



Kureha Corporation Reports Fiscal 2015 Results

Tokyo, Japan – May 2016 – Kureha Corporation (“Kureha”), a leading global supplier of specialty chemicals and plastics, has reported its results for the fiscal year ended March 31, 2016 (FY2015). On a consolidated basis, sales decreased by 5.1% year-on-year to 142.5 billion yen, while operating income fell by 13.4% to 12.6 billion yen. In addition, recurring income decreased by 22.5% to 12.0 billion yen, and net income recorded a year-on-year reduction, down 20.2%, to ¥7.3 billion.

Kureha President and Chief Executive Officer, Yutaka Kobayashi said, “Our results for this fiscal year were largely influenced by the lack of one-time income in the pharmaceuticals business. There were also costs related to improvements to our business structure, including increasing depreciation costs which resulted from the expansion of our PVDF and PVDC production facilities.”

Kobayashi emphasized, “However, leaving out the one-time income and looking at Kureha’s overall performance, it is clear that our company is steadily progressing along the growth track we have been on since fiscal 2009. In the Advanced Materials segment, we have continued to expand profits since bringing the segment back into the black in fiscal 2014. We have also improved our cost-competitiveness through continuous cost reductions, and are now capable of maintaining an operating income base of 10 billion yen.”

“Of particular note is the strong growth in the PGA and PVDF businesses, which contributed to a further increase in operating income in the Advanced Materials segment, from 0.4 billion yen to 1.1 billion yen year-on-year. Such progress demonstrates once again that Kureha is fundamentally right in focusing on downstream high-added-value businesses with high margins, and that we are making strides toward becoming a more efficient and resilient company. We will continue to innovate and add value to every level of our operations, while reducing costs across the group.”

Summary of Consolidated Full-year Results

(Billions of yen, except where stated)

	March 2015	March 2016	Change (%)
Sales	150.2	142.5	-5.1
Operating income	14.6	12.6	-13.4
Recurring income	15.4	12.0	-22.5
Net income	9.2	7.3	-20.2
Earnings per share (yen)	53.53	42.73	-20.2

Performance by Segment

Note: Starting from FY2016, ending March 2017, Kureha will be reporting financial performance based on International Financial Reporting Standards (IFRS) instead of the Japanese Generally Accepted Accounting Principles (J-GAAP). Outlook figures for FY2016 given in this section are therefore calculated based on IFRS.

Consolidated Performance by Segment

(Billions of yen)

Segment		March 2015 (J-GAAP)	March 2016 (J-GAAP)
Advanced Materials	Sales	36.2	36.5
	Operating income (loss)	0.4	1.1
Specialty Chemicals	Sales	35.5	31.2
	Operating income (loss)	7.9	4.8
Specialty Plastics	Sales	46.5	44.2
	Operating income (loss)	3.7	3.6
Construction	Sales	16.7	16.2
	Operating income (loss)	1.1	1.5
Other Operations	Sales	15.2	14.4
	Operating income (loss)	1.8	1.8
Cancellations		(3.6)	(1.6)
Total	Sales	150.2	142.5
	Operating income (loss)	14.6	12.6

Segment		March 2016 (IFRS)	March 2017 (IFRS)
Advanced Materials	Sales	35.5	40.0
	Operating income (loss)	1.4	3.0
Specialty Chemicals	Sales	30.6	26.5
	Operating income (loss)	4.7	2.5
Specialty Plastics	Sales	42.1	44.0
	Operating income (loss)	3.3	3.6
Construction	Sales	16.2	14.0
	Operating income (loss)	1.5	0.5
Other Operations	Sales	16.3	17.5
	Operating income (loss)	1.7	1.4
Segment total	Sales	140.7	142.0
	Operating income (loss)	12.5	11.0
Adjustments		(0.1)	(0.0)
Other income		0.8	8.0
Other expenses		(5.9)	(8.5)
Total	Sales	140.7	142.0
	Operating income (loss)	7.3	10.5

Advanced Materials Segment

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

Advanced Materials segment sales rose 1% year-on-year to 36.5 billion yen. The segment also saw operating income rising further to 1.1 billion yen, a development driven by demand growth for PGA and PVDF in the advanced plastics business, price adjustments, and effective cost reductions in carbon fiber products.

Advanced plastics: Continued growth for PGA and PVDF

Kureha continued to see robust performance for PGA for use in shale oil and gas extraction applications, as well as for PVDF resin for use in lithium-ion battery binders. These businesses outweighed falling sales of PPS resin, leading to a 6% net sales increase for advanced plastics as a whole. However, cost increases related to facility reinforcements had a negative impact on operating income.

Carbon materials: Cost reductions reduce operating loss

Sales volumes decreased for both carbon fiber and special carbon materials, a key factor being fluctuating demand for insulation material used in silicon ingot production for solar power applications. However, the sales decrease was partly offset by Kureha's continued drive for group-wide cost reductions, which narrowed the operating loss in this business.

Outlook (IFRS): FY2016 segment sales are forecast to increase by 13% to 40.0 billion yen, with operating income continuing to rise to 3.0 billion yen, an increase of 120%. Kureha expects this growth to be primarily driven by positive shale oil and gas developments in the US and continued strong demand for our PGA solutions in this market. Additional positive factors include continued solid demand for PVDF lithium-ion battery binder materials for automotive applications, which Kureha will meet with additional production capacity at our plant in Iwaki, Japan; improved performance for PPS, and improved profits for carbon products driven by operational restructuring and price adjustments.

Specialty Chemicals Segment

Major product areas: industrial chemicals, agrochemicals, pharmaceuticals

Specialty Chemicals sales fell by 12.0% year-on-year to 31.2 billion yen from 35.5 billion yen. Operating income decreased by 40% to 4.8 billion yen, a key reason being the lack of one-time income related to a pharmaceutical sales contract.

Pharmaceuticals / agrochemicals: Slowing demand and fall in income

Sales and operating income decreased due to lower sales volumes for agrochemicals, which demand weakened in North America. The pharmaceutical business was affected by the lack of one-time income related to a pharmaceutical sales contract.

Industrial chemicals: Decreased sales and income

Sales and operating income decreased due to lower market prices for organic and inorganic chemicals.

Outlook (IFRS): Specialty Chemicals segment sales are projected to decrease by 13% in FY2016 to 26.5 billion yen, while operating income is forecast to fall 47.0% to 2.5 billion yen. All three business areas are forecast to be affected by challenging conditions. The industrial chemicals business will likely be affected by lower raw material prices, which will necessitate lower pricing points. Agrichemicals and horticultural fungicides will continue to be affected by weak demand and inventory adjustments, while performance in the pharmaceutical business will be slower due to the effects of national drug price revisions mandated by the Japanese government as well as growing competition from government-promoted generic drugs.

Specialty Plastics Segment

Major product areas: household packaging products, food packaging materials, auto-packaging machinery

Specialty Plastics segment sales decreased by 5% from 46.5 billion yen to 44.2 billion yen, while operating income decreased slightly by 1% to 3.6 billion yen, mainly due to slower performance in the food packaging machinery business.

Consumer products: Robust performance for both *NEW Krewrap* and *Seaguar*

In consumer products, both *NEW Krewrap* and *Seaguar* fishing lines saw steady growth in demand, leading to increases in both sales and income for this business. The robust performance, particularly for *NEW Krewrap* more than offset the impact on operating income of depreciation costs related to a new PVDC production facility in Japan.

Food packaging materials: Absence of large machinery orders affects sales

Sales of heat-shrinkable multilayer film grew, and Kureha also continued efforts to exercise cost control. However, the absence of a large order for packaging machinery negatively affected sales for this business.

Outlook (IFRS): FY2016 performance for the Specialty Plastics segment is expected to improve slightly over FY2015, with sales forecast to rise by 4% to 44.0 billion yen and operating income climbing by 10% to 3.6 billion yen. In consumer products, we expect continued growth for both *NEW Krewrap* and *Seaguar*, although increased marketing costs will impact income. In food packaging materials, we will continue our efforts to reduce costs while also expanding global sales of high-performance films.

Construction and Other Operations

Major product areas: construction, environmental engineering, transport/warehousing, and trading-related businesses

Construction: Continued strong trend in earthquake reconstruction

Despite a continued firm trend in official reconstruction projects connected to the Great East Japan Earthquake of March 2011, a slowdown in private construction projects led sales to fall slightly by 3% to 16.2 billion yen in FY2015. However, successful cost reductions contributed to a sharp 36% increase in operating income to 1.5 billion yen.

Other Operations: Cost reductions generate profit increases

In the environment business, while lower industrial waste treatment volumes resulting from incinerator maintenance led sales to decrease, operating income remained stable year-on-year due to volume growth in the highly profitable micro-PCB (polychlorinated biphenyls) waste treatment business as well as successful cost reductions. Similarly, in the transportation business, slower sales were offset by cost reductions, leading operating income to increase. As a result, while sales decreased 5% from 15.2 billion yen to 14.4 billion yen, operating income increased slightly by 1% to 1.8 billion yen.

Outlook (IFRS): FY2016 sales for the Construction business are projected to decline to 14.0 billion yen, while operating income is expected to fall to 0.5 billion yen. The slowdown is expected to result from a decline in post-earthquake reconstruction demand, as well as higher labor and material costs.

Sales for Other Operations are estimated to increase to 17.5 billion yen, while operating income is projected to be 1.4 billion yen. This growth will be largely driven by further volume growth in the micro-PCB waste treatment business, offsetting higher R&D costs. Kureha will continue to focus on enhancing profitability in this promising business area.

FY2016 Outlook (IFRS)

(Billions of yen, except where stated)

	March 2016 (IFRS)	March 2017 (IFRS)	Change (%)
Sales	140.7	142.0	0.9
Operating income	7.3	10.5	43.8
Income before tax	6.5	10.5	61.5
Net income	4.9	8.0	63.3
Earnings per share (yen)	28.45	46.55	63.6

While both the Japanese economy and the world economy at large will see modest growth in the year ahead, business conditions in FY2016 will continue to be affected by potential risk factors such as the low oil price and currency fluctuations.

Kureha forecasts a slight 0.9% increase in consolidated sales to 142.0 billion yen, as well as operating income of 10.5 billion yen, up 43.8%. Net income is expected to rise 63.3% year-on-year to 8.0 billion yen, primarily due to continued strong performance in the Advanced Plastics and Specialty Plastics segments as well as further cost reductions and operational restructuring.

Capex, Depreciation, R&D and Debt

(Billions of yen)

	March 2015	March 2016	March 2017 (IFRS)
Capital expenditure	17.6	12.1	16.5
Depreciation	8.3	9.9	10.8
R&D	5.0	4.9	5.4
Interest-bearing debt	86.6	79.7	79.7

Capital expenditure in FY2015 decreased year-on-year to 12.1 billion yen. Kureha focused capital expenditure mainly on upgrading facilities and equipment at the Iwaki Factory, alongside other investment to further strengthen operations and respond to future demand.



Depreciation rose from 8.3 billion yen to 9.9 billion yen year-on-year, reflecting the increase in depreciation costs related to new PVDF and PVDC production facilities.

R&D spending remained at a similar level year-on-year, decreasing slightly from 5.0 billion yen to 4.9 billion yen. Kureha views continued investment in both near-term and long-term development as critically important, and will going forward focus on improving existing products and processes as well as developing “seeds” for next-generation products that will ensure Kureha’s long-term growth. We aim to further increase R&D spending in FY2016 to 5.4 billion yen (adjusted for IFRS).

In FY2016, interest-bearing debt is forecast to remain at a similar level as in FY2015 after IFRS adjustments.

For further information, please contact:

KUREHA CORPORATION

Public & Investor Relations Department Tel. 03-3249-4651

Condensed Consolidated Balance Sheets

(Millions of yen)

	March 2015	March 2016
Assets		
Current assets	75,949	75,357
Cash and cash equivalents	7,772	6,621
Fixed assets		
Tangible assets	123,185	117,808
Intangible assets	2,448	2,213
Investments and other assets	48,114	41,253
Total Assets	249,697	236,633
Liabilities		
Current liabilities	70,262	65,917
Short-term borrowings	34,866	29,716
Fixed liabilities	58,810	51,440
Corporate bonds	17,000	17,000
Convertible bonds with stock acquisition rights	15,000	15,000
Long-term borrowings	19,770	13,968
Total Liabilities	129,072	117,358
Net Assets		
Shareholders' equity	102,150	107,408
Reevaluation and conversion differences, etc.	16,002	10,500
Minority interest	2,403	1,315
Total Net Assets	120,624	119,274
Total Liabilities and Net Assets	249,697	236,633

Condensed Consolidated Statement of Income

(Millions of yen)

	March 2015	March 2016
Sales	150,182	142,549
Cost of goods sold	107,714	102,269
Selling, general and administrative expenses	27,916	27,680
Operating income	14,551	12,600
Non-operating income	2,339	1,443
Non-operating expenses	1,464	2,080
Recurring income	15,426	11,962
Extraordinary gains	429	4,891
Extraordinary losses	2,262	6,243
Income before income taxes	13,593	10,610
Taxes and adjustments	4,429	3,293
Minority interest	-32	-25
Net income	9,195	7,342

FY2015 Financial Results

KUREHA CORPORATION

May 12, 2016

1. FY2015 Full-Year Results	2
• FY2015 Highlights	3
• Segment Performance	4-7
• Key Indicators	8
• Extraordinary Income/Losses	9
• Balance Sheets	10
• Cash Flow	11
2. FY2016 Outlook	12
• FY2016 Outlook (1)	13
• FY2015 Results: GAAP vs. IFRS	14
• FY2016 Outlook (2)	15
• FY2016 Outlook (3)	16
• FY2016 Segment Outlook (IFRS)	17-20
• Cash Flow	21
• Mid-Term Management Plan -FY2018 Quantitative targets (IFRS)	22
3. Consolidated Companies	23-25

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	--
Kureha Group Sales Total		36.5	36.2	1%
Kureha Group Operating Income Total		1.1	0.4	149%

- 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	--
Kureha Group Sales Total		31.2	35.5	-12%
Kureha Group Operating Income Total		4.8	7.9	-40%

- 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	--
Kureha Group Sales Total		44.2	46.5	-5%
Kureha Group Operating Income Total		3.6	3.7	-1%

- 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	--
Kureha Group Sales Total		16.2	16.7	-3%
Kureha Group Operating Income Total		1.5	1.1	36%

- 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	--
Kureha Group Sales Total		14.4	15.2	-5%
Kureha Group Operating Income Total		1.8	1.8	1%

- 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 ¥132.80/€1	¥109.90/\$1 ¥138.84/€1	---
Number of employees	4,087	4,123	-1%

Extraordinary Income/Losses

		(In billion yen)		
		FY2015	FY2014	Change
Extraordinary 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
	Total	4.89	0.43	4.46
Extraordinary 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
	Total	6.24	2.26	3.98

(In billion yen)

		March 31 2016	March 31 2015	Change
Assets	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
	Total	236.6	249.7	-13.1
Liabilities and Net assets	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
	Total	236.6	249.7	-13.1

		(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
Total		14.0	12.5
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	
Net sales	142.0 (65.0)
Operating income	10.5 (3.5)
Income before tax	10.5 (3.5)
Net income attributable to Kureha Corporation	8.0 (2.8)

FY2016 Full-Year Outlook	
Capital expenditure	16.5
Depreciation	10.8
R&D expenses	5.4
Interest-bearing debt	79.7
Net interest expense	0.0
Currency exchange rate	¥110/\$1, ¥125/€1
Earnings per share (yen)	46.55
Dividend per share (yen)	¥11
Dividend ratio	23.6
Number of employees	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	
Net sales	142.5
Operating income before adjustments (A)	12.8
Adjustments	-0.2
Operating income	12.6
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
Recurring income	12.0
Extraordinary income*6 (3)	4.9
Extraordinary loss*7 (4)	6.2
Income before tax	10.6
Net income attributable to Kureha Corp.	7.3

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

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	
Net sales	140.7	Net sales	142.0
Operating income before adjustments	12.5	Operating income before adjustments	11.0
Adjustments	-0.1	Adjustments	0.0
Other income	0.8	Other income* ¹	8.0
Other expenses* ³	5.9	Other expenses* ²	8.5
Operating income	7.3	Operating income	10.5
Finance income	0.8	Finance income	0.6
Finance expenses* ⁴	1.6	Finance expenses	0.6
Income before tax	6.5	Income before tax	10.5
Net income attributable to Kureha Corp.	4.9	Net income attributable to Kureha Corp.	8.0

(FY2016)

*¹ Includes subsidy income of ¥8b

*² Includes losses on reduction of non-current assets (¥7b) and on retirement of non-current assets (¥1.5b)

(FY2015)

*³ Restructuring costs: ¥4.5b

*⁴ Loss on currency transaction: ¥0.8b

FY2016 Outlook (3)

16

KUREHA CORPORATION

(In billion yen)

FY2015 Results (IFRS)

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

FY2016 Outlook (IFRS)

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

(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	--
Kureha Group Sales Total		40.0	35.5	13%
Kureha Group Operating Income Total		3.0	1.4	120%

- 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	--
Kureha Group Sales Total		26.5	30.6	-13%
Kureha Group Operating Income Total		2.5	4.7	-47%

- 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	---
Kureha Group Sales Total		44.0	42.1	4%
Kureha Group Operating Income Total		3.6	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		-7.0	-5.0	---
Kureha Group Sales Total		14.0	16.2	-14%
Kureha Group Operating Income Total		0.5	1.5	-66%

- 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	---
Kureha Group Sales Total		17.5	16.3	8%
Kureha Group Operating Income Total		1.4	1.7	-18%

- 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
Total		19.8	14.0
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 ^{*1}	Operating income before adjustments	Other income Other expenses	Operating income ^{*2}	Net income attributable to Kureha ^{*3}
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 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	--
Total		36.5	--	36.2	--	0.4	--
Specialty 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	--
	Total		31.2	--	35.5	--	-4.4
Specialty 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	--
Total		44.2	--	46.5	--	-2.3	--

		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	--
	Total	16.2	--	16.7	--	-0.5	--
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	--
Total	14.4	--	15.2	--	-0.8	--	
[Total Number of Consolidated Subsidiaries]		[38]		[37]		[1]	--
Consolidation Total		142.6	236.6	150.2	249.7	-7.6	-13.1
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.

1. 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
2. These materials were 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 a variety of factors
3. Please utilize these materials using you own judgment and responsibility