FY2010 Earnings Presentation

Representative Director and President

Fumio Ito

April 27, 2011

KURARAY CO., LTD.

FY2010 Results

(Billion yen)

	FY2010	FY2009	FY2010 Initial Forecast (Announced at Oct. 28, 2010)
Net Sales	363.2	332.9	365.0
Operating Income	53.1	30.5	52.0
Ordinary Income	51.1	28.9	50.0
Net Income	28.7	16.3	28.5
Average rate for the period			
Yen／U.S. Dollar	86	93	82
Yen／Euro	113	131	114
Domestic naphtha/kl	¥47,000	¥36,000	¥45,000

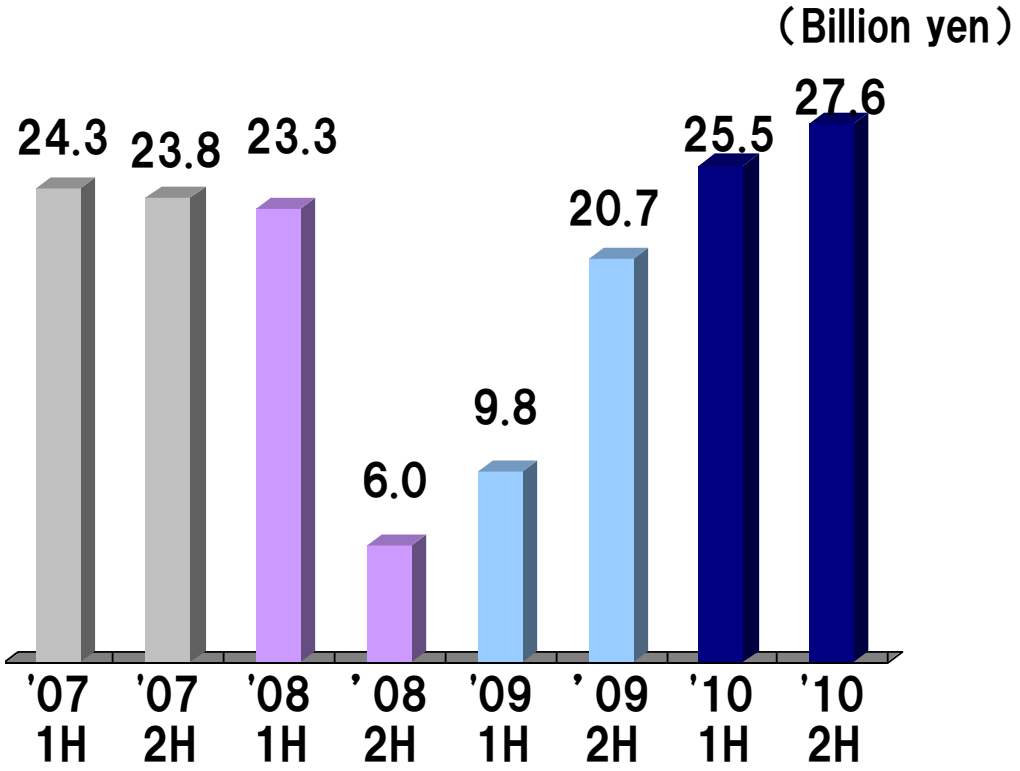
＊ 2H assumption

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FY2010 Overview

- Record high profit
- Achieved FY2011 operating income target (¥50 billion) for final year of medium-term action plan "GS-Twins" a year ahead of schedule

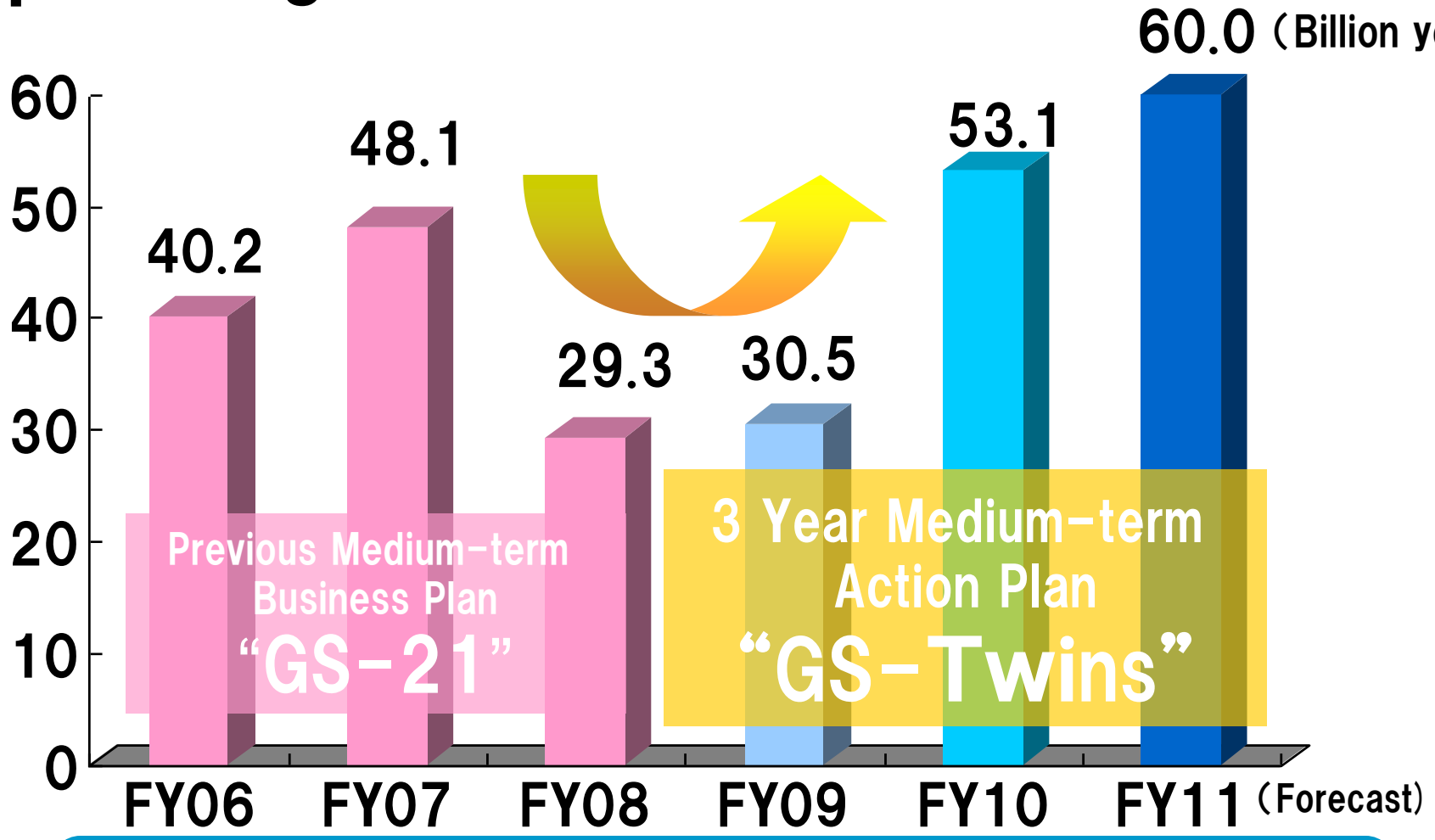
Recovery of Operating Income after Lehman Brothers Collapse (6-month basis)



Forecast for FY2011

Net Sales	¥400billion
Operating Income	¥60billion
Ordinary Income	¥58billion
Net Income	¥34billion
Cash Dividends/Share	¥33

Operating Income Trend



Achieved ¥50 billion operating income target of current action plan with further growth expected

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Impact of Great East Japan Earthquake

Direct impact on Kuraray:

Suspension of operations at Kashima Plant (located in Ibaraki prefecture)

- Full shutdown until mid-April
- Partial operations until early May
  (use of materials on hand, etc.)
- Regularly scheduled over haul from mid-May to late June

➡ Full operation scheduled from late June

*Have no impact on other than Kashima plants

Amount of Direct Impact on Net Sales and Income

	FY2010	FY2011 (Current Forecast)
Net Sales	approx. ▲¥1.0 billion	approx. ▲¥ 3.0 billion
Operating loss	approx. ▲¥0.3 billion	approx. ▲¥ 1.0 billion
Extraordinary loss	approx. ▲¥1.0 billion	approx. ▲¥ 1.0 billion

Note: Indirect impact, including disruption of the supply chain, is unclear at present.

Progress of Medium-Term Action Plan "GS-Twins" (FY2009～FY2011)

①Improve profit structure

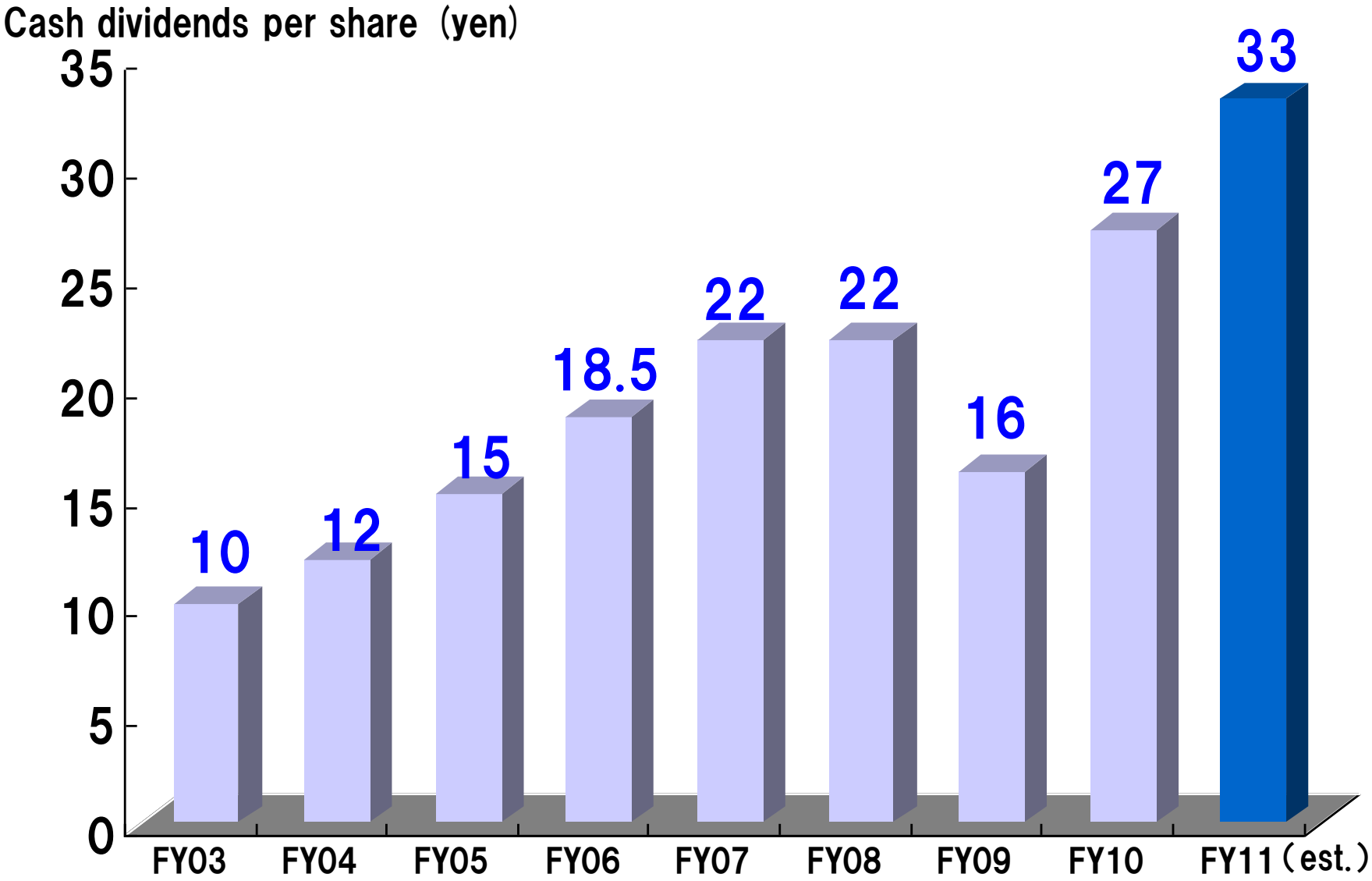
→Contribute to achieve record high profit

②Creation and expansion of new business

③Acceleration of global strategy for core businesses

Continue to deal with as priority issues in FY2011

Trends of Dividends per share



Examples of Creation and Expansion of New Business [1]

FY2009

- Heat-Resistant Polyamide Resin *GENESTAR* ; Start of sales for LEDs
- Liquid Isoprene Rubber *LIR* ; Full-scale sales for tires
- New-type nonwoven fabric *FLEXTAR* ; Start of full-scale adoption
- New environment-friendly man-made leather ; Start of sales

FY2010

- Acrylic Thermoplastic Elastomer *KURARITY*
  ; Promotion of development/Decided to construct full-scale facilities (Start of operation in autumn of 2011)
- Plastic Scintillation Fiber (PSF) ; Expansion of use for detection of elementary particles (Contribute to high-energy physics and cosmology)
- Ballast water management system *MICROFADE* ; Received basic approval

Examples of Creation and Expansion of New Business[2]

Themes in FY2011

- **Related to Existent field**
  - ◆Establishment of integrated company with Noritake Dental Supply Co., Ltd.
- **Aqua business field**
  - ◆Introduction in multiple water treatment projects in Singapore
  - ◆Planning for establish water-treatment joint venture in China
  - ◆Start/acceleration of worldwide sales of coolant recovery system (Production process of photovoltaic silicon wafer)
- **Energy business field**
  - ◆Concentrating Lens for Solar Power Generation ; Start of adoption
  - ◆Activated carbon for electric double layer capacitors ; Expansion of sales
- **Electronic and Optical field**
  - ◆LCP film *VECSTAR* ; Start of full-scale adoption for high-speed transmission circuit

Summary of FY2010 Results

Executive Officer
General Manager of Corporate Management Planning Office
Yuichi Kawarasaki

April 27, 2011

KURARAY CO., LTD.

1. Summary of FY2010 Results [1]

[Billion Yen]

	FY2010	FY2009	Difference	
Net Sales	363.2	332.9	30.3	9.1 [%]
Operating Income	53.1	30.5	22.6	74.4 [%]
Ordinary Income	51.1	28.9	22.1	76.5 [%]
Net Income	28.7	16.3	12.4	76.2 [%]
ROE	8.5%	5.0%	3.5	Points
ROA	10.5%	5.9%	4.6	Points
Operating Margin	14.6%	9.1%	5.5	Points

1. Summary of FY2009 Results [2]

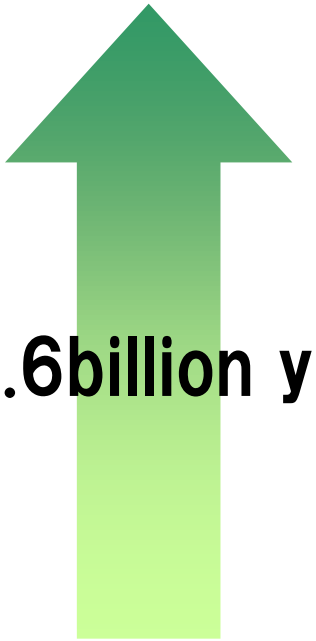
[Billion Yen]

	FY2010	FY2009	Difference	
Operating CF	69.6	80.5	▲10.9	
Investing CF	▲20.5	▲21.8	+1.3	
Free CF	49.1	58.7	▲9.6	
EPS	¥82.55	¥46.86	¥35.69	(43.2%)
BPS	¥985.22	¥961.24	¥23.98	(24.3%)
CAPEX	20.6	19.9	▲0.7	
Depreciation and Amortization	33.5	36.5	▲3	
R&D Expenses	15.8	15.3	0.5	

* Working capital is excluded from cash flows from investment activities and free cash flow.

2. Factors Affecting the Change in OP Income

FY 2010	*53.1billion yen*
Sales volume	12.1
Utilization	9.6
Selling price, product mix	8.2
Raw material and fuel costs	▲11.9
Foreign exchange	▲3.7
Depreciation and amortization	3.0
Cost and expense reduction	5.3



22.6billion yen

FY 2009	30.5billion yen

Raw Material and Fuel and Foreign Exchange	FY09 Actual	FY10 Actual
Domestic naphtha/kl	¥36,000	¥47,000
$U.S. (average)	¥93	¥86
Euro (average)	¥131	¥116

3. Segment Highlight

[Billion yen]

	FY2010		FY2009		Difference	
	Net Sales	OP Income	Net Sales	OP Income	Net Sales	OP Income
Resins	147.4	50.8	136.6	39.2	10.9	11.7
Chemicals	75.7	8.7	66.7	2.0	9.0	6.6
Fibers& Textiles	61.6	▲0.2	58.2	▲2.8	3.4	2.6
Trading	115.1	3.3	102.6	2.0	12.5	1.3
Others	58.9	4.9	50.2	4.3	8.7	0.6
Elimination & corporate expenses	▲95.6	▲14.4	▲81.3	▲14.2	▲14.3	▲0.2
Total	363.2	53.1	332.9	30.5	30.3	22.6

4. Overview of Main Businesses

Poval resin	Strong performance in Asian and European markets.
Optical-use Poval film	Despite impact of production adjustments at a polarizer manufacturer mid-year, overall growth due to brisk LCD TV demand.
EVAL	Further growth in Asian markets, mainly for automobile and food packaging applications. In Europe and North America, strong demand for food packaging and automobile applications. Expansion of sales for new applications.
Methacrylic resin	Steady sales of molding materials and sheets. With the additional factor of improved market conditions, income increased.
Isoprene	Strong performance with steady expansion of *SEPTON* and liquid rubber products. Sales of chemicals/fine chemicals increased mainly in Japan and Asia with the progress of high-value-added products.
Medical	Steady sales of dental materials due in part to effects of market launch of new-type composite resins and bonds in Europe and North America and strengthening of sales organization.
GENESTAR	Steady sales for electronic parts for connectors and other applications, and for LED reflectors used in LCD TVs, etc.
KURALON	Growth in demand for automobile brake hoses and primary cell battery separators. Demand for fiber-reinforced cement (FRC) was also on a recovery track throughout the year.
CLARINO	Growth in demand for environmentally friendly products made with a new process, such as footwear and gloves, and existing products were also on a recovery track.

5. Summary of Consolidated BS [1] (Assets)

[Billion Yen]	Mar. 31, 2011	Mar. 31, 2010	Difference
Current Assets	310.6	249.3	61.3
Fixed Assets	196.7	253.5	▲56.8
Total Assets	507.3	502.8	4.5

Fixed Asset

CAPEX	20.6
Depreciation and Amortization	▲33.5
Foreign Currency Translation Adjustments	▲10.7
Others	▲1.1
Sub Total	▲24.7

Investments and Other Assets

Sub Total	▲32.1
※Transfer to current assets	▲26.9

Overseas subsidiaries term-end exchange rates

	Dec. 31, 2010	Dec. 31, 2009
Yen/$ U.S.	81	92
Yen/Euro	108	132

5. Summary of Consolidated BS [2]

(Liabilities and Net Assets)

[Billion Yen]	Mar. 31, 2011	Mar. 30, 2010	Difference
Current Liabilities	86.2	76.6	9.7
Long-Term Liabilities	74.3	88.4	▲14.2
Total Liabilities	160.5	165.0	▲4.5
Net Assets	346.8	337.8	9.0
Total Liabilities and Net Assets	507.3	502.8	4.5

Overseas subsidiaries term-end exchange rates

	Dec.31, 2010	Dec. 31, 2009
Yen/$U.S	81	92
Yen/Euro	108	132

6. Forecast of FY2011

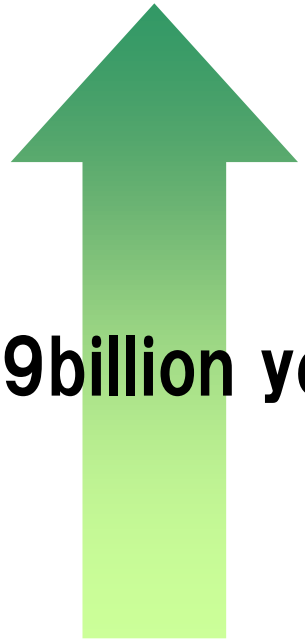
[Billion yen]

	1H	2H	Full year
Net Sales	190.0	210.0	400.0
Operating Income	26.5	33.5	60.0
Ordinary Income	25.5	33.0	58.5
Net Income	14.5	19.5	34.0
EPS	–	–	¥97.63
Dividends per Share	¥16	¥17	¥33

【Ref】	CAPEX（decision basis）	70.0
	CAPEX (acceptance basis)	34.5
	Depreciation and Amortization	30.5
	R&D Expenses	17.0

7. Factors Affecting the Change in OP Income

FY2011 (forecast)	*60.0billion yen*
Sales volume	8.1
Utilization	3.8
Selling price, product mix	10.5
Raw material and fuel costs	▲13.4
Foreign exchange	▲2.0
Depreciation and amortization	3.0
Expenses& others	▲3.1



6.9billion yen

FY 2010	53.1 billion yen

Raw Material and Fuel and Foreign Exchange

	FY10 Actual	FY11 Assumption
Domestic naphtha/kl	¥47,000	¥60,000
$U.S. (average)	¥86	¥82
Euro (average)	¥116	¥110

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【Ref.】Forecast by segment

[Billion yen]

	Net Sales			Operating Income		
	1H	2H	Full year	1H	2H	Full year
Resins	80.0	85.0	165.0	26.5	30.0	56.5
Chemicals	41.0	49.0	90.0	3.5	6.5	10.0
Fibers & Textiles	28.0	32.0	60.0	0	0.5	0.5
Trading	58.0	62.0	120.0	1.5	2.0	3.5
Others	29.0	31.0	60.0	2.5	2.5	5.0
Elimination & corporate expenses	▲46.0	▲49.0	▲95.0	▲7.5	▲8.0	▲15.5
Total	190.0	210.0	400.0	26.5	33.5	60.0

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未来に化ける新素材

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All financial figures are rounded to the nearest hundred million yen.

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