



New Medium-Term Plan

“G-21”

FY 2001 - 2005

Kuraray Co.,Ltd.

New Medium-Term Plan

“G-21”



Conditions for

Corporate Survival

2

Competitiveness in Global Market

Eco-friendly

Utilize IT

Maximize Synergetic Effects

Trust of Every Stakeholder

Corporate Image

**“An Eco-friendly Enterprise
with Unique Technology”**

Basic Business Strategies

(1) Guidelines for Business Policy

Expand Business Areas:

- Where We Have International
Competitive Power
- That Can Contribute to
the Global Environment
- Where We Will Establish
Our Unique Identity

(2) Business Management Principles

- ROA Capital Costs
- ROA and Cash Flow as
Indices for Administration
- M&A as One of the Strategical Measures
- Reevaluating Criteria of
Under Performing Business

(3) Guidelines for Business Organization

- Flat Structures and
Devolving Authorization
- Self-supporting Business Units
- Maximize Synergetic Effects
- Pay System Reflecting Achievements
- Promotion of BPR

Business Strategy Image



Business Strategies

(1) Strategies by Product

Vinyl-acetate Related Fields

Vinyl-acetate:

Cost Reduction by

Increasing Self-production, etc.

PVA Resin:

Global Development and Comprehensive Strategy from Resin to Downstream Products

“EVAL” Resin:
Global Expansion and Development of
New Applications

“Kuralon”(including “Kuralon K-II”):
Development of New Applications

Isoprene Chemical Fields

“SEPTON”:

Aiming at a Top Manufacturer
in the World

Fine Chemicals:

Cost Reduction and Expanding
Pharmaceutical Intermediates

Man-made Leather Fields

Competitiveness as
a Top Manufacturer
Innovative Manufacturing Process
Intensify Marketing
in Europe and the US

Vinyl-acetate
Related Fields

Isoprene
Chemical Fields

Man-made
Leather Fields

Core Businesses

Net Sales : 40% -
Op. Income : 80% +

Expand and Grow

● Polyester Fields

Drastic Measures for Improvement

● MMA Resin Fields

Expand Polymers and
High-performance Products
Drastic Measures for Cost Competitiveness

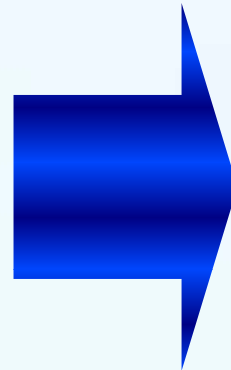
From Product Out to Market In

● IT

● Eco-friendly

● Environment

● Medical



Strategic Areas

(2) Strategies by Market

● IT Areas

Active Expansion in PVA film for LCD,
PTV screen, and Battery Separators

Foster “Genestar” Globally

Development of New Materials
for Capacitors

Eco-friendly Areas

“Kuralon” as Substitute for Asbestos

Comprehensive Development of
Gas-barrier Materials Including “Eval”

Comprehensive Development of
Elastomers Including “Septon”

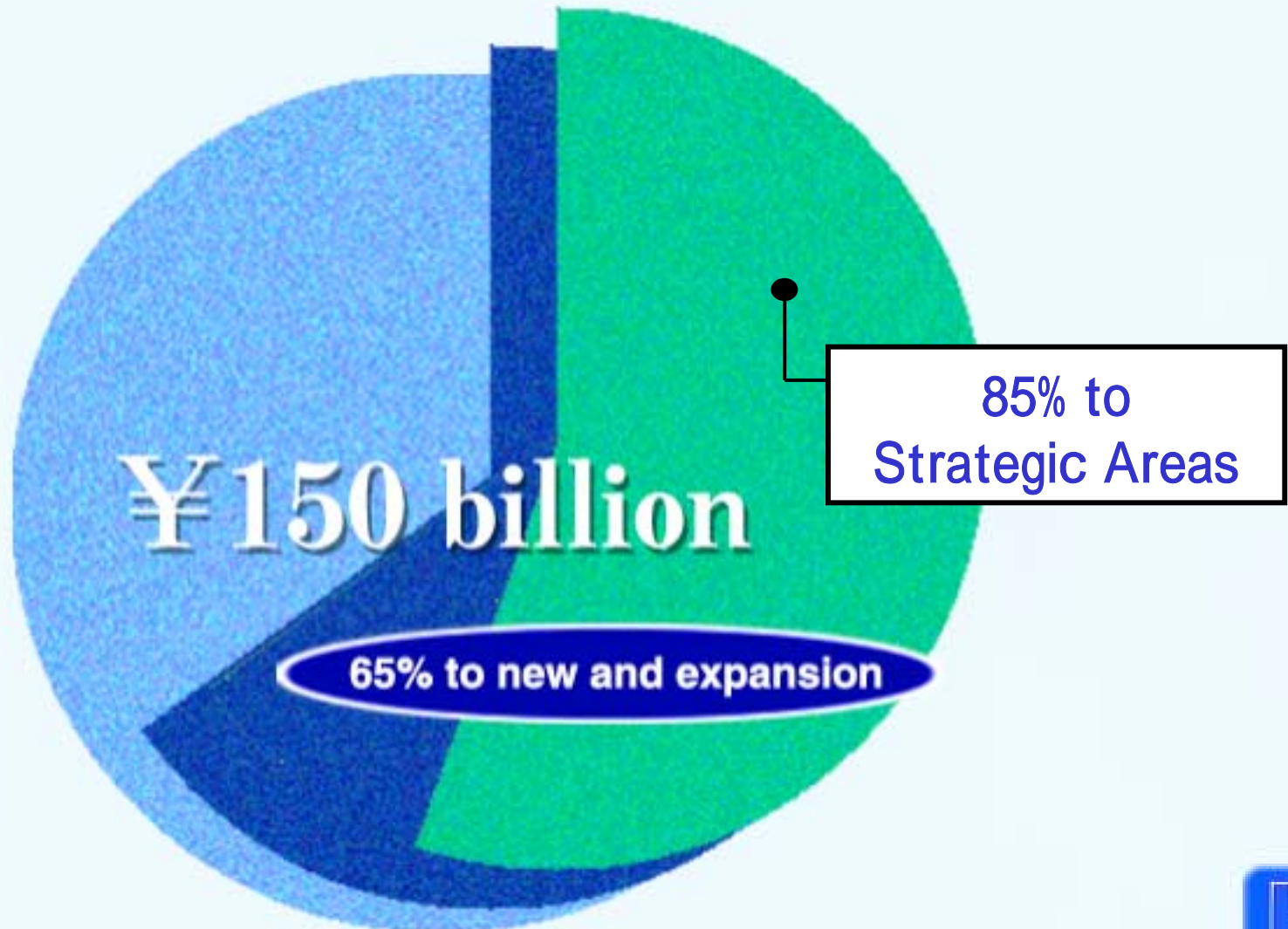
Environment Business Areas

**Development of Water-treatment Systems
Combining PVA gel, Membranes and
Activated Carbon**

Medical Areas

**Expanding Business in Dental Materials
and Artificial Organs**

Capital Investment



Targets for Capital Investment

Vinyl-acetate & PVA

PVA film for LCD

“Eval”

“Kuralon K-II”

“Septon”

Environment Business

(PVA gel, Activated Carbon)

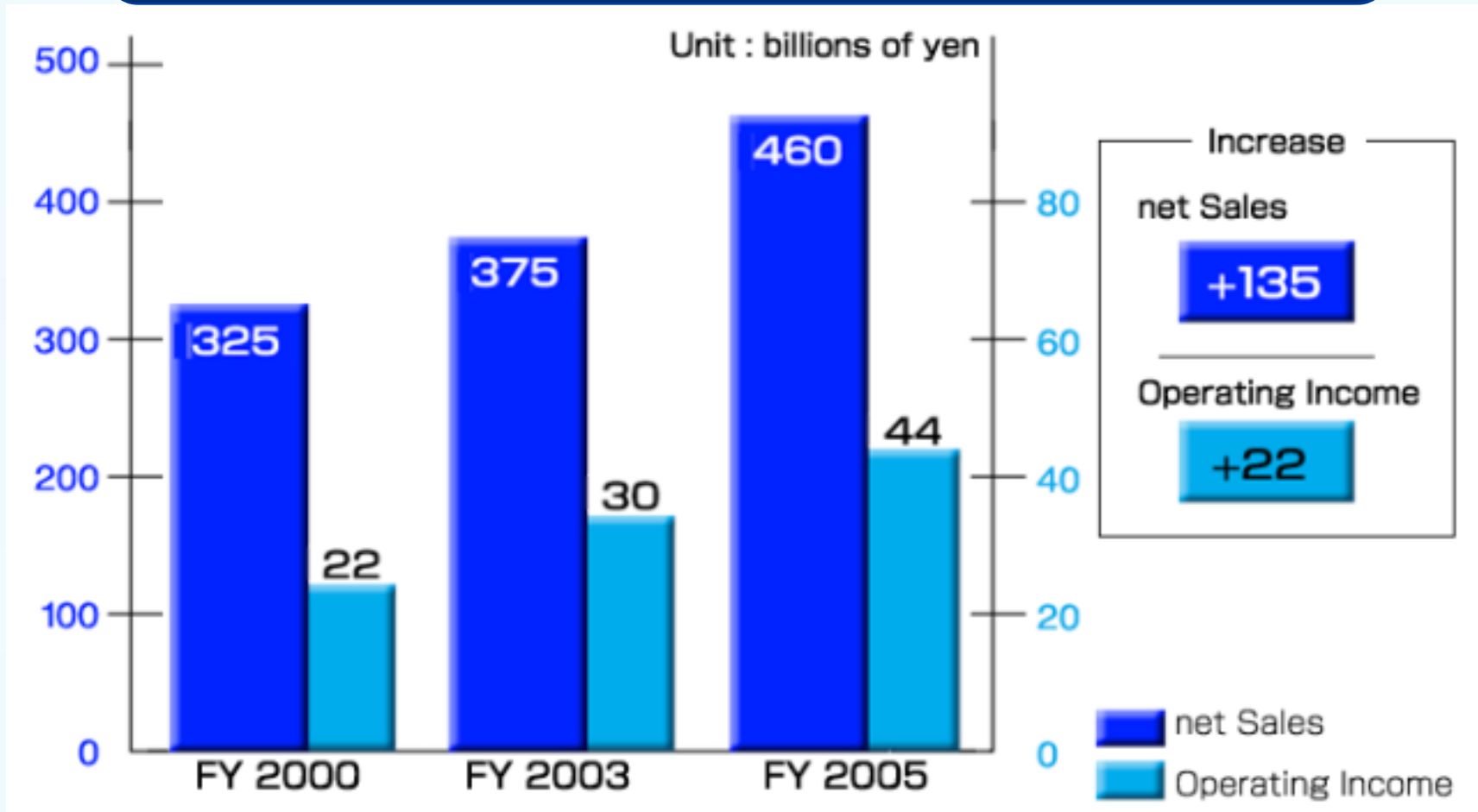
IT-related Products

(Capacitors, “Genestar”, PTV screen)

Medical Products (Dental Materials)

M&A (Synergetic Effects)

Business Forecasts



(Assumption)

Exchange Rate: 1US\$ = ¥105; 1 euro = ¥102

Crude Oil: 1 barrel = US\$23

Business Portfolio

25

Core Businesses

Vinyl-acetate Related Fields
Isoprene Chemical Fields
Man-made Leather Fields

+

Strategic Areas

IT
Eco-friendly
Environment
Medical

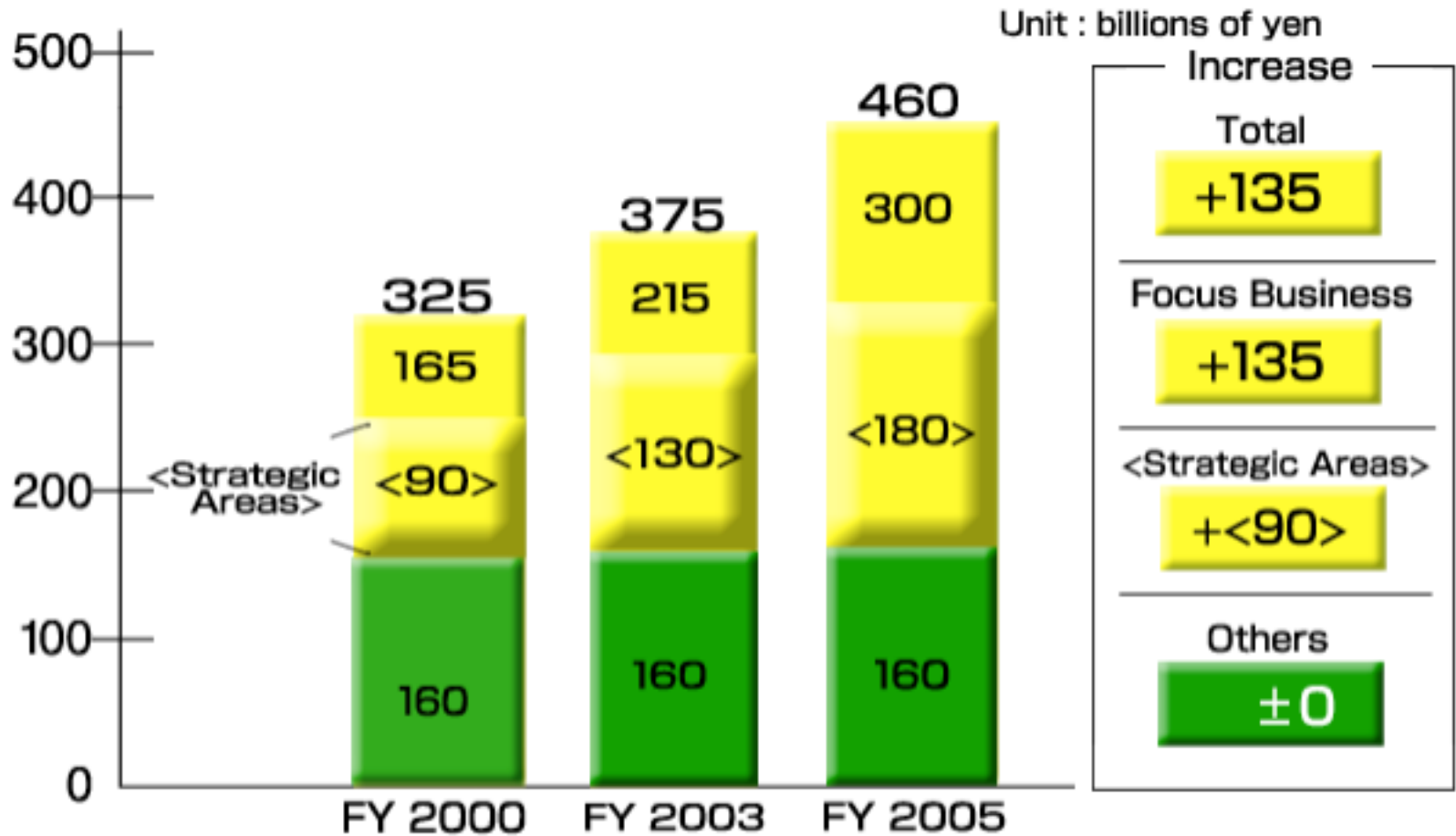
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“Focus Business”

90%+ of Op.Income

**The Ratio of Op.Income
to Net Sales: approx. 20%**

Growth Image



Focus Business
 Others

Growth rate of focus business areas:
 Approximately 13%
 (Total growth rate: Approximately 7%)



Improving Asset Efficiency

Unit: Billions of Yen

		March 2000	March 2006	Increase/ Decrease
Working capital	Notes and accounts receivable	90	130	40
	Inventory	75	77	2
	Notes and accounts payable	(56)	(80)	(24)
	Total	109	127	18
Tangible Fixed Assets		128	170	42
Financial Assets		183	177	(6)
Others		28	30	2
Total Assets		504	584	80

Total Asset Turnover:
0.65 0.8

Inventory :
2.8 months 2 months

Numerical Target

ROA 7.0%
(FY2005)

Research and Development

Main Subjects

- **Electronic and Opt-related Materials**
- **Biomedical-related Materials**
- **Materials for Environmental Protection**
- **High-performance Materials**
(Nano-composite, etc.)

Research and Development Expenses for 5 Years:

Approx. 75Billion yen

(4% of Net Sales)

Environment Plan

- **90% Reduction in Emission of Toxic Chemicals**
- **90% Reduction in Industrial Waste Processed or Disposed of by Outside Contractors**
- **20points Increase (60% to 80%) in the Rate of Efficient Waste Reutilization**
- **1% Annual Increase in Energy Efficiency**

<All Values in Comparison to those for FY1999 >

Others

- **Divisional System with Highly Devolved Authority**
- **Streamlining Business Organization by BPR**
- **e-commerce**

Forward-Looking Statements

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