

# Annual Financial Review

From April 1, 2011 to March 31, 2012

Kao Corporation

April 24, 2012

This is a translation of materials used for the analyst meeting held in Japan on April 24, 2012.



**KaO**

These presentation materials are available on our website in PDF format:  
[http://www.kao.com/jp/en/corp\\_ir/presentations.html](http://www.kao.com/jp/en/corp_ir/presentations.html)

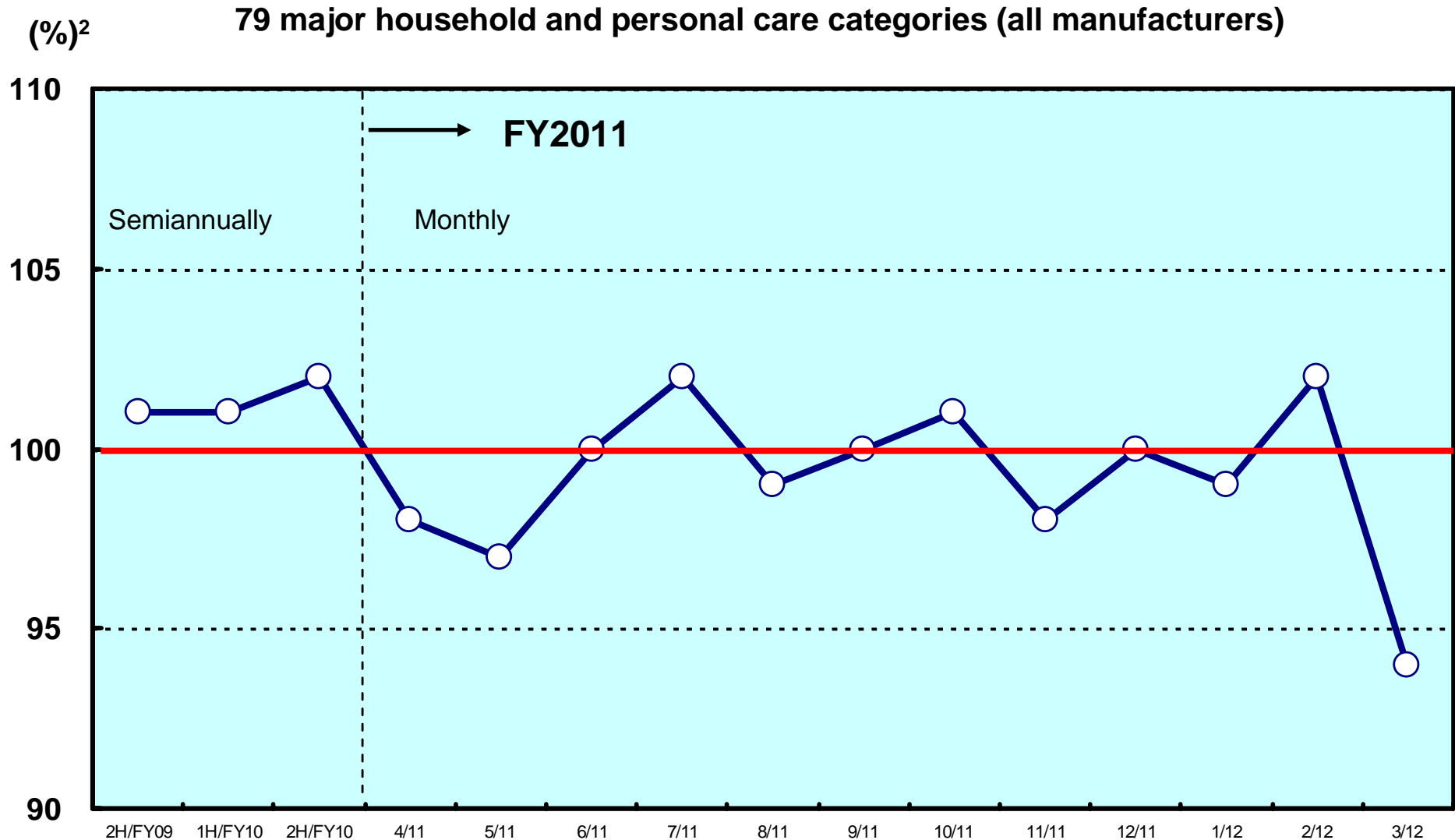
Forward-looking statements such as earnings forecasts and other projections contained in these materials are based on information available at this time and assumptions that management believes to be reasonable. Actual results may differ materially from those expectations due to various factors.

Note: The yen amounts in these presentation materials are rounded down.

# **1. Business Environment**

**April 1, 2011 – March 31, 2012**

# Consumer Products<sup>1</sup> Market in Japan



1 Consumer products do not include prestige cosmetics.

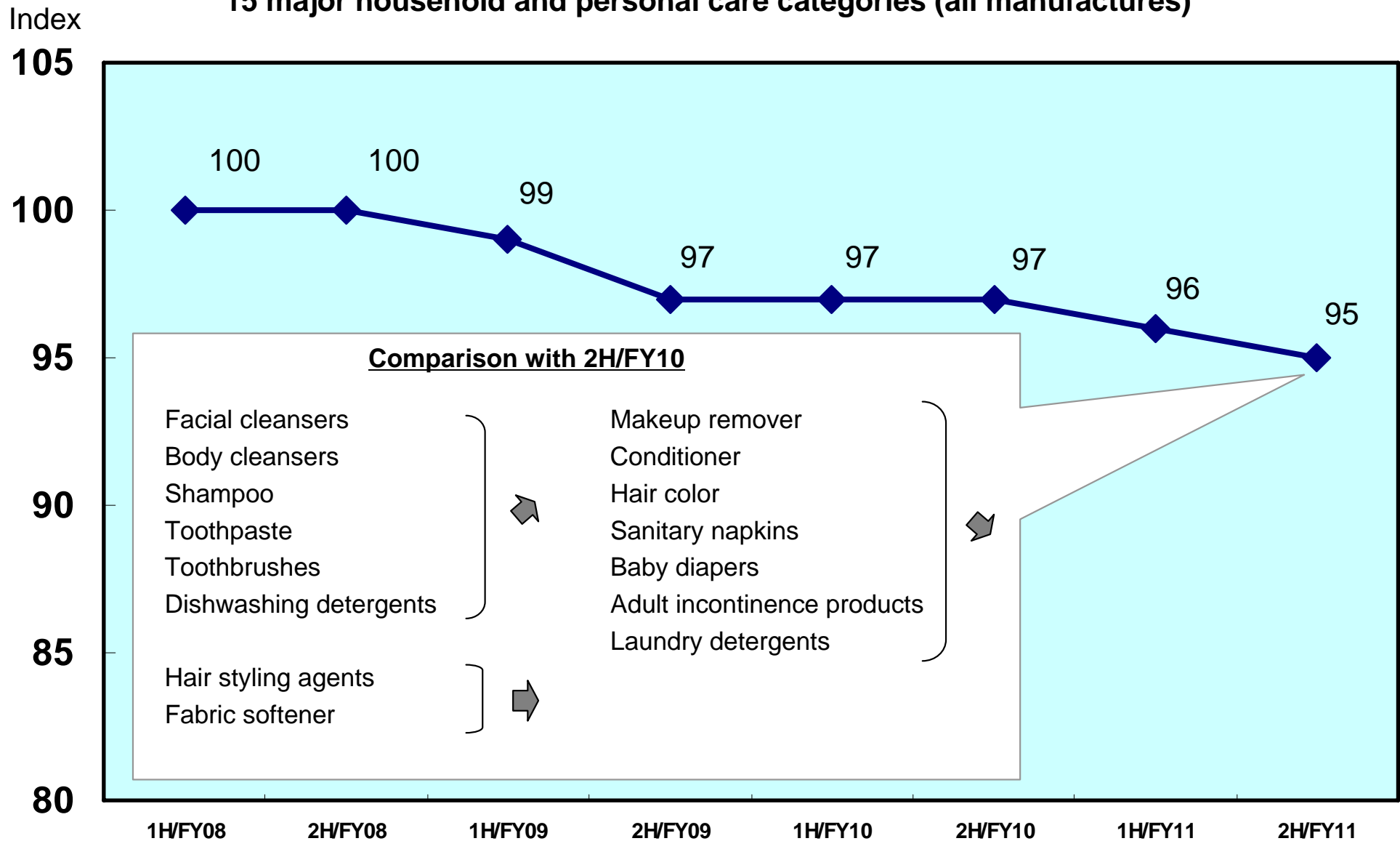
(Source: SRI POS data by INTAGE Inc.)

2 Year-on-year growth rate of market size in value (yen)

3. The data of 2H/FY10 and March 2012 include hoarding due to the earthquake in March 2011.

# Consumer Purchase Prices in Japan

15 major household and personal care categories (all manufactures)



(Source: SRI POS data by INTAGE Inc.)

# **2. Consolidated Business Results**

**April 1, 2011 – March 31, 2012**

# Key Points in FY2011

## Japan sales related

1. Consumer purchase price of 15 major household and personal care categories market in Japan<sup>1</sup> :
  - 1st half: -1 point year-on-year
  - 2nd half: -2 points year-on-year
2. Growth of the cosmetics market in Japan<sup>2</sup>: -3.5%

## Income statements related

1. Net sales:	¥1,216.0 billion	(+2.5% year-on-year)
• Effect of currency translation:	-¥18.1 billion	(-1.5% year-on-year)
• Like-for-like sales growth:	+¥47.3 billion	(+4.0% year-on-year)
2. Increase/decrease in operating income <sup>3</sup> :	+¥3.9 billion	
3. Extraordinary loss:		
• Loss related to the Great East Japan Earthquake:	-¥2.0 billion	

## Cash flow related

1. Free cash flow <sup>4</sup>	¥76.0 billion
2. Payments of cash dividends <sup>5</sup> :	¥30.7 billion
3. Redemption of bonds:	¥50.0 billion

1 Index with the 1<sup>st</sup> half of FY2008 as 100 (Source: SRI POS data by INTAGE Inc.)

2 Source: SLI data by INTAGE Inc.

3 Please refer to slide 12 for details

4 Free cash flow = Net cash provided by operating activities + Net cash used in investing activities

5 Includes payments of cash dividends to minority shareholders

# FY2011 Consolidated Results

Billion yen	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	Growth	Changes
<b>Net Sales</b>	1,184.3	1,186.8	1,216.0	+2.5%	+29.2
<b>EBITA*</b>	129.5	139.1	142.1	+2.2%	+3.0
<i>EBITA* Margin</i>	10.9%	11.7%	11.7%		
<b>Operating Income</b>	94.0	104.5	108.5	+3.8%	+3.9
<i>Operating Margin</i>	7.9%	8.8%	8.9%		
<b>Ordinary Income</b>	93.5	103.3	110.0	+6.5%	+6.6
<b>Net Income</b>	40.5	46.7	52.4	+12.2%	+5.6
<b>EBITDA</b>	178.8	185.9	188.3	+1.3%	+2.4
<b>ROE</b>	7.3%	8.5%	9.8%		
<b>EPS (yen)</b>	75.57	87.69	100.46	+14.6%	+12.77

\*Operating income before amortization of goodwill and intellectual property rights related to M&A



# Consolidated Net Sales [1]

	FY2010		FY2011		
	Billion yen	% Growth	Billion yen	%	
				Growth	Like-for-like*
Beauty Care Business	404.1	-2.2	<b>407.6</b>	<b>+0.9</b>	<b>+0.9</b>
Human Health Care Business	159.5	-4.8	<b>164.5</b>	<b>+3.1</b>	<b>+3.1</b>
Fabric and Home Care Business	253.5	+1.1	<b>260.0</b>	<b>+2.6</b>	<b>+2.6</b>
<b>Japan Total</b>	<b>817.2</b>	-1.7	<b>832.2</b>	<b>+1.8</b>	<b>+1.8</b>
<b>Asia &amp; Oceania</b>	82.0	+3.0	<b>87.4</b>	<b>+6.6</b>	<b>+11.8</b>
<b>North America</b>	51.0	-5.7	<b>49.6</b>	<b>-2.7</b>	<b>+6.6</b>
<b>Europe</b>	60.7	-3.2	<b>61.5</b>	<b>+1.3</b>	<b>+5.1</b>
Eliminations	-22.7	-	<b>-25.5</b>	-	-
<b>Consumer Products Business</b>	<b>988.2</b>	-2.0	<b>1,005.3</b>	<b>+1.7</b>	<b>+2.8</b>

\*Like-for-like: excludes effect of currency translation

# Consolidated Net Sales [2]

	FY2010		FY2011		
	Billion yen	% Growth	Billion yen	%	
				Growth	Like-for-like*
Japan	124.9	+8.7	<b>125.4</b>	<b>+0.4</b>	<b>+0.4</b>
Asia	72.5	+36.0	<b>89.1</b>	<b>+22.9</b>	<b>+30.3</b>
North America	29.4	+16.9	<b>35.9</b>	<b>+21.9</b>	<b>+33.3</b>
Europe	51.5	+6.3	<b>55.6</b>	<b>+8.1</b>	<b>+11.8</b>
Eliminations	-46.5	-	<b>-58.5</b>	-	-
<b>Chemical Business</b>	<b>231.9</b>	<b>+11.6</b>	<b>247.6</b>	<b>+6.7</b>	<b>+10.0</b>
Eliminations	-33.4	-	<b>-36.8</b>	-	-
<b>Consolidated Net Sales</b>	<b>1,186.8</b>	<b>+0.2</b>	<b>1,216.0</b>	<b>+2.5</b>	<b>+4.0</b>

\*Like-for-like: excludes effect of currency translation

# Consolidated Income Statements

	FY2010		FY2011		Changes <sup>1</sup>
	Billion yen	%	Billion yen	%	Billion yen
Net Sales	1,186.8	100.0	<b>1,216.0</b>	<b>100.0</b>	<b>+29.2</b>
Cost of Sales	498.9	42.0	<b>525.0</b>	<b>43.2</b>	+26.0
Gross Profit	687.8	58.0	<b>691.0</b>	<b>56.8</b>	+3.2
SG&A Expenses <sup>2</sup>	583.2	49.1	<b>582.4</b>	<b>47.9</b>	-0.7
Operating Income	104.5	8.8	<b>108.5</b>	<b>8.9</b>	<b>+3.9</b>
Non-operating Income/Expenses	-1.2	-0.1	<b>1.4</b>	<b>0.1</b>	+2.6
Ordinary Income	103.3	8.7	<b>110.0</b>	<b>9.0</b>	<b>+6.6</b>
Extraordinary Gain/Loss	-7.3	-0.6	<b>-4.7</b>	<b>-0.4</b>	+2.5
Income Before Income Taxes and Minority Interests	96.0	8.1	<b>105.2</b>	<b>8.7</b>	+9.2
Income Taxes	48.1	4.1	<b>50.7</b>	<b>4.2</b>	+2.5
Income Before Minority Interests	47.8	4.0	<b>54.4</b>	<b>4.5</b>	+6.6
Minority Interests	1.1	0.1	<b>2.0</b>	<b>0.2</b>	+0.9
Net Income	46.7	3.9	<b>52.4</b>	<b>4.3</b>	<b>+5.6</b>

1 Changes = FY2011 – FY2010

2 Amortization related to Kanebo Cosmetics

FY2010: 27.4 billion yen, FY2011: 27.3 billion yen

# FY2011 Consolidated Operating Income Analysis

## Comparison with FY2010

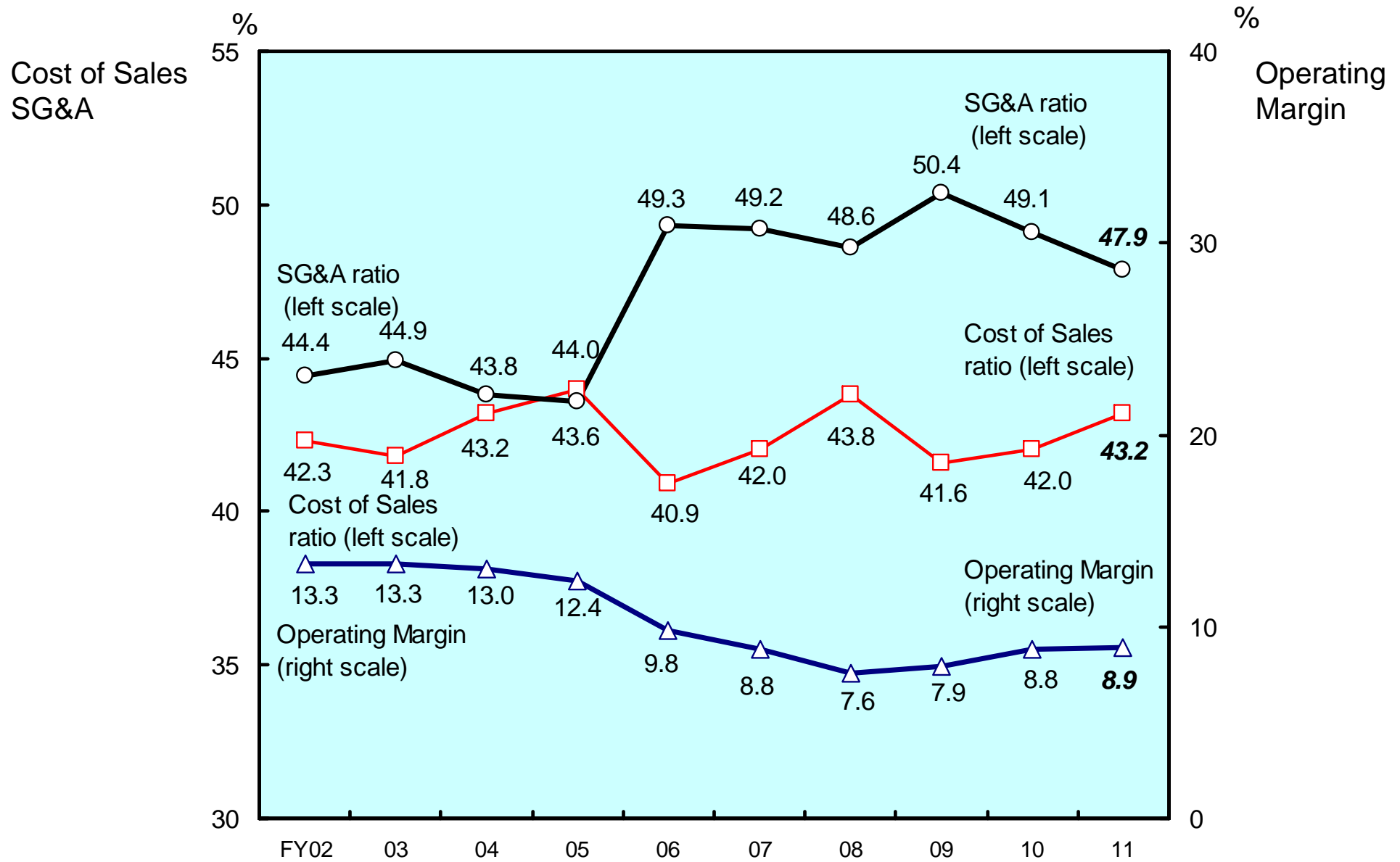


**FY2010  
Operating Income  
104.5 billion yen**

+3.0 billion yen	Increase in sales volume
-3.0 billion yen	Higher raw material prices
-2.0 billion yen	Earthquake countermeasures (procurement)
+9.0 billion yen	Total Cost Reduction (TCR)
+0.7 billion yen	Decrease in SG&A expenses
-3.8 billion yen	Product mix and others

**FY2011  
Operating Income  
108.5 billion yen**

# Consolidated Cost of Sales and SG&A to Net Sales



\*Structure has changed significantly since FY2006 due to the consolidation of Kanebo Cosmetics.

# Breakdown of Major Consolidated SG&A Expenses

(Billion yen)

	FY2010	FY2011	Changes*
<b>Total SG&amp;A Expenses</b>	583.2	<b>582.4</b>	-0.7

Freight/Warehouse	66.9	<b>68.3</b>	+1.4
Advertising	81.0	<b>82.2</b>	+1.1
Sales Promotion	64.6	<b>62.9</b>	-1.6
Salaries and Bonuses	124.3	<b>121.7</b>	-2.5
R&D	45.5	<b>48.1</b>	+2.6

\* Changes = FY2011 – FY2010

Effect of currency translation on SG&A expenses: -6.0 billion yen

# Consolidated Non-operating Income/Expenses and Extraordinary Gain/Loss

(Billion yen)

<b>Non-operating Income/Expenses</b>	FY2010	FY2011	Changes*
<b>Non-operating Income</b>	5.1	<b>5.3</b>	+0.1
Interest Income	0.8	<b>0.9</b>	
Dividend Income	0.1	<b>0.1</b>	
Equity in Earnings of Nonconsolidated Subsidiaries and Affiliates	0.9	<b>1.6</b>	
Other	3.1	<b>2.5</b>	
<b>Non-operating Expenses</b>	6.4	<b>3.8</b>	-2.5
Interest Expense	3.3	<b>2.2</b>	
Foreign Currency Exchange Loss	2.2	<b>0.6</b>	
Other	0.8	<b>1.0</b>	

<b>Extraordinary Gain/Loss</b>	FY2010	FY2011	Changes*
<b>Extraordinary Gain</b>	1.3	<b>0.2</b>	-1.0
Gain on Sales of Fixed Assets	1.0	<b>0.1</b>	
Insurance	-	<b>0.0</b>	
Gain on Sales of Investment Securities	0.1	<b>-</b>	
Other	0.1	<b>0.0</b>	
<b>Extraordinary Loss</b>	8.6	<b>5.0</b>	-3.6
Loss on Sales/Disposals of Fixed Assets	2.3	<b>2.3</b>	
Loss related to the Great East Japan Earthquake	4.1	<b>2.0</b>	
Loss on Application of Accounting Standard for Asset Retirement	1.6	<b>-</b>	
Other	0.5	<b>0.6</b>	

\* Changes = FY2011 – FY2010

# Consolidated Results by Segment

		FY2010		FY2011		Changes Billion yen	Growth %
		Billion yen	% of net sales	Billion yen	% of net sales		
Beauty Care Business	Net Sales <sup>1</sup>	533.5	-	<b>537.9</b>	-	+4.4	+0.8%
	EBITA <sup>2</sup>	39.8	7.5%	<b>48.8</b>	<b>9.1%</b>	+9.0	+22.6%
	Operating Income	5.5	1.0%	<b>15.4</b>	<b>2.9%</b>	+9.8	+178.4%
Human Health Care Business	Net Sales <sup>1</sup>	175.7	-	<b>181.7</b>	-	+5.9	+3.4%
	Operating Income	15.2	8.7%	<b>14.6</b>	<b>8.0%</b>	-0.6	-4.3%
Fabric and Home Care Business	Net Sales <sup>1</sup>	279.0	-	<b>285.6</b>	-	+6.6	+2.4%
	Operating Income	59.6	21.4%	<b>55.5</b>	<b>19.4%</b>	-4.1	-6.9%
Chemical Business	Net Sales <sup>1</sup>	231.9	-	<b>247.6</b>	-	+15.6	+6.7%
	EBITA <sup>2</sup>	24.2	10.5%	<b>23.1</b>	<b>9.3%</b>	-1.1	-4.9%
	Operating Income	24.1	10.4%	<b>23.0</b>	<b>9.3%</b>	-1.0	-4.6%
Consolidated	Net Sales	1,186.8	-	<b>1,216.0</b>	-	+29.2	+2.5%
	EBITA <sup>2</sup>	139.1	11.7%	<b>142.1</b>	<b>11.7%</b>	+3.0	+2.2%
	Operating Income	104.5	8.8%	<b>108.5</b>	<b>8.9%</b>	+3.9	+3.8%

1 Before elimination of intersegment transfers

2 Operating income before amortization of goodwill and intellectual property rights related to M&A



# [Reference] Consolidated Results by Geographic Area

		FY2010		FY2011		Changes Billion yen	Growth %
		Billion yen	% of net sales	Billion yen	% of net sales		
Japan	Net Sales <sup>1</sup>	912.4	-	<b>925.3</b>	-	+12.8	+1.4%
	EBITA <sup>2</sup>	117.6	12.9%	<b>120.1</b>	<b>13.0%</b>	+2.4	+2.1%
	Operating Income	85.2	9.3%	<b>88.5</b>	<b>9.6%</b>	+3.2	+3.8%
Asia and Oceania	Net Sales <sup>1</sup>	152.3	-	<b>173.5</b>	-	+21.2	+13.9%
	Operating Income	6.6	4.4%	<b>9.1</b>	<b>5.3%</b>	+2.4	+37.4%
North America	Net Sales <sup>1</sup>	80.3	-	<b>85.3</b>	-	+5.0	+6.3%
	EBITA <sup>2</sup>	6.4	8.0%	<b>4.1</b>	<b>4.8%</b>	-2.3	-36.1%
	Operating Income	5.6	7.0%	<b>3.3</b>	<b>3.9%</b>	-2.2	-40.0%
Europe	Net Sales <sup>1</sup>	112.1	-	<b>117.0</b>	-	+4.8	+4.4%
	EBITA <sup>2</sup>	9.4	8.5%	<b>9.0</b>	<b>7.7%</b>	-0.4	-5.1%
	Operating Income	8.1	7.3%	<b>7.7</b>	<b>6.6%</b>	-0.4	-5.1%
Consolidated	Net Sales	1,186.8	-	<b>1,216.0</b>	-	+29.2	+2.5%
	EBITA <sup>2</sup>	139.1	11.7%	<b>142.1</b>	<b>11.7%</b>	+3.0	+2.2%
	Operating Income	104.5	8.8%	<b>108.5</b>	<b>8.9%</b>	+3.9	+3.8%

1 Before elimination of intersegment transfers

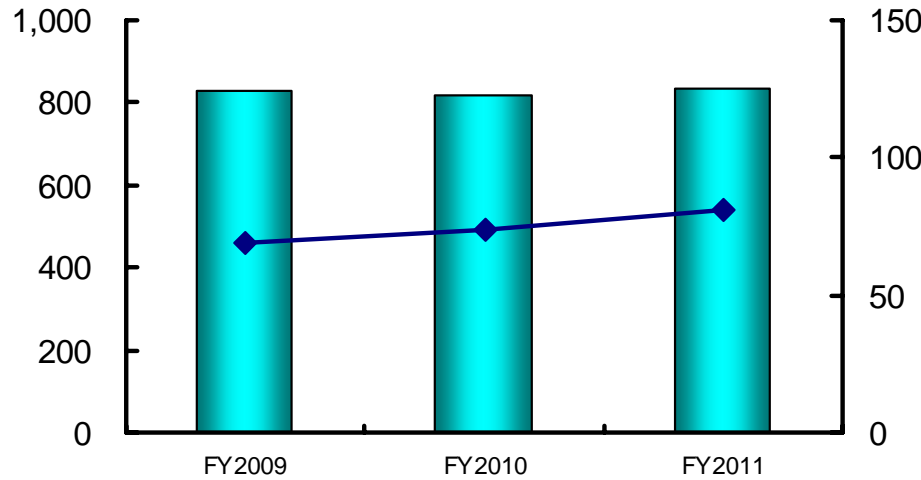
2 Operating income before amortization of goodwill and intellectual property rights related to M&A

# Consumer Products Business by Geographic Area

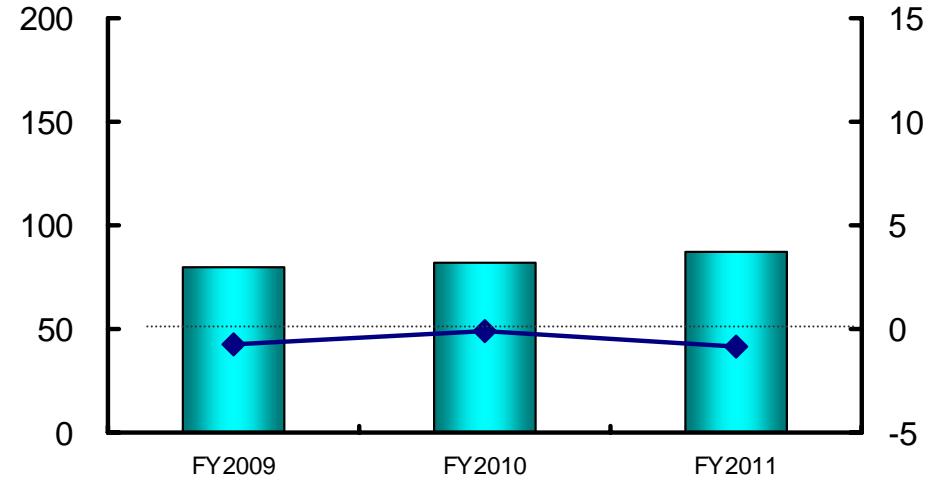
## Japan

Sales (Billion yen)

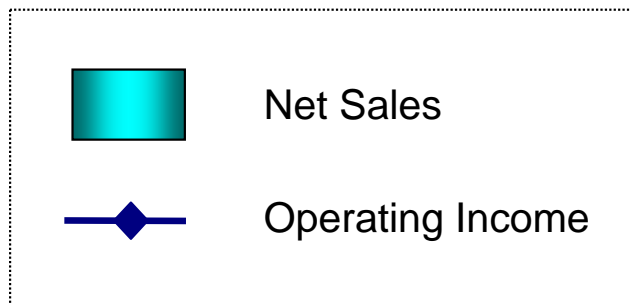
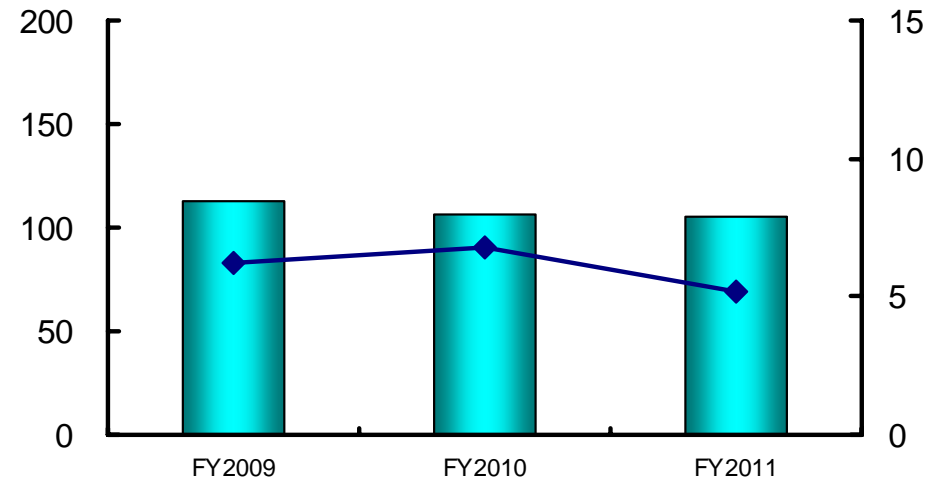
Operating Income  
(Billion yen)



## Asia and Oceania



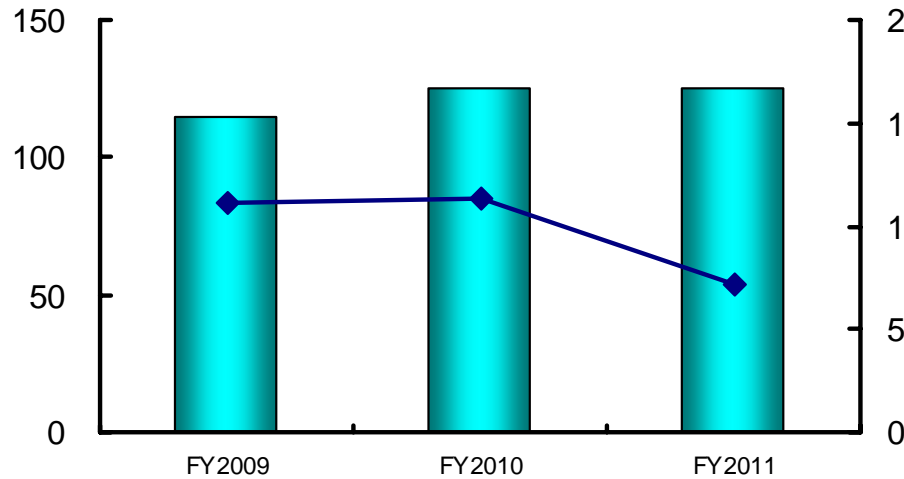
## North America & Europe



# Chemical Business by Geographic Area

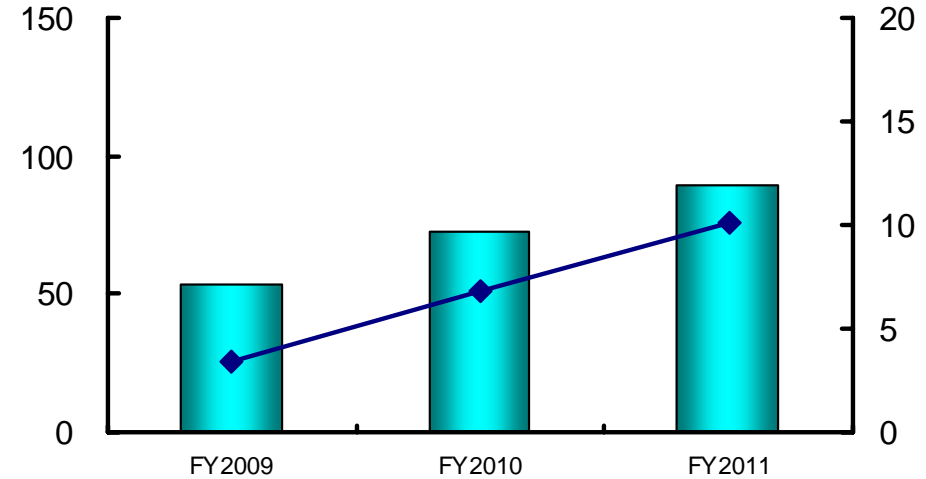
## Japan

Sales (Billion yen)

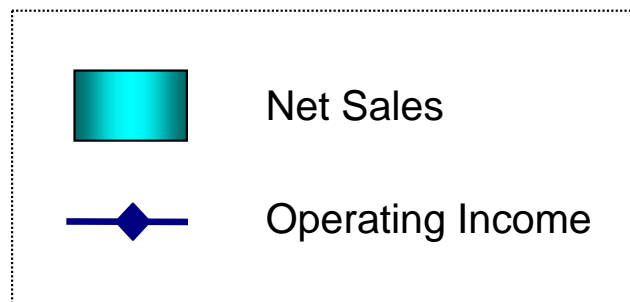
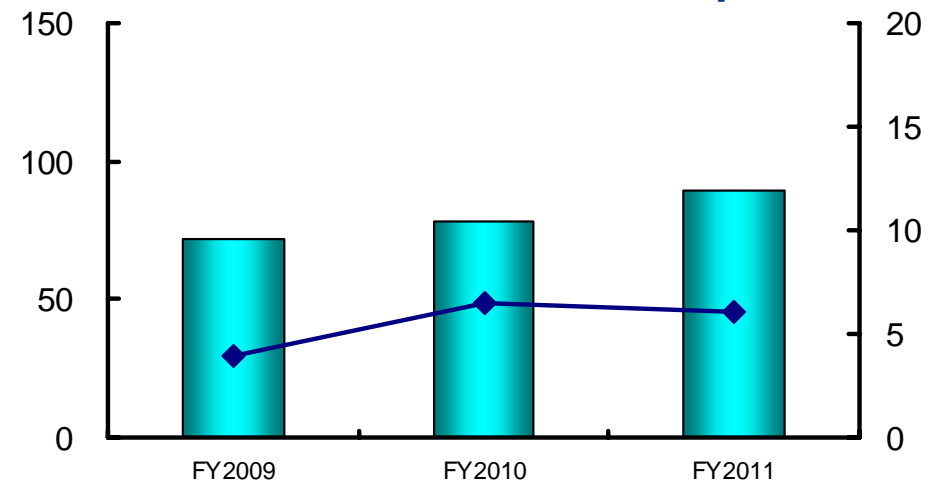


## Asia

Operating Income (Billion yen)



## North America & Europe



# Consolidated Balance Sheets

(Billion yen)

	Mar/11	Mar/12	Changes		Mar/11	Mar/12	Changes
<b>Current Assets</b>	416.8	<b>432.9</b>	+16.1	<b>Current Liabilities</b>	348.1	<b>274.9</b>	-73.2
Cash and Time Deposits	110.7	<b>85.4</b>	-25.2	Notes and Accounts Payable - Trade	104.0	<b>110.6</b>	+6.6
Notes and Accounts Receivable - Trade	121.0	<b>142.8</b>	+21.7	Bonds/Short-term Debt (incl. Current Portion of Bonds/Long-term Debt)	86.7	<b>2.0</b>	-84.7
Short-term Investments	35.0	<b>46.7</b>	+11.7	Accounts Payable - Other	47.7	<b>48.4</b>	+0.7
Inventories	109.3	<b>120.7</b>	+11.3	Accrued Expenses	68.4	<b>73.5</b>	+5.1
Other	40.6	<b>37.0</b>	-3.5	Accrued Income Taxes	18.7	<b>18.3</b>	-0.4
				Liability for loss related to the Great East Japan Earthquake	2.6	<b>0.0</b>	-2.6
				Other	19.7	<b>21.8</b>	+2.0
<b>Fixed Assets</b>	605.9	<b>558.3</b>	-47.6	<b>Long-term Liabilities</b>	135.0	<b>166.6</b>	+31.6
Property, Plant and Equipment	244.7	<b>240.5</b>	-4.1	Bonds/Long-term Debt	70.0	<b>100.0</b>	+30.0
Intangible Assets	272.9	<b>237.4</b>	-35.4	Other	64.9	<b>66.6</b>	+1.6
Investments and Other Assets	88.2	<b>80.2</b>	-8.0	<b>Total Liabilities</b>	483.2	<b>441.5</b>	-41.6
				Shareholders' equity	611.9	<b>633.5</b>	+21.6
				-Common Stock	85.4	<b>85.4</b>	-
				-Capital Surplus	109.5	<b>109.5</b>	-
				-Retained Earnings	457.9	<b>447.6</b>	-10.2
				-Treasury Stock, at Cost	-40.9	<b>-9.0</b>	+31.9
				Accumulated other comprehensive income	-83.0	<b>-95.5</b>	-12.4
				- Unrealized Gain on Available-for-sale Securities	1.8	<b>2.2</b>	+0.4
				- Deferred Gain (Loss) on Derivatives under Hedges Accounting	-0.0	<b>-0.0</b>	-0.0
				- Foreign Currency Translation Adjustments	-84.4	<b>-96.0</b>	-11.6
				- Post retirement adjustments for foreign consolidated subsidiaries	-0.4	<b>-1.6</b>	-1.2
				Stock Acquisition Rights	1.1	<b>1.2</b>	0.0
				Minority Interests	9.5	<b>10.4</b>	+0.9
				<b>Total Net Assets</b>	539.5	<b>549.7</b>	+10.1
<b>Total Assets</b>	1,022.7	<b>991.2</b>	-31.5	<b>Total Liabilities and Total Net Assets</b>	1,022.7	<b>991.2</b>	-31.5

# Consolidated Statements of Cash Flows

	(Billion yen)		
	FY2010	FY2011	Changes <sup>1</sup>
Net Cash Provided by Operating Activities	151.2	<b>125.0</b>	-26.2
Net Cash Used in Investing Activities	-31.7	<b>-48.9</b>	-17.1
Net Cash Provided by (Used in) Financing Activities	-87.3	<b>-86.1</b>	+1.1
Translation Adjustments on Cash and Cash Equivalents	-6.4	<b>-3.3</b>	+3.0
Net Increase (Decrease) in Cash and Cash Equivalents	25.7	<b>-13.4</b>	-39.2
Cash and Cash Equivalents, Beginning of Period	117.1	<b>143.1</b>	+25.9
Cash and Cash Equivalents from Newly Consolidated Subsidiary, Increase	0.1	-	-0.1
Cash and Cash Equivalents, End of Period	143.1	<b>129.7</b>	-13.4
Total Debt at End of Period	156.8	<b>102.1</b>	-54.7
Free Cash Flow <sup>2</sup>	119.5	<b>76.0</b>	-43.4

1: Changes = FY2011 –FY2010

2: Free cash flow = Net cash provided by operating activities + Net cash used in investing activities

## <Net cash used in investing activities>

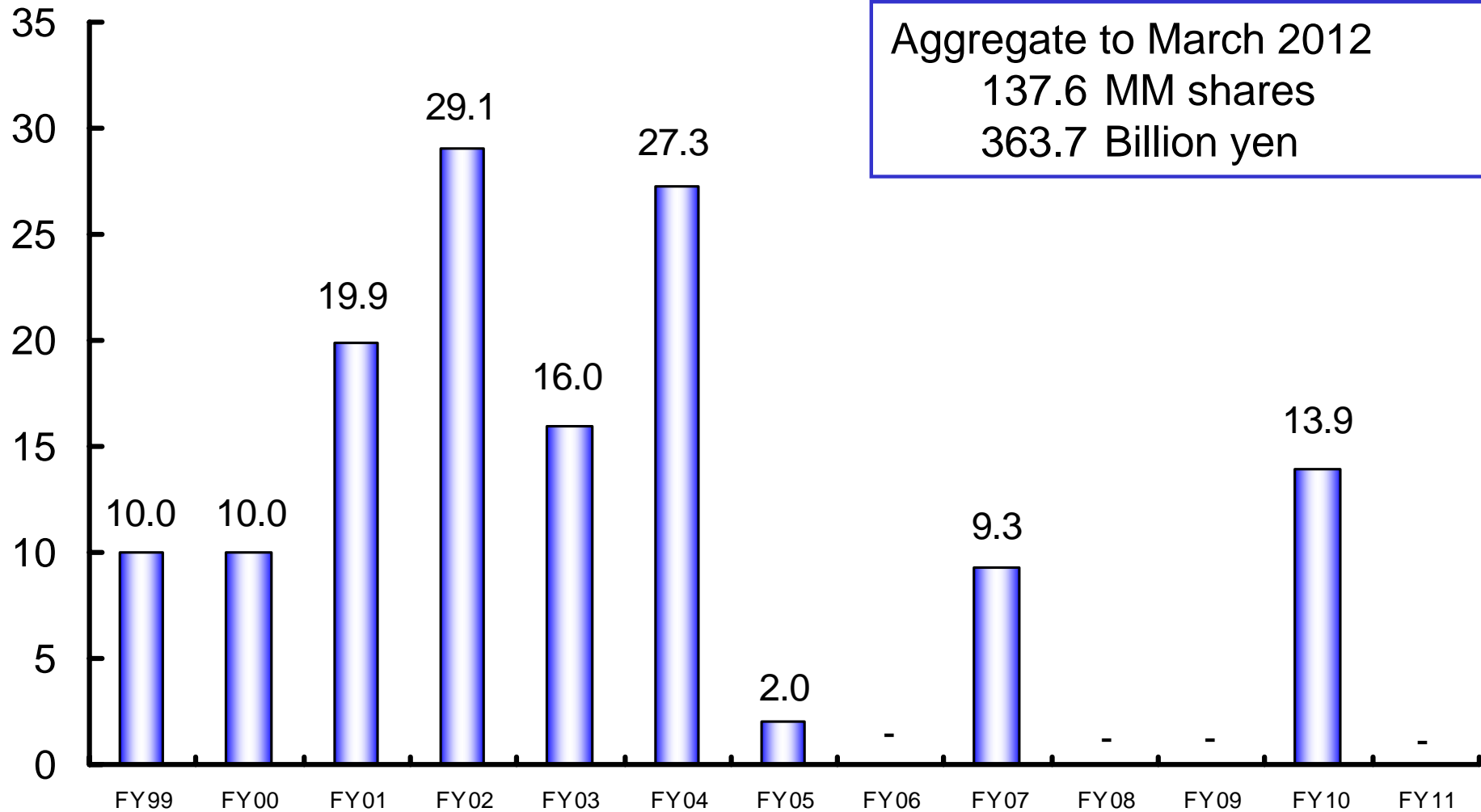
- Capital expenditures:
- Construction of Eco-Technology Research Center
  - Production facilities for new products
  - Production capacity expansion
  - Optimization of distribution bases
  - IT related, etc.

## <Net cash used in financing activities>

Payments of cash dividends (Includes payments of cash dividends to minority shareholders) : 30.7 billion yen  
 Redemption of bonds: 50.0 billion yen

# Share Repurchase

(Million Shares)



Aggregate to March 2012  
137.6 MM shares  
363.7 Billion yen

Billion yen	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
	29.5	28.6	56.7	77.1	36.7	69.9	5.0	-	29.9	-	-	29.9	-

\* Share repurchase from the market

# **3. Forecast for FY 2012**

**Fiscal year end will be December 31 from FY2012<sup>1</sup>**

**Term of consolidation for FY2012 as a transitional period**

- **Group companies whose fiscal year end is currently March 31<sup>2</sup>:  
April-December 2012**
- **Group companies whose fiscal year end is currently December 31:  
January-December 2012**

**Record dates for FY2012**

- **Interim dividend: End of September 2012**
- **Year-end dividend: End of December 2012**

**Adjusted year-on-year growth rate**

**Comparison with the nine-month period from April 1 to December 31, 2011 for group companies with a fiscal year end in March**

1. Approval of partial amendments to Articles of Incorporation at the 106th Annual General Meeting of Shareholders of Kao Corporation to be held on June 28, 2012 is required.
2. Kao Corporation and certain consolidated subsidiaries with the same fiscal year end

# Major Assumptions for FY2012 Forecast

- ◆ Year-on-year growth rate of market size in value (yen) for the Consumer Products Business<sup>1</sup> in Japan: Flat
- ◆ Year-on-year growth rate of cosmetics market size in value (yen) in Japan: -2 to -3% year-on-year
- ◆ Net sales:
 

	¥1,020.0 billion	Adjusted % growth <sup>2</sup>
		(+1.2% year-on-year)
• Effect of currency translation:	-¥7.0 billion	(-0.7% year-on-year)
• Like-for-like sales growth:	+¥18.7 billion	(+1.9% year-on-year)

Estimated impact on income
- ◆ Impact by lower raw material prices:
  - Gross impact of approximately +¥3 billion
  - Net impact: Immaterial
- ◆ Total Cost Reduction (TCR) activities: +¥4 billion
- ◆ Capital expenditures/depreciation and amortization
  - Capital expenditures: ¥44 billion
  - Depreciation and amortization: ¥60 billion

## Exchange rate assumptions

- ◆ 80 yen/USD (FY2011 actual exchange rate [quarterly average]: 79.63yen/USD)
- ◆ 105 yen/Euro (FY2011 actual exchange rate [quarterly average]: 111.42 yen/Euro)

1 Excludes prestige cosmetics.

2 Excludes impact of change in financial term (see slide 23 for details).



# Consolidated Sales and Profit Forecast

	FY2010 <sup>2</sup>		FY2011 <sup>3</sup>		FY2012(F) <sup>4</sup>	
	Billion yen	% Growth	Billion yen	% Growth	Billion yen	Adjusted % Growth <sup>5</sup>
Net Sales	1,186.8	+0.2	1,216.0	+2.5	<b>1,020.0</b>	+1.2
Operating Income	104.5	+11.2	108.5	+3.8	<b>100.0</b>	+1.6
[% of Sales]	8.8%		8.9%		9.8%	
Ordinary Income	103.3	+10.4	110.0	+6.5	<b>101.0</b>	+0.9
[% of Sales]	8.7%		9.0%		9.9%	
Net Income	46.7	+15.4	52.4	+12.2	<b>60.0</b>	+16.1
[% of Sales]	3.9%		4.3%		5.9%	

Net Income per Share (yen)	87.69	+16.0	100.46	+14.6	<b>114.98</b>	+16.0
ROE	8.5%	-	9.8%	-	<b>10.9%</b>	-
EBITDA (Operating Income + Depr. & Amort.)	185.9	+4.0	188.3	+1.3	<b>160.0</b>	-0.4
Cash Dividends per Share (yen)	58.0	+1.8	60.0	+3.4	<b>62.0</b>	+3.3

1 Exchange rate assumptions: 80 yen/USD, 105 yen/Euro

2 Kanebo Cosmetics (Apr. 2010-Mar. 2011) : Net sales = slightly less than ¥190 billion / operating margin before deduction of royalties = approximately 3%; amortization related to Kanebo Cosmetics: ¥27.4 billion

3 Kanebo Cosmetics (Apr. 2011-Mar. 2012) : Net sales = approximately ¥190 billion / operating margin before deduction of royalties = approximately 6%; amortization related to Kanebo Cosmetics: ¥27.3 billion

4 Kanebo Cosmetics (Apr. 2012-Dec. 2012) : Net sales = approximately ¥150 billion / operating margin before deduction of royalties = approximately 8%; amortization related to Kanebo Cosmetics: ¥20.3 billion

5 Excludes impact of change in financial term (see slide 23 for details).

# Sales Outlook by Segment – FY2012

<Billion yen>

Consolidated Net Sales

1,020 <sup>Adjusted % Growth<sup>2</sup></sup> +1.2%

By Segment<sup>1</sup>

Reference:  
By Geographic Area<sup>1</sup>

		Adjusted % Growth <sup>2</sup>			Adjusted % Growth <sup>2</sup>
Beauty Care	452	+1.7%	Japan	727	+2.1%
Human Health Care	153	+6.2%	Asia	164	-1.3% <sup>3</sup>
Fabric and Home Care	235	+2.0%	North America	95	+2.4% <sup>3</sup>
Chemical	210	-4.2%	Europe	111	-5.2%

1 Sales are before elimination of transactions between segments or geographic areas.

2 Excludes impact of change in financial term (see slide 23 for details).

3 Australia and New Zealand, which have been included in Asia & Oceania until FY2011, will be reclassified to North America from FY2012.

FY2011 sales of both countries are reclassified in adjusted growth rate.

# Sales Outlook – FY2012

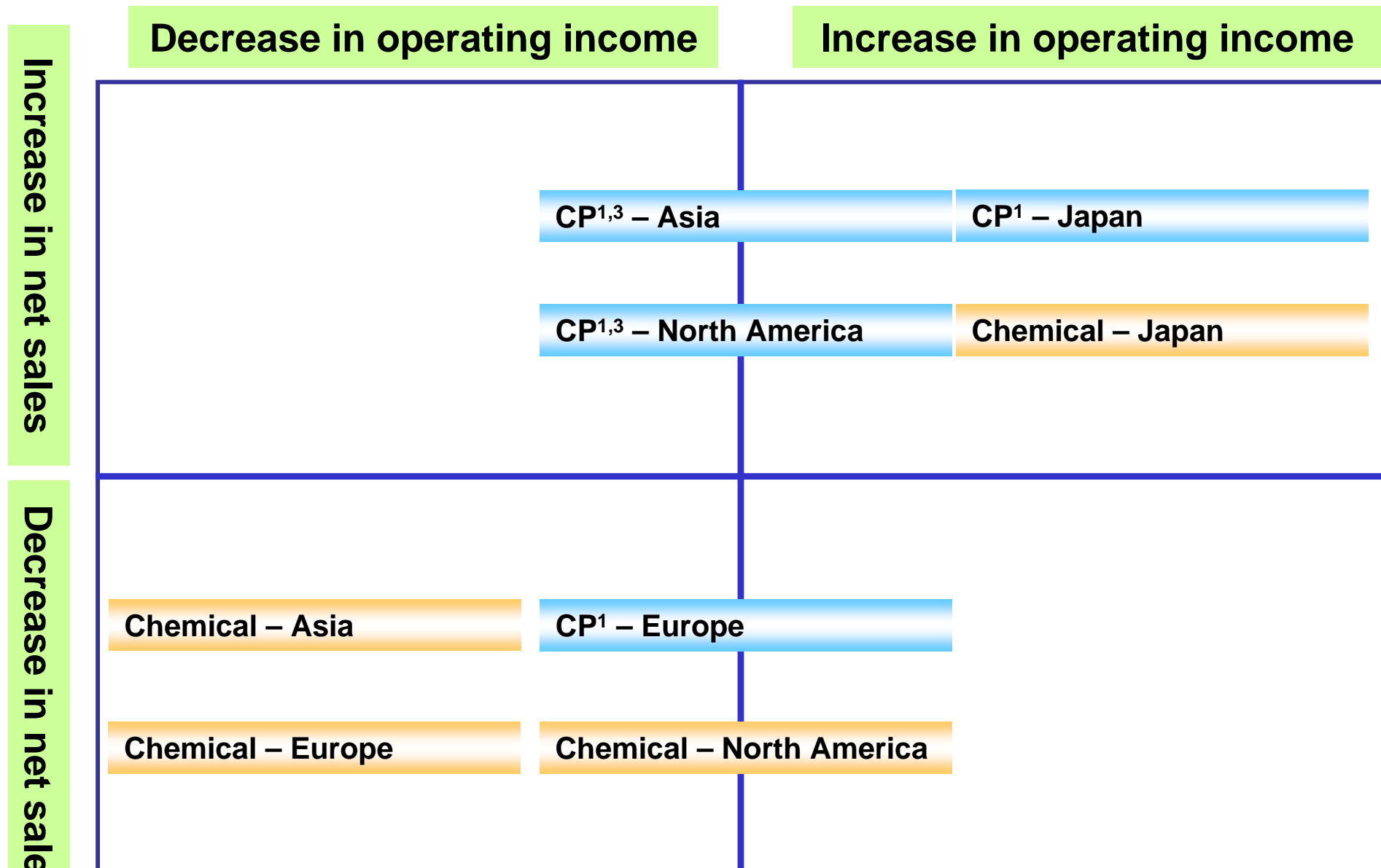
## - Consumer Products Business in Japan -

<Billion yen>

	1st Half			Full Year		
	FY2011 Actual	FY2012 Forecast	% Growth	FY2011 Actual (12 months)	FY2012 Forecast (9 months)	Adjusted % Growth*
Beauty Care	204.3	<b>206.0</b>	+0.8%	407.6	<b>315.0</b>	+1.0%
Human Health Care	82.0	<b>87.0</b>	+6.1%	164.5	<b>133.0</b>	+5.6%
Fabric and Home Care	130.4	<b>133.0</b>	+1.9%	260.0	<b>207.0</b>	+1.2%
Consumer Products Business	416.9	<b>426.0</b>	+2.2%	832.2	<b>655.0</b>	+2.0%

\*Excludes impact of change in financial term (see slide 23 for details).

# FY2012 Outlook by Segment



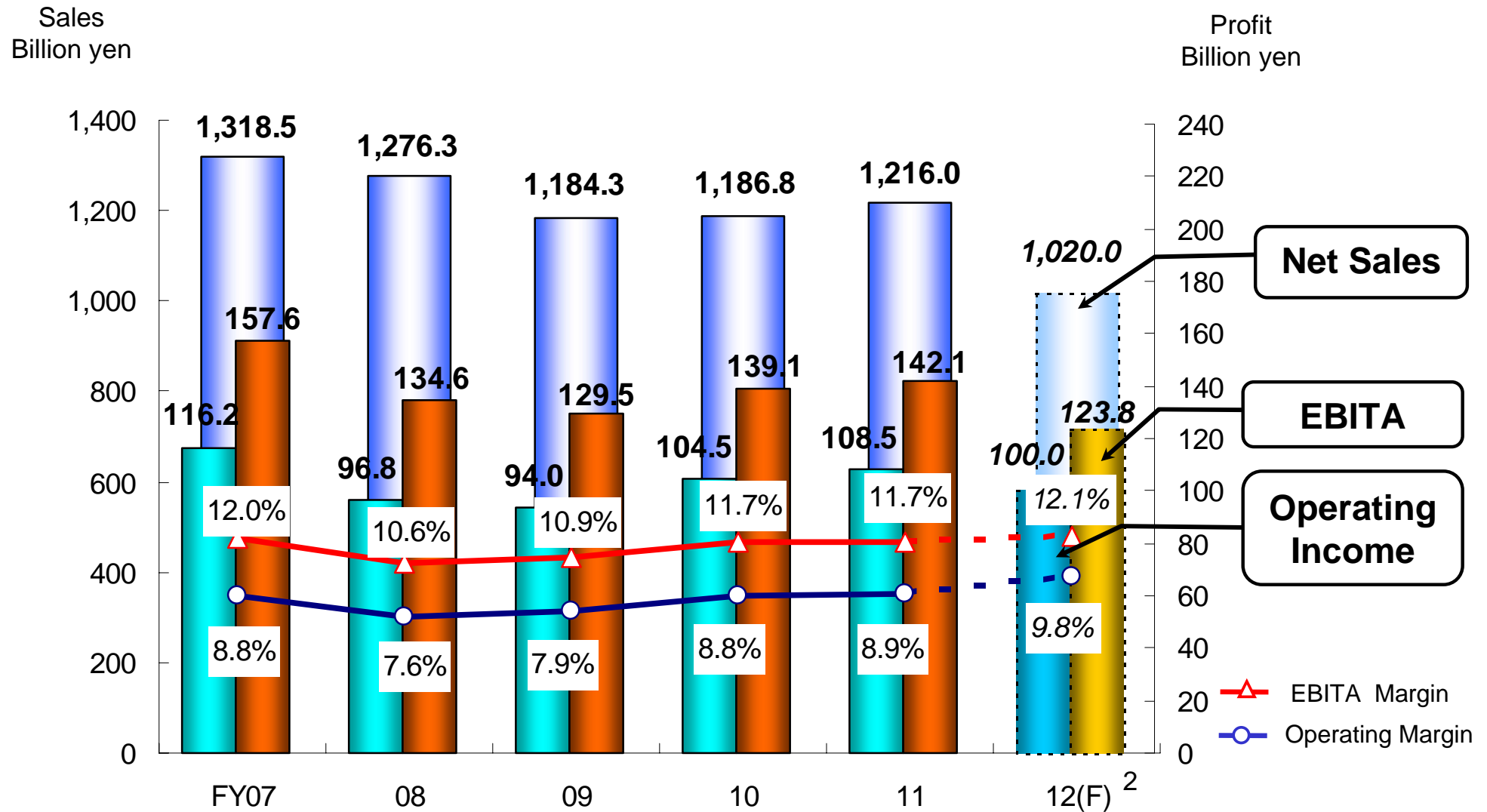
1: CP = Consumer Products

2: Excludes impact of change in financial term (see slide 23 for details).

3: Australia and New Zealand have been included in Asia & Oceania until FY2011 and will be reclassified to North America from FY2012. Sales and operating income of both countries for FY2011 are presented based on the FY2012 reclassification.

# Consolidated Net Sales/EBITA<sup>1</sup>/Operating Income

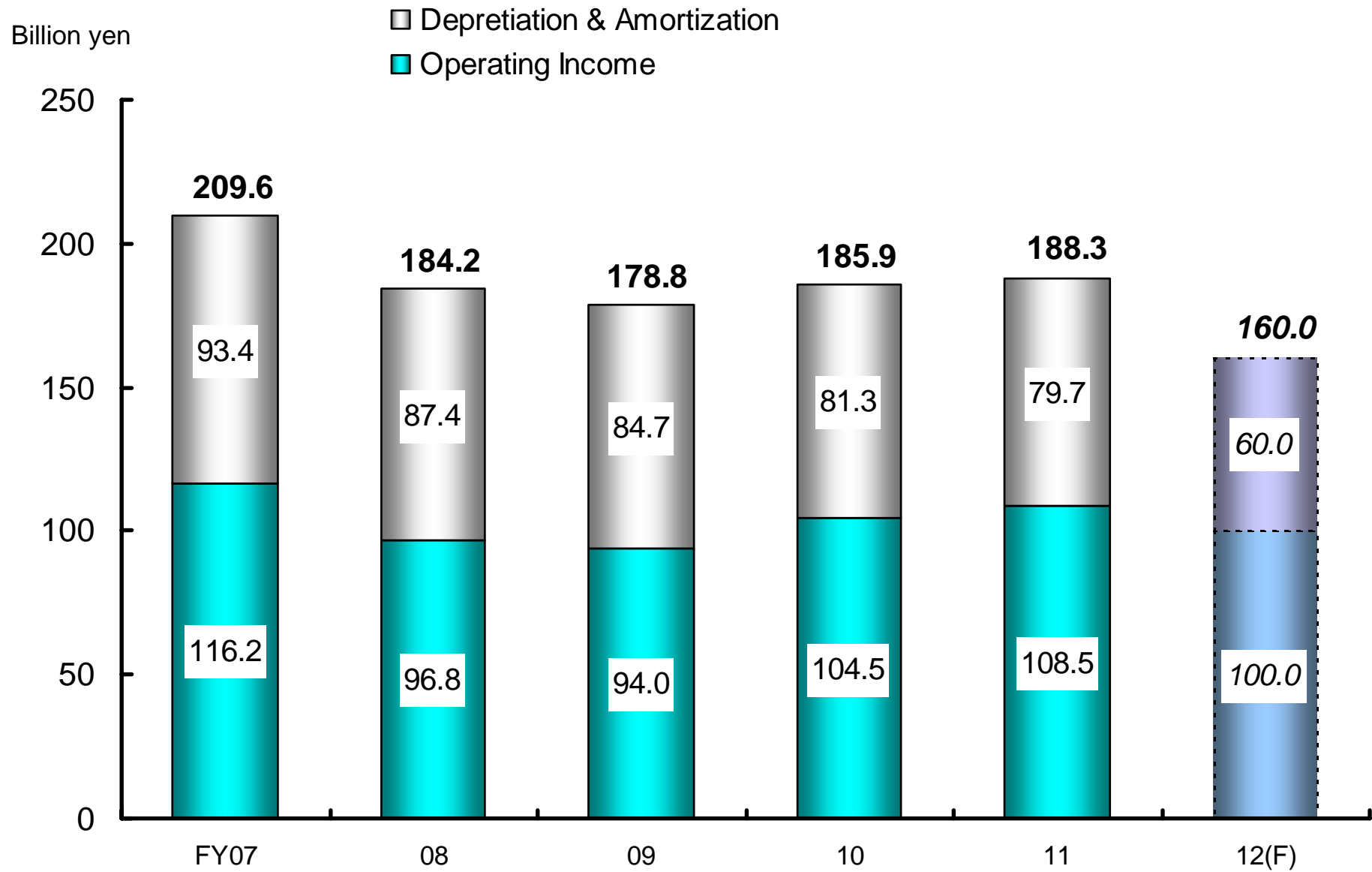
[Full Year]



1 Operating income before amortization of goodwill and intellectual property rights related to M&A

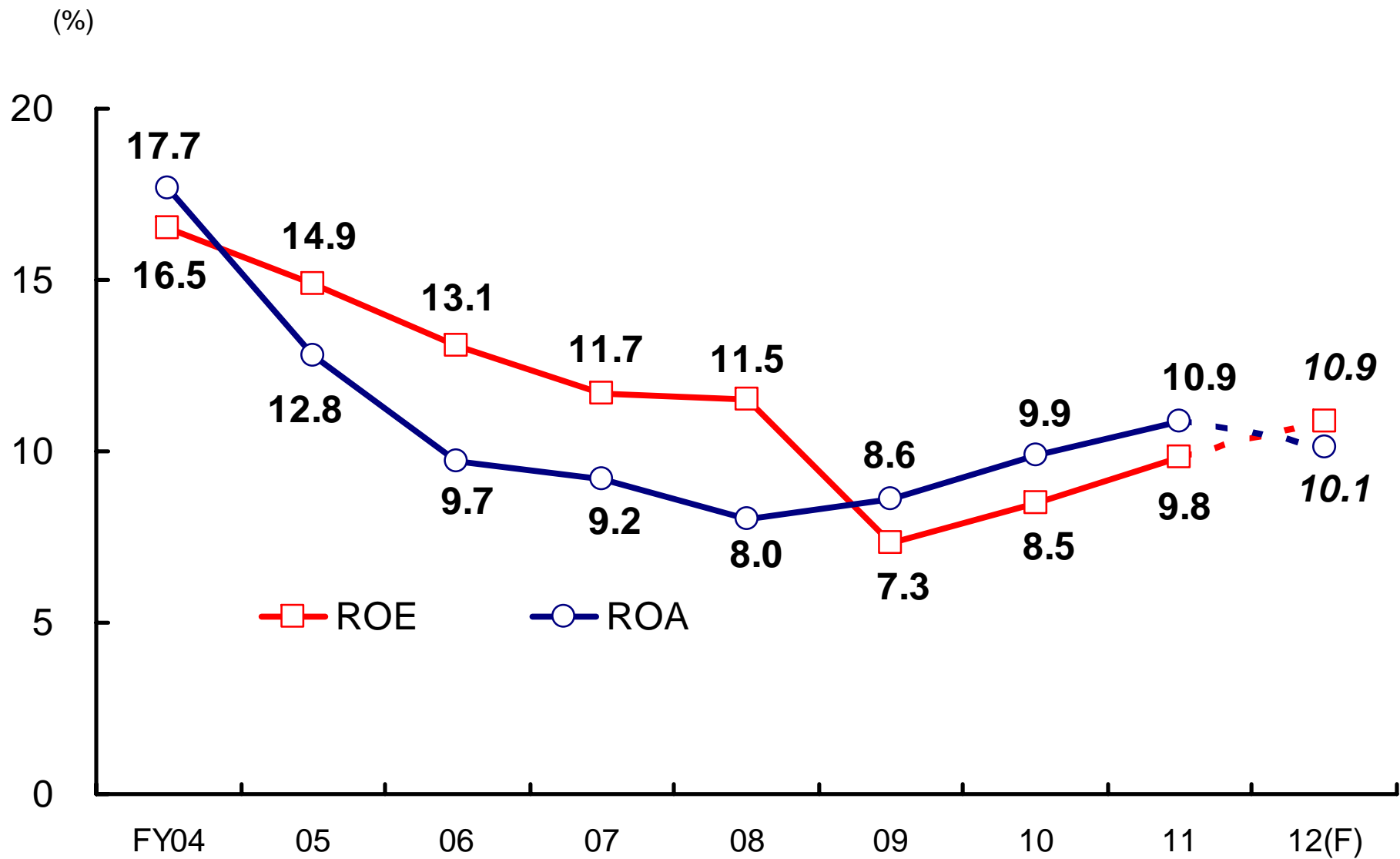
2 Fiscal year end will be December 31 from FY2012 (see slide 23 for details).

# EBITDA



\*Fiscal year end will be December 31 from FY2012 (see slide 23 for details).

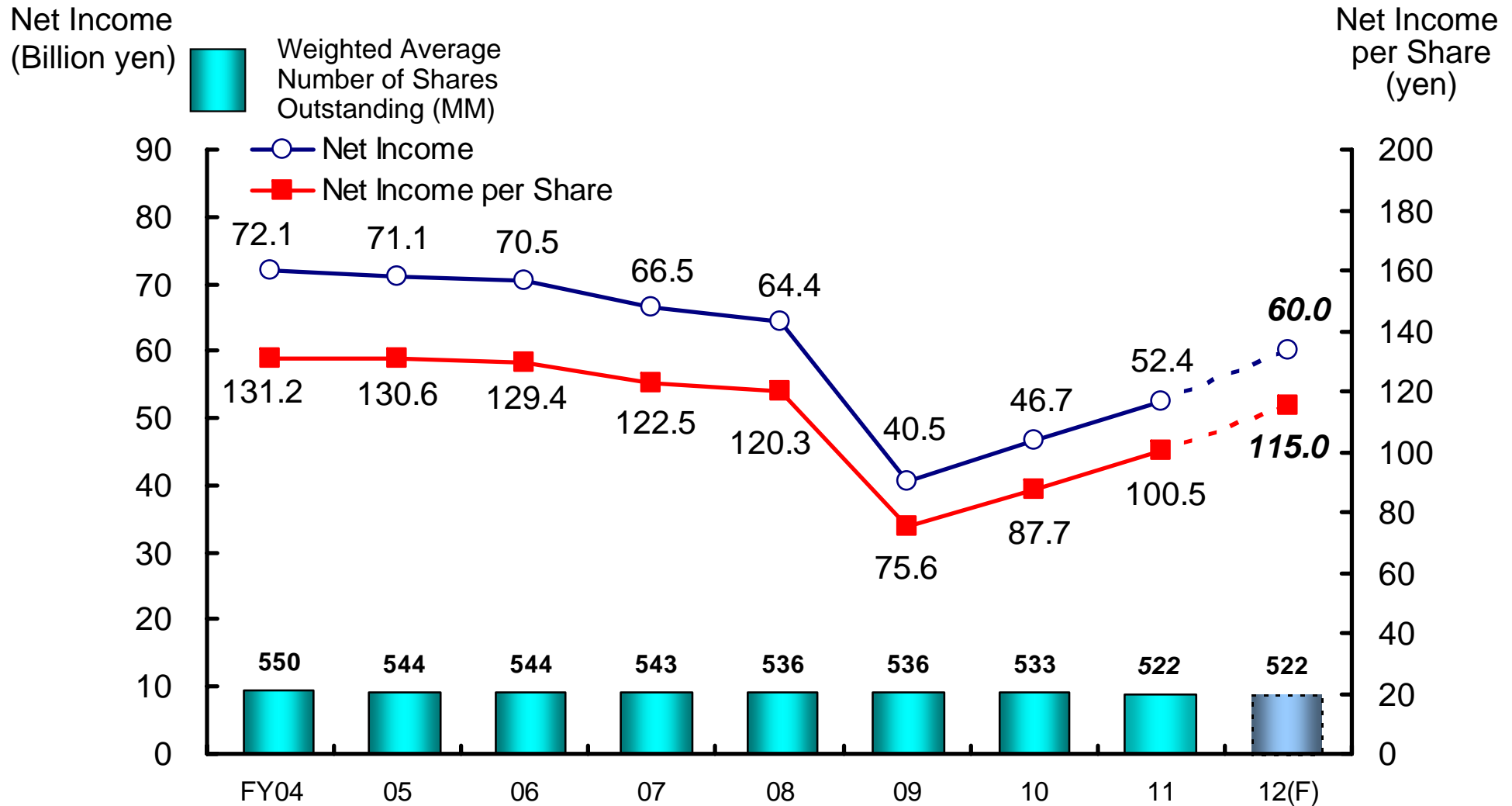
# ROE & ROA



ROA: Ordinary Income / Total assets

\* Fiscal year end will be December 31 from FY2012 (see slide 23 for details).

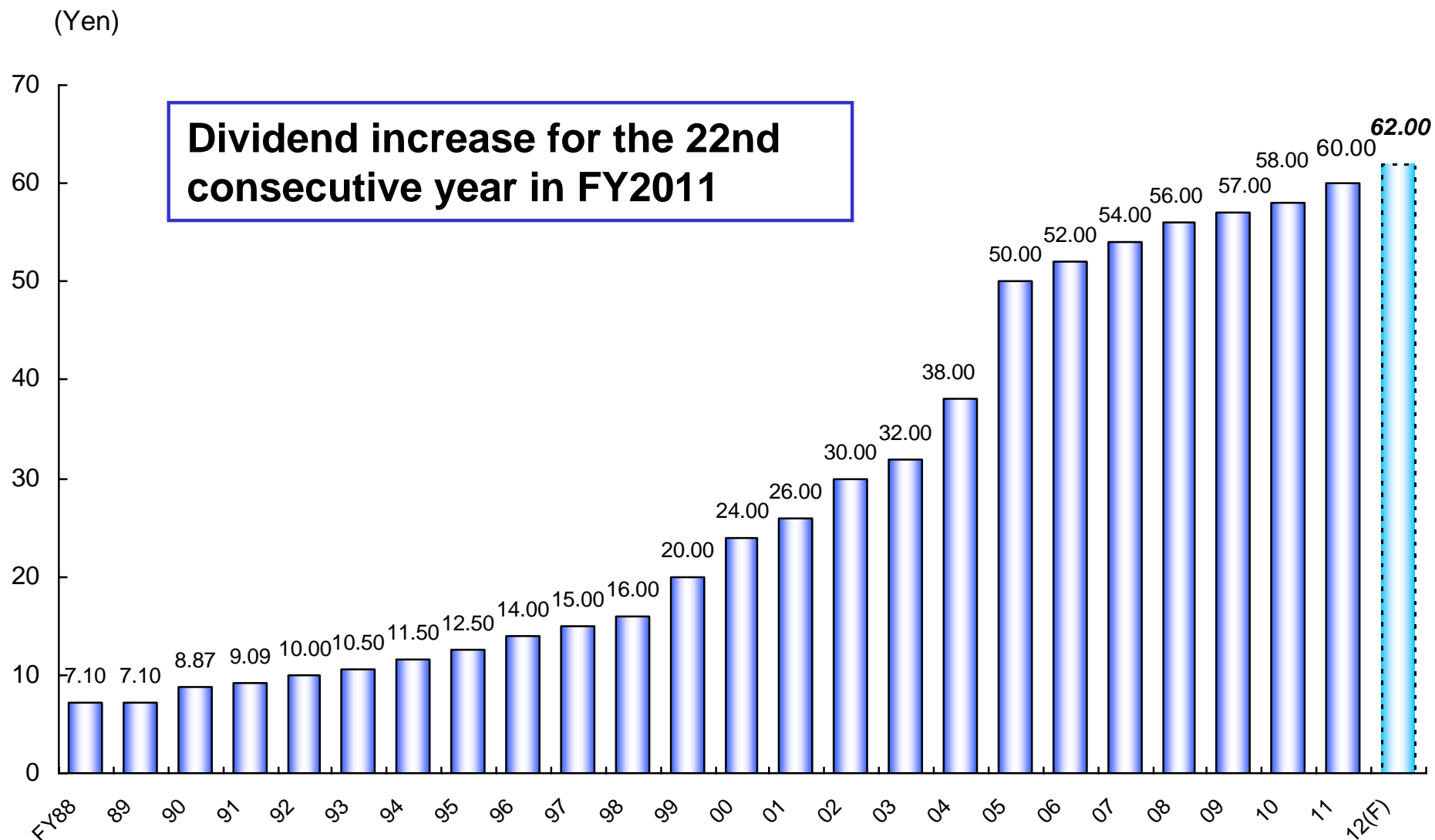
# Net Income per Share



\* Fiscal year end will be December 31 from FY2012 (see slide 23 for details).

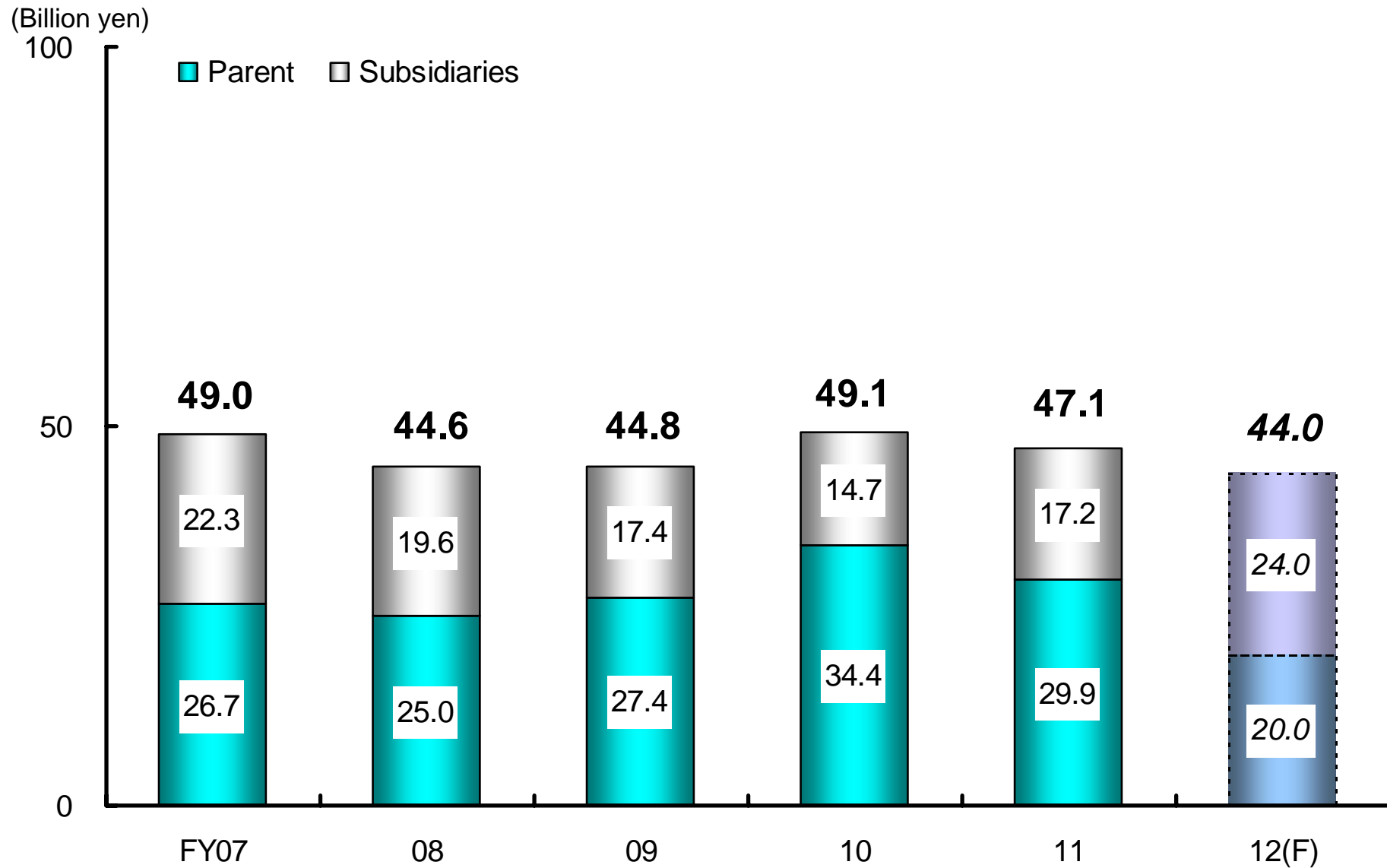


# Cash Dividends per Share



\*Impacts of share splits are retroactively reflected.

# Capital Expenditures

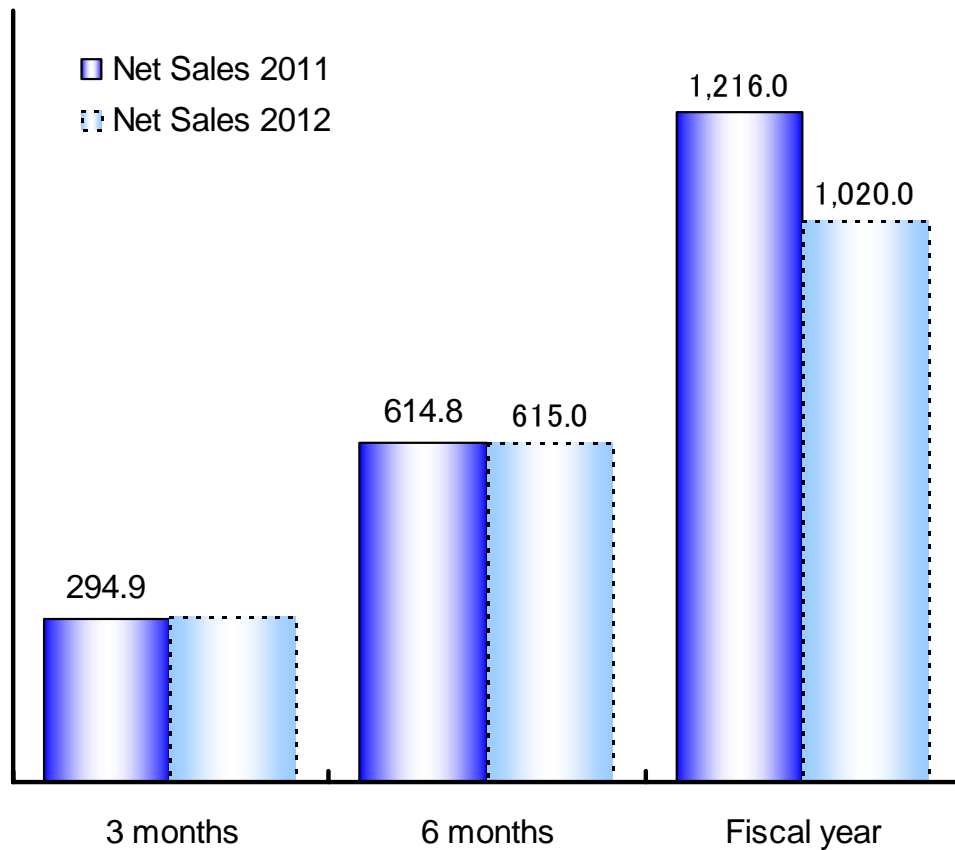


\* Fiscal year end will be December 31 from FY2012 (see slide 23 for details).

# FY2012 Quarterly Consolidated Sales and Profit Forecast

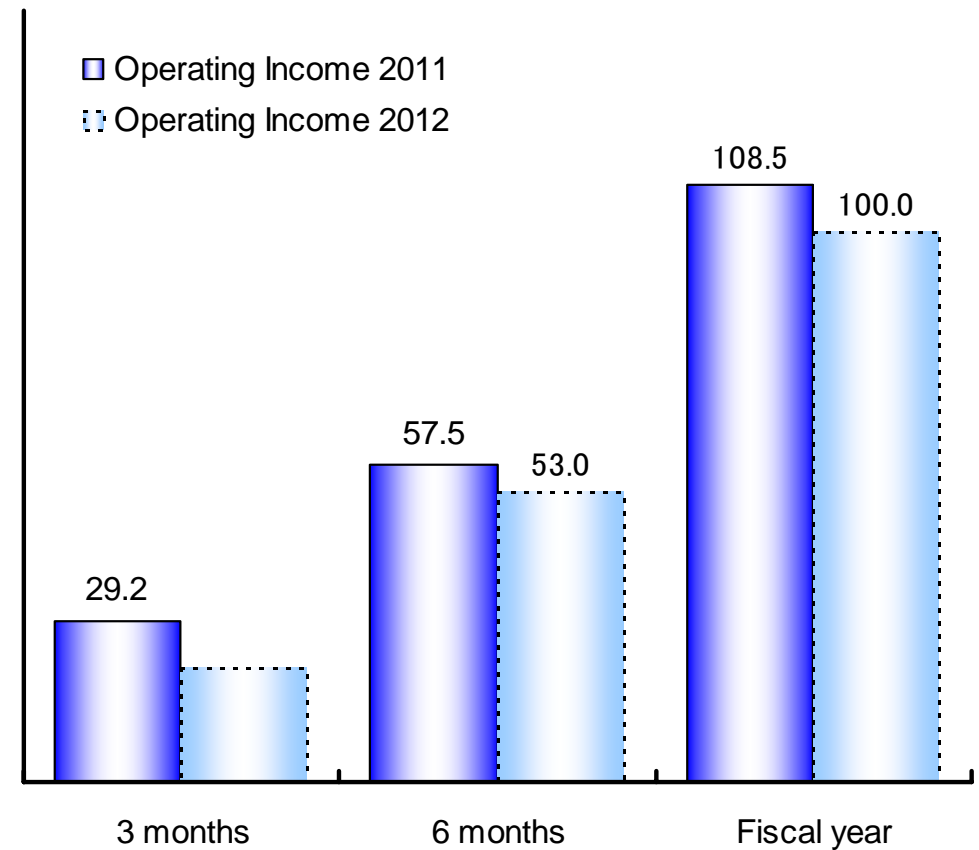
## Net Sales

(Billion yen)



## Operating Income

(Billion yen)



\* Fiscal year end will be December 31 from FY2012 (see slide 23 for details).

Kao