



Kureha Corporation Reports Interim Results April – September 2017 (IFRS)

Tokyo, Japan, November 8, 2017 – Kureha Corporation (“Kureha”), a leading global supplier of specialty chemicals and plastics, has reported earnings for the first half of the year ending March 2018 (FY2017). On a consolidated basis, revenue increased 15.4% to 69.5 billion yen year-on-year while operating profit rose 60.7% to 7.2 billion yen. Profit before income tax rose sharply by 101.3% to 7.2 billion yen. Profit attributable to the owners of Kureha climbed 88.8% to 5.8 billion yen.

The positive results were driven by growth in sales volumes and revenues in all segments. Kureha also saw robust operating profit increases across the board except in construction businesses. This healthy growth was underpinned by continued market demand for Kureha’s differentiated products and solutions, as well as the group’s ongoing work to maximize competitiveness.

Advanced Materials made a particularly solid recovery. Revenues and operating profit in this segment rose due to higher volumes for polyvinylidene fluoride (PVDF) for lithium-ion battery (LiB) binder applications, PPS resin for automotive applications, and Kureha’s polyglycolic acid (PGA) solutions for shale oil/gas exploration. Importantly, the carbon products business returned to profitability due to successful cost management.

Specialty Chemicals and Specialty Plastics also saw good momentum. In the former, Kureha recorded larger volumes of fungicides and improved margins for industrial chemicals, more than offsetting slow performance in the pharmaceuticals business. In the latter, volumes grew for consumer products and heat-shrink multilayer film.

Yutaka Kobayashi, President and Chief Executive Officer, said, “We are pleased to bring these results to our investors. In fact, as announced today, the strong performance in Advanced Materials and Specialty Plastics means we will exceed our initial full-year growth forecasts. We are now focused on achieving our FY2018 targets of 160 billion yen in revenue and operating profit of 14 billion yen.”

Mr. Kobayashi added, “FY2018 is the final year of our mid-term plan, Kureha’s Challenge 2018, which has been positioned as a period to lay the foundation for Kureha’s future expansion. We are making important headway in differentiating our products and creating new businesses, which are the central tenets of the plan.”

“In the PGA business in North America, we have begun to capture demand for innovative frac plug solutions. Although field testing of our PGA-based degradable downhole tools have revealed issues to resolve that have slowed our market expansion, we are confident we can turn this business into a profit driver. Another key trend is the exceptional demand for PVDF, driven by the growing market for electric and plug-in hybrid vehicles, especially in China. Supplying high-grade PVDF to this market will be a key focus for Kureha, and production capacity enhancements are now underway in Iwaki, Japan. We are also studying ways to raise capacity at our China plant.”

Consolidated interim results

(Billions of yen, except where stated)

	Sept. 2017	Sept. 2016	Change (%)
Revenue	69.5	60.2	15.4
Operating profit	7.2	4.5	60.7
Profit before income tax	7.2	3.6	101.3
Profit attributable to owners of Kureha	5.8	3.1	88.8
Dividend per share (yen)*	55.0	5.5	-

*Kureha conducted a ten-to-one share consolidation on October 1, 2016.

Consolidated interim results by segment

(Billions of yen)

Segment		Sept. 2017	Sept. 2016	Change (%)
Advanced materials	Revenue	19.8	14.7	35.1
	Operating profit	1.4	0.6	144.9
Specialty chemicals	Revenue	12.6	11.2	12.9
	Operating profit	1.9	0.8	150.6
Specialty plastics	Revenue	22.2	21.0	5.9
	Operating profit	3.3	2.3	46.5
Construction	Revenue	7.2	5.9	22.7
	Operating profit	0.2	0.4	-44.9
Other operations	Revenue	7.6	7.5	1.3
	Operating profit	0.6	0.4	68.7
Adjustments		-0.2	0.2	
Total	Revenue	69.5	60.2	15.4
	Operating profit	7.2	4.5	60.7

Performance by Segment

Advanced Materials

Major product areas: advanced plastics (PPS, PVDF, PGA), carbon materials

In the first-half period, revenue in the Advanced Materials segment increased by 35.1% to 19.8 billion yen from 14.7 billion yen. Operating profit rose sharply by 144.9% to 1.4 billion yen. These results were primarily driven by higher sales volumes in the advanced plastics business.

Advanced plastics: Strong demand drives growth

Revenues from advanced plastics returned to a growth trajectory, rising 27% to 11.6 billion yen. Key contributing factors included positive momentum in Kureha's PGA business in North America, firm demand for PVDF for use as LiB binder material driven by the rapid market growth of electric and plug-in hybrid electric vehicles, particularly in China, as well as higher volumes of PPS for automotive applications.

Carbon products: Back in profit territory

The carbon products business continued its recovery from the operating loss seen in the previous first half. Revenues rose 19% to 2.6 billion yen on the back of stronger demand for heat-insulating materials used in the manufacturing process of silicon ingots for semiconductors. Operating profit also improved due to Kureha's ongoing group-wide effort to reduce costs and raise operating efficiency.

Outlook: Segment revenue for the full fiscal year is projected to be 41.5 billion yen, up 24% from 33.4 billion yen in the previous period. Operating profit is expected to rise significantly to 2.3 billion yen, firmly returning this segment to a path of growth. This forecast is primarily based on higher sales volumes for PVDF for LiB binder applications and for PPS for automotive applications. In the PGA business in North America, Kureha expects to see continued positive momentum and a narrowing of the operating loss, with revenues projected to increase more than twofold to 4 billion yen year-on-year. In carbon products, margins are forecast to continue to improve alongside volume gains in molded heat-insulation products.

Specialty Chemicals

Major product areas – industrial chemicals, agrochemicals, pharmaceuticals

In the first-half period, the Specialty Chemicals segment recorded revenue of 12.6 billion yen, an increase of 12.9%, and operating profit of 1.9 billion yen, up 150.6%. Higher sales volumes for agrochemicals and improved margins for industrial chemicals more than offset a fall in sales volumes in the pharmaceutical business.

Agrochemicals: Continued strong market demand boosts fungicide sales volumes

Sales volumes rose for Kureha's fungicide *Metconazole* on the back of front-loaded delivery and higher market demand. Business results also benefited from positive foreign currency effects.

Pharmaceuticals: Negative impact of competition from generics

Kureha recorded a decrease in the sales volume of *Kremezin*, a therapeutic agent for chronic kidney disease, due to competition from generic alternatives.

Industrial chemicals: Higher prices improve sales margins

The industrial chemicals business was positively affected by a combination of higher demand and higher prices. Kureha's ongoing cost reduction efforts also contributed toward higher margins.

Outlook: Segment revenue for the full fiscal year is projected to rise moderately by 4% from 25.9 billion yen to 27.0 billion yen, while operating profit will climb by 22% to 3.1 billion yen. Agrochemicals will continue to see good momentum driven by factors including customer destocking and favorable currency effects. Industrial chemicals are expected to improve due to higher pricing, leading to increased margins. The growth of these operations will more than offset the impact of competition from generic drugs on the pharmaceuticals business, which will adversely affect *Kremezin* sales.

Specialty Plastics

Major product areas – food packaging materials, household products

In the first-half period, revenue increased 5.9% to 22.2 billion yen from 21.0 billion yen while operating profit was up 46.5% from 2.3 billion yen to 3.3 billion yen. These results were driven by robust growth in the consumer goods and packaging materials businesses.

Consumer goods: Continued solid growth in revenue and profit

In consumer goods, *NEW Krewrap* household-use wrapping and *Seaguar* fishing lines continued to record solid gains in both sales and operating profit, making a strong contribution to Kureha's overall results for the first half of the fiscal year.

Packaging materials: Return to growth on strong heat-shrink film performance

In commercial-use food packaging materials, revenue from heat-shrink barrier film increased, enabling this business to recover from the operating loss seen in the previous fiscal year. Effective cost-cutting measures also contributed to the positive result.

Outlook: Segment revenue for the full fiscal year is expected to increase slightly from 42.8 billion yen to 45.0 billion yen. Operating profit is projected to rise by 10% to 5.5 billion yen. In consumer goods, Kureha forecasts continued volume gains for the popular *NEW Krewrap* household-use wrap and *Seaguar* fishing lines. The packaging materials business is also expected to see improved performance on the back of higher sales volumes propelled by aggressive marketing campaigns for value-added products, including heat-shrink multilayer film. Kureha will also continue its effective cost-efficiency measures.

Construction / Other Operations

Major product areas – construction and engineering, environmental engineering, logistics, trading related businesses

Construction: Profit down on slower engineering performance

Kureha's construction businesses recorded revenue growth on the back of continued post-earthquake demand, which led to an increase in both private and public sector construction projects. However, higher labor and raw material costs, as well as slower performance in the engineering business, offset sales volume gains. As a result, revenue from construction businesses as a whole rose 22.7% to 7.2 billion yen, while operating profit fell 44.9% to 0.2 billion yen from 0.4 billion yen.

Other operations: Increases in both revenue and profit

In the environmental business, revenue and operating profit rose on the back of stronger performance in the industrial waste treatment business. In the transportation business, operating profit rose due to effective cost reductions, helping to offset a decline in sales. The performance of the two aforementioned businesses outweighed a decline in the hospital business. As a result, while revenue from other operations remained nearly unchanged from the previous year, rising by 1.3% to 7.6 billion yen, operating profit rose 68.7% to 0.6 billion yen from 0.4 billion yen.

Outlook: In construction businesses, Kureha foresees continued growth in the number of private and public sector construction projects. However, rising wage and material costs are likely to impact profitability. While revenue is projected to increase 8% to 15.0 billion yen, operating profit is expected to fall 42% to 0.6 billion yen.

In other operations, Kureha forecasts that the industrial waste treatment business will continue to grow due to strong demand in the earthquake-affected areas of Japan. However, the segment overall will continue to face intensifying competition, which will negatively affect operating profit. To compensate, Kureha will continue its successful cost-cutting and efficiency-raising measures. While revenue is projected to remain stable, increasing slightly by 1% to 16.5 billion yen, operating profit will fall 13% to 1.5 billion yen.

Capex, Depreciation, R&D and Debt

(Billions of yen)

	Sept. 2017	Sept. 2016	March 2018 (forecasts)
Capital expenditure	4.0	4.8	12.5
Depreciation	4.9	5.1	10.0
R&D	2.3	2.2	5.3
Interest-bearing debt	56.0	77.8	54.1

Capital expenditure during the first-half period decreased from 4.8 billion yen to 4.0 billion yen. However, for the full fiscal year, Kureha expects to allocate 12.5 billion yen, a 21% increase year-on-year. Key aims with the increased capital expenditure include raising PVDF production to meet intense demand for LiB binder materials for electric vehicles, and enhancing new business creation initiatives.

R&D expenditure rose slightly to 2.3 billion yen in the first half, but for the full year the allocation is projected to rise from 4.7 billion to 5.3 billion yen. As per the mid-term management plan, Kureha's Challenge 2018, Kureha will continue to focus R&D on enhancing existing products and processes, as well as on developing next-generation products through collaboration with companies, universities and other organizations. A key step forward was made in October 2017 with the establishment of a new facility dedicated to studying ways of enhancing production processes.

Interest-bearing debt decreased from 77.8 billion yen to 56.0 billion yen in the first half. This notable decrease is primarily due to the conversion of 15.0 billion yen in convertible bonds due in 2018. For the full fiscal year, interest-bearing debt is projected to reach 54.1 billion yen.

Outlook for the Full Fiscal Year

(Billions of yen, except where stated)

	March 2018 (Revised forecasts)	March 2017	Change (%)
Revenue	145.0	132.3	9.6
Operating profit	12.0	9.3	29.6
Profit before income tax	12.0	9.0	33.6
Profit attributable to owners of Kureha	9.3	7.0	32.8
Profit per share (yen)	493.25	407.38	
Yearly dividend per share (yen)*	110.0	110.0	

* Kureha conducted a ten-to-one share consolidation on October 1, 2016. The yearly dividend per share for the year ended March 2017 was calculated on a post-consolidation basis for comparison reasons.

(Billions of yen)

Segment		March 2018 (Revised forecasts)	March 2017	Change (%)
Advanced materials	Revenue	41.5	33.4	24
	Operating profit	2.3	0.1	-
Specialty chemicals	Revenue	27.0	25.9	4
	Operating profit	3.1	2.5	22
Specialty plastics	Revenue	45.0	42.8	5
	Operating profit	5.5	5.0	10
Construction	Revenue	15.0	13.9	8
	Operating profit	0.6	1.0	-42
Other operations	Revenue	16.5	16.3	1
	Operating profit	1.5	1.7	-13
Adjustments		-1	-1.1	
Total	Revenue	145.0	132.3	9.6
	Operating profit	12.0	9.3	29.6

Kureha foresees continued sound growth in the second half of the fiscal year, with revenue increases in all segments. With the exception of construction businesses and other operations, where profits will be impacted by various factors, operating profit will rise steadily across Advanced Materials, Specialty Chemicals and Specialty Plastics. This in turn will enable continued growth in profit before income tax and profit attributable to the owners of Kureha.

The two notable performance drivers will be Advanced Materials and Specialty Plastics. In the former, Kureha will continue to capture demand for high-grade PVDF and PPS while also gradually expanding its market presence in North America for innovative PGA-based solutions for shale oil/gas exploration. In the latter, consumer goods are expected to see continued volume gains on the back of continued strong demand.

Overall consolidated revenue for FY2017 is forecast to rise by 9.6% to 145.0 billion yen, while operating profit will climb 29.6% to 12.0 billion yen. Profit before income tax is expected to rise 33.6% to 12.0 billion yen. As a result, profit attributable to the owners of Kureha is forecast to increase 34.6% to 9.3 billion yen for the full fiscal year.

Condensed balance sheets

As of 30 September and 31 March, 2017

(Millions of yen)

	Sept. 2017	Mar. 2017
Assets		
Current assets	74,978	75,272
Cash and cash equivalents	5,829	6,222
Noncurrent assets	164,124	159,634
Property, plant and equipment	115,584	115,911
Intangible assets	1,324	1,395
Investments and other assets	47,213	42,326
Total assets	239,102	234,907
Liabilities and net assets		
Current liabilities	58,700	80,672
Short-term borrowings	26,212	46,689
Fixed liabilities	35,066	28,261
Corporate bonds and long-term borrowings	29,061	23,561
Total liabilities	93,766	108,934
Net assets		
Shareholders' equity	143,566	124,297
Minority interest	1,769	1,674
Total net assets	145,335	125,972
Total liabilities and net assets	239,102	234,907

Condensed interim income statement

As of 30 September 2017 and 2016

(Millions of yen)

	Sept. 2017	Sept. 2016
Revenue	69,497	60,228
Cost of goods sold	49,975	43,472
Selling, general and administrative expenses	13,051	13,163
Operating profit	7,249	4,512
Profit before income tax	7,177	3,564
Taxes and minority interest adjustments	1,400	469
Profit attributable to owners of Kureha	5,763	3,052

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Fiscal 2017 Interim Results

(Period April 1 – September 30, 2017)

KUREHA CORPORATION

November 8, 2017

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1. FY2017 Half-Year Results

(April 1, 2017 – September 30, 2017)

FY2017 1H Highlights

KUREHA CORPORATION

(in billions of yen, except where stated otherwise)

	FY2016 1H	FY2017 1H	Change (%)
Revenue	60.2	69.5 66.0	9.3 (15.4%) 3.5 (5.3%)
Operating profit	4.5	7.2 5.0	2.7 (60.7%) 2.2 (45.0%)
Profit before income tax	3.6	7.2 5.0	3.6 (101.3%) 2.2 (43.5%)
Profit attributable to owners of parent	3.1	5.8 4.0	2.7 (88.8%) 1.8 (44.1%)
Profit per share*	¥177.61	¥325.46	
Profit per share attributable to owners of parent*	¥6,799	¥7,257	
Ratio of profit attributable to owners of parent to revenue	50.7%	60.0%	
Dividend per share*	¥55.0	¥55.0	

	Mar. 31, 2017	Sept. 30, 2017	Change
Total assets	234.9	239.1	4.2
Assets attributable to owners of parent	124.3	143.6	19.3

Note: Figures indicated in blue are initial projections announced in May 2017

FY2017 1H vs. FY2016 1H

- Revenue increased on volume growth across all segments, particularly in Advanced Materials
- Higher operating profit driven by Advanced Materials, Specialty Chemicals and Specialty Plastics
- Profit before income tax increased on higher operating profit
- Profit for the period increased on higher profit before income tax

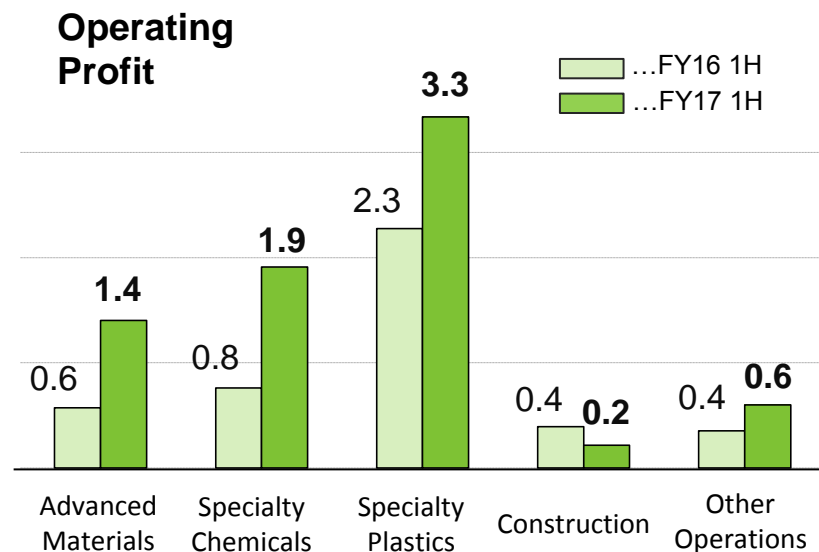
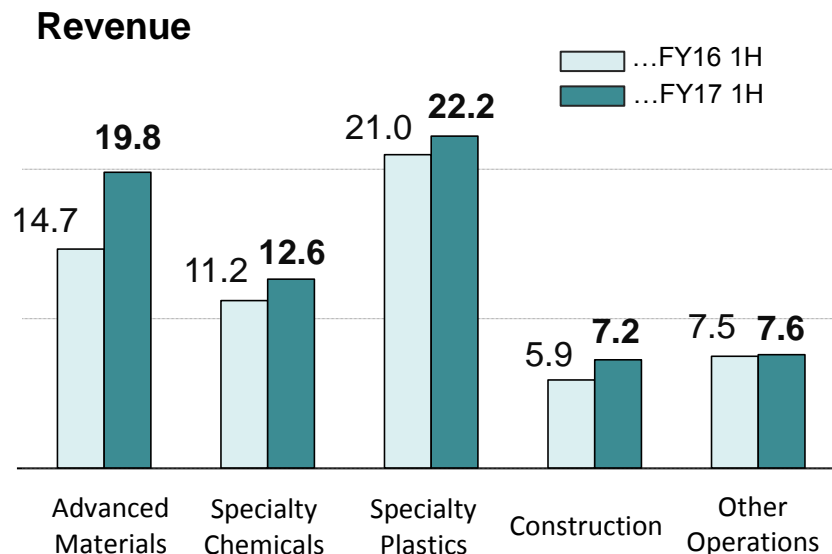
*Kureha conducted a ten-to-one share consolidation on October 1, 2016. Per share values are represented on this post-consolidation basis for comparison purpose.

FY2017 1H Highlights

KUREHA CORPORATION

Segment Variance: FY2017 1H vs. FY2016 1H

(billions of yen)



Factors for FY2017 1H segment operating profit (vs. FY2016 1H)

Advanced Materials: Higher volumes in advanced plastics and carbon products

Specialty Chemicals: Higher agrochemical volume and improved margin for industrial chemicals more than offsetting pharmaceutical volume decline

Specialty Plastics: Volume growth in home products, synthetic fiber and heat-shrink multilayer film

Construction: Lower engineering volume partially offset by construction growth

Other Operations: Higher volume in environmental business

FY2017 1H Highlights

KUREHA CORPORATION

(billions of yen)

FY2016 1H

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Segment Total	Adjustment	Total
Revenue	14.7	11.2	21.0	5.9	7.5	60.2	-----	60.2
Elimination							0.0	-----
Other income							0.2	-----
Other expenses							0.1	-----
Operating profit	0.6	0.8	2.3	0.4	0.4	4.4	0.2	4.5
Finance income							0.3	-----
Finance costs	*Foreign exchange loss of ¥0.9bn						1.2	-----
Profit before income tax								3.6
Profit for the period								3.1

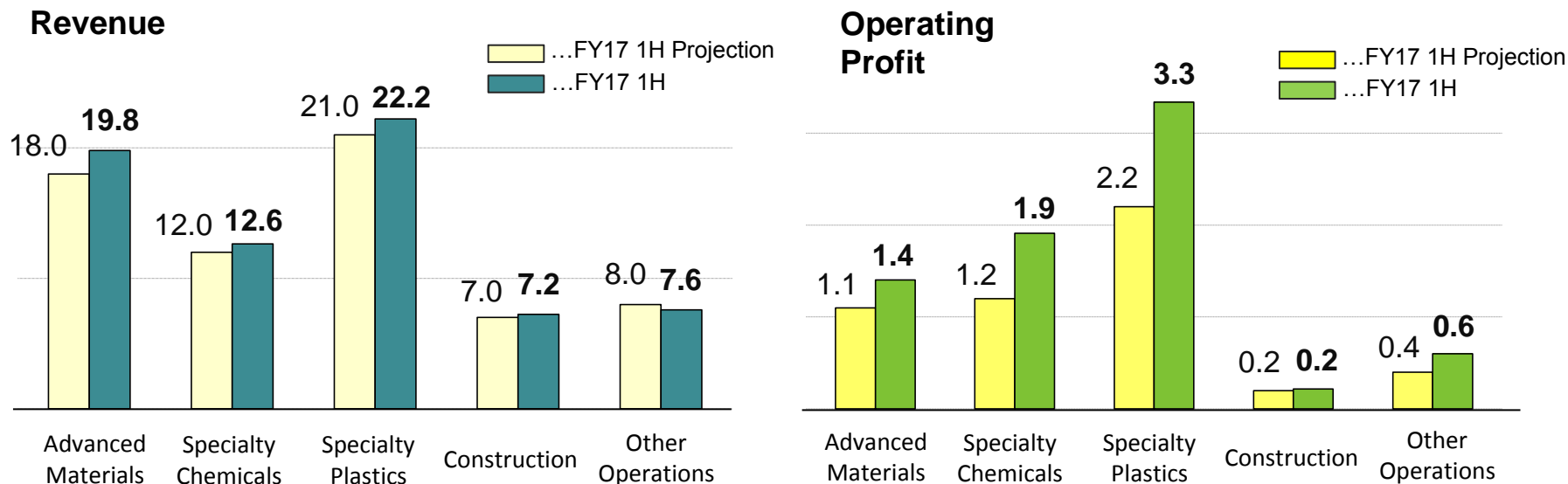
FY2017 1H

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Segment Total	Adjustment	Total
Revenue	19.8	12.6	22.2	7.2	7.6	69.5	-----	69.5
Elimination							0.1	-----
Other income							0.2	-----
Other expenses	*¥0.4bn for environment-related expenses						0.5	-----
Operating profit	1.4	1.9	3.3	0.2	0.6	7.5	-0.2	7.2
Finance income							0.3	-----
Finance costs							0.4	-----
Profit before income tax								7.2
Profit for the period								5.8

FY2017 1H Highlights (vs. Initial Projection)

Segment Variance: FY2017 1H vs. Initial projection

(billions of yen)



Factors for FY2017 1H segment operating profit (vs. initial projection)

- Advanced Materials: Higher PPS and carbon products volumes more than offsetting lower PGA volume
- Specialty Chemicals: Higher agrochemical volume due to front-loaded delivery
- Specialty Plastics: Robust growth of home products and synthetic fiber
- Construction: Performed as planned
- Other Operations: Enhanced cost management compensating slow logistics and environmental businesses

FY2017 1H Highlights (vs. Initial Projection)

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KUREHA CORPORATION

FY2017 1H

(billions of yen)

Initial Projection

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Segment Total	Adjustment	Total
Revenue	18.0	12.0	21.0	7.0	8.0	66.0	-----	66.0
Elimination							0.1	-----
Other income							0.1	-----
Other expenses							0.3	-----
Operating profit	1.1	1.2	2.2	0.2	0.4	5.1	-0.1	5.0
Finance income							0.3	-----
Finance costs							0.3	-----
Profit before income tax								5.0
Profit for the period								4.0

FY2017 1H

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Segment Total	Adjustment	Total
Revenue	19.8	12.6	22.2	7.2	7.6	69.5	-----	69.5
Elimination							0.1	-----
Other income							0.2	-----
Other expenses	*¥0.4bn for environment-related expenses						0.5	-----
Operating profit	1.4	1.9	3.3	0.2	0.6	7.5	-0.2	7.2
Finance income							0.3	-----
Finance costs							0.4	-----
Profit before income tax								7.2
Profit for the period								5.8

Segment Performance: Advanced Materials

(billions of yen)

	FY2016 1H	FY2017 1H	Change %
Advanced Materials			
Advanced plastics	9.1	11.6	27%
Carbon products	2.2	2.6	19%
Revenue: Kureha Co.	11.2	14.1	26%
Revenue: Subsidiaries	12.2	14.0	15%
Elimination	-8.8	-8.3	--
Kureha-G Revenue	14.7	19.8	35%
Kureha-G Operating Profit	0.6	1.4	145%

FY2017 1H vs. FY2016 1H

Revenue  Operating Profit 

- Advanced plastics revenue and profit increased on higher volumes for PVDF (LiB binder applications), PPS (automotive) and PGA (oil/gas exploration applications)
- Carbon products returned to generating profit due to robust sales of carbon fiber and carbon material products

Segment Performance: Specialty Chemicals

(billions of yen)

	FY2016 1H	FY2017 1H	Change %
Specialty Chemicals			
Agrochemicals	1.9	4.0	115%
Pharmaceuticals	3.2	2.2	-32%
Industrial chemicals	4.2	4.8	14%
Revenue: Kureha Co.	9.3	11.0	18%
Revenue: Subsidiaries	3.2	3.0	-6%
Elimination	-1.3	-1.4	--
Kureha-G Revenue	11.2	12.6	13%
Kureha-G Operating Profit	0.8	1.9	151%

FY2017 1H vs. FY2016 1H

Revenue  Operating Profit 

- A sharp rise in Agrochemicals revenue and profit due to higher fungicide volume
- Pharmaceuticals declined on lower Kremezin (therapeutic agent for chronic kidney disease) volume
- Industrial chemicals improved on higher volumes in both organic and non-organic chemicals

Segment Performance: Specialty Plastics

(billions of yen)

	FY2016 1H	FY2017 1H	Change %
Specialty Plastics			
Home products	10.1	10.6	5%
Packaging materials	3.6	3.2	-11%
Revenue: Kureha Co.	13.7	13.7	0%
Packaging materials	5.3	5.9	12%
Fiber products	1.8	2.2	20%
Others	3.4	3.5	3%
Revenue: Subsidiaries	10.4	11.5	10%
Elimination	-3.1	-3.0	--
Kureha-G Revenue	21.0	22.2	6%
Kureha-G Operating Profit	2.3	3.3	46%

FY2017 1H vs. FY2016 1H

Revenue  Operating Profit 

- Home products grew on steady volume gains for NEW Krewrap (plastic wrap) and Seaguar (fishing lines)
- Packaging materials revenue and profit increased overall due to heat-shrink multilayer film growth

Segment Performance: Construction & Other Operations

(billions of yen)

	FY2016 1H	FY2017 1H	Change %
Construction			
Construction	9.6	10.4	8%
Elimination	-3.7	-3.2	--
Kureha-G Revenue	5.9	7.2	23%
Kureha-G Operating Profit	0.4	0.2	-45%
Other Operations			
Environmental engineering	4.3	4.6	7%
Logistics	4.2	4.1	-2%
Hospital operations	1.8	1.8	-2%
Others	0.9	0.9	3%
Revenue: Subsidiaries	11.3	11.5	2%
Elimination	-3.8	-3.9	--
Kureha-G Revenue	7.5	7.6	1%
Kureha-G Operating Profit	0.4	0.6	69%

FY2017 1H vs. FY2016 1H

Revenue  Operating Profit 

- Construction profit even with prior-year period, despite higher sales in public and private sectors
- Engineering business profit declined

Revenue  Operating Profit 

- Environmental Engineering revenue and profit increased on higher volume in industrial waste treatment business
- Logistics profit improved on efficient cost management, despite lower sales
- Hospital Operations revenue and profit both declined

Balance Sheet

KUREHA CORPORATION

(billions of yen)

Assets

	Mar. 31 2017	Sept. 30 2017	Change
Cash and cash equivalents	6.2	5.8	-0.4
Trade and other receivables	29.4	30.4	1.0
Inventories	36.5	36.4	-0.1
Other current assets	3.2	2.4	-0.8
Total current assets	75.3	75.0	-0.3
Property, plant and equipment	115.9	115.6	-0.3
Intangible assets	1.4	1.3	-0.1
Investments and other assets	42.3	47.2	4.9
Total non-current assets	159.6	164.1	4.5
Total assets	234.9	239.1	4.2

Liabilities and Equity

	Mar. 31 2017	Sept. 30 2017	Change
Trade and other payables	20.4	18.5	-1.9
Interest-bearing debt	71.0	56.0	-15.0 *
Provisions	6.1	6.2	0.1
Other liabilities	11.4	69.1	57.7
Total liabilities	108.9	93.8	-15.2
Shareholders' equity	12.5	16.3	3.8 *
Capital surplus	9.4	13.3	3.9 *
Less: Treasury stock	-4.5	-0.7	3.8 *
Retained earnings	101.7	105.9	4.1
Other components of equity	5.1	8.8	3.6
Non-controlling interests	1.7	1.8	0.1
Total equity	126.0	145.3	19.4
Total liabilities and equity	234.9	239.1	4.2

*For ¥15 billion convertible bonds with stock acquisition rights issued (due March 2018), 75% bondholders have elected to convert their bonds into shares as of the end of September 2017. As a result, with share conversion partly settled by the company's treasury shares, the number of shares issued at the end of September 2017 was 19,932,440.

Cash Flow

KUREHA CORPORATION

(billions of yen)

	FY2016 1H	FY2017 1H	Change
Profit before income tax	3.6	7.2	3.6
Depreciation	5.1	4.9	-0.2
Other	-0.6	-1.3	-0.7
Cash flow from operating activities	8.0	10.8	2.7
Cash flow from investing activities	-5.6	-5.9	-0.2
Cash flow from financing activities	-3.1	-5.3	-2.1
Effect of exchange rate changes on cash and cash equivalents	0.2	-0.0	-0.2
Increase/decrease in cash and cash equivalents	-0.6	-0.4	0.2
Cash and cash equivalents at beginning of period	6.7	6.2	-0.5
Cash and cash equivalents at end of period	6.1	5.8	-0.3

2. FY2017 Full-Year Outlook

(April 1, 2017 – March 31, 2018)

FY2017 Full-Year Forecast (Revised)

KUREHA CORPORATION

(billions of yen, except where stated otherwise)

	FY2016	FY2017e	Change YOY (%)
Revenue	132.3	145.0 142.0	12.7 (9.6%) 3.0 (2.1%)
Operating profit	9.3	12.0 11.0	2.7 (29.6%) 1.0 (9.1%)
Profit before income tax	9.0	12.0 11.0	3.0 (33.6%) 1.0 (9.1%)
Profit attributable to owners of parent	6.9	9.3 8.4	2.4 (34.6%) 0.9 (10.7%)
Profit per share	¥407.38	¥493.25	
Profit per share attributable to owners of parent	¥7,233	¥7,284	
Dividend per share			
Interim	¥5.5*	¥55.0	
Year-end	¥55.0	¥55.0	

Note: Figures indicated in blue are initial projections announced in May 2017

FY2017e vs. FY2016

- Revenue is expected to increase on volume gains in Advanced Materials and Specialty Plastics
- Operating profit to rise on strong Advanced Materials growth, despite lower profit in Construction and Other Operations
- Profit before income tax to improve on higher operating profit
- Profit for the period to improve on higher profit before income tax

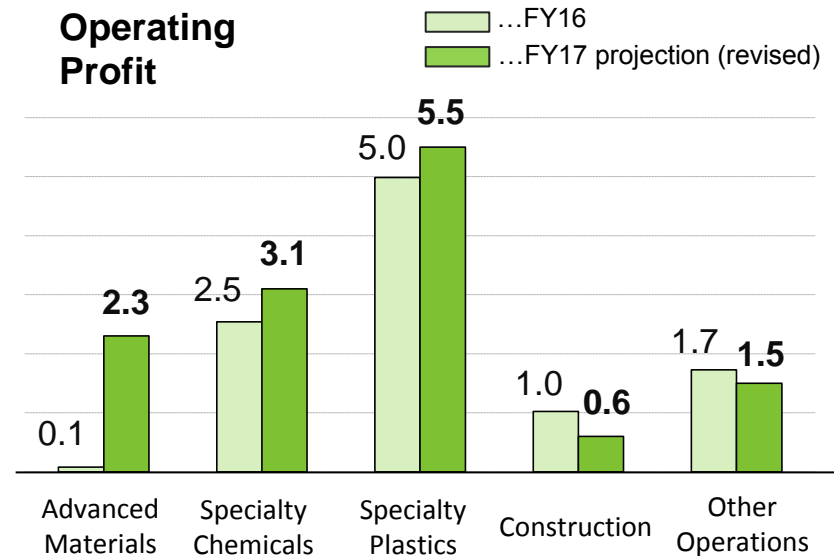
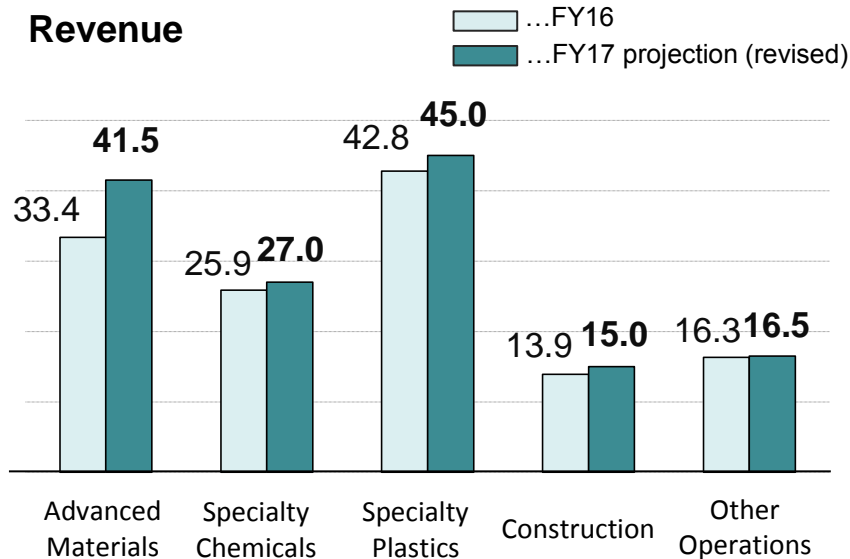
*Kureha conducted a ten-to-one share consolidation on October 1, 2016.

FY2017 Full-Year Forecast

KUREHA CORPORATION

Segment Variance: FY2017 projection (revised) vs. FY2016

(billions of yen)



Factors for FY2017e segment operating profit (vs. FY2016)

- Advanced Materials: Continued growth for PPS, PVDF and carbon products, combined with improved sales and lower operating loss for PGA despite a delay in product launch by new US venture
- Specialty Chemicals: Higher agrochemical volume and improved margin for industrial chemicals more than offsetting a decline in pharmaceuticals due to generic competition
- Specialty Plastics: Continued growth of home products and synthetic fiber businesses
- Construction: Higher labor and raw materials costs partially offset by volume gains
- Other Operations: Intensified market competition

FY2017 Full-Year Forecast

KUREHA CORPORATION

(billions of yen)

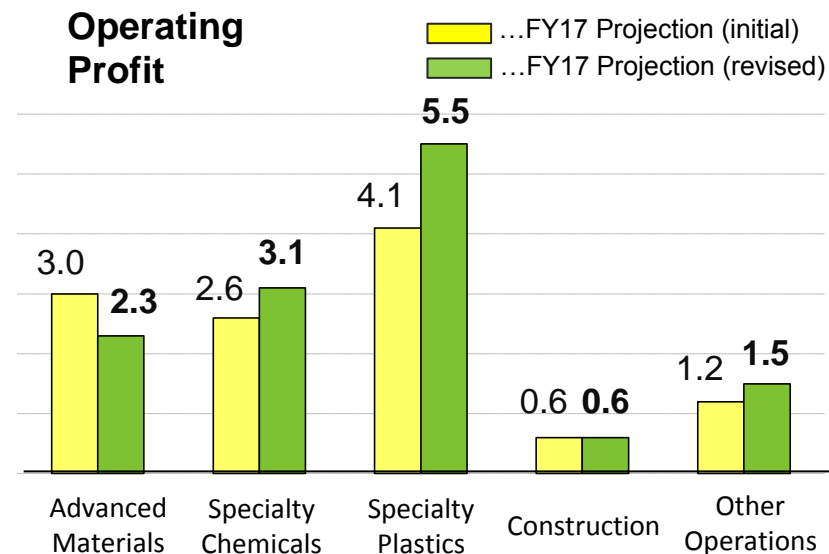
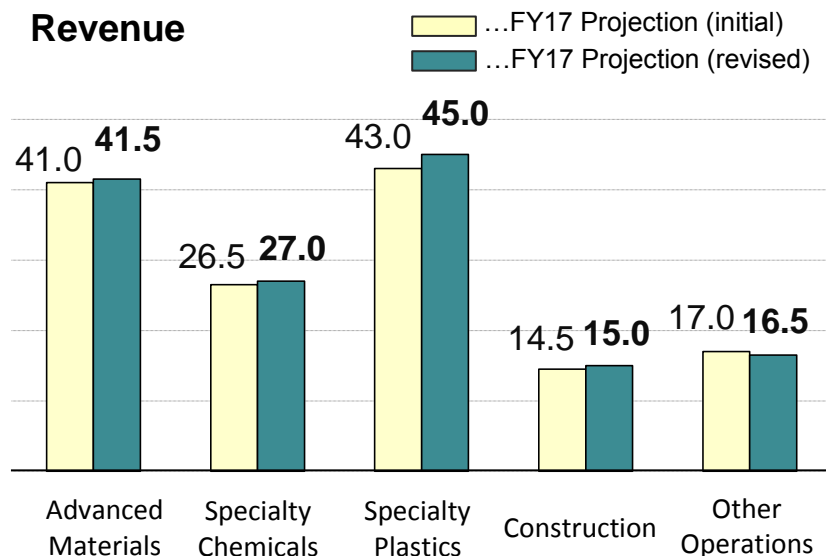
FY2016	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Segment Total	Adjustment	Total
Revenue	33.4	25.9	42.8	13.9	16.3	132.3	-----	132.3
Elimination							0.1	-----
Other income	¥1bn subsidy income						1.4	-----
Other expenses	¥1.9bn business withdrawal and restructuring costs, ¥0.5bn loss on retirement of noncurrent assets						2.6	-----
Operating profit	0.1	2.5	5.0	1.0	1.7	10.4	-1.1	9.3
Finance income							0.6	-----
Finance costs							0.9	-----
Profit before income tax								9.0
Profit for the period								7.0

FY2017e Revised	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Segment Total	Adjustment	Total
Revenue	41.5	27.0	45.0	15.0	16.5	145.0	-----	145.0
Elimination							0.0	-----
Other income							0.4	-----
Other expenses	¥1bn loss on retirement of noncurrent assets, ¥0.4bn environment-related expenses						1.4	-----
Operating profit	2.3	3.1	5.5	0.6	1.5	13.0	-1.0	12.0
Finance income							0.5	-----
Finance costs							0.5	-----
Profit before income tax								12.0
Profit for the period								9.3

FY2017 Full-Year Forecast (Revised vs. Initial Projection)

Segment Variance: FY2017 Projection Revised vs. Initial

(billions of yen)



Factors for FY2017e segment operating profit (vs. initial projection)

- Advanced Materials: PPS and carbon products growth more than offset by lower PGA volume due to belated market expansion by new US venture
- Specialty Chemicals: Positive currency effect and improved margins for industrial chemicals
- Specialty Plastics: Continued growth for home products and synthetic fiber businesses
- Construction: (To perform as planned)
- Other Operations: Robust industrial waste treatment business and cost reduction efforts more than offsetting logistics decline

FY2017 Full-Year Forecast (Revised vs. Initial Projection)

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KUREHA CORPORATION

(billions of yen)

FY2017e Initial	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Segment Total	Adjustment	Total
Revenue	41.0	26.5	43.0	14.5	17.0	142.0	-----	142.0
Elimination							0.1	-----
Other income							0.2	-----
Other expenses	*¥0.8bn loss on retirement of noncurrent assets						0.8	-----
Operating profit	3.0	2.6	4.1	0.6	1.2	11.5	-0.5	11.0
Finance income							0.5	-----
Finance costs							0.5	-----
Profit before income tax								11.0
Profit for the period								8.4

FY2017e Revised	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Segment Total	Adjustment	Total
Revenue	41.5	27.0	45.0	15.0	16.5	145.0	-----	145.0
Elimination							0.0	-----
Other income							0.4	-----
Other expenses	*¥1bn loss on retirement of noncurrent assets, ¥0.4bn environment-related expenses						1.4	-----
Operating profit	2.3	3.1	5.5	0.6	1.5	13.0	-1.0	12.0
Finance income							0.5	-----
Finance costs							0.5	-----
Profit before income tax								12.0
Profit for the period								9.3

Segment Outlook: Advanced Materials

(billions of yen)

	FY2016	FY2017e Revised	Change %
Advanced Materials			
Advanced plastics	19.7	25.5	29%
Carbon products	4.1	4.5	9%
Revenue: Kureha Co.	23.9	30.0	26%
Revenue: Subsidiaries	24.3	31.0	28%
Elimination	-14.8	-19.5	--
Kureha-G Revenue	33.4	41.5	24%
Kureha-G Operating Profit	0.1	2.3	2811%

FY2017e vs. FY2016

Revenue  Operating Profit 

- Advanced plastics expected to improve on higher volumes for PVDF (LiB binder), PPS (for automotive) and PGA (oil/gas exploration applications); operating loss to narrow for PGA
- Carbon products expected to turn profitable with continued margin improvement and volume gains in molded insulation products

Segment Outlook: Specialty Chemicals

(billions of yen)

	FY2016	FY2017e Revised	Change %
Specialty Chemicals			
Agrochemicals	7.2	9.0	25%
Pharmaceuticals	5.6	4.3	-23%
Industrial chemicals	8.8	9.2	5%
Revenue: Kureha Co.	21.5	22.5	4%
Revenue: Subsidiaries	6.9	7.0	2%
Elimination	-2.5	-2.5	--
Kureha-G Revenue	25.9	27.0	4%
Kureha-G Operating Profit	2.5	3.1	22%

FY2017e vs. FY2016

Revenue  Operating Profit 

- Agrochemicals expected to improve on volume growth after customer destocking
- Pharmaceuticals to continue declining due to generic competition
- Industrial chemicals expected to improve on higher prices

Segment Outlook: Specialty Plastics

(billions of yen)

	FY2016	FY2017e Revised	Change %
Specialty Plastics			
Home products	19.5	20.9	7%
Packaging materials	7.0	6.1	-12%
Revenue: Kureha Co.	26.5	27.0	2%
Packaging materials	11.1	12.8	16%
Fiber products	3.7	4.1	10%
Others	6.9	7.5	9%
Revenue: Subsidiaries	21.6	24.4	13%
Elimination	-5.4	-6.9	--
Kureha-G Revenue	42.8	45.0	5%
Kureha-G Operating Profit	5.0	5.5	10%

FY2017e vs. FY2016

Revenue  Operating Profit 

- Home products to improve on volume gains for NEW Krewrap (plastic wrap) and Seaguar (fishing lines)
- Packaging materials to improve on higher volumes for heat-shrink multilayer film; limited impact of compound business terminated in FY2016

Segment Outlook: Construction & Other Operations

(billions of yen)

	FY2016	FY2017e Revised	Change %
Construction			
Construction	21.2	22.0	4%
Elimination	-7.2	-7.0	--
Kureha-G Revenue	13.9	15.0	8%
Kureha-G Operating Profit	1.0	0.6	-42%

Other Operations

Environmental engineering	10.2	10.6	4%
Logistics	8.5	8.3	-2%
Hospital operations	3.6	3.6	0%
Others	1.8	1.7	-4%
Revenue: Subsidiaries	24.1	24.2	0%
Elimination	-7.8	-7.7	--
Kureha-G Revenue	16.3	16.5	1%
Kureha-G Operating Profit	1.7	1.5	-13%

FY2017e vs. FY2016

Revenue  Operating Profit 

- Rise in labor and raw materials costs likely to push down profit, despite higher volumes in public and private sectors

FY2017e vs. FY2016

Revenue  Operating Profit 

- In Other Operations, Environmental Engineering expected to grow on strong demand for industrial waste treatment, however overall segment profit to decrease due to intensified market competition for other businesses

Key Indicators

KUREHA CORPORATION

(billions of yen)

	FY2016			FY2017			Change YOY(%)
	1H	2H	Full-year	1H	2H Estimate	Full-year Estimate	
Capital expenditure	4.8	5.5	10.3	4.0	8.5	12.5	2.2 (21%)
Depreciation	5.1	5.1	10.2	4.9	5.1	10.0	-0.2 (-2%)
R&D expenses	2.2	2.5	4.7	2.3	3.0	5.3	0.6 (13%)
Interest-bearing debt	77.8	71.0	71.0	56.0	54.1	54.1	-16.9 (-24%)

Currency exchange rates

1USD:	Average	¥105.2	¥111.5	¥108.3	¥111.0	110.0	110.0
	End of period	¥101.1	¥112.2	¥112.2	¥112.7	110.0	110.0
1EUR:	Average	¥118.0	¥119.5	¥118.7	¥126.3	125.0	125.7
	End of period	¥113.4	¥119.8	¥119.8	¥132.9	125.0	125.5
1CHY:	Average	¥15.9	¥16.3	¥16.1	¥16.4	16.0	16.2
	End of period	¥15.1	¥16.3	¥16.3	¥17.0	16.0	16.0

Cash Flow

KUREHA CORPORATION

(billions of yen)

	FY2016	FY2017e	Change YOY
Profit before income tax	9.0	12.0	3.0
Depreciation	10.2	10.0	-0.2
Other	-6.8	-5.3	1.5
Cash flow from operating activities	12.4	16.7	4.4
Cash flow from investing activities	-1.1	-12.6	-11.6
Cash flow from financing activities	-11.7	-4.2	7.6
Effect of exchange rate changes on cash and cash equivalents	-0.0	0.0	0.0
Increase/decrease in cash and cash equivalents	-0.5	-0.1	0.4
Cash and cash equivalents at beginning of year	6.7	6.2	-0.5
Cash and cash equivalents at end of year	6.2	6.2	-0.1

3. Consolidated Companies

Revenues & Assets

KUREHA CORPORATION

(billions of yen)

		FY2016 1H		FY2017 1H		Change	
		Revenue	Total assets	Revenue	Total assets	Revenue	Total assets
Kureha Corporation		28.6	188.3	32.3	191.1	3.8	2.9
Kureha Trading Group (2)		7.7	12.2	8.6	13.9	0.9	1.7
Advanced Materials	Kureha Corporation	11.2	--	14.1	--	2.9	--
	Kureha Trading Group (2)	4.1	--	5.3	--	1.1	--
	Kureha Extron Co.	0.8	1.9	0.9	2.0	0.1	0.1
	Kureha Extech Co.	1.2	1.7	1.1	1.6	-0.1	-0.2
	Kureha Battery Materials Japan Co.	--	0.2	--	--	--	-0.2
	Kureha GmbH	0.7	1.0	0.9	0.7	0.2	-0.3
	Kureha America Group (5)	2.9	24.4	3.3	28.7	0.4	4.3
	Kureha (Shanghai) Carbon Fiber Materials Co.	0.7	2.0	0.4	1.6	-0.2	-0.3
	Kureha China Group (2)	1.9	12.6	2.2	11.2	0.3	-1.3
	Consolidation adjustments	-8.8	--	-8.3	--	0.4	--
Total		14.7	--	19.8	--	5.1	--
Specialty Chemicals	Kureha Corporation	9.3	--	11.0	--	1.7	--
	Kureha Trading Co.	3.2	--	3.0	--	-0.2	--
	Consolidation adjustments	-1.3	--	-1.4	--	-0.0	--
	Total	11.2	--	12.6	--	1.4	--
Specialty Plastics	Kureha Corporation	13.7	--	13.7	--	0.1	--
	Kureha Trading Co.	2.3	--	2.5	--	0.2	--
	Kureha Gohsen Co.	1.8	3.4	2.2	4.6	0.4	1.1
	Kureha China Group (2)	0.2	--	0.1	--	-0.1	--
	Kureha America Group (5)	0.9	0.7	0.9	0.8	-0.0	0.1
	Kureha Europe Group (3)	3.9	5.6	4.2	7.5	0.4	1.9
	Kureha Vietnam Co.	1.4	3.6	1.7	3.8	0.3	0.2
	Consolidation adjustments	-3.1	--	-3.0	--	0.1	--
Total		21.0	--	22.2	--	1.2	--

Revenues & Assets

KUREHA CORPORATION

(billions of yen)

		FY2016 1H		FY2017 1H		Change	
		Revenue	Total assets	Revenue	Total assets	Revenue	Total assets
Construction	Kureha Nishiki Group (4)	7.8	9.7	9.3	10.9	1.5	1.2
	Kureha Engineering Co.	1.9	2.6	1.0	2.3	-0.8	-0.3
	Consolidation adjustments	-3.7	--	-3.1	--	0.6	--
	Total	5.9	--	7.2	--	1.3	--
Other Operations	Kureha Ecology Management Co.	3.8	8.3	4.0	8.0	0.2	-0.3
	Kureha Special Laboratory Co.	0.6	0.5	0.6	0.5	0.1	0.0
	Kureha Unyu Group (2)	4.2	6.2	4.1	5.9	-0.1	-0.3
	Kureha Trading Co.	0.0	--	0.0	--	-0.0	--
	Kureha Service Co.	0.3	0.9	0.3	1.0	-0.0	0.0
	Kureha-Kai Medical Corporation	1.8	3.8	1.8	3.5	-0.0	-0.3
	Kureha Staff Service Co.	0.6	0.7	0.6	0.6	0.0	-0.0
	Consolidation adjustments	-3.8	--	-3.9	--	-0.1	--
Total	7.5	--	7.6	--	0.1	--	
Kureha Group Total		60.2	--	69.5	--	9.3	--
<i>Number of consolidated subsidiaries and equity- method affiliates</i>		<i>41</i>		<i>32</i>			

*Parenthesized numbers indicate the number of consolidated companies for each group.

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