

May 14, 2020
Kuraray Co., Ltd.

Notice of Revision to Earnings Forecasts

Kuraray Co., Ltd. has made the following revisions to the forecast of financial results, which was announced on February 13, 2020.

1. Revisions to consolidated earnings forecast for the second quarter of fiscal 2020 (January 1 - June 30, 2020)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share
Previously Announced forecast (A)	Billions of yen 290.0	Billions of yen 28.0	Billions of yen 26.0	Billions of yen 16.0	Yen 46.55
Revised forecast (B)	260.0	15.0	13.0	7.0	20.36
Change (B - A)	(30.0)	(13.0)	(13.0)	(9.0)	
Percent change (%)	(10.3)	(46.4)	(50.0)	(56.3)	
(Reference) Second quarter results of fiscal 2019	287.4	27.9	24.7	13.3	38.16

2. Reason for the revisions

Due to global economic restrictions to combat the spread of COVID-19, first quarter results were weak as demand for Kuraray mainstay products for use in automobiles, electronic devices and displays stagnated. Further deterioration in demand is unavoidable from the second quarter, and we need to respond accordingly with production adjustments and other measures. We expect this to have a large impact on our operating results. Based on these circumstances, we have revised our consolidated forecast for the second quarter of fiscal 2020 as shown below.

Note: Earnings forecasts are based on currently available information and certain conditions judged rational, but actual earnings may differ from forecasts for various reasons.

Reference : Earnings forecast by reporting segment

(Billions of yen)

	Net Sales			Operating Income		
	Original Plan	Revised forecast	Difference	Original Plan	Revised forecast	Difference
Vinyl Acetate	138.0	123.0	(15.0)	24.5	15.5	(9.0)
Isoprene	27.0	24.0	(3.0)	2.0	2.0	0
Functional Materials	64.0	60.0	(4.0)	2.0	0	(2.0)
Fibers and Textiles	33.0	28.0	(5.0)	3.0	1.5	(1.5)
Trading	65.0	60.0	(5.0)	2.2	1.8	(0.4)
Other Business	25.0	19.5	(5.5)	0.3	(0.2)	(0.5)
Adjustment	(62.0)	(54.5)	7.5	(6.0)	(5.6)	0.4
Total	290.0	260.0	(30.0)	28.0	15.0	(13.0)

3. Revisions to consolidated earnings forecast for the fiscal 2020 (January 1 - December 31, 2020)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
Previously Announced forecast (A)	590.0	60.0	56.0	35.0	101.82
Revised forecast (B)	-	-	-	-	-
Change (B - A)	-	-	-	-	
Percent change (%)	-	-	-	-	
(Reference) Results of fiscal 2019	575.8	54.2	48.3	(2.0)	(5.66)

4. Reason for the revisions

The economic environment was dramatically changed from that which we calculated in the original forecast owing to restrictions on economic activity world-wide to counter the global spread of COVID-19. Due to the difficulty of reasonably calculating results forecasts for the third and fourth quarter, we have withdrawn the full-year consolidated results forecast released on February 13, 2020 and it is to be determined. We will swiftly release a forecast once calculations become possible.

In addition, although we recorded an extraordinary loss in fiscal 2019 related to the litigation over the fire at the U.S. subsidiary, in May 2018, if it is determined that we need to revise our results forecasts in the course of future negotiations, we will make a swift announcement.