

# FY2019 1Q Earnings Presentation (Overview)

KURARAY CO., LTD.

# Overview of FY2019 1Q Results

(Billion yen)

	FY2019 1Q	FY2018 1Q	Difference
Net Sales	141.6	149.2	-7.5(-5.0%)
Operating Income	14.6	22.3	-7.7(-34.5%)
Ordinary Income	12.8	21.9	-9.1(-41.6%)
Net Income*	6.1	15.1	-9.0(-59.7%)

\*Net Income Attributable to Owners of the Parent.

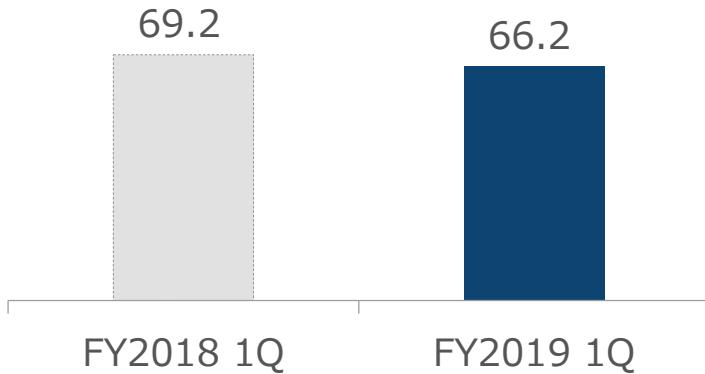
## Reference

JPY/USD	110	108
JPY/EUR	125	133
Domestic naptha (JPY 1,000/kl)	45	47

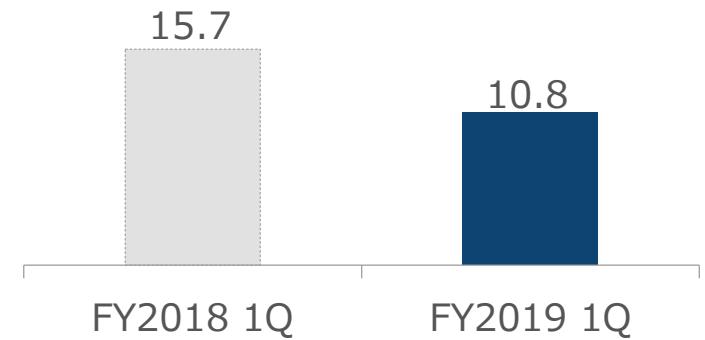
Note: Because the temporary accounting treatment for the business combination with Calgon Carbon Corporation was determined at the end of fiscal 2018, the effect of said determination has been applied to the figures for the corresponding period of the previous fiscal year.

# Vinyl Acetate

Net Sales (Billion yen)



Operating Income (Billion yen)



## ■ PVA resin

The sales volume for commodity use decreased and the product portfolio continued to shift toward high value-added products.

## ■ Optical-use poval film

Due to declined operations on one of the production lines, shipments stayed level with the previous year.

## ■ Water-soluble PVA film

Sales for use in unit dose detergent continued to expand.

## ■ PVB film

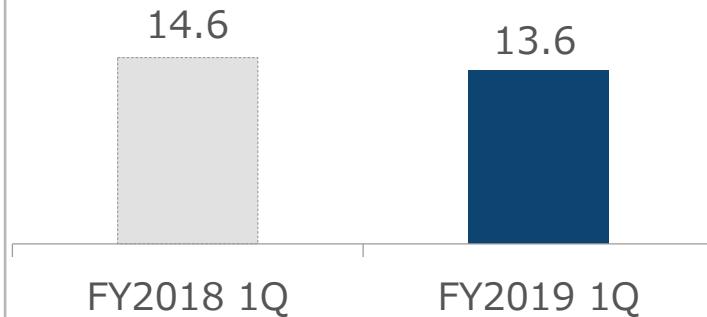
The sales volume for automotive and construction applications declined.

## ■ EVAL

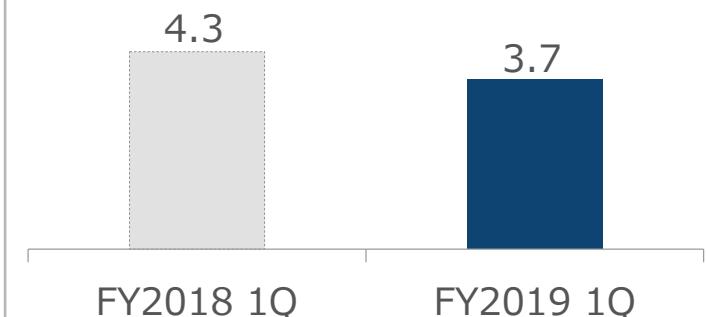
Sales decreased for food packaging applications due to the lingering effects of the incident at the U.S. plant last year. In addition, sales for automotive gas tank applications became weak as the production number of vehicles declined.

# Isoprene

Net Sales (Billion yen)



Operating Income (Billion yen)



## ■ Isoprene-related

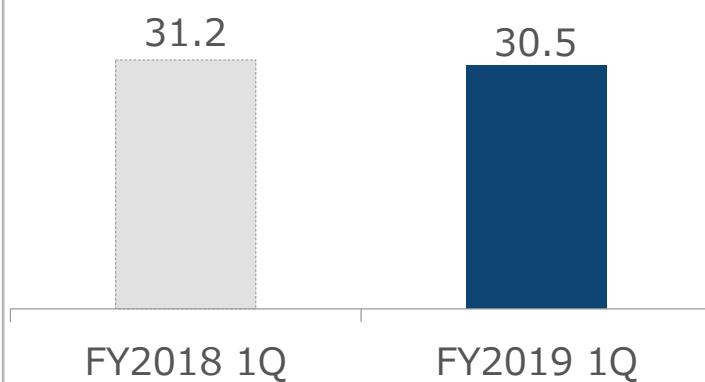
Although raw material prices began declined from the end of the previous year, the sales volume of *SEPTON* decreased as demand contracted, mainly in China. However, the performance of fine chemicals remained firm.

## ■ GENESTAR

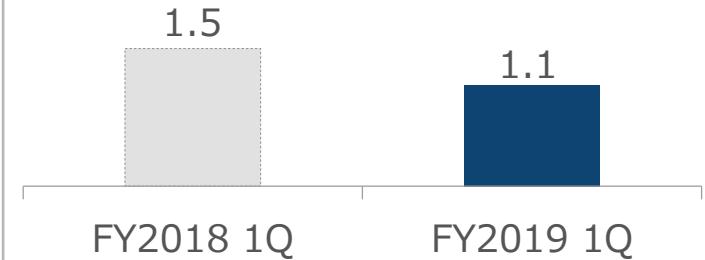
The falling raw material prices contributed, while shipments of connector applications fell due to lower demand for electric and electronic devices.

# Functional Materials

## Net Sales (Billion yen)



## Operating Income (Billion yen)



### ■ Methacrylate

Although a decline in sales volume, results remained stable due to falling raw material prices in addition to a continued shift toward high value-added products.

### ■ Medical

Sales were steady, especially for cosmetic and restorative dentistry products.

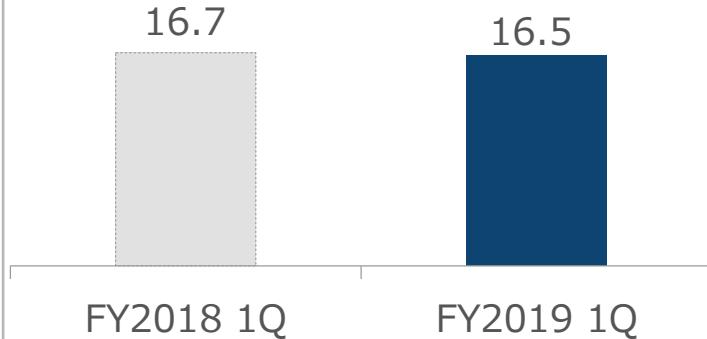
### ■ Carbon Materials, Calgon Carbon

Demand remained steady in the activated carbon market and sales of high value-added products expanded, while Calgon Carbon's U.S. plant operations were declined because the utility facility caused problems.

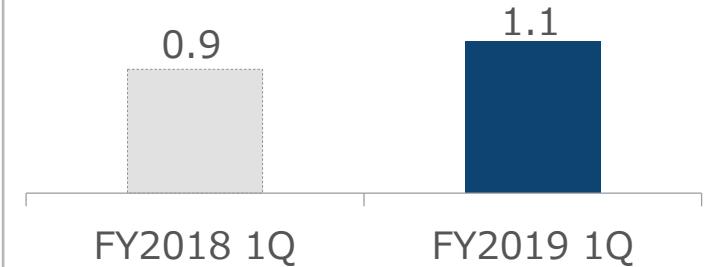
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# Fibers and Textiles

Net Sales (Billion yen)



Operating Income (Billion yen)



## ■ CLARINO

Sales for luxury product applications remained stable. However, sales declined for use in sports shoes.

## ■ Fibers and Industrial Materials

The sales volume of *KURALON* increased for use in reinforcing rubber.

## ■ Consumer Goods and Materials

Sales of *KURAFLEX* remained stable as sales of high value-added products expanded, despite a fall in the sales figures of commodity products.

# Sales and Operating Income by Segment

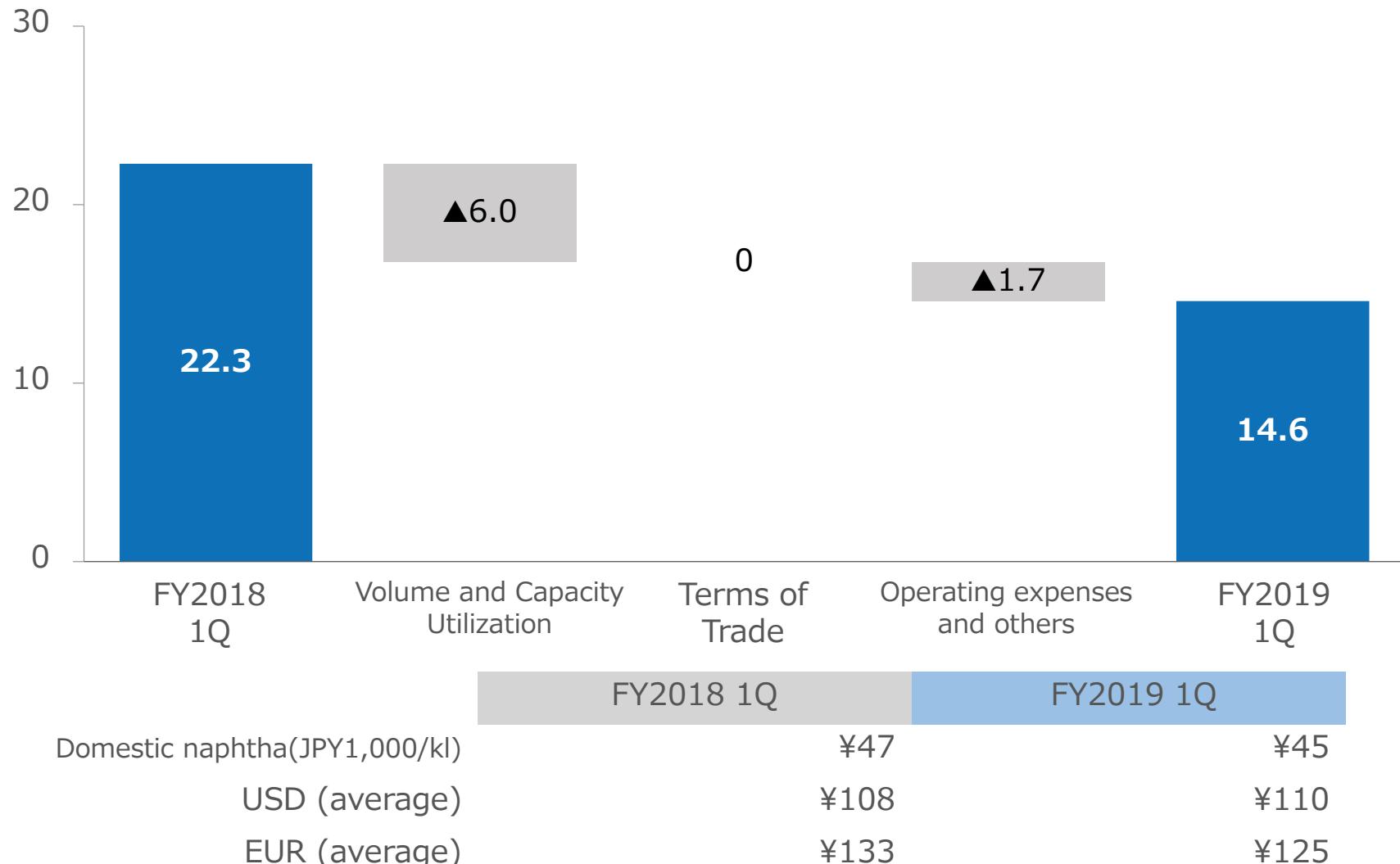
(Billion yen)

	FY2019 1Q		FY2018 1Q		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	66.2	10.8	69.2	15.7	(3.0)	(4.9)
Isoprene	13.6	3.7	14.6	4.3	(1.0)	(0.6)
Functional Materials	30.5	1.1	31.2	1.5	(0.7)	(0.4)
Fibers & Textiles	16.5	1.1	16.7	0.9	(0.2)	0.2
Trading	31.4	0.9	32.5	1.1	(1.1)	(0.2)
Others	14.2	0.1	12.8	0.3	1.4	(0.2)
Elimination & Corporate	(30.8)	(3.2)	(27.8)	(1.6)	(3.0)	(1.6)
Total	141.6	14.6	149.2	22.3	(7.5)	(7.7)

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

(Billion yen)



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)

	Mar. 31, 2019	Dec. 31, 2018	Difference
<b>Current Assets</b>	<b>416.3</b>	<b>394.9</b>	<b>21.4</b>
<b>Noncurrent Assets</b>	<b>574.3</b>	<b>552.2</b>	<b>22.1</b>
<b>Total Assets</b>	<b>990.7</b>	<b>947.1</b>	<b>43.6</b>

Reference: Exchange rates at end of period

	Mar. 31, 2019	Dec. 31, 2018
JPY/USD	111	111
JPY/EUR	125	127

## Balance Sheet [2]: Liabilities and Net Assets

			(Billion yen)
	Mar. 31, 2019	Dec. 31, 2018	Difference
Current Liabilities	172.8	144.8	28.0
Noncurrent Liabilities	255.8	235.3	20.5
Total Liabilities	428.6	380.1	48.5
Net Assets	562.1	567.0	(5.0)
Total Liabilities and Net Assets	990.7	947.1	43.6

Reference: Exchange rates at end of period

	Mar. 31, 2019	Dec. 31, 2018
JPY/USD	111	111
JPY/EUR	125	127

# Forecast for FY2019

(Billion yen)

FY2019 Revised Forecast			
	1H	2H	Full
Net Sales	<b>290.0</b>	<b>318.0</b>	<b>608.0</b>
Operating Income	<b>29.0</b>	<b>40.5</b>	<b>69.5</b>
Ordinary Income	<b>26.5</b>	<b>38.5</b>	<b>65.0</b>
Net Income*	<b>16.0</b>	<b>24.0</b>	<b>40.0</b>

FY2019  
Initial Plan  
(Announced Feb 13, 2019)

	1H	2H	Full
Net Sales	312.0	318.0	630.0
Operating Income	38.5	40.5	79.0
Ordinary Income	36.5	38.5	75.0
Net Income*	23.0	24.0	47.0

Difference	1H	2H	Full
Net Sales	(22.0)	0	(22.0)
Operating Income	(9.5)	0	(9.5)
Ordinary Income	(10.0)	0	(10.0)
Net Income*	(7.0)	0	(7.0)

\*Net Income Attributable to Owners of the Parent.

# Forecast for FY2019

(Billion yen)

	FY2019 Revised Forecast			FY2018 Results			Difference		
	1H	2H	Full	1H	2H	Full	1H	2H	Full
Net Sales	290.0	318.0	608.0	301.4	301.6	603.0	(11.4)	16.4	5.0
Operating Income	29.0	40.5	69.5	36.3	29.5	65.8	(7.3)	11.0	3.7
Ordinary Income	26.5	38.5	65.0	34.6	26.6	61.2	(8.1)	11.9	3.8
Net Income*	16.0	24.0	40.0	22.6	11.0	33.6	(6.6)	13.0	6.4

\*Net Income Attributable to Owners of the Parent.

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.

# 【Ref.】 Net Sales by Segment

(Billion yen)

	FY2019 Revised Forecast			FY2018 Results			Difference			Difference from Initial Plan		
	1H	2H	Full	1H	2H	Full	1H	2H	Full	1H	2H	Full
	135.0	148.0	283.0	137.8	141.5	279.4	(2.8)	6.5	3.6	(12.0)	0	(12.0)
Vinyl Acetate	28.0	30.0	58.0	28.9	28.3	57.2	(0.9)	1.7	0.8	(2.0)	0	(2.0)
Isoprene	63.0	70.0	133.0	65.3	66.2	131.5	(2.3)	3.8	1.5	(5.0)	0	(5.0)
Functional Materials	32.0	34.0	66.0	33.5	31.3	64.7	(1.5)	2.7	1.3	(2.0)	0	(2.0)
Fibers & Textiles	70.0	75.0	145.0	68.4	70.4	138.8	1.6	4.6	6.2	0	0	0
Trading	28.0	29.0	57.0	29.2	28.8	58.0	(1.2)	0.2	(1.0)	(1.0)	0	(1.0)
Others	(66.0)	(68.0)	(134.0)	(61.8)	(65.0)	(126.7)	(4.2)	(3.0)	(7.3)	0	0	0
Total	290.0	318.0	608.0	301.4	301.6	603.0	(11.4)	16.4	5.0	(22.0)	0	(22.0)

# 【Ref.】 Operating Income by Segment

(Billion yen)

	FY2019 Revised Forecast			FY2018 Results			Difference			Difference from Initial Plan		
	1H	2H	Full	1H	2H	Full	1H	2H	Full	1H	2H	Full
	23.5	33.0	56.5	29.0	25.8	54.7	(5.5)	7.2	1.8	(7.5)	0	(7.5)
Vinyl Acetate	4.0	3.5	7.5	4.8	2.4	7.3	(0.8)	1.1	0.2	(1.0)	0	(1.0)
Functional Materials	1.5	3.0	4.5	1.9	2.5	4.4	(0.4)	0.5	0.1	(1.5)	0	(1.5)
Fibers & Textiles	3.0	4.0	7.0	3.3	3.0	6.3	(0.3)	1.0	0.7	0	0	0
Trading	2.2	2.3	4.5	2.1	2.1	4.2	0.1	0.2	0.3	0	0	0
Others	0.5	1.0	1.5	0.7	0.5	1.2	(0.2)	0.5	0.3	0	0	0
Elimination & Corporate	(5.7)	(6.3)	(12.0)	(5.5)	(6.8)	(12.3)	(0.2)	0.5	0.3	0.5	0	0.5
Total	29.0	40.5	69.5	36.3	29.5	65.8	(7.3)	11.0	3.7	(9.5)	0	(9.5)

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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