

Kao Corporation

Notice of Revision of Operating Results Forecast

July 26, 2016

Kao Corporation (the “Company — Ticker code: 4452) hereby announces that, in light of factors including recent trends in its operating results, it has decided to revise its forecast of consolidated operating results for the year ending December 31, 2016, which it released on April 27, 2016 at the time of its announcement of consolidated financial results for the three months ended March 31, 2016. The revision is as follows.

1. Revision of Forecast of Consolidated Operating Results for the Six Months Ended June 30, 2016
(January 1, 2016 to June 30, 2016)

(Millions of yen, except where noted)

	Net Sales	Operating Income	Income before income taxes	Net income, attributable to owners of the parent	Basic earnings per share (Yen)
Previous forecast (A)	710,000	65,000	65,000	38,000	75.76
Revised forecast (B)	699,500	81,100	77,100	50,000	99.69
Change (B-A)	(10,500)	16,100	12,100	12,000	-
Change	(1.5)%	24.8%	18.6%	31.6%	-
(For reference)					
Actual results for the six months ended June 30, 2015	696,592	64,041	62,797	36,876	73.57

2. Revision of Forecast of Consolidated Operating Results for the Year Ending December 31, 2016
(January 1, 2016 to December 31, 2016)

(Millions of yen, except where noted)

	Net Sales	Operating Income	Income before income taxes	Net income, attributable to owners of the parent	Basic earnings per share (Yen)
Previous forecast (A)	1,510,000	184,000	183,000	120,000	239.23
Revised forecast (B)	1,480,000	184,000	183,000	120,000	239.20
Change (B-A)	(30,000)	-	-	-	-
Change	(2.0)%	-	-	-	-
(For reference)					
Actual results for the year ended December 31, 2015	1,474,550	167,318	166,038	105,196	209.82

3. Reasons for the Revision

The Company expects net sales for the six months ended June 30, 2016 to fall short of its previously announced forecast due to greater-than-expected appreciation of the yen in currency translation. However, profits are expected to exceed the previously announced forecast, mainly due to factors including a decrease in petrochemical raw material costs and a delay in expenses incurred to the third quarter or thereafter.

The Company has also revised its forecast of operating results for the year ending December 31, 2016 in consideration of the impact of exchange rate fluctuations in the future.

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