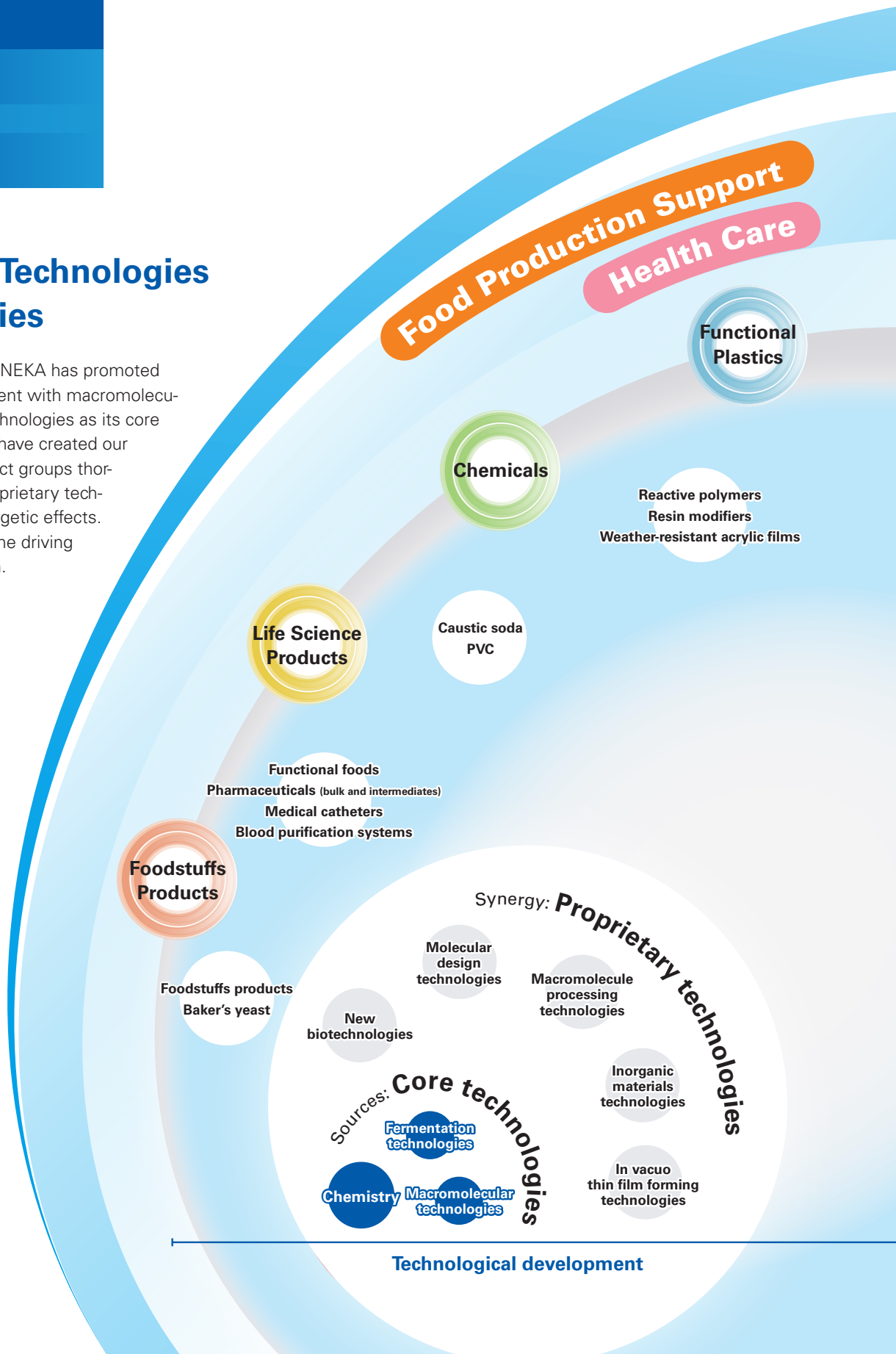
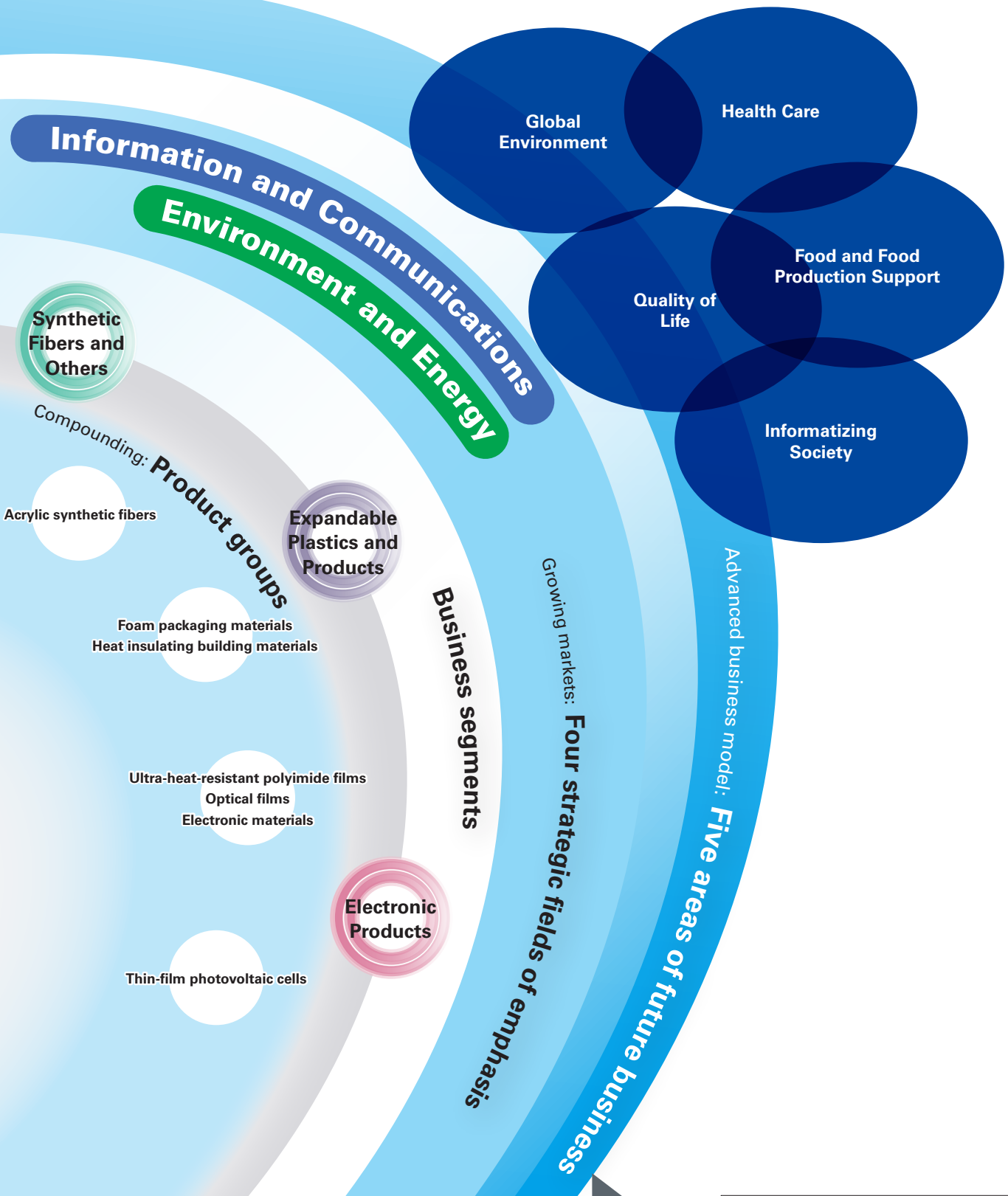


Proprietary Technologies and Synergies

Since its foundation, KANEKA has promoted technological development with macromolecular and fermentation technologies as its core competency fields. We have created our highly specialized product groups through these multiple proprietary technologies and their synergetic effects. Such a rich diversity is the driving force behind our growth.



Farseeing and collaboratively value-creating group
(Dreamology Company)

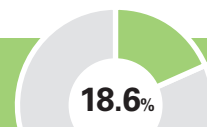


2020

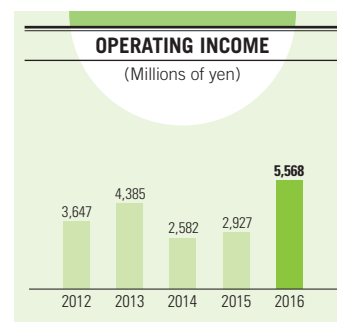
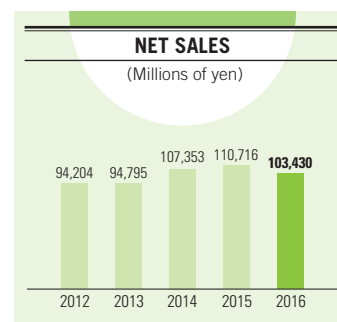
Business development

Each business segment is described in detail on the next page.

CHEMICALS



In the PVC resins business, while sales for overseas markets continued to increase amid the yen's depreciation and declines in resource prices, domestic market conditions remained sluggish. In the Paste PVC resins business, sales for overseas markets increased. In the Chlorinated PVC business, enhancement of production capacity in the U.S. contributed to sales. In the caustic soda business, domestic market conditions remained sluggish.



MAJOR PRODUCTS

- Polyvinyl chloride
- PVC compounds
- Caustic soda
- Chlorinated PVC
- Paste PVC

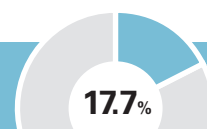


KANEKA CPVC™

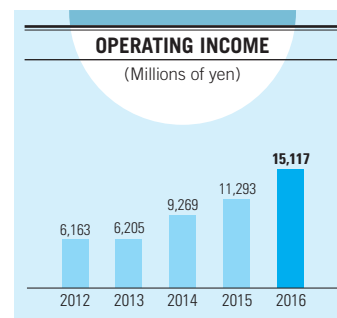
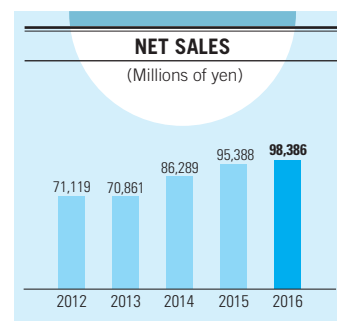


KANEVINYL™ Paste

FUNCTIONAL PLASTICS



In the modifiers business, profitability expanded as the Kaneka Group made progress with extensive steps to enhance product differentiation, to strengthen global initiatives, and to develop markets for new products for application in the non-PVC field. Modified silicone polymers business saw a steady expansion in sales in European, U.S. and Asian markets. This was because the polymers were evaluated highly for their unique quality and had displaced other materials for application in the construction field. In addition, CEMEDINE CO., LTD. became a consolidated subsidiary of the Group from the fourth quarter of the fiscal year ended March 31, 2016. The Group was strengthening the capital relationship in order to be actively engaged in developing products that accurately grasped needs of the markets where high growth is expected in the future.



MAJOR PRODUCTS

- Impact modifiers
- Silyl-terminated polyether (Modified silicone polymers)
- Weather-resistant acrylic film



KANEACE™ B, KANEACE™ M



KANEKA MS POLYMER™

EXPANDABLE PLASTICS AND PRODUCTS

11.7%

Sales in the expandable polystyrene resins and products business remained solid not only in the agriculture and fisheries fields but also in the civil engineering field, and profitability expanded owing to declines in resource prices and reduced costs. The sales volume of the extruded polystyrene foam boards business remained at the same level as in the previous fiscal year due to delays in the recovery of the Japanese housing market. Meanwhile, the segment saw the sales volume of bead-method polyolefin foam increase, particularly in the automotive field in European markets, despite the slowdown in the economy of China.

MAJOR PRODUCTS

- Polystyrene foam made with the bead method
- Polystyrene foam boards with the extrusion method
- Polyolefin foam made with the bead method



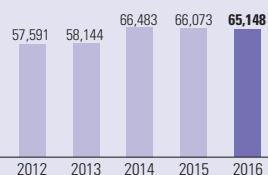
KANEPEARL™



EPERAN-PP™

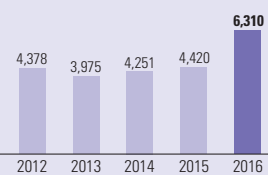
NET SALES

(Millions of yen)



OPERATING INCOME

(Millions of yen)



FOODSTUFFS PRODUCTS

26.1%

In this business, profitability substantially improved mainly due to the Group actively implementing measures to sell new products that anticipate consumer needs, to expand sales volume, to add the high added-value of product mixes, and to innovate its business structure, thereby countering sluggish domestic demand and the continued preference of consumers for low prices.

MAJOR PRODUCTS

- Margarine
- Shortening
- Confectionery fats
- Bakery yeast
- Spices



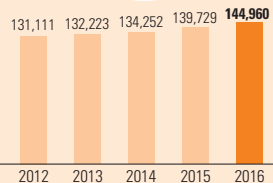
KANEKA Yeast



Lachente™ / FRANJE
(Whipping cream / Cooking cream)

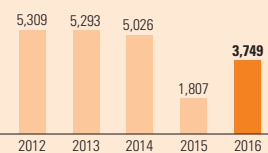
NET SALES

(Millions of yen)

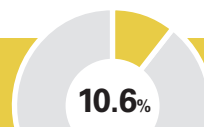


OPERATING INCOME

(Millions of yen)



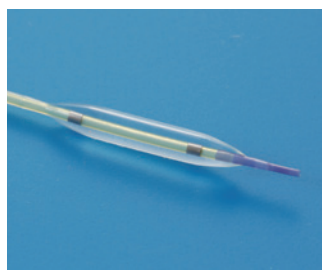
LIFE SCIENCE PRODUCTS



In the medical devices business, sales in the vascular intervention business remained solid in Japan and overseas. The segment also concentrated on expanding the sales of new products in global markets including the U.S. and Europe, on initiatives for expanding business in new domains including the endoscopic treatment of gastrointestinal systems, and on conducting joint businesses with other companies. In the pharmaceutical business, the sales volumes of pharmaceutical intermediates increased while sales expanded steadily in the active pharmaceutical ingredients (API) market and the bio-pharmaceutical market. The functional foodstuffs business saw its sales volume increase steadily in Japan and overseas in step with the steadily growing recognition of the healthcare benefits in the market for nutritional supplements on the back of the system of "Foods with Function Claims" that had been started in the Japanese market.

MAJOR PRODUCTS

- Medical devices
- Pharmaceutical ingredients (API and intermediates)
- Functional foodstuffs



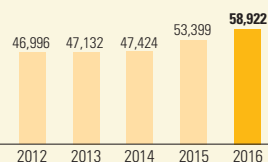
Balloon Catheter for vessel stenosis dilatation



KANEKA QH™

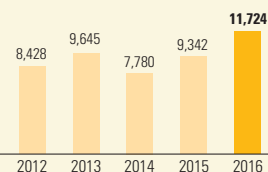
NET SALES

(Millions of yen)

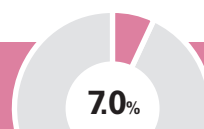


OPERATING INCOME

(Millions of yen)



ELECTRONIC PRODUCTS



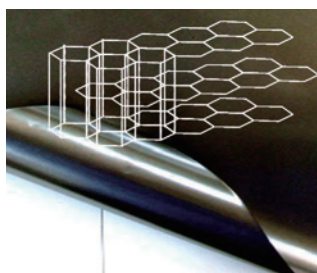
Sales of ultra-heat-resistant polyimide film and high thermal conductive graphite sheet and optical materials were by and large strongly affected by sluggish demand in the smartphone market. However, the sales volume of high thermal conductive graphite sheet increased due to the increase in the models being adopted by smartphone makers. In the photovoltaic modules business, the segment concentrated on developing technology including the start of sales of a new, technologically innovative photovoltaic module incorporating heterojunction technology and possessing one of the world's highest conversion efficiencies. The profitability of the business improved in tandem with the implementation of business structure reforms.

MAJOR PRODUCTS

- Ultra-heat-resistant polyimide films
- Optical materials
- High thermal conductive graphite sheet
- Bonded magnets
- Photovoltaic modules



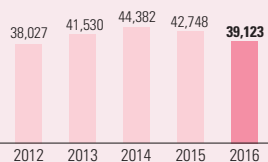
APICAL™, PIXEO™ BP



Graphinity™

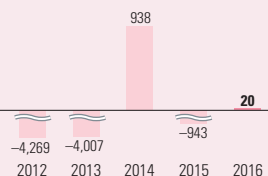
NET SALES

(Millions of yen)

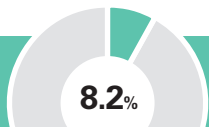


OPERATING INCOME

(Millions of yen)



SYNTHETIC FIBERS AND OTHERS



In the synthetic fibers business, amid strong demand for materials for hair accessory products in the African market, the segment leveraged quality and its brand power to continue its firm sales. Profits increased substantially partly due to the continuous yen's depreciation. The segment actively implemented measures to launch operations at a new plant in Malaysia as soon as possible.

MAJOR PRODUCTS

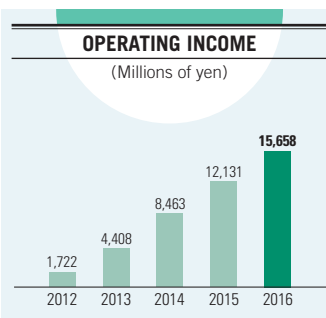
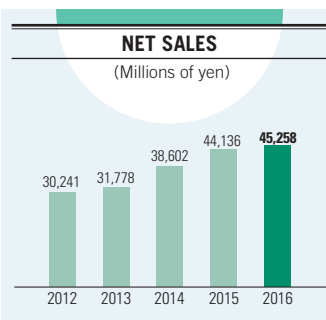
- Modacrylic synthetic fibers



Kanekalon™



KANECARON™



- Note 1. From the beginning of the fiscal year ended March 31, 2013, the Company has revised part of its R&D framework. Accordingly, the Company has reclassified a portion of R&D expenses, which were previously included in the Electronic Products segment, as expenses for basic R&D under Companywide expenses. Segment information for the fiscal year ended March 31, 2012 in this report has been prepared based on the revised classification method for reporting segments.
2. From the beginning of the fiscal year ended March 31, 2015, the Company has revised its method of disclosing mega solar-related business information as a result of the Company's review of its organizational and management framework. This information, that used to be disclosed in the Synthetic Fibers and Others segment, has now been included in the Electronic Products segment. Furthermore, the Company has changed the divisions of some subsidiaries and as a result, their reporting segment has been revised from Electronic Products to Chemicals. Segment information for the fiscal year ended March 31, 2014 in this report has been prepared based on the revised classification method.
3. From the beginning of the fiscal year ended March 31, 2016, the Company has changed the divisions of some subsidiaries and as a result, their reporting segment has been revised from Electronic Products to Expandable Plastics and Products. Segment information for the fiscal year ended March 31, 2015 in this report has been prepared based on the revised classification method.

NEW BUSINESSES

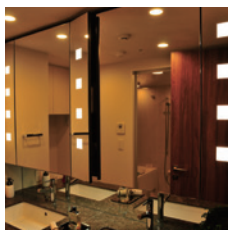
In order to dramatically grow into a global company, Kaneka will continue to create businesses in growth areas in which we have a competitive edge. We will combine a diversity of technology seeds to challenge ourselves to succeed in new business fields.

Biodegradable polymers



The 100% bio-based polymer with softness and heat resistance
KANEKA Biopolymer AONILEX™

Organic EL Lighting Panels



With the world's first five-color lineup—next-generation lights combining the longest life and thinness in the industry

New High Performance Fertilizer



Taking agriculture beyond current limits to a whole new level
KANEKA PEPTIDE™



Please refer to the "New Business Development" section of our website.
http://www.kaneka.co.jp/kaneka-e/branch/nb_development/