

KURARAY

Earnings Presentation FY 2006

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1. Summary of FY 2006 Consolidated Results

(billion of yen)

	FY2006*	FY2005	Difference	FY2008
Net sales	385.3	375.1	10.2	450.0
Operating income	40.2	38.3	1.9	50.0
Op. margin	10.4%	10.2%	0.2 Point	“GS-21” Commitment
Net income	22.4	21.2	0.12	
Dividend payout ratio	30.4%	26.1%	4.3 Point	

* Reported figures for FY 2006 exclude 11.5 billion yen in net sales and 1.3 billion yen in operating income due to changes made to the reporting periods of overseas subsidiaries.

2. Progress of the “GS-21”

■Accelerate development of new businesses and new growth fields

⇒ Set up CTO and a Strategic Planning Department reporting directly to the Top management

■Strengthen the drivers of growth: human resources

⇒ Formulate a global HR policy and measures for developing global HR

■Efficient and speedy global operations

⇒ Integrate KSE and KEG to a new KEG (Dec. 06~)

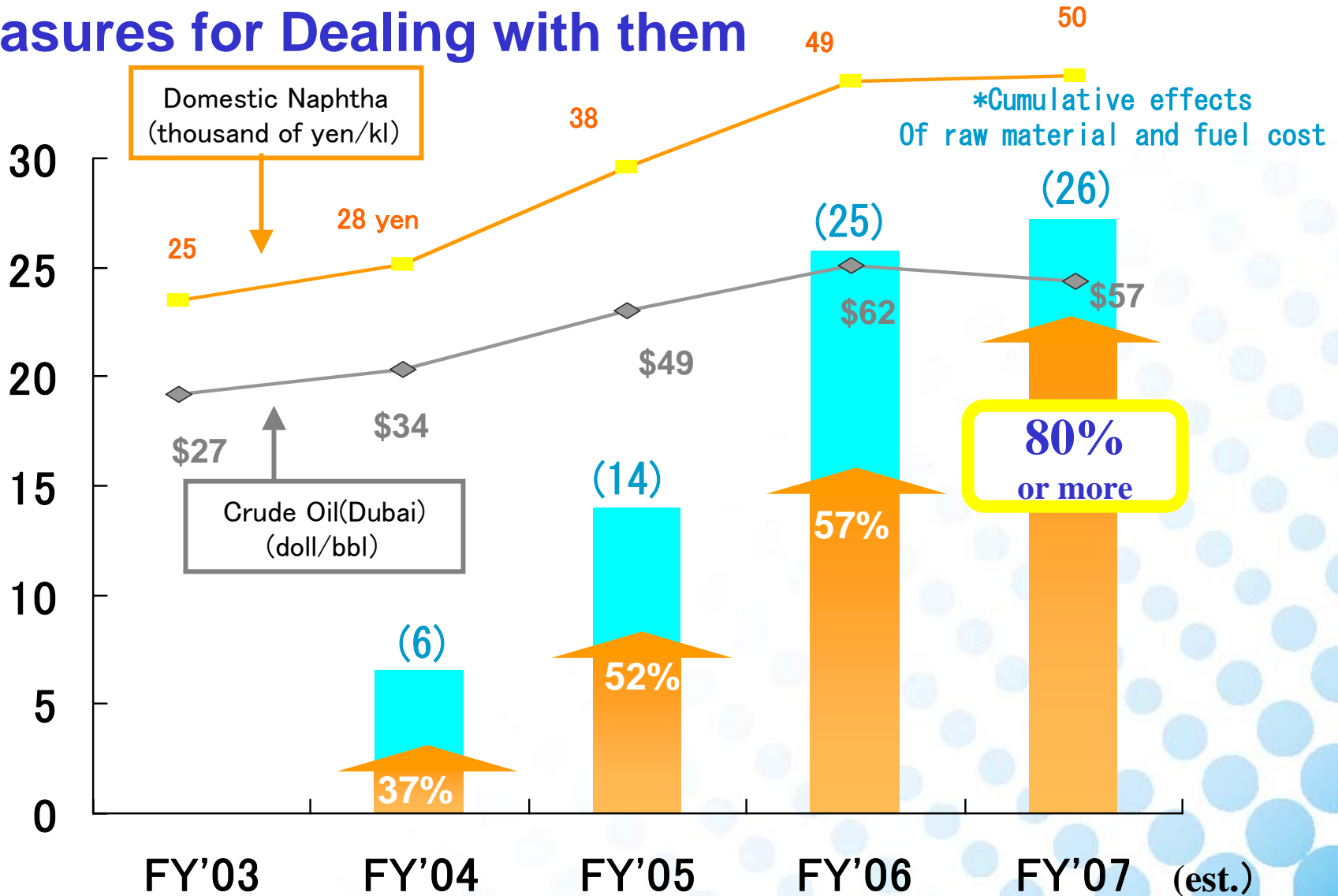
⇒ Towards the integration of the U.S. subsidiaries : EVALCA, SEPCA, and KAI. (Jan. 08~)

■Work on global environment issues and corporate sustainability

⇒ Expand eco-friendly products

⇒ Promote reducing of greenhouse gases by improving manufacturing processes.

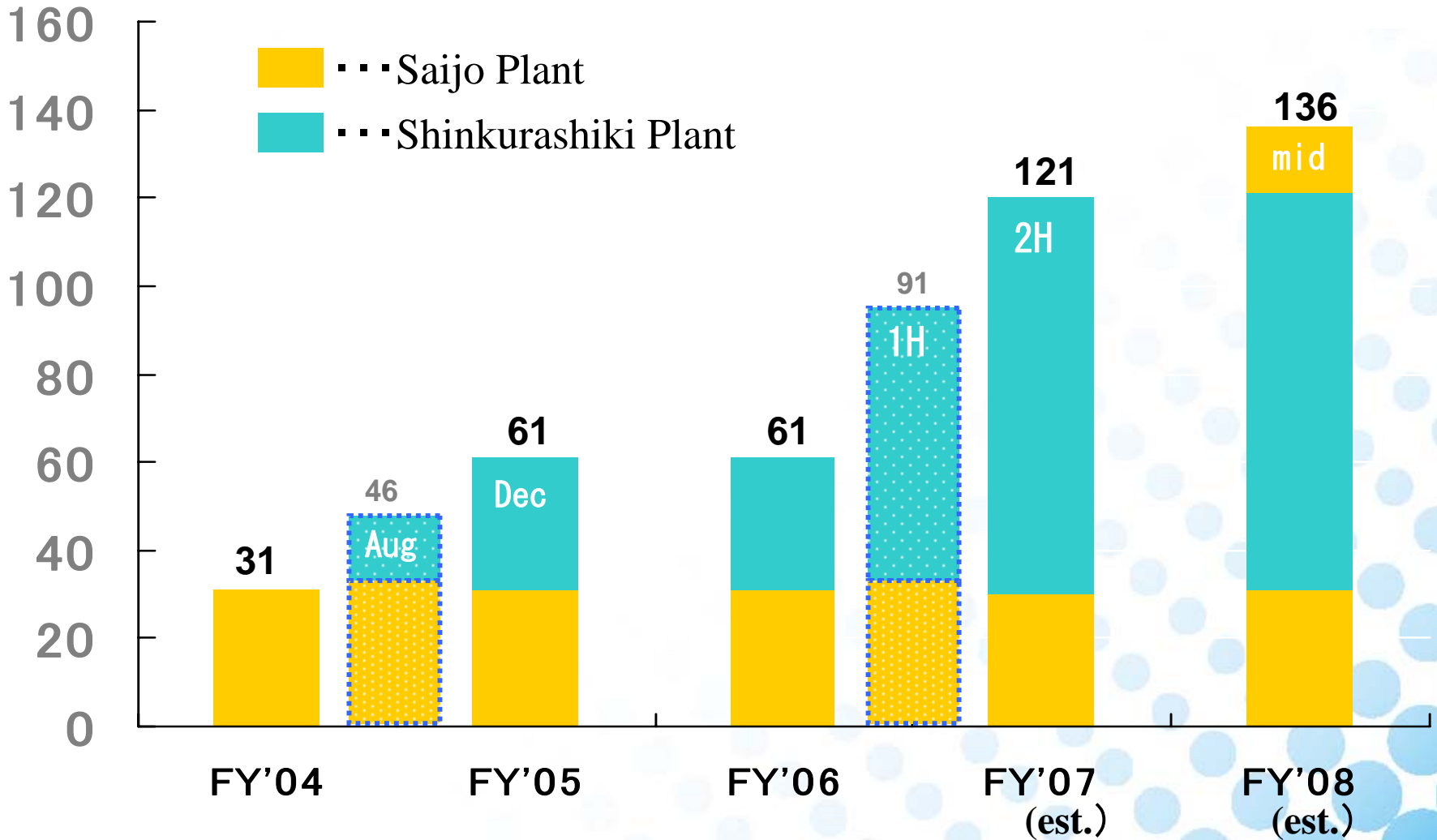
3. The Effects of Raw Material and Fuel Costs and Measures for Dealing with them



* The cumulative monetary effect of raw material and fuel costs.(in units of 1.0 billion yen) and cumulative Transference of increased costs to customers based on FY2004

4. Expansion Plans for Major Materials-poval film

(million m²)

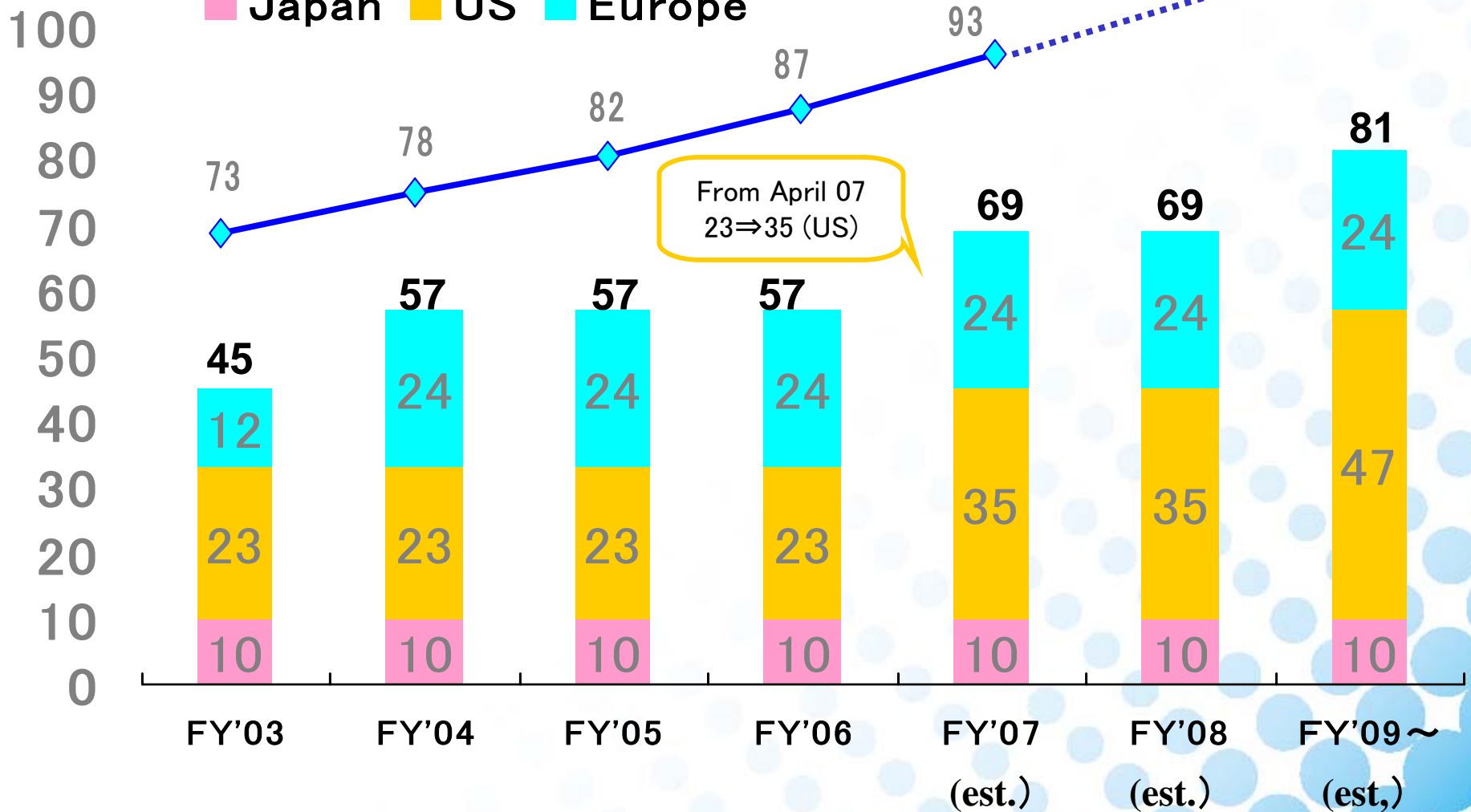


4. Expansion Plans for Major Materials-EVAL

(thousand ton)

— Demand forecasts by Kuraray

■ Japan ■ US ■ Europe



5. Financial Policy

- Procure external funds for new projects and M&As as required

• Dividend payout ratio of 25–30%

- Dividend payout ratio of **30% or greater**

- Total shareholder return ratio*

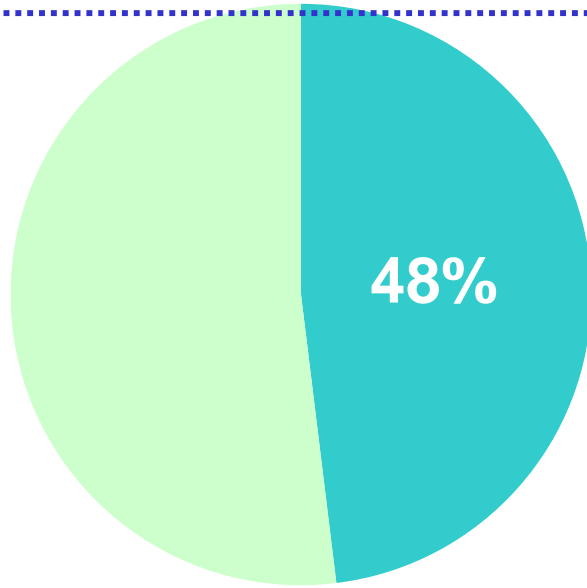
during “GS-21” (FY06-08) **to 70%**

Improve ROE

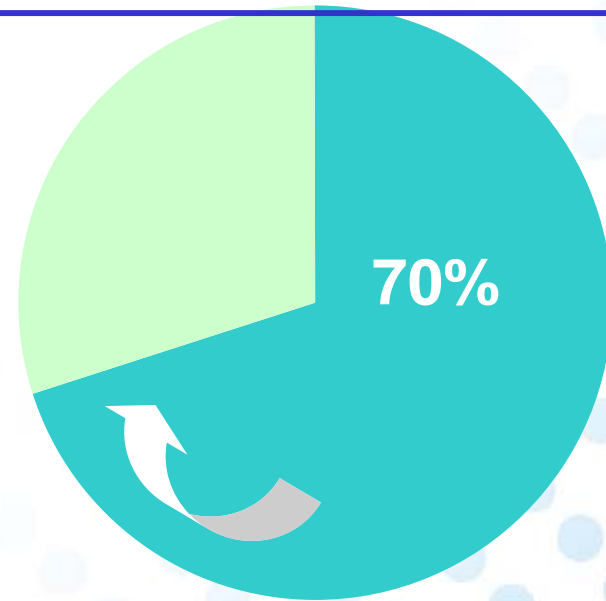
*Total Share holder return ratio = (Dividends + Cost of Buy Back) / Net Income

5. Financial Policy

Total shareholder return
under the former G-21
Medium-Term Business Plan



Total shareholder return
under the **new GS-21**
Medium-Term Business Plan



Bring total shareholder return under “GS-21” to 70%