

Fiscal 2018 3<sup>rd</sup> Quarter  
Financial Results  
– supplementary financial summary –

February 7, 2019  
Asahi Kasei Corporation

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## Focus of Q3 2018 results and fiscal 2018 forecast

- Increased net sales and operating income year-on-year on Apr.–Dec. basis despite impact of fall in market prices centering on Petrochemicals in Chemicals.
- FY 2018 forecast revised downward, but year-on-year growth in sales and operating income expected with firm performance in Homes and Health Care.

# Outline of Q3 2018 results

## Results for Apr.–Dec.

- ✓ Highest ever net sales, operating income, and ordinary income; second highest net income attributable to owners of the parent.
- ✓ Notable year-on-year increases in operating income: in the Material segment, Petrochemicals with high market prices for acrylonitrile, Fibers with firm performance of nonwovens centered on Lamous microfiber suede and Bemliese continuous-filament cellulose nonwoven, and Separators with increased shipments of Li-ion battery separators; in the Health Care segment, Critical Care with good performance of defibrillators for professional use, and Medical Devices with increased shipments of bioprocess products.
- ✓ Year-on-year decrease in net income primarily due to lower gain on sales of investment securities and the one-time effect of the US tax reform in the previous year.

## Results for Oct.–Dec.

- ✓ Material: sharp slowdown centered on Petrochemicals in Chemicals.
  - Market prices centered on acrylonitrile plunged after sustaining high levels through H1, leading to deteriorated terms of trade, decreased shipments, and lower capacity utilization.
  - Economic slowdown in China began affecting certain products for automotive and smartphone applications, although the impact was limited.
- ✓ Homes and Health Care: in-line with the forecasts in November.

# Outline of fiscal year 2018 forecast

## Forecast for the fiscal year

- ✓ Material: forecasts revised downward centering on Petrochemicals in Chemicals. Impact of Chinese economic slowdown forecasted in other businesses as well.
  - Main factor is the fall in market prices for acrylonitrile. Gradual recovery expected, subject to ongoing scrutiny.
  - Impact of slowdown and uncertainty in automobile-related markets expected for engineering plastics, synthetic rubber, lead-acid battery separator, etc.
  - Impact of stagnating growth in smartphone-related markets expected for electronic materials, electronic devices, etc.
- ✓ Homes and Health Care: November forecasts remain unchanged.
- ✓ Expecting profits to exceed the targets under “C’s for Tomorrow 2018” mid-term management initiative (operating income of ¥180 billion and net income of ¥110 billion) and the original FY 2018 forecast announced in May 2018 (operating income ¥190 billion and net income ¥140 billion) as well as the FY 2017 operating income result.

## Shareholder returns

Year-end dividends will be determined based on FY 2018 consolidated net income results in consideration of total return ratio target of 35%, as set forth in the mid-term management initiative.

## – 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.



1. Consolidated results for fiscal quarter ended Dec. 2018

# Summary of financial results

(¥ billion, unless otherwise specified)

	2017		2018		Oct.–Dec. 2018 vs. 2017		Apr.–Dec. 2018 vs. 2017	
	Oct.–Dec.	Apr.–Dec.	Oct.–Dec.	Apr.–Dec.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	519.8	1,484.5	545.3	1,586.7	25.5	+4.9%	102.2	+6.9%
Operating income	56.5	149.2	52.4	156.7	(4.1)	-7.3%	7.5	+5.0%
Ordinary income	62.4	160.5	55.0	165.3	(7.4)	-11.8%	4.7	+2.9%
Net income attributable to owners of the parent	69.5	140.3	36.5	115.4	(33.0)	-47.5%	(24.9)	-17.7%

## Key operating factors

Naphtha price (¥/kL, domestic)	44,600	39,933	54,200	52,133	9,600	12,200
¥/US\$ exchange rate (market average)	113	112	113	111	(0)	(1)
¥/€ exchange rate (market average)	133	129	129	130	(4)	1



# Statements of income, Apr.–Dec. 2018 vs. 2017

(¥ billion)

	Apr.–Dec. 2017		Apr.–Dec. 2018		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,484.5	100.0%	1,586.7	100.0%	102.2	+6.9%
Cost of sales	1,002.5	67.5%	1,076.7	67.9%	74.2	+7.4%
Gross profit	482.0	32.5%	510.0	32.1%	28.0	+5.8%
Selling, general and administrative expenses	332.8	22.4%	353.3	22.3%	20.5	+6.1%
Operating income	149.2	10.0%	156.7	9.9%	7.5	+5.0%
Net non-operating income (expenses)	11.4		8.5		(2.8)	
of which,						
net financing income (expense)	3.6		3.6		0.0	
net equity in earnings (losses) of affiliates	9.1		9.9		0.8	
foreign exchange gains (loss)	(1.5)		(2.2)		(0.7)	
Ordinary income	160.5	10.8%	165.3	10.4%	4.7	+2.9%
Net extraordinary income (loss)	10.8		(1.0)		(11.8)	
Income before income taxes	171.4	11.5%	164.3	10.4%	(7.1)	-4.2%
Income taxes	(29.5)		(47.3)		(17.8)	
Net income attributable to non-controlling interests	(1.6)		(1.5)		0.0	
Net income attributable to owners of the parent	140.3	9.5%	115.4	7.3%	(24.9)	-17.7%

# Statements of income, Oct.–Dec. 2018 vs. 2017

(¥ billion)

	Oct.–Dec. 2017		Oct.–Dec. 2018		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	519.8	100.0%	545.3	100.0%	25.5	+4.9%
Cost of sales	351.0	67.5%	371.8	68.2%	20.8	+5.9%
Gross profit	168.8	32.5%	173.5	31.8%	4.7	+2.8%
Selling, general and administrative expenses	112.3	21.6%	121.1	22.2%	8.8	+7.8%
Operating income	56.5	10.9%	52.4	9.6%	(4.1)	-7.3%
Net non-operating income (expenses)	5.8		2.6		(3.2)	
of which,						
net financing income (expense)	2.2		1.0		(1.1)	
net equity in earnings (losses) of affiliates	3.8		3.2		(0.6)	
foreign exchange gains (loss)	(0.6)		(0.8)		(0.2)	
Ordinary income	62.4	12.0%	55.0	10.1%	(7.4)	-11.8%
Net extraordinary income (loss)	7.3		(5.9)		(13.2)	
Income before income taxes	69.7	13.4%	49.1	9.0%	(20.6)	-29.5%
Income taxes	0.3		(12.2)		(12.4)	
Net income attributable to non-controlling interests	(0.5)		(0.5)		0.0	
Net income attributable to owners of the parent	69.5	13.4%	36.5	6.7%	(33.0)	-47.5%

# Balance sheets

(¥ billion)

	At end of Mar. 2018	At end of Dec. 2018 <sup>1</sup>	Increase (decrease)		At end of Mar. 2018	At end of Dec. 2018 <sup>1</sup>	Increase (decrease)
Current assets	938.9	1,083.6	144.7	Liabilities	1,001.9	1,236.7	234.8
Cash and deposits	156.3	193.9	37.6	Current liabilities	589.1	808.2	219.0
Notes and accounts receivable—trade	341.4	354.5	13.1	Noncurrent liabilities <sup>2</sup>	412.8	428.6	15.8
Inventories	359.7	439.5	79.8	Net assets	1,305.2	1,360.3	55.1
Other current assets <sup>2</sup>	81.5	95.8	14.2	Shareholders' equity	1,160.8	1,224.7	63.8
Noncurrent assets	1,368.2	1,513.4	145.2	Capital stock	103.4	103.4	—
Property, plant and equipment	562.0	614.2	52.1	Capital surplus	79.4	79.7	0.3
Intangible assets	414.6	532.2	117.6	Retained earnings	981.9	1,045.5	63.6
Investments and other assets <sup>2</sup>	391.5	367.1	(24.5)	Treasury stock	(3.9)	(3.9)	0.0
				Accumulated other comprehensive income	126.6	115.5	(11.0)
				Non-controlling interests	17.8	20.1	2.3
Total assets <sup>2</sup>	2,307.2	2,597.0	289.9	Total liabilities and net assets <sup>2</sup>	2,307.2	2,597.0	289.9
Interest-bearing debt	301.7	510.9	209.1				
D/E ratio	0.23	0.38	0.15				

<sup>1</sup> Among the total assets at the end of December 2018, ¥134.3 billion is attributed to the effect of the consolidation, including acquisition-related goodwill, of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time). Those figures are calculated provisionally prior to completion of PPA (purchase price allocation).

<sup>2</sup> “Partial Amendments to Accounting Standard for Tax Effect Accounting” is applied from FY 2018. Accordingly, all deferred tax assets are shown under investments and other assets, and all deferred tax liabilities are shown under noncurrent liabilities. The figures at end of March 2018 have been revised retroactively to reflect the amendments.

# Cash flows

(¥ billion)

	Apr.–Dec. 2017	Apr.–Dec. 2018
a. Net cash provided by (used in) operating activities	154.0	102.4
b. Net cash used in investing activities	(69.1)	(163.8)
c. Free cash flows [a+b]	85.0	(61.3)
d. Net cash provided by (used in) financing activities	(43.1)	103.4
e. Effect of exchange rate change on cash and cash equivalents	5.1	1.2
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	47.0	43.3
g. Cash and cash equivalents at beginning of period	144.1	148.6
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	0.3	0.8
i. Cash and cash equivalents at end of period [f+g+h]	191.3	192.7

# Sales and operating income by segment<sup>1</sup>, Apr.-Dec. 2017 and 2018

(¥ billion)

		Sales			Operating income		
		Apr.-Dec. 2017	Apr.-Dec. 2018	Increase (decrease)	Apr.-Dec. 2017	Apr.-Dec. 2018	Increase (decrease)
Material segment	Fibers <sup>2</sup>	100.8	122.4	21.6	9.6	11.0	1.5
	Chemicals	589.2	648.9	59.6	78.7	86.5	7.8
	Electronics	117.5	118.1	0.6	9.3	8.9	(0.3)
Material segment		807.5	889.4	81.8	97.5	106.4	8.9
Homes segment	Homes	404.3	404.6	0.3	36.2	35.4	(0.8)
	Construction Materials	40.6	42.3	1.6	3.5	3.8	0.3
Homes segment		445.0	446.8	1.9	39.4	38.7	(0.7)
Health Care segment	Health Care	103.1	104.0	0.9	18.1	17.2	(0.9)
	Critical Care	117.0	132.0	15.0	13.9	16.9	3.0
Health Care segment		220.0	235.9	15.9	32.0	34.1	2.2
Others		12.0	14.6	2.6	1.1	1.6	0.5
Corporate expenses and eliminations		—	—	—	(20.8)	(24.1)	(3.3)
Consolidated		1,484.5	1,586.7	102.2	149.2	156.7	7.5

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Fibers business category from Q3 2018.

# Sales and operating income by segment<sup>1</sup>, Oct.-Dec. 2017 and 2018

(¥ billion)

		Sales			Operating income		
		Oct.-Dec. 2017	Oct.-Dec. 2018	Increase (decrease)	Oct.-Dec. 2017	Oct.-Dec. 2018	Increase (decrease)
Material segment	Fibers <sup>2</sup>	34.7	49.6	14.9	3.0	3.8	0.7
	Chemicals	214.1	221.5	7.5	30.1	27.2	(2.9)
	Electronics	39.8	40.2	0.3	3.7	3.3	(0.3)
Material segment		288.6	311.3	22.6	36.8	34.3	(2.6)
Homes segment	Homes	134.7	132.8	(2.0)	11.9	11.1	(0.8)
	Construction Materials	14.5	15.4	0.9	1.7	1.9	0.3
Homes segment		149.3	148.1	(1.1)	13.3	12.7	(0.6)
Health Care segment	Health Care	36.7	35.6	(1.2)	8.2	6.5	(1.6)
	Critical Care	40.8	45.9	5.1	5.4	5.6	0.2
Health Care segment		77.5	81.5	3.9	13.5	12.1	(1.4)
Others		4.4	4.4	0.0	0.4	0.4	(0.0)
Corporate expenses and eliminations		—	—	—	(7.5)	(7.0)	0.5
Consolidated		519.8	545.3	25.5	56.5	52.4	(4.1)

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Fibers business category from Q3 2018.

# Sales and operating income increase/decrease

## by business category<sup>1</sup>, Apr.–Dec. 2018 vs. 2017 (i)

(¥ billion)

		Apr.–Dec. 2017	Apr.–Dec. 2018	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Fibers <sup>2</sup>	Sales	100.8	122.4	21.6	6.3	1.6	(0.2)	13.8	–
	Operating income	9.6	11.0	1.5	1.2				–
Chemicals	Sales	589.2	648.9	59.6	18.6	42.6	(0.3)	(1.6)	–
	Operating income	78.7	86.5	7.8	0.4				–
Electronics	Sales	117.5	118.1	0.6	2.9	(4.2)	(0.4)	1.9	–
	Operating income	9.3	8.9	(0.3)	0.5				–
Homes	Sales	404.3	404.6	0.3	(1.1)	1.9	–	(0.5)	–
	Operating income	36.2	35.4	(0.8)	(0.9)				–
Construction Materials	Sales	40.6	42.3	1.6	1.4	0.2	–	–	–
	Operating income	3.5	3.8	0.3	0.7				–

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Fibers business category from Q3 2018.

# Sales and operating income increase/decrease

## by business category<sup>1</sup>, Apr.–Dec. 2018 vs. 2017 (ii)

(¥ billion)

		Apr.–Dec. 2017	Apr.–Dec. 2018	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	103.1	104.0	0.9	3.3			(0.8)	—
	Operating income	18.1	17.2	(0.9)	2.3	(1.6)	(0.0)	—	(1.5)
Critical Care	Sales	117.0	132.0	15.0	11.1			3.6	—
	Operating income	13.9	16.9	3.0	5.1	0.3	(0.1)	—	(2.3)
Others	Sales	12.0	14.6	2.6	2.6			—	—
	Operating income	1.1	1.6	0.5	0.7	—	—	—	(0.2)
Corporate expenses and eliminations	Operating loss	(21.1)	(24.6)	(3.5)	—	—	—	—	(3.5)
Consolidated	Sales	1,484.5	1,586.7	102.2	44.9			16.5	—
	Operating income	149.2	156.7	7.5	9.8	40.8	(1.1)	—	(43.2)

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.



# Sales and operating income increase/decrease

## by business category<sup>1</sup>, Oct.–Dec. 2018 vs. 2017 (i)

(¥ billion)

		Oct.–Dec. 2017	Oct.–Dec. 2018	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Fibers <sup>2</sup>	Sales	34.7	49.6	14.9	0.9	0.7	(0.1)	13.2	–
	Operating income	3.0	3.8	0.7	(0.2)			–	0.2
Chemicals	Sales	214.1	221.5	7.5	(4.1)	13.5	(0.2)	(2.0)	–
	Operating income	30.1	27.2	(2.9)	(3.8)			–	(12.6)
Electronics	Sales	39.8	40.2	0.3	1.0	(1.2)	(0.2)	0.5	–
	Operating income	3.7	3.3	(0.3)	0.8			–	0.0
Homes	Sales	134.7	132.8	(2.0)	2.4	1.3	–	(5.7)	–
	Operating income	11.9	11.1	(0.8)	0.4			–	(2.5)
Construction Materials	Sales	14.5	15.4	0.9	0.8	0.1	–	–	–
	Operating income	1.7	1.9	0.3	0.2			–	0.0

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Fibers business category from Q3 2018.

## Sales and operating income increase/decrease

by business category<sup>1</sup>, Oct.–Dec. 2018 vs. 2017 (ii)

(¥ billion)

		Oct.–Dec. 2017	Oct.–Dec. 2018	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	36.7	35.6	(1.2)	0.5	(0.7)	0.0	(1.1)	—
	Operating income	8.2	6.5	(1.6)	0.3			—	(1.3)
Critical Care	Sales	40.8	45.9	5.1	3.3	(0.1)	(0.3)	1.9	—
	Operating income	5.4	5.6	0.2	1.1			—	(0.8)
Others	Sales	4.4	4.4	0.0	0.0	—	—	—	—
	Operating income	0.4	0.4	(0.0)	0.0			—	(0.1)
Corporate expenses and eliminations	Operating loss	(7.9)	(7.4)	0.4	—	—	—	—	0.4
Consolidated	Sales	519.8	545.3	25.5	4.9	13.7	(0.9)	6.9	—
	Operating income	56.5	52.4	(4.1)	(1.2)			—	(16.6)

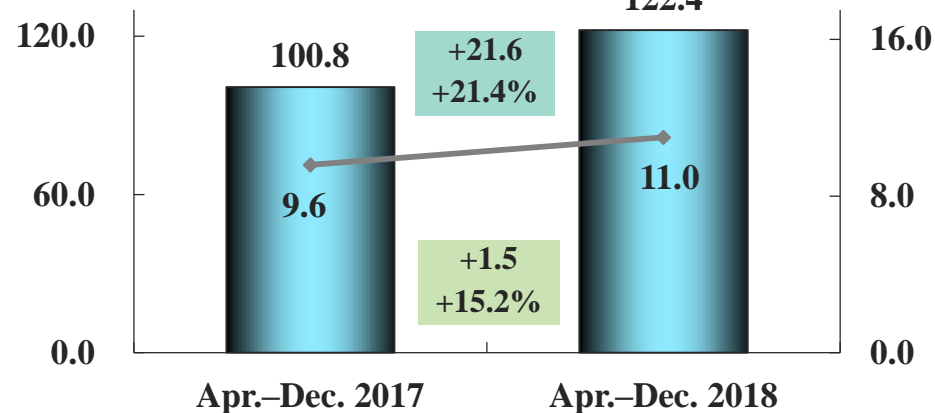
<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

# Fibers<sup>1</sup>

(¥ billion)

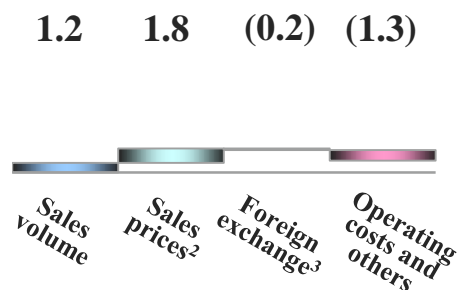
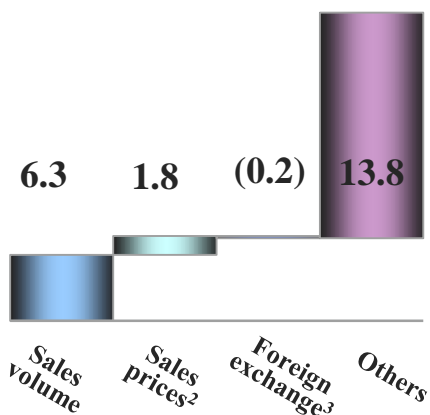
## Sales

## Operating income



## Sales increases/decreases due to:

## Operating income increases/decreases due to:



## Review of operations

Impact of higher feedstock costs. Increased shipments of nonwovens centering on Lamous microfiber suede and Bemliese continuous-filament cellulose nonwoven. Improved terms of trade for Bemberg cupro fiber. Effect of consolidation of Sage Automotive Interiors, Inc. Sales and operating income increase.

## Highlights

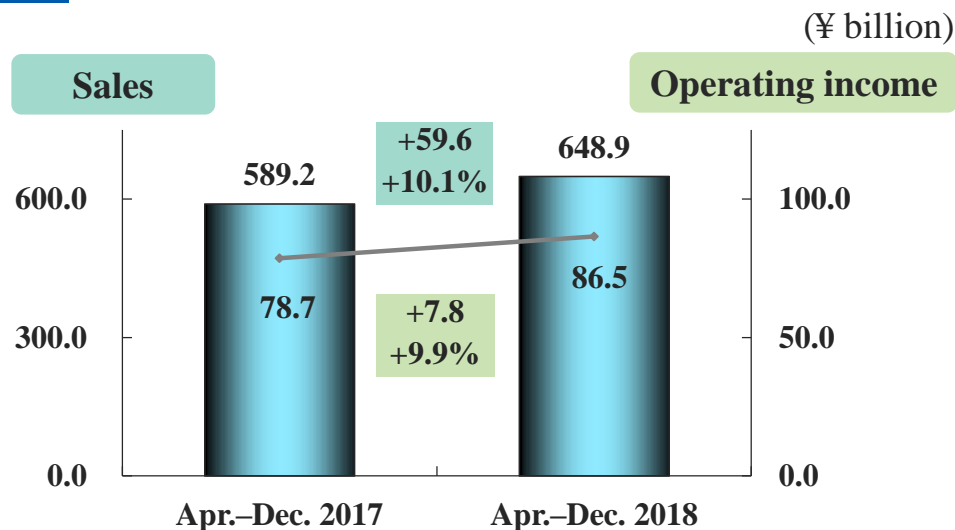
- July, decision to acquire Sage Automotive Interiors, Inc., a US-based manufacturer of automotive interior material; consolidated in September.

<sup>1</sup> Including results of Sage Automotive Interiors, Inc. etc. from Q3 2018.

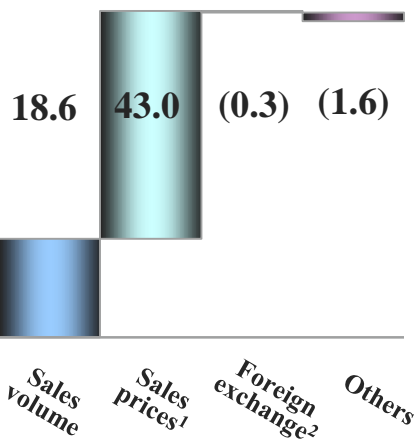
<sup>2</sup> Increase (decrease) in sales prices excluding impact of foreign exchange.

<sup>3</sup> Impact of foreign exchange on sales prices.

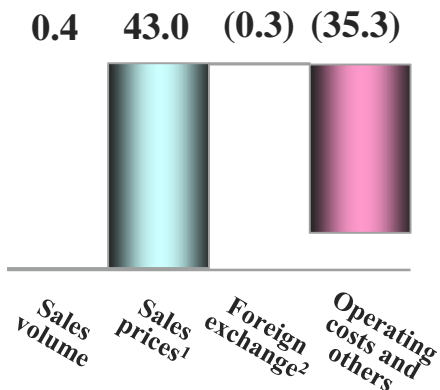
# Chemicals



Sales  
increases/decreases due to:



Operating income  
increases/decreases due to:



## Review of operations

### Petrochemicals:

Improved terms of trade for acrylonitrile. Absence of impact of maintenance turnaround at naphtha cracker of Asahi Kasei Mitsubishi Chemical Ethylene Corp. Sales and operating income increase.

### Performance polymers:

Improved terms of trade for engineering plastics. Impact of fallback from the previous year's favorable terms of trade for synthetic rubber. Sales increase, but operating income decrease.

### Performance materials & consumables:

Firm sales of ion-exchange membranes and other products. Decreased shipments of electronic materials. Increased costs in consumables. Sales increase, but operating income decrease.

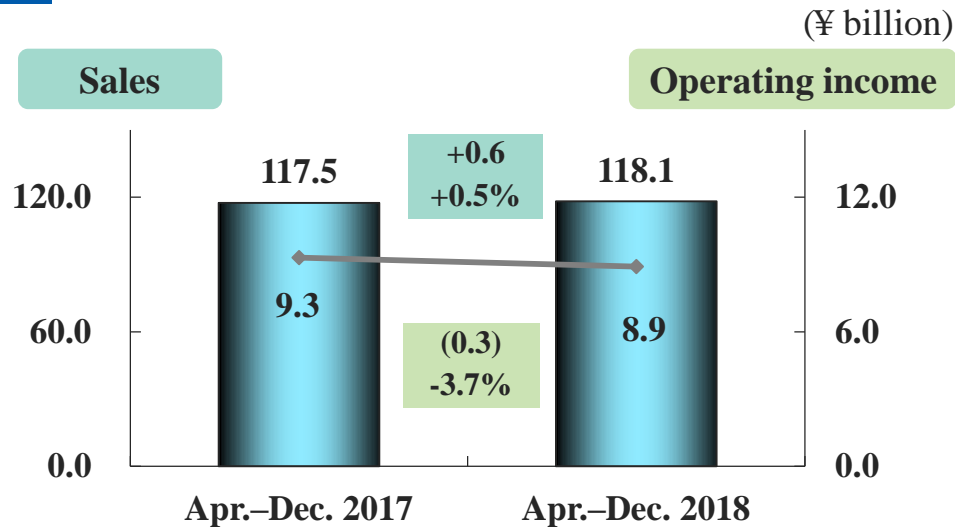
## Highlights

- July, receipt of Altair Enlighten Award 2018 for a Glass Fiber Reinforced Polyamide 66 Pedal Bracket.
- November, receipt of SPE Automotive Innovation Awards 2018 by Asahi Kasei Plastics North America.

<sup>1</sup> Increase (decrease) in sales prices excluding impact of foreign exchange.

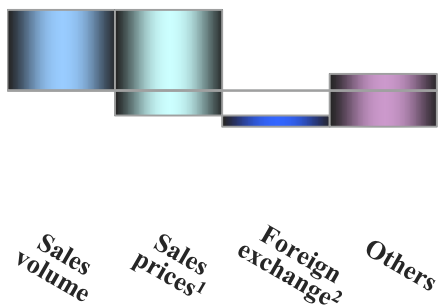
<sup>2</sup> Impact of foreign exchange on sales prices.

# Electronics



Sales  
increases/decreases due to:

2.9 (3.8) (0.4) 1.9



Operating income  
increases/decreases due to:

0.5 (3.8) (0.4) 3.4



## Review of operations

Separators:

Increased shipments of Li-ion battery separator.  
Sales and operating income increase.

Electronic devices:

Decreased sales of electronic devices for smartphones and other products. Sales and operating income decrease.

## Highlights

- April, consolidation of Senseair AB, a Swedish manufacturer of gas sensor modules.

<sup>1</sup> Increase (decrease) in sales prices excluding impact of foreign exchange.

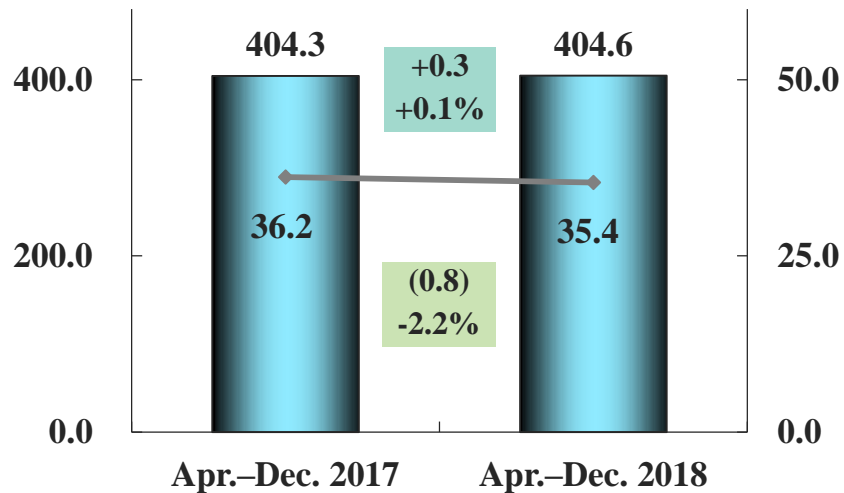
<sup>2</sup> Impact of foreign exchange on sales prices.

# Homes

(¥ billion)

Sales

Operating income



## Review of operations

Order-built homes:

- Decreased number of homes delivered. Sales and operating income decrease.
- Year-on-year 5.0% increase in value of new orders. Increase for both unit homes and multi-dwelling homes.

Real estate, remodeling and others:

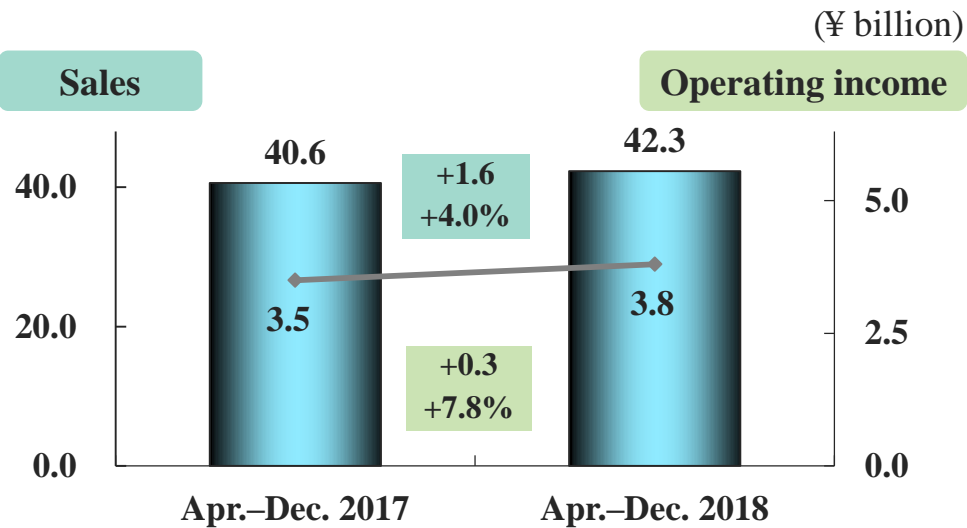
Firm performance of rental management in real estate and of remodeling. Sales and operating income increase.

## Highlights

- November, addition of brick vermilion to Hebel Haus exterior wall color variation.
- November, decision to acquire Erickson Framing Operations LLC, a US-based supplier of pre-fabricated building products; consolidated in December.

	Apr.-Dec. 2017		Apr.-Dec. 2018		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	268.7	21.8	262.1	19.8	(6.6)	(2.0)
Real estate (Asahi Kasei Realty & Residence)	92.7	8.6	97.6	9.8	4.9	1.1
Remodeling (Asahi Kasei Reform)	41.2	4.1	42.9	4.4	1.7	0.2
Other housing-related, etc.	1.7	1.6	1.9	1.4	0.2	(0.2)
<b>Total</b>	<b>404.3</b>	<b>36.2</b>	<b>404.6</b>	<b>35.4</b>	<b>0.3</b>	<b>(0.8)</b>

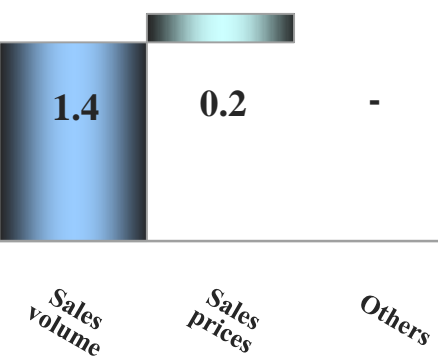
# Construction Materials



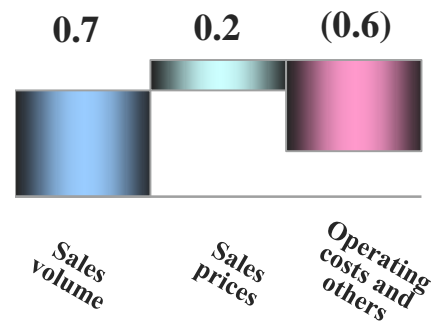
## Review of operations

Impact of higher feedstock costs. Firm shipments of insulation materials and other products. Sales increase, and slight operating income increase.

Sales  
increases/decreases due to:



Operating income  
increases/decreases due to:



## Review of operations

## Pharmaceuticals:

Increased shipments of newer drugs such as Teribone osteoporosis drug, and Kevzara agent for rheumatoid arthritis launched in 2018. Decreased sales of long-listed drugs due to impact of reduced reimbursement prices and competition from generics. Sales and operating income decrease.

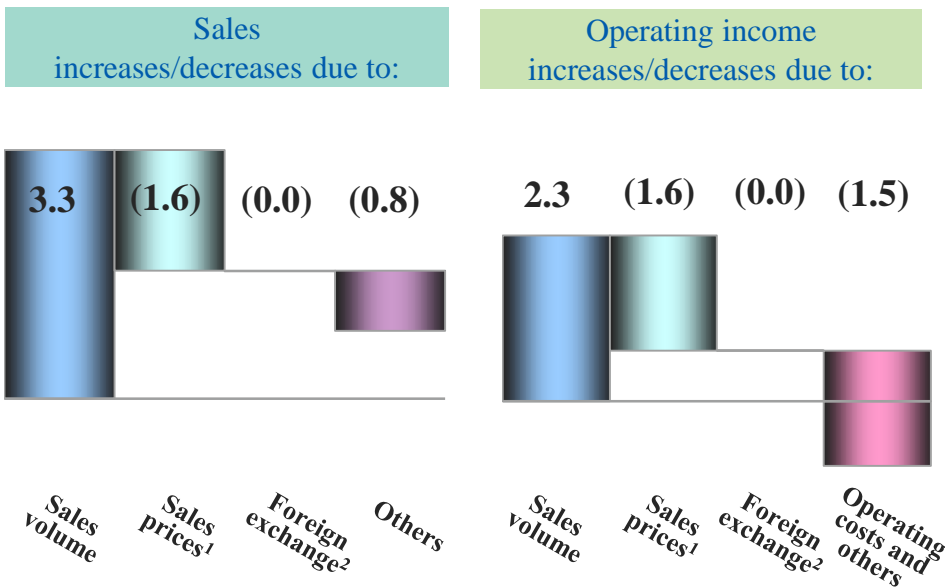
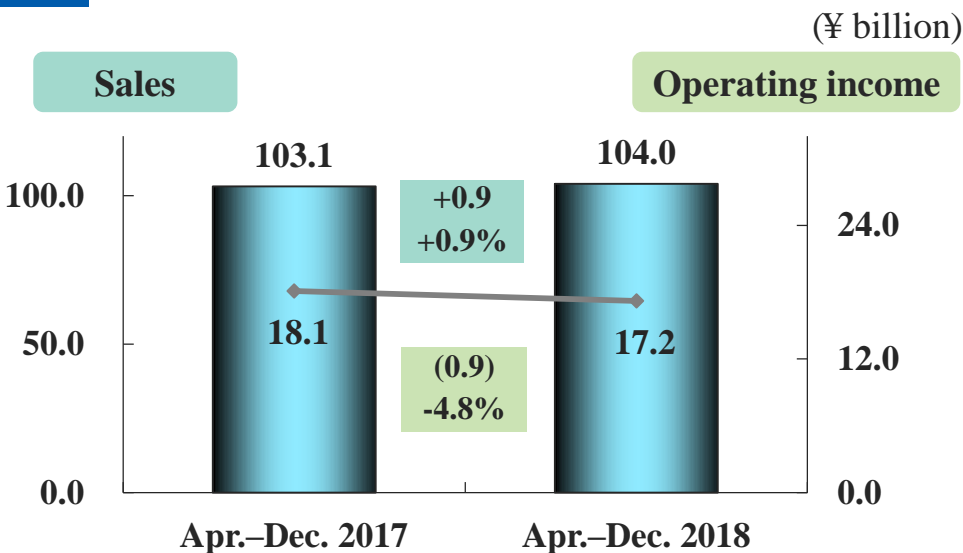
## Devices:

Increased shipments of Planova virus removal filters. Sales and operating income increase.

## Highlights

- July, entry into distribution agreement with Stanbio Laboratory for the marketing of Lucica Glycated Albumin-L in the US.
- August, announcement of preliminary results of overseas Phase III clinical study for ART-123 (recombinant thrombomodulin alfa) for the treatment of severe sepsis with coagulopathy.
- October, application for approval to manufacture and sell Teribone autoinjector in Japan.
- December, launch of Kevzara autoinjector for treatment of rheumatoid arthritis in Japan.
- February, launch of legionella kit Ribotest, extracorporeal diagnostic kits in Japan.

## Health Care



<sup>1</sup> Increase (decrease) in sales prices excluding impact of foreign exchange.

<sup>2</sup> Impact of foreign exchange on sales prices.

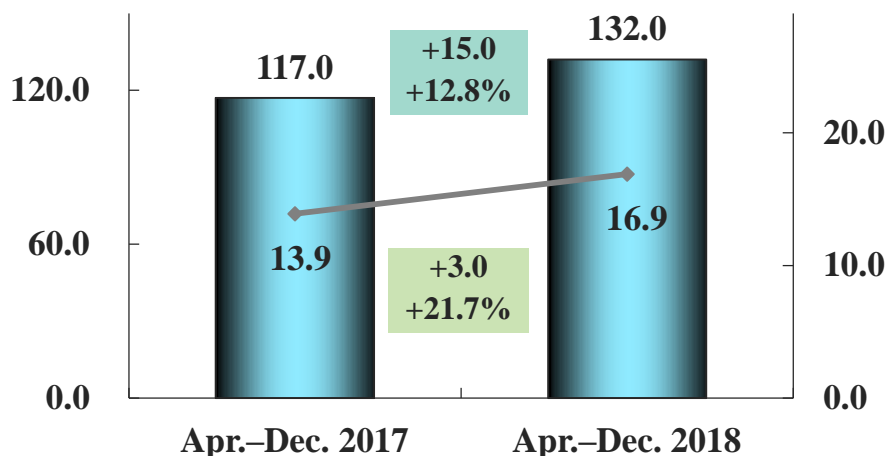


# Critical Care

(¥ billion)

Sales

Operating income



## Review of operations

Increased shipments of defibrillators for professional use. Sales and operating income increase.

## Financial performance of Critical Care business category

(\$ million)

	FY 2017			FY 2018		Apr.-Dec. 2018 vs 2017	% change
	Oct.- Dec.	Apr.- Dec.		Oct.- Dec.	Apr.- Dec.		
Net sales	361	1,047	1,448	407	1,187	140	+13.4%
Gross operating income before PPA <sup>1</sup> impact	78	216	300	81	244	28	+12.8%
Amortization/depreciation from PPA <sup>1</sup> revaluation	(31)	(92)	(122)	(31)	(91)	0	
Goodwill	(19)	(56)	(75)	(19)	(56)	1	
Other intangible assets, etc.	(12)	(35)	(47)	(13)	(36)	(1)	
Consolidated operating income	48	125	179	49	152	28	+22.3%

<sup>1</sup> Purchase price allocation



## 2. Forecast for fiscal year 2018

# Consolidated operating performance forecast

(¥ billion)

	FY 2017			FY 2018 revised forecast					Increase (decrease) b-a	FY 2018 forecast in Nov. c	Increase (decrease) b-c
	H1	H2	Total a	H1	H2 forecast		Total b				
					Q3	Q4					
Net sales	964.7	1,077.5	2,042.2	1,041.5	545.3	584.3	1,129.5	2,171.0	128.8	2,210.0	(39.0)
Operating income	92.7	105.8	198.5	104.3	52.4	44.3	96.7	201.0	2.5	210.0	(9.0)
Ordinary income	98.2	114.4	212.5	110.3	55.0	43.7	98.7	209.0	(3.5)	222.0	(13.0)
Net income attributable to owners of the parent	70.9	99.4	170.2	78.9	36.5	29.6	66.1	145.0	(25.2)	160.0	(15.0)

## Key operating factors

Naphtha price (¥/kL, domestic)	37,600	46,250	41,925	51,100	54,200	41,000	47,600	49,350	7,425	53,800	(4,450)
¥/US\$ exchange rate (market average)	111	111	111	110	113	110	111	111	0	110	1
¥/€ exchange rate (market average)	126	133	130	130	129	125	127	128	(1)	130	(2)

Dividends per share	¥34	¥34
Payout ratio	27.9%	32.7%

Year-end dividends will be determined based on FY 2018 consolidated net income results in consideration of total return ratio target of 35%

# Sales and operating income forecast by segment

## Sales forecast

(¥ billion)

	FY 2017			FY 2018 revised forecast					Increase (decrease) b-a	FY 2018 forecast in Nov. c	Increase (decrease) b-c
	H1	H2	Total a	H1	H2 forecast		Total b				
					Q3	Q4					
Material <sup>1</sup>	518.9	568.8	1,087.7	578.1	311.3	292.6	603.9	1,182.0	94.3	1,221.0	(39.0)
Homes	295.7	345.3	641.0	298.7	148.1	208.2	356.3	655.0	14.0	655.0	–
Health Care	142.5	153.8	296.3	154.5	81.5	78.1	159.5	314.0	17.7	314.0	–
Others	7.6	9.6	17.3	10.2	4.4	5.4	9.8	20.0	2.7	20.0	–
Consolidated	964.7	1,077.5	2,042.2	1,041.5	545.3	584.3	1,129.5	2,171.0	128.8	2,210.0	(39.0)

## Operating income forecast

(¥ billion)

	FY 2017			FY 2018 revised forecast					Increase (decrease) b-a	FY 2018 forecast in Nov. c	Increase (decrease) b-c
	H1	H2	Total a	H1	H2 forecast		Total b				
					Q3	Q4					
Material <sup>1</sup>	60.7	61.2	121.9	72.1	34.3	20.1	54.4	126.5	4.6	133.5	(7.0)
Homes	26.1	38.2	64.4	26.0	12.7	26.3	39.0	65.0	0.6	65.0	–
Health Care	18.4	21.0	39.5	22.0	12.1	7.9	20.0	42.0	2.5	42.0	–
Others	0.7	1.2	1.9	1.2	0.4	0.4	0.8	2.0	0.1	2.0	–
Corporate expenses and eliminations	(13.3)	(15.9)	(29.1)	(17.1)	(7.0)	(10.4)	(17.4)	(34.5)	(5.4)	(32.5)	(2.0)
Consolidated	92.7	105.8	198.5	104.3	52.4	44.3	96.7	201.0	2.5	210.0	(9.0)

<sup>1</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Material segment from Q3 2018.

# Sales forecast by business category

(¥ billion)

	FY 2017			FY 2018 revised forecast					Increase (decrease) b-a	FY 2018 forecast in Nov. c	Increase (decrease) b-c
	H1	H2	Total a	H1	H2 forecast			Total b			
					Q3	Q4					
Fibers <sup>1</sup>	66.1	69.8	135.9	72.8	49.6	51.6	101.2	174.0	38.1	174.0	–
Chemicals	375.2	424.2	799.3	427.3	221.5	204.1	425.7	853.0	53.7	887.0	(34.0)
Electronics	77.7	74.8	152.5	77.9	40.2	36.9	77.1	155.0	2.5	160.0	(5.0)
Homes	269.6	318.7	588.3	271.8	132.8	195.4	328.2	600.0	11.7	600.0	–
Construction Materials	26.1	26.6	52.7	26.9	15.4	12.7	28.1	55.0	2.3	55.0	–
Health Care	66.3	69.4	135.7	68.4	35.6	33.0	68.6	137.0	1.3	137.0	–
Critical Care	76.2	84.4	160.5	86.0	45.9	45.0	91.0	177.0	16.5	177.0	–
Others	7.6	9.6	17.3	10.2	4.4	5.4	9.8	20.0	2.7	20.0	–
Consolidated	964.7	1,077.5	2,042.2	1,041.5	545.3	584.3	1,129.5	2,171.0	128.8	2,210.0	(39.0)

<sup>1</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Fibers business category from Q3 2018.

# Operating income forecast by business category<sup>1</sup>

(¥ billion)

	FY 2017			FY 2018 revised forecast					Increase (decrease) b-a	FY 2018 forecast in Nov. c	Increase (decrease) b-c
	H1	H2	Total a	H1	H2		Total b				
					Q3	Q4		forecast			
Fibers <sup>2</sup>	6.6	5.6	12.1	7.3	3.8	3.5	7.2	14.5	2.4	14.5	–
Chemicals	48.6	51.5	100.1	59.3	27.2	16.5	43.7	103.0	2.9	109.0	(6.0)
Electronics	5.6	4.1	9.7	5.6	3.3	0.1	3.4	9.0	(0.7)	10.0	(1.0)
Homes	24.3	35.9	60.2	24.3	11.1	25.6	36.7	61.0	0.8	61.0	–
Construction Materials	1.8	2.2	4.0	1.9	1.9	0.2	2.1	4.0	(0.0)	4.0	–
Health Care	9.9	9.8	19.7	10.6	6.5	1.3	7.9	18.5	(1.2)	18.5	–
Critical Care	8.5	11.3	19.8	11.4	5.6	6.6	12.1	23.5	3.7	23.5	–
Others	0.7	1.2	1.9	1.2	0.4	0.4	0.8	2.0	0.1	2.0	–
Corporate expenses and eliminations	(13.3)	(15.7)	(29.0)	(17.2)	(7.4)	(9.9)	(17.3)	(34.5)	(5.5)	(32.5)	(2.0)
Consolidated	92.7	105.8	198.5	104.3	52.4	44.3	96.7	201.0	2.5	210.0	(9.0)

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Fibers business category from Q3 2018.



## 3. Appendix

# Overseas sales by business category

(¥ billion)

	Apr.–Dec. 2017			Apr.–Dec. 2018			Increase (decrease)	% change
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		
Fibers <sup>1</sup>	100.8	44.3	43.9%	122.4	64.7	52.8%	20.4	+46.0%
Chemicals	589.2	288.6	49.0%	648.9	325.4	50.2%	36.8	+12.8%
Electronics	117.5	81.4	69.3%	118.1	84.0	71.1%	2.5	+3.1%
Homes	404.3	–	–	404.6	0.0	0.0%	0.0	–
Construction Materials	40.6	0.0	0.0%	42.3	0.1	0.2%	0.1	–
Health Care	103.1	31.0	30.0%	104.0	34.0	32.7%	3.1	+9.9%
Critical Care	117.0	115.5	98.7%	132.0	130.4	98.8%	15.0	+13.0%
Others	12.0	2.7	22.1%	14.6	1.4	9.4%	(1.3)	-48.5%
<b>Total</b>	<b>1,484.5</b>	<b>563.4</b>	<b>38.0%</b>	<b>1,586.7</b>	<b>640.0</b>	<b>40.3%</b>	<b>76.6</b>	<b>+13.6%</b>
Asia		327.5	22.1%		370.6	23.4%	43.1	+13.2%
of which, sales to China		140.6	9.5%		164.5	10.4%	24.0	+17.0%
The Americas		152.9	10.3%		178.9	11.3%	26.0	+17.0%
Europe		68.4	4.6%		74.6	4.7%	6.1	+9.0%
Other countries		14.6	1.0%		16.0	1.0%	1.4	+9.5%

Sales, excluding Homes and Construction Materials

1,039.6      563.4      54.2%      1,139.9      639.9      56.1%

<sup>1</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Fibers business category from Q3 2018.



# Quarterly sales by business category

(¥ billion)

	FY 2017				FY 2018			FY 2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 forecast
Fibers <sup>1</sup>	32.0	34.1	34.7	35.1	36.2	36.7	49.6	51.6
Chemicals	178.3	196.8	214.1	210.1	205.6	221.7	221.5	204.1
Electronics	36.5	41.2	39.8	35.0	38.4	39.5	40.2	36.9
Homes	115.6	154.0	134.7	183.9	115.7	156.1	132.8	195.4
Construction Materials	12.6	13.5	14.5	12.1	13.0	13.9	15.4	12.7
Health Care	32.7	33.6	36.7	32.7	34.7	33.8	35.6	33.0
Critical Care	37.3	38.8	40.8	43.5	41.7	44.4	45.9	45.0
Others	3.6	4.0	4.4	5.2	4.6	5.6	4.4	5.4
<b>Total</b>	<b>448.7</b>	<b>516.0</b>	<b>519.8</b>	<b>557.7</b>	<b>489.8</b>	<b>551.7</b>	<b>545.3</b>	<b>584.3</b>

<sup>1</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Fibers business category from Q3 2018.

# Quarterly operating income by business category<sup>1</sup>

(¥ billion)

	FY 2017				FY 2018			FY 2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 forecast
Fibers <sup>2</sup>	3.5	3.1	3.0	2.6	3.9	3.4	3.8	3.5
Chemicals	22.5	26.0	30.1	21.4	28.6	30.7	27.2	16.5
Electronics	2.0	3.6	3.7	0.4	2.5	3.1	3.3	0.1
Homes	6.9	17.3	11.9	24.0	7.1	17.2	11.1	25.6
Construction Materials	0.7	1.1	1.7	0.5	0.8	1.1	1.9	0.2
Health Care	5.3	4.6	8.2	1.6	7.2	3.5	6.5	1.3
Critical Care	3.7	4.8	5.4	5.9	5.1	6.3	5.6	6.6
Others	0.0	0.6	0.4	0.8	0.6	0.6	0.4	0.4
Corporate expenses and eliminations	(6.9)	(6.4)	(7.9)	(7.9)	(7.8)	(9.4)	(7.4)	(9.9)
<b>Total</b>	<b>37.9</b>	<b>54.8</b>	<b>56.5</b>	<b>49.3</b>	<b>47.9</b>	<b>56.4</b>	<b>52.4</b>	<b>44.3</b>

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Fibers business category from Q3 2018.

# Extraordinary income and loss

(¥ billion)

	Apr.–Dec. 2017	Apr.–Dec. 2018	Increase (decrease)
Gain on sales of investment securities	15.1	6.8	(8.3)
Gain on sales of noncurrent assets	0.5	0.5	(0.1)
<b>Total extraordinary income</b>	<b>15.6</b>	<b>7.3</b>	<b>(8.4)</b>
Loss on valuation of investment securities	0.0	0.0	0.0
Loss on disposal of noncurrent assets	2.9	3.0	0.1
Impairment losses	0.9	3.4	2.5
Business structure improvement expenses	1.1	1.9	0.8
<b>Total extraordinary loss</b>	<b>4.8</b>	<b>8.3</b>	<b>3.5</b>
<b>Net extraordinary income (loss)</b>	<b>10.8</b>	<b>(1.0)</b>	<b>(11.8)</b>

# Homes: Sales and order trends

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

		Value of new orders during the term	Sales of order-built homes, etc. <sup>1</sup>	Sales of real estate <sup>1</sup>				Sales of remodeling	Other sales	Consolidated		Order backlog
				Pre-built homes	Rental housing	Other	Total					
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	
	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	
	H2	194.3 (+6.1%)	220.8 (-3.1%)	9.5	43.5	1.6	54.6	29.1	0.8	305.3 (-6.1%)	515.8	
	annual	400.9 (+0.1%)	404.3 (-1.8%)	21.3	84.7	3.4	109.4	56.1	0.4	570.2 (-2.2%)		
FY17	H1	193.1 (-6.5%)	182.7 (-0.4%)	12.0	45.3	1.6	59.0	26.8	1.1	269.6 (+1.8%)	528.9	
	Q3	104.1 (+16.4%)	86.0 (-1.4%)	9.2	23.2	1.3	33.7	14.4	0.6	134.7 (+7.4%)	548.5	
	H2	212.5 (+9.4%)	224.1 (+1.5%)	14.7	47.8	2.5	65.1	28.4	1.1	318.7 (+4.4%)	520.9	
	annual	405.6 (+1.2%)	406.8 (+0.6%)	26.8	93.2	4.2	124.1	55.2	2.2	588.3 (+3.2%)		
FY18	H1	210.1 (+8.8%)	175.5 (-4.0%)	16.8	49.7	1.6	68.1	27.2	1.0	271.8 (+0.8%)	557.8	
	Q3	101.9 (-2.2%)	86.7 (+0.7%)	3.3	25.4	0.8	29.5	15.7	0.9	132.8 (-1.5%)	575.0	
	H2 forecast	227.9 (+7.3%)	226.1 (+0.9%)	14.2	51.8	3.4	69.4	31.8	0.9	328.2 (+3.0%)	563.8	
	annual forecast	438.0 (+8.0%)	401.5 (-1.3%)	31.0	101.5	5.0	137.5	59.0	2.0	600.0 (+2.0%)		

<sup>1</sup> 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.

# Health Care: Breakdown of sales

Sales of Health Care business category

(¥ billion)

		FY 2017			FY 2018	
		Oct.–Dec.	Apr.–Dec.	Total	Oct.–Dec.	Apr.–Dec.
	Domestic pharmaceuticals	16.5	47.0	60.1	15.7	45.1
	Others	1.1	3.9	5.7	1.3	4.1
Asahi Kasei Pharma consolidated		17.6	50.9	65.8	17.0	49.2
Devices <sup>1</sup>		19.1	52.2	70.0	18.5	54.8
Total		36.7	103.1	135.7	35.6	104.0

<sup>1</sup>Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

	FY 2017			FY 2018	
	Oct.–Dec.	Apr.–Dec.	Total	Oct.–Dec.	Apr.–Dec.
Teribone	7.2	20.5	26.8	7.2	21.6
Recomodulin	3.5	9.3	11.8	3.5	9.4
Flivas	1.3	3.7	4.6	0.9	2.6
Bredinin	1.0	2.9	3.6	0.8	2.3
Elcitonin	0.9	2.8	3.4	0.6	1.9
Reclast	0.3	0.8	1.1	0.4	1.0

# Health Care: Pharmaceutical pipeline

Development stage	Code name, form, generic name	Classifications	Indication	Region	Origin	Remarks
Pending approval	MN-10-T, autoinjection, teriparatide acetate	Osteoporosis drug	Osteoporosis with high risk of fracture	Japan	In-house	New formulation; new dose
Phase III	ART-123, injection, recombinant thrombomodulin alfa	Anticoagulant	Acute exacerbation of idiopathic pulmonary fibrosis (AE-IPF)	Japan	In-house	Additional indication
	AK1820, injection/capsule, isavuconazole	Antifungal agent	Invasive fungal infections	Japan	Licensed	
Phase II	ART-123, injection, recombinant thrombomodulin alfa	Anticoagulant	Chemotherapy-induced peripheral neuropathy (CIPN)	Japan	In-house	Additional indication
Pending approval (overseas)	Flivas, tablet, naftopidil	Dysuria treatment	Benign prostatic hyperplasia	China	In-house	
Phase III (overseas)	ART-123, injection, recombinant thrombomodulin alfa	Anticoagulant	Severe sepsis with coagulopathy	United States, Europe, etc.	In-house	
	HE-69, tablet, mizoribine	Immunosuppressant	Lupus nephritis, nephrotic syndrome	China	In-house	Additional indication

# *Creating for Tomorrow*

The commitment of the Asahi Kasei Group:

To do all that we can in every era to help the people of the world make the most of life and attain fulfillment in living.

Since our founding, we have always been deeply committed to contributing to the development of society, boldly anticipating the emergence of new needs.

This is what we mean by “Creating for Tomorrow.”

**AsahiKASEI**