

# FY2015 Financial Results

**KUREHA CORPORATION**

May 12, 2016

|   |              |
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# 1. **FY2015 Full-Year Results**

**(April 1, 2015 – March 31, 2016)**

(in billion yen, except per-share amounts and ratios)

|                            | FY2015 | FY2014 | % Change |
|----------------------------|--------|--------|----------|
| Net Sales                  | 142.6  | 150.2  | -5.1%    |
| Operating income           | 12.6   | 14.6   | -13.4%   |
| Recurring income           | 12.0   | 15.4   | -22.5%   |
| Net income                 | 7.3    | 9.2    | -20.2%   |
| Total assets               | 236.6  | 249.7  | -5.2%    |
| Net assets                 | 119.3  | 120.6  | -1.1%    |
| Earnings per share (yen)   | 42.73  | 53.53  | -20.2%   |
| Net assets per share (yen) | 686.06 | 687.8  | -0.3%    |
| Equity ratio               | 49.8%  | 47.3%  | --       |
| Dividend per share (yen)   | 11     | 12     | --       |
| Dividend ratio             | 25.7%  | 22.4%  | --       |

- Net sales decreased due to weak pharmaceuticals and packaging businesses despite volume growth in advanced materials (PVDF, PGA)
- Lower operating income resulted from increased depreciation costs and the lack of onetime income related to pharmaceuticals
- Recorded extraordinary income of ¥4.9b, including ¥4.6b gained on sales of investment securities, and extraordinary loss of ¥6.2b, including ¥4.5b for restructuring costs and ¥1.1b on sales of non-current assets
- Unfavorable currency

(in billion yen)

## Advanced Materials

|  |                         | FY2015      | FY2014      | % Change    |
|--|-------------------------|-------------|-------------|-------------|
| Kureha Sales                               | Carbon products         | 5.2         | 6.0         | -13%        |
|  | Advanced plastics       | 21.3        | 20.2        | 6%          |
|  | Other                   | 0.4         | 0.5         | -26%        |
| Subsidiaries Sales                         | Carbon products (China) | 1.5         | 1.9         | -21%        |
|  | Battery materials       | 6.8         | 6.1         | 13%         |
|  | Other                   | 24.8        | 24.1        | 3%          |
| Consolidated adjustment                    |                         | -23.6       | -22.7       | --          |
| <b>Kureha Group Sales Total</b>            |                         | <b>36.5</b> | <b>36.2</b> | <b>1%</b>   |
| <b>Kureha Group Operating Income Total</b> |                         | <b>1.1</b>  | <b>0.4</b>  | <b>149%</b> |

- Carbon products operating loss narrowed on lower volumes, reduced costs
- Advanced plastics earnings declined due to higher depreciation cost related to new PVDF plant and weak PPS performance, more than offsetting higher volume of PVDF (Li-battery binder) and PGA (for oil/gas exploration)

(in billion yen)

## Specialty Chemicals

|  |                      | FY2015      | FY2014      | % Change    |
|--|----------------------|-------------|-------------|-------------|
| Kureha Sales                               | Industrial chemicals | 9.4         | 10.6        | -11%        |
|  | Agrochemicals        | 9.5         | 9.8         | -3%         |
|  | Pharmaceuticals      | 7.4         | 9.9         | -25%        |
| Subsidiaries Sales                         |                      | 7.8         | 8.8         | -11%        |
| Consolidated adjustment                    |                      | -2.9        | -3.5        | --          |
| <b>Kureha Group Sales Total</b>            |                      | <b>31.2</b> | <b>35.5</b> | <b>-12%</b> |
| <b>Kureha Group Operating Income Total</b> |                      | <b>4.8</b>  | <b>7.9</b>  | <b>-40%</b> |

- Industrial chemicals profit down on lower organic and inorganic chemicals volumes
- Agrochemicals volumes decreased due to weak demand, but profit improved on lower feedstock cost
- Negative growth of pharmaceuticals largely reflects the absence of one-time income accrued in FY2014

(in billion yen)

## Specialty Plastics

|  |                                | FY2015      | FY2014      | % Change   |
|--|--------------------------------|-------------|-------------|------------|
| Kureha Sales                               | Packaging materials            | 7.9         | 11.8        | -34%       |
|  | Consumer products              | 19.0        | 17.5        | 9%         |
| Subsidiaries Sales                         | Packaging materials (overseas) | 12.0        | 12.4        | -3%        |
|  | Other                          | 13.1        | 14.8        | -11%       |
| Consolidated adjustment                    |                                | -7.7        | -10.0       | --         |
| <b>Kureha Group Sales Total</b>            |                                | <b>44.2</b> | <b>46.5</b> | <b>-5%</b> |
| <b>Kureha Group Operating Income Total</b> |                                | <b>3.6</b>  | <b>3.7</b>  | <b>-1%</b> |

- Packaging materials earnings down due to a lack of large orders for packaging machinery recorded in previous year, more than offsetting higher film volumes
- In consumer products, New Krewrap continued robust performance, more than offsetting higher depreciation costs related to new facility

## Construction

(in billion yen)

|  |              | FY2015      | FY2014      | % Change   |
|--|--------------|-------------|-------------|------------|
| Subsidiaries Sales                         | Construction | 24.6        | 25.7        | -4%        |
| Consolidated adjustment                    |              | -8.4        | -8.9        | --         |
| <b>Kureha Group Sales Total</b>            |              | <b>16.2</b> | <b>16.7</b> | <b>-3%</b> |
| <b>Kureha Group Operating Income Total</b> |              | <b>1.5</b>  | <b>1.1</b>  | <b>36%</b> |

- Profit improved on continued demand for public post-quake reconstruction and reduced costs, despite fewer developments in private sector

## Other Operations

|  |                           | FY2015      | FY2014      | % Change   |
|--|---------------------------|-------------|-------------|------------|
| Subsidiaries Sales                         | Environmental engineering | 9.9         | 10.4        | -4%        |
|  | Logistics, transportation | 9.3         | 9.8         | -5%        |
|  | Trading                   | 2.1         | 2.3         | -7%        |
|  | Other                     | 1.6         | 2.0         | -21%       |
| Consolidated adjustment                    |                           | -8.5        | -9.2        | --         |
| <b>Kureha Group Sales Total</b>            |                           | <b>14.4</b> | <b>15.2</b> | <b>-5%</b> |
| <b>Kureha Group Operating Income Total</b> |                           | <b>1.8</b>  | <b>1.8</b>  | <b>1%</b>  |

- Growth driven by high-margin PCB treatment business offset by lower industrial waste treatment volumes because of furnace maintenance



( In billion yen)

|                        | FY2015                    | FY2014                    | % Change |
|------------------------|---------------------------|---------------------------|----------|
| Capital expenditure    | 12.1                      | 17.6                      | -31%     |
| Depreciation           | 9.9                       | 8.3                       | 20%      |
| R&D expenses           | 4.9                       | 5.0                       | -2%      |
| Interest-bearing debt  | 79.7                      | 86.6                      | -8%      |
| Net interest expense   | -0.6                      | 0.9                       | --       |
| Currency exchange rate | ¥120.13/\$1<br>¥132.80/€1 | ¥109.90/\$1<br>¥138.84/€1 | ---      |
| Number of employees    | 4,087                     | 4,123                     | -1%      |

# Extraordinary Income/Losses

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KUREHA CORPORATION

|                         |   | ( In billion yen) |             |             |
|-------------------------|---|-------------------|-------------|-------------|
|                         |   | FY2015            | FY2014      | Change      |
| Extraordinary<br>income | Compensation income                               | 0.22              | 0.31        | -0.1        |
|                         | Gain on sales of investment securities            | 4.58              | 0.07        | 4.51        |
|                         | Gain on sales of noncurrent assets                | 0.01              | 0.04        | -0.03       |
|                         | Others  | 0.08              | 0.01        | -0.08       |
|                         | <b>Total</b>                                      | <b>4.89</b>       | <b>0.43</b> | <b>4.46</b> |
| Extraordinary<br>losses | Restructuring costs                               | 4.49              | --          | 4.49        |
|                         | Loss on sales and retirement of noncurrent assets | 1.13              | 1.06        | 0.07        |
|                         | Loss on liquidation of subsidiaries               | --                | 0.75        | -0.75       |
|                         | Loss on valuation of investments in capital       | --                | 0.40        | -0.40       |
|                         | Impairment loss                                   | 0.46              | --          | 0.46        |
|                         | Others  | 0.16              | 0.05        | 0.10        |
|                         | <b>Total</b>                                      | <b>6.24</b>       | <b>2.26</b> | <b>3.98</b> |

( In billion yen)

|   |                                     | March 31<br>2016 | March 31<br>2015 | Change       |
|---|-------------------------------------|------------------|------------------|--------------|
| <b>Assets</b>                             | Cash and cash equivalents           | 6.6              | 7.8              | -1.2         |
|   | Accounts and notes receivable-trade | 30.2             | 29.0             | 1.2          |
|   | Inventories                         | 33.2             | 32.8             | 0.4          |
|   | Other current assets                | 5.3              | 6.4              | -1.1         |
|   | Property, plant and equipment       | 117.8            | 123.2            | -5.4         |
|   | Intangible assets                   | 2.2              | 2.4              | -0.2         |
|   | Investments and other assets        | 41.3             | 48.1             | -6.9         |
|   | <b>Total</b>                        | <b>236.6</b>     | <b>249.7</b>     | <b>-13.1</b> |
| <b>Liabilities<br/>and<br/>Net assets</b> | Accounts and notes payable-trade    | 13.9             | 13.8             | 0.1          |
|   | Interest-bearing debt               | 79.7             | 86.6             | -6.9         |
|   | Reserves                            | 3.1              | 3.5              | -0.4         |
|   | Other liabilities                   | 20.7             | 25.2             | -4.5         |
|   | Capital stock                       | 12.5             | 12.5             | 0.0          |
|   | Capital surplus                     | 10.0             | 10.0             | -0.0         |
|   | Retained earnings                   | 89.4             | 84.2             | 5.3          |
|   | Treasury stock                      | -4.5             | -4.5             | 0.0          |
|   | Accumulated comprehensive income    | 10.5             | 16.0             | -5.5         |
|   | Subscription rights to shares       | 0.0              | 0.1              | -0.0         |
|   | Minority interests                  | 1.3              | 2.4              | -1.1         |
|   | <b>Total</b>                        | <b>236.6</b>     | <b>249.7</b>     | <b>-13.1</b> |

( In billion yen)

|   |   | FY2015      | FY2014      |
|---|---|-------------|-------------|
| Cash flow from operating activities   | Pre-depreciation profit                     | 20.5        | 21.9        |
|   | Increase/decrease in assets and liabilities | -2.2        | -6.3        |
|   | Payments of corporation tax                 | -4.3        | -4.1        |
|   | Other-net                                   | 0.0         | 1.1         |
| <b>Total</b>  |   | <b>14.0</b> | <b>12.5</b> |
| Cash flow from investing activities   |   | -6.0        | -18.8       |
| Cash flow from financing activities   |   | -9.3        | 5.0         |
| Effect of exchange rate changes on cash and cash equivalents  |   | 0.2         | 0.4         |
| Increase/decrease in cash and cash equivalents  |   | -1.2        | -0.8        |
| Cash and cash equivalents at beginning of year  |   | 7.8         | 8.7         |
| Increase/decrease in cash and cash equivalents resulting from fiscal year change of subsidiaries              |   | --          | -0.2        |
| Increase in cash and cash equivalents from consolidated subsidiaries' merger with unconsolidated subsidiaries |   | --          | 0.0         |
| Cash and cash equivalents at end of year  |   | 6.6         | 7.8         |

## **2. FY2016 Outlook**

**(April 1, 2016 – March 31, 2017)**

## FY2016 Outlook (IFRS)

In billion yen except where stated

| FY2016 Full-Year (Half-Year) Outlook                    |                 |
|---|-----------------|
| <b>Net sales</b>  | 142.0<br>(65.0) |
| <b>Operating income</b>                                 | 10.5<br>(3.5)   |
| <b>Income before tax</b>                                | 10.5<br>(3.5)   |
| <b>Net income</b><br>attributable to Kureha Corporation | 8.0<br>(2.8)    |

| FY2016 Full-Year Outlook        |                   |
|---------------------------------|-------------------|
| <b>Capital expenditure</b>      | 16.5              |
| <b>Depreciation</b>             | 10.8              |
| <b>R&amp;D expenses</b>         | 5.4               |
| <b>Interest-bearing debt</b>    | 79.7              |
| <b>Net interest expense</b>     | 0.0               |
| <b>Currency exchange rate</b>   | ¥110/\$1, ¥125/€1 |
| <b>Earnings per share (yen)</b> | 46.55             |
| <b>Dividend per share (yen)</b> | ¥11               |
| <b>Dividend ratio</b>           | 23.6              |
| <b>Number of employees</b>      | 4,391             |

# Reference: FY2015 Results - GAAP and IFRS

Starting from FY2016, Kureha's financial performance is reported based on the International Financial Reporting Standards (IFRS) instead of the Japanese Generally Accepted Accounting Principles (JPN GAAP). For comparison purposes, our FY2015 results are provided in both JPN GAAS and IFRS below.

( In billion yen)

| FY2015 — JPN GAAP                                 |              |
|---|--------------|
| <b>Net sales</b>                                  | <b>142.5</b> |
| Operating income before adjustments (A)           | 12.8         |
| Adjustments                                       | -0.2         |
| <b>Operating income</b>                           | <b>12.6</b>  |
| Non-operating income (1)                          | 0.5          |
| Income (loss) on equity method investments (B)    | 0.2          |
| Finance income                                    | 0.8          |
| Non-operating expenses*5 (2)                      | 0.7          |
| Finance expenses                                  | 1.4          |
| <b>Recurring income</b>                           | <b>12.0</b>  |
| Extraordinary income*6 (3)                        | 4.9          |
| Extraordinary loss*7 (4)                          | 6.2          |
| <b>Income before tax</b>                          | <b>10.6</b>  |
| <b>Net income</b><br>attributable to Kureha Corp. | <b>7.3</b>   |

| FY2015 — IFRS [before audit]                      |              |
|---|--------------|
| <b>Net sales</b> *1                               | <b>140.7</b> |
| Operating income before adjustments*2             | 12.5         |
| Adjustments                                       | -0.1         |
| Other income*3                                    | 0.8          |
| Other expenses*4                                  | 5.9          |
| <b>Operating income</b>                           | <b>7.3</b>   |
| Finance income                                    | 0.8          |
| Finance expenses                                  | 1.6          |
| <b>Income before tax</b>                          | <b>6.5</b>   |
| <b>Net income</b><br>attributable to Kureha Corp. | <b>4.9</b>   |

## Notes

(IFRS)

\*1 Net sales excludes sales from agency transactions (¥4.1b) and rebates (¥0.5b), and includes sales of additional subsidiary (¥3.6b)

\*2 Total of (A) and (B) not including sales rebates (¥0.5b)

\*3 Total of (1) and (3) not including gain on sales of securities (¥4.6b)

\*4 Total of (2) and (4) not including sales rebates (¥0.5b) and with adjustments related to consolidation of additional subsidiary (-¥0.4b)

(JPN GAAP)

\*5 Includes sales rebates (¥0.5b)

\*6 Gains on sales of securities (¥4.6b) in extraordinary income are not included in 'Other income' or 'Finance income' under IFRS

\*7 Restructuring cost (¥4.5b) and losses on sales of non-current assets (¥1.1b) in extraordinary loss are included in 'Other expenses' under IFRS

( In billion yen)

| FY2015 — IFRS [before audit]                      |              | FY2016 — IFRS                                     |              |
|---|--------------|---|--------------|
| <b>Net sales</b>                                  | <b>140.7</b> | <b>Net sales</b>                                  | <b>142.0</b> |
| Operating income before adjustments               | 12.5         | Operating income before adjustments               | 11.0         |
| Adjustments                                       | -0.1         | Adjustments                                       | 0.0          |
| Other income                                      | 0.8          | Other income* <sup>1</sup>                        | 8.0          |
| Other expenses* <sup>3</sup>                      | 5.9          | Other expenses* <sup>2</sup>                      | 8.5          |
| <b>Operating income</b>                           | <b>7.3</b>   | <b>Operating income</b>                           | <b>10.5</b>  |
| Finance income                                    | 0.8          | Finance income                                    | 0.6          |
| Finance expenses* <sup>4</sup>                    | 1.6          | Finance expenses                                  | 0.6          |
| <b>Income before tax</b>                          | <b>6.5</b>   | <b>Income before tax</b>                          | <b>10.5</b>  |
| <b>Net income</b><br>attributable to Kureha Corp. | <b>4.9</b>   | <b>Net income</b><br>attributable to Kureha Corp. | <b>8.0</b>   |

(FY2016)

\*<sup>1</sup> Includes subsidy income of ¥8b

\*<sup>2</sup> Includes losses on reduction of non-current assets (¥7b) and on retirement of non-current assets (¥1.5b)

(FY2015)

\*<sup>3</sup> Restructuring costs: ¥4.5b

\*<sup>4</sup> Loss on currency transaction: ¥0.8b



# FY2016 Outlook (3)

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( In billion yen)

## FY2015 Results (IFRS)

|   | Advanced Materials | Specialty Chemicals | Specialty Plastics | Construction | Other operations | Segment Total | Adjustment | Total        |
|---|--------------------|---------------------|--------------------|--------------|------------------|---------------|------------|--------------|
| <b>Net sales</b>                            | 35.5               | 30.6                | 42.1               | 16.2         | 16.3             | 140.7         |            | <b>140.7</b> |
| Intersegment eliminations                   |                    |                     |                    |              |                  |               | -0.1       |              |
| Other income                                |                    |                     |                    |              |                  |               | 0.8        |              |
| Other expenses                              |                    |                     |                    |              |                  |               | 5.9        |              |
| <b>Operating income</b>                     | 1.4                | 4.7                 | 3.3                | 1.5          | 1.7              | 12.5          | -5.2       | <b>7.3</b>   |
| Finance income                              |                    |                     |                    |              |                  |               | 0.8        |              |
| Finance expenses                            |                    |                     |                    |              |                  |               | 1.6        |              |
| <b>Income before tax</b>                    |                    |                     |                    |              |                  |               |            | 6.5          |
| <b>Net income</b><br>attributable to Kureha |                    |                     |                    |              |                  |               |            | <b>4.9</b>   |

## FY2016 Outlook (IFRS)

|   | Advanced Materials | Specialty Chemicals | Specialty Plastics | Construction | Other operations | Segment Total | Adjustment | Total        |
|---|--------------------|---------------------|--------------------|--------------|------------------|---------------|------------|--------------|
| <b>Net sales</b>                            | 40.0               | 26.5                | 44.0               | 14.0         | 17.5             | 142.0         |            | <b>142.0</b> |
| Intersegment eliminations                   |                    |                     |                    |              |                  |               | 0.0        |              |
| Other income                                |                    |                     |                    |              |                  |               | 8.0        |              |
| Other expenses                              |                    |                     |                    |              |                  |               | 8.5        |              |
| <b>Operating income</b>                     | 3.0                | 2.5                 | 3.6                | 0.5          | 1.4              | 11.0          | -0.5       | <b>10.5</b>  |
| Finance income                              |                    |                     |                    |              |                  |               | 0.6        |              |
| Finance expenses                            |                    |                     |                    |              |                  |               | 0.6        |              |
| <b>Income before tax</b>                    |                    |                     |                    |              |                  |               |            | 10.5         |
| <b>Net income</b><br>Attributable to Kureha |                    |                     |                    |              |                  |               |            | <b>8.0</b>   |

( In billion yen)

## Advanced Materials

|  |                         | FY2016e     | FY2015      | % Change    |
|--|-------------------------|-------------|-------------|-------------|
| Kureha Sales                               | Carbon products         | 4.1         | 5.2         | -22%        |
|  | Advanced plastics       | 26.5        | 21.3        | 24%         |
|  | Other                   | 0.4         | 0.4         | 2%          |
| Subsidiaries Sales                         | Carbon products (China) | 0.9         | 1.6         | -43%        |
|  | Other                   | 29.1        | 31.1        | -6%         |
| Consolidated adjustment                    |                         | -21.0       | -24.2       | --          |
| <b>Kureha Group Sales Total</b>            |                         | <b>40.0</b> | <b>35.5</b> | <b>13%</b>  |
| <b>Kureha Group Operating Income Total</b> |                         | <b>3.0</b>  | <b>1.4</b>  | <b>120%</b> |

- Carbon products: Profits improve on higher price and operational restructuring
- In Advanced plastics;
  - Continued strong demand for PVDF in automotive (Li-battery binder)
  - PGA operating loss remaining level YOY on higher volumes offset by high-price inventory payouts
  - Improved performance of PPS in automotive

\*Production capacity boosted by 700t to 10700t in Iwaki, Japan (Summer '16)

( In billion yen)

## Specialty Chemicals

|  |                      | FY2016e     | FY2015      | % Change    |
|--|----------------------|-------------|-------------|-------------|
| Kureha Sales                               | Industrial chemicals | 8.5         | 9.4         | -10%        |
|  | Agrochemicals        | 8.0         | 9.5         | -15%        |
|  | Pharmaceuticals      | 5.5         | 7.4         | -26%        |
| Subsidiaries Sales                         |                      | 7.5         | 7.2         | 3%          |
| Consolidated adjustment                    |                      | -3.0        | -2.9        | --          |
| <b>Kureha Group Sales Total</b>            |                      | <b>26.5</b> | <b>30.6</b> | <b>-13%</b> |
| <b>Kureha Group Operating Income Total</b> |                      | <b>2.5</b>  | <b>4.7</b>  | <b>-47%</b> |

- Industrial chemicals earnings likely decrease on lower prices reflecting raw material prices
- Weak demand and continued inventory adjustments for agricultural/horticultural fungicides
- Pharmaceuticals slow down by the effects of national drug price revisions and market expansion of government-promoted generic drugs

( In billion yen)

## Specialty Plastics

|  |                                | FY2016e     | FY2015 | % Change |
|--|--------------------------------|-------------|--------|----------|
| Kureha Sales                               | Packaging materials            | 7.8         | 7.9    | -1%      |
|  | Consumer products              | 19.2        | 18.5   | 4%       |
| Subsidiaries Sales                         | Packaging materials (overseas) | 13.6        | 12.5   | 9%       |
|  | Other                          | 11.0        | 10.4   | 5%       |
| Consolidated adjustment                    |                                | -7.6        | -7.2   | ---      |
| <b>Kureha Group Sales Total</b>            |                                | <b>44.0</b> | 42.1   | 4%       |
| <b>Kureha Group Operating Income Total</b> |                                | <b>3.6</b>  | 3.3    | 10%      |

- Packaging materials expected to improve on global sales expansion for films and continued cost reduction
- Home products continue to grow but profit remains level YOY due to increased marketing costs

## Construction

( In billion yen)

|  |              | FY2016e     | FY2015      | % Change    |
|--|--------------|-------------|-------------|-------------|
| Subsidiaries Sales                         | Construction | 21.0        | 21.2        | -1%         |
| Consolidated adjustment                    |              | -0.7        | -0.5        | ---         |
| <b>Kureha Group Sales Total</b>            |              | <b>14.0</b> | <b>16.2</b> | <b>-14%</b> |
| <b>Kureha Group Operating Income Total</b> |              | <b>0.5</b>  | <b>1.5</b>  | <b>-66%</b> |

- Earnings likely decrease on fewer post-quake projects and higher labor and feedstock costs

## Other Operations

|  |                           | FY2016e     | FY2015      | % Change    |
|--|---------------------------|-------------|-------------|-------------|
| Subsidiaries Sales                         | Environmental engineering | 11.2        | 9.9         | 12%         |
|  | Logistics, transportation | 8.8         | 9.0         | -3%         |
|  | Hospital operations       | 3.7         | 3.6         | 5%          |
|  | Other                     | 1.8         | 2.3         | -22%        |
| Consolidated adjustment                    |                           | -8.0        | -8.6        | ---         |
| <b>Kureha Group Sales Total</b>            |                           | <b>17.5</b> | <b>16.3</b> | <b>8%</b>   |
| <b>Kureha Group Operating Income Total</b> |                           | <b>1.4</b>  | <b>1.7</b>  | <b>-18%</b> |

- Increased R&D costs and intensified industry competition for waste treatment more than offsetting volume growth for high-margin PCB treatment services

|   |   | ( In billion yen) |             |
|---|---|-------------------|-------------|
|   |   | FY2016e           | FY2015      |
| Cash flow from operating activities   | Pre-depreciation profit                     | 21.3              | 20.5        |
|   | Increase/decrease in assets and liabilities | -6.5              | -2.2        |
|   | Payments of corporation tax                 | -2.5              | -4.3        |
|   | Other-net                                   | 7.5               | 0.0         |
| <b>Total</b>  |   | <b>19.8</b>       | <b>14.0</b> |
| Cash flow from investing activities   |   | -16.9             | -6.0        |
| Cash flow from financing activities   |   | -0.3              | -9.3        |
| Effect of exchange rate changes on cash and cash equivalents  |   | --                | 0.2         |
| Increase/decrease in cash and cash equivalents  |   | 0.1               | -1.2        |
| Cash and cash equivalents at beginning of year  |   | 6.6               | 7.8         |
| Increase/decrease in cash and cash equivalents resulting from fiscal year change of subsidiaries              |   | --                | --          |
| Increase in cash and cash equivalents from newly consolidated subsidiaries                                    |   | 0.1               | --          |
| Increase in cash and cash equivalents from consolidated subsidiaries' merger with unconsolidated subsidiaries |   | --                | --          |
| Cash and cash equivalents at end of year  |   | 6.8               | 6.6         |

# Mid-Term Management Plan FY2018 Quantitative Targets

22

KUREHA CORPORATION

( In billion yen)

## FY2018 JPN GAAP

|                     | Net sales | Operating income | Net income attributable to Kureha |
|---------------------|-----------|------------------|-----------------------------------|
| Advanced Materials  | 55.0      | 7.0              |                                   |
| Specialty Chemicals | 30.0      | 2.0              |                                   |
| Specialty Plastics  | 50.0      | 5.0              |                                   |
| Construction        | 13.0      | 0.3              |                                   |
| Other Operations    | 22.0      | 1.7              |                                   |
| Total               | 170.0     | 16.0             | 9.0                               |

## FY2018 IFRS

|                     | Net sales <sup>*1</sup> | Operating income before adjustments | Other income<br>Other expenses | Operating income <sup>*2</sup> | Net income attributable to Kureha <sup>*3</sup> |
|---------------------|-------------------------|-------------------------------------|--------------------------------|--------------------------------|---|
| Advanced Materials  | 50.0                    | 7.0                                 |                                |                                |   |
| Specialty Chemicals | 28.0                    | 2.0                                 |                                |                                |   |
| Specialty Plastics  | 47.0                    | 4.5                                 |                                |                                |   |
| Construction        | 13.0                    | 0.3                                 |                                |                                |   |
| Other Operations    | 22.0                    | 1.7                                 |                                |                                |   |
| (Subtotal)          |                         | (15.5)                              |                                |                                |   |
|                     | -----                   | -----                               | -1.5                           |                                |   |
| Total               | 160.0                   | -----                               | -----                          | 14.0                           | 9.0   |

\*1 Decrease in net sales from ¥170b to ¥160b reflects reclassification adjustments related to agency transactions and sales rebates.

\*2 Decrease in operating income from ¥16b to ¥14b reflects reclassification adjustments related to sales rebates, and other income and expenses.

\*3 There is no change in the amount of net income attributable to Kureha Corporation

## 3. Consolidated Companies



|                          |  | FY2015      |              | FY2014      |              | Change      |              |
|--------------------------|--|-------------|--------------|-------------|--------------|-------------|--------------|
|                          |  | Net sales   | Total assets | Net sales   | Total assets | Net sales   | Total assets |
| ( In billion yen)        |  |             |              |             |              |             |              |
| Kureha Corporation       |  | 80.1        | 188.3        | 86.4        | 193.0        | -6.2        | -4.7         |
| Kureha Trading Group (2) |  | 25.1        | 12.2         | 28.6        | 13.2         | -3.5        | -1.1         |
| Advanced<br>Materials    | Kureha Corporation                     | 27.0        | --           | 26.8        | --           | 0.2         | --           |
|                          | Kureha Trading Group (2)               | 8.0         | --           | 9.8         | --           | -1.8        | --           |
|                          | Kureha Battery Materials Japan Co. (2) | 6.8         | 1.9          | 6.1         | 4.2          | 0.8         | -2.3         |
|                          | Kureha Extech Co.                      | 2.5         | 1.8          | 2.2         | 2.7          | 0.3         | -0.8         |
|                          | Kureha Extron Co.                      | 2.1         | 2.2          | 2.2         | 2.1          | -0.0        | 0.2          |
|                          | Kureha GmbH                            | 1.3         | 1.1          | 1.4         | 1.1          | -0.1        | -0.0         |
|                          | Kureha America Group (4)*              | 6.6         | 27.9         | 7.6         | 29.8         | -1.1        | -1.9         |
|                          | Kureha Chemicals Shanghai Co.          | 1.5         | 2.5          | 1.9         | 3.8          | -0.4        | -1.3         |
|                          | Kureha China Group (3)*                | 4.3         | 12.4         | 0.9         | 15.1         | 3.4         | -1.1         |
|                          | Consolidation adjustments              | -23.6       | --           | -22.7       | --           | -0.9        | --           |
| <b>Total</b>             |  | <b>36.5</b> | <b>--</b>    | <b>36.2</b> | <b>--</b>    | <b>0.4</b>  | <b>--</b>    |
| Specialty<br>Chemicals   | Kureha Corporation                     | 26.3        | --           | 30.3        | --           | -4.0        | --           |
|                          | Kureha Trading Co.                     | 7.8         | --           | 8.8         | --           | -1.0        | --           |
|                          | Consolidation adjustments              | -2.9        | --           | -3.5        | --           | 0.6         | --           |
|                          | <b>Total</b>                           |             | <b>31.2</b>  | <b>--</b>   | <b>35.5</b>  | <b>--</b>   | <b>-4.4</b>  |
| Specialty<br>Plastics    | Kureha Corporation                     | 26.9        | --           | 29.3        | --           | -2.5        | --           |
|                          | Kureha Trading Co.                     | 7.2         | --           | 7.7         | --           | -0.6        | --           |
|                          | Kureha Gohsen Co.                      | 3.6         | 3.5          | 3.7         | 3.4          | -0.1        | 0.1          |
|                          | Kureha America Group (4)*              | 2.0         | 1.0          | 1.6         | 0.9          | 0.4         | --           |
|                          | Kureha Europe Group (5)*               | 9.0         | 6.5          | 8.6         | 6.6          | 0.4         | -0.1         |
|                          | Kureha Vietnam Co.                     | 3.0         | 4.1          | 3.7         | 5.0          | -0.8        | -0.9         |
|                          | Consolidated adjustments               | -7.3        | --           | -8.2        | --           | 0.9         | --           |
| <b>Total</b>             |  | <b>44.2</b> | <b>--</b>    | <b>46.5</b> | <b>--</b>    | <b>-2.3</b> | <b>--</b>    |

|   |                               | FY2015       |              | FY2014       |              | Change      |              |
|---|-------------------------------|--------------|--------------|--------------|--------------|-------------|--------------|
|   |                               | Net sales    | Total assets | Net sales    | Total assets | Net sales   | Total assets |
| Construction                                | Kureha Nishiki Group (4)*     | 21.2         | 12.1         | 21.8         | 11.4         | -0.6        | 0.7          |
|   | Kureha Engineering Co.        | 3.5          | 3.0          | 3.9          | 2.5          | -0.4        | 0.5          |
|   | Consolidation adjustments     | -8.4         | --           | -8.9         | --           | 0.5         | --           |
|   | <b>Total</b>                  | <b>16.2</b>  | <b>--</b>    | <b>16.7</b>  | <b>--</b>    | <b>-0.5</b> | <b>--</b>    |
| Other Operations                            | Kureha Ecology Management Co. | 8.5          | 8.3          | 8.9          | 7.7          | -0.4        | 0.5          |
|   | Kureha Special Laboratory Co. | 1.4          | 0.6          | 1.5          | 0.6          | -0.1        | 0.0          |
|   | Kureha Unyu Group (7)*        | 9.3          | 6.1          | 9.8          | 6.1          | -0.5        | 0.0          |
|   | Kureha Trading Co.            | 2.1          | --           | 2.3          | --           | -0.2        | --           |
|   | Kureha Service Co.            | 0.5          | 1.1          | 0.5          | 1.0          | -0.0        | 0.1          |
|   | Kureha Staff Service Co.      | 1.1          | 0.6          | 1.5          | 0.6          | -0.4        | -0.0         |
|   | Consolidation adjustments     | -8.5         | --           | -9.2         | --           | 0.7         | --           |
| <b>Total</b>                                | <b>14.4</b>                   | <b>--</b>    | <b>15.2</b>  | <b>--</b>    | <b>-0.8</b>  | <b>--</b>   |              |
| [Total Number of Consolidated Subsidiaries] |                               | [38]         |              | [37]         |              | [1]         | --           |
| <b>Consolidation Total</b>                  |                               | <b>142.6</b> | <b>236.6</b> | <b>150.2</b> | <b>249.7</b> | <b>-7.6</b> | <b>-13.1</b> |
| Equity-method affiliates                    | Nangtong SKT New Material Co. | 3.1          | --           | 3.8          | --           | -0.7        | --           |

\*Parenthesized numbers indicate the number of subsidiaries in the group

As of March 31, 2016, Kureha Corporation had 38 consolidated subsidiaries, including Krehalon Australia Pty. Ltd. which was established as a part of Kureha Europe Group in November 2015, as well as one affiliated company accounted for by the equity method.

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