

Fiscal 2019
Financial Results
– supplementary financial summary –

May 12, 2020
Asahi Kasei Corporation

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Focus of FY 2019 results

Audit of FY 2019 results by Independent Auditors not yet completed. Any revision to be promptly disclosed if necessary after receipt of audit report.

FY 2019

- Net sales of ¥2,151.6 billion (near previous year's record high)
 - ◆ Decrease in Material, increase in Homes and Health Care. Positive impacts from consolidation of newly acquired subsidiaries Sage Automotive Interiors (Material), Erickson Framing Operations (Homes), and Cardiac Science (Health Care).
- Operating income of ¥177.3 billion (decrease by ¥32.3 billion, -15.4% year-on-year)
 - ◆ Decrease by ¥37.2 billion in Material with impacts from declining Chinese market growth, slowing automotive markets, lower petrochemical market prices, and, from Q4, novel coronavirus.
 - ◆ Increase by ¥4.5 billion in Homes with firm performance of real estate, and increase by ¥1.7 billion in Health Care with steady expansion of Critical Care, although both segments impacted by novel coronavirus.
- Net income of ¥103.9 billion (decrease by ¥43.6 billion, -29.5% year-on-year)
 - ◆ Impacts from impairment of noncurrent assets and business structure improvement expenses.
- Dividends of ¥34 per share

FY 2020 forecast (i)

Perspective on impact of novel coronavirus

- ✓ While difficult to predict the scale of global economic impact or timing of subsidence, business decisions to be made as appropriate while closely monitoring changes as they evolve in the global economy and the operating environment of the Asahi Kasei Group.
- ✓ Until visibility of market climate improves, focus to be placed on appropriate cash management through curtailment of capex, retaining cash on hand, and leveraging dynamic means of fundraising.
- ✓ Highest priority on safety of customers, suppliers, and employees; working to minimize impact on operations of customers and suppliers as well as on our own, while contributing to prevention and treatment of infection through our businesses.
- ✓ Current opaque environment precluding rational forecast of FY 2020 performance. Presumed impacts on each business described as far as possible on the following pages. Quantitative forecast to be promptly disclosed when it becomes possible.

FY 2020 forecast (ii)

Business outlook with novel coronavirus impact

➤ Material

- Impact of generally depressed economic activity in automotive, electronics, and apparel markets, and of petrochemical market prices falling due to low crude oil prices; results likely to fall short of FY 2019.
- Minimizing impact of novel coronavirus by focusing on businesses which expect increased demand despite severe operating climate, such as electronic materials and devices for 5G and tablet PCs, and LIB separator for electric drive vehicles, while advancing preparations to enable swift response to economic recovery after end of crisis.

➤ Homes

- Closure of model homes and stay-home restrictions impacting receipt of new orders in the order-built homes business, and impact also extending to real estate and remodeling; results likely to fall short of FY 2019.
- Minimizing impact of novel coronavirus by leveraging IT for digital marketing, productivity improvement, and cost reduction.

FY 2020 forecast (iii)

Business outlook with novel coronavirus impact

➤ Health Care

- Stay-home restrictions reducing patient visits to hospitals and clinics, and curtailing our own business activities; impact likely in each business.
- Increased demand for devices such as ventilators, defibrillators, blood purification products, and virus removal filters for plasma derivatives; fulfilling supply obligations through stable production and capacity increases, contributing to efforts to end the crisis and support post-crisis care.

Policy for shareholder returns

- ✓ Currently unable to forecast impact of novel coronavirus on Asahi Kasei Group business; overall results may fall short of FY 2019 depending on scale of impact. Basic policy for stable dividends and continuously increased dividends remains unchanged; appropriate judgment to be made based on results at end of fiscal year.



1. Consolidated results for fiscal 2019

Summary of financial results

(¥ billion, unless otherwise specified)

	FY 2018	FY 2019		FY 2019 vs. FY 2018		Result vs. forecast in Feb.	
		Result	Forecast in Feb.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	2,170.4	2,151.6	2,190.0	(18.8)	-0.9%	(38.4)	-1.8%
Operating income	209.6	177.3	178.5	(32.3)	-15.4%	(1.2)	-0.7%
Ordinary income	220.0	184.0	183.5	(36.0)	-16.4%	0.5	+0.3%
Net income attributable to owners of the parent	147.5	103.9	127.5	(43.6)	-29.5%	(23.6)	-18.5%

Naphtha price (¥/kL, domestic)	49,400	43,000	43,200	(6,400)		(200)
¥/US\$ exchange rate (market average)	111	109	109	(2)		(0)
¥/€ exchange rate (market average)	128	121	121	(8)		0

Net income per share (EPS) (¥)	105.66	74.85
Dividends per share (¥)	34	34
Payout ratio	32.2%	45.4%
Net income per total assets (ROA)	6.0%	3.9%
Net income per shareholders' equity (ROE)	11.1%	7.6%

Statements of income

(¥ billion)

	FY 2018		FY 2019		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	2,170.4	100.0%	2,151.6	100.0%	(18.8)	-0.9%
Cost of sales	1,481.9	68.3%	1,476.6	68.6%	(5.2)	-0.4%
Gross profit	688.5	31.7%	675.0	31.4%	(13.5)	-2.0%
Selling, general and administrative expenses	479.0	22.1%	497.8	23.1%	18.8	+3.9%
Operating income	209.6	9.7%	177.3	8.2%	(32.3)	-15.4%
Net non-operating income (expenses)	10.4		6.7		(3.6)	
of which,						
net financing income (expense)	4.7		3.9		(0.8)	
net equity in earnings (losses) of affiliates	12.1		7.1		(5.0)	
foreign exchange gains (loss)	(2.7)		(2.3)		0.4	
Ordinary income	220.0	10.1%	184.0	8.6%	(36.0)	-16.4%
Net extraordinary income (loss)	(9.6)		(28.1)		(18.5)	
Income before income taxes	210.4	9.7%	155.9	7.2%	(54.5)	-25.9%
Income taxes	60.6		50.2		(10.4)	
Net income attributable to non-controlling interests	2.3		1.8		(0.5)	
Net income attributable to owners of the parent	147.5	6.8%	103.9	4.8%	(43.6)	-29.5%

Balance sheets

(¥ billion)

	At end of Mar. 2019	At end of Mar. 2020 ¹	Increase (decrease)		At end of Mar. 2019	At end of Mar. 2020 ¹	Increase (decrease)
Current assets	1,051.4	1,107.4	56.0	Liabilities	1,172.5	1,414.5	242.0
Cash and deposits	193.9	208.0	14.1	Current liabilities	681.9	842.5	160.7
Notes and accounts receivable–trade	350.7	331.0	(19.7)	Noncurrent liabilities	490.6	572.0	81.3
Inventories	427.3	477.8	50.5	Net assets	1,402.7	1,383.5	(19.3)
Other current assets	79.4	90.6	11.2	Shareholders' equity	1,256.7	1,302.8	46.0
Noncurrent assets	1,523.8	1,690.5	166.7	Capital stock	103.4	103.4	–
Property, plant and equipment	621.4	653.7	32.3	Capital surplus	79.7	79.6	(0.1)
Intangible assets	530.0	685.5	155.5	Retained earnings	1,077.6	1,125.7	48.2
Investments and other assets	372.5	351.4	(21.1)	Treasury stock	(3.9)	(6.0)	(2.1)
				Accumulated other comprehensive income	124.7	56.5	(68.2)
				Noncurrent liabilities	21.2	24.1	2.9
Total assets	2,575.2	2,798.0	222.8	Total liabilities and net assets	2,575.2	2,798.0	222.8
Goodwill	319.9	469.5	149.6				
Interest-bearing debt ²	424.5	703.8	279.4				
D/E ratio	0.31	0.52	0.21				

¹ Among the total assets at the end of March 2020, ¥165.7 billion is attributed to the effect of the consolidation, including acquisition-related goodwill, of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET). Those figures are calculated provisionally prior to completion of PPA (purchase price allocation).

² Excluding lease obligations.

Cash flows

(¥ billion)

	FY 2018	FY 2019
a. Net cash provided by (used in) operating activities	212.1	124.5
b. Net cash provided by (used in) investing activities	(198.9)	(318.2)
c. Free cash flows [a+b]	13.1	(193.7)
d. Net cash provided by (used in) financing activities	17.4	221.9
e. Effect of exchange rate change on cash and cash equivalents	0.5	(4.1)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	31.1	24.2
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]	180.5	204.8

Sales and operating income by segment

Sales (¥ billion)

	FY 2018			FY 2019			Increase (decrease)	% change	FY 2019 forecast in Feb.	Increase (decrease)
	H1	H2	Total a	H1	H2	Total b				
Material ¹	578.1	598.1	1,176.2	560.2	532.9	1,093.1	(83.1)	-7.1%	1,114.0	(20.9)
Homes ²	298.7	361.1	659.8	333.4	371.0	704.4	44.7	+6.8%	721.0	(16.6)
Health Care	154.5	161.7	316.2	167.6	170.2	337.8	21.6	+6.8%	336.0	1.8
Others	10.2	8.1	18.3	7.4	8.9	16.3	(2.0)	-10.8%	19.0	(2.7)
Consolidated	1,041.5	1,128.9	2,170.4	1,068.6	1,083.0	2,151.6	(18.8)	-0.9%	2,190.0	(38.4)

Operating income (¥ billion)

	FY 2018			FY 2019			Increase (decrease)	% change	FY 2019 forecast in Feb.	Increase (decrease)
	H1	H2	Total a	H1	H2	Total b				
Material ¹	72.1	57.4	129.6	56.9	35.5	92.4	(37.2)	-28.7%	94.0	(1.6)
Homes ²	26.0	42.1	68.2	32.7	40.0	72.7	4.5	+6.7%	73.0	(0.3)
Health Care	22.0	19.8	41.8	25.9	17.6	43.5	1.7	+4.0%	42.5	1.0
Others	1.2	1.2	2.4	1.1	2.1	3.2	0.8	+31.8%	2.5	0.7
Corporate expenses and eliminations	(17.1)	(15.3)	(32.4)	(14.9)	(19.6)	(34.5)	(2.1)	-	(33.5)	(1.0)
Consolidated	104.3	105.3	209.6	101.7	75.6	177.3	(32.3)	-15.4%	178.5	(1.2)

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.

Sales and operating income increase/decrease by segment

(¥ billion)

		FY 2018	FY 2019	Net Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Material ¹	Sales	1,176.2	1,093.1	(83.1)	-7.1%	(52.5)	(48.4)	(7.5)	17.9
	Operating income	129.6	92.4	(37.2)	-28.7%	(12.2)			23.5
Homes ²	Sales	659.8	704.4	44.7	+6.8%	11.6	4.0	—	29.1
	Operating income	68.2	72.7	4.5	+6.7%	0.3			0.3
Health Care	Sales	316.2	337.8	21.6	+6.8%	12.6	1.8	(0.2)	7.2
	Operating income	41.8	43.5	1.7	+4.0%	6.2			(6.3)
Others	Sales	18.3	16.3	(2.0)	-10.8%	(2.0)	—	—	—
	Operating income	2.4	3.2	0.8	+31.8%	1.3			(0.6)
Corporate expenses and eliminations	Operating income	(32.4)	(34.5)	(2.1)	—	—	—	—	(2.1)
Consolidated	Sales	2,170.4	2,151.6	(18.8)	-0.9%	(30.2)	(42.7)	(7.7)	54.1
	Operating income	209.6	177.3	(32.3)	-15.4%	(4.4)			14.7

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. Appendix

Sales by business category¹

(¥ billion)

	FY 2018			FY 2019			Increase (decrease) b-a	% change	FY 2019 forecast in Feb. c	Total b-c
	H1	H2	Total a	H1	H2	Total b				
Basic Materials	205.5	194.2	399.7	172.6	162.4	335.0	(64.7)	-16.2%	343.0	(8.0)
Performance Products ²	214.2	242.9	457.1	225.5	210.6	436.1	(21.0)	-4.6%	442.0	(5.9)
Specialty Solutions	158.2	162.7	320.8	158.0	158.7	316.6	(4.2)	-1.3%	320.0	(3.4)
Others in Material	0.2	(1.7)	(1.5)	4.1	1.2	5.4	6.9	-	9.0	(3.6)
Homes ³	271.8	332.9	604.7	304.9	344.4	649.3	44.6	+7.4%	665.0	(15.7)
Construction Materials	26.9	28.2	55.1	28.6	26.6	55.1	0.1	+0.2%	56.0	(0.9)
Health Care	68.4	67.1	135.5	70.1	63.2	133.3	(2.2)	-1.6%	134.0	(0.7)
Critical Care	86.0	94.6	180.7	97.5	107.0	204.5	23.8	+13.2%	202.0	2.5
Others	10.2	8.1	18.3	7.4	8.9	16.3	(2.0)	-10.8%	19.0	(2.7)
Consolidated	1,041.5	1,128.9	2,170.4	1,068.6	1,083.0	2,151.6	(18.8)	-0.9%	2,190.0	(38.4)

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.

Operating income by business category¹

(¥ billion)

	FY 2018			FY 2019 forecast			Increase (decrease) b-a	% change	FY 2019 forecast in Feb. c	Increase (decrease) b-c
	H1	H2	Total a	H1	H2	Total b				
Basic Materials	32.8	20.3	53.1	20.1	6.5	26.6	(26.5)	-49.9%	28.5	(1.9)
Performance Products ²	22.7	24.6	47.4	20.7	13.1	33.7	(13.6)	-28.8%	34.5	(0.8)
Specialty Solutions	18.9	14.1	33.0	14.9	15.5	30.4	(2.6)	-7.8%	29.5	0.9
Others in Material	(2.3)	(1.6)	(3.9)	1.2	0.5	1.6	5.5	–	1.5	0.1
Homes ³	24.3	39.2	63.5	30.1	37.3	67.4	3.9	+6.1%	68.0	(0.6)
Construction Materials	1.9	2.9	4.7	2.7	2.9	5.6	0.9	+18.8%	5.0	0.6
Health Care	10.6	7.8	18.4	14.0	3.8	17.8	(0.6)	-3.2%	17.0	0.8
Critical Care	11.4	12.0	23.4	11.9	13.8	25.7	2.3	+9.7%	25.5	0.2
Others	1.2	1.2	2.4	1.1	2.1	3.2	0.8	+31.8%	2.5	0.7
Corporate expenses and eliminations	(17.2)	(15.2)	(32.4)	(15.0)	(19.8)	(34.8)	(2.4)	–	(33.5)	(1.3)
Consolidated	104.3	105.3	209.6	101.7	75.6	177.3	(32.3)	-15.4%	178.5	(1.2)

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 (i)

(¥ billion)

		FY 2018	FY 2019	Net Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Basic Materials	Sales	399.7	335.0	(64.7)	-16.2%	(24.8)	(32.1)	(1.1)	(7.8)
	Operating income	53.1	26.6	(26.5)	-49.9%	(2.8)			8.4
Performance Products ²	Sales	457.1	436.1	(21.0)	-4.6%	(32.0)	(10.9)	(2.7)	21.9
	Operating income	47.4	33.7	(13.6)	-28.8%	(9.8)			7.1
Specialty solutions	Sales	320.8	316.6	(4.2)	-1.3%	4.3	(5.4)	(3.6)	(3.1)
	Operating income	33.0	30.4	(2.6)	-7.8%	0.4			2.5
Others in Material	Sales	(1.5)	5.4	6.9	-	-	-	-	6.9
	Operating income	(3.9)	1.6	5.5	-	-			5.5
Homes ³	Sales	604.7	649.3	44.6	+7.4%	12.0	3.5	-	29.1
	Operating income	63.5	67.4	3.9	+6.1%	(0.0)			0.4
Construction Materials	Sales	55.1	55.1	0.1	+0.2%	(0.4)	0.5	-	-
	Operating income	4.7	5.6	0.9	+18.8%	0.3			0.1

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)

		FY 2018	FY 2019	Net Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Health Care	Sales	135.5	133.3	(2.2)	-1.6%	0.7			(1.9)
	Operating income	18.4	17.8	(0.6)	-3.2%	(0.4)	(1.0)	(0.0)	0.8
Critical Care ²	Sales	180.7	204.5	23.8	+13.2%	11.9			9.1
	Operating income	23.4	25.7	2.3	+9.7%	6.6	2.8	(0.2)	(7.1)
Others	Sales	18.3	16.3	(2.0)	-10.8%	(2.0)			–
	Operating income	2.4	3.2	0.8	+31.8%	1.3	–	–	(0.6)
Corporate expenses and eliminations	Operating income	(32.4)	(34.8)	(2.4)	–	–	–	–	(2.4)
Consolidated	Sales	2,170.4	2,151.6	(18.8)	-0.9%	(30.2)			54.1
	Operating income	209.6	177.3	(32.3)	-15.4%	(4.4)	(42.7)	(7.7)	14.7

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

² Results of Cardiac Science Corporation, acquired on August 26, 2019 (US Eastern time), are included in the Critical Care business category from Q2 2019.

Overseas sales by business category¹

(¥ billion)

	FY 2018			FY 2019			Increase (decrease)	% change
	Total sales	Overseas sales		Total sales	Overseas sales			
			% of total			% of total		
Basic Materials	399.7	175.4	43.9%	335.0	149.0	44.5%	(26.4)	-15.1%
Performance Products ²	457.1	249.0	54.5%	436.1	245.3	56.2%	(3.7)	-1.5%
Specialty Solutions	320.8	204.2	63.7%	316.6	201.0	63.5%	(3.2)	-1.6%
Homes ³	604.7	4.5	0.7%	649.3	18.5	2.9%	14.0	–
Construction Materials	55.1	0.1	0.2%	55.1	0.0	0.1%	(0.1)	-70.1%
Health Care	135.5	44.8	33.1%	133.3	43.8	32.8%	(1.1)	-2.4%
Critical Care	180.7	178.5	98.8%	204.5	202.0	98.8%	23.5	+13.2%
Others	16.8	2.7	16.3%	21.7	2.0	9.0%	(0.8)	-28.6%
Total	2,170.4	859.3	39.6%	2,151.6	861.6	40.0%	2.3	+0.3%

Asia		483.2	22.3%		438.4	20.4%	(44.9)	-9.3%
of which, sales to China		211.5	9.7%		188.6	8.8%	(23.0)	-10.9%
The Americas		249.9	11.5%		292.4	13.6%	42.5	+17.0%
Europe		104.5	4.8%		112.3	5.2%	7.8	+7.4%
Other countries		21.6	1.0%		18.5	0.9%	(3.1)	-14.3%

Sales, excluding Homes

and Construction Materials

1,510.6	854.6	56.6%	1,447.2	843.0	58.2%
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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.

Primary investments by business category¹

(¥ billion)

	Capital expenditures		Depreciation and amortization ²		R&D expenditures	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Basic Materials	18.0	22.1	11.6	13.1	2.3	2.5
Performance Products ³	31.6	41.5	18.1	22.2	12.3	13.7
Specialty Solutions	37.0	40.9	20.7	23.3	19.2	20.2
Others in Material	0.0	0.0	0.0	0.0	0.0	0.3
Homes ⁴	14.9	15.2	7.0	8.2	2.9	3.0
Construction Materials	2.7	3.0	2.1	2.4	0.9	0.6
Health Care	8.1	10.5	5.7	6.4	21.9	19.4
Critical Care	9.3	5.5	12.3	12.8	15.3	15.9
Others	1.6	2.2	1.4	1.5	0.1	0.1
Corporate expenses and eliminations	13.0	13.3	5.6	6.2	15.1	15.4
Total	136.2	154.1	84.6	96.0	90.1	91.0

Amortization of goodwill

19.5 22.3

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

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 Fibers 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 FY 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.
- Hipore Li-ion battery separator*
200 million m²/y capacity increase in Moriyama-shi, Shiga, Japan, H2 FY 2019.

Under construction at end of Mar. 2020

- Li-ion battery separator*
Celgard – 150 million m²/y capacity increase in North Carolina, the US, FY 2020; Hipore – capacity increase in Moriyama-shi, Shiga, Japan, 90 million m²/y, H1 FY 2020, and 300 million m²/y, H1 FY 2021.
- Leona nylon 66 filament
5,000 t/y capacity expansion in Nobeoka-shi, Miyazaki, Japan, H1 FY 2020.
- Renovation of hydroelectric power plants*
Miyazaki, Japan, Oct. 2021.
- Lamous microfiber suede*
4 million m²/y capacity increase in Nobeoka-shi, Miyazaki, Japan, H2 FY 2021.

* Investment of ¥3 billion or more.

Material segment (i)

(¥ billion)

	Sales ¹			
	FY 2018	FY 2019	Increase (decrease)	% change
Material segment	1,176.2	1,093.1	(83.1)	-7.1%
Basic Materials	399.7	335.0	(64.7)	-16.2%
Performance Products ²	457.1	436.1	(21.0)	-4.6%
Specialty Solutions	320.8	316.6	(4.2)	-1.3%
Others	(1.5)	5.4	6.9	—

	Operating income ¹			
	FY 2018	FY 2019	Increase (decrease)	% change
Material segment	129.6	92.4	(37.2)	-28.7%
Basic Materials	53.1	26.6	(26.5)	-49.9%
Performance Products ²	47.4	33.7	(13.6)	-28.8%
Specialty Solutions	33.0	30.4	(2.6)	-7.8%
Others	(3.9)	1.6	5.5	—

Basic Materials

Operating income decrease:

- (-) Decreased shipments and increased fixed costs due to maintenance shutdown of naphtha cracker and plants for derivatives
- (-) Effect of stoppage of naphtha cracker due to malfunction of facility
- (-) Inventory valuation loss by the gross average method due to decreased feedstock prices such as naphtha
- (-) Deteriorated terms of trade for each product
- (-) Foreign exchange loss for operations of Tongsoh Petrochemical Corp., Ltd.

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.
- (-) Lower operating rate, decreased shipments, and deteriorated terms of trade of synthetic rubber for tires
- (-) Decreased shipments of fiber products
- (-) Decreased shipments of engineering plastics
- (-) Increased fixed costs in each business

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
- March, announcement of decision by Sage to acquire Adient's automotive fabrics business
- March, announcement of decision to discontinue SAN, ABS, and ACS resin business

Specialty Solutions

Operating income decrease:

- (+) Increased shipments of Hipore Li-ion battery separator mainly for automotive applications
- (-) Decreased shipments of Celgard Li-ion battery separator due to impact of energy storage system (ESS) fires in Korea
- (-) Impact of appreciation of the yen

Homes segment (i)

(¥ billion)

	Sales			
	FY 2018	FY 2019	Increase (decrease)	% change
Homes segment	659.8	704.4	44.7	+6.8%
Homes	604.7	649.3	44.6	+7.4%
Order-built homes, etc. (Asahi Kasei Homes)	403.7	415.7	12.0	+3.0%
Real estate (Asahi Kasei Realty & Residence)	135.4	151.9	16.4	+12.1%
Remodeling (Asahi Kasei Reform)	58.4	61.3	2.9	+5.0%
Other housing-related, etc. ¹	7.1	20.4	13.2	–
Construction Materials	55.1	55.1	0.9	+0.2%

	Operating income ²			
	FY 2018	FY 2019	Increase (decrease)	% change
Homes segment	68.2	72.7	4.5	+6.7%
Homes	63.5	67.4	3.9	+6.2%
Order-built homes, etc. (Asahi Kasei Homes)	41.4	40.8	(0.6)	-1.5%
Real estate (Asahi Kasei Realty & Residence)	13.8	18.0	4.2	+30.5%
Remodeling (Asahi Kasei Reform)	6.2	7.1	0.9	+14.1%
Other housing-related, etc. ¹	2.1	1.6	(0.5)	-25.2%
Construction Materials	4.7	5.6	8.9	+18.8%

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:

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

Home order trend

Year-on-year 11.3% decrease in value of new orders for order-built homes due to the effect of consumption tax hike and spread of novel coronavirus infection

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. ^{1,2}	Sales of real estate ¹				Sales of remodeling	Other sales ³	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	198.4 (-17.8%)	218.4 (-4.3%)	28.0	56.8	2.8	87.6	29.4	9.0	344.4 (+3.4%)	578.2	
	annual	400.3 (-11.3%)	415.7 (+3.0%)	35.5	111.2	5.1	151.9	61.3	20.4	649.3 (+7.4%)		

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 Income from maintenance service which was previously included in SG&A is included in sales beginning with FY 2019.

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

Homes segment (iii) Breakdown of sales and orders

FY 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	215.8	-0.3%	6,461	-3.9%	208.8	-8.8%	6,300	-8.1%
	3+ story	75.1	-9.2%	2,650	-15.3%	77.6	-13.8%	2,703	-13.8%
	Total	290.9	-2.8%	9,111	-7.5%	286.4	-10.2%	9,003	-9.8%
Multi-dwelling homes	1-2 story	33.4	+0.0%	2,324	+1.4%	32.2	-19.7%	2,106	-24.6%
	3+ story	72.8	+12.4%	4,797	+8.0%	81.8	-11.5%	5,266	-9.0%
	Total	106.2	+8.2%	7,121	+5.8%	114.0	-14.0%	7,372	-14.1%
Order-built homes total		397.1	-0.1%	16,232	-2.1%	400.3	-11.3%	16,375	-11.8%
Other ¹		18.6	—	17	+70.0%	—	—	—	—
Asahi Kasei Homes total		415.7	+3.0%	16,249	-2.1%	400.3	-11.3%	16,375	-11.8%

¹ Includes certain parcel sales and maintenance, etc.

Health Care segment (i)

(¥ billion)

	Sales			
	FY 2018	FY 2019	Increase (decrease)	% change
Health Care segment	316.2	337.8	21.6	+6.8%
Health Care	135.5	133.3	(2.2)	-1.6%
Critical Care	180.7	204.5	23.8	+13.2%

	Operating income ¹			
	FY 2018	FY 2019	Increase (decrease)	% change
Health Care segment	41.8	43.5	1.7	+4.0%
Health Care	18.4	17.8	(0.6)	-3.2%
Critical Care	23.4	25.7	2.3	+9.7%

Operating income increase:

- (+) Firm performance of Critical Care business
- (+) Decreased fixed costs in pharmaceutical business

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; launch in December.
- October, acquisition of ViruSure, an Austrian provider of biosafety testing services.
- November, announcement to acquire Veloxis Pharmaceuticals Inc., a US pharmaceutical company; completion of acquisition in March.
- November, agreement with Woolsey Pharmaceuticals, a US pharmaceutical company, for licensing of fasudil hydrochloride hydrate in the territories except Japan, China, South Korea, and Taiwan.
- March, license agreement with SBI Biotech for SBI-3150.
- March, announcement of decision to increase manufacturing capacity of ventilators by ZOLL in response to novel coronavirus pandemic.

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

Health Care segment (ii)

Sales of Health Care business category

(¥ billion)

	FY 2018			FY 2019		
	H1	H2	Total	H1	H2	Total
Pharmaceuticals	32.2	32.3	64.5	33.3	30.1	63.5
Medical devices	36.3	34.8	71.0	36.8	33.1	69.9
Total	68.4	67.1	135.5	70.1	63.2	133.3

Main pharmaceuticals domestic sales

(¥ billion)

	FY 2018			FY 2019		
	H1	H2	Total	H1	H2	Total
Teribone	14.4	13.9	28.3	14.4	13.1	27.5
Recomodulin	6.0	5.8	11.8	6.1	4.9	10.9
Kevzara	0.3	1.0	1.3	1.9	2.4	4.3
Flivas	1.8	1.5	3.3	1.4	1.1	2.5
Bredinin	1.6	1.4	3.0	1.4	1.2	2.5
Elcitonin	1.2	1.1	2.3	1.1	0.9	1.9
Reclast	0.7	0.7	1.4	0.7	0.6	1.4

Health Care segment (iii)

Financial performance of Critical Care business category in US dollars

(\$ million)

	FY 2018			FY 2019			FY 2019 vs FY 2018	
	H1	H2	Total	H1	H2	Total	Increase	% change
							(decrease)	
Net sales	780	848	1,629	897	983	1,880	251	+15.4%
Gross operating income before PPA ¹ impact	163	170	333	175	199	374	41	+12.4%
Goodwill ²	(37)	(38)	(75)	(43)	(50)	(93)	(18)	/
Other intangible assets, etc. ²	(23)	(24)	(47)	(22)	(22)	(45)	2	
Amortization/depreciation from PPA ¹ revaluation	(60)	(62)	(122)	(65)	(72)	(138)	(16)	
Consolidated operating income	103	108	211	110	126	236	25	+11.9%

¹ Purchase price allocation

² Figures shown for goodwill and other intangible assets, etc. consist of the following:

1) Amortization of goodwill and other intangible assets, etc. based on Japan GAAP and US GAAP in relation to acquisition of ZOLL by Asahi Kasei in April 2012

2) Amortization of goodwill and other intangible assets, etc. based on Japan GAAP in relation to acquisitions by ZOLL after April 2012

(Figures shown for gross operating income before PPA impact include amortization of intangible assets, etc. based on US GAAP in relation to acquisitions by ZOLL after April 2012.)

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
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
Phase II	AK1830, oral	Analgesic	Pain associated with osteoarthritis	Japan	Licensed	
Pending approval (overseas)	Flivas, tablet, naftopidil	Dysuria treatment	Benign prostatic hyperplasia	China	In-house	
Applying for approval (overseas)	HE-69, tablet, mizoribine	Immunosuppressant	Lupus nephritis, nephrotic syndrome	China	In-house	Additional indication
Phase III (overseas)	ART-123, injection, recombinant thrombomodulin alfa	Anticoagulant	Severe sepsis with coagulopathy	United States, Europe, etc.	In-house	

Extraordinary income and loss

(¥ billion)

	FY 2018	FY 2019	Increase (decrease)
Gain on sales of investment securities	11.6	13.7	2.1
Gain on sales of noncurrent assets	0.7	4.3	3.6
Total extraordinary income	12.2	17.9	5.7
Loss on valuation of investment securities	0.2	2.0	1.8
Loss on disposal of noncurrent assets	6.6	9.7	3.0
Impairment loss	11.1	21.9	10.9
Business structure improvement expenses	3.9	4.8	0.9
Loss on disaster	–	2.4	2.4
Loss on product compensation	–	5.2	5.2
Total extraordinary loss	21.8	46.0	24.2
Net extraordinary income (loss)	(9.6)	(28.1)	(18.5)

Quarterly sales by segment¹

	FY 2018				FY 2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Material segment	280.2	297.9	311.3	286.9	271.4	288.9	275.7	257.3
Basic Materials	97.7	107.8	101.0	93.2	84.3	88.3	86.4	76.0
Performance Products ²	104.3	109.9	123.0	119.9	112.3	113.3	107.3	103.3
Specialty Solutions	76.7	81.5	86.3	76.3	72.2	85.8	81.0	77.7
Others	1.5	(1.3)	0.9	(2.6)	2.6	1.5	0.9	0.3
Homes segment	128.7	170.0	148.1	212.9	144.6	188.9	156.3	214.7
Homes ³	115.7	156.1	132.8	200.1	130.6	174.3	141.9	202.5
Construction Materials	13.0	13.9	15.4	12.8	14.0	14.5	14.4	12.2
Health Care segment	76.3	78.2	81.5	80.2	82.7	84.9	83.5	86.7
Health Care	34.7	33.8	35.6	31.5	34.3	35.8	32.3	30.9
Critical Care	41.7	44.4	45.9	48.7	48.4	49.1	51.2	55.8
Others	4.6	5.6	4.4	3.7	3.5	3.9	4.4	4.5
Consolidated	489.8	551.7	545.3	583.7	502.1	566.6	519.9	563.1

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			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Material segment	34.9	37.2	34.7	22.8	25.9	31.0	22.2	13.3
Basic Materials	14.6	18.1	12.5	7.9	8.8	11.3	6.1	0.4
Performance Products ²	12.0	10.7	13.4	11.2	10.4	10.2	7.8	5.3
Specialty Solutions	9.2	9.7	10.2	3.8	5.4	9.5	8.4	7.1
Others	(0.9)	(1.3)	(1.5)	(0.1)	1.3	(0.1)	(0.0)	0.5
Homes segment	7.8	18.3	12.7	29.4	9.9	22.8	13.4	26.6
Homes ³	7.1	17.2	11.1	28.1	8.8	21.3	12.1	25.2
Construction Materials	0.8	1.1	1.9	0.9	1.3	1.5	1.8	1.1
Health Care segment	12.3	9.7	12.1	7.7	12.6	13.3	9.9	7.7
Health Care	7.2	3.5	6.5	1.2	6.8	7.2	3.8	0.1
Critical Care	5.1	6.3	5.6	6.5	5.9	6.1	6.1	7.7
Others	0.6	0.6	0.4	0.8	0.3	0.8	0.9	1.2
Corporate expenses and eliminations	(7.6)	(9.5)	(7.0)	(8.2)	(7.4)	(7.5)	(7.8)	(11.8)
Consolidated	47.9	56.4	52.8	52.5	41.3	60.4	38.5	37.0

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.

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

– 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.