

FY2020 1Q Earnings Presentation (Overview)

KURARAY CO., LTD.

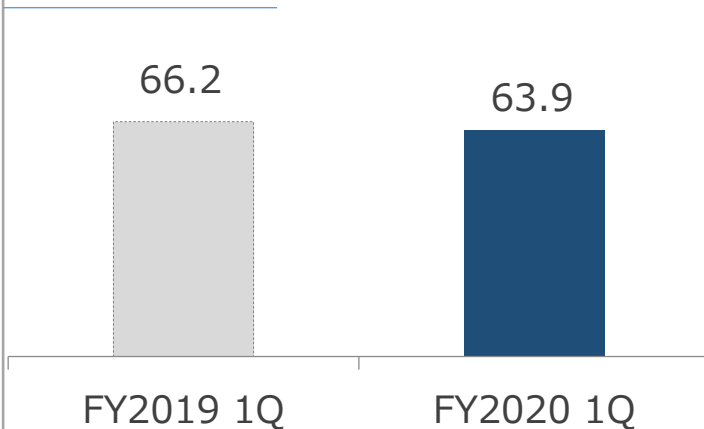
Overview of FY2020 1Q Results

(Billion yen)

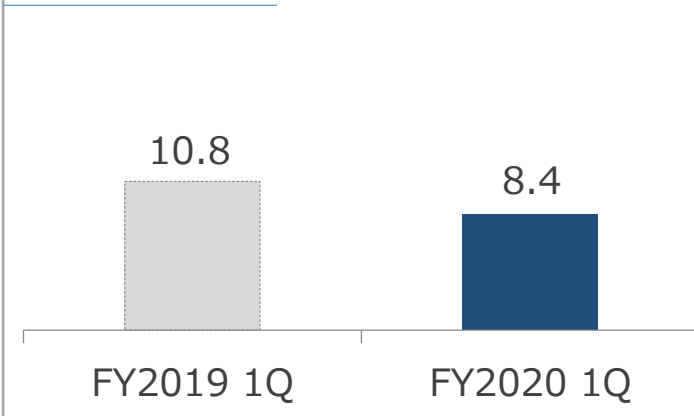
	FY2020 1Q	FY2019 1Q	Difference
Net Sales	136.9	141.6	-4.7(-3.3%)
Operating Income	12.0	14.6	-2.7(-18.2%)
Ordinary Income	11.3	12.8	-1.5(-11.6%)
Net Income*	6.7	6.1	0.6(10.2%)
Reference			
JPY/USD	109	110	
JPY/EUR	120	125	
Domestic naphtha (JPY 1,000/kl)	44	45	

*Net Income Attributable to Owners of the Parent

Net Sales (Billion yen)



Operating Income (Billion yen)



■ PVA resin

The sales volume declined due to stagnant global demand.

■ Optical-use poval film

Due to the effect of an LCD panel inventory adjustment continuing from the second half of previous fiscal year, shipments stayed level with the previous year.

■ Water-soluble PVA film <MonoSol>

The sales steadily expanded for use in unit dose detergent packets.

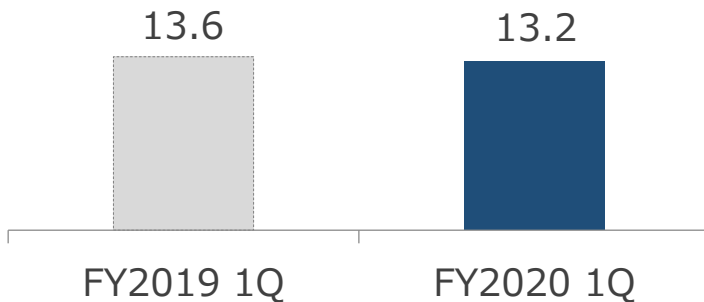
■ PVB film

Mainly the sales for automotive applications remained weak.

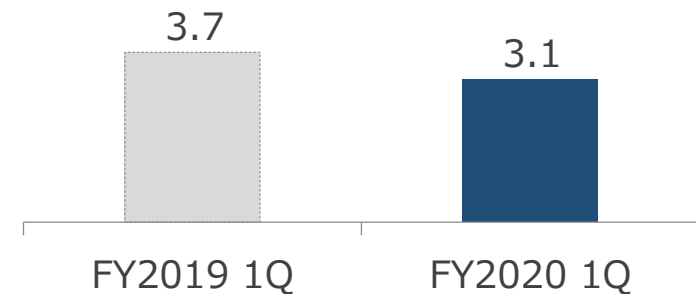
■ EVAL™

Increased sales for food packaging applications while sales for gas tank applications were weak due to a decline in the number of vehicles produced.

Net Sales (Billion yen)



Operating Income (Billion yen)



■ Isoprene

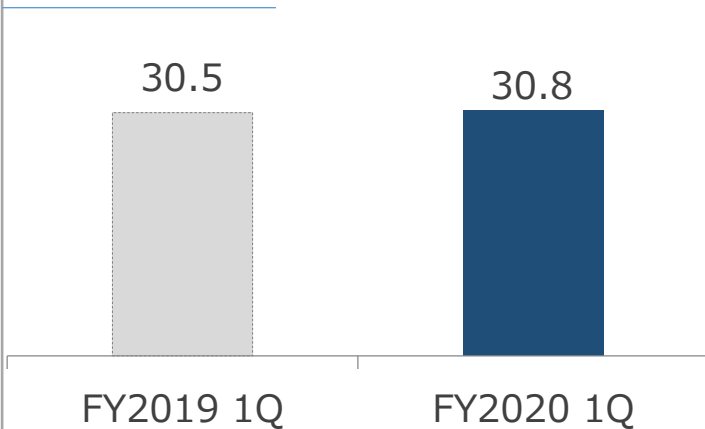
Shipments of isoprene chemicals declined, especially those in China.

Sales of SEPTON™ thermoplastic elastomer struggled in Asia, but U.S. demand remained firm.

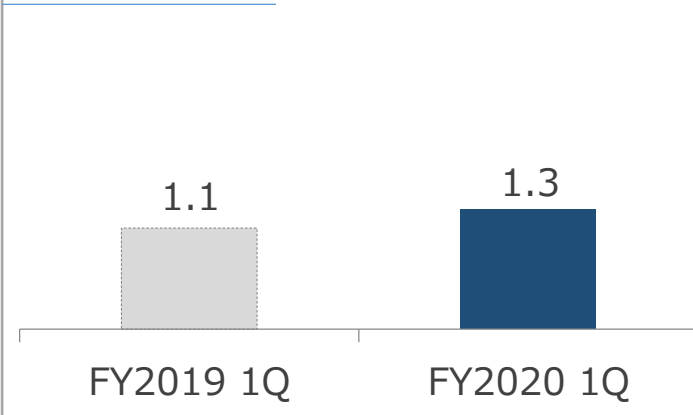
■ GENESTAR™

Sales volume increased due to anticipatory demand in China for electric and electronic devices. Demand for connectors for automotive devices remained favorable.

Net Sales (Billion yen)



Operating Income (Billion yen)



■ Methacrylate

Although sales volume of resins & sheets increased, the methacrylate business was affected by worsening market conditions.

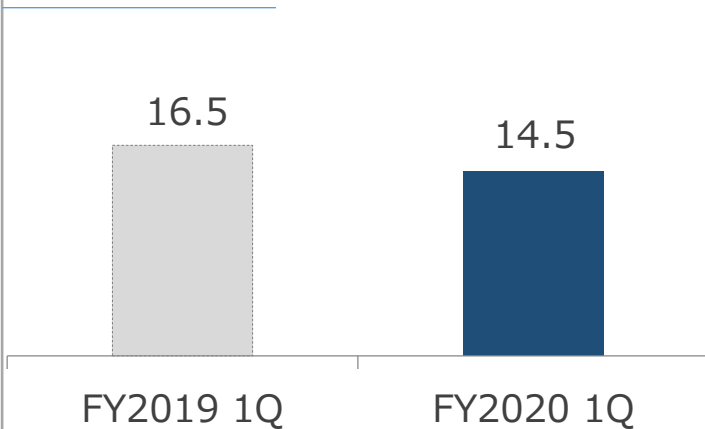
■ Medical

Sales were steady due to anticipatory demand in export for dental materials in the first quarter, but there are concerns about decelerating demand as many dental clinics have closed, mainly across the U.S. and Europe.

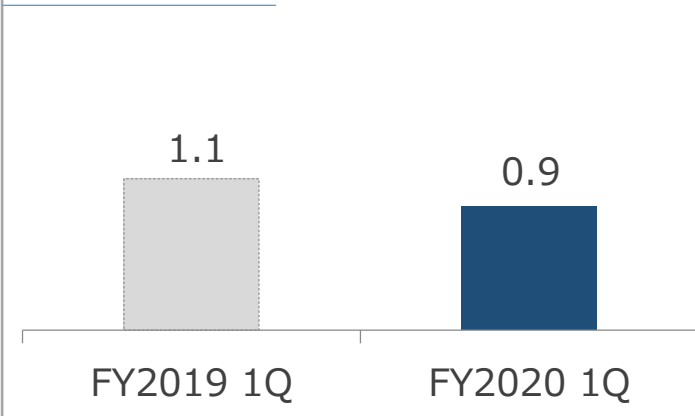
■ Calgon Carbon & Carbon Materials

Demand of drinking water application remained steady in North America, but sales in Europe were affected by sluggish demand. In the Carbon Materials business, sales of high value-added products increased.

Net Sales (Billion yen)



Operating Income (Billion yen)



■ CLARINO™

Sales decreased due to stagnant demand in Asia and Europe.

■ Fibers and Industrial Materials

KURALON™ for cement reinforcement use remained weak. Sales of products used in reinforcing rubber were negatively affected by a decline in vehicle production. VECTRAN™ sales resulted firm.

■ Consumer Goods and Materials

Sales of KURAFLEX™ were weak as demand for cosmetic and automotive applications fell despite an increase in sales for mask-related applications.

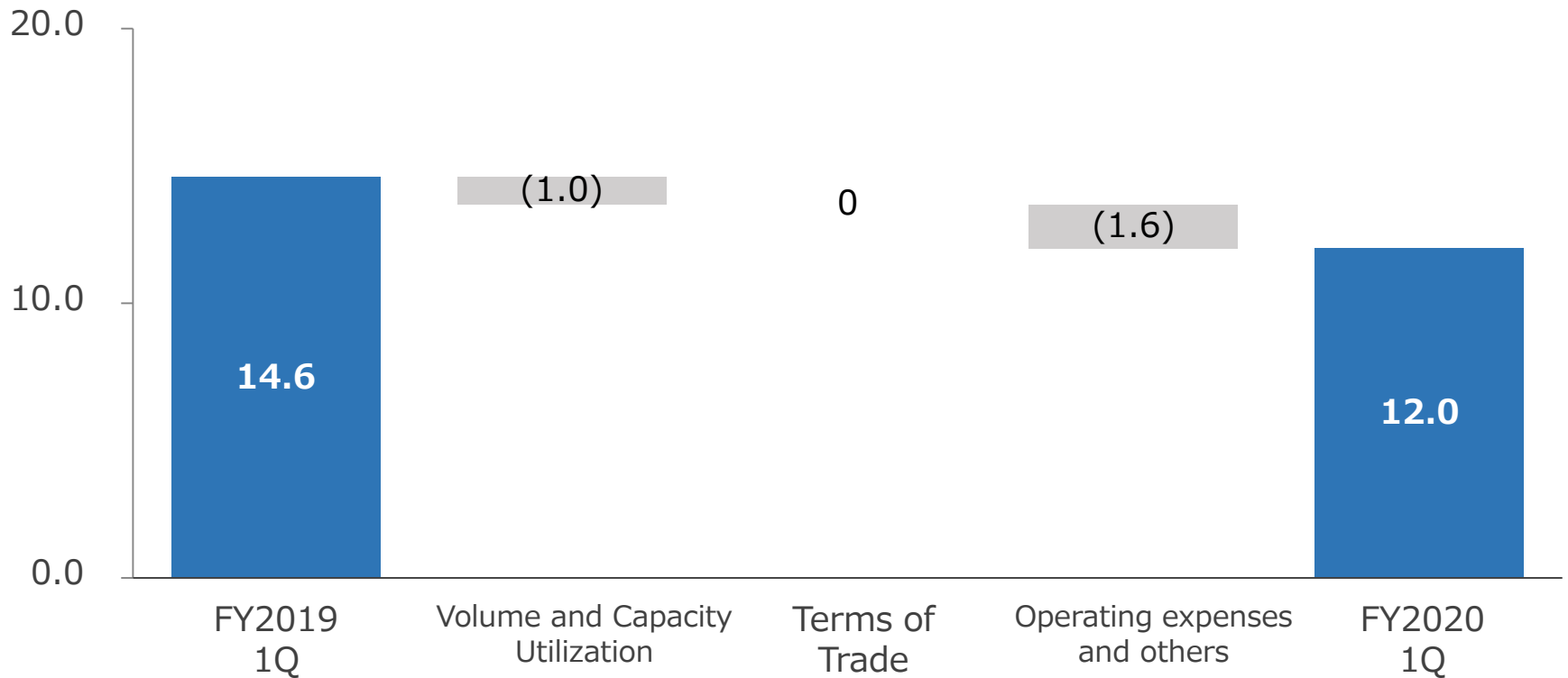
Sales and Operating Income by Segment

(Billion yen)

	FY2020 1Q		FY2019 1Q		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	63.9	8.4	66.2	10.8	(2.4)	(2.4)
Isoprene	13.2	3.1	13.6	3.7	(0.5)	(0.6)
Functional Materials	30.8	1.3	30.5	1.1	0.3	0.1
Fibers & Textiles	14.5	0.9	16.5	1.1	(2.1)	(0.2)
Trading	29.8	1.0	31.4	0.9	(1.6)	0.1
Others	11.7	0	14.2	0.1	(2.6)	(0.1)
Elimination & Corporate	(26.8)	(2.7)	(30.8)	(3.2)	4.0	0.4
Total	136.9	12.0	141.6	14.6	(4.7)	(2.7)

Factors Affecting the Change in Operating Income

(Billion yen)



	FY2019 1Q	FY2020 1Q
Domestic naphtha(JPY1,000/kl)	¥45	¥44
USD (average)	¥110	¥109
EUR (average)	¥125	¥120

Balance Sheet [1]: Assets

(Billion yen)

	Mar. 31, 2020	Dec. 31, 2019	Difference
Current Assets	402.1	394.7	7.4
Noncurrent Assets	591.0	596.4	(5.5)
Total Assets	993.1	991.1	2.0

Reference: Exchange rates at end of period

	Mar. 31, 2020	Dec. 31, 2019
JPY/USD	109	110
JPY/EUR	120	123

Balance Sheet [2]: Liabilities and Net Assets

(Billion yen)

	Mar. 31, 2020	Dec. 31, 2019	Difference
Current Liabilities	190.6	201.7	(11.0)
Noncurrent Liabilities	272.7	250.9	21.7
Total Liabilities	463.3	452.6	10.7
Net Assets	529.8	538.5	(8.7)
Total Liabilities and Net Assets	993.1	991.1	2.0
Equity Ratio	51.9%	53.0%	(1.1%)

Reference: Exchange rates at end of period

	Mar. 31, 2020	Dec. 31, 2019
JPY/USD	109	110
JPY/EUR	120	123

■ Kuraray Group's initiatives

- Place utmost priority on ensuring safety and health of group employees, their families and all other stakeholders
- Support supply chains by stable provision of our products which needed in the society around the world
(We continue business operations while ensuring safety and implementation of countermeasures to virus infection)

■ FY2020 1H Forecast

(Billion yen)

	Initial Plan	Forecast	Difference
Net Sales	290.0	260.0	(30.0)
Operating Income	28.0	15.0	(13.0)

■ FY2020 Revised Forecast

We have temporarily withdrawn the forecasts released on February 13, 2020 and it is to be determined.

We'll swiftly release a forecast once calculations become possible.

Forecast for FY2020 1H (vs FY2019 1H actual)

(Billion yen)

	FY2020 Revised Forecast			FY2019 Results			Difference		
	1H	2H	Full	1H	2H	Full	1H	2H	Full
Net Sales	260.0	-	-	287.4	288.4	575.8	(27.4)	-	-
Operating Income	15.0	-	-	27.9	26.3	54.2	(12.9)	-	-
Ordinary Income	13.0	-	-	24.7	23.6	48.3	(11.7)	-	-
Net Income*	7.0	-	-	13.3	(15.2)	(2.0)	(6.3)	-	-

*Net Income Attributable to Owners of the Parent.

Forecast for FY2020 1H (vs FY2020 1H initial plan)

(Billion yen)

	FY2020 Revised Forecast			FY2020 Initial Plan (Announced Feb 13, 2020)			Difference		
	1H	2H	Full	1H	2H	Full	1H	2H	Full
Net Sales	260.0	-	-	290.0	300.0	590.0	(30.0)	-	-
Operating Income	15.0	-	-	28.0	32.0	60.0	(13.0)	-	-
Ordinary Income	13.0	-	-	26.0	30.0	56.0	(13.0)	-	-
Net Income*	7.0	-	-	16.0	19.0	35.0	(9.0)	-	-

*Net Income Attributable to Owners of the Parent.

【Ref.】 Net Sales by Segment (vs FY2019 actual)

(Billion yen)

	FY2020 Revised Forecast			FY2019 Results			Difference		
	1H	2H	Full	1H	2H	Full	1H	2H	Full
Vinyl Acetate	123.0	-	-	134.7	131.4	266.1	(11.7)	-	-
Isoprene	24.0	-	-	27.4	25.9	53.3	(3.4)	-	-
Functional Materials	60.0	-	-	62.6	63.4	126.0	(2.6)	-	-
Fibers & Textiles	28.0	-	-	33.1	31.4	64.5	(5.1)	-	-
Trading	60.0	-	-	64.8	66.1	130.9	(4.8)	-	-
Other Business	19.5	-	-	26.0	25.1	51.1	(6.5)	-	-
Elimination & Corporate	(54.5)	-	-	(61.2)	(54.9)	(116.1)	6.7	-	-
Total	260.0	-	-	287.4	288.4	575.8	(27.4)	-	-

【Ref.】 Operating Income by Segment (vs FY2019 actual)

(Billion yen)

	FY2020 Revised Forecast			FY2019 Results			Difference		
	1H	2H	Full	1H	2H	Full	1H	2H	Full
Vinyl Acetate	15.5	-	-	23.1	24.3	47.4	(7.6)	-	-
Isoprene	2.0	-	-	3.4	0.8	4.2	(1.4)	-	-
Functional Materials	0	-	-	2.2	1.6	3.8	(2.2)	-	-
Fibers & Textiles	1.5	-	-	3.0	2.7	5.7	(1.5)	-	-
Trading	1.8	-	-	2.1	2.1	4.2	(0.3)	-	-
Other Business	(0.2)	-	-	0.4	0.2	0.6	(0.6)	-	-
Elimination & Corporate	(5.6)	-	-	(6.2)	(5.6)	(11.8)	0.6	-	-
Total	15.0	-	-	27.9	26.3	54.2	(12.9)	-	-

【Ref.】 Net Sales by Segment (vs FY2020 initial plan)

(Billion yen)

	FY2020 Revised Forecast			FY2020 Initial Plan			Difference		
	1H	2H	Full	1H	2H	Full	1H	2H	Full
Vinyl Acetate	123.0	-	-	138.0	140.0	278.0	(15.0)	-	-
Isoprene	24.0	-	-	27.0	28.0	55.0	(3.0)	-	-
Functional Materials	60.0	-	-	64.0	67.0	131.0	(4.0)	-	-
Fibers & Textiles	28.0	-	-	33.0	34.0	67.0	(5.0)	-	-
Trading	60.0	-	-	65.0	70.0	135.0	(5.0)	-	-
Other Business	19.5	-	-	25.0	26.0	51.0	(5.5)	-	-
Elimination & Corporate	(54.5)	-	-	(62.0)	(65.0)	(127.0)	7.5	-	-
Total	260.0	-	-	290.0	300.0	590.0	(30.0)	-	-

【Ref.】 Operating Income by Segment (vs FY2020 initial plan)

(Billion yen)

	FY2020 Revised Forecast			FY2020 Initial Plan			Difference		
	1H	2H	Full	1H	2H	Full	1H	2H	Full
Vinyl Acetate	15.5	-	-	24.5	26.0	50.5	(9.0)	-	-
Isoprene	2.0	-	-	2.0	3.0	5.0	0	-	-
Functional Materials	0	-	-	2.0	3.0	5.0	(2.0)	-	-
Fibers & Textiles	1.5	-	-	3.0	3.0	6.0	(1.5)	-	-
Trading	1.8	-	-	2.2	2.3	4.5	(0.4)	-	-
Other Business	(0.2)	-	-	0.3	0.7	1.0	(0.5)	-	-
Elimination & Corporate	(5.6)	-	-	(6.0)	(6.0)	(12.0)	0.4	-	-
Total	15.0	-	-	28.0	32.0	60.0	(13.0)	-	-

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All figures are rounded to the nearest hundred million yen.

This presentation contains various forward-looking statements which are based on the current expectations and assumptions of future events. All figures and statements with respect to the future performance, projections, and business plans of Kuraray and its group companies constitute forward-looking statements. Although Kuraray believes that its expectations and assumptions are reasonable, actual results and trends of Kuraray's performance could differ materially from those expressed or implied by such figures or statements due to risks and uncertainties in the future business circumstances. The factors which may cause such difference include, without limitation: (1) general market and economic conditions in Asia including Japan, the U.S., Europe and other regions; (2) fluctuations of currency exchange rates, especially between the Japanese yen and the U.S. dollar and other foreign currencies; (3) changes in raw material and fuel costs; (4) industrial competition and price fluctuations in Japan and international markets; (5) advance or delay in the construction of new plants and production lines; (6) successful development of new products and technologies; and (7) changes in laws and regulations (including tax and environmental) and legal proceedings.