



FY2013 Earnings Presentation

KURARAY CO., LTD.

FY2013 Results

(Billion yen)

	FY2013	FY2012	FY2013 (Announced in the earnings report of 3Q)
Net Sales	413.5	369.4	410.0
Operating Income	49.5	49.2	50.0
Ordinary Income	49.3	48.6	49.0
Net Income	29.4	28.8	29.0
Average rate for the period			
JPY/USD	100	83	
JPY/EUR	134	107	
Domestic naphtha/kl	¥67,000	¥57,000	

Outcomes of Main FY2013 Initiatives

Expansion of Mainstay Core Businesses

- ◆ Agreement to acquire vinyl acetate related business of DuPont of the U.S.
- ◆ 12,000-ton increase in capacity for *EVAL* in the U.S.
- ◆ Decision to expand production facilities for water soluble PVA film (U.S.)
→ Start-up scheduled for July 2014
- ◆ Completion of construction to expand production capacity for *GENESTAR* (+3,000 tons)

Creation/Expansion of New Businesses

- ◆ Decision to expand production facilities for *VECSTAR*
- ◆ Completion of construction of new production facility for *BIOCARBOTRON*, a plant-based hard carbon anode material for lithium-ion batteries (1,000 tons)

Change in Fiscal Year End

Purpose

- ◆ Standardize accounting periods with overseas subsidiaries in light of the growth in net sales overseas
- ◆ Manage business operation globally

FY2014


	Japan	Overseas
First Half	April to September	January to June
Second Half	October to December	July to December

Note: This matter is conditional upon approval of “Partial Amendment of the Articles of Incorporation” at the 133rd Ordinary General Meeting of Shareholders scheduled to be held on June 20, 2014.

Forecast for FY2014

[billion yen]

	For Reference Previous Basis (April 2014 to March 2015)	Change in Fiscal Year End (April 2014 to December 2014)*
Net Sales	460.0	385.0
Operating Income	57.0	44.0
Ordinary Income	56.0	43.0
Net Income	34.5	26.0



* Japan: Nine-month period from April to December;
Overseas: Twelve-month period from January to December

Forecast for FY2014

[billion yen]

	FY2014 (April-December 2014)	For Reference FY2013 (Adjusted)	Difference
Net Sales	385.0	339.9	45.1
Operating Income	44.0	38.3	5.7
Ordinary Income	43.0	38.4	4.6
Net Income	26.0	23.1	2.9

Nine-month period from April to December in Japan, twelve-month period from January to December overseas for both FY2013 and FY2014

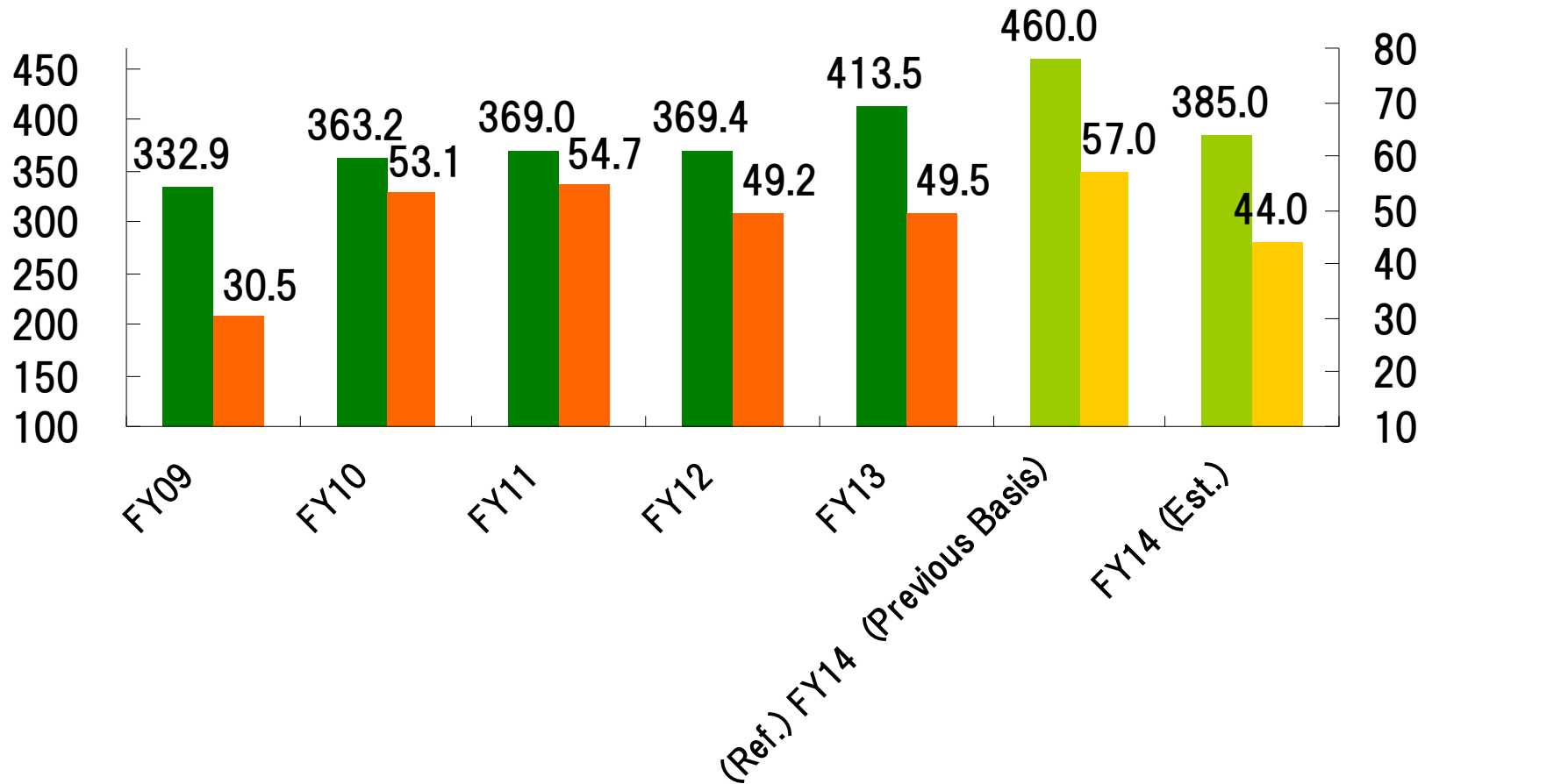
Net Sales/Operating Income Trend

(Billion yen)

(Billion yen)

Net Sales

Operating Income



Key Initiatives for FY2014

◆ Realization of synergies from the acquisition of the vinyl acetate related business of DuPont

Technological innovation

- ◆ Develop differentiated optical-use poval film products
- ◆ New materials for rapid transmission circuit boards *VECSTAR*:
Expand production capacity and sales
- ◆ *KURALON*: Accelerate new manufacturing technology development
- ◆ Develop ultra-barrier films by strategic alliance with a venture company (investment in FY2013)

Geographical expansion

- ◆ Poval resin: Expand markets in Americas
- ◆ *EVAL*: Expand markets in developing countries
- ◆ Global expansion of water soluble PVA film

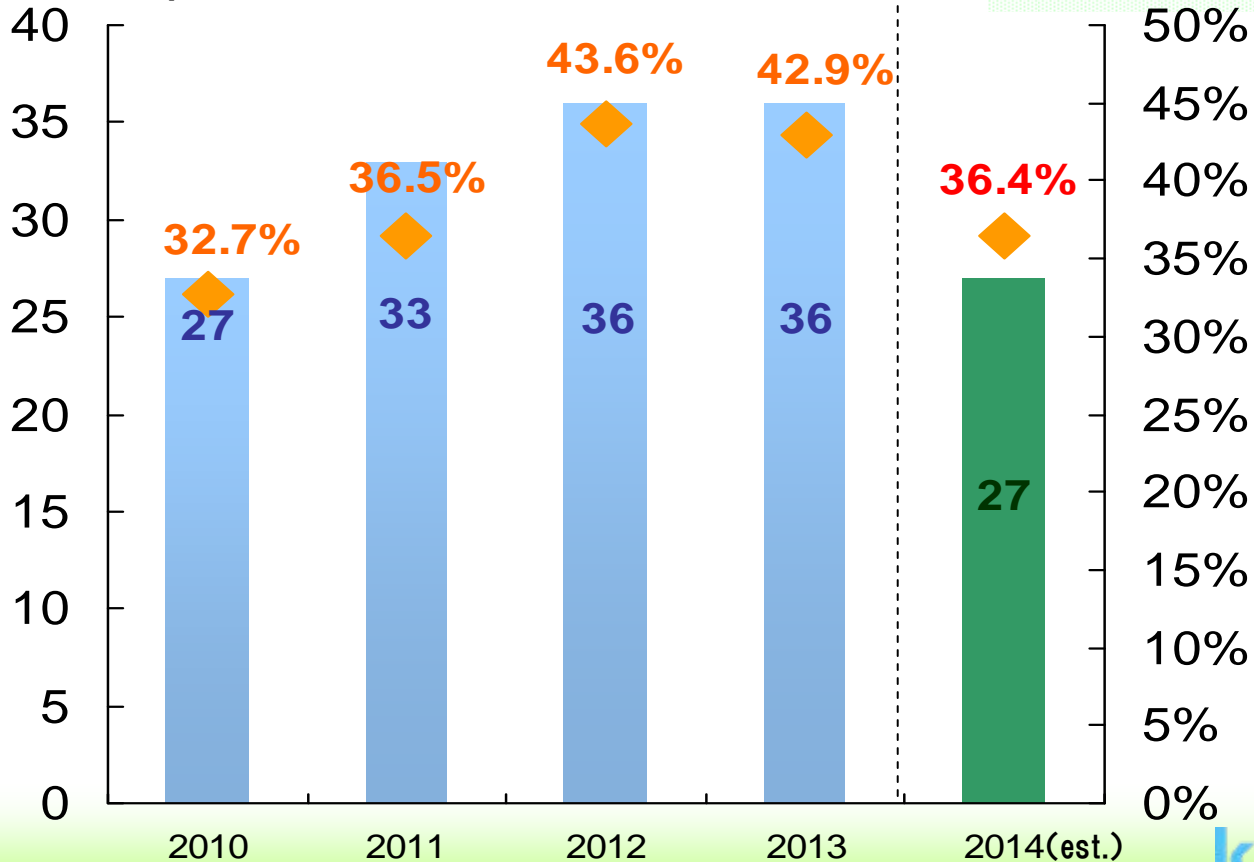
FY2014 Dividends

9-month period due to change in fiscal year end in FY2014

¥27 per share scheduled

(Interim: ¥18 Year-end: ¥9)

Cash dividends per share (Yen)





FY2013 Results (Details)

KURARAY CO., LTD.

Summary of FY2013 [1]

(Billion yen)

	FY2013	FY2012	Difference	
Net Sales	413.5	369.4	44.1	(11.9%)
Operating Income	49.5	49.2	0.3	(0.7%)
Ordinary Income	49.3	48.6	0.7	(1.6%)
Net Income	29.4	28.8	0.6	(2.1%)
ROE	7.0%	7.6%		
ROA	8.1%	8.9%		
Operating Margin	12.0%	13.3%		

Summary of FY2013 [2] (Billion yen)

	FY2013	FY2012	Difference	
Operating CF	61.2	66.9	(5.7)	
Investing CF*	(62.2)	(45.2)	(17.0)	
Free CF*	(1.0)	21.7	(22.7)	
M&A		(31.2)	31.2	
EPS	¥83.93	¥82.62	¥1.31	(1.6%)
BPS	¥1,272.68	¥1,132.07	¥140.61	(12.4%)
CAPEX (Decision basis)	30.7	61.9	(31.2)	
CAPEX (Acceptance basis)	59.7	45.5	14.2	
Depreciation and Amortization	35.0	31.0	4.0	
R&D Expenses	17.1	16.4	0.7	

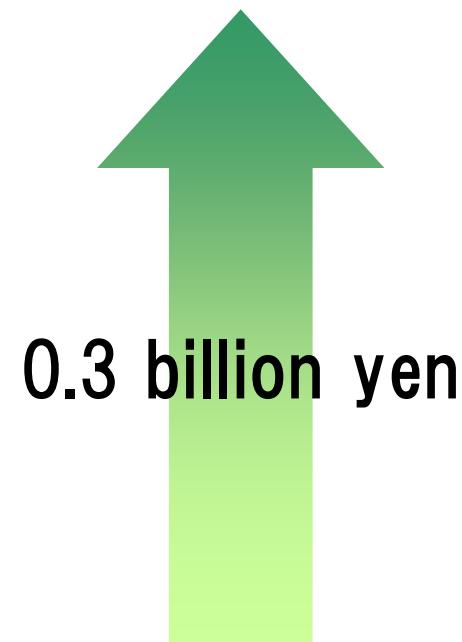
*Cash flows from investment activities and free cash flow exclude net cash used in fund management and M&A.

Factors Affecting the Change in Operating Income

FY2013

49.5 billion yen

Sales volume	3.0
Utilization	2.0
Selling price, product mix	1.5
Foreign exchange	2.0
Raw materials and fuel (excl. effect of foreign exchange)	(3.5)
Depreciation and amortization	(4.0)
Expenses and others	(0.7)



FY2012

49.2 billion yen

Raw Materials
and Fuel and
Foreign
Exchange

Domestic naphtha /kl
USD (average)
EUR(average)

FY2012

FY2013

¥57,000

¥67,000

¥83

¥100

¥107

¥134

Segment Highlights

(Billion yen)

	FY2013		FY2012		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	179.3	46.7	155.2	48.9	24.1	(2.2)
Isoprene	53.0	5.5	44.8	3.8	8.2	1.7
Functional Materials	48.6	1.5	45.2	1.9	3.4	(0.4)
Fibers & Textiles	46.9	2.6	46.2	1.8	0.7	0.8
Trading	109.0	3.6	108.8	3.4	0.2	0.2
Others	67.3	2.5	64.4	4.0	2.9	(1.5)
Elimination & corporate expense	(90.6)	(12.8)	(95.1)	(14.6)	4.5	1.8
Total	413.5	49.5	369.4	49.2	44.1	0.3

Overview of Main Businesses in FY2013

Poval resin	Although sales volume increased, a prolonged shutdown at plants in Europe for construction to improve energy efficiency caused a temporary cost increase
Poval film	Sales volume of optical-use poval film decreased due to continued LCD panel inventory adjustment amid sluggish demand for LCD TVs. In response to steady growth of water-soluble PVA film due to brisk demand, Kuraray decided to expand production facilities in the U.S., and construction is proceeding with a targeted July 2014 start-up.
<i>EVAL</i>	Steady growth, mainly in the U.S. and Asia. Completed construction of a 12,000-ton increase in capacity and started operations.
Isoprene	Demand for liquid isoprene rubber was weak. Demand for fine chemicals and <i>SEPTON</i> thermoplastic elastomer recovered.
<i>GENESTAR</i>	Sales were strong for applications in LED reflectors, connectors and automobiles. The Kashima Plant completed construction to expand production capacity by 3,000 tons and started operations.
Methacrylic resin	The decrease in profits continued due to intensifying competition and higher raw material and fuel.
Medical	Sales of dental materials were firm.
<i>CLARINO</i>	Overall sales were sluggish as sales of products created using new processes were not as brisk as expected, although the transfer of general-purpose product manufacturing to a China as part of business restructuring proceeded smoothly.
<i>KURALON</i>	Sales were favorable for applications in automotive brake hoses and as an asbestos substitute in fiber reinforced cement (FRC).

Summary of Consolidated Assets

(Billion yen)

Mar. 31, 2014 **Mar. 31, 2013** **Difference**

Current Assets	302.4	257.2	45.2
Noncurrent Assets	331.8	330.0	1.8
Total Assets	634.3	587.3	47.0

Reference: Year-end exchange rates

	Japan		Overseas subsidiaries	
	Mar. 31, 2014	Mar. 31, 2013	Dec. 31, 2013	Dec. 31, 2012
JPY/USD	103	94	105	87
JPY/EUR	142	121	145	115

Summary of Consolidated Liabilities and Net Assets

(Billion yen)

	Mar. 31, 2014	Mar. 31, 2013	Difference
Current Liabilities	89.1	111.4	(22.3)
Noncurrent Liabilities	92.6	74.5	18.1
Total Liabilities	181.8	185.9	(4.1)
Net Assets	452.5	401.3	51.2
Total Liabilities and Net Assets	634.3	587.3	47.0

Reference: Year-end exchange rates

	Japan		Overseas subsidiaries	
	Mar. 31, 2014	Mar. 31, 2013	Dec. 31, 2013	Dec. 31, 2012
JPY/USD	103	94	105	87
JPY/EUR	142	121	145	115

Forecast for FY2014 [1]

(Billion yen)

	FY2014 Full-Year Forecast	FY2013 Full-Year Results (Adjusted)	Difference
Net Sales	385.0	339.9	45.1
Operating Income	44.0	38.3	5.7
Ordinary Income	43.0	38.4	4.6
Net Income	26.0	23.1	2.9
EPS	¥74.22	¥66.05	¥8.17
Dividends per Share	¥27	—	—
CAPEX (decision basis)	45.0	—	—
CAPEX(acceptance basis)	49.0	51.9	(2.9)
Depreciation and Amortization	32.0	28.6	3.4
R&D Expenses	14.0	13.2	0.8

Nine-month period from April to December in Japan, twelve-month period from January to December overseas for both FY2013 and FY2014

Forecast for FY2014 [2]

(Billion yen)

	FY2014 Full-Year Forecast		FY2013 Results (Adjusted)		Difference	
	1H	2H	1H	2H	1H	2H
Net Sales	220.0	165.0	199.3	140.6	20.7	24.4
Operating Income	26.0	18.0	24.7	13.6	1.3	4.4
Ordinary Income	26.0	17.0	24.9	13.5	1.1	3.5
Net Income	16.0	10.0	15.8	7.3	0.2	2.7

Nine-month period from April to December in Japan, twelve-month period from January to December overseas for both FY2013 and FY2014

Factors Affecting the Change in Operating Income

FY2014 Forecast

44.0 billion yen

Sales volume	7.0
Utilization	3.0
Selling price, product mix	2.0
Foreign exchange	1.5
Raw materials and fuel (excl. effect of foreign exchange)	(2.5)
Depreciation and amortization	(3.5)
Expenses and others	(1.8)

5.7 billion yen



FY2013

38.3 billion yen

Raw Materials
and Fuel and
Foreign
Exchange

Domestic naphtha/kl
USD(average)
EUR(average)

FY13 Actual

¥67,000
¥100
¥134

FY14 Assumption

¥72,000
¥105
¥140

【Ref.】 FY2014 Forecast by Segment

(Billion yen)

	Net Sales			Operating Income		
	1H	2H	Full Year	1H	2H	Full Year
Vinyl Acetate	101.0	86.5	187.5	24.5	15.0	39.5
Isoprene	28.0	20.0	48.0	2.5	2.5	5.0
Functional Materials	26.0	19.5	45.5	1.0	1.0	2.0
Fibers & Textiles	21.5	14.0	35.5	1.3	0.7	2.0
Trading	55.0	30.0	85.0	1.7	0.8	2.5
Others	33.5	19.5	53.0	1.3	0.7	2.0
Eliminations & corporate expenses	(45.0)	(24.5)	(69.5)	(6.3)	(2.7)	(9.0)
Total	220.0	165.0	385.0	26.0	18.0	44.0

kuraray

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.