

Financial Results for FY2016

(Ended March 31, 2017)



Apr. 28, 2017

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

	FY2016	FY2015	Increase / Decrease		Remarks (JPY100m)
			Amount	Percentage	
Net sales	2,876	2,956	-80	-3 %	Comparative analysis of net sales
Elastomer Business	1,662	1,789	-127	-7 %	Quantity variance +80
Specialty Materials Business	750	710	40	6 %	Price variance -66
Others	490	479	11	2 %	Exchange rate variance -94
Eliminations	-26	-22	-4		
Operating income	308	299	9	3 %	Comparative analysis of operating income
(Operating income ratio) (%)	10.7%	10.1%	0.6 pt		Quantity variance +51 Raw materials price variance +106
Elastomer Business	206	207	-2	-1 %	Price variance -66 SG & A etc. +12
Specialty Materials Business	98	82	16	20 %	Exchange rate variance -94
Others	4	9	-5	-58 %	
Non-operating income & expenses	10	23	-13	-55 %	
Ordinary income	318	322	-3	-1 %	
Profit or loss on extraordinary item	-9	-59	50	- %	
Income before income taxes	309	263	47	18 %	
Net income	232	181	51	28 %	
Exchange rate (JPY/\$)	108.9	120.6	-11.7	-10 %	
Exchange rate (JPY/€)	119.5	132.5	-13.0	-10 %	
Naphtha price (JPY/kl)	34,700	42,800	-8,100	-19 %	
Asian Butadiene price (USD/t)	1,637	961	676	70 %	

Elastomer Business

	FY2016	FY2015	Increase / Decrease		Remarks (JPY100m)
			Amount	Percentage	
Sales volume (thousand tons)	559	568	-10	-2 %	
Rubbers	308	320	-11	-4 %	
Latices	121	123	-2	-2 %	
Chemicals	129	125	4	3 %	
Net sales	1,662	1,789	-127	-7 %	
Rubbers	1,125	1,188	-63	-5 %	
Latices	178	191	-13	-7 %	
Chemicals	329	382	-53	-14 %	
Eliminations	30	28	2	7 %	
Operating income	206	207	-2	-1 %	
(Operating income ratio) (%)	12.4%	11.6%	0.8 pt		

◆ Breakdown of year-on-year decrease of 4% for rubbers sales volume

General-purpose rubbers	-2%	Domestic sales	-9%	Export sales	+4%
Specialty rubbers	-6%	Domestic sales	+5%	Export sales	-11%

◆ Specialty rubbers component ratio

Sales volume	30%	(FY2015: 31%)
Sales amount	54%	(FY2015: 58%)

Specialty Materials Business

	FY2016	FY2015	Increase / Decrease		Remarks (JPY100m)
			Amount	Percentage	
Net sales	750	710	40	6 %	
Specialty Chemicals	208	190	18	10 %	
Specialty Plastics	490	472	18	4 %	
Medical Devices etc.	52	47	4	8 %	
Operating income	98	82	16	20 %	
(Operating income ratio) (%)	13.1%	11.6%	1.5 pt		

- ◆ Breakdown of year-on-year increase of 10% for specialty chemicals sales amount
Specialty Chemicals +3%, Electronic Materials +1%, Battery Materials +38%, Toner -3%
- ◆ Breakdown of year-on-year increase of 4% for specialty plastics sales amount
Cyclo-Olefin Polymer resins -8%, Optical Films +8%
- ◆ Sales volume growth rate for optical films +21%
- ◆ Proportion of the optical film sales for small-to-medium sized FPD to total optical film sales
<FY2015>37% → <FY2016>18%

Others

	FY2016	FY2015	Increase / Decrease		Remarks (JPY100m)
			Amount	Percentage	
Net sales	490	479	11	2 %	
Operating income	29	25	4	14 %	
(Operating income ratio) (%)	5.8%	5.2%	0.6	<i>pt</i>	

Consolidated Statement of Income (Quarterly trends)

	FY2015				FY2016				Increase / Decrease FY2016 Q4 vs. FY2016 Q3		Remarks (JPY100m)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	Percentage	
	Sales volume (thousand tons)	141	146	135	146	135	135	134	154	19	
Rubbers	77	85	75	83	81	72	72	84	13	18 %	
Latices	33	31	30	30	26	31	30	34	4	14 %	
Chemicals	32	30	30	33	29	32	33	35	2	7 %	
Net sales	760	765	722	710	700	702	704	770	66	9 %	Comparative analysis of operating income
Elastomer Business	468	463	430	429	416	399	384	463	79	21 %	Quantity variance +8
Rubbers	312	315	279	282	282	268	260	316	56	22 %	Price variance +40
Latices	51	44	50	45	46	39	41	50	9	22 %	Exchange rate variance +18
Chemicals	99	100	93	91	80	84	75	90	15	20 %	
Others and Eliminations	6	5	6	11	8	8	8	7	-1	-10 %	
Specialty Materials Business	176	184	179	170	174	190	195	190	-5	-2 %	
Specialty Chemicals	45	47	48	50	49	50	55	54	-1	-2 %	
Specialty Plastics	120	126	120	107	113	128	127	122	-4	-3 %	
Medical Devices etc.	11	12	12	13	12	12	13	14	1	5 %	
Others and Eliminations	115	118	114	111	109	112	125	117	-8	-7 %	
Operating income	78	87	77	56	71	62	84	92	8	9 %	Comparative analysis of operating income
(Operating income ratio) (%)	10%	11%	11%	8%	10%	9%	12%	12%	-0 pt		Quantity variance-9 Raw materials price variance -36
Elastomer Business	57	51	55	44	46	38	52	70	19	36 %	Price variance +40 SG & A etc. -5
Specialty Materials Business	19	34	19	10	25	22	28	23	-5	-16 %	Exchange rate variance +18
Others and Eliminations	3	2	3	1	0	2	4	-2	-6	-156 %	
Ordinary income	85	86	83	67	58	63	101	96	-5	-5 %	
Net income	56	53	27	44	39	42	80	71	-8	-10 %	
Exchange rate (JPY/\$)	121.0	122.6	121.2	117.7	111.8	103.5	106.1	114.3	8.2	8 %	
Exchange rate (JPY/€)	132.7	136.3	132.5	128.6	125.8	115.0	116.0	121.1	5.2	4 %	
Naphtha price (JPY/kl)	48,800	47,200	40,900	34,300	31,600	31,300	34,000	42,000	8,000	24 %	
Asian Butadiene price (USD/t)	1,175	1,004	756	908	1,033	1,121	1,647	2,747	1,100	67 %	

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

(Unit : JPY100m)

	FY2015				FY2016				Increase / Decrease FY2016 vs. FY2015		FY2017 forecast	Increase / Decrease FY2016 vs. FY2017	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	percentage		Amount	percentage
	Capital expenditures	59	72	86	60	86	41	50	44				
Elastomer Business	39	28	58	32	44	20	30	17					
Specialty Materials Business	16	25	17	17	37	13	14	13					
Others and Eliminations	4	18	12	11	5	8	6	14					
Cumulative capital expenditures	59	131	217	276	86	127	177	221	-55	-20 %	223	2	1% %
Elastomer Business	39	67	125	157	44	64	94	112	-45	-29 %			
Specialty Materials Business	16	42	58	75	37	50	64	76	1	2 %			
Others and Eliminations	4	22	34	45	5	13	19	33	-12	-26 %			
Depreciation & amortization	50	51	54	55	45	49	53	57					
Elastomer Business	23	23	25	25	22	24	26	28					
Specialty Materials Business	21	21	22	22	17	18	20	23					
Others and Eliminations	6	6	7	7	6	7	7	7					
Cumulative depreciation & amortization	50	101	154	209	45	94	147	204	-5	-2 %	226	22	11% %
Elastomer Business	23	46	72	97	22	46	72	99	2	2 %			
Specialty Materials Business	21	42	64	86	17	35	56	78	-7	-8 %			
Others and Eliminations	6	12	19	26	6	12	20	27	0	1 %			
R&D expenses	33	35	35	39	31	33	32	36					
Cumulative R&D expenses	33	68	103	141	31	64	96	132	-9	-6 %	140	7	6% %

Comparative Balance Sheets (Consolidated)

ZEON

(Unit : JPY100m)

Liabilities and Net assets			
	As of Mar. 31, 2017	As of Mar. 31, 2016	Increase / Decrease
Current assets	1,825	1,729	96
Cash and bank deposits	117	80	37
Notes and accounts receivable-trade	730	660	70
Accounts receivable-other	293	266	27
Inventories	619	637	-19
Other current assets	67	86	-19
Fixed assets	2,289	2,118	170
Property, Plant and Equipment	1,381	1,385	-5
Intangible assets	39	42	-3
Investment securities	768	608	160
Other fixed assets	101	83	18
Total assets	4,114	3,848	267

Capital expenditures	221
Depreciation & amortization	-204
Other factors	-25
Fixed assets	-8

Liabilities and Net assets			
	As of Mar. 31, 2017	As of Mar. 31, 2016	Increase / Decrease
Current liabilities	1,143	1,144	-2
Notes and accounts payable-trade	667	536	131
Short-term interest-bearing debt	195	278	-82
Other current liabilities	280	331	-50
Long-term liabilities	525	547	-22
Long-term interest-bearing debt	251	293	-42
Other long-term liabilities	274	254	20
Total net assets	2,446	2,156	290
Equity capital	2,402	2,108	294
Other net assets	44	48	-4
Total liabilities and net assets	4,114	3,848	267

Total interest-bearing debt	447	571	-124
Equity ratio	58.4	54.8	3.6
D/E Ratio	0.19	0.27	-0.08

◆ Cash flows

	FY2016	FY2015
Cash flows from operating activities	491	476
Cash flows from investing activities	-291	-348
Free cash flows	200	128
Cash flows from financing activities	-159	-90
Net increase (decrease) in cash and equivalents	41	38

Forecast of Operating Performance for FY2017

ZEON

(Unit : JPY100m)

	FY2017	FY2016	Increase / Decrease	
			Amount	Percentage
Net sales	2,900	2,876	24	1 %
Elastomer Business	1,680	1,662	18	1 %
Specialty Materials Business	770	750	20	3 %
Others	480	490	-10	-2 %
Eliminations	-30	-26	-4	
Operating income	290	308	-18	-6 %
(Operating income ratio) (%)	10.0%	10.7%	-0.7 pt	
Elastomer Business	197	206	-9	-4 %
Specialty Materials Business	105	98	7	7 %
Others	-12	4	-16	-413 %
Non-operating income & expenses	10	10	0	
Ordinary income	300	318	-18	-6 %
Net income	200	232	-32	-14 %
Exchange rate (JPY/\$)	110.0	108.9	1.1	1 %
Exchange rate (JPY/€)	115.0	119.5	-4.5	-4 %
Naphtha price (JPY/kl)	39,000	34,700	4,300	12 %
Asian Butadiene price (USD/t)	1,400	1,637	-237	-14 %

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 FY2017	July 31th, 2017
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Subject to change without notice