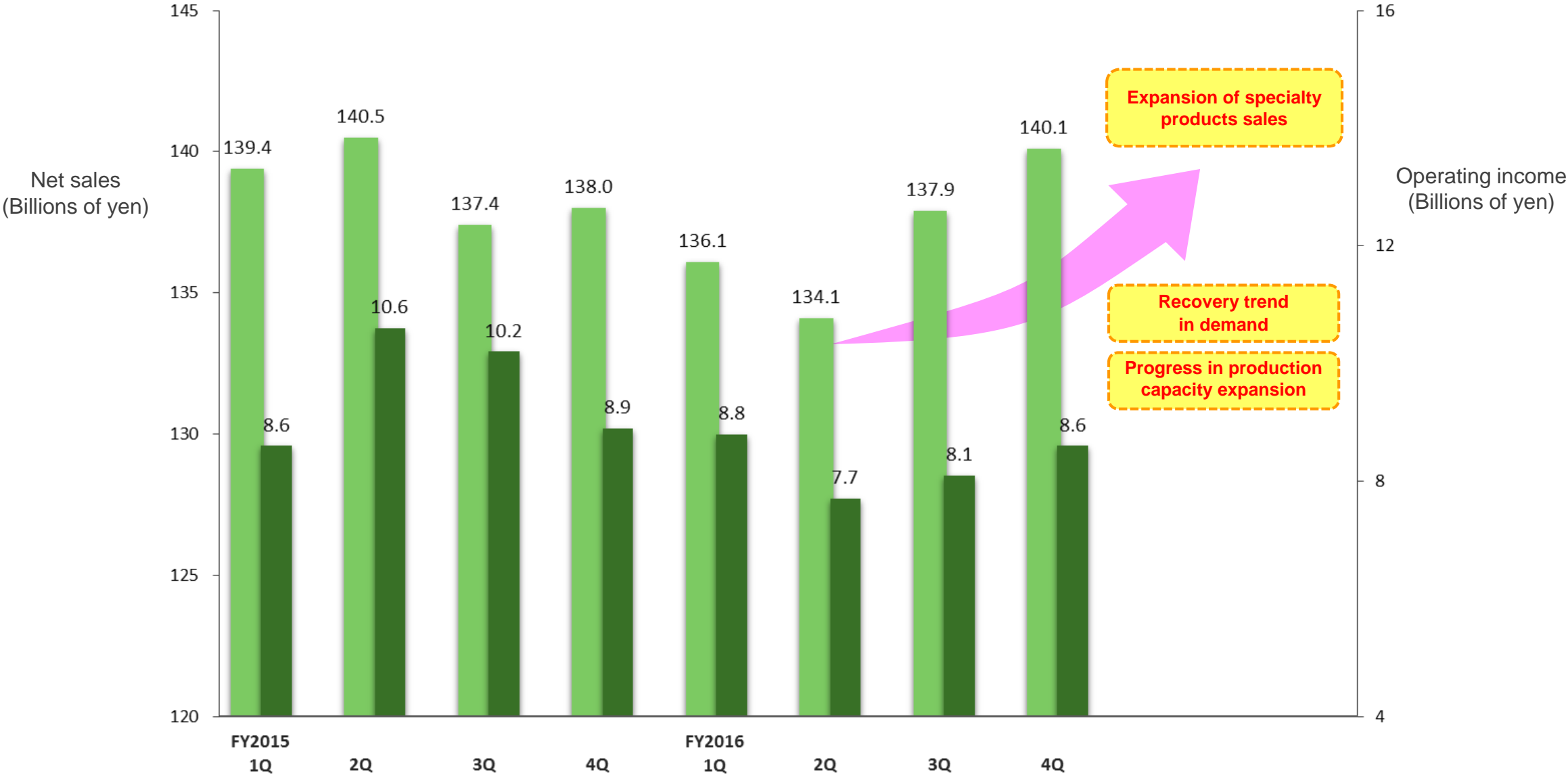


Financial Summary

Fiscal Year Ended March 31, 2017

(Billions of yen)

	FY2015 Apr.2015-Mar.2016	FY2016 Apr.2016-Mar.2017	Difference	
			Amount	%
Net sales	555.2	548.2	Δ 7.0	Δ1.3%
Operating income	38.2	33.2	Δ 5.1	Δ13.2%
Ordinary income	33.0	27.4	Δ 5.6	Δ17.0%
Net income attributable to owners of parent	21.0	20.5	Δ 0.5	Δ2.4%



(Millions of yen)

	Net sales				Operating income			
	FY2015 Apr.2015-Mar.2016	FY2016 Apr.2016-Mar.2017	Difference		FY2015 Apr.2015-Mar.2016	FY2016 Apr.2016-Mar.2017	Difference	
			Amount	%			Amount	%
Chemicals	103,430	96,631	Δ 6,798	Δ6.6%	5,568	7,428	1,860	33.4%
Functional Plastics	98,385	110,664	12,279	12.5%	15,117	14,825	Δ 292	Δ1.9%
Expandable Plastics and Products	65,148	64,257	Δ 890	Δ1.4%	6,310	5,790	Δ 519	Δ8.2%
Foodstuffs Products	144,960	147,312	2,352	1.6%	3,748	4,515	766	20.4%
Life Science Products	58,922	55,818	Δ 3,103	Δ5.3%	11,723	11,662	Δ 61	Δ0.5%
Electronic Products	39,123	35,551	Δ 3,571	Δ9.1%	19	Δ 1,182	Δ 1,201	-
Synthetic Fibers and Others	45,257	37,986	Δ 7,271	Δ16.1%	15,658	10,815	Δ 4,842	Δ30.9%
Adjustment	—	—	—	—	Δ 19,926	Δ 20,689	Δ 763	-
Total	555,227	548,222	Δ 7,004	Δ1.3%	38,220	33,164	Δ 5,055	Δ13.2%

Functional Plastics	Net Sales/¥110.7 billion (year-on-year +12.5%)
	Operating Income/¥14.8 billion (year-on-year △1.9%)

- Overseas sales increased due to expansion of sales through development of new applications and global capacity expansion
- Operating income declined slightly year on year due to the appreciation of the yen and rising prices for raw materials
- Sales of both modifiers and modified silicone polymers increased in overseas markets, and the supply capacity was insufficient
- The Group started commercial operation of new production facilities of modifiers in Malaysia. In addition, for modified silicone polymers, the Group decided to expand capacity in Belgium (operational from the end of 2018), following establishment of a new production facility in Malaysia (scheduled to be operational in July 2017).
- The Group has a framework in place to respond to globally expanding demand, and aims to expand business

Plan to increase production capacity of facilities

	Manufacturing base	Operational date	Production capacity
Modifier	Malaysia	March 2017	30,000→50,000t per year
Modified silicone polymers	Malaysia	July 2017(plan)	9,000t per year(Build a new line)
	Belgium	End of 2018(plan)	20,000→30,000t per year

Life Science Products	Net Sales/¥55.8 billion (year-on-year Δ 5.3%)
	Operating Income/¥11.7 billion (approx. the same level)

- The Group absorbed the impact of revised reimbursement prices for medical devices by expanding joint businesses with other companies in overseas markets, expanding sales of functional foodstuffs (reduced form of coenzyme Q10), mainly in the U.S., and expanding sales of pharmaceuticals, resulting in operating income on par with the previous fiscal year
- Following the expansion of its production capacity in Japan, the Group decided to increase Kaneka Eurogentec S.A.'s capacity to respond to vigorous demand in the biologics field
- The Group strengthened its R&D activities by conducting open innovation, collaborating with other companies, and utilizing R&D manufacturing bases in the U.S., thereby expanding its business domains

Plan to increase production capacity of facilities

Pharmaceutical (API) Business	The Group will increase the production capacity of Osaka Synthetic Chemical Laboratories, Inc. by 50% (to be operational in 2018)
Bio-pharmaceutical Business	The Group will quadruple the production capacity of Kaneka Eurogentec (to be operational in 2020)

Collaboration with other companies

Medical Devices Business	<ul style="list-style-type: none"> ■ The Group is expanding the OEM supply framework of catheters for overseas markets ■ M&A is under review, mainly in overseas
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Strengthening of R&D

Kaneka US Innovation Center	The Group established a research and business development manufacturing base in Silicon Valley in the U.S. in September 2016
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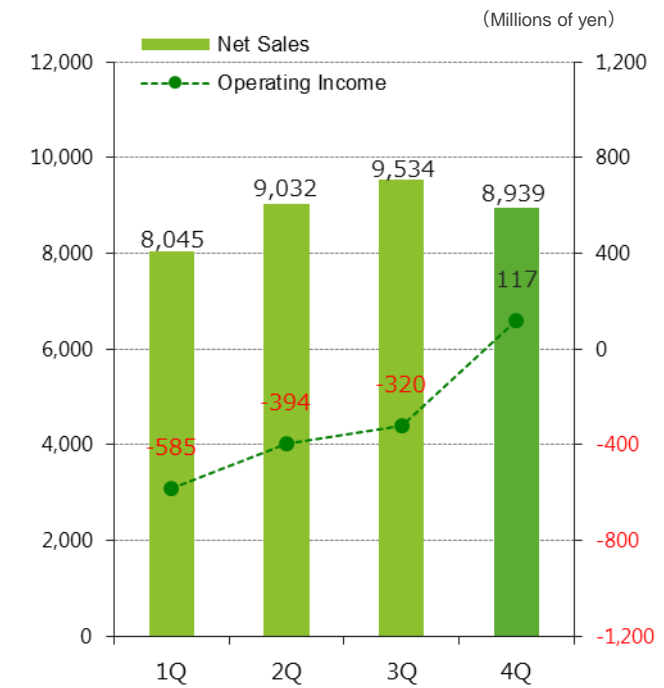
Electronic Products

Net Sales/¥35.6 billion (year-on-year Δ 9.1%)

Operating Loss/¥1.2 billion

- Lower sales and income year on year, due to a sluggish performance in electronic materials. In 4Q, the segment restored its profitability
- In electronic materials, the whole electronics market, including smartphones, began a recovery trend from 4Q; sales of high-performance, ultra-heat-resistant polyimide film products increased; and the supply of some products was delayed due to capacity limitations. As a result and partially due to the effect of the yen's appreciation, net sales and operating income decreased year on year
- In 4Q, sales increased due to new applications that responded to the technology development needs of the market, and earnings improved
- In the photovoltaic modules business, the sales volume for a major house manufacturer expanded due to the business being evaluated highly for the functionality and beauty of its new products, and profitability improved in tandem with the continued implementation of business structural reforms

Quarterly performance



Synthetic Fibers and Others

Net Sales/¥38.0 billion (year-on-year Δ 16.1%)

Operating Income/¥10.8 billion (year-on-year Δ 30.9%)

- Sales and operating income decreased due to the strong impact of the appreciation of the yen and delays in the recovery of demand in Asian market
- Market conditions in Asia have been improving, the Group will realize steady expansion in sales by increasing sales of products with high added-value, by continuously launching new products and by strengthening marketing activities in the Asian and African markets
- The Group will make efforts to expand profitability by taking advantage of cost competitiveness of production base in Malaysia

Sales enhancement measures

Strengthen sales promotion for the East and South African markets using the Ghana base	Develop and launch new products that satisfy customer needs
Product development capabilities	Awakened demand by providing educational and technical assistance to beauticians

(Billions of yen)

	FY2016 (result)	FY2017 (forecast)	Difference	
			Amount	%
Net sales	548.2	610.0	61.8	11.3%
Operating income	33.2	43.0	9.8	29.7%
Ordinary income	27.4	39.0	11.6	42.2%
Net income attributable to owners of parent	20.5	23.0	2.5	12.3%

The forecasts above are based on exchange rates of ¥110 to the U.S. dollar, ¥120 to the euro and a domestic naphtha price of ¥42,000 per kiloliter.

The operating results forecasts and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the company. For a variety of reasons, actual performance may differ substantially from these projections. They do not constitute a guarantee that the Company will achieve these forecasts or other forward-looking statements.

(Billions of yen)

	Net Sales				Operating Income			
	FY2016 (result)	FY2017 (forecast)	Defference		FY2016 (result)	FY2017 (forecast)	Defference	
			Amount	(%)			Amount	(%)
Material SU	207.3	227.0	19.7	(9.5%)	22.3	23.5	1.2	(5.6%)
Quality of Life SU	136.8	156.0	19.2	(14.0%)	15.0	19.0	4.0	(26.3%)
Health Care SU	45.1	50.0	4.9	(10.8%)	10.9	13.0	2.1	(19.3%)
Nutrition SU	158.0	174.0	16.0	(10.1%)	5.3	8.0	2.7	(51.5%)
Others	0.9	3.0	2.1	(217.5%)	0.4	0.5	0.1	—
Adjustment	—	—	—	—	Δ 20.7	Δ 21.0	Δ 0.3	—
Total	548.2	610.0	61.8	(11.3%)	33.2	43.0	9.8	(29.7%)

※ S U : Solutions Unit

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KANeKA

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[disclaimer]

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