

FY2017 Financial Results

(Period April 1, 2017 – March 31, 2018)

KUREHA CORPORATION

May 11, 2018

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KUREHA CORPORATION

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1. FY2017 Results

(April 1, 2017 – March 31, 2018)

FY2017 Highlights

KUREHA CORPORATION

(in billions of yen, except where stated otherwise)

	FY2016	FY2017	Change (%)
Revenue	132.3	147.3	15.0 (11.4%)
Operating profit	9.3	13.0	3.7 (40.2%)
Profit before income tax	9.0	12.7	3.7 (41.2%)
Profit attributable to owners of Kureha Corp.	7.0	9.7	2.7 (38.5%)
ROE	5.8%	7.1%	
ROA	3.8%	5.3%	
ROS	7.0%	8.8%	
Dividend per share	¥110.0	¥125.0	

FY2017 vs. FY2016

- Revenue grew across all segments, with largest growth led by Advanced Materials
- Operating profit increased in all segments, especially in Specialty Plastics and Advanced Materials
- Profit before income tax increased on higher operating profit
- Profit for the period increased on higher profit before income tax

Note

ROE=Profit attributable to owners of Kureha/Shareholder's equity

ROA=Profit before tax/Total assets

ROS=Operating profit/Revenue

Dividend per share: Kureha conducted a ten-to-one share consolidation on October 1, 2016.

Per share values above are represented on the post-consolidation basis for comparison purpose.

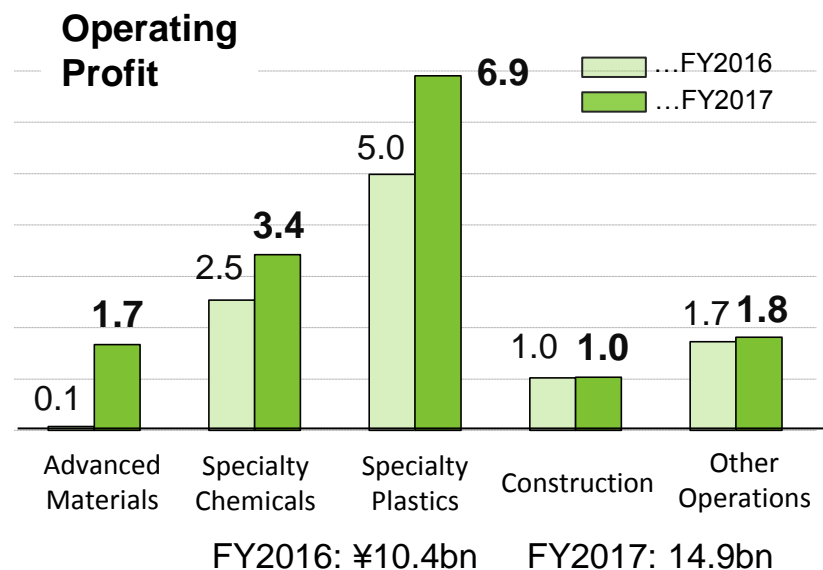
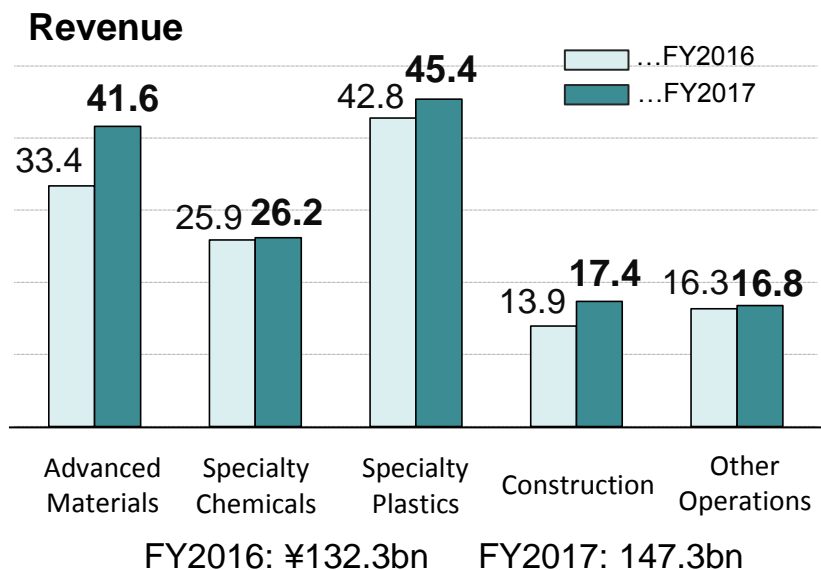
KUREHA


FY2017 Highlights

KUREHA CORPORATION

Segment Variance: FY2017 vs. FY2016

(billions of yen)



Factors affecting FY2017 segment operating profit (vs. FY2016)

- Advanced Materials:** Higher advanced plastics volumes, improved profitability for carbon products
- Specialty Chemicals:** Higher agrochemicals volumes and improved margin for industrial chemicals more than offsetting a volume decline for pharmaceuticals
- Specialty Plastics:** Higher volumes of home products, synthetic fiber and heat-shrink multilayer film
- Construction:** Higher profit gains in construction, despite a decline in engineering
- Other Operations:** Improved cost management for logistics, higher volumes in environment businesses

KUREHA

FY2017	Advanced Materials	Specialty Chemicals	Specialty Plastics	Con-struction	Other Operations	Segment Total	Adjustment	Total
Revenue	41.6	26.2	45.4	17.4	16.8	147.3	-----	147.3
Elimination							0.2	-----
Other income	*Subsidy income: ¥0.3bn						0.5	-----
Other expenses	*Loss on retirement of non-current assets: ¥1.3bn, Loss on non-current asset impairment: ¥0.7bn, Environment-related expenses: ¥0.4bn						2.6	-----
Operating profit	1.7	3.4	6.9	1.0	1.8	14.9	-1.9	13.0
Finance income							0.6	-----
Finance costs							0.9	-----
Profit before income tax								12.7
Profit for the period								9.7

FY2017 Highlights

KUREHA CORPORATION

Other Income and Expenses

FY2016

Other income ¥1.4 billion

Subsidy income: ¥1.0bn

=¥7.8bn (Fukushima Recovery Subsidy) - ¥6.9bn
(Loss on reduction of noncurrent assets)

Other: ¥0.4bn

Other expenses ¥2.6 billion

Loss on retirement of noncurrent assets: ¥0.5bn

Restructuring cost: ¥1.2bn

*Related to Advanced Materials processed
products and carbon fibers

Loss on business withdrawal: ¥0.7bn

*Termination of KRESTIN manufacturing & sales

Other: ¥0.2bn

FY2017

Other income ¥0.5 billion

Subsidy income: ¥0.3bn

*Including subsidies for post-quake restoration
initiatives

Other: ¥0.2bn

Other expenses ¥2.6 billion

Loss on retirement of noncurrent assets: ¥1.3bn

Impairment loss: ¥0.7bn

*Related to former PVDC plant and China carbon
fiber facilities

Provision for environmental measures: ¥0.4bn

Other: ¥0.2bn

Segment Performance: Advanced Materials

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KUREHA CORPORATION

(billions of yen)

	FY2016	FY2017	Change %
Advanced Materials			
Advanced plastics	19.7	24.4	24%
Carbon products	4.1	4.9	19%
Revenue: Kureha Co.	23.9	29.4	23%
Revenue: Subsidiaries	24.3	29.6	22%
Elimination	-14.8	-17.3	--
Kureha-G Revenue	33.4	41.6	25%
Kureha-G Operating Profit	0.1	1.7	1994%

FY2017 vs. FY2016

Revenue 

Operating Profit 

Advanced plastics:

Operating profit increased on revenue growth driven by PVDF (LiB binder applications), PPS (automotive) and PGA (oil/gas exploration applications)

Carbon products

Returned to generating profit with improved revenue for carbon fibers and materials

Segment Performance: Specialty Chemicals

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KUREHA CORPORATION

(billions of yen)

	FY2016	FY2017	Change %
Specialty Chemicals			
Agrochemicals	7.2	9.2	27%
Pharmaceuticals	5.6	3.8	-31%
Industrial chemicals	8.8	9.4	8%
Revenue: Kureha Co.	21.5	22.4	4%
Revenue: Subsidiaries	6.9	6.5	-6%
Elimination	-2.5	-2.7	--
Kureha-G Revenue	25.9	26.2	1%
Kureha-G Operating Profit	2.5	3.4	35%

FY2017 vs. FY2016

Revenue 

Operating Profit 

Agrochemicals

Operating profit increased on higher fungicides sales volume

Pharmaceuticals

Revenue and operating profit declined due to lower Kremezin (therapeutic agent for chronic kidney disease) volume

Industrial chemicals

Higher revenue and operating profit driven by volume growth for both organic and non-organic chemicals

KUREHA

Segment Performance: Specialty Plastics

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KUREHA CORPORATION

(billions of yen)

	FY2016	FY2017	Change %
Specialty Plastics			
Home products	19.5	20.7	6%
Packaging materials	7.0	6.3	-9%
Revenue: Kureha Co.	26.5	27.0	2%
Packaging materials	11.1	13.1	19%
Fiber products	3.7	4.2	13%
Others	6.9	7.4	8%
Revenue: Subsidiaries	21.6	24.8	14%
Elimination	-5.4	-6.4	--
Kureha-G Revenue	42.8	45.4	6%
Kureha-G Operating Profit	5.0	6.9	39%

FY2017 vs. FY2016

Revenue  Operating Profit 

Home products

Operating profit grew on increased revenue from NEW Krewrap (plastic wrap) and Seaguar (fishing lines)

Packaging materials

Higher revenue and operating profit supported by global sales growth of heat-shrink multilayer film

Segment Performance: Construction & Other Operations

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KUREHA CORPORATION

(billions of yen)

	FY2016	FY2017	Change %
Construction			
Construction	21.2	23.9	13%
Elimination	-7.2	-6.6	--
Kureha-G Revenue	13.9	17.4	25%
Kureha-G Operating Profit	1.0	1.0	1%

Other Operations

Environmental engineering	10.2	11.0	8%
Logistics	8.5	8.3	-2%
Hospital operations	3.6	3.6	-0%
Others	1.8	1.8	1%
Revenue: Subsidiaries	24.1	24.7	2%
Elimination	-7.8	-7.9	--
Kureha-G Revenue	16.3	16.8	3%
Kureha-G Operating Profit	1.7	1.8	5%

FY2017 vs. FY2016

Revenue  **Operating Profit** 

Construction

Construction volume increased in both public and private sectors more than offsetting a decline in engineering business

Revenue  **Operating Profit** 

Environmental Engineering

Operating profit increased on higher volume in industrial waste treatment

Logistics

Operating profit improved on reduced cost, despite lower revenue

Hospital Operations

Operating profit declined on flat revenue

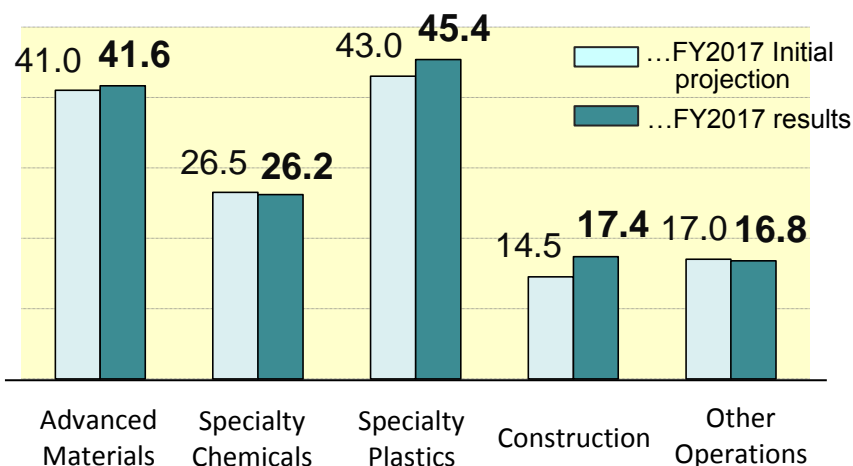
FY2017 vs. Initial Projection

KUREHA CORPORATION

Segment Variance: FY2017 Results vs. Initial projection

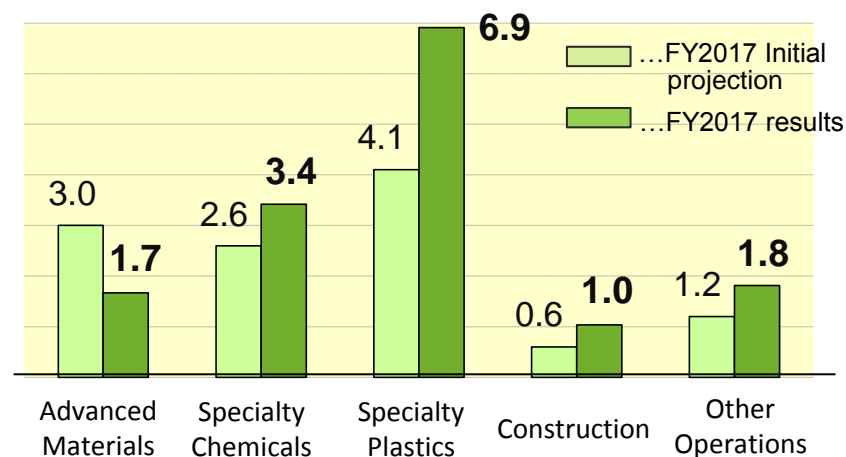
(billions of yen)

Revenue



Initial projection: ¥142.0bn Results: ¥147.3bn

Operating profit



Initial projection: ¥11.5bn Results: ¥14.9bn

*Exchange rates (initial projection): ¥110.9 (¥110)/1USD, ¥129.7(¥115)/1EUR, ¥16.7(¥15.5)/1CHY

Factors affecting FY2017 segment operating profit (vs. Initial projection)

- Advanced Materials: A delay in PGA sales expansion, despite better-than-expected gains in carbon fiber
- Specialty Chemicals: Improved margins for industrial chemicals, favorable currency effect of for agrochemicals
- Specialty Plastics: Higher home products volumes, lower expenses
- Construction: Higher sales volume
- Other Operations: Higher volume in environmental businesses

Key Indicators

KUREHA CORPORATION

(billions of yen)

	FY2016			FY2017			Change YOY
	1H	2H	Full year	1H	2H	Full year	
Capital expenditure	4.8	5.5	10.3	4.0	5.8	9.8	-5%
Depreciation	5.1	5.1	10.2	4.9	5.0	9.9	-3%
R&D expenses	2.2	2.5	4.7	2.3	2.7	5.0	6%
Interest-bearing debt	77.8	71.0	71.0	56.0	48.1	48.1	-32%

(Currency exchange rates)

1USD:	Term average	¥105.2	¥111.5	¥108.3	¥111.0	¥110.7	¥110.9
	Term end	¥101.1	¥112.2	¥112.2	¥112.7	¥106.2	¥106.2
1EUR:	Term average	¥118.0	¥119.5	¥118.7	¥126.3	¥133.1	¥129.7
	Term end	¥113.4	¥119.8	¥119.8	¥132.9	¥130.5	¥130.5
1CHY:	Term average	¥15.9	¥16.3	¥16.1	¥16.4	¥17.1	¥16.7
	Term end	¥15.1	¥16.3	¥16.3	¥17.0	¥16.9	¥16.9

Financial Position

KUREHA CORPORATION

Assets

	Mar. 31 2017	Mar. 31 2018	Change
Cash and cash equivalents	6.2	6.5	0.3
Trade and other receivables	29.4	32.7	3.3
Inventories	36.5	36.0	-0.5
Other current assets	3.2	1.8	-1.4
Total current assets	75.3	77.0	1.7
Property, plant and equipment	115.9	114.2	-1.7
Intangible assets	1.4	1.3	-0.1
Investments and other assets	42.3	49.7	7.4
Total non-current assets	159.6	165.3	5.7
Total assets	234.9	242.3	7.4

Liabilities and Equity

(billions of yen)

	Mar. 31 2017	Mar. 31 2018	Change
Trade and other payables	20.4	21.5	1.2
Interest-bearing debt	71.0	48.1	-22.9 *
Provisions	6.1	6.6	0.5
Other liabilities	11.4	14.0	2.6
Total liabilities	108.9	90.2	-18.7
Shareholders' equity	12.5	18.2	5.7 *
Capital surplus	9.4	15.3	5.8 *
Less: Treasury stock	-4.5	-0.7	3.8 *
Retained earnings	101.7	108.7	7.0
Other components of equity	5.1	8.7	3.6
Non-controlling interests	1.7	1.8	0.2
Total equity	126.0	152.0	26.1
Total liabilities and equity	234.9	242.3	7.4

*¥15 billion convertible bonds with stock acquisition rights (due March 2018) have been all converted into shares by February 2018. As a result, with share conversion partly settled by the company's treasury shares, the number of shares issued are 20,805,407.

Cash Flow

KUREHA CORPORATION

(billions of yen)

	FY2016	FY2017	Change
Profit before income tax	9.0	12.7	3.7
Depreciation	10.2	9.9	-0.3
Other	-6.8	-2.4	4.4
Cash flow from operating activities	12.4	20.2	7.8
Cash flow from investing activities	-1.1	-9.7	-8.6
Cash flow from financing activities	-11.7	-10.4	1.3
Effect of exchange rate changes on cash and cash equivalents	-0.0	0.2	0.2
Increase/decrease in cash and cash equivalents	-0.5	0.3	0.7
Cash and cash equivalents at beginning of period	6.7	6.2	-0.5
Cash and cash equivalents at end of period	6.2	6.5	0.3

2. FY2018 Outlook

(April 1, 2018 – March 31, 2019)

FY2018 Forecast

KUREHA CORPORATION

(billions of yen, except where stated otherwise)

	FY2017	FY2018e 1H 2H	Change YOY (%)
Revenue	147.3	150.0 72.0 78.0	2.7 (1.8%)
Operating profit	13.0	14.0 5.0 9.0	1.0 (7.9%)
Profit before income tax	12.7	14.0 5.0 9.0	1.3 (10.4%)
Profit attributable to owners of Kureha Corp.	9.7	10.5 3.5 7.0	0.8 (8.3%)
Profit per share	¥507.5	¥508.4	
Dividend per share	¥125	¥140	
Dividend payout ratio	24.6%	27.5%	
Number of employees	4,374	4,387	

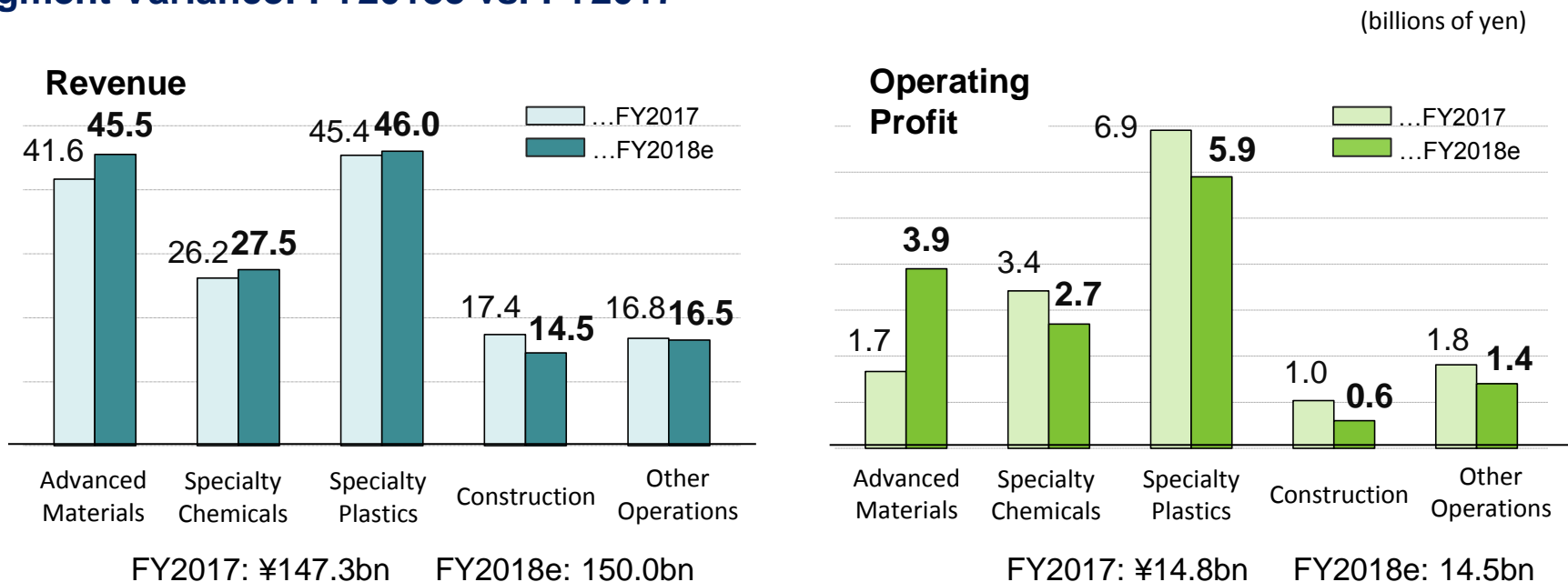
FY2018e vs. FY2017

- Revenue growth driven by Advanced Materials
- Operating profit to increase on strong gains in Advanced Materials, lower operating loss for PGA and fewer 'other expenses' more than offsetting declines in other segments and higher cost
- Profit before income tax to improve on higher operating profit
- Profit for the period to improve on higher profit before income tax

FY2018 Forecast

KUREHA CORPORATION

Segment Variance: FY2018e vs. FY2017



Factors affecting FY2018e segment operating profit (vs. FY2017)

- Advanced Materials: Improved margin for PGA business through sales expansion
- Specialty Chemicals: Lower agrochemicals volumes and negative effects of national drug price revision for pharmaceuticals offsetting volume growth for newly launched Kremezin tablets
- Specialty Plastics: Higher promotion cost for home products
- Construction: Higher labor and raw materials costs
- Other Operations: Intensified market competition for environmental businesses

Y2017	Advanced Materials	Specialty Chemicals	Specialty Plastics	Con- struction	Other Operations	Segment Total	Adjustment	Total
Revenue	41.6	26.2	45.4	17.4	16.8	147.3	-----	147.3
Elimination							0.2	-----
Other income	*Subsidy income: ¥0.3bn						0.5	-----
Other expenses	*Loss on retirement of non-current assets: ¥1.3bn, Loss on non-current asset impairment: ¥0.7bn, Environment-related expenses: ¥0.4bn						2.6	-----
Operating profit	1.7	3.4	6.9	1.0	1.8	14.9	-1.9	13.0
Finance income							0.6	-----
Finance costs							0.9	-----
Profit before income tax								12.7
Profit for the period								9.7

FY2018e	Advanced Materials	Specialty Chemicals	Specialty Plastics	Construction	Other Operations	Segment Total	Adjustment	Total
Revenue	45.5	27.5	46.0	14.5	16.5	150.0	-----	150.0
Elimination							0.0	-----
Other income							0.1	-----
Other expenses	*Loss on retirement of non-current assets: ¥0.5bn						0.6	-----
Operating profit	3.9	2.7	5.9	0.6	1.4	14.5	-0.5	14.0
Finance income							0.6	-----
Finance costs							0.6	-----
Profit before income tax								14.0
Profit for the period								10.5

Segment Outlook: Advanced Materials

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KUREHA CORPORATION

(billions of yen)

	FY2017	FY2018e	Change %
Advanced Materials			
Advanced plastics	24.4	28.0	15%
Carbon products	4.9	4.5	-9%
Revenue: Kureha Co.	29.4	32.5	11%
Revenue: Subsidiaries	29.6	36.0	22%
Elimination	-17.3	-23.0	--
Kureha-G Revenue	41.6	45.5	9%
(1H)	(19.8)	(22.0)	(11%)
Kureha-G Operating Profit	1.7	3.9	134%
(1H)	(1.4)	(0.2)	(-86%)

FY2018 vs. FY2017

Revenue  Operating Profit 

Advanced plastics

Higher revenue & operating profit driven by strong growth of PGA for oil/gas exploration applications, increased volumes of PVDF (for LiB binder), PPS (for automotive parts)

Carbon products

Lower revenue & operating profit, despite continued price adjustment and cost cutting

Segment Outlook: Specialty Chemicals

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KUREHA CORPORATION

(billions of yen)

	FY2017	FY2018e	Change %
Specialty Chemicals			
Agrochemicals	9.2	8.0	-13%
Pharmaceuticals	3.8	5.0	30%
Industrial chemicals	9.4	9.5	1%
Revenue: Kureha Co.	22.4	22.5	0%
Revenue: Subsidiaries	6.5	7.5	16%
Elimination	-2.7	-2.5	--
Kureha-G Revenue (1H)	26.2 (12.6)	27.5 (13.0)	5% (3%)
Kureha-G Operating Profit (1H)	3.4 (1.9)	2.7 (1.4)	-21% (-27%)

FY2018 vs. FY2017

Revenue  Operating Profit 

Agrochemicals

Lower revenue & operating profit due to a decline in fungicide volume (front-loaded shipment in prior year)

Pharmaceuticals

Revenue expected to increase on volume growth for new Kremezin tablets, operating profit to level off as impacted by national drug price revisions

Industrial chemicals

Revenue & operating profit to maintain at previous year level, continued focus on margin improvement

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Segment Outlook: Specialty Plastics

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KUREHA CORPORATION

(billions of yen)

	FY2017	FY2018e	Change %
Specialty Plastics			
Home products	20.7	21.0	1%
Packaging materials	6.3	6.0	-5%
Revenue: Kureha Co.	27.0	27.0	0%
Packaging materials	13.1	14.5	11%
Fiber products	4.2	4.3	2%
Others	7.4	7.2	-3%
Revenue: Subsidiaries	24.8	26.0	5%
Elimination	-6.4	-7.0	--
Kureha-G Revenue	45.4	46.0	1%
(1H)	(22.2)	(22.5)	(1%)
Kureha-G Operating Profit	6.9	5.9	-15%
(1H)	(3.3)	(2.8)	(-16%)

FY2018e vs. FY2017

Revenue  Operating Profit 

Home products

Revenue expected to increase on volume growth of NEW Krewrap and Kitchinto-san series products, operating profit to decrease due to increased cost for sales promotion, etc.

Packaging materials

Higher revenue & operating profit driven by expanding global sales of advanced heat-shrink multilayer film products

Segment Outlook: Construction & Other Operations

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KUREHA CORPORATION

(billions of yen)

	FY2017	FY2017e	Change %
Construction			
Construction	23.9	20.5	-14%
Elimination	-6.6	-6.0	--
Kureha-G Revenue	17.4	14.5	-16%
(1H)	(7.2)	(7.0)	(-3%)
Kureha-G Operating Profit	1.0	0.6	-42%
(1H)	(0.2)	(0.2)	(-8%)
Other Operations			
Environmental engineering	11.0	10.7	-3%
Logistics	8.3	8.6	4%
Hospital operations	3.6	3.7	3%
Others	1.8	1.8	1%
Revenue: Subsidiaries	24.7	24.8	0%
Elimination	-7.9	-8.3	--
Kureha-G Revenue	16.8	16.5	-2%
(1H)	(7.6)	(7.5)	(-1%)
Kureha-G Operating Profit	1.8	1.4	-23%
(1H)	(0.6)	(0.4)	(-33%)

FY2018e vs. FY2017

Revenue ↓ Operating Profit ↓

Construction

Revenue & operating profit to decrease due to a decline in post-quake demand, higher labor and raw materials costs

Revenue ↓ Operating Profit ↓

Other Operations

Revenue & operating profit to decrease due to intensified competition in environment business

Key Indicators

KUREHA CORPORATION

(billions of yen)

	FY2017	FY2018e	Change YOY(%)
Capital expenditure	9.8	15.0	5.2 (54%)
Depreciation	9.9	10.3	0.4 (4%)
R&D expenses	5.0	5.8	0.8 (16%)
Interest-bearing debt	48.1	49.0	0.9 (2%)

(Currency exchange rates)

1USD:	Term average	¥110.9	¥105.0
	Term end	¥106.2	¥105.0
1EUR:	Term average	¥129.7	¥130.0
	Term end	¥130.5	¥130.0
1CHY:	Term average	¥16.7	¥16.5
	Term end	¥16.9	¥16.5

Cash Flow

KUREHA CORPORATION

(billions of yen)

	FY2017	FY2018e	Change YOY
Profit before income tax	12.7	14.0	1.3
Depreciation	9.9	10.3	0.4
Other	-2.4	-4.2	-1.8
Cash flow from operating activities	20.2	20.1	0.0
Cash flow from investing activities	-9.7	-18.0	-8.3
Cash flow from financing activities	-10.4	-2.1	8.3
Effect of exchange rate changes on cash and cash equivalents	0.2	0.0	-0.2
Increase/decrease in cash and cash equivalents	0.3	0.0	-0.2
Cash and cash equivalents at beginning of year	6.2	6.5	0.3
Cash and cash equivalents at end of year	6.5	6.5	0.0

3. Updates on ‘Kureha’s Challenge 2018’ Mid-Term Management Plan

Kureha's Challenge 2018: Strategic Positioning

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KUREHA CORPORATION

‘Kureha’s Challenge 2018’

The FY2016-2018 mid-term management plan

Business goals

- Enhance competitiveness and earnings capacity of existing businesses
- Expand the PGA business
- Explore new business themes

Promote CSR-based management

Strengthen the management foundation

Strategic direction

As a **company built on technology**, Kureha will develop **differentiated products** in the field of specialty chemicals and become a **high value-added enterprise** that continually contributes to global society

*FY2016-2018 is a period to lay the foundation
for Kureha’s future expansion*

KUREHA

Quantitative targets

Mid-term plan vs. Outlook

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KUREHA CORPORATION

(billions of yen)

	FY2018e	Mid-term plan FY2018 targets	Difference
Revenue	150.0	160.0	-10.0
Operating profit	14.0	14.0	0.0
Profit attributable to owners of Kureha Corp.	10.5	9.0	1.5

Assumption for currency exchange rates

1USD:	¥105	¥120
1EUR:	¥130	¥130
1CHY:	¥16.5	¥18.0

FY2018e vs. Mid-term plan targets

- Revenue lower than targeted in Advanced Materials (a delay in PGA business expansion) and Other Operations (revising business strategies for environment and logistics)
- Operating profit growth in Specialty Plastics (higher NEW Krewrap volume) and Specialty Chemicals (higher agrochemical volume) to compensate shortfalls in Advanced Materials and Other Operations
- Profit attributable to owners of Kureha to increase due to changes in tax expense assumption (effective tax rate: 35%→25%)

Segment Performance

Mid-term plan vs. Outlook

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KUREHA CORPORATION

	FY2018e		Mid-term plan FY2018 targets		Difference	
	Revenue	Ope. Profit	Revenue	Ope. profit	Revenue	Ope. profit
Advanced Materials	45.5	3.9	50.0	7.0	-4.5	-3.1
Specialty Chemicals	27.5	2.7	28.0	2.0	-0.5	0.7
Specialty Plastics	46.0	5.9	47.0	4.5	-1.0	1.4
Construction	14.5	0.6	13.0	0.3	1.5	0.3
Other Operations	16.5	1.4	22.0	1.7	-5.5	-0.3
Other income & Expenses		-0.5		-1.5		1.0
Total	150.0	14.0	160.0	14.0	-10.0	0.0

Factors for differences

- Performing above target
- Performing as planned
- △ Performing below target

Advanced Materials

PGA △ △
 PPS △
 PVDF △
 Carbon products ○

Specialty Chemicals

Pharmaceuticals --
 Agrochemicals ○
 Industrial chemicals --

Specialty Plastics

Home products ○○
 Packaging materials △

Key Indicators: Mid-term plan vs. Outlook

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KUREHA CORPORATION

	Mid-term plan FY2016-2018	FY2016	FY2017	FY2018e	FY2016- 2018e Total	Difference
Capital expenditure	50.0	10.3	9.8	15.0	35.1	-14.9
Depreciation	35.0	10.2	9.9	10.3	30.4	-4.6
R&D expenses	20.0	4.7	5.0	5.8	15.5	-4.5

	Mid-term plan FY2016-2018		FY2018e	Difference
ROE	6.0%		6.8%	
DE ratio	0.5		0.3	
Interest-bearing debt	¥70bn		¥49bn	-¥21bn

Progress on Kureha's Challenge 2018 Initiatives

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KUREHA CORPORATION

Enhance competitiveness & Enhance earnings capacity

Progress in FY2016-2017

Challenges in FY2018

AM

P P S

Resolved to enhance annual production by 5000 tons (operational in 2021)

Study for additional production enhancement

P V D F

2000t enhancement project underway (operational in Fall 2018)

Study for production enhancement in China, Promote quality differentiation

Carbon products

Retuned to generating profit through streamlining and strategic reforms

Continue to generate profit, Promote quality differentiation

SC

Phama/Agro

Launched fast-dissolving Kremezine tablets, Achieved steady growth for agrochemicals

Expand sales of new Kremezine tablets, Develop new drugs and agrochemicals

SP

Home products

Advanced penetration strategy with higher prices and increased sale of 50m wrap

Expand global markets, Improve profitability for Kichinto-san products

Packaging

Reformed EU sales/production framework, Launched new business expansion strategy

Expand ML film sales by focusing on functional differentiation

Synthetic fiber

Expanded PVDF processed product business

Start full operation at new extrusion facility

CST

Construction

Expanded business for post-quake restoration demand

Promote cost reduction programs

Other

Environment

Expanded industrial waste treatment business

Improve competitiveness for industrial waste treatment

Expand the PGA business

Established Kureha Energy Solutions in US, Realigned sales/marketing framework, Launched low-temp dissolving frac plugs, Developed super low-temp frac plugs

Accelerate US business expansion with new super low-temp frac plugs, Business launch in China market

Progress on Kureha's Challenge 2018 Initiatives

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KUREHA CORPORATION

Progress in FY2016-2017

Challenges in FY2018

Explore new business themes

Explored potential themes responding to market needs in collaboration with external parties

Work on selected 11 themes with proper gate controls and accelerate their commercialization

Promote CSR management

Executed appropriate CSR management in line with Kureha corporate governance guidelines

Maintain the effectiveness of governance

Improved CSR promotion system

Enhance safety and quality assurance systems

Strengthen the management foundation

Established a process experiment lab and pilot plant to improve production technology

Promote new production process developments

Reduced ¥7.6bn in cost over 5 years (FY2013-2017) through group-wide reforms

Achieve effective and cumulative cost reductions of ¥8.8bn

Launched productivity improvement projects for manufacturing and administrative departments

Improve productivity and enhance departmental functions under individual projects

Followed up on the Shine-Up Project to promote human resource development and improve our working environment

Execute measures devised through the follow-up

3. Consolidated Companies

Revenues & Assets

KUREHA CORPORATION

(billions of yen)

		FY2016		FY2017		Change	
		Revenue	Total assets	Revenue	Total assets	Revenue	Total assets
Kureha Corporation		71.9	188.4	78.9	192.7	7.0	4.3
Kureha Trading Group (2)		20.3	13.6	22.5	14.1	2.2	0.5
Advanced Materials	Kureha Corporation	23.9	--	29.4	--	5.5	--
	Kureha Trading Group (2)	8.6	--	10.7	--	2.1	--
	Kureha Extron Co.	2.3	2.0	2.2	2.1	-0.1	0.1
	Kureha Extech Co.	1.7	1.6	1.9	1.4	0.1	-0.3
	Kureha Battery Materials Japan Co.	--	0.2	--	--	--	-0.2
	Kureha Europe Group (4)	1.4	1.1	2.2	0.8	0.7	-0.3
	Kureha America Group (4)	5.4	27.2	6.2	25.3	0.7	-1.9
	Kureha (Shanghai) Carbon Fiber Materials Co.	1.1	1.5	1.1	1.5	0.0	0.0
	Kureha China Group (2)	3.8	13.6	5.4	10.6	1.6	-3.1
	Consolidation adjustments	-14.8	--	-17.3	--	--	--
Total		33.4	--	41.6	--	8.3	--
Specialty Chemicals	Kureha Corporation	21.5	--	22.4	--	0.9	--
	Kureha Trading Co.	6.9	--	6.5	--	-0.4	--
	Consolidation adjustments	-2.5	--	-2.7	--	--	--
	Total	25.9	--	26.2	--	0.3	--
Specialty Plastics	Kureha Corporation	26.5	--	27.0	--	0.5	--
	Kureha Trading Co.	4.8	--	5.2	--	0.4	--
	Kureha Gohsen Co.	3.7	4.0	4.2	4.9	0.5	0.9
	Kureha China Group (2)	0.3	--	0.2	--	-0.1	--
	Kureha America Group (4)	1.7	1.0	2.0	0.9	0.3	-0.1
	Kureha Europe Group (4)	8.0	6.4	9.7	7.9	1.8	1.6
	Kureha Vietnam Co.	3.1	3.8	3.4	3.4	0.3	-0.4
	Consolidation adjustments	-5.4	--	-6.4	--	--	--
Total		42.8	--	45.4	--	2.6	--

Revenues & Assets

KUREHA CORPORATION

(billions of yen)

		FY2016		FY2017		Change	
		Revenue	Total assets	Revenue	Total assets	Revenue	Total assets
Construction	Kureha Nishiki Group (4)	18.2	10.8	21.9	11.3	3.8	0.4
	Kureha Engineering Co.	3.0	2.1	2.0	2.1	-1.0	0.0
	Consolidation adjustments	-7.2	--	-6.6	--	--	--
	Total	13.9	--	17.4	--	3.4	--
Other Operations	Kureha Ecology Management Co.	8.9	8.4	9.7	9.2	0.8	0.8
	Kureha Special Laboratory Co.	1.3	0.6	1.3	0.7	0.0	0.1
	Kureha Unyu Group (2)	8.5	6.3	8.3	6.1	-0.2	-0.2
	Kureha Trading Co.	0.1	--	0.1	--	--	--
	Kureha Service Co.	0.6	1.2	0.5	1.2	0.0	0.0
	Kureha-Kai Medical Corporation	3.6	3.6	3.6	3.4	0.0	-0.2
	Kureha Staff Service Co.	1.1	0.6	1.2	0.6	0.1	0.0
	Consolidation adjustments	-7.8	--	-7.9	--	--	--
Total		16.3	--	16.8	--	0.4	--
Kureha Group Total		132.3	234.9	147.3	242.3	15.0	7.4
<i>Number of consolidated subsidiaries</i>		<i>34</i>		<i>29</i>			
<i>Number of equity- method affiliates</i>		<i>2</i>		<i>3</i>			

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

Disclaimer

KUREHA CORPORATION

- These materials are supplied to provide a deeper understanding of our company, and are not intended to as a solicitation for investment or other actions.
- These materials have been prepared by our company based on the information available at this point in time. However, actual performance may produce results that differ from the plan due to unforeseeable events and factors.
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