

April 21, 2020
Kureha Corporation

Kureha Records Restructuring Expenses and Revises Fiscal 2019 Performance Forecast

Kureha Corporation today announced its decision to record business restructuring expenses in the fourth quarter of the fiscal year ended March 31, 2020 (FY2019) and accordingly revised its FY2019 earnings forecast, which was announced on November 11, 2019.

1. Restructuring expenses incurred in Q4 FY2019

Kureha manufactures and sells PGA (polyglycolic acid) frac plugs and stock shapes used in the process of shale oil and gas production. The business environment is rapidly changing due to falling crude oil prices, increasingly stringent demands from customers and fierce price competition, all posing a risk of delay in the Company's business expansion and profit generation. To counter this risk, Kureha has decided to enhance its oilfield solution business by additionally developing and offering non-PGA frac plugs, while maintaining PGA frac plugs as its core offering.

Approximately 10.6 billion yen was incurred as restructuring expenses to accommodate this strategic change in the PGA business after the reevaluation of the business asset.

2. Revisions to FY2019 earnings forecast

FY2019 Forecast (April 1, 2019 through March 31, 2020)

(Millions of yen)

	Revenue	Operating profit	Profit before taxes	Profit* for the period	Basic profit per share (Yen)
Previous Forecast (a)	144,000	28,500	28,500	22,000	1,110.68
New Forecast (b)	142,000	18,000	18,000	14,500	732.03
Change (b-a): amount	-2,000	-10,500	-10,500	-7,500	
Change (b-a): %	-1.4%	-36.8%	-36.8%	-34.1%	
[Reference] FY2018 results	148,265	17,172	17,435	13,933	679.55

*Profit attributable to the owners of the parent company

Reasons for revision

For the full year of FY2019, in addition to slightly lower-than-expected revenue forecast, Kureha has revised its forecast downward at all profit levels; Operating profit, Profit before taxes and Profit attributable to the owners of Kureha Corporation, due to the above mentioned restructuring expenses related to the PGA business.

Meanwhile, the impact of the COVID-19 epidemic on our FY2019 earnings forecast is marginal.

Note: The statement regarding the above-mentioned forecast is based on current information acquired by Kureha as of the date of this announcement. Actual results may differ from these forecasts due to various unforeseeable factors.

* * * * *

For further information, please contact:

Kureha Corporation, Public & Investor Relations Department, Tel: +81-3-3249-4651