan.–Mar.		forecast		
Material ²	521.6	482.9	1,004.4	461.7	251.8	244.5	496.3	958.0	923.0	35.0
Homes	283.6	348.8	632.4	287.5	139.5	193.0	332.6	620.0	620.0	–
Health Care	143.3	142.1	285.4	132.3	69.1	68.6	137.7	270.0	265.0	5.0
Others	8.9	9.7	18.7	9.3	5.7	7.1	12.7	22.0	22.0	–
Consolidated	957.4	983.5	1,940.9	890.7	466.1	513.2	979.3	1,870.0	1,830.0	40.0

Operating income forecast

(¥ billion)

	FY 2015			FY 2016 revised forecast					FY 2016 forecast in Nov. <i>b</i>	Increase (decrease) <i>a-b</i>
	H1	H2	Total	H1	H2		Total <i>a</i>			
					Oct.–Dec.	Jan.–Mar.		forecast		
Material ²	48.0	31.2	79.2	37.4	25.8	15.3	41.1	78.5	72.0	6.5
Homes	27.0	44.0	71.0	26.5	12.4	24.6	37.0	63.5	65.0	(1.5)
Health Care	20.7	15.5	36.2	17.6	9.4	5.6	15.0	32.5	30.0	2.5
Others	2.2	1.5	3.8	2.4	2.0	0.6	2.6	5.0	4.0	1.0
Corporate expenses and eliminations	(13.5)	(11.6)	(25.0)	(13.1)	(6.3)	(7.1)	(13.4)	(26.5)	(26.0)	(0.5)
Consolidated	84.4	80.8	165.2	70.8	43.4	38.9	82.3	153.0	145.0	8.0

¹ Beginning with FY 2016, the former Chemicals & Fibers segment and the former Electronics segment are combined as a Material segment, and the former Homes & Construction Materials segment is renamed as a Homes segment; the Health Care segment remains unchanged. As a result, the former 4 segments are revised into the 3 segments of Material, Homes, and Health Care. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Material segment from Q2 2015.

Appendix

Quarterly sales by business category¹

Asahi**KASEI**

(¥ billion)

	FY 2015				FY 2016			FY 2016
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 forecast
Fibers	33.0	33.8	33.8	31.4	30.9	31.4	31.4	31.3
Chemicals	206.9	194.5	185.7	163.6	165.8	166.8	184.0	177.5
Electronics ²	24.7	28.8	35.5	32.7	32.2	34.7	36.4	35.7
Homes	109.9	148.1	144.4	180.6	115.7	149.1	125.4	180.8
Construction Materials	12.2	13.4	13.8	10.0	10.3	12.3	14.1	12.2
Health Care	38.5	37.0	36.9	32.5	34.5	33.3	34.3	31.9
Critical Care	32.7	35.0	36.1	36.6	32.2	32.3	34.8	36.7
Others	4.4	4.5	4.6	5.1	4.1	5.2	5.7	7.1
Total	462.4	495.1	490.9	492.5	425.8	464.9	466.1	513.2

¹ Corresponding to the former operating segments. Refer to p. 27 "Revised segments and business categories."

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Quarterly operating income (loss) by business category¹

Asahi**KASEI**

(¥ billion)

	FY 2015				FY 2016			FY 2016
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 forecast
Fibers	4.0	3.3	4.1	2.4	3.3	2.7	3.3	2.7
Chemicals	15.1	19.2	15.6	11.1	14.2	17.5	20.8	13.0
Electronics ²	4.3	2.1	(1.3)	(0.6)	(0.1)	(0.2)	1.7	(0.4)
Homes	6.1	18.4	15.5	25.5	7.8	16.8	10.8	23.6
Construction Materials	1.2	1.9	2.1	0.6	0.9	1.0	1.9	0.8
Health Care	9.3	6.7	7.7	0.7	6.8	4.0	5.4	1.3
Critical Care	1.5	3.3	3.4	3.8	2.8	4.0	4.0	4.2
Others	0.4	1.9	1.2	0.3	0.7	1.7	2.0	0.6
Corporate expenses and eliminations	(6.2)	(7.8)	(6.0)	(5.3)	(6.4)	(6.6)	(6.5)	(6.9)
Total	35.5	48.9	42.2	38.6	29.9	40.9	43.4	38.9

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals. Refer to p. 27 "Revised segments and business categories."

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Sales and operating income by business category¹, Oct.–Dec. 2015 and 2016

AsahiKASEI

(¥ billion)

	Sales			Operating income		
	Oct.–Dec. 2015	Oct.–Dec. 2016	Increase (decrease)	Oct.–Dec. 2015	Oct.–Dec. 2016	Increase (decrease)
Fibers	33.8	31.4	(2.4)	4.1	3.3	(0.7)
Chemicals	185.7	184.0	(1.7)	15.6	20.8	5.2
Electronics ²	35.5	36.4	0.9	(1.3)	1.7	3.0
Homes	144.4	125.4	(19.0)	15.5	10.8	(4.7)
Construction Materials	13.8	14.1	0.3	2.1	1.9	(0.3)
Health Care	36.9	34.3	(2.6)	7.7	5.4	(2.3)
Critical Care	36.1	34.8	(1.4)	3.4	4.0	0.6
Others	4.6	5.7	1.0	1.2	2.0	0.8
Corporate expenses and eliminations	–	–	–	(6.0)	(6.5)	(0.5)
Consolidated	490.9	466.1	(24.8)	42.2	43.4	1.2
Overseas sales	172.2	178.5	6.3			
% of total	35.1%	38.3%	3.2%			

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Sales and operating income by business category¹, Apr.–Dec. 2015 and 2016

Asahi**KASEI**

(¥ billion)

	Sales			Operating income		
	Apr.–Dec. 2015	Apr.–Dec. 2016	Increase (decrease)	Apr.–Dec. 2015	Apr.–Dec. 2016	Increase (decrease)
Fibers	100.6	93.7	(6.9)	11.4	9.3	(2.1)
Chemicals	587.1	516.6	(70.5)	49.8	52.5	2.7
Electronics ²	88.9	103.3	14.3	5.1	1.4	(3.7)
Homes	402.4	390.3	(12.2)	39.9	35.4	(4.5)
Construction Materials	39.4	36.7	(2.7)	5.2	3.7	(1.6)
Health Care	112.4	102.1	(10.3)	23.6	16.1	(7.5)
Critical Care	103.9	99.2	(4.6)	8.2	10.8	2.6
Others	13.6	15.0	1.4	3.5	4.4	1.0
Corporate expenses and eliminations	–	–	–	(20.0)	(19.5)	0.5
Consolidated	1,448.4	1,356.8	(91.5)	126.6	114.1	(12.5)
Overseas sales	515.3	481.9	(33.3)			
% of total	35.6%	35.5%	-0.1%			

¹ Corresponding to the former operating segments. Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Overseas sales by business category¹, Apr.–Dec. 2015 and 2016

AsahiKASEI

(¥ billion)

	Apr.–Dec. 2015			Apr.–Dec. 2016			Increase (decrease) in overseas sales	
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		% change
Fibers	100.6	43.0	42.7%	93.7	39.0	41.6%	(3.9)	-9.2%
Chemicals	587.1	279.2	47.6%	516.6	242.3	46.9%	(37.0)	-13.2%
Electronics ²	88.9	58.7	66.0%	103.3	71.4	69.1%	12.7	+21.7%
Homes	402.4	–	–	390.3	–	–	–	–
Construction Materials	39.4	–	–	36.7	0.0	0.0%	0.0	–
Health Care	112.4	30.7	27.3%	102.1	29.2	28.6%	(1.5)	-4.8%
Critical Care	103.9	103.0	99.2%	99.2	98.2	98.9%	(4.8)	-4.7%
Others	13.6	0.7	4.9%	15.0	1.8	11.9%	1.1	+165.6%
Total	1,448.4	515.3	35.6%	1,356.8	481.9	35.5%	(33.3)	-6.5%
Sales to East Asia ³		239.0	16.5%		216.2	15.9%	(22.8)	-9.5%
of which, sales to China		144.6	10.0%		124.3	9.2%	(20.3)	-14.0%

Sales, excluding Homes and
Construction Materials

1,006.5 515.3 51.2% 929.9 481.9 51.8%

¹ Corresponding to the former operating segments. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

³ China, Korea, and Taiwan.

Statements of comprehensive income

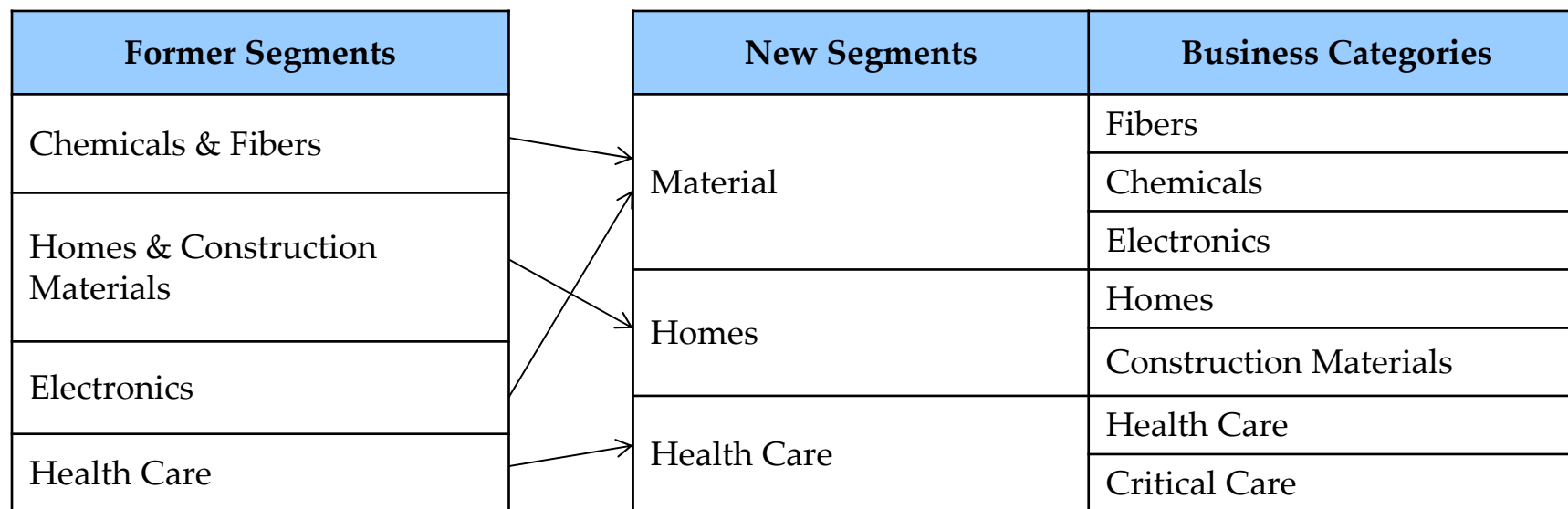
Asahi**KASEI**

(¥ billion)			
	2015 Apr.–Dec.	2016 Apr.–Dec.	Increase (decrease)
a: Net income	72.9	91.0	18.1
Net increase or decrease in unrealized gain on other securities	1.6	16.6	15.0
Deferred gains or losses on hedges	1.4	0.2	(1.3)
Foreign currency translation adjustment	(12.7)	8.2	20.9
Remeasurements of defined benefit plans	1.8	6.3	4.5
Share of other comprehensive income of affiliates accounted for using equity method	(2.2)	0.3	2.5
b: Other comprehensive income	(10.1)	31.6	41.7
Comprehensive income [a+b]	62.8	122.6	59.8
Comprehensive income attributable to owners of the parent	62.1	121.1	58.9
Comprehensive income attributable to non-controlling interests	0.6	1.5	0.9

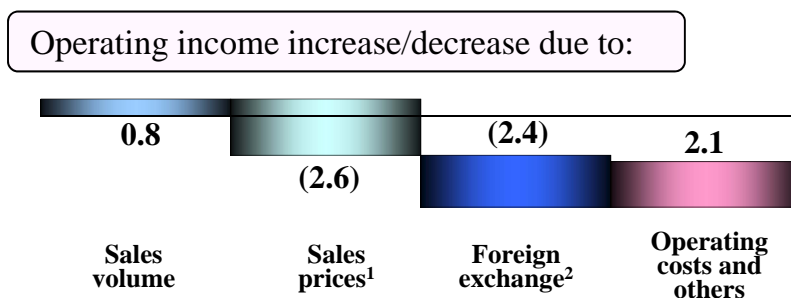
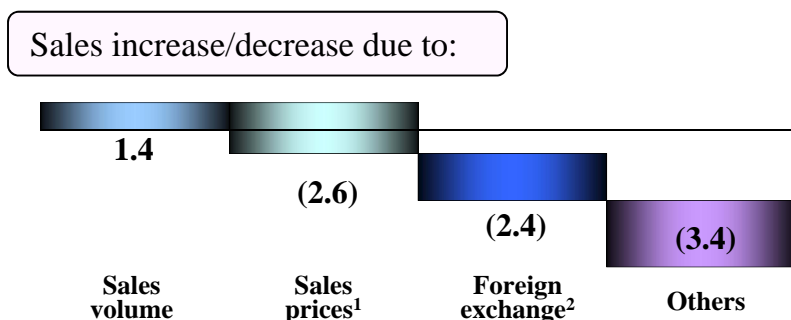
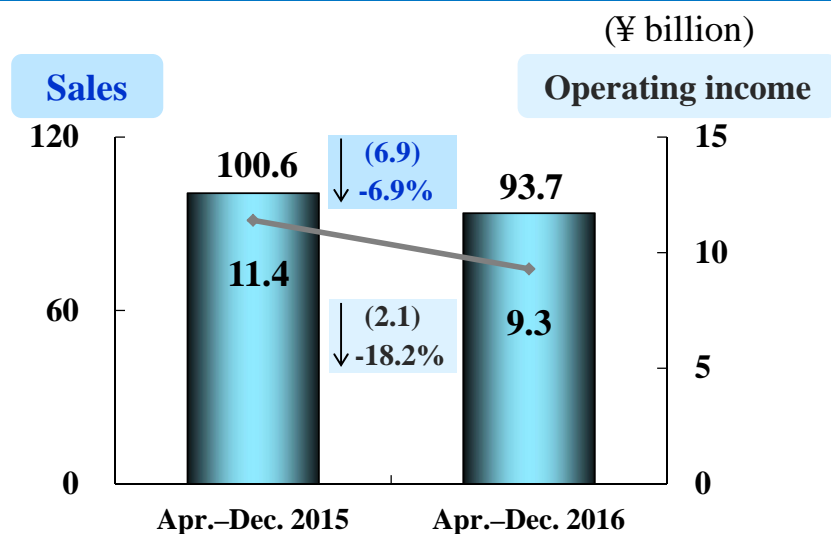
Revised segments and business categories

Beginning with FY 2016, the former Chemicals & Fibers segment and the former Electronics segment are combined as a Material segment, and the former Homes & Construction Materials segment is renamed as a Homes segment; the Health Care segment remains unchanged. As a result, the former 4 segments are revised into the 3 segments of Material, Homes, and Health Care.

Concurrently with the segment revision, some operations are reclassified among Others, Corporate expenses and eliminations, and the business categories of Fibers, Chemicals, and Electronics within the Material segment.



For comparison purposes, FY 2015 results shown in this document are recalculated in accordance with the new classifications.



Review of operations

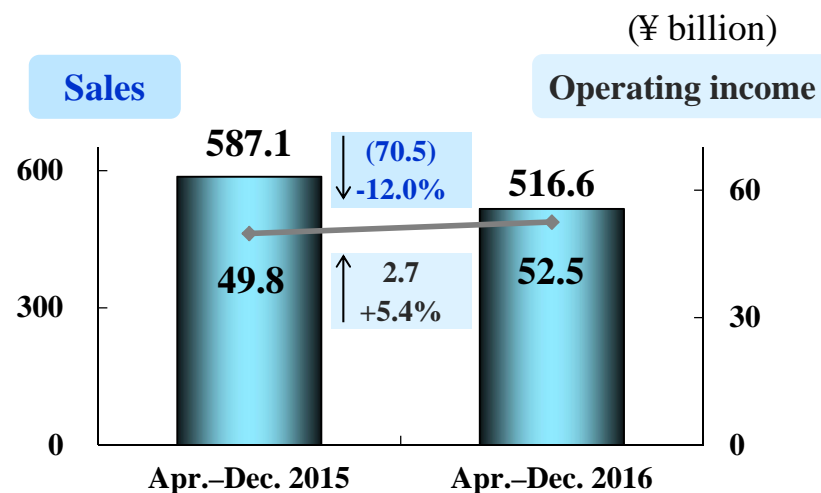
Increased shipments of Bemberg cupro fiber, Lamous artificial suede, and Leona nylon 66 filament. Declined selling prices due to competition. Impact of the stronger yen on each product. Sales and operating income decrease.

Highlights

- February, start of commercial operation of a new production facility for Bemliese cupro continuous-filament nonwoven fabric in Nobeoka-shi, Miyazaki, Japan.

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

² Impact of foreign exchange on sales prices.



Review of operations

Petrochemicals:

Decreased shipments of styrene following the strengthening of petrochemical operations in Japan. Improved terms of trade for acrylonitrile. Sales decrease, but operating income increase.

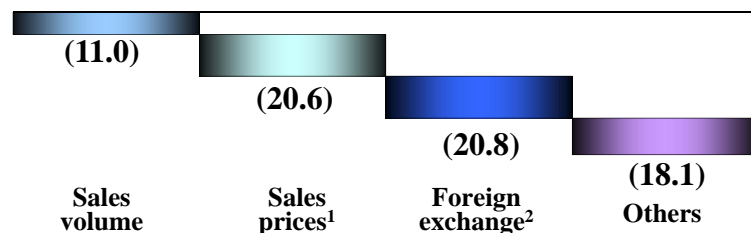
Performance polymers:

Increased shipments of synthetic rubber for fuel-efficient tires and engineering plastics. Impact of the stronger yen on each product. Sales and operating income decrease.

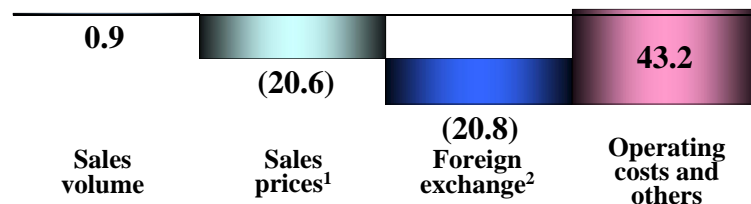
Performance materials & consumables:

Impact of the stronger yen on ion-exchange membranes. Firm sales of electronic materials and Saran Wrap cling film. Sales decrease, but operating income increase.

Sales increase/decrease due to:



Operating income increase/decrease due to:

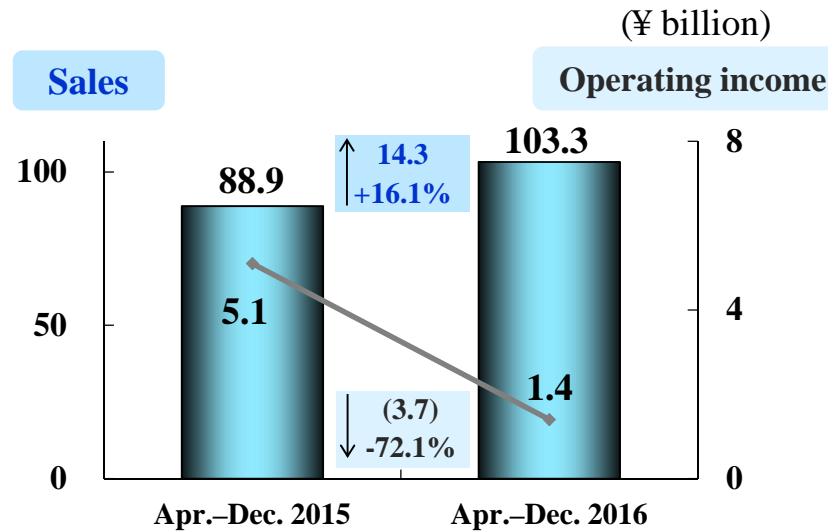


¹ Increase (decrease) in sales prices excluding impact of foreign exchange.

² Impact of foreign exchange on sales prices.

Highlights

- February, launch of Asahi Kasei Europe Engineering Plastics Technical Center in Dormagen, Germany, as part of a strategic focus to expand European automotive-related business.



Review of operations

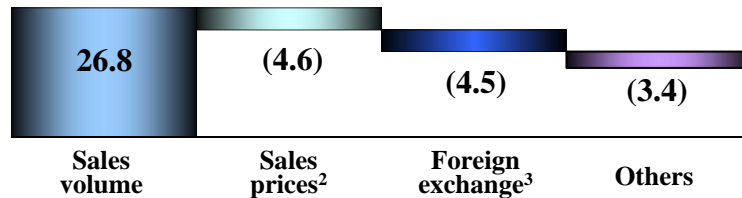
Separators:

Increased shipments of each battery separator product. Results of Polypore, consolidated from Q2 2015, included; significant amortization of goodwill, etc., recorded. Impact of the stronger yen. Sales increase, but operating income decrease.

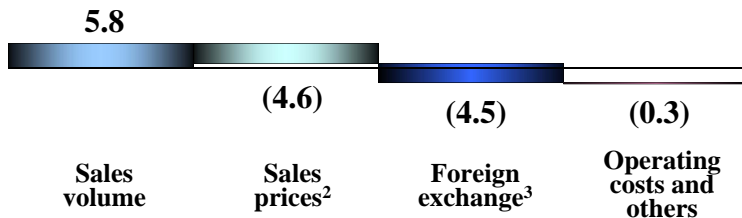
Electronic devices:

Increased shipments of audio devices for smartphones. Impact of the stronger yen. Increased upfront outsourcing expenses with growing shipments. Sales increase, but operating income decrease.

Sales increase/decrease due to:



Operating income increase/decrease due to:



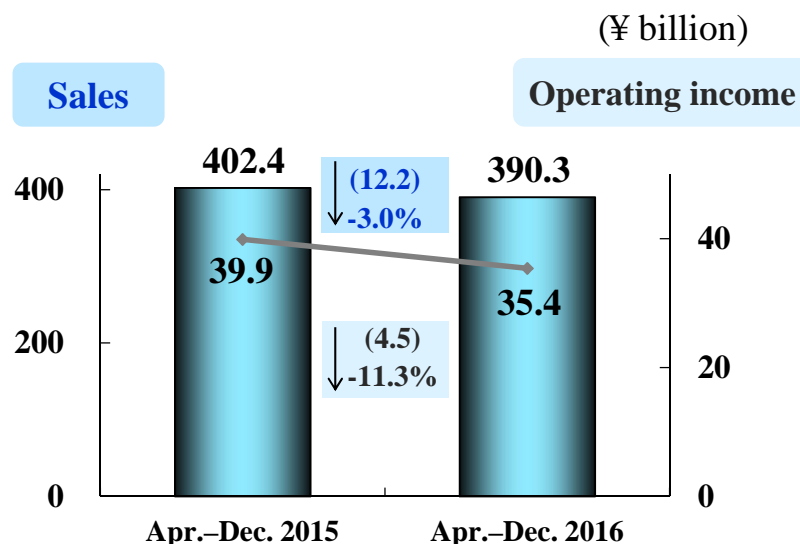
Highlights

- May, announcement of capacity increase for Hipore in Moriyama-shi, Shiga, Japan.

¹ Includes results of Polypore International, LP, etc. beginning with Q2 2015.

² Increase (decrease) in sales prices excluding impact of foreign exchange.

³ Impact of foreign exchange on sales prices.



Review of operations

Order-built homes:

- Decreased deliveries of Hebel Haus unit homes and Hebel Maison apartment buildings, as an effect of orders received during the previous period. Increased SG&A expenses, such as advertising expenses. Sales and operating income decrease.
- 5.5% year-on-year increase in value of new orders during Oct.-Dec. 2016; while 2.0% year-on-year decrease during Apr.-Dec. 2016, with advertising curtailed from late October 2015 to Q1 2016.

Real estate, remodeling and others:

Increased SG&A expenses such as labor costs, in remodeling. Firm performance of rental management in real estate. Sales decrease, but operating income increase.

Results by product category

(¥ billion)

	Apr.-Dec. 2015		Apr.-Dec. 2016		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	277.8	28.2	270.7	23.0	(7.1)	(5.2)
Real estate (Asahi Kasei Realty & Residence)	81.6	5.3	77.8	6.9	(3.8)	1.7
Remodeling (Asahi Kasei Reform)	41.8	5.1	41.9	4.0	0.0	(1.0)
Other housing-related, etc.	1.2	1.4	(0.2)	1.5	(1.3)	0.1
Total	402.4	39.9	390.3	35.4	(12.2)	(4.5)

Highlights

- May, agreement with Mori-Gumi Co., Ltd. on a capital and business alliance including sharing know-how in the fields of construction of mid-to-high-rise homes and condominiums, large-scale repair and renovation of existing condominiums, etc.
- November, start of sales of condominiums in Zhonghe, New Taipei, Taiwan, as the first overseas project for Asahi Kasei Realty & Residence Corp.
- November, advance sale of mid-to-high-rise building system with heavy steel frame structure able to meet diverse needs for shops and offices on upper floors.

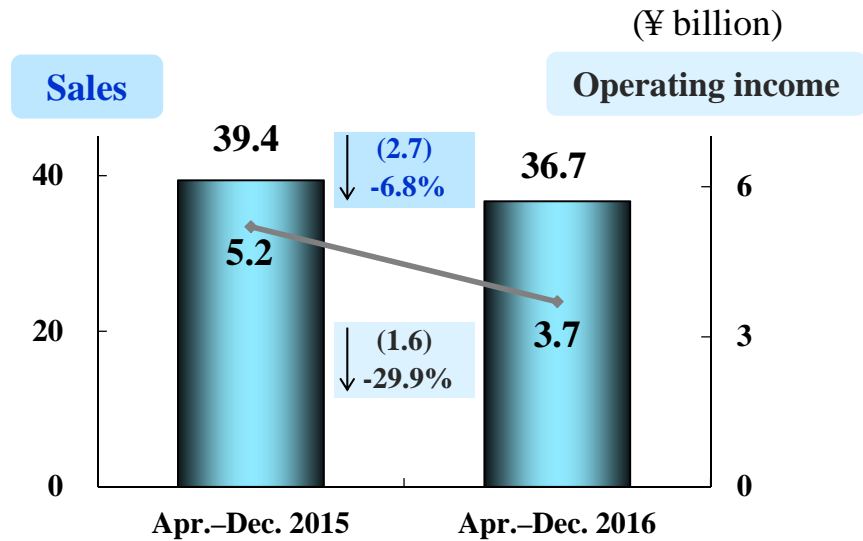
Homes (ii)

Sales¹ and order trends

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

		Value of new orders during the term		Sales of order-built homes, etc. ¹	Sales of real estate ¹				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	H1	217.3	(-0.2%)	183.8 (-2.2%)	10.4	33.5	1.7	45.6	27.8	0.9	258.0 (+0.8%)	554.6
	Q3	84.8	(-12.1%)	94.1 (+3.9%)	16.4	18.8	0.8	36.0	14.1	0.3	144.4 (+16.2%)	546.9
	H2	183.1	(-12.0%)	227.7 (+5.3%)	27.7	39.0	1.8	68.4	28.1	0.7	325.0 (+9.9%)	513.1
	annual	400.4	(-5.9%)	411.5 (+1.8%)	38.1	72.5	3.5	114.1	55.9	1.6	583.0 (+5.7%)	
FY16	H1	206.6	(-4.9%)	183.5 (-0.1%)	11.8	41.2	1.8	54.8	27.0	(0.5)	264.8 (+2.6%)	538.8
	Q3	89.5	(+5.5%)	87.2 (-7.3%)	1.0	21.1	0.8	23.0	14.8	0.4	125.4 (-13.2%)	542.7
	H2 forecast	201.4	(+10.0%)	220.5 (-3.2%)	9.2	43.8	2.2	55.2	29.5	1.0	306.2 (-5.8%)	523.1
	annual forecast	408.0	(+1.9%)	404.0 (-1.8%)	21.0	85.0	4.0	110.0	56.5	0.5	571.0 (-2.1%)	

¹ As the rental management operation of Asahi Kasei Homes was transferred to Asahi Kasei Realty & Residence, the corresponding sales previously included in order-built homes, etc., are combined with rental housing under real estate beginning with H2 2015.



Review of operations

Firm sales of Neoma phenolic foam insulation panels. Decreased shipments for autoclaved aerated concrete (AAC) and foundation systems. Sales and operating income decrease.

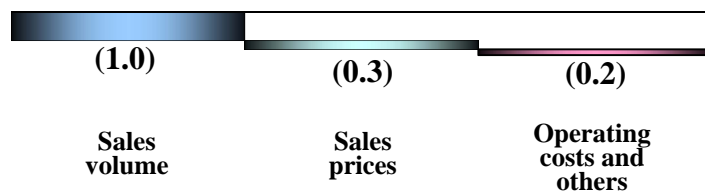
Highlights

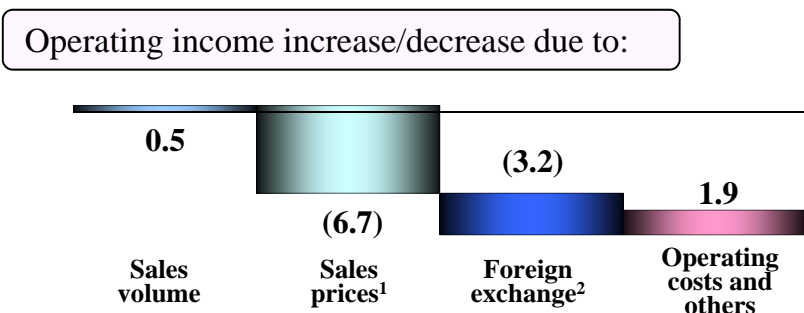
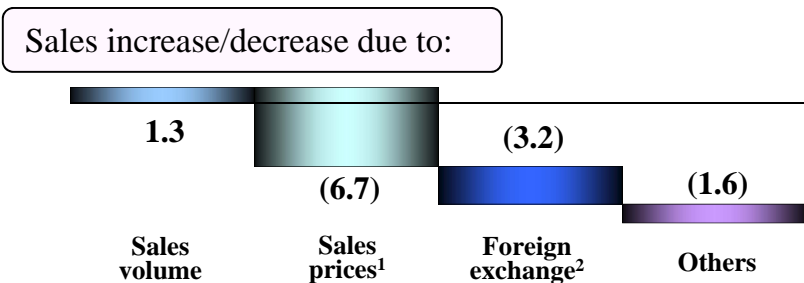
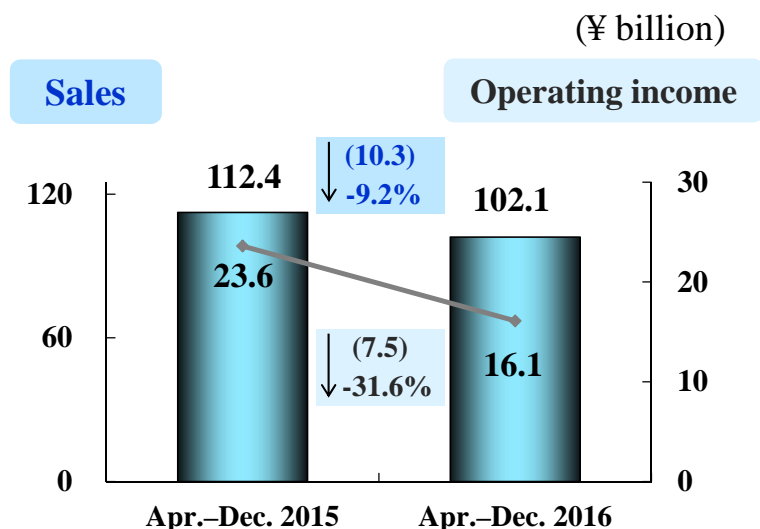
- December, announcement of development of Neoma Zeus, a new phenolic foam insulation panel with higher insulation performance than previous products.

Sales increase/decrease due to:



Operating income increase/decrease 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:

Increased shipments of Teribone osteoporosis drug and Recomodulin recombinant thrombomodulin. Reduced reimbursement prices. Decreased shipments of Flivas agent for treatment of benign prostatic hyperplasia due to competition from generics. Sales and operating income decrease.

Devices:

Increased shipments of Planova virus removal filters. Impact of the stronger yen. Reduced reimbursement prices for dialysis-related products in Japan. Sales and operating income decrease.

Highlights

- June, agreement with Orion Corporation of Finland on global strategic collaboration for the discovery, development, and commercialization of new pain management therapies.
- June, completion of new facility in Fuji, Shizuoka, Japan, for manufacture of active pharmaceutical ingredient of Recomodulin.
- July, application to extend duration of treatment for Teribone 56.5 µg subcutaneous injection.
- September, completion of new spinning plant for hollow-fiber membranes for Planova BioEX filters in Oita, Japan.
- September, announcement of license agreement with Basilea Pharmaceutica International Ltd. of Switzerland, for exclusive rights to develop and commercialize Basilea's antifungal isavuconazole in Japan.
- November, launch of Reclast for intravenous infusion 5 mg (generic name: zoledronic acid, development code: AK156) in Japan for treatment of osteoporosis.
- January, launch of Bredinin OD25 and Bredinin OD50, orally disintegrating formulations of the immunosuppressant Bredinin (generic name: mizoribine.)

Health Care (ii)

Asahi**KASEI**

Sales of Health Care business category

(¥ billion)

		FY 2015			FY 2016	
		Oct.–Dec.	Apr.–Dec.	Total	Oct.–Dec.	Apr.–Dec.
	Domestic pharmaceuticals	18.3	55.8	70.6	16.3	47.5
	Others	1.6	4.4	5.7	1.5	4.9
	Asahi Kasei Pharma consolidated	19.9	60.2	76.3	17.8	52.4
	Devices ¹	17.0	52.2	68.6	16.6	49.7
	Total	36.9	112.4	144.9	34.4	102.1

¹ Asahi Kasei Medical and its affiliate companies.

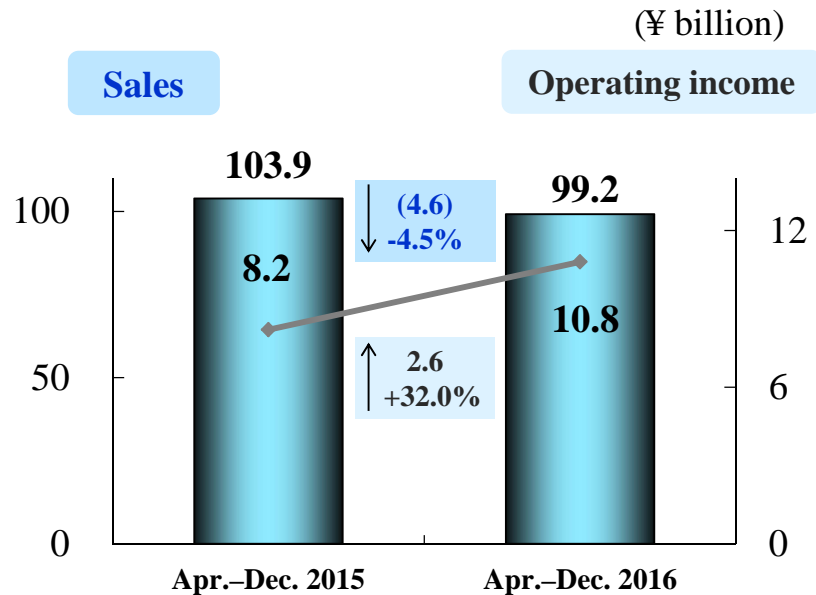
Main pharmaceuticals domestic sales

(¥ billion)

		FY 2015			FY 2016	
		Oct.–Dec.	Apr.–Dec.	Total	Oct.–Dec.	Apr.–Dec.
	Teribone	7.0	20.9	26.7	6.1	18.1
	Recomodulin	3.5	9.7	12.3	3.7	10.0
	Flivas	2.1	7.7	9.3	1.5	4.7
	Elcitonin	1.4	4.0	5.1	1.1	3.4
	Bredinin	1.4	4.0	5.1	1.1	3.3

Pharmaceutical pipeline

Development stage	Code name, form, generic name	Remarks	Classifications	Indication	Origin
Pending approval	MN-10-T, injection, teriparatide acetate	New dose; extension of duration	Osteoporosis drug	Osteoporosis with high risk of fracture	In-house
Phase III	ART-123, injection, recombinant thrombomodulin alpha	New efficacy	Anticoagulant	Acute exacerbation of idiopathic pulmonary fibrosis (AE-IPF)	In-house
Phase II	ART-123, injection, recombinant thrombomodulin alpha	New efficacy	Anticoagulant	Chemotherapy-induced peripheral neuropathy (CIPN)	In-house
Phase III (overseas)	ART-123, injection, recombinant thrombomodulin alpha	New biologic	Anticoagulant	Sepsis with disseminated intravascular coagulation	In-house
	HE-69, mizoribine	Additional indication	Immunosuppressant	Lupus nephritis, nephrosis syndrome	In-house



Review of operations

Continued good expansion of LifeVest wearable defibrillator business. Increased sales of other products such as defibrillators and related accessories. Increased SG&A expenses with reinforced sales activity. Impact of the higher exchange value of the yen on the translation of results into consolidated accounts. On a US dollar-basis, sales and operating income increase, but on a Japanese yen-basis, sales decrease.

Financial performance of Critical Care business category

(\$ million)

	FY 2015			FY 2016 forecast		
	Oct.-Dec.	Apr.-Dec.		Oct.-Dec.	Apr.-Dec.	
Net sales	297	854	1,169	318	930	1,268
Gross operating income before PPA ¹ impact	59	160	223	67	193	262
Amortization/depreciation from PPA ¹ revaluation	(31)	(93)	(123)	(31)	(92)	(122)
Goodwill	(19)	(56)	(75)	(19)	(56)	(75)
Other intangible assets, etc.	(12)	(37)	(49)	(12)	(35)	(47)
Consolidated operating income	28	67	99	36	101	140

¹ Purchase price allocation.

– 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.