

Fiscal 2019 2nd Quarter
Financial Results
– supplementary financial summary –

November 6, 2019
Asahi Kasei Corporation

Focus of H1 2019 results and H2 2019 forecast

Operating income results for H1 2019

- Operating income of ¥101.7 billion exceeded the ¥94.5 billion forecasted in August.
 - ✓ Material was in line with the forecast
 - ✓ Homes and Health Care exceeded the forecast partly due to front-loaded income

Operating income forecast for FY 2019

- Operating income forecast downward revised to ¥193.0 billion, ¥12.0 billion below the forecast in May.
 - ✓ Material was downward revised with an assumption that market conditions for H2 are not expected to improve dramatically from H1
 - Performance Products: Impact of slowdown of Chinese economy and automobile-related markets for major products in fibers, engineering plastics, and synthetic rubber.
 - Specialty Solutions: Revision of estimated growth rate of Li-ion battery separator reflecting reoccurrence of ESS fires in Korea and change in launch schedule of new programs for automotive application.
 - ✓ Homes and Health Care were in line with the original forecast. Operating income for Health Care in H2 is forecasted to decrease from H1 due to pushed-back fixed costs and front-loaded sales, but full-year forecast remains almost unchanged.

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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 2019

Summary of financial results

(¥ billion, unless otherwise specified)

	H1 2018	H1 2019		H1 2019 vs. H1 2018		Result vs. forecast in Aug.	
		Result	Forecast in Aug.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,041.5	1,068.6	1,071.0	27.2	+2.6%	(2.4)	-0.2%
Operating income	104.3	101.7	94.5	(2.6)	-2.5%	7.2	+7.6%
Ordinary income	110.3	105.3	98.0	(5.0)	-4.5%	7.3	+7.4%
Net income attributable to owners of the parent	78.9	77.9	70.0	(1.1)	-1.3%	7.9	+11.2%

Naphtha price (¥/kL, domestic)	51,100	42,800	43,200	(8,300)		(400)
¥/US\$ exchange rate (market average)	110	109	110	(2)		(1)
¥/€exchange rate (market average)	130	121	122	(8)		(0)

Net income per share (EPS) (¥)	56.53	56.03
Dividends per share (¥)	17	18

Statements of income

(¥ billion)

	H1 2018		H1 2019		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,041.5	100.0%	1,068.6	100.0%	27.2	+2.6%
Cost of sales	705.0	67.7%	722.6	67.6%	17.7	+2.5%
Gross profit	336.5	32.3%	346.0	32.4%	9.5	+2.8%
Selling, general and administrative expenses	232.2	22.3%	244.3	22.9%	12.1	+5.2%
Operating income	104.3	10.0%	101.7	9.5%	(2.6)	-2.5%
Net non-operating income (expenses)	6.0		3.6		(2.4)	
of which,						
net financing income (expense)	2.6		2.5		(0.1)	
net equity in earnings (losses) of affiliates	6.7		4.6		(2.1)	
foreign exchange gains (loss)	(1.4)		(1.9)		(0.5)	
Ordinary income	110.3	10.6%	105.3	9.9%	(5.0)	-4.5%
Net extraordinary income (loss)	4.9		5.5		0.6	
Income before income taxes	115.1		110.8		(4.3)	
Income taxes	(35.1)		(32.0)		3.1	
Net income attributable to non-controlling interests	(1.1)		(0.9)		0.2	
Net income attributable to owners of the parent	78.9	7.6%	77.9	7.3%	(1.1)	-1.3%

Balance sheets

(¥ billion)

	At end of Mar. 2019	At end of Sep. 2019	Increase (decrease)		At end of Mar. 2019	At end of Sep. 2019	Increase (decrease)
Current assets	1,051.4	1,041.7	(9.7)	Liabilities	1,172.5	1,174.6	2.1
Cash and deposits	193.9	186.6	(7.2)	Current liabilities	681.9	649.7	(32.1)
Notes and accounts receivable–trade	350.7	322.4	(28.3)	Noncurrent liabilities	490.6	524.9	34.3
Inventories	427.3	448.7	21.3	Net assets	1,402.7	1,416.0	13.3
Other current assets	79.4	83.9	4.5	Shareholders' equity	1,256.7	1,301.7	44.9
Noncurrent assets	1,523.8	1,549.0	25.2	Capital stock	103.4	103.4	–
Property, plant and equipment	621.4	649.5	28.1	Capital surplus	79.7	79.7	(0.0)
Intangible assets	530.0	544.8	14.8	Retained earnings	1,077.6	1,132.5	54.9
Investments and other assets	372.5	354.7	(17.8)	Treasury stock	(3.9)	(13.9)	(9.9)
				Accumulated other comprehensive income	124.7	93.2	(31.5)
				Non-controlling interests	21.2	21.1	(0.1)
Total assets	2,575.2	2,590.7	15.4	Total liabilities and net assets	2,575.2	2,590.7	15.4
Goodwill	319.9	327.7	7.8				
Interest-bearing debt ¹	424.5	461.2	36.7				
D/E ratio	0.31	0.33	0.02				

¹ Excluding lease obligations.

Cash flows

(¥ billion)

	H1 2018	H1 2019
a. Net cash provided by (used in) operating activities	73.7	77.8
b. Net cash used in investing activities	(119.1)	(73.8)
c. Free cash flows [a+b]	(45.4)	4.0
d. Net cash provided by (used in) financing activities	61.2	4.8
e. Effect of exchange rate change on cash and cash equivalents	3.5	(3.9)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	19.4	4.9
g. Cash and cash equivalents at beginning of period	148.6	180.5
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	0.8	0.1
i. Cash and cash equivalents at end of period [f+g+h]	168.8	185.5

Sales and operating income increase/decrease by segment

(¥ billion)

		H1 2018	H1 2019	Net Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Material ¹	Sales	578.1	560.2	(17.9)	-3.1%	(27.4)	(17.5)	(3.4)	27.0
	Operating income	72.1	56.9	(15.3)	-21.2%	(7.1)			9.3
Homes ²	Sales	298.7	333.4	34.8	+11.6%	30.3	3.5	—	1.0
	Operating income	26.0	32.7	6.7	+25.6%	5.5			(2.3)
Health Care	Sales	154.5	167.6	13.1	+8.5%	11.2	0.5	(0.3)	1.4
	Operating income	22.0	25.9	3.9	+17.7%	5.8			(2.4)
Others	Sales	10.2	7.4	(2.8)	-27.6%	(2.8)	—	—	—
	Operating income	1.2	1.1	(0.2)	-12.7%	0.3			(0.4)
Corporate expenses and eliminations	Operating income	(17.1)	(14.9)	2.2	-13.1%	—	—	—	2.2
Consolidated	Sales	1,041.5	1,068.6	27.2	+2.6%	11.3	(13.5)	(3.6)	29.4
	Operating income	104.3	101.7	(2.6)	-2.5%	4.5			6.4

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 Q3 2018.

² Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included in the Homes segment from Q4 2018.



2. Forecast for fiscal year 2019

Consolidated operating performance forecast

(¥ billion, unless otherwise specified)

	FY 2018			FY 2019			Increase (decrease) b-a	% change	H1 2019 forecast in May c	Increase (decrease) b-c
	H1	H2	Total a	H1	H2 forecast	Total b				
Net sales	1,041.5	1,128.9	2,170.4	1,068.6	1,152.4	2,221.0	50.6	+2.3%	2,268.0	(47.0)
Operating income	104.3	105.3	209.6	101.7	91.3	193.0	(16.6)	-7.9%	205.0	(12.0)
Ordinary income	110.3	109.7	220.0	105.3	94.2	199.5	(20.5)	-9.3%	214.0	(14.5)
Net income attributable to owners of the parent	78.9	68.6	147.5	77.9	65.1	143.0	(4.5)	-3.1%	147.5	(4.5)

Key operating factors

Naphtha price (¥/kL, domestic)	51,100	47,700	49,400	42,800	41,000	41,900	(7,500)		47,000	(5,100)
¥/US\$ exchange rate (market average)	110	112	111	109	110	109	(2)		110	(1)
¥/€exchange rate (market average)	130	127	128	121	120	121	(8)		125	(4)

Net income per share (EPS) (¥)
Dividends per share (¥)
Payout ratio (%)

105.66
34
32.2

102.90
36 (forecast)
35.0

Sales and operating income forecast by segment

Sales

(¥ billion)

	FY 2018			FY 2019			Increase (decrease) b-a	% change
	H1	H2	Total a	H1	H2 forecast	Total b		
Material ¹	578.1	598.1	1,176.2	560.2	578.8	1,139.0	(37.2)	-3.2%
Homes ²	298.7	361.1	659.8	333.4	393.6	727.0	67.2	+10.2%
Health Care	154.5	161.7	316.2	167.6	171.4	339.0	22.8	+7.2%
Others	10.2	8.1	18.3	7.4	8.6	16.0	(2.3)	-12.4%
Consolidated	1,041.5	1,128.9	2,170.4	1,068.6	1,152.4	2,221.0	50.6	+2.3%

FY 2019 forecast in May			Increase (decrease)		
H1	H2	Total c	H1	H2	Total b-c
588.0	609.0	1,197.0	(27.8)	(30.2)	(58.0)
330.0	397.0	727.0	3.4	(3.4)	—
162.0	165.0	327.0	5.6	6.4	12.0
8.0	9.0	17.0	(0.6)	(0.4)	(1.0)
1,088.0	1,180.0	2,268.0	(19.4)	(27.6)	(47.0)

Operating income

(¥ billion)

	FY 2018			FY 2019			Increase (decrease) b-a	% change
	H1	H2	Total a	H1	H2 forecast	Total b		
Material ¹	72.1	57.4	129.6	56.9	50.1	107.0	(22.6)	-17.4%
Homes ²	26.0	42.1	68.2	32.7	40.3	73.0	4.8	+7.1%
Health Care	22.0	19.8	41.8	25.9	16.1	42.0	0.2	+0.4%
Others	1.2	1.2	2.4	1.1	0.9	2.0	(0.4)	-17.0%
Corporate expenses and eliminations	(17.1)	(15.3)	(32.4)	(14.9)	(16.1)	(31.0)	1.4	—
Consolidated	104.3	105.3	209.6	101.7	91.3	193.0	(16.6)	-7.9%

FY 2019 forecast in May			Increase (decrease)		
H1	H2	Total c	H1	H2	Total b-c
61.0	60.0	121.0	(4.1)	(9.9)	(14.0)
29.5	43.0	72.5	3.2	(2.7)	0.5
22.0	19.5	41.5	3.9	(3.4)	0.5
1.0	1.0	2.0	0.1	(0.1)	—
(16.0)	(16.0)	(32.0)	1.1	(0.1)	1.0
97.5	107.5	205.0	4.2	(16.2)	(12.0)

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 Q3 2018.

² Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included in the Homes segment from Q4 2018.



3. Appendix

Overseas sales by business category¹

(¥ billion)

	H1 2018			H1 2019			Increase (decrease)	% change
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		
Basic Materials	205.5	90.9	44.2%	172.6	80.5	46.7%	(10.3)	-11.4%
Performance Products ²	214.2	111.7	52.1%	225.5	126.7	56.2%	15.1	+13.5%
Specialty Solutions	158.2	102.6	64.8%	158.0	102.2	64.7%	(0.3)	-0.3%
Homes ³	271.8	—	—	304.9	9.7	3.2%	9.7	—
Construction Materials	26.9	0.1	0.3%	28.6	0.0	0.0%	(0.1)	-90.8%
Health Care	68.4	22.9	33.4%	70.1	23.0	32.8%	0.1	+0.6%
Critical Care	86.0	85.1	99.0%	97.5	96.3	98.8%	11.1	+13.1%
Others	10.4	1.6	15.6%	11.5	1.0	8.4%	(0.7)	-40.6%
Total	1,041.5	414.8	39.8%	1,068.6	439.5	41.1%	24.7	+6.0%

Asia		245.9	23.6%		228.1	21.3%	(17.8)	-7.2%
of which, sales to China		108.8	10.5%		99.9	9.3%	(9.0)	-8.2%
The Americas		112.1	10.8%		147.0	13.8%	34.9	+31.1%
Europe		47.3	4.5%		54.5	5.1%	7.2	+15.2%
Other countries		9.5	0.9%		9.9	0.9%	0.4	+4.2%

Sales, excluding Homes and
Construction Materials

742.8 414.7 55.8% 735.2 429.7 58.5%

¹ Beginning with FY 2019, the business categories in the Material segment are reclassified as shown on P36, "Revision of business categories."

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

³ Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included in the Homes business category from Q4 2018.

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

AsahiKASEI

(¥ billion)

		H1 2018	H1 2019	Net Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Basic Materials	Sales	205.5	172.6	(32.9)	-16.0%	(13.6)			(4.6)
	Operating income	32.8	20.1	(12.7)	-38.7%	(2.3)	(14.7)	(0.5)	4.3
Performance Products ²	Sales	214.2	225.5	11.3	+5.3%	(11.2)			24.2
	Operating income	22.7	20.7	(2.1)	-9.0%	(2.6)	(1.7)	(1.2)	2.3
Specialty Solutions	Sales	158.2	158.0	(0.2)	-0.1%	(2.5)			3.5
	Operating income	18.9	14.9	(4.0)	-21.0%	(2.1)	(1.2)	(1.6)	(0.7)
Others in Material	Sales	0.2	4.1	3.9	—	—			3.9
	Operating income	(2.3)	1.2	3.5	—	—	—	—	3.5
Homes ³	Sales	271.8	304.9	33.1	+12.2%	28.9			1.0
	Operating income	24.3	30.1	5.8	+23.9%	5.1	3.2	—	(2.5)
Construction Materials	Sales	26.9	28.6	1.7	+6.3%	1.4			—
	Operating income	1.9	2.7	0.9	+47.5%	0.4	0.3	—	0.2

¹ Beginning with FY 2019, the business categories in the Material segment are reclassified as shown on P36, “Revision of business categories.” 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 Performance Products business category from Q3 2018.

³ Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included in the Homes business category from Q4 2018.

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

(¥ billion)

		H1 2018	H1 2019	Net Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Health Care	Sales	68.4	70.1	1.7	+2.5%	3.0	(0.2)	(0.0)	(1.1)
	Operating income	10.6	14.0	3.3	+31.4%	1.8			1.8
Critical Care	Sales	86.0	97.5	11.4	+13.3%	8.3	0.7	(0.3)	2.4
	Operating income	11.4	11.9	0.6	+4.9%	4.0			(4.2)
Others	Sales	10.2	7.4	(2.8)	-27.6%	(2.8)	—	—	—
	Operating income	1.2	1.1	(0.2)	-12.7%	0.3			(0.4)
Corporate expenses and eliminations	Operating income	(17.2)	(15.0)	2.2	—	—	—	—	2.2
Consolidated	Sales	1,041.5	1,068.6	27.2	+2.6%	11.3	(13.5)	(3.6)	29.4
	Operating income	104.3	101.7	(2.6)	-2.5%	4.5			6.4

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

Sales forecast by business category¹

(¥ billion)

	FY 2018			FY 2019			Increase (decrease) b-a	% change	FY 2019 forecast in May			Increase (decrease)		
	H1	H2	Total a	H1	H2 forecast	Total b			H1	H2	Total c	H1	H2	Total b-c
Basic Materials	205.5	194.2	399.7	172.6	174.4	347.0	(52.7)	-13.2%	173.0	178.0	351.0	(0.4)	(3.6)	(4.0)
Performance Products ²	214.2	242.9	457.1	225.5	235.5	461.0	3.9	+0.8%	245.0	254.0	499.0	(19.5)	(18.5)	(38.0)
Specialty Solutions	158.2	162.7	320.8	158.0	171.0	329.0	8.2	+2.5%	169.0	179.0	348.0	(11.1)	(7.9)	(19.0)
Others in Material	0.2	(1.7)	(1.5)	4.1	(2.1)	2.0	3.5	—	1.0	(2.0)	(1.0)	3.1	(0.1)	3.0
Homes ³	271.8	332.9	604.7	304.9	365.1	670.0	65.3	+10.8%	302.0	368.0	670.0	2.9	(2.9)	—
Construction Materials	26.9	28.2	55.1	28.6	28.4	57.0	1.9	+3.5%	28.0	29.0	57.0	0.6	(0.6)	—
Health Care	68.4	67.1	135.5	70.1	67.9	138.0	2.5	+1.8%	70.0	68.0	138.0	0.1	(0.1)	—
Critical Care	86.0	94.6	180.7	97.5	103.5	201.0	20.3	+11.3%	92.0	97.0	189.0	5.5	6.5	12.0
Others	10.2	8.1	18.3	7.4	8.6	16.0	(2.3)	-12.4%	8.0	9.0	17.0	(0.6)	(0.4)	(1.0)
Consolidated	1,041.5	1,128.9	2,170.4	1,068.6	1,152.4	2,221.0	50.6	+2.3%	1,088.0	1,180.0	2,268.0	(19.4)	(27.6)	(47.0)

¹ Beginning with FY 2019, the business categories in the Material segment are reclassified as shown on P36, “Revision of business categories.”

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

³ Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included in the Homes business category from Q4 2018.

Operating income forecast by business category¹

(¥ billion)

	FY 2018			FY 2019 forecast			Increase (decrease) b-a	% change	FY 2019 forecast in May			Increase (decrease)		
	H1	H2	Total a	H1	H2 forecast	Total b			H1	H2	Total c	H1	H2	Total b-c
Basic Materials	32.8	20.3	53.1	20.1	13.4	33.5	(19.6)	-36.9%	20.0	16.5	36.5	0.1	(3.1)	(3.0)
Performance Products ²	22.7	24.6	47.4	20.7	20.8	41.5	(5.9)	-12.4%	24.0	24.5	48.5	(3.3)	(3.7)	(7.0)
Specialty Solutions	18.9	14.1	33.0	14.9	15.6	30.5	(2.5)	-7.5%	16.5	19.0	35.5	(1.6)	(3.4)	(5.0)
Others in Material	(2.3)	(1.6)	(3.9)	1.2	0.3	1.5	5.4	–	0.5	0.0	0.5	0.7	0.3	1.0
Homes ³	24.3	39.2	63.5	30.1	37.9	68.0	4.5	+7.1%	27.5	40.5	68.0	2.6	(2.6)	–
Construction Materials	1.9	2.9	4.7	2.7	2.3	5.0	0.3	+6.2%	2.0	2.5	4.5	0.7	(0.2)	0.5
Health Care	10.6	7.8	18.4	14.0	2.5	16.5	(1.9)	-10.5%	10.5	5.5	16.0	3.5	(3.0)	0.5
Critical Care	11.4	12.0	23.4	11.9	13.6	25.5	2.1	+9.0%	11.5	14.0	25.5	0.4	(0.4)	–
Others	1.2	1.2	2.4	1.1	0.9	2.0	(0.4)	-17.0%	1.0	1.0	2.0	0.1	(0.1)	–
Corporate expenses and eliminations	(17.2)	(15.2)	(32.4)	(15.0)	(16.0)	(31.0)	1.4	–	(16.0)	(16.0)	(32.0)	1.0	–	1.0
Consolidated	104.3	105.3	209.6	101.7	91.3	193.0	(16.6)	-7.9%	97.5	107.5	205.0	4.2	(16.2)	(12.0)

¹ Beginning with FY 2019, the business categories in the Material segment are reclassified as shown on P36, “Revision of business categories.” 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 Performance Products business category from Q3 2018.

³ Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included in the Homes business category from Q4 2018.

Primary investments by business category¹

(¥ billion)

	Capital expenditures			Depreciation and amortization ²			R&D expenditures		
	FY 2018	FY 2019		FY 2018	FY 2019		FY 2018	FY 2019	
		H1	forecast		H1	forecast		H1	forecast
Basic Materials	18.0	11.7		11.6	6.3		2.3	1.2	
Performance Products ³	31.6	22.2		18.1	10.7		12.3	6.6	
Specialty Solutions	37.0	19.8		20.7	11.2		19.2	9.9	
Others in Material	0.0	0.0		0.0	0.0		0.0	0.1	
Homes ⁴	14.9	6.9		7.0	3.9		2.9	1.5	
Construction Materials	2.7	1.7		2.1	1.1		0.9	0.3	
Health Care	8.1	7.0		5.7	3.0		21.9	9.4	
Critical Care	9.3	2.0		12.3	6.0		15.3	5.9	
Others	1.6	1.4		1.4	0.7		0.1	0.0	
Corporate expenses and eliminations	13.0	4.4		5.6	2.9		15.1	7.1	
Total	136.2	77.1	160.0	84.6	45.9	96.0	90.1	42.1	96.0
Amortization of goodwill				19.5	10.8				

¹ Beginning with FY 2019, the business categories in the Material segment are reclassified as shown on P36, "Revision of business categories." Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

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

³ Results of Sage Automotive Interiors, Inc. and its consolidated subsidiaries, acquired on September 27, 2018 (US Eastern time), are included in the Performance Products business category from Q3 2018.

⁴ Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included in the Homes business category from Q4 2018.

Major investments

Completed in H1 2019

- Lamous artificial suede*
3 million m²/y capacity increase in Nobeoka-shi, Miyazaki, Japan, H1 FY 2019.
- Planova virus removal filters*
40,000 m²/y capacity expansion for cellulose hollow-fiber in Nobeoka-shi, Miyazaki, Japan.

Under construction at end of Sep. 2019

- Hipore Li-ion battery separator*
200 million m²/y capacity increase in Moriyama-shi, Shiga, Japan, H2 FY 2019.
- Li-ion battery separator*
Celgard – 150 million m²/y capacity increase in North Carolina, the US, FY 2020;
Hipore – 90 million m²/y capacity increase in Moriyama-shi, Shiga, Japan, H1 FY 2020.
- Leona nylon 66 filament
5,000 t/y capacity expansion in Nobeoka-shi, Miyazaki, Japan, H1 FY 2020.
- Renovation of hydroelectric power plant*
Miyazaki, Japan, Oct. 2021.

* Investment of ¥3 billion or more.

Material segment (i)

(¥ billion)

	Sales ¹			
	H1 2018	H1 2019	Increase (decrease)	% change
Material segment	578.1	560.2	(17.9)	-3.1%
Basic Materials	205.5	172.6	(32.9)	-16.0%
Performance Products ²	214.2	225.5	11.3	+5.3%
Specialty Solutions	158.2	158.0	(0.2)	-0.1%
Others	0.2	4.1	3.9	—

	Operating income ¹			
	H1 2018	H1 2019	Increase (decrease)	% change
Material segment	72.1	56.9	(15.3)	-21.2%
Basic Materials	32.8	20.1	(12.7)	-38.7%
Performance Products ²	22.7	20.7	(2.1)	-9.0%
Specialty Solutions	18.9	14.9	(4.0)	-21.0%
Others	(2.3)	1.2	3.5	—

Basic Materials

Operating income decrease:

- (-) Decreased shipments and increased fixed costs due to maintenance shutdown of naphtha cracker and plants for derivatives
- (-) Deteriorated terms of trade centered on acrylonitrile

¹ Beginning with FY 2019, the business categories in the Material segment are reclassified as shown on P36, "Revision of business categories." 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 Performance Products business category from Q3 2018.

Material segment (ii)

Performance Products

Operating income decrease:

- (+) Consolidation of Sage Automotive Interiors, Inc.
- (-) Decreased shipments of fiber products
- (-) Lower operating rate and increased fixed costs for synthetic rubber

Highlights

- May, announcement of receipt of certification as eco-friendly green material for Tenac-C Z4520 polyacetal resin in China
- July, announcement of decision to expand production capacity for Lamous artificial suede

Specialty Solutions

Operating income decrease:

- (-) Decreased shipments of Celgard Li-ion battery separator due to impact of energy storage system (ESS) fires in Korea
- (-) Decreased shipments of electronic devices due to slowdown of smartphone-related markets and Chinese economy
- (-) Decreased shipments of ion-exchange membranes in China

Homes segment (i)

(¥ billion)

	Sales			
	H1 2018	H1 2019	Increase (decrease)	% change
Homes segment	298.7	333.4	34.8	+11.6%
Homes	271.8	304.9	33.1	+12.2%
Order-built homes, etc. (Asahi Kasei Homes)	175.5	197.3	21.8	+12.4%
Real estate (Asahi Kasei Realty & Residence)	68.1	64.3	(3.8)	-5.5%
Remodeling (Asahi Kasei Reform)	27.2	32.0	4.8	+17.5%
Other housing-related, etc. ¹	1.0	11.3	10.3	—
Construction Materials	26.9	28.6	1.7	+6.3%

	Operating income ²			
	H1 2018	H1 2019	Increase (decrease)	% change
Homes segment	26.0	32.7	6.7	+25.6%
Homes	24.3	30.1	5.8	+23.9%
Order-built homes, etc. (Asahi Kasei Homes)	13.8	18.8	5.0	+36.0%
Real estate (Asahi Kasei Realty & Residence)	7.1	6.6	(0.5)	-7.1%
Remodeling (Asahi Kasei Reform)	2.5	3.9	1.4	+54.4%
Other housing-related, etc. ¹	0.8	0.8	(0.0)	-4.0%
Construction Materials	1.9	2.7	0.9	+47.5%

¹ Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included from Q4 2018.

² Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

Operating income increase:

- (+) Increased deliveries of order-built homes
- (+) Higher average unit prices due to increased deliveries of larger homes
- (-) Increased fixed costs such as outsourcing expenses in Homes business category

Home order trend

Year-on-year 3.9% decrease in value of new orders for order-built homes. Firm orders for multi-dwelling homes. Decreased orders for unit homes.

Highlights

- April, announcement of launch of housing with home-care services provided for the elderly in need of care; October, start of the operation.
- June, receipt of the 18th Green and Sustainable Chemistry Award for insulation materials such as Neoma Foam phenolic foam insulation panels for contribution to decreased environmental burden.
- September, joining RE100 international initiative aiming for 100% renewable energy.

Homes segment (ii)

(¥ 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 ²	Consolidated		Order backlog
				Pre-built homes	Rental housing	Other	Total					
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	241.5 (+13.6%)	228.2 (+1.8%)	13.2	52.1	2.1	67.4	31.2	6.1	332.9 (+4.5%)		575.0
	annual	451.6 (+11.3%)	403.7 (-0.8%)	29.9	101.8	3.7	135.4	58.4	7.1	604.7 (+2.8%)		
FY19	H1	201.9 (-3.9%)	197.3 (+12.4%)	7.6	54.4	2.3	64.3	32.0	11.3	304.9 (+12.2%)		589.0
	H2 forecast	232.1 (-3.9%)	232.7 (+2.0%)	29.9	57.1	4.2	91.2	31.5	9.7	365.1 (+9.7%)		598.3
	annual forecast	434.0 (-3.9%)	430.0 (+6.5%)	37.5	111.5	6.5	155.5	63.5	21.0	670.0 (+10.8%)		

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.

² Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included from Q4 2018.

Homes: Breakdown of sales and orders (i)

H1 2019 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	109.3	+7.8%	3,280	+2.8%	104.8	-8.2%	3,195	-9.3%
	3+ story	34.7	-1.0%	1,206	-8.5%	40.9	-4.1%	1,426	-1.0%
	Total	145.7	-7.1%	4,486	-0.5%	145.7	-7.1%	4,621	-6.9%
Multi-dwelling homes	1-2 story	13.7	+10.0%	943	+12.0%	16.7	-6.2%	1,113	-10.9%
	3+ story	30.2	+24.3%	1,949	+16.9%	39.6	+11.3%	2,521	+9.7%
	Total	43.9	+19.5%	2,892	+15.3%	56.3	+5.4%	3,634	+2.4%
Order-built homes total		187.9	+8.5%	7,378	+5.1%	201.9	-3.9%	8,255	-3.0%
Other ¹		9.4	+311.0%	10	+100.0%	—	—	—	—
Asahi Kasei Homes total		197.3	+12.4%	7,388	+5.2%	201.9	-3.9%	8,255	-3.0%

¹ Includes certain parcel sales and maintenance, etc.

Homes: Breakdown of sales and orders (ii)

FY 2019 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	222.5	+2.8%	6,670	-0.8%	215.8	-5.8%	6,410	-6.5%
	3+ story	79.1	-4.4%	2,780	-11.1%	86.8	-3.5%	3,060	-2.4%
	Total	301.7	+0.8%	9,450	-4.0%	302.6	-5.1%	9,470	-5.2%
Multi-dwelling homes	1-2 story	34.6	+3.7%	2,410	+5.1%	37.9	-5.6%	2,580	-7.6%
	3+ story	74.5	+14.9%	4,930	+11.0%	93.5	+1.2%	5,840	+0.9%
	Total	109.0	+11.1%	7,340	+9.0%	131.4	-0.9%	8,420	-1.9%
Order-built homes total		410.7	+3.3%	16,790	+1.3%	434.0	-3.9%	17,890	-3.6%
Other ¹		19.3	+208.9%	20	+100.0%	—	—	—	—
Asahi Kasei Homes total		430.0	+6.5%	16,810	+1.3%	434.0	-3.9%	17,890	-3.6%

¹ Includes certain parcel sales and maintenance, etc.

Health Care segment (i)

(¥ billion)

	Sales			
	H1 2018	H1 2019	Increase (decrease)	% change
Health Care segment	154.5	167.6	13.1	+8.5%
Health Care	68.4	70.1	1.7	+2.5%
Critical Care	86.0	97.5	11.4	+13.3%

	Operating income ¹			
	H1 2018	H1 2019	Increase (decrease)	% change
Health Care segment	22.0	25.9	3.9	+17.7%
Health Care	10.6	14.0	3.3	+31.4%
Critical Care	11.4	11.9	0.6	+4.9%

Operating income increase:

- (+) Decreased fixed costs in pharmaceutical business
- (+) Increased shipments in Resuscitation business²

Highlights

- June, agreement for acquisition of Cardiac Science Corp., a US manufacturer of medical devices; August, completion of acquisition.
- September, approval to manufacture and sell Teribone autoinjector in Japan.
- October, acquisition of ViruSure, an Austrian provider of biosafety testing services.

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

² ZOLL's business unit which includes defibrillators for professional use, AEDs (automated external defibrillators), etc.

Health Care segment (ii)

Sales of Health Care business category

(¥ billion)

			FY 2018		FY 2019	
			H1	Total	H1	forecast
	Domestic pharmaceuticals		29.4	58.3	30.6	61.8
	Others		2.8	6.1	2.7	6.2
	Asahi Kasei Pharma consolidated		32.2	64.5	33.3	68.0
	Devices ¹		36.3	71.0	36.8	70.0
Total			68.4	135.5	70.1	138.0

¹Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

			FY 2018		FY 2019	
			H1	Total	H1	forecast
	Teribone		14.4	28.3	14.4	29.9
	Recomodulin		6.0	11.8	6.1	11.9
	Kevzara		0.3	1.3	1.9	4.4
	Flivas		1.8	3.3	1.4	2.4
	Bredinin		1.6	3.0	1.4	2.4
	Elcitonin		1.2	2.3	1.1	1.9
	Reclast		0.7	1.4	0.7	1.6

Health Care segment (iii)

Financial performance of Critical Care business category in US dollars

(\$ million)

		FY 2018			FY 2019	H1 2019 vs H1 2018	
		H1	H2	Total	H1	Increase (decrease)	% change
Net sales		780	848	1,629	897	117	+15.0%
	Gross operating income before PPA ¹ impact	163	170	333	175	12	+7.4%
	Amortization/depreciation from PPA ¹ revaluation	(60)	(62)	(122)	(65)	(5)	
	Goodwill	(37)	(38)	(75)	(43)	(6)	
	Other intangible assets, etc.	(23)	(24)	(47)	(22)	1	
Consolidated operating income		103	108	211	110	7	+6.5%

¹ Purchase price allocation

Health Care segment (iv)

Main pharmaceuticals products

	Generic name	Classification	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 segment (v) Pharmaceutical pipeline

Development stage	Code name, form, generic name	Classification	Indication	Region	Origin	Remarks
Approved	MN-10-T, autoinjection, teriparatide acetate	Osteoporosis drug	Osteoporosis with high risk of fracture	Japan	In-house	New formulation; new dose
Phase III	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

Extraordinary income and loss

(¥ billion)

		H1 2018	H1 2019	Increase (decrease)
	Gain on sales of investment securities	6.8	9.0	2.2
	Gain on sales of noncurrent assets	0.3	0.4	0.2
	Total extraordinary income	7.1	9.4	2.4
	Loss on valuation of investment securities	0.0	0.4	0.4
	Loss on disposal of noncurrent assets	1.3	3.1	1.8
	Impairment losses	0.2	0.1	(0.0)
	Business structure improvement expenses	0.7	0.3	(0.4)
	Total extraordinary loss	2.2	3.9	1.7
	Net extraordinary income (loss)	4.9	5.5	0.6

Quarterly sales by segment¹

(¥ billion)

	FY 2018				FY 2019		FY 2019
	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Material segment	280.2	297.9	311.3	286.9	271.4	288.9	578.8
Basic Materials	97.7	107.8	101.0	93.2	84.3	88.3	174.4
Performance Products ²	104.3	109.9	123.0	119.9	112.3	113.3	235.5
Specialty Solutions	76.7	81.5	86.3	76.3	72.2	85.8	171.0
Others	1.5	(1.3)	0.9	(2.6)	2.6	1.5	(2.1)
Homes segment	128.7	170.0	148.1	212.9	144.6	188.9	393.6
Homes ³	115.7	156.1	132.8	200.1	130.6	174.3	365.1
Construction Materials	13.0	13.9	15.4	12.8	14.0	14.5	28.4
Health Care segment	76.3	78.2	81.5	80.2	82.7	84.9	171.4
Health Care	34.7	33.8	35.6	31.5	34.3	35.8	67.9
Critical Care	41.7	44.4	45.9	48.7	48.4	49.1	103.5
Others	4.6	5.6	4.4	3.7	3.5	3.9	8.6
Consolidated	489.8	551.7	545.3	583.7	502.1	566.6	1,152.4

¹ Beginning with FY 2019, the business categories in the Material segment are reclassified as shown on P36, "Revision of business categories."

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

³ Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included in the Homes business category from Q4 2018.

Quarterly operating income by segment¹

(¥ billion)

	FY 2018				FY 2019		FY 2019
	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Material segment	34.9	37.2	34.3	23.2	25.9	31.0	50.1
Basic Materials	14.6	18.1	12.5	7.9	8.8	11.3	13.4
Performance Products ²	12.0	10.7	13.0	11.6	10.4	10.2	20.8
Specialty Solutions	9.2	9.7	10.2	3.8	5.4	9.5	15.6
Others	(0.9)	(1.3)	(1.5)	(0.1)	1.3	(0.1)	0.3
Homes segment	7.8	18.3	12.7	29.4	9.9	22.8	40.3
Homes ³	7.1	17.2	11.1	28.1	8.8	21.3	37.9
Construction Materials	0.8	1.1	1.9	0.9	1.3	1.5	2.3
Health Care segment	12.3	9.7	12.1	7.7	12.6	13.3	16.1
Health Care	7.2	3.5	6.5	1.2	6.8	7.2	2.5
Critical Care	5.1	6.3	5.6	6.5	5.9	6.1	13.6
Others	0.6	0.6	0.4	0.8	0.3	0.8	0.9
Corporate expenses and eliminations	(7.6)	(9.5)	(7.0)	(8.2)	(7.4)	(7.5)	(16.1)
Consolidated	47.9	56.4	52.4	52.9	41.3	60.4	91.3

¹ Beginning with FY 2019, the business categories in the Material segment are reclassified as shown on P36, “Revision of business categories.”

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 Performance Products business category from Q3 2018.

³ Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included in the Homes business category from Q4 2018.

FY 2016 and FY 2017 results for Material recalculated in accordance with the new classifications¹

Sales

(¥ billion)

	FY 2016				FY 2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Material segment	230.1	233.9	253.0	260.9	246.8	272.1	288.6	280.2
Basic Materials	68.5	68.8	78.6	84.4	72.2	87.4	98.4	98.8
Performance Products	94.3	90.7	97.4	103.1	100.7	102.0	106.0	104.0
Specialty Solutions	67.6	72.5	78.1	75.2	73.4	82.7	83.7	77.4
Others	(0.3)	1.9	(1.1)	(1.7)	0.6	(0.0)	0.5	0.0

Operating income²

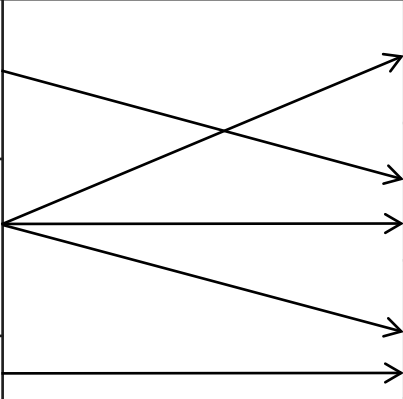
	FY 2016				FY 2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Material segment	17.8	21.1	27.4	22.1	28.0	32.7	36.8	24.4
Basic Materials	3.3	5.8	9.2	7.9	6.0	10.3	14.0	11.3
Performance Products	9.3	10.6	11.0	8.7	13.5	12.3	11.5	8.2
Specialty Solutions	4.9	5.9	8.2	6.6	9.0	10.6	11.4	6.3
Others	0.3	(1.1)	(0.9)	(1.1)	(0.5)	(0.5)	(0.1)	(1.3)

¹ Beginning with FY 2019, the business categories in the Material segment are reclassified as shown on P36, "Revision of business categories."

² Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

Revision of business categories

Beginning with FY 2019, the business categories in the Material segment are reclassified from the former Fibers, Chemicals, and Electronics, into Basic Materials, Performance Products, and Specialty Solutions.

Segments	Business categories		
	Former		New
Material	Fibers		Basic Materials (Former petrochemicals)
	Chemicals (Petrochemicals, performance polymers, performance materials and consumables)		Performance Products (Former Fibers, performance polymers, consumables)
	Electronics (Separators, electronic devices)		Specialty Solutions (Former performance materials, separators, electronic devices)
			Others
Homes	No change		
Health Care			
Others			
Corporate expenses and eliminations			

FY 2018 results in this presentation material are recalculated in accordance with the new classifications.

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