

Fiscal 2020 2nd Quarter
Financial Results
– supplementary financial summary –

November 6, 2020
Asahi Kasei Corporation

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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.

Overview of H1 results (1)

Comparison with forecast in August

Net sales of ¥989.4 billion and operating income of ¥76.8 billion exceeded the August forecast of ¥979.0 billion and ¥66.0 billion, respectively. Operating income exceeded the forecast in Material and Homes.

➤ Material

Demand for various products recovered with an improved market environment especially in automotive markets. Firm sales of electronic materials continued.

➤ Homes

Delays in construction were foreseen in order-built homes due to infection-preventing measures, but deliveries proceeded more smoothly than expected.

Overview of H1 results (2)

Comparison with H1 2019

Operating income increase in Health Care centered on critical care business category with firm performance. Impact of COVID-19 pandemic centered on Material. Overall decrease in net sales and operating income.

➤ Material

Increased shipments of lithium-ion battery (LIB) separators and electronic materials. Lower market prices for petrochemical products and sluggish demand in automotive and apparel markets resulting from COVID-19 pandemic. Operating income decrease.

➤ Homes

Order-built homes and remodeling operations impacted by COVID-19 pandemic. Firm performance in real estate. Operating income nearly even with a year ago.

➤ Health Care

Impact of COVID-19 pandemic, amortization of goodwill, etc., due to consolidation of Veloxis, and reduced reimbursement prices for pharmaceuticals and medical devices in Japan in health care business category. Increased demand for ventilators in critical care business category. Operating income increase.

Overview of FY2020 full-year forecast (1)

Impact of COVID-19 pandemic remains unpredictable. Improvement of market environment from Q2, and recovery of demand seen in H1. This trend expected to continue in H2, with gradual improvement of market environment, particularly in automotive markets.

Although full-year operating income forecast announced in August was presented as a range, it is now presented in the conventional format based on the above assumptions.

H2 forecast vs. H1 result

Net sales increase, but operating income decrease.

➤ Material

Market environment expected to recover especially in automotive markets. Increased shipments and improved terms of trade for acrylonitrile (AN) expected. Net sales and operating income increase from H1 to H2 forecasted.

➤ Homes

Net sales increase forecasted with consolidation of Austin acquired in the US and deliveries of several large buildings scheduled in order-built homes operations. Operating income decrease forecasted with increased fixed costs expected in order-built homes operations, and deliveries of condominiums in real estate operations expected to taper off after a peak in H1.

➤ Health Care

Increased shipments of pharmaceuticals expected. Demand for ventilators in the critical care business category expected to taper off. Increased SG&A expenses for the segment overall expected. Net sales and operating income decrease from H1 to H2 forecasted.

Overview of FY2020 full-year forecast (2)

FY20 forecast vs. FY19 result

Net sales and operating income decrease.

➤ Material

Impact of COVID-19 pandemic across the whole segment, sluggish demand in automotive and apparel markets, lower market prices for petrochemical feedstocks, and deteriorated terms of trade for AN. Operating income decrease forecasted.

➤ Homes

Operating income increase in real estate forecasted with steady performance of rental management and firm deliveries of condominiums centered in H1. Impact of COVID-19 pandemic on order-built homes and remodeling operations. Operating income decrease forecasted for the segment overall.

➤ Health Care

Despite impact of reduced reimbursement prices for pharmaceuticals and medical devices in Japan and amortization of goodwill, etc., due to consolidation of Veloxis, operating income increase forecasted in health care business category with greater shipments of virus removal filters and decreased SG&A expenses. Operating income increase forecasted in critical care business category with greater shipments of ventilators. Operating income increase forecasted for the segment overall.

Overview of FY2020 full-year forecast (3)

Total consolidated operating income forecasted at ¥140.0 billion with all the three segments of Material, Homes, and Health Care performing in line with the previous forecast. Ordinary income forecasted at ¥142.0 billion with lower equity in earnings of affiliates year-on-year. Net income forecasted at ¥87.0 billion.

Market environment gradually improving. Management climate remains challenging with unpredictable outlook for COVID-19 pandemic. Efforts to improve performance by persistently curtailing fixed costs and controlling inventories, anticipating environmental changes, and making swift and appropriate management decisions accordingly.

Shareholder returns

- Interim dividend of ¥17 per share; year-end dividend forecast of ¥17 per share, total annual dividend forecast of ¥34 per share.
- Basic policy for stable dividends and continuously increased dividends remains unchanged. Year-end dividend to be determined based on annual results.



1. Consolidated results for 1st half fiscal year 2020

Summary of financial results

(¥ billion, unless otherwise specified)

	H1 2019	H1 2020		H1 2020 vs. H1 2019		Result vs. forecast in Aug.	
		Result	Forecast in Aug.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,068.6	989.4	979.0	(79.3)	-7.4%	10.4	+1.1%
Operating income	101.7	76.8	66.0	(24.9)	-24.5%	10.8	+16.3%
Ordinary income	105.3	77.5	66.5	(27.8)	-26.4%	11.0	+16.5%
Net income attributable to owners of the parent	77.9	46.8	33.0	(31.1)	-39.9%	13.8	+41.8%
¥/US\$ exchange rate (market average)	109	107	106	(2)		1	
¥/€ exchange rate (market average)	121	121	119	(0)		2	
Net income per share (EPS) (¥)	56.03	33.72					
Dividends per share (¥)	18	17					

Statements of income

(¥ billion)

	H1 2019		H1 2020		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,068.6	100.0%	989.4	100.0%	(79.3)	-7.4%
Cost of sales	722.6	67.6%	666.7	67.4%	(55.9)	-7.7%
Gross profit	346.0	32.4%	322.7	32.6%	(23.3)	-6.7%
Selling, general and administrative expenses	244.3	22.9%	245.9	24.9%	1.6	+0.6%
Operating income	101.7	9.5%	76.8	7.8%	(24.9)	-24.5%
Net non-operating income (expenses) of which,	3.6		0.7		(2.9)	
net financing income (expense)	2.5		1.5		(1.1)	
net equity in earnings (losses) of affiliates	4.6		0.2		(4.5)	
foreign exchange gains (loss)	(1.9)		(0.1)		1.8	
Ordinary income	105.3	9.9%	77.5	7.8%	(27.8)	-26.4%
Net extraordinary income (loss)	5.5		(6.0)		(11.6)	
Income before income taxes	110.8	10.4%	71.4	7.2%	(39.4)	-35.5%
Income taxes	(32.0)		(23.1)		8.9	
Net income attributable to non-controlling interests	(0.9)		(1.5)		(0.6)	
Net income attributable to owners of the parent	77.9	7.3%	46.8	4.7%	(31.1)	-39.9%

Balance sheets

(¥ billion)

	At end of Mar. 2020	At end of Sep. 2020	Increase (decrease)		At end of Mar. 2020	At end of Sep. 2020	Increase (decrease)
Current assets	1,107.4	1,093.9	(13.5)	Liabilities	1,438.8	1,418.2	(20.6)
Cash and deposits	208.0	207.0	(0.9)	Current liabilities	842.5	669.6	(172.9)
Notes and accounts receivable—trade	331.0	305.5	(25.5)	Noncurrent liabilities ¹	596.3	748.6	152.3
Inventories	477.8	491.1	13.3	Net assets	1,383.5	1,404.6	21.1
Other current assets	90.6	90.3	(0.4)	Shareholders' equity	1,302.8	1,326.5	23.7
Noncurrent assets	1,714.8	1,728.9	14.1	Capital stock	103.4	103.4	—
Property, plant and equipment	653.7	682.3	28.6	Capital surplus	79.6	79.7	0.0
Intangible assets ¹	715.2	687.5	(27.7)	Retained earnings	1,125.7	1,149.4	23.7
Investments and other assets ¹	345.9	359.1	13.2	Treasury stock	(6.0)	(5.9)	0.1
				Accumulated other comprehensive income	56.5	53.3	(3.2)
				Noncurrent liabilities	24.1	24.8	0.6
Total assets	2,822.3	2,822.8	0.5	Total liabilities and net assets	2,822.3	2,822.8	0.5
Goodwill ¹	365.7	356.4	(9.3)				
Interest-bearing debt ²	703.8	707.7	3.8				
D/E ratio	0.52	0.51	(0.00)				

¹ Figures at the end of March 2020 retroactively revised reflecting PPA (purchase price allocation) results completed in Q1 2020 related to Veloxis Pharmaceuticals Inc. acquired on March 3, 2020 (CET).

Before revision: goodwill ¥149.1 billion, investments and other assets ¥5.5 billion

After revision: goodwill ¥45.2 billion, intangible assets ¥133.6 billion, noncurrent liabilities ¥24.3 billion

² Excluding lease obligations.

Cash flows

(¥ billion)

	H1 2019	H1 2020
a. Net cash provided by (used in) operating activities	77.8	104.6
b. Net cash provided by (used in) investing activities	(73.8)	(85.9)
c. Free cash flows [a+b]	4.0	18.7
d. Net cash provided by (used in) financing activities	4.8	(18.5)
e. Effect of exchange rate change on cash and cash equivalents	(3.9)	(0.9)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	4.9	(0.7)
g. Cash and cash equivalents at beginning of period	180.5	204.8
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	0.1	1.8
i. Cash and cash equivalents at end of period [f+g+h]	185.5	205.8

Sales and operating income by segment

Net sales

(¥ billion)

	H1 2019	H1 2020		H1 2020 vs. H1 2019		Result vs. forecast in Aug.	
		Result	Forecast in Aug.	Increase (decrease)	% change	Increase (decrease)	% change
Material	560.2	438.4	432.0	(121.9)	-21.8%	6.4	+1.5%
Homes	333.4	338.7	330.0	5.3	+1.6%	8.7	+2.6%
Health Care ¹	167.6	204.9	209.0	37.3	+22.2%	(4.1)	-2.0%
Others	7.4	7.5	8.0	0.1	+0.9%	(0.5)	-6.9%
Consolidated	1,068.6	989.4	979.0	(79.3)	-7.4%	10.4	+1.1%

Operating income

	H1 2019	H1 2020		H1 2020 vs. H1 2019		Result vs. forecast in Aug.	
		Result	Forecast in Aug.	Increase (decrease)	% change	Increase (decrease)	% change
Material	56.9	20.8	18.0	(36.0)	-63.4%	2.8	+15.8%
Homes	32.7	31.7	24.0	(1.0)	-3.1%	7.7	+32.0%
Health Care ¹	25.9	35.4	35.5	9.5	+36.6%	(0.1)	-0.3%
Others	1.1	1.7	1.0	0.7	+61.8%	0.7	+72.0%
Corporate expenses and eliminations	(14.9)	(12.9)	(12.5)	2.0	–	(0.4)	–
Consolidated	101.7	76.8	66.0	(24.9)	-24.5%	10.8	+16.3%

¹ Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care segment from Q1 2020.

Sales and operating income increase/decrease by segment

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(¥ billion)

		H1 2019	H1 2020	Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Material	Sales	560.2	438.4	(121.9)	-21.8%	(80.3)			(6.8)
	Operating income	56.9	20.8	(36.0)	-63.4%	(25.0)	(34.8)	(1.4)	23.7
Homes	Sales	333.4	338.7	5.3	+1.6%	(14.6)			20.6
	Operating income	32.7	31.7	(1.0)	-3.1%	(7.2)	(0.8)	—	7.0
Health Care ¹	Sales	167.6	204.9	37.3	+22.2%	27.9			9.2
	Operating income	25.9	35.4	9.5	+36.6%	13.8	0.2	0.2	(4.4)
Others	Sales	7.4	7.5	0.1	+0.9%	0.1			—
	Operating income	1.1	1.7	0.7	+61.8%	0.5	—	—	0.2
Corporate expenses and eliminations	Operating income	(14.9)	(12.9)	2.0	—	—	—	—	2.0
Consolidated	Sales	1,068.6	989.4	(79.3)	-7.4%	(66.9)			23.0
	Operating income	101.7	76.8	(24.9)	-24.5%	(17.9)	(35.4)	(1.2)	28.4

¹ Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care segment from Q1 2020.



2. Forecast for fiscal year 2020

Consolidated operating performance forecast¹

(¥ billion, unless otherwise specified)

	FY 2019			FY 2020			Increase (decrease) b-a	% change
	H1	H2	Total a	H1	H2 forecast	Total b		
Net sales	1,068.6	1,083.0	2,151.6	989.4	1,044.6	2,034.0	(117.6)	-5.5%
Operating income	101.7	75.6	177.3	76.8	63.2	140.0	(37.3)	-21.0%
Ordinary income	105.3	78.7	184.0	77.5	64.5	142.0	(42.0)	-22.8%
Net income attributable to owners of the parent	77.9	26.1	103.9	46.8	40.2	87.0	(16.9)	-16.3%

Key operating factors

¥/US\$ exchange rate (market average)	109	109	109	107	105	106	(3)
¥/€ exchange rate (market average)	121	120	121	121	120	121	(0)

Net income per share (EPS) (¥)	74.85	62.70
Dividends per share (¥)	34	34 (forecast)
Payout ratio (%)	45.4	54.2

¹ FY 2020 full-year forecast was presented only with operating income as a range of ¥120.0-130.0 billion at the Q1 financial announcement.

Sales and operating income forecast by segment

Net sales

(¥ billion)

	FY 2019			FY 2020			Increase (decrease) b-a	% change
	H1	H2	Total a	H1	H2 forecast	Total b		
Material	560.2	532.9	1,093.1	438.4	491.6	930.0	(163.1)	-14.9%
Homes	333.4	371.0	704.4	338.7	353.3	692.0	(12.4)	-1.8%
Health Care ¹	167.6	170.2	337.8	204.9	192.1	397.0	59.2	+17.5%
Others	7.4	8.9	16.3	7.5	7.5	15.0	(1.3)	-7.9%
Consolidated	1,068.6	1,083.0	2,151.6	989.4	1,044.6	2,034.0	(117.6)	-5.5%

Operating income

	FY 2019			FY 2020			Increase (decrease) b-a	% change
	H1	H2	Total a	H1	H2 forecast	Total b		
Material	56.9	35.5	92.4	20.8	24.2	45.0	(47.4)	-51.3%
Homes	32.7	40.0	72.7	31.7	28.3	60.0	(12.7)	-17.5%
Health Care ¹	25.9	17.6	43.5	35.4	24.6	60.0	16.5	+37.9%
Others	1.1	2.1	3.2	1.7	1.8	3.5	0.3	+10.2%
Corporate expenses and eliminations	(14.9)	(19.6)	(34.5)	(12.9)	(15.6)	(28.5)	6.0	—
Consolidated	101.7	75.6	177.3	76.8	63.2	140.0	(37.3)	-21.0%

¹ Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care segment from Q1 2020.



3. Appendix

Extraordinary income and loss

(¥ billion)

	H1 2019	H1 2020	Increase (decrease)
Gain on sales of investment securities	9.0	1.7	(7.3)
Gain on sales of noncurrent assets	0.4	0.3	(0.1)
Total extraordinary income	9.4	2.0	(7.5)
Loss on valuation of investment securities	0.4	0.0	(0.4)
Loss on disposal of noncurrent assets	3.1	3.9	0.8
Impairment loss	0.1	0.0	(0.1)
Business structure improvement expenses	0.3	4.1	3.8
Total extraordinary loss	3.9	8.0	4.1
Net extraordinary income (loss)	5.5	(6.0)	(11.6)

Overseas sales by business category

(¥ billion)

	H1 2019			H1 2020			Increase (decrease)	% change
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		
Basic Materials ¹	163.6	80.5	49.2%	116.7	49.7	42.6%	(30.8)	-38.3%
Performance Products ¹	220.1	126.7	57.6%	158.9	87.9	55.3%	(38.8)	-30.6%
Specialty Solutions ¹	156.1	102.2	65.5%	144.6	97.8	67.6%	(4.5)	-4.4%
Homes	304.9	9.7	3.2%	314.4	8.4	2.7%	(1.3)	-13.5%
Construction Materials	28.6	0.0	0.0%	24.3	0.0	0.0%	(0.0)	-45.4%
Health Care ²	70.1	23.0	32.8%	74.3	30.9	41.6%	7.9	+34.5%
Critical Care	97.5	96.3	98.8%	130.6	129.6	99.2%	33.3	+34.6%
Others ¹	27.7	1.0	3.5%	25.7	1.8	6.9%	0.8	+82.2%
Total	1,068.6	439.5	41.1%	989.4	406.0	41.0%	(33.5)	-7.6%

Asia		228.1	21.3%		178.2	18.0%	(49.9)	-21.9%
of which, sales to China		99.9	9.3%		90.9	9.2%	(9.0)	-9.0%
The Americas		147.0	13.8%		158.9	16.1%	11.9	+8.1%
Europe		54.5	5.1%		56.1	5.7%	1.6	+3.0%
Other countries		9.9	0.9%		12.7	1.3%	2.9	+29.3%

Sales, excluding Homes and Construction Materials 735.2 429.7 58.5% 650.7 397.6 61.1%

¹ Beginning with FY 2020, method of consolidation adjustment within the Material segment is changed. FY 2019 sales results are recalculated accordingly.

² Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care business category from Q1 2020.

Sales by business category

(¥ billion)

	H1 2019	H1 2020		H1 2020 vs. H1 2019		Result vs. forecast in Aug.	
		Result	Forecast in Aug.	Increase (decrease)	% change	Increase (decrease)	% change
Basic Materials ¹	163.6	116.7	119.0	(47.0)	-28.7%	(2.3)	-2.0%
Performance Products ¹	220.1	158.9	157.0	(61.2)	-27.8%	1.9	+1.2%
Specialty Solutions ¹	156.1	144.6	141.0	(11.5)	-7.4%	3.6	+2.5%
Others in Material ¹	20.4	18.2	15.0	(2.1)	-10.5%	3.2	+21.4%
Homes	304.9	314.4	306.0	9.5	+3.1%	8.4	+2.7%
Construction Materials	28.6	24.3	24.0	(4.2)	-14.8%	0.3	+1.4%
Health Care ²	70.1	74.3	76.0	4.2	+6.0%	(1.7)	-2.2%
Critical Care	97.5	130.6	133.0	33.1	+33.9%	(2.4)	-1.8%
Others	7.4	7.5	8.0	0.1	+0.9%	(0.5)	-6.9%
Consolidated	1,068.6	989.4	979.0	(79.3)	-7.4%	10.4	+1.1%

¹ Beginning with FY 2020, method of consolidation adjustment within the Material segment is changed. FY 2019 sales results are recalculated accordingly.

² Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care business category from Q1 2020.

Operating income by business category¹

(¥ billion)

	H1 2019	H1 2020		H1 2020 vs. H1 2019		Result vs. forecast in Aug.	
		Result	Forecast in Aug.	Increase (decrease)	% change	Increase (decrease)	% change
Basic Materials	20.1	0.1	(0.5)	(20.0)	-99.5%	0.6	—
Performance Products	20.7	4.8	4.5	(15.9)	-76.8%	0.3	+6.7%
Specialty Solutions	14.9	15.2	12.5	0.3	+1.8%	2.7	+21.7%
Others in Material	1.2	0.7	1.5	(0.5)	-39.5%	(0.8)	-52.5%
Homes	30.1	29.4	22.5	(0.7)	-2.3%	6.9	+30.6%
Construction Materials	2.7	2.4	1.5	(0.3)	-12.1%	0.9	+60.3%
Health Care ²	14.0	10.8	9.5	(3.2)	-22.6%	1.3	+14.0%
Critical Care	11.9	24.6	26.0	12.7	+106.2%	(1.4)	-5.5%
Others	1.1	1.7	1.0	0.7	+61.8%	0.7	+72.0%
Corporate expenses and eliminations	(15.0)	(13.0)	(12.5)	2.0	—	(0.5)	—
Consolidated	101.7	76.8	66.0	(24.9)	-24.5%	10.8	+16.3%

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

² Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care business category from Q1 2020.

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

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(¥ billion)

		H1 2019	H1 2020	Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Basic Materials	Sales ²	163.6	116.7	(47.0)	-28.7%	(22.4)	(23.5)	(0.1)	(1.0)
	Operating income	20.1	0.1	(20.0)	-99.5%	(5.9)			9.5
Performance Products	Sales ²	220.1	158.9	(61.2)	-27.8%	(53.3)	(6.6)	(0.3)	(1.3)
	Operating income	20.7	4.8	(15.9)	-76.8%	(19.4)			10.1
Specialty Solutions	Sales ²	156.1	144.6	(11.5)	-7.4%	(2.4)	(4.7)	(1.0)	(4.4)
	Operating income	14.9	15.2	0.3	+1.8%	0.4			4.6
Others in Material	Sales ²	20.4	18.2	(2.1)	-10.5%	(2.1)	-	-	-
	Operating income	1.2	0.7	(0.5)	-39.5%	(0.1)			(0.4)
Homes	Sales	304.9	314.4	9.5	+3.1%	(10.2)	(1.0)	-	20.6
	Operating income	30.1	29.4	(0.7)	-2.3%	(6.0)			6.3
Construction Materials	Sales	28.6	24.3	(4.2)	-14.8%	(4.4)	0.2	-	-
	Operating income	2.7	2.4	(0.3)	-12.1%	(1.2)			0.7

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

² Beginning with FY 2020, method of consolidation adjustment within the Material segment is changed. FY 2019 sales results are recalculated accordingly.

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

(¥ billion)

		H1 2019	H2 2020	Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Health Care ²	Sales	70.1	74.3	4.2	+6.0%	(2.1)	(1.0)	(0.0)	7.2
	Operating income	14.0	10.8	(3.2)	-22.6%	(1.9)			(0.2)
Critical Care	Sales	97.5	130.6	33.1	+33.9%	30.0	1.1	0.2	1.9
	Operating income	11.9	24.6	12.7	+106.2%	15.7			(4.2)
Others	Sales	7.4	7.5	0.1	+0.9%	0.1	-	-	-
	Operating income	1.1	1.7	0.7	+61.8%	0.5			0.2
Corporate expenses and eliminations	Operating income	(15.0)	(13.0)	2.0	-	-	-	-	2.0
Consolidated	Sales	1,068.6	989.4	(79.3)	-7.4%	(66.9)	(35.4)	(1.2)	23.0
	Operating income	101.7	76.8	(24.9)	-24.5%	(17.9)			28.4

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

² Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care business category from Q1 2020.

Sales forecast by business category

(¥ billion)

	FY 2019			FY 2020			Increase (decrease) b-a	% change
	H1	H2	Total	H1	H2 forecast	Total		
			a			b		
Basic Materials ¹	163.6	153.2	316.8	116.7	133.3	250.0	(66.8)	-21.1%
Performance Products ¹	220.1	203.8	423.9	158.9	196.1	355.0	(68.9)	-16.3%
Specialty Solutions ¹	156.1	156.4	312.5	144.6	141.4	286.0	(26.5)	-8.5%
Others in Material ¹	20.4	19.6	40.0	18.2	20.8	39.0	(1.0)	-2.5%
Homes	304.9	344.4	649.3	314.4	328.6	643.0	(6.3)	-1.0%
Construction Materials	28.6	26.6	55.1	24.3	24.7	49.0	(6.1)	-11.1%
Health Care ²	70.1	63.2	133.3	74.3	80.7	155.0	21.7	+16.3%
Critical Care	97.5	107.0	204.5	130.6	111.4	242.0	37.5	+18.4%
Others	7.4	8.9	16.3	7.5	7.5	15.0	(1.3)	-7.9%
Consolidated	1,068.6	1,083.0	2,151.6	989.4	1,044.6	2,034.0	(117.6)	-5.5%

¹ Beginning with FY 2020, method of consolidation adjustment within the Material segment is changed. FY 2019 sales results are recalculated accordingly.

² Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care business category from Q1 2020.

Operating income forecast by business category¹

(¥ billion)

	FY 2019			FY 2020			Increase (decrease) b-a	% change
	H1	H2	Total	H1	H2	Total		
			a			b		
Basic Materials	20.1	6.5	26.6	0.1	5.9	6.0	(20.6)	-77.4%
Performance Products	20.7	13.1	33.7	4.8	8.2	13.0	(20.7)	-61.5%
Specialty Solutions	14.9	15.5	30.4	15.2	10.3	25.5	(4.9)	-16.2%
Others in Material	1.2	0.5	1.6	0.7	(0.2)	0.5	(1.1)	-69.4%
Homes	30.1	37.3	67.4	29.4	27.1	56.5	(10.9)	-16.2%
Construction Materials	2.7	2.9	5.6	2.4	1.1	3.5	(2.1)	-37.4%
Health Care ²	14.0	3.8	17.8	10.8	8.2	19.0	1.2	+6.5%
Critical Care	11.9	13.8	25.7	24.6	16.4	41.0	15.3	+59.7%
Others	1.1	2.1	3.2	1.7	1.8	3.5	0.3	+10.2%
Corporate expenses and eliminations	(15.0)	(19.8)	(34.8)	(13.0)	(15.5)	(28.5)	6.3	—
Consolidated	101.7	75.6	177.3	76.8	63.2	140.0	(37.3)	-21.0%

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

² Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care business category from Q1 2020.

Primary investments by business category

(¥ billion)

	Capital expenditures			Depreciation and amortization ¹			R&D expenditures		
	FY 2019	FY 2020		FY 2019	FY 2020		FY 2019	FY 2020	
		H1	forecast		H1	forecast		H1	forecast
Basic Materials	22.1	10.3		13.1	6.5		2.5	1.4	
Performance Products	41.5	14.6		22.2	10.3		13.7	5.8	
Specialty Solutions	40.9	18.2		23.3	12.1		20.2	9.1	
Others in Material	0.0	0.0		0.0	(0.0)		0.3	0.2	
Homes	15.2	5.9		8.2	4.2		3.0	1.3	
Construction Materials	3.0	1.9		2.4	1.2		0.6	0.2	
Health Care ²	10.5	2.1		6.4	8.1		19.4	8.8	
Critical Care	5.5	4.3		12.8	6.8		15.9	8.9	
Others	2.2	0.3		1.5	0.8		0.1	0.1	
Corporate expenses and eliminations	13.3	8.9		6.2	2.5		15.4	6.3	
Total	154.1	66.4	145.0	96.0	52.6	106.5	91.0	42.1	93.0

¹ Not including amortization of goodwill of ¥22.3 billion in FY 2019 and ¥12.5 billion in H1 2020.

² Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care business category from Q1 2020.

Major investments

Completed in H1 2020

- Hipore LIB separator*
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 2020.

Under construction at end of Sep. 2020

- LIB separator*
Celgard – 150 million m²/y capacity increase in North Carolina, the US, FY 2021 or later; Hipore – capacity increase in Moriyama-shi, Shiga, Japan, 300 million m²/y, H1 2021.
- Lamous microfiber suede*
4 million m²/y capacity increase in Nobeoka-shi, Miyazaki, Japan, H2 2021.
- Plastic compounds*
New 28,000 ton/y plant in Jiangsu, China, H2 2020.
- Renovation of hydroelectric power plants*
Miyazaki, Japan, H2 2021.

* Investment of ¥3 billion or more.

Material segment (i)

(¥ billion)

Basic Materials

Operating income decrease:

- (-) Deteriorated terms of trade and decreased shipments of acrylonitrile
- (-) Inventory valuation loss by the gross average method due to decreased prices for feedstock such as naphtha

	Sales			
	H1 2019 ¹	H1 2020	Increase (decrease)	% change
Material segment	560.2	438.4	(121.9)	-21.8%
Basic Materials	163.6	116.7	(47.0)	-28.7%
Performance Products	220.1	158.9	(61.2)	-27.8%
Specialty Solutions	156.1	144.6	(11.5)	-7.4%
Others	20.4	18.2	(2.1)	-10.5%

	Operating income ²			
	H1 2019	H1 2020	Increase (decrease)	% change
Material segment	56.9	20.8	(36.0)	-63.4%
Basic Materials	20.1	0.1	(20.0)	-99.5%
Performance Products	20.7	4.8	(15.9)	-76.8%
Specialty Solutions	14.9	15.2	0.3	+1.8%
Others	1.2	0.7	(0.5)	-39.5%

¹ Beginning with FY 2020, method of consolidation adjustment within the Material segment is changed. FY 2019 sales results are recalculated accordingly.

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

Material segment (ii)

Performance Products

Operating income decrease:

- (+) Improved terms of trade due to decreased prices for feedstock such as naphtha
- (-) Decreased shipments of automobile-related products
- (-) Decreased shipments of fiber products for apparel applications

Highlights

- May, decision to close spunbond nonwoven fabric plant in Nobeoka, Miyazaki
- September, Sage Automotive Interiors Completes Acquisition of Adient's Automotive Fabrics Business

Specialty Solutions

Operating income flat:

- (+) Increased shipments of LIB separator
- (+) Increased shipments of electronic materials for communications infrastructure and tablet PCs
- (-) Decreased shipments of automobile-related products

Homes segment (i)

(¥ billion)

	Net sales			
	H1 2019	H1 2020	Increase (decrease)	% change
Homes segment	333.4	338.7	5.3	+1.6%
Homes	304.9	314.4	9.5	+3.1%
Order-built homes, etc. (Asahi Kasei Homes)	197.3	187.8	(9.5)	-4.8%
Real estate (Asahi Kasei Realty & Residence)	64.3	91.0	26.7	+41.5%
Remodeling (Asahi Kasei Reform)	32.0	25.8	(6.2)	-19.5%
Other housing-related, etc.	11.3	9.8	(1.5)	-13.6%
Construction Materials	28.6	24.3	(4.2)	-14.8%

	Operating income ¹			
	H1 2019	H1 2020	Increase (decrease)	% change
Homes segment	32.7	31.7	(1.0)	-3.1%
Homes	30.1	29.4	(0.7)	-2.3%
Order-built homes, etc. (Asahi Kasei Homes)	18.8	14.3	(4.5)	-23.8%
Real estate (Asahi Kasei Realty & Residence)	6.6	12.4	5.8	+87.1%
Remodeling (Asahi Kasei Reform)	3.9	2.3	(1.6)	-40.6%
Other housing-related, etc.	0.8	0.4	(0.4)	-52.1%
Construction Materials	2.7	2.4	(0.3)	-12.1%

Operating income decrease:

- (+) Firm performance of pre-built homes in real estate
- (-) Decreased deliveries of order-built homes
- (-) Decreased number of remodeling works

Home order trend

Year-on-year 28.1% decrease in value of new orders for order-built homes due to restriction of admission to model homes to prevent the spread of COVID-19 infection.

Highlights

- September, acquisition of Austin Companies providing electric, foundation, and HVAC work for home construction in the US.

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

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					
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%)		
FY20	H1	145.3 (-28.1%)	187.8 (-4.8%)	30.9	58.1	2.1	91.0	25.8	9.8	314.4 (+3.1%)	543.8	
	H2 forecast	178.5 (-10.0%)	203.2 (-7.0%)	16.6	62.4	3.4	82.5	27.7	15.3	328.6 (-4.6%)	528.8	
	annual forecast	323.8 (-19.1%)	391.0 (-6.0%)	47.5	120.5	5.5	173.5	53.5	25.0	643.0 (-1.0%)		

¹ Income from maintenance service which was previously included in SG&A is included in sales beginning with FY 2019.² 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 FY 2020 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	103.1	-5.7%	3,082	-6.0%	77.7	-25.8%	2,236	-30.0%
	3+ story	29.7	-14.4%	1,003	-16.8%	24.2	-40.9%	796	-44.2%
	Total	132.8	-7.8%	4,085	-8.9%	101.9	-30.0%	3,032	-34.4%
Multi-dwelling homes	1-2 story	14.7	+7.2%	1,001	+6.2%	10.3	-38.1%	705	-36.7%
	3+ story	32.2	+6.7%	2,046	+5.0%	33.1	-16.5%	2,141	-15.1%
	Total	46.9	+6.8%	3,047	+5.4%	43.4	-22.9%	2,846	-21.7%
Order-built homes total		179.7	-4.4%	7,132	-3.3%	145.3	-28.1%	5,878	-28.8%
Other ¹		8.1	-13.3%	14	+40.0%	–	–	–	–
Asahi Kasei Homes total		187.8	-4.8%	7,146	-3.3%	145.3	-28.1%	5,878	-28.8%

¹ Includes certain parcel sales and maintenance, etc.

Homes: Breakdown of sales and orders (ii)

FY 2020 sales and orders 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	198.9	-7.8%	5,910	-8.5%	172.7	-17.3%	5,050	-19.8%
	3+ story	66.6	-11.2%	2,330	-12.1%	49.4	-36.3%	1,650	-39.0%
	Total	265.6	-8.7%	8,240	-9.6%	222.1	-22.4%	6,700	-25.6%
Multi-dwelling homes	1-2 story	30.8	-7.6%	2,100	-9.6%	22.1	-31.4%	1,460	-30.7%
	3+ story	76.8	+5.5%	4,900	+2.1%	79.6	-2.6%	5,170	-1.8%
	Total	107.7	+1.4%	7,000	-1.7%	101.7	-10.8%	6,630	-10.1%
Order-built homes total		373.2	-6.0%	15,240	-6.1%	323.8	-19.1%	13,330	-18.6%
Other ¹		17.7	-4.6%	60	+252.9%	—	—	—	—
Asahi Kasei Homes total		391.0	-6.0%	15,300	-5.8%	323.8	-19.1%	13,330	-18.6%

¹ Includes certain parcel sales and maintenance, etc.

Health Care segment (i)

(¥ billion)

	Sales			
	H1 2019	H1 2020	Increase (decrease)	% change
Health Care segment	167.6	204.9	37.3	+22.2%
Health Care ¹	70.1	74.3	4.2	+6.0%
Critical Care	97.5	130.6	33.1	+33.9%

	Operating income ²			
	H1 2019	H1 2020	Increase (decrease)	% change
Health Care segment	25.9	35.4	9.5	+36.6%
Health Care ¹	14.0	10.8	(3.2)	-22.6%
Critical Care	11.9	24.6	12.7	+106.2%

Operating income increase:

- (+) Good performance of Critical Care business centering on ventilators
- (+) Increased shipments of Planova virus removal filters
- (-) Increased amortization of goodwill and intangible assets due to acquisition of Veloxis

Highlights

- May, new drug approval in China for Flivas agent for dysuria treatment
- June, introduction of the ZOLL AED 3 defibrillator in the US

¹ Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care business category from Q1 2020.

² 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 2019		FY 2020
	H1	Total	H1
Pharmaceuticals ¹	33.3	63.5	37.9
Medical devices	36.8	69.9	36.4
Total	70.1	133.3	74.3

Main pharmaceuticals sales

(Sales region, monetary unit)	FY 2019		FY 2020
	H1	Total	H1
Asahi Kasei Pharma			
Teribone (Japan, ¥ billion)	14.4	27.5	14.3
Recomodulin (Japan, ¥ billion)	6.1	10.9	4.8
Kevzara (Japan, ¥ billion)	1.9	4.3	2.4
Flivas (Japan, ¥ billion)	1.4	2.5	1.0
Bredinin (Japan, ¥ billion)	1.4	2.5	1.1
Elcitonin (Japan, ¥ billion)	1.1	1.9	0.7
Reclast (Japan, ¥ billion)	0.7	1.4	0.6
Veloxis Pharmaceuticals			
Envarsus XR (US, \$ million)			60

¹ Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in pharmaceuticals from Q1 2020.

Health Care segment (iii)

Main pharmaceuticals products

	Generic name	Classification	Indication	Formulation
Asahi Kasei Pharma				
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 Inj. 20S	Elcatonin	Osteoporosis drug	Osteoporosis pain	Injection
Bredinin	Mizoribine	Immunosuppressant	Rheumatoid arthritis, kidney transplantation, nephrotic syndrome, lupus nephritis	Tablet
Veloxis Pharmaceuticals				
Envarsus XR	Tacrolimus extended-release tablets	Immunosuppressant drug	Kidney transplantation	Tablet

Health Care segment (iv) 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	
Phase II			Chronic low back pain			
Pending 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	

Health Care segment (reference)

Financial performance of Critical Care business category in US dollars

(\$ million)

	FY 2019			FY2020	H1 2020 vs H1 2019	
	H1	H2	Total	H1	Increase (decrease)	% change
	Net sales	897	983	1,880	1,221	324
Gross operating income before PPA ¹ impact	175	199	374	302	127	+72.6%
Goodwill ²	(43)	(50)	(93)	(50)	(7)	/
Other intangible assets, etc. ²	(22)	(22)	(45)	(22)	0	
Amortization/depreciation from PPA ¹ revaluation	(65)	(72)	(138)	(72)	(7)	
Consolidated operating income	110	126	236	230	120	+109.5%

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.)

Quarterly sales by segment

(¥ billion)

	FY 2019				FY 2020		FY 2020
	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Material segment¹	271.4	288.9	275.7	257.3	204.7	233.7	491.6
Basic Materials	80.2	83.5	82.1	71.1	57.5	59.2	133.3
Performance Products	109.9	110.3	103.9	99.8	68.2	90.7	196.1
Specialty Solutions	71.1	85.0	79.9	76.5	70.0	74.6	141.4
Others	10.3	10.1	9.7	9.9	9.0	9.2	20.8
Homes segment	144.6	188.9	156.3	214.7	150.9	187.8	353.3
Homes	130.6	174.3	141.9	202.5	139.1	175.3	328.6
Construction Materials	14.0	14.5	14.4	12.2	11.9	12.5	24.7
Health Care segment	82.7	84.9	83.5	86.7	95.7	109.2	192.1
Health Care ²	34.3	35.8	32.3	30.9	36.5	37.8	80.7
Critical Care	48.4	49.1	51.2	55.8	59.2	71.4	111.4
Others	3.5	3.9	4.4	4.5	3.9	3.6	7.5
Consolidated	502.1	566.6	519.9	563.1	455.2	534.2	1,044.6

¹ Beginning with FY 2020, method of consolidation adjustment within the Material segment is changed. FY 2019 sales results are recalculated accordingly.

² Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care business category from Q1 2020.

Quarterly operating income by segment¹

	FY 2019				FY 2020		(¥ billion)
	Q1	Q2	Q3	Q4	Q1	Q2	FY 2020 H2 forecast
Material segment	25.9	31.0	22.2	13.3	8.9	12.0	24.2
Basic Materials	8.8	11.3	6.1	0.4	(1.7)	1.8	5.9
Performance Products	10.4	10.2	7.8	5.3	1.4	3.4	8.2
Specialty Solutions	5.4	9.5	8.4	7.1	7.8	7.4	10.3
Others	1.3	(0.1)	0.0	0.5	1.4	(0.7)	(0.2)
Homes segment	9.9	22.8	13.4	26.6	10.8	20.9	28.3
Homes	8.8	21.3	12.1	25.2	9.8	19.6	27.1
Construction Materials	1.3	1.5	1.8	1.1	1.1	1.3	1.1
Health Care segment	12.6	13.3	9.9	7.7	15.5	19.9	24.6
Health Care ²	6.8	7.2	3.8	0.1	5.7	5.1	8.2
Critical Care	5.9	6.1	6.1	7.7	9.8	14.8	16.4
Others	0.3	0.8	0.9	1.2	0.7	1.0	1.8
Corporate expenses and eliminations	(7.4)	(7.5)	(7.8)	(11.8)	(5.8)	(7.1)	(15.6)
Consolidated	41.3	60.4	38.5	37.0	30.1	46.7	63.2

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

² Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in the Health Care business category from Q1 2020.

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