

Fiscal 2016 Financial Results

– supplementary financial summary –

May 11, 2017

Asahi Kasei Corporation

Consolidated results for FY 2016

Summary of financial results	4–5
Statements of income	6
Financing activity	7
Extraordinary income and loss	8
Balance sheets	9
Cash flows and primary investments	10
Sales and operating income by segment	11
Sales and operating income by business category	12–15

Forecast for FY 2017

Consolidated operating performance forecast	17
Sales and operating income forecast by segment	18
Sales and operating income forecast by business category	19–21

Appendix

Quarterly performance by business category	23–24
Primary investments by business category	25
Major investments	26
Statements of comprehensive income	27
Overview of results by business category	28–40

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 2016

Summary of financial results (i)

(¥ billion, unless otherwise specified)

	FY 2015 ¹	FY 2016		FY 2016 vs. FY 2015		Actual vs. forecast	
		Actual	Forecast in Feb.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,940.9	1,883.0	1,870.0	(57.9)	-3.0%	13.0	+0.7%
Operating income	165.2	159.2	153.0	(6.0)	-3.6%	6.2	+4.1%
Ordinary income	161.4	160.6	154.0	(0.7)	-0.5%	6.6	+4.3%
Net income attributable to owners of the parent	91.8	115.0	106.0	23.2	+25.3%	9.0	+8.5%

Key operating factors

Naphtha price (¥/kL, domestic)	42,800	34,675	34,725
¥/US\$ exchange rate (market average)	120	108	108
¥/€ exchange rate (market average)	133	119	119

Financial position

At closing	FY 2015	FY 2016	Increase (decrease)
Total assets	2,211.7	2,254.5	42.8
Equity	1,041.9	1,151.3	109.4
Interest-bearing debt	449.7	402.8	(46.8)
Debt/equity ratio	0.43	0.35	(0.08)

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

Summary of financial results (ii)

	FY 2015	FY 2016
Net income per share (EPS)	¥65.69	¥82.34
Dividends per share	¥20	¥24
Payout ratio	30.4%	29.1%
Net income per total assets (ROA)	4.3%	5.1%
Net income per shareholders' equity (ROE)	8.6%	10.5%
Shareholders' equity per share (BPS)	¥745.94	¥824.36

Scope of consolidation

Number of consolidated subsidiaries	174	171
Number of affiliates for which the equity method is applied	31	32

Employees at year end	32,821	33,720
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Statements of income

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(¥ billion)

	FY 2015		FY 2016		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,940.9	100.0%	1,883.0	100.0%	(57.9)	-3.0%
Cost of sales	1,354.7	69.8%	1,296.3	68.8%	(58.4)	-4.3%
Gross profit	586.2	30.2%	586.7	31.2%	0.5	+0.1%
Selling, general and administrative expenses	421.0	21.7%	427.5	22.7%	6.5	+1.5%
Operating income	165.2	8.5%	159.2	8.5%	(6.0)	-3.6%
Net non-operating income (expenses)	(3.8)		1.4		5.2	
of which,						
net financing income (expense)	2.5		2.1		(0.4)	
net equity in earnings (losses) of affiliates	(0.9)		4.9		5.8	
foreign exchange gains (loss)	(3.7)		(1.2)		2.5	
Ordinary income	161.4	8.3%	160.6	8.5%	(0.7)	-0.5%
Net extraordinary income (loss)	(15.0)		(3.2)		11.7	
Income before income taxes	146.4		157.4		11.0	
Income taxes	(53.0)		(40.7)		12.3	
Net income attributable to non-controlling interests	(1.7)		(1.7)		(0.0)	
Net income attributable to owners of the parent	91.8	4.7%	115.0	6.1%	23.2	+25.3%

Financing activity

Financing income and expenses

(¥ billion)

	FY 2015	FY 2016	Increase (decrease)
Interest expenses	(3.6)	(4.4)	(0.8)
Interest income	1.4	1.4	0.0
Dividends income	4.8	5.2	0.4
Others	(0.1)	(0.1)	0.0
Total	2.5	2.1	(0.4)

Interest-bearing debt

(¥ billion)

	FY 2015	FY 2016	Increase (decrease)
At closing			
Short-term loans payable	313.6	113.5	(200.1)
Commercial paper	–	56.0	56.0
Bonds payable within one year	–	20.0	20.0
Bonds payable	40.0	20.0	(20.0)
Long-term loans payable	94.6	192.6	98.0
Lease obligations	1.5	0.8	(0.7)
Total	449.7	402.8	(46.8)

Extraordinary income and loss

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(¥ billion)

	FY 2015	FY 2016	Increase (decrease)
Gain on sales of investment securities	8.3	9.9	1.6
Gain on sales of noncurrent assets	0.9	0.2	(0.8)
Total extraordinary income	9.2	10.1	0.9
Loss on valuation of investment securities	0.4	0.1	(0.3)
Loss on disposal of noncurrent assets	5.2	4.9	(0.4)
Impairment losses	3.5	1.5	(2.0)
Business structure improvement expenses	3.6	6.2	2.6
Litigation settlement	1.2	–	(1.2)
Loss on piling business ¹	1.5	–	(1.5)
Business integration expense	1.5	0.7	(0.9)
Special retirement expenses and other ²	2.0	–	(2.0)
Loss on discontinuation of joint sales agreement	5.3	–	(5.3)
Total extraordinary loss	24.2	13.3	(10.8)
Net extraordinary income (loss)	(15.0)	(3.2)	11.7

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 Mar. 2017	Increase (decrease)		At end of Mar. 2016	At end of Mar. 2017	Increase (decrease)
Current assets	856.0	894.5	38.5	Liabilities	1,154.3	1,086.4	(67.9)
Cash and deposits	146.1	145.3	(0.8)	Current liabilities	725.7	594.9	(130.8)
Notes and accounts receivable-trade	280.1	302.8	22.7	Noncurrent liabilities	428.7	491.5	62.8
Inventories	336.7	346.7	9.9	Net assets	1,057.4	1,168.1	110.7
Other current assets	93.1	99.8	6.7	Shareholders' equity	942.7	1,030.1	87.4
Noncurrent assets	1,355.7	1,360.0	4.2	Capital stock	103.4	103.4	–
Property, plant and equipment	556.0	556.9	0.9	Capital surplus	79.4	79.4	0.0
Intangible assets	494.6	462.8	(31.8)	Retained earnings	763.1	850.5	87.5
Investments and other assets	305.1	340.3	35.2	Treasury stock	(3.2)	(3.2)	(0.1)
				Accumulated other comprehensive income	99.2	121.2	22.0
				Non-controlling interests	15.5	16.8	1.3
Total assets	2,211.7	2,254.5	42.8	Total liabilities and net assets	2,211.7	2,254.5	42.8

Cash flows and primary investments

Cash flows◎

(¥ billion)

	FY 2015	FY 2016
a. Net cash provided by (used in) operating activities	216.2	169.0
b. Net cash provided by (used in) investing activities	(285.3)	(89.9)
c. Free cash flows [a+b]	(69.1)	79.0
d. Net cash provided by (used in) financing activities	101.4	(74.0)
e. Effect of exchange rate change on cash and cash equivalents	(5.6)	(6.8)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	26.7	(1.7)
g. Cash and cash equivalents at beginning of period	112.3	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]	145.3	144.1

Primary investments

(¥ billion)

	FY 2015	FY 2016
Capital expenditure (tangible)	89.2	80.9
Capital expenditure (intangible)	9.8	9.7
Total capital expenditure	99.0	90.6
Depreciation and amortization excluding goodwill	93.8	91.4
Amortization of goodwill	15.8	17.8
Total depreciation and amortization	109.6	109.2
R&D expenditures	81.1	79.6

Sales and operating income by segment **AsahiKASEI**

(¥ billion)

	Sales			Operating income			FY 2016 forecast in Feb.	
	FY 2015	FY 2016	Increase (decrease)	FY 2015	FY 2016	Increase (decrease)	Sales	Operating income
Material ¹	1,004.4	973.2	(31.3)	79.2	84.5	5.3	958.0	78.5
Homes	632.4	619.0	(13.5)	71.0	64.1	(6.9)	620.0	63.5
Health Care	285.4	270.1	(15.3)	36.2	31.9	(4.3)	270.0	32.5
Others	18.7	20.7	2.1	3.8	6.0	2.3	22.0	5.0
Corporate expenses and eliminations	–	–	–	(25.0)	(27.3)	(2.3)	–	(26.5)
Consolidated	1,940.9	1,883.0	(57.9)	165.2	159.2	(6.0)	1,870.0	153.0

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

Sales and operating income by business category¹

Asahi**KASEI**

(¥ billion)

	Sales			Operating income			FY 2016 forecast in Feb.	
	FY 2015	FY 2016	Increase (decrease)	FY 2015	FY 2016	Increase (decrease)	Sales	Operating income
Fibers	132.1	125.7	(6.4)	13.9	11.7	(2.2)	125.0	12.0
Chemicals	750.7	708.1	(42.7)	60.9	70.4	9.4	694.0	65.5
Electronics ²	121.6	139.4	17.8	4.4	2.5	(2.0)	139.0	1.0
Homes	583.0	570.2	(12.8)	65.4	59.5	(6.0)	571.0	59.0
Construction Materials	49.4	48.8	(0.6)	5.8	4.5	(1.4)	49.0	4.5
Health Care	144.9	133.9	(11.0)	24.3	17.1	(7.2)	134.0	17.5
Critical Care	140.5	136.2	(4.3)	11.9	14.8	2.9	136.0	15.0
Others	18.7	20.7	2.1	3.8	6.0	2.3	22.0	5.0
Corporate expenses and eliminations	–	–	–	(25.3)	(27.1)	(1.9)	–	(26.5)
Consolidated	1,940.9	1,883.0	(57.9)	165.2	159.2	(6.0)	1,870.0	153.0

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

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included in the Electronics from Q2 2015.

Sales and operating income increase/decrease by business category¹ (i)

AsahiKASEI

(¥ billion)

		FY 2015	FY 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	132.1	125.7	(6.4)	2.9	(5.8)	(2.8)	(3.5)	–
	Operating income	13.9	11.7	(2.2)	2.2			–	1.4
Chemicals	Sales	750.7	708.1	(42.7)	10.4	(34.8)	(22.2)	(18.3)	–
	Operating income	60.9	70.4	9.4	5.0			–	39.1
Electronics ²	Sales	121.6	139.4	17.8	32.6	(10.8)	(4.6)	(4.0)	–
	Operating income	4.4	2.5	(2.0)	7.7			–	1.1
Homes	Sales	583.0	570.2	(12.8)	2.1	1.9	–	(16.8)	–
	Operating income	65.4	59.5	(6.0)	(1.5)			–	(6.4)
Construction Materials	Sales	49.4	48.8	(0.6)	(2.8)	(0.5)	–	2.7	–
	Operating income	5.8	4.5	(1.4)	(0.9)			–	0.0

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

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included in the Electronics from Q2 2015.

Sales and operating income increase/decrease by business category¹ (ii)

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(¥ billion)

		FY 2015	FY 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	144.9	133.9	(11.0)	1.8	(11.1)	(3.6)	(1.8)	–
	Operating income	24.3	17.1	(7.2)	1.2			–	2.6
Critical Care	Sales	140.5	136.2	(4.3)	7.5	1.9	(0.0)	(13.7)	–
	Operating income	11.9	14.8	2.9	5.8			–	(4.8)
Others	Sales	18.7	20.7	2.1	2.1	–	–	–	–
	Operating income	3.8	6.0	2.3	1.9			–	0.4
Corporate expenses and eliminations	Operating loss	(25.3)	(27.1)	(1.9)	–	–	–	–	(1.9)
Consolidated	Sales	1,940.9	1,883.0	(57.9)	56.5	(59.1)	(33.2)	(55.3)	–
	Operating income	165.2	159.2	(6.0)	21.5			–	31.6

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

Overseas sales by business category

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(¥ billion)

	FY 2015			FY 2016			Increase (decrease)	% change
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		
Fibers	132.1	57.4	43.5%	125.7	54.8	43.6%	(2.7)	-4.6%
Chemicals	750.7	361.2	48.1%	708.1	328.5	46.4%	(32.7)	-9.0%
Electronics ¹	121.6	81.6	67.0%	139.4	96.8	69.4%	15.2	+18.6%
Homes	583.0	—	—	570.2	—	—	—	—
Construction Materials	49.4	—	—	48.8	0.0	0.0%	0.0	—
Health Care	144.9	39.7	27.4%	133.9	39.0	29.1%	(0.7)	-1.9%
Critical Care	140.5	139.3	99.1%	136.2	134.7	98.9%	(4.6)	-3.3%
Others	18.7	0.5	2.7%	20.7	2.6	12.6%	2.1	+421.5%
Total	1,940.9	679.7	35.0%	1,883.0	656.4	34.9%	(23.4)	-3.4%
Sales to East Asia ²		308.7	15.9%		291.5	15.5%	(17.2)	-5.6%
of which, sales to China		185.2	9.5%		165.5	8.8%	(19.8)	-10.7%

Sales, excluding Homes
and Construction Materials

1,308.5 679.7 51.9% 1,264.0 656.4 51.9%

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

² China, Korea, and Taiwan.

Forecast for Fiscal Year 2017

Consolidated operating performance forecast

(¥ billion, unless otherwise specified)

	FY 2015 ¹	FY 2016			FY 2017 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,940.9	890.7	992.3	1,883.0	950.0	1,040.0	1,990.0	107.0
Operating income	165.2	70.8	88.5	159.2	71.5	93.5	165.0	5.8
Ordinary income	161.4	69.9	90.8	160.6	73.5	96.5	170.0	9.4
Net income attributable to owners of the parent	91.8	52.9	62.1	115.0	49.0	66.0	115.0	0.0

Naphtha price (¥/kL, domestic)	42,800	31,450	37,900	34,675	41,000	41,000	41,000	6,325
¥/US\$ exchange rate (market average)	120	105	112	108	110	110	110	2
¥/€ exchange rate (market average)	133	118	119	119	120	120	120	1

	FY 2015	FY 2016	FY 2017
Dividends per share	¥20	¥24	¥24 (planned)
Payout ratio	30.4%	29.1%	29.1%

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 and operating income forecast by segment

Sales forecast

(¥ billion)

	FY 2016 (recalculated)			FY 2017 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Material ¹	464.0	513.9	977.9	504.0	529.0	1,033.0	55.1
Homes	287.5	331.5	619.0	296.0	351.0	647.0	28.0
Health Care	132.3	137.8	270.1	141.0	150.0	291.0	20.9
Others ¹	7.0	9.0	16.0	9.0	10.0	19.0	3.0
Consolidated	890.7	992.3	1,883.0	950.0	1,040.0	1,990.0	107.0

Operating income forecast

(¥ billion)

	FY 2016 (recalculated)			FY 2017 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Material ¹	38.9	49.6	88.5	44.5	45.5	90.0	1.5
Homes	26.5	37.6	64.1	23.0	41.5	64.5	0.4
Health Care	17.6	14.4	31.9	16.5	19.0	35.5	3.6
Others ¹	0.9	1.2	2.0	1.0	1.0	2.0	(0.0)
Corporate expenses and eliminations	(13.1)	(14.2)	(27.3)	(13.5)	(13.5)	(27.0)	0.3
Consolidated	70.8	88.5	159.2	71.5	93.5	165.0	5.8

¹ Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Material segment.
For comparison purposes, FY 2016 figures are recalculated in accordance with the new classification.

Sales forecast by business category

(¥ billion)

	FY 2016 (recalculated)			FY 2017 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Fibers	62.3	63.4	125.7	66.0	71.0	137.0	11.3
Chemicals ¹	334.8	378.0	712.8	361.0	383.0	744.0	31.2
Electronics	66.9	72.5	139.4	77.0	75.0	152.0	12.6
Homes	264.8	305.3	570.2	270.0	323.0	593.0	22.8
Construction Materials	22.6	26.2	48.8	26.0	28.0	54.0	5.2
Health Care	67.8	66.1	133.9	67.0	70.0	137.0	3.1
Critical Care	64.5	71.7	136.2	74.0	80.0	154.0	17.8
Others ¹	7.0	9.0	16.0	9.0	10.0	19.0	3.0
Consolidated	890.7	992.3	1,883.0	950.0	1,040.0	1,990.0	107.0

¹ Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category. FY 2016 figures are recalculated in accordance with the new classification.

Operating income forecast by business category¹

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(¥ billion)

	FY 2016 (recalculated)			FY 2017 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Fibers	6.0	5.7	11.7	6.0	6.5	12.5	0.8
Chemicals ²	33.3	41.1	74.4	35.5	37.0	72.5	(1.9)
Electronics	(0.3)	2.8	2.5	3.0	2.0	5.0	2.5
Homes	24.6	34.9	59.5	21.5	38.5	60.0	0.5
Construction Materials	1.8	2.6	4.5	1.5	3.0	4.5	0.0
Health Care	10.7	6.4	17.1	9.0	9.0	18.0	0.9
Critical Care	6.8	8.0	14.8	7.5	10.0	17.5	2.7
Others ²	0.9	1.2	2.0	1.0	1.0	2.0	(0.0)
Corporate expenses and eliminations	(13.0)	(14.1)	(27.1)	(13.5)	(13.5)	(27.0)	0.1
Consolidated	70.8	88.5	159.2	71.5	93.5	165.0	5.8

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

² Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category. FY 2016 figures are recalculated in accordance with the new classification.

Forecast by business category¹

	(¥billion)	FY 16 (recalculated)	FY 17 Forecast	Outlook
Fibers	Sales Operating income	125.7 11.7	137.0 12.5	Increased shipments centering on products with recently increased production capacity such as spunbond and Leona nylon 66 filament. Sales and operating income increase.
Chemicals ²	Sales Operating income	712.8 74.4	744.0 72.5	Increased shipments of synthetic rubber for fuel-efficient tires, engineering plastics, and electronic materials. Impact of maintenance turnaround at naphtha cracker of Asahi Kasei Mitsubishi Chemical Ethylene Corporation in Mizushima. Non-recurrence of benefit from inventory valuation due to feedstock cost fluctuation. Sales increase, but operating income decrease.
Electronics	Sales Operating income	139.4 2.5	152.0 5.0	Increased shipments of each battery separator product. In electronic devices, firm sales of audio LSIs and devices for camera modules for smartphones. Sales and operating income increase.
Homes	Sales Operating income	570.2 59.5	593.0 60.0	In order-built homes, increased number of buildings delivered, but higher SG&A expenses such as labor costs. Firm performance of rental management in real estate. Sales and operating income increase.
Construction Materials	Sales Operating income	48.8 4.5	54.0 4.5	Increased shipments centering on Neoma phenolic foam insulation panels. Increased raw material costs. Sales increase, but operating income flat.
Health Care	Sales Operating income	133.9 17.1	137.0 18.0	Pharmaceuticals: Increased shipments of Teribone osteoporosis drug. Increased R&D expenses for development of autoinjection formulation of Teribone. Devices: Firm sales centered on Planova virus removal filters. Sales and operating income increase in Health Care overall.
Critical Care	Sales Operating income	136.2 14.8	154.0 17.5	Higher SG&A with reinforced sales activity. Continued expansion of operations centered on LifeVest wearable defibrillators. Sales and operating income increase.

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

² Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category.
For comparison purposes, FY 2016 figures are recalculated in accordance with the new classification.

Appendix

Quarterly sales by business category

(¥ billion)

	FY 2015				FY 2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fibers	33.0	33.8	33.8	31.4	30.9	31.4	31.4	32.0
Chemicals	206.9	194.5	185.7	163.6	165.8	166.8	184.0	191.5
Electronics ¹	24.7	28.8	35.5	32.7	32.2	34.7	36.4	36.1
Homes	109.9	148.1	144.4	180.6	115.7	149.1	125.4	179.9
Construction Materials	12.2	13.4	13.8	10.0	10.3	12.3	14.1	12.1
Health Care	38.5	37.0	36.9	32.5	34.5	33.3	34.3	31.8
Critical Care	32.7	35.0	36.1	36.6	32.2	32.3	34.8	37.0
Others	4.4	4.5	4.6	5.1	4.1	5.2	5.7	5.8
Total	462.4	495.1	490.9	492.5	425.8	464.9	466.1	526.1

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

Quarterly operating income by business category¹

AsahiKASEI

(¥ billion)

	FY 2015				FY 2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fibers	4.0	3.3	4.1	2.4	3.3	2.7	3.3	2.4
Chemicals	15.1	19.2	15.6	11.1	14.2	17.5	20.8	17.9
Electronics ²	4.3	2.1	(1.3)	(0.6)	(0.1)	(0.2)	1.7	1.1
Homes	6.1	18.4	15.5	25.5	7.8	16.8	10.8	24.1
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	1.0
Critical Care	1.5	3.3	3.4	3.8	2.8	4.0	4.0	4.0
Others	0.4	1.9	1.2	0.3	0.7	1.7	2.0	1.6
Corporate expenses and eliminations	(6.2)	(7.8)	(6.0)	(5.3)	(6.4)	(6.6)	(6.5)	(7.6)
Total	35.5	48.9	42.2	38.6	29.9	40.9	43.4	45.1

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

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included in the Electronics from Q2 2015.

Primary investments by business category

(¥ billion)

	Capital expenditures ¹			Depreciation and amortization ²			R&D expenditures		
	FY 2015	FY 2016	FY 2017 forecast	FY 2015	FY 2016	FY 2017 forecast	FY 2015	FY 2016	FY 2017 forecast
Fibers	12.1	9.4	13.5	7.1	7.5		3.2	2.9	
Chemicals	31.7	26.2	30.0	30.8	28.5		22.4	17.0	
Electronics ³	13.4	11.6	18.0	13.4	14.8		11.7	11.6	
Homes	10.1	9.1	8.5	6.8	6.9		2.6	2.6	
Constustion Materials	1.9	3.0	3.5	2.7	2.5		0.8	0.8	
Health Care	8.0	11.1	11.0	8.2	6.6		21.3	19.7	
Critical Care	11.4	4.5	7.0	13.4	11.6		11.0	11.4	
Others	4.7	6.8	1.5	4.6	4.6		0.1	0.1	
Corporate expenses, assets, and eliminations	5.8	8.8	7.0	6.8	8.3		8.1	13.5	
Total	99.0	90.6	100.0	93.8	91.4	99.0	81.1	79.6	87.0

Amortization of goodwill

15.8 17.8

¹ Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category. The FY 2017 forecast is shown in accordance with the new classification.

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

³ Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included in the Electronics from Q2 2015.

Completed in FY 2016

- Hipore Li-ion battery separator – 60 million m²/y capacity increase in Hyuga, Miyazaki, Japan, spring 2016.*
- Recomodulin recombinant thrombomodulin – new manufacturing facility for the active ingredient, recombinant thrombomodulin alpha, in Fuji, Shizuoka, Japan, Jun. 2016.*
- Planova BioEX filters – new spinning plant for hollow-fiber membranes, in Oita, Japan, Sep. 2016.*
- Bemliese continuous-filament cellulose nonwoven – 1,500 t/y capacity increase in Nobeoka, Miyazaki, Japan, Feb. 2017.

Under construction at FY 2016 year-end

- Hipore Li-ion battery separator – 60 million m²/y capacity increase in Moriyama, Shiga, Japan, H1 2018.*

* Investment of ¥3 billion or more.

Statements of comprehensive income

(¥ billion)

	FY 2015	FY 2016	increase (decrease)
a: Net income	93.4	116.7	23.3
Net increase or decrease in unrealized gain on other securities	(21.1)	21.2	42.3
Deferred gains or losses on hedges	1.5	0.2	(1.3)
Foreign currency translation adjustment	(48.9)	(8.0)	40.8
Remeasurements of defined benefit plans	(33.3)	8.1	41.4
Share of other comprehensive income of affiliates accounted for using equity method	(3.6)	0.8	4.4
b: Other comprehensive income	(105.3)	22.3	127.7
Comprehensive income [a+b]	(11.9)	139.0	150.9

Comprehensive income attributable to owners of the parent

(12.7)

137.0

149.8

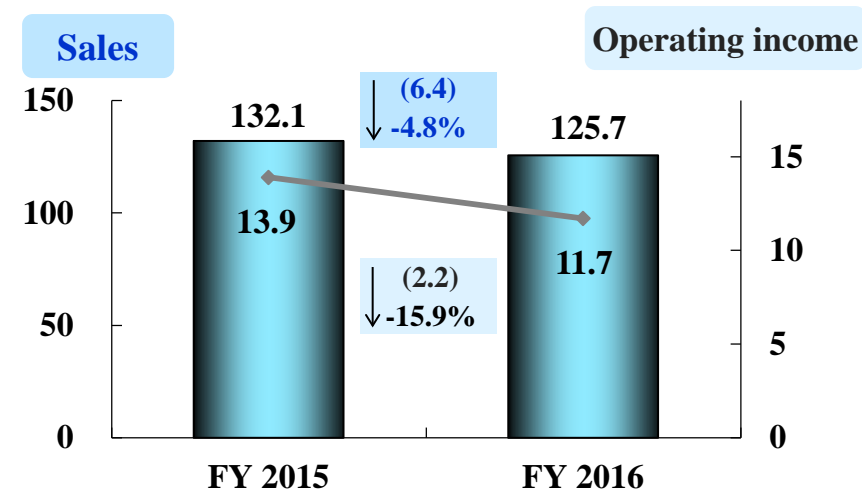
Comprehensive income attributable to non-controlling interests

0.8

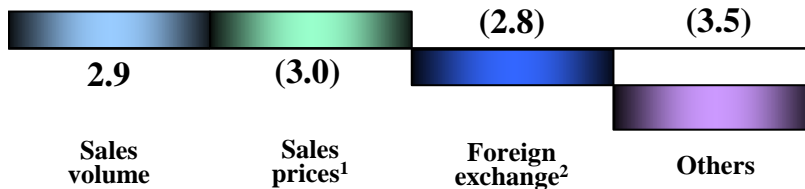
1.9

1.2

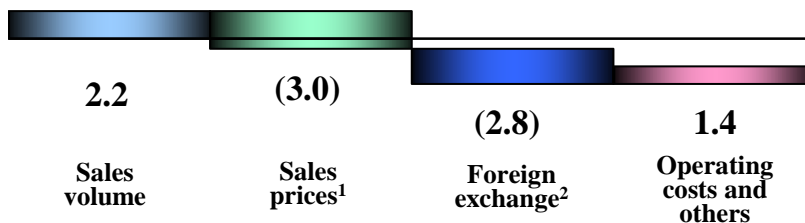
(¥ billion)



Sales increase/decrease due to:



Operating income increase/decrease due to:



Review of operations

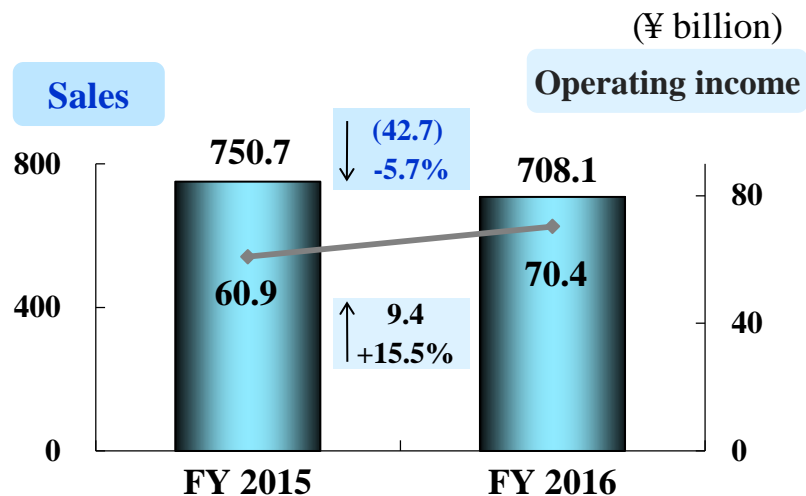
Increased shipments of Bemberg cupro fiber, Lamous artificial suede, and Leona nylon 66 filament. Declined selling prices due to competition. Impact of the stronger yen on each product. Sales and operating income decrease.

Highlights

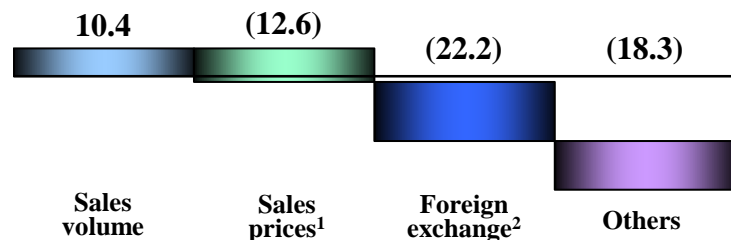
- February, start of commercial operation of a new production facility for Bemliese continuous-filament cellulose nonwoven in Nobeoka, Miyazaki, Japan.

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

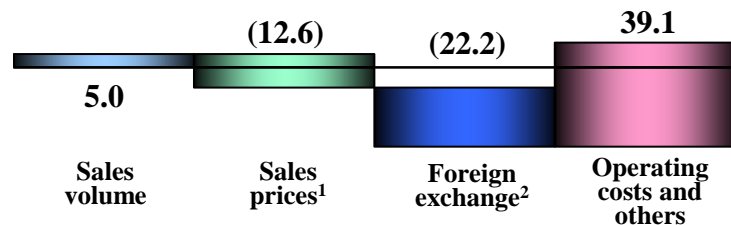
² Impact of foreign exchange on sales prices



Sales increase/decrease due to:



Operating income increase/decrease due to:



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 increase, but operating income decrease.

Performance materials & consumables:

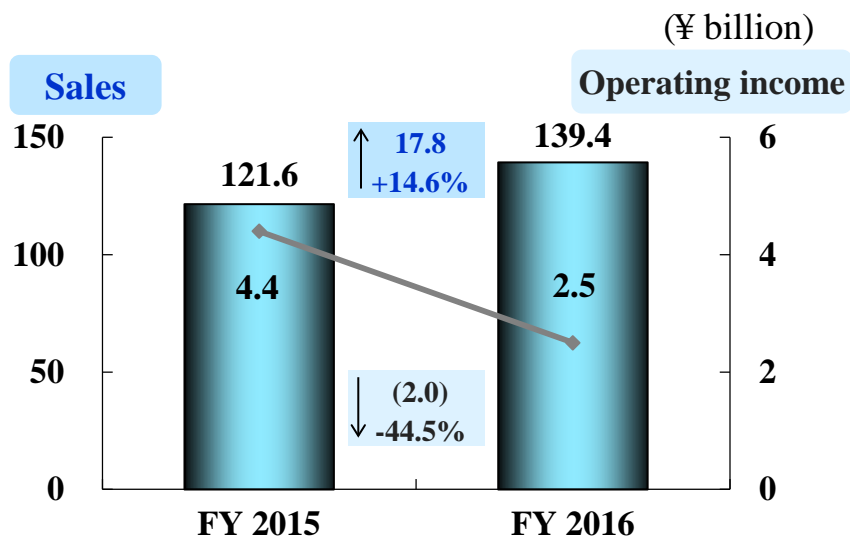
Impact of the stronger yen on ion-exchange membranes. Firm sales of electronic materials and Saran Wrap cling film. Sales decrease, but operating income increase.

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.
- February, conclusion of a joint venture agreement with China National Bluestar (Group) Co., Ltd. for the integrated production and sale of Xyron modified polyphenylene ether in China, including its intermediate materials 2,6-xylenol and polyphenylene ether.

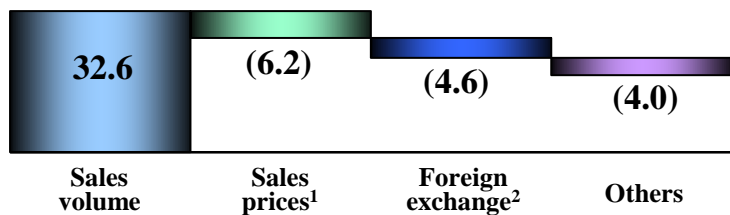
¹ Increase (decrease) in sales prices excluding impact of foreign exchange

² Impact of foreign exchange on sales prices

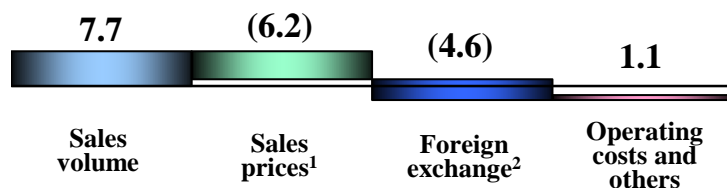


¹ Includes result of Polypore International, LP etc. beginning with Q2 2015.

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

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.

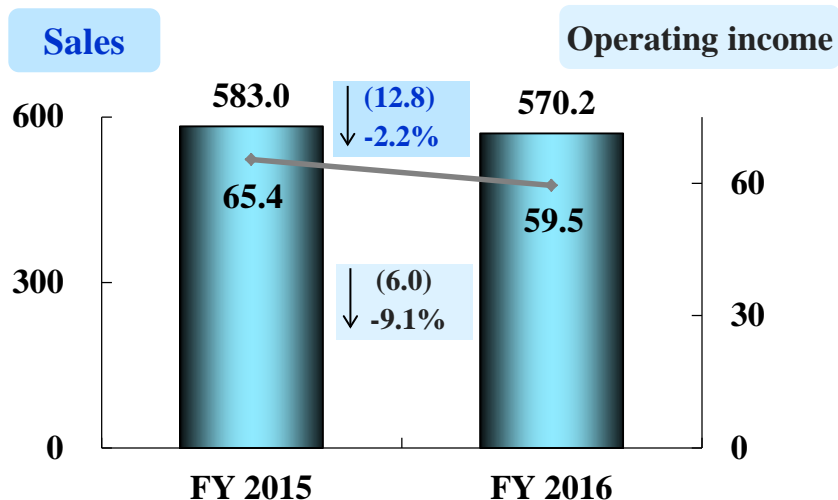
Electronic devices:

Increased shipments of audio devices for smartphones. Impact of the stronger yen. Sales and operating income increase.

Highlights

- May, announcement of capacity increase of 60 million m²/year for Hipore in Moriyama, Shiga, Japan, with start-up scheduled in H1 2018.
- March, announcement of capacity increase of 200 million m²/year for Hipore in Moriyama, Shiga, Japan, with start-up scheduled in H1 2019.

(¥ billion)



Results by product category

(¥ billion)

	FY 2015		FY 2016		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	411.5	48.4	404.3	41.6	(7.2)	(6.8)
Real estate (Asahi Kasei Realty & Residence)	114.1	8.4	109.4	10.0	(4.7)	1.6
Remodeling (Asahi Kasei Reform)	55.9	6.5	56.1	5.7	0.3	(0.8)
Other housing-related, etc.	1.6	2.1	0.4	2.2	(1.2)	0.1
Total	583.0	65.4	570.2	59.5	(12.8)	(6.0)

Review of operations

Order-built homes:

- Decreased deliveries of Hebel Haus unit homes and Hebel Maison apartment buildings as an effect of lower orders received during the previous period. Increased SG&A expenses, such as advertising expenses. Sales and operating income decrease.
- Decreased value of new orders during H1 2016 with advertising curtailed from late October 2015 to Q1 2016, but 6.1% year-on-year increase during H2 2016; 0.1% year-on-year increase for the full fiscal year.

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.

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.
- February, announcement of capital alliance including sharing of know-how in the field of metalworking with Chuo Build Industry Co., Ltd. to enhance the production of steel-frame members for homes in the Kanto area and achieve cost reductions.

Homes (ii)

Sales 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				
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
	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 forecast		422.5 (+5.4%)	410.0 (+1.4%)	29.0	92.5	3.5	125.0	57.0	1.0	593.0 (+4.0%)	533.8

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

Homes (iii)

FY 2016 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	219.8	+3.4%	6,989	+0.5%	218.1	+1.8%	6,884	-0.5%
	3+ story	81.5	-6.0%	3,108	-10.4%	86.1	-2.0%	3,273	+0.2%
	Total	301.3	+0.7%	10,097	-3.1%	304.2	+0.7%	10,157	-0.2%
Multi-dwelling homes	1-2 story	33.0	-12.6%	2,376	-19.6%	30.4	-14.1%	2,168	-17.5%
	3+ story	64.0	-1.0%	4,827	-2.2%	66.3	+5.7%	4,548	-1.1%
	Total	97.0	-5.3%	7,203	-8.8%	96.8	-1.5%	6,716	-7.1%
Order-built homes total		398.3	-0.9%	17,300	-5.5%	400.9	+0.1%	16,873	-3.1%
Other ¹		6.0	-38.6%	27	+8.0%	–	–	–	–
Asahi Kasei Homes total		404.3	-1.8%	17,327	-5.5%	400.9	+0.1%	16,873	-3.1%

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

Homes (iv)

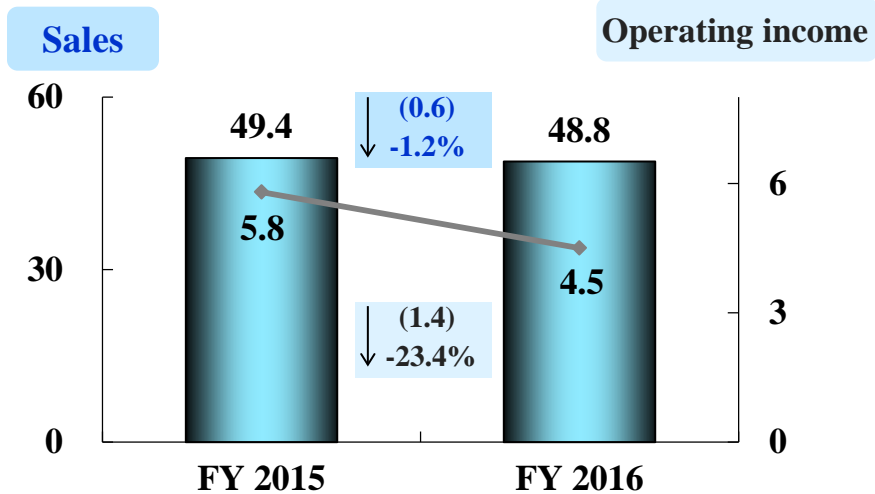
FY 2017 sales and order forecast of Asahi Kasei Homes

(% 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	212.5	-3.3%	6,700	-4.1%	223.4	+2.4%	7,010	+1.8%
	3+ story	85.0	+4.2%	3,340	+7.5%	88.8	+3.2%	3,340	+2.0%
	Total	297.5	-1.3%	10,040	-0.6%	312.2	+2.6%	10,350	+1.9%
Multi-dwelling homes	1-2 story	35.0	+6.1%	2,440	+2.7%	35.6	+17.0%	2,530	+16.7%
	3+ story	72.0	+12.5%	5,230	+8.3%	74.7	+12.6%	5,220	+14.8%
	Total	107.0	+10.4%	7,660	+6.3%	110.3	+14.0%	7,750	+15.4%
Order-built homes total		404.5	+1.6%	17,700	+2.3%	422.5	+5.4%	18,100	+7.3%
Other ¹		5.5	-8.7%	20	-25.9%	—	—	—	—
Asahi Kasei Homes total		410.0	+1.4%	17,720	+2.3%	422.5	+5.4%	18,100	+7.3%

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

(¥ billion)



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

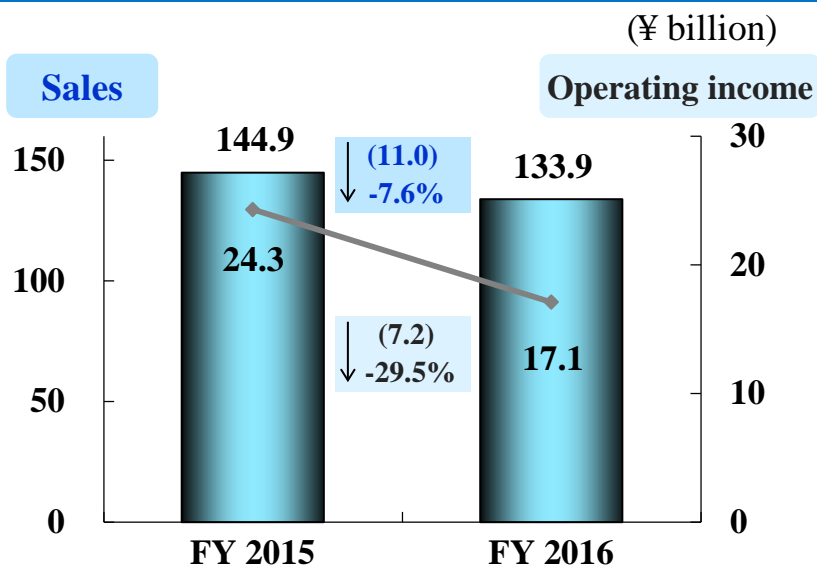
- December, announcement of development of Neoma Zeus, a new phenolic foam insulation panel with higher insulation performance than previous products.

Sales increase/decrease due to:

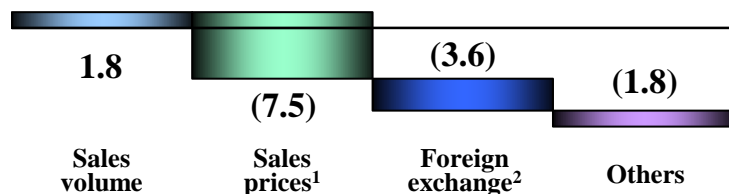


Operating income increase/decrease due to:

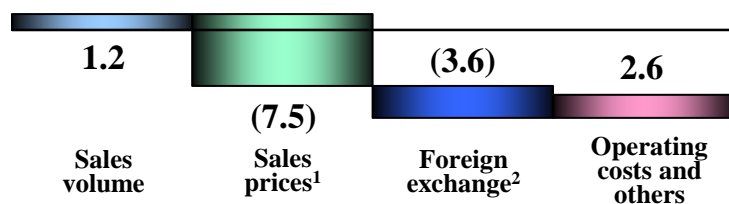




Sales increase/decrease due to:



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)

Sales of Health Care category

(¥ billion)

			FY 2015			FY 2016		
			H1	H2	Total	H1	H2	Total
		Domestic pharmaceuticals	37.6	33.1	70.6	31.2	30.2	61.5
		Others	2.8	2.9	5.7	3.4	2.9	6.4
	Asahi Kasei Pharma consolidated		40.4	36.0	76.3	34.7	33.1	67.8
	Devices ¹		35.2	33.3	68.6	33.1	33.0	66.1
	Total		75.6	69.3	144.9	67.8	66.1	133.9

¹Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

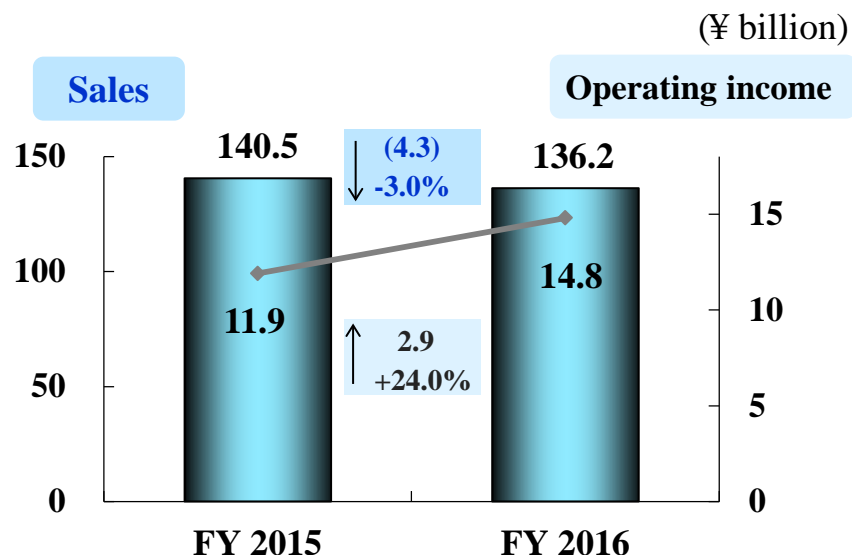
	FY 2015			FY 2016		
	H1	H2	Total	H1	H2	Total
Teribone	13.9	12.8	26.7	12.0	11.9	23.9
Recomodulin	6.2	6.2	12.3	6.3	6.3	12.6
Flivas	5.6	3.7	9.3	3.1	2.8	5.9
Elcitonin	2.7	2.4	5.1	2.3	2.0	4.4
Bredinin	2.7	2.4	5.1	2.2	2.0	4.2

Main pharmaceutical products

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

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 treatment duration	Osteoporosis drug	Osteoporosis with high risk of fracture	In-house
Phase III	ART-123, injection, recombinant thrombomodulin alpha	Additional indication	Anticoagulant	Acute exacerbation of idiopathic pulmonary fibrosis (AE-IPF)	In-house
	MN-10-T, autoinjection, teriparatide acetate	New formulation; new dose	Osteoporosis drug	Osteoporosis with high risk of fracture	In-house
Phase II	ART-123, injection, recombinant thrombomodulin alpha	Additional indication	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		
	H1	H2		H1	H2	
Net sales	556	613	1,169	612	644	1,256
Gross operating income before PPA ¹ impact	101	122	223	126	133	259
Amortization/depreciation from PPA ¹ revaluation	(61)	(62)	(123)	(61)	(61)	(122)
Goodwill	(37)	(38)	(75)	(37)	(38)	(75)
Other intangible assets, etc.	(24)	(24)	(49)	(24)	(24)	(47)
Consolidated operating income	39	60	99	65	72	136

¹ Purchase price allocation.