

Mid-term Management Plan



Current Status

ZEON
ZEON CORPORATION

Kimiaki Tanaka
President

April 26, 2019

1. Overall Progress of Phase III

2. Strategy by Segment and Business Topics

Corporate Philosophy

Zeon CSR Policy

Vision

Enterprise Blueprint for 2020

Zeon makes the Future Today through the Power of Chemistry.
Zeon will continue to contribute to the realization of customer dreams and a prosperous society through employees' individual growth.

Key Sense of Value

Speed

Dialogue

Social
contribution

Treasured Zeon Characteristics

**Mutual trust and Confidence
among Zeon Members**

**SZ-20
(2011–13)**

**Phase II
(2014–16)**

**Phase III
(2017–20)**

Corporate Philosophy

Zeon is contributing to the preservation of the Earth and the prosperity of the human race.

Zeon, with its name from the words signifying the Earth (geo) and eternity (eon), is committed to responsible stewardship of the global environment as the foundation for human prosperity through the development and application of unique, world-leading technologies.

Zeon CSR Policy

- **We will ensure compliance and meet society's needs for safety and security**
- **We will contribute to sustainably developing society and protecting the global environment through our corporate activities**
- **We will ensure that each and every Zeon person is aware of CSR and acts accordingly**

Enterprise Blueprint for 2020

**Zeon makes the Future Today
through the Power of Chemistry.**

Zeon will continue to contribute to the realization of customer dreams and a prosperous society through employees' individual growth.

**Targeting consolidated net sales of
over 500 billion yen in FY2020**

SZ-20 Phase III: Groupwide Strategy

Growth

1. **Reinforce** the combined strengths of the Zeon Group. **Explore** ways of going beyond boundaries and collaborating with external players to provide **solutions** globally as a contribution to society.
2. **Accelerate the pace of new business creation and product development** in key development areas: global environment, smart devices, and health and living.

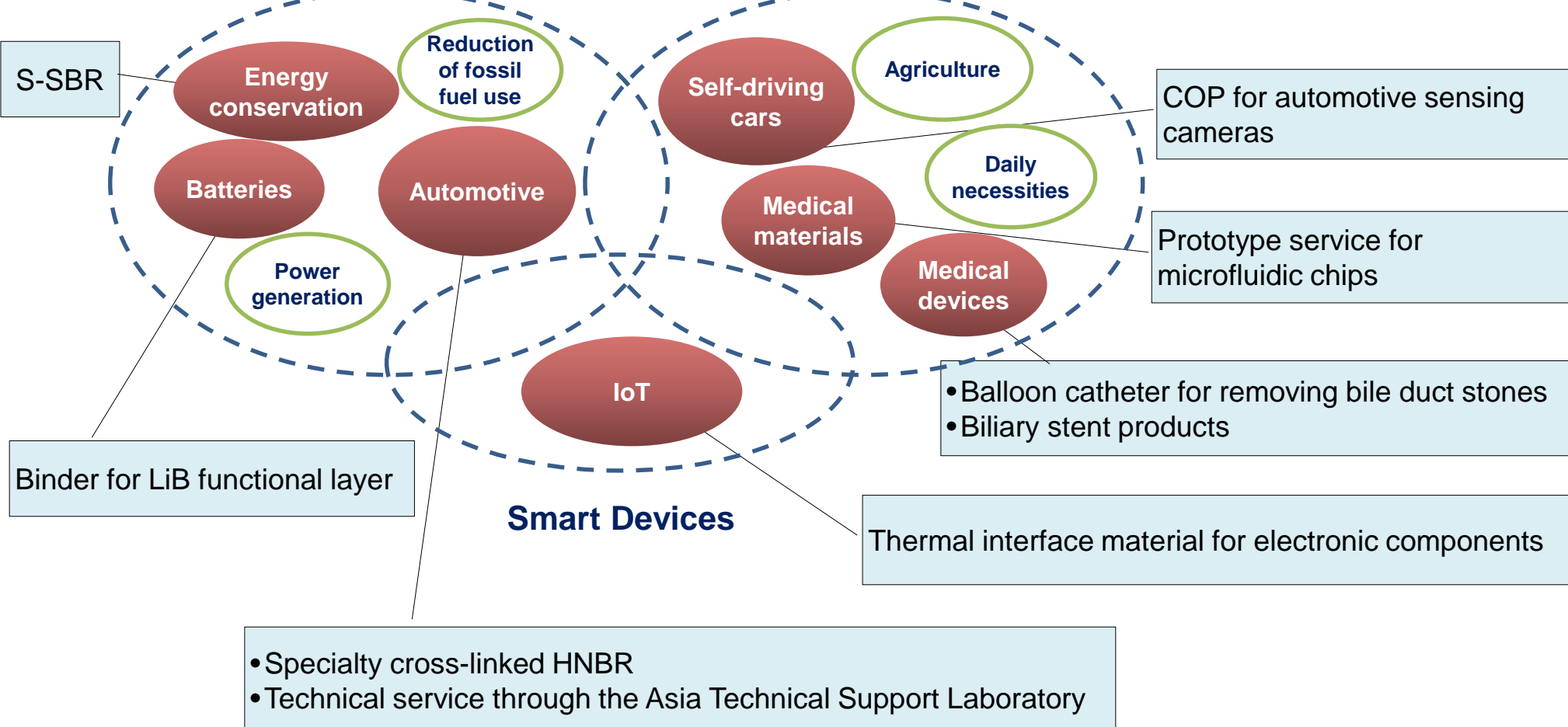
Culture

3. **Cultivate a corporate culture that places value on taking proactive action by harnessing diverse ideas and trying them.**

Applying our new products and services in growth areas

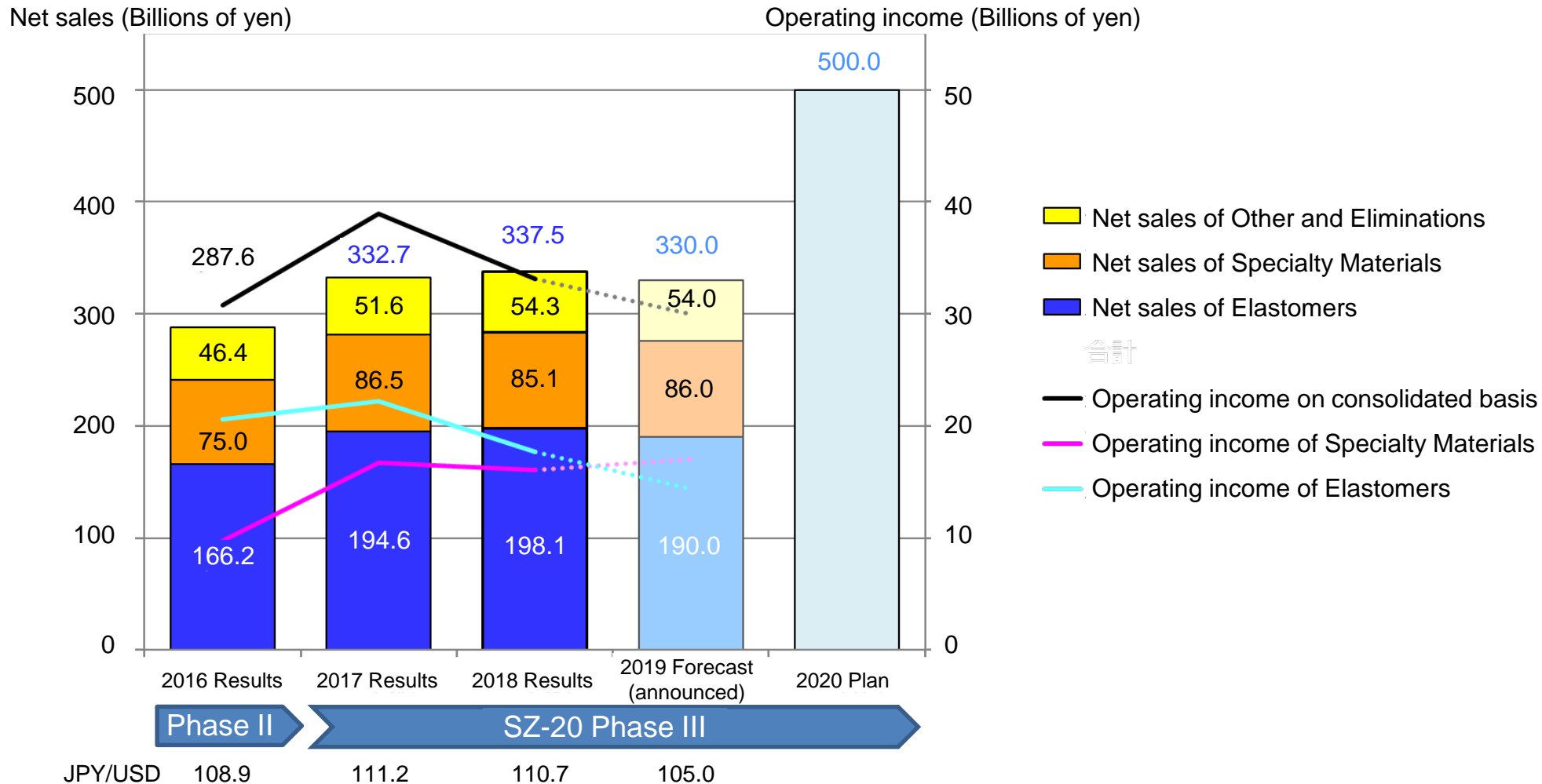
Global Environment

Health and Living



Record sales for the second year running at the start of Phase III has shifted us to 330 billion yen level.

- **Elastomer Business:** benefited from a surge in raw material prices
- **Specialty Materials Business:** COP resins and battery materials are enjoying growth



1. Overall Progress of Phase III

2. Strategy by Segment and Business Topics

Strategy by Business Segment

Elastomer Business

- Reinforce competitive businesses by responding globally to growth markets and raising cost effectiveness.
- Explore new opportunities and achieve growth based on the Zeon's reputation in the market and relationships with customers

Specialty Materials Business

- Expand business in step with the speed of market growth and technological progress through focused investment of resources and stronger collaboration with outside players.

Strategy by Business Segment

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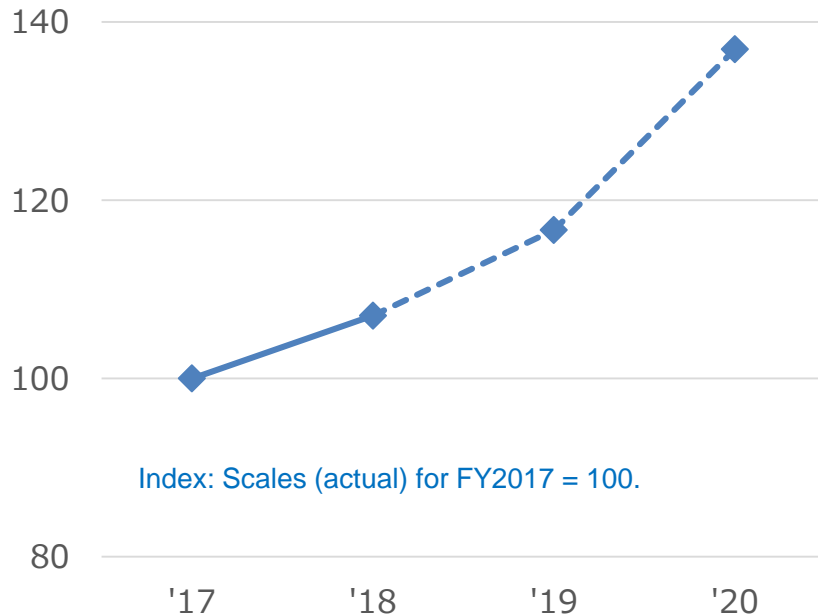
Leveraging synergistic effects in technology and production to become the global leader

ZS Elastomers is committed to providing products that meet Tire Customers' requirements such as

- Low fuel consumption (Low rolling resistance)
- Safety (Good wet grip)
- Longer service life (Good abrasion resistance)
- Cornering stability (Good mechanical properties)



S-SBR Sales Forecast



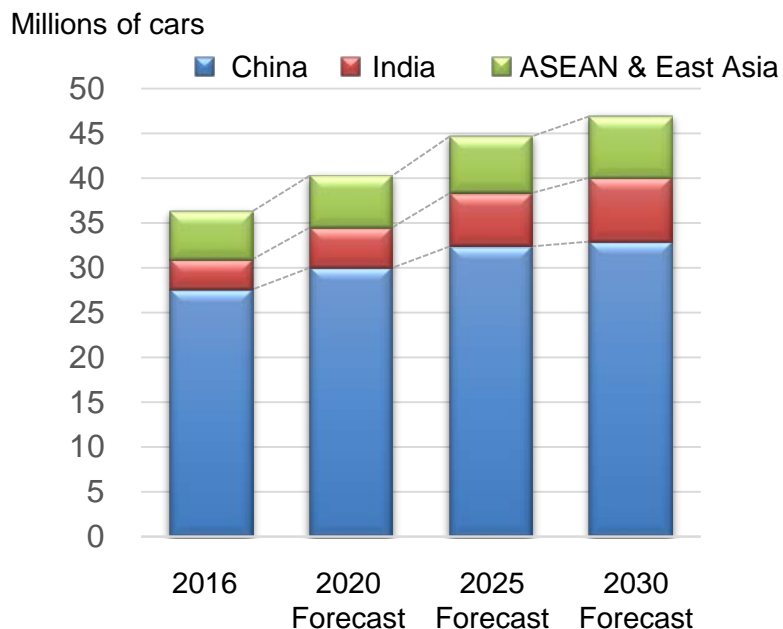
Index: Scales (actual) for FY2017 = 100.

Business Environment	Global demand for S-SBR continues to grow following the growth of eco-tires production worldwide.
Future Plans	Launching “Hibrid” S-SBR based on combined technologies between Zeon and Sumitomo Chemical to comply with Customers Requirementsl.



Reinforcing our manufacturing, sales, and technical support network in Asia

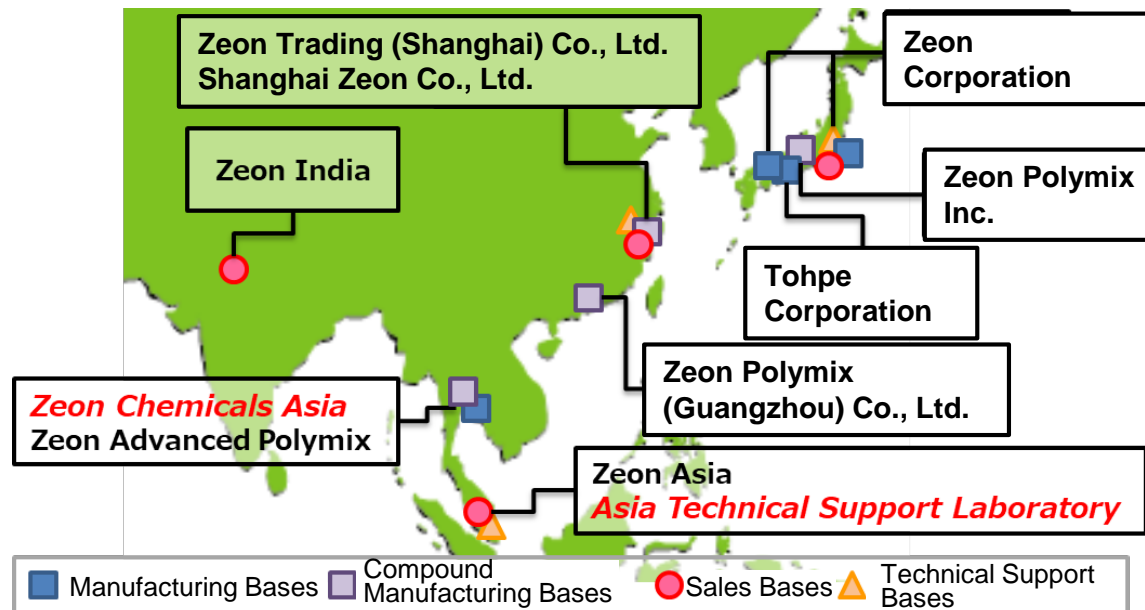
Sales Forecast for Internal Combustion Engine Vehicles Including HEVs



Sources:

1. ASEAN, East Asia, and China: "2018 In-depth Analysis Survey of HEV, EV-related markets" published by Fuji Keizai Co., Ltd. (Total figures for HEV, PHEV, 48V M-HV, and internal combustion engine vehicles).
2. India: the figures are based on Zeon's estimates.

Our Expanding Specialty Rubber Network in Asia



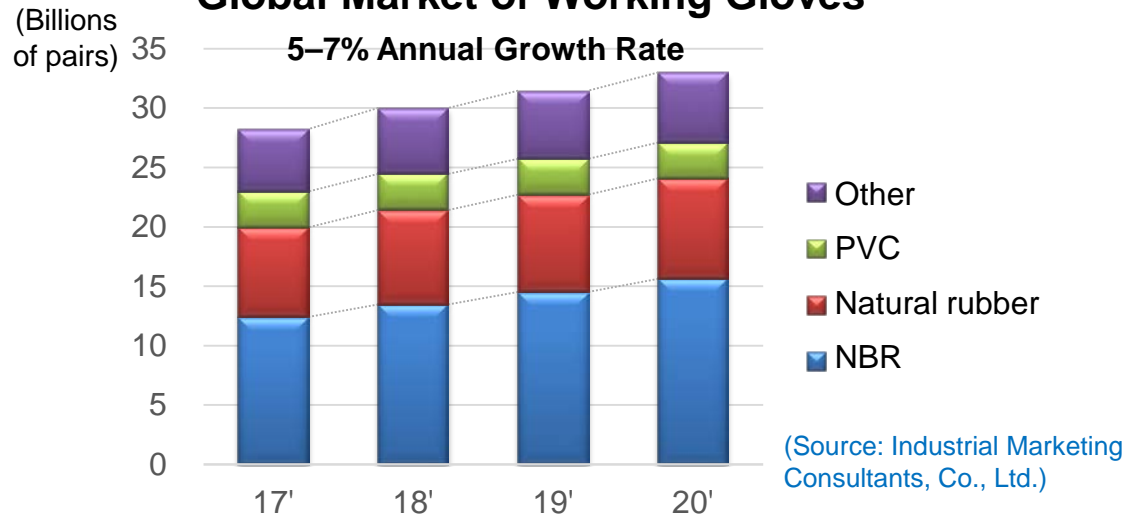
New subsidiary established in Thailand:

Zeon Chemicals Asia Co., Ltd.

- Production capacity: 5,000 tons/year
- Construction to be completed by spring 2020

Continuous new products launching for growing “working gloves” market

Global Market of Working Gloves

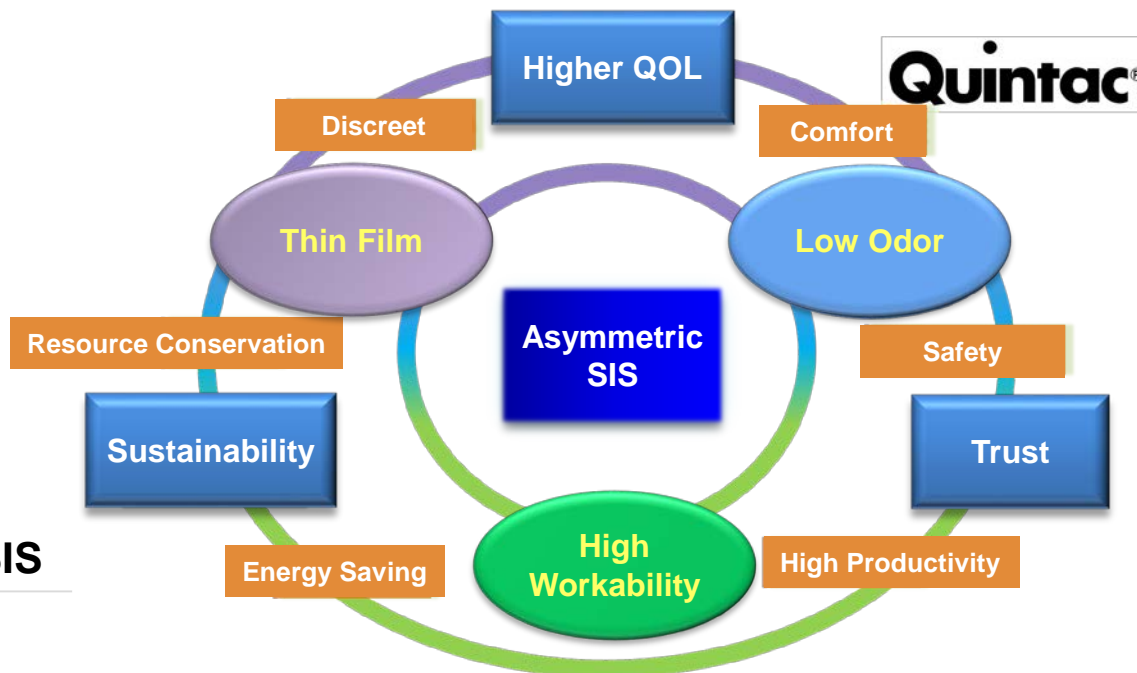
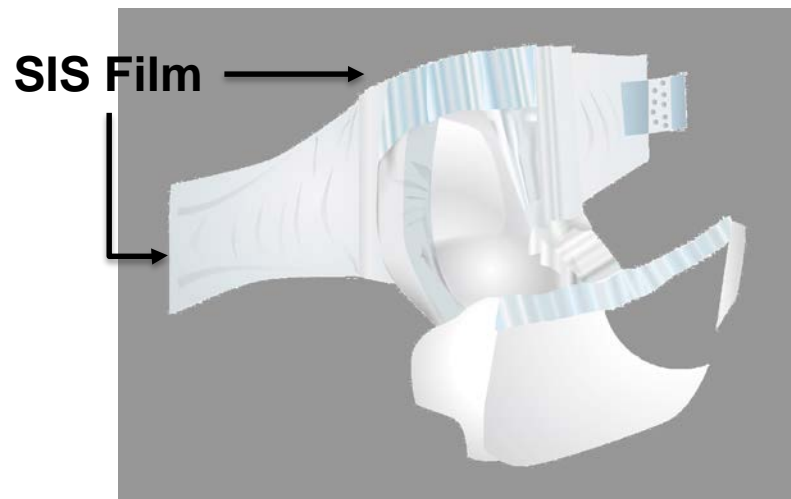


Sales Plan of Latex for Working Glove

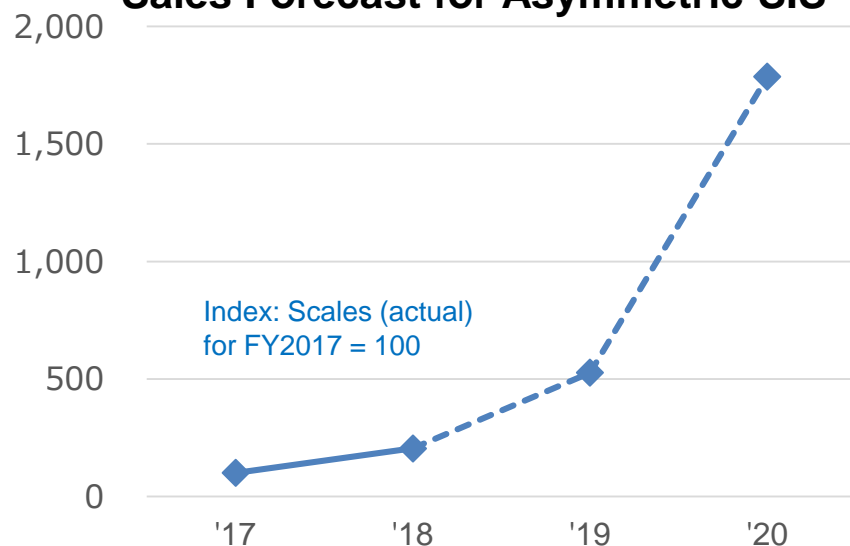


Market Situation	The market demand for working gloves is significantly rising due to the safety awareness from various industries (mainly in Europe)
Future Plans	Developing and marketing new products targeting launch in FY2019

Application of asymmetric SIS expanded to paper diapers in 2018



Sales Forecast for Asymmetric SIS



Business Environment	Paper diapers market is growing 6% annually.
Future Plans	Sales of asymmetric SIS are forecast to exceed initial estimates in 2020, driven by high expectations for adhesive labels and flexographic plates in addition to hygienic materials.

Developing the Global Business from bases in Japan, China, and Mexico

Powder Slush Compounds (PSC)

- PVC-based powder compounds for slush molding
- Superior design, moldability, and low-temperature properties

Zeon Kasei Mexico S.A. de C.V.



PSC Application: Automotive Interior Skins



Business Environment	PVC/PSC are increasingly chosen by automakers in Japan and overseas as interior skin materials for automobiles.
Future Plans	New users are in evaluating processes, and more types of cars are going to adopt our PSC.

Strategy by Business Segment

Elastomer Business

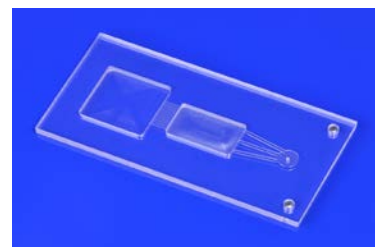
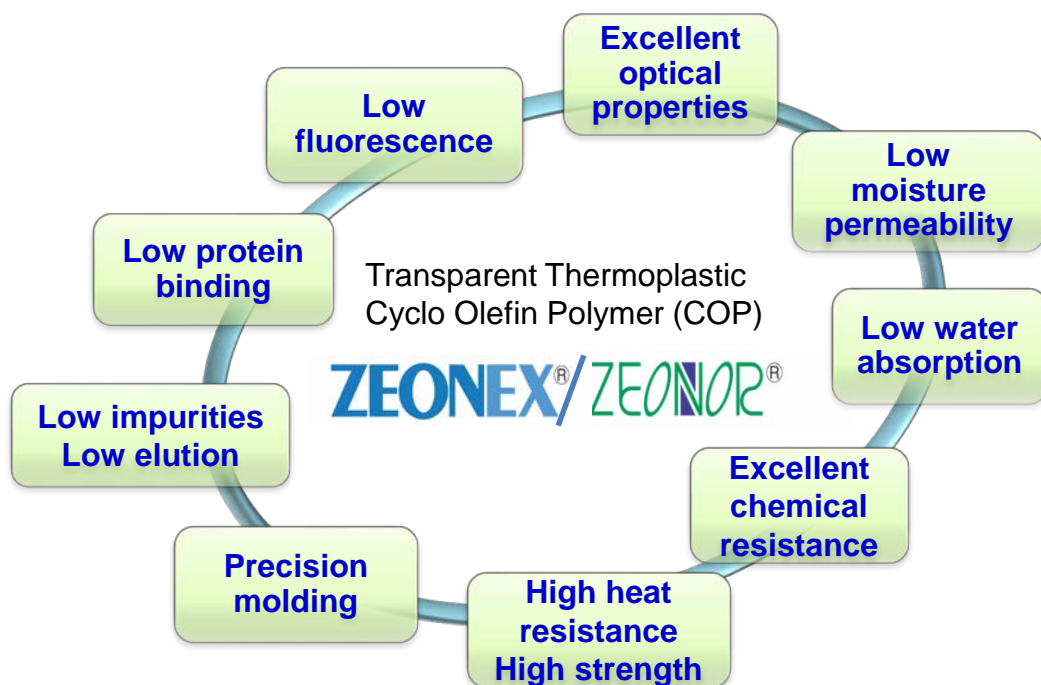
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Specialty Materials Business

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Bolstering the prototype development business for the optical, medical, and biotech markets

- Started one-stop service for the diversifying medical and biotech markets (ex. microfluidic chips with COP resin) to provide our new products and services more quickly
- Supporting universities, research institutions, and startup companies in and outside of Japan more closely



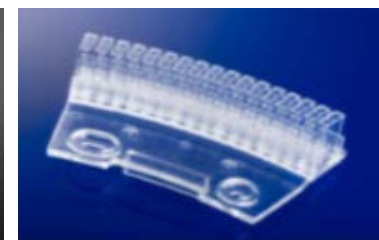
Microfluidic chip



Prefilled syringe



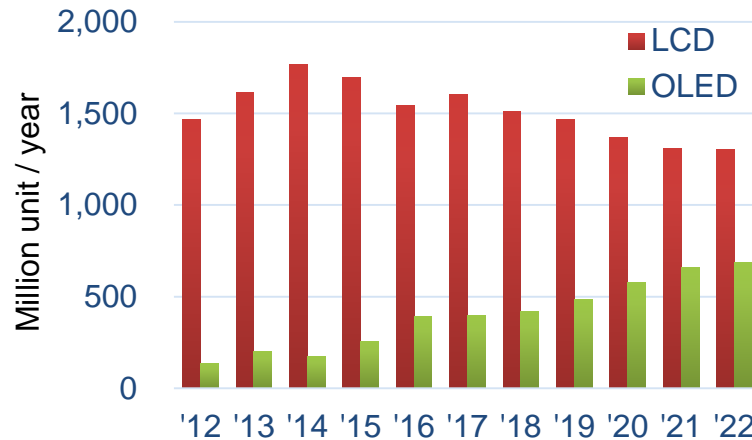
Optical lens



Blood test cells

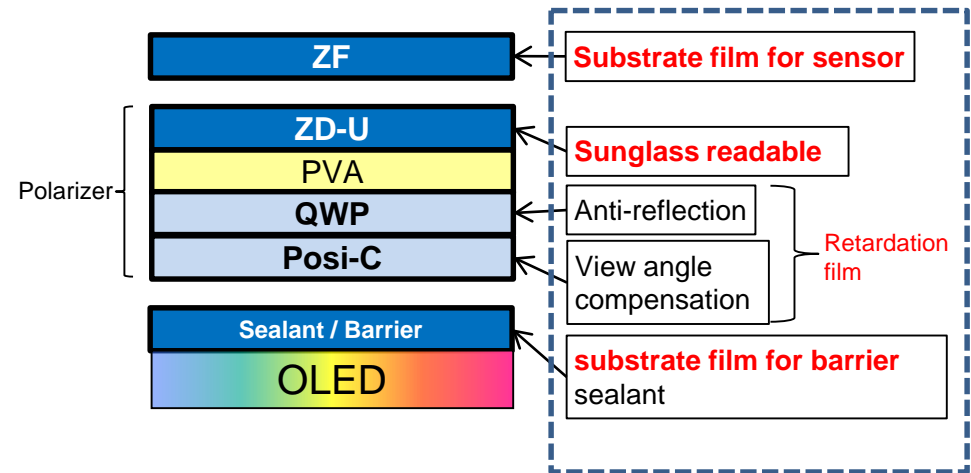
We expand the adoption of new products for small and medium-sized OLEDs

Market forecast of FPD for Mobile Phones



Compiled by Zeon based on data from the IHS Forum (Jan. 2019).

Stack up for OLED (Application example of ZeonorFilm®)

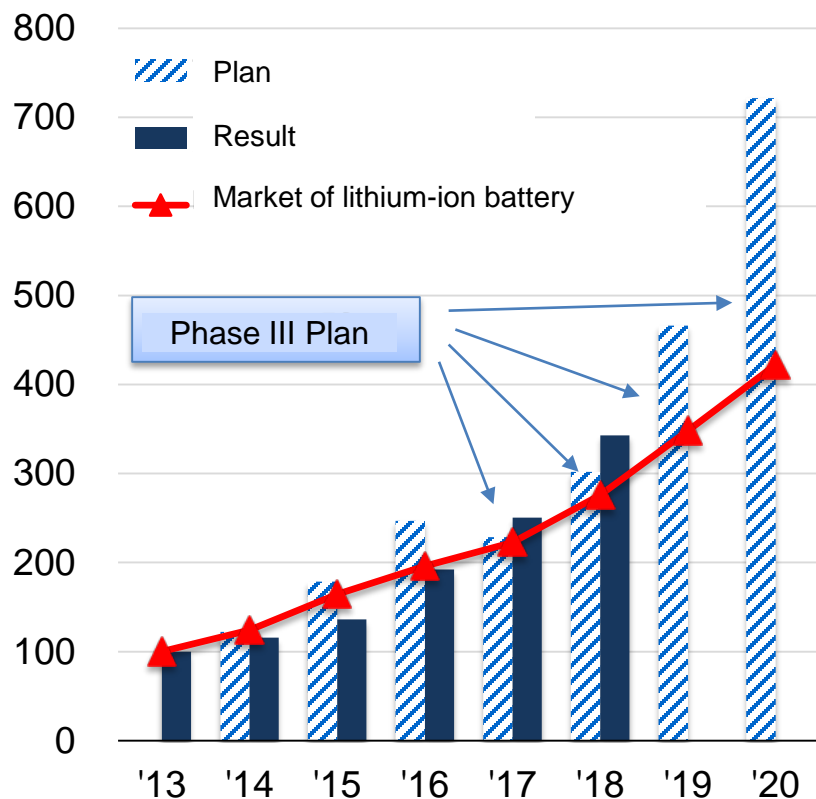


New products for the small and medium-sized OLEDs:

- Retardation films (ZA-film, Liquid Crystal coated film)
- Substrate film for sensor (ZC-Film)

Providing products to meet growing demand in the automotive battery market

Sales Forecast for Battery Materials

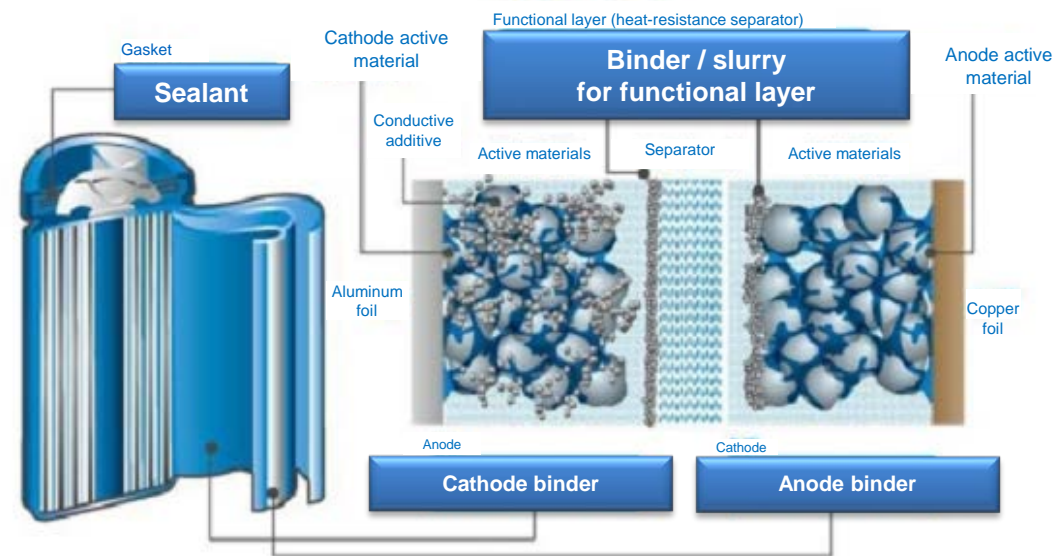


Index: FY2013 = 100

Source of market data: B3, Inc. report

Characteristics of Zeon Products

Sealant Preventing electrolyte leaks → Durability	Binder for Cathodes and Anodes Reducing electrode swelling during cycle. → Durability and safety
Binder for Functional Layer It has been adopted in the mobile market since 2005. In the automotive market, it has been adopted for hybrid cars since 2009. → Safety	Controlling chemical reactions on the surface of active materials → High rate



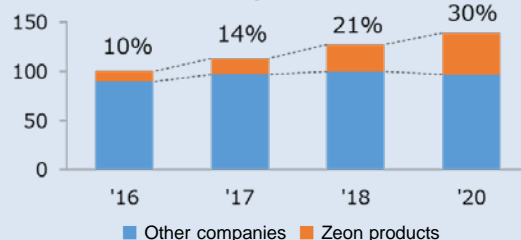
Expanding business with FFR devices, biliary stone extraction, and gastrointestinal stents

Cardiovascular Business: increased market share by advanced accuracy and reliability of pressure measurement

Aim for 30% of FFR market share with fiber optic sensing technology by FY2020



FFR Market in Japan and Zeon's Share



Endoscopic Business: focus on minimally invasive devices

Products launched in FY2018

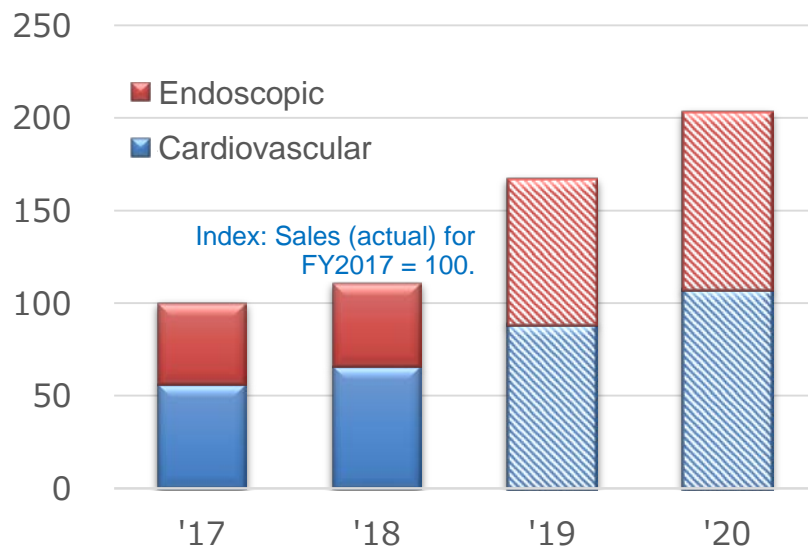


Next-generation balloon catheter for extracting biliary stones



New type of biliary stents

Sales Forecast for Medical Devices



Business Environment

The market for minimally invasive medical devices grew 2.2% on the year in Japan. In particular, the FFR market expanded by more than 20%.

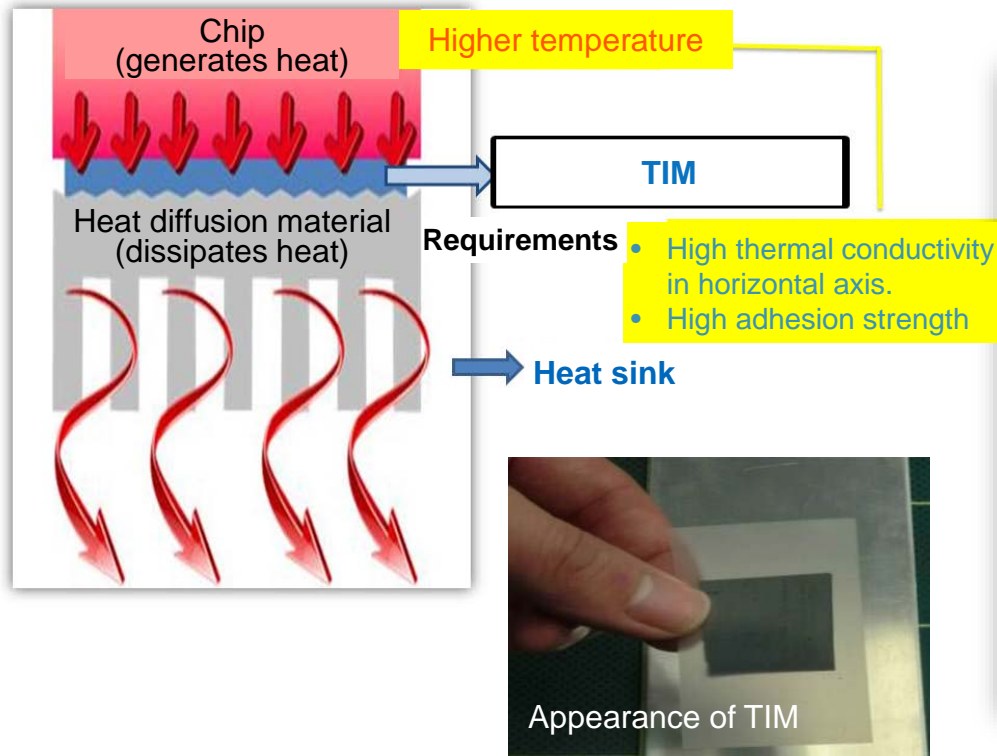
Future Plans

Continue launching new products centered on endoscopic devices in FY2019

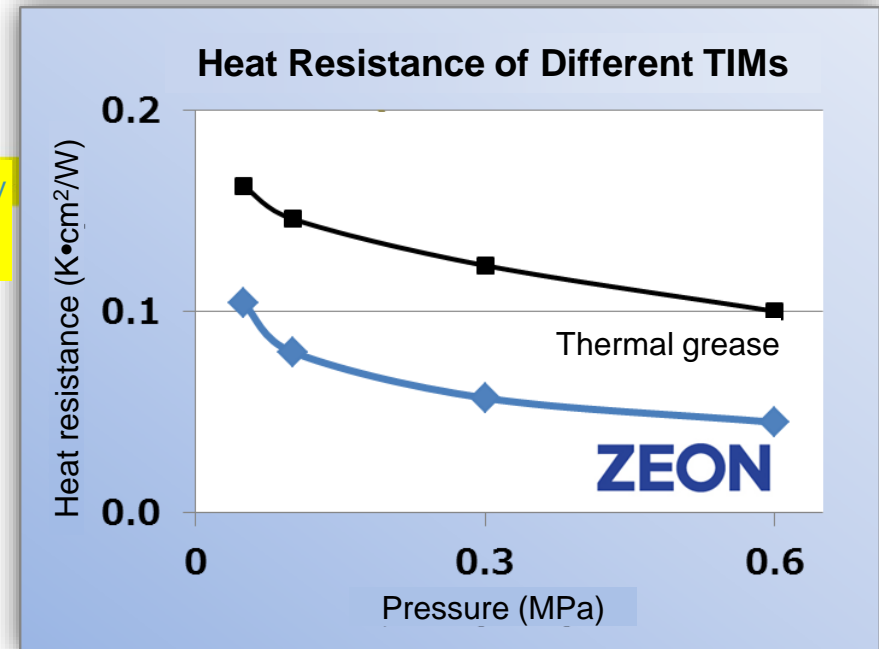
- biliary stents
- clips
- hemostatic forceps
- new models for FFR devices

Provide solution in thermal management for power devices

Developed a high-performance pad-type thermal interface material (TIM) with high thermal conductivity



Provide lower heat resistance at wide pressure range



Speed

Dialogue

**Social
Contribution**

Mutual trust and confidence among Zeon members

ZEON

ZEON CORPORATION

Zeon's plans, forecasts, and other data appearing in this presentation were calculated based on information which was currently available and therefore includes risks and uncertainties. Actual results may differ depending on various factors.

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