

kuraray

FY2019 3Q Earnings Presentation (Overview)

KURARAY CO., LTD.

Overview of FY2019 3Q Results

	FY2019 3Q	FY2018 3Q	Difference (Billion yen)
Net Sales	428.9	449.9	-21.0 (-4.7%)
Operating Income	42.3	54.4	-12.0 (-22.1%)
Ordinary Income	37.9	52.0	-14.1 (-27.1%)
Net Income*	19.4	33.3	-13.9 (-41.8%)

*Net Income Attributable to Owners of the Parent.

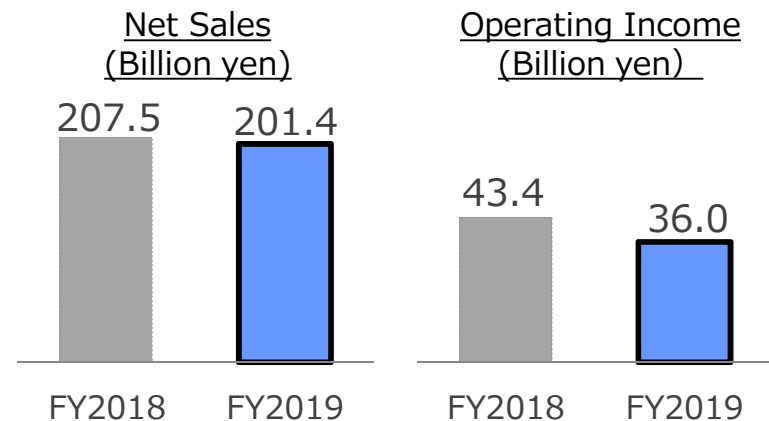
	Reference	
JPY/USD	109	110
JPY/EUR	123	131
Domestic naptha (JPY 1,000/kl)	44	49

Note: Because the temporary accounting treatment for the business combination with Calgon Carbon Corporation was determined at the end of fiscal 2018, the effect of said determination has been applied to the figures for the corresponding period of the previous fiscal year.

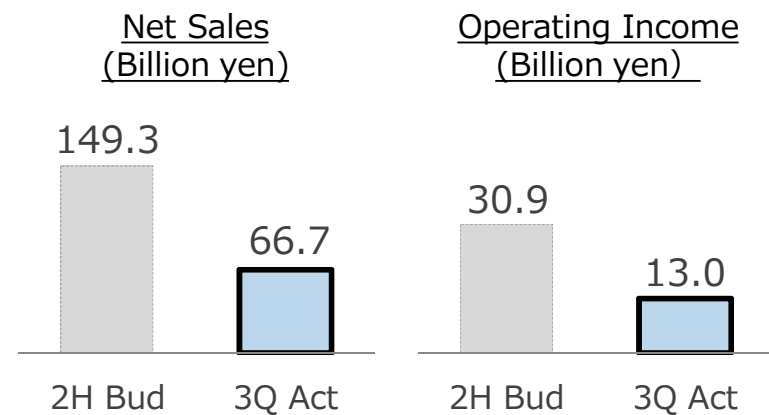
Note: In the third quarter, JPY14 billion includes a court settlement was recognized as loss in extraordinary loss and insurance income totaling JPY10 billion recognized as part of extraordinary income in connection with a fire incident that occurred in May 2018 at a group subsidiary in the United States.

Vinyl Acetate

3Q (Cumulative)



FY2019 2H



■ PVA resin

Sales volume decreased due to decelerating economic conditions.

■ Optical-use poval film

Shipments decreased by a LCD panel inventory adjustment.

■ Water-soluble PVA film

Demand for unit-dose detergent packets grew and sales increased.

■ PVB film

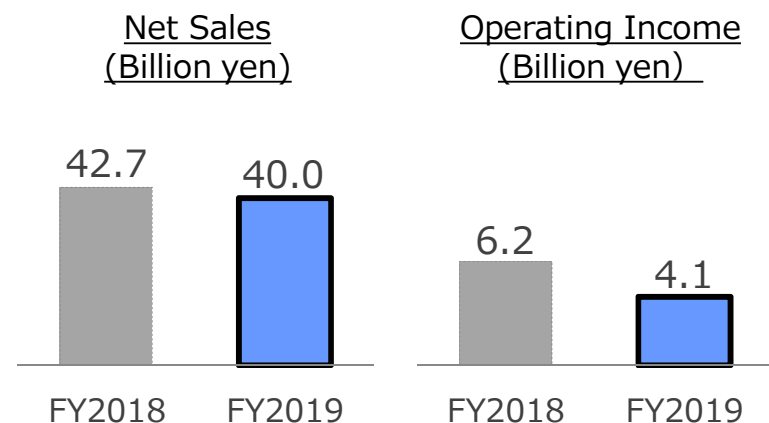
Although demand for highly functional films for construction use expanded, PVB film for automotive use decreased.

■ EVAL™

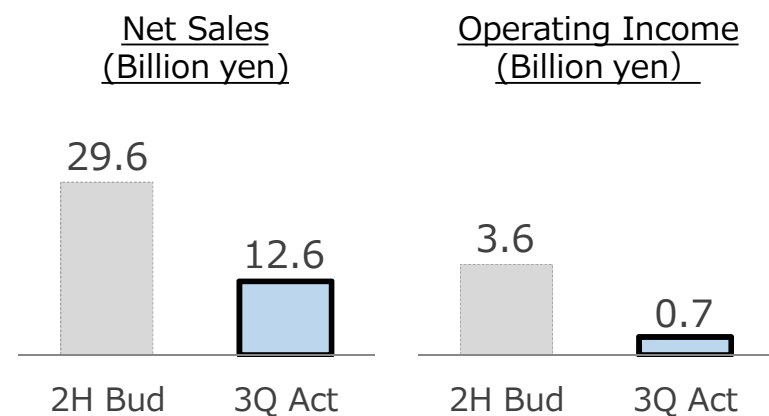
Sales for automotive gas tank application were affected by decline in vehicle production numbers. Sales volume for food packaging applications was also stagnant.

Isoprene

3Q (Cumulative)



FY2019 2H



■ Isoprene

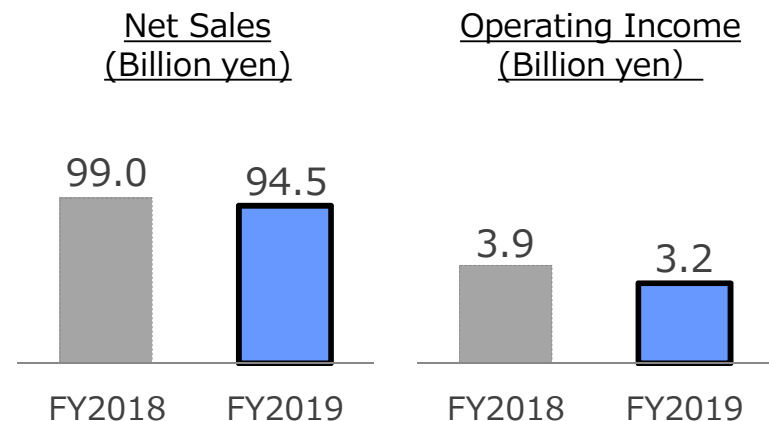
Sales volume of isoprene chemicals and SEPTON™ declined due to economic deceleration.

■ GENESTAR™

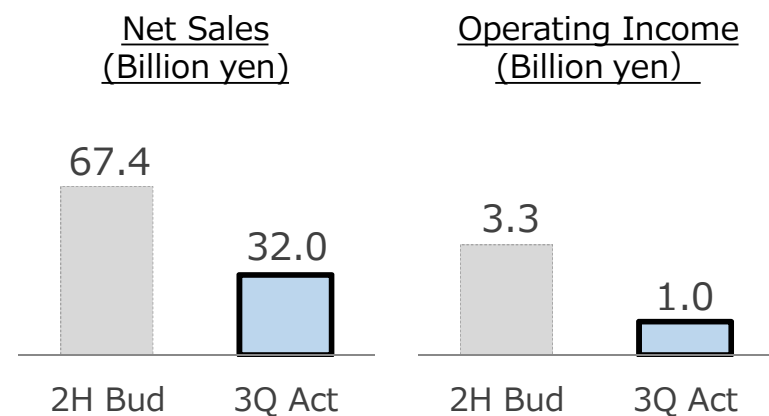
Although new adoption of connectors increased for automotive components, sales decreased for electric/electronic devices due to sluggish demand.

Functional Materials

3Q (Cumulative)



FY2019 2H



■ Methacrylic Resin

MMA market condition worsened and sales of PMMA resins decreased.

■ Medical

Sales of esthetic restorative dentistry products remained firm.

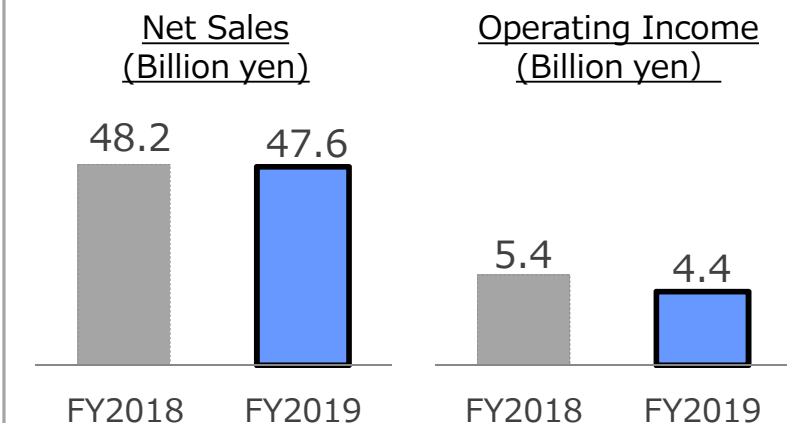
■ Carbon Materials & Calgon Carbon

Calgon Carbon was impacted by robust demand of drinking water application in North America though sales in Europe were affected by sluggish demand. Sales for high value-added products increased in Carbon Materials.

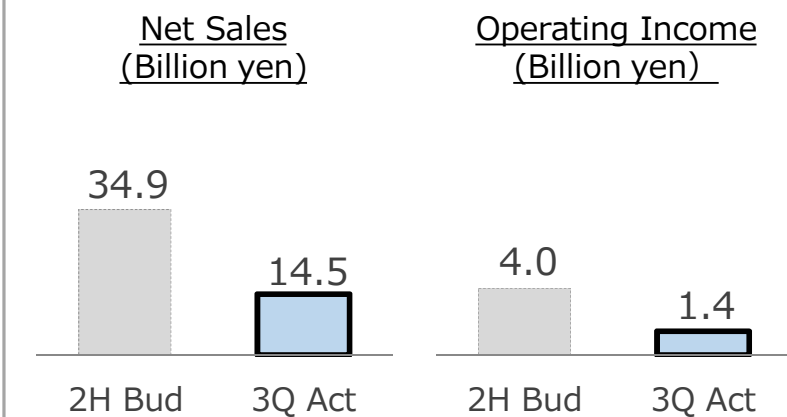
Note: Because the temporary accounting treatment for the business combination with Calgon Carbon Corporation was determined at the end of fiscal 2018, the effect of said determination has been applied to the figures for the corresponding period of the previous fiscal year.

Fibers and Textiles

3Q (Cumulative)



FY2019 2H



■ CLARINO™

Although sales for luxury product applications remained stable, sales declined for use in shoes.

■ Fibers and Industrial Materials

Exports of KURALON™ for FRC application were remained weak. Also sales in reinforcing rubber application were negatively affected by a decline in vehicle production.

■ Consumer Goods and Materials

Sales of KURAFLEX™ decreased for commodity use.

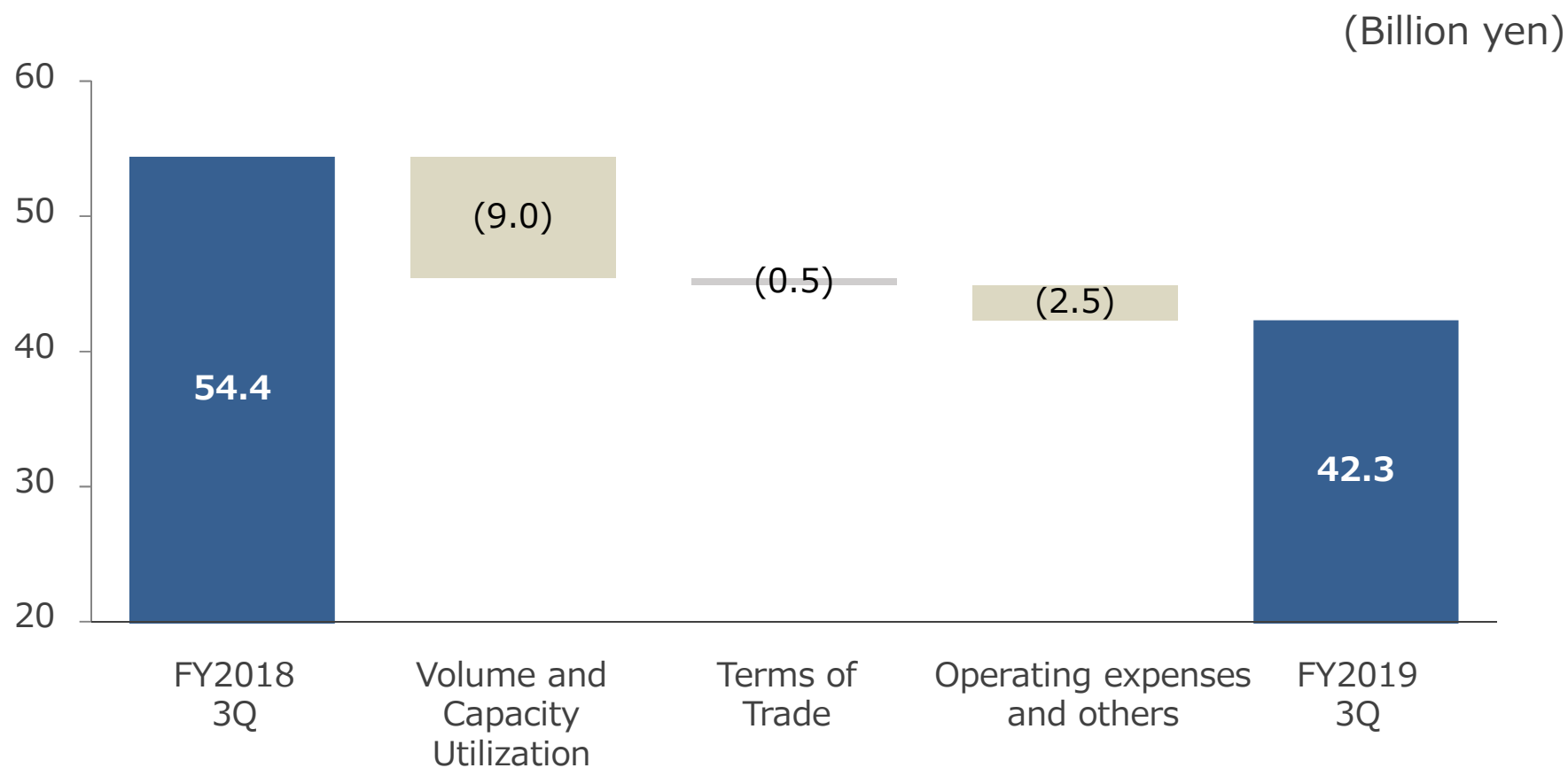
Sales and Operating Income by Segment

(Billion yen)

	FY2019 3Q		FY2018 3Q		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	201.4	36.0	207.5	43.4	(6.1)	(7.4)
Isoprene	40.0	4.1	42.7	6.2	(2.7)	(2.1)
Functional Materials	94.5	3.2	99.0	3.9	(4.5)	(0.7)
Fibers & Textiles	47.6	4.4	48.2	5.4	(0.6)	(1.1)
Trading	96.8	3.0	102.0	3.0	(5.2)	0
Others	38.3	0.6	42.8	0.8	(4.5)	(0.2)
Elimination & Corporate	(89.7)	(8.9)	(92.3)	(8.2)	2.6	(0.7)
Total	428.9	42.3	449.9	54.4	(21.0)	(12.0)

Note: Because the temporary accounting treatment for the business combination with Calgon Carbon Corporation was determined at the end of fiscal 2018, the effect of said determination has been applied to the figures for the corresponding period of the previous fiscal year.

Factors Affecting the Change in Operating Income



	FY2018 3Q	FY2019 3Q
Domestic naphtha(JPY1,000/kl)	¥49	¥44
USD (average)	¥110	¥109
EUR (average)	¥131	¥123

Note: Because the temporary accounting treatment for the business combination with Calgon Carbon Corporation was determined at the end of fiscal 2018, the effect of said determination has been applied to the figures for the corresponding period of the previous fiscal year.

Balance Sheet [1]: Assets

(Billion yen)

	Sep. 30, 2019	Dec. 31, 2018	Difference
Current Assets	397.2	394.9	2.3
Noncurrent Assets	581.0	552.2	28.9
Total Assets	978.3	947.1	31.2

Reference: Exchange rates at end of period

	Sep. 30, 2019	Dec. 31, 2018
JPY/USD	108	111
JPY/EUR	118	127

Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Sep. 30, 2019	Dec. 31, 2018	Difference
Current Liabilities	169.7	144.8	24.9
Noncurrent Liabilities	258.6	235.3	23.3
Total Liabilities	428.3	380.1	48.3
Net Assets	550.0	567.0	(17.1)
Total Liabilities and Net Assets	978.3	947.1	31.2

Reference: Exchange rates at end of period

	Sep. 30, 2019	Dec. 31, 2018
JPY/USD	108	111
JPY/EUR	118	127

Forecast for FY2019

* Revised from the public announcement on August 8, 2019

(Billion yen)

	FY2019 Forecast (Nov. 12, 2019)	FY2019 Forecast (Aug. 8, 2019)	Difference	FY2018 Actual
Net Sales	578.0	600.0	-22.0 (-3.7%)	603.0
Operating Income	57.0	67.0	-10.0 (-14.9%)	65.8
Ordinary Income	52.0	62.5	-10.5 (-16.8%)	61.2
Net Income※	28.5	38.0	-9.5 (-25.0%)	33.6

*Net Income Attributable to Owners of the Parent.

	Reference	
JPY/USD	110	110
JPY/EUR	122	125
Domestic naptha (JPY 1,000/kl)	43	45

Note: In the third quarter, JPY14 billion includes a court settlement was recognized as loss in extraordinary loss and insurance income totaling JPY10 billion recognized as part of extraordinary income in connection with a fire incident that occurred in May 2018 at a group subsidiary in the United States. Presently, we are not positioned to reasonably estimate the extent of losses that may be additionally incurred by the subsidiary in the course of future litigation procedures and, therefore, has not included such amounts in new forecast.

【Ref.】 Net Sales and Operating Income by Segment

(Billion yen)

	FY2019 Revised Forecast		FY2019 Original Forecast (August 8, 2019)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	271.5	48.5	284.0	54.0	(12.5)	(5.5)
Isoprene	53.0	5.0	57.0	7.0	(4.0)	(2.0)
Functional Materials	128.0	4.5	130.0	5.5	(2.0)	(1.0)
Fibers & Textiles	64.0	6.0	68.0	7.0	(4.0)	(1.0)
Trading	132.0	4.2	140.0	4.5	(8.0)	(0.3)
Others	51.0	0.8	52.0	1.0	(1.0)	(0.2)
Elimination & Corporate	(121.5)	(12.0)	(131.0)	(12.0)	9.5	0.0
Total	578.0	57.0	600.0	67.0	(22.0)	(10.0)

【Ref.】 Net Sales and Operating Income by Segment

(Billion yen)

	FY2019 Revised Forecast		FY2018 Results		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	271.5	48.5	279.4	54.7	(7.9)	(6.2)
Isoprene	53.0	5.0	57.2	7.3	(4.2)	(2.3)
Functional Materials	128.0	4.5	131.5	4.4	(3.5)	0.1
Fibers & Textiles	64.0	6.0	64.7	6.3	(0.7)	(0.3)
Trading	132.0	4.2	138.8	4.2	(6.8)	0
Others	51.0	0.8	58.0	1.2	(7.0)	(0.4)
Elimination & Corporate	(121.5)	(12.0)	(126.7)	(12.3)	5.2	0.3
Total	578.0	57.0	603.0	65.8	(25.0)	(8.8)

【Ref.】 Net Sales by Segment

(Billion yen)

	FY2019		FY2018		Difference	
	3Q Result	Full-Year Forecast	3Q Result	Full-Year Result	3Q	Full-Year
Vinyl Acetate	201.4	271.5	207.5	279.4	(6.1)	(7.9)
Isoprene	40.0	53.0	42.7	57.2	(2.7)	(4.2)
Functional Materials	94.5	128.0	99.0	131.5	(4.5)	(3.5)
Fibers & Textiles	47.6	64.0	48.2	64.7	(0.6)	(0.7)
Trading	96.8	132.0	102.0	138.8	(5.2)	(6.8)
Others	38.3	51.0	42.8	58.0	(4.5)	(7.0)
Elimination & Corporate	(89.7)	(121.5)	(92.3)	(126.7)	2.6	5.2
Total	428.9	578.0	449.9	603.0	(21.0)	(25.0)

【Ref.】 Operating Income by Segment

(Billion yen)

	FY2019		FY2018		Difference	
	3Q Result	Full-Year Forecast	3Q Result	Full-Year Result	3Q	Full-Year
Vinyl Acetate	36.0	48.5	43.4	54.7	(7.4)	(6.2)
Isoprene	4.1	5.0	6.2	7.3	(2.1)	(2.3)
Functional Materials	3.2	4.5	3.9	4.4	(0.7)	0.1
Fibers & Textiles	4.4	6.0	5.4	6.3	(1.1)	(0.3)
Trading	3.0	4.2	3.0	4.2	0	0
Others	0.6	0.8	0.8	1.2	(0.2)	(0.4)
Elimination & Corporate	(8.9)	(12.0)	(8.2)	(12.3)	(0.7)	0.3
Total	42.3	57.0	54.4	65.8	(12.0)	(8.8)

Note: Because the temporary accounting treatment for the business combination with Calgon Carbon Corporation was determined at the end of fiscal 2018, the effect of said determination has been applied to the figures for the corresponding period of the previous fiscal year.



All figures are rounded to the nearest hundred million yen.

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