

# Financial Report

## The 3<sup>rd</sup> Quarter of FY2019

(From Apr. 1 to Dec. 31)

Zeon makes the Future Today  
through the Power of Chemistry

**ZEON**

**ZEON CORPORATION**

Jan. 30, 2020

- **Main Points in 3Q** P. 2
- **Summary and FY2019 Forecast** P. 3
- **Summary of P/L** P. 6
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**Both sales and operating income decreased YoY and QoQ due to the impact of the global economic slowdown caused by the US-China trade friction.**

**We revise the forecast of FY 2019, because of the bleak prospect in economic situation.**

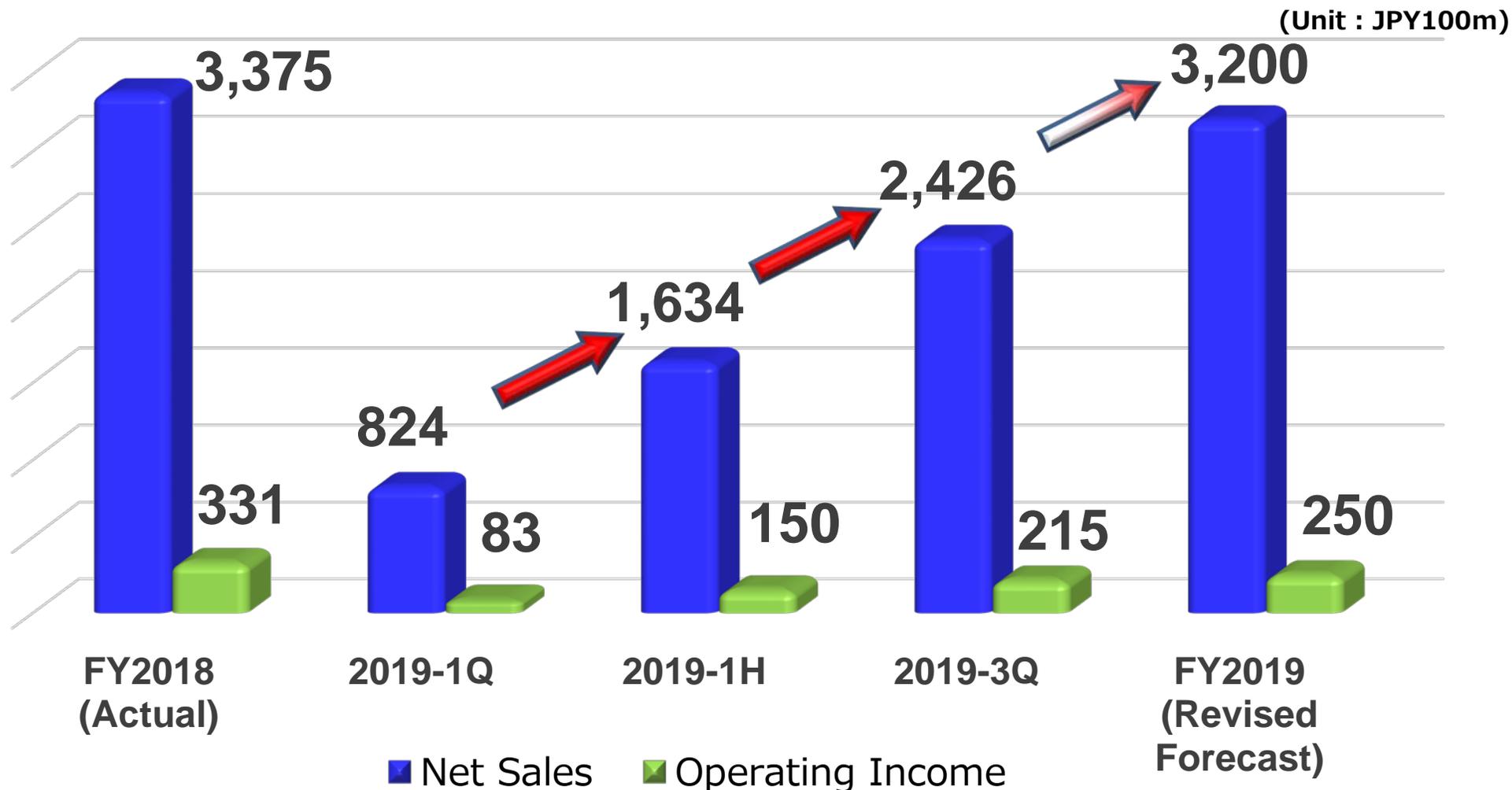
**Dividend: No change since the announcement on Oct. 31<sup>st</sup>. (Interim ¥11+Year-end ¥10=total ¥21)  
(Ref.: ¥19 annual dividend in 2018)**

# Summary (9 months, YoY)

**ZEON**

(Unit : JPY100m)

	YoY (1-3Q)			
	FY2019	FY2018	Increase/Decrease	
			Amount	Rate
<b>Net Sales</b>	2,426	2,545	-120	-5%
<b>Operating Income</b>	215	270	-55	-20%
<b>Ordinary Income</b>	235	293	-58	-20%
<b>Net Income</b>	167	126	+41	+33%
JPY/US\$	¥109.1	¥110.8	-1.7	-2%
JPY/€	¥121.3	¥129.6	-8.3	-6%
Naphtha price (JPY/KL)	¥42,400	¥51,800	-9,400	-18%
Asian Butadiene (US\$/t)	US\$1,075	US\$1,453	-378	-26%

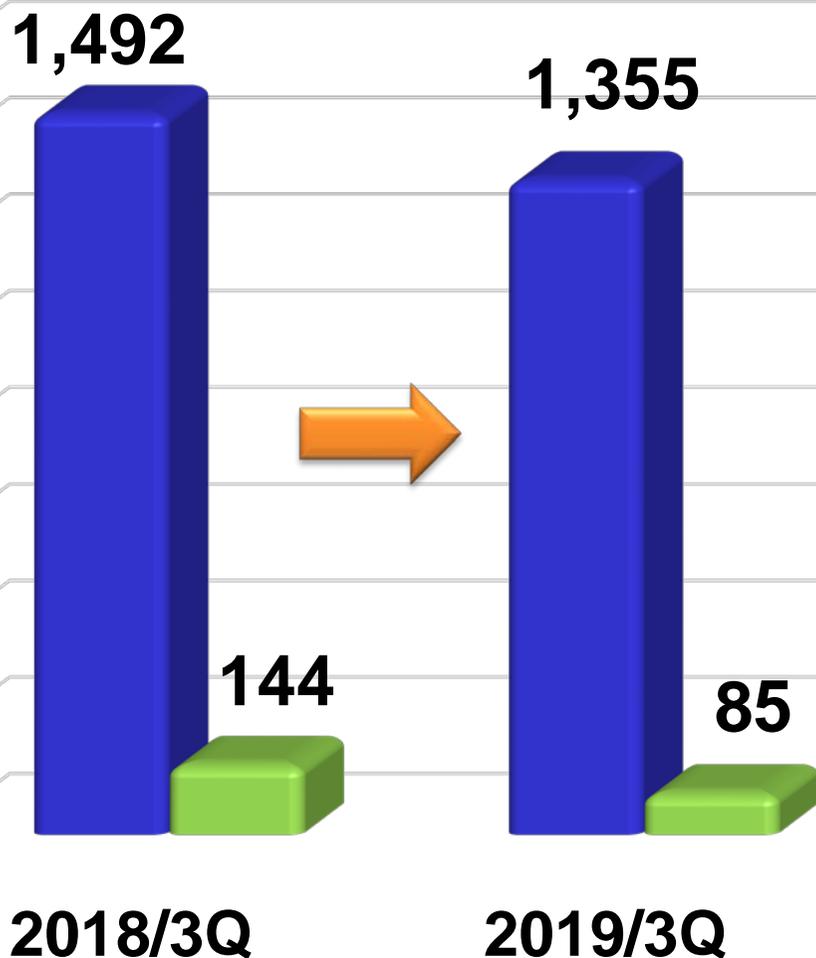


- **Forecast is revised from the announcement on Apr. 26<sup>th</sup>, 2019**  
**Net sales 3,200(-100), OP 250(-50)**

- Main Points in 3Q P. 2
- Summary and FY2019 Forecast P. 3
- **Summary of P/L P. 6**
- **Summary of B/S P. 17**
- **Summary of C/F P. 18**

# Summary of P/L : Elastomer Business (9 mo. YoY) ZEON

(Unit : JPY100m)



## 【Year-on-year】

Net Sales: -13.8 billion yen, -9%

Operating Income: -5.9 billion yen, -41%

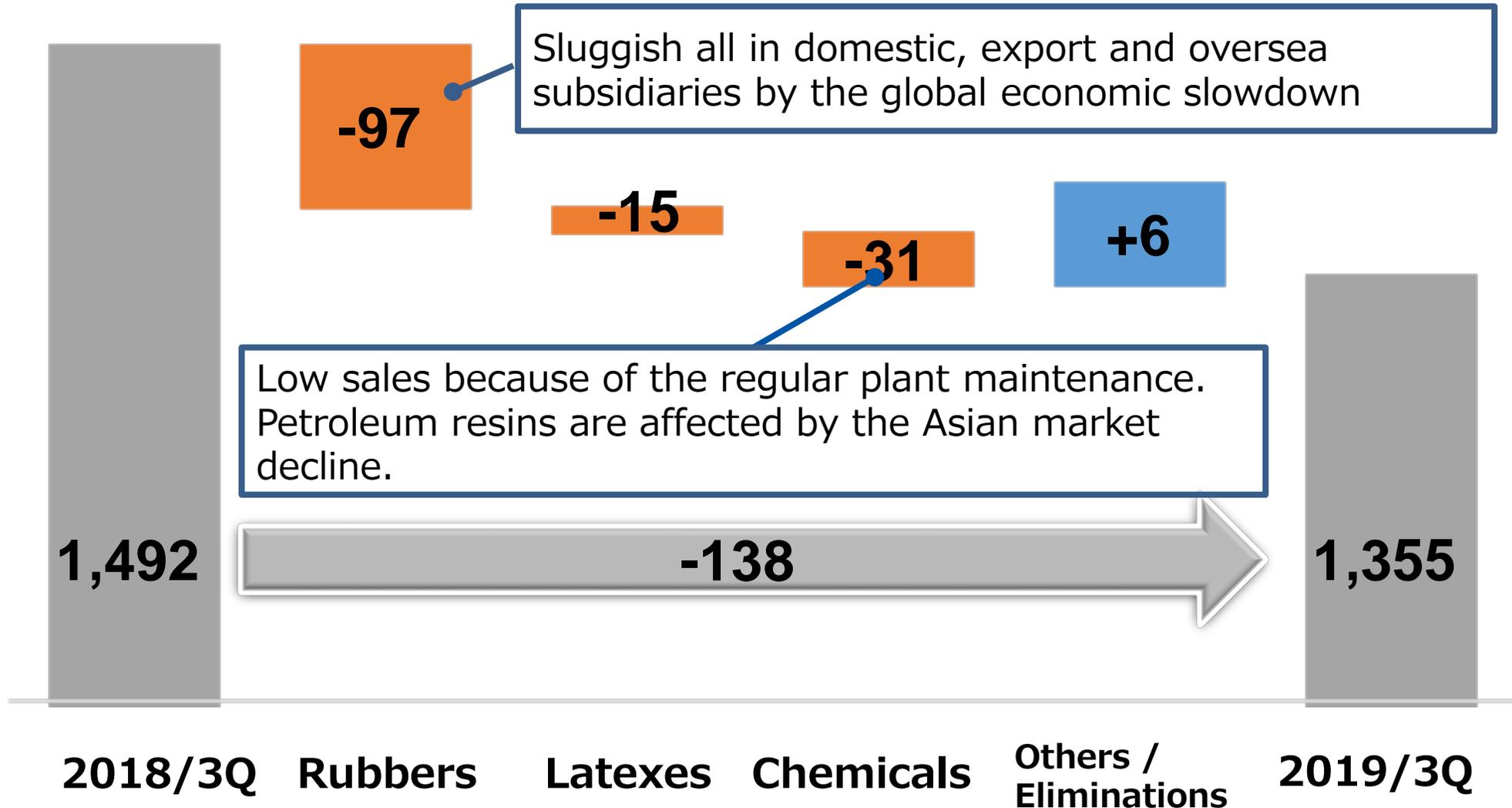
- **Rubbers:** Both net sales and OP decreased due to the sluggish business in automobile and general industry.
- **Chemicals:** Both net sales and OP decreased due to production volume decrease from the regular plant maintenance in Mizushima.

■ Net Sales    ■ Operating Income

# Elastomers: Net sales variance (9 mo./YoY)

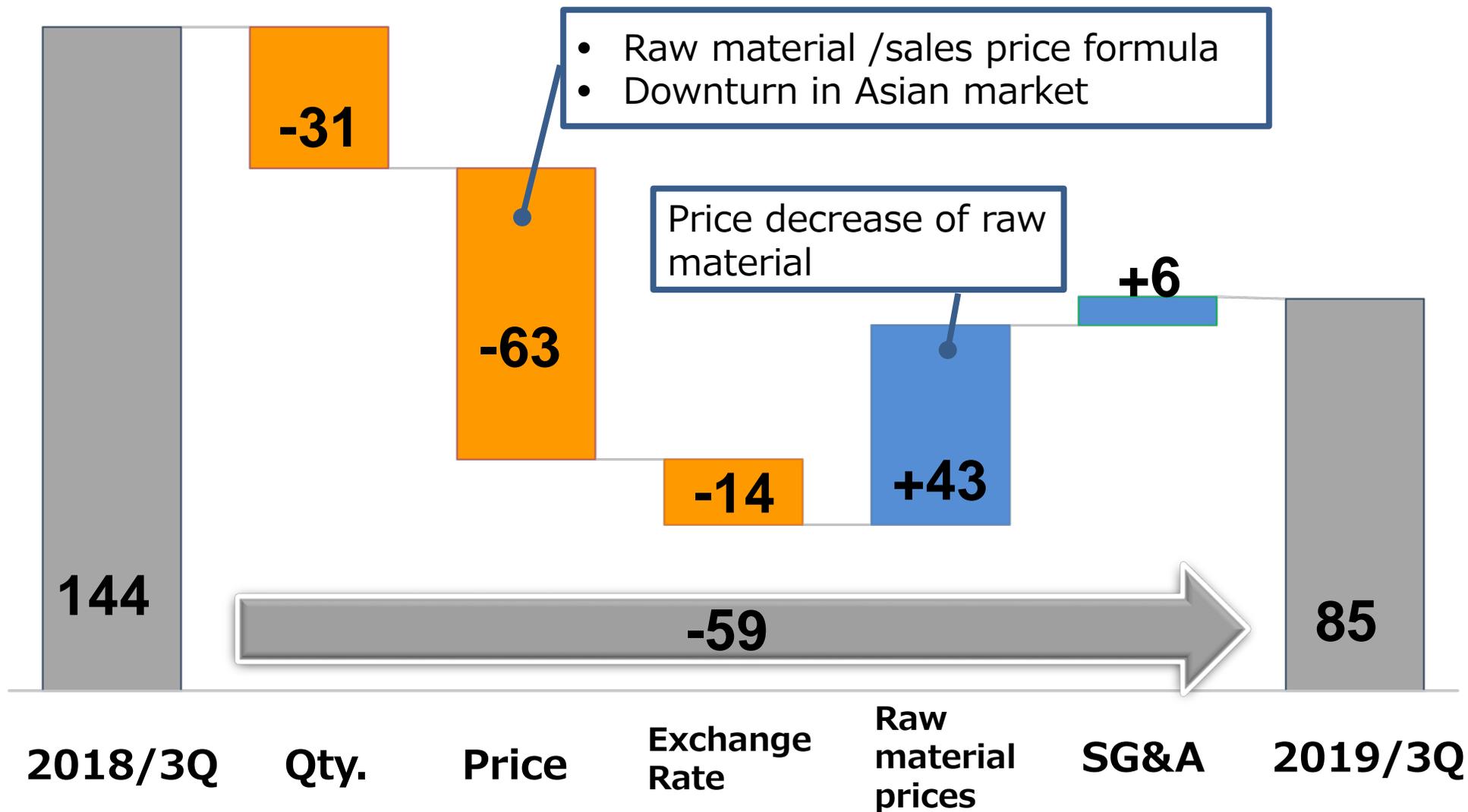
**ZEON**

(Unit : JPY100m)

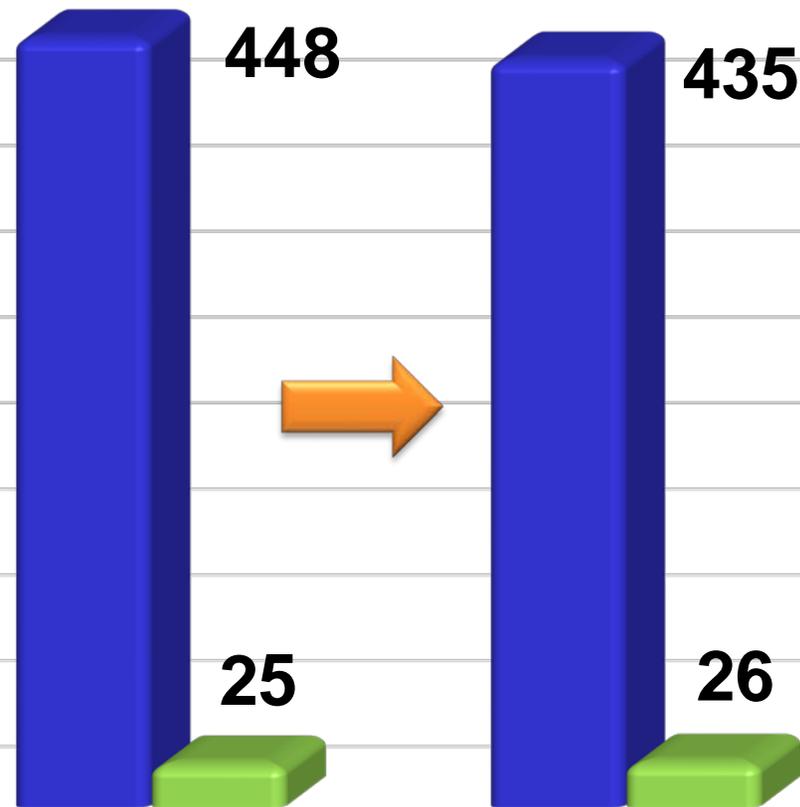


# Elastomers: Operating income variance (9 mo./YoY)

(Unit : JPY100m)



(Unit : JPY100m)



## 【Quarter-on-quarter】

Net Sales: -1.3 billion yen, -3%

Operating Income: +0.1 billion yen, +5%

- **Rubbers:** Net sales decreased 2.4 billion yen
- **Chemicals:** Net sales increased, but not enough to cover the decrease of rubber business
- **Operating Income:** Increased 0.1 billion yen

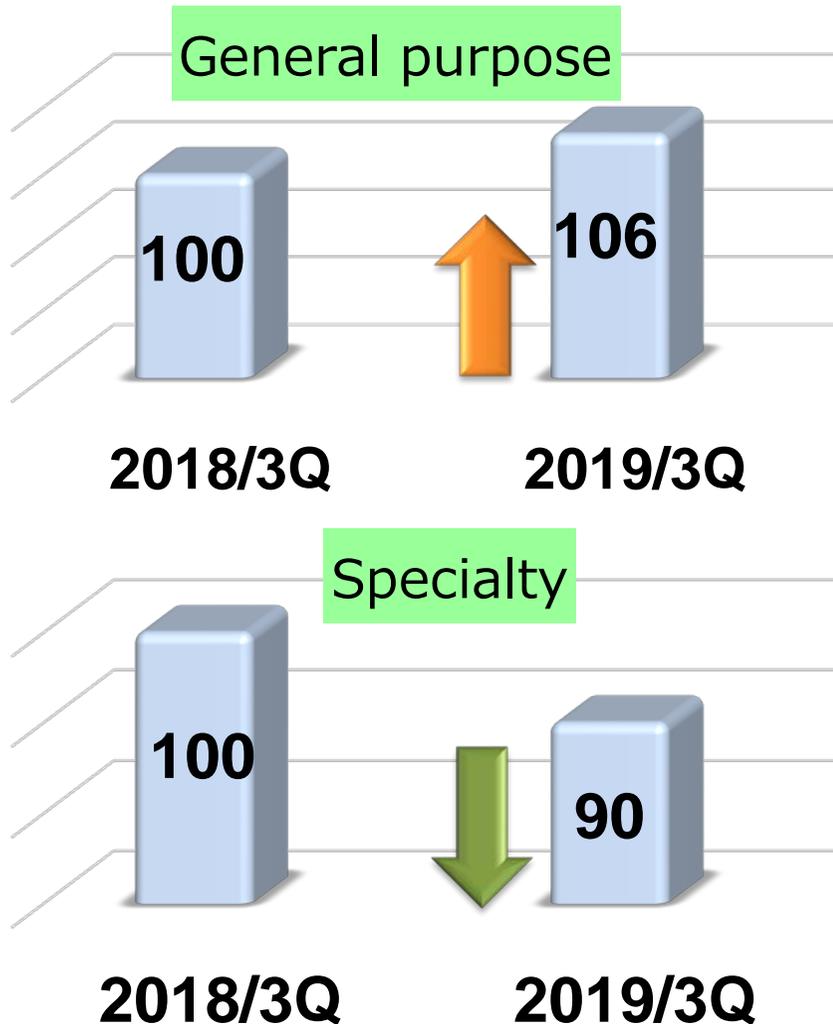
2019/2Q

2019/3Q

■ Net Sales    ■ Operating Income

# Situation in Elastomer: Rubbers (9 mo./YoY) ZEON

(Index) Volume for FY2018/3Q=100



## ■ General purpose rubbers (mainly for tires)

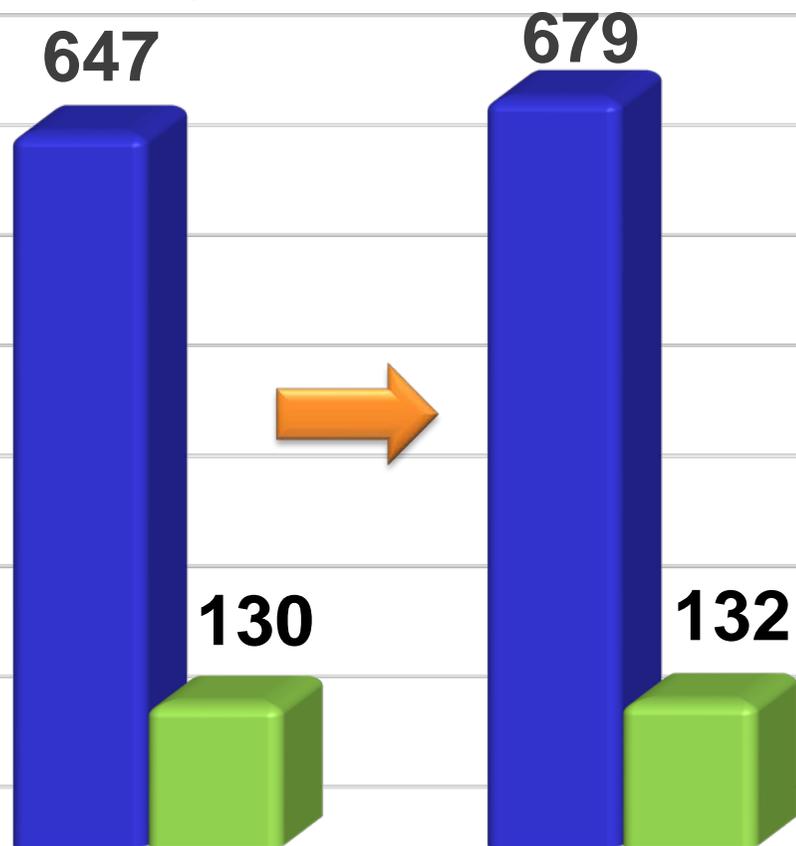
- YoY +6% by the growth of shipment outside of Japan, even though the demand for tires was weak.
- ZS Elastomer sales added 2% in volume

## ■ Specialty rubbers (mainly for automobile industries)

YoY -10% due to global demand decline and sluggish market conditions

# Summary of P/L : Specialty Materials (9 mo. YoY) ZEON

(Unit : JPY100m)



2018/3Q

2019/3Q

■ Net Sales ■ Operating Income

## 【Year-on-year】

Net Sales : +3.2 billion yen, +5%

Operating Income: +0.3 billion yen, +2%

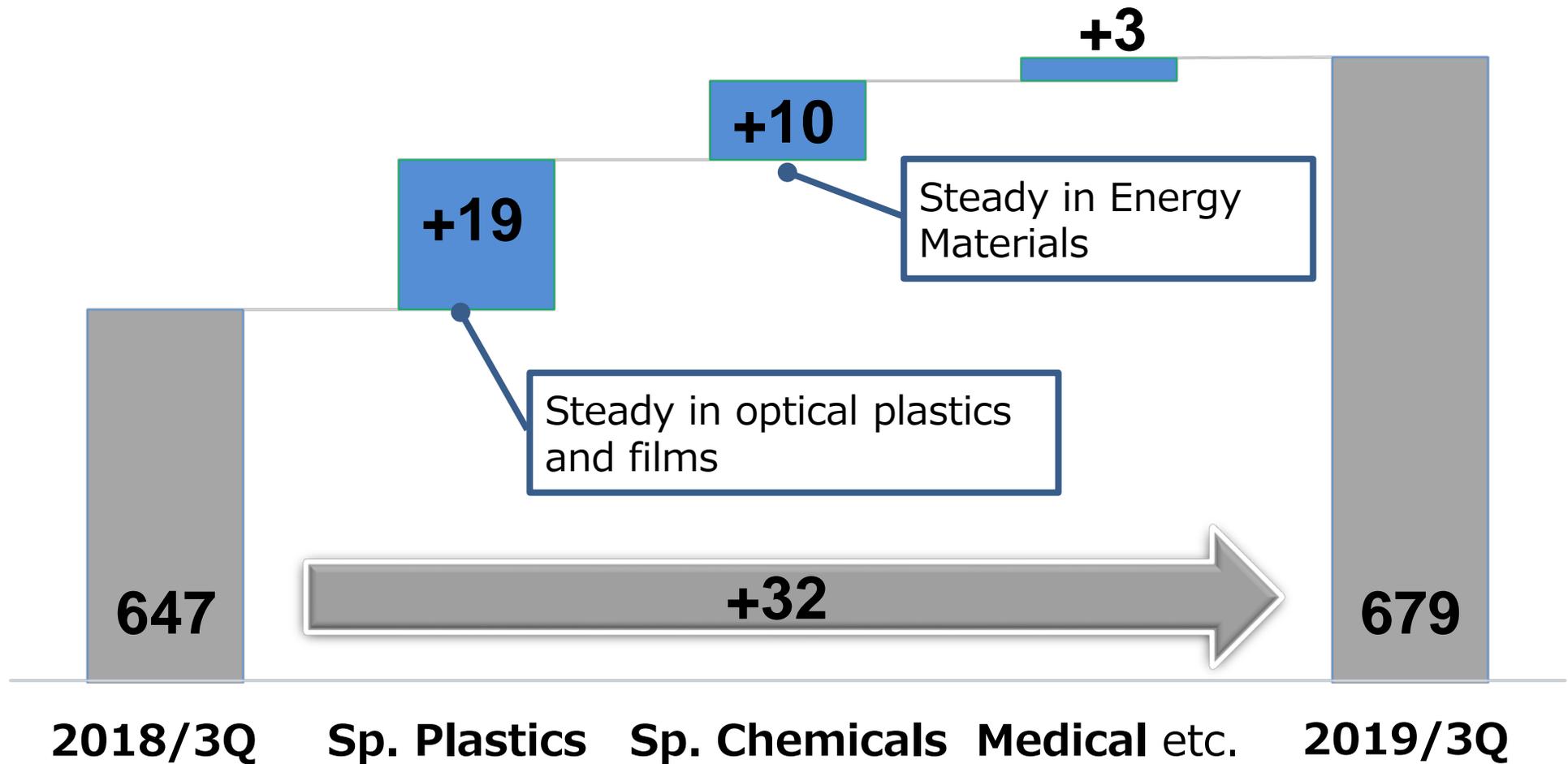
### ● Specialty Plastics:

- **Optical Plastics:** Both net sales and OP increased by steady business
- **Films:** Net sales increased, but OP decreased by the increase of R&D/trial manufacturing and freight cost

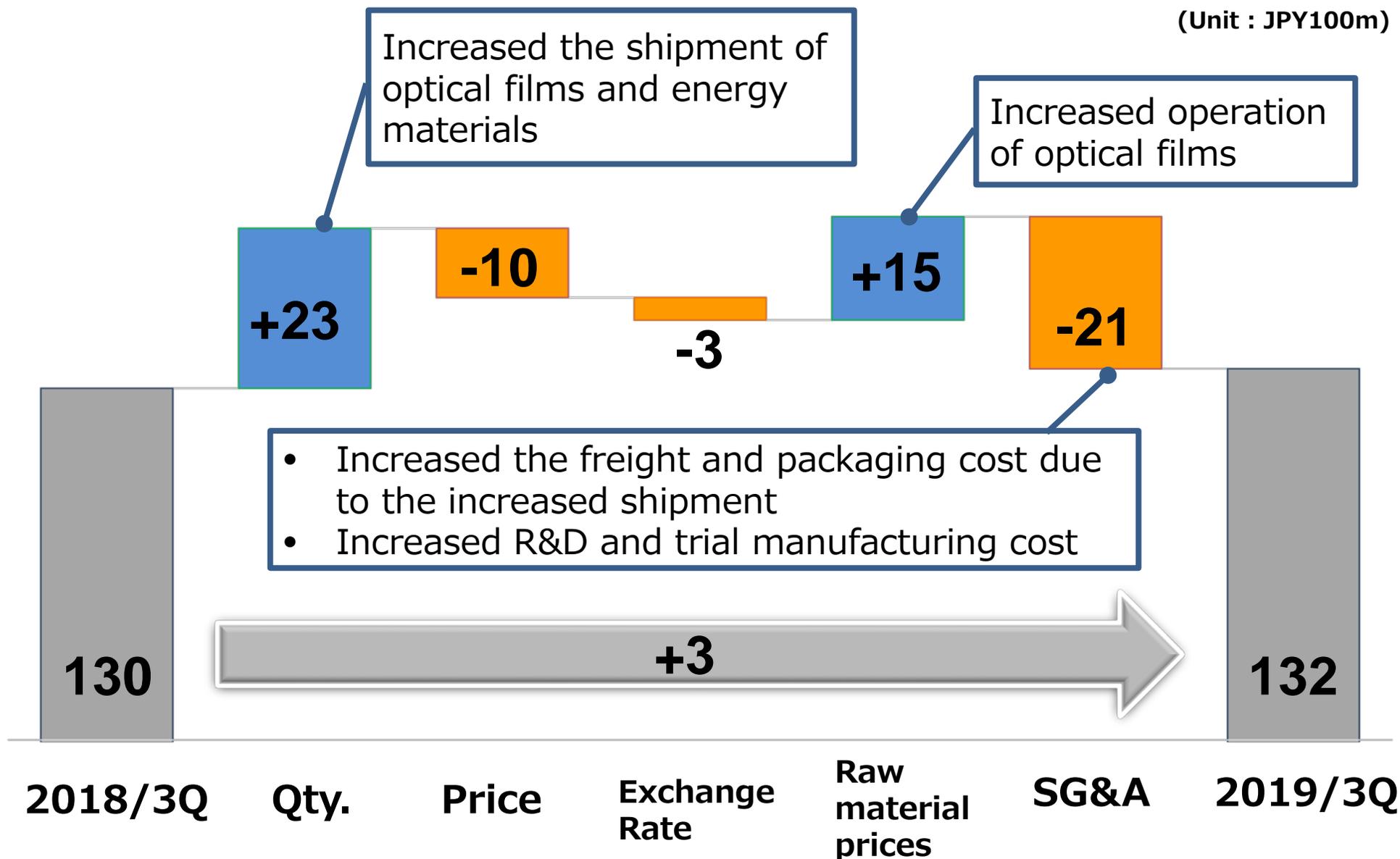
### ● Specialty Chemicals:

- **Specialty Chemicals Unit:** Both net sales and OP decreased due to production volume decrease by the regular plant maintenance.
- **Energy Materials:** Both net sales and OP increased by steady business.

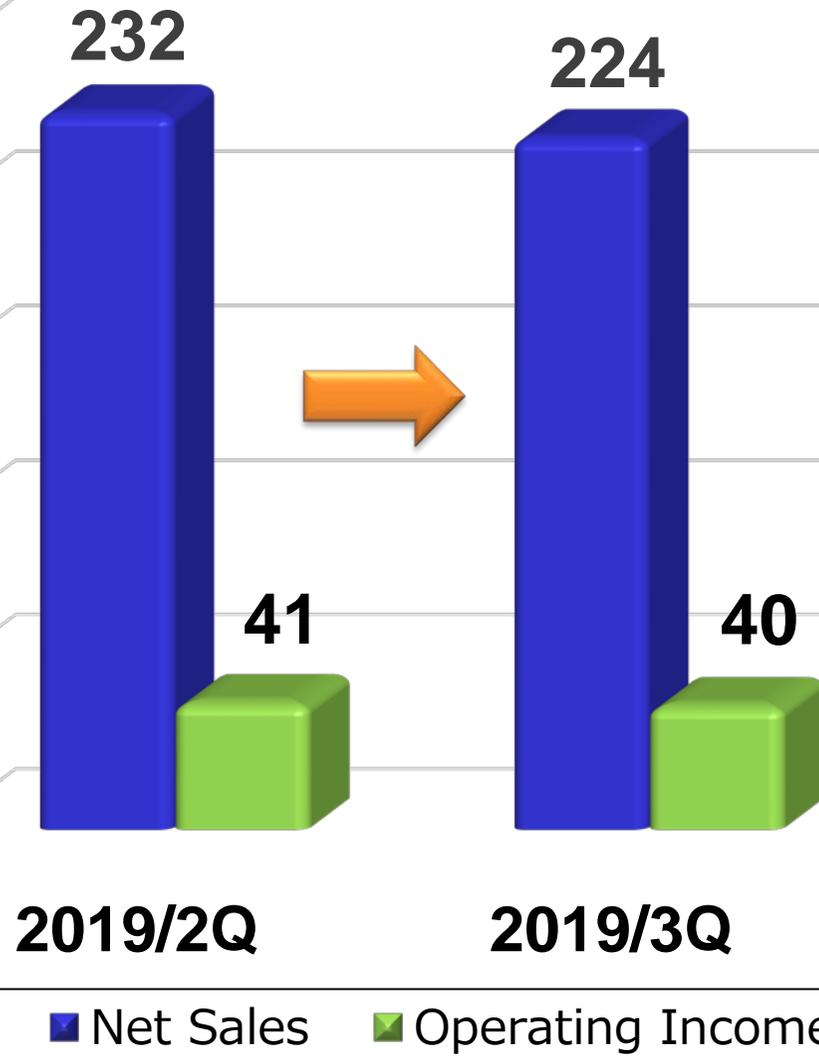
(Unit : JPY100m)



(Unit : JPY100m)



(Unit : JPY100m)



## 【Quarter-on-quarter】

Net Sales : -0.8 billion yen, -4%

Operating Income: -0.1 billion yen, -2%

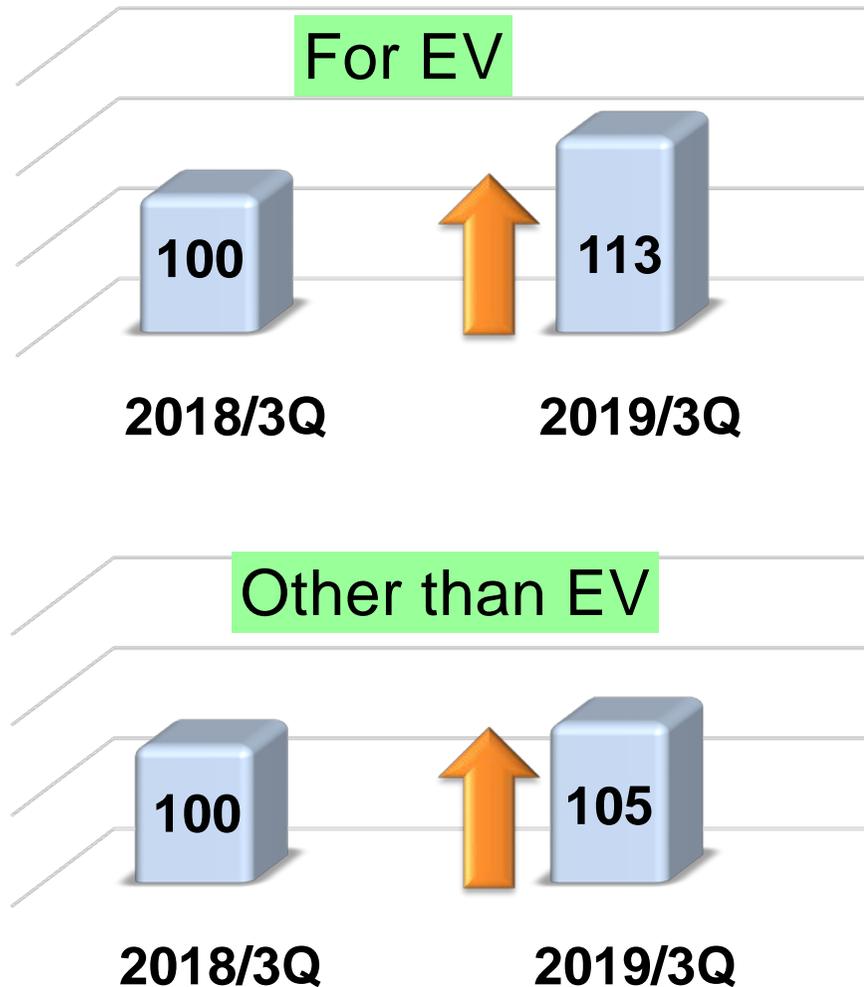
### ● Specialty Plastics:

- **Optical Plastics:** Both net sales and OP increased by steady business in medical use
- **Films:** Net sales decreased; steady for TV, but for mobiles were decreased in the in-between season

### ● Specialty Chemicals:

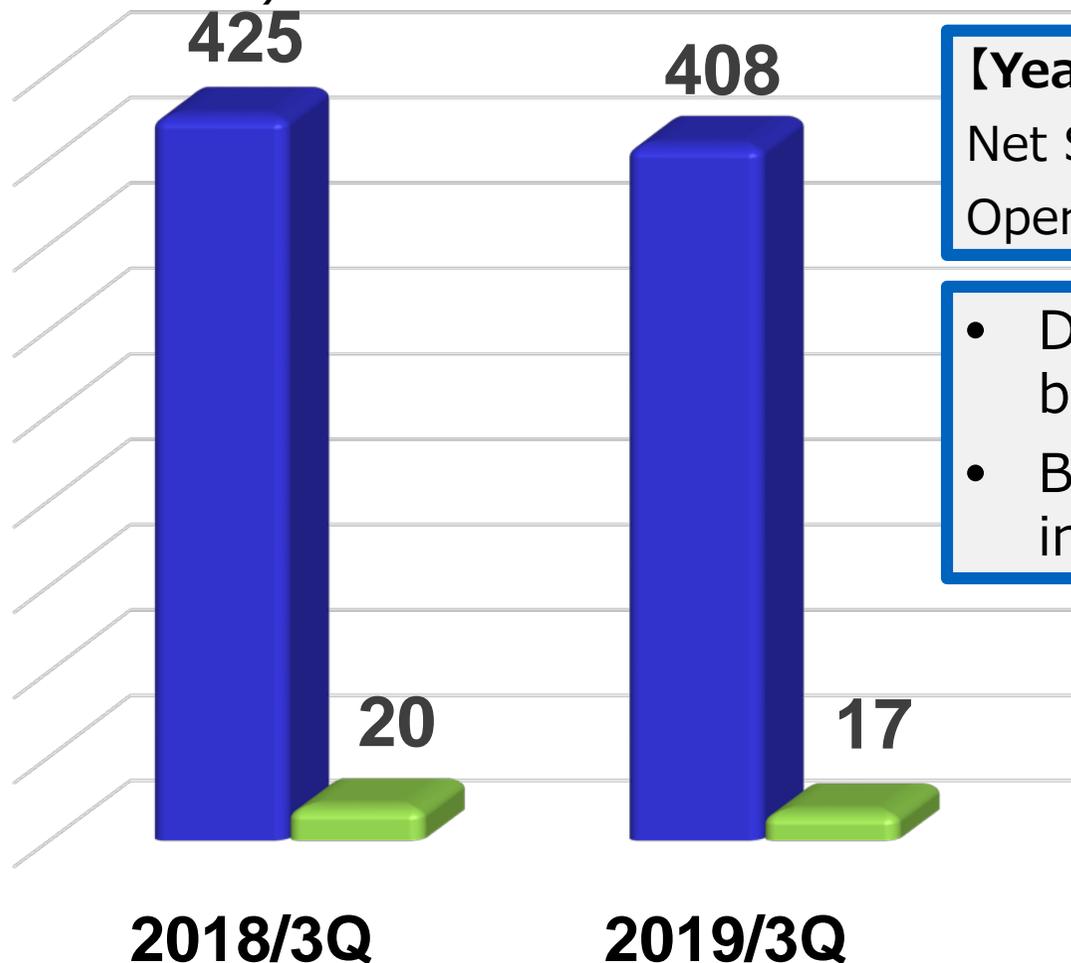
- **Energy Materials** declined by the postponement of the EV production to wait-to-see the new NEV regulation in 2020 China.
- **Electronics Materials** has steady business.

(Index) Volume for FY2018/3Q=100



- **For EV: +13%**  
Sales grow in Japan, Europe and USA.
  - **Other than EV: +5%**  
The model numbers of power tools which adopted our products increased.
- \* Volume analysis of usage is Zeon's estimation.

(Unit : JPY100m)



### 【Year-on-year】

Net Sales : -1.8 billion yen, -4%

Operating Income: -0.3 billion yen, -14%

- Decline in Trading and RIM business
- Both net sales and OP increased in QoQ basis

■ Net Sales    ■ Operating Income

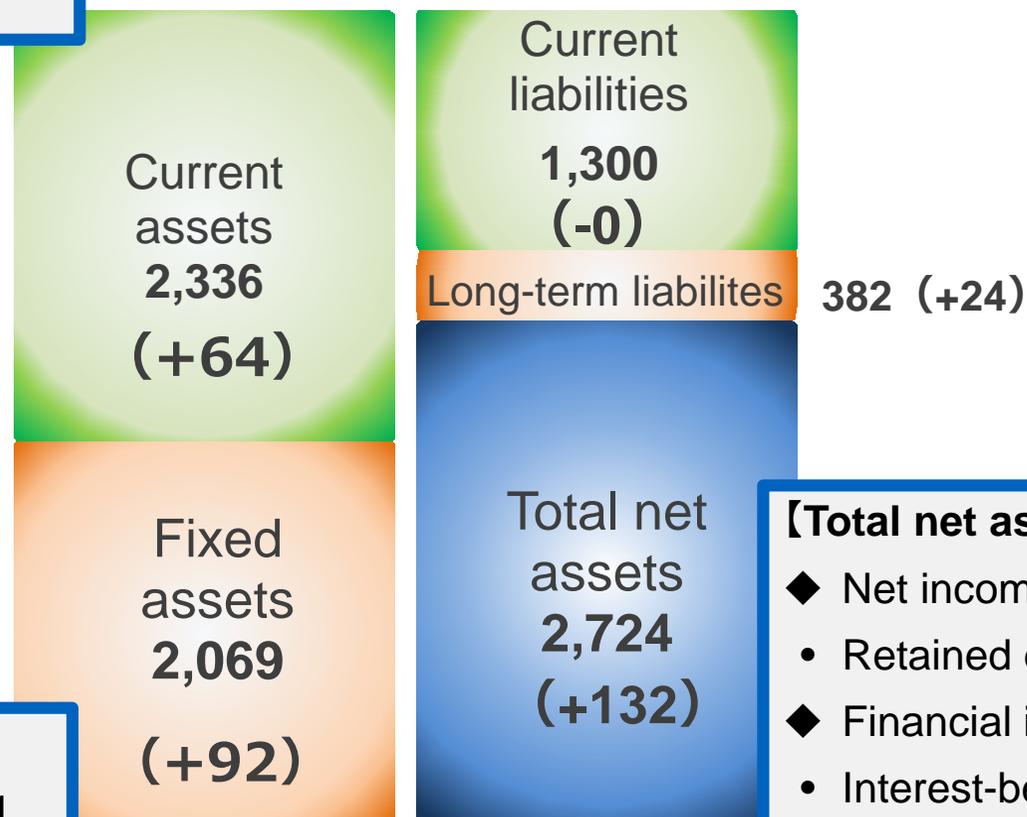
# Summary of B/S

(Unit : JPY100m) **ZEON**

## 【Current assets】 +64

- ◆ Cash / bank deposit +27
- ◆ Inventories +13

## 【Current liabilities】 -0



## 【Fixed assets】 +92

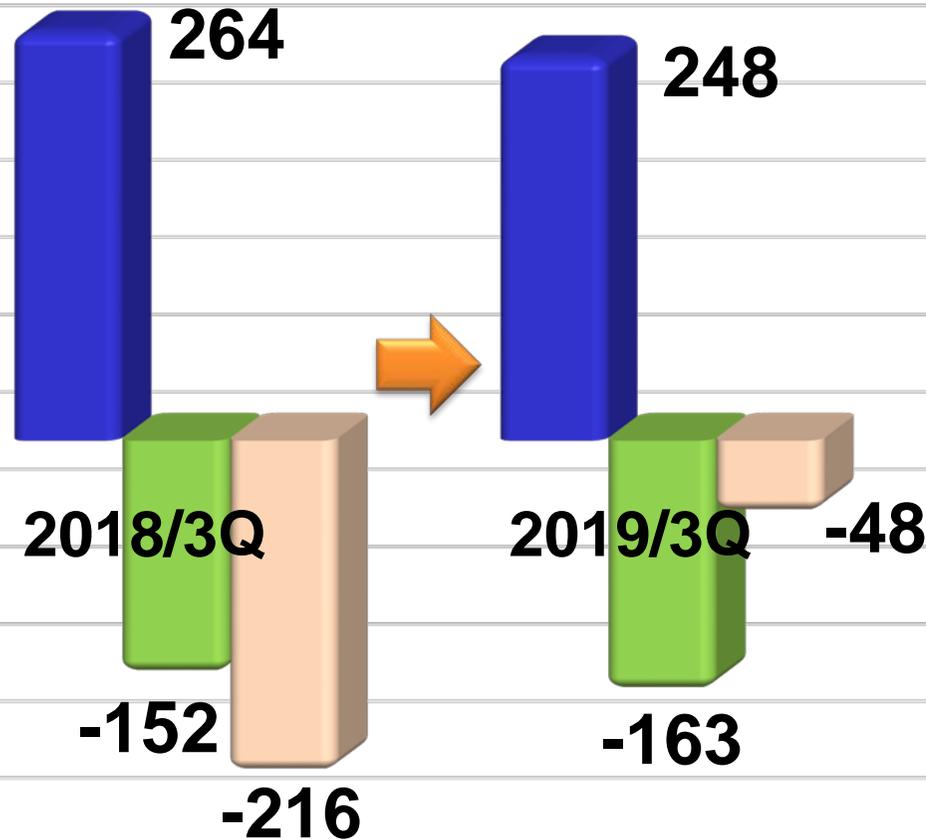
- ◆ Capital expenditures 191
- Enhancement of optical film facility, etc.

## 【Total net assets】 +132

- ◆ Net income 167
- Retained earnings +121
- ◆ Financial indicators
- Interest-bearing debt 241 (±0)
- Equity ratio 61.1% (+0.8%)
- D/E ratio 0.09 (±0.00)

Year-on-year variance is in ( )

(Unit : JPY100m)



	2018/3Q	2019/3Q
CF from Operating Act.	264	248
CF from Investing Act.	-152	-163
<b>Free CF</b>	<b>112</b>	<b>85</b>
CF from financing Act.	-216	-48
<b>CF</b>	<b>-104</b>	<b>37</b>

■ CF from Operating Act. 
 ■ CF from Investing Act. 
 ■ CF from Financing Act.

## Next Announcement of Financial Statements

<b>FY2019</b>	<b>Apr. 28, 2020</b>
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Subject to change without notice

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.

This document is a translation of the original Japanese-language and is provided for convenience only.  
In all cases, the original Japanese version shall take precedence.

	Ave. for 9 mo.	FY2019	FY2018	Increase/Decrease	
		3Q	3Q	Amount	Rate
JPY/USD		109.1	110.8	-1.7	-2 %
JPY/Euro		121.3	129.6	-8.3	-6 %
Crude Oil	(\$/bbl)	65	72	-7	-10 %
Naphtha price	(JPY/kl)	42,400	51,800	-9,400	-18 %
Asian Butadiene	(\$/ t )	1,075	1,453	-378	-26 %
Isoprene	(\$/ t )	1,343	1,487	-144	-10 %
Natural rubber	(\$/ t )	1,410	1,331	79	6 %

(Unit : JPY100m)

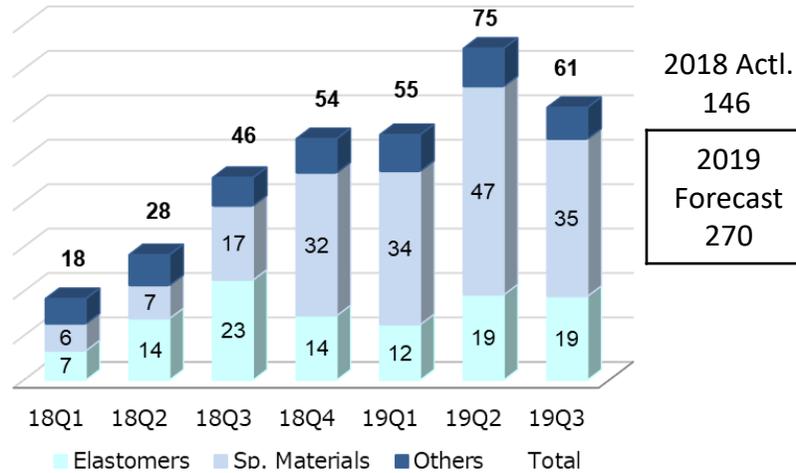
	FY2018				FY2019			Q2→Q3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Amount	Rate
Sales Volume (thousand tons)	159	149	145	164	147	150	150	-1	0%
Rubbers	91	84	80	99	85	90	85	-5	-6%
Latexes	31	29	30	32	30	31	33	2	7%
Chemicals	37	35	34	32	32	30	32	2	8%
Net Sales	837	854	855	829	824	809	792	-17	-2%
Elastomers Business	509	493	490	489	471	448	435	-13	-3%
Rubbers	363	340	339	345	328	321	297	-24	-8%
Latexes	44	51	48	45	45	42	41	-1	-1%
Chemicals	98	96	95	94	92	78	87	9	12%
Others / Eliminations	4	6	7	5	7	7	10	3	41%
Specialty Materials Biz.	195	229	223	205	223	232	224	-8	-4%
Sp. Plastics	116	148	138	117	142	143	137	-6	-5%
Sp. Chemicals	66	68	70	72	67	75	73	-2	-2%
Medical, etc.	14	12	15	16	14	14	14	0	1%
Others / Eliminations	132	132	143	136	131	129	132	4	3%
Operating income	85	95	90	61	83	67	65	-2	-3%
Operating income ratio	10%	11%	11%	7%	10%	8%	8%	-0 pt	
Elastomer Business	51	44	49	33	35	25	26	1	5%
Specialty Materials Biz.	34	53	42	32	51	41	40	-1	-2%
Others	-1	-2	-0	-3	-2	1	-1	-2	-205%

(Unit : JPY100m)

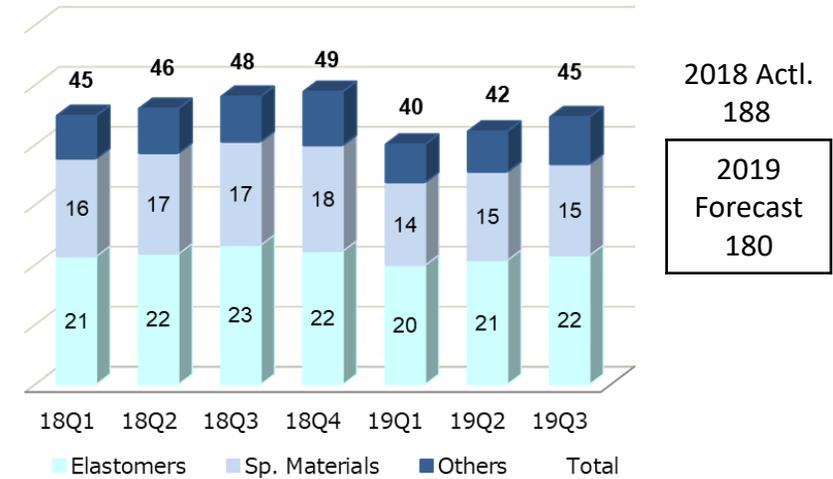
	QoQ			
	FY2019		Increase/Decrease	
	3Q	2Q	Amount	Rate
<b>Net Sales</b>	792	809	-17	-2%
<b>Operating Income</b>	65	67	-2	-3%
<b>Ordinary Income</b>	75	74	+1	+1%
<b>Net Income</b>	51	55	-4	-7%
JPY/US\$	¥109.1	¥109.2	-0.1	-
JPY/€	¥121.3	¥122.0	-0.7	-1%
Naphtha price (JPY/KL)	¥42,400	¥42,800	-400	-1%
Asian Butadiene (US\$/t)	US\$1,075	US\$1,121	-46	-4%

(Unit : JPY100m)

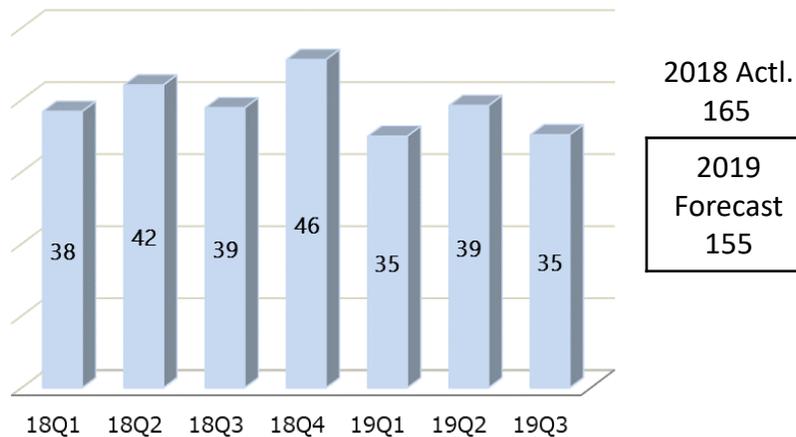
## Capital Expenditures



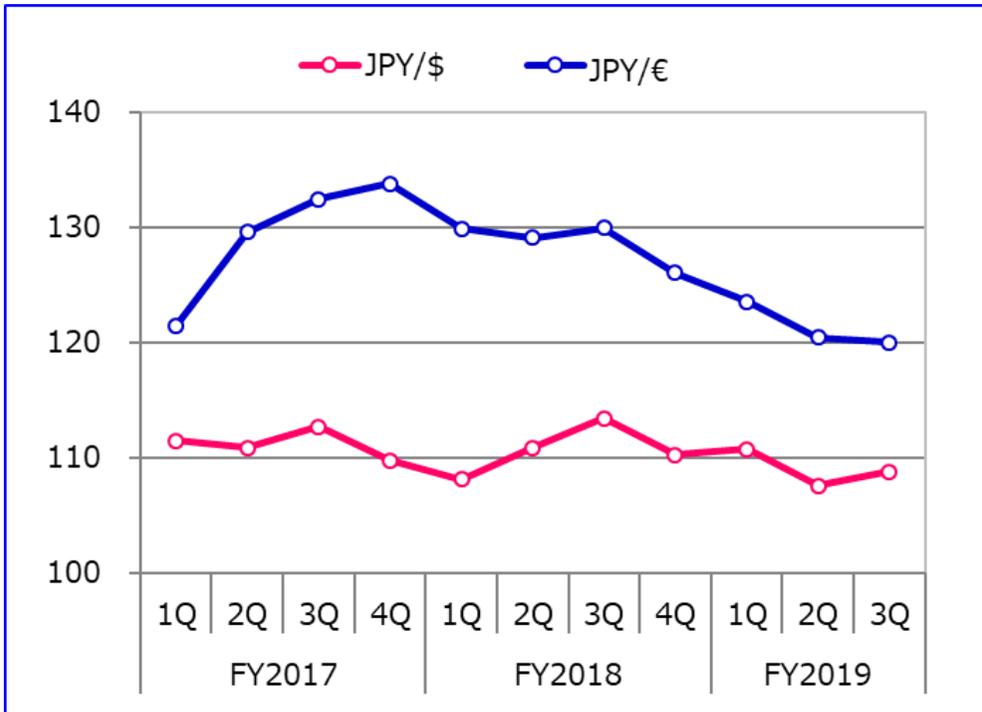
## Depreciation & Amortization



## R&D Expenses



## 【Exchange rate】



## 【Raw materials】

