

kuraray

Possible starts here

FY2024 1H Earnings Presentation (Overview)

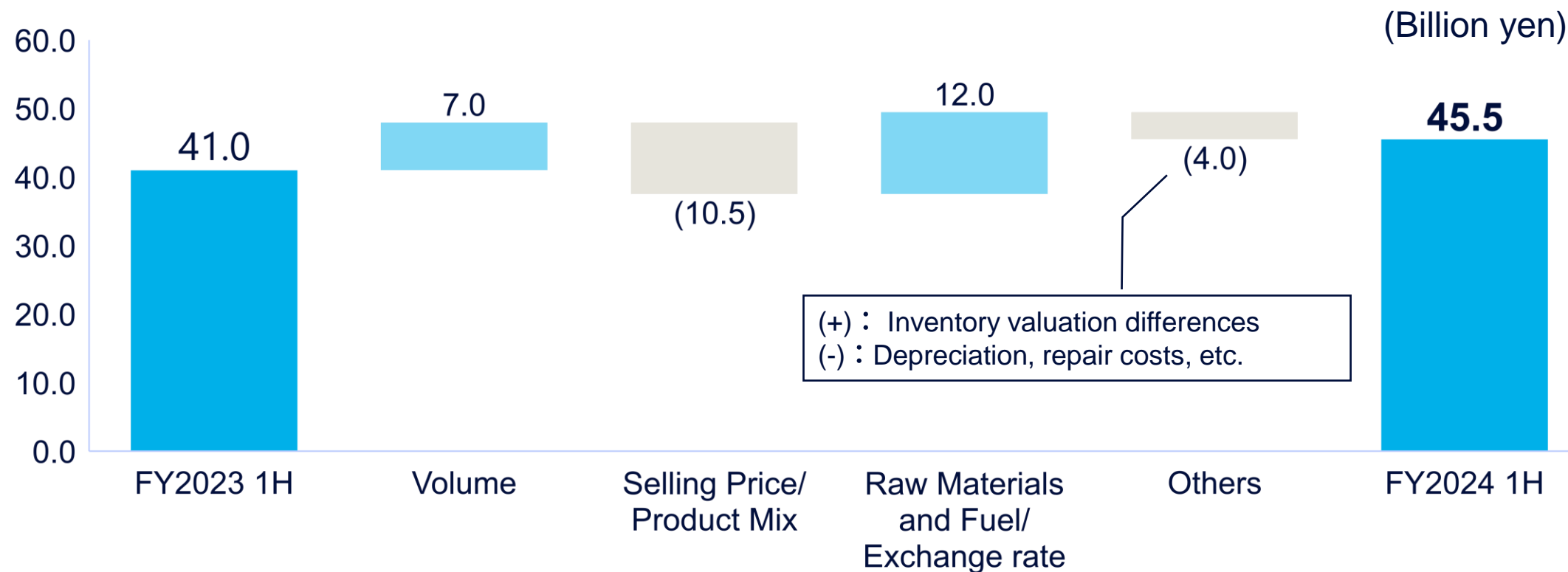
KURARAY CO., LTD.

- Sales volume increased in many businesses. Combined with the effect of yen depreciation, sales and incomes reached record highs for the interim period.

(Billion yen)

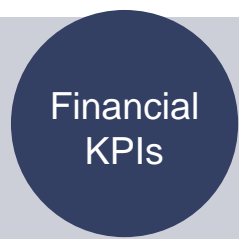
	FY2024 1H	FY2023 1H	Difference
Net Sales	411.2	381.0	30.2
Operating Income	45.5	41.0	4.5
Ordinary Income	44.0	38.5	5.5
Net Income Attributable to Owners of the Parent	30.4	21.8	8.6
	Reference		
JPY/USD (average)	152	135	
JPY/EUR (average)	165	146	
Domestic naphtha (JPY 1,000/kl)	75	68	

FY2024 1H Factors Affecting the Change in Operating Income



	FY2023 1H	FY2024 1H
JPY/USD (average)	135	152
JPY/EUR (average)	146	165
Domestic naphtha (JPY 1,000/kl)	68	75

■ All financial KPI figures improved upon profit growth.



	FY2023	FY2024 1H	FY2026 Targets
ROIC	6.2%	7.5%	8%
EBITDA*	¥152.6 billion	¥87.3 billion	¥170.0 billion
ROE	6.2%	8.0%	10%
EBITDA Margin (reference)	19.5%	21.2%	23%

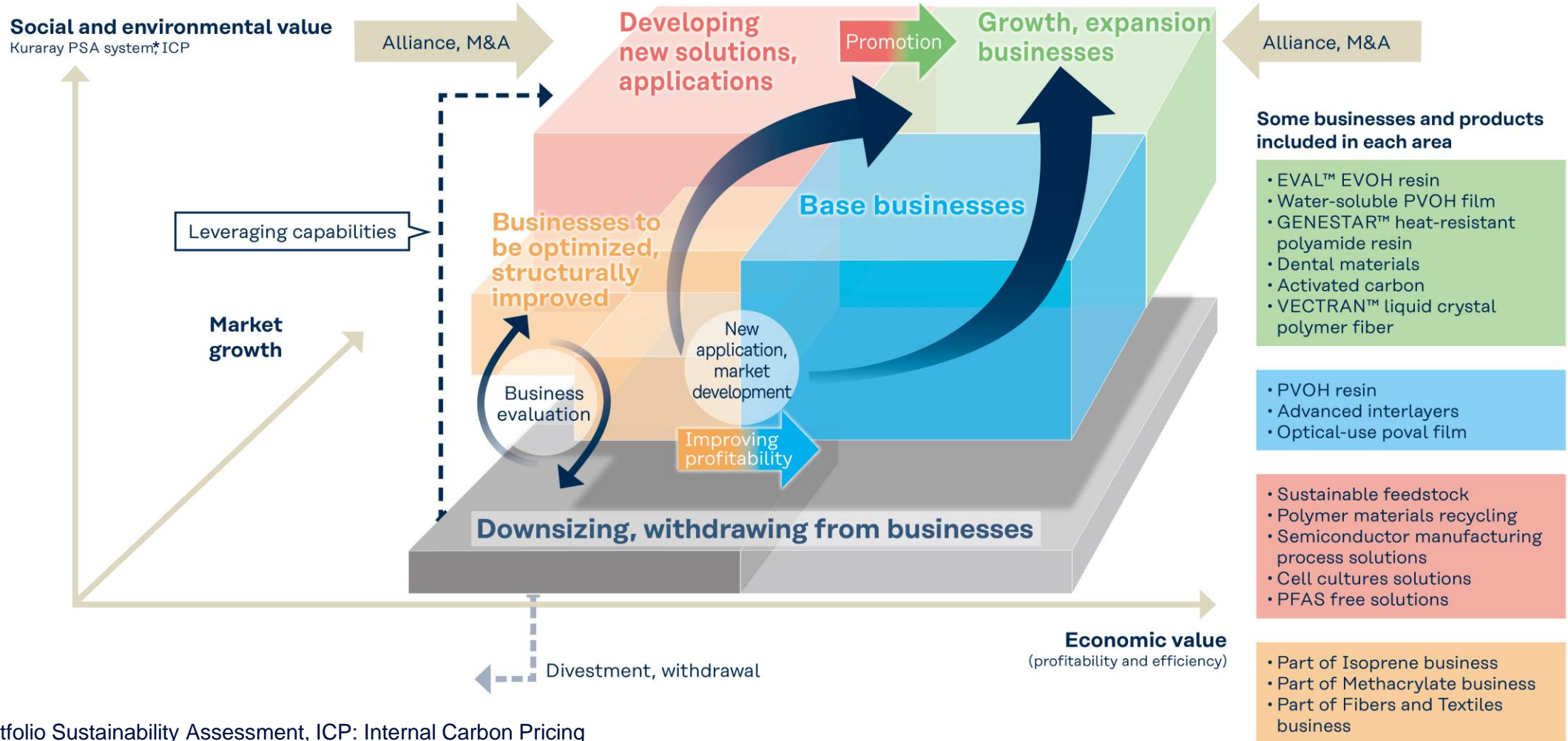
*Operating income + depreciation and amortization

- Based on interim business result, net sales and each type of profit have been revised upward.

	(Billion yen)				
	FY2024 Forecast (Aug 9, 2024)	FY2023	Difference	FY2024 Forecast (May 14, 2024)	Difference
Net Sales	850.0	780.9	69.1	840.0	10.0
Operating Income	89.0	75.5	13.5	85.0	4.0
Ordinary Income	84.0	69.0	15.0	79.0	5.0
Net Income Attributable to Owners of the Parent	55.0	42.4	12.6	49.0	6.0
Reference					
JPY/USD (average)	149	141			
JPY/EUR (average)	160	152			
Domestic naphtha (JPY 1,000/kl)	77	68			

Building more Sophisticated Business Portfolio

- The basis for evaluating our business portfolio centers on the two axes of social and environmental value and economic value. In building a more sophisticated portfolio, we will also take market growth into account.



Evaluated businesses and promoted the strengthening of the earnings base / Decided to transfer or withdraw from some businesses

- Steadily launched new facilities for base businesses that generate profit. Decided further capacity expansion. Continued reorganization of businesses to be optimized or structurally improved. Decided transfer or withdraw from some businesses.

Started operation of Poland plant for water-soluble PVOH film in Q1 2024.

Decided transfer of diatomite and perlite businesses operated by European subsidiary of Calgon Carbon Corporation.

Europe

Started operation of virgin carbon at Calgon Carbon Corporation in Q1.

Decided acquisition of industrial reactivated carbon. Newly cover the Midwest region of the U.S.

U.S.

Japan

Started operation of optical-use poval film production plan in Q2 2024.

Decided optimization of methyl methacrylate (MMA) plant.

Decided to withdraw from the dry-laid nonwoven fabrics business and to reduce production capacity for meltblown nonwoven fabrics.

Decided to end the manufacture of bone-graft substitutes.

Singapore

Decided construction of new EVAL™ Plant that will start operation end of FY2026.

- Growth, expansion businesses
- Base businesses
- Businesses to be optimized, structurally improved
- Downsizing, withdrawing from businesses

- Increased dividend forecast by ¥4 considering the record-high income in 1H and upward revision of annual financial results forecast.

	Dividend ¥40 or more/ year	Share Buybacks Conduct flexibly	Total Return Ratio 35% or more
2023	Interim ¥25 Year-end ¥25 Annual ¥50	—	39.4%
2024 (revised)	Interim ¥27 (+¥2) Year-end ¥27 (+¥2) Annual ¥54 (+¥4)	¥20.0 billion*	approx. 68%

* Maximum number of shares : Up to 15.0 million shares
 (Approx. 4.48% of total outstanding shares, excluding treasury stock)

Maximum value of buyback : Up to ¥20.0 billion

Buyback period : May 15, 2024 to October 31, 2024

kuraray

Possible starts here

FY2024 1H Earnings Presentation (Details)

KURARAY CO., LTD.

Net Sales and Operating Income by Segment

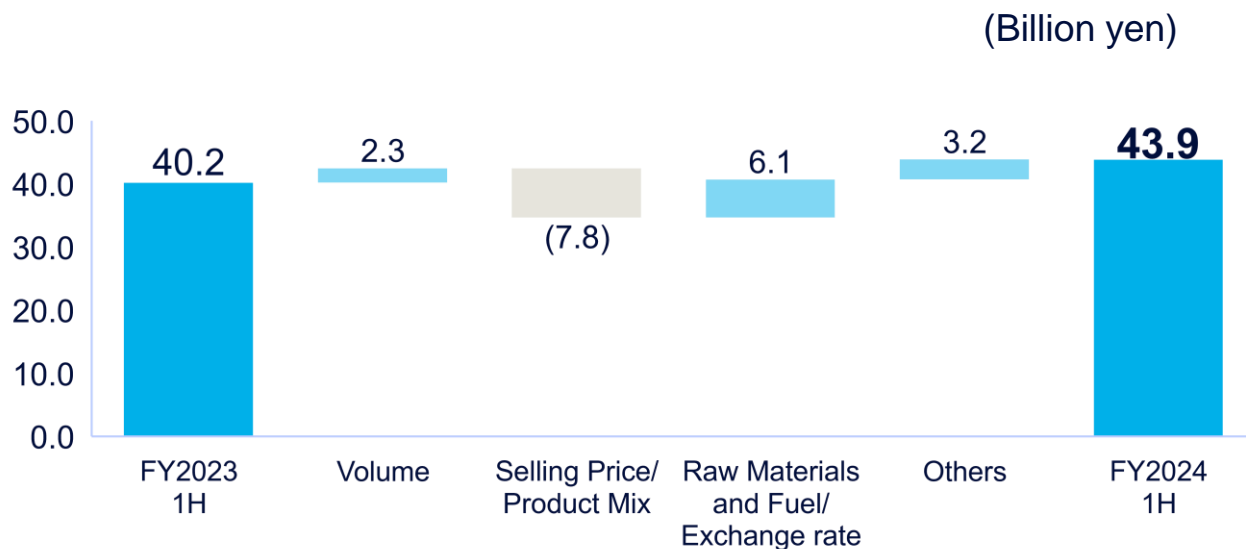
(Billion yen)

	FY2024 1H		FY2023 1H		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	208.8	43.9	198.9	40.2	9.9	3.7
Isoprene	37.5	(4.0)	31.8	(2.7)	5.7	(1.3)
Functional Materials	102.8	6.5	93.4	5.7	9.4	0.7
Fibers & Textiles	31.2	0.7	30.2	0.7	1.1	0.1
Trading	32.2	2.7	29.0	2.3	3.3	0.4
Others	25.0	0.9	22.9	0.6	2.1	0.3
Elimination & Corporate	(26.4)	(5.2)	(25.1)	(5.9)	(1.3)	0.6
Total	411.2	45.5	381.0	41.0	30.2	4.5

(Billion yen)

	FY2023 1H	FY2024 1H	Difference
Net Sales	198.9	208.8	9.9
Operating Income	40.2	43.9	3.7

【Factors Affecting the Change in Operating Income】



PVOH resin	Despite disruptions in logistics to Europe, sales volume increased due to our stable global supply system.
Optical-use poval film	The sales volume increased as the effects of the previous year's distribution inventory adjustments subsided. To meet demand for larger TV panels, we began operating new equipment in the second quarter.
Water-soluble PVOH film MonoSol	The sales volume increased due to progress in distribution inventory adjustment despite the effects of protracted economic stagnation in Europe.
Advanced Interlayer Solutions	The sales volume decreased due to the effects of ongoing economic stagnation on construction applications in Europe.
EVAL™	Sales for automotive applications remained firm. Although the sales volume decreased due in part to a drop in demand for food packaging applications that has continued from the latter half of the previous year, results have been on a recovery track in various regions since the start of the second quarter. We decided to construct a new plant in Singapore (slated to begin operating by the end of 2026).
Main reason of increase/Decrease	While selling prices were adjusted in line with fluctuations in raw material and fuel prices, the impact of inventory valuation differences, which was a major factor in decreasing profits last year, disappeared, resulting in a significant increase in profits for the entire segment.

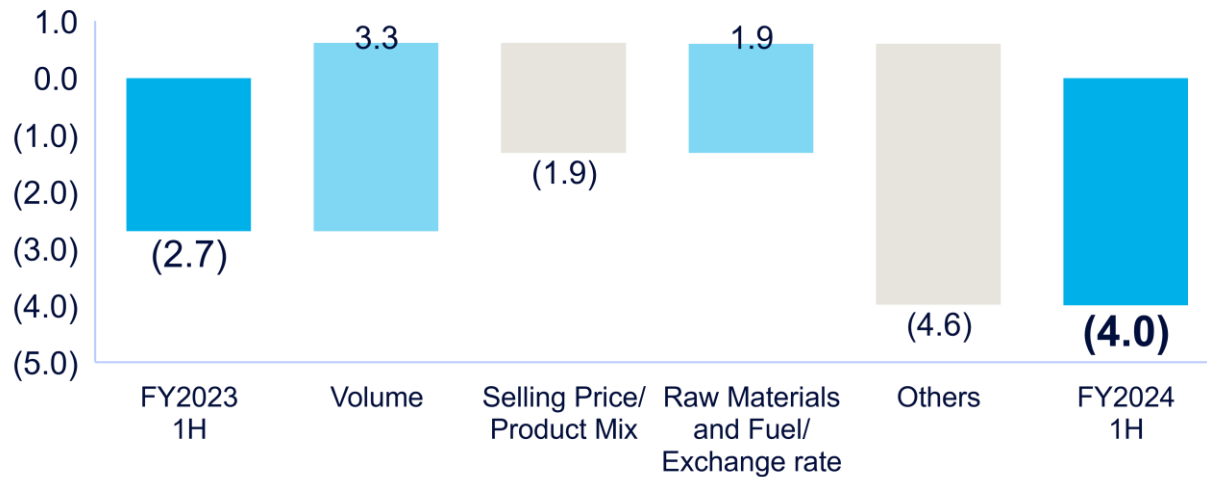
(Billion yen)

	FY2023 1H	FY2024 1H	Difference
Net Sales	31.8	37.5	5.7
Operating Income	(2.7)	(4.0)	(1.3)

Isoprene Chemicals and Elastomers	The sales volume increased as demand recovered, especially for automotive applications.
GENESTAR™	The sales volume increased amid a recovery in demand emerged for electric and electronic device applications in addition to stable demand for automotive applications.

【Factors Affecting the Change in Operating Income】

(Billion yen)



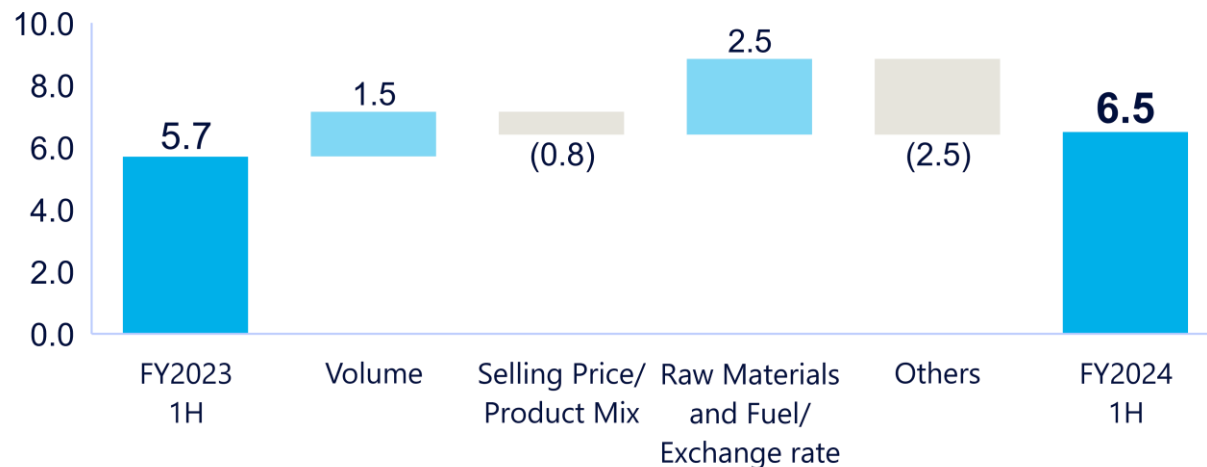
Main reason of increase/Decrease	Although sales volume increased due to sales expansion with the start of operations in Thailand, profits for the segment as a whole decreased due to sales price adjustments in line with fluctuations in raw material and fuel prices, depreciation costs, and inventory valuation differences.
---	--

(Billion yen)

	FY2023 1H	FY2024 1H	Difference
Net Sales	93.4	102.8	9.4
Operating Income	5.7	6.5	0.7

【Factors Affecting the Change in Operating Income】

(Billion yen)



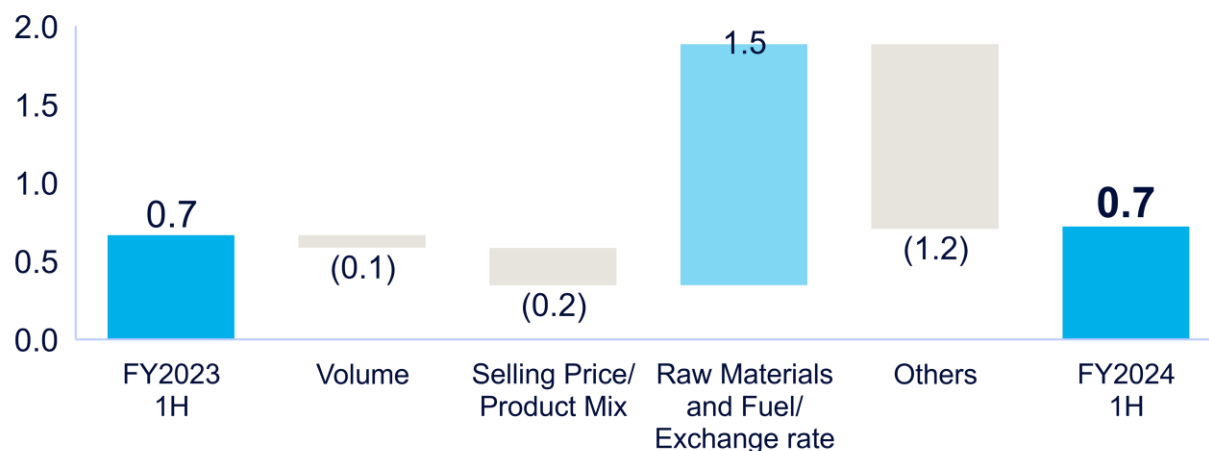
Methacrylate	The sales volume increased amid signs of a recovery in demand, especially for electric and electronic devices.
Medical	Sales of cosmetic dental materials, mainly in Europe and the United States, remained brisk.
Environmental Solutions	Sales of activated carbon remained steady, especially for drinking water applications in North America. In Europe, however, economic stagnation began to negatively affect demand related to industrial applications. A new activated carbon facility was brought on line in the United States in the first quarter.
Main reason of increase/Decrease	Sales volume of medical products increased. Increased expenses such as depreciation in activated carbon business and sales expenses in medical business covered by profit increase from favorable raw materials and fuel price and yen depreciation.

(Billion yen)

	FY2023 1H	FY2024 1H	Difference
Net Sales	30.2	31.2	1.1
Operating Income	0.7	0.7	0.1

【Factors Affecting the Change in Operating Income】

(Billion yen)



CLARINO™	The sales volume increased amid a continued recovery in demand for automotive and sports applications.
Fibers and Industrial Materials	Although signs of a recovery emerged in demand for automotive applications, sales in Europe for construction material applications were weak.
Consumer Goods and Materials	Demand for KURAFLEX™ and MAGIC TAPE™ was weak. Moreover, in the nonwoven fabrics business, we decided to withdraw from the dry-laid nonwoven fabrics business and to reduce production capacity for meltblown nonwoven fabrics.
Main reason of increase/Decrease	While there was a recovery in automotive applications, sales were weak in Europe and other countries. Negative impact was covered by favorable raw materials and fuel price and yen depreciation.

(Billion yen)

	FY2024 1H	FY2023 1H	Difference
Operating CF	63.7	57.6	6.1
Investing CF*	(35.8)	(30.2)	(5.7)
Free CF*	27.9	27.4	0.4
CAPEX (acceptance basis)	34.9	32.5	2.4
Depreciation and Amortization (incl. amortization of goodwill)	41.8	36.7	5.1
R&D Expenses	12.3	11.9	0.4

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

(Billion yen)

	Jun. 30, 2024	Dec. 31, 2023	Difference
Current Assets	586.5	551.7	34.8
Non-current Assets	740.7	702.8	37.9
Total Assets	1,327.2	1,254.5	72.7

	Jun. 30, 2024	Dec. 31, 2023
JPY/USD (end of period)	161	142
JPY/EUR (end of period)	172	157

Balance Sheet [2]: Liabilities and Net Assets

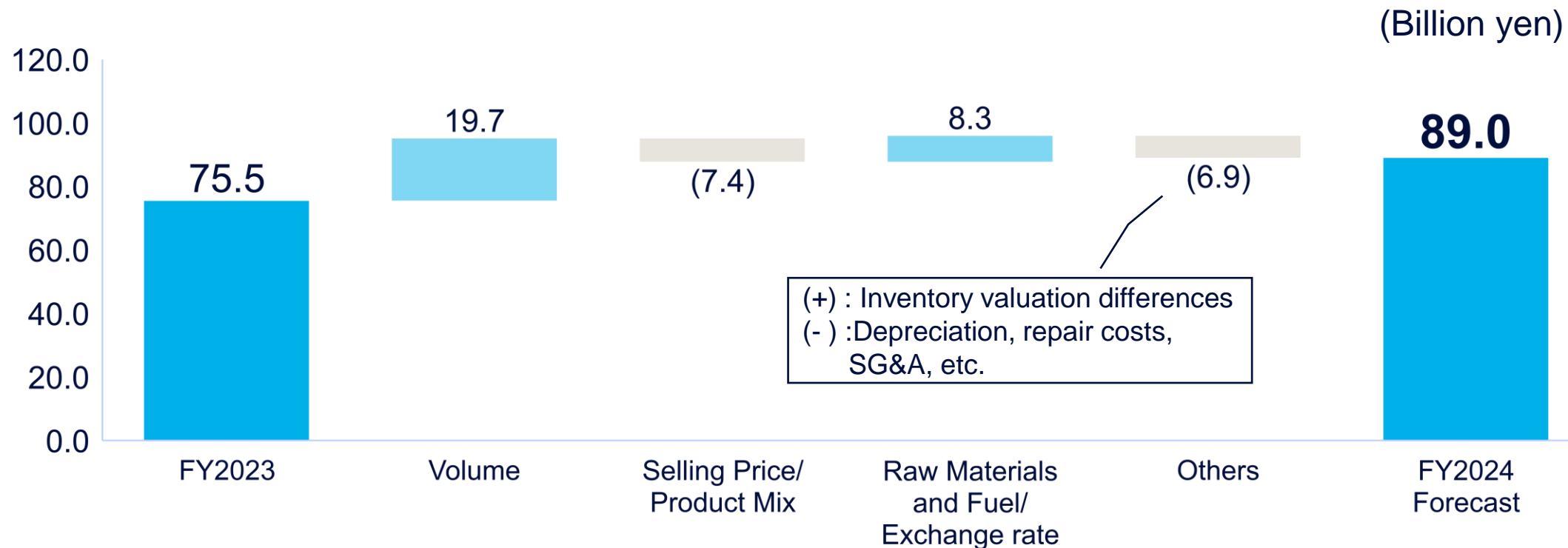
(Billion yen)

	Jun. 30, 2024	Dec. 31, 2023	Difference
Current Liabilities	206.6	200.6	6.1
Non-current Liabilities	301.1	317.8	(16.6)
Total Liabilities	507.8	518.3	(10.5)
Net Assets	819.4	736.2	83.3
Total Liabilities and Net Assets	1,327.2	1,254.5	72.7
Equity Ratio	60.4%	56.9%	3.5%
	Jun. 30, 2024	Dec. 31, 2023	
JPY/USD (end of period)	161	142	
JPY/EUR (end of period)	172	157	

(Billion yen)

	FY2024 Forecast (Aug 9, 2024)	FY2023	Difference
Net Sales	850.0	780.9	69.1
Operating Income	89.0	75.5	13.5
Ordinary Income	84.0	69.0	15.0
Net Income Attributable to Owners of the Parent	55.0	42.4	12.6
EPS	¥166.42	126.80	¥39.62
Dividends per share	¥54	¥50	¥4
CAPEX(decision basis)	130.0	59.9	70.1
CAPEX(acceptance basis)	81.0	67.3	13.7
Depreciation and Amortization (incl. amortization of goodwill)	87.0	77.2	9.8
R&D Expenses	27.0	24.4	2.6

FY2024 Factors Affecting the Change in Operating Income



	FY2023	FY2024
JPY/USD (average)	141	149
JPY/EUR (average)	152	160
Domestic naphtha (JPY 1,000/kl)	68	77

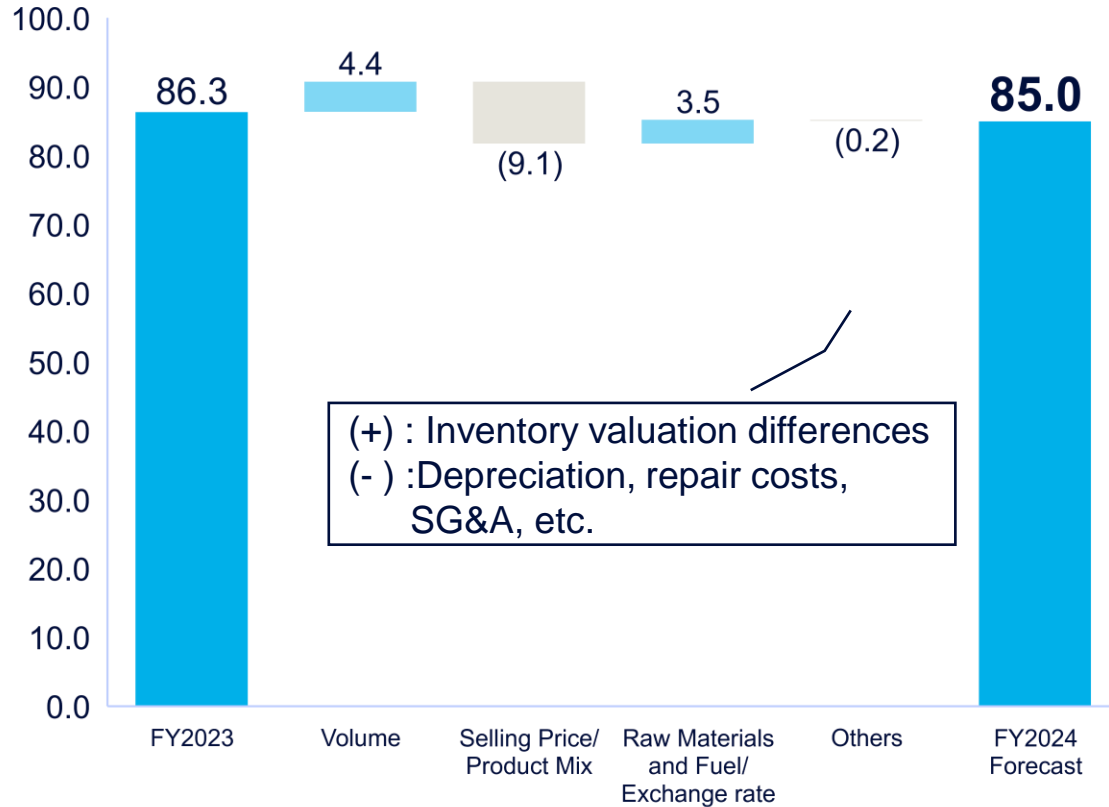
Net Sales and Operating Income by Segment

(Billion yen)

	FY2024 Forecast (Aug 9, 2024)		FY2023		Difference		FY2024 Forecast (May 14, 2024)		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Vinyl Acetate	423.0	85.0	406.8	86.3	16.2	(1.3)	422.0	85.0	1.0	0.0
Isoprene	77.5	(7.0)	65.7	(10.9)	11.8	3.9	76.0	(8.5)	1.5	1.5
Functional Materials	215.0	15.0	189.8	10.3	25.2	4.7	215.0	14.0	0.0	1.0
Fibers & Textiles	69.0	3.5	61.9	1.8	7.1	1.7	71.0	4.0	(2.0)	(0.5)
Trading	67.0	5.7	61.6	5.2	5.4	0.5	66.0	5.5	1.0	0.2
Others	46.5	2.5	45.7	0.5	0.8	2.0	43.0	2.0	3.5	0.5
Elimination & Corporate	(48.0)	(15.7)	(50.4)	(17.8)	2.4	2.1	(53.0)	(17.0)	5.0	1.3
Total	850.0	89.0	780.9	75.5	69.1	13.5	840.0	85.0	10.0	4.0

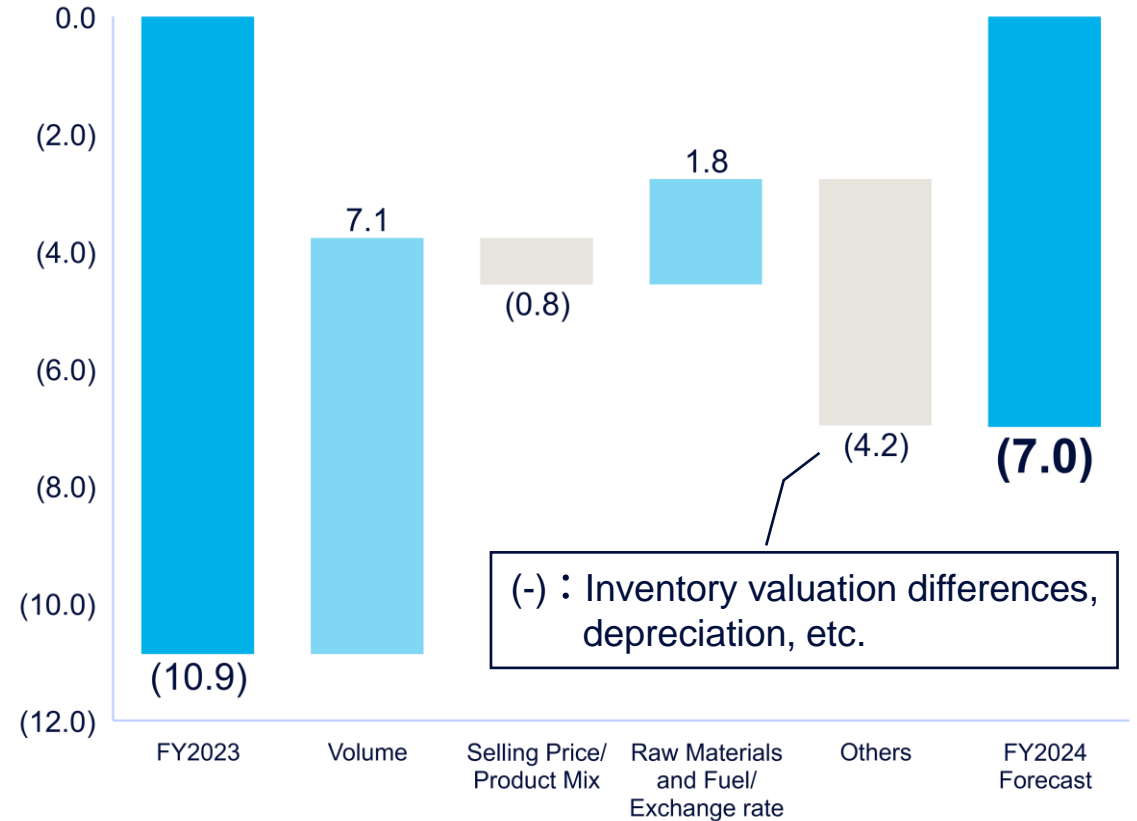
Vinyl Acetate

(Billion yen)



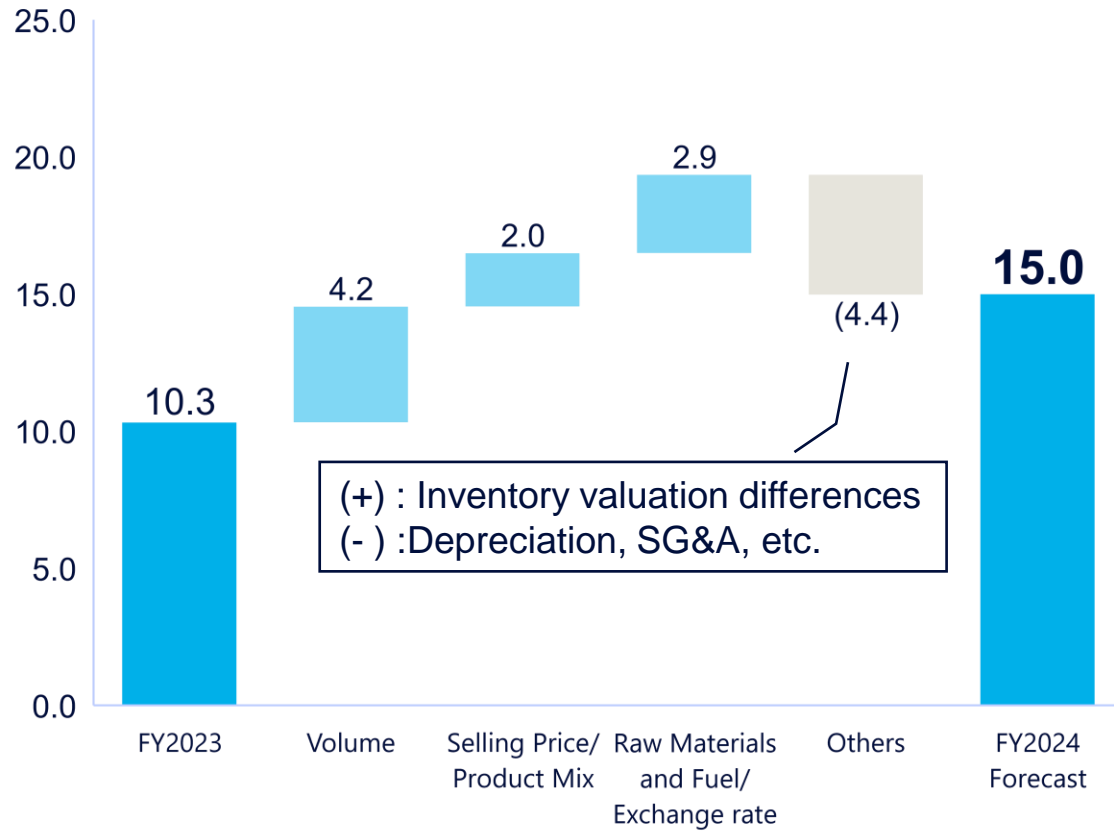
Isoprene

(Billion yen)



Functional Materials

(Billion yen)



Fibers & Textiles

(Billion yen)



(Billion yen)

	FY2024 Forecast (Aug 9, 2024)			FY2023			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Net Sales	411.2	438.8	850.0	381.0	399.9	780.9	30.2	38.9	69.1
Operating Income	45.5	43.5	89.0	41.0	34.5	75.5	4.5	9.0	13.5
Ordinary Income	44.0	40.0	84.0	38.5	30.5	69.0	5.5	9.5	15.0
Net Income Attributable to Owners of the Parent	30.4	24.6	55.0	21.8	20.6	42.4	8.6	4.0	12.6

【Ref.】 Net Sales Forecast by Segment

(Billion yen)

	FY2024 Forecast (Aug 9, 2024)			FY2023			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	208.8	214.2	423.0	198.9	207.9	406.8	9.9	6.3	16.2
Isoprene	37.5	40.0	77.5	31.8	33.9	65.7	5.7	6.1	11.8
Functional Materials	102.8	112.2	215.0	93.4	96.4	189.8	9.4	15.8	25.2
Fibers & Textiles	31.2	37.8	69.0	30.2	31.7	61.9	1.1	6.1	7.1
Trading	32.2	34.8	67.0	29.0	32.6	61.6	3.3	2.1	5.4
Others	25.0	21.5	46.5	22.9	22.8	45.7	2.1	(1.3)	0.8
Elimination & Corporate	(26.4)	(21.6)	(48.0)	(25.1)	(25.3)	(50.4)	(1.3)	3.7	2.4
Total	411.2	438.8	850.0	381.0	399.9	780.9	30.2	38.8	69.1

【Ref.】 Operating Income Forecast by Segment

(Billion yen)

	FY2024 Forecast (Aug 9, 2024)			FY2023			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
Vinyl Acetate	43.9	41.1	85.0	40.2	46.1	86.3	3.7	(5.0)	(1.3)
Isoprene	(4.0)	(3.0)	(7.0)	(2.7)	(8.2)	(10.9)	(1.3)	5.2	3.9
Functional Materials	6.5	8.5	15.0	5.7	4.6	10.3	0.7	4.0	4.7
Fibers & Textiles	0.7	2.8	3.5	0.7	1.2	1.8	0.1	1.6	1.7
Trading	2.7	3.0	5.7	2.3	2.9	5.2	0.4	0.1	0.5
Others	0.9	1.6	2.5	0.6	(0.1)	0.5	0.3	1.7	2.0
Elimination & Corporate	(5.2)	(10.5)	(15.7)	(5.9)	(12.0)	(17.8)	0.6	1.5	2.1
Total	45.5	43.5	89.0	41.0	34.5	75.5	4.5	9.0	13.5

【Ref.】 Quarterly Net Sales by Segments

(Billion yen)

	FY2023					FY2024		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H
Vinyl Acetate	97.8	101.1	103.9	104.0	406.8	99.0	109.8	208.8
Isoprene	15.8	16.0	15.0	18.8	65.7	17.2	20.4	37.5
Functional Materials	45.4	48.0	46.3	50.1	189.8	48.7	54.0	102.8
Fibers & Textiles	13.5	16.6	14.8	16.9	61.9	13.8	17.4	31.2
Trading	13.8	15.2	15.8	16.8	61.6	15.3	16.9	32.2
Others	11.3	11.5	11.1	11.7	45.7	11.7	13.3	25.0
Elimination & Corporate	(12.7)	(12.4)	(13.5)	(11.8)	(50.4)	(13.6)	(12.8)	(26.4)
Total	185.0	196.0	193.4	206.6	780.9	192.2	219.0	411.2

【Ref.】 Quarterly Operating Income by Segments

(Billion yen)

	FY2023					FY2024		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H
Vinyl Acetate	17.8	22.4	23.5	22.6	86.3	24.8	19.1	43.9
Isoprene	0.2	(2.9)	(1.4)	(6.8)	(10.9)	0.0	(4.0)	(4.0)
Functional Materials	3.5	2.3	2.4	2.2	10.3	3.2	3.2	6.5
Fibers & Textiles	0.2	0.4	1.1	0.1	1.8	(0.2)	1.0	0.7
Trading	1.1	1.2	1.4	1.4	5.2	1.3	1.4	2.7
Others	0.1	0.5	0.0	(0.1)	0.5	0.4	0.5	0.9
Elimination & Corporate	(1.6)	(4.2)	(6.3)	(5.6)	(17.8)	(0.8)	(4.5)	(5.2)
Total	21.3	19.6	20.7	13.8	75.5	28.8	16.7	45.5

kuraray

Possible starts here

-
- 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.