

Financial Results for FY2017

(Ended March 31, 2018)



Apr. 27, 2018

Statement of Income (Consolidated) for 12 Months ended Mar. 31, 2017

ZEON

	FY2017	FY2016	Increase / Decrease		Remarks (JPY100m)
			Amount	Rate	
Net sales	3,327	2,876	451	16 %	Comparative analysis of net sales
Elastomer Business	1,946	1,662	283	17 %	Quantity variance +372
Specialty Materials Business	865	750	115	15 %	Price variance +46
Others	539	490	49	10 %	Exchange rate variance +33
Eliminations	-23	-26	3		
Operating income	389	308	81	26 %	Comparative analysis of operating income
(Operating income ratio) (%)	11.7%	10.7%	1.0 pt		Quantity variance +102 Raw materials price variance -38
Elastomer Business	222	206	16	8 %	Price variance +46 SG & A etc. -62
Specialty Materials Business	167	98	69	70 %	Exchange rate variance +33
Others	-0	4	-4	-108 %	
Non-operating income & expenses	20	10	10	94 %	
Ordinary income	409	318	91	29 %	
Profit or loss on extraordinary item	-160	-9	-152	- %	
Income before income taxes	249	309	-61	-20 %	Impairment loss on fixed assets -147
Net income	131	232	-101	-44 %	
Exchange rate (JPY/\$)	111.2	108.9	2.3	2 %	
Exchange rate (JPY/€)	129.3	119.5	9.8	8 %	
Naphtha price (JPY/kl)	41,800	34,700	7,100	20 %	
Asian Butadiene price (USD/t)	1,218	1,637	-419	-26 %	

Elastomer Business

	FY2017	FY2016	Increase / Decrease		Remarks (JPY100m)
			Amount	Rate	
Sales volume (thousand tons)	622	559	63	11 %	
Rubbers	360	308	52	17 %	
Latexes	130	121	9	7 %	
Chemicals	131	129	2	2 %	
Net sales	1,946	1,662	283	17 %	
Rubbers	1,380	1,125	255	23 %	
Latexes	192	178	15	8 %	
Chemicals	347	329	18	5 %	
Eliminations	26	30	-4	-14 %	
Operating income	222	206	16	8 %	
(Operating income ratio) (%)	11.4%	12.4%	-1.0	pt	

◆ Breakdown of year-on-year increase of 17% for rubbers sales volume

General-purpose rubbers	20%	Domestic sales	2%, Export sales +33%
Specialty rubbers	5%	Domestic sales	0%, Export sales +8%

◆ Specialty rubbers component ratio

Sales volume	27%	(FY2016: 30%)
Sales amount	51%	(FY2016: 54%)

Specialty Materials Business

	FY2017	FY2016	Increase / Decrease		Remarks (JPY100m)
			Amount	Rate	
Net sales	865	750	115	15 %	
Specialty Chemicals	243	208	35	17 %	
Specialty Plastics	565	490	75	15 %	
Medical Devices etc.	56	52	5	10 %	
Operating income	167	98	69	70 %	
(Operating income ratio) (%)	19.4%	13.1%	6.2 pt		

- ◆ Breakdown of year-on-year increase of 17% for specialty chemicals sales amount
Specialty Chemicals +12%, Electronic Materials +15%, Battery Materials +34%, Toner +2%
- ◆ Breakdown of year-on-year increase of 15% for specialty plastics sales amount
Cyclo-Olefin Polymer resins +7%, Optical Films +18%
- ◆ Sales volume growth rate for optical films +8%
- ◆ Proportion of the optical film sales for small-to-medium sized FPD to total optical film sales
<FY2016>18% → <FY2017>28%

Others

	FY2017	FY2016	Increase / Decrease		Remarks (JPY100m)
			Amount	Rate	
Net sales	539	490	49	10 %	
Operating income	32	29	3	12 %	
(Operating income ratio) (%)	5.9%	5.8%	0.1	pt	

Consolidated Statement of Income (Quarterly trends)

	FY2016				FY2017				Increase / Decrease FY2017 Q4 vs. FY2017 Q3		Remarks (JPY100m)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	Rate	
Sales volume (thousand tons)	135	135	134	154	149	154	156	162	6	4%	
Rubbers	81	72	72	84	84	92	90	93	3	4%	
Latexes	26	31	30	34	33	32	32	33	1	3%	
Chemicals	29	32	33	35	32	30	34	36	2	6%	
Net sales	700	702	704	770	828	839	843	817	-27	-3%	Comparative analysis of net sales
Elastomer Business	416	399	384	463	492	492	476	486	10	2%	Quantity variance -20
Rubbers	282	268	260	316	345	350	347	339	-8	-2%	Price variance -3
Latexes	46	39	41	50	52	48	45	47	1	3%	Exchange rate variance -4
Chemicals	80	84	75	90	88	89	77	93	16	21%	
Others and Eliminations	8	8	8	7	6	6	7	7	0	3%	
Specialty Materials Business	174	190	195	190	212	219	231	203	-27	-12%	
Specialty Chemicals	49	50	55	54	55	58	66	64	-1	-2%	
Specialty Plastics	113	128	127	122	144	146	150	124	-26	-17%	
Medical Devices etc.	12	12	13	14	13	15	14	14	0	1%	
Others and Eliminations	109	112	125	117	124	128	137	128	-10	-7%	
Operating income	71	62	84	92	97	102	108	82	-26	-24%	Comparative analysis of operating income
(Operating income ratio) (%)	10%	9%	12%	12%	12%	12%	13%	10%	-3 pt		Quantity variance -5 Raw materials price variance -10 SG & A etc. -4
Elastomer Business	46	38	52	70	54	60	52	55	3	5%	Price variance -3
Specialty Materials Business	25	22	28	23	41	41	52	33	-19	-36%	Exchange rate variance -4
Others and Eliminations	0	2	4	-2	1	2	3	-7	-10	-310%	
Ordinary income	58	63	101	96	108	109	112	80	-32	-28%	
Net income	39	42	80	71	70	73	-80	67	146	-	
Exchange rate (JPY/\$)	111.8	103.5	106.1	114.3	111.5	110.9	112.7	109.8	-2.9	-3%	
Exchange rate (JPY/€)	125.8	115.0	116.0	121.1	121.5	129.6	132.4	133.8	1.3	1%	
Naphtha price (JPY/kl)	31,600	31,300	34,000	41,800	39,100	36,100	44,600	47,600	3,000	7%	
Asian Butadiene price (USD/t)	1,033	1,121	1,647	2,747	1,122	1,246	1,116	1,387	271	24%	

Capital Expenditures, Depreciation & Amortization and R&D Expenses (Quarterly trends)

	FY2016				FY2017				Increase / Decrease FY2017 vs. FY2016		FY2018 forecast	Increase / Decrease FY2017 vs. FY2018	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	Rate		Amount	Rate
	Capital expenditures	86	41	50	44	33	42	41	30				
Elastomer Business	44	20	30	17	17	24	28	11					
Specialty Materials Business	37	13	14	13	12	12	5	8					
Others and Eliminations	5	8	6	14	4	6	7	12					
Cumulative capital expenditures	86	127	177	221	33	75	115	146	-76	-34%	230	84	58%
Elastomer Business	44	64	94	112	17	41	69	80	-32	-28%			
Specialty Materials Business	37	50	64	76	12	23	29	36	-40	-52%			
Others and Eliminations	5	13	19	33	4	10	17	29	-4	-12%			
Depreciation & amortization	45	49	53	57	48	49	53	55					
Elastomer Business	22	24	26	28	24	25	26	26					
Specialty Materials Business	17	18	20	23	17	18	21	21					
Others and Eliminations	6	7	7	7	6	6	6	8					
Cumulative depreciation & amortization	45	94	147	204	48	97	151	205	1	1%	200	-5	-3%
Elastomer Business	22	46	72	99	24	50	76	102	3	3%			
Specialty Materials Business	17	35	56	78	17	35	56	78	-1	-1%			
Others and Eliminations	6	12	20	27	6	12	18	25	-1	-4%			
R&D expenses	31	33	32	36	35	34	36	46					
Cumulative R&D expenses	31	64	96	132	35	70	105	151	19	14%	160	9	6%

Comparative Balance Sheets (Consolidated)

ZEON

(Unit : JPY100m)

Liabilities and Net assets			
	As of Mar. 31, 2018	As of Mar. 31, 2017	Increase / Decrease
Current assets	2,287	1,825	462
Cash and bank deposits	417	117	300
Notes and accounts receivable-trade	793	730	63
Accounts receivable-other	362	293	69
Inventories	639	619	20
Other current assets	76	67	9
Fixed assets	2,152	2,289	-137
Property, Plant and Equipment	1,156	1,381	-225
Intangible assets	34	39	-5
Investment securities	874	768	105
Other fixed assets	89	101	-12
Total assets	4,439	4,114	325

Liabilities and Net assets			
	As of Mar. 31, 2018	As of Mar. 31, 2017	Increase / Decrease
Current liabilities	1,393	1,143	250
Notes and accounts payable-trade	840	667	173
Short-term interest-bearing debt	266	195	70
Other current liabilities	287	280	7
Long-term liabilities	447	525	-78
Long-term interest-bearing debt	120	251	-131
Other long-term liabilities	327	274	53
Total net assets	2,599	2,446	153
Equity capital	2,572	2,402	170
Other net assets	28	44	-17
Total liabilities and net assets	4,439	4,114	325

Capital expenditures	146
Depreciation & amortization	-205
Other factors	-170
Fixed assets	-230

Total interest-bearing debt	386	447	-61
Equity ratio	57.9	58.4	-0.5
D/E Ratio	0.15	0.19	-0.04

◆ Cash flows

	FY2017	FY2016
Cash flows from operating activities	545	491
Cash flows from investing activities	-150	-291
Free cash flows	395	200
Cash flows from financing activities	-116	-159
Net increase (decrease) in cash and equivalents	279	41

Forecast of Operating Performance for FY2018

ZEON

(Unit : JPY100m)

	FY2018	FY2017	Increase / Decrease	
			Amount	Rate
Net sales	3,200	3,327	-127	-4 %
Elastomer Business	1,840	1,946	-106	-5 %
Specialty Materials Business	850	865	-15	-2 %
Others	530	539	-9	-2 %
Eliminations	-20	-23	3	
Operating income	320	389	-69	-18 %
(Operating income ratio) (%)	10.0%	11.7%	-1.7 pt	
Elastomer Business	170	222	-52	-23 %
Specialty Materials Business	160	167	-7	-4 %
Others	-10	-0	-10	- %
Non-operating income & expenses	20	20	-0	
Ordinary income	340	409	-69	-17 %
Net income	240	131	109	84 %
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Exchange rate (JPY/\$)	100.0	111.2	-11.2	-10 %
Exchange rate (JPY/€)	130.0	129.3	0.7	1 %
Naphtha price (JPY/kl)	44,000	41,800	2,200	5 %
Asian Butadiene price (USD/t)	1,200	1,218	-18	-1 %

Any forward-looking statements in this document are based upon information available to the company on the date of this release. These forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the company's operations and business environment which may cause the company's actual results to be materially different from any future results, expressed or implied, in these forward-looking statements.

Next Announcement of Financial Statements

The 1st quarter of FY2018	July 31th, 2018
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Subject to change without notice