

**Revision of “Summary of Consolidated Business Results for the Six Months Ended June 30, 2013”**

December 5, 2013

Kao Corporation (Ticker Code: 4452) has revised “Summary of Consolidated Business Results for the Six Months Ended June 30, 2013” and presentation materials which were released on July 30, 2013, as follows.

1. Reason for and Content of the Revision

Please refer to “Revision of Securities Report, Business Results and Other Reports,” which was released on November 21, 2013.

2. Corrections

Because the corrections are numerous, the full pre-revision and post-revision texts are both attached with the corrections underlined.

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# Semi-Annual Financial Review

From January 1 to June 30, 2013

The full pre-revision and post revision texts are both attached with the corrections underlined

## Corrections

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Post-revision

# Semi-Annual Financial Review

From January 1 to June 30, 2013

Kao Corporation

July 30, 2013

This is a translation of materials used for the analyst meeting held in Japan on July 30, 2013.



These presentation materials are available on our website in PDF format:

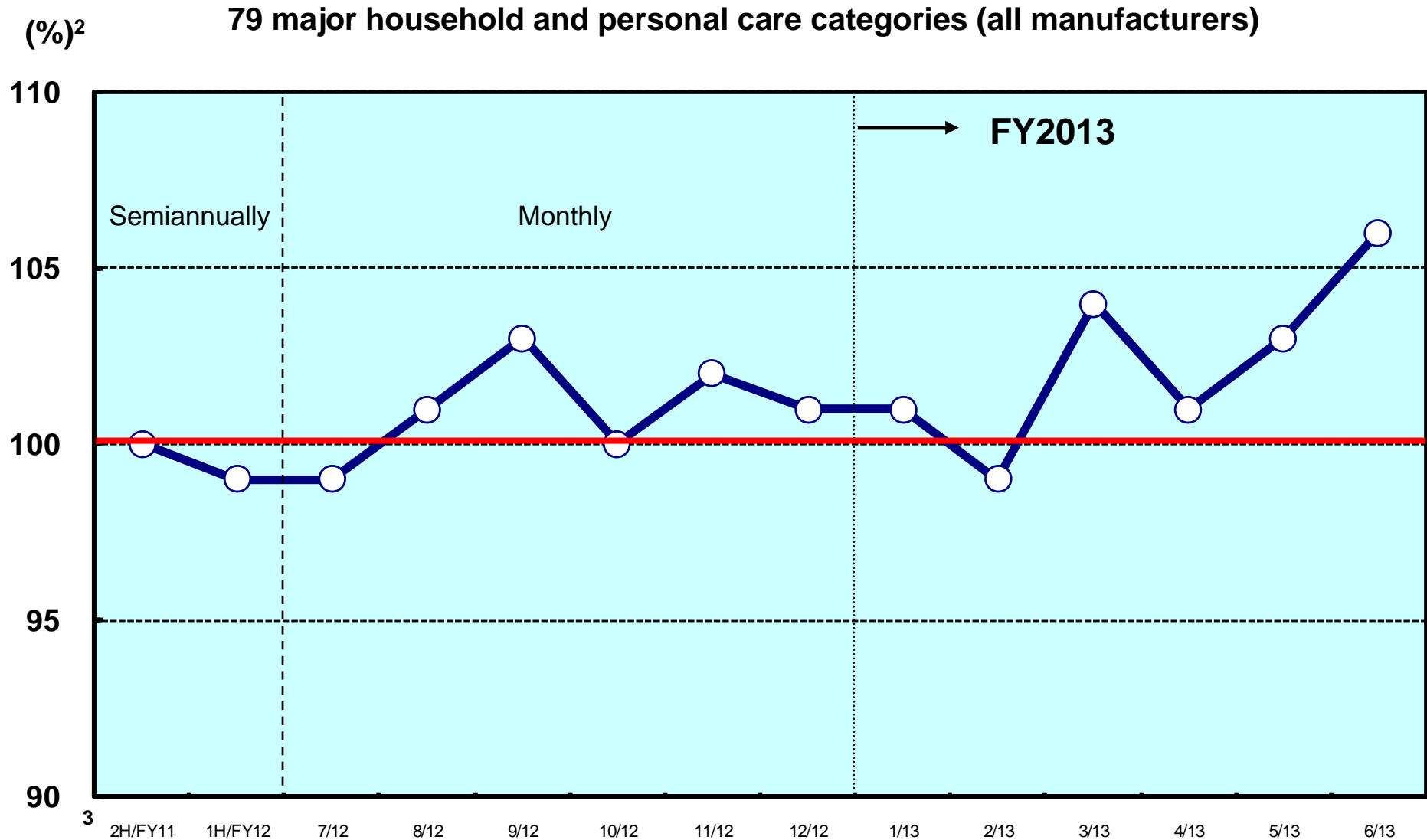
[http://www.kao.com/jp/en/corp\\_ir/presentations.html](http://www.kao.com/jp/en/corp_ir/presentations.html)

Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at this time and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from those expectations due to various factors.

# **1. Business Environment**

**January 1 – June 30, 2013**

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

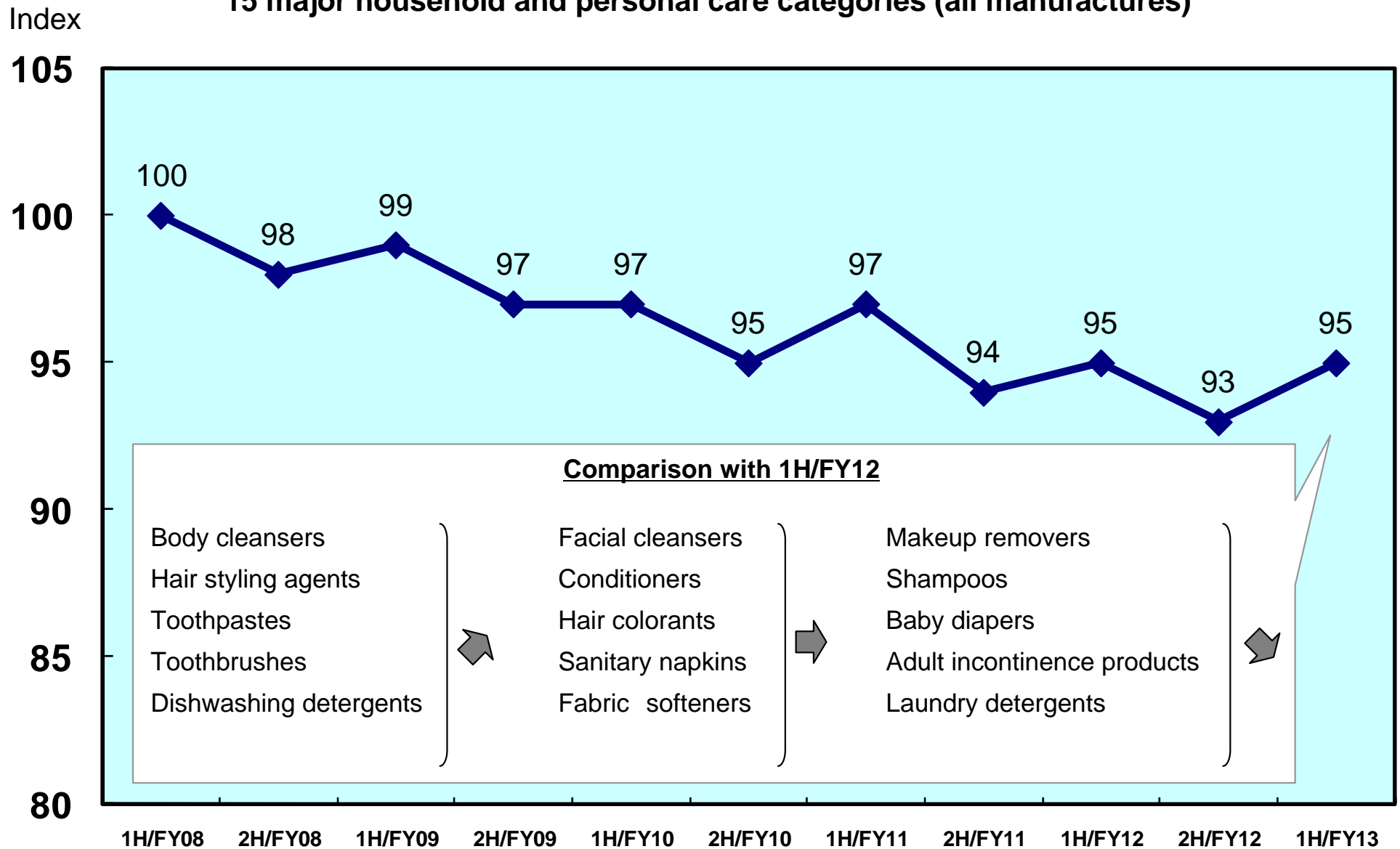


- 1 Consumer products do not include cosmetics.
- 2 Year-on-year growth rate of market size in value (yen)
3. 1H: From January 1 to June 30, 2H: From July 1 to December 31

(Source: SRI POS data by INTAGE Inc.)

# Consumer Purchase Prices in Japan

15 major household and personal care categories (all manufactures)



\*1H: From January 1 to June 30, 2H: From July 1 to December 31

(Source: SRI POS data by INTAGE Inc.)

# **2. Consolidated Business Results**

## **January 1 – June 30, 2013**

**Fiscal year end is December 31 from FY2012**

### **Term of consolidation for 1H/FY2012**

- **Group companies whose fiscal year end was previously March 31 \*:  
April-September 2012**
- **Group companies whose fiscal year end was already December 31:  
January-June 2012**

### **Term of consolidation for FY2012**

- **Group companies whose fiscal year end was previously March 31 \*:  
April-December 2012**
- **Group companies whose fiscal year end was already December 31:  
January-December 2012**

### **Restated 1H/FY2012**

**Figures for the six-month period from January 1 to June 30, 2012 for the purpose of comparison with 1H/ FY2013 (January 1 to June 30, 2013).**

### **Adjusted growth / Adjusted change Comparison with the restated 1H/FY2012**

\* Kao Corporation and certain consolidated subsidiaries with the same fiscal year end



# Key Points in 1H/FY2013

## Japan sales related

1. Consumer purchase price of 15 major household and personal care categories market in Japan<sup>1</sup>: Flat year-on-year
2. Growth of household and personal care market in Japan<sup>2</sup>: +2% year-on-year
3. Growth of the cosmetics market in Japan<sup>3</sup>: -0.9% year-on-year

## Income statements related

		<u>Adjusted growth<sup>4</sup></u>
1. Net sales:	¥625.0 billion	+8.0%
• Effect of currency translation:	+¥31.9 billion	+5.5%
• Sales growth excluding effect of currency translation:	+¥14.4 billion	+2.5%
2. Increase/decrease in operating income <sup>5</sup> :	+¥8.1 billion	

## Cash flow related

1. Free cash flow<sup>6</sup>: ¥36.9 billion
2. Payments of cash dividends<sup>7</sup>: ¥18.6 billion
3. Share repurchase<sup>8</sup>: ¥30.0 billion
4. Bonds : Redemption ¥50.0 billion / Issuance ¥50.0 billion
5. Retirement of treasury stock: 10.2 million shares

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

2 Source: SRI POS data by INTAGE Inc.

3 Source: SLI data by INTAGE Inc.

4 Please refer to slide 6 for details.

5 Please refer to slide 12 for details.

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

7 Includes payments of cash dividends to minority shareholders.

8 Excludes repurchase of shares less than one unit

# 1H/FY2013 Consolidated Results

Billion yen	Restated		1H/FY13	Adjusted growth <sup>1</sup>
	1H/FY12 <sup>1</sup>	1H/FY12 <sup>1</sup>		
<b>Net Sales</b>	609.0	578.7	625.0	+8.0%
<b>EBITA <sup>2</sup></b>	69.7	51.5	57.5	+11.5%
<i>EBITA Margin</i>	11.4%	8.9%	9.2%	
<b>Operating Income</b>	53.4	34.8	42.9	+23.2%
<i>Operating Margin</i>	8.8%	6.0%	6.9%	
<b>Ordinary Income</b>	55.4	36.1	44.9	+24.4%
<b>Net Income</b>	35.9	19.2	18.3	-5.1%
<b>EBITDA</b>	91.6	74.3	80.1	+7.9%
<b>EPS (yen)</b>	68.72	36.87	35.41	-4.0%

1 Please refer to slide 6 for details.

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

# Consolidated Net Sales [1]

	Restated 1H/FY2012 <sup>1</sup>	1H/FY2013		
	Billion yen	Billion yen	% Growth	
			Adjusted <sup>1</sup>	Like-for-like <sup>2</sup>
Beauty Care Business	193.5	<b>200.3</b>	<b>+3.5</b>	<b>+3.5</b>
Human Health Care Business	80.6	<b>86.0</b>	<b>+6.7</b>	<b>+6.7</b>
Fabric and Home Care Business	115.8	<b>121.0</b>	<b>+4.4</b>	<b>+4.4</b>
<b>Japan total</b>	<b>390.0</b>	<b>407.2</b>	<b>+4.4</b>	<b>+4.4</b>
<b>Asia</b>	42.4	<b>56.7</b>	<b>+33.8</b>	<b>+11.1</b>
<b>Americas</b>	28.1	<b>34.3</b>	<b>+22.2</b>	<b>+1.8</b>
<b>Europe</b>	27.4	<b>34.0</b>	<b>+24.1</b>	<b>+3.1</b>
Eliminations	-12.2	<b>-15.6</b>	-	-
<b>Consumer Products Business</b>	<b>475.6</b>	<b>516.7</b>	<b>+8.6</b>	<b>+4.4</b>

1: Please refer to slide 6 for details.

2: Adjusted growth excluding the effect of currency translation

# Consolidated Net Sales [2]

	Restated 1H/FY2012 <sup>1</sup>	1H/FY2013		
	Billion yen	Billion yen	% Growth	
			Adjusted <sup>1</sup>	Like-for-like <sup>2</sup>
Japan	60.4	<b>59.8</b>	<b>-1.1</b>	<b>-1.1</b>
Asia	39.6	<b>40.8</b>	<b>+2.9</b>	<b>-14.7</b>
Americas	17.4	<b>19.8</b>	<b>+14.0</b>	<b>-6.6</b>
Europe	27.0	<b>30.5</b>	<b>+12.9</b>	<b>-6.9</b>
Eliminations	-24.6	<b>-24.9</b>	-	-
<b>Chemical Business</b>	<b>119.9</b>	<b>125.9</b>	<b>+5.0</b>	<b>-5.1</b>
Reconciliations	-16.8	<b>-17.6</b>	-	-
<b>Consolidated net sales</b>	<b>578.7</b>	<b>625.0</b>	<b>+8.0</b>	<b>+2.5</b>

1: Please refer to slide 6 for details.

2: Adjusted growth excluding the effect of currency translation

# Consolidated Income Statements

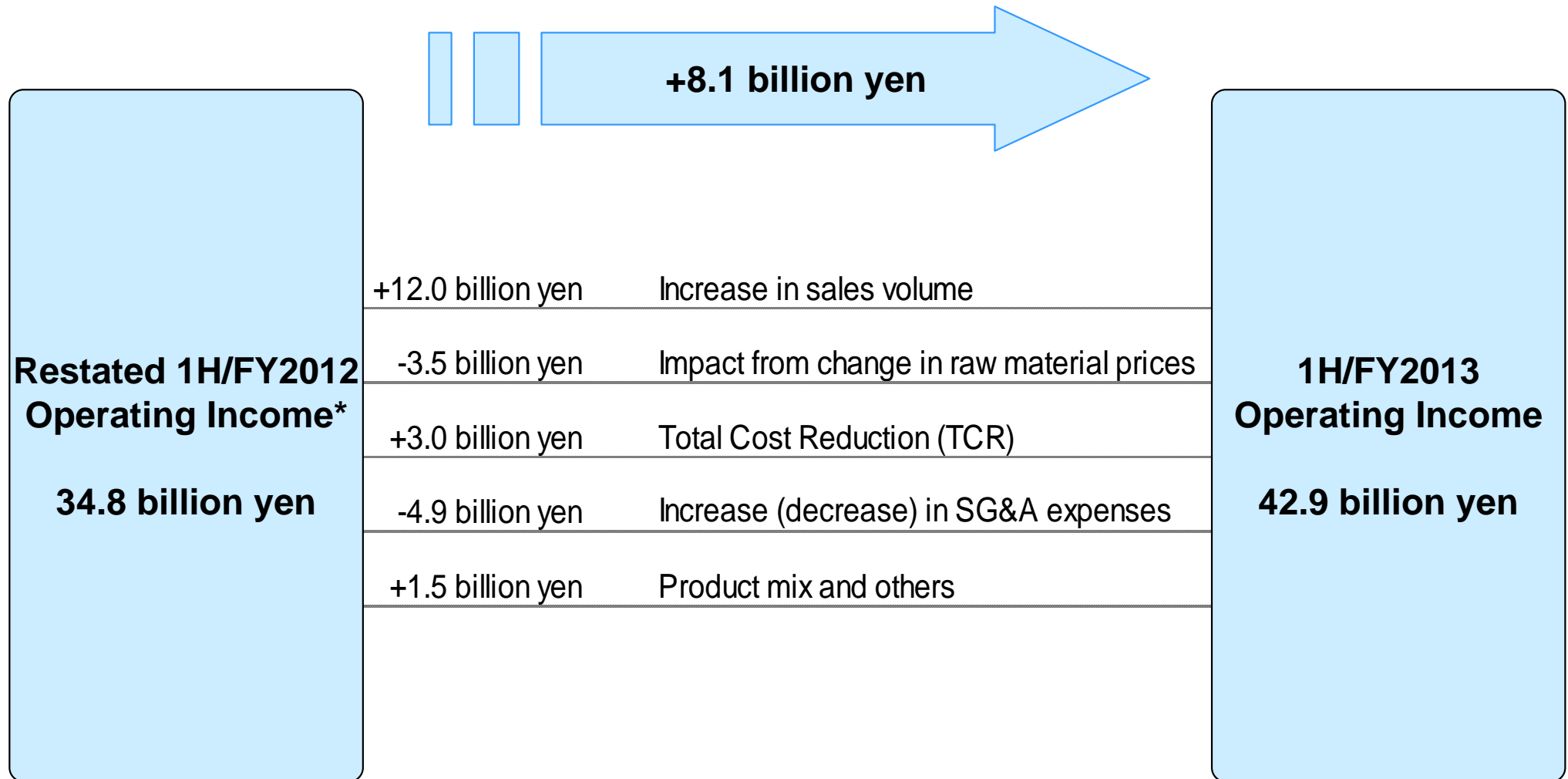
	1H/FY2012 <sup>1</sup>		1H/FY2013		Adjusted % growth <sup>1</sup>
	Billion yen	%	Billion yen	%	
Net Sales	609.0	100.0	<b>625.0</b>	<b>100.0</b>	+8.0
Cost of Sales	262.9	43.2	<b>276.0</b>	<b>44.2</b>	
Gross Profit	346.0	56.8	<b>349.0</b>	<b>55.8</b>	
SG&A Expenses <sup>2</sup>	292.7	48.1	<b>306.0</b>	<b>49.0</b>	
Operating Income	53.4	8.8	<b>42.9</b>	<b>6.9</b>	+23.2
Non-operating Income/Expenses	2.0	0.3	<b>2.0</b>	<b>0.3</b>	
Ordinary Income	55.4	9.1	<b>44.9</b>	<b>7.2</b>	+24.4
Extraordinary Gain/Loss	-0.7	-0.1	<b>-6.5</b>	<b>-1.0</b>	
Income Before Income Taxes and Minority Interests	54.7	9.0	<b>38.4</b>	<b>6.1</b>	
Income Taxes	18.2	3.0	<b>19.3</b>	<b>3.1</b>	
Income Before Minority Interests	36.5	6.0	<b>19.1</b>	<b>3.0</b>	
Minority Interests	0.6	0.1	<b>0.8</b>	<b>0.1</b>	
Net Income	35.9	5.9	<b>18.3</b>	<b>2.9</b>	-5.1

1 Please refer to slide 6 for details.

2 Amortization related to Kanebo Cosmetics

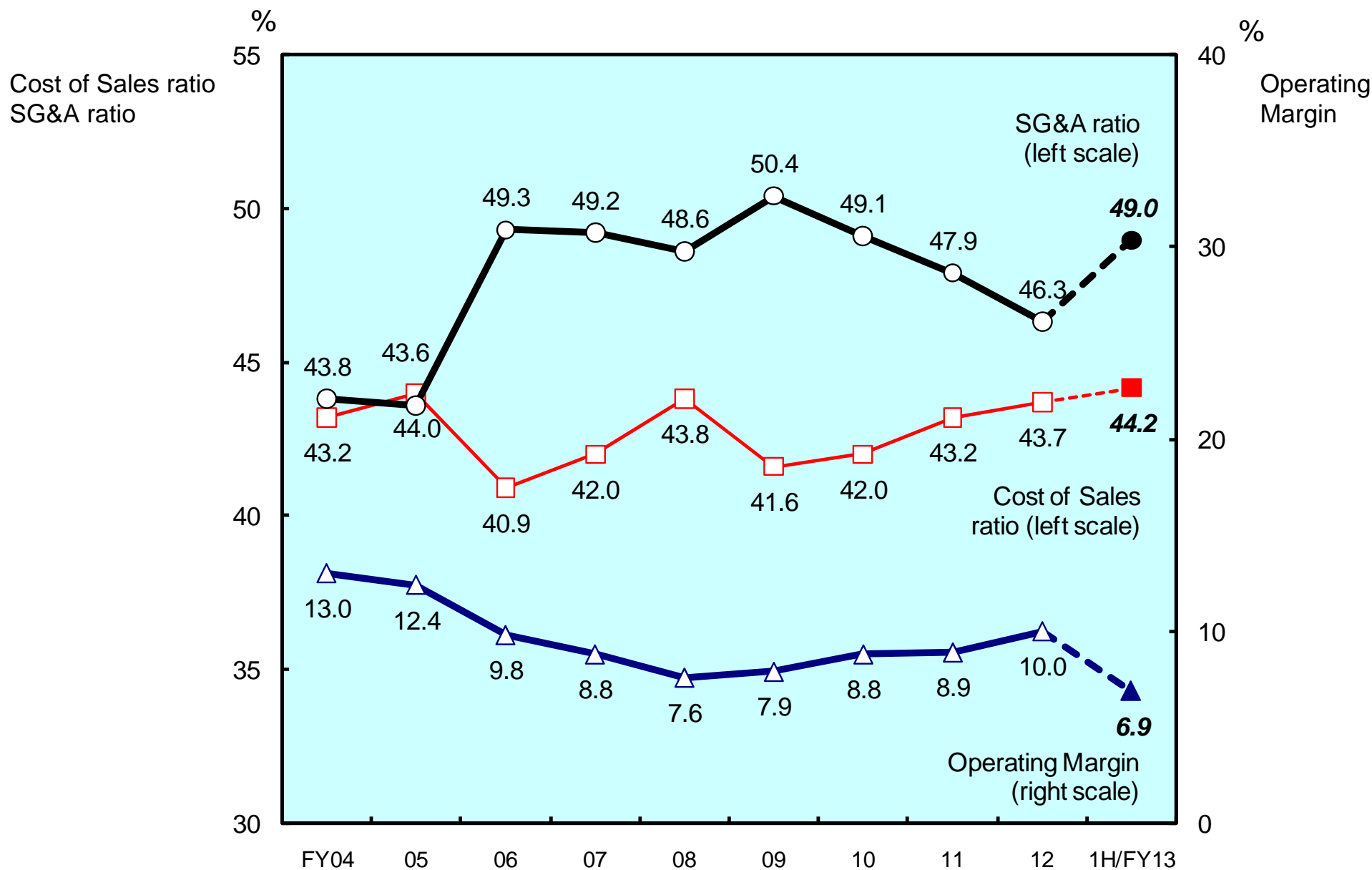
1H/FY2012: 13.7 billion yen, 1H/FY2013: 13.4 billion yen

# 1H/FY2013 Consolidated Operating Income Analysis



\* Please refer to slide 6 for details.

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



\* Structure has changed significantly since FY2006 due to the consolidation of Kanebo Cosmetics. The impact of the change in financial term is included in FY2012. (Please refer to slide 6 for details.)

# Breakdown of Major Consolidated SG&A Expenses

(Billion yen)

	1H/FY2012 <sup>*</sup>	1H/FY2013
<b>Total SG&amp;A Expenses</b>	292.7	<b>306.0</b>

Freight/Warehouse	34.9	<b>36.0</b>
Advertising	43.2	<b>44.8</b>
Sales Promotion	31.3	<b>34.1</b>
Salaries and Bonuses	60.7	<b>66.1</b>
R&D	24.0	<b>24.5</b>

\*Please refer to slide 6 for details.



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

(Billion yen)

<b>Non-operating Income/Expenses</b>	<b>1H/FY2012*</b>	<b>1H/FY2013</b>
<b>Non-operating Income</b>	<b>3.2</b>	<b>3.5</b>
Interest Income	0.5	0.5
Dividend Income	0.1	0.1
Equity in Earnings of Nonconsolidated Subsidiaries and Affiliates	1.2	1.1
Foreign Currency Exchange Gain	0.1	0.3
Other	1.3	1.5
<b>Non-operating Expenses</b>	<b>1.2</b>	<b>1.6</b>
Interest Expense	0.8	0.7
Other	0.4	0.9

<b>Extraordinary Gain/Loss</b>	<b>1H/FY2012*</b>	<b>1H/FY2013</b>
<b>Extraordinary Gain</b>	<b>0.5</b>	<b>0.8</b>
Gain on Sales of Fixed Assets	0.1	0.0
Gain on Sales of Stock of Subsidiary	0.3	-
Gain on Transfer of Business	-	0.4
Other	0.1	0.4
<b>Extraordinary Loss</b>	<b>1.1</b>	<b>7.3</b>
Loss on Sales/Disposals of Fixed Assets	1.1	1.4
Loss related to cosmetics	-	5.6
Other	0.0	0.4

\*Please refer to slide 6 for details.

# Consolidated Results by Segment

		Restated 1H/FY2012 <sup>3</sup>		1H/FY2013		Adjusted changes <sup>3</sup>	Adjusted growth <sup>3</sup>
		Billion yen	% of net sales	Billion yen	% of net sales	Billion yen	%
Beauty Care Business	Net Sales <sup>1</sup>	256.7	-	<b>278.6</b>	-	+21.9	+8.5%
	EBITA <sup>2</sup>	16.7	6.5%	<b>17.6</b>	<b>6.3%</b>	+0.9	+5.6%
	Operating Income	0.0	0.0%	<b>3.1</b>	<b>1.1%</b>	+3.1	NA
Human Health Care Business	Net Sales <sup>1</sup>	89.7	-	<b>99.6</b>	-	+9.9	+11.1%
	Operating Income	4.2	4.7%	<b>6.7</b>	<b>6.7%</b>	+2.5	+59.2%
Fabric and Home Care Business	Net Sales <sup>1</sup>	129.2	-	<b>138.5</b>	-	+9.3	+7.2%
	Operating Income	20.8	16.1%	<b>23.7</b>	<b>17.1%</b>	+2.8	+13.5%
Chemical Business	Net Sales <sup>1</sup>	119.9	-	<b>125.9</b>	-	+6.0	+5.0%
	EBITA <sup>2</sup>	9.7	8.1%	<b>9.4</b>	<b>7.5%</b>	-0.3	-2.7%
	Operating Income	9.7	8.1%	<b>9.4</b>	<b>7.5%</b>	-0.2	-2.5%
Consolidated	Net Sales	578.7	-	<b>625.0</b>	-	+46.3	+8.0%
	EBITA <sup>2</sup>	51.5	8.9%	<b>57.5</b>	<b>9.2%</b>	+5.9	+11.5%
	Operating Income	34.8	6.0%	<b>42.9</b>	<b>6.9%</b>	+8.1	+23.2%

1 Before elimination of intersegment transfers

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

3 Please refer to slide 6 for details.

# [Reference] Consolidated Results by Geographic Area

		Restated 1H/FY2012 <sup>3</sup>		1H/FY2013		Adjusted changes <sup>3</sup>	Adjusted growth <sup>3</sup>
		Billion yen	% of net sales	Billion yen	% of net sales	Billion yen	%
Japan	Net Sales <sup>1</sup>	435.8	-	<b>452.0</b>	-	+16.3	+3.7%
	EBITA <sup>2</sup>	44.4	10.2%	<b>47.7</b>	<b>10.5%</b>	+3.2	+7.3%
	Operating Income	28.7	6.6%	<b>34.2</b>	<b>7.6%</b>	+5.5	+19.3%
Asia	Net Sales <sup>1</sup>	80.5	-	<b>95.6</b>	-	+15.1	+18.7%
	Operating Income	3.3	4.1%	<b>5.8</b>	<b>6.1%</b>	+2.5	+75.3%
Americas	Net Sales <sup>1</sup>	45.4	-	<b>54.0</b>	-	+8.6	+19.0%
	EBITA <sup>2</sup>	1.2	2.7%	<b>2.1</b>	<b>3.9%</b>	+0.9	+76.3%
	Operating Income	0.9	2.0%	<b>1.8</b>	<b>3.3%</b>	+0.9	+99.5%
Europe	Net Sales <sup>1</sup>	54.4	-	<b>64.4</b>	-	+10.0	+18.5%
	EBITA <sup>2</sup>	2.8	5.2%	<b>2.6</b>	<b>4.1%</b>	-0.2	-6.4%
	Operating Income	2.2	4.0%	<b>1.9</b>	<b>2.9%</b>	-0.3	-13.4%
Consolidated	Net Sales	578.7	-	<b>625.0</b>	-	+46.3	+8.0%
	EBITA <sup>2</sup>	51.5	8.9%	<b>57.5</b>	<b>9.2%</b>	+5.9	+11.5%
	Operating Income	34.8	6.0%	<b>42.9</b>	<b>6.9%</b>	+8.1	+23.2%

1 Before elimination of intersegment transfers

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

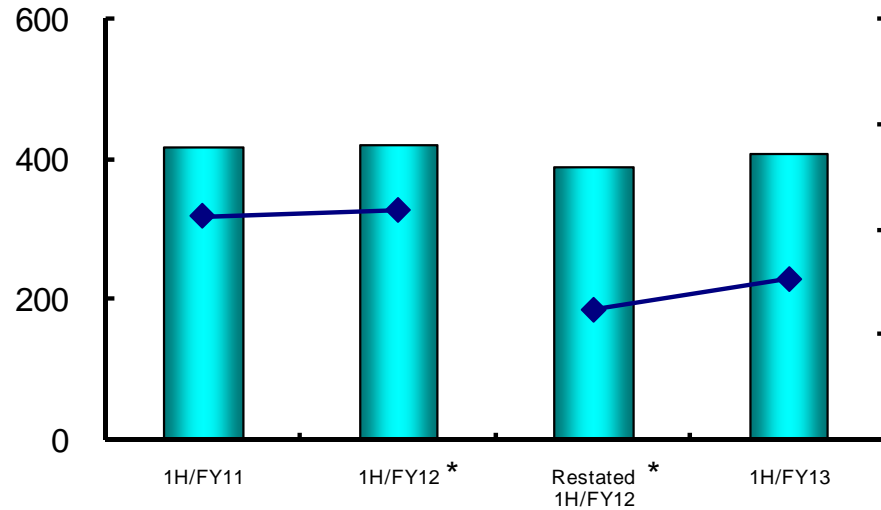
3 Please refer to slide 6 for details.

# Consumer Products Business by Geographic Area

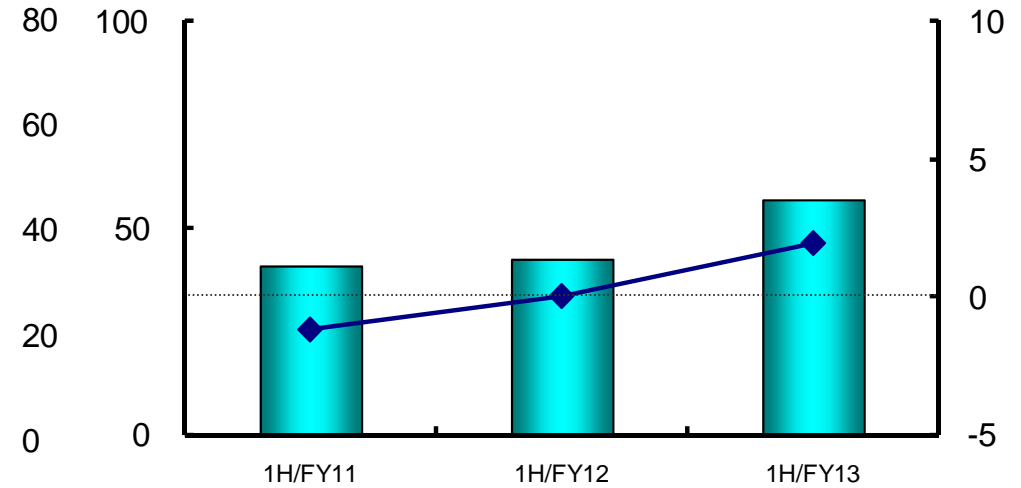
## Japan

Sales (Billion yen)

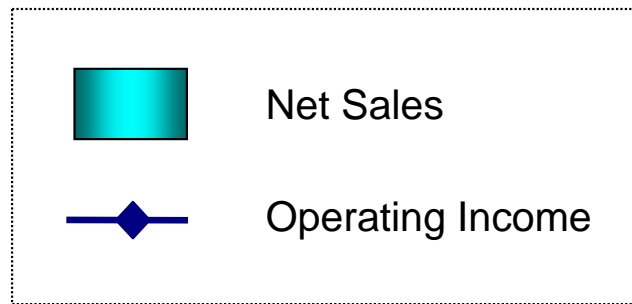
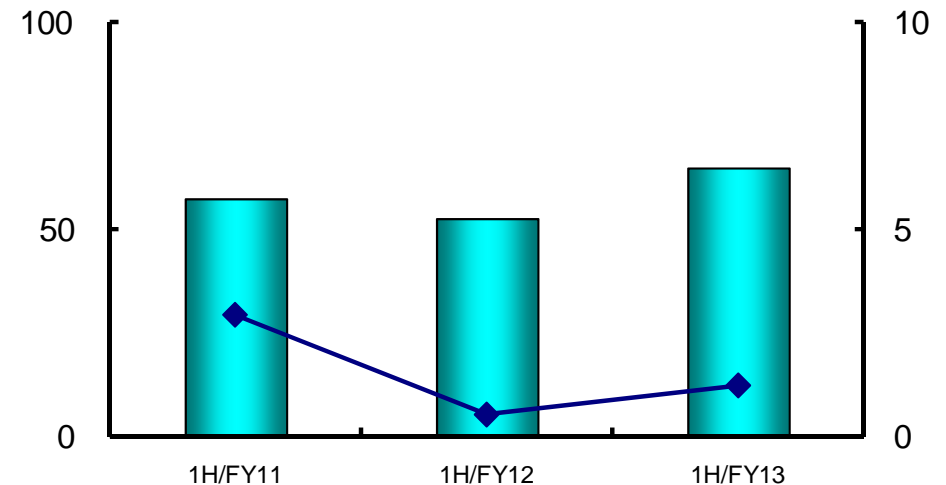
Operating Income  
(Billion yen)



## Asia



## Americas & Europe

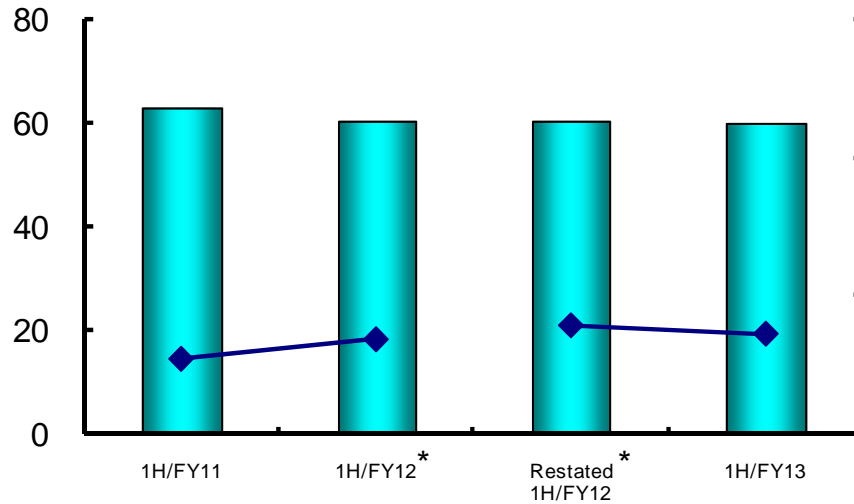


\* Please refer to slide 6 for details on 1H/FY2012 and restated 1H/FY2012 of Japan.

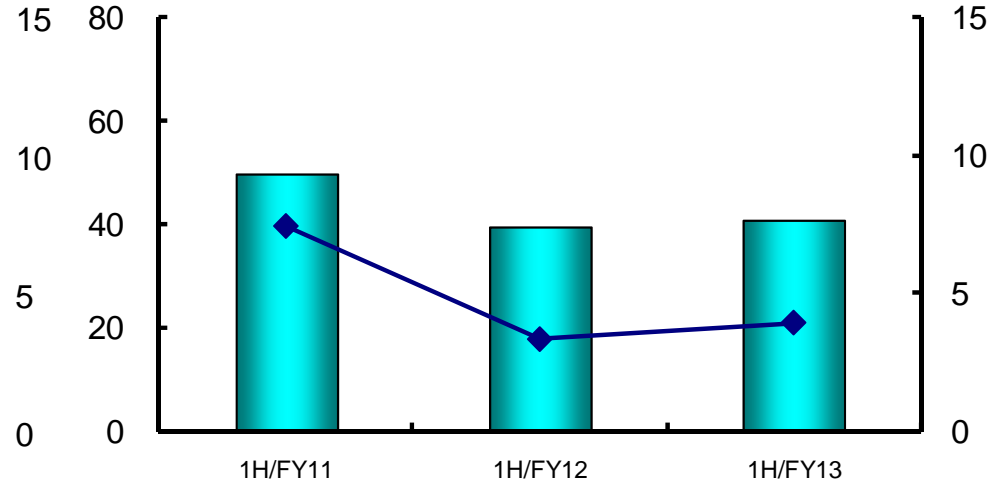
# Chemical Business by Geographic Area

## Japan

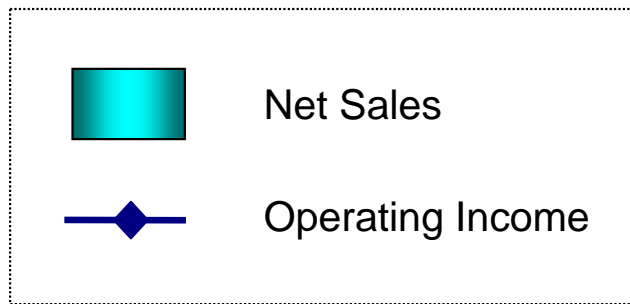
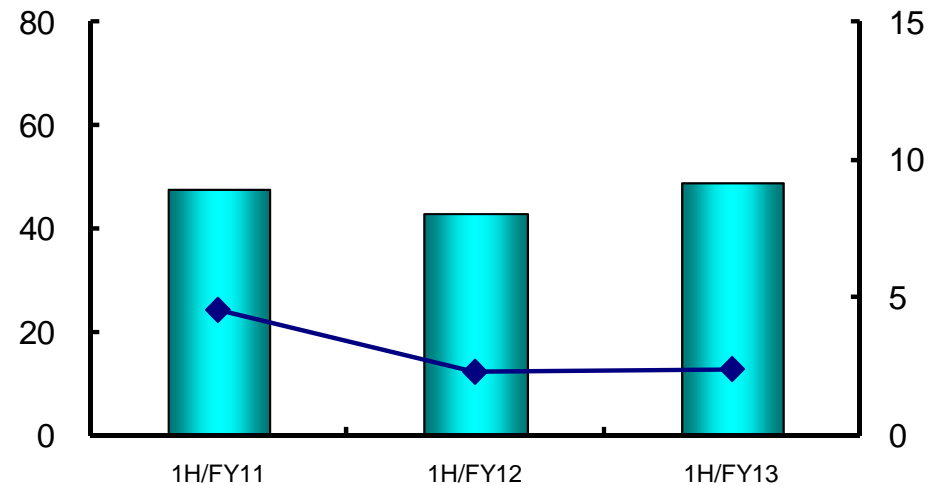
Sales (Billion yen)



## Asia



## Americas & Europe



\* Please refer to slide 6 for details on 1H/FY2012 and restated 1H/FY2012 of Japan.

# Consolidated Balance Sheets

(Billion yen)

	Dec/12	Jun/13	Changes		Dec/12	Jun/13	Changes
<b>Current Assets</b>	<b>493.4</b>	<b>515.3</b>	<b>+21.9</b>	<b>Current Liabilities</b>	<b>315.9</b>	<b>292.1</b>	<b>-23.8</b>
Cash and Time Deposits	99.3	94.6	-4.8	Notes and Accounts Payable - Trade	105.5	111.6	+6.1
Notes and Accounts Receivable - Trade	164.3	163.2	-1.1	Bonds/Short-term Loans (incl. Current Portion of Bonds/Long-term Loans)	53.1	1.3	-51.8
Short-term Investments	57.4	68.4	+10.9	Accrued Income Taxes	11.7	16.5	+4.8
Inventories	122.2	132.0	+9.8	Other	145.6	162.7	+17.1
Other	50.2	57.2	+7.1				
<b>Fixed Assets</b>	<b>536.9</b>	<b>545.0</b>	<b>+8.0</b>	<b>Long-term Liabilities</b>	<b>118.4</b>	<b>174.4</b>	<b>+56.0</b>
Property, Plant and Equipment	252.3	269.2	+16.9	Bonds/Long-term Loans	50.1	100.1	+50.0
Intangible Assets	215.9	205.6	-10.4	Other	68.3	74.4	+6.0
Investments and Other Assets	68.7	70.2	+1.5	<b>Total Liabilities</b>	<b>434.3</b>	<b>466.6</b>	<b>+32.3</b>
				Shareholders' equity	654.0	626.6	-27.4
				-Common Stock	85.4	85.4	-
				-Capital Surplus	109.6	109.6	-
				-Retained Earnings	468.0	441.3	-26.7
				-Treasury Stock, at Cost	-9.0	-9.7	-0.7
				Accumulated other comprehensive income	-71.3	-46.8	+24.5
				- Unrealized Gain on Available-for-sale Securities	2.4	4.0	+1.5
				- Deferred Gain (Loss) on Derivatives under Hedges Accounting	0.0	0.0	+0.0
				- Foreign Currency Translation Adjustments	-71.9	-46.1	+25.7
				- Post retirement adjustments for foreign consolidated subsidiaries	-1.9	-4.7	-2.8
				Stock Acquisition Rights	1.3	1.2	-0.1
				Minority Interests	12.1	12.7	+0.6
				<b>Total Net Assets</b>	<b>596.1</b>	<b>593.7</b>	<b>-2.4</b>
<b>Total Assets</b>	<b>1,030.3</b>	<b>1,060.3</b>	<b>+29.9</b>	<b>Total Liabilities and Total Net Assets</b>	<b>1,030.3</b>	<b>1,060.3</b>	<b>+29.9</b>

# Consolidated Statements of Cash Flows

(Billion yen)

	1H/FY2012 <sup>1</sup>	1H/FY2013
Net Cash Provided by Operating Activities	63.9	<b>78.9</b>
Net Cash Used in Investing Activities	-30.6	<b>-41.9</b>
Net Cash Used in Financing Activities	-16.2	<b>-50.7</b>
Translation Adjustments on Cash and Cash Equivalents	0.0	<b>11.2</b>
Net Increase (Decrease) in Cash and Cash Equivalents	17.2	<b>-2.5</b>
Cash and Cash Equivalents, Beginning of Period	129.7	<b>160.4</b>
Cash and Cash Equivalents from Newly Consolidated Subsidiary, Increase	0.3	<b>0.6</b>
Cash and Cash Equivalents, End of Period	147.2	<b>158.5</b>
Total Debt at End of Period	103.6	<b>101.4</b>
Free Cash Flow <sup>2</sup>	33.3	<b>36.9</b>

## <Net cash used in investing activities>

Capital expenditures:

- Construction of new plants in Indonesia
- Production capacity enhancement of fatty alcohols in the Philippines
- 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) : 18.6 billion yen

Purchase of treasury stock<sup>3</sup> : 30.0 billion yen

Bonds : Redemption 50.0 billion yen / Issuance 50.0 billion yen

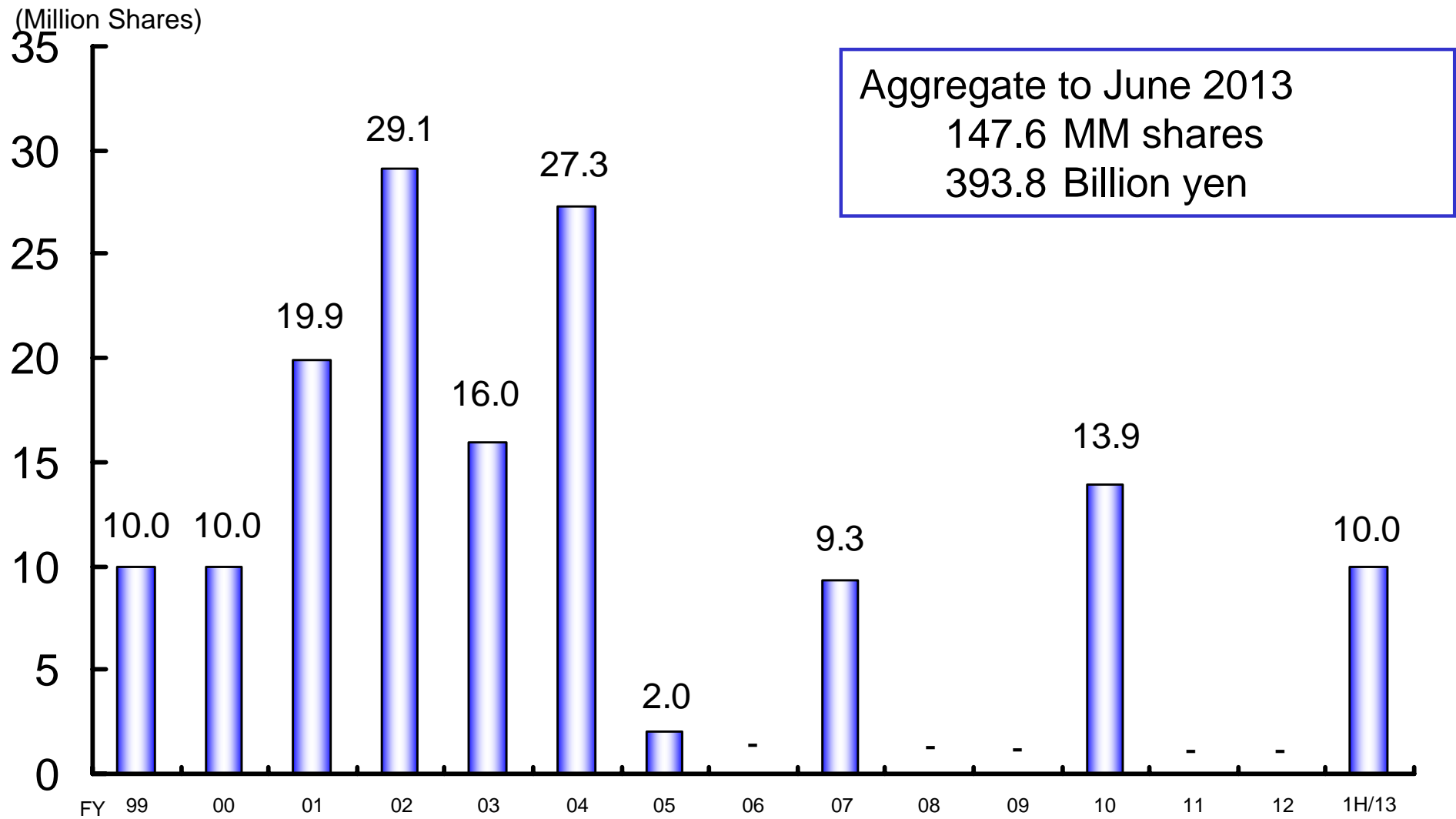
Retirement of treasury stock: 10.2 million shares

1 Please refer to slide 6 for details.

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

3 Excludes repurchase of shares less than one unit

# Share Repurchase \*



Fiscal Year	Share Repurchase (Million Shares)	Billion yen
FY 99	10.0	29.5
FY 00	10.0	28.6
FY 01	19.9	56.8
FY 02	29.1	77.2
FY 03	16.0	36.7
FY 04	27.3	70.0
FY 05	2.0	5.0
FY 06	-	-
FY 07	9.3	30.0
FY 08	-	-
FY 09	-	-
FY 10	13.9	30.0
FY 11	-	-
FY 12	-	-
1H/13	10.0	30.0

\* Share repurchase from the market



# **3. Forecast for FY 2013**

**Fiscal year end is December 31 from FY2012**

## **Term of consolidation for FY2012**

- **Group companies whose fiscal year end was previously March 31 \* :  
April-December 2012**
- **Group companies whose fiscal year end was already December 31:  
January-December 2012**

## **Restated FY2012**

**Figures for the twelve-month period from January 1 to December 31, 2012 for group companies whose fiscal year end was previously March 31**

## **Adjusted growth**

**- FY2012 actual**

**Comparison with the nine-month period from April 1 to December 31, 2011 for group companies whose fiscal year end was previously March before the fiscal year end change**

**- FY2013 forecast**

**Comparison with the restated FY2012**

\* Kao Corporation and certain consolidated subsidiaries with the same fiscal year end

# Major Assumptions for FY2013 Forecast

- ◆ Year-on-year growth rate of market size in value (yen) for the Consumer Products Business<sup>1</sup> in Japan: +1 to +2%
- ◆ Year-on-year growth rate of cosmetics market size in value (yen) in Japan: 0 to +1%

		<u>Adjusted growth<sup>2</sup></u>
◆ Net sales:	¥1,300.0 billion	+6.5%
• Effect of currency translation:	+¥60.0 billion	+4.9%
• Sales growth excluding effect of currency translation:	+¥19.6 billion	+1.6%
<u>Estimated impact on income</u>		

- ◆ Impact from change in raw material prices:
  - Gross impact: +¥9 billion
  - Net impact: -¥7 billion
- ◆ Total Cost Reduction (TCR) activities: +¥6 billion
- ◆ Capital expenditures/depreciation and amortization:
  - Capital expenditures: ¥60 billion
  - Depreciation and amortization: ¥76 billion

## Exchange rate assumptions

- ◆ 95 yen/USD (FY2012 actual exchange rate [average]: 80.12 yen/USD)
- ◆ 125 yen/Euro (FY2012 actual exchange rate [average]: 103.46 yen/Euro)

1 Excludes cosmetics.

2 Please refer to slide 23 for details.

# Consolidated Sales and Profit Forecast

	FY2012 <sup>4</sup>		[Reference] <sup>2</sup> Restated FY2012	FY2013(F) <sup>1 5</sup>	
	Billion yen	Adjusted <sup>2</sup> % growth	Billion yen	Billion yen	Adjusted <sup>2</sup> % growth
Net Sales	1,012.6	+0.4	1,220.4	<b>1,300.0</b>	+6.5
Operating Income	101.6	+3.2	111.8	<b>116.0</b>	+3.8
[% of Sales]	10.0%		9.2%	8.9%	
Ordinary Income	104.2	+4.0	114.1	<b>118.0</b>	+3.4
[% of Sales]	10.3%		9.4%	9.1%	
Net Income	<u>52.8</u>	<u>+1.9</u>	<u>53.1</u>	<b>67.0</b>	<u>+26.2</u>
[% of Sales]	<u>5.2%</u>		<u>4.4%</u>	5.2%	
Net Income per Share (yen)	<u>101.12</u>	<u>+2.0</u>	<u>101.77</u>	<b>130.84</b>	<u>+28.6</u>
ROE <sup>3</sup>	<u>9.4%</u>	-	<u>9.5%</u>	<b>11.2%</b>	-
EBITDA (Operating Income + Depr. & Amort.)	161.4	+0.4	189.2	<b>192.0</b>	+1.5
Cash Dividends per Share (yen)	62.0	+3.3	62.0	<b>64.0</b>	+3.2

1 Exchange rate assumptions: 95 yen/USD, 125 yen/Euro

2 Please refer to slide 23 for details.

3 ROE forecast of FY2012 is for the transitional period connected with the change in fiscal year end.

4 Kanebo Cosmetics (Apr. -Dec. 2012) : Net sales = approximately ¥150 billion / operating margin before deduction of royalties = slightly more than 7%; amortization related to Kanebo Cosmetics: ¥20.5 billion

5 Kanebo Cosmetics (Jan. -Dec. 2013) : Net sales = slightly more than ¥180 billion / operating margin before deduction of royalties = approximately 6%; amortization related to Kanebo Cosmetics: ¥26.8 billion

# Sales Outlook by Segment – FY2013

<Billion yen>

Consolidated Net Sales

1,300 <sup>Adjusted growth<sup>2</sup></sup> +6.5%

By Segment<sup>1</sup>

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

		Adjusted growth <sup>2</sup>
Beauty Care	565	+5.1%
Human Health Care	210	+10.8%
Fabric and Home Care	309	+5.8%
Chemical	250	+5.7%

		Adjusted growth <sup>2</sup>
Japan	956	+2.4%
Asia	191	+19.4%
Americas	106	+17.8%
Europe	128	+15.8%

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

2 Please refer to slide 23 for details.

# Sales Outlook – FY2013

## - Consumer Products Business in Japan -

<Billion yen>

	1st Half			Full Year		
	Restated FY2012 Actual	<b>FY2013</b> Actual	Adjusted growth*	Restated FY2012 Actual	<b>FY2013</b> Forecast	Adjusted growth*
Beauty Care	193.5	<b>200.3</b>	+3.5%	408.3	<b>407.0</b>	-0.3%
Human Health Care	80.6	<b>86.0</b>	+6.7%	170.3	<b>181.0</b>	+6.3%
Fabric and Home Care	115.8	<b>121.0</b>	+4.4%	264.4	<b>274.0</b>	+3.6%
<b>Consumer Products Business</b>	<b>390.0</b>	<b>407.2</b>	+4.4%	<b>843.0</b>	<b>862.0</b>	+2.3%

\* Please refer to slide 23 for details.

# FY2013 Outlook by Segment/Geographic Area

Decrease in operating income

Increase in operating income

Increase in net sales

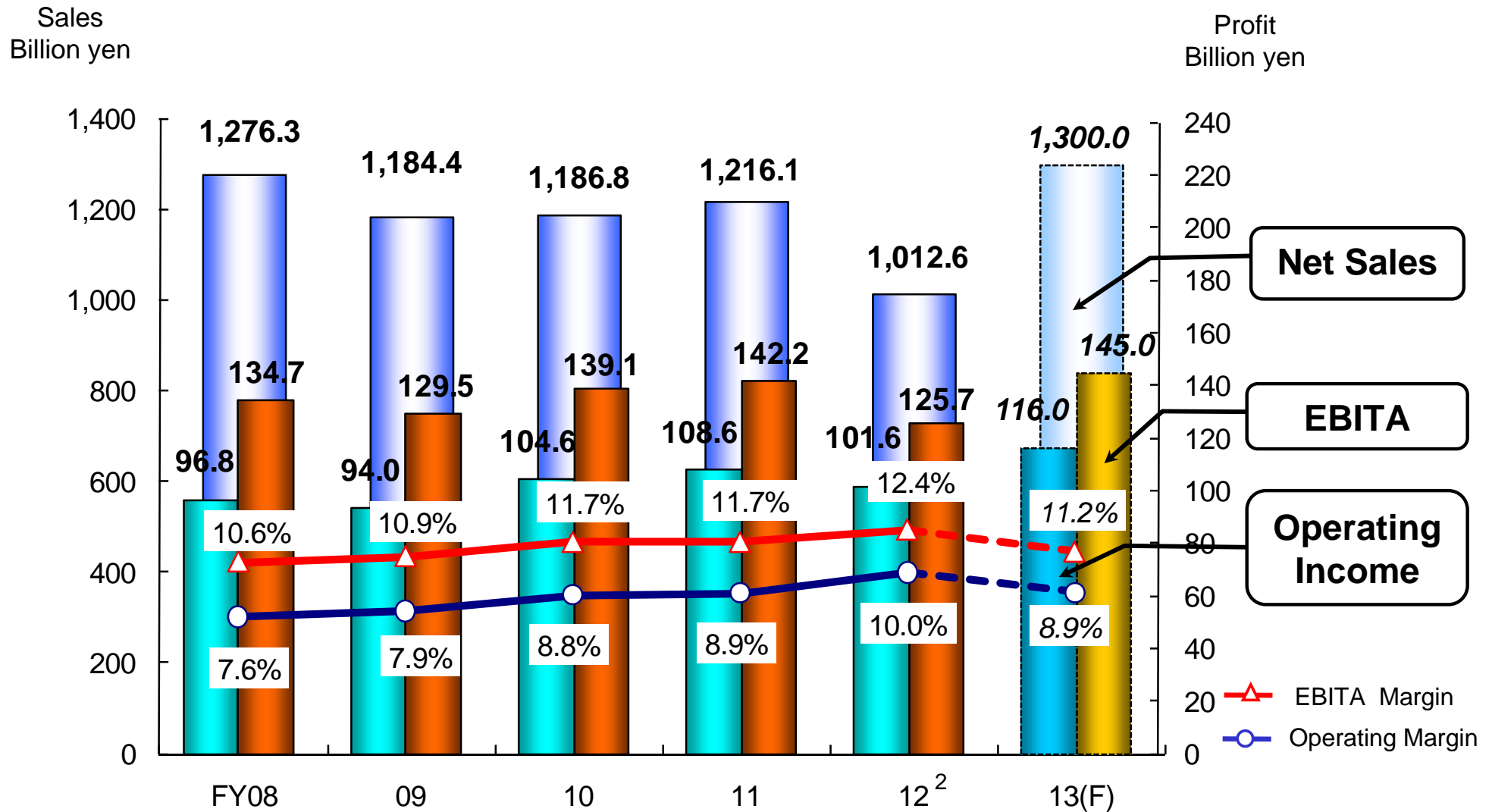
Decrease in net sales

		<p>CP<sup>1</sup> – Japan</p> <p>CP<sup>1</sup> – Asia</p> <p>CP<sup>1</sup> – Americas</p> <p>CP<sup>1</sup> – Europe</p> <p>Chemical – Asia</p> <p>Chemical – Americas</p> <p>Chemical – Europe</p>
	Chemical – Japan	

1: CP = Consumer Products

2: Excludes the impact of the change in financial term. (Please refer to slide 23 for details.)

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

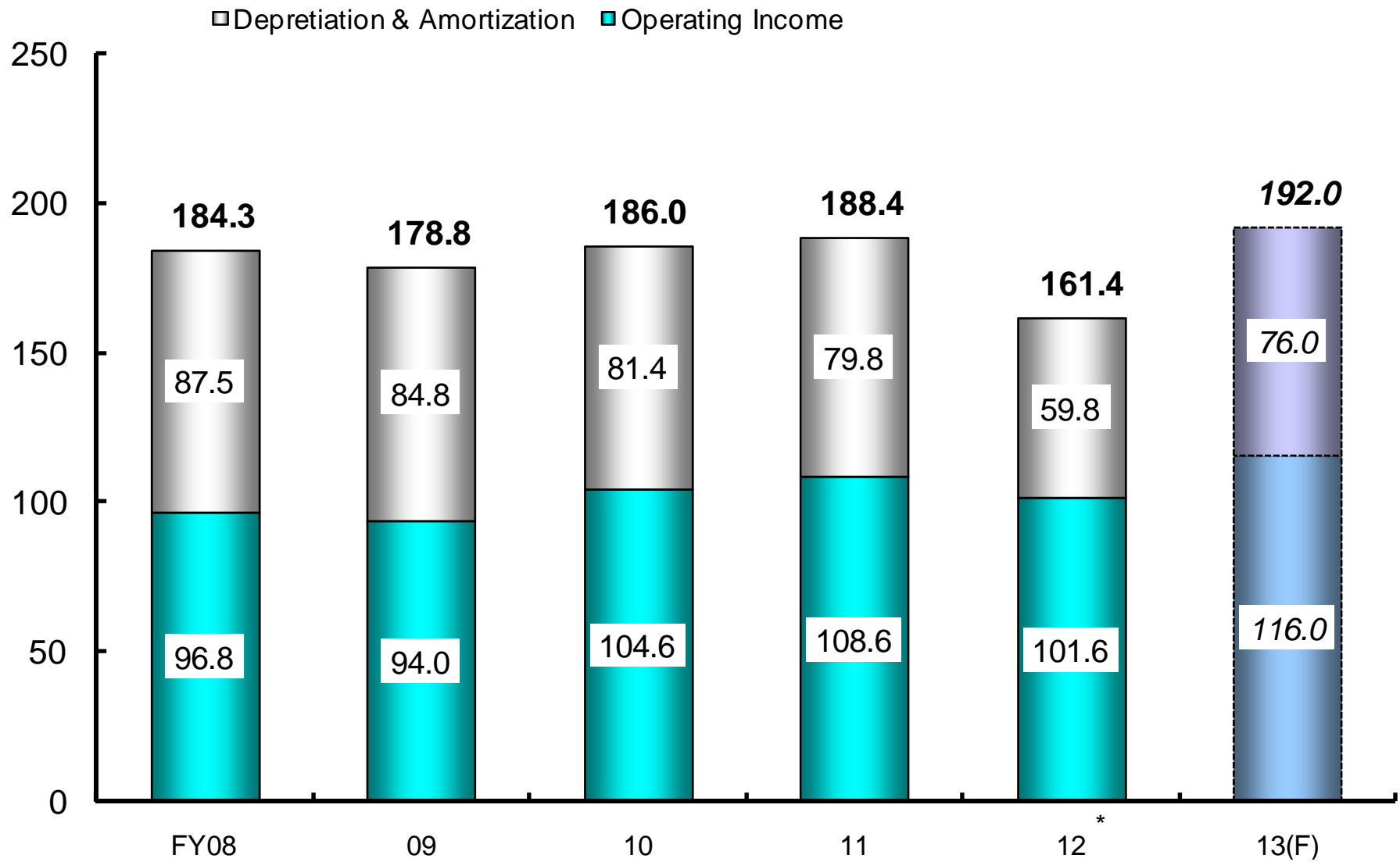


1 Operating income before amortization of goodwill and intellectual property rights related to M&A

2 Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)

# EBITDA

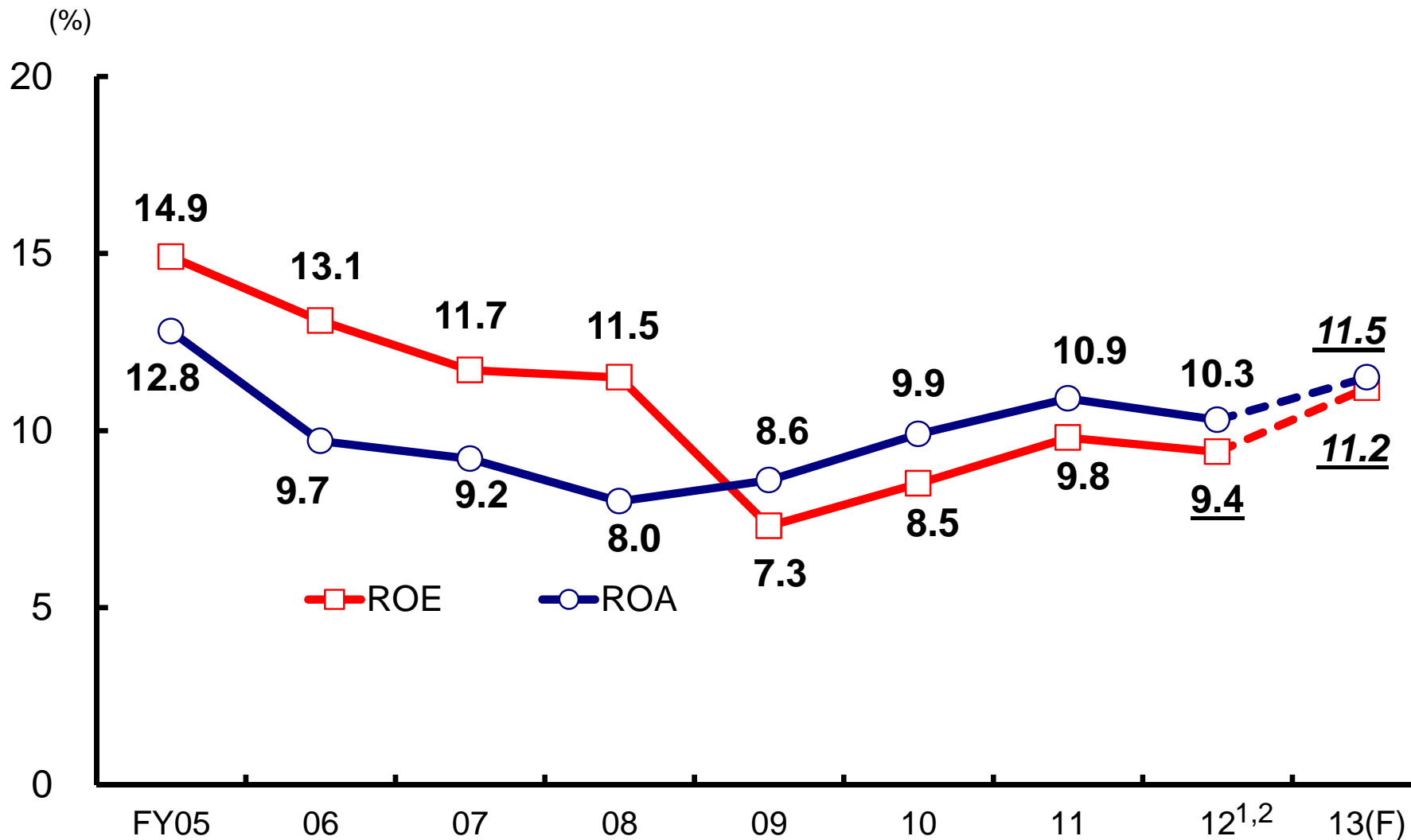
Billion yen



\*Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)



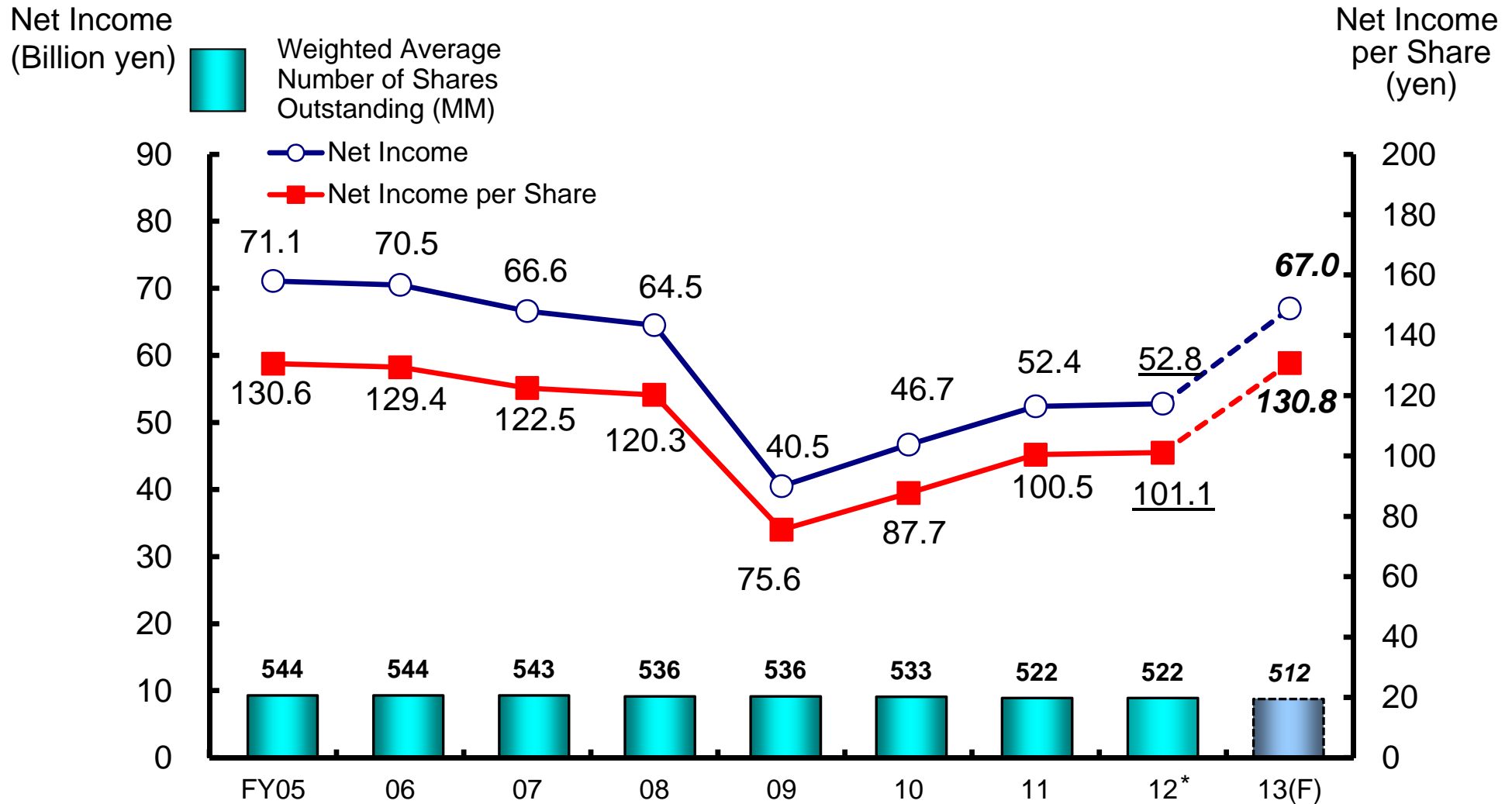
# ROE & ROA



ROA: Ordinary Income / Total assets

- 1 Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)
- 2 ROE and ROA of FY2012 are for the transitional period connected with the change in fiscal year end.

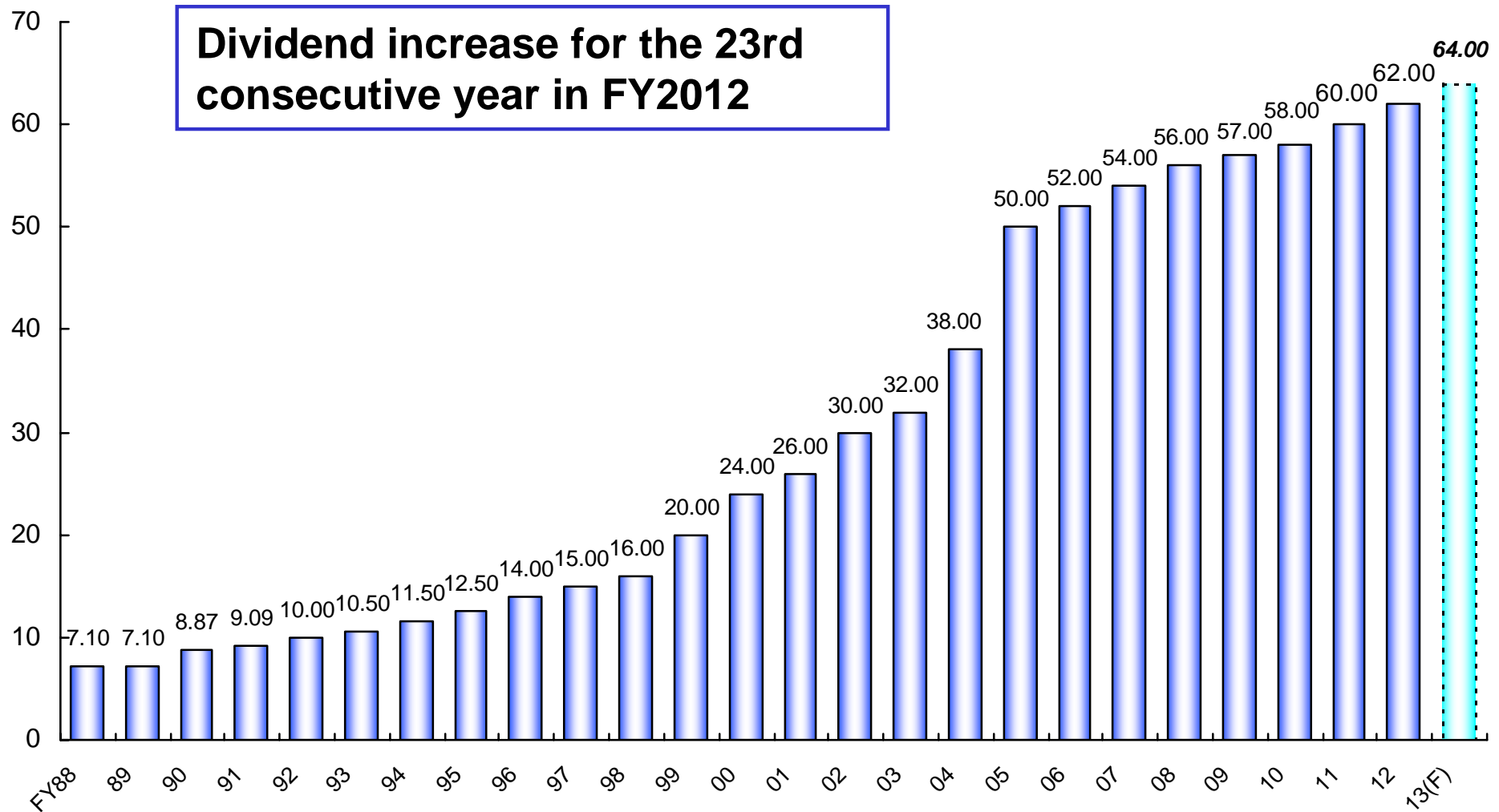
# Net Income per Share



\* Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)

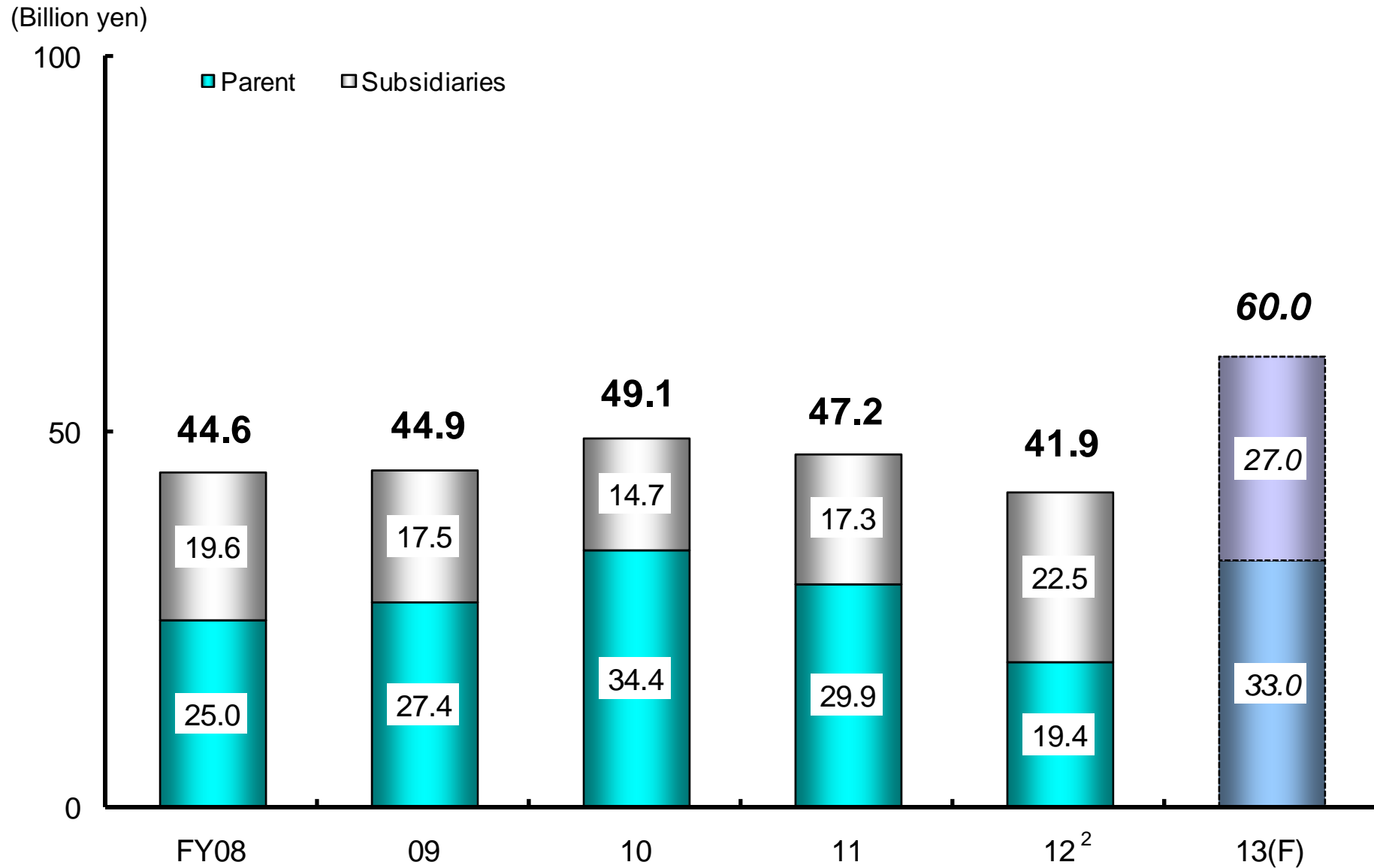
# Cash Dividends per Share

(Yen)



\*Impacts of share splits are retroactively reflected.

# Capital Expenditures



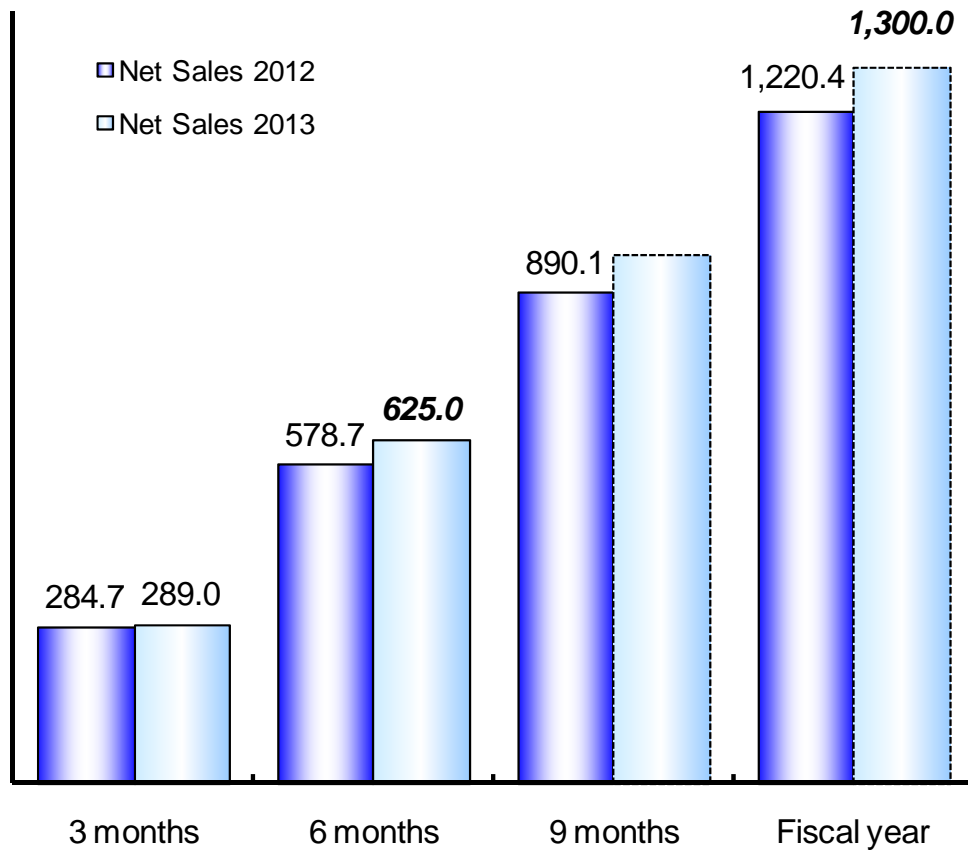
1 Includes long-term prepaid expenses.

2 Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)

# FY2013 Quarterly Consolidated Sales and Profit Forecast

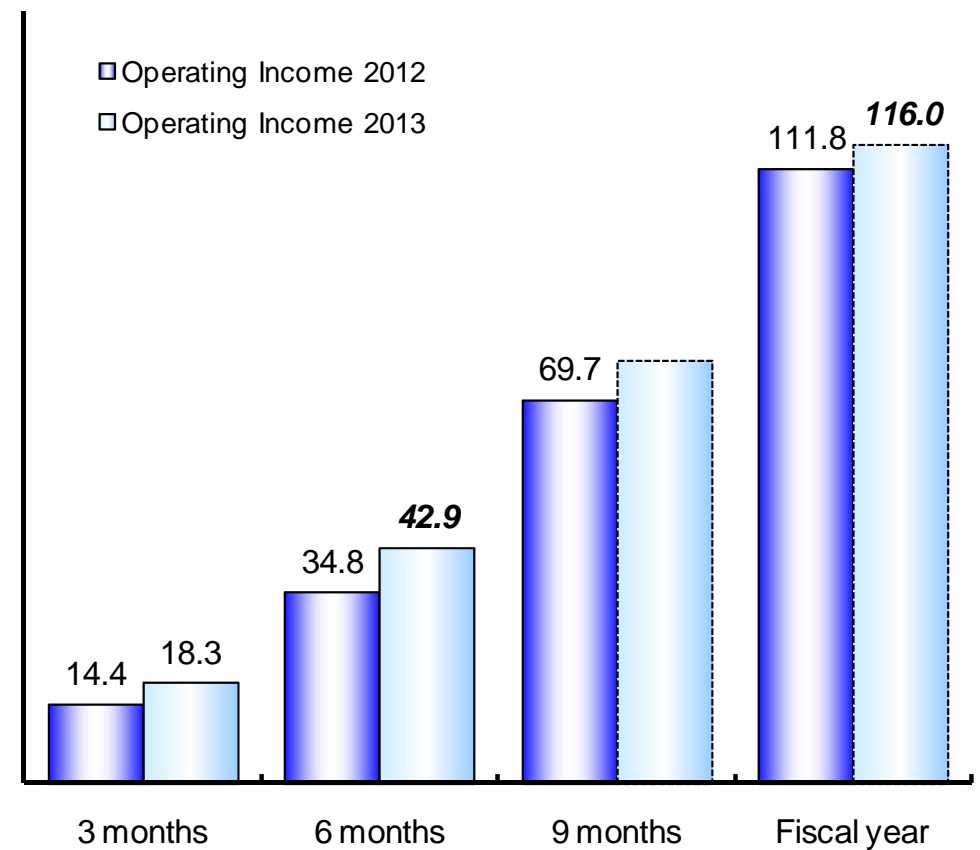
## Net Sales

(Billion yen)



## Operating Income

(Billion yen)



\* Fiscal year end is December 31 from FY2012. Figures for the twelve-month period from January 1 to December 31, 2012 for Kao Corporation and its subsidiaries whose fiscal year end was previously March 31. (Please refer to slide 23 for details.)

**KaO**

Enriching lives, in harmony with nature.

Pre-revision

# Semi-Annual Financial Review

From January 1 to June 30, 2013

Kao Corporation

July 30, 2013

This is a translation of materials used for the analyst meeting held in Japan on July 30, 2013.



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)

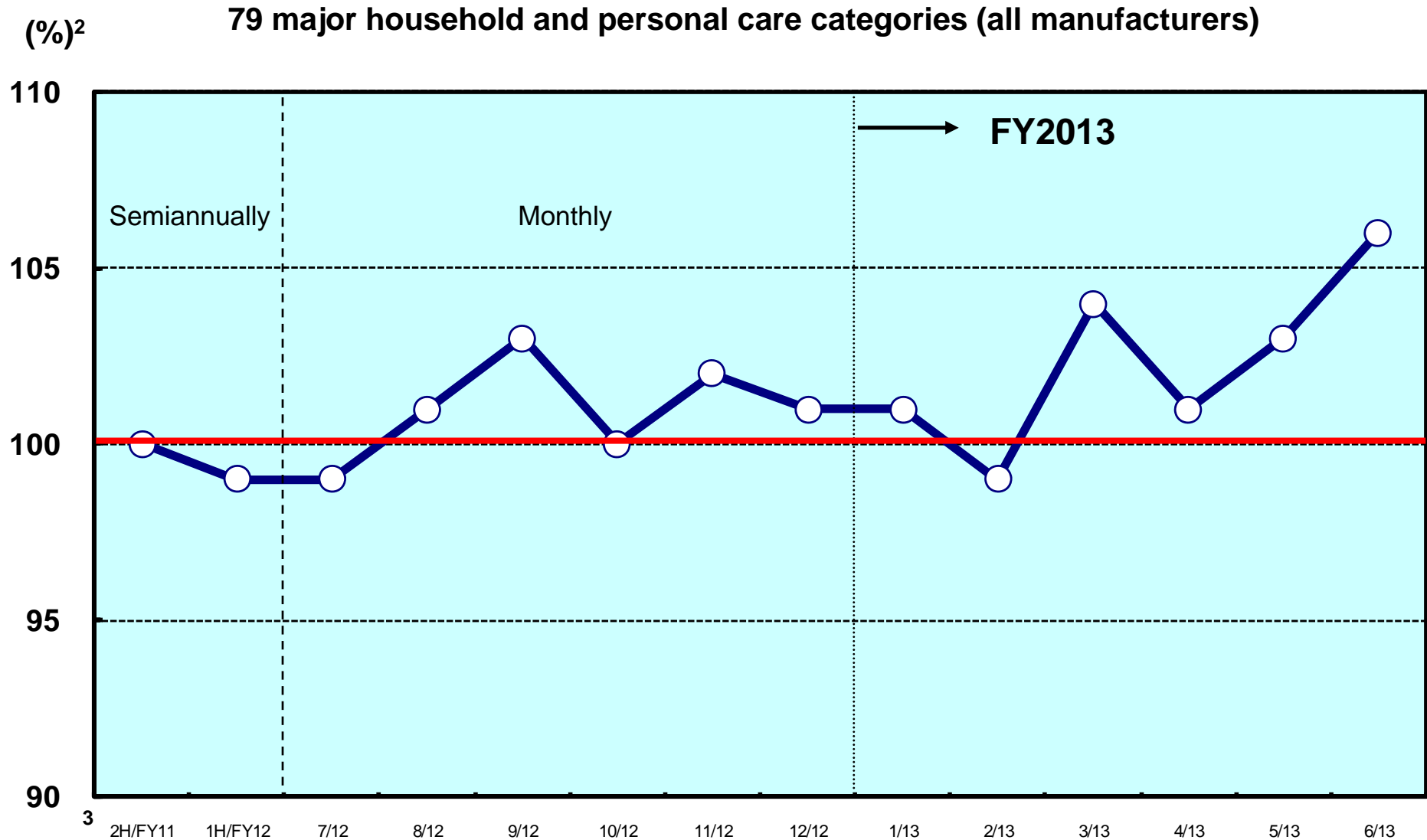
Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at this time and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from those expectations due to various factors.



# **1. Business Environment**

**January 1 – June 30, 2013**

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



1 Consumer products do not include cosmetics.

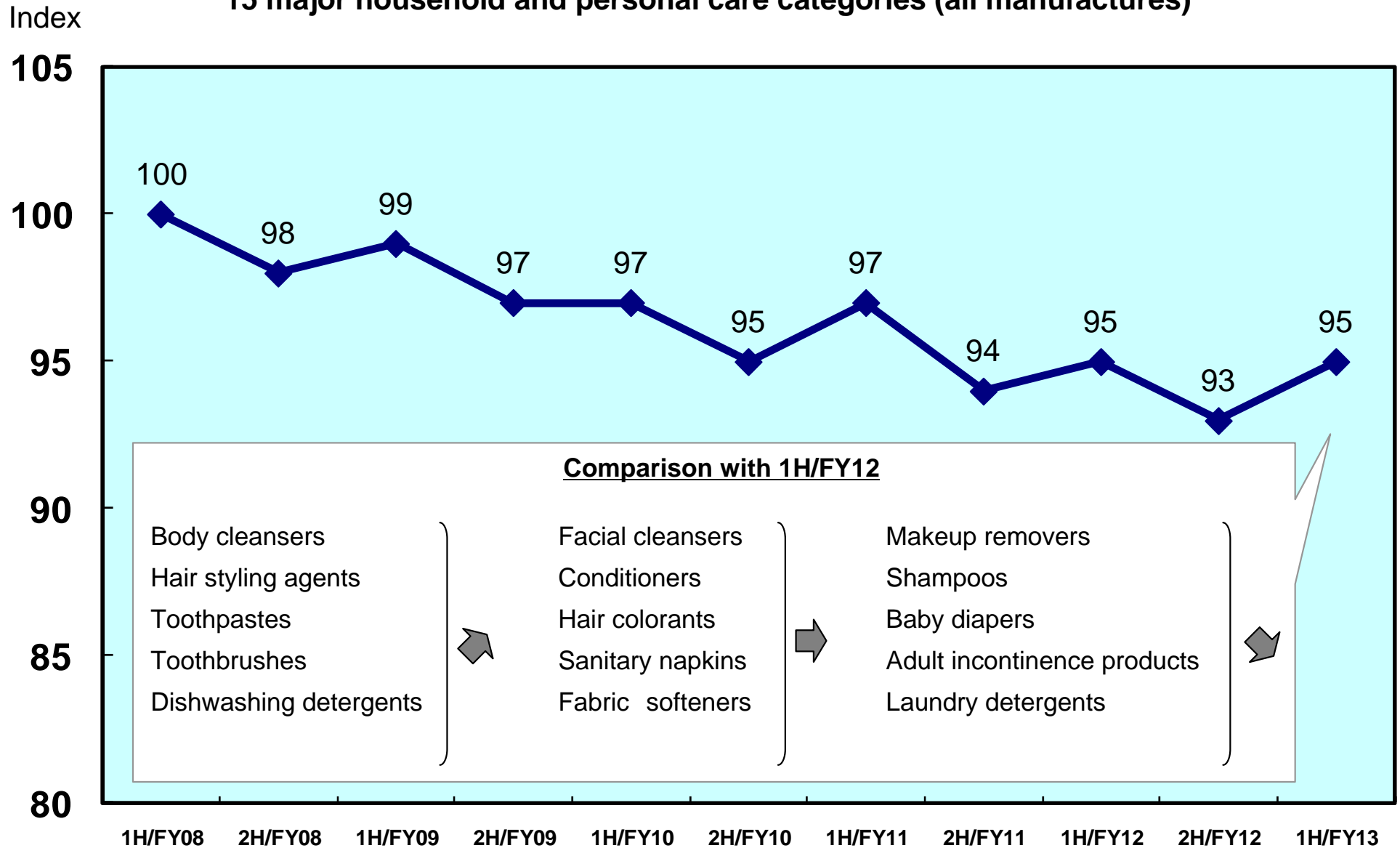
2 Year-on-year growth rate of market size in value (yen)

3. 1H: From January 1 to June 30, 2H: From July 1 to December 31

(Source: SRI POS data by INTAGE Inc.)

# Consumer Purchase Prices in Japan

15 major household and personal care categories (all manufactures)



\*1H: From January 1 to June 30, 2H: From July 1 to December 31

(Source: SRI POS data by INTAGE Inc.)

# **2. Consolidated Business Results**

## **January 1 – June 30, 2013**

**Fiscal year end is December 31 from FY2012**

### **Term of consolidation for 1H/FY2012**

- **Group companies whose fiscal year end was previously March 31 \*:  
April-September 2012**
- **Group companies whose fiscal year end was already December 31:  
January-June 2012**

### **Term of consolidation for FY2012**

- **Group companies whose fiscal year end was previously March 31 \*:  
April-December 2012**
- **Group companies whose fiscal year end was already December 31:  
January-December 2012**

### **Restated 1H/FY2012**

**Figures for the six-month period from January 1 to June 30, 2012 for the purpose of comparison with 1H/ FY2013 (January 1 to June 30, 2013).**

### **Adjusted growth / Adjusted change Comparison with the restated 1H/FY2012**

\* Kao Corporation and certain consolidated subsidiaries with the same fiscal year end

# Key Points in 1H/FY2013

## Japan sales related

1. Consumer purchase price of 15 major household and personal care categories market in Japan<sup>1</sup>: Flat year-on-year
2. Growth of household and personal care market in Japan<sup>2</sup>: +2% year-on-year
3. Growth of the cosmetics market in Japan<sup>3</sup>: -0.9% year-on-year

## Income statements related

		<u>Adjusted growth<sup>4</sup></u>
1. Net sales:	¥625.0 billion	+8.0%
• Effect of currency translation:	+¥31.9 billion	+5.5%
• Sales growth excluding effect of currency translation:	+¥14.4 billion	+2.5%
2. Increase/decrease in operating income <sup>5</sup> :	+¥8.1 billion	

## Cash flow related

1. Free cash flow<sup>6</sup>: ¥36.9 billion
2. Payments of cash dividends<sup>7</sup>: ¥18.6 billion
3. Share repurchase<sup>8</sup>: ¥30.0 billion
4. Bonds : Redemption ¥50.0 billion / Issuance ¥50.0 billion
5. Retirement of treasury stock: 10.2 million shares

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

2 Source: SRI POS data by INTAGE Inc.

3 Source: SLI data by INTAGE Inc.

4 Please refer to slide 6 for details.

5 Please refer to slide 12 for details.

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

7 Includes payments of cash dividends to minority shareholders.

8 Excludes repurchase of shares less than one unit

# 1H/FY2013 Consolidated Results

Billion yen	Restated		1H/FY13	Adjusted growth <sup>1</sup>
	1H/FY12 <sup>1</sup>	1H/FY12 <sup>1</sup>		
<b>Net Sales</b>	609.0	578.7	625.0	+8.0%
<b>EBITA <sup>2</sup></b>	69.7	51.5	57.5	+11.5%
<i>EBITA Margin</i>	11.4%	8.9%	9.2%	
<b>Operating Income</b>	53.4	34.8	42.9	+23.2%
<i>Operating Margin</i>	8.8%	6.0%	6.9%	
<b>Ordinary Income</b>	55.4	36.1	44.9	+24.4%
<b>Net Income</b>	35.9	19.2	18.3	-5.1%
<b>EBITDA</b>	91.6	74.3	80.1	+7.9%
<b>EPS (yen)</b>	68.72	36.87	35.41	-4.0%

1 Please refer to slide 6 for details.

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

# Consolidated Net Sales [1]

	Restated 1H/FY2012 <sup>1</sup>	1H/FY2013		
	Billion yen	Billion yen	% Growth	
			Adjusted <sup>1</sup>	Like-for-like <sup>2</sup>
Beauty Care Business	193.5	<b>200.3</b>	<b>+3.5</b>	<b>+3.5</b>
Human Health Care Business	80.6	<b>86.0</b>	<b>+6.7</b>	<b>+6.7</b>
Fabric and Home Care Business	115.8	<b>121.0</b>	<b>+4.4</b>	<b>+4.4</b>
<b>Japan total</b>	<b>390.0</b>	<b>407.2</b>	<b>+4.4</b>	<b>+4.4</b>
<b>Asia</b>	42.4	<b>56.7</b>	<b>+33.8</b>	<b>+11.1</b>
<b>Americas</b>	28.1	<b>34.3</b>	<b>+22.2</b>	<b>+1.8</b>
<b>Europe</b>	27.4	<b>34.0</b>	<b>+24.1</b>	<b>+3.1</b>
Eliminations	-12.2	<b>-15.6</b>	-	-
<b>Consumer Products Business</b>	<b>475.6</b>	<b>516.7</b>	<b>+8.6</b>	<b>+4.4</b>

1: Please refer to slide 6 for details.

2: Adjusted growth excluding the effect of currency translation

# Consolidated Net Sales [2]

	Restated 1H/FY2012 <sup>1</sup>	1H/FY2013		
	Billion yen	Billion yen	% Growth	
			Adjusted <sup>1</sup>	Like-for-like <sup>2</sup>
Japan	60.4	<b>59.8</b>	<b>-1.1</b>	<b>-1.1</b>
Asia	39.6	<b>40.8</b>	<b>+2.9</b>	<b>-14.7</b>
Americas	17.4	<b>19.8</b>	<b>+14.0</b>	<b>-6.6</b>
Europe	27.0	<b>30.5</b>	<b>+12.9</b>	<b>-6.9</b>
Eliminations	-24.6	<b>-24.9</b>	-	-
<b>Chemical Business</b>	<b>119.9</b>	<b>125.9</b>	<b>+5.0</b>	<b>-5.1</b>
Reconciliations	-16.8	<b>-17.6</b>	-	-
<b>Consolidated net sales</b>	<b>578.7</b>	<b>625.0</b>	<b>+8.0</b>	<b>+2.5</b>

1: Please refer to slide 6 for details.

2: Adjusted growth excluding the effect of currency translation



# Consolidated Income Statements

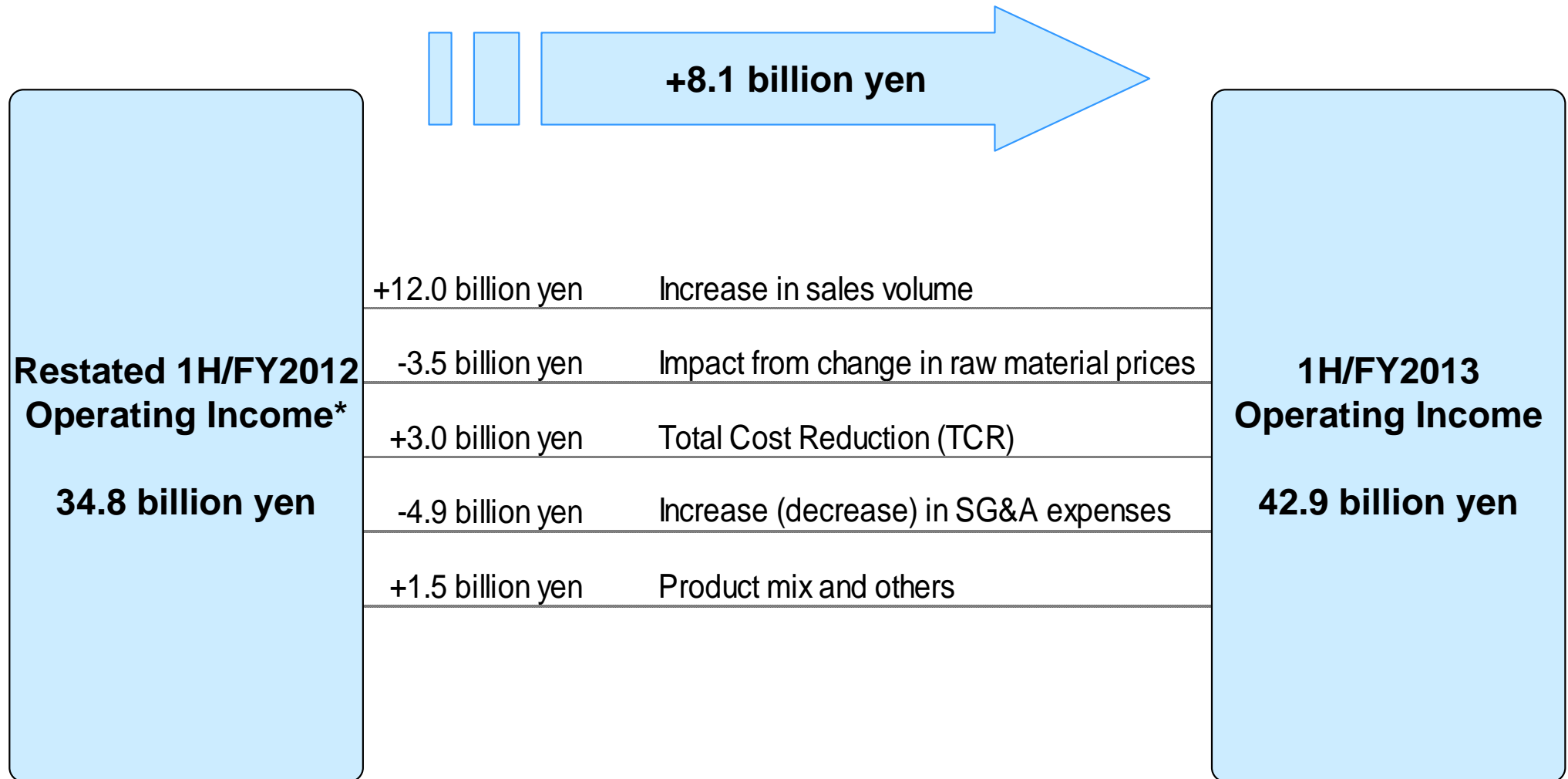
	1H/FY2012 <sup>1</sup>		1H/FY2013		Adjusted % growth <sup>1</sup>
	Billion yen	%	Billion yen	%	
Net Sales	609.0	100.0	<b>625.0</b>	<b>100.0</b>	+8.0
Cost of Sales	262.9	43.2	<b>276.0</b>	<b>44.2</b>	
Gross Profit	346.0	56.8	<b>349.0</b>	<b>55.8</b>	
SG&A Expenses <sup>2</sup>	292.7	48.1	<b>306.0</b>	<b>49.0</b>	
Operating Income	53.4	8.8	<b>42.9</b>	<b>6.9</b>	+23.2
Non-operating Income/Expenses	2.0	0.3	<b>2.0</b>	<b>0.3</b>	
Ordinary Income	55.4	9.1	<b>44.9</b>	<b>7.2</b>	+24.4
Extraordinary Gain/Loss	-0.7	-0.1	<b>-6.5</b>	<b>-1.0</b>	
Income Before Income Taxes and Minority Interests	54.7	9.0	<b>38.4</b>	<b>6.1</b>	
Income Taxes	18.2	3.0	<b>19.3</b>	<b>3.1</b>	
Income Before Minority Interests	36.5	6.0	<b>19.1</b>	<b>3.0</b>	
Minority Interests	0.6	0.1	<b>0.8</b>	<b>0.1</b>	
Net Income	35.9	5.9	<b>18.3</b>	<b>2.9</b>	-5.1

1 Please refer to slide 6 for details.

2 Amortization related to Kanebo Cosmetics

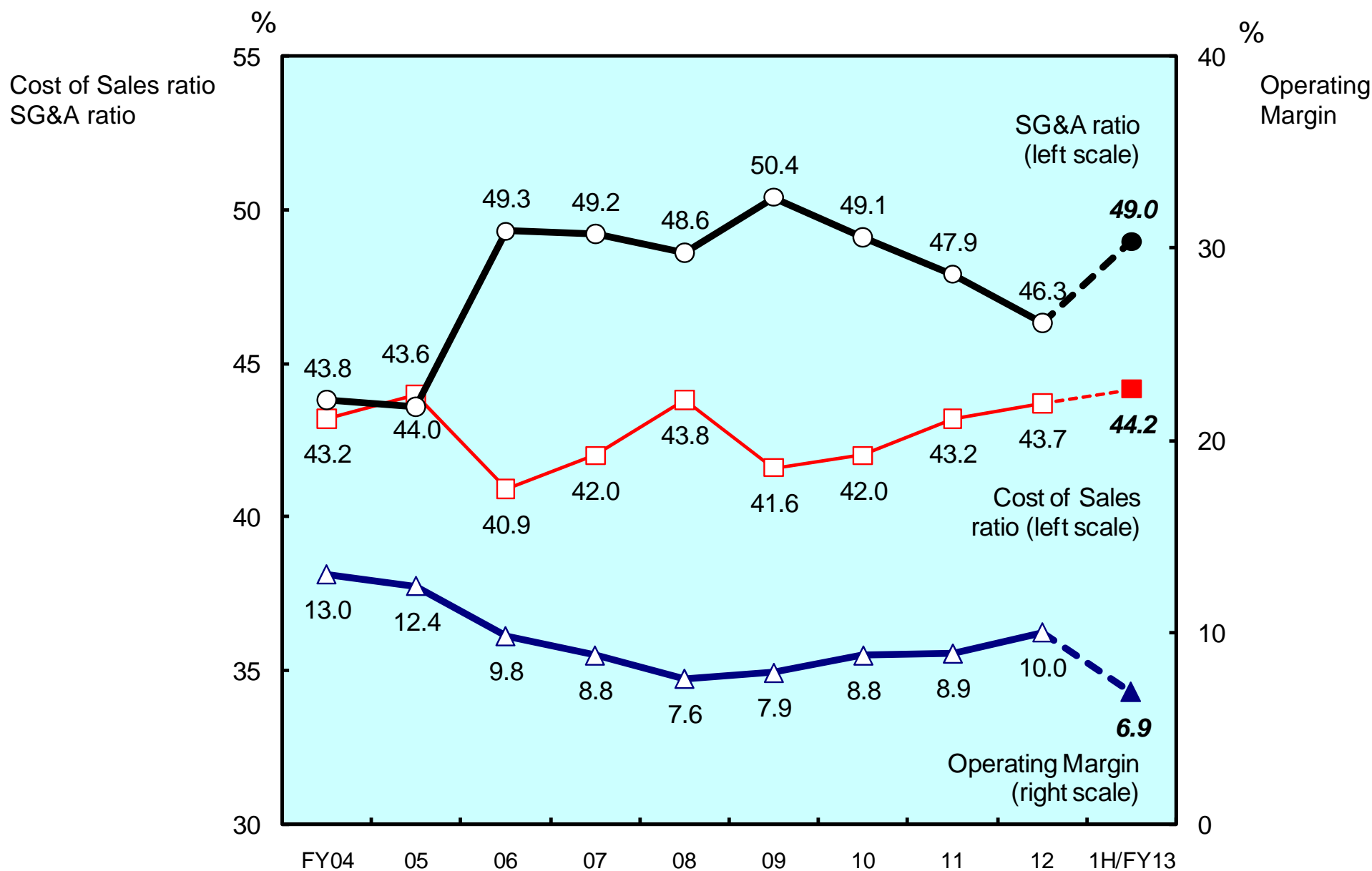
1H/FY2012: 13.7 billion yen, 1H/FY2013: 13.4 billion yen

# 1H/FY2013 Consolidated Operating Income Analysis



\* Please refer to slide 6 for details.

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



\* Structure has changed significantly since FY2006 due to the consolidation of Kanebo Cosmetics. The impact of the change in financial term is included in FY2012. (Please refer to slide 6 for details.)

# Breakdown of Major Consolidated SG&A Expenses

(Billion yen)

	1H/FY2012 <sup>*</sup>	1H/FY2013
<b>Total SG&amp;A Expenses</b>	292.7	<b>306.0</b>

Freight/Warehouse	34.9	<b>36.0</b>
Advertising	43.2	<b>44.8</b>
Sales Promotion	31.3	<b>34.1</b>
Salaries and Bonuses	60.7	<b>66.1</b>
R&D	24.0	<b>24.5</b>

\*Please refer to slide 6 for details.

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

(Billion yen)

<b>Non-operating Income/Expenses</b>	<b>1H/FY2012*</b>	<b>1H/FY2013</b>
<b>Non-operating Income</b>	<b>3.2</b>	<b>3.5</b>
Interest Income	0.5	0.5
Dividend Income	0.1	0.1
Equity in Earnings of Nonconsolidated Subsidiaries and Affiliates	1.2	1.1
Foreign Currency Exchange Gain	0.1	0.3
Other	1.3	1.5
<b>Non-operating Expenses</b>	<b>1.2</b>	<b>1.6</b>
Interest Expense	0.8	0.7
Other	0.4	0.9

<b>Extraordinary Gain/Loss</b>	<b>1H/FY2012*</b>	<b>1H/FY2013</b>
<b>Extraordinary Gain</b>	<b>0.5</b>	<b>0.8</b>
Gain on Sales of Fixed Assets	0.1	0.0
Gain on Sales of Stock of Subsidiary	0.3	-
Gain on Transfer of Business	-	0.4
Other	0.1	0.4
<b>Extraordinary Loss</b>	<b>1.1</b>	<b>7.3</b>
Loss on Sales/Disposals of Fixed Assets	1.1	1.4
Loss related to cosmetics	-	5.6
Other	0.0	0.4

\*Please refer to slide 6 for details.

# Consolidated Results by Segment

		Restated 1H/FY2012 <sup>3</sup>		1H/FY2013		Adjusted changes <sup>3</sup>	Adjusted growth <sup>3</sup>
		Billion yen	% of net sales	Billion yen	% of net sales	Billion yen	%
Beauty Care Business	Net Sales <sup>1</sup>	256.7	-	<b>278.6</b>	-	+21.9	+8.5%
	EBITA <sup>2</sup>	16.7	6.5%	<b>17.6</b>	<b>6.3%</b>	+0.9	+5.6%
	Operating Income	0.0	0.0%	<b>3.1</b>	<b>1.1%</b>	+3.1	NA
Human Health Care Business	Net Sales <sup>1</sup>	89.7	-	<b>99.6</b>	-	+9.9	+11.1%
	Operating Income	4.2	4.7%	<b>6.7</b>	<b>6.7%</b>	+2.5	+59.2%
Fabric and Home Care Business	Net Sales <sup>1</sup>	129.2	-	<b>138.5</b>	-	+9.3	+7.2%
	Operating Income	20.8	16.1%	<b>23.7</b>	<b>17.1%</b>	+2.8	+13.5%
Chemical Business	Net Sales <sup>1</sup>	119.9	-	<b>125.9</b>	-	+6.0	+5.0%
	EBITA <sup>2</sup>	9.7	8.1%	<b>9.4</b>	<b>7.5%</b>	-0.3	-2.7%
	Operating Income	9.7	8.1%	<b>9.4</b>	<b>7.5%</b>	-0.2	-2.5%
Consolidated	Net Sales	578.7	-	<b>625.0</b>	-	+46.3	+8.0%
	EBITA <sup>2</sup>	51.5	8.9%	<b>57.5</b>	<b>9.2%</b>	+5.9	+11.5%
	Operating Income	34.8	6.0%	<b>42.9</b>	<b>6.9%</b>	+8.1	+23.2%

1 Before elimination of intersegment transfers

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

3 Please refer to slide 6 for details.

# [Reference] Consolidated Results by Geographic Area

		Restated 1H/FY2012 <sup>3</sup>		1H/FY2013		Adjusted changes <sup>3</sup>	Adjusted growth <sup>3</sup>
		Billion yen	% of net sales	Billion yen	% of net sales	Billion yen	%
Japan	Net Sales <sup>1</sup>	435.8	-	<b>452.0</b>	-	+16.3	+3.7%
	EBITA <sup>2</sup>	44.4	10.2%	<b>47.7</b>	<b>10.5%</b>	+3.2	+7.3%
	Operating Income	28.7	6.6%	<b>34.2</b>	<b>7.6%</b>	+5.5	+19.3%
Asia	Net Sales <sup>1</sup>	80.5	-	<b>95.6</b>	-	+15.1	+18.7%
	Operating Income	3.3	4.1%	<b>5.8</b>	<b>6.1%</b>	+2.5	+75.3%
Americas	Net Sales <sup>1</sup>	45.4	-	<b>54.0</b>	-	+8.6	+19.0%
	EBITA <sup>2</sup>	1.2	2.7%	<b>2.1</b>	<b>3.9%</b>	+0.9	+76.3%
	Operating Income	0.9	2.0%	<b>1.8</b>	<b>3.3%</b>	+0.9	+99.5%
Europe	Net Sales <sup>1</sup>	54.4	-	<b>64.4</b>	-	+10.0	+18.5%
	EBITA <sup>2</sup>	2.8	5.2%	<b>2.6</b>	<b>4.1%</b>	-0.2	-6.4%
	Operating Income	2.2	4.0%	<b>1.9</b>	<b>2.9%</b>	-0.3	-13.4%
Consolidated	Net Sales	578.7	-	<b>625.0</b>	-	+46.3	+8.0%
	EBITA <sup>2</sup>	51.5	8.9%	<b>57.5</b>	<b>9.2%</b>	+5.9	+11.5%
	Operating Income	34.8	6.0%	<b>42.9</b>	<b>6.9%</b>	+8.1	+23.2%

1 Before elimination of intersegment transfers

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

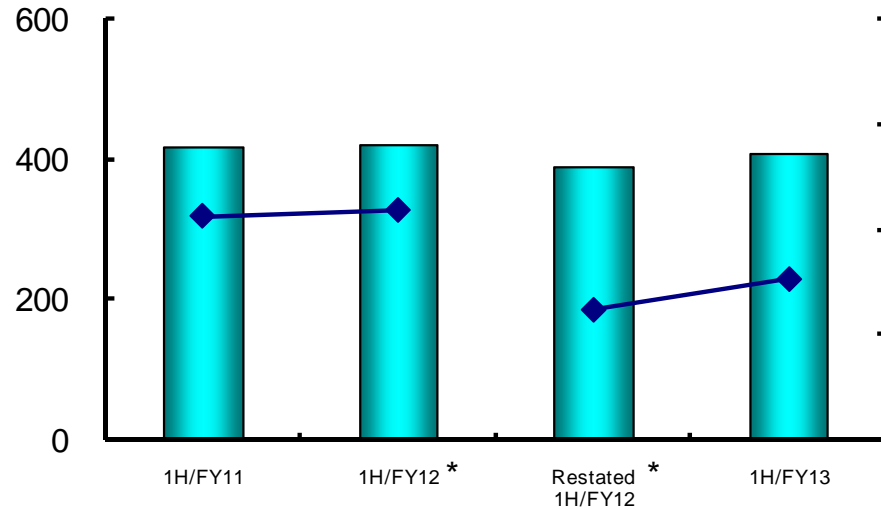
3 Please refer to slide 6 for details.

# Consumer Products Business by Geographic Area

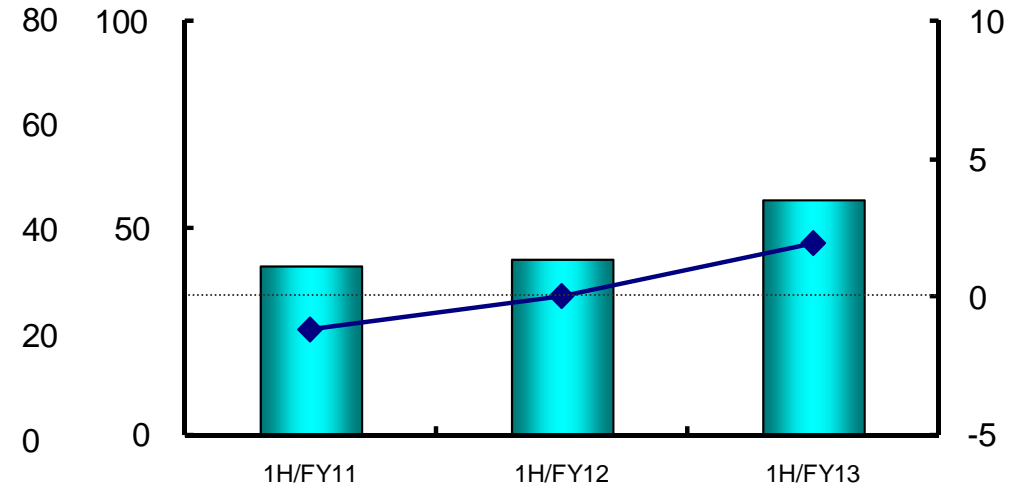
## Japan

Sales (Billion yen)

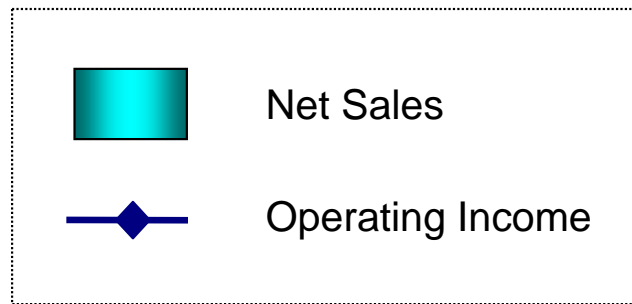
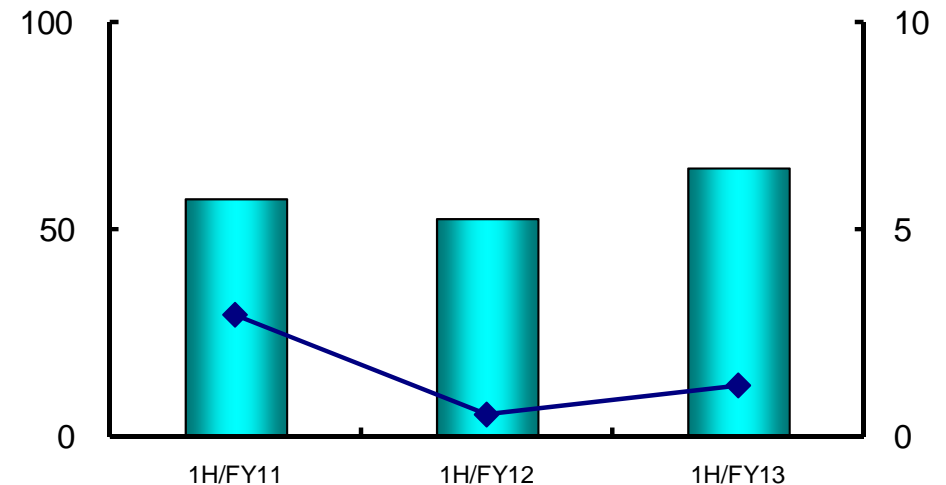
Operating Income  
(Billion yen)



## Asia



## Americas & Europe



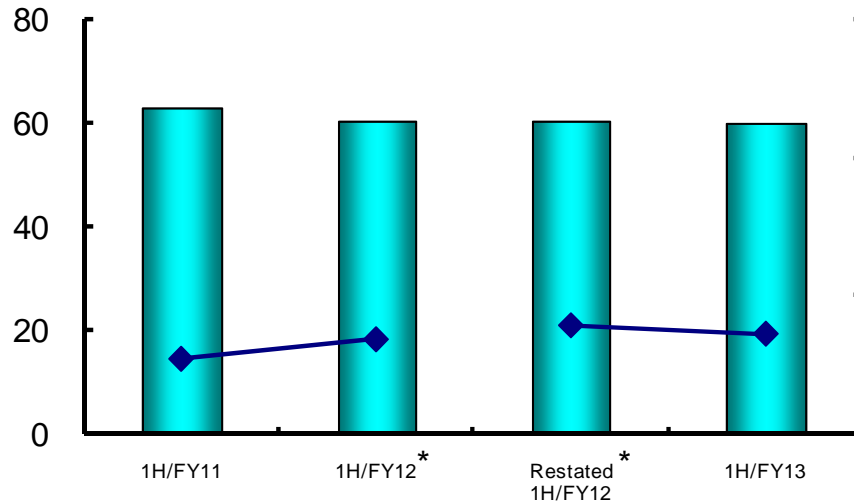
\* Please refer to slide 6 for details on 1H/FY2012 and restated 1H/FY2012 of Japan.



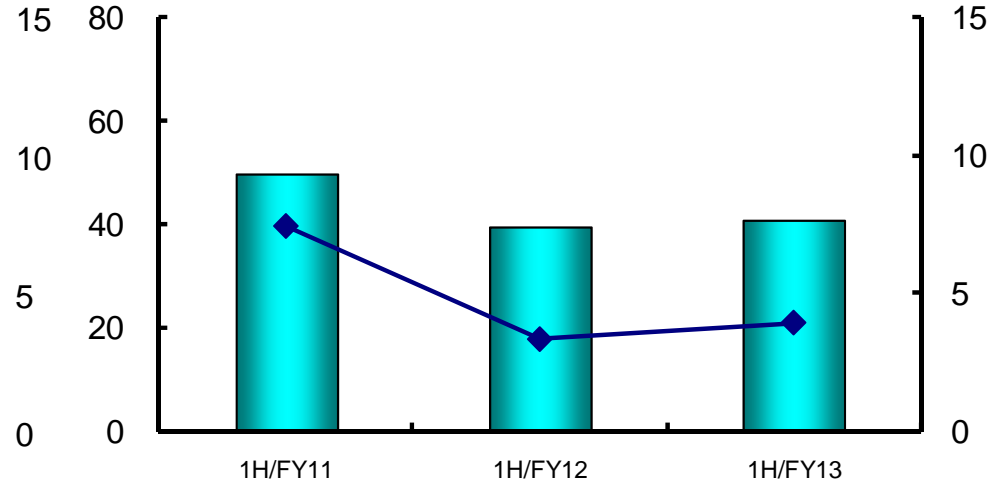
# Chemical Business by Geographic Area

## Japan

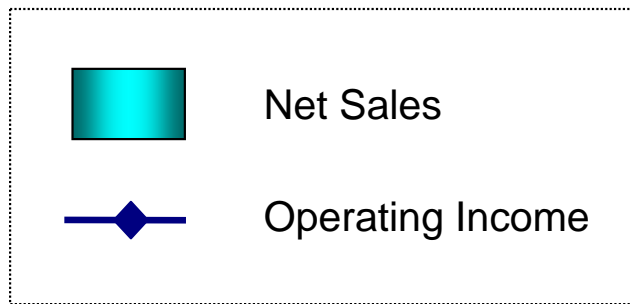
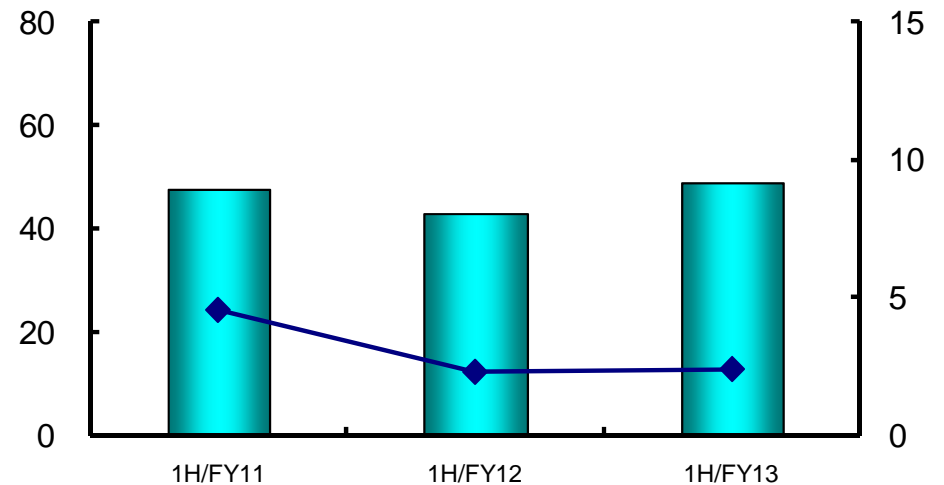
Sales (Billion yen)



## Asia



## Americas & Europe



\* Please refer to slide 6 for details on 1H/FY2012 and restated 1H/FY2012 of Japan.

# Consolidated Balance Sheets

(Billion yen)

	Dec/12	Jun/13	Changes		Dec/12	Jun/13	Changes
<b>Current Assets</b>	<b>493.4</b>	<b>515.3</b>	<b>+21.9</b>	<b>Current Liabilities</b>	<b>315.9</b>	<b>292.1</b>	<b>-23.8</b>
Cash and Time Deposits	99.3	94.6	-4.8	Notes and Accounts Payable - Trade	105.5	111.6	+6.1
Notes and Accounts Receivable - Trade	164.3	163.2	-1.1	Bonds/Short-term Loans (incl. Current Portion of Bonds/Long-term Loans)	53.1	1.3	-51.8
Short-term Investments	57.4	68.4	+10.9	Accrued Income Taxes	11.7	16.5	+4.8
Inventories	122.2	132.0	+9.8	Other	145.6	162.7	+17.1
Other	50.2	57.2	+7.1				
<b>Fixed Assets</b>	<b>546.6</b>	<b>554.6</b>	<b>+8.0</b>	<b>Long-term Liabilities</b>	<b>118.4</b>	<b>174.4</b>	<b>+56.0</b>
Property, Plant and Equipment	252.3	269.2	+16.9	Bonds/Long-term Loans	50.1	100.1	+50.0
Intangible Assets	215.9	205.6	-10.4	Other	68.3	74.4	+6.0
Investments and Other Assets	78.3	79.8	+1.5	<b>Total Liabilities</b>	<b>434.3</b>	<b>466.6</b>	<b>+32.3</b>
				Shareholders' equity	663.6	636.3	-27.4
				-Common Stock	85.4	85.4	-
				-Capital Surplus	109.6	109.6	-
				-Retained Earnings	477.6	450.9	-26.7
				-Treasury Stock, at Cost	-9.0	-9.7	-0.7
				Accumulated other comprehensive income	-71.3	-46.8	+24.5
				- Unrealized Gain on Available-for-sale Securities	2.4	4.0	+1.5
				- Deferred Gain (Loss) on Derivatives under Hedges Accounting	0.0	0.0	+0.0
				- Foreign Currency Translation Adjustments	-71.9	-46.1	+25.7
				- Post retirement adjustments for foreign consolidated subsidiaries	-1.9	-4.7	-2.8
				Stock Acquisition Rights	1.3	1.2	-0.1
				Minority Interests	12.1	12.7	+0.6
				<b>Total Net Assets</b>	<b>605.7</b>	<b>603.3</b>	<b>-2.4</b>
<b>Total Assets</b>	<b>1,040.0</b>	<b>1,069.9</b>	<b>+29.9</b>	<b>Total Liabilities and Total Net Assets</b>	<b>1,040.0</b>	<b>1,069.9</b>	<b>+29.9</b>

# Consolidated Statements of Cash Flows

(Billion yen)

	1H/FY2012 <sup>1</sup>	1H/FY2013
Net Cash Provided by Operating Activities	63.9	<b>78.9</b>
Net Cash Used in Investing Activities	-30.6	<b>-41.9</b>
Net Cash Used in Financing Activities	-16.2	<b>-50.7</b>
Translation Adjustments on Cash and Cash Equivalents	0.0	<b>11.2</b>
Net Increase (Decrease) in Cash and Cash Equivalents	17.2	<b>-2.5</b>
Cash and Cash Equivalents, Beginning of Period	129.7	<b>160.4</b>
Cash and Cash Equivalents from Newly Consolidated Subsidiary, Increase	0.3	<b>0.6</b>
Cash and Cash Equivalents, End of Period	147.2	<b>158.5</b>
Total Debt at End of Period	103.6	<b>101.4</b>
Free Cash Flow <sup>2</sup>	33.3	<b>36.9</b>

## <Net cash used in investing activities>

Capital expenditures:

- Construction of new plants in Indonesia
- Production capacity enhancement of fatty alcohols in the Philippines
- 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) : 18.6 billion yen

Purchase of treasury stock<sup>3</sup> : 30.0 billion yen

Bonds : Redemption 50.0 billion yen / Issuance 50.0 billion yen

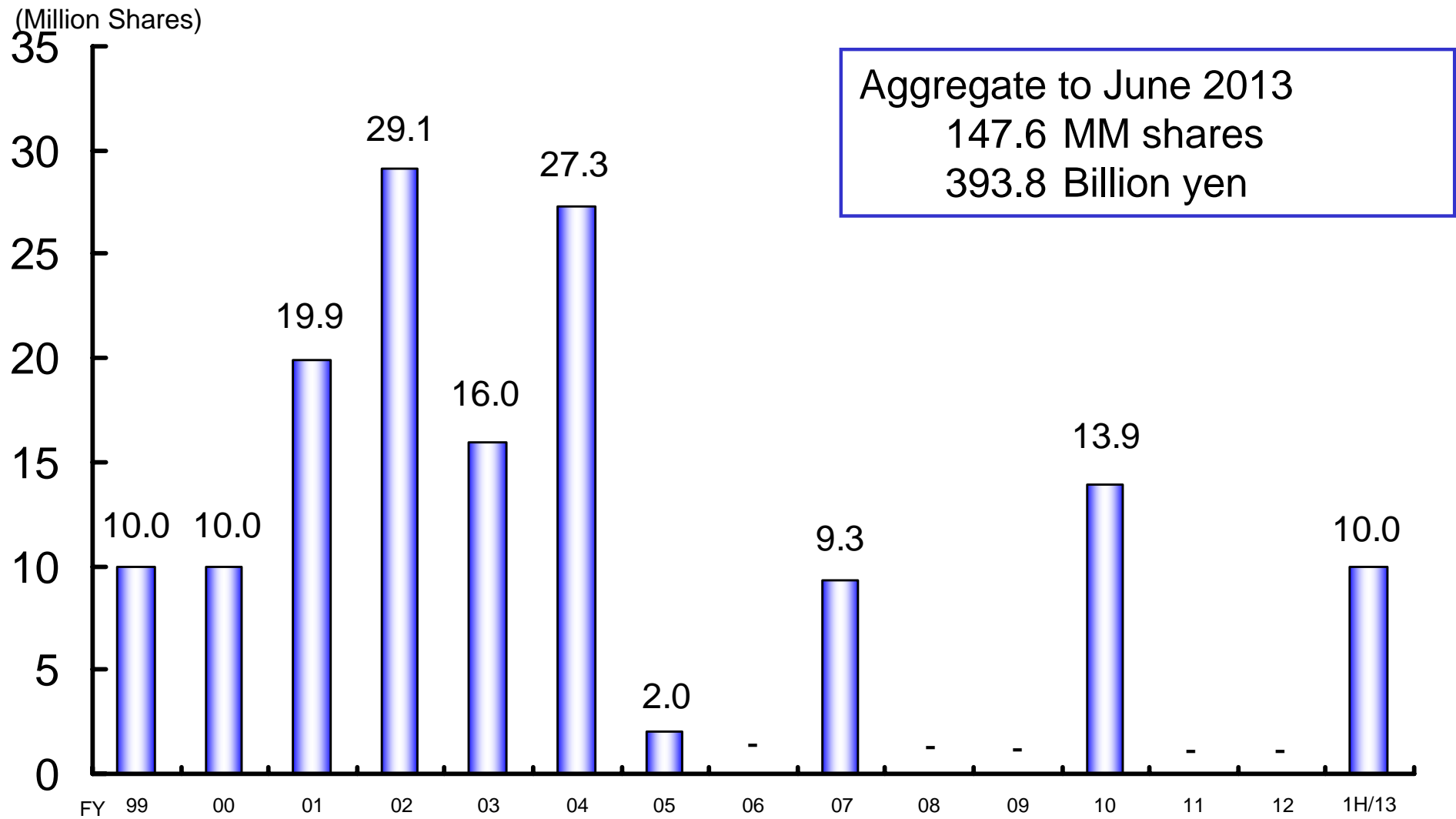
Retirement of treasury stock: 10.2 million shares

1 Please refer to slide 6 for details.

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

3 Excludes repurchase of shares less than one unit

# Share Repurchase \*



Fiscal Year	Share Repurchase (Million Shares)	Billion yen
FY 99	10.0	29.5
FY 00	10.0	28.6
FY 01	19.9	56.8
FY 02	29.1	77.2
FY 03	16.0	36.7
FY 04	27.3	70.0
FY 05	2.0	5.0
FY 06	-	-
FY 07	9.3	30.0
FY 08	-	-
FY 09	-	-
FY 10	13.9	30.0
FY 11	-	-
FY 12	-	-
1H/13	10.0	30.0

\* Share repurchase from the market

# **3. Forecast for FY 2013**

**Fiscal year end is December 31 from FY2012**

## **Term of consolidation for FY2012**

- **Group companies whose fiscal year end was previously March 31 \* :  
April-December 2012**
- **Group companies whose fiscal year end was already December 31:  
January-December 2012**

## **Restated FY2012**

**Figures for the twelve-month period from January 1 to December 31, 2012 for group companies whose fiscal year end was previously March 31**

## **Adjusted growth**

**- FY2012 actual**

**Comparison with the nine-month period from April 1 to December 31, 2011 for group companies whose fiscal year end was previously March before the fiscal year end change**

**- FY2013 forecast**

**Comparison with the restated FY2012**

\* Kao Corporation and certain consolidated subsidiaries with the same fiscal year end

# Major Assumptions for FY2013 Forecast

- ◆ Year-on-year growth rate of market size in value (yen) for the Consumer Products Business<sup>1</sup> in Japan: +1 to +2%
- ◆ Year-on-year growth rate of cosmetics market size in value (yen) in Japan: 0 to +1%

		<u>Adjusted growth<sup>2</sup></u>
◆ Net sales:	¥1,300.0 billion	+6.5%
• Effect of currency translation:	+¥60.0 billion	+4.9%
• Sales growth excluding effect of currency translation:	+¥19.6 billion	+1.6%
<u>Estimated impact on income</u>		

- ◆ Impact from change in raw material prices:
  - Gross impact: +¥9 billion
  - Net impact: -¥7 billion
- ◆ Total Cost Reduction (TCR) activities: +¥6 billion
- ◆ Capital expenditures/depreciation and amortization:
  - Capital expenditures: ¥60 billion
  - Depreciation and amortization: ¥76 billion

## Exchange rate assumptions

- ◆ 95 yen/USD (FY2012 actual exchange rate [average]: 80.12 yen/USD)
- ◆ 125 yen/Euro (FY2012 actual exchange rate [average]: 103.46 yen/Euro)

1 Excludes cosmetics.

2 Please refer to slide 23 for details.

# Consolidated Sales and Profit Forecast

	4 FY2012		[Reference] 2 Restated FY2012	FY2013(F)	
	Billion yen	Adjusted 2 % growth	Billion yen	Billion yen	Adjusted % growth
Net Sales	1,012.6	+0.4	1,220.4	<b>1,300.0</b>	+6.5
Operating Income	101.6	+3.2	111.8	<b>116.0</b>	+3.8
[% of Sales]	10.0%		9.2%	8.9%	
Ordinary Income	104.2	+4.0	114.1	<b>118.0</b>	+3.4
[% of Sales]	10.3%		9.4%	9.1%	
Net Income	<u>62.4</u>	<u>+20.5</u>	<u>62.7</u>	<b>67.0</b>	<u>+6.8</u>
[% of Sales]	<u>6.2%</u>		<u>5.1%</u>	5.2%	
Net Income per Share (yen)	<u>119.55</u>	<u>+20.6</u>	<u>120.21</u>	<b>130.84</b>	<u>+8.8</u>
ROE 3	<u>11.0%</u>	-	<u>11.1%</u>	<b>11.0%</b>	-
EBITDA (Operating Income + Depr. & Amort.)	161.4	+0.4	189.2	<b>192.0</b>	+1.5
Cash Dividends per Share (yen)	62.0	+3.3	62.0	<b>64.0</b>	+3.2

1 Exchange rate assumptions: 95 yen/USD, 125 yen/Euro

2 Please refer to slide 23 for details.

3 ROE forecast of FY2012 is for the transitional period connected with the change in fiscal year end.

4 Kanebo Cosmetics (Apr. -Dec. 2012) : Net sales = approximately ¥150 billion / operating margin before deduction of royalties = slightly more than 7%; amortization related to Kanebo Cosmetics: ¥20.5 billion

5 Kanebo Cosmetics (Jan. -Dec. 2013) : Net sales = slightly more than ¥180 billion / operating margin before deduction of royalties = approximately 6%; amortization related to Kanebo Cosmetics: ¥26.8 billion

# Sales Outlook by Segment – FY2013

<Billion yen>

Consolidated Net Sales

1,300 <sup>Adjusted growth<sup>2</sup></sup> +6.5%

By Segment<sup>1</sup>

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

		Adjusted growth <sup>2</sup>
Beauty Care	565	+5.1%
Human Health Care	210	+10.8%
Fabric and Home Care	309	+5.8%
Chemical	250	+5.7%

		Adjusted growth <sup>2</sup>
Japan	956	+2.4%
Asia	191	+19.4%
Americas	106	+17.8%
Europe	128	+15.8%

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

2 Please refer to slide 23 for details.



# Sales Outlook – FY2013

## - Consumer Products Business in Japan -

<Billion yen>

	1st Half			Full Year		
	Restated FY2012 Actual	<b>FY2013</b> Actual	Adjusted growth*	Restated FY2012 Actual	<b>FY2013</b> Forecast	Adjusted growth*
Beauty Care	193.5	<b>200.3</b>	+3.5%	408.3	<b>407.0</b>	-0.3%
Human Health Care	80.6	<b>86.0</b>	+6.7%	170.3	<b>181.0</b>	+6.3%
Fabric and Home Care	115.8	<b>121.0</b>	+4.4%	264.4	<b>274.0</b>	+3.6%
<b>Consumer Products Business</b>	390.0	<b>407.2</b>	+4.4%	843.0	<b>862.0</b>	+2.3%

\* Please refer to slide 23 for details.

# FY2013 Outlook by Segment/Geographic Area

Decrease in operating income

Increase in operating income

Increase in net sales

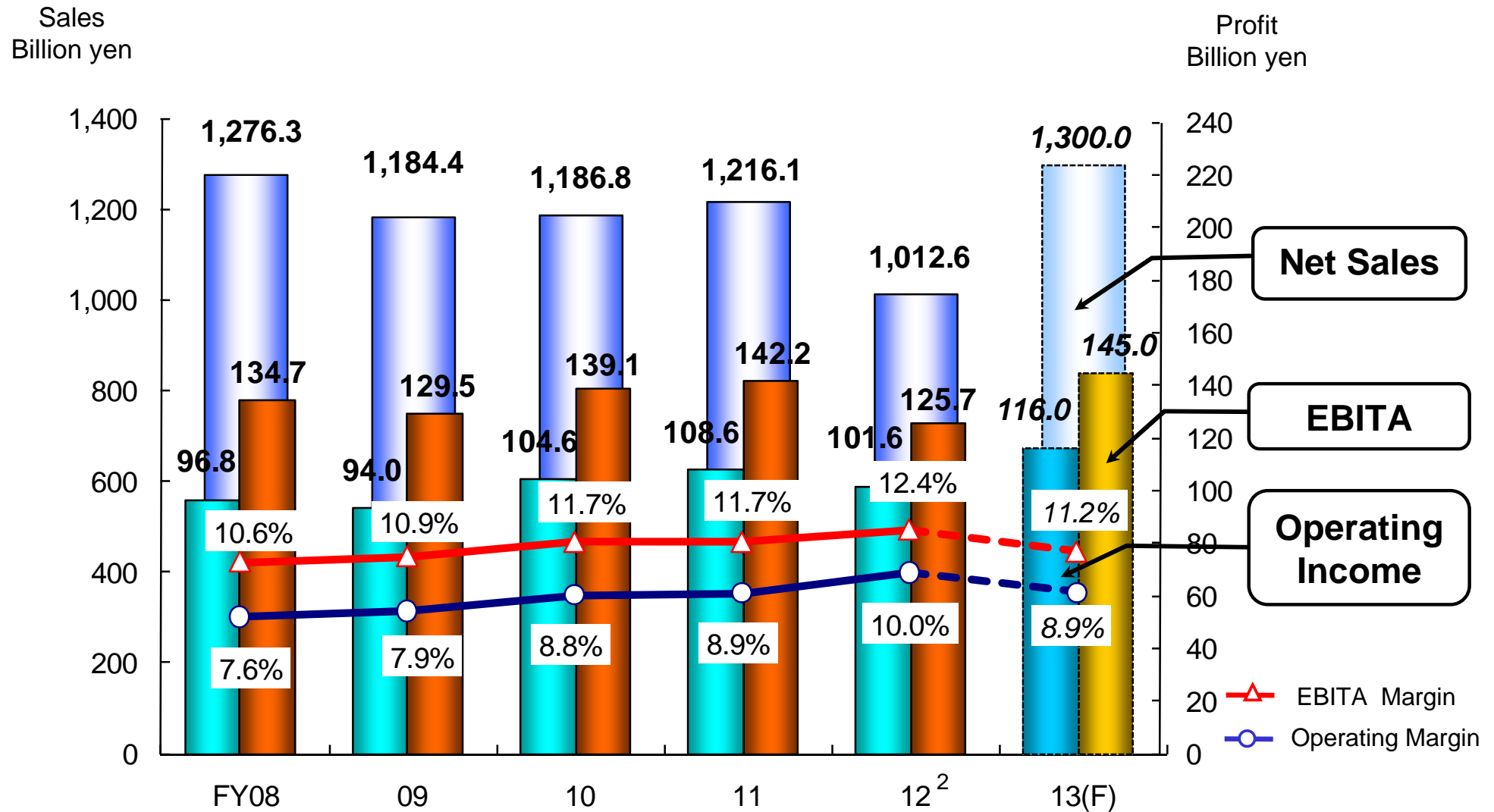
Decrease in net sales

		<p>CP<sup>1</sup> – Japan</p> <p>CP<sup>1</sup> – Asia</p> <p>CP<sup>1</sup> – Americas</p> <p>CP<sup>1</sup> – Europe</p> <p>Chemical – Asia</p> <p>Chemical – Americas</p> <p>Chemical – Europe</p>
Chemical – Japan		

1: CP = Consumer Products

2: Excludes the impact of the change in financial term. (Please refer to slide 23 for details.)

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

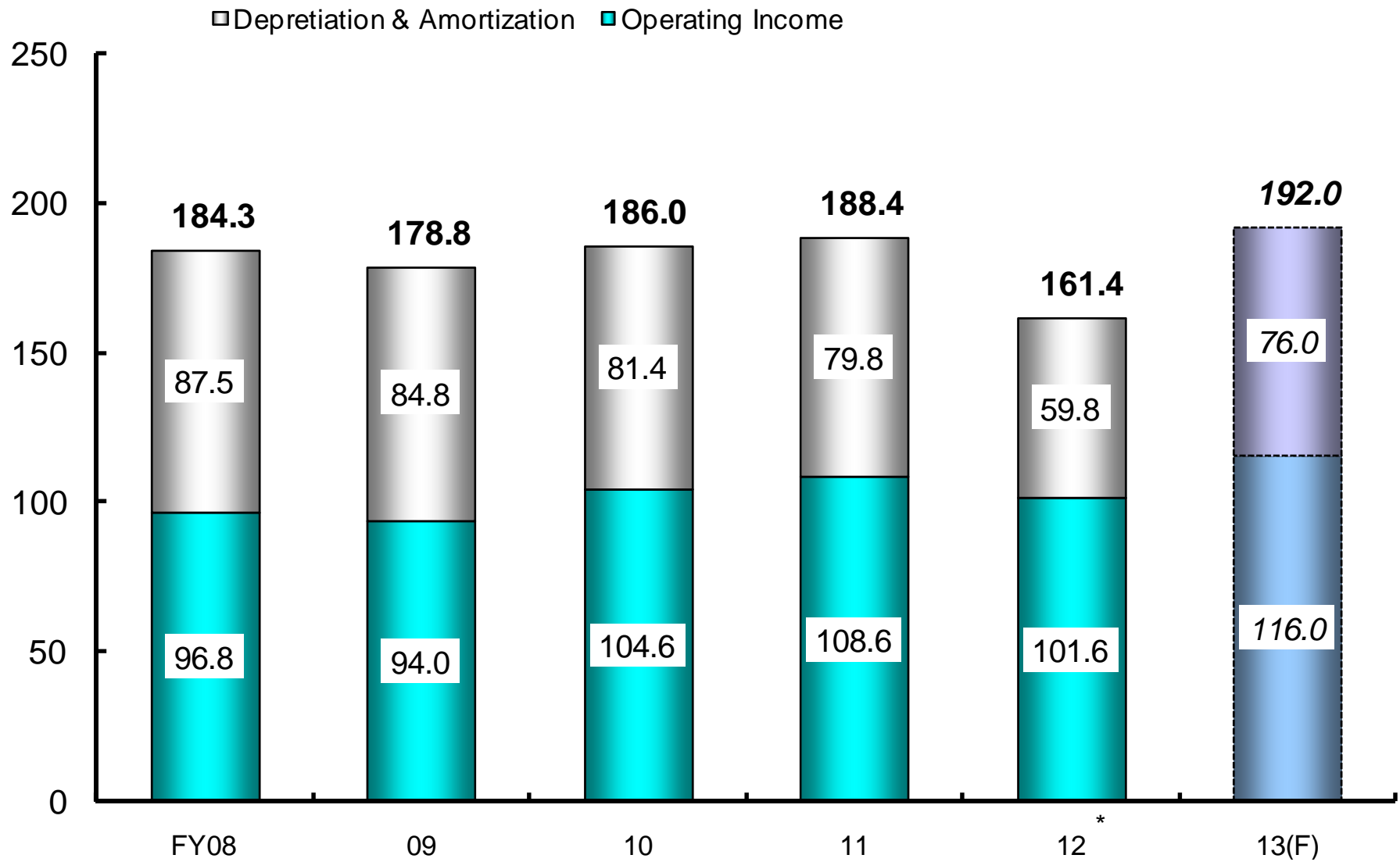


1 Operating income before amortization of goodwill and intellectual property rights related to M&A

2 Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)

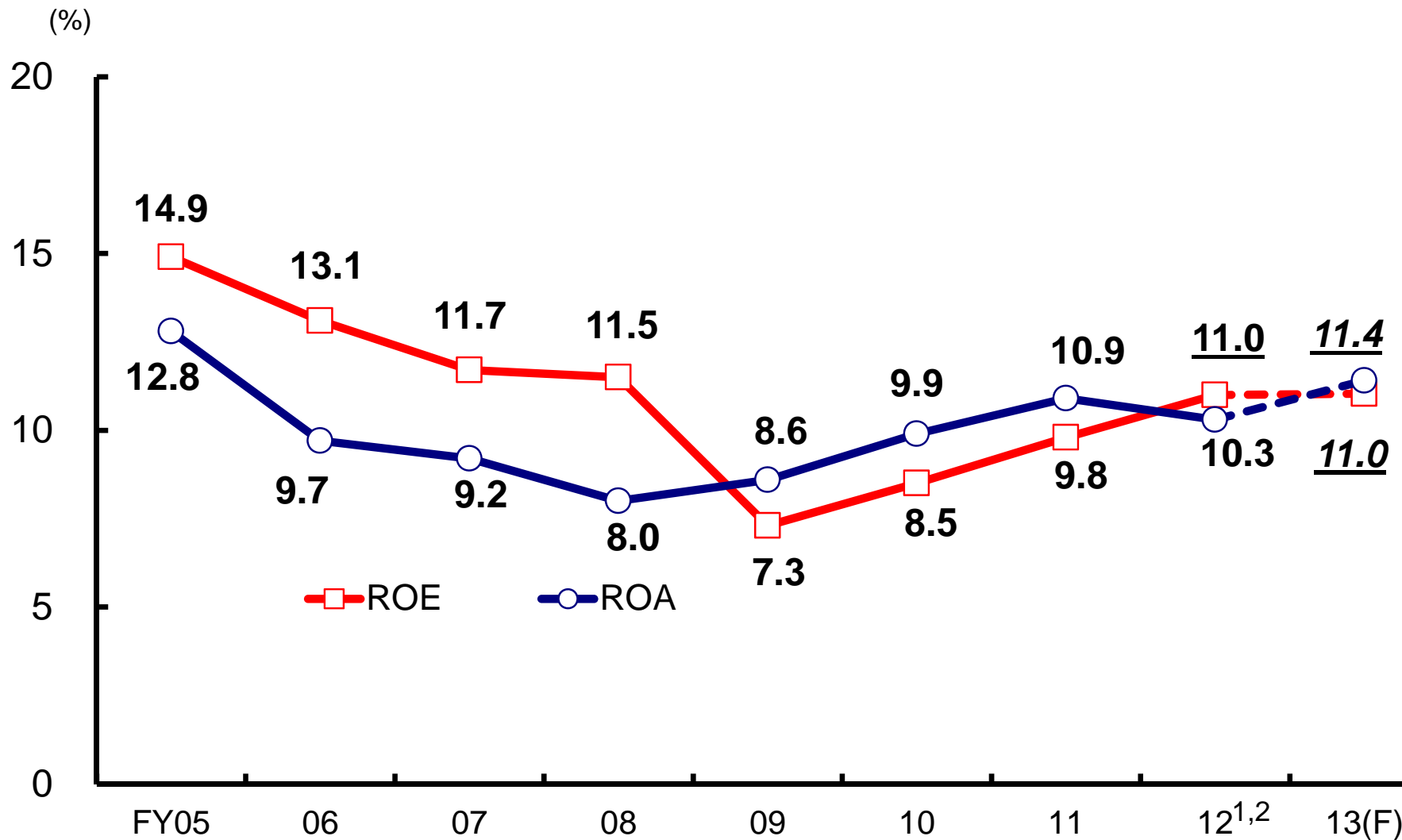
# EBITDA

Billion yen



\*Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)

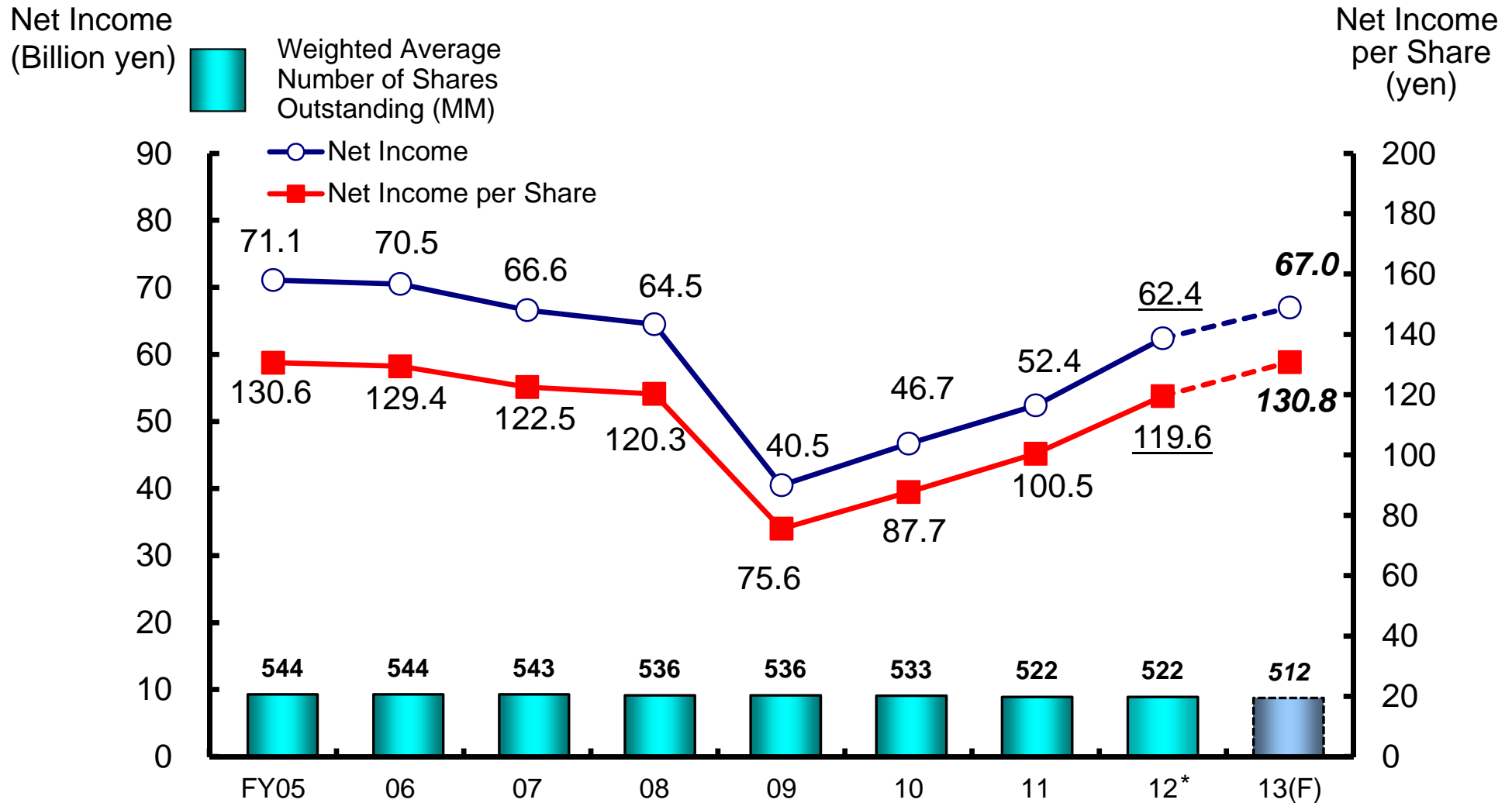
# ROE & ROA



ROA: Ordinary Income / Total assets

- 1 Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)
- 2 ROE and ROA of FY2012 are for the transitional period connected with the change in fiscal year end.

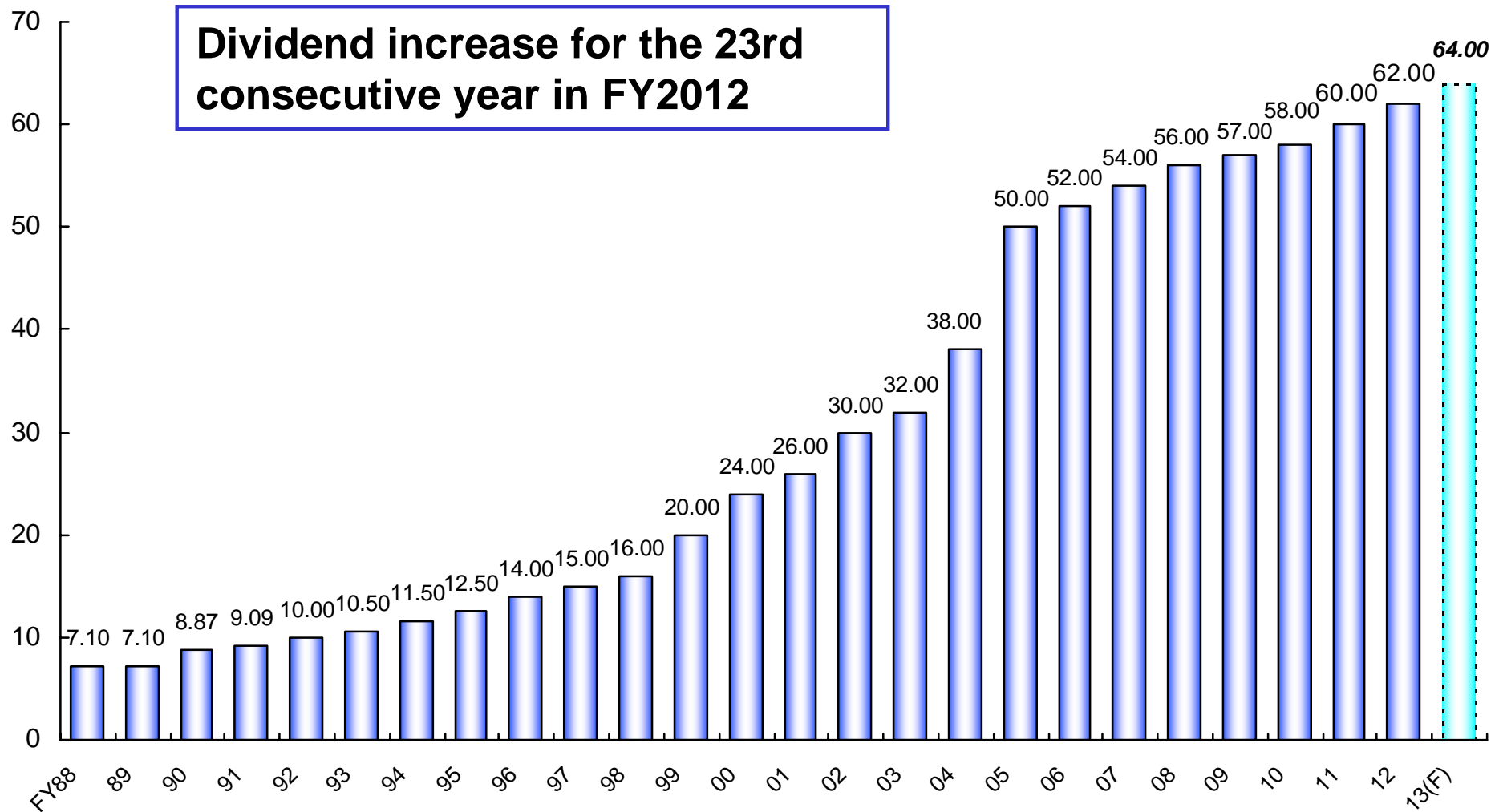
# Net Income per Share



\* Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)

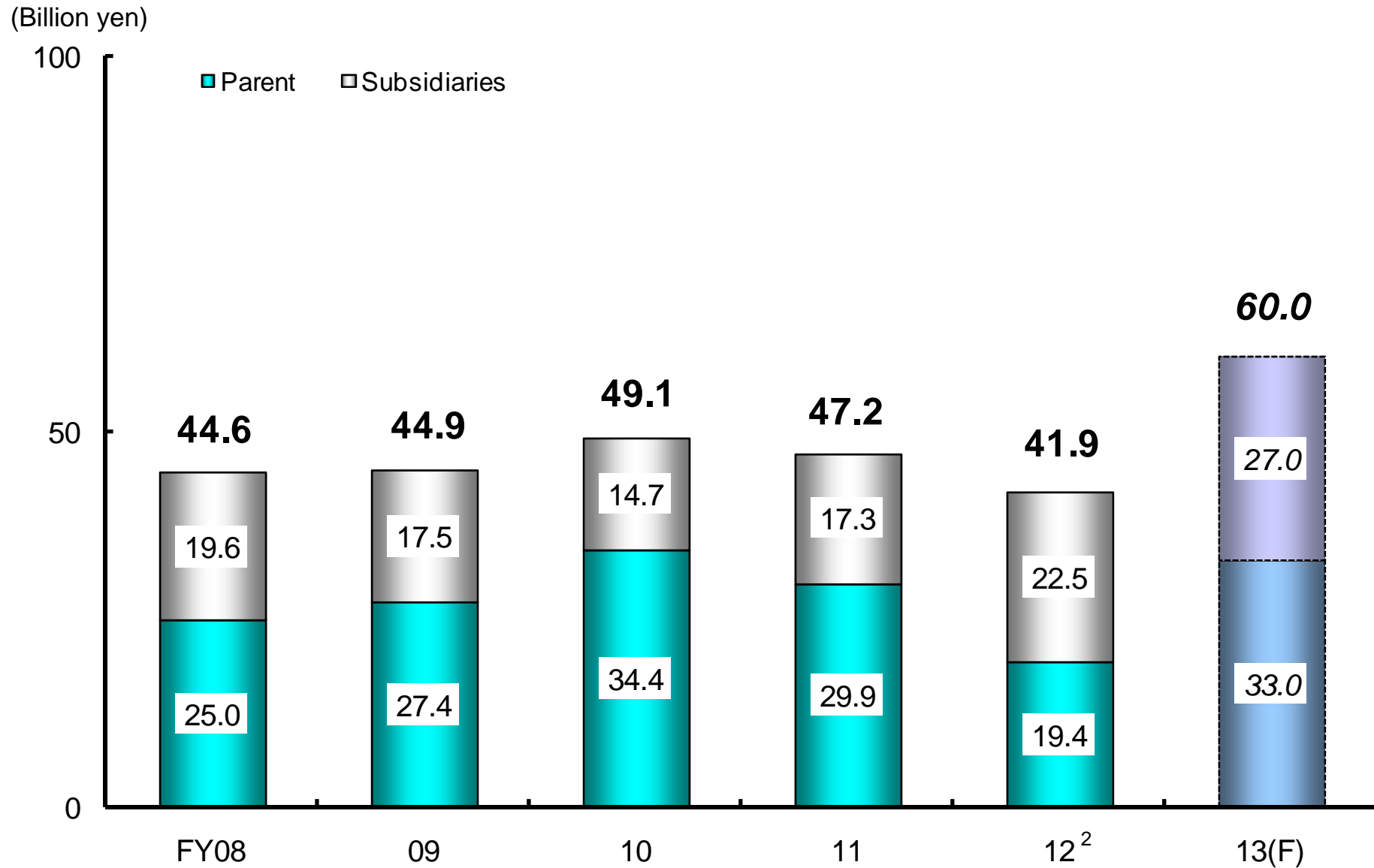
# Cash Dividends per Share

(Yen)



\*Impacts of share splits are retroactively reflected.

# Capital Expenditures



1 Includes long-term prepaid expenses.

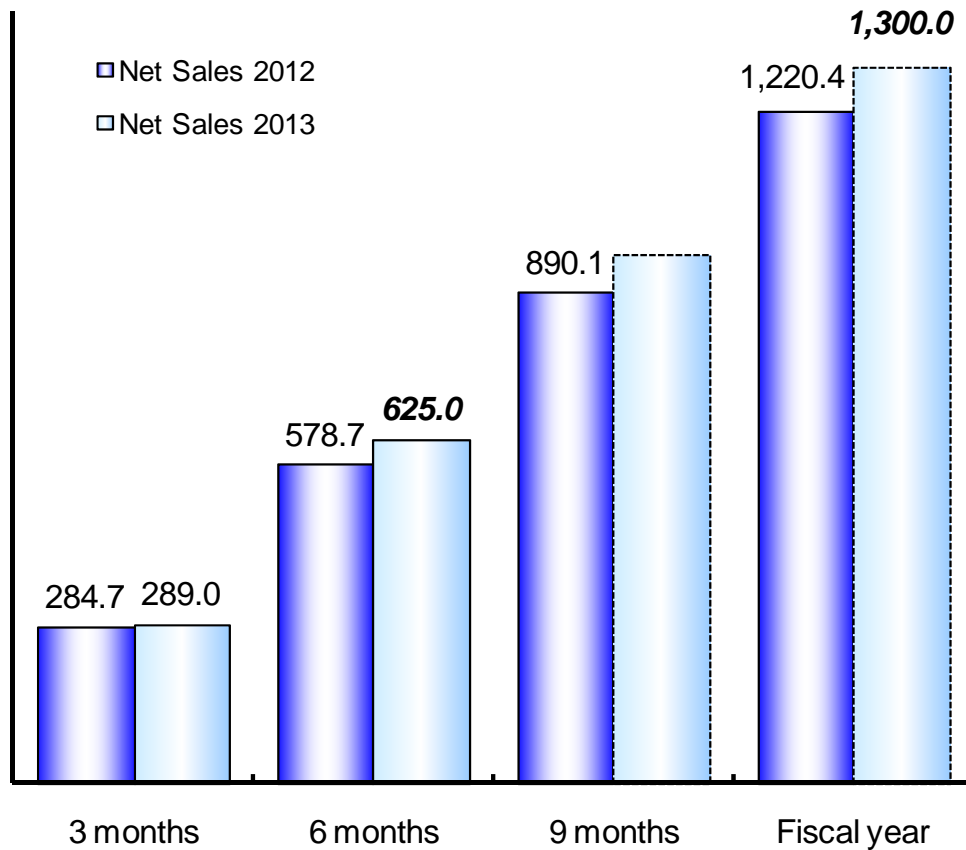
2 Fiscal year end is December 31 from FY2012. (Please refer to slide 23 for details.)



# FY2013 Quarterly Consolidated Sales and Profit Forecast

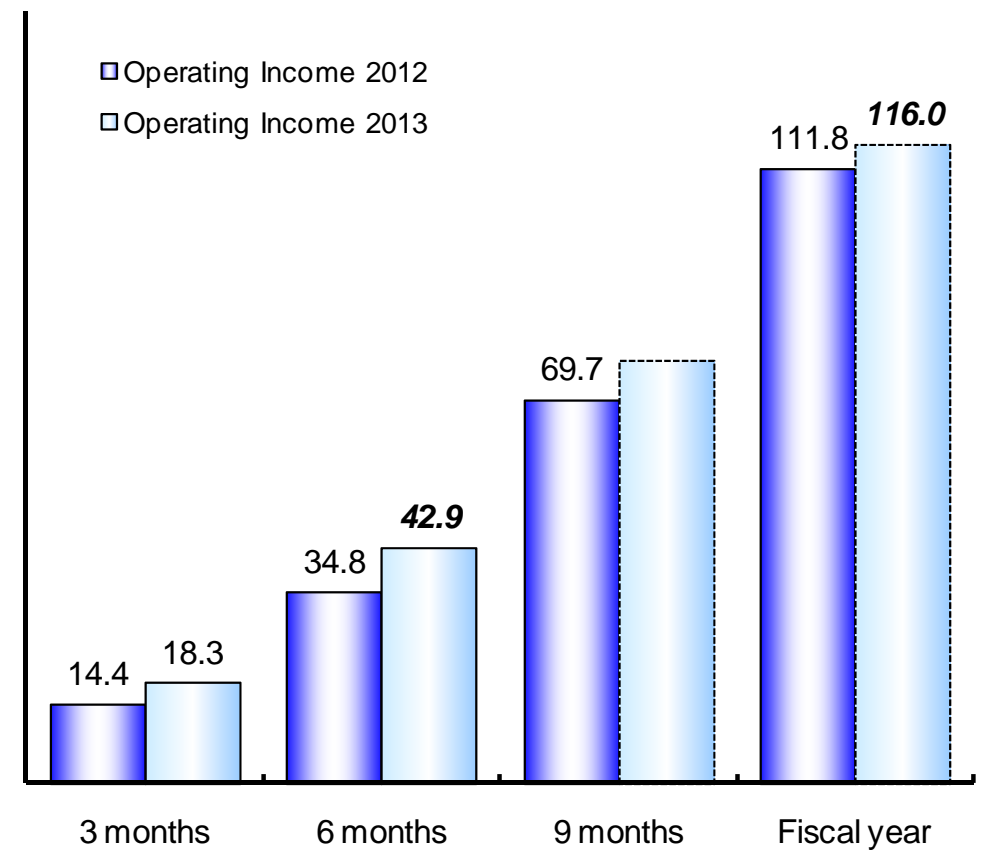
## Net Sales

(Billion yen)



## Operating Income

(Billion yen)



\* Fiscal year end is December 31 from FY2012. Figures for the twelve-month period from January 1 to December 31, 2012 for Kao Corporation and its subsidiaries whose fiscal year end was previously March 31. (Please refer to slide 23 for details.)

**KaO**

Enriching lives, in harmony with nature.