

Fiscal 2018 2nd Quarter
Financial Results
– supplementary financial summary –

November 2, 2018
Asahi Kasei Corporation

Focus for consolidated results for fiscal quarter ended September 2018

Results for first half

New records in H1 for net sales, operating income, ordinary income, and net income attributable to owners of the parent.

- ✓ **Material segment:** Sales and operating income increased
In Fibers, increased shipments of Lamous microfiber suede and Bemliese continuous-filament cellulose nonwoven. In Chemicals, improved terms of trade for, and increased shipments of acrylonitrile. In Electronics, increased shipments of Li-ion battery separator.
- ✓ **Homes segment:** Sales increased and operating income flat
Decreased deliveries of unit homes. Firm performance of rental management and condominium construction in real estate.
- ✓ **Health Care segment:** Sales and operating income increased
In medical devices, increased shipments of Planova virus removal filters. In Critical Care, increased shipments of defibrillators for professional use.

Forecast for fiscal year

Upward revision for net sales, operating income, ordinary income, and net income attributable to owners of the parent. Expecting record highs for net sales, operating income, and ordinary income.

Highlights

Completion of acquisition and consolidation of Sage Automotive Interiors, Inc. on September 27, 2018 (US Eastern time).

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– Disclaimer –

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



1. Consolidated results for 1st half fiscal year 2018

Summary of financial results

(¥ billion, unless otherwise specified)

	H1 2017	H1 2018		H1 2018 vs. H1 2017		Result vs. forecast in Aug.	
		Result	Forecast in Aug.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	964.7	1,041.5	1,045.0	76.7	+8.0%	(3.5)	-0.3%
Operating income	92.7	104.3	97.0	11.7	+12.6%	7.3	+7.5%
Ordinary income	98.2	110.3	103.5	12.1	+12.3%	6.8	+6.5%
Net income attributable to owners of the parent	70.9	78.9	78.5	8.1	+11.4%	0.4	+0.5%

Naphtha price (¥/kL, domestic)	37,600	51,100	50,850	13,500		250
¥/US\$ exchange rate (market average)	111	110	110	(1)		1
¥/€ exchange rate (market average)	126	130	130	4		(0)

Net income per share (EPS) (¥)	50.75	56.53
Dividends per share (¥)	14	17

Statements of income

(¥ billion)

	H1 2017		H1 2018		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	964.7	100.0%	1,041.5	100.0%	76.7	+8.0%
Cost of sales	651.5	67.5%	705.0	67.7%	53.4	+8.2%
Gross profit	313.2	32.5%	336.5	32.3%	23.3	+7.4%
Selling, general and administrative expenses	220.6	22.9%	232.2	22.3%	11.6	+5.3%
Operating income	92.7	9.6%	104.3	10.0%	11.7	+12.6%
Net non-operating income (expenses)	5.5		6.0		0.4	
of which,						
net financing income (expense)	1.5		2.6		1.2	
net equity in earnings (losses) of affiliates	5.3		6.7		1.3	
foreign exchange gains (loss)	(0.9)		(1.4)		(0.5)	
Ordinary income	98.2	10.2%	110.3	10.6%	12.1	+12.3%
Net extraordinary income (loss)	3.5		4.9		1.4	
Income before income taxes	101.7		115.1		13.5	
Income taxes	(29.7)		(35.1)		(5.4)	
Net income attributable to non-controlling interests	(1.1)		(1.1)		(0.0)	
Net income attributable to owners of the parent	70.9	7.3%	78.9	7.6%	8.1	+11.4%

Balance sheets

(¥ billion)

	At end of Mar. 2018	At end of Sep. 2018 ¹	Increase (decrease)		At end of Mar. 2018	At end of Sep. 2018 ¹	Increase (decrease)
Current assets	938.9	1,027.2	88.3	Liabilities	1,001.9	1,181.8	179.9
Cash and deposits	156.3	170.0	13.7	Current liabilities	589.1	767.7	178.6
Notes and accounts receivable—trade	341.4	361.8	20.4	Noncurrent liabilities ²	412.8	414.1	1.3
Inventories	359.7	410.6	51.0	Net assets	1,305.2	1,390.2	85.0
Other current assets ²	81.5	84.7	3.2	Shareholders' equity	1,160.8	1,211.8	51.0
Noncurrent assets	1,368.2	1,544.8	176.6	Capital stock	103.4	103.4	—
Property, plant and equipment	562.0	608.8	46.8	Capital surplus	79.4	79.4	(0.0)
Intangible assets	414.6	540.0	125.4	Retained earnings	981.9	1,032.9	51.0
Investments and other assets ²	391.5	396.0	4.5	Treasury stock	(3.9)	(3.9)	0.0
				Accumulated other comprehensive income	126.6	156.7	30.1
				Non-controlling interests	17.8	21.7	3.9
Total assets ²	2,307.2	2,572.0	264.9	Total liabilities and net assets ²	2,307.2	2,572.0	264.9
Interest-bearing debt	301.7	443.4	141.6				
D/E ratio	0.23	0.32	0.09				

¹ Among the total assets at the end of September 2018, ¥140.5 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).

² “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 the end of March 2018 have been revised retroactively to reflect the amendments.

Cash flows

(¥ billion)

	H1 2017	H1 2018
a. Net cash provided by (used in) operating activities	115.0	73.7
b. Net cash used in investing activities	(53.0)	(119.1)
c. Free cash flows [a+b]	62.1	(45.4)
d. Net cash provided by (used in) financing activities	(45.9)	61.2
e. Effect of exchange rate change on cash and cash equivalents	1.1	3.5
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	17.2	19.4
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]	161.6	168.8

Sales and operating income by segment¹

(¥ billion)

		Sales			Operating income			H1 2018 forecast in Aug.	
		H1 2017	H1 2018	Increase (decrease)	H1 2017	H1 2018	Increase (decrease)	Sales	Operating income
Material segment	Fibers	66.1	72.8	6.7	6.6	7.3	0.7	73.0	7.0
	Chemicals	375.2	427.3	52.2	48.6	59.3	10.7	425.0	55.5
	Electronics	77.7	77.9	0.3	5.6	5.6	0.0	78.0	4.0
	Material segment	518.9	578.1	59.2	60.7	72.1	11.4	576.0	66.5
Homes segment	Homes	269.6	271.8	2.2	24.3	24.3	0.0	275.0	23.0
	Construction Materials	26.1	26.9	0.8	1.8	1.9	0.0	28.0	2.0
	Homes segment	295.7	298.7	3.0	26.1	26.0	(0.1)	303.0	25.0
Health Care segment	Health Care	66.3	68.4	2.1	9.9	10.6	0.8	70.0	9.5
	Critical Care	76.2	86.0	9.9	8.5	11.4	2.8	85.0	10.5
	Health Care segment	142.5	154.5	12.0	18.4	22.0	3.6	155.0	20.0
Others		7.6	10.2	2.6	0.7	1.2	0.6	11.0	1.0
Corporate expenses and eliminations		—	—	—	(13.3)	(17.1)	(3.8)	—	(15.5)
Consolidated		964.7	1,041.5	76.7	92.7	104.3	11.7	1,045.0	97.0

¹ 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 category¹ (i)

(¥ billion)

		H1 2017	H1 2018	Net Increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Fibers	Sales	66.1	72.8	6.7	5.4	0.9	(0.0)	0.5	—
	Operating income	6.6	7.3	0.7	1.3			—	(1.5)
Chemicals	Sales	375.2	427.3	52.2	22.6	29.2	(0.1)	0.4	—
	Operating income	48.6	59.3	10.7	4.2			—	(22.7)
Electronics	Sales	77.7	77.9	0.3	1.9	(3.1)	(0.2)	1.4	—
	Operating income	5.6	5.6	0.0	(0.3)			—	3.4
Homes	Sales	269.6	271.8	2.2	(3.6)	0.6	—	5.2	—
	Operating income	24.3	24.3	0.0	(1.3)			—	0.7
Construction Materials	Sales	26.1	26.9	0.8	0.6	0.2	—	—	—
	Operating income	1.8	1.9	0.0	0.5			—	(0.6)

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

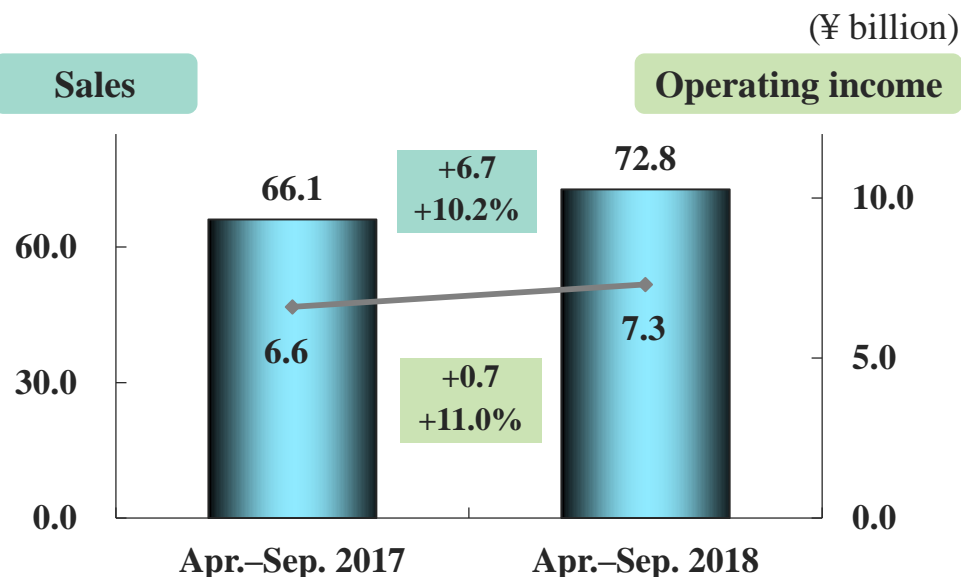
Sales and operating income increase/decrease by business category¹ (ii)

(¥ billion)

		H1 2017	H1 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	66.3	68.4	2.1	2.7	(0.9)	(0.0)	0.3	—
	Operating income	9.9	10.6	0.8	2.0			—	(0.3)
Critical Care	Sales	76.2	86.0	9.9	7.8	0.4	0.2	1.7	—
	Operating income	8.5	11.4	2.8	4.0			—	(1.5)
Others	Sales	7.6	10.2	2.6	2.6	—	—	—	—
	Operating income	0.7	1.2	0.6	0.7			—	(0.1)
Corporate expenses and eliminations	Operating income	(13.3)	(17.2)	(3.9)	—	—	—	—	(3.9)
Consolidated	Sales	964.7	1,041.5	76.7	40.0	27.1	(0.2)	9.6	—
	Operating income	92.7	104.3	11.7	11.1			—	(26.5)

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

Fibers



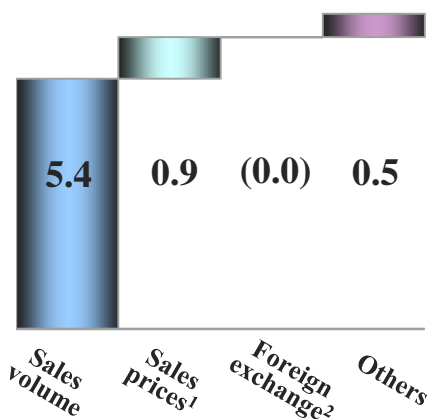
Review of operations

Impact of higher feedstock costs. Increased shipments of Lamous microfiber suede, Bemliese continuous-filament cellulose nonwoven, and other products. Sales and operating income increase.

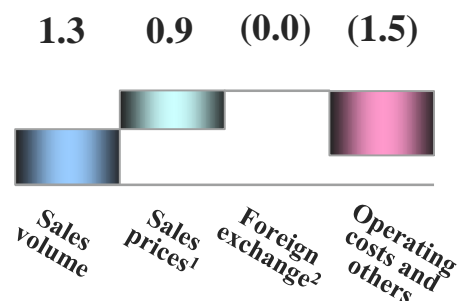
Highlights

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

Sales increases/decreases due to:



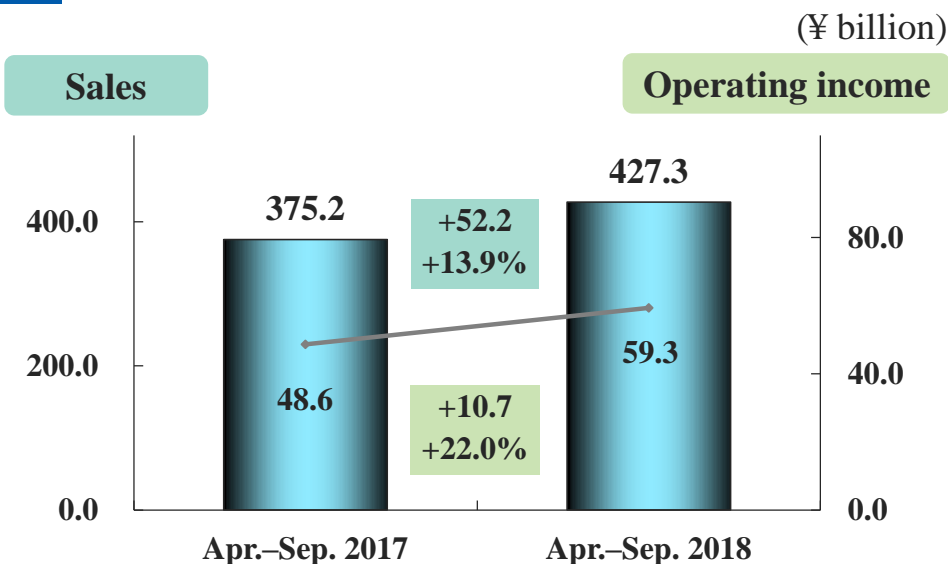
Operating income increases/decreases due to:



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

² Impact of foreign exchange on sales prices.

Chemicals



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.

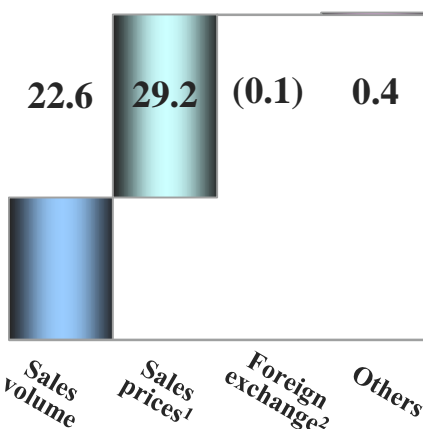
Performance polymers:

Firm sales of engineering plastics. Impact of fallback from last year's favorable terms of trade for synthetic rubber. Sales increase, but operating income decrease.

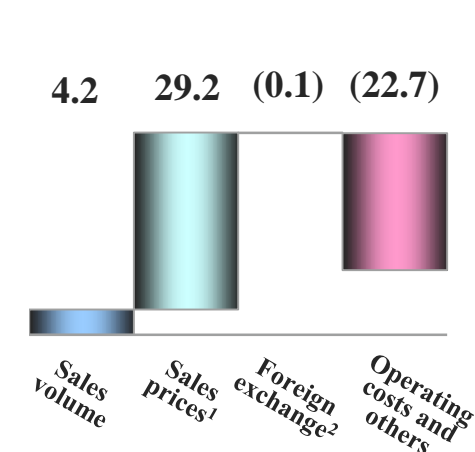
Performance materials & consumables:

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

Sales increases/decreases due to:



Operating income increases/decreases due to:



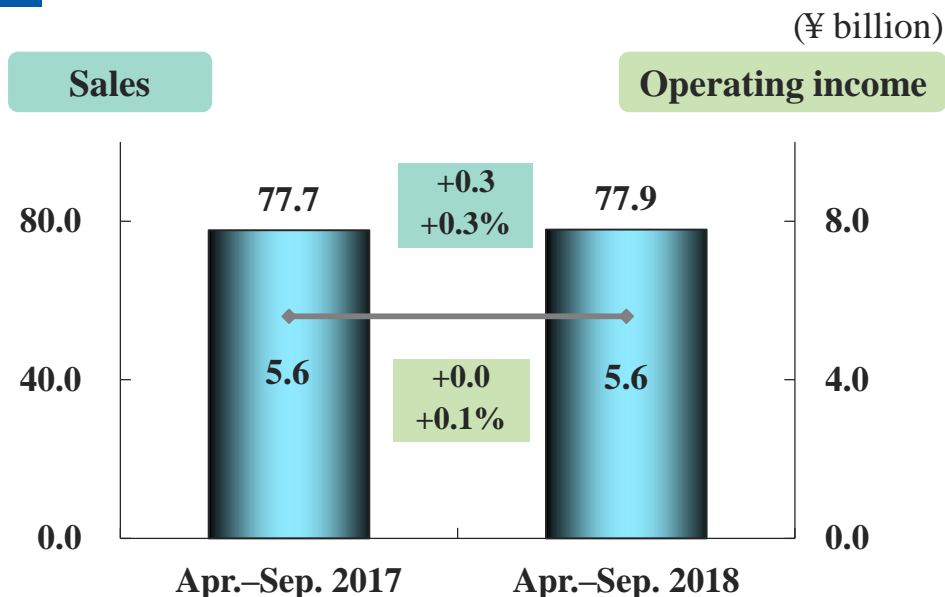
Highlights

- July, receipt of Altair Enlighten Award 2018 for a Glass Fiber Reinforced Polyamide 66 Pedal Bracket.

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

² Impact of foreign exchange on sales prices.

Electronics



Review of operations

Separators:

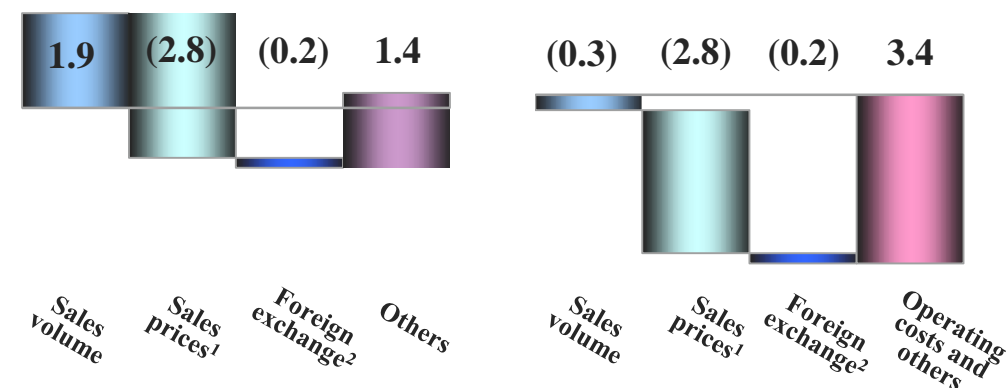
Increased shipments of Li-ion battery separator.
Sales and operating income increase.

Electronic devices:

Decreased sales of camera module devices for smartphones. Sales and operating income decrease.

Sales
increases/decreases due to:

Operating income
increases/decreases due to:



Highlights

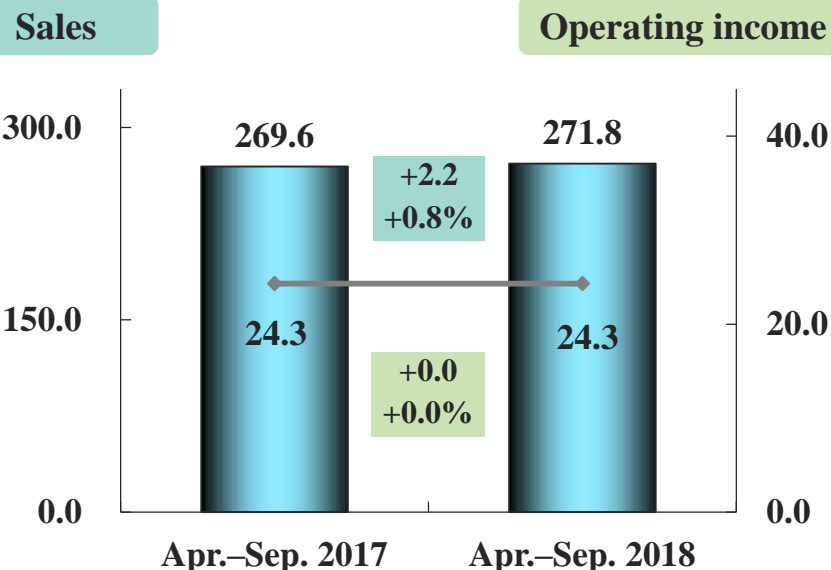
- April, consolidation of Senseair AB, a Swedish manufacturer of gas sensor modules.

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

² Impact of foreign exchange on sales prices.

Homes

(¥ billion)



Review of operations

Order-built homes:

- Decreased deliveries of Hebel Haus unit homes. Sales and operating income decrease.
- Year-on-year 8.8% increase in value of new orders. Increase for both unit homes and multi-dwelling homes.

Real estate, remodeling and others:

Firm performance of both rental management and condominium construction in real estate. Sales and operating income increase.

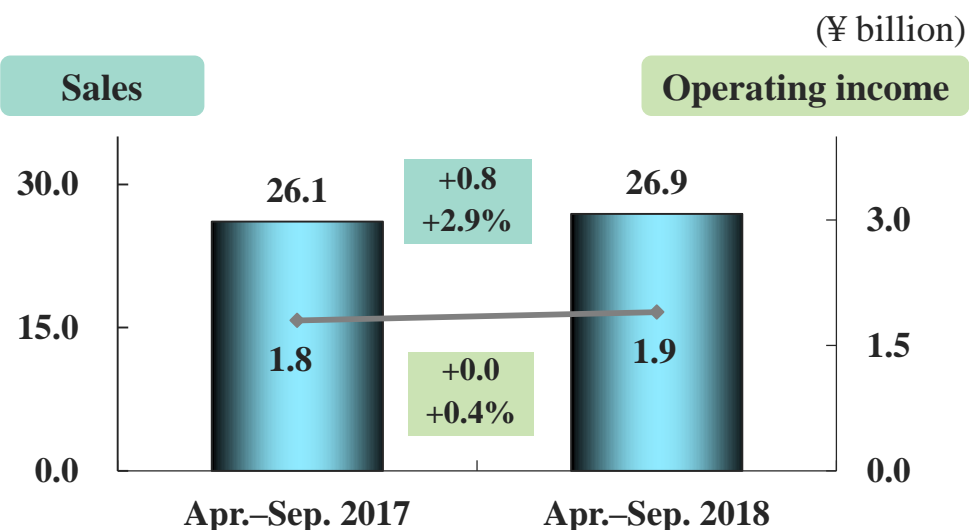
(¥ billion)

	H1 2017		H1 2018		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	182.7	15.5	175.5	13.8	(7.2)	(1.7)
Real estate (Asahi Kasei Realty & Residence)	59.0	5.2	68.1	7.1	9.1	1.9
Remodeling (Asahi Kasei Reform)	26.8	2.6	27.2	2.5	0.4	(0.1)
Other housing-related, etc.	1.1	1.0	1.0	0.8	(0.0)	(0.1)
Total	269.6	24.3	271.8	24.3	2.2	0.0

Highlights

- May, launch of Hebel Haus product featuring semi-outdoor space connecting the living room and entrance approach.

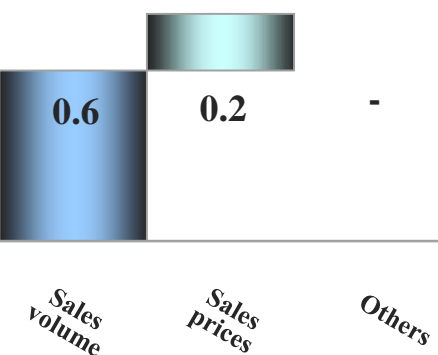
Construction Materials



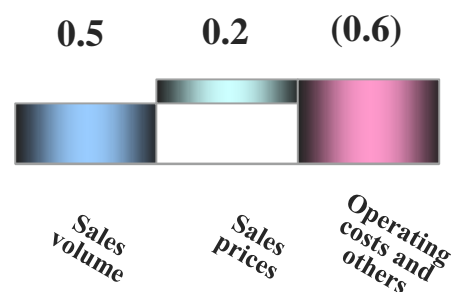
Review of operations

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

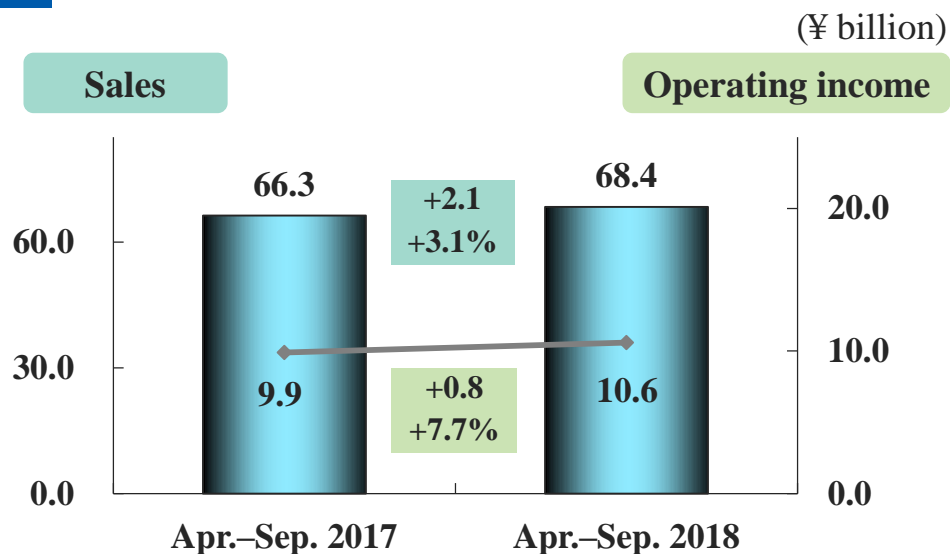
Sales
increases/decreases due to:



Operating income
increases/decreases due to:

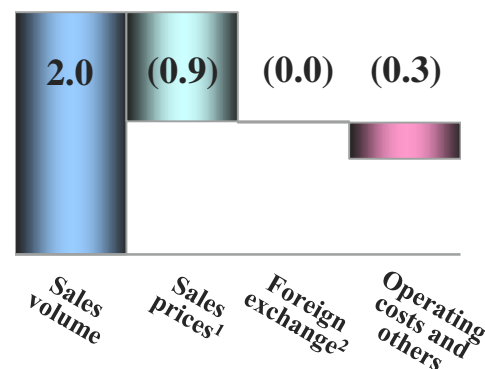
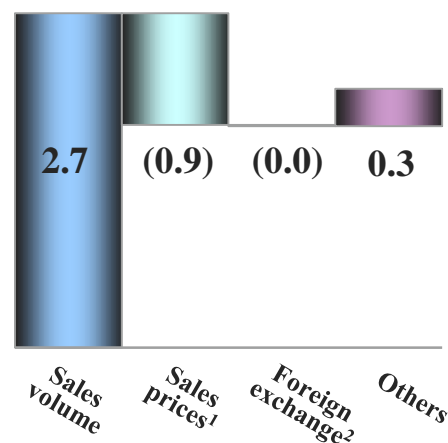


Health Care



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. 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.

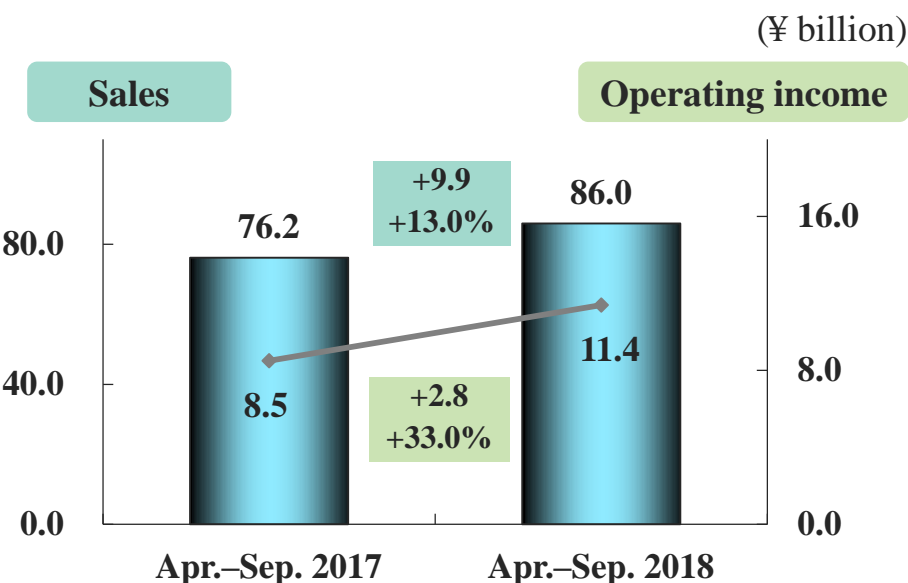
Highlights

- 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.

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

² Impact of foreign exchange on sales prices.

Critical Care



Review of operations

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

Financial performance of Critical Care business category

(\$ million)

	H1	H2	FY 2017	H1	H2 forecast	FY 2018 forecast	H1 2017 vs H1 2018	% change
Net sales	686	762	1,448	780	823	1,603	95	13.8%
Gross operating income before PPA ¹ impact	138	162	300	163	172	335	25	18.3%
Amortization/depreciation from PPA ¹ revaluation	(61)	(61)	(122)	(60)	(60)	(120)	1	
Goodwill	(38)	(38)	(75)	(37)	(37)	(74)	1	
Other intangible assets, etc.	(23)	(23)	(47)	(23)	(23)	(46)	0	
Consolidated operating income	77	102	179	103	112	215	26	34.0%

¹ Purchase price allocation



2. Forecast for fiscal year 2018

Consolidated operating performance forecast

(¥ billion)

	FY 2017			FY 2018			Increase (decrease) b-a	FY 2018 forecast in May c	Increase (decrease) b-c
	H1	H2	Total a	H1	H2 forecast	Total b			
Net sales	964.7	1,077.5	2,042.2	1,041.5	1,168.5	2,210.0	167.8	2,155.0	55.0
Operating income	92.7	105.8	198.5	104.3	105.7	210.0	11.5	190.0	20.0
Ordinary income	98.2	114.4	212.5	110.3	111.7	222.0	9.5	199.0	23.0
Net income attributable to owners of the parent	70.9	99.4	170.2	78.9	81.1	160.0	(10.2)	140.0	20.0

Naphtha price (¥/kL, domestic)	37,600	46,250	41,925	51,100	56,500	53,800	11,875	50,000	3,800
¥/US\$ exchange rate (market average)	111	111	111	110	110	110	(1)	105	5
¥/€ exchange rate (market average)	126	133	130	130	130	130	0	130	(0)

Net income per share (EPS) (¥)	121.93	114.60	Year-end dividends will be determined based on FY 2018 consolidated net income results in consideration of total return ratio target of 35%
Dividends per share (¥)	34	34	
Payout ratio	27.9%	29.7%	

Sales and operating income forecast by segment

Sales

(¥ billion)

	FY 2017			FY 2018 forecast			Increase (decrease) b-a	FY 2018 forecast in May			Increase (decrease)		
	H1	H2	Total a	H1	H2 forecast	Total b		H1	H2	Total c	H1	H2	Total b-c
Material ¹	518.9	568.8	1,087.7	578.1	642.9	1,221.0	133.3	577.0	598.0	1,175.0	1.1	44.9	46.0
Homes	295.7	345.3	641.0	298.7	356.3	655.0	14.0	303.0	354.0	657.0	(4.3)	2.3	(2.0)
Health Care	142.5	153.8	296.3	154.5	159.5	314.0	17.7	148.0	155.0	303.0	6.5	4.5	11.0
Others	7.6	9.6	17.3	10.2	9.8	20.0	2.7	9.0	11.0	20.0	1.2	(1.2)	—
Consolidated	964.7	1,077.5	2,042.2	1,041.5	1,168.5	2,210.0	167.8	1,037.0	1,118.0	2,155.0	4.5	50.5	55.0

Operating income

(¥ billion)

	FY 2017			FY 2018 forecast			Increase (decrease) b-a	FY 2018 forecast in May			Increase (decrease)		
	H1	H2	Total a	H1	H2 forecast	Total b		H1	H2	Total c	H1	H2	Total b-c
Material ¹	60.7	61.2	121.9	72.1	61.4	133.5	11.6	59.0	56.0	115.0	13.1	5.4	18.5
Homes	26.1	38.2	64.4	26.0	39.0	65.0	0.6	24.0	41.5	65.5	2.0	(2.5)	(0.5)
Health Care	18.4	21.0	39.5	22.0	20.0	42.0	2.5	17.0	20.5	37.5	5.0	(0.5)	4.5
Others	0.7	1.2	1.9	1.2	0.8	2.0	0.1	1.0	1.0	2.0	0.2	(0.2)	—
Corporate expenses and eliminations	(13.3)	(15.9)	(29.1)	(17.1)	(15.4)	(32.5)	(3.4)	(15.5)	(14.5)	(30.0)	(1.6)	(0.9)	(2.5)
Consolidated	92.7	105.8	198.5	104.3	105.7	210.0	11.5	85.5	104.5	190.0	18.8	1.2	20.0

¹ 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 H2 2018.

Sales forecast by business category

(¥ billion)

	FY 2017			FY 2018 forecast			Increase (decrease) b-a	FY 2018 forecast in May			Increase (decrease)		
	H1	H2	Total a	H1	H2	Total b		H1	H2	Total c	H1	H2	Total b-c
Fibers ¹	66.1	69.8	135.9	72.8	101.2	174.0	38.1	73.0	76.0	149.0	(0.2)	25.2	25.0
Chemicals	375.2	424.2	799.3	427.3	459.7	887.0	87.7	425.0	440.0	865.0	2.3	19.7	22.0
Electronics	77.7	74.8	152.5	77.9	82.1	160.0	7.5	79.0	82.0	161.0	(1.1)	0.1	(1.0)
Homes	269.6	318.7	588.3	271.8	328.2	600.0	11.7	275.0	325.0	600.0	(3.2)	3.2	—
Construction Materials	26.1	26.6	52.7	26.9	28.1	55.0	2.3	28.0	29.0	57.0	(1.1)	(0.9)	(2.0)
Health Care	66.3	69.4	135.7	68.4	68.6	137.0	1.3	69.0	69.0	138.0	(0.6)	(0.4)	(1.0)
Critical Care	76.2	84.4	160.5	86.0	91.0	177.0	16.5	79.0	86.0	165.0	7.0	5.0	12.0
Others	7.6	9.6	17.3	10.2	9.8	20.0	2.7	9.0	11.0	20.0	1.2	(1.2)	—
Consolidated	964.7	1,077.5	2,042.2	1,041.5	1,168.5	2,210.0	167.8	1,037.0	1,118.0	2,155.0	4.5	50.5	55.0

¹ 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 H2 2018.

Operating income forecast by business category¹

(¥ billion)

	FY 2017			FY 2018 forecast			Increase (decrease) b-a	FY 2018 forecast in May			Increase (decrease)		
	H1	H2	Total a	H1	H2	Total b		H1	H2	Total c	H1	H2	Total b-c
Fibers ²	6.6	5.6	12.1	7.3	7.2	14.5	2.4	6.5	7.5	14.0	0.8	(0.3)	0.5
Chemicals	48.6	51.5	100.1	59.3	49.7	109.0	8.9	49.0	44.5	93.5	10.3	5.2	15.5
Electronics	5.6	4.1	9.7	5.6	4.4	10.0	0.3	3.5	4.0	7.5	2.1	0.4	2.5
Homes	24.3	35.9	60.2	24.3	36.7	61.0	0.8	22.0	39.0	61.0	2.3	(2.3)	—
Construction Materials	1.8	2.2	4.0	1.9	2.1	4.0	(0.0)	2.0	2.5	4.5	(0.1)	(0.4)	(0.5)
Health Care	9.9	9.8	19.7	10.6	7.9	18.5	(1.2)	8.5	9.0	17.5	2.1	(1.1)	1.0
Critical Care	8.5	11.3	19.8	11.4	12.1	23.5	3.7	8.5	11.5	20.0	2.9	0.6	3.5
Others	0.7	1.2	1.9	1.2	0.8	2.0	0.1	1.0	1.0	2.0	0.2	(0.2)	—
Corporate expenses and eliminations	(13.3)	(15.7)	(29.0)	(17.2)	(15.3)	(32.5)	(3.5)	(15.5)	(14.5)	(30.0)	(1.7)	(0.8)	(2.5)
Consolidated	92.7	105.8	198.5	104.3	105.7	210.0	11.5	85.5	104.5	190.0	18.8	1.2	20.0

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

² 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 H2 2018.



3. Appendix

Overseas sales by business category

(¥ billion)

	H1 2017			H1 2018			Increase (decrease)	% change
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		
Fibers	66.1	28.9	43.7%	72.8	34.5	47.3%	5.6	+19.4%
Chemicals	375.2	182.4	48.6%	427.3	216.2	50.6%	33.8	+18.5%
Electronics	77.7	53.8	69.3%	77.9	55.0	70.5%	1.1	+2.1%
Homes	269.6	—	—	271.8	—	—	—	—
Construction Materials	26.1	0.0	0.0%	26.9	0.1	0.3%	0.1	—
Health Care	66.3	19.6	29.5%	68.4	22.9	33.4%	3.3	+16.7%
Critical Care	76.2	75.3	98.9%	86.0	85.1	99.0%	9.8	+13.1%
Others	7.6	1.5	20.1%	10.2	1.1	10.4%	(0.5)	-30.8%
Total	964.7	361.5	37.5%	1,041.5	414.8	39.8%	53.2	+14.7%
Asia		206.7	21.4%		245.9	23.6%	39.2	+19.0%
of which, sales to China		88.4	9.2%		108.8	10.5%	20.4	+23.1%
US		100.0	10.4%		112.1	10.8%	12.1	+12.1%
Europe		44.9	4.7%		47.3	4.5%	2.4	+5.3%
Other countries		9.9	1.0%		9.5	0.9%	(0.5)	-4.6%

Sales, excluding Homes
and Construction Materials

669.0 361.5 54.0% 742.8 414.7 55.8%

Quarterly sales by business category

(¥ billion)

	FY 2017				FY 2018		FY 2018
	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Fibers ¹	32.0	34.1	34.7	35.1	36.2	36.7	101.2
Chemicals	178.3	196.8	214.1	210.1	205.6	221.7	459.7
Electronics	36.5	41.2	39.8	35.0	38.4	39.5	82.1
Homes	115.6	154.0	134.7	183.9	115.7	156.1	328.2
Construction Materials	12.6	13.5	14.5	12.1	13.0	13.9	28.1
Health Care	32.7	33.6	36.7	32.7	34.7	33.8	68.6
Critical Care	37.3	38.8	40.8	43.5	41.7	44.4	91.0
Others	3.6	4.0	4.4	5.2	4.6	5.6	9.8
Total	448.7	516.0	519.8	557.7	489.8	551.7	1,168.5

¹ 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 H2 2018.

Quarterly operating income by business category¹

(¥ billion)

	FY 2017				FY 2018		FY 2018
	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Fibers ²	3.5	3.1	3.0	2.6	3.9	3.4	7.2
Chemicals	22.5	26.0	30.1	21.4	28.6	30.7	49.7
Electronics	2.0	3.6	3.7	0.4	2.5	3.1	4.4
Homes	6.9	17.3	11.9	24.0	7.1	17.2	36.7
Construction Materials	0.7	1.1	1.7	0.5	0.8	1.1	2.1
Health Care	5.3	4.6	8.2	1.6	7.2	3.5	7.9
Critical Care	3.7	4.8	5.4	5.9	5.1	6.3	12.1
Others	0.0	0.6	0.4	0.8	0.6	0.6	0.8
Corporate expenses and eliminations	(6.9)	(6.4)	(7.9)	(7.9)	(7.8)	(9.4)	(15.3)
Total	37.9	54.8	56.5	49.3	47.9	56.4	105.7

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

² 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 H2 2018.

Primary investments by business category

(¥ billion)

	Capital expenditures			Depreciation and amortization ¹			R&D expenditures		
	FY 2017	H1	FY 2018 forecast	FY 2017	H1	FY 2018 forecast	FY 2017	H1	FY 2018 forecast
Fibers ²	9.4	5.2	15.0	8.2	3.4		2.9	1.6	
Chemicals	32.4	25.4	53.0	32.2	13.3		17.9	8.8	
Electronics	18.0	10.4	36.0	15.6	6.8		11.4	5.9	
Homes	15.9	6.3	13.0	6.9	3.3		2.7	1.4	
Construction Materials	2.5	1.4	4.0	2.6	1.0		1.0	0.5	
Health Care	6.9	3.0	8.0	7.1	2.8		21.4	10.8	
Critical Care	5.3	7.1	8.0	12.3	6.0		12.9	7.3	
Others	1.2	0.6	2.0	1.7	0.7		0.2	0.1	
Corporate assets and eliminations	9.7	7.5	11.0	8.9	2.6		15.3	6.9	
Total	101.3	67.0	150.0	95.4	39.8	86.0	85.7	43.3	91.0

Amortization of goodwill

18.0 8.9

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

² 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 H2 2018.

Major investments

Completed in H1 2018

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

Under construction at end of Sep. 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.
- Li-ion battery separator*
Celgard – 150 million m²/y capacity increase in North Carolina, the US, H2 2018; Hipore – 90 million m²/y capacity increase in Moriyama-shi, Shiga, Japan, H1 2020.
- Leona nylon 66 filament
5,000 t/y capacity expansion in Nobeoka-shi, Miyazaki, Japan, H1 2019.

* Investment of ¥3 billion or more.

Extraordinary income and loss

(¥ billion)

	H1 2017	H1 2018	Increase (decrease)
Gain on sales of investment securities	5.8	6.8	1.0
Gain on sales of noncurrent assets	0.4	0.3	(0.2)
Total extraordinary income	6.3	7.1	0.8
Loss on valuation of investment securities	—	0.0	0.0
Loss on disposal of noncurrent assets	1.5	1.3	(0.2)
Impairment losses	0.6	0.2	(0.4)
Business structure improvement expenses	0.7	0.7	(0.0)
Total extraordinary loss	2.7	2.2	(0.6)
Net extraordinary income (loss)	3.5	4.9	1.4

Homes: 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				
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	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
	H2 forecast	227.9 (+7.2%)	226.0 (-0.9%)	15.7	51.8	2.9	70.4	31.8	(0.0)	328.2 (+3.0%)	563.9
	annual forecast	438.0 (+8.0%)	401.5 (-1.3%)	32.5	101.5	4.5	138.5	59.0	1.0	600.0 (+2.0%)	

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: Breakdown of sales and orders (i)

Breakdown of H1 2018 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	101.4	-4.1%	3,192	-3.4%	114.1	+10.0%	3,523	+10.0%
	3+ story	35.0	-6.4%	1,318	-6.9%	42.6	+4.3%	1,441	-6.1%
	Total	136.4	-4.7%	4,510	-4.4%	156.7	+8.4%	4,964	+4.8%
Multi-dwelling homes	1-2 story	12.5	+2.0%	842	-1.1%	17.8	+13.1%	1,249	+15.4%
	3+ story	24.3	-0.9%	1,667	-2.2%	35.6	+8.8%	2,299	+8.5%
	Total	36.8	+0.0%	2,509	-1.8%	53.4	+10.2%	3,548	+10.8%
Order-built homes total		173.2	-3.8%	7,019	-3.5%	210.1	+8.8%	8,512	+7.2%
Other ¹		2.3	-16.4%	5	-16.7%	—	—	—	—
Asahi Kasei Homes total		175.5	-4.0%	7,024	-3.5%	210.1	+8.8%	8,512	+7.2%

¹ Includes certain parcel sales and insurance commissions, etc.

Homes: Breakdown of sales and orders (ii)

Breakdown of FY 2018 sales and order forecast of Asahi Kasei Homes

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	217.0	-2.2%	6,630	-4.5%	218.6	+3.6%	6,890	+4.7%
	3+ story	82.3	-1.1%	3,050	-2.6%	95.1	+9.6%	3,670	+14.3%
	Total	299.2	-1.9%	9,680	-3.9%	313.7	+5.3%	10,560	+7.8%
Multi-dwelling homes	1-2 story	32.6	+6.7%	2,240	+4.9%	38.0	+13.1%	2,780	+18.4%
	3+ story	63.1	-2.8%	4,300	-3.3%	86.3	+16.4%	5,620	+14.1%
	Total	95.8	+0.2%	6,540	-0.6%	124.3	+15.4%	8,400	+15.5%
Order-built homes total		395.0	-1.4%	16,220	-2.6%	438.0	+8.0%	18,960	+11.1%
Other ¹		6.5	+3.2%	15	+0.0%	—	—	—	—
Asahi Kasei Homes total		401.5	-1.3%	16,235	-2.6%	438.0	+8.0%	18,960	+11.1%

¹ Includes certain parcel sales and insurance commissions, etc.

Health Care: Breakdown of sales

Sales of Health Care business category

(¥ billion)

		FY 2017		FY 2018	
		H1	Total	H1	forecast
	Domestic pharmaceuticals	30.5	60.1	29.4	59.7
	Others	2.8	5.7	2.8	6.3
Asahi Kasei Pharma consolidated		33.3	65.8	32.2	66.0
Devices ¹		33.0	70.0	36.3	71.0
Total		66.3	135.7	68.4	137.0

¹Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

	FY 2017		FY 2018	
	H1	Total	H1	forecast
Teribone	13.3	26.8	14.4	29.3
Recomodulin	5.8	11.8	6.0	12.2
Flivas	2.5	4.6	1.8	3.4
Bredinin	1.9	3.6	1.6	3.0
Elcitonin	1.9	3.4	1.2	2.2
Reclast	0.5	1.1	0.7	1.6

Health Care: Main pharmaceutical products

	Generic name	Classifications	Indication	Formulation
Teribone	Teriparatide acetate	Synthetic human parathyroid hormone (PTH)	Osteoporosis with high risk of fracture	Injection
Reclast	Zoledronic acid	Osteoporosis drug	Osteoporosis	Injection
Recomodulin	Recombinant thrombomodulin alfa	Anticoagulant	Disseminated intravascular coagulation	Injection
Kevzara	Sarilumab (rDNA origin)	Interleukin-6 inhibitor	Rheumatoid arthritis not responding well to conventional treatments	Injection
Flivas	Naftopidil	Dysuria treatment	Benign prostatic hyperplasia	Tablet
Elcitonin	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection
Bredinin	Mizoribine	Immunosuppressant	Rheumatoid arthritis, kidney transplantation, nephrotic syndrome, lupus nephritis	Tablet

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