

Fiscal 2017 2nd Quarter Financial Results

– supplementary financial summary –

November 7, 2017
Asahi Kasei Corporation

Consolidated results for 1st half fiscal year 2017

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Consolidated results for 1st half fiscal year 2017

Summary of financial results (i)

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(¥ billion)

	H1 2016	H1 2017	
		Result	Forecast in Aug.
Net sales	890.7	964.7	957.0
Operating income	70.8	92.7	80.0
Ordinary income	69.9	98.2	84.0
Net income attributable to owners of the parent	52.9	70.9	60.0

H1 2017 vs. H1 2016		Result vs. forecast in Aug.	
Increase (decrease)	% change	Increase (decrease)	% change
74.0	+8.3%	7.7	+0.8%
21.9	+30.9%	12.7	+15.8%
28.3	+40.5%	14.2	+16.9%
18.0	+33.9%	10.9	+18.1%

	At end of Mar. 2017	At end of Sep. 2017	Increase (decrease)
Total assets	2,254.5	2,334.9	80.4
Equity	1,151.3	1,231.8	80.4
Interest-bearing debt	402.8	378.2	(24.6)
Debt/equity ratio	0.35	0.31	(0.04)

Summary of financial results (ii)

	H1 2016	H1 2017
Dividends per share	¥10	¥14
Net income per share (EPS)	¥37.88	¥50.75
Net worth per share (BPS)	¥731.05	¥882.26

Scope of consolidation

Number of consolidated subsidiaries	171	174
Number of affiliates for which the equity method is applied	33	55

Key operating factors

Naphtha price (¥/kL, domestic)	31,450	37,600
¥/US\$ exchange rate (market average)	105	111
¥/€ exchange rate (market average)	118	126

Employees at end of period	33,723	34,568
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Statements of income

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(¥ billion)

	H1 2016		H1 2017		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	890.7	100.0%	964.7	100.0%	74.0	+8.3%
Cost of sales	610.9	68.6%	651.5	67.5%	40.6	+6.7%
Gross profit	279.8	31.4%	313.2	32.5%	33.4	+11.9%
Selling, general and administrative expenses	209.1	23.5%	220.6	22.9%	11.5	+5.5%
Operating income	70.8	7.9%	92.7	9.6%	21.9	+30.9%
Net non-operating income (expenses)	(0.9)		5.5		6.4	
of which,						
net financing income (expense)	1.1		1.5		0.4	
net equity in earnings (losses) of affiliates	1.3		5.3		4.0	
foreign exchange income (loss)	(3.3)		(0.9)		2.4	
Ordinary income	69.9	7.8%	98.2	10.2%	28.3	+40.5%
Net extraordinary income (loss)	0.8		3.5		2.7	
Income before income taxes	70.7		101.7		31.0	
Total income taxes	(17.0)		(29.7)		(12.8)	
Net income attributable to non-controlling interests	(0.8)		(1.1)		(0.3)	
Net income attributable to owners of the parent	52.9	5.9%	70.9	7.3%	18.0	+33.9%

Extraordinary income and loss

(¥ billion)

	H1 2016	H1 2017	Increase (decrease)
Extraordinary income			
Gain on sales of investment securities	3.9	5.8	2.0
Gain on sales of noncurrent assets	0.0	0.4	0.4
Total extraordinary income	3.9	6.3	2.4
Extraordinary loss			
Loss on disposal of noncurrent assets	1.3	1.5	0.1
Impairment loss	0.0	0.6	0.5
Business structure improvement expenses	1.0	0.7	(0.3)
Business integration expense	0.7	–	(0.7)
Total extraordinary loss	3.1	2.7	(0.3)
Net extraordinary income (loss)	0.8	3.5	2.7

Balance sheets

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(¥ billion)

	At end of Mar. 2017	At end of Sep. 2017	Increase (decrease)		At end of Mar. 2017	At end of Sep. 2017	Increase (decrease)
Current assets	894.5	950.4	55.8	Liabilities	1,086.4	1,085.6	(0.8)
Cash and deposits	145.3	163.3	18.0	Current liabilities	594.9	604.4	9.6
Notes and accounts receivable–trade	302.8	321.9	19.1	Noncurrent liabilities	491.5	481.2	(10.3)
Inventories	346.7	364.3	17.6	Net assets	1,168.1	1,249.3	81.2
Other current assets	99.8	100.9	1.1	Shareholders' equity	1,030.1	1,081.0	50.9
Noncurrent assets	1,360.0	1,384.5	24.5	Capital stock	103.4	103.4	–
Property, plant and equipment	556.9	562.3	5.4	Capital surplus	79.4	79.4	(0.0)
Intangible assets	462.8	449.1	(13.7)	Retained earnings	850.5	902.1	51.6
Investments and other assets	340.3	373.2	32.9	Treasury stock	(3.2)	(3.9)	(0.7)
				Accumulated other comprehensive income	121.2	150.7	29.5
				Non-controlling interests	16.8	17.5	0.8
Total assets	2,254.5	2,334.9	80.4	Total liabilities and net assets	2,254.5	2,334.9	80.4

Financing activity

Financing income and expenses

(¥ billion)

	H1 2016	H1 2017	Increase (decrease)
Interest expenses	(2.1)	(2.3)	(0.2)
Interest income	0.6	1.0	0.3
Dividends income	2.7	2.8	0.2
Others	(0.0)	(0.0)	(0.0)
Total	1.1	1.5	0.4

Interest-bearing debt

(¥ billion)

	At end of Sep. 2016	At end of Mar. 2017	At end of Sep. 2017	Sep. vs. Mar. 2017 increase (decrease)
Short-term loans payable	140.2	113.5	113.7	0.2
Commercial paper	34.0	56.0	60.0	4.0
Current portion of bonds payable	20.0	20.0	–	(20.0)
Bonds payable	20.0	20.0	20.0	–
Long-term loans payable	187.7	192.6	183.9	(8.7)
Lease obligations	1.0	0.8	0.6	(0.1)
Total	402.9	402.8	378.2	(24.6)

Cash flows and primary investments

Cash flows

(¥ billion)

	H1 2016	H1 2017
a. Net cash provided by (used in) operating activities	90.4	115.0
b. Net cash provided by (used in) investing activities	(50.5)	(53.0)
c. Free cash flows [a+b]	39.9	62.1
d. Net cash provided by (used in) financing activities	(43.4)	(45.9)
e. Effect of exchange rate change on cash and cash equivalents	(10.0)	1.1
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(13.4)	17.2
g. Cash and cash equivalents at beginning of period	145.3	144.1
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	0.4	0.3
i. Cash and cash equivalents at end of period [f+g+h]	132.3	161.6

Primary investments

(¥ billion)

		FY 2016		FY 2017	
		H1 2016		H1 2017	forecast
	Capital expenditure (tangible)	43.1	80.9	40.6	91.0
	Capital expenditure (intangible)	4.4	9.7	4.1	9.0
Total capital expenditure		47.4	90.6	44.7	100.0
	Depreciation and amortization excluding goodwill	43.7	91.4	45.8	99.0
	Amortization of goodwill	8.6	17.8	9.1	
Total depreciation and amortization		52.3	109.2	54.9	
R&D expenditures		38.3	79.6	39.5	87.0

H1 2017 vs. H1 2016 sales and operating income by segment

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(¥ billion)

	Sales			Operating income			H1 2017 forecast in Aug.	
	H1 2016	H1 2017	Increase (decrease)	H1 2016	H1 2017	Increase (decrease)	Sales	Operating income
Material ¹	464.0	518.9	54.9	38.9	60.7	21.8	510.0	52.0
Homes	287.5	295.7	8.3	26.5	26.1	(0.3)	296.0	24.0
Health Care	132.3	142.5	10.2	17.6	18.4	0.9	143.0	17.0
Others ¹	7.0	7.6	0.6	0.9	0.7	(0.2)	8.0	1.0
Corporate expenses and eliminations	–	–	–	(13.1)	(13.3)	(0.2)	–	(14.0)
Consolidated	890.7	964.7	74.0	70.8	92.7	21.9	957.0	80.0

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

Overseas sales by business category

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(¥ billion)

	H1 2016			H1 2017			Increase (decrease)	
	Total sales	Overseas sales		Total sales	Overseas sales		in overseas sales	
			% of total			% of total		% change
Fibers	62.3	25.6	41.2%	66.1	28.9	43.7%	3.2	+12.6%
Chemicals ¹	334.8	152.9	45.7%	375.2	182.4	48.6%	29.5	+19.3%
Electronics	66.9	46.1	68.8%	77.7	53.8	69.3%	7.8	+16.9%
Homes	264.8	–	–	269.6	–	–	–	–
Construction Materials	22.6	0.0	0.0%	26.1	0.0	0.0%	0.0	+115.4%
Health Care	67.8	20.1	29.7%	66.3	19.6	29.5%	(0.5)	-2.6%
Critical Care	64.5	63.8	99.0%	76.2	75.3	98.9%	11.5	+18.0%
Others ¹	7.0	0.9	12.3%	7.6	1.5	20.1%	0.7	+78.3%
Total	890.7	309.4	34.7%	964.7	361.5	37.5%	52.2	+16.9%
Sales to East Asia ²		137.8	15.5%		159.8	16.6%	21.9	+15.9%
of which, sales to China		81.1	9.1%		88.4	9.2%	7.3	+9.0%

Sales, excluding Homes and
Construction Materials

603.3 309.4 51.3% 669.0 361.5 54.0%

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.

² China, Korea, and Taiwan.

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

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(¥ billion)

		H1 2016	H1 2017	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Fibers	Sales	62.3	66.1	3.8	2.1	0.7	0.4	1.1	–
	Operating income	6.0	6.6	0.6	1.4			–	(1.5)
Chemicals ²	Sales	334.8	375.2	40.3	3.8	32.4	5.8	4.1	–
	Operating income	33.3	48.6	15.3	4.4			–	(21.5)
Electronics	Sales	66.9	77.7	10.7	9.6	(0.5)	1.3	1.7	–
	Operating income (loss)	(0.3)	5.6	5.9	3.0			–	3.4
Homes	Sales	264.8	269.6	4.8	4.0	0.5	–	0.2	–
	Operating income	24.6	24.3	(0.3)	0.7			–	(1.5)
Construction Materials	Sales	22.6	26.1	3.5	2.8	(0.2)	–	0.9	–
	Operating income	1.8	1.8	0.0	1.2			–	(0.9)

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.

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

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(¥ billion)

		H1 2016	H1 2017	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	67.8	66.3	(1.4)	(2.7)	0.4	0.0	0.8	–
	Operating income	10.7	9.9	(0.9)	(1.6)			–	0.4
Critical Care	Sales	64.5	76.2	11.7	7.3	0.4	0.0	3.9	–
	Operating income	6.8	8.5	1.7	4.1			–	(2.8)
Others ²	Sales	7.0	7.6	0.6	0.6	–	–	–	–
	Operating income	0.9	0.7	(0.2)	0.3			–	(0.5)
Corporate expenses and eliminations	Operating loss	(13.0)	(13.3)	(0.3)	–	–	–	–	(0.3)
Consolidated	Sales	890.7	964.7	74.0	27.6	33.7	7.6	12.7	–
	Operating income	70.8	92.7	21.9	13.5			–	(25.3)

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 for fiscal year 2017

Consolidated operating performance forecast **AsahiKASEI**

(¥ billion)

	FY 2016			FY 2017			Increase (decrease) b-a	FY 2017 forecast in May c	Increase (decrease) b-c
	H1	H2	Total a	H1	H2 forecast	Total b			
Net sales	890.7	992.3	1,883.0	964.7	1,035.3	2,000.0	117.0	1,990.0	10.0
Operating income	70.8	88.5	159.2	92.7	90.3	183.0	23.8	165.0	18.0
Ordinary income	69.9	90.8	160.6	98.2	93.8	192.0	31.4	170.0	22.0
Net income attributable to owners of the parent	52.9	62.1	115.0	70.9	69.1	140.0	25.0	115.0	25.0

Naphtha price (¥/kL, domestic)	31,450	37,900	34,675	37,600	44,000	40,800	6,125	41,000	(200)
¥/US\$ exchange rate (market average)	105	112	108	111	110	111	2	110	1
¥/€ exchange rate (market average)	118	119	119	126	130	128	9	120	8

	FY 2016	FY 2017
Dividends per share	¥24	¥28(planned)
Payout ratio	29.1%	27.9%

Sales forecast by business category

(¥ billion)

	FY 2016			FY 2017			Increase (decrease) b-a	FY 2017 forecast in May			Increase (decrease)		
	H1	H2	Total a	H1	H2 forecast	Total b		H1	H2	Total c	H1	H2	Total b-c
Fibers	62.3	63.4	125.7	66.1	68.9	135.0	9.3	66.0	71.0	137.0	0.1	(2.1)	(2.0)
Chemicals ¹	334.8	378.0	712.8	375.2	385.8	761.0	48.2	361.0	383.0	744.0	14.2	2.8	17.0
Electronics	66.9	72.5	139.4	77.7	76.3	154.0	14.6	77.0	75.0	152.0	0.7	1.3	2.0
Homes	264.8	305.3	570.2	269.6	318.4	588.0	17.8	270.0	323.0	593.0	(0.4)	(4.6)	(5.0)
Construction Materials	22.6	26.2	48.8	26.1	26.9	53.0	4.2	26.0	28.0	54.0	0.1	(1.1)	(1.0)
Health Care	67.8	66.1	133.9	66.3	69.7	136.0	2.1	67.0	70.0	137.0	(0.7)	(0.3)	(1.0)
Critical Care	64.5	71.7	136.2	76.2	79.8	156.0	19.8	74.0	80.0	154.0	2.2	(0.2)	2.0
Others ¹	7.0	9.0	16.0	7.6	9.4	17.0	1.0	9.0	10.0	19.0	(1.4)	(0.6)	(2.0)
Consolidated	890.7	992.3	1,883.0	964.7	1,035.3	2,000.0	117.0	950.0	1,040.0	1,990.0	14.7	(4.7)	10.0

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 (loss) forecast by business category¹

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(¥ billion)

	FY 2016			FY 2017			Increase (decrease) b-a	FY 2017 forecast in May			Increase (decrease)		
	H1	H2	Total a	H1	H2 forecast	Total b		H1	H2	Total c	H1	H2	Total b-c
Fibers	6.0	5.7	11.7	6.6	5.9	12.5	0.8	6.0	6.5	12.5	0.6	(0.6)	–
Chemicals ²	33.3	41.1	74.4	48.6	39.9	88.5	14.1	35.5	37.0	72.5	13.1	2.9	16.0
Electronics	(0.3)	2.8	2.5	5.6	1.9	7.5	5.0	3.0	2.0	5.0	2.6	(0.1)	2.5
Homes	24.6	34.9	59.5	24.3	35.7	60.0	0.5	21.5	38.5	60.0	2.8	(2.8)	–
Construction Materials	1.8	2.6	4.5	1.8	2.7	4.5	0.0	1.5	3.0	4.5	0.3	(0.3)	–
Health Care	10.7	6.4	17.1	9.9	8.1	18.0	0.9	9.0	9.0	18.0	0.9	(0.9)	–
Critical Care	6.8	8.0	14.8	8.5	10.0	18.5	3.7	7.5	10.0	17.5	1.0	(0.0)	1.0
Others ²	0.9	1.2	2.0	0.7	0.8	1.5	(0.5)	1.0	1.0	2.0	(0.3)	(0.2)	(0.5)
Corporate expenses and eliminations	(13.0)	(14.1)	(27.1)	(13.3)	(14.7)	(28.0)	(0.9)	(13.5)	(13.5)	(27.0)	0.2	(1.2)	(1.0)
Consolidated	70.8	88.5	159.2	92.7	90.3	183.0	23.8	71.5	93.5	165.0	21.2	(3.2)	18.0

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.

Sales and operating income forecast by segment

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Sales

(¥ billion)

	FY 2016			FY 2017			Increase (decrease) b-a
	H1	H2	Total a	H1	H2 forecast	Total b	
Material ¹	464.0	513.9	977.9	518.9	531.1	1,050.0	72.1
Homes	287.5	331.5	619.0	295.7	345.3	641.0	22.0
Health Care	132.3	137.8	270.1	142.5	149.5	292.0	21.9
Others ¹	7.0	9.0	16.0	7.6	9.4	17.0	1.0
Consolidated	890.7	992.3	1,883.0	964.7	1,035.3	2,000.0	117.0

FY 2017 forecast in May			Increase (decrease)		
H1	H2	Total c	H1	H2	Total b-c
504.0	529.0	1,033.0	14.9	2.1	17.0
296.0	351.0	647.0	(0.3)	(5.7)	(6.0)
141.0	150.0	291.0	1.5	(0.5)	1.0
9.0	10.0	19.0	(1.4)	(0.6)	(2.0)
950.0	1040.0	1,990.0	14.7	(4.7)	10.0

Operating income

(¥ billion)

	FY 2016			FY 2017			Increase (decrease) b-a
	H1	H2	Total a	H1	H2 forecast	Total b	
Material ¹	38.9	49.6	88.5	60.7	47.8	108.5	20.0
Homes	26.5	37.6	64.1	26.1	38.4	64.5	0.4
Health Care	17.6	14.4	31.9	18.4	18.1	36.5	4.6
Others ¹	0.9	1.2	2.0	0.7	0.8	1.5	(0.5)
Corporate expenses and eliminations	(13.1)	(14.2)	(27.3)	(13.3)	(14.7)	(28.0)	(0.7)
Consolidated	70.8	88.5	159.2	92.7	90.3	183.0	23.8

FY 2017 forecast in May			Increase (decrease)		
H1	H2	Total c	H1	H2	Total b-c
44.5	45.5	90.0	16.2	2.3	18.5
23.0	41.5	64.5	3.1	(3.1)	–
16.5	19.0	35.5	1.9	(0.9)	1.0
1.0	1.0	2.0	(0.3)	(0.2)	(0.5)
(13.5)	(13.5)	(27.0)	0.2	(1.2)	(1.0)
71.5	93.5	165.0	21.2	(3.2)	18.0

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

– 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.

Appendix

H1 2017 vs. H1 2016 sales and operating income by business category¹

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(¥ billion)

	Sales			Operating income (loss)			H1 2017 forecast in Aug.	
	H1 2016	H1 2017	Increase (decrease)	H1 2016	H1 2017	Increase (decrease)	Sales	Operating income (loss)
Fibers	62.3	66.1	3.8	6.0	6.6	0.6	66.0	6.0
Chemicals ²	334.8	375.2	40.3	33.3	48.6	15.3	368.0	43.0
Electronics	66.9	77.7	10.7	(0.3)	5.6	5.9	76.0	3.0
Homes	264.8	269.6	4.8	24.6	24.3	(0.3)	270.0	22.5
Construction Materials	22.6	26.1	3.5	1.8	1.8	0.0	26.0	1.5
Health Care	67.8	66.3	(1.4)	10.7	9.9	(0.9)	67.0	9.0
Critical Care	64.5	76.2	11.7	6.8	8.5	1.7	76.0	8.0
Others ²	7.0	7.6	0.6	0.9	0.7	(0.2)	8.0	1.0
Corporate expenses and eliminations	–	–	–	(13.0)	(13.3)	(0.3)	–	(14.0)
Consolidated	890.7	964.7	74.0	70.8	92.7	21.9	957.0	80.0

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.

Quarterly sales by business category

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(¥ billion)

	FY 2016				FY 2017		FY2017
	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Fibers	30.9	31.4	31.4	32.0	32.0	34.1	68.9
Chemicals ¹	167.0	167.9	185.2	192.8	178.3	196.8	385.8
Electronics	32.2	34.7	36.4	36.1	36.5	41.2	76.3
Homes	115.7	149.1	125.4	179.9	115.6	154.0	318.4
Construction Materials	10.3	12.3	14.1	12.1	12.6	13.5	26.9
Health Care	34.5	33.3	34.3	31.8	32.7	33.6	69.7
Critical Care	32.2	32.3	34.8	37.0	37.3	38.8	79.8
Others ¹	2.9	4.1	4.5	4.5	3.6	4.0	9.4
Total	425.8	464.9	466.1	526.1	448.7	516.0	1,035.3

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.

Quarterly operating income (loss) by business category¹

Asahi**KASEI**

(¥ billion)

	FY 2016				FY 2017		FY 2017
	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Fibers	3.3	2.7	3.4	2.3	3.5	3.1	5.9
Chemicals ²	14.7	18.6	22.4	18.8	22.5	26.0	39.9
Electronics	(0.1)	(0.2)	1.7	1.0	2.0	3.6	1.9
Homes	7.8	16.8	10.8	24.1	6.9	17.3	35.7
Construction Materials	0.9	1.0	1.9	0.8	0.7	1.1	2.7
Health Care	6.8	4.0	5.4	1.0	5.3	4.6	8.1
Critical Care	2.8	4.0	4.0	4.0	3.7	4.8	10.0
Others ²	0.2	0.7	0.4	0.7	0.0	0.6	0.8
Corporate expenses and eliminations	(6.4)	(6.6)	(6.5)	(7.6)	(6.9)	(6.4)	(14.7)
Total	29.9	40.9	43.4	45.1	37.9	54.8	90.3

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.

Primary investments by business category

(¥ billion)

	Capital expenditures		Depreciation and amortization ¹		R&D expenditures	
	FY 2017 forecast		FY 2017 forecast		FY 2017 forecast	
	H1		H1		H1	
Fibers	3.7	11.0	3.9		1.4	
Chemicals	17.3	30.0	15.5		8.6	
Electronics	6.1	21.5	7.4		5.7	
Homes	6.2	10.5	3.4		1.3	
Construction Materials	1.2	3.5	1.2		0.5	
Health Care	2.2	9.0	3.4		9.0	
Critical Care	2.0	6.0	6.0		5.9	
Others	0.7	1.5	0.7		0.1	
Corporate assets and eliminations	5.5	7.0	4.3		7.0	
Total	44.7	100.0	45.8	99.0	39.5	87.0

Amortization of goodwill

9.1

¹ Amortization of goodwill is excluded and shown separately below the table.

Completed in H1 2017

N/A

Under construction at end of Sep. 2017

- Hipore Li-ion battery separator – 60 million m²/y capacity increase in Moriyama-shi, Shiga, Japan, H1 2018.*
- Hipore Li-ion battery separator – 200 million m²/y capacity increase in Moriyama-shi, Shiga, Japan, H1 2019.*
- Solution-polymerized styrene-butadiene rubber (S-SBR) – 30,000 t/y capacity increase in Singapore, Jan 2019.*
- Lamous microfiber suede – 3 million m²/y capacity increase in Nobeoka-shi, Miyazaki, Japan, H1 2019.*

* Investment of ¥3 billion or more.

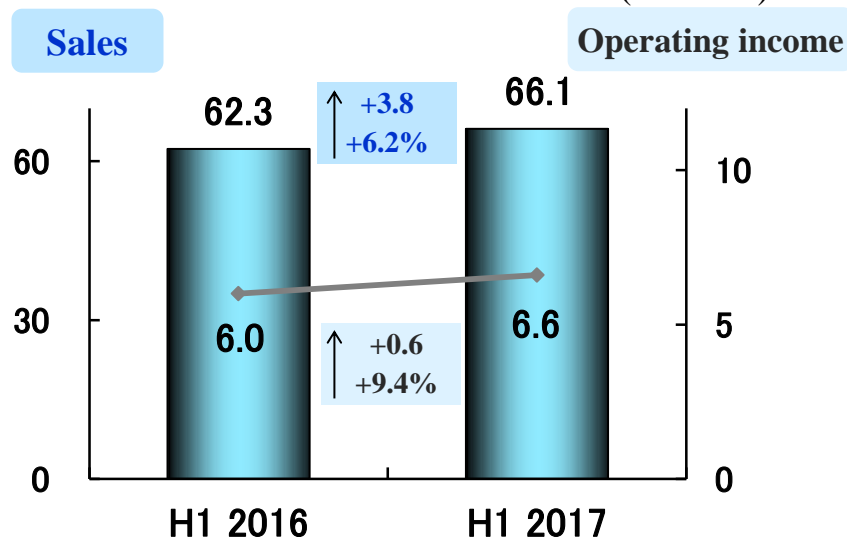
Statements of comprehensive income

Asahi**KASEI**

(¥ billion)

	H1 2016	H1 2017	Increase (decrease)
a: Net income	53.7	72.0	18.2
Net increase or decrease in unrealized gain on other securities	0.7	12.6	11.9
Deferred gains or losses on hedges	(0.1)	(0.1)	(0.0)
Foreign currency translation adjustment	(64.0)	12.5	76.5
Remeasurements of defined benefit plans	4.4	3.9	(0.5)
Share of other comprehensive income of affiliates accounted for using equity method	(1.8)	0.8	2.6
b: Other comprehensive income	(60.8)	29.8	90.5
Comprehensive income [a+b]	(7.0)	101.7	108.7
Comprehensive income attributable to owners of the parent	(7.2)	100.3	107.6
Comprehensive income attributable to non-controlling interests	0.2	1.4	1.2

(¥ billion)



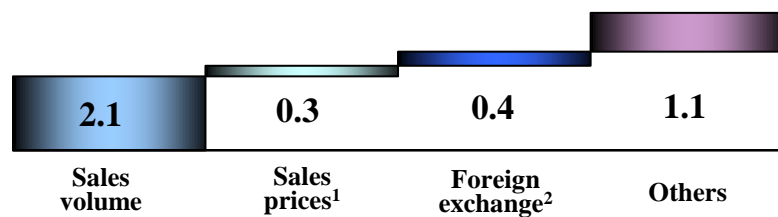
Review of operations

Impact of higher feedstock costs. Firm performance of Bemberg cupro fiber and Lamous microfiber suede. Sales and operating income increase.

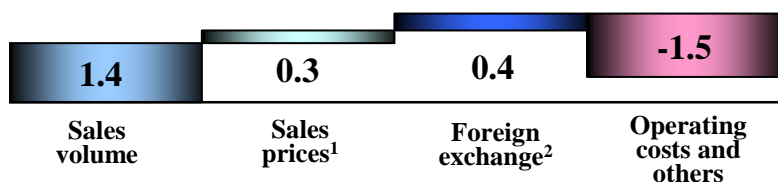
Highlights

- September, decision to increase production capacity for Lamous microfiber suede in Nobeoka-shi, Miyazaki, Japan.

Sales increase/decrease due to:

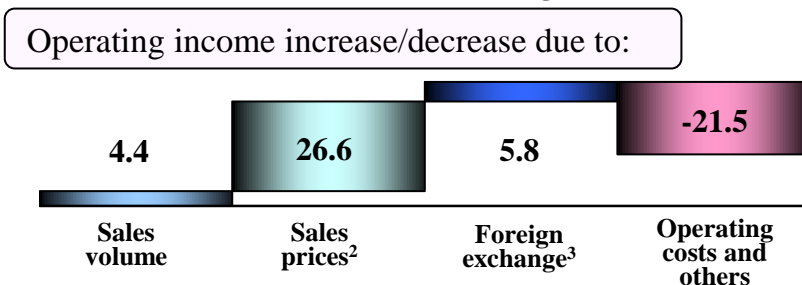
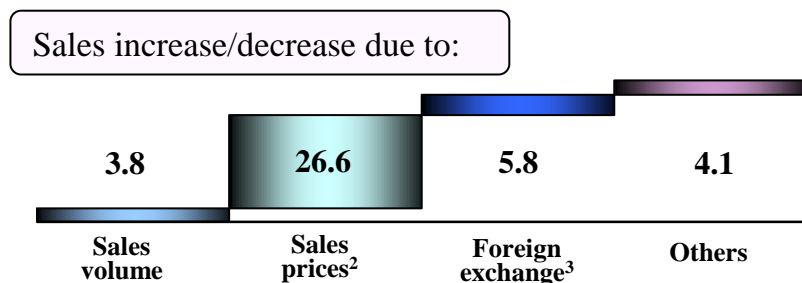
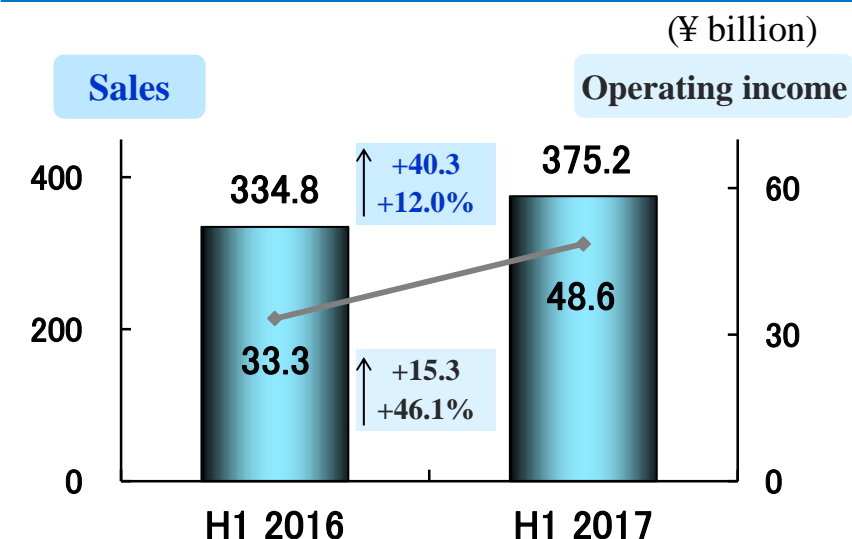


Operating income increase/decrease due to:



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

² Impact of foreign exchange on sales prices



Review of operations

Petrochemicals:

Improved market prices for acrylonitrile. Sales and operating income increase.

Performance polymers:

Improved terms of trade for synthetic rubber. Firm sales of engineering plastics. Sales and operating income increase.

Performance materials & consumables:

Increased shipments of ion-exchange membranes and electronic materials. Increased sales and operating income.

Highlights

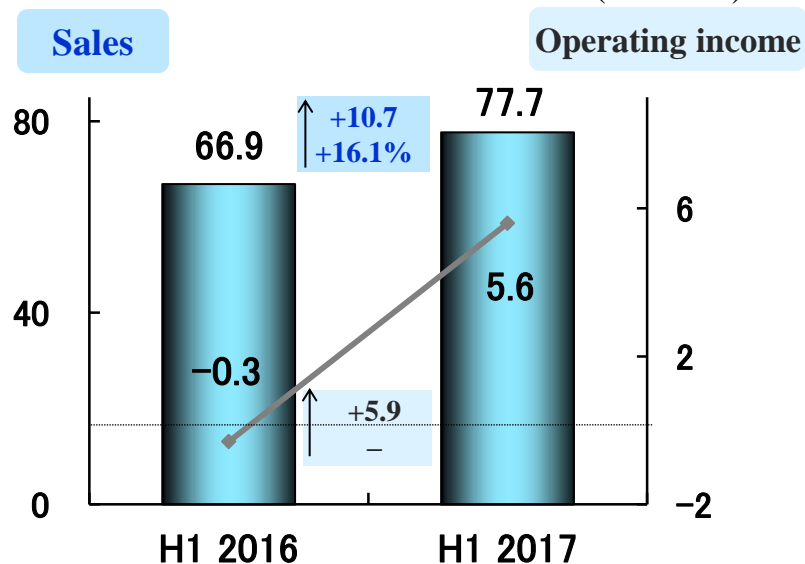
- July, decision to increase production capacity for S-SBR for fuel-efficient tires in Singapore.
- August, decision to construct a new plant for plastic compounds in Changshu, Jiangsu, China, with start-up scheduled in early 2020.
- September, establishment of joint ventures with China National Bluestar (Group) Co., Ltd., for the integrated production and sale of Xyron modified polyphenylene ether, including its intermediate materials 2,6-xyleneol and polyphenylene ether, in Nantong, Jiangsu, China.
- October, selection of Microza hollow-fiber membrane for a seawater desalination plant in Doha, Kuwait City, Kuwait, representing the company's largest hollow-fiber filtration membrane order ever received.

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.

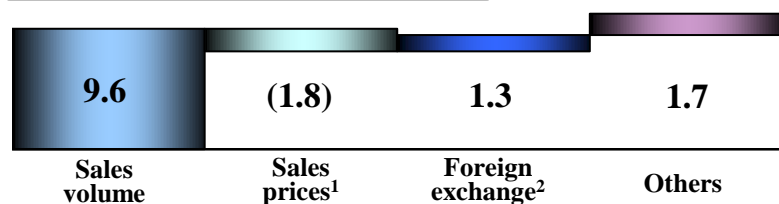
² Increase (decrease) in sales prices excluding impact of foreign exchange

³ Impact of foreign exchange on sales prices

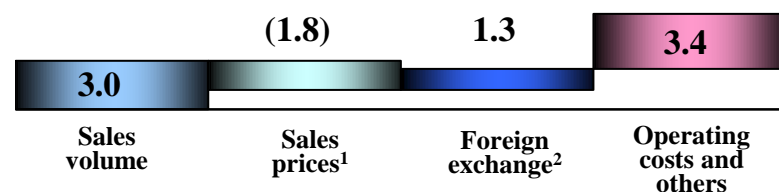
(¥ billion)



Sales increase/decrease due to:



Operating income increase/decrease due to:



Review of operations

Separators:

Considerably increased shipments of each battery separator product, centered on Li-ion battery separator. Sales and operating income increase.

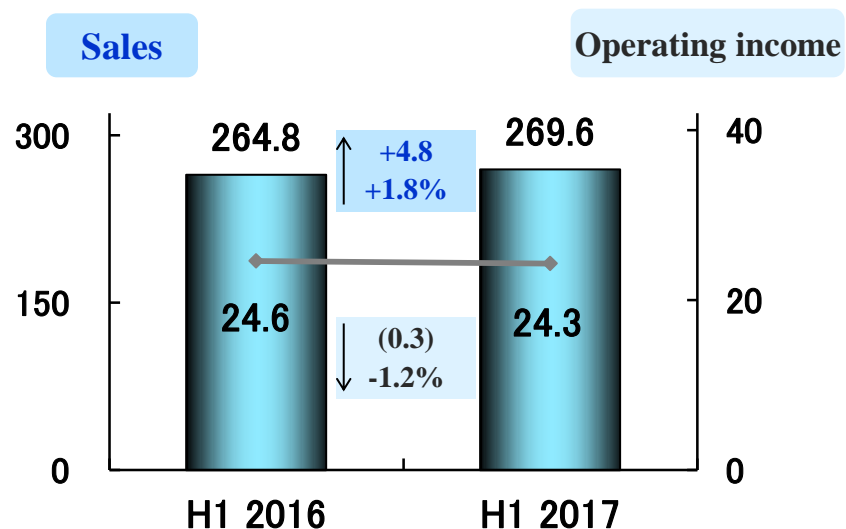
Electronic devices:

Firm sales of electronic devices for camera modules and magnetic sensors for household appliances. Sales and operating income increase.

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

² Impact of foreign exchange on sales prices

(¥ billion)



Results by product category

(¥ billion)

	H1 2016		H1 2017		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	183.5	16.0	182.7	15.5	(0.8)	(0.5)
Real estate (Asahi Kasei Realty & Residence)	54.8	5.2	59.0	5.2	4.3	(0.0)
Remodeling (Asahi Kasei Reform)	27.0	2.3	26.8	2.6	(0.2)	0.3
Other housing-related, etc.	(0.5)	1.0	1.1	1.0	1.6	(0.0)
Total	264.8	24.6	269.6	24.3	4.8	(0.3)

Review of operations

Order-built homes:

- Increased deliveries of Hebel Haus unit homes, but decreased deliveries of Hebel Maison apartment buildings. Increased SG&A expenses such as labor expenses. Sales and operating income decrease.
- Year-on-year 6.5% decrease in value of new orders. Increased value of new orders for multi-dwelling homes with firm demand for apartment buildings, but decreased value for unit homes.

Real estate, remodeling and others:

Firm performance of rental management in real estate. Firm orders for exterior painting work in remodeling. Sales and operating income increase.

Highlights

- May, new high-durability double-layer insulation system adopted in all products.
- June, start of sales of Hebel Haus Cubic Roomy, a new model of the main product series of Hebel Haus Cubic two-story unit homes.
- August, formation of capital alliance with McDonald Jones Homes Pty Ltd, an Australian company which constructs and sells unit homes.

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			Total	Sales of remodeling	Other sales	Consolidated	Order backlog
				Pre-built homes	Rental housing	Other					
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	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
	H2 forecast	207.0 (+6.5%)	222.3 (+0.7%)	16.5	47.7	2.8	67.0	28.7	0.4	318.4 (+4.3%)	516.8
	annual forecast	400.0 (-0.2%)	405.0 (+0.2%)	28.5	93.0	4.5	126.0	55.5	1.5	588.0 (+3.1%)	

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.

Homes (iii)

Breakdown of H1 2017 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	105.8	+2.3%	3,305	-0.6%	103.8	-9.2%	3,202	-11.1%
	3+ story	37.4	+3.7%	1,415	+6.0%	40.8	-9.5%	1,534	-13.2%
	Total	143.2	+2.6%	4,720	+1.3%	144.6	-9.3%	4,736	-11.8%
Multi-dwelling homes	1-2 story	12.2	-19.2%	851	-20.6%	15.7	+7.0%	1,082	+4.0%
	3+ story	24.5	-6.6%	1,705	-13.2%	32.7	+0.9%	2,119	-6.8%
	Total	36.7	-11.2%	2,556	-15.8%	48.4	+2.8%	3,201	-3.4%
Order-built homes total		180.0	-0.5%	7,276	-5.5%	193.1	-6.5%	7,937	-8.6%
Other ¹		2.7	+5.4%	6	-53.8%	–	–	–	–
Asahi Kasei Homes total		182.7	-0.4%	7,282	-5.6%	193.1	-6.5%	7,937	-8.6%

¹ Includes certain parcel sales and insurance commissions, etc.

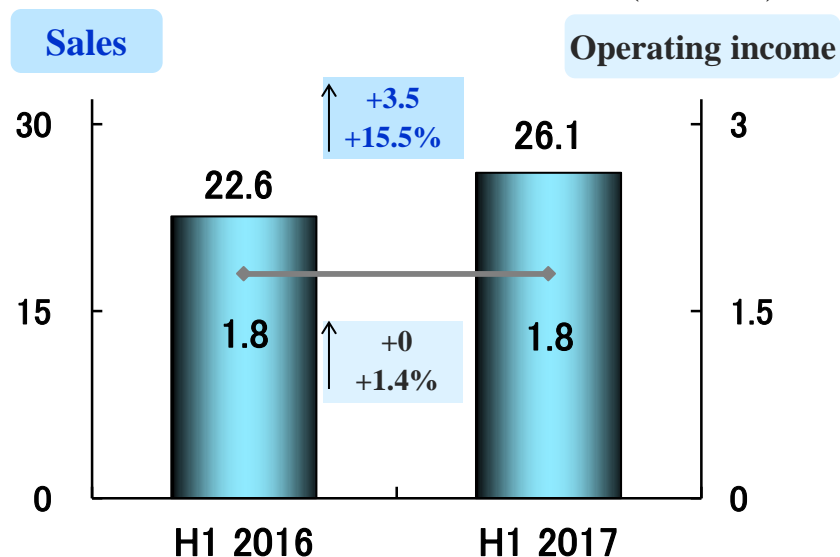
Breakdown of FY 2017 sales and order forecast of Asahi Kasei Homes

(% 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	219.8	+0.0%	6,900	-1.3%	215.2	-1.3%	6,660	-3.3%
	3+ story	83.3	+2.2%	3,200	+3.0%	84.6	-1.7%	3,160	-3.5%
	Total	303.2	+0.6%	10,100	+0.0%	299.8	-1.4%	9,820	-3.3%
Multi-dwelling homes	1-2 story	30.3	-8.1%	2,200	-7.4%	32.1	+5.4%	2,230	+2.9%
	3+ story	65.5	+2.4%	4,500	-6.8%	68.2	+2.8%	4,450	-2.2%
	Total	95.8	-1.2%	6,700	-7.0%	100.3	+3.6%	6,680	-0.5%
Order-built homes total		399.0	+0.2%	16,800	-2.9%	400.0	-0.2%	16,500	-2.2%
Other ¹		6.0	-0.4%	20	-25.9%	-	-	-	-
Asahi Kasei Homes total		405.0	+0.2%	16,820	-2.9%	400.0	-0.2%	16,500	-2.2%

¹ Includes certain parcel sales and insurance commissions, etc.

(¥ billion)



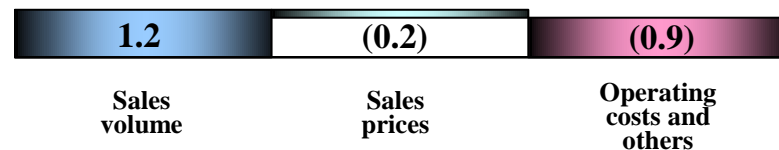
Review of operations

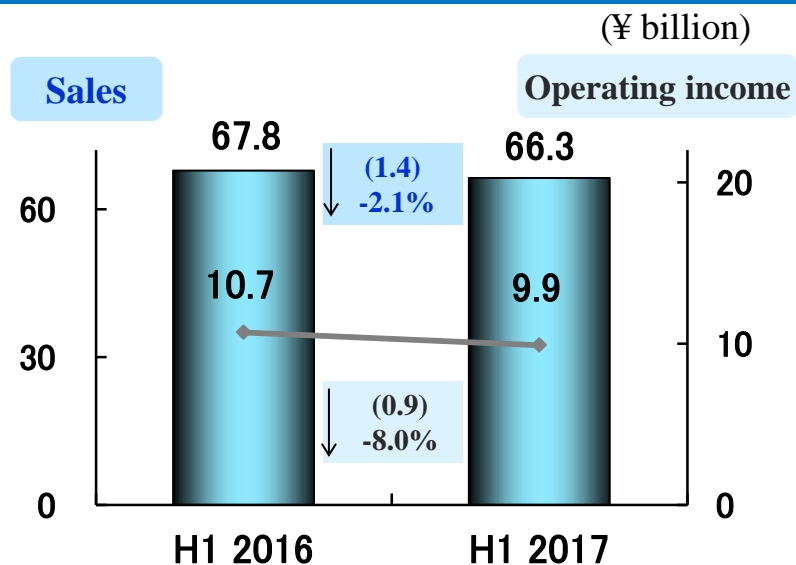
Firm shipments of Neoma Foam phenolic foam insulation panels. Impact of higher feedstock costs. Sales increase, but operating income flat.

Sales increase/decrease due to:

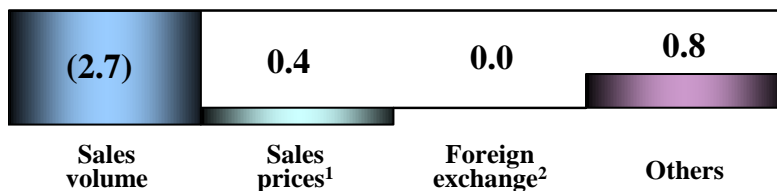


Operating income increase/decrease due to:

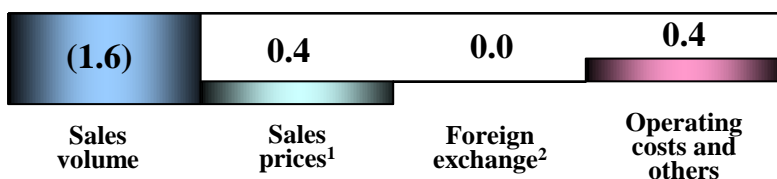




Sales increase/decrease due to:



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. Decreased shipments of Flivas agent for treatment of benign prostatic hyperplasia due to competition from generics. Sales and operating income decrease.

Devices:

Decreased shipments of Planova virus removal filters. Firm performance of blood-purification products. Impact of weaker yen. Sales and operating income flat.

Highlights

- May, approval for an extension of the maximum duration of treatment for the osteoporosis drug Teribone 56.5 µg subcutaneous injection.
- June, application for import drug registration for Flivas (naftopidil) in China.
- October, announcement of an open competition for new-drug development proposals from researchers at domestic and overseas universities, research institutions, and corporations.
- October, receipt of 510(k) clearance from the US Food and Drug Administration for Lucica Glycated Albumin-L, an in vitro diagnostic assay kit for glycated albumin formulated for the US market.

Health Care (ii)

Sales of Health Care segment

(¥ billion)

			FY 2016		FY 2017	
			H1	Total	H1	forecast
		Domestic pharmaceuticals	31.2	61.5	30.5	61.1
		Others	3.4	6.4	2.8	5.9
	Asahi Kasei Pharma consolidated		34.7	67.8	33.3	67.0
	Devices ¹		33.1	66.1	33.0	69.0
	Total		67.8	133.9	66.3	136.0

¹ Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

	FY 2016		FY 2017	
	H1	Total	H1	forecast
Teribone	12.0	23.9	13.3	27.1
Recomodulin	6.3	12.6	5.8	12.2
Flivas	3.1	5.9	2.5	4.7
Elcitonin	2.3	4.4	1.9	3.4
Bredinin	2.2	4.2	1.9	3.8

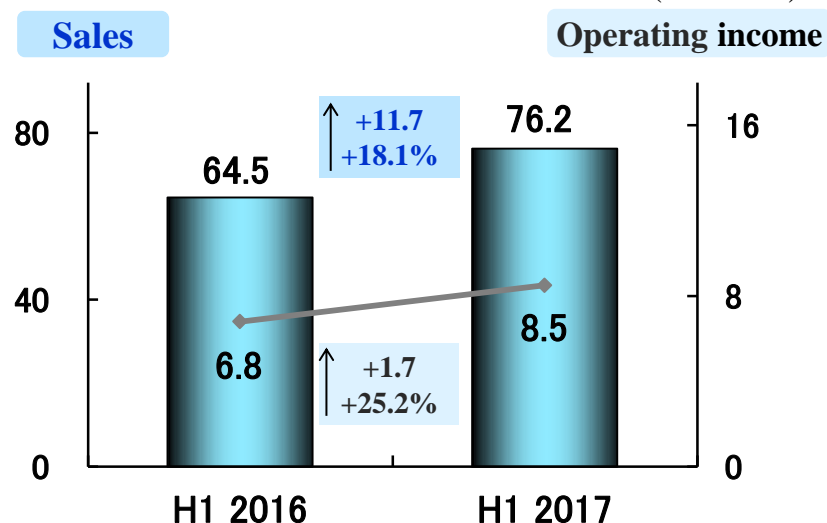
Main pharmaceutical products

	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
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	Severe sepsis with coagulopathy	In-house
	HE-69, mizoribine	Additional indication	Immunosuppressant	Lupus nephritis, nephrotic syndrome	In-house

(¥ billion)



Review of operations

Increased shipments of defibrillators for professional use. Firm performance of LifeVest wearable defibrillator business. Sales and operating income increase.

Financial performance of Critical Care

(\$ million)

	H1	H2	FY2016	H1	H2 forecast	FY2017 forecast
Net sales	612	644	1,256	686	731	1,416
Gross operating income before PPA ¹ impact	126	133	259	138	153	291
Amortization/depreciation from PPA ¹ revaluation	(61)	(61)	(122)	(61)	(61)	(122)
Goodwill	(37)	(38)	(75)	(38)	(38)	(75)
Other intangible assets, etc.	(24)	(24)	(47)	(23)	(23)	(46)
Consolidated operating income	65	72	136	77	93	170

¹ Purchase price allocation.